

AGENDA

A REGULAR MEETING OF THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., THURSDAY, JUNE 14, 2018

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

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Regular Meeting of May 10, 2018
- IV. OTHER COMMUNICATIONS
 - A. For Information
 - 1. Award
 - 2. April 2018 All Stars
 - 3. Interim Chief Executive Officer's Report
(Memo dated June 4, 2018)
- V. PUBLIC COMMENT
- VI. CONSENT ITEMS
 - A. Ratification of Service Retirement and Survivor Benefit Application Approvals.
 - B. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board dismiss with prejudice Charles F. Romas' appeal for an earlier effective date.
(Memo dated May 30, 2018)

VI. CONSENT ITEMS (Continued)

- C. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the Koried Global Summit “It’s a Small World” on July 11-13, 2018 in Coral Gables, Florida and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy. (Memo dated May 14, 2018)
(Placed on the agenda at the request of Ms. Gray)

- D. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the IAFCI 50th Annual Training Conference “Giving Fraud the Boot” on August 13-17, 2018 in Fort Worth, Texas and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy.
(Memo dated May 14, 2018)
(Placed on the agenda at the request of Mr. Kehoe)

- E. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the Cyber Security Summit – 8th Annual Leadership Event on October 22-24, 2018 in Minneapolis, Minnesota and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy.
(Memo dated June 4, 2018)
(Placed on the agenda at the request of Mr. Bernstein)

VII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

VIII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Robert H. Hill, Interim Chief Executive Officer: That the Board adopt the final proposed LACERA Fiscal Year 2018-2019 Administrative, Retiree Healthcare Benefits, and Other Post-Employment Benefits Trust Budgets. (Memo dated June 5, 2018)

IX. REPORTS

- A. For Information Only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services, regarding the Application Processing Time Snapshot Reports. (Memo dated May 21, 2018)

IX. REPORTS (Continued)

- B. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding the Update on SACRS 2018 Legislative Platform. (Memo dated June 4, 2018)
- C. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding LACERA's Comment Letter on IRS Notice 2018-24 Concerning Availability of Determination Letters. (Memo dated May 31, 2018)
- D. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the May 2018 Fiduciary Counsel Contact and Billing Report. (Memo dated June 4, 2018) (Privileged and Confidential Attorney-Client Communication/Attorney Work Product)

X. REPORT ON STAFF ACTION ITEMS

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

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

- A. Applications for Disability
- B. Referee Reports
- C. Staff Recommendations

1. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board reject Elisha Gardner's application for processing. (Memo dated June 1, 2018)
2. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board find that Yolanda Ramirez's disability retirement application is untimely under Government Code Section 31722 and deny her application for a service-connected disability retirement. (Memo dated June 1, 2018)
3. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board instruct staff to dismiss Stephanie M. De Fiore's appeal for service-connected disability retirement. (Memo dated June 1, 2018)

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

C. Staff Recommendations (Continued)

4. Recommendation as submitted by Allison E. Barrett, Senior Staff Counsel, Disability Litigation: That the Board find Vanessa H. Ajufoh permanently incapacitated for service-connected causes and grant her a service-connected disability retirement in accordance with Government Code Section 31720. (Memo dated May 23, 2018)

XIII. EXECUTIVE SESSION

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

1. Vernalea Panga v. Board of Retirement of the Los Angeles County Employees Retirement Association
For Information Only

XIV. ADJOURNMENT

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

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

MINUTES OF THE REGULAR MEETING OF THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., THURSDAY, MAY 10, 2018

PRESENT: Vivian H. Gray, Chair
Herman Santos, Vice Chair
Marvin Adams, Secretary
Alan Bernstein
Shawn R. Kehoe
Keith Knox (Chief Deputy to Joseph Kelly)
(Left the Meeting at 10:25 a.m.)
William Pryor (Alternate Member)
Thomas Walsh
Gina Zapanta-Murphy

ABSENT: JP Harris (Alternate Retired)
Joseph Kelly
Les Robbins

STAFF ADVISORS AND PARTICIPANTS

Robert R. Hill, Interim Chief Executive Officer
James Brekk, Interim Deputy Chief Executive Officer
John Popowich, Assistant Executive Officer
Steven P. Rice, Chief Counsel

STAFF ADVISORS AND PARTICIPANTS (Continued)

Dr. Vito Campese, Medical Advisor

Johanna Fontenot, Senior Staff Counsel

Michael Herrera, Senior Staff Counsel

Francis J. Boyd, Senior Staff Counsel

Ricki Contreras, Division Manager
Disability Retirement Services

Tamara Caldwell, Specialist Supervisor
Disability Retirement Services

John Nogales, Human Resources Director

Barry W. Lew, Legislative Affairs Officer

Patrick Maxwell, Member

I. CALL TO ORDER

The meeting was called to order by Ms. Gray at 9:02 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. Hill 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 April 4, 2018

Mr. Kehoe made a motion, Mr. Santos seconded, to approve the minutes of the regular meeting of April 4, 2018. The motion passed unanimously.

III. APPROVAL OF MINUTES (Continued)

B. Approval of the Minutes of the Regular Meeting of April 12, 2018

Mr. Santos made a motion, Mr. Adams seconded, to approve the minutes of the regular meeting of April 12, 2018. The motion passed unanimously.

IV. OTHER COMMUNICATIONS

A. For Information

1. March 2018 All Stars

Mr. Brekk announced the eight winners for the month of March: Brittini Haile, Theodora Byers, Alexandra Hollis, Henry Gonsalves, Ernestine Brown, Brittany Bonifacio, Cynthia Guider, and Melissa Salazar for the Employee Recognition Program and Carlos Barrios for the Web Watcher Program. Renee Copeland, Mary Ann Valenzuela, David Chu and Lourdes Diaz were the winners of LACERA's RideShare Program.

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

The Superior Court has received three installments totaling 3.7 million dollars from the OPEB Trust bringing the total balance of the trust to 900 million dollars.

V. PUBLIC COMMENT

Patrick Maxwell addressed the Board regarding Item XII.

VI. CONSENT ITEMS

Mr. Bernstein made a motion, Mr. Adams seconded, to approve the following agenda items. The motion passed unanimously.

VI. CONSENT ITEMS (Continued)

- A. Ratification of Service Retirement and Survivor Benefit Application Approvals.
- B. Request for an administrative hearing before a referee for applicants Silvia Diharce, Kevin Tobia, and Henry H. Ou. (Memo dated April 26, 2018)
- C. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board dismiss with prejudice Carolyn A. Celestine’s appeal for a service-connected disability retirement. (Memo dated April 23, 2018)
- D. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits & Legislative Committee: That the Board adopt a “Watch” position on Assembly Bill 2004, which would enact the Big Fear Fire Agencies Pension Consolidation Act of 2018. (Memo dated April 20, 2018)
- E. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Board approve attendance of Board members at the National Association of Corporate Directors - Global Board Leaders’ Summit on September 29 – October 2, 2018 in Washington D.C. and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy. (Memo dated May 1, 2018) (Placed on the agenda at the request of Ms. Gray)

VII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Law Enforcement

Service-Connected Disability Applications

On a motion by Mr. Santos, seconded by Mr. Kehoe, the Board of Retirement approved a service-connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met the burden of proof:

APPLICATION NO.

NAME

801C

CHERNG SEA LEE

VII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Law Enforcement (Continued)

Service-Connected Disability Applications

<u>APPLICATION NO.</u>	<u>NAME</u>
802C	LARRY J. BRANDENBURG
803C	MARTIN ACOSTA, JR.
804C	ROY J. ALDANA
805C	GREGG B. PLAMONDON
806C	DONALD W. NICHIPORUK
807C	DEANA C. WALL
808C	DOUGLAS R. DALEY
809C	CHRISTOPHER R. WALTON
810C*	JONATHAN P. BODEN
811C*	HOLLY R. KELLOGG
812C*	WILLIAM E. BARTLETT
813C	SEAN N. MCGROARTY
814C	GLENN R. CALLAWAY
815C*	CHARLENE L. EDWARDS
816C	MARK E. BROWN
817C	JEFFREY L. RIGGIN
818C	MILLICENT G. SCOTT

* Granted SCD – Employer Cannot Accommodate

VII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Law Enforcement (Continued)
Service-Connected Disability Applications

<u>APPLICATION NO.</u>	<u>NAME</u>
819C	BYRON G. WAINIE
820C	JOSE L. BOLANOS
821C	DAVID R. SAUER
822C	MATTHEW T. KERFOOT
823C	ROBERT F. BERARDI
823C*	WADIE S. MUSHARBASH

Safety Fire, Lifeguards
Service-Connected Disability Applications

On a motion by Mr. Kehoe, seconded by Mr. Adams, the Board of Retirement approved a service-connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met the burden of proof:

<u>APPLICATION NO.</u>	<u>NAME</u>
1970A	ALEJANDRO HAUA
1971A	MICHAEL D. JUSTINIANO
1972A	GORDON N. KIRIO
1973A	ROBERT F. PERA

* Granted SCD – Employer Cannot Accommodate

VII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Fire, Lifeguards

Service-Connected Disability Applications

<u>APPLICATION NO.</u>	<u>NAME</u>
1974A	MARIO A. CANTACESSI
1975A	CHRISTOPHER ARVIZU
1976A	NEAL A. DRISCOLL
1977A	RICHARD D. TIBERIO
1978A	ROBERT A. LUGO
1979A	STEVEN L. BERRO
1980A	MARK D. KLEIN
1981A	STEVEN L. DEWITT
1982A*	CLIFFORD S. HOUSER
1983A	LARRY P. JACOBS
1984A	SCOTT A. OGLEVIE

* Granted SCD – Retroactive

VII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR
(Continued)

General Members
Service-Connected Disability Applications

On a motion by Mr. Kehoe, seconded by Mr. Bernstein, the Board of Retirement approved a service-connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met the burden of proof:

<u>APPLICATION NO.</u>	<u>NAME</u>
2818B*	DAVID PEREZ
2819B	DARLA J. CANO
2820B	ROSALVA G. GARCIA
2821B**	DANIEL LOPEZ
2822B*	LYDIA J. RICHARDSON
2823B*	SHAHIN CHAMANI
2824B*	DEBORAH J. HAYES
2825B***	MY-HONG VO
2826B	YOLANDA SANCHEZ
2827B	KELLE N. WINTERS
2828B	MARTHA BENZOR

* Granted SCD – Employer Cannot Accommodate

** Granted SCD – Retroactive Since Employer Cannot Accommodate

***Granted SCD – Retroactive

VII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

General Members (Continued)
Service-Connected Disability Applications

<u>APPLICATION NO.</u>	<u>NAME</u>
2829B	BENSON EKELEM
2830B*	DAVID T. CAMPF
2831B**	LISA R. HOWARD-BAUCOM
2832B*	PAUL E. ANDERSON
2833B***	NANCY E. ESTRADA
2834B***	STACY A. SMITH

General Members
Non-Service Connected Disability Applications

On a motion by Mr. Bernstein, seconded by Mr. Walsh, the Board of Retirement approved a non-service connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met the burden of proof:

<u>APPLICATION NO.</u>	<u>NAME</u>
4369	CHRISTINE M. WARD
4370****	LIGIA G. SCHAFFER
4371	MICHAEL HOYOS

* Granted SCD – Employer Cannot Accommodate

** Granted SCD – Salary Supplemental

*** Granted SCD – Retroactive

**** Granted NSCD - Retroactive

VIII. NON-CONSENT ITEMS

A. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board authorize staff to:

1. Complete negotiations for and execute a Memorandum of Understanding regarding the OPEB Program with the County of Los Angeles and the Los Angeles Superior Court to establish terms of an agent employer plan structure for allocation and recordkeeping of liabilities for the OPEB Program rather than the current cost-sharing structure; and
2. Negotiate and, if agreement between the parties can be reached, execute a Memorandum of Understanding with the South Coast Air Quality Management District, the Local Agency Formation Commission for the County of Los Angeles, the Los Angeles County Office of Education, and the Little Lake Cemetery District to establish an agent employer plan structure for allocation and recordkeeping of those entities' liability for the OPEB Program, on such terms as appropriate to the circumstances of each of the listed other agencies, without the need for further approval by the Board of Retirement.

(Memo dated April 27, 2018)

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

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

B. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits & Legislative Committee: That the Board adopt an "Oppose" position on Senate Bill 1031, which would prohibit the payment of cost-of-living adjustments.

(Memo dated April 25, 2018)

1. Alternatively, recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Board adopt a "Watch" position on Senate Bill 1031.

(Supplemental Agenda memo dated April 25, 2018)

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

VIII. NON-CONSENT ITEMS (Continued)

Mr. Kehoe made a motion, Mr. Santos seconded, that the Board adopt an “Oppose” position to Senate Bill 1031. The motion passed unanimously.

- C. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Board instruct its voting delegate to vote “Yes” on SACRS sponsorship of SB 1270. (Memo dated April 24, 2018)

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

- D. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits & Legislative Committee: That the Board adopt the revised Legislative Policy. (Memo dated February 27, 2018)
(Supplemental Agenda memo dated May 1, 2018)

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

- E. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Board authorize staff to submit a comment letter in response to IRS Notice 2018-24 on the potential expansion of the determination letter program during the 2019 calendar year, and engage tax counsel Don Wellington of Reed Smith LLP to prepare the letter at fees and costs not to exceed \$9,500. (Memo dated April 30, 2018)

Mr. Kehoe made a motion, Mr. Santos seconded, to approve the recommendation with the exception that fees/costs not be limited to a certain amount. The motion passed unanimously.

IX. REPORTS

The following reports were received and filed.

