

AGENDA

A SPECIAL MEETING OF THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., TUESDAY, JULY 17, 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 June 14, 2018
- IV. OTHER COMMUNICATIONS
 - A. For Information
 - 1. May 2018 All Stars
 - 2. Interim Chief Executive Officer's Report
(Memo dated July 6, 2018)
- V. PUBLIC COMMENT
- VI. CONSENT ITEMS
 - A. Ratification of Service Retirement and Survivor Benefit Application Approvals.
 - B. Ratification of Reciprocal Disability Retirements.
(Memo dated June 18, 2018)
 - C. Request for an administrative hearing before a referee for applicants Ronald Rimer, Patricia Delgado, Robert E. Clarke, Kleith Hunter, and Diane Santiago. (Memo dated June 29, 2018)

VII. NON-CONSENT ITEMS

A. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer:
That the Board approve:

- 1.) Approve a visit with the California State Legislature by Board members and staff as designated by the Chair of the Board of Retirement during the month of August 2018 in Sacramento, CA;
- 2.) Approve the attached “LACERA Overview and Priorities”; and
- 3.) Approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy.

(Memo dated July 6, 2018)

VIII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

IX. REPORTS

- A. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding the Public Employee Pension Transparency Act: Opposition Letter. (Memo dated July 2, 2018)
- B. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding the Report on Visit to Congress. (Memo dated July 5, 2018)
- C. For Information Only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services, regarding the Application Processing Time Snapshot Reports. (Memo dated June 15, 2018)
- D. For Information Only as submitted by Fern M. Billingsy, Senior Staff Counsel, regarding the Report of Pensionable Compensation and Compensation Earnable Items. (Memo dated July 5, 2018)
- E. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the June 2018 Fiduciary Counsel Contact and Billing Report. (Memo dated July 2, 2018) (Privileged and Confidential Attorney-Client Communication/Attorney Work Product)

X. REPORT ON STAFF ACTION ITEMS

July 17, 2018

Page 3

XI. GOOD OF THE ORDER

(For information purposes only)

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability

B. Staff Recommendations

1. Recommendation as submitted by JJ Popowich, Assistant Executive Officer: That the Board approve the service provider invoice for Gutierrez, Preciado & House, LLP. (Memo dated July 2, 2018)

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

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, JUNE 14, 2018

PRESENT: Vivian H. Gray, Chair
Herman Santos, Vice Chair
Marvin Adams, Secretary
Alan Bernstein
JP Harris (Alternate Retired)
Joseph Kelly
William Pryor (Alternate Member)
Les Robbins
Thomas Walsh
Gina Zapanta-Murphy (Left the meeting at 11:34 a.m.)

ABSENT: Shawn R. Kehoe

STAFF ADVISORS AND PARTICIPANTS

Robert R. Hill, Interim Chief Executive Officer
James Brekk, Interim Deputy Chief Executive Officer
Steven P. Rice, Chief Counsel
Dr. Vito Campese, Medical Advisor
Allison E. Barrett, Senior Staff Counsel

STAFF ADVISORS AND PARTICIPANTS (Continued)

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

Kleith Hunter, Member

I. CALL TO ORDER

The meeting was called to order by Ms. Gray at 9:01 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. Pryor 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 May 10, 2018

Ms. Zapanta-Murphy made a motion, Mr. Santos seconded, to approve the minutes of the regular meeting of May 10, 2018. The motion passed with Mr. Robbins abstaining.

IV. OTHER COMMUNICATIONS

A. For Information

1. Award

Mr. Hill recognized Paul Carranza for his 25 years of county service.

Furthermore, Mr. Hill recognized Human Resources as a recipient for of the Agency Award for Excellence in Human Resources for 2018.

2. April 2018 All Stars

Mr. Brekk announced the eight winners for the month of April: Ching Fong, Koreana Wong, Ron Senkandwa, Karina Diaz, Fabio Ramirez, Maggie Luong, and Phuong Reyes for the Employee Recognition Program and Indee Brookes for the Web Watcher Program. Maria Silva, Jim Alvarez, Russell Lurina and Melvin Tsao were the winners of LACERA's RideShare Program.

3. Interim Chief Executive Officer's Report (Memo dated June 4, 2018)

Mr. Hill provided an update to the Boards request to have Systems meet with the Investments team to gather their IT wants, needs, and requirements.

V. PUBLIC COMMENT

LACERA member, Kleith Hunter, addressed the Board regarding his case.

VI. CONSENT ITEMS

Mr. Adams made a motion, Mr. Santos 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. 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)
- 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

Safety Law Enforcement

Service-Connected Disability Applications

On a motion by Mr. Adams, seconded by Mr. Walsh, the Board of Retirement approved a service-connected disability retirement for the following named employees

VII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Law Enforcement (Continued)
Service-Connected Disability Applications

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>
825C	ROBERT D. HEINS
826C*	LISA M. SANDERS
827C*	DAVID E. VALENTINE
828C	LEO G. FOISNER
829C	BRIAN R. MCBRIDE
830C	KEVIN D. GAYHART
831C	ADRIANA DIAZ
832C**	JOHN O. HOUCHENS, JR.
833C**	DAVID L. BUTLER
834C	JAMES Y. LAU
835C	DOUGLAS M. RUNION
836C	GUILLERMO A. GUERRERO, JR.
837C	WARREN V. NORIAN, JR.
838C*	MARK C. LORENZ

* Granted SCD – Retroactive

** 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>
839C*	VICTOR M. TRUJILLO
840C**	DANIEL B. DURAN
841C***	MICHAEL L. BROWNE
842C	VICTOR E. HESS
843C	STEVEN P. ANDERSON
844C	LARRY D. BLACKWELL
845C*	SHERI A. ANDERSON
846C	LEON A. HUDSON, JR.

Safety Fire, Lifeguards
Service-Connected Disability Applications

On a motion by Mr. Pryor, seconded by Mr. Santos, 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>
1985A	BERWYN R. COFFIN

* Granted SCD – Employer Cannot Accommodate

** Applicant Present

*** Granted SCD – Retroactive Employer Cannot Accommodate

VII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Fire, Lifeguards (Continued)
Service-Connected Disability Applications

<u>APPLICATION NO.</u>	<u>NAME</u>
1986A	GARY M. MARSHALL
1987A	BRIAN C. LEFAVE
1988A	WALTER B. MADDOCKS
1989A	DONALD J. CAMPBELL
1990A*	KIRK A. THOMAS
1991A	DAVE A. WISE
1992A	CRAIG K. DOOLITTLE

General Members
Service-Connected Disability Applications

On a motion by Mr. Bernstein, 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>
2835B**	CAROLYN L. CULVER
2836B	ANDEW MORALES

* Granted SCD – Retroactive Employer Cannot Accommodate
** Granted SCD – Employer Cannot Accommodate

VII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

General Members (Continued)
Service-Connected Disability Applications

<u>APPLICATION NO.</u>	<u>NAME</u>
2837B*	DANIEL T. KEALOHA
2839B*	DEBRA A. KELLY
2840B**	LYNNETTE G. RAHM
2841B**	LORA M. LACY MARSHALL
2842B*	SUZANNE M. HERNANDEZ
2843B**	DANIEL SERRANO
2844B**	FLOYD R. SMITH
2845B**	MARGARITA MARROU
2846B*	AMBER M. JONES
2847B***	YOLANDA K. SAINZ
2848B*	BERNADETTE L. CHANG
2849B*	ROSA BROWN
2850B**	VALERIE ARNOLD
2851B**	JANN L. ZINDERMAN
2852B***	ROSA MARIA SALAS

* Granted SCD – Retroactive Employer Cannot Accommodate

** Granted SCD – Employer Cannot Accommodate

*** Granted SCD – Retroactive

VII. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

General Members

Non-Service-Connected Disability Applications

On a motion by Mr. Pryor, seconded by Mr. Bernstein, 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:

APPLICATION NO.

NAME

4372

THOMAS P. HAYNES

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)

Mr. Santos made a motion, Mr. Adams seconded, to approve staffs recommendation. The motion passed unanimously.

IX. REPORTS

The following reports were received and filed.

- 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)
- 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)

IX. REPORTS (Continued)

- 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

There was nothing to report.

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

There was nothing to report.

The Board met in Closed Session following a motion made by Mr. Harris, seconded by Ms. Gray, to discuss a personnel issue related to the CEO search pursuant to Government Code Section 54957, having made the findings required by Government Code Section 54954.2(b)(2) that the matter may require immediate discussion and that the need came to the attention of the agency after the agenda for the meeting was posted. The motion to invoke Section 54954.2(b)(2) passed (roll call) with Messrs. Pryor, Adams, Kelly, Santos, Bernstein, Robbins, Walsh, Ms. Zapanta-Murphy, and Ms. Gray voting yes. Following the closed session, there was nothing to report.

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability

APPLICATION NO. & NAME

BOARD ACTION

5011B – GUADALUPE CASTRUITA

Mr. Pryor made a motion, Mr. Walsh seconded, to grant a non-service connected disability retirement pursuant to Government Code

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability (Continued)

<u>APPLICATION NO. & NAME</u>	<u>BOARD ACTION</u>
5011B – GUADALUPE CASTRUITA	Sections 31720 and 31724. The motion passed unanimously.
2838B – CHRISTOPHER P. LAMOTHE	Mr. Santos made a motion, Mr. Walsh seconded, to grant a service connected disability with a salary supplemental pursuant to Government Code Section 31725.65 since the employer can accommodate. The motion passed unanimously.
5012B – GORDON L. MEHEULA	Mr. Pryor made a motion, Mr. Bernstein seconded, to grant a non-service connected disability retirement pursuant to Government Code Sections 31720. Mr. Santos made a substitute motion, Mr. Harris seconded, to refer back to staff for additional information. The motion passed unanimously.
5013B – ROBERT E. CLARKE	Mr. Adams made a motion, Mr. Santos seconded, to grant a non-service connected disability retirement pursuant to Government Code Sections 31720. The motion passed unanimously.
5014B – GUADALUPE CORTEZ	Mr. Walsh made a motion, Mr. Pryor seconded, to deny since the employer can accommodate. The motion passed unanimously.

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability

APPLICATION NO. & NAME

BOARD ACTION

5015B – SERGIO C. ROMERO

Mr. Harris made a motion, Mr. Robbins seconded, to deny since the employer can accommodate.

Mr. Bernstein made a substitute motion, Mr. Adams seconded, to deny without prejudice. The motion passed unanimously.

