



**Board of Administration Agenda**

**REGULAR MEETING**

**TUESDAY, MARCH 12, 2019**

**TIME: 10:00 A.M.**

**MEETING LOCATION:**

LACERS Ken Spiker Boardroom  
202 West First Street, Suite 500  
Los Angeles, California 90012-4401

Live Board Meetings can be heard at: (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside), and (310) 547-CITY (San Pedro Area).

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at (213) 473-7169.

President:	Cynthia M. Ruiz
Vice President:	Elizabeth L. Greenwood
Commissioners:	Elizabeth Lee Sandra Lee Nilza R. Serrano Sung Won Sohn Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghokassian
Legal Counsel:	City Attorney's Office Retirement Benefits Division

- I. PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION
- II. [APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF FEBRUARY 26, 2019 AND POSSIBLE BOARD ACTION](#)
- III. BOARD PRESIDENT VERBAL REPORT
- IV. GENERAL MANAGER VERBAL REPORT
  - A. REPORT ON DEPARTMENT OPERATIONS
  - B. UPCOMING AGENDA ITEMS
- V. RECEIVE AND FILE ITEMS
  - A. [BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER](#)

- B. [MARKETING CESSATION NOTIFICATION](#)
  - C. [EDUCATION AND TRAVEL EXPENDITURE REPORT FOR THE QUARTER ENDING DECEMBER 31, 2018](#)
  - D. [LEGISLATIVE UPDATE OF MARCH 2019](#)
- VI. BOARD/DEPARTMENT ADMINISTRATION
- A. ESTABLISHMENT OF AD HOC COMMITTEE ON LACERS OFFICE HEADQUARTERS AND POSSIBLE BOARD ACTION
- VII. BENEFITS ADMINISTRATION
- A. [REQUEST FOR PROPOSAL FOR DISABILITY MEDICAL EVALUATION SERVICE PROVIDER AND POSSIBLE BOARD ACTION](#)
  - B. [WEBSITE REDESIGN CONTRACT WITH DIGITAL DEPLOYMENT INC., AND POSSIBLE BOARD ACTION](#)
  - C. BOARD EDUCATION: ROLE OF THE HEALTH AND WELFARE CONSULTANT
- VIII. INVESTMENTS
- A. CHIEF INVESTMENT OFFICER VERBAL REPORT
  - B. [PUBLIC COMMENT LETTER TO THE SECURITIES AND EXCHANGE COMMISSION REGARDING FORM 10-Q REPORTING AND POSSIBLE BOARD ACTION](#)
  - C. [CONTINUED DISCUSSION BY NEPC, LLC REGARDING TACTICAL ASSET ALLOCATION](#)
- IX. CONSENT AGENDA
- A. [TRAVEL AUTHORITY – NEIL M. GUGLIELMO, GENERAL MANAGER; C40 DIVEST-INVEST FORUM, LONDON, ENGLAND; MARCH 20-21, 2019 AND POSSIBLE BOARD ACTION](#)
- X. OTHER BUSINESS
- XI. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, March 26, 2019 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.
- XII. ADJOURNMENT

MINUTES OF THE REGULAR MEETING  
**BOARD OF ADMINISTRATION**  
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

LACERS Ken Spiker Boardroom  
202 West First Street, Fifth Floor  
Los Angeles, California

February 26, 2019

10:00 a.m.

**Agenda of: Mar. 12, 2019**

**Item No: II**

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PRESENT:	President:	Cynthia M. Ruiz
	Vice President:	Elizabeth L. Greenwood
	Commissioners:	Elizabeth Lee Nilza R. Serrano Sung Won Sohn
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
	Legal Counsel:	Anya Freedman
ABSENT:	Commissioners:	Sandra Lee Michael R. Wilkinson

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*The Items in the Minutes are numbered to correspond with the Agenda.*

I

PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION – President Ruiz asked if there were any persons who wished to speak on matters within the Board's jurisdiction, to which there was no response and no public comment cards were received.

II

APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF FEBRUARY 12, 2019 AND POSSIBLE BOARD ACTION – A motion to approve the Regular Board Meeting minutes of February 12, 2019 was moved by Commissioner Serrano, seconded by Vice President Greenwood, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Serrano, Sohn, Vice President Greenwood and President Ruiz -5; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz discussed the Board Education Plan and thanked General Manager Neil M. Guglielmo and the Executive team for designing and implementing a comprehensive education plan for each Commissioner.

## IV

### GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager discussed the following items:
- Fiduciary Liability Coverage expiring May 2019.
  - Office safety improvements at LACERS office.
  - LACERS made first payment for claims and administrative fees for the self-funded Delta Dental PPO Plan.
  - LACERS *Well Living Life to the Fullest* introductory packets mailed out to retirees.
  - Wellness Extravaganza events scheduled for three different locations in March.
  - LACERS All Staff Meeting on February 27, 2019 in the Chandler Auditorium at 9:00 a.m.
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, stated the following future agenda items:
- March 12 Board – Legislative Update
  - March 12 Board – Board education on Role of the Health and Welfare Consultant
  - March 12 Board – Website redesign
  - March 26 Benefits Administration Committee – 2020 Health Plan Contract renewal timeline and strategy
  - March 26 Board – FY 19-20 preliminary budget
  - March 26 Board – RFP for medical evaluations

## V

### RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JANUARY 2019 – The report was received by the Board and filed.
- B. OPEN ENROLLMENT CLOSEOUT REPORT – The report was received by the Board and filed.

## VI

### CONSENT AGENDA

- A. COST-OF-LIVING ADJUSTMENT FOR JULY 2019 AND POSSIBLE BOARD ACTION – Vice President Greenwood moved approval, seconded by Commissioner Serrano and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Serrano, Sohn, Vice President Greenwood and President Ruiz -5; Nays, None.

## VIII

### INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$17.33 Billion as of February 25, 2019. Mr. June discussed the following items:
- Active Small-Cap Equities Search and High Yield Bank Loan Search released on February 25, 2019.
  - Emerging Markets Small Cap Search will be released end of March or April 2019.
  - Emerging Market Debt local currency search will be released in April 2019.
  - Fixed Income Core Search being released in the Summer of 2019.
  - Future agenda items: Private Credit Semi-Finalist to Investment Committee on March 12, 2019. Continued discussion on the Tactical Asset Allocation and letter being drafted to the Securities Exchange Commission for Board review to the Board on March 12, 2019. Presentation by CII regarding ESG to the Board on March 26, 2019.

*Item VII-A taken out of order.*

## VII

### COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF FEBRUARY 12, 2019 – Commissioner Sohn stated the Committee heard presentations from Dimensional Fund Advisors regarding the management of an active U.S. treasury inflation protected securities portfolio and the management of an active non-U.S. emerging markets value equities portfolio. They also heard a presentation from Oberweis Asset Management Inc. regarding the management of an active non-U.S. small cap equities portfolio and were presented with a report on LACERS commission recapture program and soft dollars.

## VIII

### INVESTMENTS

- B. NOTIFICATION OF COMMITMENT OF UP TO \$15 MILLION IN ROARK CAPITAL PARTNERS V, L.P. AND UP TO \$10 MILLION IN ROARK CAPITAL PARTNERS II SIDECAR, L.P. – This report was received by the Board and filed.
- C. NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN ABRY PARTNERS IX, L.P. – This report was received by the Board and filed.
- D. NOTIFICATION OF COMMITMENT OF UP TO €34.9 MILLION (APPROXIMATELY \$40 MILLION) IN ASTORG VII, L.P. – This report was received by the Board and filed.
- E. CONTRACT WITH CEM BENCHMARKING INC. AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer and Bryan Fujita, Chief Operating Officer presented this item to the Board. Commissioner Serrano moved approval of the following Resolution:

**CONTRACT FOR  
CEM BENCHMARKING INC.  
INVESTMENT BENCHMARKING SERVICES**

**RESOLUTION 190226-A**

WHEREAS, the CEM Benchmarking Inc. (CEM) study will provide LACERS with an objective analysis of investment management and administration services costs and investment performance and risk;

WHEREAS, LACERS staff lacks the expertise necessary to perform this work;

WHEREAS, CEM has expertise in this area that is unique and such services cannot be acquired from any other provider;

WHEREAS, the one-time fee of \$35,000 covers the cost of the benchmarking study;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves payment of a one-time fee of \$35,000 to CEM to perform an objective investment cost and performance benchmarking analysis of the LACERS portfolio; and, authorizes the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

<u>Company Name:</u>	CEM Benchmarking Inc.
<u>Service Provided:</u>	Investment Benchmarking
<u>Duration:</u>	One-time occurrence

Which motion was seconded by Vice President Greenwood, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Serrano, Sohn, Vice President Greenwood and President Ruiz - 5; Nays, None.

IX

**DIVISION SPOTLIGHT**

- A. HEALTH DIVISION – ENROLLENT UNIT – Ada Lok, Management Analyst and Adrienne Hobbs, Benefits Specialist with Health Benefits Administration and Communications Division presented this item to the Board.

*Item XII-B taken out of order.*

Commissioner Greenwood left the Regular Board Meeting at 10:40 a.m.

XII

**BOARD/DEPARTMENT ADMINISTRATION**

- B. **REQUEST FOR PROPOSALS FOR ACTUARIAL SERVICES AND POSSIBLE BOARD ACTION** – Commissioner Serrano moved approval, seconded by Commissioner Elizabeth Lee and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Serrano, Sohn, and President Ruiz -4; Nays, None.

President Ruiz adjourned the Regular Meeting at 10:43 a.m. to convene in Closed Session.

X

DISABILITY RETIREMENT APPLICATION(S)

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF BLANCA GONZALEZ AND POSSIBLE BOARD ACTION**
- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF LOUIS HERRON AND POSSIBLE BOARD ACTION**

Commissioner Greenwood returned to the Regular Meeting at 10:50 a.m.

XI

CLOSED SESSION

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.8 TO CONFER WITH REAL PROPERTY NEGOTIATOR AND POSSIBLE BOARD ACTION.**

**PROPERTY: 202 WEST FIRST STREET, LOS ANGELES, CA 90012; AGENCY NEGOTIATORS: JAMES N. TRAVERS, DENNIS SMITH**

**NEGOTIATING PARTIES: LACERS, ONNI TIMES SQUARE UNDER NEGOTIATION: PRICE AND TERMS OF PAYMENT FOR PROPOSED LEASE**

- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1): GENERAL MANAGER 2018-19 PERFORMANCE EVALUATION AND POSSIBLE BOARD ACTION**

Vice President Greenwood left the Regular Meeting during Closed Session at 11:17 a.m. President Ruiz reconvened the Regular Meeting at 11:23 a.m. and announced that during Closed Session the Board unanimously approved the Disability Retirement Application of Blanca Gonzalez and Louis Herron.

XII

BOARD/DEPARTMENT ADMINISTRATION

- A. **CONSIDERATION OF 2018-19 GENERAL MANAGER'S MERIT PAY AND POSSIBLE BOARD ACTION** – Commissioner Serrano moved approval to increase General Manager Neil M.

Guglielmo's merit pay by 3.5%, seconded by Commissioner Elizabeth Lee and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Serrano, Sohn, and President Ruiz -4; Nays, None.

XII

OTHER BUSINESS – There was no other business.

XIV

NEXT MEETING – The next Regular meeting of the Board is scheduled for Tuesday, March 12, 2019 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XV

ADJOURNMENT – There being no further discussion before the Board, President Ruiz adjourned the meeting at 11:24 a.m.

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Cynthia M. Ruiz  
President

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Neil M. Guglielmo  
Manager-Secretary



**BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM V-A**

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

**SERVICE RETIREMENTS**

<u>Member Name</u>	<u>Service Department</u>	<u>Classification</u>
Abrot, Nellie Abuan	18 PW - Accounting	Accountant
Adamson, Connie F	9 Dept. of Airports	Custodian
Bacani, Dominador B	27 PW - Engineering	Electrc'l Engrg Assc
Batikian, Silva	34 PW - St. Lighting	St Ltg Engineer/Pm1
Beyard, Roberta D	39 Dept. of Airports	Sr Personnel Analyst
Black, David	30 Dept. of Rec. & Parks	Painter
Bohlig, Christine Carol	21 Office of Finance	Tax Complnce Ofcr
Brandon, Marsha	20 Personnel Dept.	Occupational Hlth Nurse
Brausam, Camille Ann	30 Police Dept. - Civilian	Pr Clerk Police
Brown, Kim	8 EWDD	Sr Project Asst
Butler, Mark Charles	31 GSD - Fleet Reengineering	Constr & Maint Supv
Capalla, Delfin S	28 Dept. of Transportation	Civil Engrg Draft Tech
Champion, Pamela Thompson	32 Police Dept. - Civilian	Sr Administrative Clerk
Coe, George K	16 Police Dept. - Civilian	Pr Detention Ofcr
Curtis, Kathryn Kulzer	32 Harbor Dept.	Marine Envrnmtl Supvr
Deckert, Edmond T	30 Dept. of Bldg. & Safety	Build Mech Inspector
Fuggins, Bobbie J	3 Dept. of Transportation	Crossing Guard
Garza, Robert	31 PW - Sanitation	Env Compliance Insp
Glick, Thomas Lee	33 City Planning Dept.	City Planner
Hernandez, Daniel	29 PW - St. Tree Div.	Sr Gardener
Hightower, Wendy G	30 City Attorney's Office	City Atty Admin Crd
Hill, Danny R	26 Dept. of Rec. & Parks	Golf Starter
Holyfield, Brenda Jewell	30 Office of Finance	Cust Serv Specialist
Hughes, Elizabeth Diane	35 Police Dept. - Civilian	Administrative Clerk
Johnson, Gary P	31 Dept. of Airports	Security Officer
King, Maria G	11 Police Dept. - Civilian	Security Officer
Lagunzad, Melchor G	17 PW - Engineering	Civil Engrg Draft Tech
Lathrop, Edward Michael	27 PW - Contract Admin	Constr Inspector
Lee, Jameson C	33 Dept. of Bldg. & Safety	Sr Structural Engineer
Lee, Ladrina Rochelle	33 Police Dept. - Civilian	Sr Administrative Clerk
Levy, Sheila R	32 Police Dept. - Civilian	Management Analyst
Linton, Stephen J	32 ITA	Commun Engrg Assoc
Lockhart, Valerie Elaine	26 Police Dept. - Civilian	Management Analyst
Madrid, John Anthony	20 PW - St. Maint.	Warehouse & T/R Wkr
Mc Cray, Susie	39 Police Dept. - Civilian	Administrative Clerk
Mcguirk, James G	34 Dept. of Airports	Risk Manager

Miller, Caryl B	33 Personnel Dept.	Sr Personnel Analyst
Min, Kyungjoon	30 Library Dept.	Sr Systems Analyst
Moody, Christophe S	22 Dept. of Airports	Arpt Supt Of Oper
Mootz, Michael Francis	30 GSD - Fleet Services	Heavy Duty Equip Mech
Morris, Kevin Denae	32 Dept. of Transportation	Sr Traffic Supv
Nelson, John W	12 PW - Contract Admin	Constr Inspector
Nguyen, Thuy T	30 Office of Finance	Sr Systems Analyst
O Conner, Barry	31 Harbor Dept.	Port Electrical Mechanic
Palmer, Sherell M	30 Dept. of Airports	Sr Administrative Clerk
Park, Ronnie Y	33 ITA	Programmer/Analyst
Paul, Carlann	30 Dept. of Airports	Sr Commun Operator
Payne, Kevin David	29 PW - Engineering	Architectural Assoc
Pond, Arthur T	37 Library Dept.	Sr Librarian
Porter, Paul Steven	25 PW - Solid Resource	Ref Coll Truck Oper
Pruitt, Gwen M	4 Dept. of Rec. & Parks	Recreation Asst
Quainoo, Kathryn R	38 Police Dept. - Civilian	Administrative Clerk
Quan, Joe Loo	29 ITA	Sr Systems Analyst
Redublo, Jocelyn De Jesus	20 Police Dept. - Civilian	Sr Administrative Clerk
Reed, Robert O	16 EWDD	Management Analyst
Reeves, Naoko N	21 Dept. of Airports	Airports Mtce Supvr
Reyes, Jo Ann	28 Police Dept. - Civilian	Administrative Clerk
Rivas, Jesus	7 Dept. of Rec. & Parks	Special Prog Asst
Robinson, Mary E	32 Dept. of Airports	Sr Administrative Clerk
Sanchez, Tommy A	36 GSD - Materials Mgmt.	Truck Operator
Santiesteban, Genevieve	32 Dept. of Airports	Secretary
Schafer, Brian Edward	17 Harbor Dept.	Pile Driver Worker
Schonhardt, David L	13 GSD	Electrician
Schwartz, Nancy Jane	5 Library Dept.	Librarian
Soofoo, Mabel Y	36 Controller's Office	Accountant
Spann, Cornell	22 GSD - Bldg. Fac Mgmt.	Custodian
Stiles, Susan G	41 Dept. of Aging	Exec Admin Asst
Straughter, Norris Keith	31 Police Dept. - Civilian	Systems Analyst
Ukwu, Charles Emeka	32 PW - Engineering	Civil Engrg Assoc
Van Reyn, Stefanie Joice	36 Dept. of Airports	Sr Mgmt Analyst
Vasquez, Sylvia	30 Dept. of Transportation	Sr Traffic Supv
Villegas, Thomas P	35 PW - Sanitation	Equipmnt Operator
Viola, Rica Marie M	30 Harbor Dept.	Property Manager
Von Hodissen, Henriette E	10 Library Dept.	Messenger Clerk
Warren, William Scott	35 PW - Special Proj Constr	St Svcs Supvr
White, Victoria L	38 Police Dept. - Civilian	Sr Police Serv Rep
Williams, Carol Arlene	19 Dept. of Transportation	Sr Administrative Clerk
Wong, Yin Ming	15 Police Dept. - Civilian	Municipal Police Officer
Yee, Sang K	31 Dept. of Airports	Survey Party Chief
Yu, Jean	4 LA Housing Dept.	Systems Programmer
Zerrudo, Phyllis J	16 Dept. of Airports	Sr Mgmt Analyst

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM V-A

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

Approved Death Benefit Payments

Deceased  
TIER 1

Beneficiary/Payee

Aldover, Ernesto R

Celia Felipe Aldover for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Alvarez, Frank

Maria Candelaria Alvarez for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Blow, William R

Donnise Mitchell for the payment of the  
Burial Allowance

Boughton, Bruce O

George Rudolph Brown for the payment of the  
Burial Allowance

Boyd, Earl A

Bridget Bernadette Boyd for the payment of the  
Accrued But Unpaid Service Retirement Allowance

Bozart, Ernest L

Segaro Anthony Bozart for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Brown Sr, Aaron                      Aaron Brown for the payment of the  
Accrued But Unpaid Service Retirement Allowance

Buck, Margaret A                      Clifford Martin Buck for the payment of the  
Accrued But Unpaid Continuance Allowance

Campero, Fernando L                      Marina D Campero for the payment of the  
Burial Allowance

Castilla, Marco A                      William Henry Castilla for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Coleman, Otis Lavellos                      Matilde Maria Coleman for the payment of the  
Accrued But Unpaid Vested Retirement Allowance  
Burial Allowance

Cook, Earline J                      Karen Ann Charles for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
  
Letjuan Dion Evans for the payment of the  
Burial Allowance

Cunningham, Regina Lynn  
(Deceased Active)                      Howard Cunningham for the payment of the  
Limited Pension

Dapena, Ruth V	Karen Ruth Swan for the payment of the Accrued But Unpaid Continuance Allowance
	Linda Cecilia Wain for the payment of the Accrued But Unpaid Continuance Allowance
	Steven Joseph Dapena for the payment of the Accrued But Unpaid Continuance Allowance
Egnatoff, Jim (Deceased Active)	Aaron Edward Egnatoff for the payment of the Accumulated Contributions
Escandon, Ignacio A	Dolores J Escandon for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Estrada, Adeline	Thomas Richard Estrada for the payment of the Accrued But Unpaid Continuance Allowance
Flores, Russell (Deceased Active)	Anna Marie Flores for the payment of the Accumulated Contributions
Foulks, Margaret J	Raymond Leroy Foulks for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Frais, Yolanda Cheryl	India Kashmiria Trower for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Galindo, Guadalupe                      Guadalupe G Galindo Living Trust for the payment of the  
Accrued But Unpaid Disability Continuance Allowance  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Gaspar, Ramon G  
(Deceased Active)                      Rosario S Gaspar for the payment of the  
Service Retirement Survivorship Allowance

Gong, Alice C  
(Deceased Active)                      Kevin Conner Gong for the payment of the  
Accumulated Contributions  
  
Michael Aaron Gong for the payment of the  
Accumulated Contributions

Gulla, Timothy                              Ilene Gulla for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance  
  
Lindsay Heather Gulla for the payment of the  
Burial Allowance

Harvey, Edward                              Jane Erminia Harvey for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Heath, Marion R                              Carole Barbara Leff for the payment of the  
Burial Allowance

Hutchinson, June D                              Donald Hanford Hutchinson for the payment of the  
Burial Allowance

Ihara, Amy Y

Toni Lynne Ihara for the payment of the  
Accrued But Unpaid Continuance Allowance

Johnson, Allen T  
(Deceased Active)

Janet Arlene Johnson for the payment of the  
Accumulated Contributions

Mary Eileen Burroughs for the payment of the  
Accumulated Contributions

Susan A Lane for the payment of the  
Accumulated Contributions

Jones, Jerry D

Betty June Jones for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Kirkland, Alice Corine

Andre Duval Wills for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance  
Unused Contributions

Kleban, Daniel A

Cheryl Christine Kleban for the payment of the  
Accrued But Unpaid Larger Annuity Allowance  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Lagemann, Emanuel

Murphy Lagemann for the payment of the  
Accrued But Unpaid Service Retirement Allowance

Lai, Catherine S

Anthony Lai for the payment of the  
Accrued But Unpaid Continuance Allowance

Lai, Christophe	Christopher & Catherine Lai Living Trust for the payment of the Burial Allowance
Louis, Grace Francis	Yvette Roshane Louis for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Lucas, Esperanza	Lisette Arline Hace for the payment of the Accrued But Unpaid Continuanace Allowance
Mc Donald, Irby	Barbara Smith Joice Delgado for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Mcginnis, Billie	Herbert Hoover Evans for the payment of the Accrued But Unpaid Continuanace Allowance
Medellin, Peter E	Barbara Basura for the payment of the Accrued But Unpaid Service Retirement Allowance  Della Medellin Arsaga for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Mensey, Robert L	Mae Frances Hall-Oliver for the payment of the Accrued But Unpaid Service Retirement Allowance
Miller, Marcella M	Byron Scott Miller for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance



Montgomery, Mayella	Linda Denise Fortson for the payment of the Accrued But Unpaid Continuance Allowance
Morris, Eric James	Bruce Alan Morris for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Morrison, Milton (Deceased Active)	Alvaris W Duffis for the payment of the Accumulated Contributions
Noel, Jimmy D	Willie Mae Noel for the payment of the Burial Allowance
Padiangan, Beatriz	Raymond Inchanum Padiangan for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Pallas, Donna R	George Phillip Pallas for the payment of the Burial Allowance
Parrish, George O	Alice May Parrish for the payment of the Burial Allowance
Penney, Son H	Albert David Penney for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Peterson, Noel K	Heather Ann Koellen for the payment of the Accrued But Unpaid Continuance Allowance  Robin Lynn Schmidt for the payment of the Accrued But Unpaid Continuance Allowance
Ramsay, Caritas	Christopher Michael Ramsay for the payment of the Accrued But Unpaid Continuance Allowance
Reed, Johnetta B (Deceased Active)	Jordan Ladel Reed for the payment of the Limited Pension
Saldivar, Juliet	Norma Melvin for the payment of the Burial Allowance
Santos, Maximino Alcantara	Gloria San Luis Santos for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Sterling, Sylvester	Teresa Margárite Sterling for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
Stevenson, Michael	Kim Weller Stevenson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Taylor, Hubert L	Tami Naomi Robinson for the payment of the Accrued But Unpaid Service Retirement Allowance

Terpenning, Conservatee,  
Dayton R                      David Lee Terpenning for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Vazquez, Abel Julian  
(Deceased Active)                      Arturo Rivera Vazquez for the payment of the  
Accumulated Contributions

Volpe, Silvio                      Kathleen Volpe for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Wayman, Donald A                      Thomas Clark Wayman for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

**TIER 3**

Willis, Donald Brent  
(Deceased Active)                      Cynthia Willis for the payment of the  
Accumulated Contributions  
Limited Pension





**Agenda of: MARCH 12, 2019**

**Item No: V-B**

## **MARKETING CESSATION REPORT NOTIFICATION TO THE BOARD**

The Board's Marketing Cessation Policy was adopted in order to prevent and avoid the appearance of undue influence on the Board or any of its Members in the award of investment related and other service contracts. Pursuant to this Policy, this notification procedure has been developed to ensure that Board Members and staff are regularly apprised of firms for which there shall be no direct marketing discussions about the contract or the process to award it; or for contracts in consideration of renewal, no discussions regarding the renewal of the existing contract.

