



Governance Committee Agenda

REGULAR MEETING

TUESDAY, DECEMBER 10, 2019

TIME: 9:15 A.M.

MEETING LOCATION:

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

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

Chair: Nilza R. Serrano

Committee Members: Annie Chao
Cynthia M. Ruiz

Manager-Secretary: Lita Payne

Executive Assistant: Ani Ghoukassian

Legal Counselor: City Attorney's Office
Public Pensions General
Counsel Division

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

- I. PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION
- II. APPROVAL OF MINUTES FOR THE [REGULAR MEETINGS OF JULY 9, 2019 AND SEPTEMBER 10, 2019](#), AND POSSIBLE COMMITTEE ACTION
- III. [PROPOSED REVISION TO THE BOARD EDUCATION AND TRAVEL POLICY AND POSSIBLE COMMITTEE ACTION](#)
- IV. [CONSIDERATION OF BOARD AGENDA TITLE FOR PRIVATE REAL ESTATE INVESTMENT ITEMS AND POSSIBLE COMMITTEE ACTION](#)
- V. [POLICY DISCUSSION REGARDING TOTAL COMPOSITION OF WORKFORCE FORM AND POSSIBLE COMMITTEE ACTION](#)
- VI. OTHER BUSINESS
- VII. NEXT MEETING: The next Governance Committee meeting is not scheduled at this time, and will be announced upon scheduling.
- VIII. ADJOURNMENT



Board of Administration Agenda

SPECIAL MEETING

TUESDAY, DECEMBER 10, 2019

TIME: 9:15 A.M.

MEETING LOCATION:

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202 West First Street, Suite 500
Los Angeles, CA 90012-4401

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

President: Cynthia M. Ruiz
Vice President: Michael R. Wilkinson

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

Manager-Secretary: Lita Payne

Executive Assistant: Ani Ghoukassian

Legal Counsel: City Attorney's Office
Public Pensions General
Counsel Division

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- VIII. ADJOURNMENT

MINUTES OF THE REGULAR MEETING
GOVERNANCE COMMITTEE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

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

July 9, 2019

Agenda of: <u>Dec. 10, 2019</u> Item No: <u>II</u>

9:30 a.m.

PRESENT:	Chair:	Nilza R. Serrano
	Committee Members:	Cynthia M. Ruiz Vacant
	Commissioner:	Michael R. Wilkinson
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
	Legal Counselor:	Anya Freedman

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

Commissioner Wilkinson was present at the Governance Committee Meeting. Any votes taken by Governance Committee Members only.

I

PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION – Chair Serrano asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there was one public comment card received from Ms. Ruth Perry, retiree and LACERS Member. Ms. Perry discussed Agenda Item IV as it relates to the Retired Los Angeles City Employees, Inc. (RLACEI) attending LACERS Retirement Group Counseling Sessions.

II

APPROVAL OF MINUTES FOR THE SPECIAL MEETING OF JANUARY 22, 2019, AND POSSIBLE COMMITTEE ACTION – A Motion to approve the Minutes of January 22, 2019 as presented was moved by Committee Member Ruiz, and adopted by the following vote: Committee Member Ruiz and Chair Serrano - Ayes, 2; Nays, None.

III

TRIENNIAL BOARD POLICY REVIEW: MISSION, VISION, GUIDING PRINCIPLES, STRATEGIC GOALS; AND STRATEGIC PLANNING POLICY AND POSSIBLE COMMITTEE ACTION – Edeliza

Fang, Senior Management Analyst II with Administrative Services Division presented this item to the Committee. A Motion was moved by Committee Member Ruiz, and adopted by the following vote: Ayes, Committee Member Ruiz and Chair Serrano -2; Nays, None.

IV

POLICY ON MEMBER SOLICITATION AND DISTRIBUTION AND POSSIBLE COMMITTEE ACTION – Karen Freire, Chief Benefits Analyst with Retirement Service Division and Alex Rabrenovich, Chief Benefits Analyst with Health Benefits Administration and Communications Division presented this item to the Committee. Ms. Ruth Perry, retiree and LACERS member made a second public comment on this item. A Motion was moved by Committee Member Ruiz, and adopted by the following vote: Ayes, Committee Member Ruiz and Chair Serrano -2; Nays, None.

V

OTHER BUSINESS – There was no further business discussed.

VI

NEXT MEETING – The next Committee Meeting is not yet scheduled.

VII

ADJOURNMENT – There being no further business before the Committee, Chair Serrano adjourned the Meeting at 10:04 a.m.

Nilza R. Serrano
Chair

Neil M. Guglielmo
Manager-Secretary

MINUTES OF THE REGULAR MEETING
GOVERNANCE COMMITTEE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

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

September 10, 2019

Agenda of: <u>Dec. 10, 2019</u> Item No: <u>II</u>

9:17 a.m.

PRESENT:	Chair:	Nilza R. Serrano
	Committee Member:	Annie Chao
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
	Legal Counselor:	Anya Freedman
ABSENT:	Committee Member:	Cynthia M. Ruiz

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

I

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

II

APPROVAL OF MINUTES FOR THE REGULAR MEETING OF JULY 9, 2019, AND POSSIBLE COMMITTEE ACTION – Chair Serrano tabled this item for the next Governance Committee Meeting.

III

TRIENNIAL BOARD POLICY REVIEW: BOARD EDUCATION AND TRAVEL POLICY AND POSSIBLE COMMITTEE ACTION – Edeliza Fang, Senior Management Analyst II with Administration Services Division presented this item to the Committee. After discussion a Motion was moved by Committee Member Chao, and adopted by the following vote: Ayes, Committee Member Chao and Chair Serrano -2; Nays, None.

