



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING
TUESDAY, AUGUST 8, 2023
TIME: 10:00 A.M.
MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

An opportunity for the public to address the Board in person from the Boardroom and provide comment on items of interest that are within the subject matter jurisdiction of the Board or on any agenda item will be provided at the beginning of the meeting and before consideration of items on the agenda.

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via one-way audio on Council Phone by calling (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside) or (310) 547-CITY (San Pedro Area).

Disclaimer to Participants

Please be advised that all LACERS Board meetings are recorded.

LACERS Website Address/link:

www.LACERS.org

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board in advance of the meeting may be viewed by clicking on LACERS website at www.LACERS.org, at LACERS' offices, or at the scheduled meeting. In addition, if you would like a copy of a non-exempt record related to an item on the agenda, please call (213) 855-9348 or email at lacers.board@lacers.org.

President:	Annie Chao
Vice President:	Sung Won Sohn
Commissioners:	Thuy Huynh Elizabeth Lee Gaylord "Rusty" Roten Janna Sidley Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
Legal Counsel:	City Attorney's Office Public Pensions General Counsel Division

Notice to Paid Representatives

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq.* More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

Request for Services

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Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, Telecommunication Relay Services (TRS), 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) 855-9348 and/or email at lacers.board@lacers.org.

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA
- II. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
- III. RECEIVE AND FILE ITEMS
 - A. [BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER](#)
 - B. [ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD](#)
 - C. [COMMISSIONER SUNG WON SOHN EDUCATION EVALUATION ON SACRS UC BERKELEY PUBLIC PENSION INVESTMENT MANAGER PROGRAM; BERKELEY, CA; JULY 16-19, 2023](#)
 - D. [977 N. BROADWAY PROJECT REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2023](#)
- IV. COMMITTEE REPORT(S)
 - A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 8, 2023
- V. CONSENT ITEM(S)
 - A. APPROVAL OF MINUTES FOR THE REGULAR MEETINGS OF [JULY 11, 2023](#) AND [JULY 25, 2023](#) AND POSSIBLE BOARD ACTION
- VI. BOARD/DEPARTMENT ADMINISTRATION
 - A. [ADDITIONAL PROPOSED LIST OF PRE-APPROVED BOARD EDUCATIONAL SEMINARS AND TRAINING FOR FISCAL YEAR 2023-24 AND POSSIBLE BOARD ACTION](#)
 - B. [2024 MEDICAL PLAN PREMIUM RATES AND POSSIBLE BOARD ACTION](#)
 - C. [2024 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE BOARD ACTION](#)
 - D. [BOARD RULES RELATED TO MEMBER BENEFITS ADMINISTRATION AND POSSIBLE BOARD ACTION](#)

- E. [PROPOSED CHANGE TO ENHANCED DISABILITY RETIREMENT HEARINGS AND POSSIBLE BOARD ACTION](#)
- F. [PROPOSED CHANGES TO RATING SCHEDULE FOR ENHANCED DISABILITY RETIREMENT BENEFITS AND POSSIBLE BOARD ACTION](#)
- G. [LEGISLATIVE UPDATE FOR AUGUST 2023 AND POSSIBLE BOARD ACTION](#)
- H. [977 N. BROADWAY BUILDING PROJECT FISCAL YEAR 2023-24 SUPPLEMENTAL CAPITAL EXPENSE BUDGET AND OPERATIONS EXPENSE BUDGET REQUESTS AND POSSIBLE BOARD ACTION](#)

VII. INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS
- B. [PRESENTATION BY AKSIA LLC REGARDING PRIVATE CREDIT INVESTMENTS EDUCATION](#)

VIII. OTHER BUSINESS

- IX. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, August 22, 2023 at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

- X. ADJOURNMENT

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM III-A

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

SERVICE RETIREMENTS

<u>Member Name</u>	<u>Service</u>	<u>Department</u>	<u>Classification</u>
Jarel, Raquel Suque	38	Dept. of Transportation	Management Analyst
Nakamura, Darin Y	37	Dept. of Rec. & Parks	Park Maint Supvr
Galvez, Carlos A	35	GSD - Bldg. Fac Mgmt.	Custodian
Adame, Michael John	34	PW - Solid Resource	Ref Coll Truck Oper
Chan, Russell H	34	Police Dept.	Sr Administrative Clerk
Mendoza, Richard M	34	PW - Sanitation	Ref Coll Truck Oper
Reynoso, Angeles Moreno	34	Dept. of Rec. & Parks	Exec Admin Asst
Cabasac, Jessie Reyes	33	Dept. of Bldg. & Safety	Sr Administrative Clerk
Suleiman, Samer S	33	PW - Engineering	Civil Engrg Assoc
Burnett, Daniel A	32	GSD - Bldg. Fac Mgmt.	Sr Custodian
Duarte, George	32	Dept. of Rec. & Parks	Light Equip Operator
Gould, Vanessa Baker	31	Police Dept.	Ch Forensic Chemist
Hernandez, Carmelo V	31	PW - St. Tree Div.	Tree Surgeon Supvsr
Kaporis, Konstadino	31	PW - Sanitation	Envrmntl Engineer
Baldenegro, Carlos C	30	Harbor Dept.	Civil Engineer
Jones, Dianna Gilbert	30	PW - Sanitation	Envr Engr Assoc
Turpin, Howard A	30	Dept. of Airports	Security Officer
Thompson, Howard M	28	Dept. of Airports	Security Officer
Delatorre, Monica Ann	27	Police Dept.	Police Service Rep
Fisher, Linda S	26	Dept. of Rec. & Parks	Recreation Supervisor
Kendall, Kevin Gray	24	Office of Finance	Administrative Clerk
Saldana, Jose Alfredo	24	PW - Sanitation	Maintenance Laborer
Jafar, Harun A	22	Dept. of Airports	Auditor
Zachery, Reginald J	22	Mayor's Office	Mayoral Aide
Crawley, Tom Edwin	21	Dept. of Bldg. & Safety	Electrical Inspector
Kidane, Tewelde A	19	Dept. of Airports	Constr Inspector
Santos, Grace P	18	Library Dept.	Librarian
Lopez, Jorge M	16	Dept. of Rec. & Parks	Gardener Caretaker
Patton, Anna M	16	PW - St. Maint.	Heavy Duty Truck Oper
Reynoso, Jose J	15	Police Dept.	Equipmnt Mechanic
Villa, Francisco Tavanlar	14	PW - Sanitation	Management Analyst
Suzuki, Isamu	13	Dept. of Rec. & Parks	Gardener Caretaker
Ward, Maria E	10	GSD - As Needed	Event Attendant
Ghaly, Deena R	9	City Ethics Commission	Ethics Officer
Ybarrondo, Gary Lee	9	Dept. of Rec. & Parks	Special Prog Asst

Smith, Gwendolyn E	8	Dept. of Airports	Management Analyst
Wilson, Allen Bailey	8	Dept. of Rec. & Parks	Build Repairer
Eckstrom, Charles W	7	LA Housing Dept.	Environmental Spec
Cameron, Frank F	6	Dept. of Rec. & Parks	Gardener Caretaker
Young, Dwight Douglas	6	GSD - Bldg. Svcs.	Electrician
Paris, Ekundayo	3	GSD - Mail/Messenger Svcs.	Delivery Driver

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM III-A

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

Approved Death Benefit Payments

Deceased

TIER 1

Abundo, Reynaldo S

Beneficiary/Payee

Annabelle C Abundo for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Mary C Abundo for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Reynaldo C Abundo for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Ainer, Leon K

Christine Ainer for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Ainsworth, Donald W.

Carolyn Sue Bertrand for the payment of the
DRO Lump Sum

Alvarado, Joseph

Andrew Alvarado for the payment of the
Accrued But Unpaid Vested Retirement Allowance

Amezola, Manuel J	Christine A Young for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Elizabeth Diane Hughes for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Steven Amezola for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Arevalo, John T	Christy Lynn Arevalo for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Ayo, Clara B.	Lois E Ayo-Martinez for the payment of the Accrued But Unpaid Continuance Allowance
Bakhoun, Noshy	Ramsey N Bakhoun for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Baptista, Dorothy E	Christine Jean Bader for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Barber, Johnnie R	Brock Barber for the payment of the Accrued But Unpaid Continuance Allowance
Barot, Raquel R	Deborah Barot for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Bass, Barbara J	Mary Betry Bass for the payment of the Accrued But Unpaid Continuance Allowance
Berling, Mary Jean	Kim Ellen Berling for the payment of the Accrued But Unpaid Continuance Allowance
Bridgers, Carl K	Diane J Hutchinson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Brown, Claudette	Alison Edwards for the payment of the Accrued But Unpaid Continuance Allowance
Brown, Rodney E	Chandra Hayes for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Bynum, Gloria J.	Curtis L Bynum for the payment of the Accrued But Unpaid Continuance Allowance Vivian Bynum for the payment of the Accrued But Unpaid Continuance Allowance
Byrne, Georgianna	Scott B Byrne for the payment of the Accrued But Unpaid Survivorship (Retirement) Allowance

Chiu, Ching Bing	Ashley Vivian Chiu for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
	Stacey Glenn Chiu for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Converse, Henry J	Susan R Converse for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
	Tamara M Catalano for the payment of the Accrued But Unpaid Disability Retirement Allowance
Coronel, Hector	Rosa Coronel for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Cramer, Robert	Nicole Marie Cramer for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Croil, Smith J	Gail Annette Croil for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
	Raynald M Croil for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Culpepper, Conservatee, Ruth M	Tanisha Wilson-Lyles for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Davis, Benjamin L Patsy A Polk for the payment of the
Accrued But Unpaid Service Retirement Allowance

Davis, Juanita L Philip K Davis for the payment of the
Accrued But Unpaid Continuance Allowance
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Veronica Y Bearce for the payment of the
Accrued But Unpaid Continuance Allowance
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Ellingson, Linda M. Jacqueline Alise Ellingson for the payment of the
Accrued But Unpaid Continuance Allowance

Michael Ellingson for the payment of the
Accrued But Unpaid Continuance Allowance

Steven Ellingson for the payment of the
Accrued But Unpaid Continuance Allowance

Felix, Arthur Cruz Alenna Christine Felix Rettig for the payment of the
Accrued But Unpaid Vested Retirement Allowance
Burial Allowance

Ferguson, Ronald Brenda D Mcdonald for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Tamara L Carter for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance
Unused Contributions

Forman, Robert Earl Demetris Williams for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Foulks, Raymond Leroy Deanna Harrop for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Kasey K Harrop for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Garcia, Anthony Anthony D Garcia for the payment of the
Accrued But Unpaid Service Retirement Allowance
Unused Contributions

Guadalupe Durazo for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance
Unused Contributions

Joshua C Garcia for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance
Unused Contributions

Garfalo, Gloria F Kim A Garfalo for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Garland, Avanelle M Avanelle M Pierce for the payment of the
Accrued But Unpaid Continuance Allowance

Gillson, Lyn R Donald D Lynch for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Gonzales, Tomas	Tarrin Marie Gonzales for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance Unused Contributions
Goodlow, Nathaniel	Vincent Renoil Goodlow for the payment of the Accrued But Unpaid Service Retirement Allowance
Graham, Don A	Terri Graham for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Gray, Elizabeth J	Susan P Talbot for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Grossman, Lyla L	Sharon Grossman Lebell for the payment of the Accrued But Unpaid Vested Retirement Allowance
Hale, Leo	Donna P Hale for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Hampton, Charlesetta	Charita Aleece Hampton for the payment of the Accrued But Unpaid Continuance Allowance
Hernandez, Bernardo G	Bernardo Hernandez for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Howe, Elvira L	Le Roy A Howe for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Huck, Patricia Ann	Sophy Frances Huck for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions
Hyde, Alan G	Phyllis A Swenson-Hyde for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Ishibashi, Kenneth K	Esther Sakatani for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Jackson, Thiren Douglas	Thiren D Jackson Jr for the payment of the Accrued But Unpaid Service Retirement Allowance Unused Contributions
Jacobo, Louie Fernando	Alexandria C Shirozono for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance
Jacques, Ciria	Jacqueline Annette Jacques for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance Michelle Antoinette Jacques for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance

Jacques, Robert D Juliette Ann Greystock for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Jenkins, Terry D Lavell L Kendrick for the payment of the
Accrued But Unpaid Service Retirement Allowance

Jiminez, Mary A Albert J Jiminez for the payment of the
Accrued But Unpaid Continuance Allowance

Johnson, L E Girlee Johnson for the payment of the
Burial Allowance

Kennish, Clifford Edola K Kennish for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Robert V Kennish for the payment of the
Accrued But Unpaid Service Retirement Allowance

Kolb, John Charles Andrea Villareal for the payment of the
Accrued But Unpaid Service Retirement Allowance
Unused Contributions

Kuniyoshi, Douglas Y Dusty Whitted for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Yamato Yamasaki for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Lara, Gloria	Ignacio Lara for the payment of the Accrued But Unpaid Continuance Allowance
Larson, Leora M	Gregg Larson for the payment of the Accrued But Unpaid Continuance Allowance
Layfield, Ronald L	Ronald L Layfield for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Lill, Luige	Michael M Lill for the payment of the Accrued But Unpaid Service Retirement Allowance
Lim, Benjamin H	Wilma E Lim for the payment of the Accrued But Unpaid Continuance Allowance
Maston, Thomas W	Toi Maston for the payment of the Burial Allowance
Mc Kinley, Joe D	Karen Lee Alznauer for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Mccall, James F	Christine K Grizel for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Mcdermott, Gloria Maria	Jessica Mcdermott for the payment of the Accrued But Unpaid Continuance Allowance Unused Contributions
Mcqueen, Thomas	Rachel Sierra Mcqueen for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
Miller, Gary Allen	Catherine A Miller for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Miller, Glenn R	Dora M Miller for the payment of the Burial Allowance
Milosevich, Ronald Anthony	Melanie A Milosevich for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Morales, Andy G	Anthony Andres Morales for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions Bernadette Mary Morales for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions Nicholas John Morales for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions

Morales, Angel F	Lorraine Morales for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Morales, Ricardo A	Ana C Garay for the payment of the Burial Allowance Norma E Estrada for the payment of the Accrued But Unpaid Service Retirement Allowance Vilma E Morales for the payment of the Burial Allowance
Moriwaki, Frances Y	The Frances Y Moriwaki Irrevocable Trust for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Nichols, Willie J	Pagon Alexander for the payment of the Accrued But Unpaid Service Retirement Allowance Pamela Alexander for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Nishi, Nobel E	Don Saisho for the payment of the Burial Allowance
Norman, Charles E	Aaron M Norman for the payment of the Accrued But Unpaid Survivorship (Retirement) Allowance Unused Contributions Eletrice Davis for the payment of the Accrued But Unpaid Survivorship (Retirement) Allowance Unused Contributions

Olson, William A Ann C Hernandez for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Parra, Dean Christoph Eileen Maggiore for the payment of the
Accrued But Unpaid Vested Retirement Allowance
Burial Allowance
Unused Contributions

Patterson, Charlotte F. Linda C Boecker for the payment of the
Accrued But Unpaid Continuance Allowance

Pell, Richard Warren Rasmee J Pell for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Perry, Kenneth M Sharon Kay Perry for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Peters, Robert W Curtis Rolland Peters for the payment of the
Accrued But Unpaid Continuance Allowance

Keely Ann Gloude for the payment of the
Accrued But Unpaid Continuance Allowance

Poche, Mary John M Poche for the payment of the
Accrued But Unpaid Continuance Allowance

Margaret M Pustejovsky for the payment of the
Accrued But Unpaid Continuance Allowance

William J Poche for the payment of the
Accrued But Unpaid Continuance Allowance

Porter, Marilyn R	Jill Noel Porter Castaneda for the payment of the Accrued But Unpaid Continuance Allowance
Reagan, Joanna	Robert G Reagan for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Reilly, John	Sandra V Anding for the payment of the Burial Allowance
Renty, Coleman	Antoineice Renty for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Felicia Renty for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Reyes, Amelia	Hector Daniel Reyes for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions
Rhee, Changsil	Jonathan W Rhee for the payment of the Accrued But Unpaid Continuance Allowance

Rogers, Fanch	<p>Arlene Blanche for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance</p> <p>Marchella Mcdowell for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance</p>
Rose, Dorian A	<p>Bruce Rose for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance</p> <p>Dori Ann Hunt for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance</p>
Russell, Marilyn R	<p>Elwin Arthur Russell for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance</p>
Saenz, Alicia	<p>Patricia Ann Saenz Rodriguez for the payment of the Accrued But Unpaid Continuance Allowance</p>
Sales, Antonio S	<p>Erlinda M Sales for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance</p>
Sanchez, Guadalupe	<p>Stephanie Hovsepian for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions</p>
Sanders, Esther R	<p>Gwendolyn Marie Sanders for the payment of the Accrued But Unpaid Continuance Allowance</p>

Shigeta, Stanley H	Stanley S Shigeta for the payment of the Burial Allowance
Shim, Choon Khil	Jai H Shim for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Sorenson, Jennie	Bonnie K Mack for the payment of the Accrued But Unpaid Continuance Allowance Sharon D Bienlein for the payment of the Accrued But Unpaid Continuance Allowance
Takai, Kenji	Keith Takai for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Ter Ghevondian, Vartan	Silva Ter-Ghevondian for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Thompson, Canon W	Beverley Thompson for the payment of the Burial Allowance
Tomines, Aida Baquiran	Ricardo B Tomines for the payment of the Accrued But Unpaid Service Retirement Allowance Unused Contributions
Travers, Cecelia A	Heidi Taylor for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Valensi, James Edward	<p>Jerrit Erickson for the payment of the Accrued But Unpaid Service Retirement Allowance</p> <p>Roger G Erickson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance</p>
Vara, Ismael O	<p>Jennifer Marie Vara for the payment of the Burial Allowance</p>
Vernon, William	<p>Laverne Jones for the payment of the Accrued But Unpaid Service Retirement Allowance</p> <p>Vinnicha A Burns for the payment of the Burial Allowance</p>
Viray, Teresa S	<p>Alejandro S Viray for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance</p> <p>Jansel Jandrick Layao Viray for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance</p> <p>Jason Christopher Layao Viray for the payment of the Accrued But Unpaid Service Retirement Allowance</p>
Werling, Iris	<p>Wayne E Werling for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance</p>
Wheeling, William	<p>Mercedes A Wheeling for the payment of the Accrued But Unpaid Disability Retirement Allowance</p>

Williams, Jack E	Jack R Williams for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
	Kenneth D Williams for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
	Kevin M Williams for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Wilson, Roosevelt	Kevin Wilson for the payment of the Accrued But Unpaid Service Retirement Allowance
	Richard Wilson for the payment of the Burial Allowance
Woods, Bennie C	Lavern Woods for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Yamato, Dorothy M	Eloise T Ouchi for the payment of the Accrued But Unpaid Continuance Allowance
Zaferes, Demetrios Andrew	Peter Zaferes for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

TIER 3
NONE

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM III-A

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

Approved Death Benefit Payments

Deceased

Beneficiary/Payee

TIER 1

Active

Conoway, Randy Todd
(Deceased Active)

Amy J Silvia for the payment of the
Accumulated Contributions
Limited Pension

Daze, David Timothy
(Deceased Active)

Stacy L Galbraith Daze for the payment of the
Service Retirement Survivorship Allowance

Dickinson, Stephen Charles
(Deceased Active)

Tiffany A Dickinson for the payment of the
FDBP Student

Medellin, Edward Avila
(Deceased Active)

Araceli Medellin for the payment of the
Service Retirement Survivorship Allowance

Perez, Juvenal Cervando
(Deceased Active)

Maximiliano Perez for the payment of the
Accumulated Contributions

Taylor, Brooks Merrill
(Deceased Active)

Amyann Taylor for the payment of the
Accumulated Contributions

Tweedy, Eric Christophe
(Deceased Active)

Jenna Matinata for the payment of the
Disability Retirement Survivorship Allowance

Ward, Lt
(Deceased Active)

Angelique Ward for the payment of the
Accumulated Contributions

Elijah Ward for the payment of the
Accumulated Contributions

Lydia Lino for the payment of the
Accumulated Contributions

Watkins, Robert Dwayne
(Deceased Active)

Stephanie Y Young for the payment of the
Accumulated Contributions

TIER 3

Mendoza, Nelia M
(Deceased Active)

Roland Neil Mendoza for the payment of the
Accumulated Contributions

Disclaimer: The names of members who are deceased may appear more than once due to multiple beneficiaries being paid at different times.

**LACERS’ ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

RESTRICTED SOURCES

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

Name	Description	Inception	Expiration	Division
Cortex Consulting	Board Governance Consulting Services	N/A	N/A	Administration
Ernst & Young LLP	Board Governance Consulting Services	N/A	N/A	Administration
Weaver and Tidwell, L.L.P.	Board Governance Consulting Services	N/A	N/A	Administration
Anthem	Medical HMO & PPO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Kaiser	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
SCAN	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
United Healthcare	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Delta Dental	Dental PPO and HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Anthem Blue View Vision	Vision Services Contract	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback

**LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

Name	Description	Inception	Expiration	Division
BlackRock Institutional Trust Company, N.A.	Multi Passive Index Portfolio Management	November 1, 2022	October 31, 2027	Investments
Polen Capital Credit, LLC	Active Hybrid High Yield Fixed Income/U.S. Floating Rate Bank Loan	September 1, 2020	August 31, 2023	Investments
Loomis, Sayles & Company, L.P.	Active High Yield Fixed Income	September 1, 2020	August 31, 2023	Investments
Lazard Asset Management, LLC	Active Non-U.S. Equities Developed Markets Core	October 1, 2013	September 30, 2023	Investments
Aksia CA LLC	Private Equity Consulting Services	July 25, 2018	July 24, 2023	Investments
Barrow, Hanley, Mewhinney & Strauss, LLC	Active Non-U.S. Equities Developed Markets Value	October 1, 2013	September 30, 2023	Investments
ForeFront Group Corp.	Videography and Photography Services	September 20, 2022	June 30, 2023	Communications & Stakeholder Relations

**LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

ACTIVE RFPs

Description	Respondents	Inception	Expiration	Division
Medical Plans	Alignment Health Plan, Anthem Blue Cross, Blue Shield of California, Humana, Kaiser Foundation Health Plan, Inc., SCAN Health Plan, UnitedHealthcare Insurance Company	March 10, 2023	April 21, 2023	Health, Wellness, & Buyback

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

Name of Attendee: Sung Wahn Sohn	
Title of Conference/Seminar: SACRS Berkeley Program	
Location: Berkeley, CA	No. of Education Hours: 24
Event Sponsor: SACRS	Date(s) Held: July 16-20, 2023

Report for:

- Travel
 Conference/Seminar Attendance Only

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

Attend the SACRS Berkeley Program on Pension Investment.

II. Significant Information Gained:

Learned a lot about pension related to actuarial processes used for pensions as well as investment.

III. Benefits to LACERS:

Pension actuarial process and investment.

IV. Additional Comments:

It was a very useful program. I highly recommend it.

SUBMIT TO THE LACERS COMMISSION EXECUTIVE ASSISTANT,
WITHIN 30 DAYS AFTER ATTENDING THE CONFERENCE/SEMINAR



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo for NMG

MEETING: AUGUST 8, 2023

ITEM: III – D

SUBJECT: 977 N. BROADWAY PROJECT REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2023

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this update report on the 977 N. Broadway Project and the attached presentation.

Executive Summary

Presented to the LACERS Board of Administration (“Board”) is the 977 N. Broadway Project Report for the Fiscal Year Ending June 30, 2023. This is the fourth quarterly report issued since the Board approved the Fiscal Year 2022-23 Capital Budget and Operating Expense Budget for LACERS’ new Headquarters Building. This is anticipated to be the final quarterly report of this project pending close-out.

Discussion

The attached report provides detailed updates on the progress and status of the 977 N. Broadway Project.

Strategic Plan Impact Statement

Ownership in 977 North Broadway advances the Board Governance Goal and Organization Goal by being a cost-effective investment in the long-term as compared to leasing and provides LACERS with complete control over its administrative facilities adding to the organization’s efficiency, effectiveness, and resiliency.

Prepared By: Horacio Arroyo, Senior Management Analyst I

NMG/TB:ha

Attachments: 1. 977 N. Broadway Project Report for Fiscal Year Ending June 30, 2023



BOARD Meeting: 08/08/23
Item: III - D
Attachment 1

977 N. BROADWAY PROJECT REPORT FOR FISCAL YEAR ENDING JUNE 30, 2023

For Los Angeles City Employees' Retirement System



TABLE OF CONTENTS

- Executive Summary
- Capital Project Summary
- Ongoing Items
- Project Timeline
- Financial Overview



EXECUTIVE SUMMARY

LACERS has officially moved to 977 N. Broadway after receiving temporary occupancy status. While most of the construction-related scopes have been completed, LACERS continues to work closely with consultants on the remaining items for furniture, A/V, and security scopes.

Project Timeline

- ❖ LACERS completed our initial move from LA Times to 977 N. Broadway on December 22, 2022.
- ❖ The second and final move occurred on March 3, 2023.
- ❖ In mid-March, the LA Times suite was decommissioned and surrendered back to Onni Property Management.
- ❖ Final project closeout is expected to occur mid-September.

Budget

- ❖ LACERS has spent 99.00% of the capital budget for the 977 N. Broadway Project.
- ❖ Ongoing efforts to mitigate the effects of supply-chain disruption on budget and project schedule.

Completed Milestones

- ❖ Façade/Enclosure/Abatement construction
- ❖ Seismic strengthening construction
- ❖ IT infrastructure migration
- ❖ FitWel Certification application approved for 2 stars
- ❖ Office Furniture has been delivered and installed
- ❖ Transitioned all LACERS assets and operations to 977 N. Broadway



CAPITAL PROJECT SUMMARY



Cost Control

- ❖ Regular communications with contractors, vendors, manufacturers, and suppliers to prepare and mitigate supply-chain disruptions and cost increases.
- ❖ Change orders due to permitting and lead time delays in the project, modifications required after the tenant improvement work, and scope changes were reviewed to ensure the expense was justified and tracked.
- ❖ Began closing out line items associated with completed contracted scopes; consolidating funds and reappropriating to remaining work being performed.

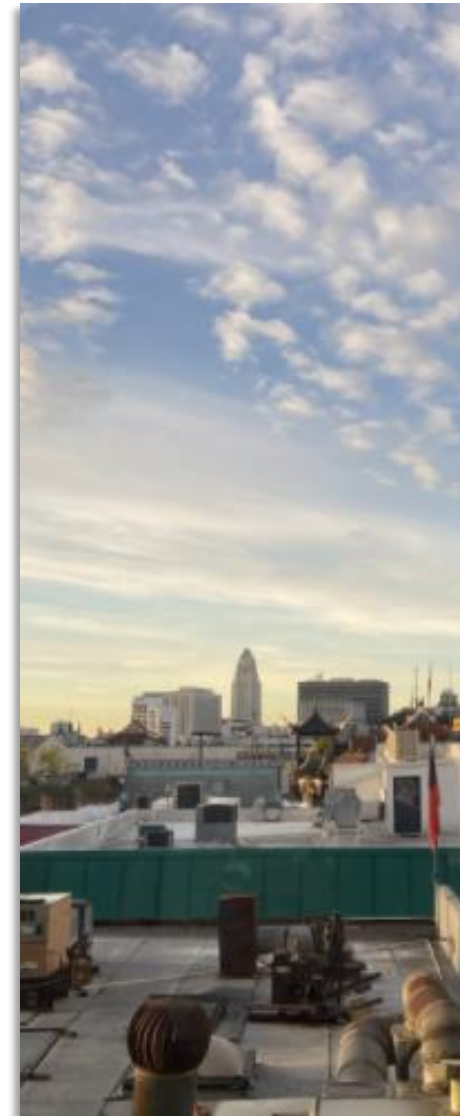
Permitting

- ❖ Permit applications approved by LADBS

All Floors packages
Mechanical
Plumbing
Diesel Generator
Electrical

HVAC
Parking Spaces
Fall Arrest Anchorage
Security Gate/Fence
Structural work for Nat Gas Generator

- ❖ SCAQMD Permit to operate new backup diesel generator – Approved
- ❖ LAFD Temporary Certificate of Occupancy - Approved



CAPITAL PROJECT SUMMARY

Construction Achievements

- ❖ Seismic reinforcement work has been completed.
- ❖ Façade/Enclosure/Abatement work has been completed.
- ❖ Roof replacement work has been completed.
- ❖ Parking Garage paint/restriping has been completed.
- ❖ New diesel generator with a 50-gallon tank and new fuel lines has been installed.
- ❖ Tenant Improvement work has been completed.
- ❖ Majority of furniture delivery and installation is complete.

Technology Milestones

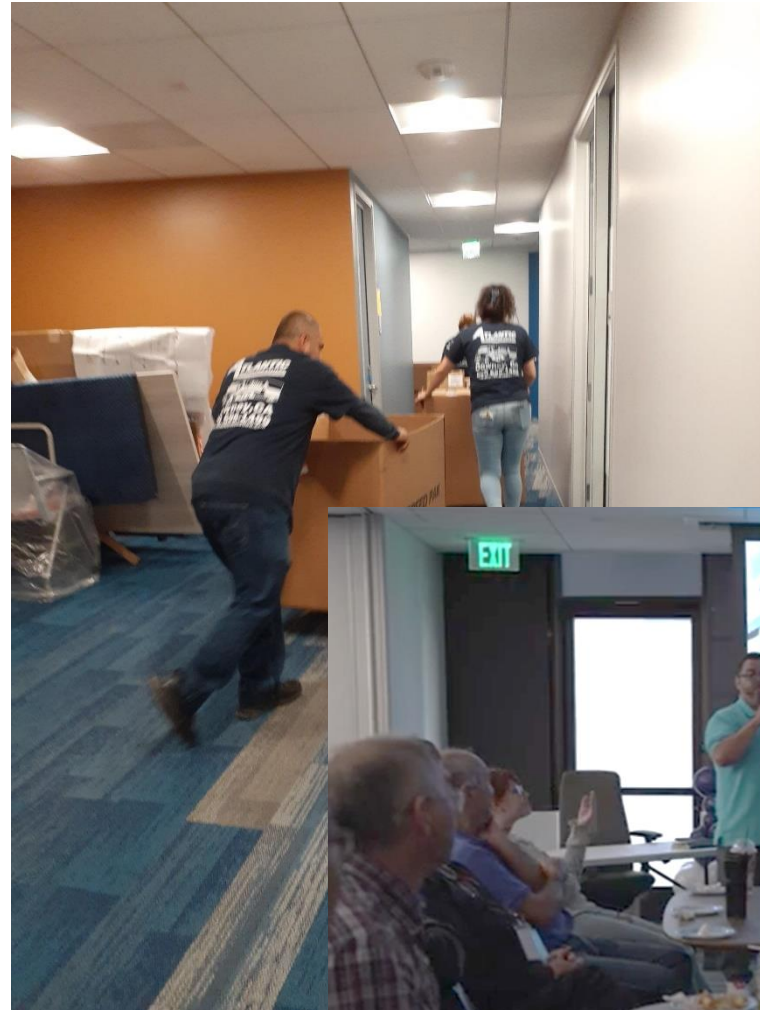
- ❖ **Security Equipment Installed** – Security cameras have been installed and configured. Panic button and Counseling Room camera installation has been completed in coordination with ITA.
- ❖ **AV Equipment Installation** – A/V equipment has been installed in all meeting rooms. Installation includes conference room monitors, video conferencing equipment, microphones, paging speakers, and mass communication equipment. Full functionality is still being configured and is expected to be completed by October 2023.
- ❖ **Information Technology Migration** – The 977-server room has been turned over to LACERS Systems team.
- ❖ **Network Equipment Procurement** – The new headquarters has been equipped with the latest, best-of-breed, network appliances inclusive of routers, firewalls, switches, wireless access points, and security devices.



CAPITAL PROJECT SUMMARY

HQ Move Complete

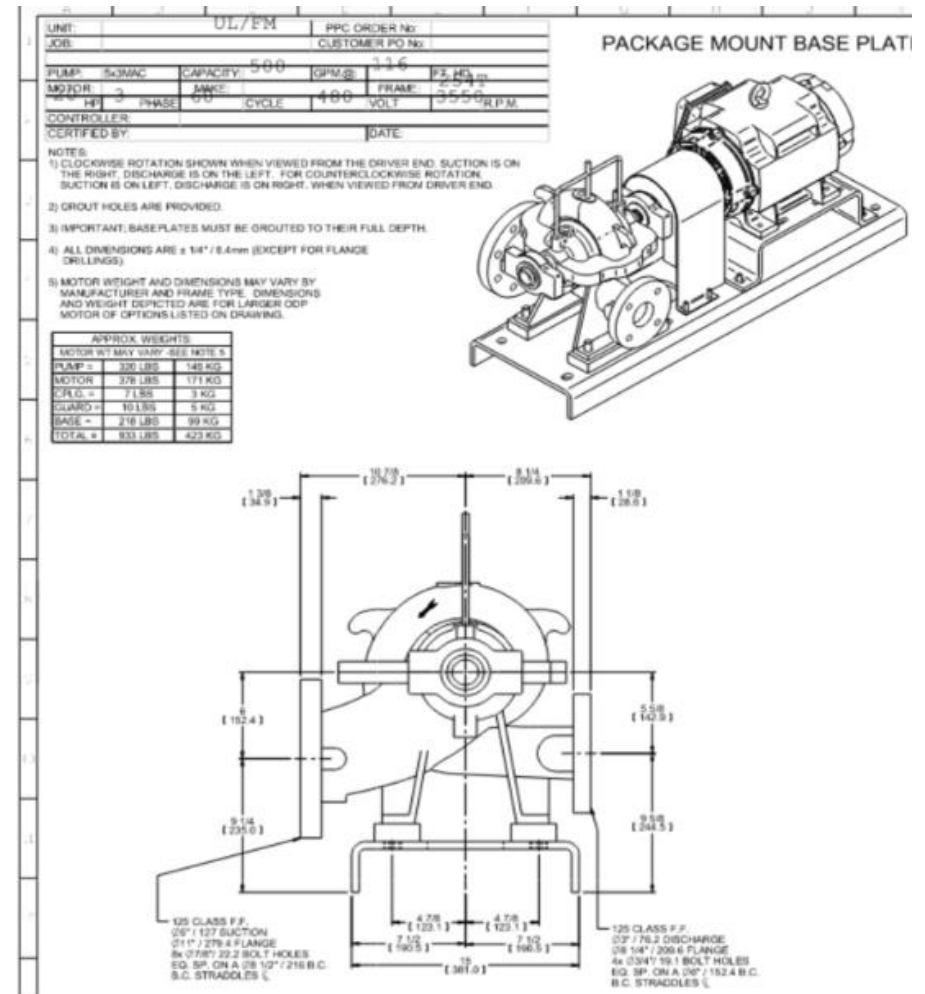
- ❖ On March 3, 2023, LACERS completed the second and final move from LA Times to 977 N. Broadway.
- ❖ LACERS subsequently began decommissioning the former suite at LA Times.
- ❖ The decommissioning scope lasted less than two weeks and the leased space was officially surrendered to Onni Property Management by March 31, 2023, per the lease agreement.
- ❖ Administration conducted a week-long Staff Welcome Orientation from March 7-9, 2023.
- ❖ Since our relocation, Administration has worked closely with Systems and Property Management to address issues as reported by LACERS staff and identified by LACERS Administration and Property Management.
- ❖ Since officially relocating to 977 N. Broadway, over 494 facility-related issues have been addressed.



CAPITAL PROJECT SUMMARY

Fire Pump Inspection Delays

- ❖ LACERS worked diligently with LAFD to address a Notice of Violations for Reg IV Non-compliance that has prevented LACERS from securing full Certificate of Occupancy.
- ❖ ARC Engineering, the General Contractor, and Electrical subcontractors successfully implemented a permanent solution to address LADBS and LAFD's concerns.
- ❖ Despite the implementation of the permanent electrical solution, LACERS is still addressing minor corrections identified by the Inspector during the reinspection process.
- ❖ Once these minor corrections are addressed, the project can proceed to request final project sign off by LADBS.



ONGOING ITEMS

Administration continues to monitor the following ongoing items that remain to be fully implemented.

Furniture

- ❖ Several Haworth furniture pieces and finishes have a long lead time which will be delivered and installed over the coming weeks.
- ❖ Patio furniture has been installed; waiting on additional accessories that weather-proof the patio cushions.

Technology

- ❖ Due to a manufacturer defect with the existing access cards, the printing of new employee badges has been delayed. LACERS is coordinating with a third-party vendor to prepare the initial batch of badges. Receipt is expected by September.
- ❖ Several A/V components have been delayed by several months, limiting the functionality of the Board Room and Training Room requiring additional programming workarounds.
- ❖ The installation of new mass notification system is still being configured with consultants.
- ❖ Deployment of mobile access control to all LACERS staff is near completed, allowing LACERS to secure restricted areas.

Final Project Sign off

- ❖ LACERS is working diligently to address fire pump-related inspection concerns.
- ❖ Once addressed, LAFD and LADBS will begin final project sign offs.



ONGOING ITEMS

In addition, the following planned enhancements to building operations are underway:

Furniture

- ❖ Add additional furniture to common areas and workspaces requiring additional furniture.
- ❖ Expand the use of furniture in the reception area.
- ❖ Invest in shelving equipment for storage room locations.

Technology

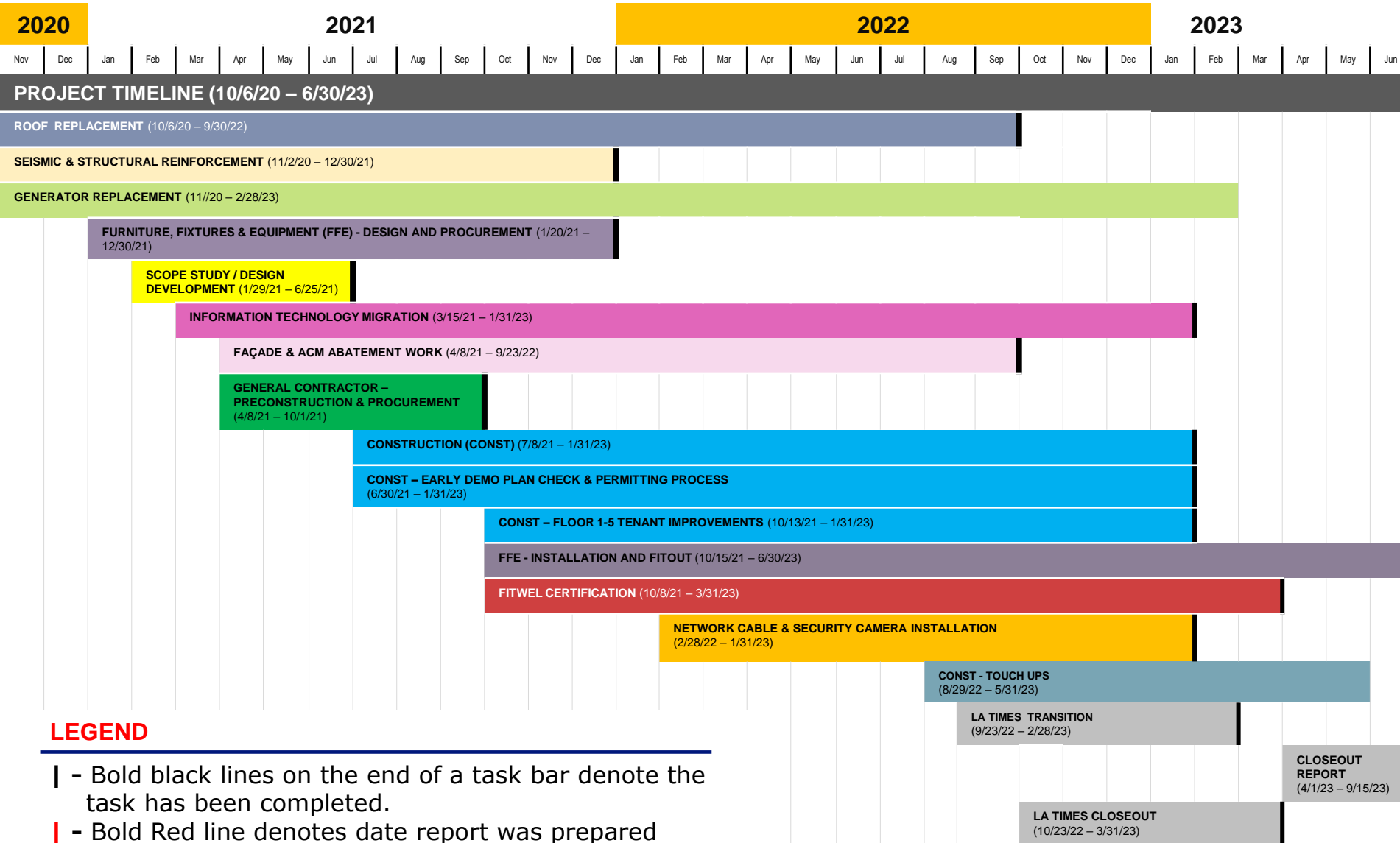
- ❖ Additional surveillance cameras and panic buttons to address blind spots.
- ❖ Improvements to Training and Board Room A/V experience.
- ❖ Provide additional video conferencing functionality.
- ❖ Implement asset-tracking technology for vital equipment.
- ❖ Add additional intercom device in the rear patio entrance

Facilities

- ❖ Improve building security by retrofitting doors with improved door-locking hardware.
- ❖ Deploy a mobile magnetometer for Board Meetings and as-needed events.
- ❖ Improvements to the lighting control systems and modernizing HVAC controls are currently being scoped.