5016B – KLEITH HUNTER*

Mr. Robbins made a motion, Mr. Pryor seconded to deny and find the applicant ineligible for a non-service connected disability. The motion passed unanimously.

5017B – ELVA SILVA

Mr. Harris made a motion, Ms. Gray seconded, to grant a non-service connected disability retirement pursuant to Government Code Sections 31720. The motion passed unanimously.

6876A – MARCUS FRIEDMANN

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

6880A – DIANE SANTIAGO*

Mr. Robbins made a motion, Mr. Pryor seconded, to grant a non-service connected disability retirement pursuant to Government Code Section 31720. The motion passed unanimously.

* Applicant Present

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability

APPLICATION NO. & NAME

BOARD ACTION

L4102ADRSM

Mr. Santos made a motion, Mr. Pryor seconded, to grant a service connected disability retirement pursuant to Government Code Sections 31720 and 31724. The motion passed unanimously.

B. Referee Reports

APPLICATION NO. & NAME

BOARD ACTION

(Mrs. Zapanta-Murphy left the meeting at 11:34 a.m.)

WILLIAM R. BUSS – Thomas J. Wicke for the applicant
Jason E. Waller for the respondent

Mr. Adams made a motion, Mr. Harris seconded, to grant a non-service connected disability retirement and deny the option for an earlier effective date.

Mr. Santos made a substitute motion, Mr. Adams seconded, to refer back to staff for further development. The makers of the motion, withdrew their motion; however, Ms. Gray objected. The motion failed (roll call) with Messrs. Pryor, Santos, Robbins and Ms. Gray voting yes; and Messrs. Kelly, Adams, Bernstein, and Walsh voting no. The original motion passed (roll call) with Messrs. Kelly, Adams, Bernstein, Robbins, and Walsh voting yes; and Messrs. Pryor, Santos and Ms. Gray voting no.

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

B. Referee Reports (Continued)

APPLICATION NO. & NAME

BOARD ACTION

ERNESTO NUNEZ – Jane H. Oatman for the applicant
Allison E. Barrett for the respondent

Mr. Bernstein made a motion, Mr. Kelly seconded, to deny a non-service connected disability retirement and find the applicant not permanently incapacitated. The motion passed with Mr. Adams voting no.

NANCY C. Yu (Deceased) – In Pro Per
YU ZHANG (Survivor) Jason E. Waller

Mr. Kelly recused himself from the case.

Mr. Pryor made a motion, Mr. Adams seconded to deny a service connected disability retirement survivor benefit. The motion passed unanimously.

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)

Mr. Harris made a motion, Ms. Gray 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 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)

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

C. Staff Recommendations (Continued)

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

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)

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

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)

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

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

The Board met in Executive Session with counsel, pursuant to Paragraph (1) of Subdivision (d) of California Government Code Section 54956.9. There was nothing to report.

XIV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:26 p.m.

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

1. Retirement Board Listing dated June 14, 2018
2. Request for Publication of Court of Appeal Decision
(Privileged and Confidential) (Attorney-Client Communication) (For Information Only) (Memo dated June 13, 2018)
3. Disability Retirement Correction Memo – Yolanda Ramirez (Misc. Agenda)
(Memo dated June 12, 2018)
4. Statement to LACERA Retirement Board Members – Kleith Hunter
(Memo dated June 1, 2018)


MARVIN ADAMS, SECRETARY

VIVIAN H. GRAY, CHAIR



July 6, 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.

Diversity Training

We are lucky to live in a community that benefits from a rich diversity in cultures, ethnicities, and life styles. The combination of these "differences" is what makes our society so vibrant and successful when we all work together. As an organization, LACERA's diversity is a strength allowing us to relate to our increasingly diverse membership as we strive to provide the highest level of service possible. Our diversity brings together a mix of experiences, views, and approaches to new challenges that allows LACERA to continually innovate and refine our processes and services and remain responsive in a dynamic environment.

During the month of June, all LACERA staff members participated in an, "Embracing Diversity in the Workplace" workshop. This two-hour workshop, presented by Liebert Cassidy Whitmore, is designed to help staff members see the value of a diverse workforce and how to tap into the potential this provides. The training focuses on strengthening a culture of respect and understanding, by recognizing, and avoiding the prejudices and stereotypes that can be destructive to an organization. Staff members learned the value of choosing a communication style that places "people first" and how to tap into the power of diversity.

Our commitment to a vibrant and diverse organization is evident in our Values (Professionalism, Respect, Open Communications, Fairness, Integrity, and Teamwork). This workshop was just one way in which we are committed to continually looking for opportunities to celebrate and embrace the variety of cultures, ethnicities, political, gender (including gender identification), age, and physical qualities of the staff members that make LACERA a premiere pension organization.

Striving for Excellence in Service



Outreach Attendance
4,080

36,874 Year-to-Date



Outreach Events
50

411 Year-to-Date



Outreach Satisfaction
96.9%

0.2% Change Since Last Mo.



Member Service Center
100.0%

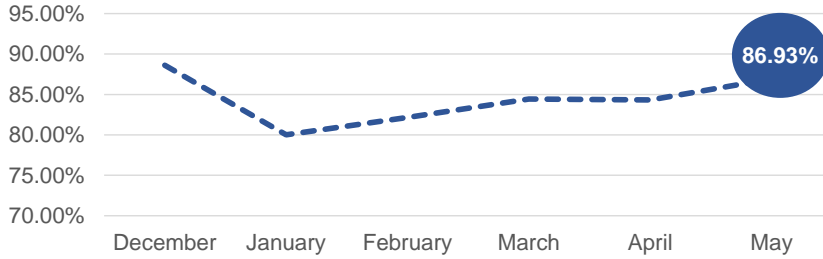
0.0% Change Since Last Mo.



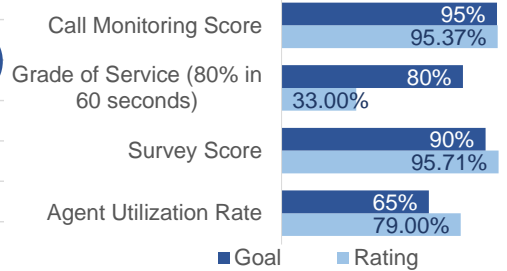
Member Services Calls
10,884

12,200 3 Mo. Avg.

Key Performance Indicator (Overall Performance)



Key Performance Indicator (Components)



Member Services



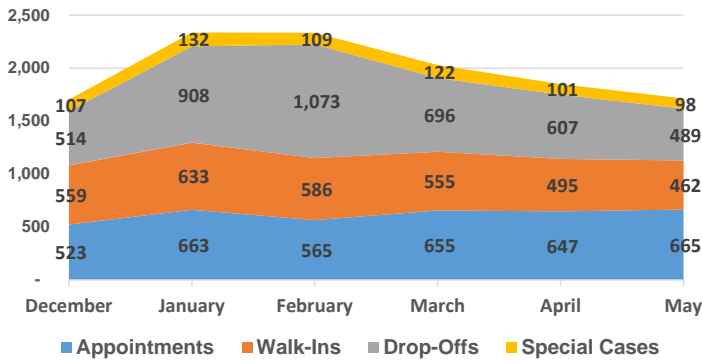
Top Calls

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

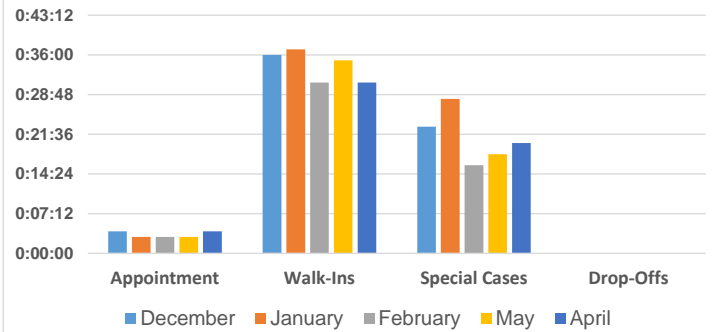


398 Emails
6:00 hours
Avg. Response Time (ART)

Member Service Center Visits



Member Service Center Average Wait Time

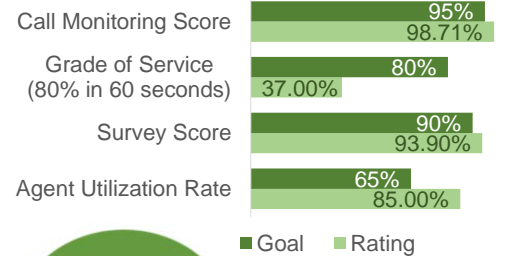
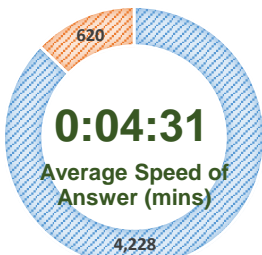


*Drop Off Wait Time: No Waiting

Top Calls

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

Retiree Healthcare



133 Emails
5 day
Avg. Response Time (ART)

Striving for Excellence in Service (Continued)