IV

OTHER BUSINESS – There was no further business discussed.

V

NEXT MEETING – The next Committee Meeting is not yet scheduled.

VI

ADJOURNMENT – There being no further business before the Committee, Chair Serrano adjourned the Meeting at 9:27 a.m.

Nilza R. Serrano
Chair

Neil M. Guglielmo
Manager-Secretary



REPORT TO GOVERNANCE COMMITTEE

From: Lita Payne, Executive Officer

Lita Payne

MEETING: DECEMBER 10, 2019

ITEM: III

SUBJECT: **PROPOSED REVISION TO THE BOARD EDUCATION AND TRAVEL POLICY AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

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

Executive Summary

Two revisions are being proposed to the Board Education and Travel Policy of the LACERS Board Administrative Policies. The changes relate to the Commissioner education travel allowance and the LACERS Travel/Conference Evaluation Report.

Discussion

Staff proposes revisions to Board Education and Travel Policy, Section 1.2 of the LACERS Board Administrative Policies, in the following areas:

Board Education and Travel Limitations (Section V.G; pages 47-48)

The addition of language is proposed to indicate that expenses related to the Portfolio Concepts and Management Series courses offered by the International Foundation of Employee Benefits Plan through the Wharton School of the University of Pennsylvania shall not be charged against a Trustee's annual education travel budget. Past and current Board member attendees have deemed these courses to be foundational to their fiduciary duties to oversee the LACERS investment portfolio. As such, enrollment in these courses is strongly encouraged.

LACERS Travel/Conference Evaluation Report (Appendix D; page 72)

A minor enhancement to the form is proposed to add a new field for the number of education hours. The traveler shall indicate, in hours, how much education/training they received from the seminar/conference they attended.

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

LP/TB:DWN:EF

Attachments: 1. Board Policies – Red-line Version
2. Board Policies – Clean Version

Section 1.0 GUIDANCE FOR BOARD MEMBERS

1.2 BOARD EDUCATION AND TRAVEL POLICY

Adopted: May 29, 2009; Revised: June 22, 2010; December 13, 2011; March 11, 2014; September 23, 2014; February 12, 2019; September 24, 2019; December 10, 2019

I. STATEMENT OF PURPOSE

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

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

II. EDUCATIONAL OBJECTIVES

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

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

III. NEW TRUSTEE ORIENTATION PROGRAM

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

The orientation will cover the following:

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

IV. IN-HOUSE EDUCATION PROGRAM

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

A. Mentoring

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

B. Investment Education

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

C. Fiduciary Education Sessions by Fiduciary Counsel

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

D. Actuarial Education

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

E. Healthcare Benefits Education

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

F. Retirement Benefits

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

G. Ethics Training

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

H. Other As-needed Topics

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

V. EDUCATIONAL CONFERENCES/SEMINARS

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

A. Annual Approved List of Educational Seminars

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

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

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

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

B. Travel Requiring Explicit Board Approval

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

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

C. Travel Outside the United States

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

D. Travel to Washington D.C. or Sacramento

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

E. Conference Invitations Received by a Board Member

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

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

Board Member travel shall adhere to the following guidelines:

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

Topics covered during the conference or seminar must be related to the pension fund industry.

- The Board education travel budget per Trustee shall not exceed \$10,000 per fiscal year for conference fees and travel expenses. Expenses which exceed this annual allocation shall be the personal responsibility of the Board Member unless the Board approves additional travel and budget allocation prior to the conference. Expenses related to the Portfolio Concepts and Management Program offered by the International Foundation of Employee Benefit Plans in partnership with the Wharton School of the University of Pennsylvania (Wharton Executive Education: Investment Management Courses) shall not be counted as part of a Trustee's allotment of \$10,000 per fiscal year. These courses shall be made available to new Trustees within the first two years of their service, as practicable.

H. Reports to the Board

1. Quarterly Travel Expenditure Report

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

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

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

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

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

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

VI. TRAVEL EXPENSE REIMBURSEMENT POLICIES

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

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

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

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

B. Reimbursable Expenses

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

C. Non-Reimbursable Expenses

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

D. Event Participation Report

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

E. Travel Activity Summary

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

VII. APPENDICES

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

*Local Conference

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

National Conference on Public Employee Retirement Systems (NCPERS) – Annual Conference & Exhibition ▪ May 10-13, 2020 (Las Vegas, NV)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance	A B A	(Wilkinson, 2017) (Ruiz, 2016) (Sohn, 2018)	Intermediate
National Conference on Public Employee Retirement Systems (NCPERS) – Trustee Educational Seminar (TEDS) ▪ May 9-10, 2020 (Las Vegas, NV)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance	A	(Sohn, 2018)	Intermediate
National Conference on Public Employee Retirement Systems (NCPERS) – Legislative Conference ▪ January 26-28, 2020 (Washington, DC)	▪ Benefits Admin ▪ Investments ▪ Corporate Governance			
Nossaman Annual Public Pensions and Investments' Fiduciaries' Forum Annual Update ▪ September 5, 2019 (San Francisco, CA)	▪ Legislative Governance			
Pension Real Estate Association (PREA) Spring Conference ▪ March 4-5, 2020 (Beverly Hills, CA) *	▪ Investments	A	(Chao, 2017)	Intermediate
Pension Real Estate Association (PREA) Annual Institutional Investor Conference ▪ Sept. 30-Oct. 2, 2020 (Boston, MA)	▪ Investments	A	(Chao, 2017)	Intermediate
Pacific Pension & Investments (PPI) ▪ Summer Roundtable: July 10-12, 2019 (Chicago, IL) ▪ Winter Conference: February 12-14, 2020 (Rancho Palos Verdes, CA)	▪ Investments ▪ Corporate Governance			

