



Board of Administration Agenda

REGULAR MEETING

TUESDAY, SEPTEMBER 22, 2020

TIME: 10:00 A.M.

MEETING LOCATION:

In conformity with the Governor's Executive Order N-29-20 (March 17, 2020) and due to the concerns over COVID-19, the LACERS Board of Administration's September 22, 2020, meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to <u>participate</u>: **Dial:** (669) 900-6833 or (346) 248-7799

Meeting ID# 988 9792 2607

Instructions for call-in participants:

- 1- Dial in and enter Meeting ID
- 2- Automatically enter virtual "Waiting Room"
- 3- Automatically enter Meeting
- 4- During Public Comment, press *9 to raise hand
- 5- Staff will call out the last 3-digits of your phone number to make your comment

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

Disclaimer to participants

Please be advised that all LACERS Board and Committee Meeting proceedings are audio recorded.

President: Cynthia M. Ruiz Vice President: Sung Won Sohn

Commissioners: Annie Chao

Elizabeth Lee Sandra Lee Nilza R. Serrano 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

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

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 ani.ghoukassian@lacers.org.

CLICK HERE TO ACCESS BOARD REPORTS

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD
- II. <u>APPROVAL OF MINUTES FOR THE REGULAR MEETING OF AUGUST 25, 2020 AND POSSIBLE BOARD ACTION</u>
- III. BOARD PRESIDENT VERBAL REPORT
- IV. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
- V. RECEIVE AND FILE ITEMS
 - A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR AUGUST 2020
- VI. COMMITTEE REPORT(S)
 - A. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF SEPTEMBER 8, 2020
- VII. INVESTMENTS
 - A. CHIEF INVESTMENT OFFICER VERBAL REPORT
 - B. <u>PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW</u>
 REPORT FOR THE QUARTER ENDING JUNE 30, 2020
 - C. CONSENT OF ASSIGNMENT OF BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC CONTRACT AND POSSIBLE BOARD ACTION
 - D. <u>NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN CERBERUS INSTITUTIONAL REAL ESTATE PARTNERS V, L.P.</u>
- VIII. DISABILITY RETIREMENT APPLICATION(S)
 - A. ADOPTION OF FINDINGS OF FACT FOR HAGOP TCHAKERIAN AND POSSIBLE BOARD ACTION
- IX. LEGAL/LITIGATION
 - A. <u>BOARD EDUCATION REGARDING REVISIONS TO FAIR POLITICAL PRACTICES</u>
 COMMISSION PUBLIC DISCLOSURE RULES

B. RESCISSION OF BOARD ACTION TO PUBLISH REQUEST FOR PROPOSALS FOR OUTSIDE SECURITIES MONITORING AND LITIGATION COUNSEL; APPROVAL OF ONE-YEAR EXTENSION OF SECURITIES MONITORING CONTRACTS WITH BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP AND BLEICHMAR FONTI & AULD LLP, AND POSSIBLE BOARD ACTION

X. BOARD/DEPARTMENT ADMINISTRATION

- A. LEGISLATIVE UPDATE OF SEPTEMBER 2020 AND POSSIBLE BOARD ACTION
- B. PROPOSED REVISION TO THE LACERS TRAVEL POLICY AND POSSIBLE BOARD ACTION
- C. REVIEW OF BOARD PROCEDURES ON OFFICER ELECTIONS AND POSSIBLE BOARD ACTION
- D. <u>ASSUMPTIONS FOR THE JUNE 30, 2020 RETIREE HEALTH ACTUARIAL VALUATION AND POSSIBLE BOARD ACTION</u>

XI. OTHER BUSINESS

XII. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, October 13, 2020 at 10:00 a.m. at LACERS, 977 N. Broadway, Suite 260, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while responding to public health concerns relating to the novel coronavirus continue.

XIII. ADJOURNMENT

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

In conformity with the Governor's Executive Order N-29-20 (March 17, 2020) and due to the concerns over COVID-19, the

LACERS Board of Administration's August 25, 2020, meeting was conducted via telephone and/or videoconferencing.

Agenda of: <u>Sept. 22, 2020</u>

Item No: II

August 25, 2020

10:00 a.m.

PRESENT via Zoom Meeting: President: Cynthia M. Ruiz

Vice President: Sung Won Sohn

Commissioners: Annie Chao

Elizabeth Lee Sandra Lee Nilza R. Serrano

Michael R. Wilkinson

Manager-Secretary: Neil M. Guglielmo

Legal Counselor: Anya Freedman

PRESENT at LACERS offices: 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 – THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT – PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD – President Ruiz asked if any persons wanted to make a general public comment to which there was no response.

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APPROVAL OF MINUTES FOR THE REGULAR MEETING OF JULY 28, 2020 AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the minutes for the Regular Meeting of July 28, 2020, with a minor change of Commissioner Elizabeth Lee's remarks during the General Manager Merit Pay discussion stating she was in support of giving the General Manager the full 5% raise as other City employees were given a COLA this year, seconded by Commissioner Elizabeth Lee,

and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.

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BOARD PRESIDENT VERBAL REPORT – President Ruiz thanked the Commissioners and staff for their patience during the virtual meetings.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS Neil M. Guglielmo, General Manager, advised the Board of the following items:
 - Update on City Separation Incentive Program
 - LAWA Separation Incentive Program retirements
 - LACERS YouTube stats
 - Planning for Retirement Seminars on Zoom
 - Spotlight on the Benefits Determination Unit, RSD
 - LACERS Well
 - HOK Design for 977 Broadway building
 - FY 19/20 Year End Financial Audit
 - Annual Retirement Eligibility Reports
 - September virtual All Staff Meeting
- B. UPCOMING AGENDA ITEMS Neil M. Guglielmo, General Manager, advised the Board on the following upcoming agenda items:
 - September Board Meeting: Invesco, Asset Manager for 977 Broadway will provide the 4th Quarter LACERS Headquarters report

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RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JULY 2020 This report was received by the Board and filed.
- B. LACERS MEMBERS APPEAL PROCESS After discussion with the Commissioners and staff, this report was received by the Board and filed.

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COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE SPECIAL MEETING OF AUGUST 11, 2020 – Committee Chair Sohn stated the Committee approved the termination of an Investment Manager contract with Aegon USA Investment Management LLC, received the Annual Report on LACERS Emerging Investment Manager Program, and approved updates to the Investment Policy Manual.
- B. INVESTMENT COMMITTEE VERBAL REPORT ON THE SPECIAL MEETING OF AUGUST 19, 2020 Committee Chair Sohn stated the Committee were presented with the finalist firms of the Emerging Market Debt Investment Manager Search and their recommendation will be presented to the full Board for approval.
- C. GOVERNANCE COMMITTEE VERBAL REPORT ON THE MEETING OF AUGUST 25, 2020 Committee Chair Serrano stated the Committee recommended the Board procedures on Officer elections be referred to the full Board for consideration, approved and moved forward the proposed revision to the LACERS travel expense reimbursement policy, and approved the proposed amendments to the LACERS proxy voting policy.

VII

BOARD/DEPARTMENT ADMINISTRATION

A. GENERAL MANAGER DESIGNEE SIGNATURE AUTHORITY AND POSSIBLE BOARD ACTION – Commissioner Wilkinson moved approval of the following Resolution:

SIGNATURE AUTHORITY FOR GENERAL MANAGER DESIGNEES

RESOLUTION 200825-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 he is 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.

A. Department Head or Designees – 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.

	Name	Title	Signature
Dept Head:	Neil M. Guglielmo	General Manager	
Designee 1:	Lita Payne	Assistant General Manager	
Designee 2:	Todd Bouey	Assistant General Manager	
Designee 3:	Dale Wong-Nguyen	Chief Benefits Analyst	

B. Chief Accounting Employees or Designees – for the withdrawal of money from any fund of any department created by the Charter under the control and management of a board of commissioners.

	Name	Title	Signature
Main:	Mikyong Jang	Dept Chief Accountant IV	
Designee 1:	Jo Ann Peralta	Principal Accountant II	
Designee 2:	Lilian Buranabul	Senior Accountant II	

^{*} Note: Designees may only sign documents when the CAE is unavailable or absent.

C. Financial and Accounting Document Approvers – for the review, receipt, approval, and signing of financial and accounting documents. This includes the responsibility to review, verify and certify that transactions/information on the document has been checked, received, and are valid. On invoices, this is usually the first signatory as the reviewer/verifier of the invoice.

	Name	Title	Signature
Main:	Mikyong Jang	Dept Chief Accountant IV	
Main:	Dale Wong-Nguyen	Chief Benefits Analyst	
Main:	Alex Rabrenovich	Chief Benefits Analyst	
Main:	Karen Freire	Chief Benefits Analyst	
Main:	Thomas Ma	Information Systems Manager II	
Main:	Rodney June	Chief investment Officer	
Main:	Lin Lin	Departmental Personnel Director	
Main:	Oyewole Rahoof	Departmental Audit Manager	
Designee 1:	Jo Ann Peralta	Principal Accountant II	
Designee 2:	Lilian Buranabul	Senior Accountant II	

Designee 3:	Ann Seals	Senior Management Analyst II	
Designee 4:	Ferralyn Sneed	Senior Management Analyst II	
Designee 5:	Isaias Cantu	Senior Management Analyst II	
Designee 6:	Edeliza Fang	Senior Management Analyst II	
Designee 7:	Edwin Avanessian	Senior Management Analyst II	
Designee 8:	Lauren McCall	Senior Management Analyst II	
Designee 9:	Bruce Bernal	Senior Benefits Analyst II	
Designee 10:	Bryan Fujita	Investment Officer III	
Designee 11:	Wilkin Ly	Investment Officer III	
Designee 12:	Taneda Larios	Senior Management Analyst II	
Designee 13:	Elizabeth Torres	Senior Personnel Analyst I	
Designee 14:	Charlena Freeman	Acting Senior Personnel Analyst I	
Designee 15:	Melanie Rejuso	Internal Auditor IV	

D. Receiver of Goods – for the receivers of goods purchased by the department.

	Name	Title	Signature
Main:	Isaias Cantu	Senior Management Analyst II	
Designee 1:	John Koontz	Senior Management Analyst I	
Designee 2:	Horacio Arroyo	Senior Management Analyst I	
Designee 3:	Dan Goto	Management Analyst	
Designee 4:	Julie Guan	Management Analyst	
Designee 5:	Kristen Szanto	Acting Management Analyst	
Designee 6:	Rosa Velasco	Senior Administrative Clerk	

E. Approvers of Invoices – This section pertains to the assigned employees authorized as approvers of invoices. This is approval for the release of funds, including sufficient budget for this expense. This is indicated as the second signatory on the invoice.

	Name	Title	Signature
Main:	Neil M. Guglielmo	General Manager	

Designee 1:	Lita Payne	Assistant General Manager	
Designee 2:	Todd Bouey	Assistant General Manager	
Designee 3:	Dale Wong-Nguyen	Chief Benefits Analyst	
Designee 4:	Mikyong Jang	Dept Chief Accountant IV	
Designee 5:	Alex Rabrenovich	Chief Benefits Analyst	
Designee 6:	Karen Freire	Chief Benefits Analyst	
Designee 7:	Thomas Ma	Information Systems Manager II	
Designee 8:	Rodney June	Chief investment Officer	
Designee 9:	Lin Lin	Departmental Personnel Director	
Designee 10:	Oyewole Rahoof	Departmental Audit Manager	

F. Paymaster – for the employees that are authorized to pick up payroll, warrants, direct deposit mailers, will call checks, and personal and confidential mail from the Paymaster Section of the Office of the Controller.

	Name	Title	Signature
Main:	Rosa Velasco	Senior Administrative Clerk	
Designee 1:	Angie Ng	Administrative Clerk	
Designee 2:	Callan Mori	Administrative Clerk	
Designee 3:	Giovanni Gonzalez	Administrative Clerk	

G. Payroll – for the assigned employees authorized to approve PAYSR, Access Request Forms including Form 41, Time Reporting, Payroll, Retro, D-Time, Employee Work History (EWH), Confidential Access and Online Direct Deposit (ODD).

	Name	Title	Signature
Main:	Mikyong Jang	Dept Chief Accountant IV	
Designee 1:	Jo Ann Peralta	Principal Accountant II	

H. Purchasing Card – for the employees designated as Department Purchasing Card Coordinators.

	Name	Title	Signature
Main:	Lilian Buranabul	Senior Accountant II	
Designee 1:	Eric Sanchez	Accountant	

Designee 2:	Justin Lam	Accountant	
Designee 3:	Thomas Ma	Information Systems Manager II	
Designee 4:	Ferralyn M. Sneed	Senior Management Analyst II	
Designee 5:	Heather Ramirez	Senior Management Analyst I	
Designee 6:	Daniel Goto	Management Analyst	
Designee 7:	Julie Guan	Management Analyst	
Designee 8:	Rosa Velasco	Senior Administrative Clerk	

I. Elan Emergency Card – for the employees designated as Department Elan Emergency Card Holders.

	Name	Title	Signature
Main:	Todd Bouey	Assistant General Manager	
Designee 1:	Thomas Ma	Information Systems Manager	
Designee 2:	John Koontz	Senior Management Analyst I	

J. Travel – for the employees designated as Department Travel Coordinators and/or authorized to sign travel-related documents.

	Name	Title	Signature
Main:	Lilian Buranabul	Senior Accountant II	
Designee 1:	Eric Sanchez	Accountant	
Designee 2:	Justin Lam	Accountant	

K. CalTravelStore Approvers – for release of "Blocks" on City account (e.g. business class bookings):

	Name	Title	Signature
Main:	Lita Payne	Assistant General Manager	
Designee 1:	Todd Bouey	Assistant General Manager	
Designee 2:	Dale Wong-Nguyen	Chief Benefits Analyst	
Designee 3:	Mikyong Jang	Dept Chief Accountant IV	

L. Petty Cash – for the employees authorized signatories to approve the distribution of petty cash.

	Name	Title	Signature
Main:	Neil M. Guglielmo	General Manager	
Designee 1:	Lita Payne	Assistant General Manager	
Designee 2:	Todd Bouey	Assistant General Manager	
Designee 3:	Dale Wong-Nguyen	Chief Benefits Analyst	
Designee 4:	Mikyong Jang	Dept Chief Accountant IV	

M. Petty Cash – for the employees designated to perform the function of custodians and supervisors for petty cash.

Division: Fiscal Management Division

Amount: \$5,000

Location: General Accounting

	Name	Title	Signature
Main:	Mikyong Jang	Dept Chief Accountant IV	
Designee 1:	Jo Ann Peralta	Principal Accountant II	
Designee 2:	Lilian Buranabul	Senior Accountant II	
Designee 3:	Eric Sanchez	Accountant	

N. Chief Benefits Analyst of Administration Division – for the approval of: 1) expenditures authorized in the budget for the Administration Division; 2) service purchase contracts, certifications of service, and related Service Purchase Section Member transactions; 3) funding requests for building expenditures authorized by the Board in the Capital and Operating Budgets for 977 North Broadway. Designee 1 of the Chief Benefits Analyst is authorized to approve items 1 and 3. Designee 2 is authorized to approve items 1 and 2.

	Name	Title	Signature
Main:	Dale Wong-Nguyen	Chief Benefits Analyst	
Designee 1:	Isaias Cantu	Senior Management Analyst II	
Designee 2:	Edeliza Fang	Senior Management Analyst II	

O. Chief Benefits Analyst of Health Benefits and Wellness Division – for the approval of benefit payments and related transactions; and approval of expenditures authorized in the budget for the Health Benefits and Wellness Division.

Name Title Signature

Main:	Alex Rabrenovich	Chief Benefits Analyst	
Designee 1:	Bruce Bernal	Senior Benefits Analyst II	

P. Chief Benefits Analyst of Retirement Services Division – for the approval of benefit payments and related transactions; and approval of expenditures authorized in the budget for the Retirement Services Division. The Chief Benefits Analyst may delegate to the Senior Management Analyst IIs in the Retirement Services Division the approval of expenditures within the established thresholds specified in the memorandum submitted to the Chief Accounting Employee of LACERS.

	Name	Title	Signature
Main:	Karen Freire	Chief Benefits Analyst	
Designee 1:	Ann Seals	Senior Management Analyst II	
Designee 2:	Ferralyn Sneed	Senior Management Analyst II	

Q. Information Systems Manager – for the approval of expenditures within the System Division's approved budget.

	Name	Title	Signature
Main:	Thomas Ma	Information Systems Manager	

R. 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 Investment Division's approved budget.

	Name	Title	Signature
Main:	Rodney June	Chief investment Officer	
Designee 1:	Bryan Fujita	Investment Officer III	
Designee 2:	Wilkin Ly	Investment Officer III	

S. Member Engagement Manager – for the approval of expenditures within the Member Engagement Division's approved budget.

	Name	Title	Signature
Main:	Lita Payne	Assistant General Manager	
Designee 1:	Taneda Larios	Senior Management Analyst II	

T. Departmental Personnel Director – for the approval of expenditures within the Human Resources Division's approved budget.

	Name	Title	Signature
Main:	Lin Lin	Departmental Personnel Director	
Designee 1:	Elizabeth Torres	Senior Personnel Analyst	
Designee 2:	Charlena Freeman	Acting Senior Personnel Analyst I	

U. Internal Audit – for the approval of expenditures within the Internal Audit Division's approved budget.

	Name	Title	Signature
Mail:	Oyewole Rahoof	Departmental Audit Manager	
Designee 1:	Melanie Rejuso	Internal Auditor IV	

Which motion was seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.

VIII

BENEFITS ADMINISTRATION

A. 2021 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE BOARD ACTION – Bruce Bernal, Senior Benefits Analyst II with Health Benefits and Wellness Division, presented this item to the Board. Commissioner Serrano moved approval of the following Resolution:

MAXIMUM HEALTH PLAN SUBSIDIES AND REIMBURSEMENT AMOUNTS FOR PLAN YEAR 2021

RESOLUTION 200825-B

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 what 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 11, 2020, the Benefits Administration Committee approved forwarding staff's recommended maximum medical plan premium subsidy, reimbursement amounts, and dental subsidy;

WHEREAS, on August 25, 2020, the Board of Administration approved the Committee's recommendations;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration hereby adopts the following 2021 health benefit subsidies and reimbursements:

Benefit Type	Tier 1 Retired Before July 1, 2011 "Discretionary"	Tier 1 Retired After July 1, 2011 "Vested"	Tier 3
Retiree Medical Subsidy, <65/Medicare Part B	\$1,790.80	\$1,790.80	-
Retiree MPRP Reimbursement, <65/Medicare Part B	\$1,790.80	\$1,790.80	-
Retiree MPRP Reimbursement, Medicare Parts A and B	\$564.92	\$564.92	\$564.92
Retiree Dental Subsidy	\$44.60	\$44.60	\$44.60

Which motion was seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT Rod June, Chief Investment Officer, reported on the portfolio value at \$19.53 billion as of August 24, 2020. Mr. June discussed the following items:
 - Lebanon's economic situation, and not the recent explosion, was the cause of the decrease in value of the Lebanese government bonds held in the PGIM, LLC
 - News regarding Robert Smith of Vista Equity Partners and federal tax investigation; staff continues to monitor the situation
 - News regarding Leon Black of Apollo Global Management and alleged connection with Jeffrey Epstein; staff continues to monitor the situation
 - Girls Who Invest roundtable with PIMCO interns on August 26, 2020
 - Upcoming agenda items: Finalist firms for Emerging Market Debt Investment Manager Search
- B. INVESTMENT MANAGER CONTRACT WITH AEGON USA INVESTMENT MANAGEMENT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. HIGH YIELD FIXED INCOME PORTFOLIO AND POSSIBLE BOARD ACTION Commissioner Serrano moved approval of the following Resolution:

CONTRACT TERMINATION AEGON USA INVESTMENT MANAGEMENT, LLC ACTIVE U.S. HIGH YIELD FIXED INCOME PORTFOLIO MANAGEMENT

RESOLUTION 200825-C

WHEREAS, LACERS' current one-year contract extension with Aegon USA Investment Management, LLC (Aegon) for active U.S. high yield fixed income portfolio management expires on March 31, 2021; and,

WHEREAS, Aegon rebid for its high yield fixed income mandate under the 2019 High Yield Fixed Income and Hybrid High Yield Fixed Income/U.S. Floating Rate Bank Loan Mandate Search and was selected as one of three finalist candidates; and,

WHEREAS, the Investment Committee interviewed the finalist firms and determined not to advance Aegon for Board consideration and contract award; and,

WHEREAS, the Board awarded the contracts for the high yield and the hybrid strategies to Loomis, Sayles & Company, L.P. (Loomis) and DDJ Capital Management, LLC (DDJ), respectively, with the understanding that Aegon's current mandate would be terminated; and,

WHEREAS, on August 25, 2020, the Board approved the Investment Committee's recommendation to terminate the contract with Aegon in order to allow staff to initiate the 30-day written notice of termination clause and prepare for the transition of Aegon's assets to fund the Loomis and DDJ strategies.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the termination of the Aegon contract and authorizes LACERS staff to redeploy Aegon's assets to fund the high yield and the hybrid high yield/bank loan mandates awarded to Loomis and DDJ, respectively.

Which motion was seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.

- C. INVESTMENT POLICY MANUAL REVIEW AND POSSIBLE BOARD ACTION Rod June, Chief Investment Officer and Eduardo Park, Investment Officer II, presented this item to the Board. Commissioner Serrano moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.
- D. NOTIFICATION OF COMMITMENT OF UP TO \$20 MILLION IN OCEANSOUND PARTNERS FUND, LP This report was received by the Board and filed.
- E. NOTIFICATION OF COMMITMENT OF UP TO \$30 MILLION IN THOMA BRAVO FUND XIV, L.P. This report was received by the Board and filed.
- F. NOTIFICATION OF COMMITMENT OF UP TO \$20 MILLION IN THOMA BRAVO DISCOVER FUND III, L.P. This report was received by the Board and filed.
- G. NOTIFICATION OF COMMITMENT OF UP TO \$10 MILLION IN THOMA BRAVO EXPLORE FUND, L.P. This report was received by the Board and filed.
- H. NOTIFICATION OF COMMITMENT OF UP TO €45.83 MILLION (APPROXIMATELY \$50 MILLION) IN CVC CAPITAL PARTNERS VIII, L.P. This report was received by the Board and filed.
- I. NOTIFICATION OF COMMITMENT OF UP TO €35.24 MILLION (APPROXIMATELY \$40 MILLION) IN VITRUVIAN INVESTMENT PARTNERSHIP IV This report was received by the Board and filed.
- J. CONTINUED DISCUSSION OF IMPLEMENTATION OF PRIVATE EQUITY INVESTMENT MANAGEMENT CO-INVESTMENTS AND SECONDARIES David Fann, President and Jeff Goldberger, Senior Vice President with Aksia TorreyCove Partners LLC presented and discussed this education with the Board for 30 minutes.

Χ

LEGAL/LITIGATION

A. APPROVAL OF REQUEST FOR PROPOSALS FOR OUTSIDE SECURITIES MONITORING AND LITIGATION COUNSEL AND POSSIBLE BOARD ACTION – Commissioner Elizabeth Lee moved approval, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.

President Ruiz recessed the	Regular Meeting at 11:	30 a.m. to convene ir	Closed Session

ΧI

DISABILITY RETIREMENT APPLICATION(S)

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

President Ruiz reconvened the Regular Meeting at 11:34 a.m. and announced that the Board unanimously approved the Disability Retirement Application of Glen Asti.

XII

OTHER BUSINESS – Commissioner Serrano stated the Board did not hear the education on Co-Investments during the discussion of Item IX-J on the agenda. She requested this item be included on a future agenda. Commissioner Elizabeth Lee requested the policies related to Co-Investments.

XIII

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, September 8, 2020 at 10:00 a.m. in the LACERS, 977 N. Broadway, Suite 260, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while public health concerns relating to the novel coronavirus continue.

XIV

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting at 11:40 a.m.

	Cynthia M. Ruiz President
	President
	riodidone
Joil M. Gualialma	

Neil M. Guglielmo Manager-Secretary

Agenda of: SEPT. 22, 2020

Item No: V-A

MONTHLY REPORT ON SEMINARS AND CONFERENCES ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS (FOR THE MONTH OF AUGUST 2020)

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

BOARD MEMBER:

President Cynthia M. Ruiz Vice President Sung Won Sohn

Commissioner Annie Chao Commissioner Elizabeth Lee Commissioner Sandra Lee Commissioner Nilza R. Serrano Commissioner Michael R. Wilkinson

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

BOARD Meeting: 09/22/20 Item VII-B

PORTFOLIO PERFORMANCE REVIEW

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM



Quarter Ending June 30, 2020



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Appendix U.S. Equity Manager Performance Non-U.S. Manager Performance Core Fixed Income Manager Performance Credit Opportunities Manager Performance Real Assets Manager Performance Market Environment Definitions Disclosures	



BOARD Meeting: 09/22/20 Item VII-B

EXECUTIVE SUMMARY

PERFORMANCE OVERVIEW

Q2 Market Summary – Risk Assets Rallied Significantly



	Market Value	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	10 Yrs	Rank	15 Yrs	Rank	Inception	Inception Date
LACERS Master Trust	\$17,688,591,959	10.13%	53	-4.39%	58	1.24%	48	5.49%	30	5.98%	30	8.71%	19	6.73%	16	7.94%	Oct-94
Policy Index		13.76%	8	-2.71%	16	4.01%	8	6.51%	11	6.64%	11	9.01%	11	6.78%	14	8.00%	Oct-94
InvMetrics Public DB \$1-50B Gross Median		10.23%		-4.15%		1.20%		4.93%		5.46%		7.77%		6.11%		7.58%	Oct-94

Note: Performance is gross of fees

Risk assets rallied significantly as global fiscal and monetary stimulus buoys markets

• The U.S. Equity composite underperformed due to manager selection and the Non-U.S. Equity composite outperformed due to manager selection.

Credit spreads declined since March reflecting the Fed's involvement in credit markets and debt issuance set monthly records

• The Core Fixed Income composite outperformed due to manager performance.

Gold rallied significantly during the quarter as real rates continued to decline. The increase reflects broad economic uncertainty about growth and inflation, despite unprecedented levels of monetary and fiscal stimulus.



BOARD Meeting: 09/22/20 Item VII-B

MARKET OUTLOOK

NEPC, LLC —

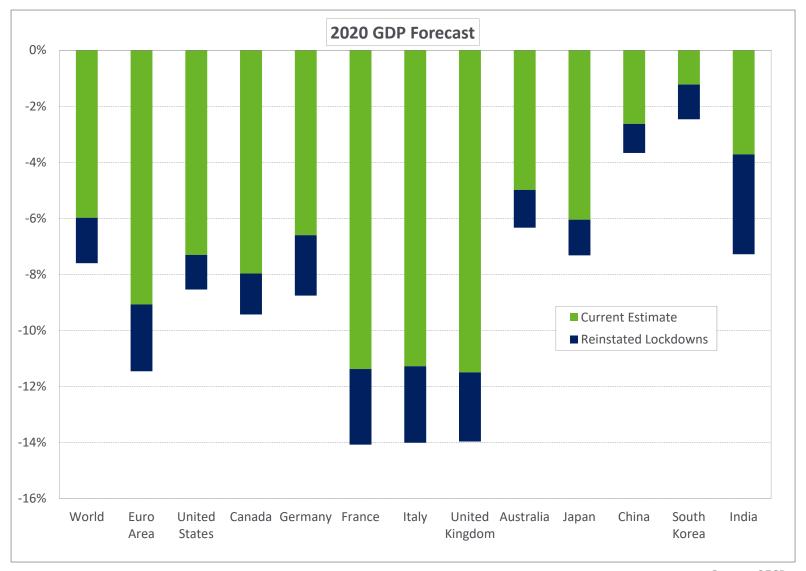
THE ECONOMIC BACKDROP IS CHALLENGED

Metric	12/31/19	03/31/20	06/30/20	Trend
S&P 500 CY 2020 Earnings Estimate	\$177.81	\$160.40	\$126.89	
US Real GDP (QoQ%)	2.1%	-5.0%	-33.4%*	myselvery
US CY 2020 Real GDP Growth Consensus	1.8%	-0.7%	-5.2%	
US Unemployment Rate	3.5%	4.4%	11.1%	
Continued Claims for Unemployment	1.7M	3.5M	19.1M	
Federal Reserve Balance Sheet as % of Nominal GDP	19.2%	24.4%	32.9%	





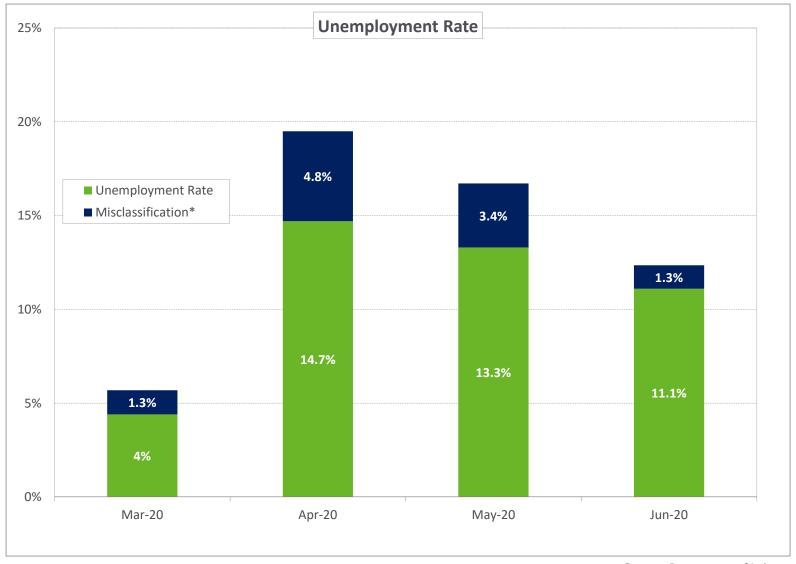
COVID WEIGHS ON GROWTH FORECASTS





Source: OECD The additional decline in economic growth from reinstated lockdowns represents a renewed outbreak of infections that forces economies to re-implement restrictions.

UNEMPLOYMENT MAY BE WORSE THAN REPORTED

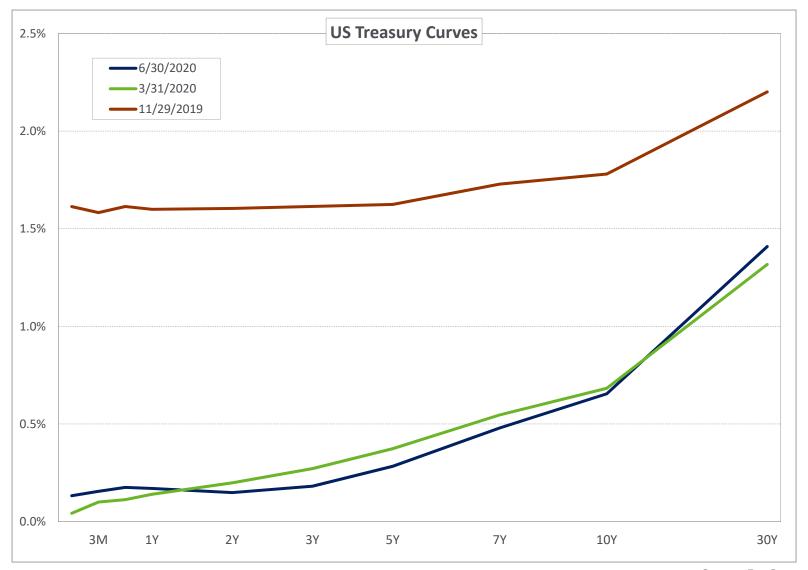




Misclassification* represents an estimate of "unemployed on temporary leave" mislabeled as "employed but absent from work"



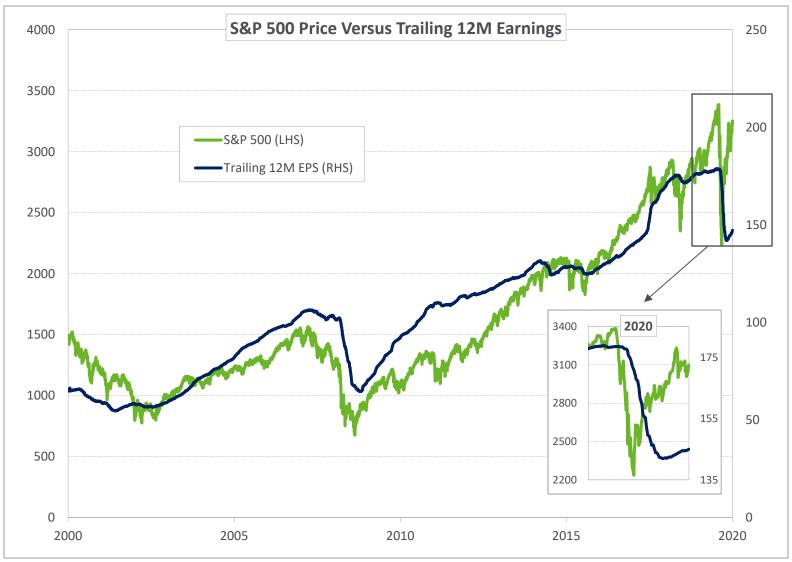
INTEREST RATES REFLECT ECONOMIC CONCERNS







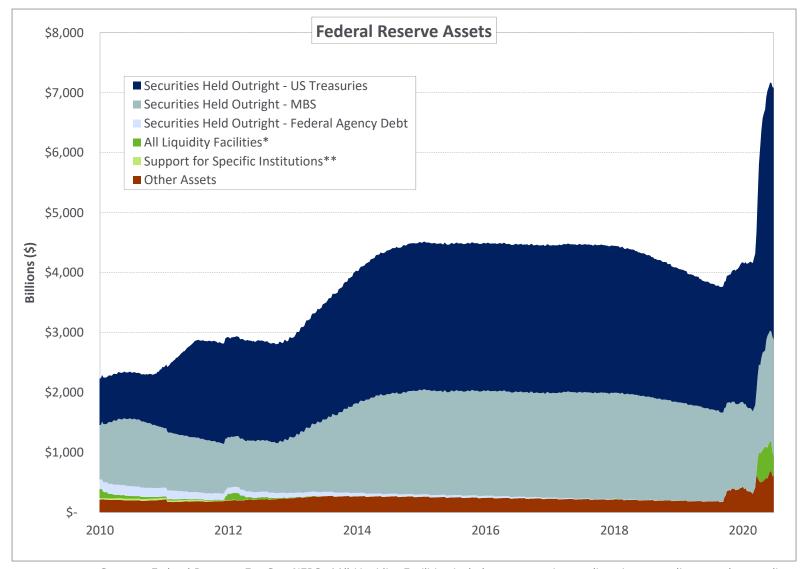
EQUITY PRICES DETACHED FROM FUNDAMENTALS





Source: S&P, FactSet Data as of 7/20/2020

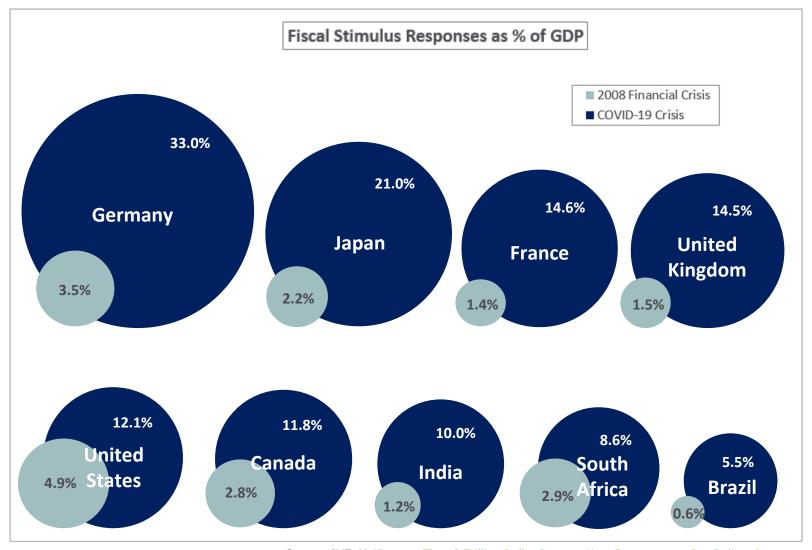
FED BALANCE SHEET GROWTH





Sources: Federal Reserve, FactSet, NEPC; *All Liquidity Facilities includes term auction credit, primary credit, secondary credit, seasonal credit, Primary Dealer Credit Facility, Asset-Backed Commercial Paper, Money Market Mutual Fund Liquidity Facility, and central bank liquidity swaps; **Support for Specific Institutions includes credit extended to AIG and Maiden Lane LLCs

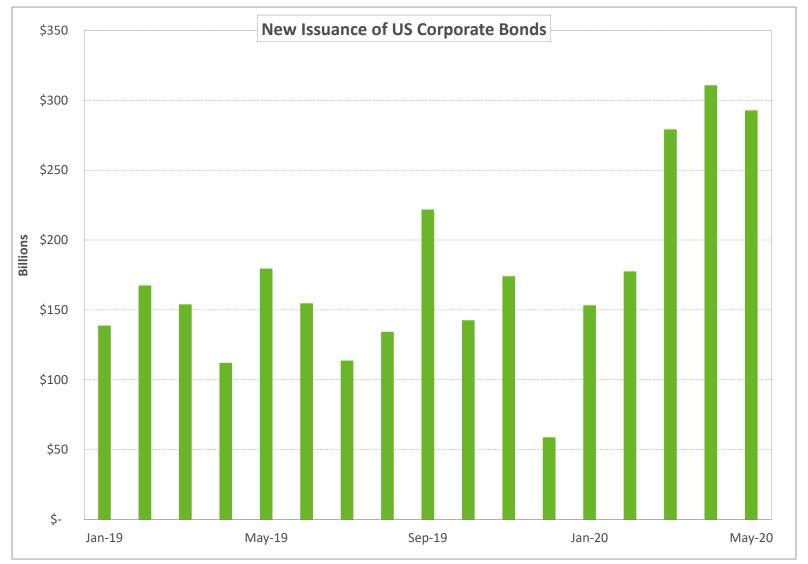
THE GLOBAL FISCAL STIMULUS PICTURE





Source: IMF, McKinsey – <u>The 10 Trillion Dollar Rescue: How Governments Can Deliver Impact</u>
COVID-19 Crisis includes 2019 GDP for calculations; 2008 Financial Crisis incorporates data
published by the IMF in March 2009 and includes discretionary measures announced for 2008-2010
China announced 4.5% Fiscal Stimulus in May, less than countries in chart

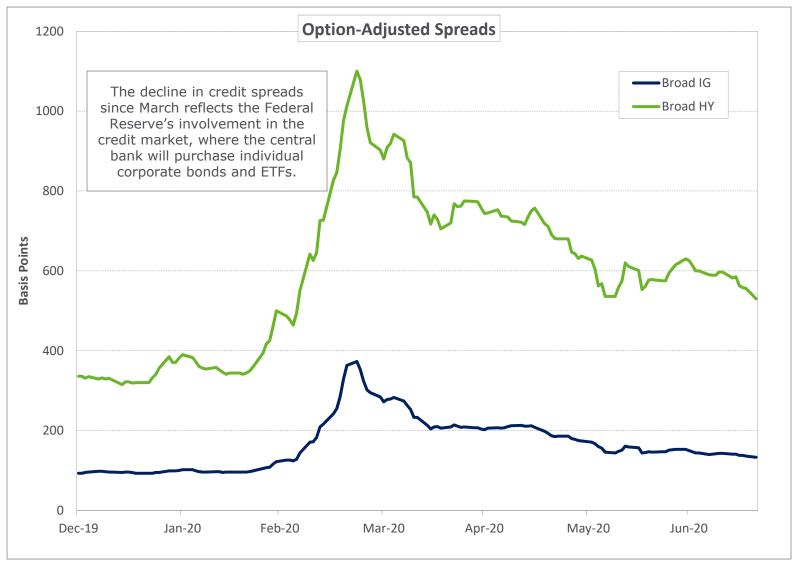
DEBT ISSUANCE SETTING MONTHLY RECORDS







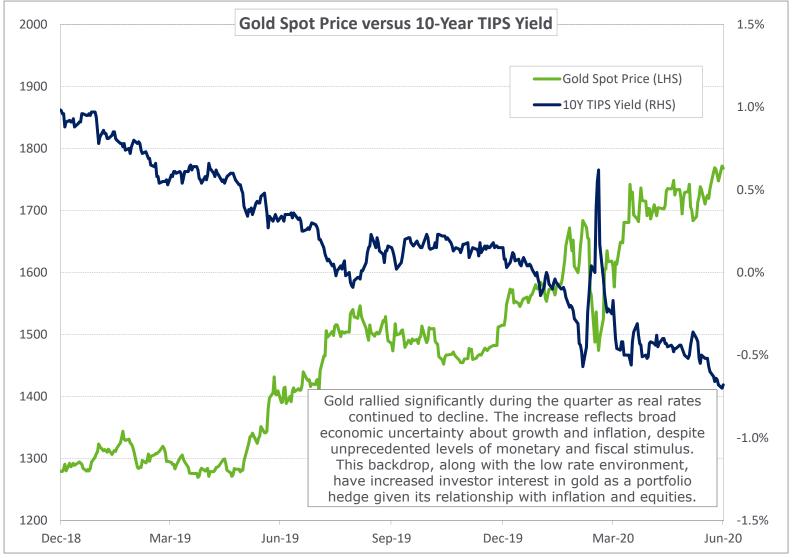
CREDIT SPREADS HAVE FALLEN SINCE MARCH







GOLD RALLIED AS REAL INTEREST RATES FELL





Source: FactSet

BOARD Meeting: 09/22/20

Item VII-B

ASSET CLASS POLICY OVERVIEW

NEPC, LLC -

Los Angeles City Employees' Retirement System

TOTAL FUND ASSET ALLOCATION VS. POLICY

Policy	Current
24.0%	24.4%
29.0%	29.0%
19.0%	16.7%
5.0%	5.7%
12.0%	11.2%
10.0%	11.3% 1.6%

Asset Allocation vs. Target										
	Current Policy Current Difference*					Within Range				
U.S. Equity	\$4,316,837,197	24.00%	24.40%	0.40%	19.00% - 29.00%	Yes				
Non-US Equity Core	\$5,126,848,577	29.00%	28.98%	-0.02%	24.00% - 34.00%	Yes				
Fixed Income	\$2,960,116,708	19.00%	16.73%	-2.27%	15.00% - 22.00%	Yes				
Credit Opportunities	\$1,008,113,988	5.00%	5.70%	0.70%	0.00% - 10.00%	Yes				
Private Equity	\$1,989,618,128	12.00%	11.25%	-0.75%		Yes				
Real Assets	\$2,004,127,555	10.00%	11.33%	1.33%	7.00% - 13.00%	Yes				
Cash	\$282,929,807	1.00%	1.60%	0.60%	0.00% - 2.00%	Yes				
Total	\$17,688,591,959	100.00%	100.00%							

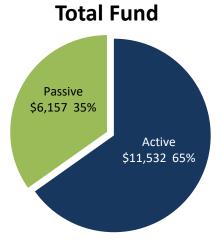
^{*}Difference between Policy and Current Allocation

Note: Policy Target Asset Allocation does not reflect the new target asset allocation adopted on April 10, 2018. Implementation of the new asset allocation is currently in progress.

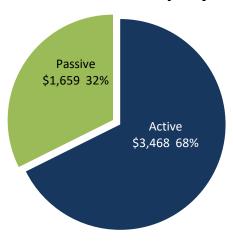


ACTIVE VS. PASSIVE MANAGER BREAKDOWN

Note: Market values shown in millions \$(000).



Non-U.S. Equity





Core Fixed Income



- LACERS allocated 65% to active managers and 35% to passive managers.
- Credit Opportunities, Private Equity, and Real Assets programs are active and therefore are not shown.

BOARD Meeting: 09/22/20

Item VII-B

PERFORMANCE OVERVIEW

NEPC, LLC -

BOARD Meeting: 09/22/20 Item VII-B

Los Angeles City Employees' Retirement System

TOTAL FUND PERFORMANCE SUMMARY (GROSS)

	Market Value	3 Mo	Rank	YTD	Rank	1 Yr	Rank	3 Yrs	Rank	5 Yrs	Rank	10 Yrs	Rank	15 Yrs	Rank	Inception	Inception Date
LACERS Master Trust	\$17,688,591,959	10.13%	53	-4.39%	58	1.24%	48	5.49%	30	5.98%	30	8.71%	19	6.73%	16	7.94%	Oct-94
Policy Index		13.76%	8	-2.71%	16	4.01%	8	6.51%	11	6.64%	11	9.01%	11	6.78%	14	8.00%	Oct-94
InvMetrics Public DB \$1-50B Gross Median		10.23%		-4.15%		1.20%		4.93%		5.46%		7.77%		6.11%		7.58%	Oct-94

Over the past five years, the Fund returned 5.98% underperforming the policy index by 0.66% and ranked in the 30^{th} percentile in the Public Funds \$1 Billion- \$50 Billion universe. The Fund's volatility was 8.49% and ranked in the 62^{nd} percentile over this period. The Fund's risk-adjusted performance, as measured by the Sharpe Ratio, ranks in the 38^{th} percentile in its peer group.

Over the past three years, the Fund returned 5.49% underperforming the policy index by 1.02% and ranked in the 30^{th} percentile in its peer group. The Fund's volatility ranks in the 55^{th} percentile and the three-year Sharpe Ratio of 0.40 ranks in the 39^{th} percentile.

In the one-year ended June 30, 2020, assets decreased from \$17.693 billion twelve months ago to \$17.688 billion. The Fund returned 1.24%, underperforming the policy index by 2.77% and ranked in the $48^{\rm th}$ percentile in its peer group.

All asset classes were within policy range as of June 30, 2020.

The InvMetrics Public Funds \$1 Billion- \$50 Billion Universe contains 79 observations for the period ending June 30, 2020.



5 Years Ending June 30, 2020								
	Annualized Return (%)	Rank	Annualized Standard Deviation	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
LACERS Master Trust	5.98%	30	8.49%	62	0.57	38	0.62	32
Policy Index	6.64%	11	9.89%	90	0.56	39	0.63	31
InvMetrics Public DB \$1-50B Gross Median	5.46%		8.26%		0.51		0.53	

3 Years Ending June 30, 2020								
	Annualized Return (%)	Rank	Annualized Standard Deviation	Rank	Sharpe Ratio	Rank	Sortino Ratio RF	Rank
LACERS Master Trust	5.49%	30	9.52%	55	0.40	39	0.42	33
Policy Index	6.51%	11	11.12%	90	0.44	29	0.48	21
InvMetrics Public DB \$1-50B Gross Median	4.93%		9.29%		0.36		0.37	



TOTAL FUND PERFORMANCE DETAIL (GROSS)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
LACERS Master Trust	17,688,591,959	100.00	10.13	-4.39	1.24	5.49	5.98	8.71	7.94	Oct-94
Policy Index			13.76	-2.71	4.01	<u>6.51</u>	6.64	9.01	8.00	Oct-94
Over/Under			-3.63	-1.68	-2.77	-1.02	-0.66	-0.30	-0.06	
U.S. Equity	4,316,837,197	24.40	21.56	-4.81	4.73	9.36	9.56	13.46	10.26	Oct-94
U.S. Equity Blend			<u>22.03</u>	<u>-3.48</u>	<u>6.53</u>	<u>10.04</u>	<u>10.03</u>	<u>13.72</u>	<u>9.30</u>	Oct-94
Over/Under			-0.47	-1.33	-1.80	-0.68	-0.47	-0.26	0.96	
Non-U.S. Equity	5,126,848,577	28.98	18.60	-10.20	-3.57	2.08	3.44	6.23	4.87	Nov-94
MSCI ACWI ex USA			<u>16.12</u>	<u>-11.00</u>	<u>-4.80</u>	<u>1.13</u>	<u>2.26</u>	<u>4.97</u>	<u>4.65</u>	Nov-94
Over/Under			2.48	0.80	1.23	0.95	1.18	1.26	0.22	
Core Fixed Income	2,960,116,708	16.73	4.08	6.74	9.38	5.64	4.69		4.11	Jul-12
Core Fixed Income Blend			<u>2.90</u>	<u>6.13</u>	<u>8.74</u>	<u>5.32</u>	<u>4.30</u>		<u>3.49</u>	Jul-12
Over/Under			1.18	0.61	0.64	0.32	0.39		0.62	
Credit Opportunities	1,008,113,988	5.70	12.03	-4.95	-1.12	3.19	4.45		4.81	Jun-13
Credit Opportunities Blend			<u>10.89</u>	<u>-3.43</u>	<u>0.20</u>	<u>3.44</u>	<u>4.99</u>		<u>5.18</u>	Jun-13
Over/Under			1.14	-1.52	-1.32	-0.25	-0.54		-0.37	
Real Assets	2,004,127,555	11.33	2.71	-1.81	0.82	4.16	5.02	7.66	6.11	Nov-94
CPI + 5% (Unadjusted)			<u>1.10</u>	<u>2.80</u>	<u>5.68</u>	<u>6.80</u>	<u>6.63</u>	<u>6.77</u>	<u>7.25</u>	Nov-94
Over/Under			1.61	-4.61	-4.86	-2.64	-1.61	0.89	-1.14	
Public Real Assets	1,196,757,429	6.77	6.13	-1.27	1.68	3.34	2.73		1.77	Jun-14
Public Real Assets Blend			<u>10.10</u>	<u>-4.02</u>	<u>-2.35</u>	<u>1.25</u>	<u>0.65</u>		<u>-0.77</u>	Jun-14
Over/Under			-3.97	2.75	4.03	2.09	2.08		2.54	
Private Real Estate	788,237,602	4.46	-2.16	-2.74	-0.46	4.91	7.03	9.04	6.64	Oct-94
Real Estate Blend			<u>-1.35</u>	<u>-0.20</u>	<u>3.04</u>	<u>6.51</u>	<u>8.16</u>	<u>10.84</u>	<u>9.59</u>	Oct-94
Over/Under			-0.81	-2.54	-3.50	-1.60	-1.13	-1.80	-2.95	
Private Equity	1,989,618,128	11.25	-9.57	-6.43	-4.18	7.36	7.97	10.97	9.89	Nov-95
Private Equity Blend			<u>22.87</u>	<u>-2.02</u>	<u>9.71</u>	<u>13.32</u>	<u>13.31</u>	<u>17.32</u>	<u>12.89</u>	Nov-95
Over/Under			-32.44	-4.41	-13.89	-5.96	-5.34	-6.35	-3.00	
Cash	282,929,807	1.60								



TOTAL FUND PERFORMANCE DETAIL (NET)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
LACERS Master Trust	17,688,591,959	100.00	10.09	-4.47	1.07	5.30	5.79	8.52	(1.7)	Oct-94
Policy Index			13.76	-2.71	4.01	6.51	6.64	9.01		Oct-94
Over/Under			-3.67	-1.76	-2.94	-1.21	-0.85	-0.49		
U.S. Equity	4,316,837,197	24.40	21.55	-4.83	4.68	9.30	9.49	13.31		Oct-94
U.S. Equity Blend			<u>22.03</u>	<u>-3.48</u>	<u>6.53</u>	<u>10.04</u>	<u>10.03</u>	<u>13.72</u>		Oct-94
Over/Under			-0.48	-1.35	-1.85	-0.74	-0.54	-0.41		
Non-U.S. Equity	5,126,848,577	28.98	18.51	-10.36	-3.91	1.71	3.07	5.87		Nov-94
MSCI ACWI ex USA			<u>16.12</u>	<u>-11.00</u>	<u>-4.80</u>	<u>1.13</u>	<u>2.26</u>	<u>4.97</u>		Nov-94
Over/Under			2.39	0.64	0.89	0.58	0.81	0.90		
Core Fixed Income	2,960,116,708	16.73	4.06	6.68	9.27	5.54	4.58		4.00	Jul-12
Core Fixed Income Blend			<u>2.90</u>	<u>6.13</u>	<u>8.74</u>	<u>5.32</u>	<u>4.30</u>		<u>3.49</u>	Jul-12
Over/Under			1.16	0.55	0.53	0.22	0.28		0.51	
Credit Opportunities	1,008,113,988	5.70	11.95	-5.09	-1.41	2.86	4.10		4.47	Jun-13
Credit Opportunities Blend			<u>10.89</u>	<u>-3.43</u>	<u>0.20</u>	<u>3.44</u>	<u>4.99</u>		<u>5.18</u>	Jun-13
Over/Under			1.06	-1.66	-1.61	-0.58	-0.89		-0.71	
Real Assets	2,004,127,555	11.33	2.67	-1.89	0.67	4.00	4.85	7.51		Nov-94
CPI + 5% (Unadjusted)			<u>1.10</u>	<u>2.80</u>	<u>5.68</u>	<u>6.80</u>	<u>6.63</u>	<u>6.77</u>		Nov-94
Over/Under			1.57	-4.69	-5.01	-2.80	-1.78	0.74		
Public Real Assets	1,196,757,429	6.77	6.08	-1.38	1.47	3.11	2.49		1.56	Jun-14
Public Real Assets Blend			<u>10.10</u>	<u>-4.02</u>	<u>-2.35</u>	<u>1.25</u>	<u>0.65</u>		<u>-0.77</u>	Jun-14
Over/Under			-4.02	2.64	3.82	1.86	1.84		2.33	
Private Real Estate	788,237,602	4.46	-2.18	-2.78	-0.55	4.83	6.94	8.94		Oct-94
Real Estate Blend			<u>-1.35</u>	<u>-0.20</u>	<u>3.04</u>	<u>6.51</u>	<u>8.16</u>	<u>10.84</u>		Oct-94
Over/Under			-0.83	-2.58	-3.59	-1.68	-1.22	-1.90		
Private Equity	1,989,618,128	11.25	- 9.57	-6.43	-4.18	7.36	7.98	10.98		Nov-95
Private Equity Blend			<u>22.87</u>	<u>-2.02</u>	<u>9.71</u>	<u>13.32</u>	<u>13.31</u>	<u>17.32</u>		Nov-95
Over/Under			-32.44	-4.41	-13.89	-5.96	-5.33	-6.34		
Cash	282,929,807	1.60								



TOTAL FUND RISK STATISTICS (NET)

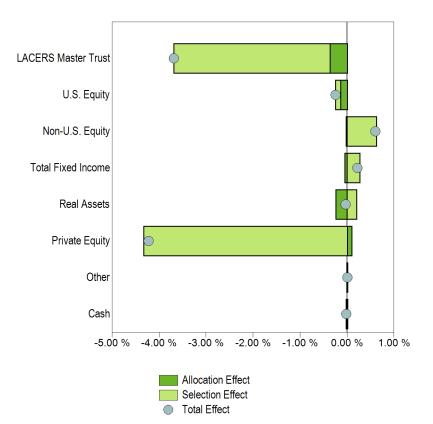
				3	Years Er	nding June 30,	2020						
	% of Total MV (%)	Annualized Return (%)	Rank	Annualized Standard Deviation	Rank	Annualized Alpha Jensen (%)	Rank	Information Ratio	Rank	Sortino Ratio RF	Rank	Tracking Error	Rank
LACERS Master Trust	100.00%	5.30%	38	9.53%	55	-0.49%	64	-0.63		0.40	39	1.92%	68
Total Equity	53.39%	5.11%	48	16.81%	65	-0.45%	48	-0.57		0.23	53	0.76%	9
U.S. Equity	24.40%	9.30%	33	17.88%	47	-0.83%	41	-1.11		0.48	33	0.67%	10
Non-U.S. Equity	28.98%	1.71%	42	16.56%	62	0.59%	31	0.44	27	0.00	42	1.31%	14
Developed ex-U.S.	21.90%	1.93%	48	16.31%	74	1.17%	45	0.53	39	0.02	48	2.10%	28
Emerging Markets	7.08%	0.81%	39	18.64%	51	-1.09%	43	-0.83		-0.06	39	1.31%	10
Core Fixed Income	16.73%	5.54%	12	3.25%	10	0.29%	17	0.36	7	2.67	16	0.60%	12
Credit Opportunities	5.70%	2.86%		10.25%		-0.80%		-0.36		0.09		1.63%	
Real Assets	11.33%	4.00%		3.44%		2.00%		-0.78		0.70		3.56%	
Public Real Assets	6.77%	3.11%		5.78%		1.70%		0.48		0.26		3.89%	
Private Real Estate	4.46%	4.83%	66	2.59%	56	3.66%	7	-0.40		1.30	66	4.21%	93
Private Equity	11.25%	7.36%	74	6.77%	33	7.66%	25	-0.28	-	0.90	78	21.53%	98

				5	Years Er	iding June 30,	2020						
	% of Total MV (%)	Annualized Return (%)	Rank	Annualized Standard Deviation	Rank	Annualized Alpha Jensen (%)	Rank	Information Ratio	Rank	Sortino Ratio RF	Rank	Tracking Error	Rank
LACERS Master Trust	100.00%	5.79%	34	8.50%	62	-0.05%	56	-0.50		0.60	34	1.68%	67
Total Equity	53.39%	5.99%	50	14.86%	62	-0.13%	37	-0.17		0.37	64	0.69%	10
U.S. Equity	24.40%	9.49%	32	15.51%	42	-0.62%	29	-0.81		0.60	29	0.68%	8
Non-U.S. Equity	28.98%	3.07%	33	15.13%	63	0.79%	33	0.64	9	0.16	34	1.26%	8
Developed ex-U.S.	21.90%	3.04%	45	14.89%	65	0.97%	45	0.52	34	0.16	45	1.89%	23
Emerging Markets	7.08%	2.25%	37	18.09%	87	-0.63%	48	-0.53		0.09	37	1.16%	1
Core Fixed Income	16.73%	4.58%	23	3.05%	11	0.36%	30	0.47	8	1.90	2	0.59%	17
Credit Opportunities	5.70%	4.10%		8.71%		-1.23%		-0.62		0.29		1.45%	
Real Assets	11.33%	4.85%		3.08%		0.58%		-0.58		1.35		3.06%	
Public Real Assets	6.77%	2.49%		5.27%		1.67%		0.55		0.32		3.37%	
Private Real Estate	4.46%	6.94%	64	2.44%	34	6.74%	7	-0.26		2.37	76	4.68%	95
Private Equity	11.25%	7.98%	72	5.68%	18	8.55%	23	-0.29		1.32	79	18.28%	98



TOTAL FUND ATTRIBUTION ANALYSIS (NET)

Attribution Effects 3 Months Ending June 30, 2020



Attribution Summary 3 Months Ending June 30, 2020							
	Policy Weight	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
U.S. Equity	24.00%	21.55%	22.03%	-0.48%	-0.11%	-0.13%	-0.24%
Non-U.S. Equity	29.00%	18.51%	16.12%	2.39%	0.63%	-0.02%	0.61%
Total Fixed Income	24.00%	5.66%	4.53%	1.13%	0.27%	0.00%	0.27%
Real Assets	10.00%	2.67%	1.10%	1.57%	0.21%	-0.25%	-0.04%
Private Equity	12.00%	-9.57%	22.88%	-32.45%	-4.38%	0.12%	-4.26%
Other	0.00%				0.01%	0.00%	0.01%
Cash	1.00%	0.13%	0.03%	0.10%	0.00%	-0.02%	-0.02%
Total	100.00%	10.10%	13.76%	-3.67%	-3.38%	-0.29%	-3.67%

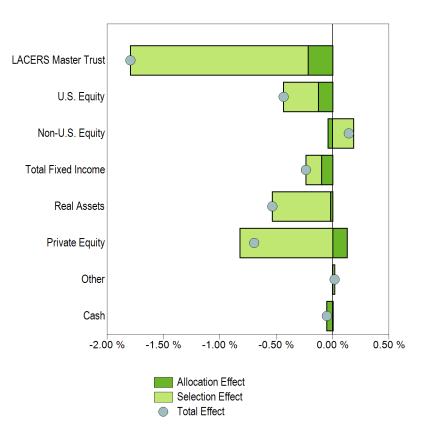
Wtd. = Weighted

Note: Policy Target Asset Allocation does not reflect the new target asset allocation adopted on April 10, 2018. Implementation of the new asset allocation is currently in progress.



