

LIVE VIRTUAL BOARD MEETING



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

You may submit a request to speak during Public Comment or provide a written comment by emailing PublicComment@lacera.com. If you would like to remain anonymous at the meeting without stating your name, please let us know.

Attention: Public comment requests must be submitted via email to PublicComment@lacera.com.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 650, PASADENA, CA

A REGULAR MEETING OF THE BOARD OF RETIREMENT
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA

9:00 A.M., WEDNESDAY, JULY 7, 2021

This meeting will be conducted by the Board of Retirement by teleconference under the Governor's Executive Order No. N-29-20.

Any person may view the meeting online at
https://members.lacera.com/lmpublic/live_stream.xhtml

*The Board may take action on any item on the agenda,
and agenda items may be taken out of order.*

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Regular Meeting of June 2, 2021
- III. PUBLIC COMMENT

(Written Public Comment - You may submit written public comments by email to PublicComment@lacera.com. Correspondence will be made part of the official record of the meeting. Please submit your written public comments or documentation as soon as possible and up to the close of the meeting.

Verbal Public Comment - You may also request to address the Committee. A request to speak must be submitted via email to PublicComment@lacera.com. We will contact you with information and instructions as to how to access the meeting as a speaker. If you would like to remain anonymous at the meeting without stating your name, please let us know.)
- IV. OTHER COMMUNICATIONS
 - A. For Information
 - 1. May 2021 All Stars
 - 2. Chief Executive Officer's Report
(Memo dated June 28, 2021)

V. CONSENT ITEMS

- A. Ratification of Service Retirement and Survivor Benefit Application Approvals. (Memo dated June 25, 2021)
- B. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits, Legislative Committee: That the Board approve a visit in 2021 to Sacramento, CA (or alternatively, to local district offices within Los Angeles County) with the California State Legislature by staff as designated by the Chair of the Board of Retirement. (Memo dated June 17, 2021)
- C. Recommendation as submitted by Shawn Kehoe, Chair, Operations Oversight Committee: That the Board authorize staff to issue a Request for Proposal for consulting services to find the firm that will design, procure, and implement an enterprise budget application for the Administrative Services Division. (Memo dated June 24, 2021)

VI. ITEMS EXCLUDED FROM CONSENT ITEMS

VII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Santos H. Kreimann, Chief Executive Officer: That the Board approve an exception to LACERA's November 2019 Purchasing Goods and Services Policy to delegate authority to the Audit Committee for the procurement of audit services under their authority, as defined by the Audit Committee Charter. (Memo dated June 30, 2021)
- B. Recommendation as submitted by Joseph Kelly, Chair, Audit Committee: That the Board approve and adopt the revised Audit Committee Charter. (Memo dated June 30, 2021)

VIII. REPORTS

- A. Presentation as submitted by Cynthia Martinez, Chief of Communications, regarding the LACERA.com Redesign Update. (Memo dated June 21, 2021)
- B. For Information Only as submitted by Jonathan Grabel, Chief Investment Officer; Jude Perez, Principal Investment Officer; and Esmeralda del Bosque, Senior Investment Officer, regarding the OPEB Master Trust – Strategic Asset Allocation Update. (Memo dated June 23, 2021)

VIII. REPORTS (Continued)

- C. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding Monthly Status Report on Legislation. (Memo dated June 25, 2021)
- D. For Information Only as submitted by Carly Ntoya, Ph.D., Human Resources Director and Michael Cordial, Senior Human Resources Analyst, regarding the LACERA Internship Program Overview. (Memo dated June 23, 2021)
- E. For Information Only as submitted by Ted Granger, Interim Chief Financial Officer, regarding the following reports:

Monthly Education and Travel Reports for May 2021
(Public Memo dated June 24, 2021)
(Confidential Memo dated June 24, 2021 – Includes Anticipated Travel)
- F. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the June 2021 Fiduciary Counsel Contact and Billing Report. (Memo dated June 25, 2021) (Privileged and Confidential Attorney-Client Communication/Attorney Work Product)

IX. ITEMS FOR STAFF REVIEW

- X. GOOD OF THE ORDER
(For information purposes only)

XI. EXECUTIVE SESSION

- A. Potential Threats to Public Services or Facilities
(Pursuant to Subdivision (a) of California Government Code Section 54957)

Consultation with: LACERA Chief Executive Officer - Santos H. Kreimann, Systems Division Interim Manager - Kathy Delino, Chief Information Security Officer - Bob Schlotfeldt, and Other LACERA Staff.

XII. ADJOURNMENT

July 7, 2021

Page 4

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Retirement that are distributed to members of the Board of Retirement less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Retirement Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.

Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email PublicComment@lacera.com, but no later than 48 hours prior to the time the meeting is to commence.

MINUTES OF THE REGULAR MEETING OF THE BOARD OF RETIREMENT
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA

9:00 A.M., WEDNESDAY, JUNE 2, 2021

This meeting was be conducted by the Board of Retirement by teleconference under the Governor's Executive Order No. N-29-20.

PRESENT: Alan Bernstein, Chair

Vivian H. Gray, Vice Chair

Gina Zapanta, Secretary (Joined the meeting at 9:28 a.m.)

Shawn R. Kehoe

Keith Knox

Wayne Moore

Ronald Okum

Les Robbins

Herman Santos

ABSENT: JP Harris (Alternate Retired)

William Pryor (Alternate Safety)

STAFF ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

John Popowich, Assistant Executive Officer

Jon Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

STAFF ADVISORS AND PARTICIPANTS (Continued)

Johanna Fontenot, Interim Chief Counsel

Barry W. Lew, Legislative Affairs Officer

Kathy Delino, Interim Systems Manager

Bob Schlotfelt, Interim Chief Information Security Officer

Carly Ntoya, Human Resources Director

Cassandra Smith, Retiree Healthcare Director

Ted Granger, Interim Chief Financial Officer

Roberta Van Nortrick, Human Resources Training Coordinator

Bob Lavigna, CPS HR Consultant

I. CALL TO ORDER

The meeting was called to order by Mr. Bernstein at 9:00 a.m.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of May 5, 2021

Mr. Knox made a motion, Mr. Kehoe seconded, to approve the minutes of the regular meeting of May 5, 2021. The motion passed (roll call) with Messrs. Knox, Santos, Okum, Moore, Kehoe, Robbins, Bernstein, and Ms. Gray voting yes. Ms. Zapanta was absent from the vote.

III. PUBLIC COMMENT

There were no requests from the public to speak.

IV. OTHER COMMUNICATIONS

A. For Information

1. April 2021 All Stars

Mr. Popowich announced the winners for the month of April: Penelope Rodriguez, Kaelyn Ung, Fabio Ramirez, and Lisa Garcia. Michael Herrera was recognized as the Web Watcher and Liping Li was recognized as the Rideshare winner.

2. Chief Executive Officer's Report (Memo dated May 24, 2021)

Mr. Kreimann provided an update to the Board regarding the recruitment of the Assistant Executive Officer and Deputy Assistant Executive Officer.

V. CONSENT ITEMS

Mr. Knox made a motion, Mr. Robbins seconded, to approve Consent Items A-B. The motion passed (roll call) with Messrs. Knox, Bernstein, Okum, Moore, Kehoe, Robbins, Santos, and Ms. Gray voting yes. Ms. Zapanta was absent from the vote.

A. Ratification of Service Retirement and Survivor Benefit Application Approvals. (Memo dated May 25, 2021)

B. Recommendation as submitted by Shawn Kehoe, Chair, Operations Oversight Committee: That the Board approve to move our current mainframe technology to a hosted, multi-tenant platform, while LACERA prepares to move to a server-based solution and authorize LACERA to enter into a contract for such services with Mainline Information Systems partnered with Data Management, Inc. at a one-time cost of \$15,000, and an annual cost of \$342,000. (Memo dated May 20, 2021)

VI. ITEMS EXCLUDED FROM CONSENT ITEMS

There were no items excluded from Consent Items.

VII. NON-CONSENT ITEMS (Ms. Zapanta joined at 9:28 a.m.)

- A. Recommendation as submitted by Santos H. Kreimann, Chief Executive Officer: That the Board consider and approve the proposed strategic planning process and timeline and authorize staff to issue a Request for Proposal (RFP), evaluate the responses to the RFP, and select a Strategic Planning consultant to assist LACERA in developing and implementing a sustainable and ongoing Strategic Planning process.
(Memo dated May 28, 2021)

Mr. Kehoe made a motion, Mr. Robbins seconded, for staff to review the RFP Process in conjunction with the BOR Chair and bring back to the Board for approval. The motion passed (roll call) with Messrs. Knox, Bernstein, Okum, Moore, Kehoe, Robbins, Santos, and Ms. Gray voting yes and Ms. Zapanta abstaining.

VIII. REPORTS

- A. Presentation by Bob Lavigna from CPS HR Consulting and Roberta Van Nortrick, Training Coordinator/Project Manager, regarding the Employee Engagement Survey Results. (Memo dated May 17, 2021)

Mr. Lavigna provided a presentation to the Board and answered questions.

- B. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding Monthly Status Report on Legislation.
(Memo dated May 24, 2021)

Mr. Lew was present to answer questions from the Board.

- C. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding an Update on SACRS 2021 Legislative Platform.
(Memo dated May 19, 2021)

Mr. Lew was present to answer questions from the Board.

VIII. REPORTS (Continued)

- D. For Information Only as submitted by Ted Granger, Interim Chief Financial Officer, regarding the following reports:

Monthly Education and Travel Reports for April 2021

(Public Memo dated May 20, 2021)

(Confidential Memo dated May 20, 2021 – Includes Anticipated Travel)

3rd Quarter Education and Travel Expenditure Reports

(Memo dated May 20, 2021)

Mr. Granger was present to answer questions from the Board.

- E. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the May 2021 Fiduciary Counsel Contact and Billing Report. (Memo dated May 26, 2021) (Privileged and Confidential Attorney-Client Communication/Attorney Work Product)

Mr. Rice was present to answer questions from the Board.

IX. ITEMS FOR STAFF REVIEW

The Board requested that staff revisit the Board of Retirement Teleconference Meeting Policy in light of upcoming changes to the Governors Executive Order and pending legislation.

- X. GOOD OF THE ORDER
(For information purposes only)

The Board shared their condolences on the passing of LA County Firefighter, Tory Carlon stationed at the Agua Dolce Fire Station 81, as well as SEIU 721 President Linda Dent.

XI. EXECUTIVE SESSION

- A. Potential Threats to Public Services or Facilities
(Pursuant to Subdivision (a) of California Government Code Section 54957)

Consultation with: LACERA Chief Executive Officer - Santos H. Kreimann,
Systems Division Interim Manager - Kathy Delino, Interim Chief Information
Security Officer - Bob Schlotfelt, and Other LACERA Staff.

The Board met in Executive Session pursuant to Government Code Section

54957(a). There was nothing to report.

- B. Conference with Legal Counsel – Anticipated Litigation
Significant Exposure to Litigation (Pursuant to Paragraph (2) of Subdivision
(d) of California Government Code Section 54956.9)

1. Administrative Appeal of Everette Wade

The Board met in Executive Session pursuant to Government Code Section

54956.9(d)(2). There was nothing to report.

XII. ADJOURNMENT

There being no further business to come before the Board, the meeting was
adjourned in memory of LA County Firefighter, Tory Carlon at 11:01 a.m.

GINA ZAPANTA, SECRETARY

ALAN BERNSTEIN, CHAIR



June 28, 2021

TO: Each Trustee,
Board of Retirement
Board of Investments

FROM: Santos H. Kreimann *SHK*
Chief Executive Officer

SUBJECT: **CHIEF EXECUTIVE OFFICER'S REPORT – JUNE 2021**

The following reflects the Chief Executive Officer's Report for June 2021 that highlights a few of the operational activities that have taken place during the past month, key business metrics to monitor how well we are meeting our performance objectives, and our educational calendar.

Our Ongoing COVID-19 Response & New Guidelines Related to Return to Work

As a result of Governor Newsom's decision to fully open California's economy commencing on June 15, 2021, the agencies associated with the health and protection of employees and the public have also reviewed and revised their published protocols. This includes the Los Angeles County Department of Public Health, the Centers for Disease Control, Cal-OSHA, and the Pasadena Department of Public Health. LACERA's Executive Office, Legal, Human Resources, and the Business Continuity Team have monitored these publications and are continually reviewing these protocols to determine the best course of action for LACERA. First and foremost, our goal is to protect our Staff, Trustees, and Members as we plan for them to return to LACERA.

Although Cal-OSHA published guidelines no longer requiring vaccinated employees to wear masks under most conditions, or practice social distancing around other vaccinated employees, Cal-OSHA permits public agencies to maintain more stringent regulations. Los Angeles County has decided to maintain the stricter requirements for all staff until the details of how to manage these restrictions have been worked out in a way that protects the health of staff and the public. This includes the requirement for all staff to wear masks, whether they are vaccinated or not, and comply with physical distancing of at least six feet between staff.

Recent reports indicate that the Delta variant of COVID-19 is on the rise, with the Los Angeles Times reporting a 17% increase in COVID cases over the last 14 days. Additionally, the Times reports only about 58.1% of Californians have been at least partially vaccinated (latimes.com). It should also be noted that most new infections are among the unvaccinated, indicating the efficacy and benefits of being vaccinated.

Leading up to the Governor's announcement about re-opening California's economy and the subsequent reviews of COVID-19 protocols discussed above, LACERA continued to follow the Public Health guidelines, including requiring the practice of social distancing, wearing a mask, and limiting the number of staff members physically in our offices daily. Based on the most recent numbers, we are averaging approximately 13.5% of our staff in the office on any given day. Regular audits by our Health and Safety Team have reported near 100% compliance with our mask and social distancing requirements for staff members in the office. Our precautions have helped contribute to no confirmed positive COVID-19 results and only one reported incident of a staff member exposed over the last month.

Taking all of this into consideration, the Executive Office has determined our best option at this time is to maintain our current protocols. . We will continue requiring all staff to wear masks and continue to adhere to the physical distancing protocols when in the office. As we work to bring staff members back into the office, we will continually re-evaluate our protocols, including our mask and social distancing requirements. These protocols will continue until we define the protocols and procedures related to reporting and tracking those staff who have been vaccinated.

Meanwhile, the County has expanded the vaccination eligibility list to allow persons 12 and older to be vaccinated. We continue to support and encourage staff members to get themselves and their families vaccinated. LACERA has asked staff members who have been fully vaccinated to voluntarily report that information to Human Resources. However, as of the date of this memo, only 10% (41 staff members) reported being fully vaccinated.

New Cal-OSHA guidelines require that LACERA proactively educate staff members on the benefits and efficacy of vaccination. Human Resources, Business Continuity, and Communications are partnering to develop a new proactive vaccination education plan for LACERA staff. Our plan is to launch this new effort before the end of July. We hope this new campaign will encourage more staff members to get vaccinated.

Also, in an effort to comply with Cal-OSHA guidelines to allow staff members to interact more freely if they are vaccinated, we will be requiring all staff members to safely and securely report to Human Resources when they have been vaccinated. This will allow LACERA to have a better understanding of the safety of our staff members within the organization and help improve our ongoing safety protocols. We are currently working on the details on how we will safely and securely collect and verify that information and will provide an update to staff and the Trustees once we have finalized the procedures. It is important to remember that rolling out these programs requires LACERA to protect the confidential health information of our staff members. The goal is to rollout this program by mid-July.

Finally, for those staff members who may still get infected or who may have to care for family who may get infected, they are able to apply for Supplemental Paid Sick Leave for COVID-19 and vaccine related absences.

What Has LACERA Done to Prepare for the Return of the Majority of Staff to the Office?

The Executive Office has set a mid-September return to the office for most of our staff. Some staff members who have been consistently working at the office will continue with their assignments, and some, like those in our Member Service Center, will return earlier. However, most of our staff members will continue to work remotely through mid-September.

The Business Continuity Team and the Executive Office have been hard at work preparing for the safe return of our staff to the office. The Executive Office has met with each Division Manager to discuss their plan for the return of staff to their division. Each Division Manager will submit a copy of the Return-to-Work plan for their division to us for review prior to the mid-September planned return to work date.

As a follow up to this discussion, the Business Continuity Team and Systems have met with each Manager to walk through their division to discuss what precautions will be implemented to protect staff who are currently coming into the office, as well as to prepare for the time that all staff will come back to the office on a rotational basis. These preparations include HEPA air filters in each division, directional signage placed to direct traffic in and out of the division, as well as posters reminding staff to wipe down equipment in the common areas of the division used by multiple staff, and the occupancy restrictions for the common areas in the division. Systems communicated with each Division Manager to discuss any IT equipment needs that they may have for their staff when they return to the office, such as headsets and cameras. We have placed self-check thermometers in the elevator lobby of each LACERA floor for staff to voluntarily use. We have also requested that the Procurement staff order N95 masks to have on hand to meet the Cal-OSHA requirement of employers to provide these masks to those who are unvaccinated and at the work site.

We will continue to monitor any changes communicated by the public health agencies and Los Angeles County as we discuss our next actions related to staff's return to the work site at LACERA. Our discussions have and will continue to focus on those guidelines and requirements that make the most sense to LACERA while adhering to the required protocols and, at the same time, protecting our staff, Trustees, and Members.

Member Service Center Re-Opening

We have completed plans and are prepared for our July 6, 2021, limited re-opening of the Member Service Center (MSC). Throughout this month, final preparations were made to ensure a smooth re-opening. The management team reviewed procedures and protocols with the Business Continuity Team and made final adjustments. During the week of June 21st, all MSC staff were trained by the Business Continuity Team on the safety protocols and procedures. Staff members were in the office on a rotational basis to set up their workstations and were also provided with an ergonomic assessment due to the revised workstation configurations. You may recall in

preparation for this we added protective barriers and independent monitors – one for staff to review a member’s account and one for the member to view. This was a positive by-product of the safety protocols we put in as it will be easier for members to view information on the screen which can be adjusted for their comfort.

In mid-June the CEO’s Message sent to members via email and posted online announced the re-opening and shared some of the changes that will be implemented including:

- We will no longer offer walk-in appointments. However, you can easily set up a specific time to talk with a Retirement Benefits Specialist through our online appointment system.
- We have installed a secure drop-off mailbox so you can easily leave documents with us without waiting in line.
- We will continue offering our virtual counseling sessions, workshops, and seminars.

We have implemented a number of steps to help ensure the safety and health of our members and staff. All members visiting the MSC will be asked to self-affirm that they have no symptoms of COVID-19 prior to coming to the MSC. We have also installed a self-check thermometer at the MSC entry and will be asking members to self-check temperatures as part of their self-affirmation process. All members will be required to wear a face covering while in the MSC . Members who arrive without a face-covering will be offered one. Those refusing to wear one will be asked to schedule a virtual appointment. We have also limited each member to one family member who may accompany them. Members will be advised of these requirements during the appointment set-up process, in email confirmations, and in email reminders.

Recruitment Updates

Our Human Resources team is currently in the process of running several promotional exams and open and competitive exams to fill vacancies with the most qualified internal and external candidates. Finding the right candidates who will add value to the organization and help move us forward in meeting our goals is a top priority of our Human Resources Division. Here is an update on our current recruitment exams:

- Assistant Executive Officer (AEO): The first-round interviews are completed, and two candidates are recommended for final interview.
- Retirement Benefits Specialist (RBS) III: Candidates are completing the examination process.
- Senior Staff Counsel and Staff Counsel: Competitive applicants are encouraged to submit their resume.
- Senior Disability Retirement Specialist: Candidates are completing the examination process.
- Competitive candidates are encouraged to apply for the following recruitments. The recruiting period will remain open until a pool of qualified applications is received:

- Senior Accountant
- Media Artist
- Retirement Benefits Specialist I
- Procurement and Supply Clerk

We also have an on-going recruitment for Retirement Benefit Specialist I positions for our scheduled August 1, 2021, new hire CORE Benefits Training class. Unfortunately, response to this job offering was slower than we normally experienced in past recruitment efforts, and it has taken us longer than expected to get enough applicants to give us the best opportunity to reach our target numbers. Staff believes we have reached a large enough pool to begin the next phase and suspended the bulletin on June 29th. The delay in getting a large enough applicant pool will delay the start of our class to October 2021.

Labor Negotiations Update

LACERA selected Irma Rodriguez Moisa of Atkinson, Andelson, Loya, Ruud & Romo as Labor Negotiator. Ms. Moisa has 25 years of labor experience and has represented various public agencies during negotiations. LACERA started its pre-negotiation preparation in anticipation of successful negotiations with our labor partners at SEIU. We plan to schedule a closed session to seek direction from the Board Trustees on how to proceed with negotiations.

Retiree Healthcare – Plan B Verifications

In late April 2021, RHC staff reported a backlog in the scanning of Part B verifications. The Document Processing Center (DPC), upon having additional staffing, was able to scan in excess of 11,000 Part B verifications. Since clearing this backlog, RHC has successfully processed over 10,000 with a little more than 1,700 annual verifications remaining to be processed. In the 2019-2020 plan year, it was September 2020 before RHC was able to complete the processing of the verifications; just prior to the new 2021 Part B premium announcement being made in November 2020.

In total for the 2020-2021 plan year, RHC has received over 21,500 Part B verifications. Kudos to DPC staff for scanning the volume of incoming Part B verifications and to RHC staff for doing an outstanding job in getting them processed ahead of last year's timeline.

Blue Cross Blue Shield Settlement (BCBS) Notice Update

In April 2021, staff informed the Board of an impending Blue Cross Blue Shield Settlement Notice in which some of our retirees are receiving emails and/or postcards. On November 30, 2020, the Court preliminarily approved the BCBS Antitrust class settlement for subscribers. For purposes of the settlement, the Court appointed counsel for the class and appointed JND as the settlement administrator.

We are aware that the court ordered Anthem to produce class member data to JND, including premium or administrative fee data, coverage history, mailing addresses, and email addresses. The court ordered JND to complete the class notice according to the court-approved notice plan. JND is in possession of all final class member data pursuant to that court order. We were also informed that the provided information will only be used for purposes of effectuating the required settlement notice. Class counsel and JND have created a settlement website with links to documents related to the settlement, links to the online claim form, FAQs, and other information about the settlement at <https://www.bcbssettlement.com>. We note that the FAQs answer common questions such as who is a class member, the benefits of the settlement, how to file a claim, and what information is (and is not) needed to file a claim (<https://www.bcbssettlement.com/faq>).

Because the class is represented by class counsel, and to ensure everyone's legal rights are protected, we have been informed that Anthem is unable to provide us with any information relating to the settlement and are directing us to our own attorneys or to class counsel through JND for advice regarding the settlement. As a result, we placed a call into the settlement administrator, JND, to inquire whether or not there is an update on the original notification as we understand some members have received more than one notice, in addition to some other clarification questions we have. As of the memo date, we have not heard back at this time. Claims must be postmarked by November 5, 2021.

As more information is made available regarding the settlement, we will continue to update the Board.

SHK: jp
CEO report June 2021.doc

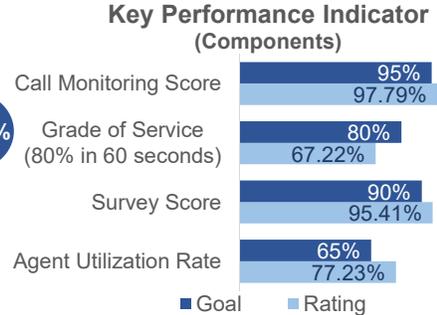
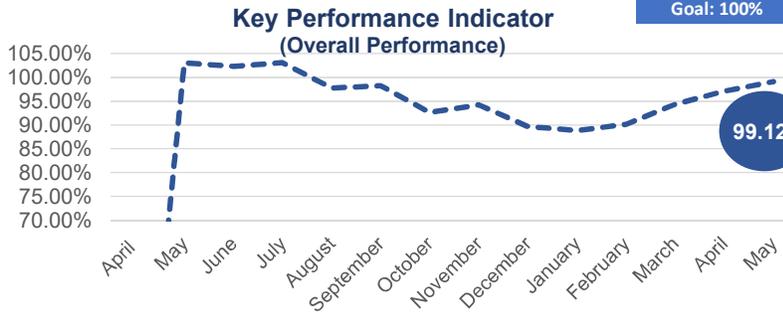
Attachments

Striving for Excellence in Service

Service Metrics Reported on a Fiscal Year Basis (July 1) Through: May 2021

<p>Outreach Attendance 1,467 17,606 Year-to-Date</p>	<p>Outreach Events 32 242 Year-to-Date</p>	<p>Outreach Satisfaction N/A Change Since Last Mo</p>	<p>Member Service Center N/A - Change Since Last Mo</p>	<p>Member Services Calls 12,244 14,669 3 Mo. Avg.</p>
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Member Services



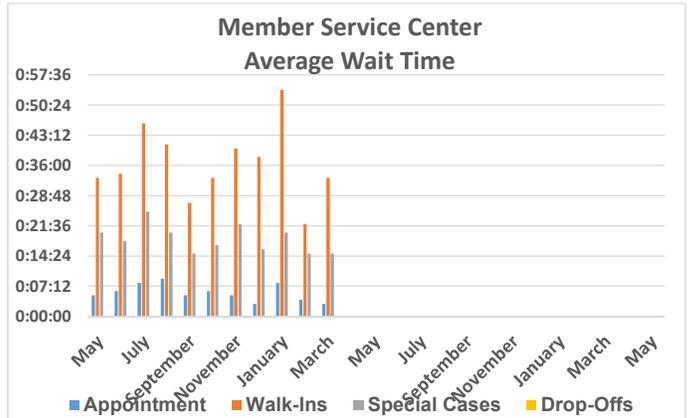
Top Calls

1. MyLACERA Portal Login Issues
2. Retirement Counseling: Process Overview
3. Retirement Counseling: Estimate

Emails 645
24:00 hours
Avg. Response Time (ART)



Secure Messages 675



*Drop Off Wait Time: No Waiting

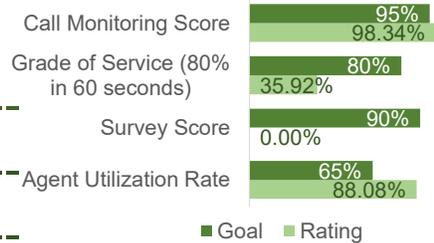
Retiree Healthcare

Total RHC Calls: 7,225



Top Calls

1. Medical/Dental Enrollments
2. Medical Benefits
3. Medicare Part B Reimbursements



Emails 522
10 Days
Avg. Response Time (ART)



Secure Messages 325

Striving for Excellence in Service (Continued)

Disability

Applications

712

In Process As Of: 5/31/2021

717 Pending on: 4/30/2021
 47 Received
 627 Year-to-Date
 0 Re-Opened
 0 Year-to-Date
 45 To Board - Initial
 497 Year-to-Date
 7 Closed
 61 Year-to-Date

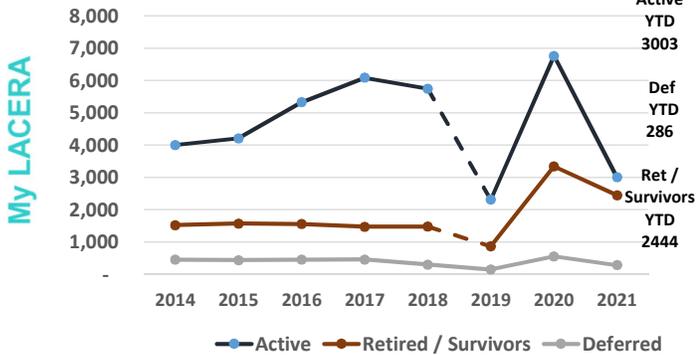
Appeals

95

In Process As Of: 5/31/2021

94 Pending on: 4/30/2021
 1 Received
 13 Year-to-Date
 0 Admin Closed/Rule 32
 9 Year-to-Date
 0 Referee Recommended
 7 Year-to-Date
 0 Revised/Reconsidered for Granting
 1 Year-to-Date

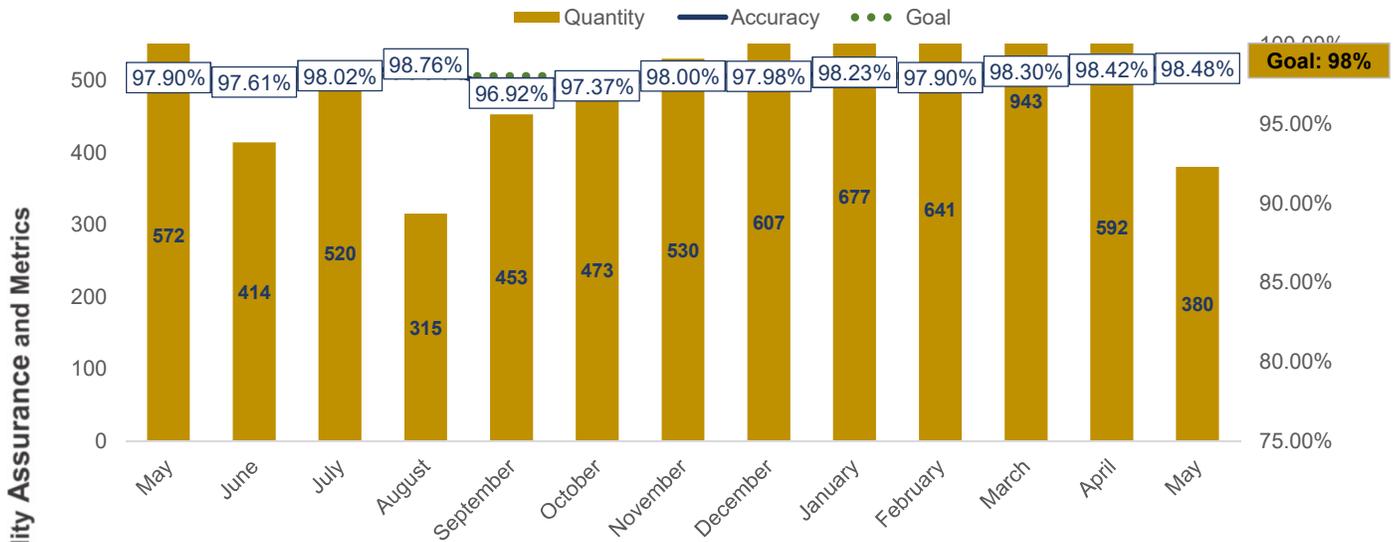
My LACERA Registrations



COVID-19 NOTE
 Some Member Services, Retiree Healthcare, and Quality Assurance statistics became unavailable for a short time beginning in April 2020 due to COVID-19 impacts. Most of the data contained herein is up to date and based on current production both virtually and in the office. However, some data points such as surveys are based on six month average for survey scores prior to the pandemic.

Striving for Excellence in Quality

Audits of Retirement Elections, Payment Contracts, and Data Entry Completed by QA



*Data for April 2020 is incomplete due to COVID-19 challenges. This is an estimated accuracy %

May 2021

98.48%



Retirement Elections

128 Samples
98.38% Accuracy

Payment Contracts

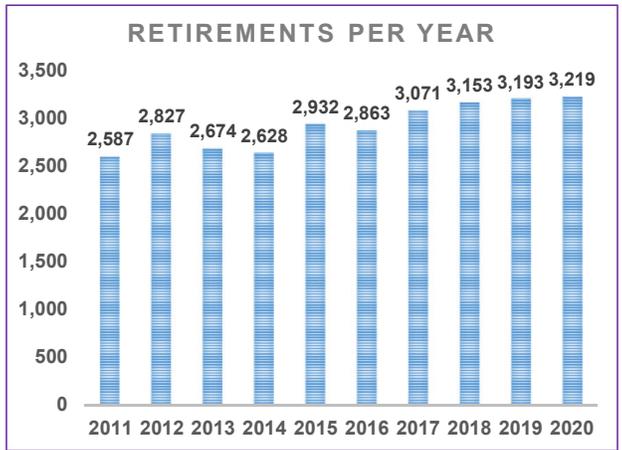
162 Samples
97.38% Accuracy

Data Entry

90 Samples
99.67% Accuracy

Member Snapshot

	Members as of 06/14/2021				
	Plan	Active	Retired	Survivors	Total
General	Plan A	72	14,885	4,259	19,216
	Plan B	19	660	68	747
	Plan C	24	424	64	512
	Plan D	38,347	18,090	1,681	58,118
	Plan E	15,387	14,106	1,387	30,880
	Plan G	32,305	102	9	32,416
	Total General	86,154	48,267	7,468	141,889
Safety	Plan A	2	4,809	1,621	6,432
	Plan B	8,704	6,888	346	15,938
	Plan C	4,476	12	1	4,489
	Total Safety	13,182	11,709	1,968	26,859
TOTAL MEMBERS	99,336	59,976	9,436	168,748	
% by Category	59%	36%	6%	100%	



Average Monthly Benefit Allowance Distribution June 23, 2021

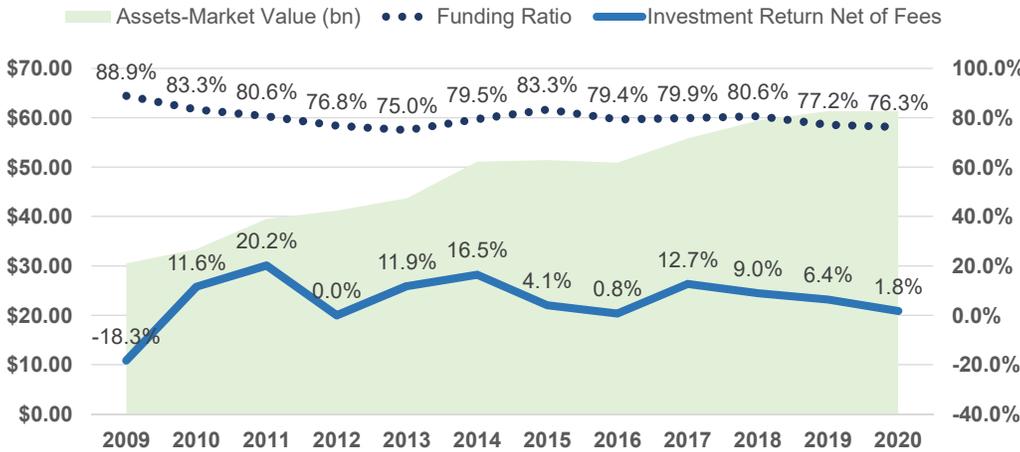
	General	Safety	Total	%
\$0 to \$3,999	29,735	1,700	31,435	52.50%
\$4,000 to \$7,999	13,347	3,466	16,813	28.08%
\$8,000 to \$11,999	3,644	4,259	7,903	13.20%
\$12,000 to \$15,999	996	1,770	2,766	4.62%
\$16,000 to \$19,999	328	347	675	1.13%
\$20,000 to \$23,999	100	111	211	0.35%
\$24,000 to \$27,999	24	27	51	0.09%
> \$28,000	18	3	21	0.04%
Totals	48,192	11,683	59,875	100%

Average Monthly Benefit Allowance: \$ 4,605.00

Healthcare Program		Healthcare Enrollments	
(Mo. Ending: 05/31/2021)		(Mo. Ending: 05/31/2021)	
	Employer	Member	
Medical	519.8	40.4	Medical 52,417
Dental	41.7	4.1	Dental 53,855
Part B	68.9	0	Part B 35,841
LTC			LTC 580
Total	630.4	44.5	Total 142,693

Key Financial Metrics

Fiscal Year End Financial Update (as of 06/30/2020)



Funding Metrics (as of 6/30/20)

Employer NC	10.89%
UAAL	14.85%
Assumed Rate	7.00%
Star Reserve	\$614m
Total Assets	\$58.5b

Contributions (as of 6/30/20)

	Employer	Member
Annual Add	\$1.8b	\$659.3m
% of Payroll	24.64%	7.80%

TOTAL FUND RETURN (Net of Fees)

5 YR:	6.1%	10 YR:	8.2%
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Retired Members Payroll

(As of 05/31/2021)

Monthly Payroll	\$332.45m
Payroll YTD	\$3.5b
New Retired Payees Added	279
Seamless %	97.85%
New Seamless Payees Added	4,390
Seamless YTD	97.22%
By Check %	2.00%
By Direct Deposit %	98.00%

Retiree Payroll by Year



Date	Conference
July, 2021	
12-23	Government Finance Officers Association (GFOA) Annual Conference 2021 Virtual Conference
13-15	Pacific Pension Institute (PPI) North American Summer Roundtable Virtual
August, 2021	
22-24	NCPERS (National Conference on Public Employee Retirement Systems) Public Pension Funding Forum New York, NY
September, 2021	
17	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Virtual <i>(subject to change in venue)</i>
21-24	AHIP (America’s Health Insurance Plans) National Conferences on Medicare, Medicaid and Dual Eligibles Virtual
22-24	National Association of Securities Professionals (NASP) 32 nd Annual Pension & Financial Services Conference Virtual
22-24	Council of Institutional Investors (CII) Fall Conference Virtual/Limited In-Person Attendance
23-25	Duke University Executive Education Program – Corporate Social Responsibility Durham, NC
26-28	NCPERS (National Conference on Public Employee Retirement Systems) FALL (Financial, Actuarial, Legislative & Legal) Conference Scottsdale, AZ
28 – October 1	CALAPRS (California Association of Public Retirement Systems) Principles of Pension Governance for Trustees Virtual <i>(subject to change in venue)</i>
October, 2021	
11-15	Investment Strategies & Portfolio Management <i>(prev. Pension Fund & Investment Mgmt.)</i> Wharton School, University of Pennsylvania
17-20	IFEBC (International Foundation of Employment Benefit Plans) Annual Employee Benefits Conference Denver, CO
17-20	Milken Institute Global Conference Los Angeles, CA
25-27	PREA (Pension Real Estate Association) Annual Institutional Investor Conference Chicago, IL



June 25, 2021

TO: Trustees, Board of Retirement

FOR: Board of Retirement Meeting on July 7, 2021

SUBJECT: Ratification of Service Retirement and Survivor Benefit Application Approvals

The attached report reflects service retirements and survivor benefit applications received as of the date of this memo, along with any retirement rescissions and/or changes approved at last month's Board meeting. Any retirement rescissions or changes received after the date of this memo up to the date of the Board's approval, will be reflected in next month's report.