PROJECT TIMELINE



LEGEND

- |** - Bold black lines on the end of a task bar denote the task has been completed.
- |** - Bold Red line denotes date report was prepared

FINANCIAL OVERVIEW



FY 2022/23 Financial Status Report (July 2022 – June 2023)

Budget	Budgeted Amount	Actuals FYTD	% Budgeted Amount Expended FYTD	Budget Variance Comments
Operating	\$1,615,392	\$1,600,766	99.09%	
Capital	\$19,878,381	\$19,641,924	98.31%	
Capital Contingency ¹	\$100,000	\$134,705	134.70%	Additional contingency funds used to track LAFD inspection-related costs.
Total	\$21,593,773	\$21,377,395	99.00%	

NOTE: The data presented in this chart reflect expenses paid out through our Property Management Account.

¹: Expenses in excess of budget will be absorbed by the larger Capital Budget balance.

977 N BROADWAY



LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

977 N. BROADWAY

LOS ANGELES, CA 90012

(800) 779-8328 / RTT: (888) 349-3996

LACERS.ORG



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

July 11, 2023

10:00 a.m.

PRESENT:	President:	Vacant
	Vice President:	Elizabeth Lee
	Commissioners:	Annie Chao Thuy Huynh Sung Won Sohn Michael R. Wilkinson
	Legal Counselor:	Joshua Geller
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
ABSENT:	Commissioners:	Gaylord "Rusty" Roten Janna Sidley

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – Vice President Lee asked if any persons wanted to make a general public comment to which there were no public comment cards received.

II

ELECTION TO FILL UNEXPIRED TERM OF THE VACANT OFFICE OF THE BOARD PRESIDENT PURSUANT TO LOS ANGELES CITY CHARTER SECTION 503(A) AND POSSIBLE BOARD ACTION – Neil M. Guglielmo, General Manager, proposed to table Agenda Items II and III since the yearly election of officers is scheduled for the July 25th Board meeting. Commissioner Chao moved to table Agenda Items II and III, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.

III

IF VACANCY CREATED IN OFFICE OF THE VICE PRESIDENT BY BOARD ACTION ON AGENDA ITEM II, ELECTION TO FILL UNEXPIRED TERM OF BOARD VICE PRESIDENT, PURSUANT TO LOS ANGELES CITY CHARTER SECTION 503(A) AND POSSIBLE BOARD ACTION

IV

BOARD PRESIDENT VERBAL REPORT – Vice President Lee welcomed everyone to the first meeting for Fiscal Year 23-24.

V

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Bryan Fujita promotion to CIO at LAFPP
 - First Aid training this year
 - Ordinance enhancing benefits for Sworn employees and Park Rangers
 - HQ updates
 - Health Benefits Administration updates
 - Retirement Services Division updates
 - Communications and Stakeholder Relations updates
 - Upcoming events
- B. UPCOMING AGENDA ITEMS – There were no items discussed.
- C. INTRODUCTION OF CITY ATTORNEY SUMMER LAW CLERKS – This item was deferred to the next Board meeting.

VI

RECEIVE AND FILE ITEMS

- A. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.
- B. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.
- C. HEALTH MANAGEMENT DATA REPORT – This report was received by the Board and filed.
- D. LACERS WELL 2022 ANNUAL PRESENTATION – Stephanie Smith, Senior Project Coordinator, presented and discussed this item with the Board. This report was received by the Board and filed.

VII

COMMITTEE REPORT(S)

- A. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON JUNE 27, 2023 – Commissioner Wilkinson stated the Committee were presented with and approved the triennial board review for Article I, Section 4.0 Board Procedures, and Article II, Section 1.0 Guidance for Board Members. He also shared that staff was directed to add the travel policy as it pertains to flight seat assignments on a future Governance Committee agenda.
- B. AUDIT COMMITTEE VERBAL REPORT FOR THE MEETING ON JUNE 27, 2023 – Commissioner Chao stated that the Committee were presented with and approved the implementation plan to address recommendations contained in Grant Thornton’s 2022 Audit of LACERS’ Retirement Benefit System Application (PGOLDV3).

VIII

Commissioner Wilkinson moved approval of Consent Agenda Item VIII-A, seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE MEETING OF JUNE 13, 2023 AND POSSIBLE BOARD ACTION

IX

BOARD/DEPARTMENT ADMINISTRATION

- A. CONSIDERATION OF BOARD GOVERNANCE CONSULTING SERVICES REQUEST FOR QUALIFICATIONS FINALISTS AND POSSIBLE BOARD ACTION – Chhintana Kurimoto, Management Analyst, presented this item to the Board. Commissioner Wilkinson moved approval, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.
- B. TRIENNIAL BOARD POLICY REVIEW: ARTICLE I, SECTION 4.0 BOARD PROCEDURES, AND ARTICLE II, SECTION 1.0 GUIDANCE FOR BOARD MEMBERS AND POSSIBLE BOARD ACTION – John Koontz, Senior Management Analyst, presented and discussed this item with the Board. Commissioner Wilkinson moved approval, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.
- C. IMPLEMENTATION PLAN TO ADDRESS RECOMMENDATIONS CONTAINED IN GRANT THORNTON’S 2022 AUDIT OF LACERS’ RETIREMENT BENEFIT SYSTEM APPLICATION (PGOLDV3) AND POSSIBLE BOARD ACTION - Commissioner Wilkinson moved approval, seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.
- D. 2024 DENTAL AND VISION CONTRACT RENEWALS AND POSSIBLE BOARD ACTION –Glen Malabuyoc, Senior Benefits Analyst, presented this item to the Board. Commissioner Wilkinson moved approval of the following Resolution:

2024 LACERS DENTAL AND VISION PLAN PREMIUMS

RESOLUTION 230711-A

WHEREAS, under the Los Angeles Administrative Code (LAAC) Division 4, Chapter 11, the Board of Administration (Board) of the Los Angeles City Employees' Retirement System (LACERS) has the authority to administer the health and welfare program and shall contract for suitable plans to be made available to eligible retirees, their eligible dependents, and their qualified survivors;

WHEREAS, during the annual health plan renewal process, LACERS staff and health plan consultant received the preliminary dental and vision premium rates from the carriers and after thorough reviews and negotiations, recommends the Board accept the plan year 2024 dental and vision premium rates commencing on January 1, 2024, through December 31, 2024;

NOW, THEREFORE, BE IT RESOLVED, that the Board approve the plan year 2024 dental and vision premium rates below; and authorize the General Manager to make any necessary adjustments not to exceed \$5.00 per plan premium to reflect updated data and execute a one-year contract with the carriers, subject to satisfactory legal review by the City Attorney.

2024 DENTAL PLAN PREMIUM RATES		
Dental Tiers	Delta Dental PPO Self-Funded	DeltaCare USA HMO
Retiree	\$51.16	\$15.10
Retiree + 1 Dependent	\$101.45	\$28.19
Retiree + Family	\$146.56	\$32.59

2024 VISION PLAN PREMIUM RATES	
Tiers	Anthem Blue View Vision Self-Funded
Retiree	\$9.14
Retiree + 1 Dependent	\$13.25
Retiree + Family	\$23.67

Which motion was seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.

E. MEDICAL PLANS REQUEST FOR PROPOSAL RECOMMENDATION AND POSSIBLE BOARD ACTION – Karen Freire, Chief Benefits Analyst, James Kawashima, Senior Benefits Analyst, Rainbow Sun, Benefits Analyst, and Bordan Darn, Lead Consultant with Keenan Associates, presented and discussed this item with the Board. Commissioner Wilkinson moved approval of the following Resolution:

**FINAL MEDICAL CARRIERS FOR
LACERS MEDICAL PLANS
FOR PLAN YEAR 2024**

RESOLUTION 230711-B

WHEREAS, the Los Angeles Administrative Code establishes that Los Angeles City Employees' Retirement System (LACERS) provide health and welfare programs for retired employees and their eligible dependents;

WHEREAS, on March 10, 2023, LACERS issued a Request for Proposal (RFP) for medical plans;

WHEREAS, on June 27, 2023, the Benefits Administration Committee considered a staff report on recommended finalists to the RFP;

WHEREAS, on June 27, 2023, the Benefits Administration Committee approved forwarding a recommendation to the Board to continue with the current medical plan carriers, with an additional Medicare Supplement plan with Anthem Blue Cross;

WHEREAS, on June 27, 2023, the Benefits Administration Committee approved forwarding to the Board a recommendation to contract with Anthem Blue Cross, Kaiser Permanente, SCAN Health plan, and UnitedHealthcare for medical coverage of LACERS non-Medicare and Medicare-eligible retirees;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration hereby approves the 2024 health carriers and delegates to the General Manager the authority to negotiate and execute these contracts, subject to City Attorney review:

Anthem Blue Cross
Kaiser Permanente
SCAN Health Plan
UnitedHealthcare

Which motion was seconded by Commissioner Huynh, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.

F. VIDEOGRAPHY AND PHOTOGRAPHY SERVICES CONTRACT AMENDMENT WITH FOREFRONT GROUP CORP AND POSSIBLE BOARD ACTION – Tiffany Obembe, Senior Benefits Analyst, presented this item to the Board. Commissioner Sohn moved approval of the following Resolution:

**CONTRACT AMENDMENT
WITH FOREFRONT GROUP CORP.
FOR VIDEOGRAPHY AND PHOTOGRAPHY SERVICES**

RESOLUTION 230711-C

WHEREAS, on September 20, 2022, Contract No. 4251 commenced between the Los Angeles City Employees' Retirement System and ForeFront Group Corp. for videography and photography services for the contract term beginning September 20, 2022, through June 30, 2023, not to exceed \$10,000;

WHEREAS, it is desired to continue creating high-quality photography and video production resources for Members with an efficient and reliable vendor;

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to negotiate and execute a contract amendment subject to satisfactory business and legal terms; and to make any necessary clerical, typographical, or technical corrections to this document.

Company Name: ForeFront Group Corp.
Service Provided: Videography and Photography Services
Term Dates: September 20, 2022, through June 30, 2024
Total Expenditure Authority: \$23,000

Which motion was seconded by Commissioner Huynh, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.

- G. LACERS PAYMENT AUTHORITY FOR MEMBER PARKING AND POSSIBLE BOARD ACTION – Heather Ramirez, Senior Benefits Analyst II, presented this item to the Board. Commissioner Chao moved approval of the following Resolution:

**LACERS PAYMENT AUTHORITY FOR
MEMBER PARKING**

RESOLUTION 220711-D

WHEREAS, in May 2023, LACERS began hosting Planning for Retirement events at the new 977 N. Broadway building and Members experience difficulties in accessing adequate parking;

WHEREAS, LACERS' involvement in obtaining parking for our Members is necessary so they may attend LACERS' seminars and events;

WHEREAS, the LACERS Board has authority over its administrative budget and finds it prudent to provide complimentary parking for Members to facilitate their attendance to LACERS educational seminars and outreach events;

NOW, THEREFORE, BE IT RESOLVED, THAT THE BOARD FIND THAT:

- a. The costs incurred for hosting of the event are reasonable, prudent, and reasonably further the best interest of the City;
- b. The hosting of the events is reasonably necessary to further the business purpose of the meeting;
- c. The focus of the business discussions planned for the event is consistent with the Department mission and goals;
- d. Benefits to be derived from the event have been identified;
- e. Alternatives have been considered and the event has been deemed a necessary and appropriate use of public funds;

AND AUTHORIZE THE GENERAL MANAGER TO:

- f. establish a specific line-item budget appropriation for Member parking, and reallocate excess funds within the current authorized budget to the line-item to fund on-site or off-site parking for Members attending LACERS events at 977 N. Broadway, Los Angeles, CA 90012;
- g. negotiate contracts with local parking vendors, to meet the parking needs for select on-site Member events not to exceed the General Manager's contracting authority of \$20,000;
- h. reallocate funds within identified fiscal year 2023-23 budgetary savings, to provide necessary and customary building support personnel, security, HVAC, lights, and insurance to meet

LACERS customer service mandate should they determine it to be feasible, cost effective, or efficient to host Member parking in our building; and

- i. reallocate funds within identified fiscal year 2023-23 budgetary savings, to host our seminar at an off-site location should they determine it to be feasible, cost effective, or efficient.

Which motion was seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.

X

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Rod June, Chief Investment Officer, reported on the portfolio value of \$21.44 billion as of July 10, 2023. Mr. June discussed the following items:

- Volatility Index at 14.87
- City Contribution of \$800 million to be received in several tranches between July 11 to July 14, 2023
- Remarks regarding Bryan Fujita’s promotion to CIO at LAFPP
- Introduction of Girls Who Invest Intern, Salaidh Perez
- Future Agenda Items: ESG Education, Investment Manager Contract, Bank Custodian RFP, and Private Real Estate Opportunity

Mr. June shared that Russian exposure for LACERS stands at \$3.330 million.

B. PRESENTATION BY TOWNSEND HOLDINGS LLC OF THE PRIVATE REAL ESTATE PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING DECEMBER 31, 2022 – Chae Hong, Partner, and Felix Fels, Associate Partner, with The Townsend Group, presented and discussed this item with the Board for 25 minutes. This report was received by the Board and filed.

C. PRESENTATION BY AKSIA CA LLC OF THE PRIVATE EQUITY PORTFOLIO PERFORMANCE REVIEW FOR THE PERIODS ENDING SEPTEMBER 30, 2022 AND DECEMBER 31, 2022 – Trevor Jackson, Managing Director, and Jeff Goldberger, Managing Director, with Aksia CA LLC, presented and discussed this item with the Board for 30 minutes. This report was received by the Board and filed.

D. LACERS EXPOSURE TO REGIONAL BANKS AND BANKING INDUSTRY – James Wang, Investment Officer I, presented this item to the Board. This report was received by the Board and filed.

XI

OTHER BUSINESS – There was no other business.

XII

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, July 25, 2023, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

XIII

ADJOURNMENT – There being no further business before the Board, Vice President Lee adjourned the Meeting at 12:17 p.m.

Elizabeth Lee
Vice-President

Neil M. Guglielmo
Manager-Secretary

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

July 25, 2023

10:04 a.m.

PRESENT:	President:	Vacant
	Vice President:	Elizabeth Lee
	Commissioners:	Annie Chao Thuy Huynh Gaylord "Rusty" Roten Janna Sidley Sung Won Sohn Michael R. Wilkinson
	Legal Counselor:	Anya Freedman
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – Vice President Lee asked if any persons wanted to make a general public comment to which there were no public comment cards received.

II

BOARD PRESIDENT VERBAL REPORT – Vice President Lee thanked staff and the Commissioners for their support during her tenure as Acting President. Vice President Lee introduced newly appointed Commissioner Gaylord "Rusty" Roten.

III

BOARD ELECTION

A. ELECTION OF BOARD OFFICERS FOR FISCAL YEAR 2023-24 AND POSSIBLE BOARD ACTION – Neil M. Guglielmo, General Manager, advised the nominations for Board President were being considered. Commissioner Sohn nominated Commissioner Chao and Commissioner Huynh nominated Vice President Lee. Mr. Guglielmo called for the vote on the nomination of

Commissioner Chao as President: Ayes, Commissioners Chao, Roten, Sidley, Sohn, and Wilkinson -5; Nays, Commissioner Huynh and Vice President Lee -2. Commissioner Chao did receive the majority vote and was elected as Board President for FY 2023-24. There was no vote taken for the second nomination as the first nomination received the majority vote.

Mr. Guglielmo next advised the nominations for Board Vice President were being considered. Commissioner Sidley nominated Vice President Lee and Commissioner Chao nominated Commissioner Sohn. Mr. Guglielmo called for the vote on the nomination of Vice President Lee as Vice President: Ayes, Commissioners Huynh, Sidley, and Vice President Lee -3; Nays, Commissioners Chao, Roten, Sohn, and Wilkinson -4. Vice President Lee did not receive the majority vote. Mr. Guglielmo called for the vote on the nomination of Commissioner Sohn as Vice President: Ayes, Commissioners Chao, Huynh, Roten, Sidley, Sohn, Wilkinson, and Vice President Lee -7; Nays, None. Commissioner Sohn did receive the majority vote and was elected as Board Vice President for FY 2023-24.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- IRMAA Outreach Campaign update
 - HQ updates
 - ERIP Liability Payments
 - Health Benefits Administration updates
 - Retirement Services Division updates
 - Communications and Stakeholder Relations updates
 - Upcoming events
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- August 8 Board and Benefits Administration Committee Meetings: 2024 Medical Plan Premium rates and Maximum Subsidy and Reimbursement Amounts
 - August and September Board Meetings: 977 N. Broadway Building Project FY 23/24 Supplemental Capital Budget, Retirement Services Division will present Understanding the Retirement Process and an overview of the new benefits being provided to Public Safety Officers within LACERS
- C. RECEIPT OF THE CITY’S CONTRIBUTION FOR FISCAL YEAR 2023-24 – JoAnn Peralta, Department Chief Accountant IV, presented this item to the Board.
- D. INTRODUCTION OF CITY ATTORNEY SUMMER LAW CLERKS – Anya Freedman, Assistant City Attorney, introduced the two Summer Law Clerks, Olivia McGovern and Hannah Taub. The clerks each provided a brief bio to the Board.

V

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JUNE 2023 – This report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON JULY 11, 2023 – Commissioner Lee stated that Loomis, Sayles & Company and Garcia Hamilton & Associates made presentations to the Committee. The Committee also approved the contract with Barrow, Hanley, MeWhinney & Strauss.
- B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON JULY 25, 2023 – Commissioner Wilkinson stated the Committee approved the Board Rules Related to Member and Benefits Administration, proposed change to Enhanced Disability Retirement Hearings, and proposed changes to Rating Schedule for Enhanced Disability Retirement Benefits.

VII

Commissioner Wilkinson moved approval of Consent Agenda Items VII-A and VII-B, seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, Vice President Sohn, and President Chao -7. Nays, None.

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE MEETING OF JUNE 27, 2023 AND POSSIBLE BOARD ACTION
- B. GENERAL MANAGER DESIGNEE SIGNATURE AUTHORITY AND POSSIBLE BOARD ACTION

SIGNATURE AUTHORITY FOR GENERAL MANAGER DESIGNEES

RESOLUTION 230725-A

WHEREAS, the Board may delegate authority to the necessary deputies, assistants, and employees of the department and define their duties under Los Angeles City Charter (LACC) Section 511(a); and,

WHEREAS, the General Manager is authorized under LACC Section 509 to administer the affairs of the department as its Chief Administrative Officer; and,

WHEREAS, the General Manager determines it is in the best interest of the department to ensure

department business is transacted expeditiously on occasions when they are absent or unable to act through the assignment of signature authorities over specific areas of expertise;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby adopts the signature authority resolution for the General Manager designees. If practicable, designees shall seek verbal concurrence from the General Manager. Authority is assigned to the position, rather than the individual. This resolution shall be endorsed by the designees, and should there be a change in personnel, a new endorsement certificate may be made and kept on file in the Board office; filed with any other necessary office of City government; or any agencies involved in processing LACERS' investment transactions and custodial responsibilities for the securities of LACERS. The proposed resolution will supersede any previously adopted resolutions related to General Manager Designee signature authority and is effective upon adoption.

1. Assistant General Manager(s) – for the approval of contracts in compliance with the contracting limitations established in the LACC; approval of expenditures; and approval of benefit payments and related transactions;
2. Chief Management Analyst of Administration Division (AD) – for the approval of contracts in compliance with the contracting limitations established in the LACC; for the approval of expenditures within the authorized AD budget, Performance Management Office budget, and the Actuarial program budget. The Chief Management Analyst may delegate to the Senior Management Analysts I and II in the Administrative Services Office the approval of expenditures within the established thresholds specified in the memorandum submitted to the Chief Accounting Employee of LACERS.
3. Chief Benefits Analyst of Health, Wellness, and Buyback Division (HWABD) – for the approval of retiree health and buyback-related benefits within the limits of Board Rule GMA-1; and approval of expenditures within the authorized HWABD budget. The Chief Benefits Analyst may further delegate to the Senior Benefits Analysts I and II in the HWABD the approval of expenditures within the authorized HWABD budget. The Chief Benefits Analyst may further delegate to the Senior Benefits Analysts I and II in the Service Purchase Section the approval and execution of service purchase transactions including agreements with Members and certifications of service; and delegate to the Senior Benefits Analysts I and II in the Health Benefits Administration the signature authority for transactions related to the payment of approved retiree health benefits.
4. Chief Benefits Analyst of Retirement Services Division (RSD) – for the approval of retirement benefits authorized under Board Rule GMA-1; and approval of expenditures within the authorized RSD budget. The Chief Benefits Analyst may further delegate to the Senior Benefits Analysts I and II in the RSD the approval of expenditures within the authorized RSD budget.
5. Chief Benefits Analyst of Communications and Stakeholder Relations Division (CSRD) – for the approval of expenditures within the authorized CSRD budget. The Chief Benefits Analyst may further delegate to the Senior Benefits Analysts I and II in the CSRD the approval of expenditures within the established CSRD budget.
6. Information Systems Manager – for the approval of expenditures within the authorized Systems Division budget.

7. Chief Investment Officer or Investment Officer III – for the approval of investment transactions required within the scope of the contracts approved by the Board; and approval of expenditures within the authorized Investment Division budget.
8. Personnel Director or Senior Personnel Analyst II – for the approval of expenditures within the authorized Human Resources budget. The Personnel Director or Senior Personnel Analyst II may delegate to the Senior Personnel Analyst I in Human Resources Unit the approval of expenditures within the established Human Resources budget.
9. Departmental Audit Manager – for the approval of expenditures within the authorized Internal Audit budget.
10. Member Stewardship Section (MSS) Manager or Senior Benefits Analyst II – comprised of Active Member Accounts (AMA) and the Member Processing Unit (MPU) – for the approval of expenditures within the authorized budget. The MSS Senior Benefits Analyst II may further delegate to the Senior Benefits Analysts I the approval of expenditures within the established MSS budget.
11. Systems Operations Support Manager (SOS) or Senior Benefits Analyst II – for the approval of expenditures within the authorized SOS budget. The SOS Manager or Senior Benefits Analyst II may delegate to the Senior Benefits Analyst I in the SOS section the approval of expenditures within the established SOS budget.

Endorsed: _____ Todd Bouey
Assistant General Manager

Endorsed: _____ Dale Wong-Nguyen
Assistant General Manager

Endorsed: _____ Ferralyn Sneed
Chief Benefits Analyst of Retirement Services Division

Endorsed: _____ Karen Freire
Chief Benefits Analyst of Health, Wellness, and Buyback Division

Endorsed: _____ Taneda Larios
Chief Benefits Analyst of Communications and Stakeholder Relations Division

Endorsed: _____ Rodney June
Chief Investment Officer

Endorsed: _____ Edwin Avanesian
Chief Management Analyst of Administration Division

Endorsed: _____ Melani Rejuso
Departmental Audit Manager

Endorsed: _____ Thomas Ma

Information System Manager II

Endorsed: _____ Wilkin Ly
Investment Officer III

Endorsed: _____ Delia Hernandez
Senior Benefits Analyst II

Endorsed: _____ Audrey Dymally
Senior Benefits Analyst II

Endorsed: _____ Edeliza Fang
Senior Benefits Analyst II

Endorsed: _____ Margaret Drenk
Senior Benefits Analyst II

Endorsed: _____ Heather Ramirez
Senior Benefits Analyst II

Endorsed: _____ Lauren McCall
Senior Benefits Analyst II

Endorsed: _____ Isaias Cantú
Senior Management Analyst II

Endorsed: _____ Lin Lin
Personnel Director I

Endorsed: _____ Brittany Cotton
Senior Benefits Analyst I

Endorsed: _____ Ada Lok
Senior Benefits Analyst I

Endorsed: _____ Glen Malabuyoc
Senior Benefits Analyst I

Endorsed: _____ James Kawashima
Senior Benefits Analyst I

Endorsed: _____ Lourdes Quintos
Senior Benefits Analyst I

Endorsed: _____ Maricel Martin
Senior Benefits Analyst I

Endorsed: _____ Tiffany Obembe
Senior Benefits Analyst I

Endorsed: _____ Brian Cha
Senior Benefits Analyst I

Endorsed: _____ Kevin Hirose
Senior Benefits Analyst I

Endorsed: _____ Sevan Simonian
Senior Benefits Analyst I

Endorsed: _____ Horacio Arroyo
Senior Management Analyst I

Endorsed: _____ John Koontz
Senior Management Analyst I

Which motion was seconded by Vice President Sohn, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, Vice President Sohn, and President Chao -7; Nays, None.

VIII

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Rod June, Chief Investment Officer, reported on the portfolio value of \$22.67 billion as of July 24, 2023. Mr. June discussed the following items:

- Volatility Index at 13.94
- PRI Board Director nominations and election will be discussed with the Board later in the year
- Deborah Kidd of CFA Institute will provide ESG education later in the agenda
- Future Agenda Items: Private Credit Education provided by Aksia, discussion of the PRI Action Plan and ESG Risk Framework, and Bank Custodian RFP

Mr. June shared that Russian exposure for LACERS stands at \$2.83 million.

B. PRESENTATION BY THE CFA INSTITUTE REGARDING ESG CONSIDERATIONS IN THE INVESTMENT PROCESS – Deborah Kidd, Director, with CFA Institute, presented and discussed this item with the Board for 30 minutes.

C. APPROVAL OF 3-YEAR CONTRACT WITH BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE HON-U.S. DEVELOPED MARKETS VALUE EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION – Ellen Chen, Investment Officer II, presented this item to the Board. Vice President Sohn moved approval of the following Resolution:

**CONTRACT RENEWAL
BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC**

**ACTIVE NON-U.S. DEVELOPED MARKETS VALUE EQUITIES
PORTFOLIO MANAGEMENT**

RESOLUTION 230725-B

WHEREAS LACERS' current three-year contract with Barrow, Hanley, Mewhinney & Strauss, LLC (BHMS) for active non-U.S. developed markets value equities portfolio management expires on September 30, 2023; and,

WHEREAS, a contract renewal with BHMS will allow the LACERS total portfolio to maintain a diversified exposure to non-U.S. developed markets value equities; and,

WHEREAS, on July 25, 2023, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with BHMS.

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

<u>Company Name:</u>	Barrow, Hanley, Mewhinney & Strauss, LLC
<u>Service Provided:</u>	Active Non-U.S. Developed Markets Value Equities Portfolio Management
<u>Effective Dates:</u>	October 1, 2023 through September 30, 2026
<u>Duration:</u>	Three years
<u>Benchmark:</u>	MSCI EAFE VALUE ND Index
<u>Allocation as of May 31, 2023:</u>	\$551 million

Which motion was seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, Vice President Sohn, and President Chao -7; Nays, None.

President Chao recessed the Regular Meeting at 11:22 a.m. to convene in Closed Session.

**D. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO
CONSIDER A COMMITMENT TO WATERTON RESIDENTIAL PROPERTY VENTURE XV,
L.P. AND POSSIBLE BOARD ACTION**

IX

DISABILITY RETIREMENT APPLICATION(S)

A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF ANTHONY INGRAM AND POSSIBLE BOARD ACTION

President Chao reconvened the Regular Meeting at 11:33 a.m. and announced that the Board unanimously approved the Disability Retirement Application of Anthony Ingram.

X

OTHER BUSINESS – Commissioner Lee requested a staff report including City Attorney input regarding the use of City time by the Employee Member of the Board for Trustee Education.

XI

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, August 22, 2023, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

XII

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 11:34 a.m.

Annie Chao
President

Neil M. Guglielmo
Manager-Secretary



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

MEETING: AUGUST 8, 2023

ITEM: VI - A

SUBJECT: ADDITIONAL PROPOSED LIST OF PRE-APPROVED BOARD EDUCATIONAL SEMINARS AND TRAINING FOR FISCAL YEAR 2023-24 AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve the additional five educational programs to the Pre-Approved Board Educational Seminars for Fiscal Year 2023-24 (Attachment 1)

Executive Summary

Pursuant to the LACERS Board of Administration Education Travel Policy, attached is the additional list of Pre-Approved Board Educational Seminars for Fiscal Year (FY) 2023-24.

Discussion

The LACERS' Board Education Travel Policy is intended to affirm education as an essential component of a trustee's fiduciary responsibility. The aim of the policy is to ensure that each Trustee fulfills the "Prudent Person Standard" requisite by developing and maintaining their knowledge of public pension administration through exposure to current benefit, financial, and policy information to develop a sound understanding of issues and topics that may directly impact LACERS. This fiduciary responsibility imposes a continuing need for Board Members to attend professional and educational conferences, seminars, and other educational events. Pursuant to the Policy, the maximum annual allocation per Trustee is \$10,000 for conference and other travel expenses.

Prior to the beginning of each fiscal year, the Board pre-approves, for administrative efficiency, the travel authority for a list of designated conferences/educational seminars. This list will include all conferences deemed by the Board to meet the standard of having a solid reputation for quality program content. The Board approved the Pre-Approved list of Board Educational Seminars for FY 2023-24 at the Board Meeting on June 13, 2023 (Attachment 2).

As per the Board Policy, Article II, Section 1.0, Board Members shall attend conferences or seminars that have a solid reputation for quality program content, 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. Conferences not adopted in the Pre-Approved List of Educational Seminars for FY 2023-24 will require direct Board approval.

The updated FY 2023-24 Training and Travel Program including the five additional programs is included in Attachment 3.

The Commission Executive Assistant will continue to periodically share with the Commissioners any educational opportunities that become known to LACERS staff that may or may not be included in the Pre-Approved List of Education Seminars. Additionally, if Commissioners would like to work on individual education plans, the General Manager is available to discuss suggested training and conferences in the primary areas of governance, fiduciary, investments, and benefits administration.

Strategic Plan Impact Statement

Adoption of the Proposed List of Pre-Approved Board Educational Seminars and Training and Travel Program meets the Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Ani Ghoukassian, Commission Executive Assistant II

- Attachments:
1. Additional proposed List of Educational Seminars for Fiscal Year 2023-24
 2. Pre-Approved List of Educational Seminars for Fiscal Year 2023-24 approved by the Board on June 13, 2023
 3. Updated Fiscal Year 2023-24 Training and Travel Program

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
LIST OF ADDITIONAL EDUCATIONAL SEMINARS – FISCAL YEAR 2023-24

*Local Conference

CONFERENCE / SEMINAR / MEETING	SUBJECT MATTER	TRUSTEE EVALUATION		
		TRUSTEE RATING		LEVEL
		Rate seminar with:		
		A	<i>Excellent</i>	<ul style="list-style-type: none"> ▪ <i>Introductory</i> ▪ <i>Intermediate</i> ▪ <i>Advanced</i>
		B	<i>Very Good</i>	
C	<i>Good</i>			
D	<i>Not Beneficial</i>			
Harvard Business School – Authentic Leader Development . December 3-8, 2023 (Cambridge, MA) - \$16,000	<ul style="list-style-type: none"> ▪ Public Leadership and Public Policy 			
Harvard Business School – Finance for Senior Executives . September 15-30, 2023 (Virtual and In-person) - \$14,000	<ul style="list-style-type: none"> ▪ Public Leadership and Public Policy 			
Harvard Business School – High Potentials Leadership Program . October 15-20, 2023 (Cambridge, MA) - \$16,250	<ul style="list-style-type: none"> ▪ Public Leadership and Public Policy 			
Harvard Business School – Leading and Building a Culture of Innovation . December 3-8, 2023 (Cambridge, MA) - \$16,000	<ul style="list-style-type: none"> ▪ Public Leadership and Public Policy 			
Harvard Business School – Managing Turbulence . Sept. 17-Dec. 2, 2023 (Virtual and in-person) - \$19,000	<ul style="list-style-type: none"> ▪ Public Leadership and Public Policy 			

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
LIST OF EDUCATIONAL SEMINARS – FISCAL YEAR 2023-24**

*Local Conference

CONFERENCE / SEMINAR / MEETING	SUBJECT MATTER	TRUSTEE EVALUATION		
		TRUSTEE RATING		LEVEL
		Rate seminar with:		
		A	<i>Excellent</i>	<ul style="list-style-type: none"> ▪ <i>Introductory</i> ▪ <i>Intermediate</i> ▪ <i>Advanced</i>
		B	<i>Very Good</i>	
C	<i>Good</i>			
D	<i>Not Beneficial</i>			
California Association of Public Retirement Systems (CALAPRS) – General Assembly <ul style="list-style-type: none"> ▪ March 2-5, 2024 (Rancho Mirage, CA) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning 	A	(Sohn, 2016) (Wilkinson 2018, 2021) (Chao, Sohn 2020)	Intermediate
CALAPRS – Principles of Pension Governance For Trustees <ul style="list-style-type: none"> ▪ August 28-31, 2023 (Malibu, CA) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning 	A	(Serrano, Wilkinson 2015)	Intermediate
CALAPRS – Advanced Principles of Pension Management For Trustees <ul style="list-style-type: none"> ▪ Date and Location TBD 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning 			Advanced
CALAPRS – Trustees’ Roundtable <ul style="list-style-type: none"> ▪ October 27, 2023 (Virtual) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning 	B	(Chao, 2016)	Intermediate
Council of Institutional Investors (CII) – Conferences <ul style="list-style-type: none"> ▪ Fall Conference: September 11-13, 2023 (Long Beach, CA) ▪ Spring Conference: March 4-6, 2024 (TBD) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning 	A B	(Chao, 2017) (Wilkinson 2015)	Intermediate Advanced
Harvard Business School – Behavioral Economics <ul style="list-style-type: none"> ▪ October 9-20, 2023 (Cambridge, MA) 	<ul style="list-style-type: none"> ▪ Investments ▪ Corporate Governance 		(Sohn, 2022)	

CONFERENCE / SEMINAR / MEETING	SUBJECT MATTER	TRUSTEE EVALUATION		
		TRUSTEE RATING		LEVEL
		Rate seminar with:		
		A	<i>Excellent</i>	<ul style="list-style-type: none"> ▪ <i>Introductory</i> ▪ <i>Intermediate</i> ▪ <i>Advanced</i>
		B	<i>Very Good</i>	
C	<i>Good</i>			
D	<i>Not Beneficial</i>			
Harvard Kennedy School – Leadership Decision Making: Optimizing Organizational Performance <ul style="list-style-type: none"> ▪ October 1-6, 2023 (Cambridge, MA) 	<ul style="list-style-type: none"> ▪ Public Leadership and Public Policy 		(S. Lee, 2021 Sohn, 2022)	Advanced
International Foundation of Employee Benefit Plans (IFEBP) – Annual Employee Benefits Conference <ul style="list-style-type: none"> ▪ Date and Location TBD 	<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"> ▪ Date and Location TBD 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Plan Admin 			
International Foundation of Employee Benefit Plans (IFEBP) – Health Benefit Plan Basics – Certificate Series <ul style="list-style-type: none"> ▪ September 22-23, 2023 (Las Vegas, NV) 	<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: Sept. 30-Oct. 2, 2023 (Boston, MA) ▪ Level II: Concepts in Practice: Sept. 30-Oct. 1, 2023 (Boston, MA) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Plan Admin 			
International Foundation of Employee Benefit Plans (IFEBP) – The Wharton School Alternative Investment Strategies <ul style="list-style-type: none"> ▪ July 18 – July 20, 2023 	<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"> ▪ Date and Location TBD 	<ul style="list-style-type: none"> ▪ Investments 			

CONFERENCE / SEMINAR / MEETING	SUBJECT MATTER	TRUSTEE EVALUATION		
		TRUSTEE RATING		LEVEL
		Rate seminar with:		
		A	<i>Excellent</i>	<ul style="list-style-type: none"> ▪ <i>Introductory</i> ▪ <i>Intermediate</i> ▪ <i>Advanced</i>
		B	<i>Very Good</i>	
C	<i>Good</i>			
D	<i>Not Beneficial</i>			
National Conference on Public Employee Retirement Systems (NCPERS) – Annual Conference & Exhibition <ul style="list-style-type: none"> ▪ Date and Location TBD 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance 	A (Wilkinson, 2017, Sohn 2018) B (Ruiz, 2016)		
National Conference on Public Employee Retirement Systems (NCPERS) – Trustee Educational Seminar (TEDS) <ul style="list-style-type: none"> ▪ Date and Location TBD 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance 	A (Sohn, 2016)	Intermediate	
National Conference on Public Employee Retirement Systems (NCPERS) – Legislative Conference <ul style="list-style-type: none"> ▪ Date and Location TBD 	<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"> ▪ Date and Location TBD 	<ul style="list-style-type: none"> ▪ Legislative Governance 			
Pension Real Estate Association (PREA) Spring Conference <ul style="list-style-type: none"> ▪ March 22-23, 2023 (Seattle, WA) 	<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"> ▪ October 18-20, 2023 (Boston, MA) 	<ul style="list-style-type: none"> ▪ Investments 	A (Chao, 2017)	Intermediate	
Pacific Pension & Investments Institute (PPI) <ul style="list-style-type: none"> ▪ Summer Roundtable: July 19-21, 2023 (San Francisco, CA) ▪ Winter Roundtable: Date and Location TBD 	<ul style="list-style-type: none"> ▪ Investments ▪ Corporate Governance 			

CONFERENCE / SEMINAR / MEETING	SUBJECT MATTER	TRUSTEE EVALUATION		
		TRUSTEE RATING		LEVEL
		Rate seminar with:		
		A	<i>Excellent</i>	▪ <i>Introductory</i>
B	<i>Very Good</i>	▪ <i>Intermediate</i>		
C	<i>Good</i>	▪ <i>Advanced</i>		
D	<i>Not Beneficial</i>			
Robert F. Kennedy (RFK) Human Rights Compass Conference ▪ Date and Location TBD	▪ Investments ▪ Corporate Governance			
State Association of County Retirement Systems (SACRS) Conference ▪ Fall Conference: November 7-10, 2023 (Rancho Mirage, CA) ▪ Spring Conference: May 9-12, 2023 (San Diego, CA)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance	A (Wilkinson, 2015, 2017, 2018) (E. Lee, 2021) (Sohn, 2022) B (Chao, 2017)		Intermediate
State Association of County Retirement Systems (SACRS) / UC Berkeley Program – Public Pension Investment Management Program ▪ July 16-19, 2023 (Berkeley, CA)	▪ Investments	A (Wilkinson, 2015)		Intermediate
United Nations Principles in Responsible Investing (PRI) in Person ▪ Date and Location TBD	▪ Investments ▪ Corporate Governance			
Western Economic Association International – Annual Conference ▪ TBD	▪ Investments			
Women’s Alternative Investment Summit ▪ TBD	▪ Investments			
Women’s Private Equity Summit ▪ TBD	▪ Investments			

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
ADDITIONAL EDUCATIONAL SEMINARS APPROVED BY THE BOARD FY 2022-23

CONFERENCE TITLE	DATE(S)	LOCATION	COMMISSIONER
95th Intl. Atlantic Economic Conference	March 22-25, 2023	Rome, Italy	Sung Won Sohn

LACERS Fiscal Year 2023-24 Travel & Training Program Conference Training and Educational Events

1. California Association of Public Retirement Systems (CALAPRS) – General Assembly

<https://www.calaprs.org/>

Dates: March 2-5, 2024

Location: Rancho Mirage, CA

The CALAPRS General Assembly is an educational conference for retirement system trustees, senior staff, and annual sponsors of CALAPRS. Typically held on a Saturday through Tuesday in March, the program includes educational sessions on relevant and timely topics for public pension administration, retiree healthcare, and investing, as well as networking opportunities for participants with their peers in this sector. The program agenda is developed by a planning committee commissioned by the CALAPRS Board of Directors.

Purpose and Benefit: To meet the education and information exchange needs of public retirement systems in California.

2. California Association of Public Retirement Systems (CALAPRS) – Principles of Pension Governance for Trustees

<https://www.calaprs.org/>

Dates: August 28-31, 2023

Location: Malibu, CA

CALAPRS Principles of Pension Governance program helps public pension trustees ask and answer the tough questions and is designed for newer trustees. The three-day intensive program begins with a test of what will be reviewed at the end of the course, then continues with a combination of team teaching, case studies, and mock board problem solving. All course materials are based on actual California public pension fund law, policies, practices, and problems.

Purpose and Benefit: Designed for new trustees, or those seeking a refresher, and focuses on the practical aspects of Trustee duties.