TOTAL FUND ATTRIBUTION ANALYSIS (NET)

Attribution Effects YTD Ending June 30, 2020



Attribution Summary YTD Ending June 30, 2020							
	Policy V Weight	Vtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
U.S. Equity	24.00%	-4.83%	-3.48%	-1.35%	-0.31%	-0.11%	-0.42%
Non-U.S. Equity	29.00%	-10.36%	-11.00%	0.64%	0.19%	-0.04%	0.14%
Total Fixed Income	24.00%	3.73%	4.23%	-0.50%	-0.14%	-0.06%	-0.19%
Real Assets	10.00%	-1.89%	2.80%	-4.68%	-0.51%	-0.03%	-0.54%
Private Equity	12.00%	-6.43%	-2.02%	-4.40%	-0.86%	0.14%	-0.72%
Other	0.00%				0.02%	0.00%	0.02%
Cash	1.00%	0.50%	0.40%	0.10%	0.00%	-0.05%	-0.05%
Total	100.00%	-4.47%	-2.71%	-1.76%	-1.61%	-0.15%	-1.76%

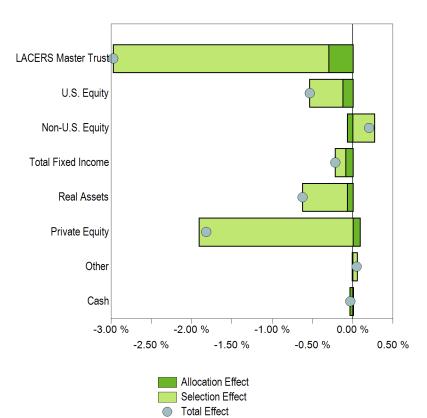
Wtd. = Weighted

Note: Policy Target Asset Allocation does not reflect the new target asset allocation adopted on April 10, 2018. Implementation of the new asset allocation is currently in progress.



TOTAL FUND ATTRIBUTION ANALYSIS (NET)

Attribution Effects 1 Year Ending June 30, 2020



Attribution Summary 1 Year Ending June 30, 2020							
	Policy W Weight	Vtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
U.S. Equity	24.00%	4.68%	6.53%	-1.85%	-0.41%	-0.11%	-0.52%
Non-U.S. Equity	29.00%	-3.91%	-4.80%	0.89%	0.27%	-0.06%	0.21%
Total Fixed Income	24.00%	6.64%	7.08%	-0.44%	-0.13%	-0.04%	-0.17%
Real Assets	10.00%	0.67%	5.68%	-5.01%	-0.55%	-0.07%	-0.63%
Private Equity	12.00%	-4.18%	9.71%	-13.89%	-1.95%	0.11%	-1.84%
Other	0.00%				0.05%	-0.01%	0.05%
Cash	1.00%	1.56%	1.30%	0.26%	0.00%	-0.03%	-0.03%
Total	100.00%	1.08%	4.01%	-2.93%	-2.71%	-0.22%	-2.93%

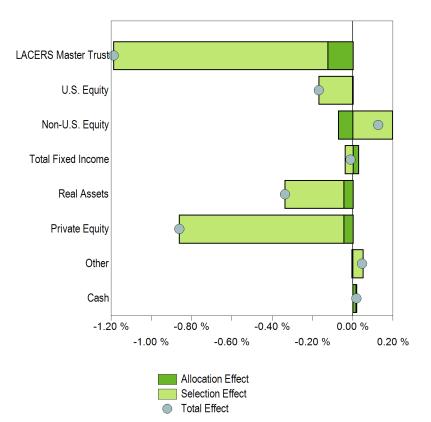
Wtd. = Weighted

Note: Policy Target Asset Allocation does not reflect the new target asset allocation adopted on April 10, 2018. Implementation of the new asset allocation is currently in progress.



TOTAL FUND ATTRIBUTION ANALYSIS (NET)

Attribution Effects 3 Years Ending June 30, 2020



Attribution Summary 3 Years Ending June 30, 2020							
	Policy W Weight	Vtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
U.S. Equity	24.00%	9.30%	10.04%	-0.75%	-0.17%	0.00%	-0.17%
Non-U.S. Equity	29.00%	1.71%	1.13%	0.57%	0.20%	-0.07%	0.13%
Total Fixed Income	24.00%	4.90%	5.00%	-0.10%	-0.04%	0.04%	0.00%
Real Assets	10.00%	4.00%	6.80%	-2.80%	-0.29%	-0.05%	-0.34%
Private Equity	12.00%	7.36%	13.32%	-5.96%	-0.82%	-0.04%	-0.87%
Other	0.00%				0.05%	0.00%	0.05%
Cash	1.00%	1.85%	1.66%	0.19%	0.00%	0.02%	0.02%
Total	100.00%	5.33%	6.51%	-1.18%	-1.07%	-0.11%	-1.18%

Wtd. = Weighted

Note: Policy Target Asset Allocation does not reflect the new target asset allocation adopted on April 10, 2018. Implementation of the new asset allocation is currently in progress.



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PRIVATE MARKETS PERFORMANCE AS OF MARCH 31, 2020

Private Equity	10 Year IRR	Since Inception IRR	Since Inception Multiple
Aggregate Portfolio	11.1%	10.5%	1.48x
Core Portfolio	11.7%	11.0%	1.50x
Specialized Portfolio	3.9%	1.8%	1.12x
Russell 3000 + 300 bps	13.1%	13.3%	N/A

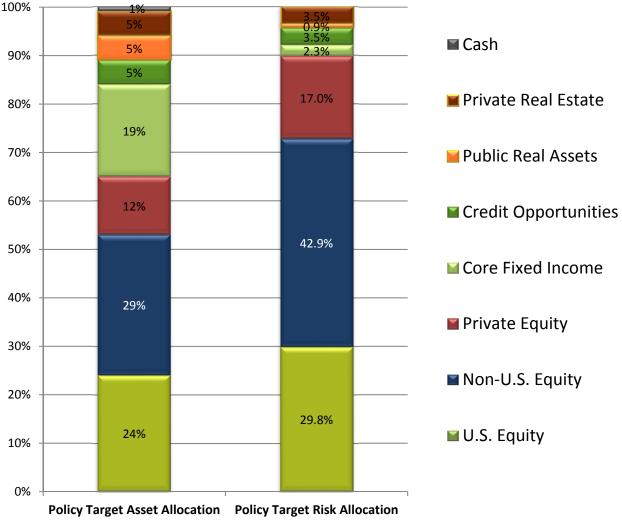
Real Estate	10 Year Return (Net)	Since Inception Return (Net)
Total Portfolio (TWR) ¹	9.28%	5.92%
NFI-ODCE + 80 basis points (TWR)	10.42%	7.07%

Note: The Total Value to Paid-In Ratio (TVPI) is a multiple that relates the current value of the private equity portfolio plus all distributions received to date with the total amount of capital contributed.

1 - IRR is not available for the Real Estate portfolio and therefore only time weighted returns (TWR) are reported.



TOTAL FUND RISK ALLOCATION - ASSET ALLOCATION VS. RISK ALLOCATION



- Public and Private Equity policy target asset allocation is 65%; accounts for 89.7% of the policy target portfolio risk.
- Core Fixed Income and Credit Opportunities policy allocation is 24%, accounting for 5.8% of the policy target portfolio risk.
- Real Assets (Private Real Estate and Pubic Real Assets) policy allocation is 10%, accounting for 4.4% of policy target portfolio risk.

Note: Policy Target Asset Allocation does not reflect the new target asset allocation adopted on April 10, 2018. Implementation of the new asset allocation is currently in progress.



PUBLIC MARKETS RISK BUDGET COMPARISON AS OF JUNE 30, 2020

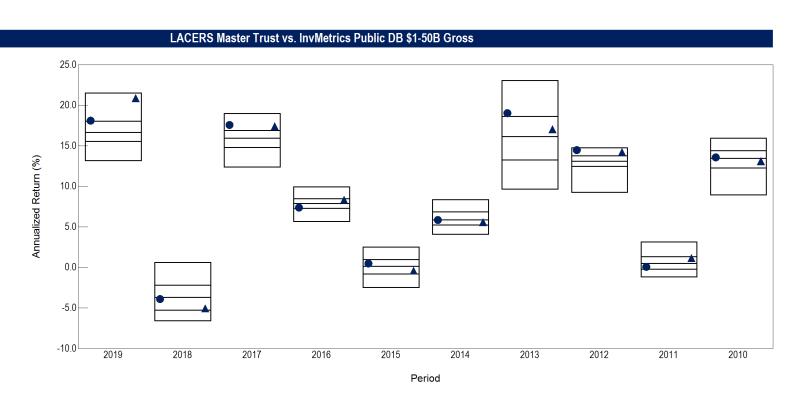
Public Markets Asset Class	Target Risk Budget	Actual 3 Yr Tracking Error
U.S. Equity	0.50%	0.67%
Non-U.S. Equity	1.20%	1.31%
Core Fixed Income	1.00%	0.61%
Credit Opportunities	1.50%	1.63%
Public Real Assets*	3.00%	3.89%

- Current public market asset class composite tracking error statistics are compared to asset class target risk budgets to ensure active risks are within expectations.
- Risk budgets are to be evaluated over three-year periods, at minimum, to reflect a full market cycle.
- All equity public markets asset classes are within an appropriately narrow range of their respective risk budgets.
- Both Core Fixed Income and Credit Opportunities have exhibited lower than expected active risk.
- The Public Real Assets composite is not at its target strategy allocation.
- Note: A new Target Risk Budget was approved by the Board on August 14, 2018, and is not reflected in the table above. Implementation of the new asset allocation is in progress.

^{*} The benchmark for the Public Real Assets composite is a custom policy benchmark that is comprised of the target weights of the public real asset components. The public real asset benchmark weights are 60% TIPS, 20% Commodities, 10% REITs, and 10% MLPs.



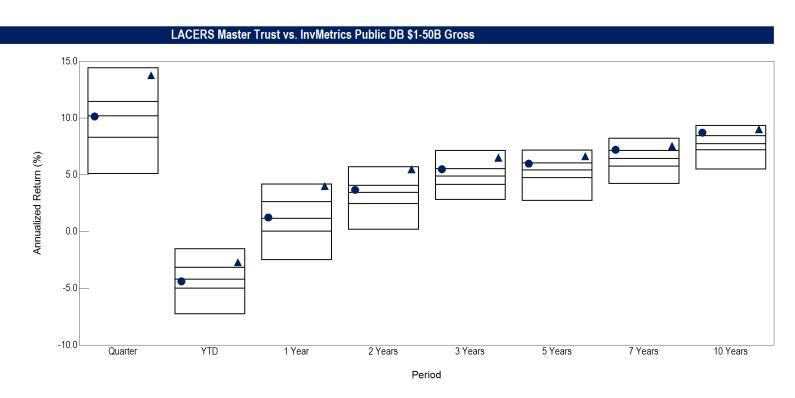
TOTAL FUND RETURN SUMMARY VS. PEER UNIVERSE



	Return (Ra	ınk)									
5th Percentile	21.49	0.60	19.00	9.95	2.50	8.38	23.05	14.75	3.13	15.93	
25th Percentile	18.08	-2.13	16.94	8.51	1.00	6.90	18.67	13.81	1.37	14.45	
Median	16.68	-3.64	15.99	7.91	0.20	5.93	16.17	13.15	0.53	13.49	
75th Percentile	15.61	-5.22	14.83	7.34	-0.77	5.28	13.30	12.50	-0.16	12.30	
95th Percentile	13.20	-6.53	12.43	5.71	-2.43	4.12	9.70	9.31	-1.14	8.98	
# of Portfolios	77	78	78	78	77	77	76	75	74	71	
LACERS Master Trust	18.10	(25) -3.89	(60) 17.57	(15) 7.38	(72) 0.49	(35) 5.85	(53) 19.03	(23) 14.47	(10) 0.08	(68) 13.58	(49)
Policy Index	20.88	(9) -5.04	(71) 17.41	(16) 8.35	(35) -0.39	(68) 5.58	(61) 17.06	(35) 14.23	(18) 1.17	(32) 13.11	(55)



TOTAL FUND RETURN SUMMARY VS. PEER UNIVERSE

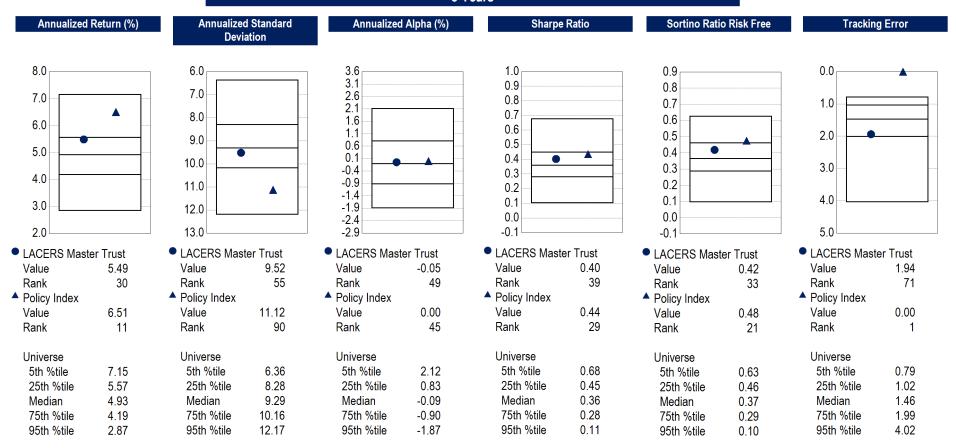


	Return (Rank)								
5th Percentile	14.42	-1.51	4.19	5.70	7.15	7.18	8.22	9.34	
25th Percentile	11.49	-3.12	2.66	4.09	5.57	6.09	7.18	8.46	
Median	10.23	-4.15	1.20	3.48	4.93	5.46	6.48	7.77	
75th Percentile	8.34	-4.97	0.06	2.48	4.19	4.77	5.80	7.24	
95th Percentile	5.15	-7.21	-2.44	0.24	2.87	2.77	4.27	5.54	
# of Portfolios	79	79	79	79	79	78	74	71	
 LACERS Master Trust 	10.13	(53) -4.39	(58) 1.24	(48) 3.66	(39) 5.49	(30) 5.98	(30) 7.20	(24) 8.71	(19)
▲ Policy Index	13.76	(8) -2.71	(16) 4.01	(8) 5.48	(6) 6.51	(11) 6.64	(11) 7.55	(14) 9.01	(11)



TOTAL FUND RISK STATISTICS VS. PEER UNIVERSE

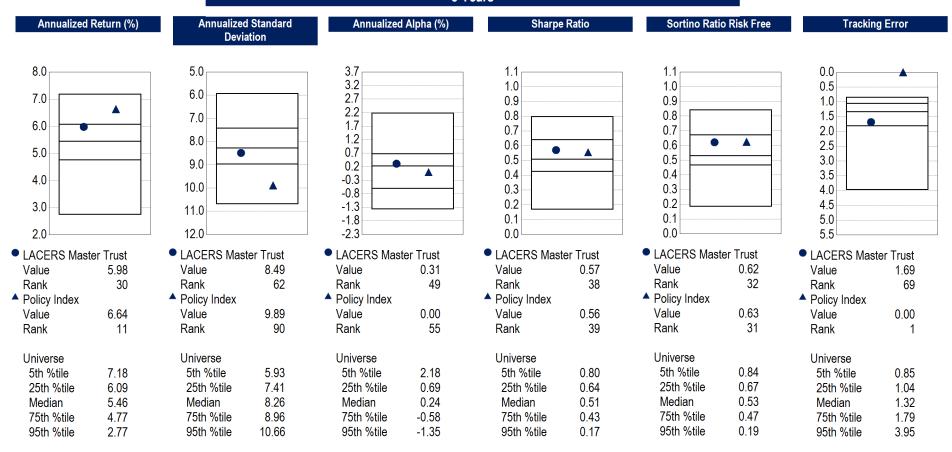
LACERS Master Trust vs. InvMetrics Public DB \$1-50B Gross 3 Years





TOTAL FUND RISK STATISTICS VS. PEER UNIVERSE

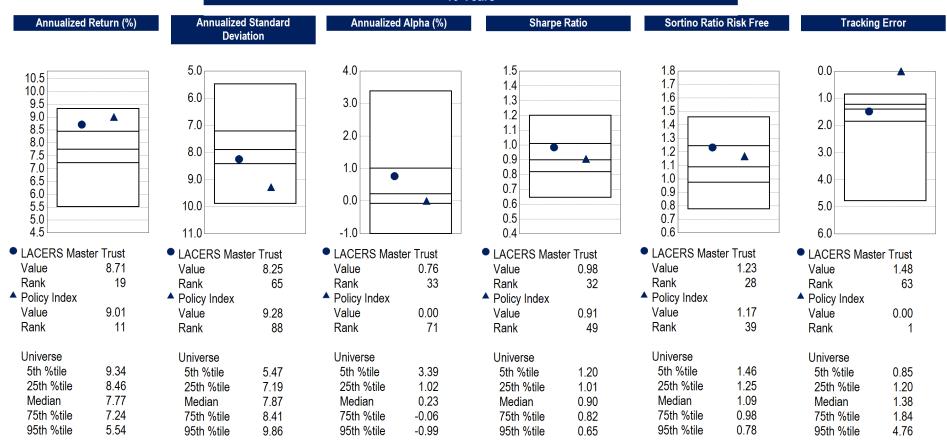
LACERS Master Trust vs. InvMetrics Public DB \$1-50B Gross 5 Years





TOTAL FUND RISK STATISTICS VS. PEER UNIVERSE

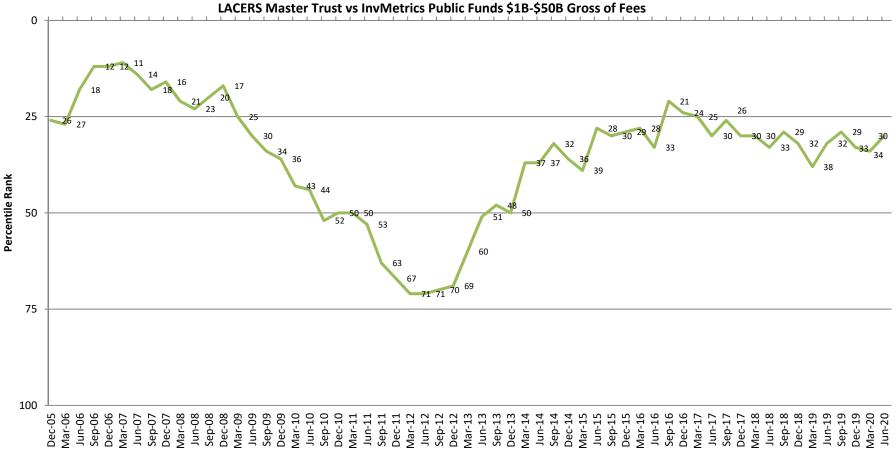
LACERS Master Trust vs. InvMetrics Public DB \$1-50B Gross 10 Years





HISTORICAL RISK ADJUSTED RETURN UNIVERSE COMPARISON

5 Yr Sharpe Ratio Percentile Rank

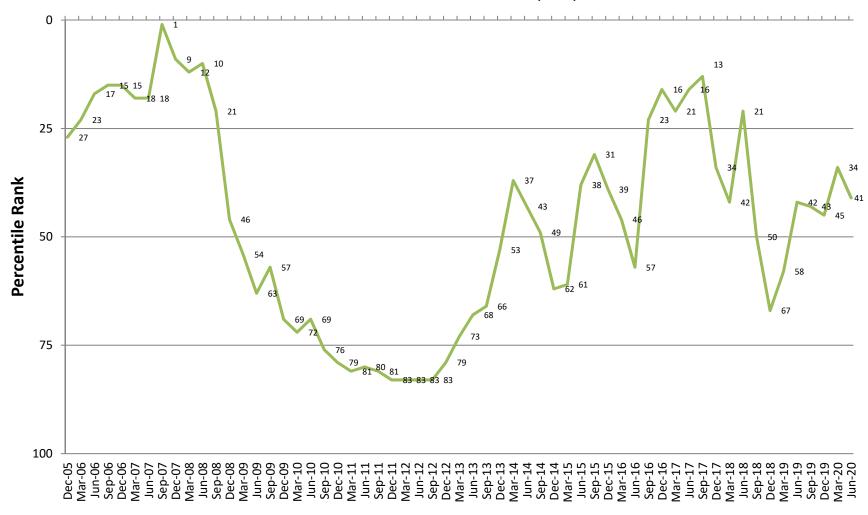


- Total Plan ranks in the 30th percentile versus other large public plans on a Sharpe Ratio basis.
 - Use of passive investment strategies within U.S. Equity has contributed to the overall Sharpe Ratio rank (higher than median).
 - Overweight to non-U.S. Equity on a relative basis contributed to Sharpe Ratio Rank
 - Core Fixed Income contributed positively to Sharpe Ratio rank.



HISTORICAL RISK ADJUSTED RETURN UNIVERSE COMPARISON

5 Yr Sharpe Ratio Percentile Rank
LACERS Master Trust vs InvestorForce Public Funds \$5B-\$50B Gross of Fees





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U.S. EQUITY

NEPC, LLC —

U.S. EQUITY (GROSS)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
U.S. Equity	4,316,837,197	100.00	21.56	-4.81	4.73	9.36	9.56	13.46	10.26	Oct-94
U.S. Equity Blend			<u>22.03</u>	<u>-3.48</u>	<u>6.53</u>	<u>10.04</u>	<u>10.03</u>	<u>13.72</u>	<u>9.30</u>	Oct-94
Over/Under			-0.47	-1.33	-1.80	-0.68	-0.47	-0.26	0.96	
Rhumbline Advisors Russell 2000 ¹	242,868,968	5.63	25.29	-12.99	-6.64	2.03	4.28		4.09	Apr-15
Russell 2000			<u>25.42</u>	<u>-12.98</u>	<u>-6.63</u>	<u>2.01</u>	<u>4.29</u>		<u>4.16</u>	Apr-15
Over/Under			-0.13	-0.01	-0.01	0.02	-0.01		-0.07	
Rhumbline Advisors Russell 2000 Growth ¹	144,313,315	3.34	30.47	-3.11	3.42	7.85	6.83		7.78	Jan-15
Russell 2000 Growth			<u>30.58</u>	<u>-3.06</u>	<u>3.48</u>	<u>7.86</u>	<u>6.86</u>		<u>7.84</u>	Jan-15
Over/Under			-0.11	-0.05	-0.06	-0.01	-0.03		-0.06	
Rhumbline Advisors Russell 2000 Value ¹	173,898,148	4.03	18.78	-23.40	-17.60	-4.37			4.92	Mar-16
Russell 2000 Value			<u> 18.91</u>	<u>-23.50</u>	<u>-17.48</u>	<u>-4.35</u>			<u>4.98</u>	Mar-16
Over/Under			-0.13	0.10	-0.12	-0.02			-0.06	
EAM Investors	140,666,717	3.26	33.30	-0.63	4.29	15.00			12.42	Sep-15
Russell 2000 Growth			<u>30.58</u>	<u>-3.06</u>	<u>3.48</u>	<u>7.86</u>			<u>10.44</u>	Sep-15
Over/Under			2.72	2.43	0.81	7.14			1.98	
Principal Global Investors	200,470,060	4.64	24.60	-4.94	4.42	13.41	12.27		12.83	Aug-14
Russell MidCap			<u>24.61</u>	<u>-9.13</u>	<u>-2.24</u>	<u>5.79</u>	<u>6.76</u>		<u>7.38</u>	Aug-14
Over/Under			-0.01	4.19	6.66	7.62	5.51		5.45	
Rhumbline Advisors S&P 500	3,414,612,003	79.10	20.49	-3.24	7.10	10.59	10.60	13.93	9.67	Feb-93
S&P 500			<u>20.54</u>	<u>-3.08</u>	<u>7.50</u>	<u>10.73</u>	<u>10.73</u>	<u>13.99</u>	<u>9.53</u>	Feb-93
Over/Under			-0.05	-0.16	-0.40	-0.14	-0.13	-0.06	0.14	
Escrow Account	7,986	0.00								

⁻ U.S. Equity Blend = Russell 3000 from 1/1/2000 to present; 33.75% S&P 500/ 35% Russell 1000 Value/ 12.50% Russell 1000 Growth/ 12.50% Russell 2000 Value/ 6.25% Russell 2000 Growth prior to





¹⁻ Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance.

U.S. EQUITY (NET)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
U.S. Equity	4,316,837,197	100.00	21.55	66	-4.83	46	4.68	35	9.30	33	9.49	32	13.31	36		Oct-94
U.S. Equity Blend			<u>22.03</u>	49	<u>-3.48</u>	12	<u>6.53</u>	14	<u>10.04</u>	14	<u>10.03</u>	13	<u>13.72</u>	9		Oct-94
Over/Under			-0.48		-1.35		-1.85		-0.74		-0.54		-0.41			
InvMetrics Public DB > \$1 Billion US Equity Net Median			21.84		-4.85		4.03		8.72		8.96		13.05			Oct-94
Rhumbline Advisors Russell 2000 ¹	242,868,968	5.63	25.28	49	-12.99	46	-6.65	44	2.03	44	4.28	47			4.08	Apr-15
Russell 2000			<u>25.42</u>	48	<u>-12.98</u>	46	<u>-6.63</u>	44	<u>2.01</u>	44	<u>4.29</u>	46			<u>4.16</u>	Apr-15
Over/Under			-0.14		-0.01		-0.02		0.02		-0.01				-0.08	
eV US Small Cap Equity Net Median			25.04		-14.90		-9.83		0.93		3.68				3.65	Apr-15
Rhumbline Advisors Russell 2000 Growth ¹	144,313,315	3.34	30.47	69	-3.11	71	3.41	59	7.84	72	6.82	80			7.77	Jan-15
Russell 2000 Growth Over/Under			<u>30.58</u> -0.11	68	<u>-3.06</u> -0.05	71	<u>3.48</u> -0.07	59	<u>7.86</u> -0.02	72	<u>6.86</u> -0.04	79			<u>7.84</u> -0.07	Jan-15
eV US Small Cap Growth Equity Net Median			33.69		2.78		8.32		12.48		9.89				10.39	Jan-15
Rhumbline Advisors Russell 2000 Value ¹	173,898,148	4.03	18.78	71	-23.40	64	-17.60	62	-4.37	55					4.92	Mar-16
Russell 2000 Value			<u>18.91</u>	70	<u>-23.50</u>	65	<u>-17.48</u>	60	<u>-4.35</u>	55					<u>4.98</u>	Mar-16
Over/Under			-0.13		0.10		-0.12		-0.02						-0.06	
eV US Small Cap Value Equity Net Median			20.59		-21.80		-16.17		-4.17						4.01	Mar-16
EAM Investors	140,666,717	3.26	33.11	19	-0.96	21	3.60	20	14.20	14					11.63	Sep-15
Russell 2000 Growth Over/Under			30.58 2.53	27	<u>-3.06</u> 2.10	24	<u>3.48</u> 0.12	20	<u>7.86</u> 6.34	25					<u>10.44</u> 1.19	Sep-15
eV US Small Cap Equity Net Median			25.04		-14.90		-9.83		0.93						6.09	Sep-15

⁻ U.S. Equity Blend = Russell 3000 from 1/1/2000 to present; 33.75% S&P 500/ 35% Russell 1000 Value/ 12.50% Russell 1000 Growth/ 12.50% Russell 2000 Value/ 6.25% Russell 2000 Growth prior to





¹⁻ Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance.

U.S. EQUITY (NET)

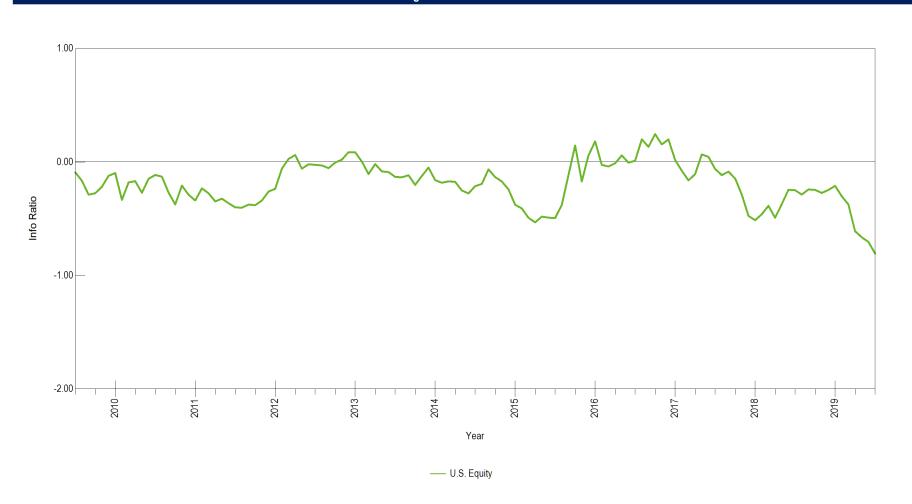
	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Principal Global Investors ¹	200,470,060	4.64	24.50	43	-5.10	42	4.06	38	13.00	26	11.84	17			12.42	Aug-14
Russell MidCap			<u>24.61</u>	43	<u>-9.13</u>	50	<u>-2.24</u>	50	<u>5.79</u>	50	<u>6.76</u>	48			<u>7.38</u>	Aug-14
Over/Under			-0.11		4.03		6.30		7.21		5.08				5.04	
eV US Mid Cap Equity Net Median			23.24		-9.26		-2.25		5.77		6.29				7.13	Aug-14
Rhumbline Advisors S&P 500	3,414,612,003	79.10	20.49	46	-3.24	40	7.09	38	10.58	36	10.60	31	13.92	31		Feb-93
S&P 500			<u>20.54</u>	45	<u>-3.08</u>	40	<u>7.50</u>	37	<u>10.73</u>	36	<u>10.73</u>	30	<u>13.99</u>	30		Feb-93
Over/Under			-0.05		-0.16		-0.41		-0.15		-0.13		-0.07			
eV US Large Cap Equity Net Median			19.83		-5.69		3.52		8.14		8.41		12.52			Feb-93
Escrow Account	7,986	0.00														



¹⁻ Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance. eA = eVestment Alliance

U.S. EQUITY ROLLING 5 YEAR INFORMATION RATIO





*Returns are net of fees.

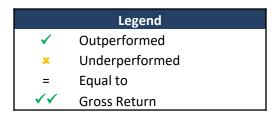


MANAGER REPORT CARD

U.S. Equity Managers	Inception Date	Mandate	Quart	rent er (Net) Universe	(1	e Year Net) Universe	(1	ee Years Net) Universe	(1	Years Net) Universe	Since Inception (Net)	Annual Mgt Fee Paid \$ (000)	Comments
Principal Global Investors	Jul-14	Mid Cap	×	✓	1	✓	1	✓	✓	✓	✓	616.9	Performance compliant with LACERS' Manager Monitoring Policy
EAM Investors	Sep-15	Small Cap Growth	✓	✓	✓	✓	✓	✓	N/A	N/A	✓	913.9	Performance compliant with LACERS' Manager Monitoring Policy
Rhumbline (Passive)	Feb-93	S&P 500	x	\checkmark	×	\checkmark	×	\checkmark	×	\checkmark	√ ✓	178.2	Performance compliant with LACERS' Manager Monitoring Policy
Rhumbline (Passive)	Jun-15	R2000	×	\checkmark	×	✓	✓	✓	×	✓	×	14.6	Performance compliant with LACERS' Manager Monitoring Policy
Rhumbline (Passive)	Jun-15	R2000 Growth	×	×	×	×	×	×	æ	æ	×	7.7	Performance compliant with LACERS' Manager Monitoring Policy
Rhumbline (Passive)	Feb-16	R2000 Value	×	æ	×)c	æ	×	N/A	N/A	×	5.8	Performance compliant with LACERS' Manager Monitoring Policy

Note: Managers are placed on Watch List for concerns with organization, process and performance. Managers are normally on the Watch List for 12 months though may be longer if manager issues remain but not severe enough to warrant termination recommendation.

- Annual Management Fee Paid as of fiscal year ending June 30, 2019.
- * Where net of fees performance is not available gross of fee returns are evaluated.





BOARD Meeting: 09/22/20

Item VII-B

NON-U.S. EQUITY

NEPC, LLC -

NON-U.S. EQUITY (GROSS)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Non-U.S. Equity	5,126,848,577	100.00	18.60	-10.20	-3.57	2.08	3.44	6.23	4.87	Nov-94
MSCI ACWI ex USA			<u>16.12</u>	<u>-11.00</u>	<u>-4.80</u>	<u>1.13</u>	<u>2.26</u>	<u>4.97</u>	<u>4.65</u>	Nov-94
Over/Under			2.48	0.80	1.23	0.95	1.18	1.26	0.22	
Developed ex-U.S.	3,874,185,664	75.57	18.64	-10.03	-3.11	2.25	3.37		6.80	Jun-12
MSCI EAFE			<u>14.88</u>	<u>-11.34</u>	<u>-5.13</u>	<u>0.81</u>	<u>2.05</u>		<u>5.67</u>	Jun-12
Over/Under			3.76	1.31	2.02	1.44	1.32		1.13	
AQR Capital	252,601,868	4.93	17.54	-14.97	-4.60	-1.00	2.98		2.77	Feb-14
MSCI EAFE Small Cap			<u>19.88</u>	<u>-13.11</u>	<u>-3.52</u>	<u>0.53</u>	<u>3.81</u>		<u>3.12</u>	Feb-14
Over/Under			-2.34	-1.86	-1.08	-1.53	-0.83		-0.35	
Barrow Hanley	465,658,690	9.08	19.05	-19.21	-10.65	-2.81	-0.25		0.34	Nov-13
MSCI EAFE Value			<u>12.43</u>	<u>-19.27</u>	<u>-14.48</u>	<u>-4.43</u>	<u>-1.59</u>		<u>-1.24</u>	Nov-13
Over/Under			6.62	0.06	3.83	1.62	1.34		1.58	
Lazard Asset Management ¹	572,441,778	11.17	17.04	-9.80	-5.38	3.55	2.49		3.36	Nov-13
MSCI EAFE			<u>14.88</u>	<u>-11.34</u>	<u>-5.13</u>	<u>0.81</u>	<u>2.05</u>		<u>1.84</u>	Nov-13
Over/Under			2.16	1.54	-0.25	2.74	0.44		1.52	
MFS Institutional Advisors	642,092,330	12.52	16.24	-4.69	2.84	7.63	7.90		6.52	Oct-13
MSCI World ex USA Growth NR USD			<u>17.89</u>	<u>-3.11</u>	<u>4.25</u>	<u>5.93</u>	<u>5.29</u>		<u>4.69</u>	Oct-13
Over/Under			-1.65	-1.58	-1.41	1.70	2.61		1.83	
Oberweis Asset Mgmt ¹	282,303,978	5.51	47.51	12.00	16.86	8.86	9.08		8.76	Jan-14
MSCI EAFE Small Cap			<u>19.88</u>	<u>-13.11</u>	<u>-3.52</u>	<u>0.53</u>	<u>3.81</u>		<u>3.95</u>	Jan-14
Over/Under			27.63	25.11	20.38	8.33	5.27		4.81	
SSgA World ex US IMI	1,659,087,020	32.36	16.29	-11.39	-4.69	1.27	2.65	6.09	5.30	Aug-93
MSCI World ex USA IMI NR USD ²			<u>16.21</u>	<u>-11.68</u>	<u>-5.11</u>	<u>0.80</u>	<u>2.22</u>	<u>5.67</u>	5.02	Aug-93
Over/Under			0.08	0.29	0.42	0.47	0.43	0.42	0.28	



¹ Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance.

² Since inception index return sourced from SSgA.

eA = eVestment

NON-U.S. EQUITY (GROSS)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Emerging Markets	1,252,662,912	24.43	18.49	-10.75	-5.00	1.33	2.80		2.94	Jun-12
MSCI Emerging Markets			<u>18.08</u>	<u>-9.78</u>	<u>-3.39</u>	<u>1.90</u>	<u>2.86</u>		<u>3.18</u>	Jun-12
Over/Under			0.41	-0.97	-1.61	-0.57	-0.06		-0.24	
Axiom Emerging Markets	464,205,513	9.05	22.97	-2.90	6.94	5.94	5.81		5.27	May-14
MSCI Emerging Markets			<u>18.08</u>	<u>-9.78</u>	<u>-3.39</u>	<u>1.90</u>	<u>2.86</u>		<u>2.44</u>	May-14
Over/Under			4.89	6.88	10.33	4.04	2.95		2.83	
MSCI Emerging Markets Growth NR USD			22.08	-1.52	9.67	6.19	6.35		5.68	May-14
DFA Emerging Markets ¹	371,110,622	7.24	16.43	-18.53	-15.95	-3.25	0.34		-2.01	Aug-14
MSCI Emerging Markets Value NR USD			<u>13.83</u>	<u>-18.05</u>	<u>-15.74</u>	<u>-2.64</u>	<u>-0.80</u>		<u>-2.47</u>	Aug-14
Over/Under			2.60	-0.48	-0.21	-0.61	1.14		0.46	
QMA Emerging Markets ¹	417,346,777	8.14	15.62	-11.19	-5.79	0.98	2.11		2.46	May-14
MSCI Emerging Markets			<u>18.08</u>	<u>-9.78</u>	<u>-3.39</u>	<u>1.90</u>	<u>2.86</u>		<u>2.44</u>	May-14
Over/Under			-2.46	-1.41	-2.40	-0.92	-0.75		0.02	

 $^{1 \ \}text{Portfolio} \ \text{has a mid-month inception date.} \ \text{Since inception return is calculated from the first full month of performance.} \\ \text{eA} = \text{eVestment}$



NON-U.S. EQUITY (NET)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Non-U.S. Equity	5,126,848,577	100.00	18.51	35	-10.36	50	-3.91	60	1.71	42	3.07	33	5.87	35		Nov-94
MSCI ACWI ex USA			<u>16.12</u>	84	-11.00	69	<u>-4.80</u>	71	<u>1.13</u>	63	<u>2.26</u>	73	<u>4.97</u>	92		Nov-94
Over/Under			2.39		0.64		0.89		0.58		0.81		0.90			
Developed ex-U.S.	3,874,185,664	75.57	18.55	27	-10.17	53	-3.41	53	1.93	48	3.04	45			6.51	Jun-12
MSCI EAFE			<u>14.88</u> 3.67	91	<u>-11.34</u> 1.17	70	<u>-5.13</u>	79	<u>0.81</u> 1.12	69	<u>2.05</u> 0.99	74			<u>5.67</u>	Jun-12
Over/Under			3.07		1.17		1.72		1.12		0.99				0.84	
InvMetrics Public DB > \$1 Billion Dev Mkt ex-US Eq Net Median			16.86		-9.91		-3.23		1.70		2.92				6.57	Jun-12
AQR Capital ¹	252,601,868	4.93	17.37	81	-15.25	61	-5.28	50	-1.74	66	2.20	68			2.07	Feb-14
MSCI EAFE Small Cap			<u>19.88</u>	55	<u>-13.11</u>	44	<u>-3.52</u>	45	<u>0.53</u>	44	<u>3.81</u>	45			<u>3.12</u>	Feb-14
Over/Under			-2.51		-2.14		-1.76		-2.27		-1.61				-1.05	
eV EAFE Small Cap Equity Net Median			20.64		-13.89		-5.28		-0.31		3.25				2.83	Feb-14
Barrow Hanley ¹	465,658,690	9.08	18.92	13	-19.39	75	-11.08	58	-3.29	58	-0.76	68			-0.15	Nov-13
MSCI EAFE Value			<u>12.43</u>	82	<u>-19.27</u>	75	<u>-14.48</u>	80	<u>-4.43</u>	77	<u>-1.59</u>	86			<u>-1.24</u>	Nov-13
Over/Under			6.49		-0.12		3.40		1.14		0.83				1.09	
eV EAFE Value Equity Net Median			15.22		-17.18		-10.36		-2.75		-0.19				0.07	Nov-13
Lazard Asset Management ¹	572,441,778	11.17	16.90	46	-10.03	37	-5.87	58	3.02	25	1.95	54			2.83	Nov-13
MSCI EAFE			<u>14.88</u>	73	<u>-11.34</u>	50	<u>-5.13</u>	53	<u>0.81</u>	47	<u>2.05</u>	53			<u>1.84</u>	Nov-13
Over/Under			2.02		1.31		-0.74		2.21		-0.10				0.99	
eV All EAFE Equity Net Median			16.61		-11.62		-4.99		0.67		2.19				2.35	Nov-13
MFS Institutional Advisors	642,092,330	12.52	16.13	99	-4.88	75	2.41	71	7.15	40	7.39	2			6.02	Oct-13
MSCI World ex USA Growth NR USD			<u>17.89</u>	95	<u>-3.11</u>	68	<u>4.25</u>	65	<u>5.93</u>	60	<u>5.29</u>	55			<u>4.69</u>	Oct-13
Over/Under			-1.76		-1.77		-1.84		1.22		2.10				1.33	
eV EAFE All Cap Growth Net Median			20.70		-1.68		5.82		6.18		6.25				5.35	Oct-13



¹ Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance. eA = eVestment

NON-U.S. EQUITY (NET)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Oberweis Asset Mgmt ¹	282,303,978	5.51	47.27	1	11.55	1	15.99	1	7.96	2	8.18	9			7.86	Jan-14
MSCI EAFE Small Cap Over/Under			<u>19.88</u> 27.39	55	<u>-13.11</u> 24.66	44	<u>-3.52</u> 19.51	45	<u>0.53</u> 7.43	44	<u>3.81</u> 4.37	45			<u>3.95</u> 3.91	Jan-14
eV EAFE Small Cap Equity Net Median			20.64		-13.89		-5.28		-0.31		3.25				3.72	Jan-14
SSgA World ex US IMI	1,659,087,020	32.36	16.28	57	-11.40	54	-4.71	55	1.25	44	2.63	47	6.06	72	5.30	Aug-93
MSCI World ex USA IMI NR USD ² Over/Under			<u>16.21</u> 0.07	59	<u>-11.68</u> 0.28	56	<u>-5.11</u> 0.40	58	<u>0.80</u> 0.45	51	<u>2.22</u> 0.41	52	<u>5.67</u> 0.39	80	5.02 0.28	Aug-93
eV EAFE Core Equity Net Median			16.72		-11.12		-4.13		0.80		2.38		6.80		6.72	Aug-93
Emerging Markets	1,252,662,912	24.43	18.35	77	-10.97	43	-5.49	53	0.81	39	2.25	37			2.33	Jun-12
MSCI Emerging Markets Over/Under			<u>18.08</u> 0.27	81	<u>-9.78</u> -1.19	29	<u>-3.39</u> -2.10	23	<u>1.90</u> -1.09	19	<u>2.86</u> -0.61	23			<u>3.18</u> -0.85	Jun-12
InvMetrics Public DB > \$1 Billion Emg Mkt Eq Net Median			20.09		-11.36		-5.43		-0.40		1.51				2.10	Jun-12
Axiom Emerging Markets	464,205,513	9.05	22.80	36	-3.20	15	6.26	13	5.23	16	5.07	24			4.58	May-14
MSCI Emerging Markets Over/Under			<u>18.08</u> 4.72	68	<u>-9.78</u> 6.58	48	<u>-3.39</u> 9.65	48	<u>1.90</u> 3.33	41	<u>2.86</u> 2.21	49			<u>2.44</u> 2.14	May-14
MSCI Emerging Markets Growth NR USD			22.08	39	-1.52	12	9.67	10	6.19	12	6.35	11			5.68	May-14
eV Emg Mkts Equity Net Median			20.30		-10.07		-3.74		1.16		2.74				2.33	May-14
DFA Emerging Markets ¹	371,110,622	7.24	16.30	83	-18.74	91	-16.39	96	-3.74	91	-0.17	85			-2.49	Aug-14
MSCI Emerging Markets Value NR USD			<u>13.83</u>	93	<u>-18.05</u>	91	<u>-15.74</u>	94	<u>-2.64</u>	84	<u>-0.80</u>	93			<u>-2.47</u>	Aug-14
Over/Under			2.47		-0.69		-0.65		-1.10		0.63				-0.02	
eV Emg Mkts Equity Net Median			20.30		-10.07		-3.74		1.16		2.74				1.26	Aug-14
QMA Emerging Markets ¹	417,346,777	8.14	15.52	87	-11.35	60	-6.14	63	0.59	57	1.69	65			2.03	May-14
MSCI Emerging Markets Over/Under			<u>18.08</u> -2.56	68	<u>-9.78</u> -1.57	48	<u>-3.39</u> -2.75	48	<u>1.90</u> -1.31	41	<u>2.86</u> -1.17	49			<u>2.44</u> -0.41	May-14
eV Emg Mkts Equity Net Median			20.30		-10.07		-3.74		1.16		2.74				2.33	May-14

eA = eVestment



¹ Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance.

² Since inception index return sourced from SSgA.

BOARD Meeting: 09/22/20 Item VII-B

Los Angeles City Employees' Retirement System

NON-U.S. EQUITY COUNTRY ALLOCATION

	Versus MSCI ACWI ex USA - Quarter Ending June 30, 2020 Manager	Index
	Ending Allocation (USD)	Ending Allocation (USD)
Europe		
Austria	0.1%	0.1%
Belgium	0.3%	0.6%
Croatia**	0.0%	0.0%
Czech Republic*	0.0%	0.0%
Denmark	1.3%	1.5%
Estonia**	0.0%	0.0%
Finland	1.0%	0.7%
France	10.3%	7.1%
Germany	6.9%	6.0%
Greece*	0.0%	0.0%
Hungary*	0.1%	0.1%
Ireland	0.8%	0.4%
Italy	1.7%	1.5%
Lithuania**	0.0%	0.0%
Luxembourg	0.0%	0.0%
Netherlands	2.0%	2.8%
Norway	0.3%	0.3%
Poland*	0.0%	0.2%
Portugal	0.0%	0.1%
Romania**	0.0%	0.0%
Russia*	0.7%	0.9%
Serbia**	0.0%	0.0%
Slovenia**	0.0%	0.0%
Spain	0.4%	1.6%
Sweden	2.9%	2.0%
Switzerland	6.2%	6.7%
United Kingdom	9.7%	9.1%
Total-Europe	44.7%	41.7%

,	Versus MSCI ACWI ex USA - Quarter Ending June 30, 2020	
	Manager	Index
	Ending Allocation (USD)	Ending Allocation (USD)
Americas		
Brazil*	1.2%	1.5%
Canada	3.4%	6.5%
Colombia*	0.5%	0.1%
Mexico*	0.7%	0.5%
Peru*	0.1%	0.1%
United States	5.2%	0.0%
Total-Americas	11.0%	8.8%
AsiaPacific		
Australia	2.3%	4.4%
China*	6.8%	11.7%
Hong Kong	6.7%	2.2%
India*	1.7%	2.3%
Indonesia*	0.3%	0.4%
Japan	14.0%	16.5%
Korea*	3.1%	3.3%
Philippines*	0.2%	0.2%
Singapore	1.4%	0.7%
Taiwan*	4.2%	3.5%
Total-AsiaPacific	40.7%	46.7%
Other		
Egypt*	0.0%	0.0%
Israel	0.6%	0.4%
Other Countries	0.4%	0.0%
South Africa*	1.1%	1.1%
Turkey*	0.0%	0.1%
Total-Other	2.2%	2.8%
Totals		
Developed	77.4%	71.4%
Emerging*	20.7%	28.6%
Other	0.4%	
Cash	1.4%	

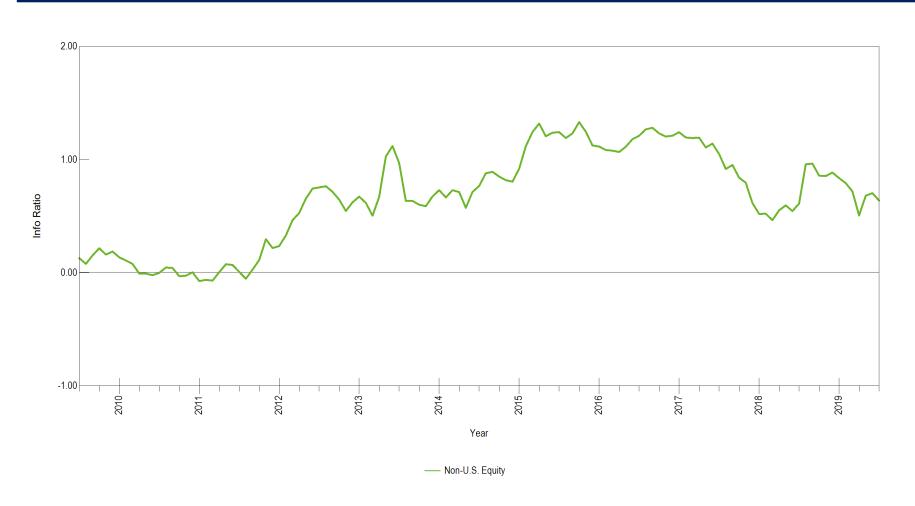


^{* =} Emerging Market

^{** =} Frontier Market

NON-U.S. EQUITY ROLLING 5 YEAR INFORMATION





*Returns are net of fees



MANAGER REPORT CARD

Non-U.S. Equity Managers	Inception Date	Mandate	Current Quarter (Net)		One Year (Net)		Three Years (Net)		Five Years (Net)		Since Inception (Net)	Annual Mgt Fee Paid \$ (000)	Comments			
			Index	Universe	Index	Universe	Index	Universe	Index	Universe	Index					
Axiom International	Mar-14	Emerging Markets	✓	✓	✓	✓	✓	✓	✓	✓	✓	2,905.3	On watch on August 2020 due to benchmark change			
Q.M.A.	Apr-14	Emerging Markets	×	×	×	×	×	×	×	×	×	1,632.8	On Watch since July 2019 due to performance; Watch extended in July 2020			
DFA Emerging Markets	Jul-14	Emerging Markets	✓	×	×	×	×	×	✓	×	×	2,208.6	Performance compliant with LACERS' Manager Monitoring Policy			
AQR	Feb-14	Non-U.S. Developed	×	×	×	=	×	×	æ	×	×	2,522.4	On Watch since May 2019 due to performance; Watch extended in May 2020			
Oberweis Asset Mgt.	Jan-14	Non-U.S. Developed	✓	✓	✓	✓	✓	✓	✓	✓	✓	1,434.9	On Watch since February 2020 due to performance			
Barrow, Hanley, Mewhinney & Strauss	Nov-13	Non-U.S. Developed	✓	✓	✓	×	✓	×	✓	×	✓	2,574.2	On Watch since August 2020 due to organizational change			
Lazard Asset Mgt.	Nov-13	Non-U.S. Developed	✓	✓	×	×	✓	✓	æ	æ	✓	3,003.5	On Watch since February 2020 due to performance			
MFS Institutional Advisors	Oct-13	Non-U.S. Developed	×	je.	×	×	✓	✓	✓	✓	~	2,662.1	Performance compliant with LACERS' Manager Monitoring Policy			
SsgA (Passive)	Aug-93	Non-U.S. Developed	✓	×	✓	×	✓	✓	✓	✓	√ √	391.2	Performance compliant with LACERS' Manager Monitoring Policy			

Note: Managers are placed on Watch List for concerns with organization, process and performance. Managers are normally on the Watch List for 12 months though may be longer if manager issues remain but not severe enough to warrant termination recommendation.

- Annual Management Fee Paid as of fiscal year ending June 30, 2019.
- * Where net of fees performance is not available gross of fee returns are evaluated.

Legend									
✓	Outperformed								
×	Underperformed								
=	Equal to								
√ √	Gross Return								



BOARD Meeting: 09/22/20

Item VII-B

CORE FIXED INCOME

NEPC, LLC -

CORE FIXED INCOME (GROSS)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Core Fixed Income	2,960,116,708	100.00	4.08	6.74	9.38	5.64	4.69		4.11	Jul-12
Core Fixed Income Blend			<u>2.90</u>	<u>6.13</u>	<u>8.74</u>	<u>5.32</u>	<u>4.30</u>		<u>3.49</u>	Jul-12
Over/Under			1.18	0.61	0.64	0.32	0.39		0.62	
Baird Advisors	358,790,227	12.12	3.91	5.46	7.53	4.83	4.00	4.04	4.58	Mar-05
BBgBarc US Govt/Credit Int TR			<u>2.81</u>	<u>5.28</u>	<u>7.12</u>	<u>4.43</u>	<u>3.46</u>	<u>3.12</u>	<u>3.94</u>	Mar-05
Over/Under			1.10	0.18	0.41	0.40	0.54	0.92	0.64	
LM Capital ¹	347,129,578	11.73	4.48	5.82	8.50	5.12	4.39	4.22	4.88	Mar-05
LM Custom Benchmark			<u>2.90</u>	<u>6.13</u>	<u>8.74</u>	<u>5.32</u>	<u>4.30</u>	<u>3.85</u>	<u>4.41</u>	Mar-05
Over/Under			1.58	-0.31	-0.24	-0.20	0.09	0.37	0.47	
Loomis Sayles	874,808,194	29.55	4.39	7.84	10.61	6.36	5.45	5.14	9.12	Jul-80
Loomis Custom Benchmark			<u>2.90</u>	<u>6.13</u>	<u>8.74</u>	<u>5.32</u>	<u>4.30</u>	<u>4.00</u>	<u>7.64</u>	Jul-80
Over/Under			1.49	1.71	1.87	1.04	1.15	1.14	1.48	
Neuberger Berman	857,115,114	28.96	4.71	6.97	9.63	5.68	4.64	4.80	5.95	Sep-01
Core Fixed Income Blend			<u>2.90</u>	<u>6.13</u>	<u>8.74</u>	<u>5.32</u>	<u>4.30</u>	<u>4.00</u>	<u>4.85</u>	Sep-01
Over/Under			1.81	0.84	0.89	0.36	0.34	0.80	1.10	
SSgA U.S. Aggregate Bond ¹	522,273,595	17.64	2.98	6.14	8.76	5.33	4.32		4.01	Jul-14
BBgBarc US Aggregate TR			<u>2.90</u>	<u>6.13</u>	<u>8.74</u>	<u>5.32</u>	<u>4.30</u>		<u>3.99</u>	Jul-14
Over/Under			0.08	0.01	0.02	0.01	0.02		0.02	

¹ Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance. BBgBarc = Bloomberg Barclays



CORE FIXED INCOME (NET)

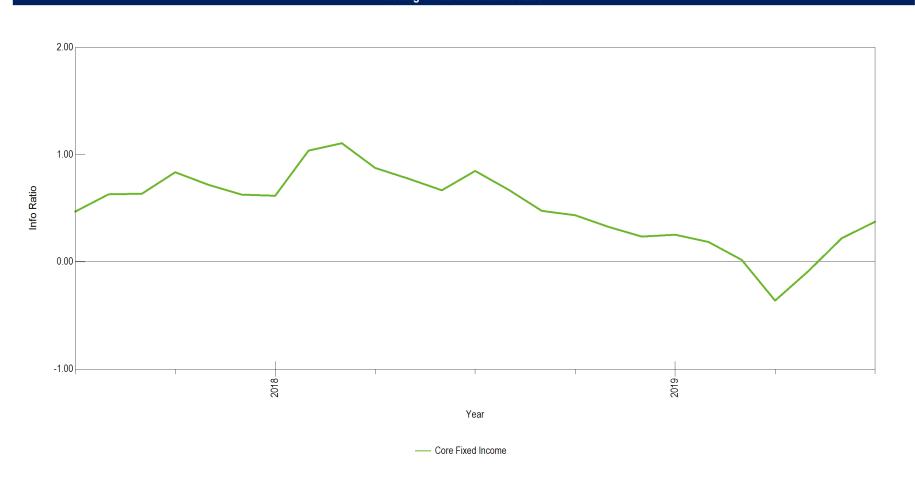
	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Core Fixed Income	2,960,116,708	100.00	4.06	72	6.68	12	9.27	12	5.54	12	4.58	23			4.00	Jul-12
Core Fixed Income Blend			<u>2.90</u>	94	<u>6.13</u>	25	<u>8.74</u>	22	<u>5.32</u>	33	<u>4.30</u>	39			<u>3.49</u>	Jul-12
Over/Under			1.16		0.55		0.53		0.22		0.28				0.51	
InvMetrics Public DB > \$1 Billion US Fixed Income Net Median			4.83		4.70		7.21		4.93		4.26				3.63	Jul-12
Baird Advisors	358,790,227	12.12	3.88	42	5.40	21	7.41	18	4.71	13	3.88	15	3.91	15	4.45	Mar-05
BBgBarc US Govt/Credit Int TR			<u>2.81</u>	85	<u>5.28</u>	31	<u>7.12</u>	28	<u>4.43</u>	36	<u>3.46</u>	47	<u>3.12</u>	58	<u>3.94</u>	Mar-05
Over/Under			1.07		0.12		0.29		0.28		0.42		0.79		0.51	
eV US Interm Duration Fixed Inc Net Median			3.68		4.91		6.80		4.30		3.46		3.20		4.08	<i>Mar-05</i>
LM Capital ¹	347,129,578	11.73	4.45	49	5.77	58	8.40	59	5.02	75	4.29	61	4.09	48	4.74	Mar-05
LM Custom Benchmark			<u>2.90</u>	93	<u>6.13</u>	47	<u>8.74</u>	45	<u>5.32</u>	50	<u>4.30</u>	60	<u>3.85</u>	67	<u>4.41</u>	Mar-05
Over/Under			1.55		-0.36		-0.34		-0.30		-0.01		0.24		0.33	
eV US Core Fixed Inc Net Median			4.42		6.07		8.61		5.30		4.38		4.07		4.68	Mar-05
Loomis Sayles	874,808,194	29.55	4.36	52	7.78	4	10.47	5	6.22	3	5.31	4	5.01	5		Jul-80
Loomis Custom Benchmark			<u>2.90</u>	93	<u>6.13</u>	47	<u>8.74</u>	45	<u>5.32</u>	50	<u>4.30</u>	60	<u>4.00</u>	58		Jul-80
Over/Under			1.46		1.65		1.73		0.90		1.01		1.01			
eV US Core Fixed Inc Net Median	857.115.114	28.96	4.42 4.68	40	6.07 6.90	19	8.61 9.49	10	5.30 5.53	30	4.38 4.49	36	4.07 4.63	15	5.79	Jul-80
Neuberger Berman Core Fixed Income Blend	007,110,114	20.90	2.90	40 93		47	9.49 <u>8.74</u>	19 <i>4</i> 5		50 50	4.49 <u>4.30</u>	60	4.00	58	5.79 <u>4.85</u>	Sep-01
Over/Under			<u>2.90</u> 1.78	93	<u>6.13</u> 0.77	47	0.74 0.75	40	<u>5.32</u> 0.21	30	<u>4.30</u> 0.19	00	0.63	30	4.65 0.94	Sep-01
eV US Core Fixed Inc Net Median			4.42		6.07		8.61		5.30		4.38		4.07		4.81	Sep-01
SSgA U.S. Aggregate Bond ¹	522,273,595	17.64	2.97	93	6.11	48	8.71	45	5.30	51	4.28	62	7.07		3.97	Jul-14
BBgBarc US Aggregate TR	022,210,000	17.04	2.90	93	6.13	47	8.74	45	5.32	50	<u>4.30</u>	60			3.99	Jul-14
Over/Under			0.07		-0.02		-0.03		-0.02		-0.02	00			-0.02	our i i
eV US Core Fixed Inc Net Median			4.42		6.07		8.61		5.30		4.38				4.04	Jul-14

¹ Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance. BBgBarc = Bloomberg Barclays eV = eVestment



CORE FIXED INCOME 3 YEAR INFORMATION RATIO





*Returns are net of fees

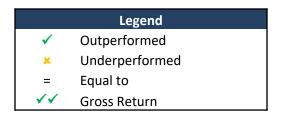


MANAGER REPORT CARD

Core Fixed Income Managers	Inception Date	Mandate		Quarter et)		e Year Net)		e Years Net)		Years Vet)	Since Inception (Net)	Annual Mgt Fee Paid \$ (000)	Comments
			Index	Universe	Index	Universe	Index	Universe	Index	Universe	Index		
Neuberger Berman	Sep-01	Core	✓	✓	✓	✓	✓	✓	✓	✓	✓	1,031.6	On Watch since May 2019 due to performance; Watch extended in April 2020
Loomis Sayles	Jul-80	Core	✓	3 ¢	✓	✓	✓	✓	✓	✓	11	952.5	Performance compliant with LACERS' Manager Monitoring Policy
Baird Advisors	Mar-05	Intermediate	✓	✓	✓	✓	✓	✓	✓	✓	✓	317.7	Performance compliant with LACERS' Manager Monitoring Policy
LM Capital Group	Mar-05	Core	✓	✓	×	x	×	x	×	3C	✓	314.7	On Watch since May 2019 due to performance; Watch extended in April 2020
SSgA (Passive)	Jul-14	Core	✓	x	×	✓	×	×	×	æ	×	394.4	Performance compliant with LACERS' Manager Monitoring Policy

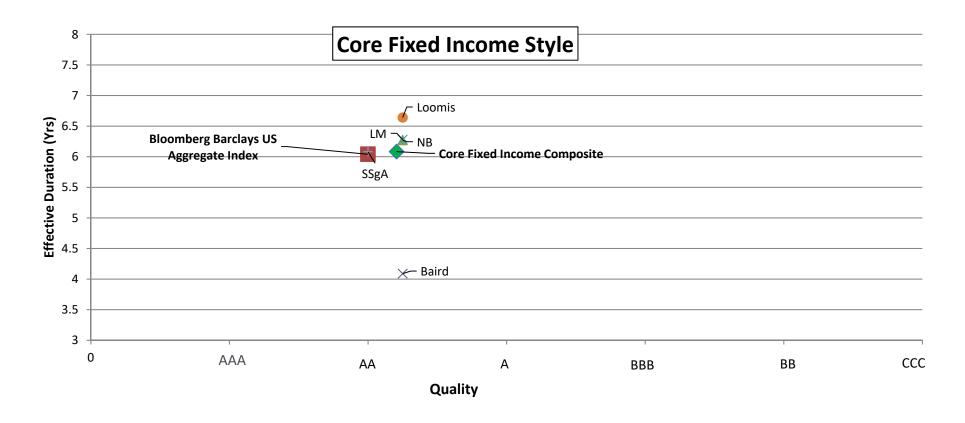
Note: Managers are placed on Watch List for concerns with organization, process and performance. Managers are normally on the Watch List for 12 months though may be longer if manager issues remain but not severe enough to warrant termination recommendation.