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

SAFETY MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
MICHAEL A. BURSE	SHERIFF Dept.#SH	06-30-2021	33 YRS 01 MOS
ALBERT CASILLAS	SHERIFF Dept.#SH	09-30-2021	25 YRS 00 MOS
RICHARD A. COBBS	L A COUNTY FIRE DEPT Dept.#FR	05-20-2021	41 YRS 01 MOS
BOB D. CORMACK	L A COUNTY FIRE DEPT Dept.#FR	06-14-2021	38 YRS 05½ MOS
TRACY L. DEMELLO	SHERIFF Dept.#SH	05-29-2021	32 YRS 11 MOS
CLINT E. DRAGOO	DISTRICT ATTORNEY Dept.#DA	06-30-2021	26 YRS 03 MOS
DAVID F. GODOY	L A COUNTY FIRE DEPT Dept.#FR	06-16-2021	21 YRS 00 MOS
MARC B. KATZ	SHERIFF Dept.#SH	06-30-2021	31 YRS 10 MOS
RONALD H. KUSUMI	L A COUNTY FIRE DEPT Dept.#FR	06-30-2021	25 YRS 00 MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

SAFETY MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
DAVID R. MCCONNELL	L A COUNTY FIRE DEPT Dept.#FR	05-24-2021	25 YRS 07 MOS
RUBEN MONTANEZ	L A COUNTY FIRE DEPT Dept.#FR	06-15-2021	29 YRS 07½ MOS
MARSHALL E. OLDHAM	L A COUNTY FIRE DEPT Dept.#FR	06-30-2021	30 YRS 08 MOS
JAMES A. REED	L A COUNTY FIRE DEPT Dept.#FR	06-04-2021	39 YRS 09½ MOS
VINCENT M. ROMERO	SHERIFF Dept.#SH	06-30-2021	31 YRS 02 MOS
ROBERT C. TURNER	SHERIFF Dept.#SH	05-30-2021	32 YRS 03 MOS
JIMMY D. WAKI	L A COUNTY FIRE DEPT Dept.#FR	06-30-2021	25 YRS 00 MOS
MELVIN A. YOUNG	SHERIFF Dept.#SH	07-31-2021	29 YRS 08½ MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
ARAX ABRANIAN	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	07-01-2021	22 YRS 02½ MOS
ONESIMO M. ALIX	BOARD OF SUPERVISORS Dept.#BS	06-01-2021	23 YRS 06½ MOS
BURTON L. ALPERSON	MENTAL HEALTH Dept.#MH	05-29-2021	15 YRS 09 MOS
JEANETTE ALVIS	CHILD SUPPORT SERVICES Dept.#CD	04-30-2021	28 YRS 10 MOS
SCOTT ARNOW	PROBATION DEPARTMENT Dept.#PB	06-30-2021	30 YRS 08 MOS
CYNTHIA BIRCH	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	06-30-2021	30 YRS 05½ MOS
VICTORIA BOBO	AUDITOR - CONTROLLER Dept.#AU	06-30-2021	21 YRS 05½ MOS
MARIE J. BROWN	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	06-26-2021	32 YRS 05 MOS
DENISE I. CASTILLO	CHILDREN & FAMILY SERVICES Dept.#CH	06-30-2021	29 YRS 08 MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
MARY J. CHENG	ASSESSOR Dept.#AS	06-25-2021	19 YRS 04 MOS
YOUNG H. CHO	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	06-30-2021	16 YRS 06 MOS
JEONG J. CHO	CHILDREN & FAMILY SERVICES Dept.#CH	06-30-2021	26 YRS 01 MOS
JEFFREY CHOLICO	PROBATION DEPARTMENT Dept.#PB	06-30-2021	45 YRS 07 MOS
SUK P. CHONG	PUBLIC WORKS Dept.#PW	06-16-2021	36 YRS 01 MOS
ROSARIO G. CORPUZ	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	06-06-2021	21 YRS 06½ MOS
DEBRA CRAWFORD	COASTAL CLUSTER-HARBOR/UCLA MC Dept.#HH	06-30-2021	10 YRS 11½ MOS
RENATO C. DALIT	CORRECTIONAL HEALTH Dept.#HC	07-31-2021	16 YRS ½ MOS
RONNIE DE VERA	PUBLIC WORKS Dept.#PW	06-30-2021	44 YRS 02 MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
SUSAN H. ELLMAN	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	05-10-2021	49 YRS 07 MOS
VANNESSA L. ESPY	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	06-30-2021	33 YRS 00 MOS
ROSE M. ESQUIVEL	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	06-30-2021	40 YRS 05 MOS
KASIA ESRAILIAN	SFV CLUSTER-OLIVE VIEW/UCLA MC Dept.#HO	06-30-2021	07 YRS 06 MOS
MARCY FENTON	PUBLIC HEALTH PROGRAM Dept.#PH	06-25-2021	22 YRS 03 MOS
HANK D. FINK	RANCHO LOS AMIGOS HOSPITAL Dept.#HR	06-30-2021	46 YRS 11 MOS
ANNETTE FITZGERALD	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	05-31-2021	35 YRS 06½ MOS
TONI M. FLENNY	CHILD SUPPORT SERVICES Dept.#CD	06-26-2021	19 YRS 01 MOS
JUDITH A. FORBES-WILLI	SUPERIOR COURT/COUNTY CLERK Dept.#SC	06-30-2021	34 YRS 04 MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
LARRY G. GABRIEL	PUBLIC WORKS Dept.#PW	06-16-2021	29 YRS 03 MOS
MICHELLE C. GAFFUD	CORRECTIONAL HEALTH Dept.#HC	05-07-2021	12 YRS 10 MOS
CAROL D. GATHING	INTERNAL SERVICES Dept.#IS	05-22-2021	23 YRS ½ MOS
TERRIL GAYDEN	INTERNAL SERVICES Dept.#IS	05-29-2021	40 YRS 07 MOS
ROBIN D. GILCREST-POL	PROBATION DEPARTMENT Dept.#PB	04-30-2021	42 YRS 09 MOS
FRANCISCO GOMEZ	TREASURER AND TAX COLLECTOR Dept.#TT	05-29-2021	13 YRS 01 MOS
ANA I. GOMEZ	CHILD SUPPORT SERVICES Dept.#CD	05-26-2021	28 YRS 04 MOS
NORMA J. GROUNDWATER	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	06-30-2021	35 YRS 06 MOS
ANA P. GUERRERO	COASTAL CLUSTER-HARBOR/UCLA MC Dept.#HH	05-29-2021	32 YRS 06 MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
JEFFREY D. GUNZENHAUSER	PUBLIC HEALTH PROGRAM Dept.#PH	07-02-2021	17 YRS 09½ MOS
DENNIS E. HAREN	PUBLIC WORKS Dept.#PW	05-28-2021	35 YRS 05 MOS
CATHERINA C. HARTMAN	L A COUNTY FIRE DEPT Dept.#FR	06-11-2021	33 YRS 10 MOS
JOHN L. HILL	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	06-30-2021	24 YRS 04 MOS
LANCHIH N. HSU	TREASURER AND TAX COLLECTOR Dept.#TT	06-26-2021	14 YRS 04 MOS
CARLOS A. HUERTA	INTERNAL SERVICES Dept.#IS	04-01-2021	41 YRS 01 MOS
SUSAN HUI	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	07-01-2021	21 YRS 10½ MOS
NAOMI A. IBARRA	SHERIFF Dept.#SH	06-24-2021	45 YRS 06 MOS
NOEMI C. ISIDRO	JUVENILE COURT HEALTH SERVICES Dept.#HJ	06-30-2021	20 YRS 07½ MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
FELICITAS JIMENEZ	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	06-30-2021	26 YRS 02½ MOS
BRIAN R. KELBERG	DISTRICT ATTORNEY Dept.#DA	06-01-2021	43 YRS 04 MOS
PAMELA J. KNOWLES	PROBATION DEPARTMENT Dept.#PB	05-26-2021	20 YRS 08 MOS
EDWARD E. KREBS	PROBATION DEPARTMENT Dept.#PB	06-30-2021	35 YRS 07 MOS
KRISTINE F. KUCHARIK	PROBATION DEPARTMENT Dept.#PB	06-26-2021	40 YRS 08 MOS
JUNGKYU LEE	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	05-12-2021	07 YRS 00 MOS
JUMIE LEE	COASTAL CLUSTER-HARBOR/UCLA MC Dept.#HH	06-30-2021	22 YRS 07½ MOS
BOBBIE G. LOPEZ	CHILDREN & FAMILY SERVICES Dept.#CH	07-31-2021	28 YRS 02 MOS
RUBEN R. LOPEZ	INTERNAL SERVICES Dept.#IS	05-28-2021	26 YRS 09 MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
QUANG D. LY	PUBLIC HEALTH PROGRAM Dept.#PH	06-30-2021	34 YRS 03 MOS
GENCIANA MACALALAD	MENTAL HEALTH Dept.#MH	05-29-2021	33 YRS 06 MOS
JANE MARPET	PUBLIC DEFENDER Dept.#PD	06-30-2021	41 YRS 03 MOS
GUIBSY W. MARQUEZ	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	07-31-2021	31 YRS ½ MOS
BRENDA J. MARSH	DISTRICT ATTORNEY Dept.#DA	06-30-2021	37 YRS 01 MOS
ELIZABETH B. MARTIN	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	07-31-2021	05 YRS 01 MOS
RONALD MCCALL	COASTAL CLUSTER-HARBOR/UCLA MC Dept.#HH	06-30-2021	26 YRS 03 MOS
JOAQUIN MIRAMONTES	CHILDREN & FAMILY SERVICES Dept.#CH	07-30-2021	37 YRS 05 MOS
JENOBEBA A. MIRANDA	CHILD SUPPORT SERVICES Dept.#CD	06-01-2021	26 YRS 01½ MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
GRACE M. MONTES	PROBATION DEPARTMENT Dept.#PB	05-28-2021	18 YRS 02 MOS
IRENE NATIVIDAD	ANIMAL CONTROL Dept.#AN	06-25-2021	38 YRS 01 MOS
STANLEY J. NIRENBERG	ALTERNATE PUBLIC DEFENDER Dept.#AD	06-30-2021	26 YRS 00 MOS
RAUL NORIEGA	SUPERIOR COURT/COUNTY CLERK Dept.#SC	06-26-2021	30 YRS 04 MOS
ROBERT ORTIZ	L A COUNTY FIRE DEPT Dept.#FR	05-04-2021	40 YRS 02 MOS
KRISTINA ORVIS	COUNTY COUNSEL Dept.#CC	06-30-2021	18 YRS 04 MOS
ELVA W. OUTLAW	SHERIFF Dept.#SH	05-15-2021	39 YRS 01½ MOS
MARIA E. PANDURO-MORA	MENTAL HEALTH Dept.#MH	06-30-2021	40 YRS 03 MOS
JORGE PANTOJA	COASTAL CLUSTER-HARBOR/UCLA MC Dept.#HH	04-30-2021	08 YRS 10½ MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
GALE PAULEY	CHILDREN & FAMILY SERVICES Dept.#CH	06-18-2021	05 YRS 11 MOS
ARFAYE P. PAYLOR	MENTAL HEALTH Dept.#MH	06-30-2021	24 YRS 06 MOS
CYNTHIA L. PEARCE	PROBATION DEPARTMENT Dept.#PB	05-11-2021	31 YRS 08 MOS
JEAN M. PERRY	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	06-30-2021	31 YRS 00 MOS
DOMENIC PIROZZI	SUPERIOR COURT/COUNTY CLERK Dept.#SC	05-29-2021	31 YRS 02 MOS
MICHAEL J. POGAR	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	06-30-2021	21 YRS 06 MOS
MYRNA W. PUNO	SUPERIOR COURT/COUNTY CLERK Dept.#SC	05-19-2021	13 YRS 06 MOS
SYLVIA A. QUINTEROS	PUBLIC HEALTH PROGRAM Dept.#PH	06-30-2021	33 YRS 02 MOS
DEANN RIVARD	DISTRICT ATTORNEY Dept.#DA	06-05-2021	16 YRS ½ MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
KATHERINE C. ROBERTS	SUPERIOR COURT/COUNTY CLERK Dept.#SC	07-31-2021	20 YRS 02 MOS
ESTEBAN ROSALES	HEALTH SERVICES ADMINISTRATION Dept.#HS	06-30-2021	44 YRS 03 MOS
ROSANA G. SAGUIN	PUBLIC HEALTH PROGRAM Dept.#PH	06-30-2021	35 YRS 03 MOS
MIRIAM SANCHEZ	PUBLIC HEALTH PROGRAM Dept.#PH	06-30-2021	45 YRS 09½ MOS
GASPAR P. SANCHEZ	PUBLIC HEALTH PROGRAM Dept.#PH	06-21-2021	23 YRS 09 MOS
SAMUEL SANCHEZ PINE	COASTAL CLUSTER-HARBOR/UCLA MC Dept.#HH	06-04-2021	21 YRS 06½ MOS
KNARIK SARKISIAN	PUBLIC HEALTH PROGRAM Dept.#PH	06-27-2021	12 YRS 02½ MOS
KAREN SAUNDERS	SFV CLUSTER-OLIVE VIEW/UCLA MC Dept.#HO	06-01-2021	26 YRS 08½ MOS
SHARON M. SMITH	CHILDREN & FAMILY SERVICES Dept.#CH	06-20-2021	27 YRS 10 MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
ROBIN L. SMITH	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	06-01-2021	28 YRS 09½ MOS
CARLA K. SMITH HOLTME	L A COUNTY FIRE DEPT Dept.#FR	06-30-2021	39 YRS 00 MOS
ERIC K. STARR	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	06-30-2021	07 YRS 03 MOS
EUNICE STERLING	RANCHO LOS AMIGOS HOSPITAL Dept.#HR	06-16-2021	44 YRS 01 MOS
CHARLES L. TADLOCK	CHILDREN & FAMILY SERVICES Dept.#CH	05-29-2021	55 YRS 07 MOS
NORA TEJADA	CORRECTIONAL HEALTH Dept.#HC	06-30-2021	20 YRS 00 MOS
ELAINE R. TOWNER	SHERIFF Dept.#SH	05-31-2021	23 YRS 06 MOS
SHYANG Y. TSENG	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	04-30-2021	14 YRS 01 MOS
KATHERINE A. VALENCIA	MENTAL HEALTH Dept.#MH	06-30-2021	34 YRS 10 MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
LUIS VASQUEZ	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	05-28-2021	21 YRS 06 MOS
JOSE R. VELASCO	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	06-08-2021	23 YRS 04 MOS
WILLIAM R. WARD	SHERIFF Dept.#SH	06-15-2021	14 YRS 03½ MOS
MAX D. WHEATLEY III	DISTRICT ATTORNEY Dept.#DA	07-03-2021	31 YRS 05½ MOS
ROBERT WILLIAMS	SUPERIOR COURT/COUNTY CLERK Dept.#SC	06-30-2021	31 YRS 09 MOS
CATHY WILLIAMS	CHILDREN & FAMILY SERVICES Dept.#CH	06-30-2021	25 YRS 11 MOS
JUNE M. WILSON	ASSESSOR Dept.#AS	06-30-2021	29 YRS 04 MOS
PENNY S. WINCHESTER	PUBLIC LIBRARY Dept.#PL	06-11-2021	19 YRS 05½ MOS
OLIVE A. WOOTON	CHILDREN & FAMILY SERVICES Dept.#CH	07-01-2021	17 YRS 07½ MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
XIAO XIE	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	06-30-2021	10 YRS 01 MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

SAFETY SURVIVOR APPLICATIONS

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
NORITZA M. MENESES	SHERIFF Dept.#SH	02-17-2021	23 YRS 03 MOS
WIFE of ARMANDO F MENESES dec'd on 02-16-2021, Sect. #31781.3			

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL SURVIVOR APPLICATIONS

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
ELIZABETH V. JOHNSON WIFE of JEFF R JOHNSON dec'd on 12-27-2020, Sect. #31781.3	MENTAL HEALTH Dept.#MH	12-28-2020	15 YRS 04 MOS
EVA A. LARA SPOUSE of RIGOBERTO J ARRECHIGA dec'd on 04-03-2021, Sect. #31781.1	PUBLIC DEFENDER Dept.#PD	04-04-2021	19 YRS 08½ MOS
CALEB J. MCMANN SON of PATRICK J MC MANN dec'd on 08-01-2019, Sect. #31781.3	PROBATION DEPARTMENT Dept.#PB	08-02-2019	24 YRS 01 MOS
RAYMUNDO L. REYNO HUSBAND of JULIETA A REYNO dec'd on 12-27-2020, Sect. #31781.3	SHERIFF Dept.#SH	12-28-2020	21 YRS 05 MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

SAFETY MEMBER APPLICATIONS FOR: SERVICE RETIREMENT FROM DEFERRED

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
DAVID S. WESTLAKE	SHERIFF Dept.#SH	05-03-2021	07 YRS 11 MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT FROM DEFERRED

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
MARIBETH V. ABELLA	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	04-30-2021	10 YRS 08 MOS
MARIA A. AGUILAR	PROBATION DEPARTMENT Dept.#PB	05-19-2021	20 YRS ½ MOS
DEREK S. BAKER	PROBATION DEPARTMENT Dept.#PB	05-03-2021	14 YRS 05½ MOS
SANDRA S. BARONE	SUPERIOR COURT/COUNTY CLERK Dept.#SC	05-26-2021	14 YRS 07 MOS
DOUGLAS DANZ	PUBLIC HEALTH PROGRAM Dept.#PH	08-20-2020	02 YRS 03 MOS
GILDA J. DE LA TORRE	MENTAL HEALTH Dept.#MH	06-12-2021	06 YRS 06 MOS
ROBYN FAEHRICH	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	04-28-2021	14 YRS 00 MOS
MARIA E. GARCIA	DEPT OF PUBLIC SOCIAL SERVICES Dept.#SS	04-30-2021	14 YRS 06 MOS
JUANA B. GARCIA	HEALTH SERVICES ADMINISTRATION Dept.#HS	05-03-2021	14 YRS 06 MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT FROM DEFERRED

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
JAIME GOMEZ-BELTRA	MILITARY & VETRANS AFFAIRS Dept.#MV	05-07-2021	26 YRS 09 MOS
PATRICIA E. HALEY	HEALTH SERVICES ADMINISTRATION Dept.#HS	06-30-2021	04 YRS 07 MOS
ALLISON M. HANSON	CHILDREN & FAMILY SERVICES Dept.#CH	06-13-2021	13 YRS 01½ MOS
ELANA C. JACKSON	TREASURER AND TAX COLLECTOR Dept.#TT	05-04-2021	27 YRS 10½ MOS
RONALD I. KARZ	CHILD SUPPORT SERVICES Dept.#CD	05-24-2021	10 YRS 03 MOS
MILTON T. KIYABU	SFV CLUSTER-OLIVE VIEW/UCLA MC Dept.#HO	06-01-2021	07 YRS 00 MOS
MARIA D. KOLESAR	SFV CLUSTER-OLIVE VIEW/UCLA MC Dept.#HO	05-04-2021	10 YRS 07 MOS
PAMELA LEE BURK	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	04-30-2021	14 YRS 00 MOS
MATT K. LIAO	PUBLIC WORKS Dept.#PW	06-01-2021	10 YRS 00 MOS

BOARD OF RETIREMENT MEETING OF JULY 7, 2021

BENEFIT APPROVAL LIST

GENERAL MEMBER APPLICATIONS FOR: SERVICE RETIREMENT FROM DEFERRED

<u>NAME</u>	<u>DEPARTMENT</u>	<u>RETIRED</u>	<u>SERVICE</u>
PATRICIA MARCELLOUS	COASTAL CLUSTER-HARBOR/UCLA MC Dept.#HH	04-22-2021	32 YRS 03 MOS
SELMA MCPHERSON	MENTAL HEALTH Dept.#MH	06-30-2021	05 YRS 03½ MOS
RAUL A. MOUNT	MEDICAL EXAMINER-CORONER Dept.#ME	05-31-2021	22 YRS 11½ MOS
ETSUKO NAGATANI	MENTAL HEALTH Dept.#MH	05-15-2021	05 YRS 10 MOS
DOTUN A. OGUNYEMI	COASTAL CLUSTER-HARBOR/UCLA MC Dept.#HH	05-28-2021	06 YRS 04 MOS
REGINALD S. ONGJOCO	NORTHEAST CLUSTER (LAC+USC) Dept.#HG	06-01-2021	12 YRS 11½ MOS
THOMAS F. REID	SUPERIOR COURT/COUNTY CLERK Dept.#SC	06-26-2021	11 YRS 11 MOS
THOMAS F. REILLY	PARKS AND RECREATION Dept.#PK	06-18-2021	13 YRS 11 MOS
THEODORE R. VALENCIANA	CHIEF EXECUTIVE OFFICE Dept.#AO	06-24-2021	11 YRS 04 MOS

**BOARD OF RETIREMENT MEETING OF JULY 7, 2021
RESCISSIONS/CHANGES FROM BENEFIT APPROVAL LIST
APPROVED ON JUNE 2, 2021**

GENERAL MEMBER APPLICATIONS FOR SERVICE RETIREMENT

NAME	DEPARTMENT	UPDATE
CHIA C PENGYUAN	DEPT OF PUBLIC SOCIAL SERVICES	CHANGE OF DATE TO July 1, 2021
DARIN A CALCUTTA	REG-RECORDER/COUNTY CLERK	RESCINDED RETIREMENT
HIEU C PHAN	AMBULATORY CARE NETWORK	CHANGE OF DATE TO July 7, 2021
IRVIN A CASTILLE	PROBATION DEPARTMENT	CHANGE OF DATE TO May 29, 2021
JEANNE Y YAM	DEPT OF PUBLIC SOCIAL SERVICES	RESCINDED RETIREMENT
MA EVELYN R NALUPA	PUBLIC HEALTH PROGRAM	RESCINDED RETIREMENT
MADELEINE G SODERBERG	NORTHEAST CLUSTER (LAC+USC)	CHANGE OF DATE TO June 30, 2021

June 17, 2021

TO: Each Trustee
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
Vivian H. Gray, Vice Chair
Shawn R. Kehoe
Ronald A. Okum
Wayne Moore, Alternate

FOR: July 7, 2021 Board of Retirement Meeting

SUBJECT: **State Engagement: Visit with California State Legislature**

RECOMMENDATION

That the Board of Retirement approve a visit in 2021 to Sacramento, CA (or alternatively, to local district offices within Los Angeles County) with the California State Legislature by staff as designated by the Chair of the Board of Retirement.

LEGAL AUTHORITY

The Board of Retirement's Policy on Engagement for Public Policy Issues Relating to Plan Administration and Retirement and Health Care Benefits provides for engagement to promote LACERA's presence and visibility with the legislative, executive, and judicial branches of state and federal governments.

DISCUSSION

LACERA's CEO, Santos H. Kreimann, began his tenure in November 2019. As the largest county retirement system and fourth largest retirement system overall in the State of California, LACERA has worked with its state legislative advocate, Joe Ackler & Ackler & Associates, to foster relationships and increase its presence and visibility within the California Legislature. To that end, Mr. Ackler had plans to introduce Mr. Kreimann to members of the Los Angeles County delegation in the California Legislature as well as key members and staff in the Legislature's retirement policy committees in 2020. However, a few months later, the COVID-19 pandemic led Governor Newsom to declare a State of Emergency on March 4, 2020.

Since March 2020, the issuance of travel and gathering restrictions by state and federal authorities related to the COVID-19 pandemic has curtailed opportunities for LACERA staff to travel and engage in in-person meetings with legislators and their staff. On April 6, 2021, Governor Newsom announced plans to fully reopen California's economy by June 15 if there is a sufficient vaccine supply for Californians and if hospitalization

rates are stable and low. Although there will still be common-sense risk reduction measures such as masking mandates and encouragement for vaccination, the state will end the color-coded tier system under its *Blueprint for a Safer Economy* that has governed business operations and activities in the state's counties.

Given the encouraging signs of travel and gathering restrictions being lifted, Mr. Ackler believes a visit to the Legislature in late August 2021 before the Legislature adjourns in September may be feasible. Depending on how the economy reopening proceeds and how LACERA intends for staff to resume air travel, an alternative approach may be to visit the legislators from the Los Angeles County delegation in their local district offices. Staff will work with Mr. Ackler to monitor the situation with the state's reopening and consider the most feasible approach.

IT IS THEREFORE RECOMMENDED THAT THE BOARD approve a visit in 2021 to Sacramento, CA (or alternatively, to local district offices within Los Angeles County) with the California State Legislature by staff as designated by the Chair of the Board of Retirement.

cc: Santos H. Kreimann
JJ Popowich
Steven P. Rice
Joe Ackler, Ackler & Associates

June 24, 2021

TO: Each Trustee
Board of Retirement

FROM: Operations Oversight Committee
Shawn R. Kehoe, Chair
Herman B. Santos, Vice Chair
Ronald A. Okum
Les Robbins
Vivian H. Gray, Alternate

FOR: July 7, 2021 Board of Retirement Meeting

SUBJECT: Request for Proposal: Budget Consulting Services

RECOMMENDATION

It is recommended that the Board of Retirement authorize staff to issue a Request for Proposal for consulting services to find the firm that will design, procure, and implement an enterprise budget application for the Administrative Services Division.

EXECUTIVE SUMMARY

LACERA's current budget process is manual and tedious. Each year, the Budget Team struggles to compile the necessary schedules and information to draft a budget proposal and the various follow up reports required by the Boards and the Executive Office to provide proper oversight using these manual processes. LACERA recognizes as our business becomes more complex, we need to modernize the budget process to automate the redundant manual steps, provide increased reporting and analytical abilities to the budget process, and integrate the most current Human Resources (HR) data from Los Angeles County into the budget system. A modernized system would support these business requirements and allow LACERA to align expenses with strategic goals and report expenses based on those goals

The budget staff at LACERA are very experienced with the current budget process, but developing, monitoring, and preparing the budget is a full-time job during the budget cycle. With the introduction of the mid-year budget adjustment process, the budget cycle is essentially a year-round project. At the current staffing resource level, the Budget Team does not have the time to redesign the entire budget process. In addition, LACERA seeks outside expertise from consultants that can take the time to evaluate our current budget process and reporting requirements, assess evolving industry trends, implement an optimal design, and procure a suitable software solution.

CONSULTANT RESPONSIBILITIES

Staff anticipates completing this budget process overhaul in two parts. The first phase will include a process review and re-design. Staff believes process changes are necessary to ensure alignment with industry best practices and to meet current reporting requirements of staff, management, and the Board. In the second phase, the consultant and staff will issue a request for proposal to obtain a budget software application, implement the application in alignment with the budget process, and introduce staff and the management team to the redesigned budget process and new budget software.

The responsibilities of the consultant would be to:

1. Review and analyze LACERA's existing budget processes, report on best practices for government budgeting and recommend application of best practices and changes to improve LACERA's budget process to be efficient, accurate, cost efficient, and improve the ability of management to understand and manage their budget.
2. Develop, refine, and determine LACERA budget software/application requirements.
3. Prepare and finalize an RFP drafted by the consultant and LACERA.
4. Receive and assist LACERA staff in review RFP responses from potential vendors.
5. Arrange, guide, and direct vendor presentations/ negotiations virtually, at LACERA or at vendor's facilities.
6. Lead vendor contract negotiations and define specific services.
7. Lead vendor negotiations regarding onboarding, transition, and training to a new application/vendor.
8. Lead and aid vendor during transition planning and training, to the redesigned budget processes and new software tool.
9. Assist LACERA in determining implementation needs and guide the implementation process.
10. Develop and deliver appropriate change management, transition, training, and assistance in adoption of the new budget process throughout the organization.
11. Provide a post implementation assessment and recommendations for future initiatives and changes.

PROPOSED PROJECT TIMELINE

The proposed timeline for the consulting services, which includes all phases of the project, is as follows:

- 06/15/21 - RFP communicated to consultant candidates.
- 07/07/21 - RFP responses received from consultant candidates.
- 08/05/21 - Consultant selection announced to candidates.
- 08/31/21 - Consultant begins LACERA internal budget process review and assessment.
- 10/18/21 - Consultant completes LACERA internal budget process review.

- 10/21/21 - Issuance of budget process vendor RFP and posting to LACERA website.
- 11/12/21 - RFP responses received from vendor candidates.
- 12/07/21 - Vendor finalists announced.
- 12/08/21 - Vendor finalist presentations at LACERA and/or at the finalist facilities.
- 12/22/21- Vendor selection announced, contingent upon successful contract negotiations.
- 01/12/22 - Begin conversion to new vendor, as required.
- 03/15/22 - Staff training user testing
- 07/01/22 - Begin preparation cycle for fiscal year 2023-2024 budget

CONCLUSION AND RECOMMENDATION

LACERA seeks to redesign and automate its budget process with the guidance of an independent consulting firm. This firm will reengineer the current budget process, guide the selection of an enterprise budget application, and oversee the implementation of the selected software.

IT IS THEREFORE RECOMMENDED THAT THE BOARD authorize staff to issue a Request for Proposal for consulting services to find the consultant that will re-design the existing budget process, and oversee the procurement, and implementation of an enterprise budget application for the Administrative Services Division.

Reviewed and Approved.



Santos H. Kreimann
Chief Executive Officer

- c:
- JJ Popowich
 - Kathy Delino
 - Cookie Jaranilla
 - Kimberly Hines
 - Kaelyn Ung
 - Ted Granger
 - Ervin Wu
 - Bob Schlotfeld
 - Summy Voong
 - Celso Templo



June 30, 2021

TO: Each Trustee,
Board of Retirement

FROM: Santos H. Kreimann ^{SHK}
Chief Executive Officer

FOR: July 7, 2021 Board of Retirement Meeting

SUBJECT: **Approval of Delegated Authority to the Audit Committee for the Procurement of Audit Services**

RECOMMENDATION

That the Board of Retirement approve an exception to LACERA's November 2019 Purchasing Goods and Services Policy to delegate authority to the Audit Committee for the procurement of audit services under their authority, as defined by the Audit Committee Charter.

BACKGROUND

At the April 2021 Audit Committee meeting, the Committee approved the revised Audit Committee Charter (Charter) (Attachment A), and recommended the Boards approve the revised Charter. The April 2021 Charter removed the contingency fund and replaced it with a broad statement of financial support to ensure the Committee could hire professional service providers to meet its responsibilities. The Audit Committee forwarded the revised Charter to the Board of Retirement's May 2021 meeting.

During discussions at the May 2021 Board of Retirement meeting, the Trustees requested that staff provide additional analysis regarding Internal Audit's compliance with LACERA's November 2019 Policy for Purchasing Goods and Services (Procurement Policy) (Attachment B). The Trustees sought clarity regarding how audit services would be procured under the April 2021 Charter.

COMPLIANCE WITH PROCUREMENT POLICY

When staff reviewed the procurement process for audit services, it was noted the Charter that was approved by the Boards in December 2020, delegated responsibility to the Audit Committee to "approve the appointment, compensation, and work of" the Financial Auditor and other Professional Services Providers (Attachment C pg. 3). This delegation is not in alignment with LACERA's Procurement Policy, which under Section 11.4 External Audits states "RFPs or other solicitations related to audits performed by external auditors are approved for release by the appropriate Board

Committee with results and recommendations returned to the respective Board for approval” (Attachment B pg. 8).

The Procurement Policy includes a mandatory review every two years. The Administrative Services Division will conduct a complete review of the Policy by the end of calendar year 2021. Because of the upcoming review, staff is requesting that the Board of Retirement approve an exception to the Procurement Policy to delegate authority to the Audit Committee for the procurement of audit services under their authority. The exception to the Policy aligns with one of the requirements of Sarbanes-Oxley Act of 2002 (SOX) that audit committees maintain responsibility for selecting and overseeing the independent auditor and engaging advisors. Staff will comply with all other aspects of the Procurement Policy, including but not limited to the requirements for competitive bidding, supplier diversity, contract development, and contract signing authority.

IT IS THEREFORE RECOMMENDED THAT THE BOARD approve an exception to LACERA’s Purchasing Goods and Services Policy to delegate authority to the Audit Committee for the procurement of audit services under their authority, as defined by the Audit Committee Charter.

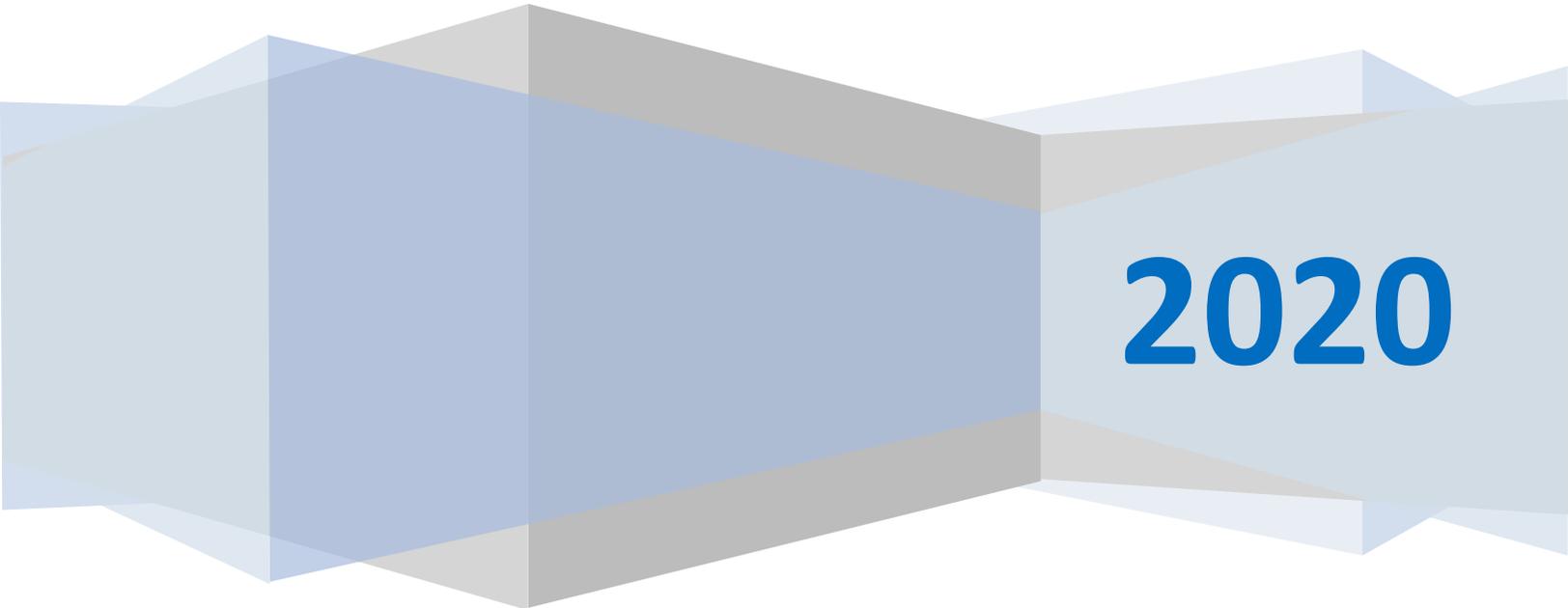
SHK:rpb

Attachments



Audit Committee Charter

December 2020

A decorative graphic at the bottom of the page consists of several overlapping, semi-transparent geometric shapes in shades of blue and grey, creating a layered, architectural effect. The year "2020" is prominently displayed in a large, bold, blue sans-serif font on the right side of this graphic.

2020



AUDIT COMMITTEE CHARTER

Table of Contents

- I. CHARTER 2**
- II. PURPOSE AND ASSIGNED FIDUCIARY OVERSIGHT DUTIES 2**
- III. PRINCIPLES OF THE AUDIT COMMITTEE 2**
- IV. AUTHORITY 3**
- V. AUDIT COMMITTEE COMPOSITION AND CONSULTANT 3**
- VI. AUDIT COMMITTEE MEETINGS 4**
- VII. RESPONSIBILITIES 5**
- VIII. APPROVAL 9**



AUDIT COMMITTEE CHARTER

I. CHARTER

This Charter establishes the authority and responsibilities of the Audit Committee, as assigned by Los Angeles County Employees Retirement Association's (LACERA) Board of Retirement and Board of Investments (Boards). The Audit Committee Charter is a living document and should be reviewed at least every three years.

II. PURPOSE AND ASSIGNED FIDUCIARY OVERSIGHT DUTIES

In November 2003, LACERA's Boards established the LACERA Audit Committee.

The purpose of the Audit Committee is to assist the Boards in fulfilling their fiduciary oversight duties for the:

- A.** Internal Audit Activity
- B.** Professional Service Provider Activity
- C.** Financial Reporting Process
- D.** Values and Ethics, and
- E.** Organizational Governance

III. PRINCIPLES OF THE AUDIT COMMITTEE

The Audit Committee will conduct itself in accordance with LACERA's Code of Ethical Conduct and the following core principles from the Institute of Internal Auditors' (IIA) Code of Ethics. The Audit Committee expects the Boards, Management, and staff will also adhere to these requirements.

Integrity – The Audit Committee Members will perform their work with honesty, diligence, and responsibility. The Audit Committee expects and will encourage transparency when fulfilling its duties. Communications between Committee Members, Management, staff, and/or Professional Service Providers will be open, direct, and complete. Subject to applicable laws and organizational limitations, Internal Audit will regularly provide the Audit Committee with updates on audit and consulting projects completed and related findings and follow-up.

Independence & Objectivity - The Audit Committee will perform its responsibilities in an independent manner and in compliance with fiduciary duty without exception. Audit Committee Members will disclose any conflicts of interest (actual or perceived) to the Committee.

Confidentiality – The Audit Committee Members will be prudent in the use and protection of information acquired during the course of its duties.



Competency - Audit Committee Members will receive formal orientation training on the purpose and mandate of the Committee and LACERA's objectives. Audit Committee Members are obligated to prepare for and participate in Committee meetings.

Professional Standards - The Audit Committee will ensure all related work will be handled with the highest professional standards consistent with auditing standards of practice and industry guidelines.

IV. AUTHORITY

The Audit Committee will have unrestricted access to Management and staff, and any relevant information it considers necessary to discharge its duties. All employees are directed to cooperate with the Committee and its requests. If access to requested information is denied due to legal or confidentiality reasons, the Audit Committee and/or CAE will follow a prescribed, Board approved mechanism for resolution of the matter.

The Audit Committee has the authority to conduct or authorize investigations into any matters within its scope of duties, including engaging independent counsel and/or other advisors it deems necessary.

The Audit Committee is empowered to:

1. Approve the appointment, compensation, and work of the Financial Auditor hired to audit LACERA's financial statements.
2. Approve the appointment, compensation, and work of other Professional Service Providers to perform non-financial statement audits, reviews, or investigations, subject to limitations due to confidentiality, legal standards, and/or where approval will clearly impair the purpose or methods of the audit.
3. Resolve any significant disagreements regarding risks, findings, and/or payment between Management and the Financial and/or Other Service Providers.

V. AUDIT COMMITTEE COMPOSITION AND CONSULTANT

The Audit Committee will consist of seven members: three elected annually from each Board and the ex-officio member of both Boards, the LA County's Treasurer and Tax Collector. If any elected Audit Committee member leaves Board service or resigns from the Audit Committee prior to the completion of their term, the Board of the departing member, will elect a new Audit Committee member at the next regularly scheduled Board meeting.