Applications

590

On Hand

40 Received
524 Year-to-Date

0 Re-opened
1 Year-to-Date

58 To Board - Initial
488 Year-to-Date

11 Closed
62 Year-to-Date

561 In Process
561 Year-to-Date

Appeals

112

On Hand

0 Received
26 Year-to-Date

2 Admin Closed/Rule 32
25 Year-to-Date

3 Referee Recommended
14 Year-to-Date

1 Revised/Reconsidered for Granting
6 Year-to-Date

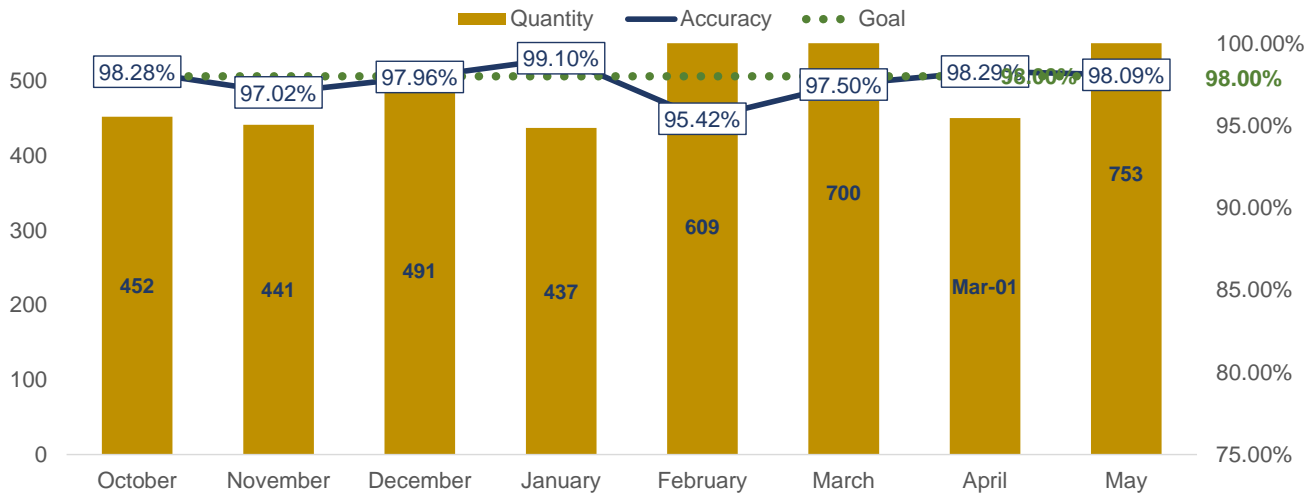
106 In Process
106 Year-to-Date

Disability

Striving for Excellence in Quality

Audits of Retirement Elections, Payment Contracts, and Data Entry

Quality Assurance and Metrics



May 2018



98.08%

Retirement Elections

264 Samples
98.58% Accuracy

Payment Contracts

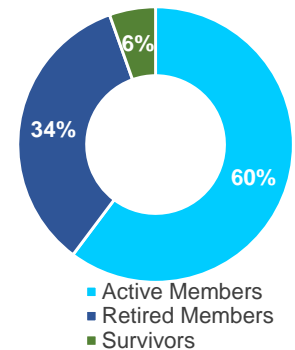
304 Samples
97.77% Accuracy

Data Entry

90 Samples
97.88% Accuracy

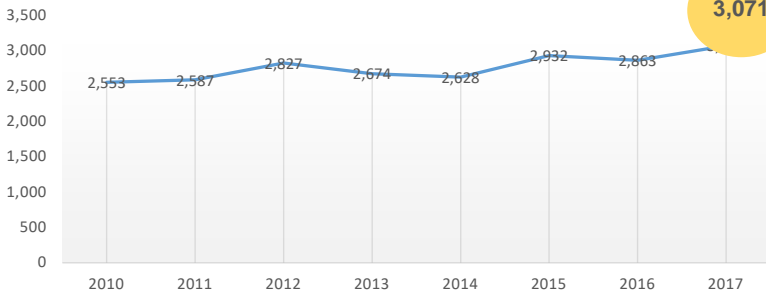
Member Snapshot

		Members as of 06/01/18				
		Plan	Active	Retired	Survivors	Total
General	Plan A		138	17,696	4,522	22,356
	Plan B		43	689	68	800
	Plan C		57	426	63	546
	Plan D		43,601	14,137	1,281	59,019
	Plan E		18,545	12,313	1,081	31,939
	Plan G		23,183	12	1	23,196
	Total General			85,567	45,273	7,016
Safety	Plan A		5	5,473	1,577	7,055
	Plan B		10,285	5,310	264	15,859
	Plan C		2,502	5	0	2,507
	Total Safety		12,792	10,788	1,841	25,421
TOTAL MEMBERS			98,359	56,061	8,857	163,277



Member Snapshot (Continued)

Retirements Per Year



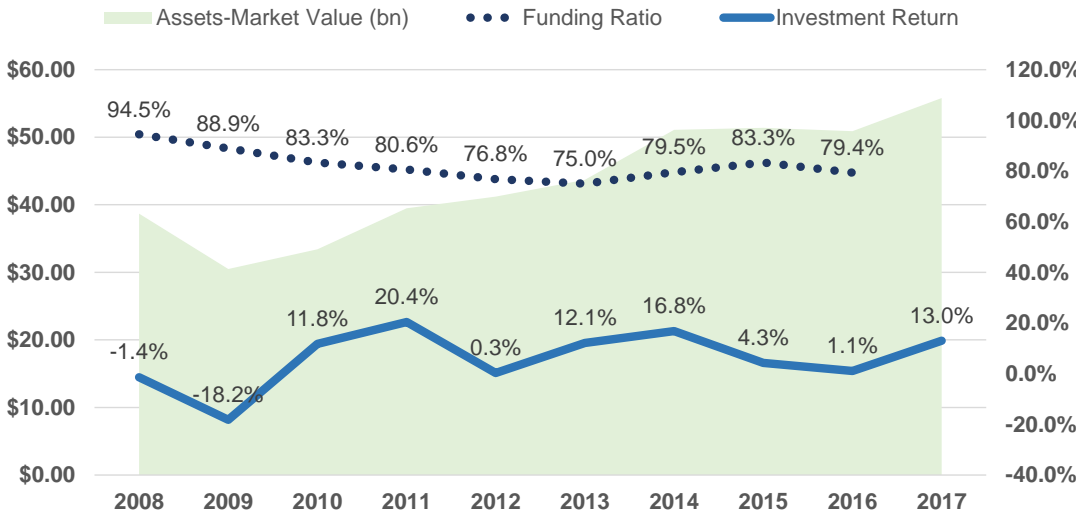
Healthcare Program (YTD)

	Employer	Member
Medical	\$434.5m	\$36.7m
Dental	\$39.0m	\$4m
Part B	\$53.0m	xxxx
Total	\$526.4m	\$41m

Healthcare Enrollments (Monthly)

Medical	49,555
Dental	50,722
Part B	33,181
LTC	683
Total	134,141

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)

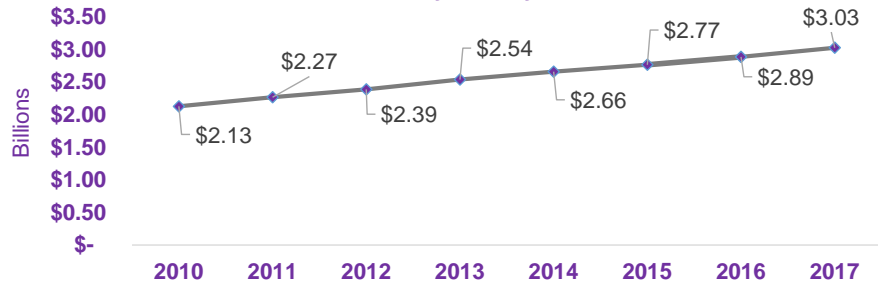
	Employer	Member
Annual Add	\$1331.4m	\$526.6m
% of Payroll	19.7%*	6.65%*

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

Retired Members Payroll

Monthly Payroll	\$280.35m
Payroll YTD	3.0b
New Retired Payees Added	204
Seamless %	97.55%
New Seamless Payees Added	3,826
Seamless YTD	99.61%
By Check %	4.00%
By Direct Deposit %	96.00%

Retiree Payroll by Year

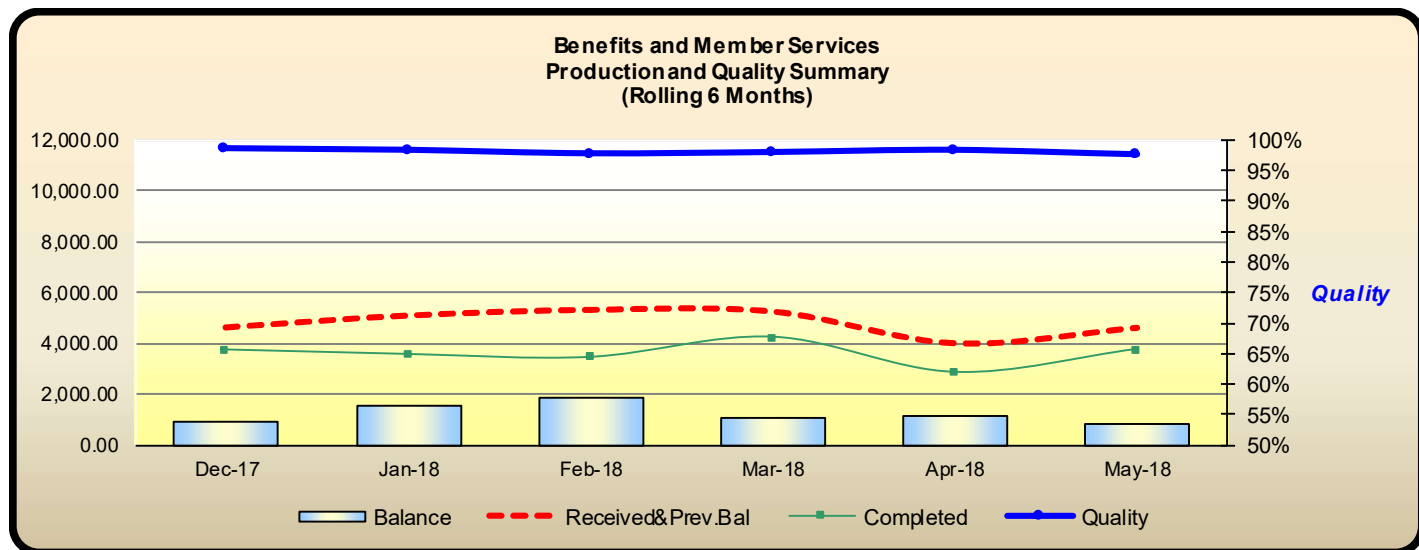
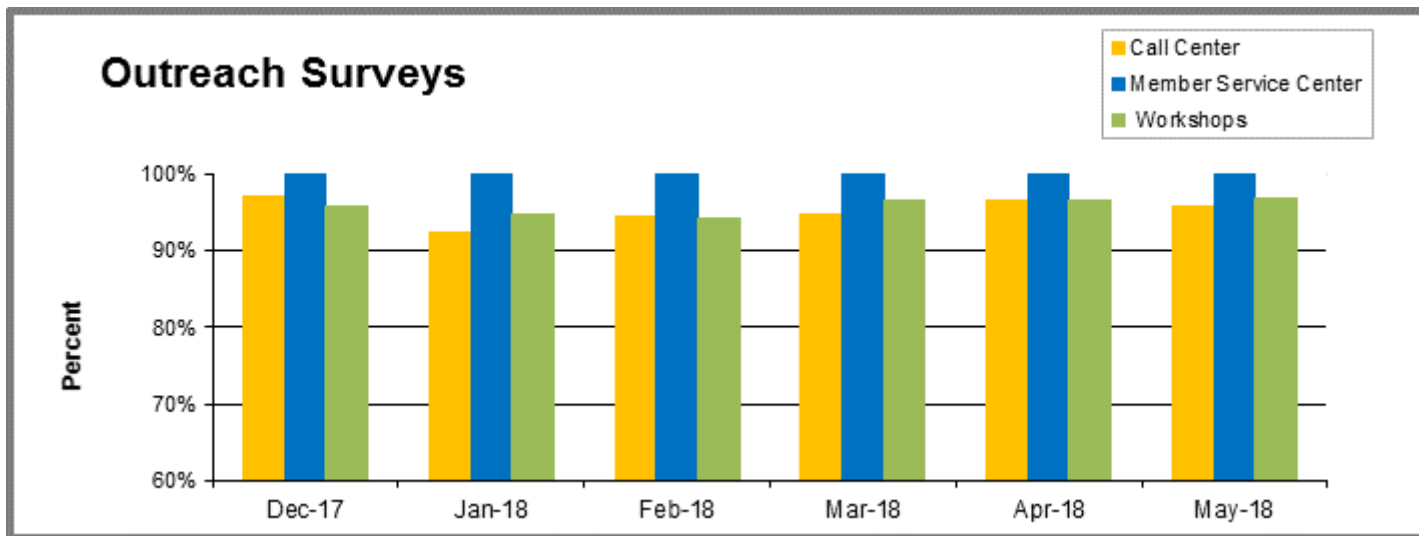


MORE COMING SOON!