- Annual Management Fee Paid as of fiscal year ending June 30, 2019.
- * Where net of fees performance is not available gross of fee returns are evaluated.





CORE FIXED INCOME STYLE ANALYSIS



- LACERS has a slightly higher duration (interest rate risk) than its benchmark.
- The Core Fixed Income Composite has slightly lower average quality rating than its benchmark.



BOARD Meeting: 09/22/20

Item VII-B

CREDIT OPPORTUNITIES

NEPC, LLC -

Los Angeles City Employees' Retirement System

CREDIT OPPORTUNITIES (GROSS)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Credit Opportunities	1,008,113,988	100.00	12.03	-4.95	-1.12	3.19	4.45		4.81	Jun-13
Credit Opportunities Blend			<u>10.89</u>	<u>-3.43</u>	<u>0.20</u>	<u>3.44</u>	<u>4.99</u>		<u>5.18</u>	Jun-13
Over/Under			1.14	-1.52	-1.32	-0.25	-0.54		-0.37	
AEGON USA	354,941,038	35.21	10.15	-6.86	-2.53	2.56	4.38		4.92	Jun-13
BBgBarc US High Yield 2% Issuer Cap TR			<u>10.14</u>	<u>-3.83</u>	<u>0.00</u>	<u>3.32</u>	<u>4.79</u>		<u>4.99</u>	Jun-13
Over/Under			0.01	-3.03	-2.53	-0.76	-0.41		-0.07	
Prudential Emerging Markets	418,656,281	41.53	15.04	-3.69	0.68	4.36	5.87		5.12	May-14
JP Morgan EMBI Global Diversified			<u>12.26</u>	<u>-2.76</u>	<u>0.49</u>	<u>3.60</u>	<u>5.30</u>		<u>4.48</u>	May-14
Over/Under			2.78	-0.93	0.19	0.76	0.57		0.64	
Bain Capital Senior Loan Fund, LP*	209,503,384	20.78	9.76	-3.80	-1.95	2.18	2.85		2.85	Jun-15
Credit Suisse Leveraged Loans			<u>9.71</u>	<u>-4.76</u>	<u>-2.27</u>	<u>2.13</u>	<u>2.94</u>		<u>2.94</u>	Jun-15
Over/Under			0.05	0.96	0.32	0.05	-0.09		-0.09	
SLC Mgmt Talf	25,000,000	2.48								

eA = eVestment Alliance

BBgBarc = Bloomberg Barclays

*Net of fee return since vehicle is commingled.



⁻ Credit Opportunities Blend = 65% BBgBarc US High Yield 2% Issuer Cap TR / 35% JP Morgan EMBI Global Diversified 7/01/2014 to present; BBgBarc US High Yield 2% Issuer Cap TR prior to

Los Angeles City Employees' Retirement System

CREDIT OPPORTUNITIES (NET)

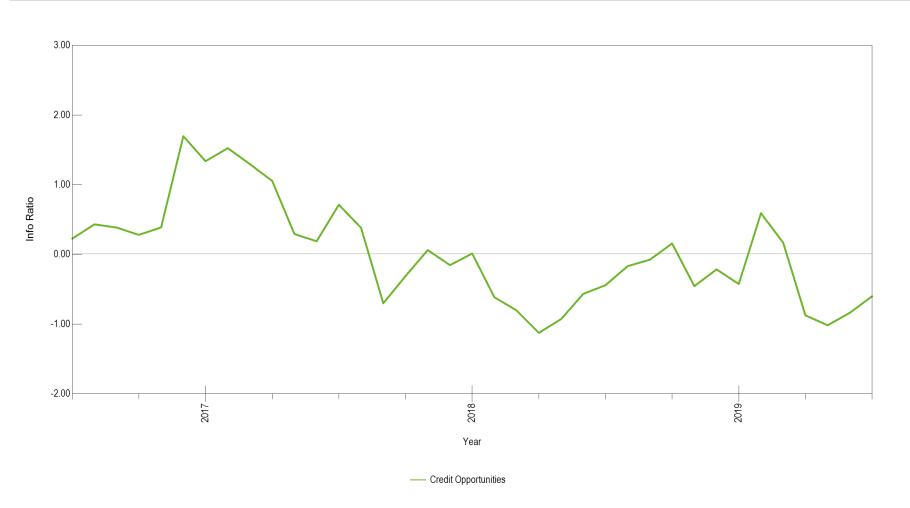
	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%) Rank	Inception (%)	Inception Date
Credit Opportunities	1,008,113,988	100.00	11.95		-5.09		-1.41		2.86		4.10			4.47	Jun-13
Credit Opportunities Blend			<u>10.89</u>		<u>-3.43</u>		<u>0.20</u>		3.44		<u>4.99</u>			<u>5.18</u>	Jun-13
Over/Under			1.06		-1.66		-1.61		-0.58		-0.89			-0.71	
AEGON USA	354,941,038	35.21	10.06	30	-7.04	88	-2.89	83	2.18	74	4.00	50		4.55	Jun-13
BBgBarc US High Yield 2% Issuer Cap TR			<u>10.14</u>	28	<u>-3.83</u>	46	<u>0.00</u>	38	<u>3.32</u>	26	<u>4.79</u>	14		<u>4.99</u>	Jun-13
Over/Under			-0.08		-3.21		-2.89		-1.14		-0.79			-0.44	
eV US High Yield Fixed Inc Net Median			9.16		-4.00		-0.59		2.78		3.97			4.41	Jun-13
Prudential Emerging Markets	418,656,281	41.53	14.94	27	-3.88	56	0.29	38	3.95	18	5.46	11		4.73	May-14
JP Morgan EMBI Global Diversified			<u>12.26</u>	66	<u>-2.76</u>	33	<u>0.49</u>	34	<u>3.60</u>	31	<u>5.30</u>	18		<u>4.48</u>	May-14
Over/Under			2.68		-1.12		-0.20		0.35		0.16			0.25	
eV Emg Mkts Fixed Inc - Hard Currency Net Median			12.93		-3.63		-0.50		2.68		4.84			3.70	May-14
Bain Capital Senior Loan Fund, LP	209,503,384	20.78	9.76	16	-3.80	16	-1.95	41	2.18	27	2.85	21		2.85	Jun-15
Credit Suisse Leveraged Loans			<u>9.71</u>	16	<u>-4.76</u>	46	<u>-2.27</u>	44	<u>2.13</u>	28	<u>2.94</u>	20		<u>2.94</u>	Jun-15
Over/Under			0.05		0.96		0.32		0.05		-0.09			-0.09	
eV US Float-Rate Bank Loan Fixed Inc Net Median			7.96		-4.94		-2.44		1.71		2.53			2.53	Jun-15
SLC Mgmt Talf	25,000,000	2.48													



⁻ Credit Opportunities Blend = 65% BBgBarc US High Yield 2% Issuer Cap TR / 35% JP Morgan EMBI Global Diversified 7/01/2014 to present; BBgBarc US High Yield 2% Issuer Cap TR prior to eA = eVestment Alliance
BBgBarc = Bloomberg Barclays

CREDIT OPPORTUNITIES ROLLING 1 YEAR





*Returns are net of fees

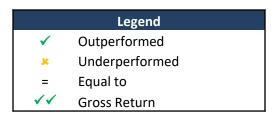


MANAGER REPORT CARD

Credit Opportunities Managers	Inception Date	Mandate	Qu (1	rrent arter Net) Universe	(N	let)	(N	e Years let) Universe	۱)	let)	Since Inception (Net)	Annual Mgt Fee Paid \$ (000)	Comments
AEGON USA	Jun-13	High Yield Bonds	×	✓	×	×	×	×	×	=	×	1,428.4	On Watch since October 2017 due to organizational reasons
Prudential	May-14	Emerging Market Debt	~	✓	3C	✓	✓	✓	✓	✓	✓	1,432.7	On Watch since May 2020 due to performance
Bain	Jun-15	Bank Loans	✓	✓	✓	✓	✓	✓	æ	✓	×	754.3	On Watch since July 2020 due to performance
SLC	Jun-20	TALF	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

Note: Managers are placed on Watch List for concerns with organization, process and performance. Managers are normally on the Watch List for 12 months though may be longer if manager issues remain but not severe enough to warrant termination recommendation.

- Annual Management Fee Paid as of fiscal year ending June 30, 2019.
- * Where net of fees performance is not available gross of fee returns are evaluated.





REAL ASSETS

NEPC, LLC —

REAL ASSETS (GROSS)

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Real Assets	2,004,127,555	100.00	2.71	-1.81	0.82	4.16	5.02	7.66	6.11	Nov-94
CPI + 5% (Unadjusted)			1.10	<u>2.80</u>	<u>5.68</u>	<u>6.80</u>	6.63	<u>6.77</u>	<u>7.25</u>	Nov-94
Over/Under			1.61	-4.61	-4.86	-2.64	-1.61	0.89	-1.14	
Public Real Assets	1,196,757,429	59.71	6.13	-1.27	1.68	3.34	2.73		1.77	Jun-14
Public Real Assets Blend			<u>10.10</u>	<u>-4.02</u>	<u>-2.35</u>	<u>1.25</u>	<u>0.65</u>		<u>-0.77</u>	Jun-14
Over/Under			-3.97	2.75	4.03	2.09	2.08		2.54	
TIPS	805,688,661	40.20	4.65	6.42	8.13	5.26	3.91		2.92	Jul-14
BBgBarc US TIPS TR			<u>4.24</u>	<u>6.01</u>	<u>8.28</u>	<u>5.05</u>	<u>3.75</u>		<u>2.85</u>	Jul-14
Over/Under			0.41	0.41	-0.15	0.21	0.16		0.07	
DFA US TIPS ¹	805,688,661	40.20	4.65	6.42	8.13	5.26	4.01		3.05	Aug-14
BBgBarc US TIPS TR			<u>4.24</u>	<u>6.01</u>	<u>8.28</u>	<u>5.05</u>	<u>3.75</u>		<u>2.85</u>	Aug-14
Over/Under			0.41	0.41	-0.15	0.21	0.26		0.20	
REITS	211,361,002	10.55	13.32	-9.32	-2.01	5.96	8.33		6.45	Mar-15
FTSE NAREIT All Equity REIT			<u>13.25</u>	<u>-13.30</u>	<u>-6.47</u>	<u>3.39</u>	<u>6.48</u>		<u>4.26</u>	Mar-15
Over/Under			0.07	3.98	4.46	2.57	1.85		2.19	
CenterSquare US Real Estate ¹	211,361,002	10.55	13.32	-9.32	-2.01	5.96	8.33		7.19	May-15
FTSE NAREIT All Equity REIT			<u>13.25</u>	<u>-13.30</u>	<u>-6.47</u>	<u>3.39</u>	<u>6.48</u>		<u>5.36</u>	May-15
Over/Under			0.07	3.98	4.46	2.57	1.85		1.83	
Commodities	179,707,766	8.97	4.96	-19.01	-17.12	-5.42	-7.16		-7.16	Jun-15
Bloomberg Commodity Index TR USD			<u>5.08</u>	<u>-19.40</u>	<u>-17.38</u>	<u>-6.14</u>	<u>-7.69</u>		<u>-7.69</u>	Jun-15
Over/Under			-0.12	0.39	0.26	0.72	0.53		0.53	
CoreCommodity Mgmt ¹	179,707,766	8.97	4.96	-19.01	-17.12	-5.42	-7.16		-7.16	Jul-15
Bloomberg Commodity Index TR USD			<u>5.08</u>	<u>-19.40</u>	<u>-17.38</u>	<u>-6.14</u>	<u>-7.69</u>		<u>-7.69</u>	Jul-15
Over/Under			-0.12	0.39	0.26	0.72	0.53		0.53	
Private Real Estate	788,237,602	39.33	-2.16	-2.74	-0.46	4.91	7.03	9.04	6.64	Oct-94
Real Estate Blend			<u>-1.35</u>	<u>-0.20</u>	<u>3.04</u>	<u>6.51</u>	<u>8.16</u>	<u>10.84</u>	<u>9.59</u>	Oct-94
Over/Under			-0.81	-2.54	-3.50	-1.60	-1.13	-1.80	-2.95	
Timber	19,132,524	0.95	4.95	4.95	4.38	2.97	3.04	5.57	9.16	Sep-99

⁻ Real Estate Blend = NCREIF-ODCE + 80bps 7/1/2014 to present; NCREIF Property Index 1 Qtr Lag plus 100bps 7/1/2012 - 6/30/2014; NCREIF Property Index prior to eA = eVestment Alliance



¹ Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance.

⁻ Public Real Assets Custom Benchmark = 60% BBgBarc US TIPS TR / 20% Bloomberg Commodity Index TR USD / 10% Alerian MLP TR USD / 10% FTSE NAREIT All REIT

REAL ASSETS (NET)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%) Rank	Inception (%)	Inception Date
Real Assets	2,004,127,555	100.00	2.67		-1.89		0.67		4.00		4.85		7.51		Nov-94
CPI + 5% (Unadjusted)			<u>1.10</u>		<u>2.80</u>		<u>5.68</u>		<u>6.80</u>		<u>6.63</u>		<u>6.77</u>		Nov-94
Over/Under			1.57		-4.69		-5.01		-2.80		-1.78		0.74		
Public Real Assets	1,196,757,429	59.71	6.08		-1.38		1.47		3.11		2.49			1.56	Jun-14
Public Real Assets Blend			<u>10.10</u>		<u>-4.02</u>		<u>-2.35</u>		<u>1.25</u>		<u>0.65</u>			<u>-0.77</u>	Jun-14
Over/Under			-4.02		2.64		3.82		1.86		1.84			2.33	
TIPS	805,688,661	40.20	4.64		6.39		8.07		5.21		3.85			2.87	Jul-14
BBgBarc US TIPS TR			<u>4.24</u>		<u>6.01</u>		<u>8.28</u>		<u>5.05</u>		<u>3.75</u>			<u>2.85</u>	Jul-14
Over/Under			0.40		0.38		-0.21		0.16		0.10			0.02	
DFA US TIPS 1	805,688,661	40.20	4.64	52	6.39	11	8.07	35	5.21	13	3.95	15		2.99	Aug-14
BBgBarc US TIPS TR			<u>4.24</u>	64	<u>6.01</u>	32	<u>8.28</u>	28	<u>5.05</u>	38	<u>3.75</u>	24		<u>2.85</u>	Aug-14
Over/Under			0.40		0.38		-0.21		0.16		0.20			0.14	
eV US TIPS / Inflation Fixed Inc Net Median			4.69		5.08		7.48		4.92		3.61			2.58	Aug-14
REITS	211,361,002	10.55	13.20		-9.51		-2.38		5.51		7.86			6.01	Mar-15
FTSE NAREIT All Equity REIT			<u>13.25</u>		-13.30		<u>-6.47</u>		<u>3.39</u>		<u>6.48</u>			<u>4.26</u>	Mar-15
Over/Under			-0.05		3.79		4.09		2.12		1.38			1.75	
CenterSquare US Real Estate 1	211,361,002	10.55	13.20	35	-9.51	19	-2.38	22	5.51	12	7.86	14		6.74	May-15
FTSE NAREIT All Equity REIT			<u>13.25</u>	34	<u>-13.30</u>	36	<u>-6.47</u>	44	<u>3.39</u>	38	<u>6.48</u>	36		<u>5.36</u>	May-15
Over/Under			-0.05		3.79		4.09		2.12		1.38			1.38	
eV US REIT Net Median			12.03		-13.89		-7.08		2.12		5.20			4.19	May-15
Commodities	179,707,766	8.97	4.80		-19.27		-17.60		-6.07		-7.81			-7.81	Jun-15
Bloomberg Commodity Index TR USD			<u>5.08</u>		<u>-19.40</u>		<u>-17.38</u>		<u>-6.14</u>		<u>-7.69</u>			<u>-7.69</u>	Jun-15
Over/Under			-0.28		0.13		-0.22		0.07		-0.12			-0.12	
CoreCommodity Mgmt ¹	179,707,766	8.97	4.80		-19.27		-17.60		-6.07		-7.81			-7.81	Jul-15
Bloomberg Commodity Index TR USD			<u>5.08</u>		<u>-19.40</u>		<u>-17.38</u>		<u>-6.14</u>		<u>-7.69</u>			<u>-7.69</u>	Jul-15
Over/Under			-0.28		0.13		-0.22		0.07		-0.12			-0.12	

⁻ Public Real Assets Custom Benchmark = 60% BBgBarc US TIPS TR / 20% Bloomberg Commodity Index TR USD / 10% Alerian MLP TR USD / 10% FTSE NAREIT All REIT eA = eVestment Alliance



¹ Portfolio has a mid-month inception date. Since inception return is calculated from the first full month of performance. No universe is available.

Los Angeles City Employees' Retirement System

REAL ASSETS (NET)

	Market Value (\$)	% of Portfolio	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank	Inception (%)	Inception Date
Private Real Estate	788,237,602	39.33	-2.18	89	-2.78	89	-0.55	91	4.83	66	6.94	64	8.94	73		Oct-94
Real Estate Blend			<u>-1.35</u>	38	<u>-0.20</u>	20	<u>3.04</u>	20	<u>6.51</u>	9	<u>8.16</u>	11	<u>10.84</u>	10		Oct-94
Over/Under			-0.83		-2.58		-3.59		-1.68		-1.22		-1.90			
InvMetrics Public DB Real Estate Priv Net Median			-1.42		-0.93		1.75		5.46		7.18		9.62			Oct-94
Timber	19,132,524	0.95	4.95		4.95		4.38		2.97		3.04		5.51			Sep-99

⁻ Real Estate Blend = NCREIF-ODCE + 80bps 7/1/2014 to present; NCREIF Property Index 1 Qtr Lag plus 100bps 7/1/2012 - 6/30/2014; NCREIF Property Index prior to eA = eVestment Alliance

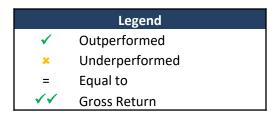


MANAGER REPORT CARD

Real Assets Managers	Inception Date	Mandate	(nt Quarter Net) Universe	(1	e Year Net) Universe				ears (Net) Universe	` '	Annual Mgt Fee Paid \$ (000)	Comments
DFA	Jul-14	U.S. TIPS	✓	x	×	✓	✓	✓	✓	✓	✓	333.9	Performance compliant with LACERS' Manager
CenterSquare	Apr-15	REITS	x	✓	✓	✓	✓	✓	✓	✓	✓	592.3	Monitoring Policy Performance compliant with LACERS' Manager
CoreCommodity Mgt.	Jul-15	Commodities	x	N/A	×	N/A	✓	N/A	×	N/A	*	983.9	Monitoring Policy On Watch since September 2020 due to performance

Note: Managers are placed on Watch List for concerns with organization, process and performance. Managers are normally on the Watch List for 12 months though may be longer if manager issues remain but not severe enough to warrant termination recommendation.

- Annual Management Fee Paid as of fiscal year ending June 30, 2019.
- * Where net of fees performance is not available gross of fee returns are evaluated.





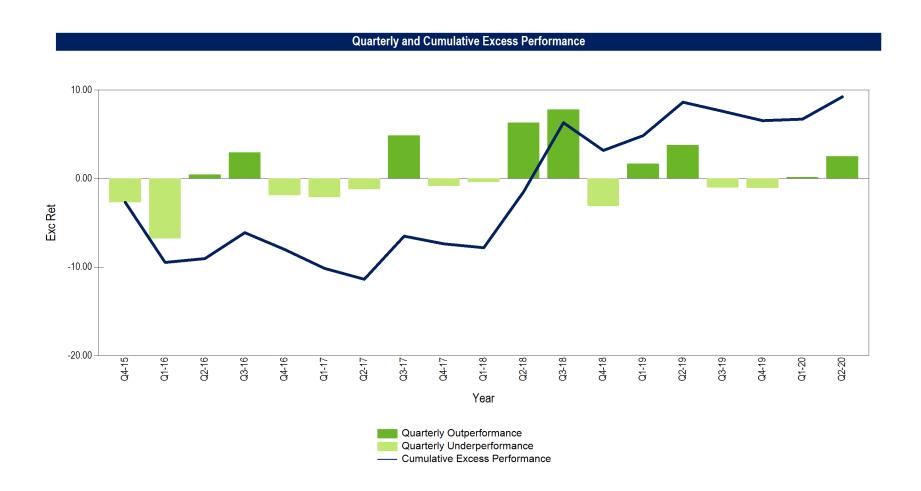
APPENDIX

NEPC, LLC —

U.S. EQUITY MANAGER PERFORMANCE

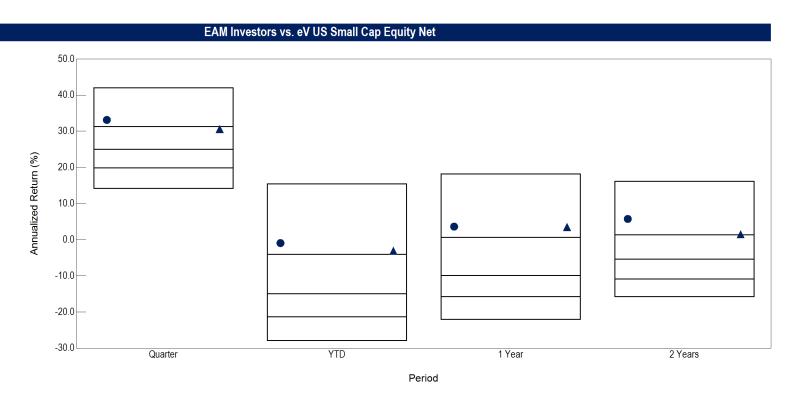
NEPC, LLC -

EAM INVESTORS





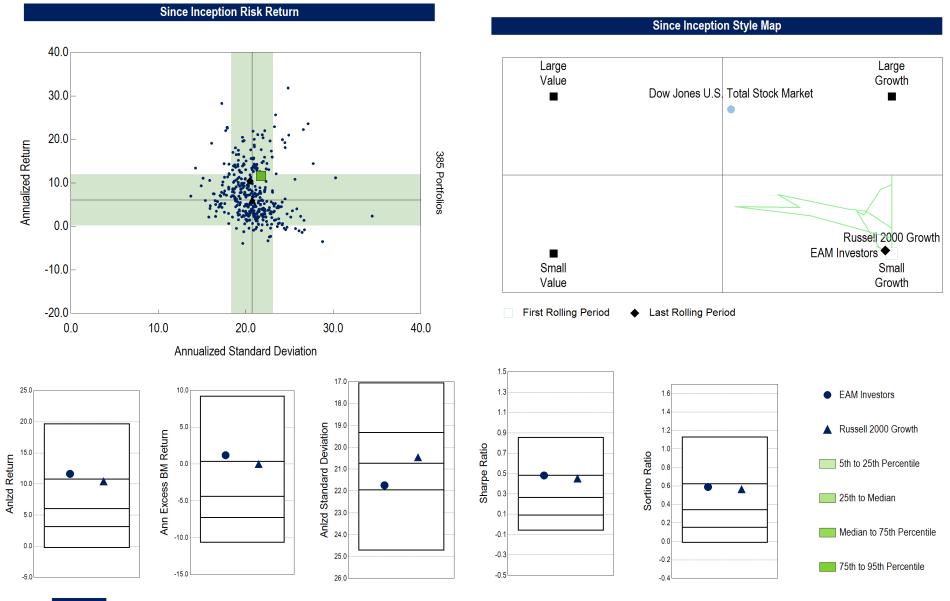
EAM INVESTORS



		Return (Rank)							
	5th Percentile	41.98		15.39		18.20		16.08	
	25th Percentile	31.40		-4.00		0.71		1.41	
	Median	25.04		-14.90		-9.83		-5.35	
	75th Percentile	19.93		-21.24		-15.70		-10.79	
	95th Percentile	14.27		-27.78		-22.00		-15.65	
,	# of Portfolios	416		415		415		412	
	EAM Investors	33.11	(19)	-0.96	(21)	3.60	(20)	5.72	(17)
•	Russell 2000 Growth	30.58	(27)	-3.06	(24)	3.48	(20)	1.47	(25)

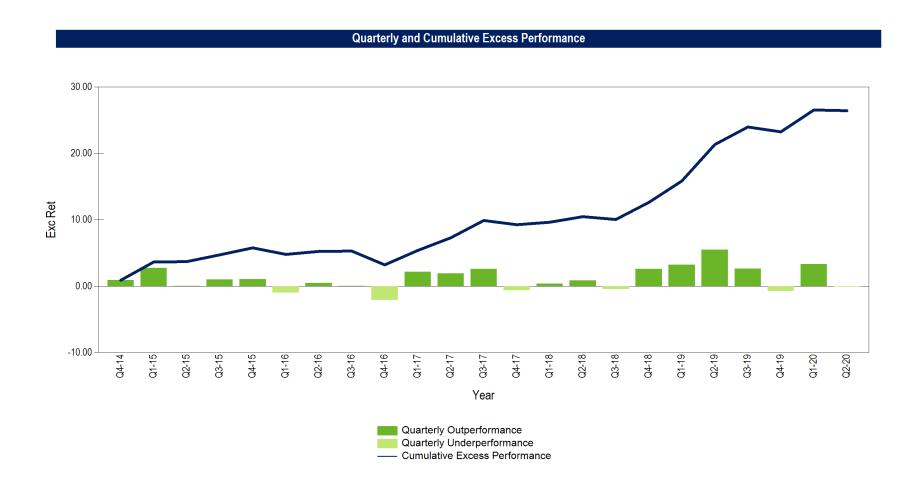


EAM INVESTORS



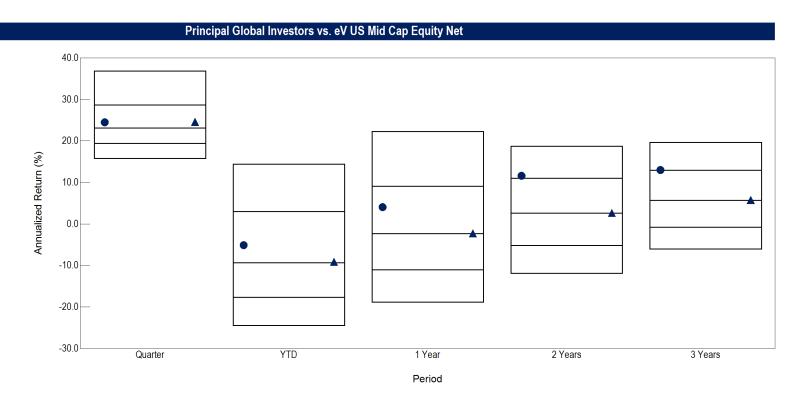


PRINCIPAL GLOBAL INVESTORS





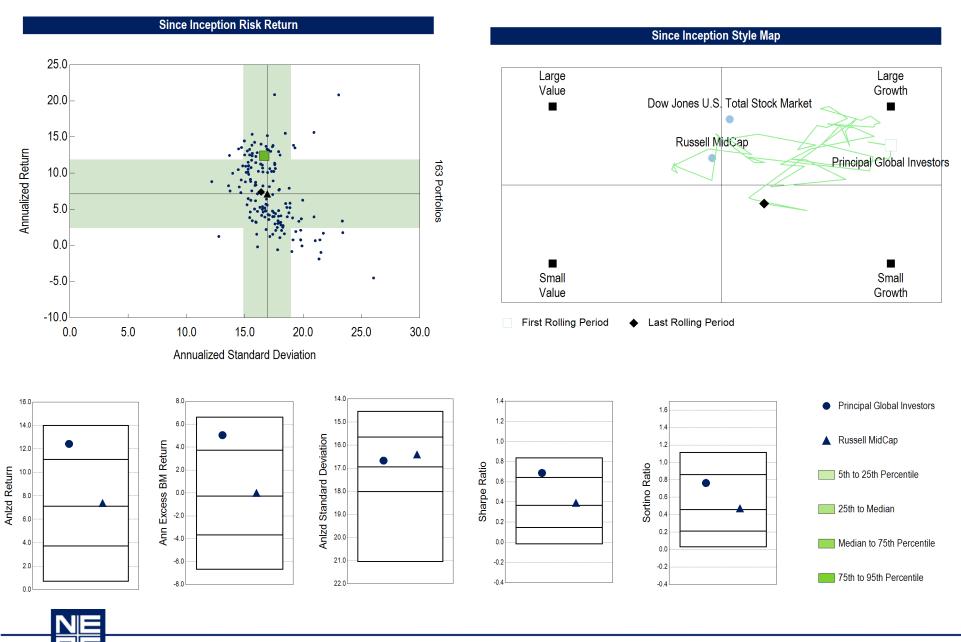
PRINCIPAL GLOBAL INVESTORS



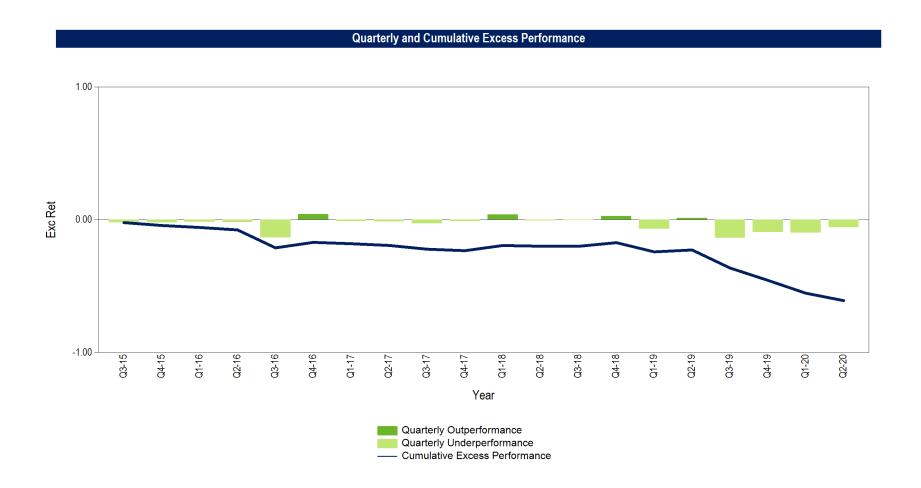
	Return (Rank)								
5th Percentile	36.89	14.4	2	22.25		18.75		19.64	
25th Percentile	28.73	3.0	9	9.17		11.09		13.02	
Median	23.24	-9.2	3	-2.25		2.66		5.77	
75th Percentile	19.48	-17.6	2	-10.93		-5.12		-0.68	
95th Percentile	15.86	-24.3	3	-18.75		-11.84		-5.99	
# of Portfolios	177	17	7	177		177		175	
Principal Global Investors	24.50	(43) -5.1	(42)	4.06	(38)	11.61	(23)	13.00	(26)
▲ Russell MidCap	24.61	(43) -9.1	3 (50)	-2.24	(50)	2.67	(50)	5.79	(50)



PRINCIPAL GLOBAL INVESTORS

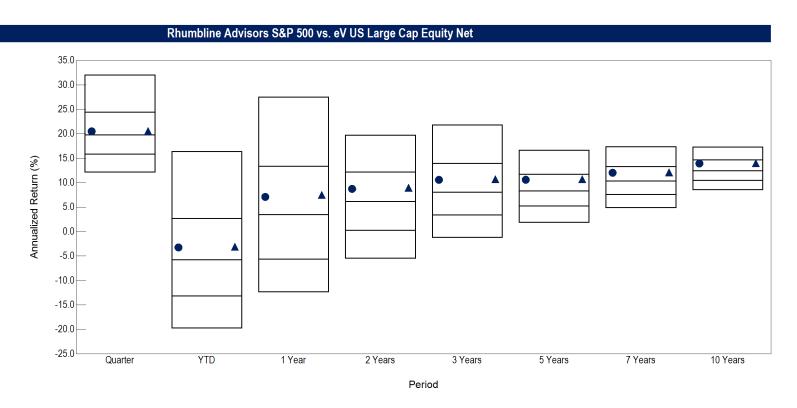


RHUMBLINE ADVISORS S&P 500





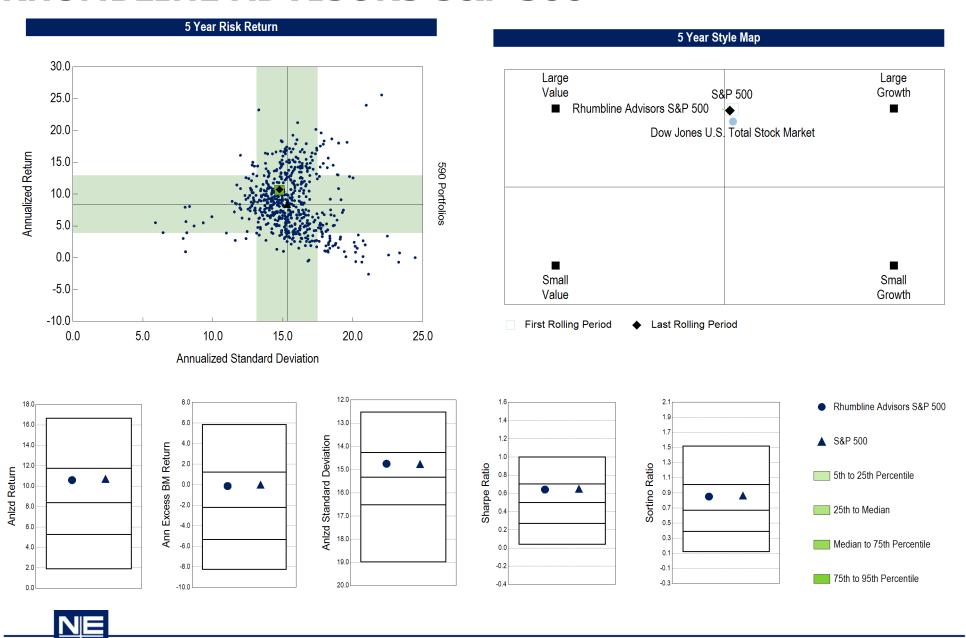
RHUMBLINE ADVISORS S&P 500



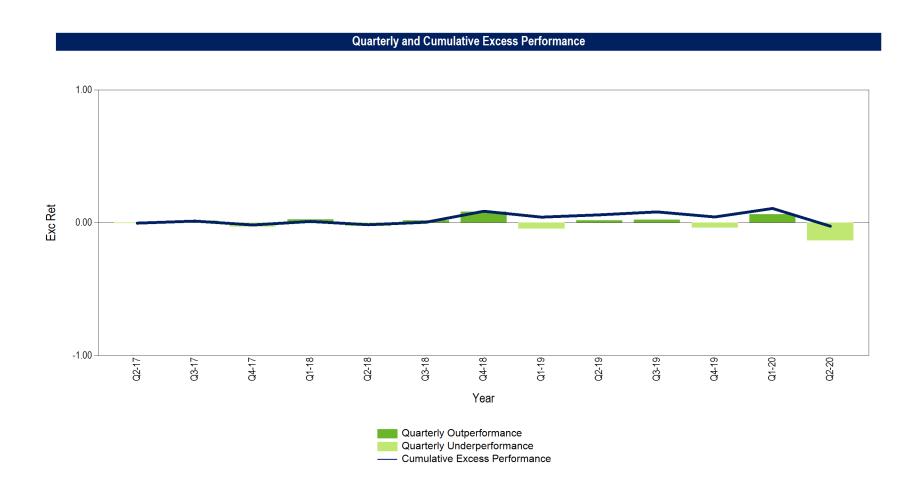
		Return (Rank	:)													
5	h Percentile	32.02	16	.39	27.49		19.72		21.77		16.64		17.35		17.26	
2	th Percentile	24.45		.72	13.45		12.25		14.02		11.78		13.37		14.71	
N	edian	19.83	{	.69	3.52		6.25		8.14		8.41		10.39		12.52	
7	th Percentile	15.92	-13	.07	-5.56		0.34		3.47		5.32		7.66		10.55	
9	th Percentile	12.24	-19	.64	-12.27		-5.40		-1.09		1.96		4.96		8.62	
#	of Portfolios	653		352	646		641		631		590		550		464	
	Rhumbline Advisors S&P 500	20.49	(46) -3	.24	(40) 7.09	(38)	8.73	(38)	10.58	(36)	10.60	(31)	12.03	(31)	13.92	(31)
\	S&P 500	20.54	(45) -3	.08	(40) 7.50	(37)	8.95	(37)	10.73	(36)	10.73	(30)	12.13	(30)	13.99	(30)



RHUMBLINE ADVISORS S&P 500

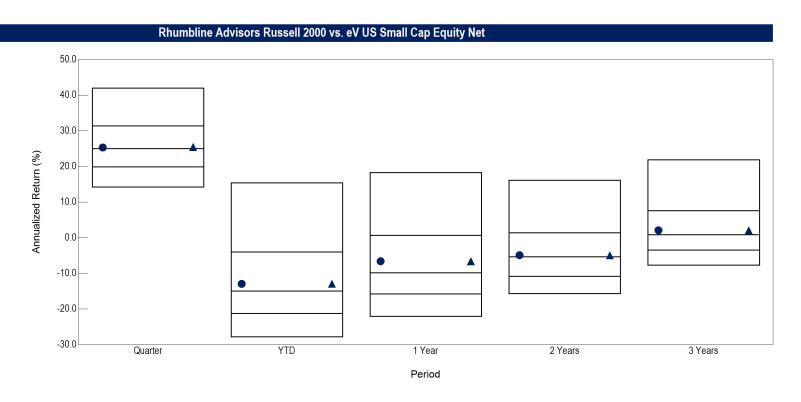


RHUMBLINE ADVISORS RUSSELL 2000





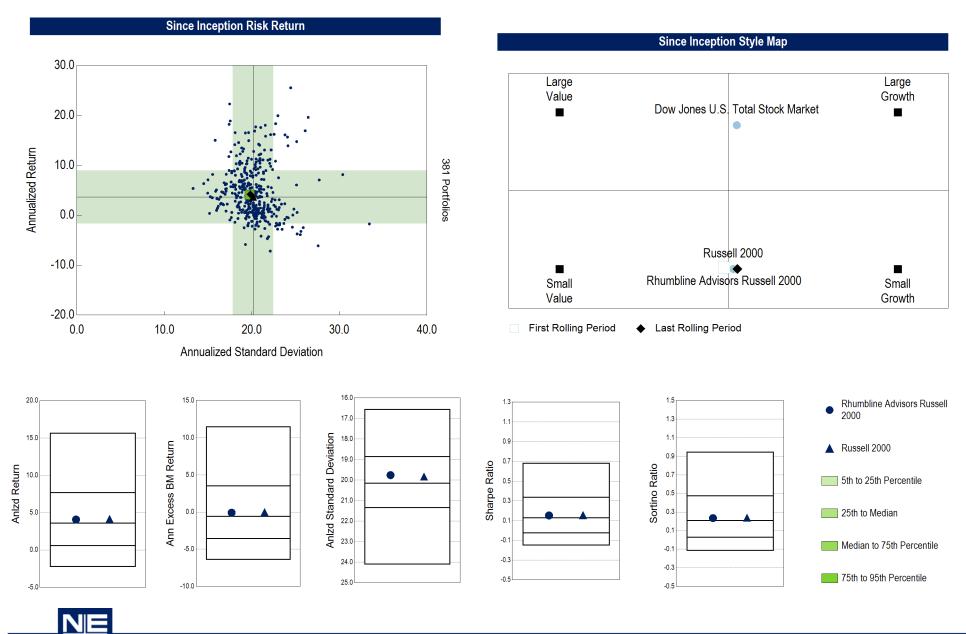
RHUMBLINE ADVISORS RUSSELL 2000



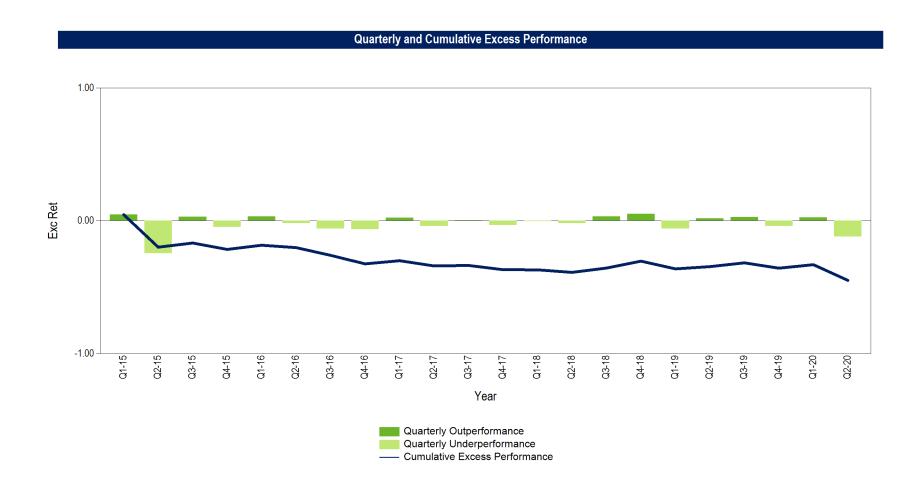
		Return (Rank)									
	5th Percentile	41.98		15.39		18.20		16.08		21.85	
- 1	25th Percentile	31.40		-4.00		0.71		1.41		7.61	
	Median	25.04		-14.90		-9.83		-5.35		0.93	
-	75th Percentile	19.93		-21.24		-15.70		-10.79		-3.43	
(95th Percentile	14.27		-27.78		-22.00		-15.65		-7.67	
1	of Portfolios	416		415		415		412		408	
•	Rhumbline Advisors Russell 2000	25.28	(49)	-12.99	(46)	-6.65	(44)	-4.95	(47)	2.03	(44)
•	Russell 2000	25.42	(48)	-12.98	(46)	-6.63	(44)	-4.98	(47)	2.01	(44)



RHUMBLINE ADVISORS RUSSELL 2000

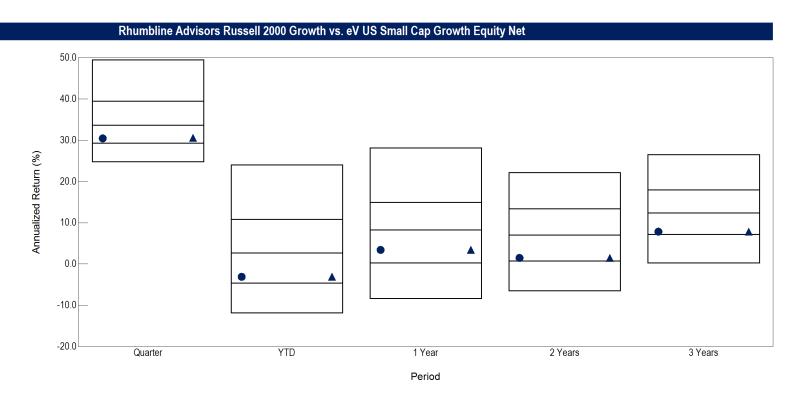


RHUMBLINE ADVISORS RUSSELL 2000 GROWTH





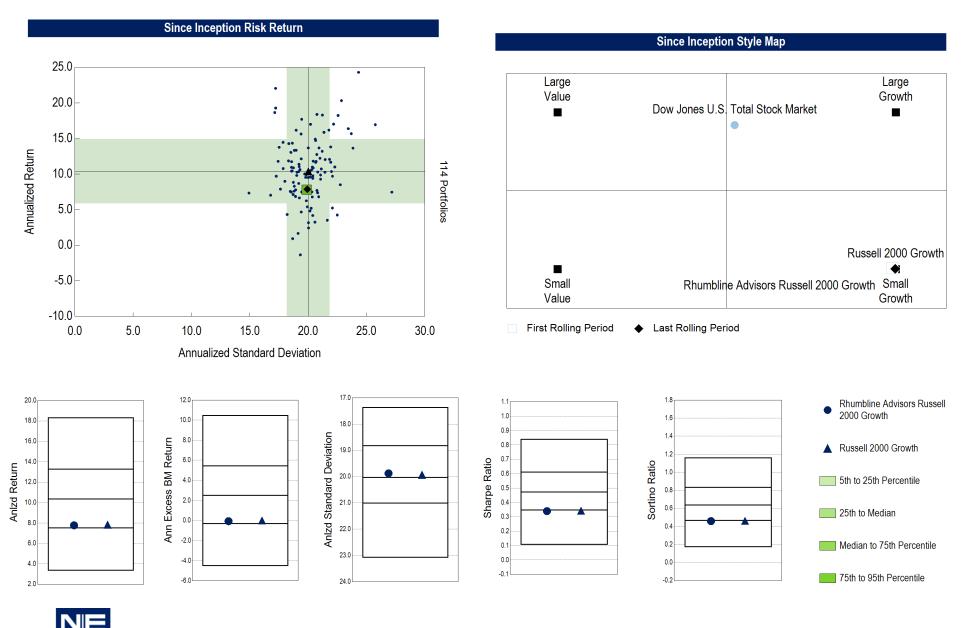
RHUMBLINE ADVISORS RUSSELL 2000 GROWTH



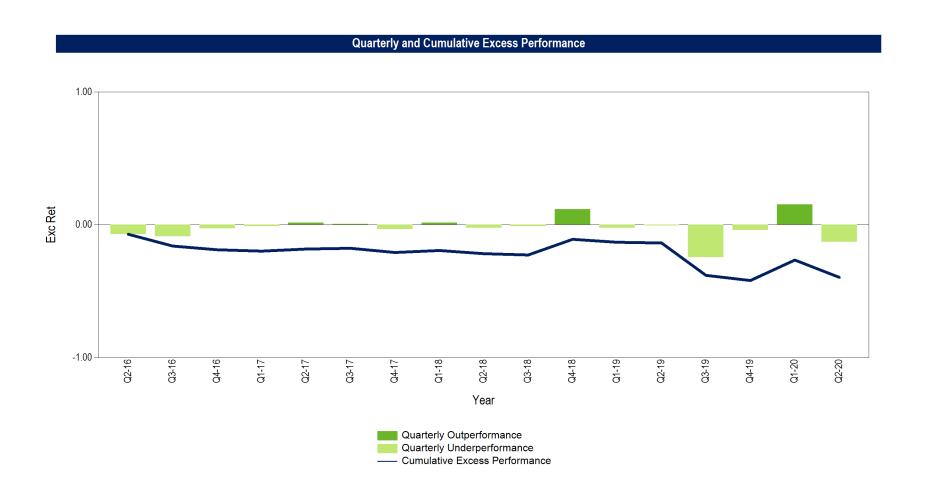
	Return (Rank)								
5th Percentile	49.47	24.03		28.16		22.13	26	.48	
25th Percentile	39.52	10.94		15.02		13.46	18	.07	
Median	33.69	2.78		8.32		7.06	12	.48	
75th Percentile	29.40	-4.53		0.34		0.78	7	.27	
95th Percentile	24.84	-11.75		-8.31		-6.44	0	.34	
# of Portfolios	125	125		125		125	1	25	
 Rhumbline Advisors Russell 2000 Growth 	30.47	(69) -3.11	(71)	3.41	(59)	1.48	(71) 7	.84 (7	' 2)
A Russell 2000 Growth	30.58	(68) -3.06	(71)	3.48	(59)	1.47	(71) 7		' 2)



RHUMBLINE ADVISORS RUSSELL 2000 GROWTH

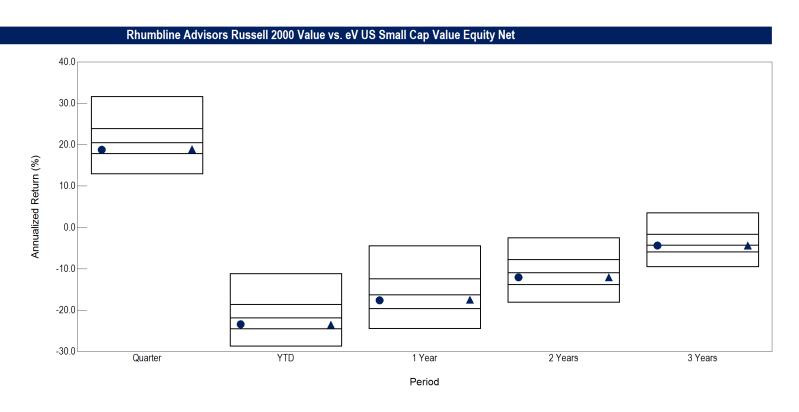


RHUMBLINE ADVISORS RUSSELL 2000 VALUE





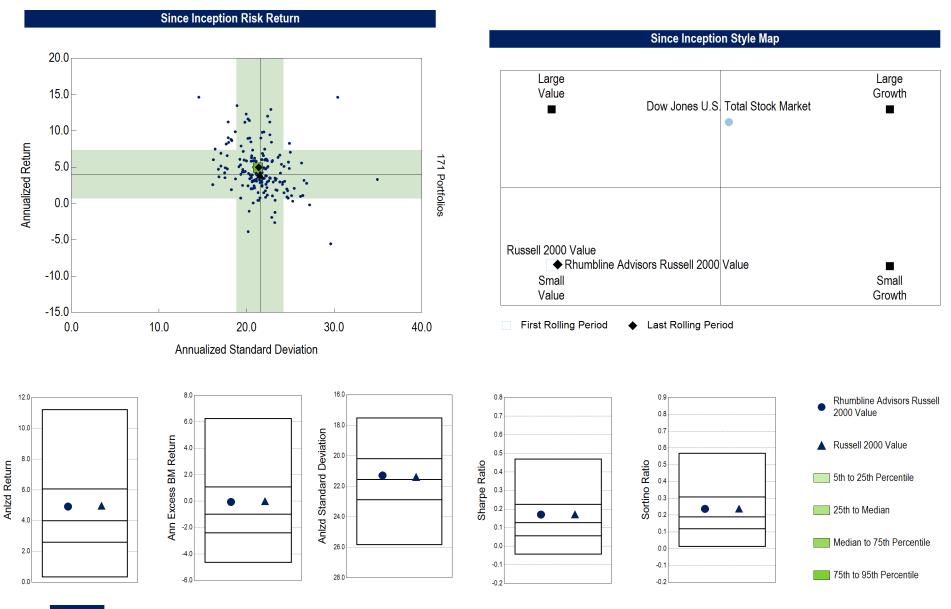
RHUMBLINE ADVISORS RUSSELL 2000 VALUE



		Return (Rank)									
	5th Percentile	31.62		-11.19		-4.47		-2.49		3.52	
	25th Percentile	24.00		-18.54		-12.36		-7.68		-1.60	
	Median	20.59		-21.80		-16.17		-10.86		-4.17	
	75th Percentile	17.96		-24.41		-19.54		-13.71		-5.86	
	95th Percentile	13.08		-28.56		-24.30		-18.01		-9.36	
1	# of Portfolios	180		179		179		177		175	
	Rhumbline Advisors Russell 2000 Value	18.78	(71)	-23.40	(64)	-17.60	(62)	-12.05	(63)	-4.37	(55)
•	Russell 2000 Value	18.91	(70)	-23.50	(65)	-17.48	(60)	-12.04	(63)	-4.35	(55)



RHUMBLINE ADVISORS RUSSELL 2000 VALUE

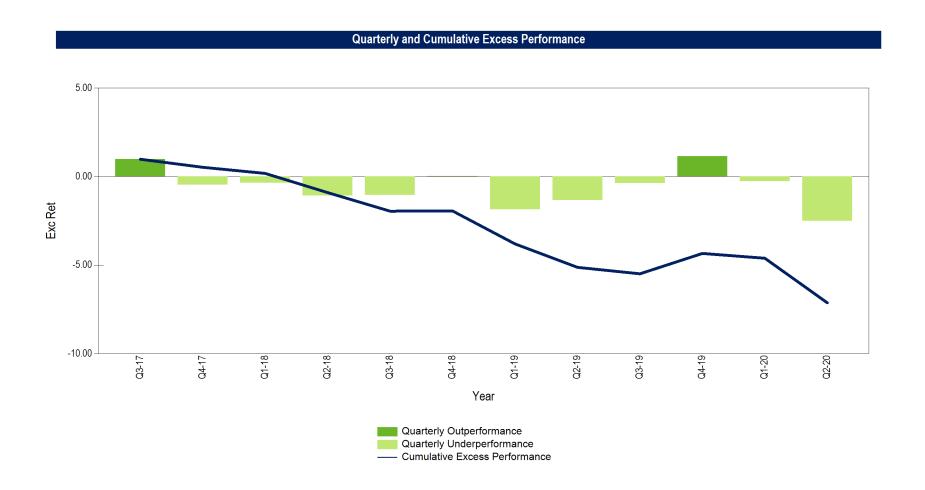




NON-U.S. EQUITY MANAGER PERFORMANCE

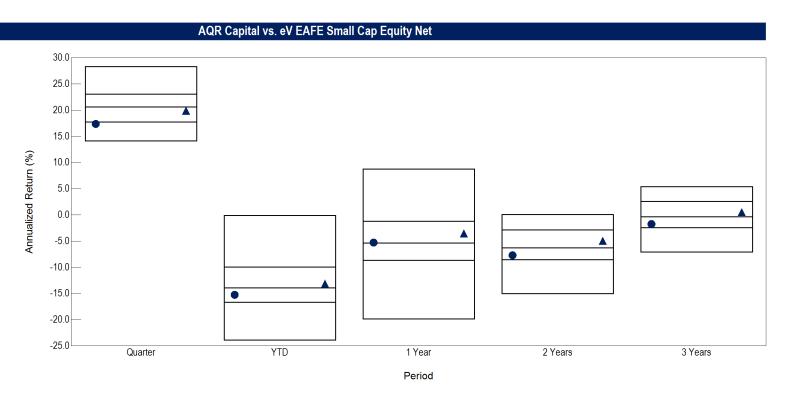
NEPC, LLC -

AQR CAPITAL





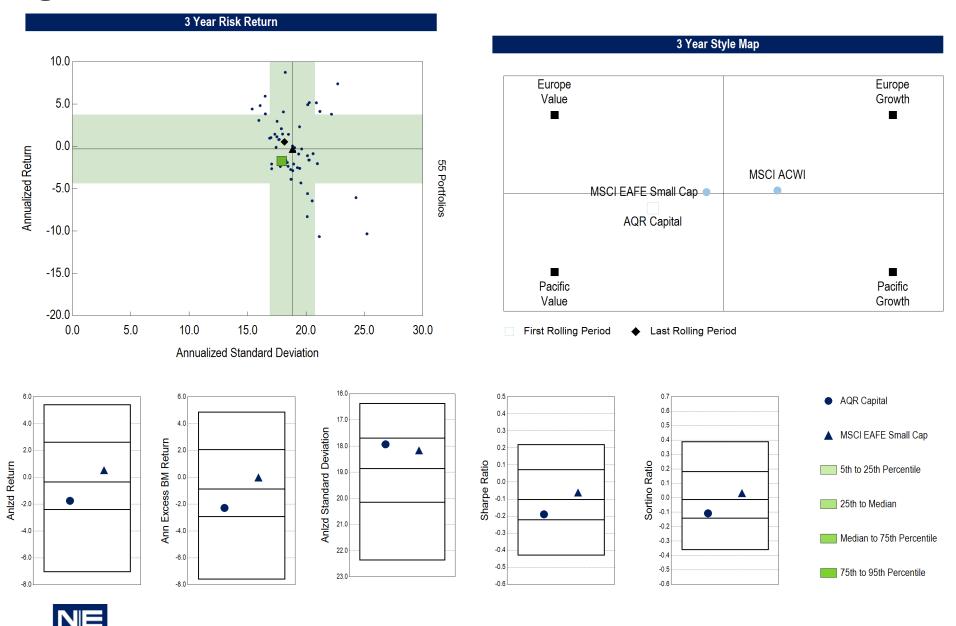
AQR CAPITAL



	Return (Rank)								
5th Percentile	28.33	-0.12		8.73		0.07		5.41	
25th Percentile	23.12	-9.91		-1.14		-2.78		2.63	
Median	20.64	-13.89		-5.28		-6.24		-0.31	
75th Percentile	17.79	-16.59		-8.64		-8.49		-2.37	
95th Percentile	14.21	-23.82		-19.80		-14.94		-7.01	
# of Portfolios	60	59		59		57		55	
AQR Capital	17.37	(81) -15.25	(61)	-5.28	(50)	-7.70	(68)	-1.74	(66)
MSCI EAFE Small Cap	19.88	(55) -13.11	(44)	-3.52	(45)	-4.94	(40)	0.53	(44)

