

Board of Administration Agenda

REGULAR MEETING

TUESDAY, SEPTEMBER 24, 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:	Michael R. Wilkinson
Commissioners:	Annie Chao Elizabeth Lee Sandra Lee Nilza R. Serrano Sung Won Sohn
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
Legal Counsel:	City Attorney's Office Public Pensions General Counsel Division

- I. PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION
- II. APPROVAL OF MINUTES FOR [SPECIAL BOARD MEETING OF SEPTEMBER 5, 2019](#) AND MINUTES FOR [REGULAR BOARD MEETING OF SEPTEMBER 10, 2019](#) AND POSSIBLE BOARD ACTION
- III. BOARD PRESIDENT VERBAL REPORT
 - A. PRESENTATION ON UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT IN PERSON CONFERENCE 2019
- IV. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS

- V. RECEIVE AND FILE ITEMS
 - A. [MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR AUGUST 2019](#)
- VI. COMMITTEE REPORT(S)
 - A. GOVERNANCE COMMITTEE VERBAL REPORT ON THE MEETING OF SEPTEMBER 10, 2019
 - B. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF SEPTEMBER 10, 2019
 - C. AUDIT COMMITTEE VERBAL REPORT ON THE MEETING OF SEPTEMBER 24, 2019
 - D. [GOVERNANCE COMMITTEE REPORT – TRIENNIAL BOARD POLICY REVIEW: BOARD EDUCATION AND TRAVEL POLICY AND POSSIBLE BOARD ACTION](#)
- VII. ACTUARIAL PROGRAM
 - A. [ASSUMPTIONS FOR THE JUNE 30, 2019 RETIREE HEALTH ACTUARIAL VALUATION AND POSSIBLE BOARD ACTION](#)
 - B. [GASB 68 AND GASB 75 ACTUARIAL VALUATIONS AS OF JUNE 30, 2019 AND POSSIBLE BOARD ACTION](#)
- VIII. INVESTMENTS
 - A. CHIEF INVESTMENT OFFICER VERBAL REPORT
- IX. DISABILITY RETIREMENT APPLICATION(S)
 - A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF SUNANDHA CHUDABALA AND POSSIBLE BOARD ACTION**
 - B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF CONNIE TORTORICE AND POSSIBLE BOARD ACTION**
- X. BENEFITS ADMINISTRATION
 - A. [AMENDED HEALTH PLAN PREMIUM RESOLUTION AND POSSIBLE BOARD ACTION](#)
- XI. OTHER BUSINESS

- XII. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, October 8, 2019 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.
- XIII. 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

September 10, 2019

10:04 a.m.

Agenda of: Sept. 24, 2019

Item No: II

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

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

I

PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION – Vice President Wilkinson 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 AUGUST 27, 2019 AND POSSIBLE BOARD ACTION – A motion to approve the Regular Board Meeting minutes of August 27, 2019 was moved by Commissioner Serrano, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, and Vice President Wilkinson -6; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – Vice President Wilkinson stated the Bike with Mike event held on September 5, 2019 was very successful and he thanked all the organizers.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, discussed the following items:
- Building evacuation drill
 - LACERS Tabletop Exercise
 - Business Continuity Planning
 - Comprehensive Annual Financial Report (CAFR) Award
 - Side A Policy payments
 - Space planning
 - Member Services Center (MSC) Spotlight
- B. UPCOMING AGENDA ITEMS – Mr. Guglielmo stated the following items will be on an upcoming Board agenda:
- September 24, 2019 – Segal to present actuarial assumptions for June 30, 2019 Retiree Health Actuarial Valuation.

V

RECEIVE AND FILE ITEMS

- A. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – The report was received by the Board and filed.
- B. MARKETING CESSATION NOTIFICATION – The report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

- A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE MEETING OF AUGUST 27, 2019 – Vice President Wilkinson stated the Committee was presented with the Anthem Blue Cross 2018 Year-End Accounting report.
- B. BENEFITS ADMINISTRATION COMMITTEE REPORT – ANTHEM BLUE CROSS 2018 YEAR-END ACCOUNTING AND POSSIBLE BOARD ACTION – Alex Rabrenovich, Chief Benefits Analyst with Health Benefits Administration & Communications Division and Borden Darm with Keenan & Associates presented this item to the Board. Commissioner Serrano moved approval of the following Resolution:

ANTHEM BLUE CROSS 2018 YEAR-END ACCOUNTING AND TRANSFER OF PREMIUM STABILIZATION RESERVE FUNDS

RESOLUTION 190910-A

WHEREAS, LACERS has participating contracts with Anthem Blue Cross (Anthem), which means that at the end of each plan year, an accounting is performed to determine total premium funds versus total claims costs and administrative expenses;

WHEREAS, if the year-end accounting results in a deficit of premium funds, LACERS must pay Anthem the shortfall; if the accounting results in a surplus, those funds may be returned to LACERS;

WHEREAS, LACERS maintains a Premium Stabilization Reserve (PSR) account with Anthem and premium surpluses are placed in this account to be used at a later time, usually to fund a premium defrayal for Anthem Members;

WHEREAS, the 2018 accounting showed that the PSR had an accumulated balance of \$11,956,924;

WHEREAS, the PSR funds are not required to be retained with Anthem and at the September 10, 2019 Board of Administration meeting, the Board approved a recommendation to return the PSR funds to LACERS' Section 115 Trust account;

WHEREAS, tax law requires that only the portion of the PSR funds that is estimated to have been paid out of pocket by Members can be transferred to the Section 115 Trust account, and the portion that is estimated to have been paid by LACERS as medical plan subsidy dollars must be returned to LACERS' 401(h) account, the account from which these monies originated;

WHEREAS, on August 27, 2019, the Benefits Administration Committee approved forwarding a recommendation to transfer the entire balance of the PSR to LACERS' Section 115 Trust and 401(h) accounts;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the transfer of Anthem PSR funds to LACERS' Section 115 Trust and 401(h) accounts, apportioned in amounts to be determined by staff.

Which motion was seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, and Vice President Wilkinson -6; Nays, None.

VII

BOARD/DEPARTMENT ADMINISTRATION

- A. EDUCATION AND TRAVEL EXPENDITURE REPORT FOR FISCAL YEAR 2018-19 – This report was received by the Board and filed.

VIII

BENEFITS ADMINISTRATION

- A. HEALTH LEGISLATION UPDATE – Borden Darm with Keenan & Associates discussed the following items: Cadillac Tax, Assembly Bill (AB) 290, and Senate Bill (SB) 343.

IX

DIVISION SPOTLIGHT

- A. MEMBER SERVICE CENTER – Alex Rabrenovich, Chief Benefits Analyst, Wendy Johnson, Chief Clerk, and Gabriel Perez, Benefits Specialist with Health Benefits Administration & Communications Division presented this spotlight of the Member Service Center to the Board.

X

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$18.2 Billion as of September 9, 2019. Mr. June discussed the following items:
- LACERS staff sponsoring a table at the CSULA Meet the Industries night at the Quiet Cannon Restaurant in Montebello, September 19, 2019.
 - Agenda item on September 10, 2019 Board Agenda is Total Fund Performance Review for the period ending June 30, 2019.
- B. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW REPORT FOR THE QUARTER ENDING JUNE 30, 2019 – Carolyn Smith, Partner with NEPC presented this item to the Board.

Vice President Wilkinson recessed the Regular Meeting at 11:56 a.m. for a break. Vice President Wilkinson reconvened the Regular Meeting at 12:05 p.m. and convened in Closed Session at 12:06 p.m.

XI

DISABILITY RETIREMENT APPLICATION(S)

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF JOSEFINA AGUAYO SANTANA AND POSSIBLE BOARD ACTION**
- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF RAFAEL ZARAGOZA AND POSSIBLE BOARD ACTION**

Vice President Wilkinson reconvened the Regular Meeting at 12:07 p.m. and announced that the Board unanimously approved the Disability Retirement Applications of Josefina Aguayo Santana and Rafael Zaragoza.

XII

OTHER BUSINESS – Commissioner Serrano shared that September is Latino Heritage month and Councilmember Nury Martinez is having a celebration in front of City Hall steps this weekend.

XIII

NEXT MEETING – The next Regular meeting of the Board is scheduled for Tuesday, September 24, 2019 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XIV

ADJOURNMENT – There being no further discussion before the Board, Vice President Wilkinson adjourned the meeting at 12:10 p.m.

Michael R. Wilkinson
Vice President

Neil M. Guglielmo
Manager-Secretary

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

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

September 5, 2019

1:17 p.m.

Agenda of: Sept. 24, 2019

Item No: II

PRESENT:	President:	Cynthia M. Ruiz
	Vice President:	Michael R. Wilkinson
	Commissioners:	Annie Chao Elizabeth Lee Sandra Lee Nilza R. Serrano
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
	Legal Counsel:	Joshua Geller
ABSENT:	Commissioner:	Sung Won Sohn

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.

President Ruiz recessed the Special Meeting at 1:18 p.m. to convene in Closed Session.

II

Commissioner Sandra Lee arrived at the Special Meeting at 1:37 p.m.

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER THE PURCHASE OF TWO (2) PARTICULAR, SPECIFIC INVESTMENTS, AND POSSIBLE BOARD ACTION

President Ruiz reconvened the Special Meeting at 2:49 p.m.

III

CONSIDERATION OF REAL ESTATE CONSULTING SERVICES AGREEMENT AND POSSIBLE BOARD ACTION – Dale Wong Nguyen, Chief Benefits Analyst with Administrative Services Division presented this item to the Board. Commissioner Serrano moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Vice President Wilkinson, and President Ruiz -6; Nays, None.

IV

ADJOURNMENT – There being no further discussion before the Board, President Ruiz adjourned the meeting at 2:54 p.m.

Cynthia M. Ruiz
President

Neil M. Guglielmo
Manager-Secretary

Agenda of: SEPT. 24, 2019

Item No: V-A

**MONTHLY REPORT ON SEMINARS AND CONFERENCES
ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS
(FOR THE MONTH OF AUGUST 2019)**

In accordance with Section V.H.2 of the approved Board Education and Travel Policy, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, seminars and conferences they attended as a LACERS representative or in the capacity of a LACERS Board Member which are either complimentary (no cost involved) or with expenses fully covered by the Board Member. This monthly report shall include all seminars and conferences attended during the 4-week period preceding the Board meeting wherein the report is to be presented.

BOARD MEMBER:

President Cynthia M. Ruiz
Vice President Michael R. Wilkinson

Commissioner Annie Chao
Commissioner Elizabeth Lee
Commissioner Sandra Lee
Commissioner Nilza R. Serrano
Commissioner Sung Won Sohn

DATE(S) OF EVENT	SEMINAR / CONFERENCE TITLE	EVENT SPONSOR (ORGANIZATION)	LOCATION (CITY, STATE)
	NOTHING TO REPORT		



REPORT TO BOARD OF ADMINISTRATION

From: Governance Committee

Nilza R. Serrano, Chair
Cynthia M. Ruiz
Annie Chao

MEETING: SEPTEMBER 24, 2019

ITEM: VI-D

**SUBJECT: TRIENNIAL BOARD POLICY REVIEW: BOARD EDUCATION AND TRAVEL POLICY
AND POSSIBLE BOARD ACTION**

ACTION: ☒ **CLOSED:** ☐ **CONSENT:** ☐ **RECEIVE & FILE:** ☐

Recommendation

That the Board approve the attached proposed updates to the Board Administrative Policies of the LACERS Board Manual, Section 1.2: Board Education and Travel Policy.

Executive Summary

The Governance Committee (Committee) is in support of staff's proposed revisions to the Board Administrative Policies with a slight modification. The suggested changes are the result of the ongoing triennial review of the LACERS Board Governance Policies. The Board Education and Travel Policy is the last policy to be reviewed by staff. The review of the Actuarial Funding Policy, to be performed by LACERS' actuarial services consultant, will complete this triennial process.

Discussion

On September 10, 2019, the Committee considered the proposed revisions to the *Board Administrative Policies*. The Committee is in agreement with staff's recommendation to modify *Section 1.2: Board Education and Travel Policy* to be consistent with the guidelines set forth in the City's Travel Policy as well as to amend areas that required clarification. Additionally, the Committee instructed staff to include the definition for "coach" and "economy" seating in the context of air travel reimbursement. Attachment 1 contains the redline version (1a) and the clean version (1b) of the revised Board Education and Travel Policy, inclusive of this definition.

Strategic Plan Impact Statement

The review of the Board Administrative Policies of the LACERS Board Manual conforms to the Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Edeliza Fang, Senior Management Analyst II

NMG/TB/DWN:EF

Attachments: 1) Board Policies – Redline and Clean Versions (revised after the Governance Committee Meeting, held on September 10, 2019)
2) Report to Governance Committee dated September 10, 2019

Section 1.0 GUIDANCE FOR BOARD MEMBERS

1.2 BOARD EDUCATION AND TRAVEL POLICY

Adopted: May 29, 2009; Revised: June 22, 2010; December 13, 2011; March 11, 2014; September 23, 2014; February 12, 2019; September 10, 2019

I. STATEMENT OF PURPOSE

Los Angeles City Charter Section 1106(c), consistent with Article XVI, Section 17 of the California Constitution requires the Board to exercise a *Prudent Person Standard*, discharging their duties with respect to its system, with care, skill, prudence, and diligence. It is imperative that LACERS Board Members maintain a broad and current understanding of issues affecting the administration of public pension systems to fulfill their fiduciary duties. This policy recognizes and affirms the role of education in ensuring Trustees have the knowledge to successfully discharge their duties as fiduciaries.

The Board establishes a standard of a minimum of 24 hours of Board Member education within the first two years of assuming office and for every subsequent two-year period in which the Board Members continue to hold membership on the Board. A report detailing the training and education received by the respective Board Members during the two-year periods will be published on the LACERS website.

II. EDUCATIONAL OBJECTIVES

This policy defines a *Prudent Person Standard* for Trustees as a general understanding of:

- A. The role of the Board Members and the role of staff
- B. The obligations and role of fiduciary and the paramount duties of loyalty and prudence
- C. The business model (including knowledge of true measure of success, the driving factors that determine success and the major business risks associated with public pension systems; namely, in the areas of investments and benefit administration).
- D. Governance principles
- E. The legal and legislative environment
- F. Actuarial principles
- G. Plan design and other benefit program
- H. Investment and asset allocation strategies

III. NEW TRUSTEE ORIENTATION PROGRAM

To ensure that newly appointed and elected LACERS Board Members are securely grounded in their role as fiduciaries at the outset of assuming such an important responsibility, each shall participate in the New Trustee Orientation Program which offers critical background information and education on the Board's governance responsibilities, the knowledge of which is essential for the fullest possible engagement of each Board Member in every aspect of pension fund management.

The ~~structure of the~~ orientation will ~~generally be as follows~~ cover the following:

~~A. Day 1~~

~~Morning~~

- 1. History and overview of LACERS
- 2. Fiduciary Responsibility
- 3. Ethics Training

~~Afternoon~~

Section 1.0 GUIDANCE FOR BOARD MEMBERS

- 4. Board Governance
- 5. Benefits and Services
- 6. Actuarial Concepts

~~B. Day-2~~

- 7. Investment Concepts
- 8. Operations
- 9. Legal Representation and Law
- 10. Current Topics for LACERS
- 11. Tour of the offices and boardroom

IV. IN-HOUSE EDUCATION PROGRAM

To provide updates on various issues affecting the administration of public pension systems, in-house education sessions will occur periodically at regular Board meetings or organized as stand-alone sessions. The General Manager will arrange in-house training for the Board based on the schedule below and as-needed:

A. Mentoring

Any new Board Member may request a mentor to assist him or her in becoming familiar with his or her responsibilities on the Board. If a request is made, the Board President will designate an experienced Board Member to be a mentor to the new Board Member for a period of one year.

B. Investment Education

At least once per fiscal year, an investment educational session for all Board Members shall be conducted. The General Manager shall survey the Board to identify specific investment topics of interest.

C. Fiduciary Education Sessions by Fiduciary Counsel

~~Each year~~ Upon request, outside Fiduciary Counsel will provide fiduciary education to the Board.

D. Actuarial Education

Each year, an actuarial education session will be provided to the Board.

E. Healthcare Benefits Education

Each year, a healthcare benefits education session will be provided to the Board.

F. Retirement Benefits

Each year, an update of the issues regarding retirement benefits will be provided to the Board.

G. Ethics Training

Board Members are required to participate or attend the City's Ethics training during the first year of appointment and then once every two years. Refresher ethics training will be provided to the Board annually.

H. Other As-needed Topics

Staff will periodically coordinate educational sessions for the Board on topics of general interest or topics that Board Members may request.

Section 1.0 GUIDANCE FOR BOARD MEMBERS

V. EDUCATIONAL CONFERENCES/SEMINARS

The complexities of sound management of the assets and liabilities of a trust fund impose a continuing need for all Members of the LACERS Board to attend professional and educational conferences, seminars, and other educational events that will better prepare them to perform their fiduciary duties.

A. Annual Approved List of Educational Seminars

At the beginning of each fiscal year, the General Manager shall prepare for Board adoption a list of recommended conferences, seminars and meetings (Appendix A). The list shall identify recommended conferences for new trustees, and make a concerted effort to reflect educational opportunities at Southern California universities available for pension trust fiduciaries.

Board Members are encouraged to attend a minimum of one educational conference or seminar per fiscal year from this list.

The General Manager will prepare an annual blanket authority for Board approval for conferences included in the Approved List of Educational Seminars.

Every Board Member's participation in a pre-approved conference shall be noticed on the Board agenda following submission of the Board Travel request.

B. Travel Requiring Explicit Board Approval

Subject to explicit approval of the Board for each conference, the requesting Board Member shall provide appropriate justification to the Board for consideration of:

1. Requests to travel to conferences outside the List of Educational Seminars (Appendix A) will be submitted to the Board for approval, so long as the trustee's education allocation is not exceeded.
2. Requests for travel outside the United States (except Canada and Mexico).

C. Travel Outside the United States

All conferences and seminars which involve travel to a destination outside the United States (except Canada and Mexico) must be approved by the Board. Each Board Member may attend no more than one conference which involves international travel (to include Canada and Mexico) in any 12-month period.

D. Travel to Washington D.C. or Sacramento

The Mayor requires notification of any travel to Washington D.C. or Sacramento. Staff will process the appropriate forms on behalf of the Trustees.

E. Conference Invitations Received by a Board Member

To provide all the Trustees with the same conference and seminar opportunities, the individual Board Member shall forward invitations they receive to a conference or seminar, to the General Manager or the Board Executive Assistant. LACERS will consult with the Office of the City Attorney or the City Ethics Commission for compliance with gift and disclosure requirements. If the conference or seminar clears the ethics compliance process, the Board Executive Assistant shall disseminate the conference or seminar invitation to all Board Members.

F. This section is intentionally left blank.

Section 1.0 GUIDANCE FOR BOARD MEMBERS

G. Board Education and Travel Limitations

Board Member travel shall adhere to the following guidelines:

- Board Members shall attend conferences or seminars that have a solid reputation for quality program content. (see Appendix A); i.e., agendas with a minimum of five hours of substantive educational content. Content shall not be geared toward marketing or the promotion of investment management and related sponsors. Topics covered during the conference or seminar must be related to the pension fund industry.
- The Board education travel budget per Trustee shall not exceed \$10,000 per fiscal year for conference fees and travel expenses. Expenses which exceed this annual allocation shall be the personal responsibility of the Board Member unless the Board approves additional travel and budget allocation prior to the conference.
- Board Members shall provide notification to the Board Executive Assistant of their interest to attend a conference or seminar at least sixty (60) days prior to the travel date.

H. Reports to the Board

1. Quarterly Travel Expenditure Report

An educational travel expenditure report shall be provided to the Board on a quarterly basis, covering cumulative Board Member and staff travel for the fiscal year.

2. Monthly Report on Seminars and Conferences Attended by Board Members on Behalf of LACERS

There may be occasions where a Board Member attends seminars or conferences as a LACERS representative or in the capacity of a LACERS Board Member which are either complimentary (no cost involved) or with expenses fully covered by the Board Member.* Since there is no expense incurred to LACERS, these seminars or conferences do not require Board approval. However, for the purpose of transparency and to avoid the appearance of impropriety, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, such conferences or seminars attended. Monthly reports will include conferences or seminars attended during the period preceding the said Board meeting.

**Please consult the City Ethics Commission for gift reporting limitations and reporting requirements.*

I. Meeting for Business Purpose in Compliance with the Ralph M. Brown Act

In accordance with the Ralph M. Brown Act, a quorum comprising of majority of the members of the LACERS' Board or Committee to hear, discuss, or deliberate upon any matter which is under the subject matter jurisdiction of LACERS are meetings subject to the Brown Act. Board Members must be cognizant of this requirement and avoid discussing LACERS' business when in meetings or discussions with other Members of the Board.

Section 1.0 GUIDANCE FOR BOARD MEMBERS

VI. TRAVEL EXPENSE REIMBURSEMENT POLICIES

- A. The LACERS Board of Administration has full authority over the trust fund expenditures including the payment of all education and related travel expenditures which it deems reasonable and appropriate for the conduct of official LACERS business.**

The Office of the City Attorney has affirmed the LACERS Board's plenary authority and fiduciary responsibility for investment of trust assets and administration of the System as codified in the California Constitution (Section 17 of Article 16). The position is further strengthened by the Los Angeles City Charter §1110(b): "The board of each pension and retirement system shall have control over their respective funds. Transfers or expenditures shall be drawn upon funds only upon demands signed by the chief accounting employee of the board. All payments from the funds shall be made upon demands prepared and approved in accordance with the provisions of the Charter."

The City's travel policies as set forth in Division 4, Chapter 5, Article 4 of the Los Angeles Administrative Code (LAAC) provide the definitions, parameters, and guidance for the majority of travel circumstances encountered for LACERS travel and will be referenced as LACERS primary travel policy. LACERS departmental travel expense reimbursement policy is meant to be in compliance with the LAAC travel requirements, and augmented the policy to facilitate LACERS business. LACERS travel reimbursement policy establishes standards of reasonableness, appropriateness, and necessity for the conduct of LACERS business, and applies to all travel expenditures paid by LACERS. Expenditures which are certified as to reasonableness and appropriateness by the Department Head are to be paid by the City Controller upon demand. The Board authorizes by resolution, authority to certify travel expenditures as required by the LAAC, to the Board President for Board Member and General Manager travels; the Board Vice President for Board President travel expenditures; or in the absence of the Board Vice President, approval by the most tenured member of the Board aside from the President; and the General Manager for staff, City Attorney-Retirement Benefit Office counsel, and consultant travel within the U.S. Staff expenditures related to travel outside the U.S. (except Canada and Mexico) requires Board approval.

LACERS acknowledges the Los Angeles City Controller's Travel Policy applies to most other City departments. However, LACERS Board and its designees retain their plenary authority to approve all education and related travel expenditures which are reasonable and appropriate for the conduct of official LACERS business. LACERS will consider the Controller's Travel Policy and will incorporate similar rules if appropriate.

B. Reimbursable Expenses

LACERS Travelers are entitled to reimbursement of travel expenses when on official LACERS business, including reimbursement of all transportation costs, registration or attendance fees, subsistence costs and other costs reasonably and necessarily incurred on official business, subject to the guidelines outlined in this policy and in

Section 1.0 GUIDANCE FOR BOARD MEMBERS

compliance with the Internal Revenue Service accountable plan rules for travel reimbursements.

A list of reimbursable expenses is included in Appendix B, which includes a summary of allowable reimbursements under the LAAC and the corresponding LACERS policy establishing standards for reasonableness, appropriateness, and necessity.

C. Non-Reimbursable Expenses

Expenditures which are incurred by a Board Member or staff that are not substantive to LACERS' business will not be reimbursed by LACERS. A list of non-reimbursable travel expenses is included in Appendix B.

D. Event Participation Report

Whenever a Trustee attends a conference or other event at the expense of the Fund, it shall be his or her responsibility to complete the Board Members Education Evaluation Form (Appendix D) and to provide the Board information on ~~concerns with~~ the event, which they believe ~~are~~ is of significance to the System. The evaluation form must be submitted with the request for reimbursement of expenses associated with each conference attended. A reimbursement will not be made without a completed evaluation form.

E. Travel Activity Summary

Upon the close of the fiscal year, the General Manager shall report to the Board on Trustee (along with staff) travel expenditures throughout that year.

VII. APPENDICES

- A. Appendix A – List of Educational Seminar Schedule
- B. Appendix B – LACERS Travel Expense Reimbursement Policy
- C. Appendix C – Board Travel Reimbursement Checklist
- D. Appendix D – LACERS' Board Member Education Evaluation Form

Section 1.0 GUIDANCE FOR BOARD MEMBERS

APPENDIX A
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
LIST OF EDUCATIONAL SEMINARS – FISCAL YEAR 2019-20

*Local Conference

CONFERENCE / SEMINAR / MEETING	SUBJECT MATTER	TRUSTEE EVALUATION		
		TRUSTEE RATING		LEVEL
		Rate seminar with:		
		A	Excellent	
		B	Very Good	
		C	Good	
		D	Not Beneficial	
California Association of Public Retirement Systems (CALAPRS) – General Assembly ▪ March 7-10, 2020 (Rancho Mirage, CA)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning	A	(Sohn, 2016) (Wilkinson, 2018)	Intermediate
CALAPRS – Principles of Pension Governance For Trustees ▪ August 26-29, 2019 (Malibu, CA)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning	A	(Serrano, Wilkinson 2015)	Intermediate
CALAPRS – Advanced Principles of Pension Management For Trustees ▪ 2020 Date(s) and Location TBD	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning			
CALAPRS – Trustees’ Roundtable ▪ October 25, 2019 (Oakland, CA)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning	B	(Chao, 2016)	Intermediate
Council of Institutional Investors (CII) – Conferences ▪ Fall Conference: Sept. 16-19, 2019 (Minneapolis, MN) ▪ Spring Conference: March 9-11, 2020 (Washington, DC)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning	A B	(Chao, 2017) (Wilkinson 2015)	Intermediate Advanced

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International Foundation of Employee Benefit Plans (IFEBP) – Annual Conference <ul style="list-style-type: none"> October 20-23, 2019 (San Diego, CA) 	<ul style="list-style-type: none"> Benefits Admin Investments Plan Admin 			
International Foundation of Employee Benefit Plans (IFEBP) – Trustees And Administrators Institute <ul style="list-style-type: none"> 2019-20 Date(s) and Location TBD 	<ul style="list-style-type: none"> Benefits Admin Investments Plan Admin 			
International Foundation of Employee Benefit Plans (IFEBP) – Health Care Management Conference <ul style="list-style-type: none"> 2019-20 Date(s) and Location TBD 	<ul style="list-style-type: none"> Benefits Admin 			
International Foundation of Employee Benefit Plans (IFEBP) – New Trustees Institute <ul style="list-style-type: none"> Level I: Core Concepts: October 19-21, 2019 (San Diego, CA) Level II: Concepts in Practice: October 19-20, 2019 (San Diego, CA) 	<ul style="list-style-type: none"> Benefits Admin Investments Plan Admin 			
International Foundation of Employee Benefit Plans (IFEBP) – The Wharton School Advanced Investments Management <ul style="list-style-type: none"> 2019-20 Date(s) and Location TBD 	<ul style="list-style-type: none"> Investments Corporate Governance 			
International Foundation of Employee Benefits Plan (IFEBP) – The Wharton School Portfolio Concepts and Management Course <ul style="list-style-type: none"> 2019-20 Dates and Location TBD 	<ul style="list-style-type: none"> Investments 			

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National Conference on Public Employee Retirement Systems (NCPERS) – Annual Conference & Exhibition <ul style="list-style-type: none"> May 10-13, 2020 (Las Vegas, NV) 	<ul style="list-style-type: none"> Benefits Admin Investments Corporate Governance 	A B A	(Wilkinson, 2017) (Ruiz, 2016) (Sohn, 2018)	Intermediate
National Conference on Public Employee Retirement Systems (NCPERS) – Trustee Educational Seminar (TEDS) <ul style="list-style-type: none"> May 9-10, 2020 (Las Vegas, NV) 	<ul style="list-style-type: none"> Benefits Admin Investments Corporate Governance 	A	(Sohn, 2018)	Intermediate
National Conference on Public Employee Retirement Systems (NCPERS) – Legislative Conference <ul style="list-style-type: none"> January 26-28, 2020 (Washington, DC) 	<ul style="list-style-type: none"> Benefits Admin Investments Corporate Governance 			
Nossaman Annual Public Pensions and Investments' Fiduciaries' Forum Annual Update <ul style="list-style-type: none"> September 5, 2019 (San Francisco, CA) 	<ul style="list-style-type: none"> Legislative Governance 			
Pension Real Estate Association (PREA) Spring Conference <ul style="list-style-type: none"> March 4-5, 2020 (Beverly Hills, CA) * 	<ul style="list-style-type: none"> Investments 	A	(Chao, 2017)	Intermediate
Pension Real Estate Association (PREA) Annual Institutional Investor Conference <ul style="list-style-type: none"> Sept. 30-Oct. 2, 2020 (Boston, MA) 	<ul style="list-style-type: none"> Investments 	A	(Chao, 2017)	Intermediate
Pacific Pension & Investments (PPI) <ul style="list-style-type: none"> Summer Roundtable: July 10-12, 2019 (Chicago, IL) Winter Conference: February 12-14, 2020 (Rancho Palos Verdes, CA) 	<ul style="list-style-type: none"> Investments Corporate Governance 			

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Robert F. Kennedy (RFK) Human Rights Compass Conference <ul style="list-style-type: none"> 2020 Date(s) and Location TBD 	<ul style="list-style-type: none"> Investments Corporate Governance 	A	(Greenwood, 2014, 2015, 2017)	Intermediate
State Association of County Retirement Systems (SACRS) Conference <ul style="list-style-type: none"> Fall Conference: November 12-15, 2019 Monterey, CA) Spring Conference: May 12-15, 2020 (San Diego, CA) 	<ul style="list-style-type: none"> Benefits Admin Investments Corporate Governance 	A B	(Wilkinson, 2015 and 2017, 2018) (Chao, 2017)	Intermediate
State Association of County Retirement Systems (SACRS) / UC Berkeley Program – Public Pension Investment Management Program <ul style="list-style-type: none"> July 22-24, 2019 (Berkeley, CA) 	<ul style="list-style-type: none"> Investments 	A	(Wilkinson, 2015)	
United Nations Principles in Responsible Investing (UN-PRI) Forum <ul style="list-style-type: none"> July 24, 2019 (New York, NY) 	<ul style="list-style-type: none"> Investments Corporate Governance 			
Western Economic Association International – Annual Conference <ul style="list-style-type: none"> June 26-30, 2020 (Denver, CO) June 27-July 1, 2021 (Honolulu, HI) 	<ul style="list-style-type: none"> Investments 			
Women’s Alternative Investment Summit <ul style="list-style-type: none"> November 13-14, 2019 (New York, NY) 	<ul style="list-style-type: none"> Investments 			
Women’s Private Equity Summit <ul style="list-style-type: none"> March 11-13, 2020 (Dana Point, CA) 	<ul style="list-style-type: none"> Investments 			

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**APPENDIX B
LACERS TRAVEL EXPENSE REIMBURSEMENT POLICY
AND RELATED PROVISIONS OF CITY TRAVEL POLICY
(LAAC Chapter 5, Article 4, §§ 4.242.1-4.242.9)**

Approved March 11, 2014;

Revised September 23, 2014; February 12, 2019; September 10, 2019

I. GENERAL GUIDELINES

A copy of the Travel and Education Policy including the Guidelines for Travel and Personal Expenses will be provided to new Board Members and staff before processing their first travel request.

A. LACERS considers an individual traveling if:

- i) the travel is outside the geographic boundaries of Los Angeles County [LAAC §4.242.2]; and more than 50 miles away from both LACERS' offices and the traveler's home; and
- ii) the duties require the individual to be away from the general area of the individual's primary residence substantially longer than an ordinary day's work; or
- iii) the individual needs to sleep or rest to meet the demands of work while away from the primary residence.

B. Costs incurred on travel days which are not conference days are allowable (subject to limitations covered in the applicable sections of the guidelines) for travel within the U.S., Mexico, and Canada: (i) on the day before the first educational session of the conference or seminar if transportation on the first conference day would require the traveler to leave his/her point of departure (e.g., home) earlier than 9:00 a.m.; or (ii) on the day after the last educational session of the conference or seminar if transportation on the last conference day would cause the traveler to get to his/her final destination (e.g., home) after 8:00 p.m.

For travel outside the U.S. (except Mexico and Canada), additional lodging for one day before and/or after the event may be authorized to mitigate hardship for the traveler.

C. Board approval of travel is required prior to payment of any related fees. If a Traveler elects to personally incur travel-related fees prior to the Board's approval, the Traveler assumes personal financial liability that his or her expenses may not be reimbursed.

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II. TRANSPORTATION

A. AIR TRAVEL	
LAAC Requirement	LACERS Policy
<p>Except in the case of official necessity, air travel expenses are allowable only for the lowest regular fare available for regularly scheduled airlines for the date and time selected [§4.242.2(a)(1)]</p> <p>Claims for reimbursement of higher fare or extra charges for transportation by schedule airlines are allowable only if certified by the Department Head¹ that he or she has reviewed and concurs with the facts constituting the official necessity. [§4.242.2(a)(1)]</p>	<ol style="list-style-type: none"> 1. Air travel may be used when it is the most efficient means of travel. 2. Air travel shall be at coach or economy fare. Coach or economy fare is presumed to be the lowest regular fare available for regularly scheduled airlines. Airfare quotes from several airlines are not necessary. 3. When the airfare receipt shows an upgrade to premier economy seating, business or first class accommodation, <ol style="list-style-type: none"> a. Without further justification, the traveler may be reimbursed at the lower of the two costs (the lowest regular fare rate quote available for the same airline² and versus the actual cost of the upgraded seat) will be used as the basis for payment, or b. the traveler shall provide a memo stating the case of official necessity, for approval by the Department Head¹. 4. LACERS will pay directly for airfare booked with the City's authorized business travel service, CalTravelStore. 5. If CalTravelStore is not used, LACERS travelers must use their personal credit card to book flights or other modes of transportation. 6. Consistent with Federal and City travel standards, coupons, or promotional mileage credits earned by the traveler during the course of LACERS business travel may be used for LACERS or personal business. The traveler will not be reimbursed for such coupons or promotional mileage credits used for LACERS travel. 7. Fees for the first checked baggage will be reimbursed. Fees for additional checked baggage may be reimbursed if a justification for an official business need is provided. 8. The cost of air flight insurance is not eligible for reimbursement.

¹ Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

² The acceptable amount will be the fare verified by the Accounting staff prior to encumbrance of the travel request.

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	9. With pre-approval of the Department Head ¹ , refundable airline tickets may be purchased if the traveler provides acceptable justification that the benefit of booking a refundable ticket outweighs the risk of changes in travel plans.
B. PERSONAL VEHICLE OR NON-AIR TRANSPORTATION	
LAAC Requirement	LACERS Policy
<p>In all instances where a mode of transportation other than regularly scheduled airlines is chosen, the Department Head¹ shall authorize such alternate mode of transportation in advance and the allowable cost shall be the actual cost of the alternate mode of transportation or the cost allowable under Subsection (a)1, whichever is less. [§4.242.3.(a)(2)]</p> <p>In the case of travel by modes of transportation other than regularly scheduled airlines, transportation costs shall be the regular fare for the mode of transportation chosen. [§4.242.3(a)]</p>	<p>10. Pre-approval by the Department Head¹ is required for all non-air travel in advance of travel. Travelers must submit the following items for pre-approval:</p> <ul style="list-style-type: none"> a. For travelers using personal automobiles for business purposes – Provide proof of automobile insurance at minimum coverage levels as follows: \$25,000 injury to or death of one person; and, \$50,000 injury to or death of more than one person; and, \$5,000 property damage for any one accident. b. Cost comparisons are required for all non-air travel, with exceptions listed below: Traveler shall submit: a quote for the lowest regular fare available for regularly scheduled airlines to the destination for the date and time selected; and the cost for regular fare on the alternative mode of transportation. <u>Exceptions</u> (no cost comparison is required): If traveling by vehicle to neighboring counties of Orange, Riverside, San Diego, San Bernardino, Ventura, Kern, Santa Barbara, and San Luis Obispo, or to the San Francisco Employees Retirement System to transport sensitive computer equipment for the LACERS emergency hot/warm site. <p>11. Receipts for alternate modes of travel are required. Reimbursement will be for</p>

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In the instance of the use of private automobile, mileage shall be in accordance with mileage provisions of Division 4, Chapter 5, Article 2 of the Administrative Code. [§4.242.3.(a)(2)]

the lower of the actual cost of transportation or lowest regular airfare verified by Accounting prior to encumbrance of the travel request.

12. Mileage reimbursement

a. Mileage reimbursement for the Board will be calculated on a roundtrip basis between official's residence and official destination.

b. Mileage reimbursement for staff will be based on the distance in excess of home to City office for travels during regular work days; for other days, reimbursement will be based on a roundtrip between staff's residence and official destination.

13. Additional travel time and expenses (such as meals and lodging) incurred in choosing other than the fastest and most direct mode of transportation are at the traveler's own personal time and expense.

14. Claims for repairs, replacements, towage, gas and car insurance are not reimbursable.

15. Ground transportation refers to transportation from home to airport, airport to hotel and/or conference/meeting/seminar location, and back.

Reimbursement will be provided for standard-class ground transportation such as This includes Uber, Lyft, taxis, and shuttles, limousines, and private vehicles but not for use of luxury ground transportation such as limousines and executive cars.

16. Mileage reimbursement is provided when personal vehicle is used for ground transportation to/from airport. Commissioner's mileage reimbursement will be computed based on roundtrip miles from residence to airport. Staff mileage reimbursement will be computed based on the distance in excess of home to City office for travels during regular work day; and roundtrip miles from residence to airport on non-work days.

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C. GROUND TRANSPORTATION	
LAAC Requirement	LACERS Policy
<p>The least expensive and most practical form of public transportation shall be used, taking into consideration such factors as time, availability, and personal safety or health. [§4.242.3.(c)]</p>	<p>17. Reimbursement for airport parking is actual amount, not to exceed \$20 per day. Pre-approval is not required. Reimbursement for actual amounts in excess of \$20 per day requires the traveler submitting a memo to justify the expense based on time, availability, and personal safety or health.</p> <p>18. Reimbursement for use of taxi, shuttle, private car or limousine service is limited to the lesser of roundtrip taxi fare (http://www.taxifarefinder.com)² or shuttle fare (http://www.shuttlefare.com)².</p>
D. AUTOMOBILE RENTAL	
LAAC Requirement	LACERS Policy
<p>Such expenses are allowable if traveling by car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus. [§4.242.3.(d)]</p>	<p>19. Pre-approval by the Department Head¹ is required. Travelers must provide written justification that the traveling by car is less expensive and/or more efficient in conducting LACERS business than by use of taxi or bus.</p> <p>20. The traveler will not be reimbursed for car rental insurance within the United States. Car rental insurance costs required in foreign countries may be claimed for reimbursement.</p> <p>21. Receipts are required for reimbursement of rental car, gasoline, parking, and toll expenses. If receipts for toll and/or parking meter expenses are not available, provide printouts from official websites, credit card receipts, or other appropriate documents.</p> <p>22. To avoid fuel surcharges, travelers are encouraged to fill the gas tank before returning a rental vehicle.</p>

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² The acceptable amount will be the fare verified by the Accounting staff prior to encumbrance of the travel request.

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III. LODGING, MEALS AND INCIDENTAL EXPENSE ALLOWANCE

A. LODGING	
LAAC Requirement	LACERS Policy
<p>This section is not intended to preclude an employee or elected official from staying in a hotel where the meeting or convention to be attended is held. [§4.242.3.(b)(1)]</p>	<p>23. Acceptable documentation shall include original itemized hotel receipt marked 'Paid in Full' or showing a zero balance; otherwise, proof of payment is also required.</p> <p>24. Reimbursement for lodging in a hotel where the meeting or convention to be attended is deemed the most practical accommodation and permissible.</p> <p>25. A traveler may elect to stay in a hotel sponsored by the conference as it is presumed to be the most practical or convenient. The reimbursement will be limited to the lesser of the actual hotel costs incurred or the conference hotel rate.</p> <p>26. For any official System travel for training, due diligence trips, meetings with investment managers, or training where hotels are not pre-designated, the traveler should select the most economical lodging taking into consideration the proximity of the selected place to conduct the official System business, traveler's safety, time and transportation costs and other relevant factors. Any of the following methods are acceptable for determining "moderately priced establishments of acceptable quality," "the most economical and practical accommodations," and those which would be presumed not to meet the IRS definition of "lavish and extravagant" accommodations:</p> <ul style="list-style-type: none"> (i) Lodging does not exceed the highest Federal domestic lodging per diem rate; cost comparison is not necessary; or (ii) The most economical hotel identified using the City traveler provider website (www.concursolutions.com/), with availability, with at least a 3 star rating on a 5 star scale travel, and within walking distance or no less than ½ mile radius of the first business location; or

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<p>In the selection of restaurants and hotel rooms, it is expected that individuals will seek moderately priced establishments of acceptable quality. [LAAC §4.242.3.(b)]</p> <p>An employee or elected official must consider transportation costs, time, and other relevant factors in selecting the most economical and practical accommodations. [§4.242.3.(b)(1)]</p>	<p>(iii) The most practical hotel on the above list with acceptable written justification; or</p> <p>(iv) Any lodging expenses may be reimbursed provided that the expense does not exceed 300% of the lodging per diem and traveler must clearly demonstrate no other acceptable alternative lodging was available, as in the event of a state of emergency, or other justifiable reason reviewed and certified by the Department Head¹ as reasonable and proper, and incurred in the pursuit of System business.</p> <p>27. Reimbursement is limited to single occupancy room rate, as documented on hotel letterhead or the hotel's room rates listing, plus applicable taxes and charges unless additional occupants are LACERS trustees/staff on official LACERS business.</p>
B. MEALS AND INCIDENTAL EXPENSES (M&IE)	
LAAC Requirement	LACERS Policy
<p>Expenses incurred by an employee or elected official for food and beverage served at meals, scheduled receptions, or other functions necessary for the conduct of City business are allowable to a maximum of three meals a day. [§4.242.3.(b)(2)]</p>	<p>28. LACERS intends to be compliant with IRS accountable plan rules, therefore M&IE allowance will be provided only when business travel results in a necessity for lodging. LACERS will provide travelers with a standard meal allowance at the Federal per diem rate per locale. The allowance, in lieu of providing receipts, is acceptable under the IRS accountable plan rules. The IRS (Publication 463) defines meals and incidental expenses include: meals, transportation to acquire meals, fees/tips to porters, baggage carriers, bellhops, hotel maids, wait staff, and other service providers.</p> <p>29. No meal allowance will be paid when meals are provided throughout the day by the host or at the conference. Hotel complimentary breakfasts are not included in this category.</p>

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	<p>30. Prorating the standard meal allowance –</p> <p>The IRS permits LACERS to adopt its own rules for prorating the standard meal allowance on partial days of travel so long as we consistently apply the method in accordance with reasonable business practice.</p> <p>The meal and incidental expense allowance will be prorated from a daily allowance to a per meal period allowance on partial days of travel; and when some meals are prepaid/to be paid by LACERS (complimentary breakfast provided at the hotel, meals at the conference or pre-paid to comply with the City/LACERS gift restrictions).</p> <p>The M&IE allowance = incidental expense + breakfast allowance (if traveling between 1AM – 9AM) + lunch allowance (if traveling between 9AM – 5PM) + dinner allowance (if traveling between 5PM – 1AM).</p> <p>Utilize the M&IE per travel locale and provide an allowance for each meal period the traveler is away from home (based on the current Federal General Services Agency six tiered M&IE allowance):</p> <table><tr><th>Total</th><th>Breakfast</th><th>Lunch</th><th>Dinner</th><th>IE</th></tr><tr><td>\$46</td><td>\$7</td><td>\$11</td><td>\$23</td><td>\$5</td></tr><tr><td>\$51</td><td>\$8</td><td>\$12</td><td>\$26</td><td>\$5</td></tr><tr><td>\$56</td><td>\$9</td><td>\$13</td><td>\$29</td><td>\$5</td></tr><tr><td>\$61</td><td>\$10</td><td>\$15</td><td>\$31</td><td>\$5</td></tr><tr><td>\$66</td><td>\$11</td><td>\$16</td><td>\$34</td><td>\$5</td></tr><tr><td>\$71</td><td>\$12</td><td>\$18</td><td>\$36</td><td>\$5</td></tr></table>	Total	Breakfast	Lunch	Dinner	IE	\$46	\$7	\$11	\$23	\$5	\$51	\$8	\$12	\$26	\$5	\$56	\$9	\$13	\$29	\$5	\$61	\$10	\$15	\$31	\$5	\$66	\$11	\$16	\$34	\$5	\$71	\$12	\$18	\$36	\$5
Total	Breakfast	Lunch	Dinner	IE																																
\$46	\$7	\$11	\$23	\$5																																
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<p>Gratuities. Such expenses, not exceeding 15%, are allowable where reasonable and customary. [§4.242.3.(h)]</p>	<p>31. Transportation between places of lodging and places where meals are taken are no longer included in the definition of incidental expenses, and may be authorized by the Department Head for reimbursement up to \$5 per day.</p> <p>32. Gratuities are included in the IRS definition of “incidental” expenses and are therefore subject to per diem limits. Reimbursement for restaurant gratuities are calculated as up to 15 percent of the restaurant bill exclusive of taxes, except</p>																																			

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	when the gratuity percentage is required and the amount is added on the bill by the service provider.
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IV. OTHER EXPENSES

LAAC Requirement	LACERS Policy
<p>(j) Other Expenses. Expenses not specifically set forth in other subsections of this section that are incurred by an employee or an elected official are allowable where deemed necessary in the conduct of City business; provided that such expenses have been reviewed and certified by the Department Head¹ as reasonable and proper and incurred in pursuit of City business. Wherever the type of expenditure is not specifically listed in this section, the employee or elected official should be prepared to absorb the cost as a personal expenditure in the event that such expense is not certified by the Department Head¹. [§4.242.3.(j)]</p>	<p>33. Other travel expenses are allowable when deemed necessary in the conduct of System business provided such expenses are reviewed and certified by the Department Head¹ as reasonable, proper, and incurred in pursuit of System business. Otherwise, these expenses become personal expenditures.</p> <p>34. Travel Interruptions – When there is an interruption or deviation from planned travel due to bona fide public emergencies outside of the traveler's control such as weather or shutdown of air travel, travelers may be reimbursed at full cost for emergency lodging, meals, and incidental expenses.</p> <p>35. Indirect Travel - whether for the traveler's personal leave or for convenience, expenses allowable will not exceed those that would have been incurred for uninterrupted travel utilizing the direct travel route or travel days. Supporting documentation showing the cost for direct travel and the deviation should be provided by the traveler.</p>

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IV. NON-REIMBURSABLE TRAVEL EXPENSES

LAAC Requirement	LACERS Policy
<p>Expenditures which are incurred by an employee or elected official that are of a purely personal nature will not be reimbursed by the City.</p> <ul style="list-style-type: none"> a) Auto repairs, replacement or towage to personal vehicle when such use has been authorized (see established City procedures for repair to City vehicle); b) Flight insurance; c) Personal telephone calls (except those specified in Section 4.242.3 (g) of this article); d) Expenses for persons other than the employee or elected official, except as specified in Section 4.242.3 (b) 2. [§4.242.4] 	<p>36. Expenditures which are not substantive to LACERS business will not be reimbursed by LACERS, such as:</p> <ul style="list-style-type: none"> a) Any expenses related to entertainment and recreational activities; b) Flight upgrade fees for seats other than coach or economy; c) Internet usage fees (unless the internet is used for City business); d) Any expenses related to alcohol and tobacco. <p>37. The traveler must submit reimbursement for personal expenditures paid by LACERS.</p> <p>If there are portions of the conference or seminar that are entertainment in nature and not business-related (e.g., golf tournaments, musical performances or concerts, etc.), the traveler is required to reimburse LACERS for the cost of these recreational activities.</p>

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V. OTHER RULES AND RESTRICTIONS

A. DOCUMENTATION OF EXPENSES - PERSONAL EXPENSE STATEMENTS	
LAAC Requirement	LACERS Policy
<p>All expenses claimed shall be listed on separate forms provided and used for required documentation of travel expense.</p> <p>Completed travel expense forms shall be forwarded to the Controller within thirty (30) days of the conclusion of the trip.</p> <p>The Department Head¹ shall certify that all expenditures were incurred in pursuit of City business. Falsification of such certification shall be grounds for appropriate disciplinary action and such other sanctions provided by law.</p> <p>Receipts shall be provided for transportation costs incurred under Section 4.242.3(a), lodging, and for any single item of expenditure in excess of \$25.00. Receipts for expenditures under \$25.00 should be presented when available. [LAAC § 4.242.7]</p>	<p>38. All expenses claimed for reimbursement must be itemized on the Personal Expense Statement (PES - Form Gen. 16).</p> <p>39. The traveler is responsible for verifying all charges on receipts before making payment. Charges made in error will not be reimbursed.</p> <p>40. Original receipts are required for any single expenditure in excess of \$25. Receipts are not required for a meal and incidental expense allowance, regardless of amount, when the Federal per diem rate per locale is provided to the traveler and prorated in accordance with LACERS' policy.</p> <p>41. Travel expenses in foreign currency must be converted to U.S. dollars (USD) based on exchange rates effective on the date of the original receipt. The following are acceptable supporting documentation for the foreign currency conversion:</p> <ol style="list-style-type: none"> Credit card statement showing conversion of foreign-denominated expenses to USD Foreign exchange receipts from money exchanges or banks showing foreign conversion rates Verifiable foreign exchange rates from the internet
B. TRAVEL ADVANCES	
LAAC Requirement	LACERS Policy
<p>Requests for an advance for funds shall be submitted to the Controller, where feasible, at least ten (10) days in advance of the beginning of the planned expenditure of funds and such request shall include the persons traveling, period covered, and the destination. In addition, the request should</p>	<p>42. For trips of one night or more, a travel advance may be requested. The amount advanced is limited to the lodging, meal and incidental expenses per diem as well as registration, seminar, and meeting fees paid by the traveler.</p> <p>43. Written requests (email correspondence is</p>

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state the purpose of the trip, the nature of the City business to be conducted on the trip, and the proposed total estimated expenditure. Documentation of actual expenses incurred shall be submitted to the Controller in conformance with Section 4.242.7.

acceptable) for the travel advance are to be submitted by the Traveler to the CEA/travel coordinator for approval at least thirty (30) days prior to the date of travel. The request must include a statement certifying that the traveler has no outstanding cash advance.

44. A cash advance request will be denied if a traveler has an outstanding cash advance for past travel with does not comply with the procedures.
45. Regular travel advances will be released no earlier than one (1) week before travel.
46. Outstanding travel advances not accounted for and delinquent over 120 days will be included as part of an employee's wages on the first payroll period of the subsequent calendar quarter following the end of the 120 calendar days; and, for non-City employees, IRS Form 1099-Misc will be issued per IRS Federal, State, Local Government Taxable Fringe Benefit Guide. Nothing herein eliminates the traveler's obligation to return to the Fund any excess monies that were received that were not used for approved travel expenses.
47. Future travel advances will not be processed for traveler(s) with delinquent PES over 30 days. Requests for reimbursement may be processed in advance of the travel for expenditures such as registration fees, airfare and/or one-night hotel deposit. To ensure timely processing of the reimbursement, such requests along with supporting documents and proof of payment (credit card statement, etc.) must be submitted to the CEA/travel coordinator, in writing, at least fifteen (15) working days before the date of travel.
48. Advanced payment for cancelled travel: Any amount that was paid by department in advance of travel is considered an advance. In the event of the need to cancel the trip, the traveler is responsible for notifying all payees ~~to~~ (such as air

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	<p>carrier, hotel, conference host, etc.) as soon as possible to avoid/minimize cancellation fees</p> <ul style="list-style-type: none"> a. If cancellation was due to personal reasons, the traveler must personally reimburse the department for any amount not recovered (net of cancellation fees). If the refund or credit was issued directly to the traveler, traveler must pay LACERS the entire amount of credit received within 14 calendar days from the credit issued date. b. If travel was cancelled due to the business or public reason, traveler is responsible to submit a justification along with the proper documentation to the General Manager Department Head¹ within 14 calendar days from the cancelled date. c. Unrecovered amounts are reported as taxable income to the traveler. The traveler may be required to pay for future airfare using their own credit card, and LACERS will reimburse airfare upon completion of the travel.
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¹ Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures, the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

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APPENDIX C
BOARD TRAVEL REIMBURSEMENT CHECKLIST

Adoption Date: May 26, 2009

Revised Dates: June 22, 2010; December 13, 2011; March 11, 2014

I. STEPS FOR TRAVEL APPROVAL AND REIMBURSEMENT:

Step 1: Provide details of the educational event to the Commission Executive Assistant (CEA)

Step 2: Submit information on estimated expenses to the CEA

Fees Paid Directly By LACERS:

Step 3: Register for the Conference

- Conference registration and registration fees can be arranged through the CEA prior to the conference date. Registration fees are paid directly by LACERS with no out-of-pocket expenses for the traveler;
 - Under State and City gift laws, complimentary conferences or conference-related events could be considered gifts. LACERS will evaluate the circumstances with the assistance of the City Ethics Commission and may be required to pay a pro-rata share of conference expenses provided by the hosting organization.
- Or, after the fact, submit a receipt showing a zero balance as proof of payment.

Step 4: Book flight

- Provide desired flight numbers, dates, and times to the CEA. The CEA will book the flight. Flights booked through the City's travel service negate the need to secure three fare quotes. The City's travel service will also provide a flight credit if the traveler is unable to fly and proper notification is given.
- Or after the fact, submit a receipt for the purchase of the airline ticket and three fare quotes generated on the same day the flight was booked. Reimbursement is limited to the lowest regular fare.

Items Requiring Pre-Approval for Expenditure Reimbursement:

Step 5: Submit written justification for items requiring pre-approval from the Board President or Vice President. If approval is not secured prior to incurring the expense, reimbursement may not be granted.

- Requests for reimbursement of airfare which exceeds the lowest regular fare – justification should demonstrate the official necessity of the selected flight. Attach to the request three air fare quotes generated on the same day the flight was booked.
- Requests for transportation other than air flight – justification should indicate reasons for use of the alternate mode of transportation.
- Requests for cash advances to cover lodging and per diem for meals must be submitted 30 days prior to the commencement of travel. See further instructions below.

After the Travel has been completed, submit report and receipts:

Step 6: Submit an Event Evaluation Report within thirty (30) days of the conclusion of the trip

- The report is required prior to reimbursement

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Step 7: Submit a Personal Expense Statement (PES) within thirty (30) days of the conclusion of the trip:

- Itemize all reimbursable daily expenses for lodging, transportation, and miscellaneous expenses; list the per diem for meals and incidentals.
- Report expenses paid directly by LACERS as a deduction to the total reimbursable amount
- See further instructions on the following checklist

II. REIMBURSEMENT CHECKLIST:

ALLOWABLE TRAVEL COSTS	REQUIRED DOCUMENTS
AIR TRAVEL	
<p><u>Air Travel</u> Air travel expenses are only allowable for the lowest regular fare available. If the flight with the lowest regular fare is not booked, reimbursement will only be for the lowest regular fare.</p> <p>If three fare quotes are not submitted, the lowest regular fare will be determined by a quote from the City's travel agent for a direct flight, coach class, 14 days prior to the date of business travel. The CEA will determine the reasonable flights to be quoted which best meet the conference dates and times.</p> <p>Exceptions allowing reimbursement for a higher cost fare may be approved by the General Manager for "official necessity." Official necessity means there is a bona fide benefit to LACERS for taking the selected flight which outweighs the cost of the higher fare.</p>	<p><u>Transportation Expenses</u></p> <p><input type="checkbox"/> Submit a receipt showing a zero balance as proof of payment for airfare</p> <p><input type="checkbox"/> Provide three air fare quotes from the same date as the booked flight, demonstrating that the selected flight is the lowest regular fare practically available</p> <p><input type="checkbox"/> Provide written justification of the "official necessity" for any higher cost fare if seeking reimbursement above the lowest fare rate. The General Manager must concur for the expense to be submitted for reimbursement.</p>
OTHER TRANSPORTATION	
<p><u>Bus or Rail Travel</u> The allowable cost shall be the actual cost for the regular fare for the bus/rail travel.</p> <p><u>Automobile Rental</u> Automobile rental expenses are allowable if traveling by automobile is less expensive or more appropriate than by other modes of transportation.</p>	<p><input type="checkbox"/> Submit request for pre-approval from the General Manager for all modes of transportation other than regularly scheduled airlines.</p> <p><input type="checkbox"/> Submit request for pre-approval from the General Manager demonstrating that traveling by rental car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus.</p>

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<p><u>Private Automobile</u> The allowable cost shall be the actual total mileage rate allowance as determined by the Internal Revenue Service (IRS).</p>	<p><input type="checkbox"/> Submit request for pre-approval from the General Manager, and include a satisfactory liability insurance policy covering the full use and operation of the vehicle. The limits of liability on any such policy shall not be less than \$25,000 in the case of injury to or death of one person, and \$50,000 in the case of injury to or death of more than one person; and in the case of property damage, not less than \$5,000 in any one accident</p>
<p>REGISTRATION FEES</p>	
<p><u>Registration Fees</u> Reimbursable if paid by the Trustee</p>	<p><input type="checkbox"/> Submit a receipt showing a zero balance as proof of payment</p>
<p>LODGING</p>	
<p>Hotels generally offer specially rated room blocks for conference participants. The Trustee may stay at an "off-site" hotel if the room blocks are exhausted.</p> <p>Transportation costs, time, and other relevant factors must be considered in selecting the most economical and practical accommodations.</p> <p>An extra-night stay is allowable if it sufficiently reduces the airfare, or if the conference commences early in the morning or adjourns late in the evening.</p>	<p><input type="checkbox"/> Submit receipt showing a zero balance as proof of payment. Personal credit card information must be redacted from the receipt.</p> <p><input type="checkbox"/> If lodging is for other than single occupancy, secure a rate sheet or other documentation of the single occupancy rate.</p>
<p>MEALS & INCIDENTAL EXPENSES</p>	
<ul style="list-style-type: none"> o The meal and incidental per diem for domestic travel is currently \$71 per day. o Incidental expenses are fees and gratuities provided to service workers, and for transportation costs in acquiring meals. o The daily allowance is prorated at 75% on days of travel, and if some meals are provided by the hotel or conference. o No meal allowance is provided when meals are provided throughout the day by the hosting organization. o The rate for international travel is in accordance with current Federal per diem rate guidelines. 	<p>Receipts for meals and incidental expenses are not required.</p> <p><input type="checkbox"/> Submit justification letter if claiming reimbursement for expenses exceeding the per diem allowance.</p>

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MISCELLANEOUS EXPENSES**Checked Baggage Fees**

Such expenses are allowable when the Trustee is charged for the first checked bag.

Laundry Service

Such expenses are allowable if the duration of the trip, traveling conditions, or some other special circumstances dictate.

City Business Telephone Calls

Such expenses are allowable if the telephone calls are relevant to appropriate City business.

Personal Telephone Calls

Such expenses are allowable for one call to the Trustee's immediate family if they are located within the locale of their residence.