The Committee shall have the authority to approve the hiring of the Audit Committee Consultant as an advisor through a Request for Proposal process. The Audit Committee Consultant will be designated as the audit technical and financial expert, to advise the Committee on audit and financial matters. The Audit Committee Consultant's contract will be for three years.

At the first Committee meeting of each calendar year, the Committee shall elect a Chairman, Vice Chair and Secretary, each to serve for a term of one year or until his or her successor is duly elected and qualified, whichever is less. In the event of a vacancy in the office of Chair, the Vice Chair shall immediately assume the office of Chair for the remainder of the term. In the event of a vacancy in the office of Vice Chair or Secretary, the Committee shall elect one of its members to fill such vacancy for the remainder of the term, at its next regular meeting.

VI. AUDIT COMMITTEE MEETINGS

The Audit Committee will conduct regular meetings at least four times per year, with authority to convene additional meetings, as circumstances require. The time frame between Audit Committee meetings should not exceed four months.

All Committee Members are expected to attend each meeting.

All meetings of the Audit Committee shall be as noticed as joint meetings with the Board of Retirement and Board of Investments to allow for participation of all trustees in open and closed session Audit Committee discussions, provided that non-committee trustees may not make or second motions or vote and provided further that closed sessions to discuss the CAE's annual assessment and the Committee's recommendation to the Boards regarding the appointment, discipline, dismissal, and/or removal of the CAE shall be noticed for attendance by Committee members only.

Regular meeting notices and agendas will be posted at least 72 hours in advance of the regular meetings and will be made available to the public in accordance with the Ralph M. Brown Act (Government Code Sections 54950, et seq.). Public documents referred to in the agenda will be made available for review at the office of the staff secretary to the Committee. The Committee will invite members of Management, Internal Auditors, Financial Auditors, all other Professional Service Providers, and/or others to attend meetings and provide pertinent information, as necessary.

Special meetings of the Committee may be called in the manner provided by Government Code Section 54956(a). The Committee will have such other powers as provided in the Brown Act.

Robert's Rules of Order, except as otherwise provided herein, shall guide the Committee in its proceedings; however, the Chair of the Committee shall have the same rights to vote and participate in discussions as any other member of the Committee without relinquishing the chair. The order of business shall be as determined by formal action of the Committee. Four members of the seven-member Audit Committee, excluding the Audit Committee Consultant, constitute a quorum.



The Secretary of the Committee shall cause to be recorded in the minutes the time and place of each meeting of the Committee, the names of the members present, all official acts of the Committee, the votes given by members except when the action is unanimous, and when requested by a member, that member's dissent or approval with his or her reasons, and shall cause the minutes to be written forthwith and presented for approval at the next regular meeting.

VII. RESPONSIBILITIES

A. Internal Audit Activity

1. Internal Audit Strategy and Annual Plan
 - a. Review and provide input on Internal Audit's annual risk assessment
 - b. Review and approve Internal Audit's Annual Audit Plan (Plan) and resource plan, make recommendations concerning audit projects.
 - c. Recommend to the Boards a budget to achieve the Plan plus a contingent budget for additional work related to audit findings or other unplanned work.
 - d. Review and monitor Internal Audit's activity relative to its Plan. Review and approve all major changes to the Plan.
2. Internal Audit Engagement & Follow-Up
 - a. Review and discuss engagement reports to take the following action(s):
 - i. accept and file report,
 - ii. instruct staff to forward report to Boards or Committees,
 - iii. make recommendations to the Boards or Committees regarding actions as may be required based on audit findings and/or,
 - iv. provide further instruction to staff.
 - b. Monitor Internal Audit's recommendations to ensure Management has adequately and timely addressed the risk(s) identified, either through implementing a new policy, procedure, or process, or accepting the associated risk.
 - c. Inquire whether any evidence of fraud has been identified during internal or external audit engagements, and evaluate what additional actions, if any, should be taken.
 - d. Inquire whether any audit or non-audit engagements have been completed but not reported to the Audit Committee; if so, inquire whether any matters of significance arose from such work.
 - e. Review and advise Management and the Boards on the results of any special investigations.



3. Standards Conformance
 - a. Approve the Internal Audit Charter.
 - b. Ensure the Internal Audit Division conforms with the IIA's International Standards for the Professional Practice of Internal Audit, particularly the independence of Internal Audit and its organizational structure.
 - c. Ensure the Internal Audit Division has a quality assurance and improvement program (QAIP), and that the results of these periodic assessments are presented to the Audit Committee.
 - d. Ensure the Internal Audit Division has an external quality assurance review every five years. Review the results of the external quality assurance review and monitor the implementation of related recommendations.

Advise the Boards about any recommendations for the continuous improvement of the internal audit activity.

4. Chief Audit Executive (CAE)

Since the CAE reports to the Chief Executive Officer (CEO) for administrative purposes, but to the Audit Committee for functional purposes, the Audit Committee will be responsible for the following:

- a. Make recommendations to both Boards regarding the appointment, discipline, dismissal, and/or removal of the CAE, which will be addressed by the Boards in a joint meeting. Both Boards will make the final decisions as to the appointment, discipline, dismissal, and/or removal of the CAE. The CEO has authority to administer minor discipline, which is limited to counseling memos and written warnings, with notice of such discipline to be provided to the Committee and the Boards at their next meetings. Consideration by the Boards and the Committee concerning the appointment, discipline, dismissal, and/or removal of the CAE will be made in executive session under Government Code Section 54957(b).
- b. Perform the CAE's annual assessment with qualitative input from the CAE and CEO. The Committee's discussion regarding the CAE's annual performance evaluation will be made in executive session under Government Code Section 54957(b).
- c. Administer the CAE's annual salary adjustment using the Boards' established compensation structure.

B. Professional Service Provider Activity

The Audit Committee is responsible for the oversight of all work performed by professional service providers (Service Providers) for audits, reviews, or investigations, including the audit of LACERA's financial statements.



1. Approve the appointment and compensation of the External Financial Auditor, hired to perform an independent audit of LACERA's financial statements. Oversee the work of the Financial Auditor, including review of the Financial Auditor's proposed audit scope and approach, as well as coordination with Internal Audit and Management.
2. Approve the appointment and compensation of other Professional Service Providers, hired to perform non-financial statement audits, reviews or consulting, subject to limitations due to confidentiality, legal standards, and/or where approval will clearly impair the purpose or methods of the audit.
3. Review the Professional Service Providers, including the Financial Auditor, and Management the results of the work performed, any findings and recommendations, Management's responses, and actions taken to implement the audit recommendations.

C. Financial Reporting Process

The Audit Committee is responsible for the oversight of the independent audit of LACERA's financial statement, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory compliance, and ethics.

1. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, recent professional and regulatory pronouncements, and understand their impact on the financial statements.
2. Review with Management and the Financial Auditors the results of the audit, including any difficulties encountered.
3. Review the annual financial statements, consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
4. Review with Management and the Financial Auditors all matters required to be communicated to the Committee under *Generally Accepted Auditing Standards*.

D. Values and Ethics

1. Review and assess LACERA's Code of Ethical Conduct established by the Boards and Management.
2. Annually, review Management's process for communicating LACERA's Code of Ethical Conduct to Trustees, Management, and staff, and for monitoring compliance therewith.



3. Review reports received relating to conflicts of interest and ethics issues, and if appropriate, make a recommendation to the Boards.

E. Organizational Governance

To obtain reasonable assurance with respect to LACERA's governance process, the Audit Committee will review and provide advice on the governance process established and maintained, and the procedures in place to ensure they are operating as intended.

1. Risk Management

- a. Annually review LACERA's risk profile.
- b. Obtain from the CAE an annual report on Management's implementation and maintenance of an appropriate enterprise wide risk management process. Provide advice on the risk management processes established and maintained, and the procedures in place to ensure that they are operating as intended.
- c. Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by Management and the Boards.

2. Fraud

- a. Oversee Management's arrangements for the prevention and detection of fraud, including ensuring adequate time is spent discussing and raising awareness about fraud and the Hotline.
- b. Review a summary of Hotline reports, and if appropriate make a recommendation to the Boards.

3. System of Internal Controls

- a. Consider the effectiveness of LACERA's internal control system, including information technology security and control, as well as all other aspects of LACERA's operations.
- b. Understand the scope of Internal and External Auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with Management's responses.
- c. Review and provide advice on control of LACERA as a whole and its individual divisions.

4. System of Compliance

- a. Annually, review the effectiveness of Management's system of compliance with laws, regulations, policies, and procedures that are business critical.



- b. As needed, review the observations and findings of any examinations by regulatory agencies.
- c. Obtain regular updates from Management and LACERA’s Legal Office regarding compliance matters.
- d. At least annually, review reported activity to ensure issues of fraud, noncompliance, and/or inappropriate activities are being addressed.

F. Other Responsibilities

- 1. Report to the Boards as needed about the Audit Committee’s activities, issues, and related recommendations.
- 2. Provide an open avenue of communication between Internal Audit, all Professional Service Providers, including the Financial Auditor, Management, and the Boards.
- 3. Perform other activities related to this Charter as requested by the Boards.
- 4. Review and assess the adequacy of the Committee’s Charter at least every three years, requesting the Boards’ approval for proposed changes.

VIII. APPROVAL

This Charter was reviewed by the Audit Committee on December 11, 2020 and approved by the Board of Investments and Board of Retirement on December 16, 2020. This Charter is thereby effective December 16, 2020 and is hereby signed by the following persons who have authority and responsibilities under this Charter.

<i>Gina Sanchez</i>	12/17/2020
_____	_____
Gina Sanchez <i>Chair, Audit Committee</i>	Date
<i>David Green</i>	12/17/2020
_____	_____
David Green <i>Chair, Board of Investments</i>	Date
<i>Herman Santos</i>	12/17/2020
_____	_____
Herman Santos <i>Chair, Board of Retirement</i>	Date



POLICY FOR PURCHASING GOODS AND SERVICES

Adopted Date: November 6, 2019

POLICY FOR PURCHASING GOODS AND SERVICES

Responsible Manager	Kimberly D. Hines, Manager, Administrative Services Division
Original Effective Date	November 6, 2019
Date of Last Update	December 15, 2005
Mandatory Review	[Two years after Original Effective Date]
Approval Level	Board of Retirement (BOR)

Table of Contents

1.	Purpose	3
2.	Legal Authority.....	3
3.	Scope	3
4.	Conflict of Interest.....	3
5.	Observance of a Quiet Period	4
6.	Confidentiality	5
7.	Purchasing Authority	5
8.	Centralized Purchasing	6
9.	Collaboration and Consultation.....	6
10.	Purchasing Methods.....	6
11.	Solicitations	7
12.	Competitive Bidding.....	8
13.	Purchasing Process.....	9
14.	Contract Development.....	14
15.	Contract Administration	15
16.	Emergency, Confidential or Time Sensitive Purchases.....	16
17.	Supplier Diversity.....	17
18.	Environmental Awareness	17
19.	Procedures Manual	18
20.	History	18

POLICY FOR PURCHASING GOODS AND SERVICES

November 6, 2019

Page 3 of 18

1. Purpose

The purpose of this policy is to establish guidelines for the procurement of goods and the selection of service providers for LACERA.

It is LACERA's objective to select the best goods and services available at the best value, while acting in a manner that is consistent with statutory requirements, fiduciary responsibility, and LACERA's Values.

Vendor selection for goods and services will be transparent, objective and free from bias. Competition increases the cost-effectiveness of the process and ensures that LACERA will obtain qualified goods and services providers.

2. Legal Authority

The Board of Retirement and the Board of Investment has discretion to adopt such policies as they deem prudent as part of their plenary authority and fiduciary responsibility for administration of the system, under Article XVI, Section 17 of the California constitution.

3. Scope

This policy applies to all LACERA Trustees and staff, including all full-time, part-time and contract employees.

4. Conflict of Interest

LACERA is committed to the principles of impartiality and objectivity. It is the practice of LACERA to identify, and avoid organizational conflicts of interest before entering into procurement transactions.

A conflict of interest situation exists when a LACERA Trustee or staff member has even the appearance of an interest or a potential interest of any kind in a contract, agreement or financial relationship in which LACERA has an interest or potential interest. In relationships with vendors, the appearance of a conflict or potential conflict can be created by non-monetary interests such as gifts and business courtesies, and social or personal relationships.

LACERA Trustees and staff are expected to be free of the appearance of interests or relationships that are actually or potentially detrimental to the organization. They shall not engage or participate in any procurement transaction involving LACERA in which they have an actual or potential interest or conflict under applicable law. For additional

POLICY FOR PURCHASING GOODS AND SERVICES

November 6, 2019

Page 4 of 18

information see LACERA's Code of Ethical Conduct. Questions on conflict of interest issues should be directed to the Legal Office.

5. Observance of a Quiet Period

There shall be a quiet period to ensure that the process of selecting a contractor is efficient, diligent and fair. The quiet period is a "no contact period" during the procurement process and is intended to establish guidelines by which Trustees and staff will communicate with prospective vendors. Questions concerning the quiet period should be directed to the Legal Office.

- A. The quiet period shall be maintained after the issuance of a solicitation and continue until a final selection is made or the process is otherwise terminated.
- B. Initiation, continuation, and conclusion of the quiet period shall be publicly communicated to prevent inadvertent violations.
- C. During the quiet period, all Trustees and staff, except for designated LACERA contact persons, shall refrain from communicating with contractor candidates regarding any product or service offered by the candidate, except as permitted by Subsection F below.
- D. During the quiet period, no Trustee or staff member shall accept meals, travel, lodging, entertainment, or any other good or service of value from the candidates.
- E. If any Trustee or Staff member is contacted by a candidate during the quiet period about a matter relating to the pending selection, the Trustee or Staff member shall refer the candidate to the designated LACERA contact person and report the contact to the Chief Counsel.
- F. The quiet period does not prevent Board approved meetings or communications by Staff with an incumbent contractor that is also a candidate provided that their communication is strictly limited to matters necessary in connection with the contractor's existing scope of work. The quiet period does not prevent Board approved meetings and communications by staff with any candidate to the extent such communication is necessary as part of a due diligence process or necessary in connection with other pending LACERA business. Due diligence will be overseen and approved in advance by the responsible Board or Boards or the authorized staff with contracting authority, and not independently by Board members or staff.

Other than due diligence or other pending LACERA business, discussion related to the pending selection is not permitted during these activities.

POLICY FOR PURCHASING GOODS AND SERVICES

November 6, 2019

Page 5 of 18

G. A contractor candidate may be disqualified from a search process for a violation of the quiet period.

6. Confidentiality

Procurement Staff maintains regular contact with many individuals and companies seeking to initiate or expand business relations with LACERA.

LACERA is committed to fair and ethical business practices that encourage competition and enhances our supplier relationships. A cornerstone of this policy is maintaining the confidentiality of all supplier proposals, quotations, prices, contracts and other proprietary materials during the bidding process. These materials are not to be disclosed in any way to other suppliers, outside organizations or to any unauthorized persons.

After completing the procurement process, proposals, purchase orders and other non-exempt information of a public nature shall be available for public inspection upon request under the Public Records Act.

7. Purchasing Authority

The ultimate responsibility for purchasing the best goods and services at reasonable costs lies with the Board of Retirement and Board of Investments. Consistent with the Boards' fiduciary duties, the Boards delegate such responsibility to their Chief Executive Officer to facilitate efficient administration of the retirement system.

Similarly, the Chief Executive Officer (CEO) further delegates purchasing responsibility to LACERA's Purchasing Agent. The Administrative Services Division Manager is the Purchasing Agent for LACERA, subject to the terms of this Policy.

For Investment related services, purchases are delegated to the Chief Investment Officer in accordance with the Procurement Policy for Investment-Related Services.

Procurement of services necessary to adjudicate disability retirement applications, such as Panel Physicians, Hearing Officers, and outside disability counsel are deemed exempt from the Contracting Authority set forth in this policy.

A budget for goods and services shall be approved by the appropriate Board or Boards through either the annual budget process or specific Board action related to the specific procurement.

POLICY FOR PURCHASING GOODS AND SERVICES

November 6, 2019

Page 6 of 18

8. Centralized Purchasing

LACERA employs a centralized procurement unit within the Administrative Services Division that is charged with purchasing for the various organizational units of LACERA.

Buyers are authorized purchasing agents of the Administrative Services Procurement Unit. Buyers perform all necessary acquisition steps, including:

- Bidding and price negotiation
- Placing orders for goods
- Purchase order processing
- Receipt of purchased goods

Staff requiring supplies and other goods shall first submit written requests to the Administrative Services Procurement Unit.

Similarly, staff interested in contracting for services, shall contact the Administrative Services Procurement Unit to initiate the contracting process.

Buyers and Contract Administrators must document all transactions according to established procurement procedures and maintain such documentation for audit purposes.

9. Collaboration and Consultation

Prior to purchasing a new product or service, requesting divisions should consult with other primary users and stakeholders to ensure the new purchase will meet organizational needs.

10. Purchasing Methods

LACERA uses the following methods of performing transactions with vendors.

Corporate Credit Card Purchases are used by authorized LACERA staff members when making purchases in accordance with LACERA's Corporate Credit Card Policy.

Payment Request (Direct Payments) are issued for subscriptions, registrations, fees, professional licenses and other regulated costs that cannot be bid or negotiated. Payment is made directly to suppliers without the issuance of a purchase order.

POLICY FOR PURCHASING GOODS AND SERVICES

November 6, 2019

Page 7 of 18

Purchase Order is a written authorization from a buyer (LACERA), for a supplier to deliver specified goods and services to the buyer (LACERA) at the price, quality level, delivery date, and other terms specified.

Contract is used to purchase goods and services where a purchase order is not adequate to describe all the terms and conditions, and is required to be executed by both parties. Contracts are any legally binding document between two or more parties. Examples include, but are not limited to, formal agreements, letter agreements, emails confirming transaction terms, memoranda of understanding, nondisclosure agreements, licenses, leases, amendments, addenda, terms and conditions on invoices or purchase orders, and many others.

11. Solicitations

11.1 General

In broad terms, the Solicitation is the instrument by which requirements are presented to contractors to obtain offers for the acquisition of supplies, equipment, and services.

11.2 Methods

The solicitation method is influenced by factors such as speed, value and complexity. They include the following:

Request for Quotation (RFQ) a solicitation method that involves submitting a document to one or more potential suppliers eliciting quotations for a product or service. Typically, an RFQ seeks an itemized list of prices for something that is well-defined and quantifiable, such as hardware.

Invitation to Bid (ITB) a solicitation method used to invite contractors and suppliers to submit a bid on a specific service or a product. These solicitations include precise specifications and requirements that each bidding vendor must meet in order to be considered for the contract.

Request for Proposal (RFP) a solicitation method used to purchase complex goods and services that do not have standardized specifications.

11.3 Publicizing Solicitations

Solicitations of goods and services exceeding \$150,000 require public advertisement.

POLICY FOR PURCHASING GOODS AND SERVICES

November 6, 2019

Page 8 of 18

Solicitations shall be publicized, for a sufficient amount of time to allow interested firms to develop a thorough proposal. Solicitations shall be placed on LACERA's website and can be advertised in newspapers and professional publications. The advertisement period is 30 days unless LACERA has an urgent need for the service or product which would not allow the posting to run the full 30 days.

Publicizing out-sourcing solicitations lends transparency to the process, increases cost-effectiveness, promotes fairness, and expands opportunities for small, women-owned and minority-owned businesses.

11.4 Approvals

Administrative

Release of an RFP affecting administrative and operations activities, require approval by the Operations Oversight Committee, with the results and recommendations returned to the full Board of Retirement for authorization to execute an agreement.

Retiree Health Care

RFPs or other solicitations related directly to Retiree Health Care benefits, such as health care plans and insurance, are approved for release by the Insurance, Benefits and Legislative Committee, with results and recommendations returned to the full Board of Retirement for authorization to execute an agreement.

External Audits

RFPs or other solicitations related to audits performed by external auditors are approved for release by the appropriate Board Committee with results and recommendations returned to the respective Board for approval.

12. Competitive Bidding

Competitive bidding is the process that allows LACERA to properly survey the marketplace and secure goods and services at a fair price. Competitive bidding also reduces the risk of fraud and promotes fairness. Competition should be attempted and obtained for any purchase where competition is available. The bidding process is primarily determined by the estimated value of the procurement request and consists of the following:

POLICY FOR PURCHASING GOODS AND SERVICES

November 6, 2019

Page 9 of 18

12.1 Informal Bidding

Generally reserved for non-complex solicitations where the description of the goods and services can be clearly stated. Quotes are obtained by less formal means such as an internet page, via email, catalogs, price lists, and letters.

12.2 Formal Bidding

Solicitations that require a more detailed description and explanation. These solicitations include precise specifications and requirements that each potential vendor must meet. Depending on the dollar amount, formal bids require public advertising.

13. Purchasing Process

13.1 Procurement of Equipment and Other Goods

13.1.1 Purchasing Schedule

To begin the process of purchasing equipment and other goods, the purchaser will submit a written request to the Administrative Services Procurement Unit.

Buyers shall comply with the following:

- A. Procurements **up to \$5,000** may be made without securing competitive prices if the Buyer is able to determine that the price is reasonable through personal knowledge of the product or by comparing the price with a recently paid price, or the price of similar items.
- B. Procurements **between \$5,001 and \$150,000** require a minimum of three (3) written bids/proposals, Activities in this category require approval by the Administrative Services Division Manager, or approved designee.
- C. Procurements **over \$150,000** require a formal solicitation process including public advertising, and a minimum of three (3) written bids/proposals. Formal solicitation may include an Invitation to Bid (ITB) or a Request for Proposal (RFP). Approval is required by the Administrative Services Manager and the Chief Executive Officer or authorized designees. Board of Retirement approval is required unless specifically approved as part of the annual budget adoption.

POLICY FOR PURCHASING GOODS AND SERVICES

November 6, 2019

Page 10 of 18

LACERA shall develop maximum competition for purchases and to make awards based on the best value for the goods or services rendered to determine the best value bidder consideration shall be given to price, delivery time, quality, compatibility, references, experience, parts and service. Additionally, the Buyer may take into consideration reputation, business and financial capabilities.

If the buyer is unable to obtain the three required quotes, the contact information of a minimum of five vendors must be documented.

Buyers may not split purchase transactions or take any other action in order to circumvent the competitive process or the legal review process.

All competitive bids shall be maintained and recorded for audit purposes.

13.1.2 Vendor Lists and Master Agreements

Vendor Lists are comprised of current suppliers and other known vendors, including those who have formally requested to participate in competitive bidding within their respective areas of specialization.

Buyers shall refer to existing Vendor Lists when making purchases or soliciting bids.

Buyers shall periodically (at least annually) update their Vendor Lists to provide new, interested suppliers, as well as current vendors, the opportunity to participate in future competitive bidding.

Buyers shall give reasonable notice to suppliers on existing Vendor Lists when soliciting bids. Communication should include e-mail notification where possible.

Master Agreements, wherein costs for goods and services are established for an extended period, help control costs and promote timely delivery, particularly where recurring or routine purchases and common services are concerned. Vendors providing routine goods or recurring services may be awarded Master Agreements for specified commodities as the result of competitive bidding.

POLICY FOR PURCHASING GOODS AND SERVICES

November 6, 2019

Page 11 of 18

13.2 Contracting for Services

Service is the performance of labor or professional consulting by an outside firm or contractor for LACERA. It can be rendered to LACERA by a firm or individual, with or without the furnishing of materials. Contracts are to be used whenever services are needed regardless of the dollar amount.

To begin the process of contracting for services, the purchaser will submit a written request to the Administrative Services Procurement Unit.

A Contract Administrator is the Division Manager or designee that performs all the necessary steps involved in the preparation, negotiation, formulation, administration, and closeout of contractual agreements. This includes the solicitation and the competitive bidding process. The Contract Administrator also oversees the performance of the contract, tracks the payments and ensures that both parties meet the various obligations set forth in the contract.

13.2.1 Contract Signing Authority

- A. Contracts with a total value **up to \$5,000** do not require competitive bidding and the requesting Division Manager may select the qualified vendor and sign the contract.
- B. Contracts with an annual amount **between \$5,001 and \$25,000** require a minimum of three (3) written bids/proposals. Activities in this category require approval by the Administrative Services Division Manager, or authorized designee and can be signed by the requesting Division Manager. Due diligence must be performed and documented to justify the vendor selection and may include an Invitation to Bid (ITB) or a Request for Proposal (RFP). At a minimum, such due diligence must include the following elements:
 - 1. A description of the service to be provided by prospective vendor
 - 2. An evaluation of prospective vendor's qualifications
 - 3. An evaluation of the reasonableness of prospective vendor's fees
 - 4. An evaluation of the prospective vendor's security and privacy policies if the contract is to provide services that permit vendors to access any member data, personal information (PI), personal health information (PHI), or other business critical information or when they provide access to LACERA's systems or files

POLICY FOR PURCHASING GOODS AND SERVICES

November 6, 2019

Page 12 of 18

- C. Contracts with an annual amount **between \$25,001 and \$150,000** require a minimum of three (3) written bids or proposals and due diligence as described above in section 13.2.1.B. Contracts in this category require approval by the Administrative Services Division Manager, or designee, and must be signed by the Chief Executive Officer, or authorized designees.

- D. Contracts that **exceed an annual amount of \$150,000** require a formal solicitation process including public advertising. Contract Administrators shall solicit bids or proposals through a formal solicitation process that shall include an Invitation to Bid (ITB) or a Request for Proposal (RFP). Approval is required by the Administrative Services Division Manager, Chief Executive Officer, or authorized designees and the Board of Retirement.

Aggregate service purchase orders or contracts to any single vendor for a project or a similar type of service cannot exceed the total value for any of the three value categories listed above. Contracts may not be split in order to circumvent the competitive process.

Services contracts that are bundled with a purchase of equipment or software, and the service component is less than or equal to 40% of the total cost are deemed to be a purchase of equipment and other goods and would fall under the requirements of Section 13.1 the Procurement of Equipment and other Goods section of this policy.

Documentation must be maintained in accordance with the Records and Information Management Policy by the Contract Administrator and in accordance with procedures for storing contracts in the LACERA Contract Management System. In addition, all information supplied by vendors in their bids, quotations or proposals must be held in strict confidence by the person(s) evaluating the bid, quotation or proposal and may not be revealed to any other vendor or unauthorized individual.

13.2.2 Fee Schedule or Hourly Rate Contracts

For contracts that require a fee schedule for services (i.e. hourly rates) and do not have a fixed value, the Contract Administrator must determine the estimated annual value of the contract, based on the scope of the services. Prior to the execution of the contract, the Contract Administrator must verify the appropriate level of signature authority specified in Section 13.2.1 of this Policy. Fee Schedule contracts should contain a “not to exceed amount” in the agreement. During the course of the agreement, the contract value may

POLICY FOR PURCHASING GOODS AND SERVICES

November 6, 2019

Page 13 of 18

increase beyond the original approved value threshold, requiring next level signature authority approval. Written justification must be submitted to appropriate signature authority by the Contract Administrator well in advance to allow sufficient time for the approval process.

13.3 Information Technology Purchases

Procurement of information technology products or solutions must be initiated and processed with the full knowledge, direction, and consent of LACERA's Systems Division, regardless of cost, to ensure compatibility with LACERA's current technology environment.

13.4 Procurements Exempt from Competition

Certain limited circumstances sometimes warrant exemption from the competitive solicitation process. Such circumstances require documented justification explaining the exceptional need for exemption and approval by the Administrative Services Division Manager. Exemptions include the following:

13.4.1 Emergency Purchases - For guidelines, See Section 16 Emergency, Time Sensitive or Confidential Purchases.

13.4.2 Sole-Source or Single Source Purchases. A Sole-Source procurement is one in which only one vendor is capable of supplying the commodity or service. This may occur when the goods or services are specialized or unique in character. Sole means "the one and only." Single-Source procurement is one in which, although two or more vendors supply the commodity or service, a specific vendor is selected for substantial reasons thereby eliminating the competitive bidding process. Single means "the one among others."

Examples include:

- When products are of a proprietary nature.
- When the use of alternatives would compromise existing contracts, service agreements or business strategies.

13.4.3 Leveraged Procurement Agreement (LPA) / Piggyback – LPAs allow agencies to buy directly from suppliers through existing contracts and agreements negotiated by other agencies. LPAs are available to Federal, State, county, city, special district, education and other government entities.

POLICY FOR PURCHASING GOODS AND SERVICES

November 6, 2019

Page 14 of 18

13.4.4 Renewal of Software Licenses, Operating System Maintenance, or System Maintenance Services: Where LACERA has procured equipment, software, and operating systems for its use, procurement of the continuing maintenance, and upgrades of the software and operating systems from the developer, manufacturer or authorized reseller.

14. Contract Development

14.1 General

Contract development is a joint effort involving the LACERA Contract Administrator, LACERA's Administrative Services Division LACERA's Legal Office, designated LACERA and vendor staff and LACERA's Systems Division and Internal Audit, when appropriate.

14.2 Term of Contract

Contracts shall be limited to a maximum of five (5) consecutive years with an optional extension of up to an additional two (2) years, with approval by the Chief Executive Officer or designee. Contract term extensions must be reported to the Operations Oversight Committee at the next meeting.

14.3 Insurance

Immediately after award and prior to the start of performance, a Certificate of Insurance shall be obtained from the contractor as evidence that insurance policies providing the coverage specified in the contract are in full force and effect. Contract Administrators shall review certificates of insurance to ensure that the coverage and limits of insurance specified in the Agreement remain in full force and effect throughout the performance period.

14.4 Information Security Due Diligence

As part of initial and ongoing due diligence required by Contract Administrators, a SOC-2 (system and organizational controls) Type II, or an agreed upon alternate report must be received from vendors that will have access to confidential information as determined necessary by staff with contracting authority in consultation with the Legal Office. A SOC-2 Report (or agreed upon equivalent), more formally known as Service Organization Control 2 Report, reports on a vendor's organizational controls related to security, availability, processing integrity, confidentiality, or privacy. To confirm these controls, site visit inspections are to be included when appropriate.

POLICY FOR PURCHASING GOODS AND SERVICES

November 6, 2019

Page 15 of 18

LACERA's Information Security Officer must approve the SOC-2 Type II or equivalent report is to be submitted, reviewed and documented by LACERA's Information Security Officer prior to entering into a contract. The report is to also be requested as part of ongoing due diligence for vendors that receive or obtain LACERA member and other security and privacy related data.

14.5 Legal Office Review

All contracts, for goods or services exceeding \$5,000 shall be reviewed and approved as to form by LACERA's Legal Office. LACERA staff responsible for managing contracts is responsible to consider potential risks to the organization associated with contract amounts of \$5,000 or less. Legal review and approval is required for these contracts if it is determined that a breach of the contract could result in a material adverse impact to LACERA.

Staff responsible for requesting legal review will meet and confer with the Legal Office to agree upon a reasonable time frame for completion of the review. Staff is responsible to ensure that, where legal review is required, the Legal Office is provided and has reviewed and approved the final version of the agreement before it is executed. Staff will provide the Legal Office with all information and documents that are necessary to complete the review.

Before a contract is signed, the Legal office will confirm its review and approval in writing.

15. Contract Administration

15.1 Contract Administrator Responsibilities

Before approving the contract and related payments, the Contract Administrator must verify that the contract meets LACERA's requirements and that any payments specified in the contract are appropriate. The Contract Administrator also oversees the performance of the contract and ensures that both parties meet the various obligations set forth in the contract

The Administrative Services Division Contract Management Unit and the Budget Unit also support the contract administrator by verifying the appropriateness of all payments made.

The Contract Administrator is responsible for ensuring that the parties to the contract adhere to it, and that all issues are addressed and resolved.

POLICY FOR PURCHASING GOODS AND SERVICES

November 6, 2019

Page 16 of 18

15.2 Contract Monitoring

Each Division is responsible for monitoring its contracts on an ongoing basis and administering its terms and conditions.

In addition, LACERA's Internal Auditors shall periodically review the contracting and contract administration process. Internal Audit may review the Statement of Work and the Payment Schedule of a given contract to ensure that the payment points coincide with completed deliverables.

Internal Audit may review the payment process at any time throughout the engagement to ensure that payments are made for completed tasks only.

15.3 Contract Management System

All executed contracts will be sent to the Contract Management Unit in Administrative Services for imaging and import into the Contract Management System. The Contracts Management Unit supports the Contract Administrator by providing periodic reports to alert when contracts, insurance certificates and due diligence system security reports are set to expire.

16. Emergency, Confidential or Time Sensitive Purchases

An emergency is any condition that may affect LACERA's ability to conduct normal and routine business, any condition that may affect the health, safety and welfare of LACERA staff or members, or any condition which may impair LACERA's legal rights. Failure to anticipate a need is not, of itself, considered a bonafide emergency

Response to an emergency may require immediate action by staff to acquire equipment and services. In such a case, the Chief Executive Officer or their designee may make reasonable and responsible procurements of goods and services beyond the usual discretionary spending limits. In addition, Corporate Card spending limits may be increased as needed in accordance with LACERA's Corporate Credit Card Policy. If circumstances permit, also subject to Legal Office review under Section 14.5.

Within 7 calendar days of the purchase, a complete description of the emergency and justification for the purchase must be documented, approved and submitted to the Administrative Services Division Manager and the Chief Executive Officer according to the spending thresholds as outlined in Section 13.1 and 13.2. If the purchase is greater than staff spending authority, a Retirement Board agenda item must be prepared for Board certification that the condition and circumstances required an emergency purchase.

POLICY FOR PURCHASING GOODS AND SERVICES

November 6, 2019

Page 17 of 18

Purchases requiring confidentiality may be purchased without notification of the Procurement Unit, but appropriate documentation (redacted if necessary) must be forwarded to the Administrative Services Division Manager and the CEO in accordance with the paragraph above.

17. Supplier Diversity

LACERA values diversity and inclusion. In complete alignment with diversity initiatives across the organization, LACERA is committed to fostering diversity in its procurement process through the inclusion and utilization of small and diverse businesses. LACERA recognizes that supplier diversity provides a broad array of choice and contributes to the expansion of the local marketplace. In addition, when we diversify the supplier portfolio, it increases our ability to secure better pricing, higher quality products and services through increased competitive bid participation.

We actively seek to foster business relationships with diverse suppliers who respect and reflect LACERA's value of diversity and inclusion, offer high-quality goods and services, competitive pricing and premium customer service. Currently we identify Minority, Women and Disabled Veterans suppliers by partnering with the Los Angeles County Business Enterprise (CBE) Program. CBE is a program that LA County uses to certify businesses to be included in the County's CBE listing. LACERA Purchasing agents use this listing to identify and invite diverse vendors to participate in the bidding process.

18. Environmental Awareness

Environmental impact should be considered in purchasing decisions, when appropriate. LACERA Purchasing Agents will consider the use of products and services that impact the environment less than competing products, when it is a best value decision to do so. A best value decision based on a thorough total cost of ownership analysis considers the initial cost of the item, delivery time as well as factors such as:

- **Energy Efficiency.** Purchase equipment that is Energy Star-rated (or, if there is no Energy Star rating, equipment that is highly energy efficient). Energy Star is a program helping businesses and individuals protect the environment through superior energy efficiency.
- **Shipping Materials.** Purchase products that are shipped in containers that are returnable or reusable and made from recycled content (i.e. cardboard boxes).
- **Recycled Content.** Purchase products made with recycled content suitable for the intended use.

POLICY FOR PURCHASING GOODS AND SERVICES

November 6, 2019

Page 18 of 18

19. Procedures Manual

The Administrative Services Division Purchasing Unit shall be responsible for preparing and maintaining a procedures manual that details the purchasing process and any delegated duties and defined terminology. This procedures manual shall include this policy and must be approved by the Chief Executive Officer. These procedures may be modified at any time as deemed necessary, provided that the procedures remain within the framework of this policy.

In the event that there is a conflict between this policy and the procedures manual the policy shall prevail.

20. History

20.1 Approvals.

As the scope of this Policy applies to all Trustees and LACERA staff and has an organization-wide effect concerning the administrative governance of the organization, the following approvals are required.

20.1.1 Recommendation by Operations Oversight Committee

20.1.2 Approval by Board of Retirement

20.2 Current Status

20.2.1 Original Effective Date: December 15, 2005

20.2.2 Last Updated: December 15, 2005

20.2.3 Mandatory Review [Two years after Original Effective Date]

20.3 Versions

20.3.1 Version 2

June 30, 2021

TO: Each Trustee,
Board of Retirement

FROM: Audit Committee
Joseph Kelly, Chair
Shawn R. Kehoe, Vice-Chair
Vivian H. Gray, Secretary
Alan J. Bernstein
Keith Knox
Ronald A. Okum
Gina V. Sanchez

FOR: July 7, 2021 Board of Retirement Meeting
July 14, 2021 Board of Investments Meeting

SUBJECT: **Approval of the Revised Audit Committee Charter**

RECOMMENDATION

That the Board of Retirement and Board of Investments approve and adopt the revised Audit Committee Charter.

BACKGROUND

The Institute of Internal Auditors (IIA) recommends that an audit committee formally define its purpose, authority, and responsibilities in a charter. In addition, the IIA recommends periodic reviews of the charter to ensure the charter is aligned with industry best practices and organizational changes. LACERA's Audit Committee Charter (Charter) was established in 2004, and has been updated throughout the years, most recently in December 2020.

Internal Audit and the Audit Committee Chair proposed revisions to the Charter at the April 23, 2021 Audit Committee. Internal Audit proposed minor edits to the charter while the Chair proposed a more significant revision. The Chair's proposed revision was to:

Delete from section VII. (Responsibilities) A.1. **Internal Audit Activity**

Recommend to the Boards a budget to achieve the Plan plus a contingent budget for additional work related to audit findings or other unplanned work.

Add Section VII. (Responsibilities) F. **Audit Committee and Internal Audit Budget**

LACERA will provide appropriate funding, as determined by the Audit Committee for compensation and Internal Audit Budget for compensation to the Financial Service

Provider that the Audit Committee chooses to engage, and for payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

During the April 23, 2021 Audit Committee meeting, Committee members discussed the merits of having a dedicated budget contingency fund for the Committee versus the ability to obtain all necessary funding through the proposed new language. The Committee concluded unanimously that the new language provided the Audit Committee with the necessary funding and they agreed to striking the language that provided for the contingency.

Attached are the materials presented to the Audit Committee regarding the proposed Charter revisions, including the red-lined and clean versions of the proposed Charter, for the Board's review.