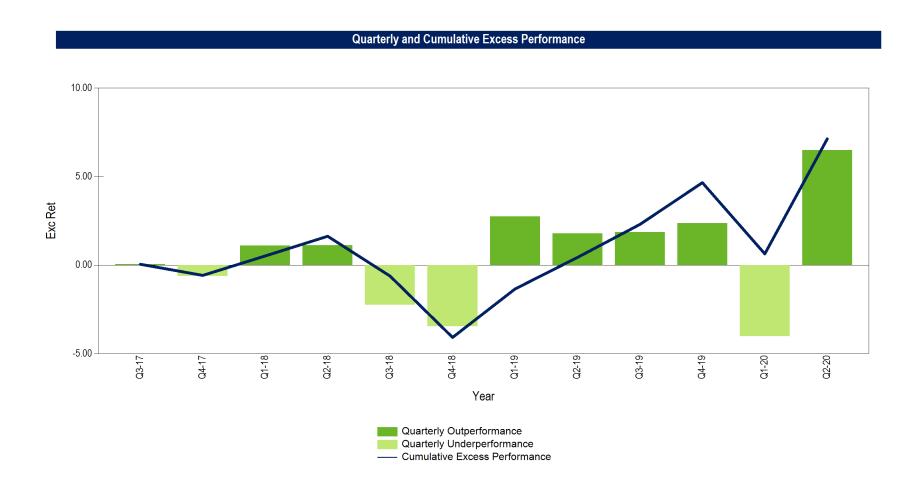


AQR CAPITAL



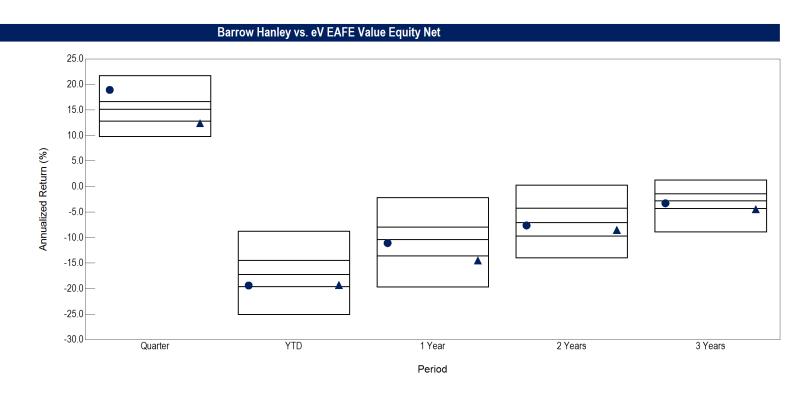
88

BARROW HANLEY





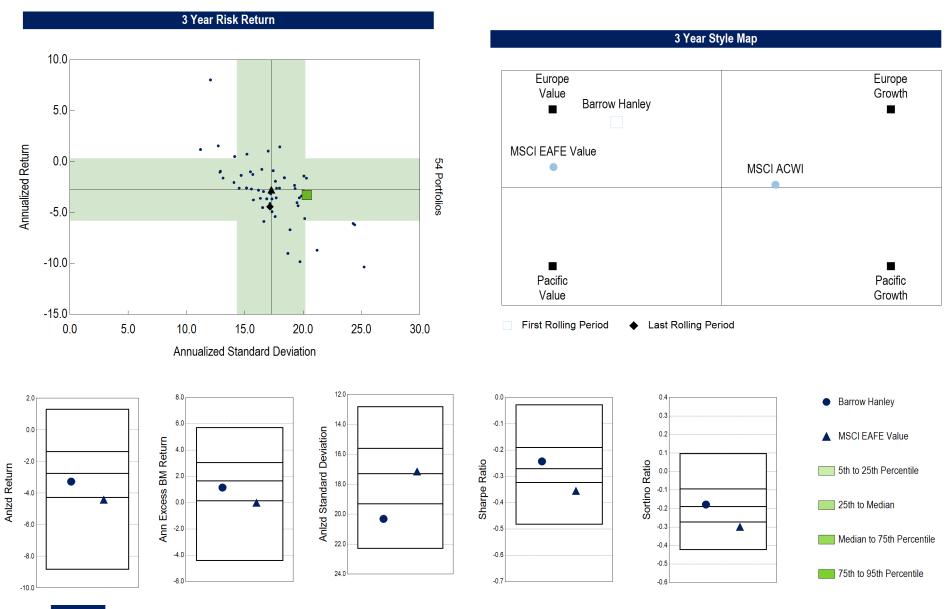
BARROW HANLEY



		Return (Rank)								
	5th Percentile	21.74	-8.77		-2.16		0.28		1.28	
2	25th Percentile	16.68	-14.40		-7.86		-4.19		-1.36	
- 1	Median	15.22	-17.18		-10.36		-7.00		-2.75	
7	75th Percentile	12.85	-19.58		-13.56		-9.65		-4.28	
9	95th Percentile	9.86	-25.03		-19.59		-13.92		-8.81	
#	# of Portfolios	59	59		59		57		54	
	Barrow Hanley	18.92	(13) -19.39	(75)	-11.08	(58)	-7.63	(62)	-3.29	(58)
A	MSCI EAFE Value	12.43	(82) -19.27	(75)	-14.48	(80)	-8.50	(69)	-4.43	(77)

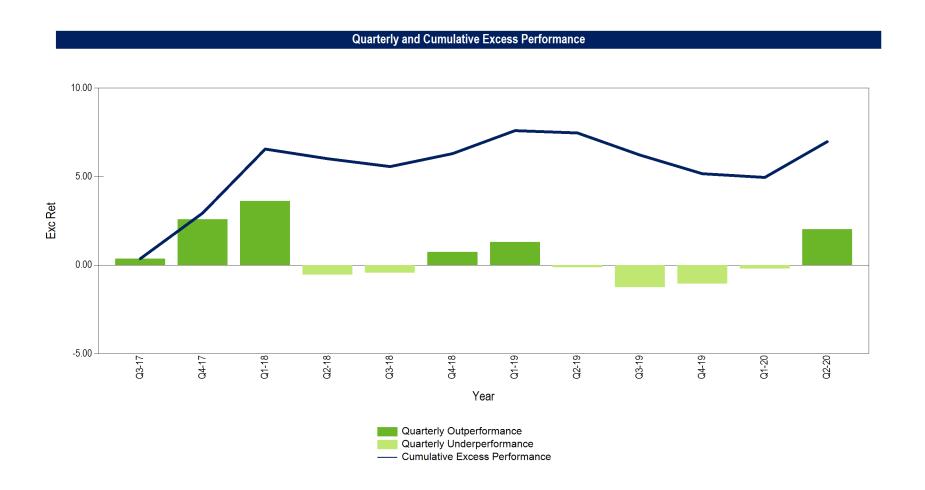


BARROW HANLEY



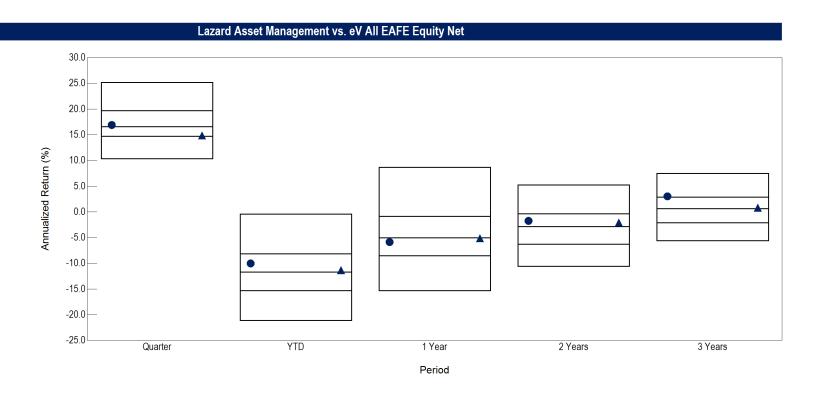


LAZARD ASSET MANAGEMENT





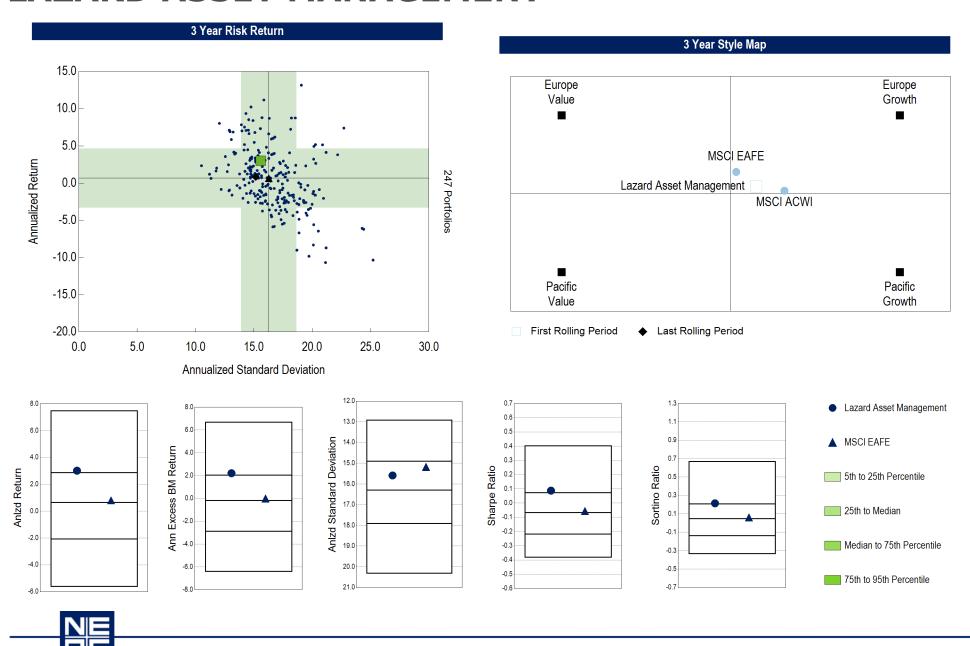
LAZARD ASSET MANAGEMENT



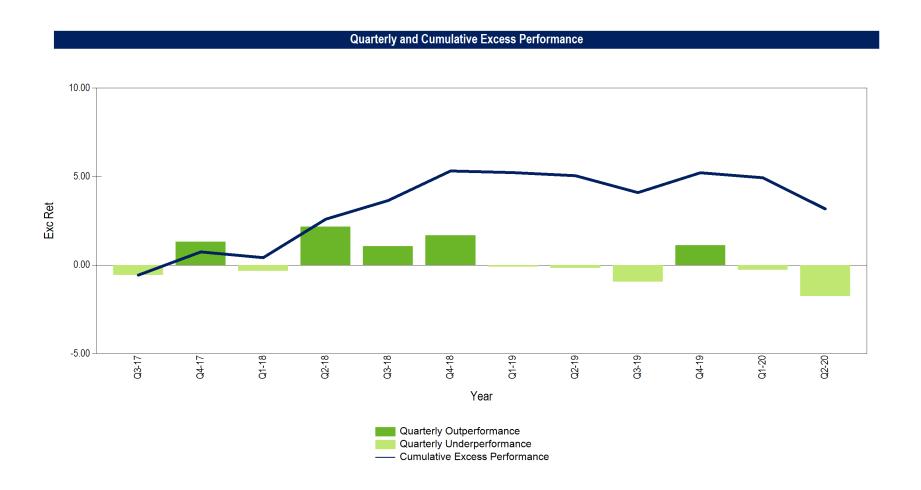
	Return (Rank)									
5th Percentile	25.15		-0.44		8.65		5.24		7.49	
25th Percentile	19.74		-8.08		-0.82		-0.30		2.89	
Median	16.61	-	-11.62		-4.99		-2.79		0.67	
75th Percentile	14.75	-	-15.26		-8.45		-6.24		-2.05	
95th Percentile	10.38	-	-21.08		-15.29		-10.56		-5.57	
# of Portfolios	260		259		259		254		247	
 Lazard Asset Management 	16.90	(46) -	-10.03	(37)	-5.87	(58)	-1.75	(37)	3.02	(25)
▲ MSCI EAFE	14.88	(73)	-11.34	(50)	-5.13	(53)	-2.08	(41)	0.81	(47)



LAZARD ASSET MANAGEMENT

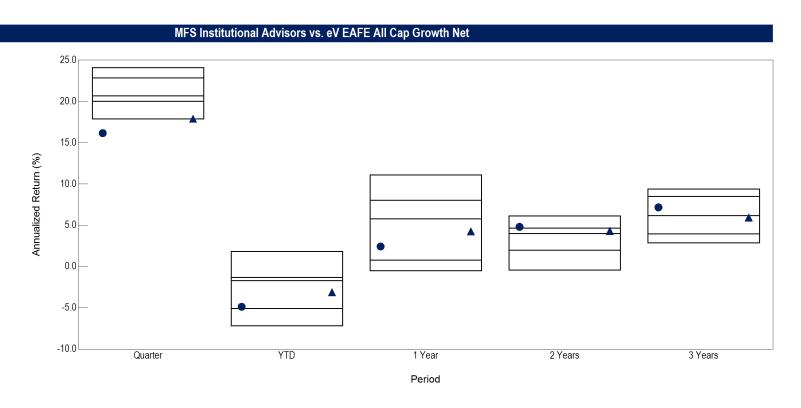


MFS INSTITUTIONAL ADVISORS





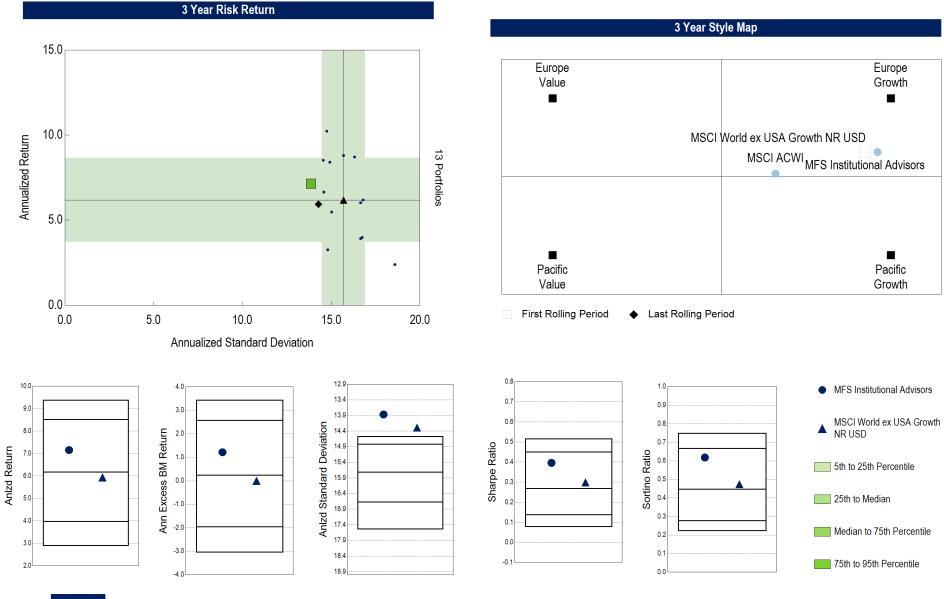
MFS INSTITUTIONAL ADVISORS



		Return (Rank)									
	5th Percentile	24.05		1.83		11.07		6.11		9.37	
2	25th Percentile	22.87	-	1.31		8.05		4.67		8.52	
- 1	Median	20.70	-	1.68		5.82		4.01		6.18	
7	75th Percentile	20.02	-	5.07		0.79		1.98		3.98	
9	95th Percentile	17.89	-	7.13		-0.50		-0.39		2.91	
#	of Portfolios	13		13		13		13		13	
•	MFS Institutional Advisors	16.13	(99) -	4.88	(75)	2.41	(71)	4.79	(17)	7.15	(40)
A	MSCI World ex USA Growth NR USD	17.89	(95) -	3.11	(68)	4.25	(65)	4.31	(43)	5.93	(60)

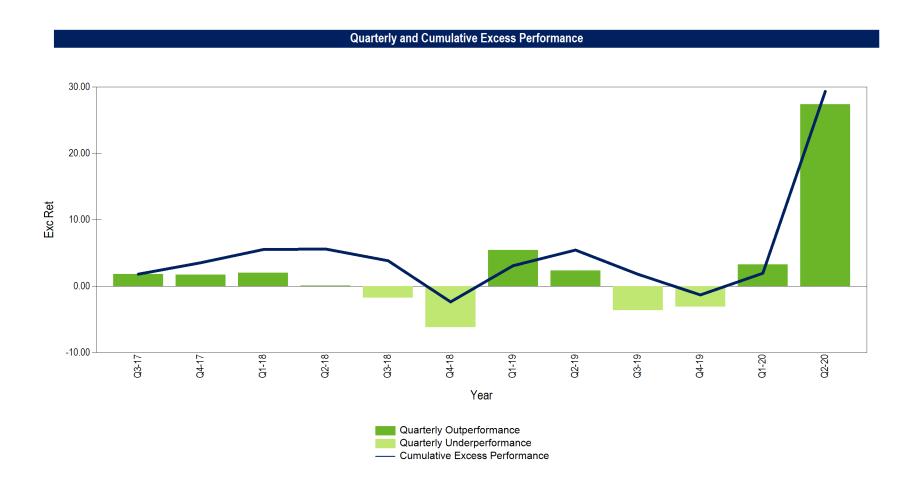


MFS INSTITUTIONAL ADVISORS



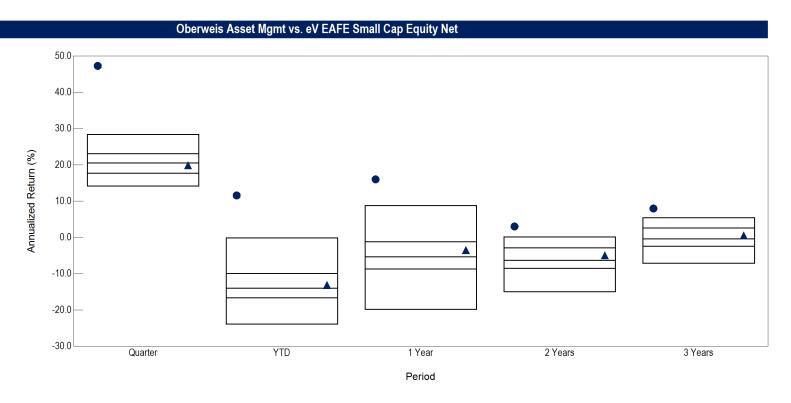


OBERWEIS ASSET MGMT





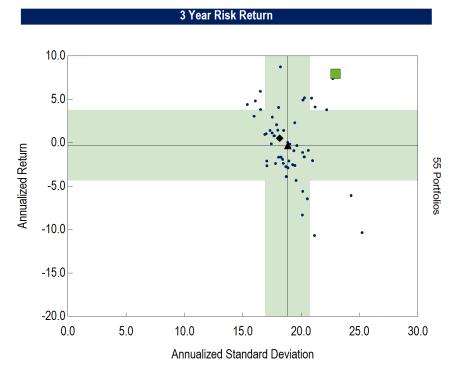
OBERWEIS ASSET MGMT



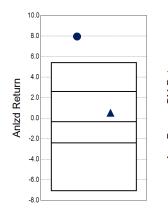
	Return (Rank)								
5th Percentile	28.33	-0.12		8.73		0.07		5.41	
25th Percentile	23.12	-9.91		-1.14		-2.78		2.63	
Median	20.64	-13.89		-5.28		-6.24		-0.31	
75th Percentile	17.79	-16.59		-8.64		-8.49		-2.37	
95th Percentile	14.21	-23.82		-19.80		-14.94		-7.01	
# of Portfolios	60	59		59		57		55	
Oberweis Asset Mgmt	47.27	(1) 11.55	(1)	15.99	(1)	3.00	(2)	7.96	(2)
▲ MSCI EAFE Small Cap	19.88	(55) -13.11	(44)	-3.52	(45)	-4.94	(40)	0.53	(44)

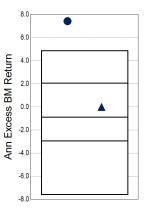


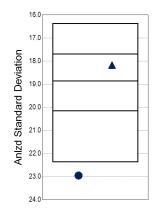
OBERWEIS ASSET MGMT

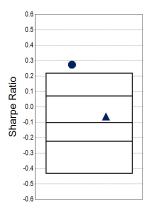


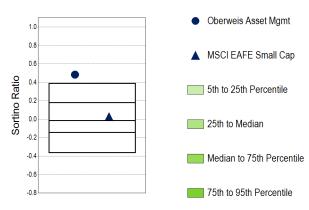






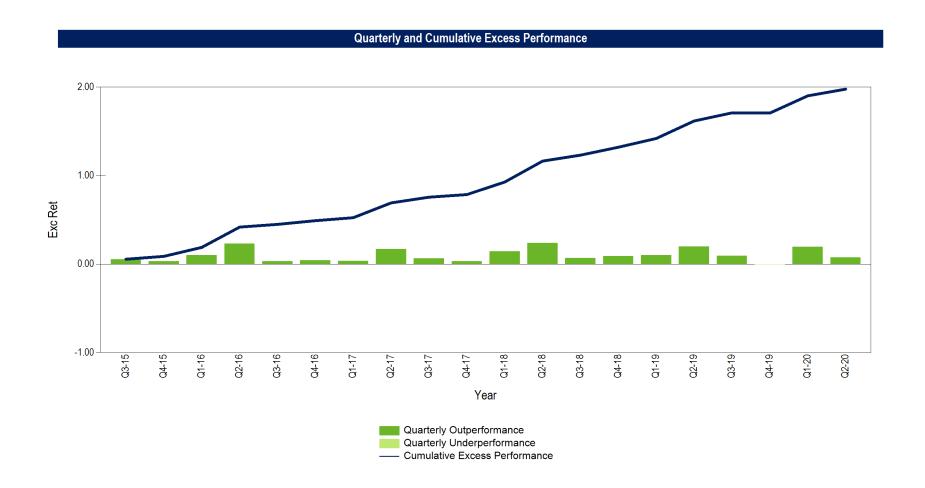








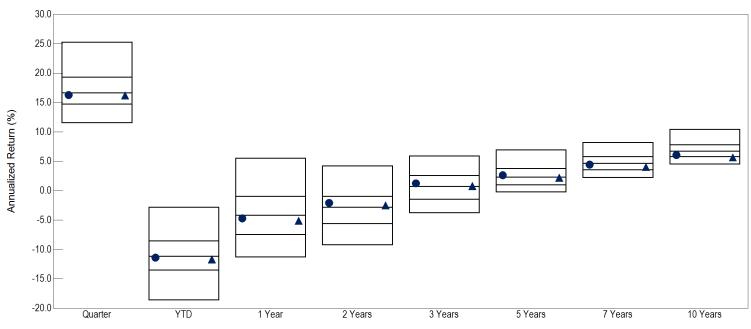
SSGA WORLD EX US IMI





SSGA WORLD EX US IMI

SSgA World ex US IMI vs. eV EAFE Core Equity Net



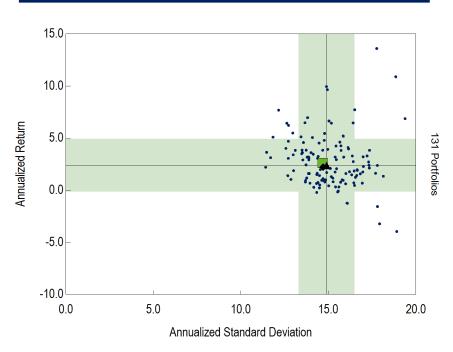
Period

		Return (Rank)														
	5th Percentile	25.25		-2.81		5.52		4.22		5.92		6.92		8.19		10.43	
	25th Percentile	19.36		-8.51		-0.93		-0.93		2.66		3.85		5.86		7.86	
	Median	16.72		-11.12		-4.13		-2.77		0.80		2.38		4.69		6.80	
	75th Percentile	14.78		-13.48		-7.38		-5.54		-1.41		1.08		3.62		5.86	
	95th Percentile	11.62		-18.54		-11.21		-9.13		-3.69		-0.12		2.31		4.61	
	# of Portfolios	151		150		150		148		145		131		110		88	
•	SSgA World ex US IMI	16.28	(57)	-11.40	(54)	-4.71	(55)	-2.09	(40)	1.25	(44)	2.63	(47)	4.44	(54)	6.06	(72)
•	MSCI World ex USA IMI NR USD	16.21	(59)	-11.68	(56)	-5.11	(58)	-2.51	(46)	0.80	(51)	2.22	(52)	4.03	(67)	5.67	(80)

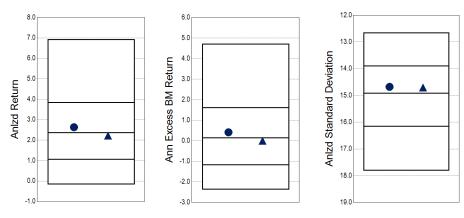


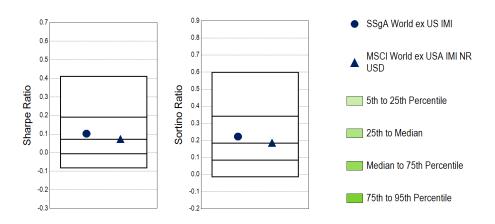
SSGA WORLD EX US IMI





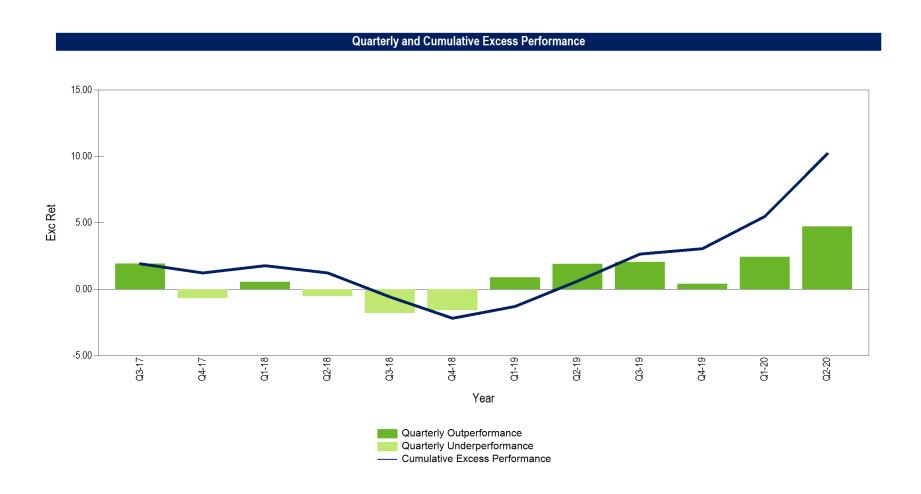






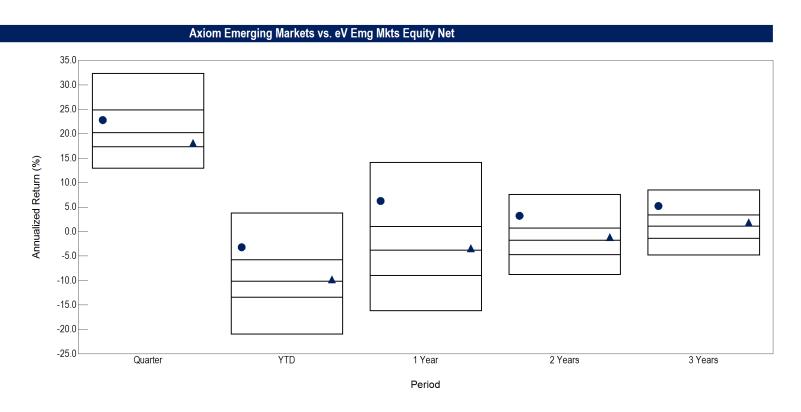


AXIOM EMERGING MARKETS





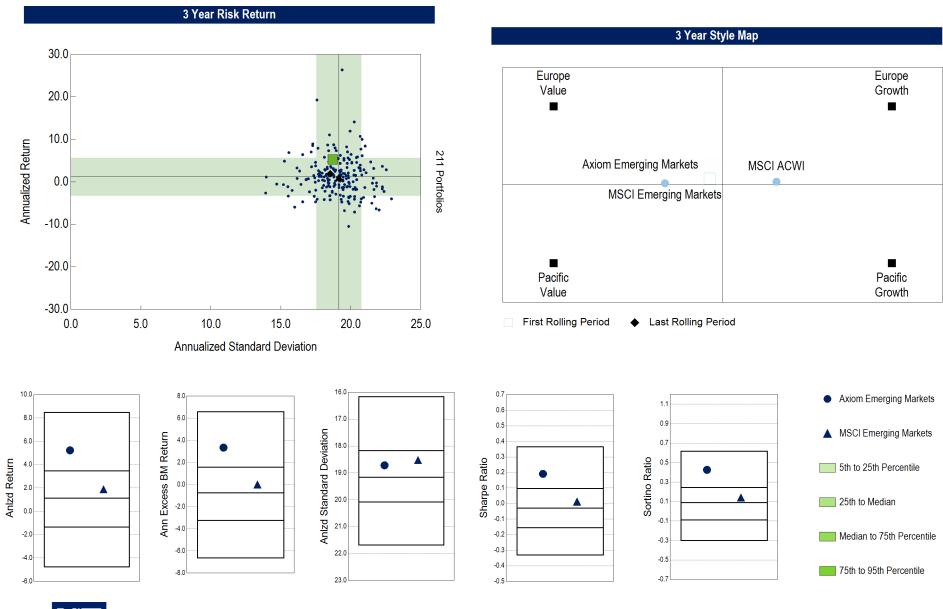
AXIOM EMERGING MARKETS



	Return (Rank)									
5th Percentile	32.35		3.83		14.13		7.56		8.48	
25th Percentile	24.93		-5.68		1.12		0.80		3.49	
Median	20.30		-10.07		-3.74		-1.70		1.16	
75th Percentile	17.40		-13.37		-8.92		-4.67		-1.32	
95th Percentile	13.01		-20.89		-16.09		-8.72		-4.73	
# of Portfolios	235		235		235		222		211	
 Axiom Emerging Markets 	22.80	(36)	-3.20	(15)	6.26	(13)	3.23	(17)	5.23	(16)
MSCI Emerging Markets	18.08	(68)	-9.78	(48)	-3.39	(48)	-1.12	(44)	1.90	(41)

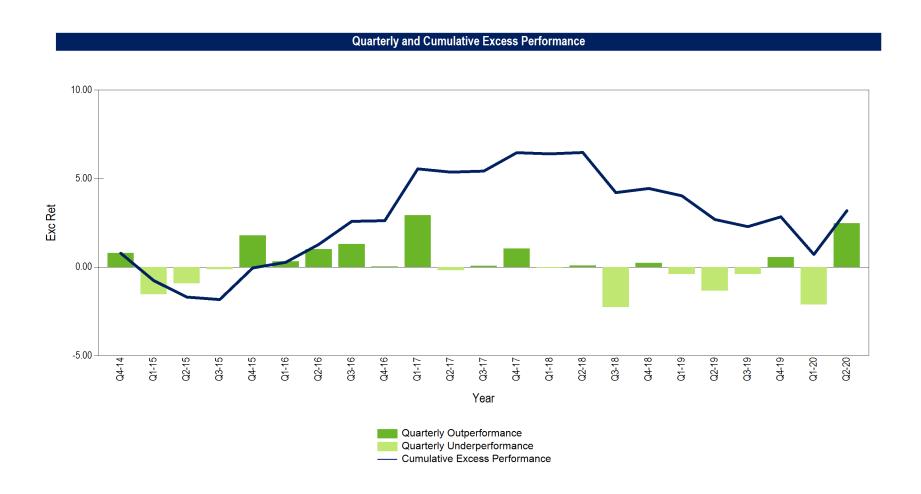


AXIOM EMERGING MARKETS



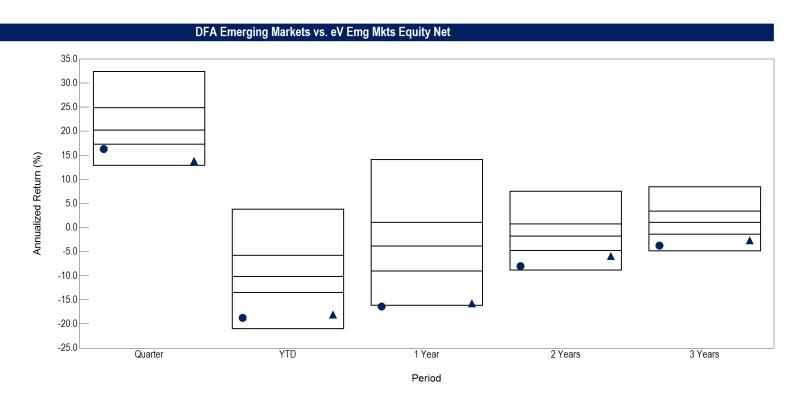


DFA EMERGING MARKETS





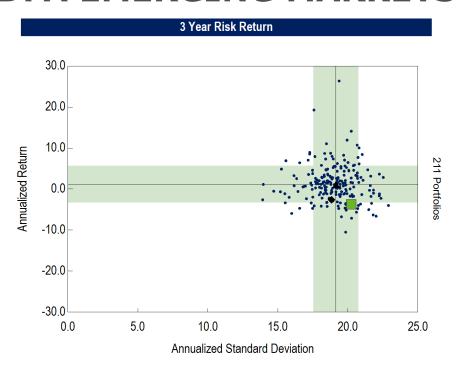
DFA EMERGING MARKETS



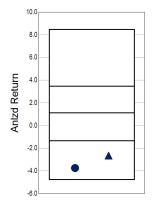
		Return (Rank)									
5	ith Percentile	32.35		3.83		14.13		7.56		8.48	
2	25th Percentile	24.93		-5.68		1.12		0.80		3.49	
N	Median	20.30		-10.07		-3.74		-1.70		1.16	
7	'5th Percentile	17.40		-13.37		-8.92		-4.67		-1.32	
9	95th Percentile	13.01		-20.89		-16.09		-8.72		-4.73	
#	of Portfolios	235		235		235		222		211	
•	DFA Emerging Markets	16.30	(83)	-18.74	(91)	-16.39	(96)	-8.00	(92)	-3.74	(91)
A	MSCI Emerging Markets Value NR USD	13.83	(93)	-18.05	(91)	-15.74	(94)	-5.92	(83)	-2.64	(84)

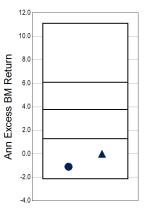


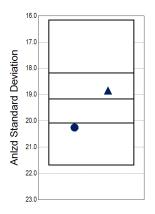
DFA EMERGING MARKETS

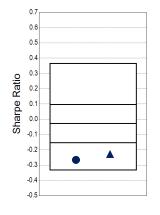


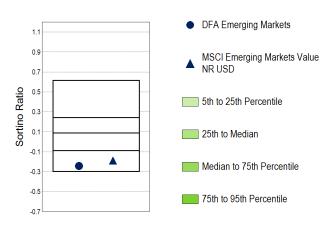






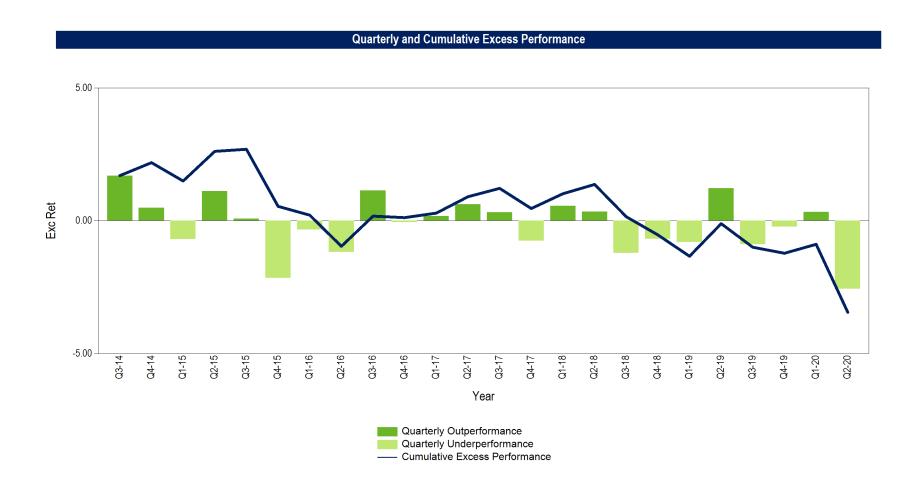






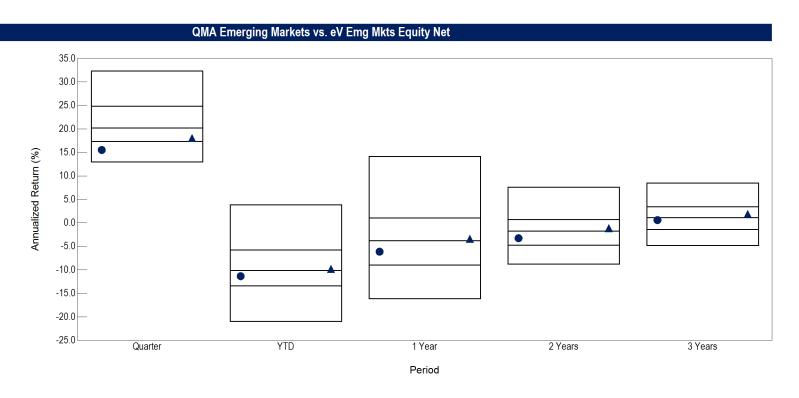


QMA EMERGING MARKETS





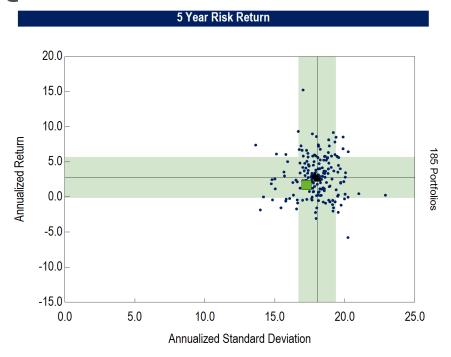
QMA EMERGING MARKETS

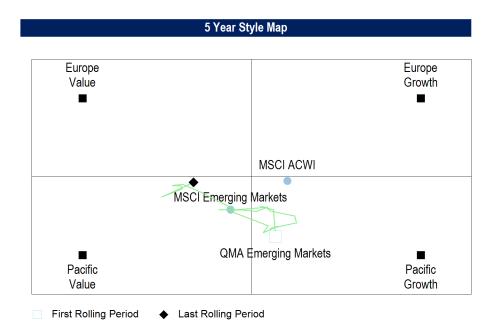


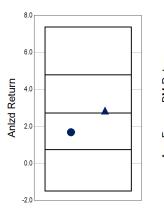
	Return (Rank)						
5th Percentile	32.35	3.83	14.13		7.56	8.48	
25th Percentile	24.93	-5.68	1.12		0.80	3.49	
Median	20.30	-10.07	-3.74		-1.70	1.16	
75th Percentile	17.40	-13.37	-8.92		-4.67	-1.32	
95th Percentile	13.01	-20.89	-16.09		-8.72	-4.73	
# of Portfolios	235	235	235		222	211	
QMA Emerging Markets	15.52	(87) -11.35	(60) -6.14	(63)	-3.26 (63	3) 0.59	(57)
MSCI Emerging Markets	18.08	(68) -9.78	(48) -3.39	(48)	-1.12 (44	1.90	(41)

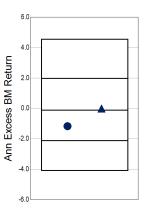


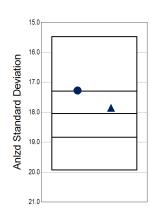
QMA EMERGING MARKETS

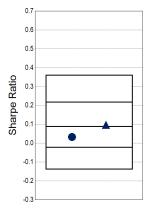


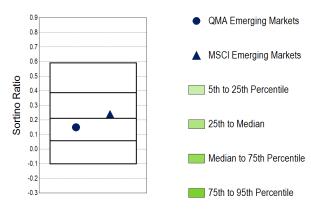












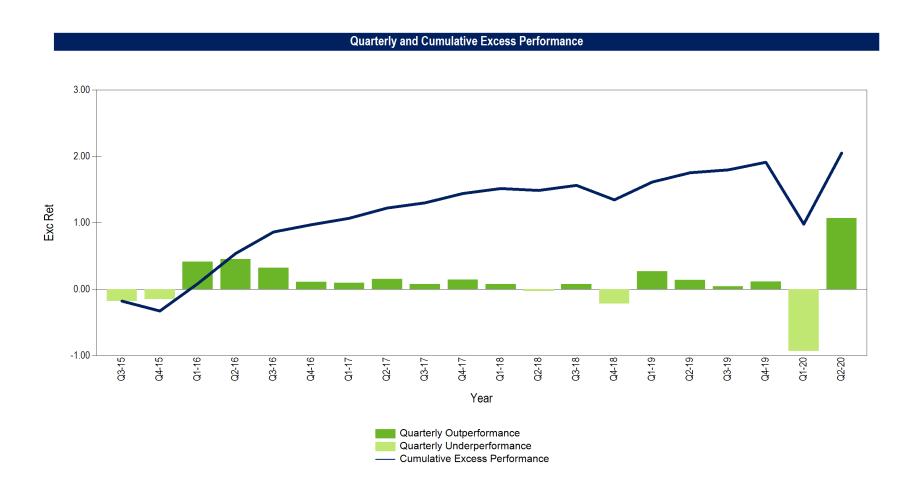


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CORE FIXED INCOME MANAGER PERFORMANCE

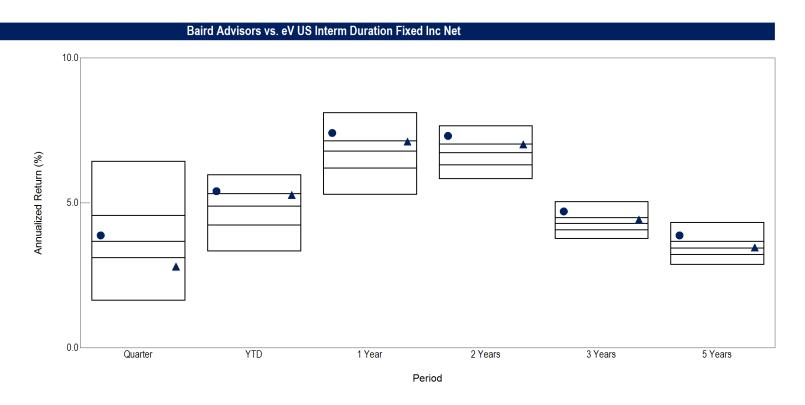
NEPC, LLC -

BAIRD ADVISORS





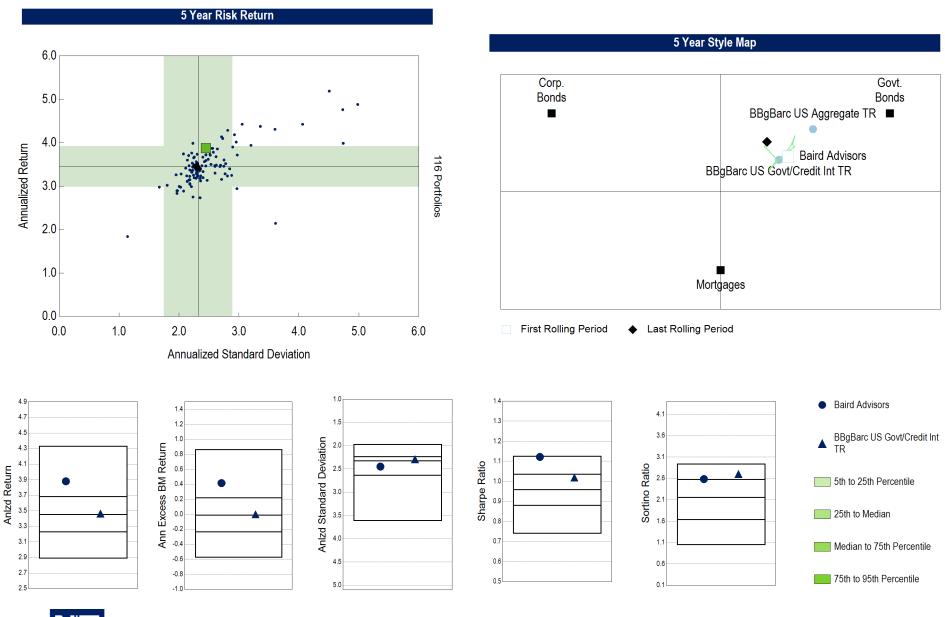
BAIRD ADVISORS



		Return (Rank)										
	5th Percentile	6.43		5.97		8.11		7.66	5.04		4.33	
2	25th Percentile	4.58		5.33		7.15		7.04	4.50		3.69	
- 1	Median	3.68		4.91		6.80		6.74	4.30		3.46	
7	75th Percentile	3.12		4.25		6.21		6.33	4.08		3.24	
9	95th Percentile	1.66		3.36		5.31		5.85	3.79		2.89	
#	f of Portfolios	121		121		121		119	117		116	
•	Baird Advisors	3.88	(42)	5.40	(21)	7.41	(18)	7.31 (1	1) 4.71	(13)	3.88	(15)
•	BBgBarc US Govt/Credit Int TR	2.81	(85)	5.28	(31)	7.12	(28)	7.02 (2	6) 4.43	(36)	3.46	(47)

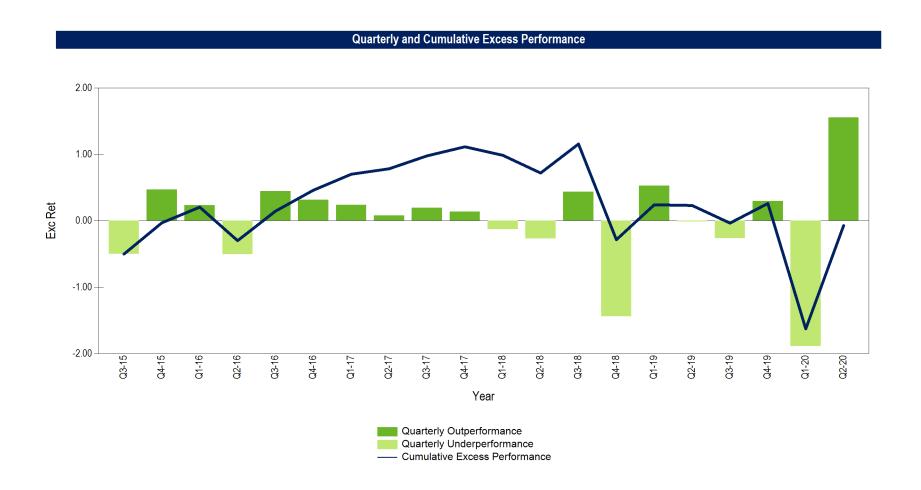


BAIRD ADVISORS



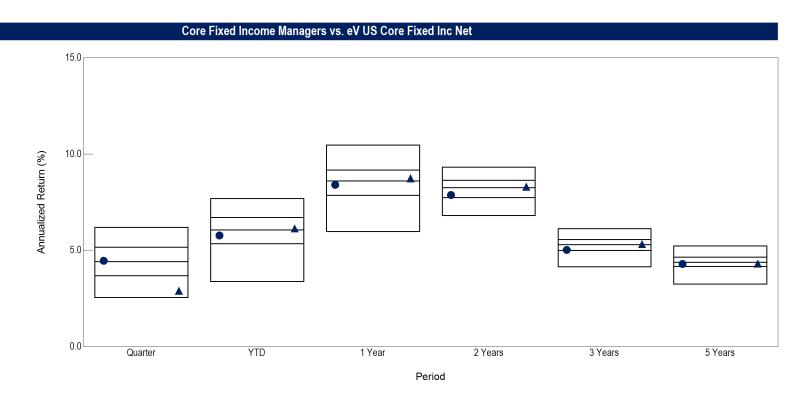


LM CAPITAL





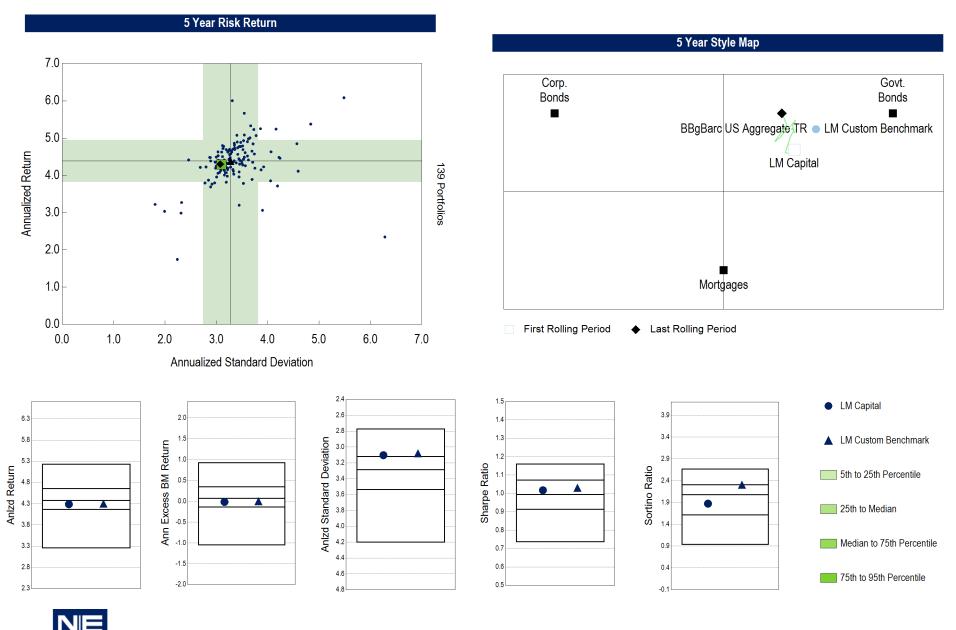
LM CAPITAL



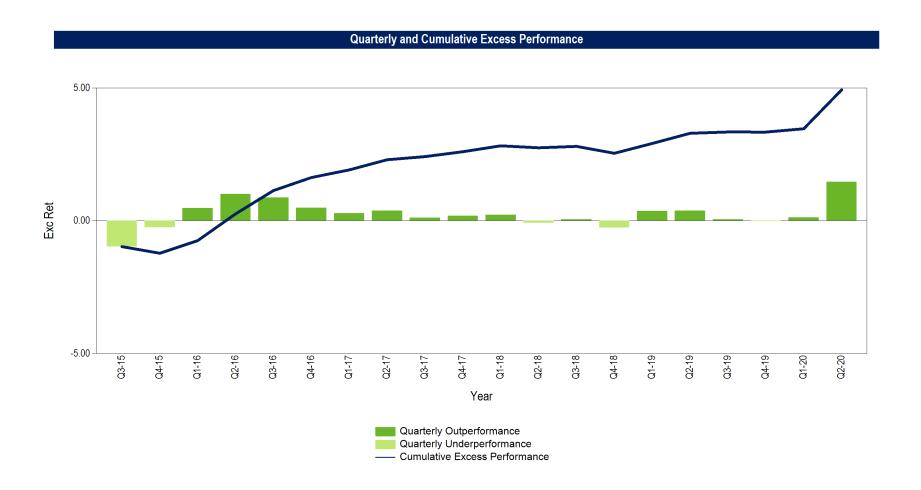
	Return (Rank)								
5th Percentile	6.19	7.68		10.46	9.32		6.12	5.23	
25th Percentile	5.18	6.73		9.19	8.65		5.58	4.66	
Median	4.42	6.07		8.61	8.27		5.30	4.38	
75th Percentile	3.69	5.35		7.86	7.75		5.01	4.17	
95th Percentile	2.57	3.39		5.98	6.82		4.16	3.27	
# of Portfolios	147	147		146	144		143	139	
LM Capital	4.45	(49) 5.77	(58)	8.40 ((59) 7.87	(72)	5.02	(75) 4.29	(61)
▲ LM Custom Benchmark	2.90	(93) 6.13	(47)	8.74 ((45) 8.30	(49)	5.32	(50) 4.30	(60)



LM CAPITAL

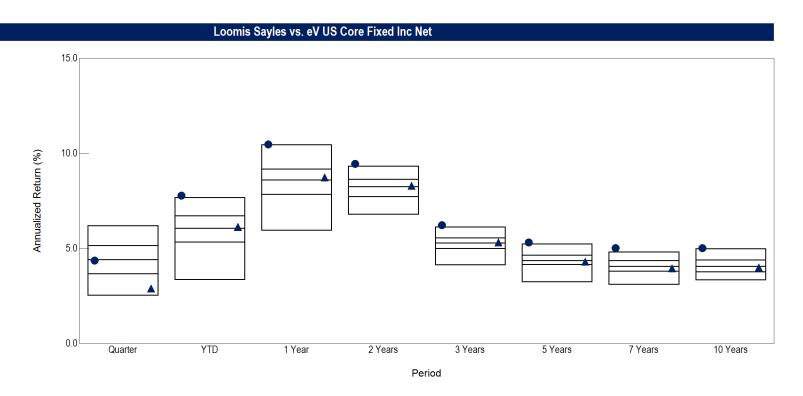


LOOMIS SAYLES





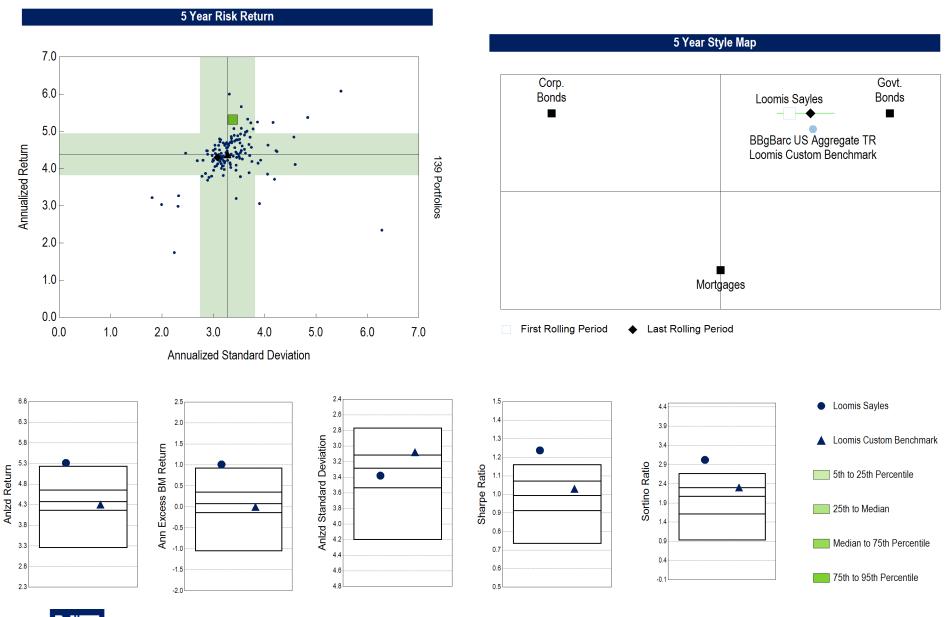
LOOMIS SAYLES



		Return (Rank)														
5th Percentile		6.19		7.68		10.46		9.32		6.12		5.23		4.81		4.98	
25th Percentile		5.18		6.73		9.19		8.65		5.58		4.66		4.38		4.41	
Median		4.42		6.07		8.61		8.27		5.30		4.38		4.07		4.07	
75th Percentile		3.69		5.35		7.86		7.75		5.01		4.17		3.81		3.79	
95th Percentile		2.57		3.39		5.98		6.82		4.16		3.27		3.13		3.37	
# of Portfolios		147		147		146		144		143		139		137		127	
 Loomis Sayle 	S	4.36	(52)	7.78	(4)	10.47	(5)	9.45	(4)	6.22	(3)	5.31	(4)	5.02	(3)	5.01	(5)
Loomis Custo	m Benchmark	2.90	(93)	6.13	(47)	8.74	(45)	8.30	(49)	5.32	(50)	4.30	(60)	3.96	(60)	4.00	(58)

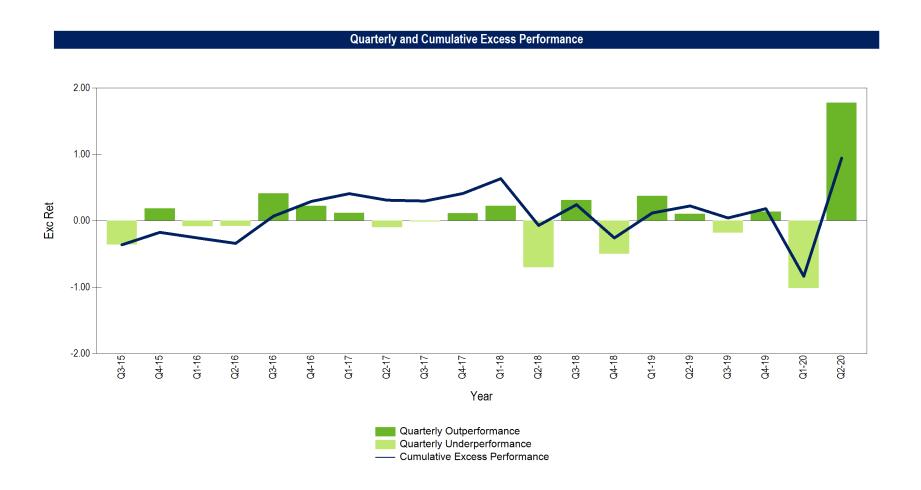


LOOMIS SAYLES



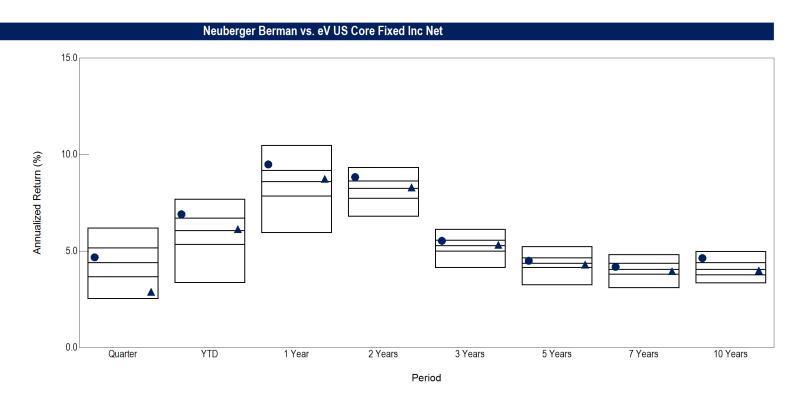


NEUBERGER BERMAN





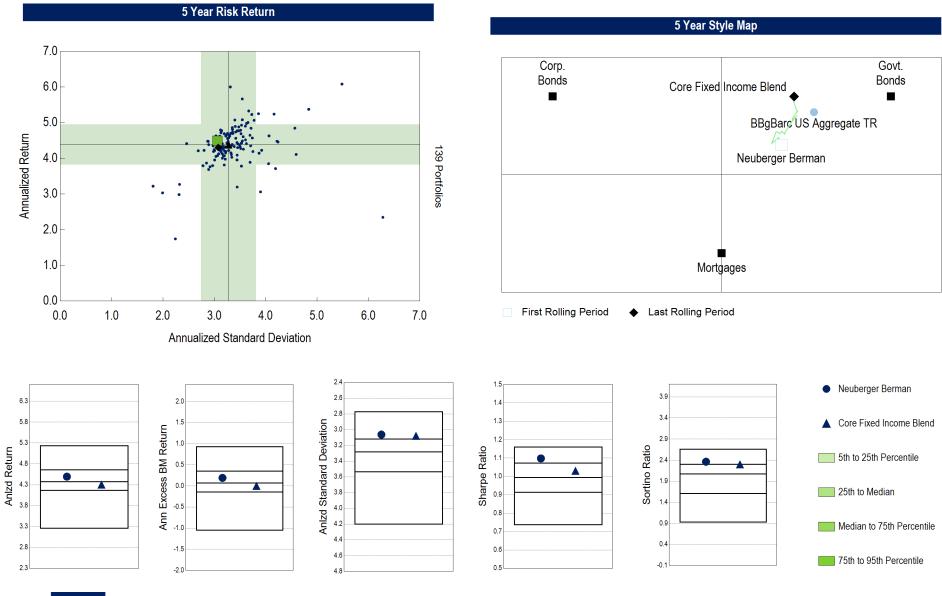
NEUBERGER BERMAN



	Return (Rank)								
5th Percentile	6.19	7.68	10.46	9.32	6.12	5.23	4.81	4.98	
25th Percentile	5.18	6.73	9.19	8.65	5.58	4.66	4.38	4.41	
Median	4.42	6.07	8.61	8.27	5.30	4.38	4.07	4.07	
75th Percentile	3.69	5.35	7.86	7.75	5.01	4.17	3.81	3.79	
95th Percentile	2.57	3.39	5.98	6.82	4.16	3.27	3.13	3.37	
# of Portfolios	147	147	146	144	143	139	137	127	
Neuberger Berman	4.68 (40) 6.90	(19) 9.49	(19) 8.83	(19) 5.53	(30) 4.49	(36) 4.18	(41) 4.63	(15)
▲ Core Fixed Income Blend	2.90 (93) 6.13	(47) 8.74	(45) 8.30	(49) 5.32	(50) 4.30	(60) 3.96	(60) 4.00	(58)