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Approved March 11, 2014;

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

I. GENERAL GUIDELINES

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

A. LACERS considers an individual traveling if:

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

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

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

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

II. TRANSPORTATION

A. AIR TRAVEL	
LAAC Requirement	LACERS Policy
<p>Except in the case of official necessity, air travel expenses are allowable only for the lowest regular fare available for regularly scheduled airlines for the date and time selected [§4.242.2(a)(1)]</p> <p>Claims for reimbursement of higher fare or extra charges for transportation by schedule airlines are allowable only if certified by the Department Head¹ that he or she has reviewed and concurs with the facts constituting the official necessity. [§4.242.2(a)(1)]</p>	<ol style="list-style-type: none"> 1. Air travel may be used when it is the most efficient means of travel. 2. Air travel shall be at coach or economy fare. Coach or economy fare is presumed to be the lowest regular fare available for regularly scheduled airlines. Airfare quotes from several airlines are not necessary. 3. When the airfare receipt shows an upgrade to premier economy seating, business or first class accommodation, <ol style="list-style-type: none"> a. Without further justification, the traveler may be reimbursed at the lower of the 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. 4. LACERS will pay directly for airfare booked with the City's authorized business travel service, CalTravelStore. 5. If CalTravelStore is not used, LACERS travelers must use their personal credit card to book flights or other modes of transportation. 6. Consistent with Federal and City travel standards, coupons, or promotional mileage credits earned by the traveler during the course of LACERS business travel may be used for LACERS or personal business. The traveler will not be reimbursed for such coupons or promotional mileage credits used for LACERS travel. 7. Fees for the first checked baggage will be reimbursed. Fees for additional checked baggage may be reimbursed if a justification for an official business need is provided. 8. The cost of air flight insurance is not eligible for reimbursement. 9. With pre-approval of the Department Head¹, refundable airline tickets may be purchased if

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.

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

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Section 1.0 GUIDANCE FOR BOARD MEMBERS

<p>In the instance of the use of private automobile, mileage shall be in accordance with mileage provisions of Division 4, Chapter 5, Article 2 of the Administrative Code. [§4.242.3.(a)(2)]</p>	<p>b. Mileage reimbursement for staff will be based on the distance in excess of home to City office for travels during regular work days; for other days, reimbursement will be based on a roundtrip between staff's residence and official destination.</p> <p>13. Additional travel time and expenses (such as meals and lodging) incurred in choosing other than the fastest and most direct mode of transportation are at the traveler's own personal time and expense.</p> <p>14. Claims for repairs, replacements, towage, gas and car insurance are not reimbursable.</p> <p>15. Ground transportation refers to transportation from home to airport, airport to hotel and/or conference/ meeting/seminar location, and back. This includes taxis, shuttles, and private vehicles. Use of luxurious ground transportation such as limousines and executive cars is not reimbursable, unless cost of these services is comparable to that of transportation services such as Uber and Lyft.</p> <p>16. Mileage reimbursement is provided when personal vehicle is used for ground transportation to/from airport. Commissioner's mileage reimbursement will be computed based on roundtrip miles from residence to airport. Staff mileage reimbursement will be computed based on the distance in excess of home to City office for travels during regular work day; and roundtrip miles from residence to airport on non-work days.</p>
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Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

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Section 1.0 GUIDANCE FOR BOARD MEMBERS

III. LODGING, MEALS AND INCIDENTAL EXPENSE ALLOWANCE

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

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Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

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

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Section 1.0 GUIDANCE FOR BOARD MEMBERS

IV. NON-REIMBURSABLE TRAVEL EXPENSES

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

V. OTHER RULES AND RESTRICTIONS

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

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Section 1.0 GUIDANCE FOR BOARD MEMBERS

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.

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

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

	<p>soon as possible to avoid/minimize cancellation fees</p> <ol style="list-style-type: none">a. If cancellation was due to personal reasons, the traveler must personally reimburse the department for any amount not recovered (net of cancellation fees). If the refund or credit was issued directly to the traveler, traveler must pay LACERS the entire amount of credit received within 14 calendar days from the credit issued date.b. If travel was cancelled due to the business or public reason, traveler is responsible to submit a justification along with the proper documentation to the Board President within 14 calendar days from the cancelled date.c. Unrecovered amounts are reported as taxable income to the traveler. The traveler may be required to pay for future airfare using their own credit card, and LACERS will reimburse airfare upon completion of the travel.
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Section 1.0 GUIDANCE FOR BOARD MEMBERS

APPENDIX C
BOARD TRAVEL REIMBURSEMENT CHECKLIST

Adoption Date: May 26, 2009

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

I. STEPS FOR TRAVEL APPROVAL AND REIMBURSEMENT:

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

Step 2: Submit information on estimated expenses to the CEA

Fees Paid Directly By LACERS:

Step 3: Register for the Conference

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

Step 4: Book flight

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

Items Requiring Pre-Approval for Expenditure Reimbursement:

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

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

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

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

- The report is required prior to reimbursement

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

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

II. REIMBURSEMENT CHECKLIST:

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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.

