

# LIVE VIRTUAL BOARD MEETING

APRIL 14, 2021 AT 9:00 AM  
BOARD OF INVESTMENTS MEETING



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

# AGENDA

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

300 N. LAKE AVENUE, PASADENA, CALIFORNIA 91101

9:00 A.M.\*, WEDNESDAY, APRIL 14, 2021

This meeting will be conducted 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](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 March 10, 2021
- III. REPORT ON CLOSED SESSION ITEMS
- IV. PUBLIC COMMENT

(\*You may submit written public comments by email to [PublicComment@lacera.com](mailto:PublicComment@lacera.com). Please include the agenda number and meeting date in your correspondence. 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.

You may also request to address the Boards. A request to speak must be submitted via email to [PublicComment@lacera.com](mailto:PublicComment@lacera.com) no later than 5:00 p.m. the day before the scheduled meeting. Please include your contact information, agenda item, and meeting date so that we may contact you with information and instructions as to how to access the Board meeting as a speaker.)

- V. CHIEF EXECUTIVE OFFICER'S REPORT  
(Memo dated March 25, 2021)
- VI. CHIEF INVESTMENT OFFICER'S REPORT  
(Presentation dated April 14, 2021)

## VII. CONSENT

- A. Recommendation as submitted that the Board approve attendance of Board members at the 2021 SuperReturn Berlin Conference on November 9 - 12, 2021 in Berlin, Germany and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.  
(Placed on the agenda at the request of Mr. Bernstein)  
(Memo dated March 15, 2021)

## VIII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Scott Zdrazil, Senior Investment Officer: That the Board deliberate whether to nominate a candidate to the International Corporate Governance Network's Board of Governors.  
(Memo dated March 25, 2021)
- B. Recommendation as submitted by Scott Zdrazil, Senior Investment Officer, Dale Johnson, Investment Officer, Mel Tsao, Senior Investment Analyst: That the Board select ISS to provide full coverage proxy research and voting platform services and Glass Lewis to provide additional limited coverage proxy research services. (Memo dated March 19, 2021)

## IX. REPORTS

- A. Strategic Asset Allocation and Asset Liability Study Review  
Jude Perez, Principal Investment Officer  
Leandro Festino, Meketa Investment Group  
Jonathan Camp, Meketa Investment Group  
Tim Filla, Meketa Investment Group  
(Memo dated April 1, 2021)
- B. Strategic Asset Allocation – OPEB Master Trust  
Jude Perez, Principal Investment Officer  
Leandro Festino, Meketa Investment Group  
Jonathan Camp, Meketa Investment Group  
Alina Yuan, Meketa Investment Group  
(Memo dated April 1, 2021)
- C. Strategic Asset Allocation: Potential Structure Changes  
Jude Perez, Principal Investment Officer  
Leandro Festino, Meketa Investment Group  
Tim Filla, Meketa Investment Group  
Alina Yuan, Meketa Investment Group  
(Memo dated April 1, 2021)

IX. REPORTS (Continued)

- D. First Amendment Training  
Free Speech Rights and Fiduciary Duties: A Governance Challenge for Retirement System Trustees  
California Continuing Legal Education (CLE) Credit Available  
Ashley Dunning, Partner – Nossaman LLP  
Peter Mixon, Partner – Nossaman LLP  
(Memo dated April 6, 2021)
  
- E. 2021 Board of Retirement and Board of Investments Election Planning Update  
JJ Popowich, Assistant Executive Officer  
(For Information Only) (Memo dated March 31, 2021)
  
- F. State Street Incident Report – Data Disclosure  
Jude Pérez, Principal Investment Officer  
(For Information Only) (Memo dated March 30, 2021)
  
- G. Council of Institutional Investors Voting Items  
Scott Zdrazil, Senior Investment Officer  
(For Information Only) (Memo dated March 25, 2021)
  
- H. Monthly Status Report on Legislation  
Barry W. Lew, Legislative Affairs Officer  
(For Information Only) (Memo dated March 25, 2021)
  
- I. Cost of Living Adjustment – Accumulation Accounts  
JJ Popowich, Assistant Executive Officer  
Ted Granger, Interim Chief Financial Officer  
Kathy Delino, Interim Systems Division Manager  
(For Information Only) (Memo dated March 30, 2021)
  
- J. Monthly Status Report on Board of Investments Legal Projects  
Christine Roseland, Senior Staff Counsel  
(For Information Only) (Memo dated April 1, 2021)
  
- K. Monthly Education and Travel Reports for February 2021  
Ted Granger, Interim Chief Financial Officer  
(Public Memo dated March 25, 2021)  
(Confidential Memo dated March 30, 2021 – Includes Anticipated Travel)  
(For Information Only)



IX. REPORTS (Continued)

- L. March 2021 Fiduciary Counsel Contact and Billing Report  
Steven P. Rice, Chief Counsel  
(For Information Only) (Privileged and Confidential)  
(Attorney-Client Communication/Attorney Work Product)  
(Memo dated March 30, 2021)

X. ITEMS FOR STAFF REVIEW

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

XII. EXECUTIVE SESSION

- A. Conference with Staff and Legal Counsel to Consider the Purchase or Sale of Particular, Specific Pension Fund Investments  
(Pursuant to California Government Code Section 54956.81)
  - 1. Credit Recommendation: High Yield Fixed Income Separate Account Manager Search  
Vache Mahseredjian, Senior Investment Officer  
Robert Santos, Investment Officer  
Adam Cheng, Senior Investment Analyst  
Jeff Jia, Senior Investment Analyst  
Leandro Festino, Meketa Investment Group  
Tim Filla, Meketa Investment Group  
Alina Yuan, Meketa Investment Group  
(Memo dated April 1, 2021)
  - 2. The Veritas Middle Market Fund, L.P.  
Christopher J. Wagner, Principal Investment Officer  
Calvin Chang, Senior Investment Analyst  
Jose Fernandez, StepStone Group  
(Memo dated March 31, 2021)
  - 3. TA XIV, L.P. and TA Select Opportunities Fund II, L.P.  
Christopher J. Wagner, Principal Investment Officer  
Didier Acevedo, Investment Officer  
Jose Fernandez, StepStone Group  
(Memo dated March 22, 2021)

XII. EXECUTIVE SESSION (Continued)

4. Private Equity Co-Investment Update  
David Chu, Senior Investment Officer  
Didier Acevedo, Investment Officer  
(For Information Only) (Memo dated March 22, 2021)
5. Private Equity Investment Update  
David Chu, Senior Investment Officer  
Cheryl Lu, Investment Officer  
(For Information Only) (Memo dated March 26, 2021)
6. Private Equity Co-Investment Update  
David Chu, Senior Investment Officer  
Derek Kong, Investment Officer  
(For Information Only) (Memo dated March 22, 2021)
7. Notice of Re-Up Commitment of up to \$150 Million to  
Hellman & Friedman X, L.P.  
Christopher J. Wagner, Principal Investment Officer  
Shelly P. Tilaye, Senior Investment Analyst  
(For Information Only) (Memo dated March 26, 2021)
8. Notice of Re-Up Commitment of up to \$100 Million to  
Lightyear Fund V, L.P.  
Christopher J. Wagner, Principal Investment Officer  
David E. Simpson, Investment Officer  
(For Information Only) (Memo dated April 2, 2021)

XIII. ADJOURNMENT

*Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Investments that are distributed to members of the Board of Investments 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 Investments 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](mailto: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 INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, PASADENA, CALIFORNIA 91101

9:00 A.M.\*, WEDNESDAY, MARCH 10, 2021

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

PRESENT: Keith Knox, Chair

Joseph Kelly, Vice Chair

Alan Bernstein, Secretary

David Green (Left the meeting at 1:00 p.m.)

Elizabeth Greenwood

Shawn Kehoe

Ronal Okum

Gina V. Sanchez

Herman Santos

STAFF ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Jonathan Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

Ted Granger, Interim Chief Financial Officer

Christine Roseland, Senior Staff Counsel

Vache Mahseredjian, Principal Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Jude Perez, Principal Investment Officer

Christopher Walker, Principal Investment Officer

James Rice, Principal Investment Officer

Chad Timko, Senior Investment Officer

Quoc Nguyen, Investment Officer

Daniel Joye, Investment Officer

John Kim, Senior Investment Analyst

Calvin Chang, Senior Investment Analyst

Michael Herrera, Senior Counsel

Jill Rawal, Staff Counsel

Meketa Investment Group

Stephen McCourt, Managing Principal

Leandro Festino, Managing Principal

Timothy Filla, Principal

Alina Yuan, Associate

StepStone Group LP

Jose Fernandez, Partner

Natalie Walker, Partner

Albourne

Mark White, Head of Real Assets

James Walsh, Partner

Klausner, Kaufman, Jensen & Levinson

Robert Klausner, Partner

Olson Remcho LLP

Karen Getman, Partner

Kelly Liang, Associate Attorney

I. CALL TO ORDER

The meeting was called to order virtually by Chair Knox at 9:00 a.m.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of February 10, 2021

Mr. Kelly made a motion, Mr. Green seconded, to approve the revised minutes of the regular meeting of February 10, 2021. The motion passed unanimously (roll call) with Messrs. Green, Santos, Kehoe, Okum, Bernstein, Kelly, Knox, Ms. Greenwood and Ms. Sanchez voting yes.

III. REPORT ON CLOSED SESSION ITEMS

The following prior Board action, taken in Executive Session pursuant to Government Code Section 54956.81, is reported:

At the October 14, 202 Board of Investments meeting, under Agenda Item XI.A.2, on a motion by Ms. Sanchez, seconded by Mr. Moore, the Board voted 8-0 to adjust the fund's Emerging Market Debt (EMD) investment vehicles such that (1) the Aberdeen Asset Management portfolio will be transitioned to a new Aberdeen fund managed to LACERA's EMD benchmark composition, and (2) the Ashmore Investment Management portfolio will be transitioned to three established Ashmore funds that represent LACERA's EMD benchmark composition in aggregate. Ms. Greenwood was absent for the vote. The Aberdeen transition was completed in December 2020; the Ashmore transition was completed in February 2021. The Board action followed from a unanimous 5-0 recommendation made under Agenda Item VII.A.1 of the Credit and Risk Mitigation Committee's September 9, 2020 agenda, on a motion by Ms. Greenwood, seconded by Mr. Muir.

March 10, 2021

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#### IV. PUBLIC COMMENT

Michael Guynn, Veronica Sance, Jan Williams, Damien Goodmon, Greg Akili, Jacqueline Taylor, Eleni Johnson, Harrold Huggins, Donald Byers, Jess Estes, Kim Yergan, Jackie Ryan, Alice Goff, Amber Height, Pastor William D. Smart Jr, Ernest Dillihay, Zerita Jones and Verneen Mincey addressed the Board regarding the Baldwin Hills Crenshaw Plaza. In addition, LACERA received 38 written comments regarding the Baldwin Hills Crenshaw Plaza. Diane Waldo, Kerry Cavasos and Michael Ring addressed the Board regarding HCA Healthcare.

#### V. CHIEF EXECUTIVE OFFICER'S REPORT (Memo dated February 17, 2021)

Mr. Kreimann provided a brief presentation on the Chief Executive Officer's Report.

#### VI. CHIEF INVESTMENT OFFICER'S REPORT (Presentation dated March 10, 2021)

Mr. Grabel provided a brief presentation on the Chief Executive Officer's Report.

#### VII. CONSENT

- A. Recommendation as submitted by Alan Bernstein, Chair, Corporate Governance Committee: That the Board approve a revised Corporate Governance and Stewardship Principles policy.  
(Memo dated February 11, 2021)

Ms. Sanchez made a motion, Mr. Bernstein seconded, to approve the Corporate Governance Committees recommended revised Corporate Governance and Stewardship Principles policy, which was option (1) only on page 4 of the Board memo for this item.

VII. CONSENT (Continued)

The motion passed unanimously (roll call) with Messrs. Green, Santos, Kehoe, Okum, Bernstein, Kelly, Knox, and Ms. Sanchez voting yes.

VIII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Jonathan Grabel, Chief Investment Officer and Jude Perez, Principal Investment Officer: That the Board 1) Approve Meketa Investment Group's proposed 10-year capital market expectations for use in determining LACERA's policy portfolio in upcoming Strategic Asset Allocation Studies for the Total Fund and the OPEB Master Trust; and 2) Approve Meketa's 20-year expectations for use in testing the reasonableness of LACERA's actuarial long-term return assumptions. (Memo dated February 25, 2021)

Messrs. Grabel, Perez and Messrs. McCourt, Festino and Filla of Meketa

Investment Group provided a presentation and answered questions from the Board.

Mr. Santos made a motion, Mr. Okum seconded, to approve staff's recommendation. The motion passed unanimously (roll call) with Messrs. Green, Santos, Kehoe, Okum, Bernstein, Kelly, Knox, Ms. Greenwood and Ms. Sanchez voting yes.

- B. Recommendation as submitted by Jonathan Grabel, Chief Investment Officer, Jude Perez, Principal Investment Officer, and Scott Zdrazil, Senior Investment Officer:

That the Board ratify that:

- (1) LACERA label its collective efforts to advance inclusion, diversity, and equity throughout its investment program and the financial services industry under a program title, LACERA "Towards Inclusion, Diversity, and Equity," or the acronym "LACERA TIDE;"



VIII. NON-CONSENT ITEMS (Continued)

- (2) LACERA continue to pursue a comprehensive, multi-pronged approach organized under LACERA TIDE into five core pillars as discussed in September and December 2020 Board of Investments meetings: a. Internal Investments Division practices; b. Asset manager and investment partner due diligence, evaluation, and advocacy; c. Active ownership and corporate governance initiatives; d. Capital formation facilitation to firms with diverse ownership; e. Industry advocacy efforts; and
- (3) LACERA's TIDE activities, progress, and trend lines be presented to the Board of Investments for oversight, review, and input on an annual basis, starting in 2021.

(Memo dated February 22, 2021)

Messrs. Grabel, Perez and Zdrazil provided a presentation and answered questions from the Board.

Mr. Bernstein made a motion, Mr. Santos seconded, to approve staff's recommendation. The motion passed unanimously (roll call) with Messrs. Green, Santos, Kehoe, Okum, Bernstein, Kelly, Knox, Ms. Greenwood and Ms. Sanchez voting yes.

- C. Recommendation as submitted by Vache Mahseredjian, Principal Investment Officer and Chad Timko, Senior Investment Officer: That the Board authorize the Chief Investment Officer ("CIO") to rebalance among Board-approved Illiquid Credit mandates when the conditions identified on slide 5 of the attached presentation are met.  
(Memo dated February 26, 2021)

Messrs. Mahseredjian and Timko were present.

VIII. NON-CONSENT ITEMS (Continued)

Mr. Santos made a recommendation, Mr. Kelly seconded, to approve staff's recommendation. The motion passed unanimously (roll call) with Messrs. Green, Santos, Kehoe, Bernstein, Kelly, Knox, Ms. Greenwood and Ms. Sanchez voting yes.

IX. REPORTS

- A. Strategic Asset Allocation Asset Liability Overview  
Jude Perez, Principal Investment Officer  
Stephen McCourt, Meketa Investment Group  
Alina Yuan, Meketa Investment Group  
(Memo dated February 25, 2021)

Mr. Perez and Mr. McCourt and Ms. Yuan of Meketa Investment Group provided a presentation and answered questions from the Board.

- B. Form 700 Training  
Karen Getman, Olson Remcho, LLP  
Kelly Liang, Olson Remcho, LLP  
(Memo dated February 23, 2021)  
(Supplemental Memo dated February 26, 2021)

Ms. Getman and Mr. Liang of Olson Remcho LLP provided a presentation and answered questions from the Board.

- C. Executive Order 13959 Related to Investments that Finance Chinese Military Companies  
Ted Wright, Principal Investment Officer  
Esmeralda Del Bosque, Senior Investment Officer  
Jeff Jia Senior, Investment Analyst  
Christine Roseland, Senior Staff Counsel  
(For Information Only) (Memo dated February 24, 2021)

This item was received and filed.

IX. REPORTS (Continued)

- D. Los Angeles County Other Post-Employment Benefits Program Funding Overview  
Jude Perez, Principal Investment Officer  
Ted Granger, Interim Chief Financial Officer  
(For Information Only) (Memo dated February 23, 2021)

This item was received and filed.

- E. LACERA Quarterly Performance Book  
Meketa Fund Evaluation Report  
Jude Perez, Principal Investment Officer  
(For Information Only) (Memo dated March 1, 2021)

This item was received and filed.

- F. OPEB Quarterly Performance Book  
Meketa OPEB Fund Evaluation Report  
Jude Perez, Principal Investment Officer  
(For Information Only) (Memo dated February 26, 2021)

This item was received and filed.

- G. External Quality Assessment (EQA) of Internal Audit's Recommendation Follow-Up Process performed by KPMG dated December 31, 2020  
Audit Committee Members  
(For Information Only) (Memo dated February 23, 2021)

This item was received and filed.

- H. Monthly Status Report on Board of Investments Legal Projects  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated March 1, 2021)

This item was received and filed.

- I. Monthly Education and Travel Reports for January 2021  
Ted Granger, Interim Chief Financial Officer  
(For Information Only)

IX. REPORTS (Continued)

Monthly Education and Travel Reports for January 2021

(Public Memo dated February 19, 2021)

(Confidential Memo dated February 19, 2021 – Includes Anticipated Travel)

2<sup>nd</sup> Quarter Education and Travel Expenditure Reports

(Memo dated February 19, 2021)

This item was received and filed.

J. February 2021 Fiduciary Counsel Contact and Billing Report

Steven P. Rice, Chief Counsel

(For Information Only) (Privileged and Confidential)

(Attorney-Client Communication/Attorney Work Product)

(Memo dated February 22, 2021)

This item was received and filed.

X. ITEMS FOR STAFF REVIEW

The Board requested for staff to bring back the CEO's compensation at a future Joint Meeting.

The Board requested for staff to address member communication on how to encourage members to add an email address on their LACERA profile, as well as providing information when one is not available.

The Board requested for staff to address questions pertaining to Form 700.

XI. GOOD OF THE ORDER

(For information purposes only)

Mr. Okum announced that he will be retiring from the Board of Investments.

The Board and staff thanked Mr. Okum for his service on the Board of Investments.

XII. EXECUTIVE SESSION (Mr. Green left the meeting at 1:00 p.m.)

A. Conference with Staff and Legal Counsel to Consider the Purchase or Sale of Particular, Specific Pension Fund Investments  
(Pursuant to California Government Code Section 54956.81)

1. Dedicated Managed Account Services Search Recommendation  
Chad Timko, Senior Investment Officer  
Quoc Nguyen, Investment Officer  
John Kim, Senior Investment Analyst  
(Memo dated February 23, 2021)

Messrs. Timko, Nguyen, Kim and Messrs. Walsh and White of

Albourne America LLC provided a presentation and answered questions from the Board.

Mr. Santos made a motion, seconded by Ms. Sanchez, to select Innocap to provide dedicated managed account (DMA) platform services for alternative investments. The motion passed unanimously (roll call) with Messrs. Santos, Kehoe, Okum, Bernstein, Kelly, Knox, Ms. Greenwood and Ms. Sanchez voting yes. Mr. Green was absent for the vote.

2. Antin Mid Cap Fund I, L.P.  
James Rice, Principal Investment Officer  
Daniel Joye, Investment Officer  
Mark White, Albourne America LLC  
James Walsh, Albourne America LLC  
(Memo dated February 26, 2021)

Messrs. Rice and Joye and Messrs. Walsh and White of Albourne America

LLC were present and answered questions from the Board.

Mr. Bernstein made a motion, seconded by Mr. Kelly, to approve a commitment of up to €100 million (approximately \$120 million) to Antin Mid Cap Fund I, L.P., which is a private real assets fund, focusing

XII. EXECUTIVE SESSION (Continued)

on mid-market opportunistic infrastructure investments mainly in Western Europe, with some exposure in the United States and Canada. The fund will have a focus in telecom, energy, transport, and social infrastructure sectors. The motion passed unanimously (roll call) with Messrs. Santos, Kehoe, Okum, Bernstein, Kelly, Knox, Ms. Greenwood and Ms. Sanchez voting yes. Mr. Green was absent for the vote.

3. Excellere Capital Fund IV, L.P.  
Christopher Wagner, Principal Investment Officer  
Calvin Chang, Senior Investment Officer  
Jose Fernandez, StepStone Group  
(Memo dated February 26, 2021)

Messrs. Wagner, Chu and Mr. Fernandez of StepStone Group provided a presentation and answered questions from the Board.

Mr. Santos made a motion, seconded by Mr. Kehoe, to approve a commitment of up to \$100 million to Excellere Capital Fund IV, L.P., which is a private equity buyout investment focused on lower middle-market companies within the healthcare sector in the United States. The motion passed unanimously (roll call) with Messrs. Santos, Kehoe, Okum, Bernstein, Kelly, Knox, Ms. Greenwood and Ms. Sanchez voting yes. Mr. Green was absent for the vote.

- B. Conference with Legal Counsel – Initiation of Litigation  
(Pursuant to Paragraph (4) of Subdivision (d) of California Government Code Section 54956.9).

Number of cases: 1 (Pending Under Seal)  
(For Information Only)

March 10, 2021

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XII. EXECUTIVE SESSION (Continued)

There is nothing to report.

- C. Public Employee Performance Evaluation  
(Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957)

Title: Chief Executive Officer

There is nothing to report.

Green Folder Information (Information provided to the Trustees prior to the meeting)

Item IX. A –Strategic Asset Allocation Asset Liability Overview presentation which was inadvertently left out of the agenda packet. (The presentation included in the agenda packet is a duplicate of the presentation for Agenda Item VIII. A.)

XIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:52 p.m.

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ALAN BERNSTEIN, SECRETARY

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KEITH KNOX, CHAIR



March 25, 2021

TO: Each Trustee,  
Board of Retirement  
Board of Investments

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

SUBJECT: **CHIEF EXECUTIVE OFFICER'S REPORT**

The following reflects the Chief Executive Officer's Report for March 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.

### **March Madness Update**

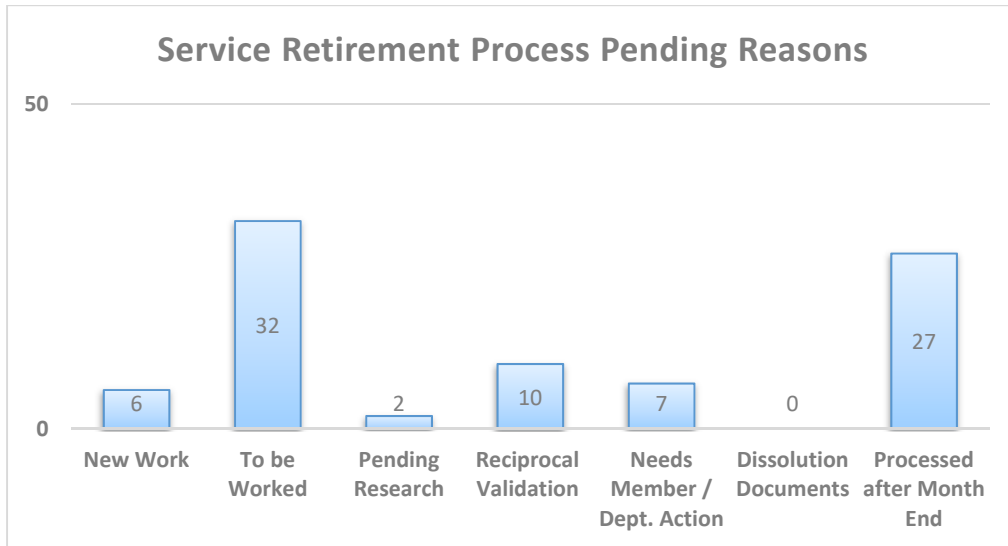
We have come to the end of a very busy "March Madness" season. This is the time of the year when we see a spike in retirements as more members elect to retire in time to be eligible for any April 1<sup>st</sup> cost-of-living adjustment (COLA). As we have in years past, we are continuing to share the annual March Madness statistics in this report. There are two key measures tracked during this time of year.

*How well are we keeping up with our member's requests to retire?* The chart below shows the total number of pending retirement elections from the date of this report. All incoming retirement requests are triaged by staff to facilitate processing those retirements with immediate retirement dates and those that require special handling (i.e., legal splits and those with uncompleted service credit purchases).

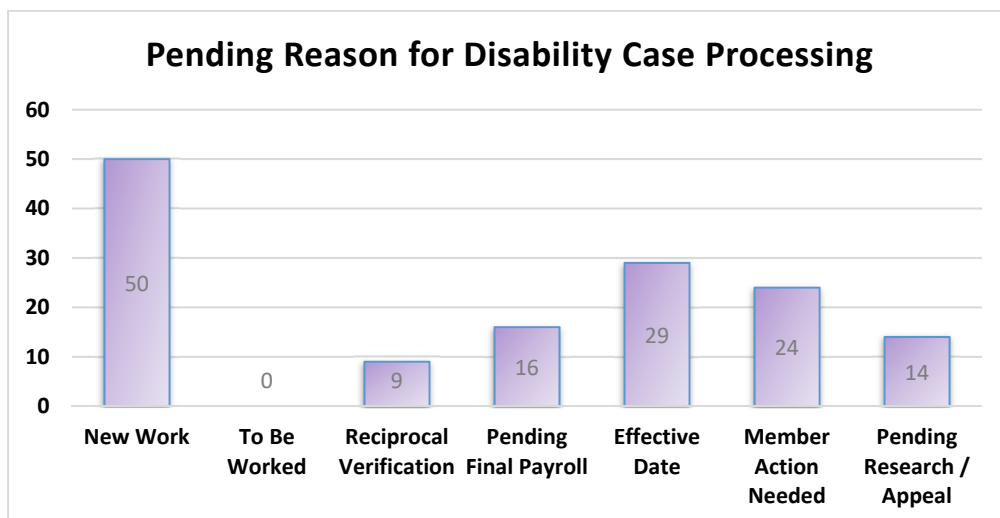
<b>Retirement Month</b>	<b>Pending Retirement Elections</b>
December 2020	<b>0</b>
January 2021	<b>0</b>
February 2021	<b>14</b>
March 2021	<b>75</b>
Pending Disability Cases	<b>142</b>
<b>Total Pending</b>	<b>231</b>



The 89 retirement elections to be completed for January - March are pending for the following reasons:



The 142 Pending Disability Cases represent the number of approved disability cases being processed by the Benefits Division. Once a disability has been granted by the Board of Retirement, the Benefits Division staff works with the member and their employer to select a disability effective date, determine the member's option election, and bring them on payroll. These disability cases are pending for the following reasons:



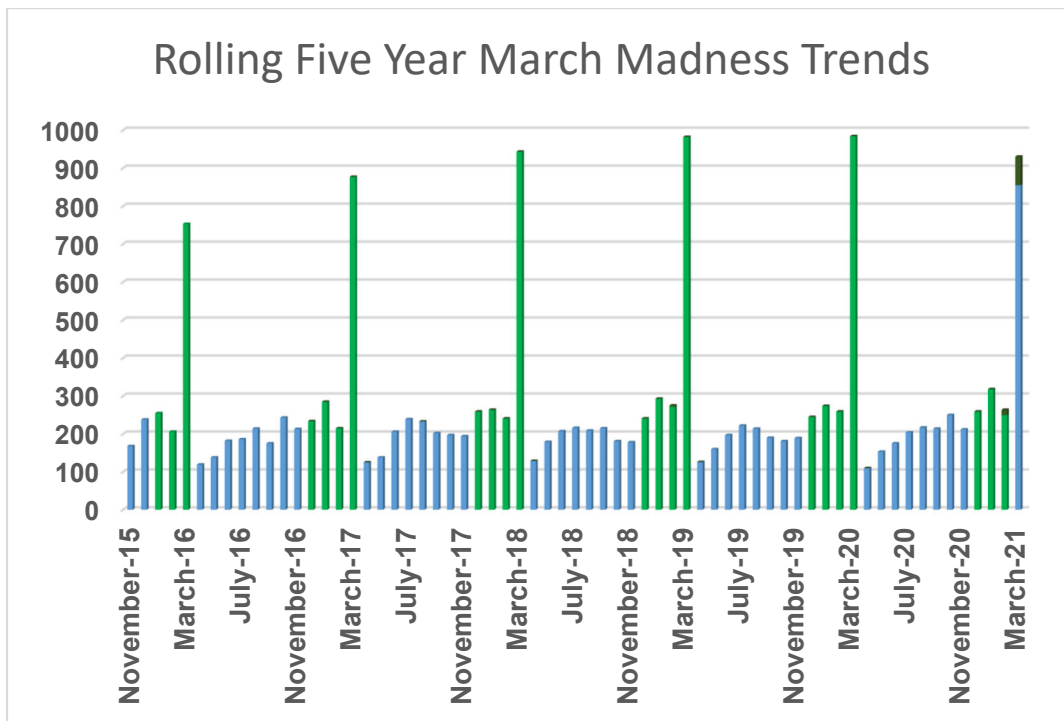
These cases are not assigned to a specific month in the "March Madness" period because the final effective date has not been determined. As with service retirements, some cases have mitigating factors such as legal splits and uncompleted purchases, which can also extend processing times. We expect to successfully meet the retirement agenda deadlines for a vast majority of our March Madness retirees.

The second key statistic is the volume of retirements during the year, especially during March Madness. This gives us an indication on the severity of the stress placed on our capacity to meet our various member service requests and demands placed upon our staff.

The green bars in the chart below reflect those members approved by the Board of Retirement to retire (i.e., their retirement elections have been approved and completed). The red bars show those cases that have not been processed as of the date of this report. The blue bars represent retirement elections processed during the remaining months of the year. As of March 18, 2021, we have processed 1,682 out of 1,771 retirements for the March Madness period. The following chart compares the total processed and pending cases per month to the average cases completed over the last five years.

	Current Period	Last Five Completed Years	Ahead (+) / Behind (-)
December	259	243	+
January	318	274	+
February	264	239	+
March	930	908	+
Total	1,771	1,664	+

This year represents the highest March Madness period in the last five years. Putting this into perspective, during last year's March Madness 1, 762 members retired, which was higher than the rolling five-year average of 1,664 (the five-year averages may change from month-to-month as disability cases are processed due to retroactive retirement dates).

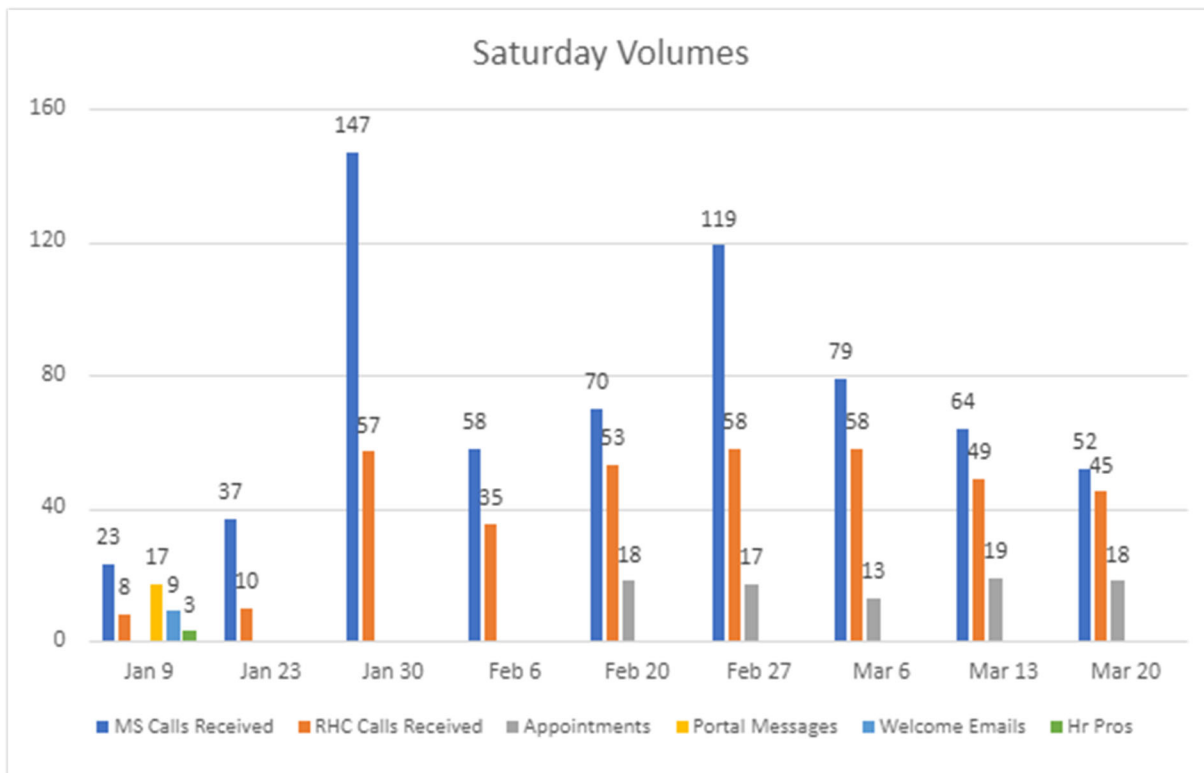


There are still a few days left in this March Madness season and we will continue to receive and process March retirements through the end of March as well as rescission and change of date requests. We will provide a final wrap up in the May CEO Report.

### Final Report on the Expanded Member Services and Retiree Healthcare March Madness Hours

For the last several years we have offered some form of expanded hours during March Madness to provide members with more opportunities to receive counseling and prepare for retirement. These expanded hours usually involved opening up our MSC on one or more Saturdays for a Pre-Retirement seminar and limited one-on-one counseling. This year for the first time we opened up our Member Services and Retiree Healthcare Call Centers for half a day on four Saturdays per month.

The call centers are staffed by Retirement Benefit Specialists and supervisors who volunteered to work overtime. In addition to the Call Center, a limited number of one-on-one appointments were opened up as well. Throughout the three month period we handled 1,136 total member contacts. Of those 649 were calls to our Member Services Call Center, 373 were calls to our Retiree Healthcare Call Center, and 85 were appointments in our virtual Member Service Center. The chart below provides an overview of our experience during the last three months.



Overall we believe the expanded hours were a positive experience that allowed us to serve more members. In general, members were appreciative of the extended hours. We are evaluating the experience, and the lessons learned will assist us to improve our March Madness responses in the future.

### **Retiree Healthcare “March Madness” Enrollment Update**

Although March Madness may be ramping down for the Benefits side of the house, Retiree Healthcare is currently now trying to get those who retired during March Madness enrolled into the healthcare program. The expectation of staff processing enrollments is five business days upon the enrollment request being validated as complete and assigned.

In addition, staff are preparing for the Retiree Healthcare Annual Letter packet mailing scheduled to take place over the Memorial Day weekend. This mass mailing will be sent to all members/survivors currently enrolled in a LACERA-administered healthcare plan (approximately 57,000) and will contain the new 2021-2022 monthly healthcare premium rates effective July 1, 2021, as well as any mandated healthcare benefits as approved by the Trustees last month.

The messaging campaigns for COVID-19 vaccinations are well established by the insurance companies, public health agencies, and various governmental organizations. We continue to direct members who inquire to check their eligibility and register to get vaccinated, if eligible, on the Los Angeles County Department of Public Health website ([www.publichealth.lacounty.gov](http://www.publichealth.lacounty.gov)).

We continue to encourage members to contact their health care provider for more information as well. Finally, all of this information will be added to our Retiree Healthcare Section on lacera.com.

### **COVID-19 Response Update**

The situation in Los Angeles County continues to improve. This improvement allowed Los Angeles County to move from the purple tier to the red tier on March 12, 2021. Los Angeles County could move to the moderately restrictive orange tier in April if the number of cases continues to decrease.

Similarly, LACERA has seen a decrease in reported incidents for staff members over the last month. The following chart summarizes the number of LACERA staff members who were exposed (had direct close contact) to a person who tested positive for COVID-19; the number of LACERA staff members who tested positive for COVID-19; and the number of staff members who were in the office 14 days before testing positive for COVID-19.

**LACERA COVID-19 Incidents**  
**February 13, 2021 to March 25, 2021**

<b>Exposed</b>	<b>Confirmed Positive</b>	<b>In Office Before Positive Test</b>
2	0	0

LACERA continues to follow Public Health guidelines, including limiting the number of staff members physically in our offices on a daily basis. Based on the most recent numbers, we are averaging approximately 12% of our staff in the office on any given day. We continue to monitor the guidance issued by the County Department of Public Health as part of the effort to prepare the office for a safe return to work.

Effective April 1, 2021 all LA County residents age 50 and over, and those with underlying health conditions, are eligible to be vaccinated. At the time of this writing, all residents age 16 and above will be eligible to make appointments on April 15, 2021. Staff members are able to use paid time to get vaccinated during work hours. We remain committed to help our staff members get vaccinated as soon as possible.

Based on our current understanding of HIPAA regulations, we cannot require staff members to report if they are vaccinated. However, we will be encouraging staff members to voluntarily report to Human Resources that they have been vaccinated.

**Update on Post COVID-19 Return to Office Planning**

Our Business Continuity team and the Executive Office continue to develop and refine plans to return staff to the office when it is safe to do so. Over the last few months, the Business Continuity team has worked hard to develop habitation maps for each division outlining safe seating arrangements for each work area. Additionally, the team has been working with our furniture vendors and architects to evaluate each division to ensure cubicle walls and open areas are upgraded to provide adequate protection for staff to return to the office.

The team is researching the feasibility of Trustees returning back to the Board Room while maintaining the safety and well-being of Trustees, staff, and the public. We have scheduled meetings with our renovation consultant to develop a plan to update the Board Room to make it safe for Trustees to return to in-person public meetings. As of the time this report is being written, we have not received the architect's recommendations.

In addition to the upgrades to furniture and open spaces, we are also installing HEPA air filters in each division. Studies have shown that air filters add additional protection against airborne illnesses. We are also adding temperature check stations throughout LACERA, so staff can voluntarily check their temperature. Staff will be advised on the appropriate protocols to follow if they have a high temperature.

As previously reported, the Member Service Center has been upgraded and is almost prepared to open when safe to do so. We are placing the final touches on this area which include additional signage, hand sanitizing units, and temperature check stations as well.

We continue to monitor the CDC and public health guidelines to continue to keep our staff safe. While we have not determined a target date to return more staff to the office, we expect it may be possible by late summer, which would allow for the vaccine to work through the general population and provide ample protection to our members and staff. It is likely when we do return to the office, we will continue to alternate staff on a weekly basis between working in the office and remote work. However, these plans have not been finalized. We will continue to report our plans as they are developed.

### **Recruitment Updates**

Our greatest strengths are the talented and skilled staff members. 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:

- **Administrative Services Officer (ASO):** This recruitment will fill two ASO positions in our Administrative Services Division. Staff continues to interview qualified candidates and the recruitment will continue until a candidate is selected.
- **Deputy Chief Executive Officer:** Alliance Resources Consulting presented a number of qualified candidates. The finalist are being interviewed in anticipation of making a hiring decision in the near future.
- **Senior Quality Auditors:** This is a promotional opportunity to serve in the Quality Assurance Division. Interviews are underway.
- **Senior Retirement Benefits Specialist:** This is a promotional opportunity to serve in Member Services, Benefits, and Retiree Healthcare Divisions. Interviews are underway.

## **Employer and Employee Contribution Rates**

In December of 2020, the Board of Investments adopted the new employer and employee contribution rates as recommended by the June 2020 Actuarial Valuation of Retirement Benefits Report submitted by LACERA's actuary Milliman. In accordance with the County Employees Retirement Law, the revised employer and employee contributions were then submitted to the Los Angeles County Board of Supervisors for adoption, along with a request for the Board of Supervisors to instruct the Auditor Controller to implement the new rates no later than September 29, 2021.

On March 23, 2021, the Board of Supervisors formally adopted the recommendations and instructed the Auditor-Controller to implement the new contribution rates no later than September 29, 2021.

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CEO report Mar 2021.doc

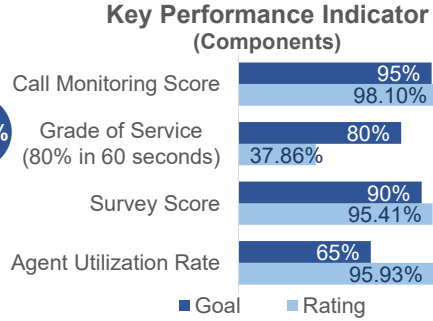
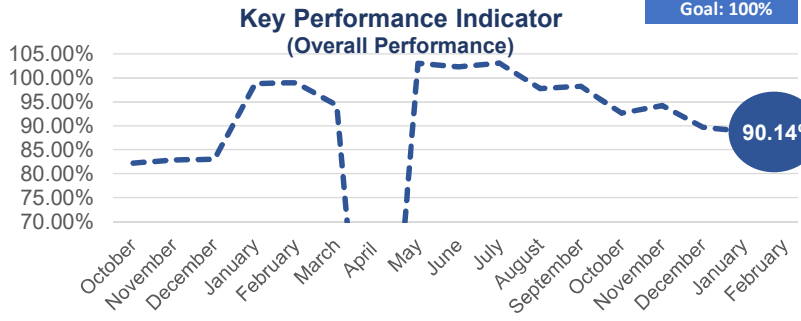
Attachments

# Striving for Excellence in Service

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

<p><b>Outreach Attendance</b> <b>1,899</b> 12,804 Year-to-Date</p>	<p><b>Outreach Events</b> <b>28</b> 127 Year-to-Date</p>	<p><b>Outreach Satisfaction</b> <b>N/A</b> Change Since Last Mo</p>	<p><b>Member Service Center</b> <b>N/A</b> - Change Since Last Mo</p>	<p><b>Member Services Calls</b> <b>16,127</b> 16,055 3 Mo. Avg.</p>
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## Member Services

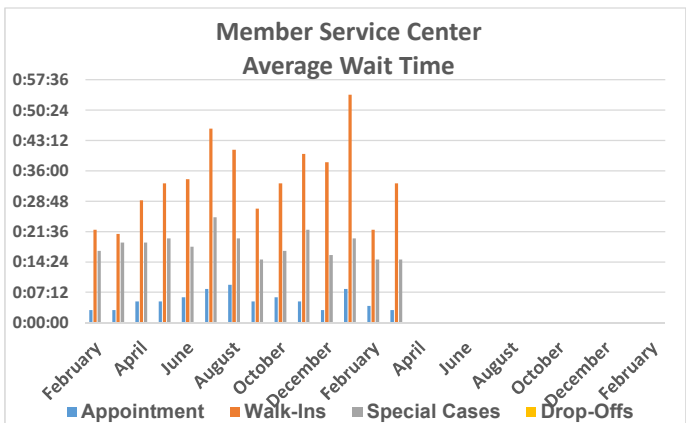


- Top Calls**
1. Retirement Counseling: Process Overview
  2. MyLACERA Portal Login Issues
  3. Retirement Counseling: Estimate



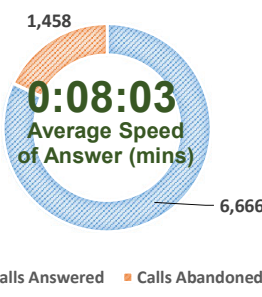
**Emails 1,012**  
24:00 hours  
Avg. Response Time (ART)

**Secure Messages 818**

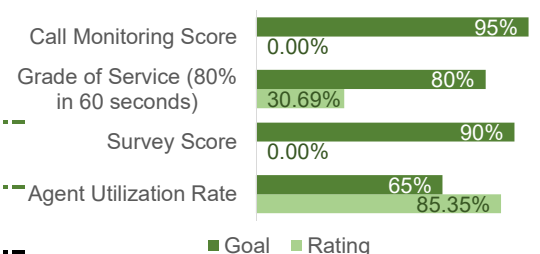


## Retiree Healthcare

Total RHC Calls: 8,124



- Top Calls**
1. Medical/Dental Enrollments
  2. Medical Benefits
  3. Medicare Part B Reimbursements



**Emails 468**  
10 Day  
Avg. Response Time (ART)

**Secure Messages 411**



## Striving for Excellence in Service (Continued)

Disability

### Applications

**713**

**In Process As Of:**  
**2/28/2021**

**691** Pending on: 1/31/2021  
**76** Received  
**443** Year-to-Date  
**0** Re-Opened  
**0** Year-to-Date  
**50** To Board - Initial  
**339** Year-to-Date  
**4** Closed  
**34** Year-to-Date

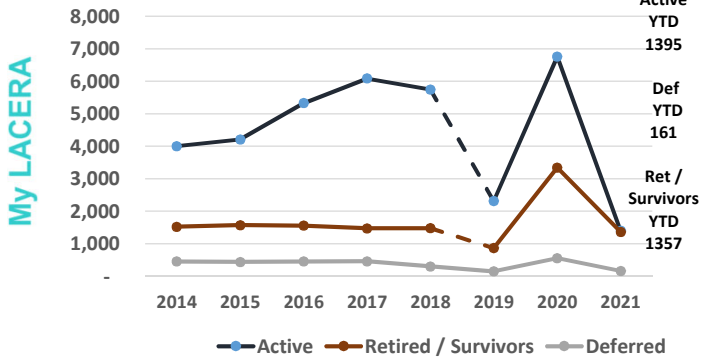
### Appeals

**91**

**In Process As Of:**  
**2/28/2021**

**93** Pending on: 1/31/2021  
**1** Received  
**8** Year-to-Date  
**1** Admin Closed/Rule 32  
**8** Year-to-Date  
**2** Referee Recommended  
**7** Year-to-Date  
**0** Revised/Reconsidered for Granting  
**1** Year-to-Date

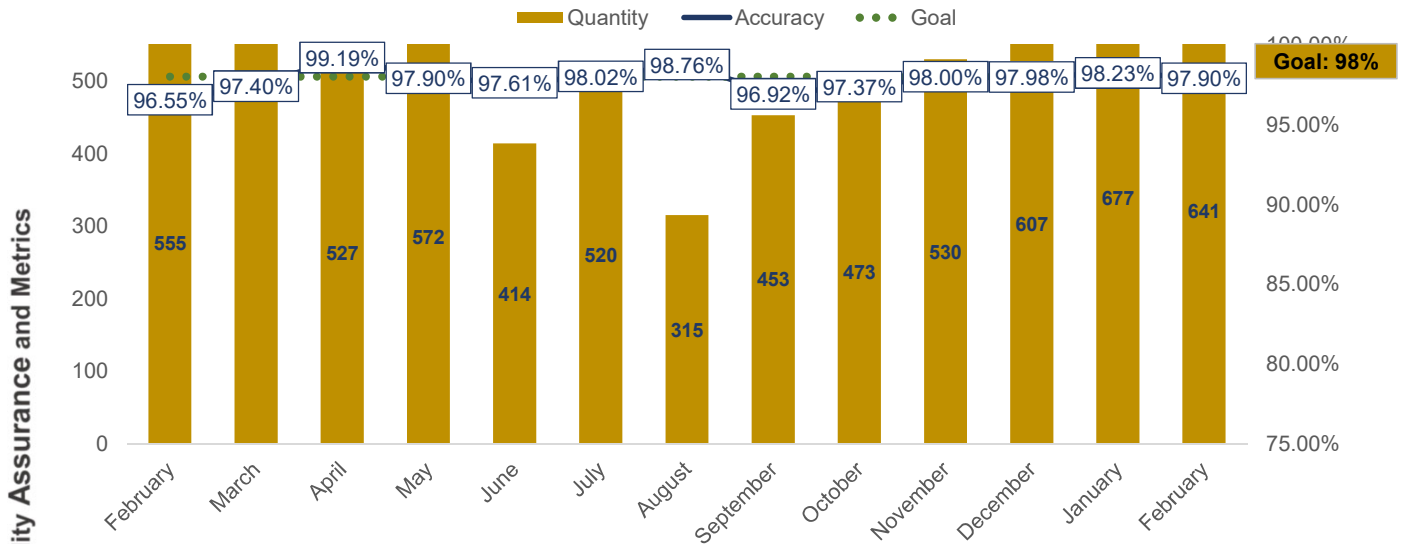
### My LACERA Registrations



**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 %

**February**

**97.90%**



#### Retirement Elections

**463** Samples  
**97.64%** Accuracy

#### Payment Contracts

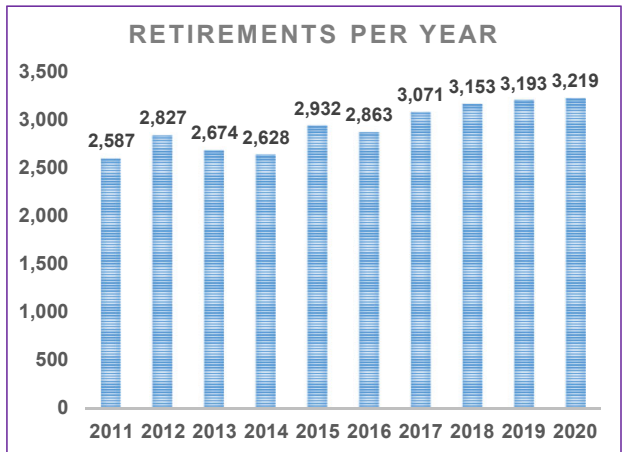
**88** Samples  
**97.07%** Accuracy

#### Data Entry

**90** Samples  
**98.98%** Accuracy

## Member Snapshot

	Members as of 03/12/2021				
	Plan	Active	Retired	Survivors	Total
<b>General</b>	Plan A	82	15,170	4,298	<b>19,550</b>
	Plan B	20	667	68	<b>755</b>
	Plan C	25	426	64	<b>515</b>
	Plan D	39,064	17,867	1,648	<b>58,579</b>
	Plan E	15,729	14,014	1,365	<b>31,108</b>
	Plan G	31,807	86	8	<b>31,901</b>
	<b>Total General</b>	<b>86,727</b>	<b>48,230</b>	<b>7,451</b>	<b>142,408</b>
<b>Safety</b>	Plan A	2	4,891	1,622	<b>6,515</b>
	Plan B	8,985	6,762	335	<b>16,082</b>
	Plan C	4,482	13	0	<b>4,495</b>
	<b>Total Safety</b>	<b>13,469</b>	<b>11,666</b>	<b>1,957</b>	<b>27,092</b>
<b>TOTAL MEMBERS</b>	<b>100,196</b>	<b>59,896</b>	<b>9,408</b>	<b>169,500</b>	
<b>% by Category</b>	<b>59%</b>	<b>35%</b>	<b>6%</b>	<b>100%</b>	



### Average Monthly Benefit Allowance Distribution February 2021

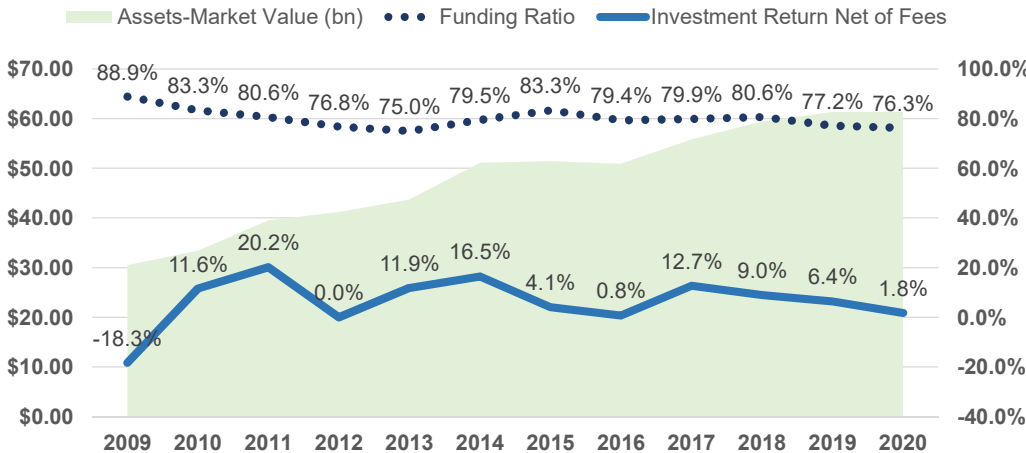
	General	Safety	Total	%
\$0 to \$3,999	29,862	1,829	31,691	53.65%
\$4,000 to \$7,999	12,989	3,489	16,478	27.90%
\$8,000 to \$11,999	3,395	4,177	7,572	12.82%
\$12,000 to \$15,999	937	1,559	2,496	4.23%
\$16,000 to \$19,999	297	284	581	0.98%
\$20,000 to \$23,999	82	107	189	0.32%
\$24,000 to \$27,999	27	19	46	0.08%
> \$28,000	12	3	15	0.03%
<b>Totals</b>	<b>47,601</b>	<b>11,467</b>	<b>59,068</b>	<b>100%</b>

**Average Monthly Benefit Allowance: \$ 4,444.00**

Healthcare Program		Healthcare Enrollments	
(Mo. Ending: 02/28/2021)		(Mo. Ending: 02/28/2021)	
	Employer	Member	
Medical	378.8	29.6	Medical 52,220
Dental	30.3	2.9	Dental 53,692
Part B	49.7	0	Part B 35,752
LTC			LTC 591
<b>Total</b>	<b>458.8</b>	<b>32.5</b>	<b>Total 142,255</b>

## 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)

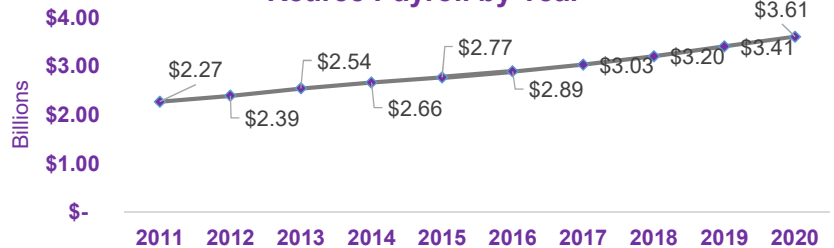
**5 YR: 6.1%    10 YR: 8.2%**

### Retired Members Payroll

(As of 02/28/2021)

Monthly Payroll	\$315.84m
Payroll YTD	\$2.5b
New Retired Payees Added	434
Seamless %	98.16%
New Seamless Payees Added	2,682
Seamless YTD	96.76%
By Check %	2.00%
By Direct Deposit %	98.00%

### Retiree Payroll by Year



Date	Conference
<b>April, 2021</b>	
11-14	World Healthcare Congress Washington D.C.
12-14	National Institute on Retirement Security (NIRS) Annual Conference Virtual
20	NCPERS (National Conference on Public Employee Retirement Systems) Legislative Conference Virtual
<b>May, 2021</b>	
11-14	SACRS Spring Conference Long Beach, CA
17-18	IFEBC (International Foundation of Employment Benefit Plans) Legislative Update Washington D.C.
23-26	NCPERS (National Conference on Public Employee Retirement Systems) Annual Conference Denver, CO <i>IN-PERSON EVENT CANCELLED</i>
28	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees Virtual
<b>June, 2021</b>	
14-18	Investment Strategies & Portfolio Management ( <i>prev. Pension Fund &amp; Investment Mgmt.</i> ) Wharton School, University of Pennsylvania LIVE Virtual
22-24	AHIP (America’s Health Insurance Plans) Institute Virtual
25	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Virtual
27-30	Government Finance Officers Association (GFOA) Annual Conference Chicago, IL
28-30	National Association of Securities Professionals (NASP) 32 <sup>nd</sup> Annual Pension & Financial Services Conference Philadelphia, PA
28-30	IFEBC (International Foundation of Employment Benefit Plans) Public Employee Benefits Institute San Diego, CA

# Chief Investment Officer Monthly Report

Board of Investments

April 14, 2021



Jonathan Grabel   
Chief Investment Officer

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

# Table of Contents

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1. Market Environment
2. Portfolio Performance Updates
3. Portfolio Structural Updates
4. Key Initiatives and Operational Updates
5. Commentary
6. Appendix
  - Quiet Period for Search Respondents



# Market Environment

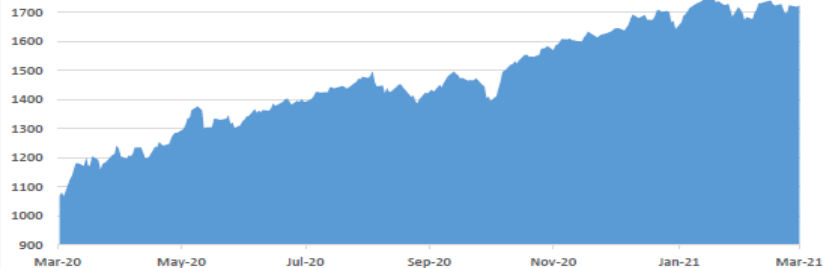


# Global Market Performance as of March 31, 2021

## MSCI ACWI Index (Global Equity Market)\*

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
2.6	5.1	5.1	57.6	11.9	13.2	9.2

MSCI ACWI IMI Index 1-Year Performance



## Russell 3000 Index (U.S. Equity Market)

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
3.6	6.4	6.4	62.5	17.1	16.6	13.8

Russell 3000 1-Year Performance



## MSCI Emerging Market Index

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
-1.5	2.3	2.3	58.4	6.5	12.1	3.7

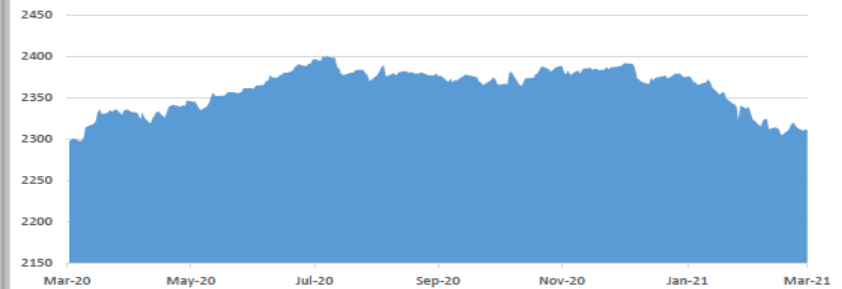
MSCI Emerging Markets 1-Year Performance



## Barclays U.S. Aggregate Bond Index\*\*

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
-1.2	-3.4	-3.4	0.7	4.7	3.1	3.4

Barclays U.S. Aggregate Bond Index 1-Year Performance



\*Global Equity Policy Benchmark - MSCI ACWI IMI Index

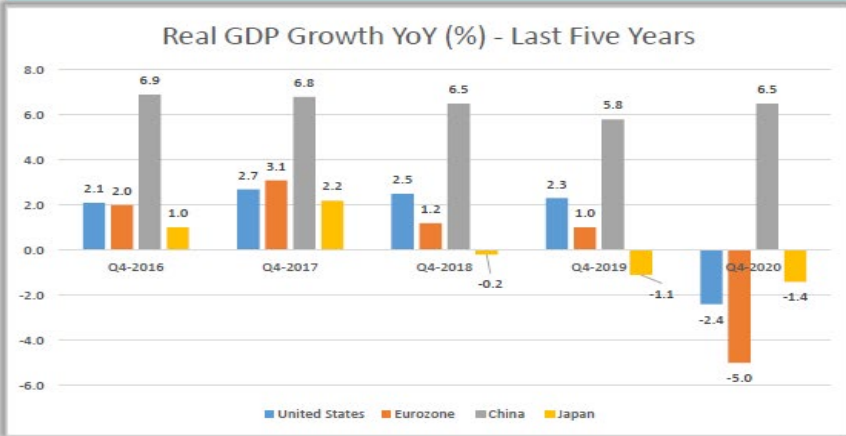
\*\*Investment Grade Bonds Policy Benchmark - Barclays U.S. Aggregate Bond Index

Source: Bloomberg



# Key Macro Indicators\*

## GDP Growth of Major Economies<sup>1</sup>



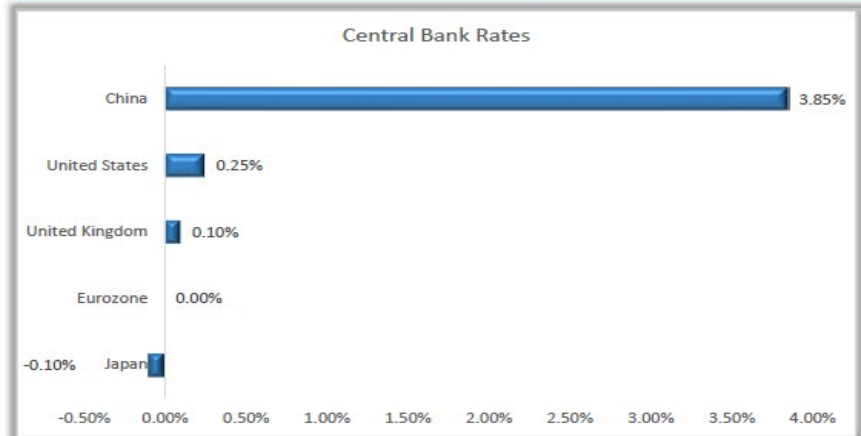
## Historical Low for 10-Year Treasury Yield<sup>2</sup>



## World Equity Valuation<sup>3</sup>



## Central Bank Rates<sup>4</sup> (as of 3/31/2021)



Sources: 1. Bloomberg 3. FactSet  
2. St. Louis Federal Reserve 4. FactSet

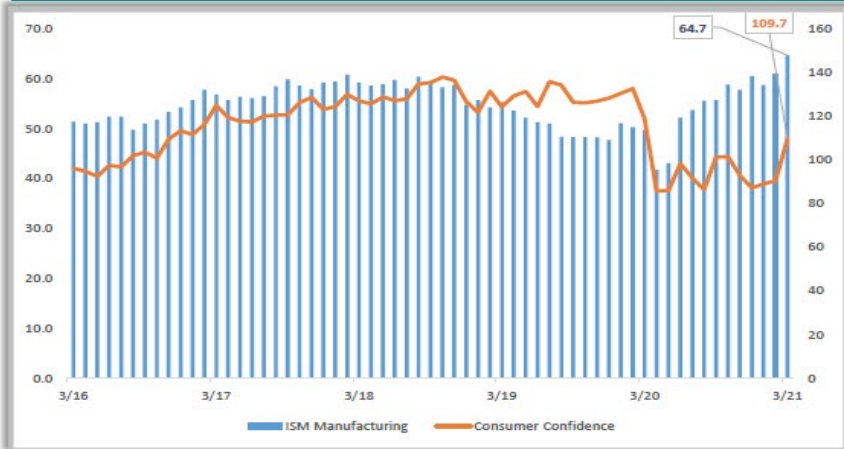
\*The information on the "Key Macro Indicators" charts is the best available data as of 3/31/21 and may not reflect the current market and economic environment.