If travel is in excess of three (3) days, one such call is permitted for each successive three (3) days thereafter.

Each call should last a reasonable amount of time, such as 10 minutes per call.

Ground Transportation

Transportation between the traveler's residence and airport, and transportation between the airport and conference location.

☐ Baggage fees for second and additional items require a justification memo that it meets a business purpose.

☐ Submit receipts for all miscellaneous expenses.

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APPENDIX D
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)
TRAVEL/CONFERENCE EVALUATION REPORT

Name of Attendee:	
Title of Conference/Seminar:	
Location:	
Event Sponsor:	Date(s) Held:

Report for:

- ☐ Travel
- ☐ Conference/Seminar Attendance Only

I. Nature/Purpose of Travel (if applicable):

II. Significant Information Gained:

III. Benefits to LACERS:

IV. Additional Comments:

SUBMIT TO THE LACERS COMMISSION EXECUTIVE ASSISTANT, 202 W. FIRST STREET, SUITE 500
 WITHIN 30 DAYS AFTER ATTENDING THE CONFERENCE/SEMINAR

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1.2 BOARD EDUCATION AND TRAVEL POLICY

Adopted: May 29, 2009; Revised: June 22, 2010; December 13, 2011; March 11, 2014; September 23, 2014; February 12, 2019; September 24, 2019

I. STATEMENT OF PURPOSE

Los Angeles City Charter Section 1106(c), consistent with Article XVI, Section 17 of the California Constitution requires the Board to exercise a *Prudent Person Standard*, discharging their duties with respect to its system, with care, skill, prudence, and diligence. It is imperative that LACERS Board Members maintain a broad and current understanding of issues affecting the administration of public pension systems to fulfill their fiduciary duties. This policy recognizes and affirms the role of education in ensuring Trustees have the knowledge to successfully discharge their duties as fiduciaries.

The Board establishes a standard of a minimum of 24 hours of Board Member education within the first two years of assuming office and for every subsequent two-year period in which the Board Members continue to hold membership on the Board. A report detailing the training and education received by the respective Board Members during the two-year periods will be published on the LACERS website.

II. EDUCATIONAL OBJECTIVES

This policy defines a *Prudent Person Standard* for Trustees as a general understanding of:

- A. The role of the Board Members and the role of staff
- B. The obligations and role of fiduciary and the paramount duties of loyalty and prudence
- C. The business model (including knowledge of true measure of success, the driving factors that determine success and the major business risks associated with public pension systems; namely, in the areas of investments and benefit administration).
- D. Governance principles
- E. The legal and legislative environment
- F. Actuarial principles
- G. Plan design and other benefit program
- H. Investment and asset allocation strategies

III. NEW TRUSTEE ORIENTATION PROGRAM

To ensure that newly appointed and elected LACERS Board Members are securely grounded in their role as fiduciaries at the outset of assuming such an important responsibility, each shall participate in the New Trustee Orientation Program which offers critical background information and education on the Board's governance responsibilities, the knowledge of which is essential for the fullest possible engagement of each Board Member in every aspect of pension fund management.

The orientation will cover the following:

- 1. History and overview of LACERS
- 2. Fiduciary Responsibility
- 3. Ethics Training
- 4. Board Governance
- 5. Benefits and Services
- 6. Actuarial Concepts
- 7. Investment Concepts
- 8. Operations

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- 9. Legal Representation and Law
- 10. Current Topics for LACERS
- 11. Tour of the offices and boardroom

IV. IN-HOUSE EDUCATION PROGRAM

To provide updates on various issues affecting the administration of public pension systems, in-house education sessions will occur periodically at regular Board meetings or organized as stand-alone sessions. The General Manager will arrange in-house training for the Board based on the schedule below and as-needed:

A. Mentoring

Any new Board Member may request a mentor to assist him or her in becoming familiar with his or her responsibilities on the Board. If a request is made, the Board President will designate an experienced Board Member to be a mentor to the new Board Member for a period of one year.

B. Investment Education

At least once per fiscal year, an investment educational session for all Board Members shall be conducted. The General Manager shall survey the Board to identify specific investment topics of interest.

C. Fiduciary Education Sessions by Fiduciary Counsel

Upon request, outside Fiduciary Counsel will provide fiduciary education to the Board.

D. Actuarial Education

Each year, an actuarial education session will be provided to the Board.

E. Healthcare Benefits Education

Each year, a healthcare benefits education session will be provided to the Board.

F. Retirement Benefits

Each year, an update of the issues regarding retirement benefits will be provided to the Board.

G. Ethics Training

Board Members are required to participate or attend the City's Ethics training during the first year of appointment and then once every two years. Refresher ethics training will be provided to the Board annually.

H. Other As-needed Topics

Staff will periodically coordinate educational sessions for the Board on topics of general interest or topics that Board Members may request.

V. EDUCATIONAL CONFERENCES/SEMINARS

The complexities of sound management of the assets and liabilities of a trust fund impose a continuing need for all Members of the LACERS Board to attend professional and educational conferences, seminars, and other educational events that will better prepare them to perform their fiduciary duties.

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A. Annual Approved List of Educational Seminars

At the beginning of each fiscal year, the General Manager shall prepare for Board adoption a list of recommended conferences, seminars and meetings (Appendix A). The list shall identify recommended conferences for new trustees, and make a concerted effort to reflect educational opportunities at Southern California universities available for pension trust fiduciaries.

Board Members are encouraged to attend a minimum of one educational conference or seminar per fiscal year from this list.

The General Manager will prepare an annual blanket authority for Board approval for conferences included in the Approved List of Educational Seminars.

Every Board Member's participation in a pre-approved conference shall be noticed on the Board agenda following submission of the Board Travel request.

B. Travel Requiring Explicit Board Approval

Subject to explicit approval of the Board for each conference, the requesting Board Member shall provide appropriate justification to the Board for consideration of:

1. Requests to travel to conferences outside the List of Educational Seminars (Appendix A) will be submitted to the Board for approval, so long as the trustee's education allocation is not exceeded.
2. Requests for travel outside the United States (except Canada and Mexico).

C. Travel Outside the United States

All conferences and seminars which involve travel to a destination outside the United States (except Canada and Mexico) must be approved by the Board. Each Board Member may attend no more than one conference which involves international travel (to include Canada and Mexico) in any 12-month period.

D. Travel to Washington D.C. or Sacramento

The Mayor requires notification of any travel to Washington D.C. or Sacramento. Staff will process the appropriate forms on behalf of the Trustees.

E. Conference Invitations Received by a Board Member

To provide all the Trustees with the same conference and seminar opportunities, the individual Board Member shall forward invitations they receive to a conference or seminar, to the General Manager or the Board Executive Assistant. LACERS will consult with the Office of the City Attorney or the City Ethics Commission for compliance with gift and disclosure requirements. If the conference or seminar clears the ethics compliance process, the Board Executive Assistant shall disseminate the conference or seminar invitation to all Board Members.

F. This section is intentionally left blank.**G. Board Education and Travel Limitations**

Board Member travel shall adhere to the following guidelines:

- Board Members shall attend conferences or seminars that have a solid reputation for quality program content. (see Appendix A); i.e., agendas with a minimum of five hours of substantive educational content. Content shall not be geared toward

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marketing or the promotion of investment management and related sponsors. Topics covered during the conference or seminar must be related to the pension fund industry.

- The Board education travel budget per Trustee shall not exceed \$10,000 per fiscal year for conference fees and travel expenses. Expenses which exceed this annual allocation shall be the personal responsibility of the Board Member unless the Board approves additional travel and budget allocation prior to the conference.
- Board Members shall provide notification to the Board Executive Assistant of their interest to attend a conference or seminar at least sixty (60) days prior to the travel date.

H. Reports to the Board

1. Quarterly Travel Expenditure Report

An educational travel expenditure report shall be provided to the Board on a quarterly basis, covering cumulative Board Member and staff travel for the fiscal year.

2. Monthly Report on Seminars and Conferences Attended by Board Members on Behalf of LACERS

There may be occasions where a Board Member attends seminars or conferences as a LACERS representative or in the capacity of a LACERS Board Member which are either complimentary (no cost involved) or with expenses fully covered by the Board Member.* Since there is no expense incurred to LACERS, these seminars or conferences do not require Board approval. However, for the purpose of transparency and to avoid the appearance of impropriety, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, such conferences or seminars attended. Monthly reports will include conferences or seminars attended during the period preceding the said Board meeting.

**Please consult the City Ethics Commission for gift reporting limitations and reporting requirements.*

I. Meeting for Business Purpose in Compliance with the Ralph M. Brown Act

In accordance with the Ralph M. Brown Act, a quorum comprising of majority of the members of the LACERS' Board or Committee to hear, discuss, or deliberate upon any matter which is under the subject matter jurisdiction of LACERS are meetings subject to the Brown Act. Board Members must be cognizant of this requirement and avoid discussing LACERS' business when in meetings or discussions with other Members of the Board.

VI. TRAVEL EXPENSE REIMBURSEMENT POLICIES

- #### A. The LACERS Board of Administration has full authority over the trust fund expenditures including the payment of all education and related travel expenditures which it deems reasonable and appropriate for the conduct of official LACERS business.

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The Office of the City Attorney has affirmed the LACERS Board's plenary authority and fiduciary responsibility for investment of trust assets and administration of the System as codified in the California Constitution (Section 17 of Article 16). The position is further strengthened by the Los Angeles City Charter §1110(b): "The board of each pension and retirement system shall have control over their respective funds. Transfers or expenditures shall be drawn upon funds only upon demands signed by the chief accounting employee of the board. All payments from the funds shall be made upon demands prepared and approved in accordance with the provisions of the Charter."

The City's travel policies as set forth in Division 4, Chapter 5, Article 4 of the Los Angeles Administrative Code (LAAC) provide the definitions, parameters, and guidance for the majority of travel circumstances encountered for LACERS travel and will be referenced as LACERS primary travel policy. LACERS departmental travel expense reimbursement policy is meant to be in compliance with the LAAC travel requirements, augmented to facilitate LACERS business. LACERS travel reimbursement policy establishes standards of reasonableness, appropriateness, and necessity for the conduct of LACERS business, and applies to all travel expenditures paid by LACERS. Expenditures which are certified as to reasonableness and appropriateness by the Department Head are to be paid by the City Controller upon demand. The Board authorizes by resolution, authority to certify travel expenditures as required by the LAAC, to the Board President for Board Member and General Manager travels; the Board Vice President for Board President travel expenditures; or in the absence of the Board Vice President, approval by the most tenured member of the Board aside from the President; and the General Manager for staff, City Attorney-Retirement Benefit Office counsel, and consultant travel within the U.S. Staff expenditures related to travel outside the U.S. (except Canada and Mexico) requires Board approval.

LACERS acknowledges the Los Angeles City Controller's Travel Policy applies to most other City departments. However, LACERS Board and its designees retain their plenary authority to approve all education and related travel expenditures which are reasonable and appropriate for the conduct of official LACERS business. LACERS will consider the Controller's Travel Policy and will incorporate similar rules if appropriate.

B. Reimbursable Expenses

LACERS Travelers are entitled to reimbursement of travel expenses when on official LACERS business, including reimbursement of all transportation costs, registration or attendance fees, subsistence costs and other costs reasonably and necessarily incurred on official business, subject to the guidelines outlined in this policy and in compliance with the Internal Revenue Service accountable plan rules for travel reimbursements.

A list of reimbursable expenses is included in Appendix B, which includes a summary of allowable reimbursements under the LAAC and the corresponding LACERS policy establishing standards for reasonableness, appropriateness, and necessity.

C. Non-Reimbursable Expenses

Expenditures which are incurred by a Board Member or staff that are not substantive to LACERS' business will not be reimbursed by LACERS. A list of non-reimbursable travel expenses is included in Appendix B.

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D. Event Participation Report

Whenever a Trustee attends a conference or other event at the expense of the Fund, it shall be his or her responsibility to complete the Board Members Education Evaluation Form (Appendix D) and to provide the Board information on the event, which they believe is of significance to the System. The evaluation form must be submitted with the request for reimbursement of expenses associated with each conference attended. A reimbursement will not be made without a completed evaluation form.

E. Travel Activity Summary

Upon the close of the fiscal year, the General Manager shall report to the Board on Trustee (along with staff) travel expenditures throughout that year.

VII. APPENDICES

- A. Appendix A – List of Educational Seminar Schedule
- B. Appendix B – LACERS Travel Expense Reimbursement Policy
- C. Appendix C – Board Travel Reimbursement Checklist
- D. Appendix D – LACERS' Board Member Education Evaluation Form

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APPENDIX A
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
LIST OF EDUCATIONAL SEMINARS – FISCAL YEAR 2019-20

*Local Conference

CONFERENCE / SEMINAR / MEETING	SUBJECT MATTER	TRUSTEE EVALUATION		
		TRUSTEE RATING Rate seminar with:		LEVEL
		A	Excellent	
		B	Very Good	
		C	Good	
		D	Not Beneficial	
California Association of Public Retirement Systems (CALAPRS) – General Assembly ▪ March 7-10, 2020 (Rancho Mirage, CA)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning	A	(Sohn, 2016) (Wilkinson, 2018)	Intermediate
CALAPRS – Principles of Pension Governance For Trustees ▪ August 26-29, 2019 (Malibu, CA)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning	A	(Serrano, Wilkinson 2015)	Intermediate
CALAPRS – Advanced Principles of Pension Management For Trustees ▪ 2020 Date(s) and Location TBD	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning			
CALAPRS – Trustees' Roundtable ▪ October 25, 2019 (Oakland, CA)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning	B	(Chao, 2016)	Intermediate
Council of Institutional Investors (CII) – Conferences ▪ Fall Conference: Sept. 16-19, 2019 (Minneapolis, MN) ▪ Spring Conference: March 9-11, 2020 (Washington, DC)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning	A	(Chao, 2017)	Intermediate
		B	(Wilkinson 2015)	Advanced

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<p>International Foundation of Employee Benefit Plans (IFEBP) – Annual Conference</p> <ul style="list-style-type: none"> ▪ October 20-23, 2019 (San Diego, CA) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Plan Admin 			
<p>International Foundation of Employee Benefit Plans (IFEBP) – Trustees And Administrators Institute</p> <ul style="list-style-type: none"> ▪ 2019-20 Date(s) and Location TBD 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Plan Admin 			
<p>International Foundation of Employee Benefit Plans (IFEBP) – Health Care Management Conference</p> <ul style="list-style-type: none"> ▪ 2019-20 Date(s) and Location TBD 	<ul style="list-style-type: none"> ▪ Benefits Admin 			
<p>International Foundation of Employee Benefit Plans (IFEBP) – New Trustees Institute</p> <ul style="list-style-type: none"> ▪ Level I: Core Concepts: October 19-21, 2019 (San Diego, CA) ▪ Level II: Concepts in Practice: October 19-20, 2019 (San Diego, CA) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Plan Admin 			
<p>International Foundation of Employee Benefit Plans (IFEBP) – The Wharton School Advanced Investments Management</p> <ul style="list-style-type: none"> ▪ 2019-20 Date(s) and Location TBD 	<ul style="list-style-type: none"> ▪ Investments ▪ Corporate Governance 			
<p>International Foundation of Employee Benefits Plan (IFEBP) – The Wharton School Portfolio Concepts and Management Course</p> <ul style="list-style-type: none"> ▪ 2019-20 Dates and Location TBD 	<ul style="list-style-type: none"> ▪ Investments 			

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<p>National Conference on Public Employee Retirement Systems (NCPERS) – Annual Conference & Exhibition</p> <ul style="list-style-type: none"> ▪ May 10-13, 2020 (Las Vegas, NV) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance 	<p>A</p> <p>B</p> <p>A</p>	<p>(Wilkinson, 2017)</p> <p>(Ruiz, 2016)</p> <p>(Sohn, 2018)</p>	Intermediate
<p>National Conference on Public Employee Retirement Systems (NCPERS) – Trustee Educational Seminar (TEDS)</p> <ul style="list-style-type: none"> ▪ May 9-10, 2020 (Las Vegas, NV) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance 	<p>A</p>	<p>(Sohn, 2018)</p>	Intermediate
<p>National Conference on Public Employee Retirement Systems (NCPERS) – Legislative Conference</p> <ul style="list-style-type: none"> ▪ January 26-28, 2020 (Washington, DC) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance 			
<p>Nossaman Annual Public Pensions and Investments' Fiduciaries' Forum Annual Update</p> <ul style="list-style-type: none"> ▪ September 5, 2019 (San Francisco, CA) 	<ul style="list-style-type: none"> ▪ Legislative Governance 			
<p>Pension Real Estate Association (PREA) Spring Conference</p> <ul style="list-style-type: none"> ▪ March 4-5, 2020 (Beverly Hills, CA) * 	<ul style="list-style-type: none"> ▪ Investments 	<p>A</p>	<p>(Chao, 2017)</p>	Intermediate
<p>Pension Real Estate Association (PREA) Annual Institutional Investor Conference</p> <ul style="list-style-type: none"> ▪ Sept. 30-Oct. 2, 2020 (Boston, MA) 	<ul style="list-style-type: none"> ▪ Investments 	<p>A</p>	<p>(Chao, 2017)</p>	Intermediate
<p>Pacific Pension & Investments (PPI)</p> <ul style="list-style-type: none"> ▪ Summer Roundtable: July 10-12, 2019 (Chicago, IL) ▪ Winter Conference: February 12-14, 2020 (Rancho Palos Verdes, CA) 	<ul style="list-style-type: none"> ▪ Investments ▪ Corporate Governance 			

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Robert F. Kennedy (RFK) Human Rights Compass Conference <ul style="list-style-type: none"> ▪ 2020 Date(s) and Location TBD 	<ul style="list-style-type: none"> ▪ Investments ▪ Corporate Governance 	A	(Greenwood, 2014, 2015, 2017)	Intermediate
State Association of County Retirement Systems (SACRS) Conference <ul style="list-style-type: none"> ▪ Fall Conference: November 12-15, 2019 Monterey, CA) ▪ Spring Conference: May 12-15, 2020 (San Diego, CA) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance 	A B	(Wilkinson, 2015 and 2017, 2018) (Chao, 2017)	Intermediate
State Association of County Retirement Systems (SACRS) / UC Berkeley Program – Public Pension Investment Management Program <ul style="list-style-type: none"> ▪ July 22-24, 2019 (Berkeley, CA) 	<ul style="list-style-type: none"> ▪ Investments 	A	(Wilkinson, 2015)	
United Nations Principles in Responsible Investing (UN-PRI) Forum <ul style="list-style-type: none"> ▪ July 24, 2019 (New York, NY) 	<ul style="list-style-type: none"> ▪ Investments ▪ Corporate Governance 			
Western Economic Association International – Annual Conference <ul style="list-style-type: none"> ▪ June 26-30, 2020 (Denver, CO) ▪ June 27-July 1, 2021 (Honolulu, HI) 	<ul style="list-style-type: none"> ▪ Investments 			
Women’s Alternative Investment Summit <ul style="list-style-type: none"> ▪ November 13-14, 2019 (New York, NY) 	<ul style="list-style-type: none"> ▪ Investments 			
Women’s Private Equity Summit <ul style="list-style-type: none"> ▪ March 11-13, 2020 (Dana Point, CA) 	<ul style="list-style-type: none"> ▪ Investments 			

Section 1.0 GUIDANCE FOR BOARD MEMBERS

APPENDIX B
LACERS TRAVEL EXPENSE REIMBURSEMENT POLICY
AND RELATED PROVISIONS OF CITY TRAVEL POLICY
(LAAC Chapter 5, Article 4, §§ 4.242.1-4.242.9)

Approved March 11, 2014;

Revised September 23, 2014; February 12, 2019; September 24, 2019

I. GENERAL GUIDELINES

A copy of the Travel and Education Policy including the Guidelines for Travel and Personal Expenses will be provided to new Board Members and staff before processing their first travel request.

A. LACERS considers an individual traveling if:

- i) the travel is outside the geographic boundaries of Los Angeles County [LAAC §4.242.2]; and more than 50 miles away from both LACERS' offices and the traveler's home; and
- ii) the duties require the individual to be away from the general area of the individual's primary residence substantially longer than an ordinary day's work; or
- iii) the individual needs to sleep or rest to meet the demands of work while away from the primary residence.

B. Costs incurred on travel days which are not conference days are allowable (subject to limitations covered in the applicable sections of the guidelines) for travel within the U.S., Mexico, and Canada: (i) on the day before the first educational session of the conference or seminar if transportation on the first conference day would require the traveler to leave his/her point of departure (e.g., home) earlier than 9:00 a.m.; or (ii) on the day after the last educational session of the conference or seminar if transportation on the last conference day would cause the traveler to get to his/her final destination (e.g., home) after 8:00 p.m.

For travel outside the U.S. (except Mexico and Canada), additional lodging for one day before and/or after the event may be authorized to mitigate hardship for the traveler.

C. Board approval of travel is required prior to payment of any related fees. If a Traveler elects to personally incur travel-related fees prior to the Board's approval, the Traveler assumes personal financial liability that his or her expenses may not be reimbursed.

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II. TRANSPORTATION

A. AIR TRAVEL	
LAAC Requirement	LACERS Policy
<p>Except in the case of official necessity, air travel expenses are allowable only for the lowest regular fare available for regularly scheduled airlines for the date and time selected [§4.242.2(a)(1)]</p> <p>Claims for reimbursement of higher fare or extra charges for transportation by schedule airlines are allowable only if certified by the Department Head¹ that he or she has reviewed and concurs with the facts constituting the official necessity. [§4.242.2(a)(1)]</p>	<ol style="list-style-type: none"> 1. Air travel may be used when it is the most efficient means of travel. 2. Air travel shall be at coach or economy fare. Coach or economy fare is presumed to be the lowest regular fare available for regularly scheduled airlines. As "coach" or "economy" fares are inconsistently defined among airlines, LACERS' intent is to allow reimbursement of the lowest non-refundable airfare cost which allows for a carry-on bag (within airline size limit) plus a personal item, checked bag (within airline size and weight limit), access to the overhead bin, and seat selection, when available. Airfare quotes from several airlines are not necessary. 3. When the airfare receipt shows an upgrade to premier economy seating, business or first class accommodation, <ol style="list-style-type: none"> a. Without further justification, the lower of the two costs (the lowest regular fare quote available for the same airline² versus the actual cost of the upgraded seat) will be used as the basis for payment, or b. the traveler shall provide a memo stating the case of official necessity, for approval by the Department Head¹. 4. LACERS will pay directly for airfare booked with the City's authorized business travel service, CalTravelStore. 5. If CalTravelStore is not used, LACERS travelers must use their personal credit card to book flights or other modes of transportation. 6. Consistent with Federal and City travel standards, coupons, or promotional mileage credits earned by the traveler during the course of LACERS business travel may be used for LACERS or personal business. The traveler will not be reimbursed for such

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² The acceptable amount will be the fare verified by the Accounting staff prior to encumbrance of the travel request.

Section 1.0 GUIDANCE FOR BOARD MEMBERS

	<p>coupons or promotional mileage credits used for LACERS travel.</p> <ol style="list-style-type: none"> 7. Fees for the first checked baggage will be reimbursed. Fees for additional checked baggage may be reimbursed if a justification for an official business need is provided. 8. The cost of air flight insurance is not eligible for reimbursement. 9. With pre-approval of the Department Head¹, refundable airline tickets may be purchased if the traveler provides acceptable justification that the benefit of booking a refundable ticket outweighs the risk of changes in travel plans.
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Section 1.0 GUIDANCE FOR BOARD MEMBERS

B. PERSONAL VEHICLE OR NON-AIR TRANSPORTATION	
LAAC Requirement	LACERS Policy
<p>In all instances where a mode of transportation other than regularly scheduled airlines is chosen, the Department Head¹ shall authorize such alternate mode of transportation in advance and the allowable cost shall be the actual cost of the alternate mode of transportation or the cost allowable under Subsection (a)1, whichever is less. [§4.242.3.(a)(2)]</p> <p>In the case of travel by modes of transportation other than regularly scheduled airlines, transportation costs shall be the regular fare for the mode of transportation chosen. [§4.242.3(a)]</p>	<p>10. Pre-approval by the Department Head¹ is required for all non-air travel in advance of travel. Travelers must submit the following items for pre-approval:</p> <ul style="list-style-type: none"> a. For travelers using personal automobiles for business purposes – Provide proof of automobile insurance at minimum coverage levels as follows: \$25,000 injury to or death of one person; and, \$50,000 injury to or death of more than one person; and, \$5,000 property damage for any one accident. b. Cost comparisons are required for all non-air travel, with exceptions listed below: Traveler shall submit: a quote for the lowest regular fare available for regularly scheduled airlines to the destination for the date and time selected; and the cost for regular fare on the alternative mode of transportation. <u>Exceptions</u> (no cost comparison is required): If traveling by vehicle to neighboring counties of Orange, Riverside, San Diego, San Bernardino, Ventura, Kern, Santa Barbara, and San Luis Obispo, or to the San Francisco Employees Retirement System to transport sensitive computer equipment for the LACERS emergency hot/warm site. <p>11. Receipts for alternate modes of travel are required. Reimbursement will be for the lower of the actual cost of transportation or lowest regular airfare verified by Accounting prior to encumbrance of the travel request.</p> <p>12. Mileage reimbursement</p> <ul style="list-style-type: none"> a. Mileage reimbursement for the Board will be calculated on a roundtrip basis
<p>In the instance of the use of private automobile, mileage shall be in accordance</p>	

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with mileage provisions of Division 4, Chapter 5, Article 2 of the Administrative Code. [§4.242.3.(a)(2)]

between official's residence and official destination.

- b. Mileage reimbursement for staff will be based on the distance in excess of home to City office for travels during regular work days; for other days, reimbursement will be based on a roundtrip between staff's residence and official destination.

13. Additional travel time and expenses (such as meals and lodging) incurred in choosing other than the fastest and most direct mode of transportation are at the traveler's own personal time and expense.

14. Claims for repairs, replacements, towage, gas and car insurance are not reimbursable.

15. Ground transportation refers to transportation from home to airport, airport to hotel and/or conference/meeting/seminar location, and back. Reimbursement will be provided for standard-class ground transportation such as Uber, Lyft, taxis, and shuttles, but not for use of luxury ground transportation such as limousines and executive cars.

16. Mileage reimbursement is provided when personal vehicle is used for ground transportation to/from airport. Commissioner's mileage reimbursement will be computed based on roundtrip miles from residence to airport. Staff mileage reimbursement will be computed based on the distance in excess of home to City office for travels during regular work day; and roundtrip miles from residence to airport on non-work days.

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C. GROUND TRANSPORTATION	
LAAC Requirement	LACERS Policy
<p>The least expensive and most practical form of public transportation shall be used, taking into consideration such factors as time, availability, and personal safety or health. [§4.242.3.(c)]</p>	<p>17. Reimbursement for airport parking is actual amount, not to exceed \$20 per day. Pre-approval is not required. Reimbursement for actual amounts in excess of \$20 per day requires the traveler submitting a memo to justify the expense based on time, availability, and personal safety or health.</p> <p>18. Reimbursement for use of taxi, shuttle, private car or limousine service is limited to the lesser of roundtrip taxi fare (http://www.taxifarefinder.com)² or shuttle fare (http://www.shuttlefare.com)².</p>
D. AUTOMOBILE RENTAL	
LAAC Requirement	LACERS Policy
<p>Such expenses are allowable if traveling by car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus. [§4.242.3.(d)]</p>	<p>19. Pre-approval by the Department Head¹ is required. Travelers must provide written justification that traveling by car is less expensive and/or more efficient in conducting LACERS business than by use of taxi or bus.</p> <p>20. The traveler will not be reimbursed for car rental insurance within the United States. Car rental insurance costs required in foreign countries may be claimed for reimbursement.</p> <p>21. Receipts are required for reimbursement of rental car, gasoline, parking, and toll expenses. If receipts for toll and/or parking meter expenses are not available, provide printouts from official websites, credit card receipts, or other appropriate documents.</p> <p>22. To avoid fuel surcharges, travelers are encouraged to fill the gas tank before returning a rental vehicle.</p>

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III. LODGING, MEALS AND INCIDENTAL EXPENSE ALLOWANCE

A. LODGING	
LAAC Requirement	LACERS Policy
<p>This section is not intended to preclude an employee or elected official from staying in a hotel where the meeting or convention to be attended is held. [§4.242.3.(b)(1)]</p>	<p>23. Acceptable documentation shall include original itemized hotel receipt marked 'Paid in Full' or showing a zero balance; otherwise, proof of payment is also required.</p> <p>24. Reimbursement for lodging in a hotel where the meeting or convention to be attended is deemed the most practical accommodation and permissible.</p> <p>25. A traveler may elect to stay in a hotel sponsored by the conference as it is presumed to be the most practical or convenient. The reimbursement will be limited to the lesser of the actual hotel costs incurred or the conference hotel rate.</p> <p>26. For any official System travel for training, due diligence trips, meetings with investment managers, or training where hotels are not pre-designated, the traveler should select the most economical lodging taking into consideration the proximity of the selected place to conduct the official System business, traveler's safety, time and transportation costs and other relevant factors. Any of the following methods are acceptable for determining "moderately priced establishments of acceptable quality," "the most economical and practical accommodations," and those which would be presumed not to meet the IRS definition of "lavish and extravagant" accommodations:</p> <ul style="list-style-type: none"> (i) Lodging does not exceed the highest Federal domestic lodging per diem rate; cost comparison is not necessary; or (ii) The most economical hotel identified using the City traveler provider website (www.concursolutions.com/), with availability, with at least a 3 star rating on a 5 star scale travel, and within walking distance or no less than ½ mile radius of the first business location; or

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<p>In the selection of restaurants and hotel rooms, it is expected that individuals will seek moderately priced establishments of acceptable quality. [LAAC §4.242.3.(b)]</p> <p>An employee or elected official must consider transportation costs, time, and other relevant factors in selecting the most economical and practical accommodations. [§4.242.3.(b)(1)]</p>	<p>(iii) The most practical hotel on the above list with acceptable written justification; or</p> <p>(iv) Any lodging expenses may be reimbursed provided that the expense does not exceed 300% of the lodging per diem and traveler must clearly demonstrate no other acceptable alternative lodging was available, as in the event of a state of emergency, or other justifiable reason reviewed and certified by the Department Head¹ as reasonable and proper, and incurred in the pursuit of System business.</p> <p>27. Reimbursement is limited to single occupancy room rate, as documented on hotel letterhead or the hotel's room rates listing, plus applicable taxes and charges unless additional occupants are LACERS trustees/staff on official LACERS business.</p>
B. MEALS AND INCIDENTAL EXPENSES (M&IE)	
LAAC Requirement	LACERS Policy
<p>Expenses incurred by an employee or elected official for food and beverage served at meals, scheduled receptions, or other functions necessary for the conduct of City business are allowable to a maximum of three meals a day. [§4.242.3.(b)(2)]</p>	<p>28. LACERS intends to be compliant with IRS accountable plan rules, therefore M&IE allowance will be provided only when business travel results in a necessity for lodging. LACERS will provide travelers with a standard meal allowance at the Federal per diem rate per locale. The allowance, in lieu of providing receipts, is acceptable under the IRS accountable plan rules. The IRS (Publication 463) defines meals and incidental expenses include: meals, transportation to acquire meals, fees/tips to porters, baggage carriers, bellhops, hotel maids, wait staff, and other service providers.</p> <p>29. No meal allowance will be paid when meals are provided throughout the day by the host or at the conference. Hotel complimentary breakfasts are not included in this category.</p>

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	<p>30. Prorating the standard meal allowance –</p> <p>The IRS permits LACERS to adopt its own rules for prorating the standard meal allowance on partial days of travel so long as we consistently apply the method in accordance with reasonable business practice.</p> <p>The meal and incidental expense allowance will be prorated from a daily allowance to a per meal period allowance on partial days of travel; and when some meals are prepaid/to be paid by LACERS (meals at the conference or pre-paid to comply with the City/LACERS gift restrictions).</p> <p>The M&IE allowance = incidental expense + breakfast allowance (if traveling between 1AM – 9AM) + lunch allowance (if traveling between 9AM – 5PM) + dinner allowance (if traveling between 5PM – 1AM).</p> <p>Utilize the M&IE per travel locale and provide an allowance for each meal period the traveler is away from home (based on the current Federal General Services Agency six tiered M&IE allowance):</p> <table><tr><th>Total</th><th>Breakfast</th><th>Lunch</th><th>Dinner</th><th>IE</th></tr><tr><td>\$46</td><td>\$7</td><td>\$11</td><td>\$23</td><td>\$5</td></tr><tr><td>\$51</td><td>\$8</td><td>\$12</td><td>\$26</td><td>\$5</td></tr><tr><td>\$56</td><td>\$9</td><td>\$13</td><td>\$29</td><td>\$5</td></tr><tr><td>\$61</td><td>\$10</td><td>\$15</td><td>\$31</td><td>\$5</td></tr><tr><td>\$66</td><td>\$11</td><td>\$16</td><td>\$34</td><td>\$5</td></tr><tr><td>\$71</td><td>\$12</td><td>\$18</td><td>\$36</td><td>\$5</td></tr></table>	Total	Breakfast	Lunch	Dinner	IE	\$46	\$7	\$11	\$23	\$5	\$51	\$8	\$12	\$26	\$5	\$56	\$9	\$13	\$29	\$5	\$61	\$10	\$15	\$31	\$5	\$66	\$11	\$16	\$34	\$5	\$71	\$12	\$18	\$36	\$5
Total	Breakfast	Lunch	Dinner	IE																																
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\$66	\$11	\$16	\$34	\$5																																
\$71	\$12	\$18	\$36	\$5																																
<p>Gratuities. Such expenses, not exceeding 15%, are allowable where reasonable and customary. [§4.242.3.(h)]</p>	<p>31. Transportation between places of lodging and places where meals are taken are no longer included in the definition of incidental expenses, and may be authorized by the Department Head for reimbursement up to \$5 per day.</p> <p>32. Gratuities are included in the IRS definition of “incidental” expenses and are therefore subject to per diem limits. Reimbursement for restaurant gratuities are calculated as up to 15 percent of the restaurant bill exclusive of taxes, except when the gratuity percentage is required</p>																																			

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	and the amount is added on the bill by the service provider.
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IV. OTHER EXPENSES

LAAC Requirement	LACERS Policy
(j) Other Expenses. Expenses not specifically set forth in other subsections of this section that are incurred by an employee or an elected official are allowable where deemed necessary in the conduct of City business; provided that such expenses have been reviewed and certified by the Department Head ¹ as reasonable and proper and incurred in pursuit of City business. Wherever the type of expenditure is not specifically listed in this section, the employee or elected official should be prepared to absorb the cost as a personal expenditure in the event that such expense is not certified by the Department Head ¹ . [§4.242.3.(j)]	<p>33. Other travel expenses are allowable when deemed necessary in the conduct of System business provided such expenses are reviewed and certified by the Department Head¹ as reasonable, proper, and incurred in pursuit of System business. Otherwise, these expenses become personal expenditures.</p> <p>34. <u>Travel Interruptions</u> – When there is an interruption or deviation from planned travel due to bona fide public emergencies outside of the traveler's control such as weather or shutdown of air travel, travelers may be reimbursed at full cost for emergency lodging, meals, and incidental expenses.</p> <p>35. <u>Indirect Travel</u> - whether for the traveler's personal leave or for convenience, expenses allowable will not exceed those that would have been incurred for uninterrupted travel utilizing the direct travel route or travel days. Supporting documentation showing the cost for direct travel and the deviation should be provided by the traveler.</p>

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IV. NON-REIMBURSABLE TRAVEL EXPENSES

LAAC Requirement	LACERS Policy
<p>Expenditures which are incurred by an employee or elected official that are of a purely personal nature will not be reimbursed by the City.</p> <ul style="list-style-type: none"> a) Auto repairs, replacement or towage to personal vehicle when such use has been authorized (see established City procedures for repair to City vehicle); b) Flight insurance; c) Personal telephone calls (except those specified in Section 4.242.3 (g) of this article); d) Expenses for persons other than the employee or elected official, except as specified in Section 4.242.3 (b) 2. [§4.242.4] 	<p>36. Expenditures which are not substantive to LACERS business will not be reimbursed by LACERS, such as:</p> <ul style="list-style-type: none"> a) Any expenses related to entertainment and recreational activities; b) Flight upgrade fees for seats other than coach or economy; c) Internet usage fees (unless the internet is used for City business); d) Any expenses related to alcohol and tobacco. <p>37. The traveler must submit reimbursement for personal expenditures paid by LACERS.</p> <p>If there are portions of the conference or seminar that are entertainment in nature and not business-related (e.g., golf tournaments, musical performances or concerts, etc.), the traveler is required to reimburse LACERS for the cost of these recreational activities.</p>

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V. OTHER RULES AND RESTRICTIONS

A. DOCUMENTATION OF EXPENSES - PERSONAL EXPENSE STATEMENTS	
LAAC Requirement	LACERS Policy
<p>All expenses claimed shall be listed on separate forms provided and used for required documentation of travel expense.</p> <p>Completed travel expense forms shall be forwarded to the Controller within thirty (30) days of the conclusion of the trip.</p> <p>The Department Head¹ shall certify that all expenditures were incurred in pursuit of City business. Falsification of such certification shall be grounds for appropriate disciplinary action and such other sanctions provided by law.</p> <p>Receipts shall be provided for transportation costs incurred under Section 4.242.3(a), lodging, and for any single item of expenditure in excess of \$25.00. Receipts for expenditures under \$25.00 should be presented when available. [LAAC § 4.242.7]</p>	<p>38. All expenses claimed for reimbursement must be itemized on the Personal Expense Statement (PES - Form Gen. 16).</p> <p>39. The traveler is responsible for verifying all charges on receipts before making payment. Charges made in error will not be reimbursed.</p> <p>40. Original receipts are required for any single expenditure in excess of \$25. Receipts are not required for a meal and incidental expense allowance, regardless of amount, when the Federal per diem rate per locale is provided to the traveler and prorated in accordance with LACERS' policy.</p> <p>41. Travel expenses in foreign currency must be converted to U.S. dollars (USD) based on exchange rates effective on the date of the original receipt. The following are acceptable supporting documentation for the foreign currency conversion:</p> <ol style="list-style-type: none"> Credit card statement showing conversion of foreign-denominated expenses to USD Foreign exchange receipts from money exchanges or banks showing foreign conversion rates Verifiable foreign exchange rates from the internet
B. TRAVEL ADVANCES	
LAAC Requirement	LACERS Policy
<p>Requests for an advance for funds shall be submitted to the Controller, where feasible, at least ten (10) days in advance of the beginning of the planned expenditure of funds and such request shall include the persons traveling, period covered, and the destination. In addition, the request should</p>	<p>42. For trips of one night or more, a travel advance may be requested. The amount advanced is limited to the lodging, meal and incidental expenses per diem as well as registration, seminar, and meeting fees paid by the traveler.</p> <p>43. Written requests (email correspondence is</p>

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state the purpose of the trip, the nature of the City business to be conducted on the trip, and the proposed total estimated expenditure. Documentation of actual expenses incurred shall be submitted to the Controller in conformance with Section 4.242.7.

acceptable) for the travel advance are to be submitted by the Traveler to the CEA/travel coordinator for approval at least thirty (30) days prior to the date of travel. The request must include a statement certifying that the traveler has no outstanding cash advance.

44. A cash advance request will be denied if a traveler has an outstanding cash advance for past travel with does not comply with the procedures.
45. Regular travel advances will be released no earlier than one (1) week before travel.
46. Outstanding travel advances not accounted for and delinquent over 120 days will be included as part of an employee's wages on the first payroll period of the subsequent calendar quarter following the end of the 120 calendar days; and, for non-City employees, IRS Form 1099-Misc will be issued per IRS Federal, State, Local Government Taxable Fringe Benefit Guide. Nothing herein eliminates the traveler's obligation to return to the Fund any excess monies that were received that were not used for approved travel expenses.
47. Future travel advances will not be processed for traveler(s) with delinquent PES over 30 days. Requests for reimbursement may be processed in advance of the travel for expenditures such as registration fees, airfare and/or one-night hotel deposit. To ensure timely processing of the reimbursement, such requests along with supporting documents and proof of payment (credit card statement, etc.) must be submitted to the CEA/travel coordinator, in writing, at least fifteen (15) working days before the date of travel.
48. Advanced payment for cancelled travel: Any amount that was paid by department in advance of travel is considered an advance. In the event of the need to cancel the trip, the traveler is responsible for notifying all payees to (such as air

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	<p>carrier, hotel, conference host, etc.) as soon as possible to avoid/minimize cancellation fees</p> <ol style="list-style-type: none"> If cancellation was due to personal reasons, the traveler must personally reimburse the department for any amount not recovered (net of cancellation fees). If the refund or credit was issued directly to the traveler, traveler must pay LACERS the entire amount of credit received within 14 calendar days from the credit issued date. If travel was cancelled due to the business or public reason, traveler is responsible to submit a justification along with the proper documentation to the Department Head¹ within 14 calendar days from the cancelled date. Unrecovered amounts are reported as taxable income to the traveler. The traveler may be required to pay for future airfare using their own credit card, and LACERS will reimburse airfare upon completion of the travel.
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APPENDIX C
BOARD TRAVEL REIMBURSEMENT CHECKLIST

Adoption Date: May 26, 2009

Revised Dates: June 22, 2010; December 13, 2011; March 11, 2014

I. STEPS FOR TRAVEL APPROVAL AND REIMBURSEMENT:

Step 1: Provide details of the educational event to the Commission Executive Assistant (CEA)

Step 2: Submit information on estimated expenses to the CEA

Fees Paid Directly By LACERS:

Step 3: Register for the Conference

- Conference registration and registration fees can be arranged through the CEA prior to the conference date. Registration fees are paid directly by LACERS with no out-of-pocket expenses for the traveler;
 - Under State and City gift laws, complimentary conferences or conference-related events could be considered gifts. LACERS will evaluate the circumstances with the assistance of the City Ethics Commission and may be required to pay a pro-rata share of conference expenses provided by the hosting organization.
- Or, after the fact, submit a receipt showing a zero balance as proof of payment.

Step 4: Book flight

- Provide desired flight numbers, dates, and times to the CEA. The CEA will book the flight. Flights booked through the City's travel service negate the need to secure three fare quotes. The City's travel service will also provide a flight credit if the traveler is unable to fly and proper notification is given.
- Or after the fact, submit a receipt for the purchase of the airline ticket and three fare quotes generated on the same day the flight was booked. Reimbursement is limited to the lowest regular fare.

Items Requiring Pre-Approval for Expenditure Reimbursement:

Step 5: Submit written justification for items requiring pre-approval from the Board President or Vice President. If approval is not secured prior to incurring the expense, reimbursement may not be granted.

- Requests for reimbursement of airfare which exceeds the lowest regular fare – justification should demonstrate the official necessity of the selected flight. Attach to the request three air fare quotes generated on the same day the flight was booked.
- Requests for transportation other than air flight – justification should indicate reasons for use of the alternate mode of transportation.
- Requests for cash advances to cover lodging and per diem for meals must be submitted 30 days prior to the commencement of travel. See further instructions below.

After the Travel has been completed, submit report and receipts:

Step 6: Submit an Event Evaluation Report within thirty (30) days of the conclusion of the trip

- The report is required prior to reimbursement

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Step 7: Submit a Personal Expense Statement (PES) within thirty (30) days of the conclusion of the trip:

- Itemize all reimbursable daily expenses for lodging, transportation, and miscellaneous expenses; list the per diem for meals and incidentals.
- Report expenses paid directly by LACERS as a deduction to the total reimbursable amount
- See further instructions on the following checklist

II. REIMBURSEMENT CHECKLIST:

ALLOWABLE TRAVEL COSTS	REQUIRED DOCUMENTS
AIR TRAVEL	
<p><u>Air Travel</u> Air travel expenses are only allowable for the lowest regular fare available. If the flight with the lowest regular fare is not booked, reimbursement will only be for the lowest regular fare.</p> <p>If three fare quotes are not submitted, the lowest regular fare will be determined by a quote from the City's travel agent for a direct flight, coach class, 14 days prior to the date of business travel. The CEA will determine the reasonable flights to be quoted which best meet the conference dates and times.</p> <p>Exceptions allowing reimbursement for a higher cost fare may be approved by the General Manager for "official necessity." Official necessity means there is a bona fide benefit to LACERS for taking the selected flight which outweighs the cost of the higher fare.</p>	<p><u>Transportation Expenses</u></p> <p><input type="checkbox"/> Submit a receipt showing a zero balance as proof of payment for airfare</p> <p><input type="checkbox"/> Provide three air fare quotes from the same date as the booked flight, demonstrating that the selected flight is the lowest regular fare practically available</p> <p><input type="checkbox"/> Provide written justification of the "official necessity" for any higher cost fare if seeking reimbursement above the lowest fare rate. The General Manager must concur for the expense to be submitted for reimbursement.</p>
OTHER TRANSPORTATION	
<p><u>Bus or Rail Travel</u> The allowable cost shall be the actual cost for the regular fare for the bus/rail travel.</p> <p><u>Automobile Rental</u> Automobile rental expenses are allowable if traveling by automobile is less expensive or more appropriate than by other modes of transportation.</p>	<p><input type="checkbox"/> Submit request for pre-approval from the General Manager for all modes of transportation other than regularly scheduled airlines.</p> <p><input type="checkbox"/> Submit request for pre-approval from the General Manager demonstrating that traveling by rental car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus.</p>

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<p><u>Private Automobile</u> The allowable cost shall be the actual total mileage rate allowance as determined by the Internal Revenue Service (IRS).</p>	<p><input type="checkbox"/> Submit request for pre-approval from the General Manager, and include a satisfactory liability insurance policy covering the full use and operation of the vehicle. The limits of liability on any such policy shall not be less than \$25,000 in the case of injury to or death of one person, and \$50,000 in the case of injury to or death of more than one person; and in the case of property damage, not less than \$5,000 in any one accident</p>
REGISTRATION FEES	
<p><u>Registration Fees</u> Reimbursable if paid by the Trustee</p>	<p><input type="checkbox"/> Submit a receipt showing a zero balance as proof of payment</p>
LODGING	
<p>Hotels generally offer specially rated room blocks for conference participants. The Trustee may stay at an "off-site" hotel if the room blocks are exhausted.</p> <p>Transportation costs, time, and other relevant factors must be considered in selecting the most economical and practical accommodations.</p> <p>An extra-night stay is allowable if it sufficiently reduces the airfare, or if the conference commences early in the morning or adjourns late in the evening.</p>	<p><input type="checkbox"/> Submit receipt showing a zero balance as proof of payment. Personal credit card information must be redacted from the receipt.</p> <p><input type="checkbox"/> If lodging is for other than single occupancy, secure a rate sheet or other documentation of the single occupancy rate.</p>
MEALS & INCIDENTAL EXPENSES	
<ul style="list-style-type: none"> ○ The meal and incidental per diem for domestic travel is currently \$71 per day. ○ Incidental expenses are fees and gratuities provided to service workers, and for transportation costs in acquiring meals. ○ The daily allowance is prorated at 75% on days of travel, and if some meals are provided by the hotel or conference. ○ No meal allowance is provided when meals are provided throughout the day by the hosting organization. ○ The rate for international travel is in accordance with current Federal per diem rate guidelines. 	<p>Receipts for meals and incidental expenses are not required.</p> <p><input type="checkbox"/> Submit justification letter if claiming reimbursement for expenses exceeding the per diem allowance.</p>

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MISCELLANEOUS EXPENSES	
<p><u>Checked Baggage Fees</u> Such expenses are allowable when the Trustee is charged for the first checked bag.</p> <p><u>Laundry Service</u> Such expenses are allowable if the duration of the trip, traveling conditions, or some other special circumstances dictate.</p> <p><u>City Business Telephone Calls</u> Such expenses are allowable if the telephone calls are relevant to appropriate City business.</p> <p><u>Personal Telephone Calls</u> Such expenses are allowable for one call to the Trustee's immediate family if they are located within the locale of their residence.</p> <p>If travel is in excess of three (3) days, one such call is permitted for each successive three (3) days thereafter.</p> <p>Each call should last a reasonable amount of time, such as 10 minutes per call.</p> <p><u>Ground Transportation</u> Transportation between the traveler's residence and airport, and transportation between the airport and conference location.</p>	<p><input type="checkbox"/> Baggage fees for second and additional items require a justification memo that it meets a business purpose.</p> <p><input type="checkbox"/> Submit receipts for all miscellaneous expenses.</p>

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APPENDIX D
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)
TRAVEL/CONFERENCE EVALUATION REPORT

Name of Attendee:	
Title of Conference/Seminar:	
Location:	
Event Sponsor:	Date(s) Held:

Report for:

☐ Travel☐ Conference/Seminar Attendance Only

I. Nature/Purpose of Travel (if applicable):

II. Significant Information Gained:

III. Benefits to LACERS:

IV. Additional Comments:

SUBMIT TO THE LACERS COMMISSION EXECUTIVE ASSISTANT, 202 W. FIRST STREET, SUITE 500
 WITHIN 30 DAYS AFTER ATTENDING THE CONFERENCE/SEMINAR



REPORT TO GOVERNANCE COMMITTEE
From: Neil M. Guglielmo, General Manager

MEETING: SEPT. 10, 2019
ITEM: III

SUBJECT: TRIENNIAL BOARD POLICY REVIEW: BOARD EDUCATION AND TRAVEL POLICY AND POSSIBLE COMMITTEE ACTION

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Committee consider the proposed revision to the LACERS Board Administrative Policies, Section 1.2: Board Education and Travel Policy.

Executive Summary

This report continues the triennial review of the LACERS Board Governance Statement and Board Administrative Policies. Staff recommends revisions to the Board Administrative Policies concerning LACERS' Board Education and Travel Policy. The examination of this policy marks the completion of the triennial review of the aforementioned portions of the LACERS Board Manual.

Discussion

Staff proposes revisions to Section 1.2: Board Education and Travel Policy as part of the comprehensive triennial review of the LACERS Board Governance Statement and Board Administrative Policies. Staff's review includes suggested updates and revisions based on changes in applicable guidelines or standards of practice. These suggested revisions serve to update and/or provide more clarification to the policy.

There are two attachments to this report: (A) a red-line/green-line version of the policy showing the proposed changes, and (B) a clean version of the proposed policy accepting the changes to the red-line/green-line version.

The revisions proposed by staff to the Board Education and Travel Policy are mainly based on the City Travel Policy which was updated in April 2019. The City guidelines conforms to the Los Angeles Administrative Code Division 4, Chapter 5, Article 4 and the Internal Revenue Service "Accountable Plan" criteria for allowable travel expenses. These changes are shown in green font in Attachment 1.

The areas where revisions are proposed in alignment with City guidelines include:

Travel Requiring Explicit Board Approval (Section V.B.2; page 47)

It is proposed that Board approval not be required for travel to Canada and Mexico.

Additional Lodging Before and/or After the Conference/Event (Appendix B, Section I.B; page 55)

The proposed policy update allows lodging for one additional day before and/or after the conference/event for travel outside the U.S., except Canada and Mexico, to mitigate hardship for the traveler.

Allowable Expenses in Relation to Air Travel (Appendix B, Section II.A.3; page 56)

The proposed addition of premier economy seating to the list of air travel seat upgrades that are subject to reimbursement at the lower of the lowest regular fare rate available versus the actual cost.

Allowable Expenses in Relation to Automobile Rental (Appendix B, Section II.D.21 and 22; page 59)

The proposed addition of language addresses the reimbursement of expenses related to rental vehicles. The current LACERS policy is silent on reimbursement for rental car gasoline, parking, and toll expenses.

Meals and Incidental Expenses (Appendix B, Section III.B.29; pages 61-62)

It is proposed to indicate that the complimentary breakfast provided by the hotel is not considered as a meal provided by the host or at the conference. Also proposed is the reimbursement of costs (up to \$5 per day) related to transportation between places of lodging and places where meals are taken.

Foreign Currency (Appendix B, Section V.A.41; page 65)

The proposed addition of language addresses foreign currency and acceptable documentation for foreign currency conversion to U.S. dollars. The current LACERS policy is silent on this subject.

Travel Advances (Appendix B, Section V.B.42; page 65)

It is proposed that registration, seminar, and meeting fees be included in allowable expenses that may be advanced.

The remaining proposed revisions, shown in red font in Attachment 1, are mostly corrections or clarifications to the current language in the policy that have arisen since the last update of the Travel Policy.

Upon the Committee's finalization of the proposed revised Board Education and Travel Policy section of the Board Administrative Policies, it will be presented to the Board for further consideration and approval.

Strategic Plan Impact Statement

The review of the Board Governance Statement and the Board Administrative Policies of the LACERS Board Manual conforms to the LACERS Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Edeliza Fang, Senior Management Analyst II

NMG/TB:DWN:EF

Attachments: 1. Board Policies – Red-line/Green-line Version

2. Board Policies – Clean Version

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1.2 BOARD EDUCATION AND TRAVEL POLICY

Adopted: May 29, 2009; Revised: June 22, 2010; December 13, 2011; March 11, 2014; September 23, 2014; February 12, 2019; September 10, 2019

I. STATEMENT OF PURPOSE

Los Angeles City Charter Section 1106(c), consistent with Article XVI, Section 17 of the California Constitution requires the Board to exercise a *Prudent Person Standard*, discharging their duties with respect to its system, with care, skill, prudence, and diligence. It is imperative that LACERS Board Members maintain a broad and current understanding of issues affecting the administration of public pension systems to fulfill their fiduciary duties. This policy recognizes and affirms the role of education in ensuring Trustees have the knowledge to successfully discharge their duties as fiduciaries.

The Board establishes a standard of a minimum of 24 hours of Board Member education within the first two years of assuming office and for every subsequent two-year period in which the Board Members continue to hold membership on the Board. A report detailing the training and education received by the respective Board Members during the two-year periods will be published on the LACERS website.

II. EDUCATIONAL OBJECTIVES

This policy defines a *Prudent Person Standard* for Trustees as a general understanding of:

- A. The role of the Board Members and the role of staff
- B. The obligations and role of fiduciary and the paramount duties of loyalty and prudence
- C. The business model (including knowledge of true measure of success, the driving factors that determine success and the major business risks associated with public pension systems; namely, in the areas of investments and benefit administration).
- D. Governance principles
- E. The legal and legislative environment
- F. Actuarial principles
- G. Plan design and other benefit program
- H. Investment and asset allocation strategies

III. NEW TRUSTEE ORIENTATION PROGRAM

To ensure that newly appointed and elected LACERS Board Members are securely grounded in their role as fiduciaries at the outset of assuming such an important responsibility, each shall participate in the New Trustee Orientation Program which offers critical background information and education on the Board's governance responsibilities, the knowledge of which is essential for the fullest possible engagement of each Board Member in every aspect of pension fund management.

The ~~structure of the~~ orientation will ~~generally be as follows~~ cover the following:

~~A. Day 1~~**~~Morning~~**

- 1. History and overview of LACERS
- 2. Fiduciary Responsibility
- 3. Ethics Training

~~Afternoon~~

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- 4. Board Governance
- 5. Benefits and Services
- 6. Actuarial Concepts

~~B. Day 2~~

- 7. Investment Concepts
- 8. Operations
- 9. Legal Representation and Law
- 10. Current Topics for LACERS
- 11. Tour of the offices and boardroom

IV. IN-HOUSE EDUCATION PROGRAM

To provide updates on various issues affecting the administration of public pension systems, in-house education sessions will occur periodically at regular Board meetings or organized as stand-alone sessions. The General Manager will arrange in-house training for the Board based on the schedule below and as-needed:

A. Mentoring

Any new Board Member may request a mentor to assist him or her in becoming familiar with his or her responsibilities on the Board. If a request is made, the Board President will designate an experienced Board Member to be a mentor to the new Board Member for a period of one year.

B. Investment Education

At least once per fiscal year, an investment educational session for all Board Members shall be conducted. The General Manager shall survey the Board to identify specific investment topics of interest.

C. Fiduciary Education Sessions by Fiduciary Counsel

~~Each year~~ Upon request, outside Fiduciary Counsel will provide fiduciary education to the Board.

D. Actuarial Education

Each year, an actuarial education session will be provided to the Board.

E. Healthcare Benefits Education

Each year, a healthcare benefits education session will be provided to the Board.

F. Retirement Benefits

Each year, an update of the issues regarding retirement benefits will be provided to the Board.

G. Ethics Training

Board Members are required to participate or attend the City's Ethics training during the first year of appointment and then once every two years. Refresher ethics training will be provided to the Board annually.

H. Other As-needed Topics

Staff will periodically coordinate educational sessions for the Board on topics of general interest or topics that Board Members may request.

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V. EDUCATIONAL CONFERENCES/SEMINARS

The complexities of sound management of the assets and liabilities of a trust fund impose a continuing need for all Members of the LACERS Board to attend professional and educational conferences, seminars, and other educational events that will better prepare them to perform their fiduciary duties.

A. Annual Approved List of Educational Seminars

At the beginning of each fiscal year, the General Manager shall prepare for Board adoption a list of recommended conferences, seminars and meetings (Appendix A). The list shall identify recommended conferences for new trustees, and make a concerted effort to reflect educational opportunities at Southern California universities available for pension trust fiduciaries.

Board Members are encouraged to attend a minimum of one educational conference or seminar per fiscal year from this list.

The General Manager will prepare an annual blanket authority for Board approval for conferences included in the Approved List of Educational Seminars.

Every Board Member's participation in a pre-approved conference shall be noticed on the Board agenda following submission of the Board Travel request.

B. Travel Requiring Explicit Board Approval

Subject to explicit approval of the Board for each conference, the requesting Board Member shall provide appropriate justification to the Board for consideration of:

1. Requests to travel to conferences outside the List of Educational Seminars (Appendix A) will be submitted to the Board for approval, so long as the trustee's education allocation is not exceeded.
2. Requests for travel outside the United States (except Canada and Mexico).

C. Travel Outside the United States

All conferences and seminars which involve travel to a destination outside the United States (except Canada and Mexico) must be approved by the Board. Each Board Member may attend no more than one conference which involves international travel (to include Canada and Mexico) in any 12-month period.

D. Travel to Washington D.C. or Sacramento

The Mayor requires notification of any travel to Washington D.C. or Sacramento. Staff will process the appropriate forms on behalf of the Trustees.

E. Conference Invitations Received by a Board Member

To provide all the Trustees with the same conference and seminar opportunities, the individual Board Member shall forward invitations they receive to a conference or seminar, to the General Manager or the Board Executive Assistant. LACERS will consult with the Office of the City Attorney or the City Ethics Commission for compliance with gift and disclosure requirements. If the conference or seminar clears the ethics compliance process, the Board Executive Assistant shall disseminate the conference or seminar invitation to all Board Members.

F. This section is intentionally left blank.

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G. Board Education and Travel Limitations

Board Member travel shall adhere to the following guidelines:

- Board Members shall attend conferences or seminars that have a solid reputation for quality program content. (see Appendix A); i.e., agendas with a minimum of five hours of substantive educational content. Content shall not be geared toward marketing or the promotion of investment management and related sponsors. Topics covered during the conference or seminar must be related to the pension fund industry.
- The Board education travel budget per Trustee shall not exceed \$10,000 per fiscal year for conference fees and travel expenses. Expenses which exceed this annual allocation shall be the personal responsibility of the Board Member unless the Board approves additional travel and budget allocation prior to the conference.
- Board Members shall provide notification to the Board Executive Assistant of their interest to attend a conference or seminar at least sixty (60) days prior to the travel date.