IX. REPORTS (Continued)

- A. For Information Only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services, regarding the Application Processing Time Snapshot Reports. (Memo dated April 13, 2018)
- B. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding the Update on AB 2085 – Definition of Surviving Spouse. (Memo dated April 24, 2018)
- C. For Information Only as submitted by John Nogales, Human Resources Director and Roberta Van Nortrick, Training Coordinator, regarding the Sexual Harassment Prevention Training for Trustees. (Memo dated April 23, 2018)
- D. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the April 2018 Fiduciary Counsel Contact and Billing Report. (Memo dated May 1, 2018) (Privileged and Confidential Attorney-Client Communication/Attorney Work Product)

X. REPORT ON STAFF ACTION ITEMS

The Board requested that consideration be given to posting Board member's completion of the Sexual Harassment Prevention Training on the website. In addition, the Board requested that consideration be given to a webcast option for Sexual Harassment Training.

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

Mr. Kehoe shared his new position as a Lieutenant in the Fraud and Cyber Crimes Bureau managing the Major Fraud Investigation teams.

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability

APPLICATION NO. & NAME

BOARD ACTION

5008B – THERESA A. WORLEY

Mr. Kehoe made a motion, Mr. Adams seconded, to grant a non-service connected disability retirement pursuant to Government Code Sections 31720 and 31724.

Ms. Gray made a substitute motion, Mr. Adams seconded, to return back to staff for further development. The motion passed unanimously.

5009B – RONALD RIMER (DEC'D)*

Mr. Kehoe made a motion, Mr. Bernstein seconded, to deny a service connected disability retirement survivor death benefit. The motion passed unanimously.

5010B – PATRICIA DELGADO

Mr. Adams made a motion, Mr. Pryor seconded, to deny a service connected disability retirement since the employer can accommodate. The motion passed unanimously.

6969A – MICHAEL A. ETTER

Ms. Gray made a motion, Mr. Bernstein seconded, to grant a service connected disability retirement pursuant to Government Code Sections 31720 and 31724 since the employer cannot accommodate. The motion passed unanimously.

* Applicant Survivor Present

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability (Continued)

APPLICATION NO. & NAME

BOARD ACTION

696C – PATRICK E. MAXWELL

(Mr. Kehoe recused himself from discussion of this case and returned after Board discussion.) (Mr. Knox left the meeting at 10:24 a.m.)

Mr. Santos made a motion, Mr. Pryor seconded, to grant a service connected disability retirement. The motion passed (roll call) with Messrs. Pryor, Adams, Santos, Walsh, Ms. Gray, and Ms. Zapanta-Murphy voting yes; and Mr. Bernstein voting no.

6998A – JUN CHANG

Mr. Kehoe made a motion, Mr. Adams seconded, to grant a service connected disability retirement pursuant to Government Code Section 31720. The motion passed unanimously.

B. Referee Reports

APPLICATION NO. & NAME

BOARD ACTION

NGUYET P. NGUYEN – In Pro Per

Eugenia W. Der for the respondent

Mr. Bernstein made a motion, Mr. Kehoe seconded, to deny a service connected disability retirement and find the applicant not permanently incapacitated. The motion passed unanimously.

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

C. Referee Reports (Continued)

APPLICATION NO. & NAME

BOARD ACTION

DAWN C. SMITH – Jacob B. Borenstein for the applicant
Allison E. Barrett for the respondent

Mr. Bernstein made a motion, Mr. Adams seconded, to deny a service connected disability retirement and grant a non-service connected disability retirement. The motion passed unanimously.

D. Staff Recommendations

1. Recommendation as submitted by JJ Popowich, Assistant Executive Officer: That the Board approve the service provider invoices for Gutierrez, Preciado & House, LLP. (Memo dated April 17, 2018)

Mr. Adams made a motion, Mr. Pryor seconded, to approve the agenda item. The motion passed unanimously.

2. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board instruct staff to close Reynold Dong's Application for Disability Retirement. (Memo dated April 23, 2018)

Mr. Bernstein made a motion, Ms. Gray seconded, to approve the agenda item. The motion passed unanimously.

3. For Information Only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services, regarding the 2018 Quarterly Reports of Paid Invoices for the 1st Quarter – January 1, 2018 to March 31, 2018. (Memo dated April 23, 2018)

This item was received and filed.

XIII. EXECUTIVE SESSION

- A. Conference with Legal Counsel - Existing Litigation
Significant Exposure to Litigation (Pursuant to Paragraph (1) of Subdivision (d) of California Government Code Section 54956.9)
1. Tod Hipsher vs. LACERA, County of Los Angeles and State of California
LASC Case No. BS 153372; Court of Appeal No. B276486
 2. Gina McDowell v. Los Angeles County Employees Retirement Assoc.
LASC Case No. BS 169513
For Information Only

The Board met in Executive Session with counsel, pursuant to Paragraph (1) of Subdivision (d) of California Government Code Section 54956.9. In the cases of Tod Hipsher vs. LACERA and Gina McDowell v. LACERA. There was nothing to report.

XIV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 11:05 a.m.

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

1. Retirement Board Listing dated May 10, 2018
2. Disability Retirement Correction Memo – Michael A. Etter (#6969A)
3. Disability Retirement Appeal Summary and Agenda – Nguyet P. Nguyen
4. Tod Hipsher vs. LACERA, County of Los Angeles and State of California (Privileged and Confidential) (Attorney-Client Communication) (Memo dated May 8, 2018)
5. Supplement to April 2018 Fiduciary Counsel Contact and Billing Report (For Information Only) (Privileged and Confidential) (Attorney-Client Communication/Attorney Work Product) (Memo dated May 7, 2018)

MARVIN ADAMS, SECRETARY

VIVIAN H. GRAY, CHAIR



June 4, 2018

TO: Each Member
Board of Retirement
Board of Investments

FROM: Robert R. Hill 
Interim Chief Executive Officer

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

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

LACERA's Human Resources Division Wins Awards

LACERA is regarded as a premiere organization and a leader in the pension community. With over \$53 billion in assets and a very solid funding level near 80%, we take care of over 163,000 of our fellow members, spouses, and eligible beneficiaries. From the day an employee begins working for LA County, or one of our agencies, we focus on educating members and helping them maximize their benefits. Throughout their membership we work hard to make sure that every interaction is accurate and respectful. Our staff members are focused on maximizing and protecting the fund's investments to deliver on the promised benefits.

LACERA's greatest assets are the over 400 staff members that work at LACERA. They are highly trained and dedicated to taking care of every one of our members. In this day and age of automation its easy to overlook that without these people there would be no one to answer the phones, write the newsletters, maintain our website, process account maintenance requests, ensure LACERA's facilities are ready for use, interpret the laws, or make the investments that allow us to continue to provide the benefits our members deserve. They are what keeps this engine running.

Hiring and keeping the right people, with the right skills and experience, is critical to our being able to deliver on our promises. That's why I wanted to take a moment and share some great news with you about two awards that our Human Resources Division recently received. Earlier this year we received the Agency Awards for Excellence in Human Resources for the California and Western Region chapters of the International Public Management Association for Human Resources (IPMA). LACERA was one of just three organizations selected to receive these IPMA Agency Awards for 2018 in the Western Region, which covers eight states (Arizona, California, Colorado, Idaho, Nevada, Oregon, Utah, and Washington).

These awards recognize the overall quality, accomplishments, and contributions of member agency human resource programs that exceed expectations and go beyond the normal standards of a good government human resources program. LACERA was nominated for receiving the WorldatWork Seal of Distinction, our Career Development Program, the Annual Core Benefits Training Program, Charitable Giving, Staff Volunteer Day at the Food Bank, and LACERA's Lactation Support Program, which won the Mother-Baby Friendly Workplace Award.

Winning awards from respectable human resources organizations is a nice recognition for all of the hard work we do to take care of the staff members who in turn take care of our members. To paraphrase an old saying, "a happy, engaged staff member leads to a happy member," and that's our goal. So I just wanted to let you know that we are focused on creating the type of work environment that allows us to hire and keep the best staff members who will be here to take care of our members.

RH: jp
CEO report June 2018.doc

Attachments

Striving for Excellence in Service



Outreach Attendance
5,075

32,794 Year-to-Date



Outreach Events
50

361 Year-to-Date



Outreach Satisfaction
96.7%

0.2% Change Since Last Mo.



Member Service Center
100.0%

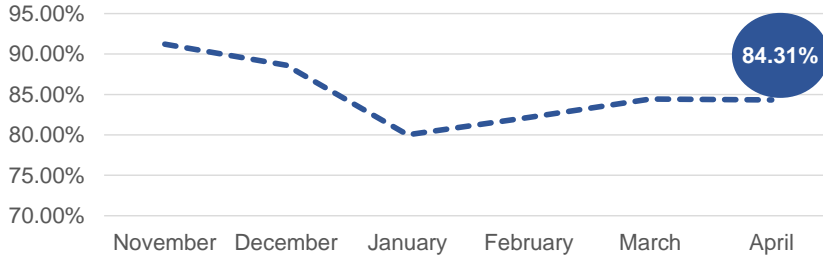
0.0% Change Since Last Mo.



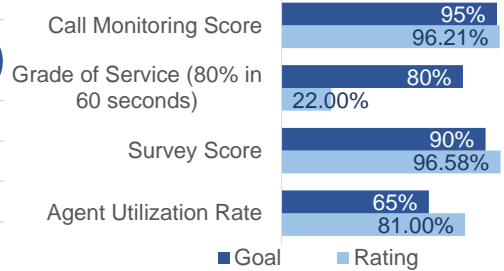
Member Services Calls
12,489

14,178 3 Mo. Avg.

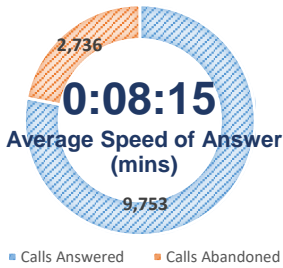
Key Performance Indicator (Overall Performance)



Key Performance Indicator (Components)



Member Services



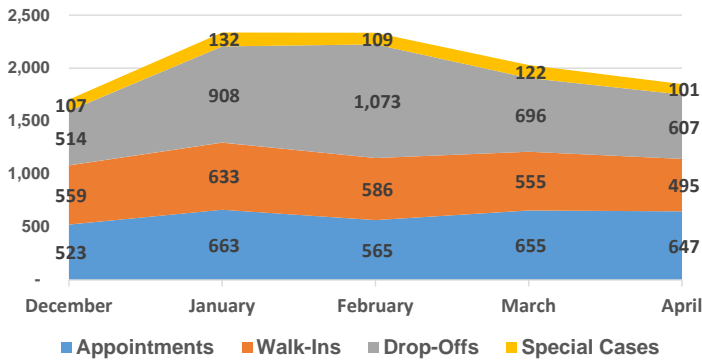
Top Calls

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

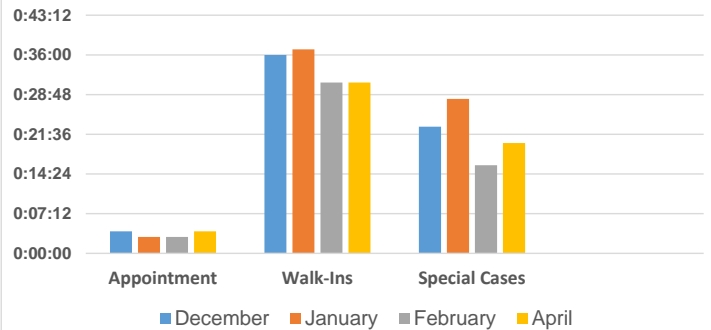


342 Emails
8:38 hours
Avg. Response Time (ART)

Member Service Center Visits



Member Service Center Average Wait Time

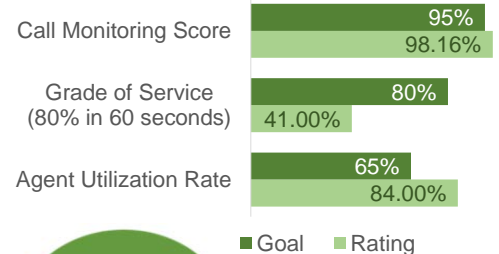
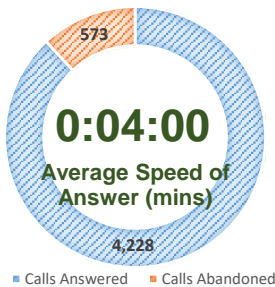


*Drop Off Wait Time: No Waiting

Top Calls

1. Medical Benefits - General Inquiries
2. General Inquiries (RHC)
3. Part B Premium Reimbursement

Retiree Healthcare



108 Emails
1 day
Avg. Response Time (ART)

Striving for Excellence in Service (Continued)