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Name of Attendee:	
Title of Conference/Seminar:	
Location:	No. of Education Hours:
Event Sponsor:	Date(s) Held:

Report for:

- ☐ Travel
- ☐ Conference/Seminar Attendance Only

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

II. Significant Information Gained:

III. Benefits to LACERS:

IV. Additional Comments:

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

1.2 BOARD EDUCATION AND TRAVEL POLICY

Adopted: May 29, 2009; Revised: June 22, 2010; December 13, 2011; March 11, 2014; September 23, 2014; February 12, 2019; September 24, 2019; December 10, 2019

I. STATEMENT OF PURPOSE

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

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

II. EDUCATIONAL OBJECTIVES

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

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

III. NEW TRUSTEE ORIENTATION PROGRAM

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

The orientation will cover the following:

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

IV. IN-HOUSE EDUCATION PROGRAM

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

A. Mentoring

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

B. Investment Education

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

C. Fiduciary Education Sessions by Fiduciary Counsel

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

D. Actuarial Education

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

E. Healthcare Benefits Education

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

F. Retirement Benefits

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

G. Ethics Training

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

H. Other As-needed Topics

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

V. EDUCATIONAL CONFERENCES/SEMINARS

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

A. Annual Approved List of Educational Seminars

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

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

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

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

B. Travel Requiring Explicit Board Approval

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

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

C. Travel Outside the United States

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

D. Travel to Washington D.C. or Sacramento

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

E. Conference Invitations Received by a Board Member

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

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

Board Member travel shall adhere to the following guidelines:

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

Topics covered during the conference or seminar must be related to the pension fund industry.

- The Board education travel budget per Trustee shall not exceed \$10,000 per fiscal year for conference fees and travel expenses. Expenses which exceed this annual allocation shall be the personal responsibility of the Board Member unless the Board approves additional travel and budget allocation prior to the conference. Expenses related to the Portfolio Concepts and Management Program offered by the International Foundation of Employee Benefit Plans in partnership with the Wharton School of the University of Pennsylvania (Wharton Executive Education: Investment Management Courses) shall not be counted as part of a Trustee's allotment of \$10,000 per fiscal year. These courses shall be made available to new Trustees within the first two years of their service, as practicable.

H. Reports to the Board

1. Quarterly Travel Expenditure Report

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

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

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

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

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

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

VI. TRAVEL EXPENSE REIMBURSEMENT POLICIES

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

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

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

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

B. Reimbursable Expenses

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

C. Non-Reimbursable Expenses

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

D. Event Participation Report

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

E. Travel Activity Summary

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

VII. APPENDICES

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

*Local Conference

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Approved March 11, 2014;

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

I. GENERAL GUIDELINES

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

A. LACERS considers an individual traveling if:

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

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

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

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

II. TRANSPORTATION

A. AIR TRAVEL	
LAAC Requirement	LACERS Policy
<p>Except in the case of official necessity, air travel expenses are allowable only for the lowest regular fare available for regularly scheduled airlines for the date and time selected [§4.242.2(a)(1)]</p> <p>Claims for reimbursement of higher fare or extra charges for transportation by schedule airlines are allowable only if certified by the Department Head¹ that he or she has reviewed and concurs with the facts constituting the official necessity. [§4.242.2(a)(1)]</p>	<ol style="list-style-type: none"> 1. Air travel may be used when it is the most efficient means of travel. 2. Air travel shall be at coach or economy fare. Coach or economy fare is presumed to be the lowest regular fare available for regularly scheduled airlines. Airfare quotes from several airlines are not necessary. 3. When the airfare receipt shows an upgrade to premier economy seating, business or first class accommodation, <ol style="list-style-type: none"> a. Without further justification, the traveler may be reimbursed at the lower of the 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. 4. LACERS will pay directly for airfare booked with the City's authorized business travel service, CalTravelStore. 5. If CalTravelStore is not used, LACERS travelers must use their personal credit card to book flights or other modes of transportation. 6. Consistent with Federal and City travel standards, coupons, or promotional mileage credits earned by the traveler during the course of LACERS business travel may be used for LACERS or personal business. The traveler will not be reimbursed for such coupons or promotional mileage credits used for LACERS travel. 7. Fees for the first checked baggage will be reimbursed. Fees for additional checked baggage may be reimbursed if a justification for an official business need is provided. 8. The cost of air flight insurance is not eligible for reimbursement. 9. With pre-approval of the Department Head¹, refundable airline tickets may be purchased if the traveler provides acceptable justification

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.

Section 1.0 GUIDANCE FOR BOARD MEMBERS

	that the benefit of booking a refundable ticket outweighs the risk of changes in travel plans.
B. PERSONAL VEHICLE OR NON-AIR TRANSPORTATION	
LAAC Requirement	LACERS Policy
<p>In all instances where a mode of transportation other than regularly scheduled airlines is chosen, the Department Head¹ shall authorize such alternate mode of transportation in advance and the allowable cost shall be the actual cost of the alternate mode of transportation or the cost allowable under Subsection (a)1, whichever is less. [§4.242.3.(a)(2)]</p> <p>In the case of travel by modes of transportation other than regularly scheduled airlines, transportation costs shall be the regular fare for the mode of transportation chosen. [§4.242.3(a)]</p>	<p>10. Pre-approval by the Department Head¹ is required for all non-air travel in advance of travel. Travelers must submit the following items for pre-approval:</p> <ol style="list-style-type: none"> 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. Cost comparisons are required for all non-air travel, with exceptions listed below: Traveler shall submit: a quote for the lowest regular fare available for regularly scheduled airlines to the destination for the date and time selected; and the cost for regular fare on the alternative mode of transportation. <u>Exceptions</u> (no cost comparison is required): If traveling by vehicle to neighboring counties of Orange, Riverside, San Diego, San Bernardino, Ventura, Kern, Santa Barbara, and San Luis Obispo, or to the San Francisco Employees Retirement System to transport sensitive computer equipment for the LACERS emergency hot/warm site. <p>11. Receipts for alternate modes of travel are required. Reimbursement will be for the lower of the actual cost of transportation or lowest regular airfare verified by Accounting prior to encumbrance of the travel request.</p> <p>12. Mileage reimbursement</p> <ol style="list-style-type: none"> Mileage reimbursement for the Board will be calculated on a roundtrip basis between

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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)]

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

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

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

III. LODGING, MEALS AND INCIDENTAL EXPENSE ALLOWANCE

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

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

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.