H. Reports to the Board**1. Quarterly Travel Expenditure Report**

An educational travel expenditure report shall be provided to the Board on a quarterly basis, covering cumulative Board Member and staff travel for the fiscal year.

2. Monthly Report on Seminars and Conferences Attended by Board Members on Behalf of LACERS

There may be occasions where a Board Member attends seminars or conferences as a LACERS representative or in the capacity of a LACERS Board Member which are either complimentary (no cost involved) or with expenses fully covered by the Board Member.* Since there is no expense incurred to LACERS, these seminars or conferences do not require Board approval. However, for the purpose of transparency and to avoid the appearance of impropriety, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, such conferences or seminars attended. Monthly reports will include conferences or seminars attended during the period preceding the said Board meeting.

**Please consult the City Ethics Commission for gift reporting limitations and reporting requirements.*

I. Meeting for Business Purpose in Compliance with the Ralph M. Brown Act

In accordance with the Ralph M. Brown Act, a quorum comprising of majority of the members of the LACERS' Board or Committee to hear, discuss, or deliberate upon any matter which is under the subject matter jurisdiction of LACERS are meetings subject to the Brown Act. Board Members must be cognizant of this requirement and avoid discussing LACERS' business when in meetings or discussions with other Members of the Board.

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VI. TRAVEL EXPENSE REIMBURSEMENT POLICIES

- A. The LACERS Board of Administration has full authority over the trust fund expenditures including the payment of all education and related travel expenditures which it deems reasonable and appropriate for the conduct of official LACERS business.**

The Office of the City Attorney has affirmed the LACERS Board's plenary authority and fiduciary responsibility for investment of trust assets and administration of the System as codified in the California Constitution (Section 17 of Article 16). The position is further strengthened by the Los Angeles City Charter §1110(b): "The board of each pension and retirement system shall have control over their respective funds. Transfers or expenditures shall be drawn upon funds only upon demands signed by the chief accounting employee of the board. All payments from the funds shall be made upon demands prepared and approved in accordance with the provisions of the Charter."

The City's travel policies as set forth in Division 4, Chapter 5, Article 4 of the Los Angeles Administrative Code (LAAC) provide the definitions, parameters, and guidance for the majority of travel circumstances encountered for LACERS travel and will be referenced as LACERS primary travel policy. LACERS departmental travel expense reimbursement policy is meant to be in compliance with the LAAC travel requirements, and augmented the policy to facilitate LACERS business. LACERS travel reimbursement policy establishes standards of reasonableness, appropriateness, and necessity for the conduct of LACERS business, and applies to all travel expenditures paid by LACERS. Expenditures which are certified as to reasonableness and appropriateness by the Department Head are to be paid by the City Controller upon demand. The Board authorizes by resolution, authority to certify travel expenditures as required by the LAAC, to the Board President for Board Member and General Manager travels; the Board Vice President for Board President travel expenditures; or in the absence of the Board Vice President, approval by the most tenured member of the Board aside from the President; and the General Manager for staff, City Attorney-Retirement Benefit Office counsel, and consultant travel within the U.S. Staff expenditures related to travel outside the U.S. (except Canada and Mexico) requires Board approval.

LACERS acknowledges the Los Angeles City Controller's Travel Policy applies to most other City departments. However, LACERS Board and its designees retain their plenary authority to approve all education and related travel expenditures which are reasonable and appropriate for the conduct of official LACERS business. LACERS will consider the Controller's Travel Policy and will incorporate similar rules if appropriate.

B. Reimbursable Expenses

LACERS Travelers are entitled to reimbursement of travel expenses when on official LACERS business, including reimbursement of all transportation costs, registration or attendance fees, subsistence costs and other costs reasonably and necessarily incurred on official business, subject to the guidelines outlined in this policy and in

Section 1.0 GUIDANCE FOR BOARD MEMBERS

compliance with the Internal Revenue Service accountable plan rules for travel reimbursements.

A list of reimbursable expenses is included in Appendix B, which includes a summary of allowable reimbursements under the LAAC and the corresponding LACERS policy establishing standards for reasonableness, appropriateness, and necessity.

C. Non-Reimbursable Expenses

Expenditures which are incurred by a Board Member or staff that are not substantive to LACERS' business will not be reimbursed by LACERS. A list of non-reimbursable travel expenses is included in Appendix B.

D. Event Participation Report

Whenever a Trustee attends a conference or other event at the expense of the Fund, it shall be his or her responsibility to complete the Board Members Education Evaluation Form (Appendix D) and to provide the Board information on ~~concerns with~~ the event, which they believe ~~are~~ is of significance to the System. The evaluation form must be submitted with the request for reimbursement of expenses associated with each conference attended. A reimbursement will not be made without a completed evaluation form.

E. Travel Activity Summary

Upon the close of the fiscal year, the General Manager shall report to the Board on Trustee (along with staff) travel expenditures throughout that year.

VII. APPENDICES

- A. Appendix A – List of Educational Seminar Schedule
- B. Appendix B – LACERS Travel Expense Reimbursement Policy
- C. Appendix C – Board Travel Reimbursement Checklist
- D. Appendix D – LACERS' Board Member Education Evaluation Form

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APPENDIX A
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
LIST OF EDUCATIONAL SEMINARS – FISCAL YEAR 2019-20

*Local Conference

CONFERENCE / SEMINAR / MEETING	SUBJECT MATTER	TRUSTEE EVALUATION		
		TRUSTEE RATING Rate seminar with:		LEVEL
		A	Excellent	▪ Introductory
		B	Very Good	▪ Intermediate
		C	Good	▪ Advanced
		D	Not Beneficial	
California Association of Public Retirement Systems (CALAPRS) – General Assembly ▪ March 7-10, 2020 (Rancho Mirage, CA)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning	A	(Sohn, 2016) (Wilkinson, 2018)	Intermediate
CALAPRS – Principles of Pension Governance For Trustees ▪ August 26-29, 2019 (Malibu, CA)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning	A	(Serrano, Wilkinson 2015)	Intermediate
CALAPRS – Advanced Principles of Pension Management For Trustees ▪ 2020 Date(s) and Location TBD	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning			
CALAPRS – Trustees' Roundtable ▪ October 25, 2019 (Oakland, CA)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning	B	(Chao, 2016)	Intermediate
Council of Institutional Investors (CII) – Conferences ▪ Fall Conference: Sept. 16-19, 2019 (Minneapolis, MN) ▪ Spring Conference: March 9-11, 2020 (Washington, DC)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning	A B	(Chao, 2017) (Wilkinson 2015)	Intermediate Advanced

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International Foundation of Employee Benefit Plans (IFEBP) – Annual Conference ▪ October 20-23, 2019 (San Diego, CA)	▪ Benefits Admin ▪ Investments ▪ Plan Admin			
International Foundation of Employee Benefit Plans (IFEBP) – Trustees And Administrators Institute ▪ 2019-20 Date(s) and Location TBD	▪ Benefits Admin ▪ Investments ▪ Plan Admin			
International Foundation of Employee Benefit Plans (IFEBP) – Health Care Management Conference ▪ 2019-20 Date(s) and Location TBD	▪ Benefits Admin			
International Foundation of Employee Benefit Plans (IFEBP) – New Trustees Institute ▪ Level I: Core Concepts: October 19-21, 2019 (San Diego, CA) ▪ Level II: Concepts in Practice: October 19-20, 2019 (San Diego, CA)	▪ Benefits Admin ▪ Investments ▪ Plan Admin			
International Foundation of Employee Benefit Plans (IFEBP) – The Wharton School Advanced Investments Management ▪ 2019-20 Date(s) and Location TBD	▪ Investments ▪ Corporate Governance			
International Foundation of Employee Benefits Plan (IFEBP) – The Wharton School Portfolio Concepts and Management Course ▪ 2019-20 Dates and Location TBD	▪ Investments			

ARTICLE II. BOARD ADMINISTRATIVE POLICIES

Section 1.0 GUIDANCE FOR BOARD MEMBERS

National Conference on Public Employee Retirement Systems (NCPERS) – Annual Conference & Exhibition <ul style="list-style-type: none"> ▪ May 10-13, 2020 (Las Vegas, NV) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance 	A B A	(Wilkinson, 2017) (Ruiz, 2016) (Sohn, 2018)	Intermediate
National Conference on Public Employee Retirement Systems (NCPERS) – Trustee Educational Seminar (TEDS) <ul style="list-style-type: none"> ▪ May 9-10, 2020 (Las Vegas, NV) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance 	A	(Sohn, 2018)	Intermediate
National Conference on Public Employee Retirement Systems (NCPERS) – Legislative Conference <ul style="list-style-type: none"> ▪ January 26-28, 2020 (Washington, DC) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance 			
Nossaman Annual Public Pensions and Investments' Fiduciaries' Forum Annual Update <ul style="list-style-type: none"> ▪ September 5, 2019 (San Francisco, CA) 	<ul style="list-style-type: none"> ▪ Legislative Governance 			
Pension Real Estate Association (PREA) Spring Conference <ul style="list-style-type: none"> ▪ March 4-5, 2020 (Beverly Hills, CA) * 	<ul style="list-style-type: none"> ▪ Investments 	A	(Chao, 2017)	Intermediate
Pension Real Estate Association (PREA) Annual Institutional Investor Conference <ul style="list-style-type: none"> ▪ Sept. 30-Oct. 2, 2020 (Boston, MA) 	<ul style="list-style-type: none"> ▪ Investments 	A	(Chao, 2017)	Intermediate
Pacific Pension & Investments (PPI) <ul style="list-style-type: none"> ▪ Summer Roundtable: July 10-12, 2019 (Chicago, IL) ▪ Winter Conference: February 12-14, 2020 (Rancho Palos Verdes, CA) 	<ul style="list-style-type: none"> ▪ Investments ▪ Corporate Governance 			

ARTICLE II. BOARD ADMINISTRATIVE POLICIES

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Robert F. Kennedy (RFK) Human Rights Compass Conference ▪ 2020 Date(s) and Location TBD	▪ Investments ▪ Corporate Governance	A	(Greenwood, 2014, 2015, 2017)	Intermediate
State Association of County Retirement Systems (SACRS) Conference ▪ Fall Conference: November 12-15, 2019 Monterey, CA) ▪ Spring Conference: May 12-15, 2020 (San Diego, CA)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance	A B	(Wilkinson, 2015 and 2017, 2018) (Chao, 2017)	Intermediate
State Association of County Retirement Systems (SACRS) / UC Berkeley Program – Public Pension Investment Management Program ▪ July 22-24, 2019 (Berkeley, CA)	▪ Investments	A	(Wilkinson, 2015)	
United Nations Principles in Responsible Investing (UN-PRI) Forum ▪ July 24, 2019 (New York, NY)	▪ Investments ▪ Corporate Governance			
Western Economic Association International – Annual Conference ▪ June 26-30, 2020 (Denver, CO) ▪ June 27-July 1, 2021 (Honolulu, HI)	▪ Investments			
Women’s Alternative Investment Summit ▪ November 13-14, 2019 (New York, NY)	▪ Investments			
Women’s Private Equity Summit ▪ March 11-13, 2020 (Dana Point, CA)	▪ Investments			

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**APPENDIX B
LACERS TRAVEL EXPENSE REIMBURSEMENT POLICY
AND RELATED PROVISIONS OF CITY TRAVEL POLICY
(LAAC Chapter 5, Article 4, §§ 4.242.1-4.242.9)**

Approved March 11, 2014;

Revised September 23, 2014; February 12, 2019; September 10, 2019

I. GENERAL GUIDELINES

A copy of the Travel and Education Policy including the Guidelines for Travel and Personal Expenses will be provided to new Board Members and staff before processing their first travel request.

A. LACERS considers an individual traveling if:

- i) the travel is outside the geographic boundaries of Los Angeles County [LAAC §4.242.2]; and more than 50 miles away from both LACERS' offices and the traveler's home; and
- ii) the duties require the individual to be away from the general area of the individual's primary residence substantially longer than an ordinary day's work; or
- iii) the individual needs to sleep or rest to meet the demands of work while away from the primary residence.

B. Costs incurred on travel days which are not conference days are allowable (subject to limitations covered in the applicable sections of the guidelines) for travel within the U.S., Mexico, and Canada: (i) on the day before the first educational session of the conference or seminar if transportation on the first conference day would require the traveler to leave his/her point of departure (e.g., home) earlier than 9:00 a.m.; or (ii) on the day after the last educational session of the conference or seminar if transportation on the last conference day would cause the traveler to get to his/her final destination (e.g., home) after 8:00 p.m.

For travel outside the U.S. (except Mexico and Canada), additional lodging for one day before and/or after the event may be authorized to mitigate hardship for the traveler.

C. Board approval of travel is required prior to payment of any related fees. If a Traveler elects to personally incur travel-related fees prior to the Board's approval, the Traveler assumes personal financial liability that his or her expenses may not be reimbursed.

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II. TRANSPORTATION

A. AIR TRAVEL	
LAAC Requirement	LACERS Policy
<p>Except in the case of official necessity, air travel expenses are allowable only for the lowest regular fare available for regularly scheduled airlines for the date and time selected [§4.242.2(a)(1)]</p> <p>Claims for reimbursement of higher fare or extra charges for transportation by schedule airlines are allowable only if certified by the Department Head¹ that he or she has reviewed and concurs with the facts constituting the official necessity. [§4.242.2(a)(1)]</p>	<ol style="list-style-type: none"> 1. Air travel may be used when it is the most efficient means of travel. 2. Air travel shall be at coach or economy fare. Coach or economy fare is presumed to be the lowest regular fare available for regularly scheduled airlines. Airfare quotes from several airlines are not necessary. 3. When the airfare receipt shows an upgrade to premier economy seating, business or first class accommodation, <ol style="list-style-type: none"> a. Without further justification, the traveler may be reimbursed at the lower of the two costs (the lowest regular fare rate quote available for the same airline² and versus the actual cost of the upgraded seat) will be used as the basis for payment, or b. the traveler shall provide a memo stating the case of official necessity, for approval by the Department Head¹. 4. LACERS will pay directly for airfare booked with the City's authorized business travel service, CalTravelStore. 5. If CalTravelStore is not used, LACERS travelers must use their personal credit card to book flights or other modes of transportation. 6. Consistent with Federal and City travel standards, coupons, or promotional mileage credits earned by the traveler during the course of LACERS business travel may be used for LACERS or personal business. The traveler will not be reimbursed for such coupons or promotional mileage credits used for LACERS travel. 7. Fees for the first checked baggage will be reimbursed. Fees for additional checked baggage may be reimbursed if a justification for an official business need is provided. 8. The cost of air flight insurance is not eligible for reimbursement.

¹ Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

² The acceptable amount will be the fare verified by the Accounting staff prior to encumbrance of the travel request.

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	9. With pre-approval of the Department Head ¹ , refundable airline tickets may be purchased if the traveler provides acceptable justification that the benefit of booking a refundable ticket outweighs the risk of changes in travel plans.
B. PERSONAL VEHICLE OR NON-AIR TRANSPORTATION	
LAAC Requirement	LACERS Policy
<p>In all instances where a mode of transportation other than regularly scheduled airlines is chosen, the Department Head¹ shall authorize such alternate mode of transportation in advance and the allowable cost shall be the actual cost of the alternate mode of transportation or the cost allowable under Subsection (a)1, whichever is less. [§4.242.3.(a)(2)]</p> <p>In the case of travel by modes of transportation other than regularly scheduled airlines, transportation costs shall be the regular fare for the mode of transportation chosen. [§4.242.3(a)]</p>	<p>10. Pre-approval by the Department Head¹ is required for all non-air travel in advance of travel. Travelers must submit the following items for pre-approval:</p> <ul style="list-style-type: none"> a. For travelers using personal automobiles for business purposes – Provide proof of automobile insurance at minimum coverage levels as follows: \$25,000 injury to or death of one person; and, \$50,000 injury to or death of more than one person; and, \$5,000 property damage for any one accident. b. Cost comparisons are required for all non-air travel, with exceptions listed below: Traveler shall submit: a quote for the lowest regular fare available for regularly scheduled airlines to the destination for the date and time selected; and the cost for regular fare on the alternative mode of transportation. <u>Exceptions</u> (no cost comparison is required): If traveling by vehicle to neighboring counties of Orange, Riverside, San Diego, San Bernardino, Ventura, Kern, Santa Barbara, and San Luis Obispo, or to the San Francisco Employees Retirement System to transport sensitive computer equipment for the LACERS emergency hot/warm site. <p>11. Receipts for alternate modes of travel are required. Reimbursement will be for</p>

¹Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

Section 1.0 GUIDANCE FOR BOARD MEMBERS

<p>In the instance of the use of private automobile, mileage shall be in accordance with mileage provisions of Division 4, Chapter 5, Article 2 of the Administrative Code. [§4.242.3.(a)(2)]</p>	<p>the lower of the actual cost of transportation or lowest regular airfare verified by Accounting prior to encumbrance of the travel request.</p> <p>12. Mileage reimbursement</p> <p>a. Mileage reimbursement for the Board will be calculated on a roundtrip basis between official's residence and official destination.</p> <p>b. Mileage reimbursement for staff will be based on the distance in excess of home to City office for travels during regular work days; for other days, reimbursement will be based on a roundtrip between staff's residence and official destination.</p> <p>13. Additional travel time and expenses (such as meals and lodging) incurred in choosing other than the fastest and most direct mode of transportation are at the traveler's own personal time and expense.</p> <p>14. Claims for repairs, replacements, towage, gas and car insurance are not reimbursable.</p> <p>15. Ground transportation refers to transportation from home to airport, airport to hotel and/or conference/meeting/seminar location, and back. Reimbursement will be provided for standard-class ground transportation such as This includes Uber, Lyft, taxis, and shuttles, limousines, and private vehicles but not for use of luxury ground transportation such as limousines and executive cars.</p> <p>16. Mileage reimbursement is provided when personal vehicle is used for ground transportation to/from airport. Commissioner's mileage reimbursement will be computed based on roundtrip miles from residence to airport. Staff mileage reimbursement will be computed based on the distance in excess of home to City office for travels during regular work day; and roundtrip miles from residence to airport on non-work days.</p>
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C. GROUND TRANSPORTATION	
LAAC Requirement	LACERS Policy
<p>The least expensive and most practical form of public transportation shall be used, taking into consideration such factors as time, availability, and personal safety or health. [§4.242.3.(c)]</p>	<p>17. Reimbursement for airport parking is actual amount, not to exceed \$20 per day. Pre-approval is not required. Reimbursement for actual amounts in excess of \$20 per day requires the traveler submitting a memo to justify the expense based on time, availability, and personal safety or health.</p> <p>18. Reimbursement for use of taxi, shuttle, private car or limousine service is limited to the lesser of roundtrip taxi fare (http://www.taxifarefinder.com)² or shuttle fare (http://www.shuttlefare.com)².</p>
D. AUTOMOBILE RENTAL	
LAAC Requirement	LACERS Policy
<p>Such expenses are allowable if traveling by car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus. [§4.242.3.(d)]</p>	<p>19. Pre-approval by the Department Head¹ is required. Travelers must provide written justification that the traveling by car is less expensive and or more efficient in conducting LACERS business than by use of taxi or bus.</p> <p>20. The traveler will not be reimbursed for car rental insurance within the United States. Car rental insurance costs required in foreign countries may be claimed for reimbursement.</p> <p>21. Receipts are required for reimbursement of rental car, gasoline, parking, and toll expenses. If receipts for toll and/or parking meter expenses are not available, provide printouts from official websites, credit card receipts, or other appropriate documents.</p> <p>22. To avoid fuel surcharges, travelers are encouraged to fill the gas tank before returning a rental vehicle.</p>

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² The acceptable amount will be the fare verified by the Accounting staff prior to encumbrance of the travel request.

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III. LODGING, MEALS AND INCIDENTAL EXPENSE ALLOWANCE

A. LODGING	
LAAC Requirement	LACERS Policy
<p>This section is not intended to preclude an employee or elected official from staying in a hotel where the meeting or convention to be attended is held. [§4.242.3.(b)(1)]</p>	<p>23. Acceptable documentation shall include original itemized hotel receipt marked 'Paid in Full' or showing a zero balance; otherwise, proof of payment is also required.</p> <p>24. Reimbursement for lodging in a hotel where the meeting or convention to be attended is deemed the most practical accommodation and permissible.</p> <p>25. A traveler may elect to stay in a hotel sponsored by the conference as it is presumed to be the most practical or convenient. The reimbursement will be limited to the lesser of the actual hotel costs incurred or the conference hotel rate.</p> <p>26. For any official System travel for training, due diligence trips, meetings with investment managers, or training where hotels are not pre-designated, the traveler should select the most economical lodging taking into consideration the proximity of the selected place to conduct the official System business, traveler's safety, time and transportation costs and other relevant factors. Any of the following methods are acceptable for determining "moderately priced establishments of acceptable quality," "the most economical and practical accommodations," and those which would be presumed not to meet the IRS definition of "lavish and extravagant" accommodations:</p> <ul style="list-style-type: none"> (i) Lodging does not exceed the highest Federal domestic lodging per diem rate; cost comparison is not necessary; or (ii) The most economical hotel identified using the City traveler provider website (www.concursolutions.com/), with availability, with at least a 3 star rating on a 5 star scale travel, and within walking distance or no less than ½ mile radius of the first business location; or

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<p>In the selection of restaurants and hotel rooms, it is expected that individuals will seek moderately priced establishments of acceptable quality. [LAAC §4.242.3.(b)]</p> <p>An employee or elected official must consider transportation costs, time, and other relevant factors in selecting the most economical and practical accommodations. [§4.242.3.(b)(1)]</p>	<p>(iii) The most practical hotel on the above list with acceptable written justification; or</p> <p>(iv) Any lodging expenses may be reimbursed provided that the expense does not exceed 300% of the lodging per diem and traveler must clearly demonstrate no other acceptable alternative lodging was available, as in the event of a state of emergency, or other justifiable reason reviewed and certified by the Department Head¹ as reasonable and proper, and incurred in the pursuit of System business.</p> <p>27. Reimbursement is limited to single occupancy room rate, as documented on hotel letterhead or the hotel's room rates listing, plus applicable taxes and charges unless additional occupants are LACERS trustees/staff on official LACERS business.</p>
B. MEALS AND INCIDENTAL EXPENSES (M&IE)	
LAAC Requirement	LACERS Policy
<p>Expenses incurred by an employee or elected official for food and beverage served at meals, scheduled receptions, or other functions necessary for the conduct of City business are allowable to a maximum of three meals a day. [§4.242.3.(b)(2)]</p>	<p>28. LACERS intends to be compliant with IRS accountable plan rules, therefore M&IE allowance will be provided only when business travel results in a necessity for lodging. LACERS will provide travelers with a standard meal allowance at the Federal per diem rate per locale. The allowance, in lieu of providing receipts, is acceptable under the IRS accountable plan rules. The IRS (Publication 463) defines meals and incidental expenses include: meals, transportation to acquire meals, fees/tips to porters, baggage carriers, bellhops, hotel maids, wait staff, and other service providers.</p> <p>29. No meal allowance will be paid when meals are provided throughout the day by the host or at the conference. Hotel complimentary breakfasts are not included in this category.</p>

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	<p>30. Prorating the standard meal allowance – The IRS permits LACERS to adopt its own rules for prorating the standard meal allowance on partial days of travel so long as we consistently apply the method in accordance with reasonable business practice.</p> <p>The meal and incidental expense allowance will be prorated from a daily allowance to a per meal period allowance on partial days of travel; and when some meals are prepaid/to be paid by LACERS (complimentary breakfast provided at the hotel, meals at the conference or pre-paid to comply with the City/LACERS gift restrictions).</p> <p>The M&IE allowance = incidental expense + breakfast allowance (if traveling between 1AM – 9AM) + lunch allowance (if traveling between 9AM – 5PM) + dinner allowance (if traveling between 5PM – 1AM).</p> <p>Utilize the M&IE per travel locale and provide an allowance for each meal period the traveler is away from home (based on the current Federal General Services Agency six tiered M&IE allowance):</p> <table><tr><th>Total</th><th>Breakfast</th><th>Lunch</th><th>Dinner</th><th>IE</th></tr><tr><td>\$46</td><td>\$7</td><td>\$11</td><td>\$23</td><td>\$5</td></tr><tr><td>\$51</td><td>\$8</td><td>\$12</td><td>\$26</td><td>\$5</td></tr><tr><td>\$56</td><td>\$9</td><td>\$13</td><td>\$29</td><td>\$5</td></tr><tr><td>\$61</td><td>\$10</td><td>\$15</td><td>\$31</td><td>\$5</td></tr><tr><td>\$66</td><td>\$11</td><td>\$16</td><td>\$34</td><td>\$5</td></tr><tr><td>\$71</td><td>\$12</td><td>\$18</td><td>\$36</td><td>\$5</td></tr></table> <p>31. Transportation between places of lodging and places where meals are taken are no longer included in the definition of incidental expenses, and may be authorized by the Department Head for reimbursement up to \$5 per day.</p>	Total	Breakfast	Lunch	Dinner	IE	\$46	\$7	\$11	\$23	\$5	\$51	\$8	\$12	\$26	\$5	\$56	\$9	\$13	\$29	\$5	\$61	\$10	\$15	\$31	\$5	\$66	\$11	\$16	\$34	\$5	\$71	\$12	\$18	\$36	\$5
Total	Breakfast	Lunch	Dinner	IE																																
\$46	\$7	\$11	\$23	\$5																																
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\$66	\$11	\$16	\$34	\$5																																
\$71	\$12	\$18	\$36	\$5																																
<p>Gratuities. Such expenses, not exceeding 15%, are allowable where reasonable and customary. [§4.242.3.(h)]</p>	<p>32. Gratuities are included in the IRS definition of “incidental” expenses and are therefore subject to per diem limits. Reimbursement for restaurant gratuities are calculated as up to 15 percent of the restaurant bill exclusive of taxes, except</p>																																			

Section 1.0 GUIDANCE FOR BOARD MEMBERS

	when the gratuity percentage is required and the amount is added on the bill by the service provider.
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IV. OTHER EXPENSES

LAAC Requirement	LACERS Policy
<p>(j) Other Expenses. Expenses not specifically set forth in other subsections of this section that are incurred by an employee or an elected official are allowable where deemed necessary in the conduct of City business; provided that such expenses have been reviewed and certified by the Department Head¹ as reasonable and proper and incurred in pursuit of City business. Wherever the type of expenditure is not specifically listed in this section, the employee or elected official should be prepared to absorb the cost as a personal expenditure in the event that such expense is not certified by the Department Head¹. [§4.242.3.(j)]</p>	<p>33. Other travel expenses are allowable when deemed necessary in the conduct of System business provided such expenses are reviewed and certified by the Department Head¹ as reasonable, proper, and incurred in pursuit of System business. Otherwise, these expenses become personal expenditures.</p> <p>34. <u>Travel Interruptions</u> – When there is an interruption or deviation from planned travel due to bona fide public emergencies outside of the traveler's control such as weather or shutdown of air travel, travelers may be reimbursed at full cost for emergency lodging, meals, and incidental expenses.</p> <p>35. <u>Indirect Travel</u> - whether for the traveler's personal leave or for convenience, expenses allowable will not exceed those that would have been incurred for uninterrupted travel utilizing the direct travel route or travel days. Supporting documentation showing the cost for direct travel and the deviation should be provided by the traveler.</p>

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IV. NON-REIMBURSABLE TRAVEL EXPENSES

LAAC Requirement	LACERS Policy
<p>Expenditures which are incurred by an employee or elected official that are of a purely personal nature will not be reimbursed by the City.</p> <ul style="list-style-type: none"> a) Auto repairs, replacement or towage to personal vehicle when such use has been authorized (see established City procedures for repair to City vehicle); b) Flight insurance; c) Personal telephone calls (except those specified in Section 4.242.3 (g) of this article); d) Expenses for persons other than the employee or elected official, except as specified in Section 4.242.3 (b) 2. [§4.242.4] 	<p>36. Expenditures which are not substantive to LACERS business will not be reimbursed by LACERS, such as:</p> <ul style="list-style-type: none"> a) Any expenses related to entertainment and recreational activities; b) Flight upgrade fees for seats other than coach or economy; c) Internet usage fees (unless the internet is used for City business); d) Any expenses related to alcohol and tobacco. <p>37. The traveler must submit reimbursement for personal expenditures paid by LACERS.</p> <p>If there are portions of the conference or seminar that are entertainment in nature and not business-related (e.g., golf tournaments, musical performances or concerts, etc.), the traveler is required to reimburse LACERS for the cost of these recreational activities.</p>

Section 1.0 GUIDANCE FOR BOARD MEMBERS

V. OTHER RULES AND RESTRICTIONS

A. DOCUMENTATION OF EXPENSES - PERSONAL EXPENSE STATEMENTS	
LAAC Requirement	LACERS Policy
<p>All expenses claimed shall be listed on separate forms provided and used for required documentation of travel expense.</p> <p>Completed travel expense forms shall be forwarded to the Controller within thirty (30) days of the conclusion of the trip.</p> <p>The Department Head¹ shall certify that all expenditures were incurred in pursuit of City business. Falsification of such certification shall be grounds for appropriate disciplinary action and such other sanctions provided by law.</p> <p>Receipts shall be provided for transportation costs incurred under Section 4.242.3(a), lodging, and for any single item of expenditure in excess of \$25.00. Receipts for expenditures under \$25.00 should be presented when available. [LAAC § 4.242.7]</p>	<p>38. All expenses claimed for reimbursement must be itemized on the Personal Expense Statement (PES - Form Gen. 16).</p> <p>39. The traveler is responsible for verifying all charges on receipts before making payment. Charges made in error will not be reimbursed.</p> <p>40. Original receipts are required for any single expenditure in excess of \$25. Receipts are not required for a meal and incidental expense allowance, regardless of amount, when the Federal per diem rate per locale is provided to the traveler and prorated in accordance with LACERS' policy.</p> <p>41. Travel expenses in foreign currency must be converted to U.S. dollars (USD) based on exchange rates effective on the date of the original receipt. The following are acceptable supporting documentation for the foreign currency conversion:</p> <ul style="list-style-type: none"> a. Credit card statement showing conversion of foreign-denominated expenses to USD b. Foreign exchange receipts from money exchanges or banks showing foreign conversion rates c. Verifiable foreign exchange rates from the internet
B. TRAVEL ADVANCES	
LAAC Requirement	LACERS Policy
<p>Requests for an advance for funds shall be submitted to the Controller, where feasible, at least ten (10) days in advance of the beginning of the planned expenditure of funds and such request shall include the persons traveling, period covered, and the destination. In addition, the request should</p>	<p>42. For trips of one night or more, a travel advance may be requested. The amount advanced is limited to the lodging, meal and incidental expenses per diem as well as registration, seminar, and meeting fees paid by the traveler.</p> <p>43. Written requests (email correspondence is</p>

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state the purpose of the trip, the nature of the City business to be conducted on the trip, and the proposed total estimated expenditure. Documentation of actual expenses incurred shall be submitted to the Controller in conformance with Section 4.242.7.

acceptable) for the travel advance are to be submitted by the Traveler to the CEA/travel coordinator for approval at least thirty (30) days prior to the date of travel. The request must include a statement certifying that the traveler has no outstanding cash advance.

44. A cash advance request will be denied if a traveler has an outstanding cash advance for past travel with does not comply with the procedures.
45. Regular travel advances will be released no earlier than one (1) week before travel.
46. Outstanding travel advances not accounted for and delinquent over 120 days will be included as part of an employee's wages on the first payroll period of the subsequent calendar quarter following the end of the 120 calendar days; and, for non-City employees, IRS Form 1099-Misc will be issued per IRS Federal, State, Local Government Taxable Fringe Benefit Guide. Nothing herein eliminates the traveler's obligation to return to the Fund any excess monies that were received that were not used for approved travel expenses.
47. Future travel advances will not be processed for traveler(s) with delinquent PES over 30 days. Requests for reimbursement may be processed in advance of the travel for expenditures such as registration fees, airfare and/or one-night hotel deposit. To ensure timely processing of the reimbursement, such requests along with supporting documents and proof of payment (credit card statement, etc.) must be submitted to the CEA/travel coordinator, in writing, at least fifteen (15) working days before the date of travel.
48. Advanced payment for cancelled travel: Any amount that was paid by department in advance of travel is considered an advance. In the event of the need to cancel the trip, the traveler is responsible for notifying all payees ~~to~~ (such as air

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	<p>carrier, hotel, conference host, etc.) as soon as possible to avoid/minimize cancellation fees</p> <ul style="list-style-type: none"> a. If cancellation was due to personal reasons, the traveler must personally reimburse the department for any amount not recovered (net of cancellation fees). If the refund or credit was issued directly to the traveler, traveler must pay LACERS the entire amount of credit received within 14 calendar days from the credit issued date. b. If travel was cancelled due to the business or public reason, traveler is responsible to submit a justification along with the proper documentation to the General Manager Department Head¹ within 14 calendar days from the cancelled date. c. Unrecovered amounts are reported as taxable income to the traveler. The traveler may be required to pay for future airfare using their own credit card, and LACERS will reimburse airfare upon completion of the travel.
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APPENDIX C
BOARD TRAVEL REIMBURSEMENT CHECKLIST

Adoption Date: May 26, 2009

Revised Dates: June 22, 2010; December 13, 2011; March 11, 2014

I. STEPS FOR TRAVEL APPROVAL AND REIMBURSEMENT:

Step 1: Provide details of the educational event to the Commission Executive Assistant (CEA)

Step 2: Submit information on estimated expenses to the CEA

Fees Paid Directly By LACERS:

Step 3: Register for the Conference

- Conference registration and registration fees can be arranged through the CEA prior to the conference date. Registration fees are paid directly by LACERS with no out-of-pocket expenses for the traveler;
 - Under State and City gift laws, complimentary conferences or conference-related events could be considered gifts. LACERS will evaluate the circumstances with the assistance of the City Ethics Commission and may be required to pay a pro-rata share of conference expenses provided by the hosting organization.
- Or, after the fact, submit a receipt showing a zero balance as proof of payment.

Step 4: Book flight

- Provide desired flight numbers, dates, and times to the CEA. The CEA will book the flight. Flights booked through the City's travel service negate the need to secure three fare quotes. The City's travel service will also provide a flight credit if the traveler is unable to fly and proper notification is given.
- Or after the fact, submit a receipt for the purchase of the airline ticket and three fare quotes generated on the same day the flight was booked. Reimbursement is limited to the lowest regular fare.

Items Requiring Pre-Approval for Expenditure Reimbursement:

Step 5: Submit written justification for items requiring pre-approval from the Board President or Vice President. If approval is not secured prior to incurring the expense, reimbursement may not be granted.

- Requests for reimbursement of airfare which exceeds the lowest regular fare – justification should demonstrate the official necessity of the selected flight. Attach to the request three air fare quotes generated on the same day the flight was booked.
- Requests for transportation other than air flight – justification should indicate reasons for use of the alternate mode of transportation.
- Requests for cash advances to cover lodging and per diem for meals must be submitted 30 days prior to the commencement of travel. See further instructions below.

After the Travel has been completed, submit report and receipts:

Step 6: Submit an Event Evaluation Report within thirty (30) days of the conclusion of the trip

- The report is required prior to reimbursement

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Step 7: Submit a Personal Expense Statement (PES) within thirty (30) days of the conclusion of the trip:

- Itemize all reimbursable daily expenses for lodging, transportation, and miscellaneous expenses; list the per diem for meals and incidentals.
- Report expenses paid directly by LACERS as a deduction to the total reimbursable amount
- See further instructions on the following checklist

II. REIMBURSEMENT CHECKLIST:

ALLOWABLE TRAVEL COSTS	REQUIRED DOCUMENTS
AIR TRAVEL	
<p><u>Air Travel</u> Air travel expenses are only allowable for the lowest regular fare available. If the flight with the lowest regular fare is not booked, reimbursement will only be for the lowest regular fare.</p> <p>If three fare quotes are not submitted, the lowest regular fare will be determined by a quote from the City's travel agent for a direct flight, coach class, 14 days prior to the date of business travel. The CEA will determine the reasonable flights to be quoted which best meet the conference dates and times.</p> <p>Exceptions allowing reimbursement for a higher cost fare may be approved by the General Manager for "official necessity." Official necessity means there is a bona fide benefit to LACERS for taking the selected flight which outweighs the cost of the higher fare.</p>	<p><u>Transportation Expenses</u></p> <p><input type="checkbox"/> Submit a receipt showing a zero balance as proof of payment for airfare</p> <p><input type="checkbox"/> Provide three air fare quotes from the same date as the booked flight, demonstrating that the selected flight is the lowest regular fare practically available</p> <p><input type="checkbox"/> Provide written justification of the "official necessity" for any higher cost fare if seeking reimbursement above the lowest fare rate. The General Manager must concur for the expense to be submitted for reimbursement.</p>
OTHER TRANSPORTATION	
<p><u>Bus or Rail Travel</u> The allowable cost shall be the actual cost for the regular fare for the bus/rail travel.</p> <p><u>Automobile Rental</u> Automobile rental expenses are allowable if traveling by automobile is less expensive or more appropriate than by other modes of transportation.</p>	<p><input type="checkbox"/> Submit request for pre-approval from the General Manager for all modes of transportation other than regularly scheduled airlines.</p> <p><input type="checkbox"/> Submit request for pre-approval from the General Manager demonstrating that traveling by rental car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus.</p>

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<p>Private Automobile The allowable cost shall be the actual total mileage rate allowance as determined by the Internal Revenue Service (IRS).</p>	<p><input type="checkbox"/> Submit request for pre-approval from the General Manager, and include a satisfactory liability insurance policy covering the full use and operation of the vehicle. The limits of liability on any such policy shall not be less than \$25,000 in the case of injury to or death of one person, and \$50,000 in the case of injury to or death of more than one person; and in the case of property damage, not less than \$5,000 in any one accident</p>
REGISTRATION FEES	
<p>Registration Fees Reimbursable if paid by the Trustee</p>	<p><input type="checkbox"/> Submit a receipt showing a zero balance as proof of payment</p>
LODGING	
<p>Hotels generally offer specially rated room blocks for conference participants. The Trustee may stay at an "off-site" hotel if the room blocks are exhausted.</p> <p>Transportation costs, time, and other relevant factors must be considered in selecting the most economical and practical accommodations.</p> <p>An extra-night stay is allowable if it sufficiently reduces the airfare, or if the conference commences early in the morning or adjourns late in the evening.</p>	<p><input type="checkbox"/> Submit receipt showing a zero balance as proof of payment. Personal credit card information must be redacted from the receipt.</p> <p><input type="checkbox"/> If lodging is for other than single occupancy, secure a rate sheet or other documentation of the single occupancy rate.</p>
MEALS & INCIDENTAL EXPENSES	
<ul style="list-style-type: none"> ○ The meal and incidental per diem for domestic travel is currently \$71 per day. ○ Incidental expenses are fees and gratuities provided to service workers, and for transportation costs in acquiring meals. ○ The daily allowance is prorated at 75% on days of travel, and if some meals are provided by the hotel or conference. ○ No meal allowance is provided when meals are provided throughout the day by the hosting organization. ○ The rate for international travel is in accordance with current Federal per diem rate guidelines. 	<p>Receipts for meals and incidental expenses are not required.</p> <p><input type="checkbox"/> Submit justification letter if claiming reimbursement for expenses exceeding the per diem allowance.</p>

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MISCELLANEOUS EXPENSES**Checked Baggage Fees**

Such expenses are allowable when the Trustee is charged for the first checked bag.

Laundry Service

Such expenses are allowable if the duration of the trip, traveling conditions, or some other special circumstances dictate.

City Business Telephone Calls

Such expenses are allowable if the telephone calls are relevant to appropriate City business.

Personal Telephone Calls

Such expenses are allowable for one call to the Trustee's immediate family if they are located within the locale of their residence.

If travel is in excess of three (3) days, one such call is permitted for each successive three (3) days thereafter.

Each call should last a reasonable amount of time, such as 10 minutes per call.

Ground Transportation

Transportation between the traveler's residence and airport, and transportation between the airport and conference location.

- ☐ Baggage fees for second and additional items require a justification memo that it meets a business purpose.
- ☐ Submit receipts for all miscellaneous expenses.

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APPENDIX D
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)
TRAVEL/CONFERENCE EVALUATION REPORT

Name of Attendee:	
Title of Conference/Seminar:	
Location:	
Event Sponsor:	Date(s) Held:

Report for:

- ☐ Travel
- ☐ Conference/Seminar Attendance Only

I. Nature/Purpose of Travel (if applicable):

II. Significant Information Gained:

III. Benefits to LACERS:

IV. Additional Comments:

SUBMIT TO THE LACERS COMMISSION EXECUTIVE ASSISTANT, 202 W. FIRST STREET, SUITE 500
 WITHIN 30 DAYS AFTER ATTENDING THE CONFERENCE/SEMINAR

Section 1.0 GUIDANCE FOR BOARD MEMBERS

1.2 BOARD EDUCATION AND TRAVEL POLICY

Adopted: May 29, 2009; Revised: June 22, 2010; December 13, 2011; March 11, 2014; September 23, 2014; February 12, 2019; September 10, 2019

I. STATEMENT OF PURPOSE

Los Angeles City Charter Section 1106(c), consistent with Article XVI, Section 17 of the California Constitution requires the Board to exercise a *Prudent Person Standard*, discharging their duties with respect to its system, with care, skill, prudence, and diligence. It is imperative that LACERS Board Members maintain a broad and current understanding of issues affecting the administration of public pension systems to fulfill their fiduciary duties. This policy recognizes and affirms the role of education in ensuring Trustees have the knowledge to successfully discharge their duties as fiduciaries.

The Board establishes a standard of a minimum of 24 hours of Board Member education within the first two years of assuming office and for every subsequent two-year period in which the Board Members continue to hold membership on the Board. A report detailing the training and education received by the respective Board Members during the two-year periods will be published on the LACERS website.

II. EDUCATIONAL OBJECTIVES

This policy defines a *Prudent Person Standard* for Trustees as a general understanding of:

- A. The role of the Board Members and the role of staff
- B. The obligations and role of fiduciary and the paramount duties of loyalty and prudence
- C. The business model (including knowledge of true measure of success, the driving factors that determine success and the major business risks associated with public pension systems; namely, in the areas of investments and benefit administration).
- D. Governance principles
- E. The legal and legislative environment
- F. Actuarial principles
- G. Plan design and other benefit program
- H. Investment and asset allocation strategies

III. NEW TRUSTEE ORIENTATION PROGRAM

To ensure that newly appointed and elected LACERS Board Members are securely grounded in their role as fiduciaries at the outset of assuming such an important responsibility, each shall participate in the New Trustee Orientation Program which offers critical background information and education on the Board's governance responsibilities, the knowledge of which is essential for the fullest possible engagement of each Board Member in every aspect of pension fund management.

The orientation will cover the following:

- 1. History and overview of LACERS
- 2. Fiduciary Responsibility
- 3. Ethics Training
- 4. Board Governance
- 5. Benefits and Services
- 6. Actuarial Concepts
- 7. Investment Concepts
- 8. Operations

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- 9. Legal Representation and Law
- 10. Current Topics for LACERS
- 11. Tour of the offices and boardroom

IV. IN-HOUSE EDUCATION PROGRAM

To provide updates on various issues affecting the administration of public pension systems, in-house education sessions will occur periodically at regular Board meetings or organized as stand-alone sessions. The General Manager will arrange in-house training for the Board based on the schedule below and as-needed:

A. Mentoring

Any new Board Member may request a mentor to assist him or her in becoming familiar with his or her responsibilities on the Board. If a request is made, the Board President will designate an experienced Board Member to be a mentor to the new Board Member for a period of one year.

B. Investment Education

At least once per fiscal year, an investment educational session for all Board Members shall be conducted. The General Manager shall survey the Board to identify specific investment topics of interest.

C. Fiduciary Education Sessions by Fiduciary Counsel

Upon request, outside Fiduciary Counsel will provide fiduciary education to the Board.

D. Actuarial Education

Each year, an actuarial education session will be provided to the Board.

E. Healthcare Benefits Education

Each year, a healthcare benefits education session will be provided to the Board.

F. Retirement Benefits

Each year, an update of the issues regarding retirement benefits will be provided to the Board.

G. Ethics Training

Board Members are required to participate or attend the City's Ethics training during the first year of appointment and then once every two years. Refresher ethics training will be provided to the Board annually.

H. Other As-needed Topics

Staff will periodically coordinate educational sessions for the Board on topics of general interest or topics that Board Members may request.

V. EDUCATIONAL CONFERENCES/SEMINARS

The complexities of sound management of the assets and liabilities of a trust fund impose a continuing need for all Members of the LACERS Board to attend professional and educational conferences, seminars, and other educational events that will better prepare them to perform their fiduciary duties.

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A. Annual Approved List of Educational Seminars

At the beginning of each fiscal year, the General Manager shall prepare for Board adoption a list of recommended conferences, seminars and meetings (Appendix A). The list shall identify recommended conferences for new trustees, and make a concerted effort to reflect educational opportunities at Southern California universities available for pension trust fiduciaries.

Board Members are encouraged to attend a minimum of one educational conference or seminar per fiscal year from this list.

The General Manager will prepare an annual blanket authority for Board approval for conferences included in the Approved List of Educational Seminars.

Every Board Member's participation in a pre-approved conference shall be noticed on the Board agenda following submission of the Board Travel request.

B. Travel Requiring Explicit Board Approval

Subject to explicit approval of the Board for each conference, the requesting Board Member shall provide appropriate justification to the Board for consideration of:

1. Requests to travel to conferences outside the List of Educational Seminars (Appendix A) will be submitted to the Board for approval, so long as the trustee's education allocation is not exceeded.
2. Requests for travel outside the United States (except Canada and Mexico).

C. Travel Outside the United States

All conferences and seminars which involve travel to a destination outside the United States (except Canada and Mexico) must be approved by the Board. Each Board Member may attend no more than one conference which involves international travel (to include Canada and Mexico) in any 12-month period.

D. Travel to Washington D.C. or Sacramento

The Mayor requires notification of any travel to Washington D.C. or Sacramento. Staff will process the appropriate forms on behalf of the Trustees.

E. Conference Invitations Received by a Board Member

To provide all the Trustees with the same conference and seminar opportunities, the individual Board Member shall forward invitations they receive to a conference or seminar, to the General Manager or the Board Executive Assistant. LACERS will consult with the Office of the City Attorney or the City Ethics Commission for compliance with gift and disclosure requirements. If the conference or seminar clears the ethics compliance process, the Board Executive Assistant shall disseminate the conference or seminar invitation to all Board Members.

F. This section is intentionally left blank.

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G. Board Education and Travel Limitations

Board Member travel shall adhere to the following guidelines:

- Board Members shall attend conferences or seminars that have a solid reputation for quality program content. (see Appendix A); i.e., agendas with a minimum of five hours of substantive educational content. Content shall not be geared toward marketing or the promotion of investment management and related sponsors. Topics covered during the conference or seminar must be related to the pension fund industry.
- The Board education travel budget per Trustee shall not exceed \$10,000 per fiscal year for conference fees and travel expenses. Expenses which exceed this annual allocation shall be the personal responsibility of the Board Member unless the Board approves additional travel and budget allocation prior to the conference.
- Board Members shall provide notification to the Board Executive Assistant of their interest to attend a conference or seminar at least sixty (60) days prior to the travel date.

H. Reports to the Board

1. Quarterly Travel Expenditure Report

An educational travel expenditure report shall be provided to the Board on a quarterly basis, covering cumulative Board Member and staff travel for the fiscal year.

2. Monthly Report on Seminars and Conferences Attended by Board Members on Behalf of LACERS

There may be occasions where a Board Member attends seminars or conferences as a LACERS representative or in the capacity of a LACERS Board Member which are either complimentary (no cost involved) or with expenses fully covered by the Board Member.* Since there is no expense incurred to LACERS, these seminars or conferences do not require Board approval. However, for the purpose of transparency and to avoid the appearance of impropriety, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, such conferences or seminars attended. Monthly reports will include conferences or seminars attended during the period preceding the said Board meeting.

**Please consult the City Ethics Commission for gift reporting limitations and reporting requirements.*

I. Meeting for Business Purpose in Compliance with the Ralph M. Brown Act

In accordance with the Ralph M. Brown Act, a quorum comprising of majority of the members of the LACERS' Board or Committee to hear, discuss, or deliberate upon any matter which is under the subject matter jurisdiction of LACERS are meetings subject to the Brown Act. Board Members must be cognizant of this requirement and avoid discussing LACERS' business when in meetings or discussions with other Members of the Board.

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VI. TRAVEL EXPENSE REIMBURSEMENT POLICIES

- A. The LACERS Board of Administration has full authority over the trust fund expenditures including the payment of all education and related travel expenditures which it deems reasonable and appropriate for the conduct of official LACERS business.**

The Office of the City Attorney has affirmed the LACERS Board's plenary authority and fiduciary responsibility for investment of trust assets and administration of the System as codified in the California Constitution (Section 17 of Article 16). The position is further strengthened by the Los Angeles City Charter §1110(b): "The board of each pension and retirement system shall have control over their respective funds. Transfers or expenditures shall be drawn upon funds only upon demands signed by the chief accounting employee of the board. All payments from the funds shall be made upon demands prepared and approved in accordance with the provisions of the Charter."

The City's travel policies as set forth in Division 4, Chapter 5, Article 4 of the Los Angeles Administrative Code (LAAC) provide the definitions, parameters, and guidance for the majority of travel circumstances encountered for LACERS travel and will be referenced as LACERS primary travel policy. LACERS departmental travel expense reimbursement policy is meant to be in compliance with the LAAC travel requirements, augmented to facilitate LACERS business. LACERS travel reimbursement policy establishes standards of reasonableness, appropriateness, and necessity for the conduct of LACERS business, and applies to all travel expenditures paid by LACERS. Expenditures which are certified as to reasonableness and appropriateness by the Department Head are to be paid by the City Controller upon demand. The Board authorizes by resolution, authority to certify travel expenditures as required by the LAAC, to the Board President for Board Member and General Manager travels; the Board Vice President for Board President travel expenditures; or in the absence of the Board Vice President, approval by the most tenured member of the Board aside from the President; and the General Manager for staff, City Attorney-Retirement Benefit Office counsel, and consultant travel within the U.S. Staff expenditures related to travel outside the U.S. (except Canada and Mexico) requires Board approval.

LACERS acknowledges the Los Angeles City Controller's Travel Policy applies to most other City departments. However, LACERS Board and its designees retain their plenary authority to approve all education and related travel expenditures which are reasonable and appropriate for the conduct of official LACERS business. LACERS will consider the Controller's Travel Policy and will incorporate similar rules if appropriate.

B. Reimbursable Expenses

LACERS Travelers are entitled to reimbursement of travel expenses when on official LACERS business, including reimbursement of all transportation costs, registration or attendance fees, subsistence costs and other costs reasonably and necessarily incurred on official business, subject to the guidelines outlined in this policy and in compliance with the Internal Revenue Service accountable plan rules for travel reimbursements.

A list of reimbursable expenses is included in Appendix B, which includes a summary of allowable reimbursements under the LAAC and the corresponding LACERS policy

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establishing standards for reasonableness, appropriateness, and necessity.

C. Non-Reimbursable Expenses

Expenditures which are incurred by a Board Member or staff that are not substantive to LACERS' business will not be reimbursed by LACERS. A list of non-reimbursable travel expenses is included in Appendix B.

D. Event Participation Report

Whenever a Trustee attends a conference or other event at the expense of the Fund, it shall be his or her responsibility to complete the Board Members Education Evaluation Form (Appendix D) and to provide the Board information on the event, which they believe is of significance to the System. The evaluation form must be submitted with the request for reimbursement of expenses associated with each conference attended. A reimbursement will not be made without a completed evaluation form.

E. Travel Activity Summary

Upon the close of the fiscal year, the General Manager shall report to the Board on Trustee (along with staff) travel expenditures throughout that year.

VII. APPENDICES

- A. Appendix A – List of Educational Seminar Schedule
- B. Appendix B – LACERS Travel Expense Reimbursement Policy
- C. Appendix C – Board Travel Reimbursement Checklist
- D. Appendix D – LACERS' Board Member Education Evaluation Form

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APPENDIX A
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
LIST OF EDUCATIONAL SEMINARS – FISCAL YEAR 2019-20

*Local Conference

CONFERENCE / SEMINAR / MEETING	SUBJECT MATTER	TRUSTEE EVALUATION		
		TRUSTEE RATING		LEVEL
		Rate seminar with:		
		A	Excellent	
		B	Very Good	
		C	Good	
		D	Not Beneficial	
California Association of Public Retirement Systems (CALAPRS) – General Assembly ▪ March 7-10, 2020 (Rancho Mirage, CA)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning	A	(Sohn, 2016) (Wilkinson, 2018)	Intermediate
CALAPRS – Principles of Pension Governance For Trustees ▪ August 26-29, 2019 (Malibu, CA)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning	A	(Serrano, Wilkinson 2015)	Intermediate
CALAPRS – Advanced Principles of Pension Management For Trustees ▪ 2020 Date(s) and Location TBD	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning			
CALAPRS – Trustees' Roundtable ▪ October 25, 2019 (Oakland, CA)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning	B	(Chao, 2016)	Intermediate
Council of Institutional Investors (CII) – Conferences ▪ Fall Conference: Sept. 16-19, 2019 (Minneapolis, MN) ▪ Spring Conference: March 9-11, 2020 (Washington, DC)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning	A B	(Chao, 2017) (Wilkinson 2015)	Intermediate Advanced

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International Foundation of Employee Benefit Plans (IFEBP) – Annual Conference ▪ October 20-23, 2019 (San Diego, CA)	▪ Benefits Admin ▪ Investments ▪ Plan Admin			
International Foundation of Employee Benefit Plans (IFEBP) – Trustees And Administrators Institute ▪ 2019-20 Date(s) and Location TBD	▪ Benefits Admin ▪ Investments ▪ Plan Admin			
International Foundation of Employee Benefit Plans (IFEBP) – Health Care Management Conference ▪ 2019-20 Date(s) and Location TBD	▪ Benefits Admin			
International Foundation of Employee Benefit Plans (IFEBP) – New Trustees Institute ▪ Level I: Core Concepts: October 19-21, 2019 (San Diego, CA) ▪ Level II: Concepts in Practice: October 19-20, 2019 (San Diego, CA)	▪ Benefits Admin ▪ Investments ▪ Plan Admin			
International Foundation of Employee Benefit Plans (IFEBP) – The Wharton School Advanced Investments Management ▪ 2019-20 Date(s) and Location TBD	▪ Investments ▪ Corporate Governance			
International Foundation of Employee Benefits Plan (IFEBP) – The Wharton School Portfolio Concepts and Management Course ▪ 2019-20 Dates and Location TBD	▪ Investments			

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National Conference on Public Employee Retirement Systems (NCPERS) – Annual Conference & Exhibition <ul style="list-style-type: none"> ▪ May 10-13, 2020 (Las Vegas, NV) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance 	A B A	(Wilkinson, 2017) (Ruiz, 2016) (Sohn, 2018)	Intermediate
National Conference on Public Employee Retirement Systems (NCPERS) – Trustee Educational Seminar (TEDS) <ul style="list-style-type: none"> ▪ May 9-10, 2020 (Las Vegas, NV) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance 	A	(Sohn, 2018)	Intermediate
National Conference on Public Employee Retirement Systems (NCPERS) – Legislative Conference <ul style="list-style-type: none"> ▪ January 26-28, 2020 (Washington, DC) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance 			
Nossaman Annual Public Pensions and Investments' Fiduciaries' Forum Annual Update <ul style="list-style-type: none"> ▪ September 5, 2019 (San Francisco, CA) 	<ul style="list-style-type: none"> ▪ Legislative Governance 			
Pension Real Estate Association (PREA) Spring Conference <ul style="list-style-type: none"> ▪ March 4-5, 2020 (Beverly Hills, CA) * 	<ul style="list-style-type: none"> ▪ Investments 	A	(Chao, 2017)	Intermediate
Pension Real Estate Association (PREA) Annual Institutional Investor Conference <ul style="list-style-type: none"> ▪ Sept. 30-Oct. 2, 2020 (Boston, MA) 	<ul style="list-style-type: none"> ▪ Investments 	A	(Chao, 2017)	Intermediate
Pacific Pension & Investments (PPI) <ul style="list-style-type: none"> ▪ Summer Roundtable: July 10-12, 2019 (Chicago, IL) ▪ Winter Conference: February 12-14, 2020 (Rancho Palos Verdes, CA) 	<ul style="list-style-type: none"> ▪ Investments ▪ Corporate Governance 			

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Robert F. Kennedy (RFK) Human Rights Compass Conference <ul style="list-style-type: none"> 2020 Date(s) and Location TBD 	<ul style="list-style-type: none"> Investments Corporate Governance 	A	(Greenwood, 2014, 2015, 2017)	Intermediate
State Association of County Retirement Systems (SACRS) Conference <ul style="list-style-type: none"> Fall Conference: November 12-15, 2019 Monterey, CA) Spring Conference: May 12-15, 2020 (San Diego, CA) 	<ul style="list-style-type: none"> Benefits Admin Investments Corporate Governance 	A B	(Wilkinson, 2015 and 2017, 2018) (Chao, 2017)	Intermediate
State Association of County Retirement Systems (SACRS) / UC Berkeley Program – Public Pension Investment Management Program <ul style="list-style-type: none"> July 22-24, 2019 (Berkeley, CA) 	<ul style="list-style-type: none"> Investments 	A	(Wilkinson, 2015)	
United Nations Principles in Responsible Investing (UN-PRI) Forum <ul style="list-style-type: none"> July 24, 2019 (New York, NY) 	<ul style="list-style-type: none"> Investments Corporate Governance 			
Western Economic Association International – Annual Conference <ul style="list-style-type: none"> June 26-30, 2020 (Denver, CO) June 27-July 1, 2021 (Honolulu, HI) 	<ul style="list-style-type: none"> Investments 			
Women's Alternative Investment Summit <ul style="list-style-type: none"> November 13-14, 2019 (New York, NY) 	<ul style="list-style-type: none"> Investments 			
Women's Private Equity Summit <ul style="list-style-type: none"> March 11-13, 2020 (Dana Point, CA) 	<ul style="list-style-type: none"> Investments 			

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**APPENDIX B
LACERS TRAVEL EXPENSE REIMBURSEMENT POLICY
AND RELATED PROVISIONS OF CITY TRAVEL POLICY
(LAAC Chapter 5, Article 4, §§ 4.242.1-4.242.9)**

Approved March 11, 2014;

Revised September 23, 2014; February 12, 2019; September 10, 2019

I. GENERAL GUIDELINES

A copy of the Travel and Education Policy including the Guidelines for Travel and Personal Expenses will be provided to new Board Members and staff before processing their first travel request.

A. LACERS considers an individual traveling if:

- i) the travel is outside the geographic boundaries of Los Angeles County [LAAC §4.242.2]; and more than 50 miles away from both LACERS' offices and the traveler's home; and
- ii) the duties require the individual to be away from the general area of the individual's primary residence substantially longer than an ordinary day's work; or
- iii) the individual needs to sleep or rest to meet the demands of work while away from the primary residence.

