

AGENDA

A REGULAR MEETING OF THE BOARD OF INVESTMENTS
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

9:00 A.M., WEDNESDAY, JUNE 12, 2019

*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. PLEDGE OF ALLEGIANCE
- III. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Regular Meeting of May 15, 2019
- IV. REPORT ON CLOSED SESSION ITEMS
- V. PUBLIC COMMENT
- VI. CHIEF COUNSEL'S REPORT
(Memo dated May 31, 2019)
- VII. CHIEF INVESTMENT OFFICER'S REPORT
(Memo dated June 3, 2019)
- VIII. CONSENT ITEMS
 - A. Recommendation that the Board approve attendance of Board members at the National Association of Corporate Directors - Global Board Leaders' Summit on September 21 – 24, 2019 in Washington D.C. 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 Mrs. Sanchez) (Memo dated May 24, 2019)

VIII. CONSENT ITEMS (Continued)

- B. Recommendation as submitted by Wayne Moore, Trustee, that the Board ratify attendance for Board member, Wayne Moore, at the 6th Annual Hispanic Heritage Foundation (HHF) Investors Group which was held on June 6, 2019 in Oakland, California and approve reimbursement of all costs associated with the conference according to LACERA's Education and Travel Policy. (Memo dated June 3, 2019)

IX. NON-CONSENT ITEMS

- A. Recommendation as submitted by Jonathan Grabel, Chief Investment Officer and Scott Zdrazil, Senior Investment Officer: That the Board approve a contract renewal with LACERA's proxy voting platform provider. (Memo dated May 30, 2019)
- B. Recommendation as submitted by Steven P. Rice, Chief Counsel: Adopt the final proposed LACERA Fiscal Year 2019-2020 Administrative, Retiree Healthcare Benefits, and Other Post-Employment Benefits Trust Budgets. (Memo dated June 3, 2019)
- C. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board determine whether to (1) ratify travel expenses for trustees to attend past Board meetings and (2) direct the Joint Organizational Governance Committee to consider addressing this issue in the revised Travel Policy. (Memo dated June 3, 2019)
- D. Recommendation as submitted by Gina Sanchez, Trustee: That the Board approve for all meetings with less than 45 day's notice, teleconferencing or video conferencing must be allowed and appropriate Brown-Act compliant venues should be provided by LACERA if necessary to facilitate full board participation at the request of any board member who is unable to attend. Where teleconferencing/video conferencing is not deemed appropriate by the Board Chair or by the CEO, then any travel costs as well as costs of changing personal plans to attend the meeting will be borne by LACERA at the request of any board member who has made previous plans. (Memo dated June 4, 2019)

IX. NON-CONSENT ITEMS (Continued)

- E. Recommendation as submitted by Gina Sanchez, Trustee: That the BOI require any Committees upon which BOI members serve to be agendized as joint meetings of the BOI, consistent with current the BOI policy regarding Standing Committees which always meet with jointly with the full board. (Memo dated June 4, 2019)
- F. Recommendation as submitted by John Nogales, Director of Human Resources: That the Board:
- (1) Approve additional compensation for Chief Counsel, LACERA Steven P. Rice for assuming the duties and responsibilities for the Chief Executive Officer, LACERA, in addition to Mr. Rice's duties as Chief Counsel, LACERA.
 - (2) Approve reimburse in the amount of \$1,191.20 for airfare expenses incurred by for Mr. Rice and his wife, for Mr. Rice to be present at the June 13, 2019 Board of Retirement Meeting.

(Memo dated June 4, 2019)

X. REPORTS

- A. Update on Cooperation with Institutional Limited Partners Association Regarding Fiduciary Protections
Christopher Wagner, Principal Investment Officer
Scott Zdrazil, Senior Investment Officer
(Memo dated April 19, 2019)
- B. Investment – Related Services Procurement Process
John McClelland, Principal Investment Officer
(Memo dated May 3, 2019)
- C. Private Equity Performance Report
Christopher J. Wagner, Principal Investment Officer
Calvin Chang, Senior Investment Analyst
(Memo dated May 3, 2019)

X. REPORTS (Continued)

- D. Public Markets Internal Asset Management Assessment
Jonathan Grabel, Chief Investment Officer
Ted Wright, Principal Investment Officer
Brenda Cullen, Investment Officer
(Memo dated May 6, 2019)
- E. Emerging Manager Policy Review–Part 2
Ted Wright, Principal Investment Officer
Vache Mahseredjian, Principal Investment Officer
(Memo dated May 30, 2019)
- F. 2019 First Quarter Hedge Fund Performance Report
Jim Rice, Principal Investment Officer
Quoc Nguyen, Senior Investment Analyst
(Memo dated May 28, 2019)
- G. Real Estate Performance Measurement Report – 4th Quarter 2018
John McClelland, Principal Investment Officer
Michael Romero, Senior Investment Analyst
(Memo dated May 31, 2019)
- H. Global Investment Performance Standards (GIPS®)
Overview Education
Jude Pérez, Principal Investment Officer
(For Information Only) (Memo dated May 31, 2019)
- I. Implementation Update on LACERA Pension Trust Strategic Asset
Allocation
Jonathan Grabel, Chief Investment Officer
(For Information Only) (Memo dated May 30, 2019)
- J. Asian Corporate Governance Association Annual General Meeting
Ballot
Scott Zdrazil, Senior Investment Officer
(For Information Only) (Memo dated May 16, 2019)
- K. Comment Letters to U.S. Stock Exchanges in Support of Council of
Institutional Investors Petition Regarding Multi-Class Share Structures
Scott Zdrazil, Senior Investment Officer
(For Information Only) (Memo dated May 22, 2019)

X. REPORTS (Continued)

- L. County Board of Supervisors Action on Abortion as Healthcare
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated June 3, 2019)
- M. Monthly Status Report on Legislation
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated June 3, 2019)
- N. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated June 3, 2019)
- O. Semi-Annual Report on Approved Engagements
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated June 1, 2019)
- P. May 2019 Fiduciary Counsel Contact and Billing Report
Steven P. Rice, Chief Counsel
(Privileged and Confidential)
(Attorney-Client Communication/Attorney Work Product)
(For Information Only) (Memo dated May 31, 2019)

XI. ITEMS FOR STAFF REVIEW

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

XIII. 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. Joy Capital III, L.P. and Joy Capital Opportunity, L.P.
 - 2. Capula Relative Value Fund L.P.

XIII. EXECUTIVE SESSION (Continued)

- B. Conference with Legal Counsel - Existing Litigation
(Pursuant to Paragraph (1) of Subdivision (d) of Government Code
Section 54956.9)

1. LACERA v. BHP Billiton Limited, et al, etc.
Victoria Registry, Federal Court of Australia
Case No. VID1218/2018
(For Information Only)

- C. Consider the Appointment, Employment, Evaluation of Performance,
Discipline, or Dismissal of a Public Employee
(Pursuant to Paragraph (1) of Subdivision (b) of California
Government Code Section 54957)
Title: Chief Executive Officer

XIV. 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.

Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling the Board Offices at (626) 564-6000, Ext. 4401/4402, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date

MINUTES OF THE REGULAR MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

9:00 A.M., WEDNESDAY, MAY 15, 2019

PRESENT: Shawn Kehoe, Chair

Joseph Kelly, Vice Chair

Wayne Moore, Secretary

Alan Bernstein

David Green

David Muir

Ronald Okum

Gina V. Sanchez

Herman B. Santos

STAFF ADVISORS AND PARTICIPANTS

Lou Lazatin, Chief Executive Officer

Jonathan Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

Christine Roseland, Senior Staff Counsel

Christopher Wagner, Principal Investment Officer

Ted Wright, Principal Investment Officer

Esmeralda del Bosque, Senior Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Calvin Chang, Senior Investment Analyst

Ron Senkandwa, Senior Investment Analyst

Jeff Jia, Senior Investment Analyst

Cindy Rivera, Investment Analyst

DaJuan Bennett, Investment Intern

Wei-Wei Lee, Investment Intern

Meketa Investment Group

Leandro A. Festino, Managing Principal

Tim Filla, Senior Vice President

StepStone Group LP

Jose Fernandez, Partner

Harvey Leiderman, Fiduciary Counsel

Reed Smith LLP

I. CALL TO ORDER

The meeting was called to order by Chair Kehoe at 9:16 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Mr. Moore led the Board Members and staff in reciting the Pledge of Allegiance.

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of April 10, 2019

Mr. Santos made a motion, Mr. Okum seconded, to approve the minutes of the regular meeting of April 10, 2019. The motion passed by all members present, except Mr. Muir who abstained.

May 15, 2019

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IV. REPORT ON CLOSED SESSION ITEMS

Steven Rice, Chief Counsel, reported:

First, at the Board's February 13, 2019

meeting, under Agenda Item XIII.A.1, the Board met in closed session under Government Code Section 54956.81 to discuss the purchase or sale of a particular, specific public pension investment. On a motion by Mr. Santos, seconded by Mr. Green, the Board voted 6-0 to approve the termination of Global Asset Management, which had a Pacific Basin equity mandate. Mr. Bernstein, Mr. Green, Mr. Kehoe, Mr. Kelly, Mr. Muir, and Mr. Santos voted yes; Ms. Sanchez, Mr. Okum, and Mr. Moore were absent. The transition of assets following the termination was completed on March 25, 2019. The termination was the subject of a unanimous recommendation to the Board from the Public/Private Equity Committee that was made in closed session at the committee's January 9, 2019 meeting.

Second, also at the Board's February 13, 2019 meeting, under Agenda Item XIII.A.4, the Board voted 6-0, on a motion by Mr. Santos, seconded by Mr. Muir, to sell LACERA's interest in SH Partners Holdings, L.P., which is a commingled real estate fund. Mr. Bernstein, Mr. Green, Mr. Kehoe, Mr. Kelly, Mr. Muir, and Mr. Santos voted yes; Ms. Sanchez, Mr. Okum, and Mr. Moore were absent. The sale was completed on March 29, 2019.

V. PUBLIC COMMENT

Omar Jason from Mobile Workers Alliance addressed the Board regarding the risks presented by Uber and Lyft to LACERA.

May 15, 2019

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VI. CHIEF EXECUTIVE OFFICER'S REPORT
(Memo dated April 22, 2019)

Ms. Lazatin provided a brief overview of the Chief Executive Officer's Report and answered questions from the Board.

VII. CHIEF INVESTMENT OFFICER'S REPORT
(Memo dated May 6, 2019)

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

VIII. CONSENT ITEMS

Mr. Kelly made a motion, Mr. Bernstein seconded, to approve the following agenda items. The motion passed unanimously by all members present.

- A. Recommendation as submitted by Ronald Okum, Chair, Real Assets Committee: That the Board:
 - 1. Accept the proposed Real Estate Structure Review Update for Fiscal Year 2019-2020.
 - 2. Approve allocation of up to \$500 million for investment by the Fund's separate account equity managers.
(Memo dated May 1, 2019)
- B. Recommendation as submitted by Alan Bernstein, Chair, Joint Organizational Governance Committee: That the Board approve the revised Joint Organizational Governance Committee Charter.
(Memo dated April 17, 2019)
- C. Recommendation as submitted by Alan Bernstein, Chair, Joint Organizational Governance Committee: That the Board not adopt the proposed Joint Policy regarding External Communications of Board Members and maintain the current practice with respect to such communications without change.
(Memo dated April 17, 2019)

VIII. CONSENT ITEMS (Continued)

- D. Recommendation that the Board approve attendance of Board members at the Oxford Impact Measurement Program on July 15 -19, 2019 in Oxford, United Kingdom 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 Mrs. Sanchez)
(Memo dated May 7, 2019)

- E. Recommendation that the Board approve attendance of Board members at the 6th Annual Hispanic Heritage Foundation Forum on June 6, 2019 in Oakland, California 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. Moore)
(Memo dated May 6, 2019)

- F. Recommendation that the Board approve attendance of Board members at the 2019 Annual International Corporate Governance Network Conference Tokyo on July 16 –18, 2019 in Tokyo, Japan 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 May 6, 2019)

- G. Recommendation that the Board approve attendance of Board members at the African Pension and Sovereign Wealth Fund Leaders' Summit and AI CEO Infrastructure Project Developers Summit on September 2–3, 2019 in Cape Town, South Africa 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. Green)
(Memo dated May 7, 2019)

IX. NON-CONSENT ITEMS

There were no items under this section.

X. REPORTS (The following items were held out of order after XIII.)

- A. Update on Cooperation with Institutional Limited Partners Association
Regarding Fiduciary Protections
Christopher Wagner, Principal Investment Officer
Scott Zdrazil, Senior Investment Officer
(Memo dated April 19, 2019)

This item will be presented at the June Board of Investments meeting.

- B. Real Estate Administrative Services RFI - Update
Esmeralda del Bosque, Senior Investment Officer
Trina Sanders, Investment Officer
(Memo dated May 3, 2019)

Mrs. del Bosque provided a presentation and answered questions from the

Board.

- C. Investment – Related Services Procurement Process
John McClelland, Principal Investment Officer
(Memo dated May 3, 2019)

This item will be presented at the June Board of Investments meeting.

- D. Real Estate Investments in Latin America
Cindy Rivera, Investment Analyst
DaJuan Bennett, Investment Intern
(Memo dated April 24, 2019)

Mr. Bennett and Ms. Rivera provided a presentation and answered

questions from the Board.

- E. Venture Capital Accelerator Activities in the U.S.
David Simpson, Investment Officer
Wei-Wei Lee, Investment Intern
(Memo dated April 24, 2019)

Ms. Lee and Mr. Wagner provided a presentation and answered

questions from the Board.

X. REPORTS (Continued)

- F. Private Equity Performance Report
Christopher J. Wagner, Principal Investment Officer
Calvin Chang, Senior Investment Analyst
(Memo dated May 3, 2019)

This item will be presented at the June Board of Investments meeting.

- G. Public Markets Internal Asset Management Assessment
Jonathan Grabel, Chief Investment Officer
Ted Wright, Principal Investment Officer
Brenda Cullen, Investment Officer
(Memo dated May 6, 2019)

This item will be presented at the June Board of Investments meeting.

- H. Real Estate Recoveries Report
Christine Roseland, Senior Staff Counsel
(Memo dated April 19, 2019)

This Item was received and filed.

- I. Securities Lending Program – 2018 Annual Review
Adam Cheng, Senior Investment Analyst
(For Information Only) (Memo dated April 26, 2019)

This Item was received and filed.

- J. Systematic Financial Management – Organizational Update
Ted Wright, Principal Investment Officer
Brenda Cullen, Investment Officer
(For Information Only) (Memo dated May 3, 2019)

This Item was received and filed.

- K. Implementation Update on LACERA Pension Trust Strategic Asset Allocation
Jonathan Grabel, Chief Investment Officer
(For Information Only) (Memo dated May 3, 2019)

This Item was received and filed.

X. REPORTS (Continued)

- L. Final Procedures and Schedule for 2019 Board Elections
Lou Lazatin, Chief Executive Officer
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated April 16, 2019)

This Item was received and filed.

- M. Corporate Credit Card Audit Report
Richard Bendall, Chief Audit Executive
(For Information Only) (Memo dated April 19, 2019)

This Item was received and filed.

- N. OPEB Master Trust Quarterly Performance Report
Jude Perez, Principal Investment Officer
(For Information Only) (Memo dated May 3, 2019)

This Item was received and filed.

- O. LACERA Quarterly Performance Report
Meketa Report: First Quarter Total Fund Performance Report
Jude Perez, Principal Investment Officer
(For Information Only) (Memo dated April 19, 2019)

This Item was received and filed.

- P. Securities Litigation Report for Calendar Year 2018
Michael D. Herrera, Senior Staff Counsel
(For Information Only) (Memo dated May 3, 2019)

This Item was received and filed.

- Q. Monthly Status Report on Legislation
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated April 20, 2019)

This Item was received and filed.

X. REPORTS (Continued)

- R. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated May 3, 2019)

This Item was received and filed.

- S. April 2019 Fiduciary Counsel Contact and Billing Report
Steven P. Rice, Chief Counsel
(Privileged and Confidential)
(Attorney-Client Communication/Attorney Work Product)
(For Information Only) (Memo dated April 22, 2019)

This Item was received and filed.

XI. ITEMS FOR STAFF REVIEW

In regards to item V.I., the Board requested for staff to provide an education/training session on the 1982 retiree healthcare agreement at a future BOR/OOC meeting with an invitation to BOI members.

In regards to item XIII.A., the Board requested for staff to label all closed session documents as confidential.

In regards to item VII., the Board directed staff over time to look into the possibility of enhancing any future reporting for the following items: a.) Adding a section titled Fee Attribution; b.) Adding a section related to Alpha Return vs. Fees and Benchmark; c.) Monitoring what fees we expect to pay in each asset class and what the variances would be with what we are currently paying; and d.) Be able to assess the money we are paying and what we are getting in return and what risks we are accepting.

May 15, 2019

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XII. GOOD OF THE ORDER
(For information purposes only)

Mr. Kelly shared that at today's Los Angeles County Board of Supervisors Budget deliberations meeting, several nurses attended the Budget deliberations meeting and complained about not receiving certain bonuses yet. The County CEO said that a Board letter would be on the Board of Supervisors agenda shortly but that discussions had been on going on between the County CEO and LACERA to clarify the pensionability of certain bonuses. Supervisor Mark Ridley Thomas suggested that the Boards send a five signature letter to LACERA to stress the importance of processing these bonuses as soon as possible. The County CEO stated that the agencies have been deliberating.

Mr. Muir shared his experience in attending the 2019 Milken Institute Global Conference in Los Angeles on April 28-May 1, 2019 and the 2019 Forum for Institutional Investors: Protecting Shareholder Rights in New Orleans, Louisiana on April 10-13, 2019 and that Michael Herrera was a panelist on one of the sessions titled Foreign Litigation Roundtable.

Mr. Green congratulated Mr. Moore on the grand opening of the Avis & Mark Ridley-Thomas Life Learning Center.

Mr. Moore shared that on Thursday, May 16, 2019 he will be attending a meeting with the California Trustees Network.

Mr. Santos shared his experience in attending the International Foundation of Employee Benefits Plans (IFEBP) on May 6-8, 2019 in Boston, Massachusetts.

XII. GOOD OF THE ORDER (Continued)
(For information purposes only)

Mrs. Sanchez shared her experience in attending the SACRS conference on May 7 – 10, 2019 in Olympic Valley, California and announced that she will be co-leading the SACRS Trustee breakout meeting at the SACRS Fall Conference.

Mr. Kehoe shared that he really appreciated the presentations from the interns and asked Mr. Grabel and his team to start thinking about the possibility of adding a research team to the Investment Division and report back to the Board.

XIII. 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. ACCEL – KKR CAPITAL PARTNERS VI. L.P.

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

Mr. Kehoe made a motion, Mr. Okum seconded, to approve a commitment of up to \$150 million to Accel-KKR Capital Partners VI, L.P., which is a lower middle market private equity buyout fund targeting enterprise software and tech-enabled services companies primarily in North America and Western Europe. The motion passed unanimously (roll call) with Messrs. Bernstein, Green, Kehoe, Kelly, Moore, Muir, Okum, Santos and Mrs. Sanchez voting yes.

XIII. EXECUTIVE SESSION (Continued)

2. Other Manager: 2

Messrs. Wright, Senkandwa and Jia were present to answer questions from the Board. The Board took action, but that action is not reportable at this time. The action will be reported out at the appropriate time as required by the Brown Act.

- B. Public Employee Performance Evaluation
(Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957)
Title: Chief Executive Officer

The Board met in closed session under Government Code Section 54957(b)(1) to discuss the Chief Executive Officer's performance evaluation. There was nothing to report.

XIV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:40 p.m.

WAYNE MOORE, SECRETARY

SHAWN KEHOE, CHAIR



June 3, 2019

TO: Each Member
Board of Retirement
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

SUBJECT: **CHIEF COUNSEL'S REPORT**

I am pleased to present the Chief Counsel's Report 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 in the attached dashboard, and an educational calendar also attached. This is my first, transitional report of this type, completed after only a few days' notice. The report format is based on prior Chief Executive Officer's Reports. I will put more of my own stamp on future reports and appreciate any input from the Boards as to content and format.

LACERA's Role in Reviewing Newly Created Pay Codes

The Board of Supervisors recently took action with regard to a large number of new pay items, salary adjustments, and related ordinances to extend various pay items to non-represented employees.

After the Board of Supervisors takes action, the Board of Retirement (the Board) has a statutory duty to determine whether each pay item is "compensation earnable" (under the County Employees Retirement Law of 1937) or "pensionable compensation" (under the Public Employees' Pension Reform Act of 2013). The Board must make this determination so the County can program their payroll system to collect the required contributions and report the earnings to LACERA.

LACERA has successfully worked with the County and the unions for years, when asked, to provide guidance regarding whether new pay items under consideration may be determined as pensionable under CERL and the more restrictive PEPRA legislation. Likewise, LACERA has provided information to the County and the unions about the various requirements outlined in the law that determine whether a pay item is pensionable or not.

In March of 2019, the County and LACERA met to discuss various pay items agreed upon by the County and the unions. We provided guidance on the statutory requirements regarding pensionability and explained LACERA's evaluation process. The PEPR legislation requires "pensionable compensation" to be, "...*the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules.*" The County determined it needed to take additional steps to ensure the pay codes were developed and programmed in a manner that would accomplish the agreed upon goals. This included making sure that some of the pay items under review were linked to a "*publicly available pay schedule.*" The County advised LACERA it would make these changes and then contact LACERA to proceed with our review process.

In late May, LACERA received access to a package of information on new pay codes from the County for review. We are in the process of reviewing over 56 pay items. Each item requires a detailed review of multiple documents explaining what the pay item is for, who would receive the pay items, how and when it is earned, and whether or not it is on a "*publicly available pay schedule.*" Staff members in Quality Assurance and Legal Services collaborate to prepare a comprehensive evaluation and recommendation for the Board's consideration. The Board then makes a final determination. Our Quality Assurance and Legal Services offices are working hard to get through all of the items as quickly as possible. During the review process, LACERA staff has maintained good communication with the County Chief Executive Officer and her staff regarding our progress and expected schedule.

The Board will be presented three pay items for consideration on the June 5th Disability meeting agenda that were submitted prior to this most recent batch, and another 22 on the June 13th Administrative meeting agenda. The remainder of the items under review will be brought to the Boards beginning in July and will continue until completed.

Legislative Visits to Washington D.C.

On May 22-23, Board of Retirement Chair Alan Bernstein, Trustees Vivian Gray and Herman Santos, and Lou Lazatin traveled to Washington D.C. to meet with Congressional members and staff for the following California offices: Senators Dianne Feinstein and Kamala Harris, and Representatives Judy Chu, Karen Bass, Katie Hill, Linda Sanchez, Mike Levin, Harley Rouda, Nanette Barragan, Jimmy Gomez, T.J. Cox, Norma Torres, Ted Lieu, and Adam Schiff.

The group was fortunate to meet directly with Congresswoman Chu, who represents LACERA's headquarters and is on the Ways and Means Committee, which has jurisdiction over the federal tax code. Congresswoman Chu will be visiting LACERA on July 3 to address a joint board meeting. We also met directly with Reps. Katie Hill and Ted Lieu. The remainder of the meetings were with key legislative staff members.

During each meeting, LACERA's team emphasized several LACERA positions and goals:

- (1) Strong support for repeal of the Social Security penalties known as the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO);
- (2) Opposition to the extension of the unrelated business income tax (UBIT) to state and local governmental plans;
- (3) Opposition to the proposed financial transactions tax; and
- (4) Opposition to the Public Employee Pension Transparency Act (PEPTA).

Each legislator's office was also provided with the total number of LACERA's retirees and the aggregate per monthly distribution amounts for those retirees in that specific Congressional district.

The delegation received a briefing from Rep. Rouda's staff on a new proposal the Congressman will be introducing along with Rep. Tom Malinowski (D-NJ) and Sen. Sherrod Brown (D-OH) in September. The measure would provide an early buy-in option to Medicare for retired first responders who reach age 50. The proposal recognizes that the vast majority of first responders retire well before the Medicare eligibility age of 65 and, after a long career in public safety, must then spend a large percentage of their retirement income on health care. The Medicare buy-in would give them a more affordable health care option. Rep. Rouda's office will share the finalized text of the Medicare buy-in bill with LACERA. Once we receive the final text we will work with our federal legislative advocates, Williams & Jensen and Doucet Consulting, and our Retiree Healthcare consultants, Segal, in order to make a recommendation to the Board on whether or not to support the measure.

This was our second round of meetings with the California Congressional Delegation in 2019. We have now met with almost all of the Members and/or staff from the Los Angeles metro area and are establishing solid relationships with the three Members of the Ways and Means Committee from the LA metro area – Reps. Chu, Sanchez, and Gomez. We would like to thank Williams & Jensen and Doucet Consulting for arranging the meetings.

CEM Conference

This month, LACERA co-hosted the 2019 CEM Pension Benchmarking conference, which included a site tour and presentations in areas where we feel LACERA is unique or provides specialized services that contribute to providing excellent and caring service to our members and their survivors. Presentations included sessions on our Benefits Protection Unit presented by Angel Calvo and Patricia Nunez, Disability Retirement processing presented by Ricki Contreras, Member Services presented by Vanessa Gonzalez and Valerie Quiroz, and our Quality Assurance efforts presented by Dr. Arlene Owens and Louis Gittens. Each session featured a Q&A session for the attendees to interact with the presenters to share and gain knowledge. Each presenter engaged the audience with their process and demonstrated how it enhances the member's experience whenever they contact LACERA.

There were approximately 138 CEOs, Administrators, Directors, Executives, and Managers from over 60 different pension systems in the United States, Canada, and Europe. The conference featured speakers from various pension systems with topics ranging from "Straight Through Processing: A Success Story from STRS Ohio" to CalPERS "Lean Journey and Sustained Results." The conference also featured breakout sessions and multiple networking opportunities to share ideas, visions, challenges, solutions, and action plans.

Overall, CEM and the conference attendees were treated to a great experience by LACERA staff and they continued to compliment the tour and presentations throughout the remainder of the conference. The networking opportunities allowed LACERA to strengthen existing relationships, build new ones, and collaborate on future site visits to improve our member's experience. The Boards should be very proud of our team members who worked very hard to make this event, and it is important we recognize all of their efforts. I would like to start with the event coordinators: Derwin Brown, Alexandra Hollis, Vanessa Gonzalez, Stephanie Kawai, Indee Brooke, and Louis Gittens. We also had a number of staff serve as ambassadors to make sure that our visitors got to their presentations on time: David Bayha, Samantha Garcia, Renee Copeland, Dmitriy Khaytovich, Valery Ptacek, Dina Lejano, Josh Wong, Percy Petrov, Giselle Jaimes, Theodore King, Veronica Yi-Martinez, and Maria Calderon. Finally, I would like to recognize numerous support staff who were integral in putting this together: Carlos Barrios, Jackie Boute, Daisy Miranda-Joanico, Sonia Garcia, Isabelle Teegardin, Lindsay Knight, Roxanne Martin, Remigio Feliciano, Jay Fullwood, Ana Ronquillo, Debra Rendon, Cynthia Martinez, Joshua Smalley, Brittnei Haile, Van Bonifacio, Alex Yin, Jay Lee, Sevan Simonian, James Beasley, Bonnie Nolley, and Linda El-Farra.

SACRS Conference

SACRS held its Spring Conference at Lake Tahoe on May 7-10, 2019. In addition to the leadership of LACERA Board of Retirement member, and Vice-Chair of the SACRS Board of Directors, Vivian Gray, numerous other LACERA representatives, both trustees and staff, were present and involved. I also would like to thank Ms. Gray for highlighting the level of support that LACERA provides to SACRS in the form of trustees and staff members who serve on the Program, Educational, and Legislative Committees and as speakers or moderators of various sessions at the conferences.

Update on Our Focus on Strategic Plan Goals and Operations Improvement

The Workgroups focusing on the top four Strategic Plan goals continue to meet regularly to move our goals forward. Here is a summary of the status of their efforts:

- **Case Management Capabilities:** This redefined goal brings together at least three Strategic Plan goals (Case Management, Job Ticket, and Disability Writ Processing) and will positively impact at least seven divisions. The cross-functional workgroup consisting

of the Legal Office, Disability Retirement Services (DRS), Disability Litigation, the Executive Office, Member Services, Benefits, Retiree Healthcare and Quality Assurance continue to meet weekly to move this project forward. The Workgroup has prepared a memo for the Operations Oversight Committee, which is currently under review and will be presented to the committee in the first quarter of FY 2019-2020.

- **LACERA.com Redesign:** This workgroup, headed up by Communications, consists of members from Benefits, Disability Retirement Services, the Executive Office, Financial Accounting Services, Internal Audit, Investments, the Legal Office, Member Services, Retiree Healthcare, and Systems. The Workgroup focusing on this Strategic Plan goal meets regularly and recently finalized their project plan. As represented in the project plan included in last month's CEO Report, the targeted launch date is March 30, 2020. The team recently released a working wireframe prototype (a prototype designed to show how data and topics will be organized and how the site will be navigated) has been shared internally to solicit feedback on the site navigation. The next step is the complete review of all data and text on the website, which currently represents over 400 pages of text.
- **Retirement Estimate Redesign Project:** The workgroup, consisting of members from Member Services, Benefits, Communications, Quality Assurance, Systems, the Executive Office, and the Legal Office, is making progress on defining the design for the new Retirement Application and Election form. The Workgroup has almost completed the final draft of the new Retirement Application. Beginning in June the team will be focusing on developing the accompanying guidebook that will be distributed with the application, while Systems will begin programming the system to generate the application. Based on the status the project completion date for Phase I has been moved from end of August 2019 to September 2019. Phase II of this project will be to develop the on-line election process.
- **PEPRA Implementation:** This workgroup continues reviewing all the progress made to date on the implementation of the Public Employees' Pension Reform Act of 2013 and subsequent updates to the act passed since then. The team is proud to announce that we have completed the implementation of the Felony Forfeiture Appeal process. This completes a major milestone for this project. The Workgroup continues to work with the Auditor-Controller's office to address the issue with the County payroll codes. The Workgroup is also focusing on the redesign of the Annual Benefit Statement (ABS). Our current statement only supports legacy plan members and is not supported for PEPRA members. Considerable progress was already made on the redesign efforts by the Communications team. As Communications works to finalize the design, the Workgroup has begun development of an RFP for the Operations Oversight Committee's consideration to find a vendor to produce the new ABS. The Workgroup consists of members from Benefits, Communications, the Executive Office, Internal Audit, the Legal Office, Member Services, Quality Assurance, and Systems.

The Boards should be updated on other cross-functional teams that are working hard to provide improvements to LACERA's operations and the services we provide to our members.

- **Business Continuity:** We are pleased to report that the due diligence regarding Assurance Software Inc., our selected Business Continuity software provider and consultant, is complete and we are moving forward with the project. Last month there were questions about the status of the company because of a recent ownership and name change, as well as reported financial difficulties experienced by SunGard Availability Services (SunGard) (the former provider and namesake). The Administrative Services Business Continuity team has prepared a memo for the Operations Oversight Committee that details the work related to choosing the selected vendor. As a preview, the highlights are as follows: During our initial discussions with the company called SunGard, they sold the business continuity unit to Resurgens Technology Partners, who rebranded the new standalone company as Assurance Software, Inc. SunGard, which remained in business, focusing on disaster recovery services, subsequently filed for Chapter 11. The only connection between SunGard and Assurance Software, Inc. is they are contracted to use SunGard's data center. Our executed contract is with Assurance Software, Inc. Staff feels that Assurance Software, Inc. is on solid footing and retained the leadership and staff that existed under the old company.
- **Telecommuting Policy:** A Workgroup consisting of the Executive Office, Human Resources, and Systems has been established to take another look at allowing telecommuting. The Workgroup is currently surveying Division Management to determine what positions should be considered for telecommuting and what data/system access would be needed to support the need. We will continue to keep the Boards' updated on the progress of this goal.

Upcoming Retirement

John Nogales, Director of Human Resources has provided a formal notification of his intent to retire by September 2019. Recruitment of his replacement will be initiated and updates will be provided to the Boards regularly.

Striving for Excellence in Service



Outreach Attendance
4,083

33,184 Year-to-Date



Outreach Events
51

355 Year-to-Date



Outreach Satisfaction
95.5%

1.1% Change Since Last Mo.



Member Service Center
100.0%

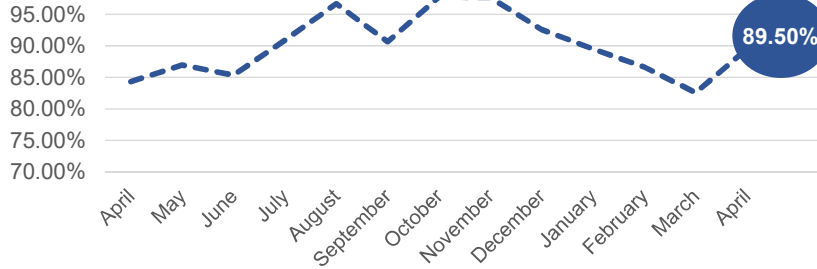
0.0% Change Since Last Mo.



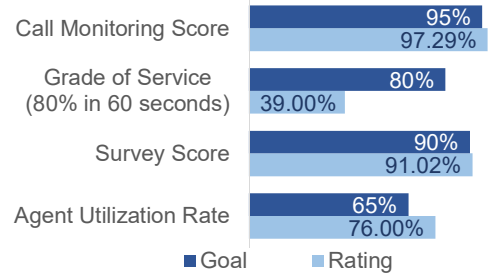
Member Services Calls
13,564

13,377 3 Mo. Avg.

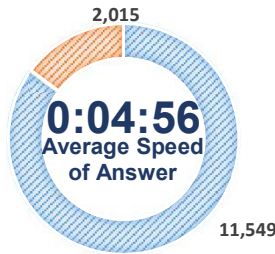
Key Performance Indicator (Overall Performance)



Key Performance Indicator (Components)



Member Services



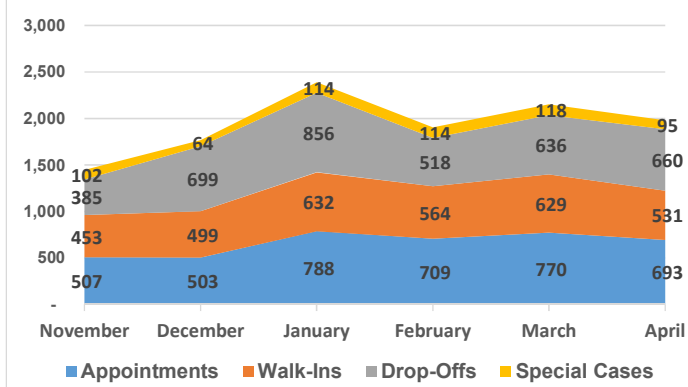
Top Calls

1. Workshop Info./Appointments: Inquiry
2. Benefit Payments: Gen. Inquiry/Payday Info
3. Retirement Counseling: Estimate

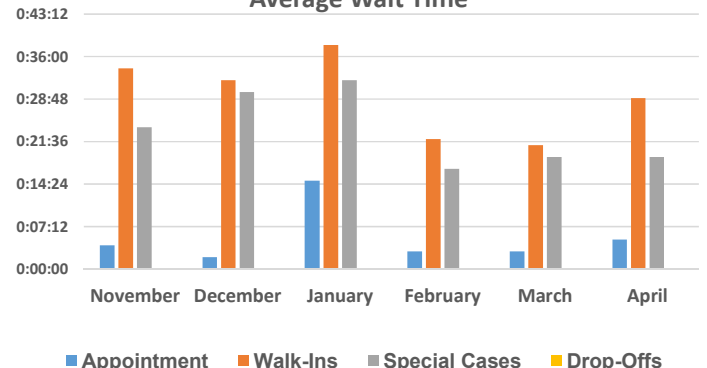


418 Emails
5:02 hours
Avg. Response Time (ART)

Member Service Center Visits



Member Service Center Average Wait Time



*Drop Off Wait Time: No Waiting



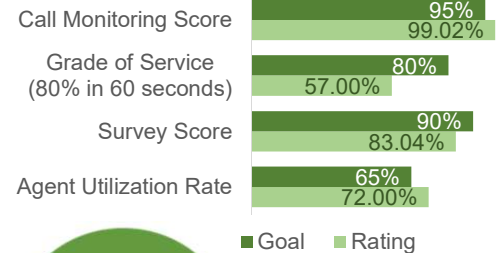
Total RHC Calls: 4,869

Retiree Healthcare



Top Calls

1. Med. Benefits - General Inquiries (RHC)
2. Medical-New Enrollment/Change/Cancel
3. General Inquiries (RHC)



250 Emails
1 day
Avg. Response Time (ART)

Striving for Excellence in Service (Continued)

Applications

532

On Hand

45 Received
 380 Year-to-Date
 0 Re-opened
 0 Year-to-Date
 51 To Board - Initial
 453 Year-to-Date
 5 Closed
 29 Year-to-Date
 521 In Process
 521 Year-to-Date

Appeals

100

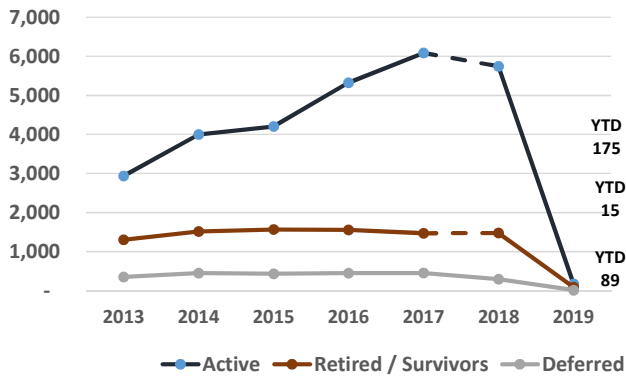
On Hand

4 Received
 25 Year-to-Date
 5 Admin Closed/Rule 32
 19 Year-to-Date
 0 Referee Recommended
 9 Year-to-Date
 0 Revised/Reconsidered for Granting
 4 Year-to-Date
 100 In Process
 99 Year-to-Date

Disability

My LACERA Registrations

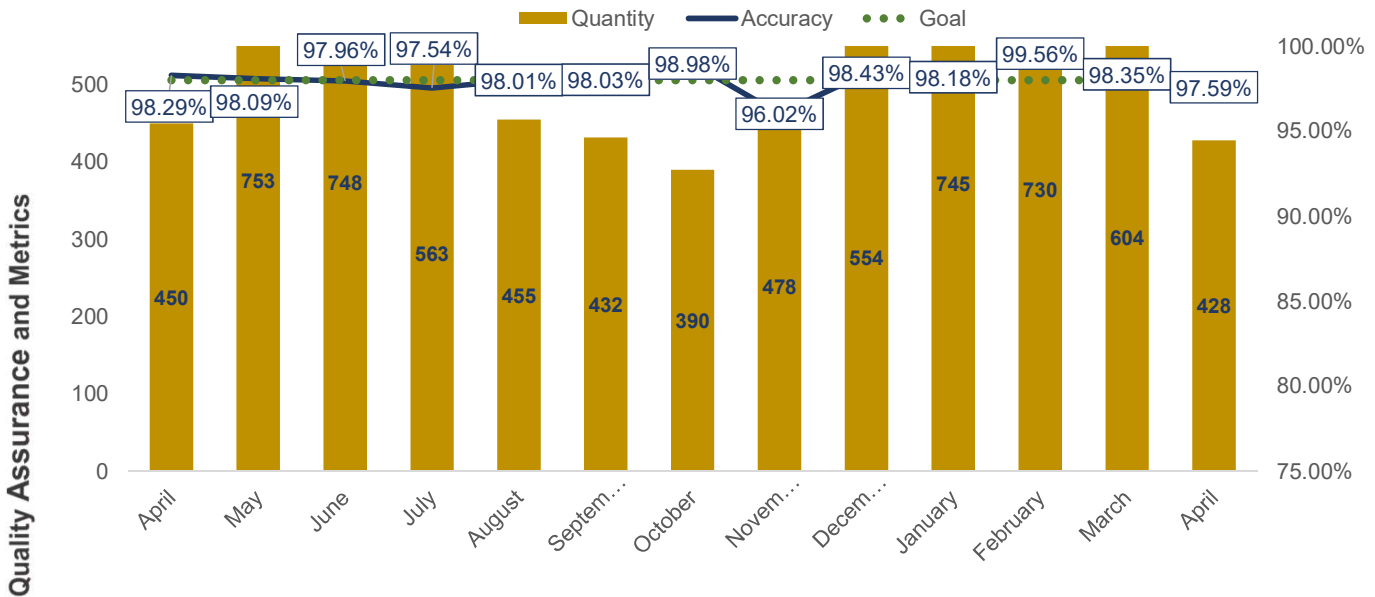
My LACERA



MORE COMING SOON!

Striving for Excellence in Quality

Audits of Retirement Elections, Payment Contracts, and Data Entry



April 2019



97.59%

Retirement Elections

226 Samples
97.70% Accuracy

Payment Contracts

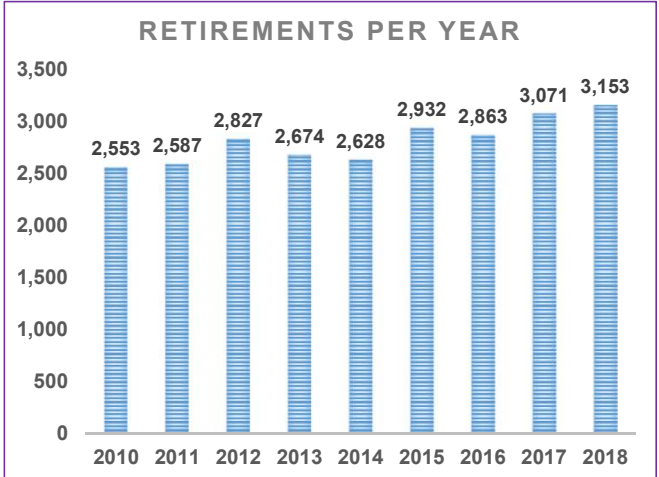
112 Samples
96.24% Accuracy

Data Entry

90 Samples
98.83% Accuracy

Member Snapshot

| | | Members as of 05/14/19 | | | | |
|----------------------|----------------------|------------------------|---------------|---------------|---------------|----------------|
| | | Plan | Active | Retired | Survivors | Total |
| General | Plan A | | 107 | 16,933 | 4,453 | 21,493 |
| | Plan B | | 36 | 684 | 68 | 788 |
| | Plan C | | 42 | 430 | 67 | 539 |
| | Plan D | | 41,962 | 15,414 | 1,412 | 58,788 |
| | Plan E | | 17,566 | 12,949 | 1,170 | 31,685 |
| | Plan G | | 26,550 | 25 | 2 | 26,577 |
| | Total General | | | 86,263 | 46,435 | 7,172 |
| Safety | Plan A | | 5 | 5,303 | 1,580 | 6,888 |
| | Plan B | | 9,767 | 5,841 | 284 | 15,892 |
| | Plan C | | 2,988 | 8 | 0 | 2,996 |
| | Total Safety | | | 12,760 | 11,152 | 1,864 |
| TOTAL MEMBERS | | | 99,023 | 57,587 | 9,036 | 165,646 |
| % by Category | | | 60% | 35% | 5% | 100% |

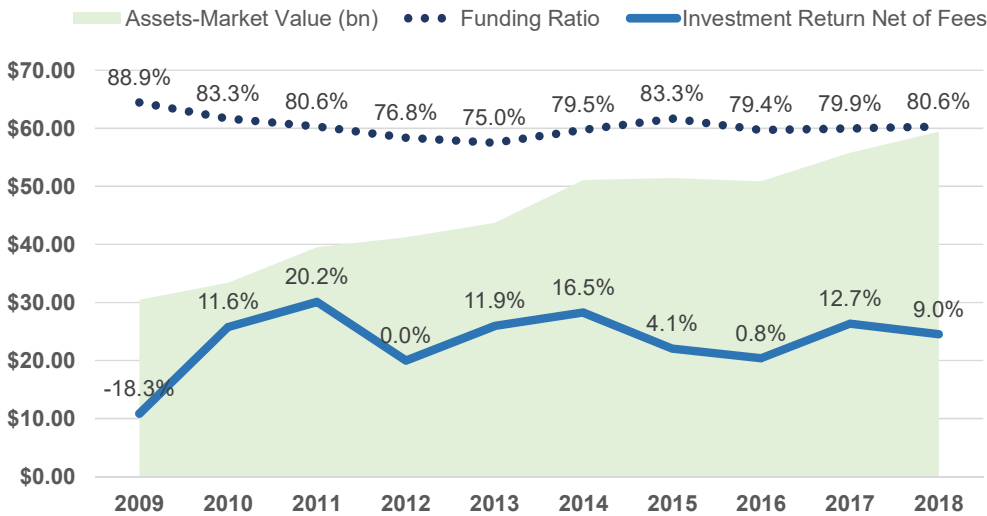


Average Monthly Benefit Allowance

| | General | Safety | Total | % |
|----------------------|---------------|---------------|---------------|-------------|
| \$0 to \$3,999 | 29,791 | 2,040 | 31,831 | 55.45% |
| \$4,000 to \$7,999 | 12,250 | 3,589 | 15,839 | 27.59% |
| \$8,000 to \$11,999 | 3,087 | 3,940 | 7,027 | 12.24% |
| \$12,000 to \$15,999 | 839 | 1,210 | 2,049 | 3.57% |
| \$16,000 to \$19,999 | 242 | 233 | 475 | 0.83% |
| \$20,000 to \$23,999 | 71 | 71 | 142 | 0.25% |
| \$24,000 to \$27,999 | 25 | 12 | 37 | 0.06% |
| > \$28,000 | 7 | 2 | 9 | 0.02% |
| Totals | 46,312 | 11,097 | 57,409 | 100% |

| Healthcare Program (YTD) | | | Healthcare Enrollments (Monthly) | |
|--------------------------|------------------|----------------|----------------------------------|----------------|
| | Employer | Member | Medical | Dental |
| Medical | \$426.1m | \$35.7m | 50,502 | 51,790 |
| Dental | \$36.43m | \$3.7m | Part B | 34,020 |
| Part B | \$52.7m | xxxx | LTC | 644 |
| Total | \$515.32m | \$39.3m | Total | 136,956 |

Key Financial Metrics



Funding Metrics (as of 6/30/18)

| | |
|--------------|---------|
| Employer NC | 9.92% |
| UAAL | 10.99% |
| Assumed Rate | 7.25% |
| Star Reserve | \$614m |
| Total Assets | \$56.3b |

Contributions (as of 6/30/18)

| | Employer | Member |
|--------------|------------|----------|
| Annual Add | \$1,524.8m | \$591.3m |
| % of Payroll | 20.91% | 6.88% |

TOTAL FUND RETURN (Net of Fees)

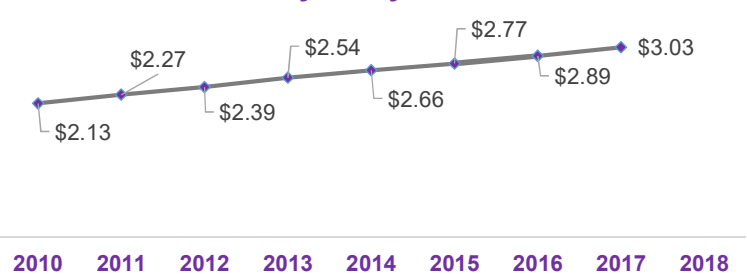
5 YR: 8.5% 10 YR: 6.3%

Retired Members Payroll

| | |
|---------------------------|--------|
| Monthly Payroll | \$300m |
| Payroll YTD | 2.8b |
| New Retired Payees Added | 1,006 |
| Seamless % | 99.50% |
| New Seamless Payees Added | 3,793 |
| Seamless YTD | 98.66% |
| By Check % | 4.00% |
| By Direct Deposit % | 96.00% |

Billions
\$3.50
\$3.00
\$2.50
\$2.00
\$1.50
\$1.00
\$0.50
\$-

Retiree Payroll by Year



| Date | Conference |
|------------------------|---|
| July, 2019 | |
| 10-12 | Pacific Pension Institute (PPI) North American Summer Roundtable Chicago, IL |
| 15-17 | 2019 Fortune Brainstorm Tech Conference Aspen, CO |
| 15-19 | Oxford Impact Measurement Program Oxford, United Kingdom |
| 16-18 | 2019 Annual International Corporate Governance Network Conference Tokyo Tokyo, Japan |
| 22-24 | SACRS Public Pension Investment Management Program Berkeley, CA |
| August, 2019 | |
| 26-29 | CALAPRS (California Association of Public Retirement Systems) Principles of Pension Management for Trustees Pepperdine University |
| September, 2019 | |
| 2-3 | African Pension and Sovereign Wealth Fund Leaders' Summit and AI CEO Infrastructure Project Developers Summit Cape Town, South Africa |
| 10-12 | United Nations Principals of Responsible Investing (UNPRI) PRI in Person 2019 Paris, France |
| 16-18 | Council of Institutional Investors (CII) Fall Conference Minneapolis, MN |
| 20 | CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Hilton Oakland Airport |
| 22-26 | AHIP (America's Health Insurance Plans) National Conference on Medicare, Medicaid & Duals Washington D.C. |
| October, 2019 | |
| 16-17 | INCA Investments Latin American Investment Conference Buenos Aires, Argentina |
| 16-18 | PREA (Pension Real Estate Association) Annual Institutional Investor Conference Washington D.C. |
| 20-23 | IFEBC (International Foundation of Employment Benefit Plans) Annual Employee Benefits Conference San Diego, CA |

May 31, 2019

TO: Each Member
Board of Investments

FROM: Jon Grabel 
Chief Investment Officer

SUBJECT: **CHIEF INVESTMENT OFFICER'S REPORT—APRIL 2019**

The following memorandum and attachments constitute the CIO report for April 2019. **Attachment 1** presents summary investment information including market values, actual and target allocations, and returns. **Attachment 2** is a summary investment report for the OPEB Master Trust. A list of all current applicants for public investment-related searches is included as **Attachment 3** and will be provided on a monthly basis to identify firms with whom LACERA is in a quiet period. **Attachment 4** includes a presentation titled “Federal Reserve, Report of Economic Well-Being of U.S. Households.”

PERFORMANCE

The Total Fund finished the month with an investment balance of approximately \$57.9 billion.¹ The month had a return of 1.7%. For fiscal year to date, the Total Fund is up 5.1% net of fees.

The OPEB Master Trust generated a positive return in April. For the month, the L.A. County, LACERA and Superior Court funds had a net gain of 1.9%. Fiscal year to date, the L.A. County and LACERA funds are up 4.7% and the Superior Court fund is up 4.5% net of fees.

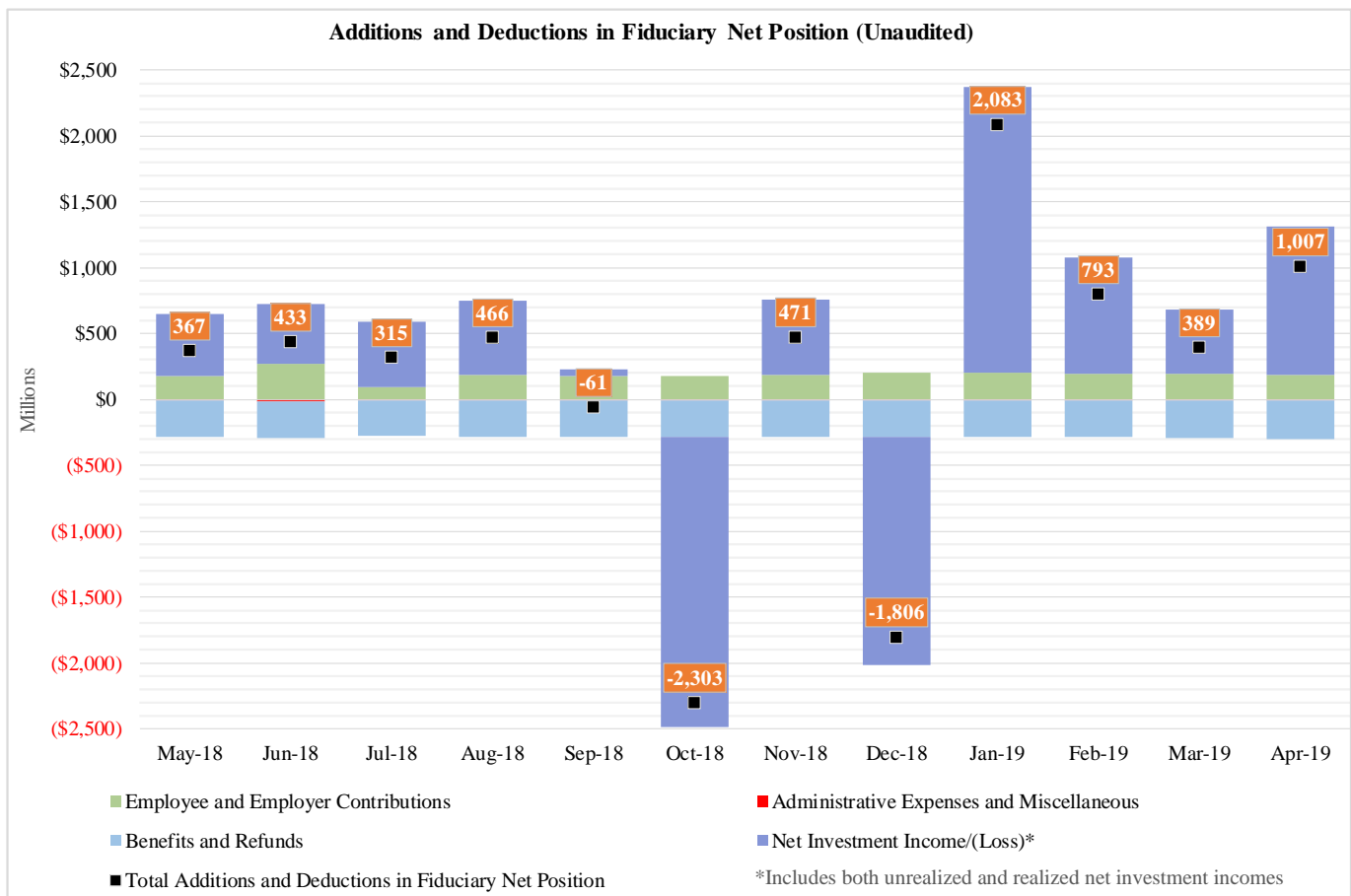
CASH FLOWS, CASH BALANCES, AND FIDUCIARY NET POSITION²

As illustrated in Chart 1 below, included to provide detail on the sources of monthly transactional flows, the Plan's Fiduciary Net Position increased by \$1.0 billion during the month of April. Over the last twelve months, the Plan's incremental net position is up \$2.2 billion.

¹ For months that coincide with calendar quarter end, the Total Fund value is calculated using the custodian's quarter-end market values for all asset classes. For inter-quarter periods, the Total Fund value is calculated using the custodian's month-end market value for all asset classes except for private equity and real estate. Private equity and real estate market values are calculated by adjusting the preceding quarter-end market value for subsequent cash flows.

² LACERA's fiduciary net position is an unaudited snapshot of account balances as of the preceding month end and reflects assets available for future payments to retirees and their beneficiaries, including investment fund assets, as well as any liabilities owed as of the report date. The Plan's net position is inclusive of both investment and operational net assets, while the Total Fund's position includes investment net assets only.

Chart 1: Additions and Deductions in Fiduciary Net Position (Unaudited)



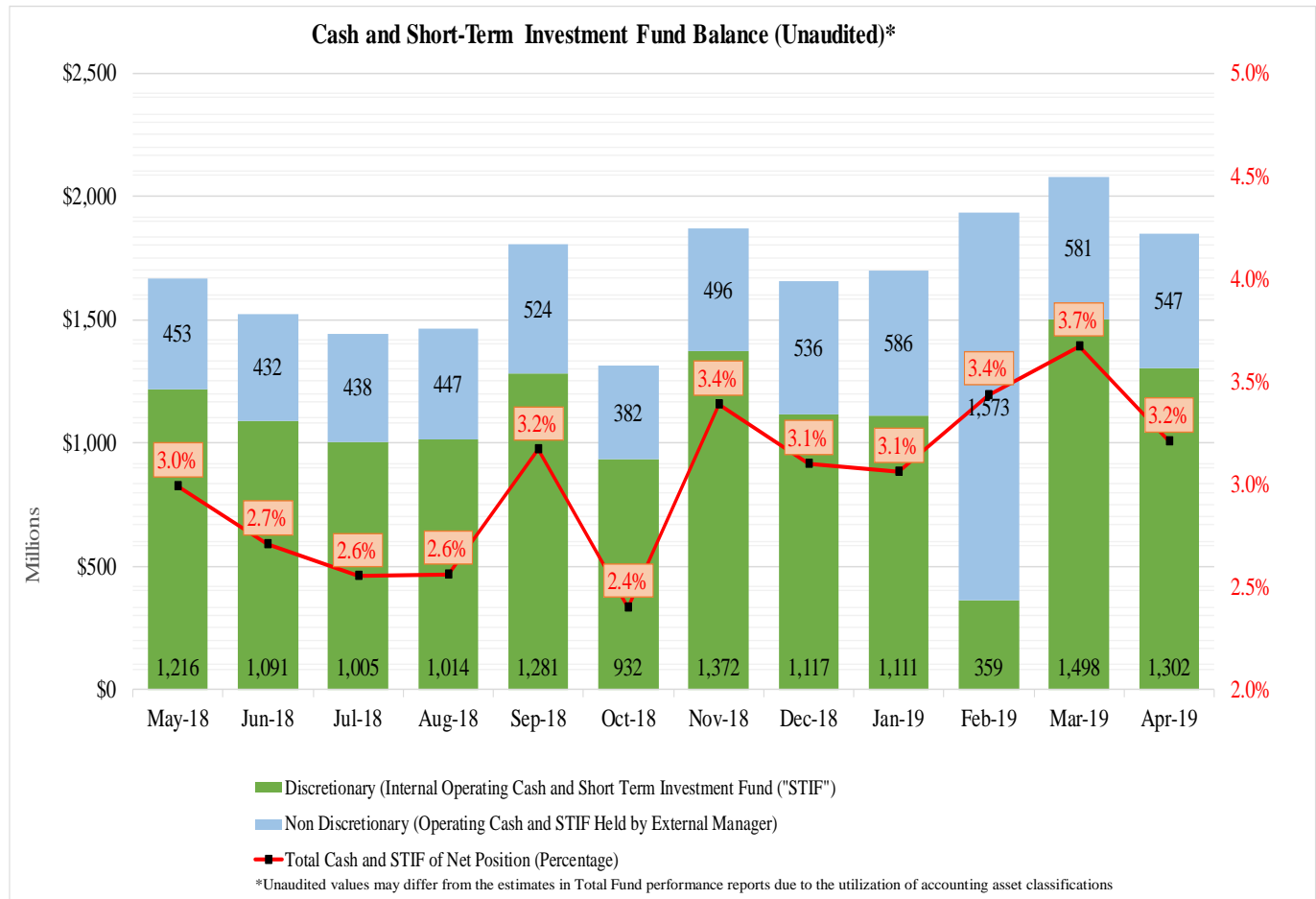
LACERA finished the month of April with approximately \$1.3 billion in the Fund’s primary operating account, as reported by the master custodian and identified as “cash” on various Total Fund reports. There was additional cash held in internal accounts dedicated to asset categories with frequent cash flows as well as cash held by select external managers. As illustrated in Chart 2, LACERA held a total of \$1.3 billion of internal operating cash and short-term investments across all of its operating accounts and LACERA’s external investment managers held a further \$546.8 million in cash and short-term investments.

In total, LACERA held approximately \$1.8 billion in cash and short-term investment funds at the end of April, which can be categorized as follows:

- Non-discretionary (operating cash and Short Term Investment Fund (“STIF”) balances held by external investment managers): \$546.8 million
- Discretionary (internal operating cash and STIF balances accessible for the daily operating needs of the Plan): \$1.3 billion

The Fund’s total cash and short-term investment fund balance represented 3.2% of the Plan’s unaudited net position, while its discretionary cash and short-term investment fund balance represented 2.3% of the Plan’s unaudited net position.

Chart 2: Cash and Short-Term Investment Fund Balance (Unaudited)



The following table (Table 1) provides a summary of cash flows at the asset category level. For the month of April, the Total Fund had net investment outflows totaling -\$96.6 million.

Table 1: Asset Category Cash Flows

| Asset Category and Activity | Total (in \$ millions) | Cash Impact |
|---|-----------------------------------|------------------------|
| Total Fund | -96.6 | Outflow |
| GROWTH | | |
| Distributions | 29.3 | Inflow |
| Contributions | -108.3 | Outflow |
| Total Net Activity | -79.0 | Net Outflow |
| GLOBAL EQUITY | | |
| Distributions | 0.0 | n/m |
| Contributions | -12.9 | Outflow |
| Total Net Activity | -12.9 | Net Outflow |
| PRIVATE EQUITY | | |
| Distributions | 31.9 | Inflow |
| Capital Calls | -89.9 | Outflow |
| Total Net Activity | -58.0 | Net Outflow |
| OPPORTUNISTIC REAL ESTATE | | |
| Separate Account Net Activity | -2.6 | Outflow |
| Commingled Fund Net Activity | -5.6 | Outflow |
| Total Net Activity | -8.2 | Net Outflow |
| CREDIT | | |
| Distributions | 0.0 | n/m |
| Contributions | -27.5 | Outflow |
| Total Net Activity | -27.5 | Net Outflow |
| BANK LOANS | | |
| Distributions | 0.0 | n/m |
| Contributions | -27.5 | Outflow |
| Total Net Activity | -27.5 | Net Outflow |
| REAL ASSETS & INFLATION HEDGES | | |
| Distributions | 22.7 | Inflow |
| Contributions | -7.8 | Outflow |
| Total Net Activity | 14.9 | Net Inflow |
| CORE & VALUE-ADDED REAL ESTATE | | |
| Separate Account Net Activity | 22.7 | Inflow |
| Commingled Fund Net Activity | -7.8 | Outflow |
| Total Net Activity | 14.9 | Net Inflow |
| RISK REDUCTION & MITIGATION | | |
| Distributions | 0.0 | n/m |
| Contributions | -5.0 | Outflow |
| Total Net Activity | -5.0 | Net Outflow |
| DIVERSIFIED HEDGE FUNDS | | |
| Distributions | 0.0 | n/m |
| Contributions | -5.0 | Outflow |
| Total Net Activity | -5.0 | Net Outflow |

The Global Equity asset class realized an -\$12.3 million cash outflow from the Non-U.S. Equity currency-hedging program. LACERA's Non-U.S. Equity Investment Policy requires that the developed markets Non-U.S. Equity allocation, currently \$8.5 billion, maintain a passive currency hedge overlay on 50% of its investment value. Note that when the currency overlay program sustains a loss due to a depreciating U.S. dollar, underlying Non-U.S. equity values should be positively impacted. Conversely, in an appreciating U.S. dollar environment, the currency-hedging program will have a gain, while underlying Non-U.S. equity values should be negatively impacted. Due to currency market movements in the previous three months, the currency hedges maturing in early April realized a loss and -\$12.3 million was transferred from cash to LACERA's passive currency overlay account. The hedged Non-U.S. Equity portfolio was up 3.0% net of fees, or approximately \$256.7 million during the month. A change in currency valuation is one of many variables that influences returns for a hedged Non-U.S. Equity portfolio. Cash flow from the currency-hedging program and the related equity portfolio can both deliver positive or negative results in a given period due to the staggered rolling of multiple futures contracts across three months.

ACTIVE SEARCHES

This section is intended to keep the Board of Investments apprised of active investment-related searches that include Requests for Proposal (RFP) and Information (RFI). At this time, there are six searches currently underway. A list of all respondents can be found in **Attachment 3**.

The first search is an RFI issued for real estate administrative services. The RFI was released in November 2018 and responses have been received and are being reviewed. Onsite interviews have been conducted. An update was presented at the May 2019 BOI meeting with a subsequent update planned at the July 2019 BOI meeting.

The second search is an RFP issued for a Total Fund risk system. The RFP was released in January 2019 and responses have been received and are being reviewed. Interviews at LACERA's offices have been conducted.

The third search is an RFP issued for MSCI ACWI IMI index services. The RFP was re-released in April 2019 and responses have been received and are being reviewed.

The fourth search is an RFP issued for syndicated bank loan investment management services. The RFP was released in April 2019 and responses have been received and are being reviewed.

The fifth search is an RFP issued for factor-based equity investment management services. The RFP was released in April 2019 and responses have been received and are being reviewed.

The sixth search is an RFP issued for illiquid credit investment management services. The RFP was released in April 2019 and responses have been received and are being reviewed.

DELEGATED AUTHORITY

This section provides an update on the monthly activities that derive from specific investment authority and responsibility directly delegated to the CIO by the Board as described in the Investment Policy Statement as well as completed actions from approved recommendations.

- **Completed Actions From Approved Recommendations**
 - The investment management agreement for the Treasury Inflation – Protected Securities (TIPS) mandate was finalized in April, and funding began with a contribution of \$500 million at month end.
 - Public Equity completed the termination of one manager and transferred approximately \$845 million to cash.
 - The Total Fund began the move to the functional asset allocation, including interim policy targets and interim benchmark weights.

COMPLIANCE MONITOR

Evaluating the Fund’s investment portfolios against established policies and guidelines is an integral part of the ongoing portfolio management process and is commonly referred to as compliance. The Fund’s portfolio is implemented in a nuanced way across multiple asset categories, so LACERA utilizes a multi-faceted approach to evaluate compliance. A summary of compliance activities across the Total Fund identifying advisory notifications where appropriate is provided on a calendar quarter basis. Compliance categories include allocation target weights, portfolio policies such as the use of leverage, and guidelines for various items such as types of permissible holdings. The next report is scheduled to be provided as part of the CIO Report for the period ending June 30.

INVESTMENTS DIVISION SPOTLIGHT

The Public Equity team oversees publicly traded equities within the Growth investments asset category. Growth investments are the main driver of long-term returns for LACERA’s Total Fund. The primary role of Public Equity is to provide global equity market beta exposure with generating excess returns as a secondary consideration. The target return for Public Equity is 20 basis points over the custom benchmark,³ net of all fees. As of April 30, 2019, Public Equity represented 45% of LACERA’s assets.

In February 2019, the Board of Investments (“the Board”) approved the new global equity structure with the following key recommendations: 1) combine the U.S. equity and Non-U.S. equity into a single global

³ 80% MSCI ACWI IMI + 20% MSCI World-ex U.S. IMI 50% Hedged Index.

equity composite, 2) consolidate multiple U.S. and Non-U.S. passive index strategies into one MSCI ACWI IMI Index separate account, 3) revise the risk spectrum allocation groupings and ranges to include a new allocation for factor-based equity managers and 4) develop a Request for Proposal (“RFP”) and establish minimum qualifications for factor-based managers. Additional Public Equity team initiatives not included as explicit recommendations in the structure review included a second phase of hiring for emerging managers and an internal portfolio management feasibility study.

In line with implementing the new global equity structure, the Public Equity team issued an MSCI ACWI IMI separately managed RFP in March, 2019. The RFP meets two objectives. The first objective is to consolidate the portfolio’s passive exposure into a single allocation. The second objective is to retain beneficial ownership rights and the ability to exercise proxy voting authority through a separate account structure. Staff is currently reviewing RFP submissions and hopes to recommend a manager to the Board in the third quarter of 2019.

The next recommendation from the structure review was revising the risk spectrum allocation groups and ranges. The structure was revised to include a new factor-based equity target allocation of 15% with the remaining 60% to passive management and 25% to active management. The main objective of the factor-based management allocation is to reduce investment management fees and to improve portfolio risk-adjusted returns. Factor-based strategies are designed to capture market beta but with modestly higher returns than the passive index and lower volatility than active managers. The Public Equity team issued an RFP for a separately managed factor-based mandate(s) in April, 2019 and is currently reviewing RFP submissions. The team hopes to recommend a manager(s) to the Board in the third quarter of 2019.

Staff completed the initial funding of direct emerging managers (“EM”) in 2018. Staff is planning on a second phase of hiring and intends to issue an RFP later in 2019. The objective of the search is to fund new managers to get us closer to the higher range of the EM target of 0-5% for global equities. The current allocation to EM managers is approximately 1.3%.

Lastly, the public equity team along with other members of the public markets team, is conducting a feasibility study on the merits and risks of internal portfolio management within public markets at LACERA. Staff presented preliminary findings to the Board at the February 2019 meeting and anticipates a series of presentations to follow in 2019.

MAY FORECAST

After U.S. equity markets established new highs in April, volatility returned in May primarily amid uncertainty around international trade policy and potential related economic impacts. U.S. equity markets declined 7% in the month and U.S. 10-year treasury yields declined by 38 basis points to 2.13% as market participants considered to what degree future growth may be slowed by trade policy. Oil and copper, commodities that at times can be interpreted as leading indicators of growth and inflation, declined by approximately 16% and 9%, respectively in May.

Each Member, Board of Investments

May 31, 2019

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Meanwhile, recently released economic data such as GDP and unemployment continue positive trends. In May, the U.S. Bureau of Economic Analysis reported that U.S. GDP grew at 3.1% in the first quarter of 2019. It was also announced that U.S. unemployment fell to 3.6% in April - the lowest level since 1969.

As of publication of this report, during the month of May, the MSCI ACWI IMI stock index was down 5.2% while the Bloomberg Barclays Global Aggregate bond index was up 0.8%. The Total Fund will have a negative month.

Attachments

JGjpc:ct:cq

LACERA'S ESTIMATED TOTAL FUND

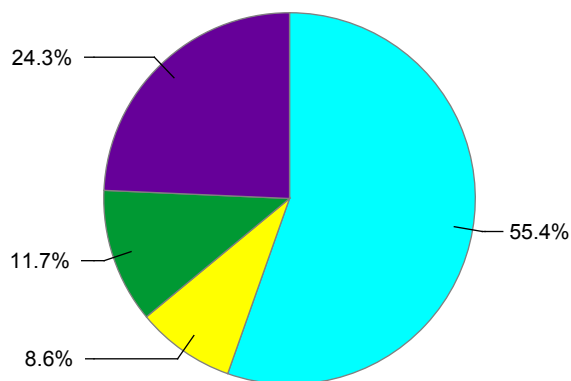
April 30, 2019



| | Market Value (millions) | Actual % Total Fund | Target % Total Fund | YTD | FYTD | 3 Year | 5 Year | 10 Year |
|--------------------------|----------------------------|------------------------|------------------------|------------|------------|------------|------------|------------|
| TOTAL PLAN | 57,882.1 | 100.0 | 100.0 | 8.6 | 5.1 | 9.2 | 6.9 | 9.4 |
| Total Plan Custom BM | | | | 9.3 | 6.8 | 8.9 | 7.0 | 9.9 |
| 7.25% Annual Hurdle Rate | | | | 2.4 | 6.0 | 7.3 | 7.3 | 7.3 |

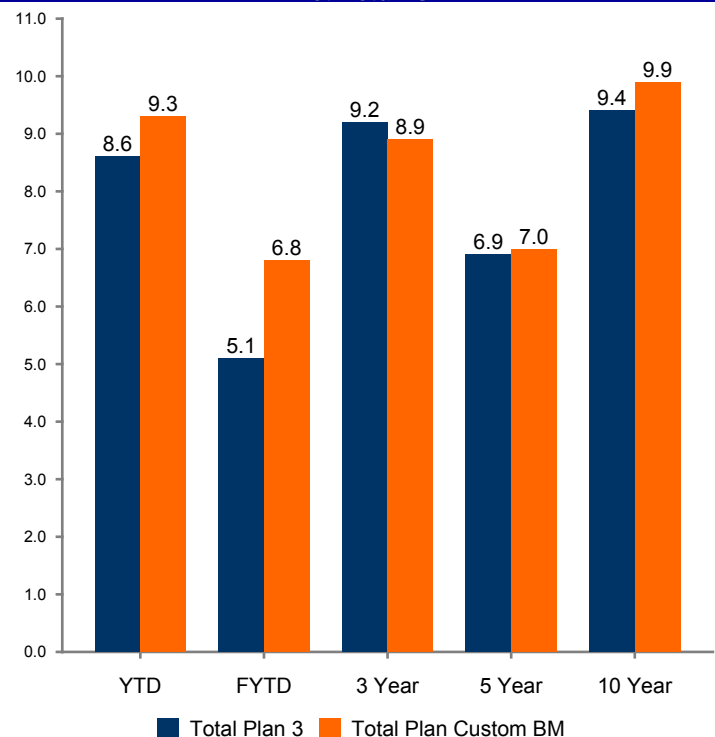
| Functional Categories ^[1] | Market Value (millions) | Actual % Total Fund | Target % Total Fund ^[2] | 1 mo | 3 mo | YTD |
|---|----------------------------|------------------------|---------------------------------------|------------|------|-----|
| GROWTH | 32,091.6 | 55.4 | 52.0 | 2.9 | | |
| Growth Custom BM | | | | 3.8 | | |
| CREDIT | 4,972.6 | 8.6 | 10.0 | 0.8 | | |
| Credit Custom BM | | | | 1.4 | | |
| REAL ASSETS & INFLATION HEDGES | 6,751.7 | 11.7 | 15.0 | 0.0 | | |
| Real Assets & Inflation Hedges Custom BM | | | | 0.3 | | |
| RISK REDUCTION & MITIGATION | 14,066.2 | 24.3 | 23.0 | 0.2 | | |
| Risk Reduction & Mitigation Custom BM | | | | 0.1 | | |

Asset Allocation



■ GROWTH
 ■ CREDIT
 ■ REAL ASSETS & INFLATION HEDGES
 ■ RISK REDUCTION & MITIGATION

Net Returns



These are preliminary returns
 [1] Functional Categories were adopted on 4/1/19
 [2] Reflects Interim Target Weights

Periods greater than 1-year are annualized

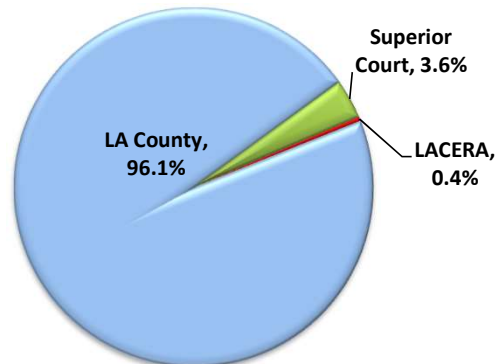
OPEB MASTER TRUST

April 30, 2019



| Fund Name | | Inception Date | Market Value (millions) | Trust Ownership | Month | 3 Month | FYTD | 1 Year | 3 Year | 5 Year | Since Incept. |
|-------------------------------|---------|----------------|-------------------------|-----------------|-------|---------|------|--------|--------|--------|---------------|
| Los Angeles County: | Gross | Feb-2013 | \$1,134.3 | 96.1% | 1.88 | 4.77 | 4.76 | 5.43 | 10.19 | 6.46 | 5.88 |
| | Net | | | | 1.88 | 4.77 | 4.73 | 5.39 | 10.15 | 6.42 | 5.84 |
| | Net All | | | | 1.87 | 4.75 | 4.69 | 5.34 | 10.11 | 6.37 | 5.79 |
| LACERA: | Gross | Feb-2013 | \$4.4 | 0.4% | 1.88 | 4.78 | 4.77 | 5.42 | 10.25 | 6.50 | 5.90 |
| | Net | | | | 1.87 | 4.77 | 4.74 | 5.38 | 10.21 | 6.45 | 5.86 |
| | Net All | | | | 1.83 | 4.68 | 4.42 | 5.02 | 9.43 | 5.97 | 5.48 |
| Superior Court: | Gross | Jul-2016 | \$42.1 | 3.6% | 1.89 | 4.77 | 4.56 | 5.21 | --- | --- | 9.09 |
| | Net | | | | 1.89 | 4.76 | 4.53 | 5.17 | --- | --- | 9.05 |
| | Net All | | | | 1.87 | 4.73 | 4.39 | 5.01 | --- | --- | 8.41 |
| TRUST OWNERSHIP TOTAL: | | | \$1,180.9 | 100.0% | | | | | | | |

Trust Ownership



| Fund Name | | Inception Date | Market Value (millions) | Trust Ownership | Month | 3 Month | FYTD | 1 Year | 3 Year | 5 Year | Since Incept. |
|----------------------------------|-------|----------------|-------------------------|-----------------|-------|---------|------|--------|--------|--------|---------------|
| OPEB Growth | Gross | Jul-2016 | \$595.2 | 50.4% | 3.33 | 7.36 | 4.78 | 4.62 | --- | --- | 12.45 |
| | Net | | | | 3.33 | 7.35 | 4.75 | 4.59 | --- | --- | 12.42 |
| OPEB Credit | Gross | Jul-2018 | \$233.8 | 19.8% | 1.17 | 2.36 | 4.24 | --- | --- | --- | 4.24 |
| | Net | | | | 1.17 | 2.35 | 4.20 | --- | --- | --- | 4.20 |
| OPEB Risk Reduction & Mitigation | Gross | Jul-2016 | \$117.9 | 10.0% | 0.07 | 1.63 | 4.29 | 4.83 | --- | --- | 2.48 |
| | Net | | | | 0.07 | 1.63 | 4.28 | 4.81 | --- | --- | 2.44 |
| OPEB Inflation Hedges | Gross | Jul-2018 | \$233.7 | 19.8% | -0.08 | 2.58 | 3.90 | --- | --- | --- | 3.90 |
| | Net | | | | -0.09 | 2.56 | 3.84 | --- | --- | --- | 3.84 |
| TRUST OWNERSHIP TOTAL: | | | \$1,180.8 | 100.0% | | | | | | | |

Differences in MV between the Sub-Trusts and Functional composites is due to operational cash

| Allocation | | Inception Date | Market Value (millions) | Allocation % | Month | 3 Month | FYTD | 1 Year | 3 Year | 5 Year | Since Incept. |
|---|-------|----------------|-------------------------|--------------|-------|---------|-------|--------|--------|--------|---------------|
| OPEB Global Equity: | Gross | Mar-2014 | \$595.2 | 50.4% | 3.33 | 7.36 | 4.78 | 4.63 | 11.58 | 7.27 | 7.24 |
| | Net | | | | 3.33 | 7.36 | 4.75 | 4.59 | 11.54 | 7.23 | 7.20 |
| Benchmark: MSCI ACWI IMI Net | | | | | 3.31 | 7.28 | 4.50 | 4.28 | 11.20 | 6.89 | 6.87 |
| Excess Return (Net - Benchmark) | | | | | 0.02 | 0.08 | 0.25 | 0.31 | 0.34 | 0.33 | 0.33 |
| OPEB BTC High Yield Bonds: | Gross | Jul-2018 | \$70.9 | 6.0% | 1.43 | 4.18 | 6.42 | --- | --- | --- | 6.42 |
| | Net | | | | 1.42 | 4.15 | 6.32 | --- | --- | --- | 6.32 |
| Benchmark: BC High Yield Index | | | | | 1.42 | 4.08 | 6.35 | --- | --- | --- | 6.35 |
| Excess Return (Net - Benchmark) | | | | | -0.01 | 0.08 | -0.03 | --- | --- | --- | -0.03 |
| OPEB BTC EM Debt LC: | Gross | Jul-2018 | \$45.2 | 3.8% | -0.18 | -2.61 | 2.59 | --- | --- | --- | 2.59 |
| | Net | | | | -0.19 | -2.64 | 2.49 | --- | --- | --- | 2.49 |
| Benchmark: JPM GBI-EM Global Diversified Index | | | | | -0.18 | -2.58 | 2.99 | --- | --- | --- | 2.99 |
| Excess Return (Net - Benchmark) | | | | | -0.01 | -0.06 | -0.50 | --- | --- | --- | -0.50 |
| OPEB BTC Inv. Grade Bonds: | Gross | Jul-2018 | \$94.0 | 8.0% | 0.03 | 1.91 | 4.75 | --- | --- | --- | 4.75 |
| | Net | | | | 0.03 | 1.91 | 4.74 | --- | --- | --- | 4.74 |
| Benchmark: BBG BARC US Aggregate Index | | | | | 0.03 | 1.89 | 4.67 | --- | --- | --- | 4.67 |
| Excess Return (Net - Benchmark) | | | | | 0.00 | 0.02 | 0.07 | --- | --- | --- | 0.07 |
| OPEB BTC TIPS: | Gross | Jul-2018 | \$70.5 | 6.0% | 0.34 | 2.19 | 2.35 | --- | --- | --- | 2.35 |
| | Net | | | | 0.34 | 2.18 | 2.34 | --- | --- | --- | 2.34 |
| Benchmark: BBG US TIPS Index | | | | | 0.33 | 2.16 | 2.26 | --- | --- | --- | 2.26 |
| Excess Return (Net - Benchmark) | | | | | 0.00 | 0.02 | 0.08 | --- | --- | --- | 0.08 |
| OPEB BTC REITs: | Gross | Jul-2018 | \$117.7 | 10.0% | -0.19 | 3.68 | 8.71 | --- | --- | --- | 8.71 |
| | Net | | | | -0.20 | 3.67 | 8.64 | --- | --- | --- | 8.64 |
| Benchmark: DJ US Select Real Estate Sec Index | | | | | -0.19 | 3.67 | 8.65 | --- | --- | --- | 8.65 |
| Excess Return (Net - Benchmark) | | | | | 0.00 | -0.01 | -0.01 | --- | --- | --- | -0.01 |
| OPEB BTC Commodities: | Gross | Jul-2018 | \$45.5 | 3.9% | -0.45 | 0.43 | -5.93 | --- | --- | --- | -5.93 |
| | Net | | | | -0.46 | 0.40 | -6.04 | --- | --- | --- | -6.04 |
| Benchmark: Bloomberg Commodity Index (Total Return) | | | | | -0.42 | 0.41 | -6.03 | --- | --- | --- | -6.03 |
| Excess Return (Net - Benchmark) | | | | | -0.04 | -0.01 | -0.02 | --- | --- | --- | -0.02 |
| OPEB BlackRock Bank Loans: | Gross | Jul-2018 | \$117.7 | 10.0% | 1.56 | 2.96 | 3.62 | --- | --- | --- | 3.62 |
| | Net | | | | 1.56 | 2.96 | 3.62 | --- | --- | --- | 3.62 |
| Benchmark: S&P/LSTA Leveraged Loan Index | | | | | 1.65 | 3.09 | 3.94 | --- | --- | --- | 3.94 |
| Excess Return (Net - Benchmark) | | | | | -0.09 | -0.13 | -0.32 | --- | --- | --- | -0.32 |
| OPEB Enhanced Cash: | Gross | Feb-2013 | \$23.9 | 2.0% | 0.23 | 0.73 | 2.67 | 2.95 | 1.81 | 1.27 | 1.09 |
| | Net | | | | 0.23 | 0.72 | 2.65 | 2.93 | 1.76 | 1.21 | 1.04 |
| Benchmark: FTSE 6 M T-Bill Index | | | | | 0.21 | 0.61 | 1.94 | 2.25 | 1.30 | 0.83 | 0.68 |
| Excess Return (Net - Benchmark) | | | | | 0.02 | 0.10 | 0.72 | 0.68 | 0.47 | 0.38 | 0.35 |

Disclosure
Source of Bloomberg data on Attachment 1 & 2: Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

PUBLIC INVESTMENT-RELATED SEARCHES APPLICANTS

This document identifies firms who have pro-actively submitted an application to LACERA in response to a publicly posted request. These publicly posted requests are commonly referred to as searches and may include minimum qualifications. When an external firm submits an application to a search, LACERA is in a quiet period with the applying firm while the search is active.

The following firms have responded to a request for information regarding real estate administrative services:

SS&C Technologies Holdings, Inc./SS&C Globe Op
Citco Fund Services (USA), Inc.
State Street Bank and Trust Company

The following firms have responded to a request for proposal regarding a total Fund risk system:

BlackRock Solutions
BNY Mellon
FactSet
MSCI
State Street
Sustainalytics
Wilshire Associates

The following firms have responded to a request for proposal regarding MSCI ACWI IMI index services:

BlackRock, Inc
(LIGMA) Legal & General Investment Management America, Inc.
State Street Global Advisors Trust Company
Northern Trust Investments, Inc.

The following firms have responded to a request for proposal regarding syndicated bank loan investment management services:

Neuberger Berman
Pacific Asset Management
PineBridge Investments LLC
Par-Four Investment Management , LLC
Symphony Asset Management LLC
BlackRock, Inc.
Crestline Denali Capital, L.P.
T. Rowe Price Associates, Inc.

Each Member, Board of Investments

May 31, 2019

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Shenkman Capital Management, Inc.
Barings
Additional submission
Crescent Capital Group LP
THL Credit Advisors LLC
CVC Credit Partners, LLC
KKR Credit Advisors (US) LLC
Lord, Abbett & Co. LLC
Aegon Asset Management US
Guggenheim Partners Investment Management, LLC
Wellington Management Company LLP
CIFC Asset Management LLC
Seix Investment Advisors LLC
GSO Capital Partners LP
Credit Suisse Asset Management, LLC
Western Asset Management Company, LLC
GoldenTree Asset Management
Ares Management LLC
Loomis, Sayles & Co., L.P.
Goldman Sachs Asset Management, L.P.
Oaktree Capital Management, L.P.
Brigade Capital Management, L.P.
Voya Investment Management
FIAM LLC
M&G Investments
Eaton Vance Management
Invesco
Bain Capital Credit, LP
Franklin Resources, Inc. (Parent)
Franklin Advisers, Inc. (Investment Adviser)

The following firms have responded to a request for proposal regarding factor-based equity investment management services:

Allianz Global Investors
AQR Capital Management, LLC
AXA Investment Managers, Inc.
BlackRock, Inc.
Brandywine Global Investment Management
Capital International, Inc.
Connor, Clark and Lunn Investment Management Ltd.
Dimensional Fund Advisors LP
FFCM LLC
Goldman Sachs Asset Management, L.P.

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HSBC Global Asset Management Inc.
Invesco
J.P. Morgan Asset Management
Lazard Asset Management LLC
Legal & General Investment Management
Los Angeles Capital Management and Equity Research Inc.
Mellon Investments Corporation
Northern Trust Investments, Inc.
PanAgora Asset Management, Inc.
QMA LLC
Robeco Institutional Asset Management US, Inc.
State Street Global Advisors Trust Company
Strategic Global Advisors, LLC
TOBAM
Wells Fargo Asset Management

The following firms have responded to a request for proposal regarding illiquid credit investment management services:

Alcentra NY, LLC
Anchorage Capital Group, LLC
Angelo, Gordon & Co., LP
Apollo Capital Management, LP
Ares Management LLC
ArrowMark Partners
Audax Group
Barings LLC
Beach Point Capital Management LP
Benefit Street Partners LLC
BlackRock, Inc
Brigade Capital Management, LP
Canyon Capital Advisors LLC
Carlyle Global Credit Investment Management LLC
CarVal Investors, LLC
Cerberus Capital Management, LP
Chenavari Credit Partners LLP
Cheyne Capital Management (UK) LLP
Clarion Capital Partners, LLC
CQS (US), LLC
Crescent Capital Group LP
Crestline Management, LP
EIG Credit Management Company, LLC
Fortress Lending Advisors LLC
GoldenTree Asset Management LP

Each Member, Board of Investments

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Hayfin Capital Management LLP
HPS Investment Partners, LLC
KKR Credit Advisors (US) LLC
M&G Investment Management LTD
Magnetar Financial LLC
Marathon Asset Management, LP
Monroe Capital, LLC
Napier Park Global Capital (US) LP
Neuberger Berman Investment Advisors
Oak Hill Advisors, LP
Oaktree Capital Management, LP
Orchard Global Asset Management LLP
PGIM, Inc
Pacific Investment Management Company LLC
Schroder Investment Management North America Inc
TPG Sixth Street Partners
Värde Management, LP
Waterfall Asset Management, LLC
White Oak Global Advisors, LLC
Zais Group

Federal Reserve,
*Report of Economic Well-Being of U.S.
Households*

Chief Investment Officer's Report

Board of Investments

June 12th, 2019

Jonathan Gabel – Chief Investment Officer

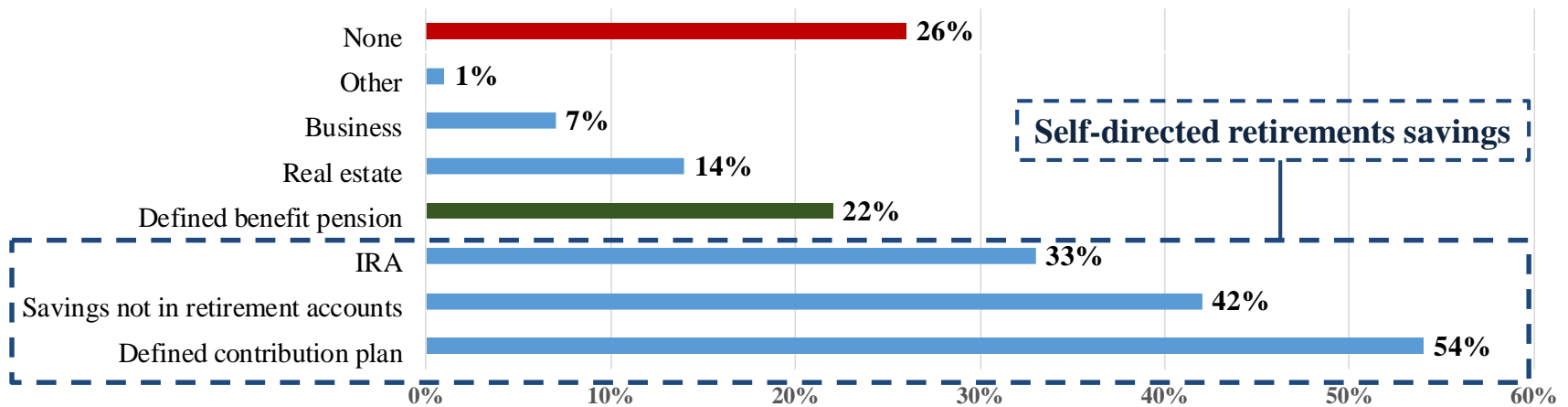


LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Retirement Planning is Paramount

- LACERA's mission to produce, protect and provide the promised benefits is significant
- A recent Federal Reserve System survey noted that 22% of Americans have a defined benefit plan. By comparison, **26 percent of Americans do not have any type of savings or retirement accounts**¹

Forms of Retirement Savings Among Non-Retirees (% of Surveyed)¹



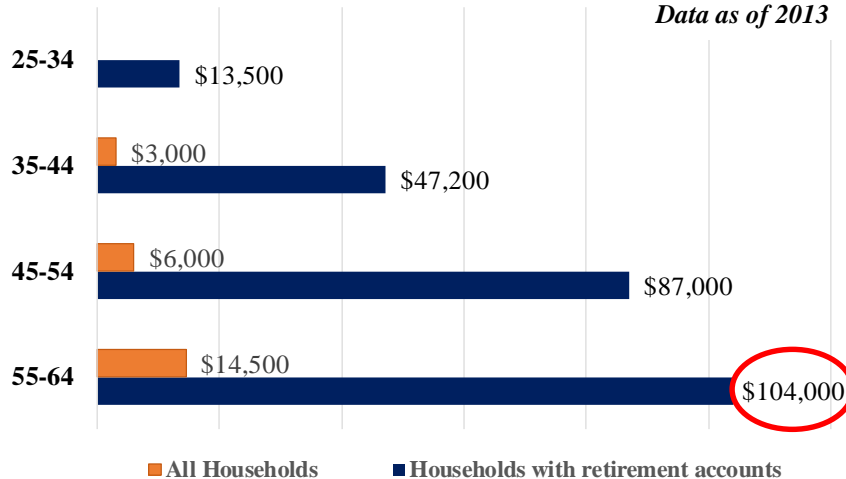
Note: Respondents can select multiple answers

1) Board of Governors of The Federal Reserve System, Report on the Economic Well-Being of U.S. Households in 2018

Self-Directed Savings vs. Projected Liabilities

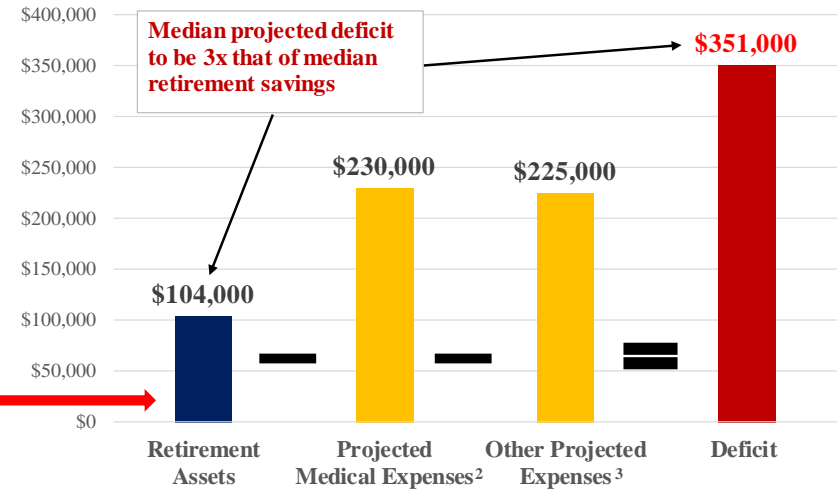
Median Retirement Account Balances²

Data as of 2013



- The median retirement account balance among all U.S. households ages 55 to 64 was \$14,500
- After excluding all households that had saved nothing, the median account balance of near-retirement households was \$104,000

Retirement Assets vs. Liabilities



- It is projected that a married couple will need to save between \$220,000 and \$241,000 to have a 90% chance of covering their medical expenses in retirement
- Other projected expenses, accounting for the impact of median social security benefits, would require approximately another \$225,000 in savings

2) The Reality of the Retirement Crisis – Center for American Progress, January 2015

3) 2013 U.S. median household income of \$56,479 x 80% less 2015 median household Social Security benefits of \$26,990 multiplied by 25 years. Sources: FRED Economic Data - Real Median Household Income in the United States; Income from Social Security – Pension Rights Center



Why Have a DB Plan?

Financial Literacy

- According to a 2017 Retirement Income Literacy Survey from The American College of Financial Services, 87 percent of baby boomers got a “D” on a retirement quiz⁴
- Defined benefit plans are managed by investment professionals

Mandatory Contributions / Savings

- 25 percent of employees miss out on an extra \$1,336 a year from their employer’s 401(k) match by not saving enough⁵
- Median U.S. households do not have sufficient retirement savings for a 25-year retirement

Employee Preference

- 56 percent of Americans lose sleep when thinking about retirement⁵
- 82% of Americans believe all Americans should have a pension⁶

Investment Performance

- Defined benefit plans have historically outperformed defined contribution plans⁷

4) Board of Governors of The Federal Reserve System, Report on the Economic Well-Being of U.S. Households in 2018

5) 15 Retirement Statistics That Will Scare You, by Eric McWhinnie, October 2018

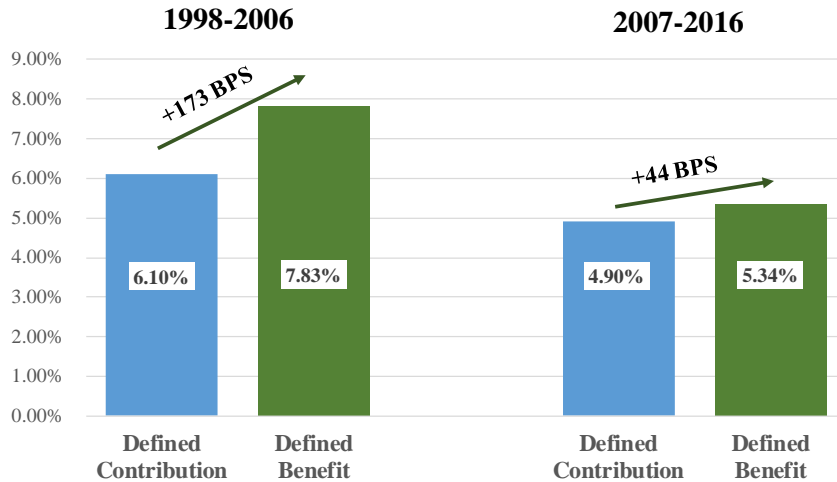
6) NRTA Pension Education Toolkit: The Importance of Your Pension, February 2011

7) DB Plan Performance Still Ahead, but DC Plans Catching up, ASPPA, by Ted Godbout, March 2018

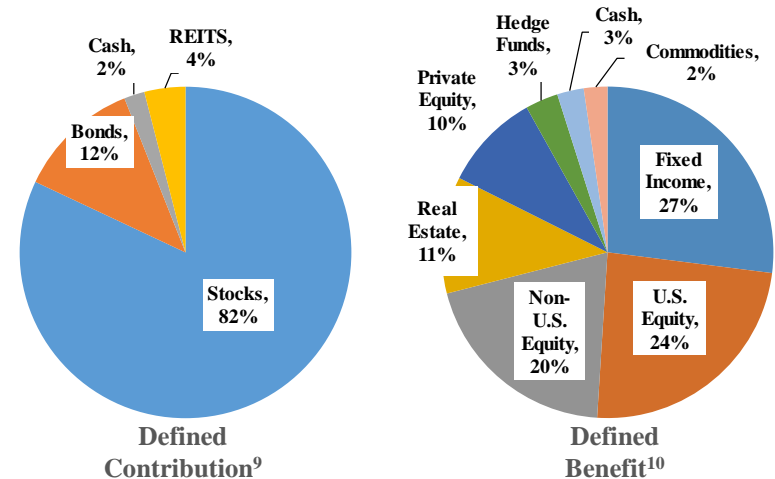


Defined Benefit vs. Defined Contribution

Performance Comparison⁸



Asset Allocation Comparison



Defined Benefit Investment Advantages

- ✓ Large scale advantage drives fees down
- ✓ Access to a greater number of alternative asset classes on a direct basis
- ✓ Greater asset class diversification
- ✓ Access to more investment-related resources and information
- ✓ Professional investment staff and risk monitoring

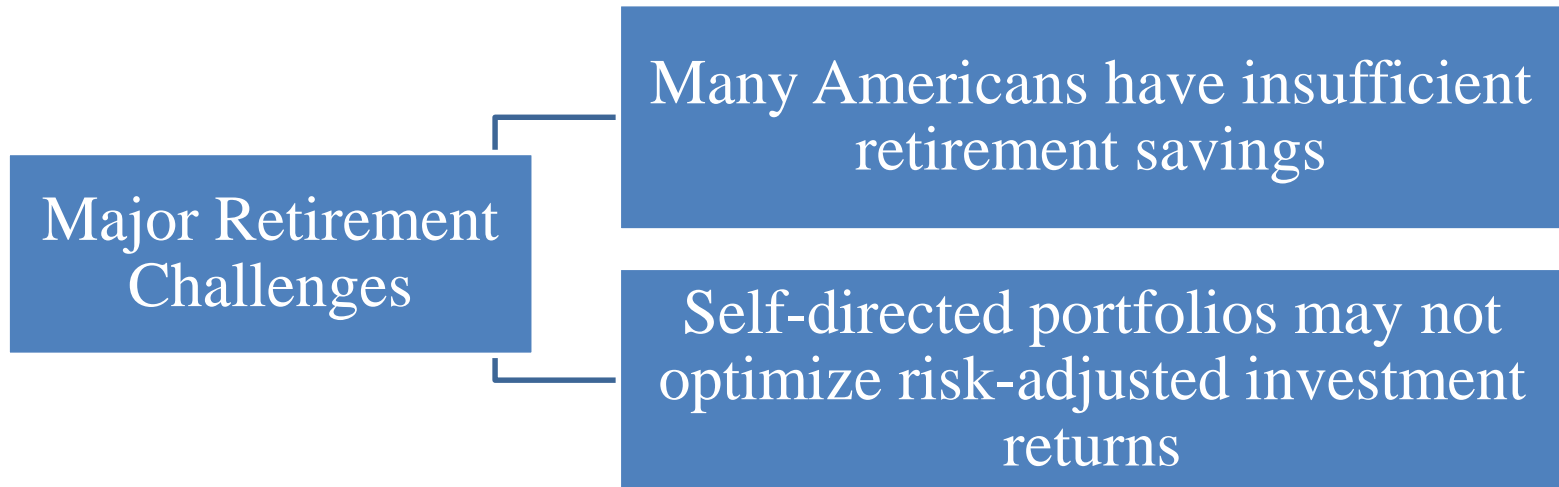
8) Defined Contribution Plans Have Come a Long Way, Halim & Van Bragt, CEM Benchmarking, February 2018

9) Represents the average asset allocation across BlackRock, Capital Group, Fidelity, and Vanguard 2040 target date funds; underlying target date funds have exposure to real estate equity and commodity producers

10) LACERA pension fund asset allocation as of 3/31/19, looking through its functional framework to asset categories



Conclusion



- LACERA strives to help its members meet these challenges
- Our mission to *Produce, Protect, and Provide the Promised Benefits* is profound



May 24, 2019

TO: Each Member
Board of Investments
Board of Retirement

FOR: Board of Investments Meeting of June 12, 2019
Board of Retirement Meeting of June 13, 2019

SUBJECT: National Association of Corporate Directors - Global Board Leaders' Summit
September 21 – 24, 2019 in Washington D.C.

The National Association of Corporate Directors (NACD) - Global Board Leaders' Summit will be taking place on September 21 – 24, 2019 at the Marriott Marquis Hotel in Washington, D.C. The NACD Global Board Leaders' Summit is the largest and most influential director forum in the world and attracts more than 1,800 attendees from across the globe. The Summit is where the greatest minds in governance convene to take on the most important issues facing today's boardrooms and collectively discover the future of exemplary board leadership.

The main conference highlights include the following:

- Geopolitical Risk
- Employee Well-Being: Why Culture Must Become The Strategy
- Ask The Experts: Digital Transformation: Talent
- Future Trends: Health Care And Services

The conference meets LACERA's policy of an average of five (5) hours of substantive educational content per day. The standard hotel rate at the Marriott Marquis hotel is \$347.00 per night plus applicable taxes and the registration fee to attend is \$5,145.00 for members.

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 National Association of Corporate Directors - Global Board Leaders' Summit on September 21 – 24, 2019 in Washington D.C. and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

LG
Attachment



SATURDAY, SEPTEMBER 21

NONPROFIT LEADERSHIP SYMPOSIUM

11:00 AM - 3:30 PM

Nonprofit organizations face similar governance challenges to their corporate counterparts—establishing the right boardroom composition and culture, keeping the channels of information flow between the C-suite and the board open, and mitigating an ever-changing array of risks. Nonprofits, however, have differing headship structures, stakeholders, and resources to address these same challenges. In this forum, nonprofit directors and advisors focus on the key issues impacting nonprofits and share leading practices.

Full agenda coming soon.

Deborah Bayle

Director, People's Utah Bancorp, Deborah S. Bayle Scholarship for Youth, NACD Utah Chapter, United Way Retirees Association

Sumeet Seam

General Counsel, Save the Children U.S.

PRIVATE COMPANY LEADERSHIP SYMPOSIUM

11:00 AM - 3:30 PM

Seasoned private company board directors discuss hot topics, trends, and challenges in today's private company sector.

Presented in partnership with Crowe. Full agenda coming soon.

CHAIR AND LEAD DIRECTOR LEADERSHIP SYMPOSIUM

11:00 AM - 3:30 PM

Invitation only.

Dialogue with your fellow lead directors and chairs on your most pressing leadership concerns. Share leading practices from your tenure as a boardroom leader and discover some new ideas you can implement within your organizations.

Presented in partnership with KPMG. Full agenda coming soon.

SMALL-CAP LEADERSHIP SYMPOSIUM

11:00 AM - 3:30 PM

Small-cap companies—and their boards—face unique challenges that require unique tools and insights. Led by subject-matter experts and seasoned directors from both micro- and larger small-cap companies, this session will discuss board priorities and best practices tailored specifically to small-cap companies.

Presented in partnership with BDO. Full agenda coming soon.

WELLNESS SYMPOSIUM

11:00 AM - 3:30 PM

Open to all attendees and their guests, this interactive programming will demonstrate how inviting wellness and mindfulness into the workplace can enhance leadership capabilities and drive employee engagement. Insightful keynote and panel discussions will unpack the benefits of and reasoning behind our recent cultural shift toward prioritizing wellness at both the personal and corporate levels.

Full agenda coming soon.