Section 1.0 GUIDANCE FOR BOARD MEMBERS

IV. NON-REIMBURSABLE TRAVEL EXPENSES

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

V. OTHER RULES AND RESTRICTIONS

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

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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.

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

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

	<p>soon as possible to avoid/minimize cancellation fees</p> <ul style="list-style-type: none">a. If cancellation was due to personal reasons, the traveler must personally reimburse the department for any amount not recovered (net of cancellation fees). If the refund or credit was issued directly to the traveler, traveler must pay LACERS the entire amount of credit received within 14 calendar days from the credit issued date.b. If travel was cancelled due to the business or public reason, traveler is responsible to submit a justification along with the proper documentation to the Board President within 14 calendar days from the cancelled date.c. Unrecovered amounts are reported as taxable income to the traveler. The traveler may be required to pay for future airfare using their own credit card, and LACERS will reimburse airfare upon completion of the travel.
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Section 1.0 GUIDANCE FOR BOARD MEMBERS

APPENDIX C BOARD TRAVEL REIMBURSEMENT CHECKLIST

Adoption Date: May 26, 2009

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

I. STEPS FOR TRAVEL APPROVAL AND REIMBURSEMENT:

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

Step 2: Submit information on estimated expenses to the CEA

Fees Paid Directly By LACERS:

Step 3: Register for the Conference

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

Step 4: Book flight

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

Items Requiring Pre-Approval for Expenditure Reimbursement:

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

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

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

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

- The report is required prior to reimbursement

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

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

II. REIMBURSEMENT CHECKLIST:

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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.

Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Name of Attendee:	
Title of Conference/Seminar:	
Location:	No. of Education Hours:
Event Sponsor:	Date(s) Held:

Report for:

☐ Travel☐ Conference/Seminar Attendance Only

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

II. Significant Information Gained:

III. Benefits to LACERS:

IV. Additional Comments:

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



LACERS

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO GOVERNANCE COMMITTEE

From: Lita Payne, Executive Officer *Lita Payne*

MEETING: DECEMBER 10, 2019

ITEM: IV

SUBJECT: **CONSIDERATION OF BOARD AGENDA TITLE FOR PRIVATE REAL ESTATE INVESTMENT ITEMS AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee consider a policy for titling private real estate investment items on Board and Investment Committee meeting agendas.

Executive Summary

Under the current process, the LACERS Board and Investment Committee consider real estate fund investments in closed sessions and only disclose the fund name in the Board meeting agenda title. This report discusses options for titling private real estate investment items on Board and Investment Committee meeting agendas in the future.

Discussion

The Board has requested that the Governance Committee review the options for titling real estate fund investment recommendation items on public meeting agendas and recommend an appropriate policy to the Board. The matrix of title options is presented below for the Committee's consideration. LACERS' current process of titling real estate fund investment items is consistent with option 3 of the matrix.

Option	Type of Meeting	Disclose Fund Name in Investment Committee Agenda Title	Disclose Fund Name in Board of Administration Agenda Title
1	Open Session	Yes	Yes
2	Closed Session	Yes	Yes
3	Closed Session	No	Yes
4	Closed Session	No	No

In determining an appropriate policy, the Committee may wish to weigh factors such as the depth of discussion the Board and Committee desire to have about a real estate investment opportunity (proprietary information and contract terms may not be discussed in open session) and the importance of informing the public of the specific opportunity in advance of Board and Committee meetings.

Legal Considerations

California has adopted a robust open meetings law, the Ralph M. Brown Act, to promote transparency by public commissions, boards and councils who conduct the people's business. See Cal. Gov't Code Sec. 54950 *et seq.* There are, however, several explicit policy decisions made by the Legislature to balance transparency in conducting the people's business with other public policy considerations. These closed session authorizations empower legislative bodies to consider certain decisions confidentially, in closed session discussions with their expert staff and advisors, and then later report the decision publicly.

One such example is relevant here. Effective January 1, 2005, the Legislature amended the Brown Act to explicitly authorize "the legislative body of a local agency that invests pension funds" (i.e. pension boards like the LACERS Board of Administration) to "hold a closed session to consider the purchase or sale of particular, specific pension fund investments." Cal. Gov't Code Sec. 54956.81. This closed session authorization applies to any pension investment decision that is directly made by the legislative body; it is not limited to private real estate investment items. However, as a practical matter for LACERS, private real estate investment items are the only category under the current Board investment policy in which the Board directly "consider[s] the purchase or sale of particular, specific pension fund investments." *Id.* Therefore, the Brown Act's closed session authorization does not currently apply to other investment decisions at LACERS (e.g. private equity or public market asset classes).

Regarding the public's interest in the transparency of these pension fund investment decisions, the Brown Act requires pension systems to make and record their closed session decision by "roll call vote." *Id.* Additionally, the Brown Act requires pension systems to disclose the decision publicly, including how each member of the board present in the closed session voted, "at the first open meeting of the legislative body held after the earlier of the close of the investment transaction or the transfer of pension fund assets for the investment transaction." Cal. Gov't Code Sec. 54957.1(a)(7).

The Brown Act is silent as to how pension systems' posted agendas must describe this type of closed session investment decision. As a general matter, the Brown Act requires the posted agenda to contain "a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words." Cal. Gov't Code Sec. 54954.1(a).