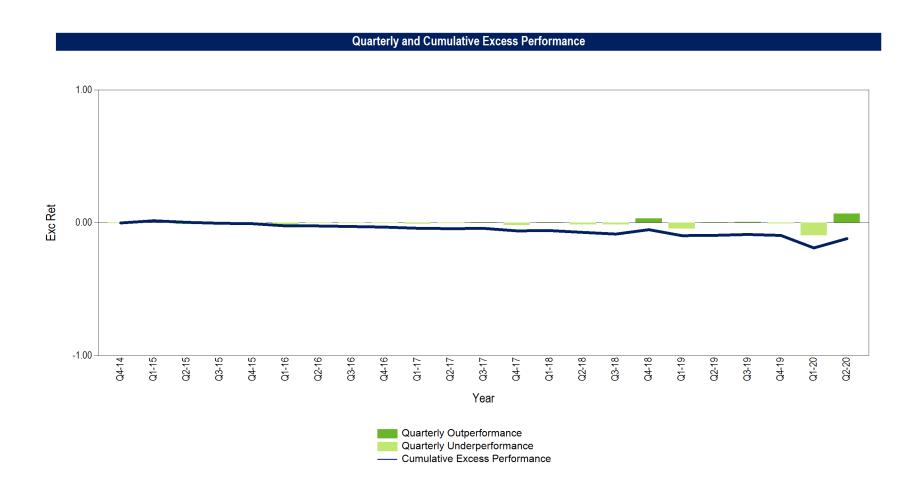


NEUBERGER BERMAN



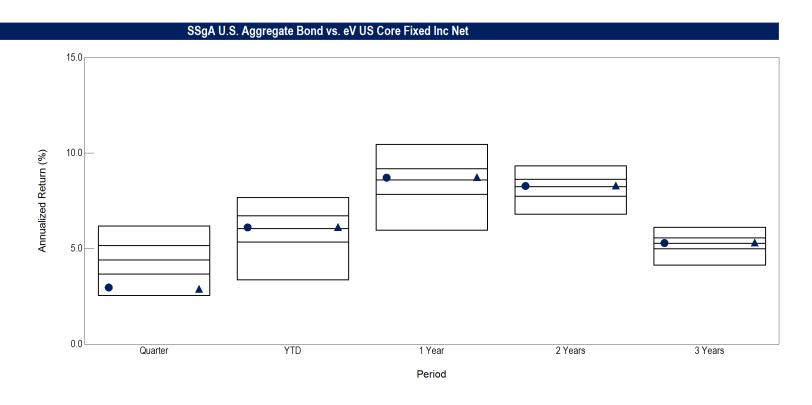


SSGA U.S. AGGREGATE BOND





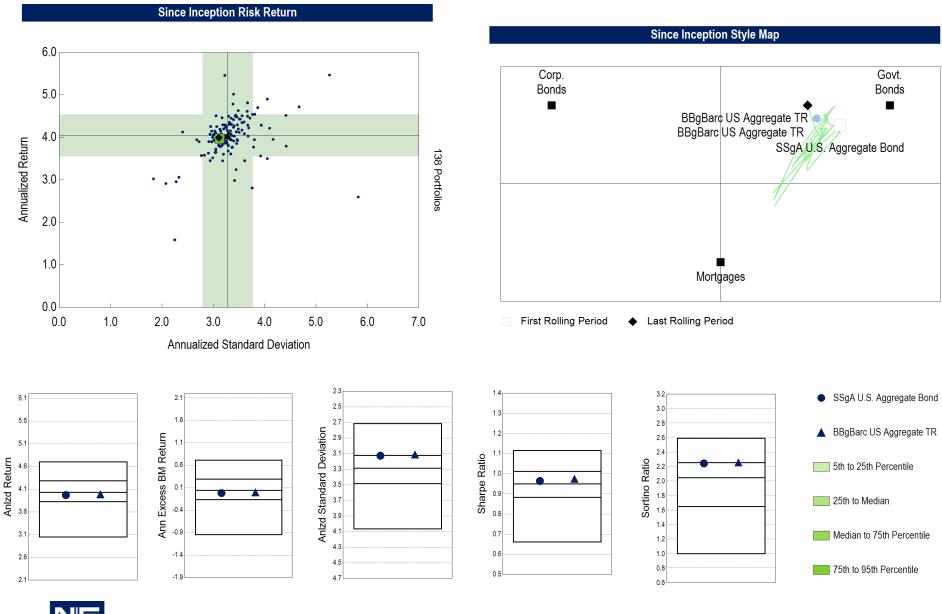
SSGA U.S. AGGREGATE BOND



		Return (Rank)									
	5th Percentile	6.19		7.68		10.46		9.32		6.12	
	25th Percentile	5.18		6.73		9.19		8.65		5.58	
	Median	4.42		6.07		8.61		8.27		5.30	
	75th Percentile	3.69		5.35		7.86		7.75		5.01	
	95th Percentile	2.57		3.39		5.98		6.82		4.16	
	# of Portfolios	147		147		146		144		143	
•	SSgA U.S. Aggregate Bond	2.97	(93)	6.11	(48)	8.71	(45)	8.28	(50)	5.30	(51)
•	BBgBarc US Aggregate TR	2.90	(93)	6.13	(47)	8.74	(45)	8.30	(49)	5.32	(50)



SSGA U.S. AGGREGATE BOND



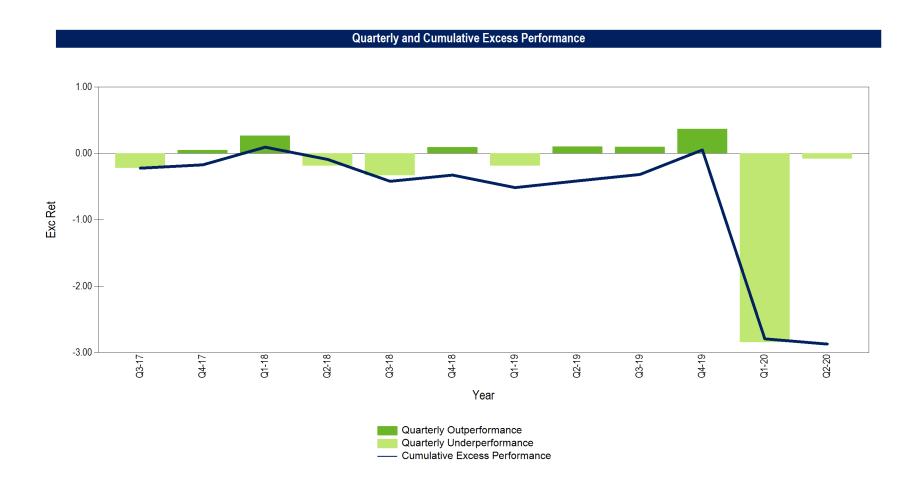


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CREDIT OPPORTUNITIES MANAGER PERFORMANCE

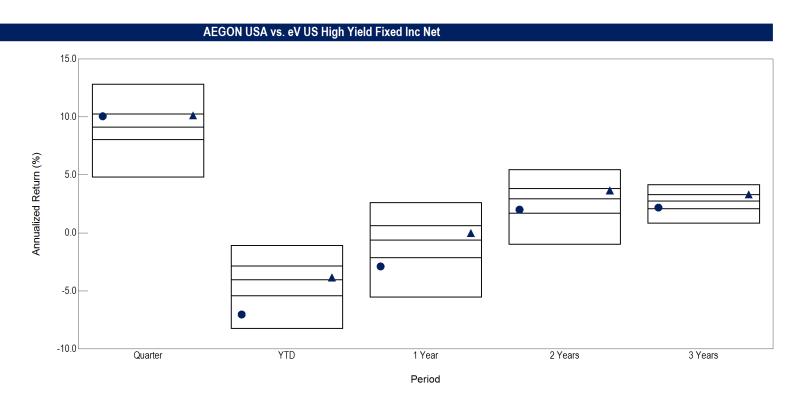
NEPC, LLC -

AEGON USA





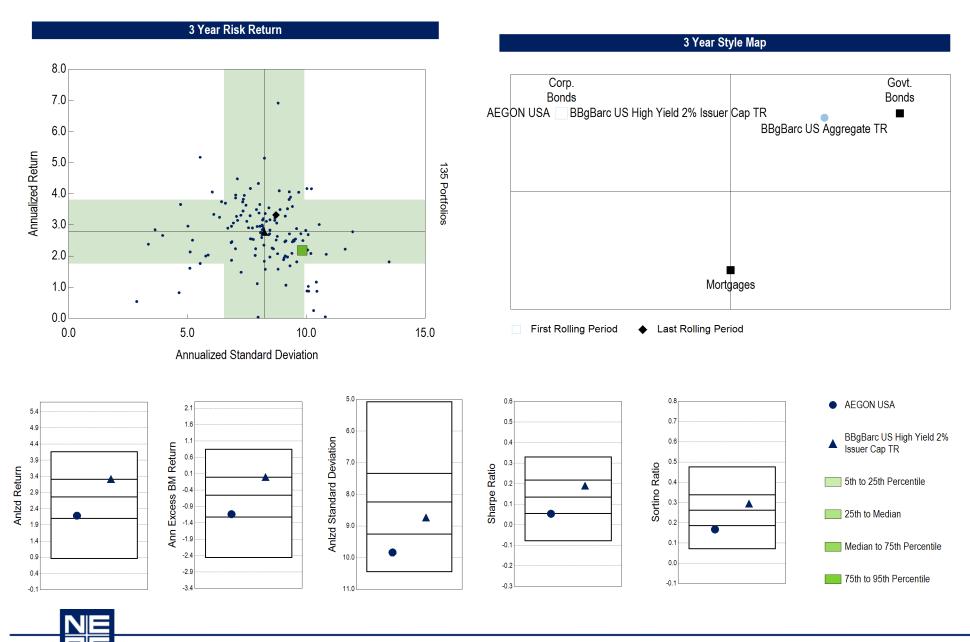
AEGON USA



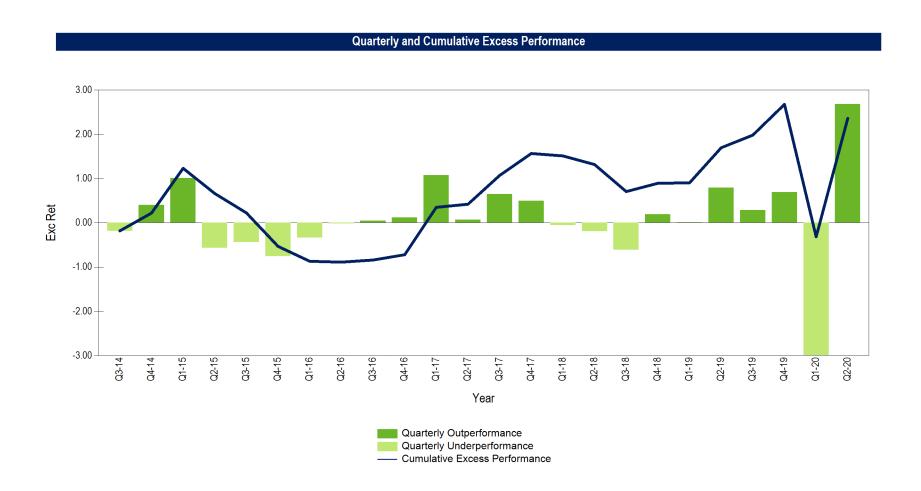
	Return (Rank)								
5th Percentile	12.83		-1.09		2.60		5.47	4.16	
25th Percentile	10.27		-2.82		0.66		3.86	3.32	
Median	9.16		-4.00		-0.59		2.97	2.78	
75th Percentile	8.06		-5.40		-2.11		1.73	2.11	
95th Percentile	4.84		-8.20		-5.52		-0.95	0.87	
# of Portfolios	143		143		141		139	135	
AEGON USA	10.06	(30)	-7.04	(88)	-2.89	(83)	2.01	(70) 2.18	(74)
▲ BBgBarc US High Yield 2% Issuer Cap TR	10.14	(28)	-3.83	(46)	0.00	(38)	3.67	(32) 3.32	(26)



AEGON USA

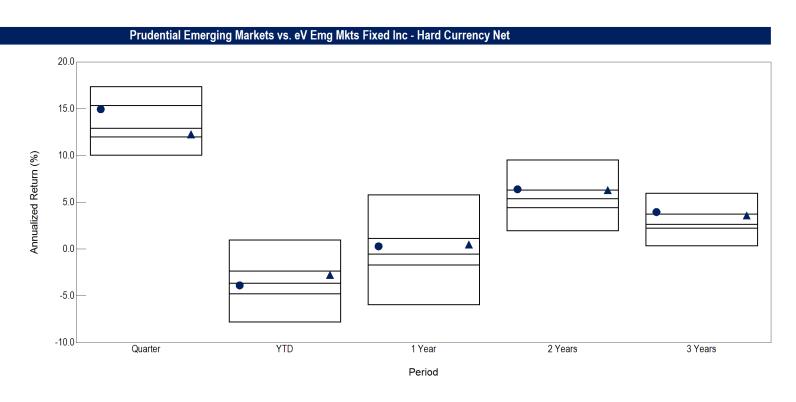


PRUDENTIAL EMERGING MARKETS





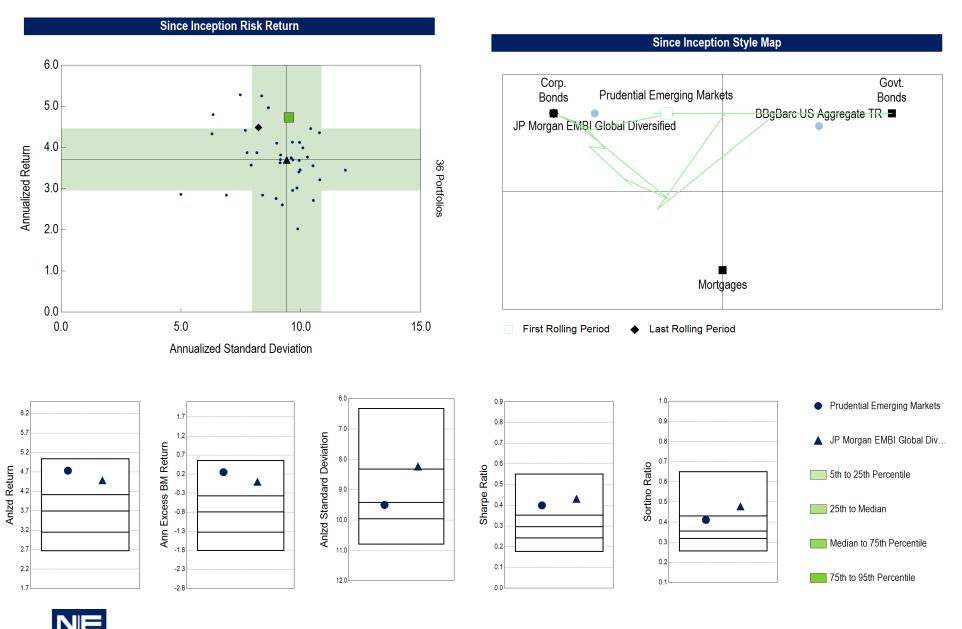
PRUDENTIAL EMERGING MARKETS



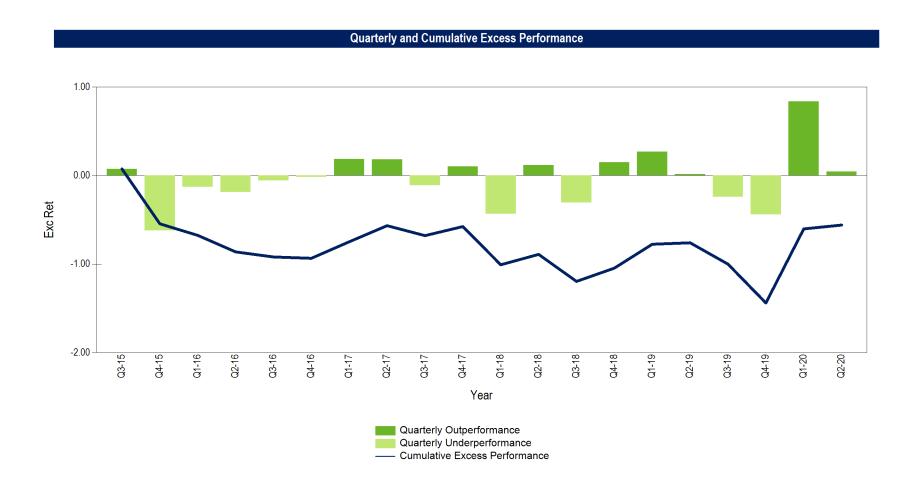
	Return (Rank)								
5th Percentile	17.37	0.95		5.80		9.51		5.96	
25th Percentile	15.37	-2.31		1.16		6.32		3.77	
Median	12.93	-3.63		-0.50		5.40		2.68	
75th Percentile	12.02	-4.75		-1.67		4.46		2.26	
95th Percentile	10.08	-7.74		-5.90		1.99		0.40	
# of Portfolios	47	46		46		41		40	
Prudential Emerging Markets	14.94	(27) -3.88	(56)	0.29	(38)	6.39	(23)	3.95	(18)
▲ JP Morgan EMBI Global Diversified	12.26	(66) -2.76	(33)	0.49	(34)	6.30	(26)	3.60	(31)



PRUDENTIAL EMERGING MARKETS

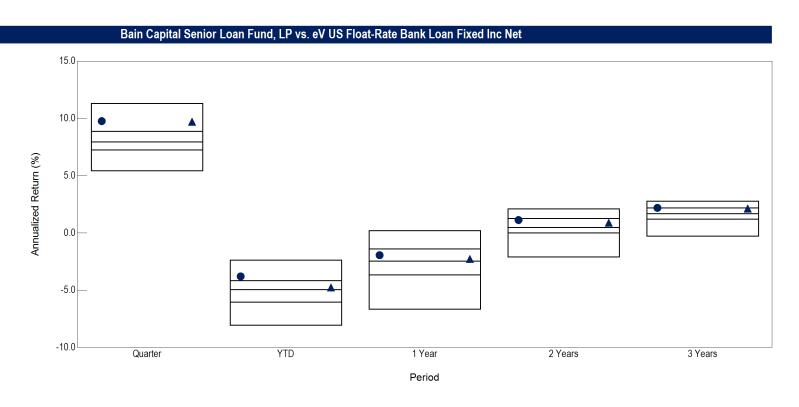


BAIN CAPITAL SENIOR LOAN FUND, LP





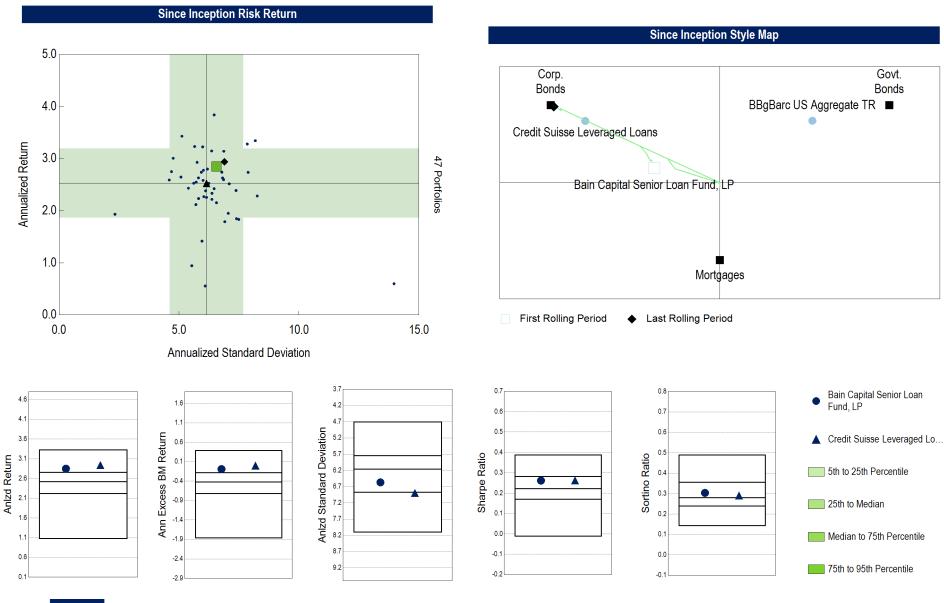
BAIN CAPITAL SENIOR LOAN FUND, LP



		Return (Rank)									
	5th Percentile	11.30		-2.38		0.19		2.11		2.77	
	25th Percentile	8.90		-4.15		-1.39		1.29		2.21	
	Median	7.96		-4.94		-2.44		0.50		1.71	
	75th Percentile	7.28		-6.02		-3.63		0.01		1.23	
	95th Percentile	5.45		-8.03		-6.64		-2.07		-0.26	
	# of Portfolios	52		52		52		52		50	
•	Bain Capital Senior Loan Fund, LP	9.76	(16)	-3.80	(16)	-1.95	(41)	1.12	(29)	2.18	(27)
•	Credit Suisse Leveraged Loans	9.71	(16)	-4.76	(46)	-2.27	(44)	0.89	(37)	2.13	(28)



BAIN CAPITAL SENIOR LOAN FUND, LP



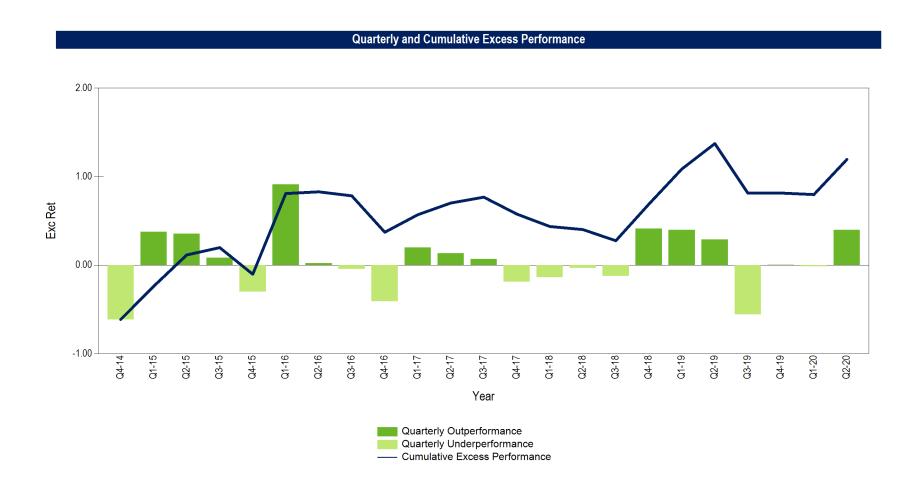


BOARD Meeting: 09/22/20 Item VII-B

REAL ASSETS MANAGER PERFORMANCE

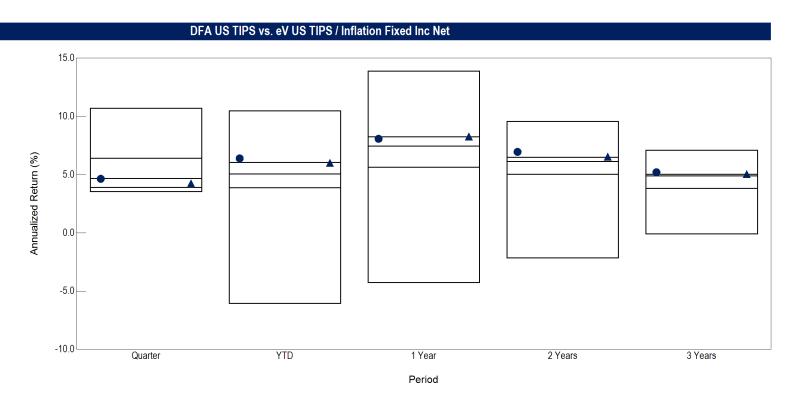
NEPC, LLC -

DFA US TIPS





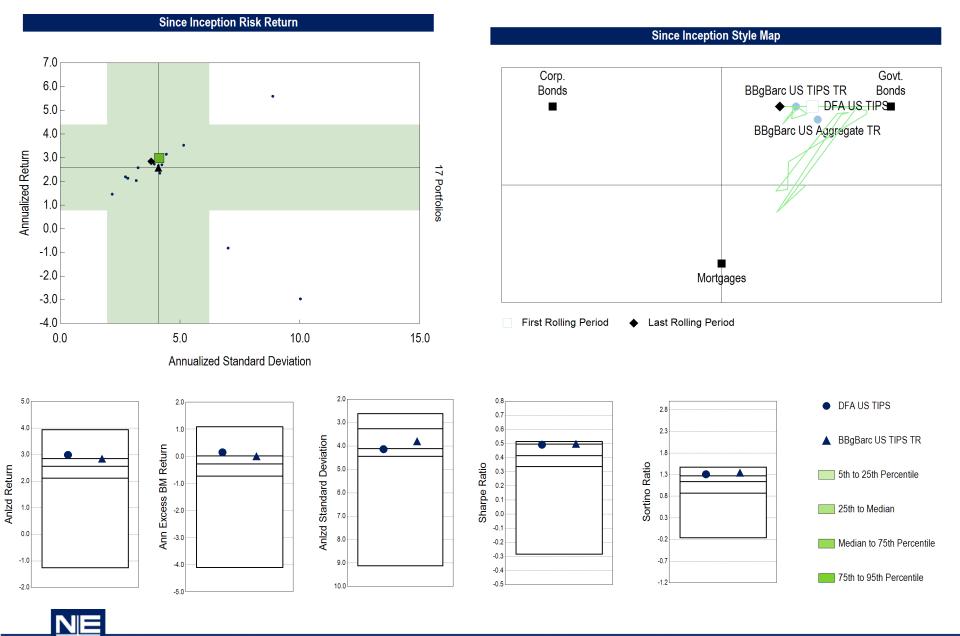
DFA US TIPS



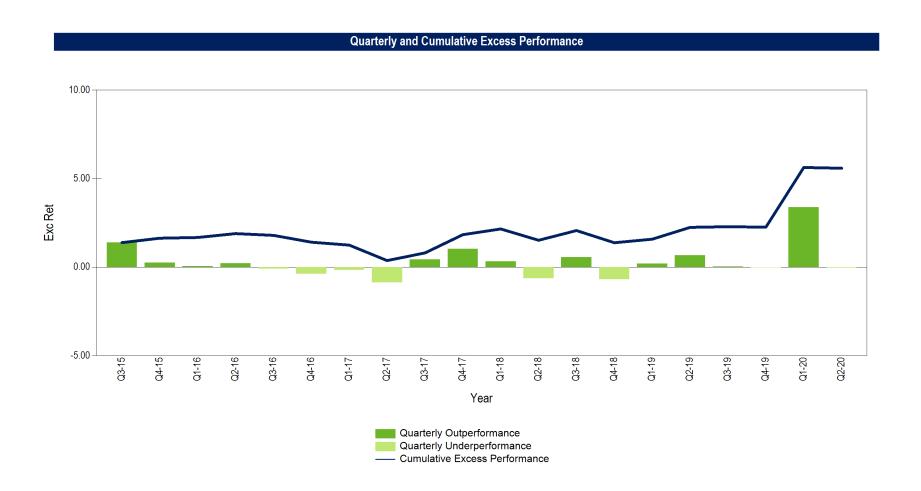
		Return (Rank)							
	5th Percentile	10.70	10.4	6	13.88		9.56	7.08	
- 2	25th Percentile	6.42	6.0	6	8.29		6.51	5.07	
	Median	4.69	5.0	8	7.48		6.16	4.92	
	75th Percentile	3.94	3.8	9	5.66		5.04	3.85	
9	95th Percentile	3.58	-6.0	3	-4.25		-2.13	-0.06	
1	# of Portfolios	19	•	9	18		18	18	
	DFA US TIPS	4.64	(52) 6.3	9 (11)	8.07	(35)	6.95 (1)	1) 5.21	(13)
•	BBgBarc US TIPS TR	4.24	(64) 6.0	1 (32)	8.28	(28)	6.54 (2	1) 5.05	(38)



DFA US TIPS

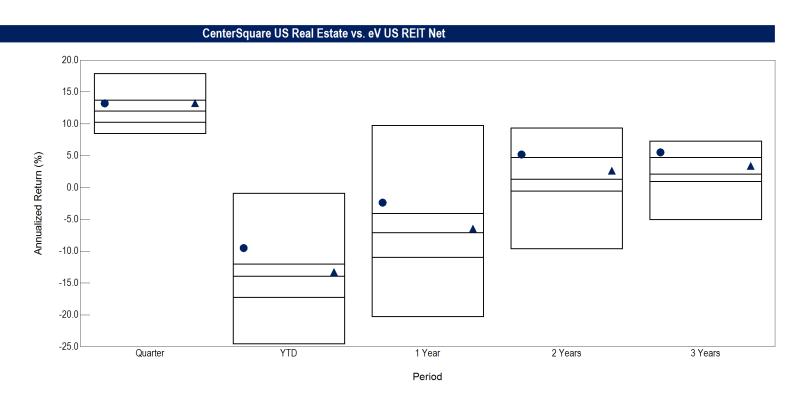


CENTERSQUARE US REAL ESTATE





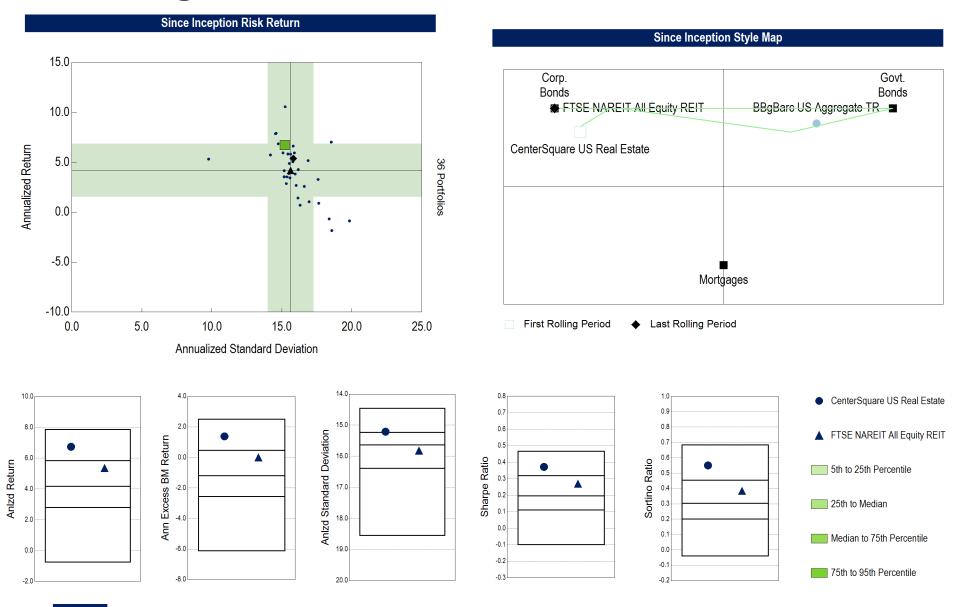
CENTERSQUARE US REAL ESTATE



	Return (Rank)						
5th Percentile	17.89	-0.91	9.74	1	9.32	7.28	
25th Percentile	13.76	-11.96	-4.0	5	4.74	4.75	
Median	12.03	-13.89	-7.08	3	1.35	2.12	
75th Percentile	10.30	-17.23	-10.92	2	-0.52	0.96	
95th Percentile	8.54	-24.47	-20.2	5	-9.57	-4.99	
# of Portfolios	39	39	39)	38	37	
CenterSquare US Real Estate	13.20	(35) -9.51	(19) -2.38	3 (22)	5.18 (19) 5.51	(12)
▲ FTSE NAREIT All Equity REIT	13.25	(34) -13.30	(36) -6.4		2.62	40) 3.39	(38)

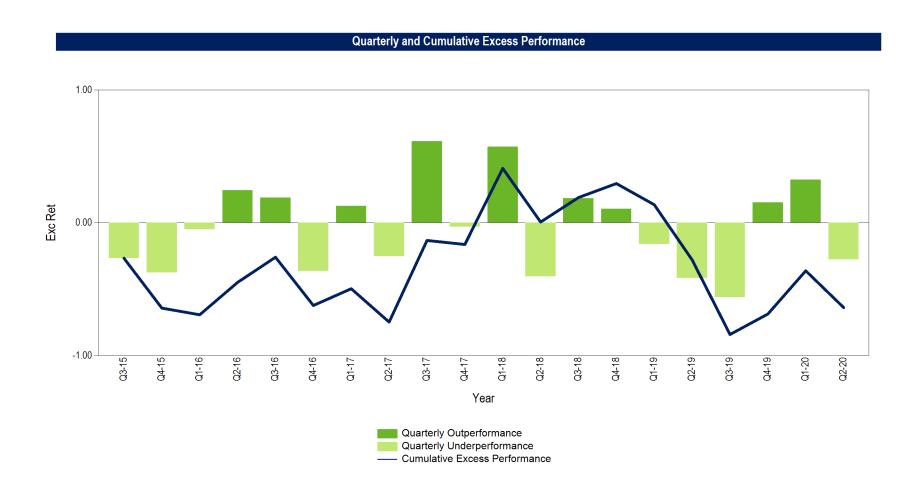


CENTERSQUARE US REAL ESTATE





CORE COMMODITY MGMT





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DEFINITIONS

NEPC, LLC —

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POLICY INDEX DEFINITIONS

Policy Index: Current (adopted January 10, 2012) 24% Russell 3000 Index, 29% MSCI ACWI ex USA Net Index, 19% BBg Barclays U.S. Aggregate Bond Index, 5% Credit Opportunities Blend, 10% Real Assets Blend, 12% Private Equity Blend, 1% Citi 3 Month T-Bill Index

U.S. Equity Blend: July 1, 2011 - Current: Russell 3000 Index; September 30, 1994 - December 31, 1999 S&P 500 Index 33.75, Russell 1000 Value Index 35%, Russell 1000 Growth 12.5%, Russell 2000 Value 12.5%, Russell 2000 Growth 6.25%

Core Fixed Income Blend: July 1, 2013 - Current: Bbg Barclays U.S. Aggregate Bond Index

Credit Opportunities Blend: 65% Bbg Barclays U.S. HY 2% Cap Index, 35% JPM EMBIGD Index

Public Real Assets Blend: 60% Bbg Barclays U.S. TIPS Index, 20% Bbg Commodity Index, 10% FTSE NAREIT All Equity Index, 10% Alerian MLP Index

Real Estate Blend: July 1, 2014 - Current NCREIF ODCE + 0.80%; July 1, 2012 - June 30, 2014 NCREIF Property Index Lagged +1%; October 1, 1994 - June 30, 2012 NCREIF Property Index Lagged

Private Equity Blend: February 1, 2012 - current: Russell 3000 + 3%; Inception - January 31, 2012: Russell 3000 + 4%

Note: Policy index definitions do not reflect the udpated target asset allocation adopted on April 10, 2018.

Note: See Investment Policy for a full description of the indices listed.



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GLOSSARY OF INVESTMENT TERMINOLOGY

Of Portfolios/Observations¹ - The total number of data points that make up a specified universe

Allocation Index³ - The allocation index measures the value added (or subtracted) to each portfolio by active management. It is calculated monthly: The portfolio asset allocation to each category from the prior month-end is multiplied by a specified market index.

Asset Allocation Effect² - Measures an investment manager's ability to effectively allocate their portfolio's assets to various sectors. The allocation effect determines whether the overweighting or underweighting of sectors relative to a benchmark contributes positively or negatively to the overall portfolio return. Positive allocation occurs when the portfolio is over weighted in a sector that outperforms the benchmark and underweighted in a sector that underperforms the benchmark. Negative allocation occurs when the portfolio is over weighted in a sector that underperforms the benchmark and under weighted in a sector that outperforms the benchmark.

Agency Bonds (Agencies)³ - The full faith and credit of the United States government is normally not pledged to payment of principal and interest on the majority of government agencies issuing these bonds, with maturities of up to ten years. Their yields, therefore, are normally higher than government and their marketability is good, thereby qualifying them as a low risk-high liquidity type of investment. They are eligible as security for advances to the member banks by the Federal Reserve, which attests to their standing.

Asset Backed Securities (ABS)³ - Bonds which are similar to mortgage-backed securities but are collateralized by assets other than mortgages; commonly backed by credit card receivables, auto loans, or other types of consumer financing.

Attribution³ - Attribution is an analytical technique that allows us to evaluate the performance of the portfolio relative to the benchmark. A proper attribution tells us where value was added or subtracted as a result of the manager's decisions.

Average Effective Maturity - For a single bond, it is a measure of maturity that takes into account the possibility that a bond might be called back to the issuer.

For a portfolio of bonds, average effective maturity is the weighted average of the maturities of the underlying bonds. The measure is computed by weighing each bond's maturity by its market value with respect to the portfolio and the likelihood of any of the bonds being called. In a pool of mortgages, this would also account for the likelihood of prepayments on the mortgages.

Batting Average¹ - A measurement representing an investment manager's ability to meet or beat an index.

Formula: Divide the number of days (or months, quarters, etc.) in which the manager beats or matches the index by the total number of days (or months, quarters, etc.) in the period of question and multiply that factor by 100.

Brinson Fachler (BF) Attribution¹ - The BF methodology is a highly accepted industry standard for calculating the allocation, selection, and interaction effects within a portfolio that collectively explains a portfolio's underlying performance. The main advantage of the BF methodology is that rather than using the overall return of the benchmark, it goes a level deeper than BHB and measures whether the benchmark sector, country, etc. outperformed/or underperformed the overall benchmark.

Brinson Hood Beebower (BHB) Attribution¹ - The BHB methodology shows that excess return must be equal to the sum of all other factors (i.e., allocation effect, selection effect, interaction effect, etc.). The advantage to using the BHB methodology is that it is a highly accepted industry standard for calculating the allocation, selection, and interaction effects within a portfolio that collectively explains a portfolio's underlying performance.

Corporate Bond (Corp) ⁴ - A debt security issued by a corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations. In some cases, the company's physical assets may be used as collateral for bonds.

Correlation¹ - A range of statistical relationships between two or more random variables or observed data values. A correlation is a single number that describes the degree of relationship between variables.

Data Source: 'InvestorForce, 'Interaction Effect Performance Attribution, 'NEPC, LLC, 'Investopedia, 'Hedgeco.net



BOARD Meeting: 09/22/20 Item VII-B

GLOSSARY OF INVESTMENT TERMINOLOGY

Coupon⁴ – The interest rate stated on a bond when it is issued. The coupon is typically paid semiannually. This is also referred to as the "coupon rate" or "coupon percent rate."

Currency Effect¹ - Is the effect that changes in currency exchange rates over time affect excess performance.

Derivative Instrument³ - A financial obligation that derives its precise value from the value of one or more other instruments (or assets) at the same point of time. For example, the relationship between the value of an S&P 500 futures contract (the derivative instrument in this case) is determined by the value of the S&P 500 Index and the value of a U.S. Treasury bill that matures at the expiration of the futures contract.

Downside Deviation¹ - Equals the standard deviation of negative return or the measure of downside risk focusing on the standard deviation of negative returns.

Formula:

Annualized Standard Deviation (Fund Return - Average Fund Return) where average fund return is greater than individual fund returns, monthly or quarterly.

Duration³ - Duration is a measure of interest rate risk. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates. A bond's duration is inversely related to interest rates and directly related to time to maturity.

Equity/Debt/Cash Ratio¹ – The percentage of an investment or portfolio that is in Equity, Debt, and/or Cash (i.e. A 7/89/4 ratio represents an investment that is made up of 7% Equity, 89% Debt, and 4% Cash).

Foreign Bond³ - A bond that is issued in a domestic market by a foreign entity, in the domestic market's currency. A foreign bond is most often issued by a foreign firm to raise capital in a domestic market that would be most interested in purchasing the firm's debt. For foreign firms doing a large amount of business in the domestic market, issuing foreign bonds is a common practice.

Hard Hurdle⁵ – is a hurdle rate that once beaten allows a fund manager to charge a performance fee on only the funds above the specified hurdle rate.

High-Water Mark⁴ - The highest peak in value that an investment fund/ account has reached. This term is often used in the context of fund manager compensation, which is performance based. Some performance-based fees only get paid when fund performance exceeds the high-water mark. The high-water mark ensures that the manager does not get paid large sums for poor performance.

Hurdle Rate⁴ - The minimum rate of return on an investment required, in order for a manager to collect incentive fees from the investor, which is usually tied to a benchmark.

Interaction Effects² - The interaction effect measures the combined impact of an investment manager's selection and allocation decisions within a sector. For example, if an investment manager had superior selection and over weighted that particular sector, the interaction effect is positive. If an investment manager had superior selection, but underweighted that sector, the interaction effect is negative. In this case, the investment manager did not take advantage of the superior selection by allocating more assets to that sector. Since many investment managers consider the interaction effect to be part of the selection or the allocation, it is often combined with the either effect.

Median³ - The value (rate of return, market sensitivity, etc.) that exceeds onehalf of the values in the population and that is exceeded by one-half of the values. The median has a percentile rank of 50.

Modified Duration³ - The percentage change in the price of a fixed income security that results from a change in yield.

Mortgage Backed Securities (MBS)³ - Bonds which are a general obligation of the issuing institution but are also collateralized by a pool of mortgages.

Municipal Bond (Muni) ⁴ - A debt security issued by a state, municipality or county to finance its capital expenditures.

Net Investment Change¹ – Is the change in an investment after accounting for all Net Cash Flows.

Performance Fee⁴ - A payment made to a fund manager for generating positive returns. The performance fee is generally calculated as a percentage of investment profits, often both realized and unrealized.

Data Source: 1InvestorForce, 2Interaction Effect Performance Attribution, 3NEPC, LLC, 4Investopedia, 5Hedgeco.net



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GLOSSARY OF INVESTMENT TERMINOLOGY

Policy Index³ - A custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the asset allocation targets set forth in this investment policy statement.

Price to Book (P/B)⁴ - A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share, also known as the "price-equity ratio".

Price to Earnings (P/E)³ - The weighted equity P/E is based on current price and trailing 12 months earnings per share (EPS).

Price to Sales (P/S)⁴ - A ratio for valuing a stock relative to its own past performance, other companies, or the market itself. Price to sales is calculated by dividing a stock's current price by its revenue per share for the trailing 12 months.

Return on Equity (ROE)⁴ - The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Selection (or Manager) Effect² - Measures the investment manager's ability to select securities within a given sector relative to a benchmark. The over or underperformance of the portfolio is weighted by the benchmark weight, therefore, selection is not affected by the manager's allocation to the sector. The weight of the sector in the portfolio determines the size of the effect—the larger the sector, the larger the effect is, positive or negative.

Soft Hurdle rate⁵ – is a hurdle rate that once beaten allows a fund manager to charge a performance fee based on the entire annualized return.

Tiered Fee¹ – A fee structure that is paid to fund managers based on the size of the investment (i.e. 1.00% fee on the first \$10M invested, 0.90% on the next \$10M, and 0.80% on the remaining balance).

Total Effects² - The active management (total) effect is the sum of the selection, allocation, and interaction effects. It is also the difference between the total portfolio return and the total benchmark return. You can use the active management effect to determine the amount the investment manager has added to a portfolio's return.

Total Return¹ - The actual rate of return of an investment over a specified time period. Total return includes interest, capital gains, dividends, and distributions realized over a defined time period.

Universe3 - The list of all assets eligible for inclusion in a portfolio.

Upside Deviation - Standard Deviation of Positive Returns

Weighted Avg. Market Cap. ⁴ - A stock market index weighted by the market capitalization of each stock in the index. In such a weighting scheme, larger companies account for a greater portion of the index. Most indexes are constructed in this manner, with the best example being the S&P 500.

Yield (%)³ - The current yield of a security is the current indicated annual dividend rate divided by current price.

Yield to Maturity³ -The discount rate that equates the present value of cash flows, both principal and interest, to market price.

Data Source: InvestorForce, Interaction Effect Performance Attribution, NEPC, LLC, Investopedia, Hedgeco.net



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DISCLOSURES

NEPC, LLC —

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Information Disclaimer

- Past performance is no guarantee of future results.
- All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure
 profit or protect against losses.
- NEPC's source for portfolio pricing, calculation of accruals, and transaction information is the plan's custodian bank.
 Information on market indices and security characteristics is received from other sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- Some index returns displayed in this report or used in calculation of a policy, allocation or custom benchmark may be preliminary and subject to change.
- This report is provided as a management aid for the client's internal use only. Information contained in this report does not constitute a recommendation by NEPC.
- This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

Reporting Methodology

- The client's custodian bank is NEPC's preferred data source unless otherwise directed. NEPC generally reconciles custodian data to manager data. If the custodian cannot provide accurate data, manager data may be used.
- Trailing time period returns are determined by geometrically linking the holding period returns, from the first full month after inception to the report date. Rates of return are annualized when the time period is longer than a year. Performance is presented gross and/or net of manager fees as indicated on each page.
- For managers funded in the middle of a month, the "since inception" return will start with the first full month, although actual inception dates and cash flows are taken into account in all Composite calculations.
- This report may contain forward-looking statements that are based on NEPC's estimates, opinions and beliefs, but NEPC cannot guarantee that any plan will achieve its targeted return or meet other goals.







REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee MEETING: SEPTEMBER 22, 2020

Sung Won Sohn, Chair ITEM: VII – C

Elizabeth Lee Nilza R. Serrano

SUBJECT: CONSENT OF ASSIGNMENT OF BARROW, HANLEY, MEWHINNEY & STRAUSS,

LLC CONTRACT AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board:

- 1. Consent to the assignment of the contract with Barrow, Hanley, Mewhinney & Strauss, LLC for management of an active non-U.S. equities developed markets value portfolio.
- 2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

Barrow, Hanley, Mewhinney & Strauss, LLC (BHMS) has managed an active non-U.S. equities developed markets value portfolio for LACERS since November 2013. The Board approved a three-year contract renewal on June 23, 2020; the current contract expires on September 30, 2023. At the September 8, 2020 meeting, the Committee considered the attached staff recommendation report (Attachment 1) to consent to the assignment of BHMS' contract (a legal transfer of the obligations and benefits of a contract to another party). BHMS has entered into an agreement to be acquired by Perpetual Limited from BHMS' current majority owner, BrightSphere Investment Group. Under the Investment Advisers Act of 1940 and pursuant to LACERS' contract with BHMS, this transaction constitutes a change in control of BHMS and is deemed to be a contract assignment that requires written consent of the Board. Based on staff's due diligence, no changes are anticipated to BHMS' current management and investment teams or the strategy that LACERS is invested in. BHMS will continue to operate autonomously from its new parent company. Due to the pending change in ownership of the firm, staff has placed BHMS on "On Watch" status for an initial one-year period, pursuant to the LACERS Manager Monitoring Policy. The Committee concurs with the recommendation to consent to the assignment of the BHMS contract.

Strategic Alignment

A continued relationship with BHMS will allow the fund to maintain a diversified exposure to the non-U.S. equities developed markets, which aligns with the Strategic Plan Goal to optimize long-term risk adjusted investment returns (Goal IV).

Prepared By: Ellen Chen, Investment Officer I, Investment Division

NMG/RJ/BF/EC:jp

Attachments: 1. Investment Committee Recommendation Report dated September 8, 2020

2. Proposed Resolution

BOARD Meeting: 09/22/20 Item VII-C Attachment 1





REPORT TO INVESTMENT COMMITTEE MEETING: SEPTEMBER 8, 2020

From: Neil M. Guglielmo, General Manager ITEM: IV

Milm. Duglikus

SUBJECT: CONSENT OF ASSIGNMENT OF BARROW, HANLEY, MEWHINNEY & STRAUSS,

LLC CONTRACT AND POSSIBLE COMMITTEE ACTION

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

Recommendation

That the Committee recommend that the Board consent to the assignment of the contract with Barrow, Hanley, Mewhinney & Strauss, LLC for management of an active non-U.S. equities developed markets value portfolio.

Executive Summary

Barrow, Hanley, Mewhinney & Strauss, LLC (BHMS) has entered into an agreement to be acquired by Perpetual Limited (Perpetual), a publicly traded Australian financial services company, from BrightSphere Investment Group (BrightSphere), BHMS' current majority owner. Under the Investment Advisers Act of 1940 and pursuant to LACERS' contract with BHMS, this change in control of the firm is deemed to be a contract assignment (a legal transfer of the obligations and benefits of a contract to another party) and requires Board approval.

Discussion

BHMS has managed an active non-U.S. equities developed markets value portfolio for LACERS since November 2013. The Board recently approved a three-year contract renewal with BHMS on June 23, 2020; the current contract expires on September 30, 2023. Currently, BHMS manages approximately \$514 million of LACERS' assets.

In a letter dated July 27, 2020, BHMS announced that it entered into an agreement to be acquired by Perpetual from BrightSphere, which currently holds a 75.1% controlling equity stake in BHMS (BHMS employees hold 24.9% of the firm's equity). Perpetual is a publicly traded Australian financial services company (ASX: PPT) operating in funds management, financial advisory and trustee services under three businesses lines: Perpetual Investments with A\$27.1 billion (US\$20.0 billion) in assets under management; Perpetual Private with A\$14.8 billion (US\$10.9 billion) in assets under advice; and Perpetual Corporate Trust with A\$764.5 billion (US\$563.9 billion) in assets under administration.

BOARD Meeting: 09/22/20 Item VII-C Attachment 1

Perpetual currently has offices in Australia, Singapore, and the U.S. Perpetual also recently acquired Boston-based ESG investment manager Trillium Asset Management as part of its strategic plan to build-out investment capabilities in the U.S.

The BHMS transaction is expected to be completed in the fourth quarter of 2020 subject to regulatory and other customary approvals. Under the Investment Advisers Act of 1940, a change in control of an investment advisory firm is deemed to be a contract assignment (a legal transfer of the obligations and benefits of a contract to another party) that requires written consent of the client. The change in ownership is also a triggering event within LACERS' contract with BHMS, and therefore requires the Board's approval for the assignment of the contract.

Due Diligence

Staff conducted due diligence on this matter and has determined that there will be no changes to BHMS' current management team, portfolio management team, or investment strategy. BHMS will retain its brand autonomy and continue to operate independently. BHMS' existing operating agreement will remain in place and BHMS employees will retain their current 24.9% equity stake. Perpetual will provide more resources for BHMS to expand its distribution into Australia and Asia Pacific and provide overhead support in terms of legal and human resources. BHMS will provide Perpetual with a larger footprint in the U.S. and Europe. Due to the pending ownership change, BHMS has been placed on "On Watch" status as of August 25, 2020, pursuant to the LACERS Manager Monitoring Policy. All terms of LACERS' current contract with BHMS, including the termination provision, will remain intact upon assignment. Staff believes that this acquisition will not adversely affect BHMS' quality of service or investment strategy for the duration of the contract period.

Supplemental Performance Information

As of July 31, 2020, BHMS has outperformed its benchmark over all time periods, as presented in the table below.

Annualized Performance as of 7/31/20 (Net-of-Fees)								
	3-Month	1-Year	2-Year	3-Year	5-Year	Since Inception ¹		
BHMS	14.28	-5.94	-5.79	-2.44	-0.05	1.47		
MSCI EAFE VALUE ND	6.92	-12.34	-9.70	-5.41	-1.89	-0.31		
% of Excess Return	7.36	6.40	3.91	2.97	1.84	1.78		

¹Inception Date: 11/30/13

Calendar year performance is presented in the table below as supplemental information.

Calendar Year Performance as of 12/31/19 (Net-of-Fees)							
	2019	2018	2017	2016	2015	2014	11/30/13- 12/31/13
BHMS	26.12	-18.12	23.12	3.23	-6.56	-2.06	2.26
MSCI EAFE VALUE ND	16.09	-14.78	21.44	5.02	-5.68	-5.39	1.36
% of Excess Return	10.03	-3.34	1.68	-1.79	-0.88	3.33	0.90

BOARD Meeting: 09/22/20 Item VII-C Attachment 1

Staff and NEPC, LLC, (NEPC), LACERS' General Fund Consultant, recommend consenting to the assignment of the BHMS contract.

Strategic Alignment

A continued relationship with BHMS for management of an active non-U.S. equities developed markets value portfolio aligns with the Strategic Plan Goal to optimize long-term risk adjusted investment returns (Goal IV).

Prepared By: Ellen Chen, Investment Officer I, Investment Division

NMG/RJ/BF/EC:jp

Attachments: 1. Consultant Recommendation – NEPC

- 2. BHMS Client Consent Form
- 3. Press Release on Change in Ownership of BHMS



To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: September 8, 2020

Subject: Barrow, Hanley, Mewhinney and Strauss, LLC Ownership Change

Recommendation

Barrow, Hanley, Mewhinney and Strauss, LLC ('BHMS') recently announced that their parent, BrightSphere, has sold their interest in BHMS to Perpetual Limited. NEPC, LLC recommends LACERS maintain its contract with Barrow, Hanley, Mewhinney and Strauss, LLC ('BHMS').

Background

Perpetual Limited, an Australian financial services firm, has acquired the BrightSphere equity interest in Barrow, Hanley, Mewhinney and Strauss, LLC ('BHMS'). Perpetual has three primary business lines, which include: Perpetual Investments, Perpetual Private Wealth Management and Perpetual Corporate Trust services. BHMS believes the agreement will cause minimal disruption to current clients. BHMS will continue to operate autonomously and will retain their 24.9% employee equity ownership. The transaction is expected to be completed in the fourth quarter of 2020. BHMS believes this partnership will allow them to develop growth initiatives and reinvest in their business while better serving clients globally. Perpetual sees the acquisition as one that allows them to diversify their client base and presents them with growth opportunities in the Australian market.

NEPC research recommends a Watch status for Barrow, Hanley, Mewhinney and Strauss, LLC through completion of the ownership change and until such time that NEPC Research is satisfied that the change in ownership does not impact the firm adversely. Below is a definitions table of NEPC Research's due diligence status ratings:

NEPC Due Diligence Committee Status									
No Action	Informational items have surfaced; no action is recommended.								
Watch	Issues have surfaced which may require increased monitoring, but which are not considered serious in the near-term. Close monitoring is appropriate until the issues are resolved.								
Hold	Serious issues have surfaced which require increased monitoring. These issues could have long-term implications on the investment team's ability to effectively execute the investment strategy.								
Client Review	Very serious issues have surfaced with an investment manager. For products that have been fully vetted, the issues may be significant enough to violate the original investment thesis. Clients are advised to review their relationship with the manager.								
Terminate	NEPC has lost confidence in the firm or product. Clients are advised to replace the manager.								

BOARD Meeting: 09/22/20 Item VII-C

2/20 IC Meeting: 09/08/20 II-C Item IV nt 1 Attachment 2

BARROW, HANLEY, MEWHINNEY& STRAUSS, LLC 2200 Ross Avenue, 31st Floor · Dallas, Texas 75201 · 1-214-665-1900

CLIENT CONSENT FORM

The undersigned hereby consents to the deemed assignment of the Investment Management Agreement between Los Angeles City Employees' Retirement System "LACERS" ("Client") and Barrow Hanley Mewhinney & Strauss, LLC ("Barrow Hanley") that will result from the change of control described herein. Client understands that this change will take effect upon completion of the change of control.

Any other agreements between Client and Barrow Hanley remain unchanged and in full force and effect.

The authorized person signing on behalf of the undersigned Client hereby certifies that he or she has full power and authority to execute and deliver this Consent on behalf of the Client.

Ву:
Signature:
Printed Name:
Γitle:
Date:

Los Angeles Employees' Retirement System

You may return this Consent by email to: <u>clientservices@barrowhanley.com</u> or by mail at: 2200 Ross Avenue, 31st Floor, Dallas, Texas 75201.

This consent should be received by September 30, 2020.

BOARD Meeting: 09/22/20 Item VII-C Attachment 1 IC Meeting: 09/08/20 Item IV Attachment 3



Prominent Value Investment Manager Barrow Hanley Agrees to Partner with Australian Financial Firm Perpetual Limited

Perpetual Will Acquire BrightSphere's Equity Interest in Barrow Hanley
The Acquisition will Expand Barrow Hanley's Global Reach

Dallas – July 27, 2020 – Barrow Hanley, Mewhinney & Strauss, LLC ("Barrow Hanley") announced today that it has entered into an agreement to be acquired by Australian Financial Firm Perpetual Limited ("Perpetual")(ASX:PPT) from BrightSphere Investment Group (NYSE: BSIG).

This acquisition is consistent with Perpetual's strategy to build world-class investment expertise and capability and brings together two complementary investment management firms, both with a long track record of value investing and common principles. Barrow Hanley will retain its brand autonomy and continue to operate independently with no change to its investment teams and philosophy. Its existing management will continue to lead the business ensuring a commitment to their established valuation-centric approach and unwavering adherence to their time-tested, disciplined investment process.

CEO and Executive Director of Barrow Hanley Mr. Cory Martin said, "We are confident that we have found the perfect partner and complementary culture to continue our shared mission of delivering competitive investment results with a resolute commitment to clients. This strategic partnership offers the opportunity to further develop our current growth initiatives and to reinvest in our business while maintaining our focus on successfully managing client portfolios. We appreciate the team at BrightSphere for their many years of supporting both Barrow Hanley and our client partners." This partnership bolsters Perpetual's growth plans for the Americas, Europe and around the globe. Additionally, it provides an opportunity for Barrow Hanley to offer its proven investment strategies to Australian, Asian and Pan-Pacific retail and institutional investors.