3. California Association of Public Retirement Systems (CALAPRS) – Advanced Principles of Pension Management for Trustees

<https://www.calaprs.org/>

Dates: TBD

Location: TBD

CALAPRS Advanced Principles of Pension Management for Trustees helps trustees build and enhance their skills, hear from, and discuss issues with top-level presenters in the areas of board governance, investments, and actuarial science, pension law and economics. Over the course of two days, participants will be immersed in a powerful learning process—acquiring the skills they need to lead their organizations effectively. The program's proven, multifaceted educational

approach fosters the professional, intellectual, and personal development required to govern at the board level.

Purpose and Benefit: Participants will be immersed in a powerful learning process-acquiring the skills they need to lead their organizations effectively.

4. California Association of Public Retirement Systems (CALAPRS) – Trustees’ Roundtable

<https://www.calaprs.org/>

Dates: October 27, 2023

Location: Virtual

The CALAPRS Trustee Roundtables provide regular opportunities for peers to discuss challenges, opportunities, risks, achievements with their peers. This information sharing can be very helpful in identifying solutions, collaboration, sharing lessons learned, etc.

Purpose and Benefit: To meet the ongoing needs for trustees to be effective in governance and oversight.

5. Council of Institutional Investors (CII) Conference

<https://www.hks.harvard.edu/>

Dates: Fall Conference: September 11-13, 2023

Location: Long Beach, CA

Spring Conference: March 4-6, 2024

Location: TBD

Topics covered in this course include Decarbonizing Emerging Markets, Responsible Investment in Residential Real Estate, Exploring Empirical Evidence on ESG and Corporate Performance, and Navigating Global Conflict & Geopolitical Risk: Takeaways for Boards and Investors.

Purpose and Benefit: To meet the education and information exchange needs of public retirement systems.

6. Harvard Business School – Authentic Leader Development

<https://www.exed.hbs.edu/authentic-leader-development/>

Dates: December 3-8, 2023

Location: Boston, MA

In this program, attendees will uncover, analyze, and strengthen the unique characteristics that enable leading with authenticity and purpose and become the type of outstanding leader you most admire.

Purpose and Benefit: Participants will be ready to lead with greater passion and confidence, inspire others to do their best work, and create exceptional value.

7. Harvard Business School – Behavioral Economics

<https://www.exed.hbs.edu/behavioral-economics-virtual/>

Dates: October 9-20, 2023

Location: Virtual

This program provides fundamental insights into how people think – and how altering the decision-making context can make an impact on their choices. Participants will learn how to design and rigorously test a “choice architecture” that can help managers make better decisions, create greater value for customers, and improve business outcomes for the company.

Purpose and Benefit: Participants will understand the actions of customers and employees, improve decision-making and performance across the organization, and expand personal and professional network.

8. Harvard Business School – Finance for Senior Executives

<https://www.exed.hbs.edu/finance-senior-executives/>

Dates: September 15-30, 2023

Location: Virtual & Boston, MA

This program explores the flow of financial resources, capital markets, and systems for financial management and control.

Purpose and Benefit: Participants will build the skills and confidence to immediately apply financial analysis techniques, set realistic performance goals and compensation incentives.

9. Harvard Business School – High Potentials Leadership Program

<https://www.exed.hbs.edu/high-potentials-leadership-program/>

Dates: October 15-20, 2023

Location: Boston, MA

This program empowers high potential leaders to overcome the increasingly complex challenges that emerge as they take on greater leadership roles.

Purpose and Benefit: Participants will examine the hallmarks of visionary leaders, how to communicate complex information and defend your decisions.

10. Harvard Business School – Leading and Building a Culture of Innovation

<https://www.exed.hbs.edu/leading-building-culture-innovation/>

Dates: December 3-8, 2023

Location: Boston, MA

This program will provide what it takes to build the culture and capabilities required to encourage collaborative problem-solving, creative thinking, rapid iteration, and learning from success and failure.

Purpose and Benefit: Participants will practice the behaviors and skills needed to drive innovation and change, deepening your understanding of what it takes to lead creative and collaborative teams that empower everyone to innovate.

11. Harvard Business School – Managing Turbulence

<https://www.exed.hbs.edu/managing-turbulence/>

Dates: September 17-December 2, 2023

Location: Virtual & Boston, MA

This program focuses on strategy and leadership and the three-module program, will prepare the participant to identify strategic opportunities and challenges-and then create the conditions for your organization to thrive.

Purpose and Benefit: Participants will share diverse perspectives and new industry insights

12. Harvard Kennedy School-Leadership Decision Making: Optimizing Organizational Performance

<https://www.hks.harvard.edu/>

Dates: October 1-6, 2023

Location: Cambridge, MA

Features hands-on learning experiences that help leaders like you improve decision analysis and leadership effectiveness. Led by Faculty Chair Jennifer Lerner, this intensive program will give you the tools to recognize biases in judgment that affect even the most intelligent individuals and to incorporate structured decision-making techniques empirically shown to enhance decision making. You'll also receive customized, confidential feedback on your decision-making style.

Purpose and Benefit: The purpose of the conference is to reduce decision biases in your organization, communicating risk accurately and effectively, increasing prediction accuracy, understanding the role of emotion in judgment and decision making, designing smart accountability systems for judgment and decision making, leading positive change, and harnessing the power of experiments to catalyze organizational learning.

13. International Foundation of Employee Benefit Plans (IFEBP) – Annual Employee Benefits Conference

<https://www.ifebp.org/education/usannual/Pages/annual-employee-benefits-conference-2301.aspx>

Dates: TBD

Location: TBD

Topics covered in this course include Addressing Mental Health at the Supervisor Level, Effective Mental Health Support for Apprentices, ESG Regulations, Fixed Income, Interest Rate Changes and Inflation, Harvesting Health Care Quality Indicators Health Care Cost Trend: Divvying Up Your Health Care Dollars, and Succession Planning: The Future of Health and Pension Benefits in the Public Sector.

Purpose and Benefit: To meet the education and information exchange needs of public retirement systems.

14. International Foundation of Employee Benefit Plans (IFEBP) – Advanced Trustees and Administrators Institute

<https://www.ifebp.org/education/TrusteesAdmin/Pages/advanced-trustees-and-administrators-institute-2309.aspx>

Dates: TBD

Location: TBD

Developed by active trustees, administrators and professional advisors, each session is designed to address current issues, providing the relevant context and information for you to make sound decisions for your fund. Keep informed of the latest industry trends, legal and regulatory changes, and best practices. Take away new ideas and a deeper understanding of how to run your pension and health and welfare funds.

Purpose and Benefit: Learn from industry experts about the current state of affairs and latest reform initiatives, network with peers who face similar challenges, and bring home helpful resource materials to share with colleagues, from sample documents to checklists and case studies.

15. International Foundation of Employee Benefit Plans (IFEBP) – Health Benefit Plan Basics – Certificate Series

<https://www.ifebp.org/education/certificateprograms/certificate-series/Pages/health-benefit-plan-basics.aspx>

Dates: September 22-23, 2023

Location: Las Vegas, NV

Topics covered in this course include history and evolution of health benefit plans, plan models, managed care definitions and designs, plan financing, the legal environment, carve-outs, retiree medical coverage, resources, and case study.

Purpose and Benefit: This certificate series covers both defined benefit and defined contribution plans as well as Social Security, investment principles, and navigating the legal and regulatory environment.

16. International Foundation of Employee Benefit Plans (IFEBP) – New Trustees Institute

<https://www.ifebp.org/education/new-trustees-institute/Pages/new-trustees-institute-level-i-core-concepts-23n8.aspx> and <https://www.ifebp.org/education/new-trustees-institute-level-ii/Pages/new-trustees-institute-level-ii-concepts-in-practice-23n9.aspx>

Dates: Level 1: Core Concepts: Sept. 30 - Oct. 2, 2023

Location: Boston, MA

Level 2: Concepts in Practice: Sept. 30 – Oct. 1, 2023

Location: Boston, MA

The New Trustees Institute is designed for multiemployer plan trustees needing an understanding of their fiduciary responsibilities, best practices in fund management, legal requirements and the current issues that the benefits industry faces.

Purpose and Benefit: Learn from industry experts about the current state of affairs and latest reform initiatives, network with peers who face similar challenges, and bring home and share helpful resource materials from sample documents to checklists and case studies.

17. International Foundation of Employee Benefits Plans (IFEBP) Wharton School – Alternative Investment Strategies

<https://www.ifebp.org/education/certificateprograms/wharton/Pages/alternative-investment-strategies-23h5.aspx>

Dates: July 18 – July 20, 2023

Location: San Francisco, CA

This program is for those who have a solid grasp of investment fundamentals and seek to learn more about how their fund could assess the use of alternative investments. Alternative Investment Strategies is designed to build upon participants' existing knowledge base and experience.

Purpose and Benefit: Participating in the Wharton program will provide education to help understand the complexities of alternative investments. Focused on the topics of hedge funds and real estate investing for benefit funds, this advanced-level course will provide the tools to make effective investment decisions.

18. International Foundation of Employee Benefits Plans (IFEBP) Wharton School – Portfolio Concepts and Management Course

<https://www.ifebp.org/education/certificateprograms/wharton/Pages/portfolio-concepts-and-management-2304.aspx>

Dates: TBD

Location: TBD

Portfolio management is a complex task with numerous decisions on how to allocate money in your fund. Portfolio Concepts and Management provides the core principles of portfolio theory and investment performance measurement, offering practical tools and experiences to help make reliable investment management decisions. This program offers lecture/discussion sessions, problem solving exercises and small-group case study sessions in a 3½-day format. Grow confidence in your ability to evaluate investments with a broad, fundamental understanding of investment products and practices.

Purpose and Benefit: Participants in the Wharton program will learn the fundamental concepts needed for effective portfolio oversight, obtain a solid grounding in the principles of modern portfolio theory, gain practical experience needed to make sound investment management decisions, apply what is learned in an interactive case study, and learn from world-class faculty who are skilled educators and researchers, award-winning authors and leading authorities.

19. National Conference on Public Employee Retirement Systems (NCPERS) – Annual Conference & Exhibition

<https://www.ncpers.org/annual-conference>

Dates: TBD

Location: TBD

The conference offers an unparalleled educational experience, including extensive programming and dynamic speakers. The fast-paced general sessions alternate with highly focused breakout sessions and networking opportunities.

Purpose and Benefit: To meet the education and information exchange needs of public retirement systems.

20. National Conference on Public Employee Retirement Systems (NCPERS) – Legislative Conference

<https://www.ncpers.org/legislative-conference>

Dates: TBD

Location: TBD

The conference is the premier opportunity for public fund trustees and plan administrators to take your story directly to Congress, the Administration, and the federal regulatory agencies that affect public pensions. Participants will sharpen the tools for discussing the issues face to face with your elected leaders on Capitol Hill, their staff as well as federal regulators.

Purpose and Benefit: Participants will hear from lawmakers, their key staff, the Administration, and regulators about their plans for the months ahead. Participants will be provided motivation to speak effectively on behalf of public pensions.

21. Nossaman Annual Public Pensions and Investments' Fiduciaries Forum Annual Update

<https://www.nossaman.com/newsroom-events-nossamans-2022-public-pensions-and-investments-fiduciaries-forum>

Dates: TBD

Location: TBD

Agenda topics for this forum have included new SEC Rules and their impact on Public Pension Plan Investors in Private Funds, Global and National Perspectives on Real Estate Development and Investment Opportunities for Public Pension Funds, and Litigation against Public Retirement Systems.

Purpose and Benefit: Participants will meet and hear from the Nossaman attorneys who serve them on a variety of topics that are critical to public pension system trustees, executive staff, investment officers and in-house counsel.

22. Pension Real Estate Association (PREA) Spring Conference

<https://www.prea.org/events/events-overview/>

Dates: March 21-22, 2024

Location: Nashville, TN

Agenda topics for this conference have included Capital Markets Outlook, a view across Real Estate Sectors, Investment in Today's Environment, the Latest in Artificial Intelligence and Machine Learning, and DEI Workshop.

Purpose and Benefit: These conferences feature high quality educational sessions and speakers that cover today's critical issues as well as opportunities for meaningful interaction and dialogue between investors and managers.

23. Pension Real Estate Association (PREA) Annual Institutional Investor Conference

<https://www.prea.org/events/events-overview/>

Dates: October 18-20, 2023

Location: Boston, MA

Agenda topics for this conference have included Cybersecurity: Ransomware and Beyond, Climate Change, Sustainability, and Net Zero, the Evolution of Private Real Estate in the Post-Pandemic World and Investing in Affordable and Workforce Housing.

Purpose and Benefit: These conferences feature high quality educational sessions and speakers that cover today's critical issues as well as opportunities for meaningful interaction and dialogue between investors and managers.

24. Pension Real Estate Association (PREA) Annual Institutional Investor Conference

<https://www.prea.org/fall2023/>

Dates: October 18-20, 2023

Location: Boston, MA

Agenda topics for this conference include

Purpose and Benefit: These conferences feature high quality educational sessions and speakers that cover today's critical issues as well as opportunities for meaningful interaction and dialogue between investors and managers.

25. Pacific Pension & Investments Institute (PPI)

<https://www.ppi.institute/programs#2023calendar>

Dates: Summer Roundtable: July 19-21, 2023

Winter Roundtable: TBD

Location: La Jolla, CA

Location: TBD

Agenda topics for this conference have included Opportunities for Institutional Investors in Climate Finance, Seeking Unconventional Alpha in Biotech Companies, Russia's War in Ukraine: One Year On, Anticipating changes in Inflation and Monetary Policies, China's Re-Opening: Ground-Level Perspectives and Global Implications, and Financing Growth in Frontier Markets.

Purpose and Benefit: PPI is a global organization with individual and institutional members from leading pension funds, sovereign wealth funds, endowments, foundations, commercial asset management, and other investment experts. With approximately 25 trillion USD in assets under management, our membership represents a powerful force in the global economy. We are committed to creating valuable experiences for our members, and to customizing superlative programs that inform, educate, and generate understanding of the global marketplace, with a focus on Asia and the Pacific Rim.

26. Robert F. Kennedy (RFK) Human Rights Compass Conference

<https://rfkhumanrights.org/>

Dates: TBD

Location: TBD

Agenda topics for this conference have included Sustainable Investing, Pension Fund Panel: Trends in Responsible Investing by Pension Funds – A Global Perspective, Rights and Returns:

How to Incorporate Human Rights in Investment Decisions, The Ethisphere Index: The World's Most Ethical Companies.

Purpose and Benefit: To meet the education and information exchange needs of public retirement systems.

27. State Association of County Retirement Systems (SACRS) Conference

<https://sacrs.org/Events>

Dates: Fall Conference: November 7-10, 2023
Spring Conference: TBD

Location: Rancho Mirage, CA
Location: TBD

Agenda topics for this conference have included Ethics Training for Trustees, Sexual Harassment Prevention Training for Local Agency Officials, Sustainable Returns-Safe and Equitable Workplaces, Investment Risk and Fiduciary Duty, Ukraine and Beyond: The Geopolitics of 2023, and Sea Change-A Profound or Notable Transformation.

Purpose and Benefit: To meet the education and information exchange needs of public retirement systems.

28. State Association of County Retirement Systems (SACRS) / UC Berkeley Program – Public Pension Investment Management Program

<https://sacrs.org/Events/SACRS-UC-Berkeley-Program>

Dates: July 16-19, 2023

Location: Berkeley, CA

Presented by the world-renowned faculty of UC Berkeley's Haas School of Business, *Modern Investment Theory & Practice for Retirement Systems* course offering SACRS' members in-depth knowledge on today's successful investment models and strategies. You'll learn how to practically integrate these methods immediately into your own plan administration, advancing your skills and elevating the collective expertise of SACRS' membership.

Purpose and Benefit: To meet the education and information exchange needs of public retirement systems.

29. United Nations Principles in Responsible Investing (PRI) in Person

<https://www.unpri.org/news-and-events>

Dates: TBD

Location: TBD

The PRI is the world's leading proponent of responsible investment. It works:

- to understand the investment implications of environmental, social and governance (ESG) factors;
- to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

Purpose and Benefit: PRI encourages investors to use responsible investment to enhance returns and better manage risks but does not operate for its own profit; it engages with global policymakers but is not associated with any government; it is supported by, but not part of, the United Nations.

30. Western Economic Association International – Annual Conference

<https://weai.org/conferences/>

Dates: July 2-6, 2023

Location: San Diego, CA

The International Conference began in 1994 and brings between 300 and 500 economists from around the world together to share the latest in research and methodology. This conference offers an exciting opportunity for the exchange of ideas amongst economists from both sides of the Pacific.

Purpose and Benefit: To meet the education and information exchange needs of public retirement systems.

31. Women’s Alternative Investment Summit

<https://ilpa.org/events-trainings/womens-alternative-investment-summit-2/>

Dates: TBD

Location: TBD

More than 450 fund managers, institutional investors and advisors to the industry from across all alternative asset classes will for this timely, indispensable industry conference. Focused on private equity, venture capital, credit, hedge funds, real estate, real assets and infrastructure — deliver substantive content developed specifically for attendees in each alternative investment asset class.

Purpose and Benefit: To meet the education and information exchange needs of public retirement systems.

32. Women’s Private Equity Summit

<https://ilpa.org/events-trainings/womens-private-equity-summit-3/>

Dates: TBD

Location: TBD

700+ GPs, LPs, and advisors to the industry — return each year to facilitate networking, fundraising, and deal-making opportunities, and to increase their access to hard-to-get information. The Summit’s content-rich program addresses the critical issues of our industry and our time.

Purpose and Benefit: To meet the education and information exchange needs of public retirement systems.



REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee

Michael R. Wilkinson, Chair
Annie Chao
Thuy Huynh

MEETING: AUGUST 8, 2023

ITEM: VI – B

SUBJECT: 2024 MEDICAL PLAN PREMIUM RATES AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve the proposed 2024 premium rates for LACERS medical plans, allowing for minor premium adjustments;
2. Buy down 2.4% of the 14.4% Kaiser Permanente HMO rate increase, using the LACERS Health Care 115 Trust Fund;
3. Delegate the authority to the General Manager to modify the premium rates per month, based on updates of information received after this report, within the parameters established in the Request for Proposal and the Los Angeles Administrative Code; and,
4. Support a change to the Los Angeles Administrative Code (LAAC) § 4.1111(b) to remove the requirement to seek City Council approval above the rate increase limitation due to the delays this process will have on the annual Open Enrollment process.

Executive Summary

At the August 8, 2023 Benefits Administration Committee meeting preceding the Board meeting, staff and AP Keenan (Keenan), LACERS' Health and Welfare Consultant, will have presented recommendations regarding the proposed 2024 medical plan premium rates as detailed in the attached committee report. Should the Committee approve staff's recommendation, this report on the proposed 2024 medical plan premium rates will move forward to the Board for approval.

Strategic Plan Impact Statement

The health plan contract renewal process assures that LACERS health plan premium changes support the Strategic Plan Goal to improve value and minimize costs of Members' health and wellness benefits.

Prepared By: Ada Lok, Senior Benefits Analyst I, Health, Wellness, and Buyback Division

NMG/DWN/KF/al

Attachments: 1. August 8, 2023, Benefits Administration Committee Report
2. Proposed Resolution
3. LACERS Historical Medical Cost Increases Through 2024



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

MEETING: AUGUST 8, 2023
ITEM: III

SUBJECT: 2024 MEDICAL PLAN PREMIUM RATES AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee forward a recommendation to the Board to:

1. Approve the proposed 2024 premium rates for LACERS medical plans, allowing for minor premium adjustments;
2. Buy down 2.4% of the 14.4% Kaiser Permanente HMO rate increase, using the LACERS Health Care 115 Trust Fund;
3. Delegate the authority to the General Manager to modify the premium rates per month, based on updates of information received after this report, within the parameters established in the Request for Proposal and the Los Angeles Administrative Code; and,
4. Support a change to the Los Angeles Administrative Code (LAAC) § 4.1111(b) to remove the requirement to seek City Council approval above the rate increase limitation due to the delays this process will have on the annual Open Enrollment process.

Executive Summary

The total proposed medical premium costs received from the 2023 Medical Plans Request for Proposal (RFP) released in March was \$123.5 million and negotiated down to \$120.7 million, a reduction of \$2.8 million, or 2.3%. The overall 2024 medical premium costs increase by approximately \$5.2 million, or 4.5%, from \$115.5 million in 2023 to \$120.7 million.

The proposed 2024 carrier rate changes for LACERS medical plans are as follows:

- Anthem Blue Cross HMO: 8.9%
- Anthem Blue Cross PPO: 8.9%
- Anthem Blue Cross Medicare Preferred (PPO) Plan: -14.3%
- Anthem Blue Cross Life and Health Medicare Plan (Medicare Supplement): new plan for 2024
- Kaiser Permanente HMO: 14.4%
 - Kaiser Permanente HMO nationwide rates – to be determined per state. The rates will be published upon final negotiations
- Kaiser Permanente Senior Advantage HMO: 9.7%

- SCAN Health Plan Medicare Advantage HMO: -16.7%
- UnitedHealthcare Medicare Advantage HMO: -28.5%

Kaiser's proposed rate adjustment to its HMO two-party (non-Medicare) plan is 14.4%. This premium is tied to the retired Member subsidy, which pursuant to the LAAC, determines the increase of the subsidy amount for the following plan year. The LAAC limits the authority for the Board to increase the subsidy for certain Members up to the Assumed Actuarial Trend Rate (AATR) increase. The 2024 limit is at 12.2%; however, for ease of administration, staff recommends using 12%, to buy down the Kaiser two-party non-Medicare premium which is equivalent to \$917,090, to ensure that it's below the limit. The Board's proposed action will result in a lower premium increase impact on the Members and avoidance of delays to the 2024 Open Enrollment process that the City Council process would impose.

Discussion

On July 11, 2023, the Board approved contracting with the current medical insurance carriers. For the 2024 plan year, the Anthem Blue Cross Life and Health Medicare Plan (Medicare Supplement) will be offered in addition to the 2023 existing medical plans. The total proposed medical premium costs received from the Medical Plans RFP was \$123.5 million. After negotiations by LACERS' Health and Welfare Consultant, AP Keenan (Keenan), the 2024 medical premium cost was reduced to \$120.7 million, an increase of approximately \$5.2 million or 4.5% from the 2023 medical premium cost. A breakdown of premium cost changes by carrier is included in the attached Keenan report.

Board Authority

Los Angeles Administrative Code (LAAC) Division 4, Chapter 11, provides the Board the authority to contract for suitable health plans, and administer the health and welfare program for former City of Los Angeles employees and their dependents. In addition, the Board has the authority pursuant to LAAC § 4.1112(b) to increase the maximum medical plan premium subsidy by the amount of the increase in the Kaiser two-party premium. However, if the three-year average increase in the subsidy is greater than the three-year average assumed actuarial medical trend rate (also known as Assumed Actuarial Trend Rate) for the same period, the increase must be approved by City Council.

Pursuant to LAAC § 4.1111, Retiree non-Medicare Vested and Discretionary Subsidies are tied to the dollar increase of the Kaiser two-party non-Medicare premium. The dollar amount of the 14.4% premium increase from 2023 is \$270.66.

The Vested subsidy is governed and set by LAAC § 4.1111(c). This applies to Retirees who retired on or after July 1, 2011, and who paid the additional 4% retirement contribution on or after July 1, 2011. The additional 4% contribution was added under LAAC § 4.1003(c), Additional Contributions, to provide a vested right to future medical subsidy increases to retired LACERS Members who contributed before retirement. Members who did not contribute are either capped at the July 1, 2011 subsidy or are subject to the Board's discretionary authority within the LAAC limit. There are approximately 7,000 Vested subsidy Retirees. This subsidy is required to increase by the full dollar amount of Kaiser's HMO two-party non-Medicare premium. The 2024 Vested subsidy would be \$2,232.86 based on the 14.4% increase of Kaiser's premium.

The Discretionary subsidy is governed by LAAC § 4.1111(b), which applies to Retirees who retired on or before June 30, 2011, before the additional 4% retirement contribution was enacted under LAAC § 4.1003(c). There are approximately 7,000 Discretionary Members. The Board has the authority/discretion to increase the Retiree non-Medicare maximum medical plan premium subsidy as long as any increase does not exceed the dollar increase of the Kaiser HMO non-Medicare two-party premium and the average percentage increase for the first year of the increase and the preceding two (2) years (a total of three years) does not exceed the average assumed actuarial medical trend rates for the same period.

An analysis determined that the 2024 Kaiser premium increase of 14.4% exceeds the AATR Discretionary subsidy limitation of 12.2%. The Board has the authority to increase the Discretionary subsidy up to the AATR. Because the Kaiser premium increase is greater than the limitation set in the LAAC, any additional increase beyond the Discretionary subsidy limit requires approval by City Council. Consideration by City Council of the Discretionary subsidy and may result in an increase, decrease, or maintenance of the 2023 subsidy amount.

The Board has two options regarding the Kaiser HMO premium:

1. Approve the 14.4% premium increase, which would require transmittal to City Council for approval. This would delay the 2024 Open Enrollment period and processes and subsequently require additional Member outreach and additional costs. City Council may approve the increase, maintain the current 2023 Discretionary subsidy, or decrease the subsidy. This would impact approximately 7,000 Discretionary Members having additional and/or increased premium deduction costs; or,
2. Approve the use of the 115 Trust Fund, to buy down the Kaiser premium increase up to the 2024 increase from 14.4% to 12%, the amount of \$917,090. This option would not cause a delay to the 2024 Open Enrollment period and processes. By buying down the 2024 Kaiser HMO plan rate, not only will Members experience less impact from the premium increase, but there will also be no additional delays to the 2024 Open Enrollment, Open Enrollment effective date, Member outreach, and publication timeline. The 2.4% reduction for 2024 will then be added back to the 2025 Kaiser HMO (non-Medicare) rate

The 115 Trust Fund was approved in 2018, giving the Board the flexibility to invest premium surpluses to provide for premium smoothing in the future in the best interest of the Members and LACERS. As of the June 30, 2022, audited financial statements, the 115 Trust Fund has a total of \$360.9 million and is sufficient to fund the buy-down.

In view of the complexity and the delay of submitting for City Council's approval whenever the Kaiser HMO two-party non-Medicare premium/rate dollar increase exceeds the Discretionary subsidy threshold, staff recommends a future action for a permanent change to the LAAC § 4.1111(b). The last time City Council approved an increase to the Discretionary subsidy was in 2014 when the Kaiser premium increase was greater than the limit for the 2015 Discretionary subsidy. Although the City Council approved the increase in the 2015 Discretionary subsidy, the 2015 Open Enrollment period was delayed by a month and the subsequent processing of Open Enrollment selections was not finished until January 2015, rather than the normal December 2014.

Where other plan premium costs decrease, Keenan will present proposed renewal options, including maintaining current premium amounts to allow surplus premium dollars to be placed in the premium

reserve of the 115 Trust to be used for future health plan management purposes. Staff supports that the savings be shared between Members and LACERS (Option 2) in Keenan's presentation, slides 16-17 "2024 Proposed Renewal Action".

Occasionally, premiums are subject to change slightly after Board approval due to receipt of updated data. Staff recommends that the Board allow for any minor premium adjustments, within the parameters established in the Los Angeles Administrative Code, to be delegated to the General Manager for authorization.

Staff and Keenan will be present to discuss the 2024 medical premium rates and answer the Committee's questions.

Strategic Plan Impact Statement

The health plan contract renewal process assures that LACERS health plan premium changes support the Strategic Plan Goal to improve value and minimize costs of Members' health and wellness benefits.

Prepared By: Ada Lok, Senior Benefits Analyst I, Health, Wellness, and Buyback Division

NMG/DWN/KF/al

Attachment: Keenan Report – 2024 Health Plan Renewal Final Report



BAC Meeting: 8/8/23
Item: III
ATTACHMENT

Los Angeles City Employees' Retirement System

2024 Health Plan Renewal, Final Report

August 8, 2023

Respectfully Submitted by:

Ju Anderson, Senior Vice President | Bordan Darm, Senior Consultant
Erin Robinson, Service Consultant | James Takamatsu, Vice President and Actuary

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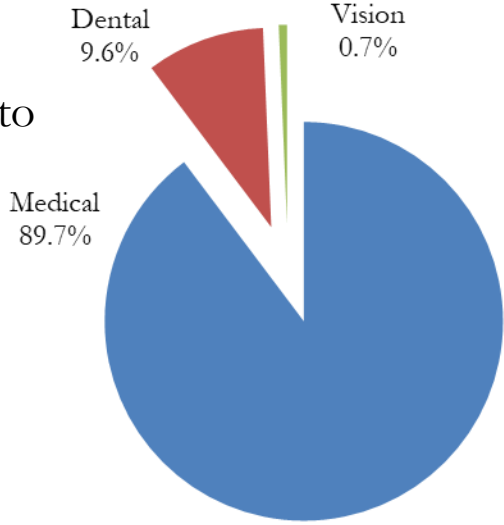
Introduction

- This report presents Los Angeles City Employees' Retirement System's (LACERS) 2024 final health plan renewals
- Anthem Blue Cross (Anthem), Kaiser Permanente (Kaiser), UnitedHealthcare (UHC), and SCAN have provided medical plan renewals
- LACERS will be offering an additional plan for 2024: the Anthem Life & Health Medicare Plan (Medicare Supplement)
- Delta Dental's DHMO will be in the third year of a three-year rate guarantee for 2024
- The Delta Dental PPO plan has been self-funded since January 1, 2019. The PPO administration fee remains unchanged for 2024
- Anthem Blue View Vision has been self-funded since 2022. The vision administration fee remains unchanged for 2024
- No new benefits are being proposed for 2024
- Data was provided by the carriers for plan designs, rates, and enrollment



Executive Summary

- The 2024 final renewal for the LACERS Health and Welfare Program requires an increase in cost of \$5,187,738 or 4.0%, from \$129,311,382 to \$134,499,120.
- Marketing and renewal negotiated savings amounted to \$2,874,313
- The 2024 LACERS final renewal premium adjustments are as follows:
 - Medical premiums: **\$5,187,738** or 4.5%,
 - Dental premiums: **\$0** or **0.0%**, and
 - Vision premiums: **\$0** or **0.0%**
- Out of LACERS' total premium: Medical represents 89.7%, Dental **9.6%**, and Vision **0.7%**



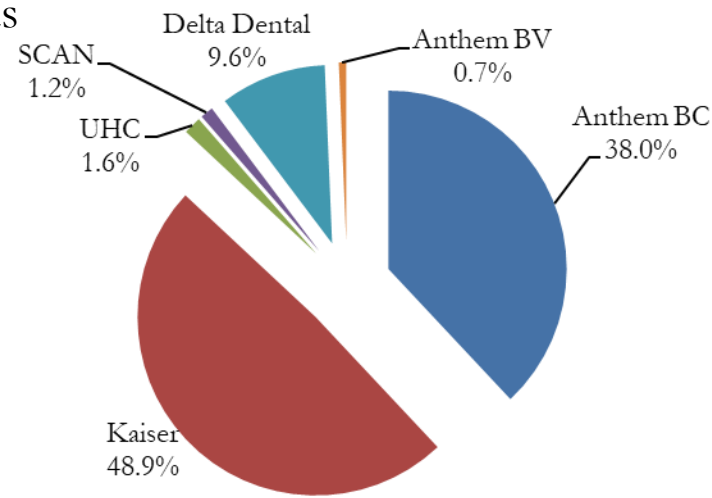
Overall Final Renewal	Current Enrollment	2023 Premium	2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Medical	14,855	\$115,473,295	\$120,661,033	\$5,187,738	4.5%	\$2,874,313
Dental	17,423	\$12,944,817	\$12,944,817	\$0	0.0%	\$0
Vision	7,097	\$893,269	\$893,269	\$0	0.0%	\$0
GRAND TOTAL		\$129,311,382	\$134,499,120	\$5,187,738	4.0%	\$2,874,313

Overall Marketing	Current Enrollment	2023 Premium	2024 Renewal - Marketing		
			Premium	\$ Change	% Change
Medical	14,855	\$115,473,295	\$123,535,346	\$8,062,051	7.0%
Dental	17,423	\$12,944,817	\$12,944,817	\$0	0.0%
Vision	7,097	\$893,269	\$893,269	\$0	0.0%
GRAND TOTAL		\$129,311,382	\$137,373,433	\$8,062,051	6.2%

Executive Summary

The 2024 LACERS final renewal cost change by carrier is as follows:

- Anthem: **-\$1,079,172** or **-2.1%**
- Kaiser: **\$7,442,394** or **12.8%**
- UHC: **-\$862,351** or **-28.5%**
- SCAN: **-\$313,133** or **-16.7%**
- Delta Dental: **\$0** or **0.0%**
- Anthem Blue View: **\$0** or **0.0%**



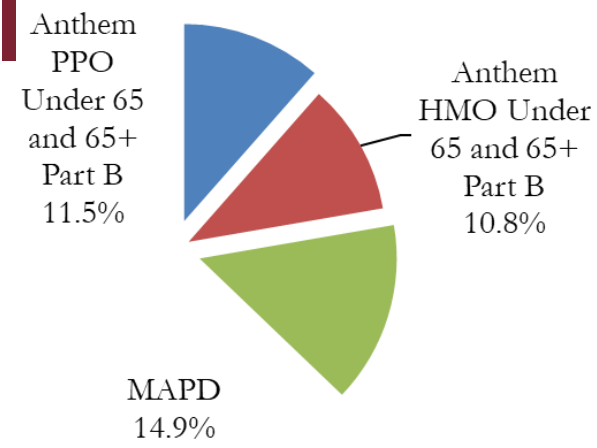
Kaiser and Anthem comprise 86.9% of the total cost

Carrier	Current Enrollment	2023 Premium	2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Anthem	5,687	\$52,217,394	\$51,138,222	(\$1,079,172)	-2.1%	\$198,712
Kaiser	8,102	\$58,354,838	\$65,797,232	\$7,442,394	12.8%	\$1,340,781
UnitedHealthcare	638	\$3,023,009	\$2,160,659	(\$862,351)	-28.5%	\$1,074,000
SCAN	428	\$1,878,053	\$1,564,920	(\$313,133)	-16.7%	\$260,820
Delta Dental	17,423	\$12,944,817	\$12,944,817	\$0	0.0%	\$0
Anthem Blue View	7,097	\$893,269	\$893,269	\$0	0.0%	\$0
GRAND TOTAL		\$129,311,382	\$134,499,120	\$5,187,738	4.0%	\$2,874,313

Carrier	Current Enrollment	2023 Premium	2024 Renewal - Marketing		
			Premium	\$ Change	% Change
Anthem	5,687	\$52,217,394	\$51,336,934	(\$880,460)	-1.7%
Kaiser	8,102	\$58,354,838	\$67,138,013	\$8,783,175	15.1%
UnitedHealthcare	638	\$3,023,009	\$3,234,659	\$211,649	7.0%
SCAN	428	\$1,878,053	\$1,825,740	(\$52,313)	-2.8%
Delta Dental	17,423	\$12,944,817	\$12,944,817	\$0	0.0%
Anthem Blue View	7,097	\$893,269	\$893,269	\$0	0.0%
GRAND TOTAL		\$129,311,382	\$137,373,433	\$8,062,051	6.2%

Anthem Blue Cross Renewal

- Anthem Blue Cross comprises **37.2%** of LACERS' premium costs
- Anthem proposes the following rate adjustments:
 - PPO Under 65 / 65+ Part B: **\$1,246,233** or **8.9%**
 - HMO Under 65 / 65+ Part B: **\$1,170,563** or **8.9%**
 - MAPD (Medical/Rx): **-\$3,297,255** or **-14.3%**
 - PDP (Rx Only): **-\$198,712** or **-9.9%**
 - An overall change of **-\$1,079,172** or **-2.1%**
- For 2022, LACERS moved from the Medicare Supplement plan to the Passive PPO Medicare Advantage program
- The final renewal includes Anthem concession of \$2,366,558 (from 9.6% to 5.3%)
- Considerations: Anthem will provide \$200,000 for wellness
- Renewal Strategy PPO, HMO, PDP: Carrier rates to equal member rates



Anthem Final Renewal	Current Enrollment	2023 Premium	2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
PPO Under 65 and 65+ Part B	695	\$14,002,912	\$15,249,145	\$1,246,233	8.9%	\$0
HMO Under 65 and 65+ Part B	694	\$13,152,848	\$14,323,410	\$1,170,563	8.9%	\$0
MAPD (Medical and Rx)	3,754	\$23,047,485	\$19,750,230	(\$3,297,255)	-14.3%	\$0
PDP (Rx Only)	544	\$2,014,149	\$1,815,437	(\$198,712)	-9.9%	\$198,712
Total	5,687	\$52,217,394	\$51,138,222	(\$1,079,172)	-2.1%	\$198,712
Anthem Marketing	Current Enrollment	2023 Premium	2024 Renewal - Marketing			
			Premium	\$ Change	% Change	
PPO Under 65 and 65+ Part B	695	\$14,002,912	\$15,249,145	\$1,246,233	8.9%	
HMO Under 65 and 65+ Part B	694	\$13,152,848	\$14,323,410	\$1,170,563	8.9%	
MAPD (Medical and Rx)	3,754	\$23,047,485	\$19,750,230	(\$3,297,255)	-14.3%	
PDP (Rx Only)	544	\$2,014,149	\$2,014,149	\$0	0.0%	
Total	5,687	\$52,217,394	\$51,336,934	(\$880,460)	-1.7%	

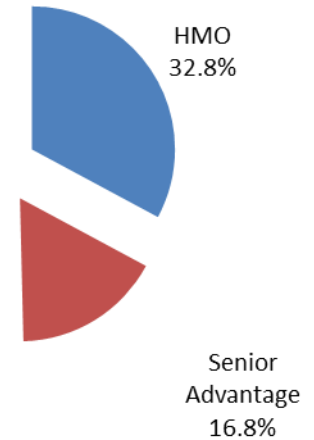
Anthem Blue Cross Renewal (continued)

- For 2022, LACERS moved from the Medicare Supplemental plan to the Passive PPO Medicare Advantage program
- For 2024, LACERS will be offering both the Medicare Supplement and the Passive PPO Medicare Advantage
- For 2022, Anthem also provided Medicare Supplement renewal rates (which were not implemented)
- The chart below shows a comparison of Medicare Supplement rates from 2022 to the proposed Medicare Supplement rates for 2024. The 2024 rates represent a 2.3% increase over 2022.
- No annualized premium is shown since 2024 enrollment into the Medicare Supplement plan is unknown.

Anthem Medicare Supplement Plan - Refunding *		Carrier Rates		
		2022	2024	% Change
Retiree Only				
M	Retiree > 65 with both Parts A & B of Medicare	\$527.99	\$540.02	2.28%
MM	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$1,055.98	\$1,080.04	2.28%
MMM	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,583.97	\$1,620.06	2.28%

Kaiser Permanente Renewal

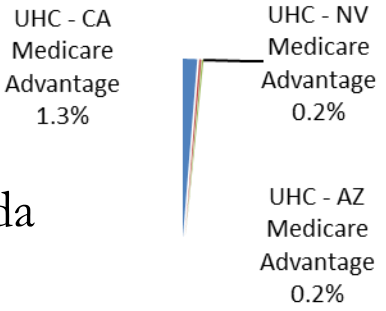
- Kaiser comprises 49.6% of LACERS' premium costs
- Kaiser requested the following rate adjustments:
 - HMO Under 65: **\$5,482,148** or **14.4%**
 - Senior Advantage: **\$1,960,246** or **9.7%**
 - For an overall increase of **\$7,442,394** or **12.8%**
- Other considerations: \$150,000 rate load for the wellness program
- Security Breach Performance Guarantee (PG): Kaiser remains the only carrier without a security breach PG making LACERS whole for time and expense LACERS would be out for a security breach.
- Renewal Strategy: The 14.4% renewal increase to the HMO under 65, could be bought-down to 12.0% should LACERS be interested in using \$917,090 or 2.4% from reserves. With the buy-down, Member rates should equal the 12.0% adjusted renewal.



Kaiser Final Renewal	Current Enrollment	2023 Premium	2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
HMO Under 65	2,186	\$38,042,152	\$43,524,300	\$5,482,148	14.4%	\$0
Senior Advantage	5,916	\$20,312,686	\$22,272,932	\$1,960,246	9.7%	\$1,263,027
Total	8,102	\$58,354,838	\$65,797,232	\$7,442,394	12.8%	\$1,263,027

Kaiser Marketing	Current Enrollment	2023 Premium	2024 Renewal - Marketing		
			Premium	\$ Change	% Change
HMO Under 65	2,186	\$38,042,152	\$43,524,300	\$5,482,148	14.4%
Senior Advantage	5,916	\$20,312,686	\$23,535,959	\$3,223,273	15.9%
Total	8,102	\$58,354,838	\$67,060,259	\$8,705,421	14.9%

UnitedHealthcare Renewal



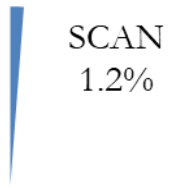
- UnitedHealthcare Medicare Advantage HMO is available to retired Members with Medicare Parts A and B
- UHC provides LACERS coverage in California, Arizona, and Nevada
- UHC comprises 1.7% of LACERS' premium costs
- UHC proposed an overall **-\$862,351** or **-28.5%** decrease (CA -28.9% (-\$693,502), NV -33.1% (-\$100,038), AZ -21.5% (-\$68,810))
- Other considerations: Wellness program contribution of \$8,500
- Renewal Strategy:
 - UHC member rates equal carrier rates for 2023.
 - LACERS may want to maintain the member rate at the 2023 level and reserve the \$862,351 difference for 2024, or reduce the member rate to share savings at 50%.