Firms listed in Attachments 1 and 2 are subject to limited communications with Board Members and staff pursuant to the Policy and will appear and remain on the list, along with the status, from the first publicized intention to contract for services through the award of the contract. Lists of current LACERS contracts are on file in the Board office and are available upon request.

Attachments: 1) Contracts Under Consideration for Renewal  
2) Active RFPs and RFQs

**CONTRACTS UNDER CONSIDERATION FOR RENEWAL**

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
						START	END
<b>ADMINISTRATIVE SERVICES</b>							
1	Cresa	Real Estate Services	Pending	Pending	Board awarded new contract on 11/28/2017; Contract under review for execution.	10/1/2017	6/1/2019
2	Linea Solutions, Inc.	Pension Administration System Project Management Consulting Services	10/1/2017	3/31/2019	Board approved contract amendment on 2/12/19. Contract in process of execution.	11/1/2018	5/31/2019
<b>CITY ATTORNEY</b>							
3	Bernstein Litowitz & Grossman	Litigation	Pending	Pending	Board approved engaging firm on 11/13/18; Contract in process of execution.	7/23/2018	1/30/2019
<b>HEALTH BENEFITS ADMINISTRATION</b>							
4	Anthem 2019	Medical HMO & PPO	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	9/30/2018	3/31/2019
5	Kaiser 2019	Medical HMO	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	9/30/2018	3/31/2019
6	SCAN 2019	Medical HMO	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	9/30/2018	3/31/2019

**CONTRACTS UNDER CONSIDERATION FOR RENEWAL**

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
						START	END
<b>HEALTH BENEFITS ADMINISTRATION (CONTINUED)</b>							
7	United Healthcare 2019	Medical HMO	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	9/30/2018	3/31/2019
8	Delta Dental 2019	Dental PPO and HMO	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	9/30/2018	3/31/2019
9	Anthem Blue View Vision 2019	Vision Services Contract	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	9/30/2018	3/31/2019

**\*RESTRICTED PERIOD**

**Start Date** - The estimated start date of the restricted period is three (3) months prior to the expiration date of the current contract. No entertainment or gifts of any kind should be accepted from the restricted source as of this date. Firms intending to participate in the Request for Proposal process are also subject to restricted marketing and communications.

**End Date** - The estimated end date of the restricted period is three (3) months following the expiration date of the current contract. For investment-related contracts, the estimated end date is normally six (6) months following the expiration of the current contract. For health carrier contracts, the estimated end date is normally one (1) year following the expiration of the current contract. Estimated dates are based on contract negotiation periods from prior years.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
CONTRACTS LIST FOR THE MARCH 12, 2019 BOARD MEETING

## ACTIVE RFPs AND RFQs\*

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES
<b>INVESTMENTS</b>		
1	Private Credit Mandate Search	<b>RFP Release Date:</b> December 10, 2018
		<b>Submission Deadline:</b> January 18, 2019
		<b>Status:</b> In progress
		<b>List of Respondents:</b> Alcentra Limited, Barings LLC, MB Global Partners, LLC, Backcast Partners Management LLC, BlackRock, Inc., CLSA Capital Partners (HK) Limited, Cross Ocean Adviser LLP, Clearwater Capital Partners (Fiera Capital Corporation), Guggenheim Partners, LLC, Goldman Sachs Asset Management, L.P., Pemberton Capital Advisors LLP, Kayne Anderson Capital Advisors, L.P., Maranon Capital, L.P., Bain Capital Credit, LP, Breakwater Management LP, Carlyle Global Credit Investment Management L.L.C., Crescent Capital Group LP, MV Credit Partners LLP, New Mountain Capital, LLC, Park Square Capital USA LLC, Tor Investment Management (Hong Kong) Limited, AlbaCore Capital LLP, Muzinich & Co., Inc., Kartesia Management S.A., Medalist Partners, LP, NXT Capital Investment Advisers, LLC, Owl Rock Capital Partners, PennantPark Investment Advisers, PIMCO Investments LLC, Deerpath Capital Management, LP, Brightwood Capital Advisors, Magnetar Capital LLC, MC Credit Partners LP, Oaktree Capital Management, L.P., THL Credit Advisors LLC, White Oak Global Advisors, LLC, Benefit Street Partners L.L.C., EntrustPermal / Blue Ocean GP LLC, Willow Tree Credit Partners LP, Monroe Capital LLC, Runway Growth Capital LLC, Stellus Capital Management, LLC
2	U.S. Small Cap Equities Mandate Search	<b>RFP Release Date:</b> February 25, 2019
		<b>Submission Deadline:</b> April 12, 2019
		<b>Status:</b> In progress
3	High Yield Fixed Income and Hybrid High Yield Fixed Income / U.S. Floating Rate Bank Loan Mandate Search	<b>RFP Release Date:</b> February 25, 2019
		<b>Submission Deadline:</b> April 12, 2019
		<b>Status:</b> In progress
4	Outside Health Law and Data Privacy Counsel	<b>RFP Release Date:</b> January 7, 2019
		<b>Submission Deadline:</b> January 28, 2019
		<b>Status:</b> In progress
		<b>List of Respondents:</b> Clark Hill PLC, Foley & Lardner LLP, Groom Law Group Chartered, Hanson Bridgett LLP, Lewis Brisbois Bisgaard & Smith LLP, Nossaman LLP, Orrick Herrington & Sutcliffe LLP, Polsinelli LLP, Reed Smith LLP

\* **RESTRICTED PERIOD FOR REQUEST FOR PROPOSAL OR REQUEST FOR QUALIFICATIONS:**

**Start Date** - The restricted period commences on the day the Request for Proposal is released.

**End Date** - The restricted period ends on the day the contract is executed.





**Report to Board of Administration**

Agenda of: **MARCH 12, 2019**

*Neil M. Guglielmo*  
From: Neil M. Guglielmo, General Manager

ITEM: **V-C**

**SUBJECT: EDUCATION AND TRAVEL EXPENDITURE REPORT FOR THE QUARTER ENDING DECEMBER 31, 2018**

Recommendation

That the Board receive and file this report.

Discussion

A report of Board and staff travel expenditures is provided to the Board on a quarterly basis pursuant to the Board Education and Travel Policy. The total travel expenditure for the quarter ending December 31, 2018 was \$31,090.10 or 16.3% of the \$190,605.00 total budget for FY 2018-19.

	FY 2018-19 Budget	Quarter Ending 12/31/18		FY 2018-19 Total	
		Amount	Budget %	Amount	Budget %
Board	\$ 30,000.00	\$ 1,469.72	4.9%	\$ 5,438.05	18.1%
Staff	\$ 88,655.00	\$ 18,253.04	20.6%	\$ 23,090.52	26.0%
Investment Administration	\$ 71,950.00	\$ 11,367.34	15.8%	\$ 18,646.53	25.9%
<b>Total</b>	<b>\$190,605.00</b>	<b>\$ 31,090.10</b>	<b>16.3%</b>	<b>\$ 47,175.10</b>	<b>24.8%</b>

The attached report details the travel expenses for educational conferences attended by Board Members; investment due diligence visits conducted by Investment Division staff; and educational conferences and training courses attended by Los Angeles City Employees' Retirement System (LACERS) staff during the FY 2018-19. The reported costs include registration and airfare expenditures paid directly by LACERS, as well as the amount reimbursed to Board Members and staff.

This report was prepared by Mikyong Jang, Departmental Chief Accountant IV.

NG:DWN:MJ:LB

Attachment: LACERS Board and Staff Education, Training, Investment Administration Related Travel Quarterly Expenditure Report

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
BOARD MEMBERS' EDUCATION AND RELATED TRAVEL REPORT  
FOR THE PERIOD JULY 1, 2018 TO DECEMBER 31, 2018**

**ATTACHMENT V-C**

BOARD MEMBER	TRAVEL EXPENDITURES		ANNUAL MAX. AMT./TRUSTEE*	BALANCE TO ANNUAL MAX. LIMIT
	QE 12/31/18	YTD AS OF 12/31/18		
CYNTHIA RUIZ	\$ -	\$ 1,140.12	\$ 10,000.00	\$ 8,859.88
ELIZABETH GREENWOOD	-	1,387.52	10,000.00	8,612.48
ELIZABETH LEE	-	1,440.69	10,000.00	8,559.31
SANDRA LEE	-	-	10,000.00	10,000.00
NILZA SERRANO	-	-	10,000.00	10,000.00
SUNG WON SOHN	272.40	272.40	10,000.00	9,727.60
MICHAEL WILKINSON	1,197.32	1,197.32	10,000.00	8,802.68
<b>TOTAL BOARD MEMBERS' TRAVEL EXP. &amp; ANNUAL LIMIT</b>	<b>\$ 1,469.72</b>	<b>\$ 5,438.05</b>	<b>\$ 70,000.00</b>	<b>N/A</b>
<b>TOTAL BOARD MEMBERS' TRAVEL EXPENSE BUDGET (%)</b>	<b>4.9%</b>	<b>18.1%</b>		

\*Annual maximum travel expenditures limit per trustee is set at \$10,000.

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
BOARD MEMBERS' EDUCATION AND RELATED TRAVEL EXPENDITURE REPORT  
FOR THE PERIOD JULY 1, 2018 TO DECEMBER 31, 2018**

NAME	ORGANIZATION	CONFERENCE TITLE	LOCATION	START DATE	END DATE	REGISTRATION	AIRFARE	LODGING	OTHER TRAVEL EXP.	TOTAL EXPENSE
ELIZABETH GREENWOOD	VALUE EDGE ADVISORS	2018 PUBLIC FUNDS FORUM	LAGUNA BEACH, CA	09/04/18	09/06/18	\$ 345.00	\$ -	\$ 845.70	\$ 196.82	\$ 1,387.52
CYNTHIA RUIZ	PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI) ASSOCIATION	PRI IN PERSON 2018	SAN FRANCISCO, CA	09/12/18	09/14/18	-	171.35	696.52	272.25	1,140.12
ELIZABETH LEE	CONEXUS FINANCIAL	FIDUCIARY INVESTORS SYMPOSIUM	STANFORD, CA	09/29/18	10/02/18	-	162.40	1,026.84	251.45	1,440.69
SUNG WON SOHN*	COUNCIL OF INSTITUTIONAL INVESTORS (CII)	CII FALL 2018 CONFERENCE	BOSTON, MA	10/24/18	10/27/18	-	272.40	-	-	272.40
MICHAEL WILKINSON	STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS (SACRS)	SACRS 2018 FALL CONFERENCE	INDIAN WELLS, CA	11/13/18	11/16/18	130.00	-	811.62	255.70	1,197.32
<b>BOARD MEMBERS' EDUCATION AND RELATED TRAVEL EXPENDITURES FOR THE 1ST QUARTER ENDING 09/30/18:</b>						<b>\$ 345.00</b>	<b>\$ 333.75</b>	<b>\$ 2,569.06</b>	<b>\$ 720.52</b>	<b>\$ 3,968.33</b>
<b>BOARD MEMBERS' EDUCATION AND RELATED TRAVEL EXPENDITURES FOR THE 2ND QUARTER ENDING 12/31/18:</b>						<b>\$ 130.00</b>	<b>\$ 272.40</b>	<b>\$ 811.62</b>	<b>\$ 255.70</b>	<b>\$ 1,469.72</b>
<b>YTD TRAVEL EXPENDITURES / ANNUAL BUDGET FOR BOARD EDUCATION AND TRAVEL (AMOUNT &amp; %):</b>						<b>\$5,438.05</b>		<b>\$30,000.00</b>		<b>18.1%</b>
<b>YTD BOARD MEMBERS' TRAVEL EXPENDITURES / ANNUAL BUDGET FOR ALL DEPARTMENT TRAVEL (AMOUNT &amp; %):</b>						<b>\$5,438.05</b>		<b>\$190,605.00</b>		<b>2.9%</b>

\*Traveler cancelled the trip due to change of conference date and location however airfare was non-refundable.

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
STAFF EDUCATION AND RELATED TRAVEL EXPENDITURE REPORT  
FOR THE PERIOD JULY 1, 2018 TO DECEMBER 31, 2018**

NAME	ORGANIZATION	CONFERENCE TITLE	LOCATION	START DATE	END DATE	REGISTRATION	AIRFARE	LODGING	OTHER TRAVEL EXP.	TOTAL EXPENSE
BRIAN CHA*	LRS RETIREMENT SOLUTIONS	PENSIONGOLD TEAMING CONFERENCE 2018	SPRINGFIELD, IL	09/17/18	09/20/18	\$ -	\$ 377.00	\$ 362.73	\$ 164.25	\$ 903.98
AUDREY DYMALLY*	LRS RETIREMENT SOLUTIONS	PENSIONGOLD TEAMING CONFERENCE 2018	SPRINGFIELD, IL	09/17/18	09/20/18	-	388.40	362.73	109.00	860.13
LAURIE TRAN*	LRS RETIREMENT SOLUTIONS	PENSIONGOLD TEAMING CONFERENCE 2018	SPRINGFIELD, IL	09/17/18	09/20/18	-	377.00	362.73	212.61	952.34
CLIFF LIM*	LRS RETIREMENT SOLUTIONS	PENSIONGOLD TEAMING CONFERENCE 2018	SPRINGFIELD, IL	09/17/18	09/20/18	-	377.00	362.73	262.06	1,001.79
TANEDA LARIOS*	LRS RETIREMENT SOLUTIONS	PENSIONGOLD TEAMING CONFERENCE 2018	SPRINGFIELD, IL	09/17/18	09/20/18	-	388.40	362.73	368.11	1,119.24
FERRALYN SNEED	INTERNATIONAL FOUNDATION OF EMPLOYEE BENEFIT PLANS (IFEBP)	64TH ANNUAL EMPLOYEE BENEFITS CONFERENCE	NEW ORLEANS, LA	10/12/18	10/17/18	2,455.00	416.40	1,536.40	413.75	4,821.55
ANN SEALES	INTERNATIONAL FOUNDATION OF EMPLOYEE BENEFIT PLANS (IFEBP)	64TH ANNUAL EMPLOYEE BENEFITS CONFERENCE	NEW ORLEANS, LA	10/12/18	10/17/18	2,455.00	416.40	1,536.40	380.00	4,787.80
TANEDA LARIOS**	INTERNATIONAL FOUNDATION OF EMPLOYEE BENEFIT PLANS (IFEBP)	64TH ANNUAL EMPLOYEE BENEFITS CONFERENCE	NEW ORLEANS, LA	10/12/18	10/17/18	2,455.00	416.40	-	-	2,871.40
CARMELITA PAYNE	NOSSAMAN LLP	NOSSAMAN'S 2018 FIDUCIARIES' FORUM	SAN FRANCISCO, CA	10/18/18	10/19/18	380.00	211.66	336.52	134.31	1,062.49
RAHOOF OYEWOLE	ASSOCIATION OF PUBLIC PENSION FUND AUDITORS (APPFA)	APPFA PROFESSIONAL DEVELOPMENT CONFERENCE	PHILADELPHIA, PA	11/04/18	11/07/18	425.00	535.14	555.06	240.46	1,755.66
HEATHER RAMIREZ	LACERS	2019 OPEN ENROLLMENT MEETING & LACERS WELL'S SILVERSNEAKERS OPEN HOUSE	LAS VEGAS, NV	11/06/18	11/08/18	-	262.11	151.40	171.25	584.76
TIFFANY OBEMBE	LACERS	2019 OPEN ENROLLMENT MEETING & LACERS WELL'S SILVERSNEAKERS OPEN HOUSE	LAS VEGAS, NV	11/06/18	11/08/18	-	126.97	151.40	167.00	445.37
WENDY JOHNSON	LACERS	2019 OPEN ENROLLMENT MEETING	LAS VEGAS, NV	11/07/18	11/08/18	-	-	75.70	311.49	387.19
MARIA SALAMANCA	LACERS	2019 OPEN ENROLLMENT MEETING	LAS VEGAS, NV	11/07/18	11/08/18	-	-	75.70	391.06	466.76

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
STAFF EDUCATION AND RELATED TRAVEL EXPENDITURE REPORT  
FOR THE PERIOD JULY 1, 2018 TO DECEMBER 31, 2018**

NAME	ORGANIZATION	CONFERENCE TITLE	LOCATION	START DATE	END DATE	REGISTRATION	AIRFARE	LODGING	OTHER TRAVEL EXP.	TOTAL EXPENSE
VIRGINIA LOPEZ	LACERS	2019 OPEN ENROLLMENT MEETING	LAS VEGAS, NV	11/07/18	11/08/18	-	-	75.70	110.00	185.70
ALEXANDER RABRENOVICH	LACERS	2019 OPEN ENROLLMENT MEETING	LAS VEGAS, NV	11/07/18	11/08/18	-	-	75.70	375.42	451.12
BRUCE BERNAL	LACERS	2019 OPEN ENROLLMENT MEETING	LAS VEGAS, NV	11/07/18	11/08/18	-	-	75.70	357.54	433.24
<b>TOTAL STAFF TRAVEL EXPENDITURES FOR THE 1ST QUARTER ENDING 09/30/18:</b>						<b>\$ -</b>	<b>\$ 1,907.80</b>	<b>\$ 1,813.65</b>	<b>\$ 1,116.03</b>	<b>\$ 4,837.48</b>
<b>TOTAL STAFF TRAVEL EXPENDITURES FOR THE 2ND QUARTER ENDING 12/31/18:</b>						<b>\$ 8,170.00</b>	<b>\$ 2,385.08</b>	<b>\$ 4,645.68</b>	<b>\$ 3,052.28</b>	<b>\$ 18,253.04</b>
<b>***YTD TRAVEL EXPENDITURES / ANNUAL BUDGET FOR STAFF TRAVEL (AMOUNT &amp; %):</b>						<b>\$23,090.52</b>		<b>\$88,655.00</b>		<b>26.0%</b>
<b>YTD STAFF TRAVEL EXPENDITURES / ANNUAL BUDGET FOR ALL DEPARTMENT TRAVEL (AMOUNT &amp; %):</b>						<b>\$23,090.52</b>		<b>\$190,605.00</b>		<b>12.1%</b>

\* Registration fees for three (3) out of five (5) attendees, \$2,700.00, were paid out from Training Budget Account. Two registrations are included in the contract with LRS.

\*\* Travel was cancelled. Out of \$2,455 registration fees, \$2,405 was returned as a credit memo to use by any LACERS staff member through December 2019.

Airfare is non-transferrable and non-refundable. Out of \$416.40, \$404.40 was issued as a credit to the traveler with an expiration on July 20, 2019.

\*\*\* Includes a budgetary transfer of \$14,000, made on July 9, 2018, for City Attorney staff travel, resulting in an overall increase of the staff travel budget to \$88,655.