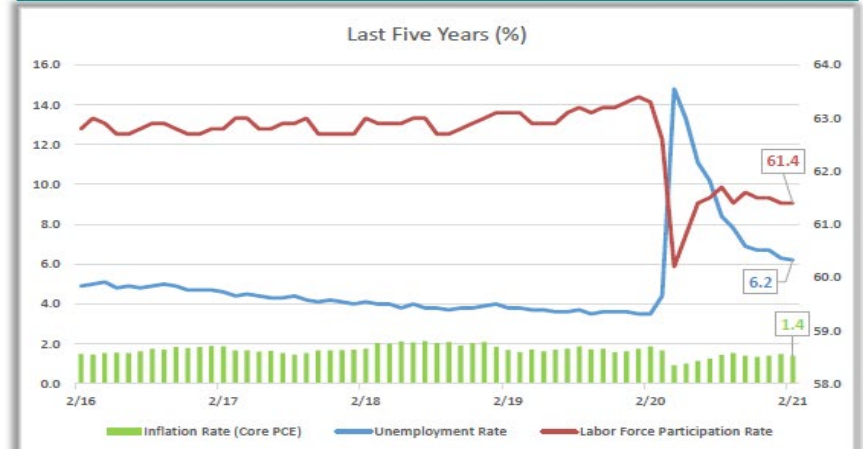


# Key Macro Indicators\*

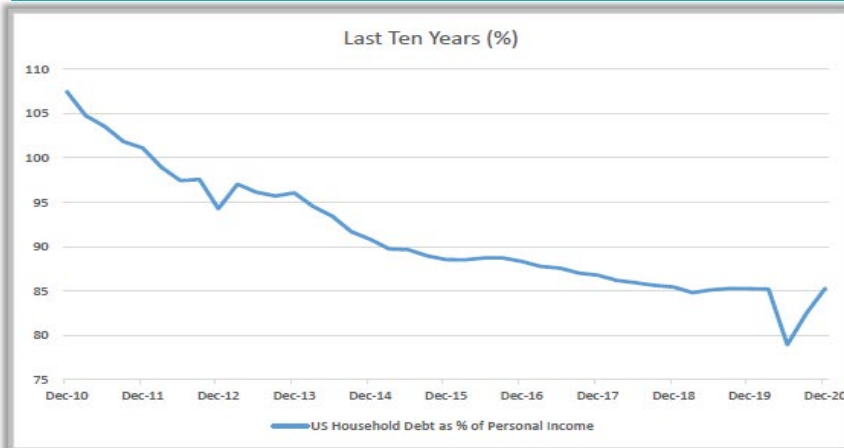
## Consumer Confidence & ISM Manufacturing<sup>1</sup>



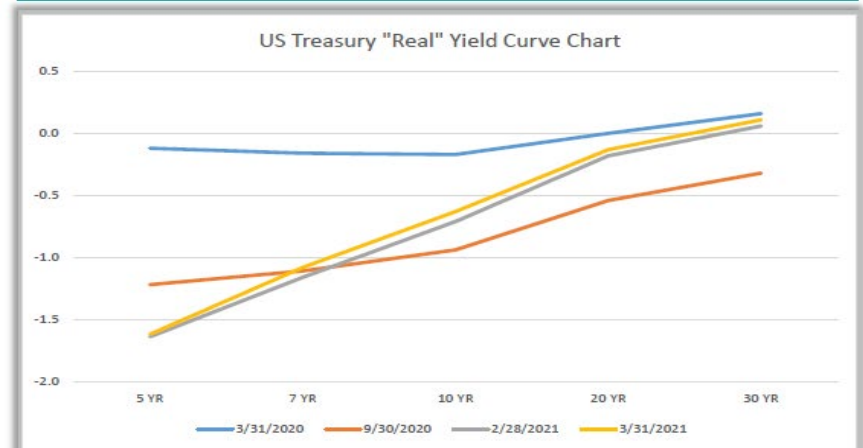
## U.S. Inflation, Unemployment, & Labor Force Participation<sup>2</sup>



## U.S. Household Debt as % of Personal Income<sup>3</sup>



## U.S. Treasury "Real" Yield Curve<sup>4</sup>



Sources: 1. Bloomberg 3. Bloomberg  
2. Bloomberg 4. U.S. Treasury

\*The information on the "Key Macro Indicators" charts is the best available data as of 3/31/21 and may not reflect the current market and economic environment.



# Market Themes and Notable Items to Watch

## Recent Themes

- COVID-19
  - More than 128 million cases and 2.8 million deaths worldwide
  - Increase in vaccine options and availability
    - More than 15% of U.S. population has been fully vaccinated against the coronavirus
  - Vaccine passport and travel permissions or behaviors
- The U.S. 10-year treasury yield ended March at 1.74%, up from 0.93% at the end of 2020
- Rising and higher rates adjusts investors cost of capital considerations and impacts markets across many dimensions:
- \$2.3 trillion “American Jobs Plan” unveiled
- Global equities up 3% on the month
- Leverage, volatility, and liquidations
  - Highly levered and directional positions caused a family office to liquidate a reported \$20-30 billion of positions in late March; losses reportedly extended to investment bank counterparties

## What to Watch

- COVID-19
- Global GDP growth rate
- Social equity and civil rights initiatives
- Unemployment and consumer spending
- Potential government infrastructure spending
- State of liquidity across financial markets
- Inflation pressures and trends
- Geopolitical risks and trade arrangements
- Potential continued rising interest rates
- Economic and consumer behavior impacts as vaccination rates increase



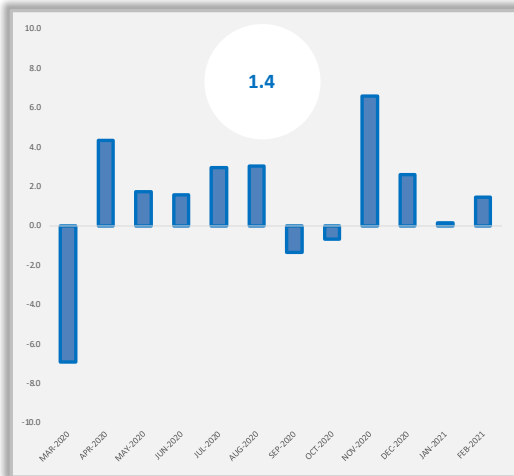
# Portfolio Performance Updates



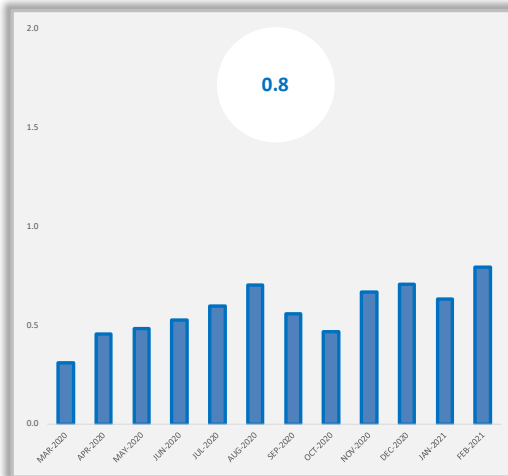
# Total Fund Summary

as of February 2021

## Monthly Return (% net)

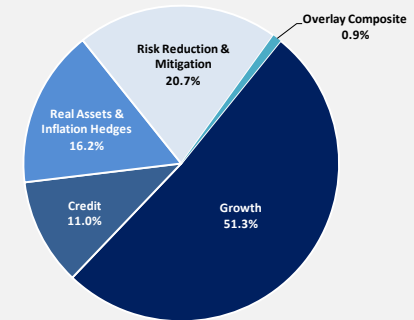


## Sharpe Ratio (3-Year Annualized)

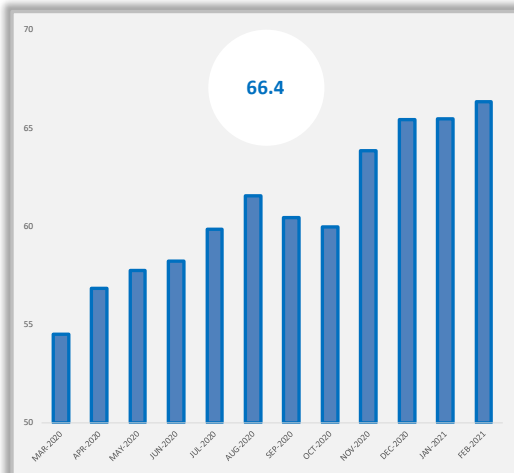


## Asset Allocation

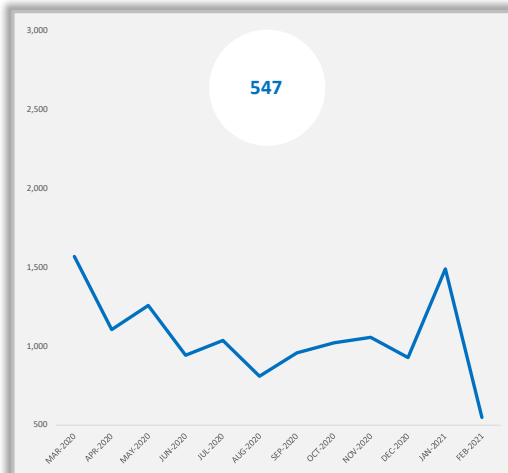
	Market Value <sup>1</sup> (\$ millions)	% of Total	Final Target <sup>2</sup>
<b>TOTAL FUND</b>	<b>66,355</b>	<b>100.0%</b>	
<b>Growth</b>	<b>34,034</b>	<b>51.3%</b>	<b>47.0%</b>
Global Equity	25,241	38.0%	35.0%
Private Equity <sup>3</sup>	8,219	12.4%	10.0%
Opportunistic Real Estate <sup>4</sup>	574	0.9%	2.0%
<b>Credit</b>	<b>7,277</b>	<b>11.0%</b>	<b>12.0%</b>
High Yield	2,164	3.3%	3.0%
Bank Loans	2,582	3.9%	4.0%
Emerging Market Debt	867	1.3%	2.0%
Illiquid Credit <sup>3,4,5</sup>	1,664	2.5%	3.0%
<b>Real Assets &amp; Inflation Hedges</b>	<b>10,735</b>	<b>16.2%</b>	<b>17.0%</b>
Core & Value Added Real Estate <sup>4</sup>	4,554	6.9%	7.0%
Natural Resources & Commodities	2,843	4.3%	4.0%
Infrastructure	1,775	2.7%	3.0%
Treasury Inflation-Protected Securities	1,564	2.4%	3.0%
<b>Risk Reduction &amp; Mitigation</b>	<b>13,710</b>	<b>20.7%</b>	<b>24.0%</b>
Investment Grade Bonds	11,231	16.9%	19.0%
Diversified Hedge Fund Portfolio <sup>5</sup>	1,931	2.9%	4.0%
Cash	547	0.8%	1.0%
Overlay Composite <sup>5</sup>	599	0.9%	—



## Total Market Value (\$ billions)



## Cash (\$ millions)



1. Transition balances are included in each subcategory total, if applicable  
 2. Final target weights effective as of 10/1/19  
 3. Private Equity market values reflect latest available and are adjusted for cash flows

4. Real Estate market values reflect a 3-month lag and best available values  
 5. Hedge Fund market values reflect a 1-month lag  
 6. Reflects net cash position for overlay investing

# Historical Net Performance

as of February 2021

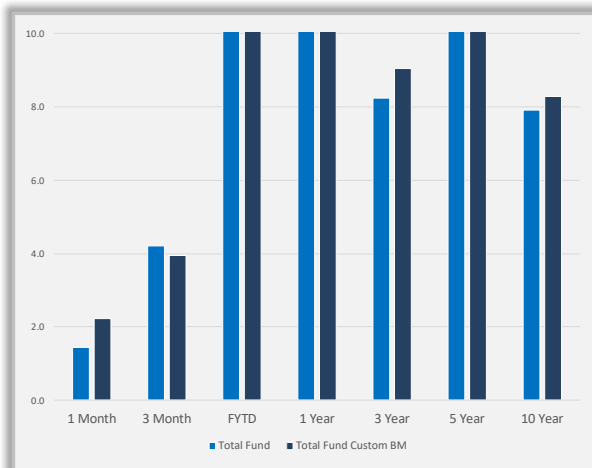
## LACERA Pension Fund

(% net)

	Market Value (\$ millions)	% of Total Fund	Final Target <sup>1</sup>	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
<b>TOTAL FUND</b>	<b>66,355</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1.4</b>	<b>4.2</b>	<b>15.5</b>	<b>15.9</b>	<b>8.2</b>	<b>10.3</b>	<b>7.9</b>
<i>Total Fund Custom BM</i>				<i>2.2</i>	<i>4.0</i>	<i>16.2</i>	<i>15.7</i>	<i>9.0</i>	<i>10.3</i>	<i>8.3</i>
<i>7% Annual Hurdle Rate</i>				<i>0.57</i>	<i>1.71</i>	<i>4.61</i>	<i>7.00</i>	<i>7.00</i>	<i>7.00</i>	<i>7.00</i>
<b>Functional Composites<sup>2</sup></b>				<b>1 Month</b>	<b>3 Month</b>	<b>FYTD</b>	<b>1 Year</b>			
<b>GROWTH</b>	<b>34,034</b>	<b>51.3%</b>	<b>47.0%</b>	<b>2.5</b>	<b>6.5</b>	<b>25.4</b>	<b>26.9</b>			
<i>Growth Custom BM</i>				<i>4.7</i>	<i>7.4</i>	<i>30.6</i>	<i>28.5</i>			
<b>CREDIT</b>	<b>7,277</b>	<b>11.0%</b>	<b>12.0%</b>	<b>1.0</b>	<b>4.6</b>	<b>13.3</b>	<b>7.5</b>			
<i>Credit Custom BM</i>				<i>-0.1</i>	<i>1.9</i>	<i>8.0</i>	<i>6.8</i>			
<b>REAL ASSETS &amp; INFLATION HEDGES</b>	<b>10,735</b>	<b>16.2%</b>	<b>17.0%</b>	<b>1.9</b>	<b>3.9</b>	<b>8.7</b>	<b>6.8</b>			
<i>Real Assets &amp; Inflation Hedges Custom BM</i>				<i>1.6</i>	<i>3.7</i>	<i>8.8</i>	<i>8.1</i>			
<b>RISK REDUCTION &amp; MITIGATION</b>	<b>13,710</b>	<b>20.7%</b>	<b>24.0%</b>	<b>-1.0</b>	<b>-0.8</b>	<b>1.5</b>	<b>3.3</b>			
<i>Risk Reduction &amp; Mitigation Custom BM</i>				<i>-1.1</i>	<i>-1.5</i>	<i>-0.4</i>	<i>1.6</i>			
<b>OVERLAY COMPOSITE</b>	<b>599</b>	<b>0.9%</b>	<b>—</b>							

## Historical Returns

(% net)



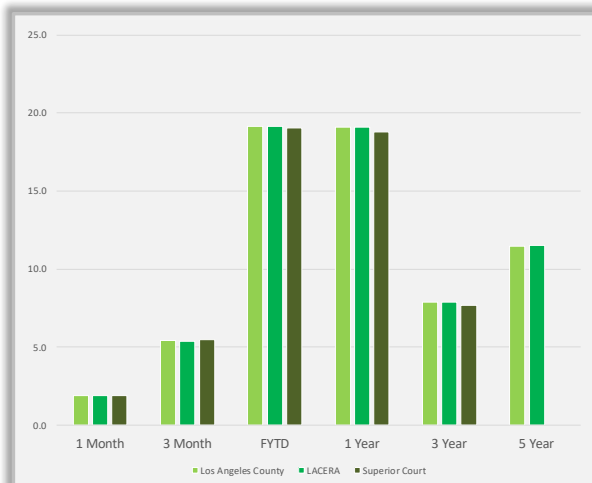
## OPEB Master Trust Fund

(% net)

Sub-Trusts	Market Value (\$ millions) <sup>3</sup>	Trust Ownership %	Final Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year
<b>TOTAL OPEB MASTER TRUST</b>	<b>1,945</b>								
Los Angeles County	1,884	96.9%	—	1.9	5.4	19.2	19.1	7.9	11.5
LACERA	7	0.4%	—	1.9	5.4	19.2	19.1	7.9	11.5
Superior Court	54	2.8%	—	1.9	5.5	19.0	18.8	7.7	—
<b>Functional Composites</b>				<b>1 Month</b>	<b>3 Month</b>	<b>FYTD</b>	<b>1 Year</b>	<b>3 Year</b>	
<b>OPEB Growth</b>	<b>985</b>	<b>50.7%</b>	<b>50.0%</b>	<b>2.7</b>	<b>7.6</b>	<b>28.3</b>	<b>31.8</b>	<b>10.6</b>	
<i>Custom OPEB MT Growth Pool</i>				<i>2.7</i>	<i>7.6</i>	<i>28.2</i>	<i>31.5</i>	<i>10.3</i>	
<b>OPEB Credit</b>	<b>379</b>	<b>19.5%</b>	<b>20.0%</b>	<b>-0.1</b>	<b>1.8</b>	<b>9.0</b>	<b>5.7</b>	<b>—</b>	
<i>Custom OPEB MT Credit Pool</i>				<i>-0.1</i>	<i>2.3</i>	<i>9.9</i>	<i>6.5</i>	<i>—</i>	
<b>OPEB Real Assets &amp; Inflation Hedges</b>	<b>395</b>	<b>20.3%</b>	<b>20.0%</b>	<b>3.5</b>	<b>7.1</b>	<b>17.0</b>	<b>7.7</b>	<b>—</b>	
<i>Custom OPEB MT RA &amp; IH Pool</i>				<i>3.5</i>	<i>7.1</i>	<i>17.0</i>	<i>7.2</i>	<i>—</i>	
<b>OPEB Risk Reduction &amp; Mitigation</b>	<b>185</b>	<b>9.5%</b>	<b>10.0%</b>	<b>-1.2</b>	<b>-1.6</b>	<b>-0.6</b>	<b>1.3</b>	<b>4.8</b>	
<i>Custom OPEB MT RR &amp; M Pool</i>				<i>-1.2</i>	<i>-1.6</i>	<i>-0.7</i>	<i>1.2</i>	<i>4.6</i>	
<b>Operating Cash</b>	<b>0.2</b>	<b>0.0%</b>	<b>—</b>						

## Historical Returns

(% net)



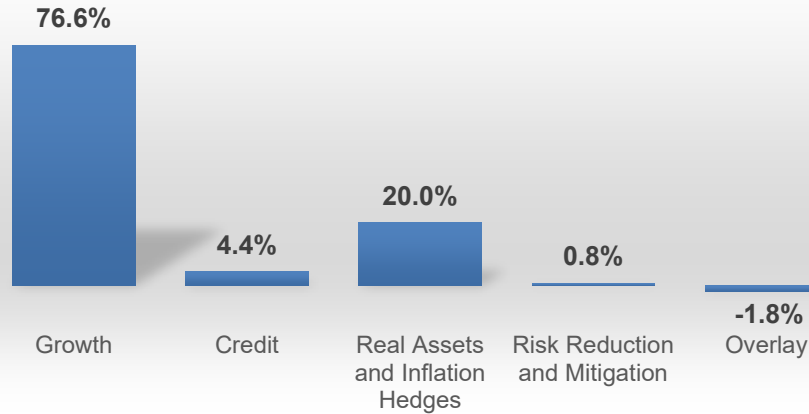
1. Final target weights effective as of 10/1/19  
2. Functional composites were adopted on 4/1/19

3. Market value differences between the sub-trusts and functional composites are due to operational cash

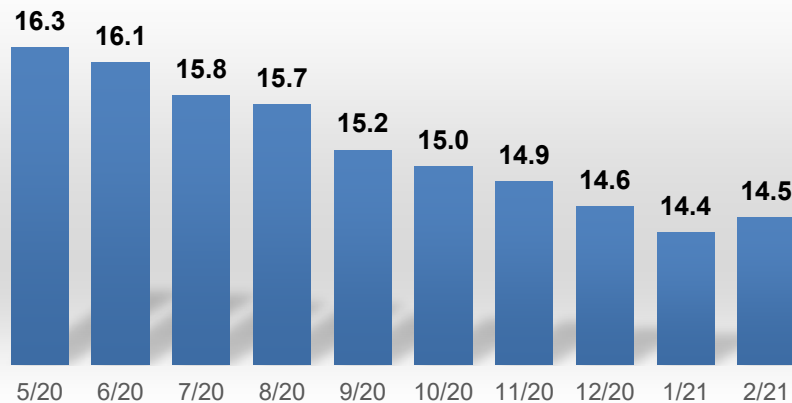
# Total Fund Forecast Risk\*

as of February 2021

## %Contribution to Total Risk



## Total Risk Trend



	%Weight	% Cont. to Total Risk	Standalone Total Risk	Standalone BMK Risk**
<b>Total Fund</b>			<b>14.5</b>	<b>13.3</b>
<b>Growth</b>	<b>51.6%</b>	<b>76.6%</b>	<b>21.9</b>	<b>22.0</b>
Global Equity	38.3%	55.1%	21.5	21.8
Private Equity	12.4%	20.7%	28.6	29.3
Opportunistic Real Estate	0.9%	0.8%	21.7	21.6
<b>Credit</b>	<b>11.2%</b>	<b>4.4%</b>	<b>6.7</b>	<b>5.4</b>
High Yield Bonds	3.3%	1.4%	7.6	6.7
Bank Loans	4.0%	1.1%	5.9	7.0
Illiquid Credit	2.6%	1.3%	9.8	3.8
Emerging Market Debt	1.3%	0.7%	10.5	9.7
<b>Real Assets &amp; Inflation Hedges</b>	<b>15.6%</b>	<b>20.0%</b>	<b>20.8</b>	<b>16.2</b>
Core & VA Real Estate	7.0%	10.5%	31.0	21.6
Natural Resources & Commodities	3.4%	5.0%	24.4	22.6
Infrastructure	2.7%	4.2%	23.8	23.9
TIPS	2.4%	0.3%	5.2	5.1
<b>Risk Reduction and Mitigation</b>	<b>20.7%</b>	<b>0.8%</b>	<b>4.0</b>	<b>3.0</b>
Investment Grade Bonds	17.2%	0.6%	4.6	3.8
Diversified Hedge Funds	2.7%	0.2%	2.4	0.2
Cash	0.8%	0.0%	1.3	0.2
Overlay	1.0%	-1.8%	-	-

\*Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change.

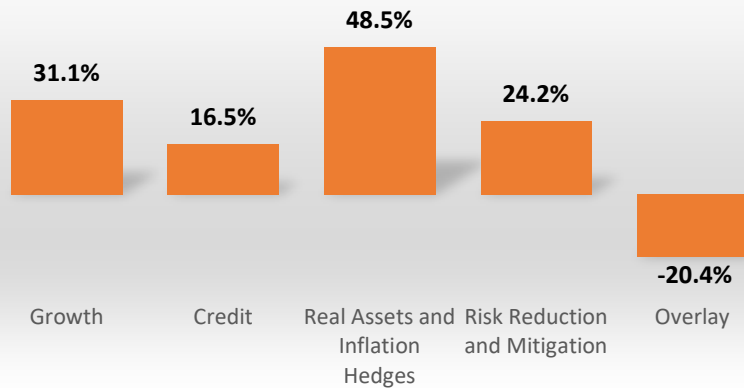
\*\*BMK Risk stands for Benchmark Risk



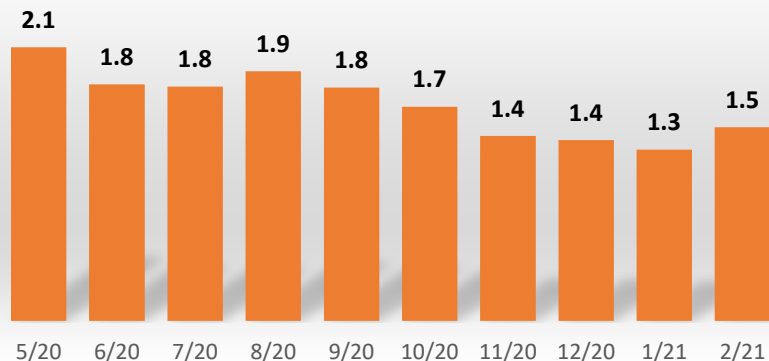
# Total Fund Forecast Active Risk\*

as of February 2021

## %Contribution to Active Risk



## Active Risk Trend

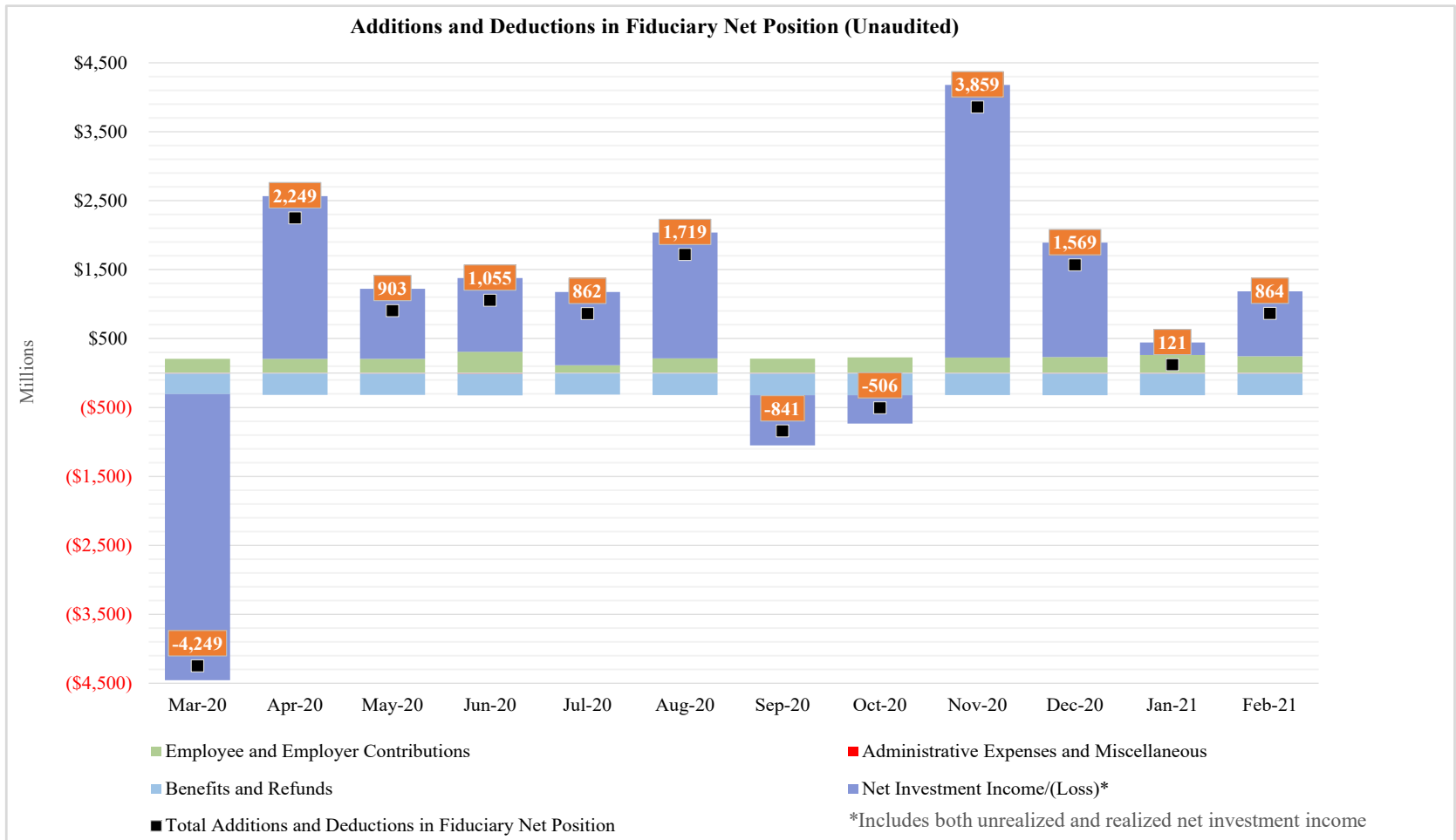


	%Weight	Active Weight%	Active Risk	Active Risk Allocation	Active Risk Selection
<b>Total Fund</b>			<b>1.49</b>	<b>0.39</b>	<b>1.11</b>
<b>Growth</b>	<b>51.6%</b>	<b>4.56%</b>	<b>0.46</b>	<b>0.31</b>	<b>0.16</b>
Global Equity	38.3%				
Private Equity	12.4%				
Opportunistic Real Estate	0.9%				
<b>Credit</b>	<b>11.2%</b>	<b>-0.81%</b>	<b>0.25</b>	<b>0.06</b>	<b>0.19</b>
High Yield Bonds	3.3%				
Bank Loans	4.0%				
Illiquid Credit	2.6%				
Emerging Market Debt	1.3%				
<b>Real Assets &amp; Inflation Hedges</b>	<b>15.6%</b>	<b>-1.38%</b>	<b>0.72</b>	<b>-0.01</b>	<b>0.74</b>
Core & VA Real Estate	7.0%				
Natural Resources & Commodities	3.4%				
Infrastructure	2.7%				
TIPS	2.4%				
<b>Risk Reduction and Mitigation</b>	<b>20.7%</b>	<b>-3.32%</b>	<b>0.36</b>	<b>0.33</b>	<b>0.03</b>
Investment Grade Bonds	17.2%				
Diversified Hedge Funds	2.7%				
Cash	0.8%				
<b>Overlay</b>	<b>1.0%</b>	<b>0.95%</b>	<b>-0.30</b>	<b>-0.30</b>	<b>0.00</b>

\*Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change.



# Change In Fiduciary Net Position



Fiscal Year	Negative Months	Positive Months	Total Net Position Change \$
FY-19	4	8	\$1.9 billion
FY-20	5	7	-
FY-21	2	6	\$7.6 billion





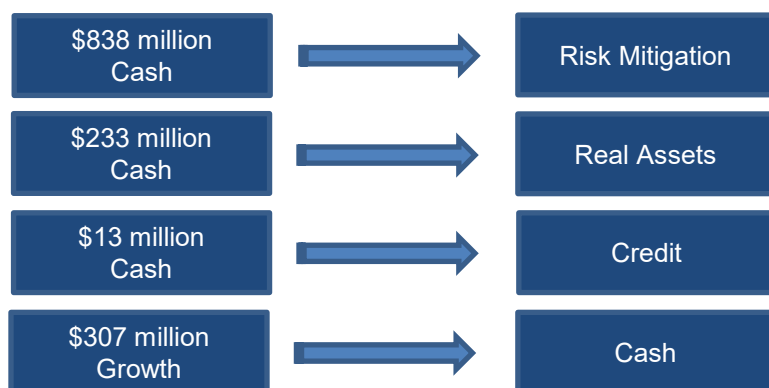
# Portfolio Structural Updates



# Portfolio Structural Updates

## Portfolio Movements

### Rebalancing Activity



### Hedges and Overlays

Program	February Return	February Gain/Loss	Inception* Gain/Loss
Currency Hedge**	0.1%	-\$41.3 Million	\$816.6 Million
Cash/Rebalance Overlay***	-0.2%	-\$11.0 Million	\$24.5 Million

## Current Search Activity

### Status of Active Searches – Subject to Change

Name	RFP Issued	Due Diligence	BOI Review
High Yield Fixed Income Investment Management Services	●	●	April 2021 BOI
Private Equity Advisor Services	●	●	Anticipated Summer 2021
Proxy Research and Proxy Voting Platform Services	●	●	April 2021 BOI

### Quiet Period for Search Respondents

Please see the Appendix for this month's list of respondents to active searches

\*Currency and overlay program inception dates are 8/2010 & 7/2019, respectively

\*\* LACERA's currency hedge program's 1-month return is calculated monthly whereas the monthly gain/loss amount for the same period is the net realized dollar amount at contract settlement over three monthly tranches

\*\*\* LACERA's overlay program's 1-month return includes interest earned on the cash that supports the futures contracts



# Key Initiatives and Operational Updates



# Notable Initiatives and Operational Updates

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## Key Initiative Updates

- Onboarding process of new risk, performance system, and real estate administrator continues
- Ongoing implementation and development of LACERA TIDE initiative
- Strategic Asset Allocation Study is ongoing

## Completed Actions

- Financial Analyst II & III searches for Public Equity, Portfolio Analytics (Corporate Governance) and Real Assets were completed
- Legal work for the securities lending program has been completed

## Operational Updates

- Completed the Annual Contract Compliance exercise for public markets
- Investments formed a “Back To Office” working group
- Financial Analyst III search
  - Credit

## Manager/Consultant Updates

- IDR, manager of the Core Property Index Fund, ownership has changed. The firm is now majority owned by the U.S.-based institutional management firm that previously owned a minority interest. Management and governance of the vehicle remains unchanged.



# Commentary



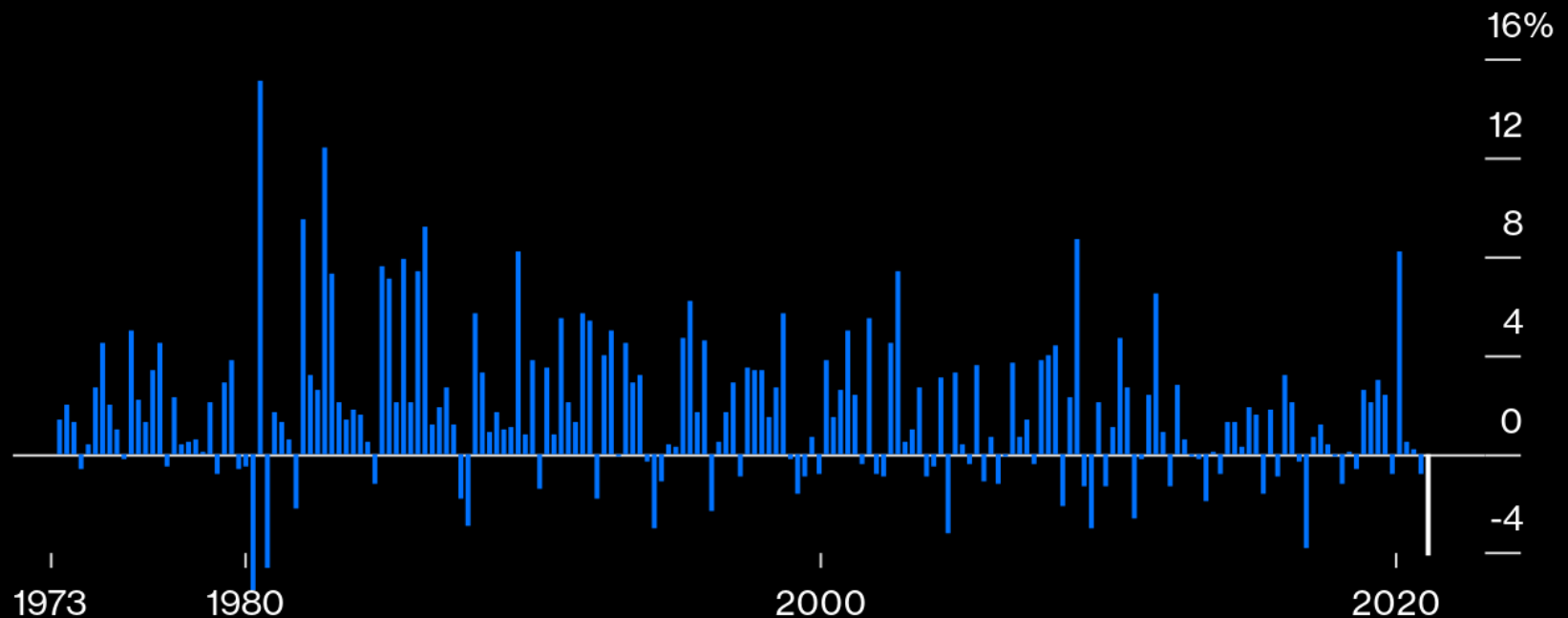
# Staff Chart of the Month\*

## U.S. Treasuries; Worst Quarter since 1980

### A Bad Quarter for Bonds

Bloomberg Barclays treasury index fell more than 4% for first time since 1980

■ Quarterly Change



Bloomberg

BloombergOpinion

Source: Bloomberg Opinion, March 31, 2021.

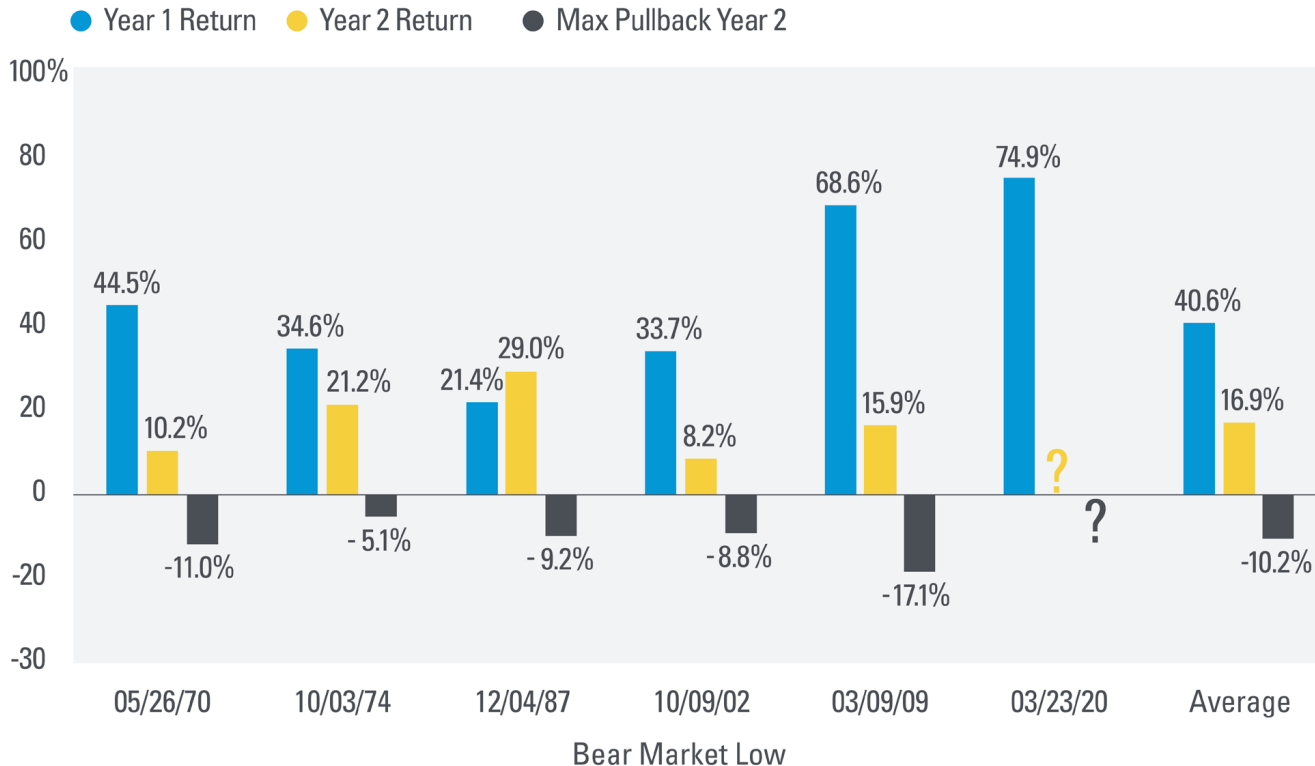


# Staff Chart of the Month\*

## S&P 500 Performance following >30% Bear Market

### NEW BULL MARKETS HISTORICALLY BUILD ON YEAR ONE GAINS IN YEAR TWO

S&P 500 Index Performance Following >30% Bear Market Bottoms



Source: LPL Research, FactSet 03/19/21

All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.



# Appendix





# Quiet Period for Search Respondents

## High Yield Fixed Income Investment Management Services

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- ✓ Advent Capital
- ✓ Alliance Bernstein
- ✓ Ares
- ✓ AXA
- ✓ Barings
- ✓ BlackRock
- ✓ Columbia Threadneedle
- ✓ Credit Suisse
- ✓ Crescent Capital HY
- ✓ DDJ Capital
- ✓ Eaton Vance
- ✓ Federated Hermes
- ✓ HPS Investment Partners
- ✓ JP Morgan
- ✓ KKR
- ✓ Loomis Sayles
- ✓ Lord Abbett
- ✓ MacKay Shields
- ✓ Mellon
- ✓ Morgan Stanley
- ✓ Muzinich
- ✓ Nomura
- ✓ Payden and Rygel
- ✓ PGIM
- ✓ PIMCO
- ✓ PineBridge
- ✓ Post Advisory
- ✓ Seix Advisors
- ✓ Shenkman Capital
- ✓ T. Row Price
- ✓ Van Eck Associates
- ✓ Wellington
- ✓ Western Asset
- ✓ Yorkville Asset Management

## Private Equity Advisor Services

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- ✓ Albourne America LLC
- ✓ StepStone Global LLC
- ✓ Wilshire Associates Inc

## Proxy Research and Proxy Voting Services

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- ✓ Equilar, Inc
- ✓ Glass, Lewis & CO., LLC
- ✓ Institutional Shareholder Services Inc.  
("ISS")





March 15, 2021

TO: Board Trustees  
Board of Investments

FOR: Board of Investments Meeting of April 14, 2021

SUBJECT: 2021 SuperReturn Berlin in Berlin, Germany on November 9 – 12, 2021

The 2021 SuperReturn Berlin Conference will be held on November 9 – 12, 2021 at the InterContinental Hotel in Berlin, Germany. The world's most influential GPs and LPs will be coming together to examine the latest opportunities, challenges and projections for 2020. This conference provides an opportunity to connect with 3,000+ senior decision-makers from 50+ countries. Please note the September 2021 agenda is not available but the agenda will be similar to the March 2021 agenda attached.

The main conference highlights include the following:

- Personal Accountability of Audit Committee Membership
- Connecting Audit Committee Agenda to Company Strategy
- Strategic, Operating, Financial, Compliance, and Reputational Risks

Following are approximate conference and travel costs:

**Registration:** \$400.00

**Airfare:** \$4,000.00 - \$6,500

**Hotel:** \$328.00 per night plus tax (6 nights)  
Total: \$2,280.00

**Ground Transportation:** \$60.00 per  
day (6 days)  
Total: \$360.00

**Daily Per Diem & Incidentals:** \$121.00 per day (6 days) Total: \$726.00  
(The Registration Fee Includes Most Meals)

**Approximate Cost Per Traveler:** \$7,766.00 - \$10,266.00

If the registration fee is insufficient to pay the cost of the meals provided by the conference sponsor, LACERA must reimburse the sponsor for the actual cost of the meals, less any registration fee paid. Otherwise, the attendee will be deemed to have received a gift equal to the value of the meals, less any registration fee paid, under California's Political Reform Act.

**IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:**

Approve attendance of Board members at the 2021 SuperReturn Berlin Conference on November 9 – 12, 2021 in Berlin, Germany and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

# SESSIONS

SP & GP WELCOME DRINKS RECEPTION - 24/02/2020

SuperReturn International

2 - 5 March 2021  
InterContinental Hotel  
Berlin

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## Registration

18:00 - 20:00  
Registration

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## SP & GP only welcome drinks reception

18:00 - 20:00  
SP & GP only welcome drinks reception

Join us for drinks at the Marlene Bar from 6pm-8pm  
on the 24th of February.

Please note, in order to attend the welcome drinks  
reception, you be registered to attend the Summit Day  
on the 25th of February.

# SCHEDULE

SP & GP WELCOME DRINKS RECEPTION - 24/02/2020

SuperReturn International

2 - 5 March 2021  
InterContinental Hotel  
Berlin

TIME	REGISTRATION	SP & GP ONLY WELCOME DRINKS RECEPTION
18:00	18:00 - Registration	18:00 - SP & GP only welcome drinks reception

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## Registration and welcome coffee

08:00 - 08:30  
Disruption and Innovation Summit

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## Registration and welcome coffee

08:10 - 08:40  
Private Debt Summit

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## Chair's welcome address

08:30 - 08:35  
Disruption and Innovation Summit

## Participants

**Chair: George Danner** - President, Business Laboratory

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## Registration and welcome coffee

08:30 - 09:00  
ESG Summit

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## Registration and welcome coffee

08:30 - 09:00  
Healthcare Summit

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## Latest data showing how digital transformation in different industries drives growth in PE investments.

08:35 - 09:00  
Disruption and Innovation Summit

Why PE firms will fall behind if they don't adjust their own investment processes.

## Participants

**Daniel Schmidt** - CEO, CEPRES

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## Registration and welcome coffee

08:40 - 09:10  
German Private Equity Summit

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## Chair's welcome address

08:40 - 08:50  
Private Debt Summit

## Participants

**Chair: Anthony Fobel** - CEO, Arcmont Asset Management

## Are we at the peak? Testing the private debt market in a downturn

08:50 - 09:30  
Private Debt Summit

- Preparing for the end of the cycle: how will GPs protect returns and minimise risk in a stressed market?
- How is the industry looking at current and future allocations, what strategies should GPs be deploying now to prepare, and who is best placed to survive?

## Participants

**Moderator: Anthony Fobel** - CEO, Arcmont Asset Management

**Panellists: Robin Doumar** - Managing Partner, Park Square Capital

**Blair Jacobson** - Partner, Co-Head of European Credit, Ares Management LLC

**Jaime Prieto** - Founding and Managing Partner, Kartesia

**Andrew Konopelski** - Partner & Head of Credit Strategies, EQT Credit

**Klaus Petersen** - Founding Partner, Apera Asset Management

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## The digital transformation imperative - Why PE firms must digitally transform to compete

09:00 - 09:25  
Disruption and Innovation Summit

- Why is it mandatory for PE to use DT as a value creation tool?
- What is the "State of the Union" today in the PE industry?
- What are the challenges for DT programmes within portfolio companies?
- What could practical framework for a DT project look like?
- What talent is required within PE for successful DT projects?

## Participants

**Marko Maschek** - Partner & Co-Founder, Marondo Capital GmbH

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## Chair's welcome address

09:00 - 09:05  
ESG Summit

## Participants

**Chair: Peter Grubstein** - Founder & Managing Director, NGEN

## Chair's welcome address

09:00 - 09:05  
Healthcare Summit

## Participants

**Chair: Mark Hersee** - Partner, BC Partners

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## Defining ESG

09:05 - 09:30  
ESG Summit

ESG vs. impact investing vs. responsible investment vs. sustainable finance. What do they all mean, and what is the difference?

## Participants

**Peter Grubstein** - Founder & Managing Director, NGEN

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## Keynote interview: Investing in digital innovation and transformation

09:05 - 09:30  
Healthcare Summit

How investing in digital technologies can develop "smart health" approaches to increase access and affordability, improve quality, and lower costs. Exploring opportunities in SaaS, artificial intelligence (AI), robotics or internet of medical things (IoMT), while forming an ecosystem of stakeholders with interests aligned to qualify and growth such businesses.

## Participants

**Interviewee: Baudouin Hue** - Partner, CapDecisif Management

**Interviewee: Markus Müschenich** - Managing Partner of Flying Health and Partner, heal.capital

**Interviewer: Michael Cole** - Managing Partner, Global Neurohealth Ventures

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## Chair's welcome address

09:10 - 09:15  
German Private Equity Summit

## Participants

**Chair: Dörte M Höppner** - Chief Operating Officer, Riverside Europe Fund

### Geo-political events: what does the future hold for the German economy?

09:15 - 09:45

German Private Equity Summit

Predicting the effect of geo-political events around the globe on Germany and the wider Eurozone: what does the future hold?

#### Participants

**Interviewee: Jörg Rocholl** - President, EY Chair in Governance & Compliance, ESMT Berlin

**Interviewer: Dörte M Höppner** - Chief Operating Officer, Riverside Europe Fund

### Bringing private equity into the digital age: How far have we really come?

09:25 - 09:55

Disruption and Innovation Summit

- To what extent are PE firms utilising technology to optimise efficiency and disrupt traditional value chains?
- What are the best solutions for achieving accelerated access to data and speeding up the process of investor onboarding, decision making and compliance reporting?

#### Participants

**Moderator: Mickael Fischer** - Director, RBC Investor & Treasury Services

**Panellists: Nadja Borges**, Industry speaker

**Hugh Stacey** - Executive Director, Investor Solutions, IQ-EQ

**Nicolai Wadstrom** - CEO/Founder, BootstrapLabs

**Zineb Sebbar** - Product Manager, eFront

### ESG integration update: from why to why not?

09:30 - 10:00

ESG Summit

Reflecting on the lessons learnt and evaluating the progress to date.

What are the key challenges to a successful ESG integration, and what still needs to be done to streamline the process?

What is the difference in ESG principles in developed vs. emerging markets?

#### Participants

**Moderator: Justin Kusinskis** - Partner, CBRE Caledon Capital Management

**Panellists: Viviana Occhionorelli** - ESG Director, Astorg Partners

**Mauro Pfister** - Managing Director, Capital Dynamics

**Rebecca Svensøy** - General Counsel, FSN Capital Partners

### Deal drivers and the overarching market trends in Healthcare PE and VC

09:30 - 10:05

Healthcare Summit

- Examining key market drivers and trends in Healthcare investing.
- How does PE deal with high valuations and the competition from corporate healthcare buyers?
- How do you go about deal sourcing? An increased interest from infrastructure investors: what does it mean for traditional PE market players?

#### Participants

**Moderator: Charles Boorady** - Founding Managing Director, Health Catalyst Capital Management LLC

**Panellists: Hedley Goldberg** - Partner, Rothschild & Co

**Michael Keyoung** - Managing Director, Head of North America, C-Bridge Capital

**Alexander Friedrich** - Managing Director, Ardian

**Norberto Jannuzzi** - Partner & Head of Healthcare Investments, Patria Investments

### Where next for private debt? What will the landscape look like in 5 years' time?

09:30 - 10:00

Private Debt Summit

- From "shadow banking" to established asset class: will the private debt market provide steady growth over the coming years?
- With corporate balance sheet leverage high, increasing fund sizes, more flexible terms plus high market valuations, is there capacity in the market to maintain high returns?
- Will more LPs turn to debt if the economy impacts other markets?

#### Participants

**Moderator: Frédéric Nadal** - Chief Executive Officer, MV Credit

**Panellists: Symon Drake-Brockman** - Managing Partner, Pemberton Capital Advisors

**Peter Glaser** - Head of European Direct Lending, Alcentra Limited

**Adam Wheeler** - Co-Head of Global Private Finance, Barings

**David Allen** - Managing Partner, Chief Investment Officer, AlbaCore Capital Group

### Private Equity outlook for Germany: Bull or Bear?

09:45 - 10:15

German Private Equity Summit

Update On German PE outlook: industry predictions on fundraising, investing, growing businesses & exits. How truly competitive is the German PE landscape?