IT IS THEREFORE RECOMMENDED THAT THE BOARD approve and adopt the revised Audit Committee Charter.

RPB:cl

Attachment:

Audit Committee Materials Regarding Audit Committee Charter Revisions

April 27, 2021

TO: Each Trustee,
Board of Retirement
Board of Investments

FROM: Audit Committee
Joseph Kelly, Chair
Shawn R. Kehoe, Vice Chair
Vivian H. Gray, Secretary
Alan J. Bernstein
Keith Knox
Ronald A. Okum
Gina V. Sanchez

FOR: May 5, 2021 Board of Retirement Meeting
May 19, 2021 Board of Investments Meeting

SUBJECT: Approval of the Revised Audit Committee Charter

RECOMMENDATION

That the Board of Retirement and Board of Investments approve and adopt the revised Audit Committee Charter.

BACKGROUND

The Institute of Internal Auditors (IIA) recommends that an audit committee formally define its purpose, authority, and responsibilities in a charter. In addition, the IIA recommends periodic reviews of the charter to ensure the charter is aligned with industry best practices and organizational changes. LACERA's Audit Committee Charter (Charter) was established in 2004, and has been updated throughout the years, most recently in December 2020.

At the February 19, 2021 Audit Committee meeting, staff recommended the Committee:

- A. Review and approve the proposed Internal Audit FY 2022 Budget Request to be presented to the Boards for approval.
- B. Provide direction to staff on the amount of contingency funding to be requested to fund the Audit Reserve Fund.

The Committee unanimously approved the proposed Internal Audit FY 2022 Budget Request to be presented to the Boards for approval. After discussion, the Committee voted to recommend to the Boards to fund the contingency budget in the amount of \$250,000 but asked staff to bring the Charter to the April meeting for additional consideration.

Internal Audit and the Audit Committee Chair proposed revisions to the Charter at the April 23, 2021 Audit Committee. Internal Audit proposed minor edits to the charter while the Chair proposed a more significant revision. The Chair's proposed revision was to:

Delete from section VII. (Responsibilities) A.1. **Internal Audit Activity**

Recommend to the Boards a budget to achieve the Plan plus a contingent budget for additional work related to audit findings or other unplanned work.

Add Section VII. (Responsibilities) F. **Audit Committee and Internal Audit Budget**

LACERA will provide appropriate funding, as determined by the Audit Committee for compensation and Internal Audit Budget for compensation to the Financial Service Provider that the Audit Committee chooses to engage, and for payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

During the April 23, 2021 Audit Committee meeting, Committee members discussed the merits of having a dedicated budget contingency fund for the Committee versus the ability to obtain all necessary funding through the proposed new language. The Committee concluded unanimously that the new language provided the Audit Committee with the necessary funding and they agreed to striking the language that provided for the contingency.

Attached are the materials presented to the Audit Committee regarding the proposed Charter revisions, including the red-lined and clean versions of the proposed Charter, for the Board's review.

IT IS THEREFORE RECOMMENDED THAT THE BOARDS approve and adopt the revised Audit Committee Charter.

RPB:cl

Attachment:

Audit Committee materials regarding Audit Committee Charter revisions



April 15, 2021

TO: 2021 Audit Committee
Joseph Kelly, Chair
Shawn R. Kehoe, Vice Chair
Vivian H. Gray, Secretary
Alan J. Bernstein
Keith Knox
Ronald A. Okum
Gina V. Sanchez

Audit Committee Consultant
Robert H. Griffin

FROM: Richard P. Bendall 
Chief Audit Executive

Christina Logan 
Principal Internal Auditor

FOR: April 23, 2021 Audit Committee Meeting

SUBJECT: Revisions to the Audit Committee Charter

RECOMMENDATION

- a) Provide direction to staff on the proposed revisions to the Audit Committee Charter,
- b) Upon approval, recommend to the Board of Retirement and Board of Investments to adopt the revised Audit Committee Charter.

BACKGROUND

The Institute of Internal Auditors (IIA) recommends that an audit committee formally define its purpose, authority, and responsibilities in a charter. In addition, the IIA recommends periodic reviews of the charter to ensure the charter is aligned with industry best practices and organizational changes.

LACERA's Audit Committee Charter (Charter) was established in 2004, and has been updated throughout the years, most recently in December 2020 (Attachment B). The IIA's current model charter is provided for your reference (Attachment C).

At the February Audit Committee meeting, it was requested that we bring the Charter to this meeting for additional discussion. We have attached a red-line version (Attachment D) and a clean version (Attachment E).

PROPOSED REVISIONS

The Audit Committee Chair is proposing the revisions below to the Charter. The Chair has provided a memo detailing the reasoning for his proposal (Attachment A).

VII. Responsibilities A. Internal Audit Activity – replacing the language with a new section under **VII. Responsibilities G. Budget**. The wording for the new section is derived from Deloitte’s Sample Audit Committee Charter but tailored for LACERA.

PROPOSED EDITS

Internal Audit and the Audit Committee Chair are proposing the following minor edits to the Charter:

- **IV. Authority** - Remove the third paragraph since two of the three points were already under **VII. Responsibilities B. Professional Service Provider Activity**.
- **V. Audit Committee and Consultant** - Corrected the job title for the Los Angeles County Treasurer to be consistent with CERL and corrected a grammar error.
- **VI. Audit Committee Meetings** – Added to the fourth paragraph that materials are published to LACERA’s website and removed from the sixth paragraph unnecessary language.
- **VII. Responsibilities B. Professional Service Providers** – Corrected “External Financial Auditor” to “Financial Auditor” to be consistent throughout the Charter and added the third point from **IV. Authority**.

RECOMMENDATION

We recommend the Audit Committee Provide direction to staff on the proposed revisions to the Audit Committee Charter, and upon approval, recommend to the Board of Retirement and Board of Investments to adopt the revised Audit Committee Charter.

Attachments

RPB:cl

April 16, 2021

TO: Audit Committee
FROM: Joseph Kelly, Chair *JK*
SUBJECT: Audit Committee Funding

This memorandum responds to a discussion at the February 19, 2021 Audit Committee meeting regarding Item V. B. a recommendation that the Audit Committee approve the Internal Audit Proposed Fiscal Year (FY) 2021-2022 Budget and a contingent budget for additional work related to audit findings or other unplanned work. Section VII. A. 1.C. of the Audit Committee Charter requires the Committee to recommend to the Boards a budget to achieve the audit plan, plus a contingent budget.

In the meeting, we discussed replacing the contingent budget language with a statement that LACERA would commit to provide the Committee the funding necessary for the Committee to conduct its mission. The reasons for this included the availability of unspent operating funds in Internal Audit's operating budget as a source to fund unplanned audits, the limitations in the use of the contingent budget to only one area of Committee responsibility (i.e., audit), and the potential that any contingent budget the Committee approved may be insufficient to fund the costs of unplanned audits. Discussion followed regarding the mechanisms through which LACERA would be able to incorporate such a commitment into its budgetary practices. In the end, the Committee approved a contingent budget in the amount of \$250,000.

Discussion of an agency commitment to provide appropriate funding.

In presenting charter revisions for the Committee's consideration in calendar year 2020, staff had relied primarily on a sample charter promulgated by the Institute of Internal Auditors - Global (IIA) and a review of peer pension fund charters. The IIA sample charter was designed to illustrate common practices across multiple jurisdictions, including international jurisdictions, and, as such, the IIA cautioned that the generic nature of this document required customization. Like the charter the Audit Committee approved in December 2020, the IIA sample charter grants to the Audit Committee the authority to approve the appointment, compensation, and work of the Financial Auditor hired to audit financial statements and approve the appointment, compensation, and work of other Professional Service Providers to perform non-financial statement audits, reviews, or investigations. The IIA sample charter is silent on the budgetary impact to the organization of the granting of this authority to the Audit Committee. Yet, the charter the Audit Committee approved in December 2020, introduced the concept of a contingent budget and capped that contingent budget at \$500,000.

Deloitte also publishes a *Sample Audit Committee Charter*¹ based on its observations of selected companies and the requirements of the Securities and Exchange Commission (SEC), the New York Stock Exchange (NYSE), and the National Association of Securities Dealers and Nasdaq. The *Sample Audit Committee Charter* delegates to the Audit Committee the same responsibilities regarding the appointment and compensation of the financial auditor and other professional service providers as does the IIA sample charter, but Deloitte addresses the budgetary impact of this delegation as follows: ***The issuer [company] will provide appropriate funding, as determined by the audit committee, for compensation to the independent auditor, to any advisers that the audit committee chooses to engage, and for payment of ordinary administrative expenses of the audit committee that are necessary or appropriate in carrying out its duties.*** [Rule 10A-3(b)(5) of the Exchange Act, NYSE Corporate Governance Rule 303A.06, and NASDAQ Corporate Governance Rule 5605(c)(3)].

This language Deloitte recommends regarding Audit Committee funding is sourced from the SEC. Specifically, effective April 25, 2003, the SEC, as directed by the Sarbanes-Oxley Act of 2002 (SOX), adopted a new rule related to audit committee requirements. These requirements related to the independence of audit committee members; the audit committee's responsibility to select and oversee the independent accountant; procedures for handling complaints regarding accounting practices; the authority of the audit committee to engage advisors; and funding for the independent auditor and any outside advisors engaged by the audit committee. LACERA does not issue securities that are listed on national securities exchanges and is therefore not subject to this rule. However, organizations that are not subject to the rule consider its provisions to be best practice and many adopt its provisions, nonetheless, and many of the provisions of this rule are found in the IIA's sample Audit Committee Charter.

In promulgating this rule, the SEC provided the following commentary regarding Audit Committee funding which I found particularly insightful and applicable to the question at hand.

E. Funding

An audit committee's effectiveness may be compromised if it is dependent on management's discretion to compensate the independent auditor or the advisors employed by the committee, especially when potential conflicts of interest with management may be apparent. Accordingly, as proposed, the final rule requires the issuer to provide for appropriate funding, as determined by the audit committee, in its capacity as a committee of the board of directors, for payment of compensation:

¹ <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/center-for-board-effectiveness/us-audit-committee-resource-guide-appendix-a.pdf>

- To any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer; and
- To any advisors employed by the audit committee.

This requirement will further the standard relating to the audit committee's responsibility to appoint, compensate, retain and oversee the outside auditor. It also will add meaning to the standard relating to the audit committee's authority to engage independent advisors. Not only could an audit committee be hindered in its ability to perform its duties objectively by not having control over the ability to compensate these advisors, but the role of the advisors also could be compromised if they are required to rely on management for compensation. Thus, absent such a provision, both the audit committee and the advisors could be less willing to address disagreements or other issues with management.

Commenters supported this requirement. We also requested comment on whether there should be limits on the amount of compensation that could be requested by the audit committee. The overwhelming majority of commenters did not support compensation limits, arguing that to do otherwise would subvert the intent of the requirement. These commenters argued that audit committee members' own fiduciary duties to the issuer and natural oversight by the board of directors over the audit committee would address any concerns over abuse. The final rule does not set funding limits.

Some commenters believed it would be appropriate to supplement the funding requirements. While the Commission's proposal would address the compensation of advisors, it would not provide assurance that the audit committee itself can obtain the funding it needs to carry out its duties. Specifically, these commenters believed the final rule should also state that the issuer must provide appropriate funding for ordinary administrative expenses of the audit committee. We find merit in this suggestion. An audit committee's effectiveness may be compromised if it is dependent on management's discretion to pay for the committee's expenses, especially when potential conflicts of interest with management may be apparent. Accordingly, the final rule provides that, in addition to funding for advisors, the issuer must provide appropriate funding for ordinary administrative expenses of the audit committee that are necessary or appropriate in carrying out its duties.

The Government Finance Officers Association (GFOA), a well-respected public sector finance organization, includes the following in its recommendations regarding the establishment of audit committees by state and local governments²: ***The audit committee should be adequately funded and should be authorized to engage the services of financial experts, legal counsel, and other appropriate specialists, as***

² <https://www.gfoa.org/materials/audit-committees>

necessary to fulfill its responsibilities. However, the GFOA also notes that one should not interpret this recommended practice as limiting the full governing body from exercising ultimate authority.

Analysis of contingent budget with a cap, or an agency commitment to provide appropriate funding

By its very nature, the contingent budget with its current cap of \$250,000 puts guiderails around the Audit Committee's spending authority. Some trustees may believe that is prudent given the fact that the organization's two governing boards, the Board of Retirement and Board of Investment, had never granted budgetary authority to any of its committees before they narrowly approved the granting of budgetary authority to this committee, and that any discretionary use of budgetary authority could be minimized through a very focused audit planning process. I concur that the audit planning process should be thorough and, if it is, would reduce the likelihood that the Audit Committee would need to retain advisory firms beyond those included in the plan. But, establishing guiderails could compromise, at a minimum, the perception that the Audit Committee can achieve its objectives. The Audit Committee in this organization is an important component in the system of internal controls designed to protect the organization's financial assets, which are approaching nearly \$70 billion. Deviations in Committee responsibility and support from recommended best practice could compromise the effectiveness of that system of internal controls, certainly in perception if not also in practice. To put that \$70 billion figure in perspective, it is greater than the market capitalization of each of the following well-known firms: Colgate-Palmolive, BMW, and Marsh & McClellan. This organization's 180,000 members deserve an internal control system that meets or exceeds that which the recommended practices would allow.

There are several mechanisms in place that should, individually and collectively, give comfort to each trustee that this Committee would act responsibly should the boards commit to provide it appropriate funding.

- Fiduciary duty - As commenters in the SEC rulemaking note, chief among these mechanisms are audit committee members' own fiduciary duties. I have served as a trustee for nearly ten years and although we may disagree from time to time on different issues, each one of us consistently holds high the fiduciary duty of loyalty and care.
- Number of Committee Members – at seven members, three from each board with the County Treasurer serving ex officio, each board is well represented. As well, the size of the group also allows for greater representation of differing opinions, which can be discussed and deliberated, enhancing the quality of decisions.
- Oversight – As commenters in the SECF rulemaking noted, natural oversight by the boards over the audit committee would address any concerns over abuse.

This Committee's authorities are those which the boards grant to it. If despite consistent application of our fiduciary duties and quality of decision-making, we run amok in the application of the boards' commitment to provide appropriate funding, then we should expect the boards to engage with the Committee on their concerns.

Application of a commitment to provide appropriate funding

Santos Kreimann, Steven Rice, Richard Bendall and I met to discuss the impact of this language, should the Audit Committee adopt it, on LACERA's budget practices. Mr. Kreimann stated that if the Audit Committee engaged a firm related to a matter that had not been included in the Audit Plan, he would first look to the Audit Division's operating budget to determine if any projected savings were available to fund that expenditure, in whole or in part. Secondly, he would identify budgetary savings from the overall budget to transfer to the Audit Division operating budget to fund the additional services. If the projected savings were not sufficient, then, depending on the dollar amount of the deficiency, he may present a budget adjustment for additional appropriation to each board.

Conclusion and Recommendation

I consider the SEC rulemaking and GFOA to be best practice in this area, which leads me to conclude that the Audit Committee charter should include a statement that LACERA will provide appropriate funding to the Audit Committee, replacing reference to a contingent budget. Applying a limit or a cap to that broad organizational commitment could compromise this organization's comprehensive system of internal controls. Committee abuse of this commitment can be minimized if not curtailed in its entirety through consistent adherence by trustees to their fiduciary duties, the number of trustees on the committee which leaves each board well represented and allows for deliberation of differing opinions, and general oversight by the boards. In my analysis I weight the negative impact to our system of internal controls more heavily than I do the likelihood of Committee abuse of this commitment.

Given this, the Audit Committee Charter before your Committee includes the deletion of the requirement that the Committee recommend a contingent budget and includes the addition of the following language:

LACERA will provide appropriate funding, as determined by the Audit Committee, for compensation to the Financial Auditor, to any Professional Service Provider that the Audit Committee chooses to engage, and for payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

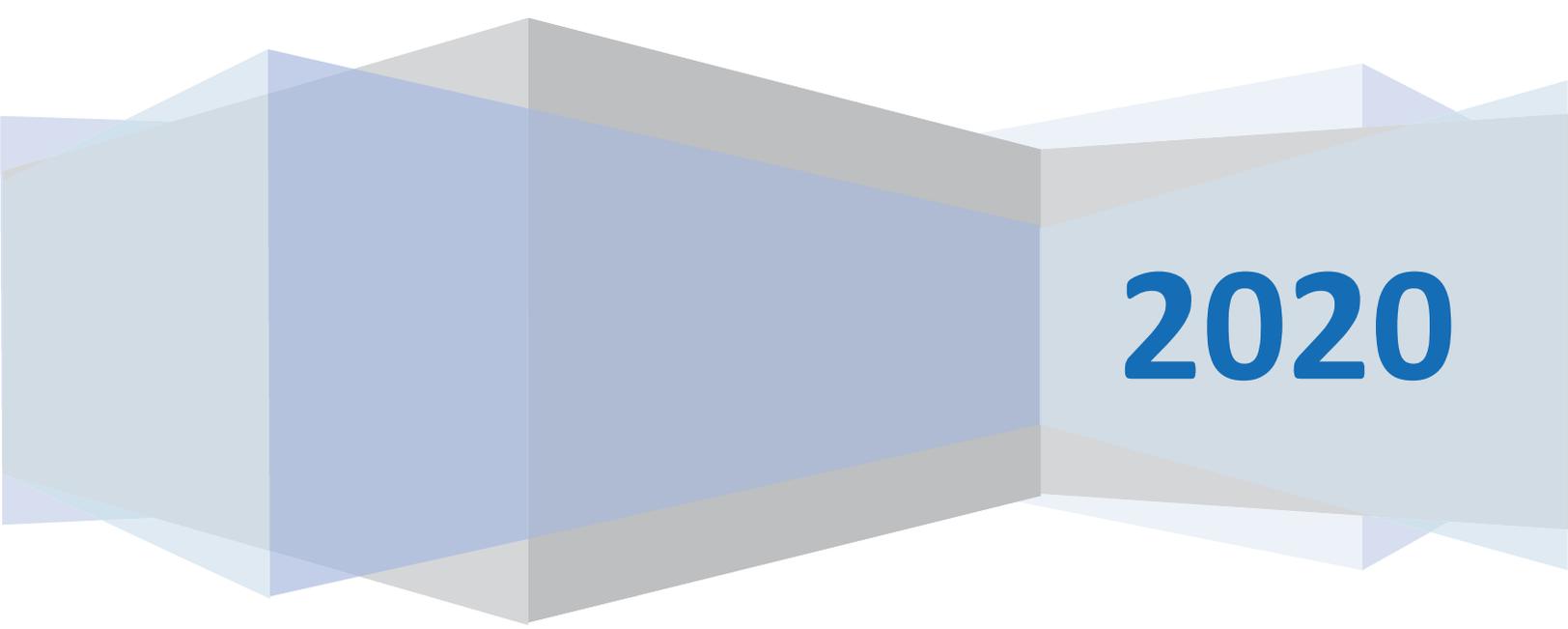
Thank you for your consideration of this information and recommendation.

C: Santos Kreimann
Richard Bendall
Steven Rice
Johanna Fontenot
JJ Popowich



Audit Committee Charter

December 2020

A decorative graphic at the bottom of the page consisting of several overlapping, semi-transparent geometric shapes in shades of blue and grey. The shapes are arranged in a way that creates a sense of depth and movement. The year "2020" is prominently displayed in a large, bold, blue font on the right side of the graphic.

2020



AUDIT COMMITTEE CHARTER

Table of Contents

- I. CHARTER2**
- II. PURPOSE AND ASSIGNED FIDUCIARY OVERSIGHT DUTIES2**
- III. PRINCIPLES OF THE AUDIT COMMITTEE.....2**
- IV. AUTHORITY3**
- V. AUDIT COMMITTEE COMPOSITION AND CONSULTANT.....3**
- VI. AUDIT COMMITTEE MEETINGS4**
- VII. RESPONSIBILITIES5**
- VIII. APPROVAL.....9**



AUDIT COMMITTEE CHARTER

I. CHARTER

This Charter establishes the authority and responsibilities of the Audit Committee, as assigned by Los Angeles County Employees Retirement Association's (LACERA) Board of Retirement and Board of Investments (Boards). The Audit Committee Charter is a living document and should be reviewed at least every three years.

II. PURPOSE AND ASSIGNED FIDUCIARY OVERSIGHT DUTIES

In November 2003, LACERA's Boards established the LACERA Audit Committee.

The purpose of the Audit Committee is to assist the Boards in fulfilling their fiduciary oversight duties for the:

- A.** Internal Audit Activity
- B.** Professional Service Provider Activity
- C.** Financial Reporting Process
- D.** Values and Ethics, and
- E.** Organizational Governance

III. PRINCIPLES OF THE AUDIT COMMITTEE

The Audit Committee will conduct itself in accordance with LACERA's Code of Ethical Conduct and the following core principles from the Institute of Internal Auditors' (IIA) Code of Ethics. The Audit Committee expects the Boards, Management, and staff will also adhere to these requirements.

Integrity – The Audit Committee Members will perform their work with honesty, diligence, and responsibility. The Audit Committee expects and will encourage transparency when fulfilling its duties. Communications between Committee Members, Management, staff, and/or Professional Service Providers will be open, direct, and complete. Subject to applicable laws and organizational limitations, Internal Audit will regularly provide the Audit Committee with updates on audit and consulting projects completed and related findings and follow-up.

Independence & Objectivity - The Audit Committee will perform its responsibilities in an independent manner and in compliance with fiduciary duty without exception. Audit Committee Members will disclose any conflicts of interest (actual or perceived) to the Committee.

Confidentiality – The Audit Committee Members will be prudent in the use and protection of information acquired during the course of its duties.



Competency - Audit Committee Members will receive formal orientation training on the purpose and mandate of the Committee and LACERA's objectives. Audit Committee Members are obligated to prepare for and participate in Committee meetings.

Professional Standards - The Audit Committee will ensure all related work will be handled with the highest professional standards consistent with auditing standards of practice and industry guidelines.

IV. AUTHORITY

The Audit Committee will have unrestricted access to Management and staff, and any relevant information it considers necessary to discharge its duties. All employees are directed to cooperate with the Committee and its requests. If access to requested information is denied due to legal or confidentiality reasons, the Audit Committee and/or CAE will follow a prescribed, Board approved mechanism for resolution of the matter.

The Audit Committee has the authority to conduct or authorize investigations into any matters within its scope of duties, including engaging independent counsel and/or other advisors it deems necessary.

The Audit Committee is empowered to:

1. Approve the appointment, compensation, and work of the Financial Auditor hired to audit LACERA's financial statements.
2. Approve the appointment, compensation, and work of other Professional Service Providers to perform non-financial statement audits, reviews, or investigations, subject to limitations due to confidentiality, legal standards, and/or where approval will clearly impair the purpose or methods of the audit.
3. Resolve any significant disagreements regarding risks, findings, and/or payment between Management and the Financial and/or Other Service Providers.

V. AUDIT COMMITTEE COMPOSITION AND CONSULTANT

The Audit Committee will consist of seven members: three elected annually from each Board and the ex-officio member of both Boards, the LA County's Treasurer and Tax Collector. If any elected Audit Committee member leaves Board service or resigns from the Audit Committee prior to the completion of their term, the Board of the departing member, will elect a new Audit Committee member at the next regularly scheduled Board meeting.



The Committee shall have the authority to approve the hiring of the Audit Committee Consultant as an advisor through a Request for Proposal process. The Audit Committee Consultant will be designated as the audit technical and financial expert, to advise the Committee on audit and financial matters. The Audit Committee Consultant's contract will be for three years.

At the first Committee meeting of each calendar year, the Committee shall elect a Chairman, Vice Chair and Secretary, each to serve for a term of one year or until his or her successor is duly elected and qualified, whichever is less. In the event of a vacancy in the office of Chair, the Vice Chair shall immediately assume the office of Chair for the remainder of the term. In the event of a vacancy in the office of Vice Chair or Secretary, the Committee shall elect one of its members to fill such vacancy for the remainder of the term, at its next regular meeting.

VI. AUDIT COMMITTEE MEETINGS

The Audit Committee will conduct regular meetings at least four times per year, with authority to convene additional meetings, as circumstances require. The time frame between Audit Committee meetings should not exceed four months.

All Committee Members are expected to attend each meeting.

All meetings of the Audit Committee shall be as noticed as joint meetings with the Board of Retirement and Board of Investments to allow for participation of all trustees in open and closed session Audit Committee discussions, provided that non-committee trustees may not make or second motions or vote and provided further that closed sessions to discuss the CAE's annual assessment and the Committee's recommendation to the Boards regarding the appointment, discipline, dismissal, and/or removal of the CAE shall be noticed for attendance by Committee members only.

Regular meeting notices and agendas will be posted at least 72 hours in advance of the regular meetings and will be made available to the public in accordance with the Ralph M. Brown Act (Government Code Sections 54950, et seq.). Public documents referred to in the agenda will be made available for review at the office of the staff secretary to the Committee. The Committee will invite members of Management, Internal Auditors, Financial Auditors, all other Professional Service Providers, and/or others to attend meetings and provide pertinent information, as necessary.

Special meetings of the Committee may be called in the manner provided by Government Code Section 54956(a). The Committee will have such other powers as provided in the Brown Act.

Robert's Rules of Order, except as otherwise provided herein, shall guide the Committee in its proceedings; however, the Chair of the Committee shall have the same rights to vote and participate in discussions as any other member of the Committee without relinquishing the chair. The order of business shall be as determined by formal action of the Committee. Four members of the seven-member Audit Committee, excluding the Audit Committee Consultant, constitute a quorum.



The Secretary of the Committee shall cause to be recorded in the minutes the time and place of each meeting of the Committee, the names of the members present, all official acts of the Committee, the votes given by members except when the action is unanimous, and when requested by a member, that member's dissent or approval with his or her reasons, and shall cause the minutes to be written forthwith and presented for approval at the next regular meeting.

VII. RESPONSIBILITIES

A. Internal Audit Activity

1. Internal Audit Strategy and Annual Plan
 - a. Review and provide input on Internal Audit's annual risk assessment
 - b. Review and approve Internal Audit's Annual Audit Plan (Plan) and resource plan, make recommendations concerning audit projects.
 - c. Recommend to the Boards a budget to achieve the Plan plus a contingent budget for additional work related to audit findings or other unplanned work.
 - d. Review and monitor Internal Audit's activity relative to its Plan. Review and approve all major changes to the Plan.
2. Internal Audit Engagement & Follow-Up
 - a. Review and discuss engagement reports to take the following action(s):
 - i. accept and file report,
 - ii. instruct staff to forward report to Boards or Committees,
 - iii. make recommendations to the Boards or Committees regarding actions as may be required based on audit findings and/or,
 - iv. provide further instruction to staff.
 - b. Monitor Internal Audit's recommendations to ensure Management has adequately and timely addressed the risk(s) identified, either through implementing a new policy, procedure, or process, or accepting the associated risk.
 - c. Inquire whether any evidence of fraud has been identified during internal or external audit engagements, and evaluate what additional actions, if any, should be taken.
 - d. Inquire whether any audit or non-audit engagements have been completed but not reported to the Audit Committee; if so, inquire whether any matters of significance arose from such work.
 - e. Review and advise Management and the Boards on the results of any special investigations.



3. Standards Conformance
 - a. Approve the Internal Audit Charter.
 - b. Ensure the Internal Audit Division conforms with the IIA's International Standards for the Professional Practice of Internal Audit, particularly the independence of Internal Audit and its organizational structure.
 - c. Ensure the Internal Audit Division has a quality assurance and improvement program (QAIP), and that the results of these periodic assessments are presented to the Audit Committee.
 - d. Ensure the Internal Audit Division has an external quality assurance review every five years. Review the results of the external quality assurance review and monitor the implementation of related recommendations.

Advise the Boards about any recommendations for the continuous improvement of the internal audit activity.

4. Chief Audit Executive (CAE)

Since the CAE reports to the Chief Executive Officer (CEO) for administrative purposes, but to the Audit Committee for functional purposes, the Audit Committee will be responsible for the following:

- a. Make recommendations to both Boards regarding the appointment, discipline, dismissal, and/or removal of the CAE, which will be addressed by the Boards in a joint meeting. Both Boards will make the final decisions as to the appointment, discipline, dismissal, and/or removal of the CAE. The CEO has authority to administer minor discipline, which is limited to counseling memos and written warnings, with notice of such discipline to be provided to the Committee and the Boards at their next meetings. Consideration by the Boards and the Committee concerning the appointment, discipline, dismissal, and/or removal of the CAE will be made in executive session under Government Code Section 54957(b).
- b. Perform the CAE's annual assessment with qualitative input from the CAE and CEO. The Committee's discussion regarding the CAE's annual performance evaluation will be made in executive session under Government Code Section 54957(b).
- c. Administer the CAE's annual salary adjustment using the Boards' established compensation structure.

B. Professional Service Provider Activity

The Audit Committee is responsible for the oversight of all work performed by professional service providers (Service Providers) for audits, reviews, or investigations, including the audit of LACERA's financial statements.



1. Approve the appointment and compensation of the External Financial Auditor, hired to perform an independent audit of LACERA's financial statements. Oversee the work of the Financial Auditor, including review of the Financial Auditor's proposed audit scope and approach, as well as coordination with Internal Audit and Management.
2. Approve the appointment and compensation of other Professional Service Providers, hired to perform non-financial statement audits, reviews or consulting, subject to limitations due to confidentiality, legal standards, and/or where approval will clearly impair the purpose or methods of the audit.
3. Review the Professional Service Providers, including the Financial Auditor, and Management the results of the work performed, any findings and recommendations, Management's responses, and actions taken to implement the audit recommendations.

C. Financial Reporting Process

The Audit Committee is responsible for the oversight of the independent audit of LACERA's financial statement, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory compliance, and ethics.

1. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, recent professional and regulatory pronouncements, and understand their impact on the financial statements.
2. Review with Management and the Financial Auditors the results of the audit, including any difficulties encountered.
3. Review the annual financial statements, consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
4. Review with Management and the Financial Auditors all matters required to be communicated to the Committee under *Generally Accepted Auditing Standards*.

D. Values and Ethics

1. Review and assess LACERA's Code of Ethical Conduct established by the Boards and Management.
2. Annually, review Management's process for communicating LACERA's Code of Ethical Conduct to Trustees, Management, and staff, and for monitoring compliance therewith.



3. Review reports received relating to conflicts of interest and ethics issues, and if appropriate, make a recommendation to the Boards.

E. Organizational Governance

To obtain reasonable assurance with respect to LACERA's governance process, the Audit Committee will review and provide advice on the governance process established and maintained, and the procedures in place to ensure they are operating as intended.

1. Risk Management

- a. Annually review LACERA's risk profile.
- b. Obtain from the CAE an annual report on Management's implementation and maintenance of an appropriate enterprise wide risk management process. Provide advice on the risk management processes established and maintained, and the procedures in place to ensure that they are operating as intended.
- c. Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by Management and the Boards.

2. Fraud

- a. Oversee Management's arrangements for the prevention and detection of fraud, including ensuring adequate time is spent discussing and raising awareness about fraud and the Hotline.
- b. Review a summary of Hotline reports, and if appropriate make a recommendation to the Boards.

3. System of Internal Controls

- a. Consider the effectiveness of LACERA's internal control system, including information technology security and control, as well as all other aspects of LACERA's operations.
- b. Understand the scope of Internal and External Auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with Management's responses.
- c. Review and provide advice on control of LACERA as a whole and its individual divisions.

4. System of Compliance

- a. Annually, review the effectiveness of Management's system of compliance with laws, regulations, policies, and procedures that are business critical.



- b. As needed, review the observations and findings of any examinations by regulatory agencies.
- c. Obtain regular updates from Management and LACERA's Legal Office regarding compliance matters.
- d. At least annually, review reported activity to ensure issues of fraud, noncompliance, and/or inappropriate activities are being addressed.

F. Other Responsibilities

- 1. Report to the Boards as needed about the Audit Committee's activities, issues, and related recommendations.
- 2. Provide an open avenue of communication between Internal Audit, all Professional Service Providers, including the Financial Auditor, Management, and the Boards.
- 3. Perform other activities related to this Charter as requested by the Boards.
- 4. Review and assess the adequacy of the Committee's Charter at least every three years, requesting the Boards' approval for proposed changes.

VIII. APPROVAL

This Charter was reviewed by the Audit Committee on December 11, 2020 and approved by the Board of Investments and Board of Retirement on December 16, 2020. This Charter is thereby effective December 16, 2020 and is hereby signed by the following persons who have authority and responsibilities under this Charter.

Gina V Sanchez

Gina Sanchez

Chair, Audit Committee

1/13/2021

Date

David Green

David Green

Chair, Board of Investments

1/13/21

Date

Herman B. Santos

Herman Santos

Chair, Board of Retirement

1/13/2021

Date

Signature: 
Gina V Sanchez (Jan 14, 2021 14:00 PST)

Email: gsanchez@lacera.com

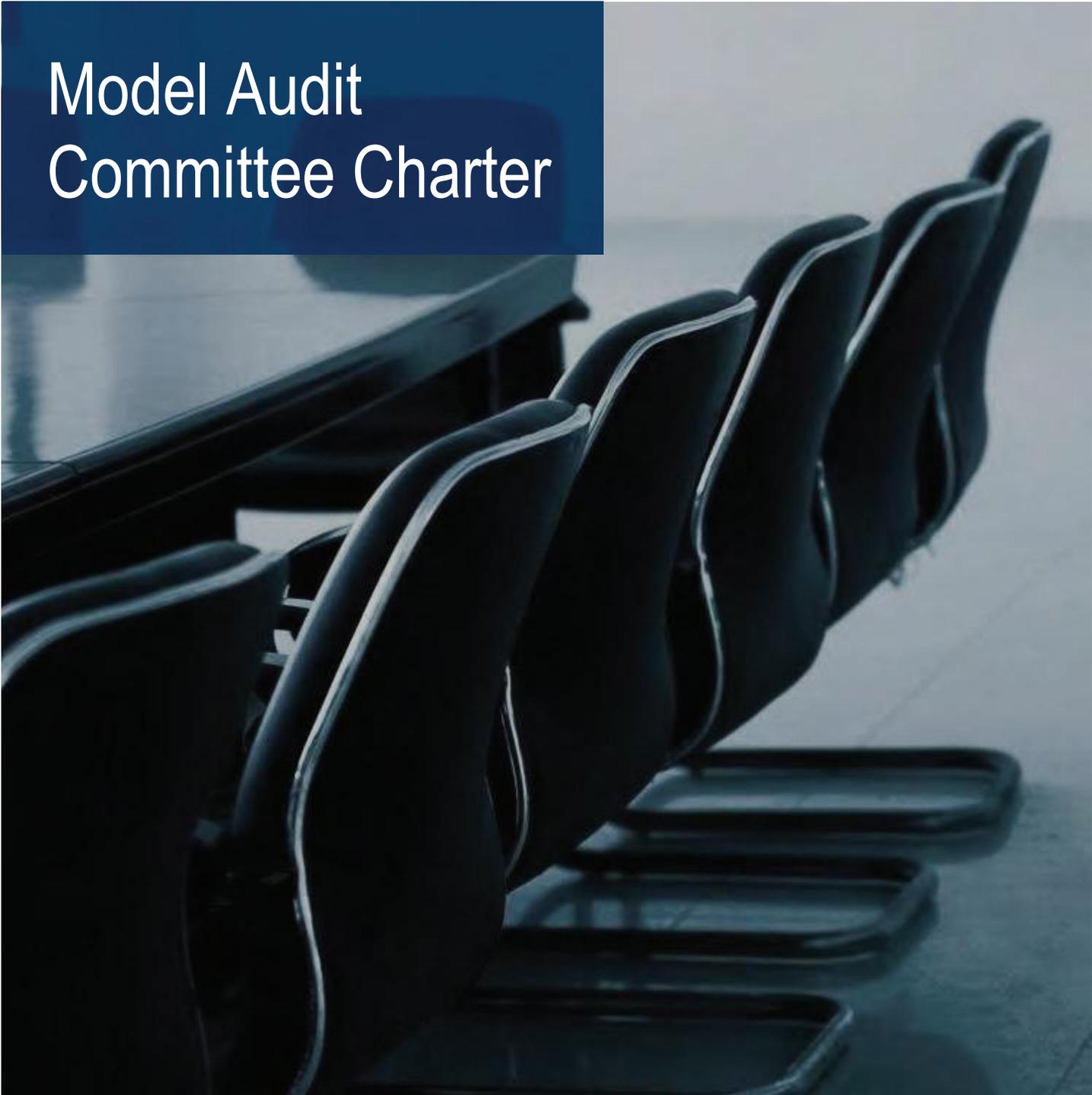
Signature: 
Herman Santos (Jan 20, 2021 14:13 PST)

Email: hermansantos49@gmail.com

Signature: 
David Green (Jan 14, 2021 14:09 PST)

Email: davidgreen37@sbcglobal.net

Model Audit Committee Charter



Revised: March 2017

Contents

Preface	2	Operational Procedures.....	6
Organizational Principles	3	Meetings	
Introduction [Optional]		Minutes	
Background [Optional]		Required Attendance	
Purpose		Secretariat Services	
Mandate [Optional]		Remuneration of Committee Members	
Authority		Responsibilities	
Composition of the Audit Committee		Values and Ethics	
The Chair of the Audit Committee		Organizational Governance	
Terms of Office		Risk Management	
Quorum		Fraud	
Operational Principles	5	Control	
Audit Committee Values		Compliance	
Communications		Oversight of the Internal Audit Activity	
Work Plan		and Other Assurance Providers.....	9
Meeting Agenda		Internal Audit Activity	
Information Requirements		External Auditors	
Executive Sessions		Financial Statements and Public	
Preparation and Attendance		Accountability Reporting	
Conflict(s) of Interest		Other Responsibilities	
Orientation and Training		Reporting on Audit Committee Performance	
		Approval/Signatures	

Preface

The Model Audit Committee Charter is designed to illustrate common or leading practices typically set out in an audit committee charter. The generic nature of this draft is intended to encourage customization.

The document may not reflect all legal or regulatory requirements that exist in the every jurisdiction. Additionally, stakeholder expectations may influence the inclusion or deletion of certain practices.

In drafting an audit committee charter, care should be exercised to customize the charter, including replacing bracketed, blue text with language that accurately reflects the user's situation.

Organizational Principles

Introduction [Optional]

The audit committee plays an important role in providing oversight of the organization's governance, risk management, and internal control practices. This oversight mechanism also serves to provide confidence in the integrity of these practices. The audit committee performs its role by providing independent oversight to the governing body e.g. board.

Background [Optional]

The audit committee was established on [date]. At that time, the charter for the committee was established. The charter, which governs the work of the committee, was reviewed and updated on [date].