Applications

611

On Hand

45 Received
481 Year-to-Date

0 Re-opened
1 Year-to-Date

65 To Board - Initial
430 Year-to-Date

1 Closed
51 Year-to-Date

590 In Process

590 Year-to-Date

Appeals

114

On Hand

3 Received
26 Year-to-Date

3 Admin Closed/Rule 32
23 Year-to-Date

2 Referee Recommended
11 Year-to-Date

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

112 In Process

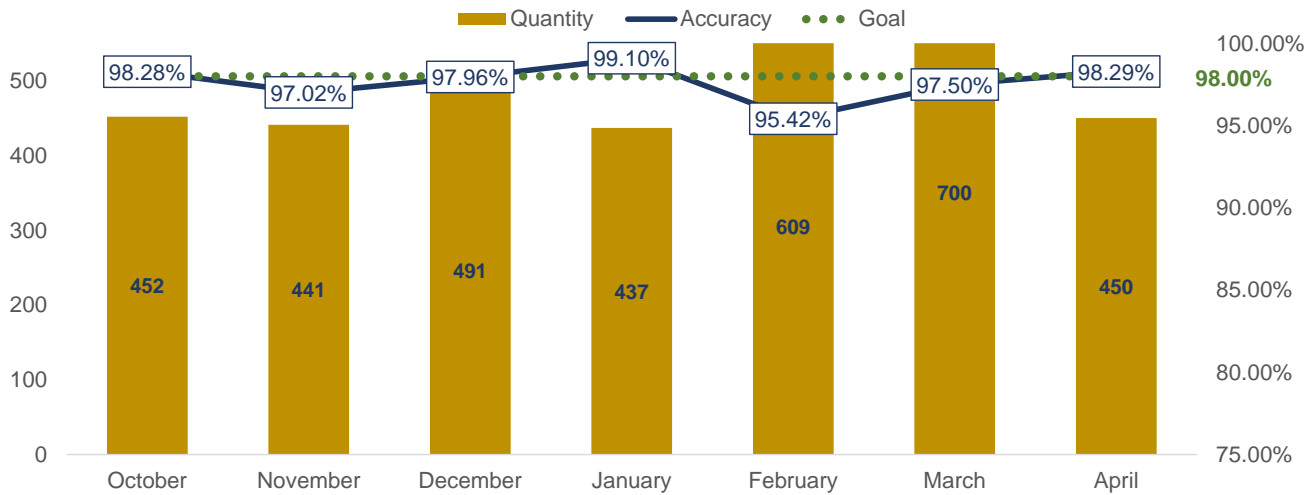
112 Year-to-Date

Disability

Striving for Excellence in Quality

Audits of Retirement Elections, Payment Contracts, and Data Entry

Quality Assurance and Metrics



April 2018



Retirement Elections

206 Samples
97.28% Accuracy

Payment Contracts

154 Samples
98.80% Accuracy

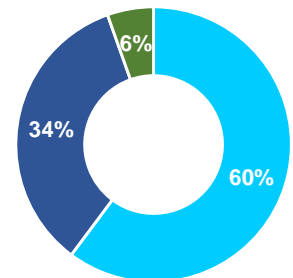
Data Entry

90 Samples
98.80% Accuracy

98.29%

Member Snapshot

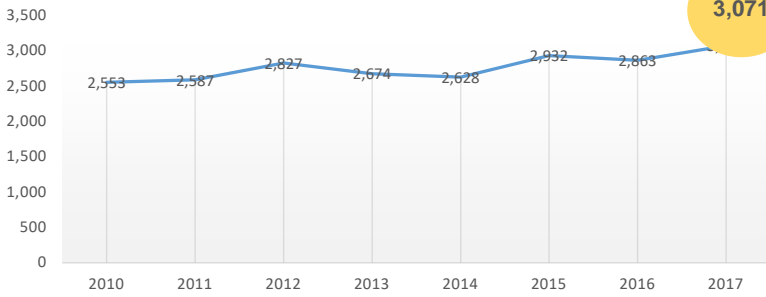
		Members as of 06/01/18				
		Plan	Active	Retired	Survivors	Total
General	Plan A		139	17,753	4,539	22,431
	Plan B		43	691	68	802
	Plan C		58	428	64	550
	Plan D		43,673	14,150	1,277	59,100
	Plan E		18,619	12,325	1,080	32,024
	Plan G		23,072	11	1	23,084
	Total General			85,604	45,358	7,029
Safety	Plan A		5	5,488	1,577	7,070
	Plan B		10,296	5,303	263	15,862
	Plan C		2,443	5	0	2,448
	Total Safety			12,744	10,796	1,840
TOTAL MEMBERS			98,348	56,154	8,869	163,371



■ Active Members
■ Retired Members
■ Survivors

Member Snapshot (Continued)

Retirements Per Year



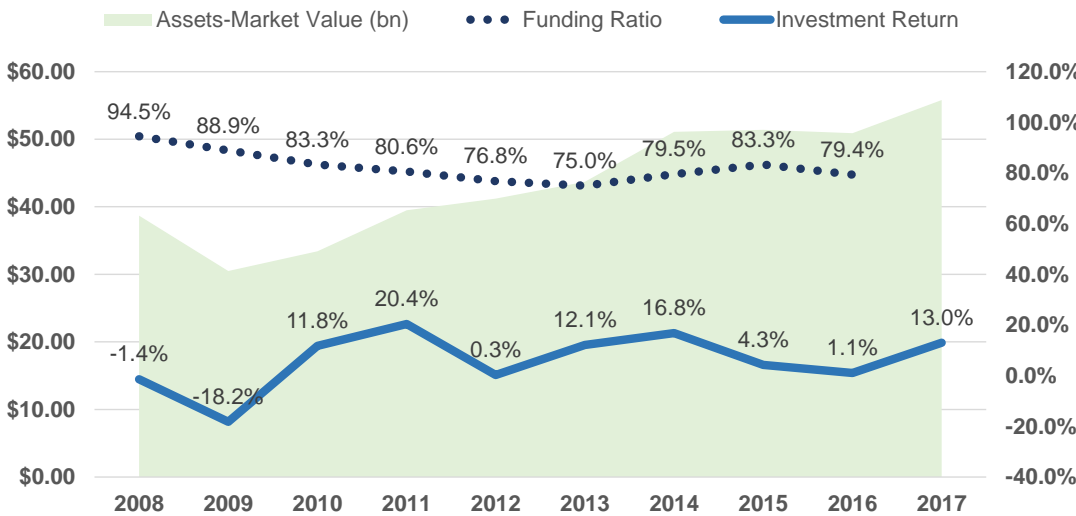
Healthcare Program (YTD)

	Employer	Member
Medical	\$394.6m	\$33.4m
Dental	\$35.4m	\$3.6m
Part B	\$47.9m	xxxx
Total	\$477.8m	\$37.0m

Healthcare Enrollments (Monthly)

Medical	49,308
Dental	50,454
Part B	33,044
LTC	686
Total	133,492

Key Financial Metrics



Funding Metrics (as of 6/30/17)

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

Contributions (as of 6/30/17)

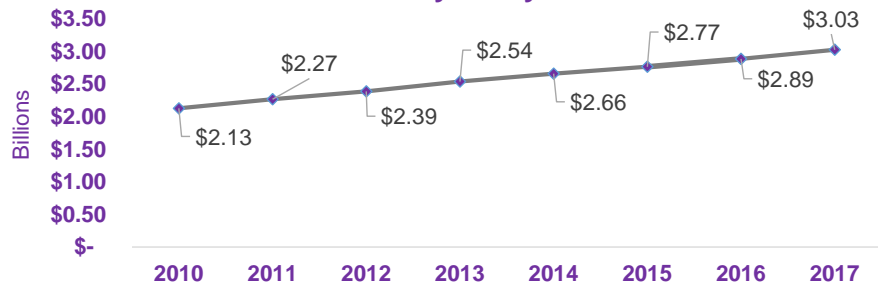
	Employer	Member
Annual Add	\$1331.4m	\$526.6m
% of Payroll	19.7%*	6.65%*

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

Retired Members Payroll

Monthly Payroll	\$279.04m
Payroll YTD	\$2.7b
New Retired Payees Added	981
Seamless %	99.69%
New Seamless Payees Added	3,622
Seamless YTD	99.72%
By Check %	4.00%
By Direct Deposit %	96.00%

Retiree Payroll by Year

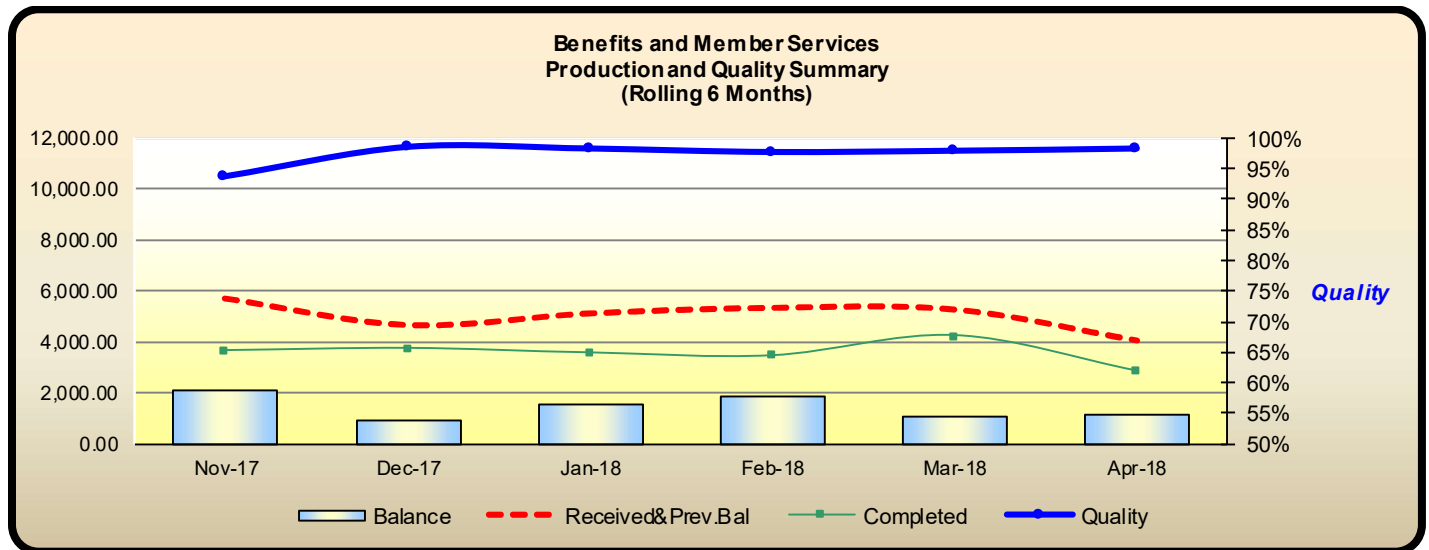
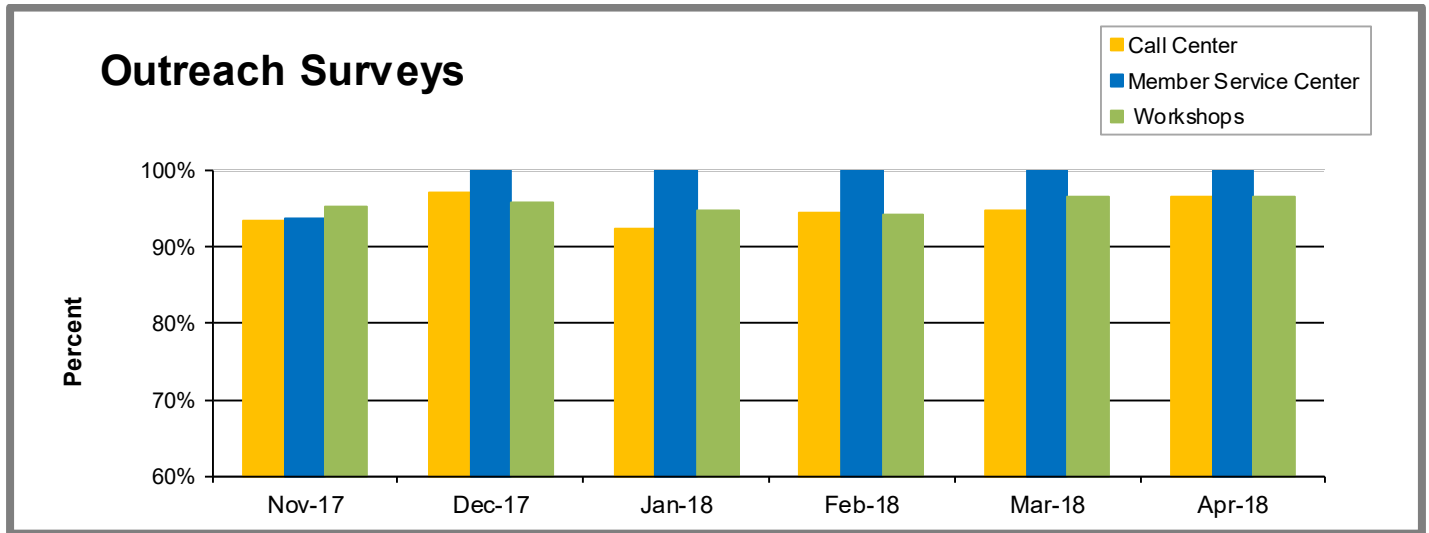


MORE COMING SOON!