LACERA's KEY BUSINESS METRICS

OUTREACH EVENTS AND ATTENDANCE

Type	# of WORKSHOPS		# of MEMBERS	
	Monthly	YTD	Monthly	YTD
Benefit Information	22	155	1,157	8,264
Mid Career	4	11	183	582
New Member	12	136	466	3,097
Pre-Retirement	9	85	297	2,273
General Information	3	11	263	1,121
Retiree Events	0	13	0	2,162
Member Service Center	Daily	Daily	1,714	19,375
TOTALS	50	411	4,080	36,874



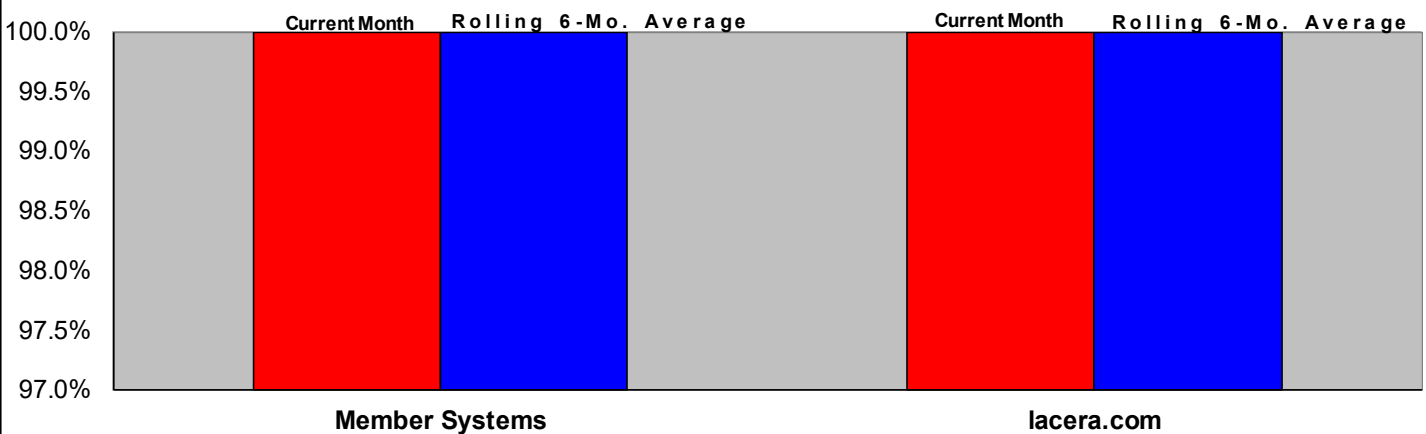
Member Services Contact Center			RHC Call Center	Top Calls
Overall Key Performance Indicator (KPI)	86.93%			
Category	Goal	Rating		
Call Center Monitoring Score	95%	95.37%	98.71	Member Services
Grade of Service (80% in 60 seconds)	80%	33%	37%	1) Workshop Info./Appoints: Inquiry
Call Center Survey Score	90%	95.71%	93.90%	2) Retirement Counseling: Estimate
Agent Utilization Rate	65%	79%	85%	3) Benefit Pmts.-Gen. Inquiry/Payday Info
Number of Calls		10,884	4,916	Retiree Health Care
Number of Calls Answered		9,266	4,289	1) Medical Benefits - General Inquiries
Number of Calls Abandoned		1,618	620	2) General Inquiries (RHC)
Calls-Average Speed of Answer (hh:mm:ss)		00:05:31	00:04:31	3) Medical-New Enroll/Change/Cancel
Number of Emails		398	133	
Emails-Average Response Time (hh:mm:ss)		06:00:00	(Days) 5	Adjusted for weekends

LACERA's KEY BUSINESS METRICS

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

DISABILITY INVESTIGATIONS						
APPLICATIONS	TOTAL	YTD		APPEALS	TOTAL	YTD
On Hand	590	xxxxxxx		On Hand	112	xxxxxxx
Received	40	524		Received	0	26
Re-opened	0	1		Administratively Closed/Rule 32	2	25
To Board – Initial	58	488		Referee Recommendation	3	14
Closed	11	62		Revised/Reconsidered for Granting	1	6
In Process	561	561		In Process	106	106

SYSTEMS AVAILABILITY - MAY 2018



Active Members as of 6/27/18		Retired Members/Survivors as of 6/27/18			Retired Members		
		Retirees	Survivors	Total			
General-Plan A	138	17,696	4,522	22,218	Monthly Payroll	280.35 Million	
General-Plan B	43	689	68	757	Payroll YTD	3.0 Billion	
General-Plan C	57	426	63	489	No. Monthly Added	204	
General-Plan D	43,601	14,137	1,281	15,418	Seamless %	97.55%	
General-Plan E	18,545	12,313	1,081	13,394	No. YTD Added	3,826	
General-Plan G	23,183	12	1	13	Seamless YTD %	99.61%	
Total General	85,567	Total General	45,273	7,016	52,289	Direct Deposit %	96.00%
Safety-Plan A	5	Safety-Plan A	5,473	1,577	7,050		
Safety-Plan B	10,285	Safety-Plan B	5,310	264	5,574		
Safety-Plan C	2,502	Safety-Plan C	5	0	5		
Total Safety	12,792	Total Safety	10,788	1,841	12,629		
TOTAL ACTIVE	98,359	TOTAL RETIRED	56,061	8,857	64,918		

Health Care Program (YTD Totals)		
	Employer Amount	Member Amount
Medical	434,468,019	36,692,564
Dental	38,989,852	4,008,571
Med Part B	52,972,967	xxxxxxxxxx
Total Amount	\$526,430,838	\$40,701,135

Health Care Program Enrollments (Monthly)	
Medical	49,555
Dental	50,722
Med Part B	33,181
Long Term Care (LTC)	683

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
August, 2018	
13-17	IAFCI (international Association of Financial Crimes Investigators) 50 th Annual Training Conference "Giving Fraud the Boot" Fort Worth, TX
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
15-17	CRCEA (California Retired County Employees Association) Fall Conference San Rafael, CA
22	International Corporate Governance Network (ICGN) New York Event New York, NY
22-24	Cyber Security Summit – 8 th Annual Leadership Event Minneapolis, MN
22-26	Investment Strategies & Portfolio Management (<i>prev. Pension Fund & Investment Mgmt.</i>) Wharton School, University of Pennsylvania
24-26	Council of Institutional Investors (CII) Fall Conference Boston, MA
26	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees Hilton Los Angeles North/Glendale



June, 18, 2018

TO: Each member
Board of Retirement

From: Vanessa Gonzales *VG*
Division Manager, Benefits

For: July 17, 2018 Board of Retirement Meeting

IT IS RECOMMENDED that the Board approved the reciprocal disability retirement for the following named deferred members who were found to be disabled by the current reciprocal agency for the performance of their duties and have meet the burden of proof.

RECIPROCAL AGENCY	DEPARTMENT	NAME	SAFETY/GENERAL MEMBER	DISABILITY TYPE	RETIREMENT DATE
CALPERS	Sheriff	Joshua Hall	Safety	SCD	2/4/17
CALPERS	Sheriff	Steven R. Sidenfaden	Safety	SCD	9/22/17

VG:bm



June 29, 2018

TO: Each Member
Board of Retirement

FROM: Ricki Contreras, Division Manager
Disability Retirement Services

SUBJECT: **APPEALS FOR THE BOARD OF RETIREMENT'S MEETING
OF JULY 17, 2018**

IT IS RECOMMENDED that your Board grant the appeals and requests for administrative hearing received from the following applicants, and direct the Disability Retirement Services Manager to refer each case to a referee:


5009B	Ronald Rimer (Dec'd)	In Pro Per	Deny SCD Survivor Allowance
5010B	Patricia Delgado	In Pro Per	Deny SCD – Employer Can Accommodate
5013B	Robert E. Clarke	Thomas Wicke	Deny SCD – Grant NSCD
5016B	Kleith Hunter	In Pro Per	Deny SCD – Ineligible for NSCD
6980A	Diane Santiago	In Pro Per	Deny SCD – Grant NSCD

RC:kw

Memo. New Appeals.docx

July 6, 2018

TO: Each Member
Board of Retirement

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: July 17, 2018 Board of Retirement Meeting

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

RECOMMENDATION

That the Board of Retirement:

1. Approve a visit with the California State Legislature by Board members and staff as designated by the Chair of the Board of Retirement during the month of August 2018 in Sacramento, CA;
2. Approve the attached "LACERA Overview and Priorities"; and
3. Approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

LEGAL AUTHORITY

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

DISCUSSION

On November 9, 2017, the Board of Retirement approved the joint engagement of Ackler & Associates and McHugh Koepke & Associates as LACERA's state legislative advocacy services providers. Joseph J. Ackler, Jr., Principal at Ackler & Associates, is LACERA's project lead.