#### Participants

**Moderator: Michael Phillips** - Managing Partner, Castik Capital

**Panellists: Martina Schliemann** - Principal, Hamilton Lane

**Torsten Grede** - Spokesman of the Board of Management, Deutsche Beteiligungs AG

**Jörg Rockenhäuser** - Partner & Head of DACH, Permira

**Steven Roberts** - Private Equity Leader, PwC

### How digitization is reshaping your business today

09:55 - 10:20

Disruption and Innovation Summit

#### Participants

**Sam Metland** - Head of Private Equity Product, Citco

**Mattias Hindfelt** - CTO, EQT

### This is how we do it

10:00 - 10:30

ESG Summit

What does ESG best practice look like? What are the typical questions LP's ask of a GP during fundraising about ESG? Re-enacting a due diligence interview between an LP and a GP. Taking baselines and benchmarking to bona fide progress

#### Participants

**Maarten Biermans** - Head Sustainable Markets, Rabobank

**In conversation with: Cornelia Gomez** - Head of ESG and Sustainability, PAI Partners

### Is the private debt market ripe for consolidation as private capital firms look for scale in the asset class?

10:00 - 10:30  
Private Debt Summit

Preparing for a shakeout as the big players Hoover up capital while smaller operations struggle to find a niche in an ever-tougher environment for lenders where competition for assets continues to increase

#### Participants

**Moderator: Tom Carr** - Head of Private Debt and Real Estate, Prequin

**Panellists: Matthias Ederer** - Managing Director, BC Partners Credit

**Jakob Lindquist** - Co-Managing Partner, Investment Professional & ICC Member, CORDET Capital Partners

**Cécile Mayer-Levi** - Head of Private Debt, Tikehau Capital

**Karen Simeone** - Managing Director, HarbourVest Partners

### Sector trends shaping the Healthcare industry

10:05 - 10:45  
Healthcare Summit

- Provider and related services: dealing with intense competition and a pushing into new segments
- Medical services: regulatory challenges to enter into medical structures which are traditionally owned by private practitioners
- Payer and related services: evaluating payer-related buyout interest and investment opportunities. Europe vs. the US
- Suppliers of products and services to the healthcare industry: advanced medical device technology, gene editing/gene therapies and personalised medicine

#### Participants

**Moderator: Vinny Natarajan** - Director of Business & Strategic Development, Health Catalyst Capital Management LLC

**Panellists: Jeffrey Jay** - Senior Managing Director, Great Point Partners

**Henry Gladwyn** - Principal, OMERS Ventures

**Rainer Strohmenger** - Managing Partner, Wellington Partners

### LP Perspectives 2020 - A review of the last 12 months

10:15 - 10:45  
German Private Equity Summit

- How accurate were industry predictions, and what changes have investors seen?
- What does the future hold?

#### Participants

**Moderator: Dörte M Höppner** - Chief Operating Officer, Riverside Europe Fund

**Panellists: Maria Sanz Garcia** - Partner, YIELCO Investments

**Wendelin Thönes** - Director, Private Equity, Allianz Capital Partners

**Verena Kempe** - Co-Head, Private Equity, Feri Trust

**Heiko Bensch** - Senior Portfolio Manager, Alternative Investments, Talanx Asset Management

### Morning coffee and networking break

10:20 - 10:50  
Disruption and Innovation Summit

### Reporting, measuring and monitoring

10:30 - 11:00  
ESG Summit

- How are LPs monitoring ESG initiatives GPs are undertaking?
- What happens if GPs are not living up to their promises? Best strategies to avoid greenwashing.
- What is the right framework for measuring ESG? Harmonisation of reporting standards and requirements – where are we at?
- Use of SASB (Sustainable Accounting Standards Board) and TCFD (Task-Force on Climate Disclosure)

#### Participants

**Moderator: Ignacio Sarria** - Managing Director, New Mountain Capital

**Panellists: Alex Scott** - Partner, Pantheon

**Beth Houghton** - Partner, Palatine Private Equity

**Lorelei Graye** - Founder and President, Adopting Data Standards Initiative

### Morning coffee and networking break

10:30 - 11:00  
Private Debt Summit

### Morning coffee and networking break

10:45 - 11:15  
German Private Equity Summit

### Value creation

10:45 - 11:20  
Healthcare Summit

- What are the most successful approaches to creating value through Healthcare investments?
- Improving operations with a well-defined value-creation plan.
- Buy and build vs. multi-asset buy and merge strategy: which one has a better potential to deliver impressive returns with a lesser execution risk than other buyout strategies?

#### Participants

**Moderator: Charles Boorady** - Founding Managing Director, Health Catalyst Capital Management LLC

**Panellists: Laurent Ganem** - Founder and CEO, G Square Healthcare Private Equity LLP

**Christian Dubé** - Partner, August Equity

**Liz Jones** - Partner, Livingbridge

### Cryptocurrencies: paving the way for mass adoption into the crypto ecosystem

10:50 - 11:20  
Disruption and Innovation Summit

- What is the future of cryptocurrencies entering the mainstream via social media?
- What is needed for traditional banking and crypto to coexist frictionlessly?
- What are the main issues of usability and scalability?

#### Participants

**Moderator: Udayan Goyal** - Managing Partner, Apis Partners

**Panellists: Pascal Gauthier** - CEO, Ledger

**David Fauchier** - CIO, Cambrial Capital

**Elad Verbin** - Founding Partner, Lunar Ventures

**Ambre Soubiran** - CEO, Kaiko

### Morning coffee and networking break

11:00 - 11:30  
ESG Summit

### US vs. Europe – what is the overlap?

11:00 - 11:30

Private Debt Summit

- How much overlap exist between the two markets in terms of credit risk, underwriting standards, terms?
- Is Europe a less competitive market than US?
- Which market presents the best opportunities and diversified strategies and where can investors find best value now and going forward or is a global approach the future of the asset class?

#### Participants

**Moderator: Tom Newberry** - Partner, Head of Private Credit Funds and Senior Portfolio Manager, CVC Credit Partners

**Panellists: Michael Ewald** - Managing Director, Bain Capital Credit

**Christopher Bone** - Partner of Private Debt Europe, Partners Group

**Adam Wheeler** - Co-Head of Global Private Finance, Barings

**Michael Patterson** - Governing Partner and Portfolio Manager of Direct Lending, HPS Investment Partners

### How will a downturn affect the German PE industry? What lessons have been learned from the last recession?

11:15 - 11:45

German Private Equity Summit

- Impending market volatility and increasing competition in the German PE market: which business models will best withstand an economic downturn and why?
- Is there still potential for higher returns and if so, where?

#### Participants

**Moderator: Michael Wolfram** - Director, Bfinance

**Panellists: Hermann Dambach** - Managing Director, Oaktree Capital Management

**Britta Lindhorst** - Managing Director, Head of European Investments, HQ Capital

**Henrik Fastrich** - Executive Board Member, Orlando Management

**Inna Gehrt** - Head of German Office, Mandarin Capital

### Blockchain: disrupting the alternative investment sector?

11:20 - 11:50

Disruption and Innovation Summit

- How close are we to delivering an industry-wide PE blockchain solution?
- To what extent does blockchain have the potential to lower transaction costs, increase access to capital markets globally, and enhance security throughout the whole transaction process?
- Reconciling cybersecurity concerns with new, innovative applications and systems

#### Participants

**Moderator: William Samengo-Turner** - Partner, Allen & Overy

**Panellists: Myles Milston** - CEO, Globacap

**Nick Haskins** - Research Analyst, Moore Europe Capital Management

### Morning coffee and networking break

11:20 - 11:50

Healthcare Summit

### Regulatory update

11:30 - 12:00

ESG Summit

- How do LPs and GPs handle the increasing regulatory pressure for responsible investing and ESG integration?
- What can global market players learn from the EU regulatory incentives around ESG?
- The review of the EU Action Plan on Sustainable Finance. EU sustainable finance taxonomy: how will the EU's sustainability taxonomy work for investors?

#### Participants

**Interviewee: Morgan Slebos** - Director of Responsible Investments Programmes, UN PRI

**Interviewer: Emily S. Kreps** - Global Head of Investor Initiatives, CDP

### Capital deployment in the current environment: does size matter?

11:30 - 12:10

Private Debt Summit

- To what extent is size a key factor for success in private debt?
- Is being big and consistent in the market a prerequisite for sourcing better opportunities and getting better allocation in order to deploy capital more easily?
- To what extent are funds finding it challenging to continue to deploy capital in a disciplined manner in the current environment and why?
- Is competition pushing managers to take on more risk than they should?
- Which managers are outperforming competition?

#### Participants

**Moderator: Theodore Koenig** - President & CEO, Monroe Capital

**Panellists: Michael Smith** - Partner, Co-Head of Credit Group, Ares Management LLC

**Blair Faulstich** - Managing Director, Corporate Credit, Benefit Street Partners

**Paul Burdell** - CEO, LCM Partners

**Marc Oliver Spangenberg** - Direct Lending D/A/CH, Alcentra Limited

### Succession deals in the Mittelstand: How have a new breed of entrepreneurs affected opportunities in the German buyout market?

11:45 - 12:15

German Private Equity Summit

- Is there likely to be a wave of transactions in the imminent future and how can firms be best positioned to take advantage?
- Which strategies are successful, which aren't and why?

#### Participants

**Moderator: Daniel Boege** - Partner, Head of Buyout, Golding Capital Partners

**Panellists: Michael Petersen** - Managing Partner, Cross Equity Partners AG

**Nick Money-Kyrle** - Founder and Managing Partner, Borromin Capital Management

**Andreas Fendel** - Co-Founder and Managing Partner, Quadriga Capital

**Christoph Kauter** - Founder & Managing Partner, Beyond Capital Partners GmbH



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### Keynote address: Software, data and machine learning

11:50 - 12:15  
Disruption and Innovation Summit

The future of private equity and venture capital

#### Participants

**Panellists:** Roberto Bonanzinga - Co-Founder, InReach Ventures

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### Keynote address: Opportunities and challenges for Healthcare in the US in 2020 and beyond

11:50 - 12:10  
Healthcare Summit

#### Participants

**Jack Kalavritinos** - Senior Director, APCO Worldwide

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### Climate change – let's get real

12:00 - 12:30  
ESG Summit

- How do you adapt your portfolio to climate change?
- It is all about regulatory compliance or is it a genuine commercial and risk management opportunity?
- Do you add a carbon tax to investments?
- Shifting towards the low carbon economy – how does one effectively do it?
- Is there a need for a “transition” economy structure?

#### Participants

**Moderator:** Knut Kjær - Chairman, FSN Capital Partners

**Panellists:** Erin Sarret - Director, StepStone Group

**Eimear Palmer** - Responsible Investing Officer, Intermediate Capital Group (ICG)

**Phil Davis** - Head of Sustainability, EMEA, The Carlyle Group

**Pierre Abadie** - Co-Head of the Energy Transition Practice, Tikehau Capital

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### Healthcare IT: embracing digital solutions to improve patient outcomes

12:10 - 12:40  
Healthcare Summit

Exploring the most attractive investment opportunities within HCIT sector. The overview of the most recent Healthcare IT innovations and trends. Evaluating the importance of cybersecurity and data protection. Exploring challenges and solutions in dealing with collection of big data under GDPR in the HCIT sector

#### Participants

**Moderator:** Hekla Arnardottir - General Partner, Crowberry Capital

**Panellists:** Michael Cole - Managing Partner, Global Neurohealth Ventures

**Gavin Teo** - Co-Founder and Partner, Straits Venture Capital

**Pierre Socha** - Principal, Amadeus Capital Partners

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### Seeking alpha in mid- market direct lending

12:10 - 12:40  
Private Debt Summit

- How can mid market players find an attractive niche to stand out in the competitive environment?
- What new products, regions and strategies are being developed and which offer the best risk-adjusted returns in the current competitive environment and why?
- Will more firms lend to companies not backed by private equity in the future?

#### Participants

**Moderator:** James Newsome - Managing Partner, Arbour Partners

**Panellists:** Christophe Bavière - CEO & Founding Partner, Idinvest Partners

**Sengal Selassie** - Co-Founder & Managing Partner, Brightwood Capital Advisors

**Ken Kencel** - President and Chief Executive Officer, Churchill Asset Management LLC

**Daniel Bartsch** - COO & Co-Founder, creditshelf AG

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### Investing in a model driven world

12:15 - 12:40  
Disruption and Innovation Summit

#### Participants

**Matthew Granade** - Chief Market Intelligence Officer and Managing Director, Point72

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### Keynote address: Challenges facing Private Equity – some reflections from Germany

12:15 - 12:45  
German Private Equity Summit

#### Participants

**Ronald Ayles** - Managing Partner, Advent International

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### The spotlight on investors

12:30 - 13:00  
ESG Summit

What is the role of LPs in driving awareness and change amongst GPs? Portfolio construction: how do LPs integrate ESG into their portfolio? Is it possible to have a universal approach? Who should foot the bill for systems implementation at a portfolio level – the company or the GP or the LP?

#### Participants

**Moderator:** Emily S. Kreps - Global Head of Investor Initiatives, CDP

**Panellists:** Ana Lei Ortiz - Managing Director, Hamilton Lane

**Elias Korosis** - Partner, Hermes GPE

**Jessica Otte** - Director, StepStone Group

**Rick Shroti** - Managing Partner, Digital Alpha

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### Networking lunch break & LP only lunch

12:40 - 13:40  
Disruption and Innovation Summit

#### 13:00-14:00

This exclusive lunch is for LPs to network with their peers. Open to pre-registered development finance institutions, endowments, foundations, insurance companies, pension funds and sovereign wealth funds, subject to qualification. To register please contact Chloe Elliott at [chloe.elliott@informa.com](mailto:chloe.elliott@informa.com).

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### Risk management

12:40 - 13:00  
Healthcare Summit

Examining risks specific to the Healthcare sector. Assessing and managing reimbursement, regulatory, political, reputation and clinical risks. Practical aspects for dealing with specific healthcare related investment risks

#### Participants

**Interviewee:** Sam Gray - Managing Partner, Apposite Capital

**Interviewer:** Mark Florman - Chairman & CEO, Time Partners Limited

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## Technology and innovations in income strategies

12:40 - 13:10  
Private Debt Summit

How is digitalisation disrupting current practices, what is the predicted impact of new technology trends on private credit strategies and how can forward thinking lenders harness these trends for their own advantage?

### Participants

**Moderator: Nicole Waibel** - Managing Director, Crescent Credit Europe

**Panellists: David Flannery** - President of Vista Credit Partners, Vista Equity Partners

**Reji Vettasseri** - Lead Portfolio Manager - Private Market Solutions, DECALIA Asset Management

**Stephan Caron** - Managing Director, Head of European Middle Market Private Debt, BlackRock

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## Networking lunch break & LP only lunch

12:45 - 13:55  
German Private Equity Summit

### 13:00-14:00

This exclusive lunch is for LPs to network with their peers. Open to pre-registered development finance institutions, endowments, foundations, insurance companies, pension funds and sovereign wealth funds, subject to qualification. To register please contact Chloe Elliott at [chloe.elliott@informa.com](mailto:chloe.elliott@informa.com).

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## Networking lunch break & LP only lunch

13:00 - 14:00  
ESG Summit

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## Networking lunch break & LP only lunch

13:00 - 14:00  
Healthcare Summit

### 13:00-14:00

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## Networking lunch break & LP only lunch

13:10 - 14:05  
Private Debt Summit

### 13:00-14:00

This exclusive lunch is for LPs to network with their peers. Open to pre-registered development finance institutions, endowments, foundations, insurance companies, pension funds and sovereign wealth funds, subject to qualification. To register please contact Chloe Elliott at [chloe.elliott@informa.com](mailto:chloe.elliott@informa.com).

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## How will tokenization revolutionise the private equity industry from fundraising to transaction management?

13:40 - 14:10  
Disruption and Innovation Summit

Examining the effect of cryptocurrency, digitalisation, fundraising, investment management

### Participants

**Moderator: Dirk Holz** - Head of Product Development Private Equity & Real Estate, Société Générale

**Panellists: Myles Milston** - CEO, Globacap

**Kai Braun** - Partner, PwC

**Jack Sibley** - Innovation and Technology Strategist, Nuveen Real Estate

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## Afternoon Chair

13:55 - 14:00  
German Private Equity Summit

### Participants

**Chair: Daniel Boege** - Partner, Head of Buyout, Golding Capital Partners

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## Emerging markets – cutting edge of ESG

14:00 - 14:30  
ESG Summit

What can fund managers and investors in developed markets learn from ESG experience of emerging markets?

### Participants

**Moderator: Rashad Kaldany** - Chief Investment Officer, BlueOrange Sustainable Capital

**Panellists: Vhangwele Manavhela** - ESG Manager, PIC (Public Investment Corporation)

**Menno Derks** - Partner & Managing Director of Fund Investments, Saron Asset Management

**Shami Nissan** - Head of Responsible Investment, Actis

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## Hands-on value creation: More important than ever due to high valuations

14:00 - 14:30  
German Private Equity Summit

- Operational value-add: everyone says they do it, but do they? How can the quality of analysis be improved?
- Best strategies for growing the top line and making businesses more efficient

### Participants

**Moderator: Jessica Otte** - Director, StepStone Group

**Panellists: Matthias Wilcken** - Partner, Gilde Buy Out Advisory GmbH

**Kristoffer Melinder** - Managing Partner, Nordic Capital

**Andreas Bohn** - Co-CEO & Managing Partner, SwanCap Partners

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## An LP perspective

14:00 - 14:30  
Healthcare Summit

- What makes Healthcare so attractive to institutional investors? Evaluating LP appetite for sector-focused funds vs. generalist/diversified funds.
- Analysing the competitive advantages and return profile of sector specialists.
- LPs on asset class allocation, portfolio construction and manager selection, governance and risk management, organizational design and decision making

### Participants

**Moderator: Kelly DePonte** - Managing Director, Probitas Partners

**Panellists: Sergey Sheshuryak** - Managing Partner, Adams Street Partners

**Lisa Edgar** - Managing Director, Top Tier Capital Partners

**Rainer Ender** - Head of Investment Management, Schroder AdvEq

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## Afternoon Chair

14:05 - 14:10  
Private Debt Summit

### Participants

**Chair: David Burnside** - Head of UK Sales & Consultant Relations, Arcmont Asset Management

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## The impact of digital transformation on GP investment underwriting

14:10 - 14:40

Disruption and Innovation Summit

### Participants

**Moderator: Christopher Godfrey** - President, CEPRES

**Panellists: Paul Desmarais III** - Chairman & CEO, Sagard Holdings

**Sebastian Lorenz** - Managing Director, EQT

**Christophe De Vusser** - Head of EMEA Private Equity, Bain & Company

## Sluggish sponsorless: why is non-sponsored finance growing more slowly than expected?

14:10 - 14:40

Private Debt Summit

- What is holding back direct lending funds from scaling up their direct corporate lending activity?
- Assessing the benefits and challenges of sponsored vc non-sponsored lending - what are the different skill sets required and what is the risk/return profile for each strategy?
- Is a specialist approach the key to success?

### Participants

**Moderator: Tim Hames** - Director General, BVCA 2013-2019

**Panellists: Claire Harwood** - Investment Director, Permira Debt Managers

**Hermann Dambach** - Managing Director, Oaktree Capital Management

**Paul Shea** - Managing Partner, Beechbrook Capital

**Keith Read** - President, Cerberus Business Finance, Senior Managing Director, Cerberus

## Impact investment and UN Sustainable Development Goals (SDGs)

14:30 - 15:00

ESG Summit

- Are SDGs a reliable indicator to target impact investment opportunities?
- Are SDGs really the responsibility of private equity investors or of the government?

### Participants

**Moderator: Marc Moser** - Associate Director for Impact & ESG, LGT Lightstone

**Panellists: Shami Nissan** - Head of Responsible Investment, Actis

**Eiso Vaandrager** - Partner, 01 Ventures

**Jan Ståhlberg** - Founder and Managing Partner, Trill Impact AB

## Developments in fund of funds, direct and co-investments

14:30 - 15:00

German Private Equity Summit

- How successful is the fund of funds model for German investor?
- How attractive are SMAs?
- To what extent are German investors moving away from the fund of funds approach and going more directly into funds?
- How successful is the co-investment model and how should investors strike the right balance between direct, secondary and fund commitments?

*This session will take place in German. English translation will be available.*

### Participants

**Moderator: Svenja Becker** - Managing Partner, Moravia Capital

**Panellists: Ralph Guenther** - Head of DACH & CEE Markets, Pantheon Ventures

**Kathrin Kalau-Reus** - Senior Investment Manager, Private Equity, Infrastructure, Timber, Bayerische Versorgungskammer

**Alex Koriath** - Partner, Head of European Pensions Practice, Cambridge Associates

## Investing in innovation – Blackstone's journey into Life Sciences

14:30 - 15:00

Healthcare Summit

### Participants

**Interviewee: Nicholas Galakatos** - Global Head of Life Sciences, Blackstone

**Interviewer: Henny Sender** - Chief Correspondent, Financial Times

## Keynote joint address: How PE is systematically deploying data science and AI to drive DD and enhance value creation

14:40 - 15:10

Disruption and Innovation Summit

### Participants

**Christopher Kindt** - Director, Hg

**Amr Ellabban** - Lead Data Scientist, Hg

## LP perspectives on allocation to private debt

14:40 - 15:10

Private Debt Summit

- What growth have LPs seen and what effect will market volatility, interest rate increases and increased competition for deals have on investor sentiment?
- How concerned are LPs about returns, risk analysis and leverage and how has increased leverage affected pricing?
- If we are close to the top of the cycle, will private debt continue to look attractive to investors and how will investors evaluate the ability of managers to succeed in a volatile economic environment?

### Participants

**Moderator: Christopher Flynn** - President, First Eagle Alternative Credit

**Panellists: John Graham** - Senior Managing Director & Global Head of Credit Investments, CPP Investments

**John Bohill** - Partner, StepStone Group

**Sebastian Schroff** - Global Head of Private Debt, Allianz Investment Management SE

**Abhik Das** - Managing Director, Head of Private Debt, Golding Capital Partners

## Diversity: how important is it really?

15:00 - 15:30

ESG Summit

- How do investment managers approach diversity?
- How much does it actually matter to LPs during the manager selection process?
- What do measuring and reporting measures look like when it comes to diversity and inclusion?

### Participants

**Moderator: Peter Flynn** - Director, Candela Capital

**Panellists: Valérie Handal** - Managing Director, HarbourVest Partners

**Charmaine Hayden** - VC Partner, Good Soil Venture Capital

**Vivina Berla** - Founder & CEO, Vimine Holding

## Keynote address: Upcoming new regulation and trends in fund structures

15:00 - 15:30

German Private Equity Summit

Discussing the effect of new requirements for pre-marketing, hosted AIFM/ own AIFM and Brexit restructurings

### Participants

**Patricia Volhard** - Partner, Debevoise & Plimpton

## Healthcare debt

15:00 - 15:30  
Healthcare Summit

Joining traditional with credit products to help companies finance R&D, commercialisation and growth. Examining the options such as venture debt, royalty finance and commercial loans available for companies from pre revenue to growth

### Participants

**Moderator: Nooman Haque** - Managing Director of Life Sciences and Healthcare, Silicon Valley Bank

**Panellists: Michael Weinmann** - Partner, CRG LP

**Alex Hökfelt** - Managing Director, EQT Credit

**Howard Rowe** - Managing Director, Hayfin Capital Management

## Keynote address: Will Artificial Intelligence control our economy?

15:10 - 15:35  
Disruption and Innovation Summit

AI is the most important technology of the 21st century. Nations and companies are competing for the best talents, infrastructure, influence and control. In our digitalized world, machine learning and big data enable a new generation of thinking digital systems.

Millions of current employees have to be re-skilled for new digital tasks. Policymakers have to work out regulation to control algorithms for transparency and responsibility. Companies have to face the emergence of automated state capitalism. What is the role of the financial industry in all of this?

### Participants

**Fabian Westerheide** - Entrepreneur and Investor for Artificial Intelligence, Asgard.vc

## Traditional vs. specialized credit

15:10 - 15:50  
Private Debt Summit

What is the difference? Why now? What are the expected risk adjusted returns and losses, and how will LP portfolios benefit?

### Participants

**Moderator: Andre Hakkak** - Founder & Managing Partner, White Oak Global Advisors

**Panellists: Joel Holsinger** - Partner, Portfolio Manager and Co-Head of Alternative Credit, Ares Management LLC

**Tod Trabocco** - Director, Strategy & Research, ITE Management

**Gregory Racz** - President, MGG Investment Group

**Olya Klüppel** - Partner, Global Growth Capital

**Armin Rothauer** - Managing Director, Head of Credit Investing, Starwood Capital Group

## Afternoon refreshments and networking break

15:30 - 16:00  
ESG Summit

## Afternoon refreshments and networking break

15:30 - 16:00  
German Private Equity Summit

## Afternoon refreshments and networking break

15:30 - 16:00  
Healthcare Summit

## Afternoon refreshments and networking break

15:35 - 16:05  
Disruption and Innovation Summit

## Afternoon refreshments & networking break

15:50 - 16:20  
Private Debt Summit

## ESG and financial returns

16:00 - 16:30  
ESG Summit

- Is there a true quantifiable correlation between ESG and financial returns?
- What can we learn from the listed markets?
- Can ESG practices and methodology created by public markets be applied to private markets?

### Participants

**Moderator: James Brice** - Group CEO, EBS Advisory

**Ethan Levine** - Managing Director & Co-Head of Natural Resources, Commonfund Capital

**Paulus Ingram** - Deputy CEO, Sarona Asset Management

**Nino Tronchetti Provera** - Founder and Managing Partner, Ambienta

## The rising and thriving tech and growth scene in Germany: Balancing growth with profitability

16:00 - 16:30  
German Private Equity Summit

- Where are the hot-spots? Are they pure innovation or copy cat?
- What is the status quo for Germany's unicorns?
- Will Brexit ultimately have a positive impact on Berlin's tech scene?
- To what extent will a downturn affect tech's business risk?

### Participants

**Moderator: Bjorn Tremmerie** - Head ICT and Business Angel Investments, European Investment Fund (EIF)

**Panellists: Oscar Jazdowski** - Co-Head, Silicon Valley Bank

**Mathieu Baret** - Managing Partner, Idinvest

**Christian Meermann** - Founding Partner, Cherry Ventures

## Spotlight on Europe

16:00 - 16:30  
Healthcare Summit

The emergence of Healthcare-only funds in Europe and other key market trends. How can PE firms increase their participation in European Healthcare? How can investors successfully navigate the uncertain regulatory landscape?

### Participants

**Moderator: Arnaud Garel-Galais** - Group Head of Coverage & Business Development, CACEIS

**Panellists: Adam Ringer** - Principal, AMP Capital

**Tommi Unkuri** - Partner, Summa Equity

**Alan MacKay** - Managing Partner, GHO Capital

**Benjamin Alt** - Head of Investments DACH & Nordics, Schroder Adveq Management

## Securitizing private equity funds: an alternative for secondary liquidity

16:05 - 16:30  
Disruption and Innovation Summit

- Basics of Collateralized Fund Obligations ("CFO")
- Motivations to structure CFOs: liquidity, risk management, capital relief
- Historical performance and recent transactions
- CFO structural features and ratings

### Participants

**Greg Fayvilevich** - Head of US Funds & Asset Management Group, Fitch Ratings

**Alastair Sewell** - Head of EMEA/APAC Funds & Asset Management Group, Fitch Ratings

**Margaret Lui** - CEO & Executive Director, Azalea Asset Management

### Distressed and stressed investing: is potential on the horizon?

16:20 - 17:00  
Private Debt Summit

- Predicting the turn of the cycle: how are private credit managers positioned to take advantage of distressed opportunities?
- The strategy's performance is struggling to live up to expectations, but are the right conditions just around the corner?
- How much of a factor are inflation, interest rates, default rates and politics?

#### Participants

**Moderator: Andrew McCullagh** - Managing Director, Hayfin Capital Management

**Panellists: Eric Larsson** - Portfolio Manager & Co-Head of Special Situations, Alcentra Limited

**Stephen Escudier** - Partner, EQT Credit

**Kerry Hugh-Jones** - Co-Managing Partner, Strategic Value Credit, Cheyne Capital

**David Lyon** - Co-Head of Private Credit, Neuberger Berman

**Stephen Ketchum** - Managing Partner, Chief Investment Officer, Sound Point Capital

### Alternative data: a transformative new trend impacting investment research

16:30 - 17:00  
Disruption and Innovation Summit

- Looking to alternative sources of data to help make data-driven decisions on investments.
- How can buying data sets, big data analytics solutions and data insights capitalise on new data sources?
- How can this data be analysed to evaluate public opinions, reputations, footfall and real transaction data?

#### Participants

**Moderator: Vishal Shah** - Director - Data Intelligence Group, TresVista

**Panellists: Afsheen Afshar** - Managing Member, Pilot Wave Holdings

**Matthew Granade** - Chief Market Intelligence Officer and Managing Director, Point72

**Pamela Hendrickson** - Chief Operating Officer and Vice Chairman Strategic Initiatives, The Riverside Company

### Managing risks

16:30 - 17:00  
ESG Summit

What are the most common internal and external risks associated with ESG integration? Environmental is not just climate. Social is not just about job creation. Governance is both macro (country) and micro (company).

Is a generic set of ESG risks feasible?

How to create a bespoke set of risks based on geography, macroeconomic situation, asset class, etc.? How to add up different risks that are specific to individual investments but difficult to consolidate at the portfolio level

#### Participants

**Moderator: Marc Göbbels** - Manager of ESG Services, Tauw

**Peter Grubstein** - Founder & Managing Director, NGEN

**Jeremy Lytle** - Partner, ECI Partners

**Alison Fenton-Willock** - Vice President and Head of ESG, Blackstone

### Fundraising: are German PE firms still hitting the hard caps?

16:30 - 17:00  
German Private Equity Summit

- Is asset gathering still the top strategic priority for private equity firms despite record fundraising?
- What are the reasons behind smaller funds raising more and doing it more quickly?
- What are the main investor concerns when faced with so much market liquidity?

#### Participants

**Moderator: Philippe Roesch** - Managing Partner, RIAM Alternative Investments

**Panellists: Heiko Arnold** - Managing Partner, Odewald KMU

**Marc Brugger** - Managing Director, LFPE

**Manuel Hertweck** - Managing Partner, capiton

**Rainer Effinger** - Managing Director, Nord Holding

### The next big thing

16:30 - 17:00  
Healthcare Summit

- What sub-sector of Healthcare look most promising from the investment standpoint?
- Where are the next big opportunities for investors?

#### Participants

**Moderator: Anja Bickelmaier** - Co-Head of Healthcare, Triton Partners

**Panellists: Shane Chesson** - Co-Founder & Partner, Openspace Ventures

**Sam Gray** - Managing Partner, Apposite Capital

**Jason C. Foster** - Chief Executive Officer, Ori Biotech

**John McCormick** - Founder and Managing Director, InnovaHealth Partners

### Employing digital capabilities to help manage, optimise and merge portfolio companies

17:00 - 17:30  
Disruption and Innovation Summit

- Maximising the development of your portfolio companies so they perform better and increase returns
- Understanding how potential portfolio companies are poised to manage digital disruption, from marketing, sales and customer care to intellectual property, data and security requirements, in order to fully calculate your risk and opportunity

#### Participants

**Interviewer: George Danner** - President, Business Laboratory

**Interviewee: Tomasz Czechowicz** - Managing Partner, MCI Capital

**Interviewee: Fredrik Näslund** - Head of Technology & Payments, Nordic Capital

### Chair's closing remarks

17:00 - 17:05  
ESG Summit

Close of Summit Day

### Chair's closing remarks & close of summit day

17:00 - 17:05  
German Private Equity Summit

### Chair's closing remarks

17:00 - 17:05  
Healthcare Summit

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### What to expect in the private debt secondaries market

17:00 - 17:30

Private Debt Summit

- Will 2020 be a year of growth for the private debt secondaries market as buyers position themselves for a turn in the cycle?
- Are pressures growing across the universe of potential sellers that could drive selling in the short/medium term?

### Participants

**Moderator: Ian Milton** - Senior Advisor, Arbour Partners

**Panellists: Patrick Suchy** - Director, Alternative Investments, HSBC Global Markets, Germany

**Marco Wulff** - Partner, Montana Capital Partners

**Alexander Bode** - Managing Partner, BB Alternative Partners

**Olga Kusters** - Head of Private Debt Secondaries, Tikehau Capital

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### Summit networking drinks reception

17:05 - 19:00

ESG Summit

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### Summit networking drinks reception

17:05 - 19:00

German Private Equity Summit

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### Summit networking drinks reception

17:05 - 19:00

Healthcare Summit

---

### Chair's closing remarks & close of summit day

17:30 - 17:35

Disruption and Innovation Summit

---

### Chair's closing remarks & close of Summit Day

17:30 - 17:35

Private Debt Summit

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### Summit networking drinks reception

17:35 - 19:00

Disruption and Innovation Summit

---

### Summit networking drinks reception

17:35 - 19:00

Private Debt Summit

# SCHEDULE

SUMMIT DAY - 25/02/2020

SuperReturn International

2 - 5 March 2021  
InterContinental Hotel  
Berlin

TIME	DISRUPTION AND INNOVATION SUMMIT	ESG SUMMIT	GERMAN PRIVATE EQUITY SUMMIT	HEALTHCARE SUMMIT	PRIVATE DEBT SUMMIT
<b>08:00</b>	<p><b>08:00</b> - Registration and welcome coffee</p> <p><b>08:30</b> - Chair's welcome address</p> <p><b>08:35</b> - Latest data showing how digital transformation in different industries drives growth in PE investments.</p>	<p><b>08:30</b> - Registration and welcome coffee</p>	<p><b>08:40</b> - Registration and welcome coffee</p>	<p><b>08:30</b> - Registration and welcome coffee</p>	<p><b>08:10</b> - Registration and welcome coffee</p> <p><b>08:40</b> - Chair's welcome address</p> <p><b>08:50</b> - Are we at the peak? Testing the private debt market in a downturn</p>
<b>09:00</b>	<p><b>09:00</b> - The digital transformation imperative - Why PE firms must digitally transform to compete</p> <p><b>09:25</b> - Bringing private equity into the digital age: How far have we really come?</p> <p><b>09:55</b> - How digitization is reshaping your business today</p>	<p><b>09:00</b> - Chair's welcome address</p> <p><b>09:05</b> - Defining ESG</p> <p><b>09:30</b> - ESG integration update: from why to why not?</p>	<p><b>09:10</b> - Chair's welcome address</p> <p><b>09:15</b> - Geo-political events: what does the future hold for the German economy?</p> <p><b>09:45</b> - Private Equity outlook for Germany: Bull or Bear?</p>	<p><b>09:00</b> - Chair's welcome address</p> <p><b>09:05</b> - Keynote interview: Investing in digital innovation and transformation</p> <p><b>09:30</b> - Deal drivers and the overarching market trends in Healthcare PE and VC</p>	<p><b>09:30</b> - Where next for private debt? What will the landscape look like in 5 years' time?</p>
<b>10:00</b>	<p><b>10:20</b> - Morning coffee and networking break</p> <p><b>10:50</b> - Cryptocurrencies: paving the way for mass adoption into the crypto ecosystem</p>	<p><b>10:00</b> - This is how we do it</p> <p><b>10:30</b> - Reporting, measuring and monitoring</p>	<p><b>10:15</b> - LP Perspectives 2020 - A review of the last 12 months</p> <p><b>10:45</b> - Morning coffee and networking break</p>	<p><b>10:05</b> - Sector trends shaping the Healthcare industry</p> <p><b>10:45</b> - Value creation</p>	<p><b>10:00</b> - Is the private debt market ripe for consolidation as private capital firms look for scale in the asset class?</p> <p><b>10:30</b> - Morning coffee and networking break</p>
<b>11:00</b>	<p><b>11:20</b> - Blockchain: disrupting the alternative investment sector?</p> <p><b>11:50</b> - Keynote address: Software, data and machine learning</p>	<p><b>11:00</b> - Morning coffee and networking break</p> <p><b>11:30</b> - Regulatory update</p>	<p><b>11:15</b> - How will a downturn affect the German PE industry? What lessons have been learned from the last recession?</p> <p><b>11:45</b> - Succession deals in the Mittelstand: How have a new breed of entrepreneurs affected opportunities in the German buyout market?</p>	<p><b>11:20</b> - Morning coffee and networking break</p> <p><b>11:50</b> - Keynote address: Opportunities and challenges for Healthcare in the US in 2020 and beyond</p>	<p><b>11:00</b> - US vs. Europe – what is the overlap?</p> <p><b>11:30</b> - Capital deployment in the current environment: does size matter?</p>

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TIME	DISRUPTION AND INNOVATION SUMMIT	ESG SUMMIT	GERMAN PRIVATE EQUITY SUMMIT	HEALTHCARE SUMMIT	PRIVATE DEBT SUMMIT
<b>12:00</b>	<p><b>12:15</b> - Investing in a model driven world</p> <p><b>12:40</b> - Networking lunch break &amp; LP only lunch</p>	<p><b>12:00</b> - Climate change – let's get real</p> <p><b>12:30</b> - The spotlight on investors</p>	<p><b>12:15</b> - Keynote address: Challenges facing Private Equity – some reflections from Germany</p> <p><b>12:45</b> - Networking lunch break &amp; LP only lunch</p>	<p><b>12:10</b> - Healthcare IT: embracing digital solutions to improve patient outcomes</p> <p><b>12:40</b> - Risk management</p>	<p><b>12:10</b> - Seeking alpha in mid-market direct lending</p> <p><b>12:40</b> - Technology and innovations in income strategies</p>
<b>13:00</b>	<p><b>13:40</b> - How will tokenization revolutionise the private equity industry from fundraising to transaction management?</p>	<p><b>13:00</b> - Networking lunch break &amp; LP only lunch</p>	<p><b>13:55</b> - Afternoon Chair</p>	<p><b>13:00</b> - Networking lunch break &amp; LP only lunch</p>	<p><b>13:10</b> - Networking lunch break &amp; LP only lunch</p>
<b>14:00</b>	<p><b>14:10</b> - The impact of digital transformation on GP investment underwriting</p> <p><b>14:40</b> - Keynote joint address: How PE is systematically deploying data science and AI to drive DD and enhance value creation</p>	<p><b>14:00</b> - Emerging markets – cutting edge of ESG</p> <p><b>14:30</b> - Impact investment and UN Sustainable Development Goals (SDGs)</p>	<p><b>14:00</b> - Hands-on value creation: More important than ever due to high valuations</p> <p><b>14:30</b> - Developments in fund of funds, direct and co-investments</p>	<p><b>14:00</b> - An LP perspective</p> <p><b>14:30</b> - Investing in innovation – Blackstone's journey into Life Sciences</p>	<p><b>14:05</b> - Afternoon Chair</p> <p><b>14:10</b> - Sluggish sponsorless: why is non-sponsored finance growing more slowly than expected?</p> <p><b>14:40</b> - LP perspectives on allocation to private debt</p>
<b>15:00</b>	<p><b>15:10</b> - Keynote address: Will Artificial Intelligence control our economy?</p> <p><b>15:35</b> - Afternoon refreshments and networking break</p>	<p><b>15:00</b> - Diversity: how important is it really?</p> <p><b>15:30</b> - Afternoon refreshments and networking break</p>	<p><b>15:00</b> - Keynote address: Upcoming new regulation and trends in fund structures</p> <p><b>15:30</b> - Afternoon refreshments and networking break</p>	<p><b>15:00</b> - Healthcare debt</p> <p><b>15:30</b> - Afternoon refreshments and networking break</p>	<p><b>15:10</b> - Traditional vs. specialized credit</p> <p><b>15:50</b> - Afternoon refreshments &amp; networking break</p>
<b>16:00</b>	<p><b>16:05</b> - Securitizing private equity funds: an alternative for secondary liquidity</p> <p><b>16:30</b> - Alternative data: a transformative new trend impacting investment research</p>	<p><b>16:00</b> - ESG and financial returns</p> <p><b>16:30</b> - Managing risks</p>	<p><b>16:00</b> - The rising and thriving tech and growth scene in Germany: Balancing growth with profitability</p> <p><b>16:30</b> - Fundraising: are German PE firms still hitting the hard caps?</p>	<p><b>16:00</b> - Spotlight on Europe</p> <p><b>16:30</b> - The next big thing</p>	<p><b>16:20</b> - Distressed and stressed investing: is potential on the horizon?</p>



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2 - 5 March 2021  
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TIME	DISRUPTION AND INNOVATION SUMMIT	ESG SUMMIT	GERMAN PRIVATE EQUITY SUMMIT	HEALTHCARE SUMMIT	PRIVATE DEBT SUMMIT
17:00	<p>17:00 - Employing digital capabilities to help manage, optimise and merge portfolio companies</p> <p>17:30 - Chair's closing remarks &amp; close of summit day</p> <p>17:35 - Summit networking drinks reception</p>	<p>17:00 - Chair's closing remarks</p> <p>17:05 - Summit networking drinks reception</p>	<p>17:00 - Chair's closing remarks &amp; close of summit day</p> <p>17:05 - Summit networking drinks reception</p>	<p>17:00 - Chair's closing remarks</p> <p>17:05 - Summit networking drinks reception</p>	<p>17:00 - What to expect in the private debt secondaries market</p> <p>17:30 - Chair's closing remarks &amp; close of Summit Day</p> <p>17:35 - Summit networking drinks reception</p>

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### Registration and welcome coffee

07:30 - 08:00

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### Chair's welcome address

08:00 - 08:15

Day 1

### Participants

**Chair: Ruulke Bagijn** - Head of Investment Solutions, The Carlyle Group and Co-Head of Primaries, Alpinvest Partners, The Carlyle Group

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### The Global Economy: Productivity, Politics and Pestilence

08:15 - 08:45

Day 1

### Participants

**Stephanie Flanders** - Senior Executive Editor for Economics & Head of Bloomberg Economics, Bloomberg

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### Keynote interview: The challenge of delivering compelling risk-adjusted investment returns throughout market cycles

08:45 - 09:10

Day 1

### Participants

**Interviewee: Michael Arougheti** - Director, Co-Founder, Chief Executive Officer and President, Ares Management LLC

**Interviewer: John O'Sullivan** - Buttonwood columnist, The Economist

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### Macroeconomics and politics

09:00 - 09:45

Engaged conversation

**Run under the Chatham House Rule. No press.**

### Participants

**Discussion Leader:: Stephanie Flanders** - Senior Executive Editor for Economics & Head of Bloomberg Economics, Bloomberg

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### State of the union: What are the key gamechangers for private equity today?

09:10 - 09:40

Day 1

- How much of a threat does debt pose to private markets?
- What effect will short and long term funds have for the traditional 10 year private equity fund?
- Will multi-billion dollar family offices start investing directly and how will this change the LP landscape?
- Is the bloom off the rose for emerging markets? And have PE firms finally adapted to care about ESG, job retention, paying taxes and environmental considerations?

### Participants

**Moderator: Hartley Rogers** - Chairman, Hamilton Lane

**Panellists: Matthew Kabaker** - Senior Managing Director, Global Co-Head of Private Equity, Centerbridge Partners

**Bill Ford** - CEO, General Atlantic

**Ming Lu** - Head of Asia Pacific, KKR

**Marcus Brennecke** - Partner and Co-Head of EQT Private Equity advisory team, EQT

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### Keynote address: The future of software

09:40 - 10:05

Day 1

### Participants

**Deven Parekh** - Managing Director, Insight Partners

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### The power of emotions in PE investing

09:50 - 10:30

Engaged conversation

**Run under the Chatham House Rule. No press.**

### Participants

**Hosted By:: Mark McDonald** - Global Head, DWS Private Equity

**Richard Taffler** - Professor of Finance and Accounting, The University of Warwick

**David Cooper** - Managing Partner, Cooper Limon

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### Fireside chat: The global investment landscape for 2020 and beyond

10:05 - 10:30

Day 1

CEO insights on key opportunities and challenges for private capital

### Participants

**Interviewee: Kewsong Lee** - Co-Chief Executive Officer, The Carlyle Group

**Interviewer: Matt Miller** - Anchor, Bloomberg TV

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### Morning coffee and networking break

10:30 - 11:00

Day 1

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### Spotlight on regulation

10:30 - 11:30

Engaged conversation

*Come along for a discussion on the latest regulatory updates affecting the industry*

**Run under the Chatham House Rules. No press.**

### Participants

**Discussion Leaders:: Patricia Volhard** - Partner, Debevoise & Plimpton

**Lina Vatenaite** - Legal Officer, European Commission

**Nigel Williams** - Chairman, Royalton Partners

**Tim Hames** - Director General, BVCA 2013-2019

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### Fireside chat: Private equity -- key drivers of growth across market cycles

11:00 - 11:25

Day 1

### Participants

**Interviewee: Leon Black** - Chairman and Chief Executive Officer, Apollo

**Interviewer: Hartley Rogers** - Chairman, Hamilton Lane

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### Operating in a culture of radical truth and radical transparency to build the best possible understanding of global economies and markets

11:25 - 11:50

Day 1

### Participants

**Interviewee: Eileen Murray** - Co-Chief Executive Officer, Bridgewater Associates

**Interviewer: Jennifer Prosek** - Founder & CEO, Prosek Partners

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### LP Perspectives: Putting capital to work

11:50 - 12:20  
Day 1

Current attractive market opportunities and trends

#### Participants

**Moderator: Philipp Patschkowski** - Managing Director, Neuberger Berman

**Panellists: Mark Lyon** - Head of Equities and Alternative Investments, Border to Coast Pensions Partnership

**Katja Salovaara** - Senior Investment Officer - Private Equity, New York City Retirement Systems

**Christina Pamberg** - Managing Partner, Alcyon Holding

**Eberhard Vetter** - Managing Director, RAG Stiftung

### Keynote Interview: Private equity is booming, private credit is soaring, how long will it last? what's next?

12:20 - 12:45  
Day 1

#### Participants

**Interviewee: Jeff Aronson** - Co-Founder, Managing Principal, Centerbridge Partners

**Interviewer: Henny Sender** - Chief Correspondent, Financial Times

### The rise of private markets: what are the implications?

12:45 - 13:15  
Day 1

Private markets are going mainstream: Private equity's net asset value has grown more than sevenfold since 2002, twice as fast as global public equities.

The rapidly developing industry now offers many ways for investors to customize their exposure: as secondaries, long-duration funds, capital call lines of credit, and other structures proliferate, are they making the industry more flexible and accommodating to investors?

#### Participants

**Moderator: Michael Halford** - Partner and Head of Private Investment Funds for Europe and Asia, Goodwin

**Panellists: Michael Siefke** - Managing Director and Co-Head of Europe Private Equity, Bain Capital

**Robert Lucas** - Managing Partner, CVC Capital Partners

**J.Christopher Kojima** - Managing Director, Goldman Sachs

**Nikos Stathopoulos** - Partner, Member of the Executive Committee, BC Partners

### Engaged conversation: Co-investing: alpha or risk generator?

12:45 - 13:15  
LP only

#### LP only session

Open to pre-qualified LPs only. Places are limited.

To register please contact: [chloe.elliott@informa.com](mailto:chloe.elliott@informa.com)

#### Participants

**Discussion Leader:: Oliver Schumann** - Managing Director, Capital Dynamics

### Fireside chat: How an owner/operator approach is effective in the current PE environment

13:15 - 13:40  
Day 1

Leveraging a proven owner-operator model in private equity investing

#### Participants

**Interviewee: Cyrus Madon** - Managing Partner, CEO Private Equity, Brookfield

**Interviewer: Sarah Syed** - European Private Equity Correspondent, Bloomberg News

### Delegate quickfire showcase emerging/ specialist managers

13:30 - 14:00  
Quickfire showcase

#### Participants

**Hosts: Gordon Hargraves** - Partner, Private Advisors

**LP Judge: Mark Boyle**, Independent Senior Private Equity Advisor

**Oliver Fadly** - Research Consultant, Private Markets, NEPC

### Networking lunch break

13:40 - 14:15  
Day 1

### Afternoon Chair

14:15 - 14:20  
Day 1

#### Participants

**Chair: Pamela Hendrickson** - Chief Operating Officer and Vice Chairman Strategic Initiatives, The Riverside Company

### Fireside Chat: Growth equity reimaged

14:20 - 14:45  
Day 1

#### Participants

**Interviewee: Jon Korngold** - Senior Managing Director and Global Head of Blackstone's Growth Equity, Blackstone

**Interviewer: Miriam Gottfried** - Reporter, The Wall Street Journal

### Keynote interview : Developing differentiated angles in a competitive market

14:45 - 15:10  
Day 1

#### Participants

**Interviewee: Todd Sisitsky** - Managing Partner, TPG Capital

**Interviewer: Sarah Syed** - European Private Equity Correspondent, Bloomberg News

### Value creation and realisation: seeking new approaches to generate sustainable returns. What will be important 10 years from now?

15:10 - 15:40  
Day 1

- Which initiatives and capabilities are proving most effective in achieving the optimum return for portfolio companies and investors?
- What is the best balance between digital innovation and traditional value creation measures?
- The importance of long-term value creation plans and the increasingly essential role of ESG throughout the life cycle and beyond.

#### Participants

**Moderator: Atul Kapur** - Co-Founder and Chief Investment Officer, Everstone Capital

**Panellists: Mahadeva Matt Mani** - Partner, Strategy&, part of the PwC Network

**Lorne Somerville** - Managing Partner, CVC Capital Partners

**Simon Marc** - Managing Director and Head of Private Equity, PSP Investments

### Keynote address: America post impeachment, Europe post Brexit

15:40 - 16:05  
Day 1

#### Participants

**David Rubenstein** - Co-Founder & Co-Executive Chairman, The Carlyle Group

### Afternoon refreshments and networking break

16:05 - 16:35

### Chair's opening remarks

16:35 - 16:40

Stream A: Mid market focus

### Participants

**Chair: Gordon Hargraves** - Partner, Private Advisors

### Chair's opening remarks

16:35 - 16:40

Stream B: Infrastructure investments

### Participants

**Chair: Terrence Tehranian** - Partner, Pioneer Point Partners

### Chair's opening remarks

16:35 - 16:40

Stream C: Update on secondaries

### Participants

**Chair: Philip Tsai** - Global Head of Secondary Market Advisory, Managing Director, UBS Investment Bank

### Chair's opening remarks

16:35 - 16:40

Stream D: Value-added volatility & the PE cycle

### Participants

**Chair: Javier Espinoza** - Private Capital Correspondent, Financial Times

### Chair's opening remarks

16:35 - 16:40

Stream E: Investor outlook

### Participants

**Chair: Mark Boyle**, Independent Senior Private Equity Advisor

### Latest developments and innovations in the mid market

16:40 - 17:10

Stream A: Mid market focus

- Which funds continue to generate alpha and why?
- Does geo, size and sector make a difference to fund performance?

### Participants

**Moderator: Gordon Hargraves** - Partner, Private Advisors

**Panellists: Lindsey McMurray** - Managing Partner & Co-Founder, Pollen Street Capital

**Jan Johan Kühl** - Managing Partner, Polaris Equity

**Íñigo Sánchez-Asiain** - Founding Partner, Portobello Capital

**D.T. Ignacio Jayanti** - Managing Partner, Corsair Capital

### Gamechangers for infrastructure investments

16:40 - 17:10

Stream B: Infrastructure investments

Predicting the effect on the infrastructure sector of the increased use of data and analytics to unlock operational efficiencies, the reassertion of public sector control and increased regulation, competition for new technologies and sustainability going mainstream

### Participants

**Moderator: Dmitriy Antropov** - Co-Head Private Infrastructure Integrated Investments, Partners Group

**Panellists: Josh Raffaelli** - Managing Director, Brookfield

**Cate Ambrose** - CEO & Board Member, EMPEA

**Lennert Spek** - Partner, Bain & Company

### Update on secondaries

16:40 - 17:10

Stream C: Update on secondaries

An update on secondaries funds, deal flow, pricing

### Participants

**Bernhard Engelen** - Managing Director, Greenhill & Co. International LLP

### GP stakes from all angles

16:40 - 17:10

Stream D: Value-added volatility & the PE cycle

The current market environment for GP stakes

### Participants

**Moderator: Michael Rees** - Managing Director and Head, Dyal Capital Partners

**Panellists: Daniel Lavon-Krein** - Partner, Kirkland & Ellis LLP

**Saul Goodman** - Senior Managing Director, Evercore

**David Breach** - Chief Operating Officer & Chief Legal Officer, Vista Equity Partners

### The expansion of LP appetite

16:40 - 17:10

Stream E: Investor outlook

- How willing are LPs to back non-traditional PE products in an accelerated fundraising environment? Emerging manager funds, innovative structures, niche strategies, fundless sponsors, co-investment opportunities, crossing asset types, expanding into a new region: What are the risks vs the rewards?

### Participants

**Moderator: Björn Waltmans** - Managing Director, Wilshire Private Markets

**Panellists: Miriam Schmitter** - Managing Director, Commonfund Capital

**Sunaina Sinha** - Managing Partner, Cebile Capital

**Andrew Brown** - Head of Private Equity Research, Willis Towers Watson

**Warren Hibbert** - Managing Partner, Asante Capital Group

### Mid market: weathering the storm?

17:10 - 17:40

Stream A: Mid market focus

- What will characterise the funds that succeed in a downturn?
- What is the current LP appetite for mid market deals and what can mid market GPs do to attract their interest?

### Participants

**Moderator: Leith Moghli** - Partner, Proskauer

**Panellists: Eric Bismuth** - CEO, Montefiore

**Pawel Gieryński** - Managing Partner, Abris Capital

**Morten Welo** - COO & Head of Investor Relations, FSN Capital

**Thorsten Dippel** - Managing Director, Carlyle Europe Technology Partners, The Carlyle Group

### The renewables revolution – only just beginning or running out of steam?

17:10 - 17:40

Stream B: Infrastructure investments

Examining the investment opportunity across renewables (including C&I) and related technologies (grids, storage, micro-grids, EV)

#### Participants

**Interviewer:** Lucy Heintz - Partner, Actis

**Interviewee:** Pooja Goyal - Partner and Head of Renewable and Sustainable Energy Team, The Carlyle Group

**Interviewee:** Yorick Groen - Senior Portfolio Manager, Private Equity and Infrastructure, PGB

### Thinking outside the box – alternatives to a traditional secondary sale

17:10 - 17:40

Stream C: Update on secondaries

Evolving options to consider ranging from preferred equity to bank financing to private equity securitizations

#### Participants

**Moderator:** Philip Tsai - Global Head of Secondary Market Advisory, Managing Director, UBS Investment Bank

**Panellists:** Augustin Duhamel - Managing Partner, 17Capital

**Chris Baxter** - Americas Head of Fund Financing and Investments, UBS Global Markets

**Greg Fayvilevich** - Head of US Funds & Asset Management Group, Fitch Ratings

### PE deal volume in 2018 finally surpassed 2007 highs. Will we look back at 2018 as a repeat of 2007's peak?

17:10 - 17:40

Stream D: Value-added volatility & the PE cycle

- Pricing is similar, covenant-light debt has returned, dry powder keeps rising, and every day new players enter.
- But private markets are twice as large; the average PE deal is smaller and less levered, club deals are no more, fundraising has taken a breather.
- Whenever the downturn comes, what do we have to fear?

#### Participants

**Moderator:** Javier Espinoza - Private Capital Correspondent, Financial Times

**Panellists:** Johanna Barr - Managing Director and Global Co-Head of Limited Partner Services, Advent International

**J.David Enriquez** - Head of Private Equity, New York City Retirement Systems

**Neil Harper** - Chairman, Turkven Private Equity

**Dev Kapadia** - Senior Managing Director, Co-Chief Investment Officer of Private Equity, Cerberus

### LPs on asset allocation

17:10 - 17:40

Stream E: Investor outlook

- Should LPs pursuing portfolio construction concentrate capital with fewer big managers or expand the selection with a wider range of smaller managers with some degree of specialization to incorporate higher return potential?
- How best to calibrate exposure for an LPs' risk tolerance, illiquidity capacity, and fund oversight capability?

#### Participants

**Moderator:** Oliver Fadly - Research Consultant, Private Markets, NEPC

**Panellists:** Rainer Ender - Head of Investment Management, Schroder Adveq

**Joshua Fenton** - Director of Investments, The Helmsley Charitable Trust

**Giovanni Orsi** - Managing Director, Private Equity, Funds, PSP Investments

### Specialisation in the lower mid market: Small is beautiful – but is specialisation required?

17:40 - 18:10

Stream A: Mid market focus

- To what extent does sector focused investing in the LMM outperform generalist fund investments?
- What about geographic focused investing; do you need to be Spanish to excel in the Spanish LMM?
- How attractive is the LMM segment for investors; what are some of the specific segment risks; and how can those risks be avoided?
- What are the sourcing challenges in the LMM – can specialization improve the process of finding acquisition candidates?
- How is value created in the LLM – is sector or geographic specialization a necessary tool for LLM investors to accomplish meaningful transformation and improvements?

#### Participants

**Moderator:** Marc der Kinderen - Managing Partner, 747 Capital

**Panellists:** David Barbour - Managing Partner & Co-Founder, FPE Capital

**Eric Larson** - Co-CEO, Tilia Holdings

**Kathryn Mayne** - Managing Director, Horsley Bridge Partners

**Jean-Marc Jabre** - Co-Founder, Capital D

### "Horses for Courses": Direct vs indirect and co-investment access to infrastructure investment opportunities

17:40 - 18:10

Stream B: Infrastructure investments

- How can investors best gain access to the infrastructure investment market?
- How are platforms and partnerships allowing investors to acquire direct expertise and what are the effects of increased competition on the asset class?

#### Participants

**Moderator:** Uwe Fleischhauer - Founding Partner and Managing Director, YIELCO Investments

**Panellists:** Yves Meyer Buelow - Managing Director, Allianz Capital Partners

**Dominik von Scheven** - Senior Investment Manager, HSBC Alternative Investments

**Kelly Marshall** - Executive Vice President, Strategic Partnerships, OMERS

### Secondaries: the next generation

17:40 - 18:10

Stream C: Update on secondaries

- Examining innovation and creativity in the secondaries market
- What new deals are being structured, how are transactions evolving, what new investment strategies are being pursued to expand the pool of available liquidity solutions?
- Has the market become mainstream?