UnitedHealthcare Final Renewal	Current Enrollment	2023 Premium	2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
CA Medicare Advantage	512	\$2,400,935	\$1,707,433	(\$693,502)	-28.9%	\$861,600
NV Medicare Advantage	73	\$302,273	\$202,234	(\$100,038)	-33.1%	\$121,200
AZ Medicare Advantage	53	\$319,802	\$250,992	(\$68,810)	-21.5%	\$91,200
Total	638	\$3,023,009	\$2,160,659	(\$862,351)	-28.5%	\$1,074,000

UnitedHealthcare Marketing	Current Enrollment	2023 Premium	2023 Renewal - Preliminary		
			Premium	\$ Change	% Change
CA Medicare Advantage	512	\$2,400,935	\$2,569,033	\$168,098	7.0%
NV Medicare Advantage	73	\$302,273	\$323,434	\$21,162	7.0%
AZ Medicare Advantage	53	\$319,802	\$342,192	\$22,390	7.0%
Total	638	\$3,023,009	\$3,234,659	\$211,649	7.0%

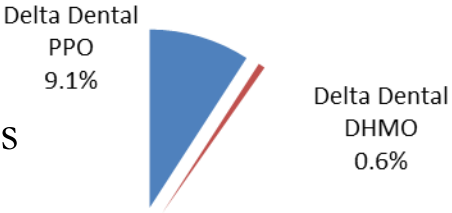
SCAN Renewal

- SCAN Medicare Advantage HMO is available to retired Members with Medicare Parts A and B
- SCAN comprises 1.2% of LACERS' premium costs
- SCAN requested the following rate adjustments:
 - Medicare Advantage: **-\$313,133** or **-16.7%** decrease
- Other considerations: Wellness program contribution of \$20,000
- Renewal Strategy:
 - SCAN carrier rates reduced by -3.0% for 2023, while 2023 member rates remained unchanged from 2022 (0.0%).
 - LACERS may want to continue with 2022 member rates for 2024 and reserve the \$313,133 difference, or reduce the member rate to share savings at 50%.



SCAN Final Renewal	Current Enrollment	2023 Premium	2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Medicare Advantage	428	\$1,878,053	\$1,564,920	(\$313,133)	-16.7%	\$260,820
SCAN Preliminary Renewal	Current Enrollment	2023 Premium	2024 Renewal - Marketing			
			Premium	\$ Change	% Change	
Medicare Advantage	428	\$1,878,053	\$1,825,740	(\$52,313)	-2.8%	

Delta Dental Renewal



Delta Dental PPO and DHMO is available to all retired Members

- Delta Dental comprises 9.7% 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 2024
- Delta Dental DHMO will be in the third year of a three-year rate guarantee and does not require a rate adjustment for 2024.
- Other considerations: Wellness program contribution of \$10,000
- Renewal Strategy: maintain 2023 carrier rate equivalent and 2023 member rate for 2024.

Delta Dental	Current Enrollment	2023 Premium	2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
PPO	14,131	\$12,129,271	\$12,129,271	\$0	0.0%	\$0
DHMO	3,292	\$815,546	\$815,546	\$0	0.0%	\$0
Total	17,423	\$12,944,817	\$12,944,817	\$0	0.0%	\$0

Delta Dental Self-Funded Renewal

2024 will be the sixth year of self-funding the PPO dental plan

The 2024 underwriting shows that projected costs are expected to be less than the current premium

- The underwriting for 2024 shows a rate decrease of -4.71% (without margin) and -0.31% with 5.0% margin
- Keenan recommends a rate pass for 2024 and allow the Dental PPO plan to continue building its reserve
- By holding rates for 2024, it is projected that LACERS will add \$562,105 to reserves

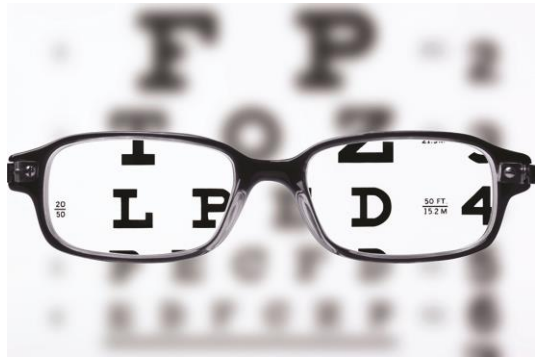
LACERS		
LACERS - Self-Funded Dental Renewal		
Effective January 1, 2024 through December 31, 2024		
Experience Data from April 1, 2022 through Mar 31, 2023		
1	Paid Claims (4/1/2022 - 3/31/2023)	\$9,603,376
2	Beginning Reserve as of 4/1/2022	(727,338)
3	Ending Reserve as of 4/30/2023	8.0% 768,270
4	Incurred Claims	\$9,644,308
5	Covered Employees	168,195
6	Incurred Claims/EE/Month	\$57.34
7	Trend Factor	5.0% 1.0891
8	Expected Incurred Claims (1/1/2024 - 12/31/2024)	\$62.45
9	Administration	\$5.10
10	Calculated Funding Level Without Margin	\$67.55
11	Current Average Funding Level	\$70.89
12	Calculated Funding Action Without Margin = (10)/(11)	-4.71%
13	Recommended Margin = Margin % x (8)	5.0% \$3.12
14	Calculated Funding Level With Margin = (10)+(13)	\$70.67
15	Current Average Funding Level = (11)	\$70.89
16	Calculated Funding Action With Margin = (14)/(15)	-0.31%

Anthem Blue View Vision Renewal

Anthem Blue View Vision is available to retired Members enrolled in Anthem, SCAN and UHC

- Anthem Blue View comprises 0.7% of LACERS premium costs
- Anthem Blue View moved to self-funded for 2022
- 2024 will be LACERS Anthem Blue View vision coverage's third year of self-funding
- Keenan recommends holding rates \$0 or 0.0% for 2024
- Other considerations: Wellness program contribution is combined with Anthem medical
- Renewal Strategy: maintain 2023 carrier rate equivalent and 2023 member rate for 2024.

Anthem Blue View
0.7%



Anthem Blue View Final Renewal	Current Enrollment	2023 Premium	2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Vision	7,097	\$893,269	\$893,269	\$0	0.0%	\$0

Anthem Blue View Self-funded Renewal

- The 2024 underwriting shows that projected costs are expected to be less than the current premium
- The underwriting for 2024 shows a rate increase of -21.3% (without margin) and -17.7% with 5.0% margin
- Keenan recommends a rate pass for 2024 and allow the Vision plan to continue building its reserve
- By holding rates for 2024 it is projected that LACERS will add \$187,685 to reserves

LACERS		
LACERS - Self-Funded Vision Renewal		
Effective January 1, 2024 through December 31, 2024		
Experience Data from April 1, 2022 through March 31, 2023		
1	Paid Claims (4/1/2022-3/31/2023)	\$589,392
2	Beginning Reserve as of 4/1/2022	(39,448)
3	Ending Reserve as of 3/31/2023	6.0% <u>35,364</u>
4	Incurred Claims	\$585,307
5	Covered Employees	<u>84,100</u>
6	Incurred Claims/EE/Month	\$6.96
7	Trend Factor	5.0% <u>1.0891</u>
8	Expected Incurred Claims (1/1/2024 - 12/31/2024)	\$7.58
9	Administration	<u>\$0.67</u>
10	Calculated Funding Level Without Margin	\$8.25
11	Current Average Funding Level	\$10.48
12	Calculated Funding Action Without Margin = (10)/(11)	-21.3%
13	Recommended Margin = Margin % x (8)	5.0% <u>\$0.38</u>
14	Calculated Funding Level With Margin = (10)+(13)	\$8.63
15	Current Average Funding Level = (11)	<u>\$10.48</u>
16	Calculated Funding Action With Margin = (14)/(15)	-17.7%

LACERS 2024 Renewal Projection

All Coverage MEDICAL	Current Enrollment	2023 Premium	2024 Renewal - Marketing			2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
Anthem									
PPO Under 65 and 65+ Part B	695	\$14,002,912	\$15,249,145	\$1,246,233	8.9%	\$15,249,145	\$1,246,233	8.9%	\$0
HMO Under 65 and 65+ Part B	694	\$13,152,848	\$14,323,410	\$1,170,563	8.9%	\$14,323,410	\$1,170,563	8.9%	\$0
MAPD (Medical and Rx)	3,754	\$23,047,485	\$19,750,230	(\$3,297,255)	-14.3%	\$19,750,230	(\$3,297,255)	-14.3%	\$0
PDP (Rx Only)	544	\$2,014,149	\$2,014,149	\$0	0.0%	\$1,815,437	(\$198,712)	-9.9%	\$198,712
Total Anthem	5,687	\$52,217,394	\$51,336,934	(\$880,460)	-1.7%	\$51,138,222	(\$1,079,172)	-2.1%	\$198,712
Kaiser									
HMO Under 65	2,186	\$38,042,152	\$43,524,300	\$5,482,148	14.4%	\$43,524,300	\$5,482,148	14.4%	\$0
Senior Advantage	5,916	\$20,312,686	\$23,535,959	\$3,223,273	15.9%	\$22,272,932	\$1,960,246	9.7%	\$1,263,027
Total Kaiser	8,102	\$58,354,838	\$67,060,259	\$8,705,421	14.9%	\$65,797,232	\$7,442,394	12.8%	\$1,263,027
UnitedHealthcare									
CA Medicare Advantage	512	\$2,400,935	\$2,569,033	\$168,098	7.0%	\$1,707,433	(\$693,502)	-28.9%	\$861,600
NV Medicare Advantage	73	\$302,273	\$323,434	\$21,162	7.0%	\$202,234	(\$100,038)	-33.1%	\$121,200
AZ Medicare Advantage	53	\$319,802	\$342,192	\$22,390	7.0%	\$250,992	(\$68,810)	-21.5%	\$91,200
Total UnitedHealthcare	638	\$3,023,009	\$3,234,659	\$211,649	7.0%	\$2,160,659	(\$862,351)	-28.5%	\$1,074,000
SCAN									
Medicare Advantage	428	\$1,878,053	\$1,825,740	(\$52,313)	-2.79%	\$1,564,920	(\$313,133)	-16.67%	\$260,820
Total SCAN	428	\$1,878,053	\$1,825,740	(\$52,313)	-2.79%	\$1,564,920	(\$313,133)	-16.67%	\$260,820
Medical Total	14,855	\$115,473,295	\$123,457,592	\$7,984,297	6.91%	\$120,661,033	\$5,187,738	4.49%	\$2,796,559
DENTAL									
Delta Dental PPO (self-funded)	14,131	\$12,129,271	\$12,129,271	\$0	0.00%	\$12,129,271	\$0	0.00%	\$0
Delta Dental HMO	3,292	\$815,546	\$815,546	\$0	0.00%	\$815,546	\$0	0.00%	\$0
Dental Total	17,423	\$12,944,817	\$12,944,817	\$0	0.00%	\$12,944,817	\$0	0.00%	\$0
VISION									
Anthem Blue View (self-funded)	7,097	\$893,269	\$893,269	\$0	0.00%	\$893,269	\$0	0.00%	\$0
Vision Total	7,097	\$893,269	\$893,269	\$0	0.00%	\$893,269	\$0	0.00%	\$0
GRAND TOTAL		\$129,311,382	\$137,295,678	\$7,984,297	6.17%	\$134,499,120	\$5,187,738	4.01%	\$2,796,559

2024 Proposed Renewal Action Options

LACERS has maintained a multi-year strategy to smooth Member renewals by holding Member rates when carriers have offered rate decreases. This has enabled LACERS to build reserves to better serve retirees.

2023 Inforce Rate Strategies: Anthem MAPD (PPO) – When the MAPD (PPO) was implemented, rates reduced from the Medicare Supplement plan by 25.28%. LACERS split the savings with retirees. Member rates were reduced by -12.64% and LACERS reserved 12.64% or \$2,496,429.

- **Kaiser** - Carrier rates equal Member rates. No reserve accumulation. **KPSA** – Member rate exceeds Carrier rate by 24.2%.
- **UHC** - Carrier rates equal Member rates. No reserve accumulation.
- **SCAN** – member rates are 3.00% higher than the carrier rates. LACERS reserves \$54,772.

2024 Proposed Rate Strategies and Options: Carrier rate equals member rate for all plans unless outlined below:

- **Anthem MAPD (PPO)** – LACERS Carrier rates reduce by -14.3% allowing members to realize a potential decrease:
 - Option 1: Carrier rate equals Member rate. No reserve accumulation for LACERS.
 - Option 2: Member rate decreases by 2024 Carrier rate decrease LACERS continues to reserve 12.64%
 - Option 3: Member rate remains at 2023 Member rate LACERS reserves 26.9%
- **Kaiser** – Member rate 2.4% less than Carrier rate. Difference will come from LACERS reserve accumulation.
- **KPSA** – Member Rate to remain unchanged. Will cover Carrier rate and contribute 13.3% to LACERS reserve accumulation.
- **UHC** –For 2024, Carrier rates decreased.
 - Option 1: Carrier rate equals Member rate. No Reserve accumulation by LACERS.
 - Option 2: Member rate decreases by 50% of 2024 Carrier rate action. LACERS reserves by the same amount.
 - Option 3: Member rate remains at 2023 Member rate LACERS reserves 100% of the Carrier rate decrease.
- **SCAN** – LACERS Carrier rates reduce by -16.7% allowing members to realize a potential decrease:
 - Option 1: Carrier rate equals Member rate. No Reserve accumulation by LACERS.
 - Option 2: Member rate decreases by 2024 Carrier rate decrease LACERS continues to reserve 3.0%
 - Option 3: Member rate remains at 2023 Member rate LACERS reserves 19.7%

2024 Proposed Renewal Action Options

2024 Renewal Options - Rate Change	2024 Rate Action %		Retained by LACERS	2024 Rate Action \$		Retained by LACERS
	Carrier Rate Δ	Member Rate Δ		Carrier Rate Δ	Member Rate Δ	
Anthem						
Option 1 MAPD	-14.3%	-26.9%	0.0%	\$ (3,297,255)	\$ (6,210,457)	\$ -
Option 2 MAPD	-14.3%	-14.3%	12.6%	\$ (3,297,255)	\$ (3,297,255)	\$ 2,496,429
Option 3 MAPD	-14.3%	0.0%	26.9%	\$ (3,297,255)	\$ -	\$ 6,210,457
Kaiser						
Kaiser HMO	14.4%	12.0%	-2.4%	\$ 5,482,148	\$ 4,565,058	\$ (917,090)
KPSA	9.7%	0.0%	13.3%	\$ 1,960,246	\$ -	\$ 2,962,300
UHC - Medicare HMO						
Option 1						
California	-28.9%	-28.9%	0.0%	\$ (693,502)	\$ (693,502)	\$ -
Nevada	-33.1%	-33.1%	0.0%	\$ (100,038)	\$ (100,038)	\$ -
Arizona	-21.5%	-21.5%	0.0%	\$ (68,810)	\$ (68,810)	\$ -
Option 2						
California	-28.9%	-14.4%	14.4%	\$ (693,502)	\$ (346,751)	\$ 346,751
Nevada	-33.1%	-16.5%	16.5%	\$ (100,038)	\$ (50,019)	\$ 50,019
Arizona	-21.5%	-10.8%	10.8%	\$ (68,810)	\$ (34,405)	\$ 34,405
Option 3						
California	-28.9%	0.0%	28.9%	\$ (693,502)	\$ -	\$ 693,502
Nevada	-33.1%	0.0%	33.1%	\$ (100,038)	\$ -	\$ 100,038
Arizona	-21.5%	0.0%	21.5%	\$ (68,810)	\$ -	\$ 68,810
SCAN - Medicare HMO						
Option 1 SCAN	-16.7%	-19.7%	0.0%	\$ (313,133)	\$ (369,475)	\$ -
Option 2 SCAN	-16.7%	-16.7%	3.0%	\$ (313,133)	\$ (313,133)	\$ 56,342
Option 3 SCAN	-16.7%	0.0%	19.7%	\$ (313,133)	\$ -	\$ 369,475

Recommendations

- Accept the medical renewals as recommended
 - Anthem HMO and PPO 8.9%, Carrier Rate equals Member Rate
 - Anthem MAPD (PPO) -14.3%, implement Option 2 Member rate -14.3%, LACERS reserve \$2,496,429
 - Kaiser HMO 14.4%, Member rate 12.0%, Reserves to provide 2.4% (\$917,090)
 - KPSA 9.7% Member Rate to remain at the 2023 rate
 - UHC CA -28.9%, NV -33.1%, and AZ -21.5%, implement Option 2: 50/50 split between Member rate reduction and LACERS reserve accumulation (\$421,173)
 - SCAN -16.7%, implement Option 2: Member rate -16.7%, LACERS reserve \$56,342
- Dental and Vision renewals were accepted at the July 11, 2023, LACERS Board of Administration meeting with the following action:
 - Dental: Hold the dental PPO rates at 0.0%, Carrier Rate equals Member Rate
Reserve the projected \$562,105 in margin
 - Vision: Hold the vision rates at 0.0%, Carrier Rate equals Member Rate
Reserve the projected \$187,685 in margin

Appendix

Anthem PPO Rates

Anthem		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2023	2024	% Change	2023	2024	% Change	2023	2024
U65 and 65+ Part B PPO - Refunding									
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,455.09	\$1,584.59	8.90%	\$1,455.09	\$1,584.59	8.90%	\$0.00	\$0.00
Retiree and One Dependent									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$2,910.18	\$3,169.18	8.90%	\$2,910.18	\$3,169.18	8.90%	\$0.00	\$0.00
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$1,455.09	\$1,584.59	8.90%	\$1,455.09	\$1,584.59	8.90%	\$0.00	\$0.00
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$1,455.09	\$1,584.59	8.90%	\$1,455.09	\$1,584.59	8.90%	\$0.00	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65 or > 65 with Part B of Medicare	\$3,419.46	\$3,723.79	8.90%	\$3,419.46	\$3,723.79	8.90%	\$0.00	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,964.37	\$2,139.20	8.90%	\$1,964.37	\$2,139.20	8.90%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$1,964.37	\$2,139.20	8.90%	\$1,964.37	\$2,139.20	8.90%	\$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)	\$509.28	\$554.61	8.90%	\$509.28	\$554.61	8.90%	\$0.00	\$0.00

Anthem HMO Rates

Anthem		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2023	2024	% Change	2023	2024	% Change	2023	2024
HMO - Refunding (Assumes Current Plan with Traditional HMO Network)									
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,160.60	\$1,263.89	8.90%	\$1,160.60	\$1,263.89	8.90%	\$0.00	\$0.00
Retiree and One Dependent									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$2,321.20	\$2,527.78	8.90%	\$2,321.20	\$2,527.78	8.90%	\$0.00	\$0.00
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$1,160.60	\$1,263.89	8.90%	\$1,160.60	\$1,263.89	8.90%	\$0.00	\$0.00
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$1,160.60	\$1,263.89	8.90%	\$1,160.60	\$1,263.89	8.90%	\$0.00	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65 or > 65 with Part B of Medicare	\$3,017.56	\$3,286.11	8.90%	\$3,017.56	\$3,286.11	8.90%	\$0.00	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,856.96	\$2,022.22	8.90%	\$1,856.96	\$2,022.22	8.90%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$1,856.96	\$2,022.22	8.90%	\$1,856.96	\$2,022.22	8.90%	\$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)	\$696.36	\$758.33	8.90%	\$696.36	\$758.33	8.90%	\$0.00	\$0.00

Anthem Passive PPO Medicare Advantage Rates

Anthem Medicare Advantage Plan		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2023	2024	% Change	2023	2024	% Change	2022	2024
Retiree Only									
M	Retiree > 65 with both Parts A & B of Medicare	\$415.27	\$355.86	-14.31%	\$485.53	\$426.12	-12.24%	\$70.26	\$70.26
Retiree and One Dependent									
UM	Retiree < 65 & Dependent > 65 with both Parts A & B of Medicare	\$415.27	\$355.86	-14.31%	\$485.53	\$426.12	-12.24%	\$70.26	\$70.26
MU	Retiree > 65 with both Parts A & B of Medicare & Dependent < 65	\$415.27	\$355.86	-14.31%	\$485.53	\$426.12	-12.24%	\$70.26	\$70.26
MM	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$830.54	\$711.72	-14.31%	\$971.06	\$852.24	-12.24%	\$140.52	\$140.52
Retiree and Family (Family = 2 or more dependents)									
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$415.27	\$355.86	-14.31%	\$485.53	\$426.12	-12.24%	\$70.26	\$70.26
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$415.27	\$355.86	-14.31%	\$485.53	\$426.12	-12.24%	\$70.26	\$70.26
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$830.54	\$711.72	-14.31%	\$971.06	\$852.24	-12.24%	\$140.52	\$140.52
MMM	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,245.81	\$1,067.58	-14.31%	\$1,456.59	\$1,278.36	-12.24%	\$210.78	\$210.78

Anthem Medicare Supplement Plan Rates

Comparative of 2022 and 2024

Anthem Medicare Supplement Plan - Refunding *		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2022	2024	% Change	2022	2024	% Change	2022	2024
Retiree Only									
M	Retiree > 65 with both Parts A & B of Medicare	\$527.99	\$540.02	2.28%	\$555.78	\$540.02	-2.84%	\$27.79	\$0.00
Retiree and One Dependent									
UM	Retiree < 65 & Dependent > 65 with both Parts A & B of Medicare	\$527.99	\$540.02	2.28%	\$555.78	\$540.02	-2.84%	\$27.79	\$0.00
MU	Retiree > 65 with both Parts A & B of Medicare & Dependent < 65	\$527.99	\$540.02	2.28%	\$555.78	\$540.02	-2.84%	\$27.79	\$0.00
MM	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$1,055.98	\$1,080.04	2.28%	\$1,111.56	\$1,080.04	-2.84%	\$55.58	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$527.99	\$540.02	2.28%	\$555.78	\$540.02	-2.84%	\$27.79	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$527.99	\$540.02	2.28%	\$555.78	\$540.02	-2.84%	\$27.79	\$0.00
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,055.98	\$1,080.04	2.28%	\$1,111.56	\$1,080.04	-2.84%	\$55.58	\$0.00
MMM	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,583.97	\$1,620.06	2.28%	\$1,667.34	\$1,620.06	-2.84%	\$83.37	\$0.00

KAISER Rates

Kaiser		Carrier Rates			Member Rates			Amount Retained by LACERS	
HMO		2023	2024	% Change	2023	2024	% Change	2023	2024
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$939.09	\$1,074.42	14.41%	\$939.09	\$1,051.78	12.00%	\$0.00	-\$22.64
M	Retiree with Medicare	\$211.30	\$231.60	9.61%	\$262.47	\$262.47	0.00%	\$51.17	\$30.87
Retiree and One Dependent									
UU	Retiree & Dependent both < 65	\$1,878.18	\$2,148.84	14.41%	\$1,878.18	\$2,103.56	12.00%	\$0.00	-\$45.28
UM	Retiree < 65 & Dependent with both Parts A&B of Medicare	\$1,150.39	\$1,306.02	13.53%	\$1,150.39	\$1,288.44	12.00%	\$0.00	-\$17.58
MU	Retiree > 65 with both Parts A&B of Medicare & Dependent < 65	\$1,150.39	\$1,306.02	13.53%	\$1,150.39	\$1,288.44	12.00%	\$0.00	-\$17.58
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$422.60	\$463.20	9.61%	\$524.94	\$524.94	0.00%	\$102.34	\$61.74
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65	\$2,441.63	\$2,793.48	14.41%	\$2,441.63	\$2,734.63	12.00%	\$0.00	-\$58.85
UMU	Retiree < 65 & One Dependent > 65 with both Parts A&B of Medicare, & Dependents without Medicare	\$1,713.84	\$1,950.66	13.82%	\$1,713.84	\$1,919.50	12.00%	\$0.00	-\$31.16
MUU	Retiree > 65 with both Parts A&B of Medicare & Dependents without Medicare	\$1,713.84	\$1,950.66	13.82%	\$1,713.84	\$1,919.50	12.00%	\$0.00	-\$31.16
MMU	Retiree & One Dependent > 65 with both Parts A&B of Medicare & at least One Dependent without Medicare	\$986.05	\$1,107.84	12.35%	\$1,036.98	\$1,107.84	6.83%	\$50.93	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$633.90	\$694.80	9.61%	\$786.81	\$786.81	0.00%	\$152.91	\$92.01

UHC Rates

UHC		Carrier Rates			Member Rates			Amount Retained by LACERS	
		2023	2024	% Change	2023	2024	% Change	2023	2024
HMO MAPD with RX - Option 2									
California									
M	Retiree with Medicare	\$278.66	\$198.17	-28.88%	\$278.66	\$238.42	-14.44%	\$0.00	\$40.25
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$557.32	\$396.34	-28.88%	\$557.32	\$476.83	-14.44%	\$0.00	\$80.49
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$835.98	\$594.51	-28.88%	\$835.98	\$715.25	-14.44%	\$0.00	\$120.74
Nevada									
M	Retiree with Medicare	\$249.40	\$166.86	-33.10%	\$249.40	\$208.13	-16.55%	\$0.00	\$41.27
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$498.80	\$333.72	-33.10%	\$498.80	\$416.26	-16.55%	\$0.00	\$82.54
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$748.20	\$500.58	-33.10%	\$748.20	\$624.39	-16.55%	\$0.00	\$123.81
Arizona									
M	Retiree with Medicare	\$350.66	\$275.21	-21.52%	\$350.66	\$312.94	-10.76%	\$0.00	\$37.73
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$701.32	\$550.42	-21.52%	\$701.32	\$625.87	-10.76%	\$0.00	\$75.45
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$1,051.98	\$825.63	-21.52%	\$1,051.98	\$938.81	-10.76%	\$0.00	\$113.18

SCAN Rates

SCAN Option 2		Carrier Rates			Member Rates			Amount Retained by LACERS	
HMO		2023	2024	% Change	2023	2024	% Change	2023	2024
M	Retiree with Medicare	\$252.02	\$210.00	-16.67%	\$259.81	\$217.79	-16.17%	\$7.79	\$7.79
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$504.04	\$420.00	-16.67%	\$519.62	\$435.58	-16.17%	\$15.58	\$15.58
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$756.06	\$630.00	-16.67%	\$779.43	\$653.37	-16.17%	\$23.37	\$23.37

Delta Dental Rates

Delta Dental		Carrier Rates			Member Rates			Amount Retained by LACERS	
Dental		2023	2024	% Change	2023	2024	% Change	2023	2024
Dental Self-funded PPO		Self-Funded Fee & Equivalent Rates							
	Dental ASO Fee PRPM	\$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		Fully-Insured Rates							
M	Retiree	\$15.10	\$15.10	0.00%	\$15.10	\$15.10	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent	\$28.19	\$28.19	0.00%	\$28.19	\$28.19	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents	\$32.59	\$32.59	0.00%	\$32.59	\$32.59	0.00%	\$0.00	\$0.00

Anthem Blue View Vision Rates

Anthem Blue View Vision		Carrier Rates			Member Rates			Amount Retained by LACERS	
Vision		2023	2024	% Change	2023	2024	% Change	2023	2024
Vision Self-funded		Self-Funded Fee & Equivalent Rates							
	Vision ASO Fee PRPM	\$0.67	\$0.67	0.00%					
M	Retiree	\$9.14	\$9.14	0.00%	\$9.14	\$9.14	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent	\$13.25	\$13.25	0.00%	\$13.25	\$13.25	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents	\$23.67	\$23.67	0.00%	\$23.67	\$23.67	0.00%	\$0.00	\$0.00

Delta Dental – PPO Plan Experience

Date	Number of Claims	Paid Amount	Administration	Total Expenses	Total Primary Enrollees	Premium	Surplus / Deficit	Total Cost Loss Ratio
Apr-21	4,412	\$947,377	\$68,187	\$1,015,564	13,386	\$951,510	-\$64,054	106.7%
May-21	3,602	\$732,683	\$69,095	\$801,778	13,549	\$964,892	\$163,114	83.1%
Jun-21	3,449	\$688,654	\$69,615	\$758,269	13,652	\$972,574	\$214,305	78.0%
Jul-21	4,240	\$840,385	\$69,834	\$910,219	13,693	\$975,932	\$65,713	93.3%
Aug-21	3,403	\$676,516	\$70,054	\$746,570	13,723	\$978,277	\$231,707	76.3%
Sep-21	4,321	\$841,246	\$70,105	\$911,351	13,759	\$980,908	\$69,557	92.9%
Oct-21	3,401	\$635,531	\$70,156	\$705,687	13,759	\$980,360	\$274,673	72.0%
Nov-21	3,299	\$621,601	\$70,049	\$691,649	13,751	\$979,217	\$287,568	70.6%
Dec-21	4,165	\$823,717	\$70,089	\$893,806	13,752	\$978,333	\$84,527	91.4%
Jan-22	3,133	\$690,889	\$70,967	\$761,856	13,929	\$991,714	\$229,858	76.8%
Feb-22	3,940	\$931,991	\$71,211	\$1,003,202	13,954	\$992,751	-\$10,451	101.1%
Mar-22	4,921	\$1,109,723	\$71,216	\$1,180,939	13,962	\$992,562	-\$188,377	119.0%
Apr-22	3,858	\$835,246	\$71,206	\$906,453	13,958	\$991,277	\$84,825	91.4%
May-22	4,054	\$903,689	\$71,191	\$974,880	13,957	\$990,336	\$15,457	98.4%
Jun-22	4,637	\$924,011	\$71,252	\$995,264	13,967	\$990,742	-\$4,521	100.5%
Jul-22	3,333	\$702,167	\$71,283	\$773,449	13,972	\$990,762	\$217,313	78.1%
Aug-22	3,657	\$761,069	\$71,318	\$832,387	13,992	\$992,222	\$159,835	83.9%
Sep-22	4,565	\$930,776	\$71,415	\$1,002,191	13,994	\$991,551	-\$10,640	101.1%
Oct-22	3,822	\$742,825	\$71,349	\$814,174	13,991	\$991,132	\$176,958	82.1%
Nov-22	3,733	\$768,306	\$71,369	\$839,675	13,990	\$990,448	\$150,773	84.8%
Dec-22	4,327	\$876,130	\$71,262	\$947,392	13,974	\$988,157	\$40,765	95.9%
Jan-23	3,323	\$745,582	\$72,185	\$817,767	14,156	\$1,004,129	\$186,362	81.4%
Feb-23	4,410	\$969,407	\$72,221	\$1,041,628	14,139	\$1,002,842	-\$38,786	103.9%
Mar-23	5,108	\$1,171,507	\$72,359	\$1,243,866	14,105	\$1,000,077	-\$243,789	124.4%

Note: The number of primary enrollees may change to include retroactive and/or deletions in eligibility

Anthem Blue View Vision – Plan Experience

Date	Paid Amount	Administration	Total Expenses	Susbscribers	Premium	Surplus / Deficit	Total Cost Loss Ratio
Apr-21	\$47,527	\$4,516	\$52,043	6,740	\$70,396	\$18,353	73.9%
May-21	\$55,810	\$4,554	\$60,364	6,797	\$71,479	\$11,114	84.5%
Jun-21	\$49,973	\$4,591	\$54,564	6,852	\$71,714	\$17,150	76.1%
Jul-21	\$56,695	\$4,596	\$61,291	6,860	\$72,218	\$10,926	84.9%
Aug-21	\$69,239	\$4,613	\$73,852	6,885	\$72,381	-\$1,471	102.0%
Sep-21	\$52,626	\$4,626	\$57,253	6,905	\$72,382	\$15,129	79.1%
Oct-21	\$56,940	\$4,629	\$61,569	6,909	\$72,598	\$11,029	84.8%
Nov-21	\$71,050	\$4,626	\$75,676	6,904	\$71,961	-\$3,714	105.2%
Dec-21	\$51,384	\$4,634	\$56,019	6,917	\$72,358	\$16,339	77.4%
Jan-22	\$58,621	\$4,654	\$63,276	6,947	\$72,929	\$9,653	86.8%
Feb-22	\$42,889	\$4,641	\$47,530	6,927	\$72,753	\$25,223	65.3%
Mar-22	\$44,718	\$4,644	\$49,362	6,931	\$72,784	\$23,422	67.8%
Apr-22	\$44,395	\$4,652	\$49,047	6,943	\$72,843	\$23,796	67.3%
May-22	\$48,022	\$4,661	\$52,683	6,956	\$72,947	\$20,264	72.2%
Jun-22	\$44,448	\$4,660	\$49,108	6,955	\$72,905	\$23,797	67.4%
Jul-22	\$47,310	\$4,668	\$51,977	6,967	\$72,989	\$21,012	71.2%
Aug-22	\$53,478	\$4,691	\$58,168	7,001	\$73,370	\$15,202	79.3%
Sep-22	\$57,541	\$4,695	\$62,236	7,007	\$73,427	\$11,191	84.8%
Oct-22	\$59,364	\$4,687	\$64,051	6,996	\$73,287	\$9,236	87.4%
Nov-22	\$49,823	\$4,699	\$54,522	7,013	\$73,449	\$18,926	74.2%
Dec-22	\$46,335	\$4,697	\$51,032	7,011	\$73,392	\$22,360	69.5%
Jan-23	\$53,789	\$4,738	\$58,527	7,072	\$74,147	\$15,620	78.9%
Feb-23	\$31,339	\$4,746	\$36,085	7,084	\$74,263	\$38,178	48.6%
Mar-23	\$53,549	\$4,754	\$58,302	7,095	\$74,365	\$16,062	78.4%

Note: The number of primary subscribers may change to include retroactive and/or deletions in eligibility

Acknowledgement

Keenan & Associates would like to thank Ms. Karen Freire 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

2024 LACERS MEDICAL PLAN PREMIUMS

PROPOSED RESOLUTION

WHEREAS, under Chapter 11 of the Los Angeles Administrative Code (LAAC), the Board of Administration (Board) of the Los Angeles City Employees’ Retirement System (LACERS) has the authority to administer the health and welfare program and shall contract for suitable plans to be made available to eligible retirees, their eligible dependents, and their qualified survivors;

WHEREAS, during the annual health plan renewal process, LACERS staff and health plan consultant received the preliminary medical premium rates from the carriers and after thorough reviews and negotiations, recommends the Board accept the plan year 2024 medical premium rates commencing on January 1, 2024, through December 31, 2024;

NOW, THEREFORE, BE IT RESOLVED, that the Board approve:

1. The proposed 2024 premium rates for LACERS medical plans, allowing for minor premium adjustments;
2. Buy down 2.4% of the 14.4% Kaiser Permanente HMO rate increase, using the LACERS Health Care 115 Trust Fund;
3. Delegate the authority to the General Manager to modify the premium rates per month, based on updates of information received after this report, within the parameters established in the Request for Proposal and the Los Angeles Administrative Code; and,
4. Support of a change to the Los Angeles Administrative Code (LAAC) § 4.1111(b) to remove the requirement to seek City Council approval above the rate increase limitation due to the delays this process will have on the annual Open Enrollment process.

2024 CALIFORNIA MEDICAL PLAN PREMIUM RATES					
Medicare Status	Anthem Blue Cross PPO / Life & Health Medicare Plan (Med Supp)	Anthem Blue Cross PPO / Passive PPO Medicare Advantage	Kaiser Permanente HMO / Senior Advantage	Anthem Blue Cross HMO / United Healthcare Med Advantage HMO	Anthem Blue Cross HMO/ SCAN Med Advantage HMO
Single-Party Plan – Retiree Only					
U	\$1,584.59	\$1,584.59	\$1,051.78	\$1,263.89	\$1,263.89
M	\$540.02	\$426.12	\$262.47	\$238.42	\$217.79
Two-Party Plan – Retiree and One Dependent					
UU	\$3,169.18	\$3,169.18	\$2,103.56	\$2,527.78	\$2,527.78
UM	\$2,124.61	\$2,010.71	\$1,288.44	\$1,502.31	\$1,481.68
MU	\$2,124.61	\$2,010.71	\$1,288.44	\$1,502.31	\$1,481.68
MM	\$1,080.04	\$852.24	\$524.94	\$476.83	\$435.58
Family Plan – Retiree and Family					
UUU	\$3,723.79	\$3,723.79	\$2,734.63	\$3,286.11	\$3,286.11
UMU	\$2,679.22	\$2,565.32	\$1,919.50	\$2,260.64	\$2,240.01
MUU	\$2,679.22	\$2,565.32	\$1,919.50	\$2,260.64	\$2,240.01
MMU	\$1,634.65	\$1,406.85	\$1,107.84	\$1,235.16	\$1,193.91
MMM	\$1,620.06	\$1,278.36	\$786.81	\$715.25	\$653.37

**2024 UNITED HEALTHCARE MEDICARE ADVANTAGE HMO
NON-CALIFORNIA PREMIUM RATES**

Medicare Status	Arizona	Nevada
Single-Party Plan – Retiree Only		
U	N/A	N/A
M	\$312.94	\$208.13
Two-Party Plan – Retiree and One Dependent		
UU	N/A	N/A
UM	N/A	N/A
MU	N/A	N/A
MM	\$625.87	\$416.26
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	\$938.81	\$624.39

LACERS HISTORICAL MEDICAL COST CHANGES THROUGH 2024

BOARD Meeting: 8/8/23
 Item: VI – B
 Attachment 3

Medical Plan	1999	2000	2001	2002	2003	2004
Kaiser Senior Advantage					51.35%	59.34%
Anthem Medicare Supplement/ LPPO / Med. Adv. Passive PPO					0.10%	15.40%
UnitedHealthcare -CA MAPD					72.87%	7.81%
Kaiser HMO		47.48%	4.49%	7.62%	17.71%	1.72%
Anthem PPO					-12.16%	5.92%
Aggregate Medical Cost Change				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	-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 / Med. Adv. Passive PPO	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	-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		-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	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	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	-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 Change	-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	2021	2022	2023	2024	10-Yr Avg, Incl 2024	Historic Avg
Kaiser Senior Advantage	2.03%	-2.91%	-6.25%	-0.50%	-9.22%	9.61%	0.64%	4.77%
Anthem Medicare Supplement/ LPPO / Med. Adv. Passive PPO	2.63%	1.37%	2.65%	-25.28%	0.00%	-14.31%	-2.24%	1.57%
Anthem Medicare Supplement							0.00%	0.00%
UnitedHealthcare - CA MAPD	-5.56%	7.52%	0.54%	1.50%	1.47%	-28.88%	-1.07%	4.11%
SCAN HMO	0.00%	0.00%	0.00%	-3.00%	0.00%	-16.67%	-1.58%	0.61%
Kaiser HMO	-2.70%	-2.08%	3.37%	7.10%	4.32%	14.41%	4.11%	7.24%
Anthem HMO	-9.66%	9.15%	2.91%	-0.05%	9.50%	8.90%	4.40%	5.78%
Anthem PPO	-2.44%	0.31%	2.85%	4.58%	9.50%	8.90%	3.58%	3.70%
Aggregate Medical Premium Cost Change	-1.60%	-0.20%	0.72%	-1.45%	0.92%	4.49%	1.76%	4.74%
Assumed Actuarial Trend Rate	7.00%	7.00%	6.75%	6.75%	7.50%	7.25%	7.05%	8.38%

2005 to 2011: Anthem Medicare Supplement

2011 to 2012: Anthem LPPO Medicare Preferred PPO

2014 to 2021: Anthem Medicare Supplement

2022 to 2023: Anthem Medicare Advantage Passive PPO

2024: Anthem Medicare Supplement along with Medicare Advantage Passive PPO



REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee

Michael R. Wilkinson, Chair
Annie Chao
Thuy Huynh

MEETING: AUGUST 8, 2023

ITEM: VI – C

SUBJECT: 2024 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board approve the following maximum 2024 subsidy and reimbursement amounts:

1. A maximum medical plan premium subsidy of \$2,187.58 per month, for Tier 1 Discretionary and Vested Retired Members under Age 65 or enrolled in Medicare Part B only;
2. A maximum reimbursement of \$2,187.58 per month, for Tier 1 Discretionary and Vested Retired members under Age 65 or with Medicare Part B only, enrolled in the Medical Premium Reimbursement Program;
3. A maximum reimbursement of \$549.16 per month, for Tier 1 Discretionary and Vested, and Tier 3 Retired Members, with Medicare Parts A and B, and enrolled in the Medical Premium Reimbursement Program;
4. A maximum dental subsidy of \$42.94 per month, for Tier 1 and Tier 3 Retired Members; and
5. Authorize the General Manager to adjust the subsidy/reimbursement amounts per month, based on updates of information received after this report, within the parameters established in the Los Angeles Administrative Code.