B. Costs incurred on travel days which are not conference days are allowable (subject to limitations covered in the applicable sections of the guidelines) for travel within the U.S., Mexico, and Canada: (i) on the day before the first educational session of the conference or seminar if transportation on the first conference day would require the traveler to leave his/her point of departure (e.g., home) earlier than 9:00 a.m.; or (ii) on the day after the last educational session of the conference or seminar if transportation on the last conference day would cause the traveler to get to his/her final destination (e.g., home) after 8:00 p.m.

For travel outside the U.S. (except Mexico and Canada), additional lodging for one day before and/or after the event may be authorized to mitigate hardship for the traveler.

C. Board approval of travel is required prior to payment of any related fees. If a Traveler elects to personally incur travel-related fees prior to the Board's approval, the Traveler assumes personal financial liability that his or her expenses may not be reimbursed.

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II. TRANSPORTATION

A. AIR TRAVEL	
LAAC Requirement	LACERS Policy
<p>Except in the case of official necessity, air travel expenses are allowable only for the lowest regular fare available for regularly scheduled airlines for the date and time selected [§4.242.2(a)(1)]</p> <p>Claims for reimbursement of higher fare or extra charges for transportation by schedule airlines are allowable only if certified by the Department Head¹ that he or she has reviewed and concurs with the facts constituting the official necessity. [§4.242.2(a)(1)]</p>	<ol style="list-style-type: none"> 1. Air travel may be used when it is the most efficient means of travel. 2. Air travel shall be at coach or economy fare. Coach or economy fare is presumed to be the lowest regular fare available for regularly scheduled airlines. Airfare quotes from several airlines are not necessary. 3. When the airfare receipt shows an upgrade to premier economy seating, business or first class accommodation, <ol style="list-style-type: none"> a. Without further justification, the lower of the two costs (the lowest regular fare quote available for the same airline² versus the actual cost of the upgraded seat) will be used as the basis for payment, or b. the traveler shall provide a memo stating the case of official necessity, for approval by the Department Head¹. 4. LACERS will pay directly for airfare booked with the City's authorized business travel service, CalTravelStore. 5. If CalTravelStore is not used, LACERS travelers must use their personal credit card to book flights or other modes of transportation. 6. Consistent with Federal and City travel standards, coupons, or promotional mileage credits earned by the traveler during the course of LACERS business travel may be used for LACERS or personal business. The traveler will not be reimbursed for such coupons or promotional mileage credits used for LACERS travel. 7. Fees for the first checked baggage will be reimbursed. Fees for additional checked baggage may be reimbursed if a justification for an official business need is provided. 8. The cost of air flight insurance is not eligible for reimbursement.

¹ Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

² The acceptable amount will be the fare verified by the Accounting staff prior to encumbrance of the travel request.

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	9. With pre-approval of the Department Head ¹ , refundable airline tickets may be purchased if the traveler provides acceptable justification that the benefit of booking a refundable ticket outweighs the risk of changes in travel plans.
B. PERSONAL VEHICLE OR NON-AIR TRANSPORTATION	
LAAC Requirement	LACERS Policy
<p>In all instances where a mode of transportation other than regularly scheduled airlines is chosen, the Department Head¹ shall authorize such alternate mode of transportation in advance and the allowable cost shall be the actual cost of the alternate mode of transportation or the cost allowable under Subsection (a)1, whichever is less. [§4.242.3.(a)(2)]</p>	<p>10. Pre-approval by the Department Head¹ is required for all non-air travel in advance of travel. Travelers must submit the following items for pre-approval:</p> <ul style="list-style-type: none"> a. For travelers using personal automobiles for business purposes – Provide proof of automobile insurance at minimum coverage levels as follows: \$25,000 injury to or death of one person; and, \$50,000 injury to or death of more than one person; and, \$5,000 property damage for any one accident. b. Cost comparisons are required for all non-air travel, with exceptions listed below: Traveler shall submit: a quote for the lowest regular fare available for regularly scheduled airlines to the destination for the date and time selected; and the cost for regular fare on the alternative mode of transportation. <u>Exceptions</u> (no cost comparison is required): If traveling by vehicle to neighboring counties of Orange, Riverside, San Diego, San Bernardino, Ventura, Kern, Santa Barbara, and San Luis Obispo, or to the San Francisco Employees Retirement System to transport sensitive computer equipment for the LACERS emergency hot/warm site. <p>11. Receipts for alternate modes of travel are required. Reimbursement will be for</p>
<p>In the case of travel by modes of transportation other than regularly scheduled airlines, transportation costs shall be the regular fare for the mode of transportation chosen. [§4.242.3(a)]</p>	

¹Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

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In the instance of the use of private automobile, mileage shall be in accordance with mileage provisions of Division 4, Chapter 5, Article 2 of the Administrative Code. [§4.242.3.(a)(2)]

the lower of the actual cost of transportation or lowest regular airfare verified by Accounting prior to encumbrance of the travel request.

12. Mileage reimbursement

a. Mileage reimbursement for the Board will be calculated on a roundtrip basis between official's residence and official destination.

b. Mileage reimbursement for staff will be based on the distance in excess of home to City office for travels during regular work days; for other days, reimbursement will be based on a roundtrip between staff's residence and official destination.

13. Additional travel time and expenses (such as meals and lodging) incurred in choosing other than the fastest and most direct mode of transportation are at the traveler's own personal time and expense.

14. Claims for repairs, replacements, towage, gas and car insurance are not reimbursable.

15. Ground transportation refers to transportation from home to airport, airport to hotel and/or conference/meeting/seminar location, and back. Reimbursement will be provided for standard-class ground transportation such as Uber, Lyft, taxis, and shuttles, but not for use of luxury ground transportation such as limousines and executive cars.

16. Mileage reimbursement is provided when personal vehicle is used for ground transportation to/from airport. Commissioner's mileage reimbursement will be computed based on roundtrip miles from residence to airport. Staff mileage reimbursement will be computed based on the distance in excess of home to City office for travels during regular work day; and roundtrip miles from residence to airport on non-work days.

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C. GROUND TRANSPORTATION	
LAAC Requirement	LACERS Policy
<p>The least expensive and most practical form of public transportation shall be used, taking into consideration such factors as time, availability, and personal safety or health. [§4.242.3.(c)]</p>	<p>17. Reimbursement for airport parking is actual amount, not to exceed \$20 per day. Pre-approval is not required. Reimbursement for actual amounts in excess of \$20 per day requires the traveler submitting a memo to justify the expense based on time, availability, and personal safety or health.</p> <p>18. Reimbursement for use of taxi, shuttle, private car or limousine service is limited to the lesser of roundtrip taxi fare (http://www.taxifarefinder.com)² or shuttle fare (http://www.shuttlefare.com)².</p>
D. AUTOMOBILE RENTAL	
LAAC Requirement	LACERS Policy
<p>Such expenses are allowable if traveling by car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus. [§4.242.3.(d)]</p>	<p>19. Pre-approval by the Department Head¹ is required. Travelers must provide written justification that traveling by car is less expensive and/or more efficient in conducting LACERS business than by use of taxi or bus.</p> <p>20. The traveler will not be reimbursed for car rental insurance within the United States. Car rental insurance costs required in foreign countries may be claimed for reimbursement.</p> <p>21. Receipts are required for reimbursement of rental car, gasoline, parking, and toll expenses. If receipts for toll and/or parking meter expenses are not available, provide printouts from official websites, credit card receipts, or other appropriate documents.</p> <p>22. To avoid fuel surcharges, travelers are encouraged to fill the gas tank before returning a rental vehicle.</p>

¹ Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

² The acceptable amount will be the fare verified by the Accounting staff prior to encumbrance of the travel request.

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III. LODGING, MEALS AND INCIDENTAL EXPENSE ALLOWANCE

A. LODGING	
LAAC Requirement	LACERS Policy
<p>This section is not intended to preclude an employee or elected official from staying in a hotel where the meeting or convention to be attended is held. [§4.242.3.(b)(1)]</p>	<p>23. Acceptable documentation shall include original itemized hotel receipt marked 'Paid in Full' or showing a zero balance; otherwise, proof of payment is also required.</p> <p>24. Reimbursement for lodging in a hotel where the meeting or convention to be attended is deemed the most practical accommodation and permissible.</p> <p>25. A traveler may elect to stay in a hotel sponsored by the conference as it is presumed to be the most practical or convenient. The reimbursement will be limited to the lesser of the actual hotel costs incurred or the conference hotel rate.</p> <p>26. For any official System travel for training, due diligence trips, meetings with investment managers, or training where hotels are not pre-designated, the traveler should select the most economical lodging taking into consideration the proximity of the selected place to conduct the official System business, traveler's safety, time and transportation costs and other relevant factors. Any of the following methods are acceptable for determining "moderately priced establishments of acceptable quality," "the most economical and practical accommodations," and those which would be presumed not to meet the IRS definition of "lavish and extravagant" accommodations:</p> <ul style="list-style-type: none"> (i) Lodging does not exceed the highest Federal domestic lodging per diem rate; cost comparison is not necessary; or (ii) The most economical hotel identified using the City traveler provider website (www.concursolutions.com/), with availability, with at least a 3 star rating on a 5 star scale travel, and within walking distance or no less than ½ mile radius of the first business location; or

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<p>In the selection of restaurants and hotel rooms, it is expected that individuals will seek moderately priced establishments of acceptable quality. [LAAC §4.242.3.(b)]</p> <p>An employee or elected official must consider transportation costs, time, and other relevant factors in selecting the most economical and practical accommodations. [§4.242.3.(b)(1)]</p>	<p>(iii) The most practical hotel on the above list with acceptable written justification; or</p> <p>(iv) Any lodging expenses may be reimbursed provided that the expense does not exceed 300% of the lodging per diem and traveler must clearly demonstrate no other acceptable alternative lodging was available, as in the event of a state of emergency, or other justifiable reason reviewed and certified by the Department Head¹ as reasonable and proper, and incurred in the pursuit of System business.</p> <p>27. Reimbursement is limited to single occupancy room rate, as documented on hotel letterhead or the hotel's room rates listing, plus applicable taxes and charges unless additional occupants are LACERS trustees/staff on official LACERS business.</p>
B. MEALS AND INCIDENTAL EXPENSES (M&IE)	
LAAC Requirement	LACERS Policy
<p>Expenses incurred by an employee or elected official for food and beverage served at meals, scheduled receptions, or other functions necessary for the conduct of City business are allowable to a maximum of three meals a day. [§4.242.3.(b)(2)]</p>	<p>28. LACERS intends to be compliant with IRS accountable plan rules, therefore M&IE allowance will be provided only when business travel results in a necessity for lodging. LACERS will provide travelers with a standard meal allowance at the Federal per diem rate per locale. The allowance, in lieu of providing receipts, is acceptable under the IRS accountable plan rules. The IRS (Publication 463) defines meals and incidental expenses include: meals, transportation to acquire meals, fees/tips to porters, baggage carriers, bellhops, hotel maids, wait staff, and other service providers.</p> <p>29. No meal allowance will be paid when meals are provided throughout the day by the host or at the conference. Hotel complimentary breakfasts are not included in this category.</p>

¹ Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

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	<p>30. Prorating the standard meal allowance – The IRS permits LACERS to adopt its own rules for prorating the standard meal allowance on partial days of travel so long as we consistently apply the method in accordance with reasonable business practice.</p> <p>The meal and incidental expense allowance will be prorated from a daily allowance to a per meal period allowance on partial days of travel; and when some meals are prepaid/to be paid by LACERS (meals at the conference or pre-paid to comply with the City/LACERS gift restrictions).</p> <p>The M&IE allowance = incidental expense + breakfast allowance (if traveling between 1AM – 9AM) + lunch allowance (if traveling between 9AM – 5PM) + dinner allowance (if traveling between 5PM – 1AM).</p> <p>Utilize the M&IE per travel locale and provide an allowance for each meal period the traveler is away from home (based on the current Federal General Services Agency six tiered M&IE allowance):</p> <table border="1"><tr><th>Total</th><th>Breakfast</th><th>Lunch</th><th>Dinner</th><th>IE</th></tr><tr><td>\$46</td><td>\$7</td><td>\$11</td><td>\$23</td><td>\$5</td></tr><tr><td>\$51</td><td>\$8</td><td>\$12</td><td>\$26</td><td>\$5</td></tr><tr><td>\$56</td><td>\$9</td><td>\$13</td><td>\$29</td><td>\$5</td></tr><tr><td>\$61</td><td>\$10</td><td>\$15</td><td>\$31</td><td>\$5</td></tr><tr><td>\$66</td><td>\$11</td><td>\$16</td><td>\$34</td><td>\$5</td></tr><tr><td>\$71</td><td>\$12</td><td>\$18</td><td>\$36</td><td>\$5</td></tr></table>	Total	Breakfast	Lunch	Dinner	IE	\$46	\$7	\$11	\$23	\$5	\$51	\$8	\$12	\$26	\$5	\$56	\$9	\$13	\$29	\$5	\$61	\$10	\$15	\$31	\$5	\$66	\$11	\$16	\$34	\$5	\$71	\$12	\$18	\$36	\$5
Total	Breakfast	Lunch	Dinner	IE																																
\$46	\$7	\$11	\$23	\$5																																
\$51	\$8	\$12	\$26	\$5																																
\$56	\$9	\$13	\$29	\$5																																
\$61	\$10	\$15	\$31	\$5																																
\$66	\$11	\$16	\$34	\$5																																
\$71	\$12	\$18	\$36	\$5																																
<p>Gratuities. Such expenses, not exceeding 15%, are allowable where reasonable and customary. [§4.242.3.(h)]</p>	<p>31. Transportation between places of lodging and places where meals are taken are no longer included in the definition of incidental expenses, and may be authorized by the Department Head for reimbursement up to \$5 per day.</p> <p>32. Gratuities are included in the IRS definition of "incidental" expenses and are therefore subject to per diem limits. Reimbursement for restaurant gratuities are calculated as up to 15 percent of the restaurant bill exclusive of taxes, except when the gratuity percentage is required</p>																																			

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	and the amount is added on the bill by the service provider.
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IV. OTHER EXPENSES

LAAC Requirement	LACERS Policy
<p>(j) Other Expenses. Expenses not specifically set forth in other subsections of this section that are incurred by an employee or an elected official are allowable where deemed necessary in the conduct of City business; provided that such expenses have been reviewed and certified by the Department Head¹ as reasonable and proper and incurred in pursuit of City business. Wherever the type of expenditure is not specifically listed in this section, the employee or elected official should be prepared to absorb the cost as a personal expenditure in the event that such expense is not certified by the Department Head¹. [§4.242.3.(j)]</p>	<p>33. Other travel expenses are allowable when deemed necessary in the conduct of System business provided such expenses are reviewed and certified by the Department Head¹ as reasonable, proper, and incurred in pursuit of System business. Otherwise, these expenses become personal expenditures.</p> <p>34. <u>Travel Interruptions</u> – When there is an interruption or deviation from planned travel due to bona fide public emergencies outside of the traveler's control such as weather or shutdown of air travel, travelers may be reimbursed at full cost for emergency lodging, meals, and incidental expenses.</p> <p>35. <u>Indirect Travel</u> - whether for the traveler's personal leave or for convenience, expenses allowable will not exceed those that would have been incurred for uninterrupted travel utilizing the direct travel route or travel days. Supporting documentation showing the cost for direct travel and the deviation should be provided by the traveler.</p>

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IV. NON-REIMBURSABLE TRAVEL EXPENSES

LAAC Requirement	LACERS Policy
<p>Expenditures which are incurred by an employee or elected official that are of a purely personal nature will not be reimbursed by the City.</p> <ul style="list-style-type: none"> a) Auto repairs, replacement or towage to personal vehicle when such use has been authorized (see established City procedures for repair to City vehicle); b) Flight insurance; c) Personal telephone calls (except those specified in Section 4.242.3 (g) of this article); d) Expenses for persons other than the employee or elected official, except as specified in Section 4.242.3 (b) 2. [§4.242.4] 	<p>36. Expenditures which are not substantive to LACERS business will not be reimbursed by LACERS, such as:</p> <ul style="list-style-type: none"> a) Any expenses related to entertainment and recreational activities; b) Flight upgrade fees for seats other than coach or economy; c) Internet usage fees (unless the internet is used for City business); d) Any expenses related to alcohol and tobacco. <p>37. The traveler must submit reimbursement for personal expenditures paid by LACERS.</p> <p>If there are portions of the conference or seminar that are entertainment in nature and not business-related (e.g., golf tournaments, musical performances or concerts, etc.), the traveler is required to reimburse LACERS for the cost of these recreational activities.</p>

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V. OTHER RULES AND RESTRICTIONS

A. DOCUMENTATION OF EXPENSES - PERSONAL EXPENSE STATEMENTS	
LAAC Requirement	LACERS Policy
<p>All expenses claimed shall be listed on separate forms provided and used for required documentation of travel expense.</p> <p>Completed travel expense forms shall be forwarded to the Controller within thirty (30) days of the conclusion of the trip.</p> <p>The Department Head¹ shall certify that all expenditures were incurred in pursuit of City business. Falsification of such certification shall be grounds for appropriate disciplinary action and such other sanctions provided by law.</p> <p>Receipts shall be provided for transportation costs incurred under Section 4.242.3(a), lodging, and for any single item of expenditure in excess of \$25.00. Receipts for expenditures under \$25.00 should be presented when available. [LAAC § 4.242.7]</p>	<p>38. All expenses claimed for reimbursement must be itemized on the Personal Expense Statement (PES - Form Gen. 16).</p> <p>39. The traveler is responsible for verifying all charges on receipts before making payment. Charges made in error will not be reimbursed.</p> <p>40. Original receipts are required for any single expenditure in excess of \$25. Receipts are not required for a meal and incidental expense allowance, regardless of amount, when the Federal per diem rate per locale is provided to the traveler and prorated in accordance with LACERS' policy.</p> <p>41. Travel expenses in foreign currency must be converted to U.S. dollars (USD) based on exchange rates effective on the date of the original receipt. The following are acceptable supporting documentation for the foreign currency conversion:</p> <ul style="list-style-type: none"> a. Credit card statement showing conversion of foreign-denominated expenses to USD b. Foreign exchange receipts from money exchanges or banks showing foreign conversion rates c. Verifiable foreign exchange rates from the internet
B. TRAVEL ADVANCES	
LAAC Requirement	LACERS Policy
<p>Requests for an advance for funds shall be submitted to the Controller, where feasible, at least ten (10) days in advance of the beginning of the planned expenditure of funds and such request shall include the persons traveling, period covered, and the destination. In addition, the request should</p>	<p>42. For trips of one night or more, a travel advance may be requested. The amount advanced is limited to the lodging, meal and incidental expenses per diem as well as registration, seminar, and meeting fees paid by the traveler.</p> <p>43. Written requests (email correspondence is</p>

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state the purpose of the trip, the nature of the City business to be conducted on the trip, and the proposed total estimated expenditure. Documentation of actual expenses incurred shall be submitted to the Controller in conformance with Section 4.242.7.

acceptable) for the travel advance are to be submitted by the Traveler to the CEA/travel coordinator for approval at least thirty (30) days prior to the date of travel. The request must include a statement certifying that the traveler has no outstanding cash advance.

44. A cash advance request will be denied if a traveler has an outstanding cash advance for past travel with does not comply with the procedures.
45. Regular travel advances will be released no earlier than one (1) week before travel.
46. Outstanding travel advances not accounted for and delinquent over 120 days will be included as part of an employee's wages on the first payroll period of the subsequent calendar quarter following the end of the 120 calendar days; and, for non-City employees, IRS Form 1099-Misc will be issued per IRS Federal, State, Local Government Taxable Fringe Benefit Guide. Nothing herein eliminates the traveler's obligation to return to the Fund any excess monies that were received that were not used for approved travel expenses.
47. Future travel advances will not be processed for traveler(s) with delinquent PES over 30 days. Requests for reimbursement may be processed in advance of the travel for expenditures such as registration fees, airfare and/or one-night hotel deposit. To ensure timely processing of the reimbursement, such requests along with supporting documents and proof of payment (credit card statement, etc.) must be submitted to the CEA/travel coordinator, in writing, at least fifteen (15) working days before the date of travel.
48. Advanced payment for cancelled travel: Any amount that was paid by department in advance of travel is considered an advance. In the event of the need to cancel the trip, the traveler is responsible for notifying all payees (such as air carrier,

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	<p>hotel, conference host, etc.) as soon as possible to avoid/minimize cancellation fees</p> <ul style="list-style-type: none">a. If cancellation was due to personal reasons, the traveler must personally reimburse the department for any amount not recovered (net of cancellation fees). If the refund or credit was issued directly to the traveler, traveler must pay LACERS the entire amount of credit received within 14 calendar days from the credit issued date.b. If travel was cancelled due to the business or public reason, traveler is responsible to submit a justification along with the proper documentation to the Department Head¹ within 14 calendar days from the cancelled date.c. Unrecovered amounts are reported as taxable income to the traveler. The traveler may be required to pay for future airfare using their own credit card, and LACERS will reimburse airfare upon completion of the travel.
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APPENDIX C BOARD TRAVEL REIMBURSEMENT CHECKLIST

Adoption Date: May 26, 2009

Revised Dates: June 22, 2010; December 13, 2011; March 11, 2014

I. STEPS FOR TRAVEL APPROVAL AND REIMBURSEMENT:

Step 1: Provide details of the educational event to the Commission Executive Assistant (CEA)

Step 2: Submit information on estimated expenses to the CEA

Fees Paid Directly By LACERS:

Step 3: Register for the Conference

- Conference registration and registration fees can be arranged through the CEA prior to the conference date. Registration fees are paid directly by LACERS with no out-of-pocket expenses for the traveler;
 - Under State and City gift laws, complimentary conferences or conference-related events could be considered gifts. LACERS will evaluate the circumstances with the assistance of the City Ethics Commission and may be required to pay a pro-rata share of conference expenses provided by the hosting organization.
- Or, after the fact, submit a receipt showing a zero balance as proof of payment.

Step 4: Book flight

- Provide desired flight numbers, dates, and times to the CEA. The CEA will book the flight. Flights booked through the City's travel service negate the need to secure three fare quotes. The City's travel service will also provide a flight credit if the traveler is unable to fly and proper notification is given.
- Or after the fact, submit a receipt for the purchase of the airline ticket and three fare quotes generated on the same day the flight was booked. Reimbursement is limited to the lowest regular fare.

Items Requiring Pre-Approval for Expenditure Reimbursement:

Step 5: Submit written justification for items requiring pre-approval from the Board President or Vice President. If approval is not secured prior to incurring the expense, reimbursement may not be granted.

- Requests for reimbursement of airfare which exceeds the lowest regular fare – justification should demonstrate the official necessity of the selected flight. Attach to the request three air fare quotes generated on the same day the flight was booked.
- Requests for transportation other than air flight – justification should indicate reasons for use of the alternate mode of transportation.
- Requests for cash advances to cover lodging and per diem for meals must be submitted 30 days prior to the commencement of travel. See further instructions below.

After the Travel has been completed, submit report and receipts:

Step 6: Submit an Event Evaluation Report within thirty (30) days of the conclusion of the trip

- The report is required prior to reimbursement

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Step 7: Submit a Personal Expense Statement (PES) within thirty (30) days of the conclusion of the trip:

- Itemize all reimbursable daily expenses for lodging, transportation, and miscellaneous expenses; list the per diem for meals and incidentals.
- Report expenses paid directly by LACERS as a deduction to the total reimbursable amount
- See further instructions on the following checklist

II. REIMBURSEMENT CHECKLIST:

ALLOWABLE TRAVEL COSTS	REQUIRED DOCUMENTS
AIR TRAVEL	
<p><u>Air Travel</u> Air travel expenses are only allowable for the lowest regular fare available. If the flight with the lowest regular fare is not booked, reimbursement will only be for the lowest regular fare.</p> <p>If three fare quotes are not submitted, the lowest regular fare will be determined by a quote from the City's travel agent for a direct flight, coach class, 14 days prior to the date of business travel. The CEA will determine the reasonable flights to be quoted which best meet the conference dates and times.</p> <p>Exceptions allowing reimbursement for a higher cost fare may be approved by the General Manager for "official necessity." Official necessity means there is a bona fide benefit to LACERS for taking the selected flight which outweighs the cost of the higher fare.</p>	<p><u>Transportation Expenses</u></p> <p><input type="checkbox"/> Submit a receipt showing a zero balance as proof of payment for airfare</p> <p><input type="checkbox"/> Provide three air fare quotes from the same date as the booked flight, demonstrating that the selected flight is the lowest regular fare practically available</p> <p><input type="checkbox"/> Provide written justification of the "official necessity" for any higher cost fare if seeking reimbursement above the lowest fare rate. The General Manager must concur for the expense to be submitted for reimbursement.</p>
OTHER TRANSPORTATION	
<p><u>Bus or Rail Travel</u> The allowable cost shall be the actual cost for the regular fare for the bus/rail travel.</p> <p><u>Automobile Rental</u> Automobile rental expenses are allowable if traveling by automobile is less expensive or more appropriate than by other modes of transportation.</p>	<p><input type="checkbox"/> Submit request for pre-approval from the General Manager for all modes of transportation other than regularly scheduled airlines.</p> <p><input type="checkbox"/> Submit request for pre-approval from the General Manager demonstrating that traveling by rental car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus.</p>

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<p><u>Private Automobile</u> The allowable cost shall be the actual total mileage rate allowance as determined by the Internal Revenue Service (IRS).</p>	<p><input type="checkbox"/> Submit request for pre-approval from the General Manager, and include a satisfactory liability insurance policy covering the full use and operation of the vehicle. The limits of liability on any such policy shall not be less than \$25,000 in the case of injury to or death of one person, and \$50,000 in the case of injury to or death of more than one person; and in the case of property damage, not less than \$5,000 in any one accident</p>
REGISTRATION FEES	
<p><u>Registration Fees</u> Reimbursable if paid by the Trustee</p>	<p><input type="checkbox"/> Submit a receipt showing a zero balance as proof of payment</p>
LODGING	
<p>Hotels generally offer specially rated room blocks for conference participants. The Trustee may stay at an "off-site" hotel if the room blocks are exhausted.</p> <p>Transportation costs, time, and other relevant factors must be considered in selecting the most economical and practical accommodations.</p> <p>An extra-night stay is allowable if it sufficiently reduces the airfare, or if the conference commences early in the morning or adjourns late in the evening.</p>	<p><input type="checkbox"/> Submit receipt showing a zero balance as proof of payment. Personal credit card information must be redacted from the receipt.</p> <p><input type="checkbox"/> If lodging is for other than single occupancy, secure a rate sheet or other documentation of the single occupancy rate.</p>
MEALS & INCIDENTAL EXPENSES	
<ul style="list-style-type: none"> ○ The meal and incidental per diem for domestic travel is currently \$71 per day. ○ Incidental expenses are fees and gratuities provided to service workers, and for transportation costs in acquiring meals. ○ The daily allowance is prorated at 75% on days of travel, and if some meals are provided by the hotel or conference. ○ No meal allowance is provided when meals are provided throughout the day by the hosting organization. ○ The rate for international travel is in accordance with current Federal per diem rate guidelines. 	<p>Receipts for meals and incidental expenses are not required.</p> <p><input type="checkbox"/> Submit justification letter if claiming reimbursement for expenses exceeding the per diem allowance.</p>

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MISCELLANEOUS EXPENSES**Checked Baggage Fees**

Such expenses are allowable when the Trustee is charged for the first checked bag.

Laundry Service

Such expenses are allowable if the duration of the trip, traveling conditions, or some other special circumstances dictate.

City Business Telephone Calls

Such expenses are allowable if the telephone calls are relevant to appropriate City business.

Personal Telephone Calls

Such expenses are allowable for one call to the Trustee's immediate family if they are located within the locale of their residence.

If travel is in excess of three (3) days, one such call is permitted for each successive three (3) days thereafter.

Each call should last a reasonable amount of time, such as 10 minutes per call.

Ground Transportation

Transportation between the traveler's residence and airport, and transportation between the airport and conference location.

- ☐ Baggage fees for second and additional items require a justification memo that it meets a business purpose.
- ☐ Submit receipts for all miscellaneous expenses.

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APPENDIX D
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)
TRAVEL/CONFERENCE EVALUATION REPORT

Name of Attendee:	
Title of Conference/Seminar:	
Location:	
Event Sponsor:	Date(s) Held:

Report for:

☐ Travel☐ Conference/Seminar Attendance Only

I. Nature/Purpose of Travel (if applicable):

II. Significant Information Gained:

III. Benefits to LACERS:

IV. Additional Comments:

SUBMIT TO THE LACERS COMMISSION EXECUTIVE ASSISTANT, 202 W. FIRST STREET, SUITE 500
 WITHIN 30 DAYS AFTER ATTENDING THE CONFERENCE/SEMINAR



LACERS

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

MEETING: SEPTEMBER 24, 2019

ITEM: VII – A

Neil M. Guglielmo

SUBJECT: **ASSUMPTIONS FOR THE JUNE 30, 2019 RETIREE HEALTH ACTUARIAL VALUATION AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board adopt the attached actuarial assumptions for the June 30, 2019 Retiree Health Actuarial Valuation as recommended by LACERS' consulting actuary, Segal Consulting (Segal).

Executive Summary

Segal reviews the assumptions used for LACERS' health actuarial valuation annually due to the dynamic nature of healthcare costs, as opposed to economic (such as the investment rate of return) and demographic assumptions (such as the mortality rates) which are generally reviewed and updated every three years based on the results of the Triennial Experience Study, the latest of which was completed based on experience through June 30, 2017. Attached for the Board's consideration are the recommended assumptions for the medical trend, per capita costs, and other health-specific assumptions to be applied in the June 30, 2019 Retiree Health Actuarial Valuation.

Discussion

The recommended per capita costs assumption, in general, combines the new 2020 medical/dental premium rates approved by the Board recently with the 2019 rates; such rates will then be adjusted by factors specific to age, gender, and spousal status. The medical trend is applied to the per capita costs to project future healthcare costs. Segal's recommended first-year trend rate for Medicare plans is set at 6.25%, while the non-Medicare plans rate is set at 6.75%; both of these rates remain unchanged from last year's second year rate. The first-year rates are graded down by 0.25% each year until reaching a set ultimate rate of 4.50%, also holding steady from last year. Dental trend assumptions decrease to 4.00%, while Medicare Part B trend assumption increased to 4.50% (from 4.00% in the prior year) based upon Segal survey data and a review of the historical Medicare Part B premiums.

Other assumptions will be consistent with the economic and demographic assumptions adopted by the Board as part of the Triennial Experience Study.

Andy Yeung of Segal Consulting will present the recommended health assumptions.

NMG:TB:DWN

Attachment: Segal Recommendation Letter dated September 17, 2019

Prepared By: Todd Bouey, Assistant General Manager



180 Howard Street Suite 1100 San Francisco, CA 94105-6147
T 415.263.8200 www.segalco.com

September 17, 2019

Mr. Neil Guglielmo
General Manager
Los Angeles City Employees' Retirement System
202 West First Street, Suite 500
Los Angeles, CA 90012-4401

**Re: Los Angeles City Employees' Retirement System
Assumptions and Methods Recommended for the June 30, 2019 Retiree Health
Actuarial Valuations**

Dear Neil:

We have provided in this letter the health care related actuarial assumptions that we recommend to the Board for the June 30, 2019 retiree health valuations for funding and financial reporting.

The health care trend assumptions used in the health valuations are reviewed annually. Every year Segal Consulting publishes a set of health care trend assumptions based on the latest research and information available to our health actuaries. The health care trend assumptions take into account factors such as recent and expected premium increases affecting our clients, changes in utilization of health care and cost shifting from Medicare.

Other assumptions such as the proportion of members expected to be covered by each health benefit provider (e.g. Kaiser, etc.) can sometimes be volatile due to the dynamic nature of the health care market place. That projection is typically based on the enrollment experience among the current retirees during the most recent annual open enrollment.

Following are our recommended assumptions for the June 30, 2019 health plan valuations:

1. **Health Care Trend Assumptions** – The detailed health care trend assumptions we are recommending are outlined in Item 1 of the Attachment.
 - For non-Medicare plans, we are recommending first-year trend¹ set at 6.75% (same as second year trend in the prior valuation), then grading down by 0.25% each year until reaching an ultimate rate of 4.50% after nine years.

¹ The first-year trend will be used to project 2020 calendar year premiums to calendar year 2021.

- For Medicare plans, we are recommending the first-year trend rate be set at 6.25% (same as second year trend in the prior valuation), then grading down by 0.25% each year until reaching an ultimate rate of 4.50% after seven years.
- In preparing the June 30, 2018 valuation, we included additional adjustments to the non-Medicare and Medicare trend rates to anticipate the higher premiums to be paid as a result of the reinstatement of the Health Insurance Tax (HIT).² However, reinstatement of the HIT has been fully reflected in the 2020 calendar year premiums. Therefore, the HIT no longer needs to be separately accounted for in the trend assumptions, as we expect all future premiums to include the HIT.
- Dental trend assumptions will remain at 4.00%.
- Medicare Part B trend assumptions will increase to 4.50%, to be applied to premiums after 2019-2020 and all future years, based on updated information from the Centers for Medicare & Medicaid Services (CMS) relating to expectations for ultimate Medicare trend and Congressional Budget Office (CBO) trustee reports.

Setting the medical trends begins with selecting the first-year increase, and then selecting a step for grading down the trends over several years to an ultimate long-term trend. We select first-year trends to project the first-year premiums and subsidies to the following year. In developing first-year health care trend assumptions, a mix of health industry expectations and plan specific information is used as follows:

- a. Segal's National Health Care Practice develops trend standards each year. The methodology utilizes data from our annual Segal Health Plan Cost Trend Survey of insurers, pharmacy benefit managers (PBMs), and managed care organizations. An analysis of historic trend was performed to evaluate the differences in projected trend vs. actual. The methodology looked at variation of actual results and fitted them to the differences between actual and projected trend.
- b. Segal's National Health Care Practice then publishes its internal standards for use by its health actuaries and consultants. These internal standards cover a variety of benefits (e.g. medical, dental, vision) and plan design types (e.g. PPO, HMO). Unlike Segal's annual trend survey, which displays averages of the survey results, the trend standards provide ranges of acceptable assumptions.
- c. For retiree health valuations, without additional information, we would choose a first-year trend in the middle of the range provided in the Segal trend standards. If any additional information from the client or its health consultant is available, Segal may consider that information when setting the first-year trend.
- d. Retiree health care valuations typically project benefit payments (as far as 80 years) far into the future. Segal's Office of the Chief Actuary has provided standards on

² The HIT was imposed by the Affordable Care Act (ACA) on each covered entity engaged in the business of providing health insurance for United States health risks. These taxes were incorporated into premiums beginning in 2014 and would vary based upon insurer. Since then, Congressional budgetary actions placed a moratorium on these fees for calendar years 2017 and 2019.

trends in the years following the first year of projection. Trend for each year is to decrease until it reaches an ultimate trend rate.

2. Note on Premium Renewals and Health Care Trend Assumptions – Health care trend assumptions take into account factors such as recent and expected premium increases, changes in utilization of health care and cost shifting from Medicare. While there is often a high correlation between a trend rate and the actual cost increase assessed by a carrier, trend rates and the actual net annual change in plan costs (and thus premiums) can also differ substantially. A plan sponsor's costs/premiums can be significantly different from projected claims cost trends due to diverse factors ranging from group demographics, plan design, claim volatility and underwriting cycles. Carrier actions to gain market share and the impact of ACA fees are additional factors that influence short-term premiums though they may not necessarily reflect the cost trend assumptions used in an actuarial valuation. For example, a cycle of favorable experience used in the rate setting basis can reduce the claim portion of the premium but that does not mean that the future costs will follow that pattern.³
3. Per Capita Health Care Costs – These costs are used to project the premiums for current active members when they retire. Based on the percentage of retired members, spouses and beneficiaries electing health coverage, and the proportion of members enrolled in each available medical plan, we have developed the per capita health premium costs to cover a member in the 2019-2020 fiscal year as provided in Items 2(b) and 2(d) of the Attachment. Note there are three small plans (SCAN, UHC Medicare Advantage HMO for Arizona and Nevada) offered by LACERS that are not included in Item 2(d) because we assume a 0% participation rate for each of those plans. On average, their premiums are close to the UHC California Medicare Advantage plan.

Based on the June 30, 2019 membership data, we have provided the observed and assumed election rates among the different medical plans in Items 2(b) and 2(d) of the Attachment.

The per capita costs for members subject to the retiree medical subsidy cap are provided in Item 2(e) of the Attachment.

In accordance with Actuarial Standard of Practice (ASOP) No. 6, *Measuring Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions*, we will continue to value health care costs by adjusting premiums using age-specific factors.

The per capita costs for the dental plan that we will use for the June 30, 2019 valuation are provided in Item 2(f) of the Attachment.

³ We note that the average medical premium renewal amount for 2020 is essentially unchanged from 2019 due in part to lower than expected number of high-cost claims and lower than expected utilization. While we will reflect those savings implicitly by using the lower renewal premiums for 2020 in our valuation, we will not anticipate further additional savings by lowering our long-term trend rates.

The per capita costs for Medicare Part B that we will use for the June 30, 2019 valuation are provided in Item 2(g) of the Attachment.

Medical Premium Reimbursement Program (MPRP) – Certain eligible participants may elect to receive a medical subsidy towards the premium of a chosen plan.

Due to the low number (2% of current retirees), we have assumed that no future retirees elect the MPRP subsidy. For current retirees, we will value the reimbursement reported in the data, assumed to increase with medical trend.

4. Increase in Future Health Subsidy Maximums – Consistent with our previous valuation practice, we will continue to assume that the Board's health subsidy will increase at the same rate as the long-term health trend, for retired members and their qualified survivors, who retired before July 1, 2011. (Although subject to slightly different provisions, members who retired on or after July 1, 2011 will have the same subsidy increase assumption applied to them.)

It should be noted that in our valuation we do not reflect the other potential limit on health subsidy increase in Sec. 4.1111(b) of the Administrative Code which references the average subsidy increase for the upcoming year under consideration and the actual subsidy increases for the preceding two years because our health trend is intended to reflect overall experience in the long run.

5. Other Assumptions – The other demographic and economic assumptions and methods will be consistent with those adopted in our July 1, 2014 to June 30, 2017 triennial experience study.

Impact of Health Care Reform

In the prior actuarial valuation as of June 30, 2018, we continued our previous valuation practice to reflect the impact of the projected excise tax on certain high-cost medical plans beginning in 2022 as prescribed by the Affordable Care Act (ACA) and related statutes.⁴ We understand that this is consistent with the parameters under Statements No. 74 and 75 as approved by the Governmental Accounting Standards Board (GASB) for financial reporting purposes. Unless directed otherwise by LACERS, we will continue to reflect the projected excise tax liability in the June 30, 2019 valuations, both for funding and financial reporting.

⁴ We understand that Congress is considering a repeal of the excise tax on high-cost health plans. If the potential repeal legislation is not passed and signed into law by October 10, 2019, we will continue to reflect the excise tax in the GASB valuations. (The funding and GASB reports are scheduled for delivery to LACERS in mid-November.)

Mr. Neil Guglielmo
September 17, 2019
Page 5

We look forward to discussing this with you and your Board. Please let us know if you have any questions.

Sincerely,



Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary



Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary



Paul Sadro, ASA, MAAA
Health Benefits Consultant

JAC/jl
Attachment

ATTACHMENT

Comparison of Current and Recommended Actuarial Assumptions For the June 30, 2019 Health Valuation

1) Health Care Trend Rates

MEDICAL TRENDS USED IN THE JUNE 30, 2018 VALUATION						
Trends to be applied in following fiscal years, to all health plans.						
Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium						
First Fiscal Year (July 1, 2018 through June 30, 2019)						
Plan	Anthem Blue Cross PPO, Under Age 65	Anthem Blue Cross Medicare Supplement	Kaiser HMO, Under Age 65	Kaiser Senior Advantage	Anthem Blue Cross HMO, Under 65	UHC Medicare HMO
Trend to be applied to 2018-2019 Fiscal Year premium	3.50%	3.25%	3.50%	4.29%	-1.75%	3.25%
Trend (Approx.)			The fiscal year trend rates are based on the following calendar year trend rates:			
			Trend (applied to calculate following year premium)			
Fiscal Year	Non-Medicare	Medicare	Calendar Year	Non-Medicare	Medicare	
2019-2020	6.87%	6.37%	2019	7.00%*	6.50%*	
2020-2021	6.62%**	6.12%**	2020	6.75%	6.25%	
2021-2022	6.37%	5.87%	2021	6.50%	6.00%	
2022-2023	6.12%	5.62%	2022	6.25%	5.75%	
2023-2024	5.87%	5.37%	2023	6.00%	5.50%	
2024-2025	5.62%	5.12%	2024	5.75%	5.25%	
2025-2026	5.37%	4.87%	2025	5.50%	5.00%	
2026-2027	5.12%	4.62%	2026	5.25%	4.75%	
2027-2028	4.87%	4.50%	2027	5.00%	4.50%	
2028-2029	4.62%	4.50%	2028	4.75%	4.50%	
2029 and later	4.50%	4.50%	2029	4.50%	4.50%	
Dental Premium Trend		4.00% for all years				
Medicare Part B Premium Trend		Trend for the 2018-19 fiscal year will be calculated based on the actual increase in Medicare B premium from 2018 to 2019, when it becomes available. 4.00% for years following the 2019 calendar year.				

* For example, the 7.00% assumption, when applied to the 2019 non-Medicare medical premiums would provide the projected 2020 non-Medicare medical premiums. This trend would also be applied to the maximum medical subsidy, based on the non-Medicare Kaiser premium.

** The 2020-2021 premium increases include additional estimated increases of 1.0% (non-Medicare) and 0.5% (Medicare) from the impact of the Health Insurance Tax (HIT).

ATTACHMENT

Comparison of Current and Recommended Actuarial Assumptions For the June 30, 2019 Health Valuation

1) Health Care Trend Rates

PROPOSED MEDICAL TRENDS FOR THE JUNE 30, 2019 VALUATION						
Trends to be applied in following fiscal years, to all health plans.						
Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium						
First Fiscal Year (July 1, 2019 through June 30, 2020)						
Plan	Anthem Blue Cross PPO, Under Age 65	Anthem Blue Cross Medicare Supplement	Kaiser HMO, Under Age 65	Kaiser Senior Advantage	Anthem Blue Cross HMO, Under 65	UHC Medicare HMO
Trend to be applied to 2019-2020 Fiscal Year premium	3.40%	3.88%	3.37%	3.12%	7.89%	3.96%
Trend (Approx.)			The fiscal year trend rates are based on the following calendar year trend rates:			
			Trend (applied to calculate following year premium)			
Fiscal Year	Non-Medicare	Medicare	Calendar Year	Non-Medicare	Medicare	
2020-2021	6.62%	6.12%	2020	6.75%*	6.25%*	
2021-2022	6.37%	5.87%	2021	6.50%	6.00%	
2022-2023	6.12%	5.62%	2022	6.25%	5.75%	
2023-2024	5.87%	5.37%	2023	6.00%	5.50%	
2024-2025	5.62%	5.12%	2024	5.75%	5.25%	
2025-2026	5.37%	4.87%	2025	5.50%	5.00%	
2026-2027	5.12%	4.62%	2026	5.25%	4.75%	
2027-2028	4.87%	4.50%	2027	5.00%	4.50%	
2028-2029	4.62%	4.50%	2028	4.75%	4.50%	
2029 and later	4.50%	4.50%	2029	4.50%	4.50%	
Dental Premium Trend		4.00% for all years				
Medicare Part B Premium Trend		4.50% for all years. First year trend may be adjusted to reflect actual 2020 calendar year premium if available at time of valuation.				

* For example, the 6.75% assumption, when applied to the 2020 non-Medicare medical premiums would provide the projected 2021 non-Medicare medical premiums. This trend would also be applied to the maximum medical subsidy, based on the non-Medicare Kaiser premium.

ATTACHMENT

Recommended Actuarial Assumptions For the June 30, 2019 Health Valuation

2)(a) Per Capita Costs used in the June 30, 2018 Valuation – Participant Under Age 65 or Not Eligible for Medicare A&B

2018 Calendar Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
CARRIER		Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser HMO		\$853.39	\$1,790.80	\$853.39	\$1,706.78	\$1,790.80	\$1,706.78	\$853.39	\$853.39	\$853.39
Anthem Blue Cross PPO		\$1,270.81	\$1,790.80	\$1,270.81	\$2,537.02	\$1,790.80	\$1,790.80	\$1,270.81	\$853.39	\$853.39
Anthem Blue Cross HMO		\$1,054.33	\$1,790.80	\$1,054.33	\$2,104.06	\$1,790.80	\$1,790.80	\$1,054.33	\$853.39	\$853.39

2019 Calendar Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
CARRIER		Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser HMO		\$853.39	\$1,790.80	\$853.39	\$1,706.78	\$1,790.80	\$1,706.78	\$853.39	\$853.39	\$853.39
Anthem Blue Cross PPO		\$1,270.81	\$1,790.80	\$1,270.81	\$2,537.02	\$1,790.80	\$1,790.80	\$1,270.81	\$853.39	\$853.39
Anthem Blue Cross HMO		\$952.46	\$1,790.80	\$952.46	\$1,900.32	\$1,790.80	\$1,790.80	\$952.46	\$853.39	\$853.39

2018-2019 Fiscal Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
CARRIER	Observed and Assumed Election Percent	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser HMO	62.4%	\$853.39	\$1,790.80	\$853.39	\$1,706.78	\$1,790.80	\$1,706.78	\$853.39	\$853.39	\$853.39
Anthem Blue Cross PPO	21.9%	\$1,270.81	\$1,790.80	\$1,270.81	\$2,537.02	\$1,790.80	\$1,790.80	\$1,270.81	\$853.39	\$853.39
Anthem Blue Cross HMO	15.7%	\$1,003.40	\$1,790.80	\$1,003.40	\$2,002.19	\$1,790.80	\$1,790.80	\$1,003.40	\$853.39	\$853.39

* Members who are subject to the retiree medical subsidy cap have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, shown on page 7, section 2(e) of our letter dated September 18, 2018 (recommending assumptions for the June 30, 2018 Retiree Health Valuation).

ATTACHMENT

Recommended Actuarial Assumptions For the June 30, 2019 Health Valuation

2)(b) Proposed Per Capita Costs for the June 30, 2019 Valuation – Participant Under Age 65 or Not Eligible for Medicare A&B

2019 Calendar Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
CARRIER		Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser HMO		\$853.39	\$1,790.80	\$853.39	\$1,706.78	\$1,790.80	\$1,706.78	\$853.39	\$853.39	\$853.39
Anthem Blue Cross PPO		\$1,270.81	\$1,790.80	\$1,270.81	\$2,537.02	\$1,790.80	\$1,790.80	\$1,270.81	\$853.39	\$853.39
Anthem Blue Cross HMO		\$952.46	\$1,790.80	\$952.46	\$1,900.32	\$1,790.80	\$1,790.80	\$952.46	\$853.39	\$853.39

2020 Calendar Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
CARRIER		Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser HMO		\$853.39	\$1,790.80	\$853.39	\$1,706.78	\$1,790.80	\$1,706.78	\$853.39	\$853.39	\$853.39
Anthem Blue Cross PPO		\$1,271.56	\$1,790.80	\$1,271.56	\$2,538.09	\$1,790.80	\$1,790.80	\$1,271.56	\$853.39	\$853.39
Anthem Blue Cross HMO		\$1,039.59	\$1,790.80	\$1,039.59	\$2,074.15	\$1,790.80	\$1,790.80	\$1,039.59	\$853.39	\$853.39

2019-2020 Fiscal Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
CARRIER	Observed and Assumed Election Percent	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser HMO	61.9%	\$853.39	\$1,790.80	\$853.39	\$1,706.78	\$1,790.80	\$1,706.78	\$853.39	\$853.39	\$853.39
Anthem Blue Cross PPO	21.5%	\$1,271.19	\$1,790.80	\$1,271.19	\$2,537.56	\$1,790.80	\$1,790.80	\$1,271.19	\$853.39	\$853.39
Anthem Blue Cross HMO	16.6%	\$996.03	\$1,790.80	\$996.03	\$1,987.24	\$1,790.80	\$1,790.80	\$996.03	\$853.39	\$853.39

* Members who are subject to the retiree medical subsidy cap have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 7, section 2(e).

ATTACHMENT

Recommended Actuarial Assumptions For the June 30, 2019 Health Valuation

2)(c) Per Capita Costs used in the June 30, 2018 Valuation – Participant Eligible for Medicare A&B

2018 Calendar Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
CARRIER		Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser Senior Advantage HMO		\$257.25	\$257.25	\$257.25	\$514.50	\$514.50	\$514.50	\$257.25	\$257.25	\$257.25
Anthem Blue Cross Medicare Supplement		\$542.51	\$542.51	\$542.51	\$1,080.42	\$1,062.50	\$1,062.50	\$542.51	\$542.51	\$542.51
UHC Medicare Adv. HMO for California		\$273.69	\$273.69	\$273.69	\$542.78	\$542.78	\$542.78	\$273.69	\$273.69	\$273.69

2019 Calendar Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
CARRIER		Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser Senior Advantage HMO		\$262.47	\$262.47	\$262.47	\$524.94	\$524.94	\$524.94	\$262.47	\$262.47	\$262.47
Anthem Blue Cross Medicare Supplement		\$542.51	\$542.51	\$542.51	\$1,080.42	\$1,062.50	\$1,062.50	\$542.51	\$542.51	\$542.51
UHC Medicare Adv. HMO for California		\$273.69	\$273.69	\$273.69	\$542.78	\$542.78	\$542.78	\$273.69	\$273.69	\$273.69

2018-2019 Fiscal Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
CARRIER	Observed and Assumed Election Percent	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser Senior Advantage HMO	58.1%	\$259.86	\$259.86	\$259.86	\$519.72	\$519.72	\$519.72	\$259.86	\$259.86	\$259.86
Anthem Blue Cross Medicare Supplement	30.6%	\$542.51	\$542.51	\$542.51	\$1,080.42	\$1,062.50	\$1,062.50	\$542.51	\$542.51	\$542.51
UHC Medicare Adv. HMO for California	11.3%	\$273.69	\$273.69	\$273.69	\$542.78	\$542.78	\$542.78	\$273.69	\$273.69	\$273.69

* Members who are subject to the retiree medical subsidy cap have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 7, section 2(e) of our letter dated September 18, 2018 (recommending assumptions for the June 30, 2018 Retiree Health Valuation).

ATTACHMENT

Recommended Actuarial Assumptions For the June 30, 2019 Health Valuation

2)(d) Proposed Per Capita Cost for the June 30, 2019 Valuation – Participant Eligible for Medicare A&B

2019 Calendar Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
CARRIER		Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser Senior Advantage HMO		\$262.47	\$262.47	\$262.47	\$524.94	\$524.94	\$524.94	\$262.47	\$262.47	\$262.47
Anthem Blue Cross Medicare Supplement		\$542.51	\$542.51	\$542.51	\$1,080.42	\$1,062.50	\$1,062.50	\$542.51	\$542.51	\$542.51
UHC Medicare Advantage Plan		\$273.69	\$273.69	\$273.69	\$542.78	\$542.78	\$542.78	\$273.69	\$273.69	\$273.69

2020 Calendar Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
CARRIER		Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser Senior Advantage HMO		\$262.47	\$262.47	\$262.47	\$524.94	\$524.94	\$524.94	\$262.47	\$262.47	\$262.47
Anthem Blue Cross Medicare Supplement		\$550.57	\$550.57	\$550.57	\$1,096.11	\$1,069.81	\$1,069.81	\$550.57	\$550.57	\$550.57
UHC Medicare Advantage Plan		\$278.26	\$278.26	\$278.26	\$551.49	\$551.49	\$551.49	\$278.26	\$278.26	\$278.26

2019-2020 Fiscal Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
CARRIER	Observed and Assumed Election Percent	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser Senior Advantage HMO	57.6%	\$262.47	\$262.47	\$262.47	\$524.94	\$524.94	\$524.94	\$262.47	\$262.47	\$262.47
Anthem Blue Cross Medicare Supplement	31.4%	\$546.54	\$546.54	\$546.54	\$1,088.27	\$1,066.16	\$1,066.16	\$546.54	\$546.54	\$546.54
UHC Medicare Advantage Plan	11.0%	\$275.98	\$275.98	\$275.98	\$547.14	\$547.14	\$547.14	\$275.98	\$275.98	\$275.98

* Members who are subject to the retiree medical subsidy cap have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 7, section 2(e).

ATTACHMENT

Recommended Actuarial Assumptions For the June 30, 2019 Health Valuation

2)(e) Proposed Per Capita Costs – Subject to Retiree Medical Subsidy Cap for the 2019-2020 Fiscal Year

Tier 1 members who were subject to the retiree medical subsidy cap would have monthly health insurance subsidy maximums capped at the levels in effect at July 1, 2011, as shown in the table below. We understand that no active members are subject to the cap but that some inactive members may be subject to the cap.

	Single Party	Married/With Domestic Partner	Eligible Survivor
Under 65 – All Plans	\$1,190.00	\$1,190.00	\$593.62
Over 65			
Kaiser Senior Advantage HMO	\$203.27	\$406.54	\$203.27
Blue Cross Medicare Supplement	\$478.43	\$478.43	\$478.43
UHC Medicare Adv. HMO	\$219.09	\$433.93	\$219.09

2)(f) Proposed Per Capita Costs for use in June 30, 2019 Valuation – Dental Plan

Maximum Dental Subsidy

Carrier	Actual / Assumed Participation Percent	Monthly 2019 Calendar Year Subsidy	Monthly 2020 Calendar Year Subsidy	Monthly 2019-2020 Fiscal Year Subsidy
Delta Dental PPO	79.4%	\$44.60	\$44.60	\$44.60
DeltaCare USA	20.6%	\$13.57	\$14.38	\$13.98

2)(g) Medicare Part B Premium

The Plan will reimburse monthly Medicare Part B premiums before means testing:

MONTHLY PREMIUM	Single	Single + 1
Actual premium for calendar year 2019	\$135.50	\$271.00
Projected premium for calendar year 2020	141.60	283.20
Projected average monthly premium for plan year 2019-2020	138.55	277.10

For retirees over age 65 on the valuation date, we will value the Medicare Part B premiums as reported in the data. For current and future retirees under age 65, we will assume 100% of those electing a medical subsidy will be eligible for the Medicare Part B premium subsidy.

ATTACHMENT

Recommended Actuarial Assumptions For the June 30, 2019 Health Valuation

3) Other Assumptions

In the June 30, 2019 valuation, we will also apply the following demographic and economic assumptions and methodologies as adopted in the triennial experience study covering July 1, 2014 to June 30, 2017:

- a. **Discount rate:** We will apply the 7.25% investment return assumption that the Board approved as a result of the triennial experience study covering July 1, 2014 to June 30, 2017.
- b. **Demographic assumptions:** These include the incidence of service retirement, disability retirement, withdrawal, deferred vested retirement and death. We will apply the assumptions adopted in our July 1, 2014 to June 30, 2017 triennial experience study.
- c. **Funding methodologies:** The Entry Age Cost Method will continue to be used in this valuation.
- d. **Expected annual rate of increase in the Board's health subsidy amount:**

We have made an assumption that the Board's health subsidy amount will increase at the same rate as the anticipated increase in benefit costs. We recommend leaving this assumption unchanged for the June 30, 2019 valuation. (Please also see discussions under (4) in our cover letter regarding how subsidy increases are to be projected in the valuation.)

- e. **Percentage of retirees over age 65 covered by Medicare Parts A and B:** In the prior valuation, we assumed that 100% of retirees will enroll in Medicare Parts A and B upon reaching age 65. We recommend maintaining this assumption for the June 30, 2019 valuation.
- f. **Market value of assets will be used for the June 30, 2019 GASB 74 valuation.**

Market value of assets less unrecognized returns will be used for the June 30, 2019 funding valuation.

Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a seven-year period. In addition, the actuarial value of assets is further adjusted, if necessary, to stay within 40% of the market value of assets.

- g. **Implicit Subsidy:** It is our understanding that retiree premium rates are not pooled with the active rates and no implicit subsidy exists, and LACERS has confirmed this understanding.

ATTACHMENT

Recommended Actuarial Assumptions For the June 30, 2019 Health Valuation

h. Spouse Age Difference in Years for Retirees with Medical Coverage:

Member Gender	Average Observed Age Difference for Spouse (Rounded to Nearest Integer)	Current Assumption	Recommended Assumption
Male	-4	-4	-4
Female	2	2	2

The table below summarizes the data used in deriving our recommendations:

	All Male Retirees	All Female Retirees
Number of LACERS Members Electing Coverage for Spouse / Domestic Partner	4,071	941
Average Retiree Age	72.16	67.30
Average Spouse Age	68.50	69.02
Average Age Difference, Rounded to Nearest Integer	-4	2

i. Spouse/Domestic Partner Coverage:

Member Gender	Observed Percentage Coverage for Spouse / Domestic Partner from Last 3 Years of Retirements	Current Assumption	Recommended Assumption
Male	58%	60%	60%
Female	34%	35%	35%

ATTACHMENT

Recommended Actuarial Assumptions For the June 30, 2019 Health Valuation

The table below summarizes the data used in deriving our recommendations:

	Three Year Total	Plan Year Ended June 30, 2019	Plan Year Ended June 30, 2018	Plan Year Ended June 30, 2017
New Male Retirees with LACERS Health Subsidy	1,423	502	510	411
New Male Retirees with LACERS Health Subsidy with Spouse / Domestic Partner Coverage	827	281	309	237
Male Spouse Coverage Percentage	58%			
New Female Retirees with LACERS Health Subsidy	908	321	319	268
New Female Retirees with LACERS Health Subsidy with Spouse / Domestic Partner Coverage	306	104	128	74
Female Spouse Coverage Percentage	34%			

j. Retiree Medical and Dental Coverage Election:

Service Range	Observed Enrollment in June 30, 2019 Data	Current Assumption	Recommended Assumption*
10 – 14	57%	60%	60%
15 – 19	79%	80%	80%
20 – 24	89%	90%	90%
25 and Over	95%	95%	95%

* For deferred vested members, we assume an election percent of 50% of these rates

- k. Reconciliation of Total OPEB Liability (TOL) for GAS 74 and 75 – When reconciling the TOL for the GAS 74 and 75 valuations, changes in TOL attributable to a health care trend, discount rate, and changes adopted from the triennial experience study will be treated as assumption changes. All other changes like spouse coverage, retiree spouse age differences, and health care premium and subsidy rates more or less than expected will be treated as experience gains or losses for GAS 74 and 75 financial reporting purposes.

REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

MEETING: SEPTEMBER 24, 2019

ITEM: VII - B



SUBJECT: GASB 68 AND GASB 75 ACTUARIAL VALUATIONS AS OF JUNE 30, 2019 AND POSSIBLE BOARD ACTION

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board adopt the GASB 68 and GASB 75 Actuarial Valuation reports as of June 30, 2019.