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENT ADMINISTRATION AND RELATED TRAVEL EXPENDITURE REPORT  
FOR THE PERIOD JULY 1, 2018 TO DECEMBER 31, 2018**

NAME	ORGANIZATION	CONFERENCE TITLE	LOCATION	START DATE	END DATE	REGISTRATION	AIRFARE	LODGING	OTHER TRAVEL EXP.	TOTAL EXPENSE
JIMMY WANG	BAIRD ADVISORS AND NUEBERGER BERMAN	DUE DILIGENCE	MILWAUKEE, WI AND CHICAGO, IL	07/09/18	07/11/18	\$ -	\$ 531.60	\$ 453.18	\$ 360.60	\$ 1,345.38
BRYAN FUJITA	PACIFIC PENSION & INVESTMENT INSTITUTE (PPI)	SUMMER ROUNDTABLE 2018	LA JOLLA, CA	07/11/18	07/13/18	900.00	-	586.04	95.20	1,581.24
JIMMY WANG	LM CAPITAL GROUP	DUE DILIGENCE	SAN DIEGO, CA	08/30/18	08/30/18	-	-	-	164.57	164.57
EDUARDO PARK*	ASANA PARTNERS	APFI ANNUAL INVESTOR MEETING	CHARLOTTE, NC	09/04/18	09/05/18	-	1,056.90	-	142.44	1,199.34
RODNEY JUNE	TORREYCOVE CAPITAL PARTNERS, LLC	DUE DILIGENCE	SAN DIEGO, CA	09/06/18	09/06/18	-	-	-	64.00	64.00
BRYAN FUJITA	TORREYCOVE CAPITAL PARTNERS, LLC	DUE DILIGENCE	SAN DIEGO, CA	09/06/18	09/06/18	-	-	-	64.00	64.00
WILKIN LY	TORREYCOVE CAPITAL PARTNERS, LLC	DUE DILIGENCE	SAN DIEGO, CA	09/06/18	09/06/18	-	-	-	64.00	64.00
RODNEY JUNE	PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI) ASSOCIATION	PRI IN PERSON 2018	SAN FRANCISCO, CA	09/12/18	09/14/18	1,799.00	150.40	637.26	210.00	2,796.66
EDUARDO PARK	PENSION REAL ESTATE ASSOCIATION (PREA)	PREA'S 28TH ANNUAL INSTITUTIONAL INVESTOR CONFERENCE	BOSTON, MA	10/02/18	10/05/18	110.00	431.40	753.08	289.43	1,583.91
RODNEY JUNE	POLARIS PARTNERS	POLARIS LIMITED PARTNER MEETING	BOSTON, MA	10/03/18	10/05/18	-	488.40	290.99	169.60	948.99
RODNEY JUNE	GCM GROSVENOR & AEGON	GCM GROSVENOR SMALL AND EMERGING MANAGERS CONFERENCE & AEGON MEETING	CHICAGO, IL	10/09/18	10/11/18	-	341.40	327.66	196.35	865.41
EDUARDO PARK**	TORCHLIGHT INVESTORS	2018 ANNUAL INVESTMENT SUMMIT	NEW YORK, NY	10/15/18	10/17/18	-	699.41	-	286.71	986.12
BRYAN FUJITA	NOSSAMAN LLP	NOSSAMAN'S 2018 FIDUCIARIES' FORUM	SAN FRANCISCO, CA	10/18/18	10/19/18	425.00	230.41	336.52	157.95	1,149.88
RODNEY JUNE	COUNCIL OF INSTITUTIONAL INVESTORS (CII)	CII FALL 2018 CONFERENCE	NEW YORK, NY	10/22/18	10/25/18	-	376.40	899.74	263.53	1,539.67
WILKIN LY	NATIONAL ASSOCIATION OF INVESTMENT COMPANIES (NAIC)	NAIC 2018 ANNUAL PRIVATE EQUITY & HEDGE FUND CONFERENCE	CHICAGO, IL	10/24/18	10/25/18	-	602.40	315.81	177.62	1,095.83
EDUARDO PARK	INSTITUTIONAL LIMITED PARTNERS ASSOCIATION (ILPA)	14TH ANNUAL ILPA SUMMIT 2018	NEW YORK, NY	11/06/18	11/08/18	-	596.40	472.64	335.11	1,404.15
BRYAN FUJITA	INVESCO	2018 INVESCO REAL ESTATE GLOBAL CLIENT CONFERENCE	LA JOLLA, CA	11/07/18	11/08/18	-	-	-	91.69	91.69
RODNEY JUNE	KPS CAPITAL PARTNERS, LP	2018 ANNUAL INVESTORS MEETING	KEY BISCAYNE, FL	11/07/18	11/09/18	-	384.60	-	143.67	528.27

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
INVESTMENT ADMINISTRATION AND RELATED TRAVEL EXPENDITURE REPORT  
FOR THE PERIOD JULY 1, 2018 TO DECEMBER 31, 2018**

NAME	ORGANIZATION	CONFERENCE TITLE	LOCATION	START DATE	END DATE	REGISTRATION	AIRFARE	LODGING	OTHER TRAVEL EXP.	TOTAL EXPENSE
RONALD AUBERT	STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS (SACRS)	SACRS 2018 FALL CONFERENCE	INDIAN WELLS, CA	11/14/18	11/15/18	120.00	-	270.54	54.00	444.54
RODNEY JUNE	BECHTEL CORP.	PENSIONS WEST MEETING	SAN FRANCISCO, CA	12/07/18	12/07/18	-	252.18	-	85.00	337.18
WILKIN LY	SPARK CAPITAL & GENSTAR CAPITAL	DUE DILIGENCE	SAN FRANCISCO, CA	12/12/18	12/12/18	-	286.40	-	105.30	391.70
<b>INVESTMENT ADMINISTRATION TRAVEL EXPENDITURES FOR THE 1ST QUARTER ENDING 09/30/18:</b>						<b>\$ 2,699.00</b>	<b>\$ 1,738.90</b>	<b>\$ 1,676.48</b>	<b>\$ 1,164.81</b>	<b>\$ 7,279.19</b>
<b>INVESTMENT ADMINISTRATION TRAVEL EXPENDITURES FOR THE 2ND QUARTER ENDING 12/31/18:</b>						<b>\$ 655.00</b>	<b>\$ 4,689.40</b>	<b>\$ 3,666.98</b>	<b>\$ 2,355.96</b>	<b>\$ 11,367.34</b>
<b>YTD TRAVEL EXPENDITURES / ANNUAL BUDGET FOR INVESTMENT ADMINISTRATION TRAVEL EXPENDITURES (AMOUNT &amp; %):</b>						<b>\$18,646.53</b>		<b>\$71,950.00</b>		<b>25.9%</b>
<b>YTD INVESTMENT ADMIN. TRAVEL EXPENDITURES / ANNUAL BUDGET FOR ALL DEPARTMENT TRAVEL (AMOUNT &amp; %):</b>						<b>\$18,646.53</b>		<b>\$190,605.00</b>		<b>9.8%</b>

\* Airfare in the amount of \$1,056.90 will be reimbursed by Asana Partners pursuant to contract.

\*\* Airfare in the amount \$699.41 will be reimbursed by Torchlight Investors, as the traveler is an Advisory Committee member.



## Report to Board of Administration

From: Neil M. Guglielmo, General Manager

Agenda of: **MARCH 12, 2019**

ITEM: **V-D**

**SUBJECT: LEGISLATIVE UPDATE OF MARCH 2019**

### Recommendation

That the Board receive and file this report.

### Discussion

The United States Congress convened on January 3, 2019 to commence the 116<sup>th</sup> Congressional session, while the California State Legislature convened on January 7, 2019 to commence a new legislative session. A watch list of Federal and State legislation that impacts LACERS will be maintained as the legislative session progresses. Legislation of interest to LACERS includes those monitored by the National Conference on Public Employee Retirement Systems ("NCPERS"), as indicated with an asterisk in the list below.

### **COURT CASES**

The City Attorney Retirement Benefits Office is monitoring California court activity relating to challenges to public employee vested rights. A verbal update will be provided.

### **STATE LEGISLATION**

- *AB 287 - Public Employees' Retirement: Annual Audits*

Existing law requires each state and local public pension or retirement system, on and after the 90th day following the completion of the annual audit of the system, to provide a concise annual report on the investments and earnings of the system, as specified, to any member who makes a request and pays a fee, if required, for the costs incurred in preparation and dissemination of that report.

This bill would require each state and local pension or retirement system to post a concise annual audit of the information described above on that system's internet website no later than the 90th day following the audit's completion. By imposing new duties on local retirement systems, the bill would impose a state-mandated local program.



- *AB 1912 – Public Employees’ Retirement: Joint Powers Agreements: Liability*

This bill from the LACERS Legislative Watch List for 2018 passed but has no impact on LACERS. The bill would have prohibited the California Public Employees’ Retirement System (CALPERS) Board, on and after January 1, 2019, from contracting with any public agency formed under the Joint Exercise of Powers Act unless all the parties to that agreement are jointly and severally liable for all of the public agency’s obligation to the system.

- *SB 964 – Public Employees’ Retirement Fund and Teachers’ Retirement Fund: Investments: Climate-Related Financial Risk*

This bill from the LACERS Legislative Watch List for 2018 passed but has no impact on LACERS. This bill impacting CALPERS and the California State Teachers’ Retirement System (CALSTRS) would, until January 1, 2035, require climate-related financial risk, as defined, to be analyzed to the extent the boards identify the risk as a material risk to the Public Employees’ Retirement Fund or the Teachers’ Retirement Fund.

## **FEDERAL LEGISLATION**

### **Employer Compliance/Reporting Issues**

- *Family Savings Act 2018 (H.R. 6757)\**

This bill included provisions regarding the pick-up rule on elections between tiers and plans. It passed the House but did not pass the Senate.

- *Public Employee Pension Transparency Act (PEPTA – H.R. 6290)\**

This bill amended the Internal Revenue Code to deny tax benefits relating to bonds issued by a state or political subdivision during any period in which such state or political subdivision is noncompliant with specified reporting requirements for state or local government employee pension benefit plans. This bill did not pass in the previous Congress but is likely to be re-introduced.

### **Investment Issues**

#### *National Infrastructure Development Bank\**

A House proposal to sell federal bonds (up to \$300 billion of Rebuild America Bonds) to private and public pension funds to finance a National Infrastructure Development Bank. The bonds would have a 40-year maturity rate and must be held for a minimum of 10 years. The interest rate on the bonds would be 200 basis points above the treasury 30-year bond rate. Only private and public pension plans are eligible purchasers of these bonds. NCPERS is monitoring this issue.

## **Social Security/Medicare Issues**

- *Repeal the Windfall Elimination Provision (WEP)\**

Currently WEP reduces the earned Social Security benefits of an individual who also receives a pension from any employment not covered by Social Security, such as a government agency. H.R. 6933 repeals the WEP with a new formula to ensure fair and equal benefits for certain individuals with non-covered employment. NCPERS is monitoring this issue.

- *Medicare\**

There are various proposals regarding Medicare being watched including one notable proposal for first responders who reach the age of 55. The proposal will expand Medicare for Firefighters and police officers retiring in their 50s who have not met the Medicare eligibility age of 65.

## **Tax Issues**

- *Pension Protection Act 2006\**

NCPERS reports legislation revisiting this tax code provision where first responders can exclude from their gross income up to \$3,000 of their pension distribution if it is used for their healthcare premium. This legislation has not been revisited in 13 years.

- *Unrelated Business Income Tax ("UBIT")\**

UBIT subjects state and local government pension plans to the unrelated business income tax. This would lower net investment returns and lower asset values which ultimately results in increase to the taxpayers. UBIT did not succeed in the last Congressional session but NCPERS continues to watch this item because of its attractiveness to lawmakers as a revenue raiser (\$1.1 billion over 10 years).

- *State and Local Tax deduction (SALT)\**

This bill caps state and local tax deductions at \$10,000. NCPERS is watching for new legislation to increase the cap and offset the costs.

The report was prepared by Chhintana Kurimoto, Management Analyst, Administrative Services Division.

NG:TB:DWN:CK



**Report to Board of Administration**

Agenda of: **MARCH 12, 2019**

*Neil M. Guglielmo*  
 From: Neil M. Guglielmo, General Manager

ITEM: **VII - A**

**SUBJECT: REQUEST FOR PROPOSAL FOR DISABILITY MEDICAL EVALUATION SERVICE PROVIDER AND POSSIBLE BOARD ACTION**

Recommendation

That the Board authorize:

- (1) The release of the Request For Proposal (RFP), substantially in the form attached, for a disability medical evaluation service provider; and,
- (2) The General Manager to publish the RFP in appropriate industry publications of general circulation and the LACERS website for RFP notifications.

Discussion

In May 2014, LACERS issued a RFP for disability medical evaluation services. Two providers were selected, Medical Support Los Angeles (MSLA) and QTC Medical Group Inc. The initial three-year term for each contract ran from January 1, 2015 to December 31, 2017, with an option to renew for one additional three-year term. The initial contract ceiling was \$75,000 per year; however, due to increased rates and fees charged by contracted physicians, increasing complexity of the cases, and the increased size of the files, both contracts were amended and the annual limits increased to \$150,000 per year in June 2015. Both MSLA and QTC had been under contract with LACERS since 2007 and the 2015 rate increase was the first for both providers.

In August 2017, the Board authorized the extension of both contracts, which were scheduled to expire on December 31, 2017, for the optional three-year term. The contracts were amended to add services related to the new enhanced disability retirement benefits for sworn LACERS' members. The amendment involved no increase in funding, only the addition of sworn evaluation services.

On June 28, 2018, MSLA formally notified LACERS that it would cease operations effective August 31, 2018, and would no longer accept referrals effective immediately. Staff was advised cases already in progress would be completed and the evaluation reports forwarded to LACERS no later than August 31<sup>st</sup>. MSLA also agreed to provide any corrections or clarifications necessary to the reports beyond the August 31<sup>st</sup> date. As a consequence of MSLA's business closure, all disability retirement medical evaluations are performed by the remaining contractor, QTC.

The medical evaluation industry has undergone a variety of changes in the last several years and MSLA is one of the latest well-established firms to cease operations. Recognizing the changes in the industry, it has been LACERS' practice to contract with two medical service providers in case situations such as MSLA occur. Contracting with two service providers ensures: (1) there is always a second firm available for any contingency needs, thus minimizing potential disruptions to processing cases if one provider ceases operations or has its' contract terminated for cause; (2) staff has the ability to negotiate competitive rates; (3) access to a broader spectrum of physician resources, and (4) referral flexibility based on LACERS' specific service experience with each provider.

The next RFP would normally be released next year, prior to the expiration of the current medical evaluation service provider contract in December 2020. However, staff is recommending the RFP be released this year in order to secure the services of a second service provider to replace MSLA. The new provider will be evaluated and chosen based on their experience in providing civilian and sworn medical evaluation services to pension plans and public agencies, their extensive network of physicians, and their ability to provide evaluation services on a nationwide scale. Staff is proposing that the new contract(s) have the same three-year term as the previous contracts, with the option to renew for an additional three years.

The 2019 Medical Evaluation Service Provider RFP details the full range of disability medical evaluation services required to be provided by the chosen successful bidder. These required services include, but are not limited to: (1) access to an extensive panel of independent disability medical evaluation physicians; (2) medical consulting services which provide recommendations on the appropriate medical specialties applicable to each disability applicant's claim; (3) appointment scheduling services; (4) transcription and report preparation services using a pre-defined disability medical evaluation report format; (5) as-needed services, such as supplemental reports when a claim requires additional medical review; (6) direct billing services; and, (7) having a secure encrypted on-line case management client portal.

Total expenditures for disability medical evaluations since FY 2014/2015 total \$775,633, as of February 2019, and annual expenditures have averaged \$178,628 for the last three complete fiscal years. Staff will recommend an annual funding amount after reviewing the submitted proposals and performing an analysis of the proposed fees and services.

### Strategic Plan Impact Statement

The use of medical provider services assists LACERS staff in maximizing organizational effectiveness and efficiency and assures the accurate and timely delivery of member benefits.

This report was prepared by Ferralyn Sneed, Sr. Management Analyst of the Retirement Services Division.

LP:FS:AI

Attachments: A) Draft Request for Proposal

**DRAFT**



**REQUEST FOR PROPOSAL (RFP)  
FOR  
DISABILITY MEDICAL EVALUATION SERVICE PROVIDER  
RFP NO. XXXX**

- Release Date:** **Friday, March XX, 2019**
- Proposal Due Date:** **Tuesday, April XX, 2019, 4:00 P.M. PST**  
At: LACERS  
202 W. First St, Suite 500  
Los Angeles, CA 90012-4401
- All questions must be submitted in writing no later than:** **April XX, 2019, 4:00 P.M. PST**  
Any questions concerning the RFP and all answers will also be posted on the LACERS website.
- To RFP Administrator:** **Dan Goto**, RFP Administrator  
LACERS  
E-mail: [danielgoto@lacers.org](mailto:danielgoto@lacers.org)  
Phone: (213) 473-7276  
Fax: (213) 687-4174
- Official RFP Notices/Addendums:** To ensure that no firm is provided an advantage over another, all requirements are specified in this RFP. Any changes to the requirements will be posted as an addendum to the RFP on the LACERS website: <http://www.lacers.org/aboutlacers/request-for-proposals/index.html>. Proposers are solely responsible for monitoring this website and adhering to RFP addendums.
- Prohibited Communications:** From the RFP release date until a contract for these services is fully executed, firms are prohibited from communicating with Board members or staff, other than the RFP Administrator, concerning this RFP or the resulting contract. Any communications could be considered attempts to lobby or market services, and is therefore prohibited by LACERS' Marketing Cessation Policy. Firms will be disqualified from contract consideration if the prohibition is not honored.

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## **I. INTRODUCTION AND BACKGROUND**

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### **A. Introduction**

The Los Angeles City Employees' Retirement System (LACERS) is seeking proposals from qualified medical evaluation services firms who specialize in both civilian and sworn disability medical evaluations. LACERS processes approximately 200 disability application-related transactions each year and requires the services of an established disability medical evaluation services firm who will: 1) provide medical expertise in assisting LACERS staff in determining and selecting the appropriate medical specialties required to evaluate each applicant's disability; 2) provide access to a comprehensive network of examining physicians covering a broad range of medical specialties; 3) provide scheduling services to promptly schedule medical appointments with the appropriate examining physicians; and, 4) provide report preparation services to promptly provide clear, concise, written reports from each examining physician's disability medical evaluation. The successful firm may also provide supplemental "Ad Hoc" services related to the disability medical evaluation services.

The specifications and descriptions contained in this request for proposal (RFP) are intended to provide prospective firms with sufficient information to enable them to understand the specific LACERS contractor requirements and the ability to submit a proposal to provide for such contractual services as described in the Scope of Work of this RFP. This RFP is not itself binding upon LACERS towards procuring or contracting for these services. The RFP is designed to solicit proposals from serious firms who would be capable of providing such services over a maximum three-year contract period, with an option to renew for another three years. LACERS will consider all firms, but may contract with one, or more, or none, of the responding firms.

LACERS reserves the right to withdraw this RFP at any time without prior notice and the right to reject any and all responses to this RFP. The rejection of any or all proposals shall not render LACERS liable for costs or damages. LACERS makes no representation that any contract will be awarded to any proposer responding to this RFP.

### **B. Background**

LACERS administers retirement benefits for approximately 26,000 active and 15,000 retired civilian employees of the City of Los Angeles. A disability retirement is one of the various retirement benefits available to active or deferred LACERS plan members. Eligible applicants may apply for a disability retirement benefit whenever they become incapable of performing their regular or accommodated duties due to a mental and/or physical impairment. There is no minimum age requirement for a disability retirement. However, to qualify for a disability retirement, each applicant must agree to undergo a disability medical examination by a minimum of three examining physicians, whose specialties apply to the applicant's claimed disability(ies).

LACERS' staff is responsible for ensuring all disability retirement applications are completely processed in a timely, accurate, and efficient manner. Staff attempts to process all such applications and present the final disability application packages, including all disability medical evaluation reports, to the LACERS Board of Administration (Board), within six months of the date an applicant applies for a disability retirement benefit. Therefore, LACERS requires the services of one or more medical evaluation firms with sufficient resources to help in meeting these goals.

## **II. MINIMUM QUALIFICATIONS**

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- A. The firm shall have at least five years of experience providing disability medical evaluation services, as independent medical evaluators, for purposes of evaluating disability retirement applicants.
- B. The personnel assigned to LACERS account shall have a minimum of three years of experience advising employers or retirement systems on disability-related issues.
- C. The examining physicians used for LACERS disability medical evaluations must be regularly practicing physicians, licensed with the Medical Board of the State of California, or possess equivalent licensing requirements if performing disability medical evaluations out-of-state.
- D. The firm shall have a secure encrypted online case management client portal for the uploading of voluminous medical records, transmitting referrals, viewing cases and downloading completed examining physician reports.

## **III. SCOPE OF SERVICES**

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**Proposers are asked to specify their ability to provide the following services listed below.** If a proposer cannot provide any of the following services, the proposer must so indicate in their response to this RFP. During the contractual period the selected firm(s) will provide a full range of disability medical evaluation services, both basic and "Ad Hoc" services. The successful firm(s) will provide single point of contact for the services described in the Scope of Work. The order of the work described does not signify its relative importance.



**A. Required Services**

**Pre-Medical Evaluation Services:**

LACERS may require services including, but not limited to: The firm will provide pre-examination services to assess the medical information available regarding each applicant's claims for disability. These services shall include, but not necessarily be limited to:

1. Reviewing the applicant's claimed disability(ies), as described on their disability application, plus all past medical records, obtained from various sources, to determine the three medical specialty(ies) most applicable to evaluating the applicant's claimed disability(ies). The medical specialties used for past evaluations have included, **but are not necessarily limited to:**

- |                                   |                       |
|-----------------------------------|-----------------------|
| 1. Allergy                        | 13. Nephrology        |
| 2. Cardiology                     | 14. Neurology         |
| 3. Dermatology                    | 15. Oncology          |
| 4. Ears, Nose and Throat          | 16. Ophthalmology     |
| 5. Functional Capacity Evaluation | 17. Oral Surgery      |
| 6. Gastroenterology               | 18. Orthopedics       |
| 7. General Surgery                | 19. Pathology         |
| 8. Hematology                     | 20. Physical Medicine |
| 9. Hepatology                     | 21. Psychiatry        |
| 10. Immunology                    | 22. Rheumatology      |
| 11. Infectious Disease            | 23. Pulmonology       |
| 12. Internal Medicine             | 24. Urology           |

2. Scheduling appointments with regularly practicing, examining physicians licensed with the Medical Board of the State of California. These disability medical evaluations shall be performed by examining physicians with specific accreditations for the specialty areas agreed upon to evaluate the applicants' claimed disabilities. These appointments shall be scheduled with the examining physicians only after LACERS staff approves of proceeding with the "recommended medical specialties" as identified by the firm. LACERS staff will notify the firm when they have concerns on the recommendations.