"Perpetual's Australian footprint and offices in Singapore, Boston, San Francisco and Portland, coupled with Barrow Hanley's existing offices in Dallas, London and Hong Kong, will greatly enhance our firm's ability to serve our clients globally while providing direct local access to these growing markets. The strategic and cultural alignment is clear and we are excited about our future together," Mr. Martin said.

Perpetual Chief Executive Officer and Managing Director, Mr. Rob Adams said: "This is a compelling acquisition. It provides Perpetual with world-class investment teams, diversifies our client base by sector and geography, and presents us with significant growth opportunities in the Australian market and a formidable platform to scale our business internationally.

"Barrow Hanley has a 40-year track record of value investing with a highly regarded brand, an experienced and invested management team and a broad, blue-chip, institutional client base; many of whom have been with the company for more than 20 years.

"Having been an investor in Barrow Hanley's global equities strategy since 2016 via our Perpetual Private business, we have been impressed with the rigor of their investment process and quality of their investment professionals. We have developed a strong relationship with the Barrow Hanley team and developed an in-depth understanding of their business and see an alignment in our goals. We look forward to expanding this relationship and applying our strong distribution experience and capabilities to help grow their business," Mr. Adams said.

The transaction is expected to be completed in the fourth quarter of 2020 subject to regulatory and other customary approvals.

BOARD Meeting: 09/22/20 Item VII-C Attachment 1 IC Meeting: 09/08/20 Item IV Attachment 3

For media inquiries, please contact:

Barrow Hanley

James Doyle 973 944 8105 jdoyle@jconnelly.com

Perpetual

Jon Snowball +61 477 946 068 jon@domestiqueconsulting.com.au

About Barrow Hanley

Founded in 1979, Barrow Hanley is a diversified investment management firm offering more than 25 value-oriented investment strategies spanning global equities and US fixed income. Recognized as one of the remaining true, traditional value firms, Barrow Hanley enjoys a unique boutique culture whose singular focus remains to assist clients in meeting their investment objectives, by providing consistent value exposure utilizing our proven philosophy. Today, Barrow Hanley has around 100 employees (including 55 investment professionals) and manages \$44.1B in assets for a variety of clients including corporate, public, multi-employer pension plans, mutual funds, endowments and foundations, and sovereign wealth funds across North America, Europe, Asia, Australia and Africa. For further information, please visit www.barrowhanley.com.

About Perpetual

Perpetual is a financial services group operating in funds management, financial advisory and trustee services. Our origin as a trustee company, coupled with our strong track record of investment performance, has created our reputation as one of the strongest brands in financial services in Australia. Perpetual recently acquired Boston-based ESG investment manager, Trillium Asset Management as part of its strategic plan to build-out investment capabilities in the US for the betterment of our clients. For further information, visit www.trilliuminvest.com and www.perpetual.com.au.

BOARD Meeting: 09/22/20 Item VII-C Attachment 2

CONSENT TO ASSIGN CONTRACT WITH BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC

PROPOSED RESOLUTION

WHEREAS, LACERS has an existing contract with Barrow, Hanley, Mewhinney & Strauss, LLC (BHMS) for management of an active non-U.S. equities developed markets value portfolio; and,

WHEREAS, BHMS has entered into an acquisition agreement with Perpetual Limited (Perpetual), a publicly traded Australian financial services company; and

WHEREAS, Perpetual will acquire a 75.1% controlling equity stake in BHMS from BrightSphere Investment Group, the current majority owner of BHMS; and,

WHEREAS, under the Investment Advisers Act of 1940 and pursuant to LACERS' contract with BHMS, the change in control of BHMS is deemed to be a contract assignment that requires written consent of the Board; and,

WHEREAS, staff has conducted appropriate due diligence on the acquisition of BHMS.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby consents to the assignment of LACERS' existing contract with BHMS to Perpetual; and, authorizes the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

September 22, 2020





MEETING: SEPTEMBER 22, 2020

REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager ITEM: VII – D

Melm. Duglipus

SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN CERBERUS

INSTITUTIONAL REAL ESTATE PARTNERS V, L.P.

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

Recommendation

That the Board receive and file this notice of the commitment of up to \$40 million in Cerberus Institutional Real Estate Partners V, L.P.

Discussion

On July 28, 2020, the Board, in closed session pursuant to Government Code Section 54956.81, approved a commitment of up to \$40 million in the following private real estate fund: Cerberus Institutional Real Estate Partners V, L.P. The investment is anticipated to close during the week of September 14, 2020. Board vote: Ayes 5 (Commissioners Elizabeth Lee, Nilza Serrano, Michael Wilkinson, Sandra Lee, and President Cynthia Ruiz), Recusal 1 (Commissioner Annie Chao), and Nays 0.

Strategic Alignment

The commitment to Cerberus Institutional Real Estate Partners V, L.P. aligns with the Strategic Plan Goal to optimize long-term risk adjusted investment returns (Goal IV).

Prepared By: Eduardo Park, Investment Officer II, Investment Division

NMG/RJ/BF/WL/EP:jp

MEMORANDUM

TO: Board of Administration Los Angeles City Employees' Retirement System

FROM: Anya Freedman, Assistant City Attorney

Joshua Geller, Deputy City Attorney

DATE: September 22, 2020

RE: BOARD EDUCATION REGARDING REVISIONS TO FAIR POLITICAL

PRACTICES COMMISSION PUBLIC DISCLOSURE RULES

Introduction

On June 28, 2020, the Fair Political Practices Commission (FPPC), the state agency charged with administering the Political Reform Act and associated regulations, adopted revised rules governing how officials—including pension commissioners, General Manager, and Chief Investment Officer—are required to disclose conflicts of interest at public meetings. This rule change does not alter the *types of interest* that create a conflict of interest requiring an official's recusal under the Political Reform Act. Rather, the rule change impacts the *types of disclosure* the official must make to the public regarding that conflict of interest.

We enclose here a copy of the advice prepared by the City Attorney's Office for elected City officials regarding the recent change to FPPC Rule 18707. We also wanted to take the opportunity to provide this supplemental discussion and instructions in order to further guide compliance by Board Members and impacted Plan staff. We will also be present during the Board's consideration of this item at the Board meeting to answer any additional questions.

This Rule Change Applies to Public Disclosure Requirements for 87200 Filers

The update to FPPC Rule 18707 expands the requirement for public disclosure when an "87200 filer" has a conflict of interest under the Political Reform Act. An "87200 filer" includes a pension commissioner and any employee or consultant who manages public investments as that term is defined and interpreted by state law. Among staff, the General Manager and the Chief Investment Officer have been identified as 87200 filers. Board members are all 87200 filers.

The Rule Change Requires Verbal Disclosure—Even If You Are "Partially Absent"

Under FPPC Rule 18707, a disclosable conflict of interest exists when your actions as a City official affect your financial interests or the interests of your immediate family members. California governmental regulations and Los Angeles City Ethics rules have always required recusal whenever any conflict of interest or appearance of conflict exists, and a written disclosure of the conflict requiring the recusal, through the filing of a City Ethics Commission Form 51 (CEC Form 51).

Under the previous version of FPPC Rule 18707, however, verbal disclosure was not required at a public meeting in a "partial absence" scenario — i.e., when the Board member or employee was absent during the portion of a meeting that also included the agenda item that presented the conflict of interest. The previous version of Rule 18707 provided that if any public officials subject to FPPC Conflict of Interest disclosure rules made themselves partially absent (temporarily but officially absent from a Brown Act meeting when the agenda item that gave rise to the conflict was presented), the disclosure rules were deemed satisfied by the filing of a CEC Form 51, even if the conflict of interest was never verbally announced or disclosed to the public at a meeting. The disclosure rules did not require that person to make any public announcement concerning the recusal, even if he or she was present at the meeting prior to or following presentation of that agenda item. This exception generated complaints to the FPPC that members of the public could be misled into believing there was no conflict of interest, when in fact the conflict was simply not disclosed because the recused public official chose to be partially absent instead of making the verbal public disclosure.

As revised, FPPC Rule 18707 expressly eliminates the "partial absence" exception to verbal public disclosure and requires real-time disclosure of the conflict if the Board member, General Manager, or Chief Investment Officer attends any portion of the meeting.

Additional Guidance for Compliance With New Disclosure Requirements

- If you are unsure whether or not you have a conflict of interest, please contact the Public Pensions General Counsel Division of the City Attorney's Office. Whenever you become aware that you have an actual or potential conflict of interest, you must recuse yourself from consideration of the agenda item that presents the conflict. You must also submit a recusal form to the City Ethics Commission with copies to the Mayor's Office and the City Attorney's Office. The Commission Executive Assistant can assist you with filing this form.
- If you are present at the meeting prior to the Board taking up the item, you must announce your recusal just before the Board's consideration of the agenda item, identify the conflict according to the requirements of FPPC Rule 18707, and physically leave the meeting following the announcement until the next agenda item is called.
- If the recusal concerns a closed session item, you must make the announcement and depart prior to starting the closed session. In addition, you may not review or receive copies of any closed session materials. Please identify any potential conflict of interest as early as possible in advance of the distribution of meeting materials, so that staff can ensure that you do not receive any materials for closed session items from which you are recused.
- If you do not attend the meeting until after the Board has taken up the agenda item at issue, you must immediately announce your recusal upon joining the meeting, cite the agenda item, then identify the conflict of interest for the record.

• If you are absent from an *entire* Board meeting, the new FPPC Rule 18707 does not require any verbal public announcement or disclosure if the conflict arises under the Political Reform Act. However, City ethics rules have always required written public disclosure through the submission of a CEC Form 51 recusal form, regardless of whether the partial absence exception applied, and regardless of whether you were absent from the meeting during which the item giving rise to conflict was discussed.

Guidance for the Content of Verbal Recusal Statements Required by the Rule Change

FPPC Rule 18707 applies to conflicts of interest under the Political Reform Act. The rule requires officials who have such a conflict of interest to verbally state the recusal and identify the financial interest causing the recusal. The specific language of the verbal recusal statement depends upon the financial interest implicated.

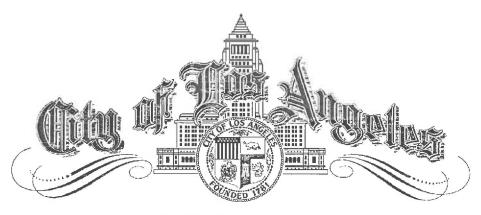
If the interest is	You must verbally disclose
an investment	the name of the business entity in which each investment is held
a business position	a general description of the business activity in which the
	business entity is engaged as well as the name of the business
	entity
real property	the address or another indication of the location of the property,
	unless the property is the public official's principal or personal
	residence, in which case, identification that the property is a
	residence
income or gifts	the identification of the source
personal financial effect	the identification of the expense, liability, asset or income
	affected

Conclusion

We are pleased to provide this legal update to the Board regarding its ethics and disclosure obligations. We will be presenting this information in the form of Board educational training on September 22, 2020, and look forward to answering any additional questions the Board may have at that time.

AJF/JMG:np

Enclosure



MICHAEL N. FEUER CITY ATTORNEY

REPORT NO. R 2.0 - 0 2 5 3

REPORT RE:

REVISED FAIR POLITICAL PRACTICES COMMISSION CONFLICT OF INTEREST DISCLOSURE REQUIREMENTS

The Honorable Eric Garcetti, Mayor Room 303, City Hall 200 North Spring Street Los Angeles, California 90012

The Honorable City Council of the City of Los Angeles Room 395, City Hall 200 North Spring Street Los Angeles, California 90012

Honorable Mayor Garcetti and Members of the City Council:

On June 18, 2020, the Fair Political Practices Commission (FPPC), the state agency charged with administering the Political Reform Act and associated regulations, adopted revised rules for how officials are required to disclose conflicts of interest at meetings governed by the Brown Act.

FPPC Rule 18707 requires certain public officials to verbally disclose their recusal at public meetings. This requirement applies to a person identified in Government Code Section 87200, including an elected official, planning commissioner, pension commissioner, deferred compensation board member and other officials who manage public investments. Specifically, the rule requires these officials who have a conflict of interest under the Political Reform Act to verbally state the recusal along with identification of the financial interest causing the recusal as part of the official public record. The specific statement required depends upon the financial interest implicated. For instance, if an official's property interest is implicated, then the address or parcel

The Honorable Mayor Garcetti and Members of the City Council Page 2

number of the property must be disclosed. If the interest is income from a spouse's employer, the name of the employer is required.

Verbal recusal statements are required just before consideration of the agenda item. The revised rules make clear that even if an official is only present for a portion of the meeting, the official must make a recusal statement at the meeting. This means that if the official is not present at the meeting when the item creating the conflict is called, but the official either arrives at the meeting late or leaves the meeting early, the official is still required to verbally disclose the official's recusal on the record, including the agenda item and the nature of the recusal. The official must leave the room while the item is being considered and may not be counted as part of the quorum. If the matter involves a closed session item, the statement should be made before closed session begins and the official may not attend the closed session or obtain any confidential material relating to that agenda item.

This new rule is specific to conflicts based on the Political Reform Act. If the agenda item involves a contract and Government Code Section 1090 is implicated, the official also must make a public disclosure (assuming that the contract is not prohibited outright by the statute).

Under the City's Ethics Ordinance, Commissioners still must complete City Ethics Commission Form 51 when recusing for any reason, even when not present for the meeting.

If you have any questions regarding this matter, please contact Assistant City Attorney Renee Stadel at (213) 978-7100.

Sincerely,

MICHAEL N. FEUER, City Attorney

DAVID MICHAELSON
Chief Assistant City Attorney

DM:RS:cl

cc: Controller

City Planning Commission
Los Angeles City Employees Retirement System
Los Angeles Fire and Police Pensions
DWP Pensions
Deferred Compensation Board
City Administrative Officer
Office of Finance

City of Los Angeles Ethics Commission Chief Legislative Analyst, City of Los Angeles





MEETING: SEPTEMBER 22, 2020

REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager ITEM: X – A

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SUBJECT: LEGISLATIVE UPDATE OF SEPTEMBER 2020 AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board review this report and direct staff accordingly.

Executive Summary

The intent of this report is to alert the Board to Federal, State, and City legislation that may impact LACERS. The Board may want to request further analysis from LACERS' consultants or legal counsel; or advocate that the City take a position. At this time, it is not recommended for the Board to take a position on any specific proposed legislation.

Discussion

BILLS PASSED INTO LAW

The following bill has passed into law and will be removed from the future Legislative Watch List. Staff will work with respective consultants and legal counsel toward operational and legal compliance, as necessary.

H.R. 748 – Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")

The CARES Act, signed into law on March 27, 2020, is aimed at providing financial assistance to people impacted by COVID-19, including a few provisions impacting governmental plans allowing tax-favored withdrawals from retirement plans and retirement plan loan relief for qualified individuals affected by COVID-19.

Coronavirus-Related Distribution

 Qualified individuals are eligible to take a coronavirus-related distribution up to a total of \$100,000 from eligible retirement plans starting from January 1, 2020 through December 30, 2020 in accordance with distributions allowed by the Plan.

- The 10% early withdrawal penalty tax is waived for coronavirus-related distributions to individuals under age 59-1/2 from qualified retirement plans.
- The coronavirus-related distribution is not subject to 20% mandatory withholding tax, instead it will be withheld at 10% of the taxable distribution or based on the withholding election made therein.
- Coronavirus-related distribution may be included as income ratably over three years.
- A qualified individual who receives a coronavirus-related distribution may repay the amount of the distribution, where such repayments are allowed by the Plan, to an eligible retirement plan within the three years after taking the distribution.

Loans from Retirement Plans

- A qualified individual is permitted to take loans allowed by the Plan within 180 days after the enactment of the Act up to \$100,000, limited to the present value of the member's account.
- Due date for any repayment of a qualifying loan payment that occurs after the enactment of the Act and before December 31, 2020, is delayed for one year with accrued interest.

A Qualified Individual must certify that they (a) have been diagnosed with COVID-19; (b) have a spouse or dependent diagnosed with COVID-19; or, (c) have experienced adverse financial consequences related to COVID-19 as a result of job impacts or inability to work due to lack of child care in order to receive qualifying benefits.

<u>Impact on LACERS:</u> The provisions required updates to procedures and communications, adoption of a Qualified Individual Certification form, recalculation of existing Disability Loan payments for Qualified Individuals, and process changes related to non-application of the mandatory withholding tax for coronavirus-related distribution.

C.F. 20-0600-S56 – Separation Incentive Program Ordinance

The City Council adopted the Separation Incentive Program Ordinance on September 8, 2020 with an urgency clause. The ordinance is pending the Mayor's signature and will become effective upon publication. The ordinance amends Article 1 of Chapter 10, Division 4 of the Los Angeles Administrative Code to enable the Los Angeles City Employees' Retirement System (LACERS) to determine the effective retirement dates for Citywide Separation Incentive Program (City SIP) retirement applicants, establish a three-month retirement abeyance period for non-City SIP retirement applications, and prevent the withdrawal of separation incentive program retirement applications after an agreement is final.

BILLS AND/OR CITY PROPOSALS ADDED TO THE WATCH LIST

The following are bills and City proposals of interest which were recently identified:

A.B. 2473 – Public Investment Fund

This bill was introduced on February 19, 2020, and would add Section 6254.32 to the California Public Records Act relating to public records. This bill would exempt from disclosure under the act specified records regarding an internally managed private loan made directly by a public investment fund,

including quarterly and annual financial statements of the borrower or its constituent owners, unless the information has already been publicly released by the keeper of the information.

<u>Impact on LACERS</u>: Initial review by Retirement Benefit Office City Attorneys indicate no impact. LACERS does not engage in internally managed private loans. In addition, the term "public investment fund" in this bill was amended to apply to California Public Employees' Retirement System (CalPERS) and California State Teachers' Retirement System (CalSTRS) only.

S.B. 852 – Health Care: Prescription Drugs

This bill was introduced on January 13, 2020, and would require the California Health and Human Services Agency (CHHSA) to enter into partnerships with drug companies to produce or distribute generic prescription drugs, including insulin. This bill would help lower the cost of prescription drugs and increase access to specific generic prescription drugs.

<u>Impact on LACERS:</u> Keenan & Associates (Keenan), LACERS' Health and Welfare Consultant provides the bill analysis marked as Attachment 2.

C.F. 20-094 – Women and Minority Owned Businesses / City Bid Incentives

On September 8, 2020 the City Council adopted the proposal of the Economic Development Committee to request the City Attorney, with the assistance of the Department of General Services, to report with options to further encourage and incentivize women and minority-owned businesses to bid on City contracts, and on steps the City can take to ensure that qualified women and minority-owned businesses are awarded contracts with the City.

Status: Report from the City Attorney's Office and Department of General Services is pending.

INFORMATIONAL - NO IMPACT ON LACERS

The following bill did not pass and will be removed from the Legislative Watch List.

A.B. 287 – Public Employees' Retirement: Annual Audits, died in Assembly, January 31, 2020.

Strategic Alignment

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

Prepared By: Chhintana Kurimoto, Management Analyst, Administration Division

NMG/TB/DW/CK

Attachments: 1. LACERS Legislative Watch List

2. Bill Analysis from Keenan

				STATUS			
BILL NO	AUTHOR	TITLE/TOPIC STATEWIDE LEGISLATION	Introduced	Assembly	Senate	House	Final Status
AB 287	Voepel	Public Employees' Retirement: Annual Audits Existing law requires each state and local public pension or retirement system, on and after the 90th day following the completion of the annual audit of the system, to provide a concise annual report on the investments and earnings of the system, as specified, to any member who makes a request and pays a fee, if required, for the costs incurred in preparation and dissemination of that report. This bill would require each state and local pension or retirement system to post a concise annual audit of the information described above on that system's internet website no later than the 90th day following the audit's completion. By imposing new duties on local retirement systems, the bill would impose a state-mandated local program. Impact to LACERS: This bill did not pass and will be removed from the next Legislative Watch List. Introduced in Assembly Assembly Senate Governor	1/28/2019	1/31/20 Died pursuant to Art. IV, Sec. 10(c) of the Constitution.		N/A	
AB 2473	Cooper	This bill would exempt from disclosure under the act specified records regarding an internally managed private loan made directly by a public investment fund, including quarterly and annual financial statements of the borrower or its constituent owners, unless the information has already been publicly released by the keeper of the information. Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. This bill would make legislative findings to that effect. Impact to LACERS: Initial review by Retirement Benefit Office City Attorneys indicate no impact. This bill was amended to apply to California Public Employees' Retirement System (CalSTRS) and California State Teachers' Retirement System (CalSTRS) only. We will continue to monitor. Introduced in Assembly Passed Assembly Senate Governor Jun 08, 2020	2/19/2020	6/08/20 Read third time. Passed. Ordered to the Senate. (Ayes 76. Noes 1.)	6/23/20 Referred to Com. on L., P.E. & R. 8/10/20 In committee: Set, first hearing. Hearing canceled at the request of author.		

					STAT	US	T
BILL NO	AUTHOR	TITLE/TOPIC	Introduced	Assembly	Senate	House	Final Status
SB 852 Pai		Health Care: Prescription Drugs This bill would require the California Health and Human Services Agency (CHHSA) to enter into partnerships, in consultation with other state departments as necessary to, among other things, increase patient access to affordable drugs. The bill would require CHHSA to enter into partnerships to produce or distribute generic prescription drugs and at least one form of insulin, provided that a viable pathway for manufacturing a more affordable form of insulin exists at a price that results in savings. The bill would, subject to appropriation by the Legislature, require CHHSA to submit a report to the Legislature on or before July 1, 2023, that, among other things, assesses the feasibility and advantages of directly manufacturing generic prescription drugs and selling generic prescription drugs at a fair price. The bill would require CHHSA to report to the Legislature on or before July 1, 2022, a description of the status of the drugs targeted for manufacture and an analysis of how CHHSA's activities have impacted competition, access, and costs for those drugs. The bill would exempt all nonpublic information and documents relating to this program from disclosure under the California Public Records Act in order to protect proprietary, confidential information regarding manufacturer or distribution costs and drug pricing, utilization, and rebates. The bill would state that its provisions are severable. Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. Impact to LACERS: Keenan & Associates (Keenan), LACERS' Health and Welfare Consultant provided an analysis of the bill (see Attachment 2). News Article(s): *https://www.latimes.com/california/story/2020-09-01/california-may-dive-into-generic-drug-market	1/13/2020	6/25/20 In Assembly. Read first time. Held at Desk. 8/31/20 Read third time. Passed. (Ayes 66. Noes 7.) Ordered to the Senate.	1 1	N/A	

					STA	TUS	
BILL NO	AUTHOR	TITLE/TOPIC	Introduced	Assembly	Senate	House	Final Status
FEDERAL LE	GISLATION						
		EMPLOYER COMPLIANCE/REPORTING ISSUES					
HR 748	Courtney	Coronavirus Aid, Relief, and Economic Security Act or the CARES Act This bill responds to the COVID-19 (i.e., coronavirus disease 2019) outbreak and its impact on the economy, public health, state and local governments, individuals, and businesses. Includes provisions relating to Employee Benefits and Retirement Plans: Sec. 2202. This section permits penalty-free coronavirus-related distributions from tax-exempt retirement plans up to \$100,000 in a taxable year. A coronavirus-related distribution is defined as any distributions from an eligible retirement plan made on or after January 1, 2020, and before December 31, 2020, to an individual who is (1) diagnosed with the virus SARS-CoV-2, (2) whose spouse or dependent is diagnosed with such virus or disease, or (3) who experienced adverse financial consequences from being quarantined, furloughed, or laid off from work due to such virus or disease. This section also includes: Loans from qualified plan and loan payment relief. *See bill for more details Impact to LACERS: The provisions required updates to internal procedures, adoption of the Qualified Individual Certification form, recalculation of existing disability loan payments for Qualified Individuals and process changes related to non-application of the mandatory withholding tax for coronavirus-related distribution. News Article(s): *https://www.netlawreview.com/article/summary-cares-act *https://www.pensionrights.org/issues/legislation/summary-cares-act-provisions-relating-retirement-plans Introduced Passed House Passed Senate Resolving Differences To President Became Law	1/24/2019		03/25/2020 Passed/ agreed	03/27/2020 Resolving differences House actions: On motion that the House agree to the Senate amendment Agreed to by voice vote 07/17/2019 Passed/ agreed	03/27/20 Became Public Law No: 116- 136 Signed by the President

LACERS LEGISLATIVE WATCH LIST SEPTEMBER 2020

					STA	TUS	
BILL NO	AUTHOR	TITLE/TOPIC	Introduced	Assembly	Senate	House	Final Status
		INVESTMENT ISSUES					
HR 3848	Pocan	Stop Wall Street Looting Act of 2019 To require the Securities and Exchange Commission to issue rules requiring private funds to publicly disclose certain information, and for other purposes. This bill includes the following topics: Title II - Corporate Responsibility Title II - Anti-Looting Title III - Protecting Workers When Companies Go Bankrupt Title IV - Closing The Carried Interest Loophole Title V - Closing The Carried Interest Loophole Title V - Restrictions On Securitizing Risky Corporate Debt Title VI - Miscellaneous Impact to LACERS: Initial review of Retirement Benefit Office City Attorneys indicate possible investment impact. We will continue to monitor. Prognosis: 2% chance of being enacted. (According to Skopos Lab). News Article(s): *https://www.warren.senate.gov/newsroom/press-releases/warren-baldwin-brown-pocan-jayapal-colleagues-unveil-bold-legislation-to-fundamentally-reform-the-private-equity-industry Introduced Passed House Passed Senate To President Became Law	7/18/2019	N/A		8/12/19 Referred to the Subcommittee on Antitrust, Commercial, and Administrative Law	
		SOCIAL SECURITY ISSUES					
HR 141	Davis	Social Security Fairness Act of 2019 To amend Title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions. Impact to LACERS: We will continue to monitor. Prognosis: 2% chance of being enacted. (According to Skopos Lab). Introduced Passed Senate Passed House To President Became Law	1/3/2019	N/A		1/31/2019 Referred to the Subcommittee on Social Security	
<u>S 521</u>	Brown	Social Security Fairness Act To amend Title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions. Impact to LACERS: We will continue to monitor. Prognosis: 2% chance of being enacted. (According to Skopos Lab). Introduced Passed Senate Passed House To President Became Law	2/14/2019	N/A	2/14/2019 Read twice and referred to the Committee on Finance		

LACERS LEGISLATIVE WATCH LIST SEPTEMBER 2020

					STA	TUS	
BILL NO	AUTHOR	TITLE/TOPIC	Introduced	Assembly	Senate	House	Final Status
HR 5529	Smith	Social Security Equity Act of 2019 To amend title II of the Social Security Act to expand the exception to the windfall elimination provision based on years of coverage. Impact to LACERS: We will continue to monitor.	12/19/2019	N/A		12/19/19 Referred to the House on Ways and Means	
		Prognosis: 2% chance of being enacted. (According to Skopos Lab).					
		Introduced Passed Senate Passed House To President Became Law					
		MEDICAL/HEALTH ISSUES				T	
<u>S 2543</u>	Grassley	Prescription Drug Pricing Reduction Act (PDPRA) of 2019 To amend titles XI, XVIII, and XIX of the Social Security Act to lower prescription drug prices in the Medicare and Medicaid programs, to improve transparency related to pharmaceutical prices and transactions, to lower patients' out-of-pocket costs, and to ensure accountability to taxpayers, and for other purposes. Impact to LACERS: We will continue to monitor. Prognosis: 2% chance of being enacted. (According to Skopos Lab). Introduced Passed Senate Passed House To President Became Law	9/25/2019		9/25/19 Placed on Senate Legislative Calendar under General Orders. Calendar No. 225		
HR 1384	Jayapal	Medicare for All Act of 2019 This bill establishes a national health insurance program that is administered by the Department of Health and Human Services (HHS). Among other requirements, the program must (1) cover all U.S. residents; (2) provide for automatic enrollment of individuals upon birth or residency in the United States; and (3) cover items and services that are medically necessary or appropriate to maintain health or to diagnose, treat, or rehabilitate a health condition, including hospital services, prescription drugs, mental health and substance abuse treatment, dental and vision services, and long-term care. The bill prohibits cost-sharing (e.g., deductibles, coinsurance, and copayments) and other charges for covered services. Additionally, private health insurers and employers may only offer coverage that is supplemental to, and not duplicative of, benefits provided under the program. Health insurance exchanges and specified federal health programs terminate upon program implementation. However, the program does not affect coverage provided through the Department of Veterans Affairs or the Indian Health Service. The bill also establishes a series of implementing provisions relating to (1) health care provider participation; (2) HHS administration; and (3) payments and costs, including the requirement that HHS negotiate prices for prescription drugs. Individuals who are age 18 or younger, age 55 or older, or already enrolled in Medicare may enroll in the program starting one year after enactment of this bill; other individuals may buy into the program at this time. The program must be fully implemented two years after enactment of this bill; other individuals may buy into the program at this time. The program must be fully implemented two years after enactment. Impact on LACERS: Keenan states this bill is still premature for an in-depth analysis as there has not been any significant actions on this bill. Prognosis: 2% chance of being enacted. (According to Skopos Lab).	2/27/2019	N/A		12/10/2019 Subcommittee Hearings Held.	

				STATUS			
BILL NO	AUTHOR	TITLE/TOPIC	Introduced	Assembly	Senate	House	Final Status
HR 3	Pallone	This bill establishes several programs and requirements relating to the prices of prescription drugs. In particular, the bill requires the Centers for Medicare & Medicaid Services (CMS) to negotiate prices for certain drugs (current law prohibits the CMS from doing so). Specifically, the CMS must negotiate maximum prices for (1) insulin products; and (2) at least 25 single source, brand name drugs that do not have generic competition and that are among the 125 drugs that account for the greatest national spending or the 125 drugs that account for the greatest spending under the Medicare prescription drug benefit and Medicare Advantage (MA). The negotiated prices must be offered under Medicare and MA, and may also be offered under private health insurance unless the insurer opts out. The negotiated maximum price may not exceed (1) 120% of the average price in Australia, Canada, France, Germany, Japan, and the United Kingdom; or (2) if such information is not available, 85% of the U.S. average manufacturer price. Drug manufacturers that fail to comply with the bill's negotiation requirements are subject to civil and tax penalties. The bill also makes a series of additional changes to Medicare prescription drug coverage and pricing. Among other things, the bill (1) requires drug manufacturers to issue rebates to the CMS for covered drugs that cost \$100 or more and for which the average manufacturer price increases faster than inflation; and (2) reduces the annual out-of-pocket spending threshold, and eliminates beneficiary cost-sharing above this threshold, under the Medicare prescription drug benefit. Impact on LACERS: Keenan & Associates (Keenan), LACERS' Health and Welfare Consultant will be asked to review impact on this bill. Prognosis: 89% chance of being enacted. (According to Skopos Lab).	9/19/2019	N/A	09/08/2020 Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 521.	12/12/19 Passed/agreed to in House: On passage Passed by the Yeas and Nays: 230 - 192	

				STATUS	T
COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	Comment	Council Adopted
		CITY OF LOS ANGELES			
20-0943	Cedillo	Women and Minority Owned Businesses / City Bid Incentives Motion: The City of Los Angeles regularly offers up contracts for competitive bids by the private sector for a number of goods and services. Over the years, the City has worked to make this process as equitable as possible, and tried to incentivize women- and minority-owned businesses to bid on City contracts. However, despite the City's efforts, there is a perception that bigger entities win City contracts, and that smaller women- and minority-owned businesses are at a disadvantage when competing for the City's business. This is despite many of these women- and minority-owned businesses being located in the City, and owned and operated by City residents. As the City navigates its way through the ongoing COVID-19 pandemic and the resulting economic downturn, and seeks to address calls for greater racial justice and social equity for all Americans, it should also look at ways to further incentivize women- and minority-owned businesses to bid on City contracts and do more to ensure that qualified businesses are awarded these contracts. Not only would this help the City become more equitable, but it would ensure that dollars spent on contracts for essential services stay in the community. I THEREFORE MOVE that City Attorney, with the assistance of the General Services Department (GSD), be requested to report with options to further encourage and incentivize women- and minority-owned businesses to bid on City contracts, and on steps the City can take to ensure that qualified women- and minority-owned businesses are awarded contracts with the City.	7/29/2020	9/8/2020 Motion adopted. City Attorney report back to Council is pending.	9/8/2020
20-0600-S56	City Attorney	Ordinance amending the Los Angeles Administrative Code to enable the Los Angeles City Employees' Retirement System to determine the effective retirement dates for Separation Incentive Program retirement applicants, establish a three-month retirement abeyance period for non-City SIP retirement applications, and prevent the withdrawal of separation incentive program retirement application after an agreement is final.	8/28/2020	The City Council adopted the Separation Incentive Program Ordinance on September 8, 2020 with an urgency clause. The ordinance is pending the Mayor's signature and will become effective upon publication.	9/8/2020

Keenan & Associates Bill Analysis

BOARD Meeting: 09/22/20 Item X – A Attachment 2

SB 852: Potential Savings for Employer-Based Health Plans?

On August 31, 2020, the California legislature passed SB 852, the "California Affordable Drug Manufacturing Act of 2020," a step toward fulfilling one of Governor Newsom's policy goals of lowering the cost of prescription drugs in the state through direct participation in the manufacture and distribution of generic drugs.

When signed into law, the bill will require the California Health and Human Services Agency (CHHSA) to enter into partnerships resulting in the production or distribution of generic prescription drugs, with the intent that these drugs be made widely available to public and private purchasers, providers, suppliers and pharmacies. The law instructs CHHSA to only enter into partnerships to produce a generic prescription drug "at a price that results in savings, targets failures in the market for generic drugs, and improves patient access to affordable medications."

Specifically, the bill requires CHHSA to enter into partnerships resulting in the production or distribution of generic prescription drugs, with the intent that these drugs be made widely available to public and private purchasers, providers and suppliers, and pharmacies. CHHSA is tasked by the legislation to only enter into partnerships with FDA-registered companies to produce a generic drug at a price that results in savings, targets failures in the market for generic drugs, and improves patient access to affordable medications.

The bill will require CHHSA to prioritize the selection of generic drugs that have the greatest impact on lowering drug costs to patients, increasing competition and addressing shortages in the prescription drug market, improving public health, or reducing the cost of prescription drugs to public and private purchasers. Each drug targeted by CHHSA will be made available to providers, patients, and purchasers at a transparent price and without rebates, other than federally required rebates. The bill requires CHHSA to prioritize drugs for chronic and high-cost conditions, and to consider prioritizing those that can be delivered through mail order. There is no specific number of drugs required by the law to be targeted by CHHSA, and the only specific drug referenced by the law is insulin. The bill will require the partnerships entered into by CHHSA to include the production of at least one form of insulin, provided that a viable pathway for manufacturing a more affordable form of insulin exists.

The bill requires CHHSA to submit two reports to the legislature. By July 1, 2022, it must report to the legislature a description of the status of all drugs targeted under this bill and an analysis of how the activities of CHHSA may impact competition, access to targeted drugs, the costs of those drugs, and the costs of generic drugs to public and private purchasers, By July 1, 2023, it must submit a report assessing the feasibility of directly manufacturing generic drugs and selling generic drugs at a fair price, if the Legislature appropriates funds for this purpose. The bill also requires the second report to include an analysis of governance structure options for manufacturing functions, including chartering a private organization, a public-private partnership, or a public board of directors.

Keenan & Associates Bill Analysis

BOARD Meeting: 09/22/20 Item X – A Attachment 2

Background

SB 852 is the second major step in Governor Newsom's efforts to drive down the cost of prescription drugs for state and other purchasers. On January 7, 2019, Governor Newsom signed Executive Order N-01-19, directed the California Department of General Services, in consultation with the California Pharmaceutical Collaborative, to develop a list of prescription drugs that could appropriately be prioritized for future bulk purchasing initiatives or reexamined for potential negotiation with the manufacturer. Based on this list, the DGS was ordered to develop and implement bulk purchasing arrangements for high-priority drugs and encourage local governments to participate. The executive order also directed the transition of Medi-Cal pharmacy services from managed care into a fee-for-service delivery system.

In January, as part of his proposed 2020-21 Annual Budget, Governor Newsom announced plans to establish the state's own generic drug label. The Administration's proposal sought to increase competition in the generic market, resulting in lower prices and steady supplies for all purchasers. That plan did not make it into the final budget. SB 852 as passed represents a pared-down version of the original proposal, on a longer timeline, and utilizing the existing CHHSA instead of establishing a brand-new office to effectuate its purpose.

Potential Impact

There will be no immediate, short-term price impact from the enactment of SB 852. It appears from the bill that any actual benefit from the state's partnerships will not be felt until at least some time after the July 2022 report is made to the legislature.

Furthermore, it is difficult to predict what the long-term impact of SB 852 might be with accuracy, as most of the details associated with the effort remain unclear. Unlike earlier versions of the bill, the version signed into law does not specify the number of drugs that should be targeted. Both the number of drugs and the specific drugs chosen for contracts with the state will have an impact on how much savings can be found by any particular pharmacy benefit plan.

It is also unclear what form the "partnerships" will take. The legislation defines "partnerships" to include agreements for the procurement of generic prescription drugs by way of contracts or purchasing by a payer, state governmental agency, group purchasing organization, nonprofit organization, or other entity. What form these partnerships ultimately take will impact the amount of cost-savings that can be generated for employer-based prescription drug plans.

The size of California's market should work in favor of driving costs down for the drugs targeted. Earlier this year, the National Conference of State Legislatures (NCOL) published a survey of multistate and single-state pharmaceutical bulk purchasing arrangements.² As of 2018, there were five multi-state bulk purchasing pools, three of which are focused on state Medicaid costs. The evidence shows that these bulk purchasing arrangements result in cost-savings, though there are many factors that influence the savings. If California successfully combines the purchasing power of

¹¹¹ Even the Assembly Appropriations Committee did not attempt to quantify the savings, writing that the bill had "unknown potential [General Fund] or special fund costs or savings, to the extent contracts with manufacturers result in increased or decreased costs to state programs."

² https://www.ncsl.org/research/health/bulk-purchasing-of-prescription-drugs.aspx

Keenan & Associates Bill Analysis

BOARD Meeting: 09/22/20 Item X – A Attachment 2

Medi-Cal and all state agencies, it will be the single largest drug purchaser of drugs after Medicare and the U.S. Department of Veterans Affairs. It should be able to leverage that size in negotiating contracts with manufacturers and distributers.

The focus on generics is also likely to result in savings. The average cost of a brand-name drug was 18.6 times higher than its generic equivalent in 2017, and the size of that gap has more than tripled since 2013, according to a report from the AARP Public Policy Institute.³ While at present, there are relatively few insulin biosimilars on the market, they are 15-50% less expensive than their brand-name corollaries. ⁴

However, at this time the ultimate amount of cost-savings remains unclear. Greater clarity will emerge with the selection of drugs targeted, the contracts the state negotiates, and the first report to the legislature in 2022. As those benchmarks are reached, we will update this report.

³ https://www.aarp.org/content/dam/aarp/ppi/2019/04/price-decreases-for-widely-used-generic-drugs-slow-after-two-years-of-substantial-price-drops.pdf

⁴ https://www.healthline.com/diabetesmine/why-is-there-no-generic-insulin#It-costs-a-lot-to-copy-insulin





REPORT TO BOARD OF ADMINISTRATION

From: Governance Committee

Nilza R. Serrano, Chair

MEETING: SEPTEMBER 22, 2020

ITEM: X - B

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

SUBJECT:	PROPOSED REVISION TO THE LACERS TRAVEL POLICY AND POSSIBLE BOARD
	ACTION

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

Recommendation

That the Board approve the revised Board Travel Policy of the LACERS Board Administrative Policies.

Executive Summary

The Governance Committee is in support of staff's proposal to revise two sections of the LACERS Board Travel Policy: 1) Travel Expense Reimbursement Policy, and 2) Board Travel Reimbursement Checklist. The recommended changes relate to the proposed use of the CalTravelStore, the City's authorized business travel agency, as the exclusive source for all of LACERS' air travel reservations.

An additional recommendation is added to change the travel advance policy so as to mirror the policy of our sister pension systems in the City, as directed by the Committee.

Discussion

On August 25, 2020, the Governance Committee considered the proposed changes to the Board Travel Policy. The revisions center on staff's recommendation to use only one travel service, CalTravelStore, for all of LACERS' air travel needs. CalTravelStore is the authorized travel management service provider for California's Department of General Services (DGS) Statewide Travel Program. The DGS recommends other governmental entities to participate in the Statewide Travel Program and utilize its contract with CalTravelStore, which was established through a competitive bidding process. The City is one of the entities participating in the program. As such, City departments are strongly encouraged to use CalTravelStore for all travel needs.

Using the City's authorized travel management service provides a more efficient and streamlined process. Airline tickets booked through CalTravelStore are automatically accepted as the best fare without further justification needed from the traveler unless there is an upgrade above economy/coach class. If a traveler is interested in a specific flight, they may request that flight when booking with CalTravelStore. Travelers also do not need to pay for airfare costs upfront then request for reimbursement from LACERS for those expenses after their travel. Further, the consolidation of all air travel arrangement and ticketing activity, including airline reservations, airfare payment, air travel changes and cancellations, under one travel agency, eases the administration for staff handling travel arrangements especially when tracking changes and cancellations.

A majority of the Committee supports staff's recommendation to have CalTravelStore as LACERS' dedicated air travel service. During the discussion, the Committee asked staff whether CalTravelStore does price matching. Staff contacted the travel management service and was informed that they do not match the lower airfare price of another travel service but do offer competitive pricing.

Additionally, the Committee directed staff to look into the travel advance policy of LACERS' sister pension systems, the Los Angeles Fire and Police Pensions (LAFPP) and the Water and Power Employees' Retirement Plan (WPERP). The following table shows how each pension system addresses aspects of their respective travel advance policy:

	TRAVEL ADVANCE POLICY								
	LACERS	LAFPP	WPERP*						
EXPENSE ITEMS COVERED	Daily lodgingMeals and Incidental Expenses	Daily lodgingMeals and Incidental Expenses	Daily lodgingMeals and Incidental Expenses						
LIMIT OF AMOUNT REQUESTED	Traveler can request up to the full travel expense estimate, less airfare and other expenses. Recommendation to change to: Limited to 90% of total travel expense estimate, less airfare and other expenses. Amount must be over \$500.	Limited to 90% of total travel expense estimate, less airfare and conference registration fee Amount must be over \$500	Limited to 90% of total travel expense estimate, less airfare cost and other expenses Amount must be over \$500, but department head may approve for lesser amount						
REQUEST SUBMISSION DEADLINE	Thirty (30) calendar before date of travel Recommendation to change to: Fifteen (15) business days before date of travel, but no more than thirty (30) calendar days prior.	Fifteen (15) business days before date of travel	 At least ten (10) business days in advance of travel No more than thirty (30) calendar days before date of travel 						
RELEASE OF TRAVEL ADVANCE FUNDS	No earlier than one week before date of travel	No earlier than one week before date of travel	No earlier than one week before date of travel						

^{*} WPERP's travel advance policy follows the City's travel advance policy included in the Controller Manual (updated in April 2019).

To align our travel advance policy with LAFPP and WPERP, staff recommends revising the travel advance request submission deadline from 30 calendar days to 15 business days before the date of travel but no earlier than 30 calendar days. This change will provide the traveler the ability to request a cash advance closer to the date of their trip. In addition, staff recommends changing the limit of the travel advance amount requested from 100% of the travel expense estimate to 90% of that total to avoid the possibility of overpayment and the need for the traveler to return unused funds, as well as only allowing requests that amount to over \$500.

Travel advances are available to the Board whose travel involves trips of one night or more. Travel advance instructions for staff will be revised to match the Board Policy. The advance will cover the estimated amounts for lodging, and the per diem for meal and incidental expenses. Travelers submit written requests for the travel advance to the department travel coordinator no later than fifteen (15) business days prior to the date of travel. The request must include a statement certifying that the traveler has no outstanding cash advance. Regular travel advances will be released no earlier than one (1) week before travel. Upon return from travel, the traveler will complete the Personal Expense Statement and reimburse the department for any excess monies that were received that were not used for approved travel expenses. If travel advance amounts in excess of receipts/per diem are not reconciled by the traveler within 120 days, the excess amount will be reported to the Internal Revenue Service (IRS) as wages or for non-City employees the amount will be reported on an IRS Form 1099-Misc. Future travel advances will not be processed for traveler(s) with delinquent PES over 30 days.

There are three attachments to this report: (1) a red-line version of the policy showing the proposed changes, (2) a clean version of the proposed policy accepting the changes to the red-line version, and (3) the report that was presented to the Governance Committee on August 25, 2020.

Strategic Alignment

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: Edeliza Fang, Senior Benefits Analyst II

NMG/TB:DW:EF

Attachments: 1. LACERS Board Education and Travel Policy – Red-line Version

2. LACERS Board Education and Travel Policy - Clean Version

3. Governance Committee Report dated August 25, 2020

Item X – B Attachment 1

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Approved: March 11, 2014;

Revised: September 23, 2014; January 22, 2019; September 22, 2020

H. GENERAL GUIDELINES

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

- A. LACERS considers an individual traveling if:
 - i) the travel is outside the geographic boundaries of Los Angeles County [LAAC §4.242.2]; and more than 50 miles away from both LACERS' offices and the traveler's home; and
 - ii) the duties require the individual to be away from the general area of the individual's primary residence substantially longer than an ordinary day's work; or
 - iii) the individual needs to sleep or rest to meet the demands of work while away from the primary residence.
- B. Costs incurred on travel days which are not conference days are allowable (subject to limitations covered in the applicable sections of the guidelines): (i) on the day before the first educational session of the conference or seminar if transportation on the first conference day would require the traveler to leave his/her point of departure (e.g., home) earlier than 9:00 a.m.; or (ii) on the day after the last educational session of the conference or seminar if transportation on the last conference day would cause the traveler to get to his/her final destination (e.g., home) after 8:00 p.m.
- C. Board approval of travel is required prior to payment of any related fees. If a Traveler elects to personally incur travel-related fees prior to the Board's approval, the Traveler assumes personal financial liability that his or her expenses may not be reimbursed.

II. TRANSPORTATION

A. AIR TRAVEL LAAC Requirement LACERS Policy Except in the case of official necessity, 1. Air travel may be used when it is the most air travel expenses are allowable only efficient means of travel. for the lowest regular fare available for 2. LACERS shall book and pay directly for all air regularly scheduled airlines for the date travel through the City's authorized business and time selected [§4.242.2(a)(1)] travel service, CalTravelStore. 3. Air travel shall be at coach or economy fare. Coach or economy fare is presumed to be Claims for reimbursement of higher fare or extra charges for transportation by the lowest regular fare available for regularly scheduled airlines. Airfare quotes from schedule airlines are allowable only if certified by the Department Head¹ that several airlines are not necessary.

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

he or she has reviewed and concurs
with the facts constituting the official
necessity. [§4.242.2(a)(1)]

- When the airfare receipt shows
 Reimbursements for an upgrade to business or first class accommodation require
 - Without further justification, the traveler may be reimbursed at the lower of the lowest regular fare rate available²-and actual cost, or
 - b. the traveler shall provide a memo stating the case of official necessity, for approval by the Department Head¹.
- 5. LACERS will pay directly for airfare booked with the City's authorized business travel service. CalTravelStore.
- 6. If CalTravelStore is not used, LACERS travelers must use their personal credit card to book flights or other modes of transportation.
- 7. Consistent with Federal and City travel standards, coupons, or promotional mileage credits earned by the traveler during the course of LACERS business travel may be used for LACERS or personal business. The traveler will not be reimbursed for such coupons or promotional mileage credits used for LACERS travel.
- 8. Fees for the first checked baggage will be reimbursed. Fees for additional checked baggage may be reimbursed if a justification for an official business need is provided.
- 9. The cost of air flight insurance is not eligible for reimbursement.
- 10. With pre-approval of the Department Head, refundable airline tickets may be purchased if the traveler provides acceptable justification that the benefit of booking a refundable ticket outweighs the risk of changes in travel plans.

B. PERSONAL VEHICLE OR NON-AIR TRANSPORTATION

LAAC Requirement

In all instances where a mode of transportation other than regularly scheduled airlines is chosen, the Department Head¹ shall authorize such alternate mode of transportation in advance and the allowable cost shall be the actual cost of the alternate mode of transportation or the cost allowable under Subsection (a)1, whichever is less. [§4.242.3.(a)(2)]

In the case of travel by modes of transportation other than regularly scheduled airlines, transportation costs shall be the regular fare for the mode of transportation chosen. [§4.242.3(a)]

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

LACERS Policy

- 11. Pre-approval by the Department Head¹ is required for all non-air travel in advance of travel. Travelers must submit the following items for pre-approval:
 - a. For travelers using personal automobiles for business purposes Provide proof of automobile insurance at minimum coverage levels as follows: \$25,000 injury to or death of one person; and, \$50,000 injury to or death of more than one person; and, \$5,000 property damage for any one accident.
 - b. Cost comparisons are required for all non-air travel, with exceptions listed below:
 Traveler shall submit: a quote for the lowest regular fare available for regularly scheduled airlines to the destination for the date and time selected; and the cost for regular fare on the alternative mode of transportation.

<u>Exceptions</u> (no cost comparison is required):

If traveling by vehicle to neighboring counties of Orange, Riverside, San Diego, San Bernardino, Ventura, Kern, Santa Barbara, and San Luis Obispo, or to the San Francisco Employees Retirement System to transport sensitive computer equipment for the LACERS emergency hot/warm site.

- 12. Receipts for alternate modes of travel are required. Reimbursement will be for the lower of the actual cost of transportation or lowest regular airfare verified by Accounting prior to encumbrance of the travel request.
- 13. Mileage reimbursement
 - a. Mileage reimbursement for the Board will be calculated on a roundtrip basis between official's residence and official destination.
 - b. Mileage reimbursement for staff will be

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

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

- based on the distance in excess of home to City office for travels during regular work days; for other days, reimbursement will be based on a roundtrip between staff's residence and official destination.
- 14. Additional travel time and expenses (such as meals and lodging) incurred in choosing other than the fastest and most direct mode of transportation are at the traveler's own personal time and expense.
- 15. Claims for repairs, replacements, towage, gas and car insurance are not reimbursable.
- 16. Ground transportation refers to transportation from home to airport, airport to hotel and/or conference/ meeting/seminar location, and back. This includes taxis, shuttles, limousines, and private vehicles.
- 17. Mileage reimbursement is provided when personal vehicle is used for ground transportation to/from airport. Commissioner's mileage reimbursement will be computed based on roundtrip miles from residence to airport. Staff mileage reimbursement will be computed based on the distance in excess of home to City office for travels during regular work day; and roundtrip miles from residence to airport on non-work days.

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

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

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

III. LODGING, MEALS AND INCIDENTAL EXPENSE ALLOWANCE

A. LODGING						
LAAC Requirement	LACERS Policy					
LANO Nequilement	LAOLINO FUILLY					
This section is not intended to preclude an employee or elected official from staying in a hotel where the meeting or convention to be attended is held. [§4.242.3.(b)(1)]	 22. Acceptable documentation shall include original itemized hotel receipt marked 'Paid in Full' or showing a zero balance; otherwise, proof of payment is also required. 23. Reimbursement for lodging in a hotel where the meeting or convention to be attended is deemed the most practical accommodation and permissible. 24. A traveler may elect to stay in a hotel sponsored by the conference as it is presumed to be the most practical or convenient. The reimbursement will be limited to the lesser of the actual hotel costs incurred or the conference hotel rate. 25. For any official System travel for training, due diligence trips, meetings with investment managers, or training where hotels are not pre-designated, the traveler should select the most economical lodging taking into consideration the proximity of the selected place to conduct the official System business, traveler's safety, time and transportation costs and other relevant factors. Any of the following methods are acceptable for determining "moderately priced establishments of acceptable quality", "the most economical and practical accommodations", and those which would be presumed not to meet the IRS definition of "lavish and extravagant" accommodations: (i) Lodging does not exceed the highest Federal domestic lodging per diem rate; cost comparison is not necessary; or (ii) The most economical hotel identified using the City traveler provider website (www.concursolutions.com/), with availability, with at least a 3 star rating on a 5 star scale travel, and within walking distance or no less than ½ mile radius of the first business 					

In the selection of restaurants and hotel rooms, it is expected that individuals will seek moderately priced establishments of acceptable quality. [LAAC §4.242.3.(b)]

An employee or elected official must consider transportation costs, time, and other relevant factors in selecting the most economical and practical accommodations. [§4.242.3.(b)(1)]

- (iii) The most practical hotel on the above list with acceptable written justification; or
- (iv) Any lodging expenses may be reimbursed provided that the expense does not exceed 300% of the lodging per diem and traveler must clearly demonstrate no other acceptable alternative lodging was available, as in the event of a state of emergency, or other justifiable reason reviewed and certified by the Department Head¹ as reasonable and proper, and incurred in the pursuit of System business.
- 26. Reimbursement is limited to single occupancy room rate, as documented on hotel letterhead or the hotel's room rates listing, plus applicable taxes and charges unless additional occupants are LACERS trustees/staff on official LACERS business.

B. MEALS AND INCIDENTAL EXPENSES (M&IE)

LAAC Requirement

Expenses incurred by an employee or elected official for food and beverage served at meals, scheduled receptions, or other functions necessary for the conduct of City business are allowable to a maximum of three meals a day. [§4.242.3.(b)(2)]

LACERS Policy

- 27. LACERS intends to be compliant with IRS accountable plan rules, therefore M&IE allowance will be provided only when business travel results in a necessity for lodging. LACERS will provide travelers with a standard meal allowance at the Federal per diem rate per locale. The allowance, in lieu of providing receipts, is acceptable under the IRS accountable plan rules. The IRS (Publication 463) defines meals and incidental expenses include: meals, transportation to acquire meals, fees/tips to porters, baggage carriers, bellhops, hotel maids, wait staff, and other service providers.
- 28. No meal allowance will be paid when meals are provided throughout the day by the host or at the conference.
- 29. Prorating the standard meal allowance The IRS permits LACERS to adopt its own

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

rules for prorating the standard meal allowance on partial days of travel so long as we consistently apply the method in accordance with reasonable business practice.

The meal and incidental expense allowance will be prorated from a daily allowance to a per meal period allowance on partial days of travel; and when some meals are prepaid/to be paid by LACERS (complimentary breakfast provided at the hotel, meals at the conference, or pre-paid to comply with the City/LACERS gift restrictions.

The M&IE allowance = incidental expense + breakfast allowance (if traveling between 1AM – 9AM) + lunch allowance (if traveling between 9AM – 5PM) + dinner allowance (if traveling between 5PM – 1AM).

Utilize the M&IE per travel locale and provide an allowance for each meal period the traveler is away from home (based on the current Federal General Services Agency six tiered M&IE allowance):

Total	Breakfast	Lunch	Dinner	ΙE
\$46	\$7	\$11	\$23	\$5
\$51	\$8	\$12	\$26	\$5
\$56	\$9	\$13	\$29	\$5
\$61	\$10	\$15	\$31	\$5
\$66	\$11	\$16	\$34	\$5
\$71	\$12	\$18	\$36	\$5

Gratuities. Such expenses, not exceeding 15%, are allowable where reasonable and customary. [§4.242.3.(h)]

30. Gratuities are included in the IRS definition of "incidental" expenses and are therefore subject to per diem limits. Reimbursement for restaurant gratuities are calculated as up to 15 percent of the restaurant bill exclusive of taxes, except when the gratuity percentage is required and the amount is added on the bill by the service provider.

IV. OTHER EXPENSES

(j) Other Expenses. Expenses not specifically set forth in other subsections of this section that are incurred by an employee or an elected official are allowable where deemed necessary in the conduct of City business; provided that such expenses have been reviewed and certified by the Department Head¹ as reasonable and proper and incurred in pursuit of City business. Wherever the type of expenditure is not specifically listed in this section, the employee or elected official should be prepared to absorb the cost as a personal expenditure in the event that such expense is not certified by the

Department Head¹. [§4.242.3.(j)]

LAAC Requirement

LACERS Policy

- 31. Other travel expenses are allowable when deemed necessary in the conduct of System business provided such expenses are reviewed and certified by the Department Head¹ as reasonable, proper, and incurred in pursuit of System business. Otherwise, these expenses become personal expenditures.
- 32. Travel Interruptions When there is an interruption or deviation from planned travel due to bona fide public emergencies outside of the traveler's control such as weather or shutdown of air travel, travelers may be reimbursed at full cost for emergency lodging, meals, and incidental expenses.
- 33. Indirect Travel whether for the traveler's personal leave or for convenience, expenses allowable will not exceed those that would have been incurred for uninterrupted travel utilizing the direct travel route or travel days. Supporting documentation showing the cost for direct travel and the deviation should be provided by the traveler.

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IV. NON-REIMBURSABLE TRAVEL EXPENSES

LAAC Requirement LACERS Policy Expenditures which are incurred by an 34. Expenditures which are not substantive employee or elected official that are of a to LACERS business will not be purely personal nature will not be reimbursed reimbursed by LACERS, such as: by the City. a) Any expenses related to entertainment and recreational activities: a) Auto repairs, replacement or towage to personal vehicle when such use has been b) Flight upgrade fees for seats other authorized (see established City than coach or economy: c) Internet usage fees (unless the internet procedures for repair to City vehicle): b) Flight insurance: is used for City business); c) Personal telephone calls (except those d) Any expenses related to alcohol and specified in Section 4.242.3 (g) of this tobacco. article): 35. The traveler must submit reimbursement d) Expenses for persons other than the for personal expenditures paid by employee or elected official, except as LACERS. specified in Section 4.242.3 (b) 2. If there are portions of the conference or [§4.242.4] seminar that are entertainment in nature and not business-related (e.g., golf tournaments, musical performances or concerts, etc.), the traveler is required to reimburse LACERS for the cost of these recreational activities.

V. OTHER RULES AND RESTRICTIONS

A. DOCUMENTATION OF EXPENSES - PERSONAL EXPENSE STATEMENTS

LAAC Requirement

All expenses claimed shall be listed on separate forms provided and used for required documentation of travel expense.

Completed travel expense forms shall be forwarded to the Controller within thirty (30) days of the conclusion of the trip.

The Department Head¹ shall certify that all expenditures were incurred in pursuit of City business. Falsification of such certification shall be grounds for appropriate disciplinary action and such other sanctions provided by law.

Receipts shall be provided for transportation costs incurred under Section 4.242.3(a), lodging, and for any single item of expenditure in excess of \$25.00. Receipts for expenditures under \$25.00 should be presented when available. [LAAC § 4.242.7]

- LACERS Policy
- 36. All expenses claimed for reimbursement must be itemized on the Personal Expense Statement (PES Form Gen. 16).
- 37. The traveler is responsible for verifying all charges on receipts before making payment. Charges made in error will not be reimbursed.
- 38. Original receipts are required for any single expenditure in excess of \$25.

 Receipts are not required for a meal and incidental expense allowance, regardless of amount, when the Federal per diem rate per locale is provided to the traveler and prorated in accordance with LACERS' policy.