Executive Summary

LACERS provides a variety of health benefits to Retired Members in the form of subsidies and reimbursements. The Los Angeles Administrative Code (LAAC) Section 4.1101 authorizes the Board to administer the health and welfare programs for LACERS Retired Members. On an annual basis, the Board sets the maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts, while five other subsidies are established by ordinance based on the respective LAAC provisions.

The 2024 recommended maximum retiree health subsidies and MPRP meet the LAAC requirements and are detailed in the discussion below. The Board's authority to increase the dollar amounts of the subsidies and reimbursements is limited, based on different factors, including the amount of increase to certain medical plan premiums and LACERS' medical plan premium cost trend compared with the assumed actuarial medical trend rate.

Discussion

At the August 8, 2023 Benefits Administration Committee meeting preceding the Board meeting, staff presented recommendations regarding the proposed 2024 maximum subsidies and reimbursements as described in the attached Committee report (Attachment 1). Should the Committee approve staff's recommendation, this report on the proposed 2024 maximum subsidies and reimbursements will move forward to the Board for approval.

As presented in the Benefits Administration Committee report, the Board, by resolution, sets certain maximum retiree health subsidies and MPRP reimbursement amounts based on the LAAC provisions.

- The 2024 Kaiser two-party non-Medicare plan premium will increase by \$225.38, and the Board has the authority to increase the maximum medical subsidy and MPRP reimbursement for Retired Members under Age 65 or enrolled in Medicare Part B only by the same amount as the increase does not exceed the limitations. Therefore, it is recommended that the maximum subsidy be increased from \$1,962.20 to \$2,187.58 (\$1962.20 + \$225.38) for both groups.
- The maximum MPRP reimbursement for Members with Medicare Parts A and B enrolled in MPRP will remain the same as there will be no change in the highest cost Medicare Parts A and B plan.
- The maximum monthly dental subsidies for active City employees for plan year 2024 is estimated to slightly decrease to \$42.94 per month, a decrease of \$0.87 or 1.9%. The active City employee dental subsidy has not been approved by the City. Therefore, the proposed delegated authority to General Manager is necessary to allow the administration of the dental program, so as not to delay the Open Enrollment planning.

Conclusion

If the Board approves the Committee's recommendations, LACERS total 2024 medical subsidy, dental subsidy, and reimbursement amounts will increase by approximately 2.7%.

Occasionally, premiums and therefore subsidies are subject to change slightly after Board approval due to receipt of updated data. Staff recommends that the Board allow for any subsidy and reimbursement adjustments within the parameters established in the Los Angeles Administrative Code, to be delegated to the General Manager for authorization.

Strategic Plan Impact Statement

Timely adoption of the maximum medical and dental subsidy and reimbursement amount ensures sufficient time for staff to apply subsidies and reimbursements correctly and to develop Member

communications for Members to make informed health plan decisions which support the Strategic Plan Goal of providing outstanding customer service and to deliver accurate and timely Member benefits.

Prepared By: Ada Lok, Senior Benefits Analyst I, Health, Wellness and Buyback Division

NMG/DWN/KF/al

Attachments: 1. August 8, 2023 Benefits Administration Committee Report
 2. Proposed Resolution



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

MEETING: AUGUST 8, 2023
ITEM: IV

SUBJECT: 2024 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee forward a recommendation to the Board to approve the following:

1. A maximum medical plan premium subsidy of \$2,187.58 per month, for Tier 1 Discretionary and Vested Retired Members under Age 65 or enrolled in Medicare Part B only;
2. A maximum reimbursement of \$2,187.58 per month, for Tier 1 Discretionary and Vested Retired members under Age 65 or with Medicare Part B only, enrolled in the Medical Premium Reimbursement Program;
3. A maximum reimbursement of \$549.16 per month, for Tier 1 Discretionary and Vested, and Tier 3 Retired Members, with Medicare Parts A and B, and enrolled in the Medical Premium Reimbursement Program;
4. A maximum dental subsidy of \$42.94 per month, for Tier 1 and Tier 3 Retired Members; and
5. Authorize the General Manager to adjust the subsidy/reimbursement amounts per month, based on updates of information received after this report, within the parameters established in the Los Angeles Administrative Code.

Executive Summary

LACERS provides a variety of health benefits to Retired Members in the form of subsidies and reimbursements. The Los Angeles Administrative Code (LAAC) Section 4.1101 authorizes the Board to administer the health and welfare programs for LACERS Retired Members. On an annual basis, the Board sets the maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts, while five other subsidies are established by ordinance based on the respective LAAC provisions as shown on the following chart.

Benefit Type	Tier 1 Retired Before July 1, 2011 “Discretionary”	Tier 1 Retired After July 1, 2011, “Vested”	Tier 1 Retired After July 1, 2011, “Capped”	Tier 3
Retiree Medical Subsidy, Under 65 or Medicare Part B Only - LAAC 4.1111(b), 4.1111(c), 4.1126(b)	Board Resolution	Board Resolution	Ordinance	Ordinance
Retiree Medical Subsidy, Medicare Parts A and B – LAAC 4.1111(e), 4.1126(d)	Ordinance	Ordinance	Ordinance	Ordinance
Retiree MPRP Reimbursement, Under 65 or Medicare Part B Only – LAAC 4.1112(b), 4.1127(b)	Board Resolution	Board Resolution	Ordinance	Ordinance
Retiree MPRP Reimbursement, Medicare Parts A and B – LAAC 4.1112(d), 4.1127(d)	Board Resolution	Board Resolution	Ordinance	Board Resolution
Retiree Dental Subsidy – LAAC 4.1114(a), 4.1129(a)	Board Resolution	Board Resolution	Board Resolution	Board Resolution
Survivor Medical Subsidy, Under 65 or Medicare Part B Only – LAAC 4.1115(b)(3), 4.1115(e), 4.1129.1(b)(3)	Ordinance	Ordinance	Ordinance	Ordinance
Survivor Medical Subsidy, Medicare Parts A and B – LAAC 4.1115(c), 4.1129.1(c)	Ordinance	Ordinance	Ordinance	Ordinance
Survivor MPRP Reimbursement, Under 65 or Medicare Part B Only – LAAC 4.1112(g), 4.1127(g)	Ordinance	Ordinance	Ordinance	Ordinance
Survivor MPRP Reimbursement, Medicare Parts A and B – LAAC 4.1112(g), 4.1127(g)	Ordinance	Ordinance	Ordinance	Ordinance

The 2024 recommended maximum retiree health subsidies and MPRP meet the LAAC requirements and are detailed in the discussion below. The Board’s authority to increase the dollar amounts of the subsidies and reimbursements is limited, based on different factors, including the amount of increase to certain medical plan premiums and LACERS’ medical plan premium cost trend compared with the assumed actuarial medical trend rate (see calculation of limit on Attachment 2).

Discussion

LACERS administers two tiers of retirement and health benefits. The maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts differ for each tier:

- Tier 1 benefits are available to City employees who were hired prior to February 21, 2016. For Tier 1 retiree medical benefits, there are three categories of Retired Members:
 1. Discretionary – Members retired on or before June 30, 2011;
 2. Vested – Members retired on or after July 1, 2011, and made additional contributions to LACERS; and,
 3. Capped – members retired on or after July 1, 2011, and did not make additional contributions to LACERS.
- Tier 3 retiree health benefits are available to retired City employees who were hired on or after February 21, 2016.

Maximum Medical Plan Premium Subsidies (LAAC 4.1111)

The recommended maximum medical plan premium subsidy amounts are as follows:

- Tier 1 Vested Retired Members Under Age 65 or Enrolled in Medicare Part B Only
- Tier 1 Discretionary Retired Members Under Age 65 or Enrolled in Medicare Part B Only

LAAC Authority: For Vested Retired Members, increases to the maximum subsidy can be no less than the increase to the Kaiser non-Medicare two-party plan premium. The Board has the option to apply the same subsidy increase to Discretionary Retired Members, pursuant to LAAC Section 4.1111(b).

Recommended Subsidy: For 2024, the Kaiser non-Medicare two-party plan premium will increase 12% by \$225.38, from \$1,878.18 to \$2,103.56, so staff recommends that the maximum subsidy be increased from \$1,962.20 to \$2,187.58 (\$1,962.20 + \$225.38) for both groups.

The Actuarial Assumed Trend Rate (AATR) increase is at 12.2%. For ease of administration, staff recommends the subsidy for 2024 to be increased by 12%, to ensure that it's below the limit.

Medical Premium Reimbursement Program (MPRP) Reimbursements

The MPRP is available to Retired Members and Survivors who live outside of California or within California but outside of a LACERS HMO zip code service area. In order to participate, Members enroll in an individual plan and submit proof of premium payment to LACERS. LACERS reimburses premium costs up to the Member's subsidy amount on a quarterly basis. The recommended maximum MPRP Reimbursement amounts are as follows:

- Tier 1 Discretionary and Vested Retired Members Under Age 65 or Enrolled in Medicare Part B Only

LAAC Authority: The maximum MPRP reimbursement amounts are set similar to the medical subsidies, pursuant to LAAC Section 4.1112 and 4.1127.

Recommended Subsidy: It is recommended that the same maximum be applied toward MPRP reimbursements at \$2,187.58. This will provide Members who are unable to access a LACERS HMO the same amount of subsidy dollars to apply toward non-LACERS medical coverage.

- *Tier 1 Discretionary and Vested Retired Members, and Tier 3 Members, Enrolled in Medicare Parts A and B*

LAAC Authority: Increase to the maximum reimbursement amount may not to exceed the one-party premium of LACERS' highest cost Medicare plan.

Recommended Subsidy: In 2024, the monthly premium for LACERS' highest-cost single-party Medicare Parts A and B medical plan, the Anthem Medicare Supplement PPO plan, will be \$549.16. Staff recommends the maximum reimbursement for MPRP participants enrolled in Medicare Parts A and B be set at \$549.16.

Overall Member Impact

The chart below shows the average medical subsidy paid by LACERS and monthly allowance premium deduction amounts paid by Tier 1 Members in 2023 as compared to the 2024 recommendations. There are currently no Tier 3 Retired Members who are receiving a medical subsidy.

Tier 1 Member Status	Tier 1 2024 Estimated Population	Tier 1 2023 Subsidy \$1,962.20		Tier 1 2024 Subsidy \$2,187.58	
		Avg. Monthly Subsidy	Avg. Monthly Deduction	Avg. Monthly Subsidy	Avg. Monthly Deduction
Non-Medicare Retiree	5,103	\$1,265.75	\$103.67	\$1,399.48	\$81.88
Non-Medicare Survivor	220	\$793.21	\$183.27	\$847.65	\$180.81
Medicare Retiree	10,240	\$484.74	\$39.29	\$453.95	\$37.42
Medicare Survivor	1,600	\$327.36	\$13.91	\$305.46	\$12.06
All Covered Members	17,163	\$717.95	\$58.99	\$726.59	\$50.13

Dental Plan Premium Subsidy (LAAC Section 4.1114 and 4.1129)

The recommended maximum dental plan premium subsidy amount is as follows:

LAAC Authority: The Retired Member maximum dental plan premium subsidy cannot exceed the maximum dental plan premium subsidy for Active Members.

Recommended Subsidy: The maximum dental plan subsidy for Active Members of LACERS for plan year 2024 is estimated to slightly decrease to \$42.94 per month. It is recommended that the maximum dental subsidy for Tier 1 and Tier 3 Retired Members be set at \$42.94. The maximum subsidy for Active Members, has not been approved by the City. Therefore, the

delegated authority to the General Manager is necessary, in case an adjustment is made in the future.

Conclusion

Staff recommends the Committee to forward to the Board the proposed maximum subsidies and reimbursements amounts for 2024 as authorized by the Los Angeles Administrative Code.

Occasionally, premiums and therefore subsidies are subject to change slightly after Board approval due to receipt of updated data. Staff recommends that the Board allow for any minor subsidy and reimbursement adjustments within the parameters established in the Los Angeles Administrative Code, to be delegated to the General Manager for authorization.

Strategic Plan Impact Statement

Timely adoption of the maximum medical and dental subsidy and reimbursement amount ensures sufficient time for staff to apply subsidies and reimbursements correctly and to develop Member communications for Members to make informed health plan decisions which support the Strategic Plan Goal of providing outstanding customer service and to deliver accurate and timely Member benefits.

Prepared By: Ada Lok, Senior Benefits Analyst I, Health, Wellness and Buyback Division

NMG/DWN/KF/al

- Attachments:
1. Maximum Subsidy and Reimbursement Amounts Established by Ordinance
 2. LACERS Medical Plan Premium Subsidy for Tier 1 Discretionary Retired Members
 3. LACERS Historical Medical Subsidy Costs

Maximum Subsidy and Reimbursement Amounts Established by Ordinance

The Los Angeles Administrative Code (LAAC) Division 4, Chapter 11, provides the Board the authority to set the maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts. Other subsidies and reimbursements do not require Board action as they are established by ordinance and codified in the LAAC:

- *Maximum Medical Plan Premium Subsidies and MPRP Reimbursement Amounts for Tier 1 Capped Retired Members and their Survivors*

All medical benefit amounts for these Members and their Survivors are capped at 2011 amounts. The medical subsidy that may be used toward premium costs of covering a dependent is also capped.

- *Maximum Medical Plan Premium Subsidies for Tier 1 Discretionary and Vested, and Tier 3 Retired Members, Enrolled in Medicare Parts A and B*

The maximum subsidy is based on the single-party premium of the LACERS plan in which the Retired Member is enrolled.

- *Maximum Medical Plan Premium Subsidy and MPRP Reimbursement Amount for Tier 3 Retired Members Under Age 65 or Enrolled in Medicare Part B Only*

The maximum subsidy and reimbursement amount is based on the Kaiser two-party non-Medicare plan premium.

- *Survivor Medical Plan Premium Subsidies and MPRP Reimbursement Amounts for Tier 1 and Tier 3 Retired Members*

A Survivor's subsidy amount is based on the Retired Member's years of Service Credit.

- *Survivors Under Age 65 or Enrolled in Medicare Part B Only* – The maximum Survivor subsidy is equal to the single-party premium of the lowest-cost non-Medicare plan. The lowest-cost LACERS non-Medicare plan is the Kaiser Permanente HMO.
- *Survivors Enrolled in Medicare Parts A and B* – The maximum subsidy is set to the single-party premium of the LACERS plan in which the Survivor is enrolled.

LACERS MEDICAL PLAN PREMIUM SUBSIDY FOR TIER 1 DISCRETIONARY RETIRED MEMBERS

The LACERS Board has the authority as established by the Los Angeles Administrative Code (LAAC) Section 4.1112(b) to increase the maximum medical plan premium subsidy by the amount of the increase in the Kaiser Permanente HMO (non-Medicare) two-party premium. If the three-year average increase in the subsidy is greater than the three-year average assumed actuarial medical trend rate for the same period, the increase must be approved by City Council. City Council may set the increase at any other amount.

For 2024, if the Board approves to buy down the rate increase to 12%, the Kaiser Permanente HMO (non-Medicare) two-party premium will increase by \$225.38. The 2024 maximum medical plan premium subsidy increase to \$2,187.58 (\$1,962.20 + \$225.38) does not exceed the LAAC limitation as the three-year average increase of 6.9% is lower than the three-year average assumed actuarial medical trend rate of 7.17%. The table below shows by how much the Board may increase the 2023 maximum subsidy before hitting the cap imposed by the three-year average assumed actuarial medical trend rate.

	<u>Assumed Actuarial Trend Rate*</u>	<u>% Increase</u>	<u>Max. Medical Subsidy Amt. (Cap)</u>
2024	7.25%	12.2%	\$2,201.59**
2023	7.50%	4.1%	\$1,962.20
2022	6.75%	5.2%	\$1,884.50
3-yr Average	7.17%	7.17%	

*The assumed actuarial medical trend rates for coming years may be adjusted during each valuation and may alter the information contained in these tables.

**For the 2024 plan year, the LACERS Board could approve a two-party Kaiser non-Medicare HMO premium increase of up to 12.2% without requiring City Council approval for the associated subsidy increase.

LACERS HISTORICAL TIER 1 MEDICAL SUBSIDY COSTS

BAC Meeting: 08/08/23
Item IV
Attachment 3

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007
Maximum Monthly Medical Subsidy	\$508.00	\$702.00	\$702.00	\$751.00	\$872.00	\$883.00	\$883.00	\$928.00	\$983.00
Dollar Increase - Maximum Subsidy		\$194.00	\$0.00	\$49.00	\$121.00	\$11.00	\$0.00	\$45.00	\$55.00
% Increase - Maximum Subsidy		38.2%	0.0%	7.0%	16.1%	1.3%	0.0%	5.1%	5.9%
Kaiser 2-Party	\$409.84	\$604.44	\$631.56	\$679.68	\$800.08	\$813.87	\$870.56	\$915.14	\$982.74
Dollar Increase - Kaiser 2-Party		\$194.60	\$27.12	\$48.12	\$120.40	\$13.79	\$56.69	\$44.58	\$67.60
% Increase - Kaiser 2-Party		47.5%	4.5%	7.6%	17.7%	1.7%	7.0%	5.1%	7.4%
Aggregate Medical Premium Increase				17.0%	16.1%	18.2%	-5.2%	-5.2%	12.5%
% Premium Cost Subsidized	88.9%	91.0%	88.4%	90.8%	93.9%	92.0%	92.4%	92.4%	91.1%

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Maximum Monthly Medical Subsidy	\$1,022.00	\$1,120.00	\$1,123.00	\$1,190.00	\$1,190.00	\$1,367.00	\$1,464.00	\$1,580.08	\$1,580.08	\$1,736.88	\$1,790.80	\$1,790.80	\$1,790.80	\$1,790.80	\$1,884.50	\$1,962.20	\$2,187.58
Dollar Increase - Maximum Subsidy	\$39.00	\$98.00	\$3.00	\$67.00	\$0.00	\$177.00	\$97.00	\$116.08	\$0.00	\$156.80	\$53.92	\$0.00	\$0.00	\$0.00	\$93.70	\$77.70	\$225.38
% Increase - Maximum Subsidy	4.0%	9.6%	0.3%	6.0%	0.0%	14.9%	7.1%	7.9%	0.0%	9.9%	3.1%	0.0%	0.0%	0.0%	5.2%	4.1%	11.5%
Kaiser 2-Party	\$1,021.54	\$1,119.58	\$1,122.74	\$1,189.22	\$1,187.24	\$1,363.44	\$1,459.66	\$1,575.74	\$1,496.06	\$1,652.86	\$1,706.78	\$1,660.88	\$1,626.28	\$1,681.07	\$1,800.48	\$1,878.18	\$2,103.56
Dollar Increase - Kaiser 2-Party	\$38.80	\$98.04	\$3.16	\$66.48	(\$1.98)	\$176.20	\$96.22	\$116.08	(\$79.68)	\$156.80	\$53.92	(\$45.90)	(\$34.60)	\$54.79	\$119.41	\$77.70	\$225.38
% Increase - Kaiser 2-Party	3.9%	9.6%	0.3%	5.9%	-0.2%	14.8%	7.1%	8.0%	-5.1%	10.5%	3.3%	-2.7%	-2.1%	3.4%	7.1%	4.3%	12.0%
Aggregate Medical Premium Increase	5.7%	7.1%	4.5%	6.2%	0.2%	7.9%	7.4%	4.8%	-1.9%	6.5%	5.4%	-1.6%	-0.2%	0.7%	-1.5%	0.9%	4.6%
% Premium Cost Subsidized	91.6%	92.5%	91.8%	91.3%	90.9%	92.7%	92.5%	94.0%	94.0%	94.3%	93.7%	94.2%	93.8%	93.4%	93.7%	92.4%	92.4%

1. Beginning in 2019, LACERS published premiums may have two components, the Carrier premium and a 115 Trust component. This chart only reflects the Carrier premium.
2. In plan year 2024, the Kaiser 2-party under 65 rate increases by 14.4%, which exceeds the 12.2% Assumed Actuarial Trend Rate (AATR) increase. The recommended increase is bought down using the 115 Trust, up to 12%, below the limit. Therefore, the Kaiser 2-party rate and subsidy reflected in 2024 is 12%.

**MAXIMUM HEALTH PLAN SUBSIDIES AND REIMBURSEMENT AMOUNTS
FOR PLAN YEAR 2024**

PROPOSED RESOLUTION

WHEREAS, the Los Angeles Administrative Code establishes that the Los Angeles City Employees' Retirement System (LACERS) provide health and welfare programs for retired employees and their eligible dependents;

WHEREAS, Section 4.1111(b) of the Los Angeles Administrative Code provides that by resolution, the Board of Administration may change the maximum monthly medical subsidy for eligible Tier 1 retirees who retired before July 1, 2011, so long as any increase does not exceed the dollar increase in the Kaiser two-party non-Medicare plan premium and the average percentage increase for the first year of the increase and the preceding two years does not exceed the average assumed actuarial medical trend rate for the same period;

WHEREAS, Section 4.1111(c) of the Los Angeles Administrative Code provides that by resolution, the Board of Administration shall, for Tier 1 retirees who at any time prior to retirement made additional contributions to LACERS as provided in Section 4.1003(c) of the Los Angeles Administrative Code, set the increase in the maximum medical plan premium subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and B premium;

WHEREAS, Sections 4.1112(b) and 4.1112(d) of the Los Angeles Administrative Code provide that by resolution, the Board of Administration may increase the monthly reimbursement maximum of eligible retirees participating in the Medical Premium Reimbursement Program;

WHEREAS, Section 4.1114(a) of the Los Angeles Administrative Code provides the Board of Administration may, in its discretion, decrease or increase the maximum retiree dental plan subsidy to reflect changes in the dental plan subsidy provided to active City of Los Angeles employees;

WHEREAS, on August 8, 2023, the 2024 health benefit subsidies and reimbursements were presented to the Benefits Administration Committee;

WHEREAS, on August 8, 2023, the Board of Administration approved the 2024 health benefit subsidies and reimbursements;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration hereby adopts the following 2024 health benefit subsidies and reimbursements; and authorizes the General Manager to make any necessary subsidy or reimbursement adjustments within the parameters established in the Los Angeles Administrative Code to reflect updated data:

Benefit Type	Tier 1 Retired Before July 1, 2011 “Discretionary”	Tier 1 Retired On After July 1, 2011 “Vested”	Tier 3
Retiree Medical Subsidy, <65/Medicare Part B	\$2,187.58	\$2,187.58	-
Retiree MPRP Reimbursement, <65/Medicare Part B	\$2,187.58	\$2,187.58	-
Retiree MPRP Reimbursement, Medicare Parts A and B	\$549.16	\$549.16	\$549.16
Retiree Dental Subsidy	\$42.94	\$42.94	\$42.94



REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee

Michael R. Wilkinson, Chair
Annie Chao
Thuy Huynh

MEETING: AUGUST 8, 2023

ITEM: VI - D

SUBJECT: BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board approve the Committee’s recommendation to rescind Board Rules related to Tier 1 Enhanced Disability Retirement Benefits and regular Disability Retirement; specifically, EB-DR 14, EB-DR 15, and EB-LP 2, DR 15, DR 16, DL 7, and amend Service Purchase Board Rule SP 1.

Executive Summary

The Board Rules related to Benefits Administration are regularly reviewed to assess the need for supplements due to revisions of LACERS' plan provisions, case law, the Internal Revenue Code (IRC), or other areas affecting the administration of retirement benefits. Reviews of Board Rules also seek to identify those which are no longer applicable or in need of revision.

The Board Rules to be rescinded and/or amended are the result of staff’s recent review of retirement processing procedures and will clarify guidelines related to: (1) the filing of disability retirement applications while on Injury-on-Duty (IOD) and related limitations; (2) disability loan eligibility; and (3) the interest charged on late Service Purchase payments.

Discussion

On July 25, 2023, staff presented the proposed Board Rule changes to the Benefits Administration Committee. After a review and discussion, the Committee approved forwarding to the Board the recommendation to adopt the rules as proposed.

Strategic Plan Impact Statement

The adoption of these proposed Board Rules is part of the Strategic Plan Goal – Accurate and Timely Delivery of Member Benefits.

Prepared By: Susann Hernandez, Benefits Analyst, Retirement Services Division
Carol Rembert, Benefits Analyst, Retirement Services Division
Ferralyn Sneed, Chief Benefits Analyst, Retirement Services Division

DWN:FS:sh:cr

Attachment 1: Benefits Administration Committee Report dated July 25, 2023



BOARD Meeting: 8/8/23
Item: VI – D
Attachment



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

MEETING: JULY 25, 2023
ITEM: III

Neil M. Guglielmo

SUBJECT: BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee recommends to the Board to rescind certain Board Rules related to Tier 1 Enhanced Disability Retirement Benefits and regular Disability Retirement; specifically, EB-DR 14, EB-DR 15, and EB-LP 2, DR 16, DR16, DL 7, and amend Service Purchase Board Rule SP 1.

Executive Summary

The Board Rules related to Benefits Administration are regularly reviewed to assess the need for supplements due to revisions of LACERS' plan provisions, case law, the Internal Revenue Code (IRC), or other areas affecting the administration of retirement benefits. Reviews of Board Rules also seek to identify those which are no longer applicable or in need of revision.

Board Rules work in conjunction with the Los Angeles Administrative Code (LAAC), City Charter (LACC), State or Federal law, the IRC, and pension best practices to provide the necessary administrative framework to carry out the delivery of LACERS' retirement benefits. Additionally, Board Rules provide clarification and implementation guidelines for executing administrative procedures not specifically detailed within the authoritative plan documents, legislative guidelines, or regulatory provisions.

Board Rules EB-DR 14, EB-DR 15, and EB-LP 2, DR 16, DR16, DL 7, adopted on September 14, 2021, allow applicants to apply for Disability Retirement once they are placed on Injury-on-Duty (IOD) status (ATTACHMENT 1).

This change was in keeping with the Los Angeles Fire and Police Pensions policies governing Disability Retirements, including Tier 6 which the Enhanced Disability Retirement benefit is based. The Board also approved applying the change to all Disability Retirement applicants. Prior to the adoption of these rules, members were only able to apply for a Disability Retirement once they discontinued **service**, per the Los Angeles Administrative Code Sections (LAAC) 4.1008(a) and 4.1008.1(a).

In addition, Board Rule SP 1 was adopted as a temporary rule during the pandemic due to delays in mail delivery continue, necessitating the continuation of the rule.

Discussion

DISABILITY RETIREMENT AND ENHANCED DISABILITY RETIREMENT

The LAAC Section 4.1001 (a), defines City Service or Service as *periods during which a member received compensation as a city employee, or during which the member not only received Workers' Compensation benefits for temporary disability on account of any injury or illness arising out of and in the course of employment with the City but for which the member made contributions to the fund...etc.* (Attachment 2)

While Tier 1 Enhanced benefits closely mirror LAFPP Tier 6 provisions, LACERS plan provisions do not mirror the Tier verbatim. Nor do plan provisions for Tier 1 Enhanced benefits negate other applicable provisions contained in the LAAC. In reviewing the current Board Rules, staff has determined the recent rule changes contradict the definition of "Service" that applies to the administration of LACERS benefits. Specifically, according to the provisions of LAAC Section 4.1008, a Member cannot apply for disability retirement until the Member is "off" active payroll and not making contributions to the plan nor accruing service credit.

Additionally, it was initially thought the impact of these changes would be minor, but after further analysis they present an administrative burden that could result in delayed application processing where applicants could apply at the point of being placed on IOD status but still have sick and vacation time to expend. Allowing this situation to occur would lead to indeterminate disability retirement effective dates, cases languishing for years until the member had exhausted all of their 100 percent paid salary time. This would result in additional administrative and financial costs for updating medical records, obtaining supplemental medical evaluations, and unnecessary expenditures should the applicant recover prior to the Board considering their application.

Therefore, it is recommended that the adopted Board rules identified above related to Board Rule Sections 4.1 and 4.2 governing Disability Retirement and Enhanced Disability Retirement benefits be rescinded to conform to LAAC Section 4.1008 provisions for both civilian and sworn disability retirement applicants. Concurrently, the former previous practice would be reinstated, wherein applicants would no longer be able to apply for disability retirement benefits while receiving compensation as a city employee and/or making contributions to the retirement fund. Applicants would also be eligible to apply for a disability retirement loan once off active payroll and after filing a valid Disability Retirement application (ATTACHMENT 2).

The proposed rescinding of these Board Rules has been reviewed by the Office of the City Attorney.

SERVICE PURCHASES (SP)

Due to on-going delays in mail delivery, it is recommended that we continue not charging interest under \$15 as stated in the Board Rule so as not to penalize Members for unpredictable delivery period. The proposed Board Rule was initially adopted due to mail delivery delays attributed to the Covid-19 Pandemic. Thus, the proposed amendment to the Board Rule SP 1 (Attachment 3) removes the

temporary basis of this rule, and also removes the language referring to the delegation of authority since this is already covered in the general delegation of authority by the General Manager (Board rule GMA 1).

Strategic Plan Impact Statement

Strategic Plan Impact Statement:

The adoption of these proposed Board Rules is part of the Strategic Plan Goal – Accurate and Timely Delivery of Member Benefits.

Prepared By: Susann Hernandez, Benefits Analyst, Retirement Services Division
Carol Rembert, Benefits Analyst, Retirement Services Division
Ferralyn Sneed, Chief Benefits Analyst, Retirement Services Division

DWN:FS:sh:cr

Attachment 1: Approved Board Rules
Attachment 2: LAAC
Attachment 3: Amendment SP 1 Board Rule
Attachment 4: Board Rule GMA 1

4.0 BENEFITS AND MEMBER ADMINISTRATION

Board Rules to be rescinded:

4.1 BOARD RULES

DISABILITY RETIREMENT (DR)

DR 15: A Member who meets the eligibility requirements to apply for disability retirement may submit a disability retirement application following official placement on Injury-On-Duty (IOD) by their employing department.

DR 16: If an eligible Member who meets the eligibility requirements to apply for a disability retirement applies while receiving Injury-On-Duty (IOD) compensation and is approved for disability retirement by the Board of Administration while on IOD, the disability retirement effective date will be the Board approval date. Other forms of active employee compensation shall terminate, including but limited to IOD. Any IOD overpayment will be the responsibility of the Member and the employing department.

DISABILITY LOAN (DL)

DL 7: An eligible Member who meets the eligibility requirements to apply for disability retirement who applies after being placed on Injury-On-Duty (IOD) status shall not be eligible to apply for a disability retirement loan.

4.2 BOARD RULES - ENHANCED BENEFITS

ENHANCED BENEFITS – DISABILITY RETIREMENT (DR)

EB-DR 14: An Enhanced Benefit-eligible Member who meets the eligibility requirements to apply for disability retirement may submit a disability retirement application after being placed on Injury-On-Duty (IOD) but not before.

EB-DR 15: If an Enhanced Benefit eligible Member who meets the eligibility requirements to apply for a disability retirement applies while receiving Injury-On-Duty (IOD) compensation and is approved for disability retirement by the Board of Administration while IOD, the disability retirement effective date will be the Board approval date. Other forms of active employee compensation shall terminate, including but limited to IOD. Any IOD overpayment will be the responsibility of the Member and the employing department.

ENHANCED BENEFITS – LOAN PROGRAM (LP)

EB-LP2: An Enhanced Benefit-eligible Member who meets the eligibility requirements to apply for disability retirement who applies after being placed on Injury-On-Duty (IOD) status shall not be eligible to apply for a disability retirement loan.

Los Angeles Administrative Code Sections

City Service or Service - LAAC Section 4.1001(a)

Only those periods during which a member received compensation from the City as an employee or during which the employee not only received Workers' Compensation benefits (Div. IV, Labor Code) for temporary disability on account of any injury or illness arising out of and in the course of employment with the City, but for which the employee also made contributions to the Fund as provided in Charter Section 1162. Notwithstanding the foregoing, a member shall be entitled, at the time of death or retirement, to receive credit for his or her years of service from the date such member entered employment with the City of Los Angeles in a capacity that would entitle him or her to membership in the Retirement System

Application for Disability Retirement - LAAC Section 4.1008(a)

Any member who has five (5) or more years of continuous service and who has become physically or mentally incapacitated and who is incapable, as a result thereof, of performing his or her duties, may be retired upon written application of such member, of any person acting in his or her behalf, or of the head of the department in which such member is employed. Any such application may be made at any time within, but not exceeding, one (1) year after the discontinuance of the service of such employee or the termination of any duly authorized sick leave with payment provided such incapacity has been continuous from the discontinuance of such service.

(Similarly, 4.1008.1 (a) and (p))

Loan Program for Disability Applicants - LAAC Section 4.1008(i)

The Board shall, by rule, establish a loan program for members who have made application for disability retirement or upon whose behalf an application has been made in accordance with the provisions of this Chapter, provided that the loan program shall be in compliance with the provisions of Internal Revenue Code Section 72(p). The loan program shall further provide that in no event shall the amount of funds loaned to any member exceed the amount of contributions and interest in the member's LACERS account, and that, once a Board determination is made granting or denying a member's disability application, no further funds shall be lent to the member in connection with that application. Loan repayments will be suspended under this program as permitted under Section 414(u)(4) of the Internal Revenue Code.

SERVICE PURCHASES (SP)

Current Rule

SP 1: Additional interest is charged on service purchase payments that are received after the 5th of the month following the due date except when:

1. The recalculated interest amount is less than \$15, which is the approximate cost of staff time to generate the calculation and cost letter. This may be reasonably estimated and approved by the Senior Benefits Analyst 1, overseeing the unit; or,
2. The payment is postmarked five (5) calendar days or earlier, before the end of the month due for personal checks mailed through the United States Postal Service (USPS); or three (3) calendar days or earlier, before the end of the month due for checks issued by the Deferred Compensation plan administrator and sent via a courier service. This rule is in place temporarily until LACERS' relocation to its new headquarters building as it is anticipated that mail services will return to normal operations.

(Resolution: 180508-C; Adopted: May 8, 2018; Updated: September 14, 2021)

Proposed Revision

SP 1: Additional interest is charged on service purchase payments that are received after the 5th of the month following the due date except when:

1. The recalculated interest amount is less than \$15, ~~which is the approximate cost of staff time to generate the calculation and cost letter. This may be reasonably estimated and approved by the Senior Benefits Analyst I overseeing the unit; or,~~
2. The payment is postmarked five (5) calendar days or earlier, before the end of the month due for personal checks mailed through the United States Postal Service (USPS); or three (3) calendar days or earlier, before the end of the month due for checks issued by the Deferred Compensation plan administrator and sent via a courier service. ~~This rule is in place temporarily until LACERS' relocation to its new headquarters building as it is anticipated that mail services will return to normal operations.~~

(Resolution: 180508-C; Adopted: May 8, 2018; Updated: September 14, 2021; Updated: July XX, 2023)

GENERAL MANAGER AUTHORIZATIONS (GMA):

GMA 1: Pursuant to its authority under Charter section 1106, unless otherwise provided in these Board Rules, the Board of Administration hereby delegates to the General Manager the responsibility to develop and modify LACERS operating policies, procedures, and guidelines in order to facilitate the provision of retirement and retirement-related benefits and management of member, former member, and nonmember accounts, as provided in Chapters 10, 11, 18, and 18.5 of the Los Angeles Administrative Code.

The General Manager is authorized to make benefits determinations as provided in Chapters 10, 11, 18, and 18.5 of the Los Angeles Administrative Code; to approve of such benefits that may be granted pursuant to the provisions of the plan; and to enter into member, former member, and nonmember agreements that facilitate the provision of benefits under the plan. This shall include, upon a member or former member with five or more years of service who dies after applying for retirement and after their retirement effective date, but prior to making a continuance election, or a retired member or retired former member who has made an election but dies prior to receiving their first benefit payment. The eligible surviving spouse or eligible domestic partner shall be granted a one hundred percent continuance. Benefits approved by the General Manager shall be reported to the Board in a timely manner.

This limited delegation of the authority granted to the Board of Administration by Charter Section 1106 shall not be construed to delegate to the General Manager the authority to make any decision that the law requires the Board to make based upon findings of fact.

Any request by a member, former member, or nonmember, to rescind, revoke, or cancel a prior election made irrevocable by the Charter, Los Angeles Administrative Code, Board Rules, or any other administrative decision adverse to the request shall be presented to the Board for decision making, provided that the General Manager, in consultation with the City Attorney, determines there is a legal basis upon which to grant the member, former member, or nonmember relief. If the General Manager, in consultation with the City Attorney, determines that no such legal basis exists, the General Manager has the authority to make and communicate a final decision in writing, on behalf of LACERS, to deny the request for relief from the irrevocable election or decision. The denial letter issued by the General Manager shall promptly be copied to all Board Members. This final decision making authority for irrevocable elections and decisions shall not be delegated below the level of General Manager. *(Adopted: June 14, 2016)*



REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee

Michael R. Wilkinson, Chair
Annie Chao
Thuy Huynh

MEETING: AUGUST 8, 2023

ITEM: VI - E

SUBJECT: PROPOSED CHANGE TO ENHANCED DISABILITY RETIREMENT HEARINGS AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board approve the Committee’s recommendation to approve and adopt the proposed Disability Retirement hearing procedures, Alternative 1 (Alt 1) and Alternative 2 (Alt 2), for the Tier 1 Enhanced Disability Retirement Benefit and permit the use of the Alt 1 procedure for all Disability Retirement applicants.

Executive Summary

Adoption of the proposed Alt 1 and Alt 2 Tier 1 Enhanced Disability Retirement hearing options will streamline and add efficiency to the disability retirement review process. This streamlined procedure has been used successfully by the Los Angeles Fire and Police Pensions (LAFPP). As the Tier 1 Enhanced Disability Retirement benefit mirrors that of the LAFPP Tier 6, the Committee recommends LACERS adopt the same procedure to ensure the Enhanced Disability Retirement process conforms to Tier 6 protocol. The Board has expressed interest in adopting the Alt 1 procedures for all disability applicants, which staff and the City Attorney also support.

Discussion

On July 25, 2023, staff presented the proposed Enhanced Disability Retirement hearing procedures for Alternative 1 (Alt 1) and Alternative 2 (Alt 2) to the Benefits Administration Committee. After a review and discussion, the Committee approved forwarding to the Board the recommendation to adopt the proposed hearing procedures.

Strategic Plan Impact Statement

The adoption of these proposed Enhanced Disability Retirement Hearing procedures is part of the Strategic Plan Goal – Accurate and Timely Delivery of Member Benefits.

Prepared By: Ferralyn Sneed, Chief Benefits Analyst, Retirement Services Division

DWN:FS

Attachment 1: Benefits Administration Committee Report dated July 25, 2023



BOARD Meeting: 8/8/23
Item: VI – E
Attachment



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

MEETING: JULY 25, 2023
ITEM: IV

Neil M. Guglielmo

SUBJECT: PROPOSED CHANGE TO ENHANCED DISABILITY RETIREMENT HEARINGS AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee review, provide comment, and recommend to the Board to approve and adopt the proposed Disability Retirement hearing procedures for Alternative 1 (Alt 1) and Alternative 2 (Alt 2) for the Tier 1 Enhanced Disability Retirement Benefit and permit the use of the Alt 1 procedure for all Disability Retirement applicants.

Executive Summary

Adoption of the proposed Alt 1 and Alt 2 Tier 1 Enhanced Disability Retirement hearing options will streamline and add efficiency to the disability retirement review process. For years, this streamlined procedure has been used successfully by the Los Angeles Fire and Police Pensions (LAFPP). As the Tier 1 Enhanced Disability Retirement benefit mirrors that of the LAFPP Tier 6, staff recommends LACERS adopt the same procedure to ensure the Enhanced Disability Retirement process conforms to Tier 6 protocol. The Board has expressed interest in adopting the Alt 1 procedures for all disability applicants, which staff and the City Attorney also support.

Discussion

Administrative Code Section 4.1008.1(d) requires that the Board hold a hearing to review all Enhanced Disability Retirement applications and all evidence related to or concerning an applicant’s claimed disability. Currently, all Enhanced Disability Retirements are presented to the Board as a formal proceeding, inclusive of a court reporter, the swearing-in of the applicant/attorney, and any witnesses. A formal case summary is provided to both the Board and the applicant, which includes the basis for the staff recommendation, and specifically addresses: (1) the rationale for the approval or denial of the disability retirement application; (2) the physician evaluations and percentage or degree of disability based on the limitation categories; (3) the service-connectedness of the claim; and (4) the need for future examination review. Past experience has shown applicants seldom disagree with the staff recommendation. This has also been the case for the LAFPP, which has adopted a streamlined

procedure for disability retirement hearings called Alternative 1 (Alt 1) and Alternative 2 (Alt 2). The streamlined procedure expedites the review process and reduces the cost of the hearings.