3. The scheduling of the three disability medical evaluations shall be as soon as possible after receipt of the necessary medical information. Staff of the firm shall attempt to schedule appointments within a 15 mile driving radius of the disability applicant's home address, if living in California, or within a 15 mile driving radius from "downtown Los Angeles". The location of City Hall, 200 North Spring Street, Los Angeles, California, shall be the definition used for purposes of any references to "downtown Los Angeles".
4. Scheduling of California appointments outside of the specified radii shall be allowed as exceptions, but shall require the firm to contact LACERS staff for written approval of alternate locations. The firm shall attempt to schedule the disability medical evaluation appointments for the convenience of the disability applicants. However, exceptions shall be allowed, upon approval by LACERS staff.
5. Scheduling of applicants for out-of-state disability medical evaluations will occasionally be required. The firm shall attempt to schedule such appointments within each disability applicant's state of residence within the cost limits, as provided by LACERS staff and defined for use in California. These appointments shall be subject to approval by LACERS staff and shall require special notification to LACERS staff of any additional costs associated with scheduling of appointments out-of-state. Applicants may be required to travel to California if costs for the out-of-state disability medical evaluation exceed the costs for a disability medical evaluation within the State of California. These appointments shall also be scheduled with regularly practicing, examining physicians licensed with the Medical Board of the applicable state. These medical evaluations shall be performed by examining physicians with specific accreditation for the specialty areas agreed upon to evaluate the applicant's claimed disabilities.
6. Scheduling of appointments for out-of-country applicants shall be arranged within the continental US at either the closes major city to the applicant's point of origin or the downtown Los Angeles area.
7. Scheduling of medical appointments shall only take place whenever all medical records have been provided to the firm. LACERS staff shall provide the medical records to the firm prior to scheduling of any appointments. The scheduling of any appointments prior to receipt of the medical records shall only occur as exceptions supported by written requests from the staff of LACERS.
8. Preparing a "Summary of Medical Records" for use by the examining physicians. This summary shall provide an administrative summary of all medical records, in chronological order. The document shall also provide a brief description of each medical record. If the firm discovers any medical records may be missing or incomplete, such as when referenced by another physician, the firm shall notify LACERS staff of the potential incomplete records and needs to obtain the records. LACERS staff shall then be responsible for obtaining such records. **The firm will provide the final "Summary of Medical Records" and associated medical records to each examining physician prior to each scheduled appointment.**

9. Preparing correspondence on scheduled appointments on behalf of LACERS. The firm shall prepare correspondence to be sent to LACERS staff clearly indicating the dates, times, locations, directions, and names of the examining physicians handling the disability medical evaluations. These notifications must be provided at least 20 business days prior to the date of the medical appointments, unless a disability applicant voluntarily agrees to a shorter period.
10. Rescheduling missed or cancelled appointments shall be made as needed. Medical appointments are always expected to be completed as scheduled. However, it is reasonable that some applicants will occasionally miss appointments and need to be rescheduled. The expectations are that applicants will be permitted to notify staff of the firm of their cancellations of appointments with at least 24 hours' notice provided in advance of their scheduled date and time, without penalty. There is no expectation of any additional charges to LACERS when notice of cancellation has been provided to the firm at least twenty-four hours in advance of the scheduled date and time for the appointment. If the notice is not received under this requirement, the services and charges shall be covered within the scope of the "Ad Hoc" Disability Medical Evaluation Services section of the Scope of Work. Staff of the firm shall contact the applicants and provide a courtesy reminder of the appointment within 48 hours of the appointment and inform LACERS staff of unconfirmed appointments.
11. Appointments requiring as-needed certified translators must be approved by LACERS prior to the scheduling of the physician appointment. The medical firm may choose a translator from their existing roster.

**Examination Services:**

The physical examination process is to be completed by the examining physicians determined by the Pre-Medical Evaluation process described above. These disability medical evaluations are under the purview of each examining physician. However, LACERS does expect each and every examining physician to meet a standard level of performance consistent with LACERS service goals and practices.

1. The examining physicians are required to verify the identities of applicants when they arrive for appointments. This information is to be listed in the report, detailing the manner of verification used with each applicant. The required identification shall be in the form of government issued picture identification, such as a driver's license issued by the State of California, or an equivalent form of picture identification.
2. The examining physicians shall be required to see each applicant physically. Disability medical evaluation reports are expected to detail the length of time spent with each applicant. The expectations are that the examining physicians will spend the amount of time, with both medical records and the applicants themselves, sufficient to complete a thorough and quality disability medical evaluation. The examining physicians are required to provide verification of the amount of time spent with each applicant. **The verification form shall be attached to the final report.**

**Post Medical Appointment Services:**

Upon completion of each disability medical examination, the following services are required to be performed by the successful firm.

1. Medical reports will be prepared for each disability medical evaluation. The firm shall work with the examining physicians to assure the disability medical evaluations are performed to allow for completion of the disability medical evaluation reports in the format required of LACERS. The format for the disability medical evaluation reports may vary for each medical specialty, and the reports should contain certain unique discussion areas specific to each specialty (such as mental status exam and substance abuse information for a psychiatric evaluation). However, a general commonality to LACERS format shall exist, such that the following areas are required to be addressed within each disability medical evaluation report, as follows:
  - Cover Page on Letterhead - Each report shall have a cover page on the letterhead of the examining physician. The cover page shall identify the applicant being examined and detail the applicant's name, last four digits of their social security number, department of employment, position title, date of examination, and title of the medical specialty for the examining physician, such as "Oncology Disability Medical Evaluation Report".
  - Identifying Information - A summary of the method used to identify the applicant when they appeared for the disability medical evaluation, including the applicant's age and the specific time and location of the evaluation.
  - Time Spent With the Applicant - A summary of the time spent with the applicant for purposes of the disability medical evaluation. The examining physicians are required to provide verification of the amount of time spent with each applicant. The applicant will receive a copy of the form signed by both the applicant and physician at the conclusion of their appointment and a copy of the verification form shall also be attached to the final report submitted to LACERS.
  - Review of Records - A description detailing the medical records reviewed for the disability medical evaluation.
  - Medical History - A description of the applicant's medical history, describing the chronology of the applicant's medical issues, including allergies, surgeries, hospitalizations, etc.
  - Personal History - A description of the applicant's personal history, including social, family, and occupational histories.
  - Medications - A detailed listing of the applicant's current medications.
  - Present Complaints/Symptomatology - A description of the specific complaints/symptoms provided by the applicant or observed by the examining physician.

- **Current Employment/Activities Status** - A description of the applicant's current employment or other activities described in the disability medical evaluation.
- **Past Employment** - A description of the applicant's past employment history.
- **Examination Results** - A description of the specific medical examination performed and results appropriate for the type of medical specialty covered in the disability medical evaluation.
- **Special Tests** - A detail of any special tests performed by the examining physician as a part of the medical examination process. Special tests require approval by staff of LACERS, but will be allowed within LACERS policy. If a special test is recommended, but was not performed, for any reason, the examining physician shall describe their recommendation and reasoning on the needs for such specialized tests. The examining physician should describe why a test was not requested or performed.
- **Diagnosis** - A detailed description of the diagnosis determined by the examining physician as a result of their disability medical evaluation of the applicant.
- **Discussion** - A description of the rationale and medical findings that led to the examining physician's diagnosis and opinions on the disability of the applicant, in light of the duties description provided.
- **Disability Findings** - A detailed description of the examining physician's opinion as to whether or not the applicant is disabled from performing their regular or accommodated duties, as provided in a duties description. The examining physician is expected to provide a nexus between their findings on the disability and the duties each applicant is incapable of performing, via a summary or detailed specification of the affected duties.
- **Continuity of Disability** - A detailed description of the examining physician's opinion on the likelihood an applicant's disability has remained continuous since the date they actually left active duty for the claimed disability. The opinion should cite the examining physician's justification for their opinion. If the examining physician does not have sufficient information to render such an opinion, they shall describe this situation. If applicable, they shall make a recommendation on what might be required to render such an opinion.
- **Accommodations** - A detailed description of the specific requirements for an accommodation the examining physician feels would allow a disabled applicant to return to work. Examining physicians should differentiate between restrictions, whereby an applicant would be considered disabled if they were not accommodated, as opposed to recommendations, whereby an applicant would not be considered disabled. In no instance shall an accommodation recommendation be made if the physician has opined the applicant is not disabled. Furthermore, the recommended accommodations must be commiserate with the type of duties

performed by the applicant. For example, a sedentary accommodation for a crossing guard or gardener caretaker would not be considered a reasonable accommodation.

- If the examining physician opines that an accommodation is possible for an applicant, the examining physician is expected to state clearly whether the accommodation, if allowed, would permit the employee to return to their work. The examining physician shall also opine as to whether or not the applicant would be considered disabled if the accommodation is denied. Examining physicians should explain if medical restrictions requiring accommodations are thought to be temporary or permanent.
- Prognosis – The examining physician should provide a detailed description of the likelihood for medical recovery. The prognosis should address whether the applicant might be expected to medically recover sufficiently to return to their job. If a prognosis for recovery exists, the examining physician should make a recommendation on the length of time needed for a reasonable recovery. The examining physician should state if an applicant shows no possibilities for recovery or where a recovery is not expected to allow an applicant to return to their job. If the applicant is terminally ill, a definitive diagnosis of the terminal status is required.
- Sworn evaluations – The examining physician should comment on whether or not the determined disability is the result of a service-connected injury. If service-connected, the physician should also explain the nexus between the findings of disability as it relates to the applicant's performance of their duties. Based upon objective findings, the physician should state whether the applicant's impairments are minimal, moderate, serious or severe.
- Dependent Beneficiaries – On occasion, physicians may be required to determine whether the beneficiary of a deceased member is impaired to the point where the beneficiary is incapable of gainful employment. The evaluation performed must be conducted in a manner similar to the Social Security disability standard.
- Other Important Issues - A description of any other issues the examining physician feels should be considered or addressed relative to assessing the applicant's disability claim. For example, if an examining physician observes some other disabling condition, outside of their own medical specialty, they would be expected, if they haven't already done so in the report, to comment on the observed situation and possibly make a recommendation for examination by the other appropriate specialist.

Examining physicians should provide information in this section if they become aware of any specific medical information that exists, but was not provided to them for review, which they believe would have been important in completing their disability medical evaluation.

2. The firm shall provide signed copies of the disability medical evaluation reports to LACERS staff responsible for the disability application processing. These reports must be signed by the examining physicians. Staff will review the reports and determine if the content meets the formatting requirements expected. If the staff notes any omissions or errors, they shall bring the omissions or errors to the attention of the firm within 30 days of receipt of the report, and the firm shall be expected to work with the examining physicians to assure any omissions or errors are corrected. An example of an omission might be, but is not limited to, when a report may not contain specific prognosis information, or an accommodation was not covered with enough specificity to address the physician's recommendation.
3. The firm is expected to work with LACERS staff whenever an applicant fails to keep an appointment. This includes notifying LACERS of the missed appointments within 24 hours and arranging for rescheduling of such appointments.
4. The billing for disability medical evaluations and associated services provided under this contract shall be handled directly with the successful firm. LACERS intends to contract only with the successful firms. LACERS will not be billed by, or pay, physicians, labs, or other individual entities associated with these services, directly.

**“Ad Hoc” Disability Medical Evaluation Services:**

There will be occasions when the needs for related disability medical evaluation services will arise. The following services may be required on occasion in association with the disability medical evaluations:

1. Supplemental Medical Reports

Disability medical evaluations may have already been completed and reports submitted to LACERS staff when additional medical issues may arise and drive special needs for "Supplemental Medical Reports." For example, if LACERS receives a new medical report, not available prior to the disability medical evaluation, LACERS may request a "Supplemental Report" from the examining physicians. "Supplemental Reports" will usually address the impact any new medical information has on the examining physician's prior report. In all such cases, the examining physician is provided with all new medical information. In other cases, a "Supplemental Report" may be required to answer specific questions or clarify issues that may arise in regards to the examining physicians' reports during the course of Board hearings. The expectations are that "Supplemental Reports" shall always be provided in a timely manner, and the firm is expected to work directly with the examining physicians to assure the timely delivery of any "Supplemental Reports".

2. Expert Testimony

On rare occasions, an examining physician may be asked to provide testimony before LACERS Board or a court for purposes of providing in-person expert testimony regarding their own disability medical evaluation and report. This is rare and should

only become necessary when "Supplemental Reports" are insufficient to address the issues.

3. Late Cancellations or "No Show" Services

In some cases, applicants will not show up for an appointment, becoming a "No Show", or provide a late cancellation. The firm is expected to work with LACERS staff to assure timely cancellation of appointments whenever they are required. A late cancellation for LACERS purposes is considered to exist when LACERS staff has not provided the firm with the cancellation information at least twenty-four hours in advance of a scheduled date and time for an appointment. The firm will be expected to work with LACERS staff to reschedule the disability medical evaluation as required.

4. On-Site Disability Medical Evaluations

On rare occasions, applicants may be incapacitated, gravely ill, or hospitalized. In these situations, LACERS will expect the firm to arrange for on-site disability medical evaluations of applicants.

5. Specialized Medical Testing

On rare occasions, examining physicians may require specialized testing to render a full opinion on a disability claim. This will always require a special request to LACERS staff by the firm, and each test must be pre-approved. Once approved, the firm and examining physician will be expected to arrange for the specialized tests.

6. Transportation Services

Although not a requirement for contracting, it would be desirable to have a firm with the ability to arrange transportation services when certain applicants have special needs requiring assistance in traveling to and from an examining physician's office.

7. Medical Record Only Evaluations

In some instances an applicant may have a physical condition so severe that the applicant is in intensive care or another similar situation, whereby a physical examination would be detrimental to the applicant's health and obviates a need for a physical examination of the disabling condition. In these instances, the firm, as an exception, with proper pre-approval by LACERS staff, would be expected to have an examining physician review performed using the available medical records in lieu of performing an in-person physical disability medical evaluation.

In the case of deceased sworn members, the medical records must be reviewed by a minimum of three (3) regularly licensed and practicing physicians to establish an informed/objective/evidence-based medical opinion to determine whether the member's death was service-connected.



**B. General Duties**

The proposer is expected to perform/handle the following general duties:

1. Treat all LACERS' information as confidential as defined in the **Attachment 2: Confidentiality & Non-Disclosure of Member Information Policy**. This applies to all data created, gathered, generated, or acquired within the scope of the contract. Sensitive information inclusive of, but not limited to, LACERS members and beneficiaries must be kept confidential in accordance with HIPAA standards. Selected proposers shall notify LACERS immediately if there are any breaches to the confidentiality of LACERS' confidential information. The breach of this agreement is subject to cancellation of contract and the selected proposer being held liable for damages.
2. Maintain confidential any information resulting from this engagement except with written consent from the General Manager of LACERS or designee, prior to the release of any such information. This includes, but will not be limited to, press releases, research, reports, and any publicity given to the selected proposer for work provided under the resulting contract. LACERS shall be credited as the sponsoring agency.
3. Refer all requests, reports, and all other communication to the Disability Retirement Unit.
4. Notify LACERS immediately of any anticipated changes in personnel assigned under the terms of this engagement. The firm shall submit resumes of any proposed replacement personnel, and obtain written approval from LACERS for any change in the personnel assigned to the work.
5. Notify LACERS staff in writing in the event that any conflict of interest or possible conflict of interest is discovered regarding the provision of these services.
6. Both the selected proposer and LACERS are expected to document discussion ideas, issues, and extended services raised in joint service discussions and meetings.

**IV. RFP PROCESS**

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LACERS, at all times, retains ultimate responsibility for the evaluation and award of contract(s) at its sole discretion. Selected and non-selected proposers will be notified in writing at the conclusion of the process. Selection is contingent on satisfactory completion of appropriate agreements which will be negotiated.

LACERS reserves the right to reject any and/or all proposals, to waive any informality in such proposals, to request new proposals, to revise the RFP prior to proposal submission, to withdraw this RFP, to not award the contract, or to not award a portion of the contract at any time.

**A. Evaluation Process**

The selected proposer must successfully pass all the following levels of review:

**1. Level I – Review of Qualifications, Experience, & References**

Proposer must demonstrate it meets the minimum qualifications (see Section II.); must demonstrate a positive record as a responsible contractor; and must have the resources and experience to perform the required services.

**2. Level II – Administrative Responsiveness**

Firm’s proposal must demonstrate its responsiveness to the administrative requirements outlined in the RFP. Firm’s ability to adhere to LACERS’ standard contract provisions will also be considered.

**3. Level III – Proposed Services and Compensation (“Proposal”)**

Firm’s proposed plan of services, and compensation for providing the required services will be evaluated and ranked by the evaluation panel. Interviews may also be conducted.

**4. Level IV – Final Approval by the Board**

The proposer that demonstrates to be the most qualified to provide the required services at the best overall value to LACERS, as determined by the evaluation panel, will be recommended for contract award to the LACERS’ Board of Administration (Board). The Board at its sole discretion makes the final award determination.

**B. Proposer Questions**

Please direct all questions by e-mail to the RFP Administrator identified on the RFP cover page. Questions from all proposers and LACERS’ answers will be posted on the LACERS website.

**C. Proposal Deadline**

All RFP responses are due at LACERS by the date and time indicated on the cover of this RFP. All requested documents must arrive at LACERS by the due date and time indicated on the cover page to be considered. The complete proposal package shall be placed in a sealed envelope or box with the following label: REQUEST FOR DISABILITY MEDICAL EVALUATION SERVICE PROVIDER.

**Number of Copies:** Please provide one spiral-bound original; five hard copies; one non-bound reproducible copy, and one electronic copy on a CD or flash drive in Microsoft Word Format as submitted and any charts or exhibits in PDF. Plainly identify the respective documents.

Note: Proposers selected to make presentations to the evaluation committee may be asked for additional copies of their responses. LACERS staff will provide further instructions to these proposers before they make their presentations.

**D. Evaluation Criteria**

An evaluation panel comprised of LACERS staff will select the winning proposer for recommendation to the LACERS Board based on the criteria below.

- Qualification and experience of the firm in providing services required
- Capacity to perform as contracted and ability to produce timely results
- Positive contracting history
- Pricing
- Responsiveness and completeness of answers to questions
- Best overall value to the City

**V. QUESTIONNAIRE**

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Answer each question contained in this Questionnaire. Each question of the RFP shall be repeated in its entirety before the answers. Proposer must respond to each question contained in the questionnaire. If a question does not apply to proposer, please write in “not applicable” and state the reasons why the question does not apply.

**A. General Questions About the Firm**

1. Please describe the total number of years of experience your firm has in providing disability medical evaluation services? Describe the types of experience with pension plans and both the public and private sectors. Describe your experience in performing disability medical evaluations for sworn personnel and how your evaluations differ from civilian evaluations.
2. Please describe the varieties of disability medical evaluation services provided by your firm. Some examples might be, but should not be limited to, independent medical evaluations, agreed-medical evaluations, workers compensation evaluations, retirement system evaluations, etc.
3. Please list the complete range of services you provide within the entire scope your business operations. Please break out each area with the percentages they contribute to your total annual revenue for the firm.
4. Please provide an overview of your view of the long-term viability of your firm. Please specify the size of your organization both by annual revenue and total numbers of employees involved in the services associated with this RFP.
5. Describe any additional advisory or consulting services offered by your company which may not be covered within the Scope of Work of this RFP.

6. Describe the type of ownership for your firm and any relationships with parents or affiliated companies or joint ventures. Please break out the medical evaluation services as a percentage of the total business revenue if the firm is owned by a parent company.
7. Are any ownership changes planned or anticipated? Describe any ownership changes which have occurred in the past five years.
8. Describe the dollar amounts of coverage for errors and omissions insurance coverage held by your firm. List the amounts by insurance carrier supplying the coverage. List any of your other relevant insurance coverage information associated with these types of professional services.
9. Discuss the overall objectives of your company with respect to future growth. Comment on any present or planned areas of emphasis for growth.
10. Over the past five years, has your company or any of its affiliates or parent, or any officer or principal, been involved in any business litigation or other legal proceedings relating to providing medical evaluation services? If so, please provide a brief explanation and indicate how the litigation was resolved or its current status.
11. If you have any other types of pending litigation against your firm, not related to medical evaluation services, do you feel any negative outcome is possible for the litigation that could impact your firm's ability to provide the services described in this RFP? Please explain.
12. Describe your plans and/or arrangements in place for any business continuance should your firm's facilities become inoperable because of an emergency, such as a fire, earthquake, etc.
13. Is your firm a minority-owned, or woman-owned, business enterprise?
14. If your firm has more than one office location, which of your firm's offices will be servicing this account? Please list the specific locations as a part of your response and indicate the hours of availability for each location. Do you have any current or future plans to relocate the listed office(s) or personnel that would be servicing the account from the location(s)? Please explain.
15. Provide contact references from the three largest municipal employers or retirement systems for which you provide similar services as described within this RFP.
16. What are your firm's relative competitive advantages? What areas of strength do you feel distinguish your firm from your competitors? Please explain.
17. Have you had a disability medical evaluation services contract with any governmental entities terminated within past five years? If applicable, please describe the situation and the entity involved.

18. Do you provide disability medical evaluation services to any other governmental agencies, such as state or federal agencies? If so, please describe the agencies and the nature of the services and relationship you have with the agencies.

**Employee Information**

1. Please provide information on the account manager you will be assigning to manage the services contract with LACERS, including the name, position in your organization, backup, professional accreditations, and experience in providing these types of management services.
2. Please provide specific information on the key employees your firm will be dedicating to the function of making recommendations on the medical specialties LACERS should use for disability medical evaluations.
3. Please describe your backup plan to assure the firm will be capable of providing these services in the event of unforeseen absences.
4. Please describe all other personnel, including any support personnel, the firm would expect to assign to LACERS account, including the names, job titles, roles, accreditations, and years of experience (both within your firm and the medical evaluation industry).
5. Please describe how your firm manages your workforce management. Describe how the firm assures professional accreditations are maintained and encourages maintenance of a stable workforce sufficient to assure continuity of the firm's abilities to provide quality medical evaluation services.

**Services**

Please describe your firm's philosophy and approach to providing disability medical evaluation services as described in the Scope of Work.

1. Please describe your level of experience in providing disability medical evaluation services to clients similar to LACERS as described within the Scope of Work. Please provide the names of any such organizations and specify the types of organizations you have for clients.
2. Please describe your firm's policies regarding customer service. How do you monitor quality of customer services provided by your staff as they relate to disability medical evaluation services?
3. Please describe your firm's philosophy in providing customer services to persons being evaluated for disabilities. What key issues do you recognize as being important to the process from an applicant's perspective?

4. What expectations do you feel a disability applicant should hold regarding the examining physicians while they are passing through the disability medical evaluation process?
5. Describe your firm's capabilities for providing flexibility in dealing with problems that may occur with scheduling appointments for applicants.
6. Describe your firm's ability to provide disability medical evaluations at differing on-site locations, such as hospitals or care facilities, for rare situations when incapacitated applicants might be incapable of traveling to any examining physician's office.
7. What is your typical timeframe, in days, from the date when you receive client medical records to the date when you have finished determining the recommended medical specialties applicable for the applicant's disability medical evaluations? Please describe.
8. What is your typical timeframe, in days, between the date you are requested to schedule appointments by a client and the date on which they are actually calendared with the examining physicians? Please describe.
9. What is the typical timeframe, in days, between the date when you schedule appointments with examining physicians and the actual dates of the disability medical examinations? Please describe.
10. How much time, on average, do your examining physicians spend in evaluating disability applicants? What is your firm's philosophy regarding the amount of time an examining physician should need to spend with an applicant?
11. Please describe your typical interactions with clients for purposes of tracking and monitoring applicant appointments? What systems and methods do you typically use to keep clients aware of applicant performance in completing their disability medical evaluations? Explain.
12. Please describe any areas of service contained within the Scope of Work that you feel your firm would find inconsistent with the types of disability medical evaluation services you would typically provide.
13. Do you have any special capabilities to arrange for, or provide, transportation services for applicants? Please describe any transportation services you might provide and your typical process for dealing with transportation services.
14. Please provide a description of your billing practices and a sample of a typical billing you would use for clients requesting the types of services contained within the Scope of Work.