Purpose

The purpose of the audit committee is to provide a structured, systematic oversight of the organization's governance, risk management, and internal control practices. The committee assists the board and management by providing advice and guidance on the adequacy of the organization's initiatives for:

- Values and ethics.
- Governance structure.
- Risk management.
- Internal control framework.
- Oversight of the internal audit activity, external auditors, and other providers of assurance.
- Financial statements and public accountability reporting.

In broad terms, the audit committee reviews each of the items noted above and provides the board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

Mandate [Optional]

The mandate for the establishment of the audit committee was derived from [Insert text; the exact source of the mandate will vary among jurisdictions and depend on the location, government structure, type of public sector services, and relationship to other government entities. This section is typical for public sector organizations and may come in the form of laws, regulations, policies and procedures, or bylaws.].

Authority

The audit committee charter sets out the authority of the audit committee to carry out the responsibilities established for it by the board as articulated within the Audit Committee Charter.

In discharging its responsibilities, the audit committee will have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The committee also will have unrestricted access to records, data, and reports. If access to requested documents is denied due to legal or confidentiality reasons, the Audit Committee and/or CAE will follow a prescribed, board approved mechanism for resolution of the matter.

The audit committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. The organization's management and staff should cooperate with audit committee requests.

The audit committee may engage independent counsel and/or other advisors it deems necessary to carry out its duties.

The audit committee is empowered to:

- Appoint, compensate, and oversee all audit and non-audit services performed by auditors, including the work of any registered public accounting firm employed by the organization. **[Note: This requirement may not be applicable in the public sector if the external auditor is established by legislation; for example, an Auditor General.]**
- Resolve any disagreements between management and the external auditor regarding financial reporting and other matters.
- Preapprove all auditing and non-audit services performed by auditors.

Composition of the Audit Committee

The audit committee will consist of **[Insert number; at least three]** members that are independent of the organization. The members should collectively possess sufficient knowledge of audit, finance, specific industry knowledge, IT, law, governance, risk, and control. Because the responsibilities of the audit committee evolve in response to regulatory, economic, and reporting developments, it is important to periodically re-evaluate members' competencies and the overall balance of skills on the committee in response to emerging needs.

The Chair of the Audit Committee

The board will designate the chair of the audit committee and appointment committee members.

Terms of Office

The term of office for an audit committee member is **[Insert number; typically three to four]** years. Continuance of audit committee members will be reviewed annually. To ensure continuity

within the audit committee, the appointment of members should be staggered. [Note: In some jurisdictions there are limits to the number of terms which independent members of the committee may serve, if this is the case such limits may be reflected in the charter.]

Quorum

The quorum for the audit committee will be a majority of the members.

Operational Principles

Audit Committee Values

The audit committee will conduct itself in accordance with the code of values and ethics of the organization and [Add reference to additional pertinent legislation/regulations/policies]. The audit committee expects that management and staff of the organization will adhere to these requirements.

Communications

The audit committee expects that all communication with management and staff of the organization as well as with any external assurance providers will be direct, open, and complete.

Work Plan

The audit committee chair will collaborate with senior management and the chief audit executive (CAE) to establish a work plan to ensure that the responsibilities of the audit committee are scheduled and will be carried out.

Meeting Agenda

The chair will establish agendas for audit committee meetings in consultation with audit committee members, senior management, and the CAE.

Information Requirements

The audit committee will establish and communicate its requirements for information, which will include the nature, extent, and timing of information. Information will be provided to the audit committee at least one week prior to each audit committee meeting.

Executive Sessions

The audit committee will schedule, and hold if necessary, a private session with the chief executive officer (CEO), the chief financial officer (CFO), the CAE, external assurance providers, and with any other officials that the audit committee may deem appropriate at each of its meetings.

Preparation and Attendance

Audit committee members are obligated to prepare for and participate in committee meetings.

Conflict(s) of Interest

Audit committee members should adhere to the organizations code of conduct and any values and ethics established by the organization. It is the responsibility of audit committee members to disclose any conflict of interest or appearance of a conflict of interest to the committee. If there is any question as to whether audit committee member(s) should recuse themselves from a vote, the committee should vote to determine whether the member should recuse himself or herself.

Orientation and Training

Audit committee members will receive formal orientation training on the purpose and mandate of the committee and on the organization's objectives. A process of continuing education will be established.

Operational Procedures

Meetings

The audit committee will meet at least **[Insert number; at least four is generally recommended]** times annually or more frequently as the committee deems necessary. The time frame between audit committee meetings should not exceed four months.

Minutes

Minutes will be prepared in accordance with applicable law, regulation, bylaw, policy, procedure, and/or other applicable requirements. Meeting minutes will be provided in draft format at least two weeks after the audit committee meeting.

Required Attendance

The CAE and **[Insert text; include the title of the person to whom the CAE reports and the title of the person responsible for managing the external audit relationship]** are required to attend all audit committee meetings.

Secretariat Services

The CAE (or another appropriate designee) will facilitate and coordinate meetings as well as provide ancillary support to the committee, as time and resources permit.

Remuneration of Committee Members

Committee members may be reimbursed for travel and committee-related expenses. **[If applicable, a policy should be established and outlined in the legal basis and/or a formal travel policy that applies to all committee members.]**

Payment rates and allowances for committee members' time and/or services are established formally in **[Insert text regarding laws, regulations, or in written policy and procedures by the governing body]**.

Professional Indemnity Insurance: **[Professional indemnity insurance arrangements that are suitable to both the member and the organization should be established. Insert text regarding agreed-upon arrangements]**.

Responsibilities

It is the responsibility of the audit committee to provide the board with independent, objective advice on the adequacy of management's arrangements with respect to the following aspects of the management of the organization:

Values and Ethics

To obtain reasonable assurance with respect to the organization's values and ethics practices, the audit committee will:

- Review and assess the policies, procedures, and practices established by the governing body to monitor conformance with its code of conduct and ethical policies by all managers and staff of the organization.
- Provide oversight of the mechanisms established by management to establish and maintain high ethical standards for all of the managers and staff of the organization.
- Review and provide advice on the systems and practices established by management to monitor compliance with laws, regulations, policies, and standards of ethical conduct and identify and deal with any legal or ethical violations.

Organizational Governance

To obtain reasonable assurance with respect to the organization's governance process, the audit committee will review and provide advice on the governance process established and maintained within the organization and the procedures in place to ensure that they are operating as intended.

Risk Management

To obtain reasonable assurance with respect to the organization's risk management practices, the audit committee will:

- Annually review the organization's risk profile.
- Obtain from the CAE an annual report on management's implementation and maintenance of an appropriate enterprise wide risk management process.

- Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.
- Provide oversight of the adequacy of the combined assurance being provided.
- Review and provide advice on the risk management processes established and maintained by management and the procedures in place to ensure that they are operating as intended.

Fraud

To obtain reasonable assurance with respect to the organization's procedures for the prevention and detection of fraud, the audit committee will:

- Oversee management's arrangements for the prevention and deterrence of fraud.
- Ensure that appropriate action is taken against known perpetrators of fraud.
- Challenge management and internal and external auditors to ensure that the entity has appropriate antifraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.

Control

To obtain reasonable assurance with respect to the adequacy and effectiveness of the organization's controls in responding to risks within the organization's governance, operations and information systems, the audit committee will:

- Consider the effectiveness of the organization's control framework, including information technology security and control.
- Review and provide advice on the control of the organization as a whole and its individual units.
- Receive reports on all matters of significance arising from work performed by other providers of financial and internal control assurance to senior management and the board.

Compliance

The audit committee will:

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the observations and conclusions of internal and external auditors and the findings of any regulatory agencies.

- Review the process for communicating the code of conduct to the organization's personnel and for monitoring compliance.
- Obtain regular updates from management and the organization's legal counsel regarding compliance matters.

Oversight of the Internal Audit Activity and Other Assurance Providers

Internal Audit Activity

To obtain reasonable assurance with respect to work of the internal audit activity, the audit committee will provide oversight related to:

Internal Audit Charter and Resources

- Review and approve the internal audit charter at least annually. The charter should be reviewed to ensure that it accurately reflects the internal audit activity's purpose, authority, and responsibility, consistent with the mandatory guidance of The IIA's International Professional Practices Framework and the scope and nature of assurance and consulting services, as well as changes in the financial, risk management, and governance processes of the organization and reflects developments in the professional practice of internal auditing.
- Advise the board about increases and decreases to the requested resources to achieve the internal audit plan. Evaluate whether any additional resources are needed permanently or should be provided through outsourcing.

CAE Performance

- Advise the board regarding the qualifications and recruitment, appointment, and removal of the CAE.
- Provide input to management related to evaluating the performance of the CAE.
- Recommend to management or the governing body the appropriate compensation of the CAE.

Internal Audit Strategy and Plan

- Review and provide input on the internal audit activity's strategic plan, objectives, performance measures, and outcomes.
- Review and approve proposed risk-based internal audit plan and make recommendations concerning internal audit projects.
- Review and approve the internal audit plan and engagement work program, including reviewing internal audit resources necessary to achieve the plan.
- Review the internal audit activity's performance relative to its audit plan.

Internal Audit Engagement and Follow Up

- Review internal audit reports and other communications to management.
- Review and track management's action plans to address the results of internal audit engagements.
- Review and advise management on the results of any special investigations.
- Inquire of the CAE whether any internal audit engagements or non-audit engagements have been completed but not reported to the committee; if so, inquire whether any matters of significance arose from such work.
- Inquire of the CAE whether any evidence of fraud has been identified during internal audit engagements and evaluate what additional actions, if any, should be taken.

Standards Conformance

- Inquire of the CAE about steps taken to ensure that the internal audit activity conforms with The IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)*.
- Ensure that the internal audit activity has a quality assurance and improvement program and that the results of these periodic assessments are presented to the audit committee.
- Ensure that the internal audit activity has an external quality assurance review every five years.
- Review the results of the independent external quality assurance review and monitor the implementation of the internal audit activity's action plans to address any recommendations.
- Advise the board about any recommendations for the continuous improvement of the internal audit activity.

External Auditors

To obtain reasonable assurance with respect to work of the external assurance providers, the audit committee will meet with the external assurance providers during the planning phase of the engagement, the presentation of the audited financial statements, and the discussion of the results of engagements and recommendations for management.

The audit committee will:

- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with the internal audit activity. **[Note: This may not be applicable in a public sector setting.]**
- Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors. **[Note: This may not be applicable in a public sector setting.]**

- Obtain statements from the external auditors about their relationships with the organization, including non-audit services performed in the past, and discuss the information with the external auditors to review and confirm their independence.
- Have regularly scheduled exclusive meetings with external auditors to discuss any sensitive matters.
- Monitor management's progress on action plans.

To obtain reasonable assurance that management has acted on the results and recommendations of internal and external audit engagements, the audit committee will regularly review reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audit engagements.

Financial Statements and Public Accountability Reporting

The audit committee is responsible for oversight of the independent audit of the government entity's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory compliance, and ethics.

The audit committee will:

- Review with management and the external auditors the results of audit engagements, including any difficulties encountered.
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings and consider the accuracy and completeness of the information before it is released.
- Review with management and the external auditors all matters required to be communicated to the audit committee under generally accepted external auditing standards.
- Understand strategies, assumptions and estimates that management has made in preparing financial statements, budgets, and investment plans.
- Understand how management develops interim financial information and the nature and extent of internal and external auditor involvement in the process.
- Review interim financial reports with management and external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to committee members.

Other Responsibilities

In addition, the audit committee will:

- Perform other activities related to this charter as requested by the governing body.
- Institute and oversee special investigations as needed.
- Regularly evaluate its performance and that of its individual members. **[Note: Annual assessments are recommended.]**

Reporting on Audit Committee Performance

The audit committee will report to the board annually, summarizing the committee's activities and recommendations. The report may be delivered during an audit committee meeting attended by the board or during a regularly scheduled meeting of the board.

The report should include:

- A summary of the work the audit committee performed to fully discharge its responsibilities during the preceding year.
- A summary of management's progress in addressing the results of internal and external audit engagement reports.
- An overall assessment of management's risk, control, and compliance processes, including details of any significant emerging risks or legislative changes impacting the governing organization.
- Details of meetings, including the number of meetings held during the relevant period and the number of meetings each member attended.
- Provide information required, if any, by new or emerging corporate governance developments.
- The committee may report to the governing body at any time regarding any other matter it deems of sufficient importance.

Approval/Signatures

Chief Executive Officer _____ Date _____

Audit Committee Chair _____ Date _____

Chairman of the Board _____ Date _____

ABOUT THE IIA

The Institute of Internal Auditors (IIA) is the internal audit profession's most widely recognized advocate, educator, and provider of standards, guidance, and certifications. Established in 1941, The IIA today serves more than 190,000 members from more than 170 countries and territories. The association's global headquarters are in Lake Mary, Fla., USA. For more information, visit www.globaliia.org.

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Audit Committee Charter

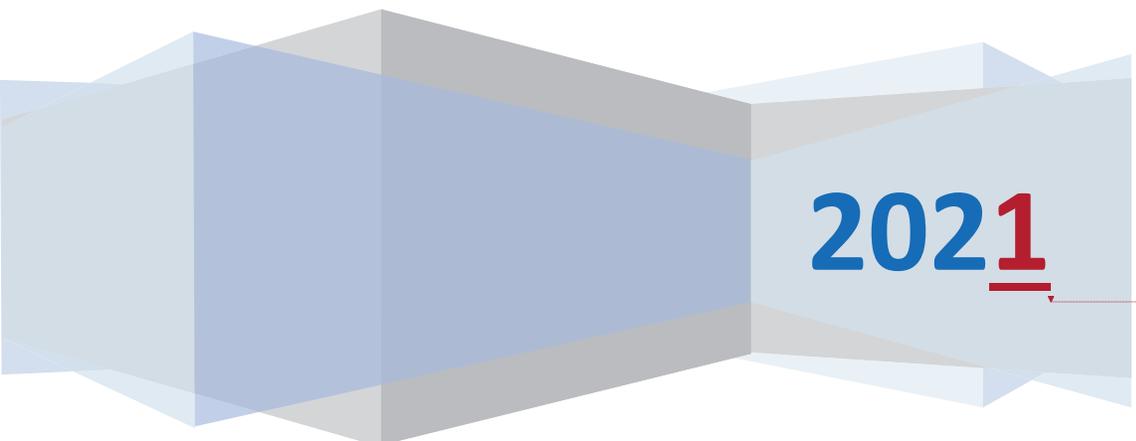
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A decorative graphic at the bottom of the page consists of several overlapping, semi-transparent blue and grey rectangular blocks of varying sizes and orientations, creating a 3D effect. The year "2021" is prominently displayed in the center of these blocks. The "2021" is in a large, bold, blue sans-serif font, with the "1" being red and underlined.

2021



AUDIT COMMITTEE CHARTER

Table of Contents

I. CHARTER 2

II. PURPOSE AND ASSIGNED FIDUCIARY OVERSIGHT DUTIES 2

III. PRINCIPLES OF THE AUDIT COMMITTEE 2

IV. AUTHORITY..... 3

V. AUDIT COMMITTEE COMPOSITION AND CONSULTANT 3

VI. AUDIT COMMITTEE MEETINGS..... 4

VII. RESPONSIBILITIES..... 5

VIII. APPROVAL 9

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AUDIT COMMITTEE CHARTER

I. CHARTER

This Charter establishes the authority and responsibilities of the Audit Committee, as assigned by Los Angeles County Employees Retirement Association’s (LACERA) Board of Retirement and Board of Investments (Boards). The Audit Committee Charter is a living document and should be reviewed at least every three years.

II. PURPOSE AND ASSIGNED FIDUCIARY OVERSIGHT DUTIES

In November 2003, LACERA’s Boards established the LACERA Audit Committee.

The purpose of the Audit Committee is to assist the Boards in fulfilling their fiduciary oversight duties for the:

- A. Internal Audit Activity
- B. Professional Service Provider Activity
- C. Financial Reporting Process
- D. Values and Ethics, and
- E. Organizational Governance
- F. [Audit Committee and Internal Audit Budget](#)

III. PRINCIPLES OF THE AUDIT COMMITTEE

The Audit Committee will conduct itself in accordance with LACERA’s Code of Ethical Conduct and the following core principles from the Institute of Internal Auditors’ (IIA) Code of Ethics. The Audit Committee expects the Boards, Management, and staff will also adhere to these requirements.

Integrity – The Audit Committee Members will perform their work with honesty, diligence, and responsibility. The Audit Committee expects and will encourage transparency when fulfilling its duties. Communications between Committee Members, Management, staff, and/or Professional Service Providers will be open, direct, and complete. Subject to applicable laws and organizational limitations, Internal Audit will regularly provide the Audit Committee with updates on audit and consulting projects completed and related findings and follow-up.

Independence & Objectivity - The Audit Committee will perform its responsibilities in an independent manner and in compliance with fiduciary duty without exception. Audit Committee Members will disclose any conflicts of interest (actual or perceived) to the Committee.

Confidentiality – The Audit Committee Members will be prudent in the use and protection of information acquired during the course of its duties.

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Competency - Audit Committee Members will receive formal orientation training on the purpose and mandate of the Committee and LACERA’s objectives. Audit Committee Members are obligated to prepare for and participate in Committee meetings.

Professional Standards - The Audit Committee will ensure all related work will be handled with the highest professional standards consistent with auditing standards of practice and industry guidelines.

IV. AUTHORITY

The Audit Committee will have unrestricted access to Management and staff, and any relevant information it considers necessary to discharge its duties. All employees are directed to cooperate with the Committee and its requests. If access to requested information is denied due to legal or confidentiality reasons, the Audit Committee and/or CAE will follow a prescribed, Board approved mechanism for resolution of the matter.

The Audit Committee has the authority to conduct or authorize investigations into any matters within its scope of duties, including engaging independent counsel and/or other advisors it deems necessary.

V. AUDIT COMMITTEE COMPOSITION AND CONSULTANT

The Audit Committee will consist of seven members: three elected annually from each Board and the ex-officio member of both Boards, the Los Angeles County Treasurer. If any elected Audit Committee member leaves Board service or resigns from the Audit Committee prior to the completion of his or her term, the Board of the departing member, will elect a new Audit Committee member at the next regularly scheduled Board meeting.

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¶ Approve the appointment, compensation, and work of the Financial Auditor hired to audit LACERA’s financial statements.
¶ Approve the appointment, compensation, and work of other Professional Service Providers to perform non-financial statement audits, reviews, or investigations, subject to limitations due to confidentiality, legal standards, and/or where approval will clearly impair the purpose or methods of the audit.
¶ Resolve any significant disagreements regarding risks, findings, and/or payment between Management and the Financial and/or Other Service Providers.

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The Committee shall have the authority to approve the hiring of the Audit Committee Consultant as an advisor through a Request for Proposal process. The Audit Committee Consultant will be designated as the audit technical and financial expert, to advise the Committee on audit and financial matters. The Audit Committee Consultant’s contract will be for three years.

At the first Committee meeting of each calendar year, the Committee shall elect a Chair, Vice Chair and Secretary, each to serve for a term of one year or until his or her successor is duly elected and qualified, whichever is less. In the event of a vacancy in the office of Chair, the Vice Chair shall immediately assume the office of Chair for the remainder of the term. In the event of a vacancy in the office of Vice Chair or Secretary, the Committee shall elect one of its members to fill such vacancy for the remainder of the term, at its next regular meeting.

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VI. AUDIT COMMITTEE MEETINGS

The Audit Committee will conduct regular meetings at least four times per year, with authority to convene additional meetings, as circumstances require. The time frame between Audit Committee meetings should not exceed four months.

All Committee Members are expected to attend each meeting.

All meetings of the Audit Committee shall be as noticed as joint meetings with the Board of Retirement and Board of Investments to allow for participation of all trustees in open and closed session Audit Committee discussions, provided that non-committee trustees may not make or second motions or vote and provided further that closed sessions to discuss the CAE’s annual assessment and the Committee’s recommendation to the Boards regarding the appointment, discipline, dismissal, and/or removal of the CAE shall be noticed for attendance by Committee members only.

Regular meeting notices and agendas will be posted at least 72 hours in advance of the regular meetings and will be made available to the public in accordance with the Ralph M. Brown Act (Government Code Sections 54950, et seq.). Public documents referred to in the agenda will be made available for review at the office of the staff secretary to the Committee and also published on the LACERA website, lacera.com. The Committee will invite members of Management, Internal Auditors, Financial Auditors, all other Professional Service Providers, and/or others to attend meetings and provide pertinent information, as necessary.

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Special meetings of the Committee may be called in the manner provided by Government Code Section 54956(a). The Committee will have such other powers as provided in the Brown Act.

Robert’s Rules of Order, except as otherwise provided herein, shall guide the Committee in its proceedings; however, the Chair of the Committee shall have the same rights to vote and participate in discussions as any other member of the Committee without relinquishing the chair. The order of business shall be as determined by formal action of the Committee. Four members of the seven-member Audit Committee, constitute a quorum.

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The Secretary of the Committee shall cause to be recorded in the minutes the time and place of each meeting of the Committee, the names of the members present, all official acts of the Committee, the votes given by members except when the action is unanimous, and when requested by a member, that member’s dissent or approval with his or her reasons, and shall cause the minutes to be written forthwith and presented for approval at the next regular meeting.

VII. RESPONSIBILITIES

A. Internal Audit Activity

- 1. Internal Audit Strategy and Annual Plan
 - a. Review and provide input on Internal Audit’s annual risk assessment
 - b. Review and approve Internal Audit’s Annual Audit Plan (Plan) and resource plan, make recommendations concerning audit projects.
 - c. Review and monitor Internal Audit’s activity relative to its Plan. Review and approve all major changes to the Plan.
- 2. Internal Audit Engagement & Follow-Up
 - a. Review and discuss engagement reports to take the following action(s):
 - i. accept and file report,
 - ii. instruct staff to forward report to Boards or Committees,
 - iii. make recommendations to the Boards or Committees regarding actions as may be required based on audit findings and/or,
 - iv. provide further instruction to staff.
 - b. Monitor Internal Audit’s recommendations to ensure Management has adequately and timely addressed the risk(s) identified, either through implementing a new policy, procedure, or process, or accepting the associated risk.
 - c. Inquire whether any evidence of fraud has been identified during internal or external audit engagements, and evaluate what additional actions, if any, should be taken.
 - d. Inquire whether any audit or non-audit engagements have been completed but not reported to the Audit Committee; if so, inquire whether any matters of significance arose from such work.
 - e. Review and advise Management and the Boards on the results of any special investigations.

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3. Standards Conformance

- a. Approve the Internal Audit Charter.
- b. Ensure the Internal Audit Division conforms with the IIA's International Standards for the Professional Practice of Internal Audit, particularly the independence of Internal Audit and its organizational structure.
- c. Ensure the Internal Audit Division has a quality assurance and improvement program (QAIP), and that the results of these periodic assessments are presented to the Audit Committee.
- d. Ensure the Internal Audit Division has an external quality assurance review every five years. Review the results of the external quality assurance review and monitor the implementation of related recommendations.

Advise the Boards about any recommendations for the continuous improvement of the internal audit activity.

4. Chief Audit Executive (CAE)

Since the CAE reports to the Chief Executive Officer (CEO) for administrative purposes, but to the Audit Committee for functional purposes, the Audit Committee will be responsible for the following:

- a. Make recommendations to both Boards regarding the appointment, discipline, dismissal, and/or removal of the CAE, which will be addressed by the Boards in a joint meeting. Both Boards will make the final decisions as to the appointment, discipline, dismissal, and/or removal of the CAE. The CEO has authority to administer minor discipline, which is limited to counseling memos and written warnings, with notice of such discipline to be provided to the Committee and the Boards at their next meetings. Consideration by the Boards and the Committee concerning the appointment, discipline, dismissal, and/or removal of the CAE will be made in executive session under Government Code Section 54957(b).
- b. Perform the CAE's annual assessment with qualitative input from the CAE and CEO. The Committee's discussion regarding the CAE's annual performance evaluation will be made in executive session under Government Code Section 54957(b).
- c. Administer the CAE's annual salary adjustment using the Boards' established compensation structure.

B. Professional Service Provider Activity

The Audit Committee is responsible for the oversight of all work performed by professional service providers (Service Providers) for audits, reviews, or investigations, including the audit of LACERA's financial statements.

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1. Approve the appointment and compensation of the Financial Auditor, hired to perform an independent audit of LACERA’s financial statements. Oversee the work of the Financial Auditor, including review of the Financial Auditor’s proposed audit scope and approach, as well as coordination with Internal Audit and Management.
2. Approve the appointment and compensation of other Professional Service Providers, hired to perform non-financial statement audits, reviews or consulting, subject to limitations due to confidentiality, legal standards, and/or where approval will clearly impair the purpose or methods of the audit.
3. Review the Professional Service Providers, including the Financial Auditor, and Management the results of the work performed, any findings and recommendations, Management’s responses, and actions taken to implement the audit recommendations.
4. Resolve any significant disagreements regarding risks, findings and/or compensation between management and Professional Service Providers

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C. Financial Reporting Process

The Audit Committee is responsible for oversight of the independent audit of LACERA’s financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory compliance, and ethics.

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1. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, recent professional and regulatory pronouncements, and understand their impact on the financial statements.
2. Review with Management and the Financial Auditors the results of the audit, including any difficulties encountered.
3. Review the annual financial statements, consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
4. Review with Management and the Financial Auditors all matters required to be communicated to the Committee under *Generally Accepted Auditing Standards*.

D. Values and Ethics

1. Review and assess LACERA’s Code of Ethical Conduct established by the Boards and Management.
2. Annually, review Management’s process for communicating LACERA’s Code of Ethical Conduct to Trustees, Management, and staff, and for monitoring compliance therewith.

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3. Review reports received relating to conflicts of interest and ethics issues, and if appropriate, make a recommendation to the Boards.

E. Organizational Governance

To obtain reasonable assurance with respect to LACERA's governance process, the Audit Committee will review and provide advice on the governance process established and maintained, and the procedures in place to ensure they are operating as intended.

1. Risk Management

- a. Annually review LACERA's risk profile.
- b. Obtain from the CAE an annual report on Management's implementation and maintenance of an appropriate enterprise-wide risk management process. Provide advice on the risk management processes established and maintained, and the procedures in place to ensure that they are operating as intended.
- c. Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by Management and the Boards.

2. Fraud

- a. Oversee Management's arrangements for the prevention and detection of fraud, including ensuring adequate time is spent discussing and raising awareness about fraud and the Hotline.
- b. Review a summary of Hotline reports, and if appropriate make a recommendation to the Boards.

3. System of Internal Controls

- a. Consider the effectiveness of LACERA's internal control system, including information technology security and control, as well as all other aspects of LACERA's operations.
- b. Understand the scope of Internal and External Auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with Management's responses.
- c. Review and provide advice on control of LACERA as a whole and its individual divisions.

4. System of Compliance

- a. Annually, review the effectiveness of Management's system of compliance with laws, regulations, policies, and procedures that are business critical.

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- b. As needed, review the observations and findings of any examinations by regulatory agencies.
- c. Obtain regular updates from Management and LACERA’s Legal Office regarding compliance matters.
- d. At least annually, review reported activity to ensure issues of fraud, noncompliance, and/or inappropriate activities are being addressed.

F. Audit Committee and Internal Audit Budget

LACERA will provide appropriate funding, as determined by the Audit Committee, for compensation to the Financial Auditor, to any Professional Service Provider that the Audit Committee chooses to engage, and for payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

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G. Other Responsibilities

- 1. Report to the Boards as needed about the Audit Committee’s activities, issues, and related recommendations.
- 2. Provide an open avenue of communication between Internal Audit, all Professional Service Providers, including the Financial Auditor, Management, and the Boards.
- 3. Perform other activities related to this Charter as requested by the Boards.
- 4. Review and assess the adequacy of the Committee’s Charter at least every three years, requesting the Boards’ approval for proposed changes.

VIII. APPROVAL

This Charter was reviewed by the Audit Committee on April 23, 2021 and approved by the Board of Investments and Board of Retirement on May XX, 2021. This Charter is thereby effective May XX, 16, 2021 and is hereby signed by the following persons who have authority and responsibilities under this Charter.

5/XX/2021
Joseph Kelly
 Chair, Audit Committee

5/XX/2021
Keith Knox
 Chair, Board of Investments

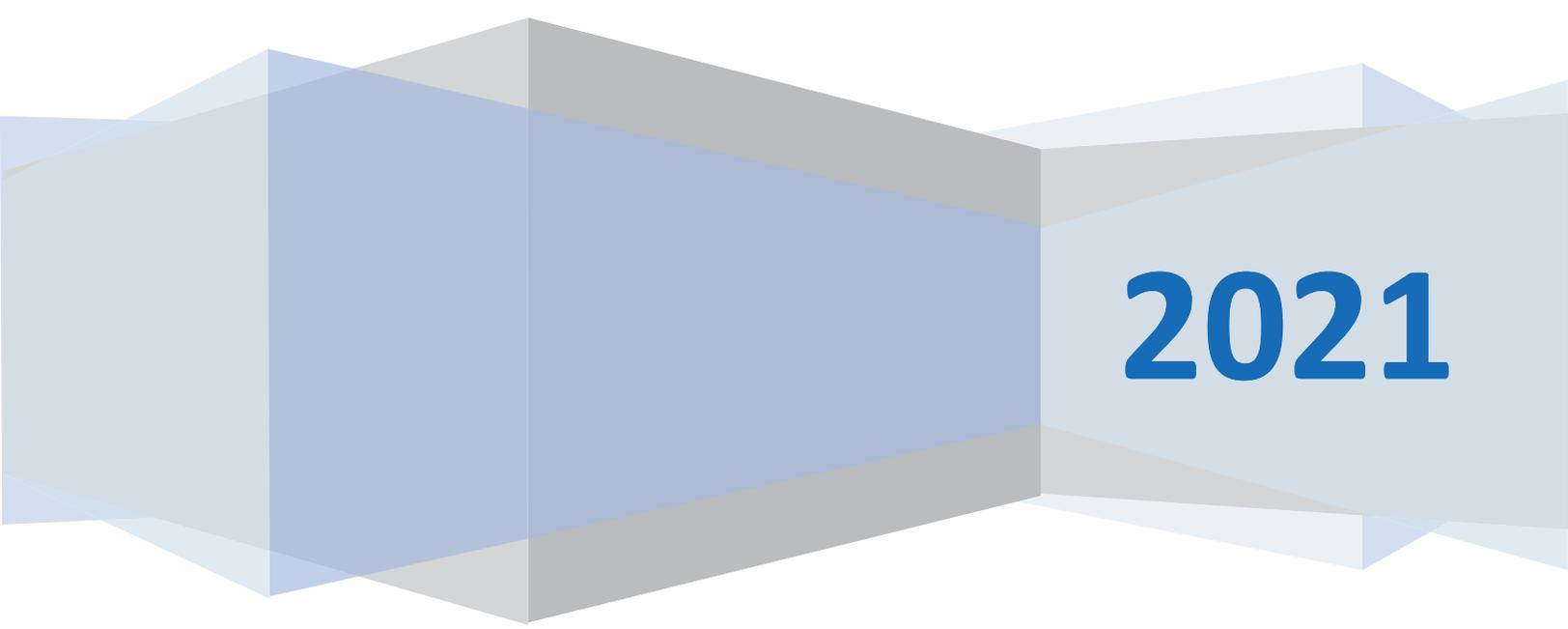
5/XX/2021
Alan Bernstein
 Chair, Board of Retirement

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- Deleted: Herman Santos
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- Deleted: Herman Santos



Audit Committee Charter

April 2021

A decorative graphic at the bottom of the page consists of several overlapping, semi-transparent geometric shapes in shades of blue and grey, creating a layered, architectural effect. The year "2021" is prominently displayed in a large, bold, blue sans-serif font on the right side of this graphic.

2021



AUDIT COMMITTEE CHARTER

Table of Contents

- I. CHARTER2**
- II. PURPOSE AND ASSIGNED FIDUCIARY OVERSIGHT DUTIES2**
- III. PRINCIPLES OF THE AUDIT COMMITTEE2**
- IV. AUTHORITY3**
- V. AUDIT COMMITTEE COMPOSITION AND CONSULTANT3**
- VI. AUDIT COMMITTEE MEETINGS4**
- VII. RESPONSIBILITIES5**
- VIII. APPROVAL.....9**



AUDIT COMMITTEE CHARTER

I. CHARTER

This Charter establishes the authority and responsibilities of the Audit Committee, as assigned by Los Angeles County Employees Retirement Association's (LACERA) Board of Retirement and Board of Investments (Boards). The Audit Committee Charter is a living document and should be reviewed at least every three years.

II. PURPOSE AND ASSIGNED FIDUCIARY OVERSIGHT DUTIES

In November 2003, LACERA's Boards established the LACERA Audit Committee.

The purpose of the Audit Committee is to assist the Boards in fulfilling their fiduciary oversight duties for the:

- A.** Internal Audit Activity
- B.** Professional Service Provider Activity
- C.** Financial Reporting Process
- D.** Values and Ethics, and
- E.** Organizational Governance
- F.** Audit Committee and Internal Audit Budget

III. PRINCIPLES OF THE AUDIT COMMITTEE

The Audit Committee will conduct itself in accordance with LACERA's Code of Ethical Conduct and the following core principles from the Institute of Internal Auditors' (IIA) Code of Ethics. The Audit Committee expects the Boards, Management, and staff will also adhere to these requirements.

Integrity – The Audit Committee Members will perform their work with honesty, diligence, and responsibility. The Audit Committee expects and will encourage transparency when fulfilling its duties. Communications between Committee Members, Management, staff, and/or Professional Service Providers will be open, direct, and complete. Subject to applicable laws and organizational limitations, Internal Audit will regularly provide the Audit Committee with updates on audit and consulting projects completed and related findings and follow-up.

Independence & Objectivity - The Audit Committee will perform its responsibilities in an independent manner and in compliance with fiduciary duty without exception. Audit Committee Members will disclose any conflicts of interest (actual or perceived) to the Committee.

Confidentiality – The Audit Committee Members will be prudent in the use and protection of information acquired during the course of its duties.



Competency - Audit Committee Members will receive formal orientation training on the purpose and mandate of the Committee and LACERA's objectives. Audit Committee Members are obligated to prepare for and participate in Committee meetings.

Professional Standards - The Audit Committee will ensure all related work will be handled with the highest professional standards consistent with auditing standards of practice and industry guidelines.

IV. AUTHORITY

The Audit Committee will have unrestricted access to Management and staff, and any relevant information it considers necessary to discharge its duties. All employees are directed to cooperate with the Committee and its requests. If access to requested information is denied due to legal or confidentiality reasons, the Audit Committee and/or CAE will follow a prescribed, Board approved mechanism for resolution of the matter.

The Audit Committee has the authority to conduct or authorize investigations into any matters within its scope of duties, including engaging independent counsel and/or other advisors it deems necessary.

V. AUDIT COMMITTEE COMPOSITION AND CONSULTANT

The Audit Committee will consist of seven members: three elected annually from each Board and the ex-officio member of both Boards, the Los Angeles County Treasurer. If any elected Audit Committee member leaves Board service or resigns from the Audit Committee prior to the completion of his or her term, the Board of the departing member, will elect a new Audit Committee member at the next regularly scheduled Board meeting.

The Committee shall have the authority to approve the hiring of the Audit Committee Consultant as an advisor through a Request for Proposal process. The Audit Committee Consultant will be designated as the audit technical and financial expert, to advise the Committee on audit and financial matters. The Audit Committee Consultant's contract will be for three years.

At the first Committee meeting of each calendar year, the Committee shall elect a Chair, Vice Chair and Secretary, each to serve for a term of one year or until his or her successor is duly elected and qualified, whichever is less. In the event of a vacancy in the office of Chair, the Vice Chair shall immediately assume the office of Chair for the remainder of the term. In the event of a vacancy in the office of Vice Chair or Secretary, the Committee shall elect one of its members to fill such vacancy for the remainder of the term, at its next regular meeting.



VI. AUDIT COMMITTEE MEETINGS

The Audit Committee will conduct regular meetings at least four times per year, with authority to convene additional meetings, as circumstances require. The time frame between Audit Committee meetings should not exceed four months.

All Committee Members are expected to attend each meeting.

All meetings of the Audit Committee shall be as noticed as joint meetings with the Board of Retirement and Board of Investments to allow for participation of all trustees in open and closed session Audit Committee discussions, provided that non-committee trustees may not make or second motions or vote and provided further that closed sessions to discuss the CAE's annual assessment and the Committee's recommendation to the Boards regarding the appointment, discipline, dismissal, and/or removal of the CAE shall be noticed for attendance by Committee members only.

Regular meeting notices and agendas will be posted at least 72 hours in advance of the regular meetings and will be made available to the public in accordance with the Ralph M. Brown Act (Government Code Sections 54950, et seq.). Public documents referred to in the agenda will be made available for review at the office of the staff secretary to the Committee and also published on the LACERA website, lacera.com. The Committee will invite members of Management, Internal Auditors, Financial Auditors, all other Professional Service Providers, and/or others to attend meetings and provide pertinent information, as necessary.

Special meetings of the Committee may be called in the manner provided by Government Code Section 54956(a). The Committee will have such other powers as provided in the Brown Act.

Robert's Rules of Order, except as otherwise provided herein, shall guide the Committee in its proceedings; however, the Chair of the Committee shall have the same rights to vote and participate in discussions as any other member of the Committee without relinquishing the chair. The order of business shall be as determined by formal action of the Committee. Four members of the seven-member Audit Committee, constitute a quorum.



The Secretary of the Committee shall cause to be recorded in the minutes the time and place of each meeting of the Committee, the names of the members present, all official acts of the Committee, the votes given by members except when the action is unanimous, and when requested by a member, that member's dissent or approval with his or her reasons, and shall cause the minutes to be written forthwith and presented for approval at the next regular meeting.

VII. RESPONSIBILITIES

A. Internal Audit Activity

1. Internal Audit Strategy and Annual Plan
 - a. Review and provide input on Internal Audit's annual risk assessment.
 - b. Review and approve Internal Audit's Annual Audit Plan (Plan) and resource plan, make recommendations concerning audit projects.
 - c. Review and monitor Internal Audit's activity relative to its Plan. Review and approve all major changes to the Plan.
2. Internal Audit Engagement & Follow-Up
 - a. Review and discuss engagement reports to take the following action(s):
 - i. accept and file report,
 - ii. instruct staff to forward report to Boards or Committees,
 - iii. make recommendations to the Boards or Committees regarding actions as may be required based on audit findings and/or,
 - iv. provide further instruction to staff.
 - b. Monitor Internal Audit's recommendations to ensure Management has adequately and timely addressed the risk(s) identified, either through implementing a new policy, procedure, or process, or accepting the associated risk.
 - c. Inquire whether any evidence of fraud has been identified during internal or external audit engagements, and evaluate what additional actions, if any, should be taken.
 - d. Inquire whether any audit or non-audit engagements have been completed but not reported to the Audit Committee; if so, inquire whether any matters of significance arose from such work.
 - e. Review and advise Management and the Boards on the results of any special investigations.