Under Alt 1, a disability applicant waives the option to a formal hearing, but the applicant/representative still has the option to attend or not attend. The applicant signs an acknowledgment indicating their agreement to accept the staff recommendation and waiving of the formal proceeding, at which point the Board proceeds as normal in reviewing the application and staff recommendation and then renders a decision. A court reporter is not required for the Alt 1 option; therefore, the cost of the hearing is reduced, and the time required to review court transcripts for accuracy and the cost of obtaining additional transcript copies upon request is eliminated. The Alt 1 option is similar to the civilian Disability Retirement Board review and the Board retains the option to question staff regarding the case, or the applicant/attorney if they attend. In contrast, the Alt 2 option will be used when the applicant/representative disagrees with the staff recommendation and wants to present an opposing recommendation to the Board. Alt 2 is the current hearing procedure and will remain unchanged but will be designated Alt 2 in the Board Rules and the Disability Retirement procedures. Alt 1 proceedings would be conducted in open or in closed session, if that is the applicant's preference, and the Board could render Alt 1 determinations as consent items, for open session, if so desired.

Strategic Plan Impact Statement

The adoption of Alt 1 and Alt 2 for Enhanced Disability Retirements conforms to the Benefits Delivery goal of ensuring accurate and timely delivery of Member benefits. The Alt 1 and Alt 2 hearing procedures will ensure the fair and consistent review of enhanced disability retirement applications and benefit awards.

Prepared By: Ferralyn Sneed, Chief Benefits Analyst

NG:DW:FS



REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee
Michael R. Wilkinson, Chair
Annie Chao
Thuy Huynh

MEETING: AUGUST 8, 2023
ITEM: VI - F

SUBJECT: PROPOSED CHANGES TO RATING SCHEDULE FOR ENHANCED DISABILITY RETIREMENT BENEFITS AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board approve the Committee’s recommendation to adopt the proposed update to the Disability Rating Schedule for the Enhanced Disability Retirement Benefit.

Executive Summary

Adoption of the Disability Rating Schedule is recommended to be in conformity with the version currently used by Los Angeles Fire and Police Pensions (LAFPP). The Enhanced Disability Retirement Benefit mirrors the LAFPP Tier 6 benefit and the adoption of the updated LAFPP Disability Rating Guidelines ensures that the LACERS’ Enhanced Disability Retirement benefit reflects the same benefit award standard utilized by LAFPP for Tier 6 Members. The updated Rating Schedule has already been vetted with sworn labor representatives and will provide consistent application of disability retirement assessment guidelines for all Enhanced Disability Retirement applicants.

Discussion

On July 25, 2023, staff presented the proposed update to the Disability Rating Schedule to the Benefits Administration Committee. After a review and discussion, the Committee approved forwarding to the Board the recommendation to adopt the updated Disability Rating Schedule as proposed.

Strategic Plan Impact Statement

The adoption of the proposed update to the Disability Rating Schedule is part of the Strategic Plan Goal – Accurate and Timely Delivery of Member Benefits.

Prepared By: Carol Rembert, Benefits Analyst, Retirement Services Division
Susann Hernandez, Benefits Analyst, Retirement Services Division
Delia Hernandez, Sr. Benefits Analyst II, Retirement Services Division

DWN:FS:DH:cr:sh

Attachment 1: Benefits Administration Committee Report dated July 25, 2023.



BOARD Meeting: 8/8/23
Item: VI – F
Attachment



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

MEETING: JULY 25, 2023
ITEM: V

Neil M. Guglielmo

SUBJECT: PROPOSED CHANGES TO RATING SCHEDULE FOR ENHANCED DISABILITY RETIREMENT BENEFITS AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee review, provide comment, and recommend the Board approve and adopt the proposed update to the Disability Rating Schedule for the Enhanced Disability Retirement Benefit.

Executive Summary

Adoption of the Disability Rating Schedule is recommended to be in conformity with the version currently used by Los Angeles Fire and Police Pensions (LAFPP). The Enhanced Disability Retirement Benefit mirrors the LAFPP Tier 6 benefit and the adoption of the updated LAFPP Disability Rating Guidelines ensures that the LACERS' Enhanced Disability Retirement benefit reflects the benefit award process received by LAFPP Tier 6 Members. The updated Rating Schedule has already been vetted with sworn labor representatives and will provide consistent application of disability retirement assessment guidelines for all Enhanced Disability Retirement applicants.

Discussion

Pursuant Los Angeles Administrative Code Section. 4.1008.1(d), the Board of Administration is required to adopt a Disability Rating Schedule to assist in the standardizing of disability retirement awards to Airport Police Officers and any other public safety employees who may be covered under section 4.1008.1(d). Additionally, per Board Rule No. EB-DR2, the Disability Rating Schedule adopted by the Board is to be reviewed every five years. The current Disability Rating Schedule was approved in November 2017, along with the Tier 1 Enhanced Board Rules adopted in advance of the Tier 1 Enhanced Ordinance going into effect on January 7, 2018. At the time of adoption, the Rating Schedule replicated the Disability Rating Guidelines developed and used by the Los Angeles Fire and Police Pension System (LAFPP). The Rating Schedule is designed to aid the Board in assessing an applicant's degree of disability expressed as a percentage of the applicant's monthly compensation, which the Board bases on physician evaluations and other supporting evidence (ATTACHMENT 1).

The proposed Disability Rating Schedule reflects the updated version currently used by LAFPP. The schedule was developed by LAFPP and vetted with sworn labor representatives before implementation. As Tier 1 Enhanced mirrors LAFPP's Tier 6, LACERS should continue to utilize the LAFPP schedule for consistency. This is especially important because Airport Police Officers may be members of either LACERS or LAFPP and should have identical disability retirement benefits. The basic change to the Schedule is the consolidation of both the Nonservice-Connected and Service-Connected ratings into one form (ATTACHMENT 2). Previously, the Nonservice-Connected rating range was not specifically segregated on the form. Limitations were highlighted in each category as applicable, but the disability award was based on the range stipulated by the Administrative Code, that being 30 to 50 percent for Nonservice-Connected cases. However, the form currently in use breaks down the limitation categories and award ranges based on the Service-Connected range of 30 to 90 percent, which creates challenges for staff and the Board when evaluating Nonservice-Connected claims.

Strategic Plan Impact Statement

Adoption of the updated Disability Rating Schedule and Worksheet conforms to the Benefits Delivery goal of ensuring accurate and timely delivery of Member benefits. The updated Rating schedule ensures a fair and consistent review of Enhanced Disability Retirement applications and benefit awards.

Prepared By: Carol Rembert, Benefits Analyst, Retirement Services Division
Susann Hernandez, Benefits Analyst, Retirement Services Division
Delia Hernandez, Sr. Benefits Analyst II, Retirement Services Division

DWN:FS:DH:cr:sh

Attachment:

- 1) Current Disability Rating Schedule and Worksheet
- 2) Proposed 2023 Updated Disability Rating Schedule and Worksheet
- 3) Proposed Resolution

CURRENT DISABILITY RATING SCHEDULE AND WORKSHEET

Applicant / Pensioner:

Based upon objective evidence, assign a number within a category that most closely reflects the individual's medical limitations.

No Limitations	SC 0
<p><i>Minimal Limitations</i></p> <p>GENERAL: Can perform most activities with minor limitations. Pain is an annoyance but does not significantly limit the activity causing the pain.</p> <p>ORTHO / NEURO (Back, Neck, Upper & Lower Extremities): Can perform ordinary, normal jobs not requiring extreme levels of physical activity. Can lift, carry, push or pull 26 or more lbs. Must use caution when walking on uneven surfaces. Can hold position, sit, stand, walk or drive as needed up to 60 minutes without a break. Can use stairs or climb ladders.</p> <p>INTERNAL (Cardio, Gastro, Pulm, Oncol): Symptoms can be controlled with modified diet or lifestyle, OTC medication or exercise program. Can handle normal physical / emotional occupational stress. Can control bowel & bladder functions. No end organ damage present.</p> <p>PSYCHIATRIC: Can follow directions, perform normal tasks & assignments, capable of self-initiating, planning & decision-making activities. Therapy required on an as-need basis. Does not require psychotropic medication. Can meet the public, work alone or with others. Requires normal supervision. Can handle normal personal or occupational stress.</p>	01-35
<p><i>Moderate Limitations</i></p> <p>GENERAL: Can perform most activities with some limitation of endurance or physical ability. Pain is tolerated but causes some diminished levels of performance of the activity that causes the pain.</p> <p>ORTHO / NEURO: Can perform semi sedentary jobs not requiring prolonged physical activity. Can lift, carry, push or pull 21 – 25 lbs. Should avoid walking on uneven surfaces. Can hold position, sit, stand, walk or drive as needed up to 45 minutes without a break. Limited use of stairs or climbing ladders. No altercations. Can squat, kneel, crawl or work above shoulder level for limited periods of time.</p> <p>INTERNAL: Symptoms can be controlled with prescriptions medication. Limit exposure to environmental irritants i.e., dust or fumes. No unusual or prolonged physical / emotional occupational stress. Requires restroom to be readily available. Avoid abdominal constricting activities. Early stages of end organ damage present.</p> <p>PSYCHIATRIC: Can follow directions, perform simple tasks & assignments. No planning or decision-making responsibility. Therapy required at least twice per month. Requires psychotropic medication on an as-needed basis. No public contact. Requires close supervision. Has difficulty handling normal personal or occupational stress.</p>	36-53

<p>Serious Limitations</p> <p>GENERAL: Can perform most activities, but may require occasional assistance. Pain is tolerated but causes significantly reduced performance levels in the activity causing the pain.</p> <p>ORTHO / NEURO: Can perform semi sedentary jobs with limited physical activity. Can lift, carry, push or pull 11 – 20 lbs. No walking on uneven surfaces. Can hold position, sit, stand, walk or drive as needed up to 30 minutes without a break. No climbing stairs or ladders. Can work with a telephone or computer. No above shoulder work.</p> <p>INTERNAL : Symptoms only partially controllable with prescription medication. No sudden demands for physical / emotional occupational stress. Requires restrooms in close proximity to workstation. No environmental irritants i.e., dust or fumes. Significant end organ damage present.</p> <p>PSYCHIATRIC: Can follow only simple directions, performing one task at a time. Therapy required weekly. Requires psychotropic medication daily. Can handle very low levels of personal or occupational stress. Requires constant supervision.</p>		54-71
<p>Severe Limitations</p> <p>GENERAL: Cannot perform most activities without assistance. Extremely limited endurance and physical ability. Pain precludes the activity causing the pain.</p> <p>ORTHO / NEURO: Can perform sedentary jobs requiring very limited physical activity. No lifting, carrying, pushing or pulling more than 10 lbs. Can hold position, sit, stand, walk or drive as needed up to 15 minutes without a break.</p> <p>INTERNAL: Symptoms uncontrollable. No physical / emotional occupational stress. Immediate access to restroom required. Extensive end organ damage present.</p> <p>PSYCHIATRIC: Requires daily therapy or institutionalization. Is a danger to self and others.</p>		72-89
Completely Disabled		90
	<div style="border: 1px solid black; background-color: #d4edda; padding: 10px; width: fit-content; margin: 0 auto;"> STAFF RECOMMENDED RATING PERCENTAGE </div>	

PROPOSED 2023 UPDATED DISABILITY RATING SCHEDULE AND WORKSHEET

Applicant / Pensioner:

Based upon objective evidence, assign a number within a category that most closely reflects the individual's medical limitations.

No Limitations	NSC 0	SC 0
<p>Minimal Limitations</p> <p>GENERAL: Can perform most activities with minor limitations. Pain is an annoyance but does not significantly limit the activity causing the pain.</p> <p>ORTHO / NEURO (Back, Neck, Upper & Lower Extremities): Can perform ordinary, normal jobs not requiring extreme levels of physical activity. Can lift, carry, push or pull 26 or more lbs. Must use caution when walking on uneven surfaces. Can hold position, sit, stand, walk or drive as needed up to 60 minutes without a break. Can use stairs or climb ladders.</p> <p>INTERNAL (Cardio, Gastro, Pulm, Oncol): Symptoms can be controlled with modified diet or lifestyle, OTC medication or exercise program. Can handle normal physical / emotional occupational stress. Can control bowel & bladder functions. No end organ damage present.</p> <p>PSYCHIATRIC: Can follow directions, perform normal tasks & assignments, capable of self-initiating, planning & decision-making activities. Therapy required on an as-need basis. Does not require psychotropic medication. Can meet the public, work alone or with others. Requires normal supervision. Can handle normal personal or occupational stress.</p>		01-35
<p>Moderate Limitations</p> <p>GENERAL: Can perform most activities with some limitation of endurance or physical ability. Pain is tolerated but causes some diminished levels of performance of the activity that causes the pain.</p> <p>ORTHO / NEURO: Can perform semi sedentary jobs not requiring prolonged physical activity. Can lift, carry, push or pull 21 – 25 lbs. Should avoid walking on uneven surfaces. Can hold position, sit, stand, walk or drive as needed up to 45 minutes without a break. Limited use of stairs or climbing ladders. No altercations. Can squat, kneel, crawl or work above shoulder level for limited periods of time.</p> <p>INTERNAL: Symptoms can be controlled with prescriptions medication. Limit exposure to environmental irritants i.e., dust or fumes. No unusual or prolonged physical / emotional occupational stress. Requires restroom to be readily available. Avoid abdominal constricting activities. Early stages of end organ damage present.</p> <p>PSYCHIATRIC: Can follow directions, perform simple tasks & assignments. No planning or decision-making responsibility. Therapy required at least twice per month. Requires psychotropic medication on an as-needed basis. No public contact. Requires close supervision. Has difficulty handling normal personal or occupational stress.</p>	30-39	36-53

<p>Serious Limitations GENERAL: Can perform most activities, but may require occasional assistance. Pain is tolerated but causes significantly reduced performance levels in the activity causing the pain. ORTHO / NEURO: Can perform semi sedentary jobs with limited physical activity. Can lift, carry, push or pull 11 – 20 lbs. No walking on uneven surfaces. Can hold position, sit, stand, walk or drive as needed up to 30 minutes without a break. No climbing stairs or ladders. Can work with a telephone or computer. No above shoulder work. INTERNAL : Symptoms only partially controllable with prescription medication. No sudden demands for physical / emotional occupational stress. Requires restrooms in close proximity to workstation. No environmental irritants i.e. dust or fumes. Significant end organ damage present. PSYCHIATRIC: Can follow only simple directions, performing one task at a time. Therapy required weekly. Requires psychotropic medication daily. Can handle very low levels of personal or occupational stress. Requires constant supervision.</p>		54-71
<p>Severe Limitations GENERAL: Cannot perform most activities without assistance. Extremely limited endurance and physical ability. Pain precludes the activity causing the pain. ORTHO / NEURO: Can perform sedentary jobs requiring very limited physical activity. No lifting, carrying, pushing or pulling more than 10 lbs. Can hold position, sit, stand, walk or drive as needed up to 15 minutes without a break. INTERNAL: Symptoms uncontrollable. No physical / emotional occupational stress. Immediate access to restroom required. Extensive end organ damage present. PSYCHIATRIC: Requires daily therapy or institutionalization. Is a danger to self and others.</p>	40-49	72-89
<p>Completely Disabled</p>	50	90
<div data-bbox="483 1268 1305 1411" style="border: 1px solid black; background-color: #d9ead3; text-align: center; padding: 10px;"> <p>STAFF RECOMMENDED RATING PERCENTAGE</p> </div>		

**APPROVAL OF DISABILITY RATING SCHEDULE
FOR ENHANCED DISABILITY RETIREMENT BENEFIT**

PROPOSED RESOLUTION

WHEREAS, Los Angeles Administrative Code (LAAC) Section 4.1008.1 pursuant to Ordinance No. 184853, establishes the Los Angeles City Employees' Retirement System Tier 1 Enhanced Benefits for sworn Airport Peace Officers and other employees who comply with the eligibility requirements under the plan;

WHEREAS, LAAC Section 4.1008.1(c) requires the Board of Administration to adopt a Disability Rating Schedule to assist in standardizing sworn Nonservice-Connected disability retirement awards;

WHEREAS, LAAC Section 4.1008.1(d) requires the Board of Administration to adopt a Disability Rating Schedule to assist in standardizing sworn Service-Connected disability retirement awards;

WHEREAS, Board Rules Section 4.2 for Enhanced Benefits, Rule No. EB-DR2 requires the Board to review the Disability Rating Schedule and Worksheet every five years.

WHEREAS, after review and discussion of the proposed updated Rating Schedule, the Board determined the schedule guidelines met the criteria for providing consistent standardized disability retirement awards;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and adopts the proposed updated Disability Retirement Rating Schedule and Worksheet as required pursuant to Board Rules Section 4.2 for Enhanced Benefits, Rule No. EB-DR2.



REPORT TO BOARD OF ADMINISTRATION

MEETING: AUGUST 8, 2023

From: Neil M. Guglielmo, General Manager

ITEM: VI – G

Neil M. Guglielmo for NMG

SUBJECT: LEGISLATIVE UPDATE OF AUGUST 2023 AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board authorize staff to communicate to the Mayor and the City Council the Board's recommendation that the City take a position in support of the Public Servants Protection and Fairness Act of 2023 (H.R. 4260), Social Security Fairness Act (S. 597), Social Security Fairness Act of 2023 (H.R. 82), and any other bills that would rectify inequities resulting from the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO).

Executive Summary

This report provides updates on current legislation that may be of interest to the Board, notably Federal legislation impacting retiree income.

The WEP reduces Social Security benefits for individuals that receive pensions from employment not covered by Social Security, such as certain government agencies. Similarly, the GPO reduces the Social Security benefit to which surviving spouses are entitled by two-thirds of the monthly amount of any government pension that they might receive. However, the WEP does not universally apply to everyone; it applies specifically to state and local government employees such as LACERS Members and can affect finances for retirees on a fixed income.

Staff recommends that the Board submit a request to the Mayor's Office and City Council to review and possibly take a position to rectify the inequities resulting from the WEP and GPO. On June 8, 2021, the Board had previously approved and supported staff's recommendation on a similar bill, H.R. 82 - Social Security Fairness Act of 2021, that failed to pass in the prior congressional legislative session. Please see Attachment 2 for reference.

The updated Legislative Watch List is also attached. The current Watch List includes three State, three Federal, and ten City Council proposals.

Discussion

The following bills seek to reform the WEP and GPO in the current Social Security law.

H.R. 4260 - Public Servants Protection and Fairness Act of 2023 (prior bill H.R. 2337)

This bill was reintroduced on June 21, 2023, and seeks to provide meaningful relief to current WEP retirees and fixes the WEP for future retirees by introducing a new proportional formula. Based on analysis of the prior bill, the new bill is expected to include a benefit guarantee so that no current or future retirees can be worse off because of the bill.

Key Provisions:

- Immediate relief payments for current WEP-affected retirees (current beneficiaries and those turning 62 before 2025):
 - Receive an extra \$150 a month, starting nine months after enactment and continuing for as long as eligible individuals are receiving Social Security benefits. Relief amount cannot exceed the size of each person's current WEP reduction.
- New formula and Benefit Guarantee for future retirees (those turning 62 in 2025 and later):
 - A new, fairer benefit formula, called the Public Servant Protection (PSP) formula, calculates benefit amounts based on the proportion of lifetime earnings covered by Social Security.
 - Ensures that no individual receives a lower benefit because of the bill.
 - Maintains the current WEP exemptions for those who have 30 or more years of Social Security covered employment or if they do not receive any pension from their public employment.
 - Benefit guarantee. If an individual's PSP benefit is not as high as their WEP benefit, they will automatically receive the higher benefit.

Key Impacts on LACERS: Provide relief to current WEP-affected LACERS Retirees while providing future retirees with a fairer social security benefits calculation.

S. 597 - Social Security Fairness Act and H.R. 82 - Social Security Fairness Act of 2023

These bills seek to repeal the WEP and GPO provisions that reduce Social Security benefits for individuals who receive other benefits, such as a pension from a state or local government.

Key Impacts on LACERS: The WEP only affects the benefit of the retiree. Members that receive a pension from LACERS and are eligible for Social Security benefits from work outside of the City of Los Angeles would not be expected to have their benefits reduced, thus mitigating potential financial hardship if the Member depended on their Social Security benefit to supplement their LACERS pension benefit. Similarly, repeal of the GPO will remove the reduction of Social Security benefits entitled to a Member's spouse or widower.

BILLS AND/OR CITY PROPOSALS ADDED TO THE WATCHLIST

The following are identified bills/proposals of interest.

S.B. 411 – Opens Meetings: Teleconferences: Neighborhood Councils

This bill, until January 1, 2028, would authorize an eligible legislative body (currently limited to neighborhood councils) to use alternate teleconferencing provisions related to notice, agenda, and public participation, if the city council has adopted an authorizing resolution and 2/3 of an eligible legislative body votes to use the alternate teleconferencing provisions.

Key Impacts on LACERS: If this bill is amended to include public pension boards in the definition of “eligible legislative body,” it would provide teleconferencing flexibility to LACERS in conducting Board meetings. Public Pensions General Counsel and LACERS will continue to monitor the scope of this bill and its operational impacts on LACERS.

A.B. 1637 – Local government: Internet websites and email addresses

This bill would require local agencies to use a “.gov” top-level domain or a “.ca.gov” second-level domain name by January 1, 2029. This bill would also require a local agency that maintains public email addresses to ensure that each email address provided to its employees utilizes a “.gov” domain name or a “.ca.gov” domain name by January 1, 2029.

Key Impacts on LACERS: This bill is an unfunded mandate and LACERS may incur additional costs to implement and comply.

C.F. 23 - 0418 – Discretionary Cost-of-Living Adjustment (COLA) / Retired Members and Beneficiaries / Los Angeles City Employees Retirement System

LACERS letter addressed to the Mayor and City Council Members on April 14, 2023, requesting Council to consider granting a 2.6% discretionary COLA for eligible Tier 1 Participants, as calculated in accordance with City Administrative Code provisions. There are currently no Tier 3 Participants that are eligible for a discretionary COLA.

INFORMATIONAL

The following bill or council file proposals passed and will be removed from the future Legislative Watch List.

- SJR-1 – Social Security Act: repeal of benefit reductions (California State Legislature)
- C.F. 20-1537 – First Responders / Public Safety Officers / COVID-19 Pandemic / Disability Retirement Benefits / LACERS Public Safety Tier 1 Enhancement Benefits Provision

The following council file has expired and will be removed from the future Legislative Watch List.

- 21-0002-S135 – H.R. 82 (Davis) / Social Security Fairness Act of 2021 / Social Security Windfall Elimination Provision / Government Pension Offset Provisions / Surviving Spouse

Strategic Plan Impact Statement

The Board's action on this item aligns with the Strategic Plan Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Chhintana Kurimoto, Management Analyst, Administration Division

NMG/TB/EA/LL/CK

Attachment: 1) LACERS Legislative Watch List August 2023
2) Board Report on Federal Legislation Impacting Retiree Income dated June 8, 2021

**LACERS LEGISLATIVE WATCH LIST
August 2023**

**BOARD Meeting: 08/08/23
Item VI-G
Attachment 1**

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
STATEWIDE LEGISLATION							
AB-1637	Jacqui Irwin	<p>Local government: internet websites and email addresses - This bill, no later than January 1, 2029, would require a local agency, as defined, that maintains an internet website for use by the public to ensure that the internet website utilizes a “.gov” top-level domain or a “.ca.gov” second-level domain and would require a local agency that maintains an internet website that is noncompliant with that requirement to redirect that internet website to a domain name that does utilize a “.gov” or “.ca.gov” domain. This bill, no later than January 1, 2029, would also require a local agency that maintains public email addresses to ensure that each email address provided to its employees utilizes a “.gov” domain name or a “.ca.gov” domain name. By adding to the duties of local officials, the bill would impose a state-mandated local program.</p> <p>Status bar:</p> <p>Senate: 1st Cmt 2nd Cmt</p> <p>Assembly 1st Cmt 2nd Cmt 2nd 3rd Pass</p> <p>Impact: Public Pensions General Council and LACERS will continue to monitor.</p>	2/17/2023	<p><u>05/31/2023</u> Read third time. Passed. Ordered to the Senate. (Ayes 56. Noes 4)</p> <p><u>05/01/2023</u> Re-referred to Com. on APPR.</p> <p><u>04/27/2023</u> Read second time and amended.</p> <p><u>03/16/2023</u> Referred to Coms. on L. GOV. and P. & C.P.</p> <p><u>02/17/2023</u> Read first time. To print.</p>	<p><u>07/10/23</u> Referred to APPR suspense file.</p> <p><u>06/29/2023</u> Read second time and amended. Re-referred to Com. On APPR.</p> <p><u>06/01/2023</u> Read first time. To Com. On RLS. For assignment.</p>		

**LACERS LEGISLATIVE WATCH LIST
August 2023**

**BOARD Meeting: 08/08/23
Item VI-G
Attachment 1**

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
SB-411	Anthony Portantino	<p>Open meetings: teleconferences: neighborhood councils - The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose. This bill would make legislative findings to that effect. This bill would make legislative findings and declarations as to the necessity of a special statute for the neighborhood councils of the City of Los Angeles. This bill would declare that it is to take effect immediately as an urgency statute.</p> <p>Status bar:</p> <p>Senate: 1st Cmt 2nd Cmt 2nd 3rd Pass</p> <p>Assembly: 1st Cmt</p> <p>Impact: Public Pensions General Council and LACERS will continue to monitor.</p>	2/09/2023	<p><u>05/26/2023</u> Referred to Com. On L. GOV.</p>	<p><u>05/15/2023</u> Read third time. Urgency clause adopted. Passed. Ordered to the Assembly.</p> <p><u>05/04/2023</u> Read second time. Ordered to third reading.</p> <p><u>04/24/2023</u> Read second time and amended. Re-referred to Com. on JUD.</p> <p><u>04/20/2023</u> From committee: Do pass as amended and re-refer to Com. on JUD. (Ayes 6. Noes 2.)</p> <p><u>02/22/2023</u> Referred to Coms. on GOV. & F. and JUD.</p> <p><u>02/09/2023</u></p>		

LACERS LEGISLATIVE WATCH LIST
August 2023

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
					Introduced. Read first time. To Com. on RLS. for assignment. To print.		
SJR-1	Dave Cortese	<p>Social Security Act: repeal of benefit reductions - This measure would request the Congress of the United States to enact, and the President to sign, legislation that would repeal the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act.</p> <p>Status bar:</p> <p>Senate: Cmt 2nd Pass Pass Chp </p> <p>Assembly: Cmt 3rd Pass </p> <p>Impact: Public Pensions General Council and LACERS will continue to monitor.</p>	12/05/2022	<p><u>05/15/2023</u> Read. Adopted. Ordered to the Senate.</p> <p><u>04/26/2023</u> From committee: Be adopted. Ordered to third reading.</p> <p><u>04/12/2023</u> From committee with author's amendments. Read second time and amended. Re-referred to Com. on P.E. & R.</p> <p><u>03/30/2023</u></p>	<p><u>05/26/2023</u> Assembly amendments concurred in. (Ayes 37. Noes 0.) Ordered to engrossing and enrolling.</p> <p><u>03/16/2023</u> Read. Adopted. Ordered to the Assembly.</p> <p><u>03/02/2023</u> From committee with author's amendments. Read second time and amended. Re-referred to Com. On L., P.E. & R.</p>		<p><u>06/02/2023</u> Chaptered by Secretary of State. Res. Chapter 84, Statuses of 2023</p>

**LACERS LEGISLATIVE WATCH LIST
August 2023**

**BOARD Meeting: 08/08/23
Item VI-G
Attachment 1**

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
				From committee: Be adopted. Ordered to third reading. (Ayes 7. Noes 0.)	<u>01/18/2023</u> Re-referred to Com. On L., P.E. & R.		
FEDERAL LEGISLATION							
EMPLOYER COMPLIANCE/REPORTING ISSUES							
		N/A					
INVESTMENT ISSUES							
		N/A					
SOCIAL SECURITY ISSUES							
HR 82	Graves, Garret	<p>Social Security Fairness Act of 2023 - This bill repeals provisions that reduce Social Security benefits for individuals who receive other benefits, such as a pension from a state or local government. The bill eliminates the government pension offset, which in various instances reduces Social Security benefits for spouses, widows, and widowers who also receive government pensions of their own. The bill also eliminates the windfall elimination provision, which in some instances reduces Social Security benefits for individuals who also receive a pension or disability benefit from an employer that did not withhold Social Security taxes. These changes are effective for benefits payable after December 2023.</p> <p>Status bar:</p> <div style="border: 1px solid black; padding: 2px; display: flex; gap: 10px;"> Introduced Passed House Passed Senate To President Became Law </div> <p>Impact: Public Pensions General Counsel and LACERS will continue to monitor.</p>	1/09/2023			<p><u>01/09/2023</u> Introduced in House. Referred to the House Committee on Ways and Means.</p>	

LACERS LEGISLATIVE WATCH LIST
August 2023

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
S.597	Brown, Sherrod	<p>Social Security Fairness Act - This bill repeals provisions that reduce Social Security benefits for individuals who receive other benefits, such as a pension from a state or local government. The bill eliminates the government pension offset, which in various instances reduces Social Security benefits for spouses, widows, and widowers who also receive government pensions of their own. The bill also eliminates the windfall elimination provision, which in some instances reduces Social Security benefits for individuals who also receive a pension or disability benefit from an employer that did not withhold Social Security taxes. These changes are effective for benefits payable after December 2023.</p> <p>Status bar:</p> <p> Introduced Passed House Passed Senate To President Became Law </p> <p>Impact: Public Pensions General Counsel and LACERS will continue to monitor.</p>	3/01/2023		03/01/2023 Introduced in Senate		
HR 4260	Neal, Richard	<p>Public Servants Protection and Fairness Act of 2023 - To amend Title II of the Social Security Act to provide an equitable Social Security formula for individuals with noncovered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.</p> <p>Status bar:</p> <p> Introduced Passed House Passed Senate To President Became Law </p> <p>Impact: Public Pensions General Council and LACERS will continue to monitor.</p>	6/21/2023			06/21/2023 Introduced in House	
MEDICAL/HEALTH ISSUES							
		N/A					

LACERS LEGISLATIVE WATCH LIST
August 2023

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
CITY OF LOS ANGELES					
21-0295	Rodriguez	<p>Los Angeles City Employees' Retirement System (LACERS) / Los Angeles Fire and Police Pensions (LAFPP) / Personnel Department / City Labor Partners / Health Savings Accounts (HSA)</p> <p>Motion: Request the City Administrative Officer (CAO) with the assistance of the Los Angeles City Employees' Retirement System (LACERS), Los Angeles Fire and Police Pensions (LAFPP), the Personnel Department and the City's labor partners report back on the cost of Health Savings Accounts (HSA) insurance products, which would create reduced premiums to enable long term health care for members in retirement.</p>	03/16/2021	<p>Pending CAO Report back.</p> <p>05/11/2021 – LACERS report back to CAO. See LACERS Board report on 5/11/2021 here.</p> <p>04/14/2021 – Council Adopted item forthwith.</p>	04/14/2021
20-1537	Koretz	<p>First Responders / Public Safety Officers / COVID-19 Pandemic / Disability Retirement Benefits / LACERS Public Safety Tier 1 Enhancement Benefits Provision</p> <p>Motion: Direct the City Administrative Officer (CAO) report in 60 days in regard to providing disability retirement benefits for the aforementioned 83 public safety officers under the LACERS Public Safety Tier 1 Enhanced Benefits provision for the following groups:</p> <ul style="list-style-type: none"> a. 24 LAPD Officers (General Fund) b. 27 Municipal Police Officers (General Fund) c. 24 Park Rangers (General Fund) d. Eight Port Police Officers (Proprietary Fund) 	11/24/2020	<p>Ordinance effective July 9, 2023.</p> <p>06/30/2023 – Ordinance posted/published. Ordinance effective date: July 9, 2023.</p> <p>05/24/2023 – Council adopted City Attorney report, subject to reconsideration, pursuant to Council Rule 51 (vote: 12-0); Ordinance over to June 27, 2023 for second reading, pursuant to Charter Section 1168.</p> <p>05/02/2023 – City Attorney document(s) referred to Personnel, Audits, and Hiring Committee.</p> <p>05/01/2023 – Document(s) submitted by City Attorney, as follows:</p> <p>City Attorney report R23-0143, dated May 1, 2023, relative to a draft Ordinance amending Chapter 10 of Division 4 of the Los Angeles Administrative Code to enhance the</p>	06/27/2023

LACERS LEGISLATIVE WATCH LIST
August 2023

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
				<p>disability retirement, death, and survivorship benefits for sworn Peace Officers who are public safety officer members of the Los Angeles City Employees' Retirement System.</p> <p>03/25/2022 – Council adopted/action final of CAO's Report relative to enhanced disability benefits for public safety officers.</p>	
20-1606	Blumenfield-Bonin – et al.	<p>City Healthcare Costs Reduction / Current Employees and Retirees</p> <p>Motion: Request in consultation with the Los Angeles City Employees' Retirement System (LACERS), Los Angeles Fire and Police Pensions (LAFPP), the Personnel Department and the City's labor partners, be directed to report to the Executive Employee Relations Committee and appropriate Council Committees with viable options and recommendations to reduce City healthcare costs for current employees and retirees, consistent with existing legal requirements, City commitments and considerations of equity.</p>	12/15/2020	<p>Pending CAO Report back.</p> <p>04/27/2021 – LACERS report back to CAO. See LACERS Board report on 4/27/2021 here.</p> <p>03/03/2021 – Council adopted/action final of Personnel and Budget and Finance Committees' Report relative to reducing City Healthcare costs for current employees and retirees.</p> <p>02/22/2021 – Budget and Finance Committee approved items. Report back pending. LACERS will work with the relevant departments and groups to report back.</p>	03/03/2021
19-1577	Blumenfield-Bonin – et al.	<p>Los Angeles City Employees' Retirement System (LACERS) Investments / Climate Transition Risk Framework / Climate-Change Watch List</p> <p>Motion: Request that the Board of the Los Angeles City Employees' Retirement System (LACERS), with the assistance of the City Administrative Officer (CAO), report in six months with the following:</p>	12/11/2019	<p>Pending CAO Report back.</p> <p>LACERS has submitted a report.</p> <p>01/13/2023 – Council rereferred item to Budget, Finance and Innovation Committee,</p>	12/2/2020

**LACERS LEGISLATIVE WATCH LIST
August 2023**

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
		<p>a. Recommendations on the feasibility for the LACERS Board to adopt a similar Climate Transition Risk Framework to San Francisco Employees' Retirement System to identify investments in fossil fuel companies that pose an environmental and financial risk.</p> <p>b. Options to create a climate-change watch list that will report the riskiest investments in fossil fuel companies and develop a strategy to engage with the respective companies to reduce their oil and gas reserves and increase their efforts to move towards renewables and address climate change.</p> <p>c. A plan to divest from uncooperative fossil fuel companies and appropriately reinvest capital.</p> <p>d. A watch list to identify other LACERS investments such as in tobacco and firearm companies that contradict the City Council official positions and goal to provide a healthy and secure future for Angelenos.</p>		<p>pursuant to Council Action of January 13, 2023, Council File No. 23-2000.</p> <p>04/29/2021 – LACERS 04/28/2021 Report document referred to Budget and Finance Committee. See report here.</p> <p>04/28/2021 – Report Document submitted by LACERS relative to investments in fossil fuel companies that pose an environmental and financial risk.</p>	
21-0002-S135	Koretz-Blumenfield	<p>H.R. 82 (Davis) / Social Security Fairness Act of 2021 / Social Security Windfall Elimination Provision / Government Pension Offset Provisions / Surviving Spouse</p> <p>Motion: City Council resolution with the concurrence of the Mayor relative to LACERS request for City support of the Congressional Bill, HR 82, the Social Security Fairness Act of 2021 (pending) and any similar legislation which would rectify inequities resulting from the Social Security Windfall Elimination and Government Pension Offset Provisions.</p>	06/16/2021	<p>Council File Expired.</p> <p>06/27/2023 – File expired per Council policy, Council file No. 05-0553.</p> <p>06/16/2021 – Resolution referred to the Rules, Elections, and Intergovernmental Relations Committee.</p>	
21-0551-S1	Koretz Martinez	<p>Local Business Contracting / Job Creation / Sales Tax Revenue / Local Investment / Procurement Process</p> <p>Motion: Controller to report on its letter to the Mayor and City Council, dated May 20,2021, which recommended a series of measures to increase contracting with local businesses, create jobs, and boost sales tax revenue to pay for additional city services.</p>	06/15/2021	<p>Pending in Committee.</p> <p>01/13/2023 –Council rereferred item to Personnel, Audits, and Hiring Committee, pursuant to Council Action of January 13, 2023, Council File No. 23-2000.</p> <p>08/04/2021 – Personnel, Audits and Animal Welfare approved as amended.</p> <p>06/15/2021 – Motion referred to Personnel, Audits, and Animal Welfare Committee</p>	

LACERS LEGISLATIVE WATCH LIST
August 2023

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
21-1116	Buscaino Cedillo Koretz Martinez Rodriguez	<p>Facebook and Affiliated Companies / Photo-Sharing Program / Body Image / Mental Health Crisis / City Pension Funds Divestment</p> <p>Motion: The City's three pension fund systems and any other City investment entity, in coordination with the City Administrative Officer and the Office of Finance, be directed to begin the process of divestment of any of the City's funds which may be currently invested in Facebook and its affiliated companies.</p>	10/05/2021	<p>Pending in Committee.</p> <p>01/13/2023 – Council rereferred item to Budget, Finance and Innovation Committee, pursuant to Council Action of January 13, 2023, Council File No. 23-2000.</p> <p>01/11/2022 – LACERS and LAFPP joint letter response to City Council Action. See Board Report on 1/11/2022 here.</p> <p>10/05/2021 – Motion referred to Budget & Finance Committee</p>	
21-0565	Koretz Lee Buscaino	<p>Part-Time Employees / Pro-Rated Benefits / Economic Assessment</p> <p>Motion: City Council instruct the Personnel Department with the assistance of the City Administrative Officer to report on the steps necessary to provide prorated benefits to all part-time employees of the City of Los Angeles as well as an economic assessment of providing these benefits.</p>	05/25/21	<p>Pending in Committee.</p> <p>01/13/2023 – Council rereferred item to Personnel, Audits, and Hiring Committee, pursuant to Council Action of January 13, 2023, Council File No. 23-2000.</p> <p>02/03/2022 – Personnel, Audits, and Animal Welfare Committee transmitted Council File to Budget and Finance Committee.</p> <p>02/02/2022 – Personnel, Audits, and Animal Welfare Committee approved as amended.</p> <p>01/25/2022 – Personnel Department report relative to part-time employee benefits referred to Budget and Finance Committee, Personnel, Audits, and Animal Welfare Committee.</p>	

LACERS LEGISLATIVE WATCH LIST
August 2023

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
22-0088	City Employees' Retirement System Department of Fire and Police Pensions	Facebook / Unilever / City Pension Fund Systems / Divestment Motion: The three City pension fund systems and any other City investment entity, in coordination with the City Administrative Officer and the Office of Finance, be directed to begin the process of divestment from Facebook. The three City pension fund systems and the Office of Finance also be directed to divest from Unilever.	01/21/2022	<p>Pending in Committee.</p> <p>01/13/2023 – Council rereferred item to Budget, Finance and Innovation Committee; Personnel, Audits, and Hiring Committee, pursuant to Council Action of January 13, 2023, Council File No. 23-2000.</p> <p>01/24/2022 – City Employees Retirement System; Department of Fire and Police Pensions document(s) referred to Budget and Finance Committee; Personnel, Audits, and Animal Welfare Committee.</p> <p>01/21/2022 – Joint Report from Department of Fire and Police Pensions and Los Angeles City Employees Retirement System, dated January 21, 2022, relative to divestment from Facebook and Unilever. See Report here.</p>	

LACERS LEGISLATIVE WATCH LIST
 August 2023

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
23-0418	City Employees' Retirement System	<p>Discretionary Cost-of-Living Adjustment (COLA) / Retired Members and Beneficiaries / Los Angeles City Employees' Retirement System</p> <p>LACERS letter addressed to the Mayor and City Council Members on April 14, 2023, requesting that Council consider granting a 2.6%, as calculated in accordance with City Administrative Code provisions, discretionary COLA for eligible Tier 1 Participants. There are currently no Tier 3 Participants that are eligible for a discretionary COLA.</p>	04/14/2023	<p>Pending in Committee.</p> <p>04/14/2023 – LACERS 04/14/2023 Report referred to Budget, Finance and Innovation Committee; Personnel, Audits, and Hiring Committee. See Report here.</p>	



REPORT TO BOARD OF ADMINISTRATION
From: Neil M. Guglielmo, General Manager

MEETING: JUNE 8, 2021
ITEM: VI-A

Neil M. Guglielmo

SUBJECT: FEDERAL LEGISLATION IMPACTING RETIREE INCOME AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board authorize staff to:

Communicate to the Mayor and the City Council the Board's recommendation that the City take a position in support of HR 82, Social Security Fairness Act of 2021, and any other bills that would rectify inequities resulting from the Windfall Elimination and Government Pension Offset provisions.