LACERA's KEY BUSINESS METRICS

OUTREACH EVENTS AND ATTENDANCE

Type	# of WORKSHOPS		# of MEMBERS	
	Monthly	YTD	Monthly	YTD
Benefit Information	20	133	899	7,107
Mid Career	1	7	31	399
New Member	11	124	160	2,631
Pre-Retirement	10	76	250	1,976
General Information	3	8	451	858
Retiree Events	5	13	1,434	2,162
Member Service Center	Daily	Daily	1,850	17,661
TOTALS	50	361	5,075	32,794



Member Services Contact Center			RHC Call Center	Top Calls
Overall Key Performance Indicator (KPI)			84.31%	
Category	Goal	Rating		Member Services
Call Center Monitoring Score	95%	96.21%	98.16%	1) Workshop Info./Appointments: Inquiry
Grade of Service (80% in 60 seconds)	80%	22%	41%	2) Benefit Pmts.-Gen. Inquiry/Payday Info
Call Center Survey Score	90%	96.58%	xxxxx	3) Retirement Counseling: Estimate
Agent Utilization Rate	65%	81%	84%	
Number of Calls		12,489	4,801	Retiree Health Care
Number of Calls Answered		9,753	4,228	1) Medical Benefits - General Inquiries
Number of Calls Abandoned		2,736	573	2) General Inquiries (RHC)
Calls-Average Speed of Answer (hh:mm:ss)		00:08:15	00:04:00	3) Part B Premium Reimbursement
Number of Emails		342	108	
Emails-Average Response Time (hh:mm:ss)		08:38:24	(Days) 1	Adjusted for weekends

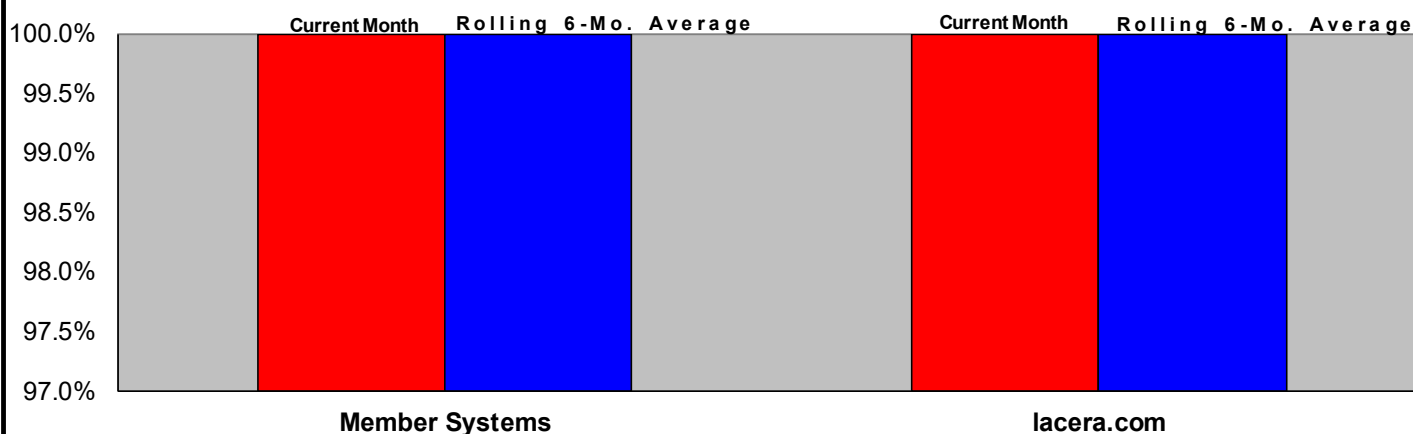
LACERA's KEY BUSINESS METRICS

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

DISABILITY INVESTIGATIONS

APPLICATIONS	TOTAL	YTD		APPEALS	TOTAL	YTD
On Hand	611	xxxxxxx		On Hand	114	xxxxxxx
Received	45	481		Received	3	26
Re-opened	0	1		Administratively Closed/Rule 32	3	23
To Board – Initial	65	430		Referee Recommendation	2	11
Closed	1	51		Revised/Reconsidered for Granting	0	5
In Process	590	590		In Process	112	112

SYSTEMS AVAILABILITY - APRIL 2018



Active Members as of 6/1/18		Retired Members/Survivors as of 6/1/18			Retired Members		
		Retirees	Survivors	Total			
General-Plan A	139	17,753	4,539	22,292	Monthly Payroll	279.04 Million	
General-Plan B	43	691	68	759	Payroll YTD	2.7 Billion	
General-Plan C	58	428	64	492	No. Monthly Added	981	
General-Plan D	43,673	14,150	1,277	15,427	Seamless %	99.69%	
General-Plan E	18,619	12,325	1,080	13,405	No. YTD Added	3,622	
General-Plan G	23,072	11	1	12	Seamless YTD %	99.72%	
Total General	85,604	Total General	45,358	7,029	52,387	Direct Deposit %	96.00%
Safety-Plan A	5	Safety-Plan A	5,488	1,577	7,065		
Safety-Plan B	10,296	Safety-Plan B	5,303	263	5,566		
Safety-Plan C	2,443	Safety-Plan C	5	0	5		
Total Safety	12,744	Total Safety	10,796	1,840	12,636		
TOTAL ACTIVE	98,348	TOTAL RETIRED	56,154	8,869	65,023		

Health Care Program (YTD Totals)

	Employer Amount	Member Amount
Medical	394,554,204	33,376,268
Dental	35,395,485	3,644,665
Med Part B	47,874,922	xxxxxxxxxx
Total Amount	\$477,824,611	\$37,020,933

Health Care Program Enrollments (Monthly)

Medical	49,308
Dental	50,454
Med Part B	33,044
Long Term Care (LTC)	686

Funding Metrics as of 6/30/17

Employer Normal Cost	9.97%*
UAAL	9.73%*
Assumed Rate	7.25%*
Star Reserve	\$614 million
Total Assets	\$52.7 billion

Member Contributions as of 6/30/17

Annual Additions	\$526.6 million
% of Payroll	6.65%*

Employer Contributions as of 6/30/17

Annual Addition	\$1,331.4 million
% of Payroll	19.70%*

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

Date	Conference
July, 2018	
11-13	Pacific Pension Institute (PPI) North American Summer Roundtable La Jolla, CA
12-13	National Association of Corporate Directors (NACD) Technology Symposium Palo Alto, CA
16-18	2018 Fortune Brainstorm Tech Conference Aspen, CO
August, 2018	
14-15	ISMG Security Summit New York, NY
27-30	CALAPRS (California Association of Public Retirement Systems) Principles of Pension Management for Trustees Pepperdine University
September, 2018	
12-14	Principles for Responsible Investment (PRI) PRI in Person 2018 San Francisco, CA
21	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Hilton Los Angeles North/Glendale
29-October 2	National Association of Corporate Directors – Global Board Leaders’ Summit Washington D.C.
October, 2018	
3-5	PREA (Pension Real Estate Association) Annual Institutional Investor Real Estate Conference Boston, MA
14-16	AHIP (America’s Health Insurance Plans) Medicare Conference Washington D.C.
14-17	IFEBP (International Foundation of Employment Benefit Plans) Annual Employee Benefits Conference New Orleans, LA
22	International Corporate Governance Network (ICGN) New York Event New York, NY
22-26	Investment Strategies & Portfolio Management (<i>prev. Pension Fund & Investment Mgmt.</i>) Wharton School, University of Pennsylvania
24-26	Council of Institutional Investors (CII) Fall Conference Boston, MA



May 30, 2018

TO: Each Member
Board of Retirement

FROM: Ricki Contreras, Manager 
Disability Retirement Services Division

FOR: June 14, 2018 Board of Retirement Meeting

SUBJECT: DISMISS WITH PREJUDICE THE APPEAL OF CHARLES F. ROMAS

Mr. Charles F. Romas applied for service-connected disability retirement on November 5, 2014. On October 5, 2016, the Board granted Mr. Romas' application for service-connected disability retirement.

Mr. Romas' attorney filed a timely appeal regarding the effective date of his client's service-connected disability retirement. On May 16, 2018, the applicant's attorney advised LACERA that his client did not wish to proceed with his appeal.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Dismiss with prejudice Charles F. Romas' appeal for an earlier effective date.

FJB: RC:mb

Romas, Charles F.doc

Attachment

NOTED AND REVIEWED:



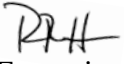
Francis J. Boyd, Sr. Staff Counsel

Date: May 30, 2018



May 14, 2018

TO: Each Member
Board of Retirement

FROM: Robert R. Hill 
Interim Chief Executive Officer

FOR: Board of Retirement Meeting of June 14, 2018

SUBJECT: Koried Global Summit "It's a Small World"
Coral Gables, Florida on July 11-13, 2018

Koried Global Summit "It's a Small World" will take place on July 11-13, 2018 at The Biltmore Hotel in Coral Gables, Florida. The Global Summit will bring together governments, business leaders, experts and thought leaders from around the world to discuss leading-edge approaches, ideas and unique strategies that benefit the Pension Fund community. This annual gathering will be packed with the latest best practices, cutting-edge strategies, innovative processes and risk-mitigation approaches.

The main conference highlights include the following:

- Assessing EGS Factors - Engagement vs. Divestment
- Global Growth Market Outlook
- Making an Impact in Your Pension Fund
- Trends in Disruptive Investing

The conference meets LACERA's policy of an average of five (5) hours of substantive educational content per day. The standard hotel rate at The Biltmore Hotel is \$149.00 per night plus applicable taxes and the registration fee for invited trustees to attend is \$195.00.

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

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Approve attendance of Board members at the Koried Global Summit "It's a Small World" on July 11-13, 2018 in Coral Gables, Florida and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

RH/bn
Attachment

Conference Draft Agenda*

July 11 – 13, 2018
The Biltmore Hotel, Miami, Florida

Wednesday, July 11, 2018

8:30 am – 9:30 am	Breakfast Fireside Chat – Making an Impact in Your Pension Fund This esteemed panel will discuss the challenges and benefits, lessons learned, targeting attractive financial returns and how to measure impact in implementing an investment portfolio.
9:30 am – 10:30 am	Assessing ESG factors –Engagement vs. Divestment For some, ESG investing means only divestment. However, reinforcing an agenda sometimes requires the added voting power or influence of other parties. This panel will attempt to widen our views of ESG Investing.
10:30 am – 10:45 am	Break
10:45 am – 11:45 am	Trends in Disruptive Investing Disruptive technologies are the result of new business models that are constantly innovating. Often, they cause disruption by creating new markets and challenging existing industries. This panel will discuss where is the next wave in this marketplace.
11:45 am – 12:45 pm	Fostering Innovative Housing & Infrastructure Investments <ul style="list-style-type: none"> • Where Are the Best Deals? <p>This panel will discuss innovations for infrastructure development, unlocking potentials for growth, learning from past mistakes and shaping new ideas based on bolstered, more coordinated actions.</p>
1:00 pm – 2:00 pm	Lunch
6:00 pm – 7:30 pm	Reception

Thursday, July 12, 2018

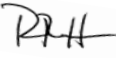
8:30 am – 9:30 am	Breakfast Roundtable Discussion - Global Growth Market Outlook <ul style="list-style-type: none"> • Will global growth be strong, or will there be cause for concern?
-------------------	---

9:30 am – 10:30 am		Are Looking Beyond Banks in Private Credit Markets a Safe Bet? This panel will be Analyzing the middle credit platform – including current trends in targets senior and junior secured loans, mezzanine securities, and equity co-investments in traditional middle market companies.
10:30 am – 10:45 am		Break
10:45 am – 11:45 am		No Man is an Island - The Role of the US in a Global Market If the world’s largest economy (US) has a growth surge it could provide a significant boost to global activity. In contrast, uncertainty about the direction of US policies could have the opposite effect. The absence of actual policy or changes such as tariffs, can heighten uncertainty. This panel will discuss how US. policies can affect global investing.
11:45 am – 12:45 am		Panama Papers Scandal – Where are they now?
		Lunch
		Reception
Friday, July 13, 2018		
8:30 am – 9:30 am		Breakfast Roundtable Discussion Healthy Returns: Will Unlikely Partnerships Change The Face Of Healthcare Investing? Part of a growing trend among healthcare organizations is to invest in private equity funds or directly in companies focusing on opportunities in the healthcare industry. Investments through private equity funds or directly in healthcare companies are rapidly becoming avenues for opportunities. This panel will discuss cutting edge technologies, synergies with companies through partnerships with private equity firms, and enhancing returns through investments in a known industry.
9:30 am – 10:30 am		Where are the Opportunities in Agriculture around the world? Public Private Partnership in Agriculture Dahab Associates Caribbean US
10:30 am – 11:30 am		Building Tomorrow’s Agents of Change Across the Globe
		ADJOURN



May 14, 2018

TO: Each Member
Board of Retirement

FROM: Robert R. Hill 
Interim Chief Executive Officer

FOR: Board of Retirement Meeting of June 14, 2018

SUBJECT: IAFCI 50th Annual Training Conference "Giving Fraud the Boot"
Fort Worth, Texas on August 13-17, 2018

The International Association of Financial Crimes Investigators (IAFCI) will be hosting its 50th Annual Training Conference and will take place on August 13-17, 2018 at the Omni Hotel in Fort Worth, Texas. The IAFCI provides an environment in which information about financial fraud, fraud investigation and fraud prevention methods can be collected, exchanged, and taught for the common good of the financial payment industry and our global society.

The main conference highlights include the following:

- Latest trends in Identity Crimes/Scams and Elder Exploitation
- Practices in Recovering from Ransomware
- International Trafficking of Wireless Devices
- Business Email Compromise

The conference meets LACERA's policy of an average of five (5) hours of substantive educational content per day. The standard hotel rate at the Omni hotel is \$159.00 per night plus applicable taxes and the registration fee to attend is \$585-785, depending on membership.