**Physician Resources**

1. Please provide a specific examining physician resource list, describing the overall breadth and depth of your firm's examining physician resources. Please list the various medical specialties available as well as the years of experience and accreditations available for each examining physician.
2. Specify whether or not they are regularly, licensed, practicing physicians licensed with the Medical Board of the State of California, or possess equivalent licensing requirements if they are expected to perform disability evaluations out-of-state.
3. Does your firm have the ability to engage examining physicians in all of the medical specialties listed within the Scope of Work? If you do not have the ability to engage in services for any of the medical specialties, please describe the specific medical specialties and reasons why you are unable to engage for services with physicians in the specialties.
4. Please describe any proposed solutions for engaging services for any specialties you might not currently have the capacity to engage.
5. Please describe the locations of your examining physicians. Provide specific information on the geographic areas and the numbers of examining physicians available within each geographic area. Please detail the medical specialties you have available in each geographic area.
6. Please describe level of independence for your examining physicians. Please indicate whether or not your examining physicians perform medical evaluations in the same manner as independent medical examiners. Provide a percentage breakdown for each examining physician, indicating the percentage of work they perform as an independent medical evaluator, and the percentages for each other area of their work, such as private practice, workers compensation evaluations, etc.
7. Describe the criteria you use when recruiting, evaluating, and selecting examining physicians for work through your firm. How do you monitor the examining physicians you engage for the quality of their medical evaluation services? How do you assure they remain licensed and in good standing?
8. Describe the processes and decision-making criteria you would expect to use in determining the specific examining physicians you would refer to LACERS.
9. On occasions, an applicant, or their treating physician, will disagree with the findings and/or diagnosis of an examining physician. Are your examining physicians available to provide responses and/or expert testimony to explain their medical findings? Describe your firm's experience in providing such services.

**Reporting**

1. Please describe your firm's abilities and experience in generating disability medical evaluation reports consistent with the specified format provided in the Scope of Work.
2. Please submit redacted disability medical evaluation reports, as examples of the types of disability medical evaluation reports you would provide to LACERS. Please provide exemplars in each of the following medical specialties: Orthopedic, Psychiatric, Internal Medicine, and Neurological. Two of the reports must be examples of a sworn service-connected disability and nonservice-connected disability.
3. Please describe how your disability medical evaluation reports would be created for each examining physician? Do you use centralized resources for producing the disability medical evaluation reports? What types of quality controls do you use to assure your reports meet the requirements of your clients?
4. Please attach two examples of "Supplemental Reports" or equivalent reports you might have produced for other clients with similar needs. Please describe your firm's level of experience in providing supplemental medical information for disability medical evaluations and/or disability hearing processes.
5. Please provide an example of a "Summary of Medical Records" as described in the Scope of Work. If you do not regularly produce such a document for your clients, please provide a sample of what type of document you would provide to fulfill this type of requirement.
6. Please provide an example of a written communication you would use to notify clients that medical appointments have been scheduled.
7. What is the average timeframe, in days, from the time an applicant's disability medical evaluation has been completed through to the date the completed disability medical evaluation report would be sent out to your client? Please explain.

**Conflicts of Interest/Confidentiality**

1. Does your firm have a policy on potential conflicts of interests between your firm, staff, examining physicians, and the applicants and/or clients? Please explain.
2. What methods does your firm use to assure that no conflicts of interests are overlooked in dealing with client services? What steps would you expect to take if a conflict of interest was discovered?
3. What method does your firm use to assure the protection of confidential, client-provided, medical information? Please describe.



4. What methods does your firm use to assure that there are no unauthorized disclosures of client information? Please describe.
5. Has your firm been involved with, within the past five years, any litigation involving unauthorized releases of client confidential information? If so, please explain.

**B. Proposed Compensation**

Your fee schedule should cost out each of the services contained within the Scope of Work. The fee schedule should cost out each of the following categories as "Proposed Fees."

**Basic Disability Medical Evaluation Fees:**

Please detail the specific costs you expect to bill to LACERS for each disability medical evaluation. LACERS staff expects you will be providing a billing for each disability medical evaluation, per each examining physician. If you intend to use a flat fee for all medical specialties, please indicate that flat fee, and detail out all the medical specialties and services that you would expect to provide under the umbrella of your flat fee, specifically describing the coverage in terms of services described within the Scope of Work. If you will be basing your billings upon each individual medical specialty, please detail the costs for each specialty, as well as any tests and other related services you would expect to be covered under the flat fee for each specialty.

The fees quoted here are expected to cover all areas of Scope of Work provided as "Basic Duties", "Pre-Medical Examination Services", "Examination Services", and "Post-Medical Examination Services". The basic disability medical evaluation fees covered here are not expected to cover unique services listed within the "Ad Hoc" Disability Medical Evaluation Services" portion of the Scope of Work. If the firm wishes to include any of the "Ad Hoc" Disability Medical Evaluation services within the basic disability medical evaluation fee quotes, please specify them clearly by listing each additional service.

**"Ad Hoc" Disability Medical Evaluation Services**

Please provide detailed fee proposals for each portion of the "Ad Hoc" Disability Medical Evaluation Services section of the Scope of Work, as follows:

**"Supplemental Reports"**

Please provide details on the manner of billing you expect to use for Supplemental reports, as described in the Scope of Work. LACERS would like you to quote a flat fee for these expected charges. If you are not able to provide a flat fee, please provide very detailed information on the specific manner you would use to bill for "Supplemental Reports" as described in the Scope of Work.

**Expert Testimony**

Please provide a quote on the expected costs for expert testimony. Please provide this using a schedule of rates, per hour, for such services. The expectation is that the firms will provide a schedule with various medical specialties and associated rates per hour. If

your charges are unique to each examining physician involved, please provide that level of detail. If you only expect to charge on a single flat hourly rate basis for any medical specialty, please provide that rate and explain the scope of services covered by the flat rate.

Late Cancellations and "No shows"

Please provide LACERS with the flat rate charge you would expect to bill for "No Show" or late cancellations as described in the Scope of Work. LACERS does not expect to be charged for late cancellations unless the cancellation notice is not provided by LACERS staff to your firm's staff at least twenty-four hours in advance of the scheduled appointment's date and time. If you expect to charge varying rates for "No Shows" and/or late cancellations, please provide a very specific response, detailing the exact manner you would use in charging and billing for "No Shows" and late cancellations.

On-Site Medical Evaluations

Please quote the additional charges, if any, you expect to charge to have examining physicians perform on-site medical evaluations. Provide detailed information on the availability of the services and the breakdown of expected charges.

Specialized Medical Testing

Please provide your expected manner for billing for additional medical tests, requested by the examining physicians, subject to pre-approval by LACERS staff, such as Magnetic Resonance Images (MRIs), Computerized Axial Tomography (CAT) scans, etc. Provide a detailed list of the types of tests you would expect to charge for in addition to the medical examination basic charges. Please explain the specific types of tests you expect to cover within the scope of the basic medical examination fees.

Transportation Services

If this service area is applicable, please provide specific information on the expected method of billing you would use for such services, including any third-party expenses.

Medical Record Only Evaluations

This is rarely required for disability medical evaluations performed for LACERS. The expectations are that no additional charges should apply beyond the "Basic Medical Evaluation Fees" quoted above. However, if your firm charges additional fees for medical record only disability medical evaluations, please provide specifics on those charges and the reasons for the extra charges. If your firm would not charge anything beyond the expected "Basic Medical Evaluation Fees" quoted above, please indicate that in your proposal.

Miscellaneous costs (Describe and delineate)

The expectation is that the costs of disability medical evaluation services needed under the Scope of Work have been covered in the other areas of the fee analysis. However, if you feel other fees should have been included, please provide specific information on those fees in your proposal. This response shall not substitute for specific responses requested elsewhere in the RFP.

Proposers must provide fixed prices, including out-of-pocket expenses, for all costs associated with the scope of work identified in the proposal.

**C. Required Compliance Documents**

Please submit all REQUIRED COMPLIANCE DOCUMENTS specified below. Failure to complete these documents will deem your proposal as non-responsive.

- Appendix A – General Conditions
  - Attachment 1: Marketing Cessation Policy
  - Attachment 2: Confidentiality and Non-Disclosure of Member Information Policy
  - Attachment 3: Request for Proposal Warranty/Affidavit. The document must be signed and notarized
  - Attachment 4: Affirmative Action Plan. Complete with the proposal, or submit your own Affirmative Action Plan that meets all the requirements of the City of Los Angeles' Affirmative Action Program
  - Attachment 5: Bidder Certification – City Ethics Commission Form 50
  - Attachment 6: Bidder Contributions – City Ethics Commission Form 55
  - Attachment 7: MBE/WBE/OBE Subcontractor Information
  - Attachment 8: Standard Provisions for City Contracts
  - Attachment 9: Equal Employment Practice Form



**Report to Board of Administration**

Agenda of: **MARCH 12, 2019**

*Neil M. Guglielmo*  
 From: Neil M. Guglielmo, General Manager

ITEM: **VII-B**

**SUBJECT: WEBSITE REDESIGN CONTRACT WITH DIGITAL DEPLOYMENT INC. AND POSSIBLE BOARD ACTION**

Recommendation

That the Board:

1. Approve the Contract with Digital Deployment Inc. for three (3) years, not to exceed \$188,750, to provide website design and support services for LACERS.org; and
2. Authorize the General Manager to negotiate and execute the final contract.

Discussion

With the adoption of the LACERS' Strategic Plan, the inclusion of "Innovation" as a new Guiding Principle, and the successful launch of the new MyLACERS web portal, staff resources are now focused on redesigning the LACERS' website to bring it technologically current and expand our online presence. To that end, staff has leveraged the use of an existing Request for Proposal (RFP) process released by the Los Angeles Fire and Police Pensions System (LAFPP) for website design and support services that aligns well with LACERS' needs of acquiring a vendor that utilizes an industry standard platform, responsive-design technology, integrates with social media, and provides a robust content management module. Through this leveraged process, LACERS benefits from the timely selection of the website vendor, and expeditious contractual process towards the redesign of the new website.

LACERS requested and received the top five (5) ranked website vendors from LAFPP. A LACERS' review and rating panel was established and each vendor was ranked according to the following: qualifications and experience, ability to address LACERS' unique needs as a pension fund, reasonableness of costs and value, positive contracting history, and technology, inclusive of security and business continuity. The raters met to discuss their findings and unanimously selected **Digital Deployment Inc.**, as the desired vendor based on their extensive track record of pension clients, a clearly delineated and thorough development, implementation, and security strategy, as well as fixed costs associated with each project phase.

As LACERS' website was implemented in 2010, and is of dated technology, staff recommends contracting with Digital Deployment Inc., for the term of three **(3) years in the amount not to exceed \$188,750**. The total cost is inclusive of the following: the website redesign and launch at a cost of \$140,750 and two (2) years of maintenance and support at a cost of \$48,000. The funding for this

contract is being requested as part of the FY19-20 budget. The anticipated completion date is April 2020.

Strategic Plan Impact Statement

This request supports the LACERS Strategic Plan, Customer Service Goal, by providing ease of access to retirement information and resources.

This report was prepared by Taneda K. Larios, Sr. Management Analyst II, PAS Project Team

Attachment: 1) Proposed Resolution

NG:LP:TKL:TM

CONTRACT WITH  
DIGITAL DEPLOYMENT INC.  
FOR WEBSITE DESIGN AND SUPPORT SERVICES

PROPOSED RESOLUTION

WHEREAS, the Los Angeles Fire and Police Pension System (LAFPP) released and Request for Proposal (RFP) for website design and support services containing a similar scope of work;

WHEREAS, the LACERS has determined that the pool of respondents would be substantially the same as those who submitted proposals to LAFPP;

WHEREAS, the LACERS desires to conform its website to the industry standard platform for responsive-design, inclusive of a robust content management solution;

WHEREAS, it is LACERS' desire to provide ease of access to information and resources to its members;

WHEREAS, the website redesign project aligns with the newly adopted LACERS' Strategic Plan, Goal Area 1, in providing outstanding customer service and increasing member engagement through diverse communication channels; and

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms, and substantially consistent with the following services and terms:

<u>Company Name:</u>	DIGITAL DEPLOYMENT INC.
<u>Service Provided:</u>	Website Design Website Maintenance and Support
<u>Term Dates:</u>	April 1, 2019 through April 30, 2022
<u>Total Expenditure Authority:</u>	\$188,750

March 12, 2019



**Report to Board of Administration**

*Neil M. Guglielmo*

From: Neil M. Guglielmo, General Manager

Agenda of: **MARCH 12, 2019**

ITEM: **VIII-B**

**SUBJECT: PUBLIC COMMENT LETTER TO THE SECURITIES AND EXCHANGE COMMISSION REGARDING FORM 10-Q REPORTING AND POSSIBLE BOARD ACTION**

Recommendation

That the Board consider and approve the attached comment letter to the SEC affirming the importance of quarterly reporting.

Background

The U.S. Securities and Exchange Commission (SEC) is a federal agency that oversees securities laws and regulations, U.S. stock and option exchanges, and the U.S. marketplace. The SEC was created in 1934 and has a mission to "protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation." Currently, SEC regulations require publicly traded companies to report on financial data and performance annually on the Form 10-K and quarterly on the Form 10-Q.

On December 18, 2018, the SEC issued a request for public comment on earnings releases and quarterly reports. The request seeks the input on why companies voluntarily release earnings releases in addition to the required 10-Q quarterly reports, how investors utilize the information in the 10-Q reports and in earnings releases, and how the market would react to a change to semi-annual reporting. It is important to note that the SEC did not release any specific policy proposal or proposed rule change. However, President Donald Trump did request that the SEC study semi-annual quarterly reports in August 2018.

Discussion

LACERS and its investment managers review the performance of each investment strategy on a quarterly basis. While decisions are not usually made based on one quarter's data, LACERS believes that the free flow of data and information is important for the health of the U.S. Market as well as our ability to prudently monitor and manage our investments in U.S. publicly-traded security holdings. As such, staff recommends submitting the attached letter to the SEC by the March 21, 2018.

RJ:BF:SG:sy

Attachments: A) LACERS Letter to the U.S. Securities and Exchange Commission





## ATTACHMENT A

Eric Garcetti, Mayor of the City of Los Angeles  
Neil M. Guglielmo, General Manager  
Todd Bouey, Assistant General Manager  
Lita Payne, Assistant General Manager  
Rodney June, Chief Investment Officer

March 15, 2019

Mr. Bret J. Fields, Secretary  
Securities and Exchange Commission  
100 F Street NE,  
Washington, DC 20549-1090

Re: Request for Comment on Earnings Releases and Quarterly Reports

Dear Mr. Fields:

I am writing on behalf of the Los Angeles City Employees' Retirement System (LACERS). As a public pension system, we oversee a portfolio of over \$17 Billion in assets and represent over 45,000 members and beneficiaries. LACERS has a long-term investment horizon with a goal of providing plan members and their beneficiaries with post-retirement benefits. LACERS appreciates the opportunity to share with you some of our preliminary views regarding the Security and Exchange Commission (SEC)'s Request for Comment on Earnings and Quarterly Reports.

The current SEC regulations, including the 10-Q report, create an important baseline for the transparency and free flow of information from U.S. publicly-traded companies to shareholders. LACERS investment managers use the data found both in the 10-Q quarterly reports and in earnings releases to update their models, track performance of current and potential holdings, and make prudent investment decisions on LACERS behalf. While some data may be released voluntarily or outside of the SEC process, the 10-Q provides an important stopgap to ensure that similar data is released by all companies.

As a public pension fund, corporate good governance and market transparency are important factors for managing its financial sustainability over a long-term investment horizon. The frequent and timely reporting of financial data provides assurance for LACERS investment managers that their buy and sell decisions are based on timely and reliable financial reports, which increases LACERS' confidence in the valuations of its U.S. publicly-traded security holdings. While LACERS and its fund managers do not typically make investment decisions based on one quarter's data, losing this information

Securities and Exchange Commission

March 15, 2019

Page 2

would reduce LACERS and its investment manager's abilities to prudently manage and monitor billions of dollars in U.S. publicly-traded security holdings.

While LACERS understands that there may be ways to simplify or improve the current reporting process, we encourage the SEC to strongly maintain a system that requires the timely release of relevant information on no-less than a quarterly basis. As such, LACERS supports the continued requirement for quarterly data reporting.

Thank you for the opportunity to share with you LACERS' views on this important topic. Should you have any questions or require further information, please do not hesitate to contact Rod June, Chief Investment Officer, at 213-473-7124.

Sincerely,

Neil M. Guglielmo  
General Manager

NG:RJ:BF:SG

# TACTICAL ASSET ALLOCATION OVERVIEW

## LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

March 12, 2019



**LACERS**  
LOS ANGELES CITY EMPLOYEES'  
RETIREMENT SYSTEM



BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | PORTLAND | SAN FRANCISCO

# AGENDA

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# TACTICAL ASSET ALLOCATION

NEPC, LLC

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# ASSET ALLOCATION POLICY

## Strategic

Reflects forecast of asset class returns, risk and correlations over 10-, 20- or 30-year time periods

Determined by asset liability modeling or mean variance conducted periodically (3-5 years)

Maintained through establishment of acceptable ranges around each asset class target and periodic rebalancing

## Opportunistic

Market dislocation and valuation moves to extreme

Examples include: technology bubble (late 1990s) and credit market sell-off (2008)

Decisions for investment typically can be made within a public fund's normal decision-making process

Time horizon for investments in this category is ~1-3 years

Outsized opportunities may not present themselves often

## Tactical

Requires more frequent review and adjustment of asset allocation using market-driven assumptions

Most public fund governance structures do not allow for tactical decision making

Time horizon for these types of investments <1 years

Requires delegating: 1) a portion of assets to flexible investment strategies; and/or 2) granting authority to staff to make portfolio adjustments



# TACTICAL ASSET ALLOCATION

## **What is Tactical Asset Allocation (TAA)?**

Portfolio adjustments based on market dynamics and shifts in valuations over time  
Investment decisions expected to enhance a strategic allocation

## **What it is not....**

Market timing  
Speculation

## **Goal of TAA is to incrementally improve risk-adjusted returns of the entire investment portfolio**

It should be noted that difficulty exists in quantitatively demonstrating consistent value-add from TAA programs

Most investors (including ourselves) do not have investment experience, tools and decision-making framework to pursue true tactical asset allocation



# TACTICAL ASSET ALLOCATION APPROACH

## **A tactical approach to asset allocation can allow long-term investment programs to increase return and manage risk more effectively**

More frequent review and adjustment of asset allocation based on market-driven changes

Inclusion of an opportunistic component to over all asset mix

Flexible target typically expressed as 0-10%

## **Governance and implementation considerations include:**

Expedited decision-making process

Board and/or Investment Committee level

Empower Staff to actively tilt portfolio exposures within specified tolerance ranges

LACERS current policy only allows for rebalancing when an asset class/manager exceeds respective threshold or for external cash flows (e.g., annual City contribution)

Structural changes to the asset allocation to incorporate flexible investment strategies

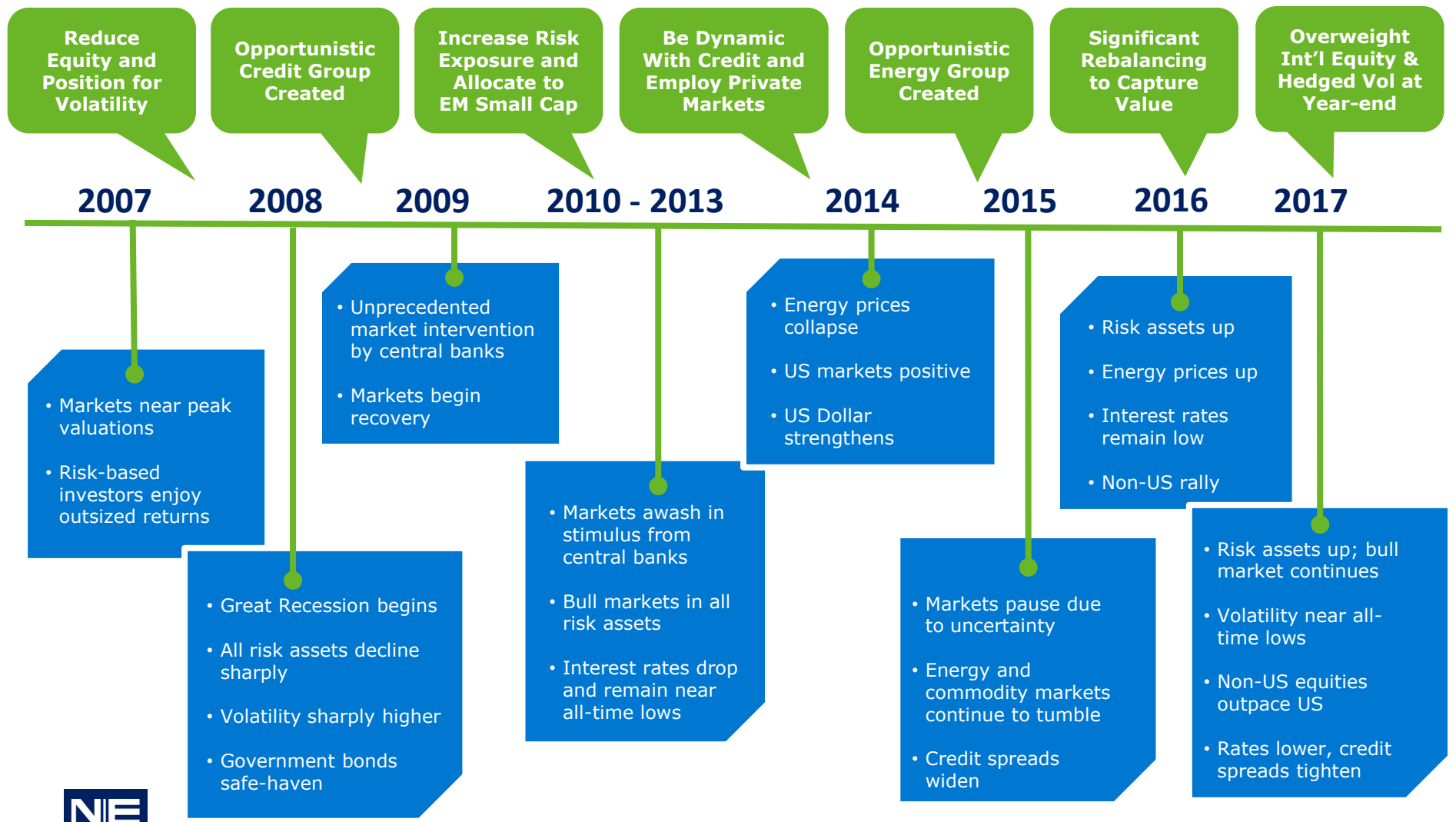
Inclusion of opportunities across global capital markets (e.g., Global Asset Allocation or Global Macro strategies)

Establish an overlay program at the total portfolio level to efficiently rebalance and/or implement a market view