#### Participants

**Moderator: Oliver Gardey** - Head of Private Equity Fund Investments, ICG Enterprise Trust

**Panellists: Christian Diller** - Partner & Co-Founder, Montana Capital Partners

**Gabriel Möllerberg** - Managing Director, Goldman Sachs

**Tristram Perkins** - Global Co-Head of Secondary Private Equity, Neuberger Berman

### Distressed investing: are the right conditions finally around the corner?

17:40 - 18:10

Stream D: Value-added volatility & the PE cycle

- Is now the time to invest in distressed debt? How are fund managers positioned to take advantage of distressed opportunities in the lead up to a market dislocation?
- What are the best strategies to unlock value when performance has been disappointing?
- How are concerns over vulnerability to market cycles overcome?

#### Participants

**Moderator: Yup Kim** - Senior Portfolio Manager, Private Equity & Special Opportunities, Alaska Permanent Fund Corporation

**Panellists: Chris Boehringer** - Managing Director and Co-Head of Distressed Debt Europe, Oaktree Capital Management

**Shary Moalemzadeh** - Managing Director & Co-Head, Carlyle Strategic Partners

**Todd Lemkin** - Chief Investment Officer, Canyon Partners

**Ivelina Green** - Global Head of Special Situations, Partner, CQS

**Skardon Baker** - Senior Partner, Head of European Principal Finance, Apollo

### New liquidity horizons - the silent revolution

17:40 - 18:10

Stream E: Investor outlook

- What is driving demand for new liquidity horizons?
- What new models are emerging?
- How do the different models work?
- Who is driving supply and demand for new models?
- How far can this go?
- What implications for the broader industry?

#### Participants

**Moderator: Richard Clarke-Jervoise** - Head of Private Equity and Private Debt, BNP Paribas Wealth Management

**Panellists: Paul Verbese** - Partner & Co-Chair of Private Investment Funds, Goodwin

**Paola Tarazi** - Founder & Managing Partner, 16Capital Advisors

**Spencer Miller** - Managing Director, Five Arrows Managers

**Jim Strang** - Managing Director and Chairman, EMEA, Hamilton Lane

### Exit activity in the mid market

18:10 - 18:40

Stream A: Mid market focus

Evaluating the multiple exit routes in the mid market: trade sales, secondary & IPO activity & maximising value whatever your route to realisation

#### Participants

**Moderator: Vittorio Pignatti-Morano** - Founding Partner, Chairman, Trilantic Europe

**Panellists: Gilles Collombin** - Partner & Head of Investor Relations, Charterhouse

**Ted Kramer** - President & CEO, HKW

**Paul Newsome** - Partner, Head of Investment Solutions, Unigestion

### Analysing the pros and cons of different infrastructure models: Who wants to own core infrastructure anymore? Is core plus the new core?

18:10 - 18:40

Stream B: Infrastructure investments

- To what extent will core infrastructure suffer the most if interest rates rise and return requirements adjust upwards?
- Do current levels of risk and return make sense?
- Has core moved outside the infra fund space into direct ownership?
- What are the most successful strategies for finding value in a downturn?

#### Participants

**Moderator: Justin Bower** - Founding Partner, FirstPoint Equity

**Panellists: Terrence Tehranian** - Partner, Pioneer Point Partners

**Alexander Krater** - Partner, Palladio Partners

**Ferdinand Dalhuisen** - Managing Director, ODDO BHF Private Equity

### GP-led deals Version 2.0

18:10 - 18:40

Stream C: Update on secondaries

- How are the trends of tender offers, asset sales, spinouts, strip sales, stapled deals and fund continuation vehicles unlocking value, and what is the impact on the broader PE industry?
- Where do we go from here?

#### Participants

**Moderator: John Daghlian** - Partner, Akin Gump LLP

**Panellists: Matt Jones** - Partner, Pantheon

**Valérie Handal** - Managing Director, HarbourVest Partners

**Nik Morandi** - Senior Principal, Funds, Secondaries & Co-Investments (London office), CPP Investments

**John Leone** - Partner, Fairview Capital Group

# SESSIONS

MAIN CONFERENCE DAY 1 - 26/02/2020

SuperReturn International

2 - 5 March 2021  
InterContinental Hotel  
Berlin

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## Special situations and turnarounds

18:10 - 18:40

Stream D: Value-added volatility & the PE cycle

Examining the growing trend to include carve outs and turnaround investments as part of a wider investment strategy: What is the investor appetite and where do the best opportunities lie for 2020?

### Participants

**Moderator: Peter Laib** - Chairman, YIELCO Investments

**Panellists: Timothy Meyer** - Co-founder and Managing Partner, Angeles Equity Partners

**Stefan Lehotkay** - Partner, ClearSight Investments

**Dominic Slade** - Managing Partner, Alchemy Partners

**Ralf Rank** - Managing Partner, Head of Europe, Brookfield

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## LP/GP Debate: Lies, damned lies and private equity performance

18:10 - 18:40

Stream E: Investor outlook

- What is the level of disconnect between LPs and GPs? Has LP-GP alignment lost its way? What is the potential impact of much lower returns?

**Run under the Chatham House Rules.**

**No press.**

### Participants

**Moderator: Merrick McKay** - Head of Europe – Private Equity, Aberdeen Standard Investments

**Panellists: Sweta Chattopadhyay** - Director, bfinance

**J.David Enriquez** - Head of Private Equity, New York City Retirement Systems

**Cyril Demaria** - Head of Private Markets, Wellershoff & Partners

**Ralph Büchel** - Principal, Unigestion

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## End of Main Conference Day 1

18:40 - 18:45

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## Evening networking drinks reception

18:45 - 20:30

**Hugo's, 14th Floor at the InterContinental Hotel, Berlin**

# SCHEDULE

MAIN CONFERENCE DAY 1 - 26/02/2020

SuperReturn International

2 - 5 March 2021  
InterContinental Hotel  
Berlin

TIME	DAY 1	ENGAGED CONVERSATION	LP ONLY	QUICKFIRE SHOWCASE	STREAM A: MID MARKET FOCUS	STREAM B: INFRA-STRUCTURE INVESTMENTS	STREAM C: UPDATE ON SECONDARIES	STREAM D: VALUE-ADDED VOLATILITY & THE PE CYCLE	STREAM E: INVESTOR OUTLOOK
07:00	07:30 - Registration and welcome coffee	07:30 - Registration and welcome coffee	07:30 - Registration and welcome coffee	07:30 - Registration and welcome coffee	07:30 - Registration and welcome coffee	07:30 - Registration and welcome coffee	07:30 - Registration and welcome coffee	07:30 - Registration and welcome coffee	07:30 - Registration and welcome coffee
08:00	08:00 - Chair's welcome address  08:15 - The Global Economy: Productivity, Politics and Pestilence  08:45 - Keynote interview: The challenge of delivering compelling risk-adjusted investment returns throughout market cycles								
09:00	09:10 - State of the union: What are the key gamechangers for private equity today?  09:40 - Keynote address: The future of software	09:00 - Macroeconomics and politics  09:50 - The power of emotions in PE investing							



# SCHEDULE

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10:00	<p><b>10:05</b> - Fireside chat: The global investment landscape for 2020 and beyond</p> <p><b>10:30</b> - Morning coffee and networking break</p>	<p><b>10:30</b> - Spotlight on regulation</p>							
11:00	<p><b>11:00</b> - Fireside chat: Private equity – key drivers of growth across market cycles</p> <p><b>11:25</b> - Operating in a culture of radical truth and radical transparency to build the best possible understanding of global economies and markets</p> <p><b>11:50</b> - LP Perspectives: Putting capital to work</p>								

# SCHEDULE

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12:00	<p><b>12:20</b> - Keynote Interview: Private equity is booming, private credit is soaring, how long will it last? what's next?</p> <p><b>12:45</b> - The rise of private markets: what are the implications?</p>		<p><b>12:45</b> - Engaged conversation: Co-investing: alpha or risk generator?</p>						
13:00	<p><b>13:15</b> - Fireside chat: How an owner/operator approach is effective in the current PE environment</p> <p><b>13:40</b> - Networking lunch break</p>			<p><b>13:30</b> - Delegate quickfire showcase emerging/specialist managers</p>					
14:00	<p><b>14:15</b> - Afternoon Chair</p> <p><b>14:20</b> - Fireside Chat: Growth equity reimagined</p> <p><b>14:45</b> - Keynote interview : Developing differentiated angles in a competitive market</p>								

# SCHEDULE

MAIN CONFERENCE DAY 1 - 26/02/2020

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15:00	<p><b>15:10</b> - Value creation and realisation: seeking new approaches to generate sustainable returns. What will be important 10 years from now?</p> <p><b>15:40</b> - Keynote address: America post impeachment, Europe post Brexit</p>								
16:00	<p><b>16:05</b> - Afternoon refreshments and networking break</p>	<p><b>16:05</b> - Afternoon refreshments and networking break</p>	<p><b>16:05</b> - Afternoon refreshments and networking break</p>	<p><b>16:05</b> - Afternoon refreshments and networking break</p>	<p><b>16:05</b> - Afternoon refreshments and networking break</p> <p><b>16:35</b> - Chair's opening remarks</p> <p><b>16:40</b> - Latest developments and innovations in the mid market</p>	<p><b>16:05</b> - Afternoon refreshments and networking break</p> <p><b>16:35</b> - Chair's opening remarks</p> <p><b>16:40</b> - Gamechangers for infrastructure investments</p>	<p><b>16:05</b> - Afternoon refreshments and networking break</p> <p><b>16:35</b> - Chair's opening remarks</p> <p><b>16:40</b> - Update on secondaries</p>	<p><b>16:05</b> - Afternoon refreshments and networking break</p> <p><b>16:35</b> - Chair's opening remarks</p> <p><b>16:40</b> - GP stakes from all angles</p>	<p><b>16:05</b> - Afternoon refreshments and networking break</p> <p><b>16:35</b> - Chair's opening remarks</p> <p><b>16:40</b> - The expansion of LP appetite</p>

# SCHEDULE

MAIN CONFERENCE DAY 1 - 26/02/2020

SuperReturn International

2 - 5 March 2021  
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TIME	DAY 1	ENGAGED CONVERSATION	LP ONLY	QUICKFIRE SHOWCASE	STREAM A: MID MARKET FOCUS	STREAM B: INFRASTRUCTURE INVESTMENTS	STREAM C: UPDATE ON SECONDARIES	STREAM D: VALUE-ADDED VOLATILITY & THE PE CYCLE	STREAM E: INVESTOR OUTLOOK
17:00					<p><b>17:10</b> - Mid market: weathering the storm?</p> <p><b>17:40</b> - Specialisation in the lower mid market: Small is beautiful – but is specialisation required?</p>	<p><b>17:10</b> - The renewables revolution – only just beginning or running out of steam?</p> <p><b>17:40</b> - “Horses for Courses”: Direct vs indirect and co-investment access to infrastructure investment opportunities</p>	<p><b>17:10</b> - Thinking outside the box – alternatives to a traditional secondary sale</p> <p><b>17:40</b> - Secondaries: the next generation</p>	<p><b>17:10</b> - PE deal volume in 2018 finally surpassed 2007 highs. Will we look back at 2018 as a repeat of 2007’s peak?</p> <p><b>17:40</b> - Distressed investing: are the right conditions finally around the corner?</p>	<p><b>17:10</b> - LPs on asset allocation</p> <p><b>17:40</b> - New liquidity horizons - the silent revolution</p>
18:00	<p><b>18:40</b> - End of Main Conference Day 1</p> <p><b>18:45</b> - Evening networking drinks reception</p>	<p><b>18:40</b> - End of Main Conference Day 1</p> <p><b>18:45</b> - Evening networking drinks reception</p>	<p><b>18:40</b> - End of Main Conference Day 1</p> <p><b>18:45</b> - Evening networking drinks reception</p>	<p><b>18:40</b> - End of Main Conference Day 1</p> <p><b>18:45</b> - Evening networking drinks reception</p>	<p><b>18:10</b> - Exit activity in the mid market</p> <p><b>18:40</b> - End of Main Conference Day 1</p> <p><b>18:45</b> - Evening networking drinks reception</p>	<p><b>18:10</b> - Analysing the pros and cons of different infrastructure models: Who wants to own core infrastructure anymore? Is core plus the new core?</p> <p><b>18:40</b> - End of Main Conference Day 1</p> <p><b>18:45</b> - Evening networking drinks reception</p>	<p><b>18:10</b> - GP-led deals Version 2.0</p> <p><b>18:40</b> - End of Main Conference Day 1</p> <p><b>18:45</b> - Evening networking drinks reception</p>	<p><b>18:10</b> - Special situations and turn-arounds</p> <p><b>18:40</b> - End of Main Conference Day 1</p> <p><b>18:45</b> - Evening networking drinks reception</p>	<p><b>18:10</b> - LP/GP Debate: Lies, damned lies and private equity performance</p> <p><b>18:40</b> - End of Main Conference Day 1</p> <p><b>18:45</b> - Evening networking drinks reception</p>

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### Registration and welcome coffee

08:00 - 08:30

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### Chair's welcome address

08:30 - 08:40

Day 2

### Participants

**Chair: Kevin Kuryla** - Global Head of Private Funds Group, UBS Investment Bank

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### Impact investing – big business but does the reality match up to fund managers' claims?

08:40 - 09:10

Day 2

- Is there a commonly accepted definition of impact investing?
- What is the difference between responsible and impact?
- How can impact be measured?
- Is it being used by some large firms as a marketing varnish?

### Participants

**Moderator: Annachiara Marcandalli** - Managing Director, Endowment & Foundation Practice, Cambridge Associates

**Panellists: Susan Mac Cormac** - Corporate Partner, Morrison & Foerster

**Megan Starr** - Head of Impact, The Carlyle Group

**Claire Hedley** - Executive Director, Goldman Sachs

**Lila Preston** - Partner & Co-Head, Growth Equity & Sustainable Solutions Fund, Generation Investment Management US LLP

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### Electronic polling session: Where are we in the cycle?

09:10 - 09:35

Day 2

- Have asset prices and "dry powder" reached an all-time high?
- What geopolitical events are managers most concerned about? Where are the best opportunities among the alternative asset classes to generate quality risk-adjusted returns and what should prudent investors be wary of?

### Participants

**Moderator: Henny Sender** - Chief Correspondent, Financial Times

**Panellists: Scott Sperling** - Co-President, Thomas H. Lee Partners

**José Luis Molina** - Founder, Co-CEO & Co-CIO, Altamar Capital

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### Engaged conversation: Why the emerging manager opportunity set is compelling

09:15 - 09:45

LP only

Open to pre-qualified LPs only. Places are limited.

To register please contact: [chloe.elliott@informa.com](mailto:chloe.elliott@informa.com)

### Participants

**Discussion Leader: J.David Enriquez** - Head of Private Equity, New York City Retirement Systems

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### Keynote interview: What investment opportunities does the digital economy hold?

09:35 - 10:05

Day 2

### Participants

**Interviewee: Robert F. Smith** - Founder, Chairman & CEO, Vista Equity Partners

**Interviewer: Arash Massoudi** - Corporate Finance & Deals Editor, Financial Times

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### Keynote Interview: Lessons learned building a preeminent PE business

10:05 - 10:30

Day 2

### Participants

**Interviewee: Stephen A. Schwarzman** - Chairman, CEO, Co-Founder, Blackstone

**Interviewer: Miriam Gottfried** - Reporter, The Wall Street Journal

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### Keynote panel: Is your firm undertaking diversity efforts? If not, why not?

10:30 - 11:00

Day 2

Diverse teams drive better decision making: it is a fact that a wide range of perspectives, ideas and opinions will ultimately produce better investment outcomes. How can leaders ensure that their existing teams, and new recruits have the skills, expertise, experience and attributes relevant to the evolving needs of the business and the market opportunity? How can investors engage with their investee companies to promote gender diversity through corporate governance?

### Participants

**Moderator: Mirja Lehmler-Brown** - Partner and Managing Director, Hayfin Capital Management

**Panellists: Paul Ward** - Managing Partner, Pantheon

**John Graham** - Senior Managing Director & Global Head of Credit Investments, CPP Investments

**Tania Daguere Lindback** - Partner, BC Partners

**Shelby Wanstrath** - Co-Head of Private Equity Funds, Teacher Retirement System of Texas

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### Morning coffee and networking break

11:00 - 11:30

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### Keynote Interview

11:30 - 12:00

Day 2

This session will include Electronic Polling.

### Participants

**Interviewee: David Rubenstein** - Co-Founder & Co-Executive Chairman, The Carlyle Group

**Interviewer: Henny Sender** - Chief Correspondent, Financial Times

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### Fireside Chat: Value creation in an overheated market

12:00 - 12:25

Day 2

### Participants

**Interviewee: Steve Klinsky** - CEO, New Mountain Capital

**Interviewer: Richard Clarke-Jervoise** - Head of Private Equity and Private Debt, BNP Paribas Wealth Management

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### Engaged conversation: Is there a role for private debt, natural resources, and secondaries in your Private Capital portfolio

12:00 - 12:45  
LP only

Open to pre-qualified LPs only. Places are limited.

To register please contact: [chloe.elliott@informa.com](mailto:chloe.elliott@informa.com)

#### Participants

**Discussion Leader:** Al Kim - Director of Investments, Helmsley Charitable Trust

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### Keynote presentation: Technology investment specialisation: Buy-side and sell-side perspectives

12:25 - 12:50  
Day 2

Sourcing and completing deals in an environment where technology is more sought after than 10 years ago.

#### Participants

**A.J Murphy** - Managing Director, Silver Lake

**Joe Osness** - Managing Partner & Managing Director, Silver Lake

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### Training for success: an insight into space exploration

12:50 - 13:30  
Day 2

#### Participants

**Major Tim Peake** CMG , Astronaut

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### Networking lunch break

13:30 - 14:05

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### Afternoon plenary chairman

14:05 - 14:10  
Day 2

#### Participants

**Chair: Marc Wursdorfer** - Managing Director, EMEA Head of Private Funds Group, UBS Investment Bank

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### Keynote presentation: Championing the new era of alternatives

14:10 - 14:35  
Day 2

#### Participants

**Edwin Conway** - Global Head, BlackRock Alternative Investors (BAI)

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### Keynote Interview: Positioning for the Future, The BC Partners Strategy

14:35 - 15:00  
Day 2

#### Participants

**Interviewee: Raymond Svider** - Chairman and Partner, BC Partners

**Interviewer: Miriam Gottfried** - Reporter, The Wall Street Journal

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### European mid-market: expanding strategies by specialising in various ways to seek sustainable competitive advantage

15:00 - 15:30  
Day 2

- To what extent can sector-focused funds, strategy focused funds, funds with a key competency in sourcing, operational value-add or innovative fee structures offer LPs an edge within their programmes?

#### Participants

**Moderator: Merrick McKay** - Head of Europe – Private Equity, Aberdeen Standard Investments

**Panellists: Jim Strang** - Managing Director and Chairman, EMEA, Hamilton Lane

**Bjarne Lie** - Managing Director, Verdane

**François Jerphagnon** - Head of Expansion, Ardian

**Florian Schick** - Managing Partner, Bregal Unternehmerrkapital

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### Exits in emerging markets

15:30 - 16:00  
Day 2

- Exits are the main challenge in emerging markets which are typically less liquid.
- Buying the right kind of companies which sought after by strategic buyers is the key to exits.
- How should EM GPs make sure they are taking minimal currency and political risk while at the same time buying strategically relevant companies which they can easily sell?

#### Participants

**Moderator: Mounir Guen** - CEO, MVision Private Equity Advisers

**Panellists: Seymour Tari** - CEO , Turkven Private Equity

**Luis Cruz** - Partner and Head of Investments, Patria Investments

**Dmitri Krukov** - Senior Partner, Elbrus Capital

**Karim El-Solh** - Co-Founder & CEO, Gulf Capital

**Maurico Salgar** - Managing Director, Advent International

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### Afternoon refreshments and networking break

16:00 - 16:25

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#### Chair's opening remarks

16:25 - 16:30  
Stream A: Fundraising

#### Participants

**Chair: Kelly DePonte** - Managing Director, Probitas Partners

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#### Chair's opening remarks

16:25 - 16:30  
Stream B: Value add in the mid market

#### Participants

**Chair: Abilash Jaikumar** - Co-Founder and Managing Director, TresVista

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#### Chair's opening remarks

16:25 - 16:30  
Stream C: Co-investments

#### Participants

**Chair: Mark Boyle** , Independent Senior Private Equity Advisor

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#### Chair's opening remarks

16:25 - 16:30  
Stream D: Growth equity

#### Participants

**Chair: Brian Smiga** - Partner and Co-founder, Alpha Venture Partners

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### 10 years after that GFC: how has the risk and return profile of PE changed? Implications for the future

16:30 - 17:00  
Stream A: Fundraising

#### Participants

**Oliver Gottschalg** - Professor of Strategy Department, HEC Paris & Head of Research, PERACS

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### Value-add and innovation in private equity strategies

16:30 - 17:00

Stream B: Value add in the mid market

- How are leading managers continuing to innovate and stay ahead of the competition?
- What are the pros and cons of GPs developing multi-business lines?
- Why do some endeavors succeed whilst others fail?

#### Participants

**Moderator: Andrew Bernstein** - Senior Managing Director, Head of Private Equity, Capital Dynamics

**Panellists: Jennifer Signori** - Senior Vice President, Neuberger Berman

**Gareth Whiley** - Managing Partner, Silverfleet Capital

**Astrid Latzel** - Partner & Managing Director, Kearney

### New frontiers for Co-investments

16:30 - 17:00

Stream C: Co-investments

- Where is the co-investment world heading?
- How successful are pass the parcel deals?
- Will LPs move to sponsorless deals?
- What are the challenges of faster process time lines and what risks and considerations do LPs need to take heed of given current market dynamics?

#### Participants

**Moderator: Geoffrey Geiger** - Head of Private Equity Funds & Co-investments, USS Investment Management

**Panellists: Paolo Simonato** - Managing Director, Private Equity, BlackRock

**Richard Hope** - Managing Director and Head of EMEA, Hamilton Lane

**Sally Rocker** - Managing Director, J.C Flowers & Co

### Growth equity: where do the most compelling opportunities lie?

16:30 - 17:00

Stream D: Growth equity

- What are the best business models for sourcing deal flow?
- How are outsized returns being generated?
- What role does this strategy bring to a portfolio and how great is LP appetite?

#### Participants

**Moderator: Brian Smiga** - Partner and Co-founder, Alpha Venture Partners

**Panellists: Graves Tompkins** - Managing Director, Global Head of Capital Partnering, General Atlantic

**Francesco De Rubertis** - Co-founder & Partner, Medicxi

**Emmanuel Desousa** - Managing Partner, Princeville Capital

**Shawn Colo** - Co-founder and Managing Partner, 3L

### Characterising the fundraising environment for 2020: Is some uncertainty creeping in?

17:00 - 17:30

Stream A: Fundraising

- Examining the challenges of an excess number of funds in the market and compressed fundraising timelines.
- How critical is timing, positioning and communication for GPs to retain investor faith?
- How are LPs allocating resources and capital to generate the best returns?

#### Participants

**Moderator: Jonathan Blake** - Head of International Private Capital Funds, Herbert Smith Freehills

**Panellists: Constantinos Economou** - Senior Vice President, Capital Dynamics

**Alice Langley** - Partner, IK Investment Partners

**Mathew Powley** - Director, Private Capital, Stonehage Fleming

**Chloé Lavedrine** - Managing Director, Centerbridge

### Structured credit in the private debt markets

17:00 - 17:30

Stream B: Value add in the mid market

Utilizing a differentiated approach to typical credit strategies in order to generate yield/income in your portfolio while minimizing principal at risk.

#### Participants

**Moderator: Joseph Sciortino** - Managing Director, Head of Credit Investments, UBS Hedge Fund Solutions, UBS Investment Bank

**Panellists: Christopher Hentemann** - Managing Partner & Chief Investment Officer, 400 Capital

**Roy Kuo** - Team Head – Alternative Strategies, Church Commissioners for England

**John Bohill** - Partner, StepStone Group

### LP appetite for co-investing: alpha or risk generator?

17:00 - 17:30

Stream C: Co-investments

- Does analysing co-investments make you a better fund picker?
- What are the entry points, what makes a good investment partner, and do co-investments really boost net performance?
- The importance of execution, quality and speed for success

#### Participants

**Moderator: Cyril Demaria** - Head of Private Markets, Wellershoff & Partners

**Panellists: Roberto Torrini** - Managing Director, Co-Investments, Alpnvest Partners

**Filippo Petrucci** - Director, Cambridge Associates

**Przemek Obloj** - Managing Director, PSP Investments

### Future of growth equity

17:00 - 17:30

Stream D: Growth equity

Generating alpha via top-down identification of long-term trends such as digital, emerging middle class, industrial renaissance and healthy aging combined with bottom-up selection of companies that combine a high exposure to the selected themes with upside potential.

#### Participants

**Moderator: Anne Glover** - Chief Executive, Amadeus Capital Partners

**Panellists: Jan-Gisbert Schultze** - Managing Partner, Acton Capital Partners

**Pierre Barel** - Investment Associate, Hermes GPE

**Elina Berrebi** - Founding Partner, Gaia Capital Partners

### Effect on LP allocation and due diligence processes in an era of high velocity fundraising

17:30 - 18:00

Stream A: Fundraising

- How have LPs had to adapt their due diligence practices when funds are coming back to market before the performance is through?
- How can LPs see beyond the pitch and make informed decisions?
- How is this affecting decisions to re-up?

#### Participants

**Moderator: Kelly DePonte** - Managing Director, Probitas Partners

**Panellists: Al Kim** - Director of Investments, Helmsley Charitable Trust

**Gopal Narsimhamurthy** - Director, Kroll Bond Rating Agency

**Andrew Brown** - Head of Private Equity Research, Willis Towers Watson

**Gordon Hargraves** - Partner, Private Advisors

### The rapid evolution of long term funds

17:30 - 18:00

Stream B: Value add in the mid market

- Why has there been significant growth in longer term strategies?
- Are longer term funds complementary to traditional PE and if so how & why?
- What kind of long term strategies are working and why?
- How are LPs responding to longer term funds and looking at them from an asset allocation perspective?
- Where do long term funds go from here?

#### Participants

**Moderator: Abilash Jaikumar** - Co-Founder and Managing Director, TresVista

**Panellists: Marc Valentiny** - Managing Director & Co-Founder, Core Equity Holdings

**Charles Goldman** - Co-Chairman, NewHold Enterprises

**Jean-Louis Warnholz** - Founding Principal & Managing Director, Blacklvy Group

### Closed door session on co-investments

17:30 - 18:00

Stream C: Co-investments

- Comparing different strategies for running a co-investment process: pros and cons
- What value can an LP bring to the table? How much LP involvement do GPs really want?
- How can you be seen as the co-Investment partner of choice?
- How do the challenges and pitfalls presented to an investor vary depending on the different pipes that source the deal?
- Opaque fee structures: where are the potential misalignment of interests?
- Challenges of under-performance and adverse selection

#### Run under the Chatham House Rules.

No press.

#### Participants

**Discussion Leaders: Benjamin Alt** - Head of Investments DACH & Nordics, Schroder Adveq Management

**Gonzalo Erroz** - Partner, Hayfin Capital Management

**Oliver Schumann** - Managing Director, Capital Dynamics

**Justin Wang** - Principal, Teacher Retirement System of Texas

### Is tech going mainstream and how will that affect growth equity?

17:30 - 18:00

Stream D: Growth equity

- As new sources of capital enter the market how are definitions changing?
- Tech was once the realm of the VC but is the digitalisation of economies leading to mainstream growth equity entering the market?

#### Participants

**Moderator: Dante Leone** - Managing Partner, CP-DL

**Panellists: Jodi Yang** - Head of Investor Relations, Balderton

**Manuel Kalbreier** - Director of Wellington Alternative Investments, EMEA, Wellington Management

**Evgenia Plotnikova** - Partner, Dawn Capital

**Viswanathan Parameswar (Param)** - Head of Investments Asia, Schroder Adveq Management

### End of Main Conference Day 2

18:00 - 18:05

### Evening networking reception – Beer & Sausage Party

18:05 - 19:30



# SCHEDULE

MAIN CONFERENCE DAY 2 - 27/02/2020

SuperReturn International

2 - 5 March 2021  
InterContinental Hotel  
Berlin

TIME	DAY 2	LP ONLY	STREAM A: FUNDRAISING	STREAM B: VALUE ADD IN THE MID MARKET	STREAM C: CO-INVESTMENTS	STREAM D: GROWTH EQUITY
08:00	<p><b>08:00</b> - Registration and welcome coffee</p> <p><b>08:30</b> - Chair's welcome address</p> <p><b>08:40</b> - Impact investing – big business but does the reality match up to fund managers' claims?</p>	<p><b>08:00</b> - Registration and welcome coffee</p>	<p><b>08:00</b> - Registration and welcome coffee</p>	<p><b>08:00</b> - Registration and welcome coffee</p>	<p><b>08:00</b> - Registration and welcome coffee</p>	<p><b>08:00</b> - Registration and welcome coffee</p>
09:00	<p><b>09:10</b> - Electronic polling session: Where are we in the cycle?</p> <p><b>09:35</b> - Keynote interview: What investment opportunities does the digital economy hold?</p>	<p><b>09:15</b> - Engaged conversation: Why the emerging manager opportunity set is compelling</p>				
10:00	<p><b>10:05</b> - Keynote Interview: Lessons learned building a preeminent PE business</p> <p><b>10:30</b> - Keynote panel: Is your firm undertaking diversity efforts? If not, why not?</p>					
11:00	<p><b>11:00</b> - Morning coffee and networking break</p> <p><b>11:30</b> - Keynote Interview</p>	<p><b>11:00</b> - Morning coffee and networking break</p>	<p><b>11:00</b> - Morning coffee and networking break</p>	<p><b>11:00</b> - Morning coffee and networking break</p>	<p><b>11:00</b> - Morning coffee and networking break</p>	<p><b>11:00</b> - Morning coffee and networking break</p>

# SCHEDULE

MAIN CONFERENCE DAY 2 - 27/02/2020

SuperReturn International

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TIME	DAY 2	LP ONLY	STREAM A: FUNDRAISING	STREAM B: VALUE ADD IN THE MID MARKET	STREAM C: CO-INVESTMENTS	STREAM D: GROWTH EQUITY
12:00	<p><b>12:00</b> - Fireside Chat: Value creation in an overheated market</p> <p><b>12:25</b> - Keynote presentation: Technology investment specialisation: Buy-side and sell-side perspectives</p> <p><b>12:50</b> - Training for success: an insight into space exploration</p>	<p><b>12:00</b> - Engaged conversation: Is there a role for private debt, natural resources, and secondaries in your Private Capital portfolio</p>				
13:00	<p><b>13:30</b> - Networking lunch break</p>	<p><b>13:30</b> - Networking lunch break</p>	<p><b>13:30</b> - Networking lunch break</p>	<p><b>13:30</b> - Networking lunch break</p>	<p><b>13:30</b> - Networking lunch break</p>	<p><b>13:30</b> - Networking lunch break</p>
14:00	<p><b>14:05</b> - Afternoon plenary chairman</p> <p><b>14:10</b> - Keynote presentation: Championing the new era of alternatives</p> <p><b>14:35</b> - Keynote Interview: Positioning for the Future, The BC Partners Strategy</p>					
15:00	<p><b>15:00</b> - European mid-market: expanding strategies by specialising in various ways to seek sustainable competitive advantage</p> <p><b>15:30</b> - Exits in emerging markets</p>					

# SCHEDULE

MAIN CONFERENCE DAY 2 - 27/02/2020

SuperReturn International

2 - 5 March 2021  
InterContinental Hotel  
Berlin

TIME	DAY 2	LP ONLY	STREAM A: FUNDRAISING	STREAM B: VALUE ADD IN THE MID MARKET	STREAM C: CO-INVESTMENTS	STREAM D: GROWTH EQUITY
16:00	16:00 - Afternoon refreshments and networking break	16:00 - Afternoon refreshments and networking break	16:00 - Afternoon refreshments and networking break 16:25 - Chair's opening remarks 16:30 - 10 years after that GFC: how has the risk and return profile of PE changed? Implications for the future	16:00 - Afternoon refreshments and networking break 16:25 - Chair's opening remarks 16:30 - Value-add and innovation in private equity strategies	16:00 - Afternoon refreshments and networking break 16:25 - Chair's opening remarks 16:30 - New frontiers for Co-investments	16:00 - Afternoon refreshments and networking break 16:25 - Chair's opening remarks 16:30 - Growth equity: where do the most compelling opportunities lie?
17:00			17:00 - Characterising the fundraising environment for 2020: Is some uncertainty creeping in? 17:30 - Effect on LP allocation and due diligence processes in an era of high velocity fundraising	17:00 - Structured credit in the private debt markets 17:30 - The rapid evolution of long term funds	17:00 - LP appetite for co-investing: alpha or risk generator? 17:30 - Closed door session on co-investments	17:00 - Future of growth equity 17:30 - Is tech going mainstream and how will that affect growth equity?
18:00	18:00 - End of Main Conference Day 2 18:05 - Evening networking reception – Beer & Sausage Party	18:00 - End of Main Conference Day 2 18:05 - Evening networking reception – Beer & Sausage Party	18:00 - End of Main Conference Day 2 18:05 - Evening networking reception – Beer & Sausage Party	18:00 - End of Main Conference Day 2 18:05 - Evening networking reception – Beer & Sausage Party	18:00 - End of Main Conference Day 2 18:05 - Evening networking reception – Beer & Sausage Party	18:00 - End of Main Conference Day 2 18:05 - Evening networking reception – Beer & Sausage Party

### LP only breakfast

08:00 - 09:00  
LP only

### Through-the-Cycle Investing

Informative and invaluable networking for LPs.

*Open to pre-registered development finance institutions, endowments, foundations, insurance companies, pension funds and sovereign wealth funds, subject to qualification*

### By Invitation Only

### Participants

**Hosted By: Greg Durst** - Managing Director of Corporate Development, ILPA

### Registration and welcome coffee

08:25 - 08:55  
Day 3

### Chair's welcome address

08:55 - 09:00  
Day 3

### Participants

**Chair: Jonny Maxwell**, Investor & Corporate Advisor

### Latest academic research: Individual PE manager performance and persistence

09:00 - 09:40  
Day 3

### Participants

**Reiner Braun** - Full professor for entrepreneurial finance, TUM School of Management

### Follow up panel

09:40 - 10:10  
Day 3

### Participants

**Moderator: Reiner Braun** - Full professor for entrepreneurial finance, TUM School of Management

**Panellists: David Jeffrey** - Partner, StepStone Group

**J.David Enriquez** - Head of Private Equity, New York City Retirement Systems

**Candy Ip** - Director of Limited Partner Services, Advent International

### Diversity: More than just gender!

10:10 - 10:50  
Day 3

As outlined by Bank of England's Chief Economist, diversity is difficult but brings increased performance and risk reduction.

Join us to hear about what diversity really means in our industry!

### Participants

**Moderator: Erin Sarret** - Director, StepStone Group

**Panellists: Mary Lavelle** - Partner, Akin Gump LLP

**Tom Kabuga** - Director, Pangea Capital

**Tatiana Fullick** - International Wealth Management, Credit Suisse

**Lisa Lee** - Managing Director, Providence Equity Partners

### Morning coffee and networking break

10:50 - 11:20  
Day 3

### Will multi-billion dollar family offices start investing directly and how will this change the LP landscape?

11:20 - 11:50  
Day 3

- What do family offices want from their exposure to private markets?
- What is the appetite for investing directly, alternative fund structures and various private asset classes?
- Do these LPs most often take an opportunistic approach and is a strategic partnership preferable to the traditional LP-GP relationship?

### Participants

**Moderator: Greg Durst** - Managing Director of Corporate Development, ILPA

**Panellists: Sarah Farrell** - Senior Investment Director-Private Equity, Aberdeen Standard Investments

**Rajaa Mekouar-Schneider** - CEO & Head of PE, Single Family Office, Luxembourg Private Equity & Venture Capital Association

**Kirsty Acton** - Business Development Principal, Arcapita

### Regulatory update

11:50 - 12:20  
Day 3

Regulation, self-regulation and politics: the main challenges for PE in 2019 and how the industry is preparing to deal with them

### Participants

**Moderator: Tim Hames** - Director General, BVCA 2013-2019

**Panellists: Dörte M Höppner** - Chief Operating Officer, Riverside Europe Fund

**Patricia Volhard** - Partner, Debevoise & Plimpton

**Nigel Williams** - Chairman, Royalton Partners

**Lina Vatënaitė** - Legal Officer, European Commission

### Choose your attitude: It's not magic, It's mindset

12:20 - 13:00  
Day 3

Debra Searle will share her amazing personal story of rowing the Atlantic solo for 111 days after her oarsman husband developed an uncontrollable fear of the ocean and had to be rescued just 2 weeks into the journey. More than just an inspiring storyteller, Debra leaves her audiences with actionable golden nuggets that she used to stay motivated at sea and that she relies on now to grow her businesses, taking her from school failure to serial entrepreneur and BBC presenter. This session is about challenging our perceptions of skillset vs. mindset, moving beyond our comfort zones and being empowered to overcome adversity.

### Participants

**Debra Searle MVO MBE**, Solo Atlantic Rower, Professional Adventurer and Entrepreneur. Founder of Shoal Projects, MIX Diversity Developers and Brave Girl Media

### Networking lunch break

13:00 - 14:15  
Day 3

# SESSIONS

MAIN CONFERENCE DAY 3 - 28/02/2020

SuperReturn International

2 - 5 March 2021  
InterContinental Hotel  
Berlin

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## Fund selection masterclass

14:15 - 14:45  
Day 3

One respected LP will direct a series of questions on various investment scenarios to a panel of three GPs.

The GPs will be seated behind a screen so the LP will be unable to see them. After all questions have been answered, the LP will choose the GP they would most like to invest with today in light of the responses given. Live & uncut!

### Participants

Host: **Peter Flynn** - Director, Candela Capital

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## Off the record session: Boardroom discussion of red-hot issues

14:45 - 15:30  
Day 3

**Run under the Chatham House Rules.**

**No press.**

*Up-to-the-minute agenda to be announced.*

**Come along for a beer to help get the debate going!**

### Participants

Host: **Jonny Maxwell**, Investor & Corporate Advisor

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## Close of Conference

15:30 - 15:35  
Day 3

# SCHEDULE

MAIN CONFERENCE DAY 3 - 28/02/2020


SuperReturn International

2 - 5 March 2021  
InterContinental Hotel  
Berlin

TIME	DAY 3	LP ONLY
08:00	08:25 - Registration and welcome coffee 08:55 - Chair's welcome address	08:00 - LP only breakfast
09:00	09:00 - Latest academic research: Individual PE manager performance and persistence 09:40 - Follow up panel	
10:00	10:10 - Diversity: More than just gender! 10:50 - Morning coffee and networking break	
11:00	11:20 - Will multi-billion dollar family offices start investing directly and how will this change the LP landscape? 11:50 - Regulatory update	
12:00	12:20 - Choose your attitude: It's not magic, It's mindset	
13:00	13:00 - Networking lunch break	
14:00	14:15 - Fund selection masterclass 14:45 - Off the record session: Boardroom discussion of red-hot issues	
15:00	15:30 - Close of Conference	

March 25, 2021

TO: Trustees – Board of Investments

FROM: Scott Zdrazil   
Senior Investment Officer

FOR: April 14, 2021 Board of Investments Meeting

SUBJECT: **INTERNATIONAL CORPORATE GOVERNANCE NETWORK BOARD OF GOVERNORS**

### **RECOMMENDATION**

That the Board of Investments deliberate whether to nominate a candidate to the International Corporate Governance Network's Board of Governors.

### **DISCUSSION**

The International Corporate Governance Network (ICGN), to which LACERA is affiliated, is soliciting nominees for its Board of Governors with a deadline of May 4, 2021. Nominees will be considered by the ICGN's Nominating Committee, which will put forth a nominated slate for member consideration and a vote at the ICGN's annual meeting scheduled for September 2021.

Per LACERA's *Corporate Governance and Stewardship Principles*, the Board of Investments approves any formal nomination from LACERA for consideration to a governing board of a corporate governance association to which LACERA is affiliated.

ICGN's Board of Governors consists of a minimum of seven and a maximum of twelve governors. The governors hold office for a term commencing at the end of the annual meeting at which they are elected and terminating at the end of the following annual meeting. Governors may be elected for a maximum of six consecutive terms. As noted in the [ICGN Nomination Committee Terms of Reference](#), the ICGN Board of Governors is expected to convene six to eight times per year. For reference, the Board of Governors met ten times over the past year.

Trustees may recommend putting forward a Trustee for the ICGN Nominating Committee's consideration. Nominees must be seconded by two additional ICGN member organizations.

The ICGN notes that it expects three vacancies will arise and are interested in building a greater presence on the board from the asset owner community, directors from Asia, and a stronger gender balance.

Each Trustee, Board of Investments

March 25, 2021

Page 2 of 2

More information about the ICGN's governance structure, current board members, and the ICGN nominating committee is available online at: <https://www.icgn.org/about/governance>. Terms of reference are available at: <https://www.icgn.org/about/governance/nominations>.

Noted and Reviewed:



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Jonathan Grabel  
Chief Investment Officer



March 19, 2021

TO: Trustees – Board of Investments

FROM: Scott Zdrazil   
Senior Investment Officer

Dale Johnson   
Investment Officer

Mel Tsao   
Senior Investment Analyst

FOR: April 14, 2021 Board of Investments Meeting

SUBJECT: **PROXY RESEARCH SERVICES AND PROXY VOTING PLATFORM RFP  
RECOMMENDATION**

### **RECOMMENDATION**

Select ISS to provide full coverage proxy research and voting platform services and Glass Lewis to provide additional limited coverage proxy research services.

### **DISCUSSION**

The Evaluation Team has completed its review and assessment of the firms that responded to the Board-approved RFP for proxy research and proxy voting platform services. The results of the evaluation are presented in the **ATTACHMENT**.

Attachment

Noted and Reviewed:



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Jonathan Grabel  
Chief Investment Officer

# Proxy Research and Proxy Voting Platform Search

Board of Investments  
April 14, 2021

Scott Zdrazil – Senior Investment Officer  
Dale Johnson – Investment Officer  
Mel Tsao – Senior Investment Analyst



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- I. Proxy Voting Overview
- II. Evaluation Process and Timeline
- III. Observations and Rankings
- IV. Recommendation
- V. Appendix

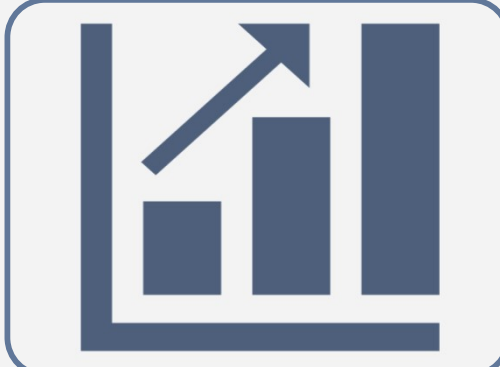
# Proxy Voting Overview



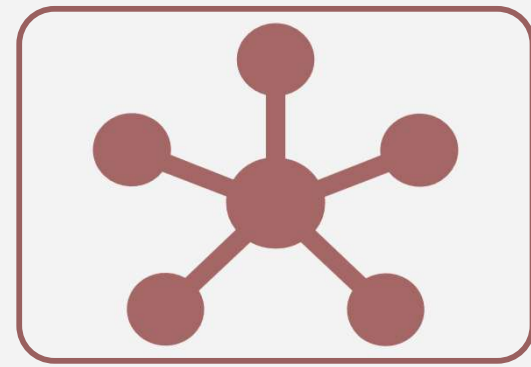
# Role of Proxy Voting



Proxy votes are plan assets, have value, and should be managed in a manner consistent with fiduciary duty and LACERA's interest in long-term value.



LACERA exercises its voting rights for the exclusive benefit of LACERA's members and votes proxies in accordance with its *Corporate Governance and Stewardship Principles*.



LACERA seeks to vote all proxies for which it has proxy voting authority.

LACERA currently votes over 90% of the public equity portfolio, reaching over 7,100 meetings in 65 markets.

# Purpose of the Proxy Research and Proxy Voting Platform Search

## LACERA currently has two proxy-related vendors:

- ISS provides a proxy voting platform and proxy research to integrate LACERA's custom policy
- Glass Lewis provides limited research for additional perspective on contentious voting items (proxy contests, etc.)

The Board of Investments approved an RFP in November 2020 (upon recommendation from the Corporate Governance Committee in October 2020) to adhere to LACERA's procurement policy and to ensure LACERA maintains an efficacious voting platform by which to execute, record, and report on its proxy voting activities, as well as access to adequate research to inform LACERA's analysis and execution of proxy votes consistent with its *Corporate Governance and Stewardship Principles* after LACERA's recent proxy voting expansion.



### CURRENT STRUCTURE

LACERA currently has **one online proxy platform provider (ISS)** to electronically cast, record, and report its votes according to LACERA's custom policy and **two proxy research providers (ISS & Glass Lewis)** for multiple perspectives on contentious meetings and/or unique ballot items



### PURPOSE

An online voting platform enables LACERA to link our share positions to eligible proxies to vote, integrate our custom policy, record, and report on proxy votes. Proxy research involves governance research and analysis of proposals contained on a company's annual or special meeting ballot (proxy)



### EXPANSION

LACERA has significantly increased its voting exposure as measured by assets under management and by number of companies held in separate accounts over the past three years



### BREADTH & COVERAGE

Proxy research providers have the financial and human capital resources to analyze the volume of voting items contained in proxies for thousands of companies



### RECOMMENDATION

LACERA believes it is prudent to periodically assess the market and current services for proxy research and proxy voting platform service providers, consistent with the *Procurement Policy for Investment-related Services* approved by the Board of Investments

# Evaluation Process and Timeline

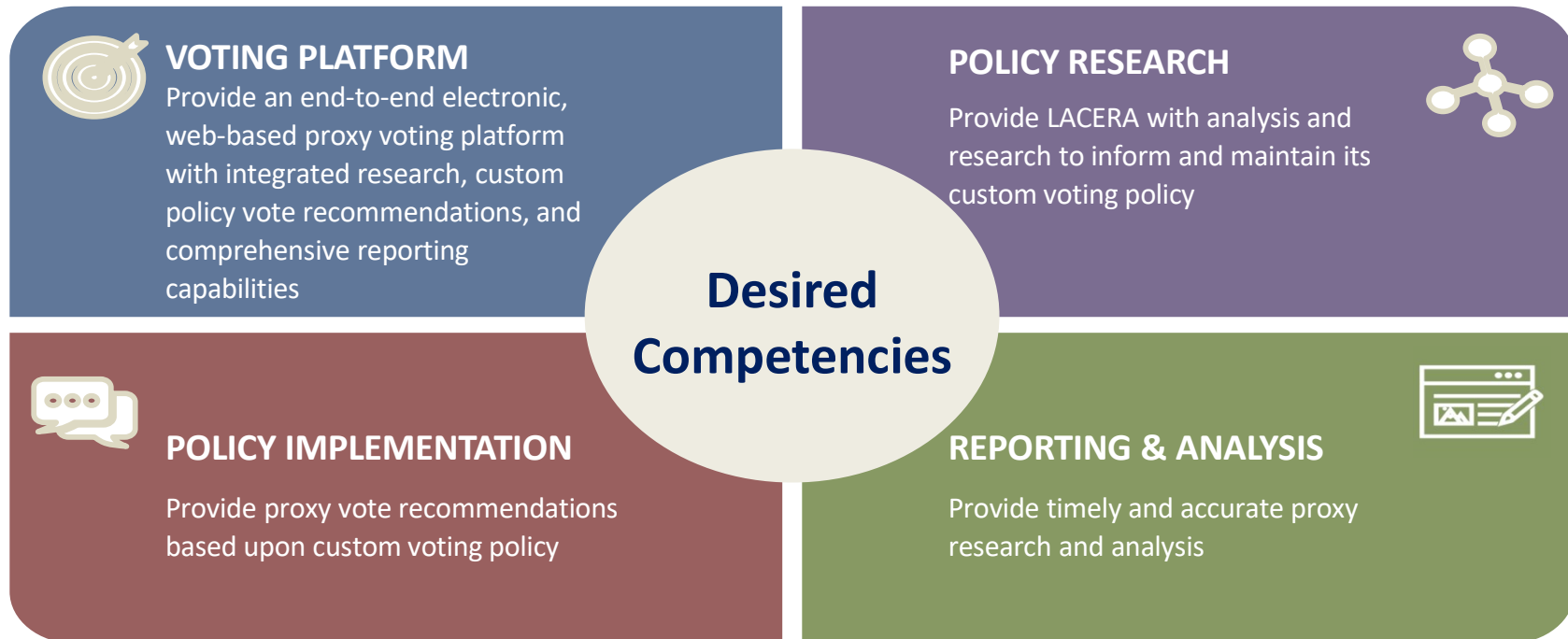


# Scope of Services

Subject to Board approval, LACERA anticipates retaining:

- ✓ One proxy voting platform provider
- ✓ One or more proxy research and analysis service providers

(additional research services would be complementary to assist with the evaluation of contentious meetings and/or unique ballot items - examples include mergers & acquisitions, contested elections, say-on-pay, new shareholder proposals, etc.)



The following Minimum Qualifications were approved by the Board of Investments in November 2020:

1. As of June 30, 2020, the firm must have been in business at least five years providing:
  - a. Proxy research and analysis; and/or
  - b. Proxy voting platform that integrates research to execute LACERA's custom policy and vote recommendations, vote execution, recordkeeping, and comprehensive reporting.
2. Have at least 3 tax-exempt institutional clients with assets of at least \$5 billion in public global equities.



# Evaluation Team, Considerations, and Influences



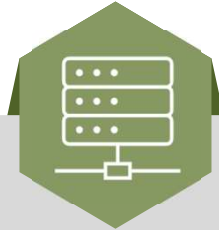
## Evaluation Team\*

- Senior Investment Officer – Corporate Governance:  
Scott Zdrzil
- Investment Officer - Corporate Governance:  
Dale Johnson
- Senior Investment Analyst – Global Public Equity:  
Mel Tsao



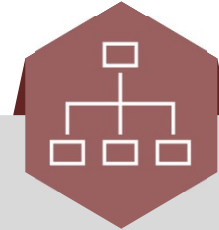
## Policies & Initiatives

- LACERA's Investment Policy Statement
- Corporate Governance and Stewardship Principles
- LACERA TIDE



## Proxy Voting Platform

- Customizability
- Flexibility
- Reporting capabilities
- Voting process management



## Organization & Staff

- Ownership structure and financial stability
- Professional team with diverse backgrounds and industry experience
- Strong organizational capabilities with global presence and solid governance structure



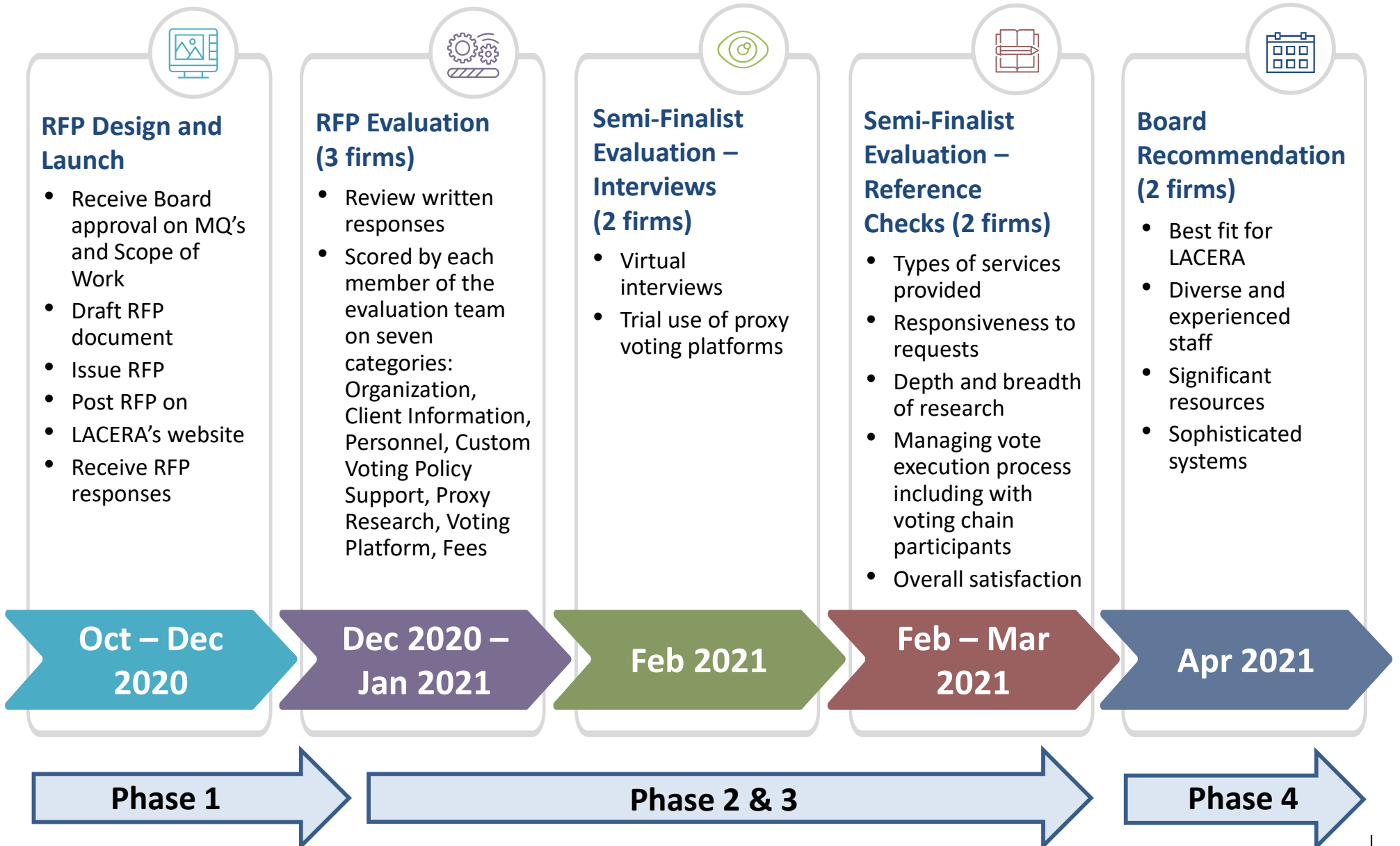
## Research & Custom Policy Management

- Breadth of coverage
- Accurate, timely, quality analysis and research
- Support for identifying voting outcome impact for prospective custom policy changes

\* The former Director of U.S. Research for Glass Lewis, one of the RFP respondents, joined LACERA's corporate governance team in late March 2021. She did not participate in the evaluation of this RFP launched in November 2020 and concluded prior to her start date, nor did she prepare materials or bids in response to this RFP while employed by Glass Lewis.