3. Standards Conformance
 - a. Approve the Internal Audit Charter.
 - b. Ensure the Internal Audit Division conforms with the IIA's International Standards for the Professional Practice of Internal Audit, particularly the independence of Internal Audit and its organizational structure.
 - c. Ensure the Internal Audit Division has a quality assurance and improvement program (QAIP), and that the results of these periodic assessments are presented to the Audit Committee.
 - d. Ensure the Internal Audit Division has an external quality assurance review every five years. Review the results of the external quality assurance review and monitor the implementation of related recommendations.

Advise the Boards about any recommendations for the continuous improvement of the internal audit activity.

4. Chief Audit Executive (CAE)

Since the CAE reports to the Chief Executive Officer (CEO) for administrative purposes, but to the Audit Committee for functional purposes, the Audit Committee will be responsible for the following:

- a. Make recommendations to both Boards regarding the appointment, discipline, dismissal, and/or removal of the CAE, which will be addressed by the Boards in a joint meeting. Both Boards will make the final decisions as to the appointment, discipline, dismissal, and/or removal of the CAE. The CEO has authority to administer minor discipline, which is limited to counseling memos and written warnings, with notice of such discipline to be provided to the Committee and the Boards at their next meetings. Consideration by the Boards and the Committee concerning the appointment, discipline, dismissal, and/or removal of the CAE will be made in executive session under Government Code Section 54957(b).
- b. Perform the CAE's annual assessment with qualitative input from the CAE and CEO. The Committee's discussion regarding the CAE's annual performance evaluation will be made in executive session under Government Code Section 54957(b).
- c. Administer the CAE's annual salary adjustment using the Boards' established compensation structure.

B. Professional Service Provider Activity

The Audit Committee is responsible for the oversight of all work performed by professional service providers (Service Providers) for audits, reviews, or investigations, including the audit of LACERA's financial statements.



1. Approve the appointment and compensation of the Financial Auditor, hired to perform an independent audit of LACERA's financial statements. Oversee the work of the Financial Auditor, including review of the Financial Auditor's proposed audit scope and approach, as well as coordination with Internal Audit and Management.
2. Approve the appointment and compensation of other Professional Service Providers, hired to perform non-financial statement audits, reviews or consulting, subject to limitations due to confidentiality, legal standards, and/or where approval will clearly impair the purpose or methods of the audit.
3. Review the Professional Service Providers, including the Financial Auditor, and Management the results of the work performed, any findings and recommendations, Management's responses, and actions taken to implement the audit recommendations.
4. Resolve any significant disagreements regarding risks, findings and/or compensation between management and Professional Service Providers

C. Financial Reporting Process

The Audit Committee is responsible for oversight of the independent audit of LACERA's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory compliance, and ethics.

1. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, recent professional and regulatory pronouncements, and understand their impact on the financial statements.
2. Review with Management and the Financial Auditors the results of the audit, including any difficulties encountered.
3. Review the annual financial statements, consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
4. Review with Management and the Financial Auditors all matters required to be communicated to the Committee under *Generally Accepted Auditing Standards*.

D. Values and Ethics

1. Review and assess LACERA's Code of Ethical Conduct established by the Boards and Management.
2. Annually, review Management's process for communicating LACERA's Code of Ethical Conduct to Trustees, Management, and staff, and for monitoring compliance therewith.

3. Review reports received relating to conflicts of interest and ethics issues, and if appropriate, make a recommendation to the Boards.

E. Organizational Governance

To obtain reasonable assurance with respect to LACERA's governance process, the Audit Committee will review and provide advice on the governance process established and maintained, and the procedures in place to ensure they are operating as intended.

1. Risk Management

- a. Annually review LACERA's risk profile.
- b. Obtain from the CAE an annual report on Management's implementation and maintenance of an appropriate enterprise-wide risk management process. Provide advice on the risk management processes established and maintained, and the procedures in place to ensure that they are operating as intended.
- c. Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by Management and the Boards.

2. Fraud

- a. Oversee Management's arrangements for the prevention and detection of fraud, including ensuring adequate time is spent discussing and raising awareness about fraud and the Hotline.
- b. Review a summary of Hotline reports, and if appropriate make a recommendation to the Boards.

3. System of Internal Controls

- a. Consider the effectiveness of LACERA's internal control system, including information technology security and control, as well as all other aspects of LACERA's operations.
- b. Understand the scope of Internal and External Auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with Management's responses.
- c. Review and provide advice on control of LACERA as a whole and its individual divisions.

4. System of Compliance

- a. Annually, review the effectiveness of Management's system of compliance with laws, regulations, policies, and procedures that are business critical.



- b. As needed, review the observations and findings of any examinations by regulatory agencies.
- c. Obtain regular updates from Management and LACERA's Legal Office regarding compliance matters.
- d. At least annually, review reported activity to ensure issues of fraud, noncompliance, and/or inappropriate activities are being addressed.

F. Audit Committee and Internal Audit Budget

LACERA will provide appropriate funding, as determined by the Audit Committee, for compensation to the Financial Auditor, to any Professional Service Provider that the Audit Committee chooses to engage, and for payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

G. Other Responsibilities

- 1. Report to the Boards as needed about the Audit Committee's activities, issues, and related recommendations.
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This Charter was reviewed by the Audit Committee on April 23, 2021 and approved by the Board of Investments and Board of Retirement on May XX, 2021. This Charter is thereby effective May XX, 2021 and is hereby signed by the following persons who have authority and responsibilities under this Charter.

Joseph Kelly
Chair, Audit Committee

5/XX/2021

Date

Keith Knox
Chair, Board of Investments

5/XX/2021

Date

Alan Bernstein
Chair, Board of Retirement

5/XX/2021

Date



June 21, 2021

TO: Board of Retirement
Each Member

FROM: Cynthia Martinez, Chief of Communications *CM*

FOR: July 7, 2021 Board of Retirement Meeting

SUBJECT: **LACERA.com Redesign Update**

EXECUTIVE SUMMARY

The current LACERA.com website launched on October 18, 2000. In 2017, the website redevelopment project was added to the Strategic Plan. The goal was to make the information on LACERA.com easier to navigate and more relevant to our various audiences through a structural redesign and content review and revision. The redesigned website would also incorporate responsive design and accessibility features to ensure the website is ADA-compliant.

John Gaffney, LACERA's web developer, developed the basis for the site's architecture and designed the interactive elements. With the basic design and architecture set up, the project was handed off to Communications to oversee a cross-functional team in January 2019 to assist with development of the content structure—including the main tabs and underlying topic categories (megamenu)—before moving into heavy copywriting and graphic design production. The team, under the leadership of Cynthia Martinez from Communications, consisted of members from:

- Benefits: Dmitriy Khaytovich
- Communications: Erika Heru, Sarah Scott, and Courtney Cook
- Disability Retirement Services: Hernan Barrientos and Tamara Caldwell
- Executive Office: JJ Popowich
- Financial and Accounting Services: Ervin Wu and Gloria Rios
- Internal Audit: Leisha Collins
- Investments: Vache Mahseredjian, Cindy Rivera, and Mel Tsao
- Legal: Johanna Fontenot
- Member Services: Kelly Puga, Gerald Bucacao, and Renee Copeland
- Retiree Healthcare: Leilani Ignacio
- Systems: John Gaffney

The Process

Cynthia Martinez and Erika Heru, with input from the team, created a nine-phase project plan.

Completed Phases:

1. Information Gathering
2. Architecture
3. Prototype Testing
4. Content Management System
5. Content Review and Writing Process

The Final Stages:

6. Content Migration Process: There were over 400 webpages in the current LACERA.com website that needed to be reviewed, edited, updated to fit in the new format, and re-reviewed by subject matter experts from multiple divisions along with Legal for final approval. Sarah Scott, Sr. Writer Communications, was tasked with the reorganization and editing of the copy to fit into the new LACERA.com format. Courtney Cook was responsible for the aesthetic design of the site, creating a cohesive look. The clean and open design format supports the ease of use. John Gaffney was also instrumental in assisting with the formatting and Erika Heru was the project manager reviewing and ensuring the project was staying on course. Team members are currently finishing content migration and formatting for the last set of webpages, the member plan books. The hard work of this team helped us to condense the copy into a format that will be easier for our members to navigate and understand. The new site now consists of 283 webpages.
7. Internal Review and Testing: Once all the webpages have been completed, Communications will conduct a final focus group with member-facing internal divisions to ensure that their content is accurate and that all features are fully functional.
8. Launch Campaign: Communications has created a launch campaign to introduce the new site to members. It includes coverage of the new site in the June newsletters and email announcements that will build to the launch, as well as ongoing messages highlighting new, beneficial features.

This has been a challenging and rewarding project for everyone involved in the redesign, and today we are excited to give you a preview of the new LACERA.com! We will highlight the core functions developed to provide a better navigation and user experience, such as quick links to popular topics, navigation tiles, interactive elements, and simplified, organized content. In addition, we will be providing a link so you can explore the new site and get familiar with the format and structure.

RE: LACERA.com Redesign Update

June 21, 2021

Page 2 of 3

REVIEWED AND APPROVED

A handwritten signature in black ink, appearing to read "JJ Popowich", is written over a horizontal line.

JJ Popowich

Assistant Executive Officer

CC:

Santos H. Kreimann
Steven Rice
Jon Gabel
Hernan Barrientos
Richard Bendall
Gerald Bucacao
Tamara Caldwell
Leisha Collins
Renee Copeland
Kathy Delino
Johanna Fontenot
John Gaffney
Ted Granger
Erika Heru
Leilani Ignacio
Dmitriy Khaytovich
Vache Mahseredjian
Kelly Puga
Gloria Rios
Cindy Rivera
Sarah Scott
Cassandra Smith
Mel Tsao
Ervin Wu

FOR INFORMATION ONLY

June 23, 2021

TO: Each Trustee
Board of Retirement
Board of Investments

FROM: Jonathan Grabel 
Chief Investment Officer

Jude Pérez 
Principal Investment Officer

Esmeralda del Bosque 
Senior Investment Officer

FOR: July 7, 2021 Board of Retirement Meeting
July 14, 2021 Board of Investments Meeting

SUBJECT: OPEB MASTER TRUST – STRATEGIC ASSET ALLOCATION UPDATE

At the June 2021 Board of Investments (“BOI”) meeting, the Board adopted a new Strategic Asset Allocation (“SAA”) for the OPEB Master Trust (“OPEB Trust” or “Trust”). The last OPEB Trust SAA was approved in December 2017.

One of the BOI’s core responsibilities is setting the OPEB Trust SAA as part of a regular, periodic review and consistent with LACERA policies. The SAA is the key driver of long-term risk and returns and, therefore, a vital component to establishing the SAA. Per the OPEB Trust Investment Policy Statement (“IPS”), the BOI reviews the Trust’s asset allocation triennially or more frequently as the need arises. The objective of the SAA is to evaluate the structure of the OPEB Trust and select an asset allocation that optimizes the risk and return quotients consistent with the Trust’s actuarial return, incorporating a long-term perspective of capital markets. SAA studies enable the BOI to evaluate alternatives to the current policy allocation while considering the Trust’s investment goals and prevailing market conditions.

The SAA study was conducted over eleven months with input from LACERA’s general consultant, the Meketa Investment Group, and staff. The Board approved an allocation for the OPEB Trust that further diversifies the Trust by expanding the set of asset classes for inclusion. The additional asset classes include Private Equity, Illiquid Credit, Natural Resources, Infrastructure, and Long-Term Government Bonds. Furthermore, the SAA will be implemented using private market investment structures for Private Equity, Illiquid Credit, Real Estate, and Infrastructure. Worth noting is that the addition of approximately 18% of private market assets reduces the liquidity profile of the Trust by a commensurate amount. However, the allocation ensures appropriate levels of portfolio liquidity, if needed. Additionally, LACERA reached out to the Los Angeles County and Superior Court regarding the adoption of private assets and addressed liquidity and cash flow needs. Both state that they were

Each Trustee-Board of Retirement and Board of Investments
June 23, 2021
Page 2 of 2

comfortable with the addition of illiquid assets and affirmed that they do not anticipate using the Trust as a source of benefit payments for the foreseeable future.

The expected time to implement the new SAA is 12 to 36 months as the OPEB Trust will migrate from a purely passive implementation to a hybrid passive/active blend, including private asset commitments that may be drawn over time.

Attachment 1 includes Staff's recommendation memo along with Meketa's presentation on the OPEB Trust SAA.

Attachment

JP:EDB

June 1, 2021

TO: Trustees – Board of Investments

FROM: Jonathan Grabel 
Chief Investment Officer
Jude Pérez 
Principal Investment Officer
Esmeralda del Bosque 
Senior Investment Officer

FOR: June 9, 2021 Board of Investments Meeting

SUBJECT: **OPEB MASTER TRUST ASSET ALLOCATION RECOMMENDATION****RECOMMENDATION**

Staff recommends the Board of Investments (“Board” or “BOI”) approve the Strategic Asset Allocation (“SAA”) option B, on page 8 of Meketa Investment Group’s presentation and within **Chart 1** of this memorandum, for the OPEB Master Trust (“OPEB Trust” or “Trust”).

SUMMARY

The balance of this memorandum discusses how the recommended option B may improve upon the current BOI - approved strategic asset allocation (“Policy Allocation”) while considering allocation options, portfolio analytics, and implementation considerations. The recommendation results from an 11-month effort to discuss multiple SAA subjects for both the Pension and OPEB Trust and reflect Board feedback provided through those discussions.

Below are series of observations related to Allocation B:

- Allocation B is a diversified portfolio consistent with LACERA’s Investment Beliefs;
- Provides the same probability of achieving the OPEB Trust’s 6.00% target return compared to the Trust’s current allocation, with significantly lower volatility modeled using the current Policy Allocation, and certain model constraints;
- Delivers the highest expected Sharpe ratio¹ and amongst all policy options net of fees;
- Maintains a sufficient degree of liquidity to accommodate requests for Los Angeles County and Court withdrawals, for healthcare related expenses; and
- It is a mix of assets that the LACERA team could implement in the coming 36 months.

¹ Sharpe ratio measures excess return per unit of volatility or risk compared to the risk-free rate.

BACKGROUND

One of the BOI's core responsibilities is setting the OPEB Trust SAA as part of a regular, periodic review and consistent with LACERA policies. The SAA is the key driver of long-term risk and returns and is, therefore, a vital component to establishing the SAA. Furthermore, LACERA's Investment Beliefs express two key tenants on SAA:

- 1. Long-term strategic asset allocation will be the primary determinant of LACERA's risk/return outcomes; and**
- 2. Asset allocation has a greater effect on return variability than asset class investment structure or manager selection**

Per the OPEB Trust Investment Policy Statement ("IPS"), the Board reviews the Trust's asset allocation triennially or more frequently as the need arises. The objective of the SAA is to evaluate the structure of the OPEB Trust and select an asset allocation that optimizes the risk and return quotients consistent with the Trust's actuarial return, incorporating a long-term perspective of capital markets. With input from staff and the Meketa Investment Group ("Meketa"), the SAA study enables the BOI to evaluate alternatives to the current Policy Allocation while considering the OPEB Trust's investment goals and the prevailing market conditions.

COMMENTS

Alongside efforts on the Pension SAA review over the last eleven months, the Board has reviewed and discussed several topics that are relevant to the OPEB Trust SAA exercise. A sub-set of those subjects includes the effects of the coronavirus pandemic on the economy and capital markets, the implications of investing in a low global interest rate environment, and potential ways to refine the OPEB Trust by adding in private asset strategies such as direct Real Estate investments and Private Equity. In addition, the BOI participated in a survey to help design the objectives and framework for both the Pension and Trust SAA studies.

At the February 2021 BOI meeting, the main discussion points were to review the differences in asset allocation structures between the Pension and OPEB Trusts and introduce the potential addition of illiquid and alternative asset classes into the OPEB's SAA. Contemplating the addition of private market investments to the OPEB Trust is increasingly relevant given that the OPEB has grown to more than \$2-billion-dollars in assets. The session highlighted that adding private market assets, which are less correlated to public market assets, could lead to a higher risk-adjusted profile for the Trust. As a reminder, the OPEB Trust allocation is primarily comprised of index funds.

At the March 2021 BOI meeting, the Board approved Meketa's capital market assumptions to be used in the asset allocation models for LACERA's Pension and OPEB Trusts. Following that approval, Meketa worked with staff and presented a review of the asset allocation process and potential asset allocation options to the BOI. In April, Meketa presented Policy Allocation options for the OPEB Trust that included private market asset classes.

Attached is Meketa's presentation on the OPEB Trust Asset Allocation Study. The six proposed asset allocation options are outlined on page 8 of Meketa's presentation.

The primary difference between the current OPEB Trust allocation and the proposed new options is the adoption of new asset classes into the policy mix. Of the six proposed options, three also introduce private market assets into the portfolio structure. Staff considers Option B, which includes the new asset classes plus private markets, as the most optimal portfolio. LACERA’s Investment Beliefs, as mentioned above, expresses the core principles that can guide SAA decisions. These include “long-term strategic asset allocation will be the primary determinant of LACERA’s risk/return outcomes” and “diversification across different risk factors is necessary for risk reduction.”

Consistent with these beliefs, allocation B, as modeled, provides the benefit of diversification by expanding the set of asset classes and, at the same time, lowers the volatility of the portfolio over the current Policy Allocation. This is evidenced by allocation B’s higher Sharpe ratio expectation (0.43) versus the current OPEB policy allocation (0.38), representing improved risk-adjusted return expectations.

To the point of diversification, the proposed allocation expands the set of asset classes for the OPEB Trust to include Private Equity, Illiquid Credit, Natural Resources, Infrastructure, and Long-term Government bonds. Furthermore, option B would be implemented using private market investment structures for Private Equity, Illiquid Credit, Real Estate, and Infrastructure. It is worth noting that exposure to private market assets would be capped at 18% within the proposed allocation models to ensure appropriate levels of portfolio liquidity as well as implementation considerations. Lastly, the Credit functional group will consist of liquid and illiquid sleeves; consolidating the liquid portions of Credit reduces granularity and provides greater implementation flexibility. The weightings of each asset category for the current and proposed allocation options are detailed below within **Chart 1** and on page 8 of Meketa’s presentation.

Chart 1
Asset Allocation Policy Options

Asset Allocation Policy Options¹

	CP Current Policy (%)	A 6.1 w/o PM (%)	B 6.1 w/ PM (%)	C 6.3 w/o PM (%)	D 6.3 w/ PM (%)	E 6.5 w/o PM (%)	F 6.5 w/ PM (%)
Growth Assets	50	48	45	55	51	59	55
Global Equity	50	48	40	55	46	59	50
Private Equity	0	0	5	0	5	0	5
Credit	20	18	18	11	14	10	13
Liquid Credit	20	18	13	11	9	10	8
Illiquid Credit	0	0	5	0	5	0	5
Real Assets and Inflation Hedges	20	20	20	20	20	19	19
Real Estate	10	8	8	8	8	8	8
TIPS	6	6	6	6	6	5	5
Natural Resources	0	2	2	2	2	2	2
Commodities	4	2	2	2	2	2	2
Infrastructure	0	2	2	2	2	2	2
Risk Reducing and Mitigating	10	14	17	14	15	12	13
Cash Equivalents	2	2	2	2	2	2	2
Investment Grade Bonds	8	7	10	7	8	5	6
Long-term Government Bonds	0	5	5	5	5	5	5
Expected Return	6.1	6.1	6.1	6.3	6.3	6.5	6.5
Standard Deviation	13.2	12.6	11.5	13.3	12.2	13.9	12.8
Sharpe Ratio	0.38	0.39	0.43	0.39	0.42	0.38	0.42
% Illiquid	0.0	0.0	18.0	0.0	18.0	0.0	18.0

¹ Expected return and standard deviation are based upon Meketa Investment Group’s 2021 Annual Asset Study. Throughout this document, returns for periods longer than one year are annualized.

Growth

The OPEB Trust's IPS, on the role of Growth, cites that the "primary role of assets in this category is to produce a sufficiently high level of long-term growth to provide the promised benefits." The proposed target policy weights for Growth range from 45-59%. Staff observes that for those proposed allocation options with a higher return expectation than the current policy, there is an increase to the Growth policy weight. Two Policy Allocation approaches are presented for the Growth category: one continues to express Growth using Global Equity only (scenarios A, C, and E), and the other introduces a discrete 5% Private Equity allocation into the policy mix (scenarios B, D, and F). The introduction of Private Equity can mostly be attributed to expectations of attractive relative returns from the asset class. Notably, for those Policy Allocations that introduce Private Equity into the Growth allocation mix, the weight to Global Equity matches or declines relative to the current Policy Allocation.

Credit

Compared to the current Policy Allocation, the proposed allocations reduce the weight to Credit across all scenarios. The range of reduction from the current 20% weight depends on the scenario and ranges from 2% to 10%. Notably, a 5% allocation to Illiquid Credit is introduced for the proposed options that include private assets. In those scenarios (B, D, and F), there is a reduction to Liquid Credit assets to make room for the Illiquid Credit allocation. Within the Credit space, Illiquid Credit assets are relatively higher returning when compared to Liquid Credit, as Illiquid Credit is modeled to have roughly a 3-4% expected return advantage over 20-years, therefore the allocation to Illiquid Credit increases. Also, as modeled for the Pension Trust, there is a proposed change to Credit dividing the allocation between Liquid and Illiquid Credit. Liquid credit is made up of the current strategies within Credit, including High Yield, Emerging Market Debt, and Bank Loans, while the proposed Illiquid Credit allocation may include assets like private debt. By consolidating Liquid Credit and adding a distinct Illiquid Credit sleeve, Credit's framework will be consistent with other functional asset categories, reduce granularity, and provide increased implementation flexibility. The proposed changes should increase the Credit portfolio's ability to achieve its IPS stated goal "to produce moderate long-term total returns that provide diversification from public equities."

Real Assets

The current 20% Policy Allocation weight for the Real Assets category stays the same for all but two portfolio options, which reduces Real Assets by 1%. However, at the sub-asset class level, there are notable changes: The allocation to Real Estate falls from 10% to 8% across all scenarios; the allocation to TIPS stays at 6% for all scenarios except E and F, where it drops to 5%; the 2% allocation to Commodities remains the same across scenarios; and for all portfolios, Natural Resources and Infrastructure are introduced to the portfolio at a 2% weight. In addition, for scenarios B, D, and F, the Real Estate and Infrastructure allocations are modeled to be implemented via private funds. The OPEB Trust's allocation to Real Estate is currently satisfied via a public market Real Estate Investment Trust ("REIT") index fund. REITs traditionally have a higher correlation to equities than traditional real estate investments, so pursuing a private market allocation to Real Estate should improve diversification for Real Assets as well as the OPEB Trust. The addition of inflation-hedging assets such as Natural Resources and Infrastructure as well as a private market implementation approach for Real Estate and Infrastructure should better position Real Assets to fulfill its stated role within the OPEB Trust IPS to "provide a hedge against unanticipated inflation and improve total fund diversification due to anticipated low correlation of returns with other asset classes."

Risk Mitigation

Compared to the current Policy Allocation, all scenarios show an increased allocation weight to Risk Mitigation. The current weight to Risk Mitigation is 10%, and the proposed scenarios increase that weight

from 12% to 17%. Cash continues to be held at a 2% weight for all portfolios, and Investment Grade Bonds reduces from its 8% weight for all scenarios except Option B, which increases the weight to 10%. As with the pension, Long-term Government Bonds have been added as a discrete 5% allocation across all policy options. Long-term Government Bonds provide a higher degree of balance and downside protection to growth-like assets compared to Investment Grade Bonds. As such, introducing Long-term Government Bonds to the policy mix should help provide greater risk and return diversification benefits to the Risk Mitigation category and to the overall OPEB Trust. The proposed changes within Risk Mitigation may help satisfy the OPEB IPS objectives for this category, which is “to provide diversification and risk reduction.”

Individual Allocation Option Characteristics

The points that follow highlight differences in asset classes, exposures, return expectations, and volatility (as measured by standard deviation) for scenarios A, C, D, E, and F versus the current Policy Allocation. A discussion on the recommended Option B follows.

- Option A decreases both Growth and Credit by 2%, holds Real Assets at its current Policy Allocation, and increases Risk Mitigation by 4%. No private market assets are introduced, so there is a 0% allocation to illiquid investments; however, the portfolio does add allocations to Natural Resources, Infrastructure, and Long-term Government Bonds. The expected return for the portfolio is in line with the current policy mix, but the volatility is lower, leading to a Sharpe ratio (0.39) that is slightly better than the current Policy Allocation (0.38).
- Option C increases both Growth and Risk Mitigation, by 5% and 4%, respectively, with a commensurate 9% decrease to Credit. Real Assets remains at the current Policy Allocation of 20%. The Growth component is increased through the additional allocation to Global Equity, and Liquid Credit is reduced. Similar to Option A, the sub-allocations to Real Assets and Risk Mitigation are the same, and there is no inclusion of private assets. This scenario generates a (0.39) Sharpe ratio due to its higher expected return of 6.3% versus the 6.1% return for the current policy. Still, it registers a higher standard deviation due to the meaningful increase in Global Equity.
- Option D has an expected return of 6.3% yet has a lower standard deviation (12.2%) than the current policy (13.2%) due to the introduction of sub-asset classes and private market investments. Scenario D introduces Long-term Government Bonds, Natural Resources, Private Infrastructure, Illiquid Credit, and Private Equity. Growth increases by 1% versus the current Policy Allocation with a decrease to Global Equity (4%) to make room for a 5% allocation to Private Equity. As with Options A and C, the weight to Real Assets remains 20%, and their sub-asset class weights align. The largest changes are to Credit, which reduces by 6%, and to Risk Mitigation, which steps up by 5%. For Credit, the most liquid assets within the group are reduced to include a 5% Illiquid Credit allocation. And for Risk Mitigation, the weight to Cash and Investment Grade Bonds matches the current policy, but the overall allocation increases by 5% through the addition of Long-Term Government Bonds. Overall, these changes lead to a Sharpe ratio of 0.42, which is an improvement over the current policy.
- Option E is modeled to have an expected return of 6.5% and has the highest volatility (13.9% standard deviation) of all scenarios. This portfolio has no exposure to private market assets and includes new allocations to Natural Resources, Infrastructure, and Long-term Government Bonds. Reflective of its higher volatility, the portfolio increases Growth through a 9% addition to Global Equities versus the current portfolio. The other substantive change is to Credit, whose weight is cut

in half by reducing 10% of its Liquid Credit allocation. Real Assets drop by 1%, and Risk Mitigation grows by 2%. The Sharpe ratio for this scenario matches that of the current Policy Allocation.

- Option F is similar to option E, as its expected return is 6.5%, but with less volatility (12.8% standard deviation). Like portfolio D, this scenario includes Long-term Government Bonds, Natural Resources, Private Infrastructure, Illiquid Credit, and Private Equity. However, the weighting schema differs: Growth increases 5% with the introduction of Private Equity; Credit decreases by 7% by a reduction to Liquid Credit; Real Assets falls by 1% by trimming TIPS, and despite a decrease in Investment Grade Bonds, Risk Mitigation increases 3% through the 5% allocation to Long-term Government Bonds. The resulting portfolio registers a 0.42 Sharpe ratio, which is higher than the current portfolio.

Given the OPEB Trust's actuarial return target of 6%, Options E & F, with a 6.5% target return, may add more risk than necessary to achieve the Trust's actuarial return objective. These portfolios include the highest allocations to Growth assets (55 and 59%, respectively) while reducing Credit substantially. They also register the highest standard deviation and are more likely, among new policy options, of experiencing negative returns across time periods measured.

Commentary on Risk-Adjusted Returns for Option B

While each allocation option has elements to potentially enhance the portfolio beyond the current policy, Option B, as modeled, represents the Policy Allocation with the most consistent characteristics to benefit the Trust. Option B matches the current Policy Allocation return of 6.1%, but with a significant decrease in volatility: Option B's volatility is modeled at 11.5% while the current portfolio is 13.2%. Importantly, Option B has the distinction of having the best Sharpe Ratio amongst all portfolios. In addition, compared to the other options across various metrics, including stress tests, degree of change, probability analyses, and liquidity, Option B is comparable and, by some measurements, is expected to fare better. These will be discussed in further detail below.

Option B does have a one potential downside. As noted previously, the expected return for Option B does not improve upon the current Policy Allocation. However, this policy mix allows the Trust to meet its actuarial return, with meaningfully less risk, as modeled. Option B includes the addition of Long-term Government Bonds, Natural Resources, Private Infrastructure, Illiquid Credit, and Private Equity to the policy mix. Yet the weight to the potentially highest returning asset category – Growth is reduced by 5%. The addition of 7% to Risk Mitigation assets also neutralizes return enhancement. It must be noted that the SAA is modeled without potential alpha that the investment manager can garner, so there is the potential for additional return over time through implementation. Despite that, the additional asset classes increase portfolio diversification significantly, leading to the lowest expected standard deviation and, therefore, the highest Sharpe Ratio for Portfolio B, as modeled.

Mean-Variance Optimization, Probability Analysis, and Stress-Testing

The Mean Variance Optimization (“MVO”)-Based Risk Analysis in **Chart 2** covers three distinct points of analysis. The top third of the page includes model outputs for each portfolio, demonstrating the worst return for one, five, ten, and twenty years. For those same periods, the middle of the page estimates the probability of experiencing negative returns, while the bottom third of the page provides the probability of achieving the OPEB Trust's 6.0% target return. Option B potentially provides the best downside protection for the worst-case scenario returns across all time periods shown. Consistent with that, portfolio B also has the lowest probability of experiencing negative returns. In terms of the likelihood of achieving at least a 6%

return, Option B also shows well - matching the current Policy portfolio as well as Option A. While the rest of the portfolios have a very slight advantage in meeting the target return, they do so with more significant downside risk.

In addition to the MVO and probability analysis, there are a series of stress tests that shock each portfolio option on various economic and market scenarios. As exhibited on the results from the stress tests found on pages 17 to 20 of Meketa’s presentation, out of all scenarios, Option B performs the best in stressed economic regimes or negative market events. This agrees with the findings above that point to Option B as a portfolio built for resilience and downside protection. The opposite may also be true of Option B. For example, if US Equities rise 10-30%, Option B’s return may not be as strong as other portfolios.

Chart 2
MVO-Based Risk Analysis: Worst Case Returns, Probability Negative Returns and Achieving OPEB Trust’s Target Return of 6%

MVO-Based Risk Analysis

Scenario	CP Targets (%)	A 6.1 w/o PM (%)	B 6.1 w/ PM (%)	C 6.3 w/o PM (%)	D 6.3 w/ PM (%)	E 6.5 w/o PM (%)	F 6.5 w/ PM (%)
Worst Case Returns¹							
One Year	-20.4	-19.4	-17.4	-20.3	-18.4	-21.2	-19.3
Five Years (annualized)	-6.7	-6.2	-5.2	-6.6	-5.6	-7.0	-6.0
Ten Years (annualized)	-3.1	-2.8	-2.0	-3.0	-2.3	-3.2	-2.5
Twenty Years (annualized)	-0.5	-0.3	0.3	-0.4	0.2	-0.5	0.0
Probability of Experiencing Negative Returns							
One Year	31.7	31.0	29.3	31.2	29.7	31.5	30.0
Five Years	14.4	13.3	11.1	13.6	11.6	14.1	12.1
Ten Years	6.6	5.8	4.2	6.0	4.6	6.4	4.9
Twenty Years	1.7	1.3	0.7	1.4	0.9	1.6	1.0
Probability of Achieving at least a 6% Return							
One Year	50.1	50.1	50.1	50.8	50.8	51.2	51.4
Five Years	50.2	50.3	50.2	51.7	51.9	52.7	53.0
Ten Years	50.3	50.4	50.3	52.4	52.6	53.8	54.3
Twenty Years	50.4	50.5	50.4	53.4	53.7	55.4	56.1

Increased Risks

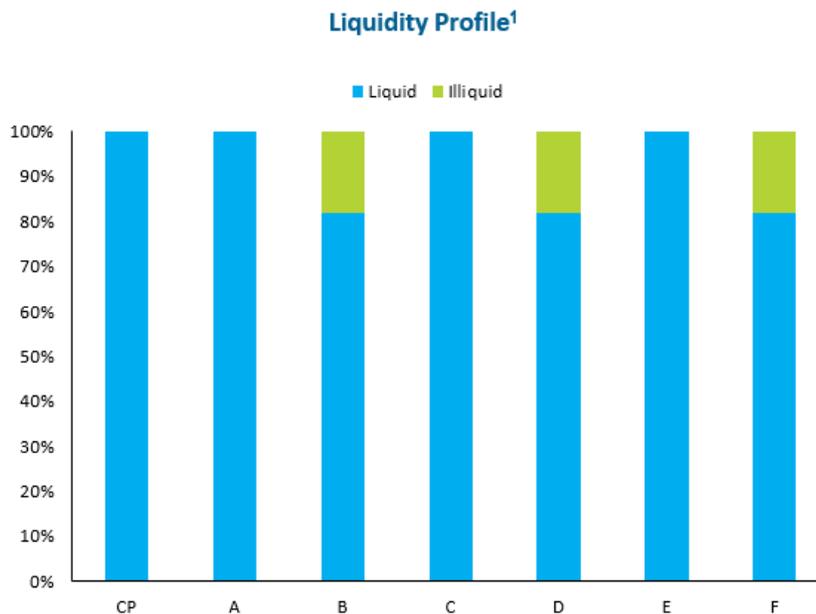
The proposed allocation options introduce new asset types across all portfolios, and for Options B, D, and F, exposure to private market investments. For the majority of allocation options, the impact of adding these assets provides a diversification effect that lowers expected portfolio volatility and have equal or higher Sharpe ratio expectations when compared to the current Policy Allocation. On a stand-alone basis, each newly adopted asset type presents its own set of risks. For the private markets, this includes illiquidity risk, which is discussed further in the next section of this memo. Given LACERA’s long-standing experience investing in private markets, staff is capable of incorporating and monitoring private assets into the OPEB Trust. Additionally, LACERA’s ability to measure and assess risk across the OPEB Trust is further enhanced by its comprehensive risk system.

Liquidity Profile

In reviewing liquidity levels for the proposed policy options, **Chart 4** demonstrates that there are two distinct portfolio liquidity options. The current policy and Options A, C, and E remain 100% invested in liquid vehicles (index or mutual funds) to express all asset class exposures within their policy mix. Options B, D, and F include allocating to illiquid private markets, but the model was constrained to allow a maximum illiquid allocation of 18%. Therefore, Options B, D, and F remain 82% liquid. The recommended Option B includes the 18% allocation, and that translates to 82% of the Trust being readily available to liquidate within 1-3 weeks. An estimate to liquidate the 18% illiquid portion could take anywhere from one quarter for strategies that offer quarterly liquidity to one year for private equity investments. It should be noted that liquidation of private assets may require selling the investments at a discount to net asset value. Nevertheless, as each portfolio option provides 80-100% liquidity, staff believes that each option has sufficient liquidity for the OPEB Trust. Furthermore, LACERA will utilize the recently adopted risk system for ongoing monitoring and management of liquidity levels.

LACERA reached out to the Los Angeles County and Superior Court regarding the adoption of private assets and addressed liquidity and cash flow needs. Both have stated that they are comfortable with the addition of illiquid assets and affirmed that they do not anticipate using the Trust as a source of benefit payments for the foreseeable future.

Chart 4
Liquidity Profile



- Each policy portfolio has at least 82 % allocated to liquid assets.

IMPLEMENTATION

Should the Board approve the recommended Option B for the OPEB Trust Asset Allocation, the expected time to implement the new strategic asset allocation is 12 to 36 months as Option B includes new asset classes and the introduction of private markets. This timeframe is reasonable given that the OPEB Trust will migrate from a purely passive implementation to a hybrid passive/active blend including private asset commitments that may be drawn down over time. Staff observes that at the functional level, target allocations can be met in a short period of time as the Trust currently includes liquid market alternatives.

If the Board adopts Policy B to include new asset categories and private market assets, the recommended implementation path for private market assets, as discussed in previous presentations, would likely be through a multi-asset mandate separate account or manager-of-managers model. This is a good first step for the OPEB Trust given its size. As the Trust grows in market value and complexity, staff will discuss with the BOI ways to implement private assets in a similar way to LACERA's Pension, including a review of resources. Last, the total investment fees for the Trust is expected to increase from 0.10% to an estimated 0.25-0.30%.

Subsequent to any Board SAA approval, Meketa and staff will present the BOI with an updated IPS that reflects the changes in target allocation, benchmarks, and rebalancing ranges. A timeline for implementation of the Pension Trust Asset Allocation is listed in **Table 1** below.

Table 1
Tentative Asset Allocation Implementation Timeline

Next Steps	Target Date for Completion
Determine benchmarks for the OPEB Trust Asset Allocation	June 2021
Update Investment Policy Statement	August 2021
Transition to updated Strategic Asset Allocation	June 2022 – June 2023

Staff will provide the Board with periodic status updates on the implementation process.

CONCLUSION

LACERA's 2021 SAA study for the OPEB Trust has led to the six allocation options presented and discussed in this memorandum. Each allocation has its merits and challenges, and through a thorough assessment of the portfolios, staff recommends that the Board approve SAA Option B for the OPEB Trust.

Attachments

Los Angeles County Employees Retirement Association - OPEB

June 2021

Asset Allocation Review
and Risk Analysis

Agenda

1. Introduction
2. Proposed Policy Options
3. Diversification and Risk Analysis
4. Recommendation and Next Steps
5. Appendices

Introduction

Introduction

- LACERA's Investment Beliefs state that "Long-term strategic asset allocation will be the primary determinant of LACERA's risk/return outcomes."
- In December 2017, the BOI approved a new strategic asset allocation for the OPEB Trust.
- As of March 2021, the OPEB Trust assets have grown to \$2.1B, bringing the OPEB to a feasible size to introduce illiquid and alternative asset classes.
- At the February BOI meeting, Meketa gave a presentation which;
 - Highlighted the differences in asset categories between the Pension and the OPEB Trusts and
 - Showed the potential benefits of adding private market asset classes which tend to be less correlated with traditional assets and produce higher expected returns than their liquid counterparts.
- At the April BOI meeting, Meketa reviewed allocation options for the OPEB Trust which included the use of illiquid asset classes.
- This presentation contains a set of policy options for the Board to consider for the OPEB Trust.