Strategic Plan Impact Statement

The discussion of the agenda titles and public disclosure is consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Eduardo Park, Investment Officer I

RJ/BF/WL/EP:sg



LACERS

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO GOVERNANCE COMMITTEE

From: Lita Payne, Executive Officer *Lita Payne*

MEETING: DECEMBER 10, 2019

ITEM: V

SUBJECT: **POLICY DISCUSSION REGARDING TOTAL COMPOSITION OF WORKFORCE FORM
AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee discuss and consider recommendation of Board policies regarding:

- (1) The appropriate time and mechanism for requiring submission of the Total Composition of Workforce form in connection with LACERS' Request for Proposal and contract award process; and
- (2) LACERS' collection and analysis of the data from the Total Composition of Workforce form and other sources to continue to improve the Board's outreach programs to further LACERS' compelling interest in providing contracting opportunities to diverse, highly qualified candidates.

Discussion

The Board contracts with many consultants, managers, and vendors. In recent years, the Board has not considered or adopted a Board policy addressing the use of the Total Composition of Workforce form (Attachment 1). Recent practice, however, has been for the Total Composition of Workforce form to be completed and submitted by candidates during the proposal submission portion of a Request for Proposal process. Staff believes this form has been included in the proposal submission process for some, but not all, categories of contracts. The purpose of requiring the document is strictly for data gathering.

As a government agency, the Board is prohibited by Federal and California constitutional law from considering race, ethnicity, or gender when making public contracting decisions. As the Board was advised in 2015, the Board may lawfully consider these factors in certain limited contexts, such as information gathering that serves a compelling government interest, so long as the program does not discriminate or grant preferential treatment to any group. For example, the Board may consider the information reported on the Total Composition of Workforce form when formulating race- and gender-neutral programs to promote the compelling goal of diverse participation in LACERS' contracting opportunities, without discriminating or providing preferential treatment to any group. The Board has waived the attorney-client privilege concerning this April 9, 2015 advice memorandum, and it is included for the Committee's ease of reference (Attachment 2).

Strategic Plan Impact Statement

The consideration of this policy supports Strategic Plan Goal 5, Governance, by striving to engage in sound governance practices through maintaining Board Governance Policies that show transparency, responsibility, and commitment.

Prepared By: Lita Payne, Executive Officer

LP

Attachments: 1. Total Composition of Workforce Form
2. Minority Preferences in Public Contracting Post Proposition 209 memo dated April 9, 2015

Vendor
Address

Name
Address

Date Completed:

Category

Asset Class

TOTAL COMPOSITION OF WORK FORCE									
<u>Occupation</u>	<u>African American Full Time</u>	<u>Hispanic Full Time</u>	<u>Asian or Pacific Islander Full Time</u>	<u>American Indian/ Alaskan Native Full Time</u>	<u>Caucasian (Non Hispanic) Full Time</u>	<u>Total Employees Full Time</u>	<u>Percent (%) Minority Full Time</u>	<u>Gender</u>	
								<u>Male Full Time</u>	<u>Female Full Time</u>
Officials & Managers	0	0	0	0	0	0	0.00%	0	0
Professionals	0	0	0	0	0	0	0.00%	0	0
Technicians	0	0	0	0	0	0	0.00%	0	0
Sales Workers	0	0	0	0	0	0	0.00%	0	0
Office/Clerical	0	0	0	0	0	0	0.00%	0	0
Semi-Skilled	0	0	0	0	0	0	0.00%	0	0
Unskilled	0	0	0	0	0	0	0.00%	0	0
Service Workers	0	0	0	0	0	0	0.00%	0	0
Other	0	0	0	0	0	0	0.00%	0	0
Total	0	0	0	0	0	0	#DIV/0!	0	0

MEMORANDUM

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

FROM: Theresa A. Patzakis, Senior Assistant City Attorney

DATE: April 9, 2015

RE: Minority Preferences in Public Contracting Post Proposition 209

Summary

Members of the Board of Administration have requested guidance from our office as to how diversity may be promoted by LACERS in its contracting within the boundaries of the California Constitution. To this end, we were also asked to examine recent case law addressing Proposition 209¹ and federal court decisions in other jurisdictions which consider whether state or government institutions may take race, ethnicity, and/or gender into consideration.

The law in the area of minority preferences in public contracting is well settled. Race, ethnicity, and gender may not be taken into consideration by the Board when making contracting decisions. Recent case law further affirms this principle, as we did not find any post-Proposition 209 court decisions that permit race, ethnicity, or gender to be taken into consideration in public contracting. California law does allow the Board to consider these factors in certain limited contexts, such as information and data gathering that serves a compelling governmental interest, so long as the exercise does not discriminate or grant preferential treatment to any group.

This memorandum provides a brief synopsis of the legal framework establishing a prohibition on minority preferences in public contracting.

Introduction

City contracting policies and practices must be consistent with the competitive bidding requirements of the City Charter and the Equal Protection Clauses of the state and federal constitutions. The adoption of Proposition 209 by the voters amended the California Constitution, adding yet another layer of restriction on minority preferences and essentially extinguishing such preferences altogether. While much attention has been given to the passage of Proposition 209, the reality is the initiative's passage had little, if any, actual impact on the City's contracting practices. This is because prior to passage of the proposition, the United States Supreme Court's holding in *City of Richmond v. J.A. Croson*

¹ Passed by voters in 1996, Proposition 209 amended the California Constitution to prohibit state, local governments, districts, public universities, colleges, and schools, and other government instrumentalities from discriminating against or giving preferential treatment to any individual or group in public employment, public education, or public contracting on the basis of race, sex color, ethnicity, or national origin.