Direct staff, in consultation with City Attorney's Office, to communicate to the City Council regarding the impact of excluding Income-Related Adjustment Amounts in Medicare Part B reimbursements for LACERS members, and to assist Council in considering an ordinance to amend Los Angeles Administrative Code Section 4.1113 to include this reimbursement while continuing to exclude penalties. If the Administrative Code is amended, staff would also prepare proposed changes to LACERS Board Rule HBA 9 for the Board's approval.

Executive Summary

If a Member receives a pension from LACERS and is eligible for Social Security benefits from previous work outside of the City of Los Angeles, Social Security's Windfall Elimination and Government Pension Offset provisions reduce Social Security benefits received by Members. This is not applied universally and can have significant financial implications for Members, especially those with lower income.

Discussion

Background

Recently, staff received a complaint from a retired Member about his Social Security benefit being significantly reduced because he was receiving a pension from LACERS. This is done in compliance with the Social Security Administration's Windfall Elimination Provision (WEP), which has been challenged in the past. The Member inquired if LACERS has taken a position on this provision.

LACERS can not take positions on political or legislative issues, but can alert the City of any issues that might impact retirement benefits. Staff recommends that the Board submit a request to the Mayor's Office and City Council to review and possibly take a position to rectify the inequities resulting from the WEP.

Windfall Elimination and Government Pension Offset Provisions

The WEP allows Social Security to reduce someone's benefit if they receive a pension from an employer that did not pay Social Security taxes. City of Los Angeles employees do not pay Social Security taxes and are subject to this provision. More specifically, the WEP applies to those who:

- Reached age 62 after 1985; or
- Became disabled after 1985; and
- First became eligible for a monthly pension based on working for the City after 1985.

However, this provision does not apply to everyone. Exceptions include:

- Federal workers first hired after December 31, 1983;
- Employees of a non-profit organization who were exempt from Social Security coverage on December 31, 1983, unless the non-profit organization waived exemption and did pay Social Security taxes, but then the waiver was terminated prior to December 31, 1983;
- Those whose only pension is for railroad employment;
- Employees whose only work performed without paying Social Security taxes was before 1957;
- People with 30 or more years of substantial earnings under Social Security.

Although LACERS makes many efforts to inform Members of the potential reduction of their Social Security benefits, many are not aware of the WEP until they are close to retirement or when they get their first Social Security benefit. It can be alarming, as they may be relying on their full Social Security benefit, which they have worked for and contributed towards, in order supplement their LACERS benefit. Retirees are predominantly on a reduced fixed income and a reduction in their Social Security benefits can create financial hardship.

Example:

A single person paid into Social Security for 15 years, earning an average annual income of \$50,000 from 1986 to 2000, and then worked for the City from 2001 to 2021, earning an average annual income of \$129,500, and retiring at the age of 67 with a pension of \$4662 (approximately the average LACERS service retirement pension). The Social Security benefit before the WEP reduction would be \$1,911. After applying the WEP reduction (based in part on the LACERS pension amount), the benefit would be reduced by \$537, or 28%, to \$1,374.*

*Estimate based on a Social Security benefit calculator on the AARP website. The Social Security website will only allow someone to estimate their own benefit.

In December 2020, about 1.9 million people (or about 3% of all Social Security beneficiaries) were affected by the WEP. The WEP is not applied universally, but anyone who worked for the City of Los Angeles is likely to experience a reduction of their Social Security benefit. These reductions can be substantial, up to one-half of one's pension, and research has shown that the WEP reduces benefits

disproportionately for lower-earning households (*Social Security: The Windfall Elimination Provision*, Congressional Research Services, February 4, 2021, <https://fas.org/sgp/crs/misc/98-35.pdf>).

The Windfall Elimination Provision only affects the benefit of the retiree. However, an employee's spouse may be eligible to also receive a benefit based on the retiree's work history and earnings and there is another provision called the Government Pension Offset that will reduce the benefit received by a retiree's spouse or surviving spouse who is receiving a government pension from employment where Social Security taxes were not paid.

The spousal benefit was considered a "dependent benefit," intended to provide support to spouses that did not work, which was the norm when the benefit was created in the 1930s. Because today it is more common for both spouses in a household to be working and earning a pension, this provision adjusts a retiree's spouse/survivor benefit by two-thirds of the government pension amount the spouse/survivor is receiving, possibly reducing it to \$0. If the spouse is receiving a Social Security pension, the spousal benefit is reduced by the entire pension amount.

Example:

An active Member is preparing to retire with a LACERS pension of \$5,300. Her spouse worked in the private sector and based on his employment history has earned a pension for himself and a spousal benefit of \$1,500 for his wife, the LACERS Member. However, because his spouse is receiving a pension from LACERS, this spousal benefit will be reduced by two-thirds of her pension amount, or \$3,533. The reduction is greater than the spousal benefit, so she would not receive this benefit.

Legal/Political Action

Over the years, legislation has been introduced to repeal or amend these provisions. There is bipartisan support in eliminating these provisions and last year, President Biden included in his legislative agenda repealing these provisions.

In the 116th Congress, several acts in relation to the WEP/GPO were presented to Congress, but not acted upon. In the current 117th Congress, HR 82 (Social Security Fairness Act of 2021) has been introduced to repeal the WEP and GPO. In 2016 (the most recent estimate available), Social Security Administration's Office of the Chief Actuary (OCACT) projected that repealing both the WEP and the GPO would reduce the long-range actuarial balance (i.e., increase the net long-term cost) of the combined Social Security trust funds by 0.13% of taxable payroll. In 2018, the OCACT estimated that repealing only the WEP would reduce the long-range actuarial balance of the combined trust funds by 0.08% of taxable payroll. Repealing just the GPO would reduce these funds by 0.06% of taxable payroll.

On March 1, 2021, the Supreme Court agreed to hear a case regarding the WEP. In **Babcock v. Saul**, Dkt. No. 20-480, the Court will address the statutory interpretation of the Social Security Act's windfall elimination provision and whether a civil service pension received for federal civilian employment as a "military technician" constitutes a "payment based wholly on service as a member of a uniformed service." The petitioner was formerly employed as a National Guard dual-status technician. When he applied for social security benefits, he was granted Social Security but his benefits were decreased under the Windfall Elimination Provision of the Social Security Act because of his Civil Service

Retirement System pension. The petitioner is arguing that he should qualify for the uniformed-services exception to the WEP. Since this case concerns a narrow issue of statutory interpretation, the Court's ruling will not impact the application of the WEP to LACERS members. The case is currently being briefed and is scheduled to be argued before the Court during the October 2021 term.

Medicare Premium Income-Related Monthly Adjustment Amounts

When Members turn age 65, in order to receive a LACERS medical subsidy, they need to enroll in Medicare and are responsible for paying out-of-pocket the premium cost of Medicare Part B. The Los Angeles Administrative Code (LAAC) allows for Members enrolled in both Medicare Parts A and B to be reimbursed the basic/standard Medicare Part B premium. Originally, the LAAC indicated that the reimbursement would be for the "basic" premium, but the language was updated to reflect "basic/standard" in subsequent technical changes. The term "basic" or "standard" premium is not defined or referenced in the LAAC, although CMS does refer to the Part B premium, not including late enrollment penalties or Income Related Adjustment Amounts (IRMAAs), as "standard." And the Board Rules do indicate that the Part B premium reimbursement will not include IRMAAs.

IRMAAs were introduced in 2007 and are additional premium costs that were added to Medicare Part B premiums based on income reported to the Internal Revenue Service two years earlier and whether you file individually, separately, or jointly. In 2021, IRMAAs are assessed for people with income over \$88,000. The more income one has, the higher the amount of additional premium cost. We regularly receive complaints from Members about these IRMAAs because they increase their medical costs and create the perception that their medical subsidy is devalued. The cost of living varies between states and California is the third most expensive state to live in (<https://worldpopulationreview.com/state-rankings/most-expensive-states-to-live-in>), so although some of our retirees may be considered "high income," their expenses are likely higher than people living in other states. The vast majority of Members enrolled in a LACERS health plan reside in California.

2021 Medicare Part B Premiums

If your yearly income in 2019 (for what you pay in 2021) was			You pay each month (in 2021)
File individual tax return	File joint tax return	File married & separate tax return	
\$88,000 or less	\$176,000 or less	\$88,000 or less	\$148.50
above \$88,000 up to \$111,000	above \$176,000 up to \$222,000	Not applicable	\$207.90
above \$111,000 up to \$138,000	above \$222,000 up to \$276,000	Not applicable	\$297.00
above \$138,000 up to \$165,000	above \$276,000 up to \$330,000	Not applicable	\$386.10
above \$165,000 and less than \$500,000	above \$330,000 and less than \$750,000	above \$88,000 and less than \$412,000	\$475.20
\$500,000 or above	\$750,000 and above	\$412,000 and above	\$504.90

Example:

A 64-year-old retiree with an income of \$115,000, 25 years of Service Credit, and enrolled in the Kaiser HMO plan receives a subsidy amount sufficient to provide full coverage of the \$853 premium. The next year, when eligible for Medicare, this same retiree will enroll in the Kaiser Senior Advantage plan and receive full coverage of the \$262 premium, will have to pay the standard Medicare Part B premium of \$148.50, plus the IRMAA of \$148.50 per month. If the Member has Medicare Part A, the standard premium of \$148.50 will be reimbursed, but not the IRMAA. So, this Member went from having full coverage of premium costs to paying out of pocket \$148.50/month, even though the cost of the plan is now \$591 less. Of course, Members with greater income will pay even more out of pocket, up to \$356/month in IRMAAs.

Based on the attached chart from the 2019 Actuarial Valuation, approximately 2,000 retired Members would be assessed IRMAAs. This is only according to their LACERS pension. Staff has no way of knowing if they have additional income from other sources, what their household income or their tax filing status is.

This benefit was established long before 2007 and did not take into account IRMAAs because they did not exist at the time; it was meant to not reimburse late-enrollment penalty costs. When IRMAAs were introduced, LACERS updated its Board Rules and recommended technical changes based on the original language of reimbursing only the "basic" premium. However, it is possible that the original intent was to exclude reimbursement for penalties but to provide reimbursement of the premium cost, including IRMAAs. Staff researched Council files trying to find the report creating the benefit in order to shed more light on the legislative intent of the Council at the time the benefit was created, however, it could not be located.

Below is the relevant Ad Code Section and Board Rule for reference.

Sec. 4.1113. Medicare Part B Basic Premium Reimbursement Program.

This program is provided to reimburse the cost of the Medicare Part B basic premium to eligible retirees, as hereafter defined.

(a) **Reimbursement.** Reimbursement shall be limited to the Medicare Part B basic/standard premium (Medical Insurance). No reimbursement shall be paid for Medicare Part B costs that exceed the basic/standard premium.

(b) **Eligible Retiree.** In order to participate in the Medicare Part B Basic Premium Reimbursement Program, a retiree must be eligible to receive a medical plan premium subsidy, enrolled in Medicare Parts A and B, and either enrolled in a Medicare supplemental or coordinated plan administered by the Board or be a participant in the Medical Premium Reimbursement Program. Only retired employees may participate in this program.

(c) **Verification of Eligibility for Reimbursement.** Premium reimbursement shall be paid to a retiree who qualifies to participate in this program when sufficient proof of the retiree's Medicare Part A and Part B enrollment, coverage, and premium payment has been made as required by the Board.

(d) **No Dependent Reimbursement.** Premium reimbursement may not be applied toward coverage for dependents of retirees.

SECTION HISTORY

Added by Ord. No. 182,629, Eff. 7-25-13.

Amended by: Ord. No. 184,134, Eff. 1-22-16; Subsec. (a) amended and Subsec. (d) added, Ord. No. 184,853, Eff. 4-6-17.

LACERS Board Rule

HBA 9: The requirements and rules related to Medicare Insurance plan coverage are as follows:

- The medical plan premiums of a LACERS Senior Plan will only include Medicare "basic or standard" premiums covering only those portions of the Medicare premiums that do not include Income-Related Monthly Adjustment Amounts (IRMAAs).
- LACERS will not cover Eligible Primary Subscriber costs or provide reimbursements for any Medicare premium-related IRMAAs.
- Eligible Primary Subscribers and their dependents subject to a Medicare Part D Late Enrollment Penalty, charged by the Centers for Medicare and Medicaid Services (CMS), shall have this penalty amount deducted from an Eligible Primary Subscriber's monthly LACERS allowance or continuance payments to the dependent(s).

(Revised: June 14, 2016)

Conclusion

The WEP and GPO negatively impact the amount of Social Security benefits Members would receive because they have earned a pension solely from their employment with the City of Los Angeles, an employer that does not pay into Social Security. Additionally, not all employees are subject to the WEP; certain federal workers and railroad employees are exempted. City employees being denied entitlement to their full Social Security benefit could have serious fiscal implications for lower wage earners.

When Members enroll in Medicare Parts A and B, LACERS health plan premiums are significantly reduced, yet depending on a Member's taxable income, their cost of enrolling in a LACERS medical plan may actually increase as a result of Medicare Part B IRMAAs.

Staff is recommending that the Board take the above-recommended actions, in coordination with the City Council and the City Attorney, for the best interests of the LACERS membership.

Prepared By: Alex Rabrenovich, Chief Benefits Analyst, Health Benefits and Wellness Division

NMG/AR:ar

- Attachments:
1. Windfall Elimination Provision Information Sheet
 2. Government Pensions Offset Information Sheet
 3. Retiree Monthly Amounts Chart



Windfall Elimination Provision

Board Meeting of 6/8/2021

Item No.: VI-A

Attachment 1

Your Social Security retirement or disability benefits can be reduced

The Windfall Elimination Provision can affect how we calculate your retirement or disability benefit. If you work for an employer who doesn't withhold Social Security taxes from your salary, such as a government agency or an employer in another country, any retirement or disability pension you get from that work can reduce your Social Security benefits.

When your benefits can be affected

This provision can affect you when you earn a retirement or disability pension from an employer who didn't withhold Social Security taxes **and** you qualify for Social Security retirement or disability benefits from work in other jobs for which you did pay taxes.

The Windfall Elimination Provision can apply if:

- You reached age 62 after 1985; or
- You became disabled after 1985; and
- You first became eligible for a monthly pension based on work where you didn't pay Social Security taxes after 1985. This rule applies even if you're still working.

This provision also affects Social Security benefits for people who performed federal service under the Civil Service Retirement System (CSRS) after 1956. We won't reduce your Social Security benefit amounts if you only performed federal service under a system such as the Federal Employees' Retirement System (FERS). Social Security taxes are withheld for workers under FERS.

How it works

Social Security benefits are intended to replace only some of a worker's pre-retirement earnings.

We base your Social Security benefit on your average monthly earnings adjusted for average wage growth. We separate your average earnings into three amounts and multiply the amounts using three factors to compute your full Primary Insurance Amount (PIA). For example, for a worker who turns 62 in 2021, the first \$996 of average monthly earnings is multiplied by 90 percent; earnings between \$996 and \$6,002 are multiplied by 32 percent; and the balance by 15 percent. The sum of the three amounts equals the PIA, which is then decreased or increased depending

on whether the worker starts benefits before or after full retirement age (FRA). This formula produces the monthly payment amount.

When we apply this formula, the percentage of career average earnings paid to lower-paid workers is greater than higher-paid workers. For example, workers age 62 in 2021, with average earnings of \$3,000 per month could receive a benefit at FRA of \$1,537 (approximately 50 percent) of their pre-retirement earnings increased by applicable cost of living adjustments (COLAs). For a worker with average earnings of \$8,000 per month, the benefit starting at FRA could be \$2,798 (approximately 35 percent) plus COLAs. However, if either of these workers start benefits earlier than their FRA, we'll reduce their monthly benefit.

Why we use a different formula

Before 1983, people whose primary job wasn't covered by Social Security had their Social Security benefits calculated as if they were long-term, low-wage workers. They had the advantage of receiving a Social Security benefit representing a higher percentage of their earnings, plus a pension from a job for which they didn't pay Social Security taxes. Congress passed the Windfall Elimination Provision to remove that advantage.

Under the provision, we reduce the 90 percent factor in our formula and phase it in for workers who reached age 62 or became disabled between 1986 and 1989. For people who reach 62 or became disabled in 1990 or later, we reduce the 90 percent factor to as little as 40 percent.

Some exceptions

The Windfall Elimination Provision doesn't apply if:

- You're a federal worker first hired after December 31, 1983.
- You're an employee of a non-profit organization who was exempt from Social Security coverage on December 31, 1983, unless the non-profit organization waived exemption and did pay Social Security taxes, but then the waiver was terminated prior to December 31, 1983.
- Your only pension is for railroad employment.
- The only work you performed for which you didn't pay Social Security taxes was before 1957.
- You have 30 or more years of substantial earnings under Social Security.

The Windfall Elimination Provision doesn't apply to survivors benefits. We may reduce spouses, widows, or widowers benefits because of another law. For more information, read *Government Pension Offset* (Publication No. 05-10007).

Social Security years of substantial earnings

If you have 30 or more years of substantial earnings, we don't reduce the standard 90 percent factor in our formula. See the first table that lists substantial earnings for each year.

The second table shows the percentage used to reduce the 90 percent factor depending on the number of years of substantial earnings. If you have 21 to 29 years of substantial earnings, we reduce the 90 percent factor to between 45 and 85 percent. To see the maximum amount we could reduce your benefit, visit www.ssa.gov/benefits/retirement/planner/wep.html.

A guarantee

The law protects you if you get a low pension. We won't reduce your Social Security benefit by more than half of your pension for earnings after 1956 on which you didn't pay Social Security taxes.

Contacting Social Security

The most convenient way to do business with us from anywhere, on any device, is to visit www.ssa.gov. There are several things you can do online: apply for benefits; get useful information; find publications; and get answers to frequently asked questions.

When you open a personal *my* Social Security account, you have more capabilities. You can review your *Social Security Statement*, verify your earnings, and get estimates of future benefits. You can also print a benefit verification letter, change your direct deposit information, request a replacement Medicare card, get a replacement SSA-1099/1042S, and request a replacement Social Security card (if you have no changes and your state participates).

If you don't have access to the internet, we offer many automated services by telephone, 24 hours a day, 7 days a week. Call us toll-free at **1-800-772-1213** or at our TTY number, **1-800-325-0778**, if you're deaf or hard of hearing.

A member of our staff can answer your call from 7 a.m. to 7 p.m., Monday through Friday. We ask for your patience during busy periods since you may experience a high rate of busy signals and longer hold times to speak to us. We look forward to serving you.

Year	Substantial earnings	Year	Substantial earnings	Year	Substantial earnings
1937–1954	\$900	1989	\$8,925	2013	\$21,075
1955–1958	\$1,050	1990	\$9,525	2014	\$21,750
1959–1965	\$1,200	1991	\$9,900	2015–2016	\$22,050
1966–1967	\$1,650	1992	\$10,350	2017	\$23,625
1968–1971	\$1,950	1993	\$10,725	2018	\$23,850
1972	\$2,250	1994	\$11,250	2019	\$24,675
1973	\$2,700	1995	\$11,325	2020	\$25,575
1974	\$3,300	1996	\$11,625	2021	\$26,550
1975	\$3,525	1997	\$12,150		
1976	\$3,825	1998	\$12,675		
1977	\$4,125	1999	\$13,425		
1978	\$4,425	2000	\$14,175		
1979	\$4,725	2001	\$14,925		
1980	\$5,100	2002	\$15,750		
1981	\$5,550	2003	\$16,125		
1982	\$6,075	2004	\$16,275		
1983	\$6,675	2005	\$16,725		
1984	\$7,050	2006	\$17,475		
1985	\$7,425	2007	\$18,150		
1986	\$7,875	2008	\$18,975		
1987	\$8,175	2009–2011	\$19,800		
1988	\$8,400	2012	\$20,475		

Years of substantial earnings	Percentage
30 or more	90 percent
29	85 percent
28	80 percent
27	75 percent
26	70 percent
25	65 percent
24	60 percent
23	55 percent
22	50 percent
21	45 percent
20 or less	40 percent



Securing today
and tomorrow



Government Pension Offset

Board Meeting of 6/8/2021
Item No.: VI-A
Attachment 2

A law that affects spouses and widows or widowers

If you receive a retirement or disability pension from a federal, state, or local government based on your own work for which you didn't pay Social Security taxes, we may reduce your Social Security spouses or widows or widowers benefits. This fact sheet provides answers to questions you may have about the reduction.

How much will my Social Security benefits be reduced?

We'll reduce your Social Security benefits by two-thirds of your government pension. In other words, if you get a monthly civil service pension of \$600, two-thirds of that, or \$400, must be deducted from your Social Security benefits. For example, if you're eligible for a \$500 spouses, widows, or widowers benefit from Social Security, you'll get \$100 a month from Social Security ($\$500 - \$400 = \$100$). If two-thirds of your government pension is more than your Social Security benefit, your benefit could be reduced to zero.

If you take your government pension annuity in a lump sum, Social Security will calculate the reduction as if you chose to get monthly benefit payments from your government work.

Why will my Social Security benefits be reduced?

Benefits we pay to spouses, widows, and widowers are "dependent" benefits. Set up in the 1930s, these benefits were to compensate spouses who stayed home to raise a family and were financially dependent on the working spouse. It's now common for both spouses to work, each earning their own Social Security retirement benefit. The law requires a person's spouse, widow, or widower benefit to be offset by the dollar amount of their own retirement benefit.

For example, if a woman worked and earned her own \$800 monthly Social Security benefit, but was also due a \$500 spouse's benefit on her husband's record, we couldn't pay that spouse's benefit because her own benefit offsets it. Before enactment of the Government Pension Offset law, if that same woman was a government employee who didn't pay into Social Security and earned an \$800 government pension, there was no offset. We had to pay her a full spouse's benefit and her full government pension.

If this person's government work had been subject to Social Security taxes, we would reduce any spouse, widow, or widower benefit because of their own Social Security retirement benefit. The Government Pension Offset ensures that we calculate the benefits of government employees who don't pay Social Security taxes the same as workers in the private sector who pay Social Security taxes.

When won't my Social Security benefits be reduced?

Generally, we won't reduce your Social Security benefits as a spouse, widow, or widower if you:

- Receive a government pension that's not based on your earnings; or
- Are a federal (including Civil Service Offset), state, or local government employee and your government pension is from a job for which you paid Social Security taxes; and:
 - Your last day of employment (that your pension is based on) is before July 1, 2004; or
 - You filed for and were entitled to spouses, widows, or widowers benefits before April 1, 2004 (you may work your last day in Social Security covered employment at any time); or
 - You paid Social Security taxes on your earnings during the last 60 months of government service. (Under certain

conditions, we require fewer than 60 months for people whose last day of employment falls after June 30, 2004, and before March 2, 2009.)

There are other situations for which we won't reduce your Social Security benefits as a spouse, widow, or widower; for example, if you:

- Are a federal employee who switched from the Civil Service Retirement System (CSRS) to the Federal Employees' Retirement System (FERS) after December 31, 1987; and:
 - Your last day of service (that your pension is based on) is before July 1, 2004;
 - You paid Social Security taxes on your earnings for 60 months or more during the period beginning January 1988 and ending with the first month of entitlement to benefits; or
 - You filed for and were entitled to spouses, widows, or widowers benefits before April 1, 2004 (you may work your last day in Social Security covered employment at any time).
- Received, or were eligible to receive, a government pension before December 1982 and meet all the requirements for Social Security spouse's benefits in effect in January 1977; or
- Received, or were eligible to receive, a federal, state, or local government pension before July 1, 1983, and were receiving one-half support from your spouse.

Note: A Civil Service Offset employee is a federal employee, rehired after December 31, 1983, following a break in service of more than 365 days, with five years of prior CSRS coverage.

What about Medicare?

Even if you don't get benefit payments from your spouse's work, you can still get Medicare at age 65 on your spouse's record if you aren't eligible for it on your own record.

Can I still get Social Security benefits from my own work?

The offset applies only to Social Security benefits as a spouse, or widow, or widower. However, we may reduce your own benefits because of another provision. For more information, go online to read *Windfall Elimination Provision* (Publication No. 05-10045).

Contacting Social Security

The most convenient way to contact us anytime, anywhere is to visit www.socialsecurity.gov. There, you can: apply for benefits; open a *my* Social Security account, which you can use to review your *Social Security Statement*, verify your earnings, print a benefit verification letter, change your direct deposit information, request a replacement Medicare card, and get a replacement SSA-1099/1042S; obtain valuable information; find publications; get answers to frequently asked questions; and much more.

If you don't have access to the internet, we offer many automated services by telephone, 24 hours a day, 7 days a week. Call us toll-free at **1-800-772-1213** or at our TTY number, **1-800-325-0778**, if you're deaf or hard of hearing.

If you need to speak to a person, we can answer your calls from 7 a.m. to 7 p.m., Monday through Friday. We ask for your patience during busy periods since you may experience higher than usual rate of busy signals and longer hold times to speak to us. We look forward to serving you.



Securing today
and tomorrow

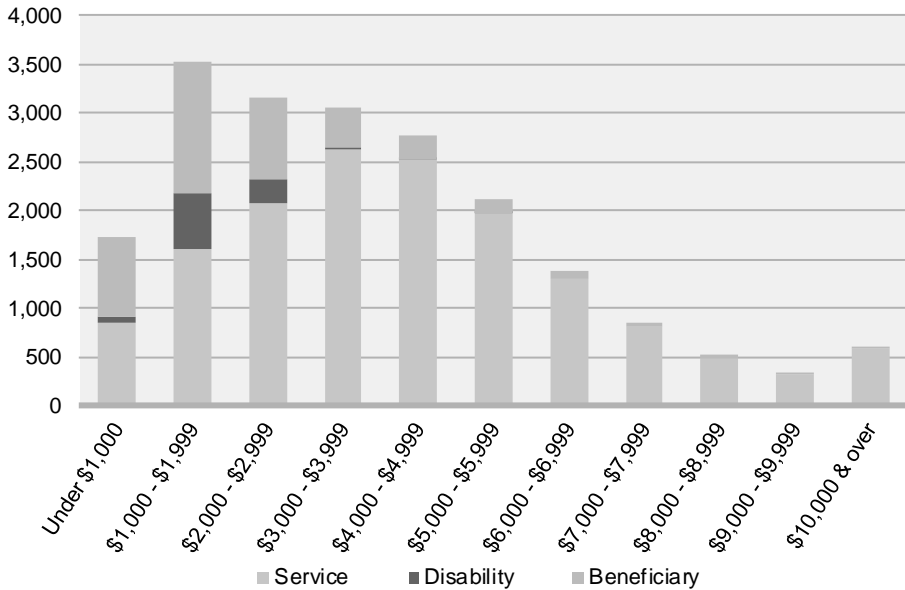
Retired Members and Beneficiaries

As of June 30, 2019, 16,053 retired members and 3,981 beneficiaries were receiving total monthly benefits of \$78,965,717. For comparison, in the previous valuation, there were 15,477 retired members and 3,902 beneficiaries receiving monthly benefits of \$73,339,309.

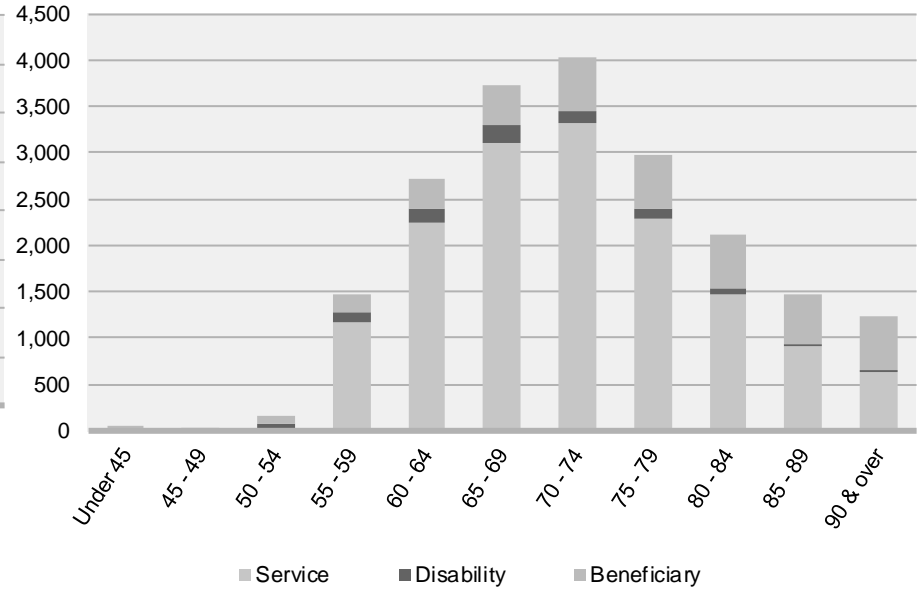
As of June 30, 2019, the average monthly benefit for retired members and beneficiaries is \$3,942, compared to \$3,784 in the previous valuation. The average age for retired members and beneficiaries is 72.5 in the current valuation, compared with 72.5 in the prior valuation.

Distribution of Retired Members and Beneficiaries as of June 30, 2019

RETIRED MEMBERS AND BENEFICIARIES BY TYPE AND MONTHLY AMOUNT



RETIRED MEMBERS AND BENEFICIARIES BY TYPE AND AGE





REPORT TO BOARD OF ADMINISTRATION

MEETING: AUGUST 8, 2023

From: Neil M. Guglielmo, General Manager

ITEM: VI - H

Neil M. Guglielmo for NMG

SUBJECT: 977 N. BROADWAY BUILDING PROJECT FISCAL YEAR 2023-24 SUPPLEMENTAL CAPITAL EXPENSE BUDGET AND OPERATIONS EXPENSE BUDGET REQUESTS AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board

- 1) Approve a budget increase of \$120,000 to the Capital Expense Budget in Fund 800, LACERS Contractual Services (APPR 163040) in Fiscal Year 2023-24 (FY24) for expenses related to descaling and sediment removal of cooling towers and diagnosing issues of the 977 N. Broadway heating, ventilation, and air conditioning (HVAC) system for a total \$843,831 FY24 Capital Expense Budget;
- 2) Approve a budget increase of \$16,830 to the Operating Budget in Fund 800, LACERS Contractual Services (APPR 163040) in FY24 for Property Management's oversight over this project for a total \$2,611,304 FY24 Operating Budget; and,
- 3) Authorize the General Manager to correct any clerical or typographical errors in this document.

Executive Summary

The 977 N. Broadway Building (977), built in 1983, is a five-story building totaling 64,585 square feet of office space with a 120-space subterranean parking structure. On October 23, 2019, LACERS closed escrow on the purchase of 977 at the final negotiated purchase price of \$33,750,000. As of March of 2023, LACERS has transitioned all staff, equipment, and operations from LA Times to 977 and has finalized the lease agreement close-out process as of June 2023.

On May 23, 2023, the Board approved the allocation of \$723,831 to the 977 Capital Expense Budget for FY24. The funds were allocated for the purposes of performing the maintenance and upkeep work on 977 as part of Year 2 of LACERS' 10-Year Capital Plan (CAP10).

Recent spikes in Southern California's temperatures have stressed 977's cooling system causing intermittent shutdowns of cooling units throughout the building. Although the Board allocated \$128,500 for contingencies, the estimated cost for the evaluation, diagnostic, and preliminary work to the cooling system (currently estimated at \$120,000) would require LACERS to exhaust almost all contingency funds for FY24. Rather than expending the majority of FY24 contingency funds, LACERS respectfully

requests that the Board approve a budget increase of \$120,000 to the FY24 Capital Expense Budget, for a new total 977 Capital Expense Budget of \$843,831. In addition, LACERS requests that the Board approve a budget increase of \$16,830 to the FY24 Operating Budget for a new total 977 Operating Budget of \$2,611,304 for Property Management's capital project oversight fee as contractually required.

These initial efforts to resolve the cooling system issues may satisfy the building's needs or may inform further work and costs associated with overall improvement. As the diagnostic work continues, LACERS will provide the Board with periodic updates including any updates to the budget required for the completion of the necessary repairs.

Discussion

On July 17, 2023, just as the first day of a forecasted heat wave started, staff reported uncomfortable temperature levels throughout 977. By mid-morning, 977's Facility Personnel responded to several locations where cooling units were not operating and subsequently reached out to the heating, ventilation, and air conditioning (HVAC) vendor. Once on site, the HVAC vendor reviewed the cooling system, but could not identify a clear cause for the malfunction. Rather, the vendor suggested that additional tests be performed on the cooling system prior to engaging in any invasive and potentially unnecessary work.

Subsequently, Property Management has convened several meetings between all parties involved in the HVAC diagnosis. During these meetings, the group discussed additional diagnostic tests that could help assess the cause for the malfunction, timely maintenance and repairs that could be performed while the cooling system was open and that could help eliminate potential causes for the malfunction, and the benefits of adding a Building Management System (BMS) to facilitate diagnosing future HVAC issues. Based on the outcome of these discussions, LACERS and Property Management developed the first part of LACERS' plan to repair the 977 cooling system which is focused on diagnosing the issue. **Dollar amounts included below are based on general estimates from property management for the cost of the work since requests for quotes have not been received as of the preparation of this report.**

Cooling System Malfunction

Prior to performing any repairs, LACERS, 977 Facilities Personnel, the HVAC vendor, and 977's mechanical engineer of record must first identify the cause for the cooling systems' malfunction. Identifying the cause of the malfunction requires systematic troubleshooting and diagnostic assessments by engineers and HVAC technicians. Thus far, troubleshooting efforts of the system's basic components have not resulted in clear indications of the cause.

As a result, LACERS and Property Management have initiated a detailed diagnostic of 977's cooling system which includes the evaluation for blockages, a flow and pressure evaluation, purging of air from the plumbing, and a potential cooling tower mid-life overhaul.

Step 1 - Descaling and Sediment Removal

To eliminate the possibility of any blockages in the cooling towers being the source of or contributing to the malfunction, the diagnostic plan includes the removal of sediment build-up from 977's Cooling Towers. Over time, nutrients, airborne dirt, and debris collect within different components of cooling towers. If not properly cleaned, these contaminants can cause blockages and corrosion which impairs the operating efficiency of the cooling system and can lead to significant damage and possibly failure of the system. Another important reason for proper cooling tower cleaning is to prevent the spread of bacteria. The removal of sediment from the cooling towers estimated cost is \$22,000.

Step 2 - Flow and Pressure Evaluation

The flow and pressure test evaluates how effectively the cooling system can remove heat from processes or equipment. The flow engineer would measure and map out ideal flow and pressure rates for the building. This would also help LACERS evaluate whether the cooling system plumbing requires modification and whether the cooling tower has the necessary strength to push the water to the 82 cooling units in the building. A cooling system flow and pressure evaluation is estimated to cost \$16,000. **The outcome of this test would inform the need to overhaul or replace the cooling tower.**

Step 3 - Cooling Tower Plumbing Modification

Since having moved into the building, staff have reported unusual noises coming from the ceiling in various locations. 977 Facility Personnel and HVAC technicians have determined the noises to be air in the HVAC system plumbing. During recent inspections predicated by the recent cooling system malfunction, 977 Facility Personnel have identified that the plumbing still has air in the system. Air in the cooling system plumbing could be contributing to the cooling system malfunctions and creating pressure on the system's cooling units. **Once the cooling system flow and pressure evaluation is performed, LACERS will know whether additional modification and or purging of the cooling system plumbing is necessary to reduce the air in the system.** This work will extend the life of the cooling towers, condensate water pumps, and the 82 cooling units in the building. Modification of 977's Cooling Tower Plumbing is estimated to cost \$82,000.

These first three steps encompass the preliminary efforts for assessing and improving the current HVAC system. Quotes for the next two potential steps below are not currently available and will be provided in a follow-up report with associated costs as necessary.

Adjustment to the 10-Year Capital Plan

As part of LACERS' 977 10-Year Capital Plan, additional cooling system work is anticipated. Specifically, Year 4 (FY26) of the CAP10 includes the integration of a BMS into 977's cooling system. Year 6 (FY28) of the CAP10 includes the mid-life overhaul of the cooling towers. The sooner implementation of these improvements may be informed by the outcome of descaling and the results of the flow and pressure test.

Mid-Life Cooling Tower Overhaul

The preceding work will provide LACERS an opportunity to evaluate overhauls to the cooling towers. These maintenance and service overhauls were previously scheduled for subsequent years in

LACERS' 10-Year Capital Plan and were meant to maximize the cooling towers useful service life. The overhaul of the fluid cooler would maximize the cooling towers useful service life and typically includes replacing the electric fan motors, resealing and epoxy coating the hot and cold-water basins, and replacing the fill media. Although not specifically a diagnostic test, the mid-life overhaul would identify any damaged steel components that would need replacing.

Building Management System (BMS)

Currently, 977's cooling system has extremely basic management features that must be manually operated and offers no diagnostic capabilities. This rudimentary system has been noticeably failing and in need of replacement. The current work to diagnose and repair the cooling system provides LACERS an opportunity to update 977's cooling system design. LACERS recommends the incorporation of a BMS which is an automated control of the cooling system process using computers and microprocessors with sensors. A BMS would give LACERS a higher level of control over the mechanical and electrical components of the cooling system including trending analysis which can be used to increase efficiency and pinpoint issues with the equipment. The BMS would also provide for remote monitoring and control capabilities since system data would be transmitted via the internet. In addition, a BMS provides a high level of flexibility for building automation and system-wide integration thereby allowing 977 Facility Personnel to react to problems, troubleshoot issues, and address maintenance tasks from a single point effectively minimizing service calls to HVAC vendors and reducing operating expenses. Overall, a BMS would help LACERS save money in the long run by providing onsite staff better control and situational awareness over the system. The purchase and installation of a BMS would take some time based on the necessity of connecting all cooling units in the building to the BMS.

Repair Plan Summary

LACERS does not have a diagnosis for the cause of 977's cooling system malfunction. LACERS' 977 Facility Personnel and HVAC experts continue to evaluate the symptoms and available information and are discussing what additional and potentially more invasive steps are needed to better gauge the situation. Once the cooling system descaling and sediment removal and flow and pressure evaluation have been performed, 977's Facility Personnel and HVAC experts will evaluate the results and devise an informed plan for repairing the cooling system. **Until this work is performed, LACERS cannot provide the Board a better approximation of the comprehensive cost for the repairs to the system.**

As the diagnostic work continues, LACERS will provide the Board with periodic updates including any updates to the budget required for the completion of the necessary repairs.

Strategic Plan Impact Statement

Ownership in 977 North Broadway advances the Board Governance Goal and Organization Goal by being a cost-effective investment in the long-term as compared to leasing and provides LACERS with complete control over its administrative facilities adding to the organization's efficiency, effectiveness, and resiliency.