Ananda Leeke

Founder, Ananda Leeke Consulting

Janice Marturano

Founder and Executive Director, Institute for Mindful Leadership

FILM SCREENING AND Q&A: *THE INVENTOR: OUT FOR BLOOD IN SILICON VALLEY*

4:00 PM - 6:30 PM

Join us for a screening of Alex Gibney's documentary *The Inventor: Out for Blood in Silicon Valley* followed by a conversation with Tyler Shultz, who famously whistle-blew the fraud that occurred at Elizabeth Holmes' controversial company Theranos, the subject of Gibney's film.

Erin Essenmacher

Chief Programming Officer, NACD; Director, EILEEN FISHER, Inc.

Tyler Shultz

CEO, Flux Biosciences; featured in *Bad Blood: Secrets and Lies in a Silicon Valley Startup*

INVITATION ONLY: NEW MEMBER NETWORKING RECEPTION

6:30 PM - 7:30 PM

Join us for light fare and libations at this elegant reception specially designed for new NACD members. You'll have the chance to meet your membership advisor, mingle with fellow directors, discover tips on how to make the most of your Summit experience, and learn more about your membership benefits.

By invitation only.

INVITATION ONLY: CHAPTER PRESIDENTS DINNER

7:30 PM - 9:30 PM

Open to NACD chapter presidents only, this annual gathering is an opportunity for you to enjoy a meal with your fellow chapter presidents, share the best practices you've employed at your chapter, and hear from NACD leadership and the Chapter Advancement Team.

SUNDAY, SEPTEMBER 22

YOGA

6:45 AM - 7:15 AM

Greet the day with this energizing yoga flow led by a certified instructor. This all-levels class will focus on accessible postures, gentle stretching, and mindful breathing to help center you for the invigorating day ahead. *Beginners are welcome! Please wear comfortable clothing; mat will be provided.*

Diane Whitehurst
Yoga Instructor

WAKE-UP CALL: BREAKFAST IN THE INSIGHT HUB

7:00 AM - 8:45 AM

Caffeine, croissants, and creativity await you at this early-morning gathering. Sip some coffee while interacting with our exhibitors, who will be displaying a wide variety of technologies. While you're there, connect with other early-rising directors and get a jump start on your day.

INVITATION ONLY: CHAPTER ACCELERATION SESSION

7:15 AM - 8:45 AM

Open to all chapter board members and staff, the Chapter Acceleration Breakfast features a panel composed of NACD staff and chapter board members on topics relevant to your chapter board service.

MINDFUL MOMENTS IN THE ZEN ZONE

7:15 AM - 8:25 AM

New to Summit this year and located in the Insight Hub, the Zen Zone provides a tranquil space to destress and decompress. To enhance your experience, award-winning self-care coach Ananda Leeke will host three mindfulness exercises in the Zen Zone on Sunday morning:

7:15 a.m. – 7:25 a.m.
7:45 a.m. – 7:55 a.m.
8:15 a.m. – 8:25 a.m.

These will range from breathing exercises, guided meditations, and simple office yoga lessons. Come as you are and prepare to relax! You can find more *Mindful Moments* on the Summit agenda, and a full schedule will be posted outside the Zen Zone.

Ananda Leeke

Founder, Ananda Leeke Consulting

CEO WELCOME

9:00 AM - 9:15 AM

Peter Gleason

CEO and President, NACD

GEOPOLITICAL RISK

9:15 AM - 10:00 AM

Hear from Admiral James Stavridis, a retired four-star US Navy admiral, the current chair of the US Naval Institute, former dean of the Fletcher School of Law and Diplomacy at Tufts University, and chief international security analyst for NBC News, as he shares unparalleled insights into the current landscape of geopolitical and international risk.

Adm. James Stavridis, US Navy (Ret.)

Former Dean, Fletcher School of Law and Diplomacy, Tufts University; Director, American Water Works Company, Inc;

BREAK

10:00 AM - 10:15 AM

Please make your way to the breakout of your choice.

MINDFUL MOMENTS IN THE ZEN ZONE

10:05 AM - 10:15 AM

New to Summit this year and located in the Insight Hub, the Zen Zone provides a tranquil space to destress and decompress. To enhance your experience, health coach Diane Whitehurst will host brief exercises in the Zen Zone on Sunday and Monday, ranging from breathing exercises to guided meditations to simple office yoga lessons. Come as you are and prepare to relax! You can find more *Mindful Moments* on the Summit agenda, and a full schedule will be posted outside the Zen Zone.

Diane Whitehurst

Yoga Instructor

STRATEGY & RISK COMMITTEE FORUM (PART 1)

10:30 AM - 12:30 PM

Explore leading practices and processes for overseeing a company's risk management activities and capitalizing on the critical link between strategy and risk. This forum will explore ways for the whole board—not just the audit or risk committees—to engage in effective risk governance.

Presented in partnership with Marsh. Full agenda coming soon.

COMPENSATION COMMITTEE FORUM (PART 1)

10:30 AM - 12:30 PM

This forum will provide in-depth guidance for an effective compensation committee. Discuss the latest executive and director compensation challenges and opportunities, and gain expert advice on how to rethink and communicate your compensation strategy to create robust, long-term pay plans that both retain and inspire company talent and respond to increasing demands.

Presented in partnership with Pearl Meyer. Full agenda coming soon.

NOMINATING AND GOVERNANCE COMMITTEE FORUM (PART 1)

10:30 AM - 12:30 PM

This dynamic session will provide you with practical tools to improve board composition and effectiveness, and ensure that your corporate strategy successfully plans for growing disruptive forces.

Presented in partnership with Heidrick & Struggles. Full agenda coming soon.

LANDING YOUR NEXT BOARD SEAT

10:30 AM - 12:30 PM

Join a seasoned director and a board-recruitment expert during this engaging overview of how to best position yourself for potential board service. Discover a bevy of insights on how to stand out from the crowd, build your network, avoid dead ends, maximize your online presence, and recognize opportunities. Whether you're an executive or a general counsel in need of a starting point, a nonprofit director seeking a corporate board seat, or a public- or private-company director expanding your directorship endeavors, this session will equip you with the direction you need. *Session repeats at 2:30 p.m.*

Rochelle Campbell

Director, Board Services, NACD

AUDIT COMMITTEE FORUM (PART 1)

10:30 AM - 12:30 PM

Explore key issues for audit committees today—from emerging concerns for internal audit, to data and analytics' role in audit committee effectiveness and updates on how policy and regulatory shifts are impacting financial reporting and disclosure.

Presented in partnership with KPMG. Full agenda coming soon.

BEYOND THE KEY COMMITTEES (PART 1)

10:30 AM - 12:30 PM

The role of the board is changing. Evolving stakeholder expectations, a rise in shareholder activism, explosive growth in the creation and application of new technology, shifting definitions of both industry and competition, and an evolving geopolitical and regulatory environment are all helping to reshape the role and work of the board. While board committees for technology, innovation, corporate social responsibility, and strategy are not the norm, they are more and more prevalent. This trend will likely persist as external pressures continue to impact corporate governance. In this brand-new board committee forum, we'll address the changing structure of the board, the role of new committees, and the tools available to help you as a director deliver on a changing mandate of work to be done.

Full agenda coming soon.

BREAK

12:30 PM - 12:45 PM

Please make your way to the convention center.

NETWORKING LUNCH AND IN CONVERSATION WITH DORIS KEARNS GOODWIN

12:45 PM - 2:15 PM

Session description coming soon.
Doris Kearns Goodwin
Presidential Historian and Pulitzer Prize-winning Author

BREAK

2:15 PM - 2:30 PM

Please make your way to the breakout of your choice.

LANDING YOUR NEXT BOARD SEAT

2:30 PM - 4:30 PM

Join a seasoned director and a board-recruitment expert during this engaging overview of how to best position yourself for potential board service. Discover a bevy of insights on how to stand out from the crowd, build your network, avoid dead ends, maximize your online presence, and recognize opportunities. Whether you're an executive or a general counsel in need of a starting point, a nonprofit director seeking a corporate board seat, or a public- or private-company director expanding your directorship endeavors, this session will equip you with the direction you need. *This session is a repeat of the 10:30 a.m. session by the same name.*

Rochelle Campbell

Director, Board Services, NACD

NOMINATING AND GOVERNANCE COMMITTEE FORUM (PART 2)

2:30 PM - 4:30 PM

(A continuation of the morning's programming on nominating and governance committee effectiveness).

This dynamic session will provide you with practical tools to improve board composition and effectiveness, and ensure that your corporate strategy successfully plans for growing disruptive forces.

Presented in partnership with Heidrick & Struggles. Full agenda coming soon.

AUDIT COMMITTEE FORUM (PART 2)

2:30 PM - 4:30 PM

(A continuation of the morning's programming on audit committee effectiveness).

Explore key issues for audit committees today—from emerging concerns for internal audit, to data and analytics' role in audit committee effectiveness and updates on how policy and regulatory shifts are impacting financial reporting and disclosure.

Presented in partnership with KPMG. Full agenda coming soon.

COMPENSATION COMMITTEE FORUM (PART 2)

2:30 PM - 4:30 PM

(A continuation of the morning's programming on compensation committee effectiveness).

This forum will provide in-depth guidance for an effective compensation committee. Discuss the latest executive and director compensation challenges and opportunities, and gain expert advice on how to rethink and communicate your compensation strategy to create robust, long-term pay plans that both retain and inspire company talent and respond to increasing demands.

Presented in partnership with Pearl Meyer. Full agenda coming soon.

STRATEGY & RISK COMMITTEE FORUM (PART 2)

2:30 PM - 4:30 PM

(A continuation of the morning's programming on strategy and risk committee effectiveness).

Explore leading practices and processes for overseeing a company's risk management activities and capitalizing on the critical link between strategy and risk. This forum will explore ways for the whole board—not just the audit or risk committees—to engage in effective risk governance.

Presented in partnership with Marsh. Full agenda coming soon.

BEYOND THE KEY COMMITTEES (PART 2)

2:30 PM - 4:30 PM

(A continuation of the morning's programming on looking beyond the key committees.)

The role of the board is changing. Evolving stakeholder expectations, a rise in shareholder activism, explosive growth in the pace and application of technology, a shifting definition of both industry and competition, and an evolving geopolitical and regulatory environment are all helping to reshape the role and work of the board. While committees like technology, innovation, corporate social responsibility, and strategy are not the norm, they are rising in prevalence. This trend will likely continue as external pressures continue to impact corporate governance. In this brand new board committee forum, we'll address the changing structure of the board, the role of new committees, and the tools available to help you as a director deliver on a changing mandate of work to be done.

Full agenda coming soon.

BREAK

4:30 PM - 5:00 PM

Please make your way to the convention center.

MINDFUL MOMENTS IN THE ZEN ZONE

4:45 PM - 4:55 PM

New to Summit this year and located in the Insight Hub, the Zen Zone provides a tranquil space to destress and decompress. To enhance your experience, health coach Diane Whitehurst will host brief exercises in the Zen Zone on Sunday and Monday, ranging from breathing exercises to guided meditations to simple office yoga lessons. Come as you are and prepare to relax! You can find more *Mindful Moments* on the Summit agenda, and a full schedule will be posted outside the Zen Zone.

Diane Whitehurst
Yoga Instructor

MAINSTAGE PROGRAMMING

5:00 PM - 6:00 PM

Topics and speakers to be announced.

WELCOME RECEPTION

6:00 PM - 8:00 PM

Unwind, indulge, and discover at this celebratory reception. Enjoy cocktails and hors d'oeuvres as you network with new friends and familiar faces in the inspiring Insight Hub.

MONDAY, SEPTEMBER 23

GUIDED MEDITATION

6:45 AM - 7:15 AM

Begin this morning with mindfulness meditation guided by Janice Marturano, founder of the Institute for Mindful Leadership. Learn to work with your mind's innate capacities to be more focused, clear and creative. Beginners and experienced meditators welcome.

Janice Marturano

Founder and Executive Director, Institute for Mindful Leadership

ASK THE EXPERTS: M&A: THE BIG ISSUES FOR 2019 & 2020

7:30 AM - 8:45 AM

Session description coming soon.

Frank Jaehnert

Director, Nordson, Briggs & Stratton, Itron, NACD Chicago Chapter

ASK THE EXPERTS: CEO SUCCESSION PLANNING

7:30 AM - 8:45 AM

Session description coming soon.

Terri Kelly

Former President & CEO, W.L. Gore & Associates; Director, United Rentals, ASML, Nemours Foundation, University of Delaware

MASTER CLASS SESSION

7:30 AM - 8:45 AM

Topic and speakers to be announced.

EMPLOYEE WELL-BEING: WHY CULTURE MUST BECOME THE STRATEGY

7:30 AM - 8:45 AM

Employee well-being is at an all-time low, eroding profits and performance. Wellness programs have not delivered ROI because they are dropped into resistant workplace cultures that kill most inconsistent initiatives. Employees often ignore wellness programs because the culture and leadership send a tacit message that well-being is *not* what is really important and rewarded—unlike hitting one’s numbers or profit regardless of the impact on employees. Given the strategic importance of thriving workforces, directors *must* make employee well-being a board-level priority. This presentation will inform directors about what they need to know for oversight and accountability purposes, including a three-step process to assess existing cultures, design preferred new cultures, and manage the move from the former to the latter, measuring “success” through focused well-being programs which produce the right ROIs.

Jim Purcell

Founder, Returns on Wellbeing Institute

ASK THE EXPERTS: BOARD OVERSIGHT OF DISRUPTIVE RISKS: ESG

7:30 AM - 8:45 AM

Session description coming soon.

ASK THE EXPERTS: DIGITAL TRANSFORMATION: TALENT

7:30 AM - 8:45 AM

Session description coming soon.

ASK THE EXPERTS: COMPENSATION HOT TOPICS

7:30 AM - 8:45 AM

Session description coming soon.

ASK THE EXPERTS: SHAREHOLDER ACTIVISM AND ENGAGEMENT

7:30 AM - 8:45 AM

Session description coming soon.

ASK THE EXPERTS: NACD NXT™: DIVERSITY AND INCLUSION

7:30 AM - 8:45 AM

Session description coming soon.

ASK THE EXPERTS: DATA PRIVACY AND CYBERSECURITY

7:30 AM - 8:45 AM

Session description coming soon.

Melissa Krasnow

Partner, VLP Law Group LLP; Advisory Board Member, International Association of Privacy Professionals

BREAK

8:45 AM - 9:15 AM

Please make your way to the ballroom.

MINDFUL MOMENTS IN THE ZEN ZONE

9:00 AM - 9:10 AM

New to Summit this year and located in the Insight Hub, the *Zen Zone* provides a tranquil space to destress and decompress. To enhance your experience, health coach Diane Whitehurst will host brief exercises in the *Zen Zone* on Sunday and Monday, ranging from breathing exercises to guided meditations to simple office yoga lessons. Come as you are and prepare to relax! You can find more *Mindful Moments* on the Summit agenda, and a full schedule will be posted outside the *Zen Zone*.

Diane Whitehurst

Yoga Instructor

SHORT TAKE: CSR AND YOUR BUSINESS: REPUTATION RISKS AND REWARDS

9:15 AM - 9:30 AM

Session description coming soon.

Trisa Thompson

Former Chief Responsibility Officer, Dell Technologies; Director, LifeWorks

SHORT TAKE: ESG

9:30 AM - 9:40 AM

Session description coming soon.

IN CONVERSATION WITH BILL MCNABB

9:40 AM - 10:15 AM

Hear from former Vanguard chair and CEO Bill McNabb as he discusses the current governance landscape and the growing tide of disruption in business and technology.

Bill McNabb

Former Chair and CEO, Vanguard

BREAK

10:15 AM - 10:45 AM

Please make your way to the breakout of your choice.

FUTURE TRENDS: TRAVEL

10:45 AM - 11:45 AM

Session description coming soon.

FUTURE TRENDS: AUTOMOTIVE

10:45 AM - 11:45 AM

Session description coming soon.

James F. Rogers

Chief Legal Officer, Cars.com; Director, Appleseed Network, Active Transportation Alliance

FUTURE TRENDS: HEALTH CARE AND SERVICES

10:45 AM - 11:45 AM

Session description coming soon.

FUTURE TRENDS: *ATTENDEE'S CHOICE!* CLIMATE CHANGE

10:45 AM - 11:45 AM

The results are in! For select sessions this year, we asked you to vote for a topic you'd like to see added to the Summit agenda. The Future Trends topic that received the highest number of votes was...

Future Trends: Climate Change

Recent years have seen an explosion of concern around global warming, and climate consensus studies have shown that an estimated 97 percent of scientists are in agreement that climate change is happening. But what are corporations actually doing to prepare for the potential consequences of global warming? Climate change and water distribution are now vital concerns for all businesses that are interested in sustainable growth and stakeholder value. Hear real-world examples of how climate concerns have been addressed by different companies of various size and scale, and carry back to your boardroom some fresh ideas on how to ensure the long-term health of your business, regardless of its industry or mission.

FUTURE TRENDS: RETAIL

10:45 AM - 11:45 AM

Session description coming soon.

Lisa Bougie

Director, EILEEN FISHER, Inc., Lyv Life, Inc., DBA Cora

Maureen Connors

Director, Fashion Incubator SF, NACD Northern California Chapter; Founder, Connors Consulting

Erin Essenmacher

Chief Programming Officer, NACD; Director, EILEEN FISHER, Inc.

Jonathan Fine

Vice President, Business Development, RevTech Ventures

Dana Telsey

CEO, Telsey Advisory Group; Trustee, International Council of Shopping Centers

FUTURE TRENDS: OIL AND GAS

10:45 AM - 11:45 AM

An increasingly environmentally-conscious consumer base and the growing investor demand for renewable energy sources may seem to suggest that traditional oil and gas companies are in trouble, but projections show that this industry is actually poised to boom in the next several years if it can tap into technological advancements to innovate traditional drilling methods. From “smart” drilling and oilfield technology to the use of blockchain-enabled peer-to-peer energy trading to the blending of renewable and non-renewable materials through chemical synthesis, the implications tech has for this stalwart, old-line industry are diverse and undeniable. Hear energy and utilities experts and directors discuss what is in the pipeline—literally and figuratively—for the future of oil and gas.

FUTURE TRENDS: FOOD AND AGRICULTURE

10:45 AM - 11:45 AM

Session description coming soon.

Joyce Cacho

Director, Land O'Lakes Inc., Sunrise Banks; Principal, Adinura Advisory Inc.

Mohan Tavorath

Head of Data Sciences, IFC

FUTURE TRENDS: CITIES

10:45 AM - 11:45 AM

Session description coming soon.

MaryAnne Howland

Founder and CEO, Ibis Communications and the Global Diversity Leadership Exchange

MASTER CLASS SESSION

10:45 AM - 11:45 AM

Topic and speakers to be announced.

FUTURE TRENDS: FINANCIAL SERVICES

10:45 AM - 11:45 AM

Session description coming soon.

Gabrielle Haddad

Co-Founder & Chief Operating Officer, Sigma Ratings Inc.

HOW TO CONQUER TECHNOLOGY DISTRACTION

10:45 AM - 11:45 AM

You're good at what you do, but a daily barrage of emails, texts, tweets, and meetings distract you and stress you out. You know there must be a better way to manage these tech tools; they seem to be getting in your way more often than they help you and your team to focus on mission-critical activities. If this sounds familiar to you, join this fun, interactive session on how to mindfully use technology to be more present for yourself and your team.

Meico Whitlock

Founder and CEO, Mindful Techie

BREAK

11:45 AM - 12:00 PM

Please make your way to the ballroom.

NETWORKING LUNCH AND PROGRAMMING

12:00 PM - 1:45 PM

Hear a provocative short take from sociology expert Jerry Davis followed by an engaging keynote from renowned author and researcher Dan Heath, as they each explore how global, cultural, and digital shifts are changing the way we live, work, and lead.

Jerry Davis

Associate Dean for Business+Impact, Gilbert and Ruth Whitaker Professor of Business Administration,
Michigan Ross

Dan Heath

Senior Fellow, CASE; Co-Author, *Decisive*, *Switch*, *Made to Stick*

FUTURE TRENDS: REAL ESTATE

2:05 PM - 3:05 PM

Session description coming soon.

FUTURE TRENDS: MEDTECH AND BIOTECH

2:05 PM - 3:05 PM

Session description coming soon.

FUTURE TRENDS: TRANSPORTATION

2:05 PM - 3:05 PM

Session description coming soon.

WELLNESS LAB

2:05 PM - 3:05 PM

Topic and speaker(s) to be announced.

FUTURE TRENDS: *ATTENDEE'S CHOICE!* HIGHER EDUCATION

2:05 PM - 3:05 PM

The results are in! For select sessions this year, we asked you to vote for a topic you'd like to see added to the Summit agenda. The Future Trends topic that received the second highest number of votes was...

Future Trends: Higher Education

For the past several years, the higher-education landscape has been fraught with challenges such as unprecedented student debt, higher dropout rates, and lax and insubstantial programs that leave college graduates unprepared for entry-level positions. Recent allegations of high-profile admissions fraud suggest a higher calling to board members in the education sector. In an era defined by technology disruption and shifting social attitudes toward long-accepted norms (such as traditional four-year educational institutions), how will higher education adapt and adjust? What can university and college board members do to advance that change and uphold the long-held values and standards of excellence at the institutions they serve? Join this discussion among seasoned university board members as they confront today's challenges and share their visions for tomorrow, and gain insights into how we can ensure that the next generation invests in and benefits from higher education.

FUTURE TRENDS: FOOD AND AGRICULTURE

2:05 PM - 3:05 PM

Session description coming soon.

MaryAnne Howland

Founder and CEO, Ibis Communications and the Global Diversity Leadership Exchange

MASTER CLASS: IN CONVERSATION WITH SALLY YATES

2:05 PM - 3:05 PM

Join former United States Deputy Attorney General Sally Yates in an eye-opening discussion on how revisions being made to the Yates Memo will apply to board members directly. Discover how to avoid legal blind spots that general counsels and directors need to be aware of, and engage in a candid discussion on the corporation's role in society.

Jane Sadowsky

Managing Partner, Gardener Advisory LLC; Senior Advisor, Moelis & Company; Director, Yamana Gold, Nexa Resources

Sally Yates

Former Deputy Attorney General of the United States; Partner, Special Matters and Government Investigations, King & Spalding LLP

FUTURE TRENDS: CITIES

2:05 PM - 3:05 PM

Session description coming soon.

FUTURE TRENDS: FINANCIAL SERVICES

2:05 PM - 3:05 PM

Session description coming soon.

FUTURE TRENDS: RETAIL

2:05 PM - 3:05 PM

Session description coming soon.

FUTURE TRENDS: ENERGY & UTILITIES

2:05 PM - 3:05 PM

Session description coming soon.

Richard Mroz

Managing Director, Resolute Strategies LLC; Director, Federal Home Loan Bank of New York

BREAK

3:05 PM - 3:20 PM

MINDFUL COMMUNICATION FOR DIRECTORS: REDUCE THE NOISE AND CAPTURE THE SIGNAL

3:20 PM - 4:35 PM

Consider the following mindfulness behaviors: clear perception, acknowledgment of change, fresh thinking, generosity of spirit, suspension of judgment, empathy, and gentleness. Mindful Communication training helps develop these capabilities as applied to communication and, what is most important, listening. Learn more about Mindful Communication and the simple steps that you can practice—in the office, in the boardroom and at home. Join Janice Marturano, founder of the Institute for Mindful Leadership and author of *Finding the Space to Lead* (2015), to explore this breakthrough communication training.

Janice Marturano

Founder and Executive Director, Institute for Mindful Leadership

WORKSHOP: ESG + TECHNOLOGY: HOW BOARDS EXERCISE HOLISTIC OVERSIGHT

3:20 PM - 4:35 PM

In this ESG+T (environmental, social, governance and technology) strategy workshop, Andrea Bonime-Blanc will present a board oversight framework to identify and integrate key ESG+T issues, risks, and opportunities into business strategy. Acting as the board of directors, participants will work through real and hypothetical cases designed to provide a holistic oversight approach to integrating ESG+T issues into strategy at a time when stakeholders—from shareholders and employees to regulators and consumers—are demanding that companies understand ESG+T issues and that they are able to transform ESG+T risks into value.

Andrea Bonime-Blanc

Founder & CEO, GEC Risk Advisory; Ethics Advisor, Financial Oversight & Management Board for Puerto Rico; Governance Chair, Epic Theatre Ensemble; Chair Emeritus, Ethics and Compliance Association

WORKSHOP: ATTENDEE'S CHOICE! THE FOG OF DATA

3:20 PM - 4:35 PM

The results are in! For select sessions this year, we asked you to vote for a topic you'd like to see added to the Summit agenda. The workshop topic that received the highest number of votes was...

The Fog of Data

Increasing volumes of data have made the task of parsing that data for value more challenging and complex than ever before. Conversely, the opportunity to extract meaningful and sometimes revolutionary findings from data has never been greater. If cutting through the fog to unlock data's true potential sounds at all daunting to you as a director, come to this illuminating workshop. You'll have a chance to dialogue with peers on primary challenges around data collection and interpretation, and hear from a leading futurist about how to demystify data challenges, navigate data communications, and derive valuable data insights.

Jason Schenker

Chair, The Futurist Institute; President, Prestige Economics, LLC

WORKSHOP: UNCONSCIOUS BIAS AND YOU

3:20 PM - 4:35 PM

Session description coming soon.

Anne Loehr

Executive Coach; Consultant; Director, Anne Loehr & Associates

Allen Zeman

President, Center for Human Capital Innovation (CHCI)

WORKSHOP: TOPIC TO BE ANNOUNCED

3:20 PM - 4:35 PM

WORKSHOP: DIVERSITY AND INCLUSION

3:20 PM - 4:35 PM

Session description coming soon.

Sonya Sepahban

CEO, OurOffice Inc.; Director, CooperStandard

WORKSHOP: WHAT AI MEANS FOR BOARD MEMBERS: THE RISKS AND OPPORTUNITIES

3:20 PM - 4:35 PM

Artificial Intelligence (AI) is analogous to the internet. It will soon be found everywhere, will have profound impact on companies of all types, and will create new winners and losers in every industry. Join Glenn Gow, Board Member and Digital Innovator, for this nontechnical workshop as he uncovers what you as a board member need to know about this evolving field including:

- Understanding how AI is already making important contributions in places you haven't imagined
- How to think about an AI framework to ensure that AI operates responsibly
- How AI exacerbates cybersecurity, privacy, compliance, and strategy issues
- How AI relates to transforming customer engagement, offering new products and services, facilitating more informed and higher-velocity decision-making processes, and improving operational performance?

This session will help board members enhance their oversight effectiveness, and provide insight into what directors should do differently.

Glenn Gow

Digital Innovator - helping companies grow faster; Director, Crimson Consulting

FELLOWS®-ONLY WORKSHOP

3:20 PM - 4:35 PM

WORKSHOP: THE PERILS AND PLEASURES OF SERVING ON A FAMILY BUSINESS BOARD

3:20 PM - 4:35 PM

Eighty percent of businesses in the United States are family owned, and over the past 35 years, many have become more sophisticated and better governed. Family business board governance, though, is very different from the governance of either public companies or those with venture capital investors. The unique issues and opportunities of serving on family business boards will be explored in this session, led by Leslie Dashew, managing partner of the Aspen Family Business Group LLC and president of The Human Side of Enterprise LLC. Topics covered in this session include the challenges of coping with family dynamics; moving from entitlement to roles to professionalization of the business and the board; generational time frames (rather than quarter to quarter); family governance structures in addition to business governance; dealing with trusts; shareholder agreements; and prenuptials versus the US Securities and Exchange Commission.

Leslie Dashew

Managing Partner of the Aspen Family Business Group, LLC; President of The Human Side of Enterprise, LLC

WORKSHOP: ECONOMICS OF CYBERSECURITY

3:20 PM - 4:35 PM

The need for cybersecurity permeates every aspect of our businesses and online identities, and the risk of exposure of data has never been more substantial or complex. However, the cost of adequate security in the cyber age often comes at a premium, and many boards and companies struggle to allocate capital according to the critical needs of their cyber infrastructures. And as cyber threats continue to increase in number and complexity, the dilemma for boards will continue to intensify. Fortunately, the Internet Security Alliance (ISA) is working on a solution; by developing new cyber-risk assessment models that provide clearer monetary context, ISA aims to make cybersecurity investments more effective and economically efficient. Join the president of ISA in this investigative workshop on the economics of cybersecurity and find solutions to take back to your board.

BREAK

4:35 PM - 4:55 PM

Please make your way to the ballroom.

MAINSTAGE PROGRAMMING

4:55 PM - 6:00 PM

Topic and speaker(s) to be announced.

MaryAnne Howland

Founder and CEO, Ibis Communications and the Global Diversity Leadership Exchange

NACD NXT™ RECOGNITION GALA

7:00 PM - 10:30 PM

Join NACD and your director peers for our second-ever [NXT Recognition Gala](#): a special evening of networking, cocktails, dinner, and a tribute to our NXT nominees and award winners. We look forward to celebrating their outstanding achievements and hope you can join us for what will be an inspirational and unforgettable night. [Additional registration is required.](#)

TUESDAY, SEPTEMBER 24

YOGA

6:45 AM - 7:15 AM

Salute the sun with this energizing yoga flow led by a certified instructor. This all-levels class will focus on accessible postures, gentle stretching, and mindful breathing to help you reflect on and absorb the benefits of the past few exploratory and inspiring days. *Beginners are welcome! Please wear comfortable clothing; mat will be provided.*

Diane Whitehurst
Yoga Instructor

ASK THE EXPERTS: DATA PRIVACY AND CYBERSECURITY

7:30 AM - 8:45 AM

Session description coming soon.

Bret Arsenault
Corporate Vice President and Chief Information Security Officer, Microsoft

ASK THE EXPERTS: SHAREHOLDER ACTIVISM AND ENGAGEMENT

7:30 AM - 8:45 AM

Session description coming soon.

WELLNESS LAB BREAKFAST

7:30 AM - 8:45 AM

Session description coming soon.

Christine Burych
President, StarlingBrook Leadership Consulting
Greg Zlevor
President and CEO, Westwood International

ASK THE EXPERTS: DIGITAL TRANSFORMATION: EMERGING TECH AND LONG-TERM STRATEGY

7:30 AM - 8:45 AM

You've likely heard the adage that every company is now a technology company. Such a statement may have been scoffed at in the not-too-distant past, when most technology matters were relegated to the IT department's purview and not linked with long-term strategy, but today the progression of technology is so rapid and pervasive that every company has had to position itself as digitally savvy, accessible, and embracing of new technologies in order to stay relevant. How is your board approaching its digital strategy? Have you struggled with initiatives to implement artificial intelligence or automation into your supply chain or workforce? Are you overwhelmed by the implications that emerging technologies have for your industry? You're not alone. Join this panel of directors and strategists as they share strategies for cresting the wave of digital transformation and using it to fuel the long-term survival of your company.

Karin Klein

Founding Partner, Bloomberg Beta; Director, Paramount Group Inc.

Abhi Shah

Vice Chairman, Morae Global Corp.

ASK THE EXPERTS: 2020 ECONOMIC OUTLOOK

7:30 AM - 8:45 AM

Session description coming soon.

ASK THE EXPERTS: INNOVATION AND AI

7:30 AM - 8:45 AM

Session description coming soon.

Heather Redman

Cofounder and Managing Partner, Fly Fish Partners; Chair, Seattle Metropolitan Chamber of Commerce; Vice Chair, Washington Technology Industry Association; Director, Beneficial State Bank, Yesler Inc.

ASK THE EXPERTS: CRISIS OVERSIGHT

7:30 AM - 8:45 AM

JFK once famously noted that, "when written in Chinese, the word 'crisis' is composed of two characters. One represents danger and the other represents opportunity." Whether this oft-repeated trope is wholly accurate or not, its message holds true: crises, particularly those in the business landscape, pose both a major threat and a chance for positive growth. We've seen this dichotomy play out over the past few years: a slew of crises within major companies, wherein the board was often blamed for management's foibles, has sparked an urgency in the larger director community to make significant strides in assessing and improving corporate culture. Directors are now honing in on questions like, how should the board respond to the public in a crisis, and how much should the board reveal? Backing up, how can the board ensure an effective crisis response plan is in place before the crisis is upon them? Backing up even further, what steps can the board and management take to avoid blind spots that might catapult them into crisis mode? Come with questions ready for this panel that has seen it all, and leave with takeaways on how to avoid significant financial and reputational damage to your company.

ASK THE EXPERTS: BOARD OVERSIGHT OF DISRUPTIVE RISKS: GLOBAL

7:30 AM - 8:45 AM

While disruptive risks are hardly new, conditions in today's business environment make companies especially susceptible to experiencing volatile operating conditions and unexpected events. Nearly half of institutional investors believe that most companies don't fully acknowledge the impact of geopolitical risk on their business. As the likelihood of political and economic confrontations between major powers increases, how can boards ensure sustained growth for their companies? What kind of changes in global trade and immigration policy can directors anticipate, and how might reversals of the established norms in these areas upend current business practices? Hear from a diverse panel of global risk experts for an in-depth look at the current global risk landscape and gain valuable insights into how you can increase your awareness of and ensure proactive planning for possible geopolitical disruption.

ASK THE EXPERTS: DIVERSITY AND INCLUSION

7:30 AM - 8:45 AM

Session description coming soon.

David Rodriguez

Global Chief Human Resources Officer, Marriot International

IN CONVERSATION WITH BETH COMSTOCK

9:15 AM - 10:45 AM

Beth Comstock is no stranger to change. What began as a knack for storytelling grew into Comstock's three-decade career spent inspiring creativity and harnessing innovation. Comstock has always been known to fearlessly tackle new ideas and projects, from her humble beginnings in local TV production to her role as president of Integrated Media at NBC Universal to becoming the first female vice chair of GE to director seats at Nike and the National Geographic Society to publishing her first book in 2018. Hear from this inventive leader as she shares hard-won lessons learned from her experiences at GE and elsewhere and reveals the keys to unlocking imagination and embracing disruptive change.

Beth Comstock

Author, *Imagine It Forward*; Former Vice Chair, GE

Erin Essenmacher

Chief Programming Officer, NACD; Director, EILEEN FISHER, Inc.

BREAK

10:45 AM - 11:00 AM

MAINSTAGE PROGRAMMING

11:00 AM - 12:15 PM

Topic and speaker(s) to be announced.

Ifeoma Ajunwa

Assistant Professor of Labor and Employment Law, Cornell University

Paul Daugherty

Co-author, *Human + Machine: Reimagining Work in the Age of Artificial Intelligence*; Chair, Avanade; Chief Technology and Innovation Officer, Accenture PLC

PROGRAM ADJOURNS

12:15 PM - 12:15 PM



June 3, 2019

TO: Each Member
Board of Investments

FROM: Wayne Moore
Board Member

FOR: Board of Investments Meeting of June 12, 2019

SUBJECT: Request for Ratification of Travel and Reimbursement of Expenses in
Connection with Attendance as a Panelist at the 6th Annual Hispanic Heritage
Foundation Investors Group Conference in Oakland, California on June 6, 2019

Board member, Wayne Moore, requests that your Board ratify travel and authorize reimbursement of expenses incurred in connection with his attendance as a panelist at the 6th Annual Hispanic Heritage Foundation (HHF) Investors Group Conference in Oakland, California on June 6, 2019. The session is titled: Personal Experience for Trustees in Driving Change. Ratification of attendance and authorization of reimbursement of expenses is permitted under LACERA's Education and Travel Policy for good cause, and in the exercise of sound discretion.

Mr. Moore has reached his eight allotted conferences per LACERA's Education and Travel Policy Section 705.07. On May 1, 2019, Mr. Moore was asked to be a panelist at the Hispanic Heritage Foundation Conference on June 6, 2019 in Oakland, California and is seeking ratification for the expenses incurred with his travel.

The registration fee to attend is \$175.00 and the flight cost to attend the conference was \$525.96. Your Board's ratification would allow Mr. Moore to be reimbursed for conference expenses (e.g., registration, airfare, hotel, meals) incurred according to the Travel Policy.


IT IS THEREFORE RECOMMENDED YOUR BOARD:

Ratify attendance for Board member, Wayne Moore, to the 6th Annual Hispanic Heritage Foundation (HHF) Investors Group Conference in Oakland, California on June 6, 2019 and approve reimbursement of all costs associated with the conference according to LACERA's Education and Travel Policy.

LG
Attachment

May 30, 2019

TO: Each Member
Board of Investments

FROM: Jonathan Grabel 
Chief Investment Officer

Scott Zdrazil 
Senior Investment Officer

FOR: June 12, 2019 Board of Investments Meeting

SUBJECT: **PROXY VOTING PLATFORM CONTRACT RENEWAL**

RECOMMENDATION

Approve a contract renewal with LACERA's proxy voting platform provider.

EXECUTIVE SUMMARY

LACERA currently contracts with Institutional Shareholder Services, Inc. ("ISS"), a third party vendor, to provide an online proxy voting platform and related research and reporting services. The services enable LACERA to vote and manage proxy votes, consistent with LACERA's *Corporate Governance Principles* and in adherence to procedures defined in the fund's *Corporate Governance Policy*. LACERA staff is proposing a two-year renewal to the current contract (scheduled to expire June 30, 2019) with a baseline annual cost of \$127,589.80 (a reduction from \$150,513.25). As detailed below, the renewal terms are based, in part, upon expanded proxy voting volume resulting from LACERA's current manager search for a global passive index provider. In addition, the proposed terms incorporate flexibility by which LACERA may incur additional charges if changes to the equities portfolio (including the global passive index provider search, the current search for factor-based equities strategies, and anticipated additional emerging manager searches) result in global equities exposures exceeding defined thresholds. While difficult to estimate absent completion of the manager searches, these additional expenses may range up to approximately \$45,000 per year. The proposed renewal is being presented for Board of Investments ("Board") review as the proposed contract amount covering the two-year term, along with the prospective "overage" charges, surpass the Board-approved executive authority for investment-related services.

BACKGROUND

ISS is one of a small and limited number of market vendors that provide proxy voting platforms. Each provider offers varying degrees of services and quality of provisions. Current services provided by ISS – per the terms of a contract covering the period July 1, 2017 to June 30, 2019, and as amended in an addendum covering the period July 1, 2018 to June 30, 2019 – include:

1. Proxy voting platform: Provision of an on-line proxy voting platform (“ProxyExchange”) which receives electronic share feeds and proxy notices, by which LACERA staff executes proxy votes.
2. Custom policy implementation: Staff works with ISS to integrate interpretation of LACERA’s recently-adopted custom *Corporate Governance Principles* into ISS’s voting platform, thereby enabling LACERA to efficiently vote proxies according to its own corporate governance positions.
3. Proxy research reports: ISS is one of two LACERA vendors that provide LACERA with company-specific research on voting items appearing on corporate proxies that LACERA is entitled to vote. ISS proxy research helps to inform LACERA with data and information enabling LACERA to vote according to its custom *Corporate Governance Principles*.
4. Vote retention and reporting: The voting platform records LACERA’s proxy votes, enabling efficient retrieval and a variety of reporting options, including summary statistics provided to the Board. Vote retention and reporting enables LACERA to comply with LACERA’s record retention policy and public information requests.
5. Market research, trends, and voting analytics: ISS supplies LACERA with periodic research on market trends and analysis regarding U.S. and international proxy voting and corporate governance, as well as an interface to assess historical voting records at LACERA’s public markets portfolio companies.

Proxy platform contracts are priced according to the number of securities and ballots that a client anticipates voting, with discounts for larger volumes. LACERA revised its vendor contract two times in the past two years to align economic terms with current market rates and position LACERA to assume greater proxy voting authority of its global equities investments. These moves follow Board actions to expand LACERA’s corporate governance focus, restructure equities accounts to retain beneficial ownership rights, and vote equities exposures more consistently in accordance with its *Corporate Governance Principles*.

The proposed renewal terms are shaped by several shifts to LACERA’s global equities exposures that may affect the number of securities and ballots that LACERA votes. First, LACERA is conducting an active search for a passive global index manager, whereby LACERA would retain a larger number of global proxy voting rights. Second, LACERA’s recent strategic asset allocation and related equities structure review have prompted a current search for factor-based equities strategies, as well as a commitment to conduct additional searches for emerging managers. Since the precise number of LACERA’s securities exposures are not known until these searches are finalized, the proposed renewal establishes a baseline annual cost and incorporates flexibility by setting per-unit pricing beyond a minimum expectation of defined thresholds for the global passive index manager search. Accordingly, LACERA staff is proposing a two-year contract renewal with a baseline cost per annum of \$127,589.80 (a reduction from \$150,513.25). The annual baseline contract cost is based upon a successful completion of the global index manager search with a minimum increase to expanded proxy voting volume. Pending Board actions on upcoming

searches and finalization of how widely LACERA's exposures expand, the per-unit "overage" charges may result in incremental expenses that may range up to approximately \$45,000 per year. These estimates are difficult to make absent completion of the current and upcoming manager searches, after which LACERA will know the specific construction of each portfolio.

The proposed two-year contract term is intended to provide time for LACERA to complete several changes to its global equities portfolio structure and exposures, after which it may be able to determine a more definitive and stable estimate of global equities exposures. At that time, LACERA would retain the right to issue a request for proposals for related services (using a more stable estimate of global securities exposures) or consider another contract renewal.

This contract renewal is being presented for Board consideration as the combined total of the two-year term, along with prospective incremental "overage" charges defined in the two-year renewal terms, are higher than LACERA's defined threshold for executive approval.

CONCLUSION

LACERA's *Corporate Governance Policy* considers proxy votes to be plan assets. The proposed contract renewal is based upon expanded voting authority upon completion of the current global index provider search and incorporates flexibility to scale the services of the contract pending completion of global equities portfolio restructuring. Authorization is appropriate given the limited market of vendors, several recent adjustments to the economic terms of the proxy voting vendor contract, and shifting exposures of the global equities portfolio, pending finalization of several portfolio restructuring projects.



June 3, 2019

TO: Each Member
Board of Retirement
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: Board of Investments Meeting of June 12, 2019
Board of Retirement Meeting of June 13, 2019

SUBJECT: **PROPOSED FISCAL YEAR 2019-2020 ADMINISTRATIVE, RETIREE
HEALTHCARE BENEFITS PROGRAM AND OTHER POST-
EMPLOYMENT BENEFITS TRUST BUDGETS**

RECOMMENDATION

Adopt the proposed LACERA Fiscal Year (FY) 2019-2020 Administrative, Retiree Healthcare Benefits Program and Other Post-Employment Benefits Trust Budgets.

INTRODUCTION

We are pleased to present the proposed FY 2019-2020 Administrative, Retiree Healthcare Benefits Program and Other Post-Employment Benefits Trust Budgets for your approval. The Board of Retirement and the Board of Investments will each separately approve the budgets at their regularly scheduled meetings.

DISCUSSION

The FY 2019-2020 Administrative budget request of \$94,599,990 is the financial representation of the Strategic Plans approved by the Boards and represents LACERA's continued dedication to fulfill the mission to Produce, Protect, and Provide the Promised Benefits to our members.

California Government Code 31580.2 states that the annual budget for administrative expenses of a retirement system established under the County Employees Retirement Law of 1937 (CERL) may not exceed twenty-one-hundredths (.21) of one (1) percent of Actuarial Accrued Liability (AAL) of the retirement system. LACERA's AAL as of June 30, 2018 is \$68.5 billion, allowing LACERA a statutory budget appropriation of as much as \$143.9 million. This \$94.5 million request represents 65.6 percent of the statutory limit, reserving a \$49.3 million Contingency Fund.

In accordance with the Joint Organizational Governance Committee (JOGC) Charter, we presented the proposed FY 2019-2020 budgets to the Committee at its April meeting for input and guidance. Our preliminary Administrative Budget proposal totaled approximately \$97 million, included a request for 30 new staff members, and two significant one-time projects as follows:

1. *IT Strategic Assessment initiative for \$500,000*: a request to hire a technology-consulting firm to conduct a complete IT Strategic Assessment of LACERA's operations. The goal was to have the firm help LACERA develop a five to ten-year Strategic IT plan for approval by the Boards.
2. *Case Management System initiative for \$300,000*: a request to hire a consultant to complete a detailed needs assessment related to a Case Management System that would benefit the following operations: Disability Retirement Systems Case Management, Disability Litigations appeals management process, the Legal Office's Writ Management process, and Benefits Job Ticket System.

The JOGC provided direction to remove both initiatives from the budget request and set aside for further discussion at an Operations Oversight Committee meeting. JOGC also communicated that if the initiatives are approved during the year, the budget can be amended at any time.

The Budget team took the feedback from the JOGC and worked with the Executive Office to construct a reduced budget proposal. This draft budget was presented in May to the JOGC. Also in May, the budget team invited all members to a budget hearing to learn about the budget and provide input. Subsequently, two Board members requested a one-on-one overview of the proposed budget. We have attached the minutes of the JOGC meeting held on April 10, 2019, the summary of the JOGC Budget Hearing held May 15, 2019, and the summary of the budget hearing held on May 16, 2019.

We would like to take this opportunity to address some of the questions, comments and requests received at the JOGC meeting and the budget hearing:

Positions Not Filled Due to 2018 Board of Supervisors' Action

In 2018, the Board of Supervisors (BOS) took action on a LACERA request to add several positions and modify the pay ranges of other positions. The BOS action did not add some of the requested positions to the ordinances and either denied some salary range changes or reduced some salary ranges that were requested. In light of this action, we have included the unapproved positions to the budget as placeholders, but we have not allocated any funding for them. As for the approved positions and salaries, we have included all of them in the budget.

The management team recognizes that this issue still needs to be addressed. The team will move forward on recruiting for the positions that were approved by the BOS but at a lower salary. This recruitment will begin in the late first quarter of FY 2019-2020. The management team will also return to the LACERA Boards in the first quarter of FY 2019-2020 with a plan of action to address the denied positions and the lower

salary ranges. LACERA and the affected divisions have evolved and changed since the LACERA Boards originally approved these positions and salaries in 2017. We feel it is prudent to take a fresh look at the need for the positions and to present the Boards with a new evaluation based on current information regarding needs in FY 2019-2020 and going forward.

Director of Compliance

During the Budget Hearings, a concern was raised about the inclusion of the Director of Compliance position in the FY 2019-2020 budget before the Boards had approved a specification for the position. The LACERA Compliance program is one of our strategic goals. The Director of Compliance will functionally report to the Chief Counsel. Additionally, the Director of Compliance will have the ability to file reports directly with the Audit Committee as the situation warrants. Finally, the Director of Compliance will serve as the LACERA Privacy Officer.

The Legal Services Office and Human Resources are developing the Director of Compliance position. The management team decided it would be prudent to add a placeholder in the FY 2019-2020 budget for this position. The management team recognizes we cannot recruit or hire for this position until the Board takes action and the Board of Supervisors approves the position. The inclusion in the budget is a sign of staff members' commitment to moving this project forward this fiscal year. Management expects to bring this position back to the Boards for approval of a specification and salary to take to the Board of Supervisors in the first quarter of FY 2019-2020.

In addition to the comments and questions received during the JOGC and budget hearing meetings, the Executive Office received the following requests:

Requested during the May Board of Investments meeting:

Add two (2) Research Analyst positions into the FY 2019-2020 budget.

The Budget Team and Human Resources would like to acknowledge this request. However, due to the lateness, we have not had an opportunity to perform the appropriate research and evaluation of the positions. As a result, these positions are not included in this year's budget. Staff members will work on this request and bring it to the Boards in the second quarter of FY 2019-2020.

Requested during Executive Office one-on-one budget meetings:

Add back into the budget the IT Strategic Assessment initiative for \$500,000.

Add back into the budget the Case Management System initiative for \$300,000.

As discussed in the background section, the Budget Team removed both of these items from the draft budget based on the strong feedback and discussion held at the April JOGC meeting. The two items have not been added back into the proposed budget. Both items require further development, and staff proposes to bring them back

to the Boards, beginning with the Operations Oversight Committee, in the first and second quarters of FY 2019-2020.

IT IS THEREFORE RECOMMENDED THAT THE BOARDS:

Adopt the final proposed LACERA FY 2019-2020 Administrative, Retiree Healthcare Benefits Program and Other Post-Employment Benefits Trust Budgets.

SR:jp

Attachments

APPROVED

MINUTES OF A SPECIAL MEETING OF THE JOINT

ORGANIZATIONAL GOVERNANCE COMMITTEE

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

9:00 A.M.,* WEDNESDAY, APRIL 10, 2019

PRESENT: Alan Bernstein, Chair

Shawn Kehoe, Vice Chair

Vivian Gray

David Green (Left the Board meeting at 3:06 p.m.)

Ronald Okum

Les Robbins

ABSENT: Joseph Kelly

David Muir

STAFF ADVISORS AND PARTICIPANTS

Lou Lazatin, Chief Executive Officer

JJ Popowich, Assistant Executive Officer

Steven P. Rice, Chief Counsel

Kimberley Hines, Administrative Services Division Manager

Holly Henderson, Administrative Services Analyst III

I. CALL TO ORDER

The meeting was called to order at 2:26 p.m., in the Board Room of Gateway Plaza.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Joint Organizational Governance Committee of March 14, 2019

Mr. Okum made a motion, Mr. Kehoe seconded, to approve the minutes of the meeting of March 14, 2019. The motion passed unanimously by those members present.

B. Approval of the Minutes of the Joint Organizational Governance Committee of March 22, 2019

Mr. Okum made a motion, Mr. Green seconded, to approve the minutes of the meeting of March 22, 2019. The motion passed unanimously by those members present.

III. PUBLIC COMMENT

There were no requests from the public to speak.

IV. NON-CONSENT

A. Recommendation as submitted by Steven P. Rice, Chief Counsel: That 1) The Joint Organizational Governance Committee (JOGC) review and provide staff with input on the proposed revised JOGC Charter; and 2) The JOGC recommend that the revised Charter be approved by the Board of Retirement and Board of Investments. (Memo dated March 29, 2019)

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

Mr. Kehoe made a motion, Mr. Okum seconded, to approve staff's recommendation. The motion passed unanimously by those members present.

IV. NON-CONSENT (Continued)

- B. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Committee Review and Recommend to the Board of Retirement and Board of Investments the Joint Policy Regarding External Communications of Board Members. (Memo dated April 1, 2019)

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

Mr. Kehoe made a motion, Mr. Bernstein seconded, to approve staff's recommendation.

Ms. Gray made a substitute motion, Mr. Green seconded the motion, to recommend to the Board of Retirement and the Board of Investments to not adopt the Policy and keep with the current practice. The motion passed (roll call) with Messrs. Okum, Robbins, Green, and Ms. Gray voting yes; and Messrs. Kehoe, and Bernstein voting no.

(Mr. Green left the Board meeting at 3:06 p.m.)

V. REPORTS

Items A-B were held over to the next scheduled Joint Organizational Governance Committee.

- A. Review of the Education and Travel Policy as submitted by Steven P. Rice, Chief Counsel. (Memo dated April 1, 2019)
- B. Chief Counsel Reporting Structure as submitted by Johanna M. Fontenot, Senior Staff Counsel. (Memo dated March 14, 2019)
- C. Fiscal Year 2018-2019 Semi-Annual Budget Control Report Based On Expenditures as of December 31, 2018 as submitted by Holly Henderson, Administrative Services Analyst III. (Memo dated April 1, 2019)

This Item was received and filed.

April 10, 2019

Page 4

V. REPORTS (Continued)

- D. Overview of the FY 2019-2020 Administrative and Retiree Healthcare Budget
JJ Popowich, Assistant Executive Officer
(Memo dated March 29, 2019)

This Item was handled out of order, following Item IV. B.

Ms. Lazatin and Mr. Popowich were present and answered questions from the Committee.

VI. ITEMS FOR STAFF REVIEW

The Committee requested that the IT Strategic Assessment and case management system be removed from the Budget and agendized on the Operations Oversight Committee (OOC) agenda for further discussion.

VII. GOOD OF THE ORDER

There was nothing to report during Good of the Order.

VIII. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 3:57 p.m.

SUMMARY OF BUDGET HEARING
A SPECIAL MEETING OF THE
JOINT ORGANIZATIONAL GOVERNANCE COMMITTEE
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CA
WEDNESDAY, MAY 15, 2019, 3:30 P.M. – 4:05 P.M.

BOARD OF RETIREMENT

PRESENT: Alan Bernstein, Chair
Les Robbins, Vice Chair
Vivian Gray
Joseph Kelly

BOARD OF INVESTMENTS

PRESENT: Joseph Kelly, Vice Chair
Alan Bernstein
David Muir

STAFF, ADVISORS, PARTICIPANTS

| | |
|------------------|----------------------|
| Lou Lazatin | Kimberly Hines |
| JJ Popowich | Holly Henderson |
| Richard Bendall | Jude Law |
| James Brekk | Vincent Lim |
| Roxana Castillo | John McClelland |
| Annette Cleary | Norma Minjarez |
| Leisha Collins | John Nogales |
| Michael Cordial | Steven Rice |
| Eugenia Der | Sevan Simonian |
| Linda El-Farra | Cassandra Smith |
| Johanna Fontenot | Roberta Van Nortrick |
| Ted Granger | |

The Joint Organizational Governance Committee meeting resumed at 3:30 p.m.

V. REPORTS

A. Discussion of the 2019-2020 Administrative, Retiree Healthcare Benefits, and Other Post-Employment Benefits Trust Budgets

We will be presenting the budget for adoption at the regular meetings of the Boards of Investments and Retirement on June 12 and June 13, respectively.

A public organization's budget is a "manifestation of an organization's strategies," a spending plan for allocating resources and responsibilities, and a mechanism for setting goals and measuring progress.

Budget drivers are the concepts and ideology that drives the annual budget creation process.

- Our Mission: "To Produce, Protect, and Provide the Promised Benefit"
- Our Strategic Plan: Focusing on improving governance, ensuring fund sustainability, reducing complexity, creating a risk intelligent organization, creating a high performing and diverse workforce, and preserving healthcare
- Board Priorities: Expanding internal investment operations, increase focus on compliance
- Everyday operational needs

Based on feedback from the Joint Organizational Governance Committee (JOGC) we have gone back to basics – focusing on the essentials:

- Requesting just 13 critical positions in key areas
- Focused on meeting Strategic Plan goals
- Focused on improving services provided to members

Resulting in:

- Reduced budget request from \$97 million to \$94.5 million
- Reduced requested positions by 17
- Reduced IT temporary budget – moving forward with open position recruitment

Budget Authority

Under California state law, the annual budget for administrative expenses may not exceed 21 hundredths of 1% of the plan liabilities. There is also an allowance for a carve out of technology costs, which LACERA has not found necessary to use, as our budget is much less than the statutory limit. Based on our accrued actuarial liability, the statutory limit is \$143 million. Our budget request is \$94.5 million, leaving a contingency reserve of approximately \$49 million.

V. REPORTS (Continued)

FY 2019-2020 Budget Overview

The budget is comprised of the following components:

- Salary & Employee Benefits (S&EB)
- Services & Supplies (S&S)
- One-Time Projects

Our budget request for the coming year is \$74.8 million S&EB, and \$19.8 million S&S, including one-time costs.

Staffing

All new staff positions are based on Board priorities and absolute need. We currently have 443 positions, with a net increase of 13 positions, for a total of 456 positions, an overall 8.2% increase in S&EB.

At the beginning of this fiscal year we had 67 vacant budgeted positions. By January 2019 we had filled 19 of those positions, with another 16 positions being actively recruited. Five positions are ineligible for recruitment as the County has not yet adopted the ordinance.

Retiree Healthcare

The Retiree Healthcare Benefits Program's (RHCBP) operating expenses must be funded by the program and cannot be subsidized by funds used to operate the retirement benefit trust. Thus, an administrative fee of \$8 per plan, per member, per month is included as part of the retiree healthcare medical and dental/vision plan premiums. This fee covers administrative expenses, including consulting services, vendor fees, and the cost of administering the program.

The RHCBP budget request for 2019-2020 is \$3.6 million for S&EB, and \$4.6 million of S&S.

QUESTIONS AND COMMENTS

Mr. Kelly asked why we calculate the budget increase compared to the previous budgeted amount instead of actual expenditures.

There are recurring costs which need to be accounted for in the budget. For example, the vacant positions to be filled are carried over into the next budget. With regard to the S&S budget, there are recurring costs which remain stable. Requested one-time costs may not get completed in the current budget year, and as those funds do not roll over, they must be requested again for the next budget year. The figures are estimated by what was spent, how many people might be added, what projects are scheduled to make the best estimate possible.

V. REPORTS (Continued)

Mr. Kelly asked about a change in the salary calculation methodology, where we are no longer using the fifth step but using full cost, does that full cost include certifications, additional responsibility and out-of-class bonuses.

Yes, those items are included in the calculation.

Mr. Kelly asked about the Director of Compliance position under Legal Services. What level is that position, and if that position reports to the Audit Committee was that reviewed with the Audit Committee.

As far as the reporting, the position reports to Legal with a dotted line reporting to the Audit Committee. This was in the Audit Committee charter which was approved last year. The position will report administratively to Legal with functional reporting of the compliance function to the Audit Committee. The classification for this position has not yet been approved by the LACERA Boards.

Mr. Kelly asked why a position not yet approved by the Boards is in the budget, as approval of the budget could imply approval of that position. There are procedural steps that we should follow in budgeting and if those steps are not followed we should fully disclose.

That is not the intent, and this will be clarified in the final budget presented to the Boards for approval.

Mr. Kelly is concerned that additional staff is being requested when we have not hired to fill outstanding vacancies. Also, the same operations see a significant amount of overtime each year. What is the plan to actually reduce the temporary or overtime expense through a strategy, i.e. using student workers, which would be more cost effective.

A lot of the overtime is in Members Services and Benefits. This is because we are doing things on the weekends to accommodate members, such as Saturday workshops. This also involves overtime in Systems support.

Mr. Kelly asked how overtime is spent for exempt staff.

Exempt staff receives comp time.

Mr. Kelly asked about post budget approval that may have to come to the board, i.e. budget adjustments. Do the Boards see or have a role in approving any significant movement of funds by budgetary category.

If there has been a significant project that needs to be done, we would come to your Boards for approval to use contingency funds for that. If we are running over budget on individual line items, the Board would see that at the mid-point budget control report. We have always looked at the budget as a whole.

May 15, 2019

Page 5

V. REPORTS (Continued)

Ms. Gray asked if there was a place in the budget to fund the IT assessment.

No. At the last JOGC staff was instructed to move that to the Operations Oversight Committee. Both that and the case management system. So it is not in the budget.

Mr. Muir asked about the Board of Investments section in the budget, on the header sheet under the description of the responsibilities, it does not include the actuarial valuation and the recommendation of contribution rates. It is stated elsewhere in the document, but it would be a good idea to have it stated here also.

Absolutely, we'll take care of that.

The 2019-2020 budget discussion of the Joint Organizational Governance Committee meeting ended at 4:05 p.m.

SUMMARY OF BUDGET HEARING
A SPECIAL JOINT MEETING OF THE
BOARD OF RETIREMENT AND BOARD OF INVESTMENTS
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CA
THURSDAY, MAY 16, 2019, 8:30 A.M. – 9:30 A.M.

BOARD OF RETIREMENT

PRESENT: Les Robbins, Vice Chair
JP Harris

BOARD OF INVESTMENTS

PRESENT: Wayne Moore, Secretary

STAFF, ADVISORS, PARTICIPANTS

| | |
|------------------|----------------------|
| Lou Lazatin | Holly Henderson |
| JJ Popowich | Francisco Jaranilla |
| Beulah Auten | Vincent Lim |
| James Brekk | Cynthia Martinez |
| Bernie Buenaflor | John McClelland |
| Tamara Caldwell | Norma Minjarez |
| Roxana Castillo | John Nogales |
| Annette Cleary | Steven Rice |
| Alan Cochran | Sevan Simonian |
| Ted Granger | Cassandra Smith |
| Kimberly Hines | Roberta Van Nortrick |

I. CALL TO ORDER

The meeting was called to order at 8:30 a.m. in the Board Room at Gateway Plaza.

II. PUBLIC COMMENT

III. REPORTS

A. Discussion of 2019-2020 Administrative and Retiree Healthcare Benefits, and Other Post-Employment Benefits Budgets

We will be presenting the budget for adoption at the regular meetings of the Boards of Investments and Retirement on June 12 and June 13, respectively.

A public organization's budget is a "manifestation of an organization's strategies," a spending plan for allocating resources and responsibilities, and a mechanism for setting goals and measuring progress.

Budget drivers are the concepts and ideology that drives the annual budget creation process.

- Our Mission: "To Produce, Protect, and Provide the Promised Benefit"
- Our Strategic Plan: Focusing on improving governance, ensuring fund sustainability, reducing complexity, creating a risk intelligent organization, creating a high performing and diverse workforce, and preserving healthcare
- Board Priorities: Expanding internal investment operations, increase focus on compliance
- Everyday operational needs

Based on feedback from the Joint Organizational Governance Committee (JOGC) we have gone back to basics – focusing on the essentials:

- Requesting just 13 critical positions in key areas
- Focused on meeting Strategic Plan goals
- Focused on improving services provided to members

Resulting in:

- Reduced budget request from \$97 million to \$94.5 million
- Reduced requested positions by 17
- Reduced IT temporary budget – moving forward with open position recruitment

Budget Authority

Under California state law, the annual budget for administrative expenses may not exceed 21 hundredths of 1% of the plan liabilities. There is also an allowance for a carve out of technology costs, which LACERA has not found necessary to use, as our budget is much less than the statutory limit. Based on our accrued actuarial liability, the statutory limit is \$143 million. Our budget request is \$94.5 million, leaving a contingency reserve of approximately \$49 million.

III. REPORTS (Continued)

FY 2019-2020 Budget Overview

The budget is comprised of the following components:

- Salary & Employee Benefits (S&EB)
- Services & Supplies (S&S)
- One-Time Projects

Our budget request for the coming year is \$74.8 million S&EB, and \$19.8 million S&S, including one-time costs.

Staffing

All new staff positions are based on Board priorities and absolute need. We currently have 443 positions, with a net increase of 13 positions, for a total of 456 positions, an overall 8.2% increase in S&EB.

At the beginning of this fiscal year we had 67 vacant budgeted positions. By January 2019 we had filled 19 of those positions, with 16 other positions being actively recruited. Five positions are ineligible for recruitment as the County has not yet adopted the ordinance.

Retiree Healthcare

The Retiree Healthcare Benefits Program's (RHCBP) operating expenses must be funded by the program and cannot be subsidized by funds used to operate the retirement benefit trust. Thus, an administrative fee of \$8 per plan, per member, per month is included as part of the retiree healthcare medical and dental/vision plan premiums. This fee covers administrative expenses, including consulting services, vendor fees, and the cost of administering the program.

The RHCBP budget request for 2019-2020 is \$3.6 million for S&EB, and \$4.6 million of S&S.

QUESTIONS AND COMMENTS

Mr. Robbins asked about the IT positions. There are those which the Board of Supervisors (BOS) have not approved, and others approved at a lower salary. The Boards were led to believe that our issues with the County were resolved and we could now go back to the BOS and get those positions filled at the salary we approved but nothing has yet been done about that.

Plans for the positions have not been discussed as part of the resolution with the County, it has not been addressed with them in the resolution, and will need to be addressed in the future.

III. REPORTS (Continued)

Mr. Robbins asked about trying to recruit some of the IT positions, at the salary the County recommended, not at the salary that the Boards approved. It seems a little foolish to think that perhaps we can go in and fill those positions at a salary that has already proven to be inadequate to either attract or retain staff.

We have just posted the positions in the last two weeks, so we plan to recruit for the positions at the agreed upon resolutions that were approved by the County. If we can't fill them with good effort, then we can always say materially we have made good efforts, and here's where we need to go as far as increasing those classifications. Since they have not been posted for the last 18 months, that is part of the inability to prove they were not competitive to the market.

Mr. Moore asked about the positions, those are classifications specific to LACERA, not generic classifications that also apply to the County, so we haven't resolved that particular issue.

That is correct. We requested two grades above, and they approved two grades below.

Mr. Robbins commented that these positions were vetted and studied in 2016. We already knew then we couldn't retain people, and that it was a tight job market, a highly competitive job market, and we are now two years later and we're acting like we didn't go through all the due diligence that was done back then. So that doesn't make a lot of sense.

It has been a two year effort. Unfortunately we have to deal with what has transpired and that is one of the key reasons we are trying to come up to where we are with the County as far as these positions are concerned.

Mr. Moore stated that the point is the County doesn't get to make those kind of decisions on our staffing and we went through the whole process of justifying what we needed to have, and it got mixed in with a whole lot of other things and got delayed, but that piece should be moving forward much more quickly than it is, so that's what's disconcerting about that particular item. As we are working hard to get that completed, hopefully that will be done during the course of the year.

Mr. Harris asked if we could get a target date on getting these positions filled or going back to the BOS to get the new pay rates authorized.

We've only opened the positions in the last two weeks, so we're going to do significant effort with our recruiter to try to fill those positions. Usually, between three to six months in a tight market, we can show that effort, and then go ahead and request new authorization from the County.

III. REPORTS (Continued)

Mr. Robbins asked about cutting the overtime budget in anticipation of filling those IT spots. That has always been something IT has relied on as an effective way to manage their budget.

We cut the temporary budget, but the overtime budget still remains. Many divisions at LACERA rely on overtime.

Mr. Robbins asked regarding the \$300,000 for Admin Services, what is that money going to be used for.

These are renovation projects. The lunchroom is being renovated at approximately \$150,000. The rest of the \$300,000 is budgeted for miscellaneous, unplanned renovations that may come up during the year.

Mr. Moore asked that if the actual budget has been below the projected budget consistently, is that because of superior cost control efforts or over budgeting. If it is over budgeting, what is the impact of that.

Our biggest cost is our employees, so when we don't fill those vacancies that is part of the reason the actual is lower than the projected. There are varying ways of trying to determine how we budget for employee costs. This year we have decided to go with straight actual salaries and add in for expected increases, new positions, and bonuses. This should bring us closer to budget.

Mr. Moore asked that since we consistently have unfilled vacancies, is there a vacancy factor that is based on prior year's performance when you're budgeting the labor and benefit dollars which would close the gap.

There is a vacancy factor built into the budget. For most positions the default is that the first six months, the positions will not be filled, which fits with optimal recruitment time.

Mr. Moore asked if we're consistently having these issues, if everyone is working within the structure to get the hiring at the level it needs to be, that means there is something wrong with the hiring system. I would like to see that addressed during the course of the year.

Internally, we have hired a consultant to come in and give us a number of recommendations in Human Resources that we are putting into play. We have to get the requests submitted earlier in the year to be able to fill the positions during the year.

Mr. Moore asked about the internship program with a budgeted number of positions, and how is that accommodated in the budget.

III. REPORTS (Continued)

There is a separate line item under HR, requesting \$144,000, which equates to six student professional workers, including investment and retirement sides, based on historical requests. We have relationships established with local colleges and universities to recruit interns. We try to maintain a database of interns who are interested in working at LACERA, that we can reach out to as needed.

Mr. Robbins asked if when we are budgeting for increases in employee costs are we looking at cost of living raises and increases in benefits. Why is that budgeted number as high as it is.

It accounts for the MOU increases which we also give to the non-represented staff. It also accounts for all the new positions, every time you increase the base salary rate, that increases the variable benefits and other benefit costs, which are currently 47% of the salary.

Mr. Robbins asked about the rebranding of LACERA, how far has it been developed, if this is in line with what the Boards have authorized.

The Values and Vision have been brought to the JOGC and are pending approval. As far as modernizing and rebranding, we have not moved on changing the logo or the newsletter format, we would be doing that in conjunction with the Operations Oversight Committee. We are continually updating our brochures to make them more modern and useful. We are redoing lacera.com, which is being shared with the Boards as we go through that process.

Mr. Robbins asked when was the last time we asked for an increase in what the County subsidizes us to operate the RHCBP.

It was two to three years ago that the administrative fee was increased to \$8.

Mr. Robbins indicated that retiree healthcare more than ever before has more regulations, and we have the ability to pass our overhead costs for that on to the County, and we should be doing that. We should make sure that Retiree Healthcare has the resources to do the job.

As the healthcare is a pass through to the County, we need to verify on an annual basis what is the true overhead that we have spent on retiree healthcare, what are the real and necessary costs, and what is truly required to make sure we are fully compliant. We do know we have the legitimate right and should be taking advantage of it.

Mr. Robbins asked about retiree healthcare requesting two additional staff. Is that what was originally requested.

After meetings with Retiree Healthcare that was what was agreed upon.

III. REPORTS (Continued)

Mr. Robbins asked about the accountant position for RHCBP, will that position be situated in retiree healthcare or somewhere else in the organization.

The position will be physically located in Retiree Healthcare and reporting to the Director, with dotted line reporting to Financial and Accounting Services to oversee the accounting function.

Mr. Moore asked about the funding for RHCBP.

Each member enrolled in a medical or dental plan is charged a monthly \$8 administrative fee, per member/per plan. Those fees are what funds the administrative side.

Mr. Moore asked if the funds are not totally exhausted annually, what happens to the balance.

If the balance reaches a certain threshold, the Board can decide to do a premium holiday to return the funds back to the members.

Mr. Moore asked for a report to the Insurance, Benefits & Legislative Committee on the status of account.

IV. ITEMS FOR STAFF REVIEW

V. GOOD OF THE ORDER

(For information purposes only)

VI. ADJOURNMENT

The meeting adjourned at 9:30 a.m.

It All Adds Up

1998 2002 2006 2010 2014 FISCAL YEAR 2019-2020



ADMINISTRATIVE & RETIREE HEALTHCARE BUDGET REQUEST FOR APPROVAL

FY 2019-2020

Board of Investments Meeting of June 12, 2019
Board of Retirement Meeting of June 13, 2019

Focusing on the Basics: Sound Fiscal Management & Governance – Increased Service & Care for our Members



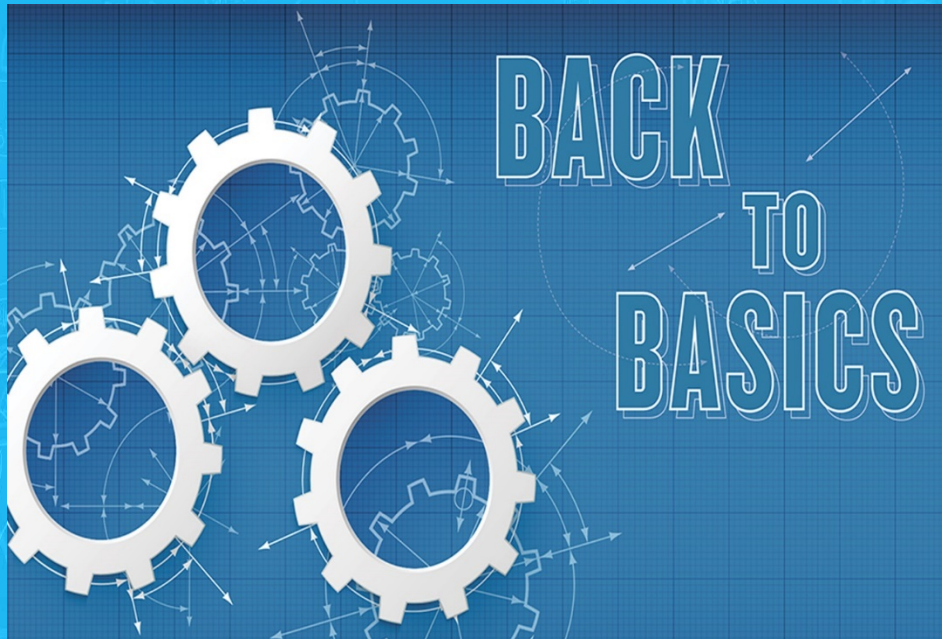
What is a Budget?

- A public organization's budget is a “manifestation of an organization's strategies”, a spending plan for allocating resources and responsibilities, and a mechanism for setting goals and measuring progress.

Budget Drivers – the concepts and ideology that drives the annual budget creation process

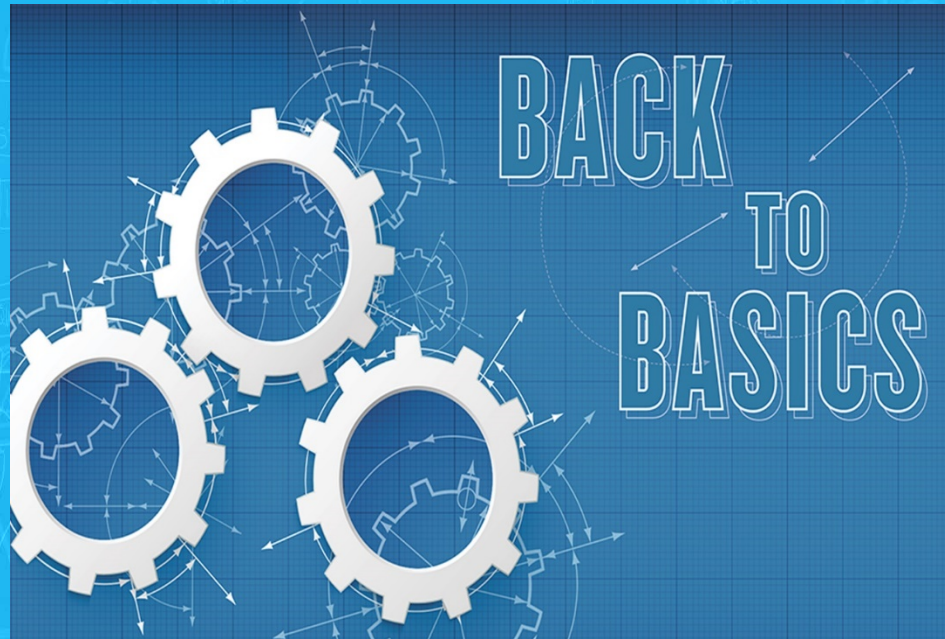
- Our Mission: “To Produce, Protect, and Provide the Promised Benefit”
- Our Strategic Plan: Focusing on improving governance, ensuring fund sustainability, reducing complexity, creating a risk intelligent organization, creating a high performing and diverse workforce, and preserving healthcare
- Board Priorities: Expanding internal investment operations, increased focus on compliance
- Everyday Operational Needs

Focusing on the Basics



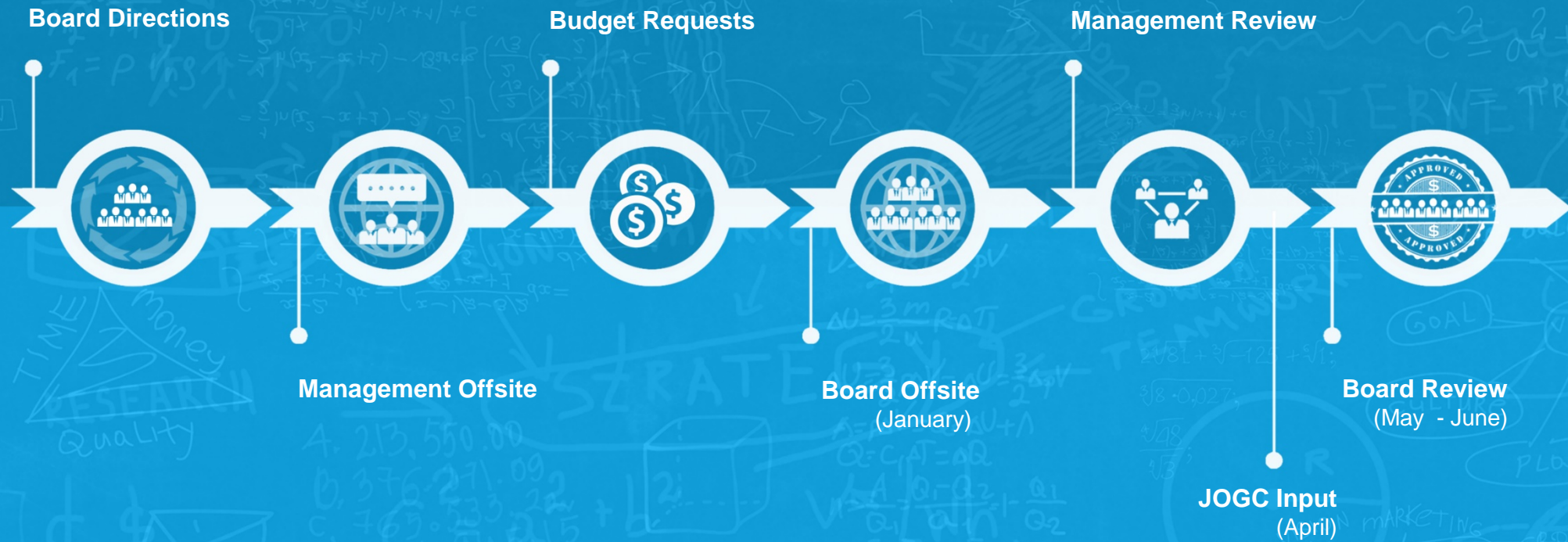
- Based on JOGC Feedback we have gone back to the basics – focusing on the essentials:
 - Requesting just 13 critical positions in key areas:
 - Investments
 - Legal Services
 - Member Services
 - And others
 - Focused on Meeting Strategic Plan Goals
 - Four Prioritized Goals: LACERA.com, Retirement Estimate & Application, PEPRAs Rollup, Case Management
 - Compliance Program
 - ABS Redesign (part of PEPRAs Rollup)
 - Employee Engagement
 - ACE Program
 - Focused on Improving services provided to members
 - Pre-2003 Benefits Clean Up Project – Phase 1
 - Creating Member Care Unit to formalize case management process

Focusing on the Basics



- Based on JOGC Feedback we have gone back to the basics – focusing on the essentials:
 - Resulting in:
 - Reduced Budget Request from \$97m to \$94.5m
 - Reduced Requested Positions by 17 (30 to 13)
 - Eliminated Critical, but Controversial Programs
 - Case Management – Third Party Engagement
 - IT Assessment
 - HR Fitness Program
 - Reduced IT Temporary Budget – Moving forward with open position recruitment

Budget Development Process



Budgeting Authority

STATUTORY LIMIT
\$143 Million
0.21% Liabilities

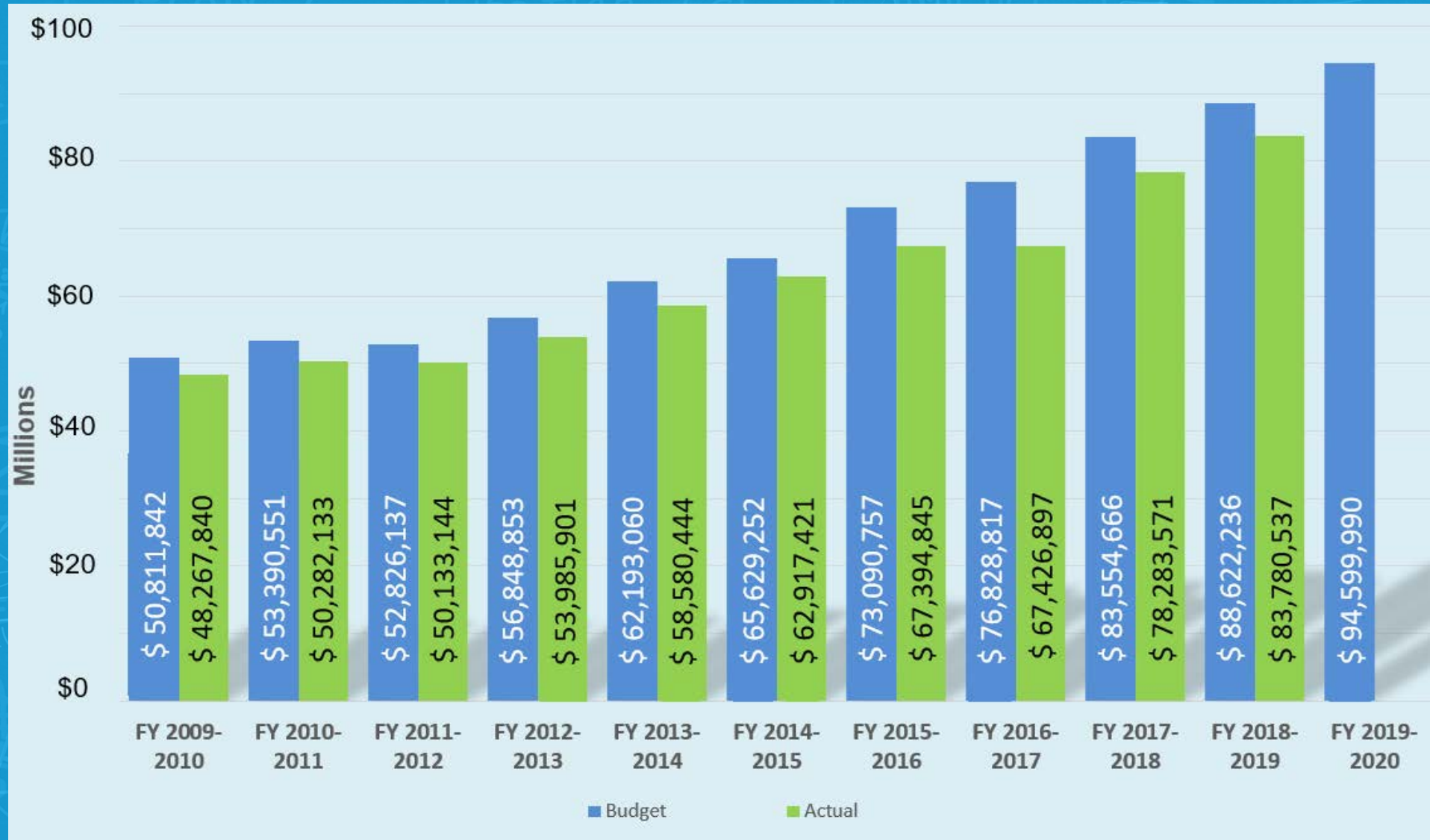
BUDGET
\$ 94 Million

CONTINGENCY
\$ 49 Million

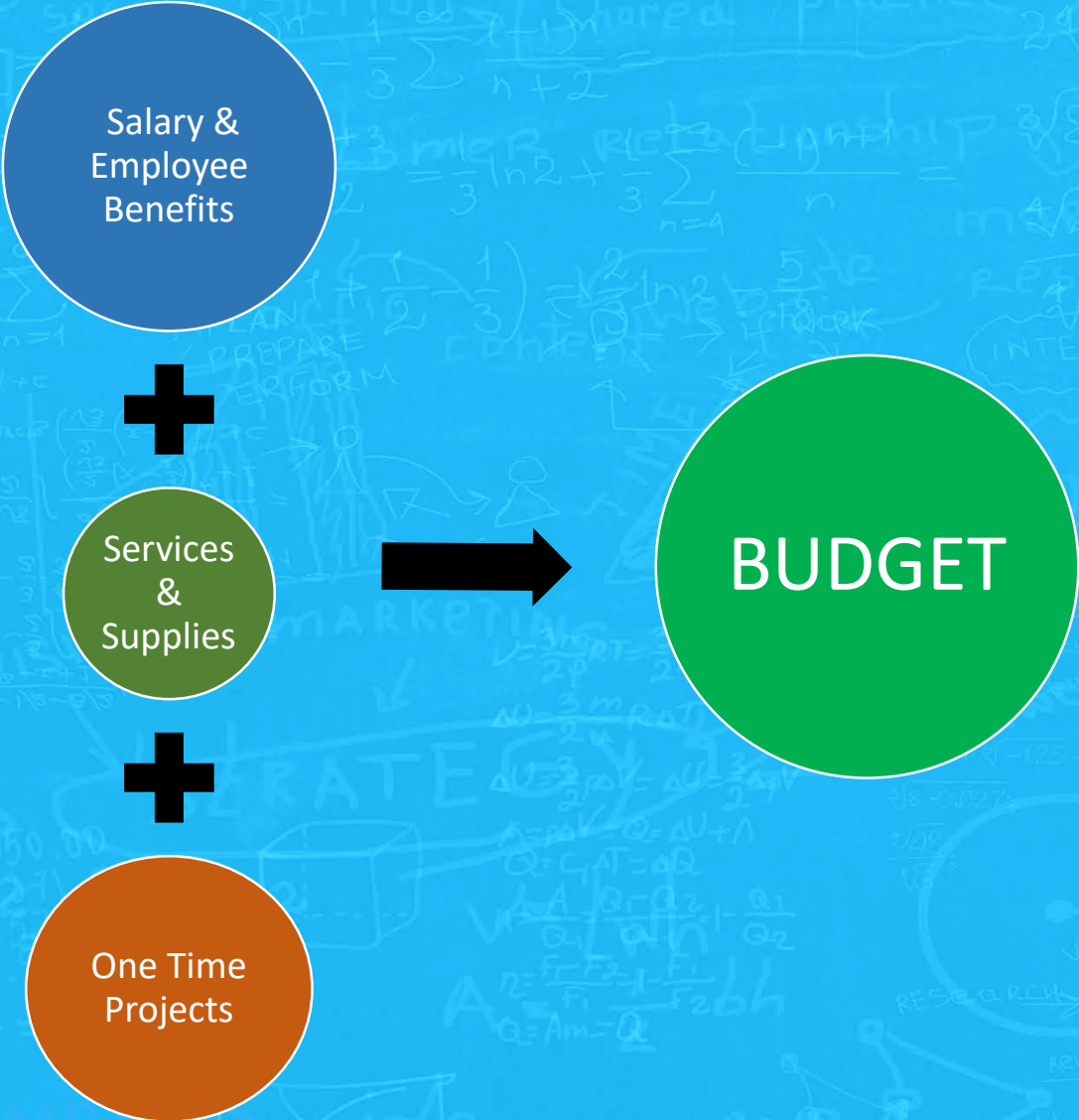
Excluding Legal & Information Technology funding authorities

Historical Spending Plan Overview

\$94.5 MILLION
6.7 % INCREASE



Budget Components

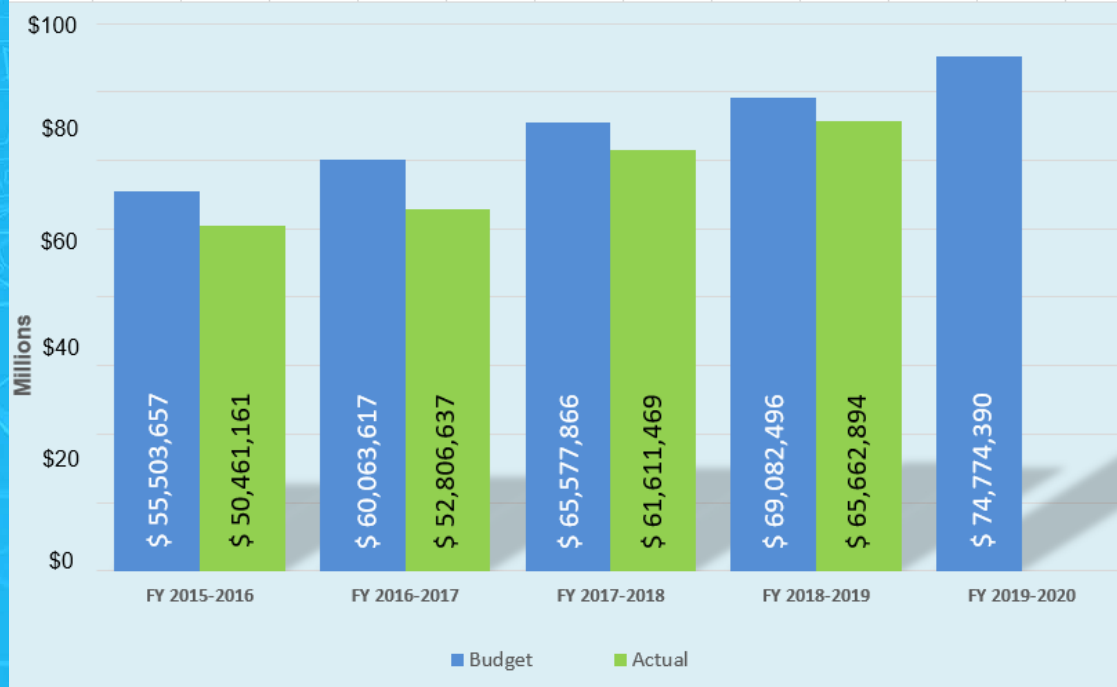
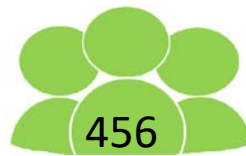


Budget Components

SALARY AND EMPLOYEE BENEFITS

\$74.8 MILLION

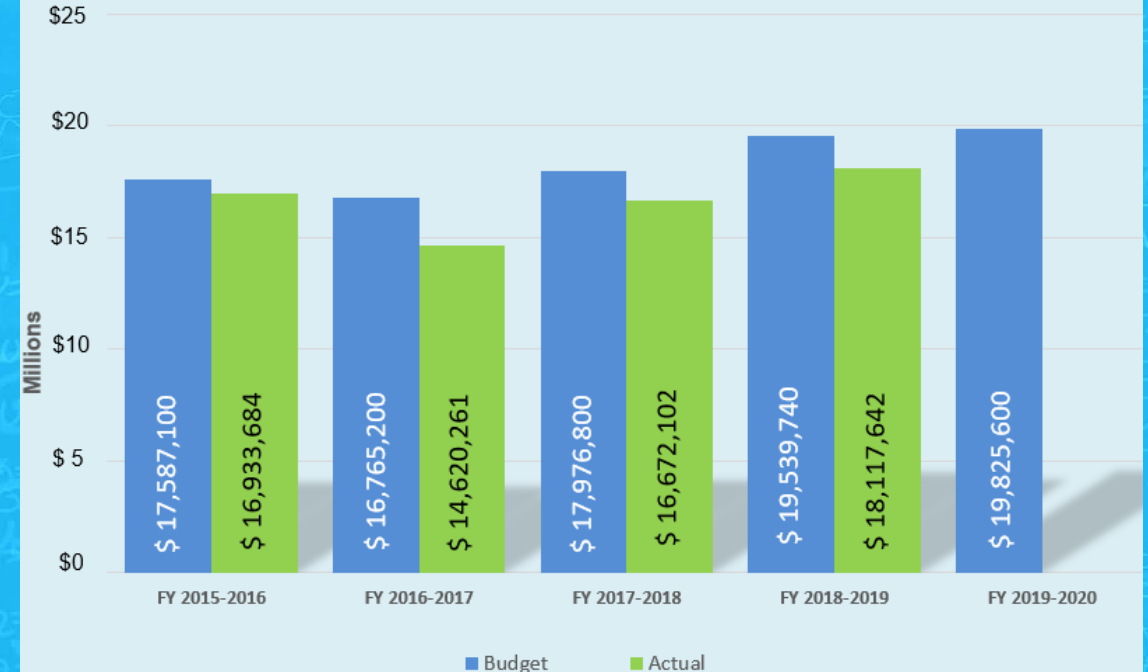
8.2 % INCREASE



SERVICES & SUPPLIES

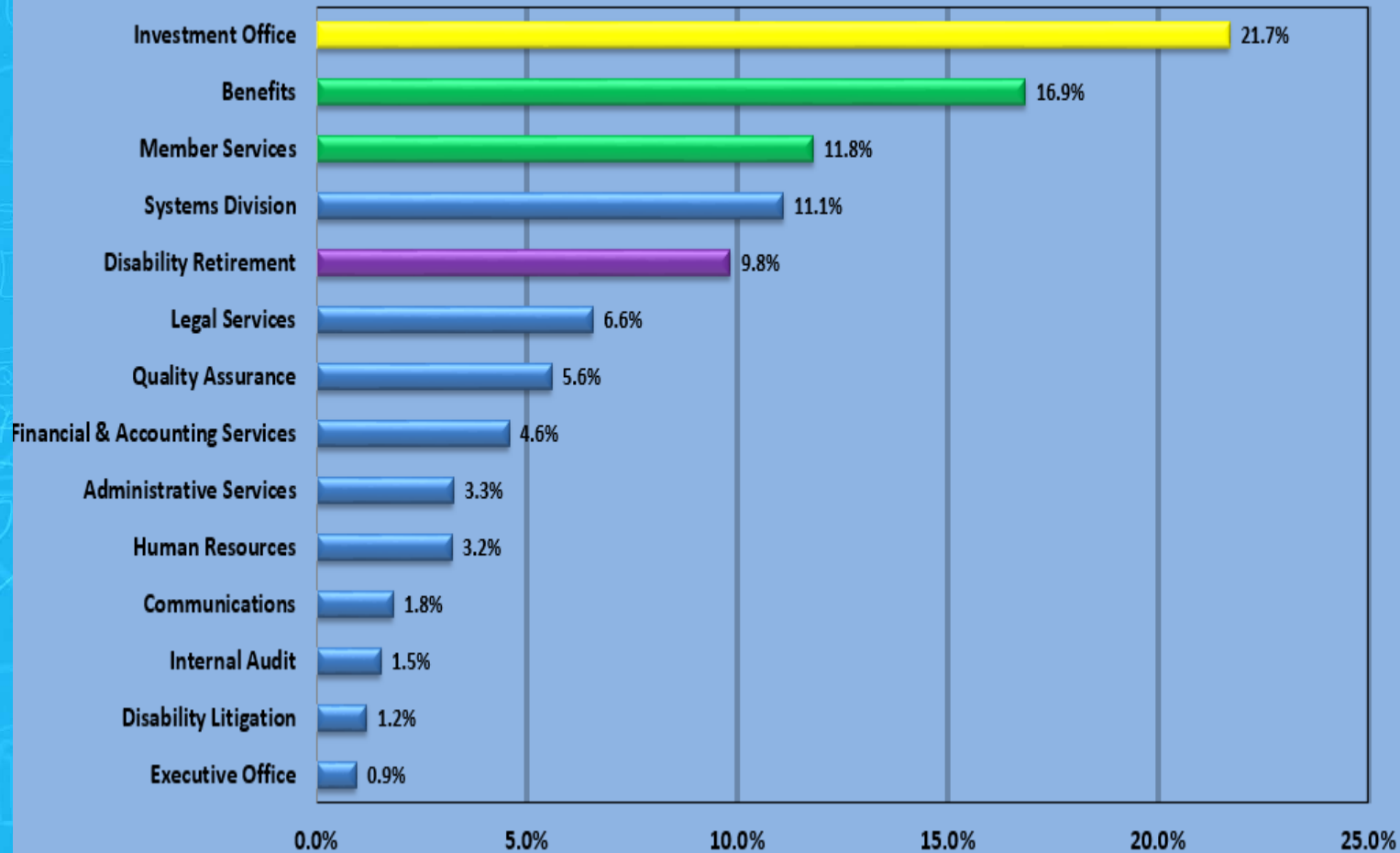
\$19.8 MILLION

1.5 % INCREASE



Budget Component - Analysis

Ten Year Percentage Share of Total Dollar Increase



S&EB cost increases are in-line with Board & Mission Priorities

Expanding Internal Investment Operations

Focusing on providing better service to members

Reducing Disability Processing Time

Staffing

From: 433



To: 456



Net Increase: 13

| POSITIONS ADDED | |
|---------------------------------|--|
| Administrative Services | 1 - Supervising Administrative Assistant II |
| Benefits: | 1- Retirement Benefit Specialist (Transfer from MS) |
| Disability Retirement Services | 1 – Staff Assistant II |
| Financial & Accounting Services | 1 – Accounting Officer II |
| Investment Offices | 3 – Finance Analyst III |
| Legal Services | 1 – Director of Compliance 1 – Staff Counsel 1 – Legal Analyst |
| Member Services | 2 – Retirement Benefit Specialist III |
| Quality Assurance | 1 – Senior Quality Auditor 1 – Staff Assistant II |
| Systems | 1 – Chief Technology Officer 4 – Information Tech Specialist II 4 – Information Tech Specialist I 1 – Retirement Systems Specialist |

| POSITIONS DELETED | |
|-------------------|--|
| Quality Assurance | 1 – Internal Auditor |
| Systems | 1 – Data Systems Supervisor I 7 – Data Systems Coordinator 1 – EDP Senior Programmer Analyst 1 – Web Designer |

Services & Supplies One – Time Costs

Administrative Services

Renovations: \$300,000

- Renovating the Employee Lunch Room
- Miscellaneous Renovations during the year

Systems

Telephone System Updates: \$300,000

- Not upgraded since 2011
- 130 New employees added since then

Systems

Network Switch Equipment: \$300,000

- LACERA has experienced growth in the number of people and the number of peripheral equipment

Retiree Healthcare Spending Plan Overview

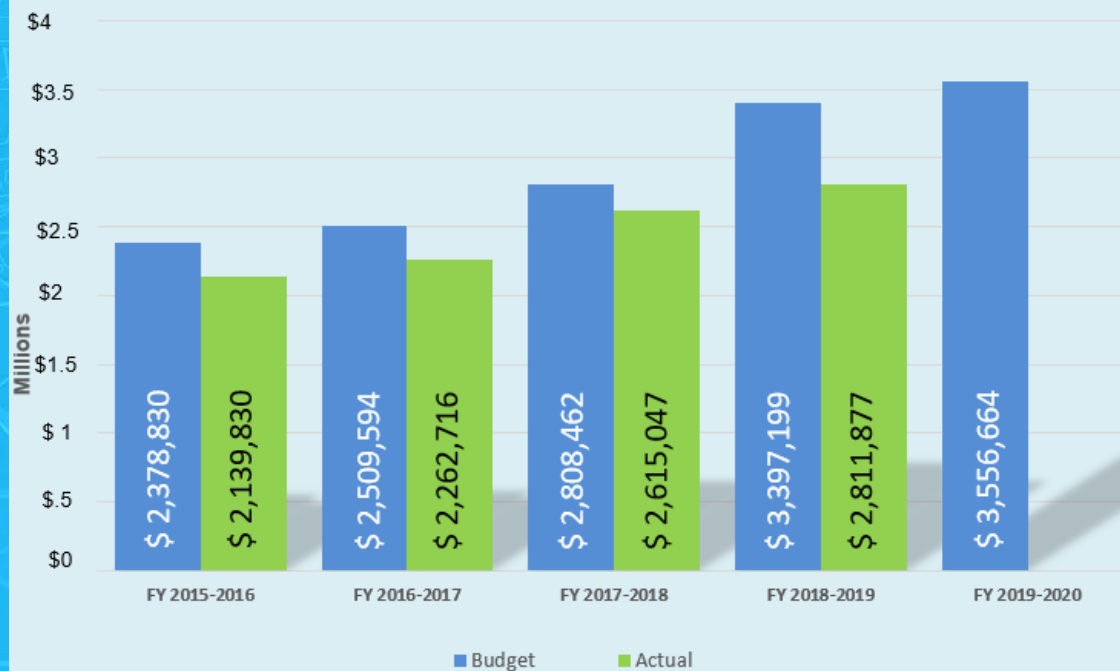
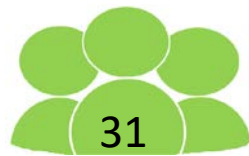
\$8.2 MILLION
6.8 % INCREASE



Retiree Healthcare Budget Components

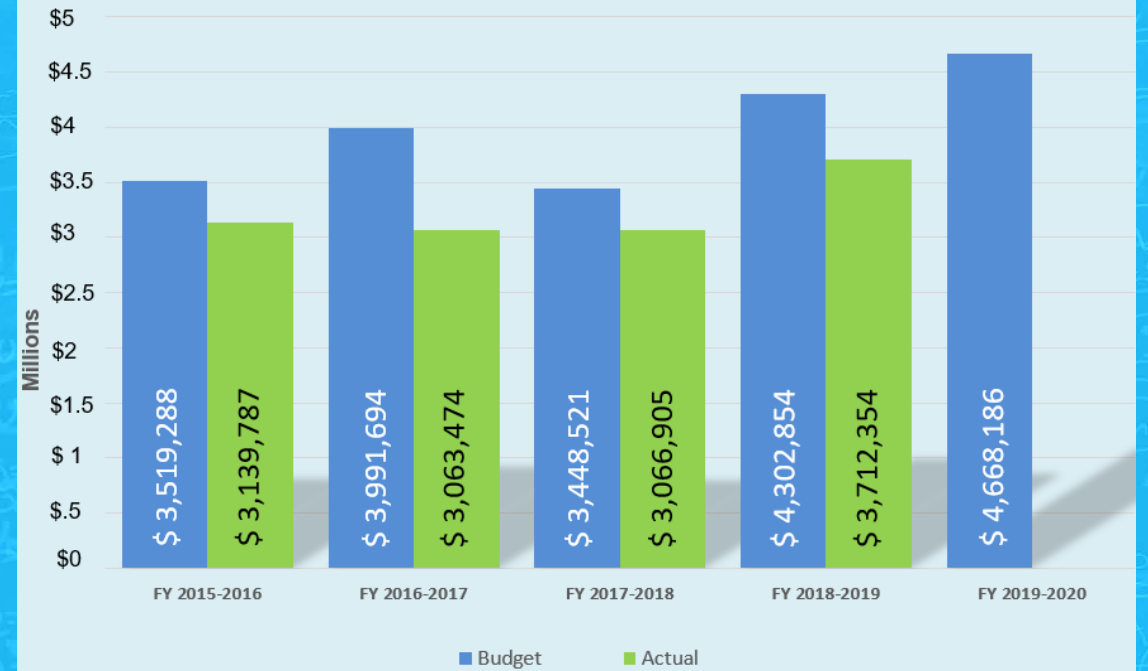
SALARY AND EMPLOYEE BENEFITS

\$3.6 MILLION 4.7 % INCREASE



SERVICES & SUPPLIES

\$4.6 MILLION 8.5% INCREASE



RHC Staffing

From: 28



To: 31



Net Increase: 3

POSITIONS ADDED

1 – Accountant

2 – Retirement Benefit Specialist II

FISCAL YEAR 2019-2020

Administrative & Retiree Healthcare Benefits Budgets



LACERA

FISCAL YEAR 2019-2020

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RETIREE HEALTH CARE BENEFITS PROGRAM

FISCAL YEAR 2019-2020

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**OTHER POST-EMPLOYMENT BENEFITS TRUST
COST SUMMARY**

FISCAL YEAR 2019-2020

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MISSION STATEMENT

We Produce, Protect, and Provide the Promised Benefits



LACERA exists to:

- **Produce** the highest quality of service for our members and sponsors;
- **Protect** the promised benefits through prudent investment and conservation of plan assets;
- **Provide** the promised benefits.

What is the purpose of a corporate Mission Statement?

It explains why we are in business; it's the corporate mandate - in as few words as possible. The Mission Statement should be brief so every employee can remember it. New LACERA employees will receive the Mission Statement and immediately understand why we exist.

How does the Mission Statement differ from our corporate objectives?

Our objectives state how we will achieve our Mission. Our Objectives list our priorities - some are long-term and some short-term. Each Objective is well defined and includes the steps (goals) we must take to accomplish it. Our Objectives define how we conduct our business.

Our Vision and Values Statements Are Our Guiding Principles.

Our Vision is our pledge to be the premier retirement association through Excellence in retirement law; Commitment to teamwork; Trust to safeguard assets; and Service to members that is courteous, professional, and 100 percent accurate.

Our Values guide our personal behaviors - Professionalism, Respect, Open Communications, Fairness, Integrity, and Teamwork. We will reach our Vision through our shared Values.



LACERA VISION

Excellence—Our members deserve the best.

Therefore, we choose to be the best. We choose excellence through innovation. We choose to become unparalleled experts in retirement law, pension administration, and benefit solutions. We choose to be preeminent masters of portfolio management.

Commitment—we are the best.

We will work together to provide the best service. We will continually strengthen our commitment to effective teamwork by contributing our individual strengths, learning new methods and skills, and anticipating the demands of the future.

Trust—Our members place trust in LACERA.

Everyday, we will earn this trust by placing their interest first, by giving them easy-to-understand answers, by solving their problems quickly, and by safeguarding and maximizing their investment assets.

Service—Our members deserve the best.

We pledge to improve our member service until 100 percent of our members making inquiries receive courteous, professional, accurate answers with just one call. We have the ability to achieve this if each one of us reaches deep into our strengths and lends a hand. Our strengths are individual; collectively they are unstoppable.



Because members deserve the best,
LACERA will be the best.

LACERA VALUES

Professionalism

We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

Respect

Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to and support each other, we create a nurturing work environment that promotes fairness and trust.

Open Communications

Our frank and straightforward expression of ideas fosters a common understanding of purpose — quality service to our members. We create a healthy work environment by sharing information, listening to each others' ideas, and giving constructive feedback.

Fairness

Our employees are entitled to a clear explanation of performance expectations. Performance evaluations are timely, honest, and impartial; personal improvement plans are reasonable and constructive; and we provide opportunities for professional development and promotion.

Integrity

We inspire confidence by our high standards for member services and sound investment practices. We are reliable, ethical, and honest. Loyalty to LACERA means loyalty to members. Integrity guides all of our work relationships.