Co. had triggered sweeping changes to the City's affirmative action programs, bringing them into compliance with the Equal Protection clauses of both the California and United States constitutions. So, even before Proposition 209 was adopted, the City's outreach programs and policies already had been modified to a race and gender neutral format.

Subsequent to the passage of Proposition 209, California courts have permitted consideration of race for information gathering purposes, and/or when the consideration of race or gender does not result in any discrimination or preferential treatment. The courts have consistently invalidated preferential treatment of minority groups in public contracting except in situations which fit within an exception expressly written into the California and/or United States Constitution.

A brief account of the pertinent jurisprudence resulting in the elimination of minority preferences in California is provided below.

Discussion

1. Minority preferences in contracting are incompatible with the competitive bidding requirements of the City's Charter

First and foremost, the City's contracting practices must be consistent with the competitive bidding laws of the City Charter. *Domar Electric v. City of Los Angeles*, 41 Cal. App. 4th 810 (1995). California and federal courts have struck down bid preferences when they violate city charter provisions requiring that contracts be awarded to the lowest responsive and responsible bidder. (See *Associated General Contractors of California, Inc. v. City and County of San Francisco* (9th Cir. 1987) 813 F.2d 922 where the Ninth Circuit concluded that San Francisco's MBE/WBE outreach and subcontracting program violated the low bid requirements of that city's charter. See also *Neal Publishing v. Rolph*, 169 Cal. 190, where the court found that the San Francisco Board of Supervisors could not impose additional conditions - such as the preference for firms with unionized labor - to the competitive bidding provisions in the city charter without violating the charter provision requiring contracts to be awarded to the lowest bidder.) So even before applying an equal protection analysis, the law is well established that City boards and commissions cannot introduce bid preferences and contracting requirements that are inconsistent with the competitive bidding requirements of the Charter. As a result, the City's affirmative action programs historically took the form of subcontracting set asides and outreach requirements to minority firms.

2. Prior to Proposition 209, minority preferences in City sub-contracting programs were required to meet Strict Scrutiny.

In 1989, the United States Supreme Court firmly established that race conscious contracting policies would be subject to strict scrutiny, in the landmark case, *City of Richmond v. J.A. Croson Co.*, (1989) 488 U.S. 469. In *Croson*, the City of Richmond adopted a Minority Business Utilization Plan (MBU Plan) requiring that prime contractors subcontract at least 30% of the dollar amount of the contract to one or more Minority Business Enterprises (MBE's). The sole proposer, J.A. Croson, sued when the City

declined to award it the contract when Croson failed to meet the MBE subcontracting requirement. The Supreme Court struck down the City's MBU Plan, finding it failed to meet strict scrutiny on both prongs of the test: i) that the MBU Plan failed to serve a compelling governmental interest because the City was unable to demonstrate that the MBU Plan was remedying past discrimination in the City's construction industry, and ii) even if the City had shown discrimination with the particularity required by the *Fourteenth Amendment*, the City failed to show that the race-based program was necessary to remedy that past discrimination.

The court noted that race-neutral remedies such as simplifying bidding procedures, training, and relaxing bonding requirements could have potentially improved MBE participation. Accordingly, meeting the requirements of strict scrutiny is an onerous task, but purposefully so. The Supreme Court explains, "racial classifications are simply too pernicious to permit any but the most exact connection between justification and classification." *Wygant*, supra, 476 U.S. 267, 280.²

Subsequent to the U.S. Supreme Court's holding in *Croson*, the City of Los Angeles found itself at the center of equal protection jurisprudence when the City redesigned its affirmative action program into the successful MBE/WBE/OBE subcontractor outreach program. The program required outreach, period – outreach to all contractors, not just minority and women owned enterprises.³ The City's revamped program was nonetheless challenged in 1994 by an unsuccessful proposer, Domar Electric, which alleged a violation of California's equal protection laws. The California Supreme Court upheld the City's program in a 6 to 1 decision, finding that because the program was inclusive of all subcontractors – not just minority and women-owned subcontractors – and focused on outreach without affording any race or gender based preferences, the program not only was legal, but also advanced the goals of the City's charter-mandated competitive bidding laws. *Domar Electric v. City of Los Angeles*, 41 Cal. App. 4th 810 (1995). The City's program remains in place today.

3. Minority preferences that would have survived strict scrutiny were eliminated all together by Proposition 209.

² See *Connerly v. State Personnel Brd.* (2001) 92 Cal. App. 4th 16. "Under the strict scrutiny test, governmental specificity and precision are demanded. The mere recitation of a benign or legitimate purpose is entitled to little or no weight....Moreover, generalized assertions of purpose are insufficient since they provide little or no guidance for the legislative body to narrowly tailor its use of a suspect classification and because they inhibit judicial review under the strict scrutiny test." *Connerly* at 36.

³ The City's MBE/WBE/OBE Outreach Program that requires that contractors conduct and document good faith outreach to all interested subcontractors (MBE/WBE/OBE). If the City were to only require MBE/WBE outreach and not OBE (other business enterprises) outreach, this outreach program would violate the equal protection clauses of the U.S. and California Constitutions. OBE outreach is essential to its legality and basically includes everyone. Hence, while called MBE/WBE/OBE outreach, the City really is just requiring outreach, period. The idea is that by casting a wide net, the City will end up with a more diversified contracting pool.