In January 2018, Chief Counsel Steven P. Rice and Legislative Affairs Officer Barry W. Lew attended meetings with the California State Legislature as part of the engagement process to achieve passage of a bill sponsored by LACERA related to the effective date of disability retirement (AB 2076). The meetings were arranged and hosted by Mr. Ackler and Shari McHugh of McHugh Koepke. LACERA representatives met with Freddie Rodriguez (Chair of the Assembly Committee on Public Employees, Retirement, and Social Security), Dr. Richard Pan (Chair of the Senate Committee on Public Employment and Retirement), and the staff consultants of those committees. Other meetings included Senators Ben Allen and Anthony Portantino and Assemblyman Reginald Jones-Sawyer, whose districts are within the County of Los Angeles.

The meetings were very productive in terms of successfully reviewing our legislative proposal with the committee staff consultants and locating an author, Chair Freddie Rodriguez, to carry AB 2076. Mr. Ackler recommends further visits to continue increasing LACERA's presence and visibility among the State Legislature. This will be an opportunity to further provide information about LACERA's history, organization, and operations to the State Legislature, in particular to the members of the Los Angeles County delegation.

Mr. Ackler proposes meetings during the week of August 6 or August 13, 2018. The meeting schedule could be a single day of meetings or split between the afternoon of the first day and the morning of the second day. Mr. Ackler recommends limiting attendance at the visit to a maximum of 3 representatives from LACERA due to time and space constraints related to the schedule and office sizes of the legislators. The Board Chair will designate the attendees.

Mr. Ackler recommends a written overview of LACERA that can be provided to legislators and staff for their reference. Attached is a copy of the proposed overview that provides a profile of LACERA's organization, members, investments, and priorities. It is similar to the one used for the visit to Congress in May 2018 with some adjustments in the context of the State Legislature. Note that this is for general informational purposes only. The purpose of the visit is to introduce LACERA to additional members of the State Legislature and not to lobby on any particular issue. If the Board of Retirement adopts a position to support or oppose any specific proposals in the future, then a more focused strategy on lobbying will be developed and directed to those specific proposals.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

1. Approve a visit with the California State Legislature by Board members and staff as designated by the Chair of the Board of Retirement during the month of August 2018 in Sacramento, CA;
2. Approve the attached "LACERA Overview and Priorities"; and
3. Approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachment

LACERA Overview and Priorities

cc: Robert Hill
James Brekk
John Popowich
Bernie Buenaflor
Steven P. Rice
Cassandra Smith
Joe Ackler, Ackler & Associates

**Los Angeles County Employees Retirement Association
Overview and Priorities
July 2018**

- LACERA
 - Public pension fund established on January 1, 1938
 - Provide retirement allowances and other benefits to members employed by the County of Los Angeles to serve a population of 10 million people
- Membership (as of June 2018)
 - Active: 98,000
 - Retired: 65,000
 - Total: 163,000
- Plan Tiers and Contribution Rates effective 7/1/2018
 - General Plans A, B, C, D: Entry Age-based (4.36% - 11.65%)
 - Safety Plans A, B: Entry Age-based (6.79% - 16.35%)
 - PEPRA General Plan G: 8.43%
 - PEPRA Safety Plan C: 13.87%
 - Average employee contribution rate: 8.31%
 - Average employer contribution rate: 20.04%
- Pension Benefits (FY 2016-17)
 - Members retiring: 3,900
 - Average monthly benefit: \$4,100
 - Payroll: \$3.1 billion
- Retiree Healthcare Program (FY 2016-17)
 - Participants (members, survivors, dependents): 96,000
 - Medical and dental/vision premiums: \$535 million
- Investments (FY 2016-17)
 - Market value of fund: \$56 billion
 - Assumed rate of return: 7.25%
 - Actual rate of return: 12.7% (net of expenses)
 - Funded Ratio: 79.9%
 - Other Post-Employment Benefits Trust Fund: \$743 million
- LACERA Priorities
 - Support protection of vested benefits.
 - Support protection of LACERA's fiduciary authority.
 - Support proposals that provide increased flexibility in plan administration.
 - Oppose proposals that infringe on LACERA's plenary authority or fiduciary responsibility.
 - Oppose unreasonable costs, complexity, or uncertainty in plan administration.



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**

July 2, 2018

FOR INFORMATION ONLY

TO: Each Member
Board of Retirement

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: July 17, 2018 Board of Retirement Meeting

SUBJECT: **Public Employee Pension Transparency Act: Opposition Letter**

BACKGROUND

On June 18, 2018, the National Conference on Public Employee Retirement Systems (NCPERS) alerted its member systems to plans by Representative Devin Nunes (R-CA) to reintroduce the Public Employee Pension Transparency Act (PEPTA) during this Congressional session. NCPERS requested its member systems to send letters to their respective delegations urging them not to co-sponsor the bill or allow it to be included in any legislation under consideration. NCPERS provided a model letter for systems to use and indicated that a joint letter of opposition from a broad array of national associations was also under development and could also be shared with the delegations.

PEPTA

PEPTA requires the plan sponsor of a state or local government retirement plan to file an annual report no later than 210 days after the end of each plan year beginning on or after January 1, 2019. The report must include various items such as funding status, contributions, cash flow projections, actuarial assumptions, participant statistics, investment returns, statements by the plan sponsor regarding expectations on eliminating the unfunded liability and compliance with its funding policy, outstanding pension obligation bonds, and the current cost of the plan year. PEPTA also requires a supplemental report if the value of the plan assets is determined by a standard other than fair market value or if the interest rate used to determine plan liabilities is not based on the U.S. Treasury obligation yield curve. A plan sponsor that does not comply with the reporting requirements will not receive federal tax benefits for any bonds that it issues.

LEGISLATIVE POLICY

The Board of Retirement's Legislative Policy provides for action by staff before a matter is considered by the Board at the next regularly scheduled Board meeting (Legislative Policy, pages 12-13). Staff may participate in joint written communications that are organized or requested by formal organizations to which LACERA has formally affiliated and that are consistent with the Board's legislative policy standards. LACERA is a member of NCPERS, and the Board of Retirement has previously adopted an "Oppose"

position on H.R. 4822, a prior version of PEPTA that was introduced in 2016. PEPTA is duplicative of reporting that is already required by the State of California and has the potential of creating confusion among stakeholders as to the financial status of LACERA. As such, this proposal would create unreasonable costs and complexity in the administration of retirement benefits.

DISCUSSION

In accordance with the Legislative Policy, staff prepared a legislative analysis and consulted with the Chief Executive Officer, Chief Counsel, and LACERA's federal legislative advocate regarding whether LACERA should use the model letter from NCPERS to oppose the reintroduction of PEPTA. After obtaining approval from management, staff also obtained approval from the Chair of the Board of Retirement to send opposition letters.

Staff coordinated with LACERA's federal legislative advocate, Anthony J. Roda, to determine the recipients of the letter. Mr. Roda recommended that letters be sent to the Chairs of the committees in the Senate and House to which the bill would be referred once it is introduced and that the letters be copied to members of the committees and the respective California delegations. The joint letter from national associations that were also opposed to PEPTA became available and was attached to LACERA's opposition letter. Mr. Roda disseminated the letters to the committees and California delegations.

Staff will continue to monitor the potential reintroduction of PEPTA.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

H.R.____: Public Employee Pension Transparency Act
NCPERS Alert on PEPTA
PEPTA opposition letter to House Committee on Ways and Means
PEPTA opposition letter to Senate Committee on Finance

cc: Board of Investments Bernie Buenaflor
Robert Hill Steven P. Rice
James Brekk Jonathan Grabel
JJ Popowich

.....
(Original Signature of Member)

115TH CONGRESS
2D SESSION

H. R.

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

IN THE HOUSE OF REPRESENTATIVES

Mr. NUNES introduced the following bill; which was referred to the Committee on _____

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

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

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

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

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

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

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

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

3 “(c) ANNUAL REPORT REQUIREMENTS.—

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

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

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

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

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

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

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

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

16 “(iii) Accruing and receiving benefits.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 “(6) PARTICIPANT.—

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

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

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

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

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

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

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

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

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

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

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

“Sec. 149A. Reporting with respect to State or local government applicable re-
tirement plans.”.

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

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

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

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

Barry Lew

From: Alyssa Carlson <alyssa@ncpers.org> on behalf of Kim, Hank <hank@ncpers.org>
Sent: Monday, June 18, 2018 5:17 AM
Subject: PEPTA Opposition Letters Needed



ALERT

PEPTA to be Reintroduced; Opposition Letters Needed to Congressional Delegations

Rep. Devin Nunes (R-CA) has written to members of the U.S. House of Representatives, inviting them to cosponsor the Public Employee Pension Transparency Act (PEPTA), which he plans to again reintroduce this Congress.

There are a number of legislative vehicles under development on which PEPTA could potentially be added. Thus, **letters to your delegation are needed, urging them not to co-sponsor the bill or allow it to be included in any legislation under consideration.**

A sample letter to tailor to your system can be found [here](#). A joint letter from a broad array of national associations is also under development, which could also be shared with your delegation when finalized.

Please feel free to contact us if you have any questions or need additional information!

Jeannine Raymond
NASRA
[e-mail](mailto:jeannine@nasra.org); (202) 624-1417

Leigh Snell
NCTR
[e-mail](mailto:leigh@ncpers.org); (540) 333-1015

Hank Kim
NCPERS
[email](mailto:hank@ncpers.org); 877-202-5706

Sincerely,

Alyssa A. Carlson
Membership & Conference Coordinator
[The National Conference on Public Employee Retirement Systems \(NCPERS\)](http://www.ncpers.org)
444 North Capitol Street, NW, Suite 630
Washington, DC 20001
Direct: 202-624-1456
Fax: 202-624-1439
alyssa@ncpers.org

2018 Conference Schedule

Legislative Conference: January 28 – 30, Washington, DC
NCPERS Accredited Fiduciary Program (All modules): May 12 – 13, New York, NY

Trustee Educational Seminar: May 12 – 13, New York, NY
Annual Conference & Exhibition: May 13 – 16, New York, NY
CIO Summit: June 14 – 15, Chicago, IL
Public Pension Funding Forum: September 16 – 18, Boston, MA
NCPERS Accredited Fiduciary Program (All modules): October 27 – 28, Las Vegas, NV
Public Safety Conference: October 28 – 31, Las Vegas, NV



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June 21, 2018

The Honorable Kevin Brady
Chairman
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington D.C. 20515

RE: Public Employee Pension Transparency Act (Nunes)—OPPOSE

Dear Chairman Brady:

On behalf of the Los Angeles County Employees Retirement Association (LACERA), I am writing to relay our strong opposition to the Public Employee Pension Transparency Act (PEPTA), which Congressman Devin Nunes (R-CA) plans to introduce shortly. This legislation would impose inappropriate, costly, and burdensome unfunded federal mandates on sovereign States and local governments, and would additionally threaten the tax-exempt status of their municipal bonds. I respectfully request that you not cosponsor the legislation, and I strongly urge you to oppose this bill and any attempts to include its harmful provisions in other legislation.