Teamwork

We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.

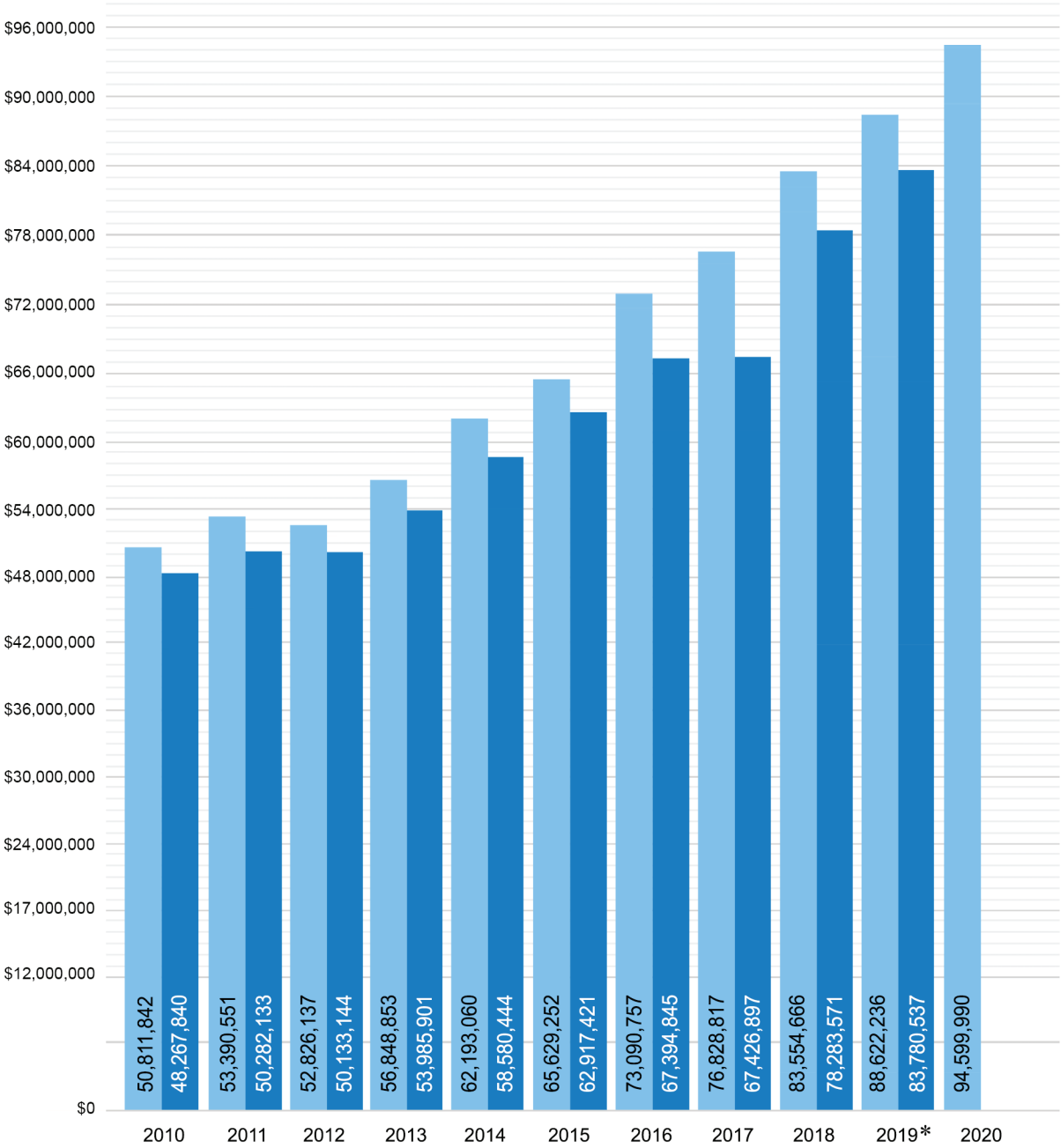


Achieving our MISSION through
shared VALUES and a collective VISION.

HISTORY: BUDGET EXPENDITURES

Approved Budgets Compared to Actual Expenditures

2010-2020



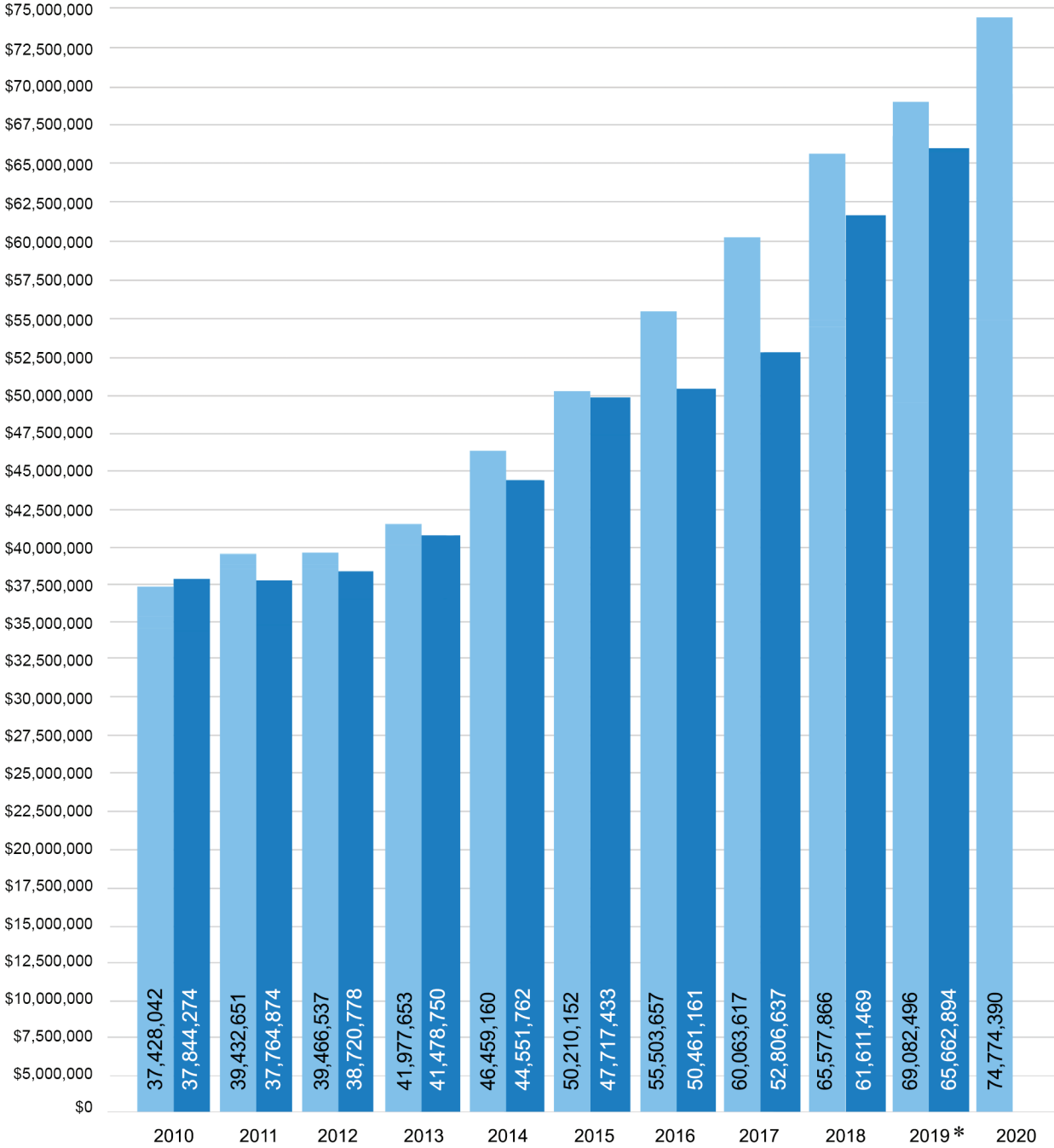
*The totals for the budget year ending 2019 are projected expenditures based on YTD figures through 2-28-19.

■ Approved Budget
■ Actual Expenditures

HISTORY: BUDGET EXPENDITURES

Salaries and Employee Benefits

2010-2020



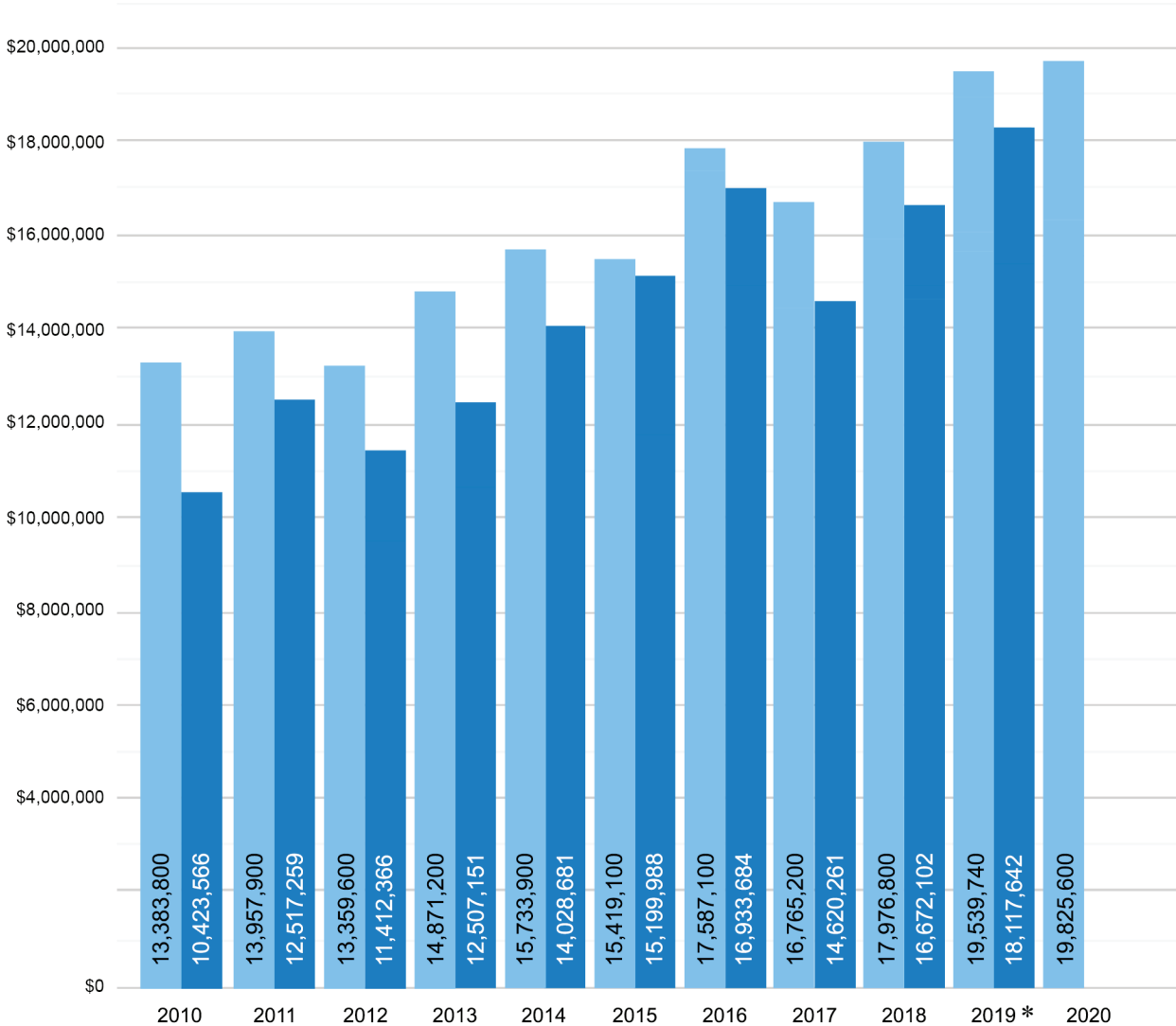
*The totals for the budget year ending 2019 are projected expenditures based on YTD figures through 2-28-19.

■ Approved Budget
■ Actual Expenditures

HISTORY: BUDGET EXPENDITURES

Services and Supplies

2010-2020

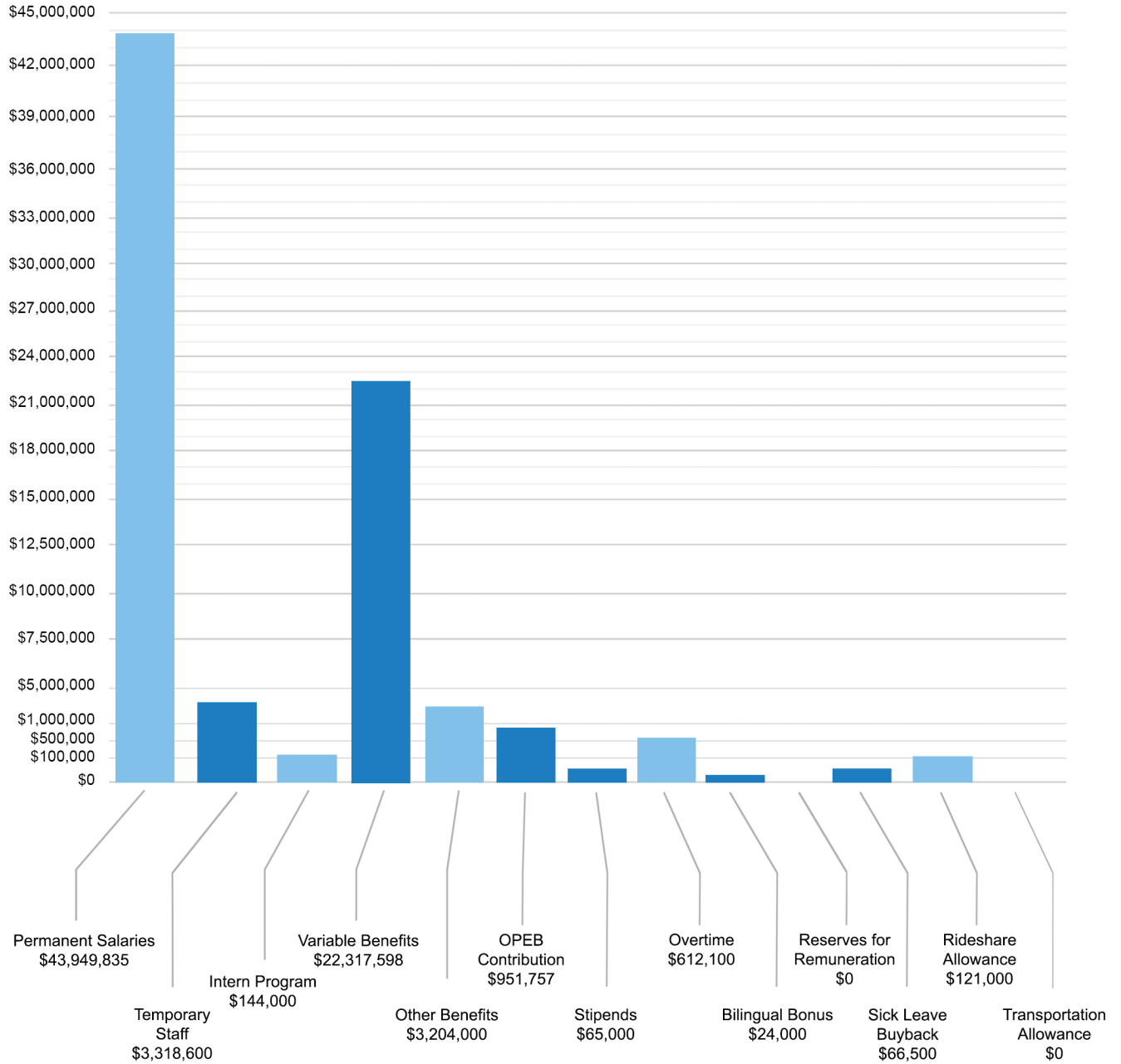


*The totals for the budget year ending 2019 are projected expenditures based on YTD figures through 2-28-19.

■ Approved Budget
■ Actual Expenditures

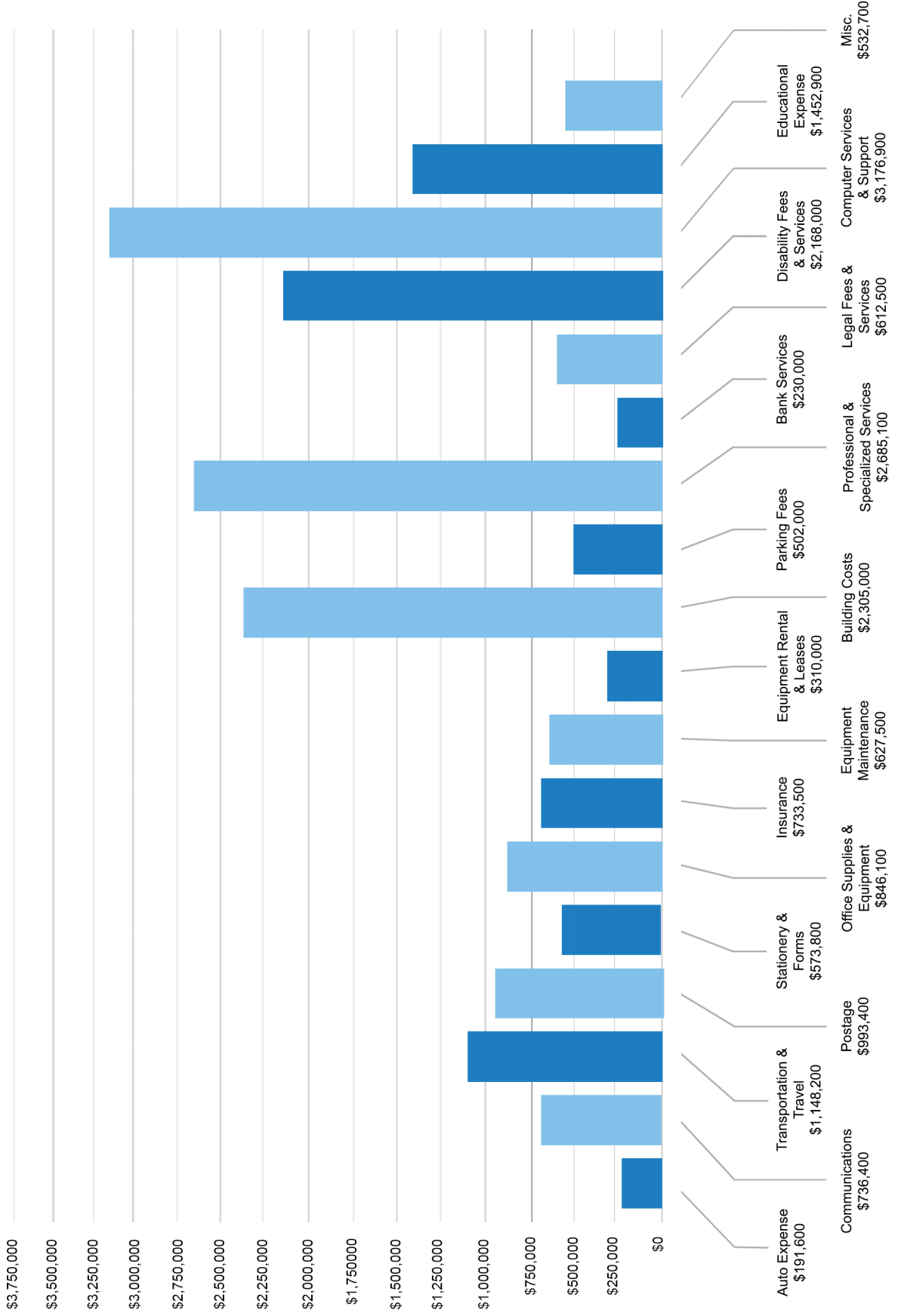
SALARIES AND EMPLOYEE BENEFITS

Fiscal Year 2019-2020



SERVICES AND SUPPLIES

Fiscal Year 2019-2020



EXECUTIVE SUMMARY

Budget Request Highlights

FY 2019-2020

LACERA is charged with the duty to administer defined retirement plan benefits for the employees of Los Angeles County and participating agencies. The LACERA Boards of Retirement and Investments have distilled this duty into the following mission statement:

We produce, protect, and provide the promised benefits.

LACERA members expect and deserve quality service in the administration of plan benefits—a level of service that rivals the best in the industry. Ensuring that members are equipped to make informed financial decisions and enter retirement with confidence is of paramount importance to the Boards and staff of LACERA. In order to achieve this goal, the association strives to achieve the vision of:

**One contact, one response.
Accuracy, 100% of the time.**

This vision guides our efforts and dictates our expenditures. It also provides a clear view of how to measure performance and continuous improvement. *One contact* means that members receive all of the information they need with one phone call or one meeting. *One response* means that members receive a concise and consistent answer to their questions and concerns. *Accuracy, 100% of the time* means that members receive factual and reliable information, ensuring that they are equipped to make important decisions regarding their retirement.

We provide better service through innovation and enhancement.

With the support of the Boards, LACERA continues to advance toward fulfillment of our mission. We recognize that excellence is a dynamic exercise and that world-class organizations are prepared and able to adapt to changing conditions. Throughout its history, LACERA has been successful in its efforts and initiatives to provide our members with quality service that is accessible, reliable, and timely. These efforts are driven by a commitment to enable members to access retirement information through numerous service channels, including our Call Center, Member Services Center, My LACERA, printed brochures, seminars, videos, website materials, and workshops. We measure our performance through member satisfaction surveys.

The proposed budget serves as a financial representation of LACERA's Mission, Values, and the FY 2019-2020 Strategic Plan. We believe that enhancing service delivery and accuracy is necessary for future success, and we recognize the need to continuously improve our operations as our processes, staff, and systems evolve. This is a continuation of the Strategic Plan initially adopted during FY 2018-2019.

The proposed FY 2019-2020 budget requests represent increased spending of \$5,977,754, from the actual FY 2018-2019 budget of \$88,622,236 to the proposed FY 2019-2020 budget of \$94,599,990. This is an increase of 6.7 percent, primarily due to requested staffing additions.

About this Budget

The budget consists of two major components: Salaries and Employee Benefits, and Services and Supplies.

Salaries and Employee Benefits

In years past, the projected spending for salaries and employee benefits has been based on the fifth step of each salary range for all represented employees and the midpoint control, which represents the middle of the respective salary ranges for all non-represented employees as of a date near the publication of the proposed budget (usually in March), plus the addition of any new or upgraded positions requested in the budget. This represented the gross salaries. However, there were additional factors to consider that were not accounted for in the gross salaries, including movement above or below the midpoint of employees' respective range throughout the year; certification, additional responsibility, and out-of-class bonuses; and salary increases due to MOU changes, among other variances. In an effort to account for these variances, we employed a salary differential calculation, which helped the budget team meet the goal of bringing the projected spending plan (the budget) as close to the actual spending as possible. Like a lever, it moved the overall gross salaries up or down based on the expected variances.

The salary differential method served us well for the last four years. While there were still variances between the budgeted amount and the final actual amount spent for those fiscal years, the differential did help us to come closer to the mark. However, calculating the differential was time-consuming and required extensive quality control to ensure that it was accurate, since the budget process is a manual process. Therefore, this year the Budget Team decided to forgo the use of the fifth step and mid-range points and use the actual salary figures for staff members. Additional factors are considered when factoring the actual salaries; certification, additional responsibility, out-of-class bonuses; and salary increases due to MOU changes. The team still makes adjustments for vacancy rates.

Rideshare Program Expenditures

Another change this year is in regard to the Rideshare Program, which is no longer calculated in the permanent salaries. The Rideshare Program Expenditures are now included as a line item under each division in the Salaries and Employee Benefits summary, starting on page 100.

Current Vacancies

Each year, the management team begins the budgeting process by reviewing current workload trends and the proposed Strategic Plan to determine the best staffing needs for

their division’s contribution to meeting organizational goals and fulfilling LACERA’s mission. Additionally, the team does its best to determine how many staff members may be moving within the organization, leaving, or retiring. The resulting staffing plan is presented to the executive team as part of each division’s budget proposal. Once the executive team and management have agreed on a plan, the requests are included in the budget proposal to the Boards. The entire management team believes in ensuring that LACERA has the appropriate staff in place to deliver on our promise to produce, protect, and provide the promised benefits.

The vacant positions chart on page 112 shows that there are 57 vacant positions as of April 22, 2019. The proposed budget will add 13 new positions, increasing the expected number of vacant positions to 70 at the beginning of the fiscal year.

The management team’s goal is to fill as many budgeted positions each fiscal year as possible. An analysis of the vacant positions shows that there are multiple reasons why budgeted positions may remain vacant longer than anticipated. One of those reasons relates to recognizing that the labor market appears to be tightening, and there are increased challenges in recruiting qualified applicants to fill vacant positions at all levels.

Human Resources engaged a recruiting consultant in 2017 to review LACERA’s recruiting practices. The consultant provided recommendations and suggested additional best practices to improve LACERA’s ability to identify the most qualified candidates for consideration. Human Resources started making changes and implementing the suggestions provided by the consultant in 2018.

The following table shows the status of all currently open recruitments:

| Division | Position | Section / Unit | No. Available | Status/Result |
|--------------------------|------------------------------------|-----------------------|----------------------|---|
| Administrative Services | Document Processing Assistant | | 2 | In Progress: Selection Interviews completed |
| Communications | Writer II | | 2 | In Progress: Selection interviews completed |
| Investments | Financial Analyst III | | 4 | In Progress: Resume canvass posted |
| Member Services | Retirement Benefits Specialist III | | 2 | In Progress: Bulletin Posted |
| Total in Progress | | | 10 | |

The following table shows the status of recruitments submitted to Human Resources and pending:

| Division | Position | Section/ Unit | No. Avail able | Status/Result |
|------------------------------------|-----------------------------------|------------------|-------------------|---|
| Administrative Services | Administrative Services Analyst I | | 1 | Pending |
| | Administrative Services Officer | | 2 | Pending: Leadership Program in Process |
| Communications | Senior Writer | | 1 | Pending |
| Financial and Accounting | Senior Secretary | | 1 | Pending |
| | Senior Accountant | | 1 | Pending |
| Total Pending (Not Started) | | | 6 | |

Staffing Changes

Following is a roundup of the staffing changes requested by each division. These requests are tied to fulfilling our Mission by addressing Board priorities, meeting key Strategic Plan goals by taking proactive steps to improve governance, ensuring fund sustainability, reducing the complexity of our organization, cultivating a risk intelligent organization, and creating high performing and diversified team.

| No. of Positions | Title of Requested Position | Section/Unit |
|------------------|---|-----------------------------------|
| 1 | Supervising Administrative Assistant II | Budget Development and Monitoring |

Administrative Services Division: Budget Development & Monitoring

Administrative Services Division is requesting to add one permanent position at the Supervising Administrative Assistant II level in Budget Development & Monitoring. The division’s goal is to build a world-class budget team that will support the management team with additional reporting, cost–benefit analysis, and financial forecasting, as well as updated policies and procedures, and an integrated quality review process. The total number of budgeted positions for the Division would increase from 33 to 34.

Benefits Division

| No. of New Positions | Title of Requested Position | Section/Unit |
|----------------------|-----------------------------------|-------------------------|
| 1 | Retirement Benefits Specialist II | Benefit Protection Unit |

The Benefit Protection Unit’s workload has steadily increased since inception in 2015, resulting in the need to borrow two staff members from other areas of the division to keep up with the demand and reduce the risk of unprocessed “high risk” cases. Benefits Division is requesting that a Retirement Benefits Specialist II position be added to its budget so that the staff member on temporary assignment from Member Services may be formally transferred.

Disability Retirement

| No. of New Positions | Title of Requested Position | Section/Unit |
|----------------------|-----------------------------|---------------|
| 1 | Staff Assistant II | Investigation |

There are currently 40 budgeted full-time positions.

Staff is also requesting one Staff Assistant II position to support our investigation units with the organizing and indexing of all records used to assemble the administrative record, as well as creating and updating the medical listing used to document the evidence file. This will bring the division total to 41 budgeted full-time positions.

Financial and Accounting Services

| No. of Positions | Title of Requested Position | Section/Unit |
|------------------|-----------------------------|--------------------------------|
| 1 | Accounting Officer II | Reporting & Compliance Section |

FASD is requesting one permanent position, an Accounting Officer II, to be allocated to the newly created Reporting and Compliance Section. This will bring the division total to 30 budgeted full-time positions.

Investment Office

| No. of Positions | Title of Requested Position | Section/Unit |
|------------------|-----------------------------|---|
| 1 | Finance Analyst III | Portfolio Analytics–Corporate Governances |
| 1 | Finance Analyst III | Fixed Income-Credit |
| 1 | Finance Analyst III | Private Equity–Co-Investments |

For FY 2019-2020, the Investment Office is adding the three positions listed in the chart above which will increase the net number of budgeted positions from 41 to 44. The descriptions of the positions are below.

Finance Analyst III, Portfolio Analytics – Corporate Governance: This position will assist the Principal Investment Officer and Senior Investment Officer-Corporate Governance in developing and implementing corporate governance initiatives, executing proxy voting policies, and integrating environmental, social, and governance factors into the total fund investment process.

Finance Analyst III, Fixed Income – Credit: This position will assist the Principal Investment Officer in evaluating and recommending credit fund managers, developing operations and procedures, and portfolio monitoring.

Finance Analyst III, Private Equity – Co-Investments: This position will assist the Principal Investment Officer and Senior Investment Officer in evaluating and recommending private equity fund managers, co-investments, and other alternative investment structures.

Legal Services

| No. of Positions | Title of Requested Position | Section/Unit |
|------------------|-----------------------------|---------------|
| 1 | Director of Compliance | Chief Counsel |
| 1 | Staff Counsel | Investments |
| 1 | Legal Analyst | Benefits |

Legal Services is requesting the following three new positions: one Director of Compliance, to fulfill the Strategic Plan objective of building an operational compliance function; and, to meet increased demands, one Staff Counsel. More about the positions is provided below.

Director of Compliance: The Director of Compliance will administratively report to the Chief Counsel and be placed at the same level on the organizational chart as Senior Staff Counsel, serving as the single point of responsibility to oversee the operational compliance program—including preparation and review of policies, procedures, and charters, education and training, monitoring, enforcement, and response and prevention. The position will report directly to the Audit Committee when necessary, and also serve as LACERA’s Privacy Officer.

Staff Counsel–Investments: The Legal Office proposes to add another Staff Counsel to the existing team to handle the increasing number and complexity of LACERA’s investments and growth of the in-house investments program across the portfolio, as well as improve service and achieve cost savings to the fund by taking more investment work in-house. An additional Staff Counsel is requested contingent upon Board approval of requested Investments Division positions in the current budget.

Legal Analyst–Benefits: To meet the demands of the increased volume of submissions of court documents and to improve timeliness, the Legal Office proposes adding one more Legal Analyst to the Benefits team. Reporting to the Senior Staff Counsel in the Benefits Section, the Legal Analyst will process domestic relations orders, related paperwork, and benefit documents, and assist with administrative appeals and other member-related legal matters.

Member Services

| No. of New Positions | Title of Requested Position | Section/Unit |
|----------------------|------------------------------------|------------------|
| 2 | Retirement Benefits Specialist III | Member Care Unit |

To further develop Member Services’ ability to provide world-class service to LACERA’s members, two positions are requested.

Two RBS III positions for the MCU: A Member Care Unit (MCU) has been proposed to handle Active Death Case Management, Disability with Reciprocity Case Management, Member Counseling in the Member Service Center and Call Center, and Case Analysis creation for the Correspondence Unit. The MCU will be staffed by experienced RBS IIIs capable of being moved between various work units based on business needs—The addition of two more RBS IIIs would add staffing flexibility within the division and increase Member Services capability to serve members and beneficiaries. The five RBS IIIs would be assigned Case Management responsibilities in the morning and afternoon, and Member Service Center and Call Center duties during the busiest hours (late morning and early afternoon). On days with many field events, the MCU staff members might all be assigned to counsel members in the MSC or they might help manage spikes of phone calls or member visits. Currently case management duties are being handled by Retirement Benefit Specialist IIIs in the Outreach section. Adding these Specialists will allow those in Outreach to return to doing more field events.

Quality Assurance and Metrics Division

| No. of Positions | Title of Requested Position | Section/Unit |
|------------------|-----------------------------|---------------------------------|
| 1 | Staff Assistant | Quality Assurance Training Unit |

Quality Assurance and Metrics Division is requesting one new staff position, as follows.

Staff Assistant: This position will provide administrative support to the Quality Assurance Training Unit and all its programs and projects—including reviewing and validating policies and procedures, training materials, and assessments; analyzing training data related to the effectiveness of the training tools, length of sessions, and delivery; and maintaining training records for the division. Having a Staff Assistant will increase process efficiency, reducing the trainers’ preparation hours by 50 percent. The position will also provide technical support in the audit; and assist in preparing audit analysis.

Systems Division

| No. of Positions | Title of Requested Position | Section/Unit |
|------------------|-------------------------------|--------------|
| 1 | Chief Technology Office | |
| 4 | Info. Tech. Specialist II | |
| 4 | Info. Tech. Specialist I | |
| 1 | Retirement Systems Specialist | |
| (1) | Data Systems Supervisor I | |
| (7) | Data Systems Coordinator | |
| (1) | EDP Senior Programmer Analyst | |
| (1) | Web Designer | |

We have made adjustments to the budgeted positions in two ways—removed classifications currently not in use and replaced them with needed classifications that are appropriate for the position. Because there are currently sufficient vacancies for us to begin our restructuring plan, there is no net increase in staff count. We will return to the Boards at such time when additional staff count is required.

Classification Studies

Civil service rules require the development and maintenance of a classification specification for every job classification deemed necessary to meet the needs of a department. Classification specifications should accurately and succinctly define and describe the specific nature and scope of the following:

- Work activities,
- Work qualifications,

- Work responsibilities, and
- Other defining characteristics of the unique classification.

Classifications—and the specific positions within them—evolve for various reasons. As business needs change, a classification may change, resulting in additions to and/or changes in job duties and responsibilities. Classification studies are necessary when significant changes occur that affect job duties, levels of responsibility, or work assignments. The studies are then used to determine whether a classification specification requires any alteration, whether or not a position should be reclassified to an existing classification, or whether a new classification should be developed.

Table 1 lists classification studies requested in FY 2018-2019, and provides an update on their current status and/or results. Table 2 provides information about the classification studies requested in FY 2018-2019, and their current status and/or results. Table 3 lists classification studies scheduled to begin in FY 2019-2020.

Table 1. Status of Classification Studies Requested in FY 2018-2019

| Division | Position | Section/ Unit | No. of Positions Studied | Status/Result |
|-----------------------------|----------------------------|--------------------------|---|------------------------|
| All Divisions | Secretary | All | 28 | Pending |
| Admin. Services | Procurement Assistant I | | 1 | Completed by HR |
| Benefits | Senior RBS | Process Management | 4 | Pending |
| Communi- cations | Senior Media Artist | All | 2 | Pending |
| Executive Office | Executive Secretary | | 2 | Completed |
| FASD | All | All | 29 | Pending |

| | | | | |
|-----------------------|----------------------|--------------------------------------|---|-------------------------|
| Legal Services | Legal Analyst | Benefits, Disability and Investments | 4 | In Process by HR |
| | Staff Counsel | Investments and Litigation | 3 | Pending |
| | Management Secretary | Benefits | 1 | In Process by HR |

Table 2. Classification Scheduled to Begin in FY 2019-2020

| Division | Position | Section/Unit | No. of Positions Studied | Status/Results |
|---------------------------------------|---|--|---------------------------------|-----------------------------------|
| Administrative Services | Administrative Services Analyst II, III | All | 5 | Scheduled for FY 2018-2019 |
| | Document Processing Assistant | Document Processing Center | 10 | Pending |
| | Document Processing Coordinator | Document Processing Center | 2 | Pending |
| Benefits Division | Retirement Benefits Specialist II | Account Integrity / Account Settlement | 1 | Completed |
| Disability Retirement Services | Word Processor II | Investigation Units I / II / III | 3 | Completed |
| | Staff Assistant II | | 5 | Pending |
| Human Resources | All | All | 13 | Pending |
| Internal Audit | Principal Internal Auditor | All | 2 | Pending |
| Legal Services | Staff Counsel | Investments and Litigation | 3 | Pending |

Table 3. Classification Studies Scheduled to Begin in FY 2019-2020

| Division | Position | Section/Unit | No. of Positions Studied | Status/Results |
|--------------------------------|----------------------------|-------------------------------------|---------------------------------|-----------------------|
| Administrative Services | Procurement Asst. II | All | 3 | Pending |
| Disability Retirement | Dis. Ret. Spec. Supervisor | All | 5 | Pending |
| Internal Audit | Senior Internal Auditor | Reports to Chief, Internal Audit | 1 | Pending |
| Quality Assurance | Senior Quality Auditor | Reports to Chief, Quality Assurance | 1 | Pending |

Services and Supplies

The services and supplies costs are based on projected spending trends for the current fiscal year and adjusted for expected decreases, increases, or additions for the new fiscal year. Each year, the managers meet with the Executive Office and determine changes to the current projected totals for this fiscal year based on projected needs for the next fiscal year (see Services and Supplies summary on page 113).

Anticipated Major Initiatives and Goals

It is necessary to distinguish between recurring expenses and one-time project expenses. Recurring expenses represent the annual operating costs of funding the daily operations of LACERA and are classified as fixed or variable. Fixed expenses can include line items such as business leases, insurance, and rent. Variable expenses can include line items such as monthly electricity bills, telephone bills, and travel expenses.

Expenses that are not required for the continual operation of the organization on an annual basis are classified as one-time expenses. Budgeting one-time project expenses involves the arrangement of adequate funds to pay for the development and operation of a clearly defined terminal project. In some cases, it is also necessary to increase the amount of budget requests to cover the cost of maintenance and operation of one-time projects. Examples of one-time project expenses include the occasional replacement of long-lasting durable goods, such as renovations and technology upgrades. These expenses are neither easy to control nor to predict.

Thus, the importance of comparing the two types of expenses is to be able to understand the cost of the daily operations of the organization in comparison to those expenditures

that occur as a result of immediate organizational priorities.

The following table displays the breakdown of FY 2019-2020 services and supplies costs in comparison to FY 2018-2019:

Services and Supplies Costs Budget Comparison

| | FY 2019-2020 | FY 2018-2019 | \$ Change | % Change |
|------------------------------------|---------------------|---------------------|------------------|-------------|
| Recurring Expenses | \$18,939,600 | \$18,339,740 | \$599,860 | 3.3% |
| One-Time Costs | \$886,000 | \$1,200,000 | (\$314,000) | -26.2% |
| Total Services and Supplies | \$19,825,600 | \$19,539,740 | \$285,860 | 1.5% |

The following information provides an overview of the FY 2019-2020 one-time project expenses, by division.

Administrative Services

In support of LACERA’s hiring plan, Administrative Services is continuing renovation and upgrades, and seeks the Boards’ approval in the amount of \$300,000.

Systems

Telecommunications System Updates, \$300,000: LACERA’s current telecommunications system has been in service since 2011. Since that time, LACERA staff count has increased by over 130. Updates are required to both increase capacity and bring our system to the current revision. In particular, adding Call Center agents requires additional licensing. This funding provides for new server software, including call management, conferencing, messaging, and additional licenses, as well as migrating servers to updated environments.

Network Switch Equipment, \$300,000: At the heart of the local area network is the network switch. It interconnects computers, printers, and servers to one another. Similar to the need for increased telecommunications capacity, additional switching equipment is also needed. LACERA has experienced growth in not only employees, but peripherals such as printers and scanners. This funding provides for an incremental capacity upgrade.

Other Notable Changes

Notable changes include any significant change not addressed in Anticipated Major Initiatives and Goals or any changes that represent a variance of 10 percent or more in comparison to the current fiscal year.

Disability Retirement

The requested budget for Medical Fees increased by 12.5 percent from \$1,600,000 in FY 2018-2019 to \$1,800,000 in FY 2019-2020 based on anticipated increase in case processing for FY 2019-2020 and actual FY 2017-2018 expenditures.

Human Resources

An increase from \$144,000 to \$242,000 in the intern program better reflects historical

costs and anticipated needs for 2019-2020. An Employee Engagement Program survey is requested for \$40,000.

Seeking Your Support

The LACERA management team feels the proposed budget reflects our continuing efforts to achieve LACERA's goals to improve our member services and takes us one step further in achieving our mission and vision, while holding the increase in a reasonable amount. Therefore, we are seeking your Boards' approval of the proposed FY 2019-2020 budget.

STRATEGIC PLAN

Retirement Benefits FOR FISCAL YEARS ENDING 2018-2020



Status Update

The Strategic Plan has been reformatted and aligned along the four main key objectives outlined by our CEO. The format has also been redesigned so that we can easily see where we are on each goal (In Process, Substantially Complete, or Completed) and color coded to represent how well we are doing in terms of progress on the goals (red for behind, yellow for in danger or near to being behind, and green for completed).

The goals each have current “owners” and “business partners” who are working on the goal. These assignments may change as we continue to review and re-structure our teams to meet these goals. Here is the index that shows what the different initials stand for:

| Division Codes | | | | | | | | | |
|----------------|-----------------------|----|------------------|----|-------------------|----|---------------------------------|----|--------------------------------|
| AS | Admin Services | BE | Benefits | CO | Communications | FA | Financial & Accounting Services | DR | Disability Retirement Services |
| DL | Disability Litigation | EO | Executive Office | HR | Human Resources | IA | Internal Audit | IN | Investments |
| LS | Legal Services | MS | Member Services | QA | Quality Assurance | RH | Retiree Healthcare | SY | Systems |

Governance

Working together to improve our Board and internal governance.

1. Work with Board members to engage the NACD to provide continual Board member training and development to provide them with the tools and knowledge to continually improve their ability to provide responsible leadership for LACERA.
2. Work with the internal management and supervisory team to develop and deliver education to develop organizational leadership to transform LACERA into an innovative and best in class organization focused on delivering its mission.

Fund Sustainability

To advance LACERA's producing the promised benefits, a separate plan for 2019 addresses five inter-related objectives:

1. Execute strategic asset allocation.
 2. Enhance operational effectiveness.
 3. Optimize Investment Implementation.
 4. Maximize ownership rights and stewardship.
 5. Strengthen influence on fees and capital costs.
- Please refer to the Investments Strategic Plan

Preserving Retiree Healthcare

Preserving Retiree Healthcare by taking innovative and proactive steps to minimizing costs and improving services provided to members and survivors.

- Please refer to the Retiree Healthcare Strategic Plan

Reduce Complexity of our Organization

Continually working to make the process easier for our members and staff.

- Disability Retirement Information Integration & Enhancements

We are focusing our organizational energy on modernizing our disability investigation and appeal processes through revising Board policy, streamlining staff procedures, evaluating staffing deployment, changing operational expectations, improving accountability, creating new measurement structures, and developing new assistive technology tools.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|--------------------------------------|--|-------|----------|------------|------------------------|----------|
| Disability Process Modification | Review the application processing to identify efficiencies and begin program design stage. | | | | | |
| | FY 2013-14 | SY | DR | | | |
| Current Update | Completed | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Disability Data Integration: Tracker | Export data from Tracker and import the data to Workspace. | | | | | |
| | FY 2013-14 | SY | DR | | | |
| Current Update | Completed | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Disability Document Management | Description Not Available | | | | | |
| | FY 2014-15 | SY | DR, AS | | | |
| Current Update | Completed | | | | | |

- Reduce Complexity of our Organization >>> Disability Retirement Information Integration & Enhancements (Continued)

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|--|--|-------|----------|------------|------------------------|----------|
| Disability Process Management | Program and move most disability processes including Disability application intake, interviews, medical appointments, etc. | | | | | |
| | FY 2015-16 | SY | DR | | | |
| Current Update | Substantially Complete – Recently rolled out the Board Agenda process. Disability staff have the ability to print the agenda from Workspace. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Board and Management Metric Reporting for Disability Processes | The development of metrics and reports to provide management and BOR critical insight to the status of disability cases. The intended goal of processing disability cases is 9-12 months. | | | | | |
| | FY 2016-17 | SY | DR, EO | | | |
| Current Update | Substantially Complete – Workspace page provides metrics on pending completed cases. Provides aging (number of days) for pending cases. Additional reports will be developed as case tracking is implemented in Workspace. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Disability Medical Document Portal – System | The development of a system where doctors, medical record retrieval vendors, and others can electronically submit medical reports to LACERA. | | | | | |
| | FY 2017-18 | SY | DR | | | |
| Current Update | Not Started | | | | | |

- Reduce Complexity of our Organization >>> Disability Retirement Information Integration & Enhancements (Continued)

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|---|---|-------|----------|------------|------------------------|----------|
| Disability Medical Document Portal – Training | The development of training for staff members on how to use this and how to train outside parties to use the system. | | | | | |
| | FY 2017-18 | SY | DR | | | |
| Current Update | Training will be provided to staff upon completing the Document Portal, and training and training materials will be provided to vendors regarding their document submissions. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Case Management | Development of a case management system that will assist DRS staff members to manage individual cases more efficiently. | | | | | |
| | FY 2017-18 | SY | DR | | | |
| Current Update | In Process: We have reviewed our efforts to date and determined that the case management design approach will be applied to Disability as well as Benefits, thus addressing two goals at the same time. Design is expected to begin in the upcoming year. | | | | | |

- Reduce Complexity of our Organization >>> Disability Appeal Process Modernization

We are leveraging our efforts and the lessons learned in the Disability Retirement process to modernize the Disability Litigation appeals process by streamlining staff processes and procedures, developing case management tools to improve resource management, process and manage Writs, and develop a new measurement structure to provide greater insight into the caseload.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|--|--|-------|----------|------------|------------------------|----------|
| Digital Appeal Packages | Create and store Disability Appeal packages electronically. | | | | | |
| | FY 2016-17 | SY | AS, DR | | | |
| Current Update | Completed | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| E-Board Package - Digital Appeal Cases | Deliver Disability Appeal packages to the Board electronically. | | | | | |
| | FY 2016-17 | SY | AS, DR | | | |
| Current Update | Completed | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Planning Writ Management Process | Complete a needs assessment and develop an overview of the Writ Management Process to assist Systems in developing a Writ Management System. | | | | | |
| | FY 2016-17 | SY | DL | | | |
| Current Update | Completed | | | | | |

- Reduce Complexity of our Organization >>> Disability Appeal Process Modernization (Continued)

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|-----------------------------------|--|-------|----------|------------|------------------------|----------|
| Implement Writ Process Management | Create a case management process for managing the response to Writs filed to appeal Board decisions on disability cases. | | | | | |
| | FY 2017-18 | SY | DL | | | |
| Current Update | Not Started: Pending completion of Disability Process Management. If the volume of transactions warrants an automated solution, the process management developed for the disability application process will be reused for the writ process. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Appeal Process Management | Integrate the Disability Litigation Appeal process with Workspace and the Writ Management System to allow electronic management of the process and institute metrics and reporting. | | | | | |
| | FY 2017-18 | SY | DL | | | |
| Current Update | Not Started: Pending completion of Disability Process Management. The process management developed for the disability application process will be reused for the appeal process. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Retire Legacy System: Tracker | Retire the legacy Tracker system – after all functionality has been migrated to Workspace. | | | | | |
| | FY 2017-18 | SY | DL | | | |
| Current Update | The major features of the Disability Tracker have been implemented in Workspace. There are a few additional processes to implement. Ad hoc printing of letters needs to be implemented in Workspace and Tracker Events need to be imported into Workspace. | | | | | |

- Reduce Complexity of our Organization >>> Managing Work through the Job Ticket Process

Through the years, LACERA introduced various tools to improve accuracy, timeliness, and reliability of our member transactions. Building upon this foundation, LACERA is designing and implementing a system to track the progress of each transaction as it undergoes triaging, assigning, calculating, quality review, and completion. Intrinsic to each “job ticket” is process-centric and member-centric data to efficiently and effectively manage work objects.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|------------------------------|---|-------|----------|------------|------------------------|----------|
| Job Ticket 1.0 – Planning | Develop a needs assessment and outline of the job ticket requirements and system. | | | | | |
| | FY 2013-14 | SY | BE | | | |
| Current Update | Complete | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Job Ticket 1.0 – Prototyping | Create a prototype of a the job ticket system. | | | | | |
| | FY 2015-16 | SY | BE | | | |
| Current Update | Complete | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Job Ticket 1.0 – Production | Implement the job ticket system into the production environment of Workspace. | | | | | |
| | FY 2015-16 | SY | BE | | | |
| Current Update | Complete | | | | | |

- Reduce Complexity of our Organization >>> Managing Work through the Job Ticket Process (Continued)

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|----------------------------------|---|-------|----------|------------|------------------------|----------|
| Job Ticket 2.0 – Reporting | Create and generate metric and tracking reports from the Job Ticket system. | | | | | |
| | FY 2017-18 | SY | BE | | | |
| Current Update | Substantially Complete: Initial Report completed. Benefits division reviewing for fine-tuning. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Job Ticket 3.0 – Case Management | Update the Job Ticket system to facilitate individual case management of work objects and member requests. | | | | | |
| | FY 2018-19 | SY | BE | | | |
| Current Update | Not Started: Expected to start the design in the upcoming year. The design will be leveraged for use in both Benefits and Disability Case Management. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Job Ticket 4.0 – Audit Version | N/A | | | | | |
| | FY 2019-20 | SY | BE | | | |
| Current Update | Scheduled for next FY. | | | | | |

- Reduce Complexity of our Organization >>> LACERA.com

Our website will have an easy to use and modern look that facilitates members' ability to learn about their LACERA benefits.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|-----------------------|--|-------|----------|------------|------------------------|----------|
| LACERA.com Redesign | Update and modernize LACERA.com. This includes a complete review of all content on the website. | | | | | |
| | FY 2017 – 18 | SY | CO | | | |
| Current Update | <p>The Web Designer is working on the web site redesign:</p> <ul style="list-style-type: none"> • Architecture and Navigation <ul style="list-style-type: none"> ○ Finalizing and implementing navigation Accessibility Features ○ Responsive navigation models for all devices and screen sizes • Working with Communications to develop the visuals and aesthetic components • Porting the final prototype to a template compatible with the Content Management tool <p>Also working with Communications to incorporate web pages to host the new retirement university videos.</p> | | | | | |

- Reduce Complexity of our Organization >>> LACERA.com:

Member Portal

Our My LACERA Member Portal website will support on-line transactions so that our members can self-service their accounts in a protected and expeditious manner.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|-----------------------|--|-------|------------|------------|------------------------|----------|
| Beneficiary Update | Implement ability for members to add, update, or delete beneficiary information on My LACERA member portal. | | | | | |
| | FY 2013 - 14 | SY | BE, MS | | | |
| Current Update | Completed. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Portal Redesign | Update and modernize the My LACERA member portal. | | | | | |
| | FY 2016 – 17 | SY | EO, CO, MS | | | |
| Current Update | Completed. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Secure Message Center | Implement a secure message center through the My LACERA member portal so members can communicate electronically with MS and RHC. | | | | | |
| | FY 2016 – 17 | SY | EO, CO, MS | | | |
| Current Update | Completed. | | | | | |

- Reduce Complexity of our Organization >>> LACERA.com: Member Portal

(Continued)

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|--|---|-------|------------|------------|------------------------|----------|
| On-Line Pension Verification | Allow members to request and print pension verification and amount in fund letters through the My LACERA member portal. | | | | | |
| | FY 2017 – 18 | SY | BE, CO, MS | | | |
| Current Update | Completed. In addition to the Pension Verification letters, Systems also delivered the ability to generate Amount-in-Fund letters. Additional functionality is being added to allow Member Services – Outreach to print letters at the Member Service Center. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| On-Line Form – Service Credit Purchase | Allow members to submit a request to purchase service credit online through the My LACERA member portal. | | | | | |
| | FY 2018 – 19 | SY | BE, CO, MS | | | |
| Current Update | In design phase. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| On-Line Form – Disability Application | Allow members to securely submit a Disability Application online through the My LACERA member portal. | | | | | |
| | FY 2018 – 19 | SY | BE, CO, DR | | | |
| Current Update | In design phase. | | | | | |

- Reduce Complexity of our Organization >>> LACERA.com: Member Portal
(Continued)

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|------------------------------------|--|-------|------------|------------|------------------------|----------|
| On-Line Form – Retirement Election | Allow members to securely submit a Retirement Election online through the My LACERA member portal. | | | | | |
| | FY 2019 – 20 | SY | BE, LE, MS | | | |
| Current Update | Scheduled for next FY. | | | | | |

- Reduce Complexity of our Organization >>> Retiree Healthcare Program

In 1987, we embarked on an ambitious program to create our own benefit administration software application. Over the ensuing decades we have devoted considerable resources to support our retirement benefit administration and, more recently, our disability application work processes. Looking to the future, now is the time to begin planning how to best support the Retiree Healthcare Program with improved document control, workflow, and technology. Similar to our efforts in the disability application area, this will be a multi-dimensional effort which will require us to evaluate Board policy, staff procedures, staffing deployment, operational expectations, accountability, and measurement structures.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|--------------------------|---|-------|----------|------------|------------------------|----------|
| Develop Needs Assessment | Complete a needs assessment to determine what future efforts will be needed to integrate RHC operations into Workspace. | | | | | |
| | FY 2017 – 18 | SY | RH | | | |
| Current Update | Completed. | | | | | |

- Reduce Complexity of our Organization >>> Managing Member Interactions

The ability to provide world class service to our members is dependent on ensuring LACERA manages member interactions in an efficient manner, measures service levels, as well as keeping an accurate record of member interactions in the member’s file. LACERA will focus resources on expanding our ability to record and store inbound and outbound calls with members to the Benefits, Disability Retirement Services divisions. Recording calls ensures we have an accurate record of member interactions which improves service and can be leveraged to provide quality assurance and training to staff. We will also begin focusing on the development of a Member Service Center queuing system to improve our ability to forecast, budget, and allocate staffing resources and improve management of service levels in the Member Service Center.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|---|---|-------|----------|------------|------------------------|----------|
| Member Service Center Queue System – Planning | Needs assessment and planning for implementation of a queuing system in the Member Services Center | | | | | |
| | FY 2018 – 19 | SY | MS | | | |
| Current Update | A vendor has been selected and is currently working with Systems and Member Services to complete the build out of the application which includes a queuing system and a new online appointment registration tool. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Call Recording – Benefits Division – Planning | Planning the implementation and roll out of call recording for Benefits Division Specialists. | | | | | |
| | FY 2019 – 20 | SY | BE | | | |
| Current Update | Systems has completed the planning for the technical implementation of the call recording. Benefits staff still has to be engaged to discuss rollout of the call recording. This goal has been extended to 2019-2020. | | | | | |

- Reduce Complexity of our Organization >>> Managing Member Interactions

(Continued)

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|---|---|-------|------------|------------|------------------------|----------|
| Call Recording – Disability Division – Planning | Planning the implementation and roll out of call recording for Disability Division Investigators. | | | | | |
| | FY 2017 – 18 | SY | DR | | | |
| Current Update | Systems has completed the planning for the technical implementation of the call recording. Disability staff still has to be engaged to discuss rollout of the call recording. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Replace Call Recording System | Replace current call recording software and storage. | | | | | |
| | FY 2018 – 19 | SY | BE, DR, MS | | | |
| Current Update | In Process: 48 additional recording ports have been added, 24 have been designated for Disability staff scheduled for implementation later on this FY. Staff has started researching a total replacement solution. | | | | | |

- Reduce Complexity of our Organization >>> Workspace

The information system will facilitate members service while protecting membership information. The system environment will be continually evaluated and updated. We look to improve the way we circulate the member's electronic document by creating a Job Ticket processing system.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|--------------------------------------|--|-------|----------|------------|------------------------|----------|
| Replace Green Screens | Replace the mainframe green screens by importing all functionality into Workspace. | | | | | |
| | FY 2017 – 18 | SY | BE | | | |
| Current Update | Completed. The final green screens in use were retired on June 5, 2017. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Retire CICS | | | | | | |
| | FY 2017 – 18 | SY | BE | | | |
| Current Update | Completed. CICS was no longer in use as of June 5, 2017. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| COBOL Program Replacement – Planning | | | | | | |
| | FY 2017 – 18 | SY | | | | |
| Current Update | Completed. | | | | | |

- Reduce Complexity of our Organization >>> Workspace (Continued)

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|---|--|-------|------------|------------|------------------------|----------|
| Update Retirement Estimate Program | Update the retirement estimate logic to reflect current requirements. | | | | | |
| | FY 2017 – 18 | SY | LE, IA | | | |
| Current Update | Completed: The estimate program was updated on May 8, 2017. The program now generates estimates for Service Retirement, Death, Service Connected Disability, and Non-Service Connected Disability retirements. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Multiple Plan Streams | Updating Workspace programming to properly support members who have more than one membership stream. | | | | | |
| | FY 2018 – 19 | BE | LE, SY | | | |
| Current Update | In Process: Plan E related plan stream eligibility rules have been incorporated into the Final Calc and Estimate programs. Safety plan stream with non-E eligibility rules have not been incorporated due to small volume and unresolved processing issues relating to contributions and interest. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Reengineer 1 st Payment – Planning | Review the first payment process to ensure the process is designed to efficiently and accurately issue the first benefit payment to members. | | | | | |
| | FY 2018 – 19 | SY | BE, LE, QA | | | |
| Current Update | Participating in planning/design meetings. | | | | | |

- Reduce Complexity of our Organization >>> Member Communications

Members have important retirement choices to make, from plan selection when first hired through choosing the best date and retirement option at the end of their careers. It is our responsibility to provide the education they need to make good choices for their individual circumstances. Our strategic direction is to continue to expand and improve our communication to members by offering a wide variety of user-friendly, updated, informative, and creative educational tools that include print materials, seminars and workshops, website materials, videos, etc. We will review our current pre-retirement workshop and develop and offer topic-specific modules that members could choose from as alternatives.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|---------------------------------|--|-------|----------------|------------|------------------------|----------|
| Outreach Web Video – New Member | Develop an online video that explains the new membership process. | | | | | |
| | FY 2014 – 15 | MS | CO, LE | | | |
| Current Update | Completed. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Active Member Benefit Statement | Redesign and implement a new Active Member Benefit Statement. | | | | | |
| | FY 2017 – 18 | CO | EO, LS, MS, SY | | | |
| Current Update | Communications and Systems are working together to re-design the statement. Communications has produced prototypes and is currently in the process of finalizing the data points that will be included in the statement. This involves working with BE, MS, and LS. Once that data has been defined, Systems will work with Communications to complete the programing to support the final design. This will need to be followed up with an RFP to select a vendor to print and mail the statements. | | | | | |

- Reduce Complexity of our Organization >>> Member Communications
(Continued)

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|----------------------------------|--|-------|----------------------------|------------|------------------------|----------|
| Retirement Estimate Document | Redesign the Retirement Estimate and Benefits Election form to make it more informative and user friendly. | | | | | |
| | FY 2017 – 18 | CO | EO, LS, MS, SY | | | |
| Current Update | A few prototypes have been created, but nothing has been formally initiated to begin work on this project. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Retirement University - Course 1 | Design and implement an on-line course on the Retirement Benefit Options. | | | | | |
| | FY 2017 – 18 | CO | BE, DR, EO, LS, MS, RH, SY | | | |
| Current Update | Communications and Member Services finalized the first three segments of the course that address the top options chosen by members: Unmodified, Unmodified+Plus, and Option 4. Communications has worked with Systems to create a new webpage to house the video content and will be launching the first three courses in the early part of 2019. They are now working on finalizing the scripts and developing the remaining options: Option 1, Option 2, and Option 3. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Retirement University - Course 2 | Select the content, design, and implement the second course in our online university. | | | | | |
| | FY 2020 – 21 | CO | BE, DR, EO, LS, MS, RH, SY | | | |
| Current Update | Not Started. | | | | | |

- Reduce Complexity of our Organization >>> Member Communications
(Continued)

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|----------------|---|-------|------------------------|------------|------------------------|----------|
| Member Survey | Conduct a survey of all LACERA members and survivors to assess the services and service level that LACERA is providing. | | | | | |
| | FY 2020– 21 | EO | BE, DR, LS, MS, RH, SY | | | |
| Current Update | Scheduled for next FY. | | | | | |

- Reduce Complexity of our Organization >>> Board Operations

It is important for all members of the organization, Board, management, and workers, to be dedicated to creating and maintaining a professional workspace. The Board's workspace should foster an aesthetic appearance while maintaining functionality and readily communicate LACERA's commitment to its membership.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|-------------------------------------|--|-------|----------|------------|------------------------|----------|
| Board Room Branding Entryway | Refresh and update the entry way to the Board room and include pictures of Board members so the members and public can see who is representing them. | | | | | |
| | FY 2017 – 18 | EO | AS | | | |
| Current Update | Completed. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Board Room Branding | Refresh and update the Board Room, including branding. | | | | | |
| | FY 2017 – 18 | EO | AS | | | |
| Current Update | Completed. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Board Room Speaker Timer and Signal | | | | | | |
| | FY 2017 – 18 | SY | EO, AS | | | |
| Current Update | Completed. | | | | | |

Cultivate a Risk Intelligent Organization

Creating an organization that is aware of the risks and manages those risks appropriately. Compliance. Sharing of knowledge.

- Knowledge & Content Management

Provide an Enterprise Content Management System (ECMS) that integrates a centralized search of all knowledge content. We expect to internally ingest the Board of Retirement's Committee documents and implement a user friendly tool to access our membership rules and plan information.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|--|---|-------|------------|------------|------------------------|----------|
| Board Package Web Posting | Post all Board of Retirement and Board of Investments agendas online. | | | | | |
| | FY 2015-16 | SY | EO, IN, LE | | | |
| Current Update | Completed. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Digital Archive: BOI Back file – Implement | Archive all prior versions of BOI agendas/minutes. | | | | | |
| | FY 2016-17 | SY | EO, IN, LE | | | |
| Current Update | Completed. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Digital Archive: BOR Committee – Implement | Archive all prior versions of BOR Committee agendas/minutes. | | | | | |
| | FY 2016 - 17 | SY | EO, IN, LE | | | |
| Current Update | Completed. | | | | | |

- Cultivate a Risk Intelligent Organization >>> Knowledge & Content Management (Continued)

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|---|---|-------|------------|------------|------------------------|----------|
| Digital Archive: Disability Case Back file – Evaluate | Conduct a needs assessment of what it would take to archive all disability case back files. | | | | | |
| | FY 2017 - 18 | SY | EO, DR, LE | | | |
| Current Update | Not Started: Expected to start the evaluation this FY. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Digital Archive: RFP | Issue an RFP. | | | | | |
| | FY 2017 - 18 | SY | EO, DR, LE | | | |
| Current Update | Not Started: Project has been deferred due to other organizational priorities and resource limitations. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Digital Archive: Actuary Reports | Archive all actuary reports. | | | | | |
| | FY 2018 - 19 | SY | EO, LE | | | |
| Current Update | Not Started: Project has been deferred due to other organizational priorities and resource limitations. | | | | | |

- Cultivate a Risk Intelligent Organization >>> Knowledge & Content Management (Continued)

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|--|---|-------|------------|------------|------------------------|----------|
| Digital Archive: Accounting Reports | Archive all accounting reports. | | | | | |
| | FY 2018 - 19 | SY | EO, FA, LE | | | |
| Current Update | Not Started: Project has been deferred due to other organizational priorities and resource limitations. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Digital Archive: Brochures Reports | Archive all brochures. | | | | | |
| | FY 2018 - 19 | SY | EO, CO, LE | | | |
| Current Update | Not Started: Project has been deferred due to other organizational priorities and resource limitations. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Digital Archive: Summary Plan Descriptions | Archive all Summary Plan Descriptions. | | | | | |
| | FY 2018 - 19 | SY | EO, CO, LE | | | |
| Previous Update | Not Started. | | | | | |
| Current Update | Not Started: Project has been deferred due to other organizational priorities and resource limitations. | | | | | |

- Cultivate a Risk Intelligent Organization >>> Knowledge & Content Management (Continued)

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|---|---|-------|----------------|------------|------------------------|----------|
| Digital Archive: Retiree Healthcare Program | Archive all Retiree Healthcare Program. | | | | | |
| | FY 2018 - 19 | SY | EO, CO, RH, LE | | | |
| Current Update | Not Started: Project has been deferred due to other organizational priorities and resource limitations. | | | | | |

- Cultivate a Risk Intelligent Organization >>> Operational Compliance

LACERA continues implementing innovative and best practice quality initiatives by introducing another line-of-defense; a formalized Operational Compliance program. The Operational Compliance program is geared to nurture a culture of compliance, and provide a structured and transparent approach to adhere to operational processes, policies and key organizational training regimens. The program's ultimate success is achieved by an organization demonstrating a culture of compliance and ethical business practices coupled with the efficient and effective integration of Operational Compliance into daily business practices.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|---|---|-------|----------|------------|------------------------|----------|
| Create Compliance Program Charter | Create a charter to define the compliance program roles, responsibilities, and approach. | | | | | |
| | FY 2017 – 18 | LE | EX | | | |
| Current Update | Templates gathered and reviewed by members of Compliance Committee; further action deferred pending hiring of Compliance Director. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Implement Organizational Compliance Committee | Create a Compliance Committee that will work together to define the compliance program, draft or review compliance policies, procedures or charters, and provide oversight until a Compliance Officer is appointed. | | | | | |
| | FY 2017 – 18 | LE | EX | | | |
| Current Update | Completed. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Develop Compliance Reporting Protocols | | | | | | |
| | FY 2017 – 18 | LE | EX | | | |
| Current Update | Templates gathered and reviewed by members of Compliance Committee; further action deferred pending hiring of Compliance Director. | | | | | |

- Cultivate a Risk Intelligent Organization >>> Operational Compliance
(Continued)

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|--|---|-------|----------|------------|------------------------|----------|
| Develop Policy Governance Procedures and Training | Procedures for training on compliance principles, procedures, and values. | | | | | |
| | FY 2018 – 19 | LE | EX | | | |
| Current Update | We have completed development of conflict of interest training. We are currently drafting the privacy training. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Develop and Deliver Compliance and Ethics Training | Training on compliance principles, procedures, and values. | | | | | |
| | FY 2018 – 19 | LE | EX | | | |
| Current Update | Conflict training delivered to Investments Division. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Inventory LACERA Policies and Standardize | Develop log of all LACERA policies. | | | | | |
| | FY 2019 – 20 | LE | ALL | | | |
| Current Update | Significant progress made in compiling existing policies; Policy on Policies developed and approved. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Conduct Best Practices Review | Confirm success in achieving compliance program objectives. | | | | | |
| | FY 2019 – 20 | LE | | | | |
| Current Update | Scheduled for next FY. | | | | | |

- Cultivate a Risk Intelligent Organization >>> In-Line Quality Audit

LACERA made great strides building a quality ecosystem over the past 10 years. Our efforts include comprehensive training courses, data clean-up projects, apprenticeship programs, standardized business practices, and independent quality assurance. These practices achieved impressive results, with our quality improving from 88% to a world class quality level exceeding 98%. Our next evolutionary step is to identify data anomalies and calculation errors earlier when working a member's account to prevent errors from reaching the member in the first place.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|---|---|-------|----------|------------|------------------------|----------|
| Increase the In-Line Audit Ratio to 60% | | | | | | |
| | FY 2015 – 16 | QA | BE | | | |
| Current Update | Completed. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Increase the In-Line Audit Ratio to 75% | | | | | | |
| | FY 2016 – 17 | QA | BE | | | |
| Current Update | Completed. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Assess Program Resource Requirements | | | | | | |
| | FY 2017 – 18 | QA | | | | |
| Current Update | Completed. Incorporated assessment of program into budget highlights. | | | | | |

- Cultivate a Risk Intelligent Organization >>> Member Centric Process Management

Benefits Division has developed a Process Management Group (PMG) that has successfully managed its business rules, documentation, and tools so that they are coordinated, standardized, and optimized through a continuous process improvement effort. Our Strategic Plan will expand this effort to include all member centric service divisions and business rule repositories.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|---|--|-------|--------------------|------------|------------------------|----------|
| Develop Coordinated Procedures | Develop a process to coordinate the development of procedures for use by Benefits Division staff members. | | | | | |
| | FY 2017 – 18 | BE | DR, LE, MS, QA | | | |
| Current Update | Completed. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Monitor and Harmonize Procedures | | | | | | |
| | FY 2017 – 18 | BE | DR, LE, MS, QA | | | |
| Current Update | The PMG continually monitors and harmonizes procedures internally and works with its business partners to ensure that DRS, MS, and QA are consulted on and apprised of new and updated procedures. The divisions work closely on this project. We have recently completed a Service Credit Matrix and completed an Agenda Audit Criteria document. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Develop Requirements for Knowledge System | Develop a set of requirements for a Knowledge management system that can be used to share operational knowledge, procedures, and rules throughout the organization. | | | | | |
| | FY 2017 – 18 | BE | DR, LE, MS, QA, SY | | | |
| Current Update | KMS BOR Approved on May 1, 2019 | | | | | |

- Cultivate a Risk Intelligent Organization >>> **Scrubbing Legacy Data**

Our membership data is diverse, voluminous, and spans many decades of time. We maintain our membership data in perpetuity. The consequences of poor or incomplete data can magnify as time progresses and may cause serious ramifications to our members. The 1989-90 database conversion includes a series of poor or incomplete data that has placed a number of our members in harm's way. Our three-year strategic plan places a high priority in scrubbing our legacy data.

- **Scrubbing Legacy Data**

A multi-year project to identify and prioritize data clean-up projects that will improve processing accuracy and service to members.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|---|---|-------|------------|------------|------------------------|----------|
| MOU Retroactive Salary Adjustments – 26,000 | The County completed MOU negotiations that included retroactive salary increases. The County's payroll system could not retroactively collect contributions and assign them to the correct pay period, so Benefits had to adjust the accounts manually. | | | | | |
| | FY 2014 – 15 | BE | MS, QA, SY | | | |
| Current Update | Completed. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Missing Service Credit – 1,000 | A project to review accounts that had known periods of missing service credit and ensure the total service credit and related contributions were correct. | | | | | |
| | FY 2015 – 16 | BE | MS, QA, SY | | | |
| Current Update | Completed. | | | | | |

- Cultivate a Risk Intelligent Organization >>> Scrubbing Legacy Data

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|---|---|-------|------------|------------|------------------------|----------|
| Missing Service Credit – 1,000 | A project to review accounts that had known periods of missing service credit and ensure the total service credit and related contributions were correct. | | | | | |
| | FY 2015 – 16 | BE | MS, QA, SY | | | |
| Current Update | Completed. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Back Contributions Uncollected – 1,000 | | | | | | |
| | FY 2015 – 16 | BE | MS, QA, SY | | | |
| Current Update | Completed. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Service Contract not Resident – 1,000 | Members with a purchase on the system but no service contract set up. | | | | | |
| | FY 2015 – 16 | BE | MS, QA, SY | | | |
| Current Update | Completed. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Recalculate Contracts Uncompleted – 4,000 | | | | | | |
| | FY 2017 – 18 | BE | MS, QA, SY | | | |
| Current Update | Completed. | | | | | |

- Cultivate a Risk Intelligent Organization >>> Implementing PEPRA

The Public Employees’ Pension Reform Act of 2013 (PEPRA) required LACERA to open new plan tiers, design information systems to support the new benefit structure, develop member communications, conduct staff training, and create new monitoring protocols. With the new plan tiers successfully launched, the organization needs to takes a fresh look at the additional implementation efforts yet to be completed.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|---------------------------------------|---|-------|--------------------|------------|------------------------|----------|
| PEPRA Implementation Needs Assessment | A review of all systems, materials, and rules to identify any remaining PEPRA implementation items that need to be completed. | | | | | |
| | FY 2016 – 17 | EO | BE, MS, LS, QA, SY | | | |
| Current Update | <p>Staff has evaluated and implemented a majority of the PEPRA processing needs. The following processes remain:</p> <ul style="list-style-type: none"> • Annual Benefit Statements (ABS) – Active Members: The current version of the ABS has not been revised to accommodate PEPRA; the PEPRA estimate logic has not been added to the program that generates these statements and the text has not been updated to reflect PEPRA rules. This process is dependent on the completion of the ABS redesign. • Creating a PEPRA compliance payroll report that will help LACERA determine if any non-pensionable pay codes were paid out as pensionable by the Auditor-Controller. • PEPRA limits: Staff is working with the Legal Offices to obtain guidance on how periods of absence without pay impacts the Final Average Compensation period for PEPRA members. This is critical to be able to define the FAC period for comparison to PERPA pensionable pay limitations. • Returning member processes to support the Superior Court employees. • Non-Concurrent Retirement Process: Members in double plans may have different retirement eligibility rules based on each plan. These rules, currently managed manually, will be automated. <p>Communications has updated 76 Knowledge Base pages and has completed editing of 33 K-Base pages which are in the final stages of quality control review before being published. Staff have also added or updated 17 glossary terms to correspond to the PEPRA definitions.</p> | | | | | |

- Cultivate a Risk Intelligent Organization >>> Implementing PEPRA
(Continued)

| • Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|------------------------------------|--|-------|--------------------|------------|------------------------|----------|
| PEPRA Implementation Tactical Plan | | | | | | |
| | FY 2017 – 18 | EO | BE, MS, LS, QA, SY | | | |
| Current Update | <p>The 3rd phase (SCR #5845) to create new database fields to store PEPRA FAC & What-If PEPRA FAC (RCEA substitution for AWOP periods in the last 36 months for members who are retirement eligible) & an associated program to calculate the PEPRA FAC for these new fields has been completed. Met with Member Services/Benefits management on 11/21/2018 to share the work that has been done & next steps before moving this phase to production.</p> <p>Note: The PEPRA FAC functionality was delayed due to the need for the business rules to be vetted, clarified & approved by user management.</p> | | | | | |

High Performance & Diversified Team

Creating and maintaining an environment where all staff members are coached and developed to be high performers. We strive to develop the tools and training to reach higher levels of performance as an effective team. Each staff member should receive continual, relevant, and timely feedback. A diverse workforce represents a greater range of knowledge, ideas, and opinions, and spurs innovative approaches to serving our members better.

- **Advanced CERL Education (ACE) Certification**

The International Foundation of Employee Benefits, in conjunction with the University of Pennsylvania, provides an outstanding educational certification in compensation management covering all aspects of benefits and compensation. This rigorous designation, known as the Certified Employee Benefit Specialist (CEBS), allows the student to specialize their CEBS certification into one of three specialty areas:

- *Compensation Management Specialist* - compensation and human resources
- *Group Benefits Associate* - healthcare and other group benefits
- *Retirement Plans Associate* - all aspects of retirement plans

While these are excellent educational opportunities, they do not specifically address plan design, practices, and procedures unique to LACERA. Our initial concept is for the ACE certification to serve as advanced certification available to LACERA's Benefits, Member Services, Retiree Healthcare, Quality Assurance, and Internal Audit staff. The program would include an eligibility test, class work, proficiency tests (class room and production), and continuing education requirements. It is our hope that this designation will be eligible for certification compensation.

- High Performance & Diversified Team >>> Advanced CERL Education (ACE) Certification (Continued)

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|--------------------------|--|-------|----------|------------|------------------------|----------|
| Develop ACE Program | Develop and design the curriculum and processes of the program. | | | | | |
| | FY 2016 – 17 | QA | EO | | | |
| Current Update | Completed. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Implement Program | QA will conduct two pilot programs to solicit feedback on the program structure, content, and delivery. After the two pilot groups have completed the program a final program will be outlined and presented for approval. | | | | | |
| | FY 2020 – 21 | QA | EE/MS | | | |
| Current Update | This goal has been extended based on the experience from completing the first pilot group. QA's first pilot was conducted with 9 selected staff over a 22-month period. Using data gathered from this pilot group the program content has been revised for the second pilot which will begin in mid-2019, consisting of 5 selected staff and is expected to last about 17 months. Once the second pilot has been completed and reviewed, we will begin the implementation. | | | | | |
| | | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Graduate Inaugural Class | | | | | | |
| | FY 2020 – 21 | QA | EE/MS | | | |
| Current Update | QA will begin the Pilot II program in February 2019, which will last for about the next 15 months. Once the second pilot has been completed and reviewed, we will begin the implementation. This goal has been extended to accommodate a second pilot program. | | | | | |

- High Performance & Diversified Team >>> Succession Planning

Succession planning is an important part of doing business, no matter how certain the future seems. It promotes strong leadership, facilitates organizational responsiveness, and builds team strength. A successful plan includes employees throughout the organization at all operational levels.

| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
|----------------------------|--|-------|----------|------------|------------------------|----------|
| Employee Survey – Planning | Develop an Employee Engagement program starting with an employee survey. | | | | | |
| | FY 2016 – 17 | HR | EO | | | |
| Current Update | In Process. HR and the EO have evaluated approaches to survey staff and develop an engagement program. Staff members in HR and the EO have attended webinars and courses on employee engagement including the Disney Institute’s Disney Approach to Employee Engagement. The team has determined the best approach is to issue an RFP to select a partner to assist them with developing a program. Once change already implemented is referring to employees and staff as “staff members” to help foster the idea that we are members of LACERA as well as staff and that we should all be providing service to each other. This change is being made in new materials developed by HR. Further actions are being discussed for consideration with the new CEO. | | | | | |
| Task | Implementation Schedule | Owner | Partners | In Process | Substantially Complete | Complete |
| Employee Survey – Conduct | Implement an employee survey as part of the Employee Engagement Program. | | | | | |
| | FY 2016 – 17 | HR | EO | | | |
| Current Update | New CEO requested that initial inquiry be made on criteria for “Best Places to Work in Money Management” sponsored by Pensions & Investments. | | | | | |

2019 Work Plan

Board of Investments

January 9, 2019

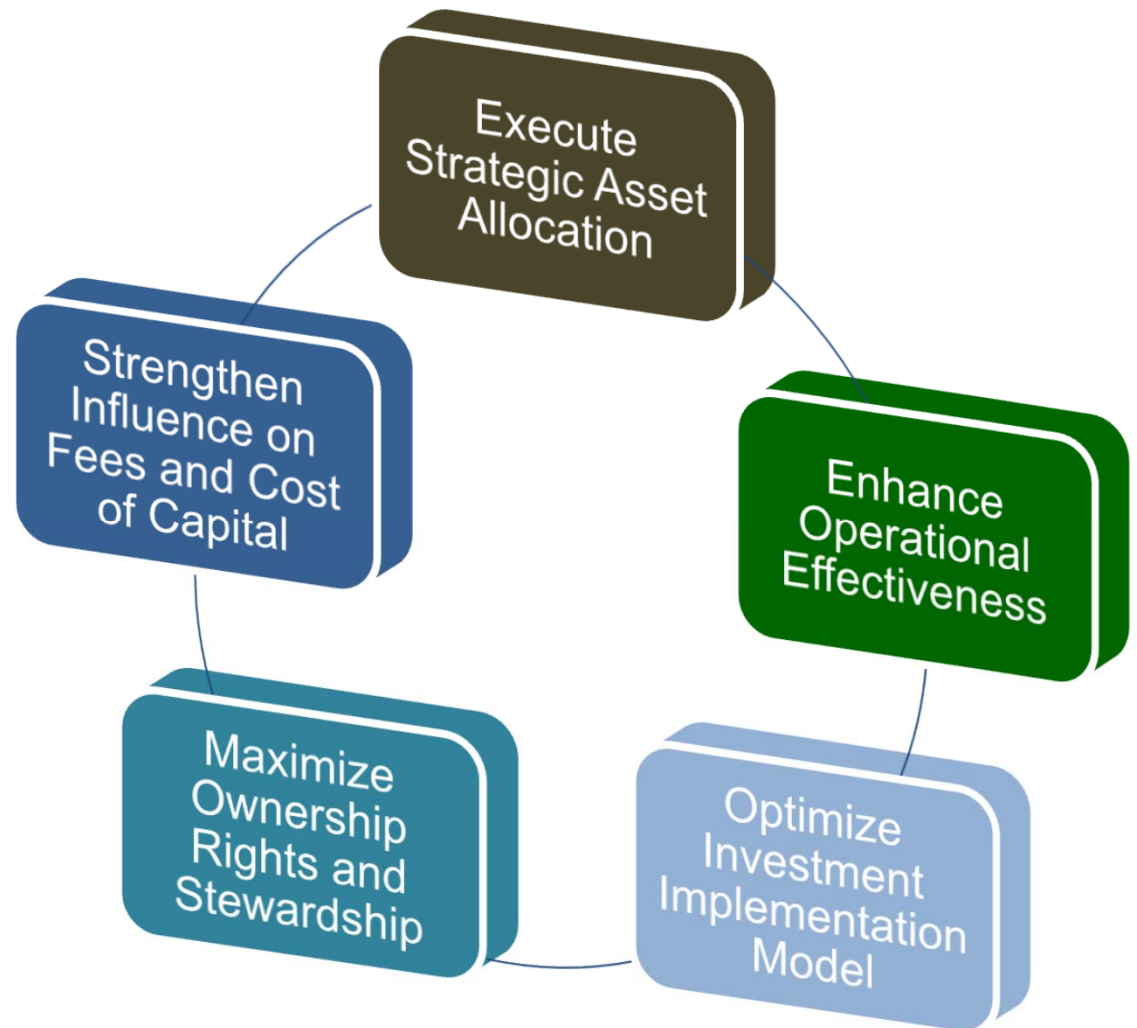
Jonathan Grabel – Chief Investment Officer



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Fundamental Themes of 2019 Work Plan

To advance LACERA's mission, upcoming 2019 projects and agenda items address five inter-related objectives



Key Themes of Work Plan Projects and Action Items

Five themes drive upcoming agenda items

| | | |
|-----------------------|--|--|
| Core | 1. Execute Strategic Asset Allocation | <ul style="list-style-type: none"> - Structure reviews - Consultant searches - Manager searches: Real Estate; Global Equities; Real Assets; Hedge Funds; Private Equity; Credit & Risk Mitigation - Actuarial review - Cash overlay |
| | 2. Enhance Operational Effectiveness | <ul style="list-style-type: none"> - State Street re-onboarding - Procurement process standardization - Procedural manual development - Real estate administrator search - Securities lending RFP - Direct managed account structures - Transition manager search - Consultant self-evaluation - Unitization |
| Operational | 3. Optimize Investment Implementation Model | <ul style="list-style-type: none"> - Feasibility study of insourcing select investment mandates - Risk system search and implementation - Unitization - Cash overlay |
| | 4. Maximize Ownership Rights and Fund Stewardship | <ul style="list-style-type: none"> - Reaffirm <i>Corporate Governance Principles</i> and policy - Review FY2019 proxy voting results and trends - Review ESG integration progress and PRI Assessment Report - Risk system search and implementation, including ESG data - Optimize strategic relationships |
| | 5. Strengthen Influence Over Investment Costs and Cost of Capital | <ul style="list-style-type: none"> - Risk system search to evaluate multidimensional portfolio fit - Deliberate investment structures, such as direct hedge funds, co-investment program; secondaries sale - Track and analyze fees paid, including AB2833 fee report - Assess alternative fee structures; Fee education - Securities lending RFP - Unitization - Fewer, larger investment mandates |
| Strategic Initiatives | | |

* Please note that numerous listed items are subject to Board approval



Work Plan Incorporates Board Offsite Input

The matrix below presents how the 2019 work plan's five themes correspond to topics discussed at the July 2019 board offsite

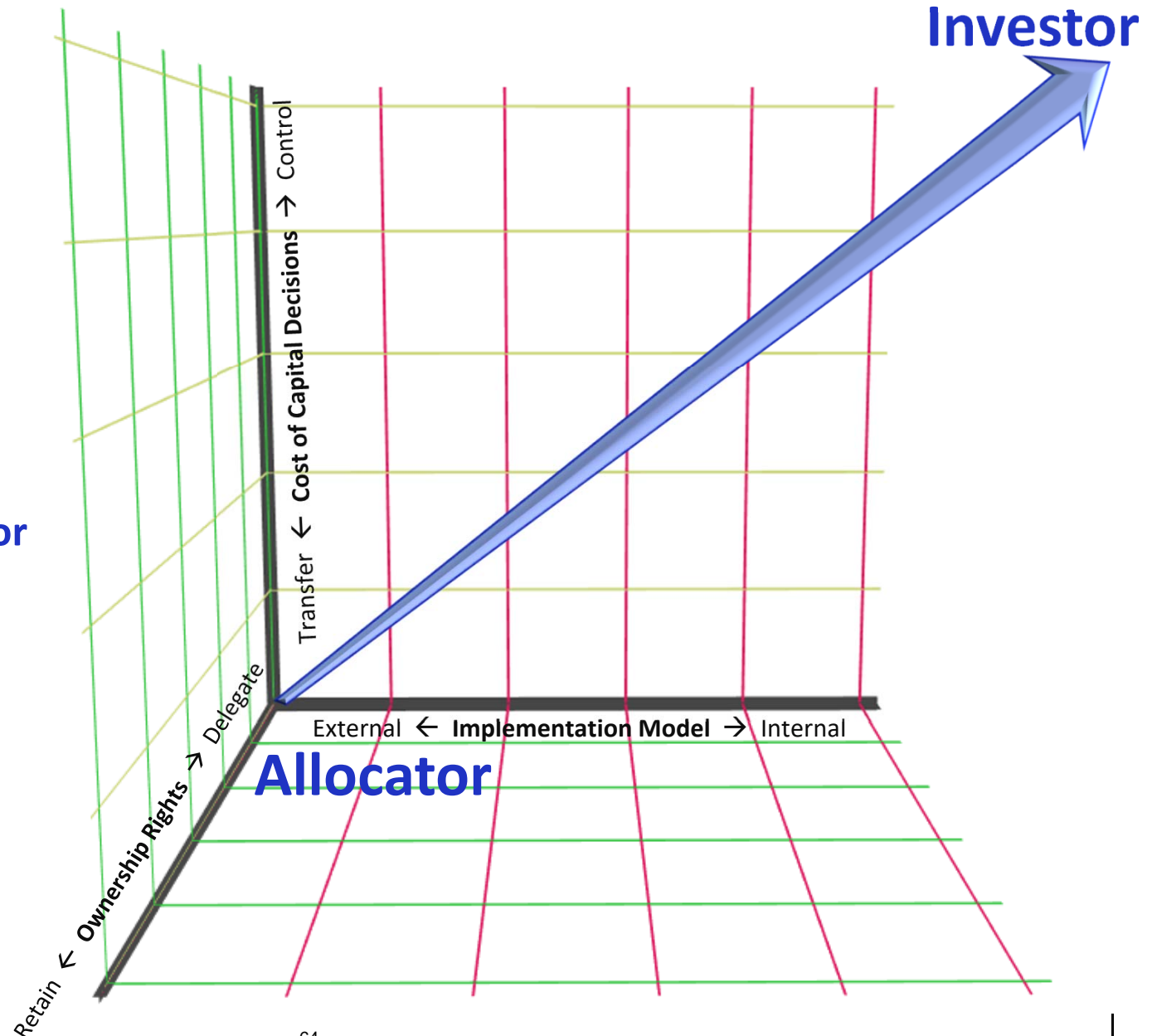
| | Core | Operational | Strategic Initiatives | | |
|---|----------------------------|---------------------------|-----------------------|------------------|--------------------------|
| | Strategic Asset Allocation | Operational Effectiveness | Investment Model | Ownership Rights | Fees and Cost of Capital |
| 1. Seek second quartile performance <i>(will lead to long-term top quartile)</i> | ✓ | ✓ | ✓ | ✓ | ✓ |
| 2. Fit in somewhat with peers | ✓ | ✓ | | | |
| 3. Relatively more aggressive | ✓ | | | | |
| 4. Somewhat more tactical | | ✓ | ✓ | ✓ | ✓ |
| 5. Move somewhat faster | ✓ | ✓ | ✓ | | ✓ |
| 6. Implement asset allocation <2 years | ✓ | ✓ | | | |
| 7. Slightly over half active | ✓ | | ✓ | | ✓ |
| 8. Fewer managers; larger allocations | ✓ | ✓ | | ✓ | ✓ |
| 9. Quantitative priority | ✓ | ✓ | | | ✓ |
| 10. Internal management | | ✓ | ✓ | | ✓ |
| 11. Liquidity in select asset classes | ✓ | ✓ | | | |
| 12. Contain % of fund size | | | | ✓ | |
| 13. ESG mid/long term benefit | | ✓ | ✓ | ✓ | |
| 14. Prefer performance fees | ✓ | | | | ✓ |
| 15. Average risk tolerance | ✓ | ✓ | | | |

* Please see Appendix II for a copy of the Offsite live survey results



Initiatives Seek to Position LACERA for Growth

Strengthen LACERA's ability to achieve its mission by migrating from an **allocator of capital** to a **proactive, intentional investor** across multiple dimensions



Prospective 2019 Calendar

Tentative Board of Investments and Committee Meetings

| | January | February | March | April | May | June | July | August | September | October | November | December |
|--------------------------------------|---------|----------|-------|-------|-----|------|------|--------|-----------|---------|----------|----------|
| Board of Investments | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Corporate Governance Committee | | ✓ | | | | ✓ | | | | ✓ | | |
| Credit and Risk Mitigation Committee | | | ✓ | | | | | ✓ | | | | |
| Equity: Public/Private Committee | ✓ | | ✓ | | ✓ | | | | | | ✓ | |
| Real Assets Committee | | | | ✓ | ✓ | | | | ✓ | | | |

Notes:

- Each committee meets at least two times
- Additional meetings would be scheduled on an as-needed basis



Appendix I: Monthly Calendar



1st Quarter 2019 Monthly Calendar View

| JANUARY 2019 | |
|------------------------|---|
| Board of Investments: | |
| Category | Subject |
| Total Fund | Actuarial Review |
| Total Fund | Fee Education - Meketa |
| Total Fund | State Street Update |
| Total Fund | Procurement Process I |
| Investment Grade Bonds | Structure Review II |
| Credit | Structure Review I |
| Real Estate | Investment Recommendation |
| Real Estate | Q2 2018 Performance Report |
| Private Equity | Investment Recommendation |
| | |
| | |
| | |
| Committee: Equity | |
| Category | Subject |
| Global Equity | Structure Review |
| Global Equity | Search – MQ's for Prospective Global Index Provider RFP |

| FEBRUARY 2019 | |
|---------------------------------|---|
| Board of Investments: | |
| Category | Subject |
| Total Fund | Performance Review I |
| Total Fund | Procurement Process II |
| Total Fund | Internal Management Report |
| Total Fund | Consultant RFP Recommendations |
| Total Fund | Offsite Planning I |
| OPEB | Performance Review I |
| Global Equity | Structure Review |
| Global Equity | Search – MQ's for Prospective Global Index Provider RFP |
| Global Equity | Investment Recommendation |
| Real Estate | Investment Recommendation (x2) |
| Private Equity | Investment Recommendation (x2) |
| Real Assets | Investment Recommendation |
| Committee: Corporate Governance | |
| Category | Subject |
| Corporate Governance | Reaffirm Corp Gov Principles |
| Corporate Governance | Reaffirm Corp Gov Policy |

| MARCH 2019 | |
|---|---|
| Board of Investments: | |
| Category | Subject |
| Total Fund | Cash Overlay Search Recommendation |
| Total Fund | Offsite Planning II |
| Global Equity | Internal Management Report |
| Real Estate | Investment Recommendation |
| Private Equity | Investment Recommendation (x2) |
| Hedge Funds | Investment Recommendation |
| Corporate Governance | LACERA Member Ballot Approval |
| Corporate Governance | Reaffirm Corp Gov Principles |
| Corporate Governance | Reaffirm Corp Gov Policy |
| | |
| | |
| | |
| Committee: Equity, Credit and Risk Mitigation | |
| Category | Subject |
| Global Equity | Search – MQ's for Prospective Factor Based Managers RFP |
| Credit | Search – Prospective Syndicated Loans |

* Please note that certain listed items are subject to Board approval



2nd Quarter 2019 Monthly Calendar View

| APRIL 2019 | |
|---------------------------------|---|
| Board of Investments: | |
| Category | Subject |
| Total Fund | Procedure Manual |
| Total Fund | Emerging Manager Policy Review |
| Global Equity | Search – MQ's for Prospective Factor Based Managers RFP |
| Real Estate/Portfolio Analytics | Real Estate Administrator Recommendation |
| Private Equity | Investment Recommendation |
| Private Equity | Secondary Transition Update |
| Hedge Funds | Investment Recommendation |
| Credit | Education – TBD |
| | |
| | |
| | |
| | |
| | |
| Committee: Real Assets | |
| Category | Subject |
| Real Estate | Operating Procedures Review |
| Real Estate | Structure Review |
| | |

| MAY 2019 | |
|--------------------------------|---|
| Board of Investments: | |
| Category | Subject |
| Total Fund | Performance Book (report only) |
| Total Fund | Intern Presentations |
| OPEB | Performance Book (report only) |
| Global Equity | Investment Recommendation – Global Index Provider |
| Real Estate | Q4 2018 Performance Report |
| Real Estate | Investment Recommendation |
| Real Estate | Operating Procedures Review |
| Private Equity | Investment Recommendation |
| Real Assets | Education – TBD |
| | |
| | |
| | |
| | |
| Committee: Equity; Real Assets | |
| Category | Subject |
| Global Equity | Search – MQ's for Prospective Emerging Managers RFP |
| Real Assets | Investment Implementation Update |
| Real Assets | Preliminary Investment Structure Proposal |

| JUNE 2019 | |
|---------------------------------|---|
| Board of Investments: | |
| Category | Subject |
| Total Fund | Securities Lending RFP |
| Total Fund | Internal Management II |
| OPEB | Investment Policy Statement Update |
| Global Equity | Investment Interviews – Global Index Provider |
| Global Equity | Search – MQ's for Prospective Emerging Managers RFP |
| Investment Grade Bonds | Emerging Manager Recommendation |
| Real Estate | Structure Review |
| Private Equity | Investment Recommendation (x2) |
| Private Equity | Performance Review I |
| Real Assets | Investment Implementation Update |
| Real Assets | Preliminary Investment Structure Proposal |
| Hedge Funds | Performance Review I |
| Committee: Corporate Governance | |
| Category | Subject |
| Corporate Governance | Review & Affirm Engagement Priorities |
| Corporate Governance | Review ESG Integration |
| | |

* Please note that certain listed items are subject to Board approval



3rd Quarter 2019 Monthly Calendar View

| JULY 2019 | |
|-----------------------|-----------------------------------|
| Board of Investments: | |
| Category | Subject |
| <i>Total Fund</i> | <i>Board Offsite</i> |
| Total Fund | Risk System Search Recommendation |
| Real Estate | Investment Recommendation |
| Private Equity | Investment Recommendation |
| Hedge Funds | Investment Recommendation |
| | |
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| | |
| | |
| Committee: | |
| Category | Subject |
| | |
| | |
| | |

| AUGUST 2019 | |
|---------------------------------------|---|
| Board of Investments: | |
| Category | Subject |
| Total Fund | Transition Managers Search |
| Total Fund | State Street Update |
| Total Fund | Performance Review II (Consultant) |
| OPEB | Performance Review II (Consultant) |
| Global Equity | Investment Recommendation – Factor Based Managers |
| Global Equity | Investment Recommendation |
| Private Equity | Investment Recommendation |
| Global Equity | Education – TBD |
| | |
| | |
| Committee: Credit and Risk Mitigation | |
| Category | Subject |
| Credit | Structure Review II |
| Credit | Operating Procedures Review |
| Hedge Funds | Structure Review – Emerging Manager Discussion |

| SEPTEMBER 2019 | |
|------------------------|--|
| Board of Investments: | |
| Category | Subject |
| Total Fund | Consultant Self Assessment - Meketa |
| Total Fund | Consultant Self Assessment - StepStone |
| Total Fund | Consultant Self Assessment - Townsend |
| Global Equity | Investment Interviews – Factor Based Managers |
| Credit | Structure Review II |
| Credit | Operating Procedures Review |
| Private Equity | Investment Recommendation |
| Hedge Funds | Structure Review – Emerging Manager Discussion |
| Corporate Governance | Various LACERA Member Ballot Approvals |
| Risk | Education – TBD |
| Committee: Real Assets | |
| Category | Subject |
| Real Assets | Structure Review |
| | |
| | |

* Please note that certain listed items are subject to Board approval



4th Quarter 2019 Monthly Calendar View

| OCTOBER 2019 | |
|---------------------------------|--|
| Board of Investments: | |
| Category | Subject |
| Total Fund | Internal Management III |
| Private Equity | Investment Recommendation |
| Private Equity | Co-Invest Program Review I |
| Real Assets | Structure Review |
| Hedge Funds | Investment Recommendation |
| Real Estate | Education – TBD |
| | |
| | |
| Committee: Corporate Governance | |
| Category | Subject |
| Corporate Governance | Review proxy voting trends and results |
| Corporate Governance | Report PRI Assessment |

| NOVEMBER 2019 | |
|-----------------------|--------------------------------|
| Board of Investments: | |
| Category | Subject |
| Total Fund | Performance Book (report only) |
| OPEB | Performance Book (report only) |
| Real Estate | Investment Recommendation |
| Private Equity | Investment Recommendation |
| Credit | Investment Recommendation |
| Private Equity | Education – TBD |
| | |
| | |
| Committee: Equity | |
| Category | Subject |
| Private Equity | Operating Procedures Review |
| | |

| DECEMBER 2019 | |
|-----------------------|---|
| Board of Investments: | |
| Category | Subject |
| Total Fund | AB2833/Investment Fee Validation Review |
| Total Fund | Transition Managers Search Update |
| Total Fund | Securities Lending RFP Update |
| OPEB | Update on Unitization |
| Private Equity | Operating Procedures Review |
| Private Equity | Investment Recommendation |
| Private Equity | Performance Review II |
| Hedge Funds | Performance Review II |
| Committee: | |
| Category | Subject |
| | |
| | |

* Please note that certain listed items are subject to Board approval



Appendix II: Offsite Strategic Plan Framework, Live Survey Results



Strategic Plan Framework



Board of Investments Offsite

July 10, 2018

Jonathan Gabel – Chief Investment Officer

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Factors



Factor Relationships

Illustrative examples:

Factors relate to each other and impact how the Strategic Asset Allocation is implemented

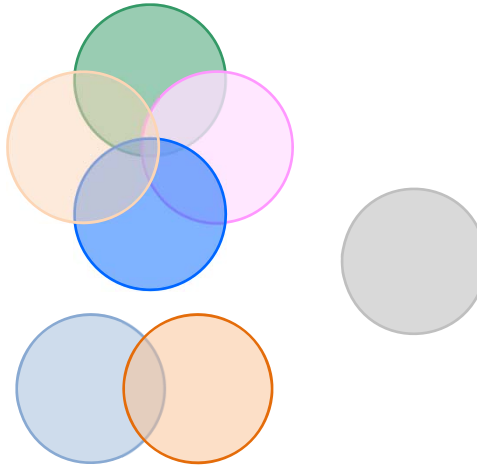


Table of Contents

- I. Mission and Strategic Plan
- II. Board Survey Discussion
- III. Survey Summary
- IV. Strategic Plan Framework – Looking Ahead



Mission and Strategic Plan

- LACERA's mission is to produce, protect, and provide the promised benefits
- The strategic plan of the investment division is to implement the strategic asset allocation in a liquidity-aware and risk-aware manner while incorporating LACERA's investment beliefs
- Implementing the strategic plan involves both:
 - Broad initiatives such as being mindful of ESG considerations
 - Defined projects such as building a Real Assets composite



Board Survey Discussion

- A 15 question survey was established to poll Board Member views on topics such as risk tolerance and implementation options
- Today's planned activities regarding the survey:
 - Review initial aggregated responses
 - Provide additional information
 - Consider the interplay between responses
 - Discuss areas of interest
 - Potentially re-vote each survey question
 - Review observations and takeaways

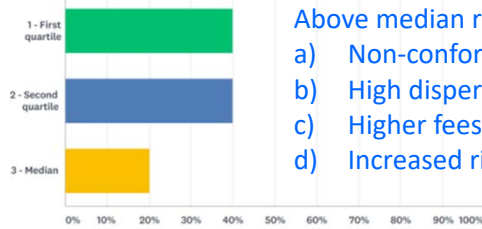


Board Survey Discussion

Q1 Should LACERA strive for median, second quartile, or first quartile investment performance? We all want LACERA to be the best it can be.

This question relates to investment performance relative to a peer universe of medium and large sized public pension plans. Seeking first quartile investment returns may increase the probability of underperforming median.

Answered: 5 Skipped: 0



Above median results often accompany:

- a) Non-conforming implementation
- b) High dispersion of outcomes
- c) Higher fees
- d) Increased risk stance

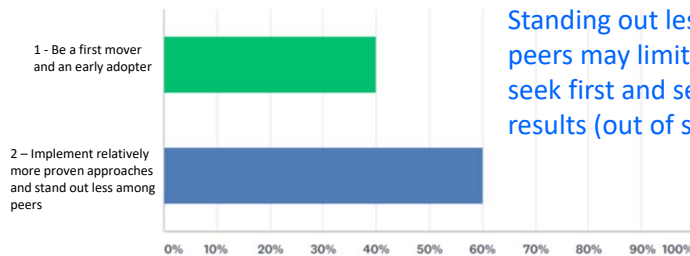
| ANSWER CHOICES | RESPONSES | |
|---------------------|-----------|---|
| 1 - First quartile | 40.00% | 2 |
| 2 - Second quartile | 40.00% | 2 |
| 3 - Median | 20.00% | 1 |
| TOTAL | | 5 |



Board Survey Discussion

Q2 Which of the two options below best describes the demeanor/approach that LACERA should have towards new ideas and initiatives?

Answered: 5 Skipped: 0



Standing out less among peers may limit the ability to seek first and second quartile results (out of sync with Q1).

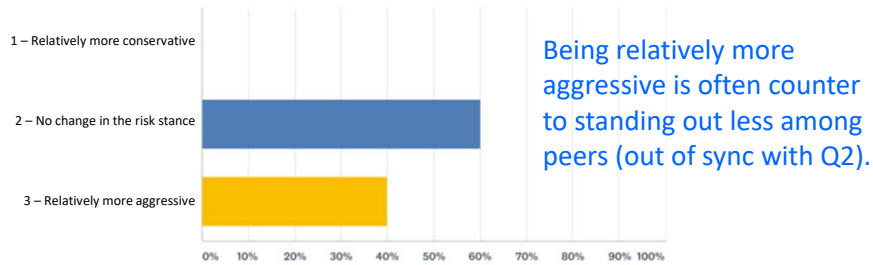
| ANSWER CHOICES | RESPONSES | |
|--|-----------|---|
| 1 - Be a first mover and an early adopter | 40.00% | 2 |
| 2 - Implement relatively more proven approaches and stand out less among peers | 60.00% | 3 |
| TOTAL | | 5 |



Board Survey Discussion

Q3 Should LACERA's portfolio be relatively more conservative or aggressive than it is currently? LACERA encounters a conservative/aggressive decision in both asset allocation exercises and when deciding how to implement various asset classes or portfolios.

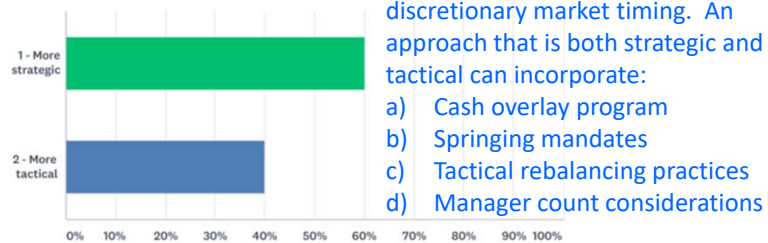
Answered: 5 Skipped: 0



Board Survey Discussion

Q4 Should the general investment approach be more strategic or more tactical? Strategic refers to implementing pre-designed plans while a tactical approach is more flexible. For example, the mix may be 70/30 and not completely either strategic or tactical.

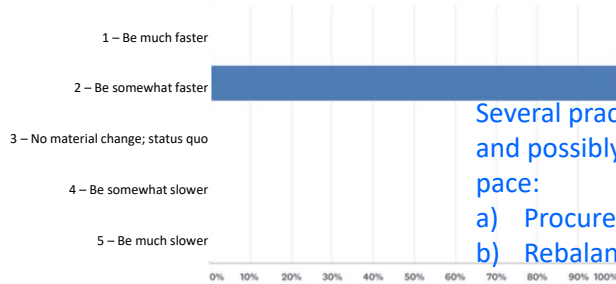
Answered: 5 Skipped: 0



Board Survey Discussion

Q5 Should LACERA strive to accomplish projects relatively faster or slower in the future?