# Evaluation Process and Timeline



# Observations and Rankings



# Proposal Review

Three responding firms and initial evaluation conclusions are identified below:

Firm (alphabetical order)	Evaluation of written RFP	Evaluation after interviews
EQUILAR, INC	Did not advance	--
GLASS LEWIS & CO. LLC ("GLASS LEWIS")	Advanced to interviews	Advanced as finalist
INSTITUTIONAL SHAREHOLDER SERVICES INC. ("ISS")	Advanced to interviews	Advanced as finalist

- **Equilar, Inc.** is a niche research provider with detailed focus on executive compensation and incentive plan design and data

# Proxy RFP Candidates: At-a-Glance



Stability



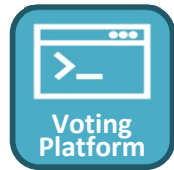
Global Footprint



Human Capital



Research



Voting Platform



Reporting

<p>Provide proxy research, custom voting policy support, voting platform, vote disclosure, engagement services, class action services Proxy research business established in 2003</p>	<p>Provide proxy research, custom voting policy support, voting platform, vote disclosure, engagement services, class action services, ESG services, climate solutions Proxy research business established in 1985</p>
<p>400 employees with offices located in San Francisco, CA; Kansas City, MO; New York, NY; Ireland; London; Germany; Australia; and Japan</p>	<p>2,000 professionals with offices in Boston, MA; Rockville, MD; Norman, OK; San Francisco, CA; and Manilla, Philippines</p>
<p>90 employees focused on research and organized by subject matter area (executive compensation, mergers &amp; acquisition, etc.)</p>	<p>280 employees focused on research and organized by industry and focused research (specialized situations)</p>
<p>Covered over 26,000 meetings in over 100 markets</p>	<p>Covered over 44,000 meetings in over 115 markets</p>
<p>Fully integrated research (including vote recommendations based upon custom policy), customizable interface, flexible voting processes, end-to-end vote confirmation (market dependent)</p>	<p>Fully integrated research (including vote recommendations based upon custom policy), customizable interface, flexible voting processes, end-to-end vote confirmation (market dependent)</p>
<p>Comprehensive package of standard reports; flexible and customizable reporting</p>	<p>Comprehensive package of standard reports; flexible and customizable reporting</p>



# Evaluation Observations and Rankings



**1. ISS – Overall Average Score 95**

**2. Glass Lewis – Overall Average Score 92**

	Organization (Weight 10%)	Client Information (Weight 10%)	Personnel (Weight 15%)	Custom Voting Policy Support (Weight 20%)	Proxy Research (Weight 20%)	Proxy Voting Platform (Weight 15%)	Fees (Weight 10%)	Average Score	Rank
ISS	93%	97%	94%	97%	97%	94%	95%	95%	1
Glass Lewis	90%	94%	89%	93%	91%	94%	95%	92%	2

# Finalists – Fee Proposals



Proxy Voting Platform and Full Research Coverage to Integrate LACERA Custom Policy (9,350 meetings and 13,200 ballots)	\$137,860	\$134,900
Additional Optional Research Resources	\$4,500 (Vote Disclosure Service)	\$7,500 - \$31,000 (Market Voting Statistics and Data; Director Data; and Vote Disclosure Service)



Limited coverage proxy research (2,125 meetings)	\$42,125	\$60,625
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- Additional limited coverage proxy research would provide LACERA with continued complementary research and analysis on contentious meetings and/or unique ballot items for limited universe (examples include mergers & acquisitions, contested elections, say-on-pay, new shareholder proposals, etc.)
- Fee quotes present competitive economics relative to current agreements and peers
- Fee quotes based on current LACERA portfolio; If LACERA portfolio holdings significantly expand, quotes provide for incremental per-unit costs to expand coverage
- Fee quotes based on 5-year contract term (aligned with LACERA's Procurement Policy)

# Proxy RFP Candidates: (C)oncerns and (M)itigants



Ownership

**(C):** On March 16, 2021 announced that 80% owner Ontario Teacher's Pension Plan Board and 20% owner Alberta Investment Management Corp sold their interests to Peloton Capital Management and Stephen Smith **(M):** Deeper resources should support growth

**(C):** 80% owned by Deutsche Börse AG and 20% owned by Genstar Capital LLC **(M):** Firm will remain autonomous within the Deutsche Börse Group and will operate on an arms' length basis



Research Resources

**(C):** Smaller breadth of global research resources **(M):** Expanding focus on growing global resources, including localized research staff

**(C):** Publishing of custom voting policy research and recommendations subject to delay relative to benchmark **(M):** Human oversight provides more careful application of custom voting policy



Human Capital

**(C):** Research team is supplemented by temporary staff during proxy season **(M):** Account for small proportion of research staff and create opportunity to identify high-potential candidates for full-time employment

**(C):** Research team is supplemented by temporary staff during proxy season **(M):** Account for small proportion of research staff and create opportunity to identify high-potential candidates for full-time employment



Research Conflicts

**(C):** Not a Registered Investment Advisor with SEC **(M):** Firm does not provide any advisory or consulting services to corporate issuers

**(C):** Provide consulting services to corporate issuers **(M):** Registered Investment Advisor with the SEC, physically separated offices, comprehensive and robust Conflict of Interest policy and Code of Ethics



Voting Chain Management

**(C):** Limited resources to manage voting chain issues **(M):** Exceptions based process and strong relationships with largest custodians helps minimize issues

**(C):** Narrow voting window due to custom research and vote deadlines imposed by voting chain participants **(M):** Participate in industry initiatives to encourage earlier corporate disclosures of meeting materials



Reporting

**(C):** LACERA reviews and reports data in propriety format and standard reporting does not capture nuanced approach **(M):** Data is available and can be customized and formatted outside application

**(C):** LACERA reviews and reports data in propriety format and standard reporting does not capture nuanced approach **(M):** Data is available and can be customized and formatted outside application



# Finalists – Firm Diversity and Inclusion

Diversity and Inclusion Items	Glass Lewis	ISS
Diversity, Equity and Inclusion policy	Yes	Yes
Workplace anti-harassment policy	Yes	Yes
Demographics of team and firm leadership, as reported:		
a. Percentage of women in executive and professional team:	45%	36%
b. Percentage of people of color in executive and professional team:	22%	33%
c. Percentage of people identifying as LGBTQ at the firm in executive and professional team:	Not available	Not available
Known EEO regulatory or litigation track record, as reported and researched for past 12 years, if any:	No	No
Notable initiatives, objectives, and strategies addressing Diversity and Inclusion (including any efforts to improve firm’s track record):	Several initiatives to increase diversity, including tracking diversity trends throughout the company globally, and broadening recruitment for Research Analysts to include Historically Black Colleges and Universities as well as recruiting from more diverse regions	Established regional Diversity Groups to develop recommendations to promote an inclusive diversity culture



# Recommendation



# Recommendation

**The Evaluation Team recommends that the Board select:**

- 1) **ISS to provide proxy voting service and full coverage proxy research to integrate LACERA custom voting policy support; and**
- 2) **Glass Lewis to provide limited coverage proxy research for additional and complementary research on contentious meetings and/or unique ballot items (examples include mergers & acquisitions, contested director elections, say-on-pay, new shareholder proposals, etc.)**

Recommended Services	Potential Annual Fee	Recommended Service Provider
Proxy Voting Platform and Full Research Coverage to Integrate LACERA Custom Policy (9,350 meetings and 13,200 ballots)	\$133,550*	
Additional Optional Research Resources	\$31,000	
Limited Coverage Proxy Research (2,125 meetings)	\$42,125	
<b>Total</b>	<b>\$206,675</b>	

*The Evaluation Team believes that this structure is the most prudent for accessing timely research to inform LACERA’s analysis and the execution, recording, and reporting of proxy votes consistent with its Corporate Governance and Stewardship Principles.*


*As noted on slide 5, LACERA currently retains ISS for full coverage proxy research, custom policy support, and proxy voting platform services and Glass Lewis for limited coverage proxy research.*

*\*Discount applied to ISS with purchase of Additional Optional Research Resources*



April 2, 2021

TO: Trustees – Board of Investments

FROM: Jude Pérez   
Principal Investment Officer

FOR: April 14, 2021 Board of Investments Meeting

SUBJECT: **STRATEGIC ASSET ALLOCATION AND ASSET LIABILITY STUDY REVIEW**

### DISCUSSION

One of the Board of Investments' ("BOI") core responsibilities is setting LACERA's strategic asset allocation ("SAA"). The SAA is the key driver of long-term risk and returns for the Total Fund, and therefore, is a vital component as LACERA pursues its mission to produce, protect, and provide the promised benefits.

To date, Meketa has provided the BOI with presentations on asset-liability management, the effects of the coronavirus pandemic on the economy and capital markets, and the implications of investing in a low global interest rate environment. Meketa also reviewed the process for developing capital market expectations and discussed ways to refine LACERA's investments considering changes in market conditions since the last SAA review. As communicated in previous BOI meetings, the SAA review cycle will continue through the 2021 fiscal year.

This month, Meketa's presentation will expand on the asset-liability study, building upon discussions from last month's meeting. The objective is to identify the Board's general risk tolerance as it concerns the SAA. This presentation is not meant to provide an overall asset allocation recommendation but to guide the SAA options that Meketa will bring forward for discussion at the May BOI meeting. It should be noted that Meketa shared the presentation with the Board's Actuarial Consultant, Milliman, for their review and feedback.

Meketa will review the attached presentation at the April 2021 BOI meeting.

Attachment

Noted and Reviewed:



---

Jonathan Grabel  
Chief Investment Officer

JP

# MEKETA

INVESTMENT GROUP

## Presentation to the Los Angeles County Employees Retirement Association

April 2021

## Strategic Asset Allocation and Asset Liability Study Review



# Los Angeles County Employees Retirement Association

## Strategic Asset Allocation

### Agenda

- Mean-Variance Optimization Results
- Discuss characteristics of the sample alternative policies
- Introduce the asset-liability model process
- Asset-liability modeling results
- Shock scenarios
- Next Steps and Notes



# Los Angeles County Employees Retirement Association

## Strategic Asset Allocation

### Goals:

- Identify the Board's general risk tolerance.

### Next Steps:

- Meketa to provide more detailed allocation alternatives within the Board's risk tolerance zone.



# Los Angeles County Employees Retirement Association

## Historical Asset Allocations from 2010 - 2020

2010 AA (%)	2014 AA (%)	2018 AA (%)	2019 AA (%)	2020 AA (%)
Public Equities 52	Public Equities 49	Public Equities 41.4	Growth 52	Growth 47
Private Equity 7	Private Equity 11	Private Equity 10	Credit 10	Credit 12
Fixed Income 26	Fixed Income 23	Fixed Income 27.8	Real Assets & Inflation Hedges 15	Real Assets & Inflation Hedges 17
Real Estate 10	Real Estate 10	Real Estate 11	Risk Reduction & Mitigation 23	Risk Reduction & Mitigation 24
Commodities 3	Commodities 3	Commodities 2.8		
Cash 2	Cash 2	Cash 2		
	Hedge Funds 2	Hedge Funds 5		



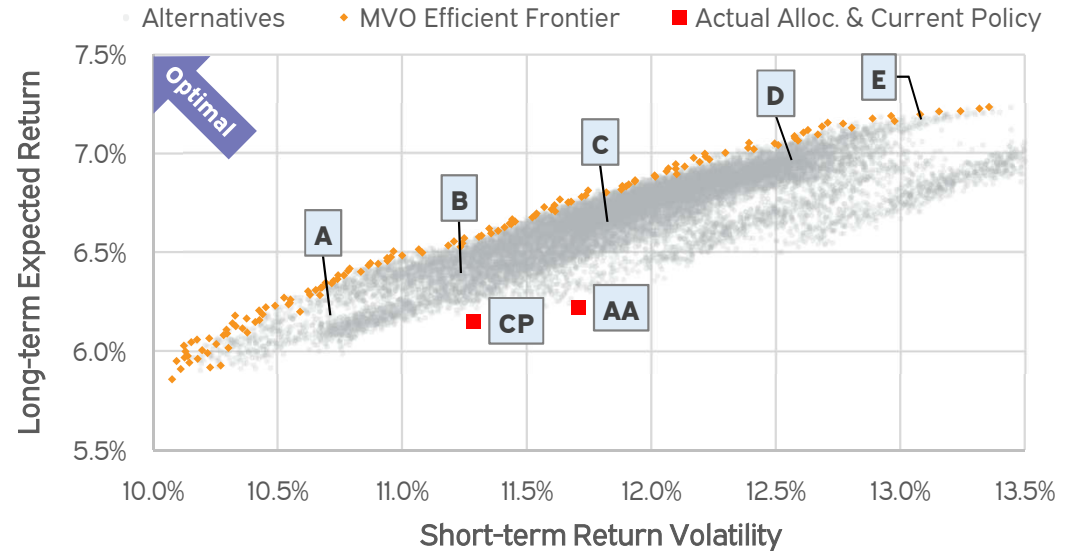
# Mean-Variance Optimization



# Los Angeles County Employees Retirement Association

## Mean-Variance Optimization (MVO) – Efficient Frontier

- A mean-variance optimization provides a quick snapshot of the portfolio's long-term expected return (y-axis) and short-term return volatility (x-axis).
- The graph plots the expected return and volatility of 15,000 combinations of asset classes.
- Returns are forecasted for 20-years using Meketa's 2021 Capital Market Expectations.
- In the scatter-plot graph, the:
  - Red squares plot the risk/return profile of the Current Policy (CP) & Actual Allocation (AA) at 12/31/2020.
  - Orange diamonds represent the "efficient frontier", the asset allocations that minimize volatility at each return
  - Gray dots represent profiles of allocations that were evaluated but did not fall on the efficient frontier
- The labeled allocations A - E represent sample alternative portfolios that fall on or near the MVO efficient frontier.



	Current Policy	Actual Allocation	Lower Risk & Return ← → Higher Risk & Return				
Graph Label	CP	AA	A	B	C	D	E
Asset Allocation							
Growth	47%	51%	44%	47%	50%	53%	55%
Credit	12%	11%	10%	12%	13%	14%	15%
Real Assets and Inflation Hedges	17%	16%	16%	16%	16%	16%	17%
Risk Reduction and Mitigation	24%	22%	30%	25%	21%	17%	13%
Total	100%	100%	100%	100%	100%	100%	100%
Expected Return	6.2%	6.2%	6.2%	6.4%	6.7%	7.0%	7.2%
Expected Volatility	11.3%	11.7%	10.7%	11.2%	11.8%	12.6%	13.1%



# **Asset-Liability Study**



# Los Angeles County Employees Retirement Association

## Summary of Survey Results

- Recall the results of the Strategic Asset Allocation Survey, completed in late 2020.

Questions	Importance Scale					Ranking*
	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	
Q1 Achieving a final funding ratio of at least 100% by the end of the funding period (20 years) (primarily focused on an end goal)	44	33	0	11	11	389
Q2 Maintaining consistent progress along the current Funding Progress Path(primarily focused on an intermediate-term goal)	33	33	22	11	0	389
Q4 Minimizing contribution uncertainty (providing employer cost certainty)	11	11	22	33	22	255
Q5 Minimizing major total portfolio declines (e.g., larger than -10% in a fiscal year)	11	11	22	11	44	233
Q3 Minimizing average contributions into the Plan	0	11	33	33	22	233

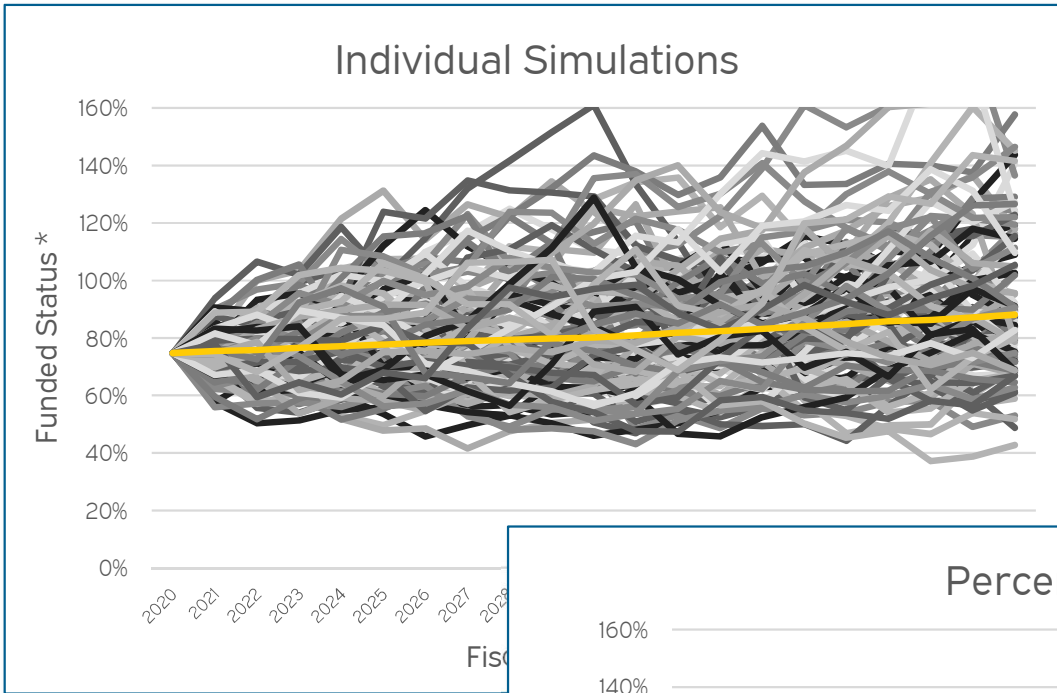
- The results indicated a strong focus on funded status metrics (Q1 and Q2) with additional considerations for minimizing contribution uncertainty (Q4)
- The individual results of the survey are referenced in the Appendix.

\* Ranking = 5X Score of 1 + 4X Score of 2 + 3X Score of 3 + 2X Score of 4 + Score of 5

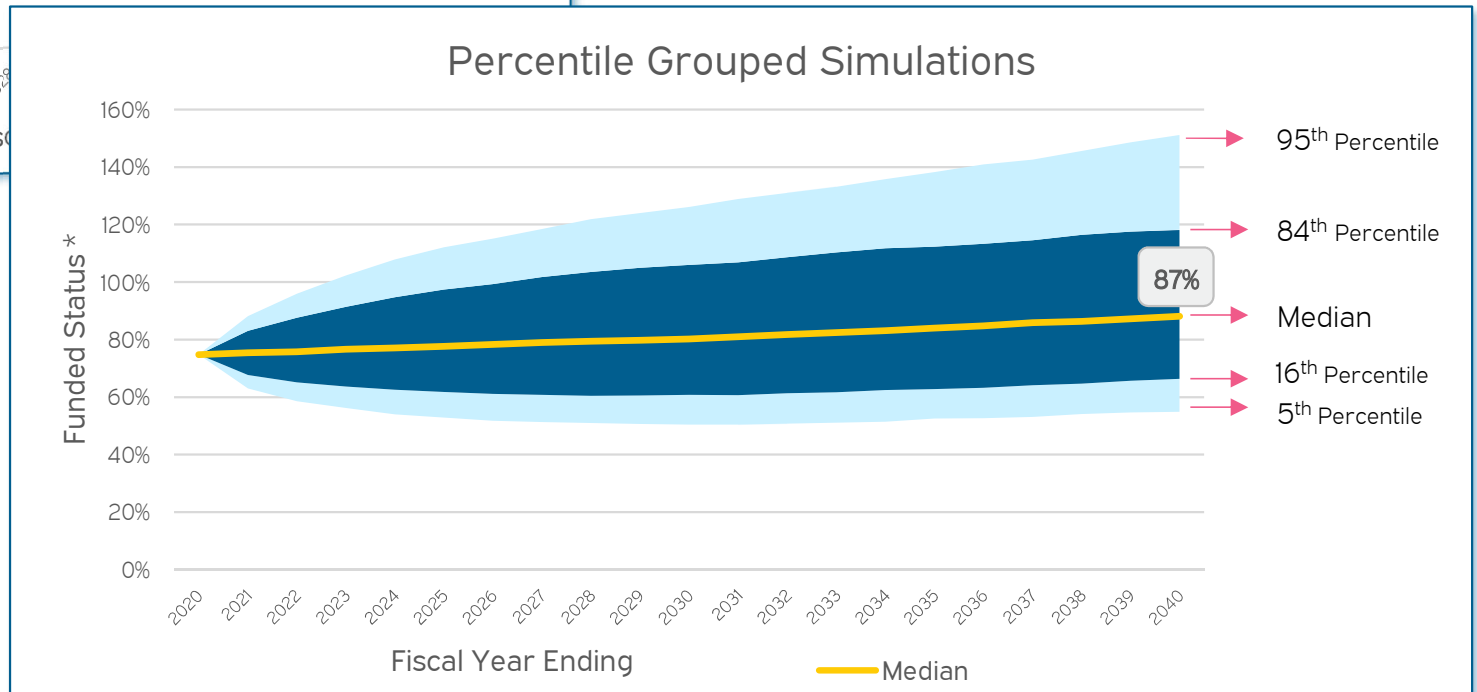


# Los Angeles County Employees Retirement Association

## Asset-Liability Study – Simulations to Percentiles – Funded Status



- The chart to the left displays a simulation of funded status outcomes based on the current investment policy, funded status, projected pension benefit payments, contributions and funding policy.
- The chart below summarizes those results into corridors of percentiles.
- Example: There is a 50% probability the funded status in 2040 is expected to be greater than 87%.



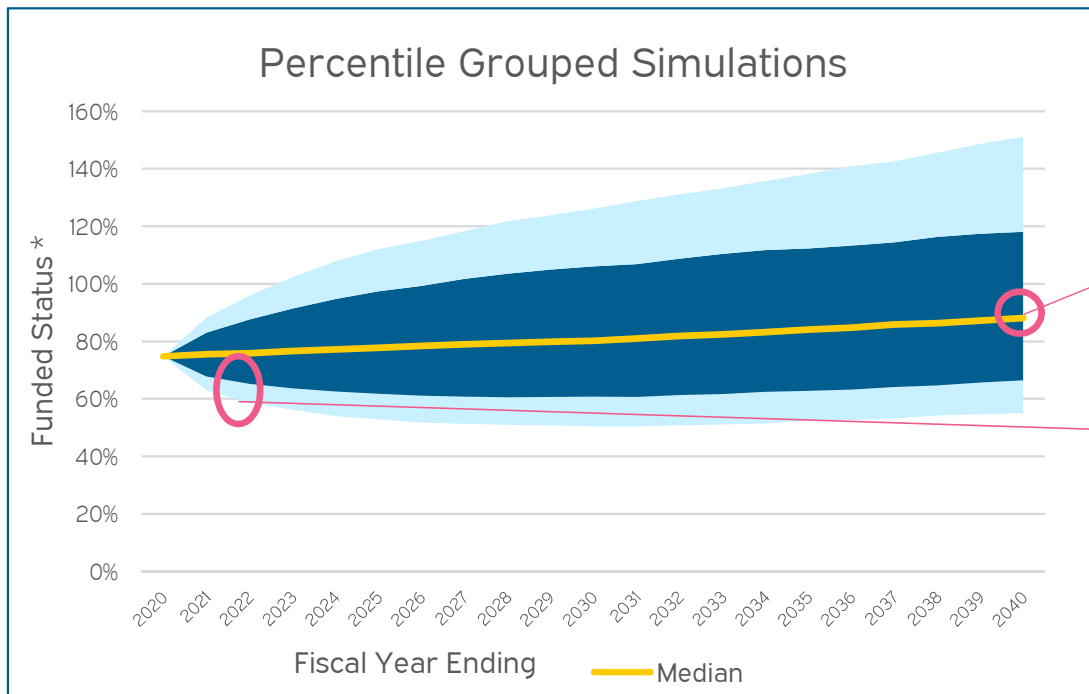
\* Based on market value of assets, not actuarial value.



# Los Angeles County Employees Retirement Association

## Asset-Liability Study – Percentiles to Analysis

- Once the simulations have been grouped into percentile corridors, we can analyze key short-term and long-term details for comparison.
- For this study we are focusing on:
  - Long-term, expected outcomes – the median measured at the end of the 5<sup>th</sup> year (FYE 2025), 10<sup>th</sup> year (FYE 2030) and 20<sup>th</sup> year (FYE 2040).
  - Short-term volatility – the difference between the median and 16<sup>th</sup> percentile (one standard deviation) measured at the end of the next, full fiscal year (FYE 2022).



This median market value funded status is **87%** in 20 years

The short-term, downside of **61%** at FYE 2022

\* Based on market value of assets, not actuarial value.



# Los Angeles County Employees Retirement Association

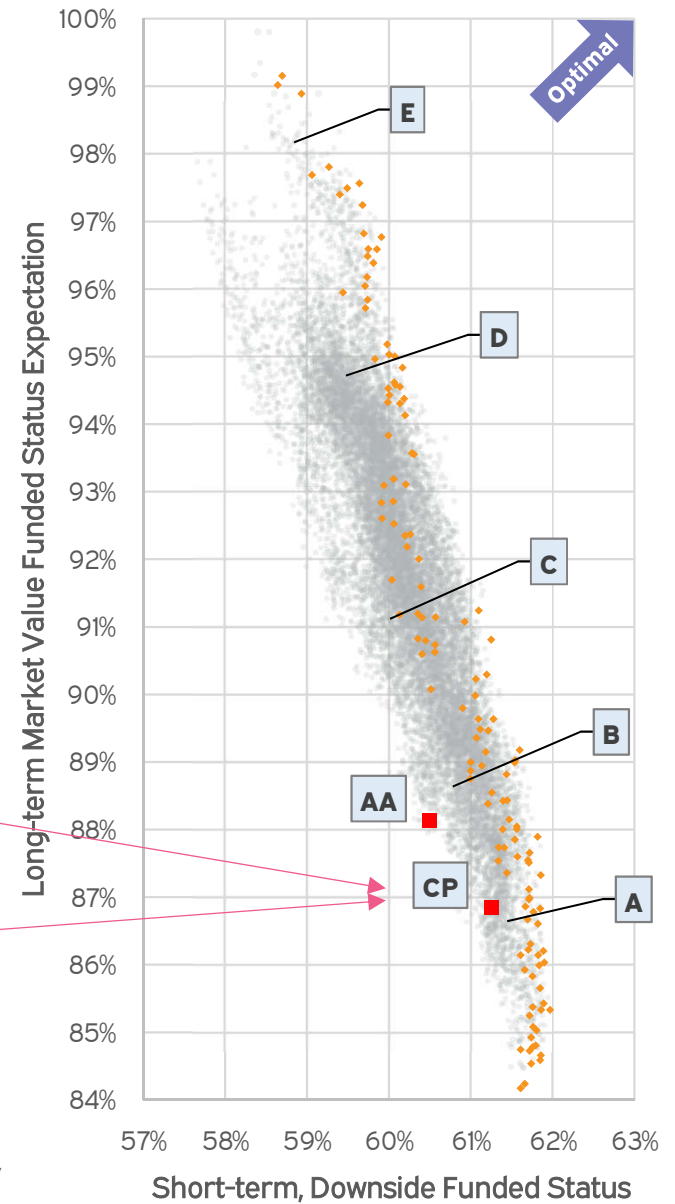
## Asset-Liability Study – Analysis to Scatter Plot

- This process is repeated for all 15,000 asset allocation alternatives to create a sense of how portfolios are expected to perform relative to each other.
- The y-axis is the long-term expectation (median) and the x-axis is the short-term downside (5<sup>th</sup> percentile outcome).
- Portfolios nearest the top and right of the graph are considered relatively optimal.
- **Important note:** accrued liability projections assume a 7% rate of return regardless of the expected asset return.

This median market value funded status is **87%** in 20 years

The short-term, downside of **61%** at FYE 2022

- Alternatives
- MVO Efficient Frontier
- Actual Alloc. & Current Policy



\* Based on market value of assets, not actuarial value.



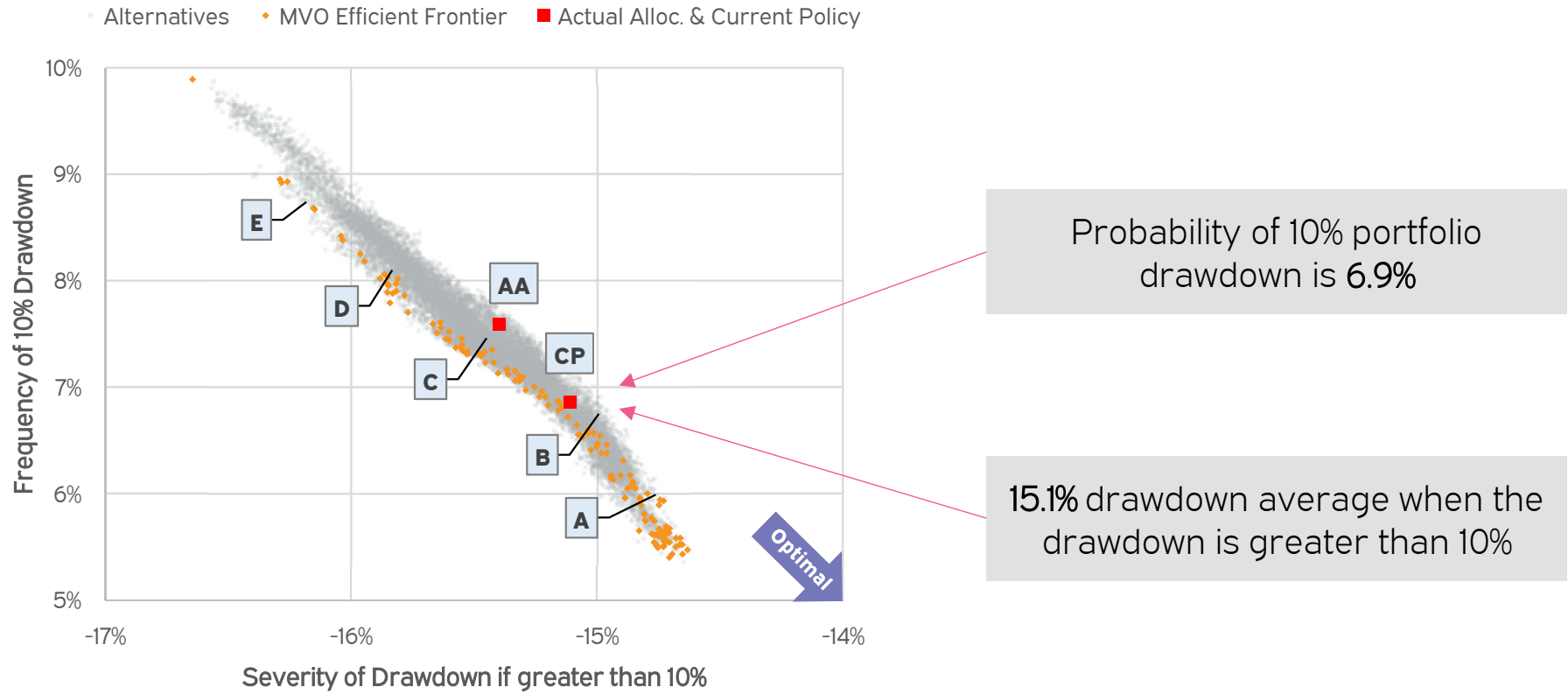
**Asset-Liability Study**  
**Frequency and Severity**  
**(Value-at-Risk)**



# Los Angeles County Employees Retirement Association

## Frequency and Severity – Portfolio Drawdown Greater than 10%

- The drawdown frequency (y-axis) measures how often an asset allocation is expected to experience a drawdown of 10% or more due to market returns.
- When the plan experiences a drawdown of 10% or more, the severity (x-axis) measures the average size of the drawdown.





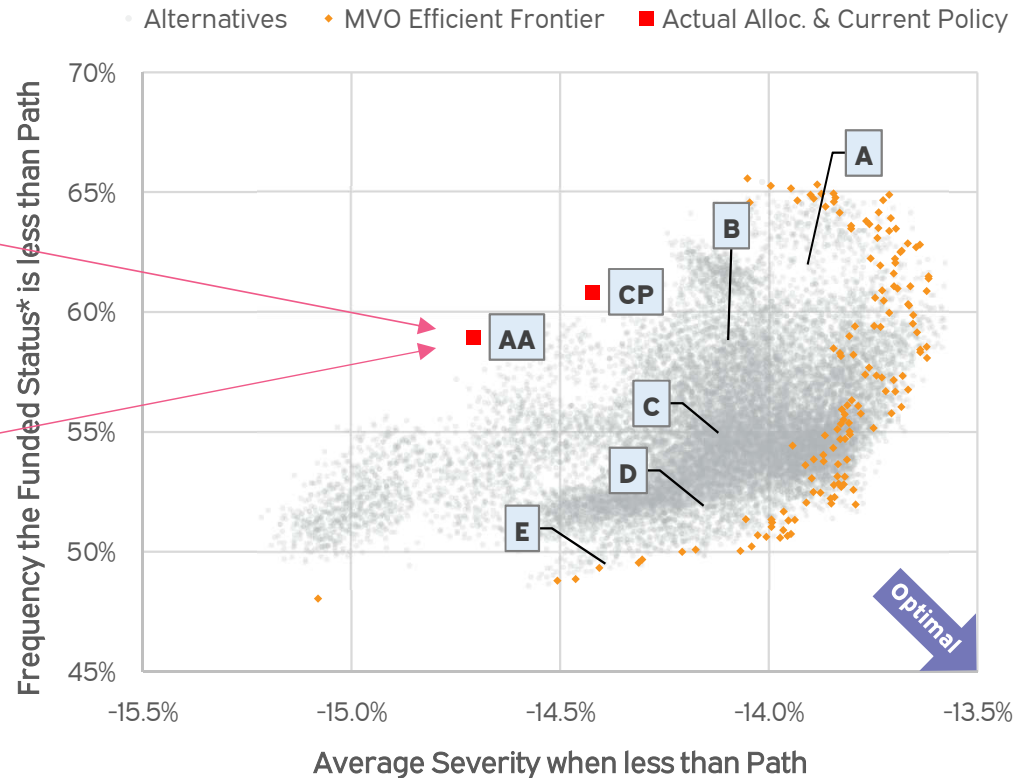
# Los Angeles County Employees Retirement Association

## Frequency and Severity – Funded Status Path to 100%

- “Funded Status Path to 100%” - Straight line drawn between the current *actuarial* funded status (76.8% as of June 30, 2020) to 100% at June 30, 2040.
- The chart below measures how often an asset allocation is expected to produce a funded status below the path to 100%.
- When the funded status is less than the path, the severity measures the average distance below the path.

Probability the Actuarial Funded Status is less than Path is 59%

When the Funded Status is less than the Path, it averages 14.7% below the Path



\* Based on actuarial value of assets, not market value.

## **Shock Scenarios**

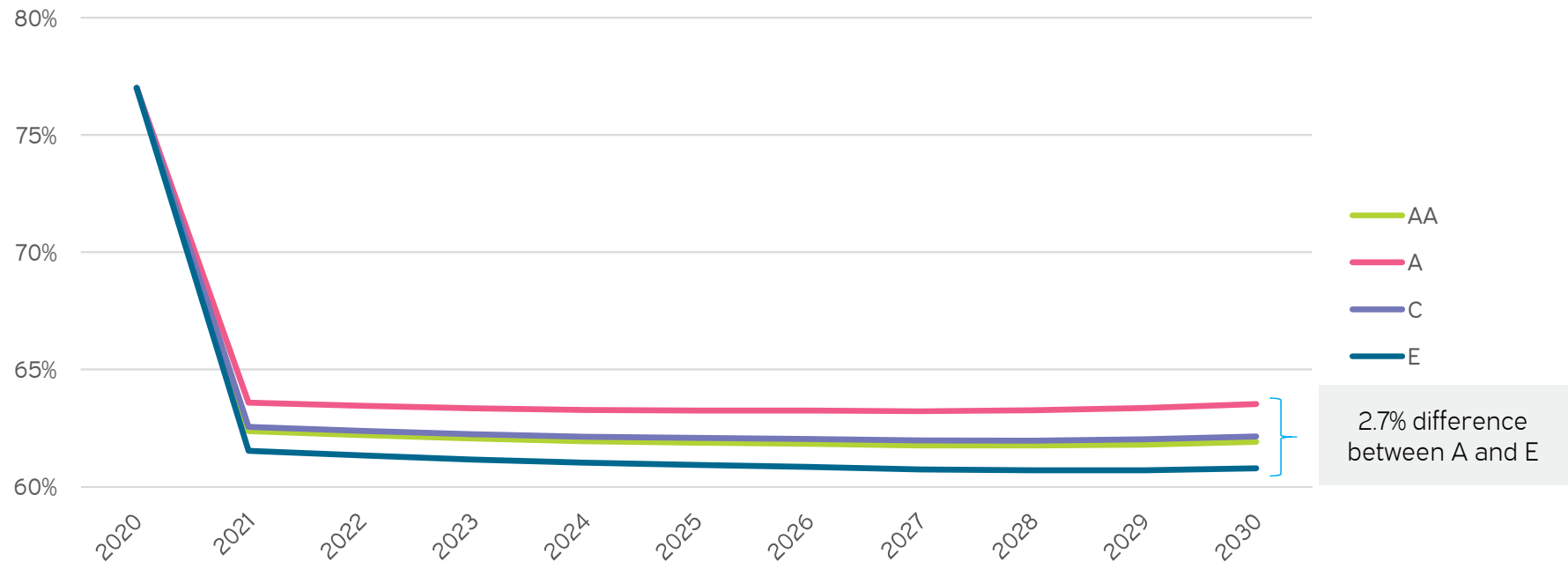


# Los Angeles County Employees Retirement Association

## Shock Scenarios – Sequence of Returns

- When a plan has negative net cash flows, the worst time to experience a significantly negative market event (“two standard deviation event”) is in the first year.
- The following charts plot the actual allocation and alternatives A, C and E if a negative market event were to occur in the first year followed by 9 years of recovery (7% per year).

### Market Value Funded Status

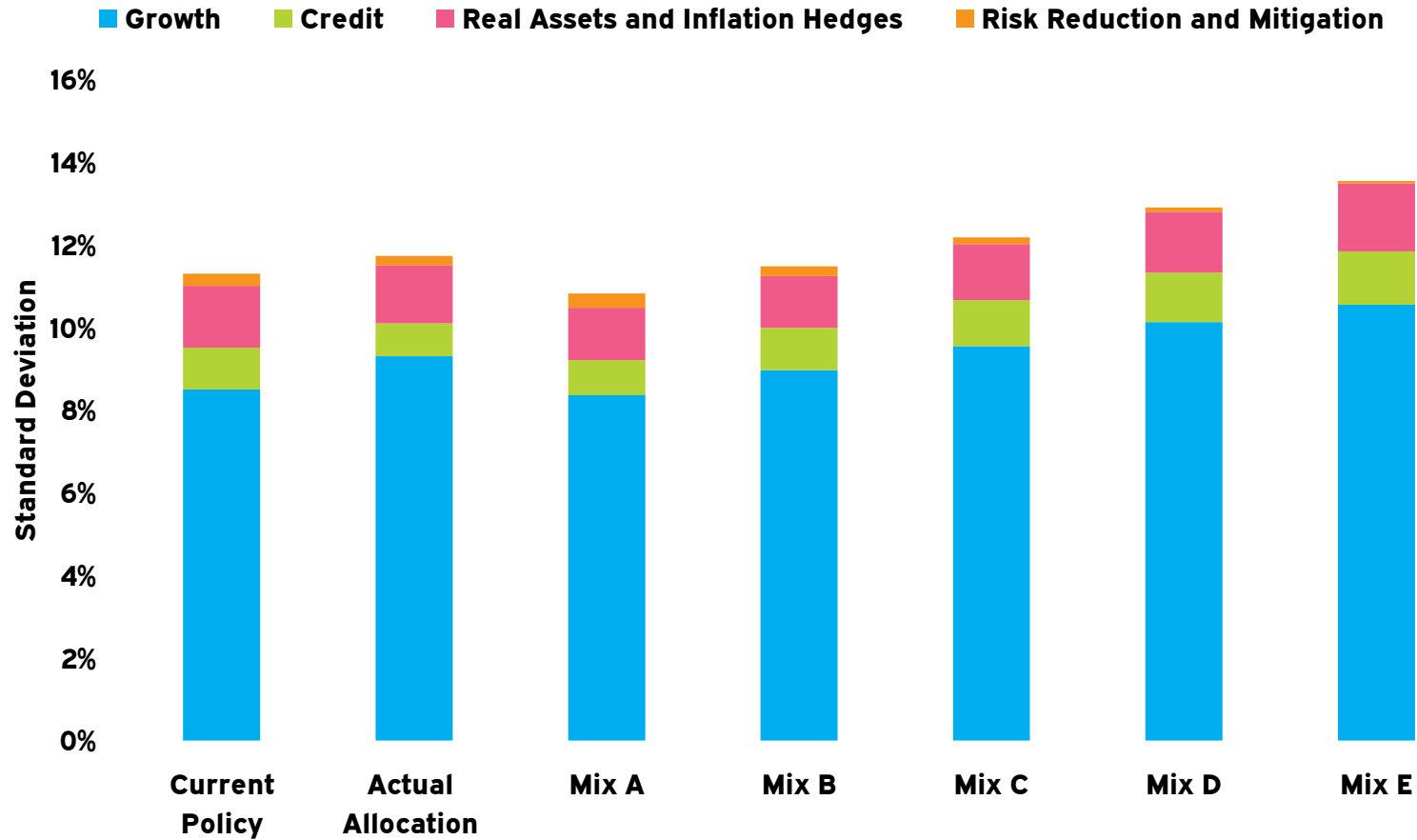


\* Contribution expectation kept constant between all scenarios for better recovery comparison.



# Los Angeles County Employees Retirement Association

## Risk Budgeting Analysis (Absolute Contribution to Risk)



- In each policy option, Growth risk dominates the risk profile of the portfolio.

Contribution to risk is calculated by multiplying the weight of the asset class by its standard deviation and its correlation with the total portfolio.



# Los Angeles County Employees Retirement Association

## Shock Scenarios

### Value at Risk

Scenario	Current Policy	Actual Allocation	Mix A	Mix B	Mix C	Mix D	Mix E
<b>VaR (%):</b>							
1 month	-7.3	-7.7	-6.8	-7.2	-7.7	-8.1	-8.5
3 months	-12.0	-12.7	-11.1	-11.8	-12.6	-13.3	-14.0
6 months	-16.1	-17.0	-14.9	-15.8	-16.8	-17.8	-18.7
<b>VaR (\$ mm):</b>							
1 month	-4,746	-5,023	-4,416	-4,688	-4,975	-5,269	-5,535
3 months	-7,800	-8,266	-7,244	-7,697	-8,167	-8,652	-9,093
6 months	-10,438	-11,077	-9,673	-10,286	-10,913	-11,563	-12,157

- According to the VaR model, Mix E could lose up to \$5.5 billion in a single month.

Calculated with a 99% confidence level and based upon Meketa Investment Group's Annual Asset Study. cVaR represents the average loss past the 99th percentile.



# Los Angeles County Employees Retirement Association

## Shock Scenarios

### Conditional Value at Risk

Scenario	Current Policy	Actual Allocation	Mix A	Mix B	Mix C	Mix D	Mix E
<b>CVaR (%):</b>							
1 month	-8.4	-8.9	-7.8	-8.3	-8.8	-9.3	-9.8
3 months	-13.9	-14.7	-12.9	-13.7	-14.6	-15.4	-16.2
6 months	-18.8	-19.9	-17.4	-18.5	-19.6	-20.8	-21.8
<b>CVaR (\$ mm):</b>							
1 month	-5,467	-5,784	-5,089	-5,401	-5,731	-6,069	-6,374
3 months	-9,042	-9,578	-8,402	-8,924	-9,468	-10,028	-10,536
6 months	-12,196	-12,934	-11,312	-12,024	-12,755	-13,511	-14,201

- According to the CVaR model, Mix E could lose up to \$6.4 billion in a single month.

Calculated with a 99% confidence level and based upon Meketa Investment Group's Annual Asset Study. cVaR represents the average loss past the 99th percentile.





# Los Angeles County Employees Retirement Association

## Shock Scenarios

### Historical Negative Scenarios Analysis (Cumulative Return)

Scenario	Current Policy (%)	Actual Allocation (%)	Mix A (%)	Mix B (%)	Mix C (%)	Mix D (%)	Mix E (%)
Taper Tantrum (May - Aug 2013)	-0.1	0.1	-0.3	-0.2	0.1	0.3	0.6
Global Financial Crisis (Oct 2007 - Mar 2009)	-23.7	-25.4	-19.9	-21.8	-23.4	-25.1	-26.8
Popping of the TMT Bubble (Apr 2000 - Sep 2002)	-7.6	-10.6	-3.8	-6.2	-8.0	-10.0	-11.9
LTCM (Jul - Aug 1998)	-6.5	-7.0	-5.3	-5.7	-6.0	-6.4	-6.9
Rate spike (1994 Calendar Year)	3.2	3.5	2.6	2.9	3.2	3.8	4.2
Crash of 1987 (Sep - Nov 1987)	-7.8	-8.5	-6.3	-6.8	-7.2	-7.6	-8.0
Strong dollar (Jan 1981 - Sep 1982)	4.8	3.5	7.0	5.5	4.3	2.9	1.5
Volcker Recession (Jan - Mar 1980)	-3.9	-4.1	-4.0	-3.9	-3.6	-3.4	-3.2
Stagflation (Jan 1973 - Sep 1974)	-14.9	-16.5	-13.2	-14.9	-16.1	-16.9	-17.7
COVID-19 Market Shock (Feb 2020 - Mar 2020)	-16.6	-17.5	-13.9	-14.7	-15.1	-15.9	-16.7

- Currency and interest rate moves have a much smaller effect on portfolio returns than equity returns.

See the Appendix for our scenario inputs. In periods where the ideal benchmark was not yet available we used the next closest benchmark(s) as a proxy.



# Los Angeles County Employees Retirement Association

## Shock Scenarios

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

Scenario	Current Policy (%)	Actual Allocation (%)	Mix A (%)	Mix B (%)	Mix C (%)	Mix D (%)	Mix E (%)
10-year Treasury Bond rates rise 100 bps	2.7	3.1	1.9	2.1	2.4	2.6	3.0
10-year Treasury Bond rates rise 200 bps	-1.5	-1.3	-2.7	-2.5	-2.2	-2.0	-1.5
10-year Treasury Bond rates rise 300 bps	-4.9	-4.7	-6.4	-6.2	-5.8	-5.7	-5.2
Baa Spreads widen by 50 bps, High Yield by 200 bps	0.6	0.6	1.0	0.8	0.7	0.5	0.3
Baa Spreads widen by 300 bps, High Yield by 1000 bps	-18.7	-19.6	-16.5	-17.6	-18.4	-19.4	-20.3
Trade Weighted Dollar gains 10%	-3.6	-3.9	-3.0	-3.3	-3.5	-3.8	-4.1
Trade Weighted Dollar gains 20%	-1.9	-2.4	-1.1	-1.5	-1.6	-1.9	-2.4
US Equities decline 10%	-4.5	-5.0	-4.0	-4.4	-4.8	-5.2	-5.6
US Equities decline 25%	-14.5	-15.3	-13.1	-14.0	-14.9	-15.7	-16.5
US Equities decline 40%	-22.6	-23.7	-20.2	-21.5	-22.5	-23.7	-24.8

- Market Corrections (equity losses and spreads widening) have a greater impact on mixes with higher expected returns, which have larger risk assets exposure.
- Each policy portfolio has a different sensitivity to four major risk factors: interest rates, credit spreads, currency fluctuations, and equity values.

Assumes that assets not directly exposed to the factor are affected nonetheless. See the Appendix for further details.



## Los Angeles County Employees Retirement Association

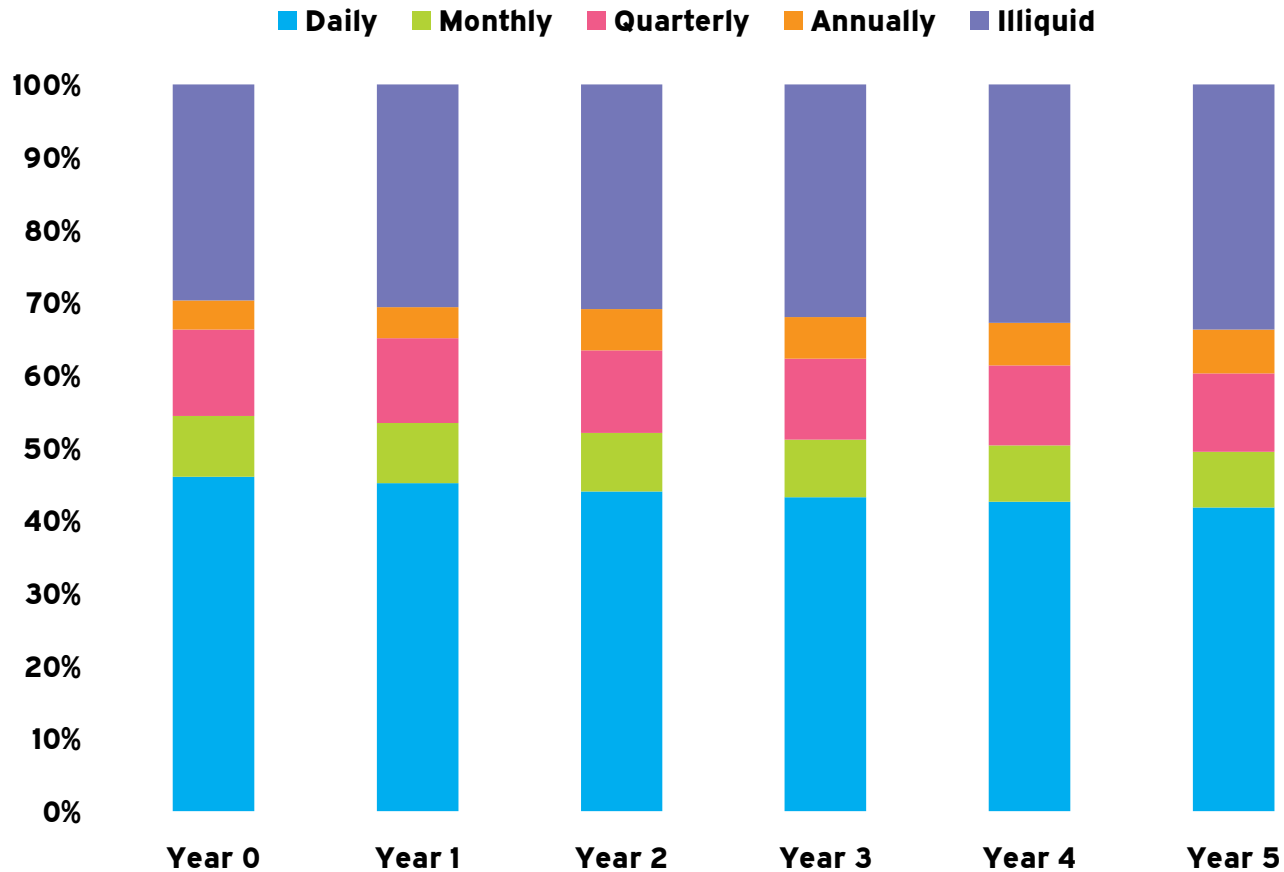
### Liquidity Stress Test Introduction

- We conducted an extreme stress test to analyze the Pension's liquidity. Specifically, we evaluated whether the Pension could:
  - Continue to meet its benefit obligations and expenses (including any obligations to fund commitments to Private Market managers),
  - While staying within its target allocation ranges,
  - And at what cost (i.e., to what extent would it be forced to sell stressed or distressed assets)?
- 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 net outflows of \$803 mm in Year 1, \$896 mm in Year 2, \$993 mm in Year 3, \$1,098 mm in Year 4, and \$1,207 mm in Year 5.
  - We assume closed-end funds offer no liquidity in years 1 – 4, and very limited liquidity in year 5.
  - We assume open-end and hedge funds offer no liquidity in years 1 – 3, and limited liquidity in years 4 – 5.
  - We assume the Plan would rebalance toward its policy targets each year.
- We show the results for Mix E on the following pages, as it is the least liquid of the policy options and thus represents the most extreme case.



# Los Angeles County Employees Retirement Association

## Liquidity Stress Test: Liquidity Profile (for Mix E)



- At the trough, the policy portfolio would have 42% of its assets in daily liquid vehicles.

## **Conclusions and Notes**



# Los Angeles County Employees Retirement Association

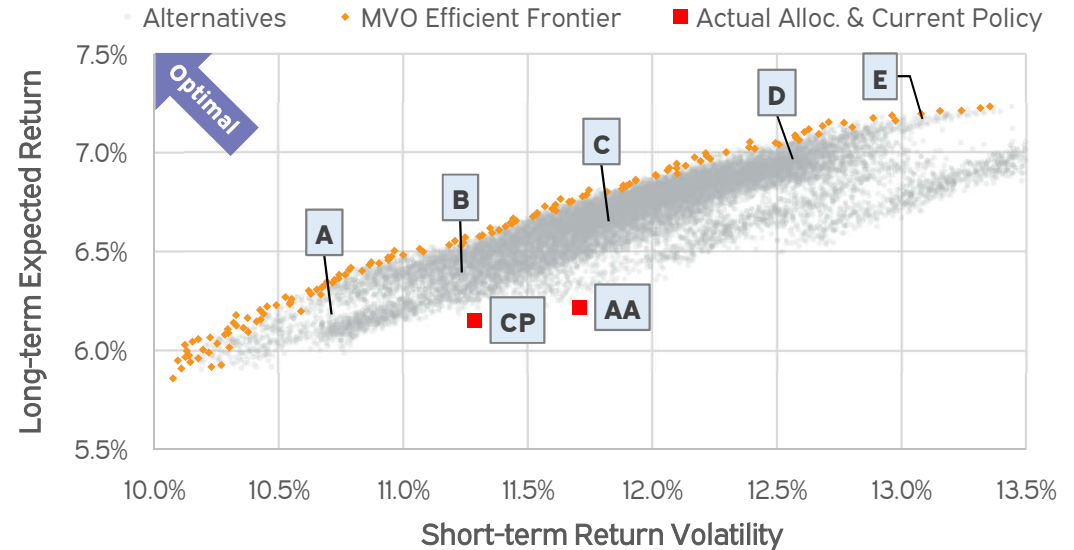
## Strategic Asset Allocation – Conclusions and Notes

### Goals:

- ✓ Identify the Board’s general risk tolerance.

### Next Steps:

- ✓ Meketa to provide more detailed allocation alternatives within the Board’s risk tolerance zone.



### Notes:

This presentation has been shared with the LACERA’s actuary, Milliman.

The long-term median expected return is what the actuarial team will use to guide the rate of return expectation for the actuarial valuation.

The capital market assumptions do not include manager alpha assumptions. Any long-term alpha should be assumed in addition.

All forecasts assume a rate of return liability assumption of 7% regardless of the expected rate of return of the asset allocation being tested.

There are many alternative asset allocations that Meketa did not model in this study. The focus of the strategic asset allocation study was on alternatives that increase the long-term rate of return and/or decrease the short-term volatility.

	Current Policy	Actual Allocation	Lower Risk & Return ← → Higher Risk & Return				
Graph Label	CP	AA	A	B	C	D	E
<b>Asset Allocation</b>							
Growth	47%	51%	44%	47%	50%	53%	55%
Credit	12%	11%	10%	12%	13%	14%	15%
Real Assets and Inflation Hedges	17%	16%	16%	16%	16%	16%	17%
Risk Reduction and Mitigation	24%	22%	30%	25%	21%	17%	13%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Expected Return	6.2%	6.2%	6.2%	6.4%	6.7%	7.0%	7.2%
Expected Volatility	11.3%	11.7%	10.7%	11.2%	11.8%	12.6%	13.1%

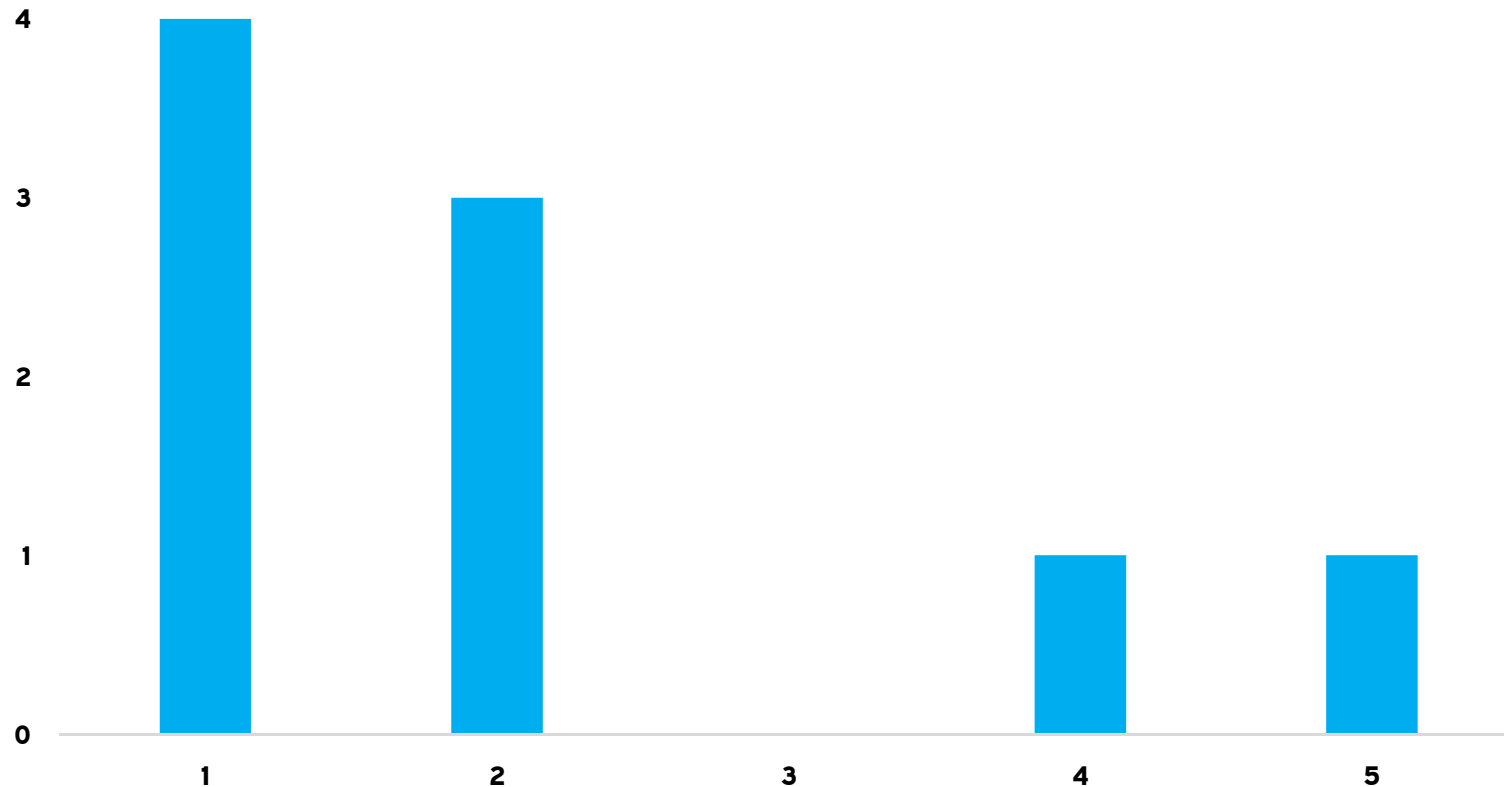
## **Appendix: Survey Voting Results**



# Los Angeles County Employees Retirement Association

## Recap - Survey Quantitative Question #1

Survey Question #1: Achieving a final funding ratio of at least 100% by the end of the funding period (20 years) - (End goal focus)



- There is a strong consensus that achieving a 100% final funding ratio is an important objective.
- This was considered one of the most important objectives.