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

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Approve attendance of Board members at the International Association of Financial Crimes Investigators (IAFCI) 50th Annual Training Conference on August 13-17, 2018 in Fort Worth, Texas and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

RH/bn
Attachment

IAFCI 50TH Annual Training Conference Program

"Giving Fraud the Boot"

MONDAY, AUGUST 13

07:00 AM Continental Breakfast
08:00 AM IAFCI - New Member Orientation
08:00 AM FIMSI -Welcome to Financial Industry Mail Security Initiative
08:00 AM Introductions and Welcome
08:15 AM How a Defense Attorney Can Destroy Your Case
09:00 AM Blockchain Forensic Analysis
09:00 AM Cyber Attack
09:05 AM FIMSI BREAK
09:25 AM Working With Confidential Informants
10:00 AM Break
10:10 AM Bank Security Act/Anti-Money Laundering Industry Group
10:10 AM The Function of the Mortgage Fraud Task Force
10:10 AM The New ID Theft: Synthetic-Identity Fraud
11:25 AM FIMSI Lunch (No Host)
12:00 PM Lunch (No Host)
01:00 PM Auto Finance Fraud & Investigations
01:00 PM International Telemarketing Fraud
01:00 PM The Benefits of the Retail Organized Crime Coalition
01:50 PM FIMSI Break
02:10 PM "Keep it in the Family"- Case Study Part 1
02:45 PM BREAK
03:10 PM Identity in the Cyber Domain
03:10 PM Latest Trends in Identity Crimes/Scams and Elder Exploitation
03:20 PM "Keep it in the Family" Case Study Part II

TUESDAY, AUGUST 14

07:00 AM Continental Breakfast
08:00 AM Call to Order
08:05 AM Presentation of Colors
08:10 AM Anthem and Invocation
08:20 AM Introduction of the Emeritus Presidents
08:30 AM Welcome to Fort Worth
08:40 AM International Awards Ceromony
10:00 AM Introduction of Exhibitors

IAFCI 50TH Annual Training Conference Program

"Giving Fraud the Boot"

TUESDAY, AUGUST 14 (CONTINUED)

10:10 AM Break

10:30 AM TBA

11:10 AM TBA

12:00 PM Lunch (No Host)

01:00 PM Card Companies Panel

02:20 PM Case Study - IAFCI Award Winner Presentation

02:20 PM Crypto Mining Malware

02:20 PM Fraud After Chip In The United States

02:20 PM International Trafficking of Wireless Devices, Part I

02:20 PM Mortgage Fraud

02:20 PM Organized Retail Crimes & Gift Card Fraud

02:20 PM Scams, Whats New in 2018!

03:10 PM Break

03:25 PM ATM & Skimming Database

03:25 PM BSA/AML Intellectual Risk

03:25 PM Case Study-IAFCI Award Winner Presentation

03:25 PM Case Study - IAFCI Award Winner Presentation

03:25 PM International Trafficking of Wireless Devices, Part II

03:25 PM Social Security and Medicaid Fraud Topic

04:20 PM Breaches & Cyber Attacks

04:20 PM Case Study - IAFCI Award Winner Presentation

04:20 PM Case Study - IAFCI Award Winner Presentation

04:20 PM Elder Facilities Mortgages

04:20 PM Merchants Effectively Managing Card Not Present Fraud

04:20 PM Synthetic ID'S

06:30 PM Tuesday Networking Event

WEDNESDAY, AUGUST 15

07:00 AM Continental Breakfast

08:00 AM Auto Fraud

08:00 AM Business Email Compromise

08:00 AM Case Study- IAFCI Award Winner Presentation

08:00 AM NASPA

08:00 AM Virtual Currency and Dark Web (Crypto 101)

08:00 AM Use of Blockchain to Secure the Supply Chain

09:00 AM Corporate Fraud AML

09:00 AM Cryptocurrency Case Study

09:00 AM National Smuggling & Human Trafficking

IAFCI 50TH Annual Training Conference Program

"Giving Fraud the Boot"

WEDNESDAY, AUGUST 15 (CONTINUED)

09:00 AM Practices In Recovering from Ransomware
09:00 AM Risk, Breaches and More in the Acquiring World
09:00 AM The New ID Theft: Synthetic-Identity Fraud
09:50 AM Break
10:05 AM Call To Order
10:10 AM TBA
11:00 AM A Target On My Back!
11:05 AM TBA
12:00 PM Lunch (No Host)
01:15 PM Hackers, "What They Tell Us During Debriefing"
02:15 PM 2017 Verizon Data Breach Report
03:05 PM Break
04:15 PM ATM Skimming + Jackpotting in Latin America
04:15 PM Taxi Skimming/Ghost Terminal Skimming
04:15 PM TBA
04:15 PM TBA
04:15 PM TBA
04:15 PM TBA

THURSDAY, AUGUST 16

07:00 AM Continental Breakfast
08:00 AM Case Study- IAFCI Award Winner Presentation
08:00 AM Educating Investigators on How Fraud Activity Takes Place in the Telecommunications Industry
08:00 AM Payment Card Fraud
08:00 AM SARS
08:00 AM Uber Law Enforcement Assistance
09:00 AM \$75 Million Dollar Hospice Fraud Case
09:00 AM Ethics
09:00 AM International Fraud Trends
09:00 AM ORC & Organized Crime
09:00 AM Phishing and Email Header Analysis
09:00 AM Social Media in Terrorism & Human Trafficking Investigations
09:50 AM Break
10:10 AM Call To Order
10:15 AM Ethics
11:05 AM GRDP (The General Data Protection Regulation)

IAFCI 50TH Annual Training Conference Program

"Giving Fraud the Boot"

THURSDAY, AUGUST 16 (CONTINUED)

12:00 PM Lunch (No Host)

01:30 PM International Fraud Trends

02:20 PM Opioid Crisis and the Work Being Done to Combat the Crisis

03:05 PM Break

03:30 PM Jackpotting/Logical Attacks - Coming to an ATM Near You

03:30 PM TBA

03:30 PM Best Practices in Cyber Intelligence Programs

03:30 PM Operation Steeltown

03:30 PM The Future of Contactless Payments

03:30 PM GRDP (The General Data Protection Regulation)

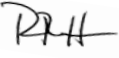
04:30 PM IAFCI General Business Meeting

06:00 PM IAFCI 50 Annual Networking Dinner Event



June 4, 2018

TO: Each Member
Board of Retirement

FROM: Robert R. Hill 
Interim Chief Executive Officer

FOR: Board of Retirement Meeting of June 14, 2018

SUBJECT: Cyber Security Summit - 8th Annual Leadership Event
Minneapolis, Minnesota on October 22-24, 2018

The Cyber Security Summit's 8th Annual Leadership Event will take place on October 22-24, 2018 at the Minneapolis Convention Center in Minneapolis, Minnesota. The Summit brings together industry, government and academic interests in an effort to improve that state of cyber security on both domestic and international level.

The main conference highlights include the following:

- Cloud Security: Considerations and Risks
- Security and Threats Around Microservices
- Developing Your Security Culture
- Latest Developments in Global Privacy Policy

The conference meets LACERA's policy of an average of five (5) hours of substantive educational content per day. The standard hotel rate near the conference location is \$229.00-\$329.00 per night plus applicable taxes and the registration fee for trustees to attend is \$449.00 when registered by August 30, 2018 and \$549.00 thereafter.

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

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Approve attendance of Board members at the Cyber Security Summit - 8th Annual Leadership Event on October 22-24, 2018 in Minneapolis, Minnesota and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

RH/bn
Attachment



Summit Agenda

October 22, 2018

1:00 pm - 5:00 pm

Healthcare & Med Device Cyber Security Series – Session 3

“Table Stakes” in the Development and Deployment of Secure Medical Devices. Topics include: Basic threat modeling and risk assessment; Cyber-hygiene – how do you harden and then patch a medical device?; What are the basic requirements for security testing and how best to get that done?; Procurement interactions between hospital and manufacturer – what to expect?

1:30 pm - 5:00 pm

DevSecOps For Practitioners

A deep dive into what DevSecOps is, the tools behind it and methodology.

1:30 pm - 5:00 pm

GDPR Overview

What CISOs and those responsible for compliance, risk, and security intelligence need to know about General Data Protection Regulation (GDPR).

5:00 pm - 6:30 pm

VIP Reception

6:45 pm - 8:00 pm

International Dinner (Private Event)

October 23, 2018

7:00 am - 7:45 am

Student Breakfast (Invitation Only)

What are the benefits of a career in security? What should students do to prepare themselves? Hosted by Minnesota IT Services.

8:00 am - 8:30 am

Welcome and Opening Remarks

What is the new menace? What is continuing to be a threat? What are the solutions? A year in review since we last met and a preview of what’s coming at us during the next two days.

8:30 am - 9:30 am

The Biggest IP Theft in History – What Corporations Need to Know to Protect Trade Secrets

Brian Levine, Senior Counsel at U.S. Department of Justice, Computer Crime and Intellectual Property Section, recently engaged in the first criminal trial of a Chinese entity for trade secret theft. After an 11-day trial, the jury convicted Sinovel of all charges, but the crime cost the American corporate victim more than \$1 billion and forced [...]

9:30 am - 10:00 am

National Policy Conversation

Overview of the current national policy conversation.

10:00 am - 10:30 am

Break in Expo Hall

10:30 am - 11:30 am

Leadership Track – Cloud Security: Considerations and Risks

Protecting applications using cloud services, whether IaaS, PaaS or SaaS, presents problems for traditional security models, which have been used for decades to protect typical data center environments. While legacy security models quickly prove inadequate for protecting cloud workloads, the automation and scalability associated with cloud environments can, in many cases, provide more advanced and [...]

10:30 am - 11:15 am

Technical Track – How do you operationalize threat intelligence?

Given the immense volume of threat intelligence out there, how do you make sense of it in an efficient and effective way? How do you create a baseline for your activities and then use that to understand when something is wrong?

11:15 am - 12:00 pm

Technical Track – Security and Threats Around Microservices

A lot of company's web services are getting compromised. How do you secure them? How do you ensure they are doing what they are supposed to be doing? Why does the CISO care? The vast majority of transactions are happening via some form of web application. You could wind up with transactions you don't want, [...]

11:30 am - 12:00 pm

Leadership Track – Cyber Insurance: State of the Market

Discussion featuring an underwriter, broker and consumer perspective on where the cyber insurance market is today.

12:00 pm - 1:15 pm

CISO Luncheon – Do We Need GAAP for Cyber Security?

How much money is enough when nobody knows what anyone else is spending? Do we need a set of accepted principles like “GAAP” for Cyber Security? If so, what does it look like? What services fall under “cyber”? Service by service, where am I falling short?

12:00 pm - 1:15 pm

Lunch and Roundtable Discussion

Attack vectors; Threats; Adversaries; Data Breach; Cryptocurrency; Spearphishing; DOS attacks; How do we improve the relationship between vendors and companies?; What are the best certifications for our team to get?; How do we attract and retain the best people?; Overburdened and underfunded; Business case strong security; Supply chain becoming a vector of infection

12:00 pm - 1:15 pm

General Counsel Luncheon (CLE Credit)

Following Brian Levine’s keynote presentation he will address reasonable measures signaling that you believe you are dealing with a trade secret and steps to take to signal you are trying to protect that asset.

2:00 pm - 2:30 pm

Developing Your Security Culture

What are you doing to protect your corporate network? What are you doing about backdoors like personal email, social media, etc? How much are you spending to regularly assess where your vulnerabilities are? Do you have anti-phishing initiatives? Are you testing your people?

2:30 pm - 3:00 pm

How Can We Make Security More Affordable?

At some point are companies liable when this is a global threat? If a nation-state aims a missile at you, who’s liable? A hack is that missile.

3:00 pm - 3:30 pm

Break in Expo Area

3:30 pm - 4:30 pm

Blockchain as a Security Measure: Identity and Access Management

Why does a CISO care about Blockchain? How does it help? What are the risks? Ohio is already starting to use Blockchain technology. Arizona is going down that path. How do you audit what it’s doing? How do you know it’s doing what it’s supposed to be doing? How do you know these records have [...]

4:30 pm - 5:15 pm

Day 1 Wrap Up

A recap of what we’ve learned during Day 1 with our co-chairs.

5:15 pm - 6:00 pm

Networking Reception in Expo Area

6:00 pm - 8:00 pm

Visionary Leadership Award Dinner

October 24, 2018

7:15 am - 8:15 am

CEO Breakfast (Invitation Only)

IT Security Governance – Is there appropriate oversight of IT in elected bodies and corporations? Do we have the right framework for real governance?

7:15 am - 8:15 am

FBI Career Opportunities Breakfast

7:15 am - 8:15 am

Summit Breakfast in Expo Area

8:15 am - 8:30 am

Day 2 Welcome and Opening Remarks

Highlights from Day 1 and the Visionary Leadership Award Dinner

8:30 am - 9:00 am

How Do You Deal With the Sheer Volume of Security Data?

What Big Data tools are available? How do you do Big Data analysis? How do you deal with security data? How do I take what's normal out of the mix and find what isn't normal? How do you secure a Big Data environment?

9:00 am - 10:00 am

Panel: What's Working: Information Across Companies and Industries

Everyone is being hit by the same attacks – how do we better share what we know? What is working about current models of sharing information and how do we go beyond our silos to share more broadly? How do we create a level of trust between CISOs to share more information?

10:00 am - 10:30 am

Break

10:30 am - 11:30 am

Keynote: Bruce Schneier

Bruce will discuss security and share thoughts from his forthcoming book: "Click Here to Kill Everybody"

11:30 am - 12:45 pm

Lunch and Book Signing

12:45 pm - 1:30 pm

Panel: Building Trusted Vendor Partnerships

How can practitioners and solution providers better work together? What are corporations looking for in vendor partner solutions? What are the criteria? What are the impediments? Letting practitioners guide the decision making process.

1:30 pm - 2:15 pm

Impact of Security Standards on Enterprise Data Center Operators

Security is a double-edged sword – protections put in place to protect data and systems can often make those environments more difficult to monitor for unauthorized behavior. The IETF recently ratified TLS 1.3 which significantly improves the ability to protect data in transit. However, it also renders many monitoring capabilities such as DLP, IDS, CASB [...]

2:15 pm - 2:45 pm

CyberByte™: Cyber Hygiene vs. Exotic Technologies – What is the Right Balance?

Companies need both. Basic hygiene can't be overlooked. Fear of applying a patch is much higher than the failure rate. Need to prioritize security decisions just as with any others.

2:45 pm - 3:15 pm

Break and Prize Drawing in Expo Hall

3:15 pm - 3:45 pm

Latest Developments in Global Privacy Policy

With the deadline for GDPR five months past, what has been the impact? What other privacy regulations should both global and domestic corporations be concerned about? What else is in store following the Facebook and Cambridge Analytica revelations? This session will take a broad view of the global privacy landscape and what organizations should be [...]