Answered: 5 Skipped: 0



Several practices could be reviewed and possibly adjusted to quicken pace:

- a) Procurement (RFP, RFI, searches)
- b) Rebalancing to new targets

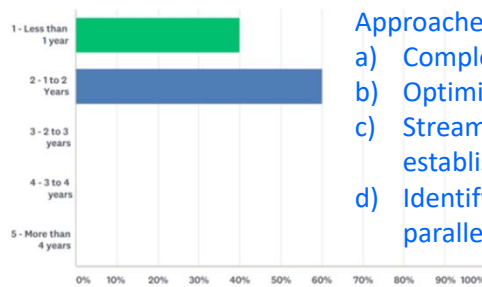
| ANSWER CHOICES | RESPONSES |
|------------------------------------|-----------|
| 1 - Be much faster | 0.00% |
| 2 - Be somewhat faster | 100.00% |
| 3 - No material change; status quo | 0.00% |
| 4 - Be somewhat slower | 0.00% |
| 5 - Be much slower | 0.00% |
| TOTAL | 5 |



Board Survey Discussion

Q6 How long should LACERA take to implement a new asset category or substantial (overhaul) changes to an existing asset category?

Answered: 5 Skipped: 0



Approaches to consider:

- a) Completion portfolios
- b) Optimize procurement
- c) Streamlined practices for established mandates
- d) Identify ways to work in parallel instead of in sequence

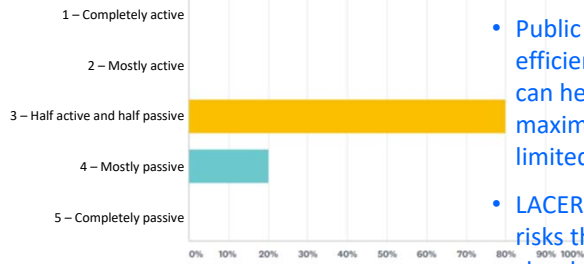
| ANSWER CHOICES | RESPONSES |
|-----------------------|-----------|
| 1 - Less than 1 year | 40.00% |
| 2 - 1 to 2 Years | 60.00% |
| 3 - 2 to 3 years | 0.00% |
| 4 - 3 to 4 years | 0.00% |
| 5 - More than 4 years | 0.00% |
| TOTAL | 5 |



Board Survey Discussion

Q7 For public equity markets, where passive options are widely available, to what degree should implementation be concentrated on passive strategies?

Answered: 5 Skipped: 0



- LACERA's Public Equity Composite is currently approximately 70% passive.
- Public equity markets are highly efficient. A risk budgeting exercise can help LACERA assess how to maximize expected benefit from limited active risks.
- LACERA can price and evaluate active risks through appropriate fee structures.

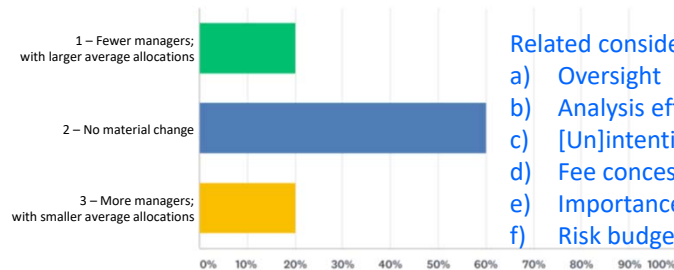


Board Survey Discussion

Q8 Should LACERA aim to have more or fewer investment managers in the future? Currently, LACERA allocates to 250+ external investment managers.

Answered: 5 Skipped: 0

LACERA invests in approximately 584 externally managed funds.



Related considerations:

- Oversight
- Analysis efforts
- [Un]intentional allocations
- Fee concessions for size
- Importance of a Total Fund view
- Risk budgeting



Board Survey Discussion

- Excerpt from the “Bridging the Gap” presentation, LACERA’s BOI Offsite, February 1, 2018:

All dollars in millions

| Type of Equity Mandate | Mandate Size | % of portfolio in AAPL | Dollars invested in AAPL | Gain/Loss if AAPL appreciates 10% |
|------------------------|-----------------|------------------------|--------------------------|-----------------------------------|
| Index Fund | \$10,000 | 3% | \$300 | \$30.0 |
| Active Manager 1 | \$200 | 5% | \$10 | \$1.0 |
| Active Manager 2 | \$200 | 1% | \$2 | \$0.2 |
| Long/Short Manager 1 | \$50 | -2% | -\$1 | -\$0.1 |
| Long/Short Manager 2 | \$50 | 2% | \$1 | \$0.1 |
| Total | \$10,500 | | \$312 | \$31.2 |

- Decreasing manager count may benefit the understanding of cross-currents in the portfolio and improve the Total Fund perspective

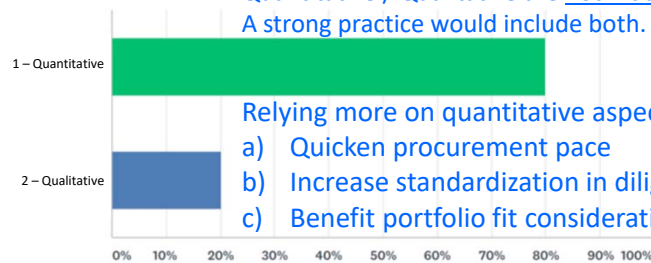


Board Survey Discussion

Q9 Should LACERA place a higher priority on either quantitative or qualitative aspects of investment manager diligence?

Answered: 5 Skipped: 0

Quantitative / Qualitative are not mutually exclusive.
A strong practice would include both.



Relying more on quantitative aspects can:

- Quicken procurement pace
- Increase standardization in diligence
- Benefit portfolio fit considerations

Enhanced (more robust) systems and analytic tools could benefit a quantitative focus.

ANSWER CHOICES

1 - Quantitative; example: performance track record, risk analytics, fit among the current portfolio
2 - Qualitative; example: people and process

RESPONSES

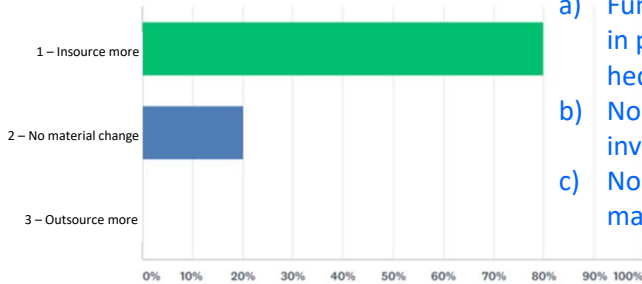
| | |
|--------------|----------|
| 80.00% | 4 |
| 20.00% | 1 |
| TOTAL | 5 |



Board Survey Discussion

Q10 Should LACERA seek to insource or outsource more investment functions?

Answered: 5 Skipped: 0



LACERA currently:

- a) Fund of funds exist in private equity and hedge funds
- b) No direct co-investments
- c) No internal management

| ANSWER CHOICES | RESPONSES |
|---|-----------|
| 1 - Insource more; example: internal index funds, internal private equity fund, terminating fund of funds | 80.00% 4 |
| 2 - No material change; status quo | 20.00% 1 |
| 3 - Outsource more; example: allocate more to fund of funds, hire additional service providers | 0.00% 0 |
| TOTAL | 5 |

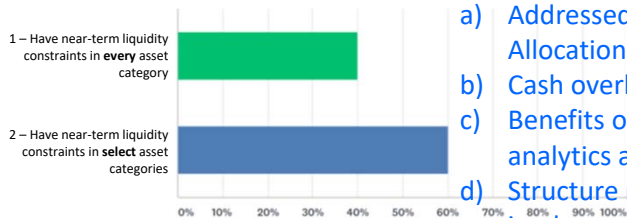


LACERA Investments 17

Board Survey Discussion

Q11 Should every asset category be managed with liquidity constraints within a defined near-term period of time, for example, 3 years? LACERA has approximately \$42 billion in liquid equity, fixed income, and cash assets. This is sufficient to cover more than a decade of projected benefit payments. These three asset categories alone may be viewed as an appropriate source for all near-term liquidity.

Answered: 5 Skipped: 0



Related topics:

- a) Addressed through Strategic Asset Allocation
- b) Cash overlay program
- c) Benefits of enhanced portfolio analytics and reporting
- d) Structure reviews and functional implementations of asset categories

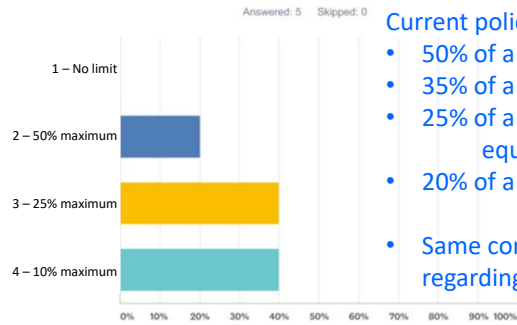
| ANSWER CHOICES | RESPONSES |
|--|-----------|
| 1 - Yes; every asset category should have near-term liquidity constraints | 40.00% 2 |
| 2 - No; near term expenses can be paid from cash, public equity and fixed income allocations. Other categories need not be managed for near-term expenses. | 60.00% 3 |
| TOTAL | 5 |



LACERA Investments 18

Board Survey Discussion

Q12 Should LACERA establish a threshold percentage allocation of an externally managed commingled fund beyond which we would be reluctant and/or unwilling to invest?



Current policy:

- 50% of a fund in PE
- 35% of a firm in HF
- 25% of a fund in public equity and fixed income
- 20% of a firm in RE

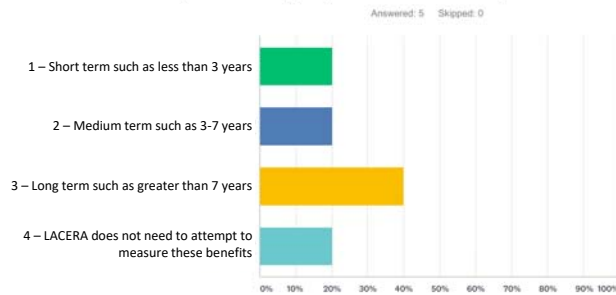
• Same considerations as Q8 regarding manager/fund count:

- a) Oversight
- b) Analysis efforts
- c) [Un]intentional allocations
- d) Fee concessions for size
- e) Importance of a Total Fund view
- f) Risk budgeting



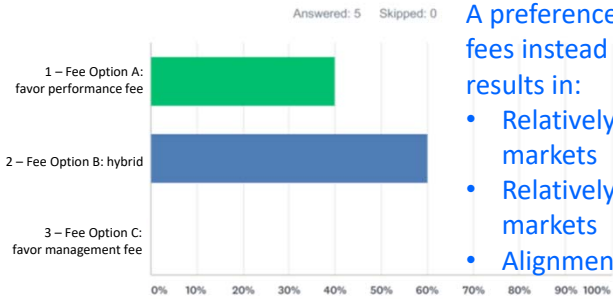
Board Survey Discussion

Q13 At what point should LACERA expect to observe a positive economic benefit (return enhancing or risk mitigating) from its ESG activity? As an asset owner, LACERA may engage public policy, companies, or managers beyond monetary investment. Select engagement may be made with an expectation of future economic benefit. This question is asking about the appropriate timeframe to expect an economic benefit.



Board Survey Discussion

Q14 Which of the below fee structures should LACERA prefer for an active private market strategy where no passive index option is available?



A preference for performance fees instead of management fees results in:

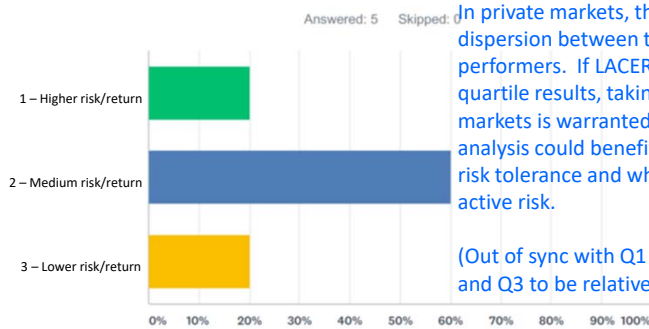
- Relatively higher fees in strong markets
- Relatively lower fees in weak markets
- Alignment of interest

| ANSWER CHOICES | RESPONSES |
|---|-----------|
| 1 - Fee Option A: 10% gross return expectation with a 0.0% management fee and a 20% performance fee; 8.0% net return expectation | 40.00% 2 |
| 2 - Fee Option B: 10% gross return expectation with a 1.0% management fee and an 11% performance fee; 8.0% net return expectation | 60.00% 3 |
| 3 - Fee Option C: 10% gross return expectation with a 2.0% management fee and a 0% performance fee; 8.0% net return expectation | 0.00% 0 |
| TOTAL | 5 |



Board Survey Discussion

Q15 Which of the below Funds should LACERA prefer for an active private market strategy where no passive index option is available?



In private markets, there is wide dispersion between top and poor performers. If LACERA seeks 1st/2nd quartile results, taking risk in private markets is warranted. A risk budgeting analysis could benefit decisions regarding risk tolerance and where to take higher active risk.

(Out of sync with Q1 to be above median and Q3 to be relatively more aggressive.)

| ANSWER CHOICES | RESPONSES |
|--|-----------|
| 1 - Fund A: relatively higher risk/return, 2.0% management fee, 20% performance fee, 14% net expected return | 20.00% 1 |
| 2 - Fund B: medium risk/return, 1.5% management fee, 10% performance fee, 10% net expected return | 60.00% 3 |
| 3 - Fund C: relatively lower risk/return, 1.0% management fee, 0% performance fee, 7% net expected return | 20.00% 1 |
| TOTAL | 5 |



Survey Summary

Synopsis

1. Seek above median
2. Fit in with peers
3. Relatively more aggressive
4. Strategic and tactical
5. Somewhat faster
6. Implementations < 2 years
7. Slightly over half passive
8. Mixed views on fund count
9. Quantitative priority
10. Insource more
11. Mixed views on liquidity
12. Constrain % of fund size
13. Unclear: measuring ESG benefit
14. Prefer performance fees
15. Average risk tolerance



Strategic Plan Framework – Looking Ahead

Short Term

Completion portfolios
Rebalancing / cash overlay program
Update governance documents

Medium Term

Review procurement practices
Dedicated managed accounts
Springing mandates

|----- Implement strategic asset allocation -----|

Long Term

Enhanced portfolio analytics
Risk budgeting
Alternative fee constructs

|----- In-source discussions -----|

|----- ESG benefit measurement -----|



Survey Summary

Synopsis - Santa Monica Offsite Vote

- | | |
|---|--|
| 1. Seek second quartile | 9. Quantitative priority |
| 2. Fit in somewhat with peers | 10. Insource more |
| 3. Mostly no change in risk stance | 11. Near-term liquidity only in select asset categories |
| 4. Somewhat more tactical | 12. Constrain % of fund size; Half of votes at 50% maximum |
| 5. Somewhat faster | 13. Yes, measure ESG benefit; Medium to long term |
| 6. Implementations 1-2 years | 14. Prefer performance fees |
| 7. One vote leaning more active vs passive | 15. Average risk tolerance |
| 8. Fewer managers with larger average allocations | |



STRATEGIC PLAN

RETIREE HEALTHCARE PROGRAM

Yesterday, Today, Tomorrow

FISCAL YEARS ENDING 2018-2020



L//CERA

OVERVIEW

LACERA's Board of Retirement administers the Los Angeles County Retiree Healthcare Program. LACERA staff, external consultants, and advisors assist the Board of Retirement's Insurance, Benefits & Legislative Committee in overseeing the Los Angeles County Retiree Healthcare Program.

In 1961 the County Employees Retirement Law of 1937 (CERL) was amended to allow pension systems to provide healthcare to retirees in two ways:

- Board of Supervisors can pay all or part of the cost
- Board of Retirement can pay via excess earnings.

OUR MISSION

To efficiently administer the Healthcare Benefits Program for retired association members and beneficiaries and provide a healthcare program of the highest quality at an affordable cost.

OUR CORE VALUES

PROFESSIONALISM * We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

RESPECT * Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to and support each other, we create a nurturing work environment that promotes fairness and trust.

OPEN COMMUNICATIONS * Our frank and straightforward expression of ideas fosters a common understanding of purpose – quality service to our

members. We create a healthy work environment by sharing information, listening to each others' ideas, and giving constructive feedback.

FAIRNESS * Our employees are entitled to a clear explanation of performance expectations. Performance evaluations are timely, honest, and impartial; personal improvement plans are reasonable and constructive; and we provide opportunities for professional development and promotion.

INTEGRITY * We inspire confidence by our high standards for member services and sound investment practices. We are reliable, ethical, and honest. Loyalty to LACERA means loyalty to members. Integrity guides all of our work relationships.

TEAMWORK * We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.

OUR OBJECTIVES

PRUDENT FIDUCIARY

To act at all times as prudent fiduciaries, executing our responsibilities exclusively on behalf of our members, beneficiaries, and participating employers.

RESPONSIVE AND QUALITY SERVICES

To provide responsive and consistent quality service using integrated cost effective procedures.

COMMUNICATION

To promote and enhance the understanding of LACERA benefits among members, employers, County officials, and the public.

QUALITY WORKFORCE

To develop a human resources program to recruit, train, develop, and promote qualified staff; provide a quality work environment and enhance the quality of life for our employees.

MANAGE GROWTH AND CHANGE

To manage growth and change through planning, innovation, and the maximum use of available technology.

OUR HISTORY

The 1970s

In January 1971, with the assistance of its healthcare consultant, Johnson & Higgins, LACERA first offered a hospital-medical plan and subsidized the retiree's premium by using excess earnings. At that time, the Board of Retirement offered retirees the choice of remaining in Blue Cross, Kaiser, or Ross-Loos from an active employment status. For those electing not to stay with their "active" plan carrier, Occidental or Kaiser Permanente was made available to them.

The indemnity dental/vision plan became a part of the Los Angeles County Retiree Healthcare Benefit Program effective January 1, 1977; with July 1, 1996, the first offering of the CIGNA Dental Health Plan - pre-paid – HMO plan.

The 1980s

In April 1982, the Board of Retirement negotiated an agreement with the County obligating the County to fund the healthcare program so long as the County provided a healthcare program for active employees

The administration of the Los Angeles County Retiree Healthcare Program has gone through several evolutionary organizational changes. Initially, the insurance processing was handled as a function of the Retiree Member Unit as part of the retirement payroll function. Subsequently, at the recommendation of an independent auditor, the function was decentralized to several benefits processing units (team concept).

The 1990s

In early 1992, a determination was made that the health and dental/vision staff support provided to our members was at an unacceptable level; thus, in May 1992, LACERA established the Insurance Services Section (now known as the Retiree Healthcare Division) to centralize the administration of the healthcare program.

With the establishment of the Retiree Healthcare Division in 1992, came the addition of LACERA's first Medicare Advantage plans (Kaiser Health Pledge, now Senior Advantage; Secure Horizons; FHP Golden Healthcare-*terminated 6/30/94*) and Medicare Supplement plan (Provident III), along with a Medicare Part B Reimbursement Program. This complimented the five medical plans (Kaiser, Blue Cross Prudent Buyer, CIGNA Network Model, Provident I, and Provident II) and one dental/vision plan with Provident already offered to retirees.

Effective August 1994, the 1982 agreement was amended to guarantee the County's obligation to continue providing a program even if the County terminated their health program for active employees.

The Twenty-First Century

Our progression to the future is necessarily focused on our primary goal of providing efficient, accurate and friendly service to members. We want to utilize and develop the skills and expertise of our staff to achieve the highest quality service possible. We continue to explore ways to ensure that we capitalize our human and technological resources to maximum effect.

Prior to 2009, all enrollment forms, correspondence, etc. were delivered directly to the Retiree Healthcare Division. In March 2009, we began scanning enrollment forms and correspondence via the CIB (Client In-Basket) document management system, which provided us the ability to better track and monitor workflow. When scanning of healthcare work objects began, an average of 950 forms were received monthly. With Baby Boomers reaching retirement eligibility, that average has climbed to 1,260 enrollment forms per month, while the number of staff processing those enrollments has decreased due to restructure of the Division and additional staff responsibilities.

In 2013, we reorganized the Division to capitalize on the skills and strengths of staff and to ensure that we provide efficient and effective customer service to our Members. Our Division is currently divided into four

specialized units: Call Center, Operations, Financial/Special Projects and Audits.

OUR STRATEGIC INITIATIVES

Successful Implementation of 2014 RHC Program Changes

In January 2014, Los Angeles County (plan sponsor) informed LACERA of a proposed plan to lower the employer costs for the Retiree Healthcare Program changes for new employees hired on or after July 1, 2014. The adopted plan has been named Los Angeles County Retirees Healthcare Program -Tier 2 (Tier 2). We worked closely with other Divisions, including Communications, Member Services, Claims Processing, and Systems to update processes, information and procedures. Retiree Healthcare staff is in the process of revising our *Exploring Your Healthcare Benefits Through LACERA* booklet and information packet. We are also working with Systems with programming Workspace to calculate the County subsidy at the retiree only premium level to support the new benefits structure and mandated Medicare enrollment for Tier 2 members. The only outstanding item is Modify Information Systems – Enrollment, which is targeted by Systems for completion in FY2015-2016. All staff from our RHC Units (Call Center, Operations, Audits, and Quality Assurance/Special Projects) are fully trained on all aspects of the new healthcare benefits so our members can continue to receive excellent and accurate service.

Continued Integration of Information Technology

Information technology continues to play a vital role in Retiree Healthcare's ability to serve our retirees and their dependents. For the past few years, all enrollment processing functions have been integrated into Workspace. This has helped increase the efficiency of our Operations staff and helped the overall member experience. We continue working toward providing our members more electronic options to download forms, carrier-related documents, receive education, and complete enrollment. Already in place is the ability for members to input information into enrollment forms online which can then be printed and submitted for processing. The ultimate goal is for members to complete the enrollment process online, with no need to print or mail forms. We are moving forward with anticipated informational and training videos to be included in the Retiree Healthcare section of LACERA.com that will be produced with the help of the Communications Division. The first of these videos were originally intended to be ready by the end of the 2014-2015 fiscal year, but were delayed due to the reallocation of staff resources to prepare for the implementation of Tier 2 to assist with RDS and ERRP audits, and process an increased number of enrollments.

LACERA.com

| GOAL | IMPLEMENTATION DATE |
|--|---------------------|
| Retiree Wellness Program web video | FY 2016-2017 |
| RHC Enrollment web video | FY 2018-2019 |
| Medicare 101 web video | FY 2018-2019 |
| RHC members' electronic submission of enrollment | FY 2019-2020 |

Workspace

The focus began with improving the tools available to Retiree Healthcare Specialists by changing the 1960s era computer input screens (Green Screens) with user friendly Windows based input screens. We have fully transitioned to all enrollment functions being processed through Workspace. We are also still looking toward automating transmittal of members' enrollment information to the carriers. We have been working with Systems to create an efficient process to automate the population of imputed income in 1099 forms for affected members. We are now re-evaluating the need for such a system. With the legalization of same sex marriage, the number of members requiring 1099 forms has dropped significantly. It may prove to be a better use of resources to handle the approximately one-hundred forms manually.

| GOAL | IMPLEMENTATION DATE |
|--|---------------------|
| Streamline generation and mailing of confirmation letter upon member election via Workspace | FY 2019-2020 |
| Automate monthly premium reconciliation process | FY 2019-2020 |
| Electronic submission to carriers | FY 2019-2020 |

Member Interaction and Communication

It is our responsibility to educate our members and assist them while making healthcare choices suitable for their needs. With so many changes in the world of healthcare today coupled with the various options available for our members to choose, our plan is to continue to expand and improve our communication to members by offering a wide variety of user-friendly, updated, informative, and creative educational tools that include print materials and videos. We have made significant strides forward in

automating correspondence to members and continue to look toward making the member's experience as consistent, informative, and efficient as possible.

| GOAL | IMPLEMENTATION DATE |
|---|---------------------|
| Make carriers' Explanation of Benefits (or Explanation of Coverage) available on the LACERA website | FY 2016-2017 |
| <i>Implement new seminar for members becoming Medicare eligible*</i> | FY 2019-2020 |
| Develop Medicare 101 Packet | FY 2018-2019 |
| Administrative Guideline Update | FY 2016-2017 |

*Partnership with Member Services Division

Financial & Special Projects Section

The Quality Assurance and Special Projects Section is responsible for identifying, creating and implementing new efficiencies. They build upon the quality assurance practices we have already put in place to assess needs such as staff training or task allocation. This section will also coordinate and conduct quality control of staff work (both Operations and Call Center) to ensure accuracy and will be responsible for working audits of our insurance carriers. Finally, this section will handle higher level tasks and projects such as Medicare RDS research, EGWP implementation, Affordable Care Act implementation, and accounting and monthly financial reconciliation. Development of guidelines for higher-level functions listed below is in progress.

| GOAL | IMPLEMENTATION DATE |
|--|---------------------|
| Dependent database audit RFP | FY 2018-2019 |
| RHC Consultant RFP | FY 2016-2017 |
| LTC Implementation | FY 2016-2017 |
| RHC Operating Information | FY 2016-2017 |
| Dependent database audit completion | FY 2019-2020 |

Audits Section

The Audits Section is responsible for generating and conducting audits that are both generated based on internal needs (such as the Code 19 project) or based on reports received from different carriers (Kaiser, Cigna, SCAN and United Healthcare). The staff assigned to this Section are responsible for researching and updating discrepancies found between member's accounts on LACERA and carrier's systems, including processing of complex premium adjustments and Medicare Part B retrievals. Part of the process is to notify other Divisions at LACERA for eligibility updates for members and beneficiaries. The staff are also responsible for notifying members of any premium adjustments or eligibility changes and will be the ultimate point of contact for any future calls or correspondence regarding the audits they conducted. All guidelines were completed during the 2015-2016 fiscal year. In addition, the Audits Section is responsible in checking the enrollment forms for accuracy.

| GOAL | IMPLEMENTATION DATE |
|---|---------------------|
| Medicare Certification project | FY 2019-2020 |
| Automation of Medicare Part B retrievals | FY 2018-2019 |

Call Center Section

The Retiree Healthcare Call Center is the first interface in which our staff interact with members. Call Center Specialists are responsible for answering member inquiries pertaining to their Medical and Dental/Vision enrollment, eligibility issues, premium payments in addition to assisting members and their eligible dependents in selecting an appropriate Medical and/or Dental/Vision plan that suits their needs.

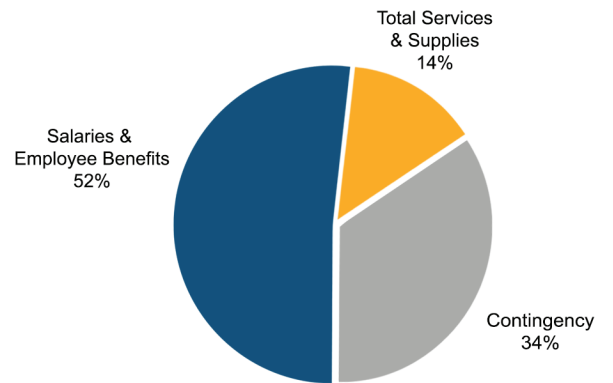
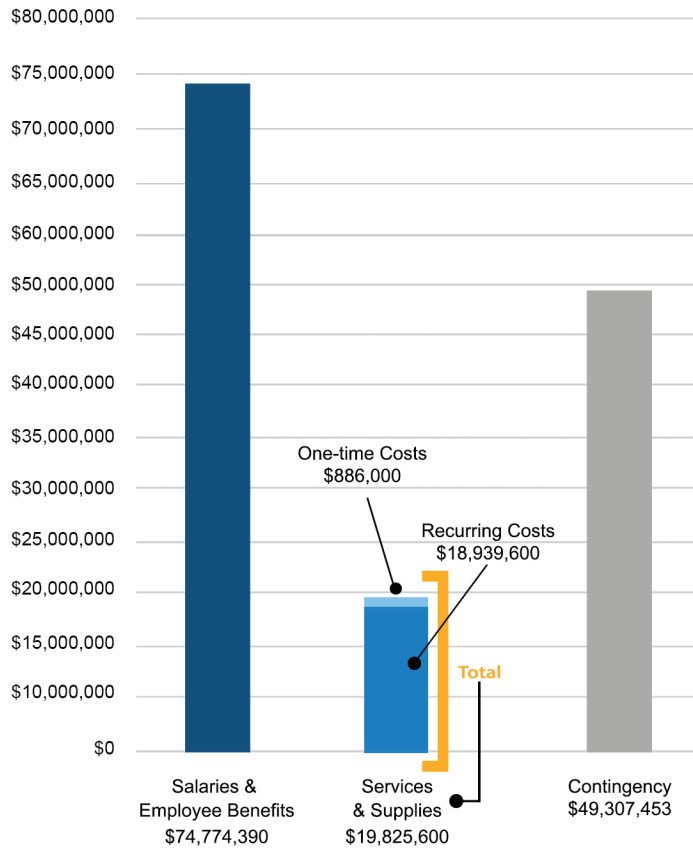
To ensure our Call Center staff are well versed in all LACERA Administered plans, our specialists receive “in-house” training for approximately six weeks. This training is in addition to the Core Benefits training that is offered by the Quality Assurance Division.

To provide excellent customer service to our members, one of Retiree Healthcare’s goals this fiscal year is to have an independent toll free line dedicated to the RHC division.

| GOAL | IMPLEMENTATION DATE |
|---------------------------|---------------------|
| RHC- New toll free number | FY 2018-2019 |

TOTAL BUDGET REQUEST CATEGORY SUMMARY

Fiscal Year 2019-2020



| | CURRENT YEAR 2018 - 2019 | | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|--|---------------------------------|---------------------|---------------------|---------------------|---|--------------|---|-------------|
| | PROPOSED BUDGET 2019-2020 | BUDGET | YTD (02-28-19) | PROJECTION | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| SALARIES & EMPLOYEE BENEFITS | \$74,774,390 | \$69,082,496 | \$39,401,265 | \$65,662,894 | \$9,111,496 | 13.9% | \$5,691,894 | 8.2% |
| RECURRING SERVICES & SUPPLIES | \$18,939,600 | \$18,339,740 | \$8,786,144 | \$17,017,642 | \$1,921,958 | 11.3% | \$599,860 | 3.3% |
| + One-time costs | \$886,000 | \$1,200,000 | \$59,481 | \$1,100,000 | (\$214,000) | -19.5% | (\$314,000) | -26.2% |
| TOTAL SERVICES & SUPPLIES | \$19,825,600 | \$19,539,740 | \$8,845,625 | \$18,117,642 | \$1,707,958 | 9.4% | \$285,860 | 1.5% |
| GRAND TOTAL | \$94,599,990 | \$88,622,236 | \$48,246,890 | \$83,780,537 | \$10,819,453 | 12.9% | \$5,977,754 | 6.7% |
| CONTINGENCY | \$49,307,453 | \$48,530,451 | \$0 | \$0 | \$49,307,453 | 0.0% | \$777,002 | 1.6% |

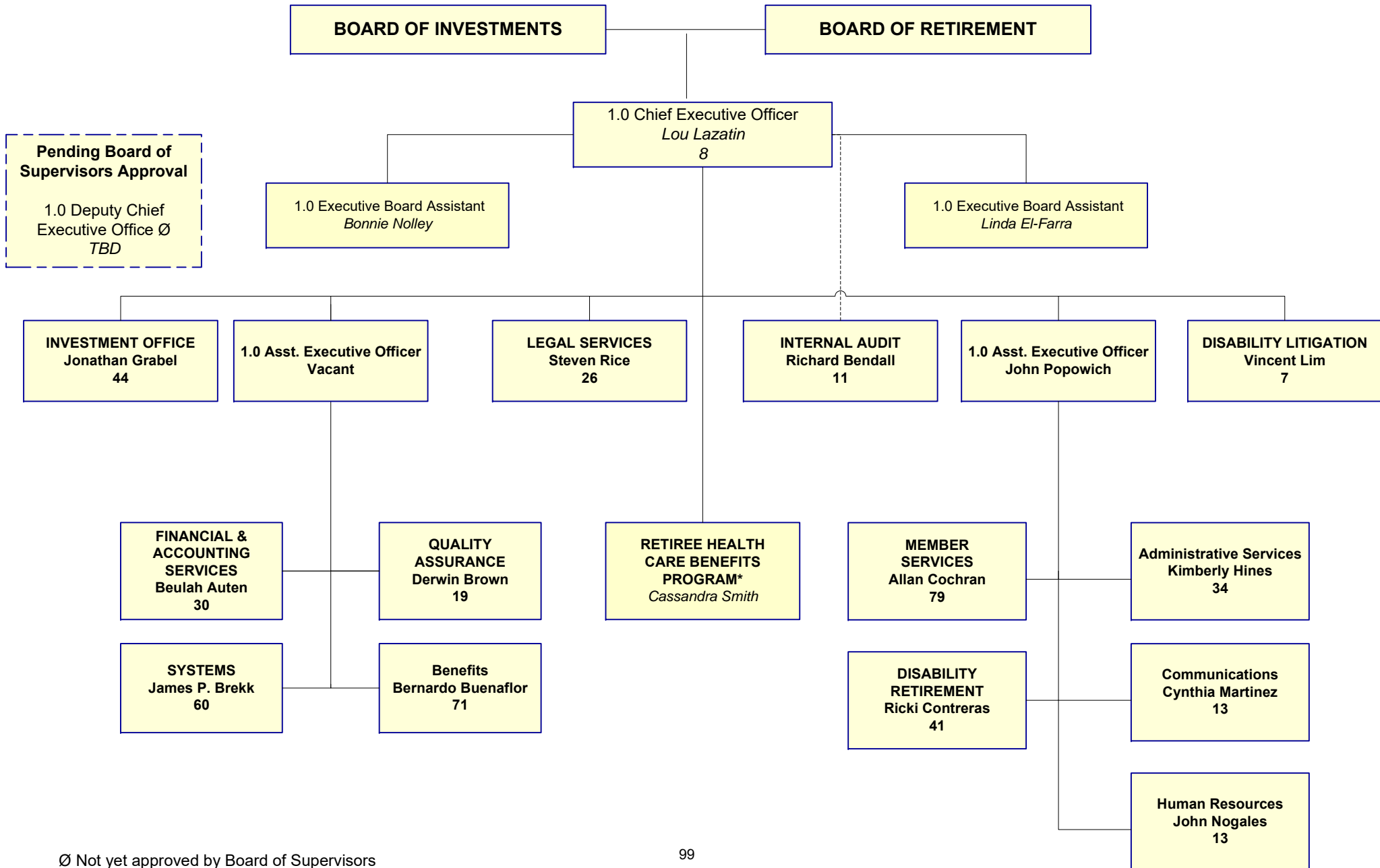
LACERA
FISCAL YEAR 2019-2020
FINAL OVERALL REQUEST
SUMMARY

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2 0 1 8 - 2 0 1 9 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|---------------------------------|--|---|---------------------|---------------------|--|-----------------|--|-----------------|
| | | BUDGET | YTD | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | | (02-28-19) | PROJECTION | | | | |
| Administrative Services | \$7,820,552 | \$7,794,575 | \$4,565,278 | \$7,553,720 | \$266,832 | 3.5% | \$25,977 | 0.3% |
| Benefits | 10,566,377 | 9,389,474 | 5,408,269 | 9,182,053 | 1,384,324 | 15.1% | 1,176,903 | 12.5% |
| Board of Retirement | 228,900 | 228,900 | 99,844 | 172,700 | 56,200 | 32.5% | 0 | 0.0% |
| Board of Investments | 337,500 | 305,500 | 225,047 | 321,500 | 16,000 | 5.0% | 32,000 | 10.5% |
| Communications | 2,457,549 | 2,319,221 | 1,304,940 | 2,027,600 | 429,949 | 21.2% | 138,328 | 6.0% |
| Disability Litigation | 1,988,281 | 2,121,196 | 1,120,656 | 1,874,130 | 114,151 | 6.1% | (132,915) | -6.3% |
| Disability Retirement | 8,707,507 | 8,184,799 | 4,294,257 | 7,637,134 | 1,070,373 | 14.0% | 522,708 | 6.4% |
| Executive Office | 2,558,560 | 2,384,146 | 1,326,699 | 2,134,042 | 424,518 | 19.9% | 174,414 | 7.3% |
| Financial & Accounting Services | 4,529,440 | 4,143,112 | 2,402,233 | 3,940,900 | 588,540 | 14.9% | 386,328 | 9.3% |
| Human Resources | 3,974,474 | 3,984,856 | 1,974,258 | 3,660,500 | 313,974 | 8.6% | (10,382) | -0.3% |
| Internal Audit | 2,390,584 | 2,442,622 | 1,111,449 | 2,174,350 | 216,234 | 9.9% | (52,038) | -2.1% |
| Investment Office | 12,926,234 | 12,052,212 | 6,857,347 | 11,598,100 | 1,328,134 | 11.5% | 874,022 | 7.3% |
| Legal Services | 6,436,423 | 6,010,317 | 3,674,439 | 5,900,950 | 535,473 | 9.1% | 426,106 | 7.1% |
| Member Services | 9,014,633 | 8,737,596 | 4,655,726 | 7,892,400 | 1,122,233 | 14.2% | 277,037 | 3.2% |
| Quality Assurance | 3,327,189 | 3,167,222 | 1,537,133 | 2,709,958 | 617,231 | 22.8% | 159,967 | 5.1% |
| Systems | 17,335,787 | 15,356,487 | 7,689,316 | 15,000,500 | 2,335,287 | 15.6% | 1,979,300 | 12.9% |
| GRAND TOTAL | \$94,599,990 | \$88,622,236 | \$48,246,890 | \$83,780,537 | \$10,819,453 | 12.9% | \$5,977,754 | 6.7% |

*All amounts rounded to the nearest dollar.

EXECUTIVE OFFICE

FISCAL YEAR 2019-2020



LACERA

FISCAL YEAR 2019-2020

FINAL SALARIES AND EMPLOYEE BENEFITS
CATEGORY SUMMARY

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2 0 1 8 - 2 0 1 9 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|--|---------------------------------|-----------------------------------|---------------------|---------------------|---|--------------|---|-------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Gross Salaries | \$43,949,835 | \$45,287,240 | \$23,733,818 | \$39,444,200 | \$4,505,635 | 11.4% | (\$1,337,405) | -3.0% |
| Salary Differential | 0 | \$ (3,652,640) | - | - | - | - | - | - |
| Permanent Salaries | \$43,949,835 | \$41,634,600 | \$23,733,818 | \$39,444,200 | \$4,505,635 | 11.4% | \$2,315,235 | 5.6% |
| Outside Agency Temporary Staffing | 3,318,600 | 1,895,909 | 1,753,813 | 2,439,800 | 1,215,800 | 36.0% | 1,422,691 | 75.0% |
| LACERA Intern Program | 144,000 | 242,000 | 3,986 | 50,000 | 94,000 | 100.0% | (98,000) | 100.0% |
| Variable Benefits | | | | | | | | |
| Retirement | 8,140,238 | 7,350,774 | 4,191,827 | 6,950,800 | 1,189,438 | 17.1% | 789,464 | 10.7% |
| FICA Contribution | 700,698 | 668,065 | 380,779 | 631,100 | 69,598 | 11.0% | 32,633 | 4.9% |
| County Subsidy - Insurance | 2,382,392 | 2,204,846 | 1,092,011 | 1,867,900 | 514,492 | 27.5% | 177,546 | 8.1% |
| Options Plan | 4,099,576 | 3,764,040 | 2,183,090 | 3,575,200 | 524,376 | 14.7% | 335,536 | 8.9% |
| Life Insurance | 19,368 | 20,940 | 9,947 | 17,808 | 1,560 | 8.8% | (1,572) | -7.5% |
| Health Insurance Temps | 205,164 | 286,331 | 27,714 | 115,700 | 89,464 | 77.3% | (81,167) | -28.3% |
| Flexible Benefit Plan | 71,384 | 78,048 | 33,286 | 60,300 | 11,084 | 18.4% | (6,664) | -8.5% |
| Thrift Plan/Horizons | 1,419,490 | 1,307,318 | 680,334 | 1,176,900 | 242,590 | 20.6% | 112,172 | 8.6% |
| Savings Plan | 1,005,787 | 1,000,662 | 509,021 | 867,800 | 137,987 | 15.9% | 5,125 | 0.5% |
| Pension Savings Plan | 17,530 | 25,834 | 4,698 | 12,600 | 4,930 | 39.1% | (8,304) | -32.1% |
| Megaflex | 4,255,973 | 4,030,260 | 2,410,146 | 3,682,900 | 573,073 | 15.6% | 225,713 | 5.6% |
| Total | 22,317,598 | 20,737,117 | 11,522,854 | 18,959,008 | 3,358,590 | 17.7% | 1,580,481 | 7.6% |
| Other Benefits | 3,204,000 | 3,131,002 | 1,390,872 | 3,115,900 | 88,100 | 2.8% | 72,998 | 2.3% |
| OPEB Contribution | 951,757 | 692,576 | 361,204 | 688,800 | 262,957 | 38.2% | 259,181 | 37.4% |
| Stipends | 65,000 | 65,000 | 38,441 | 60,000 | 5,000 | 8.3% | 0 | 0.0% |
| Overtime | 612,100 | 594,994 | 532,040 | 821,800 | (209,700) | -25.5% | 17,106 | 2.9% |
| Bilingual Bonus | 24,000 | 24,000 | 10,350 | 20,100 | 3,900 | 19.4% | 0 | 0.0% |
| Reserves for Remuneration | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sickleave Buyback | 66,500 | 58,100 | 53,888 | 63,286 | 3,214 | 5.1% | 8,400 | 14.5% |
| Rideshare Allowance | 121,000 | 0 | 0 | 0 | 121,000 | 100.0% | 121,000 | 100.0% |
| Transportation Allowance | 0 | 7,200 | 0 | 0 | 0 | 100.0% | (7,200) | -100.0% |
| S&EB TOTAL | \$74,774,390 | \$69,082,496 | \$39,401,265 | \$65,662,894 | \$9,111,496 | 13.9% | \$5,691,894 | 8.2% |

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS
SUMMARY

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|---------------------------------|---------------------------------|---------------------------|---------------------|---------------------|---|--------------|---|-------------|
| | | BUDGET | YTD | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | | (02-28-19) | PROJECTION | | | | |
| Administrative Services | \$3,481,752 | \$3,428,195 | \$2,015,700 | \$3,376,900 | \$104,852 | 3.1% | \$53,557 | 1.6% |
| Benefits | 10,482,377 | 9,307,224 | 5,378,983 | 9,125,253 | 1,357,124 | 14.9% | 1,175,153 | 12.6% |
| Communications | 1,459,349 | 1,293,171 | 747,281 | 1,176,200 | 283,149 | 24.1% | 166,178 | 12.9% |
| Disability Litigation | 1,902,981 | 2,040,546 | 1,086,593 | 1,814,600 | 88,381 | 4.9% | (137,565) | -6.7% |
| Disability Retirement | 6,197,007 | 5,884,599 | 3,250,694 | 5,463,934 | 733,073 | 13.4% | 312,408 | 5.3% |
| Executive Office | 1,861,060 | 1,751,696 | 1,067,743 | 1,647,400 | 213,660 | 13.0% | 109,364 | 6.2% |
| Financial & Accounting Services | 4,223,840 | 3,789,612 | 2,282,058 | 3,668,900 | 554,940 | 15.1% | 434,228 | 11.5% |
| Human Resources | 2,439,274 | 2,469,656 | 1,384,914 | 2,285,000 | 154,274 | 6.8% | (30,382) | -1.2% |
| Internal Audit | 1,851,084 | 1,855,122 | 915,338 | 1,696,500 | 246,651 | 9.1% | (4,038) | -0.2% |
| Investment Office | 12,361,834 | 11,487,512 | 6,680,605 | 11,121,600 | 1,240,234 | 11.2% | 874,322 | 7.6% |
| Legal Services | 5,385,123 | 4,928,167 | 2,769,382 | 4,648,400 | 736,723 | 15.8% | 456,956 | 9.3% |
| Member Services | 8,919,633 | 8,630,096 | 4,609,393 | 7,807,000 | 1,112,633 | 14.3% | 289,537 | 3.4% |
| Quality Assurance | 3,177,189 | 3,024,222 | 1,509,811 | 2,588,108 | 589,081 | 22.8% | 152,967 | 5.1% |
| Systems Division | 11,031,887 | 9,192,677 | 5,702,771 | 9,243,100 | 1,788,787 | 19.4% | 1,839,210 | 20.0% |
| S&EB TOTAL | \$74,774,390 | \$69,082,496 | \$39,401,265 | \$65,662,894 | \$9,111,497 | 13.9% | \$5,691,894 | 8.2% |

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL AGENCY TEMPORARY STAFFING
SUMMARY

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2 0 1 8 - 2 0 1 9 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|---------------------------------|--|---|--------------------|--------------------|--|-----------------|--|-----------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Administrative Services | \$54,000 | \$114,000 | \$45,969 | \$110,000 | (\$56,000) | -50.9% | (\$60,000) | -52.6% |
| Benefits | 809,700 | 0 | 66,162 | 68,600 | 741,100 | 1080.3% | 809,700 | 100.0% |
| Communications | 47,800 | 102,500 | 18,315 | 37,200 | 10,600 | 28.5% | (54,700) | -53.4% |
| Disability Litigation | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Disability Retirement | 36,000 | 42,009 | 43,837 | 50,000 | (14,000) | -28.0% | (6,009) | -14.3% |
| Executive Office | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Financial & Accounting Services | 424,200 | 296,300 | 264,865 | 403,200 | 21,000 | 5.2% | 127,900 | 43.2% |
| Human Resources | 26,200 | 101,100 | 67,590 | 101,000 | (74,800) | -74.1% | (74,900) | -74.1% |
| Internal Audit | 0 | 0 | 8,346 | 16,900 | (16,900) | 0.0% | 0 | 0.0% |
| Investment Office | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Legal Services | 60,000 | 118,700 | 57,106 | 110,900 | (50,900) | 0.0% | (58,700) | -49.5% |
| Member Services | 160,700 | 129,300 | 95,881 | 129,300 | 31,400 | 24.3% | 31,400 | 24.3% |
| Quality Assurance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Systems Division | 1,700,000 | 992,000 | 1,085,743 | 1,412,700 | 287,300 | 20.3% | 708,000 | 71.4% |
| TOTAL | \$3,318,600 | \$1,895,909 | \$1,753,813 | \$2,439,800 | \$878,800 | 36.0% | \$1,422,691 | 75.0% |

*All amounts rounded to the nearest dollar.

LACERA

BUDGET REQUEST INFORMATION

FINAL AGENCY TEMPORARY STAFFING
HISTORY OF EXPENDITURES

| DIVISION | FYE 2017 | | FYE 2018 | | FYE 2019 | | FYE 2020 |
|-------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Budget | Actual | Budget | Actual | Budget | Projection | Budget |
| Administrative Services | \$151,600 | \$125,800 | \$122,500 | \$264,100 | \$114,000 | \$110,000 | \$54,000 |
| Benefits | 35,000 | 42,460 | 24,400 | 41,200 | 0 | 68,600 | 809,700 |
| Communications | 67,500 | 0 | 143,300 | 23,200 | 102,500 | 37,200 | 47,800 |
| Disability Litigation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disability Retirement | 28,400 | 0 | 104,200 | 23,200 | 42,009 | 50,000 | 36,000 |
| Executive Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Financial Services | 75,200 | 48,207 | 143,200 | 386,800 | 296,300 | 403,200 | 424,200 |
| Human Resources | 0 | 38,702 | 39,200 | 83,731 | 101,100 | 101,000 | 26,200 |
| Internal Audit | 0 | 0 | 26,100 | 16,450 | 0 | 16,900 | 0 |
| Investment Office | 30,000 | 33,590 | 35,000 | 34,500 | 0 | 0 | 0 |
| Legal Services | 42,200 | 16,347 | 68,000 | 43,113 | 118,700 | 110,900 | 60,000 |
| Member Services | 142,000 | 105,603 | 75,100 | 122,000 | 129,300 | 129,300 | 160,700 |
| Quality Assurance | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Systems | 1,927,000 | 1,163,864 | 1,527,000 | 1,193,950 | 992,000 | 1,412,700 | 1,700,000 |
| GRAND TOTAL | \$2,498,900 | \$1,574,573 | \$2,308,000 | \$2,232,244 | \$1,895,909 | \$2,439,800 | \$3,318,600 |

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL OVERTIME REQUEST
SUMMARY

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2 0 1 8 - 2 0 1 9 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|---------------------------------|--|---|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Administrative Services | \$31,500 | \$28,007 | \$14,832 | \$28,000 | \$3,500 | 12.5% | \$3,493 | 12.5% |
| Benefits | 197,800 | 191,075 | 213,332 | 338,800 | (141,000) | -41.6% | 6,725 | 3.5% |
| Communications | 3,000 | 3,600 | 720 | 1,800 | 1,200 | 66.7% | (600) | -16.7% |
| Disability Litigation | 0 | 0 | 3 | 0 | 0 | 0.0% | 0 | 0.0% |
| Disability Retirement | 12,400 | 11,972 | 13,437 | 16,000 | (3,600) | -22.5% | 428 | 3.6% |
| Executive Office | 3,000 | 6,376 | 37,528 | 40,000 | (37,000) | -92.5% | (3,376) | -52.9% |
| Financial & Accounting Services | 74,300 | 63,720 | 38,200 | 63,500 | 10,800 | 17.0% | 10,580 | 16.6% |
| Human Resources | 1,500 | 1,403 | 349 | 1,200 | 300 | 25.0% | 97 | 6.9% |
| Internal Audit | 3,000 | 3,327 | 54 | 500 | 2,500 | 500.0% | (327) | -9.8% |
| Investment Office | 0 | 2,000 | 138 | 500 | (500) | -100.0% | (2,000) | 0.0% |
| Legal Services | 35,000 | 36,144 | 3,989 | 6,500 | 28,500 | 438.5% | (1,144) | -3.2% |
| Member Services | 119,500 | 115,400 | 128,758 | 194,100 | (74,600) | -38.4% | 4,100 | 3.6% |
| Quality Assurance | 1,000 | 1,871 | 2,039 | 900 | 100 | 11.1% | (871) | -46.5% |
| Systems Division | 130,100 | 130,100 | 78,662 | 130,000 | 100 | 0.1% | 0 | 0.0% |
| TOTAL | \$612,100 | \$594,994 | \$532,040 | \$821,800 | (\$209,700) | -25.5% | \$17,106 | 2.9% |

*All amounts rounded to the nearest dollar.

LACERA

BUDGET REQUEST INFORMATION

FINAL OVERTIME
HISTORY OF EXPENDITURES

| DIVISION | FYE 2017 | | FYE 2018 | | FYE 2019 | | FYE 2020 |
|-------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Budget | Actual | Budget | Actual | Budget | Projection | Budget |
| Administrative Services | \$21,504 | \$20,000 | \$20,200 | \$33,500 | \$28,007 | \$28,000 | \$31,500 |
| Benefits | 165,200 | 172,500 | 175,400 | 228,500 | 191,075 | 338,800 | 197,800 |
| Communications | 2,376 | 4,700 | 6,900 | 6,000 | 3,600 | 1,800 | 3,000 |
| Disability Litigation | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disability Retirement | 21,376 | 8,700 | 14,000 | 8,900 | 11,972 | 16,000 | 12,400 |
| Executive Office | 2,280 | 2,000 | 3,100 | 45,600 | 6,376 | 40,000 | 3,000 |
| Financial Services | 52,084 | 45,000 | 52,900 | 45,000 | 63,720 | 63,500 | 74,300 |
| Human Resources | 3,093 | 1,300 | 6,200 | 3,050 | 1,403 | 1,200 | 1,500 |
| Internal Audit | 2,000 | 1,900 | 2,000 | 1,000 | 3,327 | 500 | 3,000 |
| Investment Office | 0 | 1,400 | 0 | 2,500 | 2,000 | 500 | 0 |
| Legal Services | 12,118 | 35,000 | 35,000 | 2,350 | 36,144 | 6,500 | 35,000 |
| Member Services | 108,684 | 157,600 | 115,400 | 214,100 | 115,400 | 194,100 | 119,500 |
| Quality Assurance | 3,950 | 2,000 | 1,000 | 1,100 | 1,871 | 900 | 1,000 |
| Systems | 130,010 | 102,700 | 130,100 | 199,150 | 130,100 | 130,000 | 130,100 |
| GRAND TOTAL | \$524,675 | \$554,800 | \$562,200 | \$790,750 | \$594,995 | \$821,800 | \$612,100 |

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL BILINGUAL BONUS
SUMMARY

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|--------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Benefits Division | \$2,400 | \$2,400 | \$450 | \$1,200 | \$1,200 | 100.0% | \$0 | 0.0% |
| Member Services Division | 21,600 | 21,600 | 9,900 | 18,900 | 2,700 | 14.3% | 0 | 0.0% |
| TOTAL | \$24,000 | \$24,000 | \$10,350 | \$20,100 | \$3,900 | 19.4% | \$0 | 0.0% |

*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2019-2020

FINAL BUDGETED POSITIONS CHANGES

| DIVISION | | POSITION TITLE | SALARY | VARIABLE BENEFITS | TOTAL SALARY & EMPLOYEE BENEFIT CHANGES |
|---------------------------------|------|---|----------|-------------------|---|
| Administrative Services | 1.00 | Supervising Administrative Assistant II | \$42,800 | \$21,734 | \$64,533 |
| | 1.00 | | 42,800 | 21,734 | 64,533 |
| Benefits | 1.00 | Retirement Benefits Specialist II | 53,583 | 27,209 | 80,793 |
| | 1.00 | | 53,583 | 27,209 | 80,793 |
| Disability Retirement | 1.00 | Staff Assistant II | 57,984 | 29,444 | 87,428 |
| | 1.00 | | 57,984 | 29,444 | 87,428 |
| Financial & Accounting Services | 1.00 | Accounting Officer II | 61,714 | 31,338 | 93,052 |
| | 1.00 | | 61,714 | 31,338 | 93,052 |
| Investment Office | 3.00 | Finance Analyst III | 241,540 | 122,653 | 364,193 |
| | 3.00 | | 241,540 | 122,653 | 364,193 |
| Legal Services | 1.00 | Director of Compliance | 80,513 | 40,884 | 121,398 |
| | 1.00 | Staff Counsel | 60,288 | 30,614 | 90,902 |
| | 1.00 | Legal Analyst | 35,927 | 18,244 | 54,171 |
| | 3.00 | | 176,729 | 89,742 | 266,471 |
| Member Services | 2.00 | Retirement Benefits Specialist III | 63,996 | 32,497 | 96,493 |
| | 2.00 | | 63,996 | 32,497 | 96,493 |

LACERA

FISCAL YEAR 2019-2020

FINAL BUDGETED POSITIONS CHANGES

| DIVISION | | POSITION TITLE | SALARY | VARIABLE BENEFITS | TOTAL SALARY & EMPLOYEE BENEFIT CHANGES |
|--------------------------------|--------|-------------------------------|-----------|-------------------|---|
| Quality Assurance | (1.00) | Internal Auditor | (99,735) | (50,645) | (150,381) |
| | 1.00 | Senior Quality Auditor | 99,735 | 50,645 | 150,381 |
| | 1.00 | Staff Assistant II | 28,992 | 14,722 | 43,714 |
| | 1.00 | | 28,992 | 14,722 | 43,714 |
| Systems | 1.00 | Chief Technology Officer | 60,288 | 30,614 | 90,903 |
| | 4.00 | Info. Tech. Specialist II | 272,821 | 138,538 | 411,359 |
| | 4.00 | Info. Tech. Specialist I | 224,329 | 113,913 | 338,242 |
| | 1.00 | Retirement Systems Specialist | 55,998 | 28,436 | 84,434 |
| | (1.00) | Data Sys. Supervisor I | (48,776) | (24,768) | (73,545) |
| | (7.00) | Data Sys. Coordinator | (341,433) | (173,379) | (514,812) |
| | (1.00) | EDP Senior Programmer Analyst | (44,303) | (22,497) | (66,800) |
| | (1.00) | Web Designer | (38,971) | (19,789) | (58,760) |
| | 0.00 | | 139,953 | 71,068 | 211,021 |
| Net Amount of Position Changes | 13.00 | Amount Requested | \$867,290 | \$440,408 | \$1,307,698 |

LACERA ADMINISTRATIVE BUDGET

FISCAL YEAR 2019-2020

BUDGETED POSITIONS

| | | BUD POS | SCH. | MONTHLY RATE | AMOUNT |
|--------|---|------------|------|-----------------|--------------|
| 00415A | Accountant | 16 | 90K | 97,772.92 | 1,143,779.04 |
| 00417A | Accounting Officer I | 1 | 99F | 6,925.46 | 83,105.52 |
| 00418A | Accounting Officer II | 2 | 103B | 15,375.37 | 163,933.17 |
| 00413A | Accounting Technician I | 2 | 82D | 10,091.28 | 121,095.36 |
| 00419A | Administrative Services Analyst I | 2 | 82B | 8,205.37 | 75,175.14 |
| 00420A | Administrative Services Analyst II | 4 | 91F | 24,681.58 | 296,178.96 |
| 00421A | Administrative Services Analyst III | 2 | 95F | 11,460.38 | 137,524.56 |
| 00410A | Administrative Services Officer | 2 | LS9 | 16,176.60 | 145,589.40 |
| 00799A | Assistant Chief Financial Officer | 1 | LS10 | 12,585.60 | 151,027.20 |
| 00437A | Assistant Director, Human Resources | 1 | LS10 | 11,685.24 | 140,222.88 |
| 00792A | Assistant Executive Officer (UC) | 1 | LS16 | 17,508.60 | 210,103.20 |
| 00792A | Assistant Executive Officer (UC) | 1 | LS16 | 13,418.88 | 80,513.28 |
| 00781A | Assistant Information Systems Manager | 3 | LS12 | 41,846.14 | 381,576.84 |
| 00794A | Chief, Communications | 1 | LS10 | 11,685.24 | 140,222.88 |
| 09216A | Chief Counsel | 1 | LS19 | 25,231.75 | 302,781.00 |
| 09215A | Chief Counsel, Disability Litigation | 1 | LS18 | 22,114.37 | 265,372.44 |
| 00776L | Chief Executive Officer | 1 | LR20 | 37,500.00 | 450,000.00 |
| 00800A | Chief Financial Officer | 1 | LS12 | 15,208.57 | 182,502.84 |
| 99999A | Chief Information Security Officer | 1 | LS12 | 10,048.07 | 60,288.42 |
| 00493A | Chief Investment Officer (UC) | 1 | LR28 | 46,419.77 | 557,037.24 |
| 00774A | Chief, Internal Audit | 1 | LS12 | 14,544.22 | 174,530.64 |
| 00780A | Chief, Quality Assurance | 1 | LS12 | 12,728.58 | 152,742.96 |
| 00805A | Chief, Technology Officer, LACERA | 1 | LS12 | 10,048.07 | 60,288.42 |
| 00779A | Creative Coordinator | 2 | 105G | 11,685.24 | 185,725.44 |
| 00457A | Data Systems Analyst I | 3 | 100J | 20,854.00 | 250,248.00 |
| 00458A | Data Systems Analyst II | 8 | 103E | 70,257.84 | 843,094.08 |
| 00469A | Data Systems Coordinator | 15 | 109E | 149,754.20 | 1,748,274.24 |
| 00459A | Data Systems Supervisor I | 0 | 109E | - | - |
| 00460A | Data Systems Supervisor II | 4 | 115A | 46,583.10 | 502,171.20 |
| 99999A | Deputy Chief Executive Officer (UC) Ø | 1 | LS18 | 15,507.19 | - |
| 99999A | Deputy Chief Investment Officer (UC) Ø | 1 | LR24 | 23,933.01 | - |
| 00425A | Director, Human Resources | 1 | LS12 | 14,117.51 | 169,410.12 |
| 99999A | Director of Compliance | 1 | LS16 | 13,418.88 | 80,513.28 |
| 01643A | Disability Retirement Specialist Supervisor | 5 | 104H | 43,258.64 | 476,198.76 |
| 00773A | Division Manager | 4 | LS12 | 56,364.45 | 676,373.40 |
| 00471A | Document Processing Assistant | 11 | 78E | 44,856.62 | 496,128.84 |
| 00472A | Document Processing Coordinator | 2 | 81E | 8,796.55 | 82,716.06 |
| 00453A | EDP Principal Programmer Analyst | 1 | 114D | 12,179.56 | 146,154.72 |
| 00452A | EDP Sr. Programmer Analyst | 0 | 105K | - | - |
| 00475A | Executive Board Assistant | 2 | 103A | 17,942.00 | 215,304.00 |
| 00442A | Executive Secretary | 2 | 99J | 16,419.48 | 197,033.76 |
| 00767A | Finance Analyst I | 5 | 103G | 43,386.50 | 520,638.00 |
| 00768A | Finance Analyst II | 9 | LR12 | 106,898.45 | 1,282,781.40 |
| 00769A | Finance Analyst III | 14 | LR16 | 226,589.57 | 2,155,481.46 |
| 00434A | Human Resources Analyst | 4 | 97A | 29,009.00 | 348,108.00 |
| 00783A | Information Systems Manager | 1 | LS14 | 17,575.39 | 210,904.68 |
| 00782A | Information Systems Manager I | 1 | 114G | 12,270.10 | 147,241.20 |
| 00803A | Information Technology Manager I | 2 | LS11 | 18,694.06 | 112,164.36 |
| 99999A | Information Technology Manager II Ø | 1 | LS12 | 10,048.07 | - |
| 00801A | Information Technology Specialist I | 6 | 116G | 59,263.08 | 355,578.48 |
| 0802A | Information Technology Specialist II | 6 | 121J | 68,205.30 | 409,231.80 |
| 00445A | Intermediate Typist-Clerk | 3 | 72F | 9,683.64 | 116,203.68 |

LACERA ADMINISTRATIVE BUDGET

FISCAL YEAR 2019-2020

BUDGETED POSITIONS

| | | BUD POS | SCH. | MONTHLY RATE | AMOUNT |
|--------|---|------------|------|-----------------|------------------------|
| 00765A | Internal Auditor | 0 | 106B | 9,241.00 | - |
| 00764A | Internal Auditor | 2 | 100J | 14,866.92 | 139,812.12 |
| 09235A | Legal Analyst | 5 | 98B | 36,987.15 | 407,918.34 |
| 00795A | Legislative Affairs Officer | 1 | 111D | 10,636.09 | 127,633.20 |
| 00440A | Management Secretary | 2 | 91J | 12,537.82 | 150,453.84 |
| 00789A | Media Artist | 4 | 97F | 26,725.03 | 285,385.98 |
| 00461A | Messenger Driver | 2 | 71L | 6,406.66 | 76,879.92 |
| 00762A | Principal Internal Auditor | 2 | 113D | 20,825.10 | 249,901.20 |
| 00495A | Principal Investment Officer | 2 | LR23 | 66,317.18 | 795,806.16 |
| 00496A | Principal Investment Officer (UC) | 4 | LR23 | 109,002.24 | 1,308,026.88 |
| 99999A | Principal Staff Counsel Ø | 2 | LS17 | 28,850.60 | - |
| 00463A | Procurement Assistant I | 0 | 81K | 3,853.45 | - |
| 00464A | Procurement Assistant II | 3 | 85K | 15,747.12 | 188,965.44 |
| 02600A | Programming Systems Specialist | 2 | 111J | 20,034.74 | 188,413.80 |
| 00797A | Quality Auditor II | 11 | 99A | 41,888.00 | 987,731.04 |
| 00466A | Receptionist | 1 | 73F | 3,249.56 | 38,994.72 |
| 01310A | Retirement Benefits Specialist II | 66 | 87D | 330,619.93 | 3,913,855.92 |
| 01311A | Retirement Benefits Specialist III | 46 | 93K | 297,744.42 | 3,444,941.04 |
| 02644A | Retirement Systems Specialist | 3 | 114F | 33,752.48 | 349,031.76 |
| 00438A | Secretary | 4 | 81B | 19,045.49 | 205,870.26 |
| 00772A | Section Head, LACERA | 7 | LS9 | 67,820.92 | 813,851.04 |
| 00416A | Senior Accountant | 5 | 95A | 34,390.00 | 379,644.00 |
| 01632A | Senior Disability Retirement Specialist | 22 | 100H | 170,336.46 | 2,044,037.52 |
| 00436A | Senior Human Resources Analyst | 4 | 101A | 33,988.00 | 407,856.00 |
| 00435A | Senior Human Resources Assistant | 2 | 90C | 12,674.92 | 152,099.04 |
| 00763A | Senior Internal Auditor | 5 | 107A | 43,536.60 | 522,439.20 |
| 00492A | Senior Investment Officer | 4 | LR20 | 80,229.11 | 962,749.32 |
| 00441A | Senior Management Secretary | 8 | 95J | 55,483.80 | 632,110.68 |
| 00798A | Senior Quality Auditor | 5 | 104C | 45,367.00 | 544,407.36 |
| 01312A | Senior Retirement Benefits Specialist | 20 | 99D | 148,268.93 | 1,667,931.54 |
| 00439A | Senior Secretary | 11 | 87J | 55,606.46 | 738,429.84 |
| 09213A | Senior Staff Counsel | 8 | LS16 | 95,681.40 | 1,782,385.92 |
| 00446A | Senior Typist Clerk | 1 | 76L | 4,542.92 | 54,515.04 |
| 00784A | Senior Writer | 3 | 103F | 22,346.19 | 226,601.58 |
| 00426A | Staff Assistant I | 2 | 83C | 8,451.00 | 101,412.00 |
| 00427A | Staff Assistant II | 8 | 90C | 43,995.58 | 556,938.96 |
| 09212A | Staff Counsel | 5 | LS12 | 66,146.35 | 733,467.78 |
| 00423A | Supervising Administrative Assistant II | 3 | 104G | 24,020.55 | 245,446.98 |
| 01186A | Training Coordinator | 1 | 100L | 8,476.36 | 101,716.32 |
| 00788A | Web Designer | 0 | 100B | - | - |
| 00787A | Web Support Technician | 1 | 93H | 6,959.64 | 83,515.68 |
| 00448A | Word Processor II | 4 | 80D | 17,081.12 | 204,973.44 |
| 00786A | Writer II | 2 | 93H | 10,614.00 | 63,684.00 |
| <hr/> | | | | | |
| 456 | | | | | <hr/> \$ 43,083,105.21 |

LACERA ADMINISTRATIVE BUDGET

FISCAL YEAR 2019-2020

BUDGETED POSITIONS

| | BUD POS | SCH. | MONTHLY RATE | AMOUNT |
|-------------------------------------|--------------------|-------------|-------------------------|-----------------------------|
| 120-Day Retirees | 1 | | | <u>\$58,828.80</u> |
| Anticipated MOU Increase | | | | <u>\$753,954.34</u> |
| Bonus | | | | <u>\$53,946.37</u> |
| Total Permanent Net Salaries | | | | <u><u>43,949,834.73</u></u> |

Schedules are as of latest MOU 1/1/19

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19

Rep/Non-Represented positions are shown at actual salaries as of 02/28/19

[Represented positions shown in blue](#)

Ø Position not yet approved by Board of Supervisors

LACERA

BUDGET REQUEST INFORMATION

VACANT POSITIONS
SUMMARY

| Division | Budgeted Positions 2018-2019 | Vacancy (as of 04/22/19) | % | Budgeted Positions 2019-2020* | Vacancy | % |
|---------------------------------|---------------------------------|--------------------------------|------------|----------------------------------|-----------|------------|
| Administrative Services | 33 | 6 | 18% | 34 | 7 | 21% |
| Benefits | 70 | 4 | 6% | 71 | 5 | 7% |
| Communications | 13 | 4 | 31% | 13 | 4 | 31% |
| Disability Litigation | 7 | 0 | 0% | 7 | 0 | 0% |
| Disability Retirement Services | 40 | 1 | 3% | 41 | 2 | 5% |
| Executive Ø | 8 | 2 | 25% | 8 | 2 | 25% |
| Financial & Accounting Services | 29 | 3 | 10% | 30 | 4 | 13% |
| Human Resources | 13 | 0 | 0% | 13 | 0 | 0% |
| Internal Audit | 11 | 1 | 9% | 11 | 1 | 9% |
| Investments Ø | 41 | 4 | 10% | 44 | 7 | 16% |
| Legal Services Ø | 23 | 3 | 13% | 26 | 6 | 23% |
| Member Services | 77 | 5 | 6% | 79 | 7 | 9% |
| Quality Assurance | 18 | 0 | 0% | 19 | 1 | 5% |
| Systems Ø | 60 | 24 | 40% | 60 | 24 | 40% |
| | 443 | 57 | 13% | 456 | 70 | 15% |

* Includes new requested positions. We plan to fill all vacant positions.

Ø Includes five (5) positions not yet approved by Board of Supervisors

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES AND SUPPLIES
SUMMARY

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018 - 2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|---------------------------------|--|-------------------------------------|--------------------|---------------------|--|-----------------|--|-----------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Administrative Services | \$4,338,800 | \$4,366,380 | \$2,549,578 | \$4,176,820 | \$161,980 | 3.9% | (\$27,580) | -0.6% |
| Benefits | 84,000 | 82,250 | 29,287 | 56,800 | 27,200 | 47.9% | 1,750 | 2.1% |
| Board of Retirement | 228,900 | 228,900 | 99,844 | 172,700 | 56,200 | 32.5% | 0 | 0.0% |
| Board of Investment | 337,500 | 305,500 | 225,047 | 321,500 | 16,001 | 5.0% | 32,000 | 10.5% |
| Communications | 998,200 | 1,026,050 | 557,659 | 851,400 | 146,800 | 17.2% | (27,850) | -2.7% |
| Disability Litigation | 85,300 | 80,650 | 34,064 | 59,530 | 25,770 | 43.3% | 4,650 | 5.8% |
| Disability Retirement | 2,510,500 | 2,300,200 | 1,043,562 | 2,173,200 | 337,300 | 15.5% | 210,300 | 9.1% |
| Executive Office | 697,500 | 632,450 | 258,956 | 486,642 | 210,857 | 43.3% | 65,050 | 10.3% |
| Financial & Accounting Services | 305,600 | 353,500 | 120,175 | 272,000 | 33,600 | 12.4% | (47,900) | -13.6% |
| Human Resources | 1,535,200 | 1,515,200 | 589,344 | 1,375,500 | 159,700 | 11.6% | 20,000 | 1.3% |
| Internal Audit | 539,500 | 587,500 | 196,111 | 477,850 | 61,650 | 12.9% | (48,000) | -8.2% |
| Investment Office | 564,400 | 564,700 | 176,742 | 476,500 | 87,900 | 18.4% | (300) | -0.1% |
| Legal Services | 1,051,300 | 1,082,150 | 905,057 | 1,252,550 | (201,250) | -16.1% | (30,850) | -2.9% |
| Member Services | 95,000 | 107,500 | 46,333 | 85,400 | 9,600 | 11.2% | (12,500) | -11.6% |
| Quality Assurance | 150,000 | 143,000 | 27,322 | 121,850 | 28,149 | 23.1% | 7,000 | 4.9% |
| Systems | 6,303,900 | 6,163,810 | 1,986,544 | 5,757,400 | 546,500 | 9.5% | 140,090 | 2.3% |
| S&S TOTAL | \$19,825,600 | \$19,539,740 | \$8,845,625 | \$18,117,642 | \$1,707,958 | 9.4% | \$285,860 | 1.5% |

*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES AND SUPPLIES
CATEGORY SUMMARY

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------|----------------------------------|-------------------------------|--------------------|---------------------|--|-----------------|--|-----------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Auto Expense | \$191,600 | \$38,500 | \$21,707 | \$80,472 | \$111,128 | 138.1% | \$153,100 | 397.7% |
| Communications | 736,400 | 1,016,400 | 371,691 | 915,550 | (179,150) | -19.6% | (280,000) | -27.5% |
| Transportation and Travel | 1,148,200 | 1,173,000 | 431,219 | 975,650 | 172,550 | 17.7% | (24,800) | -2.1% |
| Postage | 993,400 | 979,700 | 562,455 | 900,560 | 92,840 | 10.3% | 13,700 | 1.4% |
| Stationery and Forms | 573,800 | 594,000 | 336,503 | 514,400 | 59,400 | 11.5% | (20,200) | -3.4% |
| Office Supplies and Equipment | 846,100 | 858,310 | 277,656 | 750,000 | 96,100 | 12.8% | (12,210) | -1.4% |
| Insurance | 733,500 | 656,000 | 657,829 | 665,630 | 67,870 | 10.2% | 77,500 | 11.8% |
| Equipment Maintenance | 627,500 | 614,650 | 183,586 | 529,100 | 98,400 | 18.6% | 12,850 | 2.1% |
| Equipment Rents and Leases | 310,000 | 315,000 | 172,961 | 294,000 | 16,000 | 5.4% | (5,000) | -1.6% |
| Building Costs | 2,305,000 | 2,563,030 | 1,265,772 | 2,404,030 | (99,030) | -4.1% | (258,030) | -10.1% |
| Parking Fees | 502,000 | 527,000 | 223,635 | 477,000 | 25,000 | 5.2% | (25,000) | -4.7% |
| Professional and Spec. Svcs. | 2,685,100 | 2,714,550 | 1,066,759 | 2,382,500 | 302,600 | 12.7% | (29,450) | -1.1% |
| Bank Services | 230,000 | 280,000 | 88,503 | 215,000 | 15,000 | 7.0% | (50,000) | -17.9% |
| Legal Fees and Services | 612,500 | 654,000 | 642,228 | 830,800 | (218,300) | -26.3% | (41,500) | -6.3% |
| Disability Fees and Services | 2,168,000 | 1,968,000 | 891,765 | 1,871,000 | 297,000 | 15.9% | 200,000 | 10.2% |
| Computer Services and Support | 3,176,900 | 2,776,900 | 823,041 | 2,770,800 | 406,100 | 14.7% | 400,000 | 14.4% |
| Educational Expense | 1,452,900 | 1,390,850 | 535,001 | 1,150,600 | 302,300 | 26.3% | 62,050 | 4.5% |
| Miscellaneous | 532,700 | 419,850 | 293,315 | 390,550 | 142,150 | 36.4% | 112,850 | 26.9% |
| S&S TOTAL | \$19,825,600 | \$19,539,740 | \$8,845,625 | \$18,117,642 | \$1,707,958 | 9.4% | \$285,860 | 1.5% |

*All amounts rounded to the nearest dollar.

FY 2019-2020
LACERA
SERVICES AND SUPPLIES
FINAL ONE TIME COSTS

| DIVISION | DESCRIPTION | AMOUNT |
|-------------------------|--------------------------------|-------------------|
| Administrative Services | Renovation/Upgrades | \$ 300,000 |
| Systems | IT Strategic Assessment | \$ - |
| | Case Management System | \$ - |
| | Telephone System Updates | \$ 300,000 |
| | Network Switch Equipment | \$ 150,000 |
| | Network Traffic Prioritization | \$ 60,000 |
| | Member Authentication Review | \$ 20,000 |
| | MSC Queue Project | \$ 56,000 |
| | | \$ 886,000 |

Board of Retirement

Mission Statement

We produce, protect, and provide the promised benefits.

→ The Board

Composed of eleven members:

- Two elected by active general members
- One elected by retired members
 - Retired members also elect an alternate member
- One elected by safety members
 - Safety members also have an alternate member
- Four members appointed by the Los Angeles County Board of Supervisors

Responsibilities

Overall management of LACERA is vested in the Board of Retirement. The Board is responsible for the administration of the retirement system and the Retiree Healthcare Benefits Program (OPEB Program). Its duties also include the review and processing of disability retirement applications.

FY 2019-2020 Highlights

Services & Supplies

The Board's services and supplies budget request is based on actual expenditure trends.



ALAN J. BERNSTEIN

Chair
Appointed by Board of Supervisors



LES ROBBINS

Vice Chair
Elected by Retired Members



GINA ZAPANTA-MURPHY

Secretary
Appointed by Board of Supervisors



JOSEPH KELLY

County Treasurer and Tax Collector
Ex-Officio Member



KEITH KNOX

Chief Deputy County Treasurer and Tax Collector Alternate
Ex-Officio Member



HERMAN B. SANTOS

Elected by General Members



VIVIAN H. GRAY

Elected by General Members



THOMAS WALSH

Appointed by Board of Supervisors



RONALD A. OKUM

Appointed by Board of Supervisors



SHAWN R. KEHOE

Elected by Safety Members



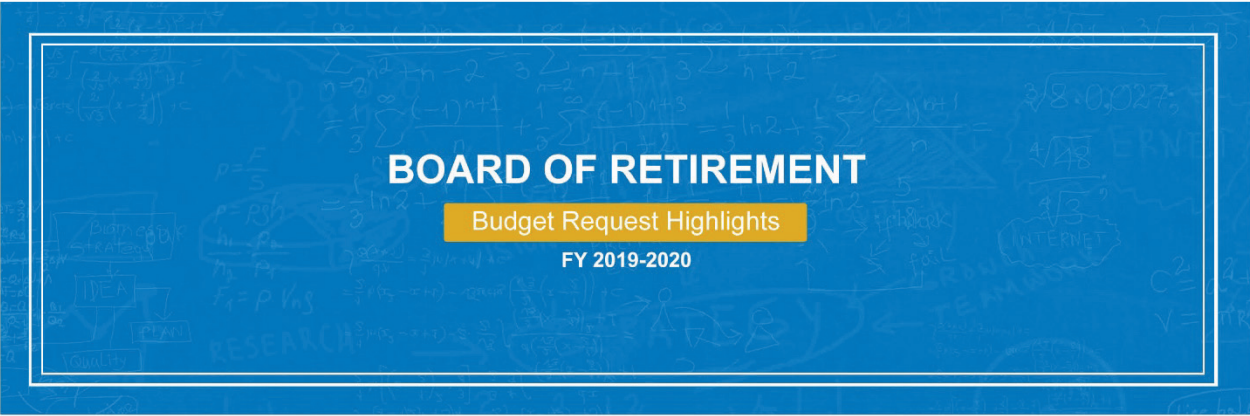
WILLIAM R. PRYOR

Alternate Member
Elected by Safety Members



JAMES P. HARRIS

Alternate Member
Elected by Retired Members



INTRODUCTION

The Board of Retirement is responsible for the administration of the retirement system, the Retiree Healthcare program, and the review and processing of disability retirement applications. The Board must execute its duties with care, skill, prudence, and diligence. Four of its members are appointed by the Los Angeles County Board of Supervisors; two are elected by general members; safety members elect one member and one alternate member; and retired members also elect one member and one alternate member. The law requires the County Treasurer and Tax Collector to serve as an ex-officio member.

SERVICES AND SUPPLIES

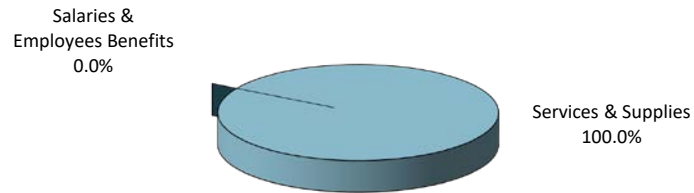
The Board’s Services and Supplies budget request is based on actual expenditure trends. There are no significant increases this year.

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

BOARD OF RETIREMENT

| | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------|---------------------------------|-----------------|------------------|---|--------------|---|-------------|
| | PROPOSED BUDGET 2019-2020 | YTD | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | | | | |
| Salaries & Employees Benefits | \$0 | \$0 | \$0 | \$0 | 0.0% | \$0 | 0.0% |
| Services & Supplies | 228,900 | 99,844 | 172,700 | 56,200 | 32.5% | 0 | 0.0% |
| OPERATING BUDGET | \$228,900 | \$99,844 | \$172,700 | \$56,200 | 32.5% | \$0 | 0.0% |

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

BOARD OF RETIREMENT

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------|--|-----------------------------------|------------|------------|--|----------|--|----------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| COMMUNICATIONS | \$3,400 | \$3,400 | \$674 | \$1,650 | \$1,750 | 106.1% | \$0 | 0.0% |
| TRANSPORTATION & TRAVEL | 153,000 | 153,000 | 51,259 | 111,850 | 41,150 | 36.8% | 0 | 0.0% |
| EDUCATIONAL EXPENSES | 72,500 | 72,500 | 47,911 | 59,200 | 13,300 | 22.5% | 0 | 0.0% |
| TOTAL | \$228,900 | \$228,900 | \$99,844 | \$172,700 | \$56,200 | 32.5% | \$0 | 0.0% |

*All amounts rounded to the nearest dollar.

Board of Investments

Mission Statement

We produce, protect, and provide the promised benefits.

→ The Board

Composed of nine members:

- Four members appointed by the Los Angeles County Board of Supervisors
- Elected members
 - Two elected by active general members
 - One elected by retired members
 - One elected by safety member
- County Treasurer and Tax Collector serves as an ex-officio member

Responsibilities

The Board of Investments is responsible for establishing LACERA's investment policy and objectives, as well as exercising authority and control over the investment of the retirement fund.

The Board of Investments (BOI) fulfills its pension actuarial obligations by reviewing actuarial assumptions, approving the actuarial valuation, and adopting recommended employer and employee contribution rates.

FY 2019-2020 Highlights

Services & Supplies

The Board's services and supplies budget request is based on actual expenditure trends.



SHAWN R. KEHOE

Chair
Elected by Safety Members



JOSEPH KELLY

Vice Chair
County Treasurer and Tax Collector
Ex-Officio Member



WAYNE MOORE

Secretary
Appointed by Board of Supervisors



KEITH KNOX

Chief Deputy County Treasurer and Tax Collector
Alternate Ex-Officio Member



DAVID GREEN

Elected by General Members



HERMAN B. SANTOS

Elected by General Members



RONALD A. OKUM

Appointed by Board of Supervisors



ALAN J. BERNSTEIN

Appointed by Board of Supervisors



DAVID L. MUIR

Elected by Retired Members



GINA V. SANCHEZ

Appointed by Board of Supervisors

BOARD OF INVESTMENTS

Budget Request Highlights

FY 2019-2020

INTRODUCTION

The Board of Investments has exclusive responsibility for investments of LACERA's retirement fund and is responsible for setting contribution rates. The Board must execute its duties with care, skill, prudence and diligence. Four members are appointed by the Los Angeles County Board of Supervisors; two are elected by general members; and safety members and retired members both elect one member each. The law requires the County Treasurer and Tax Collector to serve as an ex-officio member.

SERVICES AND SUPPLIES

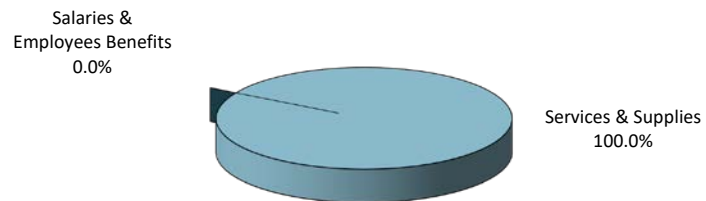
The Board's Services and Supplies budget request is based on actual expenditure trends. There are no significant increases this year.

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

BOARD OF INVESTMENTS

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------|---------------------------|------------------------|------------------|------------------|---|-------------|---|--------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Salaries & Employees Benefits | \$0 | \$0 | \$0 | \$0 | 0.0% | \$0 | 0.0% | |
| Services & Supplies | 337,500 | 305,500 | 225,047 | 321,500 | 16,000 | 5.0% | 32,000 | 10.5% |
| OPERATING BUDGET | \$337,500 | \$305,500 | \$225,047 | \$321,500 | \$16,000 | 5.0% | \$32,000 | 10.5% |

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

BOARD OF INVESTMENTS

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------|--|-----------------------------------|------------|------------|--|----------|--|----------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| COMMUNICATIONS | \$2,000 | \$2,000 | \$822 | \$2,000 | \$0 | 0.0% | \$0 | 0.0% |
| TRANSPORTATION & TRAVEL | 235,000 | 233,000 | 158,344 | 224,500 | 10,500 | 4.7% | 2,000 | 0.9% |
| EDUCATIONAL EXPENSES | 100,500 | 70,500 | 65,881 | 95,000 | 5,500 | 5.8% | 30,000 | 42.6% |
| TOTAL | \$337,500 | \$305,500 | \$225,047 | \$321,500 | \$16,000 | 5.0% | \$32,000 | 10.5% |

*All amounts rounded to the nearest dollar.



Administrative Services

Mission Statement

Administrative Services collaborates with all LACERA divisions to provide quality services through people, technology, and innovation.

- People: We are a professional team dedicated to customer service and motivated to achieve excellence.
- Technology: We provide superior customer service through the creative use of technology.
- Innovation: We partner with LACERA to promote creative ideas to surpass customer expectations.

Our Team FY 2019-2020

➔ Division Manager: Kimberly Hines

- 34 budgeted positions

We have two distinct sections within Administrative Services:

- Business Management:
 - Business Continuity
 - Facilities Management
 - Procurement
 - Records Management
 - Risk Management
- Budget Development and Document Processing:
 - Budget Unit
 - Document Processing Center

FY 2019-2020 Highlights

Staffing

Administrative Services currently has 33 budgeted full-time positions. To provide additional reporting, analysis, and forecasting, as well as updated policies and procedures and an integrated quality review process, the budget team is requesting to add a permanent position at the level of Supervising Administrative Analyst II in Budget Development & Monitoring. This will bring the total budgeted positions to 34.

In addition, the Document Processing Center is requesting three full-time agency temporary personnel to work from January through April to assist with processing Medicare Part B Premium verifications and tax forms, as well as overtime approval for two existing processing positions.

Services & Supplies

There are no significant increases from FY 2018-2019 except for some small vendor/ supplier line items.

ADMINISTRATIVE SERVICES

Budget Request Highlights

FY 2019-2020

INTRODUCTION

The Administrative Services Division (ASD) provides the operational infrastructure that supports the divisions in administering LACERA programs and services. In short, we ensure that each person has the right resources to do their job. Specific functions include:

- Budget Development and Monitoring
- Procurement
- Facilities Management
- Document Processing (Imaging/Mail Room/Copy Services)
- Business Continuity
- Business Insurance
- Health and Safety
- Records and Information Management
- Risk Management
- Rideshare Administration

STAFFING

Administrative Services has 33 budgeted full-time positions. We are requesting to add one permanent position at the capacity of:

1. Supervising Administrative Assistant II in Budget Development & Monitoring. The total number of budgeted positions for the Division would increase to 34 from 33.

Budget Operations

LACERA Budget Staff coordinates all activities related to the planning, development, and implementation of LACERA's Administrative Budget, LACERA Retiree Healthcare Budget, and the Other Post-Employment Benefits (OPEB) Budget. Specific activities include:

- Designing and updating budget methodology and calculations to assist with developing an accurate and complete budget
- Supporting Division Managers with formulating budget submissions
- Examining budget estimates and proposals for completeness, accuracy, and conformance with established procedures and organizational objectives
- Monitoring expenditures to ensure that spending is within budget and that payments are allocated to correct accounts
- Comparing budget to actual expenditures at mid-year and year-end reporting periods, and also reporting on significant variances
- Observing and communicating financial trends to LACERA management to assist with controlling spending
- Preparing ad-hoc and formal reports for presentation to LACERA's Board of Retirement and Board of Investments
- Creating/updating budget policy and procedure manuals

The budget team consists of two staff (Administrative Services Analyst III and Administrative Services Analyst II) to manage the operational budgets for 15 divisions. The team works diligently and has been successful in preparing accurate and complete budgets and other financial reports. However, we believe there is room to grow. Because the team consists of only two people, we sometimes have challenges meeting our goals and objectives. For example, when staff illnesses or emergencies occur, we struggle to meet our goals. The current team structure enables us to provide basic budget services to LACERA Management. It's our desire to build a world-class budget team that will support the management team with additional reporting, cost-benefit analysis and financial forecasting, as well as updated policies and procedures, and an integrated quality review process. In order to accomplish this, we are requesting to add a supervisor position at the level of Supervising Administrative Analyst II.

Additional Financial Reporting

We currently provide budget-to-actual expenditure reports at mid-year and year end. By adding another staff member to the team we believe we can better support the management team by providing quarterly and ad hoc budget-to-actual reports.

Verifying Expenditure Allocations

The budget team monitors expenditures to ensure that spending is within budget, and payments are allocated to correct accounts. On average, we review the account allocation for approximately 300 payment requests a month. However, we do not review the account allocation for the LACERA Corporate Card charges or Purchase Orders transactions. As part of reviewing account allocations, we often find expenditures that have been allocated to an incorrect account. Adding another staff member to the team will allow us to review all LACERA expenditure transactions to support an accurate and complete budget.

Training and Development

With a better distribution of the work, we believe we can focus on training and development in order to build a world-class budget team. Because of time constraints, we often forgo attending budget training seminars and conferences. This affects the team's ability to develop professionally as well as network and share ideas with others in the industry.

Policies and Procedures

Along the same vein of training and development, we believe that documented procedures are an important part of ensuring that reports are accurate and complete. Currently we do not have a completed Administrative Budget Policy and Procedures manual. The manual has been drafted, but due to time constraints, it has not been finalized. In addition, approximately eight years ago, we began tracking costs and preparing the Other Post-Employment Benefits (OPEB) Budget. The OPEB subject matter and expense calculations are very complex. The policy and procedures for OPEB have not been documented, which poses a risk to LACERA if the current staff were not available due to illness or staff turnover.

Formalized Budget Review Process

The budget team utilizes a quality review process to ensure that all reports prepared are accurate and complete. However, the process has not been documented or formalized. The team has been successful with delivering a quality product; however, we believe it's important to develop a documented process and formal procedures to ensure that all staff are following the same process and that materials are available for training in the event of staff turnover.

Customer Service

Currently the budget team only meets with Division Managers during the budget development process, by request and/or if further explanation is needed for expenditures. We desire to be more customer-service oriented by providing additional reports and training. We have identified a need to provide formal training to managers to assist them with understanding their role in the budget process. We

also see a need to train management and staff on expenditure allocations to reduce the number of expenditure reclassifications that are performed.

Higher Level Supervision Skill Set

The budget team is currently supervised by an Administrative Services Analyst III. We believe that this team would be more successful if we added a position with a higher level skill set to share the workload, analyze and make recommendations to resolve the most complex budget-related issues, and to effectively implement an integrated quality review process. We request to add one position to the budget team at the level of Supervising Administrative Analyst II.

Migration to an Automated Budget System

The budget team has partnered with staff from Human Resources and Financial Accounting and Services Division to consider a long-term goal to integrate payroll, budget, procurement, accounts payable, and accounts receivable into one comprehensive automated system. This project would require a significant amount of time to develop a needs assessment and to flow chart the various processes and business rules. The current team structure would create a burden on staff as they would need to manage the day-to-day work as well as devote the necessary time and resources to develop a successful system.

Staffing and Overtime Requests

The Document Processing Center (DPC) is an important unit within the Administrative Services Division; the DPC provides administrative services support for the day-to-day operations of the organization. The unit is responsible for imaging (preparing, scanning, and indexing) member and business records into LACERA's member database (Workspace). The DPC provides the following services: mail room, copy services, centralized scanning of business documents, management and distribution of E-enterprise checks, and management of the electronic deposit of checks made payable to LACERA.

The DPC is requesting three full-time agency temporary personnel to work from January through April to assist with the timely processing of Medicare Part B Premium Verifications (INSPARTBs) and undeliverable 1099-R tax forms. The agency temporary employees will also assist with the copy center services, return of member documents, scanning, and will act as backups for the mail room and receptionist.

The DPC is also asking to budget 125 hours of overtime for the Document Processing Coordinator position and 480 hours for the Document Processing Assistant position. The DPC processes time-sensitive documents such as retirement applications, service contracts, and INSPARTBs. Documents are uploaded into Workspace so other workflow processes, like sending outgoing member correspondence and internal recording of work products, can occur. The overtime will reduce the seasonal backlog of lower priority documents and service delays to our colleagues and to our members.

During “March Madness,” the DPC experiences a workload increase of approximately 104%*. See Figure 1. This doubles the amount of workload seen in July through November. The sharp increase is a direct result of the annual spike in retirement applications and Medicare Part B Premium Verifications and 1099-R mailings.

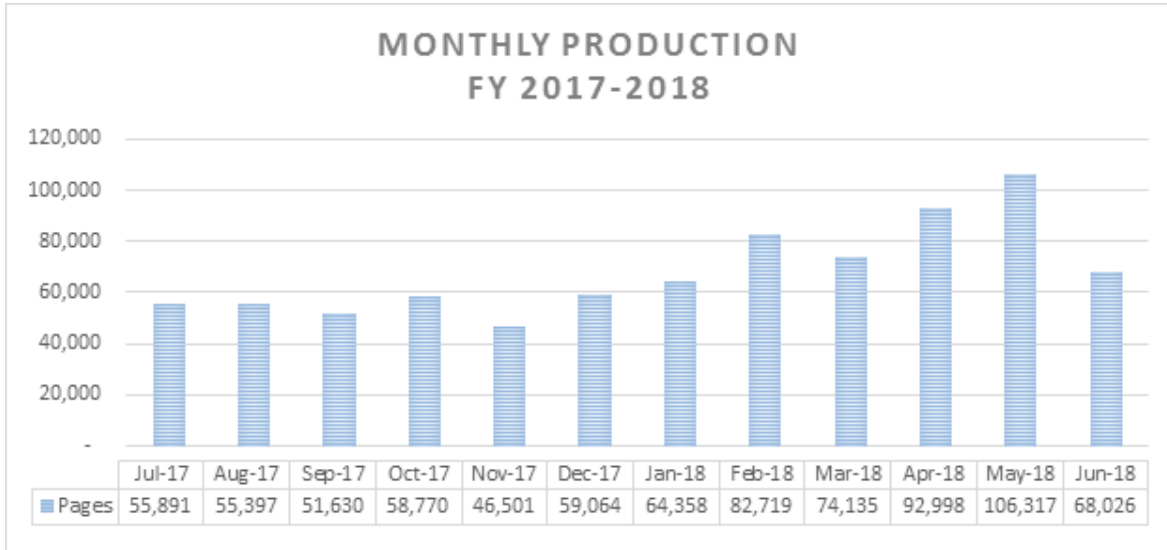


Figure 1

In 2018, the DPC processed 12,018 Medicare Part B Premium Verifications and 1,904 undeliverable 1099-Rs. That is equivalent to 16%* of the DPC production for the months of December through March. See Figure 2.

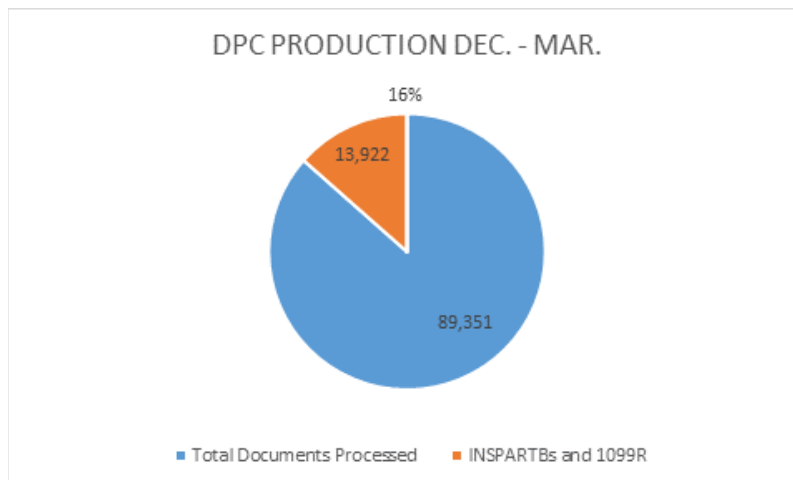


Figure 2

SERVICES AND SUPPLIES

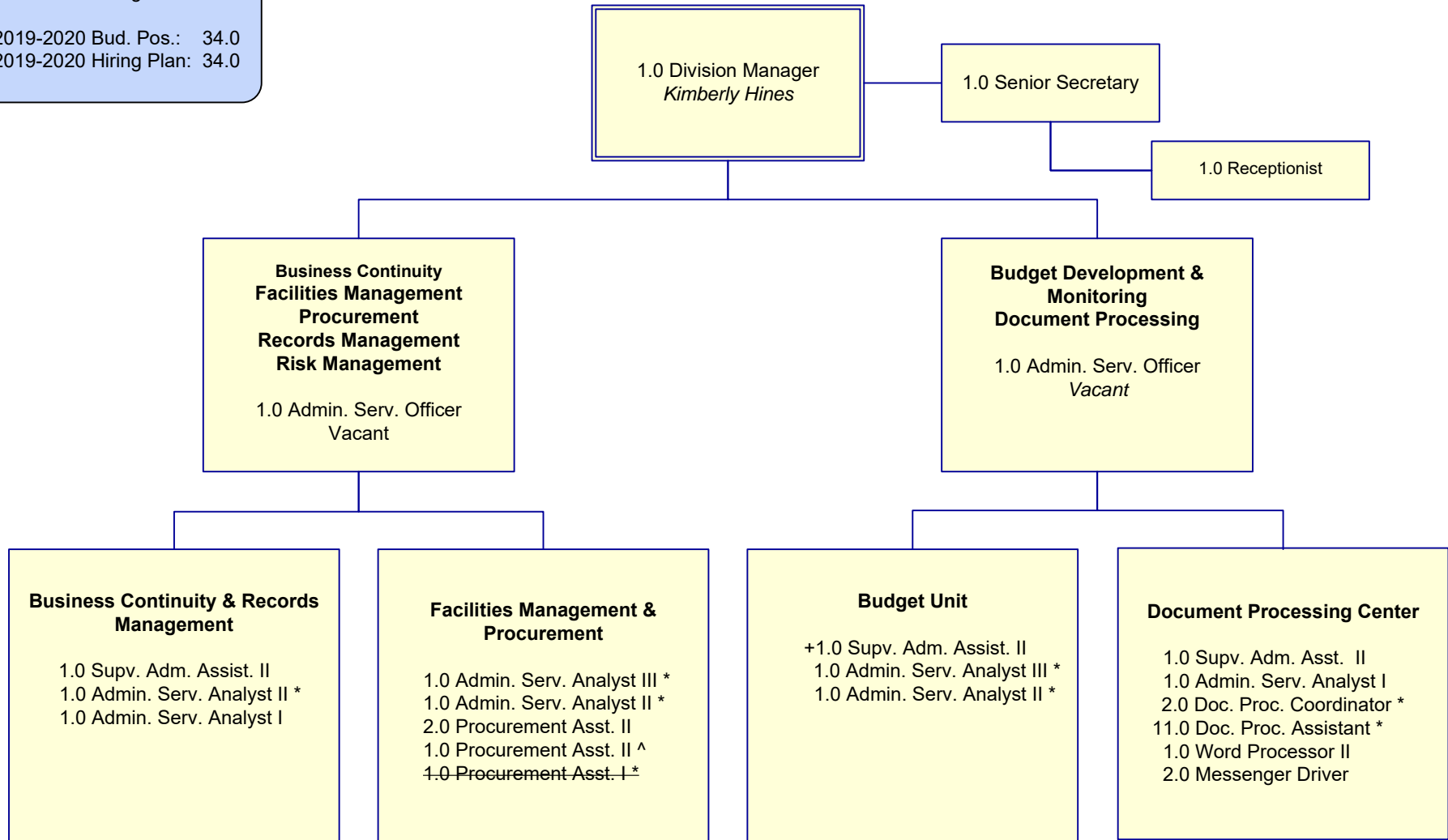
The Services and Supplies budget has no significant increase from the FY 2018-19. There are, however various line items that include small increases attributable to vendor or overall supplier cost increases.

ADMINISTRATIVE SERVICES DIVISION

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 33.0
 2018-2019 Hiring Plan: 33.0

2019-2020 Bud. Pos.: 34.0
 2019-2020 Hiring Plan: 34.0



+ Added Position

* Classification study for the position requested

- Deleted Position

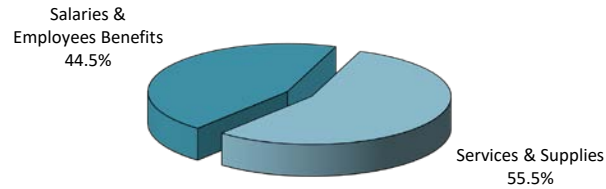
^ Title change from "Procurement Asst. I" to "Procurement Asst. II" as a result of the classification study. (Classification study finalized on 10/17/18)

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

ADMINISTRATIVE SERVICES DIVISION

| | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | | |
|-------------------------------|---------------------------------|--------------------|--------------------|---|------------------|---|-----------------|-------------|
| | PROPOSED BUDGET 2019-2020 | YTD | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE | |
| | | BUDGET | (02-28-19) | | | | | PROJECTION |
| Salaries & Employees Benefits | \$3,481,752 | \$3,428,195 | \$2,015,700 | \$3,376,900 | \$104,852 | 3.1% | \$53,557 | 1.6% |
| Services & Supplies | 4,338,800 | 4,366,380 | 2,549,578 | 4,176,820 | 161,980 | 3.9% | (27,580) | -0.6% |
| OPERATING BUDGET | \$7,820,552 | \$7,794,575 | \$4,565,278 | \$7,553,720 | \$266,832 | 3.5% | \$25,977 | 0.3% |

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

ADMINISTRATIVE SERVICES DIVISION

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------------|---------------------------------|---------------------------|-------------|-------------|---|----------|---|----------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Total LACERA Salaries | \$2,054,258 | \$2,170,716 | \$1,209,219 | \$2,012,500 | \$41,758 | 2.1% | (\$116,458) | -5.4% |
| Total Agency Temp Salaries | 54,000 | 114,000 | 45,969 | 110,000 | (56,000) | -50.9% | (60,000) | -52.6% |
| Employee Benefits (Variable) | 1,128,451 | 991,436 | 650,046 | 1,027,600 | 100,851 | 9.8% | 137,015 | 13.8% |
| Employee Benefits (Other) | 149,758 | 157,552 | 70,212 | 156,800 | (7,042) | -4.5% | (7,794) | -4.9% |
| OPEB Contribution | 44,486 | 34,850 | 20,289 | 34,700 | 9,786 | 28.2% | 9,636 | 27.7% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 31,500 | 28,007 | 14,832 | 28,000 | 3,500 | 12.5% | 3,493 | 12.5% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 7,300 | 7,300 | 5,133 | 7,300 | 0 | 0.0% | 0 | 0.0% |
| Rideshare Allowance | 12,000 | 0 | 0 | 0 | 12,000 | 100.0% | 12,000 | 100.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$3,481,752 | \$3,503,861 | \$2,015,700 | \$3,376,900 | \$104,852 | 3.1% | (\$22,109) | -0.6% |
| Salary Differential | | (75,666) | - | - | - | - | 75,666 | -100.0% |
| TOTAL S&EB | \$3,481,752 | \$3,428,195 | \$2,015,700 | \$3,376,900 | \$104,852 | 3.1% | \$53,557 | 1.6% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 1/31/2019, with the exception of Agency Temp Salaries, which are as of 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

ADMINISTRATIVE SERVICES DIVISION

2019-2020 BUDGET

| FILLED POSITIONS | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT |
|--|--------|----------|--------------------|------------------|
| 00773A DIVISION MANAGER | 1 | LS12 | 14,544 | 174,531 |
| 00423A SUPV. ADMINISTRATIVE ASST. II | 2 | 104G | 16,887 | 202,647 |
| 00421A ADMINISTRATIVE SERVICES ANALYST III | 2 | 95F | 11,460 | 137,525 |
| 00420A ADMINISTRATIVE SERVICES ANALYST II | 3 | 91F | 18,122 | 217,460 |
| 00439A SENIOR SECRETARY | 1 | 87J | 6,560 | 78,719 |
| 00464A PROCUREMENT ASSISTANT II | 3 | 85K | 15,747 | 188,965 |
| 00419A ADMINISTRATIVE SERVICES ANALYST I | 1 | 82B | 4,324 | 51,886 |
| 00472A DOCUMENT PROCESSING COORDINATOR | 1 | 81E | 4,989 | 59,874 |
| 00448A WORD PROCESSOR II | 1 | 80D | 4,844 | 58,128 |
| 00471A DOCUMENT PROCESSING ASSISTANT | 9 | 78E | 37,832 | 453,978 |
| 00466A RECEPTIONIST | 1 | 73F | 3,250 | 38,995 |
| 00461A MESSENGER DRIVER | 2 | 71L | 6,407 | 76,880 |

POSITIONS 27 1,739,587

| VACANT POSITIONS | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
|--|--------|----------|----------------------|------------------|------------------------|-----------------------|-----------------------|
| 00410A ADMINISTRATIVE SERVICES OFFICER | 2 | LS9 | 16,177 | 194,119 | | 145,589 | |
| 00423A SUPV. ADMINISTRATIVE ASST. II | 1 | 104G | 7,133 | 85,599 | | | 42,800 |
| 00419A ADMINISTRATIVE SERVICES ANALYST I | 1 | 82B | 3,882 | 46,579 | | | 23,289 |
| 00472A DOCUMENT PROCESSING COORDINATOR | 1 | 81E | 3,807 | 45,685 | | | 22,843 |
| 00471A DOCUMENT PROCESSING ASSISTANT | 2 | 78E | 7,025 | 84,301 | | | 42,151 |
| | | | | | 0 | 145,589 | 131,082 |

POSITIONS 7 276,671

TOTAL POSITIONS 34

GROSS SALARIES 2,016,259

ANTICIPATED MOU SALARY INCREASE ** 35,285

BONUS 2,714

120-DAY RETIREE(S) 0

TOTAL SALARIES 2,054,258

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

ADMINISTRATIVE SERVICES DIVISION

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-----------------------------|---------------------------|------------------------|-------------|-------------|---|----------|---|----------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| AUTO EXPENSE | \$162,100 | \$9,900 | \$9,069 | \$60,800 | \$101,300 | 166.6% | \$152,200 | 1537.4% |
| TRANSPORTATION & TRAVEL | 9,000 | 9,000 | 4,668 | 8,900 | 100 | 1.1% | 0 | 0.0% |
| POSTAGE | 301,400 | 267,700 | 151,260 | 266,260 | 35,140 | 13.2% | 33,700 | 12.6% |
| STATIONERY & FORMS | 1,000 | 1,000 | 0 | 1,000 | 0 | 0.0% | 0 | 0.0% |
| OFFICE SUPPLIES & EQUIPMENT | 289,000 | 289,500 | 159,270 | 278,700 | 10,300 | 3.7% | (500) | -0.2% |
| INSURANCE | 733,500 | 656,000 | 657,829 | 665,630 | 67,870 | 10.2% | 77,500 | 11.8% |
| EQUIPMENT MAINTENANCE | 12,300 | 9,250 | 3,989 | 4,800 | 7,500 | 156.3% | 3,050 | 33.0% |
| EQUIPMENT RENTS & LEASES | 310,000 | 315,000 | 172,961 | 294,000 | 16,000 | 5.4% | (5,000) | -1.6% |
| BUILDING COSTS | 2,305,000 | 2,563,030 | 1,270,629 | 2,404,030 | (99,030) | -4.1% | (258,030) | -10.1% |
| PROFESSIONAL & SPEC. SRVCS. | 188,000 | 221,000 | 108,341 | 173,000 | 15,000 | 8.7% | (33,000) | -14.9% |
| COMPUTER SERVICES & SUPPORT | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| EDUCATIONAL EXPENSES | 12,500 | 12,500 | 1,477 | 6,000 | 6,500 | 108.3% | 0 | 0.0% |
| MISCELLANEOUS | 15,000 | 12,500 | 10,084 | 13,700 | 1,300 | 9.5% | 2,500 | 20.0% |
| TOTAL | \$4,338,800 | \$4,366,380 | \$2,549,578 | \$4,176,820 | \$161,980 | 3.9% | (\$27,580) | -0.6% |

*All amounts rounded to the nearest dollar.