Prepared By: Isaias Cantú, Senior Management Analyst II

NMG/TB/EA:ic

Attachments: 1. Proposed Board Resolution

977 N. BROADWAY BUILDING PROJECT
FISCAL YEAR 2023-24 SUPPLEMENTAL
OPERATING AND CAPITAL EXPENSE BUDGET

PROPOSED RESOLUTION

WHEREAS, on October 23, 2019, LACERS closed escrow on a purchase of an office building at 977 North Broadway (977), Los Angeles California at the final negotiated purchase price of \$33,750,000; the property is a real estate asset held in a separate account in the LACERS Trust Fund, and the LACERS Board of Administration has sole and exclusive plenary authority over the assets of the trust fund;

WHEREAS, on May 23, 2023, the Board adopted the 977 Operating Budget of \$2,594,474, and Capital Budget of \$723,831 for the purpose of performing the maintenance and upkeep work delineated for Year 2 of LACERS' 10-Year Capital Plan;

WHEREAS, the recent spikes in Southern California temperatures have stressed the 977's cooling system causing intermittent shutdowns of the cooling units in the building making some spaces uncomfortable and unhealthy for staff;

WHEREAS, 977 Facility Personnel, working with heating, ventilation, and air conditioning (HVAC) vendors, have worked diligently to diagnose the cause for the cooling unit shutdowns, but need to perform more invasive tests requiring opening 977's Cooling System mechanical, plumbing, and electrical components to develop a comprehensive solution for resolving the issue;

WHEREAS, LACERS, in conferring with building support staff, reached out to HVAC vendors to request competitive bids for the scope of work required to diagnose the issue including performing additional evaluations on the water flow pressure in the building's cooling system plumbing, cleaning out sediment in the cooling towers, overhauling cooling tower components, and integrating a Building Management System;

WHEREAS, comprehensively diagnosing the extent of the issue impacting the cooling system requires shutting down the system throughout the whole building and opening the cooling towers;

WHEREAS, more invasive steps may be required to gauge the malfunction and LACERS cannot provide the Board a comprehensive approximation of the cost for the repairs to the system until the diagnostic work is performed;

WHEREAS, property management has not received quotes as of the writing of this report but have provided general estimates for the evaluation, diagnostic, and preliminary

overhaul work needed to better understand the cooling system malfunction and these estimates have been compiled by LACERS and total \$120,000;

WHEREAS, property management requires an additional \$16,830 in operating costs to manage this project per contractual terms;

WHEREAS, LACERS will report back to the Board regarding the ongoing diagnostics and repairs including any updates to the budget required for the completion of the repair work on the cooling system;

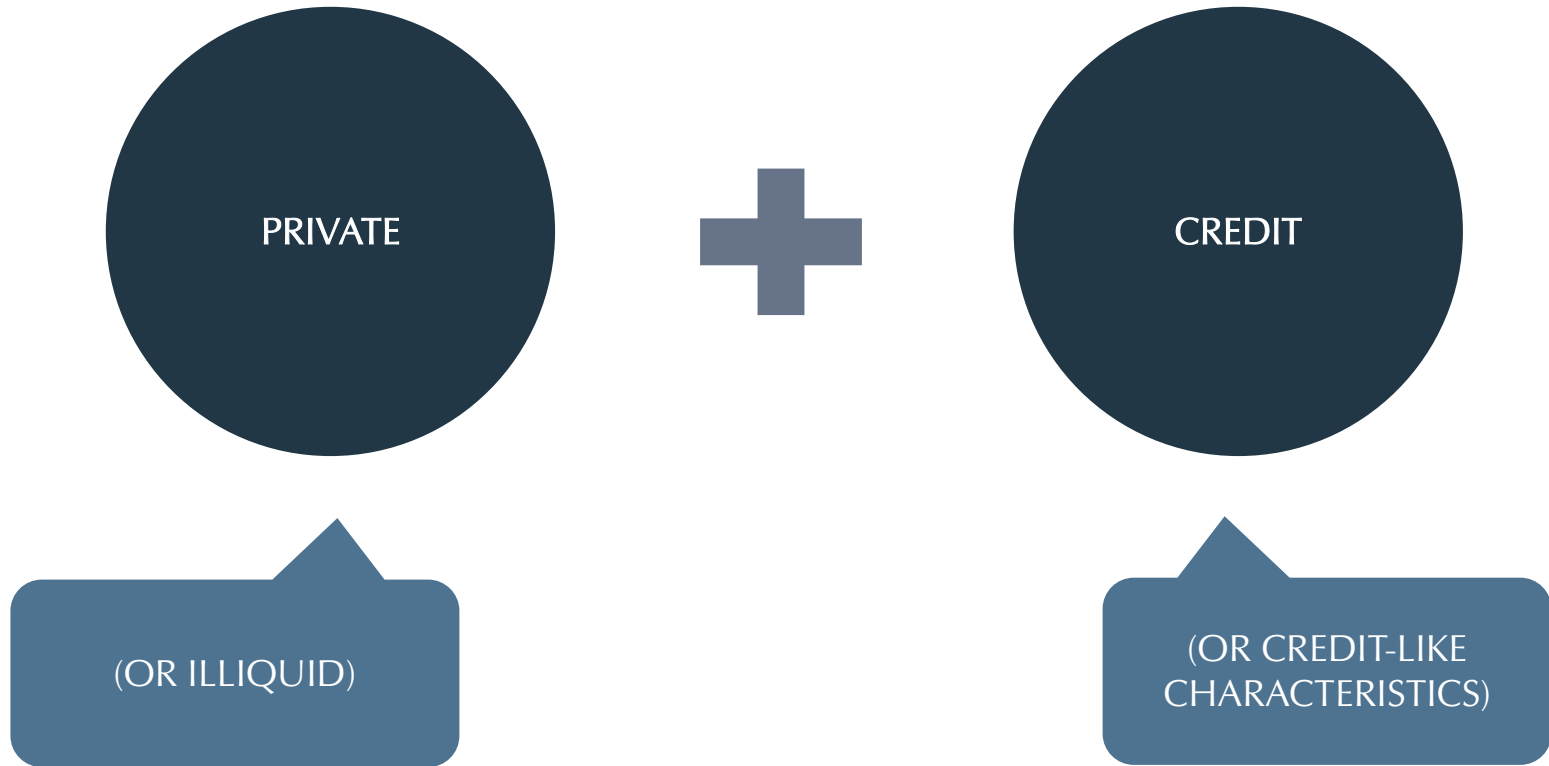
NOW, THEREFORE, BE IT RESOLVED, that the Board:

1. Approve a budget increase of \$120,000 to the Capital Expense Budget in Fund 800, LACERS Contractual Services (APPR 163040) in Fiscal Year 2023-24 (FY24) for expenses related to descaling and sediment removal of cooling towers and diagnosing issues of the 977 N. Broadway heating, ventilation, and air conditioning (HVAC) system for a total \$843,831 FY24 Capital Expense Budget;
2. Approve a budget increase of \$16,830 to the Operating Budget in Fund 800, LACERS Contractual Services (APPR 163040) in FY24 for Property Management's oversight over this project for a total \$2,611,304 FY24 Operating Budget; and,
3. Authorize the General Manager to correct any clerical or typographical errors in this document.

Private Credit Investment Education
Los Angeles City Employees' Retirement System
August 2023



- I. Defining Private Credit
- II. Portfolio Construction
- III. Growth of Private Credit
- IV. Institutional Implementation
- V. Market Cycle Characteristics



Defining Private Credit: Strategy Overviews

Direct Lending:

- Senior loans to middle market companies, either private or public corporates which can be privately owned by PE Sponsors or non-Sponsor firms.
- Lenders typically target relatively stable, cash generative businesses. Historically, this segment has experienced relatively low losses and some fund-level leverage to enhance target returns.

Distressed Debt & Special Situations:

- New origination or secondary purchase of loans to companies facing financial or operational challenges (Distressed) and opportunistic structured credit, portfolio purchases, asset purchases, or other capital solutions (Special Situations).
- Distressed debt managers typically invest with the expectation of capturing a purchase discount, influencing a company and/or class of securities, or in the most extreme case gaining control of a company. In each instance, capital appreciation is often a key component of overall returns.
- Special situations managers encompass a range of strategies which generally seek unique situations requiring creative financing to solve specific needs.

Real Estate Credit:

- Real estate credit are typically loans to borrowers backed by real estate collateral. It comprises a set of strategies focused on commercial real estate ('CRE') collateral or residential mortgage origination.
- Real estate credit sub-strategies includes: transitional lending, core lending, bridge lending, non-qualified mortgage origination, single family rental ('SFR'), residential non-performing loans, and mortgage servicing rights

Real Assets Credit:

- Strategies focused on providing debt capital primarily backed by real assets (other than real estate), which may include transportation assets, infrastructure, and energy, commodity and agricultural assets.

Specialty Finance:

- Loans backed by financial or physical assets (non-real estate). Typically involves purchase of non-traded obligations or esoteric income generating assets.

Mezzanine:

- Junior or subordinated corporate debt instruments, often with equity participation rights. These strategies will bridge the gap between senior debt and equity in the middle of the capital structure.

Private Credit Strategies Vary By Collateral Type

DIRECT LENDING	DISTRESSED DEBT & SPECIAL SITUATIONS	SPECIALTY FINANCE	REAL ESTATE CREDIT	REAL ASSETS CREDIT	MEZZANINE
U.S. Direct Lending Senior Opportunistic LMM (sponsored) LMM (non-sponsored) Private BDCs Industry Focused Revolvers	Corporate Distressed Stress / Distressed Trading Influence / Control Diversified Distressed	Consumer & SME Lending Marketplace Finance Leader/Platform Finance	U.S. CRE Core Lending U.S. CRE Transitional Lending Large Loan Middle Market Small Balance Opportunistic	Infrastructure Lending Senior Focus Sub-IG Focus Mezz Focus Energy Credit Energy Lending Energy Mezzanine Lending Opportunistic	U.S. Mezzanine Upper Middle Market Middle Market Lower Middle Market
European Direct Lending Senior Opportunistic LMM Country-Specific Funds	Opportunistic Structured Credit 3-Party Deal Captive CLO Equity CLO Debt CLO Multi Consumer ABS CMBS/CRE Esoteric ABS European Structured Credit RMBS Structured Credit Multi-Sector	Rediscount Lending Factoring & Receivables Regulatory Capital Relief Music/Film/Media Royalties Oil & Gas Minerals Royalties Metals Royalties Healthcare Lending & Royalties Healthcare Lending Healthcare Royalties	U.S. CRE Bridge Lending Large Loan Middle Market Small Balance European CRE Lending Bridge Transitional Core	Trade Finance Metals Mining Finance Agricultural Credit Transportation Aviation Lending Maritime Lending Road & Rail Lending Transportation Lending (Multi)	European Mezzanine Corporate European Mezzanine Structured Equity
Emerging Markets Lending Asian African CEE/Middle East Latin American Pan-EM	Real Estate Distressed NPLs Capital Solutions PC Special Situations PE Special Situations	Venture Lending Technology Lending Financial Services Credit Insurance Linked Credit Diversified Life Insurance Non-Life Litigation Finance Litigation Finance Merger Appraisal Rights	Emerging Markets CRE Lending CRE Structured Credit Agency / CRE B-Piece Non-Agency / CRE B-Piece Residential Mortgages Residential NPLs Single Family Rental Mortgage Servicing Rights Residential Origination		
Global Direct Lending	Real Estate Assets Consumer	Real Assets	Real Estate	Real Assets	Corporate

Private Credit Strategies Vary By Underwriting Approach

DIRECT LENDING	DISTRESSED DEBT & SPECIAL SITUATIONS	SPECIALTY FINANCE	REAL ESTATE CREDIT	REAL ASSETS CREDIT	MEZZANINE
U.S. Direct Lending Senior Opportunistic LMM (sponsored) LMM (non-sponsored) Private BDCs Industry Focused Revolvers	Corporate Distressed Stress / Distressed Trading Influence / Control Diversified Distressed	Consumer & SME Lending Marketplace Finance Lender/Platform Finance	U.S. CRE Core Lending U.S. CRE Transitional Lending Large Loan Middle Market Small Balance Opportunistic	Infrastructure Lending Senior Focus Sub-IG Focus Mezz Focus Energy Credit Energy Lending Energy Mezzanine Lending Opportunistic	U.S. Mezzanine Upper Middle Market Middle Market Lower Middle Market Cash Flow European Mezzanine Structured Equity
European Direct Lending Senior Opportunistic LMM Country-Specific Funds	Opportunistic Structured Credit 3 rd Party CLO Equity Captive CLO Equity CLO Debt CLO Multi Consumer ABS CDO/CFE Esoteric ABS	Rediscount Lending Factoring & Receivables Regulatory Capital Relief Music/Film/Media Royalties Oil & Gas Minerals Royalties Metals Royalties Healthcare Lending & Royalties Healthcare Royalties	U.S. CRE Bridge Lending Large Loan Middle Market Small Balance European CRE Lending Asset-Based Bridge Transitional Core	Trade Finance Maritime Finance Agricultural Credit Transportation Aviation Lending Maritime Lending Road & Rail Lending Transportation Lending (Multi)	
Emerging Markets Lending Asian African CEE/Middle East Latin American Pan-EM	Real Estate Distressed NPLs Capital Solutions PC Special Situations PE Special Situations	Venture Lending Technology Lending Financial Services Credit Insurance Linked Credit Diversified Life Insurance Non-Life Litigation Finance Litigation Finance Merger Appraisal Rights PE Portfolio Finance Stretch ABL Diversified Specialty Finance	U.S. CRE Bridge Lending Large Loan Middle Market Small Balance European CRE Lending Asset-Based Bridge Transitional Core Emerging Markets CRE Lending CRE Structured Credit Agency / CRE B-Piece Non-Agency / CRE B-Piece Residential Mortgages Residential NPLs Single Family Rental Mortgage Servicing Rights Residential Origination		

- **Cash Flow** – lending strategies that primarily rely on cash generation from ongoing company operations as collateral
- **Asset-Based** – lending strategies that primarily target hard assets as collateral
- **Distressed** – strategies focused on buying in the secondary markets at a discount to intrinsic value (i.e., investor returns driven by capital gains rather than yield)

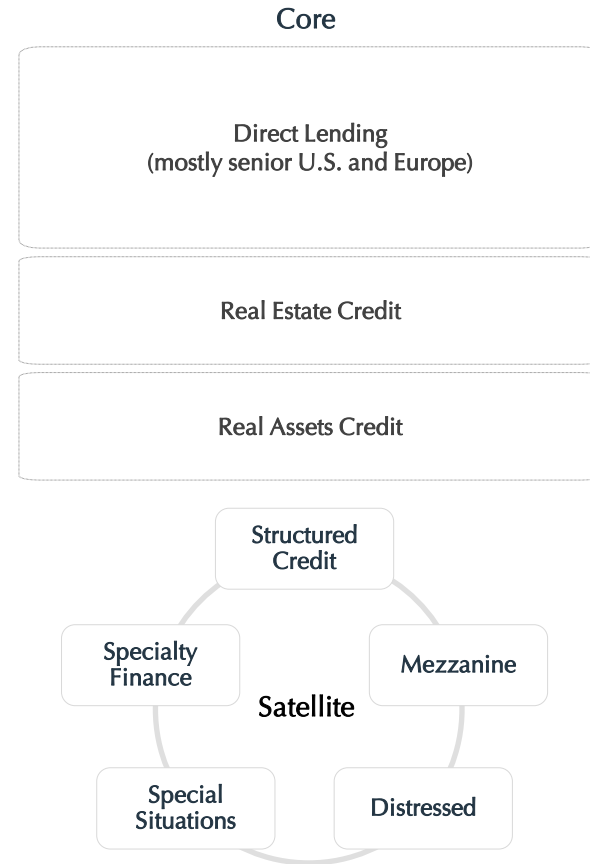
Fixed Income Substitute:

Diversified positions in senior lending strategies. LACERS existing portfolio fall under this construct with a strong leaning towards direct lending.

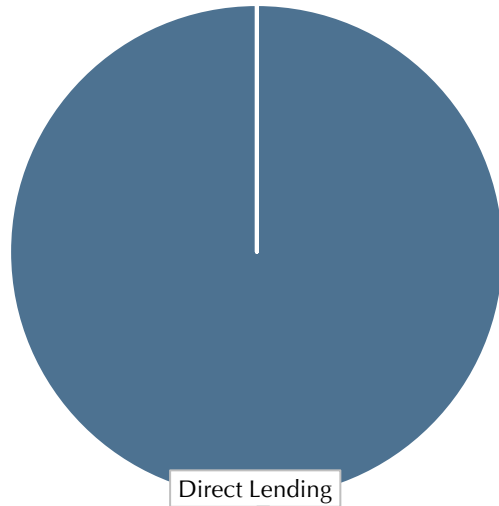


Core + Satellite:

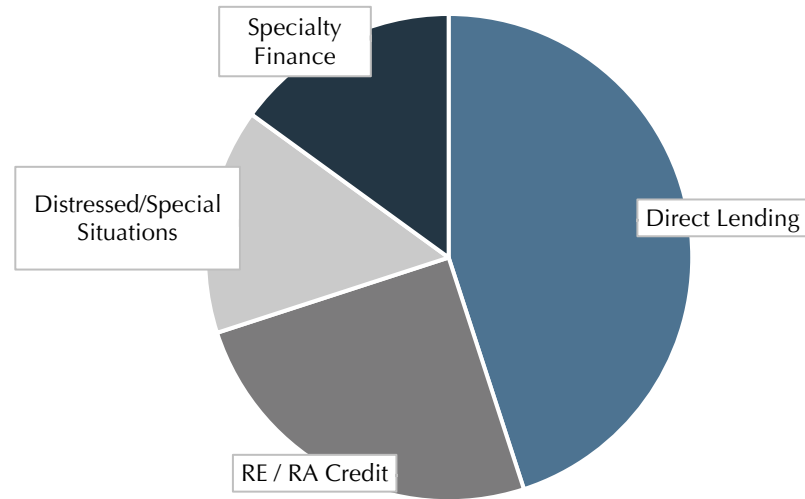
Concentrated positions in direct lending and/or cross asset complemented with smaller holdings in specialized strategies. LACERS target construct.



Current



Proposed Target



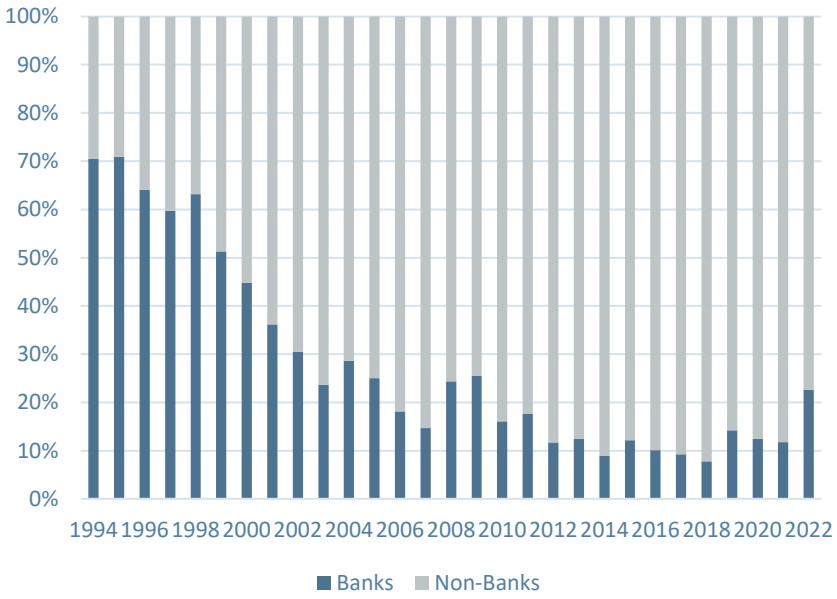
	Strategy	Allocation %
Core	Direct Lending	100%
	- Benefit Street Partners (U.S)	
	- Crescent Capital Group (Europe)	
	- Monroe Capital (U.S.)	

	Strategy	Allocation %
Core	Direct Lending	40-70%
	RE / RA Credit	20-40%
Satellite	Distressed/Special Situations	0-30%
	Specialty Finance	0-25%

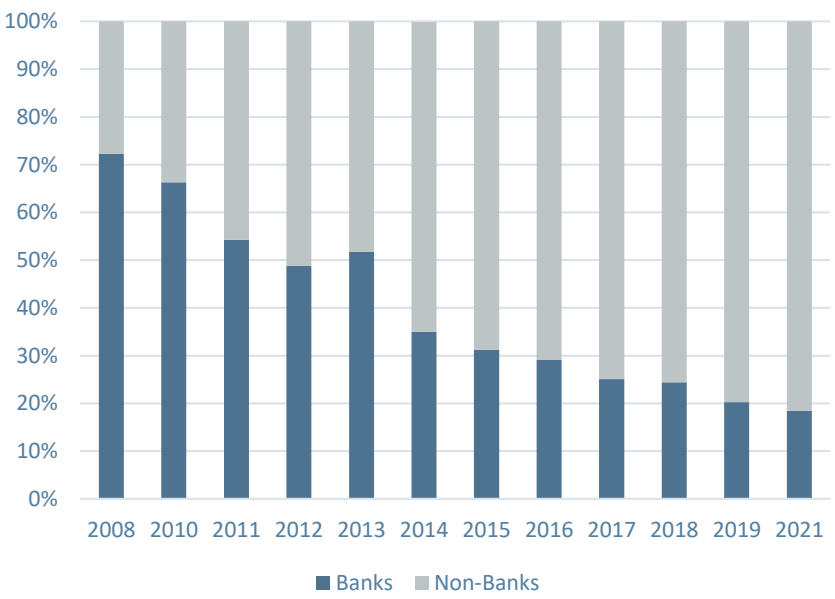
*Indicative target ranges would be driven by opportunity set and skill sets of available managers and respective investment terms. Graphs are for illustrative purposes only.

Local Regulations and Incentives Have Shaped Private Credit Growth

U.S.



Europe

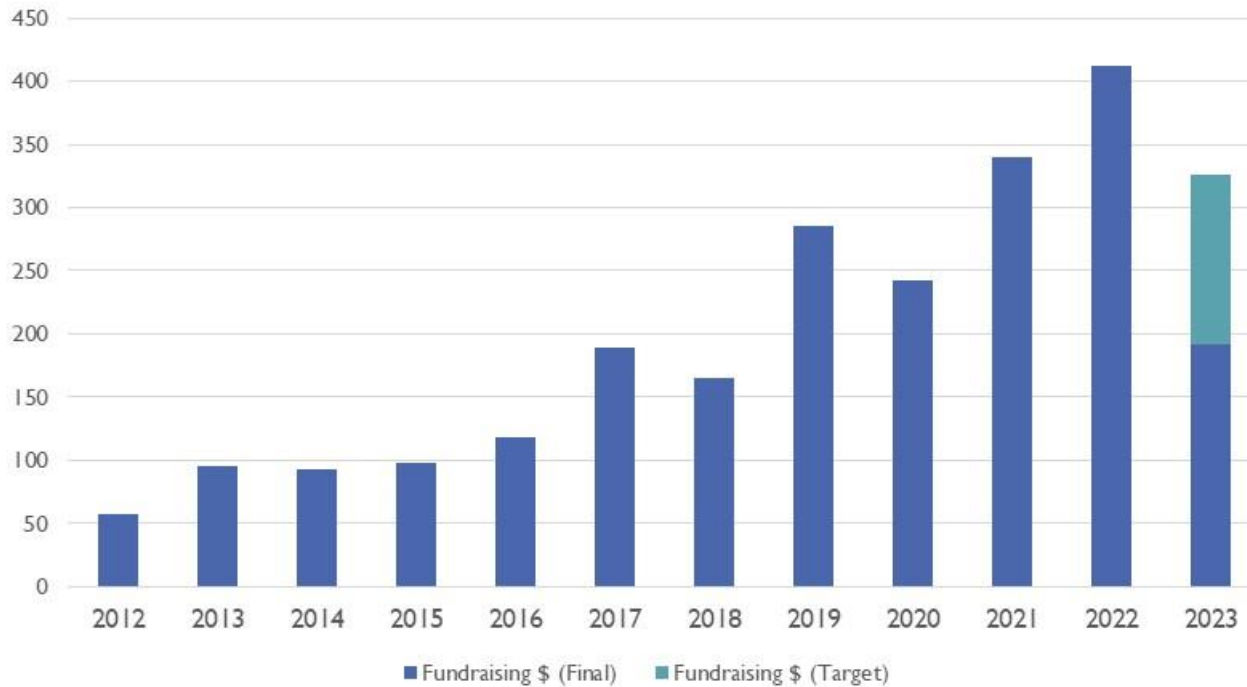


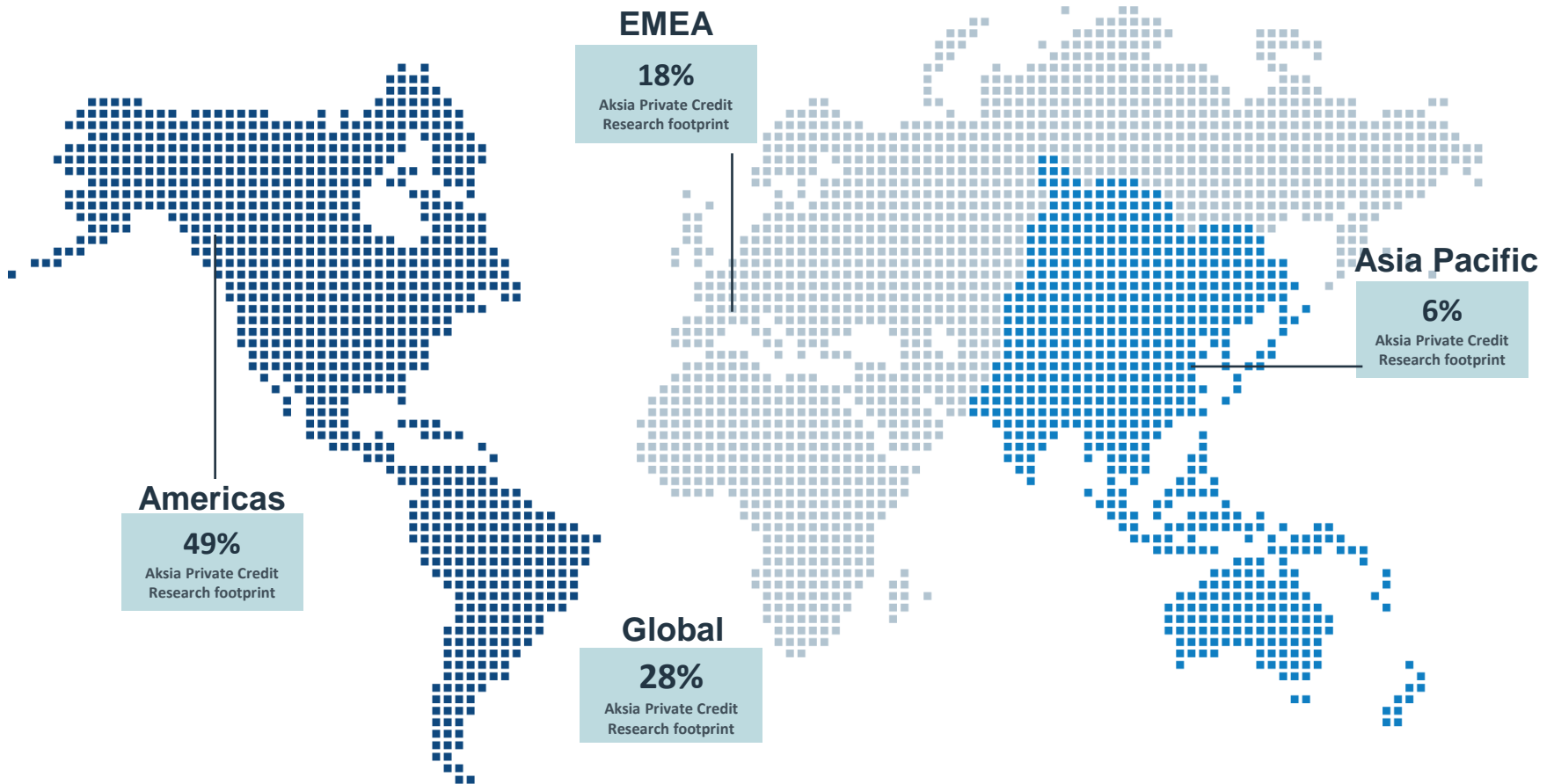
U.S. bank participation started declining in the late 1990s

European bank participation started declining post-GFC

Source: LCD, an offering of S&P Global Market Intelligence. As of December 2022. Using latest available data.

Private Credit Yearly Fundraising (\$B)

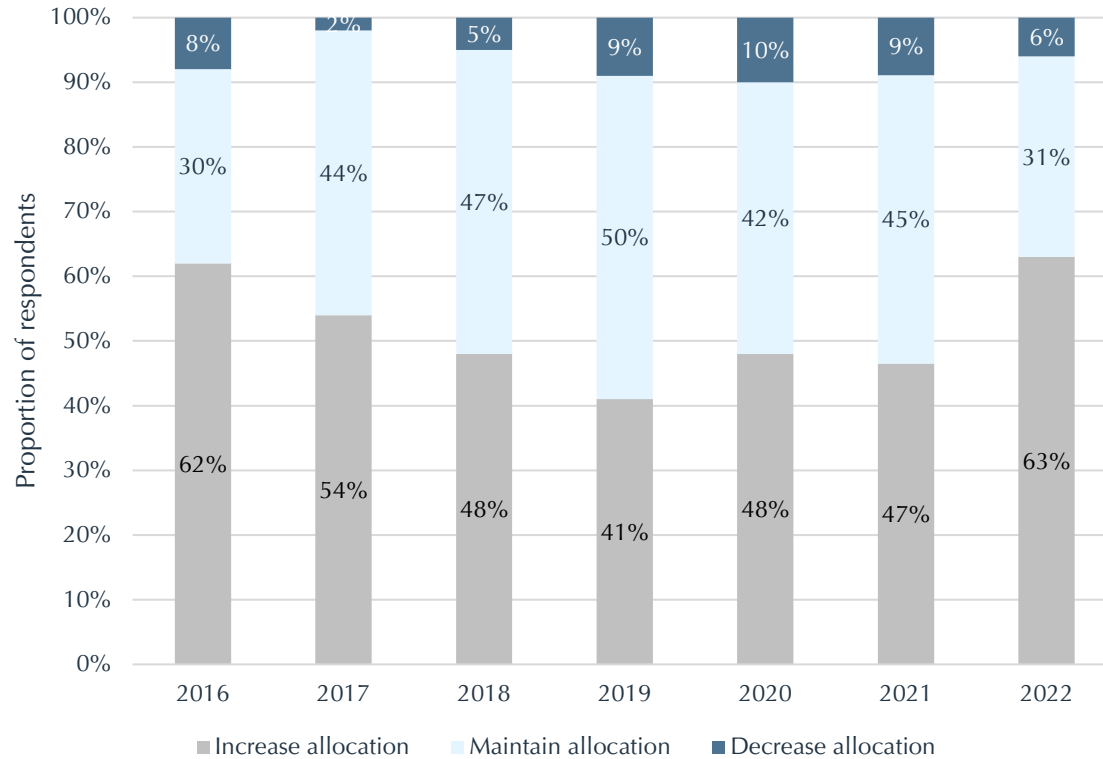




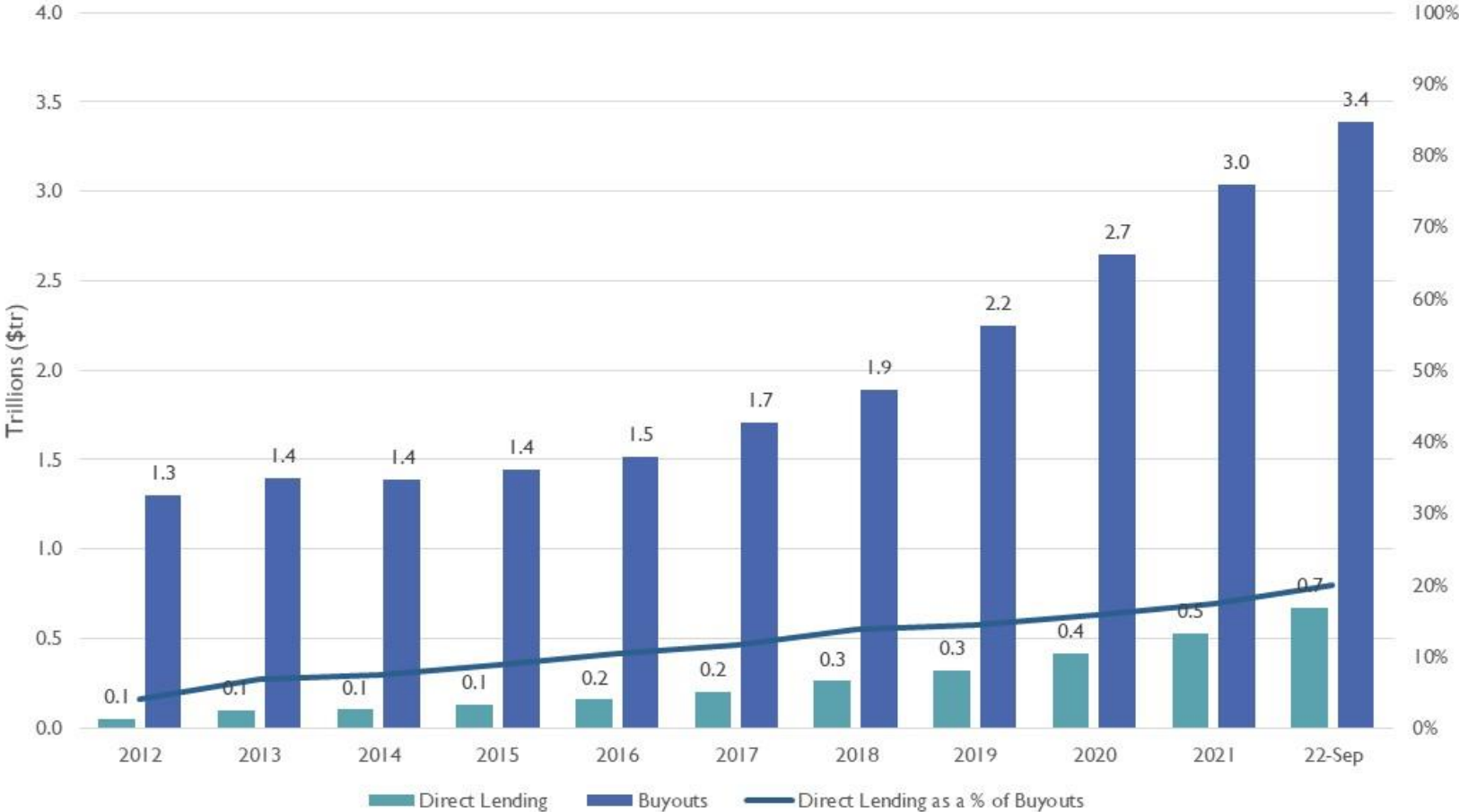
Source: Aksia. As of March 31, 2023. Coverage by geography is representative of the universe of investment programs (where a program is defined as a group of funds managed by the same manager which pursue a similar investment strategy, leverage, and/or investor pooling) on which Aksia has conducted due diligence (IDD, ODD, or Insight Report). Global refers to a program without a specific investment region (i.e., the fund can invest in deals anywhere in the world) or multiple regions.

68%
have dedicated PC
allocations

Target allocations
3.9%-8.8%
of total portfolio

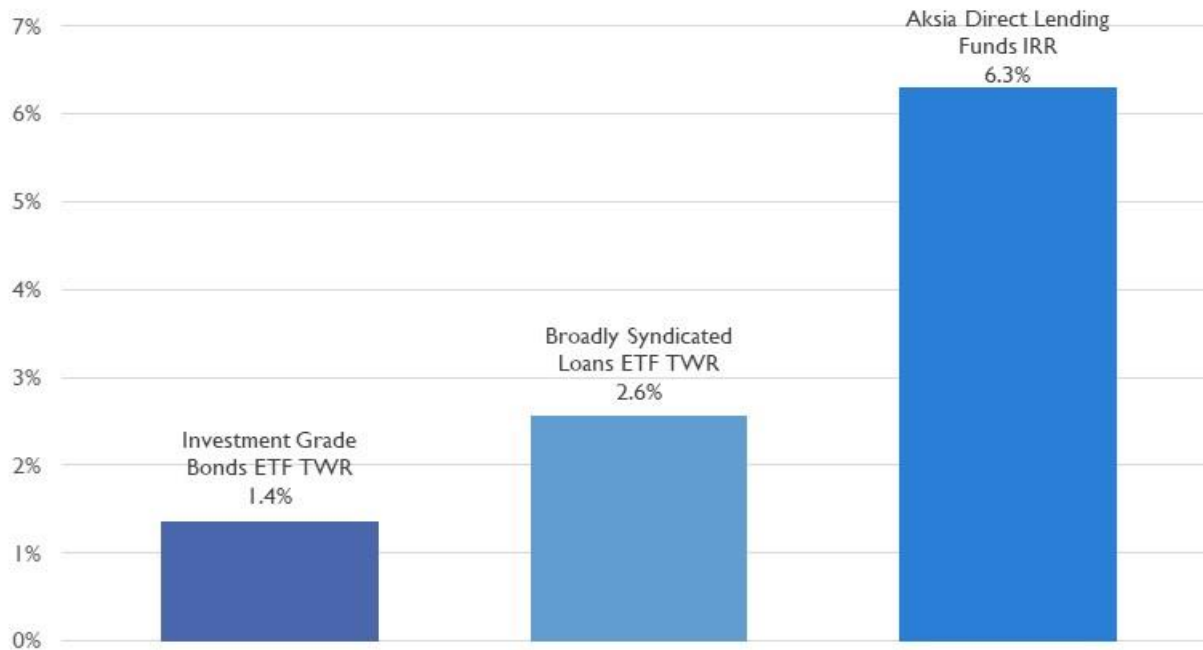


Direct Lending AUM Has Grown Relative To Buyouts But Remains Low In Proportion



Source: Preqin. *2022 figure is annualized based on data to September 2022.

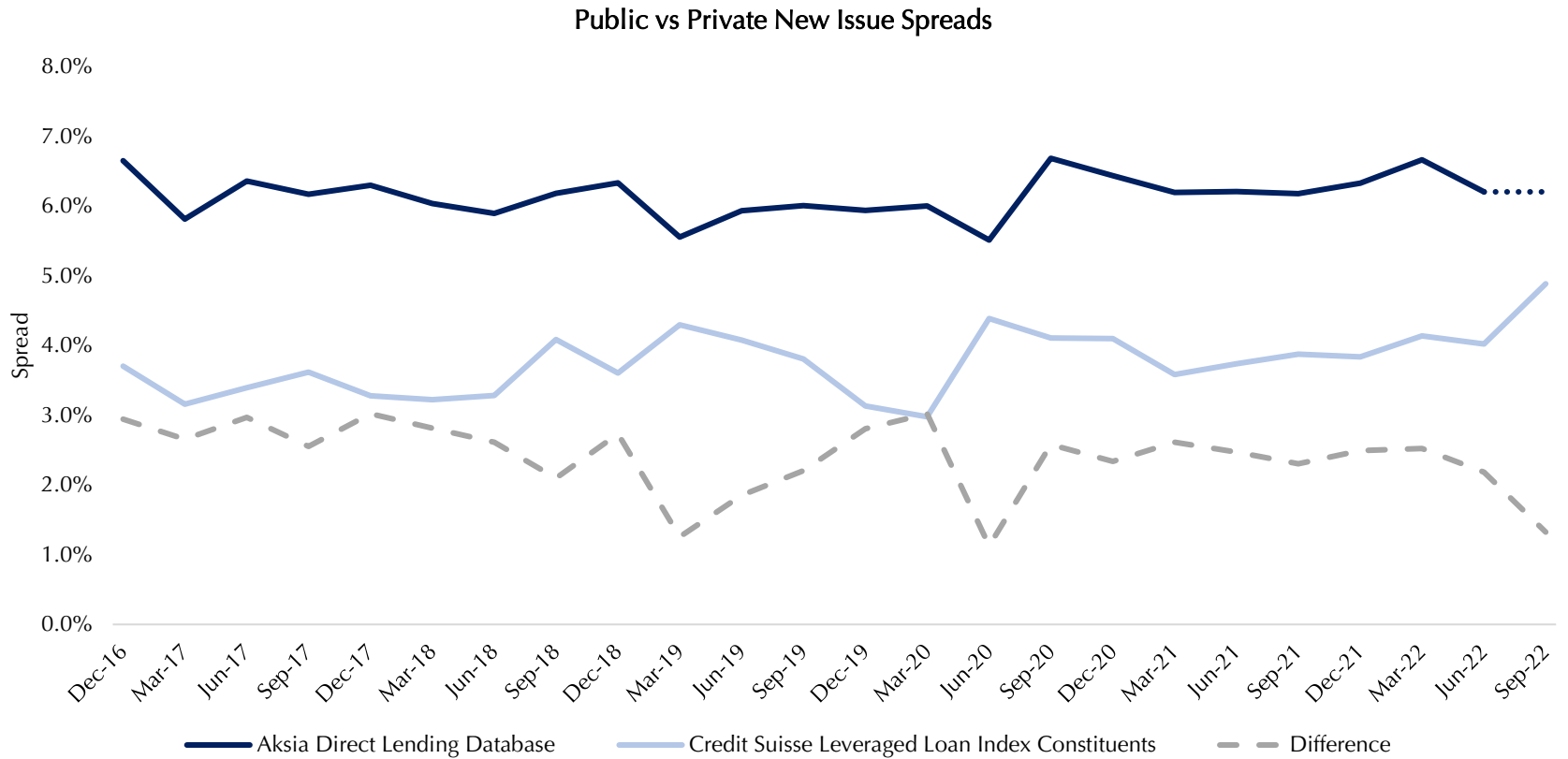
10-Year Performance



Past Performance is not indicative of future results.

Source: Aksia Performance Database, Direct lending funds IRR Figure, Bloomberg, as of June 30, 2023.

Private Loans Have Consistently Offered A Premium Over Public Loans And Bonds



		PC vs Private Equity	PC vs High Yield Bonds	PC vs Broadly Syndicated Loan	PC vs IG Corporate Bonds	PC vs Hedge Funds
Fees		+	-	-	-	+
Risk Characteristics	Capital Structure	+	+	N/A	-	N/A
	Covenants	N/A	+	+	+	N/A
	Fund Leverage	-	-	-	-	N/A
	Company Size	N/A	-	-	-	N/A
	Equity Market Correlation	N/A	N/A	N/A	N/A	-
Returns		-	+	+	+	+
Liquidity		+	-	-	-	-

Uncertain market conditions have spurred the need for higher income and asset class diversification.



Equity Market Volatility

- Low correlations to traditional risk assets
- Opportunities arise in dislocated markets
- Less reliance on rising valuations for returns



Rates

- liquidity premium has historically resulted in higher yields than similar public market debt
- Floating rates help mitigate the effects of rising rates and inflation



Credit Risk

- Secured through various types of collateral
- Less affected by short term market displacements in times of market stress
- Stronger lenders controls

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