# HISTORICAL NEPC TACTICAL MESSAGING



# CURRENT MARKET ENVIRONMENT

NEPC, LLC

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# 2019 SUMMARY OUTLOOK

## **Market dynamics shifted significantly in 2018, with Fed policy and US-China trade tensions disrupting many of our key market themes**

As a result we have removed Federal Reserve Gradualism, Extended US Economic Cycle, and Global Synchronized Growth as key themes

## **We believe we have entered a late-cycle market environment and the dynamics of such an environment will be a focal point for investors**

However, late-cycle does not mean end of cycle and equities can still offer lucrative returns, though are likely to be accompanied by additional volatility

## **We encourage investors to rebalance developed market equity exposure**

We have downgraded our outlook for non-US developed equities and removed the overweight recommendation from our current opportunities list

The main driver of the change is negative sentiment surrounding economic and political conditions of Europe, concerns related to the earnings growth outlook, and central banks paring back their support of easy financial conditions

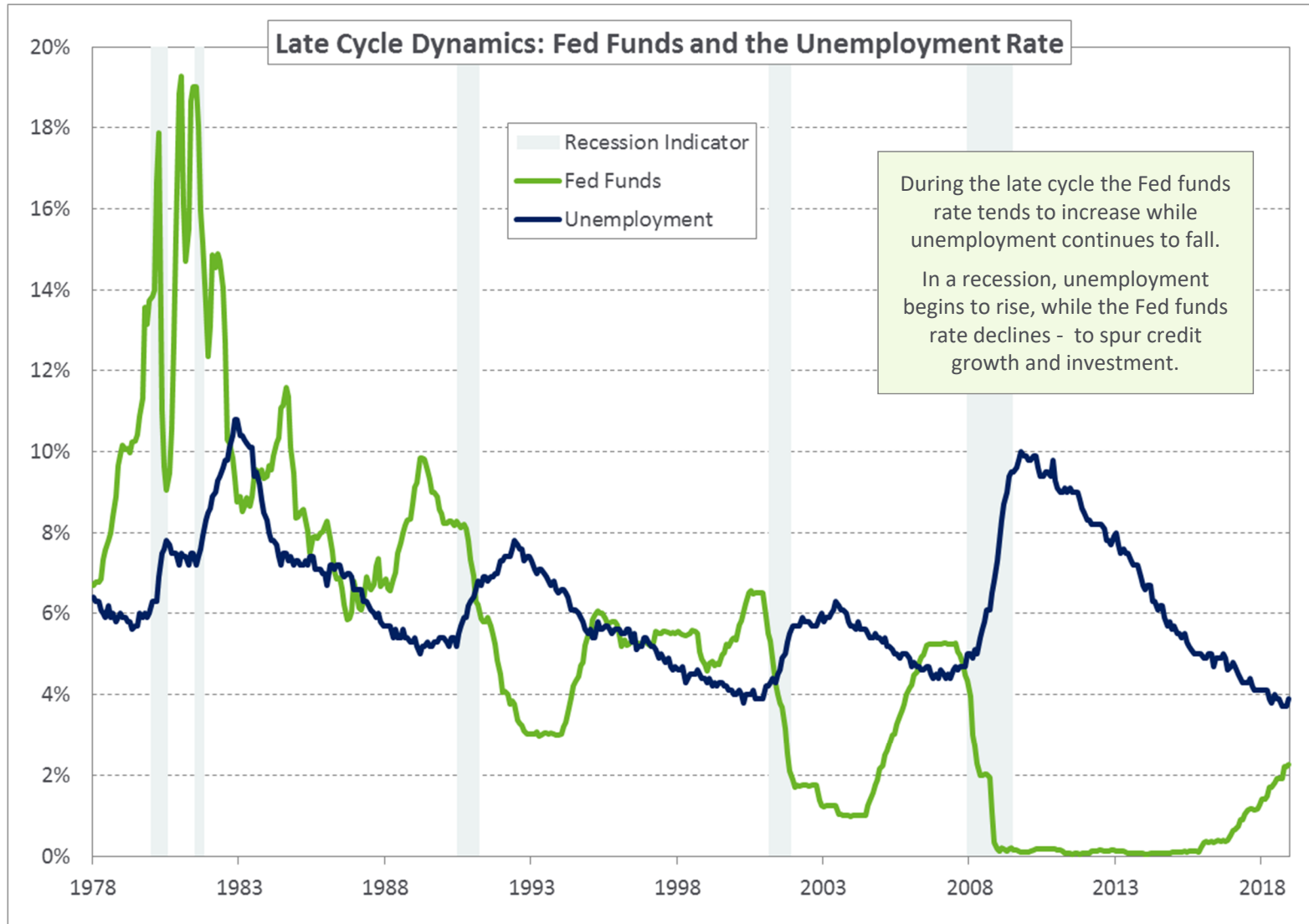
## **The transition to a late-cycle is accompanied with a more risk-averse investment outlook as economic risks become more pronounced**

After years of low volatility and outsized equity returns, the market is likely to transition to a higher volatility regime, which offers more risk but also tactical opportunities

We recommend reducing lower quality credit exposure as higher default rates are a common aspect of late-cycle market dynamics



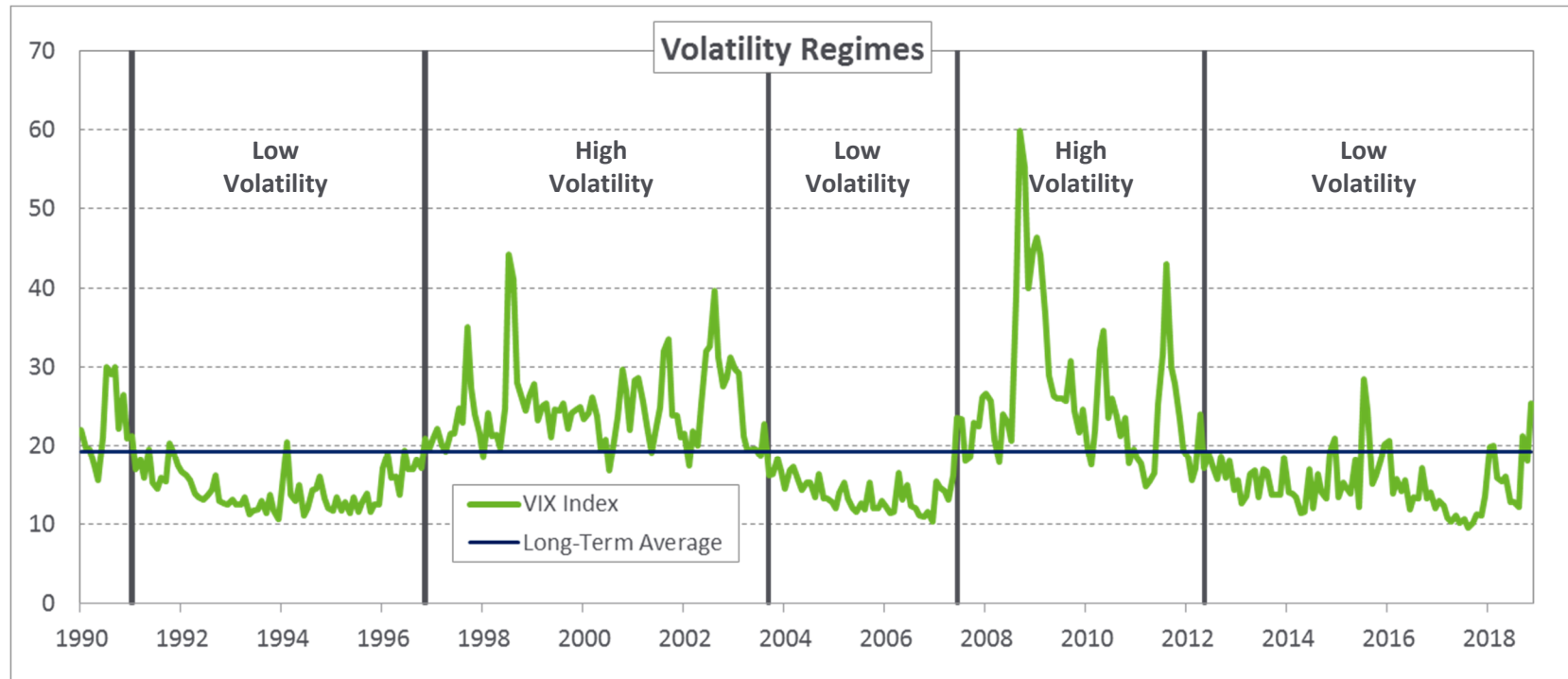
# THE ECONOMIC CYCLE IS IN TRANSITION



Source: St. Louis Federal Reserve, NBER



# BRACE FOR HIGHER VOLATILITY IN 2019



Source: S&P, CBOE, Bloomberg, NEPC

## **Equity volatility regimes tend to persist over prolonged periods and 2018 was witness to a material shift higher in equity volatility**

We encourage investors to raise "safe haven" fixed income exposure as trends associated with each of our key market themes suggest higher volatility is on the horizon

## **2019 may prove to be a difficult year for markets but higher volatility can also offer a greater number of opportunities for dynamic investors**

Investors should be prepared to act in a higher volatility regime, as dynamic opportunities may arise to deploy safe-haven assets back into US equity and other risk assets



# KEY MARKET THEMES

NEPC, LLC

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# KEY MARKET THEMES

**Late Cycle Dynamics**

**Tightening Global Liquidity**

**China Transitions**

**Globalization Backlash**



# KEY MARKET THEMES

## Late Cycle Dynamics

### The US economy has transitioned from a mid- to late-cycle environment

Late cycle does not mean end of cycle; equity markets can offer strong returns and abandoning risk assets early may detract from long-term results

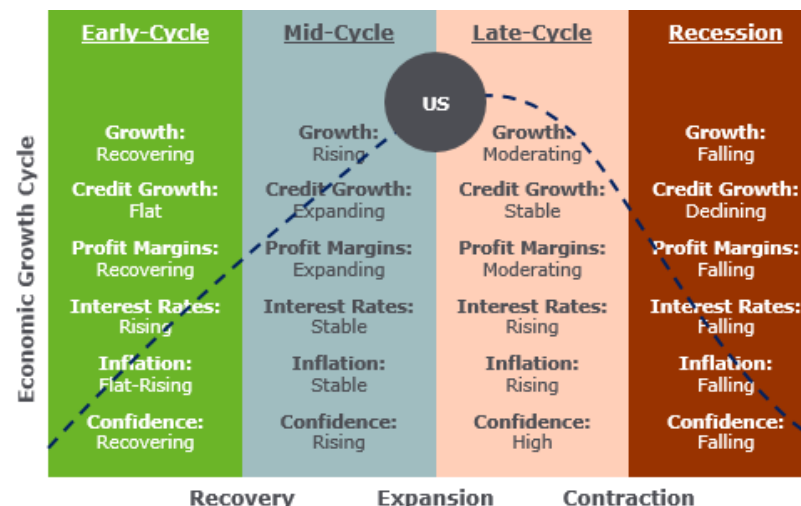
Positive economic data can support continued US economic expansion and further equity gains

However, moving into a late cycle negatively skews the range of outcomes and our investment outlook reflects a more risk-averse posture with a bias toward selling low quality credit and increasing safe-haven fixed income exposure

### Trends among key indicators suggest a transition to late-cycle has occurred

These indicators provide a useful guide to recognize changes in the economic cycle

Despite the recent trend, there is minimal evidence in economic/financial indicators to suggest that a US recession is imminent



US Indicators	Late-Cycle Trend	Current Trend
Equities	Peaking	Uncertain
Interest Rates	Rising	Yes
Yield Curve	Flattening	Yes
Inflation	Rising	Yes
GDP Growth	Moderating	Uncertain
Credit Spreads	Stable/Rising	Yes
Output Gap	Near/Above Potential	Yes
Unemployment	Falling/Bottoming	Uncertain

Source: (Top) NEPC  
Source: (Bottom) NEPC





# KEY MARKET THEMES

## Late Cycle Dynamics

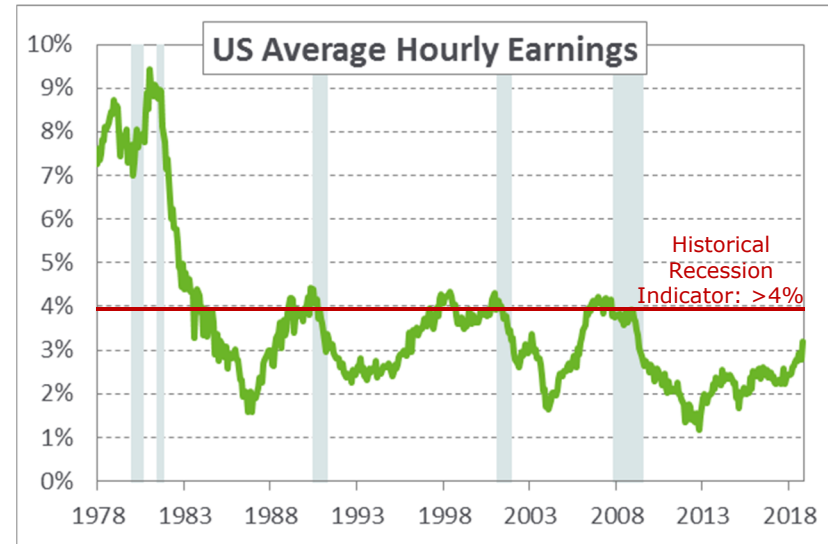
**Key indicators are helpful guides, but all business cycles are different**

Late-Cycle Dynamics	↑	<u>Growth</u> : This expansion has been the longest ever, but cumulative GDP growth remains well below average. Sustainability of current growth from fiscal stimulus remains unclear.
	↑	<u>Interest Rates</u> : The Fed has methodically increased rates off post-crisis lows. They appear to be on a tightening path to push rates above the long-term neutral rate through 2019 and beyond.
	↑	<u>Inflation</u> : Despite record low unemployment rates, inflation pressures have been slow to materialize relative to history. Yet US inflation is up nearly 2% over the last three years, but remains below historic levels.

**We are evaluating market indicators such as the yield curve that would lead us to adopt a defensive outlook**

Should the yield curve invert and economic metrics weaken, our recommendation will be to materially increase safe-haven fixed income and reduce equity exposure

There is a greater need to seek portfolio balance in a late cycle, while the increased volatility may offer tactical opportunities



Source: (Top) Bloomberg, NEPC  
 Source: (Bottom) Federal Reserve Bank of St. Louis, NEPC;  
 Light blue shading indicates recession



# KEY MARKET THEMES

## Tightening Global Liquidity

**The Fed has shifted from a “lower for longer” policy to a more balanced posture of raising rates in line with higher inflation**

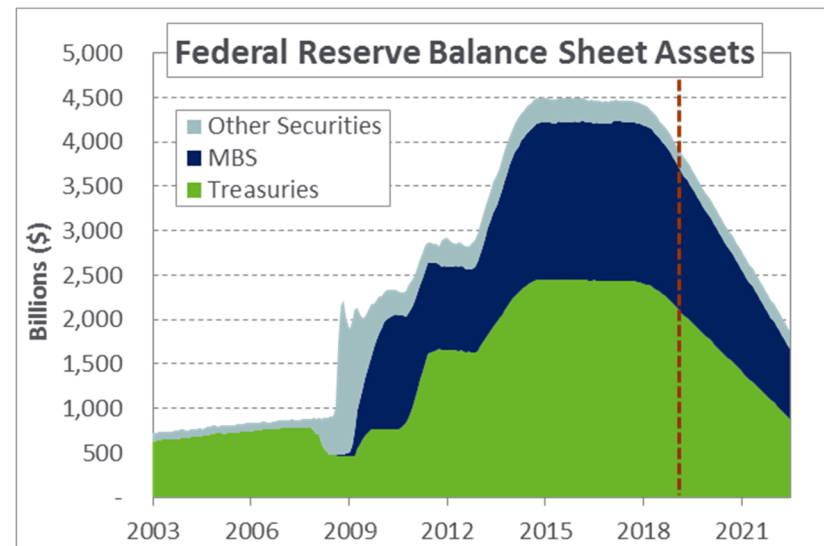
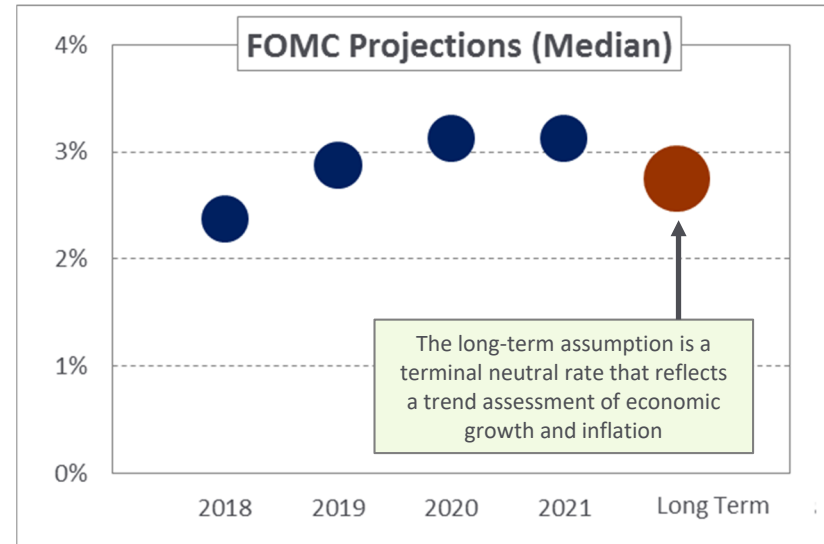
Based on the FOMC projections, the Fed is communicating a tightening path as their forecast for interest rate hikes moves beyond the long-term neutral rate

Markets are discounting a muted pace of hikes relative to Fed projections, creating potential for capital market disruption. However, the Fed’s bias appears to be to raise rates in the absence of market turmoil

**The Fed’s balance sheet has shrunk by \$400B and will continue to decline by a monthly maximum target of \$50B**

Normalization of the balance sheet is a form of monetary policy tightening as liquidity is methodically extracted from the system

The impact of the balance sheet reduction is untested – potentially mirroring how the Fed’s balance sheet expansion (QE) had easing effects



Source: (Top) Bloomberg, NEPC  
Source: (Bottom) Bloomberg, NEPC



# KEY MARKET THEMES

## Tightening Global Liquidity

### Transmission of tighter liquidity is already underway and is felt globally

Slowing money supply growth rates tighten financial conditions and are a headwind for credit and equity markets across the world

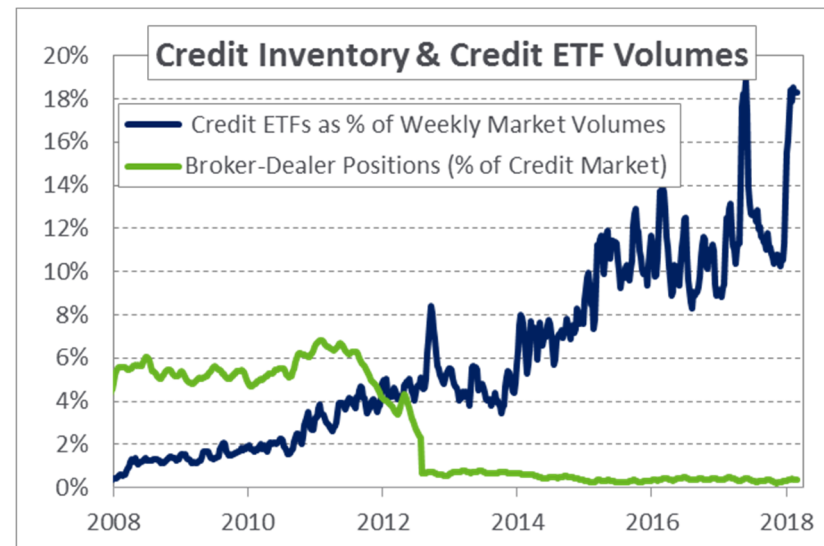
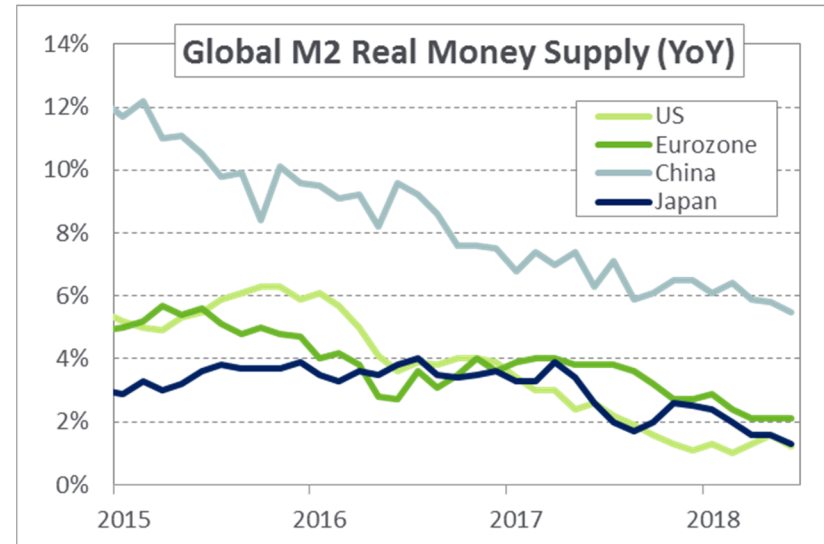
Ability to ease financial conditions is limited outside the US as central banks do not have dry powder with interest rates near historic lows and the ECB restricted in their ability to expand QE purchasing capacity

A pause in Fed tightening or a large stimulus program from China are the limited global levers available to ease tighter conditions

### The diminishing support from central banks warrants caution regarding liquidity in credit markets

Underlying trading conditions for ETF and credit markets remain fragile and are likely to be severely tested to absorb an exodus from crowded credit positions

The “Fed put” or a reversal of balance sheet normalization may be necessary to avoid a liquidity crisis in a severe market disruption



Source: (Top) Bloomberg, NEPC  
Source: (Bottom) Bloomberg, NEPC



# KEY MARKET THEMES

## China Transitions

### China is the global growth engine but faces fundamental transitions

China's economy is transitioning from a focus on production and investment to a service and consumption based economy