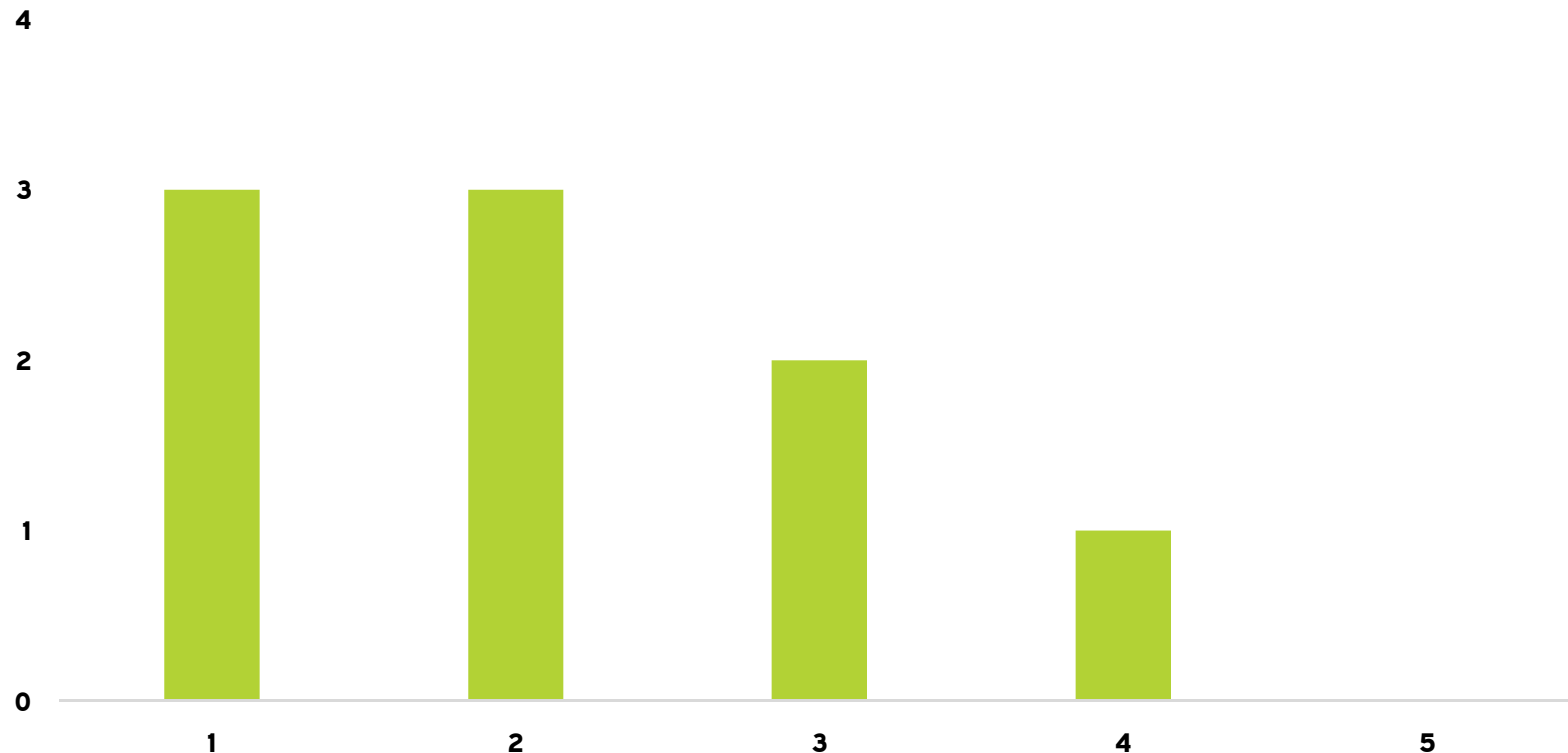


# Los Angeles County Employees Retirement Association

## Recap - Survey Quantitative Question #2

Survey Question #2: Maintaining consistent progress along the current Funding Progress Path

(Intermediate-term goal focus)



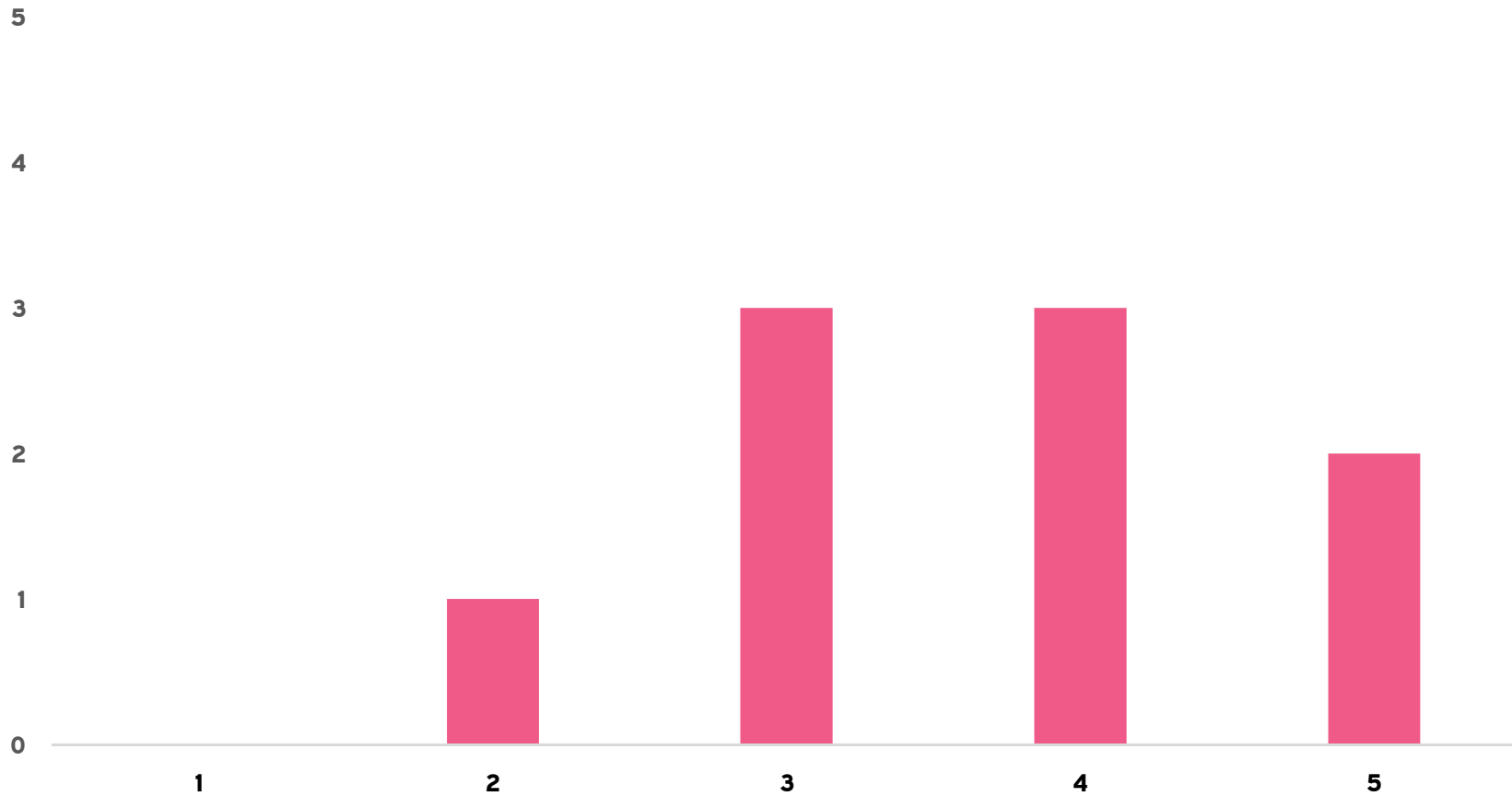
- There is a strong consensus that maintaining progress along the Progress Path is an important objective.
- This was considered one of the most important objectives.



# Los Angeles County Employees Retirement Association

## Recap - Survey Quantitative Question #3

Survey Question #3: Minimizing average contributions into the Plan



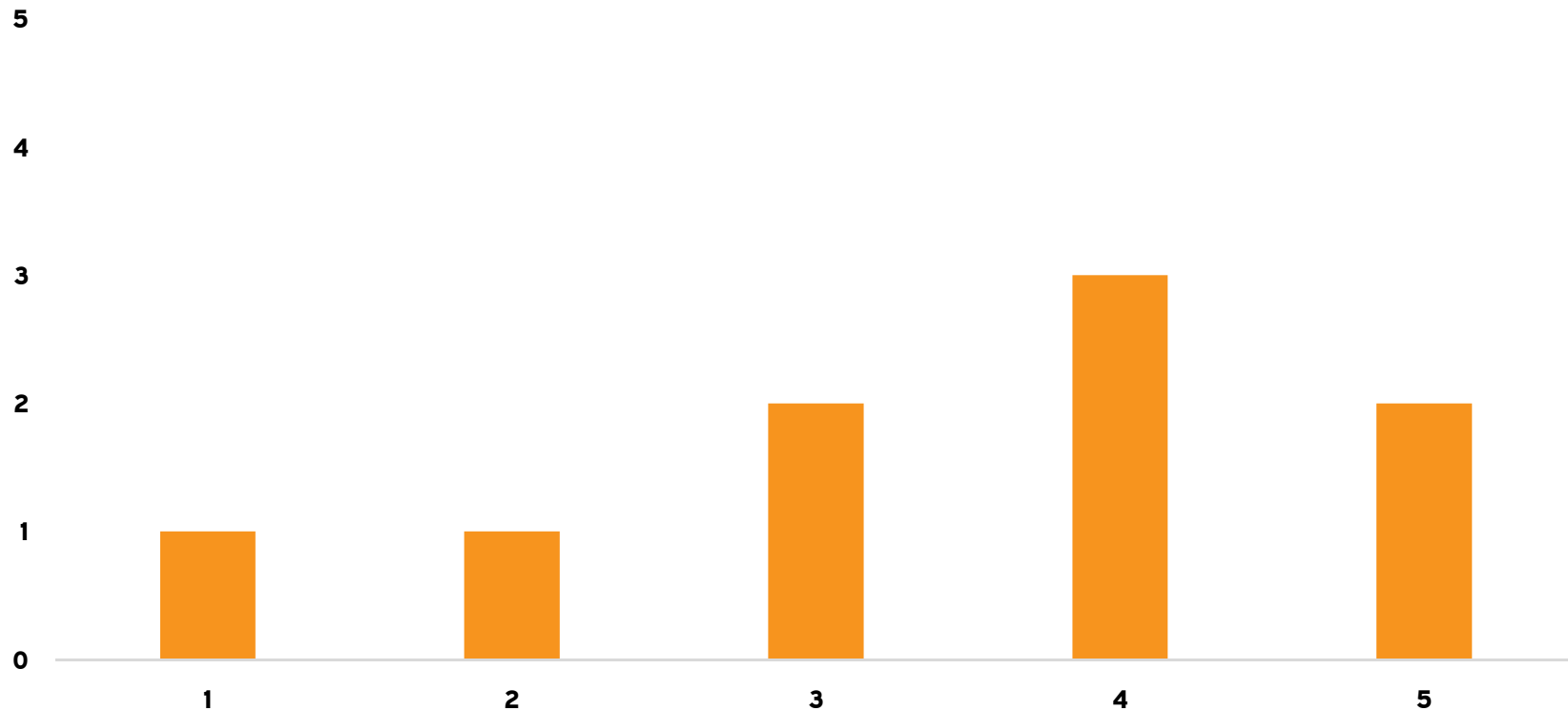
- While there is some dispersion among the results, this objective was ranked as one of the least important objectives.



## Los Angeles County Employees Retirement Association

### Recap - Survey Quantitative Question #4

Survey Question #4: Minimizing contribution uncertainty  
(providing employer cost certainty)



- The Board has a fairly mixed view on this objective, but the majority ranked importance as below average.

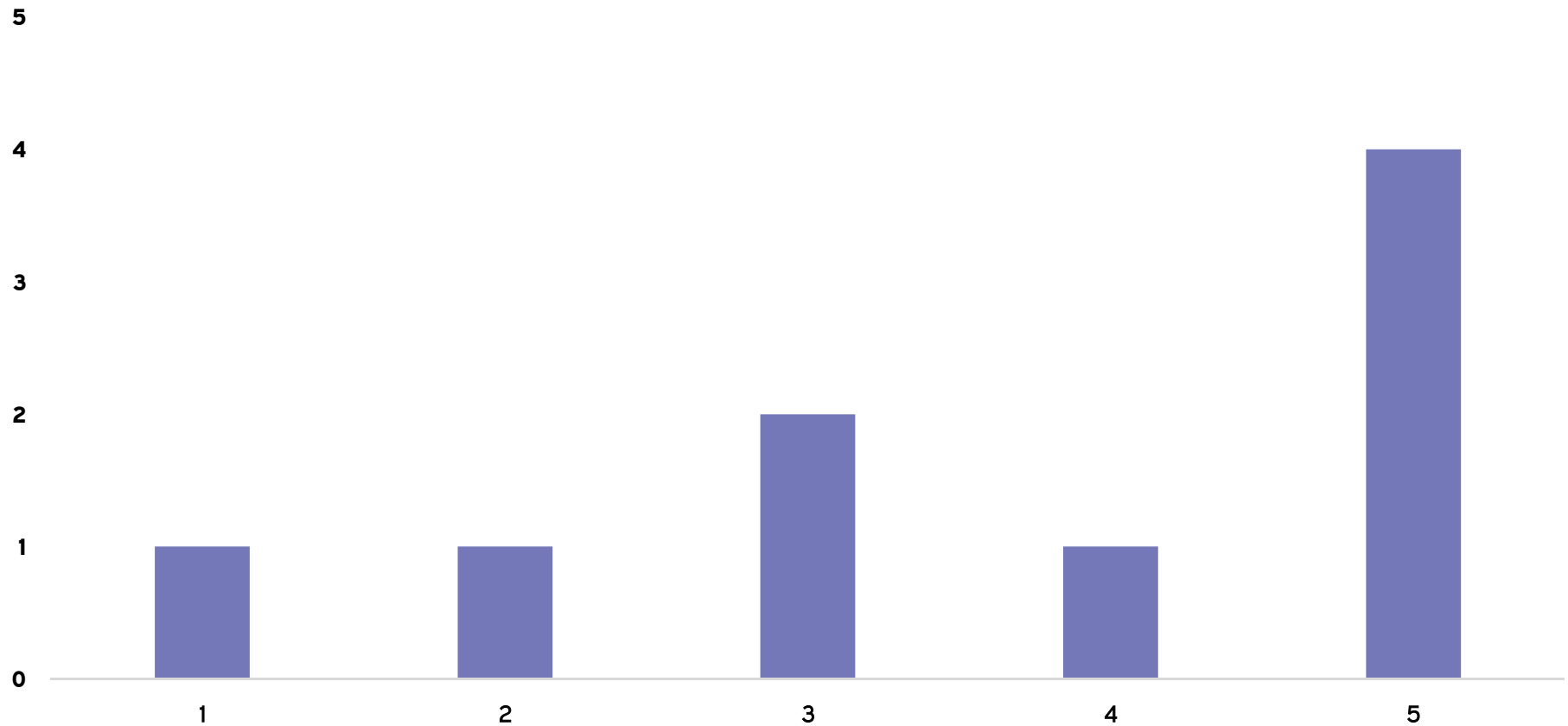


## Los Angeles County Employees Retirement Association

### Recap – Survey Quantitative Question #5

Survey Question #5: Minimizing major total portfolio declines

(e.g., larger than -10% in a fiscal year)



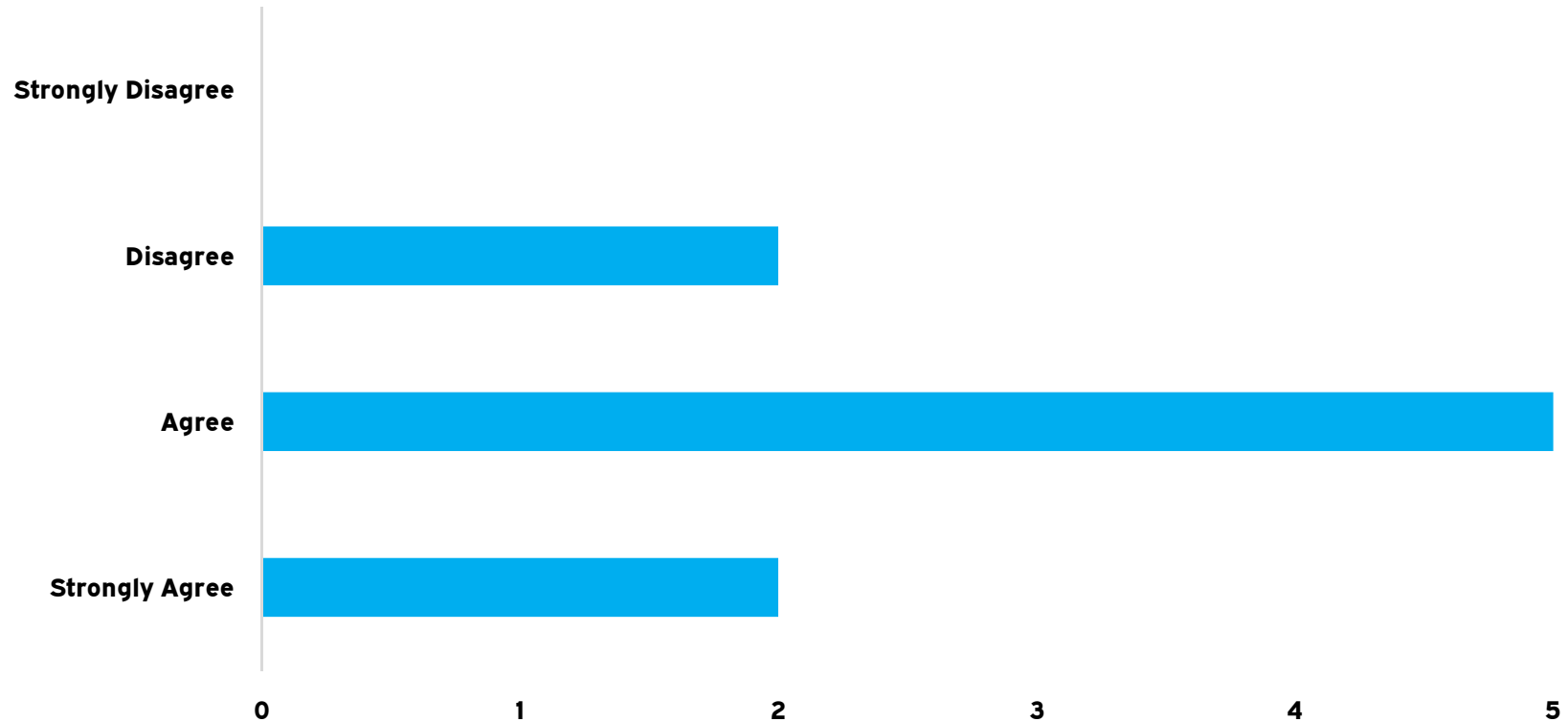
- There is some consensus that minimizing total portfolio declines is a lower objective.
- This objective was ranked as one of the least important objectives.



# Los Angeles County Employees Retirement Association

## Recap – Survey Subjective Question #1

During a market crisis, it is expected that the Plan Sponsor will increase its contribution rate to support the Plan.



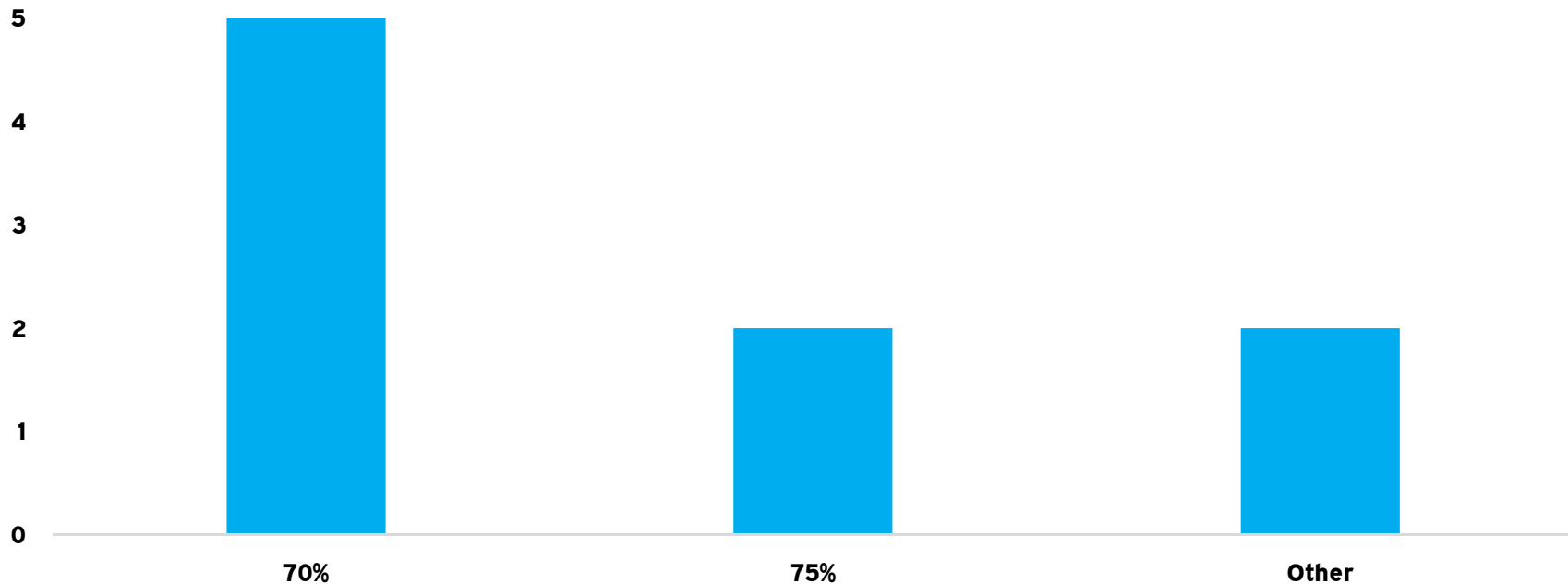
- There is consensus that contribution rates by the Plan Sponsor will be increased as a result of a market crisis.



# Los Angeles County Employees Retirement Association

## Recap – Survey Subjective Question #2

Based on a current funded ratio of 77% (June 30, 2019), what is the minimum funded ratio LACERA should be willing to accept in a market crisis scenario (i.e., very rapid deterioration in economic conditions)?



- The Board has a mixed view on the minimum funded ratio LACERA should be willing to accept.

Responses for other included:

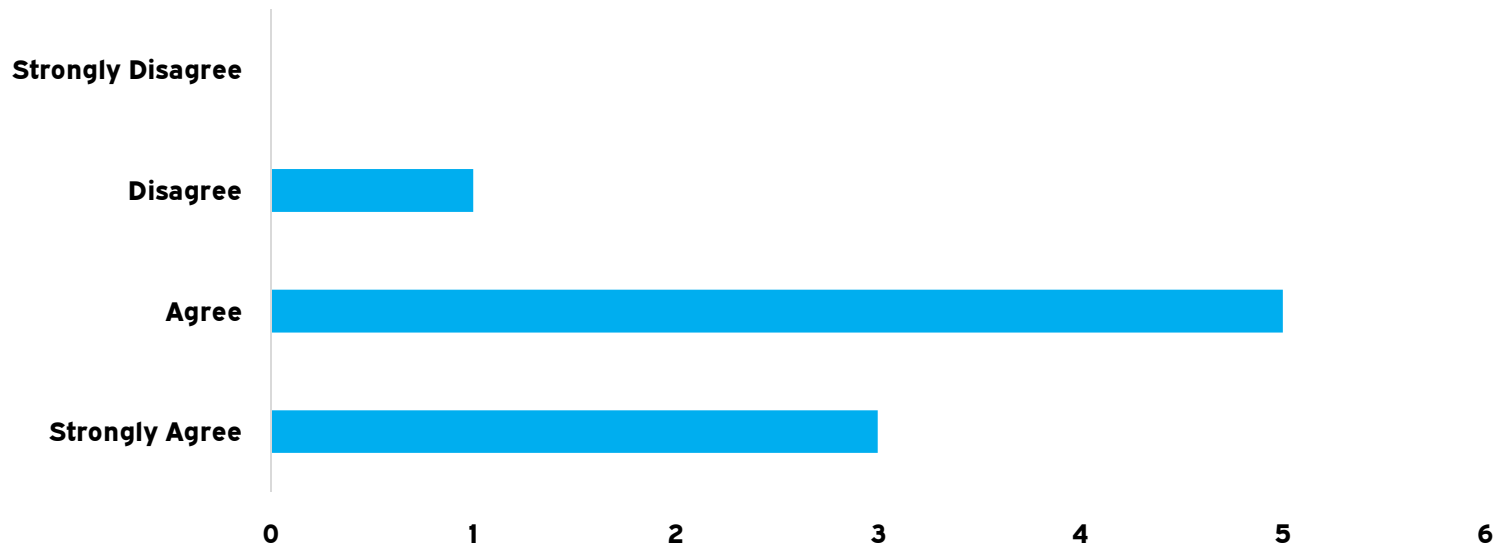
- (1) We should be extremely concerned that our funding is below 80% and likely to go down further. This is a huge risk for the Plan Sponsor and county tax payers. Ultimately it also destabilizes the position of our members.
- (2) I don't know that 'acceptance' is the right word.



# Los Angeles County Employees Retirement Association

## Recap – Survey Subjective Question #3

The cash-flow position of the Plan (e.g., net cash outflows) should be a key consideration when constructing an investment portfolio.



- There is *strong consensus* that cash-flow position is a key component when considering structuring a portfolio.
- As predicted by the actuary, the employer/employee contributions less benefit payments in 2020 is estimated to be (\$0.7 bn). In five years, the median is estimated to be (\$1.3 bn).

\*The “Disagree” submission included the comment – “More context needs to be given ... It depends on the circumstances.”

## **Appendix: Sequence of Returns Data**





# Los Angeles County Employees Retirement Association

## Shock Scenarios – Sequence of Returns Data

Fiscal Year End	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Net Outflows		(3.9)	(4.1)	(4.3)	(4.5)	(4.7)	(5.0)	(5.2)	(5.4)	(5.7)	(5.9)
Net Inflows		2.3	2.4	2.5	2.7	2.8	3.0	3.1	3.3	3.5	3.7
Net Cash Flows		(1.6)	(1.7)	(1.8)	(1.8)	(1.9)	(2.0)	(2.1)	(2.1)	(2.2)	(2.2)
Accrued Liability	78.3	81.3	84.4	87.6	90.9	94.2	97.5	100.9	104.4	107.9	111.5

### Market Value of Assets (\$ billions)

AA	60.3	50.7	52.5	54.4	56.3	58.3	60.3	62.3	64.5	66.7	69.1
A	60.3	51.7	53.6	55.5	57.5	59.6	61.7	63.8	66.1	68.4	70.9
C	60.3	50.9	52.7	54.5	56.5	58.5	60.5	62.6	64.7	67.0	69.3
E	60.3	50.0	51.8	53.6	55.5	57.4	59.3	61.3	63.4	65.5	67.8

### Market Value Funded Status

AA	77.0%	62.4%	62.2%	62.1%	61.9%	61.9%	61.8%	61.8%	61.8%	61.8%	61.9%
A	77.0%	63.6%	63.5%	63.3%	63.3%	63.3%	63.2%	63.2%	63.3%	63.4%	63.5%
C	77.0%	62.6%	62.4%	62.2%	62.1%	62.1%	62.0%	62.0%	62.0%	62.0%	62.1%
E	77.0%	61.5%	61.3%	61.2%	61.0%	60.9%	60.9%	60.7%	60.7%	60.7%	60.8%

### Annual Returns

AA	-13.4%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
A	-11.8%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
C	-13.2%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
E	-14.6%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%

## **Appendix: 2021 Capital Market Assumptions**



# Los Angeles County Employees Retirement Association

## Comparing the Results from 2021 to 2020

### 20-year Geometric Expected Returns Growth

	2021 E(R) (%)	2020 E(R) (%)	Δ From 2020 (%)	Notes
Cash Equivalents	1.1	2.4	-1.3	Lower rates
Short-term Investment Grade Bonds	1.3	2.6	-1.3	Lower yields
Investment Grade Bonds	1.8	3.0	-1.2	Lower yields
Intermediate Government Bonds	1.4	2.4	-1.0	Lower yields
Long-term Government Bonds	2.5	3.2	-0.7	Lower yields
Mortgage Backed Securities	1.8	3.1	-1.3	Lower yields
Investment Grade Corporate Bonds	2.3	3.6	-1.3	Lower yields, tighter spreads
Long-term Corporate Bonds	3.2	4.2	-1.0	Lower yields, tighter spreads
Short-term TIPS	1.4	2.7	-1.3	Lower yields
TIPS	1.8	2.9	-1.1	Lower yields
Long-term TIPS	2.9	3.3	-0.4	Lower yields
Global ILBs	1.9	2.4	-0.5	Lower yields
Foreign Bonds	1.7	2.4	-0.7	Lower yields



# Los Angeles County Employees Retirement Association

## Comparing the Results from 2021 to 2020

### 20-year Geometric Expected Returns Credit

	2021 E(R) (%)	2020 E(R) (%)	Δ From 2020 (%)	Notes
High Yield Bonds	4.2	5.2	-1.0	Lower yields and tighter spreads
Higher Quality High Yield	3.8	4.5	-0.7	Lower yields and tighter spreads
Bank Loans	4.0	5.0	-1.0	Lower yields
Collateralized Loan Obligations(CLOs)	4.2	NA	NA	<i>New Asset Class</i>
Emerging Market Bonds (major)	3.7	4.5	-0.8	Lower yields
Emerging Market Bonds (local)	3.9	4.8	-0.9	Lower yields
Private Debt	6.8	6.9	-0.1	Lower yields
Direct Lending	6.7	NA	NA	<i>Consolidated Asset Class</i>
Mezzanine Debt	6.9	7.0	-0.1	Lower yields
Distressed Debt	7.0	7.0	0.0	Lower yields



# Los Angeles County Employees Retirement Association

## Comparing the Results from 2021 to 2020

### 20-year Geometric Expected Returns Real Assets and Inflation Hedges

	2021 E(R) (%)	2020 E(R) (%)	Δ From 2020 (%)	Notes
US Equity	6.8	7.4	-0.6	Higher price-to-earnings, lower dividend
US Large Cap	6.7	7.2	-0.5	Higher price-to-earnings, lower dividend
US Mid Cap	6.9	7.6	-0.7	Higher price-to-earnings, lower dividend
US Small Cap	7.1	7.9	-0.8	Higher price-to-earnings
Developed Non-US Equity	7.1	7.9	-0.8	Higher price-to-earnings, lower dividend
Dev. Non-US Small Cap	7.0	7.8	-0.8	Higher price-to-earnings, lower dividend
Emerging Market Equity	8.1	9.1	-1.0	Higher price-to-earnings, lower dividend
Emerging Market Small Cap	8.2	9.0	-0.8	Higher price-to-earnings, lower dividend
Frontier Market Equity	8.9	10.0	-1.1	Higher price-to-earnings, lower dividend
Global Equity	7.1	7.8	-0.7	Higher price-to-earnings, lower dividend
Low Volatility Equity	6.4	NA	NA	<i>New Asset Class</i>
Private Equity	9.1	9.4	-0.3	Higher prices, offset by lower borrowing costs
Buyouts	9.0	9.4	-0.4	Higher prices, offset by lower borrowing costs
Venture Capital	9.6	9.3	0.3	Higher earnings



# Los Angeles County Employees Retirement Association

## Comparing the Results from 2021 to 2020

### 20-year Geometric Expected Returns Real Assets and Inflation Hedges

	2021 E(R) (%)	2020 E(R) (%)	Δ From 2020 (%)	Notes
Real Estate	6.9	7.5	-0.6	Lower cap rates
REITs	7.2	7.0	0.2	Higher yields
Core Private Real Estate	5.5	6.3	-0.8	Lower cap rate, partially offset by lower cost of borrowing
Value-Added Real Estate	7.7	8.4	-0.7	Lower cap rate, partially offset by lower cost of borrowing
Opportunistic Real Estate	9.2	9.9	-0.7	Lower cap rate, partially offset by lower cost of borrowing
Natural Resources (Public)	7.3	8.3	-1.0	Higher price-to-earnings
Natural Resources (Private)	8.3	8.8	-0.5	Higher Prices
Energy	9.0	9.4	-0.4	Lower prices offset by lower earnings expectations
Opportunistic Green Strategies	8.8	NA	NA	<i>New Asset Class</i>
Gold Mining	7.9	NA	NA	<i>New Asset Class</i>
Gold (Metal)	2.3	NA	NA	<i>New Asset Class</i>
Commodities	3.7	4.3	-0.6	Lower collateral returns
Infrastructure (Public)	7.4	7.5	-0.1	Lower price-to-earnings
Infrastructure (Core Private)	7.0	6.7	0.3	Lower prices and lower cost of borrowing
Infrastructure (Non-Core Private)	9.0	9.1	-0.1	Higher prices offset by lower cost of borrowing



# Los Angeles County Employees Retirement Association

## Comparing the Results from 2021 to 2020

### 20-year Geometric Expected Returns Risk Reduction and Mitigation

	2021 E(R) (%)	2020 E(R) (%)	Δ From 2020 (%)	Notes
Hedge Funds	4.3	4.9	-0.6	Higher prices, lower yields
Long-Short	3.8	4.3	-0.5	Higher prices, lower cash return
Event Driven	4.9	5.8	-0.9	Higher prices, lower yields
Global Macro	4.3	4.6	-0.3	Higher prices, lower yields
CTA – Trend Following	4.7	4.8	-0.1	Higher leverage offset by low cash return
Fixed Income/L-S Credit	3.4	4.0	-0.6	Lower yields
Relative Value/Arbitrage	4.6	5.3	-0.7	Lower yields
LACERA Custom Composite				
Alternative Risk Premia	4.1	NA	NA	<i>New Asset Class</i>
US Inflation	2.1	2.6	-0.5	



# Los Angeles County Employees Retirement Association

## Appendix – Assumptions and Methods

- Capital Market Assumptions: Meketa 20-year assumptions for long-term statistics and Meketa 10-year assumptions for short-term statistics and shocks. These assumptions do not include manager alpha.
- Assets: Market value of assets as of December 31, 2020 were used as a starting point for projections.
- Asset Rebalancing: Annual for liquid and semi-liquid asset classes. Estimated call and distribution schedule for illiquid assets.
- Liabilities: The liabilities used in this study are based on cash flows received from Milliman on 9/22/2020. Projected liabilities and normal cost were reviewed by Milliman on 11/3/2020.
- Normal cost: Future costs are based on collective bargaining agreements currently in place and expected to grow with a 3.25% COLA. In practicality, the normal cost will increase and decrease with changing demographics. For purposes of this analysis, demographics are expected to remain the same as the July 1, 2019 actuarial valuation report provided by Milliman.
- Funding policy: Plan sponsor assumed to contribute 100% of the future actuarially required contributions, regardless of the economic scenario.
- Plan Provisions and Assumptions: Additional details regarding provisions and assumptions are documented in the July 1, 2019 actuarial valuation report provided by Milliman.





# Los Angeles County Employees Retirement Association

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April 2, 2021

TO: Trustees – Board of Investments

FROM: Jude Pérez   
Principal Investment Officer

FOR: April 14, 2021 Board of Investments Meeting

SUBJECT: **STRATEGIC ASSET ALLOCATION – OPEB MASTER TRUST**

### DISCUSSION

One of the Board of Investments' ("BOI") core responsibilities is setting the OPEB Master Trust ("OPEB") strategic asset allocation ("SAA"). The SAA is the key driver of long-term risk and returns for The OPEB, and therefore, is a vital component in LACERA's mission to produce, protect, and provide the promised benefits.

This month, Meketa's presentation will cover the prospects of adding illiquid and alternative asset classes into the OPEB's SAA. Currently, the OPEB SAA has been implemented using passive strategies. This presentation's two main goals are to: 1) evaluate potential asset allocation ranges for illiquid and alternative asset classes; and 2) discuss implementation options if the asset classes are adopted. This presentation is not meant to provide an overall asset allocation recommendation. Meketa will bring forward recommendations to the May Board of Investments meeting, which will be further informed by the other two items on this month's BOI agenda concerning the Total Fund's SAA.

As communicated in previous BOI meetings, the SAA review cycle will continue over the next three months, culminating at the end of the 2021 fiscal year pending BOI approval.

Meketa will review the attached presentation at the April 2021 BOI meeting.

Attachment

Noted and Reviewed:



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Jonathan Grabel  
Chief Investment Officer

JP

Los Angeles County Employees  
Retirement Association

April 2021

Strategic Asset Allocation  
OPEB

### 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/alternative asset classes which tend to be less correlated with traditional assets and produce higher expected returns than their liquid counterparts.
- There are two main goals of this presentation.
  - To evaluate potential asset allocation ranges for illiquid and alternative asset classes.
  - To discuss initial implementation options related to the addition of these asset classes.
- This presentation is not meant to provide an overall asset allocation recommendation. We will bring asset allocation recommendations to the May Board of Investments meeting, which will be further informed by the other Strategic Asset Allocation discussion at the April meeting.

OPEB Asset Allocation Scenarios<sup>1</sup>

	Current Policy (%)	Mix A (%)	Mix B (%)	Mix C (%)
Growth	50	55	56	59
Credit	20	20	22	19
Real Assets and Inflation Hedges	20	15	14	13
Risk Reduction and Mitigation	10	10	8	9
<i>Expected Return (20 years)</i>	<i>5.31</i>	<i>5.48</i>	<i>5.63</i>	<i>5.80</i>
<i>Standard Deviation</i>	<i>13.2</i>	<i>13.2</i>	<i>13.1</i>	<i>13.5</i>
<i>Sharpe Ratio</i>	<i>0.35</i>	<i>0.36</i>	<i>0.38</i>	<i>0.38</i>
Illiquidity <sup>2</sup>	0%	10%	20%	23%

- The portfolio scenarios produce a higher Sharpe ratio and also show higher expected returns.
- These potential enhancements represent a significant change in portfolio complexity and may be best implemented over a number of years.

<sup>1</sup> Meketa 2021 Capital Market Expectations.

<sup>2</sup> Percent of total assets with less than monthly liquidity.

OPEB Asset Allocation Scenarios Continued<sup>1</sup>

	Current Policy (%)	Mix A (%)	Mix B (%)	Mix C (%)
<b>Growth</b>	<b>50%</b>	<b>55%</b>	<b>56%</b>	<b>59%</b>
Global Equity	50%	52%	49%	50%
Private Equity	0%	3%	6%	8%
Non-Core Private Real Estate	0%	1%	1%	1%
<b>Credit</b>	<b>20%</b>	<b>20%</b>	<b>22%</b>	<b>19%</b>
High Yield Bonds	6%	5%	5%	4%
Bank Loans	10%	8%	7%	5%
Emerging Market Bonds	4%	4%	4%	3%
Illiquid Credit	0%	3%	6%	7%
<b>Real Assets and Inflation Hedges</b>	<b>20%</b>	<b>15%</b>	<b>14%</b>	<b>13%</b>
TIPS	6%	4%	3%	2%
REITs	10%	5%	2%	2%
Commodities	4%	2%	2%	2%
Core Private Real Estate	0%	4%	7%	7%
<b>Risk Reduction &amp; Mitigation</b>	<b>10%</b>	<b>10%</b>	<b>8%</b>	<b>9%</b>
Cash Equivalents	2%	2%	2%	2%
Investment Grade Bonds	8%	8%	6%	7%

<sup>1</sup> Totals may not add up due to rounding.

Historical Negative Scenario Analysis<sup>1</sup>  
(Cumulative Return)

Scenario	Current Policy (%)	Mix A (%)	Mix B (%)	Mix C (%)
Taper Tantrum (May - Aug 2013)	-3.1	-1.9	-0.9	-0.6
Global Financial Crisis (Oct 2007 - Mar 2009)	-35.2	-33.8	-32.4	-32.9
Popping of the TMT Bubble (Apr 2000 - Sep 2002)	-12.8	-16.2	-16.2	-17.4
LTCM (Jul - Aug 1998)	-10.3	-9.7	-9.0	-8.9
Rate spike (1994 Calendar Year)	2.4	3.1	3.9	4.3
Crash of 1987 (Sep - Nov 1987)	-13.0	-12.5	-11.3	-11.4
Strong dollar (Jan 1981 - Sep 1982)	-1.5	-0.9	-0.4	-0.5
Volcker Recession (Jan - Mar 1980)	-5.1	-4.6	-3.9	-3.9
Stagflation (Jan 1973 - Sep 1974)	-18.9	-21.6	-20.5	-20.8
COVID-19 Market Shock (Feb 2020-Mar 2020)	-25.6	-23.8	-22.0	-21.8

- Mix A, B, and C would have outperformed in all but two historical negative market scenarios.

<sup>1</sup> See the Appendix for our scenario inputs. In periods where the ideal benchmark was not yet available we used the next closest benchmark(s) as a proxy.

Stress Testing: Impact of Market Movements  
(Expected Return under Stressed Conditions)<sup>1</sup>

Scenario	Targets (%)	Mix A (%)	Mix B (%)	Mix C (%)
10-year Treasury Bond rates rise 100 bps	3.6	3.7	3.9	4.0
10-year Treasury Bond rates rise 200 bps	-1.1	-0.6	-0.1	0.0
10-year Treasury Bond rates rise 300 bps	-3.8	-3.3	-2.8	-2.8
Baa Spreads widen by 50 bps, High Yield by 200 bps	-0.7	-0.4	-0.3	-0.3
Baa Spreads widen by 300 bps, High Yield by 1000 bps	-25.7	-24.7	-23.8	-23.9
Trade Weighted Dollar gains 10%	-4.9	-4.9	-4.7	-4.8
Trade Weighted Dollar gains 20%	-2.6	-2.9	-3.1	-3.2
US Equities decline 10%	-5.6	-5.9	-5.9	-6.1
US Equities decline 25%	-18.8	-18.4	-17.9	-18.2
US Equities decline 40%	-31.5	-29.9	-28.6	-28.9

- Each policy portfolio has a different sensitivity to four major risk factors: interest rates, credit spreads, currency fluctuations, and equity values.
- The Fund’s primary risk factors would continue to be an equity market decline and a widening of credit spreads, no matter the policy.

<sup>1</sup> Assumes that assets not directly exposed to the factor are affected nonetheless. See the Appendix for further details.



### Items for the Board's Consideration

- Should the private market/alternative assets classes be included in the Strategic Asset Allocation recommendations?
- Should any caps be applied to these asset classes during the asset allocation modelling?
- The OPEB Master Trust does not have dedicated asset class consultants.
- The OPEB Trust does not have any dedicated staff and LACERA staff currently allocates time as required to manage the OPEB Trust.
  - As the portfolio complexity increases, so too will the demands on LACERA staff, which may require a review of overall staffing and cost allocations.
- There is a significant difference in implementing initial allocations in these categories versus investing assets of a mature program at the size and scale of LACERA's Pension.
- For the initial allocations, Meketa recommends utilizing the expertise of one or two asset managers as a bridge.
  - There are many asset management firms with capabilities across the private market and alternative asset classes and we believe LACERA would receive a robust set of responses to an RFP.
  - This approach would largely mirror the initial setup of LACERA's hedge fund program.

### Next Steps

Next steps include:


- Receiving feedback from the Board of Investments on the levels of expected return and risk for the Pension and OPEB portfolios.
- Presenting a refined set of Strategic Asset Allocation policy options.
- Approving Strategic Asset Allocations for the OPEB Trust.
- Discussing changes to benchmarks based on the addition of additional asset categories and the pacing of reaching those allocation targets.
- Updating the Investment Policy Statement to reflect the new Strategic Asset Allocation, the potential use of additional asset classes, new benchmarks and any other required changes.

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April 2, 2021

TO: Trustees – Board of Investments

FROM: Jude Pérez   
Principal Investment Officer

FOR: April 14, 2021 Board of Investments Meeting

SUBJECT: **STRATEGIC ASSET ALLOCATION: POTENTIAL STRUCTURE CHANGES**

### DISCUSSION

Meketa's second scheduled presentation at the April BOI meeting on the Strategic Asset Allocation (“SAA”) outlines potential structural changes previously discussed with the Board of Investments (“BOI”) and provides the supporting rationale behind such changes. From this discussion, the Board's feedback will be utilized to shape SAA options and the supporting portfolio structure that Meketa will bring forward at the May BOI meeting. This presentation is not meant to provide an overall asset allocation recommendation, but to help guide future options for the Board of Investments consideration.

Meketa will review the attached presentation at the April 2021 BOI meeting.

Attachment

Noted and Reviewed:



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Jonathan Grabel  
Chief Investment Officer

JP

Los Angeles County Employees  
Retirement Association

April 2021

Strategic Asset Allocation  
Potential Structure Changes

### Introduction

- LACERA's Investment Beliefs state that "Long-term strategic asset allocation will be the primary determinant of LACERA's risk/return outcomes."
- Over the past several months, Meketa has made a number of presentations related to asset allocation and discussed potential structure changes and additional asset categories.
- Meketa, LACERA staff, and the Board's other asset class consultants have collaborated on incorporating those ideas into the upcoming Strategic Asset Allocation recommendations.
- This presentation outlines each of the potential changes and provides the supporting rationale.
- Feedback from the Board will be utilized to shape the Strategic Asset Allocation options and the supporting portfolio structure at the May meeting.

### Consolidation of Credit Categories

#### Potential Change:

- Consolidate High Yield, Bank Loans, and Emerging Market Debt into a new category named Liquid Credit.

#### Rationale:

- The framework will be more consistent with other asset categories.
- LACERA will have increased implementation flexibility and reflect LACERA's progress toward becoming more of an investor than an allocator.
- LACERA conducts regular structure reviews for BOI approval. The structure reviews are rigorous reviews of category risks and opportunities, portfolio position and forward looking implementation plans.
- Portfolio risks will still be managed at the granular level.

### Move Value-Added Real Estate to the Growth Category

#### Potential Change:

- Move Value-Added Real Estate to the Growth Category and consolidate with Opportunistic Real Estate into a category named Non-Core Real Estate.

#### Rationale:

- Value-Added Real Estate's expected returns indicate that the category's primary role in the portfolio should be return enhancement making it a better fit within the Growth Assets category.
- The degree of execution risk associated with Value-Added Real Estate reduces the category's potential effectiveness as an inflation hedge and is more closely aligned with the risks of Growth Assets.



### Fifth Functional Category: Overlays and Hedges

#### Potential Change:

- Employ a fifth functional category named “Overlays and Hedges” to house the Board of Investments approved cash overlay and currency hedging program. The category would also be used for any additional hedging programs which the BOI may approve in the future.

#### Rationale:

- The use of hedges and overlays can be beneficial in meeting a Plan’s objectives, but can also create challenges with measuring performance attribution and assessing risks relative to assigned benchmarks.
- An additional functional category could be used to accommodate LACERA’s current and future overlay and hedging programs. This would allow for discrete assessment of their overall value in meeting Plan objectives and also improve performance attribution within other asset categories.
- Overlays and hedging programs involve the use of derivatives and should be carefully monitored. The monthly CIO report and Quarterly Performance Reviews detail performance of both the cash overlay and the currency hedging program, but creating an additional category will provide an additional lens for reviewing these programs/strategies.

### Addition of New Asset Classes/Strategies

#### Potential Change:

- Add Opportunistic Green Strategies as an additional component of the Natural Resources allocation.

#### Rationale:

- Meketa added a new asset sub-category called “Opportunistic Green Strategies” which would be implemented as part of the Natural Resources allocation within the Real Assets and Inflation Hedges functional category.
- This sub-category will provide LACERA with an additional investment opportunity set to potentially enhance returns and improve diversification.
- These strategies also provide an additional lever to integrate Climate Awareness into the overall asset allocation.

**Addition of New Asset Classes/Strategies (continued)****Potential Change:**

- Add Long Term US Treasuries as an additional Crisis Risk Offset strategy within the Risk Reduction and Mitigation functional category.

**Rationale:**

- Crisis Risk Offset strategies provide LACERA with additional ways to PROTECT the promised benefits. Crisis Risk Offset strategies generally encompass several of the following categories:
  - Long Term US Treasuries.
  - Trend Following.
  - Global Macro.
  - Long Volatility.
  - Alternative Risk Premia.
- LACERA utilizes many of these strategies within the Risk Reduction and Mitigation category, however LACERA does not have an explicit target for Long Term US Treasuries.
- In this low rate environment, Long Term US Treasuries are more capital efficient risk mitigators than traditional Core Fixed Income.

### Disclaimers

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April 6, 2021

TO: Each Trustee,  
Board of Retirement  
Board of Investments

FROM: Steven P. Rice *SPR*  
Chief Counsel

FOR: April 14, 2021 Board of Investments Meeting  
May 5, 2021 Board of Retirement Meeting

SUBJECT: First Amendment Training  
“Free Speech Rights and Fiduciary Duties: A Governance Challenge for Retirement System Trustees”

Fiduciary counsel Ashley Dunning and Peter Mixon, from Nossaman LLP, will present training on the First Amendment rights of trustees and the intersection of those rights with fiduciary duty and fund governance. The presentation slides are attached, as well as a supporting memo with additional analysis and legal authority. Continuing Legal Education (CLE) credit will be available for interested trustees.

Brief summaries of counsel’s backgrounds are as follows:

**Ashley Dunning** – Ashley is Co-Chair of Nossaman’s Public Pensions Group and serves on Nossaman’s Executive Committee. She is a nationally recognized public pension counselor and litigator who has provided fiduciary and governance counsel services to public retirement systems throughout California since 1998. Ashley has served LACERA as fiduciary counsel since 2006. She has also served as fiduciary counsel to the California Public Employees' Retirement System (CalPERS) and has provided fiduciary, litigation, governance, and/or special projects counsel to the majority of the 20 retirement systems governed by the County Employees Retirement Law of 1937 and to the city retirement systems in San Francisco, Los Angeles, and San Diego. She was elected President of NAPPa in 2019, is immediate past Chair of the Fiduciary and Governance Section and is a member of its Executive Board. She is on the Program Committee of SACRS and frequently provides training at SACRS meetings and at the meetings of other public pension organizations as well as for the trustees of her clients.

**Peter Mixon** – Peter has more than 20 years of experience advising public pension plans and their boards. He focuses on trust and fiduciary law, governance, investments, benefits, and funding issues. He currently provides fiduciary advice to a number of plans in California and across the nation. Peter has extensive experience representing public pension boards and committees in litigation involving fiduciary and investment issues.

Re: First Amendment Training

April 6, 2021

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Peter served as the General Counsel to CalPERS for over a decade before coming to Nossaman. In that position, he was the system's primary fiduciary counsel. He oversaw the Board Governance Project. As General Counsel, he also oversaw the internal audit function and supervised the preparation of performance audits of the system and plan employers. He is a former member of the Executive Board of NAPPA and is a well-known speaker on public pension issues. He continues to provide ethics and fiduciary training to clients and at public pension conferences. Peter recently testified in state court as an expert on the fiduciary standards of public pension trustees in California.

#### Attachments

c: Santos H. Kreimann  
Jonathan Grabel  
JJ Popowich  
Johanna Fontenot

**FREE SPEECH RIGHTS AND  
FIDUCIARY DUTIES: A GOVERNANCE  
CHALLENGE FOR RETIREMENT SYSTEM  
TRUSTEES**

**Los Angeles County Employees Retirement Association  
Board of Investments and Board of Retirement**

**April 14, 2021 and May 5, 2021**

Presented By:

Peter Mixon

Ashley Dunning



# Free Speech & Fiduciary Duties

- **Fiduciary Duties**

- Public Pension Trustees Owe Duties of Loyalty and Prudence

- **Free Speech Fundamentals**

- First Amendment of the U.S. Constitution and Article I of the California Constitution
- Right to Free Speech is not “Absolute”
  - Certain Forms Are Protected: artistic, symbolic, commercial, political, and government speech
  - Certain Forms Are Not: defamation, fraud, obscenity, incitement to violence and others
  - Statutes May Regulate Protected Speech In Certain Contexts, Which Involves A “Weighing of the Governmental Interest Involved.” (*Konigsberg v. State Bar* (1961) 366 U.S. 36.)

- **Focus: Trustees’ Fiduciary Duties And Their Rights of Free Speech**



# Free Speech & Fiduciary Duties

- Government Speech Of LACERA And Its Agents
  - California Constitution
    - Governmental entities may speak freely “provided it does not drown out private communication.” (*Miller v. Cal. Com. On Status of Women* (1984) 151 Cal.App.3d 693.)
    - Exception: Expenditure of public funds to influence the outcome of an election
    - In the absence of a “clear and explicit legislative authorization,” a public agency expenditure of public funds to promote a partisan position in an election is an illegal expenditure of public funds. (*Stanson v. Mott* (1976) 17 Cal.3d 206.)
    - General legislative authority to provide information to the public will support a “fair presentation” of information relating to the electoral issue. This includes an analytical evaluation and opinion of the merits of a ballot measure. (*Vargas v. City of Salinas* (2009) 46 Cal.4<sup>th</sup> 1.)

# Free Speech & Fiduciary Duties

- Regulation Of Government Officials' Speech: Balancing The Interests
  - Government Service
    - “When a citizen enters government service, the citizen by necessity must accept certain limitations on his or her freedom ....”
    - Frequently litigated example: public employee speech
    - U.S. Supreme Court has developed a two-part balancing test: court will weigh the interests of the public employee, as a citizen, to comment upon matter of public concern and the interests of the government, as an employer, to promote efficiency and effectiveness of the public services that it performs. (*Garcetti v. Ceballos* (2006) 547 U.S. 410.)
    - California courts follow the *Garcetti* analysis in analyzing free speech rights of California public employees. (*Kaye v. San Diego County Public Law Library* (2009) 179 Cal.App.4th 48.)
  - Public Pension Trustees Accept Fiduciary Responsibilities And Corresponding Free Speech Limitations Upon Entry of Government Service

## Free Speech & Fiduciary Duties

- Application of Government Speech Balancing Test To Elected Officials
  - Split of Authority In Federal Courts (*Werkeiser v. Pocono Township* (3<sup>rd</sup> Cir. 2015) 780 F.3d 172.)
  - The Supreme Court Has Not Addressed The Issue
  - None of the Cases Address A Public Fund Trustee's Fiduciary Duties In This Context
- Balancing Approach: Government's (including LACERA's) interest in ensuring pension boards meet their constitutional responsibilities weighs in the balancing test
  - "Restricting speech that owes its existence to a public employee's professional responsibilities" does not violate Free Speech rights. (*Garcetti, supra*, 547 U.S. at p. 422 [emphasis added].)

# Free Speech & Fiduciary Duties

- **Fiduciary Duties And Constitutional Rights**

- There are constraints on a prudent trustee's free speech rights: exercise of a power by a public pension plan trustee is subject to the trustees' prudent exercise of their fiduciary duties.
- The U.S. Supreme Court and other federal courts have held that First Amendment rights do not supersede fiduciary obligations owed by a person who holds these rights. (*Snepp v. United States* (1980) 444 U.S. 507 and *Askew v. Trustees of the Gen. Assembly of the Church of the Lord Jesus Christ* (E.D.Pa. 2009) 644 F.Supp.2d 584.)

- **First Amendment Review Premised On Speaker's Specific Injury**

- Enforcement of ethics or governance policies by censure or similar actions unlikely to trigger First Amendment protections. (*Phelan v. Laramie County Community College Bd. Of Trustees* (10th Cir. 2000) 235 F.3d 1243.)

# Free Speech & Fiduciary Duties

## • Free Speech And Fiduciary Duties: Legal Conclusions

- There is no free speech exception to the fiduciary duties owed by public pension trustees. LACERA Board members voluntarily enter government service as trustees and their actions (including speech) that are within the scope of their duties as board members are subject to fiduciary obligations.
- All Board members are subject to reasonable LACERA Board governance policies that may potentially restrict their speech. These governance restrictions reflect the collective decision of the Boards applicable to all co-trustees and are a form of speech themselves.
- An individual trustee's interest in free speech will be weighed against the interests of the Boards in having the Board members effectively govern themselves individually and collectively for the overall benefit of LACERA members and beneficiaries.
- The governmental speech balance of interests must also weigh the fiduciary responsibilities of all Board members to act consistently with their duties of loyalty and prudence.