Executive Summary

Accounting standards in financial reporting on pension liabilities of governmental pension plans and their sponsors were issued in 2012 and 2015 by the Governmental Accounting Standards Board (GASB), an accounting standard setting body. GASB Statement No. 67 (GASB 67) and GASB Statement No. 74 (GASB 74) are financial reporting requirements of the plan (LACERS) for its pension benefits and other post-employment benefits (OPEB), while GASB Statement No. 68 (GASB 68) and GASB Statement No. 75 (GASB 75) are financial reporting requirements of the plan sponsor (the City) for the LACERS pension benefits and OPEB. LACERS consulting actuary, Segal Consulting (Segal), presented the GASB 67 and GASB 74 valuations to the Board on November 13, 2018 together with the annual retirement and health actuarial valuation as of June 30, 2018. The attached valuations for GASB 68 and GASB 75 were prepared by Segal to provide the proportional share of net pension liability and net OPEB liability along with other information required to report in the June 30, 2019 financial statements for the City, the Department of Airports, and the Harbor Department. LACERS external auditor Brown Armstrong has conducted audit procedures and issued unmodified opinions on the: 1) Schedule of Employer Allocations-Retirement Plan; 2) Schedule of Pension Amounts by Employer; 3) Schedule of Employer Allocations-OPEB Plan; and 4) Schedule of OPEB Amounts by Employer for the GASB 68 and GASB 75 employer reporting.

Discussion

Key findings from the Segal valuation reports based on the June 30, 2018 measurement date include:

- The Net Pension Liability (NPL) is the difference between the Total Pension Liability (TPL) and the Retirement Plan Fiduciary Net Position. Similarly the Net OPEB Liability (NOL) is the

difference between the Total OPEB Liability (TOL) and the OPEB Plan Fiduciary Net Position. The Plan Fiduciary Net Position is equal to the market value of plan assets and therefore, the NPL/NOL measure is very similar to the Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis. The NPL/NOL reflects all investment gains and losses as of the measurement date. This is different from the UAAL calculated on an actuarial value of assets basis in the funding valuation that reflects investment gains and losses over a seven-year period.

- NPL was \$5.71 billion, increased from \$5.28 billion, and the NOL was \$580.5 million, increased from \$566.9 million, mainly due to the changes in the actuarial assumptions (including revising the mortality tables from static to generational to reflect future mortality improvement from the triennial experience study for the period from July 1, 2014 through June 30, 2017), higher than expected salary increases, and the adoption of enhanced Tier 1 benefits for Airport Peace Officers (approximately 500 eligible Members). However, these increases were offset to some degree by the favorable investment returns during the fiscal year 2018. The detail of these changes are presented in Exhibit 5 of the GASB 68 and GASB 75 valuation reports. The NPL/NOL represents a pension/OPEB-related liability measured at June 30, 2018, which will be reflected in the Statement of Net Position/balance sheet of the plan sponsor. These amounts have been included in LACERS June 30, 2018 financial statements as a note disclosure, pursuant to the GASB 67 and GASB 74.

Andy Yeung, of Segal Consulting will present the GASB 68 and GASB 75 valuation reports.

This report was prepared by Mikyong Jang, Department Chief Accountant.

NG:TB:MJ

Attachments: 1) GASB 68 Actuarial Valuation Report as of June 30, 2019 issued by Segal
2) GASB 75 Actuarial Valuation Report as of June 30, 2019 issued by Segal
3) Brown Armstrong Independent Auditor's Reports

Los Angeles City Employees' Retirement System

**Governmental Accounting Standards (GAS) 68
Actuarial Valuation Based on June 30, 2018
Measurement Date for Employer Reporting
as of June 30, 2019**



This report has been prepared at the request of the Board of Administration to assist the sponsors of the Fund in preparing their financial report for their liabilities associated with the LACERS pension plan. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Administration and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.

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June 21, 2019

*Board of Administration
Los Angeles City Employees' Retirement System
202 W. 1st Street, Suite 500
Los Angeles, CA 90012-4401*

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards (GAS) 68 Actuarial Valuation based on a June 30, 2018 measurement date for employer reporting as of June 30, 2019. It contains various information that will need to be disclosed in order for the three employer categories in LACERS (i.e., the City, Airports, and Harbor) to comply with GAS 68.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist the sponsors in preparing their financial report for their liabilities associated with the LACERS pension plan. The census and financial information on which our calculations were based was provided by LACERS. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for LACERS.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By:

*Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary*

*Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary*

DNA/jl

SECTION 1

VALUATION SUMMARY

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SECTION 3

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SECTION 1: Valuation Summary for the Los Angeles City Employees' Retirement System

Purpose

This report has been prepared by Segal Consulting (“Segal”) to present certain disclosure information required by Governmental Accounting Standards (GAS) 68 for employer reporting as of June 30, 2019. The results used in preparing this GAS 68 report are comparable to those used in preparing the Governmental Accounting Standards (GAS) 67 report for the Plan based on a reporting date and a measurement date as of June 30, 2018. This valuation is based on:

- The benefit provisions of the Pension Plan, as administered by the Board of Administration;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of June 30, 2018, provided by LACERS;
- The assets of the Plan as of June 30, 2018, provided by LACERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2018 valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the June 30, 2018 valuation.

General Observations on GAS 68 Actuarial Valuation

The following points should be considered when reviewing this GAS 68 report:

- The Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes. Employers and plans still develop and adopt funding policies under current practices.
- When measuring pension liability, GASB uses the same actuarial cost method (Entry Age) and the same type of discount rate (expected return on assets) as LACERS uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is determined on the same basis as LACERS' Actuarial Accrued Liability (AAL) measure for funding. We note that the same is true for the Normal Cost component of the annual plan cost for funding and financial reporting.
- The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is very similar to the Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis. The NPL reflects all investment gains and losses as of the measurement date. This is different from the UAAL calculated on an actuarial value of assets basis in the funding valuation that reflects investment gains and losses over a seven-year period.
- For this report, the reporting dates for the employer are June 30, 2019 and 2018. The NPL was measured as of June 30, 2018 and 2017 and determined based upon the results of the actuarial valuations as of June 30, 2018 and 2017, respectively. The

SECTION 1: Valuation Summary for the Los Angeles City Employees' Retirement System

Plan's Fiduciary Net Position (plan assets) and the TPL were valued as of the measurement dates. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2018 and 2017 were not adjusted or rolled forward to the June 30, 2019 and 2018 reporting dates, respectively.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- As part of this valuation, we obtained actual membership information available for the first time for the Airport Peace Officers (APO) who elected to stay at LACERS, and would therefore be entitled to enhanced Tier 1 benefits, instead of transferring to LAFPP on January 7, 2018. Using that data and applying the method we previously discussed with LACERS, we have estimated the increase in NPL to improve past service earned through January 6, 2018 from Tier 1 to enhanced Tier 1 by using salary and other demographic information reported in the June 30, 2018 valuation. That increase in NPL was calculated by using service earned through January 6, 2018.¹ That increase in the NPL determined using the actuarial assumptions in the June 30, 2018 valuation has been adjusted to reflect the anticipated payment of the \$5,700 required to receive the enhanced benefits by every APO member with past service. We have further adjusted the change in the NPL to reflect the contributions paid by the Airport for the period January 7, 2018 to June 30, 2018.
- The NPL increased from \$5.28 billion as of June 30, 2017 to \$5.71 billion as of June 30, 2018 mainly due to changes in the actuarial assumptions (that change was about \$0.48 billion), inclusion of the enhanced benefits for the APO discussed above (that change was about \$0.03 billion), and other miscellaneous losses (including about \$0.13 billion due to higher than expected salaries for continuing active members), offset somewhat by the return on the market value of retirement plan assets of 9.35%² during 2017/2018 that was more than the assumption of 7.25% used in the June 30, 2017 valuation (that gain was about \$0.28 billion). Changes in these values during the last two fiscal years ending June 30, 2017 and June 30, 2018 can be found in Exhibit 5.
- The discount rate used to measure the TPL and NPL as of June 30, 2018 and 2017 was 7.25%, following the same assumption used by the System in the pension funding valuations as of the same dates. The detailed calculations used in the derivation of the discount rate of 7.25% used in the calculation of the TPL and NPL as of June 30, 2018 can be found in Appendix A of Section 3. Various other information that is required to be disclosed can be found throughout Exhibits 1 through 13 in Section 2.

¹ We have excluded benefit enhancement for service earned after January 6, 2018 because higher normal cost contributions would have already been paid by the Airport.

² Net of investment expenses only.

SECTION 1: Valuation Summary for the Los Angeles City Employees' Retirement System

- The NPLs for the three employer categories in LACERS (i.e., the City, Airports, and Harbor) as of June 30, 2017 and June 30, 2018 are allocated based on the actual employer contributions made during 2016/2017 and 2017/2018, respectively. The steps we used for the allocation are as follows:
 - First calculate the ratio of the employer category's contributions to the total contributions.
 - Then multiply this ratio by the NPL to determine the employer category's proportionate share of the NPL. The NPL allocation can be found in Exhibit 7 in Section 2.
- Based on the responses to our recent queries of LACERS, it is our understanding that no special considerations are necessary in preparing the accounting expense and liability for the Airport to reflect the effects of either APO members transferring out of LACERS or APO members remaining in LACERS and receiving an enhanced retirement benefit. Accordingly, Segal did not alter the allocation process for determining each employer category's share of the total plan NPL. That is, the allocation continues to be based on the ratio of the employer category's contributions to the plan's total employer contributions.
- Results shown in this report exclude any employer contributions made after the measurement date of June 30, 2018. The employer should consult with their auditor to determine the deferred outflow that should be created for these contributions.

SECTION 1: Valuation Summary for the Los Angeles City Employees' Retirement System

Summary of Key Valuation Results

Reporting Date for Employer under GAS 68	6/30/2019 ⁽¹⁾	6/30/2018 ⁽²⁾
Measurement Date for Employer under GAS 68	6/30/2018	6/30/2017
Disclosure elements for fiscal year ending June 30:		
1. Service cost ⁽³⁾	\$352,282,612	\$340,758,622
2. Total Pension Liability	19,944,579,058	18,458,187,953
3. Plan's Fiduciary Net Position	14,235,230,528	13,180,515,725
4. Net Pension Liability	5,709,348,530	5,277,672,228
5. Pension expense	627,667,477	572,654,105
Schedule of contributions for fiscal year ending June 30:		
6. Actuarially determined contributions	\$450,195,254	\$453,356,059
7. Actual contributions	450,195,254	453,356,059
8. Contribution deficiency/(excess): (6) – (7)	0	0
Demographic data for plan year ending June 30:		
9. Number of retired members and beneficiaries	19,379	18,805
10. Number of vested terminated members ⁽⁴⁾	8,028	7,428
11. Number of active members	26,042	25,457
Key assumptions as of June 30:		
12. Investment rate of return	7.25%	7.25%
13. Inflation rate	3.00%	3.00%
14. Projected salary increases ⁽⁵⁾	Ranges from 10.00% to 3.90%, based on years of service	Ranges from 10.00% to 3.90%, based on years of service

⁽¹⁾ The reporting date and measurement date for the Plan are June 30, 2018.

⁽²⁾ The reporting date and measurement date for the Plan are June 30, 2017.

⁽³⁾ The service cost is based on the previous year's valuation, meaning the June 30, 2018 and June 30, 2017 measurement date values are based on the valuations as of June 30, 2017 and June 30, 2016, respectively. The June 30, 2018 measurement date service cost has been calculated using the assumptions shown in the June 30, 2017 measurement date column and the June 30, 2017 measurement date service cost has been calculated using the following assumptions:

Key assumptions as of June 30, 2016:

Investment rate of return 7.50%

Inflation rate 3.25%

Projected salary increases* Ranges from 10.50% to 4.40%, based on years of service

*Includes inflation of 3.25% plus real across the board salary increases of 0.75% plus merit and promotional increases.

⁽⁴⁾ Includes terminated members due a refund of employee contributions.

⁽⁵⁾ Includes inflation at 3.00% plus real across the board salary increase of 0.50% plus merit and promotional increases that vary by service.

SECTION 1: Valuation Summary for the Los Angeles City Employees' Retirement System

Important Information about Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the Plan will be determined by the actual benefits and expenses paid and the actual investment experience of the Plan.

In order to prepare an actuarial valuation, Segal relies on a number of input items. These include:

- **Plan of benefits** Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
- **Participant data** An actuarial valuation for a plan is based on data provided to the actuary by the System. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
- **Assets** This valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an “actuarial value of assets” that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining contribution requirements.
- **Actuarial assumptions** In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, termination, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan’s assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.

The user of Segal’s actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the Board to assist the sponsors of the Fund in preparing items related to the pension plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.

SECTION 1: Valuation Summary for the Los Angeles City Employees' Retirement System

- An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the Plan will be determined by the actual benefits and expenses paid and the actual investment experience of the Plan.
- If the System is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

As Segal has no discretionary authority with respect to the management or assets of the Plan, it is not a fiduciary in its capacity as actuaries and consultants with respect to LACERS.

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 1

General Information – “Financial Statements”, Note Disclosures and Required Supplementary Information for a Single-Employer Pension Plan

Plan Description

Plan administration. The Los Angeles City Employees' Retirement System (LACERS) was established by City Charter in 1937. LACERS is a single-employer public employee retirement system whose main function is to provide retirement benefits to the civilian employees of the City of Los Angeles.

Under the provisions of the City Charter, the Board of Administration (the "Board") has the responsibility and authority to administer the Plan and to invest its assets. The Board members serve as trustees and must act in the exclusive interest of the Plan's members and beneficiaries. The Board has seven members: four members, one of whom shall be a retired member of the system, shall be appointed by the Mayor subject to the approval of the Council; two members shall be active employee members of the system elected by the active employee members; one shall be a retired member of the system elected by the retired members of the system.

Plan membership. At June 30, 2018, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	19,379
Vested terminated members entitled to, but not yet receiving benefits ⁽¹⁾	8,028
Active members	<u>26,042</u>
Total	53,449

⁽¹⁾ Includes terminated members due a refund of employee contributions

Benefits provided. LACERS provides service retirement, disability, death and survivor benefits to eligible employees. Employees of the City become members of LACERS on the first day of employment in a position with the City in which the employee is not excluded from membership. Members employed prior to July 1, 2013 are designated as Tier 1. All Tier 1 Airport Peace Officers (including certain fire fighters) appointed to their positions before January 7, 2018 who elected to remain at LACERS after January 7, 2018 are designated as Tier 1 Enhanced. Those employed on or after February 21, 2016 are designated as Tier 3 (unless a specific exception applies to the employee, providing a right to Tier 1 status).

Tier 1 and Tier 1 Enhanced members are eligible to retire for service with a normal retirement benefit once they attain the age of 70, or the age of 60 with 10 or more years of continuous City service, or the age of 55 with 30 or more years of City service. Tier 3 members are eligible to retire for service with a normal retirement benefit at 1.50% of final average monthly compensation per year of service credit once they attain the age of 60 with 10 years of service (but with less than 30 years of service), including 5

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

years of continuous City service, or at 2.00% of final average monthly compensation per year of service credit once they attain the age of 60 with 30 years of service, including 5 years of continuous City service.

Tier 1 and 3 members are eligible to retire for disability once they have 5 or more years of continuous service. Tier 1 Enhanced members are eligible to retire for service-connected disability without a service requirement, and once they have 5 or more years of continuous service for a nonservice-connected disability.

Under the Tier 1 formula, the monthly service retirement allowance at normal retirement age is 2.16% of final average monthly compensation per year of service credit. Under the Tier 1 Enhanced formula, the monthly service retirement allowance at normal retirement age is 2.30% of final average monthly compensation per year of service credit. Reduced retirement allowances are available for early retirement for Tier 1 and Tier 1 Enhanced members reaching age 55 with 10 or more years of continuous City service, or with 30 or more years of City service at any age. The Tier 1 and Tier 1 Enhanced early retirement reduction factors, for retirement below age 60, are as follows:

<u>Age</u>	<u>Factor</u>	<u>Age</u>	<u>Factor</u>
45	0.6250	53	0.8650
46	0.6550	54	0.8950
47	0.6850	55	0.9250
48	0.7150	56	0.9400
49	0.7450	57	0.9550
50	0.7750	58	0.9700
51	0.8050	59	0.9850
52	0.8350	60	1.0000

Under the Tier 3 formula, the monthly service retirement allowance at normal retirement age is 2.00% of final average monthly compensation per year of service credit. Reduced retirement allowances are available for early retirement for Tier 3 members prior to reaching age 60 with 30 years of service, including 5 years of continuous City service. The Tier 3 retirement reduction factors at early retirement ages are as follows:

<u>Age</u>	<u>Factor</u>	<u>Age</u>	<u>Factor</u>
45	0.6250	50	0.7750
46	0.6550	51	0.8050
47	0.6850	52	0.8350
48	0.7150	53	0.8650
49	0.7450	54	0.8950
		55-60	1.0000

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

Tier 3 members are eligible to retire with an enhanced retirement benefit at 2.00% of final average monthly compensation per year of service credit once they attain the age of 63 with 10 years of service (but with less than 30 years of service), including 5 years of continuous City service, or at 2.10% of final average monthly compensation per year of service credit once they attain the age of 63 with 30 years of service, including 5 years of continuous City service.

Under Tier 1 and Tier 1 Enhanced, pension benefits are calculated based on the highest average salary earned during a 12-month period (including base salary plus regularly assigned pensionable bonuses or premium pay). Under Tier 3, pension benefits are calculated based on the highest average salary earned during a 36-month period (limited to base salary and any items of compensation that are designated as pension based). The IRC Section 401(a)(17) compensation limit applies to all employees who began membership in LACERS after June 30, 1996.

For Tier 1 and Tier 1 Enhanced members, the maximum monthly retirement allowance is 100% of the final average monthly compensation. For Tier 3 members, the maximum monthly retirement allowance is 80% of the final average monthly compensation, except when the benefit is based solely on the annuity component funded by the member's contributions.

In lieu of the service retirement allowance under the Tier 1, Tier 1 Enhanced, and Tier 3 formulas ("unmodified option"), the member may choose an optional retirement allowance. The unmodified option provides the highest monthly benefit and a 50% continuance to an eligible surviving spouse or domestic partner for Tier 1, Tier 1 Enhanced, and Tier 3 members. The optional retirement allowances require a reduction in the unmodified option amount in order to allow the member the ability to provide various benefits to a surviving spouse, domestic partner, or named beneficiary.

LACERS provides annual cost-of-living adjustments (COLAs) to all retirees. The cost-of-living adjustments are made each July 1 based on the percentage change in the average of the Consumer Price Index for the Los Angeles-Riverside-Orange County Area--All Items For All Urban Consumers. It is capped at 3.0% for Tier 1 and Tier 1 Enhanced, and at 2.0% for Tier 3.

The City of Los Angeles contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Administration. Employer contribution rates are adopted annually based upon recommendations received from LACERS' actuary after the completion of the annual actuarial valuation. The combined employer contribution rate as of June 30, 2018 was 21.88% of compensation.³

All members are required to make contributions to LACERS regardless of their tier. Currently, all Tier 1 members contribute at 11.0% or 11.5% of compensation, and all Tier 1 Enhanced and Tier 3 members contribute at 11.0% of compensation.

³ Based on the June 30, 2016 funding valuation (which established funding requirements for fiscal year 2017/2018). Exhibit 6 in Section 2 of this report provides details on how this rate was calculated.

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 2

Net Pension Liability

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
The components of the Net Pension Liability are as follows:		
Total Pension Liability	\$19,944,579,058	\$18,458,187,953
Plan's Fiduciary Net Position	<u>-14,235,230,528</u>	<u>-13,180,515,725</u>
Net Pension Liability	\$5,709,348,530	\$5,277,672,228
Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	71.37%	71.41%

The NPL was measured as of June 30, 2018 and 2017. The Plan's Fiduciary Net Position was valued as of the measurement date, while the TPL was determined based upon the results of the actuarial valuations as of June 30, 2018 and 2017, respectively.

Plan provisions. The plan provisions used in the measurement of the NPL as of June 30, 2018 and 2017 are the same as those used in the LACERS funding valuations as of June 30, 2018 and 2017, respectively.

Actuarial assumptions. The TPL as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions in the June 30, 2018 valuation were based on the results of an experience study for the period from July 1, 2014 through June 30, 2017. They are the same as the assumptions used in the June 30, 2018 funding actuarial valuation for LACERS. The assumptions are outlined in Section 3 of this report. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	Ranges from 10.00% to 3.90% based on years of service, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Other assumptions	Same as those used in the June 30, 2018 actuarial valuation

The TPL as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017. The actuarial assumptions in the June 30, 2017 valuation were based on the results of an experience study for the period from July 1, 2011 through June 30, 2014. They are the same as the assumptions used in the June 30, 2017 funding actuarial valuation for LACERS.

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	Ranges from 10.00% to 3.90% based on years of service, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Other assumptions	Same as those used in the June 30, 2017 actuarial valuation

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 3

Target Asset Allocation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses are summarized in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption for the actuarial valuation as of June 30, 2018. This information is subject to change every three years based on the actuarial experience study.

Asset Class	Target Allocation	Long-Term (Arithmetic) Expected Real Rate of Return
U.S. Large Cap Equity	14.00%	5.32%
U.S. Small Cap Equity	5.00%	6.07%
Developed International Large Cap Equity	17.00%	6.67%
Developed International Small Cap Equity	3.00%	7.14%
Emerging Market Equity	7.00%	8.87%
Core Bond	13.75%	1.04%
High Yield Bond	2.00%	3.09%
Bank Loan	2.00%	3.00%
TIPS	3.50%	0.97%
Emerging Market Debt (External)	4.50%	3.44%
Real Estate	7.00%	4.68%
Cash	1.00%	0.01%
Commodities	1.00%	3.36%
Additional Public Real Assets	1.00%	4.76%
Real Estate Investment Trust	0.50%	5.91%
Private Debt	3.75%	5.50%
Private Equity	14.00%	8.97%
Total	100.00%	

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Discount rate: The discount rate used to measure the Total Pension Liability was 7.25% as of June 30, 2018 and June 30, 2017. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability as of both June 30, 2018 and June 30, 2017.

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EXHIBIT 4

Discount Rate Sensitivity

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of LACERS as of June 30, 2018, which is allocated to all employer categories, calculated using the discount rate of 7.25%, as well as what LACERS' NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

Employer Category	Net Pension Liability		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City	\$6,968,824,707	\$4,708,641,301	\$2,846,127,605
Airports	1,162,208,868	785,272,253	474,656,041
Harbor	<u>318,845,392</u>	<u>215,434,976</u>	<u>130,219,185</u>
Total for all Employer Categories	\$8,449,878,967	\$5,709,348,530	\$3,451,002,831

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EXHIBIT 5

Schedule of Changes in Net Pension Liability – Last Two Fiscal Years

Reporting Date for Employer under GAS 68 Measurement Date for Employer under GAS 68	June 30, 2019 June 30, 2018	June 30, 2018 June 30, 2017
Total Pension Liability		
1. Service cost ⁽¹⁾	\$352,282,612	\$340,758,622
2. Interest	1,332,878,299	1,302,278,282
3. Change of benefit terms	25,173,222	0
4. Differences between expected and actual experience	144,224,403	-146,474,065
5. Changes of assumptions or other inputs	483,717,164	340,717,846
6. Benefit payments, including refunds of member contributions	<u>-851,884,595</u>	<u>-804,089,061</u>
7. Net change in Total Pension Liability	\$1,486,391,105	\$1,033,191,624
8. Total Pension Liability – beginning	<u>18,458,187,953</u>	<u>17,424,996,329</u>
9. Total Pension Liability – ending	<u>\$19,944,579,058</u>	<u>\$18,458,187,953</u>
Plan's Fiduciary Net Position		
10. Contributions – employer	\$450,195,254	\$453,356,059
11. Contributions – employee	230,756,920	221,828,781
12. Net investment income	1,243,817,173	1,517,544,363
13. Benefit payments, including refunds of member contributions	-851,884,595	-804,089,061
14. Administrative expense	-17,698,803	-17,453,832
15. Other	<u>-471,146⁽²⁾</u>	<u>0</u>
16. Net change in Plan's Fiduciary Net Position	\$1,054,714,803	\$1,371,186,310
17. Plan's Fiduciary Net Position – beginning	<u>13,180,515,725</u>	<u>11,809,329,415</u>
18. Plan's Fiduciary Net Position – ending	\$14,235,230,528	\$13,180,515,725
19. Net Pension Liability – ending: (9) – (18)	<u>\$5,709,348,530</u>	<u>\$5,277,672,228</u>
20. Plan's Fiduciary Net Position as a percentage of the Total Pension Liability	71.37%	71.41%
21. Covered payroll ⁽³⁾	\$2,057,565,478	\$1,973,048,633
22. Plan Net Pension Liability as percentage of covered payroll	277.48%	267.49%

⁽¹⁾ The service cost is based on the previous year's valuation, meaning the 2018 and 2017 values are based on the valuations as of June 30, 2017 and June 30, 2016, respectively. The 2018 service cost has been calculated using the assumptions shown in the 2017 column on page iv and the 2017 service cost has been calculated using the following assumptions:

Key assumptions as of June 30, 2016:

Investment rate of return	7.50%
Inflation rate	3.25%
Projected salary increases*	Range from 10.50% to 4.40%, based on years of service

*Includes inflation of 3.25% plus real across the board salary increases of 0.75% plus merit and promotional increases.

⁽²⁾ Correction made by LACERS to beginning of year interest posted to member reserves.

⁽³⁾ Covered payroll is defined as the payroll on which contributions to a pension plan are based.

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EXHIBIT 6

Schedule of Employer Contributions – Last Ten Fiscal Years

Year Ended June 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/(Excess)	Covered Payroll⁽¹⁾	Contributions as a Percentage of Covered Payroll
2009	\$274,554,786	\$274,554,786	\$0	\$1,832,795,577	14.98%
2010	258,642,795	258,642,795	0	1,827,864,283	14.15%
2011	303,560,953	303,560,953	0	1,678,059,440	18.09%
2012	308,539,905	308,539,905	0	1,715,197,133	17.99%
2013	346,180,852	346,180,852	0	1,736,112,598	19.94%
2014	357,649,232	357,649,232	0	1,802,931,195	19.84%
2015	381,140,923	381,140,923	0	1,835,637,409	20.76%
2016	440,546,011	440,546,011	0	1,876,946,179	23.47%
2017	453,356,059	453,356,059	0	1,973,048,633	22.98%
2018	450,195,254	450,195,254	0	2,057,565,478	21.88%

⁽¹⁾ Covered payroll is defined as the payroll on which contributions to a pension plan are based.

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Notes to Exhibit 6

Methods and assumptions used to establish "actuarially determined contribution" (ADC) rates:

Valuation date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
Actuarial cost method	Entry Age Cost Method (individual basis)
Amortization method	Level percent of payroll
Amortization period	Multiple layers, closed amortization periods. Actuarial gains/losses are amortized over 15 years. Assumption or method changes are amortized over 20 years. Plan changes, including the 2009 ERIP, are amortized over 15 years. Future ERIPs will be amortized over 5 years. Actuarial surplus is amortized over 30 years. The existing layers on June 30, 2012, except those arising from the 2009 ERIP and the two GASB 25/27 layers, were combined and amortized over 30 years.
Asset valuation method	Market value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets.
Actuarial assumptions:	<u>June 30, 2018 valuation date</u>
Investment rate of return	7.25%
Inflation rate	3.00%
Real across the board salary increase	0.50%
Projected salary increases ⁽¹⁾	Ranges from 10.00% to 3.90%, based on years of service
Cost of living adjustments	3.00% for Tier 1; 2.00% for Tier 3 (actual increases are contingent upon CPI increases with a 3.00% maximum for Tier 1 and a 2.00% maximum for Tier 3)
Mortality (Post-Retirement)	Healthy: Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables (separate tables for males and females) projected generationally with the two-dimensional mortality improvement Scale MP-2017.
Other assumptions	Same as those used in the June 30, 2018 funding actuarial valuation

⁽¹⁾ Includes inflation at 3.00% plus across the board salary increases of 0.50% plus merit and promotional increases.

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EXHIBIT 7

Determination of Proportionate Share

Actual Employer Contributions by Employer Category July 1, 2016 to June 30, 2017

Employer Category	Contributions	Percentage ⁽¹⁾
City	\$373,668,441	82.423%
Airports	62,111,588	13.700%
Harbor	<u>17,576,030</u>	<u>3.877%</u>
Total for all Employer Categories	\$453,356,059	100.000%

⁽¹⁾ The unrounded percentages are used in the allocation of the NPL amongst employer categories.

Allocation of June 30, 2017 Net Pension Liability

Employer Category	NPL	Percentage
City	\$4,350,001,537	82.423%
Airports	723,062,142	13.700%
Harbor	<u>204,608,549</u>	<u>3.877%</u>
Total for all Employer Categories	\$5,277,672,228	100.000%

Notes:

1. Based on the July 1, 2016 through June 30, 2017 employer contributions as provided by LACERS.
2. The Net Pension Liability is the Total Pension Liability minus the Plan's Fiduciary Net Position (plan assets).
3. The NPL is allocated based on the actual contributions from each employer category. The steps used for the allocation are as follows:
 - First calculate the ratio of the contributions from the employer category to the total contributions.
 - Then multiply this ratio by the NPL to determine the employer category's proportionate share of the NPL.

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 7 (continued)

Determination of Proportionate Share

Actual Employer Contributions by Employer Category July 1, 2017 to June 30, 2018

Employer Category	Contributions	Percentage ⁽¹⁾
City	\$371,287,189	82.473%
Airports	61,920,522	13.754%
Harbor	<u>16,987,543</u>	<u>3.773%</u>
Total for all Employer Categories	\$450,195,254	100.000%

⁽¹⁾ The unrounded percentages are used in the allocation of the NPL amongst employer categories.

Allocation of June 30, 2018 Net Pension Liability

Employer Category	NPL	Percentage
City	\$4,708,641,301	82.473%
Airports	785,272,253	13.754%
Harbor	<u>215,434,976</u>	<u>3.773%</u>
Total for all Employer Categories	\$5,709,348,530	100.000%

Notes:

1. Based on the July 1, 2017 through June 30, 2018 employer contributions as provided by LACERS.
2. The Net Pension Liability is the Total Pension Liability minus the Plan's Fiduciary Net Position (plan assets).
3. The NPL is allocated based on the actual contributions from each employer category. The steps used for the allocation are as follows:
 - First calculate the ratio of the contributions from the employer category to the total contributions.
 - Then multiply this ratio by the NPL to determine the employer category's proportionate share of the NPL.

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 7 (continued)

Determination of Proportionate Share

Notes:

For purposes of the above results, the reporting date for the employer under GAS 68 is June 30, 2019. The reporting date and measurement date for the Plan under GAS 67 are June 30, 2018. Consistent with the provisions of GAS 68, the assets and liabilities measured as of June 30, 2018 are not adjusted or rolled forward to the June 30, 2019 reporting date. Other results, such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

The following items are allocated based on the corresponding proportionate share:

- 1) Net Pension Liability
- 2) Service cost
- 3) Interest on the Total Pension Liability
- 4) Expensed portion of current-period benefit changes
- 5) Expensed portion of current-period difference between actual and expected experience in the Total Pension Liability
- 6) Expensed portion of current-period changes of assumptions or other inputs
- 7) Member contributions
- 8) Projected earnings on plan investments
- 9) Expensed portion of current-period differences between projected and actual earnings on plan investments
- 10) Administrative expense
- 11) Recognition of beginning of year deferred outflows of resources as pension expense
- 12) Recognition of beginning of year deferred inflows of resources as pension expense

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System**EXHIBIT 8****Pension Expense – Total for all Employer Categories**

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service cost	\$352,282,612	\$340,758,622
2. Interest on the Total Pension Liability	1,332,878,299	1,302,278,282
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
4. Expensed portion of current-period benefit changes	25,173,222	0
5. Expensed portion of current-period difference between actual and expected experience in the Total Pension Liability	27,523,741	-28,331,541
6. Expensed portion of current-period changes of assumptions or other inputs	92,312,436	65,902,872
7. Actual member contributions	-230,756,920	-221,828,781
8. Projected earnings on plan investments	-963,674,963	-895,795,394
9. Expensed portion of current-period differences between projected and actual earnings on plan investments	-56,028,442	-124,349,794
10. Administrative expense	17,698,803	17,453,832
11. Other	471,146	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	497,308,901	431,406,029
13. Recognition of beginning of year deferred inflows of resources as pension expense	-467,521,358	-314,840,022
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>	<u>0</u>
Pension Expense	\$627,667,477	\$572,654,105

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 8 (continued)

Pension Expense – City

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service cost	\$290,536,202	\$280,862,559
2. Interest on the Total Pension Liability	1,099,257,784	1,073,373,314
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	487,113	1,475,900
4. Expensed portion of current-period benefit changes	20,760,981	0
5. Expensed portion of current-period difference between actual and expected experience in the Total Pension Liability	22,699,512	-23,351,630
6. Expensed portion of current-period changes of assumptions or other inputs	76,132,355	54,318,947
7. Actual member contributions	-190,310,953	-182,837,337
8. Projected earnings on plan investments	-794,766,637	-738,339,020
9. Expensed portion of current-period differences between projected and actual earnings on plan investments	-46,208,045	-102,492,495
10. Administrative expense	14,596,641	14,385,924
11. Other	388,566	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	410,142,982	355,576,627
13. Recognition of beginning of year deferred inflows of resources as pension expense	-385,576,457	-259,499,741
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>8,647,295</u>	<u>7,171,395</u>
Pension Expense	\$526,787,339	\$480,644,443

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System**EXHIBIT 8 (continued)****Pension Expense – Airports**

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service cost	\$48,453,474	\$46,685,291
2. Interest on the Total Pension Liability	183,326,055	178,417,318
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	526,278	-860,879
4. Expensed portion of current-period benefit changes	3,462,362	0
5. Expensed portion of current-period difference between actual and expected experience in the Total Pension Liability	3,785,656	-3,881,534
6. Expensed portion of current-period changes of assumptions or other inputs	12,696,789	9,028,956
7. Actual member contributions	-31,738,649	-30,391,428
8. Projected earnings on plan investments	-132,545,282	-122,727,541
9. Expensed portion of current-period differences between projected and actual earnings on plan investments	-7,706,235	-17,036,418
10. Administrative expense	2,434,320	2,391,245
11. Other	64,802	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	68,400,603	59,104,346
13. Recognition of beginning of year deferred inflows of resources as pension expense	-64,303,580	-43,134,339
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>-5,243,766</u>	<u>-4,382,887</u>
Pension Expense	\$81,612,827	\$73,212,130

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EXHIBIT 8 (continued)

Pension Expense – Harbor

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Components of Pension Expense		
1. Service cost	\$13,292,936	\$13,210,772
2. Interest on the Total Pension Liability	50,294,460	50,487,650
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	-1,013,391	-615,021
4. Expensed portion of current-period benefit changes	949,879	0
5. Expensed portion of current-period difference between actual and expected experience in the Total Pension Liability	1,038,573	-1,098,377
6. Expensed portion of current-period changes of assumptions or other inputs	3,483,292	2,554,969
7. Actual member contributions	-8,707,318	-8,600,016
8. Projected earnings on plan investments	-36,363,044	-34,728,833
9. Expensed portion of current-period differences between projected and actual earnings on plan investments	-2,114,162	-4,820,881
10. Administrative expense	667,842	676,663
11. Other	17,778	0
12. Recognition of beginning of year deferred outflows of resources as pension expense	18,765,316	16,725,056
13. Recognition of beginning of year deferred inflows of resources as pension expense	-17,641,321	-12,205,942
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>-3,403,529</u>	<u>-2,788,508</u>
Pension Expense	\$19,267,311	\$18,797,532

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 9

Deferred Outflows of Resources and Deferred Inflows of Resources – Total for all Employer Categories

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$22,180,649	\$28,975,744
2. Changes of assumptions or other inputs	686,966,699	501,222,692
3. Net excess of projected over actual earnings on pension plan investments (if any)	N/A	57,233,980
4. Differences between actual and expected experience in the Total Pension Liability	<u>116,700,662</u>	<u>0</u>
5. Total deferred outflows of resources	\$825,848,010	\$587,432,416
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$22,180,649	\$28,975,744
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	130,607,120	N/A
9. Differences between expected and actual experience in the Total Pension Liability	<u>271,844,497</u>	<u>411,445,007</u>
10. Total deferred inflows of resources	\$424,632,266	\$440,420,751

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68, Year Ended June 30:

2019	N/A	\$29,787,543
2020	\$255,003,381	191,195,646
2021	84,005,228	20,197,493
2022	-36,748,408	-100,556,143
2023	70,194,861	6,387,126
2024	28,760,682	0
Thereafter	0	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 9

Deferred Outflows of Resources and Deferred Inflows of Resources – City

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$17,763,839	\$25,251,342
2. Changes of assumptions or other inputs	566,558,471	413,121,426
3. Net excess of projected over actual earnings on pension plan investments (if any)	N/A	47,173,809
4. Differences between actual and expected experience in the Total Pension Liability	<u>96,245,930</u>	<u>0</u>
5. Total deferred outflows of resources	\$680,568,240	\$485,546,577
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$1,285,910	\$2,191,481
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	107,714,930	N/A
9. Differences between expected and actual experience in the Total Pension Liability	<u>224,196,897</u>	<u>339,124,207</u>
10. Total deferred inflows of resources	\$333,197,737	\$341,315,688

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68, Year Ended June 30:

2019	N/A	\$33,199,001
2020	\$217,783,029	164,576,976
2021	74,575,076	21,454,093
2022	-27,453,624	-80,514,531
2023	58,629,462	5,515,350
2024	23,836,560	0
Thereafter	0	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 9

Deferred Outflows of Resources and Deferred Inflows of Resources – Airports

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$4,416,810	\$3,724,402
2. Changes of assumptions or other inputs	94,486,417	68,669,508
3. Net excess of projected over actual earnings on pension plan investments (if any)	N/A	7,841,283
4. Differences between actual and expected experience in the Total Pension Liability	<u>16,051,182</u>	<u>0</u>
5. Total deferred outflows of resources	\$114,954,409	\$80,235,193
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$9,244,866	\$16,027,641
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	17,963,897	N/A
9. Differences between expected and actual experience in the Total Pension Liability	<u>37,389,895</u>	<u>56,369,607</u>
10. Total deferred inflows of resources	\$64,598,658	\$72,397,248

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68, Year Ended June 30:

2019	N/A	-\$1,162,754
2020	\$31,939,193	22,533,938
2021	10,110,243	796,899
2022	-5,810,407	-15,058,848
2023	10,034,631	728,710
2024	4,082,091	0
Thereafter	0	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 9

Deferred Outflows of Resources and Deferred Inflows of Resources – Harbor

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0	\$0
2. Changes of assumptions or other inputs	25,921,811	19,431,758
3. Net excess of projected over actual earnings on pension plan investments (if any)	N/A	2,218,888
4. Differences between actual and expected experience in the Total Pension Liability	<u>4,403,550</u>	<u>0</u>
5. Total deferred outflows of resources	\$30,325,361	\$21,650,646
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$11,649,873	\$10,756,622
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on pension plan investments (if any)	4,928,293	N/A
9. Differences between expected and actual experience in the Total Pension Liability	<u>10,257,705</u>	<u>15,951,193</u>
10. Total deferred inflows of resources	\$26,835,871	\$26,707,815

Deferred outflows of resources and deferred inflows of resources related to pension will be recognized as follows:

Reporting Date for Employer under GAS 68, Year Ended June 30:

2019	N/A	-\$2,248,704
2020	\$5,281,159	4,084,732
2021	-680,091	-2,053,499
2022	-3,484,377	-4,982,764
2023	1,530,768	143,066
2024	842,031	0
Thereafter	0	0

⁽¹⁾ Calculated in accordance with Paragraphs 54 and 55 of GAS 68.

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

There are changes in each employer category's proportionate share of the total Net Pension Liability during the measurement period ended June 30, 2018. The net effect of the change on the employer category's proportionate share of the collective Net Pension Liability and collective deferred outflows of resources and deferred inflows of resources is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through LACERS which is 5.24 years determined as of June 30, 2017 (the beginning of the measurement period ending June 30, 2018).

In addition, the difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended June 30, 2018 is recognized over the same period.

The average of the expected service lives of all employees is determined by:

- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 10

Schedule of Proportionate Share of the Net Pension Liability – Total for all Employer Categories

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll ⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	100.000%	\$4,727,177,064	\$1,736,112,598	272.29%	68.23%
2015	100.000%	4,457,773,626	1,802,931,195	247.25%	72.57%
2016	100.000%	4,989,426,361	1,835,637,409	271.81%	70.49%
2017	100.000%	5,615,666,914	1,876,946,179	299.19%	67.77%
2018	100.000%	5,277,672,228	1,973,048,633	267.49%	71.41%
2019	100.000%	5,709,348,530	2,057,565,478	277.48%	71.37%

⁽¹⁾ Covered payroll is defined as the payroll on which contributions to a pension plan are based.

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System**EXHIBIT 10 (continued)****Schedule of Proportionate Share of the Net Pension Liability – City**

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	81.453%	\$3,850,425,590	\$1,414,115,080	272.29%	68.23%
2015	81.972%	3,654,125,793	1,477,663,755	247.29%	72.57%
2016	81.869%	4,084,786,762	1,504,659,940	271.48%	70.49%
2017	82.271%	4,620,035,451	1,540,925,299	299.82%	67.77%
2018	82.423%	4,350,001,537	1,625,808,930	267.56%	71.41%
2019	82.473%	4,708,641,301	1,701,304,099	276.77%	71.37%

⁽¹⁾ Covered payroll is defined as the payroll on which contributions to a pension plan are based.

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Airports

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll ⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	14.299%	\$675,950,764	\$248,251,046	272.29%	68.23%
2015	13.804%	615,348,678	249,227,877	246.90%	72.57%
2016	13.979%	697,482,231	255,014,220	273.51%	70.49%
2017	13.789%	774,356,211	260,929,145	296.77%	67.77%
2018	13.700%	723,062,142	271,035,342	266.78%	71.41%
2019	13.754%	785,272,253	278,681,843	281.78%	71.37%

⁽¹⁾ Covered payroll is defined as the payroll on which contributions to a pension plan are based.

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net Pension Liability – Harbor

Reporting Date for Employer under GAS 68 as of June 30	Proportion of the Net Pension Liability	Proportionate share of Net Pension Liability	Covered payroll ⁽¹⁾	Proportionate share of the Net Pension Liability as a percentage of its covered payroll	Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	4.248%	\$200,800,710	\$73,746,472	272.29%	68.23%
2015	4.224%	188,299,155	76,039,563	247.63%	72.57%
2016	4.152%	207,157,368	75,963,249	272.71%	70.49%
2017	3.940%	221,275,252	75,091,735	294.67%	67.77%
2018	3.877%	204,608,549	76,204,361	268.50%	71.41%
2019	3.773%	215,434,976	77,579,536	277.70%	71.37%

⁽¹⁾ Covered payroll is defined as the payroll on which contributions to a pension plan are based.

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System**EXHIBIT 11****Schedule of Reconciliation of Net Pension Liability – Total for all Employer Categories**

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$5,277,672,228	\$5,615,666,914
2. Pension Expense	627,667,477	572,654,105
3. Employer Contributions	-450,195,254	-453,356,059
4. New Net Deferred Inflows/Outflows	283,991,622	-340,726,725
5. Change in Allocation of Prior Deferred Inflows/Outflows	0	0
6. New Net Deferred Flows Due to Change in Proportion	0	0
7. Recognition of Prior Deferred Inflows/Outflows	-29,787,543	-116,566,007
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>0</u>	<u>0</u>
9. Ending Net Pension Liability	\$5,709,348,530	\$5,277,672,228

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – City

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$4,350,001,537	\$4,620,035,451
2. Pension Expense	526,787,339	480,644,443
3. Employer Contributions	-371,287,189	-373,668,441
4. New Net Deferred Inflows/Outflows	234,214,933	-280,836,269
5. Change in Allocation of Prior Deferred Inflows/Outflows	73,138	920,128
6. New Net Deferred Flows Due to Change in Proportion	2,065,363	6,154,506
7. Recognition of Prior Deferred Inflows/Outflows	-24,566,525	-96,076,886
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>-8,647,295</u>	<u>-7,171,395</u>
9. Ending Net Pension Liability	\$4,708,641,301	\$4,350,001,537

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System**EXHIBIT 11 (continued)****Schedule of Reconciliation of Net Pension Liability – Airports**

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$723,062,142	\$774,356,211
2. Pension Expense	81,612,827	73,212,130
3. Employer Contributions	-61,920,522	-62,111,588
4. New Net Deferred Inflows/Outflows	39,060,628	-46,680,921
5. Change in Allocation of Prior Deferred Inflows/Outflows	79,018	-536,702
6. New Net Deferred Flows Due to Change in Proportion	2,231,417	-3,589,868
7. Recognition of Prior Deferred Inflows/Outflows	-4,097,023	-15,970,007
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>5,243,766</u>	<u>4,382,887</u>
9. Ending Net Pension Liability	\$785,272,253	\$723,062,142

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net Pension Liability – Harbor

Reporting Date for Employer under GAS 68	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 68	June 30, 2018	June 30, 2017
Reconciliation of Net Pension Liability		
1. Beginning Net Pension Liability	\$204,608,549	\$221,275,252
2. Pension Expense	19,267,311	18,797,532
3. Employer Contributions	-16,987,543	-17,576,030
4. New Net Deferred Inflows/Outflows	10,716,061	-13,209,535
5. Change in Allocation of Prior Deferred Inflows/Outflows	-152,156	-383,426
6. New Net Deferred Flows Due to Change in Proportion	-4,296,780	-2,564,638
7. Recognition of Prior Deferred Inflows/Outflows	-1,123,995	-4,519,114
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>3,403,529</u>	<u>2,788,508</u>
9. Ending Net Pension Liability	\$215,434,976	\$204,608,549

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 12

Schedule of Recognition of Changes in Total Net Pension Liability

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Actual and Expected Experience on Total Pension Liability

Reporting Date for Employer under GAS 68, Year Ended June 30	Differences between Actual and Expected Experience	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30:							Thereafter
			2018	2019	2020	2021	2022	2023	2024	
2015	-\$161,871,265	5.62	-\$28,802,716	-\$28,802,716	-\$17,857,685	\$0	\$0	\$0	\$0	\$0
2016	-135,821,076	5.42	-25,059,239	-25,059,239	-25,059,239	-10,524,881	0	0	0	0
2017	-300,812,751	5.24	-57,407,014	-57,407,014	-57,407,014	-57,407,014	-13,777,681	0	0	0
2018	-146,474,065	5.17	-28,331,541	-28,331,541	-28,331,541	-28,331,541	-28,331,541	-4,816,360	0	0
2019	144,224,403	5.24	N/A	<u>27,523,741</u>	<u>27,523,741</u>	<u>27,523,741</u>	<u>27,523,741</u>	<u>27,523,741</u>	<u>6,605,698</u>	<u>0</u>
Net increase (decrease) in pension expense			-\$139,600,510	-\$112,076,769	-\$101,131,738	-\$68,739,695	-\$14,585,481	\$22,707,381	\$6,605,698	\$0

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Assumption Changes

Reporting Date for Employer under GAS 68, Year Ended June 30	Effects of Assumption Changes	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30:							Thereafter
			2018	2019	2020	2021	2022	2023	2024	
2015	\$785,439,114	5.62	\$139,757,849	\$139,757,849	\$86,649,869	\$0	\$0	\$0	\$0	\$0
2016	0	5.42	0	0	0	0	0	0	0	0
2017	0	5.24	0	0	0	0	0	0	0	0
2018	340,717,846	5.17	65,902,872	65,902,872	65,902,872	65,902,872	65,902,872	11,203,486	0	0
2019	483,717,164	5.24	N/A	<u>92,312,436</u>	<u>92,312,436</u>	<u>92,312,436</u>	<u>92,312,436</u>	<u>92,312,436</u>	<u>22,154,984</u>	<u>0</u>
Net increase (decrease) in pension expense			\$205,660,721	\$297,973,157	\$244,865,177	\$158,215,308	\$158,215,308	\$103,515,922	\$22,154,984	\$0

As described in Exhibit 9, the average of the expected remaining service lives of all employees that are provided with pensions through LACERS (active and inactive employees) determined as of June 30, 2017 (the beginning of the measurement period ending June 30, 2018) is 5.24 years.

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 12 (continued)

Schedule of Recognition of Changes in Total Net Pension Liability

Increase (Decrease) in Pension Expense Arising from the Recognition of Differences between Projected and Actual Earnings on Pension Plan Investments										
Reporting Date for Employer under GAS 68, Year Ended June 30	Differences between Projected and Actual Earnings	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30:							
			2018	2019	2020	2021	2022	2023	2024	Thereafter
2015	-\$1,017,855,266	5.00	-\$203,571,053	-\$203,571,054	\$0	\$0	\$0	\$0	\$0	\$0
2016	583,701,643	5.00	116,740,329	116,740,329	116,740,327	0	0	0	0	0
2017	874,539,255	5.00	174,907,851	174,907,851	174,907,851	174,907,851	0	0	0	0
2018	-621,748,969	5.00	-124,349,794	-124,349,794	-124,349,794	-124,349,794	-124,349,793	0	0	0
2019	-280,142,210	5.00	<u>N/A</u>	<u>-56,028,442</u>	<u>-56,028,442</u>	<u>-56,028,442</u>	<u>-56,028,442</u>	<u>-56,028,442</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in pension expense			-\$36,272,667	-\$92,301,110	\$111,269,942	-\$5,470,385	-\$180,378,235	-\$56,028,442	\$0	\$0

The differences between projected and actual earnings on pension plan investments are recognized over a five-year period per Paragraph 33b. of GASB 68.

Increase (Decrease) in Pension Expense

Reporting Date for Employer under GAS 68, Year Ended June 30	Total Differences and Changes	Reporting Date for Employer under GAS 68, Year Ended June 30:							
		2018	2019	2020	2021	2022	2023	2024	Thereafter
2015	-\$394,287,417	-\$92,615,920	-\$92,615,921	\$68,792,184	\$0	\$0	\$0	\$0	\$0
2016	447,880,567	91,681,090	91,681,090	91,681,088	-10,524,881	0	0	0	0
2017	573,726,504	117,500,837	117,500,837	117,500,837	117,500,837	-13,777,681	0	0	0
2018	-427,505,188	-86,778,463	-86,778,463	-86,778,463	-86,778,463	-86,778,462	6,387,126	0	0
2019	347,799,357	N/A	<u>63,807,735</u>	<u>63,807,735</u>	<u>63,807,735</u>	<u>63,807,735</u>	<u>63,807,735</u>	<u>28,760,682</u>	<u>0</u>
Net increase (decrease) in pension expense		\$29,787,544	\$93,595,278	\$255,003,381	\$84,005,228	-\$36,748,408	\$70,194,861	\$28,760,682	\$0

Amortization amounts prior to June 30, 2018 have been omitted from this exhibit. These amounts can be found in prior years' GAS 68 reports.

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System**EXHIBIT 13****Allocation of Changes in Total Net Pension Liability**

In addition to the amounts shown in Exhibit 12, there are changes in each employer's proportionate share of the total Net Pension Liability during the measurement period ending on June 30, 2018. The net effect of the change on the employer's proportionate share of the collective Net Pension Liability and collective deferred outflows of resources and deferred inflows of resources is also recognized over the average of the expected remaining service lives of all employees shown above. The difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ending on June 30, 2018 is recognized over the same periods. These amounts are shown below. While these amounts are different for each employer, they sum to zero over the entire LACERS.

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Reporting Date for Employer under GAS 68, Year Ended June 30, 2019

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30:						
			2019	2020	2021	2022	2023	2024	Thereafter
City	2,552,476	5.24	487,113	487,113	487,113	487,113	487,113	116,911	\$0
Airports	2,757,695	5.24	526,278	526,278	526,278	526,278	526,278	126,305	0
Harbor	<u>-5,310,171</u>	5.24	<u>-1,013,391</u>	<u>-1,013,391</u>	<u>-1,013,391</u>	<u>-1,013,391</u>	<u>-1,013,391</u>	<u>-243,216</u>	<u>0</u>
Total for all Employer Categories	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System**EXHIBIT 13 (continued)****Allocation of Changes in Total Net Pension Liability**

The corresponding amounts for the measurement period ending on June 30, 2017 are shown below:

**Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and
Change in Employer Contributions for the Reporting Date for Employer under GAS 68, Year Ended June 30, 2018**

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30:						
			2018	2019	2020	2021	2022	2023	Thereafter
City	7,630,406	5.17	1,475,900	1,475,900	1,475,900	1,475,900	1,475,900	250,906	\$0
Airports	-4,450,747	5.17	-860,879	-860,879	-860,879	-860,879	-860,879	-146,352	0
Harbor	<u>-3,179,659</u>	5.17	<u>-615,021</u>	<u>-615,021</u>	<u>-615,021</u>	<u>-615,021</u>	<u>-615,021</u>	<u>-104,554</u>	<u>0</u>
Total for all Employer Categories	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 13 (continued)

Allocation of Changes in Total Net Pension Liability

The corresponding amounts for the measurement period ending on June 30, 2016 are shown below:

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Reporting Date for Employer under GAS 68, Year Ended June 30, 2017									
	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30:						
			2017	2018	2019	2020	2021	2022	Thereafter
City	\$19,446,722	5.24	\$3,711,207	\$3,711,207	\$3,711,207	\$3,711,207	\$3,711,207	\$890,687	\$0
Airports	-9,200,091	5.24	-1,755,743	-1,755,743	-1,755,743	-1,755,743	-1,755,743	-421,376	0
Harbor	<u>-10,246,631</u>	5.24	<u>-1,955,464</u>	<u>-1,955,464</u>	<u>-1,955,464</u>	<u>-1,955,464</u>	<u>-1,955,464</u>	<u>-469,311</u>	<u>0</u>
Total for all Employer Categories	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System**EXHIBIT 13 (continued)****Allocation of Changes in Total Net Pension Liability**

The corresponding amounts for the measurement period ending on June 30, 2015 are shown below:

**Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and
Change in Employer Contributions for the Reporting Date for Employer under GAS 68, Year Ended June 30, 2016**

	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30:						
			2016	2017	2018	2019	2020	2021	Thereafter
City	-\$4,908,194	5.42	-\$905,571	-\$905,571	-\$905,571	-\$905,571	-\$905,571	-\$380,339	\$0
Airports	8,341,429	5.42	1,539,009	1,539,009	1,539,009	1,539,009	1,539,009	646,384	0
Harbor	<u>-3,433,235</u>	5.42	<u>-633,438</u>	<u>-633,438</u>	<u>-633,438</u>	<u>-633,438</u>	<u>-633,438</u>	<u>-266,045</u>	<u>0</u>
Total for all Employer Categories	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

SECTION 2: GAS 68 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 13 (continued)

Allocation of Changes in Total Net Pension Liability

The corresponding amounts for the measurement period ending on June 30, 2014 are shown below:

Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Reporting Date for Employer under GAS 68, Year Ended June 30, 2015									
	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 68, Year Ended June 30:						
			2015	2016	2017	2018	2019	2020	Thereafter
City	\$24,535,564	5.62	\$4,365,759	\$4,365,759	\$4,365,759	\$4,365,759	\$4,365,759	\$2,706,769	\$0
Airports	-23,413,780	5.62	-4,166,153	-4,166,153	-4,166,153	-4,166,153	-4,166,153	-2,583,015	0
Harbor	<u>-1,121,784</u>	5.62	<u>-199,606</u>	<u>-199,606</u>	<u>-199,606</u>	<u>-199,606</u>	<u>-199,606</u>	<u>-123,754</u>	<u>0</u>
Total for all Employer Categories	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

Actuarial Assumptions and Methods

For June 30, 2018 Measurement Date and Employer Reporting as of June 30, 2019

Rationale for Assumptions:

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2014 through June 30, 2017 Actuarial Experience Study dated June 29, 2018 and the June 30, 2017 Review of Economic Actuarial Assumptions dated June 30, 2017 (which was subsequently updated by our supplemental information letter dated August 10, 2017). Unless otherwise noted, all actuarial assumptions and methods shown below apply to both Tier 1 and Tier 3 members. These assumptions were adopted by the Board.

Economic Assumptions:

Net Investment Return:

7.25%, net of investment expenses

Consumer Price Index:

Increase of 3.00% per year; benefit increases due to CPI subject to 3.00% maximum for Tier 1 and 2.00% maximum for Tier 3.

**Employee Contribution
Crediting Rate:**

Based on average of 5-year Treasury note rate. An assumption of 3.00% is used to approximate that crediting rate in this valuation.

Salary Increases:

Inflation: 3.00%; plus additional 0.50% "across the board" salary increases (other than inflation); plus the following merit and promotional increases:

<u>Service</u>	<u>Percentage Increase</u>
0	6.50%
1	6.20%
2	5.10%
3	3.10%
4	2.10%
5	1.10%
6	1.00%
7	0.90%
8	0.70%
9	0.60%
10+	0.40%

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

Demographic Assumptions:

Post-Retirement Mortality Rates:

*Healthy Members and
All Beneficiaries:*

Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables (separate tables for males and females) projected generationally with the two-dimensional mortality improvement scale MP-2017.

Disabled Members:

Headcount-Weighted RP-2014 Disabled Retiree Mortality Tables (separate tables for males and females) projected generationally with the two-dimensional mortality improvement scale MP-2017.

The RP-2014 mortality tables and adjustments as shown above reflect the mortality experience as of the measurement date. The generational projection is a provision for future mortality improvement.

Termination Rates Before Retirement:

Pre-Retirement Mortality:

Headcount-Weighted RP-2014 Employee Mortality Tables (separate tables for males and females) times 90%, projected generationally with the two-dimensional mortality improvement scale MP-2017.

Age	Rate (%)	
	Disability	Termination*
25	0.01	7.00
30	0.02	7.00
35	0.05	5.50
40	0.07	3.90
45	0.13	3.20
50	0.19	2.70
55	0.20	2.50
60	0.20	2.50

* Rates for members with five or more years of service. Termination rates are zero for members eligible to retire.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

Rates of termination for members with less than 5 years of service are as follows:

Service	Rate (%)
	Termination (Based on Service)
0	12.00
1	10.00
2	9.00
3	8.25
4	7.75

Retirement Rates:

Age	Rate (%)					
	Tier 1		APO Tier 1 ⁽¹⁾		Tier 3	
	Non-55/30	55/30	Non-55/30	55/30	Non-55/30	55/30
50	6.0	0.0	7.0	0.0	6.0	0.0
51	3.0	0.0	4.0	0.0	3.0	0.0
52	3.0	0.0	4.0	0.0	3.0	0.0
53	3.0	0.0	4.0	0.0	3.0	0.0
54	17.0	0.0	18.0	0.0	16.0	0.0
55	6.0	24.0	7.0	25.0	0.0 ⁽²⁾	23.0
56	6.0	16.0	7.0	17.0	0.0 ⁽²⁾	15.0
57	6.0	16.0	7.0	17.0	0.0 ⁽²⁾	15.0
58	6.0	16.0	7.0	17.0	0.0 ⁽²⁾	15.0
59	6.0	16.0	7.0	17.0	0.0 ⁽²⁾	15.0
60	7.0	16.0	8.0	17.0	6.0	15.0
61	7.0	16.0	8.0	17.0	6.0	15.0
62	7.0	16.0	8.0	17.0	6.0	15.0
63	7.0	16.0	8.0	17.0	6.0	15.0
64	7.0	16.0	8.0	17.0	6.0	15.0
65	13.0	20.0	14.0	21.0	12.0	19.0
66	13.0	20.0	14.0	21.0	12.0	19.0
67	13.0	20.0	14.0	21.0	12.0	19.0
68	13.0	20.0	14.0	21.0	12.0	19.0
69	13.0	20.0	14.0	21.0	12.0	19.0
70	100.0	100.0	100.0	100.0	100.0	100.0

⁽¹⁾ Consistent with the cost study prepared for the adoption of enhanced Tier 1 benefits, we have estimated the rates above by increasing the retirement rates for Tier 1 by a flat 1%.