Goal

- Approval of a new Strategic Asset Allocation for the OPEB Trust.

Proposed Policy Options

Overview of Proposed Policy Options

- The OPEB Trust has an actuarial assumed rate of return of 6%.
- The OPEB Trust's current policy is expected to provide a 20-year expected return of 6.1% with a standard deviation of 13.2%.¹
- Meketa developed the proposed policy options in collaboration with LACERA staff. Each of the the proposed policy options are designed to have expected returns which are similar to or greater than the current policy while reducing or maintaining the level of risk.
- The policy options are organized in two ways:
 - The options are delineated across expected returns ranging from 6.1% to 6.5%.
 - At each level of expected return there is an option which includes private market assets and an option which only utilizes liquid asset classes.
- The expected return range was "capped" at 6.5% because seeking returns above that level would involve a significant departure in expected risk from the current policy.
- The exposure to private market assets was "capped" at 18% across the proposed policy options based primarily on implementation considerations.

¹ Based upon Meketa Investment Group's 2021 Annual Asset Study.

Overview of Strategic Asset Allocation Policy Options

- **CP: Current Policy.**
- **Policy A: 6.1% without Private Markets** = The policy is designed to minimize risk while maintaining the 6.1% expected return of the Current Policy without private market assets.
- **Policy B: 6.1% with Private Markets** = The policy is designed to minimize risk while maintaining the 6.1% expected return of the Current Policy. The policy utilizes private market assets to further improve the expected risk adjusted return profile.
- **Policy C: 6.3% without Private Markets** The policy is designed to maintain the level of risk of the Current Portfolio while seeking a higher expected return without adding private market assets.
- **Policy D: 6.3% with Private Markets** = The policy is designed to match the level of expected return of Policy C and to further improve the expected risk adjusted return profile by utilizing private market assets.
- **Policy E: 6.5% without Private Markets** = The policy is designed to further enhance expected return by targeting a 6.5% expected return. With only public market assets this required some incremental risk when compared with the Current Policy.
- **Policy F: 6.5% with Private Markets** = The policy is designed to seek a 6.5% expected return with the inclusion of private market assets.

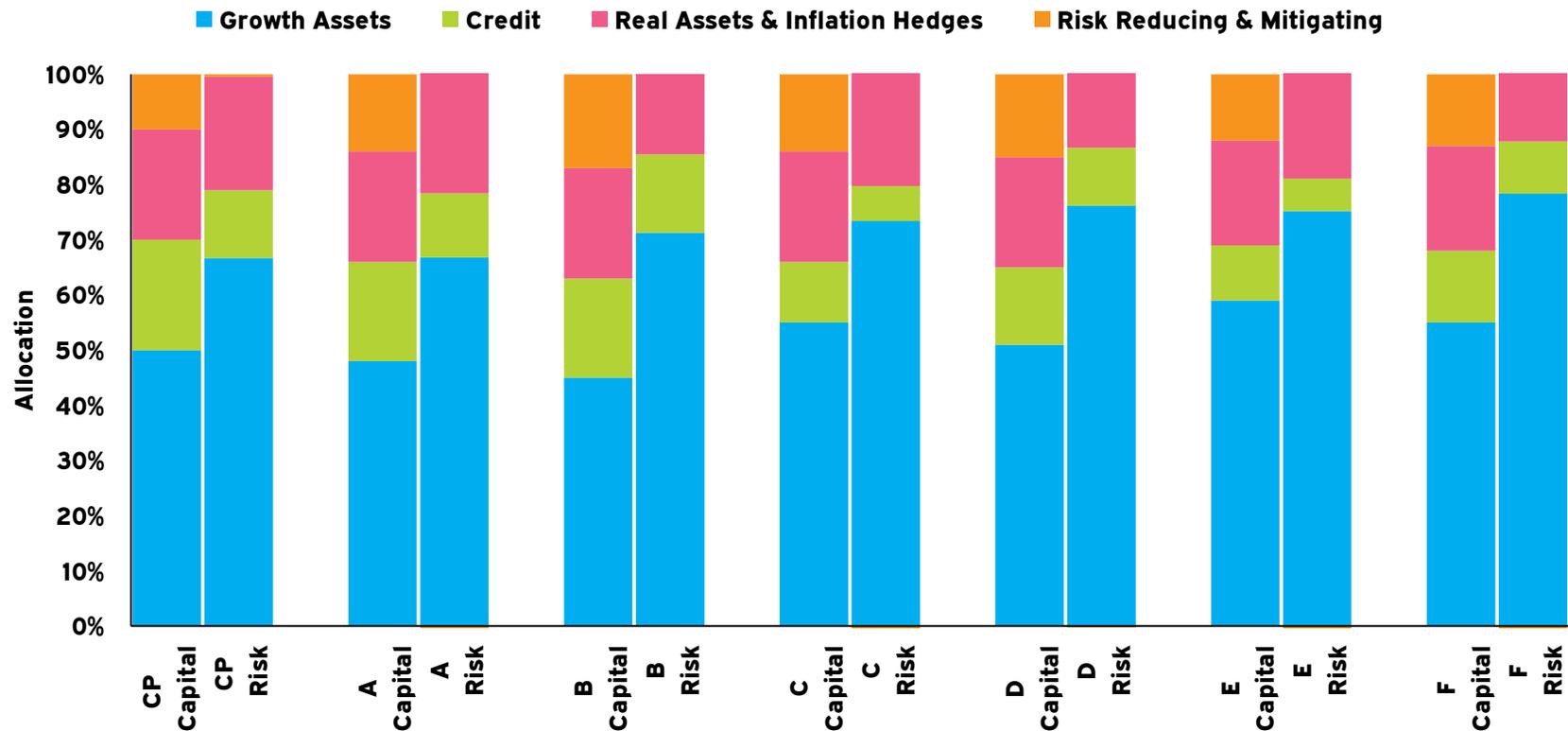
Asset Allocation Policy Options¹

	CP	A	B	C	D	E	F
	Current Policy	6.1 w/o PM	6.1 w/ PM	6.3 w/o PM	6.3 w/ PM	6.5 w/o PM	6.5 w/ PM
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Growth Assets	50	48	45	55	51	59	55
Global Equity	50	48	40	55	46	59	50
Private Equity	0	0	5	0	5	0	5
Credit	20	18	18	11	14	10	13
Liquid Credit	20	18	13	11	9	10	8
Illiquid Credit	0	0	5	0	5	0	5
Real Assets and Inflation Hedges	20	20	20	20	20	19	19
Real Estate	10	8	8	8	8	8	8
TIPS	6	6	6	6	6	5	5
Natural Resources	0	2	2	2	2	2	2
Commodities	4	2	2	2	2	2	2
Infrastructure	0	2	2	2	2	2	2
Risk Reducing and Mitigating	10	14	17	14	15	12	13
Cash Equivalents	2	2	2	2	2	2	2
Investment Grade Bonds	8	7	10	7	8	5	6
Long-term Government Bonds	0	5	5	5	5	5	5
Expected Return	6.1	6.1	6.1	6.3	6.3	6.5	6.5
Standard Deviation	13.2	12.6	11.5	13.3	12.2	13.9	12.8
Sharpe Ratio	0.38	0.39	0.43	0.39	0.42	0.38	0.42
% Illiquid	0.0	0.0	18.0	0.0	18.0	0.0	18.0

¹ Expected return and standard deviation are based upon Meketa Investment Group's 2021 Annual Asset Study. Throughout this document, returns for periods longer than one year are annualized.

Diversification and Risk Analysis

Risk Budgeting Analysis (Capital Allocation vs. Risk Allocation)



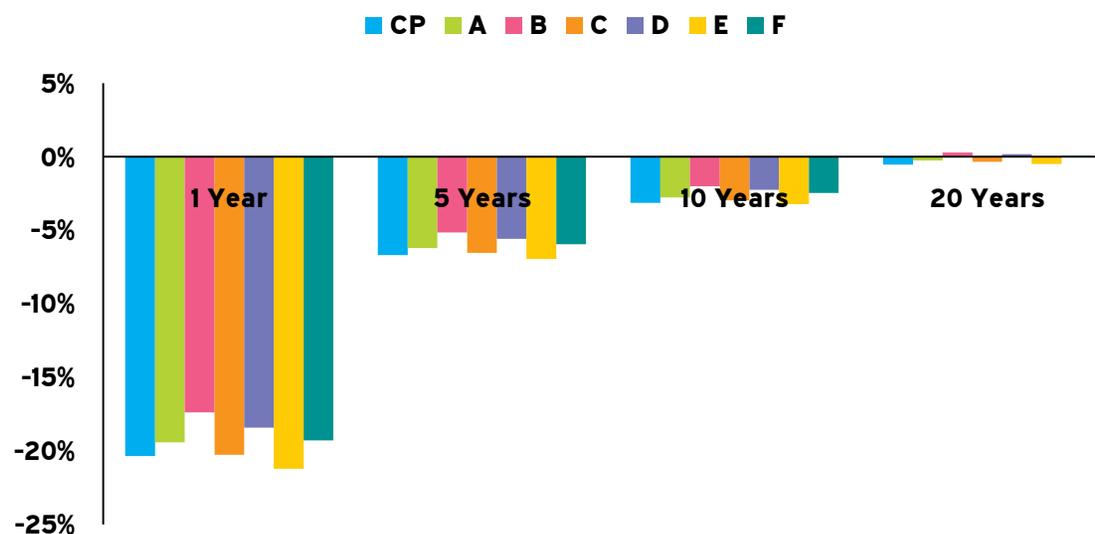
- Assets with low relative volatility, such as rate sensitive fixed income, contribute less to risk than their asset weighting implies.

MVO-Based Risk Analysis

Scenario	CP Targets (%)	A 6.1 w/o PM (%)	B 6.1 w/ PM (%)	C 6.3 w/o PM (%)	D 6.3 w/ PM (%)	E 6.5 w/o PM (%)	F 6.5 w/ PM (%)
Worst Case Returns¹							
One Year	-20.4	-19.4	-17.4	-20.3	-18.4	-21.2	-19.3
Five Years (annualized)	-6.7	-6.2	-5.2	-6.6	-5.6	-7.0	-6.0
Ten Years (annualized)	-3.1	-2.8	-2.0	-3.0	-2.3	-3.2	-2.5
Twenty Years (annualized)	-0.5	-0.3	0.3	-0.4	0.2	-0.5	0.0
Probability of Experiencing Negative Returns							
One Year	31.7	31.0	29.3	31.2	29.7	31.5	30.0
Five Years	14.4	13.3	11.1	13.6	11.6	14.1	12.1
Ten Years	6.6	5.8	4.2	6.0	4.6	6.4	4.9
Twenty Years	1.7	1.3	0.7	1.4	0.9	1.6	1.0
Probability of Achieving at least a 6% Return							
One Year	50.1	50.1	50.1	50.8	50.8	51.2	51.4
Five Years	50.2	50.3	50.2	51.7	51.9	52.7	53.0
Ten Years	50.3	50.4	50.3	52.4	52.6	53.8	54.3
Twenty Years	50.4	50.5	50.4	53.4	53.7	55.4	56.1

¹ "Worst Case" Return Projections assume a negative three standard deviation event (i.e., it encompasses >99% of possible outcomes).

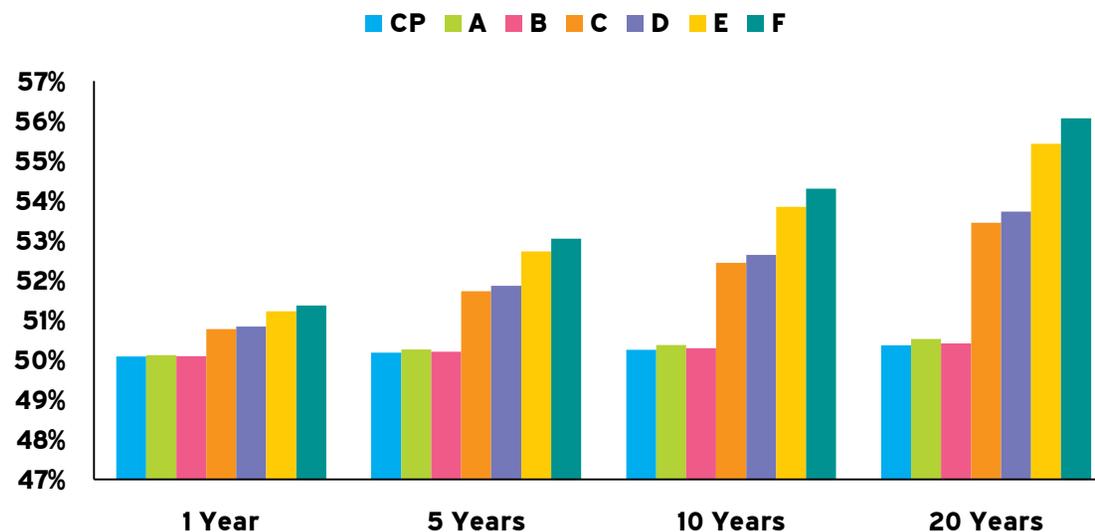
"Worst Case" Return Projections¹



	CP Targets (%)	A 6.1 w/o PM (%)	B 6.1 w/ PM (%)	C 6.3 w/o PM (%)	D 6.3 w/ PM (%)	E 6.5 w/o PM (%)	F 6.5 w/ PM (%)
1 Year	-20.4	-19.4	-17.4	-20.3	-18.4	-21.2	-19.3
5 Years	-6.7	-6.2	-5.2	-6.6	-5.6	-7.0	-6.0
10 Years	-3.1	-2.8	-2.0	-3.0	-2.3	-3.2	-2.5
20 Years	-0.5	-0.3	0.3	-0.4	0.2	-0.5	0.0

¹ "Worst Case" Return Projections assume a negative three standard deviation event (i.e., it encompasses >99% of possible outcomes).

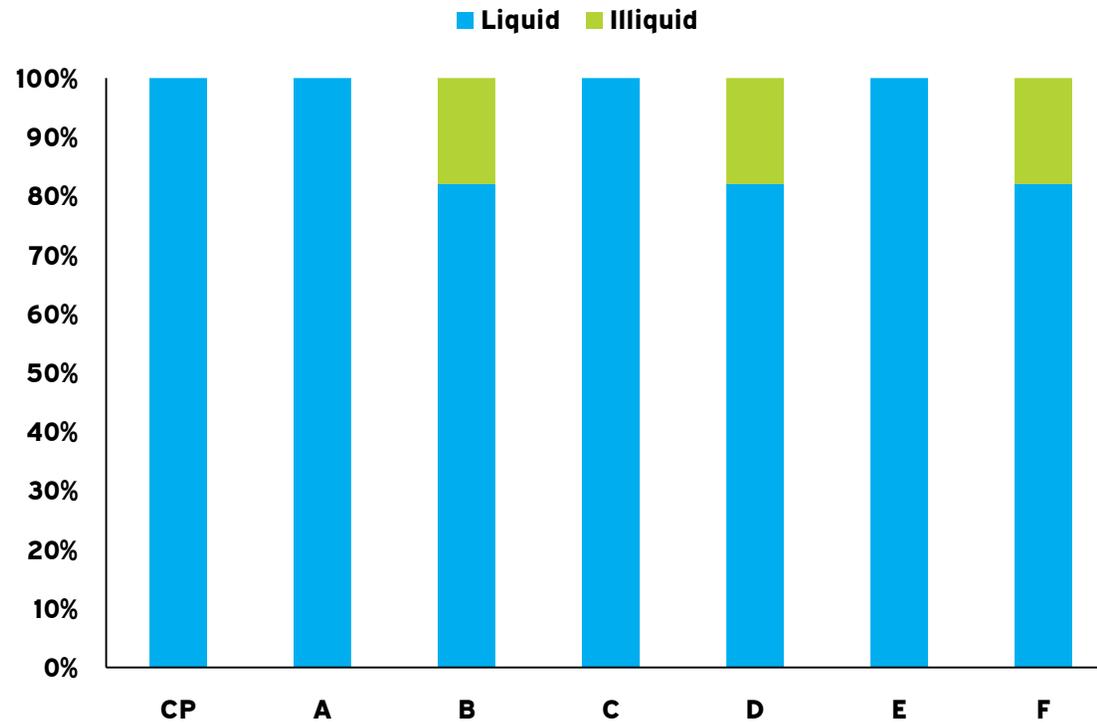
Probability of Achieving Target Return¹



	CP Targets (%)	A 6.1 w/o PM (%)	B 6.1 w/ PM (%)	C 6.3 w/o PM (%)	D 6.3 w/ PM (%)	E 6.5 w/o PM (%)	F 6.5 w/ PM (%)
1 Year	50.1	50.1	50.1	50.8	50.8	51.2	51.4
5 Years	50.2	50.3	50.2	51.7	51.9	52.7	53.0
10 Years	50.3	50.4	50.3	52.4	52.6	53.8	54.3
20 Years	50.4	50.5	50.4	53.4	53.7	55.4	56.1

¹ Represents the probability of achieving a 6.0% return over the specified time horizon.

Liquidity Profile¹



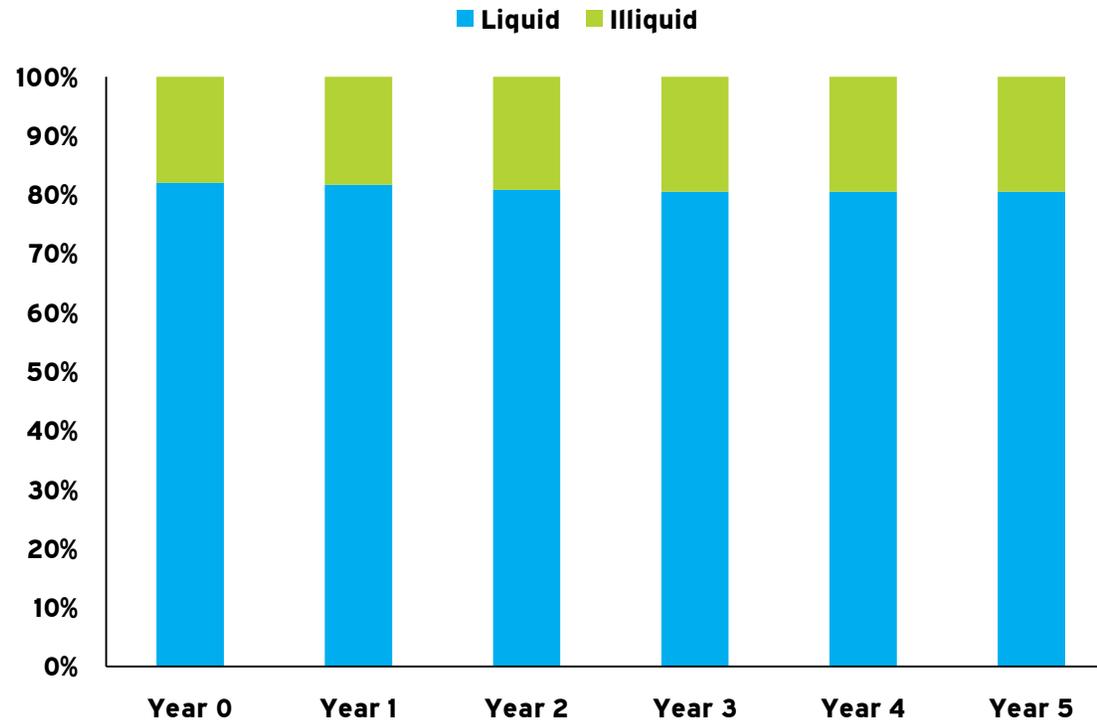
- Each policy portfolio has at least 82 % allocated to liquid assets.

¹ For this analysis, we categorize assets with monthly or more frequent liquidity as liquid. Illiquid assets are those with less than monthly liquidity (Private Equity, Illiquid Credit, Core Private Real Estate and Core Private Infrastructure).

Liquidity Stress Test Introduction

- We conducted an extreme stress test to analyze the Trust's liquidity.
- The scenario is designed to be extreme.
 - In Years 1 – 3, we use the returns produced by each asset class in 4Q07, 2008, and 1Q09, respectively. In Years 4 – 5, we assume flat (0%) returns for each asset class (i.e., no rebound).
 - We assume no cash flows.
 - We assume closed-end funds offer no liquidity in years 1 – 4, and very limited liquidity in year 5.
 - We assume open-end funds (Core Real Estate and Infrastructure) offer no liquidity in years 1 – 3, and limited liquidity in years 4 - 5.
 - We assume the Trust would rebalance toward its policy targets each year.
- We show the results for Policy F: 6.5% w/ PM on the following pages, as it is least liquid and highest risk profile of the policy options and thus represents the most extreme case.

Liquidity Stress Test: Liquidity Profile
(Policy F: 6.5% w/ PM)



- At the trough, the policy portfolio would still have nearly 80% of its assets in liquid vehicles.

Historical Negative Scenario Analysis (Cumulative Return)

Scenario	CP Targets (%)	A 6.1 w/o PM (%)	B 6.1 w/ PM (%)	C 6.3 w/o PM (%)	D 6.3 w/ PM (%)	E 6.5 w/o PM (%)	F 6.5 w/ PM (%)
COVID-19 Market Shock (Feb 2020-Mar 2020)	-25.6	-24.4	-18.4	-25.5	-19.5	-26.5	-20.7
Taper Tantrum (May - Aug 2013)	-3.1	-3.5	-1.7	-3.1	-1.6	-3.3	-1.5
Global Financial Crisis (Oct 2007 - Mar 2009)	-35.2	-32.5	-25.8	-34.8	-28.0	-36.3	-29.9
Popping of the TMT Bubble (Apr 2000 - Sep 2002)	-12.8	-13.3	-10.2	-16.7	-13.6	-19.3	-16.5
LTCM (Jul - Aug 1998)	-10.3	-9.4	-7.1	-9.4	-7.8	-10.8	-8.5
Rate spike (1994 Calendar Year)	2.4	1.6	2.8	2.4	2.9	2.0	3.2
Crash of 1987 (Sep - Nov 1987)	-13.0	-12.6	-9.2	-13.7	-10.4	-14.9	-11.3
Strong dollar (Jan 1981 - Sep 1982)	-1.5	-0.3	2.7	-1.3	1.2	-2.7	0.0
Volcker Recession (Jan - Mar 1980)	-5.1	-5.6	-4.9	-5.9	-5.0	-5.9	-4.9
Stagflation (Jan 1973 - Sep 1974)	-18.9	-20.3	-15.5	-21.9	-17.5	-23.9	-19.2

Historical Positive Scenario Analysis (Cumulative Return)

Scenario	CP Targets (%)	A 6.1 w/o PM (%)	B 6.1 w/ PM (%)	C 6.3 w/o PM (%)	D 6.3 w/ PM (%)	E 6.5 w/o PM (%)	F 6.5 w/ PM (%)
Global Financial Crisis Recovery (Mar 2009 - Nov 2009)	48.4	46.6	35.8	48.2	37.6	49.6	39.4
Best of Great Moderation (Apr 2003 - Feb 2004)	32.9	32.2	27.3	34.1	29.4	35.9	30.9
Peak of the TMT Bubble (Oct 1998 - Mar 2000)	31.2	30.1	32.6	32.2	35.7	35.8	37.7
Plummeting Dollar (Jan 1986 - Aug 1987)	66.8	66.5	55.1	72.1	60.6	76.6	64.4
Volcker Recovery (Aug 1982 - Apr 1983)	32.8	33.3	28.0	34.9	29.4	36.0	30.4
Bretton Wood Recovery (Oct 1974 - Jun 1975)	29.8	29.6	24.3	31.5	26.2	33.2	27.7

Stress Testing: Impact of Market Movements
(Expected Return under Stressed Conditions)

Scenario	CP Targets (%)	A 6.1 w/o PM (%)	B 6.1 w/ PM (%)	C 6.3 w/o PM (%)	D 6.3 w/ PM (%)	E 6.5 w/o PM (%)	F 6.5 w/ PM (%)
10-year Treasury Bond rates rise 100 bps	3.6	2.8	2.3	3.1	2.7	3.5	3.1
10-year Treasury Bond rates rise 200 bps	-1.1	-2.7	-2.7	-2.3	-2.3	-2.0	-1.9
10-year Treasury Bond rates rise 300 bps	-3.8	-6.1	-6.7	-5.8	-6.2	-5.2	-5.7
Baa Spreads widen by 50 bps, High Yield by 200 bps	-0.7	-0.2	0.4	-0.1	0.3	-0.2	0.2
Baa Spreads widen by 300 bps, High Yield by 1000 bps	-25.7	-24.4	-20.2	-25.5	-21.3	-26.3	-22.4
Trade Weighted Dollar gains 10%	-4.9	-4.6	-4.0	-5.0	-4.4	-5.3	-4.7
Trade Weighted Dollar gains 20%	-2.6	-2.2	-2.0	-2.3	-2.4	-2.9	-2.7
US Equities decline 10%	-5.6	-5.6	-4.7	-6.0	-5.2	-6.4	-5.6
US Equities decline 25%	-18.8	-18.1	-15.3	-18.9	-16.2	-19.7	-17.1
US Equities decline 40%	-31.5	-30.1	-24.8	-31.6	-26.4	-32.9	-27.7

Stress Testing: Impact of Positive Market Movements
(Expected Return under Stressed Conditions)

Scenario	CP Targets (%)	A 6.1 w/o PM (%)	B 6.1 w/ PM (%)	C 6.3 w/o PM (%)	D 6.3 w/ PM (%)	E 6.5 w/o PM (%)	F 6.5 w/ PM (%)
10-year Treasury Bond rates drop 100 bps	2.2	3.1	3.2	3.0	3.1	2.8	2.8
10-year Treasury Bond rates drop 200 bps	12.2	13.8	12.0	14.4	12.4	14.6	12.5
Baa Spreads narrow by 30bps, High Yield by 100 bps	6.9	6.8	6.4	7.1	6.7	7.3	7.0
Baa Spreads narrow by 100bps, High Yield by 300 bps	17.4	16.7	13.3	16.7	13.5	17.0	14.0
Trade Weighted Dollar drops 10%	8.2	8.1	7.2	8.4	7.5	8.8	7.8
Trade Weighted Dollar drops 20%	22.9	23.7	20.1	25.5	21.9	27.0	23.0
US Equities rise 10%	6.3	6.3	5.7	6.6	6.1	6.9	6.3
US Equities rise 30%	16.9	16.8	14.0	17.9	15.2	18.9	16.0

Asset Allocation Policy Options¹

	CP	A	B	C	D	E	F
	Current Policy	6.1 w/o PM	6.1 w/ PM	6.3 w/o PM	6.3 w/ PM	6.5 w/o PM	6.5 w/ PM
	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Growth Assets	50	48	45	55	51	59	55
Global Equity	50	48	40	55	46	59	50
Private Equity	0	0	5	0	5	0	5
Credit	20	18	18	11	14	10	13
Liquid Credit	20	18	13	11	9	10	8
Illiquid Credit	0	0	5	0	5	0	5
Real Assets and Inflation Hedges	20	20	20	20	20	19	19
Real Estate	10	8	8	8	8	8	8
TIPS	6	6	6	6	6	5	5
Natural Resources	0	2	2	2	2	2	2
Commodities	4	2	2	2	2	2	2
Infrastructure	0	2	2	2	2	2	2
Risk Reducing and Mitigating	10	14	17	14	15	12	13
Cash Equivalents	2	2	2	2	2	2	2
Investment Grade Bonds	8	7	10	7	8	5	6
Long-term Government Bonds	0	5	5	5	5	5	5
Expected Return	6.1	6.1	6.1	6.3	6.3	6.5	6.5
Standard Deviation	13.2	12.6	11.5	13.3	12.2	13.9	12.8
Sharpe Ratio	0.38	0.39	0.43	0.39	0.42	0.38	0.42
% Illiquid	0.0	0.0	18.0	0.0	18.0	0.0	18.0

¹ Expected return and standard deviation are based upon Meketa Investment Group's 2021 Annual Asset Study. Throughout this document, returns for periods longer than one year are annualized.

Recommendation and Next Steps

Recommendation and Next Steps

Recommendation:

- Meketa Investment Group believes that the alternative options presented above offer enhancements to help LACERA improve the likelihood of meeting the objectives of the OPEB Trust.
- There is no “right” or “an only prudent” choice, rather, there are tradeoffs to each option.
- Meketa is aware that Staff is recommending option B. Meketa believes that all of the options presented are reasonable for LACERA and we look forward to assisting the Board in selecting a strategic asset allocation.

Next Steps:

- Benchmark presentation and discussion.
- IPS Update to reflect Strategic Asset Allocation and benchmarks (July/August).
- Implementation (ongoing).

Appendices

Meketa Investment Group 2021 Annual Asset Study Twenty-Year Annualized Return and Volatility Expectations for Major Asset Classes

Asset Class	Annualized Compounded Return (%)	Annualized Average Return (%)	Annualized Standard Deviation (%)
Rate Sensitive			
Cash Equivalents	1.1	1.1	1.0
Investment Grade Bonds	1.8	1.9	4.0
Long-term Government Bonds	2.5	3.2	12.0
TIPS	1.8	2.0	7.0
Credit			
High Yield Bonds	4.2	4.8	11.0
Bank Loans	4.0	4.4	9.0
Emerging Market Bonds (major; unhedged)	3.7	4.3	11.0
Emerging Market Bonds (local; unhedged)	3.9	4.9	14.0
Direct Lending	6.7	7.7	14.0
Mezzanine Debt	6.9	8.2	16.0
Distressed Debt	7.0	9.2	21.0
Equities			
Public US Equity	6.8	8.4	18.0
Public Developed Market Equity	7.1	8.9	19.0
Public Emerging Market Equity	8.1	11.0	24.0
Private Equity Composite	9.1	13.0	28.0
Real Assets			
REITs	7.2	10.6	26.0
Core Private Real Estate	5.5	6.2	12.0
Value Added Real Estate	7.2	9.7	20.0
Opportunistic Real Estate	9.2	12.6	26.0
High Yield Real Estate Debt	6.0	7.6	18.0
Natural Resources (Public)	7.3	9.9	23.0
Commodities	3.7	5.1	17.0
Infrastructure (Core)	7.0	8.0	14.0
Infrastructure (Non-Core)	9.0	11.4	22.0
Other			
Hedge Funds	4.3	4.5	7.0

Meketa Investment Group 2021 Annual Asset Study: Correlation Expectations

	Investment Grade Bonds	TIPS	High Yield Bonds	US Equity	Developed Market Equity	Emerging Market Equity	Private Equity	Real Estate	Natural Resources (Public)	Commodities	Core Infrastructure (private)	Hedge Funds
Investment Grade Bonds	1.00											
TIPS	0.77	1.00										
High Yield Bonds	0.23	0.41	1.00									
US Equity	0.02	0.19	0.75	1.00								
Developed Market Equity	0.10	0.24	0.76	0.89	1.00							
Emerging Market Equity	0.15	0.33	0.75	0.78	0.87	1.00						
Private Equity	0.00	0.05	0.70	0.85	0.80	0.75	1.00					
Real Estate	0.20	0.10	0.50	0.50	0.45	0.40	0.45	1.00				
Natural Resources (Public)	0.02	0.25	0.65	0.77	0.85	0.85	0.60	0.50	1.00			
Commodities	0.02	0.31	0.54	0.53	0.60	0.65	0.30	0.15	0.65	1.00		
Core Infrastructure (private)	0.30	0.30	0.60	0.55	0.55	0.50	0.45	0.60	0.60	0.35	1.00	
Hedge Funds	0.05	0.26	0.78	0.86	0.88	0.86	0.60	0.45	0.65	0.67	0.60	1.00

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FOR INFORMATION ONLY

June 25, 2021

TO: Each Trustee
Board of Retirement
Board of Investments

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: July 7, 2021 Board of Retirement Meeting
July 14, 2021 Board of Investments Meeting

SUBJECT: **Monthly Status Report on Legislation**

Attached is the monthly report on the status of legislation that staff is monitoring or on which LACERA has adopted a position. Also included is a support letter that was recently sent for H.R. 82 (Social Security Fairness Act of 2021), which would repeal the Windfall Elimination Provision and Government Pension Offset.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

LACERA Legislative Report Index

LACERA Legislative Report

H.R. 82: Social Security Fairness Act of 2021 (Support Letter)

cc: Santos H. Kreimann
JJ Popowich
Steven P. Rice
Jon Gabel
Tony Roda, Williams & Jensen
Joe Ackler, Ackler & Associates

PUBLIC RETIREMENT	AUTHOR	TITLE	PAGE
AB 551.....	Rodriguez (D).....	Teachers' Retirement System: Individual Plans.....	1
AB 627.....	Waldron (R).....	Recognition of Tribal Court Orders: Retirement Plans.....	1
AB 826.....	Irwin (D).....	County Employees Retirement Law: Compensation Earnable....	1
AB 1133.....	Chen (R).....	State Employee Hybrid Pension System.....	1
AB 1293.....	Cooley (D).....	Federal Law Limits: Adjustments.....	2
SB 278.....	Leyva (D).....	PERS: Disallowed Compensation: Benefit Adjustments.....	2
SB 294.....	Leyva (D).....	Public Retirement: Leave of Absence: Service Credit.....	2
SB 634.....	Labor, Public Employment & Retirement Cmt.....	Public Employees' Retirement.....	2
HR 2954.....	Neal (D).....	Strong Retirement.....	3
PUBLIC INVESTMENT			
AB 539.....	Cooley (D).....	State Teachers' Retirement: Investment Managers.....	3
AB 890.....	Cervantes (D).....	Public Employee Retirement Systems: Investment.....	3
AB 1019.....	Holden (D).....	Public Employee Retirement Systems: Investments.....	4
SB 457.....	Portantino (D).....	Public Employee Retirement Systems: Investments.....	4
RETIREMENT PERSONNEL			
AB 761.....	Chen (R).....	County Employees' Retirement: Personnel: Orange County.....	4
PUBLIC EMPLOYMENT			
AB 17.....	Cooper (D).....	Peace Officers: Disqualification from Employment.....	5
AB 444.....	Public Employment and Retirement Cmt.....	State and Local Employees: Pay Warrants: Designees.....	5
AB 1354.....	Grayson (D).....	Public Employees' Retirement.....	5
AB 1460.....	Bigelow (R).....	State Employment: COVID-19 Telework: Costs.....	5
SB 411.....	Cortese (D).....	Public Employees' Retirement System.....	6
DISABILITY RETIREMENT			
AB 845.....	Rodriguez (D).....	Disability Retirement: COVID-19: Presumption.....	6
WORKERS COMPENSATION			
AB 334.....	Mullin (D).....	Workers Compensation: Skin Cancer.....	6
AB 415.....	Rivas R (D).....	Employment: Workers' Compensation.....	7
AB 772.....	Ramos (D).....	Workers' Compensation: Medical Treatment.....	7
AB 872.....	Wood (D).....	Leave of Absence: Firefighters.....	7
AB 991.....	Ward (D).....	Workers' Compensation: Presumed Injuries.....	8
SB 213.....	Cortese (D).....	Workers' Compensation: Hospital Employees.....	8
SB 284.....	Stern (D).....	Workers' Compensation: Firefighters and Peace Officers.....	8
SB 335.....	Cortese (D).....	Workers' Compensation: Liability.....	9
SB 788.....	Bradford (D).....	Workers' Compensation: Risk Factors.....	9
BROWN ACT			
AB 339.....	Lee (D).....	Local Government: Open and Public Meetings.....	9
AB 361.....	Rivas R (D).....	Open Meetings: Local Agencies: Teleconferences.....	9
AB 703.....	Rubio (D).....	Open Meetings: Local Agencies: Teleconferences.....	10
SB 274.....	Wieckowski (D).....	Local Government Meetings: Agenda and Documents.....	10
PUBLIC RECORDS ACT			
AB 386.....	Cooper (D).....	Public Employees Retirement: Investments: Confidential.....	10
AB 473.....	Chau (D).....	California Public Records Act.....	11
AB 474.....	Chau (D).....	California Public Records Act: Conforming Revisions.....	11
SOCIAL SECURITY			
AJR 9.....	Cooper (D).....	Social Security.....	11
HR 82.....	Davis R (R).....	Government Pension Offset Repeal.....	12
HR 2337.....	Neal (D).....	Noncovered Employment.....	12
HEALTHCARE			
AB 1092.....	Mayes (R).....	Public Employees' Retirement: Health Benefits.....	12
AB 1400.....	Kalra (D).....	Guaranteed Health Care for All.....	12

LACERA Legislative Report
2021-22 Legislative Session
Status as of June 25, 2021

PUBLIC RETIREMENT

CA AB 551	AUTHOR: TITLE: INTRODUCED: DISPOSITION: SUMMARY:	Rodriguez [D] Teachers' Retirement System: Individual Plans 02/10/2021 Pending Authorizes the State Teachers' Retirement System to administer an individual retirement plan as described in Section 408 of Title 26 of the United States Code. Eliminates the requirement that the administration of these plans be for the purpose of accepting a rollover from an annuity contract or custodial account offered by the system.
	STATUS:	06/03/2021 In ASSEMBLY. To Inactive File.
CA AB 627	AUTHOR: TITLE: INTRODUCED: DISPOSITION: SUMMARY:	Waldron [R] Recognition of Tribal Court Orders: Retirement Plans 02/12/2021 To Governor Establishes a procedure pursuant to which one or both of the parties to a tribal court proceeding may file an application for recognition of a tribal court order that establishes a right to child support, spousal support payments, or marital property rights to a spouse, former spouse, child, or other dependent of a participant in a retirement plan or other plan of deferred compensation, and that assigns all or a portion of the benefits payable with respect to the plan participant to an alternate payee.
	STATUS:	06/24/2021 In SENATE. Read third time. Passed SENATE. To enrollment. (39-0)
CA AB 826	AUTHOR: TITLE: INTRODUCED: LAST AMEND: DISPOSITION: SUMMARY:	Irwin [D] County Employees Retirement Law: Compensation Earnable 02/16/2021 06/22/2021 Pending Prescribes, for the County Employees Retirement Law, a definition of compensation earnable that would include any form of remuneration, whether paid in cash or as in-kind benefits, if specified requirements are met.
	STATUS:	06/24/2021 Re-referred to SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT.
CA AB 1133	AUTHOR: TITLE: INTRODUCED: DISPOSITION: SUMMARY:	Chen [R] State Employee Hybrid Pension System 02/18/2021 Pending States the intent of the Legislature to enact legislation that would create a hybrid retirement benefit, consisting of a defined benefit pension and a defined contribution program, within the Public Employees' Retirement System, that state

employees would have the option of electing.

STATUS:

02/18/2021 INTRODUCED.