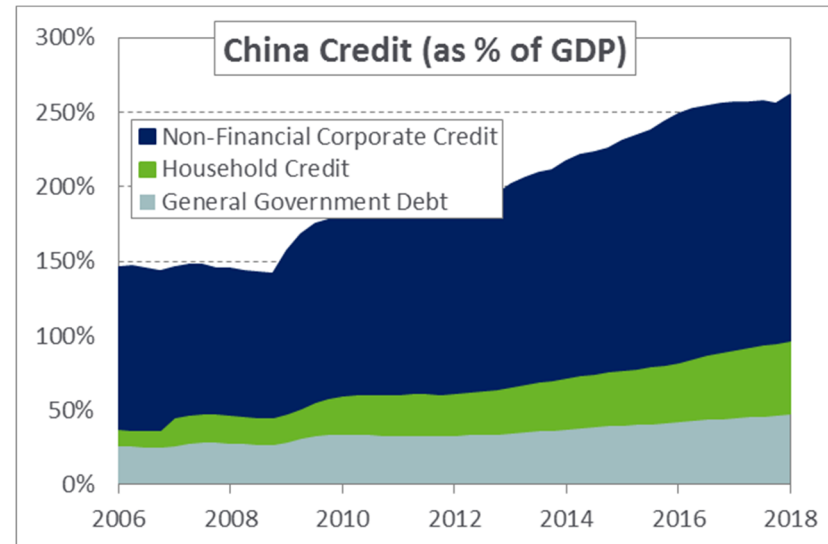
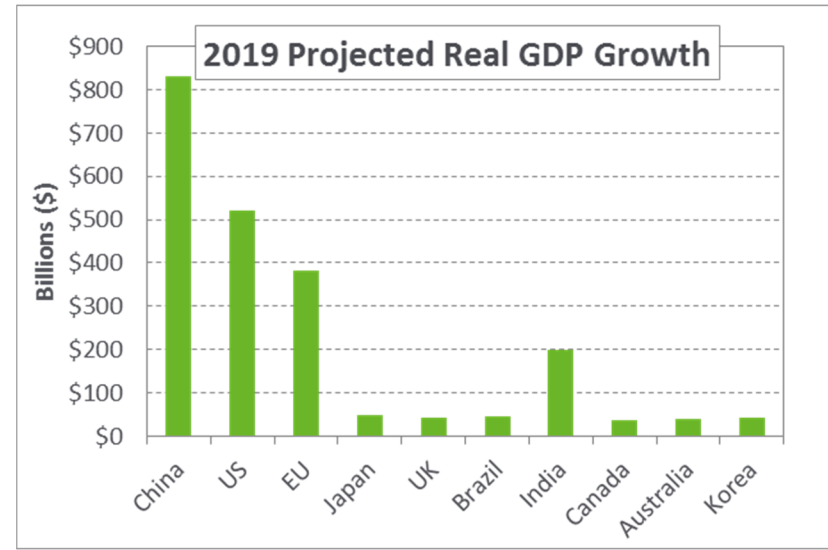
Fixed investment and credit expansion is needed to sustain the "old" production-based economy and support employment as the population shifts to urban centers

Any disruption to these transitions will be transmitted globally due to China's outsized role in the world economy

### Policy makers must continue to balance goals of moderating credit expansion against sustaining healthy economic growth rates

Recent shifts in policy suggest a tilt away from credit moderation to offset the harmful effects of the US-China trade dispute

However, an uncontrolled expansion of credit growth and real estate development pose a future systemic risk to the economy



Source: (Top) Bloomberg, NEPC  
Source: (Bottom) BIS, NEPC



# KEY MARKET THEMES

## China Transitions

### China's economy is expected to equal the size of the US within 25 years

China's increased economic and geopolitical prominence on the world stage can be viewed as a threat to US leadership

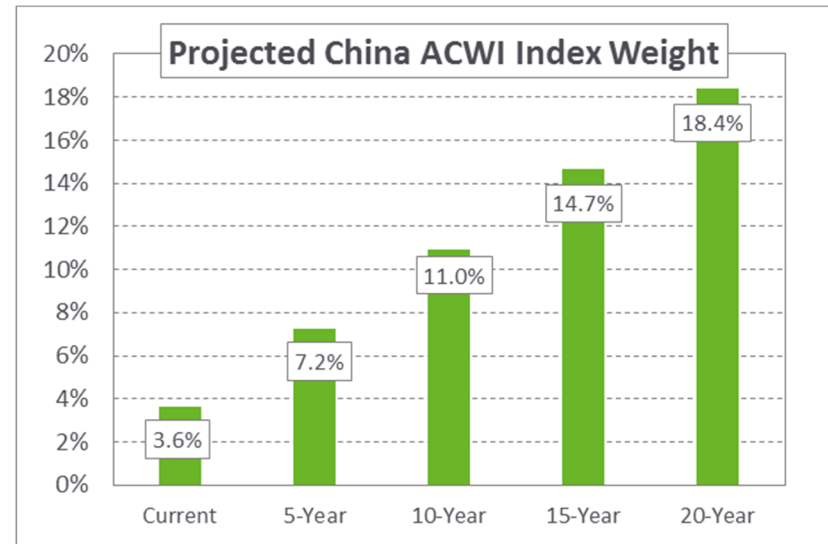
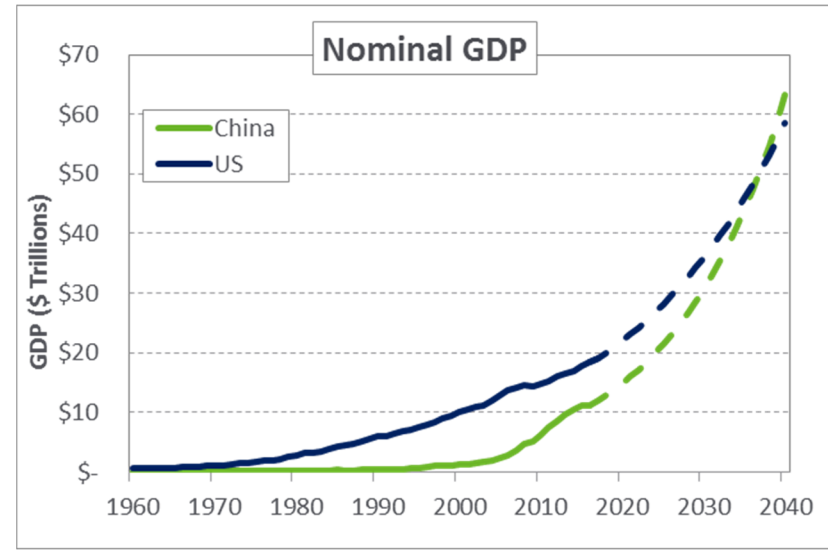
Tariffs and trade conflict are a form of "Thucydides Trap", where a rising power causes fear in an established power

China is in a race against time: *Can they get rich before they get old?* This race may conflict with some US geopolitical interests and risks a zero-sum dynamic of economic competition between the US and China

### Access to local financial markets is accelerating and expected to expand

Expansion of Hong Kong-mainland stock connect program broadens access to A-shares and strengthens the case for increasing size of Chinese equities in indices

With limited access for foreign investors, China is looking to slowly open access to the world's third largest fixed income market



Source: (Top) St. Louis Fed, NEPC; China is projected to grow at 7.5% and the US is projected to grow at 5.0%

Source: (Bottom) MSCI, Bloomberg, NEPC



# KEY MARKET THEMES

## Globalization Backlash

### Uneven economic growth and wage gains have fueled political discontent in the developed and emerging world

Fatigue over globalization has led to a turn inward and greater political interest in nationalism, while multilateral relationships are viewed with suspicion

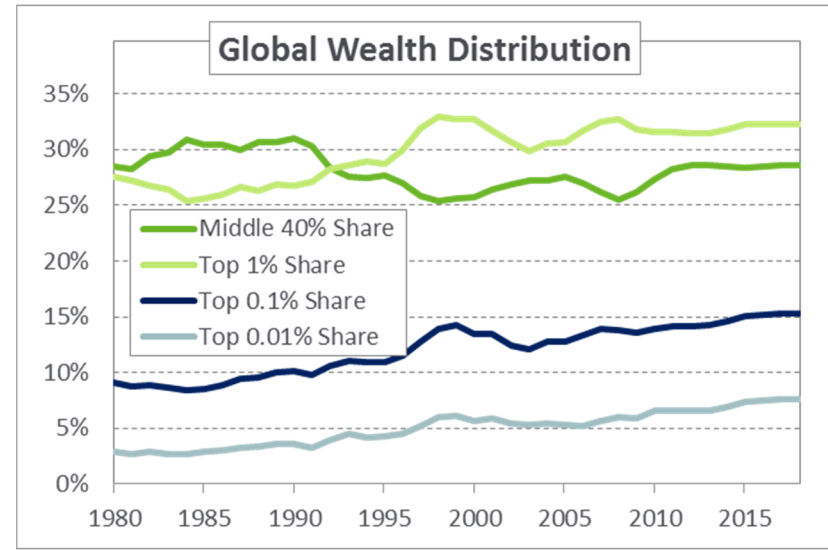
Globalization Backlash is a long-term trend as populist movements lead to shifts away from political/economic orthodoxy, which heightens tail risks

### US-China trade tensions are a full expression of our backlash theme

Levying tariffs is a dangerous game as both the US and China look to negotiate an end to the tensions but must demonstrate strength for their domestic audience

In the past, markets have taken the US administration's rhetoric with a grain of salt but the tit-for-tat tariff escalation with China is a concern for market sentiment

We have likely settled into a prolonged "cold war" in the ongoing US-China trade battle



Source: (Top) WID.World, World Inequality Lab  
Source: (Bottom) USTR, Bloomberg, NEPC



# KEY MARKET THEMES

## Globalization Backlash

### Expanding protectionism from US trade policy is a material risk to global markets and the economy

US adopted a more restrictive trade policy in 2018 and investor sentiment outside the US deteriorated along with US-China relations

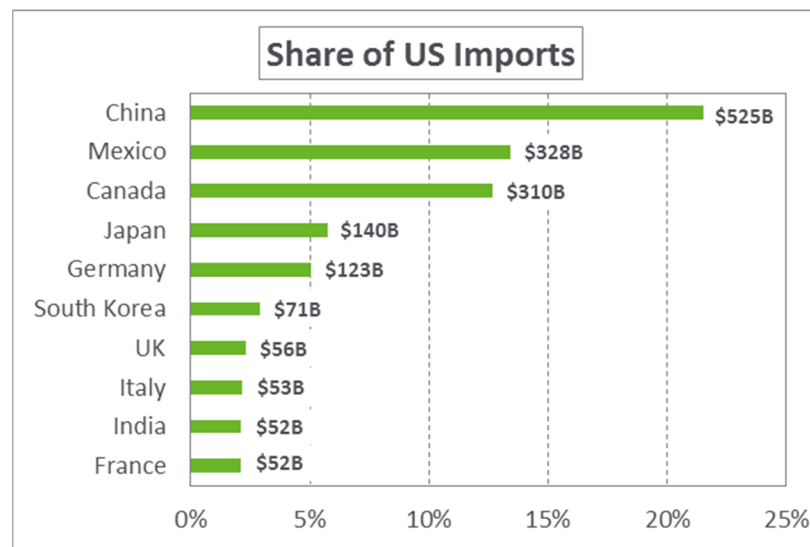
US-China tariffs are the “new normal” and we expect this dynamic to continue for the foreseeable future. We do not anticipate the trade dispute to escalate beyond tariff levies and prohibit the flow of goods and services

### The UK serves as a live case study for the effects of globalization backlash

Economic metrics across the country have turned lower in the time since the UK voted to leave the European Union

Deterioration in business and consumer confidence along with potential disruption to the financial sector are a cautionary tale

The economic unease of voters remain and the political instability likely leads to higher levels of currency volatility over time



	Brexit Vote	Current
Real GDP (YoY%)	1.7%	1.5%
Household Consumption	3.3%	1.8%
Exports (YoY%)	1.1%	-1.3%
Imports (YoY%)	3.2%	0.2%
CPI (YoY%)	0.4%	2.5%
Unemployment (%)	4.9%	4.0%
Central Bank Rate	0.50%	0.75%
GBP/USD Exchange Rate	1.49*	1.28
Economic Sentiment	106.9	105.6

Source: (Top) Bloomberg, NEPC

Source: (Bottom) Bloomberg, NEPC, \*Data as of 6/23/16



# CURRENT OPPORTUNITIES

NEPC, LLC

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# CURRENT OPPORTUNITIES

## **Rebalance Developed Market Equities**

Funding Sources: EAFE equity, lower quality credit, multi-asset strategies

## **Raise Safe-Haven Fixed Income Exposure**

Funding Sources: Lower quality credit, equity, multi-asset strategies

## **Reduce Lower Quality Credit Exposure**

Funding Sources: High yield, bank loans, US direct lending

## **Maintain Overweight to Emerging Market Equities**

Funding Sources: US equity and EAFE equity

## **Add Long Volatility Exposure**

Funding Sources: Multi-asset strategies

## **Fund Public Midstream Energy Exposure**

Funding Sources: Commodities, high yield, equity

## **Fund Emerging Local Debt**

Funding Sources: High yield and equity



# CURRENT OPPORTUNITIES

## Rebalance Developed Market Equities

### Adjust US and EAFE regional exposure to developed market index weights

Continue to recommend an overweight to emerging equity and adopt an index weight for US/EAFE relative to MSCI World

We encourage a global equity target weight of 52% to the US, 33% EAFE, and 15% to the EM. Larger overweight to EM can be funded pro rate from developed equity

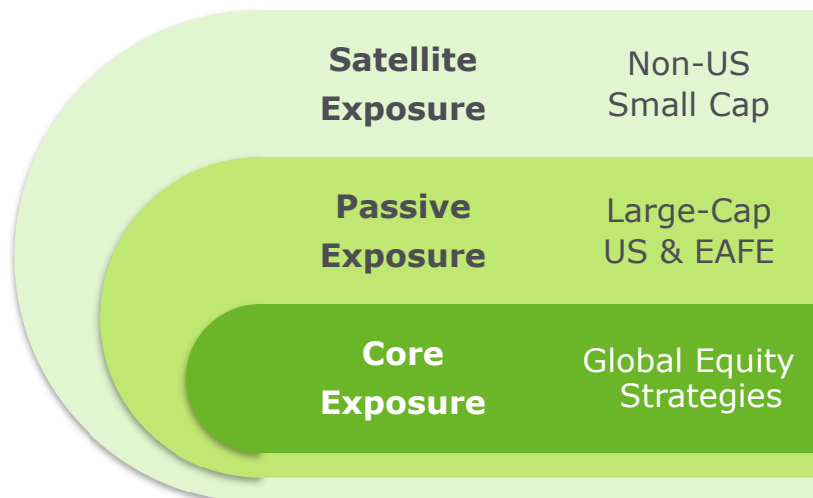
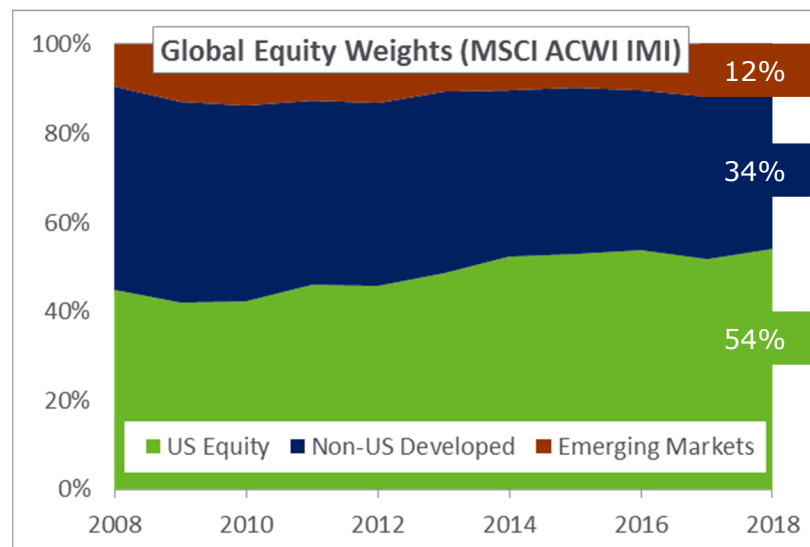
Should US equity declines continue, look to exploit the market volatility and overweight US exposure relative to EAFE index weights

### Global equity strategies can serve as the core implementation approach for developed market equity exposure

We remain supportive of pairing active global equity strategies with passive large-cap US and EAFE equity exposure

Within non-US developed markets, we have a strong bias to active small-cap equities

EAFE and US small-cap are a viable funding source for private market commitments



Source: (Top) MSCI, Bloomberg, NEPC; represents free float market cap weights as of 12/31 each year  
 Source: (Bottom) NEPC



# CURRENT OPPORTUNITIES

## Raise Safe-Haven Fixed Income Exposure

### The potential for an adverse economic outcome appears to have expanded

Safe-haven exposure is an essential asset class exposure to mitigate portfolio risks

We are evaluating market metrics such as the yield curve that would cause us to shift to a more defensive recommendation

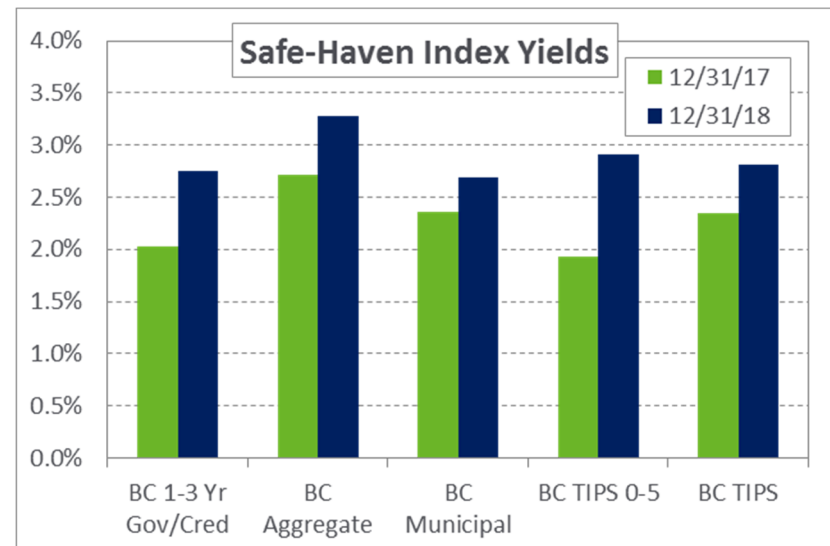
Should the yield curve invert and economic metrics show weakness, we are likely to recommend a material increase to safe-haven fixed income exposure

### Short duration safe-haven exposure is attractive on a relative value basis

We encourage investors to increase safe-haven fixed income and use lower quality credit exposure as a funding source

Market volatility has depressed long rates and inflation expectations making short duration segments an important part of a safe haven allocation

TIPS continue to have a place in safe-haven fixed income as a strategic allocation



Source: (Top) Federal Reserve Bank of St. Louis, NEPC;  
Light blue shading indicates recession

Source: (Bottom) Bloomberg, TIPS yield includes CPI accrual



# CURRENT OPPORTUNITIES

## Reduce Lower Quality Credit Exposure

### Lower-rated credit exposure does not adequately compensate investors for the risk relative to safer alternatives

Late-cycle markets generally exhibit higher than average credit default rates, acutely impacting debt rated BBB and below

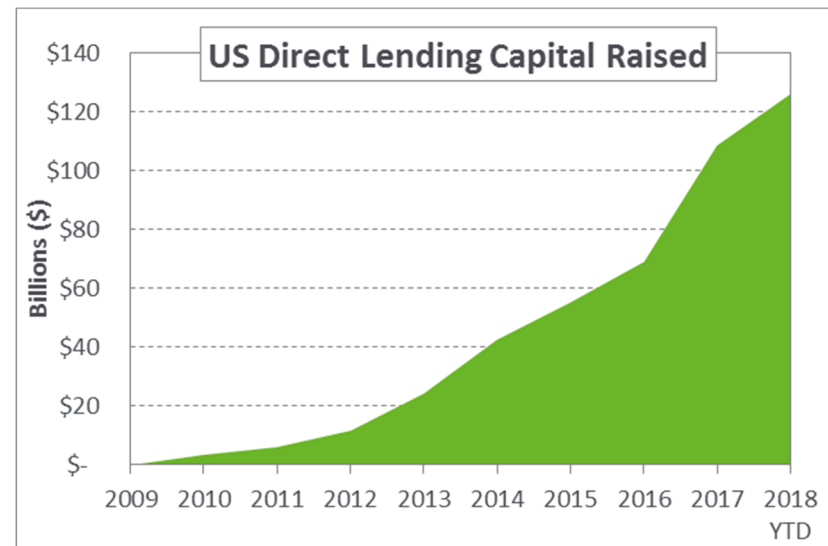
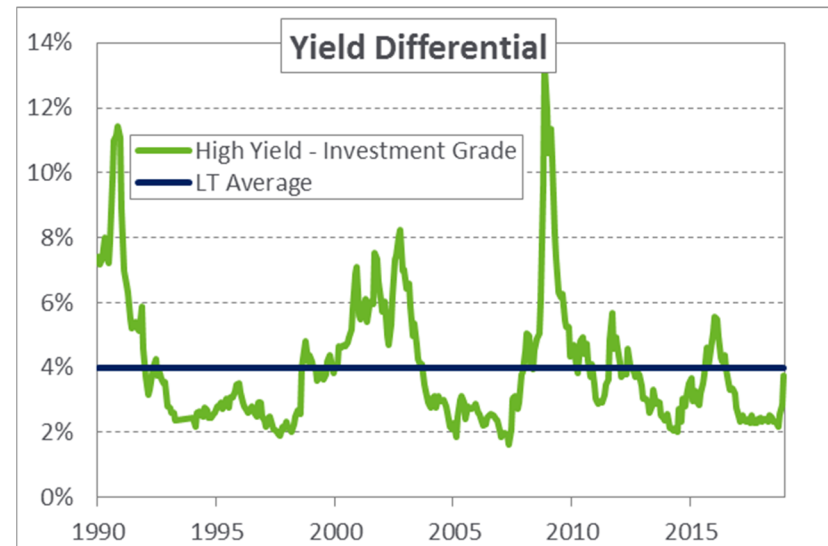
Despite credit spreads trading near median levels, we encourage moving away from lower quality credit and look to alternatives such as safe-haven fixed income, IG CLO's, and higher quality IG corporate bonds

### A misaligned risk-return tradeoff also applies to private credit markets

US direct lending is one example as the space has absorbed a large influx of capital over a multi-year horizon

Distressed and niche segments of private markets offer opportunities but require a hyper-focus on underwriting standards

We encourage reducing exposure to credit segments that have performed well over a prolonged period such as high yield, bank loans, and many private debt approaches



Source: (Top) MSCI, Bloomberg  
Source: (Bottom) Preqin; represents cumulative capital raised



# CURRENT OPPORTUNITIES

## Maintain Overweight to Emerging Market Equities

### Emerging equities offer the highest total return potential for investors

Valuation levels and fundamentals suggest an overweight relative to global equity market cap weights (e.g. 15% to 20%)