B. TRAVEL ADVANCES

LAAC Requirement

Requests for an advance for funds shall be submitted to the Controller, where feasible, at least ten (10) days in advance of the beginning of the planned expenditure of funds and such request shall include the persons traveling, period covered, and the destination. In addition, the request should state the purpose of the trip, the nature of the City business to be conducted on the trip, and the proposed total estimated expenditure. Documentation of actual expenses incurred shall be submitted to the Controller in conformance with Section 4.242.7.

LACERS Policy

- 39. For trips of one night or more, a travel advance may be requested. The amount advanced is limited to the lodging, meal and incidental expenses per diem. Only 90% of the total travel estimate is advanced. A travel advance will not be issued if this amount is less than \$500 in total.
- 40. Written requests for the travel advance are to be submitted by the Traveler to the CEA/travel coordinator for approval at least thirty (30) days fifteen (15) business days prior to the date of travel but no earlier than thirty (30) calendar days prior to travel. The request must include a statement certifying that the traveler has no outstanding cash advance.
- 41. A cash advance request will be denied if

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

- traveler must pay LACERS the entire amount of credit received within 14 calendar days from the credit issued date.
- b. If travel was cancelled due to the business or public reason, traveler is responsible to submit a justification along with the proper documentation to the General Manager within 14 calendar days from the cancelled date.
- c. Unrecovered amounts are reported as taxable income to the traveler. The traveler may be required to pay for future airfare using their own credit card, and LACERS will reimburse airfare upon completion of travel.

APPENDIX C BOARD TRAVEL REIMBURSEMENT CHECKLIST

Adoption Date: May 26, 2009

Revised Dates: June 22, 2010; December 13, 2011; March 11, 2014; September 22, 2020

I. STEPS FOR TRAVEL APPROVAL AND REIMBURSEMENT:

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

Step 2: Submit information on estimated expenses to the CEA

Fees Paid Directly By LACERS:

Step 3: Register for the Conference

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

Step 4: Book flight

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

Items Requiring Pre-Approval for Expenditure Reimbursement:

- Step 5: Submit written justification for items requiring pre-approval from the Board President or Vice President. If approval is not secured prior to incurring the expense, reimbursement may not be granted.
 - Requests for reimbursement of airfare which exceeds the lowest regular fare
 justification should demonstrate the official necessity of the selected flight. Attach to
 the request three air fare quotes generated on the same day the flight was booked.
 - Requests for transportation other than air flight justification should indicate reasons for use of the alternate mode of transportation.
 - Requests for cash advances to cover lodging and per diem for meals must be submitted 30 days 15 business days prior to the commencement of travel. See further instructions below.

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

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

• The report is required prior to reimbursement

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

AIR TRAVEL

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

II. REIMBURSEMENT CHECKLIST:

ALLOWABLE TRAVEL COSTS

REQUIRED DOCUMENTS

proof of payment for airfare

Transportation Expenses

Air travel expenses are only allowable for the lowest regular fare available. If the flight with the lowest regular fare is not booked, reimbursement will only be for the lowest regular fare.

If three fare quotes are not submitted, the lowest regular fare will be determined by a quote from the City's travel agent for a direct flight, coach class, 14 days prior to the date of business travel. The CEA will determine the reasonable flights to be quoted which best meet the conference dates and times.

Exceptions allowing reimbursement for a higher cost fare may be approved by the General Manager for "official necessity." Official necessity means there is a bona fide benefit to LACERS for taking the selected flight which outweighs the cost of the higher fare.

☐-Submit a receipt showing a zero balance as

- □ Provide three air fare quotes from the same date as the booked flight, demonstrating that the selected flight is the lowest regular fare practically available
- □ Provide written justification of the "official necessity" for any higher cost fare if seeking reimbursement above the lowest fare rate. The General Manager must concur for the expense to be submitted for reimbursement.

OTHER TRANSPORTATION

Bus or Rail Travel

Air Travel

The allowable cost shall be the actual cost for the regular fare for the bus/rail travel.

Automobile Rental

Automobile rental expenses are allowable if traveling by automobile is less expensive or more appropriate than by other modes of transportation.

- ☐ Submit request for pre-approval from the General Manager for all modes of transportation other than regularly scheduled airlines.
- Submit request for pre-approval from the General Manager demonstrating that traveling by rental car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus.

Private Automobile The allowable cost shall be the actual total mileage rate allowance as determined by the Internal Revenue Service (IRS).		☐ Submit request for pre-approval from the General Manager, and include a satisfactory liability insurance policy covering the full use and operation of the vehicle. The limits of liability on any such policy shall not be less than \$25,000 in the case of injury to or death of one person, and \$50,000 in the case of injury to or		
		death of more than one person; and in the case of property damage, not less than \$5,000 in any one accident		
		Submit airfare confirmation (provided by CalTravelStore), rail travel confirmation notice or transportation receipt from taxi, shuttle, or private car service.		
REGISTRA	TIO	N FEES		
		Submit a receipt showing a zero balance as proof of payment		
LOD	GIN	G		
Hotels generally offer specially rated room blocks for conference participants. The Trustee may stay at an "off-site" hotel if the room blocks are exhausted.		Submit receipt showing a zero balance as proof of payment. Personal credit card information must be redacted from the receipt.		
Transportation costs, time, and other relevant factors must be considered in selecting the most economical and practical accommodations.		If lodging is for other than single occupancy, secure a rate sheet or other documentation of the single occupancy rate.		
ficiently reduces the airfare, or if the inference commences early in the morning				
MEALS & INCIDENTAL EXPENSES				
The meal and incidental per diem for		ceipts for meals and incidental expenses		
• • • •	are	e not required.		
gratuities provided to service workers,		Submit justification letter if claiming		
and for transportation costs in acquiring		reimbursement for expenses exceeding		
		the per diem allowance.		
days of travel, and if some meals are				
	REGISTRA gistration Fees imbursable if paid by the Trustee LOD tels generally offer specially rated room cks for conference participants. The istee may stay at an "off-site" hotel if the imblocks are exhausted. ansportation costs, time, and other evant factors must be considered in ecting the most economical and practical commodations. extra-night stay is allowable if it ficiently reduces the airfare, or if the inference commences early in the morning adjourns late in the evening. MEALS & INCIDE The meal and incidental per diem for domestic travel is currently \$71 per day. Incidental expenses are fees and gratuities provided to service workers, and for transportation costs in acquiring meals. The daily allowance is prorated at 75% on	REGISTRATIO Gistration Fees imbursable if paid by the Trustee LODGIN tels generally offer specially rated room cks for conference participants. The instee may stay at an "off-site" hotel if the imblocks are exhausted. Insportation costs, time, and other evant factors must be considered in ecting the most economical and practical commodations. extra-night stay is allowable if it ficiently reduces the airfare, or if the inference commences early in the morning adjourns late in the evening. MEALS & INCIDENTA The meal and incidental per diem for domestic travel is currently \$71 per day. Incidental expenses are fees and gratuities provided to service workers, and for transportation costs in acquiring meals. The daily allowance is prorated at 75% on days of travel, and if some meals are		

No meal allowance is provided when meals are provided throughout the day by the hosting organization.
 The rate for international travel is in accordance with current Federal per diem rate guidelines.

MISCELLANEOUS EXPENSES

Checked Baggage Fees

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

Laundry Service

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

City Business Telephone Calls

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

Personal Telephone Calls

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

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

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

Ground Transportation

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

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

Item X – B Attachment 2

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Approved: March 11, 2014;

Revised: September 23, 2014; January 22, 2019; September 22, 2020

H. GENERAL GUIDELINES

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

- A. LACERS considers an individual traveling if:
 - i) the travel is outside the geographic boundaries of Los Angeles County [LAAC §4.242.2]; and more than 50 miles away from both LACERS' offices and the traveler's home; and
 - ii) the duties require the individual to be away from the general area of the individual's primary residence substantially longer than an ordinary day's work; or
 - iii) the individual needs to sleep or rest to meet the demands of work while away from the primary residence.
- B. Costs incurred on travel days which are not conference days are allowable (subject to limitations covered in the applicable sections of the guidelines): (i) on the day before the first educational session of the conference or seminar if transportation on the first conference day would require the traveler to leave his/her point of departure (e.g., home) earlier than 9:00 a.m.; or (ii) on the day after the last educational session of the conference or seminar if transportation on the last conference day would cause the traveler to get to his/her final destination (e.g., home) after 8:00 p.m.
- C. Board approval of travel is required prior to payment of any related fees. If a Traveler elects to personally incur travel-related fees prior to the Board's approval, the Traveler assumes personal financial liability that his or her expenses may not be reimbursed.

II. TRANSPORTATION

A. AIR TRAVEL LAAC Requirement LACERS Policy Except in the case of official necessity, 1. Air travel may be used when it is the most air travel expenses are allowable only efficient means of travel. for the lowest regular fare available for 2. LACERS shall book and pay directly for all air regularly scheduled airlines for the date travel through the City's authorized business and time selected [§4.242.2(a)(1)] travel service, CalTravelStore. 3. Air travel shall be at coach or economy fare. Claims for reimbursement of higher fare or extra charges for transportation by Coach or economy fare is presumed to be the lowest regular fare available for regularly schedule airlines are allowable only if scheduled airlines. Airfare quotes from certified by the Department Head¹ that

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he or she has reviewed and concurs		several airlines are not necessary.
with the facts constituting the official necessity. [§4.242.2(a)(1)]	4.	Reimbursements for an upgrade to business or first class accommodation require a memo stating the case of official necessity, for approval by the Department Head ¹ .
	5.	Fees for the first checked baggage will be reimbursed. Fees for additional checked baggage may be reimbursed if a justification for an official business need is provided.
	6.	The cost of air flight insurance is not eligible for reimbursement.
	7.	With pre-approval of the Department Head, refundable airline tickets may be purchased if the traveler provides acceptable justification that the benefit of booking a refundable ticket outweighs the risk of changes in travel plans.

B. PERSONAL VEHICLE OR NON-AIR TRANSPORTATION

LAAC Requirement

In all instances where a mode of transportation other than regularly scheduled airlines is chosen, the Department Head¹ shall authorize such alternate mode of transportation in advance and the allowable cost shall be the actual cost of the alternate mode of transportation or the cost allowable under Subsection (a)1, whichever is less. [§4.242.3.(a)(2)]

In the case of travel by modes of transportation other than regularly scheduled airlines, transportation costs shall be the regular fare for the mode of transportation chosen. [§4.242.3(a)]

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

LACERS Policy

- 8. Pre-approval by the Department Head¹ is required for all non-air travel in advance of travel. Travelers must submit the following items for pre-approval:
 - a. For travelers using personal automobiles for business purposes Provide proof of automobile insurance at minimum coverage levels as follows: \$25,000 injury to or death of one person; and, \$50,000 injury to or death of more than one person; and, \$5,000 property damage for any one accident.
 - b. Cost comparisons are required for all non-air travel, with exceptions listed below:
 Traveler shall submit: a quote for the lowest regular fare available for regularly scheduled airlines to the destination for the date and time selected; and the cost for regular fare on the alternative mode of transportation.

<u>Exceptions</u> (no cost comparison is required):

If traveling by vehicle to neighboring counties of Orange, Riverside, San Diego, San Bernardino, Ventura, Kern, Santa Barbara, and San Luis Obispo, or to the San Francisco Employees Retirement System to transport sensitive computer equipment for the LACERS emergency hot/warm site.

- Receipts for alternate modes of travel are required. Reimbursement will be for the lower of the actual cost of transportation or lowest regular airfare verified by Accounting prior to encumbrance of the travel request.
- 10. Mileage reimbursement
 - a. Mileage reimbursement for the Board will be calculated on a roundtrip basis between official's residence and official destination.
 - Mileage reimbursement for staff will be based on the distance in excess of home to City office for travels during regular work days; for other days, reimbursement will be

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based on a roundtrip between staff's residence and official destination.

- 11. Additional travel time and expenses (such as meals and lodging) incurred in choosing other than the fastest and most direct mode of transportation are at the traveler's own personal time and expense.
- 12. Claims for repairs, replacements, towage, gas and car insurance are not reimbursable.
- 13. Ground transportation refers to transportation from home to airport, airport to hotel and/or conference/ meeting/seminar location, and back. This includes taxis, shuttles, limousines, and private vehicles.
- 14. Mileage reimbursement is provided when personal vehicle is used for ground transportation to/from airport. Commissioner's mileage reimbursement will be computed based on roundtrip miles from residence to airport. Staff mileage reimbursement will be computed based on the distance in excess of home to City office for travels during regular work day; and roundtrip miles from residence to airport on non-work days.

C. GROUND TRANSPORTATION			
LAAC Requirement	LACERS Policy		
The least expensive and most practical form of public transportation shall be used, taking into consideration such factors as time, availability, and personal safety or health.	15. Reimbursement for airport parking is actual amount, not to exceed \$20 per day. Pre-approval is not required. Reimbursement for actual amounts in		
[§4.242.3.(c)]	excess of \$20 per day requires the traveler submitting a memo to justify the expense based on time, availability, and personal safety or health.		
	16. Reimbursement for use of taxi, shuttle, private car or limousine service is limited to the lesser of roundtrip taxi fare (http://www.taxifarefinder.com) ² or shuttle fare (http://www.shuttlefare.com) ² .		
D. AUTOMO	BILE RENTAL		
LAAC Requirement	LACERS Policy		
Such expenses are allowable if traveling by car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus. [§4.242.3.(d)]	17. Pre-approval by the Department Head¹ is required. Travelers must provide written justification that the traveling by car is less expensive or more efficient in conducting LACERS business than by use of taxi or bus.		
	18. The traveler will not be reimbursed for car rental insurance within the United States. Car rental insurance costs required in foreign countries may be claimed for reimbursement.		

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

III. LODGING, MEALS AND INCIDENTAL EXPENSE ALLOWANCE

A. LODGING			
LAAC Requirement	LACERS Policy		
This section is not intended to preclude an employee or elected official from staying in a hotel where the meeting or convention to be attended is held. [§4.242.3.(b)(1)]	19. Acceptable documentation shall include original itemized hotel receipt marked 'Paid in Full' or showing a zero balance; otherwise, proof of payment is also required.		
	20. Reimbursement for lodging in a hotel where the meeting or convention to be attended is deemed the most practical accommodation and permissible.		
	21. A traveler may elect to stay in a hotel sponsored by the conference as it is presumed to be the most practical or convenient. The reimbursement will be limited to the lesser of the actual hotel costs incurred or the conference hotel rate.		
	 22. For any official System travel for training, due diligence trips, meetings with investment managers, or training where hotels are not pre-designated, the traveler should select the most economical lodging taking into consideration the proximity of the selected place to conduct the official System business, traveler's safety, time and transportation costs and other relevant factors. Any of the following methods are acceptable for determining "moderately priced establishments of acceptable quality", "the most economical and practical accommodations", and those which would be presumed not to meet the IRS definition of "lavish and extravagant" accommodations: (i) Lodging does not exceed the highest Federal domestic lodging per diem rate; cost comparison is not necessary; or (ii) The most economical hotel identified using the City traveler provider website (www.concursolutions.com/), with availability, with at least a 3 star rating on a 5 star scale travel, and within 		

In the selection of restaurants and hotel rooms, it is expected that individuals will seek moderately priced establishments of acceptable quality. [LAAC §4.242.3.(b)]

An employee or elected official must consider transportation costs, time, and other relevant factors in selecting the most economical and practical accommodations. [§4.242.3.(b)(1)]

- mile radius of the first business location; or the most practical hotel on the above list with acceptable written justification; or
- (iii) Any lodging expenses may be reimbursed provided that the expense does not exceed 300% of the lodging per diem and traveler must clearly demonstrate no other acceptable alternative lodging was available, as in the event of a state of emergency, or other justifiable reason reviewed and certified by the Department Head¹ as reasonable and proper, and incurred in the pursuit of System business.
- 23. Reimbursement is limited to single occupancy room rate, as documented on hotel letterhead or the hotel's room rates listing, plus applicable taxes and charges unless additional occupants are LACERS trustees/staff on official LACERS business.

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B. MEALS AND INCIDENTAL EXPENSES (M&IE)			
LAAC Requirement	LACERS Policy		
Expenses incurred by an employee or elected official for food and beverage served at meals, scheduled receptions, or other functions necessary for the conduct of City business are allowable to a maximum of three meals a day. [§4.242.3.(b)(2)]	24. LACERS intends to be compliant with IRS accountable plan rules, therefore M&IE allowance will be provided only when business travel results in a necessity for lodging. LACERS will provide travelers with a standard meal allowance at the Federal per diem rate per locale. The allowance, in lieu of providing receipts, is acceptable under the IRS accountable plan rules. The IRS (Publication 463) defines meals and incidental expenses include: meals, transportation to acquire meals, fees/tips to porters, baggage carriers, bellhops, hotel maids, wait staff, and other service providers.		
	25. No meal allowance will be paid when meals are provided throughout the day by the host or at the conference.		
	26. Prorating the standard meal allowance – The IRS permits LACERS to adopt its own rules for prorating the standard meal allowance on partial days of travel so long as we consistently apply the method in accordance with reasonable business practice.		
	The meal and incidental expense allowance will be prorated from a daily allowance to a per meal period allowance on partial days of travel; and when some meals are prepaid/to be paid by LACERS (complimentary breakfast provided at the hotel, meals at the conference, or pre-paid to comply with the City/LACERS gift restrictions.		
	The M&IE allowance = incidental expense + breakfast allowance (if traveling between 1AM – 9AM) + lunch allowance (if traveling between 9AM – 5PM) + dinner allowance (if traveling between 5PM – 1AM).		

Utilize the M&IE per travel locale and provide an allowance for each meal period the traveler is away from home (based on the current Federal General Services Agency six tiered M&IE allowance):

Total	Breakfast	Lunch	Dinner	ΙE
\$46	\$7	\$11	\$23	\$5
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\$71	\$12	\$18	\$36	\$5

Gratuities. Such expenses, not exceeding 15%, are allowable where reasonable and customary. [§4.242.3.(h)]

27. Gratuities are included in the IRS definition of "incidental" expenses and are therefore subject to per diem limits. Reimbursement for restaurant gratuities are calculated as up to 15 percent of the restaurant bill exclusive of taxes, except when the gratuity percentage is required and the amount is added on the bill by the service provider.

IV. OTHER EXPENSES

LAAC Requirement

LACERS Policy

- (i) Other Expenses. Expenses not specifically set forth in other subsections of this section that are incurred by an employee or an elected official are allowable where deemed necessary in the conduct of City business; provided that such expenses have been reviewed and certified by the Department Head¹ as reasonable and proper and incurred in pursuit of City business. Wherever the type of expenditure is not specifically listed in this section, the employee or elected official should be prepared to absorb the cost as a personal expenditure in the event that such expense is not certified by the Department Head¹. [§4.242.3.(j)]
- 28. Other travel expenses are allowable when deemed necessary in the conduct of System business provided such expenses are reviewed and certified by the Department Head¹ as reasonable, proper, and incurred in pursuit of System business. Otherwise, these expenses become personal expenditures.
- 29. Travel Interruptions When there is an interruption or deviation from planned travel due to bona fide public emergencies outside of the traveler's control such as weather or shutdown of air travel, travelers may be reimbursed at full cost for emergency lodging, meals, and incidental expenses.

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

30. Indirect Travel - whether for the traveler's personal leave or for convenience, expenses allowable will not exceed those that would have been incurred for uninterrupted travel utilizing the direct travel route or travel days. Supporting documentation showing the cost for direct travel and the deviation should be provided by the traveler.

tournaments, musical performances or concerts, etc.), the traveler is required to reimburse LACERS for the cost of these

recreational activities.

Section 1.0 GUIDANCE FOR BOARD MEMBERS

IV. NON-REIMBURSABLE TRAVEL EXPENSES

LAAC Requirement LACERS Policy Expenditures which are incurred by an 31. Expenditures which are not substantive employee or elected official that are of a to LACERS business will not be purely personal nature will not be reimbursed reimbursed by LACERS, such as: by the City. a) Any expenses related to entertainment and recreational activities: a) Auto repairs, replacement or towage to personal vehicle when such use has been b) Flight upgrade fees for seats other authorized (see established City than coach or economy: c) Internet usage fees (unless the internet procedures for repair to City vehicle): b) Flight insurance: is used for City business); c) Personal telephone calls (except those d) Any expenses related to alcohol and specified in Section 4.242.3 (g) of this tobacco. article): 32. The traveler must submit reimbursement d) Expenses for persons other than the for personal expenditures paid by employee or elected official, except as LACERS. specified in Section 4.242.3 (b) 2. If there are portions of the conference or [§4.242.4] seminar that are entertainment in nature and not business-related (e.g., golf

V. OTHER RULES AND RESTRICTIONS

A. DOCUMENTATION OF EXPENSES - PERSONAL EXPENSE STATEMENTS

LAAC Requirement

All expenses claimed shall be listed on separate forms provided and used for required documentation of travel expense.

Completed travel expense forms shall be forwarded to the Controller within thirty (30) days of the conclusion of the trip.

The Department Head¹ shall certify that all expenditures were incurred in pursuit of City business. Falsification of such certification shall be grounds for appropriate disciplinary action and such other sanctions provided by law.

Receipts shall be provided for transportation costs incurred under Section 4.242.3(a), lodging, and for any single item of expenditure in excess of \$25.00. Receipts for expenditures under \$25.00 should be presented when available. [LAAC § 4.242.7]

- LACERS Policy
- 33. All expenses claimed for reimbursement must be itemized on the Personal Expense Statement (PES Form Gen. 16).
- 34. The traveler is responsible for verifying all charges on receipts before making payment. Charges made in error will not be reimbursed.
- 35. Original receipts are required for any single expenditure in excess of \$25. Receipts are not required for a meal and incidental expense allowance, regardless of amount, when the Federal per diem rate per locale is provided to the traveler and prorated in accordance with LACERS' policy.

B. TRAVEL ADVANCES

LAAC Requirement

Requests for an advance for funds shall be submitted to the Controller, where feasible, at least ten (10) days in advance of the beginning of the planned expenditure of funds and such request shall include the persons traveling, period covered, and the destination. In addition, the request should state the purpose of the trip, the nature of the City business to be conducted on the trip, and the proposed total estimated expenditure. Documentation of actual expenses incurred shall be submitted to the Controller in conformance with Section 4.242.7.

LACERS Policy

- 36. For trips of one night or more, a travel advance may be requested. The amount advanced is limited to the lodging, meal and incidental expenses per diem. Only 90% of the total travel estimate is advanced. A travel advance will not be issued if this amount is less than \$500 in total.
- 37. Written requests for the travel advance are to be submitted by the Traveler to the CEA/travel coordinator for approval at least (15) business days prior to the date of travel but no more than thirty (30) calendar days prior to travel. The request must include a statement certifying that the traveler has no outstanding cash advance.

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

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

was issued directly to the traveler, traveler must pay LACERS the entire amount of credit received within 14 calendar days from the credit issued date. b. If travel was cancelled due to the business or public reason, traveler is responsible to submit a justification along with the proper documentation to the General Manager within 14 calendar days from the cancelled date. c. Unrecovered amounts are reported as taxable income to the traveler.

APPENDIX C BOARD TRAVEL REIMBURSEMENT CHECKLIST

Adoption Date: May 26, 2009

Revised Dates: June 22, 2010; December 13, 2011; March 11, 2014; September 22, 2020

I. STEPS FOR TRAVEL APPROVAL AND REIMBURSEMENT:

- Step 1: Provide details of the educational event to the Commission Executive Assistant (CEA)
- Step 2: Submit information on estimated expenses to the CEA

Fees Paid Directly By LACERS:

- Step 3: Register for the Conference
 - Conference registration and registration fees can be arranged through the CEA prior to the conference date. Registration fees are paid directly by LACERS with no out-ofpocket expenses for the traveler;
 - Under State and City gift laws, complimentary conferences or conference-related events could be considered gifts. LACERS will evaluate the circumstances with the assistance of the City Ethics Commission and may be required to pay a pro-rata share of conference expenses provided by the hosting organization.
 - Or, after the fact, submit a receipt showing a zero balance as proof of payment.

Step 4: Book flight

 Provide desired flight numbers, dates, and times to the CEA. The CEA will book the flight. The City's travel service will also provide a flight credit if the traveler is unable to fly and proper notification is given.

Items Requiring Pre-Approval for Expenditure Reimbursement:

- Step 5: Submit written justification for items requiring pre-approval from the Board President or Vice President. If approval is not secured prior to incurring the expense, reimbursement may not be granted.
 - Requests for transportation other than air flight justification should indicate reasons for use of the alternate mode of transportation.
 - Requests for cash advances to cover lodging and per diem for meals must be submitted 15 business days prior to the commencement of travel. See further instructions below.

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

- Step 6: Submit an Event Evaluation Report within thirty (30) days of the conclusion of the trip
 - The report is required prior to reimbursement
- Step 7: Submit a Personal Expense Statement (PES) within thirty (30) days of the conclusion of the trip:
 - Itemize all reimbursable daily expenses for lodging, transportation, and miscellaneous expenses; list the per diem for meals and incidentals.
 - Report expenses paid directly by LACERS as a deduction to the total reimbursable amount
 - See further instructions on the following checklist

II. REIMBURSEMENT CHECKLIST:

ALLOWABLE TRAVEL COSTS

REQUIRED DOCUMENTS

OTHER TRANSPORTATION			
Bus or Rail Travel The allowable cost shall be the actual cost for the regular fare for the bus/rail travel.	☐ Submit request for pre-approval from the General Manager for all modes of transportation other than regularly scheduled airlines.		
Automobile Rental Automobile rental expenses are allowable if traveling by automobile is less expensive or more appropriate than by other modes of transportation.	☐ Submit request for pre-approval from the General Manager demonstrating that traveling by rental car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus.		
Private Automobile The allowable cost shall be the actual total mileage rate allowance as determined by the Internal Revenue Service (IRS).	□ Submit request for pre-approval from the General Manager, and include a satisfactory liability insurance policy covering the full use and operation of the vehicle. The limits of liability on any such policy shall not be less than \$25,000 in the case of injury to or death of one person, and \$50,000 in the case of injury to or death of more than one person; and in the case of property damage, not less than \$5,000 in any one accident □ Submit airfare confirmation (provided by CalTravelStore), rail travel confirmation notice or transportation receipt from taxi, shuttle, or private car service.		
REGISTRATION FEES			
Registration Fees Reimbursable if paid by the Trustee	☐ Submit a receipt showing a zero balance as proof of payment.		

LODGING				
Hotels generally offer specially rated room blocks for conference participants. The Trustee may stay at an "off-site" hotel if the room blocks are exhausted.	☐ Submit receipt showing a zero balance as proof of payment. Personal credit card information must be redacted from the receipt.			
Transportation costs, time, and other relevant factors must be considered in selecting the most economical and practical accommodations.	☐ If lodging is for other than single occupancy, secure a rate sheet or other documentation of the single occupancy rate.			
An extra-night stay is allowable if it sufficiently reduces the airfare, or if the conference commences early in the morning or adjourns late in the evening.				
MEALS & INCIDE	ENTAL EXPENSES			
 The meal and incidental per diem for domestic travel is currently \$71 per day. Incidental expenses are fees and gratuities provided to service workers, and for transportation costs in acquiring meals. The daily allowance is prorated at 75% on days of travel, and if some meals are provided by the hotel or conference. No meal allowance is provided when meals are provided throughout the day by the hosting organization. The rate for international travel is in accordance with current Federal per diem rate guidelines. 	Receipts for meals and incidental expenses are not required. Submit justification letter if claiming reimbursement for expenses exceeding the per diem allowance.			
MISCELLANEO	OUS EXPENSES			
Checked Baggage Fees Such expenses are allowable when the Trustee is charged for the first checked bag.	☐ Baggage fees for second and additional items require a justification memo that it meets a business purpose.			
Laundry Service Such expenses are allowable if the duration of the trip, traveling conditions, or some other special circumstances dictate.	☐ Submit receipts for all miscellaneous expenses.			
City Business Telephone Calls Such expenses are allowable if the telephone calls are relevant to appropriate City business.				

Personal Telephone Calls

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

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

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

Ground Transportation

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



BOARD Meeting: 09/22/20

ITEM:

MEETING: AUGUST 25, 2020

IV

Item X – B Attachment 3



REPORT TO GOVERNANCE COMMITTEE

From: Neil M. Guglielmo, General Manager

Milm. Duglishuro

SUBJECT: PROPOSED REVISION TO THE LACERS TRAVEL EXPENSE REIMBURSEMENT

POLICY AND POSSIBLE COMMITTEE ACTION

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

Recommendation

That the Committee consider the proposed revision to the Board Education and Travel Policy, Appendix B – Travel Expense Reimbursement Policy and Appendix C – Board Travel Reimbursement Checklist, of the LACERS Board Administrative Policies.

Executive Summary

Revision of the LACERS Travel Expense Reimbursement Policy and the Board Travel Reimbursement Checklist is proposed. The recommended changes relate to the use of the CalTravelStore, the City's authorized business travel agency, as the sole source for air travel reservations. Use of CalTravelStore eliminates the need for LACERS travelers to seek reimbursement for expenses related to air travel since they will no longer be making airline reservations and paying for related expenses upfront.

Discussion

Staff proposes revising the LACERS Travel Expense Reimbursement Policy, Appendix B; and the Board Travel Reimbursement Checklist, Appendix C, which are both contained in the Board Education and Travel Policy of the LACERS Board Administrative Policies. The appendices serve as guidelines to Board members and staff seeking reimbursement for travel expenses. The main change involves the method used for booking of air travel. It is proposed that all airline reservations related to LACERS business travel be made exclusively with the City's authorized business travel agency, CalTravelStore. LACERS staff shall be responsible for contacting CalTravelStore for travel arrangements and to make payments for all related expenses. Travelers will no longer be allowed to book flights on their own through another travel agency or directly with an airline carrier. This avoids the need for travelers to advance the airfare cost and submit related receipts and documents for reimbursement. This proposed change will lessen the administrative burden on both the traveler and staff not only in dealing with airline reservations, airfare payment, and reimbursement but also in situations wherein air travel changes, cancellations, and associated charges, refunds or credits of air travel costs are involved. Since air travel

arrangements will be handled entirely by CalTravelStore and LACERS staff, it will limit the number of parties involved; thus, resulting in a more efficient process.

The proposed changes are in the following areas:

Appendix B – Travel Expense Reimbursement Policy

<u>Section II – Transportation</u> (pages 2-3)

A. Air Travel

The addition of language stating, "LACERS shall book and pay directly for all air travel through the City's authorized business travel service, CalTravelStore." Consequently, with this suggested policy change, staff proposes the removal of all language in this subsection related to the reservation of air travel using another travel agency or directly with an airline carrier, as well as any references to the reimbursement of associated expenses.

Appendix C – Board Travel Reimbursement Checklist

<u>Section I – Steps for Travel Approval and Reimbursement</u> (page 9)

Step 4: Book flight

The removal of language referencing the securing of three fare quotes as well as the need to submit said quotes and the airline ticket purchase receipt for reimbursement.

Step 5: Submit written justification for items requiring pre-approval from the Board President or Vice President

The deletion of language requiring the traveler to provide justification for airfare that exceeds the lowest regular fare.

<u>Section II – Reimbursement Checklist</u> (page 10)

Air Travel Table

The removal of the table section containing language related to allowable air travel costs and required documents for reimbursement.

There are two attachments to this report: (A) a red-line version of the policy appendices showing the proposed changes, and (B) a clean version of the proposed policy appendices accepting the changes to the red-line version. Upon the Committee's finalization of the proposed revised Board Education and Travel Policy section of the Board Administrative Policies, it will be presented to the Board for further consideration and approval.

Strategic Plan Impact Statement

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

Prepared By: Edeliza Fang, Senior Management Analyst II

NG/TB:DWN:EF

Attachments: 1. Board Education and Travel Policy, Appendix B and Appendix C – Red-line Version

2. Board Education and Travel Policy, Appendix B and Appendix C – Clean Version

Item IV Attachment 1

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Approved: March 11, 2014; Revised: September 23, 2014; January 22, 2019; August 25, 2020

H. GENERAL GUIDELINES

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

- A. LACERS considers an individual traveling if:
 - i) the travel is outside the geographic boundaries of Los Angeles County [LAAC §4.242.2]; and more than 50 miles away from both LACERS' offices and the traveler's home; and
 - ii) the duties require the individual to be away from the general area of the individual's primary residence substantially longer than an ordinary day's work; or
 - iii) the individual needs to sleep or rest to meet the demands of work while away from the primary residence.
- B. Costs incurred on travel days which are not conference days are allowable (subject to limitations covered in the applicable sections of the guidelines): (i) on the day before the first educational session of the conference or seminar if transportation on the first conference day would require the traveler to leave his/her point of departure (e.g., home) earlier than 9:00 a.m.; or (ii) on the day after the last educational session of the conference or seminar if transportation on the last conference day would cause the traveler to get to his/her final destination (e.g., home) after 8:00 p.m.
- C. Board approval of travel is required prior to payment of any related fees. If a Traveler elects to personally incur travel-related fees prior to the Board's approval, the Traveler assumes personal financial liability that his or her expenses may not be reimbursed.

II. TRANSPORTATION

A. AIR TRAVEL LAAC Requirement LACERS Policy Except in the case of official necessity, 1. Air travel may be used when it is the most air travel expenses are allowable only efficient means of travel. for the lowest regular fare available for 2. LACERS shall book and pay directly for all air regularly scheduled airlines for the date travel through the City's authorized business and time selected [§4.242.2(a)(1)] travel service, CalTravelStore. 3. Air travel shall be at coach or economy fare. Coach or economy fare is presumed to be Claims for reimbursement of higher fare or extra charges for transportation by the lowest regular fare available for regularly scheduled airlines. Airfare quotes from schedule airlines are allowable only if certified by the Department Head¹ that several airlines are not necessary.

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

he or she has reviewed and concurs
with the facts constituting the official
necessity. [§4.242.2(a)(1)]

- When the airfare receipt shows The traveler may request an upgrade to business or first class accommodation, by providing
 - Without further justification, the traveler may be reimbursed at the lower of the lowest regular fare rate available²-and actual cost, or
 - b. the traveler shall provide a memo stating the case of official necessity, for approval by the Department Head¹.
- 5. LACERS will pay directly for airfare booked with the City's authorized business travel service. CalTravelStore.
- 6. If CalTravelStore is not used, LACERS travelers must use their personal credit card to book flights or other modes of transportation.
- 7. Consistent with Federal and City travel standards, coupons, or promotional mileage credits earned by the traveler during the course of LACERS business travel may be used for LACERS or personal business. The traveler will not be reimbursed for such coupons or promotional mileage credits used for LACERS travel.
- 8. Fees for the first checked baggage will be reimbursed. Fees for additional checked baggage may be reimbursed if a justification for an official business need is provided.
- 9. The cost of air flight insurance is not eligible for reimbursement.
- 10. With pre-approval of the Department Head, refundable airline tickets may be purchased if the traveler provides acceptable justification that the benefit of booking a refundable ticket outweighs the risk of changes in travel plans.

B. PERSONAL VEHICLE OR NON-AIR TRANSPORTATION

LAAC Requirement

In all instances where a mode of transportation other than regularly scheduled airlines is chosen, the Department Head¹ shall authorize such alternate mode of transportation in advance and the allowable cost shall be the actual cost of the alternate mode of transportation or the cost allowable under Subsection (a)1, whichever is less. [§4.242.3.(a)(2)]

In the case of travel by modes of transportation other than regularly scheduled airlines, transportation costs shall be the regular fare for the mode of transportation chosen. [§4.242.3(a)]

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

LACERS Policy

- 11. Pre-approval by the Department Head¹ is required for all non-air travel in advance of travel. Travelers must submit the following items for pre-approval:
 - a. For travelers using personal automobiles for business purposes Provide proof of automobile insurance at minimum coverage levels as follows: \$25,000 injury to or death of one person; and, \$50,000 injury to or death of more than one person; and, \$5,000 property damage for any one accident.
 - b. Cost comparisons are required for all non-air travel, with exceptions listed below:
 Traveler shall submit: a quote for the lowest regular fare available for regularly scheduled airlines to the destination for the date and time selected; and the cost for regular fare on the alternative mode of transportation.

<u>Exceptions</u> (no cost comparison is required):

If traveling by vehicle to neighboring counties of Orange, Riverside, San Diego, San Bernardino, Ventura, Kern, Santa Barbara, and San Luis Obispo, or to the San Francisco Employees Retirement System to transport sensitive computer equipment for the LACERS emergency hot/warm site.

- 12. Receipts for alternate modes of travel are required. Reimbursement will be for the lower of the actual cost of transportation or lowest regular airfare verified by Accounting prior to encumbrance of the travel request.
- 13. Mileage reimbursement
 - a. Mileage reimbursement for the Board will be calculated on a roundtrip basis between official's residence and official destination.
 - b. Mileage reimbursement for staff will be

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

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

- based on the distance in excess of home to City office for travels during regular work days; for other days, reimbursement will be based on a roundtrip between staff's residence and official destination.
- 14. Additional travel time and expenses (such as meals and lodging) incurred in choosing other than the fastest and most direct mode of transportation are at the traveler's own personal time and expense.
- 15. Claims for repairs, replacements, towage, gas and car insurance are not reimbursable.
- 16. Ground transportation refers to transportation from home to airport, airport to hotel and/or conference/ meeting/seminar location, and back. This includes taxis, shuttles, limousines, and private vehicles.
- 17. Mileage reimbursement is provided when personal vehicle is used for ground transportation to/from airport. Commissioner's mileage reimbursement will be computed based on roundtrip miles from residence to airport. Staff mileage reimbursement will be computed based on the distance in excess of home to City office for travels during regular work day; and roundtrip miles from residence to airport on non-work days.

C. GROUND TRANSPORTATION				
LAAC Requirement	LACERS Policy			
The least expensive and most practical form of public transportation shall be used, taking into consideration such factors as time, availability, and personal safety or health. [§4.242.3.(c)]	 18. Reimbursement for airport parking is actual amount, not to exceed \$20 per day. Pre-approval is not required. Reimbursement for actual amounts in excess of \$20 per day requires the traveler submitting a memo to justify the expense based on time, availability, and personal safety or health. 19. Reimbursement for use of taxi, shuttle, private car or limousine service is limited to the lesser of roundtrip taxi fare (http://www.taxifarefinder.com)² or shuttle fare (http://www.shuttlefare.com)². 			
D. AUTOMO	DBILE RENTAL			
LAAC Requirement	LACERS Policy			
Such expenses are allowable if traveling by car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus. [§4.242.3.(d)]	 20. Pre-approval by the Department Head¹ is required. Travelers must provide written justification that the traveling by car is less expensive or more efficient in conducting LACERS business than by use of taxi or bus. 21. The traveler will not be reimbursed for car rental insurance within the United States. Car rental insurance costs required in foreign countries may be claimed for reimbursement. 			

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

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

III. LODGING, MEALS AND INCIDENTAL EXPENSE ALLOWANCE

A. LODGING					
LAAC Requirement	LACERS Policy				
This section is not intended to preclude an employee or elected official from staying in a hotel where the meeting or convention to be attended is held. [§4.242.3.(b)(1)]	 22. Acceptable documentation shall include original itemized hotel receipt marked 'Paid in Full' or showing a zero balance; otherwise, proof of payment is also required. 23. Reimbursement for lodging in a hotel where the meeting or convention to be attended is deemed the most practical accommodation and permissible. 24. A traveler may elect to stay in a hotel sponsored by the conference as it is presumed to be the most practical or convenient. The reimbursement will be limited to the lesser of the actual hotel costs incurred or the conference hotel rate. 25. For any official System travel for training, due diligence trips, meetings with investment managers, or training where hotels are not pre-designated, the traveler should select the most economical lodging taking into consideration the proximity of the selected place to conduct the official System business, traveler's safety, time and transportation costs and other relevant factors. Any of the following methods are acceptable for determining "moderately priced establishments of acceptable quality", "the most economical and practical accommodations", and those which would be presumed not to meet the IRS definition of "lavish and extravagant" accommodations: (i) Lodging does not exceed the highest Federal domestic lodging per diem rate; cost comparison is not necessary; or (ii) The most economical hotel identified using the City traveler provider website (www.concursolutions.com/), with availability, with at least a 3 star rating on a 5 star scale travel, and within 				

walking distance or no less than ½ mile radius of the first business

location; or

In the selection of restaurants and hotel rooms, it is expected that individuals will seek moderately priced establishments of acceptable quality. [LAAC §4.242.3.(b)]

An employee or elected official must consider transportation costs, time, and other relevant factors in selecting the most economical and practical accommodations. [§4.242.3.(b)(1)]

- (iii) The most practical hotel on the above list with acceptable written justification; or
- (iv) Any lodging expenses may be reimbursed provided that the expense does not exceed 300% of the lodging per diem and traveler must clearly demonstrate no other acceptable alternative lodging was available, as in the event of a state of emergency, or other justifiable reason reviewed and certified by the Department Head¹ as reasonable and proper, and incurred in the pursuit of System business.
- 26. Reimbursement is limited to single occupancy room rate, as documented on hotel letterhead or the hotel's room rates listing, plus applicable taxes and charges unless additional occupants are LACERS trustees/staff on official LACERS business.

B. MEALS AND INCIDENTAL EXPENSES (M&IE)

LAAC Requirement

Expenses incurred by an employee or elected official for food and beverage served at meals, scheduled receptions, or other functions necessary for the conduct of City business are allowable to a maximum of three meals a day. [§4.242.3.(b)(2)]

LACERS Policy

- 27. LACERS intends to be compliant with IRS accountable plan rules, therefore M&IE allowance will be provided only when business travel results in a necessity for lodging. LACERS will provide travelers with a standard meal allowance at the Federal per diem rate per locale. The allowance, in lieu of providing receipts, is acceptable under the IRS accountable plan rules. The IRS (Publication 463) defines meals and incidental expenses include: meals, transportation to acquire meals, fees/tips to porters, baggage carriers, bellhops, hotel maids, wait staff, and other service providers.
- 28. No meal allowance will be paid when meals are provided throughout the day by the host or at the conference.
- 29. Prorating the standard meal allowance The IRS permits LACERS to adopt its own

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

rules for prorating the standard meal allowance on partial days of travel so long as we consistently apply the method in accordance with reasonable business practice.

The meal and incidental expense allowance will be prorated from a daily allowance to a per meal period allowance on partial days of travel; and when some meals are prepaid/to be paid by LACERS (complimentary breakfast provided at the hotel, meals at the conference, or pre-paid to comply with the City/LACERS gift restrictions.

The M&IE allowance = incidental expense + breakfast allowance (if traveling between 1AM – 9AM) + lunch allowance (if traveling between 9AM – 5PM) + dinner allowance (if traveling between 5PM – 1AM).

Utilize the M&IE per travel locale and provide an allowance for each meal period the traveler is away from home (based on the current Federal General Services Agency six tiered M&IE allowance):

Total	Breakfast	Lunch	Dinner	ΙE
\$46	\$7	\$11	\$23	\$5
\$51	\$8	\$12	\$26	\$5
\$56	\$9	\$13	\$29	\$5
\$61	\$10	\$15	\$31	\$5
\$66	\$11	\$16	\$34	\$5
\$71	\$12	\$18	\$36	\$5

Gratuities. Such expenses, not exceeding 15%, are allowable where reasonable and customary. [§4.242.3.(h)]

30. Gratuities are included in the IRS definition of "incidental" expenses and are therefore subject to per diem limits. Reimbursement for restaurant gratuities are calculated as up to 15 percent of the restaurant bill exclusive of taxes, except when the gratuity percentage is required and the amount is added on the bill by the service provider.

IV. OTHER EXPENSES

(j) Other Expenses. Expenses not specifically set forth in other subsections of this section that are incurred by an employee or an elected official are allowable where deemed necessary in the conduct of City business; provided that such expenses have been reviewed and certified by the Department Head¹ as reasonable and proper and incurred in pursuit of City business. Wherever the type of expenditure is not specifically listed in this section, the employee or elected official should be prepared to absorb the cost as a personal expenditure in the event that such expense is not certified by the Department Head¹. [§4.242.3.(j)]

LAAC Requirement

LACERS Policy

- 31. Other travel expenses are allowable when deemed necessary in the conduct of System business provided such expenses are reviewed and certified by the Department Head¹ as reasonable, proper, and incurred in pursuit of System business. Otherwise, these expenses become personal expenditures.
- 32. Travel Interruptions When there is an interruption or deviation from planned travel due to bona fide public emergencies outside of the traveler's control such as weather or shutdown of air travel, travelers may be reimbursed at full cost for emergency lodging, meals, and incidental expenses.
- 33. Indirect Travel whether for the traveler's personal leave or for convenience, expenses allowable will not exceed those that would have been incurred for uninterrupted travel utilizing the direct travel route or travel days. Supporting documentation showing the cost for direct travel and the deviation should be provided by the traveler.

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

IV. NON-REIMBURSABLE TRAVEL EXPENSES

LAAC Requirement LACERS Policy Expenditures which are incurred by an 34. Expenditures which are not substantive employee or elected official that are of a to LACERS business will not be purely personal nature will not be reimbursed reimbursed by LACERS, such as: by the City. a) Any expenses related to entertainment and recreational activities: a) Auto repairs, replacement or towage to personal vehicle when such use has been b) Flight upgrade fees for seats other authorized (see established City than coach or economy: c) Internet usage fees (unless the internet procedures for repair to City vehicle): b) Flight insurance: is used for City business); c) Personal telephone calls (except those d) Any expenses related to alcohol and specified in Section 4.242.3 (g) of this tobacco. article): 35. The traveler must submit reimbursement d) Expenses for persons other than the for personal expenditures paid by employee or elected official, except as LACERS. specified in Section 4.242.3 (b) 2. If there are portions of the conference or [§4.242.4] seminar that are entertainment in nature and not business-related (e.g., golf tournaments, musical performances or concerts, etc.), the traveler is required to reimburse LACERS for the cost of these recreational activities.

V. OTHER RULES AND RESTRICTIONS

A. DOCUMENTATION OF EXPENSES - PERSONAL EXPENSE STATEMENTS

LAAC Requirement

All expenses claimed shall be listed on separate forms provided and used for required documentation of travel expense.

Completed travel expense forms shall be forwarded to the Controller within thirty (30) days of the conclusion of the trip.

The Department Head¹ shall certify that all expenditures were incurred in pursuit of City business. Falsification of such certification shall be grounds for appropriate disciplinary action and such other sanctions provided by law.

Receipts shall be provided for transportation costs incurred under Section 4.242.3(a), lodging, and for any single item of expenditure in excess of \$25.00. Receipts for expenditures under \$25.00 should be presented when available. [LAAC § 4.242.7]

- LACERS Policy
- 36. All expenses claimed for reimbursement must be itemized on the Personal Expense Statement (PES Form Gen. 16).
- 37. The traveler is responsible for verifying all charges on receipts before making payment. Charges made in error will not be reimbursed.
- 38. Original receipts are required for any single expenditure in excess of \$25.

 Receipts are not required for a meal and incidental expense allowance, regardless of amount, when the Federal per diem rate per locale is provided to the traveler and prorated in accordance with LACERS' policy.

B. TRAVEL ADVANCES

LAAC Requirement

Requests for an advance for funds shall be submitted to the Controller, where feasible, at least ten (10) days in advance of the beginning of the planned expenditure of funds and such request shall include the persons traveling, period covered, and the destination. In addition, the request should state the purpose of the trip, the nature of the City business to be conducted on the trip, and the proposed total estimated expenditure. Documentation of actual expenses incurred shall be submitted to the Controller in conformance with Section 4.242.7.

LACERS Policy

- 39. For trips of one night or more, a travel advance may be requested. The amount advanced is limited to the lodging, meal and incidental expenses per diem.
- 40. Written requests for the travel advance are to be submitted by the Traveler to the CEA/travel coordinator for approval at least thirty (30) days prior to the date of travel. The request must include a statement certifying that the traveler has no outstanding cash advance.
- 41. A cash advance request will be denied if a traveler has an outstanding cash advance for past travel with does not comply with the procedures.
- 42. Regular travel advances will be released no earlier than one (1) week before travel.

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

- 43. Outstanding travel advances not accounted for and delinquent over 120 days will be included as part of an employee's wages on the first payroll period of the subsequent calendar quarter following the end of the 120 calendar days; and, for non-City employees, IRS Form 1099-Misc will be issued per IRS Federal, State, Local Government Taxable Fringe Benefit Guide. Nothing herein eliminates the traveler's obligation to return to the Fund any excess monies that were received that were not used for approved travel expenses.
- 44. Future travel advances will not be processed for traveler(s) with delinquent PES over 30 days. Requests for reimbursement may be processed in advance of the travel for expenditures such as registration fees, airfare and/or one-night hotel deposit. To ensure timely processing of the reimbursement, such requests along with supporting documents and proof of payment (credit card statement, etc.) must be submitted to the CEA/travel coordinator, in writing, at least fifteen (15) working days before the date of travel.
- 45. Advanced payment for cancelled travel:
 Any amount that was paid by department in advance of travel is considered an advance. In the event of the need to cancel the trip, the traveler is responsible for notifying all payees to as soon as possible to avoid/minimize cancellation fees
 - a. If cancellation was due to personal reasons, the traveler must personally reimburse the department for any amount not recovered (net of cancellation fees). If the refund or credit was issued directly to the traveler, traveler must pay LACERS the entire amount of credit received within 14 calendar days from the credit issued date.
 - b. If travel was cancelled due to the business or public reason, traveler is

Section 1.0 GUIDANCE FOR BOARD MEMBERS						
	Section 1.0 GUIDANCE FOR BOARD MEMBERS					
the General Manager within 14 calendar days from the cancelled days	along with the proper documentation to the General Manager within 14 calendar days from the cancelled date. c. Unrecovered amounts are reported as taxable income to the traveler. The traveler may be required to pay for future airfare using their own credit card, and LACERS will reimburse					

APPENDIX C BOARD TRAVEL REIMBURSEMENT CHECKLIST Adoption Date: May 26, 2009

Revised Dates: June 22, 2010; December 13, 2011; March 11, 2014; July 28, 2020

I. STEPS FOR TRAVEL APPROVAL AND REIMBURSEMENT:

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

Step 2: Submit information on estimated expenses to the CEA

Fees Paid Directly By LACERS:

Step 3: Register for the Conference

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

Step 4: Book flight

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

Items Requiring Pre-Approval for Expenditure Reimbursement:

- Step 5: Submit written justification for items requiring pre-approval from the Board President or Vice President. If approval is not secured prior to incurring the expense, reimbursement may not be granted.
 - Requests for reimbursement of airfare which exceeds the lowest regular fare
 justification should demonstrate the official necessity of the selected flight. Attach to
 the request three air fare quotes generated on the same day the flight was booked.
 - Requests for transportation other than air flight justification should indicate reasons for use of the alternate mode of transportation.
 - Requests for cash advances to cover lodging and per diem for meals must be submitted 30 days prior to the commencement of travel. See further instructions below.

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

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

• The report is required prior to reimbursement

- Step 7: Submit a Personal Expense Statement (PES) within thirty (30) days of the conclusion of the trip:
 - Itemize all reimbursable daily expenses for lodging, transportation, and miscellaneous expenses; list the per diem for meals and incidentals.
 - Report expenses paid directly by LACERS as a deduction to the total reimbursable amount
 - See further instructions on the following checklist

II. REIMBURSEMENT CHECKLIST:

ALLOWABLE TRAVEL COSTS

REQUIRED DOCUMENTS

AIR TRAVEL

Air Travel

Air travel expenses are only allowable for the lowest regular fare available. If the flight with the lowest regular fare is not booked, reimbursement will only be for the lowest regular fare.

If three fare quotes are not submitted, the lowest regular fare will be determined by a quote from the City's travel agent for a direct flight, coach class, 14 days prior to the date of business travel. The CEA will determine the reasonable flights to be quoted which best meet the conference dates and times.

Exceptions allowing reimbursement for a higher cost fare may be approved by the General Manager for "official necessity." Official necessity means there is a bona fide benefit to LACERS for taking the selected flight which outweighs the cost of the higher fare.

Transportation Expenses

- □-Submit a receipt showing a zero balance as proof of payment for airfare
- ☐—Provide three air fare quotes from the same date as the booked flight, demonstrating that the selected flight is the lowest regular fare practically available
- □ Provide written justification of the "official necessity" for any higher cost fare if seeking reimbursement above the lowest fare rate. The General Manager must concur for the expense to be submitted for reimbursement.

OTHER TRANSPORTATION

Bus or Rail Travel

The allowable cost shall be the actual cost for the regular fare for the bus/rail travel.

Automobile Rental

Automobile rental expenses are allowable if traveling by automobile is less expensive or more appropriate than by other modes of transportation.

- ☐ Submit request for pre-approval from the General Manager for all modes of transportation other than regularly scheduled airlines.
- Submit request for pre-approval from the General Manager demonstrating that traveling by rental car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus.

Private Automobile The allowable cost shall be the actual total mileage rate allowance as determined by the Internal Revenue Service (IRS).			Submit request for pre-approval from the General Manager, and include a satisfactory liability insurance policy covering the full use and operation of the vehicle. The limits of liability on any such policy shall not be less than \$25,000 in the case of injury to or death of one person, and \$50,000 in the case of injury to or death of more than one person; and in the case of property damage, not less than \$5,000 in any one accident Submit airfare confirmation (provided by CalTravelStore), rail travel confirmation notice or transportation receipt from taxi, shuttle, or private car service.			
	REGISTRATION FEES					
Registration Fees Reimbursable if paid by the Trustee			Submit a receipt showing a zero balance as proof of payment			
	LODGING					
Hotels generally offer specially rated room blocks for conference participants. The Trustee may stay at an "off-site" hotel if the room blocks are exhausted.			Submit receipt showing a zero balance as proof of payment. Personal credit card information must be redacted from the receipt.			
Transportation costs, time, and other relevant factors must be considered in selecting the most economical and practical accommodations.			If lodging is for other than single occupancy, secure a rate sheet or other documentation of the single occupancy rate.			
An extra-night stay is allowable if it sufficiently reduces the airfare, or if the conference commences early in the morning or adjourns late in the evening.						
	MEALS & INCIDE	NTA	AL EXPENSES			
o Incident of the desired control of the desi		are	ceipts for meals and incidental expenses e not required. Submit justification letter if claiming reimbursement for expenses exceeding the per diem allowance.			
days	daily allowance is prorated at 75% on sof travel, and if some meals are ided by the hotel or conference.					

- No meal allowance is provided when meals are provided throughout the day by the hosting organization.
 The rate for international travel is in
- The rate for international travel is in accordance with current Federal per diem rate guidelines.

MISCELLANEOUS EXPENSES

Checked Baggage Fees

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

Laundry Service

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

City Business Telephone Calls

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

Personal Telephone Calls

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

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

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

Ground Transportation

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

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

Item IV Attachment 2

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Approved: March 11, 2014; Revised: September 23, 2014; January 22, 2019; August 25, 2020

H. GENERAL GUIDELINES

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

- A. LACERS considers an individual traveling if:
 - i) the travel is outside the geographic boundaries of Los Angeles County [LAAC §4.242.2]; and more than 50 miles away from both LACERS' offices and the traveler's home; and
 - ii) the duties require the individual to be away from the general area of the individual's primary residence substantially longer than an ordinary day's work; or
 - iii) the individual needs to sleep or rest to meet the demands of work while away from the primary residence.
- B. Costs incurred on travel days which are not conference days are allowable (subject to limitations covered in the applicable sections of the guidelines): (i) on the day before the first educational session of the conference or seminar if transportation on the first conference day would require the traveler to leave his/her point of departure (e.g., home) earlier than 9:00 a.m.; or (ii) on the day after the last educational session of the conference or seminar if transportation on the last conference day would cause the traveler to get to his/her final destination (e.g., home) after 8:00 p.m.
- C. Board approval of travel is required prior to payment of any related fees. If a Traveler elects to personally incur travel-related fees prior to the Board's approval, the Traveler assumes personal financial liability that his or her expenses may not be reimbursed.

II. TRANSPORTATION

A. AIR TRAVEL LAAC Requirement LACERS Policy Except in the case of official necessity, 1. Air travel may be used when it is the most air travel expenses are allowable only efficient means of travel. for the lowest regular fare available for 2. LACERS shall book and pay directly for all air regularly scheduled airlines for the date travel through the City's authorized business and time selected [§4.242.2(a)(1)] travel service, CalTravelStore. 3. Air travel shall be at coach or economy fare. Coach or economy fare is presumed to be Claims for reimbursement of higher fare or extra charges for transportation by the lowest regular fare available for regularly scheduled airlines. schedule airlines are allowable only if certified by the Department Head1 that 4. The traveler may request an upgrade to

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

he or she has reviewed and concurs with the facts constituting the official necessity. [§4.242.2(a)(1)]	 business or first class accommodation, by providing a memo stating the case of official necessity, for approval by the Department Head¹. 5. Fees for the first checked baggage will be reimbursed. Fees for additional checked baggage may be reimbursed if a justification for an official business need is provided. 6. The cost of air flight insurance is not eligible for reimbursement. 7. With pre-approval of the Department Head,
	6. The cost of air flight insurance is not eligible for reimbursement.7. With pre-approval of the Department Head, refundable airline tickets may be purchased if the traveler provides acceptable justification
	that the benefit of booking a refundable ticket outweighs the risk of changes in travel plans.
B. PERSONAL VEHIC	LE OR NON-AIR TRANSPORTATION
LAAC Requirement	LACERS Policy

In all instances where a mode of transportation other than regularly scheduled airlines is chosen, the Department Head¹ shall authorize such alternate mode of transportation in advance and the allowable cost shall be the actual cost of the alternate mode of transportation or the cost allowable under Subsection (a)1, whichever is less. [§4.242.3.(a)(2)]

In the case of travel by modes of transportation other than regularly scheduled airlines, transportation costs shall be the regular fare for the mode of transportation chosen. [§4.242.3(a)]

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

- 8. Pre-approval by the Department Head¹ is required for all non-air travel in advance of travel. Travelers must submit the following items for pre-approval:
 - a. For travelers using personal automobiles for business purposes – Provide proof of automobile insurance at minimum coverage levels as follows: \$25,000 injury to or death of one person; and, \$50,000 injury to or death of more than one person; and, \$5,000 property damage for any one accident.
 - b. Cost comparisons are required for all nonair travel, with exceptions listed below: Traveler shall submit: a quote for the lowest regular fare available for regularly scheduled airlines to the destination for the date and time selected; and the cost for regular fare on the alternative mode of transportation.

<u>Exceptions</u> (no cost comparison is required):

If traveling by vehicle to neighboring counties of Orange, Riverside, San Diego, San Bernardino, Ventura, Kern, Santa Barbara, and San Luis Obispo, or to the San Francisco Employees Retirement System to transport sensitive computer equipment for the LACERS emergency hot/warm site.

- Receipts for alternate modes of travel are required. Reimbursement will be for the lower of the actual cost of transportation or lowest regular airfare verified by Accounting prior to encumbrance of the travel request.
- 10. Mileage reimbursement
 - a. Mileage reimbursement for the Board will be calculated on a roundtrip basis between official's residence and official destination.
 - b. Mileage reimbursement for staff will be based on the distance in excess of home to City office for travels during regular work days; for other days, reimbursement will be based on a roundtrip between staff's residence and official destination.
- 11. Additional travel time and expenses (such as

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

- meals and lodging) incurred in choosing other than the fastest and most direct mode of transportation are at the traveler's own personal time and expense.
- 12. Claims for repairs, replacements, towage, gas and car insurance are not reimbursable.
- 13. Ground transportation refers to transportation from home to airport, airport to hotel and/or conference/ meeting/seminar location, and back. This includes taxis, shuttles, limousines, and private vehicles.
- 14. Mileage reimbursement is provided when personal vehicle is used for ground transportation to/from airport. Commissioner's mileage reimbursement will be computed based on roundtrip miles from residence to airport. Staff mileage reimbursement will be computed based on the distance in excess of home to City office for travels during regular work day; and roundtrip miles from residence to airport on non-work days.