⁽²⁾ Not eligible to retire under the provisions of the Tier 3 plan.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

Retirement Age and Benefit for Inactive Vested Participants:	Pension benefit paid at the later of age 59 or the current attained age. For reciprocals, 3.90% compensation increases per annum.
Exclusion of Inactive Members:	All inactive participants are included in the valuation.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Percent Married/Domestic Partner:	76% of male participants; 50% of female participants.
Age of Spouse:	Male retirees are assumed to be 3 years older than their female spouses. Female retirees are assumed to be 2 years younger than their male spouses.
Service:	Employment service is used for eligibility determination purposes. Benefit service is used for benefit calculation purposes.
Future Benefit Accruals:	1.0 year of service credit per year.
Other Reciprocal Service:	5% of future inactive vested members will work at a reciprocal system.
<u>Actuarial Methods:</u>	
Actuarial Value of Assets:	The market value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual and expected returns on a market value basis and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets.
Actuarial Cost Method:	Entry Age Cost Method, level percent of salary.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

Funding Policy:

The plan sponsor of the City of Los Angeles Employees' Retirement System makes contributions equal to the normal cost adjusted by an amount to amortize any surplus or unfunded actuarial accrued liability. The amortization method for the UAAL is a level percent of payroll, assuming annual increases in total covered payroll equal to inflation plus across the board increases (other than inflation). Both the normal cost and the actuarial accrued liability are determined under the Entry Age cost method and are calculated on an individual basis. Entry age is calculated as age on the valuation date minus years of employment service.

Under the current funding policy, changes in the UAAL due to actuarial gains/losses are amortized over separate 15-year periods. Any changes in the UAAL due to assumption or method changes are amortized over separate 20-year periods. Plan changes, including the 2009 ERIP, are amortized over separate 15-year periods. Future ERIPs will be amortized over 5 years. Any actuarial surplus is amortized over 30 years. All the bases on or before June 30, 2012, except those arising from the 2009 ERIP and the two GASB 25/27 layers, were combined and amortized over 30 years effective June 30, 2012.

The recommended contribution is set equal to the contribution under the current funding policy plus an additional contribution due to the application of the 40-year minimum amortization requirement for both fiscal year 2003/2004 and fiscal year 2004/2005. The amortization of the 40-year minimum for 2003/2004 and 2004/2005 will be fully completed in the next two valuations.

Expected Remaining Service Lives:

The average of the expected service lives of all employees is determined by:

- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

Changes in Actuarial Assumptions: Based on the July 1, 2014 through June 30, 2017 Actuarial Experience Study, the following actuarial assumptions were changed. Previously, these assumptions were as follows:

Demographic Assumptions:

Post-Retirement Mortality Rates:

*Healthy Members and
All Beneficiaries:*

RP-2000 Combined Healthy Mortality Tables projected with Scale BB to 2020, set back one year for males and with no setback for females.

Disabled Members:

RP-2000 Combined Healthy Mortality Tables projected with Scale BB to 2020, set forward seven years for males and set forward eight years for females.

The above mortality tables contain about a 10% margin, based on actual to expected deaths, as a provision to reflect future mortality improvement, based on a review of mortality experience as of the measurement date.

Termination Rates Before Retirement:

Pre-Retirement Mortality:

RP-2000 Combined Healthy Mortality Tables projected with Scale BB to 2020, set back one year for males and with no setback for females.

Age	Rate (%)	
	Disability	Termination*
25	0.01	5.75
30	0.03	5.75
35	0.05	4.85
40	0.09	3.50
45	0.15	2.70
50	0.19	2.50
55	0.20	2.35
60	0.20	2.35

* Rates for members with five or more years of service. Termination rates are zero for members eligible to retire.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

Changes in Actuarial Assumptions (continued):

Rates of termination for members with less than 5 years of service are as follows:

Service	Rate (%)
	Termination (Based on Service)
0	13.25
1	11.00
2	8.75
3	7.25
4	5.75

Retirement Rates:

Age	Rate (%)					
	Tier 1		APO Tier 1 ⁽¹⁾		Tier 3	
	Non-55/30	55/30	Non-55/30	55/30	Non-55/30	55/30
50	6.0	0.0	7.0	0.0	6.0	0.0
51	3.0	0.0	4.0	0.0	3.0	0.0
52	3.0	0.0	4.0	0.0	3.0	0.0
53	3.0	0.0	4.0	0.0	3.0	0.0
54	16.0	0.0	17.0	0.0	15.0	0.0
55	6.0	20.0	7.0	21.0	0.0 ⁽²⁾	19.0
56	6.0	14.0	7.0	15.0	0.0 ⁽²⁾	13.0
57	6.0	14.0	7.0	15.0	0.0 ⁽²⁾	13.0
58	6.0	14.0	7.0	15.0	0.0 ⁽²⁾	13.0
59	6.0	14.0	7.0	15.0	0.0 ⁽²⁾	13.0
60	6.0	14.0	7.0	15.0	5.0	13.0
61	7.0	14.0	7.0	15.0	5.0	13.0
62	7.0	15.0	8.0	16.0	6.0	14.0
63	7.0	15.0	8.0	16.0	6.0	14.0
64	7.0	16.0	8.0	17.0	6.0	15.0
65	12.0	17.0	13.0	18.0	11.0	16.0
66	12.0	17.0	13.0	18.0	11.0	16.0
67	12.0	17.0	13.0	18.0	11.0	16.0
68	12.0	17.0	13.0	18.0	11.0	16.0
69	12.0	17.0	13.0	18.0	11.0	16.0
70	100.0	100.0	100.0	100.0	100.0	100.0

⁽¹⁾ Consistent with the cost study prepared for the adoption of enhanced Tier 1 benefits, we have estimated the rates above by increasing the retirement rates for Tier 1 by a flat 1%.

⁽²⁾ Not eligible to retire under the provisions of the Tier 3 plan.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

Changes in Actuarial Assumptions (continued):

**Retirement Age and Benefit for
Inactive Vested Participants:**

Pension benefit paid at the later of age 58 or the current attained age.
For reciprocals, 3.90% compensation increases per annum.

Age of Spouse:

Male retirees are assumed to be 4 years older than their female spouses. Female retirees are assumed to be 2 years younger than their male spouses.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

APPENDIX A

Calculation of Discount Rate of 7.25% as of June 30, 2018 Projection of Pension Plan's Fiduciary Net Position (\$ in millions)

Year Beginning July 1,	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2017	\$13,181	\$681	\$852	\$18	\$1,243	\$14,235
2018	14,235	757	991	19	1,019	15,000
2019	15,000	752	1,023	20	1,073	15,783
2020	15,783	750	1,085	21	1,127	16,553
2021	16,553	750	1,149	22	1,180	17,312
2022	17,312	750	1,214	23	1,232	18,057
2023	18,057	750	1,279	24	1,284	18,787
2024	18,787	704	1,347	25	1,332	19,452
2025	19,452	709	1,413	26	1,378	20,100
2044	27,268	115 *	2,404	37	1,883	26,826
2045	26,826	110 *	2,414	36	1,850	26,336
2046	26,336	105 *	2,421	35	1,814	25,799
2047	25,799	99 *	2,426	35	1,775	25,212
2048	25,212	93 *	2,429	34	1,732	24,573
2081	2,526	16 *	501	3	163	2,201
2082	2,201	15 *	450	3	142	1,904
2083	1,904	13 *	401	3	122	1,636
2084	1,636	12 *	355	2	105	1,395
2085	1,395	11 *	313	2	89	1,181
2101	22	1 *	10	0	1	14
2102	14	1 *	7	0	1	9
2103	9	1 *	5	0	0	6
2104	6	1 *	3	0	0	3
2105	3	0 ***	2	0	0	2
2106	2	0 ***	1	0	0	1
2107	1	0 ***	1	0	0	0
2108	0	0 ***	1	0	0	0
2109	0	0 ***	0 **	0	0	0
2110	0	0 ***	0 **	0	0	0
2111	0	0 ***	0 **	0	0	0
2112	0	0 ***	0 **	0	0	0
2113	0	0 ***	0 **	0	0	0
2114	0	0 ***	0 **	0	0	0
2115	0	0 ***	0 **	0	0	0
2116	0	0 ***	0 **	0	0	0

* Mainly attributable to employer contributions to fund each year's annual administrative expenses.

** Less than \$1 million, when rounded.

Note that in preparing the above projections, we have not taken into consideration the one-year delay between the date of the contribution rate calculation and the implementation.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

APPENDIX A (continued)

Calculation of Discount Rate of 7.25% as of June 30, 2018 Projection of Pension Plan's Fiduciary Net Position (\$ in millions)

Notes:

- (1) Amounts may not total exactly due to rounding.
- (2) Amounts shown for the year beginning July 1, 2017 row are actual amounts, based on the unaudited financial statements provided by LACERS.
- (3) Years 2026-2043, 2049-2080, and 2086-2100 have been omitted from this table.
- (4) Column (a): None of the projected beginning Plan Fiduciary Net Position amounts shown have been adjusted for the time value of money.
- (5) Column (b): Projected total contributions include employee and employer normal cost contributions based on closed group projections (based on covered active members as of June 30, 2018); plus employer contributions to the unfunded actuarial accrued liability; plus contributions to fund each year's annual administrative expenses reflecting a 15-year amortization schedule. Contributions are assumed to occur halfway through the year, on average.
- (6) Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GAS Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of June 30, 2018. The projected benefit payments reflect the cost of living increase assumptions used in the June 30, 2018 funding valuation report. Benefit payments are assumed to occur halfway through the year, on average. In accordance with paragraph 31.b.(1)(e) of GASB Statement No. 67, the long-term expected rate of return on Plan investments of 7.25% was applied to all periods of projected benefit payments to determine the discount rate.
- (7) Column (d): Projected administrative expenses are calculated as approximately 0.13% of the projected beginning Plan Fiduciary Net Position amount. The 0.13% portion was based on the actual fiscal year 2017 - 2018 administrative expenses as a percentage of the beginning Plan Fiduciary Net Position amount as of July 1, 2017. Administrative expenses are assumed to occur halfway through the year, on average.
- (8) Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.25% per annum.
- (9) As illustrated in this Exhibit, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected 'cross-over date' when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.25% per annum was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2018 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

APPENDIX B

Glossary of Terms

Definitions of certain terms *as they are used in Statement 68*;⁴ the terms may have different meanings in other contexts.

Active employees

Individuals employed at the end of the reporting or measurement period, as applicable.

Actual contributions

Cash contributions recognized as additions to a pension plan's fiduciary net position.

Actuarial present value of projected benefit payments

Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.

Actuarial valuation

The determination, as of a point in time (the actuarial valuation date), of the service cost, total pension liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.

Actuarial valuation date

The date as of which an actuarial valuation is performed.

Actuarially determined contribution

A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

Ad hoc cost-of-living adjustments (ad hoc COLAs)

Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.

Ad hoc postemployment benefit changes

Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.

Agent employer

An employer whose employees are provided with pensions through an agent multiple-employer defined benefit pension plan.

⁴ The definition for covered payroll is provided in GASB Statement No. 82 (which is an amendment of GASB Statements No. 67 and No. 68).

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

APPENDIX B (continued)

Glossary of Terms

Agent multiple-employer defined benefit pension plan (agent pension plan)

A multiple-employer defined benefit pension plan in which pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

Allocated insurance contract

A contract with an insurance company under which related payments to the insurance company are currently used to purchase immediate or deferred annuities for individual employees. Also may be referred to as an annuity contract.

Automatic cost-of-living adjustments (automatic COLAs)

Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Automatic postemployment benefit changes

Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Closed period

A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.

Collective deferred outflows of resources and deferred inflows of resources related to pensions

Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective net pension liability.

Collective net pension liability

The net pension liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation.

Collective pension expense

Pension expense arising from certain changes in the collective net pension liability.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

APPENDIX B (continued)

Glossary of Terms

Contributions

Additions to a pension plan's fiduciary net position for amounts from employers, nonemployer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.

Cost-of-living adjustments

Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.

Cost-sharing employer

An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan.

Cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan)

A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

Covered payroll

The payroll on which contributions to a pension plan are based.

Deferred retirement option program (DROP)

A program that permits an employee to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the pensions that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit pension plan until the end of the DROP period.

Defined benefit pension plans

Pension plans that are used to provide defined benefit pensions.

Defined benefit pensions

Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement 68.)

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

APPENDIX B (continued)

Glossary of Terms

Defined contribution pension plans

Pension plans that are used to provide defined contribution pensions.

Defined contribution pensions

Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.

Discount rate

The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected (under the requirements of Statement 68) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Entry age actuarial cost method

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the *normal cost*. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the *actuarial accrued liability*.

Inactive employees

Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.

Measurement period

The period between the prior and the current measurement dates.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

APPENDIX B (continued)

Glossary of Terms

Multiple-employer defined benefit pension plan

A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.

Net pension liability

The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan.

Nonemployer contributing entities

Entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities. For purposes of Statement 68, employees are not considered nonemployer-contributing entities.

Other postemployment benefits

All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.

Pension plans

Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed, and benefits are paid as they come due.

Pensions

Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.

Plan members

Individuals that are covered under the terms of a pension plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).

Postemployment

The period after employment.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

APPENDIX B (continued)

Glossary of Terms

Postemployment benefit changes

Adjustments to the pension of an inactive employee.

Postemployment healthcare benefits

Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.

Projected benefit payments

All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.

Public employee retirement system

A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.

Real rate of return

The rate of return on an investment after adjustment to eliminate inflation.

Service costs

The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.

Single employer

An employer whose employees are provided with pensions through a single-employer defined benefit pension plan.

Single-employer defined benefit pension plan (single-employer pension plan)

A defined benefit pension plan that is used to provide pensions to employees of only one employer.

Special funding situations

Circumstances in which a nonemployer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either of the following conditions exists:

1. The amount of contributions for which the nonemployer entity legally is responsible is *not* dependent upon one or more events or circumstances unrelated to the pensions.
2. The nonemployer entity is the only entity with a legal obligation to make contributions directly to a pension plan.

SECTION 3: Actuarial Assumptions and Methods and Appendices for the Los Angeles City Employees' Retirement System

APPENDIX B (continued)

Glossary of Terms

Termination benefits

Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.

Total pension liability

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 68.

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Los Angeles City Employees' Retirement System

**Governmental Accounting Standards (GAS) 75
Actuarial Valuation and Review of Other
Postemployment Benefits (OPEB) Based on
June 30, 2018 Measurement Date for
Employer Reporting as of June 30, 2019**

The logo for Segal Consulting is a large, blue, stylized arrow pointing to the right. The arrow is composed of two main triangular shapes meeting at a point on the right. The text "Segal Consulting" is written in white, sans-serif font, positioned to the right of a white star symbol that is also part of the arrow's design.

 Segal Consulting

This report has been prepared at the request of the Board of Administration to assist the sponsors of the Fund in preparing their financial report for their liabilities associated with the retiree health plan. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Administration and may only be provided to other parties in its entirety. The measurements shown in this actuarial valuation may not be applicable for other purposes.



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July 17, 2019

Board of Administration
Los Angeles City Employees Retirement System
202 W. 1st Street, Suite 500
Los Angeles, CA, 90012-4401

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards (GAS) 75 Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) based on a June 30, 2018 measurement date for employer reporting as of June 30, 2019. It contains various information that will need to be disclosed in order for the three employer categories in LACERS (i.e., the City, Airports, and Harbor) to comply with GAS 75.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist the sponsors in preparing their financial report for their liabilities associated with the LACERS OPEB plan. The census and financial information on which our calculations were based was provided by LACERS. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Thomas Bergman, ASA, MAAA, Enrolled Actuary and Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary. The health care trend and other related medical assumptions have been reviewed by Melissa Krumholz, FSA, MAAA. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions used in this valuation and described in Section 3 are reasonably related to the experience of and the expectations for LACERS.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal Consulting, a Member of The Segal Group, Inc.

By:

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SECTION 1: Valuation Summary for the Los Angeles City Employees' Retirement System

Purpose

This report has been prepared by Segal Consulting to present certain disclosure information required by Governmental Accounting Standard (GAS) 75 for employer reporting as of June 30, 2019. The results used in preparing this GAS 75 report are comparable to those used in preparing the Governmental Accounting Standard (GAS) 74 report for LACERS based on a measurement date and a reporting date as of June 30, 2018. This valuation is based on:

- The benefit provisions of the OPEB Plan, as administered by the Board of Administration;
- The characteristics of covered active members, inactive vested members, retired members and surviving spouses as of June 30, 2018, provided by LACERS;
- The assets of the Plan as of June 30, 2018, provided by LACERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2018 valuation; and
- Other (health and non-health) actuarial assumptions, regarding employee terminations, retirement, death, and healthcare trend and enrollment, etc. as of June 30, 2018 valuation.

General Observations on GAS 75 Actuarial Valuation

The following points should be considered when reviewing this GAS 75 report:

- The Government Accounting Standard Board (GASB) rules only define OPEB liability and expense for financial reporting purposes, and do not apply to contribution amounts for OPEB funding purposes. Employers and plans still develop and adopt funding policies under current practices.
- When measuring OPEB liability, GASB uses the same actuarial cost method (Entry Age) and, for benefits that are being fully funded on an actuarial basis, the same type of discount rate (expected return on assets) as LACERS uses for funding. This means that the Total OPEB Liability (TOL) measure for financial reporting shown in this report is determined on the same basis as LACERS' Actuarial Accrued Liability (AAL) measure for funding. We note that the same is true for the Normal Cost component of the annual plan cost for funding and financial reporting.
- The Net OPEB Liability (NOL) is equal to the difference between the TOL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets and therefore, the NOL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis. The NOL reflects all investment gains and losses as of the measurement date.

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- For this report, the reporting dates for the employer are June 30, 2019 and 2018. The NOL was measured as of June 30, 2018 and 2017, and determined based upon the results of the actuarial valuations as of June 30, 2018 and 2017, respectively. The Plan's Fiduciary Net Position (plan assets) and the TOL were valued as of the measurement dates. Consistent with the provisions of GAS 75, the assets and liabilities measured as of June 30, 2018 and 2017 were not adjusted or rolled forward to the June 30, 2019 and 2018 reporting dates, respectively.

Significant Issues in Valuation Year

The following key findings were the result of this actuarial valuation:

- The NOL has increased from \$566.9 million as of June 30, 2017 to \$580.5 million as of June 30, 2018. This increase is primarily a result of changes in actuarial assumptions and unfavorable demographic experience, offset to some degree by favorable investment and premium renewal experience. Changes in these values during the last two fiscal years ending June 30, 2017 and June 30, 2018 can be found in Exhibit 5.
- The discount rate used in the valuation for financial disclosure purposes as of June 30, 2018 and 2017 is the assumed investment return on Plan assets (e.g. 7.25% for the June 30, 2018 and 2017 funding valuations). As contributions that are required to be made by the City to amortize the OPEB Unfunded Actuarial Accrued Liability in the funding valuation are determined on an actuarial basis, the future Actuarially Determined Contributions and current Plan assets, when projected in accordance with the method prescribed by GAS 75, are expected to be sufficient to make all benefit payments to current members. Various information that is required to be disclosed can be found throughout Exhibits 1 through 13 in Section 2.
- The NOLs for the three employer categories in LACERS (i.e., the City, Airports, and Harbor) as of June 30, 2017 and June 30, 2018 are allocated based on the actual employer contributions made during 2016/2017 and 2017/2018, respectively. The steps we used for the allocation are as follows:
 - First calculate the ratio of the employer category's contributions to the total contributions.
 - Then multiply this ratio by the NOL to determine the employer category's proportionate share of the NOL. The NOL allocation can be found in Exhibit 7 in Section 2.
- Based on a response to our recent query of LACERS, it is our understanding that no special considerations are necessary in preparing the accounting experience and liability for the Airports to reflect the effect of APO members transferring out of LACERS or remaining at LACERS. Accordingly, Segal did not alter the allocation process for determining each employer category's share of the total plan NOL. That is, the allocation continues to be based on the ratio of the employer category's contributions to the plan's total employer contributions.

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- Results shown in this report exclude any employer contributions made after the measurement date of June 30, 2018. Employers should consult with their auditors to determine the deferred outflow that should be created for these contributions.

SECTION 1: Valuation Summary for the Los Angeles City Employees' Retirement System

Summary of Key Valuation Results

Reporting Date for Employer under GAS 75 Measurement Date for Employer under GAS 75	June 30, 2019 ⁽¹⁾ June 30, 2018	June 30, 2018 ⁽²⁾ June 30, 2017
Disclosure elements for fiscal year ending June 30:		
1. Service cost ⁽³⁾	\$74,610,881	\$68,385,120
2. Total OPEB Liability	3,256,827,847	3,005,806,234
3. Plan's Fiduciary Net Position	2,676,371,615	2,438,861,850
4. Net OPEB Liability ⁽³⁾ (2) – (3)	580,456,232	566,944,384
5. OPEB expense	89,544,723	95,328,791
Schedule of contributions for fiscal year ending June 30:		
6. Actuarially determined contributions	\$100,909,010	\$97,457,455
7. Actual contributions	100,909,010	97,457,455
8. Contribution deficiency (excess) (6) – (7)	0	0
Demographic data for plan year ending June 30:		
9. Number of retired members and surviving spouses ⁽⁴⁾	15,144	14,652
10. Number of vested terminated members	1,401	1,280
11. Number of active members	26,042	25,457
Key assumptions as of June 30:		
12. Discount Rate	7.25%	7.25%
13. Medical cost trend rates		
Non-Medicare medical plan	Graded from 6.87% to ultimate 4.50% over 10 years ⁽⁵⁾	Graded from 6.87% to ultimate 4.50% over 10 years
Medicare medical plan	Graded from 6.37% to ultimate 4.50% over 8 years ⁽⁵⁾	Graded from 6.37% to ultimate 4.50% over 8 years
Medicare Part B	4.00%	4.50%

⁽¹⁾ The reporting date and measurement date for the Plan are June 30, 2018.

⁽²⁾ The reporting date and measurement date for the Plan are June 30, 2017.

⁽³⁾ The service cost is based on the previous year's valuation, meaning the June 30, 2018 and June 30, 2017 measurement date values are based on the valuations as of June 30, 2017 and June 30, 2016, respectively. The June 30, 2018 measurement date service cost has been calculated using the assumptions shown in the June 30, 2017 measurement date column and the June 30, 2017 measurement date service cost has been calculated using the following assumptions:

Key assumptions as of June 30, 2016:

Discount rate	7.50%
Non-Medicare and Medicare medical plan trend rates	Graded from 6.38% to ultimate 5.00% over 6 years
Dental and Medicare Part B trend rates	5.00%

⁽⁴⁾ The total number of participants, including married dependents, receiving benefits is 20,288 as of June 30, 2018 and 19,539 as of June 30, 2017.

⁽⁵⁾ The 2020-2021 premium increases include additional estimated increases of 1.0% (non-Medicare) and 0.5% (Medicare) from the impact of the Health Insurance Tax (HIT).

SECTION 1: Valuation Summary for the Los Angeles City Employees' Retirement System

Important Information about Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of an OPEB plan. It is an estimated forecast – the actual long-term cost of the Plan will be determined by the actual benefits and expenses paid and the actual investment experience of the Plan.

In order to prepare an actuarial valuation, Segal Consulting (“Segal”) relies on a number of input items. These include:

- **Plan of benefits** Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
- **Participant data** An actuarial valuation for a plan is based on data provided to the actuary by the System. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
- **Assets** This valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an “actuarial value of assets” that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining contribution requirements.
- **Actuarial assumptions** In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to health care cost trends and member enrollment in retiree health benefits. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan’s assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.

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The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of Board to assist the sponsors of the Fund in preparing items related to the OPEB plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the Plan will be determined by the actual benefits and expenses paid and the actual investment experience of the Plan.
- If LACERS is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

As Segal has no discretionary authority with respect to the management or assets of the Plan, it is not a fiduciary in its capacity as actuaries and consultants with respect to LACERS.

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 1

General Information – “Financial Statements”, Note Disclosures and Required Supplementary Information for a Single-Employer OPEB Plan

Plan Description

Plan administration. The Los Angeles City Employees' Retirement System (LACERS) was established by City Charter in 1937. LACERS is a single employer public employee retirement system whose main function is to provide retirement benefits to the civilian employees of the City of Los Angeles.

Under the provisions of the City Charter, the Board of Administration (the "Board") has the responsibility and authority to administer the Plan and to invest its assets. The Board members serve as trustees and must act in the exclusive interest of the Plan's members and surviving spouses. The Board has seven members: four members, one of whom shall be a retired member of the system, shall be appointed by the Mayor subject to the approval of the Council; two members shall be active employee members of the system elected by the active employee members; one shall be a retired member of the system elected by the retired members of the system.

Plan membership. At June 30, 2018, OPEB plan membership consisted of the following:

Retired members or surviving spouses currently receiving benefits ⁽¹⁾	15,144
Vested terminated members entitled to, but not yet receiving benefits	1,401
Active members	<u>26,042</u>
Total	42,587

⁽¹⁾ The total number of participants, including married dependents, receiving benefits is 20,288.

Benefits provided. LACERS provides benefits to eligible retirees and beneficiaries.

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Membership Eligibility:

Tier 1 (§4.1002(a))

All employees who became members of LACERS before July 1, 2013, and certain employees who became members of LACERS on or after July 1, 2013. In addition, pursuant to Ordinance No. 184134, all Tier 2 employees who became members of LACERS between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016.

Tier 3 (§4.1080.2(a))

All employees who became members of LACERS on or after February 21, 2016, except as provided otherwise in Section 4.1080.2(b) of the Los Angeles Administrative Code.

Benefit Eligibility:

Tier 1 (§4.1111(a)) and Tier 3 (§4.1126(a))

Retired age 55 or older with at least 10 years of service (including deferred vested members who terminate employment and receive a retirement benefit from LACERS), or if retirement date is between October 2, 1996, and September 30, 1999 at age 50 or older with at least 30 years of service. Benefits are also payable to spouses, domestic partners, or other qualified dependents while the retiree is alive. Please note that the health subsidy is not payable to a disabled retiree before the member reaches age 55.

Medical Subsidy for Members Not Subject to Cap:

Under Age 65 or Over Age 65 Without Medicare Part A

Tier 1 (§4.1111(d)) and Tier 3 (§4.1126(c))

The System will pay 4% of the maximum health subsidy (limited to actual premium) for each year of Service Credit, up to 100% of the maximum health subsidy. As of July 1, 2018, the maximum health subsidy is \$1,790.80 per month, remaining unchanged in calendar year 2019. This amount includes coverage of dependent premium costs.

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*Over Age 65 and Enrolled in
Both Medicare Parts A and B*

*Tier 1 (§4.1111(e)) and
Tier 3 (§4.1126(d))*

For retirees, a maximum health subsidy shall be paid in the amount of the single-party monthly premium of the approved Medicare supplemental or coordinated plan in which the retiree is enrolled, subject to the following vesting schedule:

<u>Completed Years of Service</u>	<u>Vested Percentage</u>
1-14	75%
15-19	90%
20+	100%

Subsidy Cap for Tier 1:
(§4.1111(b))

As of the June 30, 2011 valuation, the retiree health benefits program was changed to cap the medical subsidy for non-retired members who do not contribute an additional 4% or 4.5% of employee contributions to the Pension Plan.

The capped subsidy is different for Medicare and non-Medicare retirees.

The cap applies to the medical subsidy limits at the 2011 calendar year level.

The cap does not apply to the dental subsidy or the Medicare Part B premium reimbursement.

Dependents:

*Tier 1 (§4.1111(e)(4))
and Tier 3 (§4.1126(d)(4))*

An additional amount is added for coverage of dependents which shall not exceed the amount provided to a retiree not enrolled in Medicare Parts A and B and covered by the same medical plan with the same years of service. The combined member and dependent subsidy shall not exceed the actual premium. This refers to dependents of retired members with Medicare Parts A and B. It does not apply to those without Medicare or Part B only.

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Dental Subsidy for Members:

*Tier 1 (§4.1114(b))
and Tier 3 (§4.1129(b))*

The System will pay 4% of the maximum dental subsidy (limited to actual premium) for each year of Service Credit, up to 100% of the maximum dental subsidy. As of July 1, 2018, the maximum dental subsidy is \$44.60 per month; remaining unchanged in calendar year 2019.

There is no subsidy available to spouses or domestic partners or for dependent coverage. There is also no reimbursement for dental plans not sponsored by the System.

Medicare Part B Reimbursement for Members:

*Tier 1 (§4.1113) and
Tier 3 (§4.1128)*

If a Retiree is covered by both Medicare Parts A and B, and enrolled in a LACERS' medical plan or participates in the LACERS Retiree Medical Premium Reimbursement Program, LACERS will reimburse the retiree the basic Medicare Part B premium.

Surviving Spouse Medical Subsidy

*Tier 1 (§4.1115) and
Tier 3 (§4.1129.1)*

The surviving spouse or domestic partner will be entitled to a health subsidy (limited to the actual lowest cost plan available single-party premium) based on the member's years of service and the surviving dependent's eligibility for Medicare.

*Under Age 65 or Over Age 65
Without Medicare Part A*

The maximum health subsidy available for survivors is the lowest cost plan available (currently Kaiser) single-party premium (\$853.39 per month as of July 1, 2018; remaining unchanged in calendar year 2019).

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*Over Age 65 and Enrolled in
Both Medicare Parts A and B*

For survivors, a maximum health subsidy limited to the single-party monthly premium of the Plan in which the survivor is enrolled, is provided subject to the following vesting schedule:

<u>Completed Years of Service</u>	<u>Vested Percentage</u>
1-14	75%
15-19	90%
20+	100%

In compliance with the City Charter Sections 1158 and 1160, the City of Los Angeles contributes to the health plan based upon actuarially determined contribution rates adopted by the Board of Administration. Employer contribution rates are adopted annually based upon recommendations received from LACERS' actuary after the completion of the annual actuarial valuation. The combined employer contribution rate as of June 30, 2018 was 4.90% of compensation.¹

Note that a new Tier 1 Enhanced Plan providing a higher retirement benefit was adopted pursuant to Ordinance No. 184853. However, other than Segal applying higher retirement rate assumptions to anticipate somewhat earlier retirement, there are no differences between the retiree health benefits paid by LACERS to those members.

¹ Based on the June 30, 2016 funding valuation (which established funding requirements for fiscal year 2017/2018). Exhibit 6 in Section 2 of this report provides details on how this rate was calculated.

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 2

Net OPEB Liability

Reporting Date for Employer under GAS 75	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 75	June 30, 2018	June 30, 2017
The components of the Net OPEB Liability are as follows:		
Total OPEB Liability	\$3,256,827,847	\$3,005,806,234
Plan's Fiduciary Net Position	<u>-2,676,371,615</u>	<u>-2,438,861,850</u>
Net OPEB Liability	\$580,456,232	\$566,944,384
Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability	82.18%	81.14%

The Net OPEB Liability (NOL) was measured as of June 30, 2018 and 2017. The Plan's Fiduciary Net Position (plan assets) and Total OPEB Liability (TOL) were valued as of the measurement date and were based on the actuarial valuations as of June 30, 2018 and 2017, respectively.

Plan provisions. The plan provisions used in the measurement of the NOL as of June 30, 2018 and 2017 are the same as those used in the LACERS funding valuations as of June 30, 2018 and 2017, respectively.

Actuarial assumptions. The Total OPEB Liabilities as of June 30, 2018 and June 30, 2017 were determined by actuarial valuations as of June 30, 2018 and June 30, 2017, respectively. The actuarial assumptions used in both the June 30, 2018 and June 30, 2017 valuations were based on the results of an economic actuarial assumptions study as of June 30, 2017. However, based on the results of an experience study for the period from July 1, 2014 through June 30, 2017, the demographic assumptions were changed for the 2018 valuation. The assumptions used in the June 30, 2018 funding actuarial valuation for LACERS were applied to all periods included in the measurement:

Investment rate of return	7.25%, net of OPEB plan investment expense and including inflation
Inflation	3.00%
Salary increases	Ranges from 10.00% to 3.90% based on years of service, including inflation
Other assumptions	Same as those used in the June 30, 2018 funding valuation

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EXHIBIT 3

Target Asset Allocation

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, are summarized in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption for the actuarial valuation as of June 30, 2018. This information is subject to change every three years based on the actuarial experience study.

Asset Class	Target Allocation	Long-Term (Arithmetic) Expected Real Rate of Return
U.S. Large Cap Equity	14.00%	5.32%
U.S. Small Cap Equity	5.00%	6.07%
Developed International Large Cap Equity	17.00%	6.67%
Developed International Small Cap Equity	3.00%	7.14%
Emerging Market Equity	7.00%	8.87%
Core Bond	13.75%	1.04%
High Yield Bond	2.00%	3.09%
Bank Loan	2.00%	3.00%
TIPS	3.50%	0.97%
Emerging Market Debt (External)	4.50%	3.44%
Real Estate	7.00%	4.68%
Cash	1.00%	0.01%
Commodities	1.00%	3.36%
Additional Public Real Assets	1.00%	4.76%
Real Estate Investment Trust (REIT)	0.50%	5.91%
Private Debt	3.75%	5.50%
Private Equity	14.00%	8.97%
Total	100.00%	

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Discount rate. The discount rate used to measure the Total OPEB Liability (TOL) was 7.25% as of June 30, 2018 and June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the OPEB Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of both June 30, 2018 and June 30, 2017.

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EXHIBIT 4

Discount Rate and Healthcare Cost Trend Rate Sensitivity

Sensitivity of the Net OPEB Liability to changes in the discount rate. The following presents the Net OPEB Liability (NOL) of LACERS as of June 30, 2018, calculated using the discount rate of 7.25%, as well as what LACERS' NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

Net OPEB Liability	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City	\$867,570,646	\$480,346,441	\$163,875,814
Airports	141,464,327	78,324,326	26,721,261
Harbor	<u>39,347,497</u>	<u>21,785,465</u>	<u>7,432,367</u>
Total for all Employer Categories	\$1,048,382,470	\$580,456,232	\$198,029,442

Sensitivity of the Net OPEB Liability to changes in the health care cost trend rate. The following presents the NOL of LACERS as of June 30, 2018, as well as what LACERS' NOL would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Net OPEB Liability	1% Decrease	Current Trend Rates*	1% Increase
City	\$119,924,087	\$480,346,441	\$952,848,061
Airports	19,554,581	78,324,326	155,369,491
Harbor	<u>5,438,995</u>	<u>21,785,465</u>	<u>43,215,139</u>
Total for all Employer Categories	\$144,917,663	\$580,456,232	\$1,151,432,691

* Current trend rates: 6.87% graded down to 4.5% over 10 years for Non-Medicare medical plan costs and 6.37% graded down to 4.5% over 8 years for Medicare medical plan costs. The 2020-2021 premium increases include additional estimated increases of 1.0% (non-Medicare) and 0.5% (Medicare) from the impact of the Health Insurance Tax (HIT). 4.0% for all years for Dental and Medicare Part B subsidy cost.

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EXHIBIT 5

Schedules of Changes in LACERS Net OPEB Liability – Last Two Fiscal Years

Reporting Date for Employer under GAS 75	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 75	June 30, 2018	June 30, 2017
Total OPEB Liability		
Service cost ⁽¹⁾	\$74,610,881	\$68,385,120
Interest	218,687,305	210,169,949
Change of benefit terms (retirement rates adjusted for Enhanced Tier 1)	948,264	0
Differences between expected and actual experience ⁽²⁾	-7,321,481	19,666,471
Changes of assumptions	92,177,641	33,511,927
Benefit payments	-128,080,997	-119,616,188
Net change in Total OPEB Liability	\$251,021,613	\$212,117,279
Total OPEB Liability – beginning	<u>3,005,806,234</u>	<u>2,793,688,955</u>
Total OPEB Liability – ending (a)	<u>\$3,256,827,847</u>	<u>\$3,005,806,234</u>
Plan Fiduciary Net Position		
Contributions – employer	\$100,909,010	\$97,457,455
Contributions – employee	0	0
Net investment income	269,380,196	330,707,601
Benefit payments	-128,080,997	-119,616,188
Administrative expense	-4,698,444	-4,564,135
Other	<u>0</u>	<u>0</u>
Net change in Plan Fiduciary Net Position	\$237,509,765	\$303,984,733
Plan Fiduciary Net Position – beginning	<u>2,438,861,850</u>	<u>2,134,877,117</u>
Plan Fiduciary Net Position – ending (b)	<u>\$2,676,371,615</u>	<u>\$2,438,861,850</u>
System's Net OPEB Liability – ending (a) – (b)	<u>\$580,456,232</u>	<u>\$566,944,384</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	82.18%	81.14%
Covered payroll⁽³⁾	\$2,057,565,478	\$1,973,048,633
Plan Net OPEB Liability as percentage of covered payroll	28.21%	28.73%

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 5 (continued)

Schedules of Changes in LACERS Net OPEB Liability – Last Two Fiscal Years

- ⁽¹⁾ *The service cost is always based on the previous year's valuation, meaning the 2018 and 2017 values are based on the valuations as of June 30, 2017 and June 30, 2016, respectively. The 2018 service cost has been calculated using the assumptions shown in the 2017 column on page iv and the 2017 service cost has been calculated using the key assumptions as of June 30, 2016 shown in footnote (3) of page iv.*
- ⁽²⁾ *Includes a reallocation of liability between service cost and TOL as a result of adjustment to Entry Age cost methodology.*
- ⁽³⁾ *Covered payroll is defined as the payroll on which contributions to an OPEB plan are based.*

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System**EXHIBIT 6****Schedule of Employer Contributions – Last Ten Fiscal Years**

Year Ended June 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll⁽¹⁾	Contributions as a Percentage of Covered Payroll
2009	\$95,122,090	\$95,122,090	\$0	\$1,832,795,577	5.19%
2010	96,511,234	96,511,234	0	1,827,864,283	5.28%
2011	107,395,804	107,395,804	0	1,678,059,440	6.40%
2012	115,208,835	115,208,835	0	1,715,197,133	6.72%
2013	72,916,729	72,916,729	0	1,736,112,598	4.20%
2014	97,840,554	97,840,554	0	1,802,931,195	5.43%
2015	100,466,945	100,466,945	0	1,835,637,409	5.47%
2016	105,983,112	105,983,112	0	1,876,946,179	5.65%
2017	97,457,455	97,457,455	0	1,973,048,633	4.94%
2018	100,909,010	100,909,010	0	2,057,565,478	4.90%

⁽¹⁾ Covered payroll is defined as the payroll on which contributions to an OPEB plan are based.

See accompanying notes to this schedule on next page.

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

Notes to Exhibit 6

Methods and assumptions used to establish "actuarially determined contribution" rates:

Valuation date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
Actuarial cost method	Entry Age Cost Method (level percent of payroll)
Amortization method	Level percent of payroll
Amortization period	Multiple layers, closed amortization periods. The costs associated with the 2009 ERIP have been amortized over 15 years beginning with the June 30, 2009 valuation date. The unfunded actuarial accrued liability as of June 30, 2012 is amortized over a fixed period of 30 years beginning July 1, 2012. Assumption changes resulting from the triennial experience study will be amortized over 20 years. Health trend and premium assumption changes, plan changes, and gains and losses will be amortized over 15 years.
Asset valuation method	Market value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets.
Actuarial assumptions:	<u>June 30, 2018 valuation date</u>
Investment rate of return	7.25%
Inflation rate	3.00%
Real across-the-board salary increase	0.50%
Projected salary increases ⁽¹⁾	Ranges from 10.00% to 3.90%, based on years of service
Mortality	Healthy Post-Retirement: RP-2014 Healthy Annuitant Mortality Table projected generationally with two-dimensional Scale MP-2017
Other assumptions	Same as those used in the June 30, 2018 funding actuarial valuation

⁽¹⁾ Includes inflation at 3.00% plus across the board salary increases of 0.50% plus merit and promotional increases.

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 7

Determination of Proportionate Share

Actual Employer Contributions by Employer Category July 1, 2016 to June 30, 2017

Employer Category	Contributions	Percentage ⁽¹⁾
City	\$80,357,552	82.454%
Airports	13,333,631	13.681%
Harbor	<u>3,766,272</u>	<u>3.865%</u>
Total for all Employer Categories	\$97,457,455	100.000%

⁽¹⁾ The unrounded percentages are used in the allocation of the NOL amongst employer categories.

Allocation of June 30, 2017 Net OPEB Liability

Employer Category	NOL	Percentage
City	\$467,468,218	82.454%
Airports	77,566,434	13.681%
Harbor	<u>21,909,732</u>	<u>3.865%</u>
Total for all Employer Categories	\$566,944,384	100.000%

Notes:

1. Based on the July 1, 2016 through June 30, 2017 employer contributions as provided by LACERS.
2. The Net OPEB Liability (NOL) is the Total OPEB Liability (TOL) minus the Plan's Fiduciary Net Position (plan assets).
3. The NOL is allocated based on the actual contributions from each employer category. The steps used for the allocation are as follows:
 - First calculate the ratio of the contributions from the employer category to the total contributions.
 - Then multiply this ratio by the NOL to determine the employer category's proportionate share of the NOL.

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 7 (continued)

Determination of Proportionate Share

Actual Employer Contributions by Employer Category July 1, 2017 to June 30, 2018

Employer Category	Contributions	Percentage ⁽¹⁾
City	\$83,505,493	82.753%
Airports	13,616,238	13.494%
Harbor	<u>3,787,279</u>	<u>3.753%</u>
Total for all Employer Categories	\$100,909,010	100.000%

⁽¹⁾ The unrounded percentages are used in the allocation of the NOL amongst employer categories.

Allocation of June 30, 2018 Net OPEB Liability

Employer Category	NOL	Percentage
City	\$480,346,441	82.753%
Airports	78,324,326	13.494%
Harbor	<u>21,785,465</u>	<u>3.753%</u>
Total for all Employer Categories	\$580,456,232	100.000%

Notes:

1. Based on the July 1, 2017 through June 30, 2018 employer contributions as provided by LACERS.
2. The Net OPEB Liability (NOL) is the Total OPEB Liability (TOL) minus the Plan's Fiduciary Net Position (plan assets).
3. The NOL is allocated based on the actual contributions from each employer category. The steps used for the allocation are as follows:
 - First calculate the ratio of the contributions from the employer category to the total contributions.
 - Then multiply this ratio by the NOL to determine the employer category's proportionate share of the NOL.

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 7 (continued)

Determination of Proportionate Share

Notes:

For purposes of the results in this exhibit, the reporting date for the employer under GAS 75 is June 30, 2019. The reporting date and measurement date for the Plan under GAS 74 are June 30, 2018. Consistent with the provisions of GAS 75, the assets and liabilities measured as of June 30, 2018 are not adjusted or rolled forward to the June 30, 2019 reporting date. Other results, such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

The following items are allocated based on the corresponding proportionate share:

- 1) Net OPEB Liability
- 2) Service Cost
- 3) Interest on the Total OPEB Liability
- 4) Expensed portion of current-period benefit changes
- 5) Expensed portion of current-period difference between actual and expected experience in the Total OPEB Liability
- 6) Expensed portion of current-period changes of assumptions or other inputs
- 7) Member contributions
- 8) Projected earnings on plan investments
- 9) Expensed portion of current-period differences between actual and projected earnings on plan investments
- 10) Administrative expense
- 11) Recognition of beginning of year deferred outflows of resources as OPEB expense
- 12) Recognition of beginning of year deferred inflows of resources as OPEB expense

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 8

OPEB Expense – Total for all Employer Categories

Reporting Date for Employer under GAS 75	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 75	June 30, 2018	June 30, 2017
Components of OPEB Expense		
1. Service cost	\$74,610,881	\$68,385,120
2. Interest on the Total OPEB Liability	218,687,305	210,169,949
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
4. Expensed portion of current-period benefit changes	948,264	0
5. Expensed portion of current-period difference between actual and expected experience in the Total OPEB Liability	(1,122,927)	3,077,695
6. Expensed portion of current-period changes of assumptions or other inputs	14,137,675	5,244,433
7. Member contributions	0	0
8. Projected earnings on plan investments	(179,015,303)	(162,463,776)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(18,072,979)	(33,648,765)
10. Administrative expense	4,698,444	4,564,135
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as OPEB expense	8,322,128	0
13. Recognition of beginning of year deferred inflows of resources as OPEB expense	(33,648,765)	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>0</u>	<u>0</u>
OPEB Expense	\$89,544,723	\$95,328,791

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 8 (continued)

OPEB Expense – City

Reporting Date for Employer under GAS 75 Measurement Date for Employer under GAS 75	June 30, 2019 June 30, 2018	June 30, 2018 June 30, 2017
Components of OPEB Expense		
1. Service cost	\$61,742,933	\$56,386,254
2. Interest on the Total OPEB Liability	180,970,869	173,293,491
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	301,426	234,010
4. Expensed portion of current-period benefit changes	784,719	0
5. Expensed portion of current-period difference between actual and expected experience in the Total OPEB Liability	(929,259)	2,537,682
6. Expensed portion of current-period changes of assumptions or other inputs	11,699,387	4,324,244
7. Member contributions	0	0
8. Projected earnings on plan investments	(148,140,995)	(133,957,852)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(14,955,979)	(27,744,746)
10. Administrative expense	3,888,115	3,763,311
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as OPEB expense	6,886,832	0
13. Recognition of beginning of year deferred inflows of resources as OPEB expense	(27,845,449)	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>234,010</u>	<u>0</u>
OPEB Expense	\$74,636,609	\$78,836,394

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 8 (continued)

OPEB Expense – Airports

Reporting Date for Employer under GAS 75 Measurement Date for Employer under GAS 75	June 30, 2019 June 30, 2018	June 30, 2018 June 30, 2017
Components of OPEB Expense		
1. Service cost	\$10,067,680	\$9,356,102
2. Interest on the Total OPEB Liability	29,508,746	28,754,378
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(189,259)	(149,239)
4. Expensed portion of current-period benefit changes	127,955	0
5. Expensed portion of current-period difference between actual and expected experience in the Total OPEB Liability	(151,523)	421,075
6. Expensed portion of current-period changes of assumptions or other inputs	1,907,678	717,517
7. Member contributions	0	0
8. Projected earnings on plan investments	(24,155,573)	(22,227,464)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(2,438,692)	(4,603,652)
10. Administrative expense	633,988	624,442
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as OPEB expense	1,122,953	0
13. Recognition of beginning of year deferred inflows of resources as OPEB expense	(4,540,423)	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>(149,239)</u>	<u>0</u>
OPEB Expense	\$11,744,291	\$12,893,159

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 8 (continued)

OPEB Expense – Harbor

Reporting Date for Employer under GAS 75 Measurement Date for Employer under GAS 75	June 30, 2019 June 30, 2018	June 30, 2018 June 30, 2017
Components of OPEB Expense		
1. Service cost	\$2,800,268	\$2,642,764
2. Interest on the Total OPEB Liability	8,207,690	8,122,080
3. Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(112,167)	(84,771)
4. Expensed portion of current-period benefit changes	35,590	0
5. Expensed portion of current-period difference between actual and expected experience in the Total OPEB Liability	(42,145)	118,938
6. Expensed portion of current-period changes of assumptions or other inputs	530,610	202,672
7. Member contributions	0	0
8. Projected earnings on plan investments	(6,718,735)	(6,278,460)
9. Expensed portion of current-period differences between actual and projected earnings on plan investments	(678,308)	(1,300,367)
10. Administrative expense	176,341	176,382
11. Other	0	0
12. Recognition of beginning of year deferred outflows of resources as OPEB expense	312,343	0
13. Recognition of beginning of year deferred inflows of resources as OPEB expense	(1,262,893)	0
14. Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	<u>(84,771)</u>	<u>0</u>
OPEB Expense	\$3,163,823	\$3,599,238

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 9

Deferred Outflows of Resources and Deferred Inflows of Resources – Total for all Employer Categories

Reporting Date for Employer under GAS 75	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 75	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$2,691,173	\$1,261,313
2. Changes of assumptions or other inputs	101,063,027	28,267,494
3. Net excess of projected over actual earnings on OPEB plan investments (if any)	0	0
4. Difference between actual and expected experience in the Total OPEB Liability	<u>13,511,081</u>	<u>16,588,776</u>
5. Total Deferred Outflows of Resources	\$117,265,281	\$46,117,583
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$2,691,173	\$1,261,313
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on OPEB plan investments (if any)	173,238,209	134,595,060
9. Difference between expected and actual experience in the Total OPEB Liability	<u>6,198,554</u>	<u>0</u>
10. Total Deferred Inflows of Resources	\$182,127,936	\$135,856,373

Deferred outflows of resources and deferred inflows of resources related to OPEB expense will be recognized as follows:

Reporting Date for Employer under GAS 75 Year Ended June 30:

2019	N/A	\$(25,326,637)
2020	\$(30,384,868)	(25,326,637)
2021	(30,384,868)	(25,326,637)
2022	(30,384,868)	(25,326,637)
2023	3,263,899	8,322,128
2024	16,260,378	3,245,630
2025	6,767,672	0
Thereafter	0	0

⁽¹⁾ Calculated in accordance with Paragraphs 63 and 64 of GAS 75.

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – City

Reporting Date for Employer under GAS 75	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 75	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$2,691,173	\$1,261,313
2. Changes of assumptions or other inputs	83,632,947	23,307,674
3. Net excess of projected over actual earnings on OPEB plan investments (if any)	0	0
4. Difference between actual and expected experience in the Total OPEB Liability	<u>11,180,860</u>	<u>13,678,106</u>
5. Total Deferred Outflows of Resources	\$97,504,980	\$38,247,093
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0	\$0
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on OPEB plan investments (if any)	143,360,261	110,978,986
9. Difference between expected and actual experience in the Total OPEB Liability	<u>5,129,505</u>	<u>0</u>
10. Total Deferred Inflows of Resources	\$148,489,766	\$110,978,986

Deferred outflows of resources and deferred inflows of resources related to OPEB expense will be recognized as follows:

Reporting Date for Employer under GAS 75 Year Ended June 30:

2019	N/A	\$(20,648,811)
2020	\$(24,609,032)	(20,648,811)
2021	(24,609,032)	(20,648,811)
2022	(24,609,032)	(20,648,811)
2023	3,236,419	7,095,936
2024	13,848,681	2,767,415
2025	5,757,210	0
Thereafter	0	0

⁽¹⁾ Calculated in accordance with Paragraphs 63 and 64 of GAS 75.

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Airports

Reporting Date for Employer under GAS 75	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 75	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0	\$0
2. Changes of assumptions or other inputs	13,637,020	3,867,414
3. Net excess of projected over actual earnings on OPEB plan investments (if any)	0	0
4. Difference between actual and expected experience in the Total OPEB Liability	<u>1,823,129</u>	<u>2,269,592</u>
5. Total Deferred Outflows of Resources	\$15,460,149	\$6,137,006
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$1,699,864	\$804,395
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on OPEB plan investments (if any)	23,376,036	18,414,608
9. Difference between expected and actual experience in the Total OPEB Liability	<u>836,407</u>	<u>0</u>
10. Total Deferred Inflows of Resources	\$25,912,307	\$19,219,003

Deferred outflows of resources and deferred inflows of resources related to OPEB expense will be recognized as follows:

Reporting Date for Employer under GAS 75 Year Ended June 30:

2019	N/A	\$(3,614,300)
2020	\$(4,438,504)	(3,614,300)
2021	(4,438,504)	(3,614,300)
2022	(4,438,504)	(3,614,300)
2023	101,919	989,352
2024	1,946,648	385,851
2025	814,787	0
Thereafter	0	0

⁽¹⁾ Calculated in accordance with Paragraphs 63 and 64 of GAS 75.

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – Harbor

Reporting Date for Employer under GAS 75	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 75	June 30, 2018	June 30, 2017
Deferred Outflows of Resources		
1. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$0	\$0
2. Changes of assumptions or other inputs	3,793,060	1,092,406
3. Net excess of projected over actual earnings on OPEB plan investments (if any)	0	0
4. Difference between actual and expected experience in the Total OPEB Liability	<u>507,092</u>	<u>641,078</u>
5. Total Deferred Outflows of Resources	\$4,300,152	\$1,733,484
Deferred Inflows of Resources		
6. Changes in proportion and differences between employer's contributions and proportionate share of contributions ⁽¹⁾	\$991,309	\$456,918
7. Changes of assumptions or other inputs	0	0
8. Net excess of actual over projected earnings on OPEB plan investments (if any)	6,501,912	5,201,466
9. Difference between expected and actual experience in the Total OPEB Liability	<u>232,642</u>	<u>0</u>
10. Total Deferred Inflows of Resources	\$7,725,863	\$5,658,384

Deferred outflows of resources and deferred inflows of resources related to OPEB expense will be recognized as follows:

Reporting Date for Employer under GAS 75 Year Ended June 30:

2019	N/A	\$(1,063,526)
2020	\$(1,337,332)	(1,063,526)
2021	(1,337,332)	(1,063,526)
2022	(1,337,332)	(1,063,526)
2023	(74,439)	236,840
2024	465,049	92,364
2025	195,675	0
Thereafter	0	0

⁽¹⁾ Calculated in accordance with Paragraphs 63 and 64 of GAS 75.

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 9 (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

There are changes in each employer's proportionate share of the total Net OPEB Liability (NOL) during the measurement period ended June 30, 2018. The net effect of the change on the employer category's proportionate share of the collective NOL and collective deferred outflows of resources and deferred inflows of resources is recognized over the average of the expected remaining service lives of all employees that are provided with benefits through LACERS which is 6.52⁽¹⁾ years determined as of June 30, 2017 (the beginning of the measurement period ended June 30, 2018). This is described in Paragraph 64 of GAS 75.

In addition, the difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended June 30, 2018 is recognized over the same period. This is zero because the proportionate share was determined using the actual employer contributions.

The average of the expected service lives of all employees is determined by:

- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

⁽¹⁾ The remaining service lives of all employees of 6.52 years used here for GAS 75 is different from the 5.24 years used for GAS 68 because the number of payees and nonactive members (with 0 years of expected remaining service lives) receiving health benefits under the Plan is less than the number of payees and nonactive members receiving pension benefits.

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 10

Schedule of Proportionate Share of the Net OPEB Liability – Total for all Employer Categories

Reporting Date for Employer under GAS 75 as of June 30	Measurement Date as of June 30	Proportion of the Net OPEB Liability	Proportionate share of Net OPEB Liability	Employer Contribution	Covered- employee payroll⁽¹⁾	Proportionate share of the Net OPEB Liability as a percentage of its covered- employee payroll	Plan's Fiduciary Net Position as a percentage of the Total OPEB Liability
2017	2016	100.000%	\$658,811,838	\$105,983,112	\$1,876,946,179	35.10%	76.42%
2018	2017	100.000%	566,944,384	97,457,455	1,973,048,633	28.73%	81.14%
2019	2018	100.000%	580,456,232	100,909,010	2,057,565,478	28.21%	82.18%

⁽¹⁾ Covered payroll is defined as the payroll on which contributions to an OPEB plan are based.

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net OPEB Liability – City

Reporting Date for Employer under GAS 75 as of June 30	Measurement Date as of June 30	Proportion of the Net OPEB Liability	Proportionate share of Net OPEB Liability	Employer Contribution	Covered- employee payroll⁽¹⁾	Proportionate share of the Net OPEB Liability as a percentage of its covered- employee payroll	Plan's Fiduciary Net Position as a percentage of the Total OPEB Liability
2017	2016	82.227%	\$541,721,269	\$87,146,743	\$1,540,925,299	35.16%	76.42%
2018	2017	82.454%	467,468,218	80,357,552	1,625,808,930	28.75%	81.14%
2019	2018	82.753%	480,346,441	83,505,493	1,701,304,099	28.23%	82.18%

⁽¹⁾ Covered payroll is defined as the payroll on which contributions to an OPEB plan are based.

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net OPEB Liability – Airports

Reporting Date for Employer under GAS 75 as of June 30	Measurement Date as of June 30	Proportion of the Net OPEB Liability	Proportionate share of Net OPEB Liability	Employer Contribution	Covered- employee payroll⁽¹⁾	Proportionate share of the Net OPEB Liability as a percentage of its covered- employee payroll	Plan's Fiduciary Net Position as a percentage of the Total OPEB Liability
2017	2016	13.826%	\$91,088,903	\$14,653,479	\$260,929,145	34.91%	76.42%
2018	2017	13.681%	77,566,434	13,333,631	271,035,342	28.62%	81.14%
2019	2018	13.494%	78,324,326	13,616,238	278,681,843	28.11%	82.18%

⁽¹⁾ Covered payroll is defined as the payroll on which contributions to an OPEB plan are based.

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 10 (continued)

Schedule of Proportionate Share of the Net OPEB Liability – Harbor

Reporting Date for Employer under GAS 75 as of June 30	Measurement Date as of June 30	Proportion of the Net OPEB Liability	Proportionate share of Net OPEB Liability	Employer Contribution	Covered- employee payroll⁽¹⁾	Proportionate share of the Net OPEB Liability as a percentage of its covered- employee payroll	Plan's Fiduciary Net Position as a percentage of the Total OPEB Liability
2017	2016	3.947%	\$26,001,666	\$4,182,890	\$75,091,735	34.63%	76.42%
2018	2017	3.865%	21,909,732	3,766,272	76,204,361	28.75%	81.14%
2019	2018	3.753%	21,785,465	3,787,279	77,579,536	28.08%	82.18%

⁽¹⁾ Covered payroll is defined as the payroll on which contributions to an OPEB plan are based.