3:45 pm - 4:15 pm

Security Implications of Blockchain

4:15 pm - 5:15 pm

When the Lights Go OUT

Ransomware hits 5 out of 13 departments in Atlanta resulting in a vast amount of data being unrecoverable to office teams reverting back to paper and pencil technology; Estonia attack shutting down parliament, banks, ministries and broadcasters to the hack on the Ukraine power grid, what we learned and what has happened to build more [...]

5:15 pm - 5:30 pm

Wrap Up – Practical Takeaways

After 2½ days, some takeaways from the 2018 Summit.



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**



June 5, 2018

TO: Each Member
Board of Retirement
Board of Investments

FROM: Robert Hill 
Interim Chief Executive Officer

FOR: Board of Investments Meeting of June 13, 2018
Board of Retirement Meeting of June 14, 2018

SUBJECT: **FINAL PROPOSED FISCAL YEAR 2018-2019 ADMINISTRATIVE,
RETIREE HEALTHCARE BENEFITS, AND OTHER POST-
EMPLOYMENT BENEFITS TRUST BUDGETS**

RECOMMENDATION

Adopt the final proposed LACERA Fiscal Year (FY) 2018-2019 Administrative, Retiree Healthcare Benefits, and Other Post-Employment Benefits Trust Budgets.

INTRODUCTION

We are pleased to present the proposed FY 2018-2019 Administrative, Retiree Healthcare Benefits, and Other Post-Employment Benefits Trust Budgets for your approval. The Board of Retirement and the Board of Investments will each separately approve the budgets at their regularly scheduled meetings. Attached are the minutes of the FY 2018-2019 budget hearings held on May 9, 2018, and May 10, 2018.

DISCUSSION

The FY 2018-2019 Administrative budget request of \$88,622,236 is the financial representation of the Strategic Plans approved by the Boards and represents LACERA's continued dedication to fulfill the mission to Produce, Protect, and Provide the Promised Benefits to our members.

California Government Code 31580.2 states that the annual budget for administrative expenses of a retirement system established under the County Employees Retirement Law of 1937 (CERL) may not exceed twenty-one hundredths (.21) of one (1) percent of Actuarial Accrued Liability (AAL) of the retirement system. LACERA's AAL as of June 30, 2017 is \$65.3 billion, allowing LACERA a statutory budget appropriation of as much as \$137.1 million. This \$88.6 million request represents 64.6 percent of the statutory limit, reserving a \$48.5 million Contingency Fund.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Adopt the final proposed LACERA Fiscal Year (FY) 2018-2019 Administrative, Retiree Healthcare Benefits, and Other Post-Employment Benefits Trust Budgets.

RH:jp

Attachments

MINUTES OF THE SPECIAL JOINT MEETING OF THE
BOARD OF RETIREMENT AND BOARD OF INVESTMENTS
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CA
WEDNESDAY, MAY 9, 2018 *and* THURSDAY, MAY 10, 2018

WEDNESDAY, MAY 9, 2018

BOARD OF RETIREMENT

PRESENT: Herman B. Santos, Vice Chair
Keith Knox (Chief Deputy to Joseph Kelly)

BOARD OF INVESTMENTS

PRESENT: David Green, Chair
Wayne Moore, Secretary
Keith Knox (Chief Deputy to Joseph Kelly)
David L. Muir
Gina V. Sanchez
Herman B. Santos

STAFF, ADVISORS, PARTICIPANTS

Robert Hill	Lindsay Knight
James Brekk	Vincent Lim
JJ Popowich	Vache Mahseredjian
Bernie Buenaflor	Cynthia Martinez
Annette Cleary	Norma Minjarez
Roxana Castillo	Robert Morgan
Ricki Contreras	John Nogales
Michael Cordial	Arlene Owens
Andrea Ellison	Kelly Puga
Vanessa Gonzalez	Steven Rice
Jonathan Grabel	Trina Sanders
Ted Granger	Robert Santos
Cynthia Guider	Cassandra Smith
Kimberly Hines	Darla Vidger
Holly Henderson	Scott Zdrzil
Francisco Jaranilla	

The meeting was called to order at 1:50 p.m. in the Board Room at Gateway Plaza.

MINUTES OF THE SPECIAL JOINT MEETING OF THE
BOARD OF RETIREMENT AND BOARD OF INVESTMENTS
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CA
WEDNESDAY, MAY 9, 2018 *and* THURSDAY, MAY 10, 2018

THURSDAY, MAY 10, 2018

BOARD OF RETIREMENT

PRESENT: Vivian H. Gray, Chair
Shawn R. Kehoe
William Pryor
Thomas Walsh

BOARD OF INVESTMENTS

PRESENT: Shawn R. Kehoe, Vice Chair

STAFF, ADVISORS, PARTICIPANTS

Robert Hill	Barry Lew
James Brekk	Cynthia Martinez
JJ Popowich	Norma Minjarez
Bernie Buenaflor	Robert Morgan
Allison Barrett	John Nogales
Roxana Castillo	Quoc Nguyen
Ricki Contreras	Mary Phillips
Vanessa Gonzalez	Kelly Puga
Jonathan Gabel	Steven Rice
Ted Granger	Trina Sanders
Cynthia Guider	Cassandra Smith
Kimberly Hines	Roberta Van Nortrick
Holly Henderson	Ervin Wu
Lindsay Knight	

The meeting was called to order at 12:30 p.m. in the Board Room at Gateway Plaza.

I. BUDGET HEARING

A. Discussion of LACERA Fiscal Year 2018-2019 Administrative and Retiree Healthcare Benefits Budgets

We will be presenting the budget for adoption at the regular meetings of the Boards of Investments and Retirement on June 13 and June 14, respectively.

LACERA was established in 1938, one year after CERL was enacted. We have a long history of producing, protecting, and providing the promised benefits. We provide a \$3 billion annual payroll, jobs, and opportunities. Our decisions and actions affect outcomes and lives.

The budget is a spending plan that allows us to fulfill LACERA's mission to "Produce, Protect, and Provide the Promised Benefits." Our mission is what drives us and is at the heart of everything we do.

These objectives operationalize our mission and are the foundation upon which we construct our budget each and every year:

- Act as prudent fiduciaries, being mindful and responsible with our members' money
- Provide responsive, high quality services
- Maintain a dialog with our members, stakeholders, the plan sponsor, and the public
- Cultivate and build a quality workforce, establishing that culture of service
- Ensure that we always manage growth and change, including those changes that can threaten our members' earned benefits

The operating budget consists of Salaries and Employee Benefits (S&EB) and Services and Supplies (S&S), which includes maintenance and one-time projects. There are three components that go into developing the budget:

- Board input, priorities, and direction to staff
- Staff identifies needs and requirements
- External influences not directly within LACERA's control, i.e. PEPR, GASB pronouncements, challenges to Defined Benefit plans

Budget Authority

LACERA's budget is charged against the earnings of the retirement fund, it is not paid by the County. Under California state law, the annual budget for administrative expenses may not exceed 21 hundredths of 1% of the plan liabilities, or 21 basis points. Based on our accrued actuarial liability (AAL) of

I. BUDGET HEARING (Continued)

\$65.3 billion, the statutory limit is \$137.1 million. Our budget request is \$88.6 million, or 14 basis points of the AAL, leaving a contingency reserve of \$48.5 million.

FY 2018-2019 Budget Overview

The budget is comprised of the following:

- Maintenance and cyclical costs, which include renewals, insurance, building maintenance, costs to vendors
- One-time costs, e.g. new Boardroom technology
- Services & Supplies, including increasing legal fees, legislative advocates, public relations, and a new intern program
- Salary & Employee Benefits, covering pay/MOU increases, new positions
- Compliance Program – even though we are not requesting funding in the coming budget year, we expect to establish a dedicated compliance authority within LACERA, which will require new staffing, and possibly other resources

We do not spend money just because it is budgeted, we spend where it makes good business sense. There is always a difference between the budget request and actual expenditures due to several factors. Over the years your Boards have given us input that you would like us to close that gap and we endeavor to do that where we can. There will always be situations where we can't, especially in S&S, as situations and landscapes change. However, over time we want to narrow that gap to have a more accurate tracking of what we budget and what we spend.

Our budget request for the coming year is \$69.1 million S&EB, \$19.5 million S&S, for a total of \$88.6 million.

Staffing

All new staff positions are based on Board priorities and absolute need. We currently have 429 positions, with a net increase of 14 positions, for a total of 443 positions, \$2.2 million in new S&EB. Ten of these positions are allocated for the Call Center to improve their ability to meet member service commitments and open up the RDO schedule in January 2019 for a portion of eligible staff members. Eight positions will be on the phones, and two will be leads to fulfill a commitment to begin to create some career paths in the Call Center. Disability Retirement Services is requesting one staff assistant to support the Intake Unit. The Legal Office is asking for one additional staff counsel to assist in the benefits area, and the Investment Office requires two additional positions to prepare for the rollout of a Real Assets class.

I. BUDGET HEARING (Continued)

At the beginning of this fiscal year we had 75 vacant budgeted positions, unfilled from the prior year and new positions added. By March 2018 we had filled 35 of those positions, with 11 other positions being actively recruited, for a total of 46 positions filled by the end of this fiscal year. Twelve positions are ineligible for recruitment as the County has not yet adopted the ordinance.

Retiree Healthcare

The Retiree Healthcare budget is derived separately from the Administrative budget. We cannot spend retirement trust fund assets on Retiree Healthcare. The County pays directly to the OPEB (Other Post-Employment Benefits) program. To provide our members with the time they need to understand these complex health care issues, we are requesting four additional staff to assist with workload and response time. With the increased staffing and GASB 74/75 now requiring an annual OPEB valuation, the S&S budget will increase by an additional \$600,000 per year.

Looking Ahead

We see cost drivers to our administrative budget in three broad categories:

- Service – Your Boards have always been focused on service to our members. As demographics and needs change, we want to continue to be a premier organization providing premier service, and keep pace with emerging service options.
- Member privacy and information – We have to ensure that all areas are properly secured and operated so that we protect our member information.
- Protecting the trust – We need to protect this trust fund. As the pension business becomes more complex, with challenges to public pensions and vested rights, there may come a time where we have to defend defined benefits and there may be a cost to that. LACERA needs to be the best at what we do, a prominent example that a defined benefit plan does work.

QUESTIONS AND COMMENTS – MEETING OF WEDNESDAY, MAY 9, 2018

Mr. Santos asked why it is taking so many years to close the gap between budgeted and actual expenditures.

We follow the County's method of budgeting salaries at the top step/mid-point. We have tried using a trending tool to narrow that gap. Also, in S&S we budget at retail cost, but pricing can change after negotiations and the cost can be much less. We plan to be more aggressive on that going forward.

I. BUDGET HEARING (Continued)

Mr. Moore asked if we start with current salaries when we prepare our salary budget.

No. We budget our salaries using the County methodology, which is mid-point and top step, and trend based on that. We started using a salary differential to account for the difference between actual and budgeted to bring us closer together. We are closer this year and we continue to improve on that.

Mr. Moore asked if there is additional over budgeting taking place, because if you start with the actuals, and the differential is fairly consistent, you should be at or very close to actuals as your base for the next year. Even with subtracting 12 ineligible positions, LACERA is still at a 20% vacancy rate out of 75 positions.

We are budgeting in anticipation of hiring certain people. We budget at the top, factoring in salary savings, savings because of attrition, vacancies, etc. Those positions are essential but we still have a hard time filling all the positions we need, which accounts for the vacancies.

Mr. Santos asked how long is the training for the Call Center and Outreach staff, as he is very impressed with their knowledge and communication skills.

Our training program is about a year and two-three months. One year is spent in the CORE Benefits training, followed by a training period on the phones and customer service. Everyone in a benefits related position – Retiree Healthcare, Member Services, Benefits – receives the CORE Benefits training.

Mr. Green asked how do we recruit for the vacant positions.

We post the positions on line, we do job fairs, we reach out to different organizations. We are always looking to improve the recruitment process.

Mr. Green asked what positions are vacant now that we are looking into.

We have a large number of IT positions that have yet to be filled. We have posted for some of those items where we can. We try to cast as wide a net as possible to consider all candidates. We also have positions in Admin Services, creative coordinators in Communications, a finance analyst in Investments, word processor positions, data systems analysts.

Mr. Green asked what is the biggest obstacle to hiring.

Part of it is classifications. We're looking for people who want to build a career here, and sometimes we have to restructure what we're looking for to make it work for the current work generation.

I. BUDGET HEARING (Continued)

Mr. Green asked to make sure the Boards are giving management the resources and tools to be effective at hiring best-in-class and retaining staff.

The Boards are very supportive of our efforts.

Mr. Knox asked what is an ideal vacancy rate.

We are always going to have around a 5-10% vacancy rate, depending on where the vacancies occur. Some areas take longer to fill, such as those that have the one year training before they are actually on the job. Also, some do not make it through the training.

Mr. Green asked if we are now recruiting interns thinking that down the road they can take full time positions.

We are. We have an active open recruitment for the intern pool, to create a group of available, qualified people. Two divisions are currently looking at using interns.

Mr. Knox asked if we have to get the County's approval to add administrative costs for Retiree Healthcare.

No. Costs are paid by the plan members. We charge a monthly per premium/per member administrative fee of \$8.

Mr. Knox asked that in reference to succession planning as part of the strategic plan, is there a budget for the succession planning exercise.

There is a budget to do an employee survey, which is tied to the goal of an increase in employee engagement. We plan to bring in a professional organization to help us with that survey.

QUESTIONS AND COMMENTS – MEETING OF THURSDAY, MAY 10, 2018

Mr. Kehoe asked if the RDO schedule was an alternative work schedule, how many lead positions are in the new phase, and what is the total staffing of the Call Center.