Benefits Division

Mission Statement

To maintain retirement plan accounts and process retirement plan transactions in compliance with the County Employees Retirement Law of 1937, the Board of Retirement Regulations, and organizational policies.

Our Team FY 2019-2020

➔ Division Manager: Bernardo Buenaflor

- 71 budgeted positions

In Benefits, we have:

- Account Integrity Services
 - Account Settlement Unit
 - Account Maintenance Unit
 - Benefit Protection Unit
- Process Management
 - Process Analysis
- Core Benefit Services (four core teams)
- Special Benefits Services
 - Legal/Death
 - Payroll Team
 - Exceptions

FY 2019-2020 Highlights

Staffing

Benefits has identified potential new staff requirements across its specialized units. Before the request for additional staff is made, Benefits will work with the Executive Office and Business Partners to determine how many additional staff members are needed.

Overtime is being requested to handle March Madness and overall increased retirements; and 15 temporary staff are requested for a special payroll – retirement-account linking project.

Services & Supplies

The increase in Benefits Division's Service and Supplies costs are generally proportionate to the requested increase in staffing. To increase efficiency, accuracy, and confidentiality, the following are also requested in this year's budget: Dual monitors for five test workstations, private and secure work areas for section heads handling sensitive business, additional workstations for new staff, and an account settlement application.

BENEFITS DIVISION

Budget Request Highlights

FY 2019-2020

INTRODUCTION

“Aspiring to perfection through teamwork”

-Benefits Slogan

“We start by respecting our nature: people by themselves are imperfect. However, with teamwork, technology, creativity, and a commitment to excellence, we can aspire to much more. For this reason, while 98% accuracy is our defined goal, our vision is PERFECTION.”

STAFFING

Keeping Pace with Our Members:

Over the past several years, the volume of member transactions have increased. The Benefits Division has responded by temporarily assigning staff from our CORE Section to the Advanced Payroll Unit (APU) and our Death Legal Unit (DLU). Besides these two units, we have identified potential new staff requirements due to increased workloads or more complex processes in:

- the Benefit Protection Unit (BPU),
- the Account Settlement Unit (ASU),
- the Account Maintenance Unit (AMU),
- the Process Management Group (PMG), and
- the CORE Section.

Before we request additional staff, we will be working with the Executive Office and our business partners, to study these operational areas over the coming months to ascertain what adjustments can be made to optimize the productivity of current

staff without compromising quality, as well as verify what additional staff are truly required. We have two initiatives:

- 1) PRODUCTION METRICS- we are working with Quality Assurance and the Systems Division to develop a comprehensive Workspace Metrics System that will help us measure the amount of time it takes for Staff to complete each item of work. We hope to have this system in place by the end of calendar year 2019 so that we can use the resulting data to better assess our staffing needs.
- 2) PROCESS IMPROVEMENT- PMG continues to lead our efforts to identify opportunities to improve efficiency, reliability, and quality throughout the Benefits Division and between us and our partners. The backlog of process improvement projects in process is now at several hundred projects, so we believe that, over time, PMG's efforts may partially offset the need to increase our workforce.

Staffing Requests:

- Benefits would like to continue to supplement its regular production strategies with overtime. As in the past, overtime is being requested to manage the workload imbalances related to the annual increase in activity during March and persistently high volumes of purchases and retirement elections associated with the retirements of the "Baby Boomers." Along with the emergence of new work and unanticipated special projects, it has proven to be prudent to maintain a substantial budget for overtime.
- Special Clean-up Project: Benefits would like to hire 15 Temporary Agency Staff for a special project to link County Payroll records to the related member retirement accounts. This will achieve two objectives:
 - Linking the payroll records will set the stage for a mass data clean-up project wherein experienced Retirement Benefit Specialists will systematically review member accounts and resolve any discrepancies identified.
 - Linking the payroll records will help increase LACERA's overall efficiency. Past projects have shown that employing a team of clerks to perform this function instead of Retirement Benefit Specialists will increase both productivity and quality by allowing the Retirement Benefit Specialists to focus their attention on the more complex aspects of their work.

SERVICES AND SUPPLIES

Introduction:

The Benefits Division's Service and Supplies costs generally increase in this year's budget request proportionately to the requested increase in staffing. However, there are four notable exceptions addressed below.

Comprehensive Receivables/Payables Application to Manage the Account Settlement Process:

The process of settling amounts owed by members or owed to members is managed by the Account Settlements Unit of the Benefits Division. Currently, that unit uses an MS Access Database and an excel spreadsheet to log and track cases. However, both tools have proven inadequate to accurately, efficiently, and reliably manage the cases, especially in light of changes in CERL and LACERA's policies that require the charging of interest on outstanding balances and the implementation of more complex collection strategies and payment options. The Benefits Division is seeking to work with the Systems Division to obtain a solution that enables the Account Settlement Unit to manage the account settlement process effectively and efficiently.

Workstations for Requested New Staff:

All new staff requested in this budget would need to have fully furnished and equipped workstations. Benefits would like to work with the Systems Division and Administrative Services to plan out the necessary space and resource allocation for these workstations. Understanding that space is limited, Benefits is willing to consider creative options, like working offsite or having staff from separate shifts sharing workstations.

Section Head Private and Secure Work Areas:

Three of the four Section Heads in the Benefits Division do not have a private or secure office within which to conduct confidential business. This year, the Benefits Division would like to work with the Administrative Services Division to explore the possibility of providing secure and private work spaces for the Benefits Section Heads to ensure that sensitive and confidential conversations and work can be done in a secure and private environment.

Dual Monitors:

Based on feedback from Benefits Staff, the majority of Benefits Specialists are required to have more than three computer applications open at the same time to efficiently complete their tasks. A 2003 University of Utah and ATI Technologies study confirmed that a significant measureable gain in accuracy and productivity is achievable under these circumstances with the use of dual monitors. The Benefits Division would like to work with the Systems Division to explore the feasibility of deploying dual monitors within the Benefits Division to increase staff

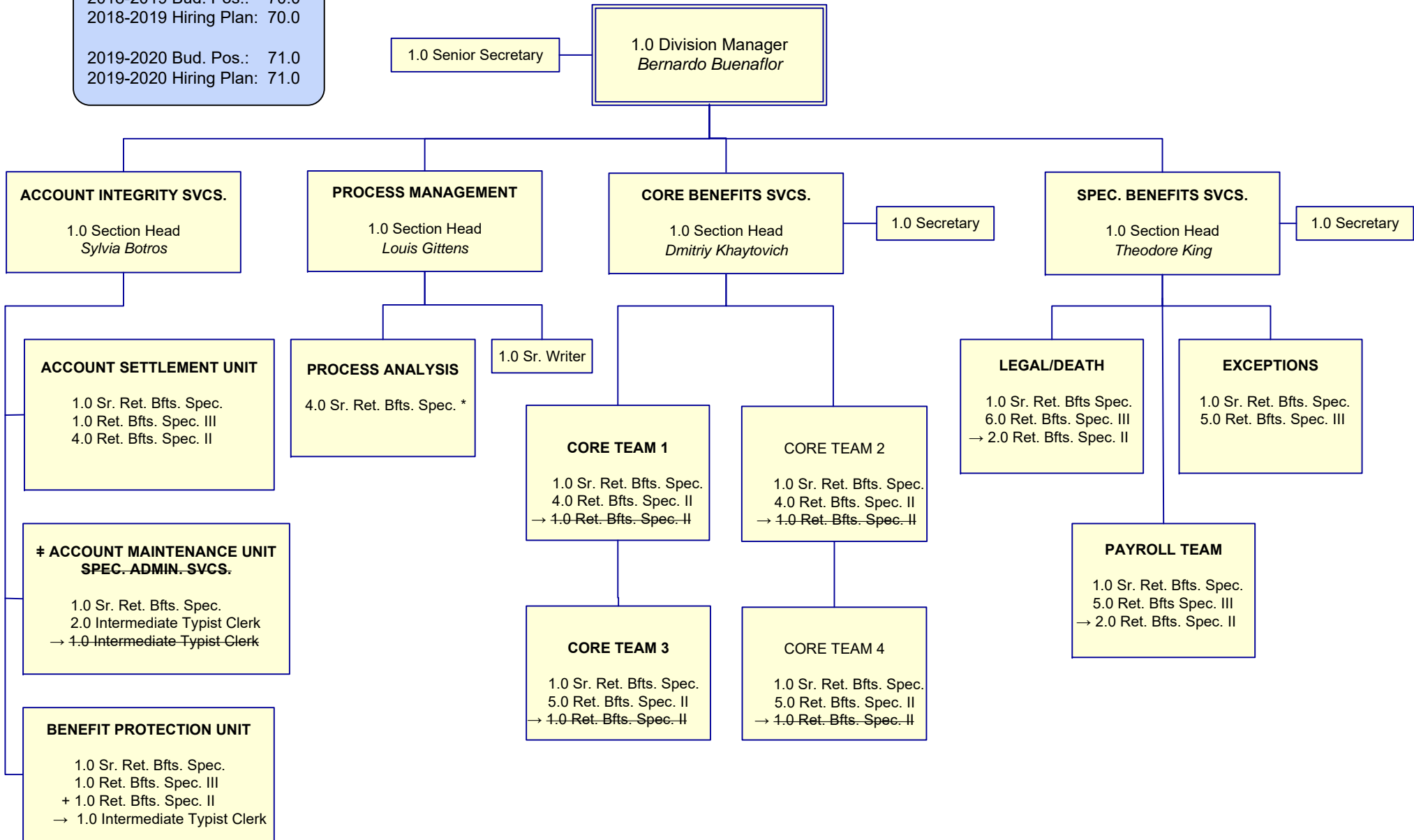
productivity, accuracy, morale, and health. We propose that five monitors be deployed at selected workstations for purposes of measuring the impact on the productivity, accuracy, morale and health of the selected workers. The program can then be expanded if the data warrants it.

BENEFITS DIVISION

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 70.0
 2018-2019 Hiring Plan: 70.0

2019-2020 Bud. Pos.: 71.0
 2019-2020 Hiring Plan: 71.0



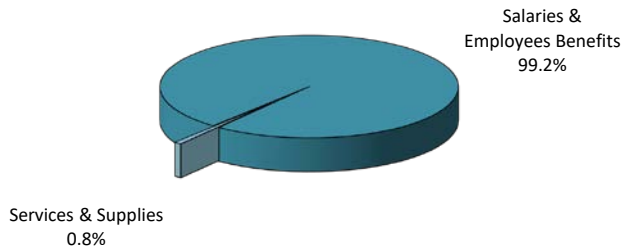
+ Added position
 ‡ Account Maintenance Unit was formerly known as the Special Administrative Services Unit
 * Classification study for the position requested
 → Position transferred from different unit

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

BENEFITS DIVISION

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------|---------------------------|------------------------|--------------------|--------------------|---|--------------|---|--------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Salaries & Employees Benefits | \$10,482,377 | \$9,307,224 | \$5,378,983 | \$9,125,253 | \$1,357,124 | 14.9% | \$1,175,153 | 12.6% |
| Services & Supplies | 84,000 | 82,250 | 29,287 | 56,800 | 27,200 | 47.9% | 1,750 | 2.1% |
| OPERATING BUDGET | \$10,566,377 | \$9,389,474 | \$5,408,269 | \$9,182,053 | \$1,384,324 | 15.1% | \$1,176,903 | 12.5% |

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

BENEFITS DIVISION

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------------|---------------------------------|---------------------------|-------------|-------------|---|----------|---|----------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Total LACERA Salaries | \$5,497,822 | \$5,326,666 | \$3,219,706 | \$5,342,500 | \$155,322 | 2.9% | \$171,156 | 3.2% |
| Total Agency Temp Salaries | 809,700 | 0 | 66,162 | 68,600 | 741,100 | 1080.3% | 809,700 | 100.0% |
| Employee Benefits (Variable) | 3,413,799 | 3,177,151 | 1,630,993 | 2,866,900 | 546,899 | 19.1% | 236,648 | 7.4% |
| Employee Benefits (Other) | 400,798 | 408,134 | 181,507 | 406,100 | (5,302) | -1.3% | (7,336) | -1.8% |
| OPEB Contribution | 119,058 | 90,279 | 55,479 | 89,800 | 29,258 | 32.6% | 28,779 | 31.9% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 197,800 | 191,075 | 213,332 | 338,800 | (141,000) | -41.6% | 6,725 | 3.5% |
| Bilingual Bonus | 2,400 | 2,400 | 450 | 1,200 | 1,200 | 100.0% | 0 | 0.0% |
| Sick Leave Buyback | 12,000 | 11,000 | 11,353 | 11,353 | 647 | 5.7% | 1,000 | 9.1% |
| Rideshare Allowance | 29,000 | 0 | 0 | 0 | 29,000 | 100.0% | 29,000 | 100.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$10,482,377 | \$9,206,705 | \$5,378,983 | \$9,125,253 | \$1,357,124 | 14.9% | \$1,275,672 | 13.9% |
| Salary Differential | 0 | 100,518 | - | - | - | - | (100,518) | -100.0% |
| TOTAL S&EB | \$10,482,377 | \$9,307,224 | \$5,378,983 | \$9,125,253 | \$1,357,124 | 14.9% | \$1,175,153 | 12.6% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

BENEFITS DIVISION

2019-2020 BUDGET

| FILLED POSITIONS | | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT | | | |
|-----------------------------------|---------------------------------------|--------|----------|----------------------|------------------|------------------------|-----------------------|-----------------------|
| 00773A | DIVISION MANAGER | 1 | LS12 | 14,762 | 177,149 | | | |
| 00772A | SECTION HEAD, LACERA | 4 | LS9 | 37,233 | 446,797 | | | |
| 00784A | SENIOR WRITER | 1 | 103F | 8,109 | 97,311 | | | |
| 01312A | SENIOR RETIREMENT BENEFITS SPECIALIST | 12 | 99D | 92,327 | 1,107,920 | | | |
| 01311A | RETIREMENT BENEFITS SPECIALIST III | 18 | 93K | 119,387 | 1,432,649 | | | |
| 00439A | SENIOR SECRETARY | 1 | 87J | 5,929 | 71,152 | | | |
| 01310A | RETIREMENT BENEFITS SPECIALIST II | 26 | 87D | 141,374 | 1,696,482 | | | |
| 00438A | SECRETARY | 2 | 81B | 10,177 | 122,130 | | | |
| 00445A | INTERMEDIATE TYPIST-CLERK | 3 | 72F | 9,684 | 116,204 | | | |
| POSITIONS | | 68 | | | 5,267,795 | | | |
| VACANT POSITIONS | | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
| 01312A | SENIOR RETIREMENT BENEFITS SPECIALIST | 2 | 99D | 12,366 | 148,394 | | | 74,197 |
| 01310A | RETIREMENT BENEFITS SPECIALIST II | 1 | 87D | 4,465 | 53,583 | 53,583 | 0 | 74,197 |
| POSITIONS | | 3 | | | 127,780 | | | |
| TOTAL POSITIONS | | 71 | | | | | | |
| GROSS SALARIES | | | | | 5,395,575 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | | 94,423 | | | |
| BONUS | | | | | 7,824 | | | |
| 120-DAY RETIREE(S) | | | | | 0 | | | |
| TOTAL SALARIES | | | | | 5,497,822 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

BENEFITS DIVISION

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------|--|-----------------------------------|-----------------|-----------------|--|--------------|--|-------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| TRANSPORTATION & TRAVEL | \$12,000 | \$12,000 | \$5,251 | \$10,900 | \$1,100 | 10.1% | \$0 | 0.0% |
| OFFICE SUPPLIES & EQUIPMENT | 4,500 | 4,500 | 2,463 | 2,800 | 1,700 | 60.7% | 0 | 0.0% |
| PROFESSIONAL & SPEC. SRVCS. | 37,000 | 35,250 | 16,812 | 26,400 | 10,600 | 40.2% | 1,750 | 5.0% |
| EDUCATIONAL EXPENSES | 29,000 | 29,000 | 4,448 | 16,100 | 12,900 | 80.1% | 0 | 0.0% |
| MISCELLANEOUS | 1,500 | 1,500 | 312 | 600 | 900 | 150.0% | 0 | 0.0% |
| TOTAL | \$84,000 | \$82,250 | \$29,287 | \$56,800 | \$27,200 | 47.9% | \$1,750 | 2.1% |

*All amounts rounded to the nearest dollar.



Communications

Mission Statement

To create and communicate essential retirement information to LACERA members and staff. We strive for professional excellence in our work. We apply innovative thinking, contemporary advertising and marketing practices, and technology to create LACERA-wide solutions. Our work is professionally produced in an easy-to-understand, attractive, accurate, and timely manner. We collaborate with our strategic partners and aim to exceed their expectations. In fulfilling our mission, we generate creative solutions and apply “good value” budgetary consideration.

Our Team FY 2019-2020

Chief of Communications:

→ Cynthia Martinez

- 13 budgeted positions

We have two teams within Communications, consisting of:

- Creative Coordinator
- Senior Writer
- Media Artist
- Web Support Tech
- Writer II

FY 2019-2020 Highlights

Staffing

Communications has filled several positions since the last fiscal year, including two Creative Coordinators in August 2018 and a permanent Staff Assistant in September 2018. Due to the January 2019 resignation of one of our Senior Writers, we are now moving forward with recruiting for two Writer II positions, to be followed by a Senior Writer. The classification study documentation for the Senior Media Artist was completed in 2018, and the position request is in the process of being submitted for Executive and Board approval.

Services & Supplies

The requested budget for Travel and Education has increased to accommodate team expansion. In addition, the budget has increased for newsletter printing costs, based on membership growth and higher mailing costs, due to an approximate 1 percent Standard Presort postage rate increase.



INTRODUCTION

The Communications Division has regularly scheduled projects throughout the year, as demonstrated in the attached timeline. In addition to the projects depicted in the timeline, Communications supports LACERA's 15 divisions with creative visioning, marketing strategies, artistic designs, and written content. We strive to be a valued strategic partner and surpass expectations.

Our work involves the creation of print materials (brochures, fact sheets, flowcharts, folder packages, letters, and forms), which requires research, writing, and editing. We are responsible for web design and content development across our four websites (lacera.com, intranet, HR Pros, and Board Resources). We write, direct, shoot, and edit videos. We also create materials for and host the annual HR Conference.

OUR GOALS

Communications is committed to meeting the annual and day-to-day needs of LACERA's various divisions to better serve our members. We are steadily implementing new processes and procedures to:

- Strengthen our relationships with our strategic partners
- Simplify and expedite miscellaneous requests
- Keep the lines of communication open regarding expectations and timeframes
- Meet our commitments to our strategic partners to ensure that strategic initiative deadlines are met
- Expand our multimedia content on lacera.com through the Retirement University, with additional series planned to provide benefits education to members

We are also examining new ways to improve all communication platforms and cultivating ideas for future improvements. In order to achieve our goals, we have been adding staff and promoting a team culture in our division.

STAFFING

Over the last few years, Communications has been going through a rebuilding and restructuring process to address the departure of key players while gearing up for new challenges and increased responsibilities.

Team changes in the last few years provided us with a unique opportunity to build on our progress to date while refining our hiring plan for the coming fiscal years. These changes, both the expected and unexpected, resulted in a major increase in collaboration, camaraderie, and knowledge-sharing among team members as we addressed the challenges inherent in functioning with a short staff. Due to this spike in collaboration, we have a better understanding of the necessity of every role in the division, reinforcing our ongoing progress in developing our team and increasing cohesion.

In the past year, we have added new positions in line with the restructuring and positions previously approved by your board, and output has already increased as a result.

Our Path So Far

In FY 2013-2014, your board approved the concept of a two-team structure within Communications. This new structure was envisioned to be able to handle multiple projects simultaneously, whereas in the past we had been able to focus on only a select few projects at one time. In December 2017, a second Senior Writer was hired, providing content and editorial support across teams, while the final hiring decision for Chief of Communications, which had carried over from 2017, was made in March 2018. Additionally, a third Media Artist position was filled in April 2018; two Creative Coordinators came on board in August 2018; and a permanent Staff Assistant was hired in September 2018. Due to the January 2019 resignation of one of our Senior Writers, we have moved forward with and completed the recruiting of two Writer II positions, to be followed by a Senior Writer, in order to bring the editorial staff up to four. The classification study documentation for the Senior Media Artist was completed in 2018, and the position request is in the process of being submitted for executive and board approval.

The Communications Coordinator positions are helping to ensure that all project requirements from the requesting divisions, executives, and Boards are planned and executed to the highest production standards while achieving the established deadlines. Filling the additional Writer II, Senior Writer, and Senior Media Artist positions will enable Communications to work simultaneously on various projects, enhancing our ability to meet the project workload and take on additional challenges in the coming years.

What's Next?

FY 2019-2020 promises to be a time of continued positive change, growth, and evolution. The structure of the two teams is being honed on an ongoing basis, with one team concentrated on video, print, and graphics, and the other team focused on web, print, and graphics. These two specialized teams with different artistic concentrations are enabling Communications to provide an even higher caliber of professional work, and our future hires will be recruited with an eye toward supplementing the teams' skills for maximum flexibility and efficiency.

Meeting the previously set goal of restructuring and growing the team is essential, considering the standard workload depicted in the Communications Timeline, the many and varied ad-hoc projects that Communications leads and supports, and anticipated future expectations for our department. For instance, not only will we maintain our current workload (e.g., quality quarterly newsletters, award-winning annual reports, and custom-designed calendars) and nonrecurring projects that are every bit as important and time-sensitive, we want to continue to develop our teams' skills to meet the increasing technological and design expectations of our internal clients. Examples of these kinds of projects slated for the upcoming fiscal years are producing Retirement University, Reciprocity, and Benefits videos; revamping brochures and forms, such as the Annual Benefit Statements and the Withdrawal/Reciprocity and Disability Retirement packages; and preparing for the new internet and intranet platforms. Having two robust teams will provide the resources needed to participate in these exciting future projects in a way that is productive and punctual.

Once the Communications Division is completely staffed, we want to focus on our ultimate goal: a complete rebranding of LACERA, in line with current efforts to update our Vision and Values Statements, and the CEO's vision for the organization. In addition to modernizing the logo, newsletters, and organizational collateral, we wish to establish a cohesive look going forward for all print and digital materials, and member communications. Additionally, we have an eye to automating our project request and tracking process through an online platform, which will add efficiency to project management as well as convenience for internal clients.

SERVICES AND SUPPLIES

Each of the Communications Division's line items was carefully reviewed. Within the services and supplies realm, line items remain relatively the same as previous years with a few exceptions.

As of January 27, 2019, the U.S. Postal Service (USPS) has increased mailing service rates. The Standard Presort mailings will increase by about 1 percent, which is reflected in our postage line items.

Our membership increased from about 169,000 last year to about 172,000 currently. The *PostScript* and *Spotlight* newsletter line items reflect the increase in printing and distribution costs.

The team has expanded to eleven permanent employees in 2019. In order to give staff an opportunity for training and to attend conferences, you will see an increase in the travel and education budget.

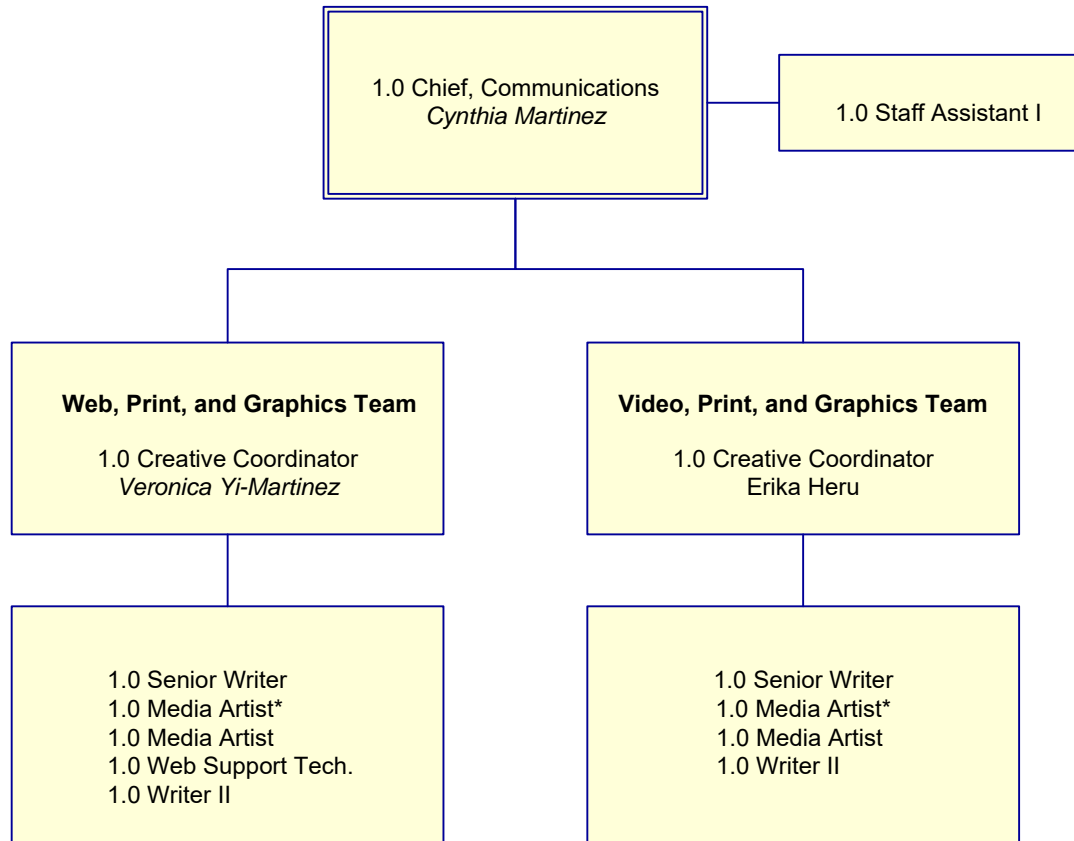
Thank you for your continued confidence in and support of the Communications Division.

COMMUNICATIONS

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 13.0
2018-2019 Hiring Plan: 13.0

2019-2020 Bud. Pos.: 13.0
2019-2020 Hiring Plan: 13.0



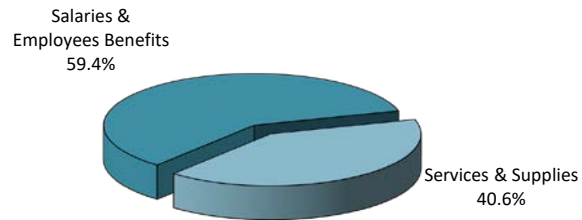
*Classification study for the position requested

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

COMMUNICATIONS

| | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | | |
|-------------------------------|---------------------------------|--------------------|--------------------|---|------------------|---|------------------|-------------|
| | PROPOSED BUDGET 2019-2020 | YTD | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE | |
| | | BUDGET | (02-28-19) | | | | | PROJECTION |
| Salaries & Employees Benefits | \$1,459,349 | \$1,293,171 | \$747,281 | \$1,176,200 | \$283,149 | 24.1% | \$166,178 | 12.9% |
| Services & Supplies | 998,200 | 1,026,050 | 557,659 | 851,400 | 146,800 | 17.2% | (27,850) | -2.7% |
| OPERATING BUDGET | \$2,457,549 | \$2,319,221 | \$1,304,940 | \$2,027,600 | \$429,949 | 21.2% | \$138,328 | 6.0% |

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES & EMPLOYEE BENEFITS SUMMARY

COMMUNICATIONS

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|--------------------------------|---------------------------------|---------------------------|------------------|--------------------|---|--------------|---|--------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Total LACERA Salaries | \$952,162 | \$1,164,154 | \$458,425 | \$729,800 | \$222,362 | 30.5% | (\$211,992) | -18.2% |
| Total Agency Temp Salaries | 47,800 | 102,500 | 18,315 | 37,200 | 10,600 | 28.5% | (54,700) | -53.4% |
| LACERA Intern Program | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Employee Benefits (Variable) | 360,853 | 245,722 | 232,740 | 328,900 | 31,953 | 9.7% | 115,131 | 46.9% |
| Employee Benefits (Other) | 69,414 | 64,596 | 28,711 | 64,300 | 5,114 | 8.0% | 4,818 | 7.5% |
| OPEB Contribution | 20,620 | 14,289 | 8,370 | 14,200 | 6,420 | 45.2% | 6,331 | 44.3% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 3,000 | 3,600 | 720 | 1,800 | 1,200 | 66.7% | (600) | -16.7% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 3,500 | 3,500 | 0 | 0 | 3,500 | 0.0% | 0 | 0.0% |
| Rideshare Allowance | 2,000 | 0 | 0 | 0 | 2,000 | 100.0% | 2,000 | 100.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$1,459,349 | \$1,598,360 | \$747,281 | \$1,176,200 | \$283,149 | 24.1% | (\$139,011) | -8.7% |
| Salary Differential | 0 | (305,188) | - | - | - | - | 305,188 | -100.0% |
| TOTAL S&EB | \$1,459,349 | \$1,293,171 | \$747,281 | \$1,176,200 | \$283,149 | 24.1% | \$166,178 | 12.9% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

COMMUNICATIONS

2019-2020 BUDGET

| FILLED POSITIONS | | # POS. | SCHEDULE | MO. | ACTUAL RATE | ANNUAL AMOUNT | | | | |
|-----------------------------------|------------------------|--------|----------|-----|---------------|---------------|---------------------|--------------------|--------------------|---------|
| 00794A | CHIEF, COMMUNICATIONS | 1 | LS10 | | 11,685 | 140,223 | | | | |
| 00779A | CREATIVE COORDINATOR | 2 | 105G | | 15,477 | 185,725 | | | | |
| 00784A | SENIOR WRITER | 1 | 103F | | 7,311 | 87,738 | | | | |
| 00789A | MEDIA ARTIST | 3 | 97F | | 20,839 | 250,072 | | | | |
| 00787A | WEB SUPPORT TECHNICIAN | 1 | 93H | | 6,960 | 83,516 | | | | |
| 00426A | STAFF ASSISTANT I | 1 | 83C | | 3,997 | 47,962 | | | | |
| POSITIONS | | 9 | | | | | 795,235 | | | |
| VACANT POSITIONS | | # POS. | SCHEDULE | MO. | 1ST STEP RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS | |
| 00784A | SENIOR WRITER | 1 | 103F | | 6,925 | 83,105 | | | 41,553 | |
| 00789A | MEDIA ARTIST | 1 | 97F | | 5,886 | 70,629 | | | 35,314 | |
| 00786A | WRITER II | 2 | 93H | | 10,614 | 127,368 | | | 63,684 | |
| POSITIONS | | 4 | | | | | 140,551 | 0 | 0 | 140,551 |
| TOTAL POSITIONS | | 13 | | | | | | | | |
| GROSS SALARIES | | | | | | 935,786 | | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | | | 16,376 | | | | |
| BONUS | | | | | | 0 | | | | |
| 120-DAY RETIREE(S) | | | | | | 0 | | | | |
| TOTAL SALARIES | | | | | | 952,162 | | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU Increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES AND SUPPLIES

COMMUNICATIONS

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-----------------------------|---------------------------------|---------------------------|------------------|------------------|---|--------------|---|--------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| TRANSPORTATION & TRAVEL | \$14,000 | \$20,000 | \$2,733 | \$6,400 | \$7,600 | 118.8% | (\$6,000) | -30.0% |
| POSTAGE | 312,000 | 342,000 | 184,365 | 264,300 | 47,700 | 18.0% | (30,000) | -8.8% |
| STATIONERY & FORMS | 572,800 | 593,000 | 336,503 | 513,400 | 59,400 | 11.6% | (20,200) | -3.4% |
| OFFICE SUPPLIES & EQUIPMENT | 12,500 | 12,500 | 4,237 | 5,000 | 7,500 | 150.0% | 0 | 0.0% |
| PROFESSIONAL & SPEC. SRVCS. | 43,500 | 28,500 | 19,039 | 36,900 | 6,600 | 17.9% | 15,000 | 52.6% |
| COMPUTER SERVICES & SUPPORT | 20,500 | 14,500 | 1,980 | 12,900 | 7,600 | 58.9% | 6,000 | 41.4% |
| EDUCATIONAL EXPENSES | 22,300 | 15,000 | 8,126 | 11,900 | 10,400 | 87.4% | 7,300 | 48.7% |
| MISCELLANEOUS | 600 | 550 | 677 | 600 | 0 | 0.0% | 50 | 9.1% |
| TOTAL | \$998,200 | \$1,026,050 | \$557,659 | \$851,400 | \$146,800 | 17.2% | (\$27,850) | -2.7% |

*All amounts rounded to the nearest dollar.



Disability Litigation

Mission Statement

To provide timely and effective legal representation to LACERA in disability retirement and service-connected survivor's benefit appeals. The goal of the Disability Litigation Office is to achieve impartial justice based on the facts and the law.

Our Team FY 2019-2020

➔ Chief Counsel: Vincent Lim

- 7 budgeted positions

Within Disability Litigation we have:

- Senior Staff Counsel
- Senior Management Secretaries

FY 2019-2020 Highlights

Staffing

There are currently seven full-time positions and no vacancies, with no additional staff positions requested.

Services & Supplies

Disability Litigation is increasing its request for funds for outside counsel to better reflect actual expenditures.

DISABILITY LITIGATION

Budget Request Highlights

FY 2019-2020

INTRODUCTION

The Disability Litigation Office is a legal unit at LACERA that is separate from and independent of the Legal Office. The Chief Counsel, Disability Litigation, reports directly to the Chief Executive Officer. Established in 1996, the Disability Litigation Office has a staff of four attorneys and three secretaries. Our mission is to provide LACERA with legal representation for disability retirement and service-connected survivor's benefit appeals at the administrative level.

STAFFING

There are currently seven budgeted full-time positions. No additional staff positions are being requested at this time.

SERVICES AND SUPPLIES

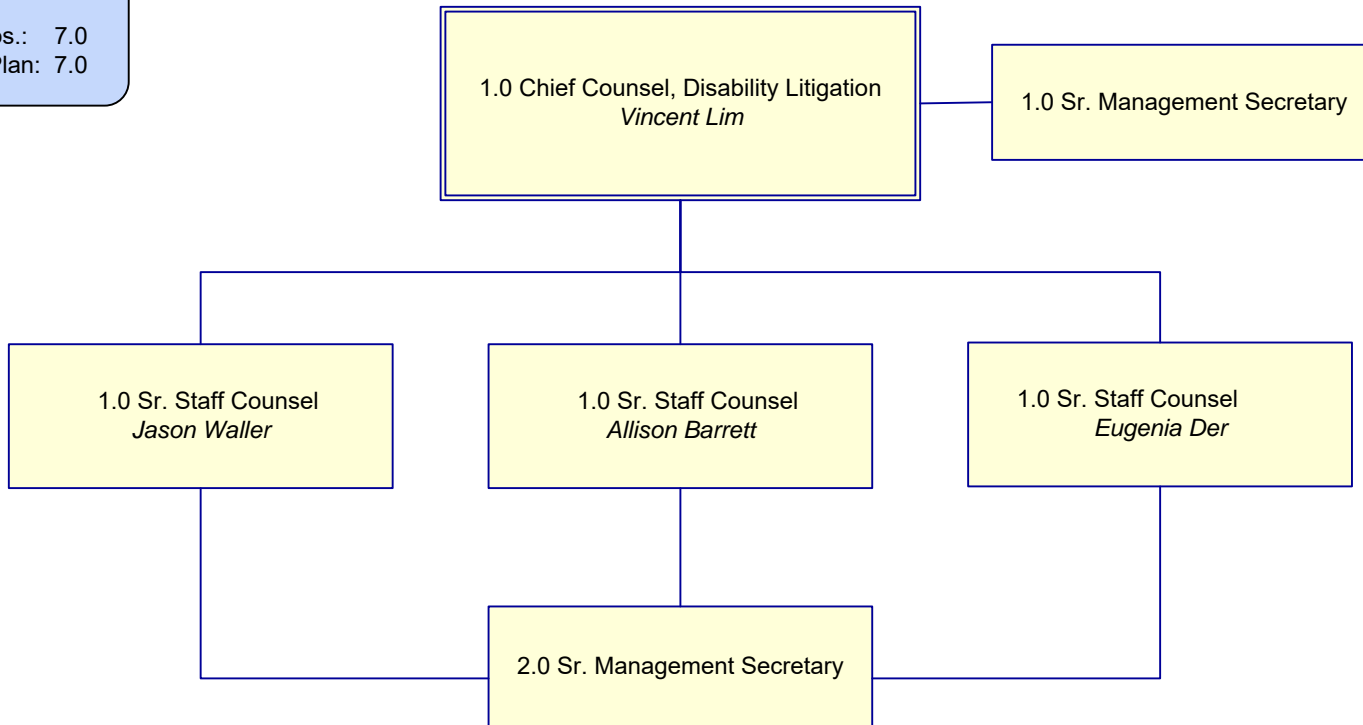
We are increasing our request for funds for outside counsel to better reflect our actual expenditures. Outside counsel is used in appeals where the applicant is an employee of LACERA, where the applicant is the survivor of an employee of LACERA, where there is an actual conflict of interest, or where there is an appearance of impropriety.

DISABILITY LITIGATION

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 7.0
2018-2019 Hiring Plan: 7.0

2019-2020 Bud. Pos.: 7.0
2019-2020 Hiring Plan: 7.0

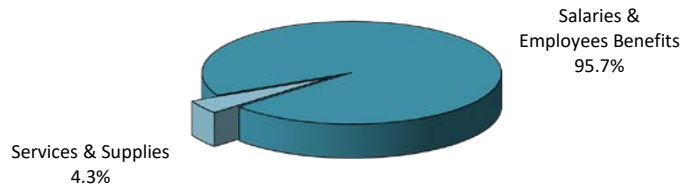


LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

DISABILITY LITIGATION

| | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | | |
|-------------------------------|---------------------------------|--------------------|--------------------|---|------------------|---|--------------------|--------------|
| | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE | |
| | PROPOSED BUDGET 2019-2020 | BUDGET | (02-28-19) | | | | | PROJECTION |
| Salaries & Employees Benefits | \$1,902,981 | \$2,040,546 | \$1,086,593 | \$1,814,600 | \$88,381 | 4.9% | (\$137,565) | -6.7% |
| Services & Supplies | 85,300 | 80,650 | 34,064 | 59,530 | 25,770 | 43.3% | 4,650 | 5.8% |
| OPERATING BUDGET | \$1,988,281 | \$2,121,196 | \$1,120,656 | \$1,874,130 | \$114,151 | 6.1% | (\$132,915) | -6.3% |

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY LITIGATION

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Total LACERA Salaries | \$1,166,880 | \$1,061,660 | \$688,505 | \$1,133,900 | \$32,980 | 2.9% | \$105,220 | 9.9% |
| Total Agency Temp Salaries | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Employee Benefits (Variable) | 625,765 | 610,505 | 344,030 | 560,900 | 64,865 | 11.6% | 15,260 | 2.5% |
| Employee Benefits (Other) | 85,067 | 98,496 | 43,550 | 98,100 | (13,033) | -13.3% | (13,429) | -13.6% |
| OPEB Contribution | 25,269 | 21,787 | 10,505 | 21,700 | 3,569 | 16.4% | 3,482 | 16.0% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 0 | 0 | 3 | 0 | 0 | 0.0% | 0 | 0.0% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Rideshare Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$1,902,981 | \$1,792,449 | \$1,086,593 | \$1,814,600 | \$88,381 | 4.9% | \$110,533 | 6.2% |
| Salary Differential | 0 | 248,097 | - | - | - | - | (248,097) | -100.0% |
| TOTAL S&EB | \$1,902,981 | \$2,040,546 | \$1,086,593 | \$1,814,600 | \$88,381 | 4.9% | (\$137,565) | -6.7% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

DISABILITY LITIGATION

2019-2020 BUDGET

| FILLED POSITIONS | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
|---|--------|----------|----------------------|------------------|------------------------|-----------------------|-----------------------|
| 09215A CHIEF COUNSEL, DISABILITY LITIGATION | 1 | LS18 | 22,114 | 265,372 | | | |
| 09213A SENIOR STAFF COUNSEL | 3 | LS16 | 52,851 | 634,209 | | | |
| 00441A SENIOR MANAGEMENT SECRETARY | 3 | 95G | 20,602 | 247,229 | | | |
| POSITIONS | 7 | | | 1,146,810 | | | |
| VACANT POSITIONS | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
| POSITIONS | 0 | | | 0 | | | |
| TOTAL POSITIONS | 7 | | | | | | |
| GROSS SALARIES | | | | 1,146,810 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | 20,069 | | | |
| BONUS | | | | 0 | | | |
| 120-DAY RETIREE(S) | | | | 0 | | | |
| TOTAL SALARIES | | | | 1,166,880 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

DISABILITY LITIGATION

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-----------------------------|---------------------------|------------------------|-----------------|-----------------|---|--------------|---|-------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| AUTO EXPENSE | \$3,100 | \$2,800 | \$1,276 | \$2,430 | \$670 | 27.6% | \$300 | 10.7% |
| TRANSPORTATION & TRAVEL | 14,000 | 14,000 | 4,406 | 10,900 | 3,100 | 28.4% | 0 | 0.0% |
| OFFICE SUPPLIES & EQUIPMENT | 1,800 | 1,800 | 3,072 | 1,500 | 300 | 20.0% | 0 | 0.0% |
| LEGAL FEES & SERVICES | 30,500 | 25,000 | 12,068 | 20,000 | 10,500 | 52.5% | 5,500 | 22.0% |
| EDUCATIONAL EXPENSES | 35,200 | 36,750 | 12,623 | 23,900 | 11,300 | 47.3% | (1,550) | -4.2% |
| MISCELLANEOUS | 700 | 300 | 619 | 800 | (100) | -12.5% | 400 | 133.3% |
| TOTAL | \$85,300 | \$80,650 | \$34,064 | \$59,530 | \$25,770 | 43.3% | \$4,650 | 5.8% |

*All amounts rounded to the nearest dollar.



Disability Retirement

Mission Statement

To administer the LACERA Disability Retirement Program in an equitable, timely, accurate, and courteous manner consistent with applicable laws, policies, and procedures.

Our Team FY 2019-2020

- ➔ Division Manager: Ricki Contreras
- 41 budgeted positions

We have five distinct sections within Disability Retirement:

- Intake Unit
- Specialized Processing Unit
- Appeals
- Quality Assurance/Records Management
- Investigation Units I, II, and III

FY 2019-2020 Highlights

Staffing

There are currently 40 budgeted full-time positions. The division is requesting one Staff Assistant II to support our investigation units.

Additionally, the division requests a compensation study for the Disability Retirement Specialist Supervisor position, as the role and responsibilities of the position have substantially increased over the years.

Lastly, staff is requesting one agency-temporary staff member to support the Intake Team due to the anticipated extended leave of one of their Staff Assistant IIs during FY 2019-2020.

Services & Supplies

The requested budget for GL# 9803, Medical Fees, has increased by 12.5 percent from \$1,600,000 in FY 2018-2019 to \$1,800,000 in FY 2019-2020, based on anticipated increase in case processing for FY 2019-2020 and actual FY 2017-2018 expenditures.

DISABILITY RETIREMENT

Budget Request Highlights

FY 2019-2020

INTRODUCTION

The Disability Retirement Services Division is responsible for investigating and evaluating disability retirement applications submitted by active, retired, and deferred members of LACERA. Staff presents recommendations to the Board of Retirement, which is the governing board responsible for adjudicating each application. Staff also administers the disability appeals process in conjunction with Disability Litigation and serves as the official Custodian of Records for all disability retirement files.

Our division contracts for professional services for both the investigation and appeals processes, including panel physicians, referees, copy services, court reporters, job analysts, investigative services, and outside legal counsel.

STAFFING

There are currently 40 budgeted full-time positions. Staff is requesting one Staff Assistant II position to support our investigation units with the organizing and indexing of all records used to assemble the administrative record, as well as creating and updating the medical listing used to document the evidence file. This position will essentially serve as an investigative assistant to our disability retirement specialists.

Additionally, staff is requesting a compensation study on the Disability Retirement Specialist Supervisor position. The role and responsibilities of the supervisor position in Disability Retirement Services has substantially increased over the years. Because Disability Retirement Services does not have an Assistant Division Manager or Section Heads, all supervisors in Disability Retirement Services act in the capacity of second in command and may act in the absence of the Division Manager.

Lastly, staff is requesting one agency-temporary staff to support the Intake Team due to the anticipated extended leave of one of their Staff Assistant IIs during FY 2019-20.

SERVICES AND SUPPLIES

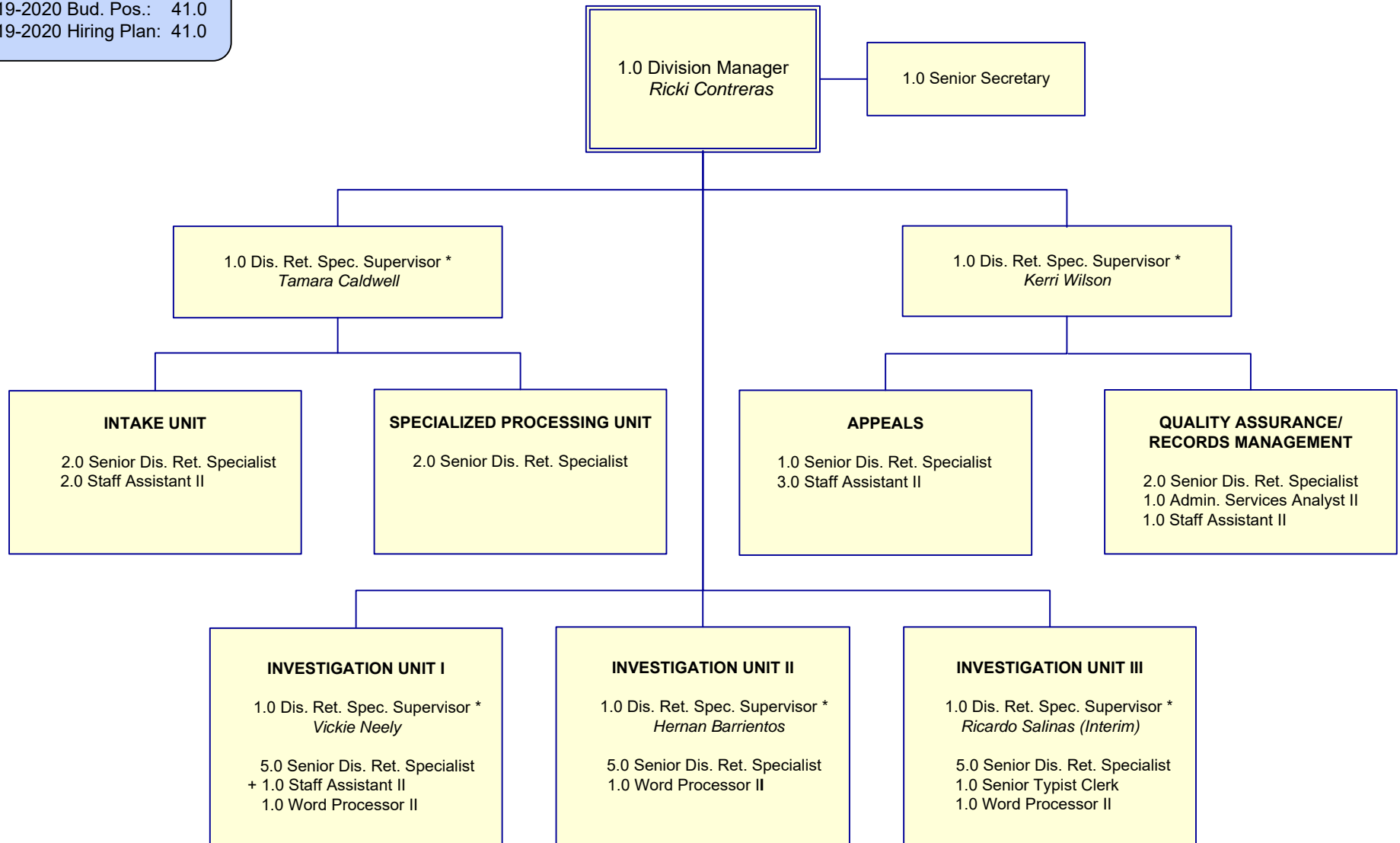
The requested budget for GL# 9803, Medical Fees, has increased by 12.5 percent from \$1,600,000 in FY 2018-2019 to \$1,800,000 in FY 2019-2020 based on anticipated increase in case processing for FY 2019-2020 and actual FY 2017-2018 expenditures.

DISABILITY RETIREMENT

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 40.0
 2018-2019 Hiring Plan: 40.0

2019-2020 Bud. Pos.: 41.0
 2019-2020 Hiring Plan: 41.0



+ Added Position

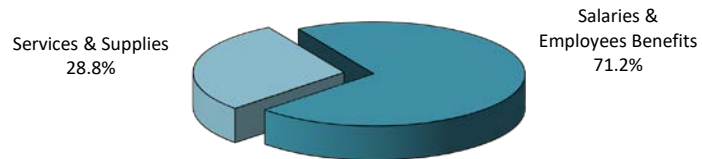
* Classification and/or compensation study requested.

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

DISABILITY RETIREMENT

| | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | | |
|--|---------------------------|-------------|-------------|---|-------------|---|-----------|------|
| | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE | |
| | BUDGET | (02-28-19) | PROJECTION | | | | | |
| PROPOSED BUDGET 2019-2020 | | | | | | | | |
| Salaries & Employees Benefits | \$6,197,007 | \$5,884,599 | \$3,250,694 | \$5,463,934 | \$733,073 | 13.4% | \$312,408 | 5.3% |
| Services & Supplies | 2,510,500 | 2,300,200 | 1,043,562 | 2,173,200 | 337,300 | 15.5% | 210,300 | 9.1% |
| OPERATING BUDGET | \$8,707,507 | \$8,184,799 | \$4,294,257 | \$7,637,134 | \$1,070,373 | 14.0% | \$522,708 | 6.4% |

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

DISABILITY RETIREMENT

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------------|---------------------------------|---------------------------|-------------|-------------|---|----------|---|----------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Total LACERA Salaries | \$3,632,587 | \$3,458,165 | \$1,958,296 | \$3,240,100 | \$392,487 | 12.1% | \$174,422 | 5.04% |
| Total Agency Temp Salaries | 36,000 | 42,009 | 43,837 | 50,000 | (14,000) | -28.0% | (6,009) | -14.30% |
| Employee Benefits (Variable) | 2,158,534 | 1,946,001 | 1,075,330 | 1,827,800 | 330,734 | 18.1% | 212,533 | 10.92% |
| Employee Benefits (Other) | 264,820 | 267,242 | 118,861 | 265,900 | (1,080) | -0.4% | (2,422) | -0.91% |
| OPEB Contribution | 78,666 | 59,114 | 35,700 | 58,900 | 19,766 | 33.6% | 19,552 | 33.07% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.00% |
| Overtime | 12,400 | 11,972 | 13,437 | 16,000 | (3,600) | -22.5% | 428 | 3.58% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.00% |
| Sick Leave Buyback | 6,000 | 4,600 | 5,234 | 5,234 | 766 | 14.6% | 1,400 | 30.43% |
| Rideshare Allowance | 8,000 | 0 | 0 | 0 | 8,000 | 100.0% | 8,000 | 100.00% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.00% |
| ADJUSTED GROSS S&EB | \$6,197,007 | \$5,789,103 | \$3,250,694 | \$5,463,934 | \$733,073 | 13.4% | \$407,904 | 7.0% |
| Salary Differential | 0 | 95,496 | - | - | - | - | (95,496) | -100.0% |
| TOTAL S&EB | \$6,197,007 | \$5,884,599 | \$3,250,694 | \$5,463,934 | \$733,073 | 13.4% | \$312,408 | 5.3% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 1/31/2019, with the exception of Agency Temp Salaries, which are as of 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

DISABILITY RETIREMENT

2019-2020 BUDGET

| FILLED POSITIONS | | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT | | | |
|-----------------------------------|--------------------------------------|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|
| 00773A | DIVISION MANAGER | 1 | LS12 | 14,329 | 171,951 | | | |
| 01643A | DISABILITY RETIRE. SPECIALIST SUPV. | 4 | 104H | 36,108 | 433,294 | | | |
| 01632A | SENIOR DISABILITY RETIRE. SPECIALIST | 22 | 100H | 170,336 | 2,044,038 | | | |
| 00420A | ADMINISTRATIVE SERVICES ANALYST II | 1 | 91F | 6,560 | 78,719 | | | |
| 00427A | STAFF ASSISTANT II | 7 | 90C | 39,164 | 469,963 | | | |
| 00439A | SENIOR SECRETARY | 1 | 87J | 5,320 | 63,840 | | | |
| 00448A | WORD PROCESSOR II | 2 | 80D | 12,237 | 146,845 | | | |
| 00446A | SENIOR TYPIST CLERK | 1 | 76L | 4,543 | 54,515 | | | |
| POSITIONS | | 39 | | | 3,463,165 | | | |
| VACANT POSITIONS | | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
| 01643A | DISABILITY RETIRE. SPECIALIST SUPV. | 1 | 104H | 7,151 | 85,810 | | | 42,905 |
| 00427A | STAFF ASSISTANT II | 1 | 90C | 4,832 | 57,984 | 57,984 | | |
| POSITIONS | | 2 | | | 100,889 | 57,984 | 0 | 42,905 |
| TOTAL POSITIONS | | 41 | | | | | | |
| GROSS SALARIES | | | | | 3,564,054 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | | 62,371 | | | |
| BONUS | | | | | 6,162 | | | |
| 120-DAY RETIREE(S) | | | | | 0 | | | |
| TOTAL SALARIES | | | | | 3,632,587 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

DISABILITY RETIREMENT

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-----------------------------|---------------------------|------------------------|-------------|-------------|---|----------|---|----------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| TRANSPORTATION & TRAVEL | \$18,600 | \$18,500 | \$3,541 | \$12,200 | \$6,400 | 52.5% | \$100 | 0.5% |
| OFFICE SUPPLIES & EQUIPMENT | 11,000 | 11,000 | 3,496 | 7,500 | 3,500 | 46.7% | 0 | 0.0% |
| PROFESSIONAL & SPEC. SRVCS. | 225,000 | 225,000 | 114,799 | 223,500 | 1,500 | 0.7% | 0 | 0.0% |
| LEGAL FEES & SERVICES | 50,000 | 50,000 | 21,400 | 35,000 | 15,000 | 0.0% | 0 | 100.0% |
| DISABILITY FEES & SERVICES | 2,168,000 | 1,968,000 | 891,765 | 1,871,000 | 297,000 | 15.9% | 200,000 | 10.2% |
| EDUCATIONAL EXPENSES | 36,900 | 26,900 | 8,561 | 23,200 | 13,700 | 59.1% | 10,000 | 37.2% |
| MISCELLANEOUS | 1,000 | 800 | 0 | 800 | 200 | 25.0% | 200 | 25.0% |
| TOTAL | \$2,510,500 | \$2,300,200 | \$1,043,562 | \$2,173,200 | \$337,300 | 15.5% | \$210,300 | 9.1% |

*All amounts rounded to the nearest dollar.



Executive Office

Mission Statement

To direct and coordinate the efforts of every LACERA organizational unit toward the effective realization of LACERA's Mission as articulated through policies adopted by the Boards of Retirement and Investments.

Our Team FY 2019-2020

- ➔ Chief Executive Officer: Lou Lazatin
 - 8 budgeted positions

We oversee all 15 divisions within LACERA and are made up of:

- Assistant Executive Officers
- Executive Secretaries
- Executive Board Assistants

FY 2019-2020 Highlights

Staffing

No additional staff is requested for the FY 2019-2020 budget.

Services & Supplies

The Executive Office seeks to increase the Board Offsite meeting expenses to \$200,000, reflecting an overall increase in area prices for meeting venues as well as accommodating two separate Offsite meetings.



INTRODUCTION

The Executive Office directs and coordinates the efforts of every LACERA organizational unit toward the effective realization of LACERA’s Mission—to produce, protect, and provide the promised benefits—as articulated through policies adopted by the Boards of Retirement and Investments.

STAFFING

The Executive Office is not requesting any additional staff for the FY 2019-20 budget.

SERVICES AND SUPPLIES

This year we are seeking to increase the Board Offsite meeting expenses to \$200,000. The increase reflects an overall increase in area prices for meeting venues as well as an increase to accommodate the two separate Board Offsites.

EXECUTIVE OFFICE

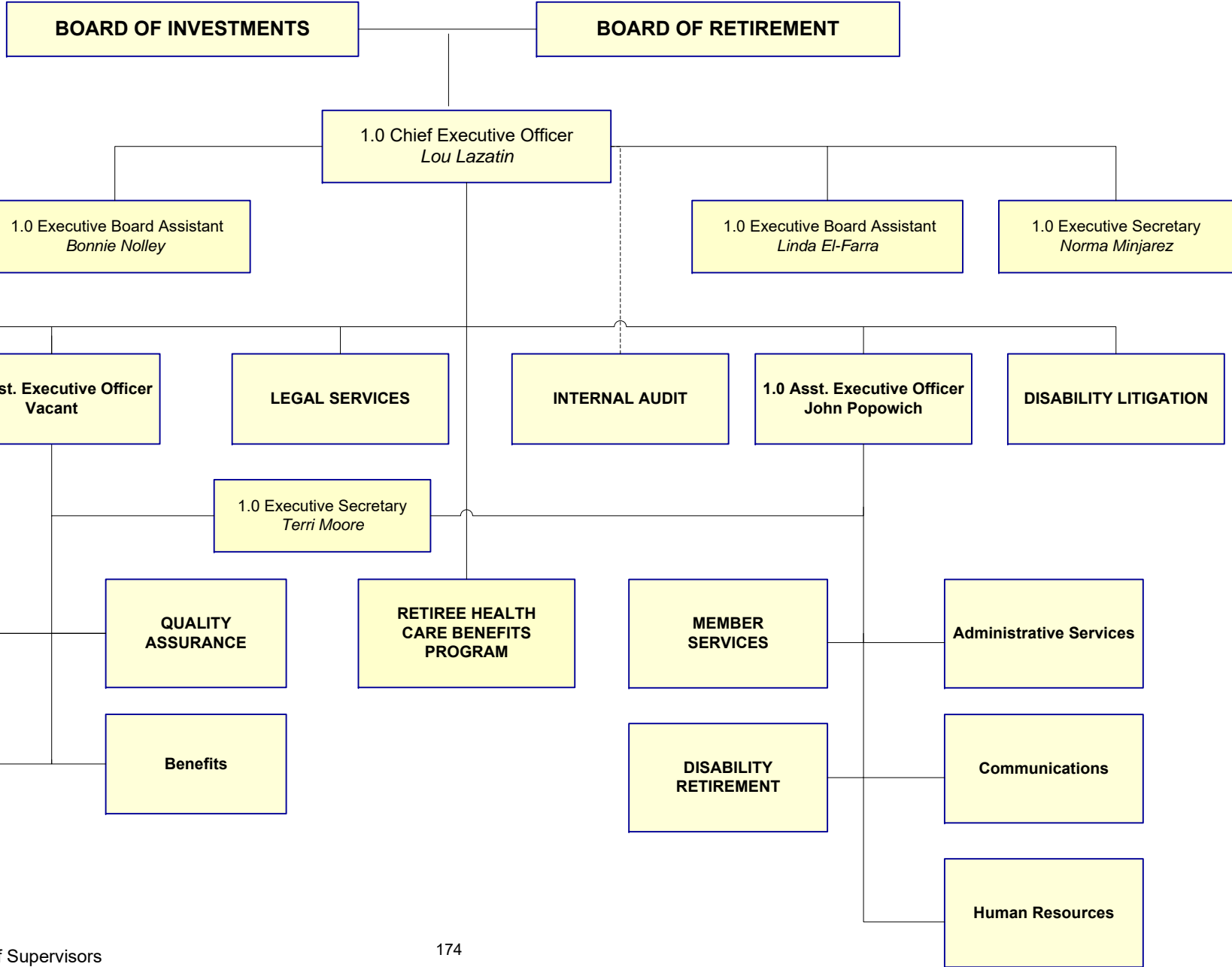
FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 8.0
 2018-2019 Hiring Plan: 8.0

2019-2020 Bud. Pos.: 8.0
 2019-2020 Hiring Plan: 7.0

Pending Board of Supervisors Approval

1.0 Deputy Chief Executive Office Ø
TBD

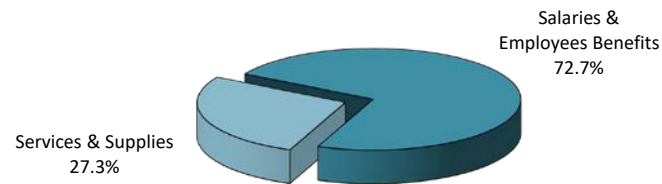


LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

EXECUTIVE OFFICE

| | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | | |
|-------------------------------|---------------------------------|--------------------|--------------------|---|------------------|---|------------------|-------------|
| | PROPOSED BUDGET 2019-2020 | YTD | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE | |
| | | BUDGET | (02-28-19) | | | | | PROJECTION |
| Salaries & Employees Benefits | \$1,861,060 | \$1,751,696 | \$1,067,743 | \$1,647,400 | \$213,660 | 13.0% | \$109,364 | 6.2% |
| Services & Supplies | 697,500 | 632,450 | 258,956 | 486,642 | 210,857 | 43.3% | 65,050 | 10.3% |
| OPERATING BUDGET | \$2,558,560 | \$2,384,146 | \$1,326,699 | \$2,134,042 | \$424,517 | 19.9% | \$174,414 | 7.3% |

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

EXECUTIVE OFFICE

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------------|---------------------------------|---------------------------|-------------|-------------|---|----------|---|----------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Total LACERA Salaries | \$1,173,131 | \$1,390,137 | \$629,201 | \$982,200 | \$190,931 | 19.4% | (\$217,006) | -15.6% |
| Total Agency Temp Salaries | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Employee Benefits (Variable) | 507,002 | 503,918 | 316,670 | 466,800 | 40,202 | 8.6% | 3,084 | 0.6% |
| Employee Benefits (Other) | 85,523 | 80,958 | 35,795 | 80,600 | 4,923 | 6.1% | 4,565 | 5.6% |
| OPEB Contribution | 25,405 | 17,908 | 10,107 | 17,800 | 7,605 | 42.7% | 7,497 | 41.9% |
| Stipends | 65,000 | 65,000 | 38,442 | 60,000 | 5,000 | 8.3% | 0 | 0.0% |
| Overtime | 3,000 | 6,376 | 37,528 | 40,000 | (37,000) | -92.5% | (3,376) | -52.9% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 1,000 | 1,000 | 0 | 0 | 1,000 | 0.0% | 0 | 0.0% |
| Rideshare Allowance | 1,000 | 0 | 0 | 0 | 1,000 | 100.0% | 1,000 | 100.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$1,861,060 | \$2,065,297 | \$1,067,743 | \$1,647,400 | \$213,660 | 13.0% | (\$204,237) | -9.9% |
| Salary Differential | 0 | (313,601) | - | - | - | - | 313,601 | -100.0% |
| TOTAL S&EB | \$1,861,060 | \$1,751,696 | \$1,067,743 | \$1,647,400 | \$213,660 | 13.0% | \$109,364 | 6.2% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 1/31/2019, with the exception of Agency Temp Salaries, which are as of 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

EXECUTIVE OFFICE

2019-2020 BUDGET

| <u>FILLED POSITIONS</u> | | <u># POS.</u> | <u>SCHEDULE</u> | <u>ACTUAL MO. RATE</u> | <u>ANNUAL AMOUNT</u> | | | |
|--|---------------------------------------|---------------|-----------------|------------------------------|--------------------------|--------------------------------|-------------------------------|-------------------------------|
| 00776L | CHIEF EXECUTIVE OFFICER | 1 | LR20 | 37,500 | 450,000 | | | |
| 00792A | ASSISTANT EXECUTIVE OFFICER (UC) | 1 | LS16 | 17,509 | 210,103 | | | |
| 00745A | EXECUTIVE BOARD ASSISTANT | 2 | 103A | 17,942 | 215,304 | | | |
| 00442A | EXECUTIVE SECRETARY | 2 | 99J | 16,419 | 197,034 | | | |
| POSITIONS | | 6 | | | 1,072,441 | | | |
| <u>VACANT POSITIONS</u> | | <u># POS.</u> | <u>SCHEDULE</u> | <u>1ST STEP MO. RATE</u> | <u>ANNUAL AMOUNT</u> | <u>FILLED AT 12 MONTHS</u> | <u>FILLED AT 9 MONTHS</u> | <u>FILLED AT 6 MONTHS</u> |
| 00770A | DEPUTY CHIEF EXECUTIVE OFFICER (UC) Ø | 1 | LS18 | 15,507 | 186,086 | | | |
| 00792A | ASSISTANT EXECUTIVE OFFICER (UC) | 1 | LS16 | 13,419 | 161,027 | | | 80,513 |
| POSITIONS | | 2 | | | 347,113 | 0 | 0 | 80,513 |
| TOTAL POSITIONS | | 8 | | | 80,513 | | | |
| GROSS SALARIES | | | | | 1,152,954 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | | 20,177 | | | |
| BONUS | | | | | 0 | | | |
| 120-DAY RETIREE(S) | | | | | 0 | | | |
| TOTAL SALARIES | | | | | 1,173,131 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 Ø Position not yet approved by the Board of Supervisors and is calculated at zero percent filled.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

EXECUTIVE OFFICE

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-----------------------------|---------------------------------|---------------------------|------------|------------|---|----------|---|----------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| AUTO EXPENSE | \$18,300 | \$18,250 | \$7,931 | \$11,142 | \$7,158 | 64.2% | \$50 | 0.3% |
| TRANSPORTATION & TRAVEL | 40,000 | 40,000 | (4,675) | 30,000 | 10,000 | 33.3% | 0 | 0.0% |
| OFFICE SUPPLIES & EQUIPMENT | 4,500 | 4,500 | 1,874 | 4,500 | 0 | 0.0% | 0 | 0.0% |
| PROFESSIONAL & SPEC. SRVCS. | 180,000 | 165,000 | 8,834 | 135,000 | 45,000 | 33.3% | 15,000 | 9.1% |
| EDUCATIONAL EXPENSES | 198,500 | 198,500 | 77,965 | 122,000 | 76,500 | 62.7% | 0 | 0.0% |
| MISCELLANEOUS | 256,200 | 206,200 | 167,028 | 184,000 | 72,200 | 39.2% | 50,000 | 24.2% |
| TOTAL | \$697,500 | \$632,450 | \$258,956 | \$486,642 | \$210,859 | 43.3% | \$65,050 | 10.3% |

*All amounts rounded to the nearest dollar.



Financial and Accounting Services

Mission Statement

To provide sound guardianship of LACERA's assets and deliver quality service to our stakeholders through timely and accurate financial information.

Our Team FY 2019-2020

- ➔ Chief Financial Officer: Beulah Auten
 - 30 budgeted positions

We have three distinct sections within Financial and Accounting Services:

- General Accounting
 - Reconciliation
 - Disbursements
- Reporting and Compliance
- Investment Accounting
 - Public Markets
 - Direct Investments

FY 2019-2020 Highlights

Staffing

FASD is requesting one permanent position: an Accounting Officer II. The Accounting Officer II will be allocated to the newly created Reporting and Compliance Section.

In addition, FASD requests to maintain five agency-temporary personnel, one more than the previous fiscal year.

The request is based upon historical trends and anticipation of permanent staff potentially being on extended leaves of absence or participating in FASD learning opportunities and special projects.

Services & Supplies

The Services and Supplies total budget request represents a \$47,900, or 13.6 percent, decrease compared with the prior fiscal year, primarily attributable to a more realistic estimate of State Street Bank charges for treasury and commercial banking services.

(FASD) FINANCIAL & ACCOUNTING SERVICES

Budget Request Highlights

FY 2019-2020

INTRODUCTION

LACERA's Mission is to Produce, Protect, and Provide the promised benefits. The Financial and Accounting Services Division (FASD) contributes to the LACERA Mission by *providing and protecting* the promised benefits through funding member payroll and organization-wide financial transactions, and ensuring compliance with regulatory and statutory financial reporting mandates.

FASD's budget request seeks to maintain financial reporting quality, complete wide-ranging financial transactions timely and accurately, support LACERA Board and organizational initiatives, while mitigating risks including normal staffing fluctuations. To accomplish this, FASD requests authorization to:

1. Add one permanent position, Accounting Officer II.

The Accounting Officer II position will be allocated to the newly created Reporting and Compliance Section, which will be primarily responsible for coordination of significant LACERA projects: Pension and Other Postemployment Benefits (OPEB) actuarial valuations and related audits; external audits of the LACERA annual financial statements; preparation of the LACERA Comprehensive Annual Financial Report (CAFR) and Popular Annual Financial Report (PAFR); and implementation of applicable new Governmental Accounting Standards Board (GASB) financial reporting requirements.

2. Add one agency-temporary personnel, Accountant.

The request is based upon historical trends, in anticipation of permanent staff, who will potentially be on extended leaves of absence or are expected to participate in FASD learning opportunities. Therefore, FASD also requests to maintain five agency-temporary personnel, one more than the previous fiscal year.

3. Implement the CAFR preparation software tool, which is a technology-based solution, to replace the standard labor-intensive manual process and radically benefit three different work groups in their CAFR related responsibilities: (1) for FASD in preparing the CAFR; (2) for the external auditor in reviewing/verifying the CAFR; and (3) for Communications Division in publishing the CAFR.

STAFFING

Position Request

FASD is requesting one Accounting Officer II permanent position to be allocated to the Reporting and Compliance Section. The total number of budgeted positions for the Division would increase from 29 to 30.

Reporting and Compliance Section

Directly reporting to the Assistant Chief Financial Officer, last year's *Reporting and Compliance Unit* Pilot Program proved to be extremely successful as staff worked diligently to manage the changing landscape of the OPEB Program Agent Plan transition and its effect on downstream actuarial, accounting, and financial reporting processes. Also, FASD's actuarial responsibilities have exponentially grown due to absorption of the Pension Plan actuarial valuation project management functions.

As actuarial and accounting standards persistently increase the complexity and volume of reporting requirements, additional staff is required to create a dedicated independent Section (versus a work Unit) critically tasked with the following:

1. Managing LACERA's Pension actuarial valuation project assignments as a result of a responsibility shift from the Executive Office to FASD;
2. Addressing the increasing needs and complexity in managing LACERA's OPEB actuarial valuation projects as revised under the Board's OPEB Actuarial Valuation and Audit Policy;
3. Coordinating the Pension and OPEB related actuarial educational sessions for the LACERA Boards and staff;
4. Managing the LACERA annual financial statement external audits;
5. Directing and monitoring the preparation of the LACERA annual financial reports: the CAFR and PAFR;
6. Implementing recent GASB applicable pronouncements and new Government Finance Officers Association (GFOA) award program requirements;
7. Coordinating the implementation of FASD applicable internal and external audit recommendations;

8. Monitoring the completion of all regulatory and informational financial reports FASD is responsible for; and
9. Addressing internal financial reporting requirements of the organization and assuming additional compliance and risk management related functions as the organization's needs evolve.

As both Boards' appetite for actuarial awareness has increasingly grown and as investment results continue to experience volatility, plan funding visibility is heightened. It would be prudent for LACERA to be proactive in creating a work group primarily dedicated in managing these crucial actuarial and financial reporting engagements. This also presents the opportunity to transfer organizational knowledge and provide coverage in a highly critical and specialized operational area. Further efficiencies can also be created as the Reporting and Compliance Section looks to expand and absorb project-based work of the General and Investment Accounting Sections, freeing up Section staff to mainly focus on core accounting functions within their respective Sections.

Overtime and Temporary Staff

As in the past, overtime is requested to manage the additional workload related to the annual fiscal year-end closing of the books and completion of the annual financial statement audit to generate the CAFR and PAFR. When combined with the development of anticipated new responsibilities and unforeseen special projects, maintaining a budget for overtime has proven to be prudent.

Based on past experience, we also anticipate having some permanent staff on extended leaves of absence during the fiscal period. Some permanent staff are also expected to participate in learning opportunities and special projects within the Division. We are requesting five agency-temporary staff to assist with the workload. This staff will consist of four temporary staff at the Accountant level (one more than the FY 2018-2019), and one temporary staff at the Accounting Technician I.

IMPLEMENTING A TECHNOLOGY TOOL

CAFR Preparation Tool

The LACERA CAFR continues to evolve with the frequent introduction of new GASB pronouncements, as well as GFOA award program requirements. We anticipate further CAFR disclosure enhancement requirements from GASB as the need for increased transparency amongst the financial statement users continues.

It takes a dedicated team of FASD staff to draft and finalize the CAFR. Traditionally, we have consistently relied on desktop software tools (i.e., Microsoft Word and Excel) to compile data and prepare the necessary CAFR narratives and supporting schedules. As

the existing labor-intensive process requires tracking each file separately, only one staff can access these individual files and cause changes to the data. Also, extra time is spent ensuring the accuracy of the finished product as the CAFR disclosures continue to grow in number and intricacy. As each CAFR section is completed, staff uploads close to 80 individual files to the external auditor's secured site so they can perform their CAFR review and verification. Once the footnote disclosures are completed and a CAFR draft is ready, staff spends additional time in reviewing, formatting, and assembling the individual files to provide a presentation-ready report for the external auditor's final review and audit opinion so LACERA can meet its statutory October 31st deadline.

FASD works with the Communications Division to transform this basic financial statement report into the award-winning CAFR. Staff manually uploads the same 80 individual files to a shared network drive for Communications to use as a starting point in the CAFR publication process.

Currently, staff has identified a potential software solution provider, Workiva. Its *Wdesk* platform, which our industry peers and the County Auditor-Controller are using, has received favorable reviews. Based upon the research and planning conducted during the Fiscal Year 2018-2019, this software tool has multi-user capability such that not only is it going to be highly beneficial for the three independent work groups (i.e., FASD, external auditor, and Communications Division) previously identified in generating the CAFR, but may be equally valuable for Administrative Services Division in its annual budget development and preparation responsibilities. Staff anticipates implementing *Wdesk* in conjunction with Systems Division and other impacted divisions.

The Chief Executive Officer will execute a one-year commitment in accordance with the General Purchasing Policy for LACERA to test and evaluate *Wdesk*. Financial data will be uploaded to the platform, however, there will be no direct connection to LACERA's enterprise resource planning solution (i.e., the organization's accounting application including the General Ledger) until staff makes a positive determination regarding the long-term use of *Wdesk*. At that point, staff will make a recommendation and request approval from the Board of Retirement to enter into a multi-year agreement with Workiva for its services.

SERVICES AND SUPPLIES

The Services and Supplies total budget request represents a \$47,900, or 13.6%, decrease when compared with the prior fiscal year. This is primarily attributable to a more realistic estimate of State Street Bank charges for treasury and commercial banking services.

LOOKING FORWARD

Automated Accounts Payable (A/P)

Generally, LACERA pays its service providers and reimburses staff for business related expenses using physical checks. Due to established internal controls, generating a single check can take many different LACERA staff performing distinct functions in the process.

FASD and Systems will partner to satisfy a Fiscal Year 2017-2018 external audit recommendation to improve the standard manual labor-intensive daily accounts payable (A/P) workflow process through an efficient technology-based solution. Staff envisions an automated solution, which includes digitizing the entire process beginning with purchasing and invoicing, routing and obtaining electronic approvals, through record retention following process completion. Staff has identified an industry dedicated to providing IT tools, which integrates with LACERA's current General Ledger system. Additional research and study is necessary to effect a change that will revolutionize the processing of purchasing and invoice processing at LACERA. This change will impact not only FASD in processing the daily A/P, but will also be beneficial for Administrative Services Division with its processes of approving budgeted expenses for each division, as well as handling and eventually storing completed voluminous historical payment documents.

Travel/Credit Card Expenditures Management Solution

FASD and Systems will partner to satisfy a Fiscal Year 2018-2019 internal audit recommendation which identified the need for better corporate card and travel expense support and reporting. Current travel document processes involve both paper-based payment requests and credit card documentation to determine total travel-related expenditures for each trip. Tools to assist in document and data management will result in more efficient processes and more precise financial reporting. Staff identified a module within the current Bank of America Works system for scanning and storing credit card receipts and will explore additional tools LACERA travelers (i.e., the Board and staff) can use on their mobile devices to manage paper receipts. Additional research and study is necessary to explore different platforms that can offer a more streamlined expense management and documentation process.

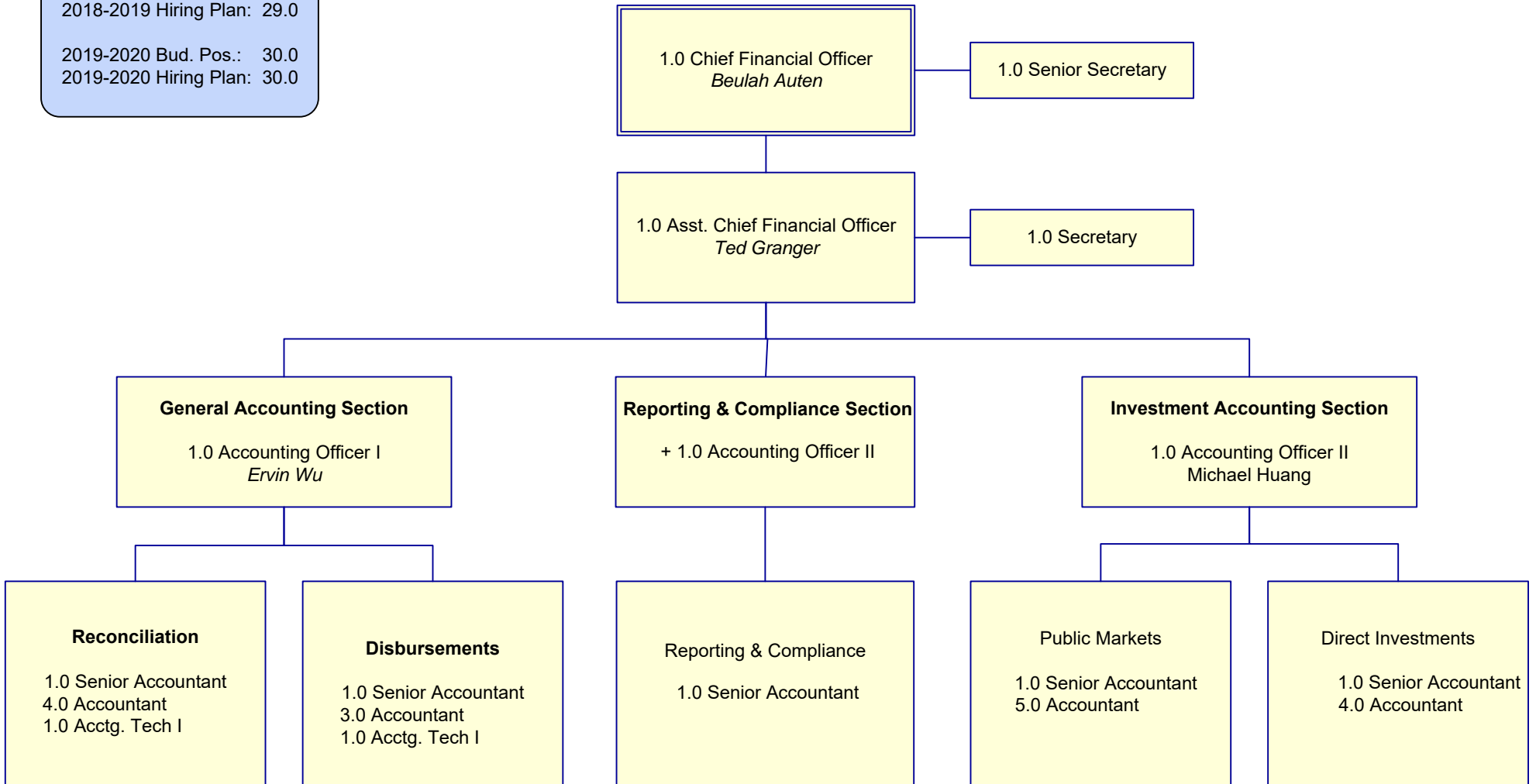
CONCLUSION

This budget request was developed to provide the Financial and Accounting Services Division with vital resources to readily contribute towards the fulfillment of LACERA's goals and objectives.

FINANCIAL AND ACCOUNTING SERVICES DIVISION

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 29.0
 2018-2019 Hiring Plan: 29.0
 2019-2020 Bud. Pos.: 30.0
 2019-2020 Hiring Plan: 30.0



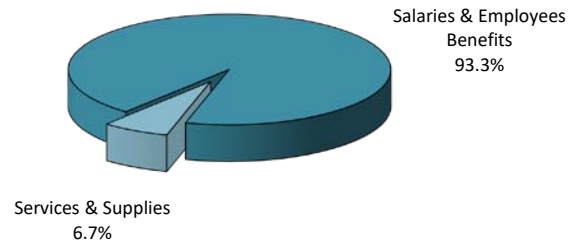
+ Added position
 * Classification study for all positions in progress

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------|---------------------------|------------------------|--------------------|--------------------|---|--------------|---|-------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Salaries & Employees Benefits | 4,223,840 | \$3,789,612 | \$2,282,058 | \$3,668,900 | \$554,940 | 15.1% | \$434,228 | 11.5% |
| Services & Supplies | 305,600 | 353,500 | 120,175 | 272,000 | 33,600 | 12.4% | (47,900) | -13.6% |
| OPERATING BUDGET | \$4,529,440 | \$4,143,112 | \$2,402,233 | \$3,940,900 | \$588,540 | 14.9% | \$386,328 | 9.3% |

2019 -2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2019-2020

FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|--------------------------------|---------------------------------|---------------------------|--------------------|--------------------|---|--------------|---|--------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Total LACERA Salaries | \$2,342,420 | \$2,267,512 | \$1,249,919 | \$2,010,200 | \$332,220 | 16.5% | \$74,908 | 3.3% |
| Total Agency Temp Salaries | 424,200 | 296,300 | 264,865 | 403,200 | 21,000 | 5.2% | 127,900 | 43.2% |
| Employee Benefits (Variable) | 1,136,928 | 1,018,449 | 625,379 | 982,500 | 154,428 | 15.7% | 118,479 | 11.6% |
| Employee Benefits (Other) | 170,765 | 165,245 | 74,413 | 164,500 | 6,265 | 3.8% | 5,520 | 3.3% |
| OPEB Contribution | 50,726 | 36,552 | 21,467 | 36,400 | 14,326 | 39.4% | 14,174 | 38.8% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 74,300 | 63,720 | 38,200 | 63,500 | 10,800 | 17.0% | 10,580 | 16.6% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 12,000 | 12,000 | 7,816 | 8,600 | 3,400 | 39.5% | 0 | 0.0% |
| Rideshare Allowance | 12,500 | 0 | 0 | 0 | 12,500 | 100.0% | 12,500 | 100.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$4,223,840 | \$3,859,778 | \$2,282,058 | \$3,668,900 | \$554,940 | 15.1% | \$364,062 | 9.4% |
| Salary Differential | 0 | (70,166) | - | - | - | - | 70,166 | -100.0% |
| TOTAL S&EB | \$4,223,840 | \$3,789,612 | \$2,282,058 | \$3,668,900 | \$554,940 | 15.1% | \$434,228 | 11.5% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

FINANCIAL & ACCOUNTING SERVICES

2019-2020 BUDGET

| FILLED POSITIONS | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT |
|--|--------|----------|--------------------|------------------|
| 00800A CHIEF FINANCIAL OFFICER | 1 | LS12 | 15,209 | 182,503 |
| 00799A ASSISTANT CHIEF FINANCIAL OFFICER | 1 | LS10 | 12,586 | 151,027 |
| 00418A ACCOUNTING OFFICER II | 1 | 103B | 8,518 | 102,219 |
| 00417A ACCOUNTING OFFICER I | 1 | 99F | 6,925 | 83,106 |
| 00146A SENIOR ACCOUNTANT | 4 | 95A | 28,884 | 346,608 |
| 00415A ACCOUNTANT | 15 | 90K | 92,857 | 1,114,283 |
| 00439A SENIOR SECRETARY | 1 | 87J | 3,987 | 47,843 |
| 00413A ACCOUNTING TECHNICIAN I | 2 | 82D | 10,091 | 121,095 |

POSITIONS 26 2,148,684

| VACANT POSITIONS | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
|------------------------------|--------|----------|----------------------|------------------|------------------------|-----------------------|-----------------------|
| 00418A ACCOUNTING OFFICER II | 1 | 103B | 6,857 | 82,285 | | 61,714 | |
| 00146A SENIOR ACCOUNTANT | 1 | 95A | 5,506 | 66,072 | | | 33,036 |
| 00415A ACCOUNTANT | 1 | 90K | 4,916 | 58,992 | | | 29,496 |
| 00438A SECRETARY | 1 | 81B | 3,779 | 45,351 | | | 22,676 |
| | | | | | 0 | 61,714 | 85,208 |

POSITIONS 4 146,921

TOTAL POSITIONS 30

GROSS SALARIES 2,295,606

ANTICIPATED MOU SALARY INCREASE** 40,173

BONUS 6,641

120-DAY RETIREE(S) 0

TOTAL SALARIES 2,342,420

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA

FISCAL YEAR 2019-2020

FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

FINANCIAL AND ACCOUNTING SERVICES

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-----------------------------|---------------------------------|---------------------------|------------------|------------------|---|--------------|---|---------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| TRANSPORTATION & TRAVEL | \$35,100 | \$35,000 | \$20,519 | \$31,150 | \$3,950 | 12.7% | \$100 | 0.3% |
| OFFICE SUPPLIES & EQUIPMENT | 5,000 | 5,000 | 1,523 | 2,500 | \$2,500 | 100.0% | 0 | 0.0% |
| BANK SERVICES | 230,000 | 280,000 | 88,503 | 215,000 | \$15,000 | 7.0% | (50,000) | -17.9% |
| EDUCATIONAL EXPENSES | 31,500 | 29,500 | 7,937 | 20,800 | \$10,700 | 51.4% | 2,000 | 6.8% |
| MISCELLANEOUS | 4,000 | 4,000 | 1,692 | 2,550 | \$1,450 | 56.9% | 0 | 0.0% |
| TOTAL | \$305,600 | \$353,500 | \$120,175 | \$272,000 | \$33,600 | 12.4% | (\$47,900) | -13.6% |

*All amounts rounded to the nearest dollar.



Human Resources

Mission Statement

To effectively administer human resource programs; provide quality service to LACERA employees, supervisors, and managers; and reflect LACERA's values and vision in both the effort put forth and the work accomplished.

Our Team FY 2019-2020

Human Resources Director:

➔ John Nogales

- 13 budgeted positions

We have three distinct sections with Human Resources:

- Employee and Organizational Development
- Return-to-Work/Payroll
- Talent Acquisition and Management

FY 2019-2020 Highlights

Staffing

Currently, there are no vacant positions in Human Resources. Human Resources will manage its current duties, including FY 2019-2020 recruitment and selection functions, with its current staff members. Human Resources anticipates the recruitment and hiring of one Retirement Benefits Specialists Training Class during the 2019-2020 Fiscal Year.

Services & Supplies

There are several variances in Human Resources' 2019-2020 budget compared to last fiscal year. The Intern Program was reduced from \$242,000 to \$144,000 to better reflect historical costs and anticipated needs. Registration fees increased from \$35,000 to \$40,000. Human Resources is requesting \$40,000 for the organization to participate in an engagement and satisfaction survey as part of an action plan to boost employee engagement.

The Departmental Training budget request increased from \$180,000 to \$225,000 to provide career workshops as well as staff training in crucial conversations, emotional intelligence, and time management. Management-specific training includes governance, accountability, effective collaboration, and a strengths finder. Lastly, there is a line item for the Advanced CERL Education (ACE) Program (soft skills training).

HUMAN RESOURCES

Budget Request Highlights

FY 2019-2020

INTRODUCTION

Human Resources is responsible for providing human resources services to LACERA. Our work includes areas such as: recruitment and selection, performance and workforce management, classification and compensation, employee and organizational development, employee payroll and benefits, employee relations, labor negotiations, employee discipline, workplace investigations, workers' compensation, career planning, conflict resolution, labor/employment law compliance, and Americans With Disabilities Act (ADA), Family Medical Leave Act (FMLA), California Family Rights Act (CFRA), and Fair Labor Standards Act (FLSA) administration.

STAFFING

LACERA's Director of Human Resources will be retiring in September 2019. A hiring committee led by LACERA's Chief Executive Officer has been selected to guide the recruitment and selection process. A search firm, chosen through the RFP process, will be utilized for this recruitment. It is anticipated a highly qualified replacement will be selected prior to the incumbent's September 2019 retirement date to facilitate a smooth transition. There are no other current or anticipated vacancies in Human Resources.

Human Resources will manage its current duties, including FY 2019-2020 recruitment and selection functions, with its current Staff Members. Human Resources anticipates the recruitment and hiring of one Retirement Benefits Specialists Training Class during the 2019-2020 Fiscal Year.

Human Resources will continue its focus on enhancing our recruitment strategies and methods to attract a highly qualified, diverse workforce to support LACERA's Mission, Values, and Vision.

During the 2018-2019 Fiscal Year, Active Assailant Readiness and Discrimination Prevention Training was conducted for all Staff Members.

Human Resources shall continue attending educational programs to remain current and expand knowledge and expertise in its functional areas. During Fiscal Year 2018-2019, one (1) Staff Member successfully completed the CALAPRS Management Academy. All Human Resources Staff Members attended the Disney Institute on Employee Engagement to continue to identify new ways to keep staff members motivated and refine the new hire orientation process.

Budget Variances

In comparing our 2019-2020 Budget to that of the previous fiscal year, notable variances are found in the following areas:

Intern Program (Program): adjusted from \$242,000 to \$144,000 to better reflect historical costs and anticipated needs for 2019-2020.

The Program has yielded candidates from California State University, Los Angeles and Northridge; California State Polytechnic University; University of California Los Angeles (UCLA); University of Southern California (USC); UC San Diego (UCSD); Columbia University; Loyola Law School; MIT; UC Berkeley, New York University (NYU), University of Texas at Austin, Cornell University, University of Pennsylvania, Emory, University of Houston, and Texas A&M.

The Program is advertised at colleges, including community colleges, and universities throughout the nation. The Program is also advertised through Toigo Foundation which finds minority students in MBA programs throughout the country and helps pave their way into careers in investments and others.

Through the Program, two Interns who worked in Investments were later hired as LACERA Staff Members. Those interns were from Columbia University and UCLA.

Employee Engagement Program: \$40,000. LACERA plans to hire a Consultant to develop an action plan to bolster employee engagement and job satisfaction. Employee Engagement Programs are shown to enhance employee recruitment and retention efforts, improve employee morale, and boost productivity and quality of work produced. LACERA then plans to participate in the *Pensions & Investments* Best Places to Work in Money Management Survey through the Best Companies Group, an independent research firm specializing in identifying and recognizing great places to work.

Registration Fees: Increase from \$35,000 to \$40,000 due to training for new Staff Members and cost increases.

Departmental Training: Increase from \$180,000 to \$225,000.

The Departmental Training Budget anticipates expenditures for Staff Member Training in the following areas:

- Crucial conversations,
- Career workshops,
- Emotional Intelligence, and
- Time Management

For Management Staff:

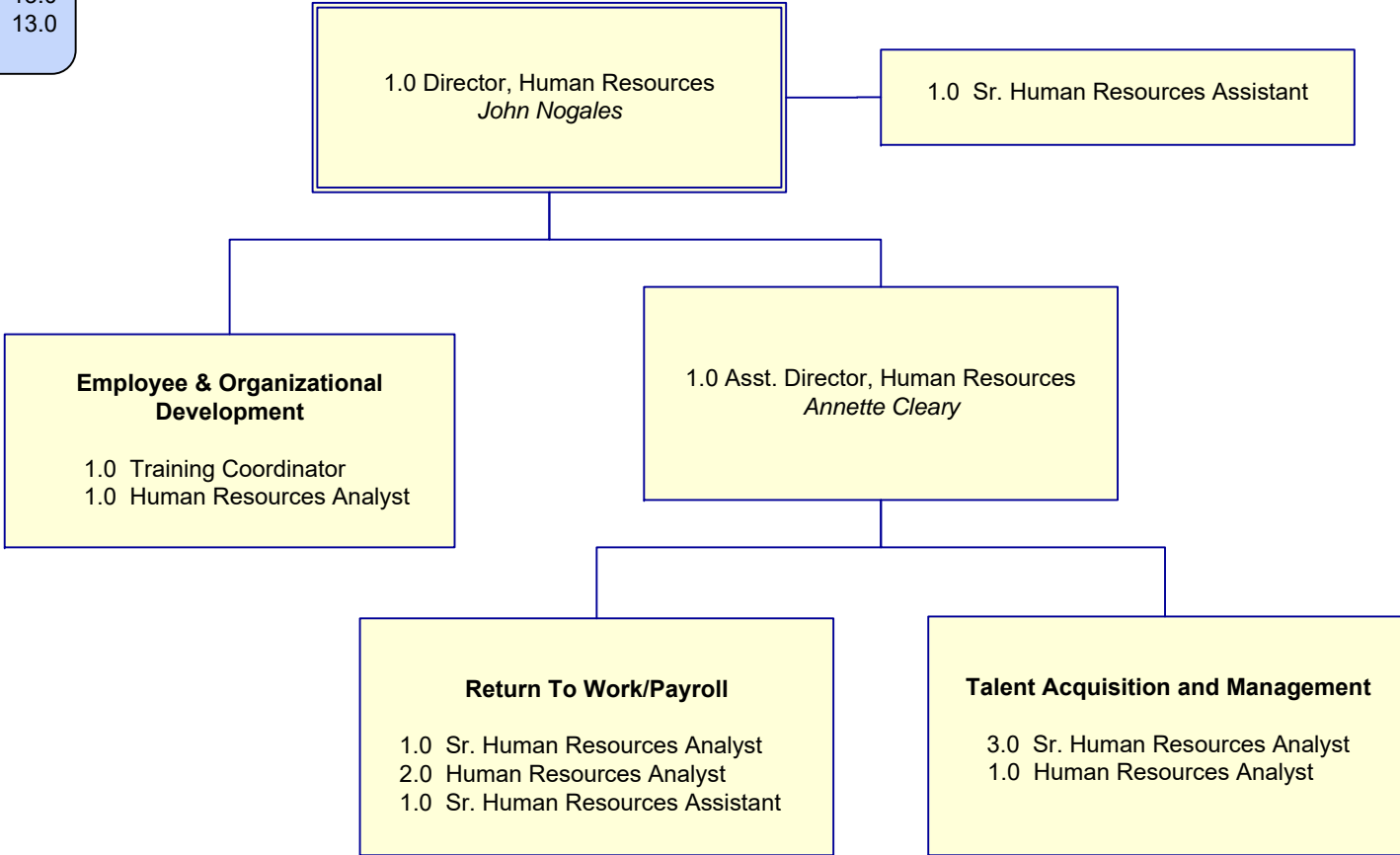
- Governance,
- Accountability,
- Effective Collaboration, and
- Strengths Finder

ACE (Accelerated CERL Education) Program: Soft skills training, which includes Leadership Ethics, Emotional Intelligence, Business Communication, Strategic Thinking, Conflict Resolution and Root Cause Analysis, among others.

HUMAN RESOURCES

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 13.0
 2018-2019 Hiring Plan: 13.0
 2019-2020 Bud. Pos.: 13.0
 2019-2020 Hiring Plan: 13.0



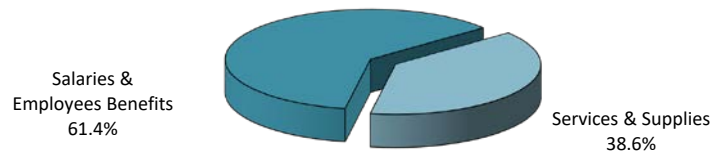
* Classification study for all position requested.

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

HUMAN RESOURCES

| | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | | |
|--|---------------------------------|-------------|-------------|---|-----------|---|------------|------------|
| | PROPOSED BUDGET 2019-2020 | YTD | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE | |
| | | BUDGET | (02-28-19) | | | | | PROJECTION |
| Salaries & Employees Benefits | \$2,439,274 | \$2,469,656 | \$1,384,914 | \$2,285,000 | \$154,274 | 6.8% | (\$30,382) | -1.2% |
| Services & Supplies | 1,535,200 | 1,515,200 | 589,344 | 1,375,500 | 159,700 | 11.6% | 20,000 | 1.3% |
| OPERATING BUDGET | \$3,974,474 | \$3,984,856 | \$1,974,258 | \$3,660,500 | \$313,974 | 8.6% | (\$10,382) | -0.3% |

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

HUMAN RESOURCES

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------------|---------------------------------|---------------------------|-------------|-------------|---|----------|---|----------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Total LACERA Salaries | \$1,346,210 | \$1,258,552 | \$818,606 | \$1,325,200 | \$21,010 | 1.6% | \$87,658 | 7.0% |
| Total Agency Temp Salaries | 26,200 | 101,100 | 67,590 | 101,000 | (74,800) | -74.1% | (74,900) | -74.1% |
| LACERA Intern Program | 144,000 | 242,000 | 3,986 | 50,000 | 94,000 | 100.0% | (98,000) | 100.0% |
| Employee Benefits (Variable) | 788,571 | 716,115 | 437,458 | \$689,600 | 98,971 | 14.4% | 72,456 | 10.1% |
| Employee Benefits (Other) | 98,140 | 97,050 | 42,911 | \$96,600 | 1,540 | 1.6% | 1,090 | 1.1% |
| OPEB Contribution | 29,153 | 21,467 | 14,014 | \$21,400 | 7,753 | 36.2% | 7,686 | 35.8% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 1,500 | 1,403 | 349 | \$1,200 | 300 | 25.0% | 97 | 6.9% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Rideshare Allowance | 5,500 | 0 | 0 | 0 | 5,500 | 100.0% | 5,500 | 100.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$2,439,274 | \$2,437,687 | \$1,384,914 | \$2,285,000 | \$154,274 | 6.8% | \$1,587 | 0.1% |
| Salary Differential | 0 | 31,969 | - | - | - | - | (31,969) | -100.0% |
| TOTAL S&EB | \$2,439,274 | \$2,469,656 | \$1,384,914 | \$2,285,000 | \$154,274 | 6.8% | (\$30,382) | -1.2% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 1/31/2019, with the exception of Agency Temp Salaries, which are as of 2/28/2019. A total of six (6) Student Professional Worker II positions will be utilized by LACERA. Two (2) in FASD, one (1) in Internal Audit, and two (2) in the Investment Office. In addition, one (1) Law Student Worker for Legal Services.

LACERA
FISCAL YEAR 2019-2020
SALARIES

HUMAN RESOURCES

2019-2020 BUDGET

| FILLED POSITIONS | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT |
|--|--------|----------|-----------------|---------------|
| 00425A DIRECTOR, HUMAN RESOURCES | 1 | LS12 | 14,118 | 169,410 |
| 00437A ASSISTANT DIRECTOR, HUMAN RESOURCES | 1 | LS10 | 11,685 | 140,223 |
| 00436A SENIOR HUMAN RESOURCES ANALYST | 4 | 101A | 33,988 | 407,856 |
| 01886A TRAINING COORDINATOR | 1 | 100L | 8,476 | 101,716 |
| 00434A HUMAN RESOURCES ANALYST | 4 | 097A | 29,009 | 348,108 |
| 00435A SENIOR HUMAN RESOURCES ASSISTANT | 2 | 90C | 12,675 | 152,099 |

POSITIONS 13 1,319,412

| VACANT POSITIONS | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
|------------------|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|
|------------------|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|

POSITIONS 0 0

TOTAL POSITIONS 13

GROSS SALARIES 1,319,412

ANTICIPATED MOU SALARY INCREASE** 23,090

BONUS 3,708

120-DAY RETIREE(S) 0

TOTAL SALARIES 1,346,210

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

HUMAN RESOURCES

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-----------------------------|---------------------------|------------------------|------------|-------------|---|----------|---|----------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| TRANSPORTATION & TRAVEL | \$21,000 | \$18,000 | \$8,446 | \$18,100 | \$2,900 | 16.0% | \$3,000 | 16.7% |
| OFFICE SUPPLIES & EQUIPMENT | 6,000 | 6,000 | 7,271 | 6,000 | 0 | 0.0% | 0 | 0.0% |
| PARKING FEES | 502,000 | 527,000 | 223,635 | 477,000 | 25,000 | 5.2% | (25,000) | -4.7% |
| PROFESSIONAL & SPEC. SRVCS. | 303,700 | 308,700 | 134,624 | 262,200 | 41,500 | 15.8% | (5,000) | -1.6% |
| COMPUTER SERVICES & SUPPORT | 36,000 | 40,000 | 3,774 | 35,500 | 500 | 1.4% | (4,000) | -10.0% |
| EDUCATIONAL EXPENSES | 494,000 | 444,000 | 103,866 | 407,000 | 87,000 | 21.4% | 50,000 | 11.3% |
| MISCELLANEOUS | 172,500 | 171,500 | 107,729 | 169,700 | 2,800 | 1.6% | 1,000 | 0.6% |
| TOTAL | \$1,535,200 | \$1,515,200 | \$589,344 | \$1,375,500 | \$159,699 | 11.6% | \$20,000 | 1.3% |

*All amounts rounded to the nearest dollar.



Internal Audit Services

Mission Statement

To support LACERA's mission through independent, objective assurance, and consulting activities.