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 11

Schedule of Reconciliation of Net OPEB Liability – Total for all Employer Categories

Reporting Date for Employer under GAS 75	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 75	June 30, 2018	June 30, 2017
Reconciliation of Net OPEB Liability		
1. Beginning Net OPEB Liability	\$566,944,384	\$658,811,838
2. OPEB Expense	89,544,723	95,328,791
3. Employer Contributions	(100,909,010)	(97,457,455)
4. New Net Deferred Inflows/Outflows	(450,502)	(89,738,790)
5. Change in Allocation of Prior Deferred Inflows/Outflows	0	0
6. New Net Deferred Flows Due to Change in Proportion	0	0
7. Recognition of Prior Deferred Inflows/Outflows	25,326,637	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>0</u>	<u>0</u>
9. Ending Net OPEB Liability	\$580,456,232	\$566,944,384

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net OPEB Liability – City

Reporting Date for Employer under GAS 75	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 75	June 30, 2018	June 30, 2017
Reconciliation of Net OPEB Liability		
1. Beginning Net OPEB Liability	\$467,468,218	\$541,721,269
2. OPEB Expense	74,636,609	78,836,394
3. Employer Contributions	(83,505,493)	(80,357,552)
4. New Net Deferred Inflows/Outflows	(372,803)	(73,993,206)
5. Change in Allocation of Prior Deferred Inflows/Outflows	(268,567)	0
6. New Net Deferred Flows Due to Change in Proportion	1,663,870	1,261,313
7. Recognition of Prior Deferred Inflows/Outflows	20,958,617	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>(234,010)</u>	<u>0</u>
9. Ending Net OPEB Liability	\$480,346,441	\$467,468,218

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net OPEB Liability – Airports

Reporting Date for Employer under GAS 75	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 75	June 30, 2018	June 30, 2017
Reconciliation of Net OPEB Liability		
1. Beginning Net OPEB Liability	\$77,566,434	\$91,088,903
2. OPEB Expense	11,744,291	12,893,159
3. Employer Contributions	(13,616,238)	(13,333,631)
4. New Net Deferred Inflows/Outflows	(60,789)	(12,277,602)
5. Change in Allocation of Prior Deferred Inflows/Outflows	168,627	0
6. New Net Deferred Flows Due to Change in Proportion	(1,044,708)	(804,395)
7. Recognition of Prior Deferred Inflows/Outflows	3,417,470	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>149,239</u>	<u>0</u>
9. Ending Net OPEB Liability	\$78,324,326	\$77,566,434

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 11 (continued)

Schedule of Reconciliation of Net OPEB Liability – Harbor

Reporting Date for Employer under GAS 75	June 30, 2019	June 30, 2018
Measurement Date for Employer under GAS 75	June 30, 2018	June 30, 2017
Reconciliation of Net OPEB Liability		
1. Beginning Net OPEB Liability	\$21,909,732	\$26,001,666
2. OPEB Expense	3,163,823	3,599,238
3. Employer Contributions	(3,787,279)	(3,766,272)
4. New Net Deferred Inflows/Outflows	(16,910)	(3,467,982)
5. Change in Allocation of Prior Deferred Inflows/Outflows	99,940	0
6. New Net Deferred Flows Due to Change in Proportion	(619,162)	(456,918)
7. Recognition of Prior Deferred Inflows/Outflows	950,550	0
8. Recognition of Prior Deferred Flows Due to Change in Proportion	<u>84,771</u>	<u>0</u>
9. Ending Net OPEB Liability	\$21,785,465	\$21,909,732

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 12

Schedule of Recognition of Changes in Total Net OPEB Liability

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of Differences between Actual and Expected Experience on Total OPEB Liability

Reporting Date for Employer under GAS 75 Year Ended June 30	Differences Between Actual and Expected Experience	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30							
			2018	2019	2020	2021	2022	2023	2024	2025
2018	\$19,666,471	6.39	\$3,077,695	\$3,077,695	\$3,077,695	\$3,077,695	\$3,077,695	\$3,077,695	\$1,200,301	\$0
2019	(7,321,481)	6.52	<u>N/A</u>	<u>(1,122,927)</u>	<u>(1,122,927)</u>	<u>(1,122,927)</u>	<u>(1,122,927)</u>	<u>(1,122,927)</u>	<u>(1,122,927)</u>	<u>(583,919)</u>
Net increase (decrease) in OPEB expense			\$3,077,695	\$1,954,768	\$1,954,768	\$1,954,768	\$1,954,768	\$1,954,768	\$77,374	\$(583,919)

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of Assumption Changes

Reporting Date for Employer under GAS 75 Year Ended June 30	Effect of Assumption Changes	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30							
			2018	2019	2020	2021	2022	2023	2024	2025
2018	\$33,511,927	6.39	\$5,244,433	\$5,244,433	\$5,244,433	\$5,244,433	\$5,244,433	\$5,244,433	\$2,045,329	\$0
2019	92,177,641	6.52	<u>N/A</u>	<u>14,137,675</u>	<u>14,137,675</u>	<u>14,137,675</u>	<u>14,137,675</u>	<u>14,137,675</u>	<u>14,137,675</u>	<u>7,351,591</u>
Net increase (decrease) in OPEB expense			\$5,244,433	\$19,382,108	\$19,382,108	\$19,382,108	\$19,382,108	\$19,382,108	\$16,183,004	\$7,351,591

As described in Exhibit 9, the average of the expected remaining service lives of all employees that are provided with benefits through LACERS (active and inactive employees) determined as of June 30, 2017 (the beginning of the measurement period ending June 30, 2018) is 6.52 years.

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 12 (continued)

Schedule of Recognition of Changes in Total Net OPEB Liability

Increase (Decrease) in OPEB Expense Arising from the Recognition of Differences between Projected and Actual Earnings on OPEB Plan Investments

Reporting Date for Employer under GAS 75 Year Ended June 30	Differences between Projected and Actual Earnings	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30					
			2018	2019	2020	2021	2022	2023
2018	\$(168,243,825)	5.00	\$(33,648,765)	\$(33,648,765)	\$(33,648,765)	\$(33,648,765)	\$(33,648,765)	\$0
2019	(90,364,893)	5.00	<u>N/A</u>	<u>(18,072,979)</u>	<u>(18,072,979)</u>	<u>(18,072,979)</u>	<u>(18,072,979)</u>	<u>(18,072,977)</u>
Net increase (decrease) in OPEB expense			\$(33,648,765)	\$(51,721,744)	\$(51,721,744)	\$(51,721,744)	\$(51,721,744)	\$(18,072,977)

The differences between projected and actual earnings on OPEB plan investments are recognized over a five-year period per Paragraph 43b. of GAS 75.

Total Increase (Decrease) in OPEB Expense

Reporting Date for Employer under GAS 75 Year Ended June 30	Total Differences	Reporting Date for Employer under GAS 75 Year Ended June 30							
		2018	2019	2020	2021	2022	2023	2024	2025
2018	\$(115,065,427)	\$(25,326,637)	\$(25,326,637)	\$(25,326,637)	\$(25,326,637)	\$(25,326,637)	\$8,322,128	\$3,245,630	\$0
2019	(5,508,733)	<u>N/A</u>	<u>(5,058,231)</u>	<u>(5,058,231)</u>	<u>(5,058,231)</u>	<u>(5,058,231)</u>	<u>(5,058,229)</u>	<u>13,014,748</u>	<u>6,767,672</u>
Net increase (decrease) in OPEB expense		\$(25,326,637)	\$(30,384,868)	\$(30,384,868)	\$(30,384,868)	\$(30,384,868)	\$3,263,899	\$16,260,378	\$6,767,672

SECTION 2: GAS 75 Information for the Los Angeles City Employees' Retirement System

EXHIBIT 13

Allocation of Changes in Total Net OPEB Liability

In addition to the amounts shown in Exhibit 12, there are changes in each employer's proportionate share of the total Net OPEB Liability (NOL) during the measurement period ending on June 30, 2018. The net effect of the change on the employer's proportionate share of the collective NOL and collective deferred outflows of resources and deferred inflows of resources is also recognized over the average of the expected remaining service lives of all employees shown previously. The differences between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ending on June 30, 2018 is recognized over the same period. These amounts are shown below. While these amounts are different for each employer, they sum to zero for the entire LACERS.

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Reporting Year Ended June 30, 2019									
	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30						
			2019	2020	2021	2022	2023	2024	2025
City	\$1,965,296	6.52	\$301,426	\$301,426	\$301,426	\$301,426	\$301,426	\$301,426	\$156,740
Airports	(1,233,967)	6.52	(189,259)	(189,259)	(189,259)	(189,259)	(189,259)	(189,259)	(98,413)
Harbor	(731,329)	6.52	(112,167)	(112,167)	(112,167)	(112,167)	(112,167)	(112,167)	(58,327)
Total for all Employer Categories	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Reporting Year Ended June 30, 2018									
	Total Change to be Recognized	Recognition Period (Years)	Reporting Date for Employer under GAS 75 Year Ended June 30						
			2018	2019	2020	2021	2022	2023	2024
City	\$1,495,323	6.39	\$234,010	\$234,010	\$234,010	\$234,010	\$234,010	\$234,010	\$91,263
Airports	(953,634)	6.39	(149,239)	(149,239)	(149,239)	(149,239)	(149,239)	(149,239)	(58,200)
Harbor	(541,689)	6.39	(84,771)	(84,771)	(84,771)	(84,771)	(84,771)	(84,771)	(33,063)
Total for all Employer Categories	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

SECTION 3: Actuarial Assumptions and Methods for the Los Angeles City Employees' Retirement System

Actuarial Assumptions and Methods

For June 30, 2018 Measurement Date and Employer Reporting as of June 30, 2019

Rationale for Assumptions:

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2014 through June 30, 2017 Actuarial Experience Study dated June 29, 2018, economic assumption review dated June 30, 2017 and retiree health assumptions letter dated September 18, 2018. Unless otherwise noted, all actuarial assumptions and methods shown below apply to both Tier 1 and Tier 3 members. These assumptions have been adopted by the Board.

Measurement Date:

June 30, 2018

Data:

LACERS provided detailed census data and financial data for post-employment benefits.

Post-Retirement Mortality Rates:

Healthy Members and All Beneficiaries:

Headcount-Weighted RP-2014 Healthy Annuitant Mortality Tables (separate tables for males and females) projected generationally with the two-dimensional mortality improvement scale MP-2017.

Disabled Members:

Headcount-Weighted RP-2014 Disabled Retiree Mortality Tables (separate tables for males and females) projected generationally with the two-dimensional mortality improvement scale MP-2017.

The RP-2014 mortality tables and adjustments as shown above reflect the mortality experience as of the measurement date. The generational projection is a provision for future mortality improvement.

SECTION 3: Actuarial Assumptions and Methods for the Los Angeles City Employees' Retirement System

Termination Rates Before Retirement:

Pre-Retirement Mortality:

Headcount-Weighted RP-2014 Employee Mortality Tables (separate tables for males and females) times 90%, projected generationally with the two-dimensional mortality improvement scale MP-2017.

Age	Rate (%)	
	Disability	Termination*
25	0.01	7.00
30	0.02	7.00
35	0.05	5.50
40	0.07	3.90
45	0.13	3.20
50	0.19	2.70
55	0.20	2.50
60	0.20	2.50

**Rates for members with five or more years of service. Termination rates are zero for members eligible to retire.*

Rates of termination for members with less than 5 years of service are as follows:

Service	Rate (%)
	Termination (Based on Service)
0	12.00
1	10.00
2	9.00
3	8.25
4	7.75

SECTION 3: Actuarial Assumptions and Methods for the Los Angeles City Employees' Retirement System

Retirement Rates:

Age	Rate (%)					
	Tier 1		APO Tier 1 ⁽¹⁾		Tier 3	
	Non-55/30	55/30	Non-55/30	55/30	Non-55/30	55/30
50	6.0	0.0	7.0	0.0	6.0	0.0
51	3.0	0.0	4.0	0.0	3.0	0.0
52	3.0	0.0	4.0	0.0	3.0	0.0
53	3.0	0.0	4.0	0.0	3.0	0.0
54	17.0	0.0	18.0	0.0	16.0	0.0
55	6.0	24.0	7.0	25.0	0.0 ⁽²⁾	23.0
56	6.0	16.0	7.0	17.0	0.0 ⁽²⁾	15.0
57	6.0	16.0	7.0	17.0	0.0 ⁽²⁾	15.0
58	6.0	16.0	7.0	17.0	0.0 ⁽²⁾	15.0
59	6.0	16.0	7.0	17.0	0.0 ⁽²⁾	15.0
60	7.0	16.0	8.0	17.0	6.0	15.0
61	7.0	16.0	8.0	17.0	6.0	15.0
62	7.0	16.0	8.0	17.0	6.0	15.0
63	7.0	16.0	8.0	17.0	6.0	15.0
64	7.0	16.0	8.0	17.0	6.0	15.0
65	13.0	20.0	14.0	21.0	12.0	19.0
66	13.0	20.0	14.0	21.0	12.0	19.0
67	13.0	20.0	14.0	21.0	12.0	19.0
68	13.0	20.0	14.0	21.0	12.0	19.0
69	13.0	20.0	14.0	21.0	12.0	19.0
70	100.0	100.0	100.0	100.0	100.0	100.0

⁽¹⁾ Consistent with the cost study prepared for the adoption of enhanced Tier 1 benefits, we have estimated the rates above by increasing the retirement rates for Tier 1 by a flat 1%.

⁽²⁾ Not eligible to retire under the provisions of the Tier 3 plan.

SECTION 3: Actuarial Assumptions and Methods for the Los Angeles City Employees' Retirement System

Retirement Age and Benefit for Inactive Vested Participants:	Assume retiree health benefit will be paid at the later of age 59 or the current attained age.
Exclusion of Inactive Vested:	Inactive vested with less than 10 years of service are excluded.
Definition of Active Members:	First day of biweekly payroll following employment for new department employees or immediately following transfer from other city department.
Unknown Data for Members:	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.

Service:	Employment service is used for eligibility determination purposes. Benefit service is used for benefit calculation purposes.
Future Benefit Accruals:	1.0 year of service per year.
Net Investment Return:	7.25%, net of investment expenses
Salary Increases:	Inflation: 3.00%; plus additional 0.50% "across the board" salary increases (other than inflation); plus the following merit and promotional increases:

<u>Service</u>	<u>Percentage Increase</u>
0	6.50%
1	6.20%
2	5.10%
3	3.10%
4	2.10%
5	1.10%
6	1.00%
7	0.90%
8	0.70%
9	0.60%
10+	0.40%

SECTION 3: Actuarial Assumptions and Methods for the Los Angeles City Employees' Retirement System

Actuarial Value of Assets:	The market value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual and expected returns on a market value basis and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets.
Actuarial Cost Method:	Entry Age Cost Method, level percent of salary.
Expected Remaining Service Lives:	<p>The average of the expected service lives of all employees is determined by:</p> <ul style="list-style-type: none">• Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.• Setting the remaining service life to zero for each nonactive or retired member.• Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

Per Capita Cost Development:	The assumed costs on a composite basis are the future costs of providing postemployment health care benefits at each age. To determine the assumed costs on a composite basis, historical premiums are reviewed and adjusted for increases in the cost of health care services.
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Maximum Dental Subsidy

<u>Carrier</u>	<u>Election Percent</u>	<u>Monthly 2018-2019 Fiscal Year Subsidy</u>
Delta Dental PPO	79.2%	\$44.60
DeltaCare USA	20.8%	\$13.19

SECTION 3: Actuarial Assumptions and Methods for the Los Angeles City Employees' Retirement System

Per Capita Cost Development – Tier 1 and Tier 3, Not Subject to Medical Subsidy Cap: Participant Under Age 65 or Not Eligible for Medicare A & B

2018-2019 Fiscal Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
CARRIER	Observed and Assumed Election Percent	Monthly Premium*	Maximum Subsidy	Subsidy	Monthly Premium*	Maximum Subsidy	Subsidy	Monthly Premium*	Maximum Subsidy	Subsidy
Kaiser HMO	62.4%	\$853.39	\$1,790.80	\$853.39	\$1,706.78	\$1,790.80	\$1,706.78	\$853.39	\$853.39	\$853.39
Anthem Blue Cross PPO	21.9%	\$1,270.81	\$1,790.80	\$1,270.81	\$2,537.02	\$1,790.80	\$1,790.80	\$1,270.81	\$853.39	\$853.39
Anthem Blue Cross HMO	15.7%	\$1,003.40	\$1,790.80	\$1,003.40	\$2,002.19	\$1,790.80	\$1,790.80	\$1,003.40	\$853.39	\$853.39

* With the exception of Kaiser, the amounts above reflect the inclusion of the vision insurance plan premium.

Participant Eligible for Medicare A & B

2018-2019 Fiscal Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
CARRIER	Observed and Assumed Election Percent	Monthly Premium*	Maximum Subsidy	Subsidy	Monthly Premium*	Maximum Subsidy	Subsidy	Monthly Premium*	Maximum Subsidy	Subsidy
Kaiser Senior Advantage HMO	58.1%	\$259.86	\$259.86	\$259.86	\$519.72	\$519.72	\$519.72	\$259.86	\$259.86	\$259.86
Anthem Blue Cross Medicare Supplement	30.6%	\$542.51	\$542.51	\$542.51	\$1,080.42	\$1,062.50	\$1,062.50	\$542.51	\$542.51	\$542.51
UHC Medicare Adv. HMO for California**	11.3%	\$273.69	\$273.69	\$273.69	\$542.78	\$542.78	\$542.78	\$273.69	\$273.69	\$273.69

* With the exception of Kaiser, the amounts above reflect the inclusion of the vision insurance plan premium.

** Rates for CA plan.

SECTION 3: Actuarial Assumptions and Methods for the Los Angeles City Employees' Retirement System

Members who are subject to the retiree medical subsidy cap will have monthly health insurance subsidy maximums capped at the levels in effect at July 1, 2011, as shown in the table below:

	Single Party	Married/With Domestic Partner	Eligible Survivor
Under 65 – All Plans	\$1,190.00	\$1,190.00	\$593.62
<u>Over 65</u>			
Kaiser HMO	\$203.27	\$406.54	\$203.27
Blue Cross Medicare Supplement	\$478.43	\$478.43	\$478.43
UHC Medicare Adv. HMO for California	\$219.09	\$396.47	\$219.09

These rates only apply to a few inactive members. No active members are subject to the retiree medical subsidy cap.

Adjustments to per-capita costs (as shown on page 42) based on age, gender, and status, are as follows:

Age	Retiree		Spouse	
	Male	Female	Male	Female
55	0.9037	0.9330	0.7112	0.8055
60	1.0732	1.0056	0.9521	0.9342
64	1.2312	1.0668	1.2019	1.0515
65	0.9193	0.7814	0.9193	0.7814
70	1.0655	0.8421	1.0655	0.8421
75	1.1482	0.9064	1.1482	0.9064
80+	1.2365	0.9772	1.2365	0.9772

SECTION 3: Actuarial Assumptions and Methods for the Los Angeles City Employees' Retirement System

**Spouse/Domestic
Partner Coverage:**

60% of male and 35% of female retirees who receive a subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage. Of these covered spouses/domestic partners, 100% are assumed to continue coverage if the retiree predeceases the spouse/domestic partner.

Spouse Age Difference:

Male retirees are assumed to be 4 years older than their female spouses. Female retirees are assumed to be 2 years younger than their male spouses.

Participation:

Retiree Medical and Dental Coverage Participation:

Service Range	Percent Covered*
10 – 14	60%
15 – 19	80%
20 – 24	90%
25 and Over	95%

* *Inactive members are assumed to elect coverages at 50% of the rates shown above.*

100% of retirees becoming eligible for Medicare are assumed to be covered by both Parts A and B.

SECTION 3: Actuarial Assumptions and Methods for the Los Angeles City Employees' Retirement System

Health Care Cost Subsidy Trend Rates:

MEDICAL TRENDS FOR THE JUNE 30, 2018 VALUATION

Trends to be applied in following fiscal years, to all health plans.

Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium

First Fiscal Year (July 1, 2018 through June 30, 2019)

Plan	Anthem Blue Cross PPO, Under Age 65	Anthem Blue Cross Medicare Supplement	Kaiser HMO, Under Age 65	Kaiser Senior Advantage	Anthem Blue Cross HMO, Under 65	UHC Medicare HMO
Trend to be applied to 2018-2019 Fiscal Year premium	3.50%	3.25%	3.50%	4.29%	-1.75%	3.25%
Trend (Approx.)			The fiscal year trend rates are based on the following calendar year trend rates:			Trend (applied to calculate following year premium)
			Calendar Year	Non-Medicare	Medicare	
Fiscal Year	Non-Medicare	Medicare	Calendar Year	Non-Medicare	Medicare	
2019-2020	6.87%	6.37%	2019	7.00%*	6.50%*	
2020-2021	6.62%**	6.12%**	2020	6.75%	6.25%	
2021-2022	6.37%	5.87%	2021	6.50%	6.00%	
2022-2023	6.12%	5.62%	2022	6.25%	5.75%	
2023-2024	5.87%	5.37%	2023	6.00%	5.50%	
2024-2025	5.62%	5.12%	2024	5.75%	5.25%	
2025-2026	5.37%	4.87%	2025	5.50%	5.00%	
2026-2027	5.12%	4.62%	2026	5.25%	4.75%	
2027-2028	4.87%	4.50%	2027	5.00%	4.50%	
2028-2029	4.62%	4.50%	2028	4.75%	4.50%	
2029 and later	4.50%	4.50%	2029	4.50%	4.50%	
Dental Premium Trend	4.00% for all years					
Medicare Part B Premium Trend	Trend for the 2018-19 fiscal year will be calculated based on the actual increase in Medicare B premium from 2018 to 2019, when it becomes available. 4.00% for years following the 2019 calendar year.					

* For example, the 7.00% assumption when applied to the 2019 non-Medicare medical premiums would provide the projected 2020 non-Medicare medical premiums. This trend would also be applied to the maximum medical subsidy, based on the non-Medicare Kaiser premium.

** The 2020-2021 premium increases include additional estimated increases of 1.0% (non-Medicare) and 0.5% (Medicare) from the impact of the Health Insurance Tax (HIT)

SECTION 3: Actuarial Assumptions and Methods for the Los Angeles City Employees' Retirement System

Health Care Reform: As directed by LACERS, we have reflected in the current valuation the impact of potential excise tax imposed by the Affordable Care Act (ACA) and related statutes on certain health plans in calculating the contribution rates for the employer. We understand that Statements No. 74 and No. 75 by the Governmental Accounting Standards Board (GASB) for financial reporting purposes require the inclusion of the excise tax in the liability.

Administrative Expenses: No administrative expenses were valued separately from the premium costs.

Assumption Changes Since Prior Valuation:

The ultimate trend rate was reduced from 4.50% to 4.00% for Medicare Part B and Dental.

Starting premium costs and first year trends were revised to reflect 2019 calendar year premium data.

Medical and dental carrier election assumptions were updated.

The spouse coverage and retiree medical participation assumptions were updated.

Based on the June 30, 2017 Actuarial Experience Study, the following actuarial assumptions were changed. Previously, these assumptions were as follows:

Post-Retirement Mortality Rates:

Healthy Members and All Beneficiaries: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set back one year for males and with no setback for females.

Disabled Members: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set forward seven years for males and set forward eight years for females.

SECTION 3: Actuarial Assumptions and Methods for the Los Angeles City Employees' Retirement System

Changes in Actuarial Assumptions (continued):

Termination Rates Before Retirement:

Pre-Retirement Mortality:

RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set back one year for males and with no setback for females.

Age	Rate (%)	
	Disability	Termination*
25	0.01	5.75
30	0.03	5.75
35	0.05	4.85
40	0.09	3.50
45	0.15	2.70
50	0.19	2.50
55	0.20	2.35
60	0.20	2.25

* Rates for members with five or more years of service. Termination rates are zero for members eligible to retire.

Rates of termination for members with less than 5 years of service are as follows:

Service	Rate (%)
	Termination (Based on Service)
0	13.25
1	11.00
2	8.75
3	7.25
4	5.75

SECTION 3: Actuarial Assumptions and Methods for the Los Angeles City Employees' Retirement System

Changes in Actuarial Assumptions (continued):

Retirement Rates:

Age	Rate (%)					
	Tier 1		APO Tier 1 ⁽¹⁾		Tier 3	
	Non-55/30	55/30	Non-55/30	55/30	Non-55/30	55/30
50	6.0	0.0	7.0	0.0	6.0	0.0
51	3.0	0.0	4.0	0.0	3.0	0.0
52	3.0	0.0	4.0	0.0	3.0	0.0
53	3.0	0.0	4.0	0.0	3.0	0.0
54	16.0	0.0	17.0	0.0	15.0	0.0
55	6.0	20.0	7.0	21.0	0.0 ⁽²⁾	19.0
56	6.0	14.0	7.0	15.0	0.0 ⁽²⁾	13.0
57	6.0	14.0	7.0	15.0	0.0 ⁽²⁾	13.0
58	6.0	14.0	7.0	15.0	0.0 ⁽²⁾	13.0
59	6.0	14.0	7.0	15.0	0.0 ⁽²⁾	13.0
60	6.0	14.0	7.0	15.0	5.0	13.0
61	6.0	14.0	7.0	15.0	5.0	13.0
62	7.0	15.0	8.0	16.0	6.0	14.0
63	7.0	15.0	8.0	16.0	6.0	14.0
64	7.0	16.0	8.0	17.0	6.0	15.0
65	12.0	17.0	13.0	18.0	11.0	16.0
66	12.0	17.0	13.0	18.0	11.0	16.0
67	12.0	17.0	13.0	18.0	11.0	16.0
68	12.0	17.0	13.0	18.0	11.0	16.0
69	12.0	17.0	13.0	18.0	11.0	16.0
70	100.0	100.0	100.0	100.0	100.0	100.0

⁽¹⁾ Consistent with the cost study prepared for the adoption of enhanced Tier 1 benefits, we have estimated the rates above by increasing the retirement rates for Tier 1 by a flat 1%.

⁽²⁾ Not eligible to retire under the provisions of the Tier 3 plan.

Retirement Age and Benefit for

Inactive Vested Participants: Assume retiree health benefit will be paid at the later of age 58 or the current attained age.

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**LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM
RETIREMENT PLAN (PLAN)**

**SCHEDULE OF EMPLOYER ALLOCATIONS AND
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER**

**FOR EMPLOYER REPORTING UNDER
GOVERNMENTAL ACCOUNTING STANDARDS
BOARD (GASB) STATEMENT NO. 68
AS OF JUNE 30, 2019
USING A MEASUREMENT DATE OF JUNE 30, 2018**

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT PLAN (PLAN)**

**SCHEDULE OF EMPLOYER ALLOCATIONS AND
SCHEDULE OF PENSION AMOUNTS BY EMPLOYER**

**FOR EMPLOYER REPORTING UNDER
GOVERNMENTAL ACCOUNTING STANDARDS
BOARD (GASB) STATEMENT NO. 68
AS OF JUNE 30, 2019
USING A MEASUREMENT DATE OF JUNE 30, 2018**

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**BROWN
ARMSTRONG**

**CERTIFIED
PUBLIC
ACCOUNTANTS**

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Audit Committee and Board of Administration of the
Los Angeles City Employees' Retirement System
Los Angeles, California

Report on the Schedules

We have audited the accompanying schedule of employer allocations of the Los Angeles City Employees' Retirement System (LACERS) Retirement Plan (Plan) for the fiscal years ended June 30, 2018 and 2017, and the related notes to the schedule. We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense (specified columns totals) included in the accompanying schedule of pension amounts by employer as of and for the fiscal year ended June 30, 2018, and the related notes to the schedule.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer are free from material misstatement.

Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to LACERS preparation and fair presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LACERS internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations for the fiscal years ended June 30, 2018 and 2017, and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating entities for LACERS as of and for the fiscal year ended June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of LACERS as of and for the fiscal year ended June 30, 2018, and our report thereon, dated November 27, 2018, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of LACERS management, the Audit Committee of LACERS, the Board of Administration of LACERS, and Plan sponsors and their auditors and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
July 22, 2019

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT PLAN (PLAN)**

**SCHEDULE OF EMPLOYER ALLOCATIONS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

Employer	Proportionate Shares					
	2018			2017		
	Actual Contributions	Percentage*	Net Pension Liability	Actual Contributions	Percentage*	Net Pension Liability
City	\$ 371,287,189	82.473%	\$ 4,708,641,301	\$ 373,668,441	82.423%	\$ 4,350,001,537
Airports	61,920,522	13.754%	785,272,253	62,111,588	13.700%	723,062,142
Harbor	16,987,543	3.773%	215,434,976	17,576,030	3.877%	204,608,549
Total for all Employers	<u>\$ 450,195,254</u>	<u>100.000%</u>	<u>\$ 5,709,348,530</u>	<u>\$ 453,356,059</u>	<u>100.000%</u>	<u>\$ 5,277,672,228</u>

* The unrounded percentages are used in the allocation of the Net Pension Liability among employers.

The accompanying notes are an integral part of this schedule.

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT PLAN (PLAN)**

**NOTES TO SCHEDULE OF EMPLOYER ALLOCATIONS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 1 – PLAN DESCRIPTION

The Los Angeles City Employees' Retirement System (LACERS) is under the exclusive management and control of its Board of Administration (the Board), whose authority is granted by statute in Article XVI, Section 17 of the California State Constitution, and Article XI of the Los Angeles City Charter. LACERS is a Department of the Municipality of the City of Los Angeles (the City). LACERS financial statements are included in the City's Annual Financial Report as a pension trust fund. LACERS operates a single-employer defined benefit retirement plan (Plan) that provides for service and disability retirement benefits, as well as death benefits. Changes to the benefit terms require approval by the City Council.

The Plan covers all full-time personnel and department-certified part-time employees of the City, except for sworn employees of the Fire and Police departments, Department of Water and Power employees, elected officials who elected to participate in an alternative Defined Contribution Plan, certain Port Police officers of the Harbor Department, and certain Airport Peace Officers who elected to opt out of the Plan. For the presentation of the detailed allocation, the City has requested to break out three individual entities separately, which are the City, Airports, and Harbor (Employers).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Presentation and Basis of Accounting

Employers participating in LACERS Plan are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. The Schedule of Employer Allocations along with LACERS audited financial statements, the GASB Statement No. 67 Actuarial Valuation as of June 30, 2018, and the GASB Statement No. 68 Actuarial Valuation Based on June 30, 2018 Measurement Date for Employer Reporting as of June 30, 2019 prepared by LACERS independent actuary, provide the required information for financial reporting related to LACERS that Employers may use in their financial statements.

The accompanying schedule was prepared by LACERS independent actuary and was derived from information provided by LACERS in accordance with accounting principles generally accepted in the United States of America as applicable to governmental organizations.

LACERS funding policy under Article XI Sections 1158 and 1160 of the City Charter provides for periodic Employer contributions at actuarially-determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. Upon closing the fiscal year 2017-18, LACERS recalculated Employer contributions using actual payroll incurred during the fiscal year, which was less than projected covered payroll used by the City to make the advanced payment at the beginning of the fiscal year. As a result, the Employers contributions received \$19,980,000 more, and it was credited to the Employers toward employer contributions for fiscal year 2018-19. Based on actual payroll, the effective rate for the Plan was 21.88%. Contributions for the Employers contributing to LACERS are reported on an accrual basis of accounting.

The Schedule of Employer Allocations includes the proportionate shares for each Employer, reflecting a methodology that allocates the Net Pension Liability and Pension Amounts based on each Employer's share of the total Employer contributions among the three Employers. Each Employer's share as of June 30, 2018 and 2017, is determined by the Employer's contributions for the 2017-18 and 2016-17 fiscal years, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

Use of Estimates in the Preparation of the Schedule

The preparation of this schedule in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

LACERS policy for contributions states that actuarially determined rates expressed as a percentage of annual covered payroll are required to finance the costs of benefits earned by LACERS Members during the year, with an additional amount to finance any unfunded liability. Employer contributions are reported in the basic financial statements and are the basis for the proportionate share calculation.

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT PLAN (PLAN)**

**SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Employer	Deferred Outflows of Resources				Deferred Inflows of Resources				Pension Expense	
	Net Pension Liability	Changes of Assumptions or Other Inputs	Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	Differences Between Actual and Expected Experience in Pension Liability	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience in Pension Liability	Net Excess of Actual over Projected Earnings on Pension Plan Investments	Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer's Contributions and Proportionate Share of Contributions
City	\$ 4,708,641,301	\$ 566,558,471	\$ 17,763,839	\$ 96,245,930	\$ 680,568,240	\$ 224,196,897	\$ 107,714,930	\$ 1,285,910	\$ 517,652,931	\$ 9,134,408
Airports	785,272,253	94,486,417	4,416,810	16,051,182	114,954,409	37,389,895	17,963,897	9,244,866	86,330,315	\$ 526,787,339
Harbor	215,434,976	25,921,811	-	4,403,550	30,325,361	10,257,705	4,923,293	11,649,873	23,684,231	81,612,827
Total for All Employers	\$ 5,709,348,530	\$ 686,966,699	\$ 22,180,649	\$ 116,700,662	\$ 825,848,010	\$ 271,844,497	\$ 130,607,120	\$ 22,180,649	\$ 627,667,477	\$ -
										\$ 627,667,477

The accompanying notes are an integral part of this schedule.

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
RETIREMENT PLAN (PLAN)**

**NOTES TO SCHEDULE OF PENSION AMOUNTS BY EMPLOYER
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Presentation and Basis of Accounting

For the presentation of the detailed allocation, the City of Los Angeles (the City) has requested to break out three individual entities separately, which are the City, Airports, and Harbor (Employers). Employers participating in Los Angeles City Employees' Retirement System (LACERS) defined benefit retirement plan (Plan) are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. The Schedule of Pension Amounts by Employer, along with LACERS audited financial statements, the GASB Statement No. 67 Actuarial Valuation as of June 30, 2018, and the GASB Statement No. 68 Actuarial Valuation Based on June 30, 2018, Measurement Date for Employer Reporting as of June 30, 2019, prepared by LACERS independent actuary, provide the required information for financial reporting related to LACERS that Employers may use in their financial statements.

The accompanying schedule was prepared by LACERS independent actuary and was derived from information provided by LACERS in accordance with accounting principles generally accepted in the United States of America as applicable to governmental organizations.

Use of Estimates in the Preparation of the Schedule

The preparation of this schedule in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – ACTUARIAL ASSUMPTIONS

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2014, through June 30, 2017. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2018, and the Total Pension Liability as of the valuation date of June 30, 2018.

The components of the Plan's Net Pension Liability at June 30, 2018 and 2017, were as follows:

	<u>Fiscal Year Ended June 30, 2018</u>	<u>Fiscal Year Ended June 30, 2017</u>
Total Pension Liability	\$ 19,944,579,058	\$ 18,458,187,953
Plan Fiduciary Net Position	<u>(14,235,230,528)</u>	<u>(13,180,515,725)</u>
Plan's Net Pension Liability	<u>\$ 5,709,348,530</u>	<u>\$ 5,277,672,228</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>71.37%</u>	<u>71.41%</u>

NOTE 2 – ACTUARIAL ASSUMPTIONS (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

The Total Pension Liabilities for June 30, 2018 and 2017, were determined based on the June 30, 2018 and 2017 actuarial valuations. The following actuarial assumptions were applied to the year ended June 30, 2018 included in the measurement:

ACTUARIAL VALUATION ASSUMPTIONS

Valuation Date	June 30, 2018
Investment Rate of Return	7.25%
Projected Salary Increases	Ranges from 3.90% to 10.00% based on years of service, including inflation
Inflation	3.00%
Cost-of-Living Adjustments	Tier 1: 3.00%, Tier 3: 2.00%, actual increases are contingent upon Consumer Price Index (CPI) increases with a 3.00% maximum for Tier 1 and a 2.00% maximum for Tier 3.

Postemployment mortality rates for healthy retirees and beneficiaries were based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table (separate tables for males and females) projected generationally with the two-dimensional mortality improvement scale MP-2017. Postemployment mortality rates for disabled retirees were based on the Headcount-Weighted RP-2014 Disabled Retiree Mortality Table (separate tables for males and females) projected generationally with the two-dimensional mortality improvement scale MP-2017.

For pre-retirement mortality, withdrawal rates, disability rates, and service retirement rates, the rates vary by age, gender, and/or service.

Discount Rate

The discount rate used to measure the Total Pension Liabilities was 7.25% as of June 30, 2018, and June 30, 2017. The projection of cash flows used to determine the discount rate assumed that Plan Member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current Plan Members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future Plan Members and their beneficiaries, as well as projected contributions from future Plan Members, are not included. Based on those assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan Members. Therefore, the long-term expected rate of return on pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2018 and 2017.

Long-Term Expected Rate of Return by Asset Class

The long-term expected rate of return on pension Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the table on the following page:

NOTE 2 – ACTUARIAL ASSUMPTIONS (Continued)**Long-Term Expected Rate of Return by Asset Class** (Continued)

Investment Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	14.00%	5.32%
U.S. Small Cap Equity	5.00%	6.07%
Developed International Large Cap Equity	17.00%	6.67%
Developed International Small Cap Equity	3.00%	7.14%
Emerging Market Equity	7.00%	8.87%
Core Bonds	13.75%	1.04%
High Yield Bonds	2.00%	3.09%
Bank Loan	2.00%	3.00%
TIPS	3.50%	0.97%
Emerging Market Debt (External)	4.50%	3.44%
Real Estate	7.00%	4.68%
Cash	1.00%	0.01%
Commodities	1.00%	3.36%
Additional Public Real Assets	1.00%	4.76%
Real Estate Investment Trust (REIT)	0.50%	5.91%
Private Debt	3.75%	5.50%
Private Equity	14.00%	8.97%
Total	100.00%	

Amortization of Deferred Outflows and Deferred Inflows of Resources

The difference between projected and actual investment earnings on pension Plan investments is amortized over 5 years on a straight-line basis. One-fifth was recognized in pension expense during the measurement period, and the remaining difference between projected and actual investment earnings on pension Plan investments at June 30, 2018, is to be amortized over the remaining periods.

The changes in assumptions and differences between expected and actual experience are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through LACERS determined as of June 30, 2017, the beginning of the measurement period. For the measurement period ending June 30, 2018, the average is 5.24 years. Prior period changes in assumptions and differences between expected and actual experience are continued to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

In addition, the difference between the actual Employer contributions and the proportionate share of the Employer contributions are the same as noted above. The Schedule of Pension Amounts by Employer does not reflect contributions made to LACERS Retirement Plan subsequent to the measurement date as defined in GASB Statement No. 68 paragraphs 54, 55, and 57 and GASB Statement No. 71. Appropriate treatment of such amounts is the responsibility of the Employers.

NOTE 3 – RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

The components of the schedule associated with pension expense and deferred outflows and inflows of resources have been determined based on the net increase in fiduciary net position for LACERS as shown in the LACERS Statement of Changes in Fiduciary Net Position for the fiscal year ended June 30, 2018, and in accordance with requirements promulgated by GASB Statements No. 67 and No. 68. The net pension liability at June 30, 2018, is reported in the Notes to Los Angeles City Employees' Retirement System Basic Financial Statements and Required Supplementary Information following the Notes.

**LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM
POSTEMPLOYMENT HEALTH CARE (OPEB) PLAN**

**SCHEDULE OF EMPLOYER ALLOCATIONS AND
SCHEDULE OF OPEB AMOUNTS BY EMPLOYER**

**FOR EMPLOYER REPORTING UNDER
GOVERNMENTAL ACCOUNTING STANDARDS
BOARD (GASB) STATEMENT NO. 75
AS OF JUNE 30, 2019
USING A MEASUREMENT DATE OF JUNE 30, 2018**

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
POSTEMPLOYMENT HEALTH CARE (OPEB) PLAN**

**SCHEDULE OF EMPLOYER ALLOCATIONS AND
SCHEDULE OF OPEB AMOUNTS BY EMPLOYER**

**FOR EMPLOYER REPORTING UNDER
GOVERNMENTAL ACCOUNTING STANDARDS
BOARD (GASB) STATEMENT NO. 75
AS OF JUNE 30, 2019
USING A MEASUREMENT DATE OF JUNE 30, 2018**

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PUBLIC
ACCOUNTANTS**

BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Audit Committee and Board of Administration of the
Los Angeles City Employees' Retirement System
Los Angeles, California

Report on the Schedules

We have audited the accompanying schedule of employer allocations of the Los Angeles City Employees' Retirement System (LACERS) Postemployment Health Care (OPEB) Plan for the fiscal years ended June 30, 2018 and 2017, and the related notes to the schedule. We have also audited the total for all entities of the columns titled net OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense (specified columns totals) included in the accompanying schedule of OPEB amounts by employer as of and for the fiscal year ended June 30, 2018, and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of OPEB amounts by employer based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer are free from material misstatement.

Our audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to LACERS preparation and fair presentation of the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LACERS internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of OPEB amounts by employer.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations for the fiscal years ended June 30, 2018 and 2017, and net OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total OPEB expense for the total of all participating entities for LACERS as of and for the fiscal year ended June 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of LACERS as of and for the fiscal year ended June 30, 2018, and our report thereon, dated November 27, 2018, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of LACERS management, the Audit Committee of LACERS, the Board of Administration of LACERS, and Plan sponsors and their auditors and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
July 26, 2019

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
POSTEMPLOYMENT HEALTH CARE (OPEB) PLAN**

**SCHEDULE OF EMPLOYER ALLOCATIONS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

Employer	Proportionate Shares					
	2018			2017		
	Actual Contributions	Percentage*	Net OPEB Liability	Actual Contributions	Percentage*	Net OPEB Liability
City	\$ 83,505,493	82.753%	\$ 480,346,441	\$ 80,357,552	82.454%	\$ 467,468,218
Airports	13,616,238	13.494%	78,324,326	13,333,631	13.681%	77,566,434
Harbor	3,787,279	3.753%	21,785,465	3,766,272	3.865%	21,909,732
Total for all Employers	<u>\$ 100,909,010</u>	<u>100.000%</u>	<u>\$ 580,456,232</u>	<u>\$ 97,457,455</u>	<u>100.000%</u>	<u>\$ 566,944,384</u>

* The unrounded percentages are used in the allocation of the Net OPEB Liability among employers.

The accompanying notes are an integral part of this schedule.

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
POSTEMPLOYMENT HEALTH CARE (OPEB) PLAN**

**NOTES TO SCHEDULE OF EMPLOYER ALLOCATIONS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 1 – PLAN DESCRIPTION

The Los Angeles City Employees' Retirement System (LACERS) is under the exclusive management and control of its Board of Administration (the Board), whose authority is granted by statute in Article XVI, Section 17 of the California State Constitution and Article XI of the Los Angeles City Charter. LACERS is a Department of the Municipality of the City of Los Angeles (the City). LACERS financial statements are included in the City's Annual Financial Report as a pension trust fund. LACERS operates a single-employer defined benefit plan (the Retirement Plan). LACERS also administers and provides postemployment health care benefits (OPEB) to eligible retirees and their eligible spouses/domestic partners. Changes to the benefit terms require approval by the City Council.

The LACERS OPEB Plan covers all personnel who participate in the Retirement Plan regardless of their membership tiers. Eligibility into the OPEB Plan requires the Member 1) be at least age 55; 2) have at least 10 complete years of service with LACERS; and 3) be enrolled in a System-sponsored medical or dental plan or be a participant in the Medical Premium Reimbursement Program (MPRP). The health care plans available include medical, dental, and vision benefits, or participate in the MPRP if he/she resides in an area not covered by the available medical plans. For the presentation of the detailed allocation, the City has requested to break out three individual entities separately, which are the City, Airports, and Harbor (Employers).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Presentation and Basis of Accounting

Employers participating in the LACERS OPEB Plan are required to report OPEB information in their financial statements for fiscal periods beginning on or after June 15, 2017, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – an Amendment of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The Schedule of Employer Allocations, along with LACERS audited financial statements, the GASB Statement No. 74 Actuarial Valuation as of June 30, 2018, and the GASB Statement No. 75 Actuarial Valuation Based on June 30, 2018 Measurement Date for Employer Reporting as of June 30, 2019 prepared by LACERS independent actuary, provide the required information for financial reporting related to LACERS that Employers may use in their financial statements.

The accompanying schedule was prepared by LACERS independent actuary and was derived from information provided by LACERS in accordance with accounting principles generally accepted in the United States of America as applicable to governmental organizations.

LACERS funding policy under Article XI Sections 1158 and 1160 of the City Charter provides for periodic Employer contributions at actuarially-determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. Upon closing the fiscal year 2017-18, LACERS recalculated the Employer contribution rate using actual payroll incurred during the fiscal year, which was smaller than projected covered payroll used by the City to make the advanced payment on July 15, 2017. As a result, Employer contributions for the OPEB Plan were \$3,766,000 more than required and this amount was returned to the Employer as a credit toward Employer contributions for fiscal year 2018-19. Based on the actual payroll, the effective rate of Employer contributions of OPEB Plan was 4.90%. Contributions for Employers contributing to LACERS are reported on an accrual basis of accounting.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

Basis of Presentation and Basis of Accounting (Continued)

The employer allocation schedule includes the proportionate shares for each Employer, reflecting a methodology that allocates the Net OPEB Liability and OPEB Amounts based on each Employer's share of the total Employer contributions among the three Employers. Each Employer's share as of June 30, 2018 and 2017, is determined by the Employer's contributions for the 2017-18 and 2016-17 fiscal years, respectively.

Use of Estimates in the Preparation of the Schedule

The preparation of this schedule in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

LACERS policy for contributions states that actuarially determined rates expressed as a percentage of annual covered payroll are required to finance the costs of benefits earned by LACERS Members during the year, with an additional amount to finance any unfunded liability. Employer contributions are reported in the basic financial statements and are the basis for the proportionate share calculation.

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
POSTEMPLOYMENT HEALTH CARE (OPEB) PLAN**

**SCHEDULE OF OPEB AMOUNTS BY EMPLOYER
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Employer	Deferred Outflows of Resources					Deferred Inflows of Resources				OPEB Expense		
	Net Postemployment Health Care (OPEB) Liability	Differences Between Actual and Expected Experience	Changes of Assumptions or Other Inputs	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Excess of Actual over Projected Earnings on OPEB Plan Investments	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Plan OPEB Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total OPEB Expense
City	\$ 480,346,441	\$ 11,180,860	\$ 83,632,947	\$ 2,691,173	\$ 97,504,980	\$ 5,129,505	\$ 143,360,261	\$ -	\$ 148,489,766	\$ 74,101,173	\$ 535,436	\$ 74,636,609
Airports	78,324,326	1,823,129	13,637,020	-	15,460,149	836,407	23,376,036	1,699,864	25,912,307	12,082,789	(338,498)	11,744,291
Harbor	21,785,465	507,092	3,793,060	-	4,300,152	232,642	6,501,912	991,309	7,725,863	3,360,761	(196,938)	3,163,823
Total for All Employers	\$ 580,456,232	\$ 13,511,081	\$ 101,063,027	\$ 2,691,173	\$ 117,265,281	\$ 6,198,554	\$ 173,238,209	\$ 2,691,173	\$ 182,127,936	\$ 89,544,723	\$ -	\$ 89,544,723

The accompanying notes are an integral part of this schedule.

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
POSTEMPLOYMENT HEALTH CARE (OPEB) PLAN**

**NOTES TO SCHEDULE OF OPEB AMOUNTS BY EMPLOYER
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Presentation and Basis of Accounting

For the presentation of the detailed allocation, the City of Los Angeles (the City) has requested to break out three individual entities separately, which are the City, Airports, and Harbor (Employers). Employers participating in Los Angeles City Employees' Retirement System (LACERS) Postemployment Health Care (OPEB) Plan are required to report OPEB information in their financial statements for fiscal periods beginning on or after June 15, 2017, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – an Amendment of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The Schedule of OPEB Amounts by Employer, along with LACERS audited financial statements, the GASB Statement No. 74 Actuarial Valuation as of June 30, 2018, and the GASB Statement No. 75 Actuarial Valuation Based on June 30, 2018 Measurement Date for Employer Reporting as of June 30, 2019 prepared by LACERS independent actuary, provide the required information for financial reporting related to LACERS that Employers may use in their financial statements.

The accompanying schedule was prepared by LACERS independent actuary and was derived from information provided by LACERS in accordance with accounting principles generally accepted in the United States of America as applicable to governmental organizations.

Use of Estimates in the Preparation of the Schedule

The preparation of this schedule in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – ACTUARIAL ASSUMPTIONS

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014, through June 30, 2017. However, the investment return and inflation assumptions were changed based on the results of an economic actuarial assumptions study as of June 30, 2018. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2018, and the Total OPEB Liability as of the valuation date June 30, 2018.

The components of the Plan's Net OPEB Liability at June 30, 2018 and 2017, were as follows:

	<u>Fiscal Year Ended June 30, 2018</u>	<u>Fiscal Year Ended June 30, 2017</u>
Total OPEB Liability	\$ 3,256,827,847	\$ 3,005,806,234
Plan Fiduciary Net Position	<u>(2,676,371,615)</u>	<u>(2,438,861,850)</u>
Plan's Net OPEB Liability	<u>\$ 580,456,232</u>	<u>\$ 566,944,384</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>82.18%</u>	<u>81.14%</u>

NOTE 2 – ACTUARIAL ASSUMPTIONS (Continued)

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability (Continued)

The Total OPEB Liability for June 30, 2018, was determined based on the June 30, 2018 actuarial valuation, using the following actuarial assumptions, applied to all periods included in the measurement:

ACTUARIAL VALUATION ASSUMPTIONS

Valuation Date	June 30, 2018
Investment Rate of Return	7.25%
Projected Salary Increases	Ranges from 3.90 to 10.00% based on years of service, including inflation
Inflation	3.00%
Cost-of-Living Adjustments	Tier 1: 3.00%, Tier 3: 2.00%, actual increases are contingent upon Consumer Price Index (CPI) increases with a 3.00% maximum for Tier 1 and a 2.00% maximum for Tier 3.
Medical Cost Trend Rates	
Non-Medicare Medical Plan	Graded from 6.87% to ultimate 4.50% over 10 years
Medicare Medical Plan	Graded from 6.37% to ultimate 4.50% over 8 years
Dental and Medicare Part B	4.00%

Postemployment mortality rates for healthy retirees and beneficiaries were based on the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table (separate tables for males and females) projected generationally with two-dimensional mortality improvement scale MP-2017. Postemployment mortality rates for disabled retirees were based on the Headcount-Weighted RP-2014 Disabled Retiree Mortality Table (separate tables for males and females) projected generationally with the two-dimensional mortality improvement scale MP-2017.

For pre-retirement mortality, withdrawal rates, disability rates, and service retirement rates, the rates vary by age, gender, and/or service.

Discount Rate

The discount rate used to measure the Total OPEB Liability as of June 30, 2018 and 2017, was 7.25%. As contributions that are required to be made by the City to amortize the unfunded actuarial accrued liability in the funding valuation are determined on an actuarial basis, the future actuarially determined contributions and current OPEB Plan assets, when projected in accordance with the method prescribed by GASB Statement No. 74, are expected to be sufficient to make all benefit payments to current members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of June 30, 2018.

Long-Term Expected Rate of Return by Asset Class

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the table on the following page:

NOTE 2 – ACTUARIAL ASSUMPTIONS (Continued)Long-Term Expected Rate of Return by Asset Class (Continued)

<u>Investment Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term (Arithmetic) Expected Real Rate of Return</u>
U.S. Large Cap Equity	14.00%	5.32%
U.S. Small Cap Equity	5.00%	6.07%
Developed International Large Cap Equity	17.00%	6.67%
Developed International Small Cap Equity	3.00%	7.14%
Emerging Market Equity	7.00%	8.87%
Core Bonds	13.75%	1.04%
High Yield Bonds	2.00%	3.09%
Bank Loan	2.00%	3.00%
TIPS	3.50%	0.97%
Emerging Market Debt (External)	4.50%	3.44%
Real Estate	7.00%	4.68%
Cash	1.00%	0.01%
Commodities	1.00%	3.36%
Additional Public Real Assets	1.00%	4.76%
Real Estate Investment Trust (REIT)	0.50%	5.91%
Private Debt	3.75%	5.50%
Private Equity	14.00%	8.97%
Total	100.00%	

Amortization of Deferred Outflows and Deferred Inflows of Resources

The difference between projected and actual investment earnings on OPEB Plan investments is amortized over 5 years on a straight-line basis beginning with the year in which they occur. One-fifth was recognized in OPEB expense during the measurement period, and the remaining difference between projected and actual investment earnings on OPEB Plan investments at June 30, 2018, is to be amortized over the remaining periods.

The changes in assumptions and differences between expected and actual experience are recognized over the average of the expected remaining service lives of all employees that are provided with OPEB through LACERS determined as of June 30, 2017, the beginning of the measurement period. For the measurement period ending June 30, 2018, the average is 6.52 years. Prior period changes in assumptions and differences between expected and actual experience are continued to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

In addition, the difference between the actual Employer contributions and the proportionate share of the Employer contributions are the same as noted above. The Schedule of OPEB Amounts by Employer does not reflect contributions made to LACERS OPEB Plan subsequent to the measurement date as defined in GASB Statement No. 75. Appropriate treatment of such amounts is the responsibility of the Employers.

NOTE 3 – RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS

The components of the schedule associated with OPEB expense and deferred outflows and inflows of resources have been determined based on the net increase in fiduciary net position for LACERS as shown in the LACERS Statement of Changes in Fiduciary Net Position for the fiscal year ended June 30, 2018, and in accordance with requirements promulgated by GASB Statements No. 74 and No. 75. The Net OPEB Liability at June 30, 2018, is reported in the Notes to Los Angeles City Employees' Retirement System Basic Financial Statements and Required Supplementary Information following the Notes.



LACERS
LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

MEETING: SEPTEMBER 24, 2019

ITEM: X - A

Neil M. Guglielmo

SUBJECT: AMENDED HEALTH PLAN PREMIUM RESOLUTION AND POSSIBLE BOARD ACTION

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board rescind the resolution that was included with the 2020 health plan contract renewal report of August 27, 2019, and approve the amended resolution.

Executive Summary

Staff attached the incorrect resolution to the 2020 health plan premiums report. The resolution has been amended to reflect the correct 2020 premiums.

Discussion

The Board approved the 2020 health plan premiums at its meeting of August 27, 2019. The resolution included with the report contained 2019 premiums.

Staff is requesting that the Board rescind the previously submitted resolution and approve the amended resolution that is included with this report.

Prepared By: Alex Rabrenovich, Chief Benefits Analyst, Health Benefits Administration and Communications Division

NMG/LP/AR/ar

Attachments: 1. Amended Resolution
2. August 27, 2019 Board Report: 2020 Health Plan Premiums

2020 LACERS HEALTH PLAN PREMIUMS

AMENDED RESOLUTION

2020 CALIFORNIA MEDICAL PLAN PREMIUM RATES				
Medicare Status	Anthem Blue Cross PPO/ Med Supplement	Kaiser Permanente HMO / Senior Advantage	Anthem Blue Cross HMO / UnitedHealthcare Med Adv HMO	Anthem Blue Cross / Senior Care Action Network (SCAN)
Single-Party Plan – Retiree Only				
U	\$1,262.42	\$853.39	\$1,030.45	\$1,030.45
M	\$541.43	\$262.47	\$269.12	\$259.81
Two-Party Plan – Retiree and One Dependent				
UU	\$2,524.84	\$1,706.78	\$2,060.90	\$2,060.90
UM	\$1,803.85	\$1,115.86	\$1,299.57	\$1,290.26
MU	\$1,803.85	\$1,115.86	\$1,299.57	\$1,290.26
MM	\$1,082.86	\$524.94	\$538.24	\$519.62
Family Plan – Retiree and Family				
UUU	\$2,966.69	\$2,218.82	\$2,679.17	\$2,679.17
UMU	\$2,245.70	\$1,627.90	\$1,917.84	\$1,908.53
MUU	\$2,245.70	\$1,627.90	\$1,917.84	\$1,908.53
MMU	\$1,524.71	\$1,036.98	\$1,156.51	\$1,137.89
MMM	\$1,624.29	\$786.81	\$807.36	\$779.43

2020 UNITED HEALTHCARE MEDICARE ADVANTAGE HMO NON-CALIFORNIA PREMIUM RATES		
Medicare Status	Arizona	Nevada
Single-Party Plan – Retiree Only		
U	N/A	N/A
M	\$340.06	\$240.29
Two-Party Plan – Retiree and One Dependent		
UU	N/A	N/A
UM	N/A	N/A
MU	N/A	N/A
MM	\$680.12	\$480.58
Family Plan – Retiree and Family		
UUU	N/A	N/A
UMU	N/A	N/A
MUU	N/A	N/A
MMU	N/A	N/A
MMM	\$1,020.18	\$720.87

2020 DENTAL PLAN PREMIUM RATES		
Dental Tiers	Dental Dental PPO	DeltaCare USA HMO
Retiree	\$51.16	\$14.38
Retiree + 1 Dependent	\$101.45	\$26.85
Retiree + Family	\$146.56	\$31.04

2020 VISION PLAN PREMIUM RATES	
Tiers	Anthem Blue View Vision
Retiree	\$9.14
Retiree + 1 Dependent	\$13.25
Retiree + Family	\$23.67

September 24, 2019



Board Report: 09/24/19
Item
Attachment 2



REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee

Michael R. Wilkinson, Chair
Sandra Lee
Nilza R. Serrano

MEETING: AUGUST 27, 2019

ITEM: VIII-A

SUBJECT: 2020 HEALTH PLAN PREMIUMS AND POSSIBLE BOARD ACTION

ACTION: ☒ **CLOSED:** ☐ **CONSENT:** ☐ **RECEIVE & FILE:** ☐

Recommendation

That the Board approve the 2020 health plan premiums for medical, dental, and vision plan, allowing for any minor premium adjustments.

Executive Summary

Health plan contract renewals have resulted in overall 2020 health plan premium costs decreasing by 0.1% and include the addition of acupuncture benefits that are equivalent to the chiropractic benefits, and standard copay costs through the Medicare prescription drug Catastrophic Phase in the medical plans.

Discussion

At the Committee's meeting on August 13, 2019, staff and Keenan and Associates (Keenan), LACERS' health and welfare consultant, presented the recommended 2020 health plan premiums, as detailed in the attached Benefits Administration Committee report. The Committee approved staff's recommendation to forward the premiums to the Board for adoption.

Strategic Plan Impact Statement

Conducting an annual renewal of our health plans allows staff to ensure that our plan premiums and benefits are competitive and appropriate, and support the Strategic Plan Goal to Improve the Value and Minimize Costs of Members' Health and Wellness Program.

Prepared By: Alex Rabrenovich, Chief Benefits Analyst

MRW/AR:ar

Attachments: 1) August 13, 2019, Benefits Administration Committee Report
2) Proposed Resolution



LACERS
LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

BOARD Meeting: 08/27/19
Item: VIII - A
Attachment 1



REPORT TO BENEFITS ADMINISTRATION COMMITTEE

From: Neil M. Guglielmo, General Manager

MEETING: AUGUST 13, 2019

ITEM: IV

SUBJECT: 2020 HEALTH PLAN PREMIUMS AND POSSIBLE COMMITTEE ACTION

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Committee forward a recommendation to the Board to approve the proposed 2020 premium rates for LACERS medical, dental, and vision plans, as included in the Attachment 1, including any minor premium adjustments.

Executive Summary

Health plan contract renewals have resulted in overall 2020 health plan premium costs decreasing by 0.1% and include the addition of acupuncture benefits that are equivalent to the chiropractic benefit, and standard copay costs through the Medicare prescription drug Catastrophic Phase in the medical plans.

Discussion

As part of an annual process, LACERS' Health and Welfare Consultant, Keenan and Associates (Keenan), released a Request for Renewal, requesting premium rate renewal data from LACERS' health plan carriers: Kaiser Permanente (Kaiser), Anthem Blue Cross (Anthem), UnitedHealthcare (UHC), Senior Care Action Network (SCAN), and Delta Dental (Delta). Data requested included proposed 2020 premium rates, documentation to support the proposed premium rates, performance guarantees, as well as financial commitments toward LACERS' wellness program. In addition, LACERS requested the medical plans that did not already provide these benefits to provide the cost to include an acupuncture benefit and to provide Members coverage in the event they enter the "catastrophic phase" of their prescription plan.

Acupuncture Benefits

In an ongoing effort to maximize the utility of our health plans while controlling costs, LACERS sought the inclusion of acupuncture benefits for all medical plans. Acupuncture can be effective at treating a

wide range of ailments, including some inherent to an aging population, such as:

- General Pain Relief
- Back and Neck Relief
- Nerve Conduction
- Digestion Relief
- Anxiety/Depression/Insomnia Relief

Review of the acupuncture benefit is responsive to requests from LACERS' culturally diverse membership and allows all Members the opportunity and flexibility to take advantage of alternative treatment methods. The additional cost of including acupuncture is nominal; for example, no impact on SCAN rates, \$0.48 per Member per month for Kaiser, and \$3.82 for UnitedHealthcare enrollees.