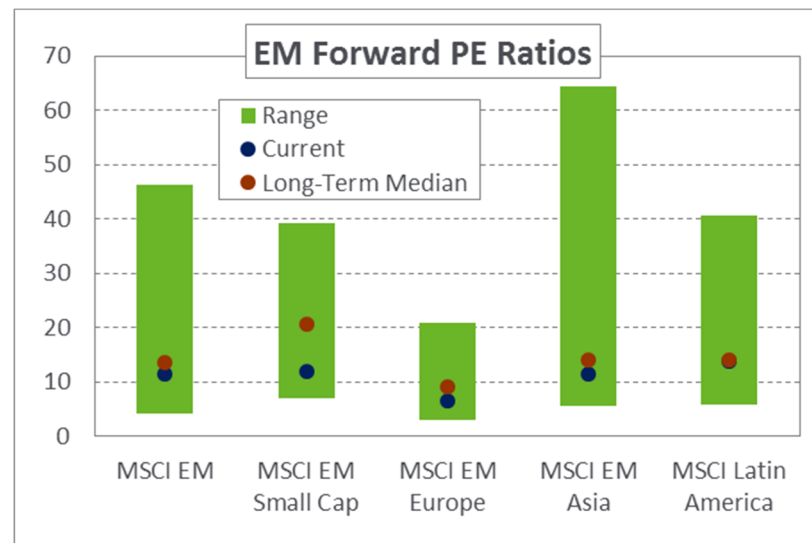
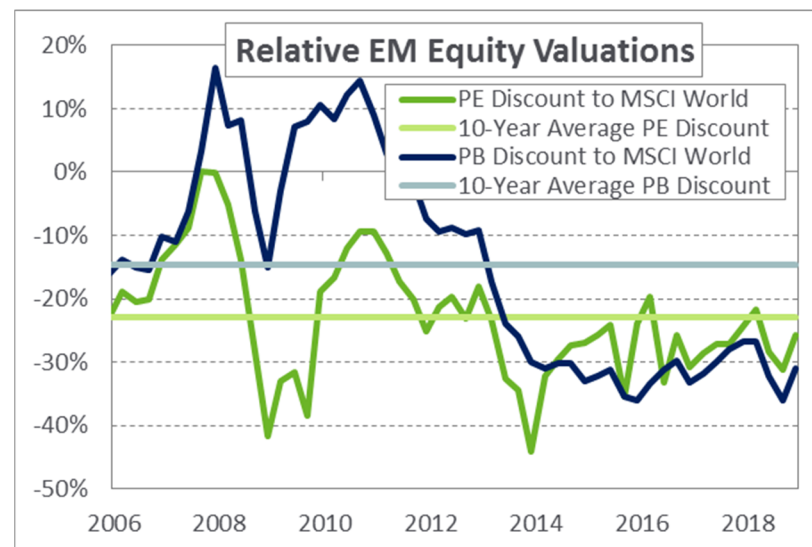
Growth premium relative to the developed world persists as economic conditions in EM remain supportive despite the negative sentiment associated with US trade policies

### High tracking error strategies offer greater flexibility to invest across emerging countries and are preferred to benchmark focused mandates

Opportunity set for active management and excess return appear more abundant in EM versus developed markets

Strategies that invest down the market cap spectrum offer investors more focused exposure to local country growth rates

We encourage the use of multiple emerging market strategies to mitigate the risk of an unintended value-growth style or size bias



Source: (Top) MSCI, Bloomberg  
Source: (Bottom) MSCI, Bloomberg



# CURRENT OPPORTUNITIES

## Add Long Volatility Exposure

### Volatility levels for markets outside equities remain near historic lows

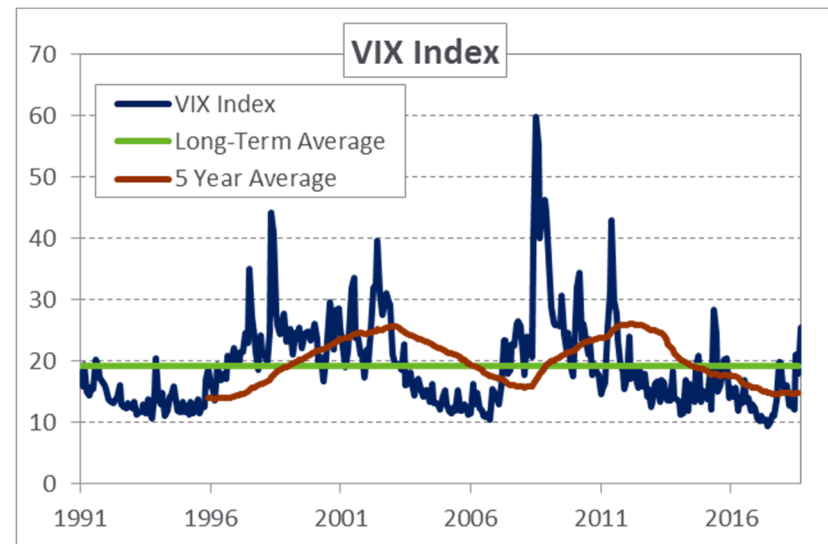
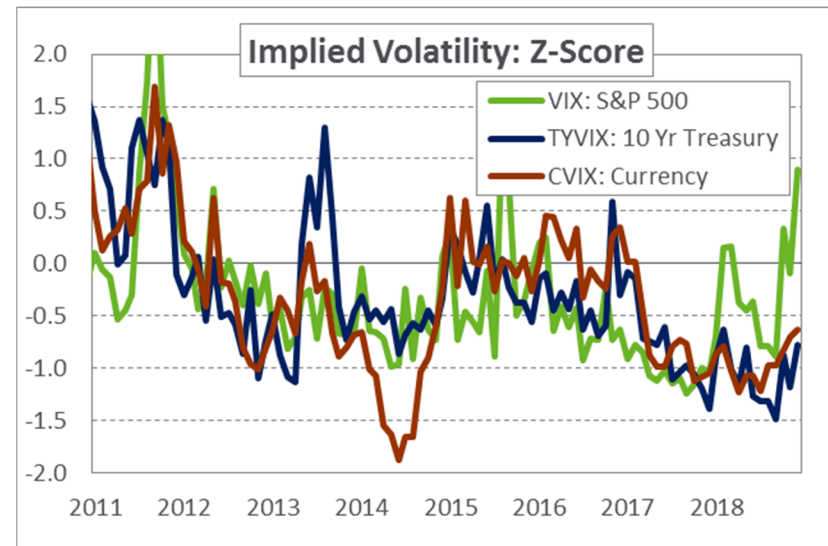
Long volatility exposure positively benefits from rising asset class volatility and an allocation of 1% to 2% can provide a significant return contribution should volatility normalize across global markets

Exposure is not without risk. Losses would be expected if market volatility declines. Discipline of a multi-year time horizon is required should volatility levels move slowly back to normal levels

### Long volatility strategies with positive carry are the only implementation option we recommend

Purchasing S&P VIX is a costly method to implement long volatility exposure due to the negative roll yield of the VIX curve

More suited for opportunistic investors willing to fund from multi-asset or other unconstrained strategies



Source: (Top) Bloomberg  
Source: (Bottom) Bloomberg



# CURRENT OPPORTUNITIES

## Fund Public Midstream Energy Exposure

### Midstream energy offers an attractive long-term growth potential

Balance sheet reform and a sustainable financing profile has been underappreciated by the market

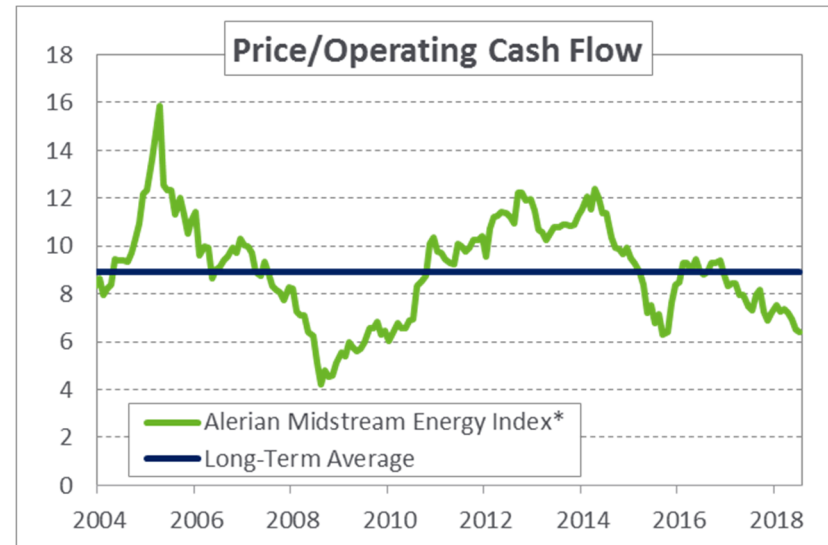
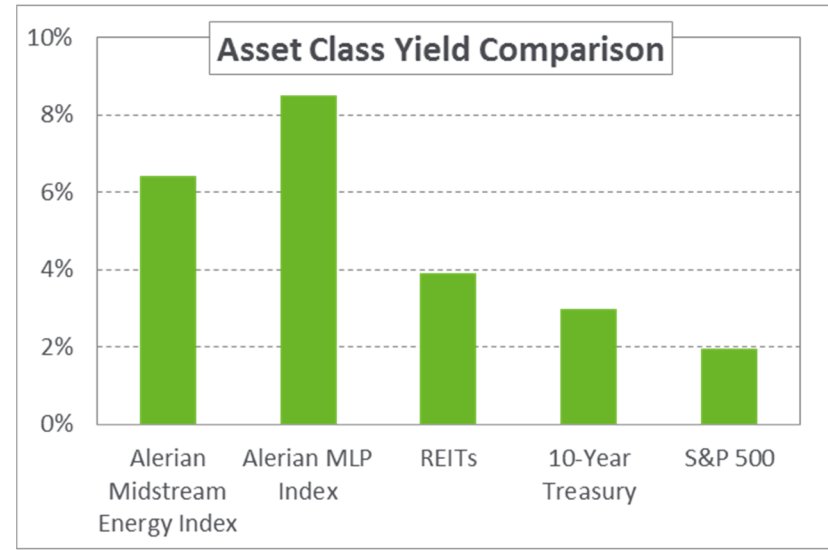
Reform of the MLP operating structure (IDR elimination) offers a more stable business model and improved corporate governance

Negative sentiment weighs on the energy infrastructure market as performance has been poor over the last five years and operational concerns remain for some MLPs

### Recovery of the energy infrastructure sector offers a compelling total return

Risk assets, such as high yield bonds and equities are an appropriate funding source for new midstream energy allocations

Nearly half of the midstream energy market is made up of MLPs. While down materially from recent years, careful thought must be given for tax-exempt investors as MLPs generate UBTI



Source: (Top) Alerian, NAREIT, Barclays, S&P, Bloomberg; As of 11/30/2018

Source: (Bottom) Alerian, Bloomberg. \*01/31/2018 to present a 50%/50% blend of the Alerian MLP and Midstream Energy Index



# CURRENT OPPORTUNITIES

## Fund Emerging Local Debt

### EM local debt offers an attractive total return opportunity

The combination of high real rates, lower inflation levels, and low currency valuations represents an attractive investment profile

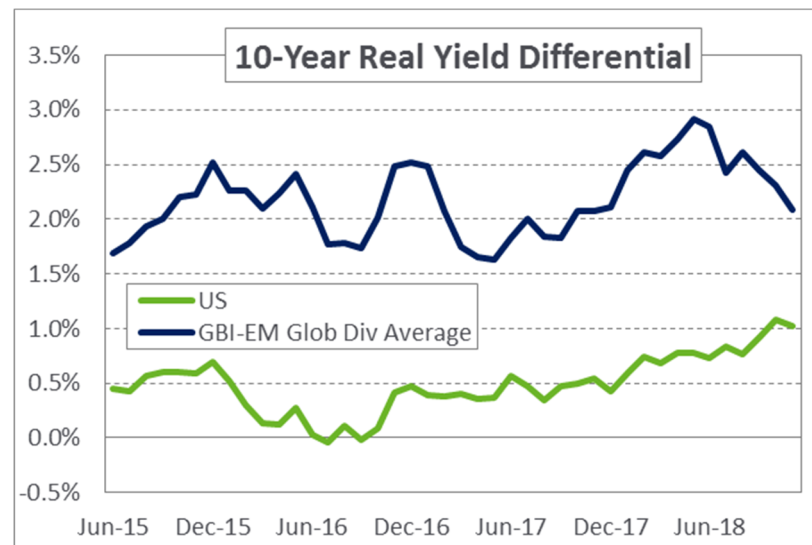
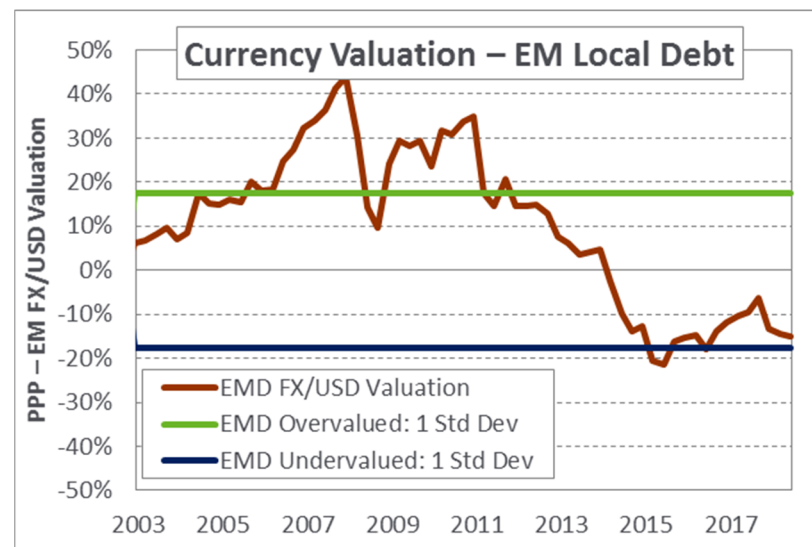
Above average index yields relative to the developed world provide a cushion to offset currency volatility and declines

Additional Fed rate hikes not fully priced into market expectations are a risk and was a key source of the negative sentiment that hit the asset class in 2018

### For tactical oriented investors, look to fund emerging local debt from high yield and equity exposure

A balanced EMD approach of local currency and dollar denominated debt remains our long-term bias as a strategic allocation

Currently, our preferred implementation is with a stand alone local debt strategy but unique macro or credit hedge funds may offer a unique return opportunity



Source: (Top) JPM, Bloomberg, NEPC  
Source: (Bottom) JP Morgan, Bloomberg, NEPC





# INFORMATION DISCLAIMER

**Past performance is no guarantee of future results.**

**The goal of this report is to provide a basis for substantiating asset allocation recommendations. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.**

**Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.**

**All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.**

**This report is provided as a management aid for the client's internal use only. This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.**





**Report to Board of Administration**

From: *Lita Payne*  
Lita Payne, Assistant General Manager

Agenda of: **MARCH 12, 2019**

ITEM: **IX-A**

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SUBJECT: **TRAVEL AUTHORITY – NEIL M. GUGLIELMO, GENERAL MANAGER; C40 DIVEST-INVEST FORUM, LONDON, ENGLAND; MARCH 20-21, 2019 AND POSSIBLE BOARD ACTION**

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Recommendation

That the Board authorize Neil M. Guglielmo, General Manager, to attend the C40 Divest-Invest Forum on March 20-21, 2019 (travel dates March 18-22, 2019) in London, England; and authorize the reimbursement of up to \$5,000 for Neil M. Guglielmo for reasonable expenses in connection with participation.

Discussion

Neil M. Guglielmo has been referred by Mayor Garcetti to attend this forum with Dominique Hargreaves, Mayor Garcetti's Deputy Chief Sustainability Officer. Delegates from New York, London, Boston, Oslo, Copenhagen, Pittsburgh, Cape Town, and San Francisco have also confirmed attendance to this forum.

Pursuant to the Board Education and Travel Policy (Policy), Board approval is necessary for this travel request because this forum requires international travel to London, England. Airfare and lodging costs will be reimbursed to LACERS at limits set by C40 Cities. The current rate of exchange as of March 6, 2019 is 1 Pound British sterling equals 1.32 United States Dollar.

*Strategic Plan Impact Statement*

This request to attend the C40 Divest-Invest Forum, a professional and educational conference which requires international travel, conforms to the LACERS Strategic Plan Board Governance Goal of upholding good governance practices which affirm transparency, accountability, and fiduciary duty.

This report was prepared by Ani Ghoukassian, Commission Executive Assistant.

- Attachments: 1) Estimate of Reimbursable Expenses  
2) Tentative Schedule/Agenda  
3) Proposed Resolution

**CITY OF LOS ANGELES**  
**Intra-Departmental Correspondence**

DATE: March 3, 2019

TO: Accounting Section  
LACERS

FROM: Ani Ghoukassian, Commission Executive Assistant II

SUBJECT: ESTIMATE OF REIMBURSABLE EXPENSES

Name of Attendee Title	Neil M. Guglielmo, General Manager	
Event	<b>C40 Divest-Invest Forum</b>	
Organization	C40 Cities	
Date(s) of Event	March 20-21, 2019 (Travel Dates March 18-22, 2019)	
Location of Event	London, England	
<b>ESTIMATED EXPENSES:</b>	Forum Registration	NO FEE
	Hotel: \$500.00/ Night x 3	\$1,500.00
	Miscellaneous: (\$30 per day) x 5 days	\$150.00
	State Department Per diem (\$183/day) 2 travel days @ \$137.25 ea. (March 18 & 22) 2 days @ \$183.00 ea. (March 19 & 21) 1 Day w/dinner @\$110.00 (March 20)	\$750.50
	Airport Shuttle (RT) Home from/to LAX	\$176.00
	Taxi (RT) LHR from/to Hotel (US Dollar Conversion)	\$305.00
	Airfare (RT) LAX/LHR (London, Heathrow)	\$1,500.00
	<b>TOTAL ESTIMATE:</b>	<b>\$4,381.50</b>



MAYOR OF LONDON



6 MARCH 2019

**Divest-Invest Forum Workshop**  
**London, UK**  
**20-21 March**

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Dear city colleagues,

Thank you very much for joining the new **C40 Divest-Invest Forum**, aiming to support cities that are considering or committed to fossil fuel divestment and sustainable investment into climate solutions to understand different options and approaches through peer-to-peer learning and expert engagement. The lead cities of the Forum, London and New York City, together with C40, look forward to working with you to share experiences and techniques as well as collaborating to develop new tools and research to advance city leadership on fossil fuel divestment and sustainable investment.

To commence our work, we are delighted to invite two representatives from Los Angeles to participate in the first convening of the C40 Divest-Invest Forum, taking place in **London on 20-21 March 2019**. The convening includes a high-level public event on the morning on the 20<sup>th</sup>, followed by a closed-door workshop on the 20<sup>th</sup> and 21<sup>st</sup>. The workshop will bring together 10-12 cities, including a mix of C40 and non-C40 members, ranging from cities that are considering fossil fuel divestment to those that are implementing innovative approaches to portfolio decarbonisation and sustainable investment into climate solutions. The structure will be highly interactive, giving participants the opportunity to present their work and perspectives as well as engage in open dialogue and break-out groups.

The two-day convening will be structured as follows:

### **20 March**

**Morning - High-level public event:** This event hosted by City Hall in London will draw greater public attention to the issues of fossil fuel divestment and sustainable investment in cities and provide a series of high-level speeches and panel sessions in a public forum at London's City Hall, aiming to provide a big picture perspective that can inspire and energise attendees on the importance of fossil fuel divestment and sustainable investment.

**From midday - Workshop day one – Fossil Fuel Divestment:** This closed-door workshop session will explore the issues around fossil fuel divestment, such as engaging pension fund managers, making the case for fossil fuel divestment, developing divestment policies, and portfolio decarbonisation. The format will create opportunities for sharing experiences and challenges between cities and discussing solutions to some of the most pressing shared issues.

**Delegate dinner:** an opportunity for all delegates to socialise and build informal connections with counterparts from other cities.

**21 March**

**Workshop day two - Sustainable Investment into Climate Solutions:** this closed session will explore the issues around sustainable investment, such as defining sustainable investment, setting targets/policy, and new investment vehicles and mechanisms. As before, sharing the knowledge and experiences of participating cities and building further peer-to-peer relationships on these topics is a key priority.

**Afternoon - Workshop action planning:** We will conclude the workshop by inviting each city to prepare a short action plan based on the workshop learnings, in particular highlighting areas where C40 and the Divest-Invest Forum can provide further support over the coming months.

The detailed agenda and topics for discussion will be developed based on conversations and surveys with each participating city over the coming weeks. We aim to determine the most pressing issues and topic areas to provide maximum value for each participant.

Please note we are inviting two delegates from each city. One delegate should be leading the city's work on fossil fuel divestment and sustainable investment from the policy side, e.g. in the Mayor's office or Environment Unit. The other should be leading on the technical aspects of fossil fuel divestment, e.g. in the city finance department or pension fund. Selecting the correct delegates is critical for the success of the workshop and to ensure your city gains maximum value from participating.

C40 has secured funding to be able to cover the travel and accommodation costs of both delegates. Travel funding will be made available pursuant to normal C40 guidelines upon application by the city and identification of appropriate attendees. Further details of this will be sent once interest is expressed.

To confirm your interest/participation, please email Ibtisam Sadouni on [isadouni@c40.org](mailto:isadouni@c40.org), identifying the appropriate attendee contacts.

Please do not hesitate to contact C40 should you require any further information.

Yours sincerely,



**Shirley Rodrigues**  
Deputy Mayor, Environment  
and Energy  
Greater London Authority



**Daniel A. Zarrilli, PE**  
Chief Climate Policy Advisor  
OneNYC Director  
NYC Office of the Mayor



**Andrea Fernández**  
Director of Governance &  
Global Partnerships  
C40 Cities

**TRAVEL AUTHORITY  
C40 DIVEST-INVEST FORUM  
MARCH 20-21, 2019  
LONDON, ENGLAND**

**PROPOSED RESOLUTION**

WHEREAS, Board approval is required for all international travel requests;

WHEREAS, the C40 Divest-Invest Forum in London, England is international travel, and therefore requires approval;

WHEREAS, the request to attend the C40 Divest-Invest Forum, a professional and educational conference which requires international travel, conforms to the LACERS Strategic Plan Board Governance Goal of upholding good governance practices which affirm transparency, accountability, and fiduciary duty;

THEREFORE, BE IT RESOLVED, that Neil M. Guglielmo, General Manager is hereby authorized to attend the C40 Divest-Invest Forum on March 20-21, 2019, in London, England;

BE IT FURTHER RESOLVED, that the reimbursement of up to \$5,000 for Neil M. Guglielmo, General Manager is hereby authorized for reasonable expenses in connection with participation and will be applied to the 2018-19 Fiscal Year budget.

March 12, 2019