RDO is the 9/80 work schedule. There will be two leads; currently there are two people who are receiving an additional responsibilities bonus to perform that function. This increase in staff will take us to 34 total, including supervisors.

Mr. Kehoe asked about that being a 25% increase in staffing.

In order to do the 9/80 schedule we need to make that increase.

I. BUDGET HEARING (Continued)

Mr. Kehoe asked if we have looked at other call centers for best practices, or had consultants come in to give advice.

We have had consultants in the past. Our management team annually attends the ICMI (International Customer Management Institute) conference where they obtain best practice ideas.

Ms. Gray asked what were the 75 vacant positions to be filled at the beginning of this fiscal year, and if 75 vacancies was a lot.

That was throughout the entire organization, including positions in Investments, Accounting, Member Services. It is a higher vacancy rate than we would like. We are actively working to improve and streamline our recruiting process.

Mr. Kehoe stated that 75 vacancies is high in relation to the overall organization, and asked why we budgeted for some positions if they are not yet true budget positions.

These were all positions that we intended to be filled at the beginning of the year. However, situations changed throughout the year and some positions are no longer needed, but are being converted to other required positions with this new budget.

Mr. Kehoe asked if we do a revised budget at LACERA.

No, we just do a single budget.

Mr. Kehoe requested that in the future we show the average number of vacancies month-by-month throughout the year.

Ms. Gray asked if staff have the equipment and resources necessary to do their jobs effectively and what LACERA management needs from the Boards.

We are very mindful of our priorities and what we need to deliver. There are definitely areas that we can look at improving upon as far as providing resources. At the same time, it is not a situation where we are at a standstill and staff cannot operate. Our next step is to examine the needs of staff, and go through a methodical process to make sure we are responsible in how we deploy equipment. As a management team we work together to resolve issues and overcome challenges, and your Boards provide a way for us to do that.

II. PUBLIC COMMENT

III. GOOD OF THE ORDER


(For information purposes only)

IV. ADJOURNMENT

The meeting of Wednesday, May 9, 2018 adjourned at 2:40 p.m.
The meeting of Thursday, May 10, 2018 adjourned at 1:10 p.m.

May 21, 2018

TO: Each Member
Board of Retirement

FROM: Ricki Contreras, Division Manager 
Disability Retirement Services

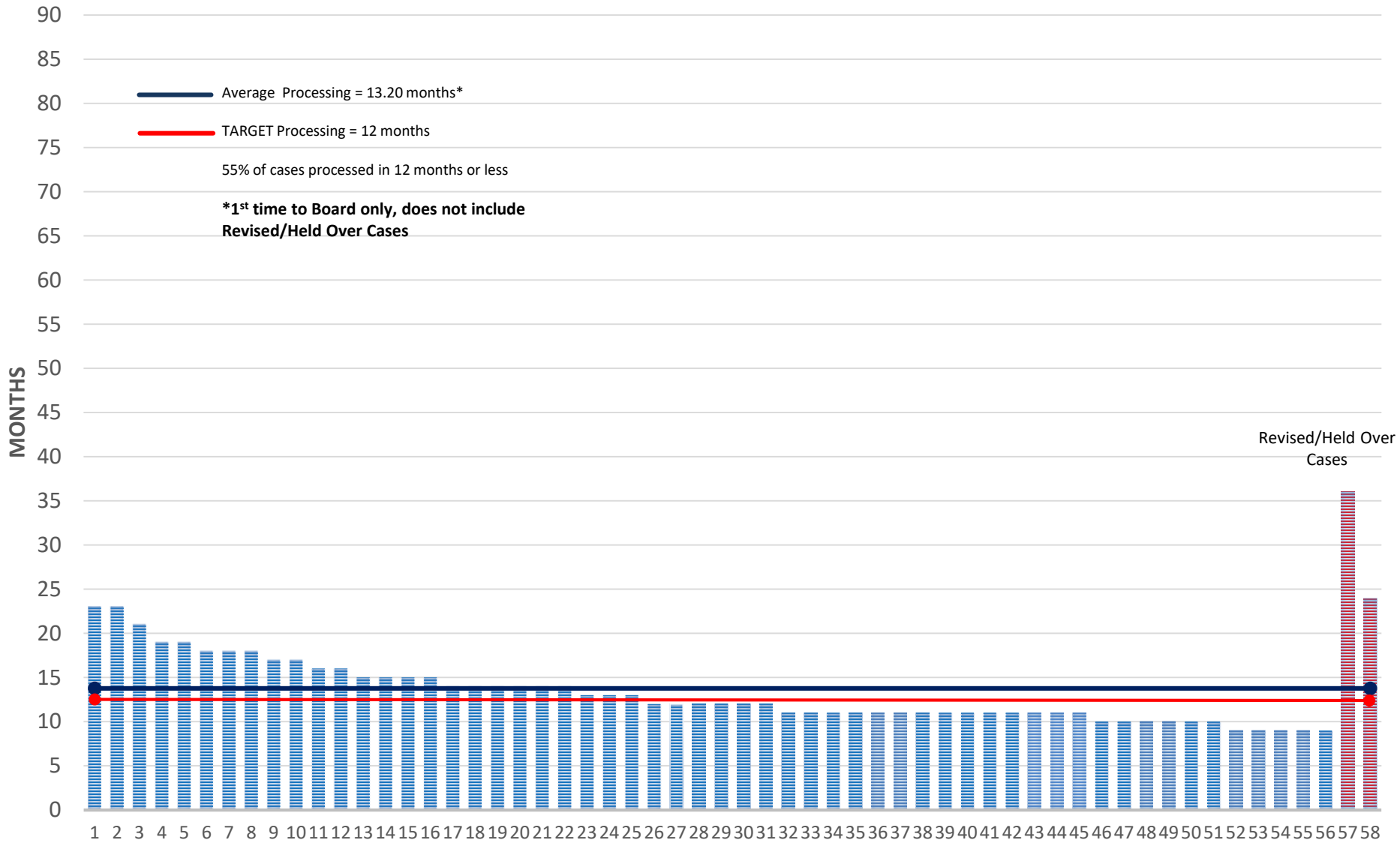
FOR: June 14, 2018 Board of Retirement Meeting

SUBJECT: **Application Processing Time Snapshot Reports**

The following chart shows the total processing time from receipt of the application to the first Board action for all cases on the June 14, 2018 Disability Retirement Applications Agenda.

Consent & Non-Consent Calendar		
Number of Applications	56	
Average Processing Time (in Months)	13.20	
Revised/Held Over Calendar		
Number of Applications	2	
Processing Time Per Case (in Months)	Case 1 36	Case 2 26
Total Average Processing Time Revised/Held Over Calendar	30	
Total Average Processing Time All 58 Cases on Agenda	13.78	

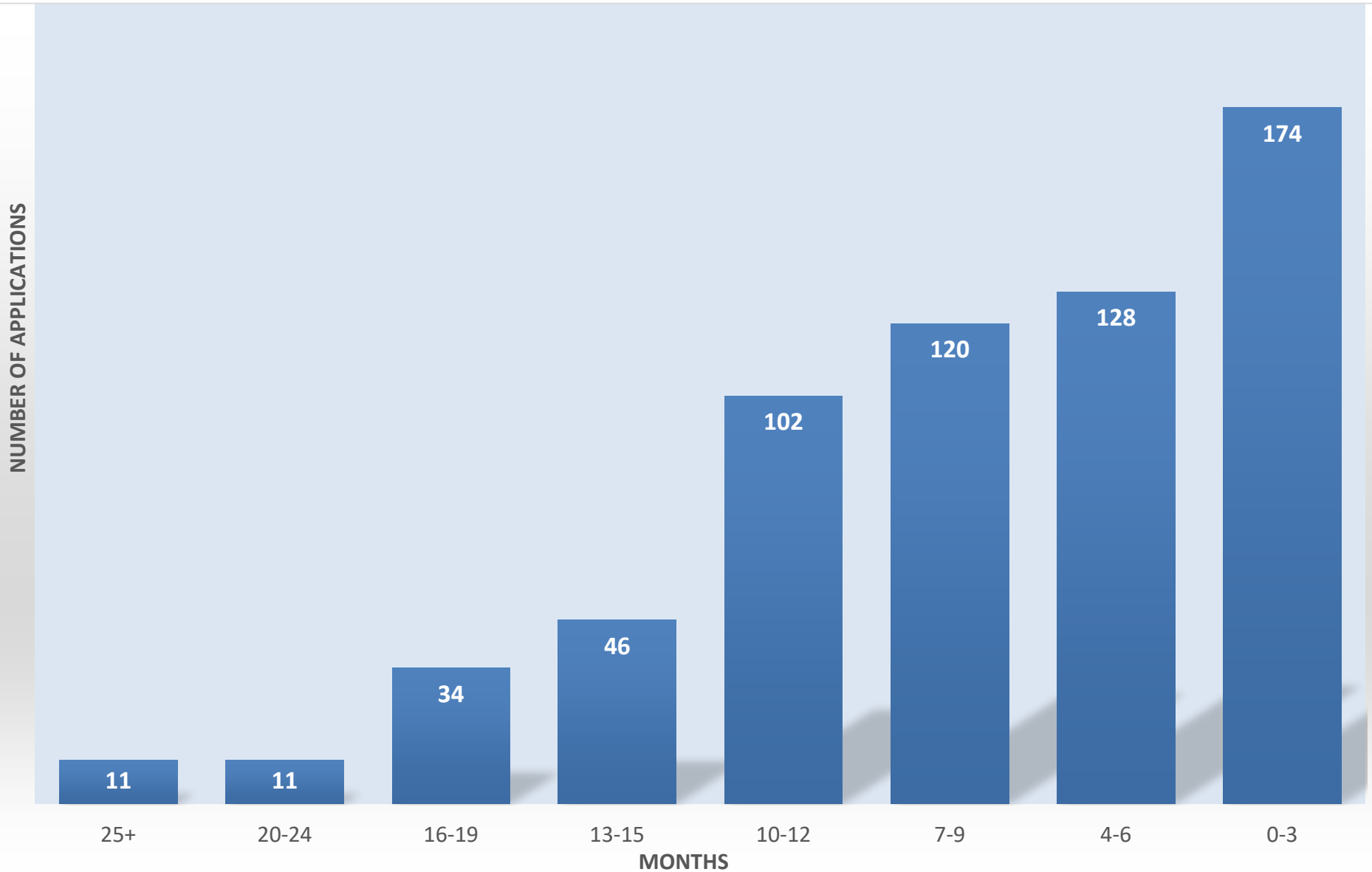
CASE PROCESSING TIME



As of 6/1/2018

June 14, 2018 AGENDA

PENDING APPLICATIONS/TIME INTERVALS



As of 6/1/2018

June 4, 2018

FOR INFORMATION ONLY

TO: Each Member
Board of Retirement

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: June 14, 2018 Board of Retirement Meeting

SUBJECT: **Update on SACRS 2018 Legislative Platform**

During its Business Meeting at the State Association of County Retirement Systems' (SACRS) Spring Conference on May 18, 2018, the SACRS membership voted on whether to sponsor SB 1270 (Vidak), which relates to the appointment of assistant administrators and chief investment officers.

The proposal for SACRS to sponsor legislation relating to the appointment of these positions was originally submitted by the Tulare County Employees' Retirement Association (TCERA) to the SACRS membership at the 2017 Fall Conference. However, TCERA pulled the proposal before it was to be voted on by the SACRS membership to address the concern that its proposal did not provide for the option for the board of supervisors of each 1937 Act county to adopt a resolution regarding whether the positions were to be excluded from the county civil service.

TCERA addressed that concern and sponsored SB 1270 for the 2018 legislative year with the understanding that the SACRS membership would consider whether to also sponsor SB 1270 at the SACRS Business Meeting on May 18, 2018. The Board of Retirement directed its voting delegate to vote for sponsorship of SB 1270. By a vote of 17 ayes, 1 no, and 2 abstentions, the SACRS membership voted for sponsorship of SB 1270. The Board of Retirement has adopted a "Watch" position on SB 1270.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

cc: Robert Hill Steven Rice
James Brekk Joe Ackler, Ackler & Associates
JJ Popowich
Bernie Buenaflor

FOR INFORMATION ONLY

May 31, 2018

TO: Each Member
Board of Retirement

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: June 14, 2018 Board of Retirement Meeting

SUBJECT: LACERA Comment Letter on IRS Notice 2018-24 Concerning Availability
of Determination Letters

At its May 10, 2018 meeting, the Board of Retirement authorized staff to work with tax counsel to prepare and submit a comment letter to the IRS on its Notice 2018-24, which relates to whether the IRS should expand its determination letter program for plans like LACERA beyond the program's current limited scope. Expansion of the program would allow pension systems to obtain assurance from the IRS as to their tax qualification status and help ensure tax compliance when plan changes occur, such as amendments to the County Employees Retirement Law of 1937 (CERL) or the enactment of new laws like the California Public Employees' Pension Reform Act of 2013 (PEPRA). A copy of the prior Board memo is attached as Exhibit A.

On May 31, 2018, following the Board's direction, staff submitted a comment letter to the IRS. A copy of the letter is attached as Exhibit B. Staff provided a copy of LACERA's letter to other CERL systems so that they could consider filing a joinder or their own letter.


Attachments

c: Each Member, Board of Investments
Robert Hill
Jonathan Grabel
James Brekk
John Popowich
Bernie Buenaflor
Beulah Auten
Ted Granger
Barry Lew

EXHIBIT A
Prior Board Memo

April 30, 2018

TO: Each Member
Board of Retirement

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: May 10, 2018 Board of Retirement Meeting

SUBJECT: **Determination Letter Program: Comment Letter to IRS**

RECOMMENDATION

That the Board of Retirement authorize staff to submit a comment letter in response to IRS Notice 2018-24 on the potential expansion of the determination letter program during the 2019 calendar year, and engage tax counsel Don Wellington of Reed Smith LLP to prepare the letter at fees and costs not to exceed \$9,500.