C. GROUND TRANSPORTATION					
LAAC Requirement	LACERS Policy				
The least expensive and most practical form of public transportation shall be used, taking into consideration such factors as time, availability, and personal safety or health. [§4.242.3.(c)]	 15. Reimbursement for airport parking is actual amount, not to exceed \$20 per day. Pre-approval is not required. Reimbursement for actual amounts in excess of \$20 per day requires the traveler submitting a memo to justify the expense based on time, availability, and personal safety or health. 16. Reimbursement for use of taxi, shuttle, private car or limousine service is limited to the lesser of roundtrip taxi fare (http://www.taxifarefinder.com)² or shuttle fare (http://www.shuttlefare.com)². 				
D. AUTOMO	BILE RENTAL				
LAAC Requirement	LACERS Policy				
Such expenses are allowable if traveling by car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus. [§4.242.3.(d)]	 17. Pre-approval by the Department Head¹ is required. Travelers must provide written justification that the traveling by car is less expensive or more efficient in conducting LACERS business than by use of taxi or bus. 18. The traveler will not be reimbursed for car rental insurance within the United States. Car rental insurance costs required in foreign countries may be claimed for reimbursement. 				

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

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

III. LODGING, MEALS AND INCIDENTAL EXPENSE ALLOWANCE

This section is not intended to preclude an employee or elected official from staying in a hotel where the meeting or convention to be attended is held. [\$4.242.3.(b)(1)] 19. Acceptable documentation shall include original itemized hotel receipt marked "Paid in Full" or showing a zero balance; otherwise, proof of payment is also required. 20. Reimbursement for lodging in a hotel where the meeting or convention to be attended is deemed the most practical accommodation and permissible. 21. A traveler may elect to stay in a hotel sponsored by the conference as it is presumed to be the most practical or convenient. The reimbursement will be limited to the lesser of the actual hotel costs incurred or the conference hotel rate. 22. For any official System travel for training, due diligence trips, meetings with investment managers, or training where hotels are not pre-designated, the traveler should select the most economical lodging taking into consideration the proximity of the selected place to conduct the official System business, traveler's safety, time and transportation costs and other relevant factors. Any of the following methods are acceptable for determining "moderately priced establishments of acceptable quality", "the most economical and practical accommodations", and those which would be presumed not to meet the IRS definition of "lavish and extravagant" accommodations" (i) Lodging does not exceed the highest Federal domestic lodging per diem rate; cost comparison is not necessary; or (ii) The most economical hotel identified using the City traveler provider website (www.concursolutions.com/), with availability, with at least a 3 star rating on a 5 star scale travel, and within	A. LODGING					
This section is not intended to preclude an employee or elected official from staying in a hotel where the meeting or convention to be attended is held. [§4.242.3.(b)(1)] 19. Acceptable documentation shall include original itemized hotel receipt marked 'Paid in Full' or showing a zero balance; otherwise, proof of payment is also required. 20. Reimbursement for lodging in a hotel where the meeting or convention to be attended is deemed the most practical accommodation and permissible. 21. A traveler may elect to stay in a hotel sponsored by the conference as it is presumed to be the most practical or convenient. The reimbursement will be limited to the lesser of the actual hotel costs incurred or the conference hotel rate. 22. For any official System travel for training, due diligence trips, meetings with investment managers, or training where hotels are not pre-designated, the traveler should select the most economical lodging taking into consideration the proximity of the selected place to conduct the official System business, traveler's safety, time and transportation costs and other relevant factors. Any of the following methods are acceptable for determining "moderately priced establishments of acceptable quality", "the most economical and practical accommodations: (i) Lodging does not exceed the highest Federal domestic lodging per diem rate; cost comparison is not necessary; or (ii) The most economical hotel identified using the City traveler provider website (www.concursolutions.com/), with availability, with at least a 3 star rating on a 5 star scale travel, and within						
employee or elected official from staying in a hotel where the meeting or convention to be attended is held. [§4.242.3.(b)(1)] attended is held. [§4.242.3.(b)(1)] accommodation and permissible. 21. A traveler may elect to stay in a hotel where the meeting or convention to be attended is deemed the most practical accommodation and permissible. 21. A traveler may elect to stay in a hotel sponsored by the conference as it is presumed to be the most practical or convenient. The reimbursement will be limited to the lesser of the actual hotel costs incurred or the conference hotel rate. 22. For any official System travel for training, due diligence trips, meetings with investment managers, or training where hotels are not pre-designated, the traveler should select the most economical lodging taking into consideration the proximity of the selected place to conduct the official System business, traveler's safety, time and transportation costs and other relevant factors. Any of the following methods are acceptable for determining "moderately priced establishments of acceptable quality", "the most economical and practical accommodations", and those which would be presumed not to meet the IRS definition of "lavish and extravagant" accommodations: (i) Lodging does not exceed the highest Federal domestic lodging per diem rate; cost comparison is not necessary; or (ii) The most economical hotel identified using the City traveler provider website (www.concursolutions.com/), with availability, with at least a 3 star rating on a 5 star scale travel, and within	Li i to i toquilonioni	Little 1 only				
walking distance or no less than ½ mile radius of the first business	employee or elected official from staying in a hotel where the meeting or convention to be	original itemized hotel receipt marked 'Paid in Full' or showing a zero balance; otherwise, proof of payment is also required. 20. Reimbursement for lodging in a hotel where the meeting or convention to be attended is deemed the most practical accommodation and permissible. 21. A traveler may elect to stay in a hotel sponsored by the conference as it is presumed to be the most practical or convenient. The reimbursement will be limited to the lesser of the actual hotel costs incurred or the conference hotel rate. 22. For any official System travel for training, due diligence trips, meetings with investment managers, or training where hotels are not pre-designated, the traveler should select the most economical lodging taking into consideration the proximity of the selected place to conduct the official System business, traveler's safety, time and transportation costs and other relevant factors. Any of the following methods are acceptable for determining "moderately priced establishments of acceptable quality", "the most economical and practical accommodations", and those which would be presumed not to meet the IRS definition of "lavish and extravagant" accommodations: (i) Lodging does not exceed the highest Federal domestic lodging per diem rate; cost comparison is not necessary; or (ii) The most economical hotel identified using the City traveler provider website (www.concursolutions.com/), with availability, with at least a 3 star rating on a 5 star scale travel, and within walking distance or no less than ½				

location; or

In the selection of restaurants and hotel rooms, it is expected that individuals will seek moderately priced establishments of acceptable quality. [LAAC §4.242.3.(b)]

An employee or elected official must consider transportation costs, time, and other relevant factors in selecting the most economical and practical accommodations. [§4.242.3.(b)(1)]

- (iii) The most practical hotel on the above list with acceptable written justification; or
- (iv) Any lodging expenses may be reimbursed provided that the expense does not exceed 300% of the lodging per diem and traveler must clearly demonstrate no other acceptable alternative lodging was available, as in the event of a state of emergency, or other justifiable reason reviewed and certified by the Department Head¹ as reasonable and proper, and incurred in the pursuit of System business.
- 23. Reimbursement is limited to single occupancy room rate, as documented on hotel letterhead or the hotel's room rates listing, plus applicable taxes and charges unless additional occupants are LACERS trustees/staff on official LACERS business.

B. MEALS AND INCIDENTAL EXPENSES (M&IE)

LAAC Requirement

Expenses incurred by an employee or elected official for food and beverage served at meals, scheduled receptions, or other functions necessary for the conduct of City business are allowable to a maximum of three meals a day. [§4.242.3.(b)(2)]

LACERS Policy

- 24. LACERS intends to be compliant with IRS accountable plan rules, therefore M&IE allowance will be provided only when business travel results in a necessity for lodging. LACERS will provide travelers with a standard meal allowance at the Federal per diem rate per locale. The allowance, in lieu of providing receipts, is acceptable under the IRS accountable plan rules. The IRS (Publication 463) defines meals and incidental expenses include: meals, transportation to acquire meals, fees/tips to porters, baggage carriers, bellhops, hotel maids, wait staff, and other service providers.
- 25. No meal allowance will be paid when meals are provided throughout the day by the host or at the conference.
- 26. Prorating the standard meal allowance The IRS permits LACERS to adopt its own

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

rules for prorating the standard meal allowance on partial days of travel so long as we consistently apply the method in accordance with reasonable business practice.

The meal and incidental expense allowance will be prorated from a daily allowance to a per meal period allowance on partial days of travel; and when some meals are prepaid/to be paid by LACERS (complimentary breakfast provided at the hotel, meals at the conference, or pre-paid to comply with the City/LACERS gift restrictions.

The M&IE allowance = incidental expense + breakfast allowance (if traveling between 1AM – 9AM) + lunch allowance (if traveling between 9AM – 5PM) + dinner allowance (if traveling between 5PM – 1AM).

Utilize the M&IE per travel locale and provide an allowance for each meal period the traveler is away from home (based on the current Federal General Services Agency six tiered M&IE allowance):

Total	Breakfast	Lunch	Dinner	ΙE
\$46	\$7	\$11	\$23	\$5
\$51	\$8	\$12	\$26	\$5
\$56	\$9	\$13	\$29	\$5
\$61	\$10	\$15	\$31	\$5
\$66	\$11	\$16	\$34	\$5
\$71	\$12	\$18	\$36	\$5

Gratuities. Such expenses, not exceeding 15%, are allowable where reasonable and customary. [§4.242.3.(h)]

27. Gratuities are included in the IRS definition of "incidental" expenses and are therefore subject to per diem limits. Reimbursement for restaurant gratuities are calculated as up to 15 percent of the restaurant bill exclusive of taxes, except when the gratuity percentage is required and the amount is added on the bill by the service provider.

IV. OTHER EXPENSES

(j) Other Expenses. Expenses not specifically set forth in other subsections of this section that are incurred by an employee or an elected official are allowable where deemed necessary in the conduct of City business; provided that such expenses have been reviewed and certified by the Department Head¹ as reasonable and proper and incurred in pursuit of City business. Wherever the type of expenditure is not specifically listed in this section, the employee or elected official should be prepared to absorb the cost as a personal expenditure in the event that such expense is not certified by the

Department Head¹. [§4.242.3.(j)]

LAAC Requirement

LACERS Policy

- 28. Other travel expenses are allowable when deemed necessary in the conduct of System business provided such expenses are reviewed and certified by the Department Head¹ as reasonable, proper, and incurred in pursuit of System business. Otherwise, these expenses become personal expenditures.
- 29. Travel Interruptions When there is an interruption or deviation from planned travel due to bona fide public emergencies outside of the traveler's control such as weather or shutdown of air travel, travelers may be reimbursed at full cost for emergency lodging, meals, and incidental expenses.
- 30. Indirect Travel whether for the traveler's personal leave or for convenience, expenses allowable will not exceed those that would have been incurred for uninterrupted travel utilizing the direct travel route or travel days. Supporting documentation showing the cost for direct travel and the deviation should be provided by the traveler.

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

IV. NON-REIMBURSABLE TRAVEL EXPENSES

LAAC Requirement

Expenditures which are incurred by an employee or elected official that are of a purely personal nature will not be reimbursed by the City.

- a) Auto repairs, replacement or towage to personal vehicle when such use has been authorized (see established City procedures for repair to City vehicle);
- b) Flight insurance;
- c) Personal telephone calls (except those specified in Section 4.242.3 (g) of this article);
- d) Expenses for persons other than the employee or elected official, except as specified in Section 4.242.3 (b) 2. [§4.242.4]

31. Expenditures which are not substantive to LACERS business will not be

LACERS Policy

- to LACERS business will not be reimbursed by LACERS, such as:
 - a) Any expenses related to entertainment and recreational activities;
 - b) Flight upgrade fees for seats other than coach or economy:
 - c) Internet usage fees (unless the internet is used for City business);
 - d) Any expenses related to alcohol and tobacco.
- 32. The traveler must submit reimbursement for personal expenditures paid by LACERS.

If there are portions of the conference or seminar that are entertainment in nature and not business-related (e.g., golf tournaments, musical performances or concerts, etc.), the traveler is required to reimburse LACERS for the cost of these recreational activities.

V. OTHER RULES AND RESTRICTIONS

A. DOCUMENTATION OF EXPENSES - PERSONAL EXPENSE STATEMENTS

LAAC Requirement

All expenses claimed shall be listed on separate forms provided and used for required documentation of travel expense.

Completed travel expense forms shall be forwarded to the Controller within thirty (30) days of the conclusion of the trip.

The Department Head¹ shall certify that all expenditures were incurred in pursuit of City business. Falsification of such certification shall be grounds for appropriate disciplinary action and such other sanctions provided by law.

Receipts shall be provided for transportation costs incurred under Section 4.242.3(a), lodging, and for any single item of expenditure in excess of \$25.00. Receipts for expenditures under \$25.00 should be presented when available. [LAAC § 4.242.7]

- LACERS Policy
 expenses claimed for reimburse
- 33. All expenses claimed for reimbursement must be itemized on the Personal Expense Statement (PES Form Gen. 16).
- 34. The traveler is responsible for verifying all charges on receipts before making payment. Charges made in error will not be reimbursed.
- 35. Original receipts are required for any single expenditure in excess of \$25. Receipts are not required for a meal and incidental expense allowance, regardless of amount, when the Federal per diem rate per locale is provided to the traveler and prorated in accordance with LACERS' policy.

B. TRAVEL ADVANCES

LAAC Requirement

Requests for an advance for funds shall be submitted to the Controller, where feasible, at least ten (10) days in advance of the beginning of the planned expenditure of funds and such request shall include the persons traveling, period covered, and the destination. In addition, the request should state the purpose of the trip, the nature of the City business to be conducted on the trip, and the proposed total estimated expenditure. Documentation of actual expenses incurred shall be submitted to the Controller in conformance with Section 4.242.7.

LACERS Policy

- 36. For trips of one night or more, a travel advance may be requested. The amount advanced is limited to the lodging, meal and incidental expenses per diem.
- 37. Written requests for the travel advance are to be submitted by the Traveler to the CEA/travel coordinator for approval at least thirty (30) days prior to the date of travel. The request must include a statement certifying that the traveler has no outstanding cash advance.
- 38. A cash advance request will be denied if a traveler has an outstanding cash advance for past travel with does not comply with the procedures.
- 39. Regular travel advances will be released no earlier than one (1) week before travel.

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

- 40. Outstanding travel advances not accounted for and delinquent over 120 days will be included as part of an employee's wages on the first payroll period of the subsequent calendar quarter following the end of the 120 calendar days; and, for non-City employees, IRS Form 1099-Misc will be issued per IRS Federal, State, Local Government Taxable Fringe Benefit Guide. Nothing herein eliminates the traveler's obligation to return to the Fund any excess monies that were received that were not used for approved travel expenses.
- 41. Future travel advances will not be processed for traveler(s) with delinquent PES over 30 days. Requests for reimbursement may be processed in advance of the travel for expenditures such as registration fees, and/or one-night hotel deposit. To ensure timely processing of the reimbursement, such requests along with supporting documents and proof of payment (credit card statement, etc.) must be submitted to the CEA/travel coordinator, in writing, at least fifteen (15) working days before the date of travel.
- 42. Advanced payment for cancelled travel:
 Any amount that was paid by department in advance of travel is considered an advance. In the event of the need to cancel the trip, the traveler is responsible for notifying all payees to as soon as possible to avoid/minimize cancellation fees
 - a. If cancellation was due to personal reasons, the traveler must personally reimburse the department for any amount not recovered (net of cancellation fees). If the refund or credit was issued directly to the traveler, traveler must pay LACERS the entire amount of credit received within 14 calendar days from the credit issued date.
 - b. If travel was cancelled due to the business or public reason, traveler is

Section 1.0 GUIDANCE FOR BOARD MEMBERS					
	responsible to submit a justification along with the proper documentation to the General Manager within 14 calendar days from the cancelled date. c. Unrecovered amounts are reported as taxable income to the traveler.				

APPENDIX C BOARD TRAVEL REIMBURSEMENT CHECKLIST Adoption Date: May 26, 2009

Revised Dates: June 22, 2010; December 13, 2011; March 11, 2014; July 28, 2020

I. STEPS FOR TRAVEL APPROVAL AND REIMBURSEMENT:

- Step 1: Provide details of the educational event to the Commission Executive Assistant (CEA)
- Step 2: Submit information on estimated expenses to the CEA

Fees Paid Directly By LACERS:

- Step 3: Register for the Conference
 - Conference registration and registration fees can be arranged through the CEA prior to the conference date. Registration fees are paid directly by LACERS with no out-ofpocket expenses for the traveler;
 - Under State and City gift laws, complimentary conferences or conference-related events could be considered gifts. LACERS will evaluate the circumstances with the assistance of the City Ethics Commission and may be required to pay a pro-rata share of conference expenses provided by the hosting organization.
 - Or, after the fact, submit a receipt showing a zero balance as proof of payment.

Step 4: Book flight

 Provide desired flight numbers, dates, and times to the CEA. The CEA will book the flight. The City's travel service will also provide a flight credit if the traveler is unable to fly and proper notification is given.

Items Requiring Pre-Approval for Expenditure Reimbursement:

- Step 5: Submit written justification for items requiring pre-approval from the Board President or Vice President. If approval is not secured prior to incurring the expense, reimbursement may not be granted.
 - Requests for transportation other than air flight justification should indicate reasons for use of the alternate mode of transportation.
 - Requests for cash advances to cover lodging and per diem for meals must be submitted 30 days prior to the commencement of travel. See further instructions below.

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

- Step 6: Submit an Event Evaluation Report within thirty (30) days of the conclusion of the trip
 - The report is required prior to reimbursement
- Step 7: Submit a Personal Expense Statement (PES) within thirty (30) days of the conclusion of the trip:
 - Itemize all reimbursable daily expenses for lodging, transportation, and miscellaneous expenses; list the per diem for meals and incidentals.
 - Report expenses paid directly by LACERS as a deduction to the total reimbursable amount
 - See further instructions on the following checklist

II. REIMBURSEMENT CHECKLIST:

ALLOWABLE TRAVEL COSTS

REQUIRED DOCUMENTS

OTHER TRANSPORTATION					
Bus or Rail Travel The allowable cost shall be the actual cost for the regular fare for the bus/rail travel. Automobile Rental	☐ Submit request for pre-approval from the General Manager for all modes of transportation other than regularly scheduled airlines.				
Automobile rental expenses are allowable if traveling by automobile is less expensive or more appropriate than by other modes of transportation.	☐ Submit request for pre-approval from the General Manager demonstrating that traveling by rental car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus.				
Private Automobile The allowable cost shall be the actual total mileage rate allowance as determined by the Internal Revenue Service (IRS).	□ Submit request for pre-approval from the General Manager, and include a satisfactory liability insurance policy covering the full use and operation of the vehicle. The limits of liability on any such policy shall not be less than \$25,000 in the case of injury to or death of one person, and \$50,000 in the case of injury to or death of more than one person; and in the case of property damage, not less than \$5,000 in any one accident □ Submit airfare confirmation (provided by CalTravelStore), rail travel confirmation notice or transportation receipt from taxi, shuttle, or private car service.				
REGISTRA	TION FEES				
Registration Fees Reimbursable if paid by the Trustee	☐ Submit a receipt showing a zero balance as proof of payment				
LODGING					

Hotels generally offer specially rated room blocks for conference participants. The Trustee may stay at an "off-site" hotel if the room blocks are exhausted. Transportation costs, time, and other relevant factors must be considered in selecting the most economical and practical accommodations. An extra-night stay is allowable if it	 Submit receipt showing a zero balance as proof of payment. Personal credit card information must be redacted from the receipt. If lodging is for other than single occupancy, secure a rate sheet or other documentation of the single occupancy rate.
sufficiently reduces the airfare, or if the conference commences early in the morning or adjourns late in the evening.	
MEALS & INCIDE	NTAL EXPENSES
 The meal and incidental per diem for domestic travel is currently \$71 per day. Incidental expenses are fees and gratuities provided to service workers, and for transportation costs in acquiring meals. The daily allowance is prorated at 75% on days of travel, and if some meals are provided by the hotel or conference. No meal allowance is provided when meals are provided throughout the day by the hosting organization. The rate for international travel is in accordance with current Federal per diem rate guidelines. 	Receipts for meals and incidental expenses are not required. Submit justification letter if claiming reimbursement for expenses exceeding the per diem allowance.
MISCELLANEC	OUS EXPENSES
Checked Baggage Fees Such expenses are allowable when the Trustee is charged for the first checked bag.	☐ Baggage fees for second and additional items require a justification memo that it meets a business purpose.
Laundry Service Such expenses are allowable if the duration of the trip, traveling conditions, or some other special circumstances dictate.	☐ Submit receipts for all miscellaneous expenses.
City Business Telephone Calls Such expenses are allowable if the telephone calls are relevant to appropriate City business.	

Personal Telephone Calls

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

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

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

Ground Transportation

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





REPORT TO BOARD OF ADMINISTRATION

From: Governance Committee

Nilza R. Serrano, Chair Annie Chao Cynthia M. Ruiz MEETING: SEPTEMBER 22, 2020

ITEM: X - C

SUBJECT: REVIEW OF BOARD PROCEDURES ON OFFICER ELECTIONS AND POSSIBLE

BOARD ACTION

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

Recommendation

That the Board review the survey on Board Officer Election Policies and provide direction to staff.

Executive Summary

On August 25, 2020, Governance Committee discussed staff's research on term limit policies for the positions of Board President and Vice President of other public retirement systems. The term limit length varied between the retirement systems or was not specified in their policies.

The Governance Committee is forwarding staff's research on Board Officer Election Policies of other public retirement systems without a recommendation for discussion by the full Board.

Strategic Alignment

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

Prepared By: Chhintana Kurimoto, Management Analyst

NG/TB:DWN:CK

Attachments: Report to Governance Committee dated August 25, 2020



BOARD Meeting: 09/22/20

ITEM:

MEETING: AUGUST 25, 2020

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Item: X – C Attachment



REPORT TO GOVERNANCE COMMITTEE

From: Neil M. Guglielmo, General Manager

nefm. Duglishero

SUBJECT: REVIEW OF BOARD PROCEDURES ON OFFICER ELECTIONS AND POSSIBLE

COMMITTEE ACTION

ACTION: M CLOSED: LI CONSENT: LI RECEIVE & FILE:	ACTION: 🛛	CLOSED:	CONSENT:	RECEIVE & FILE:	
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Recommendation

That the Committee review the survey information and provide direction to staff.

Executive Summary

During the Governance Committee meeting held on May 26, 2020, the Committee requested staff to further research the policy term limit length for the positions of Board President and Vice President of other retirement systems.

Discussion

Staff reviewed policies of 18 public retirement systems, of which 16 were from California and 2 were out-of-state (Arizona and Ohio). These policies were drawn from various city, county, and state retirement systems, including participants in the 2019 CEM Pension Administration Benchmarking Report. All policies specifically state an annual election of Board Officers and a one year term of office for the positions of Board President/Chair and Vice President/Vice Chair. The term limit length varied between the retirement systems or was not specified in their policies.

Listed below are the various term limit lengths and conditions for Board President/Chair and Vice President/Vice Chair from the policies surveyed:

Three terms

- Serve no more than three consecutive terms in one of the Board officer positions but may serve an unlimited number of non-consecutive terms.
- May hold office for up to three consecutive terms. Term limits may be extended if it is deemed
 to be disruptive or imprudent to rotate officers at that time and provided that the incumbents are
 willing to continue in their roles.

Two terms

- A board member may be elected to the position of Chair for up to two consecutive terms, unless approved for additional terms by a two-thirds vote of the entire Board.
- Board Members may serve only two consecutive terms. Board members serving two
 consecutive terms cannot be elected as Board President until a year has passed since their
 second term in office. Service of a partial term of less than six months for purposes of filling a
 vacant Board President position is not considered a full term for purposes of reelection.

One term

- Shall not serve more than one term consecutively as President or Vice President.
- The President is prohibited from being elected to the Office of Vice President immediately upon completion of their term as President.

Annual Rotation

- One year on a rotational basis in ascending order by succession by the number assigned to the Retirement Board member. If a member has not served at least two (2) years on the Retirement Board, that member shall skip the normal rotation and the next successor shall be appointed to Chair or Vice Chair.
- Annually select a Vice Chair and will rotate to become Chair the following year. Eligibility for Office: For a Vice Chair, a Board member must have served at least one full year as a member of the Board before taking office and have at least two years remaining in his/her term. The Board member must be serving in an elected position on the Board.

Unlimited terms

- Members may be re-elected as Chair or Vice Chair without limitation. No member shall be elected to the position of Chair until he or she has served on the Board for a minimum of one year.
- Unlimited number of terms to serve as Board Chair or Board Vice Chair.

Unspecified

A term limit is not stated.

Strategic Plan Impact Statement

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

Prepared By: Chhintana Kurimoto, Management Analyst

NG/TB:DWN:CK

Attachment: Various Pension Systems Board Officers Election Terms Matrix

Various Pension Systems - Board Officers Election Terms

	PENSION SYSTEM	TOTAL MEMBERS as of 6/30/2019	DURATION OF TERM (PRESIDENT/VICE PRESIDENT)	TERM LIMITS (PRESIDENT/VICE PRESIDENT)	TOTAL BOARD MEMBERS	DOCUMENT LINK
1	Alameda County ACERA	24,262	1 year In the Chair's absence or inability to act, the First or Second Vice Chair shall take their place.	Unspecified.	11 (9 + 2 alternates)	https://www.acera.org/sites/ main/files/regulations of the _board_of_retirement_rev_1 2-20-2018.pdf
2	Arizona State ASRS	608,150	Vacancies that otherwise occur before the expiration of a term will be filled by the Board for the balance of the term in a manner agreed upon by the Board. The Vice Chair will act as temporary Chair in the absence of the Chair.	3 terms. Serve no more than three consecutive terms in one of the Board Officer positions but may serve an unlimited number of non-consecutive terms.	9	https://www.acera.org/sites/ main/files/regulations of the board of retirement rev 1 2-20-2018.pdf
3	Contra Costa County CCCERA	23,357	1 year Should an officer for any reason fail to complete his/her term, the Board shall select a successor for the balance of the expired term at its next regular meeting.	Unspecified.	12 (9 + 3 alternates)	https://www.cccera.org/sites/ main/files/file- attachments/25 _cccera_board_regulations revised_01-14- 15.pdf?1586966677
4	Fresno County FCERA	19,205	If a Board Officer fails for any reason to complete his or her term, the Board shall select a successor for the balance of the unexpired term at its next regular meeting. If the Chair is absent from a board meeting, the Vice Chair shall preside. If the Chair and Vice Chair are both absent from a board meeting, the Board shall elect a Chair protem for the meeting.	2 terms for Chair (Vice Chair not specified). A Board Member may be elected to the position of Chair for up to two consecutive terms, unless approved for additional terms by a two-thirds vote of the entire Board.	11 (9 + 2 alternates)	https://fresnocountyretiremen t.org/wp- content/uploads/2019/07/201 90717-4H- BoardOperationsPolicy- 1Clean.pdf

	PENSION SYSTEM	TOTAL MEMBERS as of 6/30/2019	DURATION OF TERM (PRESIDENT/VICE PRESIDENT)	TERM LIMITS (PRESIDENT/VICE PRESIDENT)	TOTAL BOARD MEMBERS	DOCUMENT LINK
5	Kern County KCERA	19,211	Should a vacancy occur in the Chair position, the Vice Chair will be the successor. Should a vacancy occur in the Vice Chair position, the Board shall select a successor for the balance of the unexpired term at its next regular meeting.		11 (9 + 2 alternates)	https://www.kcera.org/board- of-retirement/governance- policies/
6	Los Angeles County Employees Retirement Association LACERA	174,316	Election of Chair Board of Retirement shall elect one of its members chair for a term of one year or until his or her successor is duly elected and qualified. Election of Vice Chair Board of Retirement Retirement shall elect one of its members vice chair for a term of one year or until his or her successor is duly elected and qualified.	Unspecified.	11 (9 + 2 alternates)	https://www.lacera.com/abou t_lacera/bor/BOR_Regulatio ns.pdf
7	Los Angeles Fire and Police Pensions <i>LAFPP</i>	13,097	1 President and Vice President shall hold office for a term of one year or until a successor has been elected.	1 term. Shall not serve more than one term consecutively as President or Vice President; The President is prohibited from being elected to the Office of Vice President immediately upon completion of their term as President.	9	https://www.lafpp.com/sites/d efault/files/file- attachments/section_i board_governance_policies .pdf?1585336589

Various Pension Systems - Board Officers Election Terms

	PENSION SYSTEM	TOTAL MEMBERS as of 6/30/2019	DURATION OF TERM (PRESIDENT/VICE PRESIDENT)	TERM LIMITS (PRESIDENT/VICE PRESIDENT)	TOTAL BOARD MEMBERS	DOCUMENT LINK
8	Marin County MCERA	6,670	Assumes and discharges the Chair's duties when the Chair is absent or otherwise unable to perform them, or when directed by the Chair;	3 terms. May be renewed for no more than three consecutive terms.	12 (9 + 3 alternates)	https://www.mcera.org/- /media/files/sites/retirement/ governance/election_duties. pdf?la=en https://www.mcera.org/- /media/files/sites/retirement/ governance/bylaws.pdf?la=e n
9	Sacramento County SCERS	28,661	If either the President or Vice President for any reason fails to complete a term, the Retirement Board shall elect a successor for the balance of the unexpired term at its next regular meeting, or as soon thereafter as possible.	Unspecified.	11 (9 + 2 alternates)	https://www.scers.org/sites/m ain/files/file- attachments/amended scers bylaws 27feb18.pdf?15839 57352
1	San Diego City SDCERS	20,780	Vacancy in Office: If the Board President resigns, dies, or otherwise permanently vacates the office during their term, the sitting Vice President shall ascend to the position of Board President.	2 terms. Board Members may serve only two consecutive terms. Board Members serving two consecutive terms cannot be elected as Board President until a year has passed since their second term in office. Service of a partial term of less than six months for purposes of filling a vacant Board President position is not considered a full term for purposes of reelection.	13	https://www.sdcers.org/Corp orateSite/media/PDF/Full Bo ard-Binder Clean March- 2020_w-App.pdf

	PENSION SYSTEM	TOTAL MEMBERS as of 6/30/2019	DURATION OF TERM (PRESIDENT/VICE PRESIDENT)	TERM LIMITS (PRESIDENT/VICE PRESIDENT)	TOTAL BOARD MEMBERS	DOCUMENT LINK
11	San Joaquin County SJCERA	14,108*	Should any officer fail for any reason to complete a full term, the Board shall elect a successor for the balance of the unexpired term at its next meeting.	Unspecified.	11 (9 + 2 alternates)	https://www.sjcera.org/new_website/15board-retirement/documents/BOR% 20Policies%20March%20201 8/%20Bylaws.pdf
12	San Jose City FCERS (Federated City Employee's Retirement System)	5,401	In a vacancy: the Board Vice Chair shall assume the position of Board Chair for the balance of the term, and the Board Vice Chair vacancy will then be filled for the balance of the term. For the Board Vice Chair position, nominations for a replacement member will be taken at the next possible regular meeting.	Unlimited. Unlimited number of terms to serve as Board Chair or Board Vice Chair.	7	https://sjretirement.atlassian. net/wiki/spaces/FCERS/page s/2129990/15.+Policy+on+El ection+of+Board+Officers?pr eview=/2129990/943521928/ 5g(2)%20- %20FED%20Election%20Bo ard%20Officers-CLEAN.pdf
13	San Mateo County SAMCERA		In the Chair's absence or inability to act, the Vice Chair shall take the place and perform the duties of that office. In the Chair's and Vice Chair's absence or inability to act, the Secretary shall take the place and perform the duties of the Chair. Vacancy in Office: In the event of a vacancy in the office of Chair, Vice Chair or Secretary, the Board of Retirement shall, at its next regular meeting, elect one of its members to fill such vacancy for the remainder of the term.	Unspecified.	11 (9 + 2 alternates)	https://www.samcera.org/site s/main/files/file- attachments/samcera_board regulations 0.pdf?1569460 152

	PENSION SYSTEM	TOTAL MEMBERS as of 6/30/2019	DURATION OF TERM (PRESIDENT/VICE PRESIDENT)	TERM LIMITS (PRESIDENT/VICE PRESIDENT)	TOTAL BOARD MEMBERS	DOCUMENT LINK
14	Santa Barbara County SBCERS	10,547	If a vacancy occurs in the office of Chair, Vice Chair, or Secretary, the Board shall, at its next regular meeting, elect a successor for the balance of the unexpired term.	Unspecified. Each officer of the Board shall serve for a term of one year, unless reelected.	11 (9 + 2 alternates)	https://www.sbcers.org/wp- content/uploads/Bylaws- 2018.pdf
15	Sonoma County SCERA	10,685	Vice Chair shall automatically assume the position of Chair during the Chair's absence. Should the Vice Chair also be unavailable, the Board may appoint any Committee Chair to assume the position of Chair for that particular Board meeting. If a vacancy should occur in the offices of the Board for any reason, the Board shall select a successor for the balance of the term at its next regular meeting.	3 terms. May hold office for up to three consecutive terms. Term limits may be extended if it is deemed to be disruptive or imprudent to rotate officers at that time and provided that the incumbents are willing to continue in their roles.	10 (9 + 1 alternate)	http://scretire.org/Administrat ion/Governance-and- Policies/
16	Stanislaus County STANCERA	9,914	Should any officer fail for any reason to complete his or her term, the normal successor shall perform the balance of the unexpired term. If the unexpired term is for less than nine (9) months, then the successor shall also hold office for their normal term immediately following the completion of the unexpired term. If the unexpired term is for nine (9) months or more, the successor shall only hold office for the completion of the unexpired term.	Annual Rotation. One year on a rotational basis in ascending order by succession by the number assigned to the Retirement Board Member. *If a member has not served at least two (2) years on the Retirement Board, that member shall skip the normal rotation and the next successor shall be appointed to chair or Vice Chair.	9	https://www.stancera.org/wp-content/uploads/2020/02/201 8-COVER-PAGE-Bylaw-11- 14-2018.pdf

	PENSION SYSTEM	TOTAL MEMBERS as of 6/30/2019	DURATION OF TERM (PRESIDENT/VICE PRESIDENT)	TERM LIMITS (PRESIDENT/VICE PRESIDENT)	TOTAL BOARD MEMBERS	DOCUMENT LINK
17	STRS Ohio	516,518	The Vice Chair will act as temporary chair in the absence of the regular chair; and develop and/or update, in consultation with the Board a long-term plan to be followed during the year he/she serves as chair of the Board.	Annual Rotation. Annually select a Vice Chair and will rotate to become Chair the following year. Eligibility for Office: For a Vice Chair, a Board Member must have served at least one full year as a member of the Board before taking office and have at least two years remaining in his/her term. The Board Member must be serving in an elected position on the Board.	11	https://www.strsoh.org/_pdfs/ board/board-policies.pdf
18	Ventura County VCERA	19,017	The Vice Chair will assume the duties of the Chair in the event the Chair is unable to fulfill the duties of the position.	Unlimited Members may be re-elected as Chair or Vice Chair without limitation. No member shall be elected to the position of Chair and Vice Chair until he or she has served on the Board for a minimum of one year.	12 (9 + 3 alternates)	https://www.vcera.org/sites/main/files/file-attachments/20160912_chart https://www.vcera.org/sites/main/files/file-attachments/20160912_chart_er3vicechair.pdf?149556654_8

^{*}Per Valuation Report as of 1/1/2019





REPORT TO BOARD OF ADMINISTRATION MEETING: SEPTEMBER 22, 2020

From: Neil M. Guglielmo, General Manager ITEM: X – D

Milm. Duglihmo

SUBJECT: ASSUMPTIONS FOR THE JUNE 30, 2020 RETIREE HEALTH ACTUARIAL

VALUATION AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board adopt the attached actuarial assumptions for the June 30, 2020 Retiree Health Actuarial Valuation as recommended by LACERS' consulting actuary, Segal.

Executive Summary

Segal reviews the assumptions used for LACERS' health actuarial valuation annually due to the dynamic nature of healthcare costs, as opposed to economic (such as the investment rate of return) and demographic assumptions (such as the mortality rates) which are generally reviewed and updated every three years based on the results of the Triennial Experience Study. Attached for the Board's consideration are the recommended assumptions for the medical trend, per capita costs, and other health-specific assumptions to be applied in the June 30, 2020 Retiree Health Actuarial Valuation.

Discussion

The recommended per capita costs assumption, in general, combines the new 2021 medical/dental premium rates approved by the Board recently with the 2020 rates; such rates will then be adjusted by factors specific to age, gender, and spousal status. The medical trend is applied to the per capita costs to project future healthcare costs. Segal's recommended first-year trend rate for Medicare plans is set at 6.25%, while the non-Medicare plans rate is set at 6.75%; both of these rates are reset equal to the first-year trend of the prior year's valuation. The first-year rates are graded down by 0.25% each year until reaching a set ultimate rate of 4.50%, holding steady from last year. Dental trend assumptions remain at 4.00% and the Medicare Part B trend assumptions remain at 4.50%. Also included in Segal's report are increases in future health subsidy maximums which factors in the valuation. Other assumptions are consistent with the economic and demographic assumptions adopted by the Board as part of the Triennial Experience Study.

Strategic Alignment

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.

Paul Angelo and Thomas Bergman of Segal will present the recommended health assumptions.

Prepared By: Edwin Avanessian, Senior Benefits Analyst II

NMG/TB/EA

Attachment: Segal Recommendation Letter dated September 15, 2020



BOARD Meeting: 9/22/20

Item X - D Attachment

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



September 15, 2020

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

Re: Los Angeles City Employees' Retirement System
Assumptions Recommended for the
June 30, 2020 Retiree Health Actuarial Valuations

Dear Neil:

We have provided in this letter the health care related actuarial assumptions that we recommend to the Board for use in the June 30, 2020 retiree health valuations for funding and financial reporting.

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

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

Following are our recommended assumptions for the June 30, 2020 health plan valuations:

- 1. Health care trend assumptions The detailed health care trend assumptions we are recommending are outlined in Item 1 of the Attachment.
 - For non-Medicare plans, we are recommending first-year trend¹ be reset to the same 6.75% that we recommended as the first-year trend in the prior year's valuation,² then

¹ The first-year trend will be used to project 2021 calendar year premiums to calendar year 2022.

² We note that in the absence of the above recommendation to reset the assumption, the first-year trend rate that we would use in this year's valuation would equal 6.50%.

grading down by 0.25% each year until reaching an ultimate rate of 4.50% after nine years.

- For Medicare plans, we are recommending the first-year trend rate be reset to the same 6.25% that we recommended as the first-year trend in the prior valuation,³ then grading down by 0.25% each year until reaching an ultimate rate of 4.50% after seven years.
- In preparing the June 30, 2019 valuation, the Health Insurance Tax (HIT)⁴ had been fully reflected in the 2020 calendar year premiums and therefore, the HIT was not separately accounted for in the trend assumptions. The HIT was recently repealed and will become effective in calendar year 2021. We have not separately accounted for the HIT repeal in the trend assumptions since the HIT repeal has been fully reflected in the 2021 calendar year premiums, and we expect all future premiums to exclude the HIT.
- Dental trend assumptions will remain at 4.00%.
- Medicare Part B trend assumptions will remain at 4.50%, to be applied to premiums after 2020-2021 and all future years, based on updated information from the Centers for Medicare & Medicaid Services (CMS) relating to expectations for ultimate Medicare trend and Congressional Budget Office (CBO) trustee reports.

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

- a. Segal's National Health Care Practice develops trend standards each year. The methodology utilizes data from our annual Segal Health Plan Cost Trend Survey of insurers, pharmacy benefit managers (PBMs), and managed care organizations. An analysis of historic trend was performed to evaluate the differences in projected trend vs. actual. The methodology looked at variation of actual results and fitted them to the differences between actual and projected trend.
- b. Segal's National Health Care Practice then publishes its internal standards for use by its health actuaries and consultants. These internal standards cover a variety of benefits (e.g. medical, dental, vision) and plan design types (e.g. PPO, HMO). Unlike Segal's annual trend survey, which displays averages of the survey results, the trend standards provide ranges of acceptable assumptions.
- ³ We note that in the absence of the above recommendation to reset the assumption, the first-year trend rate that we would use in this year's valuation would equal 6.00%.
- ⁴ The HIT was imposed by the Affordable Care Act (ACA) on each covered entity engaged in the business of providing health insurance for United States health risks. The fees associated with the HIT are collected from the health insurance industry to fund the implementation and ongoing support of the ACA marketplace exchanges. They are based on the health insurance providers' premiums and market shares. These taxes were incorporated into premiums beginning in 2014 and would vary based upon insurer. Congressional budgetary actions placed a moratorium on these fees for calendar years 2017 and 2019. These fees were again reflected in premiums for calendar year 2020. Subsequent to the June 30, 2019 valuation, the HIT was repealed and will be eliminated from the premiums beginning in calendar year 2021



- c. For retiree health valuations, without additional information, we would choose a first-year trend in the middle of the range provided in the Segal trend standards. If any additional information from the client or its health consultant is available, Segal may consider that information when setting the first-year trend.
- d. Retiree health care valuations typically project benefit payments (as far as 80 years) far into the future. Segal's Office of the Chief Actuary has provided standards on trends in the years following the first year of projection. Trend for each year is to decrease until it reaches an ultimate trend rate.

There are alternative actuarial models used by other actuaries to project future medical trend assumptions and one of those is called the Getzen Model. As we pointed out in response to a suggestion made by LACERS' actuarial auditor earlier this year to apply that model in studying the medical trend assumptions, there are some other hypothetical assumptions that need to be made (such as real per capita GDP growth, excess medical cost growth, and capacity constraints on health costs with respect to GDP) before that model can be applied. We would be glad to further explore the pros and cons of that alternative model (including the contribution rate impact) if the Board were to authorize such analysis before LACERS chooses the medical trend assumptions in a future valuation.

- 2. Note on Premium Renewals and Health Care Trend Assumptions Health care trend assumptions take into account factors such as recent and expected premium increases, changes in utilization of health care and cost shifting from Medicare. While there is often a high correlation between a trend rate and the actual cost increase assessed by a carrier, trend rates and the actual net annual change in plan costs (and thus premiums) can also differ substantially. A plan sponsor's costs/premiums can be significantly different from projected claims cost trends due to diverse factors ranging from group demographics, plan design, claim volatility and underwriting cycles. Carrier actions to gain market share and the impact of ACA fees are additional factors that influence short-term premiums though they may not necessarily reflect the cost trend assumptions used in an actuarial valuation. For example, a cycle of favorable experience used in the rate setting basis can reduce the claim portion of the premium but that does not mean that the future costs will follow that pattern.⁵
- 3. Per Capita Health Care Costs These costs are used to project the premiums for current active members when they retire. Based on the percentage of retired members, spouses and beneficiaries electing health coverage, and the proportion of members enrolled in each available medical plan, we have developed the per capita health premium costs to cover a member in the 2020-2021 fiscal year as provided in Items 2(b) and 2(d) of the Attachment. Note there are three small plans (SCAN, UHC Medicare Advantage HMO for Arizona and Nevada) offered by LACERS that are not included in Item 2(d) because we assume a 0% participation rate for each of those plans. On average, their premiums are close to the UHC California Medicare Advantage plan.

We note that the average medical premium renewal amount for 2021 is essentially unchanged from 2020 due in part to lower than expected number of high-cost claims and lower than expected utilization. While we will reflect those savings implicitly by using the lower renewal premiums for 2021 in our valuation, we will not anticipate further additional savings by lowering our longterm trend rates.



Based on the June 30, 2020 membership data, we have provided the observed and assumed election rates among the different medical plans in Items 2(b) and 2(d) of the Attachment.

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

In accordance with Actuarial Standard of Practice (ASOP) No. 6, *Measuring Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions*, we will continue to value health care costs by adjusting premiums using age-specific factors. Those age-specific factors will be provided in our June 30, 2020 valuation report once the membership data provided for use in the June 30, 2020 valuation is finalized. It should be noted though that when those age-specific factors are presented in our June 30, 2020 valuation report, we will continue to display them separately from the per capita health premium costs provided in Items 2(b) and 2(d) of the Attachment. (It should be noted that LACERS' actuarial auditor made a suggestion earlier this year to combine the age-specific factors with the per capita health premium costs for presentation purposes and we have taken that suggestion under advisement.)

The per capita costs for the dental plan that we will use for the June 30, 2020 valuation are provided in Item 2(f) of the Attachment.

The per capita costs for Medicare Part B that we will use for the June 30, 2020 valuation are provided in Item 2(g) of the Attachment.

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

Due to the low number (1% of current retirees), we have assumed that no future retirees elect the MPRP subsidy. For current retirees, we will value the reimbursement reported in the data, assumed to increase with medical trend.

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

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

5. Other Assumptions – The other demographic and economic assumptions and methods will be consistent with those approved by the Board based our July 1, 2016 to June 30, 2019 triennial experience study.



IMPACT OF HEALTH CARE REFORM

In both the funding valuation and the GASB Statements No. 74 and 75 actuarial valuations for financial reporting purposes as of June 30, 2019, we included the impact of the projected excise tax on certain high cost medical plans beginning in 2022 as prescribed by the Affordable Care Act (ACA) and related statutes.

Subsequent to the June 30, 2019 valuations, both the HIT and the excise tax were repealed. The excise tax will no longer be reflected in the June 30, 2020 valuations for funding and financial reporting purposes.

IMPACT OF CORONAVIRUS (COVID-19)

The Coronavirus (COVID-19) pandemic is rapidly evolving and is having a significant impact on the US economy in 2020, including most retiree health plans, and will likely continue to have an impact in the future. Our assumptions do not include the impact of the following:

- Direct or indirect effects of COVID-19 on short-term health plan costs
- Short-term or long-term impacts on mortality of the covered population
- The potential for federal or state fiscal relief

Each of the above factors could significantly impact the results prepared using these assumptions. The net effect of the above factors generally have not affected our assumptions for the June 30, 2020 valuation. Given the high level of uncertainty and fluidity of the current events, we will monitor to assess any potential changes in the assumptions proposed here.

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

Sincerely,

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

Paul Sadro, ASA, MAAA

Senior Actuary

JAC/il Attachment Andy Yeung, ASA, MAAA, FCA, EA Vice President & Actuary

Thomas Bergman, ASA, MAAA, EA

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Retiree Health Actuary



1. Health Care Trend Rates

MEDICAL TRENDS USED FOR THE JUNE 30, 2019 VALUATION

Trend is to be applied in following fiscal years, to all health plans.

Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium.

First Fiscal Year (July 1, 2019 through June 30, 2020):

	Rate (%)								
Plan	Anthem Blue Cross PPO, Under Age 65	Anthem Blue Cross Medicare Supplement	Kaiser HMO, Under Age 65	Kaiser Senior Advantage	Anthem Blue Cross HMO, Under 65	UHC Medical HMO			
Trend to be applied to 2019-2020 Fiscal Year premium	3.40	3.88	3.37	3.12	7.89	3.96			
i iscai i cai piciillulli	3.40	3.00	5.51	J. 1Z	7.09	5.90			

The fiscal year trend rates are based on the following calendar year trend rates:

	Approximate Trer	nd Rate (%)		Trend Rate Applied Following Year P		
Fiscal Year	Non-Medicare	Medicare	Calendar Year	Non-Medicare	Medicare	
2020-2021	6.62	6.12	2020	6.75 ¹	6.25 ¹	
2021-2022	6.37	5.87	2021	6.50	6.00	
2022-2023	6.12	5.62	2022	6.25	5.75	
2023-2024	5.87	5.37	2023	6.00	5.50	
2024-2025	5.62	5.12	2024	5.75	5.25	
2025-2026	5.37	4.87	2025	5.50	5.00	
2026-2027	5.12	4.62	2026	5.25	4.75	
2027-2028	4.87	4.50	2027	5.00	4.50	
2028-2029	4.62	4.50	2028	4.75	4.50	
2029 and later	4.50	4.50	2029	4.50	4.50	
Dental Premi	um Trend	4.00%	for all years			
Medicare Part B Premium Trend 4.50% for all years. First year trend may be adjusted to reflect actual 2020 calendar year premium if available at tin of valuation.						

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



PROPOSED MEDICAL TRENDS FOR THE JUNE 30, 2020 VALUATION

Trend is to be applied in following fiscal years, to all health plans.

Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium.

First Fiscal Year (July 1, 2020 through June 30, 2021):

	Rate (%)								
Plan	Anthem Blue Cross PPO, Under Age 65	Anthem Blue Cross Medicare Supplement	Kaiser HMO, Under Age 65	Kaiser Senior Advantage	Anthem Blue Cross HMO, Under 65	UHC Medical HMO			
Trend to be applied to 2020-2021 Fiscal Year premium	3.71	4.45	3.37	3.12	4.85	3.12			

The fiscal year trend rates are based on the following calendar year trend rates:

	Approximate Trei	nd Rate (%)		Trend Rate Applied Following Year P		
Fiscal Year	Non-Medicare	Medicare	Calendar Year	Non-Medicare	Medicare	
2021-2022	6.62	6.12	2021	6.75 ¹	6.25 ¹	
2022-2023	6.37	5.87	2022	6.50	6.00	
2023-2024	6.12	5.62	2023	6.25	5.75	
2024-2025	5.87	5.37	2024	6.00	5.50	
2025-2026	5.62	5.12	2025	5.75	5.25	
2026-2027	5.37	4.87	2026	5.50	5.00	
2027-2028	5.12	4.62	2027	5.25	4.75	
2028-2029	4.87	4.50	2028	5.00	4.50	
2029-2030	4.62	4.50	2029	4.75	4.50	
2030 and later	4.50	4.50	2030	4.50	4.50	
Dental Premi	um Trend	4.00%	for all years			
Medicare Part B Premium Trend 4.50% for all years. First year trend may be adjusted to reflect actual 2021 calendar year premium if available at tim of valuation.						

For example, the 6.75% assumption, when applied to the 2021, non-Medicare medical premiums would provide the projected 2022 non-Medicare medical premiums. This trend would also be applied to the maximum medical subsidy, based on the non-Medicare Kaiser premium.



2. Per Capita Costs and Election Rates

(a) Per Capita Costs for the June 30, 2019 Valuation - Participant Under Age 65 or Not Eligible for Medicare A&B

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

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

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

Members who are subject to the retiree medical subsidy cap have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 7, section 2(e) of our letter dated September 17, 2019 (recommending assumptions for the June 30, 2019 Retiree Health Valuation).

(b) Per Capita Costs for the June 30, 2020 Valuation – Participant Under Age 65 or Not Eligible for Medicare A&B

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

2021 Calendar Year	Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser HMO	\$853.39	\$1,790.80	\$853.39	\$1,706.78	\$1,790.80	\$1,706.78	\$853.39	\$853.39	\$853.39
Anthem Blue Cross PPO	1,279.79	1,790.80	1,279.79	2,554.55	1,790.80	1,790.80	1,279.79	853.39	853.39
Anthem Blue Cross HMO	1,069.58	1,790.80	1,069.58	2,134.13	1,790.80	1,790.80	1,069.58	853.39	853.39

2020-2021 Fiscal Year			Single Party			With Domestic	Partner	Eligible Survivor		
Carrier	Observed and Assumed Election Rate (%)	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser HMO	61.5	\$853.39	\$1,790.80	\$853.39	\$1,706.78	\$1,790.80	\$1,706.78	\$853.39	\$853.39	\$853.39
Anthem Blue Cross PPO	21.6	1,275.68	1,790.80	1,275.68	2,546.32	1,790.80	1,790.80	1,275.68	853.39	853.39
Anthem Blue Cross HMO	16.9	1,054.59	1,790.80	1,054.59	2,104.14	1,790.80	1,790.80	1,054.59	853.39	853.39

^{*} Members who are subject to the retiree medical subsidy cap have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 12, section 2(e).

(c) Per Capita Costs for the June 30, 2019 Valuation - Participant Eligible for Medicare A&B

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

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

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

^{*} Members who are subject to the retiree medical subsidy cap have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 7, section 2(e) of our letter dated September 17, 2019 (recommending assumptions for the June 30, 2019 Retiree Health Valuation).

Note there are three small plans (SCAN, UHC Medicare Advantage HMO for Arizona and Nevada) offered by LACERS that are not included above because we assume a 0% participation rate for each of those plans. On average, their premiums are close to the UHC California Medicare Advantage plan.

(d) Per Capita Costs for the June 30, 2020 Valuation - Participant Eligible for Medicare A&B

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

2021 Calendar Year		Single Party		Married/With Domestic Partner			Eligible Survivor		
Carrier	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser Senior Advantage HMO	\$262.47	\$262.47	\$262.47	\$524.94	\$524.94	\$524.94	\$262.47	\$262.47	\$262.47
Anthem Blue Cross Medicare Supplement	564.92	564.92	564.92	1,124.81	1,075.93	1,075.93	564.92	564.92	564.92
UHC Medicare Advantage Plan	279.70	279.70	279.70	554.37	554.37	554.37	279.70	279.70	279.70

2020-2021 Fiscal Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Observed and Assumed Election Rate (%)	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser Senior Advantage HMO	57.1	\$262.47	\$262.47	\$262.47	\$524.94	\$524.94	\$524.94	\$262.47	\$262.47	\$262.47
Anthem Blue Cross Medicare Supplement	31.8	557.75	557.75	557.75	1,110.46	1,072.87	1,072.87	557.75	557.75	557.75
UHC Medicare Advantage Plan	11.1	278.98	278.98	278.98	552.93	552.93	552.93	278.98	278.98	278.98

^{*} Members who are subject to the retiree medical subsidy cap have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 12, section 2(e).

Note there are three small plans (SCAN, UHC Medicare Advantage HMO for Arizona and Nevada) offered by LACERS that are not included above because we assume a 0% participation rate for each of those plans. On average, their premiums are close to the UHC California Medicare Advantage plan.

Recommended Actuarial Assumptions for the June 30, 2020 Retiree Health Valuations

Page 12

(e) Proposed Per Capita Costs – Subject to Retiree Medical Subsidy Cap for the 2020-2021 Fiscal Year

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

Retiree Plan	Single Party	Married/With Domestic Partner	Eligible Survivor
Under 65 – All Plans	\$1,190.00	\$1,190.00	\$593.62
Over 65	ψ1,100.00	ψ1,130.00	ψ000.02
Kaiser Senior Advantage	\$203.27	\$406.54	\$203.27
Anthem Blue Cross Medicare Supplement	478.43	478.43*	478.43
UHC Medicare Adv. HMO	219.09	433.93	219.09

^{*}The reason the subsidy is only at the single-party amount is that there is no excess subsidy to cover a dependent.

(f) Proposed Per Capita Costs used in June 30, 2020 Valuation - Dental Plan

Maximum Dental Subsidy

Retiree Plan	Actual / Assumed Participation Percent	Monthly 2020 Calendar Year Subsidy	Monthly 2021 Calendar Year Subsidy	Monthly 2020-2021 Fiscal Year Subsidy
Delta Dental PPO	79.9	\$44.60	\$44.60	\$44.60
DeltaCare USA	20.1	14.38	14.38	14.38

(g) Proposed Per Capita Costs used in June 30, 2020 Valuation – Medicare Part B Premium Reimbursement

The Plan will reimburse (only available to Member, not dependent or survivor) monthly Medicare Part B premiums before means testing:

Monthly Premium	Single	
Actual premium for calendar year 2020	\$144.60	
Projected premium for calendar year 2021*	153.30	
Projected average monthly premium for plan year 2020-2021	148.95	

^{*2020} Annual Report Of The Boards Of Trustees Of The Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, page 83.

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



3. Other Assumptions and Methods

In the June 30, 2020 valuation, we will also apply the following demographic and economic assumptions and methodologies that the Board approved as a result of the triennial experience study covering July 1, 2016 to June 30, 2019.

- a. Economic assumptions: We will apply the 7.00% investment return and 2.75% inflation assumption that the Board approved as a result of the triennial experience study covering July 1, 2016 to June 30, 2019.
- b. Demographic assumptions: These include the incidence of service retirement, disability retirement, withdrawal, deferred vested retirement and death. We will apply the assumptions adopted in our July 1, 2016 to June 30, 2019 triennial experience study.
- c. Funding methodologies: The Entry Age Cost Method will continue to be used in this valuation.
- d. Expected annual rate of increase in the Board's health subsidy amount:
 - We have made an assumption that the Board's health subsidy amount will increase at the same rate as the anticipated increase in benefit costs. We recommend leaving this assumption unchanged for the June 30, 2020 valuation. (Please also see discussions under (4) in our cover letter regarding how subsidy increases are to be projected in the valuation.)
- e. Percentage of retirees over age 65 covered by Medicare Parts A and B: In the prior valuation, we assumed that 100% of retirees will enroll in Medicare Parts A and B upon reaching age 65. We recommend maintaining this assumption for the June 30, 2020 valuation.
- f. Market value of assets will be used for the June 30, 2020 GASB 74 and 75 valuations.

Market value of assets less unrecognized returns will be used for the June 30, 2020 funding valuation.

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

- g. Implicit Subsidy: It is our understanding that retiree premium rates are not pooled with the active rates and no implicit subsidy exists, and LACERS has confirmed this understanding.
- h. Spouse Age Difference in Years for Retirees with Medical Coverage:

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



 $Recommended\ Actuarial\ Assumptions\ for\ the\ June\ 30,\ 2020\ Retiree\ Health\ Valuations$

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The table below summarizes the data used to derive our recommendations:

	All Male Retirees	All Female Retirees
Number of LACERS Members Electing		
Coverage for Spouse / Domestic Partner	4,156	1,009
Average Retiree Age	72.23	67.40
Average Spouse Age	68.66	69.11
Average Age Difference, Rounded to		
Nearest Integer	-4	2

i. Spouse/Domestic Partner Coverage:

	Rate (%)					
Member Gender	Observed Percentage Coverage for Spouse/Domestic Partner from Last 3 Year of Retirement	Current Assumption	Recommended Assumption			
Male	58	60	60			
Female	36	35	35			

The table below summarizes the data used to derive our recommendations:

	Three Year Total	Play Year Ended June 30, 2020	Plan Year Ended June 30, 2019	Plan Year Ended June 30, 2018
New Male Retirees with LACERS Health Subsidy	1,444	432	502	510
New Male Retirees with LACERS Health Subsidy with Spouse/Domestic Partner	835	245	201	200
Coverage	035	245	281	309
Male Spouse Coverage Percentage (%)	58			
New Female Retirees with LACERS Health Subsidy	919	279	321	319
New Female Retirees with LACERS Health Subsidy with Spouse/Domestic Partner Coverage	331	99	104	128
Female Spouse Coverage Percentage (%)	36		-	



Recommended Actuarial Assumptions for the June 30, 2020 Retiree Health Valuations

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j. Retiree Medical and Dental Coverage Election:

		Rate (%)	
Service Range	Observed Enrollment in June 30, 2020 Data	Current Assumption	Recommended Assumption ¹
10-14	59	60	60
15-19	79	80	80
20-24	90	90	90
25 and over	95	95	95

¹ For deferred vested members, we assume an election percent of 50% of these rates.

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