# Free Speech & Fiduciary Duties

- Governance Framework

- The fiduciary duties owed by a prudent LACERA trustee will apply to all statements made by the trustee when the trustee is speaking as a trustee
- Statements made by a LACERA trustee as a private citizen may still be subject to a balance between free speech rights and the interests of LACERA in meeting fiduciary responsibilities.
  - Simple disclaimer that trustee is speaking as a citizen is often not enough to distinguish these two speech types because reference to LACERA inherently implicates the Board member's fiduciary role and fiduciary duties.
  - Statements made about LACERA matters even as a private citizen could have an impact on the fiduciary mission of the system
  - Ethics and fiduciary policies may reasonably govern the content and manner of trustee speech

# Free Speech & Fiduciary Duties

## • Governance Examples

- Trustee statements made from the dais are subject to fiduciary obligations
  - Vigorous debate and advocacy, but within the fiduciary mission of LACERA
- Trustee statements made to the media or in public speeches on LACERA matters, even as a private citizen, will likely be construed as statements of LACERA representatives
  - Identification of speaker as a trustee infers some official status
  - Statements of “personal opinion” made about LACERA matters could have an impact on the retirement system with direct or indirect consequences
  - Trustees should consider the impact before speaking or signing written statements and, in the interests of effective governance, consider discussing with Board Chairs, the CEO, the CIO and/ or the Chief Counsel in advance any fiduciary and related responsibilities implicated by the speech or statement
  - Disparaging and unprofessional comments raise the risk of reputational injury
- Trustee statements on topics unrelated to LACERA business are far less likely to implicate the fiduciary mission of the system
- How will the trustee’s statement impact the governance of the system and, potentially, the members’ interests in the security and safety of their retirement benefits?

# Free Speech & Fiduciary Duties

- LACERA Media Policy

- Purpose: To ensure that the policies of the BOR and BOI are accurately transmitted and explained to mass media representatives.
- Serves as a “guide” for communications “with all outside parties[,]” which is not limited to media and covers other contacts, presentations, and interviews with any third parties.
- Board members are encouraged to refer media inquiries to staff.
- Board member responses to media inquiries should use “discretion” to “limit the discussion to formally approved Board policy.”
- Personal opinions and speculation about Board member or staff motives “are to be avoided” and a personal opinion regarding LACERA and its business must be clearly identified as such.
- All media contacts will be reported to the Board
- Board member contacts with outside parties concerning LACERA “should be conducted in accordance with the intent of this policy.”



# Free Speech & Fiduciary Duties

- LACERA Code of Ethical Conduct – Political Activities

- No LACERA funds, property, logo, or other resources may be used to support personal political activities.
- Board members and staff may not use their influence or their position to secure a vote or other support for a political campaign.
- Board members and staff “may use their LACERA position to identify themselves when making an endorsement, provided that no statement may be made or action taken directly or indirectly indicating that the person represents LACERA in making the endorsement or that the endorsement is supported by or represents the position of LACERA, except when providing information authorized by the Boards.”

# Free Speech & Fiduciary Duties

## • Board Governance Considerations: Discussion/Questions

- Are the current policies sufficiently clear so that all Board members understand their responsibilities and their compliance obligations?
- Are the interests of LACERA and its governing Boards in an effectively functioning organization sufficiently identified?
- Are the fiduciary duties of the Boards and its members sufficiently considered?
- Do the policies reflect and/or respect the roles and responsibilities of trustees and executive staff?
- What role, if any, should the Board Chairs, Committee Chairs, CEO, CIO, and/or Chief Counsel have in consulting with any Board member in advance of the member making public statements?
- What role should the Board Chairs and/or the Boards have in enforcing policy requirements?
- Other questions?

# Thank You



**Peter Mixon**  
Partner  
Public Pensions & Investments  
Group



**Ashley Dunning**  
Partner  
Co-Chair, Public Pensions &  
Investments Group



**TO:** Members of the Board of Investment and Board of Retirement  
Los Angeles County Employees Retirement Association

**FROM:** Peter Mixon  
Ashley Dunning  
Nossaman LLP

**DATE:** April 14, 2021

**RE:** Memorandum of Legal Issues: Free Speech Rights and Fiduciary Duties

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This memorandum supplements the training sessions provided to the Board of Retirement and the Board of Investments (collectively, “Boards”) for the Los Angeles County Employees Retirement Association (“LACERA”). The focus of the training is on the free speech rights of LACERA Board members and the exercise of these rights in the context of the Board members’ fiduciary duties of prudence and loyalty owed to the members and beneficiaries of the LACERA pension plan. This memorandum provides more depth and detail on the legal authorities and concepts cited in the training session.

## **I. Introduction**

The First Amendment to the United States Constitution provides that “Congress shall make no law abridging the freedom of speech.” This amendment restricting the right of Congress to make legislation abridging free speech also applies to the States through the 14th Amendment. Similarly, the California Constitution provides that “[e]very person may speak freely .... A law may not restrain liberty of speech.” (Cal. Const., art. I, section 2.) The free speech clause of the California Constitution is broader than its First Amendment counterpart in some respects. But the California Supreme Court will not depart from United States Supreme Court First Amendment precedent unless there are “cogent reasons for doing so.” (*Edelstein v. City and County of San Francisco* (2002) 29 Cal.4th 164, 168.)

The rights of free speech, press, and assembly are not “absolutes.” The Supreme Court has consistently recognized at least two ways in which constitutionally protected freedom of speech is narrower than an unlimited license to talk. First, certain forms of speech, or speech in certain contexts, has been considered outside the scope of constitutional protection. Second, there are general regulatory statutes ... [that are] justified by subordinating governmental interests, ... which has necessarily involved a weighing of the governmental interest involved.” (*Konigsberg v. State Bar* (1961) 366 U.S. 36, 50-51.) Thus, a LACERA trustee does not have an unlimited license to speak. As explained further, the constitutional fiduciary obligations of a LACERA trustee are governmental interests that factor into the “weighing” of the Board’s interests. Board

members may not avoid their fiduciary duties by claiming to exercise free speech rights. The federal courts have devised a specific “balancing test” that governs restrictions on a public employee’s speech. While the United States Supreme Court has not applied this analysis to elected or appointed officials, it is instructive. The test weighs the interests of the government in effective management of the public agency against the free speech rights of the individual employee. Even when the employee speaks as a private citizen, restrictions are generally justified when the speech interferes with the “effective functioning” of the public agency. Like governmental employers, the LACERA Boards have an interest in the effective administration of their system. Because fiduciary obligations override a trustee’s rights to free speech, governance policies designed to implement these obligations and otherwise ensure the effective operation of the system may be justified even if they may restrict a trustee’s rights as a citizen to free speech, so long as those restrictions are narrowly tailored to the trustee’s statements and activities in which LACERA’s name and/or business is directly implicated. The LACERA Boards also have their own rights to free speech, and policy enforcement actions such as censure and similar measures, taken within the parameters noted, are unlikely to impair any rights of individual board members.

## **II. Government Speech**

### **A. First Amendment**

The free speech clause of the First Amendment generally does not regulate the speech of a governmental entity. “[T]he First Amendment does not say that Congress and other government entities must abridge their own ability to speak freely.” As the Supreme Court explained, “[i]t is not easy to imagine how government could function if it were subject to the restrictions that the First Amendment imposes on private speech.” (*Matal v. Tam* (2017) – U.S. – [137 S. Ct. 1744, 1758].) Similarly, citizens may challenge compelled support of private speech, “but have no First Amendment right not to fund government speech.” (*Johanns v. Livestock Mktg. Ass’n*. (2005) 544 U.S. 550, 562.)

### **B. California Constitution**

The free speech provisions of the California Constitution are not quite as broad as those in the First Amendment. Government may “add its voice to the many that it must tolerate, provided it does not drown out private communication.” And the viewpoint expressed by the government need not be “ideologically neutral.” (*Miller v. Cal. Com. On Status of Women* (1984) 151 Cal.App.3d 693, 700.) In *Miller*, for example, a California commission on women’s rights had the right to advocate views on improving the status of women by issuing press releases, lobbying legislators, and responding to inquiries.

### **C. Government Speech, Elections and Misuse of Public Funds**

In California, courts will closely scrutinize the expenditure of public funds to influence an election: “[T]he use of the public treasury to mount an election campaign which attempts to influence the resolution of issues which our Constitution leaves to the ‘free election’ of the people ... present[s] a serious threat to the integrity of the electoral process.” (*Stanson v. Mott*

(1976) 17 Cal.3d 206, 218.) In the absence of “clear and explicit legislative authorization,” a public agency may not expend public funds to promote a partisan position in an election campaign. To do so would violate the California constitutional prohibition on illegal expenditures of public funds. (*Id.* at pp. 216-218.) Examples of this form of prohibited speech include bumper stickers, advertising “floats,” radio and television ads, and dissemination (at public expense) of campaign materials. In other words, “the threat to the fairness of the electoral process ... arises when a public entity or public official is able to devote funds ... to campaign activities favoring or opposing such a measure.” (*Vargas v. City of Salinas* (2009) 46 Cal.4th 1, 36-37.)

However, general legislative authority to provide the public with information about the agency’s activities will support speech for informational purposes. In connection with an election issue, the agency may provide the public with “a fair presentation of relevant information relating to” the electoral issue. (*Stanson v. Mott, supra*, 17 Cal.3d at p. 221.) Thus, government agencies are not prohibited from analytically evaluating a proposed ballot measure and publicly expressing an opinion as to its merits.

The line between unauthorized campaign expenditures and authorized informational activities “is not so clear.” (*Stanson v. Mott, supra*, 17 Cal.3d at p. 222.) This determination depends upon a “careful consideration of such factors as style, tenor and timing” of the publication. (*Id.*)

### **III. Regulating Speech Of Government Officials**

“When a citizen enters government service, the citizen by necessity must accept certain limitations on his or her freedom. ... Government employers, like private employers, need a significant degree of control over their employees’ words and actions; without it, there would be little chance for the efficient provision of public services.” (*Garcetti v. Ceballos* (2006) 547 U.S. 410, 418.)

The Supreme Court has also recognized that public employees do not surrender all of their First Amendment rights by reason of their service. “[T]he First Amendment protects a public employee’s right, in certain circumstances, to speak as a citizen addressing matters of public concern.” (*Garcetti v. Ceballos, supra*, 547 U.S. at p. 417.)

As a threshold observation and as further discussed below, *Garcetti v. Ceballos* analyzes government “employee” speech only. It does not consider the speech of those who are elected or appointed to boards and thereby become public officials, such as trustees on the Boards. Nevertheless, we conclude that the Supreme Court’s analysis in *Garcetti v. Ceballos* is useful to considering the manner in which the Boards may regulate co-trustees and themselves, in that, as quoted above with respect to trustees on the Boards, entering such “government service,” particularly in a fiduciary capacity, reasonably results in the conclusion that public retirement system trustees “by necessity must accept certain limitations on his or her freedom.” (*Garcetti v. Ceballos, supra*, 547 U.S. at p. 418.)

Courts have developed a two-part test to determine constitutional protection of government employee speech. The test is “a balance between the interests of the [employee], as a citizen, in

commenting upon matters of public concern and the interest of the State, as an employer, in promoting the efficiency of the public services it performs ....” (*Id.* at p. 418.) California courts follow the U.S Supreme Court’s analysis in *Garcetti*. (*Kaye v. San Diego County Public Law Library* (2009) 179 Cal.App.4th 48, 58.)

Federal courts have held that “the more the employee’s job requires confidentiality, policymaking, or public contact, the greater the state’s interest” in restricting or punishing the employee’s speech. (*McEvoy v. Spencer* (2nd Cir. 1997) 124 F.3d 92, 103.) “Common sense tells us that the expressive activities of a highly placed supervisory, confidential, policymaking, or advisory employee will be more disruptive to the operation of the workplace than similar activity by a low level employee with little authority or discretion.” (*Ibid.*; see also *Kinsey v. Salado Independent School District* (5th Cir. 1992 950 F.2d 988, 994 [government’s interests more easily outweigh the employee’s interests in balancing test when public employee occupies policymaker or confidential position].)

There is a split of authority in the federal courts over application of the *Garcetti* balancing test to determine government restrictions on the free speech rights of elected officials. (See *Werkeiser v. Pocono Township* (3rd Cir. 2015) 780 F.3d 172, 177-180 [collecting the cases on each side].) In *Hogan v. Township of Haddon* (D.N.J. 2006) 2006 U.S. Dist. LEXIS 87200\*, *aff’d on other grounds*, 278 F.App’x 98 (3d Cir. 2008), the court reviewed the First Amendment claims of an elected member of a township commission. The plaintiff commissioner claimed that another elected member of the commission – the town mayor – took action to preclude publication of numerous articles in a local government-owned newspaper and to prevent access to the township cable access channel. The court rejected these claims because, in part, the plaintiff commissioner was seeking to speak in her capacity as a township commissioner and not as a private citizen; therefore, following the decision in *Garcetti* the plaintiff had no First Amendment rights to access these communication channels. (*Id.* at p. \*23-\*24.) However, other courts have found the *Garcetti* analysis inapplicable to elected officials. (See *Melville v. Town of Adams* (D.Mass. 2014) 9 F.Supp.3d 77, 102 [elected official has cognizable First Amendment rights in the face of board action directing her not to speak with certain town employees]; see also *Jenevein v. Willing* (5th Cir. 2007) 493 F.3d 551, 558 [“preferable course” is not to draw on *Garcetti* balancing test for sorting the free speech rights of employees elected to state office].)

The Supreme Court has not ruled on this issue. However, development of the law regarding government employees is instructive in evaluating the fiduciary responsibilities of LACERA trustees when they are speaking on LACERA matters. Moreover, the line of cases that disapprove of the application of *Garcetti* to *elected officials* may not automatically extend to individuals who are appointed or elected by retirement system membership, or those officials who serve *ex officio*, on a board of trustees. Thus, we recommend considering the *Garcetti* analysis as an appropriate framework for analyzing the manner in which the Boards may govern, and regulate, all trustees when they are speaking or taking other actions by reference to LACERA and its business.

### **A. First Inquiry: Speaking As a Citizen On a Matter of Public Concern**

In applying the balancing test, the first inquiry is whether the employee is speaking as a citizen on a matter of public concern. If not, the employee has no claims of a First Amendment infringement based on the employer's reaction to the speech. (*Garcetti v. Ceballos*, *supra*, 547 U.S. at p. 418.)

The content of the speech will not be viewed in a vacuum. In determining whether speech touches on matters of public concern, courts will take into account the “the content, form, and context” of the employee's speech. “Speech relates to a matter of public concern if it is of political, social, or other concern to the community, with particular consideration given to speech that concerns issues about which information is needed or appropriate to enable members of society to make informed decisions about the operation of their government.” (*LeFande v. District of Columbia* (D.C. Cir. 2010) 613 F.3d 1155, 1159.)

To be protected, the person's speech must also be made as a “citizen” – not as a public employee. “When public employees make statements pursuant to their official duties, the employees are not speaking as citizens for First Amendment purposes, and the Constitution does not insulate their communications from employer discipline.” (*Garcetti v. Ceballos*, *supra*, 547 U.S. at p. 421.) In *Garcetti*, for example, the Supreme Court held that a memorandum of a supervising attorney criticizing accuracy of affidavit representations and affiant presented to supervisors as part of the attorney's job duties was not protected by First Amendment.

In *Williams v. Johnson* (D.C. Dist. 2008) 537 F.Supp. 141, the federal district court considered statements that were made by an employee of an office of the District of Columbia. She made statements during testimony to a governmental oversight commission which admitted that a particular program was a “failure.” After receiving substantial criticism from her supervisor, plaintiff met privately with a member of the commission and made similar statements in more detail. The federal district court held that because giving testimony to the commission was part of her job duties, this speech was not protected by the First Amendment. On the other hand, statements made at her private meeting would be protected if these statements were outside her duties because plaintiff's statements would be as “a citizen on a matter of public concern.” (*Id.* at pp. 152-153.)

The inquiry focuses on identifying the employee's practical duties and whether the speech was made pursuant to those responsibilities. In determining whether the speech was made pursuant to the public duties of the employee, the following are relevant factors:

- Whether the employee was commissioned to make the speech;
- Whether the speech took place at the place of employment;
- Whether the subject matter of the speech is within the employee's duties;
- Whether the speech was made up the chain of command;



- Whether the speech objectively gave the impression that the employee was representing the employer;
- Whether the speech derived from special knowledge obtained during employment; and
- Whether there is no “citizen analogue” to the speech.

(*Decotius v. Whittemore* (1st Cir. 2011) 635 F.3d 22, 33-34.) The more these factors are answered in the affirmative, then the more likely the speech would fall within the employee’s responsibilities and thus be outside the protections of the First Amendment. We believe that these factors are instructive on the issue of trustee speech. The governmental interest at stake for LACERA is maintaining the Board’s responsibilities as trustee and fiduciary of the retirement system. When a trustee speaks outside of his or her responsibilities as a trustee, this speech is less likely to implicate his or her fiduciary responsibilities and thus less likely to be subject to limitation by the Board.

## **B. Second Inquiry: Adequate Justification Of The Government**

If the speech is made as a citizen on a matter of public concern, the question becomes whether the government employer had “an adequate justification for treating the employee differently from any other member of the general public.” (*Garcetti v. Ceballos*, *supra*, 547 U.S. at p. 418.) Courts will perform a balancing test: the interests of the speaker in making the statement are weighed against “the interest of the State, as an employer, in promoting the efficiency of the public services it performs through its employees.” (*Rankin v. McPherson* (1987) 483 U.S. 378, 388.) For public contractor speech, the same test is used, “adjusted to weigh the government’s interest as a contractor rather than an employer.” (*Board of County Commissions v. Umbehr* (1996) 518 U.S. 668, 673.)

The employee’s statements are not considered in a vacuum; the “manner, time and place” are relevant factors in determining whether the speech is protected. Pertinent considerations include: (i) whether the statement impairs discipline or harmony among co-workers, (ii) whether the speech has a detrimental impact on close working relationships, (iii) whether the statement impedes performance of the speaker’s duties, and (iv) whether the statement interferes with the regular operation of the enterprise. (*Rankin v. McPherson*, *supra*, 483 U.S. at p. 388.) The interests of the State must be “focus[ed] on the effective functioning of the public employer’s enterprise.” (*Ibid.*)

In one case, *Richardson v. Pratcher* (S.D.N.Y. 2014) 48 F.Supp.3d 651, a federal district court applied the balancing test to determine whether speech of an employee at an investment firm that managed assets of a public pension plan was protected by the First Amendment. In *Richardson*, investments officials of the New York State Common Retirement Fund (“NY Common”) objected to the activities of a managing director (“Director”) of a private equity firm. NY Common invested in two funds of the firm and was considering a new commitment to a third fund when the Director engaged in lobbying efforts for the adoption of legislation requiring NY Common to invest certain percentages of its assets in emerging managers with a “significant presence in New York.” NY Common staff (including the investment officers) expressed

concerns about this aspect of the legislation and engaged in a series of meetings and conversations with the Director. At the end of the legislative process, the investment officers met with the managing member of the private equity firm, questioned the activities and judgment of the Director in lobbying for the legislation, and intimated that NY Common would stop investing in the private equity firm if the Director remained there. Ultimately, the private equity firm decided to terminate the Director, who sued the investment officials (among others) for unlawful retaliation in violation of his First Amendment rights. (*Id.* at pp. 657-661.)

The district court reviewed the Director's claims under the balancing test used to evaluate speech made by a citizen on a matter of public concern: A public official (here, the NY Common investment officials) may take an adverse action against a contractor (the private equity firm, including the Director) if: "(1) the official's prediction of the disruption that such speech will cause is reasonable; (2) the potential for disruption outweighs the value of the speech; and (3) the official took the adverse action not in retaliation for the speech, but because of the potential for disruption." (*Id.* at p. 664; see also *Jeffries v. Harleston* (2nd Cir. 1995) 52 F.3d 9, 13 [government need only show that speech "likely" interferes with agency operations].) The court reviewed the defendants' arguments that their actions were premised on legitimate concerns about the professionalism and efficacy of the Director's conduct, noting that the "manner, time and place" in which speech occurs is an important factor. Speech conducted in private on the speaker's own time is more likely to be protected than confrontational speech in front of other workers. Because the parties disputed the tenor and professionalism of the Director's discussions with the defendant officials, the court could not find as a matter of law that his speech was sufficiently disruptive to support a reasonable belief that the Director could not be trusted with NY Common investments. The court therefore denied the defendants' motion for summary judgment. (*Id.* at pp. 665-666.)

#### **IV. First Amendment Rights and Fiduciary Duties of Public Pension Plan Trustees**

Public pension plan trustees owe fiduciary duties to the overall best interest of the members of the plan with respect to their public retirement benefits. (Cal.Const., Art. XVI, section 17.) "The exercise of a power by a [public plan] trustee is subject to the trustee's fiduciary duties." (*O'Neal v. Stanislaus County Employees' Retirement Assn.* (2017) 8 Cal.App.5th 1184, 1209.) A trustee's actions must therefore conform to the duties of loyalty and prudence.

Several decisions of the federal courts are instructive on the intersection of First Amendment rights and fiduciary duties. In these decisions, the courts have held that a person's right to free speech does not supersede any fiduciary duties that the person owes.

In *Snepp v. United States* (1980) 444 U.S. 507, a former C.I.A. agent published a book about certain C.I.A. activities without submitting the account to a pre-publication review by the agency. The agent had entered into an agreement with agency at the time of his employment which gave rise to a trust or fiduciary relationship by the agent with the agency. Publication violated the express terms of an agreement as well as the agent's fiduciary obligations and thus the court was entitled to impose a constructive trust on proceeds from publication notwithstanding First Amendment prohibitions on restricting free speech. (*Id.* at pp. 514-515; see also *Askew v. Trustees Of the Gen. Assembly of the Church of the Lord Jesus Christ of*

*Apostolic Faith* (E.D.Pa. 2009) 644 F.Supp.2d 584, 593, 596 (First Amendment deference to religious organizations regarding internal disputes does not preclude breach of fiduciary duty claim against church trustees).

These cases demonstrate that LACERA trustees are required to fulfill their fiduciary duties even though they also have protected rights to free speech. As the court in *O'Neal* explained: the “grant of a power to a trustee, whether by trust instrument, by statute or by the court, does not in itself require or permit the exercise of the power. The *exercise* of a power by a trustee is *subject to the trustee’s fiduciary duties*.” (*O’Neal, supra*, 8 Cal.App.5th at p. 1209 [emphasis added].) The “general powers” of LACERA trustees should clearly include the authority to speak about LACERA matters. (See 13 Witkin, Summary of California Law, Trusts, § 105 [trustee has general power to act for the purposes of the trust under the prudential standard of care].) As the court in *O’Neal* states, however, the exercise of this authority is subject to the trustee’s fiduciary duties. Thus, the governmental interest in the effective fiduciary governance of the LACERA system weighs can be considered a “subordinating interest” over a Board member’s free speech rights.

Even if a trustee’s statement is qualified as a “personal opinion,” reasonable governance policies may still apply. As a practical matter, it is sometimes difficult to separate private citizen speech from LACERA statements. Trustee statements made to the general public by LACERA trustees infer official status. Even if they are clearly qualified as “personal opinions,” they could be construed as a statement by a LACERA representative. And even personal opinions on LACERA matters may still have an impact on the effective governance of the system.

Finally, the constitutional protections afforded to the free speech of elected, ex officio, and other officials acting within the scope of their duties likely apply “only when the retaliation interferes with their ability to adequately perform their elected duties.” (*Werkeiser v. Pocono Township, supra*, 780 F.3d at p. 181. In *Phelan v. Laramie County Community College Bd. Of Trustees* (10<sup>th</sup> Cir. 2000) 235 F.3d 1243, the Tenth Circuit considered a First Amendment claim brought by an elected community college board member. The board member had run an advertisement as a trustee urging voters to reject ballot proposition that was supported by the board and the board later censured her for violating the board’s ethics policy. While declining to apply the *Garcetti* balancing test to analyze the member’s free speech rights, the court nevertheless dismissed her complaint because the censure resolution “does not trigger First Amendment scrutiny.” (*Id.* at 1247.) It did not, the court noted, impose a specific injury such loss or denial of employment or denial of state bar admission. “The Board simply made a statement” that the complaining member “violated the ethics policy and ,, ask[ed] that she not engage in similar conduct in the future.” (*Id.* at 1248; see also *Curley v. Monmouth County Bd. Of Chosen Freeholders* (Dist.N.J. 2018) 2018 U.S.Dist. LEXIS 124039\*, \*34-\*35 [censure does not give rise to First Amendment scrutiny].) Fiduciary and media policies that subject board members to “censure” or similar actions thus would likely not rise to the level of First Amendment scrutiny.

## **V. Legal Conclusions**

1. There is no First Amendment exception to the fiduciary duties owed by trustees. All Board members voluntarily enter government service as trustees and actions (including speech) that are within the scope of their duties as LACERA trustees are subject to fiduciary standards.
2. All Board members are subject to reasonable LACERA Board governance policies that may potentially restrict their speech. These governance restrictions reflect the collective decision of the Boards and are applicable to all co-trustees. They are a form of speech by LACERA itself.
3. An individual trustee's interest in free speech will be weighed against the interests of the Boards in having the Board members effectively and prudently govern themselves individually and collectively for the overall benefit of LACERA members and beneficiaries.
4. The governmental balance of interests must also weigh the fiduciary responsibilities of all Board members to act consistently with their duties of loyalty and prudence.

## **VI. LACERA Policies**

### **A. Media Policy**

The purpose of the policy is to ensure that the policies of the Boards of Retirement and Investments are accurately transmitted and explained to mass media representatives. The policy also “serve[s] as a guide for communications with all outside parties ....” The policy is a reasonable limitation on the trustees' free speech rights. The Media Policy is summarized below.

#### **1. LACERA Staff**

The Media Policy appoints the LACERA CEO as the general spokesperson of the organization. The CIO is spokesperson on investment policies and practices and the AEO is spokesperson on retirement board policies, practices, and benefits issues.

Under the policy, staff may respond to inquiries by relaying any policy officially adopted by the Board. Staff may not speculate on the motivations of an individual Board or staff member. Personal opinions are to be avoided. When a person opinion is offered, discretion must be used and the opinion is to be identified as such.

Staff in general may not initiate any media contact without specific Board direction. Written press releases should be reviewed by the Chair of the Board that has jurisdiction over the subject matter of the release. Media contacts shall be reported to the Board.

#### **2. Board Members**

The Media Policy encourages Board members to refer media inquiries to staff. When a Board member responds to an inquiry, “discretion should be utilized to limit the discussion to formally

approved Board policy.” Personal opinions and speculation about the motivations of a Board or staff member “are to be avoided.” A personal opinion must be clearly identified as such.

As a courtesy, all media contacts should be reported to the Board.

All Board member contacts with outside parties concerning LACERA policies and practices “should be conducted in accordance with the intent of this policy.”

## **B. Code of Ethical Conduct – Political Activities**

Like the Media Policy, the relevant provisions of the Code of Ethical Conduct are a reasonable limitation on trustee speech. These provisions are summarized below.


Board and staff members may work on candidate and ballot campaigns during their personal time. No LACERA funds, property, logo, or other resources may be used to support personal political activities. Solicitations of political donations are subject to certain requirements and may only be made on personal time. Board members and staff may not use their influence or their position to secure a vote or other support for a campaign.

Board members and staff “may use their LACERA position to identify themselves when making an endorsement, provided that no statement may be made or action taken directly or indirectly indicating that the person represents LACERA in making the endorsement or that the endorsement is supported by or represents the position of LACERA, except when providing information authorized by the Boards.”

**FOR INFORMATION ONLY**

March 31, 2021

TO: Each Trustee,  
Board of Retirement  
Board of Investments

FROM: JJ Popowich, Assistant Executive Officer 

SUBJECT: **2021 Board of Retirement and Board of Investments Election  
Planning Update**

Elections for the Third Trustee positions on the Board of Retirement and Board of Investments by general active members will be held in August 2021. Members will again have two options for casting their votes: online and over the phone. LACERA representatives from the Executive Office, Communications, Legal Office, and Systems are working closely and productively with representatives from the Executive Office of the Board of Supervisors on planning the 2021 election, continuing the close collaboration we established for the 2020 elections. On February 12, we met and discussed several issues for the upcoming election, as well as longer term items.

The Executive Office of the Board of Supervisors has shared the attached timeline for the 2021 Board of Retirement and Board of Investments elections. The timeline provides an overview of the series of events during the election season as well as the assistance that LACERA is providing. At the time this memo is being written the County is still working to finalize these procedures and secure approval from County Counsel. Once the County has secured this approval, they will include the details of the process in the Resolution language that will be provided to the Board of Supervisors to approve.

The following is a summarization of our discussions with the Executive Office

- **Nominations:** The process is expected to be straightforward this year since it is an active member election. Candidates will be required to collect signatures on a nominating petition and submit the signatures to the Registrar/Recorder's Office for validation. The County has committed to maintaining the traditional process of collecting signatures, as well as developing a process to collect signatures electronically. Details of this process are still being finalized and will be shared as soon as the Board of Supervisors has taken action on the approving Resolution.

- **Resolution Language:** During our initial meeting, the County agreed to keep language from the previous election resolution that requires departments with members who do not normally have access to a computer to be provided access and time during working hours to vote.
- **Notifications and Outreach:** We will be coordinating with the County on any outreach efforts to let members know about the election and ensure we are consistent in our messaging. LACERA included a notice about upcoming elections in the March *PostScript* and will include more details in the June issue. LACERA will run any election communications by the County team, and they will provide us with advanced copies of their outreach materials so we can be prepared for calls from members. The attached timeline outlines the details of LACERA's efforts in this process.
- **Internet and Voting Procedures:** The election will be conducted with the same vendor as last year. The County will send test emails before sending voting credentials to help ensure election-related messages are "whitelisted" to ensure they are not unintentionally blocked by spam filters and are received by all eligible voters and also to ensure that only active general members are contacted. This will help reduce any improper notification (and resulting confusion) of safety members. In addition, the County and LACERA will both consider putting a statement in our communications clarifying that safety members are not eligible to vote in this election.
- **Ballots:** LACERA requested that the next retiree election include an accessible paper ballot option for those who cannot or choose not to vote electronically. In light of the reduced turnout in the last election—possibly related to the more involved process of getting a ballot—we want to make sure that every retired member gets a ballot in future elections.
- **Ensuring Clear Communications:** In an effort to increase transparency and consistency in election communication by third parties, we also discussed the benefits of creating templates that include approved language for third parties to use in their communications. The County team would reach out to the unions and other groups to encourage the use of certain approved language in their communications about election details. We also talked about requiring language in union and candidate materials that clearly indicates who is paying for or sending materials, similar to state and national election regulations. County and LACERA Counsel will review this issue. We have no updates on this item at this time.

Boards of Retirement and Investments

Re: 2021 Elections Update

March 31, 2021

Page 3

- **Election Planning Presentation:** We are working to schedule a presentation on election planning by BOS Executive Office staff to the LACERA Boards.
- **Survey:** We also discussed distributing a survey to LACERA members about preferences for communication and balloting but have not settled on proceeding with it yet.

### **Long-Term Planning to Increase LACERA's Database of Valid Member Email Addresses**

We also updated the County on the following LACERA campaigns and discussed coordination on longer-term efforts:

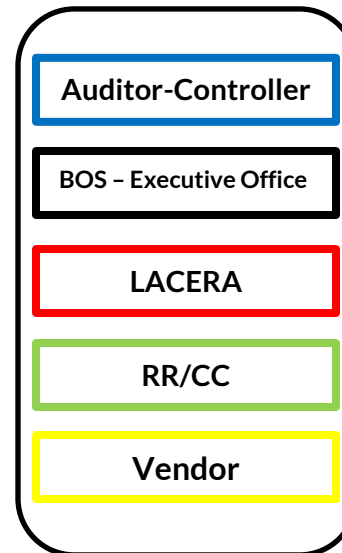
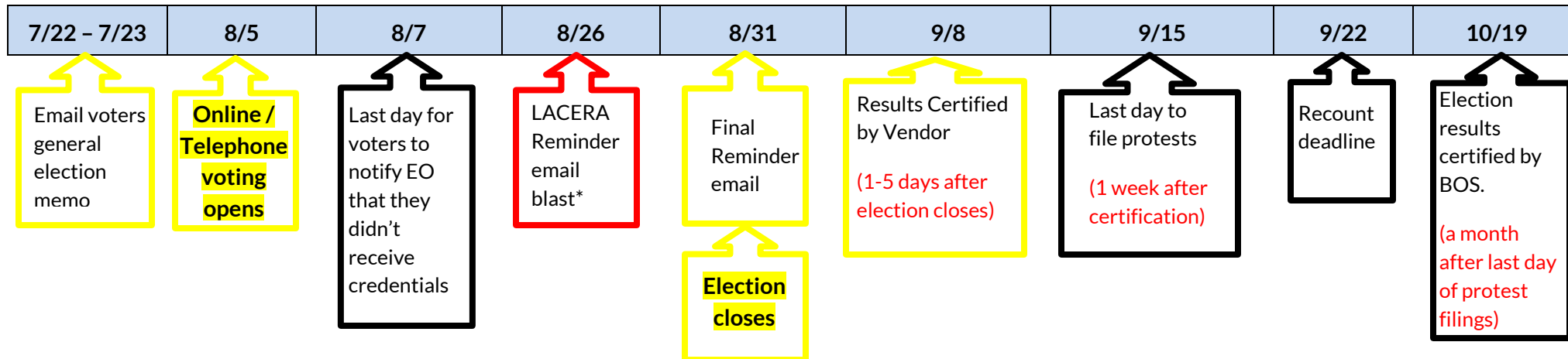
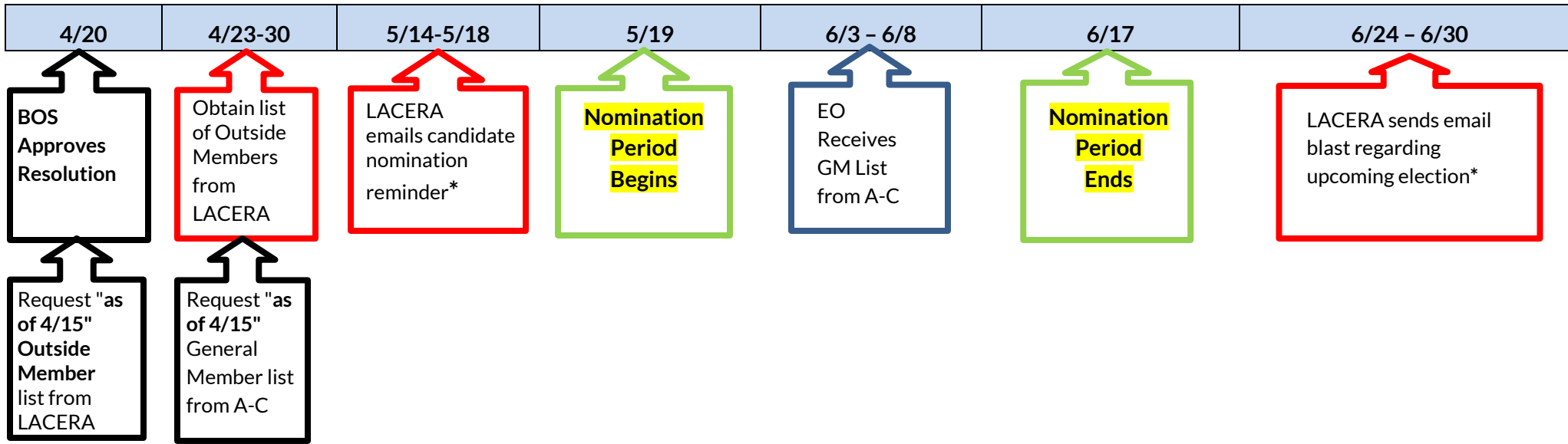
- **My LACERA Campaign:** We are conducting outreach to retirees to encourage registration on My LACERA, with an emphasis on providing us an email address.
- **LACERA Paperless Initiative:** We are also reaching out to get as many members as possible (active and retired) registered to receive documents via My LACERA and email when appropriate. We are encouraging members leaving County service to change their email address in LACERA's system, as many use their County address while active. These efforts will help us increase the number and quality of member email addresses.

### Attachment

C: Santos H. Kreimann, Chief Executive Officer  
Jon Grabel, Chief Investments Officer  
Steven P. Rice, Chief Counsel  
Cynthia Martinez, Chief Communications



# 2021 LACERA Elections Timeline



\*Email will go to General Members that have created accounts with LACERA

**FOR INFORMATION ONLY**

March 30, 2021

TO: Trustees - Board of Investments

FROM: Jude Pérez   
Principal Investment Officer

FOR: April 14, 2021 Board of Investments Meeting

SUBJECT: **STATE STREET INCIDENT REPORT – DATA DISCLOSURE**


This memo informs the Board of a data security incident at State Street Bank and Trust Company (State Street) concerning LACERA's global equity index fund data. The incident involved the disclosure of 52 corporate action events related to a single security to BlackRock Trust Company (BlackRock) over 11 months.

Specifically, in December 2019, BlackRock was hired as transition manager to adopt LACERA's MSCI ACWI IMI Index mandate. The new account's start date was January 2020, with State Street Global Advisors as the investment manager. However, while BlackRock was still acting as transition manager, one of the companies held in the portfolio processed a corporate action on its stock which settled in April. To close their transaction records, BlackRock requested corporate action details for the security as confirmation of settlement. State Street activated BlackRock's access for that particular security but did not shut access off once the necessary information had been relayed. As a result, from early May 2020 to March 2021, State Street fed BlackRock 52 instances of data, including account number, shares, and transaction details for that corporate action.

State Street discovered the disclosure as part of an access control procedure instituted in late February 2021. After researching the issue, State Street turned off the feed to BlackRock on March 3<sup>rd</sup>. Per LACERA's service level agreement on inadvertent data disclosure protocols, State Street notified the appropriate LACERA personnel on March 12th and provided details describing the matter. Staff, including LACERA's Chief Information Security Officer, discussed the incident with State Street and reviewed the improvements made to State Street's procedures.

While unfortunate, the incident's impact on LACERA is minimal; no financial loss was incurred given that the impacted data was for an index fund holding, not a separate account with trade-sensitive activity. As a reminder, the minimum qualifications for a custody search will be brought to the Board in the fourth quarter of this year.

Noted and Reviewed

  
Jonathan Grabel  
Chief Investment Officer

**FOR INFORMATION ONLY**

March 25, 2021

TO: Trustees – Board of Investments

FROM: Scott Zdrazil   
Senior Investment Officer

FOR: April 14, 2021 Board of Investments Meeting

SUBJECT: **COUNCIL OF INSTITUTIONAL INVESTORS VOTING ITEMS**

Please find attached LACERA's ballot for the members business meeting of the Council of Institutional Investors' ("CII") that took place March 11, 2021.

**BACKGROUND**

LACERA is a member of CII. CII held a members business meeting and elections for board directors representing public funds on March 11, 2021. The ballot includes consideration of public fund nominees for nine eligible director slots that are subject to annual elections and one proposed revision to CII policies.

1. Revisions to CII's 2005 statement of support for defined benefit plans that includes updated statistics and wording that is more in keeping with other CII policies. It should be noted that the general thrust of the policy has not changed.

Consistent with LACERA policy, staff reviews business meeting items and votes in adherence to LACERA's *Corporate Governance and Stewardship Principles* ("*Principles*"). Per policy, staff votes for director nominees in consultation with the Corporate Governance Committee Chair and consistent with LACERA's *Principles*, taking into consideration a mix of professional backgrounds, skills, and attributes, as well as geographic and other dimensions of diversity. LACERA therefore supported a mix of trustee, investment, governance, legal, and executive backgrounds relevant to serve as directors. **Attachment 1** is LACERA's ballot, submitted ahead of the advance voting deadline. **Attachment 2** includes descriptions of the business meeting items.

Subsequent to the CII director elections, Scott Zdrazil was nominated to serve as CII Board Chair by CII board members. Ron Baker, Executive Director of Colorado PERA, was also nominated. CII conducted a run-off election the following week, in which LACERA voted in favor of Mr. Zdrazil, in consultation with the Corporate Governance Committee Chair. CII announced run-off election results on March 23 that Mr. Zdrazil had been elected to serve as Board Chair.

Each Trustee, Board of Investments  
March 25, 2021  
Page 2 of 2

Attachments

Noted and Reviewed:

A handwritten signature in cursive script, appearing to read "Jonathan Grabel".

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Jonathan Grabel  
Chief Investment Officer



All advance proxies are due on or before 5PM ET on Friday, March 5. Proxies may be emailed to [michael@cii.org](mailto:michael@cii.org) or filled out via DocuSign on request.

CII U.S. Asset Owner Members' 2021 Spring Conference Proxy

Date: 3/5/2021

CII Member (Organization/Fund Name): LACERA - Los Angeles County Employees Retirement Association

Member Representative (Print Name & Signature):

DocuSigned by:  
Scott Edrazil  
501551580312454

Business Meeting Action Item: Approve Update to CII Statement *Support of Defined Benefit Plans*

(See Appendix 3 for details)  FOR  AGAINST  ABSTAIN

Board of Director Candidates: You may vote for up to nine candidates. Ballots returned with more than nine supported candidates will be discarded. No cumulative voting. In accordance with the election procedures the order of candidates presented is the result of a random drawing.

Ron Baker, Executive Director, Colorado Public Employees' Retirement Association (Colorado PERA)	
Mitchell Vogel, Trustee, Illinois State University Retirement System	X
Scott Zdrazil, Senior Investment Officer, Los Angeles County Employees Retirement Association (LACERA)	X
Simiso Nzima, Investment Director & Head of Corporate Governance, California Public Employees' Retirement System (CalPERS)	X
Patti Gazda, Corporate Governance Officer, Ohio Public Employees Retirement System	X
Aeisha Mastagni, Portfolio Manager, California State Teachers' Retirement System (CalSTRS)	X
Andrew Junkin, CFA, CAIA, Chief Investment Officer, State of Rhode Island, Office of the General Treasurer	
Nathan A. Saunders, Active Teacher Trustee, District of Columbia Retirement Board; Teacher, DC Public Schools	
Yumi Narita, Executive Director of Corporate Governance, NYC Pension Funds	X
Mansco Perry, Executive Director and Chief Investment Officer, Minnesota State Board of Investment	X
Michael P. McCauley, Senior Officer, Investment Programs & Governance, State Board of Administration (SBA) of Florida	X
Kathleen Hoffman, Chief of Staff, Teacher Retirement System of Texas	X

Write-in candidate(s) name, title and organization: \_\_\_\_\_

**PLEASE NOTE:** One vote per member organization. All ballots must be signed by a membership representative. U.S. Asset Owner Members may change their votes for business meeting action items at business meetings when they have previously submitted a proxy in advance of the meetings. A majority of U.S. Asset Owners must be represented in person or by ballot at Council meetings for the transaction of business. Ballot items require the affirmative vote of a majority of those voting. All ballots are confidential. Votes for directors may not be changed in person if cast in advance.

**APPENDIX 3**  
**ACTION ITEM: APPROVE UPDATE TO CII STATEMENT *SUPPORT OF***  
***DEFINED BENEFIT PLANS***

Initially adopted in 2005, *Support of Defined Benefit Plans* preceded the board's strategic decision to focus CII on corporate governance and seed the National Institute on Retirement Security (NIRS) to focus on improving the strength of defined benefit plans.

The proposed update reflects the view that while the general thrust of the statement need not be changed, the background and statistics used to buttress the core message could be refreshed. Additionally, the committee felt that statement's unusual style (examples of which include a 'Resolution' at the conclusion that generally repeats language covered by the first paragraph; footnoted citations; and the placement of supporting statistics and background in the statement itself rather than under Background & Intent), could be amended to be more consistent with other CII statements.

The CII board voted unanimously on Jan. 20, 2021 to approve the proposed update shown below, which the Policies Committee adopted on January 7. The committee's review began July 2020 and included an all-CII member comment period in October. CII staff did not receive any comments from members on the proposed revised wording.

**Proposal**

To amend *Support of Defined Benefit Plans* as follows (clean version follows):

The Council of Institutional Investors (CII) supports defined benefit plans (DB plans) as a critical component of the nation's retirement system and advocates for the retention of ~~defined benefit plans~~ DB plans as the central element of retirement programs offered to workers.

Ensuring that workers have the ability to retire with dignity is one of the most complex issues facing public and private sector entities in the United States. The challenges in structuring retirement programs are considerable. One size does not fit all, and considerations such as an employer's size and resources, the size and structure of employee pay packages, employee preferences and demographics influence what type of retirement benefits are most appropriate for an employer and its employees.

Today a broad variety of retirement programs are available for consideration by private and public sector entities. Different plan structures offer unique pros and cons for employees and employers.

Only one structure—the defined benefit plan—offers retirees a secure and guaranteed benefit upon retirement.

### Background & Intent

CII is concerned that eliminating public and private DB plans ~~defined benefit plans~~, which according to the National Institute on Retirement Security (NIRS) currently cover about ~~35 million Americans and their families~~, 70 million Americans (active and retired), could severely impact the ability of workers, particularly lower-income employees, to be financially secure at retirement. The end result could be even more pressure on already over-burdened federal, state and local government assistance programs.

~~CII believes that defined benefit plans~~ DB plans have played an important role in stabilizing the U.S. financial markets. Due to their extended benefit horizons, pension funds are long-term investors, particularly in the U.S. markets. In contrast, the average mutual fund portfolio turnover ratio is 79%, according to research published in the Journal of Corporation Law.

As of 2020, the largest 1,000 U.S. retirement plan sponsors hold over \$7 trillion in assets under defined benefit plans, according to data from Pensions & Investments. These resources, which flow into public equity, fixed income and alternative investments, promote not only plan participants' retirement security, but also business development, innovation, infrastructure improvement and economic growth from which non-plan participants benefit. Today pension funds, including private insured, private trustee and state and local plans, are estimated to hold more than \$4 trillion in U.S. publicly traded equities representing more than 26 percent of the U.S. public equity market.<sup>4</sup>

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<sup>4</sup>The Committee on Investment of Employee Benefit Assets, “The U.S. Pension Crisis: Evaluation and Analysis of Emerging Defined Benefit Pension Issues,” March 2004

<sup>2</sup>John C. Bogle, “The Mutual Fund Industry 60 Years Later: For Better or Worse,” Financial Analysts Journal, Vol. 61, Number 1, January/February 2005.

<sup>3</sup>According to the National Venture Capital Association, companies receiving venture capital financing between 1970 and 2003 accounted for 10.1 million jobs and \$1.8 trillion in revenue in 2003, representing about 9.4 percent of total U.S. jobs and revenues, and

DB plans are proven to be a particularly cost-effective method of managing retirement assets. Analysis by NIRS found that the cost to deliver the same level of retirement income was 46% lower for DB plans than for defined contribution plans.

~~Given their heavy reliance on passive investment strategies, pension funds are a critical source of stable, “patient capital” for the U.S. economy. In sharp contrast, mutual funds have become increasingly short term oriented, as evidenced by the sharp increase in mutual fund turnover from 17 percent between 1945 and 1965 (an average holding period of six years) to more than 100 percent since 2000 (an average holding period of 11 months).<sup>2</sup>~~

~~Not only do pension funds provide patient capital to publicly traded companies, they also increasingly invest in alternative and private equity vehicles and private real estate investments that provide funding for start-ups, buy-outs, and other arrangements that are vitally important to the U.S. and local economies but unable to access other forms of capital.<sup>3</sup>~~

CII believes the involvement of ~~defined benefit~~ DB plans, particularly state and local government and union pension systems, in corporate governance issues has benefited investors at large in the U.S. capital markets and contributed to the vitality of the U.S. economy and U.S. corporations. Pension fund advocacy has resulted in regulatory and legislative reforms to strengthen rights for shareowners, improved corporate governance standards for U.S. companies and boards, increased accountability of corporate directors and executives and enhanced transparency of governance activities and financial accounting. Weakening the voice of defined benefit plans in matters of corporate governance would be detrimental to U.S. investors and companies and the U.S. financial markets.

~~NOW THEREFORE BE IT RESOLVED, that the Council of Institutional Investors supports defined benefit plans as the central component of the nation's public and private retirement system and it opposes public and private efforts to limit employers' ability to provide these plans and employees' rights to participate in them.~~

---

~~states where venture capital has been the strongest—such as California, Texas and Massachusetts—have produced the most jobs and revenues for the U.S.~~



### **Proposal (clean)**

To amend *Support of Defined Benefit Plans* as follows:

The Council of Institutional Investors (CII) supports defined benefit plans (DB plans) as a critical component of the nation's retirement system and advocates for the retention of DB plans as the central element of retirement programs offered to workers.

Ensuring that workers have the ability to retire with dignity is one of the most complex issues facing public and private sector entities in the United States. The challenges in structuring retirement programs are considerable. One size does not fit all, and considerations such as an employer's size and resources, the size and structure of employee pay packages, employee preferences and demographics influence what type of retirement benefits are most appropriate for an employer and its employees.

Today a broad variety of retirement programs are available for consideration by private and public sector entities. Different plan structures offer unique pros and cons for employees and employers.

Only one structure—the defined benefit plan—offers retirees a secure and guaranteed benefit upon retirement.

### **Background & Intent**

CII is concerned that eliminating public and private DB plans, which according to the National Institute on Retirement Security (NIRS) currently cover about 70 million Americans (active and retired), could severely impact the ability of workers, particularly lower-income employees, to be financially secure at retirement. The end result could be even more pressure on already over-burdened federal, state and local government assistance programs.

DB plans have played an important role in stabilizing the U.S. financial markets. Due to their extended benefit horizons, pension funds are long-term investors, particularly in the U.S. markets. In contrast, the average mutual fund portfolio turnover ratio is 79%, according to research published in the Journal of Corporation Law.

As of 2020, the largest 1,000 U.S. retirement plan sponsors hold over \$7 trillion in assets under defined benefit plans, according to data from Pensions & Investments. These resources, which flow into public equity, fixed income and alternative investments, promote not only plan participants' retirement security, but also business development, innovation, infrastructure improvement and economic growth from which non-plan participants benefit.


DB plans are proven to be a particularly cost-effective method of managing retirement assets. Analysis by NIRS found that the cost to deliver the same level of retirement income was 46% lower for DB plans than for defined contribution plans.

CII believes the involvement of DB plans, particularly state and local government and union pension systems, in corporate governance issues has benefited investors at large in the U.S. capital markets and contributed to the vitality of the U.S. economy and U.S. corporations. Pension fund advocacy has resulted in regulatory and legislative reforms to strengthen rights for shareowners, improved corporate governance standards for U.S. companies and boards, increased accountability of corporate directors and executives and enhanced transparency of governance activities and financial accounting. Weakening the voice of defined benefit plans in matters of corporate governance would be detrimental to U.S. investors and companies and the U.S. financial markets.

**FOR INFORMATION ONLY**

March 25, 2021

TO: Each Trustee  
Board of Retirement  
Board of Investments

FROM: Barry W. Lew   
Legislative Affairs Officer

FOR: April 7, 2021 Board of Retirement Meeting  
April 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.

Please note that the report differs from prior years' reports by organizing the various bills into subject matter categories.

**Reviewed and Approved:**



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**Steven P. Rice, Chief Counsel**

**Attachments**

LACERA Legislative Report Index  
LACERA Legislative Report

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

<b>PUBLIC RETIREMENT</b>	<b>AUTHOR</b>	<b>TITLE</b>	<b>PAGE</b>
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**PUBLIC RETIREMENT**

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CA AB 551	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>DISPOSITION:</b> <b>SUMMARY:</b>	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.
	<b>STATUS:</b>	
	02/18/2021	To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.
CA AB 627	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>DISPOSITION:</b> <b>SUMMARY:</b>	Waldron [R] Recognition of Tribal Court Orders: Retirement Plans 02/12/2021 Pending 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.
	<b>STATUS:</b>	
	03/23/2021	From ASSEMBLY Committee on JUDICIARY: Do pass to Committee on APPROPRIATIONS. (11-0)
CA AB 1133	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>DISPOSITION:</b> <b>SUMMARY:</b>	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.
	<b>STATUS:</b>	
	02/18/2021	INTRODUCED.
CA AB 1293	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>LAST AMEND:</b> <b>DISPOSITION:</b> <b>SUMMARY:</b>	Cooley [D] Judges' Retirement System II: Federal Law Limits 02/19/2021 03/18/2021 Pending Prohibits the amount payable to a member under the Judges' Retirement System II, including cost-of-living adjustments, from exceeding the limits

established by federal law, and would incorporate specified provisions of federal law by reference.

**STATUS:**

03/18/2021 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.  
03/18/2021 From ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT With author's amendments.  
03/18/2021 In ASSEMBLY. Read second time and amended. Re-referred to Committee on 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:**

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

**STATUS:**

03/23/2021 From SENATE Committee on JUDICIARY with author's amendments.  
03/23/2021 In SENATE. Read second time and amended. Re-referred to Committee on JUDICIARY.

CA SB 294

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

Removes the 12-year limitation for service credit earned on an employer-approved compensated leave under the Public Employees Retirement Law and Teachers Retirement Law.

**STATUS:**

03/23/2021 In SENATE. Read second time. To third reading.

CA SB 634

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

**STATUS:**

03/22/2021 From SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT: Do pass to Committee on APPROPRIATIONS. (5-0)

**Comments:**

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

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**PUBLIC INVESTMENT**

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CA AB 539	<p><b>AUTHOR:</b> Cooley [D]  <b>TITLE:</b> State Teachers' Retirement: Investment Managers  <b>INTRODUCED:</b> 02/10/2021  <b>DISPOSITION:</b> Pending  <b>SUMMARY:</b>          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.  <b>STATUS:</b>          02/18/2021 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.</p>
CA AB 890	<p><b>AUTHOR:</b> Cervantes [D]  <b>TITLE:</b> Public Employee Retirement Systems: Investment  <b>INTRODUCED:</b> 02/17/2021  <b>LAST AMEND:</b> 03/11/2021  <b>DISPOSITION:</b> Pending  <b>SUMMARY:</b>          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.  <b>STATUS:</b>          03/11/2021 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.          03/11/2021 From ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT With author's amendments.          03/11/2021 In ASSEMBLY. Read second time and amended. Re-referred to Committee on PUBLIC EMPLOYMENT AND RETIREMENT.</p>
CA AB 1019	<p><b>AUTHOR:</b> Holden [D]  <b>TITLE:</b> Public Employee Retirement Systems: Investments  <b>INTRODUCED:</b> 02/18/2021  <b>DISPOSITION:</b> Pending  <b>SUMMARY:</b>          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.  <b>STATUS:</b>          03/04/2021 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.</p>

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:**

02/25/2021 To SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT.

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**RETIREMENT PERSONNEL**

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CA AB 761

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

03/18/2021 From ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT With author's amendments.

03/18/2021 In ASSEMBLY. Read second time and amended. Re-referred to Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

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**PUBLIC EMPLOYMENT**

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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	<p><b>AUTHOR:</b> Public Employment and Retirement Cmt  <b>TITLE:</b> State and Local Employees: Pay Warrants: Designees  <b>INTRODUCED:</b> 02/08/2021  <b>DISPOSITION:</b> Pending  <b>SUMMARY:</b>  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.  <b>STATUS:</b>  02/18/2021 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.</p> <p><b>Comments:</b>  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.</p>
CA AB 1354	<p><b>AUTHOR:</b> Grayson [D]  <b>TITLE:</b> Public Employees' Retirement  <b>INTRODUCED:</b> 02/19/2021  <b>DISPOSITION:</b> Pending  <b>SUMMARY:</b>  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.  <b>STATUS:</b>  02/19/2021 INTRODUCED.</p>
CA SB 411	<p><b>AUTHOR:</b> Cortese [D]  <b>TITLE:</b> Public Employees' Retirement System  <b>INTRODUCED:</b> 02/12/2021  <b>LAST AMEND:</b> 03/08/2021  <b>DISPOSITION:</b> Pending  <b>SUMMARY:</b>  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 PEPRRA.  <b>STATUS:</b>  03/18/2021 Re-referred to SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT.</p>

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**DISABILITY RETIREMENT**

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CA AB 845	<p><b>AUTHOR:</b> Rodriguez [D]  <b>TITLE:</b> Disability Retirement: COVID-19: Presumption  <b>INTRODUCED:</b> 02/17/2021  <b>DISPOSITION:</b> Pending  <b>SUMMARY:</b></p>
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Creates a presumption, applicable to the retirement systems that the Public Employees' Pension Reform Act of 2013 (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 2019-related illness. Requires, in this circumstance, that it be presumed the disability arose out of, or in the course of, the member's employment.

**STATUS:**

02/25/2021 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

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**WORKERS COMPENSATION**

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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:**

02/12/2021 To ASSEMBLY Committee on INSURANCE.

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  
**DISPOSITION:** Pending  
**SUMMARY:**

Provides that if the Governor has declared a state of emergency in connection with an act of domestic terrorism, existing law requires an employer, as defined, to provide immediate support from a case nurse manager for employees injured by an act of domestic terrorism whose injuries arise in the course of employment. Makes technical, nonsubstantive changes to that

provision.  
**STATUS:**  
03/25/2021 To ASSEMBLY 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:**  
02/25/2021 To ASSEMBLY Committee on INSURANCE.

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:**  
03/22/2021 From SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT: Do pass to Committee on APPROPRIATIONS. (4-1)

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:**

03/22/2021 In SENATE Committee on APPROPRIATIONS: To Suspense File.

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:**

03/18/2021 Re-referred to SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT.