PEPTA does not save taxpayer dollars, protect employee pension benefits, improve state and local retirement system funding, or provide decision-useful information to policymakers. Rather, it creates an expensive federal bureaucracy and imposes red tape on government operations that will only serve to divert taxpayer resources from other priorities. State and local governments have the fiscal responsibility for these programs, have comprehensive oversight and reporting requirements in place, and have recently taken steps to strengthen their retirement systems:

- The Governmental Accounting Standards Board (GASB), which sets public pension accounting and reporting standards, has reviewed and significantly modified these financial disclosures, which must be followed by governments and their retirement systems in order to receive a clean audit. GASB considered and rejected the assumptions and calculations proposed by PEPTA as inappropriate for governmental entities.
- The financial condition of the plan, including funded status and necessary contributions, must be certified by enrolled actuaries that adhere to Actuarial Standards of Practice (ASOPs) maintained by the Actuarial Standards Board. The ASB is currently considering amendments to ASOPs applicable to pensions, including changes relating to assumptions and disclosures.
- LACERA has received the following awards for financial reporting:

- Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for the past 28 consecutive years.
- Public Pension Standards Award from the Public Pension Coordinating Council for the past 15 consecutive years.
- Under California law, LACERA is required to submit an audited annual financial report and triennial valuation to the State Controller, who reviews the actuarial assumptions and funding adequacy of each public retirement system and is assisted in these duties by the California Actuarial Advisory Panel. As a public agency, LACERA is also subject to and complies with California law related to open meetings and public records requests.
- From the low point of the financial market decline to now, LACERA has grown in assets from \$33.2 billion in 2009 to \$55.8 billion in 2017.
- LACERA provided \$22.7 billion in benefits to participants in that time without a missed payment.
- In 2012, the California Legislature passed and the Governor signed into law the California Public Employees' Pension Reform Act of 2013, which applies to local public retirement systems such as LACERA that are subject to state law. LACERA is on track to continue to provide benefits to the more than 163,000 current and former employees of the County of Los Angeles and their beneficiaries.

The federal government has no financial obligation for state and local pensions and imposing onerous federal regulations serves no constructive purpose. I hope we can count on your opposition to this harmful legislation and any congressional consideration of its provisions.

We have also attached for your reference a joint letter of opposition from nearly twenty national associations representing state and local governments, elected and appointed officials, public finance professionals, public employees, and public retirement systems to all members of the U.S. House of Representatives, including Representative Judy Chu, in whose district LACERA resides.

Respectfully submitted,



ROBERT HILL
Interim Chief Executive Officer

RH:bwl

Honorable Kevin Brady
PEPTA – Oppose
June 21, 2018
Page 3

Attachment

Joint opposition letter to PEPTA

cc: Members of the U.S. House of Representatives
Committee on Ways and Means
Members of the U.S. House of Representatives
California U.S. House Delegation
James Brekk
JJ Popowich
Bernie Buenaflor
Steven P. Rice
Jonathan Gabel

National Conference of State Legislatures (NCSL)
International Association of Fire Fighters (IAFF)
National Association of Counties (NACo)
National Association of Police Organizations (NAPO)
United States Conference of Mayors (USCM)
National Education Association (NEA)
National League of Cities (NLC)
American Federation of State, County and Municipal Employees (AFSCME)
International City/County Management Association (ICMA)
National Association of State Treasurers (NAST)
National Association of State Auditors Comptrollers and Treasurers (NASACT)
Government Finance Officers Association (GFOA)
International Public Management Association for Human Resources (IPMA-HR)
County Executives of America (CEA)
National Public Employer Labor Relations Association (NPELRA)
National Conference of State Social Security Administrators (NCSSSA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)
National Association of State Retirement Administrators (NASRA)

June 20, 2018

The Honorable Judy Chu
U.S. House of Representatives
Washington, D.C., 20515

RE: Opposition to the Public Employee Pension Transparency Act (PEPTA)

Dear Representative Chu:

On behalf of the national organizations listed above, representing state and local governments, elected officials, finance professionals, employees and retirement systems, we are writing to express our strong opposition to harmful legislation – The Public Employee Pension Transparency Act (PEPTA) – currently being circulated by Congressman Devin Nunes (R-CA). This bill would set a dangerous precedent with regard to unfunded federal mandates, taxation of municipal bonds, and intrusion into the operations of state and local governments. We strongly urge you to oppose this proposal and any attempts to add it to other legislation under consideration.

PEPTA does not protect benefits, save taxpayer dollars or improve retirement system financing. To the contrary, it conflicts with existing governmental accounting standards, inserts the federal government into areas that are the fiscal responsibility of sovereign States and localities, imposes costly federal regulation, and threatens to eliminate the tax-exempt bonding authority of state and local governments.

The legislation not only violates the principles of federalism, but represents a fundamental lack of understanding regarding state and local government operations and financing, including accounting standards and strict legal constraints already in place that require open financial reporting and processes:

- **State and local government retirement systems are subject to significant oversight, regulation and transparency.** Public pensions are established under state statutes, local ordinances or both; subject to fiduciary, investment and administrative laws as well as to open records and sunshine statutes; and overseen by elected governmental bodies, state and local regulators, elected office holders, the public, and independent boards of trustees.
- **Government accounting standards are set by an independent body, regularly reviewed, and were recently updated with regard to state and local pension disclosures.** The Governmental Accounting Standards Board (GASB) is recognized by governments, the accounting industry, and the capital markets as the official source of generally accepted accounting principles (GAAP) for state and local governments. GASB standards for financial disclosures must be followed to receive a clean audit. GASB was established by state and local government organizations in conjunction with the Financial Accounting Foundation, in recognition of the fact that governments are fundamentally different from for-profit business enterprises, including their unique time horizons, oversight, revenue streams, constitutional or contractual protections, stakeholders and accountability for resources. GASB recently completed a multi-year process of reviewing and significantly revising its accounting standards on public pension reporting, which are now in effect. In doing so, GASB considered and rejected the assumptions and calculations proposed by PEPTA as inappropriate for governmental entities.
- **Actuarial valuations and assumptions are publicly disclosed and under review.** Actuarially determined pension contributions, as well as the assumptions that underlie them, are already required to be included in government financial notes, along with a government's 10-year pension contribution history. The financial condition of the retirement system, including funded status and necessary contributions, must be certified by qualified actuaries that adhere to Actuarial Standards of Practice (ASOP). ASOPs are maintained by the Actuarial Standards Board (ASB), which identifies what U.S. actuaries should consider, document, and disclose. The ASB is reviewing ASOPs applicable to pensions, including potential changes relating to assumptions and disclosures.
- **State and local retirement systems' financial information is publicly available, including on a searchable database.** Data on public pension plans and their finances are available, accessible to the general public at no cost and without request, on public retirement system websites. In addition, Comprehensive Annual Financial Reports and Actuarial Valuations are publicly available on [Public Plans Data](#), a searchable database which contains detailed annual data on the largest state/local pensions in the US., accounting for 95 percent of total state/local pension assets and membership.

In addition to the substantial regulation and transparency that is already in place for state and local government retirement systems, the proposed legislation also ignores the fact that every state and countless localities have recently made modifications to pension financing, benefits structures, or both – none of which required federal intervention.

Federal interference into the fiscal affairs of state and local governments is neither requested nor warranted. Therefore, we strongly urge your opposition to PEPTA and any attempts to include it, or other harmful provisions relating to state and local government finance and pensions, in any legislation under consideration.

We would welcome the opportunity to visit with you or your staff to discuss these important issues, provide additional information and answer any questions you might have. Please feel free to contact any of our organizations' legislative staff listed below:

Max Behlke, NCSL, (202) 624-5400, max.behlke@ncsl.org
Ben Timmons, IAFF, (202) 737-8484, btimmins@iaff.org
Jack Peterson, NACo, (202) 942-4254, jpeterson@naco.org
Bill Johnson, NAPO, (703) 549-0775, bjohnson@napo.org
Larry Jones, USCM, (202) 293-2352, ljones@usmayors.org
Sylvia Johnson, NEA, (202) 822-7345, syjohnson@nea.org
Brian Egan, NLC, (202) 626-3000, egan@nlc.org
Ed Jayne, AFSCME, (202) 429-1188, ejayne@afscme.org
Elizabeth K. Kellar, ICMA, (202) 962-3611, ekellar@ICMA.org
Shaun Snyder, NAST, (202) 744-6663, shaun@statetreasurers.org
Cornelia Chebinou, NASACT, (202) 624-5487, cchebinou@nasact.org
Michael Belarmino, GFOA, (202) 393-8024, mbelarmino@gfoa.org
Neil Reichenberg, IPMA-HR, (703) 549-7100, nreichenberg@ipma-hr.org
Mike Griffin, CEA, 202-628-3585, mgriffin@countyexecutives.org
Sean Robinson, NPELRA, (858) 299-3150, sean@npelra.org
Dean Konder, NCSSSA, (303) 318-8060, dean.conder@state.co.us
Hank Kim, NCPERS, (202) 624-1456, hank@ncpers.org
Leigh Snell, NCTR, (540) 333-1015, lsnell@nctr.org
Jeannine Markoe Raymond, NASRA, (202) 624-1417, jeannine@nasra.org



June 21, 2018

The Honorable Orrin G. Hatch
Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington D.C. 20510

RE: Public Employee Pension Transparency Act (Nunes)—OPPOSE

Dear Chairman Hatch:

On behalf of the Los Angeles County Employees Retirement Association (LACERA), I am writing to relay our strong opposition to the Public Employee Pension Transparency Act (PEPTA), which Congressman Devin Nunes (R-CA) plans to introduce shortly. This legislation would impose inappropriate, costly, and burdensome unfunded federal mandates on sovereign States and local governments, and would additionally threaten the tax-exempt status of their municipal bonds. I respectfully request that you not support the legislation, and I strongly urge you to oppose this bill and any attempts to include its harmful provisions in other legislation.