LEGISLATIVE POLICY/ENGAGEMENT POLICY STANDARD

The Board of Retirement's Legislative Policy provides for participation in the federal rulemaking process to advance LACERA's mission of producing, protecting, and providing the promised benefits. The Board of Retirement's Policy on Engagement for Public Policy Issues Relating to Plan Administration and Retirement and Health Care Benefits also provides for engagement in the regulatory process to safeguard the retirement fund.

SUMMARY

On April 23, 2018, Internal Revenue Bulletin 2018-17 released Notice 2018-24, which requests comments on the potential expansion of the scope of the determination letter program for individually designed plans during the 2019 calendar year. Effective January 1, 2017, the Internal Revenue Service (IRS) would accept determination letter applications for individually designed plans only for initial plan qualification, qualification upon plan termination, and in certain limited circumstances. The IRS intends to request, on a periodic basis, comments on additional situations in which the submission of a determination letter application may be appropriate.

BACKGROUND

A favorable determination letter is issued by the IRS in response to an application from a plan sponsor (or its plan administrator) regarding the qualified status of the retirement plan under the Internal Revenue Code. Although plan sponsors are not required to obtain a determination letter, having a favorable determination letter is prudent from a fiduciary perspective since the letter may be relied on with respect to the treatment of taxation under the retirement plan. Under a tax-qualified retirement plan, participants can defer income taxes on the amounts contributed to the plan on a pretax basis, and

the earnings from contributions by employers and employees can grow tax-deferred until benefits are distributed from the plan.

DISCUSSION

LACERA received favorable determination letters in 1958 and 1983. More recently in 2011, LACERA submitted a determination letter application with the IRS, which issued a favorable determination letter in December 2013. However, that letter had an expiration date of January 31, 2014.

The IRS established cycles for plans to seek updated determination letters, and LACERA fell within the Cycle E filing period of February 1, 2015 to January 31, 2016. In November 2015, LACERA again applied for a determination letter and received a favorable determination letter in October 2016. However, this was the last opportunity for LACERA to receive a favorable determination letter due to the elimination of the five-year remedial amendment cycle by the IRS. Effective January 1, 2017, the IRS would only accept determination letter applications for initial plan qualification, qualification upon plan termination, and in certain limited circumstances. However, the IRS has not identified any other circumstances that would allow a plan to seek a new determination letter.

Although the favorable determination letter received in October 2016 does not contain an expiration date, the scope of the determination letter only covers the items listed in the 2014 Cumulative List of Changes in Plan Qualification Requirements. The determination letter does not apply to any qualification changes that become effective, any guidance issued, or any statutes enacted after the dates specified in the Cumulative List. Thus, if subsequent changes are made to a plan that may raise qualification issues, there is currently no avenue for an existing retirement plan (outside of initial plan qualification and plan termination) to obtain assurance from the IRS that the plan meets qualification requirements.

The IRS is seeking comments on additional situations in which the submission of a determination letter application is appropriate and will issue guidance on those situations. However, the IRS's current case load and resources are counterbalancing factors on whether those additional situations may be accommodated. Some common issues the IRS has identified in its processing of determination letter submissions that are related to governmental plan sponsors include timely updating of plans for law changes, vesting requirements, plans with multiple benefit structures, and plans that provide for refunds of employer contributions. Providing comments to the IRS related to LACERA's role as a governmental defined benefit pension plan can assist the IRS in determining whether to expand the scope of the determination letter program and consequently providing opportunities to assure that governmental pension plans remain tax-qualified.

Staff proposes to consult with and engage LACERA's tax counsel, Don Wellington of Reed Smith LLP,¹ to draft the letter for submission by LACERA to the IRS. The letter is due no later than June 4, 2018.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD authorize staff to submit a comment letter in response to IRS Notice 2018-24 on the potential expansion of the determination letter program during the 2019 calendar year, and engage tax counsel Don Wellington of Reed Smith LLP to prepare the letter at fees and costs not to exceed \$9,500.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachment

IRS Notice 2018-24

cc: Robert Hill
James Brekk
JJ Popowich
Bernie Buenaflor
Steven P. Rice
Fern Billingsy
Johanna Fontenot
Jill Rawal

¹ Mr. Wellington was previously a partner in Steptoe & Johnson LLP. However, he recently moved his practice to Reed Smith, which is one of LACERA's current fiduciary counsels. Staff intends to continue LACERA's longtime use of Mr. Wellington as tax counsel at his new firm. There is no conflict between his role as tax counsel and the firm's role as fiduciary counsel. However, the Board should consider this issue in acting on the current engagement request to ensure that the Board has no concerns. Mr. Wellington has been LACERA's tax counsel for many years, including currently on the tax withholding project and various other tax matters. Mr. Wellington's expertise and extensive familiarity with LACERA are assets to the system in obtaining effective tax advice.

REQUEST FOR COMMENTS ON SCOPE OF DETERMINATION LETTER PROGRAM FOR INDIVIDUALLY DESIGNED PLANS DURING CALENDAR YEAR 2019

Notice 2018-24

PURPOSE

This notice requests comments on the potential expansion of the scope of the determination letter program for individually designed plans during the 2019 calendar year, beyond provision of determination letters for initial qualification and qualification upon plan termination. In reviewing comments submitted in response to this notice, the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) will consider the factors regarding the scope of the determination letter program set forth in section 4.03(3) of Revenue Procedure 2016-37, 2016-29 I.R.B. 136. The Treasury Department and the IRS will issue guidance if they identify any additional types of plans for which plan sponsors may request determination letters during the 2019 calendar year.

BACKGROUND

Revenue Procedure 2016-37 sets forth procedures for issuing determination letters and describes an extension of the remedial amendment period for individually designed plans. Effective January 1, 2017, the sponsor of an individually designed plan may submit a determination letter application only for initial plan qualification, for qualification upon plan termination, and in certain other limited circumstances identified in subsequent published guidance. Section 4.03(3) of Rev. Proc. 2016-37 provides that the Treasury Department and the IRS will consider each year whether to accept determination letter applications for individually designed plans in specified circumstances other than for initial qualification and qualification upon plan termination.

REQUEST FOR COMMENTS

Comments are requested on specific types of plans for which the Treasury Department and the IRS should consider accepting determination letter applications during calendar year 2019 in circumstances other than for initial qualification and qualification upon plan termination. As provided in section 4.03(3) of Rev. Proc. 2016-37, circumstances for consideration include, for example, significant law changes, new approaches to plan design, and the inability of certain types of plans to convert to pre-approved plan documents. Comments that suggest expanding the scope of the program for a particular type of plan should not merely state the type of plan, but should also specify the issues applicable to that type of plan that would justify review of that particular plan type under the determination letter program. Such issues

may include specific plan features and special plan designs applicable to that type of plan, or unresolved questions of qualification in form with respect to that type of plan.

Comments may be submitted in writing on or before June 4, 2018. Comments should be mailed to Internal Revenue Service, CC:PA:LPD:PR (Notice 2018-24), Room 5203, P.O. Box 7604, Ben Franklin Station, Washington, D.C. 20044, or sent electronically to notice.comments@irs.counsel.treas.gov. Please include "Notice 2018-24" in the subject line of any electronic communications. Alternatively, comments may be hand delivered Monday through Friday between the hours of 8:00 a.m. and 4:00 p.m. to CC:PA:LPD:PR (Notice 2018-24), Courier's Desk, Internal Revenue Service, 1111 Constitution Ave., NW, Washington, D.C. All comments will be available for public inspection and copying.

DRAFTING INFORMATION

The principal author of this notice is Angelique Carrington of the Office of Associate Chief Counsel (Tax Exempt and Government Entities). For further information regarding this notice, contact Ms. Carrington at (202) 317-4148 (not a toll-free number).

EXHIBIT B

May 31, 2018 Comment Letter



May 31, 2018

Internal Revenue Service
CC:PA:LPD:PR (Notice 2018-24), Room 5203
P.O. Box 7604
Ben Franklin Station
Washington, D.C. 20044
notice.comments@irscounsel.treas.gov

Re: Notice 2018-24, Request for Comments on Scope of Determination Letter
Program for Individually Designed Plans

Dear Ladies and Gentlemen:

In response to Notice 2018-24, the Los Angeles County Employees Retirement Association (LACERA) urges the Treasury Department and IRS to expand the scope of the determination letter program for individually designed plans in future years. LACERA administers a defined benefit plan for the employees of Los Angeles County and various outside districts. With over \$52 billion in assets as of its audited 2016-17 fiscal year financial statements, its mission is to produce, protect, and provide the promised benefits to nearly 169,000 participants, which includes over 63,000 benefit recipients. LACERA relies upon the determination letter program in fulfilling this mission, and is proud to have obtained favorable determination letters in the past.

The IRS's partnership with the governmental plan community through the determination letter program has resulted in enormous progress over the past decade. Governmental plan documents have never been more tax compliant, demonstrating that the determination letter program is highly effective. Now is not the time to change directions by continuing to limit the determination letter program. Instead, we request that the Treasury Department and IRS restore the flexibility for governmental plans that are individually designed to obtain determination letters in the future.

While LACERA understands the resource constraints faced by the IRS, it believes that the determination letter program is critically important for governmental plans that cannot convert to pre-approved plan documents. LACERA's plan is largely governed by California statutes, many of which have existed for decades. They provide complicated and nuanced benefit structures with uncommon provisions that cannot properly be reflected in a pre-approved document. Moreover, these benefit structures routinely change as State policies and lawmakers change. For example, the California Public Employees' Pension Reform Act of 2013 (PEPRA) made sweeping changes to the plan. Like many public pension plans in California that were impacted by PEPRA, LACERA was grateful to have the IRS approve PEPRA provisions as part of LACERA's 2016 determination letter. In addition, plan changes, although generally less significant than PEPRA, are regularly made by amendments to LACERA's primary governing law, the

County Employees Retirement Law of 1937. Nonetheless, with the close of the determination letter program in 2017, LACERA is concerned that it will not have the benefit of this IRS approval process in connection with future changes to the laws that govern the plan.

Another challenge faced by governmental plans is that the plan sponsor often lacks the ability to restate, or in some cases even amend, the plan document without action by the Legislature. While LACERA can implement certain regulations, consistent with the existing statutes, it cannot broadly restate the plan using a pre-approved document, nor can it otherwise simplify the often complicated body of laws that comprise the plan document. Modifying the law to incorporate required amendments and other tax changes can be an elaborate, multi-step process over which LACERA and the plan sponsor have limited control. The determination letter program provides a mechanism to ensure that plan language is compliant. To the extent amendments are needed, the determination letter program also provides a basis for the Legislature to act relatively quickly to bring the plan into compliance.

Not only do governmental plans rely on the determination letter program in protecting the tax-qualified status of their plans, but many third parties rely on the program as well. LACERA's determination letter provides evidence of the plan's tax-qualified status to financial institutions, custodians, auditors, actuaries, and investment advisors, among others. This helps facilitate the orderly administration of the plan, as well as the investment of plan assets. Moreover, a current determination letter streamlines the portability of plan benefits for plan participants and their beneficiaries in situations where benefit distributions are eligible to be rolled over to an IRA or to another qualified plan.

In light of these concerns, we encourage the IRS and Treasury Department to not only expand the availability of the determination letter program in 2019, but to maintain it indefinitely for individually designed governmental plans. We believe this would be consistent with the ongoing effort to create greater efficiency and preserve resources in the determination letter program. Many governmental plans cover as many or more individual participants and beneficiaries than a typical pre-approved plan document. LACERA's plan alone covers nearly 169,000 individuals, and, together with the other nineteen California County plans that are governed by the same set of laws (i.e., largely the same plan document), these California County plans cover some 480,000 individuals. Although there are some minor differences between these twenty California County plans, the vast majority of the materials comprising their plan documents are the same for all of them. Therefore, issuing determination letters to individually designed governmental plans like ours can be very efficient.

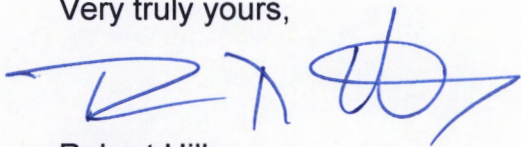
We believe that resource concerns by the IRS and Treasury Department could be greatly alleviated by making the determination letter program optional for governmental plans. In doing so, we believe it would limit utilization of the program to those individually designed governmental plans that have determined that changes to their plans warrant an updated

Internal Revenue Service
Re: Notice 2018-24
May 31, 2018
Page 3

determination letter. This would allow both the governmental plans community and the IRS to more effectively balance resource constraints. Like the IRS, governmental plans are always looking for ways to create greater efficiency and limit unnecessary administrative expenses, without compromising their fiduciary obligations to members. By making the program optional, it would ensure that individually designed governmental plans that do not need an updated determination letter do not seek one. During the last determination letter cycle, California plans had a particular need for updated determination letters because of the implementation of PEPPRA, but that may not have been the case for other governmental plans in other states. Therefore, if the program were optional for individually designed governmental plans, the IRS would likely see a smaller pool of plans participate. Along the same lines, the IRS might implement additional safeguards to ensure that the program is not used unnecessarily, such as limiting the number of determination letters an individually designed governmental plan may obtain in a given period. This type of flexibility would not only preserve resources for all parties but would ensure the continued successful collaboration between the IRS and the governmental plans community.

We appreciate your consideration of these issues, and would welcome further discussion. If you have any questions, please contact me at rhill@lacera.com or (626) 564-2490.

Very truly yours,



Robert Hill
Interim Chief Executive Officer



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**



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**



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**



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**



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**



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**



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**



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**