Prescription Plan Catastrophic Phase Coverage

In certain Medicare Part D plans, once the Member has spent more than their plan's prescription out-of-pocket spending limit, they enter the "catastrophic phase" in which they must pay 5% of the plan's negotiated drug cost rather than the regular co-pay. Although it is rare that a LACERS Member finds themselves in this situation, when it happens, the substantially increased prescription drug costs for necessary prescriptions can have a considerable negative impact on the Member's quality of life and finances. In order to address this concern, LACERS and Keenan have confirmed and/or negotiated with each of the medical plan carriers that, moving forward, our Members will be charged only standard co-pays for prescription drugs.

2020 Medical Plan Renewal Summary

Overall, the 2020 medical premiums are estimated to decrease by \$243,384, or 0.2%, from \$127.8 million to \$127.5 million.

2020 Dental and Vision Plan Renewal Summary

The Delta Dental PPO is self-funded by LACERS, as of this year. Based on a review of the premiums and claims, the dental plan is operating at an estimated surplus of \$87,794, or 0.9%, and there is no need to change the premium for 2020.

DeltaCare USA (HMO) premium costs will increase by \$42,850, or 6.0%, from \$714,094 to \$756,944. The renewal also includes a rate cap of 6.0% for 2021.

Overall, the 2020 dental premiums are estimated to increase by \$42,850, or 4.0%, from \$10.7 million to \$10.8 million.

Anthem Blue View vision plan premiums will increase by \$37,512, or 5.0%, from \$750,235 to \$787,474, as part of a three-year rate guarantee. A one-year rate increase of 4.0% for 2020 was offered, but staff recommends securing the modest 5.0% rate increase for the next three years instead.

Conclusion

Negotiations conducted by Keenan and recommended renewal options resulted in an overall cost decrease of \$163,022, or 0.1%, from \$139.3 million to \$139.1 million. This cost includes the provision of a parity benefit between acupuncture and chiropractic, and maintaining standard copays during the Medicare prescription drug Catastrophic Phase for the associated medical plans. The Board has the authority to add benefits if the total premium cost of the Health and Welfare Program does not increase by more than 0.5%. The cost of adding these benefits is estimated to be \$118,799, which is only 0.09% of the estimated total cost of \$139,095,951.

Occasionally, premiums are subject to change slightly after Board approval due to discovered miscalculations. Staff recommends that the Board allow for any premium adjustments, with increases not to exceed \$5.00 per plan premium, to be included in the recommendation.

Staff and Keenan will be present to discuss the 2020 health plan renewal process and answer the Committee's questions.

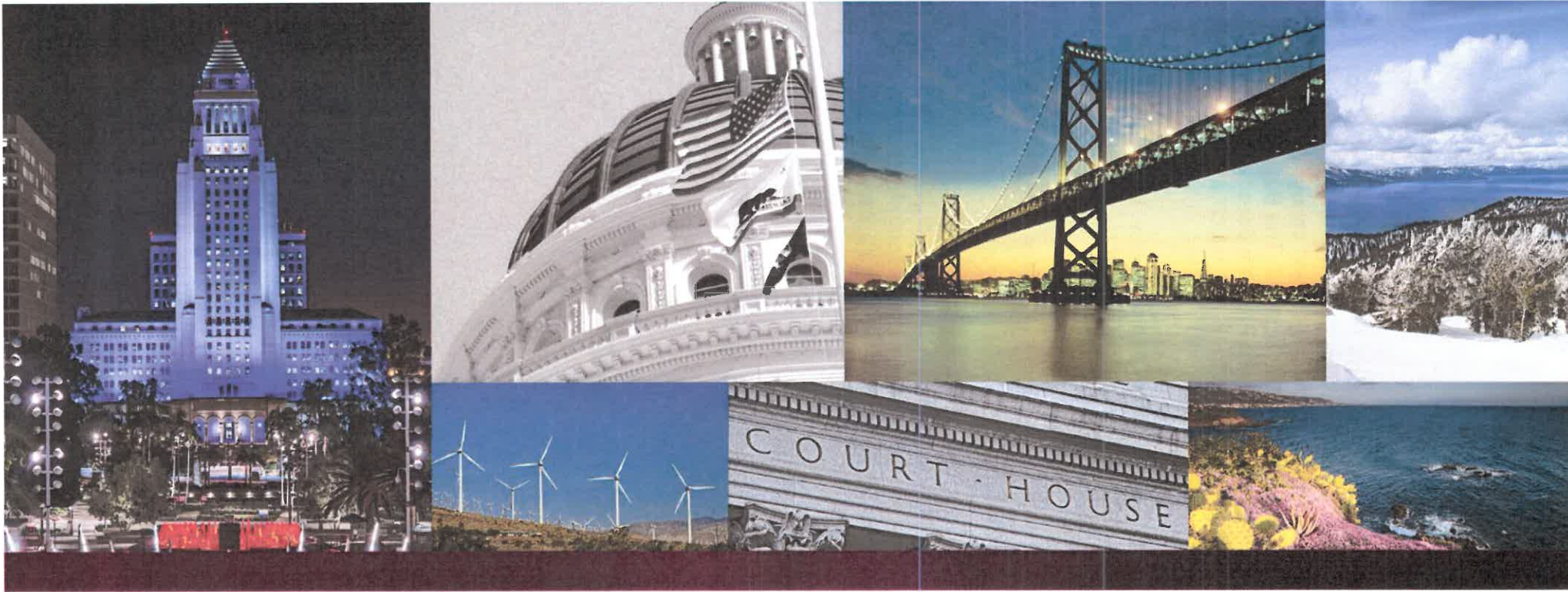
Strategic Plan Impact Statement

Conducting an annual renewal of our health plans allows staff to ensure that our plan premiums and benefits are competitive and appropriate, and support the Strategic Plan Goal to Improve the Value and Minimize Costs of Members' Health and Wellness Program.

Prepared By: Alex Rabrenovich, Chief Benefits Analyst
Bruce Bernal, Senior Personnel Analyst II

NMG/LP:ar

Attachments: 1 – Keenan Report – 2020 Health Plan Renewal Final Report
2 – LACERS Historical Medical Cost Increases



Los Angeles City Employees' Retirement System

2020 Health Plan Renewal, Final Report

Benefits Administration Committee

August 13, 2019

BAC Meeting: 08/13/19

Item IV

Attachment 1

Respectfully Submitted by:

Ju Anderson, Vice President | Bordan Darm, Consultant

Erin Robinson, Senior Service Representative | Christine Hough, Actuary

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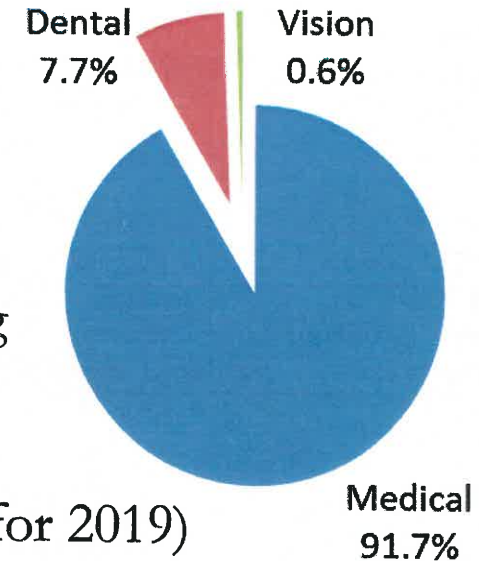
Introduction

- This report presents Los Angeles City Employees' Retirement System's (LACERS) preliminary 2020 health plan renewals
- Anthem Blue Cross (Anthem), Kaiser Permanente (Kaiser), UnitedHealthcare (UHC), and SCAN have provided medical plan renewals for 2020
- Delta Dental has provided a renewal for the DHMO plan for 2020. The Delta Dental PPO plan is self-funded as of January 1, 2019. The PPO administration fee remains the same from 2019.
- Anthem Blue View Vision has provided renewals for 2020 and for a three-year guarantee contract
- Data assumes the current carriers, plans, and enrollment in the report with the following exception;
 - An acupuncture benefit was added in parity with the chiropractic benefit
 - The Medicare Rx Catastrophic stage member cost share was adjusted to match the copayment structure.



Executive Summary

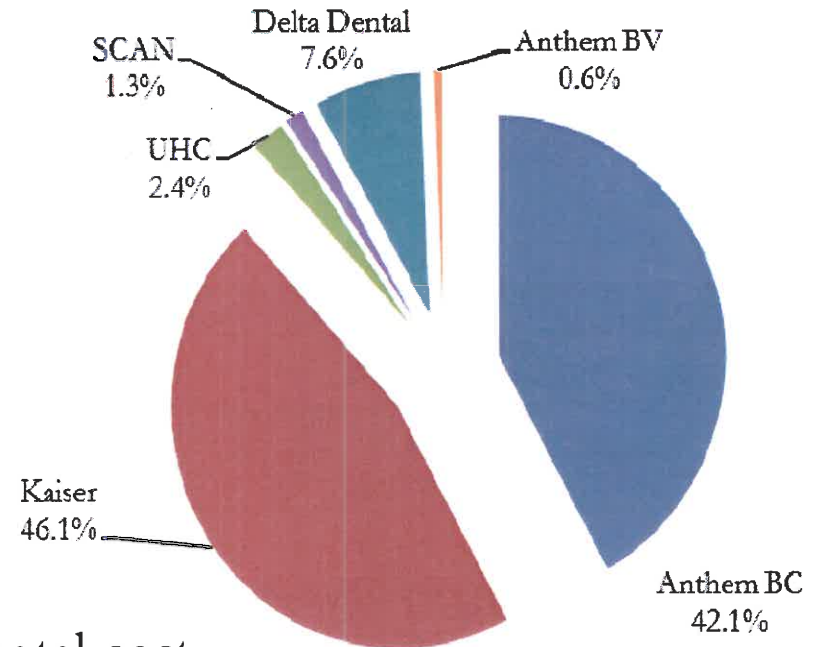
- The 2020 final renewal for the LACERS Health and Welfare Program is a minor decrease in cost of \$163,022 or -0.1% from \$139,258,973 to \$139,095,951
- Of LACERS' total premium costs, medical is 91.7%, dental 7.7%, and vision 0.6%
- The 2020 LACERS final renewals are as follows:
 - Medical premiums: -\$243,384 or -0.2%
 - Dental premiums: \$42,850 or 0.4%
 - Vision premiums: \$37,512 or 5.0%
- The Delta Dental PPO plan is in its first year of self-funding
 - IBNR reserve of \$915,545 will be funded in 2019
 - No adjustment in rates is needed for 2020
- The Health Insurance Tax (HIT) for 2020 is \$2,026,040 (\$0 for 2019)



	Current Enrollment	2019 Premium	2020 Renewal - Preliminary			2020 Final Renewal			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
MEDICAL	19,027	127,788,497	\$129,593,964	\$1,805,467	1.4%	\$127,545,113	(\$243,384)	-0.2%	\$2,048,851
DENTAL	15,003	10,720,241	\$10,763,091	\$42,850	0.4%	\$10,763,091	\$42,850	0.4%	\$0
VISION	7,602	750,235	\$780,266	\$30,031	4.0%	\$787,747	\$37,512	5.0%	(\$7,481)
GRAND TOTAL		\$139,258,973	\$141,137,321	\$1,878,348	1.3%	\$139,095,951	(\$163,022)	-0.1%	\$2,041,370

Executive Summary

- The 2020 LACERS final renewals by carrier are as follows:
 - Anthem: **\$1,099,666** or **1.9%**
 - Kaiser: **-\$1,578,370** or **-2.4%**
 - UHC: **\$235,320** or **7.5%**
 - SCAN: **\$0** or **0.0%**
 - Delta Dental: **\$42,850** or **0.4%**
 - Anthem Blue View: **\$37,512** or **5.0%**
- Kaiser and Anthem comprise 87.2% of the total cost



Carriers	Current Enrollment	2019 Premium	2019 Renewal - Preliminary			2020 Renewal - Preliminary			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
Anthem	5,029	\$57,768,916	\$59,390,679	\$1,621,763	2.8%	\$58,868,582	\$1,099,666	1.9%	\$522,097
Kaiser	12,380	\$65,073,982	\$65,069,856	(\$4,126)	0.0%	\$63,495,612	(\$1,578,370)	-2.4%	\$1,574,244
UnitedHealthcare	1,036	\$3,131,086	\$3,318,916	\$187,830	6.0%	\$3,366,406	\$235,320	7.5%	(\$47,490)
SCAN	582	\$1,814,513	\$1,814,513	\$0	0.0%	\$1,814,513	\$0	0.0%	\$0
Delta Dental	15,003	\$10,720,241	\$10,763,091	\$42,850	0.4%	\$10,763,091	\$42,850	0.4%	\$0
Anthem Blue View	7,602	\$750,235	\$780,266	\$30,031	4.0%	\$787,747	\$37,512	5.0%	(\$7,481)
GRAND TOTAL		\$139,258,973	\$141,137,321	\$1,878,348	1.3%	\$139,095,951	(\$163,022)	-0.1%	\$2,041,370

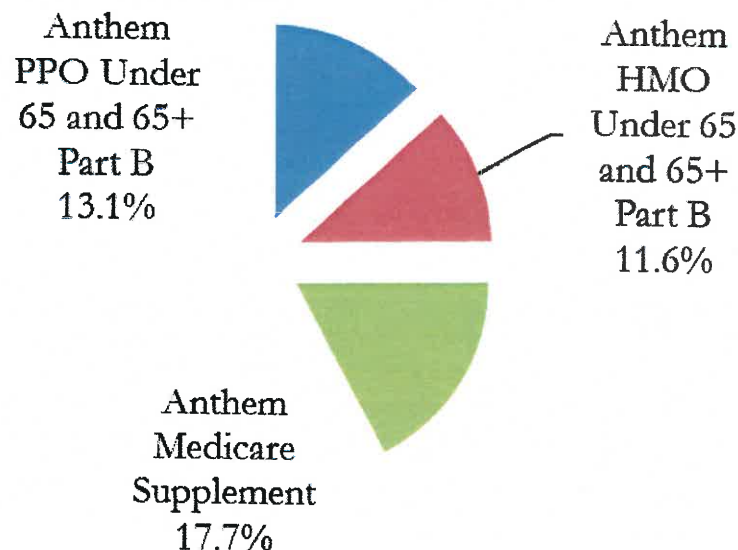
1) Anthem and Delta Dental enrollments are retiree counts.

2) Kaiser, UnitedHealthcare and SCAN enrollments are member counts.

3) Kaiser did not provide Senior Advantage preliminary renewal. For illustration, an industry norm 3% increase was assumed.

Anthem Blue Cross Renewal

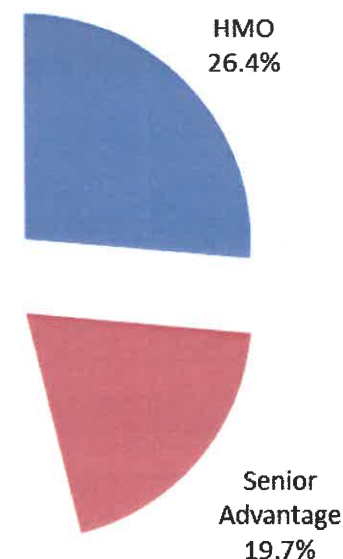
- Anthem Blue Cross comprises 42.4% of LACERS' premium costs
- Anthem requested the following rate adjustments:
 - PPO Under 65 / 65+ Part B: \$56,583 or 0.3%
 - HMO Under 65 / 65+ Part B: \$1,348,7445 or 9.1%
 - Medicare Supplement: -\$305,662 or -1.2%
 - An overall increase of \$1,099,666 or 1.9%
- Considerations for Anthem's renewal:
 - 2020 wellness program contribution of \$375,000
 - Preliminary renewal includes Anthem concession for HMO from 12.7% to 9.1%



	Current Enrollment	2019 Premium	2020 Renewal - Preliminary			2020 Renewal - Final			Negotiated Savings
Anthem			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
Anthem									
PPO Under 65 and 65+ Part B	1,034	\$18,172,154	\$18,228,737	\$56,583	0.3%	\$18,228,737	\$56,583	0.3%	\$0
HMO Under 65 and 65+ Part B	893	\$14,740,384	\$16,611,226	\$1,870,842	12.7%	\$16,089,129	\$1,348,745	9.1%	\$522,097
Medicare Supplement	3,102	\$24,856,378	\$24,550,716	(\$305,662)	-1.2%	\$24,550,716	(\$305,662)	-1.2%	\$0
Total	5,029	\$57,768,916	\$59,390,679	\$1,621,763	2.8%	\$58,868,582	\$1,099,666	1.9%	\$522,097

Kaiser Permanente Renewal

- Kaiser comprises 46.1% of LACERS' premium costs
- Kaiser requested the following rate adjustments:
 - HMO Under 65: -\$791,409 or -2.1% decrease
 - Senior Advantage: -\$786,961 or -2.9% decrease
 - For an overall decrease of **-\$1,578,370** or **-2.40%**
- Other considerations:
 - \$150,000 funding for wellness program and Open Enrollment



	Current Enrollment	2019 Premium	2020 Renewal - Preliminary			2020 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
Kaiser									
HMO Under 65	4,051	\$38,053,406	\$37,238,663	(\$814,743)	-2.1%	\$37,261,997	(\$791,409)	-2.1%	(\$23,334)
Senior Advantage	8,329	\$27,020,576	\$27,831,193	\$810,617	3.0%	\$26,233,615	(\$786,961)	-2.9%	\$1,597,578
Total	12,380	\$65,073,982	\$65,069,856	(\$4,126)	0.0%	\$63,495,612	(\$1,578,370)	-2.4%	\$1,574,244

SCAN Renewal

SCAN Medicare Advantage HMO – Available to retired Members with Medicare Parts A and B

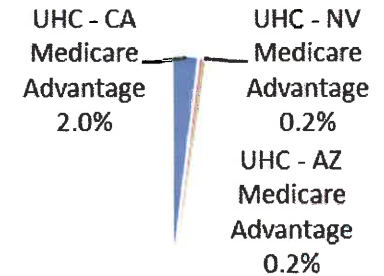
SCAN
1.3%

- SCAN comprises 1.3% of LACERS' premium costs
- SCAN requested the following rate adjustments:
 - Medicare Advantage: \$0 or 0.0%
- Other considerations:
 - Wellness program contribution of \$9,000

	Current Enrollment	2019 Premium	2020 Renewal - Preliminary			2020 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
SCAN									
Medicare Advantage	582	\$1,814,513	\$1,814,513	\$0	0.0%	\$1,814,513	\$0	0.0%	\$0

UnitedHealthcare Renewal

UnitedHealthcare Medicare Advantage HMO -- Available to retired Members with Medicare Parts A and B



- UHC comprises 2.4% of LACERS' premium costs
- UHC proposed a **\$187,830** or **6.0%** increase
 - With acupuncture parity to chiropractic benefits the renewal increased to 7.5% (\$235,320)
- UHC provides LACERS coverage in California, Arizona, and Nevada
- Other considerations:
 - Wellness program contribution of \$8,500

	Current Enrollment	2019 Premium	2020 Renewal - Preliminary			2020 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
UnitedHealthcare									
CA Medicare Advantage	873	\$2,624,762	\$2,782,216	\$157,454	6.0%	\$2,822,234	\$197,472	7.5%	(\$40,018)
NV Medicare Advantage	102	\$270,957	\$287,212	\$16,255	6.0%	\$291,888	\$20,931	7.7%	(\$4,676)
AZ Medicare Advantage	61	\$235,367	\$249,488	\$14,121	6.0%	\$252,284	\$16,917	7.2%	(\$2,796)
Total	1,036	\$3,131,086	\$3,318,916	\$187,830	6.0%	\$3,366,406	\$235,320	7.5%	(\$47,490)

Delta Dental Renewal

Delta Dental PPO and DHMO –

Available to retired members

Delta Dental
PPO
7.1%



Delta Dental
DHMO
0.5%

- Delta Dental comprises 7.6% of LACERS' premium costs
- LACERS started self-funding the Delta Dental PPO as of January 1, 2019
- The self-funded PPO requires no rate adjustment for 2020
- The Delta Dental DHMO requires a 6.0% increase or \$42,850.
 - Based off of the plan experience for the DHMO a 28.1% increase would be required.
- Other considerations:
 - Wellness program contribution of \$10,000

	Current Enrollment	2019 Premium	2020 Renewal - Preliminary			2020 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
Delta Dental									
PPO	11,810	\$10,006,147	\$10,006,147	\$0	0.0%	\$10,006,147	\$0	0.0%	\$0
DHMO	3,193	\$714,094	\$756,944	\$42,850	6.0%	\$756,944	\$42,850	6.0%	\$0
Total	15,003	\$10,720,241	\$10,763,091	\$42,850	0.4%	\$10,763,091	\$42,850	0.4%	\$0

Anthem Blue View Vision Renewal

Anthem Blue View Vision –

Available to retired Members enrolled in Anthem, SCAN and UHC

Anthem
Blue View
0.6%

- Anthem Blue View comprises 0.6% of LACERS premium costs
- Anthem Blue View has requested an increase of **\$37,512** or **5.0%** with a 3-year rate guarantee (a one year renewal option is available at 4.0%)
- Other considerations:
 - Wellness program contribution is combined with Anthem medical



	Current Enrollment	2019 Premium	2020 Renewal - Preliminary			2020 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
Anthem Blue View									
Vision	7,602	\$750,235	\$780,266	\$30,031	4.0%	\$787,747	\$37,512	5.0%	(\$7,481)

Estimate of 2019 Renewal Action on 2020

- For 2019 LACERS elected to hold rates for various coverages, rather than pass on rate decreases. The following chart illustrates this action on the proposed 2020 final renewal action.

LACERS Renewal	2019 Renewal				2020 Renewal		
	2019 Renewal	Renewal Action	Funds to LACERS	Fund From PSR	2020 Renewal	Proposed Renewal Action	Funds to LACERS
Medical							
<u>Anthem</u>							
PPO Under 65 and 65+ Part B	-2.4%	0.0%	2.4%	0.0%	0.3%	0.0%	2.1%
HMO Under 65 and 65+ Part B	-9.7%	-9.7%	9.7%	-9.7%	9.1%	9.1%	0.0%
Medicare Supplemental Plan	2.6%	0.0%	0.0%	-2.6%	-1.2%	1.3%	0.0%
<u>Kaiser</u>							
HMO Under 65	-2.7%	0.0%	2.7%	N/A	-2.1%	0.0%	4.7%
Senior Advantage	2.0%	2.0%	0.0%	N/A	-3.1%	0.0%	1.2%
<u>UHC</u>							
California	-5.6%	0.0%	5.6%	N/A	7.5%	1.5%	0.0%
Nevada	-6.4%	0.0%	6.4%	N/A	7.7%	0.8%	0.0%
Arizona	-4.4%	0.0%	4.4%	N/A	7.2%	2.5%	0.0%
<u>SCAN</u>	0.0%	0.0%	0.0%	N/A	0.0%	0.0%	0.0%
Dental							
<u>Delta Dental</u>							
Delta Dental PPO	3.5%	3.5%	0.0%	N/A	0.0%	0.0%	0.0%
Delta Dental DHMO	6.0%	6.0%	0.0%	N/A	6.0%	6.0%	0.0%
Vision							
<u>Anthem</u>							
Blue View Vision	3.5%	3.5%	0.0%	N/A	5.0%	5.0%	0.0%

Estimate of 2019 Renewal Action on 2020

2020 Final Renewal Dollar Impact

LACERS Renewal	2019 Renewal				2020 Renewal		
	2019 Renewal	Renewal Action	Funds to LACERS	Fund From PSR	2020 Renewal	Proposed Renewal Action	Funds to LACERS
Medical							
<u>Anthem</u>							
PPO Under 65 and 65+ Part B	\$ (433,469)	\$ -	\$ 433,469	\$ -	\$ 56,583	\$ -	\$ 382,093
HMO Under 65 and 65+ Part B	\$ (1,511,809)	\$ (1,511,809)	\$ 1,511,809	\$ (1,511,809)	\$ 1,348,745	\$ 1,348,745	\$ -
Medicare Supplemental Plan	\$ 607,328	\$ -	\$ -	\$ (607,328)	\$ (305,662)	\$ 305,662	\$ -
Anthem Total	\$ (1,337,950)	\$ (1,511,809)	\$ 1,945,278	\$ (2,119,137)	\$ 1,099,666	\$ 1,654,407	\$ 382,093
<u>Kaiser</u>							
HMO Under 65	\$ (1,020,390)	\$ -	\$ 1,020,390	N/A	\$ (791,409)	\$ -	\$ 791,409
Senior Advantage	\$ 521,946	\$ 521,946	\$ -	N/A	\$ (786,961)	\$ -	\$ 786,961
Kaiser Total	\$ (498,444)	\$ 521,946	\$ 1,020,390	N/A	\$ (1,578,370)	\$ -	\$ 1,578,370
<u>UHC</u>							
California	\$ (159,300)	\$ -	\$ 159,300	N/A	\$ 197,472	\$ 42,393	\$ -
Nevada	\$ (17,939)	\$ -	\$ 17,939	N/A	\$ 20,931	\$ 2,424	\$ -
Arizona	\$ (8,644)	\$ -	\$ 8,644	N/A	\$ 16,917	\$ 6,235	\$ -
UHC Total	\$ (185,883)	\$ -	\$ 185,883	N/A	\$ 235,320	\$ 51,052	\$ -
<u>SCAN</u>	\$ -	\$ -	\$ -	N/A	\$ -	\$ -	\$ -
Total Medical	\$ (2,022,277)	\$ (989,863)	\$ 3,151,551	\$ (2,119,137)	\$ (243,384)	\$ 1,705,459	\$ 1,960,463
Dental							
<u>Delta Dental</u>							
Delta Dental PPO	\$ 318,343	\$ 318,343	\$ -	N/A	\$ -	\$ -	\$ -
Delta Dental DHMO	\$ 39,295	\$ 39,295	\$ -	N/A	\$ 42,850	\$ 42,850	\$ -
Total Dental	\$ 357,638	\$ 357,638	\$ -	N/A	\$ 42,850	\$ 42,850	\$ -
Vision							
<u>Anthem</u>							
Blue View Vision	\$ 23,357	\$ 23,357	\$ -	N/A	\$ 37,512	\$ 37,512	\$ -
Health - Medical, Dental, & Vision							
Total Health	\$ (1,641,282)	\$ (608,868)	\$ 3,151,551	\$ (2,119,137)	\$ (163,022)	\$ 1,785,821	\$ 1,960,463

Health Insurance Tax (HIT) / ACA Tax

- For 2020 HIT/ACA tax will be implemented again.
- For 2019, no HIT/ACA fees were required.
- Total 2020 HIT/ACA tax is \$2,126,040

HIT / ACA Tax	2019	2020	Enrollment	2020 Cost per Retiree per Month
Medical				
<u>Anthem</u>				
PPO Under 65 and 65+ Part B	\$ -	\$ 501,255	1,034	\$ 40.40
HMO Under 65 and 65+ Part B	\$ -	\$ 458,238	893	\$ 42.76
<u>Medicare Supplemental Plan</u>	\$ -	\$ 313,994	3,102	\$ 8.44
Anthem Total	\$ -	\$ 1,273,487	5,029	\$ 21.10
<u>Kaiser</u>				
HMO Under 65	\$ -	\$ 339,900	4,051	\$ 6.99
<u>Senior Advantage</u>	\$ -		8,329	
Kaiser Total	\$ -		12,380	
<u>UHC</u>				
California	\$ -	\$ 408,250	873	\$ 38.97
Nevada	\$ -	\$ 55,092	102	\$ 45.01
<u>Arizona</u>	\$ -	\$ 27,853	61	\$ 38.05
UHC Total	\$ -	\$ 491,195	1,036	\$ 39.51
<u>SCAN</u>	\$ -	\$ -	582	\$ -
Total Medical	\$ -	\$ 2,104,582	10,698	\$ 16.39
Dental				
<u>Delta Dental</u>				
Delta Dental PPO	\$ -		11,810	
<u>Delta Dental DHMO</u>	\$ -		3,193	
Total Dental	\$ -		15,003	
Vision				
<u>Anthem</u>				
Blue View Vision	\$ -	\$ 21,458	7,602	\$ 0.24
Health - Medical, Dental, & Vision				
Total Health	\$ -	\$ 2,126,040		

Acupuncture Benefit

- Keenan worked with the LACERS carriers (Kaiser, SCAN and UHC) to create parity between the provision of acupuncture and chiropractic benefits. The following table illustrates the plan design and rate cost impact.

LACERS - Current Benefits Chiropractic and Acupuncture	Anthem PPO	Anthem HMO	Anthem Medicare Supplemental	Kaiser HMO	Kaiser KPSA	SCAN	UHC
Chiropractic Copayment	\$20 Copayment	\$20 Copayment	\$10 Copayment	\$15 Copayment	\$15 Copayment	\$10 Copayment	\$15 Copayment
Chiropractic Benefit	30 visits / year	30 visits / year	30 visits / year	30 visits / year	30 visits / year	20 visits / year	CA - 30 visits / year, AZ /NV 12 visits / year
Acupuncture Copayment	\$30 Copayment	\$20 Copayment	\$30 Plan payment				
Acupuncture Benefit	12 visits / year	If medically necessary and approved by PCP. No benefit limit	12 visits / year, Must use a physician	No Coverage	No Coverage	No Coverage	No Coverage
LACERS - Proposed Acupuncture Benefit	Anthem PPO	Anthem HMO	Anthem Medicare Supplemental	Kaiser HMO	Kaiser KPSA	SCAN	UHC
Copayment	\$20 Copayment	\$20 Copayment	\$10 Copayment	\$15 Copayment	\$15 Copayment	\$10 Copayment	\$15 Copayment
Benefit	30 visits / year	30 visits / year	30 visits / year	30 visits / year	30 visits / year	20 visits / year	CA - 30 visits / year, AZ /NV 12 visits / year
Rate Impact	\$0	\$0	\$0	\$0.48/\$0.96/\$1.25 Ret/Ret+Sp/Ret+F	\$0.48/Ret/mo.	\$0	\$3.82/member/month
Annual Dollar Cost Impact	\$0	\$0	\$0	\$23,334	\$47,975	\$0	\$47,490

Prescription Drug Catastrophic Stage

Out of Pocket Retiree Cost

- It has come to LACERS' attention that after a retiree on Medicare reaches \$5,100 (\$6,350 in 2020) in out of pocket expenses for prescription drugs, a 5% of cost co-insurance applies to future prescription drug expenses.
- This benefit level is only attained by few retirees with significant prescription drug cost, but can be substantial for those retirees who obtain this out-of-pocket benefit cost-share level.
- Keenan was able to negotiate with each carrier to continue applicable standard copayments during the Medicare Catastrophic Stage at no cost.

LACERS - Medicare Coverage RX - Catastrophic Phase	Anthem Medicare Supplemental	Kaiser KPSA	SCAN	UHC
Current RX Retiree Cost Share	Up to 5% of Cost	Applicable Copayment applies	Up to 5% of Cost	Up to 5% of Cost
Effective 1/1/2020	Applicable Copayment applies	Applicable Copayment applies	Applicable Copayment applies	Applicable Copayment applies
Cost Impact	\$0	\$0	\$0	\$0

Security Breach Performance Standard

- LACERS has requested that each carrier provide performance standards, measures, and guarantees in the event of a security breach exposing LACERS Members' personal health information (PHI).
- Anthem and UHC has complied with this request. Kaiser, SCAN, and Delta Dental are working on this request. However it will most likely not be ready for 2020.
- Additionally, LACERS requested confirmation that each carrier carries Security Breach coverage. All carriers provided confirmation of coverage.

Delta Dental Self-Funded Renewal

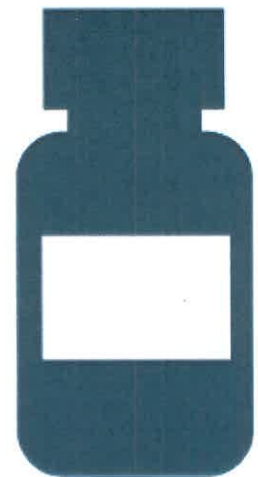
This is LACERS first year of self-funding the PPO dental plan. The 2020 underwriting shows no renewal increase required for 2020. Additionally, by the end of 2019 the IBNR reserve should be fully funded and a reserve balance should accumulate.

Paid Claims (7/1/18 - 6/30/19)		\$7,510,843
Beginning IBNR Reserve @ 1/1/19	—	\$0
Ending IBNR Reserve @ 6/30/19 (1.5 month factor)	+	\$915,545
Plan Change Adjustment	+	\$0
Incurred Claims (7/1/18 - 6/30/19)		\$8,426,388
Covered Retirees	÷	141,432
Incurred Claims (Per Retiree Per Month)		\$59.58
Trend Factor (4% for 20 months)	x	1.068
Claims Fluctuation Margin @ 2%	x	1.020
2020 Projected Incurred Claims (Per Retiree Per Month)		\$64.88
Delta Dental Administration Fee (Per Retiree Per Month)	+	\$5.10
2020 Projected Retiree Cost Per Month		\$69.98
Current Retiree Count	x	11,956
2020 Self Funded Cost		\$10,039,570
2019 Current Fully Insured Premium		\$10,127,364
\$ Difference		(\$87,794)
% Difference (renewal requirement)		-0.9%

Note: Based on Delta Dental Monthly Experience Report

Recommendations

- Accept the final medical renewals to include parity between the acupuncture and chiropractic benefits and coverage through the Medicare prescription drug Catastrophic Phase
- Accept the final dental plan renewals as recommended
- Accept the final vision plan renewal as part of a three-year rate guarantee



Appendix

Health Plan Financial Summary

	Current Enrollment	2019 Premium	2020 Renewal - Preliminary			2020 Final Renewal			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
Anthem									
Anthem									
PPO Under 65 and 65+ Part B	1,034	\$18,172,154	\$18,228,737	\$56,583	0.3%	\$18,228,737	\$56,583	0.3%	\$0
HMO Under 65 and 65+ Part B	893	\$14,740,384	\$16,611,226	\$1,870,842	12.7%	\$16,089,129	\$1,348,745	9.1%	\$522,097
Medicare Supplement	3,102	\$24,856,378	\$24,550,716	(\$305,662)	-1.2%	\$24,550,716	(\$305,662)	-1.2%	\$0
Total	5,029	\$57,768,916	\$59,390,679	\$1,621,763	2.8%	\$58,868,582	\$1,099,666	1.9%	\$522,097
Kaiser									
HMO Under 65	4,051	\$38,053,406	\$37,238,663	(\$814,743)	-2.1%	\$37,261,997	(\$791,409)	-2.1%	(\$23,334)
Senior Advantage	8,329	\$27,020,576	\$27,831,193	\$810,617	3.0%	\$26,233,615	(\$786,961)	-3.1%	\$1,597,578
Total	12,380	\$65,073,982	\$65,069,856	(\$4,126)	0.0%	\$63,495,612	(\$1,578,370)	-2.4%	\$1,574,244
UnitedHealthcare									
CA Medicare Advantage	873	\$2,624,762	\$2,782,216	\$157,454	6.0%	\$2,822,234	\$197,472	7.5%	(\$40,018)
NV Medicare Advantage	102	\$270,957	\$287,212	\$16,255	6.0%	\$291,888	\$20,931	7.7%	(\$4,676)
AZ Medicare Advantage	61	\$235,367	\$249,488	\$14,121	6.0%	\$252,284	\$16,917	7.2%	(\$2,796)
Total	1,036	\$3,131,086	\$3,318,916	\$187,830	6.0%	\$3,366,406	\$235,320	7.5%	(\$47,490)
SCAN									
Medicare Advantage	582	\$1,814,513	\$1,814,513	\$0	0.0%	\$1,814,513	\$0	0.0%	\$0
Total	582	\$1,814,513	\$1,814,513	\$0	0.0%	\$1,814,513	\$0	0.0%	\$0
Medical Total	19,027	\$127,788,497	\$129,593,964	\$1,805,467	1.4%	\$127,545,113	(\$243,384)	-0.2%	\$2,048,851
DENTAL									
Delta Dental PPO	11,810	\$10,006,147	\$10,006,147	\$0	0.0%	\$10,006,147	\$0	0.0%	\$0
Delta Dental HMO	3,193	\$714,094	\$756,944	\$42,850	6.0%	\$756,944	\$42,850	6.0%	\$0
Dental Total	15,003	\$10,720,241	\$10,763,091	\$42,850	0.4%	\$10,763,091	\$42,850	0.4%	\$0
VISION									
Anthem Blue View	7,602	\$750,235	\$780,266	\$30,031	4.0%	\$787,747	\$37,512	5.0%	(\$7,481)
Vision Total	7,602	\$750,235	\$780,266	\$30,031	4.0%	\$787,747	\$37,512	5.0%	(\$7,481)
GRAND TOTAL		\$139,258,973	\$141,137,321	\$1,878,348	1.3%	\$139,095,951	(\$163,022)	-0.1%	\$2,041,370

- 1) Anthem and Delta Dental enrollments are retiree counts.
- 2) Kaiser, UnitedHealthcare and SCAN enrollments are member counts.
- 3) Kaiser did not provide Senior Advantage preliminary renewal. For illustration, an industry norm 3% increase was assumed.

Anthem PPO Rates

Anthem		Carrier Rates			Member Rates			Amount to 401(h)/115 Trust	
U65 and 65+ Part B PPO - Refunding		2019	2020	% Change	2019	2020	% Change	2019	2020
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,231.62	\$1,235.44	0.31%	\$1,262.42	\$1,262.42	0.00%	\$30.80	\$26.98
Retiree and One Dependent									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$2,463.24	\$2,470.88	0.31%	\$2,524.84	\$2,524.84	0.00%	\$61.60	\$53.96
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$1,231.62	\$1,235.44	0.31%	\$1,262.42	\$1,262.42	0.00%	\$30.80	\$26.98
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$1,231.62	\$1,235.44	0.31%	\$1,262.42	\$1,262.42	0.00%	\$30.80	\$26.98
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65 or > 65 with Part B of Medicare	\$2,894.31	\$2,903.28	0.31%	\$2,966.69	\$2,966.69	0.00%	\$72.38	\$63.41
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,662.69	\$1,667.84	0.31%	\$1,704.27	\$1,704.27	0.00%	\$41.58	\$36.43
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$1,662.69	\$1,667.84	0.31%	\$1,704.27	\$1,704.27	0.00%	\$41.58	\$36.43
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare (One or more Children)	\$431.07	\$432.40	0.31%	\$441.85	\$441.85	0.00%	\$10.78	\$9.45

Anthem HMO Rates

Anthem		Carrier Rates			Member Rates			Amount to 401(h)/115 Trust	
HMO - Refunding (Assumes Current Plan with Traditional HMO Network)		2019	2020	% Change	2019	2020	% Change	2019	2020
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$944.07	\$1,030.45	9.15%	\$944.07	\$1,030.45	9.15%	\$0.00	\$0.00
Retiree and One Dependent									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$1,888.14	\$2,060.90	9.15%	\$1,888.14	\$2,060.90	9.15%	\$0.00	\$0.00
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$944.07	\$1,030.45	9.15%	\$944.07	\$1,030.45	9.15%	\$0.00	\$0.00
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$944.07	\$1,030.45	9.15%	\$944.07	\$1,030.45	9.15%	\$0.00	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65 or > 65 with Part B of Medicare	\$2,454.58	\$2,679.17	9.15%	\$2,454.58	\$2,679.17	9.15%	\$0.00	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,510.51	\$1,648.72	9.15%	\$1,510.51	\$1,648.72	9.15%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$1,510.51	\$1,648.72	9.15%	\$1,510.51	\$1,648.72	9.15%	\$0.00	\$0.00
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare (One or more Children)	\$566.44	\$618.27	9.15%	\$566.44	\$618.27	9.15%	\$0.00	\$0.00

Anthem Rates

Anthem		Carrier Rates			Member Rates			Amount to 401(h)/115 Trust	
Anthem Medicare Supplement Plan - Refunding *		2019	2020	% Change	2019	2020	% Change	2019	2020
Retiree Only								(from PSR)	
M	Retiree > 65 with both Parts A & B of Medicare	\$548.17	\$541.43	2.63%	\$534.12	\$541.43	1.37%	-\$14.05	\$0.00
Retiree and One Dependent								(from PSR)	
UM	Retiree < 65 & Dependent > 65 with both Parts A & B of Medicare	\$548.17	\$541.43	2.63%	\$534.12	\$541.43	1.37%	-\$14.05	\$0.00
MU	Retiree > 65 with both Parts A & B of Medicare & Dependent < 65	\$548.17	\$541.43	2.63%	\$534.12	\$541.43	1.37%	-\$14.05	\$0.00
MM	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$1,096.33	\$1,082.86	2.63%	\$1,068.24	\$1,082.86	1.37%	-\$28.09	\$0.00
Retiree and Family (Family = 2 or more dependents)								(from PSR)	
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$548.17	\$541.43	2.63%	\$534.12	\$541.43	1.37%	-\$14.05	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$548.17	\$541.43	2.63%	\$534.12	\$541.43	1.37%	-\$14.05	\$0.00
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,096.33	\$1,082.86	2.63%	\$1,068.24	\$1,082.86	1.37%	-\$28.09	\$0.00
MMM	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,644.50	\$1,624.29	2.63%	\$1,602.36	\$1,624.29	1.37%	-\$42.14	\$0.00

* These rates include the Silver Sneakers program.

** Acupuncture upgrade - Anthem will align the Acupuncture benefits for the plans with the Chiro benefit (co-pay and number of visits) with no change to benefit.

*** Medicare prescription drug coverage – Both plans currently have the same maximum member copay in the catastrophic phase.□

KAISER Rates

Kaiser		Carrier Rates			Member Rates			Amount to 401(h)/115 Trust	
HMO		2019	2020	% Change	2019	2020	% Change	2019	2020
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$830.44	\$813.14	-2.08%	\$853.39	\$853.39	0.00%	\$22.95	\$40.25
M	Retiree with Medicare	\$262.47	\$254.83	-2.91%	\$262.47	\$262.47	0.00%	\$0.00	\$7.64
Retiree and One Dependent									
UU	Retiree & Dependent both < 65	\$1,660.88	\$1,626.28	-2.08%	\$1,706.78	\$1,706.78	0.00%	\$45.90	\$80.50
UM	Retiree < 65 & Dependent with both Parts A&B of Medicare	\$1,092.91	\$1,067.97	-2.28%	\$1,115.86	\$1,115.86	0.00%	\$22.95	\$47.89
MU	Retiree > 65 with both Parts A&B of Medicare & Dependent < 65	\$1,092.91	\$1,067.97	-2.28%	\$1,115.86	\$1,115.86	0.00%	\$22.95	\$47.89
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$524.94	\$509.66	-2.91%	\$524.94	\$524.94	0.00%	\$0.00	\$15.28
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65	\$2,159.14	\$2,114.16	-2.08%	\$2,218.82	\$2,218.82	0.00%	\$59.68	\$104.66
UMU	Retiree < 65 & One Dependent > 65 with both Parts A&B of Medicare, & Dependents without Medicare	\$1,591.17	\$1,556.04	-2.21%	\$1,627.90	\$1,627.90	0.00%	\$36.73	\$71.86
MUU	Retiree > 65 with both Parts A&B of Medicare & Dependents without Medicare	\$1,591.17	\$1,556.04	-2.21%	\$1,627.90	\$1,627.90	0.00%	\$36.73	\$71.86
MMU	Retiree & One Dependent > 65 with both Parts A&B of Medicare & at least One Dependent without Medicare	\$1,023.20	\$997.73	-2.49%	\$1,036.98	\$1,036.98	0.00%	\$13.78	\$39.25
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$786.81	\$764.49	-2.84%	\$786.81	\$786.81	0.00%	\$0.00	\$22.32

* These rates include the Silver Sneakers program.

** Acupuncture upgrade U=\$0.48, UU=\$0.96, UUU=\$1.25, Senior Advantage M=\$0.48

*** Medicare Advantage prescription drug coverage – there is no catastrophic stage, all drugs are covered at the applicable copayment. □

UHC Rates

UHC		Carrier Rates			Member Rates			Amount to 401(h)/115 Trust	
HMO MAPD with RX - (Assumes Current Plan)		2019	2020	% Change	2019	2020	% Change	2019	2020
California									
M	Retiree with Medicare	\$250.55	\$269.12	7.41%	\$265.30	\$269.12	1.44%	\$14.75	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$501.10	\$538.24	7.41%	\$530.60	\$538.24	1.44%	\$29.50	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$751.65	\$807.36	7.41%	\$795.90	\$807.36	1.44%	\$44.25	\$0.00
Nevada									
M	Retiree with Medicare	\$221.37	\$240.29	8.55%	\$236.47	\$240.29	1.62%	\$15.10	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$442.74	\$480.58	8.55%	\$472.94	\$480.58	1.62%	\$30.20	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$664.11	\$720.87	8.55%	\$709.41	\$720.87	1.62%	\$45.30	\$0.00
Arizona									
M	Retiree with Medicare	\$321.54	\$340.06	5.76%	\$336.24	\$340.06	1.14%	\$14.70	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$643.08	\$680.12	5.76%	\$672.48	\$680.12	1.14%	\$29.40	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$964.62	\$1,020.18	5.76%	\$1,008.72	\$1,020.18	1.14%	\$44.10	\$0.00

* With Acupuncture \$3.82 PMPM

** The rates (Duplicating the 2018 rate) include coverage in the Catastrophic Stage, member will continue to pay their standard copay when they reach this stage.

SCAN Rates

SCAN		Carrier Rates			Member Rates			Amount to 401(h)/115 Trust	
HMO		2019	2020	% Change	2019	2020	% Change	2019	2020
M	Retiree with Medicare	\$259.81	\$259.81	0.00%	\$259.81	\$259.81	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$519.62	\$519.62	0.00%	\$519.62	\$519.62	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$779.43	\$779.43	0.00%	\$779.43	\$779.43	0.00%	\$0.00	\$0.00

* SCAN will add the acupuncture benefit without a rate impact for 2020

** SCAN members pay the same copay through the CP

Delta Dental Rates

Delta Dental		Self-Funded Fee and Equivalent Rates			Member Rates			Amount to 401(h)/115 Trust	
Dental		2019	2020	% Change	2019	2020	% Change	2019	2020
Dental PPO									
	Dental ASO Fee PEPM	\$5.10	\$5.10	0.00%					
M	Retiree	\$51.16	\$51.16	0.00%	\$51.16	\$51.16	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent	\$101.45	\$101.45	0.00%	\$101.45	\$101.45	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents	\$146.56	\$146.56	0.00%	\$146.56	\$146.56	0.00%	\$0.00	\$0.00
DHMO									
M	Retiree	\$13.57	\$14.38	5.97%	\$13.57	\$14.38	5.97%	\$0.00	\$0.00
MM	Retiree & Dependent	\$25.33	\$26.85	6.00%	\$25.33	\$26.85	6.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents	\$29.28	\$31.04	6.01%	\$29.28	\$31.04	6.01%	\$0.00	\$0.00

* Delta Dental PPO rates represent Premium Equivalent Rates, the self-funded ASO fee is \$5.10 per retiree per month for 3 years.

** Through the first 6 months of 2019, Total Premium has exceeded Total Cost and IBNR Reserve by \$239,308 which could be applied to the 115 Trust upon close of the plan year.

Anthem Blue View Vision Rates

Anthem Blue View Vision		Carrier Rates			Member Rates			Amount to 401(h)/115 Trust	
Vision		2019	2020	% Change	2019	2020	% Change	2019	2020
Option 1 - 1 Year rate Guarantee								(from PSR)	
M	Retiree	\$8.70	\$9.05	4.02%	\$8.39	\$9.05	7.87%	-\$0.31	\$0.00
MM	Retiree & Dependent	\$12.62	\$13.12	3.96%	\$12.18	\$13.12	7.72%	-\$0.44	\$0.00
MMM	Retiree & Two Dependents	\$22.54	\$23.44	3.99%	\$21.75	\$23.44	7.77%	-\$0.79	\$0.00
Option 2 - 3 Year rate Guarantee								(from PSR)	
M	Retiree	\$8.70	\$9.14	5.06%	\$8.39	\$9.14	8.94%	-\$0.31	\$0.00
MM	Retiree & Dependent	\$12.62	\$13.25	4.99%	\$12.18	\$13.25	8.78%	-\$0.44	\$0.00
MMM	Retiree & Two Dependents	\$22.54	\$23.67	5.01%	\$21.75	\$23.67	8.83%	-\$0.79	\$0.00

Delta Dental – PPO Plan Experience



Los Angeles City Employees' Retirement System Premium and Claims Report as of June 2019 Delta Dental - DPPO

	A	B	C	D	E (C+D)	F (C/A)	G (C/B)	H (E/B)
PERIOD MONTH-YEAR	ENROLLEES	PREMIUM	PAID CLAIMS	DELTA ADMIN	TOTAL EXPENSE	AVERAGE CLAIM COST PEPM	CLAIMS LOSS RATIO	TOTAL EXPENSE LOSS RATIO
Jul-17	11,169	\$755,495	\$559,403	\$58,405	\$617,808	\$50.09	74.04%	81.78%
Aug-17	11,219	\$755,582	\$646,752	\$58,412	\$705,164	\$57.65	85.60%	93.33%
Sep-17	11,239	\$759,484	\$516,462	\$58,714	\$575,176	\$45.95	68.00%	75.73%
Oct-17	11,277	\$767,756	\$623,676	\$59,353	\$683,029	\$55.31	81.23%	88.96%
Nov-17	11,289	\$767,313	\$589,083	\$59,319	\$648,401	\$52.18	76.77%	84.50%
Dec-17	11,291	\$768,429	\$608,978	\$59,405	\$668,383	\$53.93	79.25%	86.98%
Jan-18	11,351	\$773,262	\$918,160	\$67,292	\$985,452	\$80.89	118.74%	127.44%
Feb-18	11,391	\$772,317	\$720,511	\$51,819	\$772,330	\$63.25	93.29%	100.00%
Mar-18	11,419	\$772,477	\$736,277	\$59,718	\$795,996	\$64.48	95.31%	103.04%
Apr-18	11,462	\$776,696	\$689,322	\$60,044	\$749,367	\$60.14	88.75%	96.48%
May-18	11,525	\$780,075	\$714,306	\$60,306	\$774,612	\$61.98	91.57%	99.30%
Jun-18	11,558	\$792,008	\$613,328	\$61,228	\$674,557	\$53.07	77.44%	85.17%
Jul-18	11,586	\$788,684	\$563,379	\$60,971	\$624,351	\$48.63	71.43%	79.16%
Aug-18	11,633	\$789,959	\$641,636	\$61,070	\$702,706	\$55.16	81.22%	88.95%
Sep-18	11,685	\$795,379	\$555,328	\$61,469	\$616,817	\$47.52	69.82%	77.55%
Oct-18	11,710	\$799,546	\$621,293	\$61,811	\$683,104	\$53.06	77.71%	85.44%
Nov-18	11,697	\$802,303	\$544,462	\$62,024	\$606,486	\$46.55	67.86%	75.59%
Dec-18	11,688	\$798,124	\$566,352	\$61,701	\$628,053	\$48.46	70.96%	78.69%
Jan-19	11,821	\$835,366	\$545,725	\$60,231	\$605,956	\$46.17	65.35%	72.54%
Feb-19	11,835	\$835,539	\$737,068	\$60,399	\$797,467	\$62.28	88.21%	95.44%
Mar-19	11,878	\$838,779	\$700,291	\$60,542	\$760,833	\$59.96	83.49%	90.71%
Apr-19	11,965	\$845,753	\$642,973	\$60,965	\$703,938	\$53.74	76.02%	83.23%
May-19	11,983	\$846,247	\$781,973	\$61,210	\$843,184	\$65.26	92.40%	99.64%
Jun-19	11,956	\$843,947	\$610,363	\$61,373	\$671,736	\$51.05	72.32%	79.59%
2015	10,515	\$8,426,419	\$7,197,654	\$651,423	\$7,849,077	\$57.04	85.42%	93.15%
2016	10,794	\$8,740,608	\$7,457,163	\$675,714	\$8,132,877	\$57.57	85.32%	93.05%
2017	11,152	\$9,054,216	\$7,621,293	\$699,957	\$8,321,250	\$56.95	84.17%	91.90%
2018	11,559	\$9,440,831	\$7,884,355	\$729,476	\$8,613,831	\$56.84	83.51%	91.24%
2019 YTD	11,906	\$5,045,651	\$4,018,393	\$364,721	\$4,383,114	\$56.25	79.64%	86.87%
Current 12 Months	11,786	\$9,819,647	\$7,510,843	\$733,789	\$8,244,632	\$53.10	76.49%	83.96%

Acknowledgement

Keenan & Associates would like to thank Ms. Lita Payne, Mr. Alex Rabrenovich, and the LACERS Health Benefits Administration staff for providing the necessary data and engaging in this renewal process. Their cooperation and guidance have been extremely valuable.

Questions and Answers

LACERS HISTORICAL MEDICAL COST INCREASES THROUGH 2020

BAC Meeting: 08/13/19
Item IV
Attachment 2

Medical Plan	1999	2000	2001	2002	2003	2004
Kaiser Senior Advantage Premium Rate Increase					51.35%	59.34%
Anthem Medicare Supplement/ LPPO Premium Rate Increase*					0.10%	15.40%
UnitedHealthcare -CA MAPD Premium Rate Increase					72.87%	7.81%
Kaiser HMO Premium Rate Increase		47.48%	4.49%	7.62%	17.71%	1.72%
Anthem PPO Premium Rate Increase					-12.16%	5.92%
Aggregate Medical Premium Cost Increase				17.00%	16.10%	18.20%
Assumed Actuarial Trend Rate	8.13%	7.88%	7.63%	8.13%	7.88%	7.63%

Medical Plan	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Kaiser Senior Advantage Premium Rate Increase	-20.11%	-27.61%	6.43%	6.50%	3.69%	8.71%	-0.19%	2.70%	2.47%	5.32%	4.03%	-1.90%	6.60%	4.90%
Anthem Medicare Supplement/ LPPO Premium Rate Increase	5.00%	-11.20%	14.00%	11.90%	6.80%	1.30%	9.40%	-11.80%	7.10%	8.90%	6.30%	-6.90%	3.80%	7.30%
UnitedHealthcare -CA MAPD Premium Rate Increase	-4.00%	-19.24%	-6.64%	3.00%	13.40%	11.75%	11.40%	10.88%	0.00%	0.00%	3.00%	3.00%	1.70%	5.00%
SCAN HMO Premium Rate Increase		-2.00%	22.90%	0.00%	0.00%	-9.40%	0.00%	-0.50%	0.00%	16.30%	0.00%	0.00%	3.90%	0.00%
Kaiser HMO Premium Rate Increase	6.97%	5.17%	7.34%	3.95%	9.60%	0.28%	5.92%	-0.17%	14.84%	7.06%	7.95%	-5.06%	10.50%	3.30%
Anthem HMO Premium Rate Increase	0.00%	2.78%	15.88%	2.19%	6.50%	11.80%	11.81%	6.00%	3.00%	11.70%	8.40%	9.42%	-2.00%	7.40%
Anthem PPO Premium Rate Increase	-10.47%	2.89%	19.98%	4.97%	6.80%	5.32%	7.91%	0.00%	7.50%	6.92%	-5.66%	0.00%	10.30%	7.50%
Aggregate Medical Premium Cost Increase	-5.21%	-6.22%	12.47%	5.71%	7.08%	4.47%	6.16%	0.23%	7.92%	7.44%	4.77%	-1.89%	6.49%	5.40%
Assumed Actuarial Trend Rate	9.63%	12.00%	12.00%	12.00%	9.00%	9.00%	9.00%	10.00%	9.00%	8.50%	8.00%	7.00%	6.75%	6.50%

Medical Plan	2019	2020	10-Yr Avg, Incl 2020	Historical Avg
Kaiser Senior Advantage Premium Rate Increase	2.03%	-3.10%	2.29%	6.17%
Anthem Medicare Supplement/ LPPO Premium Rate Increase	0.00%	-1.20%	2.29%	3.68%
UnitedHealthcare -CA MAPD Premium Rate Increase	0.00%	7.50%	4.25%	6.75%
SCAN HMO Premium Rate Increase	0.00%	0.00%	1.97%	2.08%
Kaiser HMO Premium Rate Increase	0.00%	-2.10%	4.22%	7.36%
Anthem HMO Premium Rate Increase	-9.66%	9.10%	5.52%	5.90%
Anthem PPO Premium Rate Increase	0.00%	0.30%	3.48%	3.22%
Aggregate Medical Premium Cost Increase	-0.79%	-0.10%	3.56%	5.54%
Assumed Actuarial Trend Rate	7.00%	7.00%	7.88%	8.62%

*2005 to 2011: Anthem Medicare Supplement
2011 to 2012: Anthem LPPO Medicare Preferred PPO
2014 to Present: Anthem Medicare Supplement

2019 LACERS HEALTH PLAN PREMIUMS

PROPOSED RESOLUTION

2019 CALIFORNIA MEDICAL PLAN PREMIUM RATES				
Medicare Status	Anthem Blue Cross PPO/ Med Supplement	Kaiser Permanente HMO / Senior Advantage	Anthem Blue Cross HMO / UnitedHealthcare Med Adv HMO	Anthem Blue Cross / Senior Care Action Network (SCAN)
Single-Party Plan – Retiree Only				
U	\$1,262.42	\$853.39	\$944.07	\$944.07
M	\$534.12	\$262.47	\$265.30	\$259.81
Two-Party Plan – Retiree and One Dependent				
UU	\$2,524.84	\$1,706.78	\$1888.14	\$1888.14
UM	\$1,796.54	\$1,115.86	\$1,209.37	\$1,203.88
MU	\$1,796.54	\$1,115.86	\$1,209.37	\$1,203.88
MM	\$1,068.24	\$524.94	\$530.60	\$519.62
Family Plan – Retiree and Family				
UUU	\$2,966.69	\$2,218.82	\$2,454.58	\$2,454.58
UMU	\$2,238.39	\$1,627.90	\$1,775.81	\$1,770.32
MUU	\$2,238.39	\$1,627.90	\$1,775.81	\$1,770.32
MMU	\$1,510.09	\$1,036.98	\$1,097.04	\$1,086.06
MMM	\$1,602.36	\$786.81	\$795.90	\$779.43

2019 UNITED HEALTHCARE MEDICARE ADVANTAGE HMO NON-CALIFORNIA PREMIUM RATES		
Medicare Status	Arizona	Nevada
Single-Party Plan – Retiree Only		
U	N/A	N/A
M	\$336.24	\$236.47
Two-Party Plan – Retiree and One Dependent		
UU	N/A	N/A
UM	N/A	N/A
MU	N/A	N/A
MM	\$672.48	\$472.94
Family Plan – Retiree and Family		
UUU	N/A	N/A
UMU	N/A	N/A
MUU	N/A	N/A
MMU	N/A	N/A
MMM	\$1,008.72	\$709.41

2019 DENTAL PLAN PREMIUM RATES		
Dental Tiers	Dental Dental PPO	DeltaCare USA HMO
Retiree	\$51.16	\$13.57
Retiree + 1 Dependent	\$101.45	\$25.33
Retiree + Family	\$146.56	\$29.28

2019 VISION PLAN PREMIUM RATES	
Tiers	Anthem Blue View Vision
Retiree	\$8.39
Retiree + 1 Dependent	\$12.18
Retiree + Family	\$21.75

August 28, 2018