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Respectfully submitted,



ROBERT HILL
Interim Chief Executive Officer

RH:bwl

Honorable Orrin Hatch
PEPTA – Oppose
June 21, 2018
Page 3

Attachment

Joint opposition letter to PEPTA

cc: Members of the United States Senate
Committee on Finance
Members of the United States Senate
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National Council on Teacher Retirement (NCTR)
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June 20, 2018

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U.S. House of Representatives
Washington, D.C., 20515

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Hank Kim, NCPERS, (202) 624-1456, hank@ncpers.org
Leigh Snell, NCTR, (540) 333-1015, lsnell@nctr.org
Jeannine Markoe Raymond, NASRA, (202) 624-1417, jeannine@nasra.org

July 5, 2018

FOR INFORMATION ONLY

TO: Each Member
Board of Retirement

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: July 17, 2018 Board of Retirement Meeting

SUBJECT: **Report on Visit to Congress**

On April 12, 2018, the Board of Retirement approved a visit with Congress in Washington, D.C. by members of the Board of Retirement and staff. The purpose of the visit was to promote LACERA's presence and visibility among members of Congress in accordance with the Board's Policy on Engagement for Public Policy Issues Relating to Plan Administration and Retirement and Health Care Benefits.

On May 23-24, 2018, Board of Retirement Chair Vivian Gray, Vice-Chair Herman Santos, member Alan Bernstein, and Legislative Affairs Officer Barry Lew attended meetings with certain members of the California Delegation in Congress (which consists of 55 members: 2 Senators and 53 Representatives). LACERA's federal legislative advocates, Anthony J. Roda of Williams & Jensen and Shane Doucet of Doucet Consulting Solutions, arranged and hosted the meetings.

LACERA Board members and staff met with the staff (legislative aides, assistants, and policy advisors) of Senators Dianne Feinstein and Kamala Harris, House Majority Leader Kevin McCarthy and Minority Leader Nancy Pelosi, and Representatives Jimmy Gomez, Lucille Roybal-Allard, Ted Lieu, Maxine Waters, and Devin Nunes. Board members and staff were also able to speak directly with Representatives Steve Knight, Barbara Lee, Eric Swalwell, and House Ways and Means Committee members Linda Sanchez and Judy Chu. The Ways and Means Committee has subject-matter jurisdiction over programs authorized by the Social Security Act, including Medicare; LACERA is located in Representative Chu's district.

LACERA Board members, staff, and the legislative advocates provided information about LACERA's history, organization, and operations with respect to the retirement security of its members. We highlighted LACERA's support for the repeal of the Windfall Elimination Provision and Government Pension Offset, which affect LACERA members who are eligible for Social Security benefits. We also highlighted LACERA's opposition to the application of unrelated business income tax (UBIT) on public pension plans and opposition to the requirements of the Public Employee Pension Transparency Act (PEPTA).

Mr. Roda had a subsequent conversation with Representative Chu at a fundraising event. He indicated that Representative Chu was very impressed by her meeting with LACERA's representatives and recommended that LACERA consider hosting a visit to our offices by Representative Chu.

Staff will consult with our federal and state legislative advocates on next steps to further promote LACERA's visibility and presence among legislators, such as further visits to Washington, D.C. and Sacramento or visits by legislators to LACERA, that may be brought to the Board in coming months.

Reviewed and Approved:




Steven P. Rice, Chief Counsel

cc: Board of Investments
Robert Hill
James Brekk
JJ Popowich
Bernie Buenaflor
Steven P. Rice
Cassandra Smith

June 15, 2018

TO: Each Member
Board of Retirement

FROM: Ricki Contreras, Division Manager 
Disability Retirement Services

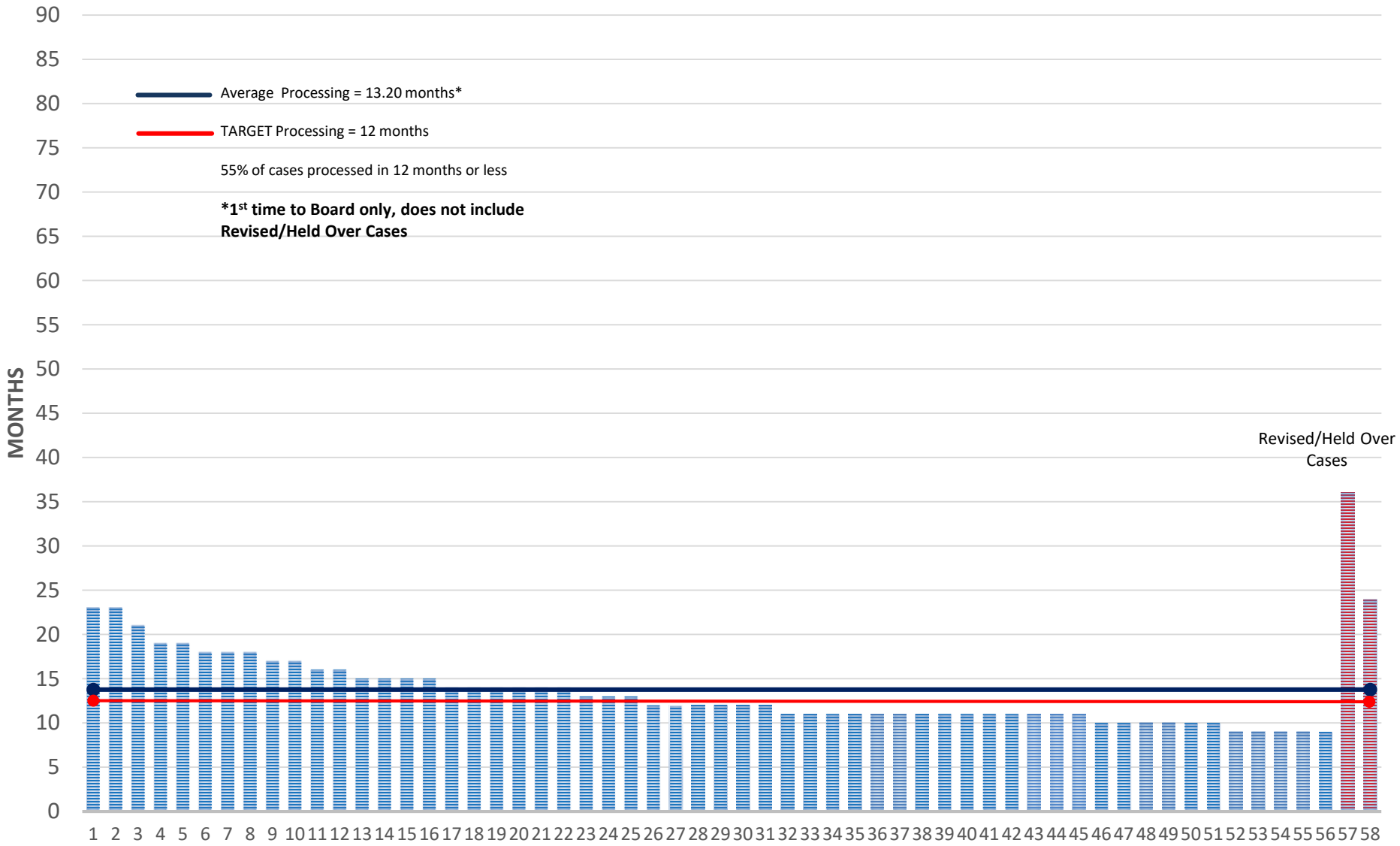
FOR: July 17, 2018 Board of Retirement Meeting

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 July 17, 2018 Disability Retirement Applications Agenda.

Consent & Non-Consent Calendar	
Number of Applications	36
Average Processing Time (in Months)	13.17
Revised/Held Over Calendar	
Number of Applications	1
Processing Time Per Case (in Months)	Case 1 19
Total Average Processing Time Revised/Held Over Calendar	19.00
Total Average Processing Time All 37 Cases on Agenda	13.32