Soon after the Court's decision in *Domar*, voters passed Proposition 209, which added Article I, Section 31 to the California Constitution, prohibiting state, local governments, districts, public universities, colleges, and schools, and other government instrumentalities from discriminating against or giving preferential treatment to any individual or group in public employment, public education, or public contracting on the basis of race, sex color, ethnicity, or national origin. Since suspect classifications failing the strict scrutiny test were already illegal, the effect of the constitutional amendment in public contracting was that it eliminated the opportunity to create remedial programs using racial and other suspect classifications that could have met strict scrutiny. As further explained by the Supreme Court, "Unlike the equal protection clause, Article I, Section 31 categorically prohibits discrimination and preferential treatment. Its literal language admits no 'compelling state interest' exception." *Hi-Voltage Wire Works v. City of San Jose* (2000) 24 Cal. 4th 537, 567.⁴

Accordingly, a strict scrutiny analysis such as that espoused in *Croson* is no longer in play in California. In adjudicating cases involving allegations of unlawful discrimination or preferential treatment in public contracting, California courts now analyze whether the state or a governmental unit discriminated or granted preferential treatment to any individual or group on the basis of race, sex, color, ethnicity, or national origin. *Hi-Voltage Wire* was one such case where the California Supreme Court had the opportunity to do such an analysis.

In *Hi-Voltage*, the City of San Jose adopted a MBE/WBE outreach program similar to Los Angeles' but with one important difference: outreach was required to MBEs and WBEs, but not to other non-MBE/WBE enterprises. The court found that this program violated Article I, Section 31 of the California Constitution because it gave preferential treatment to minority and women owned firms. In *dicta*, the high court pointed to the City of Los Angeles' outreach program, noting as an example of a lawful race neutral outreach program. *Hi-Voltage* at 565.

In *Connerly v. State Personnel Board* (2001) 92 Cal. App. 4th 16, the California Supreme Court reviewed five statutory programs that fell under the general rubric of affirmative action. The first program vested the director of the California State Lottery Commission with a duty to maximize the participation levels of "socially and economically disadvantaged" small business concerns. Women and minority owned firms were categorically defined as meeting the definition of "socially and economically disadvantaged." The court found that this classification violated Proposition 209, stating that "[t]he fact that some individuals must prove disadvantage while others are conclusively presumed to be disadvantaged based solely on race, ethnicity, and gender, establishes impermissible race, ethnicity and gender classification." *Connerly* at 26. The four other programs were similarly invalidated on constitutional grounds, including a program that involved the selective dissemination of information to minority firms, and one that set goals and timetables to overcome underutilization of minorities and women.

⁴ See also *Connerly v. State Personnel Brd.* (2001) 92 Cal. App. 4th 16, "Proposition 209, on the other hand, prohibits discrimination against or preferential treatment to individuals or groups regardless of whether the governmental action could be justified under strict scrutiny." *Id.* at 18.

However, notwithstanding the prohibition of preferential treatment, in a case that did not concern public contracting, *American Civil Rights Foundation v. Berkeley Unified School District*, 172 Cal. App. 4th 207 (review denied 2009 Cal. LEXIS 6661), the California First Appellate District held that the California Constitution does not prohibit *any* consideration of race, but rather prohibits *discrimination and preferential treatment* based upon race.

“Section 31 does not say that the state shall not consider race for any and all purposes. The constitutional provision prohibits unequal treatment of particular persons and groups of persons; it does not prohibit the collection and consideration of community wide demographic factors.”

In this case, the Berkeley Unified School District sought to take into consideration a multitude of demographics, including race and socio-economic status, in drawing boundary lines for elementary schools within the district with the goal that the student body make-up at each school reflect the diversity of the district at large. The court upheld the school district's school assignment plan as lawful, but was careful to distinguish the kind of preferential treatment and discrimination prohibited by Article I, Section 31, and what it found to be the Berkeley school board's lawful consideration of demographic data to assist it in formulating school assignment policies when the board's exercise resulted in no preferential treatment towards any racial group. The court stated, “While race-conscious decision making that prefers individuals of one race over individuals of another race is unconstitutional, decision makers remain free to recognize that our society is composed of multiple races with different histories, to gather information concerning geographic distribution of the races, and to adopt race-neutral policies in an effort to achieve a fair allocation of resources.” *Id.* at 222. The court also noted that the California Education Code affords school boards and districts broad authority to address the “diverse needs unique to their individual communities” and that the board's practice was pursuant to that specific grant of authority. *Id.* at 216.

Similarly, the *Connerly* court upheld monitoring programs which collect and report data concerning the participation of women and minorities in governmental programs, as not in violation of Proposition 209: “(A)ssuming that strict scrutiny is required, a monitoring program designed to collect and report accurate and up-to-date information is justified by the compelling governmental need for such information. So long as such program does not discriminate against or grant a preference to an individual or group, Proposition 209 is not implicated.” *Connerly*, 92 Cal.App. 4th, at 25. In considering two data collection programs before it, the *Connerly* court upheld the program where the information was to be used by the Legislature for informational purposes, and prospectively. The other data reporting program was invalidated because the court found it to be a supervisory device intertwined with a preferential hiring scheme. *Connerly*, at p. 61-63.

Accordingly, while the California Constitution no longer permits any type of preferential treatment of suspect classifications in public contracting, this does not prohibit any consideration of race whatsoever. However, the challenge is whether this limited area of permissibility can yield any utility in a public contracting setting.

Conclusion

We are unaware of any constitutional public contracting program in California that allows an awarding authority to lawfully consider race when making contracting decisions or setting contracting policy. California law does permit, under certain circumstances, collecting and reporting data regarding minorities and consideration of the information when formulating race and gender-neutral programs to promote diverse participation. To further assist the Board, we would need further clarification as to how the Board may wish to consider race or gender in order to determine its legality in light of the legal framework set forth in this memorandum.

TAP/