Our Team FY 2019-2020

- ➔ Internal Audit Chief: Richard Bendall
 - 11 budgeted positions

We have two teams within Internal Audit, consisting of:

- Principal Internal Auditors
- Senior Internal Auditors
- Internal Auditors

FY 2019-2020 Highlights

Staffing

No additional staff positions are being requested at this time, but a classification study has been requested to convert one of the budgeted Senior Internal Auditor positions to a Senior Information Technology Auditor, and a compensation study has been requested for the Principal Internal Auditor classification. Additionally, Internal Audit would like to hire an intern through LACERA's Intern Program.

Services & Supplies

Internal Audit's requested Services and Supplies budget for FY 2019-2020 is based on actual historic expenditures, coupled with a detailed review of our business strategy needs for the year. The overall Services and Supplies budget is substantially unchanged from the prior year. External Audit Services' budget will remain \$450,000 to conduct the external financial audit, IT network and security audits, real estate investment advisor audits, and other specialized investment external audits, using approximately 80 percent of the budget. The remainder is allotted for contingent services.

INTERNAL AUDIT

Budget Request Highlights

FY 2019-2020

INTRODUCTION

Internal Auditing is an independent, objective assurance and consulting activity that adds value to and improves LACERA's operations. Internal Audit helps LACERA accomplish its mission to produce, protect and provide the promised benefits, by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management and control. In assessing internal controls, Internal Audit determines the risks related to the organization as a whole, then reviews the adequacy and effectiveness of the organization's control strategies, structures and systems. Internal Audit assists the organization in meeting its control objectives through:

- performing risk assessments,
- planning annual audit work to address these risks, and
- providing management and staff throughout the organization with consulting services related to strengthening internal controls and mitigating risks.

Internal Audit employs innovative technologies, such as automated audit software. In addition, value added audit techniques, such as Control Self-Assessment, are used for assessing risk and seeking best practice solutions to improve processes. Staff are continually challenged to stay abreast of changes in technology that affect both the tools utilized by Internal Audit as well as the functions audited. This is achieved through continuous educational training, as well as through co-sourcing arrangements, whereby staff participate in audits with, and obtain training from, external experts.

STAFFING

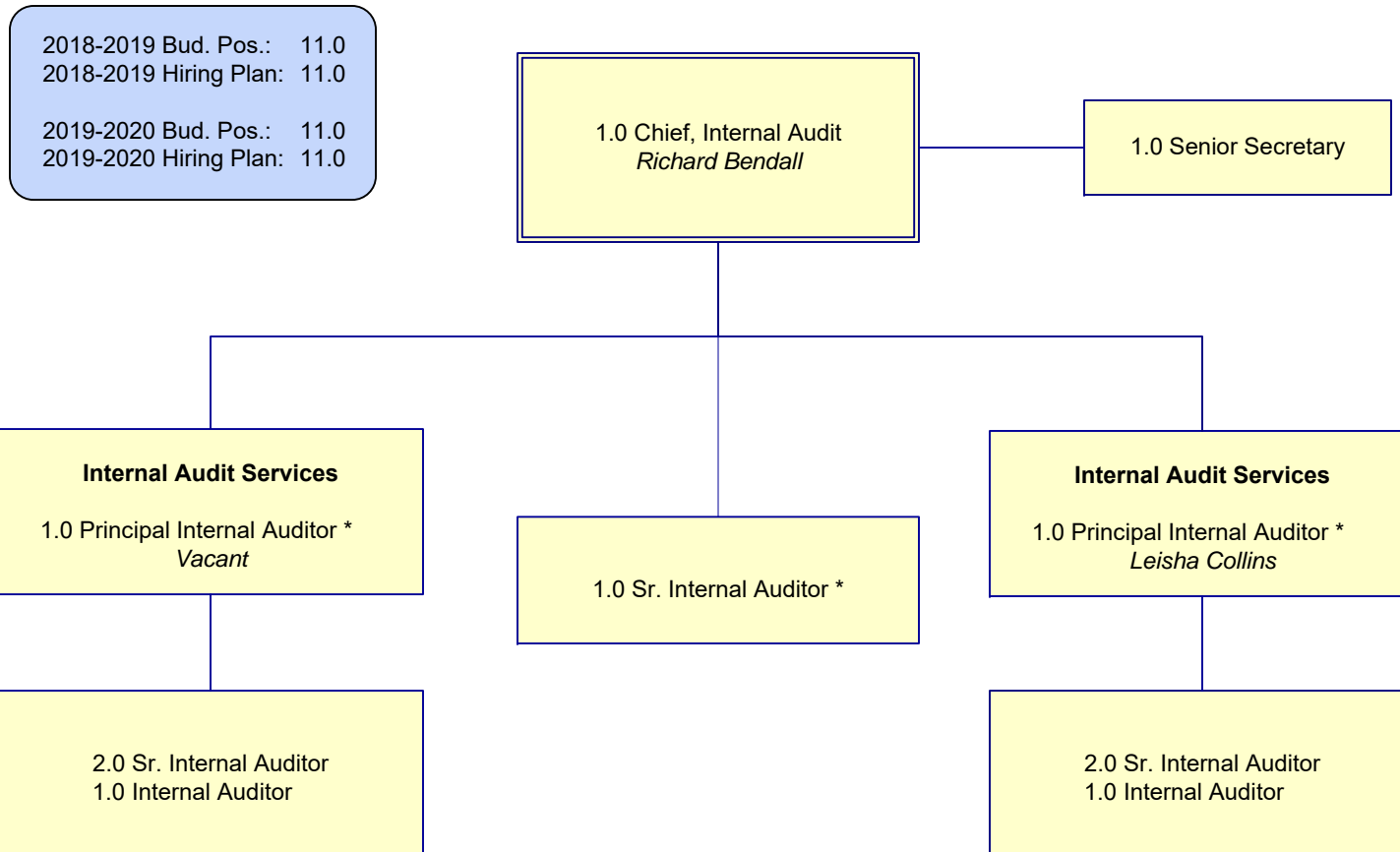
There are currently 11 budgeted full time positions. No additional staff positions are being requested at this time. A classification study has been requested to convert one of the budgeted Senior Internal Auditor positions to a Senior Information Technology Auditor. A compensation study has also been requested for the Principal Internal Auditor Classification. Furthermore, to ensure more coverage over the increasingly responsibilities of Internal Audit, we are also requesting to hire an intern through LACERA's Intern Program. An intern will provide an opportunity to mentor and prepare external professional staff into the Internal Audit Division, and a resource for completing lower level audit projects.

SERVICES AND SUPPLIES

Internal Audit's requested Services and Supplies budget for the 2019-2020 Fiscal year is based on actual historic expenditures, coupled with a detailed review of the Division's business strategy needs for the year. The overall services and supplies budget is substantially unchanged from the prior year. We have elected to keep the External Audit Services budget at \$450,000. We anticipate planned expenditures for the external financial audit, IT network and security audits, real estate investment advisor audits and other specialized investment external audits to use approximately 80 percent of the budget. The remainder will be for contingent external audit services.

INTERNAL AUDIT

FISCAL YEAR 2019-2020



2018-2019 Bud. Pos.: 11.0
 2018-2019 Hiring Plan: 11.0
 2019-2020 Bud. Pos.: 11.0
 2019-2020 Hiring Plan: 11.0

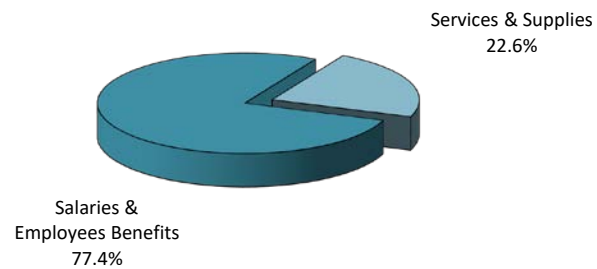
* Classification study for the position requested

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

INTERNAL AUDIT

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|--|----------------------------------|-------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Salaries & Employees Benefits | \$1,851,084 | \$1,855,122 | \$915,338 | \$1,696,500 | \$154,584 | 9.1% | (\$4,038) | -0.2% |
| Services & Supplies | 539,500 | 587,500 | 196,111 | 477,850 | \$61,650 | 12.9% | (48,000) | -8.2% |
| OPERATING BUDGET | \$2,390,584 | \$2,442,622 | \$1,111,449 | \$2,174,350 | \$216,234 | 9.9% | (\$52,038) | -2.1% |

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

INTERNAL AUDIT

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Total LACERA Salaries | \$1,168,866 | \$1,230,288 | \$570,925 | \$1,072,000 | \$96,866 | 9.0% | (\$61,422) | -5.0% |
| Total Agency Temp Salaries | 0 | 0 | 8,346 | 16,900 | (16,900) | 0.0% | 0 | 0.0% |
| Employee Benefits (Variable) | 564,194 | 536,055 | 286,286 | 497,800 | 66,394 | 13.3% | 28,139 | 5.2% |
| Employee Benefits (Other) | 85,212 | 90,520 | 40,024 | 90,100 | (4,888) | -5.4% | (5,308) | -5.9% |
| OPEB Contribution | 25,312 | 20,023 | 9,703 | 19,200 | 6,112 | 31.8% | 5,289 | 26.4% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 3,000 | 3,327 | 54 | 500 | 2,500 | 500.0% | (327) | -9.8% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 1,500 | 1,500 | 0 | 0 | 1,500 | 100.0% | 0 | 0.0% |
| Rideshare Allowance | 3,000 | 0 | 0 | 0 | 3,000 | 100.0% | 3,000 | 100.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$1,851,084 | \$1,881,713 | \$915,338 | \$1,696,500 | \$154,584 | 9.1% | (\$30,629) | -1.6% |
| Salary Differential | 0 | (26,591) | - | - | - | - | 26,591 | -100.0% |
| TOTAL S&EB | \$1,851,084 | \$1,855,122 | \$915,338 | \$1,696,500 | \$154,584 | 9.1% | (\$4,038) | -0.2% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are as of 1/31/2019, with the exception of Agency Temp Salaries, which are as of 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

INTERNAL AUDIT

2019-2020 BUDGET

| FILLED POSITIONS | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT | | | |
|-----------------------------------|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|
| 00774A CHIEF, INTERNAL AUDIT | 1 | LS12 | 14,544 | 174,531 | | | |
| 00762A PRINCIPAL INTERNAL AUDITOR | 2 | 113D | 20,825 | 249,901 | | | |
| 00763A SENIOR INTERNAL AUDITOR | 5 | 107A | 43,537 | 522,439 | | | |
| 00764A INTERNAL AUDITOR | 1 | 100J | 8,435 | 101,221 | | | |
| 00439A SENIOR SECRETARY | 1 | 087J | 4,773 | 57,274 | | | |
| POSITIONS | 10 | | | 1,105,366 | | | |
| VACANT POSITIONS | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
| 00764A INTERNAL AUDITOR | 1 | 100J | 6,432 | 77,182 | 0 | 0 | 38,591 |
| POSITIONS | 1 | | | 38,591 | | | 38,591 |
| TOTAL POSITIONS | 11 | | | | | | |
| GROSS SALARIES | | | | 1,143,957 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | 20,019 | | | |
| BONUS | | | | 4,890 | | | |
| 120-DAY RETIREE(S) | | | | 0 | | | |
| TOTAL SALARIES | | | | 1,168,866 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

INTERNAL AUDIT

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-----------------------------|---------------------------|------------------------|------------|------------|---|----------|---|----------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| TRANSPORTATION & TRAVEL | \$28,000 | \$30,000 | \$3,142 | \$23,950 | \$4,050 | 16.9% | (\$2,000) | -6.7% |
| OFFICE SUPPLIES & EQUIPMENT | 2,000 | 2,500 | 660 | 1,800 | 200 | 11.1% | (500) | -20.0% |
| PROFESSIONAL & SPEC. SRVCS. | 471,000 | 521,000 | 180,910 | 420,800 | 50,200 | 11.9% | (50,000) | -9.6% |
| EDUCATIONAL EXPENSES | 37,500 | 33,000 | 11,058 | 30,500 | 7,000 | 23.0% | 4,500 | 13.6% |
| MISCELLANEOUS | 1,000 | 1,000 | 341 | 800 | 200 | 25.0% | 0 | 0.0% |
| TOTAL | \$539,500 | \$587,500 | \$196,111 | \$477,850 | \$61,650 | 12.9% | (\$48,000) | -8.2% |

*All amounts rounded to the nearest dollar.



Investment Office

Mission Statement

To oversee, administer, and implement the policies and decisions of LACERA's Board of Investments.

Our Team FY 2019-2020

Chief Investment Officer:

→ Jonathan Gabel

- 44 budgeted positions

We have eight distinct sections within the Investment Office:

- Real Assets
- Hedge Funds
- Private Equities
- Global Equities
- Fixed Income
- Portfolio Analytics
- Real Estate
- Corporate Governance

FY 2019-2020 Highlights

Staffing

The Investment Office is requesting three new positions: one for Portfolio Analytics–Corporate Governance, one for Fixed Income–Credit, and one for Private Equity–Co-Investments.

Services & Supplies

The Investment Office evaluated actual expenditure trends in relation to adding additional staff to the team. There are no significant changes to the proposed FY 2019-2020 budget.



INTRODUCTION

The Investment Office staff responsibilities include developing and recommending prudent investment policies and risk management strategies to assist LACERA achieve return objectives established by the Board of Investments. The Investment staff is also responsible for implementing and monitoring Board-approved programs and policies.

BACKGROUND

The budget request for FY 2018-19 added four new positions to the Investment Office, increasing the budgeted positions to 41. Since July 1, 2018, 15 staff searches were conducted: 12 have concluded and three are currently underway and expected to be finalized in the current fiscal year.

| Concluded Searches | Searches Underway |
|---|--------------------------------------|
| Finance Analyst I - Real Estate | Finance Analyst II - Real Assets |
| Principal Investment Officer - Real Assets | Finance Analyst III - Real Assets |
| Senior Investment Officer - Private Equity | Finance Analyst III - Private Equity |
| Finance Analyst II - Real Estate | |
| Finance Analyst II - Hedge Funds | |
| Finance Analyst III - Hedge Funds | |
| Finance Analyst II - Portfolio Analytics | |
| Finance Analyst III - Private Equity | |
| Senior Investment Officer - Portfolio Analytics | |
| Senior Investment Officer - Hedge Funds | |
| Finance Analyst III - Fixed Income | |
| Finance Analyst I - Portfolio Analytics | |

Currently there are four vacant positions that are expected to be filled in FY 2018-19. Three of the four positions below are also listed above under Searches Underway.

- Finance Analyst III – Private Equity
- Finance Analyst III – Hedge Funds
- Finance Analyst III – Real Assets
- Finance Analyst III – Real Assets

STAFFING

For FY 2019-20 the Investment Office is requesting an increase in the number of budgeted positions by three.

- Three Finance Analyst III positions, one for Portfolio Analytics - Corporate Governance, one for Fixed Income – Credit, and one for Private Equity – Co-investments.
- The descriptions of the positions are listed below:

Finance Analyst III, Portfolio Analytics – Corporate Governance

This position will assist the Principal Investment Officer and Senior Investment Officer-Corporate Governance in developing and implementing corporate governance initiatives, executing proxy voting policies, and integrating environmental, social, and governance factors into the total fund investment process.

Finance Analyst III, Fixed Income – Credit

This position will assist the Principal Investment Officer in evaluating and recommending credit fund managers, developing operations and procedures, and portfolio monitoring.

Finance Analyst III, Private Equity – Co-investments

This position will assist the Principal Investment Officer and Senior Investment Officer in evaluating and recommending private equity fund managers, co-investments, and other alternative investment structures.

This will increase the net number of budgeted positions from 41 to 44.

SERVICES AND SUPPLIES

The Investment Office evaluated actual expenditure trends in relation to adding additional staff to the team. There are no significant changes to the proposed FY 2019-20 budget.

INVESTMENT OFFICE

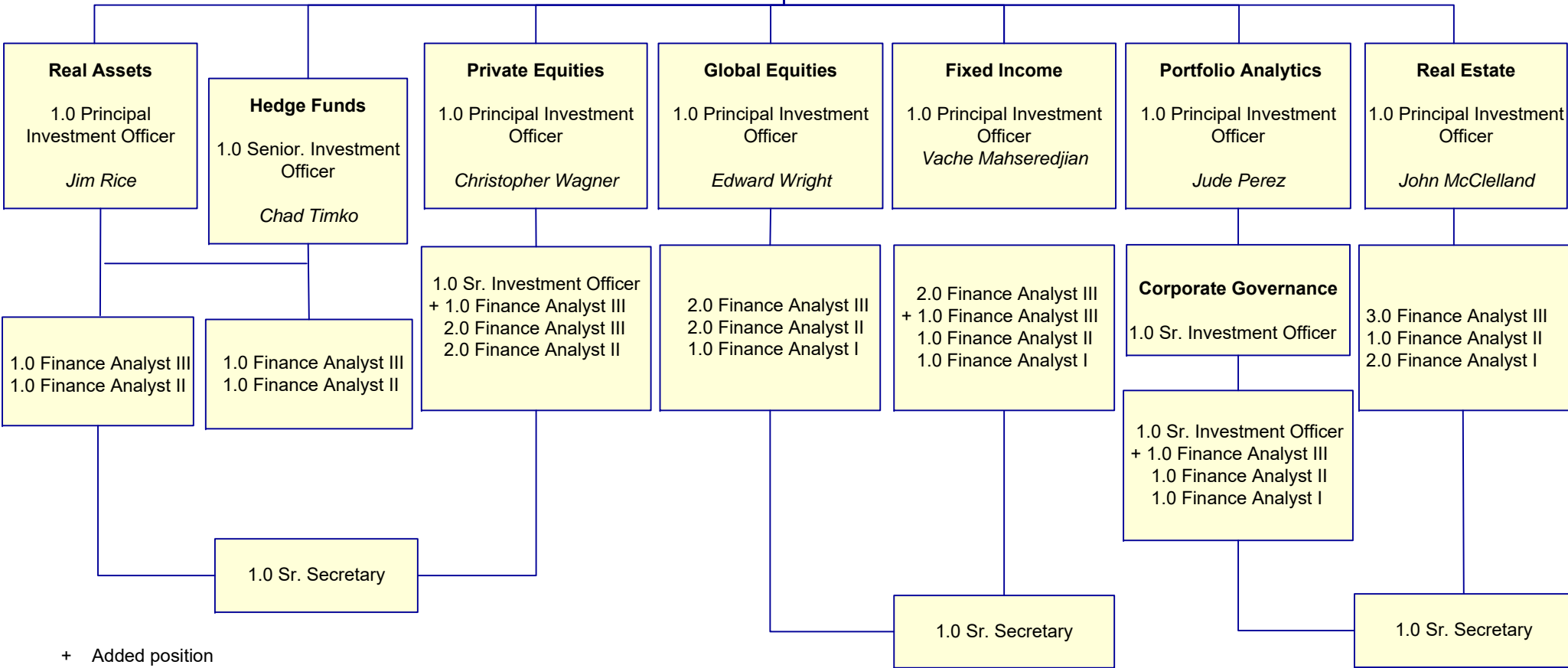
FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 41.0
 2018-2019 Hiring Plan: 41.0
 2019-2020 Bud. Pos.: 44.0
 2019-2020 Hiring Plan: 43.0

Pending Board of Supervisors Approval
 1.0 Deputy Chief Investment Officer Ø
TBD

1.0 Chief Investment Officer
Jonathan Grabel

1.0 Sr. Mgmt. Secretary



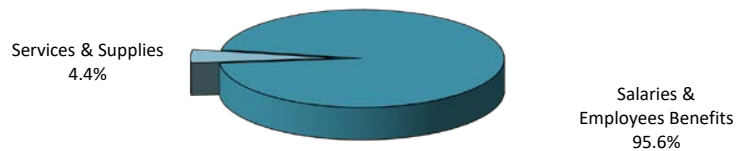
+ Added position
 Ø Not yet approved by Board of Supervisors

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

INVESTMENT OFFICE

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|--|----------------------------------|-------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Salaries & Employees Benefits | \$12,361,834 | \$11,487,512 | \$6,680,605 | \$11,121,600 | \$1,240,234 | 11.2% | \$874,322 | 7.6% |
| Services & Supplies | 564,400 | 564,700 | 176,742 | 476,500 | 87,899 | 18.4% | (300) | -0.1% |
| OPERATING BUDGET | \$12,926,234 | \$12,052,212 | \$6,857,347 | \$11,598,100 | \$1,328,133 | 11.5% | \$874,022 | 7.3% |

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA

FISCAL YEAR 2019-2020

FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

INVESTMENT OFFICE

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------------|---------------------------------|---------------------------|-------------|--------------|---|----------|---|----------|
| | | BUDGET | YTD | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | | (02-28-19) | PROJECTION | | | | |
| Total LACERA Salaries | \$8,031,215 | \$8,050,214 | \$4,532,493 | \$7,461,500 | \$569,715 | 7.6% | (\$18,999) | -0.2% |
| Total Agency Temp Salaries | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Employee Benefits (Variable) | 3,563,513 | 3,131,265 | 1,854,235 | 2,961,000 | 602,513 | 20.3% | 432,248 | 13.8% |
| Employee Benefits (Other) | 585,486 | 574,833 | 254,162 | 572,000 | 13,486 | 2.4% | 10,653 | 1.9% |
| OPEB Contribution | 173,920 | 127,153 | 39,577 | 126,600 | 47,320 | 37.4% | 46,767 | 36.8% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 0 | 2,000 | 138 | 500 | (500) | -100.0% | (2,000) | 0.0% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 1,200 | 1,200 | 0 | 0 | 1,200 | 0.0% | 0 | 0.0% |
| Rideshare Allowance | 6,500 | 0 | 0 | 0 | 6,500 | 100.0% | 6,500 | 100.0% |
| Transportation Allowance | 0 | 7,200 | 0 | 0 | 0 | 0.0% | (7,200) | -100.0% |
| ADJUSTED GROSS S&EB | \$12,361,834 | \$11,893,865 | \$6,680,605 | \$11,121,600 | \$1,240,234 | 11.2% | \$467,969 | 3.9% |
| Salary Differential | 0 | (406,352) | - | - | - | - | 406,352 | -100.0% |
| TOTAL S&EB | \$12,361,834 | \$11,487,512 | \$6,680,605 | \$11,121,600 | \$1,240,234 | 11.2% | \$874,322 | 7.6% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

INVESTMENT OFFICE

2018-2019 BUDGET

| FILLED POSITIONS | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT |
|--|--------|----------|--------------------|------------------|
| 00493A CHIEF INVESTMENT OFFICER (UC) | 1 | LR28 | 46,420 | 557,037 |
| 00495A PRINCIPAL INVESTMENT OFFICER | 2 | LR23 | 66,317 | 795,806 |
| 00496A PRINCIPAL INVESTMENT OFFICER (UC) | 4 | LR23 | 109,002 | 1,308,027 |
| 00492A SENIOR INVESTMENT OFFICER | 4 | LR20 | 80,229 | 962,749 |
| 00769A FINANCE ANALYST III | 7 | LR16 | 132,657 | 1,591,888 |
| 00768A FINANCE ANALYST II | 9 | LR12 | 106,898 | 1,282,781 |
| 00767A FINANCE ANALYST I | 5 | 103G | 43,387 | 520,638 |
| 00441A SENIOR MANAGEMENT SECRETARY | 1 | 95J | 7,366 | 88,389 |
| 00439A SENIOR SECRETARY | 3 | 87J | 17,788 | 213,457 |

POSITIONS 36 7,320,773

| VACANT POSITIONS | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
|---|--------|----------|----------------------|------------------|------------------------|-----------------------|-----------------------|
| 99999A DEPUTY CHIEF INVESTMENT OFFICER (UC) Ø | 1 | LR24 | 23,933 | 287,196 | | | |
| 00769A FINANCE ANALYST III | 7 | LR16 | 93,932 | 1,127,187 | | | 563,593 |
| | | | | | 0 | 0 | 563,593 |

POSITIONS 8 563,593

TOTAL POSITIONS 44

GROSS SALARIES 7,884,366

ANTICIPATED MOU SALARY INCREASE** 137,976

BONUS 8,872

120-DAY RETIREE(S) 0

TOTAL SALARIES 8,031,215

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 Ø Not yet approved by the Board of Supervisors and is calculated at 0 percent filled.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

INVESTMENT OFFICE

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-----------------------------|---------------------------|------------------------|------------|------------|---|----------|---|----------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| AUTO EXPENSE | \$3,400 | \$3,400 | \$217 | \$1,400 | \$2,000 | 0 | \$0 | 0 |
| TRANSPORTATION & TRAVEL | 406,000 | 406,000 | 103,545 | 350,600 | 55,400 | 15.8% | 0 | 0.0% |
| OFFICE SUPPLIES & EQUIPMENT | 6,000 | 6,000 | 11,796 | 8,500 | (2,500) | -29.4% | 0 | 0.0% |
| EDUCATIONAL EXPENSES | 143,500 | 143,800 | 59,317 | 111,000 | 32,500 | 29.3% | (300) | -0.2% |
| MISCELLANEOUS | 5,500 | 5,500 | 1,867 | 5,000 | 500 | 10.0% | 0 | 0.0% |
| TOTAL | \$564,400 | \$564,700 | \$176,742 | \$476,500 | \$87,900 | 18.4% | (\$300) | -0.1% |

*All amounts rounded to the nearest dollar.



Legal Services

Mission Statement

To provide timely and effective legal representation, advice, and counsel at the highest professional level to LACERA, the Board of Retirement and the Board of Investments, and executive management and staff.

Our Team FY 2019-2020

- ➔ Chief Counsel: Steven Rice
 - 26 budgeted positions

We have five distinct sections within Legal Services:

- Investments
- Litigation
- Legislative Affairs
- Benefits
- Disability

FY 2019-2020 Highlights

Staffing

Legal Services is requesting the following three new positions: Director of Compliance, to fulfill the Strategic Plan objective of building an operational compliance function; one Staff Counsel—Investments and one Legal Analyst—Benefits.

Three approved classification studies carry over from prior years: Senior Staff Counsel in the Investments and Litigation Sections, and Senior Legal Analyst, above the existing Legal Analyst classification in the Investments, Benefits, and Disability Sections.

Additionally, Legal Services is asking for approval of the agency-temporary and overtime budget amounts.

Services & Supplies

The budget for Services and Supplies is primarily based on historical expenditures, adjusted for experience and increased headcount.



INTRODUCTION

The Legal Services Office provides comprehensive legal services to LACERA and its Boards and staff. These services currently are provided through the Chief Counsel, four Sections within the Office (Benefits, Disability, Investments, and Litigation), and the Legislative Affairs Officer.

STAFFING

New Positions

Director of Compliance: To achieve the objective of LACERA’s Strategic Plan to build an operational compliance function, the Legal Office proposes to add a Director of Compliance position. The Director of Compliance will administratively report to the Chief Counsel and be placed at the same level on the organizational chart as Senior Staff Counsel. The Director of Compliance will have the ability to report directly to the Audit Committee when necessary. The Director of Compliance will serve as the single point of responsibility to oversee the operational compliance program, including preparation and review of policies, procedures, and charters, education and training, monitoring, enforcement, and response and prevention. The Director of Compliance will also have the responsibility to serve as LACERA’s Privacy Officer.

Staff Counsel–Investments: To meet the demands created by the increasing number and complexity of LACERA’s investments and the growth of the in-house investments program across the portfolio (which already includes direct hedge funds and co-investments, among others), the Legal Office proposes to add another Staff Counsel to the existing team of three attorneys, two legal analysts, and two secretaries. The Legal Office added a Staff Counsel in 2017, who was quickly fully occupied. All of the other existing investment legal staff are also working at capacity. An additional factor is the Legal Office’s desire to improve service and achieve cost savings to the fund by taking more investment work in house, particularly to support alternative investments, as opposed to outsourcing it to outside law firms; the proposed additional staff counsel will be an important part of that effort.

Legal Analyst–Benefits: To meet the demands of the increased volume of submissions of court documents and to better serve our members, the Legal Office proposes adding one more Legal Analyst to the Benefits team. Another Legal Analyst will assist in improving the timeliness of LACERA’s responses so that our members can make informed decision regarding their pension benefits. The Legal Analyst will process domestic relations orders and related paperwork, as well as other benefit documents. In addition, the Legal Analyst will assist with the processing of administrative appeals and other member-related legal matters. The Legal Analyst will report to the Senior Staff Counsel in the Benefits Section.

Classification Studies

The Office’s organizational chart includes three classification studies that continue studies approved in prior years. These studies are intended to provide the Office with the ability to place staff in positions that accurately reflect their level of expertise, performance, and responsibility.

Senior Staff Counsel: The organizational chart for the Legal Services Office shows a classification study for Staff Counsel in the Investments and Litigation Sections so that promotional opportunities are available as may be warranted by performance and responsibilities. The Senior Staff Counsel position is an existing classification. Accordingly, this study will evaluate the work of the Staff Counsel position in these sections to determine if they conform to the requirements of the Senior Staff Counsel classification. This study was approved in past years, and continues for FY 2019-20.

Senior Legal Analyst: Senior Legal Analyst is being studied as a new position above the existing Legal Analyst classification in the Investments, Benefits, and Disability Sections. Legal Analysts perform paralegal work, and they assist the Office’s attorneys in analyzing legal and factual issues, processing investments contracts, member benefit and disability issues, court documents, and other matters, and interfacing with LACERA staff, members, and vendors. The new Senior Legal Analyst position will be used to recognize that certain Legal Analysts have a supervisory role, perform more complex work (including legal work when the analyst possesses the necessary training), and have a higher degree of responsibility and interaction with internal clients, outside counsel, members, and/or opposing parties. These additional responsibilities require a higher level of expertise, experience, and performance. This study was approved in past years, and continues for FY 2019-20.

Temporary Services and Overtime

The Agency Temporary budget of \$60,000 will provide for temporary staff to cover Legal Office needs, such as potential attorney and clerical assistance for special projects and coverage for administrative staff absences.

The Overtime budget of \$35,000 will provide for existing secretarial and Legal Analyst staff in the Investment Section of the Legal Office to work overtime to keep up with the very high volume and time-sensitive demands of the organization’s investment work and

in the Benefits Section of the office to cover March Madness and other member service needs.

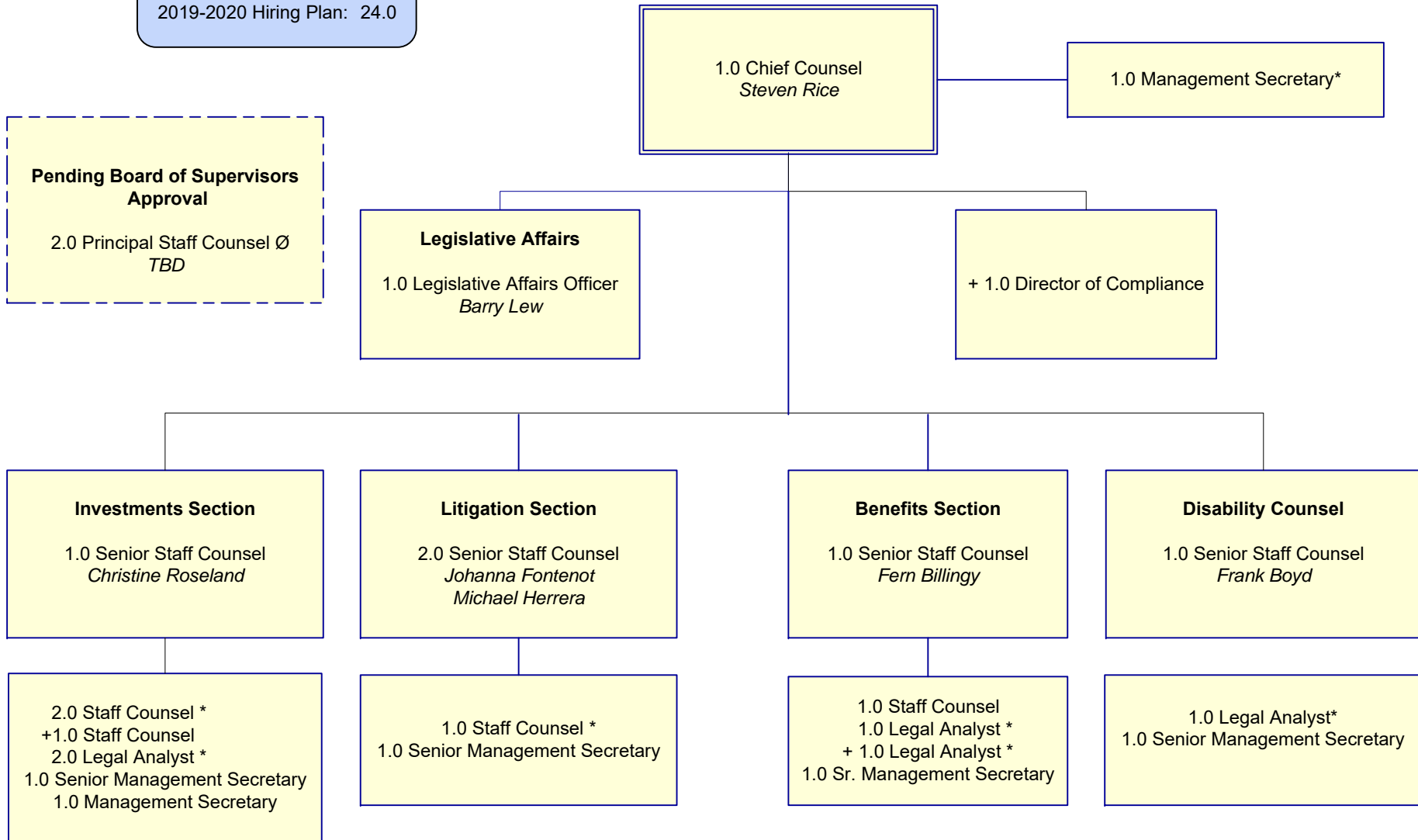
SERVICES AND SUPPLIES

The budget for Services and Supplies is primarily based on historical expenditures, adjusted for experience and increased headcount.

LEGAL SERVICES

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 23.0
 2018-2019 Hiring Plan: 22.0
 2019-2020 Bud. Pos.: 26.0
 2019-2020 Hiring Plan: 24.0



+ Added position

* Classification study for the position requested

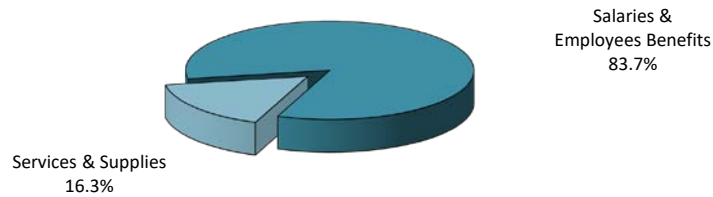
Ø Not yet approved by Board of Supervisors (1.0 Principal Staff Counsel in Investments and Litigation Team & 1.0 Principal Staff Counsel in Benefits and Disability Team)

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

LEGAL SERVICES

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|--|----------------------------------|-------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Salaries & Employees Benefits | \$5,385,123 | \$4,928,167 | \$2,769,382 | \$4,648,400 | \$736,723 | 15.8% | \$456,956 | 9.3% |
| Services & Supplies | 1,051,300 | 1,082,150 | 905,057 | 1,252,550 | (201,250) | -16.1% | (30,850) | -2.9% |
| OPERATING BUDGET | \$6,436,423 | \$6,010,317 | \$3,674,439 | \$5,900,950 | \$535,473 | 9.1% | \$426,106 | 7.1% |

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

LEGAL SERVICES

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Total LACERA Salaries | \$3,304,852 | \$3,199,557 | \$1,743,462 | \$2,900,200 | \$404,652 | 14.0% | \$105,295 | 3.3% |
| Total Agency Temp Salaries | 60,000 | 118,700 | 57,106 | 110,900 | (50,900) | 0.0% | (58,700) | -49.5% |
| Employee Benefits (Variable) | 1,666,774 | 1,559,181 | 842,822 | 1,361,700 | 305,074 | 22.4% | 107,593 | 6.9% |
| Employee Benefits (Other) | 240,928 | 221,379 | 97,883 | 220,300 | 20,628 | 9.4% | 19,549 | 8.8% |
| OPEB Contribution | 71,568 | 48,969 | 24,121 | 48,800 | 22,768 | 46.7% | 22,599 | 46.2% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 35,000 | 36,144 | 3,989 | 6,500 | 28,500 | 438.5% | (1,144) | -3.2% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Rideshare Allowance | 6,000 | 0 | 0 | 0 | 6,000 | 100.0% | 6,000 | 100.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$5,385,123 | \$5,183,929 | \$2,769,382 | \$4,648,400 | \$736,723 | 15.8% | \$201,194 | 3.9% |
| Salary Differential | | (255,762) | - | - | - | - | 255,762 | -100.0% |
| TOTAL S&EB | \$5,385,123 | \$4,928,167 | \$2,769,382 | \$4,648,400 | \$736,723 | 15.8% | \$456,956 | 9.3% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

LEGAL SERVICES

2018-2019 BUDGET

| FILLED POSITIONS | | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT |
|------------------|------------------------------|--------|----------|-----------------|---------------|
| 09216A | CHIEF COUNSEL | 1 | LS19 | 25,232 | 302,781 |
| 09213A | SENIOR STAFF COUNSEL | 5 | LS16 | 95,681 | 1,148,177 |
| 19212A | STAFF COUNSEL | 4 | LS12 | 56,098 | 673,179 |
| 00795A | LEGISLATIVE AFFAIRS OFFICERS | 1 | 111D | 10,636 | 127,633 |
| 09235A | LEGAL ANALYST | 4 | 98B | 30,999 | 371,991 |
| 00441A | SENIOR MANAGEMENT SECRETARY | 3 | 95J | 21,900 | 262,798 |
| 00440A | MANAGEMENT SECRETARY | 2 | 91J | 12,538 | 150,454 |

POSITIONS 20 3,037,013

| VACANT POSITIONS | | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
|------------------|-----------------------------|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|
| 99999A | PRINCIPAL STAFF COUNSEL Ø | 2 | LS17 | 28,851 | 346,207 | | | |
| 99999A | DIRECTOR OF COMPLIANCE | 1 | LS16 | 13,419 | 161,027 | | | 80,513 |
| 19212A | STAFF COUNSEL | 1 | LS12 | 10,048 | 120,577 | | | 60,288 |
| 09235A | LEGAL ANALYST | 1 | 98B | 5,988 | 71,855 | | | 35,927 |
| 00441A | SENIOR MANAGEMENT SECRETARY | 1 | 95J | 5,616 | 67,390 | | | 33,695 |
| | | | | | | 0 | 0 | 210,424 |

POSITIONS 6 210,424

TOTAL POSITIONS 26

GROSS SALARIES 3,247,437

ANTICIPATED MOU SALARY INCREASE** 56,830

BONUS 585

120-DAY RETIREE(S) 0

TOTAL SALARIES 3,304,852

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 Ø Not yet Board of Supervisors approved and is calculated at 0 percent filled.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

LEGAL SERVICES

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-----------------------------|---------------------------|---------------------------|------------|-------------|---|----------|---|----------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| AUTO EXPENSE | \$4,700 | \$4,150 | \$3,214 | \$4,700 | \$0 | 0.0% | \$550 | 13.3% |
| TRANSPORTATION & TRAVEL | 49,800 | 56,000 | 23,750 | 39,550 | 10,250 | 25.9% | (6,200) | -11.1% |
| OFFICE SUPPLIES & EQUIPMENT | 7,500 | 7,000 | 4,190 | 6,200 | 1,300 | 21.0% | 500 | 7.1% |
| PROFESSIONAL & SPEC. SRVCS. | 300,300 | 285,500 | 170,724 | 285,300 | 15,000 | 5.3% | 14,800 | 5.2% |
| LEGAL FEES & SERVICES | 532,000 | 579,000 | 608,760 | 775,800 | (243,800) | -31.4% | (47,000) | -8.1% |
| EDUCATIONAL EXPENSES | 154,000 | 147,500 | 93,574 | 139,000 | 15,000 | 10.8% | 6,500 | 4.4% |
| MISCELLANEOUS | 3,000 | 3,000 | 844 | 2,000 | 1,000 | 50.0% | 0 | 0.0% |
| TOTAL | \$1,051,300 | \$1,082,150 | \$905,057 | \$1,252,550 | (\$201,250) | -16.1% | (\$30,850) | -2.9% |

*All amounts rounded to the nearest dollar.



Member Services Division

Mission Statement

To provide world-class service in a positive, supportive, professional, and equitable manner through any channel the member chooses. We will strive at all times to provide accurate, clear, and common-language explanations of all plans, plan options, purchases, purchase options, and retirement-related issues. We will strive to function as a team working together to fulfill our assigned mission of servicing members.

Our Team FY 2019-2020

➔ Division Manager: Allan Cochran

- 79 budgeted positions

In Member Services, we have:

- Quality Control
- Outreach
- Call Center
- Correspondence

FY 2019-2020 Highlights

Staffing

In FY 2017-2018, Member Services hired seven graduates of the Core Benefits Training (CBT) class, and successfully integrated them into our operations. We anticipate 13 Retirement Benefits Specialist (RBS) candidates to graduate the 2019-2020 CBT class for release to Member Services in January 2020.

We are requesting two RBS IIIs for the proposed Member Care Unit.

The requested overtime budget for FY 2019-20 is \$119,500, a 3.6% increase from FY 2018-2019, to continue expanding our Saturday Pre-Retirement Seminars, individual counseling, and Neighborhood Workshop Seminars. Staff also continues to volunteer in assisting our Benefits business partners, particularly during the March Madness season. With Member Services getting closer to full staffing, For FY 2019-20, we are requesting the use of temporary agency employees for Member Services Center front desk positions, but anticipate this may be the final fiscal year for this budget item.

Services & Supplies

We are reducing our services and supplies budget request based on actual and historical expenditures trends.

MEMBER SERVICES

Budget Request Highlights

FY 2019-2020

INTRODUCTION

More than 171,000 members, beneficiaries, and survivors rely on LACERA's Member Services Division to provide world-class service and education with kindness, care, and empathy. We connect with them on the telephone and during one-on-one counseling sessions at our Member Service Center, and correspond with them through our secure member portal, email and letters. We educate our members through educational workshops at our offices in Pasadena and at many locations throughout the County of Los Angeles. And, we listen. Member Services staff members listen carefully every day to understand the concerns of our members and provide them with superior service.

The LACERA Member Services Division is supported by other outstanding professionals throughout the organization to deliver on our LACERA mission to Produce, Protect, and Provide the Promised Benefits.

OVERVIEW

Our objectives for Fiscal Year (FY) 2019-2020 include adding:

- Two (2) Retirement Benefit Specialist III (Member Care Unit)

STAFFING

Member Services' objective is to become fully staffed and the division has worked to fill any open positions. We continue to make significant progress toward this objective and are also keenly focused on offering promotional opportunities to our staff.

During the past fiscal year, we have:

- Initiated a recruitment for a Senior Retirement Benefits Specialist to serve as a supervisor in our Correspondence Unit. This is a position that has been vacant for some time.
- Hired seven graduates of the 2017-2018 Core Benefits Training (CBT) class and successfully integrated them into our Member Services operations where they currently work in our Call Center and Member Service Center (MSC).
- In training: 13 RBS candidates for the 2019-2020 Core Benefits Training Class. Graduation and release to Member Services is anticipated in January 2020.

Once the 2019-2020 Core Benefit Training class graduates and joins Member Services, we anticipate we will have four unfilled positions out of our current 77 budgeted positions.

The remaining unfilled positions are:

- Four RBS II

To further develop our capability to provide world-class service to our members, we are requesting two more key positions to be added to Member Services for the proposed Member Care Unit.

Creation of a Member Care Unit (MCU)

We propose the creation of a new Member Care Unit within Member Services. The responsibility of this unit will be active death case management, disability with reciprocity case management, member counseling in the Member Service Center and Call Center, as well as case analysis creation for the Correspondence Unit.

The MCU will be created from the two RBS III positions requested for this fiscal year. RBS III staff members are the most experienced and capable of the Retirement Benefits Specialist classification and have the depth of knowledge and experience to offer attentive service to the members placed in the case management process.

Case management will be the primary focus of this unit's work. However, if MCU staff members have availability after they have completed their case management assignments they might be deployed throughout Member Services a portion of each day based on daily operational needs.

In the morning and afternoon they might be assigned case management responsibilities, and in the late morning and early afternoon, they would be assigned duties in the Member Service Center and Call Center, during the busiest hours. On days when there are many field events, the MCU staff members might all be assigned to counsel members in the MSC and with the creation of the MCU, and the addition of two

more RBS IIIs, this will provide the needed resources to remove case management from Outreach staff thereby freeing them to offer more field events throughout the County.

Currently, these duties are being handled by RBS III's assigned to the Outreach Section. This staff has done a tremendous job implementing our case management philosophy, but have struggled to balance competing needs of being in the field and being in the office to be available when our member's need them. Having a MCU will allow us to provide better case management service, as this will be the unit's primary responsibility, plus it will provide Member Services with additional resources to assist with the demands on the Member Services Division.

Overtime

Member Services continues to need overtime resources to expand our Saturday Pre-Retirement Seminars, individual counseling and our Neighborhood Workshop Seminars. Pre-Retirement Seminars and individual counseling appointments are now offered one Saturday each month in our Pasadena MSC. This fiscal year we expanded our Saturday services during the March Retirement rush. With the support of other divisions, Member Services provided individual counseling and Pre-Retirement Seminars during most Saturdays between January and March. This service is provided through overtime, and each seminar requires supervision and a number of Retirement Specialists.

We also offered five Neighborhood Workshop events during FY 2018-19, with presentations held at locations throughout Los Angeles County on weekends. We anticipate at least a similar number of these workshops during FY 2019-20. Staff for the Neighborhood Workshops are compensated through the Member Services overtime budget.

Member Services staff continue to volunteer to assist our Benefits business partners in processing benefits paperwork, particularly during the March Madness season. We anticipate a continuing request from Benefits for our support.

The requested overtime budget for FY 2019-20 is \$119,500, which is a 3.6 percent increase from FY 2018-19.

Agency Temporary Employees

Member Services continues to strive to staff the Member Services Center front desk with RBS IIs and end our practice of hiring temporary employees for these positions. We are much closer to this objective as Member Services is much closer to becoming fully staffed. For FY 2019-20, we are requesting the use of temporary agency staff and anticipate this may be the final fiscal year where temporary employees are employed by

Member Services.

SERVICES AND SUPPLIES

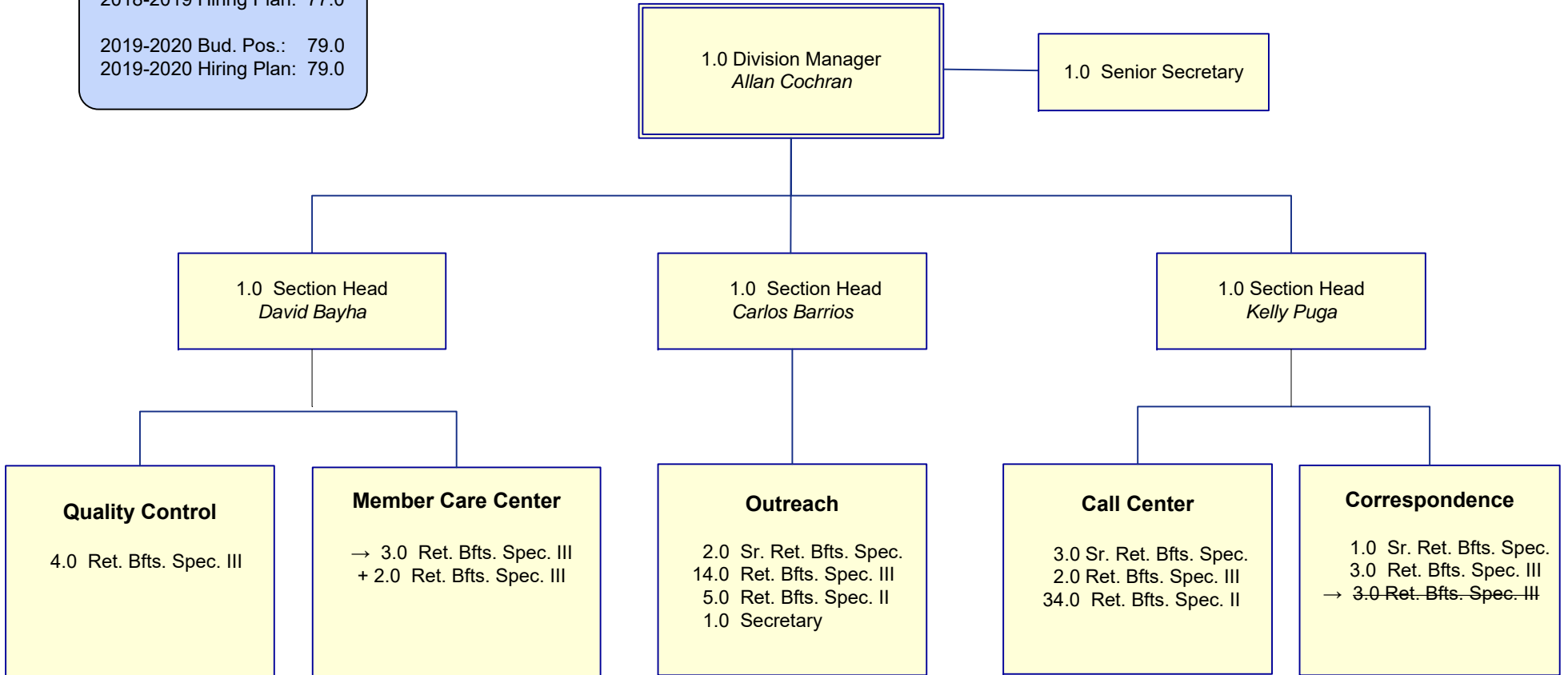
We are reducing our services and supplies budget request based on actual and historical expenditures trends.

MEMBER SERVICES DIVISION

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 77.0
2018-2019 Hiring Plan: 77.0

2019-2020 Bud. Pos.: 79.0
2019-2020 Hiring Plan: 79.0



+ Added position

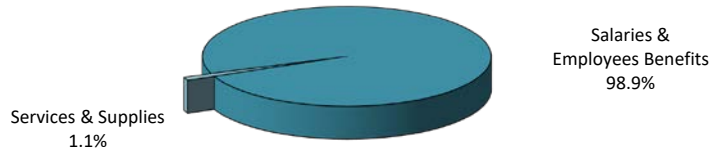
→ Position transferred from Correspondence to newly created unit Member Service Care Center

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

MEMBER SERVICES

| | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | | |
|-------------------------------|---------------------------------|--------------------|--------------------|---|--------------------|---|------------------|-------------|
| | PROPOSED BUDGET 2019-2020 | YTD | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE | |
| | | BUDGET | (02-28-19) | | | | | PROJECTION |
| Salaries & Employees Benefits | \$8,919,633 | \$8,630,096 | \$4,609,393 | \$7,807,000 | \$1,112,633 | 14.3% | \$289,537 | 3.4% |
| Services & Supplies | 95,000 | 107,500 | 46,333 | 85,400 | 9,600 | 11.2% | (12,500) | -11.6% |
| OPERATING BUDGET | \$9,014,633 | \$8,737,596 | \$4,655,726 | \$7,892,400 | \$1,122,233 | 14.2% | \$277,037 | 3.2% |

2018 - 2019 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

MEMBER SERVICES

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Total LACERA Salaries | \$5,401,556 | \$5,662,617 | \$2,768,032 | \$4,710,600 | \$690,956 | 14.7% | (\$261,061) | -4.6% |
| Total Agency Temp Salaries | 160,700 | 129,300 | 95,881 | 129,300 | 31,400 | 24.3% | 31,400 | 24.3% |
| Employee Benefits (Variable) | 2,677,523 | 2,853,056 | 1,378,097 | 2,277,100 | 400,423 | 17.6% | (175,533) | -6.2% |
| Employee Benefits (Other) | 393,780 | 378,872 | 169,468 | 377,000 | 16,780 | 4.5% | 14,908 | 3.9% |
| OPEB Contribution | 116,974 | 83,806 | 46,495 | 83,400 | 33,574 | 40.3% | 33,168 | 39.6% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 119,500 | 115,400 | 128,758 | 194,100 | (74,600) | -38.4% | 4,100 | 3.6% |
| Bilingual Bonus | 21,600 | 21,600 | 9,900 | 18,900 | 2,700 | 14.3% | 0 | 0.0% |
| Sick Leave Buyback | 10,000 | 10,000 | 12,762 | 16,600 | 400 | 2.4% | 7,000 | 70.0% |
| Rideshare Allowance | 18,000 | 0 | 0 | 0 | 18,000 | 100.0% | 18,000 | 100.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$8,919,633 | \$9,254,651 | \$4,609,393 | \$7,807,000 | \$1,112,633 | 14.3% | (\$335,018) | -3.6% |
| Salary Differential ** | 0 | (624,555) | - | - | - | - | 624,555 | -100.0% |
| TOTAL S&EB | \$8,919,633 | \$8,630,096 | \$4,609,393 | \$7,807,000 | \$1,112,633 | 14.3% | \$289,537 | 3.4% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

MEMBER SERVICES

2018-2019 BUDGET

| FILLED POSITIONS | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT |
|--|--------|----------|--------------------|------------------|
| 00773A DIVISION MANAGER | 1 | LS12 | 12,729 | 152,743 |
| 00772A SECTION HEAD, LACERA | 3 | LS9 | 30,588 | 367,054 |
| 01312A SENIOR RETIREMENT BENEFITS SPECIALIST | 5 | 99D | 37,393 | 448,716 |
| 01311A RETIREMENT BENEFITS SPECIALIST III | 24 | 93K | 157,025 | 1,884,300 |
| 00439A SENIOR SECRETARY | 1 | 87J | 5,320 | 63,840 |
| 01310A RETIREMENT BENEFITS SPECIALIST II | 37 | 87D | 175,851 | 2,110,207 |
| 00438A SECRETARY | 1 | 81B | 5,089 | 61,065 |

| | | | |
|-----------|----|--|-----------|
| POSITIONS | 72 | | 5,087,924 |
|-----------|----|--|-----------|

| VACANT POSITIONS | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
|--|--------|----------|----------------------|------------------|------------------------|-----------------------|-----------------------|
| 01312A SENIOR RETIREMENT BENEFITS SPECIALIST | 1 | 99D | 6,183 | 74,197.08 | | | 37,099 |
| 01311A RETIREMENT BENEFITS SPECIALIST III | 4 | 93K | 21,332 | 255,984 | | | 127,992 |
| 01310A RETIREMENT BENEFITS SPECIALIST II | 2 | 87D | 8,931 | 107,166 | | | 53,583 |
| | | | | | 0 | 0 | 218,674 |

| | | | |
|-----------|---|--|---------|
| POSITIONS | 7 | | 218,674 |
|-----------|---|--|---------|

TOTAL POSITIONS 79

| | |
|----------------|-----------|
| GROSS SALARIES | 5,306,598 |
|----------------|-----------|

| | |
|-----------------------------------|--------|
| ANTICIPATED MOU SALARY INCREASE** | 92,865 |
|-----------------------------------|--------|

| | |
|-------|-------|
| BONUS | 2,092 |
|-------|-------|

| | |
|--------------------|---|
| 120-DAY RETIREE(S) | 0 |
|--------------------|---|

| | |
|----------------|-----------|
| TOTAL SALARIES | 5,401,556 |
|----------------|-----------|

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

MEMBER SERVICES

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-----------------------------|---------------------------|------------------------|-----------------|-----------------|---|--------------|---|---------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| TRANSPORTATION & TRAVEL | \$42,000 | \$47,500 | \$24,186 | \$39,300 | \$2,700 | 6.9% | (\$5,500) | -11.6% |
| OFFICE SUPPLIES & EQUIPMENT | 15,000 | 22,000 | 6,782 | 12,000 | 3,000 | 25.0% | (7,000) | -31.8% |
| EDUCATIONAL EXPENSES | 26,700 | 27,000 | 13,578 | 26,100 | 600 | 2.3% | (300) | -1.1% |
| MISCELLANEOUS | 11,300 | 11,000 | 1,787 | 8,000 | 3,300 | 41.3% | 300 | 2.7% |
| TOTAL | \$95,000 | \$107,500 | \$46,333 | \$85,400 | \$9,600 | 11.2% | (\$12,500) | -11.6% |

*All amounts rounded to the nearest dollar.



Quality Assurance and Metrics Division

Mission Statement

To ensure that LACERA provides the promised benefits in a timely and accurate manner. We accomplish this mission primarily by training staff and monitoring staff's output. By assuring the quality of LACERA's work product, we help maintain a high level of accuracy, reduce the rate of errors, and facilitate the efficient operation of other divisions.

Our Team FY 2019-2020

Quality Assurance Chief:

➔ Derwin Brown

- 19 budgeted positions

Within Quality Assurance, we have three Quality Audit teams, consisting of the following positions:

- Senior Quality Auditor
- Quality Auditor II

FY 2019-2020 Highlights

Staffing

There are currently no vacancies in the division. To meet audit and training demand and resume critical quality audits, we are requesting one Staff Assistant.

Services & Supplies

The division's request for services and supplies is consistent with the usual incremental increases seen each year in every division.

QUALITY ASSURANCE & METRICS

Budget Request Highlights

FY 2019-2020

INTRODUCTION

The Quality Assurance & Metrics Division (Quality Assurance) is an employee development and auditing unit within LACERA, whose mission is to ensure the quality of the work produced by other divisions.

Currently, there are 18 full-time budgeted positions: Chief, Quality Assurance & Metrics; five Senior Quality Auditors; 11 Quality Auditor IIs; and one 1 Senior Secretary.

A. Quality Auditing

Quality Assurance ensures the quality of the work produced by other divisions by monitoring, measuring, evaluating, and verifying the accuracy of the processing, calculation, and administration of retirement benefits. The quality audits are performed at three different levels, which are defined as the CORE Benefits Compliance Audit, the Inline Audit, and the Classic Audit. In FY 17-18 Quality Assurance reviewed a total of 12,942 audit samples with nine available auditors and TOP participants, as needed.

Before the end of FY 2018-19, Quality Assurance will partner with the Retiree Healthcare Division to enhance their internal quality control program. Quality Assurance involvement includes recommendations for risk assessments, audit training, developing audit criteria, communicating exceptions, and developing a corrective and preventive action plan.

B. Employee Development

To help support continuity of work quality, employee development, and performance improvement within the LACERA divisions, Quality Assurance also provides three levels of essential training. The essential training includes the following:

- CORE Benefit Administration Curriculum,
- Advanced CERL Education (ACE), and

- Refresher courses in CORE Benefits Administration for veteran staff. The majority of staff participating in these types of training courses work in the Benefits Division, the Member Services Division, the Disability Retirement Division, or the Retiree Health Care Division.

Also, as needed, Quality Assurance provides periodic, specialized training to other divisions; including, but not limited to, the Financial and Accounting Services Division; the Communications Division, and the Disability Litigation Division.

C. Special Projects

Quality Assurance also develops, tests, and promulgates the metrics used in the auditing of LACERA's work product. The majority of the metrics are derived from the law—CERL in particular. Quality Assurance is deeply involved in analyzing, testing, and validating new procedures, calculations, legislation, and system benefit-calculation programming. Examples include the beta testing of hundreds of scenarios in the benefit calculation engine used in LACERA's internal processing system, validating mass contribution rate changes for all County employees, validating member account adjustments for the felony conviction process, and analyzing new County pay codes to determine if they are pensionable under PEPRA (in conjunction with Legal Counsel). Quality Assurance also partners with the Benefits Division to address and facilitate data clean-up projects as directed by the organization's strategic goals as part of our ongoing contribution to the Quality Eco-System.

Quality Assurance involvement in these special projects gives us the insight on streamlining certain benefits processes that can be moved to the Member Portal giving the member full control of their requests. We also analyze payroll reports to streamline staff's research time in responding to our member's requests.

STAFFING

There are currently no vacancies in the division.

Effective January 1, 2019, Quality Assurance & Metrics will have a staff member performing additional duties above their current payroll title of Senior Quality Auditor with an additional responsibility bonus (ARB). This position will act in a role of an Assistant Division Manager for 12 months, based on the MOU guidelines. In FY 2020-2021, we will assess the metrics gained from the 12 months of additional duties and may request to convert this position from a Senior Quality Auditor to an Assistant Division Manager.

Since November 1, 2016, we have assigned Quality Auditor IIs to a series of analytical processes related to PEPRA pay codes, System Benefit Calculation Engine testing, and Special Projects with the goal of expanding their analytical skills and gathering data to develop a new classification of Senior Quality Analyst position in Quality Assurance. The new duties also include quality financial audits for the Payroll Maintenance, First Payments, Collections, Disability Effective Date, and the NSCD/SCD tax audit processes. We currently have two (2) Senior Quality Auditors and one (1) Quality Auditor II with an

additional responsibility bonus (ARB) acting in this capacity. We request a job specification study to be conducted on these positions with the goal of changing the payroll title from Senior Quality Auditor to Senior Quality Analyst based on the significant change in their duties.

The demand and need for additional audit services and new-hire training in our member-facing divisions has grown significantly, corresponding with our growing membership. The following section describes these audit services and training programs.

A. Implementation of Account Settlement Unit (ASU) Audit

The Executive Office, Benefits, and Member Services management have agreed that there is a business need to audit the Account Settlement Unit (ASU) transactions. This unit collects overpayments of contributions from our members. Based on an upward trend in the amount of appeals related to collections, Quality Assurance identified a specific need to provide oversight and auditing to this sensitive process. Benefits Management and Quality Assurance agreed to develop an audit plan, training, and monitoring for this unit through transactional reviews. The ASU audit is a new audit and due to the complexity of the ASU account adjustment calculations, statute of limitations rules, and legal guidelines, the audit plan may be developed over a period of time. This audit will take approximately two to three hours per case. The sampling will start at 100 percent and will be reevaluated after one year of audit data is collected.

B. Core Benefits Training

Core Benefits Training Program spans a total of 250 full work days. It comprises 131 classroom days (approximately 1,048 hours) of training and approximately 3,200 hours of preparation for seasoned trainers (more for beginning trainers). It also comprises 119 days (952 hours) of production in which the QA Auditors audit 50 percent of the trainees' work in addition to their regular weekly/monthly audit duties. The trainees process approximately 1,200 to 2,300 member requests over the 119 days (952 hours) of production during the one-year program.

Quality Assurance currently has seven staff assigned to classroom training duties. During the Core Benefits trainee production periods, these seven trainers, as well as all of the auditors, evaluate the trainees' production while maintaining their regular audit activities. Also, during the production periods, as the new hires gain skill and momentum, their production increases, which increases the audit volume throughout the program.

C. Annual Refresher Training

Refresher Training comprises approximately 40 days of classroom training with approximately 1,000 hours of preparation time. It's currently handled by the same seven (7) trainers that facilitate Core Benefits Training. To allocate training resources for the Refresher Training, we scheduled it during the Core Benefits Production period when the trainers are available for classroom lectures. During the Refresher Training the Staff Assistant will assist with the preparation of training materials, exams, assessments, and evaluations. This function by the Staff Assistant will allow existing auditors/trainers to

focus on completing audit assignments and training program evaluations because their training preparation time will be reduced by 50 percent.

D. LACERA Strategic Initiative/Advanced CERL Education (ACE) Program

The ACE program is currently six modules, comprising six half-day sessions from 8:00 a.m. to noon for a total of 144 hours of classroom training with approximately 500 hours of preparation time. These duties are handled by four (4) QA trainers. The Staff Assistant will assist with the training preparation, all of which will allow existing auditors and trainers to focus on completing audit assignments and training program evaluations.

STAFFING REQUEST

In order for Quality Assurance to successfully fulfill these training demands and requests for additional audit services, and to resume critical audits in our member-facing divisions, we are requesting one (1) Staff Assistant II.

The Staff Assistant II will provide administrative support to the Quality Assurance Training Unit and all its programs and projects, including ad hoc requests. Other responsibilities will be a variety of tasks and duties ranging from reviewing and validating policies and procedures, training materials, and assessments; to analyzing training data related to the effectiveness of the training tools, length of sessions, and delivery; and maintaining training records for the division.

The Staff Assistant II will play a critical role by providing administrative support and process efficiency in reducing the training preparation hours for trainers by 50 percent. Other tasks include working with outside consultants and HR to gather training data through focus group reports for a SWOT analysis. The Staff Assistant II duties and responsibilities will assist the trainers and the division in being more efficient in preparing, delivering, and evaluating training for the following programs:

1. CORE Benefit Training
2. Advanced CERL Education (ACE)
3. Refresher Training

The Staff Assistant II will also provide technical support in the Audit Unit by supporting the Data Input audit function, which audits 10 percent of the three high-risk processes in the Data Input unit: Direct Deposit, Federal/State Tax, and Beneficiary Change. This will allow QA to allocate resources in other audit areas or increase sample sizes for underperforming processes. The position will also assist in preparing audit analysis by generating reports, audit trend data, scheduling Observation Audits, and production reports for management review and coordinating calibration meetings with our partners to ensure alignment with criteria, audit best practices, and sustainable production strategies.

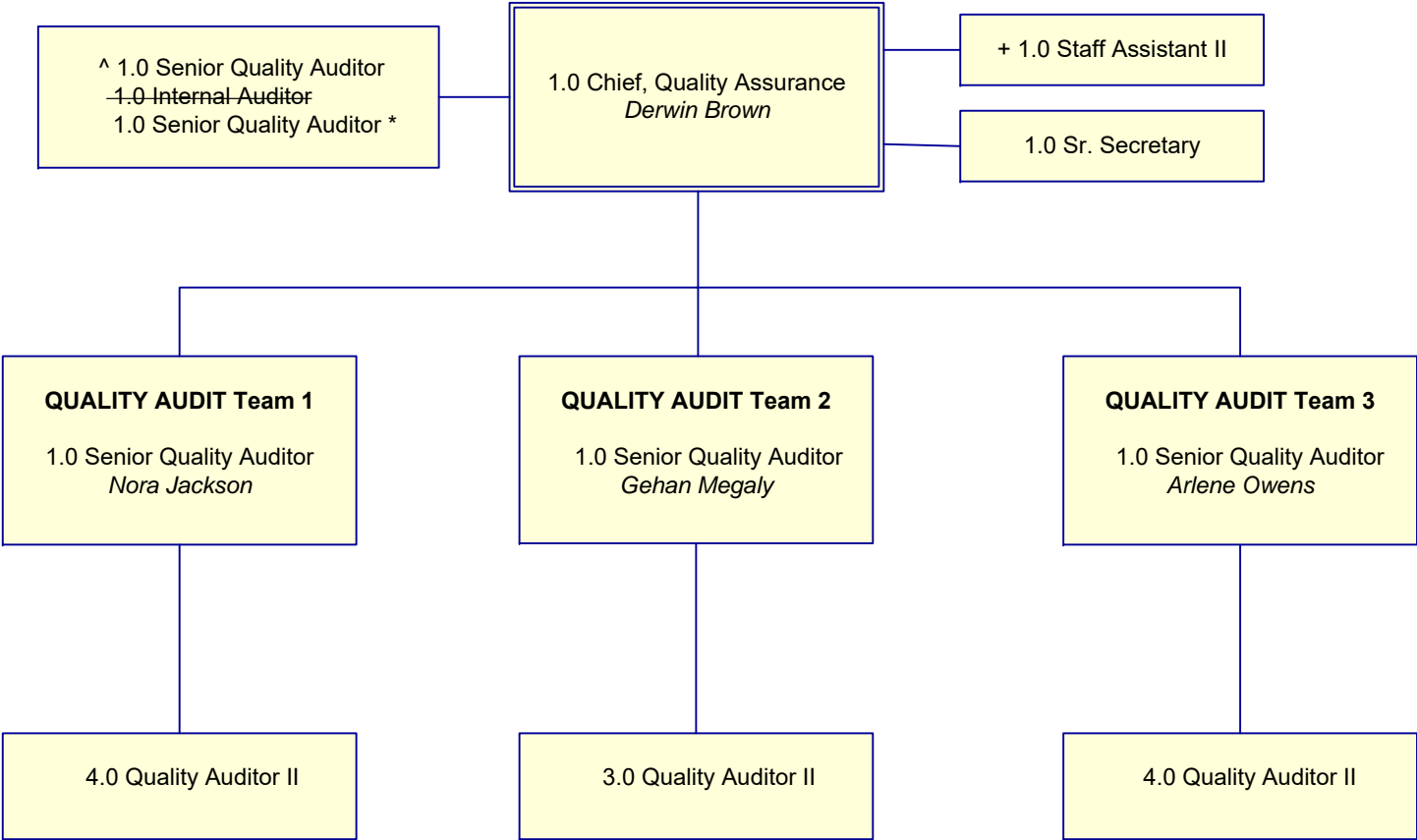
SERVICES AND SUPPLIES

Our request for services and supplies is consistent with the usual incremental increases seen each year in every division – this is simply the cost of doing business.

2018-2019 Bud. Pos.: 18.0
 2018-2019 Hiring Plan: 18.0
 2019-2020 Bud. Pos.: 19.0
 2019-2020 Hiring Plan: 19.0

QUALITY ASSURANCE DIVISION

FISCAL YEAR 2019-2020



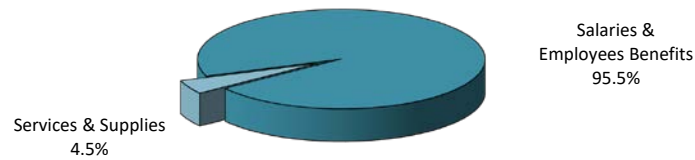
+ Added position
 ^ Position swap from Internal Auditor to Senior Quality Auditor to reflect actual filled position
 * Classification study for the position requested

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

QUALITY ASSURANCE

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|--|----------------------------------|-------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Salaries & Employees Benefits | \$3,177,189 | \$3,024,222 | \$1,509,811 | \$2,588,108 | \$589,081 | 22.8% | \$152,967 | 5.1% |
| Services & Supplies | 150,000 | 143,000 | 27,322 | 121,850 | 28,149 | 23.1% | 7,000 | 4.9% |
| OPERATING BUDGET | \$3,327,189 | \$3,167,222 | \$1,537,133 | \$2,709,958 | \$617,230 | 22.8% | \$159,967 | 5.1% |

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

QUALITY ASSURANCE

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Total LACERA Salaries | \$1,822,643 | \$1,698,958 | \$934,532 | \$1,567,700 | \$254,943 | 16.3% | \$123,685 | 7.3% |
| Total Agency Temp Salaries | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Employee Benefits (Variable) | 1,178,702 | 1,137,022 | 498,666 | 861,608 | 317,094 | 36.8% | 41,680 | 3.7% |
| Employee Benefits (Other) | 132,873 | 129,855 | 57,415 | 129,300 | 3,573 | 2.8% | 3,018 | 2.3% |
| OPEB Contribution | 39,470 | 28,724 | 17,159 | 28,600 | 10,870 | 38.0% | 10,746 | 37.4% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 1,000 | 1,871 | 2,039 | 900 | 100 | 11.1% | (871) | -46.5% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Rideshare Allowance | 2,500 | 0 | 0 | 0 | 2,500 | 100.0% | 2,500 | 100.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$3,177,189 | \$2,996,430 | \$1,509,811 | \$2,588,108 | \$589,081 | 22.8% | \$180,759 | 6.0% |
| Salary Differential | 0 | 27,793 | - | - | - | - | (27,793) | -100.0% |
| TOTAL S&EB | \$3,177,189 | \$3,024,222 | \$1,509,811 | \$2,588,108 | \$589,081 | 22.8% | \$152,967 | 5.1% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

QUALITY ASSURANCE

2018-2019 BUDGET

| FILLED POSITIONS | | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT | | | |
|-----------------------------------|-------------------------------|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|
| 00780A | CHIEF, QUALITY ASSURANCE | 1 | LS12 | 12,729 | 152,743 | | | |
| 00765A | INTERNAL AUDITOR | 1 | 106B | 8,311 | 99,735 | | | |
| 00798A | SENIOR QUALITY AUDITOR | 4 | 104C | 37,056 | 444,672 | | | |
| 00797A | QUALITY AUDITOR II | 11 | 99A | 82,311 | 987,731 | | | |
| 00439A | SENIOR SECRETARY | 1 | 87J | 5,929 | 71,152 | | | |
| POSITIONS | | 18 | | | 1,756,034 | | | |
| VACANT POSITIONS | | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
| 00765A | INTERNAL AUDITOR [^] | (1) | 106B | (8,311) | (99,735) | (99,735) | | |
| 00798A | SENIOR QUALITY AUDITOR | 1 | 104C | 8,311 | 99,735 | 99,735 | | |
| 00427A | STAFF ASSISTANT II | 1 | 90C | 4,832 | 57,984 | | | 28,992 |
| POSITIONS | | 1 | | | 28,992 | 0 | 0 | 28,992 |
| TOTAL POSITIONS | | 19 | | | | | | |
| GROSS SALARIES | | | | | 1,785,026 | | | |
| ANTICIPATED MOU SALARY INCREASE** | | | | | 31,238 | | | |
| BONUS | | | | | 6,379 | | | |
| 120-DAY RETIREE(S) | | | | | 0 | | | |
| TOTAL SALARIES | | | | | 1,822,643 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
[^] Internal Auditor position deleted to reduce underfill and reflect actual filled position of Sr. Quality Auditor II
[^] Internal Auditor monthly rate reflects actual salary of filled Sr. Quality Auditor II position
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

QUALITY ASSURANCE

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------------|---------------------------|------------------------|-----------------|------------------|---|--------------|---|-------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| TRANSPORTATION & TRAVEL | \$38,200 | \$48,500 | \$13,179 | \$34,850 | \$3,350 | 9.6% | (\$10,300) | -21.2% |
| OFFICE SUPPLIES & EQUIPMENT | 3,500 | 3,500 | 2,998 | 3,500 | 0 | 0.0% | 0 | 0.0% |
| PROFESSIONAL & SPECIALIZED SERVICES | 50,000 | 45,000 | 0 | 45,000 | 5,000 | 0.0% | 5,000 | 100.0% |
| EDUCATIONAL EXPENSES | 57,300 | 45,000 | 11,145 | 37,500 | 19,800 | 52.8% | 12,300 | 27.3% |
| MISCELLANEOUS | 1,000 | 1,000 | 0 | 1,000 | 0 | 0.0% | 0 | 0.0% |
| TOTAL | \$150,000 | \$143,000 | \$27,322 | \$121,850 | \$28,150 | 23.1% | \$7,000 | 4.9% |

*All amounts rounded to the nearest dollar.



Systems Division

Mission Statement

To provide long-range strategic planning for the current and foreseeable information requirements of the Association; to provide appropriate data processing resources and applications programming to support such requirements; and to provide technical assistance and consultation to LACERA management and staff on an ongoing basis.

Our Team FY 2019-2020

Information Systems Manager:

→ James P. Brekk

- 60 budgeted positions

We have four distinct sections within Systems:

- Systems Development
- Member Systems and Applications
 - Business Requirements Administration
 - Application Development
- Technology
 - Infrastructure (Operations and Implementation)
 - Support (Operations and Implementation)
- Information Security

FY 2019-2020 Highlights

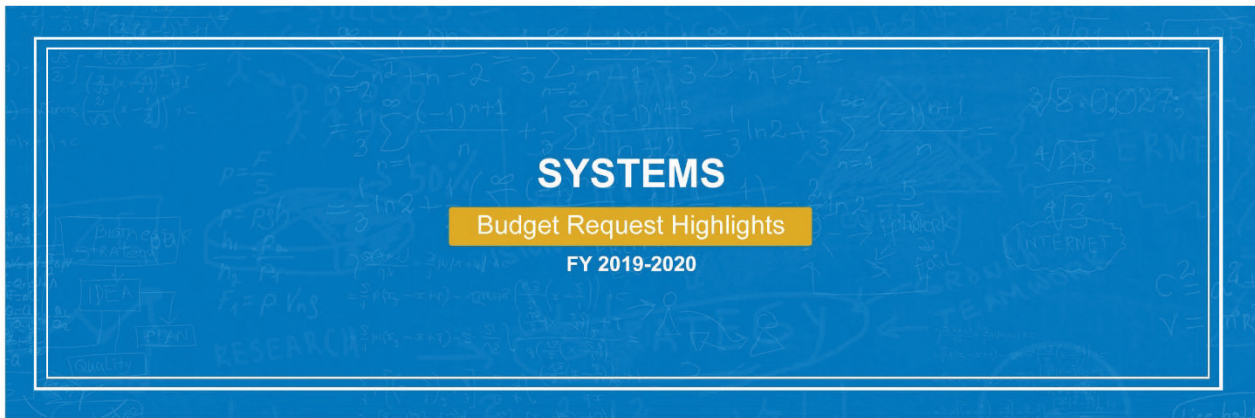
Staffing

Systems Division is supporting a drastically increasing technology portfolio as part of the organizational desire to extend technology deployment and increase the use of collaboration tools, operations management software, and remote access. At the same time, we are keeping cybersecurity at the forefront, and are mindful of the issues of staff attrition and a growing need for operational specialists.

Starting with FY 2019-2020, Systems will begin an incremental, multi-year restructuring process focused on developing dedicated service delivery units; creating a dedicated cybersecurity operation; increasing application development resources; and utilizing external specialized resources and increasing internal specialization. We have made adjustments to the budgeted positions by removing classifications currently not in use and replacing them with needed classifications that are appropriate for the position. Because there are currently sufficient vacancies for us to begin our restructuring plan, there is no net increase in staff count.

Services & Supplies

Notable projects included in the budget requests include \$300,000 for telecommunications system updates to increase capacity and bring our system to the current revision; and \$150,000 for network switch equipment for an incremental capacity upgrade to accommodate more staff members and peripherals.



Introduction and Systems Division Review

LACERA is an organization with extensive business rules and operating requirements. There is no other 37-Act county that equals the complexities of Los Angeles County's plan design, compensation, and benefit structures. As these factors and related laws continue to evolve, our plan administration demands accordingly sophisticated technologies to help automate and facilitate operations. Additionally, each of LACERA's 15 divisions has specific application needs, along with their own requirements for technology support.

Systems provides a comprehensive set of technology products and services for every LACERA division. From another view, Systems staff also supply a full spectrum of technology layers, ranging from base infrastructure all the way up to end-user applications. Below is a highlight of the products and services provided by Systems today:

- **Network infrastructure** including data and voice wiring, network routing and switching, Internet connection and local area networking.
- Multi-operating system **servers** (totaling to several hundred), **mainframe**, and **midrange** computing installation configuration, support, backup, and administration.
- **Centralized network and user management** system providing access, security, workstation, resource management, policy management, application configuration and network administration.
- **Biometric, single-sign-on, and multi-factor** authentication systems.
- Technology **environmental systems** including multiple battery backup systems, cooling systems, generator, and temperature containment infrastructures.
- Integrating, installing, supporting, and maintaining **several hundred unique user applications, desktop computers**, operating systems, and productivity suites.

- **Multi-disciplined application architecture**, design, development, lifecycle management, and support including Java Enterprise, .NET, MFC, C++, C#, Visual Basic, COBOL, HTML5, CSS3, JavaScript, Angular, and PowerShell.
- **Disaster recovery** program including hot-site management, warm-site, co-location, data replication, and multi-tiered backup program.
- **Telecommunication systems** design, implementation, and support including applications and servers, supplying call recording, screen recording, call routing, call management, and **member record integration for two call centers**. To date, the system has nearly 5 million recorded member interactions.
- **Audiovisual systems** including Board operations, recording, conference room presentation systems, teleconferencing, and offsite support.
- **Over 1 Petabyte** (one million-million bytes) of storage under management, including member data, business and accounting records, emails, and user files.
- **Member document imaging and workflow system**, three **enterprise content management systems**, and specialized **document repository systems** supporting business and member operations.
- **Member Workspace Suite** automates LACERA's complex retirement business rules, integrates with one of three enterprise content management systems holding over 20-million member documents, provides access to the member-centric database containing records of member interactions including call recording, facilitates workflows triggered by member requests by phone, mail, web, or in person, performs complex benefits calculations, generates reports and benefit estimates, and most importantly drives the monthly member retirement payments.
- **Member-focused lacera.com front-end web architecture**, development, accessibility standards, device-agnostic optimization, and **back-end development** including web servers, traffic management, and content delivery.
- **Member Portal** web application design and development, including dedicated application servers, supplying self-service functions to 78,000 registered members and payees.
- **Business analyst** staff translate retirement plans, rules, laws, payment terms, and tax calculations into requirements, software architectural designs, program specifications, and program code changes; create and execute unit testing plans, acceptance test plans, system test plans, and implementation plans.
- In-house designed and developed **Board agenda** digitization, publication, retention and search application environment, supporting access-level security, permanent archival, scanning and paper-sourced input.
- **Over 30 additional custom, in-house developed applications** providing critical business and member service functions, utilized by every division of LACERA.
- **Mobile and portable device management** system providing security, application and mobile device deployment, and tracking, including support for Board agenda management.

- **General ledger** system implementation, analysis, support, backup, and maintenance with modules including reconciliation, receivable, payable, purchase order, inventory control, forms, reports, and 1099 generation.
- Support and integration for **externally hosted systems and applications** including those from the County of Los Angeles, banking relationships, member services related, and others.
- **End-user helpdesk** support responding to an average of 600-800 requests per month.
- Technology and emerging **system research, evaluation, testing, and development.**
- Deployment, maintenance, and connectivity to over **250 printers and scanners.**
- **Vendor, contract, and license management** for technology products and services.
- **Physical security** including keycard system, surveillance camera, storage systems, servers, and access-control.
- **Cybersecurity** analysis, monitoring, strategies, and management for each server, computer, printer, network device, application, system, and user; intruder detection and prevention systems.
- **Support and operating hours** including 24x365 on-call support, Systems staff on site weekdays from 5:30 AM to 10 PM, business hours from 7 AM to 6 PM, and afterhours and weekends for maintenance and upgrades.
- Systems fiscal year 2018-2019 **services and supplies budget:** \$6.16 million.

Near-Term Strategies

Building on our 2017 major overhaul that included new desktop computers, servers, email, operating systems, security, and much more, Systems is continuing to buildout the system infrastructure that will pave the way for our future. The new design emphasizes mobility, scalability, collaboration, and capacities to support the modern workforce. Although not yet visible to the user community, we expect to progressively introduce these new capabilities in the near future.

Behind the scenes, our emerging architecture will shift routine systems and operations into “right-sized” cloud solutions. Over time, the move is expected to help us better utilize our staffing resources by allowing them to focus on delivery services to our internal customers. As a fundamental requirement, the workplan also aims to strengthen our cybersecurity posture.

A key component of *paying the promised benefit* is ensuring that each member and their survivor accurately and reliably *receives* their promised benefit. The lifecycle of our services to our members is extensive. The Member Workspace Suite is a set of modular applications and systems that supply a considerable set of member service functions. Used by 12 of the 15 divisions at LACERA, the Suite includes a workflow engine, document management system, secure storage, member interaction histories and

recordings, and a benefits calculation engine that processes retirements and monthly benefit payments. One important benefit of maintaining an in-house member system is that we can produce data analytics by our exacting needs, allowing for exceptional insights into our operation. Because of its modular design, we continue to see opportunities to extend Workspace's functions and features. Going forward, we expect to deliver additional features while leveraging the well-established system framework.

Also, on the docket are upgrades interlinked with several member-service-critical technologies. Within the next several years, we expect to 1) migrate the mainframe to a distributed server platform, 2) convert the remaining retirement calculation logic to a more modern language, and 3) transition the underlying database system to one that is more widely supported. Each upgrade is an iterative and intricate process, requiring much planning and testing. Although complex, the benefits of the upgrade are many. Aside from overall cost savings, support, enhancements, and future integration will all become easier to obtain. Lastly, the new platforms can be more resilient to disasters and allow us to utilize cloud technologies, which will translate to better service for our members.

Looking Ahead

Departing from the previous multi-year strategic plan, we are developing our proposed mid-term and long-term information technology strategic vision and plan. The work will take a holistic look at the future of LACERA's technology development, focusing on long term evolution and continuous improvements that provide nimble response to business needs. The heart of the vision will consider and incorporate each division's desire to further utilize technology and automation while placing significant emphasis on cybersecurity. Additionally, we expect to leverage and incorporate outsourced services into our plans where appropriate. Staff look forward to engaging the Board for dialoging and guidance as we chart into our future.

Staffing

With an organizational desire to further extend technology deployment and increase the use of collaboration tools, operations management software, and remote access, Systems must accordingly construct a staffing framework to meet the demands. Whenever a new system or application is provided to a user community, Systems staff are undertaking the responsibility of developing the expertise to deploy, support, secure, and administer any such product. Through each new system, there is a material and cumulative **transfer of workload** from the benefited user community into Systems staff.

For each system, application, server, or user, **cybersecurity** cannot simply be a topic of discussion and concern. Although security was historically an adjunct part of system support, today's reality necessitates a forefront attention and dedicated effort.

The third area of staffing concern is the **attrition** of LACERA's institutional knowledge through retirement or other reasons. We recognize the importance of maintaining staff

with the complex and proprietary retirement system knowledge. When implementing solutions, knowledge of LACERA's business operation is an essential component.

Lastly, although the Systems Division has managed to support a drastically increasing technology portfolio using a largely generalist staff base, long-term sustainability will require more **specialization**. Our current staffing is insufficient to support our current environment. An influx of specialists will help to normalize our current operational needs. There are opportunities to leverage outsourced expertise, but there will always be a need for in-house resources that can effectively support and administer our systems.

///

Starting with fiscal year 2019 to 2020, Systems Division will begin an incremental, multi-year restructuring process focused on the following areas:

- Developing dedicated service delivery units: Two dedicated areas will be created with the ultimate goal of improving end-user response time. Units that are concentrated to deliver back-end server support and front-end applications to the user community will allow Systems to more quickly fulfill user requests. This provides relief from the current model where support personnel are also tasked with service delivery.
- Creating a dedicated cybersecurity operation: This unit will include full-time security analysts that monitor the threat landscape and serve as a cross-functional, enterprise-wide cybersecurity review and mitigation team. The Chief Information Security Officer will focus on policies, enforcement, and operational issues.
- Increasing application development resources: With a comprehensive suite of in-house developed applications that provide specialized functions to LACERA's operation, additional resources are required to maintain the expanded organizational desire for functions and features. The developers and analysts will also help to retain institutional knowledge and establish skills that are needed to support our specific business rules.
- Utilizing external specialized resources and increasing internal specialization: As we are waiting for additional classifications to become available, we are increasing our temporary staffing budget to supplement our workforce with specialists from manufacturers and vendors. At the same time, we will look to hire permanent staff who can dedicate their efforts to our operation.

We have made adjustments to the budgeted positions in two ways—removed classifications currently not in use and replaced them with needed classifications that are appropriate for the position. Because there are currently sufficient vacancies for us to begin our restructuring plan, there is no net increase in staff count. We will return to the Boards at such time when additional staff count is required.

Overtime

The overtime budget is primarily used for 1) after-hour system maintenance and upgrades, 2) emergency system support, 3) Saturday member service hours, and 4) extended office hours during peak months.

One-Time Services and Supplies

Telecommunications Systems Update: \$300,000

LACERA's current telecommunications system has been in service since 2011. Since that time, LACERA staff count has increased by over 130. Updates are required to both increase capacity and bring our system to the current revision. In particular, additional call center agents requires additional licensing. This funding provides for new server software, including call management, conferencing, messaging, additional licenses as well as migrating servers to updated environments.

Network Switch Equipment: \$150,000

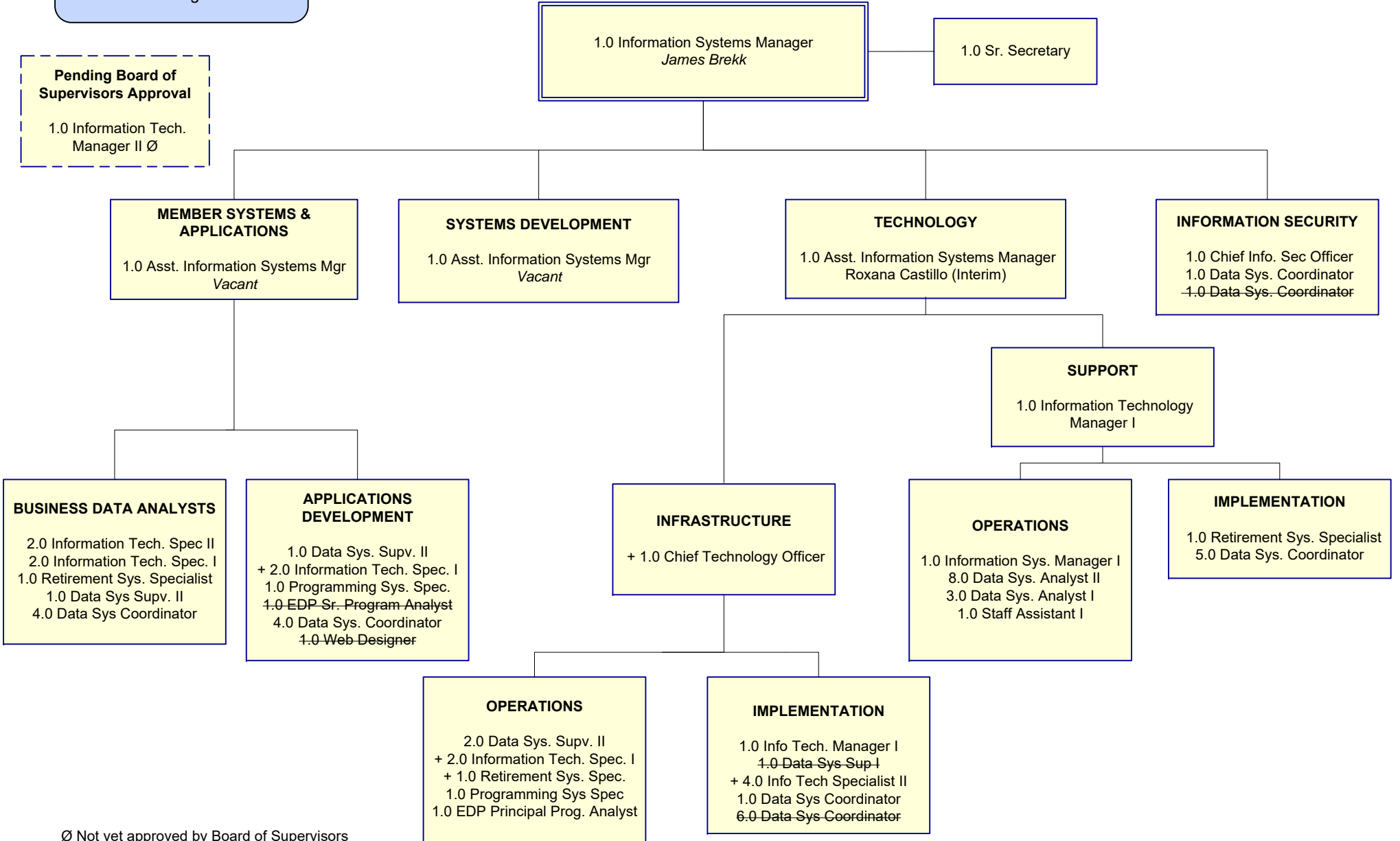
At the heart of the local area network is the network switch. It interconnects computers, printers, and servers to one another. Similar to the need for increased telecommunications capacity, additional switching equipment is also needed. LACERA has experienced growth in not only employees, but peripherals such as printers and scanners. This funding provides for an incremental capacity upgrade.

SYSTEMS DIVISION

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 60.0
 2018-2019 Hiring Plan: 60.0
 2019-2020 Bud. Pos.: 60.0
 2019-2020 Hiring Plan: 59.0

Pending Board of Supervisors Approval
 1.0 Information Tech. Manager II Ø



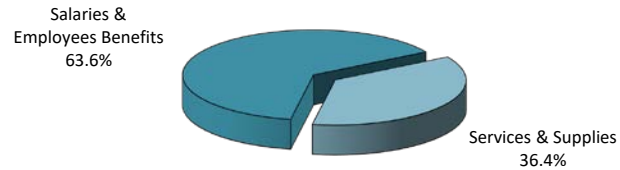
Ø Not yet approved by Board of Supervisors
 + Added position
 - Deleted position

LACERA
FISCAL YEAR 2019-2020
FINAL BUDGET SUMMARY

SYSTEMS DIVISION

| | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | | |
|-------------------------------|---------------------------------|---------------------|--------------------|---|--------------------|---|--------------------|--------------|
| | PROPOSED BUDGET 2019-2020 | YTD | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE | |
| | | BUDGET | (02-28-19) | | | | | PROJECTION |
| Salaries & Employees Benefits | \$11,031,887 | \$9,192,677 | \$5,702,771 | \$9,243,100 | \$1,788,787 | 19.4% | \$1,839,210 | 20.0% |
| Services & Supplies | 6,303,900 | 6,163,810 | 1,986,544 | 5,757,400 | 546,500 | 9.5% | 140,090 | 2.3% |
| OPERATING BUDGET | \$17,335,787 | \$15,356,487 | \$7,689,316 | \$15,000,500 | \$2,335,287 | 15.6% | \$1,979,300 | 12.9% |

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

LACERA
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

SYSTEMS DIVISION

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------------|--|-----------------------------------|-------------------|-------------------|--|-----------------|--|-----------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Total LACERA Salaries | \$6,055,234 | \$7,348,043 | \$2,952,498 | \$4,955,800 | \$1,099,434 | 22.2% | (\$1,292,809) | -17.6% |
| Total Agency Temp Salaries | 1,700,000 | 992,000 | 1,085,743 | 1,412,700 | 287,300 | 20.3% | 708,000 | 71.4% |
| Employee Benefits (Variable) | 2,546,989 | 2,311,242 | 1,350,102 | 2,248,800 | 298,189 | 13.3% | 235,747 | 10.2% |
| Employee Benefits (Other) | 441,434 | 396,270 | 175,961 | 394,300 | 47,134 | 12.0% | 45,164 | 11.4% |
| OPEB Contribution | 131,129 | 87,655 | 48,217 | 87,300 | 43,829 | 50.2% | 43,474 | 49.6% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 130,100 | 130,100 | 78,662 | 130,000 | 100 | 0.1% | (0) | 0.0% |
| Bilingual Bonus | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Sick Leave Buyback | 12,000 | 6,000 | 11,589 | 14,200 | (2,200) | -15.5% | 6,000 | 100.0% |
| Rideshare Allowance | 15,000 | 0 | 0 | 0 | 15,000 | 100.0% | 15,000 | 100.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$11,031,887 | \$11,271,310 | \$5,702,771 | \$9,243,100 | \$1,788,787 | 19.4% | (\$239,423) | -2.1% |
| Salary Differential ** | 0 | (2,078,633) | - | - | - | - | 2,078,633 | -100.0% |
| TOTAL S&EB | \$11,031,887 | \$9,192,677 | \$5,702,771 | \$9,243,100 | \$1,788,787 | 19.4% | \$1,839,210 | 20.0% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019, except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

SYSTEMS DIVISION

2018-2019 BUDGET

| FILLED POSITIONS | | # POS. | SCHEDULE | ACTUAL MO. RATE | ANNUAL AMOUNT |
|------------------|-----------------------------------|--------|----------|-----------------|---------------|
| 00783A | INFORMATION SYSTEMS MANAGER | 1 | LS14 | 17,575 | 210,905 |
| 00781A | ASST. INFORMATION SYSTEMS MANAGER | 1 | LS12 | 21,750 | 261,000 |
| 00460A | DATA SYSTEMS SUPERVISOR II | 3 | 115A | 37,112 | 445,345 |
| 00782A | INFORMATION SYSTEMS MANAGER I | 1 | 114G | 12,270 | 147,241 |
| 02644A | RETIREMENT SYSTEMS SPECIALIST | 2 | 114F | 24,419 | 293,034 |
| 00453A | EDP PRINCIPAL PROG. ANALYST | 1 | 114D | 12,180 | 146,155 |
| 02600A | PROGRAMMING SYSTEMS SPEC. | 1 | 111J | 11,368 | 136,411 |
| 00469A | DATA SYSTEMS COORDINATOR | 14 | 109E | 141,625 | 1,699,498 |
| 00458A | DATA SYSTEMS ANALYST II | 8 | 103E | 70,258 | 843,094 |
| 00457A | DATA SYSTEMS ANSLYST I | 3 | 100J | 20,854 | 250,248 |
| 00439A | SENIOR SECRETARY | 1 | 87J | 5,929 | 71,152 |
| 00426A | STAFF ASSISTANT I | 1 | 83C | 4,454 | 53,450 |

POSITIONS 37 4,557,533

| VACANT POSITIONS | | # POS. | SCHEDULE | 1ST STEP MO. RATE | ANNUAL AMOUNT | FILLED AT 12 MONTHS | FILLED AT 9 MONTHS | FILLED AT 6 MONTHS |
|------------------|--------------------------------------|--------|----------|-------------------|---------------|---------------------|--------------------|--------------------|
| 00781A | ASST. INFORMATION SYSTEMS MANAGER | 2 | LS12 | 20,096 | 241,154 | | | 120,577 |
| 00806A | CHIEF INFO. SEC. OFFICER | 1 | LS12 | 10,048 | 120,577 | | | 60,288 |
| 00805A | CHIEF TECHNOLOGY OFFICER, LACERA | 1 | LS12 | 10,048 | 120,577 | | | 60,288 |
| 99999A | INFORMATION TECH. MANAGER II Ø | 1 | LS12 | 10,048 | 120,577 | | | |
| 00803A | INFORMATION TECH. MANAGER I | 2 | LS11 | 18,694 | 224,329 | | | 112,164 |
| 00802A | INFORMATION TECHNOLOGY SPECIALIST II | 6 | 121J | 68,205 | 818,464 | | | 409,232 |
| 00801A | INFORMATION TECHNOLOGY SPECIALIST I | 6 | 116G | 59,263 | 711,157 | | | 355,578 |
| 00460A | DATA SYSTEMS SUPERVISOR II | 1 | 115A | 9,471 | 113,652 | | | 56,826 |
| 02644A | RETIREMENT SYSTEMS SPECIALIST | 1 | 114F | 9,333 | 111,996 | | | 55,998 |
| 02600A | PROGRAMMING SYSTEMS SPEC. | 1 | 111J | 8,667 | 104,006 | | | 52,003 |
| 00469A | DATA SYSTEMS COORDINATOR | 1 | 109E | 8,129 | 97,552 | | | 48,776 |
| | | | | | | 0 | 0 | 1,331,732 |

POSITIONS 23 1,331,732

TOTAL POSITIONS 60

GROSS SALARIES 5,889,264

ANTICIPATED MOU SALARY INCREASE** 103,062

BONUS 4,079

120-DAY RETIREE(S) 1 58,829

TOTAL SALARIES 6,055,234

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue

Vacancies are shown at the 1st Step

*All amounts rounded to the nearest dollar.

Ø Not yet approved by Board of Supervisors and is calculated at 0 percent filled.

** Gross salaries are multiplied by 1.75% to calculate anticipated MOU Increase

Seven (7) Data Systems Coordinator's, one (1) Data Sys. Sup I, one (1) EDP Sr. Program Analyst, and one (1) Web Designer positions have been deleted

LACERA
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

SYSTEMS DIVISION

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------------|---------------------------|---------------------------|--------------------|--------------------|---|-------------|---|-------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| COMMUNICATIONS | \$731,000 | \$1,011,000 | \$370,196 | \$911,900 | (\$180,900) | -19.8% | (\$280,000) | -27.7% |
| TRANSPORTATION & TRAVEL | 32,500 | 32,500 | 8,926 | 22,500 | 10,000 | 44.4% | 0 | 0.0% |
| POSTAGE | 380,000 | 370,000 | 226,830 | 370,000 | 10,000 | 2.7% | 10,000 | 2.7% |
| OFFICE SUPPLIES & EQUIPMENT | 477,800 | 482,510 | 68,025 | 409,500 | 68,300 | 16.7% | (4,710) | -1.0% |
| EQUIPMENT MAINTENANCE | 615,200 | 605,400 | 174,739 | 524,300 | 90,900 | 17.3% | 9,800 | 1.6% |
| PROFESSIONAL & SPECIALIZED SERVICES | 886,600 | 879,600 | 312,676 | 774,400 | 112,200 | 14.5% | 7,000 | 0.8% |
| COMPUTER SERVICES & SUPPORT | 3,120,400 | 2,722,400 | 817,287 | 2,722,400 | 398,000 | 14.6% | 398,000 | 14.6% |
| EDUCATIONAL EXPENSES | 59,400 | 59,400 | 7,533 | 21,400 | 38,000 | 177.6% | 0 | 0.0% |
| MISCELLANEOUS | 1,000 | 1,000 | 332 | 1,000 | 0 | 0.0% | 0 | 0.0% |
| TOTAL | \$6,303,900 | \$6,163,810 | \$1,986,544 | \$5,757,400 | \$546,500 | 9.5% | \$140,090 | 2.3% |

*All amounts rounded to the nearest dollar.

PROJECTED NON-ADMINISTRATIVE EXPENSES
For the Fiscal Year Ended June 30, 2019

| | Current Year | | Prior Year ACTUAL FOR FY 2017-2018 |
|--|--------------------------------|----------------------------------|---|
| | EXPENSES AS OF 9/30/2018 | PROJECTED FOR FY 2018-2019 | |
| Pension Trust Fund: | | | |
| Investment Management Fees | | | |
| U.S. Equity | \$ 4,450,604 | \$ 17,802,415 | \$ 16,818,977 |
| Non-U.S. Equity | 8,215,127 | 32,860,514 | 35,662,758 |
| Fixed Income | 7,175,398 | 28,798,683 | 29,302,295 |
| Cash and Short-Term | 145,758 | 583,034 | 863,690 |
| Mortgage Loan Services | 19,022 | 76,022 | 85,879 |
| Private Equity | 1,584,848 | 8,148,108 | 8,929,938 |
| Real Estate | - | 31,549,493 | 31,624,575 |
| Hedge Funds | 470,472 | 1,823,955 | 1,832,305 |
| Commodities | 1,153,542 | 4,614,169 | 4,240,243 |
| Total Investment Management Fees | 23,214,772 | 126,256,394 | 129,360,659 |
| Other Investment Expenses | | | |
| Consultants | | | |
| General Investment Portfolio | - | 395,000 | 430,000 |
| Private Equity | 275,000 | 1,107,364 | 1,181,000 |
| Real Estate | - | 306,300 | 303,007 |
| Other Consulting Fees | 37,628 | 126,178 | 100,433 |
| | 312,628 | 1,934,842 | 2,014,441 |
| Custodians | | | |
| Banking and Treasury | 658,737 | 2,634,949 | 2,851,984 |
| Hedge Funds | 69,952 | 251,542 | 146,291 |
| Mortgages | - | 5,000 | 5,000 |
| | 728,689 | 2,891,490 | 3,003,275 |
| Performance and Other Fees | 44,476,805 | 77,829,128 | 53,396,210 |
| Investment Legal Counsel | - | 688,083 | 978,734 |
| Total Other Investment Expenses | 45,518,122 | 83,343,543 | 59,392,660 |
| Total Management Fees and Other Investment Expenses | \$ 68,732,893 | \$ 209,599,937 | \$ 188,753,319 |
| Actuarial Consulting Services | 64,678 | 557,746 | 450,521 |
| Total Pension Fund Non-Administrative Expenses | \$ 68,797,571 | \$ 210,157,683 | \$ 189,203,840 |
| Retiree Health Care (RHC) Program Funds: | | | |
| Fixed Income Management Fees | \$ 16,844 | \$ 67,682 | \$ 61,768 |
| Short-Term Management Fees | 4,297 | 9,088 | 7,500 |
| Custodian Fees | 8,249 | 32,947 | 30,017 |
| Total RHC Program Non-Administrative Expenses | \$ 29,391 | \$ 109,717 | \$ 99,286 |
| Other Post Employment Benefits (OPEB) Trust Fund: | | | |
| Enhanced Cash Management Fees | \$ 2,997 | \$ 10,280 | \$ 79,146 |
| Global Equity Management Fees | 29,438 | 120,040 | 242,789 |
| Fixed Income Management Fees | 201,667 | 348,583 | 21,428 |
| Real Estate Management Fees | 14,719 | 60,076 | 1,514 |
| General Investment Portfolio Consultant | 13,750 | 55,000 | 55,000 |
| Custodian Fees | 57,447 | 233,331 | 79,855 |
| Total OPEB Trust Non-Administrative Expenses | \$ 320,017 | \$ 827,311 | \$ 479,733 |

LACERA Vision and History

LACERA is charged with the authority and duty to administer defined retirement plan benefits for the employees of Los Angeles County and participating agencies. The LACERA Boards of Retirement and Investments have distilled these responsibilities into the following mission statement:

We produce, protect, and provide the promised benefits.