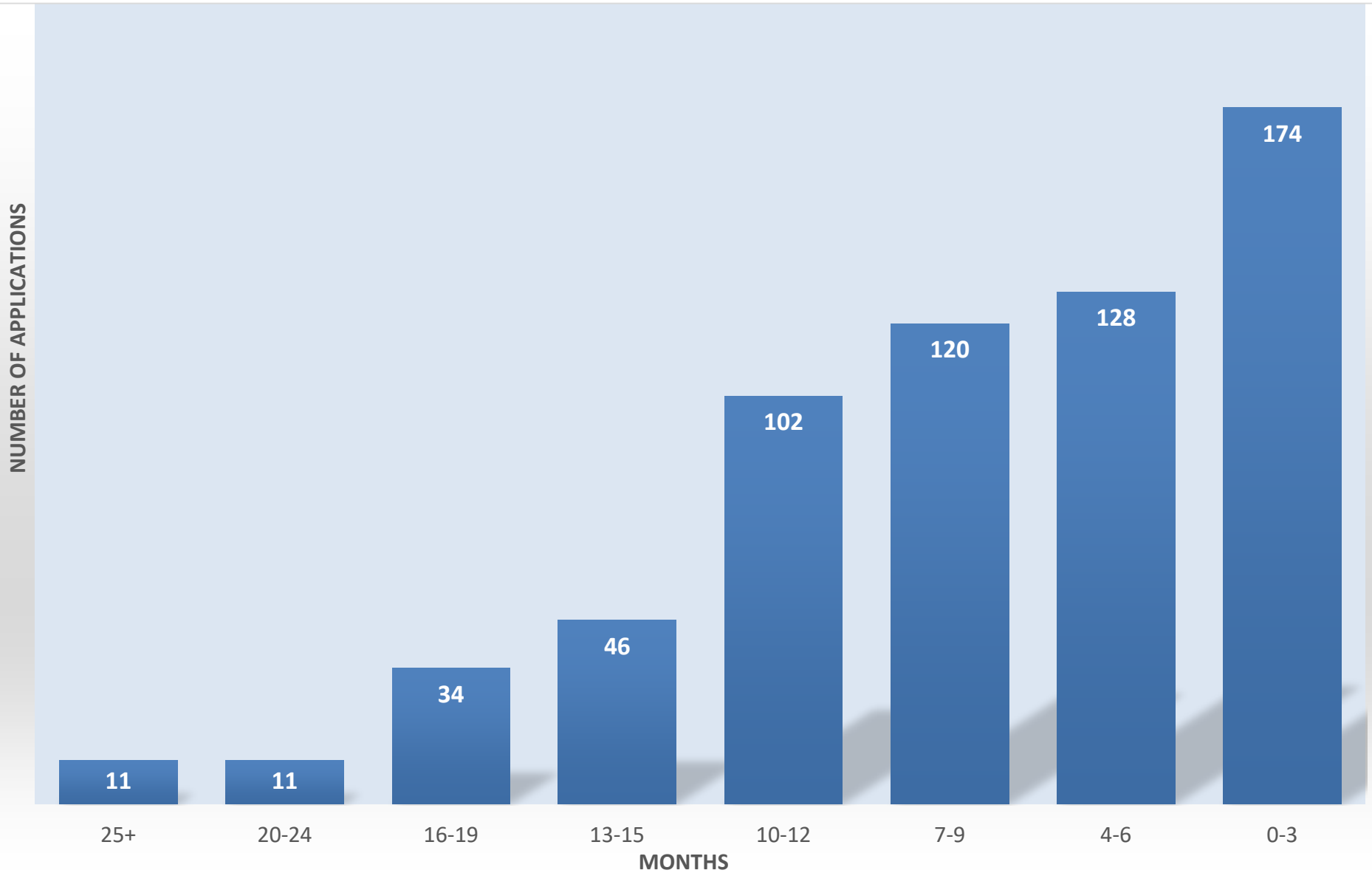
CASE PROCESSING TIME



As of 6/1/2018

June 14, 2018 AGENDA

PENDING APPLICATIONS/TIME INTERVALS



As of 6/1/2018

**FOR INFORMATION ONLY**

July 5, 2018

TO: Each Member
Board of Retirement

FROM: Fern M. Billingsy
Senior Staff Counsel

DATE: Meeting of July 17, 2018

SUBJECT: **REPORT OF PENSIONABLE COMPENSATION AND
COMPENSATION EARNABLE ITEMS**

In November of 2012, staff submitted a recommendation defining pensionable compensation. At that time, we informed your Board that we would periodically return with additional items not previously addressed or items recently discovered. This memorandum will address items not previously addressed that mirror items on which your Board has already made determinations.

ITEMS OF COMPENSATION

As you know, your Board is charged with determining which items of compensation qualify as pensionable earnings includable in the member's retirement allowance. Items of compensation have been analyzed as pensionable under the definition of "compensation earnable" in Government Code Section 31461, and the definition of "pensionable compensation" in Section 7522.34.

Based on these new criteria, staff, in consultation with the Los Angeles County Auditor-Controller, reviewed and analyzed over 800 additional items of remuneration to determine whether the items should be included in the member's final compensation when calculating a retirement benefit. Analysis of those items have been provided to you over the past years.

Each Member
Board of Retirement
July 5, 2018
Page Two

Three new pay codes have been created to address modifications needed in the County payroll system. Our review of these pay codes related to existing pay codes is attached. The Auditor-Controller refers to these codes as a “temporary workaround that allows payroll to identify, compute and process premium overtime” as a result of a recent Ninth Circuit ruling. The County payroll system now needs to include all or part of the Cafeteria Plan allowance in computing the rate of pay for employees who receive compensation in lieu of health benefits. It is anticipated that these pay codes will be used until completion of the system modification targeted for next year.

Your Board has already made determinations regarding the inclusion of this compensation in the definition of compensation earnable and pensionable compensation (see attached Analysis). Pay code 730 is included for legacy members, but excluded for PEPRA members, pay code 731 is excluded as overtime for both legacy and PEPRA members, and pay code 782 is included for both legacy and PEPRA members. The temporary workaround codes 730F, 731F, and 782F should follow the same path. Nothing has changed in the character of the existing pay codes. The only change is in the method of the calculation.

As these temporary codes are linked to existing codes, no determination is necessary by your Board. We provided the attachment so that your Board can be assured that all items are reviewed.

Reviewed and Approved



Steven P. Rice
Chief Counsel

FMB/et
Attachment

Billingsy/BOR/temporarycodes

Pay Code Analysis

Event	Description	Earnings Code Description	INCLUDE	EXCLUDE	QA COMMENT
730	PREMIUM OVERTIME - SYSTEM PENSIONABLE	Used to pay the premium portion of the overnight trip overtime (See EC 700) earned by certain Sheriff employees. Generated by the system as the premium portion of overtime pay when overnight trip overtime (EC 700) is entered and the FLSA threshold is met		7522.34(c)(8)	"Pensionable compensation" does not include: Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code (FLSA). Code 700 is used to record eight hours of overtime certain Deputies Sheriff and Sergeants earn when they transport prisoners overnight outside of LA County. Code 730 is used to pay premium portion of overtime.
731	PREMIUM OVERTIME - SYSTEM	Generated by the system whenever Premium overtime is to be paid to a "Covered" employee. The rate paid for this Earnings Code 731 is calculated by CWTAPPS and is one-half the Regular rate.		7522.34(c)(8) 31461(b)(3)	Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code is excluded under (c)(8).

Pay Code Analysis

Event	Description	Earnings Code Description	INCLUDE	EXCLUDE	QA COMMENT
782	PLATOON/40 HR/DISPATCHER SCHED PREMIUM - SYSTEM	Generated by CWTAPPS at half the Regular rate for the portion of regularly scheduled hours worked which exceed the FLSA threshold for 56-hour fire personnel (the hours between 182 and 192), for certain 40-hour fire fighters for hours between 160 and 192, and for fire dispatching classes entitled to automatic Premium for regular hours between 40 and 48.	7522.34(a) 31461(a)		<p>Provides payment to Fire Department employees for work schedules ranging from 7-28 days in lieu of the standard 7-day workweek. These earnings are included under 7522.34(a), as compensation for work in compliance with Section 207(k) of Fair Labor Standards Act.</p> <p>Forester and Fire Warden shall adopt and implement a 207(k) partial exemption under the Fair Labor Standards Act (FLSA) for Fire Department employees. Such employees shall be treated as if covered by FLSA without prejudice to the parties' position regarding exemptions which may be legally available under the FLSA for certain classes in the Unit.</p> <p><u>Platoon Personnel</u> - Employees regularly assigned to a platoon schedule shall be compensated at the rate of time and one-half their regular rate of pay for all hours worked in their regular classification and position between 182 and 192 hours in a 24 consecutive day period.</p> <p><u>40-Hour Personnel</u> - Employees regularly assigned to a 40-hour schedule shall be compensated at the rate of time and one-half their regular rate of pay for all hours worked in their regular classification on a 40-hour schedule between 160 and 192 hours in a 28 consecutive day period.</p> <p><u>Fire Dispatcher</u> - Employees will be paid for all hours worked in excess of 40 in one week. The Department will pay employees for any overtime worked at a rate of time and one-half the regular rate of pay.</p>

Pay Code Analysis

Event	Description	Earnings Code Description	INCLUDE	EXCLUDE	QA COMMENT
COUNTY TENTATIVE AGREEMENT LANGUAGE(TA)					
730F	PREMIUM OVERTIME - SYSTEM PENSIONABLE	<p>The County payroll system is being modified to include all or part of the Cafeteria Plan allowance in computing the "Regular Rate of Pay" for FLSA overtime purposes pursuant to the Flores v. San Gabriel decision (See Note). The estimated completion date of this modification is targeted for next year.</p> <p>The establishment of a new pay event that mirrors an existing pay event is to provide a temporary workaround that allows payroll to identify, compute and process the premium overtime that includes all or part of the cafeteria allowance, as applicable, until the new system enhancement is implemented. This new pay event mirrors the existing pensionable 730 event which is the overtime premium automatically calculated and generated by the system.</p>		7522.34(c)(8)	<p>"Pensionable compensation" does not include: Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code (FLSA). Code 700 is used to record eight hours of overtime certain Deputies Sheriff and Sergeants earn when they transport prisoners overnight outside of LA County.</p>

Pay Code Analysis

Event	Description	Earnings Code Description	INCLUDE	EXCLUDE	QA COMMENT
731F	PREMIUM OVERTIME - SYSTEM	<p>The County payroll system being modified to include all or part of the Cafeteria Plan allowance in computing the "Regular Rate of Pay" for FLSA overtime purposes pursuant to the Flores v. San Gabriel decision (See Note). The estimated completion date of this modification is targeted for next year.</p> <p>The establishment of a new pay event that mirrors an existing pay event is to provide a temporary workaround that allows payroll to identify, compute and process the premium overtime that includes all or part of the cafeteria allowance, as applicable, until the new system enhancement is implemented. This new pay event mirrors the existing non-pensionable 731 event which is the overtime premium calculated and generated by the system.</p>		7522.34(c)(8) 31461(b)(3)	Compensation for overtime work, other than as defined in Section 207(k) of Title 29 of the United States Code is excluded under (c)(8).

Pay Code Analysis

Event	Description	Earnings Code Description	INCLUDE	EXCLUDE	QA COMMENT
782F	PLATOON/40 HR/DISPATCHER SCHED PREMIUM - SYSTEM	<p>The County payroll system is being modified to include all or part of the Cafeteria Plan allowance in computing the "Regular Rate of Pay" for FLSA overtime purposes pursuant to the Flores v. San Gabriel decision (See Note). The estimated completion date of this modification is targeted for next year.</p> <p>The establishment of a new pay event that mirrors an existing pay event is to provide a temporary workaround that allows payroll to identify, compute and process the premium overtime that includes all or part of the cafeteria allowance, as applicable, until the new system enhancement is implemented. This new pay event mirrors the existing pensionable 782 event which is the overtime premium automatically calculated and generated by the system using the regular rate.</p> <p>?</p>	7522.34(a) 31461(a)		<p>Provides payment to Fire Department employees for work schedules ranging from 7-28 days in lieu of the standard 7-day workweek. These earnings are included under 7522.34(a), as compensation for work in compliance with Section 207(k) of Fair Labor Standards Act.</p> <p>Forester and Fire Warden shall adopt and implement a 207(k) partial exemption under the Fair Labor Standards Act (FLSA) for Fire Department employees. Such employees shall be treated as if covered by FLSA without prejudice to the parties' position regarding exemptions which may be legally available under the FLSA for certain classes in the Unit.</p> <p><u>Platoon Personnel</u> - Employees regularly assigned to a platoon schedule shall be compensated at the rate of time and one-half their regular rate of pay for all hours worked in their regular classification and position between 182 and 192 hours in a 24 consecutive day period.</p> <p><u>40-Hour Personnel</u> - Employees regularly assigned to a 40-hour schedule shall be compensated at the rate of time and one-half their regular rate of pay for all hours worked in their regular classification on a 40-hour schedule between 160 and 192 hours in a 28 consecutive day period.</p> <p><u>Fire Dispatcher</u> - Employees will be paid for all hours worked in excess of 40 in one week. The Department will pay employees for any overtime worked at a rate of time and one-half the regular rate of pay.</p>



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

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



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