CA AB 1293

AUTHOR: Cooley [D]
TITLE: Federal Law Limits: Adjustments
INTRODUCED: 02/19/2021
LAST AMEND: 04/13/2021
DISPOSITION: Pending
SUMMARY:

Prohibits the amount payable to a member under the Judges' Retirement System II, including specified adjustments, from exceeding the limits established by federal law, and would incorporate specified provisions of federal law by reference.

STATUS:

05/27/2021 To SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT.

CA SB 278

AUTHOR: Leyva [D]
TITLE: PERS: Disallowed Compensation: Benefit Adjustments
INTRODUCED: 01/29/2021
LAST AMEND: 03/23/2021
DISPOSITION: Pending
SUMMARY:

Establishes new procedures under Public Employees' Retirement Law for cases in which Public Employees' Retirement System determines that the benefits of a member or annuitant are, or would be, based on disallowed compensation that conflicts with State Public Employees' Pension Reform Act of 2013 and other specified laws and thus impermissible under Public Employees' Retirement Law.

STATUS:

06/23/2021 From ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Do pass to Committee on APPROPRIATIONS. (7-0)

CA SB 294

AUTHOR: Leyva [D]
TITLE: Public Retirement: Leave of Absence: Service Credit
INTRODUCED: 02/02/2021
LAST AMEND: 06/14/2021
DISPOSITION: Pending
SUMMARY:

Removes the 12-year limitation for service credit earned on a compensated leave of absence for purposes of service with an employee organization. States that this leave is in addition to any leave to which public employees may be entitled by other laws or by a memorandum of understanding or collective bargaining agreement.

STATUS:

06/23/2021 From ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Do pass to Committee on APPROPRIATIONS. (6-0)

CA SB 634

AUTHOR: Labor, Public Employment & Retirement Cmt
TITLE: Public Employees' Retirement
INTRODUCED: 02/19/2021

LAST AMEND: 06/14/2021
DISPOSITION: Pending
SUMMARY:

Prohibits a member of the State Teachers' Retirement System (STRS) from purchasing service credit for any school year if the purchase would result in more than one year of service for that school year. Requires the member to submit the election to retain coverage to the employer and would delete the requirement that a copy of the form be submitted to STRS.

STATUS:

06/23/2021 From ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Do pass to Committee on APPROPRIATIONS. (7-0)

Comments:

This is an omnibus bill that covers technical amendments for CalPERS, CalSTRS, and CERL retirement systems.

US HR 2954

SPONSOR: Neal [D]
TITLE: Strong Retirement
INTRODUCED: 05/04/2021
DISPOSITION: Pending
SUMMARY:

Secures a Strong Retirement Act of 2021.

STATUS:

05/04/2021 INTRODUCED.
05/04/2021 To HOUSE Committee on WAYS AND MEANS.
05/04/2021 To HOUSE Committee on FINANCIAL SERVICES.
05/04/2021 To HOUSE Committee on EDUCATION AND LABOR.

Comments:

Would gradually raise the age for mandatory distributions to age 75 by 2032.

PUBLIC INVESTMENT

CA AB 539

AUTHOR: Cooley [D]
TITLE: State Teachers' Retirement: Investment Managers
INTRODUCED: 02/10/2021
DISPOSITION: Pending
SUMMARY:

Authorizes the Teachers' Retirement Board to contract with investment advisers upon the same finding by the Board and approval by the State Personnel Board. Authorizes the Board to establish a competitive bidding process and to specify the contract terms and conditions the Board solely deems necessary and prudent to contract with qualified investment managers and investment advisers.

STATUS:

06/21/2021 From SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT: Do pass to Committee on APPROPRIATIONS. (5-0)

CA AB 890

AUTHOR: Cervantes [D]
TITLE: Public Employee Retirement Systems: Investment
INTRODUCED: 02/17/2021
LAST AMEND: 05/24/2021
DISPOSITION: Pending
SUMMARY:

Requires the Board of Administration of the Public Employees' Retirement System

and the Teachers' Retirement Board to provide reports to the Legislature on the status of achieving objectives and initiatives, to be defined by the boards, regarding participation of emerging managers or diverse managers responsible for asset management within each retirement system's portfolio of investments.

STATUS:

06/16/2021 To SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT.

CA AB 1019

AUTHOR: Holden [D]
TITLE: Public Employee Retirement Systems: Investments
INTRODUCED: 02/18/2021
DISPOSITION: Pending
SUMMARY:

prohibit state trust moneys from being used to make additional or new investments or to renew existing investments in investment vehicles issued or owned by the government of Turkey, unless the government adopts a policy to acknowledge the Armenian Genocide and embark on a path of affording justice to its victims.

STATUS:

03/04/2021 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

CA SB 457

AUTHOR: Portantino [D]
TITLE: Public Employee Retirement Systems: Investments
INTRODUCED: 02/16/2021
DISPOSITION: Pending
SUMMARY:

Requires the boards of administration of the Public Employees Retirement System and the State Teachers Retirement System to provide employers that are school districts and cities that participate in the systems an option to elect an investment portfolio that does not contain investment vehicles that are issued or owned by the government of the Republic of Turkey.

STATUS:

05/28/2021 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

RETIREMENT PERSONNEL

CA AB 761

AUTHOR: Chen [R]
TITLE: County Employees' Retirement: Personnel: Orange County
INTRODUCED: 02/16/2021
LAST AMEND: 03/18/2021
DISPOSITION: To Governor
SUMMARY:

Authorizes the board of retirement for Orange County to appoint an administrator, assistant administrators, a chief investment officer, subordinate investment officers, senior management employees, legal counsel, and other specified employees. Provides that the personnel appointed pursuant to these provisions would not be county employees subject to county civil service and merit system rules, and instead would be employees of the retirement system.

STATUS:

06/22/2021 *****To GOVERNOR.

PUBLIC EMPLOYMENT

CA AB 17 **AUTHOR:** Cooper [D]
TITLE: Peace Officers: Disqualification from Employment
INTRODUCED: 12/07/2020
LAST AMEND: 01/12/2021
DISPOSITION: Pending
SUMMARY:
Disqualifies a person from being a peace officer if the person has been discharged from the military for committing an offense that would have been a felony if committed in the state or if the person has been certified as a peace officer and has had that certification revoked by the Commission on Peace Officer Standards and Training.
STATUS:
01/12/2021 From ASSEMBLY Committee on PUBLIC SAFETY with author's amendments.
01/12/2021 In ASSEMBLY. Read second time and amended. Re-referred to Committee on PUBLIC SAFETY.

CA AB 444 **AUTHOR:** Public Employment and Retirement Cmt
TITLE: State and Local Employees: Pay Warrants: Designees
INTRODUCED: 02/08/2021
DISPOSITION: To Governor
SUMMARY:
Relates to State and local employees. Prescribes a process by which an appointing power would issue a check directly to a designated person instead of delivering employee warrants to that person. Provides that upon sufficient proof of the designee's identity, the appointing power must endorse and deposit the warrant issued to a deceased employee back into the Treasury to the credit of the fund or appropriation upon which it was drawn, then issue a revolving fund check to the designated person.
STATUS:
06/24/2021 In SENATE. Read third time. Passed SENATE. To enrollment. (39-0)
Comments:
The SACRS Legislative Committee is considering a similar proposal that would clarify that a deceased member's last pension check may be issued to a corporation, trust, or estate.

CA AB 1354 **AUTHOR:** Grayson [D]
TITLE: Public Employees' Retirement
INTRODUCED: 02/19/2021
DISPOSITION: Pending
SUMMARY:
Makes nonsubstantive changes to provisions prohibiting a retired person from being employed by a public employer in the same public retirement system from which the retiree receives pension benefits without reinstatement from retirement into that system, subject to certain exceptions.
STATUS:
02/19/2021 INTRODUCED.
Comments:
This is a spot bill.

CA AB 1460 **AUTHOR:** Bigelow [R]
TITLE: State Employment: COVID-19 Telework: Costs

INTRODUCED: 02/19/2021
DISPOSITION: Pending
SUMMARY:

Authorizes the Department of Human Resources (CalHR) to provide a one-time payment of an unspecified amount to employees who have been required to telework as a result of the COVID-19 pandemic in order to offset costs associated with working remotely.

STATUS:

03/11/2021 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

CA SB 411

AUTHOR: Cortese [D]
TITLE: Public Employees' Retirement System
INTRODUCED: 02/12/2021
LAST AMEND: 04/13/2021
DISPOSITION: Pending
SUMMARY:

Eliminates the requirement that a person employed without reinstatement in a manner other than authorized by PERL be reinstated, instead providing that reinstatement is permissive. Makes conforming changes and makes specific reference to the duties of employees and employers regarding reinstatement after retirement in violation of PEPRA.

STATUS:

06/23/2021 From ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Do pass to Committee on APPROPRIATIONS. (7-0)

DISABILITY RETIREMENT

CA AB 845

AUTHOR: Rodriguez [D]
TITLE: Disability Retirement: COVID-19: Presumption
INTRODUCED: 02/17/2021
LAST AMEND: 03/30/2021
DISPOSITION: Pending
SUMMARY:

Creates a presumption, applicable to the retirement systems that PEPRA regulates and to specified members in those systems, that would be applied to disability retirements on the basis, in whole or in part, of a Coronavirus disease 2019-related illness. Requires that it be presumed the disability arose out of, or in the course of, the member's employment.

STATUS:

06/22/2021 In SENATE. Read second time. To third reading.

WORKERS COMPENSATION

CA AB 334

AUTHOR: Mullin [D]
TITLE: Workers Compensation: Skin Cancer
INTRODUCED: 01/27/2021
DISPOSITION: Pending
SUMMARY:

Relates to existing law which provides that skin cancer developing in active lifeguards, for purposes of workers' compensation, is presumed to arise out of and in the course of employment, unless the presumption is rebutted. Expands the scope of this provision to certain peace officers of the Department of Fish and Wildlife and the Department of Parks and Recreation.

STATUS:
06/21/2021 From SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT: Do pass to Committee on APPROPRIATIONS. (5-0)

CA AB 415 **AUTHOR:** Rivas R [D]
TITLE: Employment: Workers' Compensation
INTRODUCED: 02/03/2021
LAST AMEND: 02/12/2021
DISPOSITION: Pending
SUMMARY:
Relates to workers' compensation. Defines injury for certain public employees regularly exposed to active fires or health hazards directly resulting from firefighting operations to include cancer that develops or manifests during a period of exposure to a known carcinogen while in public employment. Establishes a presumption that the cancer arose out of, and in the course of, employment, unless the presumption is controverted by evidence.
STATUS:
02/12/2021 To ASSEMBLY Committee on INSURANCE.
02/12/2021 From ASSEMBLY Committee on INSURANCE with author's amendments.
02/12/2021 In ASSEMBLY. Read second time and amended. Re-referred to Committee on INSURANCE.

CA AB 772 **AUTHOR:** Ramos [D]
TITLE: Workers' Compensation: Medical Treatment
INTRODUCED: 02/16/2021
LAST AMEND: 03/25/2021
DISPOSITION: Pending
SUMMARY:
Clarifies that an employer is not limited in its ability to insure against an act of domestic terrorism or to provide benefits in excess of those required by existing law following an act of terrorism. Clarifies that when an employer approves a request for medical treatment from a treatment provider, without modification, the employer has completed utilization review under the law.
STATUS:
03/25/2021 To ASSEMBLY Committee on INSURANCE.
03/25/2021 From ASSEMBLY Committee on INSURANCE with author's amendments.
03/25/2021 In ASSEMBLY. Read second time and amended. Re-referred to Committee on INSURANCE.

CA AB 872 **AUTHOR:** Wood [D]
TITLE: Leave of Absence: Firefighters
INTRODUCED: 02/17/2021
DISPOSITION: Pending
SUMMARY:
Relates to Leave of absence for firefighters. Makes that benefit available to all rank-and-file and supervisory firefighters employed by the Department of Forestry and Fire Protection whose principal duties include active fire suppression or prevention services.
STATUS:
06/21/2021 From SENATE Committee on LABOR, PUBLIC EMPLOYMENT

AND RETIREMENT: Do pass to Committee on APPROPRIATIONS. (5-0)

CA AB 991

AUTHOR: Ward [D]
TITLE: Workers' Compensation: Presumed Injuries
INTRODUCED: 02/18/2021
LAST AMEND: 03/11/2021
DISPOSITION: Pending
SUMMARY:

Expands presumptions for hernia, pneumonia, heart trouble, cancer, tuberculosis, bloodborne infectious disease, methicillin-resistant Staphylococcus aureus skin infection, and meningitis-related illnesses and injuries to a lifeguard employed on a year-round, full-time basis by the City of San Diego.

STATUS:

03/11/2021 To ASSEMBLY Committee on INSURANCE.
03/11/2021 From ASSEMBLY Committee on INSURANCE with author's amendments.
03/11/2021 In ASSEMBLY. Read second time and amended. Re-referred to Committee on INSURANCE.

CA SB 213

AUTHOR: Cortese [D]
TITLE: Workers' Compensation: Hospital Employees
INTRODUCED: 01/12/2021
LAST AMEND: 03/04/2021
DISPOSITION: Pending
SUMMARY:

Defines injury, for a hospital employee who provides direct patient care in an acute care hospital, to include infectious diseases, cancer, musculoskeletal injuries, post-traumatic stress disorder, and respiratory diseases. Creates a rebuttable presumption that these injuries that develop or manifest in a hospital employee who provides direct patient care in an acute care hospital arose out of and in the course of the employment. Includes COVID-19 in the definitions of infectious and respiratory diseases.

STATUS:

06/03/2021 In SENATE. Read third time. Failed to pass SENATE. (20-10)
06/03/2021 In SENATE. Motion to reconsider.
06/03/2021 In SENATE. Reconsideration granted.
06/03/2021 In SENATE. To Inactive File.

CA SB 284

AUTHOR: Stern [D]
TITLE: Workers' Compensation: Firefighters and Peace Officers
INTRODUCED: 02/01/2021
LAST AMEND: 03/16/2021
DISPOSITION: Pending
SUMMARY:

Relates to existing Law which provides that injury includes post-traumatic stress that develops during a period in which the injured person is in the service of the department or unit. Makes that provision applicable to active firefighting members of the State Department of State Hospitals, the State Department of Developmental Services, and the Military Department, and the Department of Veterans Affairs, including security officers of the Department of Justice when performing assigned duties.

STATUS:
06/24/2021 From ASSEMBLY Committee on INSURANCE: Do pass as amended to Committee on APPROPRIATIONS. (14-0)

CA SB 335

AUTHOR: Cortese [D]
TITLE: Workers' Compensation: Liability
INTRODUCED: 02/08/2021
LAST AMEND: 03/10/2021
DISPOSITION: Pending
SUMMARY:

Reduces the time periods after the date the claim form is filed with an employer in which the injury is presumed compensable and the presumption is rebuttable only by evidence discovered subsequent to the time period for certain injuries or illnesses, including hernia, heart trouble, pneumonia, or tuberculosis, among others, sustained in the course of employment of a specified member of law enforcement or a specified first responder.

STATUS:
06/10/2021 To ASSEMBLY Committee on INSURANCE.

CA SB 788

AUTHOR: Bradford [D]
TITLE: Workers' Compensation: Risk Factors
INTRODUCED: 02/19/2021
LAST AMEND: 06/17/2021
DISPOSITION: Pending
SUMMARY:

Prohibits consideration of race, religious creed, color, national origin, gender, marital status, sex, sexual identity, or sexual orientation to determine the approximate percentage of the permanent disability caused by other factors. Expresses the Legislature's intent to eliminate bias and discrimination in the workers' compensation system.

STATUS:
06/24/2021 From ASSEMBLY Committee on INSURANCE: Do pass. To Consent Calendar. (14-0)

BROWN ACT

CA AB 339

AUTHOR: Lee [D]
TITLE: Local Government: Open and Public Meetings
INTRODUCED: 01/28/2021
LAST AMEND: 05/04/2021
DISPOSITION: Pending
SUMMARY:

Requires all open and public meetings of a city council or a county board of supervisors that governs a jurisdiction containing least 250,000 people to include an opportunity for members of the public to attend via a telephonic option or an internet-based service option.

STATUS:
06/16/2021 To SENATE Committees on GOVERNANCE AND FINANCE and JUDICIARY.

CA AB 361

AUTHOR: Rivas R [D]
TITLE: Open Meetings: Local Agencies: Teleconferences
INTRODUCED: 02/01/2021
LAST AMEND: 05/10/2021

DISPOSITION: Pending

SUMMARY:

Authorizes a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act when a legislative body of a local agency holds a meeting for the purpose of declaring or ratifying a local emergency, during a declared state of emergency or local emergency, when state or local health officials have imposed or recommended measures to promote social distancing, and during a declared local emergency, provided certain requirements are met.

STATUS:

06/22/2021 To SENATE Committees on GOVERNANCE AND FINANCE and JUDICIARY.

CA AB 703

AUTHOR: Rubio [D]

TITLE: Open Meetings: Local Agencies: Teleconferences

INTRODUCED: 02/12/2021

LAST AMEND: 04/29/2021

DISPOSITION: Pending

SUMMARY:

Removes the requirements of the Ralph M. Brown Act particular to teleconferencing and allows for teleconferencing subject to existing provisions regarding the posting of notice of an agenda and the ability of the public to observe the meeting and provide public comment.

STATUS:

04/29/2021 From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.

04/29/2021 In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.

Comments:

According to SACRS lobbyists, this will be a two-year bill and not taken up in 2021.

CA SB 274

AUTHOR: Wieckowski [D]

TITLE: Local Government Meetings: Agenda and Documents

INTRODUCED: 01/29/2021

LAST AMEND: 04/05/2021

DISPOSITION: Pending

SUMMARY:

Requires a local agency with an internet website, or its designee, to email a copy of, or website link to, the agenda or a copy of all the documents constituting the agenda packet if the person requests that the items be delivered by email. Requires the legislative body or its designee to send by mail a copy of the agenda or a website link to the agenda and to email a copy of all other documents constituting the agenda packet, if specified criteria or circumstances are met.

STATUS:

06/23/2021 From ASSEMBLY Committee on LOCAL GOVERNMENT: Do pass to Committee on APPROPRIATIONS. (8-0)

PUBLIC RECORDS ACT

CA AB 386

AUTHOR: Cooper [D]

TITLE: Public Employees Retirement: Investments: Confidential

INTRODUCED: 02/02/2021

LAST AMEND: 04/28/2021

DISPOSITION: Pending

SUMMARY:

Exempts from disclosure under the California Public Records Act specified records regarding an internally managed private loan made directly by the Public Employees' Retirement Fund. Provides that these records would include quarterly and annual financial statements of the borrower or its constituent owners, unless the information has already been publicly released by the keeper of the information. Prescribes specified exceptions to this exemption from disclosure.

STATUS:

06/21/2021 From SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT: Do pass to Committee on JUDICIARY. (4-0)

CA AB 473

AUTHOR: Chau [D]
TITLE: California Public Records Act
INTRODUCED: 02/08/2021
DISPOSITION: Pending
SUMMARY:

Recodifies and reorganizes the provisions of the California Public Records Act. The bill would include provisions to govern the effect of recodification and states that the bill is intended to be entirely nonsubstantive in effect.

STATUS:

06/16/2021 To SENATE Committee on JUDICIARY.

CA AB 474

AUTHOR: Chau [D]
TITLE: California Public Records Act: Conforming Revisions
INTRODUCED: 02/08/2021
LAST AMEND: 06/21/2021
DISPOSITION: Pending
SUMMARY:

Enacts various conforming and technical changes related to another bill, AB 473, which recodifies and reorganizes the California Public Records Act.

STATUS:

06/21/2021 From SENATE Committee on JUDICIARY with author's amendments.

06/21/2021 In SENATE. Read second time and amended. Re-referred to Committee on JUDICIARY.

SOCIAL SECURITY

CA AJR 9

AUTHOR: Cooper [D]
TITLE: Social Security
INTRODUCED: 03/01/2021
DISPOSITION: Pending
SUMMARY:

Requests the Congress of the United States to enact, and the President to sign, legislation that would repeal the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act.

STATUS:

06/23/2021 Re-referred to SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT.

BOR_Position: Support 05/05/2021

IBLC_Recommendation: Support 04/15/2021

Staff_Recommendation: Support

US HR 82 **SPONSOR:** Davis R [R]
TITLE: Government Pension Offset Repeal
INTRODUCED: 01/04/2021
DISPOSITION: Pending
SUMMARY:
Amends the Social Security Act; repeals the Government pension offset and windfall elimination provisions.
STATUS:
01/04/2021 INTRODUCED.
01/04/2021 To HOUSE Committee on WAYS AND MEANS.
BOR_Position: Support 05/05/2021
IBLC_Recommendation: Support 04/15/2021
Staff_Recommendation: Support

US HR 2337 **SPONSOR:** Neal [D]
TITLE: Noncovered Employment
INTRODUCED: 04/01/2021
DISPOSITION: Pending
SUMMARY:
Amends Title II of the Social Security Act to provide an equitable Social Security formula for individuals with noncovered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.
STATUS:
04/01/2021 INTRODUCED.
04/01/2021 To HOUSE Committee on WAYS AND MEANS.

HEALTHCARE

CA AB 1092 **AUTHOR:** Mayes [R]
TITLE: Public Employees' Retirement: Health Benefits
INTRODUCED: 02/18/2021
LAST AMEND: 04/26/2021
DISPOSITION: Pending
SUMMARY:
Precludes a person who has retired under PERS and who obtains work with a subsequent employer from receiving any health benefits offered under PEMHCA if the person's subsequent employer offers health care coverage that provides reasonably comparable benefits. Prohibits, among other things, employees, annuitants, and family members who become eligible to enroll on or after a specified date in Part A and Part B of Medicare from being enrolled in a basic health benefit plan.
STATUS:
04/26/2021 From ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT With author's amendments.
04/26/2021 In ASSEMBLY. Read second time and amended. Re-referred to Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

CA AB 1400 **AUTHOR:** Kalra [D]
TITLE: Guaranteed Health Care for All
INTRODUCED: 02/19/2021
DISPOSITION: Pending
SUMMARY:
Creates the Guaranteed Health Care for All Program, or CalCare, to provide

comprehensive universal single-payer health care coverage and a health care cost control system for the benefit of all residents of the state. Provides that CalCare cover a wide range of medical benefits and other services and would incorporate the health care benefits and standards of other existing federal and state provisions. Creates the CalCare Board to govern CalCare, made up of 9 voting members.

STATUS:

02/19/2021 INTRODUCED.

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June 23, 2021

The Honorable Richard Neal
Chairman
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington D.C. 20515

RE: Support H.R. 82 (Davis)—Social Security Fairness Act of 2021

Dear Chairman Neal:

The Los Angeles County Employees Retirement Association (LACERA) urges your Committee to consider H.R. 82 and pass this long overdue legislation.

LACERA is the largest county retirement system in the United States, administering retirement plan benefits for over 184,000 members. Our plan sponsor, the County of Los Angeles, withdrew from participation in Social Security in 1983. Our older members may have earned Social Security benefits as county employees, whereas newer members may have earned Social Security benefits from private sector employment before moving into public service.

Nationwide, there are millions more state and local government workers who receive similar plan benefits to those of LACERA. Many do not participate in Social Security. However, workers who move from private sector to public sector employment and are eligible for Social Security benefits receive substantially reduced benefits because of the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP).

These workers tend to begin public employment at a later age with the expectation that a significant portion of their retirement income will be satisfied by Social Security earned during covered employment. They are typically unaware of the GPO and WEP reductions until it is too late to remedy the situation. For those informed enough about the potential impact of GPO and WEP, a mid-career switch to the public sector would obviously look less appealing, and the reduced benefits would discourage recruitment into public service.

We strongly encourage your support in passing H.R. 82. A repeal of the GPO and WEP is a matter of fairness for workers entitled to Social Security benefits. Passing this legislation will greatly help protect the Social Security benefits for the millions of individuals who serve our public through education, public safety, and other careers in public service.

Honorable Richard Neal
H.R. 82 – Support
June 23, 2021
Page 2

Respectfully submitted,



SANTOS H. KREIMANN
Chief Executive Officer

SHK:bwl

cc: Members of the U.S. House of Representatives
Committee on Ways and Means
The Honorable Nancy Pelosi
The Honorable Kevin McCarthy

**FOR INFORMATION ONLY**

June 23, 2021

TO: Each Trustee
Board of Retirement

FROM: Michael Cordial *MC*
Senior Human Resources Analyst

Carly Ntoya, Ph.D. *CN*
Director, Human Resources

FOR: July 7, 2021 Board of Retirement Meeting

SUBJECT: **LACERA INTERNSHIP PROGRAM OVERVIEW**

The LACERA Internship program was officially established in 2017 after being presented to both the Board of Retirement and Board of Investments. The purpose of the Internship Program is to offer currently enrolled graduate and undergraduate students at a variety of colleges and universities a chance to participate in a fulfilling and challenging opportunity as a LACERA Intern.

The LACERA Internship Program offers students the opportunity to independently lead a specific project or to perform detailed research and analysis for one of LACERA's Divisions. Further, Interns are paired with a designated LACERA mentor who monitors the intern's work and progress. Interns gain hands-on work experience that make them more competitive applicants for employment or continued education.

Human Resources received intern requests from Benefits, Human Resources, Internal Audit, Quality Assurance and Legal for the 2021-2022 Internship Program. To begin an Intern search, each Division must provide details about the project that the intern will be responsible for completing. Each project or analysis culminates in a presentation to LACERA's Boards or in a presentation to project stakeholders, such as LACERA Management.

As part of the intern recruitment process, Human Resources maintains a continuous posting on the LACERA Careers page. Applicants are screened based on the knowledge, skills and abilities identified by the Division; intern area of study; and other relevant areas of interest. In tandem with our ongoing bulletin posting, Human Resources also advertises internship opportunities through various university network job posting sites. Human Resources currently posts on Handshake, Symplicity and GradLeaders. Each site

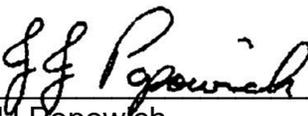
allows Human Resources the ability to post our Internship opportunity so that it is viewed by multiple schools with a single posting. Our posting can be viewed by students at the University of California (Los Angeles, Berkeley, Riverside, Irvine, Santa Barbara, San Diego), California State University (Los Angeles, Northridge, Dominguez Hills, Pomona), Pepperdine University, University of Southern California, Occidental College, Claremont McKenna College, and local community colleges, among others.

Each year Human Resources creates a recruiting plan based on which Divisions request an intern, with an emphasis on student affiliates of professional organizations and industry-specific organizations that match the request. For example, Human Resources uses the Toigo Foundation to recruit interns for the Investments Division. By partnering with the Toigo Foundation LACERA is connected to a network of a diverse group of business school graduates looking to launch a career into finance. This year Human Resources will also engage with local cultural and affinity organizations to recruit their student affiliates.

Recruiting materials direct candidates to apply on the LACERA Careers page. Competitive candidates are interviewed by the Division and successful candidates start the onboarding process. Once they pass the required background checks, the LACERA Interns are hired through an approved temporary agency which act as the payroll service of LACERA.

To date, Human Resources has received 127 intern applications. This is approximately half of the number of applications received by this time in 2020, 2019, and 2018. Human Resources continues to recruit interns to find competitive candidates.

Reviewed and Approved:



JJ Popowich
Assistant Executive Officer, LACERA

**FOR INFORMATION ONLY**

June 24, 2021

TO: Each Trustee
Board of Retirement
Board of Investments

FROM: Ted Granger 
Interim Chief Financial Officer

FOR: July 7, 2021 Board of Retirement Meeting
July 14, 2021 Board of Investments Meeting

SUBJECT: **MONTHLY EDUCATION & TRAVEL REPORTS – May 2021**

Attached, for your review, are the Board and Staff Education & Travel Reports as of May 2021. These reports include travel (i.e., attended and canceled) during Fiscal Year 2020-2021.

REVIEWED AND APPROVED:



Santos H. Kreimann
Chief Executive Officer

TG/EW/krh

Attachments

c: J. Popowich
J. Gabel
S. Rice
K. Hines

**BOARD EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2020 - 2021
MAY 2021**

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
Alan Bernstein			
B	- Edu - NACD Real Estate Industry Outlook: Insights, Impacts and Opportunities - VIRTUAL	09/02/2020 - 09/02/2020	Attended
	- Edu - 2020 Milken Institute Virtual Global Conference - VIRTUAL	10/12/2020 - 10/21/2020	Attended
	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
	- Edu - Virtual Pension Bridge Alternatives - VIRTUAL	01/26/2021 - 01/28/2021	Attended
	- Edu - CII's 2021 Spring Conference - VIRTUAL	03/08/2021 - 03/10/2021	Attended
Elizabeth Ginsberg			
B	- Edu - CALAPRS Principles for Trustees - VIRTUAL	08/18/2020 - 08/26/2020	Attended
Vivian Gray			
B	- Edu - SACRS Public Pension Investment Management Program 2020 - VIRTUAL	07/28/2020 - 08/13/2020	Attended
	- Edu - Koried Black Directors' Virtual Workshop - VIRTUAL	10/15/2020 - 10/15/2020	Attended
	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
	- Edu - Milken Institute: Walk the Talk: Investing in the Future of Black Banks, Entrepreneurship, and Opportunity - VIRTUAL	02/24/2021 - 02/24/2021	Attended
	- Edu - CALAPRS General Assembly - VIRTUAL	03/08/2021 - 03/09/2021	Attended
	- Edu - NASP 11th Annual Day of Education in Private Equity - VIRTUAL	03/25/2021 - 03/26/2021	Attended
	- Edu - NCPERS 2021 Legislative Conference - VIRTUAL	04/20/2021 - 04/20/2021	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended
	- Edu - NACD Women in the Boardroom: Pathways to a Board Seat - VIRTUAL	05/18/2021 - 05/18/2021	Attended
David Green			
B	- Edu - PPI 2020 Summer Roundtable - Los Angeles CA	07/14/2020 - 07/16/2020	Attended
	- Edu - Pacific Council - "Beyond the Horizon" Summit - VIRTUAL	07/20/2020 - 07/24/2020	Attended
	- Edu - The Pacific Council on International Policy's PolicyWest 2020 - VIRTUAL	12/03/2020 - 12/04/2020	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended
Elizabeth Greenwood			
B	- Edu - 2020 Milken Institute Virtual Global Conference - VIRTUAL	10/12/2020 - 10/21/2020	Attended
	- Edu- PPI 2020 Asia Pacific Roundtable - VIRTUAL	10/20/2020 - 10/22/2020	Attended
	- Edu - Yale School of Management Executive Education -Women's Leadership Program - VIRTUAL	11/18/2020 - 11/18/2020	Attended
James Harris			
B	- Edu - SACRS Sexual Harassment Prevention Training - VIRTUAL	07/15/2020 - 07/15/2020	Attended
	- Edu - SACRS Public Pension Investment Management Program 2020 - VIRTUAL	07/28/2020 - 08/13/2020	Attended

**BOARD EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2020 - 2021
MAY 2021**

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
Patrick Jones			
B	- Edu - Goldman Sachs The Pandemic Economy: Rates, the Fed & the Road Ahead - VIRTUAL	04/30/2021 - 04/30/2021	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended
Shawn Kehoe			
B	- Edu- PPI 2020 Asia Pacific Roundtable - VIRTUAL	10/20/2020 - 10/22/2020	Attended
	- Edu - NCPERS Fall Conference - VIRTUAL	02/02/2021 - 02/03/2021	Attended
Joseph Kelly			
B	- Edu - NACD Financial Services Industry Outlook: Future Trends in Middle Market Credit - VIRTUAL	01/07/2021 - 01/07/2021	Attended
	- Edu - NACD Hospitality and Travel Industry Outlook: Insights, Impacts, and Opportunities - VIRTUAL	01/27/2021 - 01/27/2021	Attended
	- Edu - PPI Virtual Roundtable - VIRTUAL	02/16/2021 - 02/18/2021	Attended
	- Edu - CII's 2021 Spring Conference - VIRTUAL	03/08/2021 - 03/10/2021	Attended
	- Edu - NACD - Conversation with Walter Isaacson - VIRTUAL	03/08/2021 - 03/08/2021	Attended
	- Edu - NASP 11th Annual Day of Education in Private Equity - VIRTUAL	03/25/2021 - 03/26/2021	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended
Keith Knox			
B	- Edu - PPI 2020 Summer Roundtable - Los Angeles CA	07/14/2020 - 07/16/2020	Attended
	- Edu - SACRS Public Pension Investment Management Program 2020 - VIRTUAL	07/28/2020 - 08/13/2020	Attended
	- Edu - CII & NYU Corporate Governance Bootcamp - VIRTUAL	09/23/2020 - 09/25/2020	Attended
	- Edu - 2020 Milken Institute Virtual Global Conference - VIRTUAL	10/12/2020 - 10/21/2020	Attended
	- Edu - CALAPRS Virtual Trustees Round Table - VIRTUAL	10/23/2020 - 10/23/2020	Attended
	- Edu - PPI Virtual Roundtable - VIRTUAL	02/16/2021 - 02/18/2021	Attended
	- Edu - TLF Political Accountability and Investment - VIRTUAL	02/23/2021 - 02/23/2021	Attended
	- Edu - NCPERS Accredited Fiduciary Program (Module 1 & 2) - VIRTUAL	03/02/2021 - 03/05/2021	Attended
	- Edu - NCPERS Accredited Fiduciary Program (Module 3 & 4) - VIRTUAL	03/09/2021 - 03/12/2021	Attended
	- Edu - NCPERS 2021 Legislative Conference - VIRTUAL	04/20/2021 - 04/20/2021	Attended
	- Edu - 2021 Annual Virtual Pension Bridge Conference - VIRTUAL	05/04/2021 - 05/07/2021	Attended
	- Edu - CALAPRS Virtual Trustees Round Table - VIRTUAL	05/10/2021 - 05/10/2021	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended
Wayne Moore			
B	- Edu- NASP 31st Annual Virtual Pension & Financial Services Conference - VIRTUAL	12/07/2020 - 12/10/2020	Attended
	- Edu - NASP 11th Annual Day of Education in Private Equity - VIRTUAL	03/25/2021 - 03/26/2021	Attended

**BOARD EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2020 - 2021
MAY 2021**

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
Ronald Okum			
B	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended
William Pryor			
B	- Edu - NCPERS Fall Conference - VIRTUAL	02/02/2021 - 02/03/2021	Attended
Les Robbins			
B	- Edu - IFEBP 66th Annual Employee Benefits Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
	- Edu - NCPERS 2021 Legislative Conference - VIRTUAL	04/20/2021 - 04/20/2021	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended
X	- Edu - IFEBP 66th Annual Employee Benefits Conference - Honolulu HI	11/15/2020 - 11/18/2020	Host Canceled
Gina Sanchez			
B	- Edu - SACRS Sexual Harassment Prevention Training - VIRTUAL	07/15/2020 - 07/15/2020	Attended
	- Edu - 2020 Milken Institute Virtual Global Conference - VIRTUAL	10/12/2020 - 10/21/2020	Attended
	- Edu - 2020 Virtual NACD Summit - VIRTUAL	10/12/2020 - 10/13/2020	Attended
	- Edu - CALAPRS Virtual Trustees Round Table - VIRTUAL	10/23/2020 - 10/23/2020	Attended
	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
	- Edu - Harvard Business School Executive Education - Audit Committees - VIRTUAL	11/12/2020 - 11/14/2020	Attended
	- Edu - NCPERS Fall Conference - VIRTUAL	02/02/2021 - 02/03/2021	Attended
	- Edu - Virtual Oxford Scenarios Programme - VIRTUAL	04/20/2021 - 05/20/2021	Attended
	- Edu - 2021 Annual Virtual Pension Bridge Conference - VIRTUAL	05/04/2021 - 05/07/2021	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended
	- Edu - NACD Women in the Boardroom: Pathways to a Board Seat - VIRTUAL	05/18/2021 - 05/18/2021	Attended
Herman Santos			
B	- Edu- LAVCA's Annual Investor Meeting - VIRTUAL	09/14/2020 - 09/17/2020	Attended
	- Edu - Nossaman's 2020 Public Pensions and Investments Fiduciaries' Forum - VIRTUAL	10/01/2020 - 10/01/2020	Attended
	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
	- Edu - Virtual PPI Salon: Gearing for Gridlock - VIRTUAL	12/10/2020 - 12/10/2020	Attended
	- Edu - PPI Virtual Roundtable - VIRTUAL	02/16/2021 - 02/18/2021	Attended
	- Edu - CII's 2021 Spring Conference - VIRTUAL	03/08/2021 - 03/10/2021	Attended
	- Edu - NASP 11th Annual Day of Education in Private Equity - VIRTUAL	03/25/2021 - 03/26/2021	Attended
	- Edu - PREA Spring Conference - VIRTUAL	03/25/2021 - 03/26/2021	Attended
	- Edu - PREA International Affinity Group Program - VIRTUAL	04/01/2021 - 04/01/2021	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended

Category Legend:

A - Pre-Approved/Board Approved

B - Educational Conferences and Administrative Meetings in CA where total cost is no more than \$2,000 per Trustee Travel Policy; Section III.A

C - Second of two conferences and/or meetings counted as one conference per Trustee Education Policy Section IV.C.2 and Trustee Travel Policy Section IV.

X - Canceled events for which expenses have been incurred.

Z - Trip was Canceled - Balance of \$0.00



**STAFF EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2020 - 2021
MAY 2021**

Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Executive Offices				
Bob Schlotfeld	1	Admin - Conduct Site Visit to Mainline/DMI Data Center - Phoenix AZ	05/27/2021 - 05/27/2021	Attended
Systems				
Steven Alexander	1	Admin - Conduct Site Visit to Mainline/DMI Data Center - Phoenix AZ	05/27/2021 - 05/27/2021	Attended
Matthew Behrens	1	Admin - Conduct Site Visit to Mainline/DMI Data Center - Phoenix AZ	05/27/2021 - 05/27/2021	Attended
Irwin Devries	1	Admin - Conduct Site Visit of Mesa, AZ Facility - Mesa AZ	12/03/2020 - 12/05/2020	Attended
Eddie Paz	1	Admin - Conduct Site Visit to Mainline/DMI Data Center - Phoenix AZ	05/27/2021 - 05/27/2021	Attended
Celso Templo	1	Admin - Conduct Site Visit of Mesa, AZ Facility - Mesa AZ	10/09/2020 - 10/09/2020	Attended



Documents not attached are exempt from disclosure under the California Public Records Act and other legal authority.

**For further information, contact:
LACERA
Attention: Public Records Act Requests
300 N. Lake Ave., Suite 620
Pasadena, CA 91101**



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