The demand for quality service in all sectors has increased over the last decade. Our members compare the quality of LACERA service to other service organizations. With your Board's support, we continually look for ways to improve efficiency and exceed the expectations of our members by recalling our vision:

**One contact, one response.
Accuracy, 100% of the time.**

This vision is the driving force behind our efforts and expenditures and represents a clear view of how we measure improvement. In our vision statement, the word "One" implies that we streamline the current processes and reduce the time and number of people required to answer each member inquiry. The word "Accuracy" implies that we constantly develop ways to improve the quality of the service we provide to our members.

Improvements to member service delivery, and generally to the way we conduct business, are the results of successful efforts over many years, from near-term projects to long range, multi-year initiatives.

The Strategy Behind the Vision

As in prior years, our Executive Summary includes some historical highlights and major milestones selected to illuminate the strategic plans supporting the LACERA Vision and to provide background context for the Fiscal Year 2018-2019 Budget Summary.

“Produce the Promised Benefits”

Laying the Foundation

Early on, LACERA’s Boards, responding to increasing interest among the membership for a broader range of services delivered more timely and more dependably, took action to ensure that the Association could continue meeting our fiduciary obligations to current and future members and to the plan sponsor, Los Angeles County.

Recognizing that computer technology was the key to modern service delivery, LACERA contracted for the development of IRIS, an online system to manage active and retired member records, and to automate major functions such as retiree payroll, benefit estimates, payroll interface and tax reporting. This early achievement provided us with the cornerstone upon which to build toward our goal of becoming a premier service provider.

The introduction of information technology was just one component of a broader vision that included a large investment in staff development and training, and a complete restructuring of our operations. Symbolic of our progress and the milestones we had reached, was the relocation of LACERA’s offices to the Gateway Plaza in Pasadena. Chief among the many advantages of the move was a convenient location for our members to conduct business one-on-one with retirement benefit specialists, and attend planning seminars conducted by staff with participation from experts in Los Angeles County’s deferred comp program, insurance and health benefits.

Building On Success

Retooling the workplace for superior member service was accomplished through the efforts of cross-functional teams of knowledgeable staff working with robust technology and modern work methods.

The key technology for this effort was FileNET’s document imaging and automated workflow software. The imaging component consists of scanning paper documents into a secure database for fast retrieval by authorized staff working from network computers. The automated workflow system is driven by document types that are associated with various business functions (e.g. member enrollment, address change, death notification). Work is collected in work queues by business function and is then distributed to Retirement Benefits Specialists (RBS) based on rules such as workload balancing, approval levels, and even individual staff with particular skills.

Among the largest efforts ever undertaken at LACERA was the conversion of our paper-based member documents into electronic images. Initially, we transferred

3.5 million of our member's existing 'historical' paper documents into the electronic Member Document Library. Since the back file conversion, we have scanned over millions of pages, processing documents daily as they are received, with an indexing accuracy rate exceeding 99%.

“Protect the Promised Benefits”

Quality Assurance Group

The Quality Assurance Group, which your Board established within the Retirement Services Division, and which was subsequently elevated to report directly to the Executive Office, has been critical to achieving the current level of consistency and quality in the delivery of member services. Their efforts have afforded success in both redesigned business processes and other areas of the operation by assuming, among others, the following responsibilities:

- Evaluating performance standards
- Evaluating customer service accuracy levels
- Reporting performance based on the standards
- Reviewing and rewriting benefit related work procedures
- Providing feedback for improvements to business processes
- Reviewing the business processes internal control adequacy
- Determining staff training needs
- Developing and providing training
- Providing feedback on adequacy of new hire training

The Benefits Division and Member Services Divisions are committed to providing our members with timely and accurate service. Accuracy is measured not only by quantitative financial standards but also qualitative standards, such as member file documentation, supporting documentation, appropriate peer review, adherence to approval policies, and acceptance of properly completed forms. The Quality Assurance Group provides an overall score for both quantitative and qualitative standards for the Benefits Division and Member Services Divisions, which are maintaining an accuracy rate of nearly 100%.

Keeping Everybody Online

Our Systems Division has consistently maintained above industry standard availability of our mainframe and local area network (LAN) platforms. We have been able to absorb increased demand while maintaining reliability and excellent response time. Our Retirement Benefit Specialists can efficiently provide service to the members via telephone, and process member requests without “waiting” for the computer. Behind the scenes, the Systems Division has developed a very robust LAN and has performed periodic upgrades to the mainframe computer and telecommunications platforms with minimal disruption to the delivery of service to our members.

For the past few years, Systems has been working toward modernizing the IRIS member system, using JAVA architecture to replace CERIS and other online components. Workspace, the new online client interface to the member system, was developed in house and tested by approximately 50 staff members before going into production. Recently, the new version of the Member Portal was updated to allow registered LACERA members the ability to add or change their information to include address, benefits, tax selection, deduction, etc.

Systems continues to work on expanding the functionality of Workspace. During FY 2017-18 Systems completed the migration of the client in basket processes (which allows us to distribute and work on member requests electronically) to the Workspace platform. This was a major milestone in our technology modernization project. We are continuing our focus on the integration of the disability work processes into Workspace, and have begun to look at the requirements for migrating Retiree Healthcare processes into Workspace as well. All of these projects will dramatically increase our ability to provide quality and timely service to our members and their beneficiaries.

The Systems Division conducts regular, audited tests of our information technology recovery plans and capabilities. In addition to basic recovery, we test against a variety of scenarios, to see if the data systems can be recovered, for example, in the absence of certain key technical staff, at remote locations, or under other adverse conditions.

Timeliness of Payroll

We protect our members by getting their benefits to them timely and safely. LACERA partners with reputable banking service providers that are able to effectively deliver electronic payments nationwide and also give LACERA the online tools to oversee the cash management function.

Ultimately, retirement is what LACERA is all about; therefore, we strive to get our members on the payroll as soon as possible. Nearly 99% of our retiring members are enrolled within the first available payroll following their termination dates. This outstanding level of productivity has been consistently met over the past few fiscal years, and is the result of efficient use of technology and nearly-constant refinement of our operation.

In addition to getting retirees on the payroll timely and safely, we are committed to effecting a smooth payroll transition for our members' survivors. Thanks in large part to our Seamless Survivor process, about 95% of survivors transition to the payroll within one payment cycle, with no interruption of benefits.

For retired member accounts with little or no survivor information on file, we must obtain the missing data (usually through the mail), and then manually set up an account on the retiree payroll. The vast majority of accounts requiring manual

intervention are still set up within one payroll cycle, with less than 1% requiring two or more payroll cycles to establish.

“Provide the Promised Benefits”

Member Outreach

We are committed to reaching out and educating our members about their retirement plan benefits. Our dedicated Outreach staff conduct workshops in house and on the road for new and retiring general and safety members. Beginning in FY 2017-18, the Outreach team added the concepts of Neighborhood Workshops to their efforts to reach out to members. These quarterly workshops are held throughout the County and combine the traditional workshop presentations and discussions with limited one-on-one counseling in the field. This effort helps personalize the workshop experience that our members receive

LACERA Call Center

Several years ago, LACERA implemented a dedicated call center and provided staff with the tools and training needed to answer member inquiries and assist members in the completion of routine services, such as address changes, tax elections, direct deposit and name changes, all while the members remained on the phone.

Because we are seeing a membership that is more informed and aware of their retirement benefits than ever before, we see a clear trend toward longer and more detailed discussions with members who prefer to receive in-depth counseling over the telephone.

Correspondence Group

Several years ago, LACERA formed a Correspondence Group in the Member Services Division to review member communications, identify the work to be performed, and forward member service requests to the appropriate work queues on a timely basis.

The Correspondence Group also provides return correspondence to those members seeking information about their accounts, or explanations about LACERA benefits, and serves as the point of contact for dispute resolution. The Correspondence Group takes the additional steps to ensure quality service is provided to those members contacting LACERA with sensitive issues.

Newsletters

Our Communications group helps us reach out to our members using a variety of communication vehicles, such as our regular newsletters, the active member *Postscript* and *Spotlight on Retirement* for our retirees.

LACERA.com

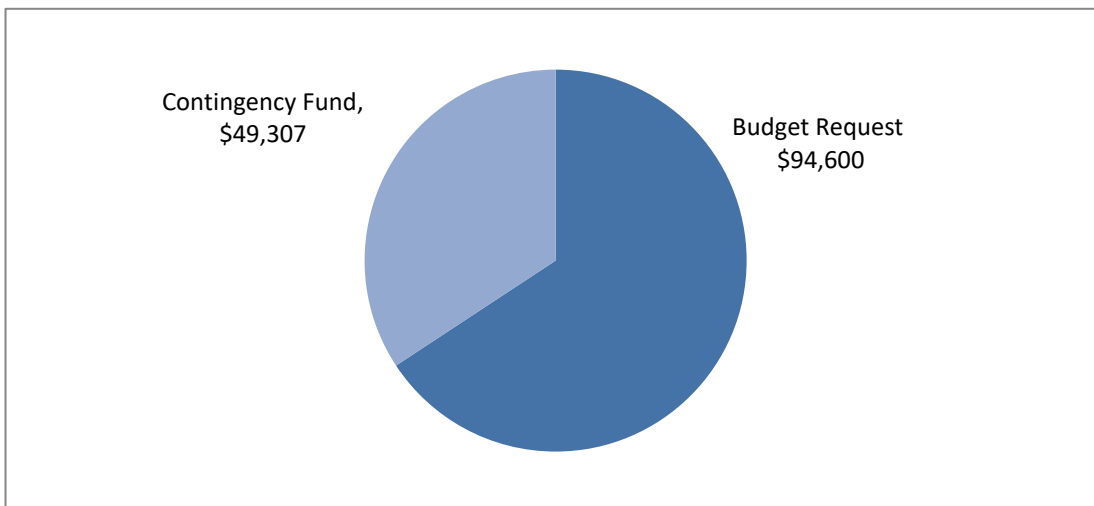
Another outstanding outreach tool, supported by Communications and Systems, is our web page, LACERA.com. The home page's five key sections, "About LACERA", "Benefits", "Health Care", "Investments", and "Publications", provides an excellent overview of our organization and quality information about plan benefits. Currently members can access a considerable amount of information regarding their benefits; in fact we have over 1,500 web pages and countless PDF documents are available online.

Also on the home page are various calculators that we have introduced over time. We currently support calculators for Plan Transfer, and retirement estimates, including the Unmodified Plus survivor option.

My LACERA.com, the member portal introduced in 2005, is continually expanding the list of self service features available to registered members. Using multi-factor authentication rules, as prescribed by the Federal Financial Institutions Examination Council (FFIEC), the portal currently boasts over 61,500 registered members. Among the most popular features is the online Retirement Estimate, which uses a member's IRIS records to produce a benefit estimate.

FISCAL YEAR 2019-2020
BASIS FOR BUDGET AND CONTINGENCY FUND CALCULATION
(Amounts in Thousands)

| | |
|--|-------------------------------|
| Actuarial Accrued Liability (as of June 30, 2018) | <u><u>\$68,527,354</u></u> |
| Statutory Budget Appropriation * (Twenty-one hundredths of 1% of the AAL) | 143,907 |
| Total Statutory Budget Appropriation | <u>143,907</u> |
| Less 2019-2020 Operating Budget Request | <u>94,600</u> |
| BALANCE REMAINING FOR CONTINGENCY FUND | <u><u>\$49,307</u></u> |



* Pursuant to Section 31580.2 of the County Employees Retirement Law of 1937
(Government Code Title 3, Division 4, Part 3, Chapter 3)

POLICY DIRECTIVE

ADMINISTRATIVE BUDGET

LACERA's Board of Retirement and Board of Investments (the Boards) have the exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. To facilitate meeting this responsibility, LACERA uses a budgetary process to plan and defray the expenses of administering the system. This policy defines LACERA's administrative budget process.

Legal Requirement

Government Code Section 31580.2, of the County Employees Retirement Law, requires a budget, covering the entire expense for the administration of the retirement system, shall be adopted by the Boards annually, and shall be charged against the earnings of the retirement fund.

Budget Preparation

- Annually, by December 1, each Manager (defined as the head of any distinct organizational unit) will be provided a budget package containing a proposed budget, a budget preparation timetable, and a schedule of meeting dates between each Manager and the Executive Office.
- By February 1 of each year, the Manager will submit their proposed budget to the budget staff.
- A meeting between each Manager and the Executive Office, held in February of each year, will allow for the opportunity to discuss the organization's goals, future program plans, and staffing needs in relation to their proposed budget.
- The Executive Office will meet with the budget staff by March 1, if necessary, to discuss any changes to the proposed budget based on the Manager meetings.
- Budget staff will prepare and distribute the proposed Administrative Budget to all board members and managers, during the 3rd week in April.

Budget Adoption

Board members will be invited to open hearings during April and/or May to discuss the proposed Administrative Budget with the managers. Any requested revisions are completed and discussed at subsequent budget deliberation hearings/meetings.

A recommendation for approval of the Administrative Budget will be placed on the agenda at each Board of Retirement and Board of Investments meeting prior to June 30.

Budget Appropriation

Beginning with the 2011-2012 fiscal budget we began utilizing Government Code 31580.2 to determine the budget appropriation for the LACERA Administrative Budget.

Government Code 31580.2 states that the annual budget for administrative expenses of a '37 Act retirement system may not exceed twenty-one hundredths of 1% (0.21%) of the accrued actuarial liability of the retirement system. In addition, expenses for computer software, hardware and computer technology consulting services relating to those expenditures are not to be considered a cost of administration subject to the budget limit.

Budgetary Contingency Fund

The Budgetary Contingency Fund is available for unanticipated expenditures that may occur during the year. The respective board must approve funding for material over expenditures of previously budgeted items and previously unbudgeted expenditures.

Transfer of Funds Within the Operating Budget

Funding transfers between the major accounts, Salaries and Employee Benefits and Services and Supplies in the Operating Budget, must be approved by the Boards.

Budget Monitoring and Reporting

Budget staff monitors and analyzes departmental year-to-date expenditure information throughout the year; receives input from the Managers concerning any anticipated over/under expenditures; and prepares full year expenditure projections for each organizational unit. Significant budget variances are discussed and resolved with each Manager.

Budget Control Reports are prepared and provided to all Board members and management staff for review throughout the year. Subsequently, the Board of Retirement's Operations Oversight Committee and Managers discuss these reports in open public meetings.

Non-Administrative Expenses

Investments, Actuarial Services, and Attorneys

As provided in Government Code Section 31596.1, the expenses of investing its moneys, securing custodial bank services, securing triennial actuarial services,

and securing attorney services shall not be considered a cost of administering the system. As such, these costs are not included in the Administrative Budget.

Retiree Health Care Benefits Program

Our Retiree Health Care Benefits Program provides health care benefits to our membership on behalf of our plan sponsor, the County of Los Angeles. The insurance premiums are born solely by the participants of the plan and Los Angeles County. LACERA trust funds are not used for premium payments. The direct costs and variable overhead costs associated with the administration of the Retiree Health Care Benefits Program are charged against the premium payments and, as such, are not included in the Administrative Budget.



Retiree Healthcare Benefits Program

Mission Statement

To effectively administer the Retiree Healthcare Benefits Program for LACERA members and their eligible beneficiaries, and to provide a healthcare program of the highest quality at an affordable cost.

Our Team FY 2019-2020

Retiree Healthcare Director:

→ Cassandra Smith

- 31 budgeted positions

We have four distinct sections within Retiree Healthcare:

- Operations
- Member Correspondence and Advocacy
- Audits/Financial
- Call Center

FY 2019-2020 Highlights

Staffing

Retiree Healthcare currently has 28 budgeted positions. We are requesting the addition of two new Retirement Benefits Specialist II positions in the Call Center to assist with increased member calls due to special mailings such as the Medicare Part B verification notice and RHC Annual Letter Packet, plus the extra workload associated with March Madness enrollments. In addition, we are requesting one Accountant that will be housed in RHC and all cost will be allocated to RHC. Oversight of the Accountant will be under Financial Accounting Services Division (FASD).

We are also requesting a classification study for upgrading six Retirement Benefits Specialist II positions to level III.

Overtime is being requested to manage the high-volume March Madness workload, processing of Medicare Part B premium verifications, the dependent database audit, and any unanticipated special projects and mailings that regularly occur.

Services & Supplies

We are reducing our Special Retiree Mailing budget request to \$400,000.

An RHC Benefit Program administrative fee is included as part of the retiree healthcare medical and dental/vision plan premiums, per member, per plan, per month. For the 2019-2020 plan year, we recommend continuation of the administrative fee of \$8.00. However, we will likely need to review the administrative fee cost in the next 2020 FY.

RETIREE HEALTH CARE BENEFITS PROGRAM

FISCAL YEAR 2019-2020

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RETIREE HEALTHCARE

Budget Request Highlights

FY 2019-2020

INTRODUCTION

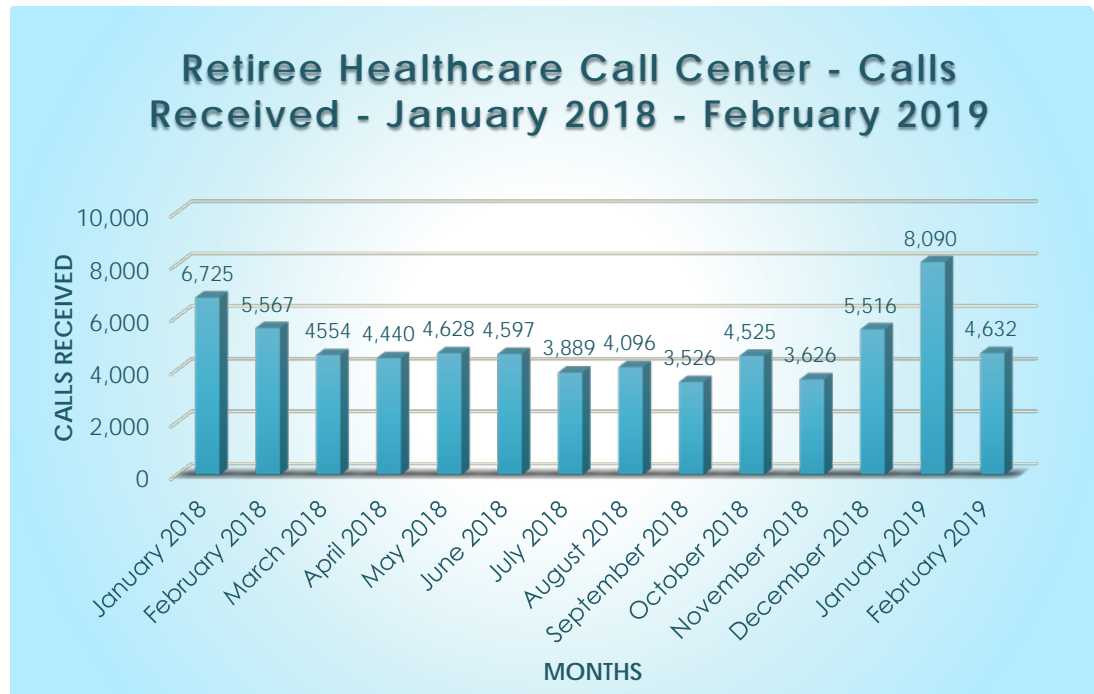
The Retiree Healthcare Division (RHC) is responsible for administering the Retiree Healthcare Benefits Program (RHCBP) for retired members and their eligible dependents. This budget request for Fiscal Year 2019-2020 reflects our ongoing commitment to provide the highest level of customer service to our members and eligible dependents. RHC is also responsible for understanding and implementing the many complex changes in Federal and State Programs such as the Affordable Care Act (ACA), Medicare and Social Security as applicable to the RHCBP, in addition to the general health care landscape. This budget will provide the division with the support needed to deliver timely quality service to our retired members and their eligible dependents.

STAFFING

There are currently twenty-eight (28) budgeted positions. We are requesting to add the following changes for the 2019-2020 Fiscal Year:

- Add two (2) Retirement Benefits Specialist II
 - We are requesting two (2) additional Retirement Benefits Specialist II in the Call Center to assist our division with the ever-increasing volume of member calls due to special mass mailings such as the annual Medicare Part B Premium Verification Notice, RHC Annual Letter Packet, and other unanticipated mass mailing projects. Staff continue to respond to complex Social Security and Medicare questions as they relate to the RHC benefits and enrollments for retired members. Most of our members that we assist are elderly and require more time for assistance. In addition to Call Center duties, staff also performs other administrative functions to support the Operations and Audits staff.

Below is a chart showing the number of calls received per month from January 2018 to February 2019. A spike in call volume for the months of January 2018 and January 2019 necessitated Operations, Audit, and management staff to assist the Call Center staff:



Classification Study

- Upgrade six (6) Retirement Benefits Specialist II to Retirement Benefits Specialist III level
 - Staff is requesting a classification study of six (6) RBS II levels. Staff are performing duties that are commensurate with a higher-level classification. The duties performed include processing medical and dental/vision enrollment forms, prior period adjustments for healthcare premiums as well Part B premium reimbursements, billings, resolving insurance carrier issues on behalf of the members, and composing correspondence to members. Staff also assists in resolving complex healthcare eligibility, prescription and medical benefit claims issues between the member and the carrier. The workload in this unit continues to increase, because of increasing healthcare enrollments and Part B verifications. In addition, staff provides support to Call Center by assisting with incoming calls during increases in call volume resulting from the annual mailing of the Medicare Part B premium Notice, other unanticipated mass mailings such as Medicare Part D Retiree Drug Subsidy Program, well as March Madness.

- Add one (1) Account position
 - We are requesting one (1) Accountant position. The Accountant position will assist in the monthly Retiree Healthcare reconciliation reports, monthly healthcare premium reports, COBRA and Non-Deduct transactions, annual Domestic Partner project, Retiree Drug Subsidy annual reconciliation, member billing transactions, financial reporting, and OPEB project. The Accountant will be on RHC's organizational chart, housed in RHC, and cost will be allocated to RHC. However, oversight of the Accountant will be under Financial Accounting Services Division (FASD).

Overtime is being requested to manage the workload related to the high volume of enrollment forms received resulting from March Madness, processing of Medicare Part B premium verifications, dependent database audit, and for any unanticipated special projects and special mailings that regularly occur.

SERVICES AND SUPPLIES

Postage - Special Retiree Mailings

Our Postage - Special Retiree Mailing account is primarily used to fund the postage costs and printing for the following mass mailing materials.

- Annual letter packet mailing
- Rate booklets
- Medicare Part D prescription drug coverage Creditable Coverage Notice
- Retiree Staying Healthy Together Program bi-annual workshop invitations
- Non-LACERA Medicare Part D warning/reminder notices
- Non-discrimination Notices in compliance with ACA 1557
- Medicare Part B Premium Verification Notices
- Other unanticipated special mailings

We are reducing our Special Retiree Mailing budget request to \$400,000.

Professional and Specialized Services - Audits

We have budgeted \$500,000 to cover the cost of conducting the following program audits. Please note that some audit costs are estimated and be finalized through a request-for-proposal process.

| | |
|------------------------------------|-----------------|
| Dependent Eligibility Audit | \$200,000 |
| Retiree Drug Subsidy Program Audit | \$235,000 |
| Anthem /Cigna Claims Audits | \$65,000 |
| <hr/> Total | <hr/> \$500,000 |

The following discussion provides insight into each audit category.

❖ Dependent Eligibility Audit

For fiscal year 2019-20, we plan to perform a Dependent Eligibility Verification Audit to ensure only eligible dependents are receiving healthcare coverage. Conducting a Dependent Eligibility Verification Audit could potentially assist with reducing future healthcare costs for both the plan sponsor and plan participants. While this audit may, ultimately result in savings, there is an upfront cost to conducting the audit as well as engaging an external firm for on-going eligibility verification. A request to release a Request for Proposal (RFP) will be brought forth to the Board of Retirement's Insurance, Benefits and Legislative Committee.

❖ Anthem/Cigna Claim Audits

The annual Anthem Blue Cross PPO Medical and Cigna Dental/Vision Indemnity Claims Audits ensure our indemnity plan carriers comply with our contractual agreements and the insurers are paying claims in accordance with the plan benefits.

Professional and Specialized Services - OPEB Actuarial Valuation

The Board of Retirement approved the OPEB Valuation moving from biennial valuations to annual valuations under GASB 74/75 reporting requirements. This change will result in an increase of \$375,000.

FUNDING AND OPERATING EXPENSES

The Retiree Healthcare Benefits Program's (RHCBP) operating expenses must be funded by the program and its operations cannot be subsidized by the trust funds used to operate the retirement benefit trust. The administrative fee covers administrative expenses, including consulting services, vendor fees, and the cost of administering the RHCBP. As such, a RHCBP administrative fee is included as part of the retiree healthcare medical and dental/vision plan premiums, per member, per plan, per month.

For the 2019/2020 plan year, we recommend continuation of the administrative fee of \$8.00. However, we will likely need to review the administrative fee cost in the next 2020 FY. As mentioned during last year's budgetary process, staff's ongoing responsibilities and increasing costs of administering the program due to increased membership, operational costs, and implementation of the ever complex and myriads of federal and Medicare rules and regulations, may necessitate the need to again, review the current administrative fee.

Below is a chart of RHCBP's revenue and expenses over the past ten (10) years based on the administrative fee:

ADMINISTRATIVE FEE

| Fiscal Year Ending | Fee | Revenue | Expenses | Surplus/(Deficit) |
|---------------------------|------------|----------------|-----------------|--------------------------|
| 2009 | \$3.00 | 2,940,784 | 3,581,972 | (641,188) |
| 2010 | \$3.00 | 3,013,440 | 3,110,301 | (96,861) |
| 2011 | \$3.00 | 3,062,112 | 3,532,195 | (470,083) |
| 2012 | \$3.00 | 3,133,352 | 3,232,274 | (98,922) |
| 2013 | \$3.00 | 3,351,652 | 4,597,261 | (1,245,609) |
| 2014 | \$5.00 | 5,466,487 | 5,006,498 | 459,989 |
| 2015 | \$5.00 | 5,578,149 | 5,424,333 | 153,816 |
| 2016 | \$5.00 | 5,984,986 | 5,279,617 | 705,369 |
| 2017 | \$8.00 | 9,631,327 | 5,326,190 | 4,305,137 |
| 2018** | \$8.00 | 9,559,745 | 5,681,953 | 3,877,792 |

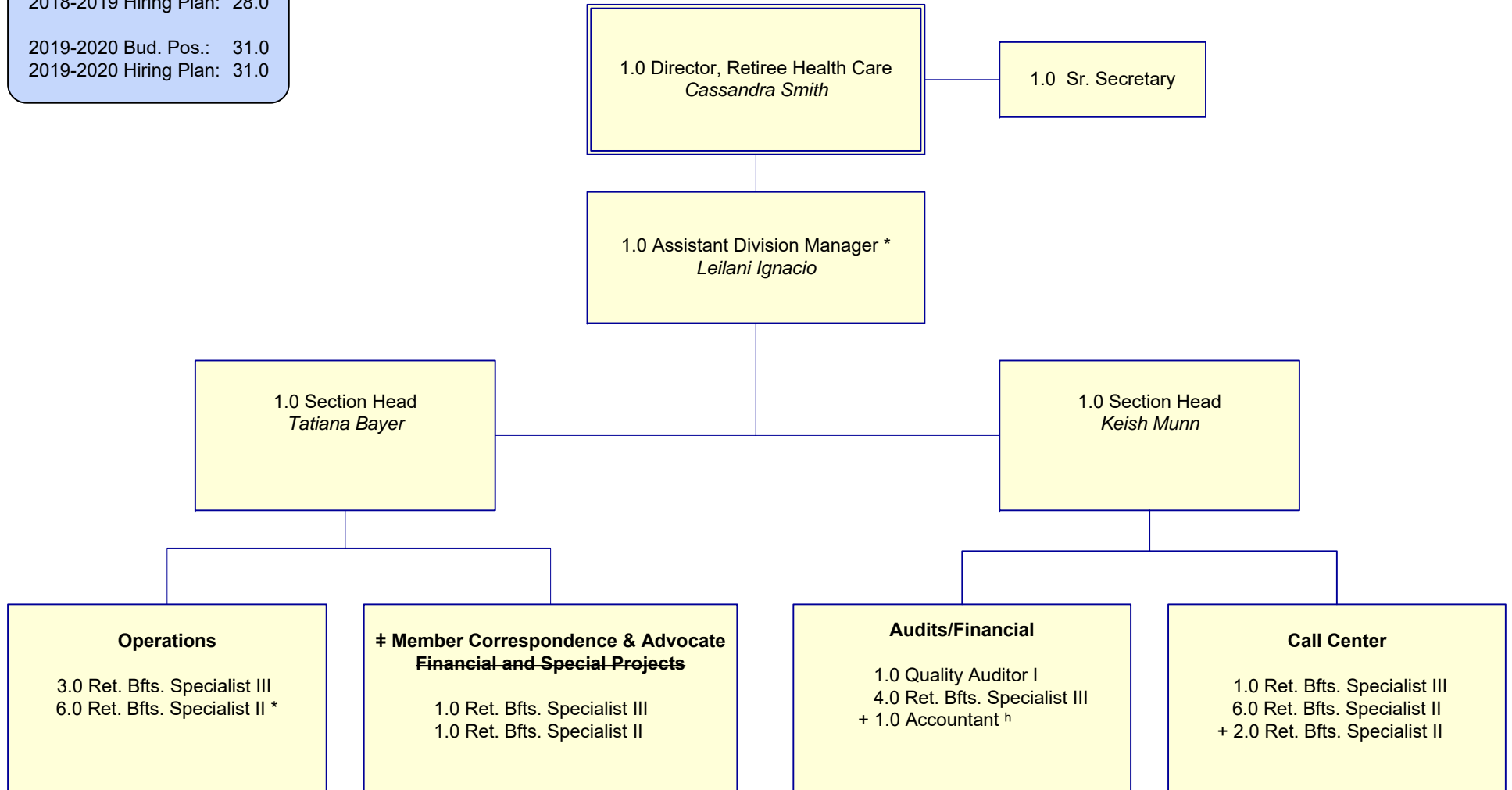
**As of January 2019, latest available.

| | | | |
|-----------------|-----------|-----------|-----------|
| July - Dec 2018 | 4,874,823 | 1,683,479 | 3,191,344 |
|-----------------|-----------|-----------|-----------|

RETIREE HEALTH CARE BENEFITS PROGRAM

FISCAL YEAR 2019-2020

2018-2019 Bud. Pos.: 28.0
 2018-2019 Hiring Plan: 28.0
 2019-2020 Bud. Pos.: 31.0
 2019-2020 Hiring Plan: 31.0



+ Added position

* Classification study for the position requested

≠ Unit name changed from Financial and Special Projects to Member Correspondence & Advocate

^h Accountant will be housed in FASD to perform essential financial-related functions for RHC

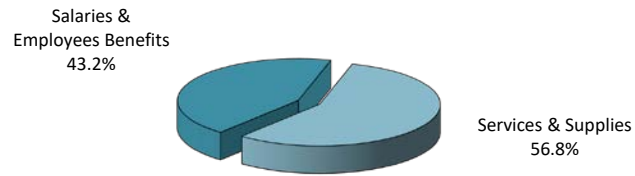
RETIREE HEALTHCARE BENEFITS PROGRAM

FISCAL YEAR 2019-2020

FINAL BUDGET SUMMARY

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------|---------------------------|------------------------|--------------------|--------------------|---|--------------|---|-------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Salaries & Employees Benefits | \$3,556,664 | \$3,397,199 | \$1,723,882 | \$2,811,877 | \$744,787 | 26.5% | \$159,465 | 4.7% |
| Services & Supplies | 4,668,186 | 4,302,854 | 636,373 | 3,712,354 | 955,833 | 25.7% | 365,332 | 8.5% |
| OPERATING BUDGET | \$8,224,850 | \$7,700,052 | \$2,360,255 | \$6,524,231 | \$1,700,620 | 26.1% | \$524,797 | 6.8% |

2019 - 2020 PROPOSED BUDGET



*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM
FISCAL YEAR 2019-2020
FINAL SALARIES AND EMPLOYEE BENEFITS SUMMARY

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------------|---------------------------------|---------------------------|-------------|-------------|---|----------|---|----------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| Total LACERA Salaries | \$2,227,726 | \$2,274,873 | \$1,122,614 | \$1,815,800 | \$411,926 | 22.7% | (\$47,147) | -2.1% |
| Total Agency Temp Salaries | 60,300 | 132,100 | 27,804 | 53,800 | 6,500 | 12.1% | (71,800) | -54.4% |
| Employee Benefits (Variable) | 1,087,095 | 1,112,580 | 543,304 | 882,877 | 204,218 | 23.1% | (25,485) | -2.3% |
| OPEB Contribution | 48,243 | 34,424 | 15,796 | 34,300 | 13,943 | 40.6% | 13,819 | 40.1% |
| Stipends | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Overtime | 113,700 | 36,245 | 6,235 | 15,000 | 98,700 | 658.0% | 77,455 | 213.7% |
| Bilingual Bonus | 3,600 | 2,400 | 2,250 | 3,600 | 0 | 0.0% | 1,200 | 50.0% |
| Sick Leave Buyback | 10,000 | 10,000 | 5,878 | 6,500 | 3,500 | 53.8% | 0 | 0.0% |
| Rideshare Allowance | 6,000 | 0 | 0 | 0 | 6,000 | 100.0% | 6,000 | 100.0% |
| Transportation Allowance | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| ADJUSTED GROSS S&EB | \$3,556,664 | \$3,602,621 | \$1,723,882 | \$2,811,877 | \$744,787 | 26.5% | (\$45,957) | -1.3% |
| Salary Differential | 0 | (205,423) | - | - | - | - | 205,423 | -100.0% |
| TOTAL S&EB | \$3,556,664 | \$3,397,199 | \$1,723,882 | \$2,811,877 | \$744,787 | 26.5% | \$159,465 | 4.7% |

*All amounts rounded to the nearest dollar.

Note: All YTD Salaries and Employee Benefits totals are through 1/31/2019 except for Agency Temp Salaries which are through 2/28/2019.

LACERA
FISCAL YEAR 2019-2020
SALARIES

RETIREE HEALTHCARE BENEFITS PROGRAM

2018-2019 BUDGET

| <u>FILLED POSITIONS</u> | | <u># POS.</u> | <u>SCHEDULE</u> | <u>ACTUAL MO. RATE</u> | <u>ANNUAL AMOUNT</u> | | | |
|-------------------------|------------------------------------|---------------|-----------------|------------------------------|--------------------------|--------------------------------|-------------------------------|-------------------------------|
| 00793A | DIRECTOR, RETIREE HEALTHCARE | 1 | LS14 | 15,151 | 181,809 | | | |
| 00771A | ASSISTANT DIVISION MANAGER | 1 | LS10 | 12,400 | 148,795 | | | |
| 00772A | SECTION HEAD | 2 | LS9 | 17,162 | 205,941 | | | |
| 01311A | RETIREMENT BENEFITS SPECIALIST III | 8 | 93K | 55,114 | 661,364 | | | |
| 00439A | SENIOR SECRETARY | 1 | 87J | 5,929 | 71,152 | | | |
| 01310A | RETIREMENT BENEFITS SPECIALIST II | 9 | 87D | 49,559 | 594,712 | | | |
| | POSITIONS | 22 | | | 1,863,774 | | | |
| <u>VACANT POSITIONS</u> | | <u># POS.</u> | <u>SCHEDULE</u> | <u>1ST STEP MO. RATE</u> | <u>ANNUAL AMOUNT</u> | <u>FILLED AT 12 MONTHS</u> | <u>FILLED AT 9 MONTHS</u> | <u>FILLED AT 6 MONTHS</u> |
| 00797A | QUALITY AUDITOR I | 1 | 93K | 5,333 | 63,996 | | | 31,998 |
| 01311A | RETIREMENT BENEFITS SPECIALIST III | 1 | 93K | 5,333 | 63,996 | | | 31,998 |
| 01310A | RETIREMENT BENEFITS SPECIALIST II | 6 | 87D | 26,792 | 321,499 | | | 160,750 |
| 00415A | ACCOUNTANT | 1 | 90K | 4,916 | 58,992 | | | 29,496 |
| | POSITIONS | 9 | | | 254,242 | 0 | 0 | 254,242 |
| | TOTAL POSITIONS | 31 | | | | | | |
| | GROSS SALARIES | | | | 2,118,015 | | | |
| | ANTICIPATED MOU SALARY INCREASE** | | | | 37,065 | | | |
| | BONUS | | | | 310 | | | |
| | 120-DAY RETIREE(S) | 1 | | | 72,336 | | | |
| | TOTAL SALARIES | | | | 2,227,726 | | | |

MAPP Tier I and Tier II positions are shown at actual salaries as of 02/28/19
 Represented/Non-Represented positions are shown at actual salaries as of 02/28/19
 Represented positions shown in blue
 Vacancies are shown at the 1st Step
 *All amounts rounded to the nearest dollar.
 ** Gross salaries are multiplied by 1.75% to calculate anticipated MOU increase

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**FINAL AGENCY TEMPORARY STAFFING
HISTORY OF EXPENDITURES**

| DIVISION | FYE 2017 | | FYE 2018 | | FYE 2019 | | FYE 2020 |
|--------------------|-----------------|-----------------|-----------------|-----------------|------------------|-------------------|-----------------|
| | Budget | Actual | Budget | Actual | Budget | Projection | Budget |
| Retiree Healthcare | \$68,400 | \$60,337 | \$72,500 | \$43,250 | \$132,100 | \$53,800 | \$60,300 |
| GRAND TOTAL | \$68,400 | \$60,337 | \$72,500 | \$43,250 | \$132,100 | \$53,800 | \$60,300 |

*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

**FINAL OVERTIME
HISTORY OF EXPENDITURES**

| DIVISION | FYE 2017 | | FYE 2018 | | FYE 2019 | | FYE 2020 |
|--------------------|-----------------|-----------------|-----------------|----------------|-----------------|-------------------|------------------|
| | Budget | Actual | Budget | Actual | Budget | Projection | Budget |
| Retiree Healthcare | \$12,834 | \$10,000 | \$30,700 | \$5,400 | \$36,245 | \$15,000 | \$113,700 |
| GRAND TOTAL | \$12,834 | \$10,000 | \$30,700 | \$5,400 | \$36,245 | \$15,000 | \$113,700 |

*All amounts rounded to the nearest dollar.

RETIREE HEALTHCARE BENEFITS PROGRAM

BUDGET REQUEST INFORMATION

VACANT POSITIONS
SUMMARY

| Division | Budgeted Positions 2018-2019 | Vacancy (as of 04/22/19) | % | Budgeted Positions 2019-2020* | Vacancy | % |
|--------------------|------------------------------------|--------------------------------|------------|-------------------------------------|----------|------------|
| Retiree Healthcare | 28 | 6 | 21% | 31 | 9 | 29% |
| | 28 | 6 | 21% | 31 | 9 | 29% |

* Includes new requested positions. We plan to fill all vacant positions.

RETIREE HEALTHCARE BENEFITS PROGRAM
FISCAL YEAR 2019-2020
FINAL SERVICES & SUPPLIES ACCOUNT SUMMARY

| ACCOUNT CLASSIFICATION | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|---------------------------------------|---------------------------|------------------------|------------|-------------|---|----------|---|----------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-28-19) | PROJECTION | | | | |
| TRANSPORTATION & TRAVEL | \$51,000 | \$55,000 | \$28,529 | \$47,500 | \$3,500 | 7.4% | (\$4,000) | -7.3% |
| POSTAGE | 400,000 | 450,000 | 23,541 | 250,000 | 150,000 | 60.0% | (50,000) | -11.1% |
| OFFICE SUPPLIES & EQUIPMENT | 5,000 | 4,000 | 5,993 | 4,500 | 500 | 11.1% | 1,000 | 25.0% |
| OPERATIONAL COSTS | 2,550,186 | 1,634,354 | 74,654 | 1,634,354 | 915,832 | 56.0% | 915,832 | 56.0% |
| PROFESSIONAL AND SPECIALIZED SERVICES | 1,626,500 | 2,127,500 | 485,253 | 1,751,500 | (125,000) | -7.1% | (501,000) | -23.5% |
| EDUCATIONAL EXPENSES | 35,500 | 32,000 | 18,403 | 24,500 | 11,000 | 44.9% | 3,500 | 10.9% |
| TOTAL | \$4,668,186 | \$4,302,854 | \$636,373 | \$3,712,354 | \$955,832 | 25.7% | \$365,332 | 8.5% |

*All amounts rounded to the nearest dollar.

OPEB

Other Post-Employment Benefits

Overview

Los Angeles County Other Post-Employment Benefits (OPEB) Trust

In May 2012, the County hired the LACERA Board of Investments to manage and invest the Other Post-Employment Benefits (OPEB) Trust assets. The OPEB Trust was established for the purpose of holding and investing assets to prefund the Retiree Healthcare Benefits Program, which is administered by LACERA, for eligible retired members as well as eligible beneficiaries of LACERA members.

Until FY 2016-2017, the OPEB Trust's participating employers were the County and LACERA. In FY 2016-2017, the OPEB trust was divided into three distinct portions: the County OPEB, LACERA's portion of the County OPEB, and the Superior Court OPEB. Beginning in FY 2017-2018, the costs of administering the program were displayed separately, based on the size of the participating agencies.

The participating employers are responsible for and have full discretion over contributions to and withdrawals from the OPEB Trust.

(OPEB) OTHER POST-EMPLOYMENT BENEFITS

Budget Request Highlights

FY 2019-2020

Cost Allocation: The Need for Separate Accounting of the OPEB Trust

The County of Los Angeles (County), LACERA and the Superior Court maintain a Retiree Healthcare Program (RHP) for their members. In FY 2012-2013, the County established a trust in order to fund this program. In FY 2016-17, the Superior Court established a trust to participate in the program. Beginning in FY 2017-2018, the costs of administering the program were displayed separately, based on the size of the participating agencies. The Board of Investments of LACERA is the trustee and investment manager for the trusts.

The Trust Agreements between the County, Superior Court and LACERA stipulate that “...*the Trustee (LACERA) shall be entitled to payment or reimbursement of all its reasonable and appropriate expenses incurred in administering or investing the Trust...*” In other words, LACERA will not expend its principal or operating allocation to administer the Trusts. Instead, the Trust Agreements allow LACERA to seek payment directly from the County and Superior Court, or to obtain payment from the OPEB trust.

To avoid OPEB Trust assets being commingled with the retirement fund assets, it is important for LACERA to maintain a separate accounting of the costs associated with administering the OPEB Trust.

A Method for Tracking OPEB Trust Expenses

Only the LACERA Divisions that participate in the administration of the OPEB Trust are included in the calculation of costs. These divisions are: Administrative Services, Communications, Executive Office, FASD, Human Resources, Internal Audit, Investments, Legal Services, Systems and Retiree Healthcare.

Each division utilizes staff and resources to administer the OPEB Trust. In estimating the costs to administer the trust, LACERA considers the amount of time expended by employees as a share of the total cost of salaries and benefits. In estimating the

additional costs used to administer the trust, LACERA also considers the share of the total costs of services and supplies.

Cost Methodology

There are four categories of expenses applicable to our cost methodology as follows:

Direct Costs of Salaries and Employee Benefits

Division managers provided a list of staff members and the number of hours those staff members worked on OPEB activities. Those “hours spent” are converted into a percentage of annual hours. The salaries and benefits totals of each staff member are then multiplied by the percentage of annual hours devoted to OPEB.

Indirect Services and Supplies

These costs were estimated by taking the overall cost of services and supplies for LACERA and dividing it by the total number of employees. This provides LACERA with a “per employee cost” which is then multiplied by the overall percentage of hours worked on OPEB.

Indirect Salaries and Employee Benefits

Systems, Human Resources, and Administrative Services divisions provide staffing support to all LACERA divisions. The Salary and Employee Benefits costs for these divisions are added up, then divided by the number of LACERA employees to determine a per employee cost. This total is then multiplied by the overall percentage of hours worked on OPEB.

Direct Services and Supplies

Direct Services and Supplies costs are based on actual payment requests that are applicable to OPEB.

Allocation of Costs

The total overhead cost is divided amongst County, LACERA, and the Superior Court. The shared cost is allocated in a hybrid method that considers fund size, effort, and resources to approximate a fair and equitable allocation. These allocations are scheduled to be reviewed every two years. The current allocation is:

- County: 75 percent
- LACERA: 5 percent
- Superior Court: 20 percent

Reconciliation of Actual Costs

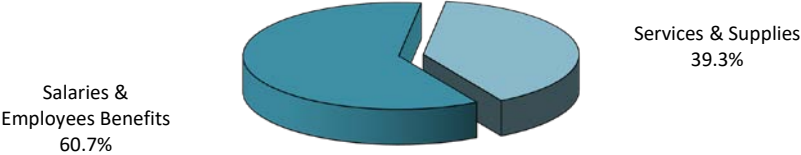
At the close of each fiscal year, the actual costs are reconciled with the budget costs. Variances are either credited or debited to each allocated entity to ensure that each OPEB Trust is appropriately capturing the true operating costs.

OPEB COST ALLOCATION

FISCAL YEAR 2019-2020

| | PROPOSED BUDGET 2019-2020 | CURRENT YEAR 2018-2019 | | | COMPARISON OF PROPOSED BUDGET TO PROJECTION * | | COMPARISON OF PROPOSED BUDGET TO 18-19 BUDGET | |
|-------------------------------|---------------------------|------------------------|------------------|------------------|---|--------------|---|--------------|
| | | YTD | | | \$ CHANGE | % CHANGE | \$ CHANGE | % CHANGE |
| | | BUDGET | (02-29-19) | PROJECTION | | | | |
| Salaries & Employees Benefits | \$155,183 | \$120,475 | \$72,940 | \$115,000 | \$40,183 | 34.9% | \$34,708 | 28.8% |
| Services & Supplies | 100,610 | 100,201 | 51,048 | 107,572 | (6,962) | -6.5% | 409 | 0.4% |
| OPERATING BUDGET | \$ 255,793 | \$220,676 | \$123,988 | \$222,572 | \$33,221 | 14.9% | \$35,117 | 15.9% |

2018 - 2019 PROPOSED BUDGET



June 3, 2019

TO: Each Member,
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: June 12, 2019 Board of Investments Meeting

SUBJECT: External Board Member Communications Policy

RECOMMENDATION

Staff recommends that the Board of Investments determine whether to (1) ratify travel expenses for trustees to attend past Board meetings and (2) direct the Joint Organizational Governance Committee to consider addressing this issue in the revised Travel Policy.

LEGAL AUTHORITY

The Education and Travel Policy does not provide for reimbursement of travel to attend Board meetings. The Policy provides that all meetings, not listed as preapproved in Attachment C to the Policy, “require prior Board approval.” (Policy, Section 705.01.A.3.) The Policy further provides that international travel always “requires prior Board approval.” (Policy, Section 705.01.A.4.) Notwithstanding these provisions, the Policy provides that the Board “may ratify attendance at otherwise unapproved conferences, seminars and meetings for good cause explained in a written communication to the Board.” (Policy, Section 705.01.A.5.)

The Board Handbook only permits reimbursement of local mileage to attend Board meetings, not airfare, hotel, or other expenses. (Handbook, Part 14, FAQs, page 39.)

While the CEO has up to \$75,000 in spending authority (or \$150,000 for investment or actuarial expenses), this authority does not supersede the specific direction in the Travel Policy. Accordingly, the CEO does not have authority to approve Board member travel to attend Board meetings or for any other purpose except as specifically preapproved in the Education and Travel Policy or Board Handbook. Any such travel to attend Board meetings must be approved by the Board.

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FACTS AND DISCUSSION

Former Interim Chief Executive Officer Robert Hill and Chief Executive Officer Lou Lazatin both stated that they “approved” travel for trustees to attend Board meetings. The following information has been reported by the Board’s Executive Assistant:

- 1. October 6, 2018 – CEO Interviews (CEO Robert Hill Verbally Approved on August 31, 2018).** *Meeting Scheduled and Communicated on September 17, 2018.*

Herman Santos was attending the Pension Real Estate Association (PREA) 28th Annual Institutional Investor Conference in Boston, Massachusetts on October 3-5, 2018. The change fee was \$200, which Mr. Santos paid using his personal credit card, and LACERA has yet to reimburse him.

Gina Sanchez was attending a personal business trip in London, and Mr. Hill approved changing her airfare so she could attend the CEO interviews. The change fee was \$3,024.01 for a roundtrip flight from London to Los Angeles and back to London. In addition, Ms. Sanchez incurred local transportation in London of \$112.34.

- 2. February 14, 2019 – Joint BOR/BOI Meeting (CEO Lou Lazatin Verbally Approved on February 8, 2019).** *Meeting Scheduled and Communicated on January 28, 2019.*

Gina Sanchez was attending the 2019 Milken Institute MENA Summit in Dubai on February 12-13, 2019 and wanted to participate in the Joint meeting. The airfare change fee to stop in London before returning to Los Angeles was \$2,258.88. In addition, Ms. Sanchez incurred transportation in London and to the airport of \$121.93 and one breakfast of \$27.00

Wayne Moore was also attending the 2019 Milken Institute MENA Summit in Dubai on February 12-13, 2019 and participated in the joint meeting via conference call in London with Gina Sanchez. The airline made a mistake changing his flight, and therefore, no air expenses were incurred. LACERA paid \$194.49 for his hotel for one night on February 14, 2019. In addition, Mr. Moore incurred local London travel of \$219.15, one dinner of \$28, and incidentals of \$5.00.

- 3. May 31, 2019 – Joint BOR/BOI Meeting (CEO Lou Lazatin Verbally Approved on May 23, 2019/AEO JJ Popowich Approved Via Email on May 24, 2019 after**

Each Member, Board of Investments
Re: Travel Ratification
June 3, 2019
Page 3

the Expense was Already Incurred Based on CEO Approval). *Meeting Scheduled and Communicated on May 20, 2019.*

Gina Sanchez had arrangements to be in Boston for a personal business trip, and Ms. Lazatin approved travel to participate in the joint meeting. Flight changes were \$639.60.

For the reasons explained in the Legal Authority section above, these expenses are not permitted by the Education and Travel Policy or Board Handbook, unless approved by the Board, and the CEOs alone lacked authority to approve them. However, the Board may discuss and determine, under Policy Section 705.01.A.5, whether to ratify these expenditures. Because this travel was by Board of Investments members in connection with activities of that Board, the Board of Investments is the proper Board to act upon this issue.

CONCLUSION

Staff requests action and determination by the Board as to whether to ratify the above expenses. Staff further requests that the Board determine whether to refer the issue to the Joint Organizational Governance Committee to consider in its current review of the Education and Travel Policy.

c: JJ Popowich
Jonathan Grabel
Beulah Auten
Ted Granger



June 4, 2019

TO: Each Member
Board of Investments

FROM: Gina Sanchez, Board Member

FOR: Board of Investments Meeting June 12, 2019

SUBJECT: **Teleconferencing/Video Conferencing**

That the Board approve for all meetings with less than 45 day's notice, teleconferencing or video conferencing must be allowed and appropriate Brown-Act compliant venues should be provided by LACERA if necessary to facilitate full board participation at the request of any board member who is unable to attend. Where teleconferencing/video conferencing is not deemed appropriate by the Board Chair or by the CEO, then any travel costs as well as costs of changing personal plans to attend the meeting will be borne by LACERA at the request of any board member who has made previous plans.



June 4, 2019

TO: Each Member
Board of Investments

FROM: Gina Sanchez, Board Member

FOR: Board of Investments Meeting June 12, 2019

SUBJECT: **Noticing of Committee Meetings**

That the BOI require any Committees upon which BOI members serve to be agendized as joint meetings of the BOI, consistent with current the BOI policy regarding Standing Committees which always meet with jointly with the full board.



DATE: June 4, 2019

TO: Each Member
Board of Retirement

Each Member
Board of Investments

FROM: John Nogales 
Director, Human Resources, LACERA

FOR: June 12, 2019, Board of Investments Meeting
June 13, 2019, Board of Retirement Meeting

SUBJECT: **ADDITIONAL COMPENSATION STEVEN P. RICE**

RECOMMENDATION

That the Boards:

- (1) Approve additional compensation for Steven P. Rice, Chief Counsel, LACERA, for assuming the duties and responsibilities for the Chief Executive Officer, LACERA, (CEO) in addition to Mr. Rice's duties as Chief Counsel, LACERA.
- (2) Approve ratification in the amount of \$1,191.20 for airfare expenses incurred by for Mr. Rice and his wife, for Mr. Rice on his LACERA credit card to be present at the June 13, 2019 Board of Retirement Meeting.

LEGAL AUTHORITY

Under Government Code Section 31522.2, the CEO is not subject to County Civil Service or Merit System Rules and is an at will employee serving at the will of the Boards. Los Angeles County Salary Ordinance Section 6.127.040 - LACERA Tier I and Tier II Management Appraisal and Performance Plan K. Special provisions 1. Temporary Assignments - Special Rate provides:

"Any Participant assigned to perform all of the significant duties of a higher-level position in an acting or temporary capacity during the absence from work of an incumbent of an included position or when such position is vacant for 30 calendar days or longer, shall be provided, during the term of the assignment, additional compensation of 5.5 percent. The retirement administrator may approve a higher amount that does not exceed the maximum of the Salary range for the higher level position and may waive the 30 day requirement based on the needs of the service."

The Brown Act provides in Government Code Section 54953(c)(3) that action on senior executive compensation must be taken in open session and that a summary of the terms of the compensation, including benefits, must be orally announced before final action is taken.

DISCUSSION

On May 31, 2019, the Boards voted to place LACERA's CEO on Administrative Leave. The Boards then requested Mr. Rice to assume the duties and responsibilities of LACERA's CEO, in addition to performing his duties and responsibilities as Chief Counsel, LACERA.

Additional compensation of 20 percent of his current salary for the amount of \$5,046 per month, is proposed to compensate Mr. Rice for performing the duties and responsibilities of the CEO in addition to his duties and responsibilities as Chief Counsel, LACERA and to waive the 30 calendar day requirement based on the immediate needs of LACERA. Mr. Rice's benefits that include: membership in the LACERA Retirement Plan; participation eligibility to the Los Angeles County's 457 and 401 (K) Deferred Compensation Plans; Mega Flex Cafeteria Benefits which provides Health, Dental, Life and Disability Insurance benefit options; and Paid Leave shall remain the same.

The Additional Compensation shall be retroactive to June 1, 2019, and continue until the Boards determine Mr. Rice is no longer performing the duties and responsibilities of LACERA's CEO.

In addition, Mr. Rice had planned to miss the June 13, 2019 Board Meeting to drive with his wife to attend an important family Event in Oregon. In discussions between Mr. Rice and the Board Chairs, it was deemed desirable for him to attend the Meeting, if possible. The Board Chairs agreed to recommend reimbursement of the expense of Mr. Rice and his wife to fly to the Event, which he otherwise could not have made it to in time. On the strength of the Board Chairs' statement, Mr. Rice purchased two (2) Economy Tickets, No baggage or Extras, to fly to the Event at a cost of \$1,191.20 on his LACERA credit card. Ratification of this expense is requested.

CONCLUSION

Based on the above information and legal authority, Staff recommends that the Boards:

- (1) Approve additional compensation for Chief Counsel, LACERA Steven P. Rice for assuming the duties and responsibilities for the Chief Executive Officer, LACERA, (CEO) in addition to Mr. Rice's duties as Chief Counsel, LACERA.

Additional Compensation

June 4, 2019


Page 3

- (2) Approve ratification in the amount of \$1,191.20 for airfare expenses incurred by for Mr. Rice and his wife, for Mr. Rice on his LACERA credit card to be present at the June 13, 2019 Board of Retirement Meeting.

cc: Steven P. Rice
John Popowich
Annette Cleary

May 16, 2019

TO: Each Member
Board of Investments

FROM: Christopher Wagner 
Principal Investment Officer

Scott Zdrazil 
Senior Investment Officer

FOR: June 12, 2019 Board of Investments Meeting

SUBJECT: **UPDATE ON COOPERATION WITH INSTITUTIONAL LIMITED PARTNERS ASSOCIATION REGARDING FIDUCIARY PROTECTIONS**

This memo is intended to provide the Board of Investments (“Board”) with an update regarding LACERA’s cooperation with the Institutional Limited Partners Association (“ILPA”), of which LACERA is a member, to strengthen fiduciary protections for limited partners.

ILPA is coordinating an initiative among institutional investors to protect core legal rights for limited partners, promote transparency in fee arrangements, disclose conflicts of interest, flag potential wrongdoing, and encourage best practices, such as establishment of limited partner advisory committees and enabling limited partner communication.

As an initial step, and as reported at the March 2019 Board meeting, ILPA coordinated a joint investor letter to the Securities and Exchange Commission (“SEC”) (**Attachment 1**) requesting that the SEC issue interpretive guidance and take related steps regarding general partners’ fiduciary practices and limited partner agreements. The letter, signed by LACERA along with 31 other institutional investors, requested that general partners clearly state the standard of care owed to limited partners, that such standard of care specifically be “negligence” (and not “gross negligence,” as some general partners have imposed), and that details of prospective conflicts of interest from private fund advisors be clearly presented to limited partners in order for limited partners to provide informed consent. Moreover, the letter suggests that the SEC state that it considers the establishment of a Limited Partner Advisory Committee for private funds to be best practice.

The joint letter is consistent with LACERA’s *Corporate Governance Principles*, which support core investor rights and protections, robust and viable litigation rights, and clear information regarding conflicts of interests and related-party transactions in order for investors to safeguard investments and foster a stable investment climate (see §II[A]9 and §II[B]6). LACERA participated in this collaborative engagement in adherence with its *Corporate Governance Policy* (§IV[C] and §V[C]v).

Each Member, Board of Investments

May 16, 2019

Page 2 of 2

As an additional step, ILPA is advocating that the Investment Advisers Act of 1940 be amended (as detailed in **Attachment 2**) to:

- Provide transparency for all fees and expenses charged to limited partners;
- Enable limited partners to know the names of other limited partners in a fund to facilitate communication, unless the limited partner opts to remain confidential;
- Reinforce investment advisers' duty to act in the best interest of investors; and
- Require disclosure to limited partners of certain SEC communications resulting from an examination.

Similar to the joint letter to the SEC, each of the above requests is consistent with LACERA's *Corporate Governance Principles*, which seek robust and viable investor litigation rights to enable prospective legal recourse, clear and comprehensive transparency of compensation arrangements, and firm alignment of interests. LACERA's investment and legal staff have met with ILPA to discuss the advocacy efforts and offer input. The Council of Institutional Investors has also informed LACERA of its likely stance of support for proposed legislative reforms. And LACERA has liaised with the Principles for Responsible Investment which is developing a statement of support.

ILPA is currently seeking sponsors of legislation and a prospective hearing before the House Financial Services Committee in the near future to discuss the need for reform. Confirmation and timing of a hearing is unknown, although it may develop quickly and may occur before a legislative sponsor has been formalized. ILPA has solicited the participation of LACERA's Chief Investment Officer to speak in support of legislative reform, should a Congressional hearing be arranged. Consistent with LACERA's *Corporate Governance Policy* by which staff represents the *Corporate Governance Principles* to legislative and regulatory bodies on investment-related issues, staff is preparing to participate in such a hearing, should it take place, and will apprise the Board of any further developments.

Attachments

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

**FOR INFORMATION ONLY**

February 15, 2019

TO: Each Member
Board of Investments

FROM: Scott Zdrazil 
Senior Investment Officer

Barry Lew
Legislative Affairs Director

FOR: March 13, 2019 Board of Investments Meeting

SUBJECT: **INSTITUTIONAL LIMITED PARTNERS ASSOCIATION
JOINT LETTER TO THE U.S. SECURITIES AND EXCHANGE
COMMISSION REGARDING FIDUCIARY PROTECTIONS**

Please find attached a copy of a joint investor letter from the Institutional Limited Partners Association (ILPA) and 32 affiliated funds (including LACERA) to the U.S. Securities and Exchange Commission (SEC), dated February 12, 2019. The letter requests the SEC to issue interpretive guidance and take related steps to strengthen fiduciary protections for investors entering limited partner agreements. Among the letter's requests are that private fund advisors clearly state the standard of care owed to limited partners, that such standard of care specifically be "negligence" (and not "gross negligence" as some general partners have imposed), and that details of prospective conflicts of interest from private fund advisors be clearly presented to limited partners in order for limited partners to provide informed consent. Moreover, the letter suggests that the SEC state that it considers the establishment of a Limited Partner Advisory Committee for private funds to be best practice.

The letter aligns with LACERA's *Corporate Governance Principles*, which support core investor rights and protections, robust and viable litigation rights, and clear information regarding conflicts of interests and related-party transactions in order for investors to safeguard investments and foster a stable investment climate (see §II[A]9 and §II[B]6). LACERA participated in this collaborative engagement in adherence with its *Corporate Governance Policy* (§IV[C] and §V[C]v) and with the approval of the chief executive officer, chief investment officer, and chief counsel.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer



February 12, 2019

Brent Fields
Secretary
U.S. Securities & Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

**Re: Institutional Investor Letter on Proposed Commission Interpretation
Regarding Standard of Conduct for Investment Advisers; Request for
Comment on Enhancing Investment Adviser Regulation – File No. S7-09-18**

Dear Mr. Fields:

On behalf of the Institutional Limited Partners Association (“ILPA”) and the undersigned institutional investors in private markets, we are writing to follow up on our letters of August 6, 2018¹ and November 21, 2018², subsequent letters by ILPA members³ in support of said letters, and the various meetings ILPA and our institutional investor members have held on this issue with the Chairman, Commissioners and staff of the Securities & Exchange Commission (“SEC” or “Commission”). These letters and meetings have centered on the challenge to fiduciary protections that investors are facing in the private equity market and the actions the Commission can take in terms of adjustments to staff guidance, market signals, and their recent rulemaking proposals⁴ to ensure investor confidence in the marketplace.

ILPA is the voice of institutional investors in the private equity asset class, known as Limited Partners (“LPs”). Our ~500 member institutions represent over \$2 trillion in

¹ Letter from the Institutional Limited Partners Association to the Securities & Exchange Commission regarding the “*Proposed Commission Interpretation Regarding Standard of Conduct for Investment Advisers; Request for Comment on Enhancing Investment Adviser Regulation – File No. S7-09-18*”, August 6, 2018.

² Follow up letter from the Institutional Limited Partners Association to the Securities & Exchange Commission regarding the “*Proposed Commission Interpretation Regarding Standard of Conduct for Investment Advisers; Request for Comment on Enhancing Investment Adviser Regulation – File No. S7-09-18*”, November 21, 2018.

³ See Letter from Gary Bruebaker, Chief Investment Officer, Washington State Investment Board to the Securities & Exchange Commission titled “*Support for the Institutional Limited Partners Association (ILPA) position regarding Standard of Conduct or Investment Advisers, Investment Advisor Reg. File No. S7-09-18*”, August 6, 2018; Letter from Jack Ehnes, Chief Executive Officer, CalSTRS to the Securities & Exchange Commission titled: “*Re: Proposed Commission Interpretation Regarding Standard of Conduct for Investment Advisers, Request for Comment on Enhancing Investment Adviser Regulation – File No. S7-09-18*”, October 11, 2018.

⁴ Proposed Commission Interpretation Regarding Standard of Conduct for Investment Advisers; Request for Comment on Enhancing Investment Adviser Regulation, SEC Rel. IA-4889, File No. S7-09-18 (Apr. 18, 2018). (“Proposed Interpretation”)

private equity (“PE”) assets under management and include U.S. and global public and private pension funds, insurance companies, university endowments, charitable foundations, family offices, and sovereign wealth funds, all of which invest in the U.S. private equity market.⁵

Strong fiduciary duties are the foundation of the vibrant private markets in the United States. These duties of care, loyalty, and good faith foster the trust that give investors confidence to invest with fund managers, particularly in private markets, which, through their nature, have less transparency. Unfortunately, LPs have been facing significant resistance in their efforts to retain meaningful fiduciary protections while investing in the private equity market on behalf of themselves or their beneficiaries. These headwinds can be alleviated if the Commission acts on certain items, well within its authority, to signal to the market that it is important for investment advisers to act in the best interests of their investors.

Specifically, we urge the SEC to consider rescinding the Heitman Capital Management no-action letter⁶ as part of its current review of staff guidance, as it diminishes the effectiveness of the fiduciary duty standard in the Investment Advisers Act of 1940 (“Advisers Act”). We also encourage the SEC to issue a statement indicating that any settlements of an enforcement action with a private fund adviser will be conditioned upon that adviser itself assuming those costs, rather than seeking indemnification from investors. The SEC should also conduct an examination sweep of hedge clauses to ensure they are being appropriately used by private fund advisers. In addition to the above recommendations, ILPA suggests the following clarifications be adopted in the Proposed Interpretation:

- Private fund advisers should be required to explicitly and clearly disclose the standard of care under both state law and the Advisers Act owed to LPs and the fund.
- The SEC should clearly state that the standard of care owed to the clients of private fund advisers under the Advisers Act is a “negligence” standard.
- “Pre-clearance” of conflicts of interest should be limited, and specific details of each conflict must be presented to the LPs to receive true “informed consent.”

⁵ As an illustration of the members we represent, the ILPA Board of Directors includes representatives from: Guardian Life Insurance Company, Teacher Retirement System of Texas, Oregon State Treasury, Washington State Investment Board, California State Teachers Retirement System (CalSTRS), Tufts University Investment Office, and the Alaska Permanent Fund Corporation, among others: <https://ilpa.org/who-we-are/board-of-directors/>

⁶ Heitman Capital Management, LLC, SEC Staff No-Action Letter (February 12, 2007).

- The SEC should indicate that for private fund advisers, having a Limited Partner Advisory Committee (LPAC) is best practice, and all perceived conflicts should be presented to the committee for resolution.
- The SEC should provide more clarity surrounding hedge clauses, including the limits of their scope, and the facts and circumstances in which they can be used.

For additional information on these suggested clarifications, please refer to the recent follow-up letter sent by ILPA on November 21, 2018.

We look forward to continuing our dialogue with the Commission to ensure that investors and private fund advisers are aware of their rights and fiduciary obligations under the Advisers Act.

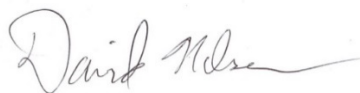
Sincerely,



Steve Nelson
Chief Executive Officer
Institutional Limited Partners Association



Angela Rodell
Chief Executive Officer
Alaska Permanent Fund Corporation



David H. Nelsen
Chief Executive Officer
Alameda County Employees' Retirement
Association



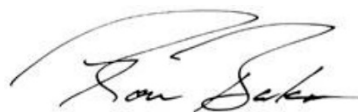
Marcie Frost
Chief Executive Officer
California Public Employees' Retirement
System (CalPERS)



Christopher Ailman
Chief Investment Officer
California State Teachers Retirement
System (CalSTRS)




Charles A. Burbridge
Executive Director
Chicago Teachers' Pension Fund (CTPF)



Ron Baker
Executive Director
Colorado Public Employees' Retirement
Association (PERA)



Dan Slack
Executive Director
Fire and Police Pension Association of
Colorado



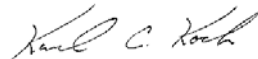
Sheila Morgan-Johnson
Executive Director
District of Columbia Retirement Board



Ash Williams
Executive Director & CIO
State Board of Administration of Florida



Ms. Dhvani Shah, CFA
Chief Investment Officer
Illinois Municipal Retirement Fund



Karl C. Koch, CFA
Chief Investment Officer
Iowa Public Employees' Retirement System



Tim Recker
Chief Investment Officer & Treasurer
The James Irvine Foundation



Jonathan Grabel
Chief Investment Officer
Los Angeles County Employees Retirement
Association (LACERA)



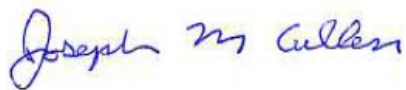
Mansco Perry III
Executive Director & CIO
Minnesota State Board of Investment



Larry Krummen, CFA
Chief Investment Officer
Missouri DOT & Patrol Employees'
Retirement System (MPERS)



Brian Collett
Chief Investment Officer
Missouri Local Government Employees
Retirement System (MOLAGERS)



Joseph M. Cullen, CFA, CAIA, FRM
Chief Investment Officer
Montana Board of Investments



Michael W. Walden-Newman
State Investment Officer
Nebraska Investment Council

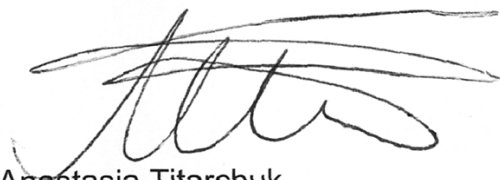


Dominic Garcia
Chief Investment Officer
Public Employees Retirement Association of
New Mexico



ALEX DOÑÉ
Deputy Comptroller-Asset Management &
Chief Investment Officer
Office of New York City Comptroller

On behalf of:
New York City Employees' Retirement
System
Teachers' Retirement System of New
York
New York City Police Pension Fund
New York City Fire Pension Fund
New York City Board of Education
Retirement System



Anastasia Titarchuk
Interim Chief Investment Officer
New York State Common Retirement Fund



Tom Lee
Executive Director & Chief Investment
Officer
New York State Teachers' Retirement
System



Glenn R. Grell
Executive Director



James H. Grossman, Jr. CPA, CFA
Chief Investment Officer

Pennsylvania Public School Employees'
Retirement System (PSERS)



Charles Van Vleet
Chief Investment Officer of Pension
Investments
Textron, Inc.
Providence, RI



Bruce H. Cundick
Chief Investment Officer
Utah Retirement System



Gary Bruebaker
Chief Investment Officer
Washington State Investment Board

s/ Sam Masoudi

Sam Masoudi, CFA, CAIA
Chief Investment Officer
Wyoming Retirement System



Jerry Albright
Chief Investment Officer
Teacher Retirement System of Texas



Rich Hall
Deputy Chief Investment Officer
University of Texas /Texas A&M
Investment Management Co. (UTIMCO)



Mary Morris
Chief Executive Officer
Virginia529



Craig Slaughter, JD, CFA
Executive Director & CIO
West Virginia Investment Management
Board

cc. The Honorable Jay Clayton
The Honorable Robert J. Jackson, Jr.
The Honorable Hester M. Peirce
The Honorable Elad L. Roisman

Dalia Blass, Director, Division of Investment Management
Paul Cellupica, Chief Counsel, Division of Investment Management
Sara Cortes, Assistant Director, Investment Adviser Rulemaking Office



Strengthening the Partnership in Private Equity

May 2019

Policymakers Must Act to Restore Trust, Promote Cost Transparency, and Ensure Open Lines of Communication in the Private Equity Industry.

The Institutional Limited Partners Association (“ILPA”) has worked at the forefront of efforts to improve governance, transparency and alignment in the private equity industry. ILPA has set forth guidelines for our industry, including both best practices as well as reporting standards, notably the ILPA reporting template, to effectively and efficiently disclose fees and expenses to investors.

While practices in the industry have improved as a result, we believe more can be done to strengthen the partnership between private equity advisers that manage funds (“GPs”) and their investors (“LPs”). As such, ILPA is engaging with policymakers in the U.S. Congress and the U.S. Securities & Exchange Commission to support legislative and regulatory advances that ensure adequate standards of trust and transparency are upheld in our industry.

We call for the following changes to the Investment Advisers Act of 1940 (“Advisers Act”) to raise the bar for business practices in the private equity industry.

Restoring Trust in Private Equity: Eliminating the Fiduciary Duty Loophole

- ▶ **Why Fiduciary Duty is Important:** Strong fiduciary duties are the foundation of the relationship between LPs and GPs. These duties of care, loyalty, and good faith foster the necessary trust that gives investors the confidence to invest with fund managers, particularly in the private markets, which is less transparent by its private nature.
- ▶ **The Fiduciary Duty Loophole:** GPs are increasingly reducing their fiduciary obligations to their LPs through a legal loophole under Delaware and Cayman law that permits the GP to act in their “sole discretion”, i.e. putting their own financial interest ahead of that of the fund or its investors.
- ▶ **Trust is Critical to Our Industry:** The use of this loophole goes against the spirit of the Advisers Act, which requires investment managers to act in the best interest of the fund. It also runs counter to a fundamental principle of investing, that you should be able to trust the individual or organization that is managing your assets. This trust is even more important due to the illiquid and long investment commitment horizon (10-15 years) of private equity.

Policy Action Required: ILPA and its members believe that GPs should not be able to contract to a lower fiduciary standard than that required under the Advisers Act. We encourage Congress to address this harmful loophole in the Advisers Act that erodes trust in our industry.

1. Cost Transparency in Private Equity: Bringing Fees & Expenses into the Light

- ▶ **Voluntary Standards Provide a Path but are Not the Complete Solution:** Since 2014, the SEC brought to light several cases where fees and expenses had been improperly charged or insufficiently disclosed. While many GPs have since embraced reporting standardization, such as the ILPA fee template, to demonstrate to their LPs that they were allocating costs appropriately, many more have yet to offer their LPs the same level of transparency and consistency. Full transparency around costs is essential for GPs to show they are accurately and fairly accounting for their fees.

- ▶ **A Uniform, Federal Fee Reporting Requirement is Needed:** A number of states, most prominently California, are considering or have passed legislation requiring public pensions to report private equity fees and expenses paid. While greater transparency is welcome, state-level mandated disclosure rules can create a patchwork of compliance requirements and disadvantage certain LPs who invest in different states. A federal requirement that GPs report any and all fees charged, would prevent arbitrage between states, which drives up costs and reduces returns for beneficiaries.

Policy Action Required: The SEC and/or Congress should act to ensure that all SEC-registered PE Advisers (GPs) report all fees and expenses. A disclosure baseline is critical to LPs' knowledge of the true cost of investing in the asset class and to ensuring that all LPs, regardless of their own reporting requirements, are negotiating from a level playing field with respect to transparency.

2. Ensuring Information Access: Opening Lines of Communication Between Partners

- ▶ **LP-to-LP Communication is Essential for Good Governance:** One of the benefits of a partnership is the ability to communicate and share information with one another. Many private equity investment contracts include confidentiality provisions limiting the ability of LPs in the same partnership to communicate with each other about the fund or the GP. LPs are often unaware of the identity of other LPs in the fund, a potential impediment to exercising contractual rights related to governance matters that require investor consent or a vote within the partnership.

Policy Action Required: The SEC and/or Congress should take action to limit the restrictions on communications among LPs in the fund and require investor names be shared with other LPs. These changes will foster healthy governance within the private equity investment relationship.


- ▶ **Partners Should Be Able to Discuss SEC Compliance Issues:** Since GPs first became registered with the SEC in 2012, a significant portion of the industry has been examined. While the majority of GPs follow the terms of their investment contracts with LPs, some do not, as brought to light through SEC examinations and enforcement actions.
- ▶ **LPs Should Be Made Aware of Compliance Issues Uncovered with Taxpayer Dollars:** When a GP has been examined by the Commission, LPs are generally not privy to any of the compliance or other issues that the SEC may have uncovered—not because this information is protected but because many GPs refuse to share it with their own investors. ILPA believes that GPs should be required to share these communications with their partners upon request, including SEC deficiency letters, to ensure LPs are aware of any potential regulator concerns and any remedial steps taken. LPs are sophisticated investors and can have a healthy dialogue with their GPs about these compliance issues and how to address them. Requiring this information to be provided will drive better alignment and trust in the industry between GPs and LPs.

Policy Action Required: The SEC should take action to require that LPs invested in an examined fund be provided by the GP the deficiency letters issued in the course of said examination. Increasingly, LPs pay for SEC registration and compliance costs as a partnership expense. Thus, it is reasonable that LPs should have access to the results to ensure the GP is abiding by the letter of the law. Such transparency is even more important in an illiquid asset class where the partners cannot easily exit the investment when bad behavior that falls short of breach of contract is uncovered.

About ILPA: *With more than 500 member institutions representing over \$2 trillion USD of private equity assets under management, the Institutional Limited Partners Association (ILPA) is the only global organization dedicated exclusively to advancing the interests of LPs and their beneficiaries. Our members include public and private pensions, insurers, endowments and foundations, family offices, developmental finance institutions, and sovereign wealth funds. Our policy agenda is focused on strengthening the private equity asset class through strong governance, alignment of interests, and transparency. For more information, please visit ILPA.org.*

May 23, 2019

TO: Each Member
Board of Investments

FROM: John McClelland 
Principal Investment Officer

FOR: June 12, 2019 Board of Investments Meeting

SUBJECT: **INVESTMENT-RELATED SERVICES PROCUREMENT PROCESS**

Staff continues to develop an Investment-Related Services Procurement Process (Procurement Process or Process) that describes how investment-related services are procured on an on-going basis. Attached is a collection of slides designed to stimulate discussion about some specific aspects of the process so that Board direction can be integrated into the next draft document.

Investment-related services include, but are not limited to, active managers, passive managers, consultants, independent fiduciaries, data analytics providers, securities lending and appraisers. These services vary widely. Thus, the procurement process used to select managers/firms, likewise, will vary.

As a reminder, the Procurement Process under development will relate only to investment-related services. Procurement of all non-investment-related services is expected to be controlled by a LACERA-wide Policy for Purchasing Goods and Services, which is currently being developed.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

JM/dr

Investment-Related Services Procurement Process

Board of Investments

June 12, 2019

Jon Grabel – Chief Investment Officer
John McClelland – Principal Investment Officer



Procurement Process Discussion

This material focuses on two aspects of the Investment-Related Procurement Process that is under development:

1. Service Being Procured
 - Investment Management Services
 - Consulting Services
 - Investment-Related Services

2. Proposal Evaluation

Note: The procurement process discussion relates only to investment-related services. There is a separate procurement process for other LACERA matters.



Procurement Process Guiding Principles

- I. Fiduciary
- II. Inclusive
- III. Fair
- IV. Timely
- V. Rule-Based
- VI. Market Aware
- VII. Advances in Underwriting

Multi-Dimensional Considerations

- Portfolio Fit
- Uniqueness of Mandate
- Complexity of Operational Due Diligence
- ESG factors
- Consistency with Investment Beliefs and LACERA Values
- Recommendation-Potential Outcomes
 - Hire One Manager/Firm
 - Hire Multiple Managers/Firms
 - Hire Bench

Services Being Procured - Examples

- **Investment Management Services**

- May be private or public
- May be liquid or illiquid

Illiquid, private searches do not lend themselves to selection by RFPs.

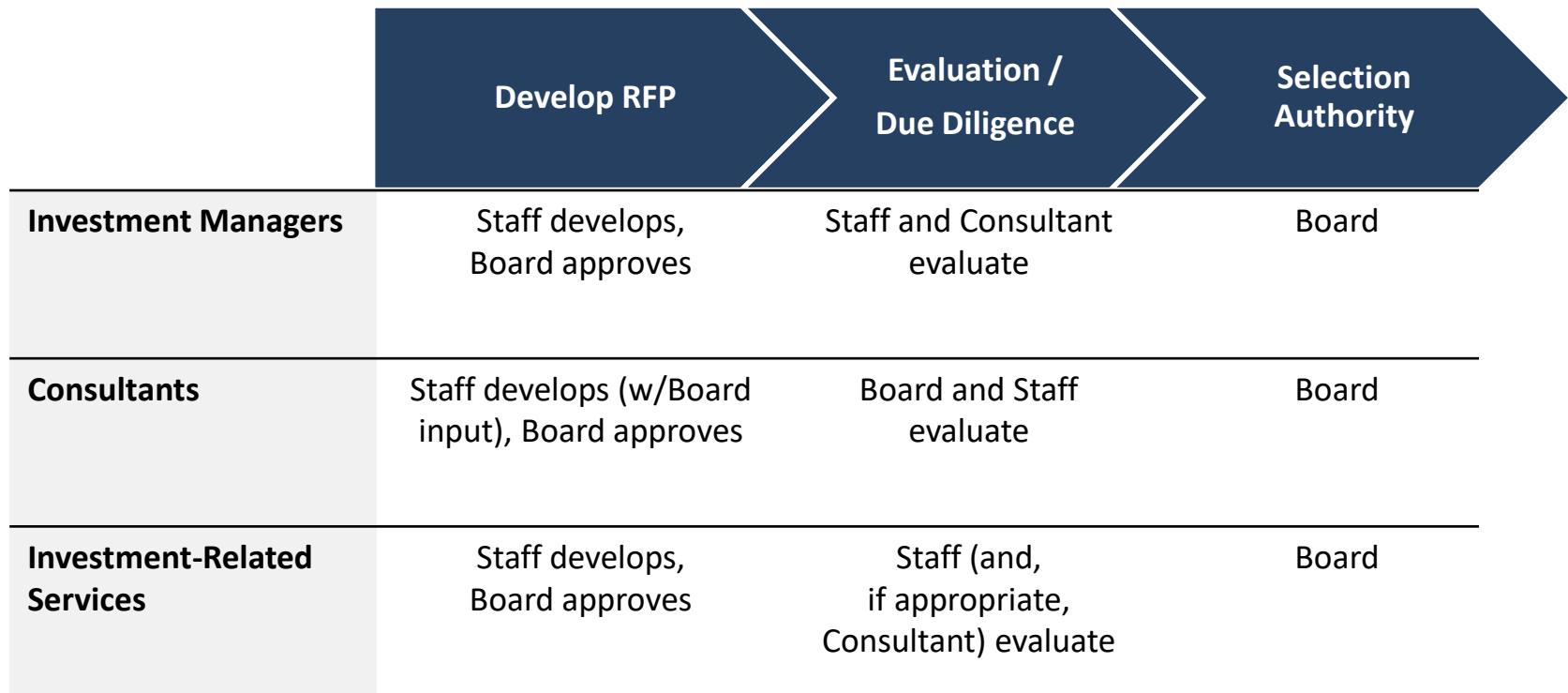
- **Consulting Services**

- General
- Specialty

- **Investment-Related Services**

- Master custodian
- P/E fee verification
- Independent fiduciaries
- R/E appraisers
- Analytics/Databases
- Securities lending

Process Steps



Note: All members of Evaluation Team assess each RFP.



Public Markets

| | Evaluation Phase | |
|------------------|-------------------------------|------------------------------|
| | 1 st Round | 2 nd Round |
| Active Mandates | Quantitative* and qualitative | Quantitative and qualitative |
| Passive Mandates | Quantitative* | Quantitative and qualitative |

* Quantitative assessment may be completed quickly, expediting searches.



Private Markets

NOT Conducive to RFP Selection Process

Illiquid Investment Markets:

- Universe monitored/evaluated
- Staff works with specialty Consultant to **identify** best portfolio fits
- Individual fund due diligence completed
- Consultant independently evaluates
- Recommendation made to Board*

* Re-ups reported to Board.



Primary Takeaways

- Complexity of LACERA's portfolio necessitates some flexibility between mandates, but not within a search
- An RFP is the preferred method of procurement if feasible
- Staff recommendations to Board may vary depending on the complexity of the search
- A revised Procurement Process draft will be delivered to the Board at a subsequent meeting

May 16, 2019

TO: Each Member
Board of Investments

FROM: Christopher J. Wagner *cjw*
Principal Investment Officer

FOR: June 12, 2019 Board of Investments Meeting

SUBJECT: **PRIVATE EQUITY PERFORMANCE REPORT**

The Board of Investments (“BOI”) is being presented with its December 31, 2018 Private Equity Performance Report, one of two private equity performance reports it receives each year. Historically, the Private Equity Advisor presents fiscal year end results; staff does the same for calendar year end results, thereby providing the BOI with regular updates on Program performance.

This is the final performance report prior to implementing the asset category structure changes approved at the December 2018, Board of Investments Meeting. Future reports will no longer include the performance of the special situations sub-asset category as those assets have moved to the credit and real assets asset categories. Additional changes will include the new private equity benchmark (Morgan Stanley Capital International All Country World Index Investible Market Index plus 200 basis points), a Separately Managed Accounts sub-asset category, and an increase to the Venture Capital/Growth Equity investment target range of 15%-30%.

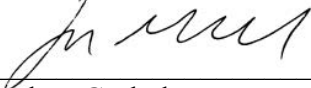
Performance and highlights from the period ending December 31, 2018 are summarized below:

- The Private Equity portfolio represents \$5.4 billion/10.2% of Net Asset Value, and is within its total portfolio policy range of 7%-14% (page 16)
- The ten-year portfolio return is 15.2%, and below its benchmark (Russell 3000 plus 500 basis points) by 300 basis points (page 2)
- The portfolio’s strategy diversification and non-U.S. investment exposure are within their target ranges (page 11)
- For the year ending December 31, 2018, the portfolio had a net cash flow inflow of \$802 million (page 17), including a \$600 million cash inflow as a result of a secondary sale

Staff will further address these highlights and other performance metrics during the presentation at the June 12th Board Meeting.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer



**LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION**

**LACERA PRIVATE EQUITY
PERFORMANCE REVIEW**

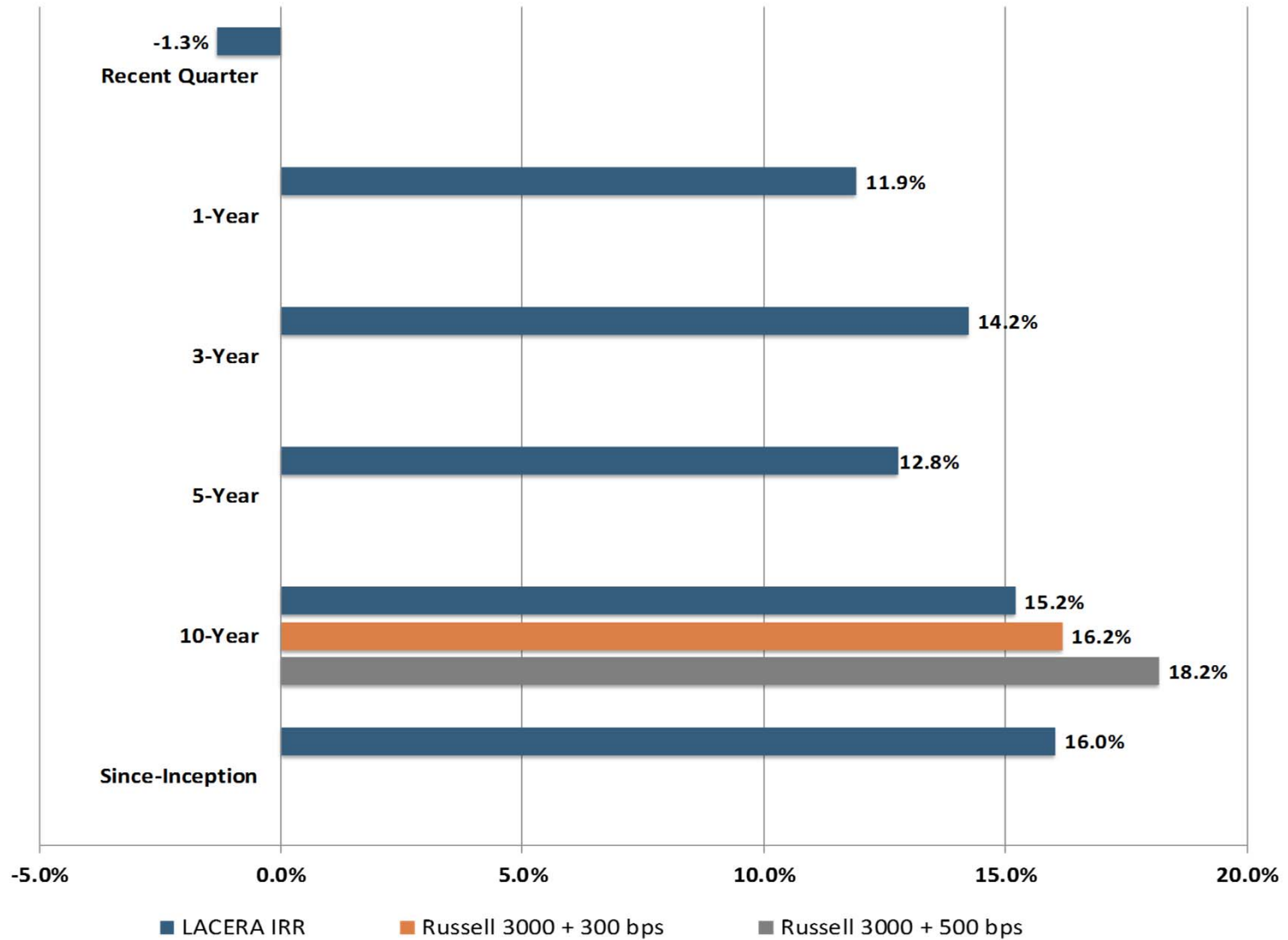


2018 Fourth Quarter

June 12, 2019

Periodic Returns

As of December 31, 2018



Quarterly returns are not annualized.

Source: Russell Investments' Russell 3000 Index (U.S.) returns reflect the index total return which includes the impact of reinvested dividends.

Portfolio Metrics

(\$ in Millions)

| | Active | Exited | Dec 31, 2018 Total | Dec 31, 2017 Total | Period Change |
|--------------------------------------|------------|-----------|-----------------------|-----------------------|------------------|
| Exposure Summary | | | | | |
| Number of Managers ¹ | 76 | 79 | 155 | 151 | 4 |
| Number of Investments ² | 155 | 177 | 332 | 316 | 16 |
| Commitments ³ | \$11,248.5 | \$5,551.3 | \$16,799.8 | \$15,222.8 | \$1,577.1 |
| Unfunded Commitment | \$4,426.7 | \$ - | \$4,426.7 | \$3,973.8 | \$452.9 |
| Total Exposure ⁴ | \$9,840.8 | \$ - | \$9,840.8 | \$9,496.9 | \$343.9 |
| Cash Flow Summary | | | | | |
| Cumulative Contributions | \$7,521.2 | \$5,511.7 | \$13,032.8 | \$11,915.8 | \$1,117.0 |
| Cumulative Distributions | \$6,383.6 | \$9,736.7 | \$16,120.3 | \$14,201.4 | \$1,918.9 |
| Valuation Summary | | | | | |
| Market Value | \$5,414.2 | \$ - | \$5,414.2 | \$5,523.1 | (\$108.9) |
| Total Value ⁵ | \$11,797.8 | \$9,736.7 | \$21,534.5 | \$19,724.5 | \$1,810.0 |
| Total Gain/(Loss) ⁶ | \$4,276.6 | \$4,225.0 | \$8,501.6 | \$7,808.7 | \$692.9 |
| Performance Summary | | | | | |
| Distributed to Paid-in ⁷ | 0.85x | 1.77x | 1.24x | 1.19x | 0.05x |
| Total Value to Paid-in ⁸ | 1.57x | 1.77x | 1.65x | 1.66x | (0.01x) |
| Since-Inception Net IRR ⁹ | 14.36% | 16.52% | 16.04% | 16.09% | -0.10% |

¹ Count of unique managers and excludes underlying manager relationships from the JP Morgan Emerging Manager and Pathway Capital portfolios.

² Excludes underlying manager relationships from the JP Morgan Emerging Manager and Pathway Capital portfolios.

³ Commitments are as of since inception (October 1986), net of releases and expirations, and after foreign currency conversions as of the reported periods.

⁴ Total Exposure represents sum of Unfunded Commitment and Market Value.

⁵ Total Value represents the sum of Cumulative Distributions and Market Value.

⁶ Total Gain/(Loss) represents the sum of Market Value plus Cumulative Distributions minus Cumulative Contributions.

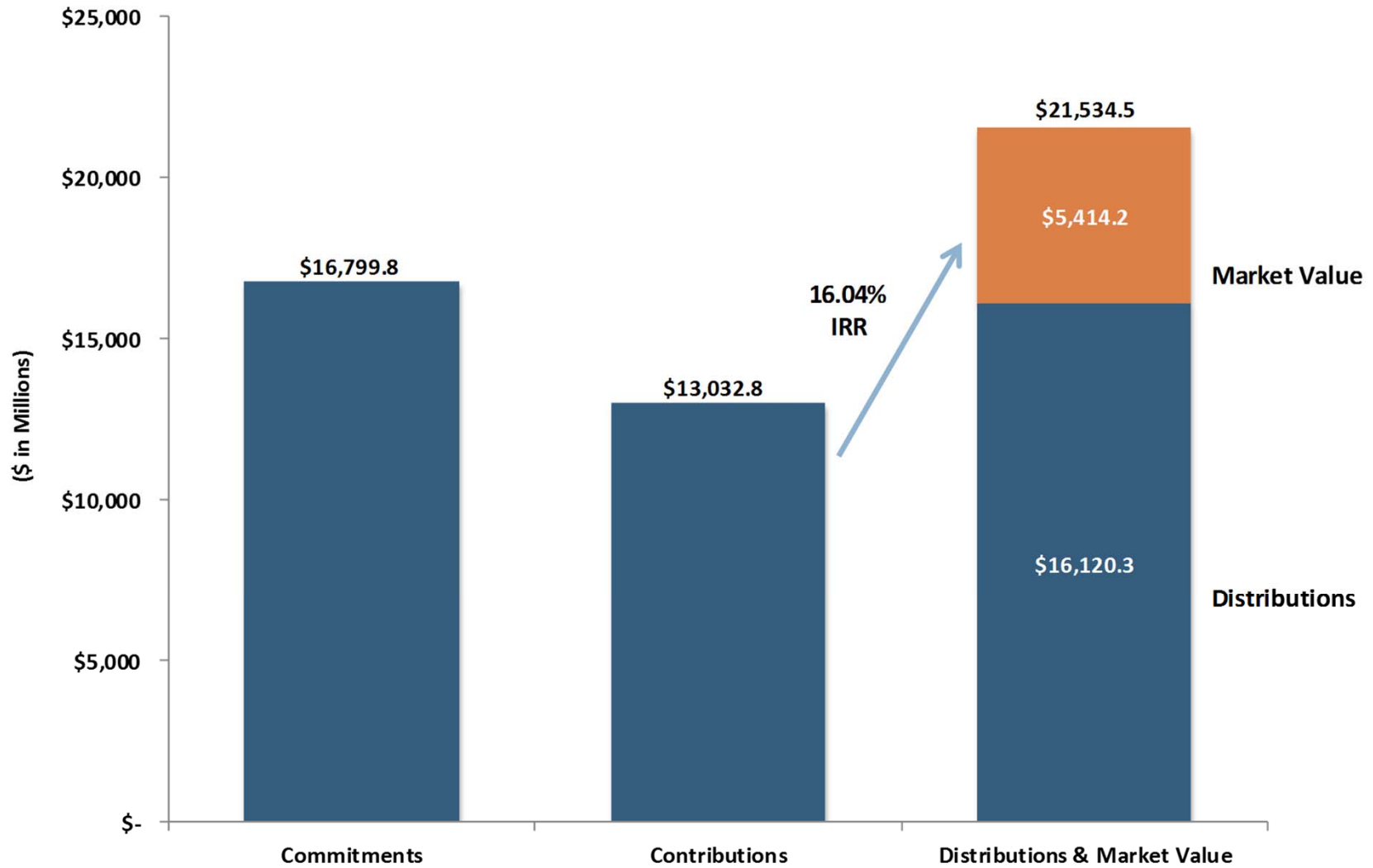
⁷ Distributed to Paid-in (DPI) is a measurement of distributions received relative to contributed capital and calculated as Cumulative Distribution divided by Cumulative Contributions.

⁸ Total Value to Paid-in (TVPI) is a measurement of total value created relative to capital invested and calculated as Market Value plus Cumulative Distribution divided by Cumulative Contributions.

⁹ The Since-Inception Net IRR (Internal Rate of Return) is calculated using all the daily outflows to and inflows from the underlying fund investments and the market values as stated by the General Partners of the underlying fund investment as of the measured period ended. If the investment's terminal value is prior to the measurement date, the IRR is calculated as of the last valuation date indicated by the underlying fund manager. The IRR is net of fees, expenses, and carried interest.

Portfolio Performance

Since Inception October 31, 1986 - December 31, 2018



Vintage Year Performance

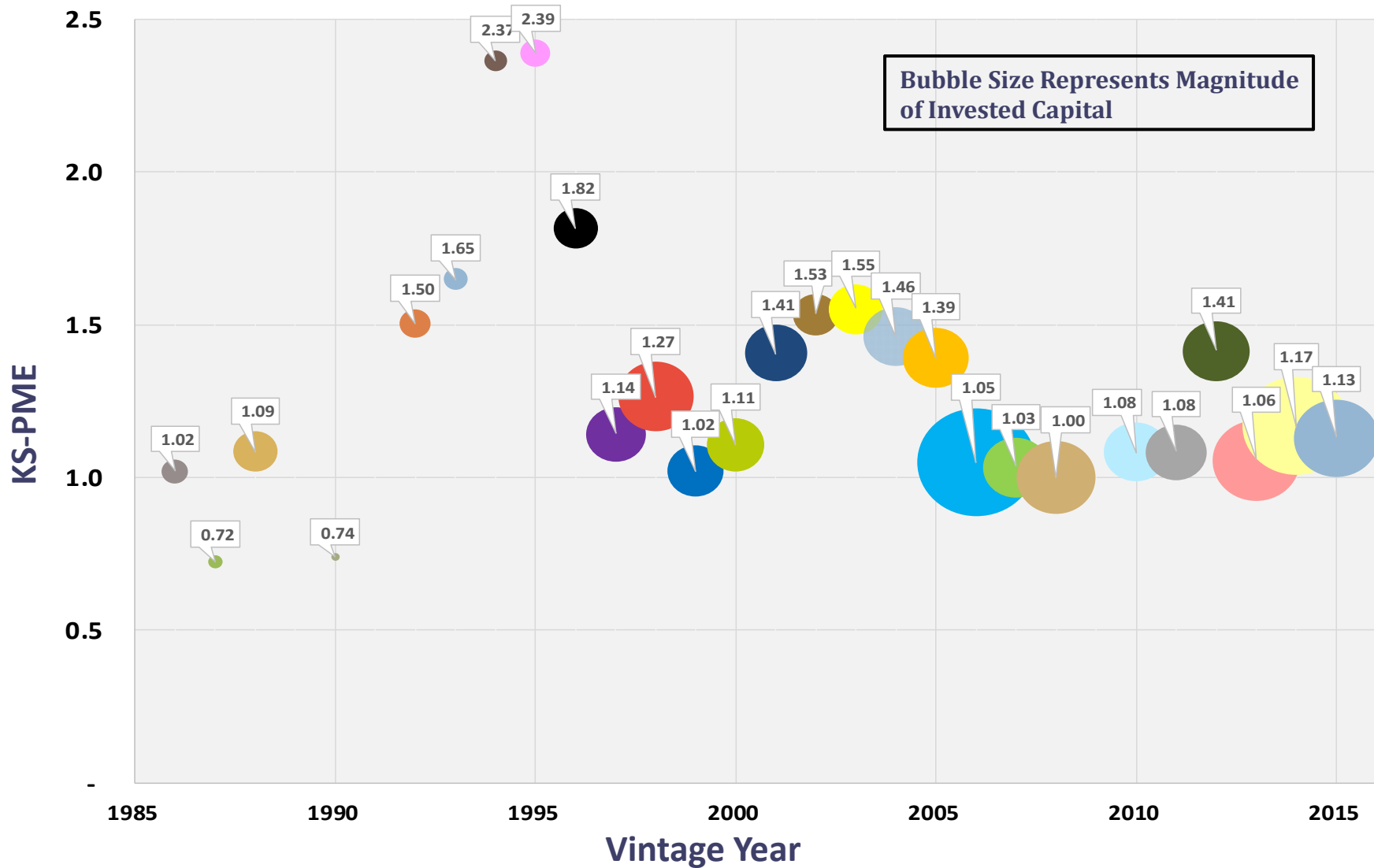
As of December 31, 2018 (\$ in Millions)

| Vintage Year | Number of Investments | Commitments | Cumulative Contributions | Cumulative Distributions | Market Value | Total Value | Total Gain/(Loss) | Distributed to Paid-in | Total Value to Paid-in | Since-Inception Net IRR | IRR QUARTILE RANKING |
|--------------|-----------------------|-------------|--------------------------|--------------------------|--------------|-------------|-------------------|------------------------|------------------------|-------------------------|----------------------|
| 1986 | 3 | \$80.0 | \$80.0 | \$267.5 | \$- | \$267.5 | \$187.5 | 3.34x | 3.34x | 15.7% | 1st |
| 1987 | 1 | 25.0 | 25.0 | 40.3 | - | 40.3 | 15.3 | 1.61x | 1.61x | 7.2% | 3rd |
| 1988 | 2 | 200.0 | 216.6 | 466.9 | - | 466.9 | 250.3 | 2.16x | 2.16x | 15.5% | 2nd |
| 1989 | - | - | - | - | - | - | - | - | - | 0.0% | N/A |
| 1990 | 1 | 7.5 | 7.5 | 16.7 | - | 16.7 | 9.2 | 2.22x | 2.22x | 13.0% | 3rd |
| 1991 | - | - | - | - | - | - | - | - | - | 0.0% | N/A |
| 1992 | 10 | 116.0 | 111.0 | 242.5 | - | 242.5 | 131.6 | 2.19x | 2.19x | 29.0% | 2nd |
| 1993 | 8 | 68.0 | 64.8 | 239.5 | - | 239.5 | 174.7 | 3.70x | 3.70x | 39.7% | 1st |
| 1994 | 5 | 56.9 | 58.8 | 237.6 | - | 237.6 | 178.8 | 4.04x | 4.04x | 54.1% | 1st |
| 1995 | 7 | 100.5 | 102.3 | 362.6 | - | 362.6 | 260.2 | 3.54x | 3.54x | 43.1% | 1st |
| 1996 | 12 | 222.9 | 225.2 | 607.7 | 1.0 | 608.7 | 383.5 | 2.70x | 2.70x | 37.4% | 1st |
| 1997 | 11 | 397.5 | 410.4 | 606.4 | - | 606.4 | 196.0 | 1.48x | 1.48x | 7.7% | 3rd |
| 1998 | 22 | 644.4 | 655.3 | 943.2 | 2.8 | 946.0 | 290.7 | 1.44x | 1.44x | 7.3% | 3rd |
| 1999 | 21 | 360.9 | 369.6 | 435.8 | .7 | 436.5 | 66.8 | 1.18x | 1.18x | 3.4% | 2nd |
| 2000 | 25 | 376.5 | 387.7 | 573.4 | 2.8 | 576.2 | 188.5 | 1.48x | 1.49x | 8.8% | 2nd |
| 2001 | 15 | 416.7 | 441.9 | 827.6 | 8.5 | 836.1 | 394.3 | 1.87x | 1.89x | 21.7% | 1st |
| 2002 | 8 | 220.4 | 230.3 | 536.6 | .4 | 537.1 | 306.8 | 2.33x | 2.33x | 19.0% | 2nd |
| 2003 | 8 | 315.6 | 338.3 | 696.1 | 6.2 | 702.2 | 364.0 | 2.06x | 2.08x | 21.3% | 2nd |
| 2004 | 9 | 455.9 | 471.9 | 855.2 | 37.9 | 893.1 | 421.2 | 1.81x | 1.89x | 19.8% | 1st |
| 2005 | 15 | 534.2 | 505.6 | 1,032.4 | 6.9 | 1,039.3 | 533.7 | 2.04x | 2.06x | 13.3% | 1st |
| 2006 | 28 | 1,572.6 | 1,602.5 | 2,502.6 | 86.8 | 2,589.4 | 986.9 | 1.56x | 1.62x | 9.0% | 2nd |
| 2007 | 12 | 553.5 | 484.7 | 772.5 | 58.3 | 830.8 | 346.1 | 1.59x | 1.71x | 11.2% | 2nd |
| 2008 | 11 | 727.6 | 729.4 | 1,129.2 | 140.9 | 1,270.1 | 540.7 | 1.55x | 1.74x | 13.3% | 2nd |
| 2009 | - | - | - | - | - | - | - | - | - | 0.0% | N/A |
| 2010 | 3 | 487.5 | 469.4 | 392.1 | 360.2 | 752.3 | 282.8 | 0.84x | 1.60x | 14.1% | 2nd |
| 2011 | 8 | 428.5 | 421.6 | 442.4 | 269.9 | 712.3 | 290.7 | 1.05x | 1.69x | 14.5% | 2nd |
| 2012 | 7 | 435.0 | 497.4 | 579.2 | 419.1 | 998.3 | 500.9 | 1.16x | 2.01x | 23.8% | 1st |
| 2013 | 11 | 1,007.0 | 893.4 | 515.3 | 700.0 | 1,215.3 | 321.9 | 0.58x | 1.36x | 11.2% | 3rd |
| 2014 | 13 | 1,466.5 | 1,304.0 | 507.7 | 1,343.5 | 1,851.2 | 547.1 | 0.39x | 1.42x | 14.6% | 2nd |
| 2015 | 10 | 1,087.0 | 823.6 | 197.9 | 824.9 | 1,022.8 | 199.3 | 0.24x | 1.24x | 13.7% | 2nd |
| 2016 | 12 | 1,157.3 | 717.5 | 88.5 | 731.8 | 820.4 | 102.9 | 0.12x | 1.14x | 12.5% | N/A |
| 2017 | 8 | 594.0 | 222.3 | 4.6 | 243.2 | 247.8 | 25.5 | 0.02x | 1.11x | 11.6% | N/A |
| 2018 | 9 | 1,273.3 | 165.0 | .4 | 175.4 | 175.8 | 10.8 | - | 1.07x | 20.1% | N/A |
| 2019 | 17 | 1,411.0 | - | - | (7.0) | (7.0) | (7.0) | N/A | N/A | N/A | N/A |

Fund benchmark data provided by Burgiss Private IQ as of the reporting date and represents comparable strategies aggregated by Vintage Year. Quartile rankings are reported as not applicable (N/A) if commitment date is within 3 years of reporting date or if no commitments were made for the respective vintage year.