CA SB 788

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

Prohibits consideration of race, religious creed, color, national origin, age, gender, marital status, sex, sexual identity, sexual orientation, or genetic characteristics 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:**

03/22/2021 From SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT: Do pass to Committee on APPROPRIATIONS. (4-0)

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**BROWN ACT**

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CA AB 339

**AUTHOR:** Lee [D]  
**TITLE:** State and Local Government: Open Meetings  
**INTRODUCED:** 01/28/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Requires all meetings of the Legislature, including gatherings using

teleconference technology, to include an opportunity for all persons to attend via a call-in option or an internet-based service option that provides closed captioning services and requires both a call-in and an internet-based service option to be provided to the public. Requires all meetings to provide the public with an opportunity to comment on proposed legislation, and requires translation services to be provided, as specified.

**STATUS:**

01/28/2021 INTRODUCED.

CA AB 361

**AUTHOR:** Rivas R [D]  
**TITLE:** Open Meetings: Local Agencies: Teleconferences  
**INTRODUCED:** 02/01/2021  
**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 or local emergency, when state or local health officials have imposed or recommended measures to promote social distancing, and during a declared local emergency.

**STATUS:**

02/12/2021 To ASSEMBLY Committee on LOCAL GOVERNMENT.

CA AB 703

**AUTHOR:** Rubio [D]  
**TITLE:** Open Meetings: Local Agencies: Teleconferences  
**INTRODUCED:** 02/12/2021  
**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:**

02/25/2021 To ASSEMBLY Committee on LOCAL GOVERNMENT.

CA AB 821

**AUTHOR:** Cooper [D]  
**TITLE:** Sexually Violent Predators: Placement Outside County  
**INTRODUCED:** 02/16/2021  
**LAST AMEND:** 03/18/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Requires advance notice, as specified, if a sexually violent predator is to be released to a county other than their county of domicile.

**STATUS:**

03/18/2021 To ASSEMBLY Committee on PUBLIC SAFETY.  
03/18/2021 From ASSEMBLY Committee on PUBLIC SAFETY with author's amendments.  
03/18/2021 In ASSEMBLY. Read second time and amended.  
Re-referred to Committee on PUBLIC SAFETY.

CA SB 274

**AUTHOR:** Wieckowski [D]  
**TITLE:** Local Government Meetings: Agenda and Documents  
**INTRODUCED:** 01/29/2021

**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 mail a copy of all other documents constituting the agenda packet, if specified criteria or circumstances are met.

**STATUS:**

03/25/2021 From SENATE Committee on GOVERNANCE AND FINANCE:  
Do pass as amended to Committee on APPROPRIATIONS.

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**PUBLIC RECORDS ACT**

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CA AB 386

**AUTHOR:** Cooper [D]

**TITLE:** Public Employees Retirement: Investments: Confidential

**INTRODUCED:** 02/02/2021

**LAST AMEND:** 03/18/2021

**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.

**STATUS:**

03/18/2021 From ASSEMBLY Committee on PUBLIC EMPLOYMENT AND  
RETIREMENT With author's amendments.

03/18/2021 In ASSEMBLY. Read second time and amended.  
Re-referred to Committee on PUBLIC EMPLOYMENT AND  
RETIREMENT.

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:**

03/24/2021 In ASSEMBLY. Read second time. To Consent Calendar.

CA AB 474

**AUTHOR:** Chau [D]

**TITLE:** California Public Records Act: Conforming Revisions

**INTRODUCED:** 02/08/2021

**DISPOSITION:** Pending

**SUMMARY:**

Enacts various conforming and technical changes related to another bill that recodifies and reorganizes the California Public Records Act. The bill would only become operative if the related bill recodifying the act is enacted and becomes operative on January 1, 2023.

**STATUS:**  
03/24/2021 In ASSEMBLY. Read second time. To Consent Calendar.

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**SOCIAL SECURITY**

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


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.




March 30, 2021

TO: Trustees – Board of Retirement

FROM: JJ Popowich   
Assistant Executive Officer

Ted Granger   
Interim Chief Financial Officer

Kathy Delino   
Interim Systems Division Manager

FOR: April 7, 2021 – Board of Retirement Meeting

SUBJECT: **Cost of Living Adjustment – Accumulation Accounts**

RECOMMENDATION

For the year ended December 2020, approve the corrected cost-of-living adjustment and respective COLA accumulation account (COLA bank) update for retired LACERA members and beneficiaries, based on retirement plan and date of retirement or death, effective April 1, 2021 in accordance with applicable California Government Code Sections 31495.5, 31870, and 31870.1.

EXECUTIVE SUMMARY

During Systems Division (Systems) staffs' annual preparation to update the Cost-of-Living-Adjustment (COLA) accumulation tables, based on the 2021 COLA award, a data anomaly was discovered. As staff reviewed historical information and current procedures they noted a difference in the methodology used by Systems and the Financial and Accounting Services Division (FASD) to calculate the COLA accumulation account balances. Staff has subsequently recalculated and reconciled the COLA accumulation tables for all applicable retirement plans. The 2021 COLA accumulation accounts have been updated and LACERA will be able to pay the correct COLA amounts to eligible members in April.

The adjustments to the COLA accumulation balances will be effective retroactively back to 2012. Due to the timing of the discovery of this anomaly we will initiate a second project to calculate retroactive adjustments, where applicable, and issue payments to members as necessary.

The historical COLA awards have been made and members have been paid in accordance with Board approved memos. In some instances, the COLA accumulation accounts require historical adjustments and there are some member groups that may be entitled to additional benefits due to the COLA accumulation account adjustments. There are no member groups that will incur a reduction in benefits. Supplemental Targeted Adjustment for Retirees (STAR) COLA benefits were reviewed and are not affected by



these changes. Where the COLA accumulation accounts balance were understated, the additional amounts have been included in the corrected tables.

## BACKGROUND

In February 2021, the Board of Retirement approved the COLA effective April 1, 2021 (see Attachment A, “January 2021 COLA Memo,” for reference) prepared by FASD. The COLA awards are made for each retirement year (e.g., 4/1/2019 to 3/31/2020) and by retirement plan (i.e., Plan A, B, C, D, E and PEPRA Plans C and G). In addition, the Board approval includes any additions or deductions to the COLA accumulation accounts.

## PROCESS

Staff obtain data from the U.S. Bureau of Labor Statistics (BLS) to calculate the Consumer Price Index (CPI) Index Change for January to December 2020 and calculate the CPI Percentage Change for the same one-year period. This CPI Percentage Change calculation is then reconciled to the one-year CPI Percentage Change reported in the BLS December 2020 publication. BLS published an annual change of 1.5%, which is consistent with staff calculation for the CPI Percentage Change of 1.45%, rounding the result to the nearest one-tenth of one percent to match BLS’s procedures. The LACERA COLA award is also calculated based on the provisions included within the California Government Code which require that the COLA award be rounded to the nearest one-half of 1.0%. The example below is from the January 2021 COLA Memo. The LACERA “preliminary” COLA award is the “base” COLA award and agrees with the BLS annual percentage change in the CPI index.

CPI Index for Year Ended December 2020	279.56
CPI Index for Year Ended December 2019	275.55
CPI Index Change	<u>4.01</u>
CPI Percentage Change	<u>1.45%</u>
BLS Annual Change (December 2019 to December 2020)	1.50%
<b>LACERA 2021 Preliminary COLA Award</b> (rounded to nearest one-half of 1.00%)	<b>1.50%</b>

Staff compare the preliminary COLA award to the retirement plan maximum allowances under the law. The current COLA accumulation account balances are reviewed to determine if additional amounts, “Cost-of-Living (COL) adjustments”, can be removed from the COLA bank and added to the preliminary COLA award. Any available amounts taken from the COLA accumulation accounts are added to calculate the “final” COLA award (e.g., base COLA award + COL adjustments from the COLA bank = final COLA award). The retirement plan maximums are as follows:

- Retired Plan A members and beneficiaries can receive a maximum allowance of up to 3.0%.
- All other retirement plans members and beneficiaries (Plans B, C, and D as well as PEPRA Plans C and G) shall not be increased by more than 2.0%.
- The maximum for Plan E members is also 2.0% but is based on their work history prospective of June 4, 2002 and any purchased elective COLA benefit.

For 2021, the preliminary COLA award is *below* the maximum amount for all plans. The COLA accumulation accounts are reviewed to determine whether balances may be deducted from the COLA accumulation accounts and added to the preliminary COLA award, increasing it as much as possible compared to the maximum amount which becomes the final COLA award, as follows:

- A zero balance COLA accumulation account will provide no additional increase in COLA award; the member will receive the standard COLA amount of 1.5%. The COLA bank would remain at 0.0%.
- A COLA accumulation balance 0.3% will result in an increase in the COLA award above the standard COLA amount: the member will receive 1.8%. The COLA bank would be reduced to 0.0%.
- For a balance of 6.5% held in the COLA accumulation account, Plan A members will receive a 3.0% final COLA award, and the maximum amount of 2.0% will be final COLA awarded to members of all other Plans (with specific provisions applicable to Plan E). The COLA accumulation accounts would be reduced by 1.5% for Plan A members and 0.5% (or less if the COLA accumulation account is less) for all other members to make the maximum statutory awards possible.

The calculations included above are for illustration only and COLA accumulation accounts for each retirement year are calculated separately.

### SYSTEMS UPDATE

Each year in April, LACERA's Systems staff updates the member database tables to comply with the most recent COLA memo approved by the Board. This process will post the final COLA awards to the member accounts for their April 30<sup>th</sup> benefit payment and will update the COLA accumulation accounts.

During the April 2021 preparation process, Systems reviewed the January 2021 COLA Memo which includes the COLA awards and attachments that contain COLA accumulation account updates, and noted a minor discrepancy in one of the COLA accumulation accounts. A COLA accumulation account balance for one retirement year

in the Systems database did not agree to the balance in January 2021 COLA Memo. Staff reviewed the historical data and identified the discrepancy:

- For members of Plans B, C, D, and E, an internal error occurred in 2012 which caused the final COLA awards for some members in 2014 and 2015 to be understated because LACERA records showed they had less in their accumulation accounts than they should have had.
- In 2018 and 2019 for Plan A members, the full difference between the CPI and the final COLA award was not added to the COLA accumulation accounts due to rounding that should not have been applied.

### COLA ACCUMULATION ACCOUNT METHODOLOGY

In analyzing the historical data, staff noted that Systems and FASD appeared to use different approaches when they update the COLA accumulation accounts. The Systems method, was directed by an internal policy directive dating back to 1996. This method used amounts based on actual CPI index to increase the COLA accumulation accounts, however, it also uses a rounded amount when decreasing the COLA accumulation accounts to enable payment of the statutory maximum percentages. (Note: There were no CPI decreases during these years.) Systems was consistent in applying this methodology over the years.

The data evaluation showed that FASD used a uniform methodology mirroring Systems until 2012. At that time, FASD changed its approach by rounding the CPI adjustments to the nearest one-half of 1% prior to increasing the COLA accumulation accounts. At that time, it appears that FASD staff were not aware of the 1996 policy directive, but instead used internal discretion in making the calculations. Systems made FASD staff aware of the internal policy in late 2019 [however, the COLA accumulation account balances were not drawn from at that point and there was no detailed reconciliation performed at that moment]. For the 2021 COLA award update, it has been determined that FASD's approach was incorrect and resulted in discrepancies between Systems and FASD COLA accumulation account balances.

To illustrate the differences in methodology that was applied, assume the CPI change is 3.6% which is *above* the maximum amount for all plans. This analysis differs from the illustration previously described in this memo where the CPI was *below* the maximum amount for all plans. In this example, balances in the COLA accumulation accounts are not used to provide COL adjustments to the final COLA award. Instead, the excess balance from the CPI, over and above the maximum statutory COLA award is calculated, and then added to the COLA accumulation accounts as follows:

- Regardless of COLA accumulation account balances, the CPI change above the maximum COLA allowed by each retirement Plan will be added as a COL adjustment to the COLA accumulation.

- Plan A members will receive the maximum COLA award of 3.0%: 0.6% will be added to their COLA accumulation accounts.
- All other Plan members would receive the maximum COLA award of 2.0%: 1.6% would be added to the COLA accumulation accounts.

In applying this example for Plan A members, the methodology used by FASD included rounding the preliminary COLA award before applying the increase to the COLA accumulation. For example, if the CPI change was 3.6%, the preliminary COLA award was determined to be 3.5% (rounded to the nearest ½ of one percent). FASD then applied additions or COL adjustments to the COLA accumulation accounts at 0.5% for Plan A instead of the proper amount based on the 1996 policy directive which should have been 0.6%.

### CALCULATION ILLUSTRATION

The illustration included below is intended to show an example of the differences in the methodology applied by Systems as compared to FASD. Section 1 is the scenario where the CPI change is 3.6% and the Plan A maximum allowable COLA is 3.0%. One notable difference shown is that FASD applied rounding to the nearest one-half of 1.0% to determine the CPI change while Systems, who applied the correct method did not.

In Section 2 below, Systems appropriately applies the 0.6% difference between the 3.6% CPI change and the preliminary COLA award of 3.0%, to increase or adjust the COLA bank, resulting in a correct ending balance. FASD’s misapplication of the COLA bank increase is shown in Section 3. The rounding that was completed earlier in the process results in an incorrect end COLA bank balance. And in Section 4, the difference between the two COLA bank changes is shown.

#### **COLA Accumulation Account (Bank) Illustration Systems versus FASD Methodology**

<i>Section 1 (CPI review)</i>		<b>COLA Award Rounding (Systems)</b>	<b>COLA Award Rounding (FASD)</b>	<b>COLA Award Preliminary</b>	
<b>Plan</b>	<b>Maximum Allowable</b>	<b>CPI</b>			
<b>Plan A</b>	3.0%	3.6%	N/A	3.5%	3.0%

<i>Section 2 (COL adjustment, correct application)</i>		<b>BANK Begin Balance (Systems)</b>	<b>BANK Increase/ (Decrease) (Systems)</b>	<b>BANK End Balance (Systems)</b>	<b>COLA Award Final</b>
		1.5%	0.6%	2.1%	3.0%

**COLA Accumulation Account (Bank) Illustration  
 Systems versus FASD Methodology  
 (Continued)**

<i>Section 3 (COL adjustment, incorrect application)</i>	<b>BANK Begin Balance (FASD)</b>	<b>BANK Increase/ (Decrease) (FASD)</b>	<b>BANK End Balance (FASD)</b>	<b>COLA Award Final</b>
	1.5%	0.5%	2.0%	3.0%
<i>Section 4 (Difference in the two methods)</i>	<b>BANK Change (Systems)</b>	<b>BANK Change (FASD)</b>	<b>BANK Change Difference</b>	
	0.6%	0.5%	0.1%	

**COLA AWARD HISTORY AND COLA BANK BALANCES**

Systems, FASD, and Milliman staff reviewed and concur that the previous COLA award amounts (the COLA awards for each historical year) were correctly determined based on the BLS data. This is the “base” or preliminary COLA award amount before any eligible COL adjustments are applied from the COLA bank to bring the final COLA award amount paid to the member as close to the maximum allowed by CERL.

One error identified was the misapplication of COL adjustments to the COLA accumulation balances when the CPI was above the statutory maximum. The other data input error discovered was an additional amount that should have been added to the COLA accumulation account which resulted in benefit increases that could have been awarded. In addition, staff determined that the rounding method within the COLA accumulation account data was applied inconsistently. As a result of these minor errors the COLA accumulation balances reported in the annual COLA memos were misstated for certain portions of the retired membership population and need to be corrected.

As discussed, we will be developing a project plan to address the corrections to member benefits as appropriate.

**DATA REVIEW**

Attachments B through E contain Tables 1-4 which provides the COLA accumulation account corrected amounts. In Column A, the April 1, 2020 COLA accumulation balances has been corrected to match Systems data. Column B shows the STAR COLA benefit adjustment which does not apply for 2021. STAR COLA benefits were not impacted by the corrections described in this memo. The 2021 COL adjustments are provided in

Column C, which are the same amounts as included in the original 2021 COLA Memo except for Plan A (for members who retired from 4/1/1981 to 3/31/2019). The restated COLA accumulation accounts are shown in Column D and are the balances that will carry forward to April 1, 2022. The data contained in Columns E and F include the COLA accumulation account balances attached to the January 2021 COLA Memo and the differences between the previously reported “original” balances and the corrected balances are shown.

As shown in Table 1, Column C, for Plan A members, COL adjustment is the same for all retirement years up to 3/31/1981. For retirement years 4/1/1981 to 3/31/2018, the COL adjustment previously reported was a decrease of 0.5% based upon the previously reported balance of 0.5%, which reduced the COLA accumulation to 0.0%. However, the corrected COLA accumulation account balance at April 1, 2020 should have been 0.8%, providing a decrease of 0.8% reducing the COLA accumulation balance to 0.0%, resulting in an additional COL adjustment of 0.3% more than previously reported. The original COLA award for this member population was stated as 2.0% in the January 2021 COLA Memo, however the COLA award amount should have been 2.3%, and has been corrected.

For Plan A members who retired from 4/1/2018 to 3/31/2019, COL adjustment previously reported was a decrease of 0.0% based upon the previously reported COLA accumulation balance of 0.0%. However, the corrected COLA accumulation account balance at April 1, 2020 should have been 0.2%, providing a decrease of 0.2% reducing the balance to 0.0%, resulting in an additional COLA adjustment of 0.2% above the original amount. The original COLA award for this member population was stated as 1.5% in the January 2021 COLA Memo, however, the COLA award amount should have been 1.7%, and has been corrected. The “Benefits Adjustments” provides additional details regarding Plan A member adjustments.

For all other Plans, the 2021 COLA adjustment is the same amount as included in the February 2021 COLA Memo. As previously stated, the COLA accumulation accounts requiring changes have been corrected as shown in the attachments.

### BENEFIT ADJUSTMENTS

For Plan A members, due to the COLA accumulation account update, the description below has been carried over from the January 2021 COLA Memo but restated based on the data analysis described above.

Based on the LACERA COLA award of 1.5% and applicable Government Code provisions, cost-of-living increases for retired members and beneficiaries, which may be approved to become effective April 1, 2021 based on retirement plan and date of retirement or death, are as follows:

### **PLAN A MEMBERS AND ELIGIBLE BENEFICIARIES**

- ALL DATES UP TO MARCH 31, 1981: 3.0% (*no correction required*)  
The 3.0% increase is from the LACERA COLA award of 1.5% plus 1.5% from the COLA accumulation to equal the maximum allowable increase of 3.0%.
- APRIL 1, 1981 TO MARCH 31, 2018: 2.3% (*formerly 2.0%*)  
The 2.3% increase is from the LACERA COLA award of 1.5% plus 0.8% (*formerly 0.5%*) from the COLA accumulation to equal the maximum allowable increase of 2.3%.
- APRIL 1, 2018 TO MARCH 31, 2019: 1.7% (*formerly 1.5%*)  
The 1.7% increase is from the LACERA COLA award of 1.5% plus 0.2% (*formerly 0.0%*) from the COLA accumulation to equal the maximum allowable increase of 1.7%.
- APRIL 1, 2019 TO MARCH 31, 2021: 1.5% (*no correction required*)  
The 1.5% increase is from the LACERA COLA award of 1.5% to equal the maximum allowable increase.

As indicated, for other plans (i.e., not Plan A) adjustments will be needed to the COLA accumulation accounts; however, the monthly benefit adjustments effective April 2021 are not affected. There is one situation for these plans that will require a benefit adjustment, but that adjustment is targeted for May 2021. This situation is described in the following paragraph.

During the extensive data analysis exercise, one anomaly was discovered. In 2012, the CPI Index Change was 2.2%. For retired members in Plans, B, C, D and E, staff correctly applied a 2.0% COLA award. However, the COLA accumulation accounts should have received an increase of 0.2% based on the CPI Index Change. Systems staff made a clerical error and did not apply the 0.2% to COLA accumulation accounts in an invalid attempt to match with FASD's COLA Bank per the 2012 COLA memo. As a result, in 2014 and 2015, members of certain retirement years were impacted whereby the COLA accumulation accounts indicated an understated 0.0% balance. The COLA accumulation balance should have been 0.2% which would have resulted in a higher COLA award in subsequent years. This 2014 event applies to members who retired from 4/1/2007 to 3/31/2012, and in 2015, those members who retired between 4/1/2006 and 3/31/2007 are impacted. Benefits will be recalculated for all members within these groups.

### **ROUNDING**

Historical records show that LACERA maintained the COLA accumulation accounts using one decimal place. During staffs' current review of the data and documentation, staff

determined that a change occurred in 2015 when the data set was increased to two decimal places which introduced additional complexity into the calculations. Based on the current review and analysis, staff determined it was more consistent with the CPI information published by the BLS to only include one decimal. Staff examined the annual COLA account calculations from 2015 to 2021 and corrected the balances which set the amounts to one decimal place.

Staff determined that the COLA accumulation accounts, which have been reviewed and reconciled based on the 1996 policy directive, will be restated for April 1, 2020, to one decimal place. COLA accumulation adjustments were also applied so the April 1, 2021 ending balances are reported at one decimal. This change of maintaining one decimal will be used on all future COLA accumulation balances and calculations.

### LEGAL REVIEW AND ANALYSIS

During the data review and methodology examination, staff contacted LACERA's Legal Office who immediately reviewed the applicable statutes. It was determined that the methods used by Systems, as indicated in the 1996 policy directive and applied over the years, comply with the legal interpretation. The full legal analysis of the relevant statutes is as follows:

The California Employees Retirement Law of 1937 (CERL) provides for cost-of-living adjustments to be evaluated for all LACERA plans as of April 1<sup>st</sup> each year. For contributory Plan A members, California Government Code Section 31870.1 provides that an annual cost-of-living increase or decrease shall not exceed 3% per year. For contributory Plan B, C, D, and G members, Section 31870 provides that an annual increase or decrease shall not exceed 2% per year. For noncontributory Plan E, Section 31495.5 provides for an "Automatic COLA" increase or decrease not to exceed 2% per year. (There are additional rules that apply to Plan E that are not relevant here, including "Elective COLA".)

With respect to Plans A, B, C, D, and G, the relevant language of Sections 31870 and 31870.1 is the same. These statutes state that a member's retirement allowance will "be increased or decreased by a percentage of the total allowance then being received found by the board to approximate to the nearest one-half of 1 percent the percentage of annual increase or decrease in the cost of living as of January 1<sup>st</sup> of each year as shown by the then current Bureau of Labor Statistics Consumer Price Index for All Urban Consumers for the area in which the county seat is situated," subject to the applicable percentage maximum of 2 or 3%. The Bureau of Labor Statistics (BLS) itself calculates the 12-month January-December percentage change in the Consumer Price Index (CPI) for the Los Angeles-Long Beach-Anaheim, California area. This percentage is calculated and published by BLS to one decimal place (the nearest tenth of a percent, or 0.1%). Section 31870 and 31870.1 require that the BLS percentage be used, rounded to the nearest one-half of one percent (or 0.5%).



Sections 31870 and 31870.1 further provide that “the amount of any cost-of-living increase or decrease in any year which is not met by the maximum annual change of [2 or 3] percent in allowances shall be accumulated to be met by increases or decreases in allowance in future years,” provided that an allowance may not be reduced below the amount received by the member on the original effective date. This accumulation is sometimes called the “COLA bank.”

As stated in the statutes, the accumulation each year is calculated as “the amount of any cost-of-living increase or decrease” (i.e., the actual, unrounded amount of the CPI percentage change) not met by the maximum change of 2 or 3 percent, depending on the plan. This difference, positive or negative, is added to or subtracted from the total accumulated amount, or COLA bank, to be used for adjustments in future years. Since the CPI Index is calculated to the tenth of a percent, the amount added to or subtracted from the COLA bank in any given year, and the amount in the COLA bank, will be an unrounded amount to one decimal place, or 0.1%. Unlike the annual adjustment provided to members, COLA bank accumulations are not rounded to the nearest 0.5%. Annual COLA bank accumulations are a separate calculation from any withdrawals from the bank that may be needed to meet the statutory maximum.

For Plan E members, Section 31495.5 has slightly different language for the Automatic COLA not to exceed 2% per year, prorated by service credit earned after the operative date of the statute. The annual Automatic COLA increase or decrease is based on a rounded CPI adjustment to the nearest 0.5%. Plan E members can accumulate a COLA Bank increase when the cost-of-living percentage increase of the CPI, which is calculated by BLS to one decimal point, is greater than the 2% maximum. Unlike for the other plans, there is no provision for a decrease in the Plan E COLA bank. Since the Plan E COLA bank calculation is based on actual CPI percentage changes determined by the BLS, the accumulated amount calculation and the COLA banks for Plan E members should be maintained to the nearest 0.1%, not rounded to the nearest 0.5%.

## NEXT STEPS

The 2021 COLA awards that were posted to member accounts for April 1, 2021 have been adjusted and corrected based upon information contained in this memo. Systems already updated the 2021 COLA payments amounts to pay the corrected amount for April 30th. The next step in the process is to address member populations where there were COLA accumulation accounts that were understated. For those members in Plans, B, C, D and E, who retired from 4/1/2007 to 3/31/2012 and between 4/1/2006 and 3/31/2007, the COLA award will be applied retroactively to 2014 and 2015 respectively, when the COLA accumulation accounts were impacted. This discrepancy is limited to the Plan B, C, D and E retired member population within these ranges, which is estimated to be about 9,675, and does not affect Plan A and all other retired member benefits outside of these date ranges. The recalculations will be programed into the member database by May 2021, which will cause a one-time “catch-up” payment. In addition, monthly member benefits will be recalculated to include the change.

The corrected COLA accumulation percentages as of April 1, 2021 are shown in Attachments B through E and reflect the adjustments discussed above. Since the 2021 COLA accumulation account adjustments will be implemented based on the changes described in this memo, the 2022 COLA accumulation account beginning balances will be correctly stated.

### MILLIMAN REVIEW

Milliman has independently replicated the corrected COLA accumulations and adjustments and agree with LACERA staff calculations. Staffs' interpretation of the applicable government code sections is consistent with how other 1937 Act retirement funds have applied them. Milliman's letter is included as Attachment F.

### **THEREFORE, IT IS RECOMMENDED THAT THE BOARD OF RETIREMENT:**

For the year ended December 2020, approve the corrected cost-of-living adjustment and respective COLA accumulation account update for retired LACERA members and beneficiaries, based on retirement plan and date of retirement or death, effective April 1, 2021 in accordance with applicable California Government Code Sections 31495.5, 31870, and 31870.1.

### Attachments

- A – Cost-of-Living Adjustment Effective April 1, 2021  
(Memo dated January 22, 2021)
- B – Table 1: Plan A
- C – Table 2: Plan B, C, or D
- D – Table 3: Plan E
- E – Table 4: PEPRA Plans C and G
- F – Letter from Milliman

### REVIEWED AND APPROVED:



\_\_\_\_\_  
Santos H. Kreimann  
Chief Executive Officer

March 31, 2021

\_\_\_\_\_  
Date

# Attachment A

Cost-of-Living Adjustment Effective April 1, 2021  
(Memo dated January 22, 2021)



January 22, 2021

**Attachment A**

**TO:** Trustees – Board of Retirement  
**FROM:** Ted Granger *TG*  
 Interim Chief Financial Officer  
**FOR:** February 3, 2021 – Board of Retirement Meeting  
**SUBJECT: COST-OF-LIVING ADJUSTMENT EFFECTIVE APRIL 1, 2021**

CONSUMER PRICE INDEX CHANGE

Sections 31870, 31870.1, and 31495.5 of the California Government Code govern cost-of-living adjustment (COLA) for retired LACERA members and beneficiaries. These sections provide that the Board of Retirement shall, before April 1 of each year, determine whether there has been an increase or decrease in the cost-of-living, as shown by the Bureau of Labor Statistics Consumer Price Index (CPI) for All Urban Consumers for the area in which the county seat is situated, as of January 1 of each year.

Information concerning the Bureau of Labor Statistics CPI for All Urban Consumers for the Los Angeles-Long Beach-Anaheim area is as follows:

CPI Index for Year Ended December 2020	279.56
CPI Index for Year Ended December 2019	275.55
CPI Index Change	<u>4.01</u>
CPI Percentage Change	1.45%
<b>LACERA 2021 COLA Award</b>	<b>1.50%</b>
(rounded to nearest one-half of 1.00%)	

MAXIMUM ALLOWABLE COLA CHANGES

Every retirement allowance, optional death allowance, or annual death allowance payable to or on account of any member, who retires or dies or who has retired or died shall, as of April 1 of each year, be increased or decreased by a percentage of the total allowance to approximate to the nearest one-half of 1.00%, the percentage of annual increase or decrease in the cost-of-living as of January 1 of each year subject to the following limitations:

- Section 31870.1 of the California Government Code governing cost-of-living increases for retired Plan A members and beneficiaries provides that such change shall not exceed 3.00% per year.
- Section 31870 of the California Government Code governing cost-of-living increases for retired Plans B, C, and D, as well as PEPRAs Plans C and G, members and beneficiaries provides that such change shall not exceed 2.00% per year.
- Section 31495.5 of the California Government Code governing cost-of-living increases for retired Plan E members and beneficiaries provides that such change shall not

exceed 2.00% per year for Plan E members who retire on and after June 4, 2002. Plan E members with service *prior* to adoption of the resolution will have their COLA benefit reduced.

### COLA ACCUMULATION

The above Code sections also provide that the amount of any CPI cost-of-living increase or decrease in any year, which is not met by the maximum annual change of 3.00% or 2.00% in allowances, shall be accumulated to be met by increases or decreases in allowances in future years. The accumulated percentage carryover is known as the *COLA Accumulation*.

### COLA INCREASES EFFECTIVE APRIL 1, 2021

Based on the LACERA COLA award of 1.50% and applicable Government Code provisions, cost-of-living increases for retired members and beneficiaries, which may be approved to become effective April 1, 2021 based on retirement plan and date of retirement or death, are as follows:

#### **PLAN A MEMBERS AND ELIGIBLE BENEFICIARIES**

- ALL DATES UP TO MARCH 31, 1981: 3.00%  
The 3.00% increase is from the LACERA COLA award of 1.50% plus 1.50% from the COLA accumulation to equal the maximum allowable increase of 3.00%.
- APRIL 1, 1981 TO MARCH 31, 2018: 2.00%  
The 2.00% increase is from the LACERA COLA award of 1.50% plus 0.50% from the COLA accumulation to equal the maximum allowable increase of 2.00%.
- APRIL 1, 2018 TO MARCH 31, 2021: 1.50%  
The 1.50% increase equals the LACERA COLA award.

#### **PLANS B, C, & D, AND PEPRA PLANS C & G MEMBERS AND ELIGIBLE BENEFICIARIES**

- ALL DATES UP TO MARCH 31, 2020: 2.00%  
The 2.00% increase is from the LACERA COLA award of 1.50% plus 0.50% from the COLA accumulation to equal the maximum allowable increase of 2.00%.
- APRIL 1, 2020 TO MARCH 31, 2021: 1.50%  
The 1.50% increase equals the LACERA COLA award.

### **PLAN E MEMBERS AND ELIGIBLE BENEFICIARIES**

- BEGINNING JUNE 4, 2002 TO MARCH 31, 2020: UP TO 2.00%

Plan E COLA increases apply only to service credit earned on and after June 4, 2002. Plan E members who retire on and after June 4, 2002 will receive up to a 2.00% COLA increase. The portion of the 2.00% COLA is based upon a ratio defined as the months of service earned on and after June 4, 2002 divided by the total months of service.

- BEGINNING APRIL 1, 2020 TO MARCH 31, 2021: UP TO 1.50%

Plan E COLA increases apply only to service credit earned on and after June 4, 2002. Plan E members who retire on and after June 4, 2002 will receive up to a 1.50% COLA increase. The portion of the 1.50% COLA is based upon a ratio defined as the months of service earned on and after June 4, 2002 divided by the total months of service.

### **CHANGES TO THE COLA ACCUMULATION FOR 2020**

Based on the LACERA COLA award of 1.50% and applicable Government Code provisions, COLA Accumulation adjustments for retired members and beneficiaries, which may be approved to be effective April 1, 2021 based on retirement plan and date of retirement or death, are as follows:

#### **PLAN A MEMBERS AND ELIGIBLE BENEFICIARIES (ATTACHMENT 1)**

- ALL DATES UP TO MARCH 31, 1981: 1.50% DECREASE

As the LACERA COLA award is 1.50%, 1.50% was deducted from the COLA accumulation to equal the maximum allowable increase of 3.00%.

- APRIL 1, 1981 TO MARCH 31, 2018: 0.50% DECREASE

As the LACERA COLA award is 1.50%, 0.50% was deducted from the COLA accumulation to equal the maximum allowable increase of 2.00%

- APRIL 1, 2018 TO MARCH 31, 2021: NO CHANGE

There was no balance to draw from since the COLA accumulation has a zero balance.

#### **PLANS B, C, & D AND PEPRA PLANS C & G MEMBERS AND ELIGIBLE BENEFICIARIES (ATTACHMENTS 1 & 2)**

- ALL DATES UP TO MARCH 31, 2020: 0.50% DECREASE

As the LACERA COLA award is 1.50%, 0.50% was deducted from the COLA accumulation to equal the maximum allowable increase of 2.00%.

- APRIL 1, 2020 TO MARCH 31, 2021: NO CHANGE

There was no balance to draw from since the COLA accumulation has a zero balance.

**PLAN E MEMBERS AND ELIGIBLE BENEFICIARIES (ATTACHMENT 3)**

- JUNE 4, 2002 TO MARCH 31, 2020: 0.50% DECREASE

As the LACERA COLA award is 1.50%, 0.50% was deducted from the COLA Accumulation to equal the maximum allowable increase of 2.00%.

- APRIL 1, 2020 TO MARCH 31, 2021: NO CHANGE

There was no balance to draw from since the COLA accumulation has a zero balance.

The COLA Accumulation percentages as of April 1, 2021 are shown in the Attachments and reflect the above adjustments.

**THEREFORE, IT IS RECOMMENDED THAT THE BOARD OF RETIREMENT:**

For the year ended December 2020, determine the Consumer Price Index changed by 1.45% (or when rounded to the nearest one-half of 1.00% as the COLA benefit rules require, 1.50%: the LACERA 2021 COLA Award), and approve cost-of-living adjustment and respective COLA Accumulation changes for retired LACERA members and beneficiaries, based on retirement plan and date of retirement or death, to become effective April 1, 2021 in accordance with applicable California Government Code Sections.

Attachments

REVIEWED AND APPROVED:



---

Santos H. Kreimann  
Chief Executive Officer

1/26/2021  
Date

SK:TG:ew:cl  
COLA BOR Memo 2021\_FINAL.doc

c: Board of Investments, LACERA





Cost-of-Living Accumulation Chart  
 Percentages as of April 1, 2021

Retirement Date	PEPRA Plans C and G			
	COLA % Accumulation 1-Apr-20	STAR Benefit Adjustment in 2021	COL Adjustment 1-Apr-21	COLA % Accumulation 1-Apr-21
1/1/2013 - 3/31/2013	3.5	0.0	(0.5)	3.0
4/1/2013 - 3/31/2014	3.5	0.0	(0.5)	3.0
4/1/2014 - 3/31/2015	3.5	0.0	(0.5)	3.0
4/1/2015 - 3/31/2016	3.5	0.0	(0.5)	3.0
4/1/2016 - 3/31/2017	3.5	0.0	(0.5)	3.0
4/1/2017 - 3/31/2018	3.5	0.0	(0.5)	3.0
4/1/2018 - 3/31/2019	2.0	0.0	(0.5)	1.5
4/1/2019 - 3/31/2020	1.0	0.0	(0.5)	0.5
4/1/2020 - 3/31/2021	0.0	0.0	0.0	0.0

Note: PEPRA Plans G and C were effective January 1, 2013.

Cost-of-Living Accumulation Chart  
 Percentages as of April 1, 2021

Retirement Date	Plan E		
	COLA % Accumulation 01-Apr-20	COL Adjustment 01-Apr-21	COLA % Accumulation 01-Apr-21
6/4/2002 - 3/31/2003	8.6	(0.5)	8.1
4/1/2003 - 3/31/2004	6.9	(0.5)	6.4
4/1/2004 - 3/31/2005	6.9	(0.5)	6.4
4/1/2005 - 3/31/2006	4.5	(0.5)	4.0
4/1/2006 - 3/31/2007	3.5	(0.5)	3.0
4/1/2007 - 3/31/2008	3.5	(0.5)	3.0
4/1/2008 - 3/31/2009	3.5	(0.5)	3.0
4/1/2009 - 3/31/2010	3.5	(0.5)	3.0
4/1/2010 - 3/31/2011	3.5	(0.5)	3.0
4/1/2011 - 3/31/2012	3.5	(0.5)	3.0
4/1/2012 - 3/31/2013	3.5	(0.5)	3.0
4/1/2013 - 3/31/2014	3.5	(0.5)	3.0
4/1/2014 - 3/31/2015	3.5	(0.5)	3.0
4/1/2015 - 3/31/2016	3.5	(0.5)	3.0
4/1/2016 - 3/31/2017	3.5	(0.5)	3.0
4/1/2017 - 3/31/2018	3.5	(0.5)	3.0
4/1/2018 - 3/31/2019	2.0	(0.5)	1.5
4/1/2019 - 3/31/2020	1.0	(0.5)	0.5
4/1/2020 - 3/31/2021	0.0	0.0	0.0

Note: Plan E COLA benefit is effective for members who retire on and after June 4, 2002.

# Attachment B

Table 1: Plan A

		<b>Table 1: Plan A</b>					
		<b>CORRECTED</b>			<b>ORIGINAL</b>	<b>DIFFERENCE</b>	
		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
		<b>COLA %</b>	<b>STAR Benefit</b>	<b>COL</b>	<b>COLA %</b>	<b>COLA %</b>	<b>COLA %</b>
		<b>Accumulation</b>	<b>Adjustment</b>	<b>Adjustment</b>	<b>Accumulation</b>	<b>Accumulation</b>	<b>Accumulation</b>
<b>Retirement Date</b>		<b>1-Apr-20</b>	<b>in 2021</b>	<b>1-Apr-21</b>	<b>1-Apr-21</b>	<b>1-Apr-21</b>	<b>1-Apr-21</b>
<b>Before 7/1/67</b>		6.8	-	(1.5)	5.3	5.0	0.3
7/1/1967 - 6/30/1968		6.8	-	(1.5)	5.3	5.0	0.3
7/1/1968 - 3/31/1969		6.8	-	(1.5)	5.3	5.0	0.3
4/1/1969 - 3/31/1970		6.8	-	(1.5)	5.3	5.0	0.3
4/1/1970 - 3/31/1971		6.8	-	(1.5)	5.3	5.0	0.3
4/1/1971 - 3/31/1972		6.8	-	(1.5)	5.3	5.0	0.3
4/1/1972 - 3/31/1973		6.8	-	(1.5)	5.3	5.0	0.3
4/1/1973 - 3/31/1974		6.8	-	(1.5)	5.3	5.0	0.3
4/1/1974 - 3/31/1975		6.8	-	(1.5)	5.3	5.0	0.3
4/1/1975 - 3/31/1976		6.8	-	(1.5)	5.3	5.0	0.3
4/1/1976 - 3/31/1977		6.8	-	(1.5)	5.3	5.0	0.3
4/1/1977 - 3/31/1978		6.8	-	(1.5)	5.3	5.0	0.3
4/1/1978 - 3/31/1979		6.8	-	(1.5)	5.3	5.0	0.3
4/1/1979 - 3/31/1980		6.8	-	(1.5)	5.3	5.0	0.3
4/1/1980 - 3/31/1981		6.8	-	(1.5)	5.3	5.0	0.3
4/1/1981 - 3/31/1982		0.8	-	(0.8)	-	-	-
4/1/1982 - 3/31/1983		0.8	-	(0.8)	-	-	-
4/1/1983 - 3/31/1984		0.8	-	(0.8)	-	-	-
4/1/1984 - 3/31/1985		0.8	-	(0.8)	-	-	-
4/1/1985 - 3/31/1986		0.8	-	(0.8)	-	-	-
4/1/1986 - 3/31/1987		0.8	-	(0.8)	-	-	-
4/1/1987 - 3/31/1988		0.8	-	(0.8)	-	-	-
4/1/1988 - 3/31/1989		0.8	-	(0.8)	-	-	-
4/1/1989 - 3/31/1990		0.8	-	(0.8)	-	-	-
4/1/1990 - 3/31/1991		0.8	-	(0.8)	-	-	-
4/1/1991 - 3/31/1992		0.8	-	(0.8)	-	-	-
4/1/1992 - 3/31/1993		0.8	-	(0.8)	-	-	-
4/1/1993 - 3/31/1994		0.8	-	(0.8)	-	-	-
4/1/1994 - 3/31/1995		0.8	-	(0.8)	-	-	-
4/1/1995 - 3/31/1996		0.8	-	(0.8)	-	-	-
4/1/1996 - 3/31/1997		0.8	-	(0.8)	-	-	-
4/1/1997 - 3/31/1998		0.8	-	(0.8)	-	-	-
4/1/1998 - 3/31/1999		0.8	-	(0.8)	-	-	-
4/1/1999 - 3/31/2000		0.8	-	(0.8)	-	-	-
4/1/2000 - 3/31/2001		0.8	-	(0.8)	-	-	-
4/1/2001 - 3/31/2002		0.8	-	(0.8)	-	-	-
4/1/2002 - 3/31/2003		0.8	-	(0.8)	-	-	-
4/1/2003 - 3/31/2004		0.8	-	(0.8)	-	-	-
4/1/2004 - 3/31/2005		0.8	-	(0.8)	-	-	-
4/1/2005 - 3/31/2006*		0.8	-	(0.8)	-	-	-
4/1/2006 - 3/31/2007*		0.8	-	(0.8)	-	-	-
4/1/2007 - 3/31/2008*		0.8	-	(0.8)	-	-	-
4/1/2008 - 3/31/2009*		0.8	-	(0.8)	-	-	-
4/1/2009 - 3/31/2010*		0.8	-	(0.8)	-	-	-
4/1/2010 - 3/31/2011*		0.8	-	(0.8)	-	-	-
4/1/2011 - 3/31/2012*		0.8	-	(0.8)	-	-	-
4/1/2012 - 3/31/2013		0.8	-	(0.8)	-	-	-
4/1/2013 - 3/31/2014		0.8	-	(0.8)	-	-	-
4/1/2014 - 3/31/2015		0.8	-	(0.8)	-	-	-
4/1/2015 - 3/31/2016		0.8	-	(0.8)	-	-	-
4/1/2016 - 3/31/2017		0.8	-	(0.8)	-	-	-
4/1/2017 - 3/31/2018		0.8	-	(0.8)	-	-	-
4/1/2018 - 3/31/2019		0.2	-	(0.2)	-	-	-
4/1/2019 - 3/31/2020		-	-	-	-	-	-
4/1/2020 - 3/31/2021		-	-	-	-	-	-

# Attachment C

Table 2: Plan B, C, or D

Retirement Date	Table 2: Plan B, C, or D					
	CORRECTED				ORIGINAL	DIFFERENCE
	A	B	C	D	E	F
	COLA % Accumulation 1-Apr-20	STAR Benefit Adjustment in 2021	COL Adjustment 1-Apr-21	COLA % Accumulation 1-Apr-21	COLA % Accumulation 1-Apr-21	COLA % Accumulation 1-Apr-21
Before 7/1/67						
7/1/1967 - 6/30/1968						
7/1/1968 - 3/31/1969						
4/1/1969 - 3/31/1970						
4/1/1970 - 3/31/1971						
4/1/1971 - 3/31/1972						
4/1/1972 - 3/31/1973						
4/1/1973 - 3/31/1974						
4/1/1974 - 3/31/1975						
4/1/1975 - 3/31/1976						
4/1/1976 - 3/31/1977						
4/1/1977 - 3/31/1978	19.0	-	(0.5)	18.5	18.0	0.5
4/1/1978 - 3/31/1979	19.0	-	(0.5)	18.5	18.0	0.5
4/1/1979 - 3/31/1980	19.0	-	(0.5)	18.5	18.0	0.5
4/1/1980 - 3/31/1981	19.0	-	(0.5)	18.5	18.0	0.5
4/1/1981 - 3/31/1982	19.0	-	(0.5)	18.5	18.0	0.5
4/1/1982 - 3/31/1983	19.0	-	(0.5)	18.5	18.0	0.5
4/1/1983 - 3/31/1984	19.0	-	(0.5)	18.5	18.0	0.5
4/1/1984 - 3/31/1985	19.0	-	(0.5)	18.5	18.0	0.5
4/1/1985 - 3/31/1986	19.0	-	(0.5)	18.5	18.0	0.5
4/1/1986 - 3/31/1987	19.0	-	(0.5)	18.5	18.0	0.5
4/1/1987 - 3/31/1988	19.0	-	(0.5)	18.5	18.0	0.5
4/1/1988 - 3/31/1989	19.0	-	(0.5)	18.5	18.0	0.5
4/1/1989 - 3/31/1990	19.0	-	(0.5)	18.5	18.0	0.5
4/1/1990 - 3/31/1991	16.4	-	(0.5)	15.9	15.4	0.5
4/1/1991 - 3/31/1992	11.8	-	(0.5)	11.3	10.8	0.5
4/1/1992 - 3/31/1993	11.2	-	(0.5)	10.7	10.2	0.5
4/1/1993 - 3/31/1994	11.2	-	(0.5)	10.7	10.2	0.5
4/1/1994 - 3/31/1995	11.2	-	(0.5)	10.7	10.2	0.5
4/1/1995 - 3/31/1996	11.2	-	(0.5)	10.7	10.2	0.5
4/1/1996 - 3/31/1997	11.2	-	(0.5)	10.7	10.2	0.5
4/1/1997 - 3/31/1998	11.2	-	(0.5)	10.7	10.2	0.5
4/1/1998 - 3/31/1999	11.2	-	(0.5)	10.7	10.2	0.5
4/1/1999 - 3/31/2000	11.2	-	(0.5)	10.7	10.2	0.5
4/1/2000 - 3/31/2001	10.9	-	(0.5)	10.4	9.9	0.5
4/1/2001 - 3/31/2002	9.2	-	(0.5)	8.7	8.2	0.5
4/1/2002 - 3/31/2003	9.1	-	(0.5)	8.6	8.1	0.5
4/1/2003 - 3/31/2004	7.4	-	(0.5)	6.9	6.4	0.5
4/1/2004 - 3/31/2005	7.4	-	(0.5)	6.9	6.4	0.5
4/1/2005 - 3/31/2006*	5.0	-	(0.5)	4.5	4.0	0.5
4/1/2006 - 3/31/2007*	3.8	-	(0.5)	3.3	3.0	0.3
4/1/2007 - 3/31/2008*	3.8	-	(0.5)	3.3	3.0	0.3
4/1/2008 - 3/31/2009*	3.8	-	(0.5)	3.3	3.0	0.3
4/1/2009 - 3/31/2010*	3.8	-	(0.5)	3.3	3.0	0.3
4/1/2010 - 3/31/2011*	3.8	-	(0.5)	3.3	3.0	0.3
4/1/2011 - 3/31/2012*	3.8	-	(0.5)	3.3	3.0	0.3
4/1/2012 - 3/31/2013	3.8	-	(0.5)	3.3	3.0	0.3
4/1/2013 - 3/31/2014	3.8	-	(0.5)	3.3	3.0	0.3
4/1/2014 - 3/31/2015	3.8	-	(0.5)	3.3	3.0	0.3
4/1/2015 - 3/31/2016	3.8	-	(0.5)	3.3	3.0	0.3
4/1/2016 - 3/31/2017	3.8	-	(0.5)	3.3	3.0	0.3
4/1/2017 - 3/31/2018	3.8	-	(0.5)	3.3	3.0	0.3
4/1/2018 - 3/31/2019	2.2	-	(0.5)	1.7	1.5	0.2
4/1/2019 - 3/31/2020	1.0	-	(0.5)	0.5	0.5	-
4/1/2020 - 3/31/2021	-	-	-	-	-	-

\*Data input error in 2012 caused these COLA accumulation accounts to be restated

# Attachment D

Table 3: Plan E





# Attachment E

Table 4: PEPRA Plans C and G



# Attachment F

Letter from Milliman



1301 Fifth Avenue  
Suite 3800  
Seattle, WA 98101-2605  
USA

Tel +1 206 624 7940

milliman.com

March 30, 2021

Santos Kreimann  
Chief Executive Officer  
LACERA  
P. O. Box 7060  
Pasadena, CA 91109-7060

Re: LACERA Staff Memo on COLA Accumulation Accounts

Dear Santos:

LACERA staff requested Milliman comment on a March 30, 2021 memo addressing adjustments needed to the COLA accumulation accounts (commonly referred to as the COLA Bank) and monthly benefits. We agree that these adjustments are consistent with the methodology described in the 1996 internal policy directive referenced in the staff memo. From an actuarial perspective, these adjustments, as described in the staff memo, would have a de minimis impact on LACERA's funding.

Our comments on the adjustments are based on our experience working with 1937 Act retirement systems and are not intended to be a substitute for legal counsel. Please see the staff memo for legal analysis.

### **COLA Accumulation Account**

The 1996 internal policy directive addresses the treatment of the annual adjustment to the COLA accumulation account. Under the policy:

- **Actual CPI less than the relevant maximum COLA:** Preliminary COLA award is always rounded to the nearest one-half of 1%. Therefore, the adjustment (equal to the difference between the preliminary COLA award and the maximum COLA amount of 2% or 3%) to the COLA bank is effectively rounded to the nearest one-half of 1% if the beginning COLA bank value is greater than adjustment value.
- **Actual CPI is greater than the relevant maximum COLA:** The actual CPI change is always rounded to the nearest one-tenth of 1%. Therefore, the adjustment (equal to the difference between the actual CPI change and the maximum COLA amount of 2% or 3%) to the COLA bank is effectively rounded to the nearest one-tenth of 1%.

The issue in question is that in some years LACERA staff rounded the actual CPI to the nearest one-half of 1% when the actual CPI was greater than the maximum COLA. LACERA staff therefore calculated adjusted COLA accumulation amounts for all plans and revised monthly benefits for Plan A members effective April 2021. In addition, the staff memo notes that

This work product was prepared solely for LACERA for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

additional revisions will be needed to the monthly benefits of certain Plan B, C, D, and E members to reflect COLA increases that should have been given in 2014 and 2015. Retroactive payments will be needed for this group of individuals. Staff is planning to make the additional revisions in May 2021.

We agree that these adjustments recommended by LACERA staff are consistent with the methodology described in the 1996 internal policy directive referenced in the staff memo.

### **Funding Impact**

Since none of the adjustments to be implemented in April 2021 affected the benefits valued in the June 30, 2020 actuarial valuation, there is no financial impact to that valuation. The May 2021 revisions described in this letter are estimated to only have a de minimis impact on LACERA's funding. If these revisions had been included in the June 30, 2020 actuarial valuation, it would have increased LACERA's liabilities; however, when rounded to the nearest one-tenth of 1%, the Funded Ratio would have remained unchanged.

### **Actuarial Certification**

The estimated impact on the Funded Ratio is based on the data, methods and assumptions used in the June 30, 2020 actuarial valuation and the adjusted COLA accumulation amounts and monthly benefits described in the March 30, 2021 LACERA staff memo. The Board of Investments has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix A of the June 30, 2020 valuation report.

The purpose of the estimated Funded Ratio is to provide an estimate of the relative impact of the adjustments. The actual Funded Ratio calculated in the future may vary significantly due to a number of factors, in particular, investment returns and changes in assumptions.

All costs, liabilities, rates of interest, and other factors for LACERA have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of LACERA and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting LACERA. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the Plan and to reasonable expectations which, in combination, represent a reasonable estimate of anticipated experience of LACERA. The valuation results were developed using models intended for valuations that use standard actuarial techniques.

These cost estimates are subject to the uncertainties of a regular actuarial valuation; the costs are inexact because they are based on assumptions that are themselves necessarily inexact, even though we consider them reasonable. Thus, the emerging costs will vary from those presented in this letter to the extent actual experience differs from that projected by the actuarial assumptions. A discussion of the risks associated with these potential differences is included in Section 9 of the June 30, 2020 actuarial valuation report. That discussion is also relevant to these cost estimates which are based on the results of that valuation.

In preparing the valuation upon which this letter was based, we relied without audit, on information (some oral and some in writing) supplied by LACERA staff. This information

includes, but is not limited to, statutory provisions, employee data and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. It should be noted that if any data or other information is materially inaccurate or incomplete, our calculations may need to be revised.

Milliman's work is prepared solely for the internal business use of LACERA. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product.

Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

- (a) LACERA may provide a copy of Milliman's work, in its entirety, to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.
- (b) LACERA may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs. The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this cost study letter is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

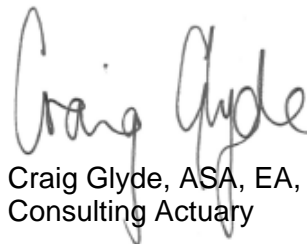
If you have any questions, please let us know.

Sincerely,



Nick Collier, ASA, EA, MAAA  
Consulting Actuary

NC/CG/nlo



Craig Glyde, ASA, EA, MAAA  
Consulting Actuary

**FOR INFORMATION ONLY**

April 1, 2021

TO: Trustees,  
Board of Investments

FROM: Christine Roseland *CR*  
Senior Staff Counsel

FOR: April 14, 2021 Board of Investments Meeting

SUBJECT: **Monthly Status Report on Board of Investments Legal Projects**

Attached is the monthly report on the status of Board-directed investment-related projects handled by the Legal Division as of April 1, 2021.

Attachment

c: Santos H. Kreimann  
Jonathan Gabel  
JJ Popowich  
Vache Mahseredjian  
Christopher Wagner  
Ted Wright  
Jim Rice  
Jude Perez  
Steven Rice  
John Harrington  
Soo Park  
Margo McCabe  
Lisa Garcia



LACERA Legal Division  
Board of Investments Projects  
Monthly Status Report - Pending as of April 1, 2021



	Project/ Investment	Description	Amount	Board Approval Date	Completion Status	% Complete	Notes
HEDGE FUNDS	Stable Asset Management	Investment Manager Agreement	\$250,000,000.00	December 9, 2020	Completed	100%	Completed.
	Brevan Howard Master Fund	Subscription	\$250,000,000.00	February 10, 2021	Completed	100%	Completed.
	Caxton Global Investments	Subscription	\$250,000,000.00	February 10, 2021	Completed	100%	Completed.
	Innocap	Engagement Agreement	N/A	March 10, 2021	In Progress	10%	Legal negotiations in process.
PRIVATE EQUITY	Excellere Capital Fund IV, L.P.	Subscription	\$100,000,000.00	March 10, 2021	In Progress	50%	Legal negotiations in process.
	Antin Mid Cap Fund I, L.P.	Subscription	€ 100,000,000.00	March 10, 2021	In Progress	80%	Legal negotiations in process.
REAL ASSETS							
REAL ESTATE	StepStone Group Real Estate LP	Investment Consulting Services Agreement	\$1,743,000.00	January 13, 2021	Completed	100%	Completed.



**FOR INFORMATION ONLY**

March 25, 2021

TO: Each Trustee  
Board of Retirement  
Board of Investments

FROM: Ted Granger *EW FOR*  
Interim Chief Financial Officer

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

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

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

REVIEWED AND APPROVED:

---

Santos H. Kreimann  
Chief Executive Officer

TG/EW/krh

Attachments

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

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

<b>Attendee</b>	<b>Purpose of Travel - Location</b>	<b>Event Dates</b>	<b>Travel Status</b>
<b>Alan Bernstein</b>			
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
<b>Elizabeth Ginsberg</b>			
B	- Edu - CALAPRS Principles for Trustees - VIRTUAL	08/18/2020 - 08/26/2020	Attended
<b>Vivian Gray</b>			
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
<b>David Green</b>			
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
<b>Elizabeth Greenwood</b>			
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
<b>James Harris</b>			
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
<b>Shawn Kehoe</b>			
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
<b>Joseph Kelly</b>			
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

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

<b>Attendee</b>	<b>Purpose of Travel - Location</b>	<b>Event Dates</b>	<b>Travel Status</b>
<b>Keith Knox</b>			
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
<b>Wayne Moore</b>			
B	- Edu- NASP 31st Annual Virtual Pension & Financial Services Conference - VIRTUAL	12/07/2020 - 12/10/2020	Attended
<b>Ronald Okum</b>			
B	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
<b>William Pryor</b>			
B	- Edu - NCPERS Fall Conference - VIRTUAL	02/02/2021 - 02/03/2021	Attended
<b>Les Robbins</b>			
B	- Edu - IFEBP 66th Annual Employee Benefits Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
X	- Edu - IFEBP 66th Annual Employee Benefits Conference - Honolulu HI	11/15/2020 - 11/18/2020	Host Canceled
<b>Gina Sanchez</b>			
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
<b>Herman Santos</b>			
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

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  
FEBRUARY 2021**

<b>Attendee</b>		<b>Purpose of Travel - Location</b>	<b>Event Dates</b>	<b>Travel Status</b>
<b>Systems</b>				
Irwin Devries	1	Admin - Conduct Site Visit of Mesa, AZ Facility - Mesa AZ	12/03/2020 - 12/05/2020	Attended
Celso Tempo	1	Admin - Conduct Site Visit of Mesa, AZ Facility - Mesa AZ	10/09/2020 - 10/09/2020	Attended



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**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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