KS-PME by Vintage Year / Invested Capital

As of December 31, 2018



A Kaplan & Schoar Public Market Equivalent ("KS-PME") value greater than one indicates that an investor benefited from investing in the respective private equity fund rather than the index (Russell 3000).

Performance by Strategy / Sub-Strategy

Since Inception October 31, 1986 - December 31, 2018 (\$ in Millions)

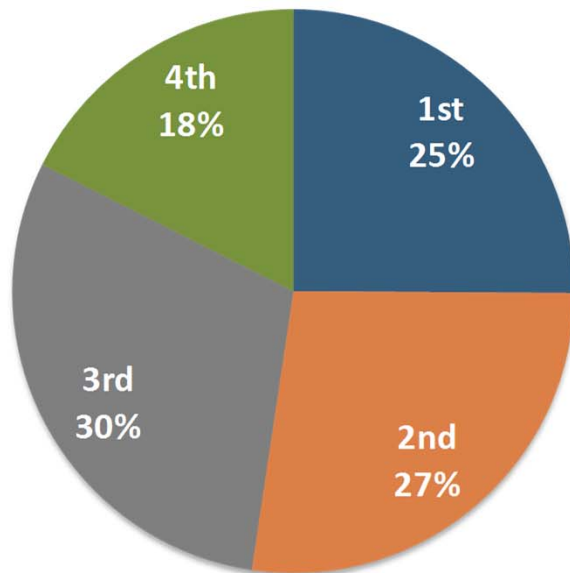
| Strategy / Sub-Strategy | Number of Investments | Commitments | Cumulative Contributions | Cumulative Distributions | Market Value | Total Value | Total Gain/(Loss) | Distributed to Paid-in | Total Value to Paid-in | Since-Inception Net IRR | Since-Inception PME |
|-------------------------------|-----------------------|-------------|--------------------------|--------------------------|--------------|-------------|-------------------|------------------------|------------------------|-------------------------|---------------------|
| Buyout | 165 | \$10,486.6 | \$8,161.9 | \$10,422.9 | \$2,938.2 | \$13,361.1 | \$5,199.2 | 1.28x | 1.64x | 13.7% | 1.22 |
| Buyout - Global | 50 | 3,883.8 | 3,159.0 | 4,322.9 | 1,040.3 | 5,363.2 | 2,204.2 | 1.37x | 1.70x | 16.2% | 1.31 |
| Buyout - Large | 36 | 2,453.6 | 2,068.6 | 2,963.4 | 656.2 | 3,619.6 | 1,551.0 | 1.43x | 1.75x | 15.3% | 1.24 |
| Buyout - Mid | 35 | 2,101.7 | 1,561.7 | 1,636.0 | 626.8 | 2,262.8 | 701.1 | 1.05x | 1.45x | 10.1% | 1.11 |
| Buyout - Small | 44 | 2,047.5 | 1,372.6 | 1,500.7 | 614.9 | 2,115.6 | 743.0 | 1.09x | 1.54x | 10.8% | 1.10 |
| Special Situations | 31 | \$1,667.6 | \$1,315.4 | \$1,243.4 | \$468.9 | \$1,712.2 | \$396.8 | 0.95x | 1.30x | 8.5% | 1.01 |
| Distressed | 22 | 1,217.6 | 875.4 | 913.1 | 355.7 | 1,268.8 | 393.4 | 1.04x | 1.45x | 11.3% | 1.11 |
| Energy | 4 | 360.0 | 355.6 | 210.5 | 113.2 | 323.7 | (32.0) | 0.59x | 0.91x | -2.9% | 0.69 |
| Mezzanine | 5 | 90.0 | 84.4 | 119.7 | - | 119.7 | 35.4 | 1.42x | 1.42x | 9.0% | 1.09 |
| Venture Capital | 93 | \$1,703.2 | \$1,301.0 | \$1,843.4 | \$652.0 | \$2,495.3 | \$1,194.3 | 1.42x | 1.92x | 21.7% | 1.23 |
| Venture Capital - Balanced | 35 | 622.7 | 580.4 | 772.7 | 299.7 | 1,072.4 | 492.1 | 1.33x | 1.85x | 16.3% | 1.11 |
| Venture Capital - Early Stage | 46 | 700.6 | 463.4 | 782.7 | 169.5 | 952.2 | 488.8 | 1.69x | 2.05x | 73.0% | 1.35 |
| Venture Capital - Late Stage | 12 | 380.0 | 257.3 | 287.9 | 182.7 | 470.7 | 213.4 | 1.12x | 1.83x | 24.7% | 1.38 |
| Co-Investments | 8 | \$683.4 | \$581.9 | \$645.1 | \$314.6 | \$959.8 | \$377.8 | 1.11x | 1.65x | 18.2% | 1.13 |
| Fund of Funds | 12 | \$1,426.3 | \$930.3 | \$673.3 | \$794.0 | \$1,467.3 | \$537.0 | 0.72x | 1.58x | 11.8% | 1.19 |
| Growth Equity | 15 | \$679.0 | \$591.0 | \$1,061.0 | \$245.7 | \$1,306.7 | \$715.7 | 1.80x | 2.21x | 86.8% | 1.61 |
| Secondaries | 8 | \$153.7 | \$151.3 | \$231.2 | \$8 | \$232.0 | \$80.7 | 1.53x | 1.53x | 17.2% | 1.23 |

A Kaplan & Schoar Public Market Equivalent ("KS-PME") value greater than one indicates that an investor benefited from investing in the respective private equity fund rather than the index (Russell 3000).

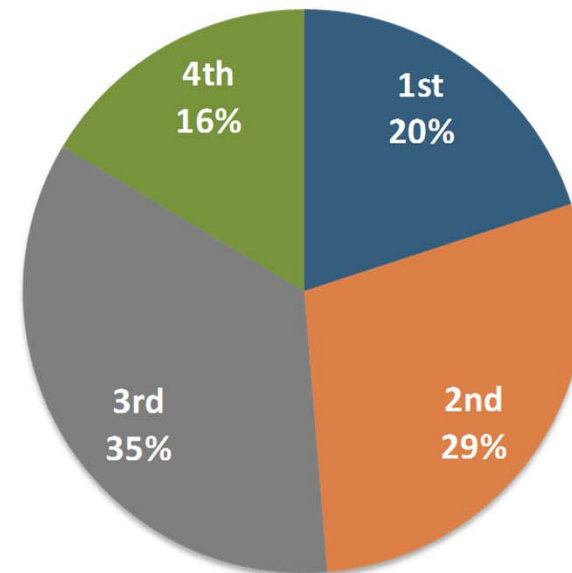
Net IRR By Quartile

Since Inception October 31, 1986 - December 31, 2018

Since Inception By Commitment



Since Inception By Exposure¹



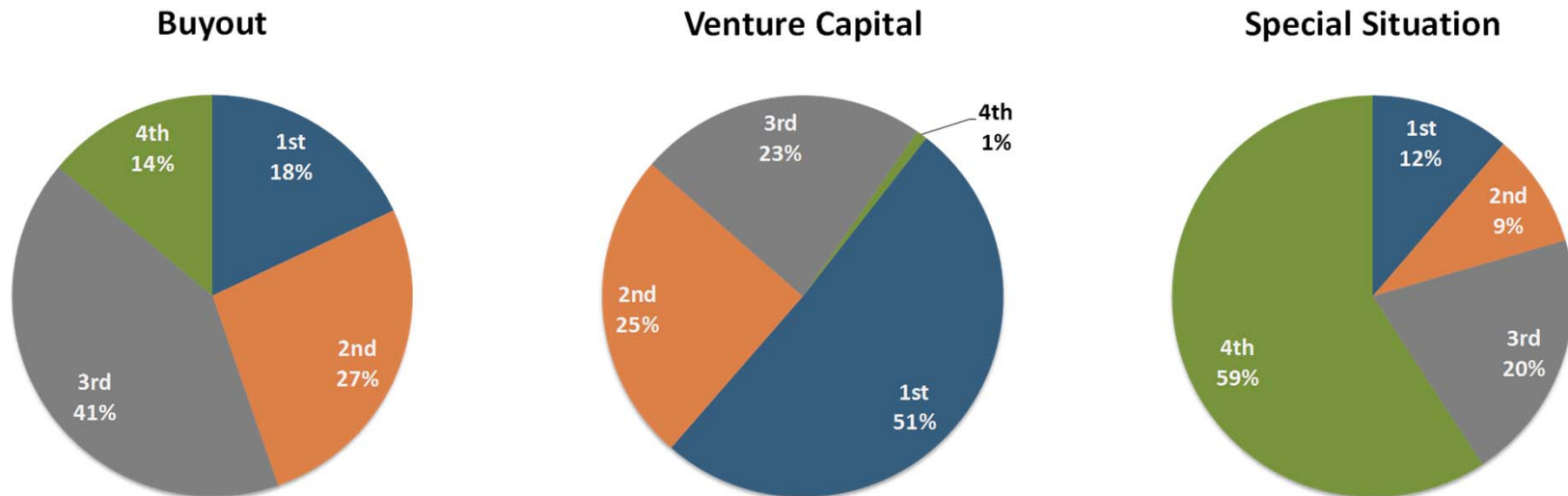
Quartile ranking provided by Burgiss Private IQ as of the reporting date and represents comparable strategies aggregated by Vintage Year. Quartile rankings for commitments made within last 3 years of reporting date are excluded.

¹ Exposure represents sum of Unfunded Commitment and Market Value.

Net IRR By Quartile

As of December 31, 2018

NET IRR QUARTILE BY COMMITMENT FOR VINTAGE YEARS 2006-2015



Quartile ranking provided by Burgiss Private IQ as of the reporting date and represents comparable strategies aggregated by commitment amount. Quartile rankings for commitments made within last 3 years of reporting date are excluded.

Buyout includes co-investment, secondary, and fund-of-fund strategies.

Venture Capital includes growth equity.

Top 40 Largest Manager Relationships by Total Exposure

As of December 31, 2018 (\$ in Millions)

| Manager | # of Funds | Total Commitments | Total Exposure | % of Total PE Portfolio Exposure | Total Value to Paid-in | Since-Inception IRR | Since-Inception TVPI Attribution | Since-Inception KS-PME |
|---------------------------------|------------|-------------------|------------------|----------------------------------|------------------------|---------------------|----------------------------------|------------------------|
| Vista Equity Partners | 5 | \$750.0 | \$847.0 | 8.6% | 1.7x | 22.5% | 4.7% | 1.30 |
| J.P. Morgan | 4 | 650.0 | 709.7 | 7.2% | 2.0x | 26.0% | 3.3% | 1.47 |
| Gateway | 2 | 600.0 | 633.8 | 6.4% | 1.4x | 13.1% | 2.2% | 1.10 |
| MS GTB Capital Partners | 2 | 650.0 | 443.9 | 4.5% | 1.6x | 11.6% | 3.7% | 1.10 |
| Onex Partners | 5 | 560.0 | 401.0 | 4.1% | 1.7x | 23.7% | 2.8% | 1.40 |
| GGV Capital | 8 | 275.0 | 396.8 | 4.0% | 2.1x | 23.3% | 1.8% | 1.54 |
| CVC Capital Partners | 8 | 642.2 | 392.3 | 4.0% | 1.8x | 21.0% | 4.2% | 1.39 |
| Carlyle Group | 7 | 557.9 | 389.8 | 4.0% | 1.6x | 18.8% | 3.1% | 1.29 |
| Silver Lake Partners | 3 | 345.0 | 374.3 | 3.8% | 1.7x | 20.4% | 1.7% | 1.31 |
| Juggernaut Capital Partners | 3 | 300.0 | 324.0 | 3.3% | 1.3x | 10.7% | 0.6% | 1.07 |
| Clearlake Capital | 3 | 252.0 | 323.1 | 3.3% | 1.9x | 41.0% | 2.6% | 1.64 |
| Blackstone Management | 9 | 539.1 | 321.8 | 3.3% | 1.7x | 20.9% | 3.8% | 1.35 |
| Hellman & Friedman | 4 | 375.0 | 301.6 | 3.1% | 1.6x | 18.9% | 1.5% | 1.47 |
| Lightyear Capital | 2 | 255.0 | 246.7 | 2.5% | 1.6x | 22.4% | 1.4% | 1.28 |
| MBK | 2 | 220.0 | 244.6 | 2.5% | 1.4x | 14.6% | 0.7% | 1.16 |
| Triton | 1 | 171.5 | 170.4 | 1.7% | 0.0x | 0.0% | 0.0% | N/A |
| PAI | 1 | 171.5 | 169.6 | 1.7% | 0.0x | 0.0% | 0.0% | N/A |
| Glendon Capital Management | 2 | 160.0 | 167.8 | 1.7% | 1.2x | 4.6% | 0.1% | 0.93 |
| Institutional Venture Partners | 2 | 150.0 | 163.8 | 1.7% | 1.4x | 13.8% | 0.7% | 1.14 |
| Riverside Capital | 2 | 165.0 | 161.5 | 1.6% | 1.5x | 13.2% | 0.4% | 1.12 |
| Green Equity Investors | 1 | 150.0 | 155.7 | 1.6% | 1.1x | 8.0% | 0.1% | N/A |
| Siris Capital Group | 2 | 160.0 | 150.7 | 1.5% | 1.1x | 8.0% | 0.1% | 1.01 |
| Centerbridge | 3 | 185.0 | 122.5 | 1.2% | 1.5x | 14.1% | 1.0% | 1.10 |
| Energy & Minerals Group | 1 | 150.0 | 120.6 | 1.2% | 0.9x | -4.2% | -0.2% | 0.66 |
| Australis Partners | 1 | 125.0 | 118.2 | 1.2% | 0.9x | -13.4% | -0.1% | 0.94 |
| Black Diamond | 1 | 100.0 | 113.8 | 1.2% | 1.2x | 10.2% | 0.2% | 1.06 |
| Oaktree Capital Management, LLC | 10 | 399.8 | 110.5 | 1.1% | 1.4x | 10.8% | 2.0% | 1.15 |
| Storm Ventures LLC | 2 | 100.0 | 109.4 | 1.1% | 1.3x | 13.5% | 0.1% | 1.16 |
| Excellere Partners | 3 | 145.0 | 109.3 | 1.1% | 1.9x | 32.8% | 0.8% | 1.56 |
| Summit Partners | 8 | 295.7 | 103.0 | 1.0% | 2.4x | 67.3% | 5.3% | 1.76 |
| Insignia Capital Partners | 1 | 100.0 | 102.1 | 1.0% | 1.1x | 5.3% | 0.1% | 0.98 |
| Union Square | 8 | 76.8 | 100.4 | 1.0% | 4.7x | 59.7% | 2.0% | 3.73 |
| AE Industrial Partners | 1 | 100.0 | 99.8 | 1.0% | 0.0x | 0.0% | 0.0% | N/A |
| Sterling Partners | 1 | 100.0 | 95.3 | 1.0% | 1.5x | 14.6% | 0.3% | 1.20 |
| Palladium Equity Partners | 1 | 100.0 | 94.0 | 1.0% | 1.4x | 15.2% | 0.4% | 1.13 |
| Gilde Partners | 1 | 86.5 | 91.1 | 0.9% | 1.1x | 12.7% | 0.1% | 1.12 |
| Harvest Partners | 1 | 80.0 | 83.0 | 0.8% | 1.1x | 5.3% | 0.0% | 1.04 |
| Technology Crossover Ventures | 3 | 164.0 | 82.3 | 0.8% | 2.2x | 15.8% | 2.3% | 1.33 |
| Alchemy Partners | 2 | 127.2 | 81.5 | 0.8% | 1.1x | 1.2% | 0.0% | 0.86 |
| Sinovation Ventures | 1 | 75.0 | 74.5 | 0.8% | 1.0x | -3.9% | 0.0% | 1.08 |
| Top 40 Managers Total | 127 | \$10,608.9 | \$9,301.1 | 94.5% | 1.6x | 32.9% | 53.9% | 1.33 |
| Other Managers Total | 205 | \$6,190.9 | \$539.7 | 5.5% | 1.7x | 14.3% | 46.1% | 1.14 |
| LACERA Total | 332 | \$16,799.8 | \$9,840.8 | 100.0% | 1.7x | 16.0% | 100.0% | 1.21 |

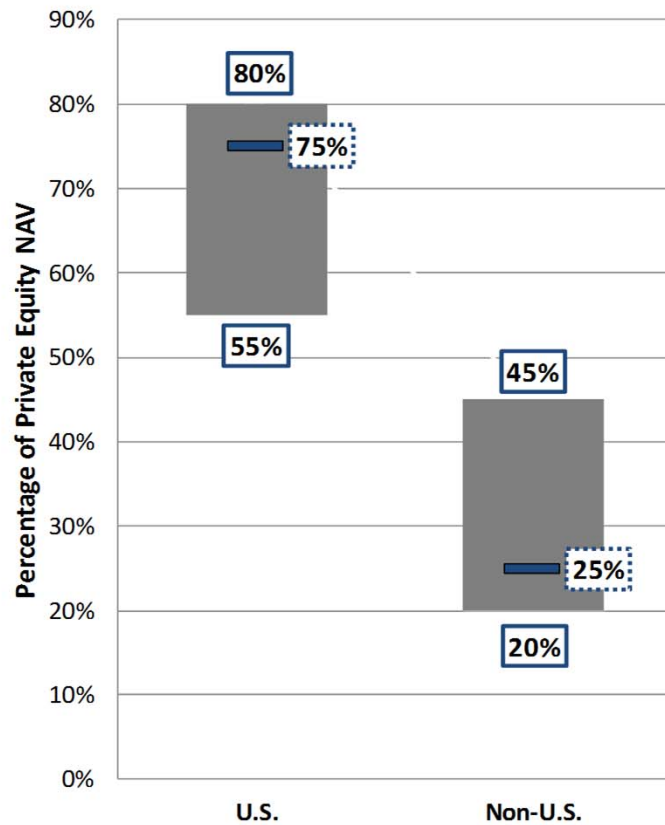
Total Exposure is equal to Net Asset Value plus Unfunded Commitments. Fund Count includes both Active and Inactive funds.

The Since Inception Net IRR is calculated by LACERA using all the outflows to and inflows from the underlying fund investments, including cash flows for expenses and fees paid by the Portfolio to those underlying fund investments. The terminal values used are the capital account balances as of the reporting period, as stated by the General Partners of the underlying fund investment, whether at cost or fair value. If the underlying fund investment's terminal value is prior to the reporting period, the IRR is calculated as of the last valuation date indicated by the fund manager. A Kaplan & Schoar Public Market Equivalent ("KS-PME") value greater than one indicates that an investor benefited from investing in the respective private equity fund rather than the index (Russell 3000).

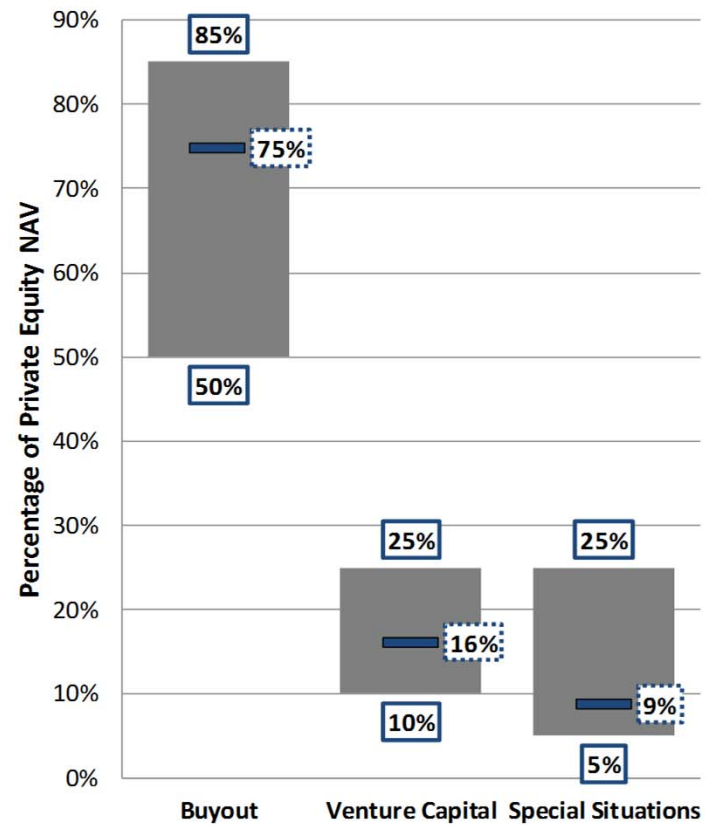
Portfolio Company Exposure

As of December 31, 2018

By Geography



By Strategy



 Allocation Range
 Actual as of December 31, 2018

Buyout includes Co-Investments, Fund of Funds, and Secondaries.

Portfolio Company Diversification by Country

As of December 31, 2018 (\$ in Millions)

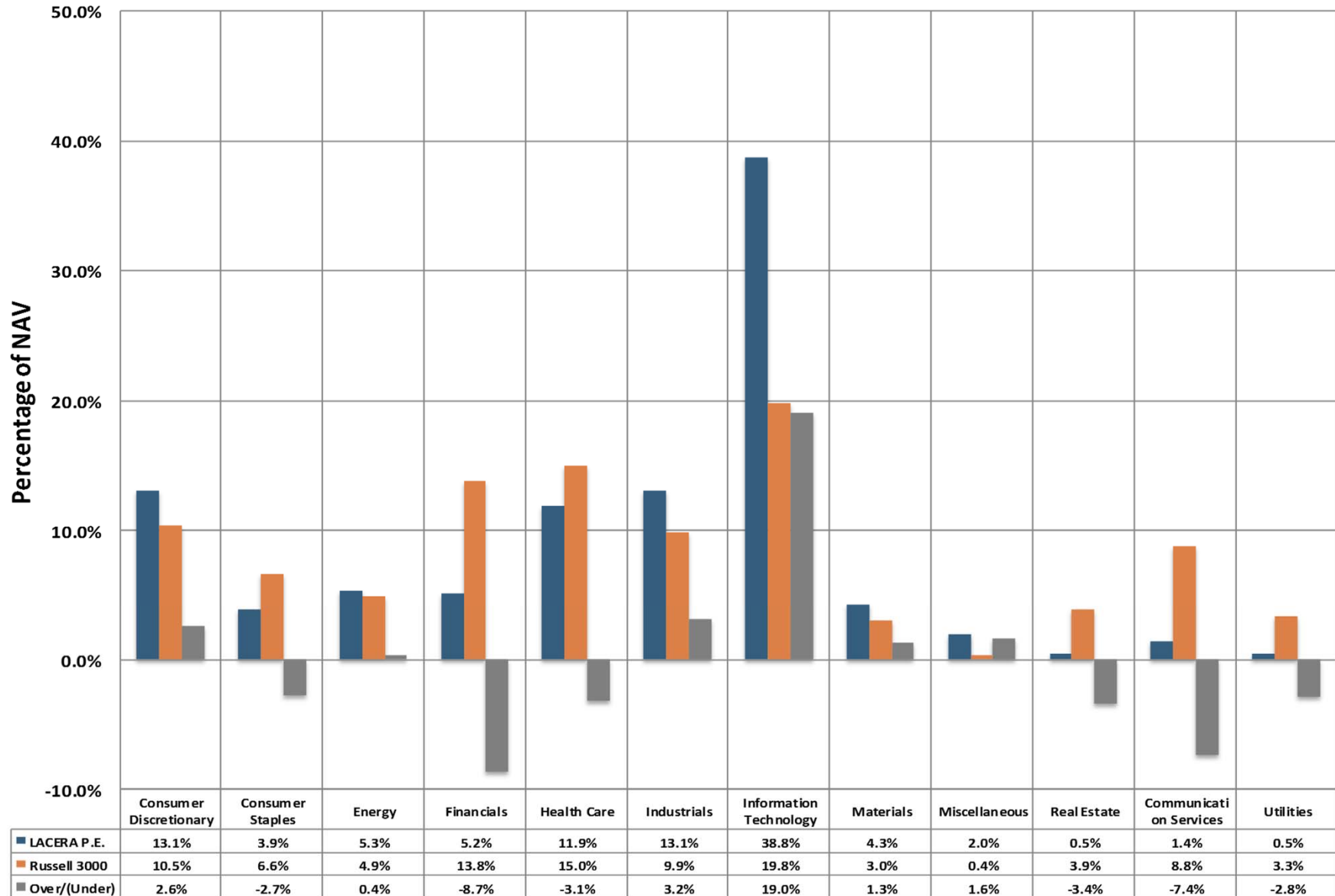
| Country | Market Value | Percentage |
|--------------------------|--------------|------------|
| United States of America | 3,720.3 | 75.0% |
| China | 262.6 | 5.3% |
| United Kingdom | 235.2 | 4.7% |
| South Korea | 104.7 | 2.1% |
| Canada | 73.3 | 1.5% |
| Switzerland | 49.7 | 1.0% |
| Germany | 43.0 | 0.9% |
| Spain | 39.1 | 0.8% |
| Sweden | 35.6 | 0.7% |
| Japan | 33.6 | 0.7% |
| Italy | 32.4 | 0.7% |
| France | 29.3 | 0.6% |
| Luxembourg | 21.6 | 0.4% |
| Netherlands | 21.3 | 0.4% |
| Mexico | 20.8 | 0.4% |
| N/A | 19.6 | 0.4% |
| Australia | 18.5 | 0.4% |
| Jersey | 18.2 | 0.4% |
| Denmark | 17.8 | 0.4% |
| Panama | 17.7 | 0.4% |
| Chile | 16.8 | 0.3% |
| Poland | 15.2 | 0.3% |
| Ireland | 13.4 | 0.3% |
| Brazil | 10.6 | 0.2% |
| Singapore | 8.4 | 0.2% |
| Finland | 8.0 | 0.2% |
| India | 7.7 | 0.2% |
| Greece | 7.7 | 0.2% |
| Isle of Man | 6.7 | 0.1% |

| Country | Market Value | Percentage |
|----------------------|--------------|------------|
| Colombia | 6.0 | 0.1% |
| Malta | 6.0 | 0.1% |
| Norway | 5.9 | 0.1% |
| Belgium | 5.3 | 0.1% |
| Israel | 4.2 | 0.1% |
| Czech Republic | 4.0 | 0.1% |
| Cayman Islands | 3.2 | 0.1% |
| Bermuda | 2.7 | 0.1% |
| Vietnam | 2.2 | 0.0% |
| New Zealand | 1.6 | 0.0% |
| Marshall Islands | 1.6 | 0.0% |
| Puerto Rico | 1.5 | 0.0% |
| Argentina | 1.5 | 0.0% |
| United Arab Emirates | .7 | 0.0% |
| Portugal | .6 | 0.0% |
| Russia | .6 | 0.0% |
| Taiwan | .5 | 0.0% |
| Indonesia | .3 | 0.0% |
| Kenya | .3 | 0.0% |
| Austria | .3 | 0.0% |
| Hungary | .3 | 0.0% |
| Estonia | .1 | 0.0% |
| Bangladesh | .1 | 0.0% |
| Senegal | .0 | 0.0% |
| Nigeria | .0 | 0.0% |

N/A includes undisclosed geographic locations.

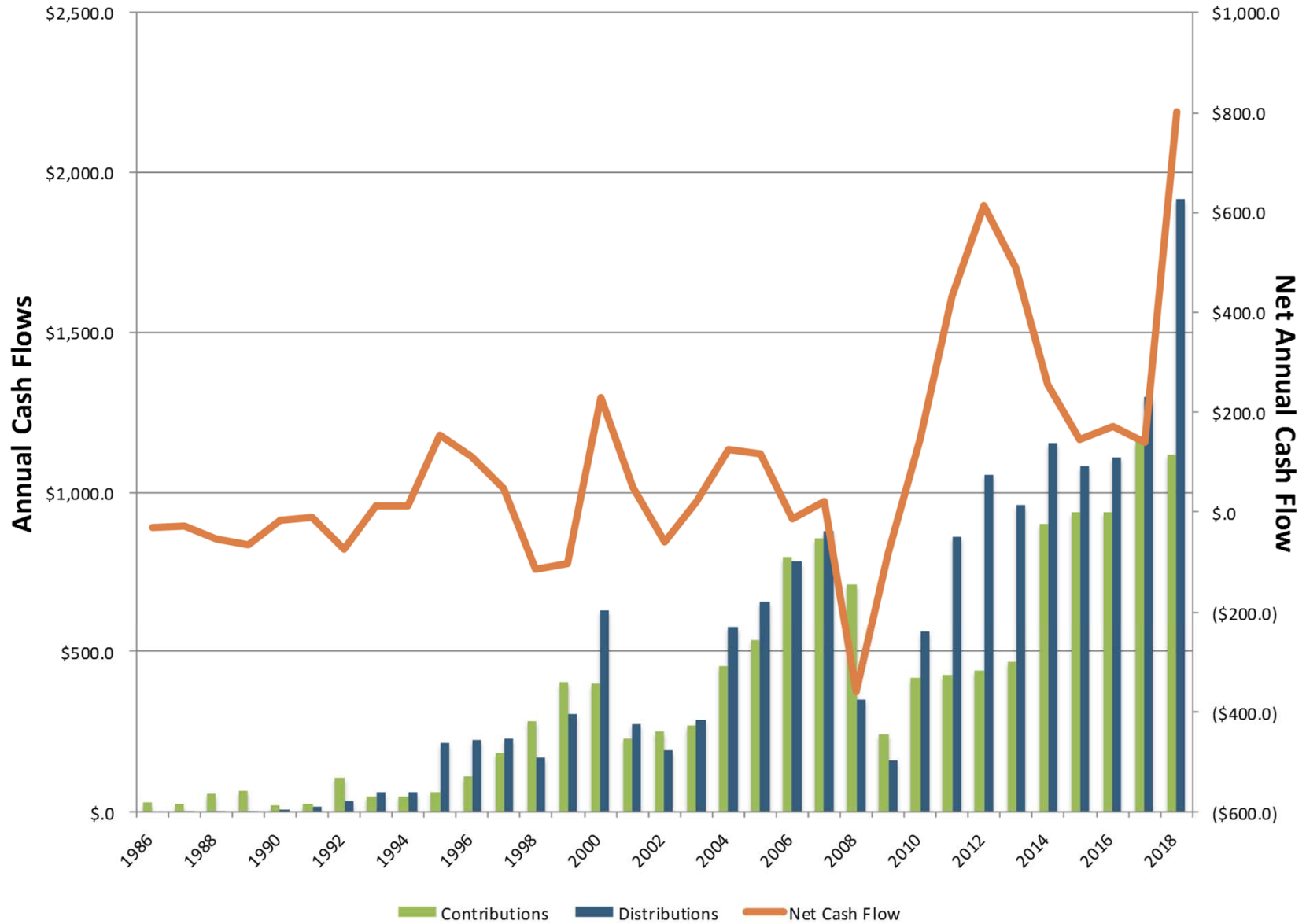
Portfolio Company Diversification by Industry Sector

As of December 31, 2018



Annual Cash Flow Activity

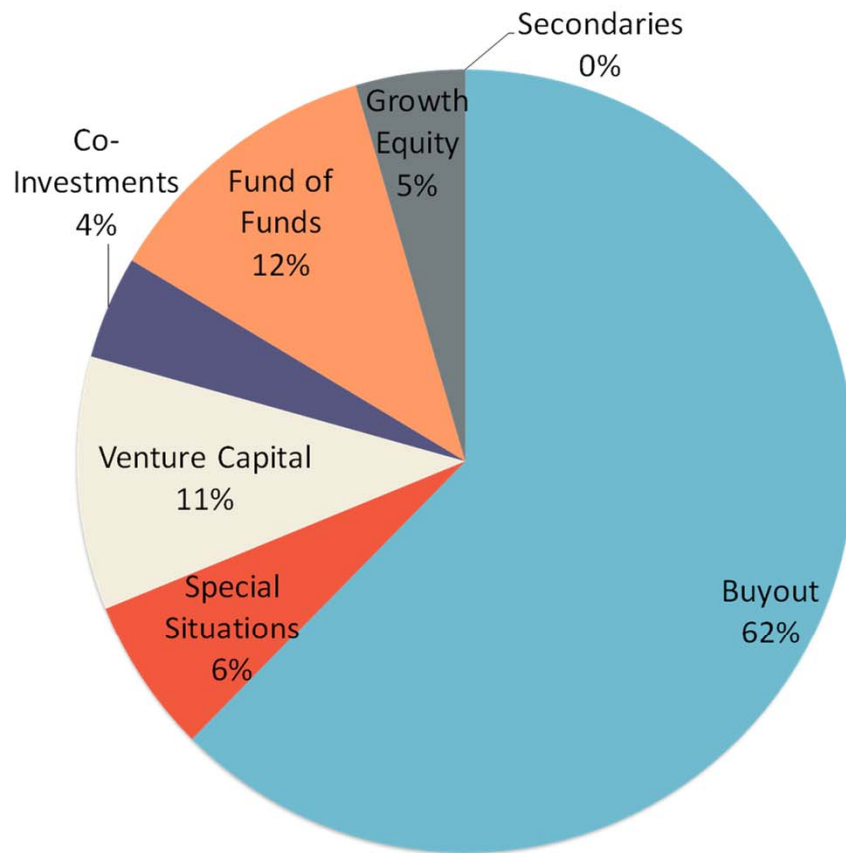
As of December 31, 2018 (\$ in Millions)



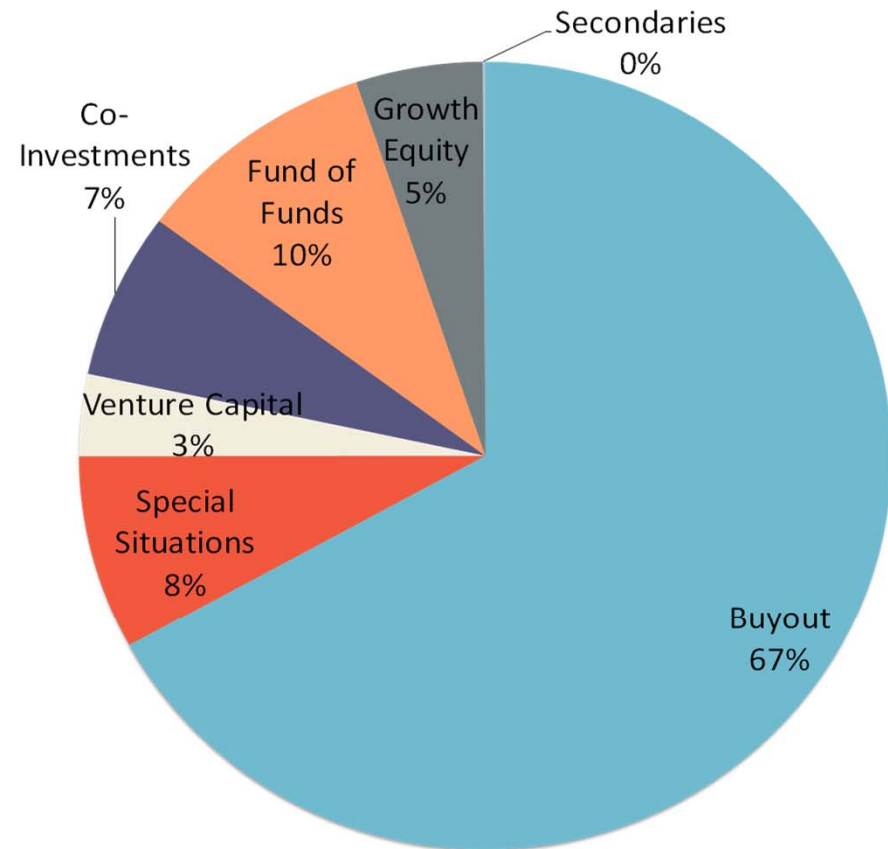
Annual Cash Flow By Strategy in 2018

As of December 31, 2018

Total Contributions

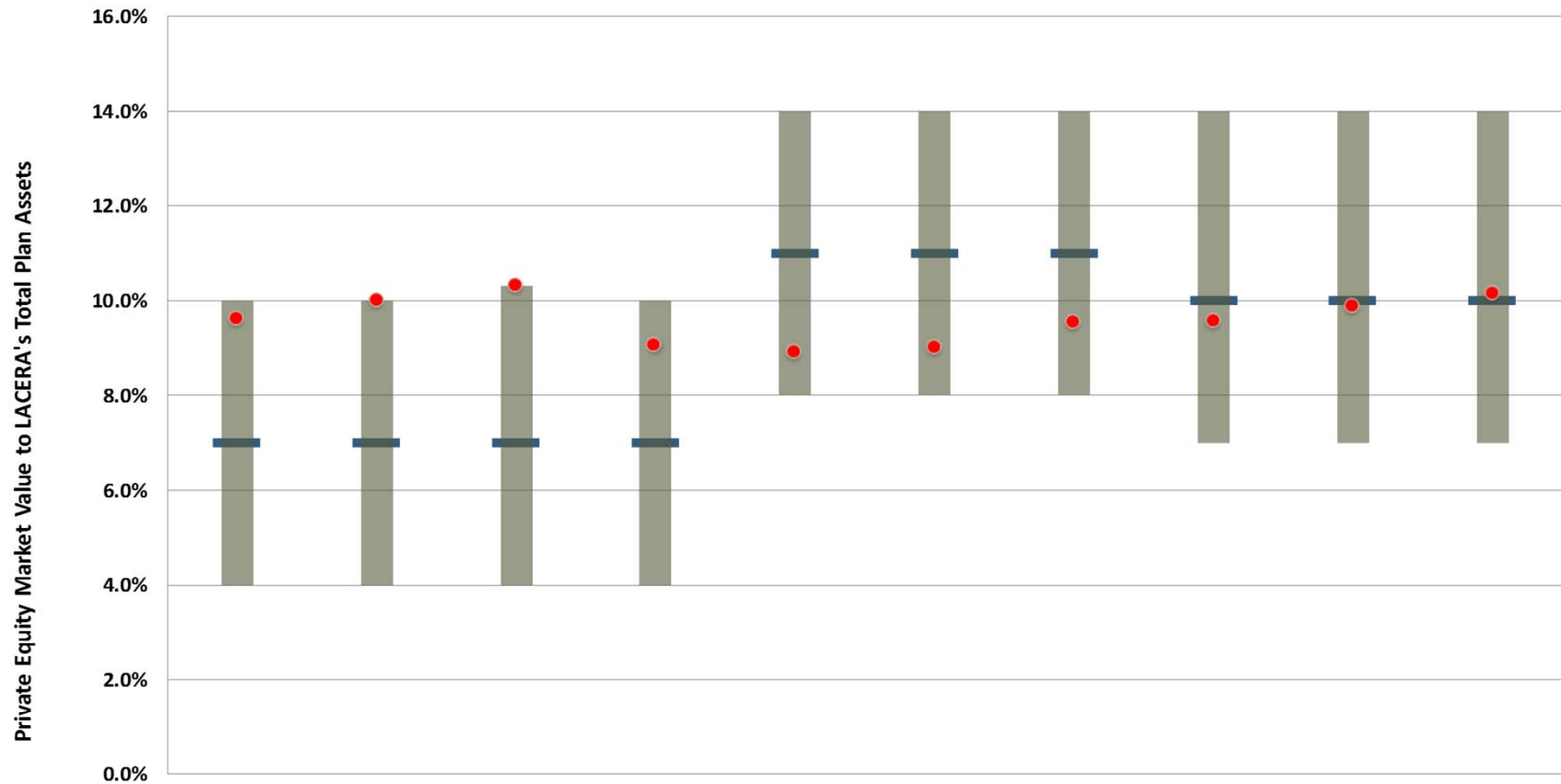


Total Distributions



10 Year Allocation History

As of December 31, 2018

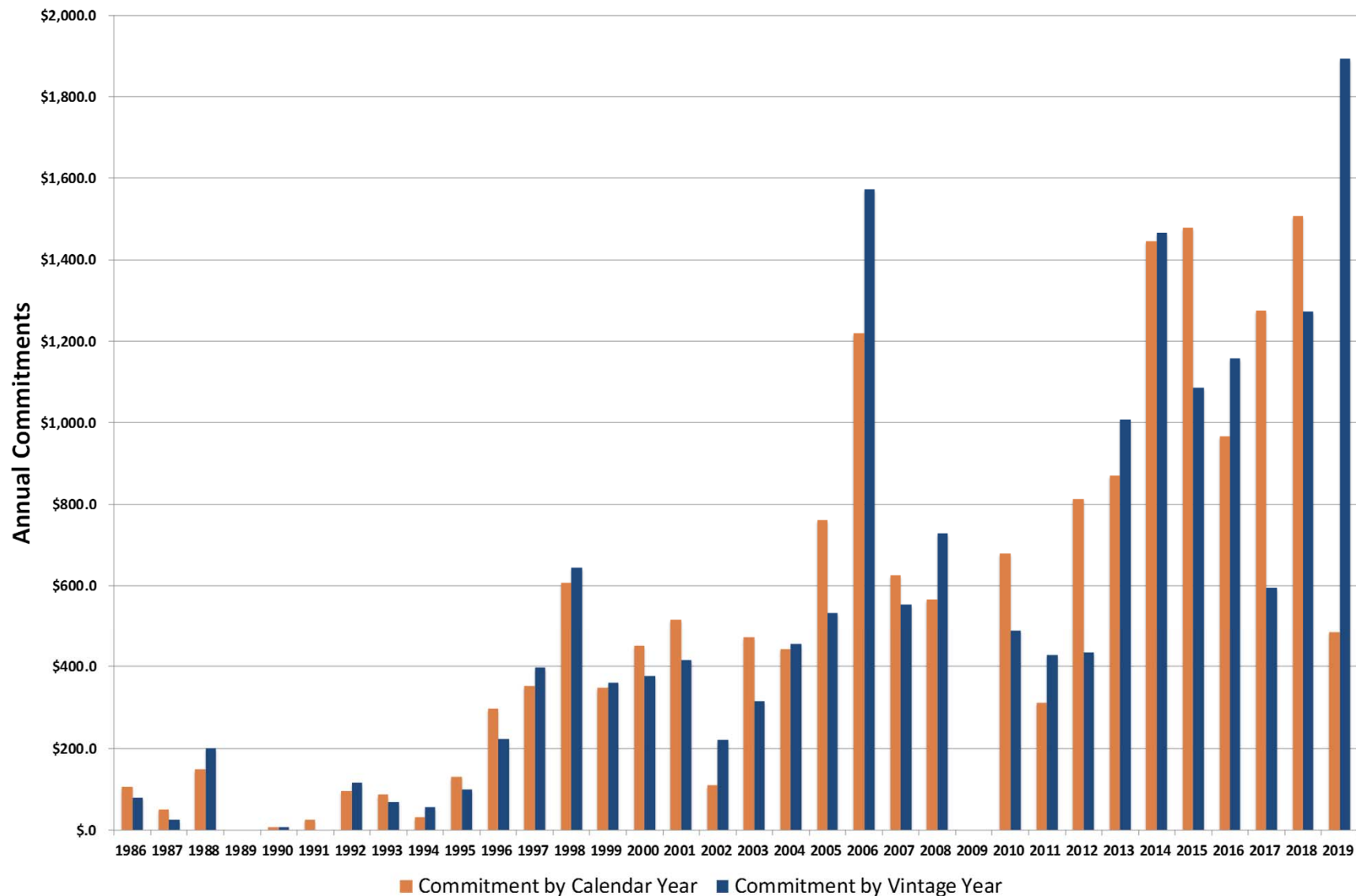


| | 12/31/2009 | 12/31/2010 | 12/31/2011 | 12/31/2012 | 12/31/2013 | 12/31/2014 | 12/31/2015 | 12/31/2016 | 12/31/2017 | 12/31/2018 |
|-----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| — Target | 7.0% | 7.0% | 7.0% | 7.0% | 11.0% | 11.0% | 11.0% | 10.0% | 10.0% | 10.0% |
| ■ Top Target Range | 10.0% | 10.0% | 10.0% | 10.0% | 14.0% | 14.0% | 14.0% | 14.0% | 14.0% | 14.0% |
| ■ Bottom Target Range | 4.0% | 4.0% | 4.0% | 4.0% | 8.0% | 8.0% | 8.0% | 7.0% | 7.0% | 7.0% |
| ● Actual Allocation | 9.6% | 10.0% | 10.3% | 9.0% | 8.9% | 9.0% | 9.5% | 9.6% | 9.9% | 10.2% |

LACERA Total Plan Assets is the quarterly performance book market value adjusted for actual period ending private equity market values.

Commitments by Year

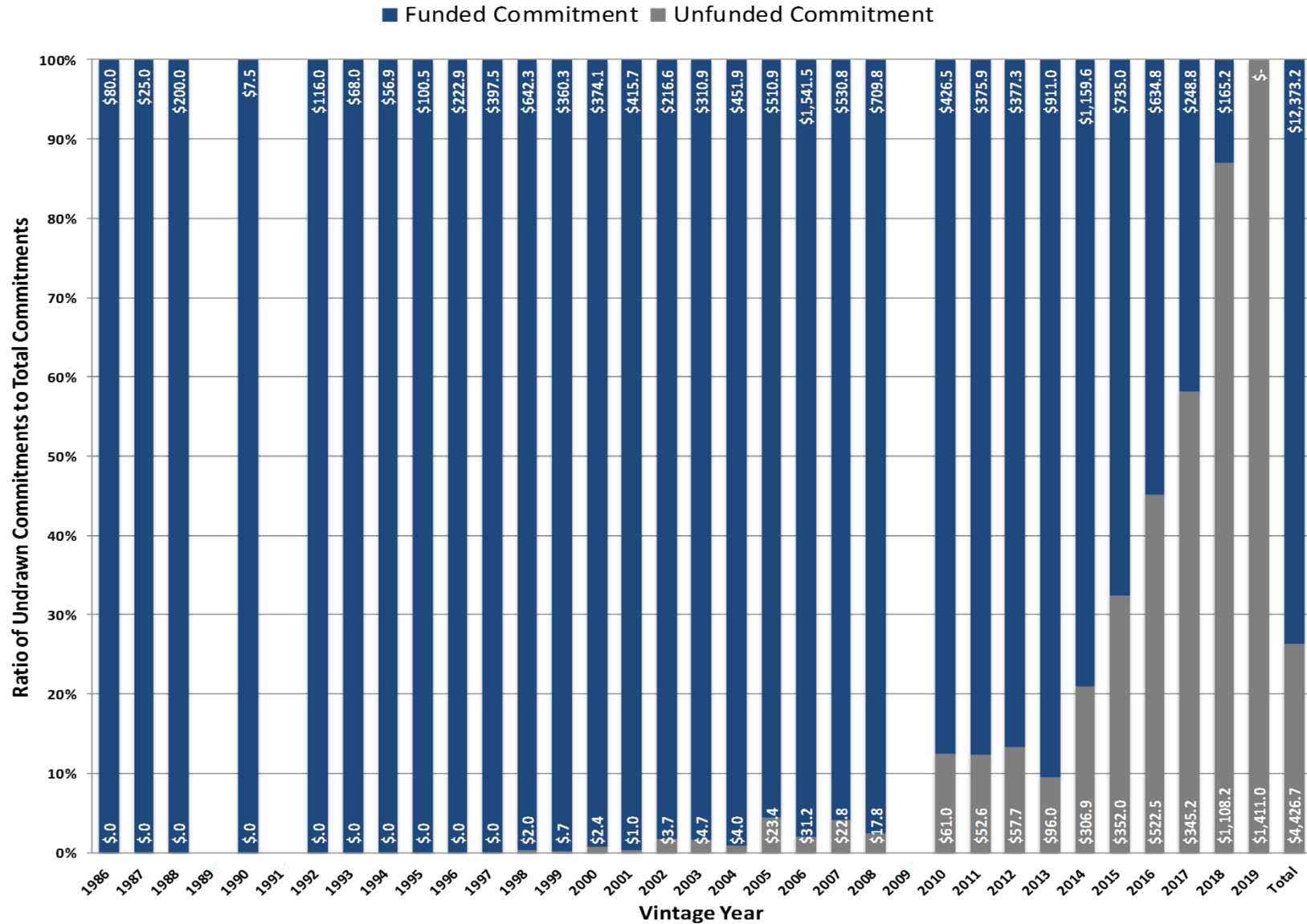
As of December 31, 2018 (\$ in Millions)



Includes commitments made after the reporting period and vintage year classification may change to a future year if no cash is drawn before the end of year.

Percentage of Undrawn Commitments by Vintage Year

As of December 31, 2018 (\$ in Millions)



New Investment History

| New Investments through Reporting Period | Commitment Date | Vintage Year ¹ | Strategy | Commitment (\$ in Millions) |
|--|-----------------|---------------------------|-------------------------------|-----------------------------|
| Sinovation Fund IV, L.P. | March 2018 | 2018 | Venture Capital - Early Stage | \$75.0 |
| Juggernaut Capital Partners IV, L.P. | March 2018 | 2018 | Buyout - Small | 125.0 |
| AE Industrial Partners Fund II, L.P. | August 2018 | 2019 | Buyout - Small | 100.0 |
| Riverside Micro-Cap Fund V, L.P. | August 2018 | 2019 | Growth Equity | 65.0 |
| Hellman & Friedman Capital Partners IX, L.P. | August 2018 | 2019 | Growth Equity | 150.0 |
| GGV Capital VII Plus, L.P. | August 2018 | 2019 | Venture Capital - Late Stage | 16.0 |
| GGV Capital VII, L.P. | August 2018 | 2019 | Venture Capital - Balanced | 64.0 |
| GGV Discovery II, L.P. | August 2018 | 2019 | Venture Capital - Late Stage | 20.0 |
| Accel-KKR Growth Capital Partners III, L.P. | September 2018 | 2019 | Buyout - Global | 50.0 |
| J.P. Morgan Emerging Managers Program IV | October 2018 | 2018 | Fund of Funds | 300.0 |
| Triton Fund V, L.P. | October 2018 | 2019 | Buyout - Large | 171.5 |
| Siris Partners IV, L.P. | October 2018 | 2019 | Buyout - Mid | 100.0 |
| Vista Equity Partners Fund VII, L.P. | December 2018 | 2019 | Buyout - Large | 200.0 |
| USV 2019, L.P. | December 2018 | 2019 | Venture Capital - Early Stage | 9.0 |
| USV Opportunity 2019, L.P. | December 2018 | 2019 | Venture Capital - Early Stage | 11.3 |
| Storm Ventures Fund VI, L.P. | December 2018 | 2019 | Venture Capital - Early Stage | 50.0 |
| Total of New Investments through Reporting Period | | | | \$1,506.7 |

| New Investments after Reporting Period (Subsequent) | Commitment Date ² | Vintage Year ¹ | Strategy | Commitment (\$ in Millions) |
|--|------------------------------|---------------------------|-------------------------------|-----------------------------|
| LAV Bioscience V, L.P. | January 2019 | 2019 | Venture Capital - Early Stage | \$48.0 |
| BRV Aster Fund III, L.P. | February 2019 | 2019 | Venture Capital - Early Stage | 40.0 |
| BRV Aster Opportunity Fund III, L.P. | February 2019 | 2019 | Venture Capital - Early Stage | 35.0 |
| Vinci Capital Partners III, L.P. | April 2019 | 2019 | Buyout - Mid | 75.0 |
| Advent International GPE IX, L.P. | April 2019 | 2019 | Buyout - Global | 100.0 |
| TA Associates XIII, L.P. | May 2019 | 2019 | Growth Equity | 75.0 |
| Accel-KKR Capital Partners VI, L.P. | TBD | 2019 | Buyout - Mid | 110.0 |
| Total of New Investments after Reporting Period | | | | \$483.0 |

¹Vintage Year based on LACERA's first cash flow or projected first cash flow, as applicable.

²TBD Commitment Date will be available after Limited Partnership Agreement is signed.

Individual Fund Performance

Portfolio Investment Report

As of December 31, 2018
(\$ in millions)

| INVESTMENTS | COMMITMENT DATE | VINTAGE YEAR | STATUS | STRATEGY | COMMITMENT | CUMULATIVE CONTRIBUTIONS | CUMULATIVE DISTRIBUTIONS | MARKET VALUE | Exposure | TOTAL VALUE | DPI MULTIPLE | TVPI MULTIPLE | SINCE INCEPTION NET IRR | IRR QUANTILE RANKING | Private IQ Benchmarks | | | KS-PME | |
|---|-----------------|--------------|--------|-------------------------------|--------------|--------------------------|--------------------------|--------------|------------|--------------|--------------|---------------|-------------------------|----------------------|-----------------------|------------|-----------|-------------|--|
| | | | | | | | | | | | | | | | UPPER IRR | MEDIAN IRR | LOWER IRR | | |
| 1986 Vintage | | | | | | | | | | | | | | | | | | | |
| Warburg Pincus Capital Company, L.P. | 10/1986 | 1986 | Exited | Buyout - Global | \$50.0 | \$50.0 | \$218.4 | \$- | \$- | \$218.4 | 4.37x | 4.37x | 18.41% | 2nd | 19.8% | 16.8% | 8.0% | 1.24 | |
| Copley Partners 1, L.P. | 12/1986 | 1986 | Exited | Venture Capital - Balanced | 15.0 | 15.0 | 27.3 | - | - | 27.3 | 1.82x | 1.82x | 9.53% | 2nd | 12.5% | 6.6% | 5.5% | 0.84 | |
| Copley Partners 2, L.P. | 12/1986 | 1986 | Exited | Venture Capital - Balanced | 15.0 | 15.0 | 21.8 | - | - | 21.8 | 1.45x | 1.45x | 5.66% | 3rd | 12.5% | 6.6% | 5.5% | 0.66 | |
| 1986 Vintage Total | | | | | 80.0 | 80.0 | 267.5 | - | - | 267.5 | 3.34x | 3.34x | 15.72% | | | | | 1.02 | |
| 1987 Vintage | | | | | | | | | | | | | | | | | | | |
| Media Communications Partners, L.P. | 11/1986 | 1987 | Exited | Venture Capital - Balanced | 25.0 | 25.0 | 40.3 | - | - | 40.3 | 1.61x | 1.61x | 7.25% | 3rd | 19.5% | 13.4% | 2.2% | 0.72 | |
| 1987 Vintage Total | | | | | 25.0 | 25.0 | 40.3 | - | - | 40.3 | 1.61x | 1.61x | 7.25% | | | | | 0.72 | |
| 1988 Vintage | | | | | | | | | | | | | | | | | | | |
| Prudential Venture Partners II | 1/1987 | 1988 | Exited | Venture Capital - Late Stage | 50.0 | 50.0 | 116.4 | - | - | 116.4 | 2.33x | 2.33x | 23.45% | 1st | 21.2% | 9.9% | 4.7% | 1.38 | |
| GKH Investments, L.P. | 1/1988 | 1988 | Exited | Buyout - Small | 150.0 | 166.6 | 350.5 | - | - | 350.5 | 2.10x | 2.10x | 13.13% | 1st | 12.3% | 10.7% | 10.1% | 1.01 | |
| 1988 Vintage Total | | | | | 200.0 | 216.6 | 466.9 | - | - | 466.9 | 2.16x | 2.16x | 15.54% | | | | | 1.09 | |
| 1990 Vintage | | | | | | | | | | | | | | | | | | | |
| Syndicated Communications II, L.P. | 1/1990 | 1990 | Exited | Venture Capital - Balanced | 7.5 | 7.5 | 16.7 | - | - | 16.7 | 2.22x | 2.22x | 12.98% | 3rd | 37.6% | 21.5% | 12.9% | 0.74 | |
| 1990 Vintage Total | | | | | 7.5 | 7.5 | 16.7 | - | - | 16.7 | 2.22x | 2.22x | 12.98% | | | | | 0.74 | |
| 1992 Vintage | | | | | | | | | | | | | | | | | | | |
| Oak Investment Partners V, L.P. | 11/1991 | 1992 | Exited | Venture Capital - Balanced | 11.3 | 11.3 | 17.1 | - | - | 17.1 | 1.52x | 1.52x | 10.55% | 3rd | 25.2% | 12.6% | 5.8% | 0.76 | |
| Kidd Kamm Equity Partners, L.P. | 12/1991 | 1992 | Exited | Buyout - Small | 15.0 | 14.9 | .6 | - | - | .6 | 0.04x | 0.04x | -49.85% | 4th | 54.3% | 20.0% | 10.7% | 0.02 | |
| Sevin Rosen Fund IV, L.P. | 1/1992 | 1992 | Exited | Venture Capital - Early Stage | 5.0 | 5.0 | 51.2 | - | - | 51.2 | 10.18x | 10.18x | 87.17% | 1st | 25.2% | 12.6% | 5.8% | 4.90 | |
| Symantec Corp. | 1/1992 | 1992 | Exited | Co-Investments | 5.6 | 5.6 | 2.2 | - | - | 2.2 | 0.40x | 0.40x | -28.51% | 4th | 54.3% | 20.0% | 10.7% | 0.32 | |
| Summit Ventures III, L.P. | 1/1992 | 1992 | Exited | Venture Capital - Balanced | 25.0 | 20.0 | 78.8 | - | - | 78.8 | 3.94x | 3.94x | 61.71% | 1st | 25.2% | 12.6% | 5.8% | 2.13 | |
| Kleiner Perkins Caufield & Byers VI, L.P. | 5/1992 | 1992 | Exited | Venture Capital - Balanced | 5.0 | 5.0 | 16.6 | - | - | 16.6 | 3.31x | 3.31x | 39.44% | 1st | 25.2% | 12.6% | 5.8% | 1.73 | |
| Churchill Capital Partners II, L.P. | 7/1992 | 1992 | Exited | Mezzanine | 25.0 | 25.0 | 34.3 | - | - | 34.3 | 1.37x | 1.37x | 10.11% | 4th | 39.2% | 22.8% | 17.6% | 0.84 | |
| Whitman Heffernan & Rhein Fund II, L.P. | 7/1992 | 1992 | Exited | Buyout - Small | 14.2 | 14.2 | 8.3 | - | - | 8.3 | 0.59x | 0.59x | -23.34% | 4th | 54.3% | 20.0% | 10.7% | 0.40 | |
| ASC Network Corporation | 12/1992 | 1992 | Exited | Co-Investments | 5.0 | 5.0 | 8.5 | - | - | 8.5 | 1.70x | 1.70x | 14.24% | 3rd | 54.3% | 20.0% | 10.7% | 0.92 | |
| First Data Corporation | 12/1992 | 1992 | Exited | Co-Investments | 5.0 | 5.0 | 24.9 | - | - | 24.9 | 4.98x | 4.98x | 91.84% | 1st | 54.3% | 20.0% | 10.7% | 3.80 | |
| 1992 Vintage Total | | | | | 116.0 | 111.0 | 242.5 | - | - | 242.5 | 2.19x | 2.19x | 29.03% | | | | | 1.50 | |
| 1993 Vintage | | | | | | | | | | | | | | | | | | | |
| Berkshire Fund III, L.P. | 10/1992 | 1993 | Exited | Buyout - Large | 5.0 | 4.8 | 18.5 | - | - | 18.5 | 3.82x | 3.82x | 55.07% | 1st | 17.6% | 16.1% | 10.1% | 2.01 | |
| Landmark Equity Partners III, L.P. | 1/1993 | 1993 | Exited | Secondaries | 10.0 | 10.3 | 26.8 | - | - | 26.8 | 2.60x | 2.60x | 35.08% | 2nd | 40.1% | 21.1% | 13.4% | 1.46 | |
| The 1818 Fund II, L.P. | 1/1993 | 1993 | Exited | Buyout - Small | 15.0 | 12.9 | 24.0 | - | - | 24.0 | 1.86x | 1.86x | 12.15% | 3rd | 17.6% | 16.1% | 10.1% | 0.90 | |
| Vestar Equity Partners, L.P. | 1/1993 | 1993 | Exited | Buyout - Mid | 8.0 | 6.8 | 23.9 | - | - | 23.9 | 3.51x | 3.51x | 56.48% | 1st | 17.6% | 16.1% | 10.1% | 2.00 | |
| Welsh, Carson, Anderson & Stowe VI, L.P. | 1/1993 | 1993 | Exited | Buyout - Large | 10.0 | 10.0 | 20.7 | - | - | 20.7 | 2.07x | 2.07x | 13.94% | 3rd | 17.6% | 16.1% | 10.1% | 0.92 | |
| Accel IV, L.P. | 5/1993 | 1993 | Exited | Venture Capital - Late Stage | 5.0 | 5.0 | 40.4 | - | - | 40.4 | 8.07x | 8.07x | 78.00% | 1st | 68.7% | 39.0% | 20.1% | 3.77 | |
| Phillips-Smith Specialty Retail Group III, L.P. | 6/1993 | 1993 | Exited | Venture Capital - Balanced | 5.0 | 5.0 | 10.9 | - | - | 10.9 | 2.19x | 2.19x | 23.26% | 3rd | 68.7% | 39.0% | 20.1% | 1.17 | |
| Enterprise Partners III, L.P. | 12/1993 | 1993 | Exited | Venture Capital - Early Stage | 10.0 | 10.0 | 74.2 | - | - | 74.2 | 7.42x | 7.42x | 63.67% | 2nd | 68.7% | 39.0% | 20.1% | 3.44 | |
| 1993 Vintage Total | | | | | 68.0 | 64.8 | 239.5 | - | - | 239.5 | 3.70x | 3.70x | 39.68% | | | | | 1.65 | |
| 1994 Vintage | | | | | | | | | | | | | | | | | | | |
| Blackstone Capital Partners II, L.P. | 1/1993 | 1994 | Exited | Buyout - Global | 25.0 | 26.3 | 59.0 | - | - | 59.0 | 2.24x | 2.24x | 37.56% | 1st | 25.0% | 8.8% | 6.3% | 1.47 | |
| Kleiner Perkins Caufield & Byers VII, L.P. | 5/1994 | 1994 | Exited | Venture Capital - Balanced | 3.8 | 3.8 | 121.6 | - | - | 121.6 | 32.42x | 32.42x | 124.57% | 1st | 73.1% | 47.7% | 15.7% | 13.61 | |
| Oak Investment Partners VI, L.P. | 10/1994 | 1994 | Exited | Venture Capital - Balanced | 14.0 | 14.0 | 40.7 | - | - | 40.7 | 2.91x | 2.91x | 34.57% | 3rd | 73.1% | 47.7% | 15.7% | 1.52 | |
| Landmark Equity Partners IV, L.P. | 12/1994 | 1994 | Exited | Secondaries | 10.5 | 11.0 | 16.2 | - | - | 16.2 | 1.47x | 1.47x | 15.81% | 3rd | 37.6% | 19.9% | 6.8% | 1.00 | |
| Best Friends Pet Care | 12/1994 | 1994 | Exited | Co-Investments | 3.7 | 3.7 | .1 | - | - | .1 | 0.02x | 0.02x | 0.00% | 4th | 25.0% | 8.8% | 6.3% | 0.01 | |
| 1994 Vintage Total | | | | | 56.9 | 58.8 | 237.6 | - | - | 237.6 | 4.04x | 4.04x | 54.09% | | | | | 2.37 | |
| 1995 Vintage | | | | | | | | | | | | | | | | | | | |
| Summit Ventures IV, L.P. | 1/1995 | 1995 | Exited | Growth Equity | 24.8 | 24.0 | 181.7 | - | - | 181.7 | 7.57x | 7.57x | 103.98% | 1st | 91.9% | 33.9% | 12.8% | 4.39 | |
| Welsh, Carson, Anderson & Stowe VII, L.P. | 1/1995 | 1995 | Exited | Buyout - Large | 20.0 | 20.0 | 43.5 | - | - | 43.5 | 2.18x | 2.18x | 17.71% | 2nd | 20.8% | 10.5% | 2.9% | 1.39 | |
| Apollo Investment Fund III, L.P. | 3/1995 | 1995 | Exited | Buyout - Large | 15.0 | 17.2 | 24.7 | - | - | 24.7 | 1.43x | 1.43x | 9.62% | 3rd | 20.8% | 10.5% | 2.9% | 0.98 | |
| GS Capital Partners II, L.P. | 4/1995 | 1995 | Exited | Buyout - Mid | 20.0 | 19.7 | 24.3 | - | - | 24.3 | 1.23x | 1.23x | 4.78% | 3rd | 20.8% | 10.5% | 2.9% | 0.85 | |
| Sierra Ventures V, L.P. | 4/1995 | 1995 | Exited | Venture Capital - Early Stage | 5.0 | 5.0 | 21.3 | - | - | 21.3 | 4.25x | 4.25x | 80.00% | 2nd | 91.9% | 33.9% | 12.8% | 2.56 | |
| Cypress Merchant Banking Partners, L.P. | 11/1995 | 1995 | Exited | Buyout - Mid | 10.0 | 10.5 | 12.6 | - | - | 12.6 | 1.21x | 1.21x | 2.57% | 4th | 20.8% | 10.5% | 2.9% | 0.79 | |
| MetroPCS | 11/1995 | 1995 | Exited | Co-Investments | 5.8 | 5.9 | 54.5 | - | - | 54.5 | 9.21x | 9.21x | 26.34% | 1st | 20.8% | 10.5% | 2.9% | 4.23 | |
| 1995 Vintage Total | | | | | 100.5 | 102.3 | 362.6 | - | - | 362.6 | 3.54x | 3.54x | 43.13% | | | | | 2.39 | |
| 1996 Vintage | | | | | | | | | | | | | | | | | | | |
| Questor Partners Fund, L.P. | 1/1995 | 1996 | Exited | Buyout - Small | 30.0 | 30.3 | 42.9 | - | - | 42.9 | 1.41x | 1.41x | 15.70% | 2nd | 20.7% | 9.1% | 2.8% | 1.00 | |
| Cornerstone Equity Partners IV, L.P. | 1/1996 | 1996 | Exited | Buyout - Small | 25.0 | 25.0 | 40.4 | - | - | 40.4 | 1.62x | 1.62x | 8.58% | 3rd | 20.7% | 9.1% | 2.8% | 1.31 | |
| CVC European Equity Partners, L.P. | 2/1996 | 1996 | Exited | Buyout - Global | 25.0 | 24.3 | 61.1 | - | - | 61.1 | 2.51x | 2.51x | 22.96% | 1st | 22.7% | 17.5% | 8.8% | 1.61 | |
| Accel V, L.P. | 3/1996 | 1996 | Exited | Venture Capital - Early Stage | 9.0 | 9.0 | 176.6 | - | - | 176.6 | 19.62x | 19.62x | 188.44% | 1st | 153.9% | 64.0% | -1.7% | 12.36 | |
| Bruckmann, Rosser, Sherrill & Co., L.P. | 3/1996 | 1996 | Exited | Buyout - Small | 28.0 | 29.3 | 51.7 | - | - | 51.7 | 1.77x | 1.77x | 10.35% | 2nd | 20.7% | 9.1% | 2.8% | 1.29 | |
| Geocalipal IV, L.P. | 3/1996 | 1996 | Active | Venture Capital - Early Stage | 9.0 | 9.0 | 14.6 | 1.0 | 1.0 | 15.5 | 1.62x | 1.73x | 14.13% | 3rd | 153.9% | 64.0% | -1.7% | 1.15 | |
| Carlyle Partners II, L.P. | 4/1996 | 1996 | Exited | Buyout - Global | 30.0 | 33.9 | 81.6 | - | - | 81.6 | 2.40x | 2.40x | 25.74% | 1st | 20.7% | 9.1% | 2.8% | 1.70 | |
| Sevin Rosen Fund V, L.P. | 4/1996 | 1996 | Exited | Venture Capital - Early Stage | 10.0 | 10.0 | 11.1 | - | - | 11.1 | 1.10x | 1.10x | 9.29% | 3rd | 153.9% | 64.0% | -1.7% | 0.89 | |
| Berkshire Fund IV, L.P. | 5/1996 | 1996 | Exited | Buyout - Large | 20.0 | 19.2 | 49.9 | - | - | 49.9 | 2.60x | 2.60x | 33.41% | 1st | 20.7% | 9.1% | 2.8% | 1.81 | |
| Indigo N.V. | 5/1996 | 1996 | Exited | Co-Investments | 8.4 | 7.0 | 9.3 | - | - | 9.3 | 1.32x | 1.32x | 5.11% | 3rd | 20.7% | 9.1% | 2.8% | 0.74 | |
| Worldview Technology Partners I, L.P. | 9/1996 | 1996 | Exited | Venture Capital - Balanced | 8.5 | 8.5 | 32.2 | - | - | 32.2 | 3.79x | 3.79x | 68.50% | 2nd | 153.9% | 64.0% | -1.7% | 2.66 | |
| Ripplewood Partners, L.P. | 1/1997 | 1996 | Exited | Buyout - Small | 20.0 | 19.6 | 36.4 | - | - | 36.4 | 1.86x | 1.86x | 13.62% | 2nd | 20.7% | 9.1% | 2.8% | 1.54 | |
| 1996 Vintage Total | | | | | 222.9 | 225.2 | 607.7 | 1.0 | 1.0 | 608.7 | 2.70x | 2.70x | 37.42% | | | | | 1.82 | |
| 1997 Vintage | | | | | | | | | | | | | | | | | | | |
| KKR 1996 Fund, L.P. | 9/1996 | 1997 | Exited | Buyout - Global | 125.0 | 131.8 | 235.1 | - | - | 235.1 | 1.78x | 1.78x | 13.18% | 1st | 7.4% | 3.8% | -1.2% | 1.38 | |
| Blackstone Capital Partners III Merchant, L.P. | 1/1997 | 1997 | Exited | Buyout - Global | | | | | | | | | | | | | | | |

Portfolio Investment Report

As of December 31, 2018
(\$ in millions)

| INVESTMENTS | COMMITMENT DATE | VINTAGE YEAR | STATUS | STRATEGY | COMMITMENT | CUMULATIVE CONTRIBUTIONS | CUMULATIVE DISTRIBUTIONS | MARKET VALUE | Exposure | TOTAL VALUE | DPI MULTIPLE | TVPI MULTIPLE | SINCE INCEPTION NET IRR | IRR QUARTILE RANKING | Private IQ Benchmarks | | | KS-PME |
|--|-----------------|--------------|--------|-------------------------------|--------------|--------------------------|--------------------------|--------------|------------|--------------|--------------|---------------|-------------------------|----------------------|-----------------------|------------|-----------|-------------|
| | | | | | | | | | | | | | | | UPPER IRR | MEDIAN IRR | LOWER IRR | |
| TPG Partners II, L.P. | 1/1997 | 1997 | Exited | Buyout - Global | 75.0 | 76.0 | 132.3 | - | - | 132.3 | 1.74x | 1.74x | 9.93% | 1st | 7.4% | 3.8% | -1.2% | 1.35 |
| Vestar Equity Partners III, L.P. | 1/1997 | 1997 | Exited | Buyout - Mid | 17.5 | 17.2 | 19.6 | - | - | 19.6 | 1.14x | 1.14x | 2.63% | 3rd | 7.4% | 3.8% | -1.2% | 0.94 |
| The Beacon Group III - Focus Value Fund, L.P. | 3/1997 | 1997 | Exited | Venture Capital - Balanced | 40.0 | 39.6 | 10.1 | - | - | 10.1 | 0.25x | 0.25x | -18.19% | 4th | 127.9% | 30.2% | 1.0% | 0.25 |
| William Blair Mezzanine Capital Fund II, L.P. | 3/1997 | 1997 | Exited | Mezzanine | 10.0 | 10.0 | 17.0 | - | - | 17.0 | 1.70x | 1.70x | 11.84% | 2nd | 13.0% | 5.8% | 0.2% | 1.33 |
| Cardinal Health Partners, L.P. | 7/1997 | 1997 | Exited | Venture Capital - Early Stage | 10.0 | 10.0 | 18.7 | - | - | 18.7 | 1.87x | 1.87x | 9.70% | 3rd | 127.9% | 30.2% | 1.0% | 1.57 |
| Prospect Venture Partners I, L.P. | 10/1997 | 1997 | Exited | Venture Capital - Early Stage | 10.0 | 10.0 | 7.5 | - | - | 7.5 | 0.75x | 0.75x | -3.78% | 4th | 127.9% | 30.2% | 1.0% | 0.58 |
| Halpern Denny Fund II, L.P. | 11/1997 | 1997 | Exited | Buyout - Small | 10.0 | 10.2 | 2.3 | - | - | 2.3 | 0.23x | 0.23x | -22.36% | 4th | 7.4% | 3.8% | -1.2% | 0.20 |
| 1997 Vintage Total | | | | | 397.5 | 410.4 | 606.4 | - | - | 606.4 | 1.48x | 1.48x | 7.71% | | | | | 1.14 |
| 1998 Vintage | | | | | | | | | | | | | | | | | | |
| OCM Opportunities Fund II, L.P. | 1/1998 | 1998 | Exited | Distressed | 25.0 | 25.0 | 37.7 | - | - | 37.7 | 1.51x | 1.51x | 8.45% | 3rd | 15.2% | 8.8% | 0.2% | 1.32 |
| Behrman Capital II, L.P. | 5/1998 | 1998 | Exited | Buyout - Mid | 34.1 | 34.1 | 41.9 | - | - | 41.9 | 1.23x | 1.23x | 3.03% | 3rd | 15.0% | 8.8% | -1.7% | 1.05 |
| Accel VI, L.P. | 1/1998 | 1998 | Active | Venture Capital - Early Stage | 9.0 | 9.0 | 3.3 | .4 | .4 | 3.7 | 0.36x | 0.41x | -7.50% | 4th | 21.7% | 5.2% | -5.4% | 0.30 |
| Apollo Investment Fund IV, L.P. | 1/1998 | 1998 | Active | Buyout - Large | 50.0 | 51.2 | 84.6 | .1 | .2 | 84.6 | 1.65x | 1.65x | 8.47% | 3rd | 15.0% | 8.8% | -1.7% | 1.46 |
| CVC European Equity Partners II, L.P. | 1/1998 | 1998 | Exited | Buyout - Global | 50.0 | 46.4 | 110.7 | - | - | 110.7 | 2.39x | 2.39x | 18.94% | 1st | 18.7% | 12.8% | 9.2% | 1.82 |
| Information Technology Venture II, L.P. | 1/1998 | 1998 | Exited | Venture Capital - Early Stage | 15.0 | 15.0 | 11.6 | - | - | 11.6 | 0.77x | 0.77x | -11.07% | 4th | 21.7% | 5.2% | -5.4% | 0.75 |
| Thomas H. Lee Equity Fund IV, L.P. | 1/1998 | 1998 | Exited | Buyout - Global | 70.0 | 63.1 | 58.7 | - | - | 54.8 | 0.87x | 0.87x | -2.61% | 4th | 15.0% | 8.8% | -1.7% | 0.86 |
| Welsh, Carson, Anderson & Stowe VIII, L.P. | 1/1998 | 1998 | Exited | Buyout - Large | 25.0 | 25.0 | 32.2 | - | - | 32.2 | 1.29x | 1.29x | 3.12% | 3rd | 15.0% | 8.8% | -1.7% | 1.05 |
| Summit Ventures V, L.P. | 1/1998 | 1998 | Exited | Growth Equity | 37.0 | 35.7 | 49.5 | - | - | 49.5 | 1.39x | 1.39x | 8.12% | 2nd | 21.7% | 5.2% | -5.4% | 1.23 |
| McCown DeLeeuw & Co. Fund IV, L.P. | 2/1998 | 1998 | Exited | Buyout - Small | 25.0 | 21.3 | 15.5 | - | - | 15.5 | 0.73x | 0.73x | -4.50% | 4th | 15.0% | 8.8% | -1.7% | 0.64 |
| Aurora Equity Partners II, L.P. | 3/1998 | 1998 | Exited | Buyout - Small | 30.0 | 33.8 | 47.5 | - | - | 47.5 | 1.41x | 1.41x | 4.69% | 3rd | 15.0% | 8.8% | -1.7% | 1.05 |
| Levine Leichtman Capital Partners II, L.P. | 3/1998 | 1998 | Active | Buyout - Mid | 30.0 | 50.0 | 57.5 | .2 | .2 | 57.6 | 1.15x | 1.15x | 4.92% | 3rd | 15.0% | 8.8% | -1.7% | 1.04 |
| Lexington Capital Partners II, L.P. | 3/1998 | 1998 | Exited | Secondaries | 50.0 | 49.4 | 65.7 | - | - | 65.7 | 1.33x | 1.33x | 8.17% | 2nd | 17.3% | 7.7% | -2.7% | 1.22 |
| Sevin Rosen VI, L.P. | 3/1998 | 1998 | Exited | Venture Capital - Early Stage | 5.0 | 5.0 | 9.2 | - | - | 9.2 | 1.84x | 1.84x | 53.46% | 1st | 21.7% | 5.2% | -5.4% | 1.64 |
| HarbourVest International Private Equity Partners | 4/1998 | 1998 | Active | Fund of Funds | 25.0 | 24.6 | 38.2 | .1 | .4 | 38.2 | 1.55x | 1.55x | 8.56% | 2nd | 17.1% | 7.8% | -2.1% | 1.25 |
| Quad C Partners V, L.P. | 4/1998 | 1998 | Exited | Buyout - Small | 25.0 | 25.0 | 36.5 | - | - | 36.5 | 1.46x | 1.46x | 9.11% | 2nd | 15.0% | 8.8% | -1.7% | 1.34 |
| Sprout VIII, L.P. | 5/1998 | 1998 | Exited | Venture Capital - Balanced | 20.0 | 20.0 | 18.9 | - | - | 18.9 | 0.95x | 0.95x | -0.89% | 3rd | 21.7% | 5.2% | -5.4% | 0.82 |
| Brinson International Partners Fund | 7/1998 | 1998 | Active | Fund of Funds | 49.3 | 53.4 | 90.4 | 2.2 | 3.7 | 92.6 | 1.69x | 1.74x | 11.24% | 2nd | 17.1% | 7.8% | -2.1% | 1.31 |
| Oak Investment Partners VIII, L.P. | 7/1998 | 1998 | Exited | Venture Capital - Balanced | 10.0 | 10.0 | 18.0 | - | - | 18.0 | 1.80x | 1.80x | 54.28% | 1st | 21.7% | 5.2% | -5.4% | 1.60 |
| Berkshire Fund V, L.P. | 8/1998 | 1998 | Exited | Buyout - Large | 40.0 | 38.3 | 100.5 | - | - | 100.5 | 2.63x | 2.63x | 22.98% | 1st | 15.0% | 8.8% | -1.7% | 2.07 |
| Worldview Technology Partners II, L.P. | 9/1998 | 1998 | Exited | Venture Capital - Balanced | 5.0 | 5.0 | 8.4 | - | - | 8.4 | 1.68x | 1.68x | 10.06% | 2nd | 21.7% | 5.2% | -5.4% | 1.58 |
| Alta California Partners II, L.P. | 10/1998 | 1998 | Exited | Venture Capital - Early Stage | 15.0 | 15.0 | 10.6 | - | - | 10.6 | 0.71x | 0.71x | -5.57% | 4th | 21.7% | 5.2% | -5.4% | 0.59 |
| 1998 Vintage Total | | | | | 644.4 | 655.3 | 943.2 | 2.8 | 4.9 | 946.0 | 1.44x | 1.44x | 7.27% | | | | | 1.27 |
| 1999 Vintage | | | | | | | | | | | | | | | | | | |
| Providence Equity Partners III, L.P. | 12/1998 | 1999 | Exited | Buyout - Global | 21.8 | 25.3 | 38.7 | - | - | 38.7 | 1.53x | 1.53x | 14.47% | 1st | 14.2% | 8.7% | -1.9% | 1.41 |
| Austin Ventures VII, L.P. | 1/1999 | 1999 | Exited | Venture Capital - Balanced | 5.0 | 5.0 | 4.0 | - | - | 4.0 | 0.81x | 0.81x | -2.84% | 2nd | 1.1% | -5.4% | -10.9% | 0.59 |
| Cypress Merchant Banking Partners II, L.P. | 1/1999 | 1999 | Exited | Buyout - Mid | 40.0 | 41.8 | 40.6 | - | - | 40.6 | 0.97x | 0.97x | -0.51% | 3rd | 14.2% | 8.7% | -1.9% | 0.77 |
| Lexington Capital Partners III, L.P. | 1/1999 | 1999 | Active | Secondaries | 25.0 | 24.7 | 31.0 | .2 | .5 | 31.2 | 1.26x | 1.26x | 8.64% | 2nd | 9.3% | -1.5% | -9.1% | 1.13 |
| Madison Dearborn Capital Partners III, L.P. | 1/1999 | 1999 | Exited | Buyout - Large | 30.0 | 30.0 | 45.8 | - | - | 45.8 | 1.53x | 1.53x | 8.59% | 3rd | 14.2% | 8.7% | -1.9% | 1.36 |
| OCM Opportunities Fund III, L.P. | 1/1999 | 1999 | Exited | Distressed | 25.0 | 26.3 | 38.9 | - | - | 38.9 | 1.48x | 1.48x | 11.93% | 2nd | 12.8% | 8.5% | -0.8% | 1.71 |
| Questor Partners Fund II, L.P. | 1/1999 | 1999 | Exited | Buyout - Small | 30.0 | 32.9 | 39.1 | - | - | 39.1 | 1.19x | 1.19x | 3.89% | 3rd | 14.2% | 8.7% | -1.9% | 0.87 |
| Vestar Capital Partners IV, L.P. | 1/1999 | 1999 | Exited | Buyout - Mid | 25.0 | 24.5 | 43.4 | - | - | 43.4 | 1.77x | 1.77x | 13.45% | 2nd | 14.2% | 8.7% | -1.9% | 1.37 |
| Apax Europe IV-A, L.P. | 2/1999 | 1999 | Exited | Buyout - Global | 19.5 | 20.1 | 27.3 | - | - | 27.3 | 1.36x | 1.36x | 7.10% | 4th | 20.0% | 17.8% | 12.4% | 1.14 |
| Columbia Capital Equity Partners II (QP), L.P. | 5/1999 | 1999 | Exited | Venture Capital - Early Stage | 12.0 | 12.0 | 9.5 | - | - | 9.5 | 0.79x | 0.79x | -4.62% | 2nd | 1.1% | -5.4% | -10.9% | 0.79 |
| Knightsbridge Integrated Holdings IV | 6/1999 | 1999 | Exited | Fund of Funds | 12.0 | 11.8 | 11.8 | - | - | 11.8 | 1.00x | 1.00x | 0.02% | 2nd | 9.3% | -1.5% | -9.1% | 0.82 |
| Invesco Partnership Fund II, L.P. | 7/1999 | 1999 | Exited | Fund of Funds | 20.0 | 21.5 | 16.5 | - | - | 16.5 | 0.77x | 0.77x | -4.14% | 3rd | 9.3% | -1.5% | -9.1% | 0.67 |
| Bruckmann, Rosser, Sherrill & Co. II, L.P. | 8/1999 | 1999 | Exited | Buyout - Small | 25.0 | 26.7 | 53.8 | - | - | 53.8 | 2.02x | 2.02x | 12.01% | 2nd | 14.2% | 8.7% | -1.9% | 1.39 |
| Clearstone Venture Partners II-A, L.P. | 8/1999 | 1999 | Exited | Venture Capital - Early Stage | 5.0 | 5.0 | 1.2 | - | - | 1.2 | 0.24x | 0.24x | -20.04% | 4th | 1.1% | -5.4% | -10.9% | 0.26 |
| Summit Accelerator Fund, L.P. | 8/1999 | 1999 | Active | Venture Capital - Early Stage | 5.6 | 5.4 | 9.4 | .2 | .5 | 9.6 | 1.73x | 1.76x | 9.82% | 1st | 1.1% | -5.4% | -10.9% | 1.46 |
| Infinity Capital Venture Fund 1999, L.P. | 9/1999 | 1999 | Exited | Venture Capital - Early Stage | 15.0 | 15.0 | 1.6 | - | - | 1.6 | 0.11x | 0.11x | -33.68% | 4th | 1.1% | -5.4% | -10.9% | 0.10 |
| Oak Investment Partners IX, L.P. | 9/1999 | 1999 | Active | Venture Capital - Balanced | 10.0 | 10.0 | 6.3 | .2 | .2 | 6.5 | 0.63x | 0.65x | -6.60% | 3rd | 1.1% | -5.4% | -10.9% | 0.57 |
| Blackstone Mezzanine Partners, L.P. | 10/1999 | 1999 | Exited | Mezzanine | 10.0 | 6.8 | 9.1 | - | - | 9.1 | 1.35x | 1.35x | 10.15% | 2nd | 12.8% | 8.5% | -0.8% | 1.12 |
| Sevin Rosen Fund VII, L.P. | 10/1999 | 1999 | Exited | Venture Capital - Early Stage | 10.0 | 9.9 | 2.1 | - | - | 2.1 | 0.21x | 0.21x | -10.26% | 3rd | 1.1% | -5.4% | -10.9% | 0.11 |
| Worldview Technology Partners III, L.P. | 12/1999 | 1999 | Exited | Venture Capital - Balanced | 10.0 | 10.0 | 1.5 | - | - | 1.5 | 0.15x | 0.15x | -22.59% | 4th | 1.1% | -5.4% | -10.9% | 0.14 |
| Morgan Stanley Dean Witter Venture Partners IV, L.P. | 12/1999 | 1999 | Active | Venture Capital - Late Stage | 5.0 | 5.1 | 4.1 | .1 | .1 | 4.2 | 0.80x | 0.82x | -2.50% | 2nd | 1.1% | -5.4% | -10.9% | 0.72 |
| 1999 Vintage Total | | | | | 360.9 | 369.6 | 435.8 | 7 | 1.3 | 436.5 | 1.18x | 1.18x | 3.39% | | | | | 1.02 |
| 2000 Vintage | | | | | | | | | | | | | | | | | | |
| Providence Growth Investors, L.P. | 12/1999 | 2000 | Exited | Buyout - Global | 10.0 | 10.2 | 12.4 | - | - | 12.4 | 1.21x | 1.21x | 4.85% | 4th | 21.8% | 13.1% | 7.4% | 1.06 |
| Blackstone Communications Partners I, L.P. | 1/2000 | 2000 | Active | Buyout - Mid | 25.0 | 27.7 | 33.7 | .2 | .5 | 33.9 | 1.22x | 1.23x | 6.55% | 4th | 21.8% | 13.1% | 7.4% | 0.98 |
| Madison Dearborn Capital Partners IV, L.P. | 1/2000 | 2000 | Active | Buyout - Large | 25.0 | 24.3 | 46.1 | - | - | 47.0 | 1.90x | 1.94x | 13.93% | 2nd | 21.8% | 13.1% | 7.4% | 1.32 |
| Providence Equity Partners IV, L.P. | 1/2000 | 2000 | Exited | Buyout - Global | 35.0 | 43.9 | 89.5 | - | - | 89.5 | 2.04x | 2.04x | 23.83% | 1st | 21.8% | 13.1% | 7.4% | 1.40 |
| TPG Partners III, L.P. | 1/2000 | 2000 | Exited | Buyout - Global | 25.8 | 27.5 | 68.5 | - | - | 68.5 | 2.49x | 2.49x | 24.49% | 1st | 21.8% | 13.1% | 7.4% | 2.00 |
| Weston Presidio Capital IV, L.P. | 1/2000 | 2000 | Active | Buyout - Small | 9.7 | 9.7 | 11.3 | .1 | .1 | 11.4 | 1.17x | 1.18x | 2.96% | 2nd | 3.7% | -3.3% | -7.3% | 0.89 |
| TH Lee Putnam Parallel Ventures, L.P. | 2/2000 | 2000 | Exited | Venture Capital - Balanced | 5.0 | 5.1 | 5.8 | - | - | 5.8 | 1.15x | 1.15x | 3.01% | 2nd | 3.7% | -3.3% | -7.3% | 0.97 |
| Carlyle Partners III, L.P. | 2/2000 | 2000 | Exited | Buyout - Global | 22.5 | 26.9 | 58.8 | - | - | 58.8 | 2.19x | 2.19x | 22.93% | 1st | 21.8% | 13.1% | 7.4% | 1.54 |
| Syndicated Communications Venture Partners IV, L.P. | 3/2000 | 2000 | Exited | Venture Capital - Balanced | 7.5 | 7.4 | 5.2 | - | - | 5.2 | 0.70x | 0.70x | -5.29% | 3rd | 3.7% | -3.3% | -7.3% | 0.69 |
| Phoenix Equity Partners III, L.P. | 3/2000</ | | | | | | | | | | | | | | | | | |

Portfolio Investment Report

As of December 31, 2018
(\$ in millions)

| INVESTMENTS | COMMITMENT DATE | VINTAGE YEAR | STATUS | STRATEGY | COMMITMENT | CUMULATIVE CONTRIBUTIONS | CUMULATIVE DISTRIBUTIONS | MARKET VALUE | Exposure | TOTAL VALUE | DPI MULTIPLE | TVPI MULTIPLE | SINCE INCEPTION NET IRR | IRR QUARTILE RANKING | Private IQ Benchmarks | | | KS-PME |
|--|-----------------|--------------|--------|-------------------------------|--------------|--------------------------|--------------------------|--------------|-------------|--------------|--------------|---------------|-------------------------|----------------------|-----------------------|------------|-----------|-------------|
| | | | | | | | | | | | | | | | UPPER IRR | MEDIAN IRR | LOWER IRR | |
| Knightsbridge Integrated Holdings V, L.P. | 9/2000 | 2000 | Exited | Fund of Funds | 20.0 | 19.7 | 21.4 | - | - | 21.4 | 1.08x | 1.08x | 1.07% | 3rd | 11.0% | 2.8% | -5.1% | 0.68 |
| Lightspeed Venture Partners VI, L.P. | 9/2000 | 2000 | Active | Venture Capital - Early Stage | 8.0 | 7.3 | 7.7 | - | .1 | 7.8 | 1.05x | 1.06x | 1.15% | 2nd | 3.7% | -3.3% | -7.3% | 0.78 |
| Draper Fisher Jurvetson Fund VII, L.P. | 10/2000 | 2000 | Exited | Venture Capital - Early Stage | 10.0 | 10.0 | 7.2 | - | - | 7.2 | 0.72x | 0.72x | -3.14% | 2nd | 3.7% | -3.3% | -7.3% | 0.36 |
| Worldview Technology Partners IV, L.P. | 12/2000 | 2000 | Exited | Venture Capital - Balanced | 12.1 | 11.3 | 5.7 | - | - | 5.7 | 0.50x | 0.50x | -9.24% | 4th | 3.7% | -3.3% | -7.3% | 0.41 |
| Forward Ventures IV, L.P. | 12/2000 | 2000 | Exited | Venture Capital - Balanced | 10.0 | 10.1 | 6.4 | - | - | 6.4 | 0.63x | 0.63x | -4.67% | 3rd | 3.7% | -3.3% | -7.3% | 0.36 |
| Kohlberg Investors IV, L.P. | 12/2000 | 2000 | Exited | Buyout - Mid | 25.0 | 21.7 | 29.2 | - | - | 29.2 | 1.35x | 1.35x | 9.42% | 3rd | 21.8% | 13.1% | 7.4% | 1.02 |
| 2000 Vintage Total | | | | | 376.5 | 387.7 | 573.4 | 2.8 | 5.2 | 576.2 | 1.48x | 1.49x | 8.75% | | | | | 1.11 |
| 2001 Vintage | | | | | | | | | | | | | | | | | | |
| Thomas H. Lee Equity Fund V, L.P. | 1/2001 | 2001 | Exited | Buyout - Global | 45.0 | 47.1 | 79.0 | - | - | 79.0 | 1.68x | 1.68x | 13.70% | 3rd | 30.1% | 20.5% | 8.6% | 1.24 |
| Menlo Ventures IX, L.P. | 7/2001 | 2001 | Exited | Venture Capital - Early Stage | 10.0 | 10.0 | 9.8 | - | - | 9.8 | 0.98x | 0.98x | -0.33% | 3rd | 7.0% | 1.7% | -4.9% | 0.71 |
| Apollo Investment Fund V, L.P. | 10/2001 | 2001 | Exited | Buyout - Large | 30.0 | 45.6 | 92.5 | - | - | 92.5 | 2.03x | 2.03x | 37.62% | 1st | 30.1% | 20.5% | 8.6% | 1.50 |
| Austin Ventures VIII, L.P. | 1/2001 | 2001 | Exited | Venture Capital - Balanced | 11.1 | 11.6 | 18.9 | - | - | 18.9 | 1.64x | 1.64x | 6.92% | 2nd | 7.0% | 1.7% | -4.9% | 1.00 |
| Oak Investment Partners X, L.P. | 1/2001 | 2001 | Active | Venture Capital - Balanced | 20.0 | 20.0 | 21.2 | 3.4 | 3.4 | 24.6 | 1.06x | 1.23x | 3.19% | 2nd | 7.0% | 1.7% | -4.9% | 0.82 |
| Summit Ventures VI-A, L.P. | 1/2001 | 2001 | Active | Growth Equity | 50.0 | 53.1 | 109.6 | 1.7 | 1.7 | 111.4 | 2.06x | 2.10x | 15.36% | 1st | 7.0% | 1.7% | -4.9% | 1.48 |
| Apax Europe V-A, L.P. | 2/2001 | 2001 | Exited | Buyout - Global | 58.0 | 59.0 | 125.4 | - | - | 125.4 | 2.12x | 2.12x | 36.09% | 1st | 35.9% | 31.5% | 23.2% | 1.67 |
| Phoenix Equity Partners IV, L.P. | 4/2001 | 2001 | Exited | Buyout - Small | 17.5 | 23.0 | 49.8 | - | - | 49.8 | 2.16x | 2.16x | 31.41% | 3rd | 35.9% | 31.5% | 23.2% | 1.58 |
| Prospect Venture Partners II, L.P. | 5/2001 | 2001 | Exited | Venture Capital - Early Stage | 20.0 | 18.5 | 23.9 | - | - | 23.9 | 1.29x | 1.29x | 5.22% | 2nd | 7.0% | 1.7% | -4.9% | 1.02 |
| CVC European Equity Partners III, L.P. | 6/2001 | 2001 | Active | Buyout - Global | 30.0 | 29.6 | 83.3 | 2.1 | 2.5 | 85.3 | 2.82x | 2.89x | 41.04% | 1st | 35.9% | 31.5% | 23.2% | 1.84 |
| T3 Partners II, L.P. | 7/2001 | 2001 | Exited | Venture Capital - Balanced | 18.7 | 18.4 | 56.4 | - | - | 56.4 | 3.07x | 3.07x | 93.85% | 1st | 7.0% | 1.7% | -4.9% | 2.36 |
| Accel VI-S, L.P. | 7/2001 | 2001 | Active | Venture Capital - Early Stage | 1.5 | 1.2 | 4.5 | 1.0 | 1.3 | 5.5 | 3.89x | 4.73x | 14.85% | 1st | 7.0% | 1.7% | -4.9% | 2.36 |
| Oxford Bioscience Partners IV, L.P. | 9/2001 | 2001 | Exited | Venture Capital - Early Stage | 20.0 | 20.0 | 12.3 | - | - | 12.3 | 0.62x | 0.62x | -9.74% | 4th | 7.0% | 1.7% | -4.9% | 0.43 |
| OCM Opportunities Fund IV, L.P. | 10/2001 | 2001 | Exited | Distressed | 35.0 | 35.0 | 57.8 | - | - | 57.8 | 1.65x | 1.65x | 28.03% | 1st | 25.5% | 18.0% | 8.3% | 1.39 |
| Lexington Capital Partners V, L.P. | 11/2001 | 2001 | Active | Secondaries | 50.0 | 49.8 | 83.2 | 4 | 6 | 83.6 | 1.67x | 1.68x | 18.21% | 1st | 17.6% | 6.9% | -0.4% | 1.31 |
| 2001 Vintage Total | | | | | 416.7 | 441.9 | 827.6 | 8.5 | 9.5 | 836.1 | 1.87x | 1.89x | 21.66% | | | | | 1.41 |
| 2002 Vintage | | | | | | | | | | | | | | | | | | |
| KKR Millennium Fund, L.P. | 7/2002 | 2002 | Exited | Buyout - Global | 50.0 | 67.8 | 122.8 | - | - | 122.8 | 1.81x | 1.81x | 16.36% | 3rd | 25.3% | 17.3% | 8.7% | 1.26 |
| Berkshire Fund VI, L.P. | 10/2002 | 2002 | Exited | Buyout - Large | 60.0 | 59.7 | 176.3 | - | - | 176.3 | 2.95x | 2.95x | 25.06% | 2nd | 25.3% | 17.3% | 8.7% | 1.95 |
| Lindsay Goldberg & Bessemer, L.P. | 2/2002 | 2002 | Exited | Buyout - Mid | 30.0 | 29.2 | 70.2 | - | - | 70.2 | 2.41x | 2.41x | 33.25% | 1st | 25.3% | 17.3% | 8.7% | 1.70 |
| Solera Partners, L.P. | 3/2002 | 2002 | Active | Buyout - Small | 10.0 | 5.1 | 14.4 | 2 | 3.9 | 14.6 | 2.82x | 2.85x | 9.47% | 3rd | 25.3% | 17.3% | 8.7% | 1.19 |
| Carlyle Management Group Partners, L.P. | 3/2002 | 2002 | Exited | Buyout - Global | 5.4 | 5.4 | 5.8 | - | - | 5.8 | 1.08x | 1.08x | 6.01% | 4th | 25.3% | 17.3% | 8.7% | 0.88 |
| Morgan Stanley Venture Partners 2002 Fund, L.P. | 6/2002 | 2002 | Active | Venture Capital - Late Stage | 5.0 | 5.6 | 8.5 | 3 | 3 | 8.8 | 1.52x | 1.57x | 9.37% | 1st | 8.0% | 1.8% | -3.8% | 1.29 |
| Mediaphase Venture Partners II, L.P. | 7/2002 | 2002 | Exited | Venture Capital - Early Stage | 10.0 | 9.7 | 17.7 | - | - | 17.7 | 1.82x | 1.82x | 7.56% | 2nd | 8.0% | 1.8% | -3.8% | 0.90 |
| The Resolute Fund, L.P. | 9/2002 | 2002 | Exited | Buyout - Large | 50.0 | 47.8 | 120.8 | - | - | 120.8 | 2.53x | 2.53x | 16.96% | 3rd | 25.3% | 17.3% | 8.7% | 1.72 |
| 2002 Vintage Total | | | | | 220.4 | 230.3 | 536.6 | 4 | 4.2 | 537.1 | 2.33x | 2.33x | 18.97% | | | | | 1.53 |
| 2003 Vintage | | | | | | | | | | | | | | | | | | |
| Blackstone Capital Partners IV, L.P. | 11/2003 | 2003 | Active | Buyout - Global | 75.0 | 89.3 | 207.9 | 3.9 | 8.3 | 211.7 | 2.33x | 2.37x | 37.54% | 1st | 25.1% | 14.2% | 9.2% | 1.78 |
| GTCR Fund VIII, L.P. | 1/2003 | 2003 | Exited | Buyout - Mid | 75.0 | 69.4 | 120.6 | - | - | 120.6 | 1.74x | 1.74x | 22.29% | 2nd | 25.1% | 14.2% | 9.2% | 1.41 |
| Nordic Capital V, L.P. | 3/2003 | 2003 | Exited | Buyout - Large | 46.0 | 51.6 | 144.1 | - | - | 144.1 | 2.79x | 2.79x | 20.62% | 3rd | 34.2% | 21.1% | 11.3% | 1.84 |
| Falcon Mezzanine Partners, L.P. | 5/2003 | 2003 | Exited | Mezzanine | 20.0 | 19.6 | 37.7 | - | - | 37.7 | 1.93x | 1.93x | 26.03% | 1st | 22.5% | 13.9% | 8.4% | 1.44 |
| Olympus Growth Fund IV, L.P. | 5/2003 | 2003 | Exited | Buyout - Mid | 18.0 | 16.4 | 27.0 | - | - | 27.0 | 1.65x | 1.65x | 8.43% | 4th | 25.1% | 14.2% | 9.2% | 1.12 |
| Reliant Equity Partners, L.P. | 7/2003 | 2003 | Exited | Buyout - Small | 10.0 | 9.1 | 1 | - | - | 1 | 0.01x | 0.01x | -48.09% | 4th | 25.1% | 14.2% | 9.2% | 0.08 |
| TPG Partners IV, L.P. | 10/2003 | 2003 | Active | Buyout - Global | 69.8 | 81.3 | 156.3 | 2.3 | 2.6 | 158.6 | 1.92x | 1.95x | 15.33% | 2nd | 25.1% | 14.2% | 9.2% | 1.42 |
| Weston Presidio Capital IV - Secondary | 10/2003 | 2003 | Active | Secondaries | 1.8 | 1.8 | 2.3 | 0 | 0 | 2.3 | 1.27x | 1.28x | 5.22% | 4th | 25.1% | 14.2% | 9.2% | 0.98 |
| 2003 Vintage Total | | | | | 315.6 | 338.3 | 696.1 | 6.2 | 10.9 | 702.2 | 2.06x | 2.08x | 21.27% | | | | | 1.55 |
| 2004 Vintage | | | | | | | | | | | | | | | | | | |
| Permira Europe III, L.P. | 7/2004 | 2004 | Active | Buyout - Global | 95.2 | 106.8 | 174.3 | 4 | 4 | 174.7 | 1.63x | 1.64x | 25.84% | 2nd | 28.8% | 15.8% | 6.0% | 1.42 |
| TCV V, L.P. | 12/2004 | 2004 | Active | Growth Equity | 39.0 | 38.7 | 57.5 | 15.3 | 15.6 | 72.8 | 1.49x | 1.88x | 10.86% | 1st | 6.6% | -1.0% | -7.6% | 1.23 |
| Kelso Investment Associates VII, L.P. | 12/2004 | 2004 | Exited | Buyout - Mid | 46.0 | 49.5 | 78.2 | - | - | 78.2 | 1.58x | 1.58x | 11.35% | 3rd | 17.4% | 11.8% | 7.2% | 1.22 |
| First Reserve Fund X, L.P. | 12/2004 | 2004 | Active | Energy | 50.0 | 50.0 | 91.2 | 2 | 2 | 91.4 | 1.82x | 1.83x | 31.05% | 1st | 14.0% | 9.6% | 4.0% | 1.56 |
| Onex Partners, L.P. | 2/2004 | 2004 | Active | Buyout - Large | 75.0 | 71.4 | 204.7 | 14.4 | 18.1 | 219.1 | 2.87x | 3.07x | 38.29% | 1st | 23.8% | 13.0% | 7.0% | 2.32 |
| Hellman & Friedman Capital Partners V, L.P. | 6/2004 | 2004 | Exited | Buyout - Global | 40.0 | 38.2 | 102.0 | - | - | 102.0 | 2.67x | 2.67x | 27.86% | 1st | 17.4% | 11.8% | 7.2% | 2.06 |
| Oak Investment Partners XI, L.P. | 7/2004 | 2004 | Active | Venture Capital - Balanced | 32.1 | 32.0 | 24.2 | 7.4 | 7.4 | 31.6 | 0.76x | 0.99x | -0.18% | 2nd | 6.6% | -1.0% | -7.6% | 0.59 |
| Exponent Private Equity Partners, L.P. | 8/2004 | 2004 | Exited | Buyout - Mid | 46.3 | 52.9 | 69.9 | - | - | 69.9 | 1.32x | 1.32x | 7.20% | 3rd | 28.8% | 15.8% | 6.0% | 0.97 |
| OCM Opportunities Fund V, L.P. | 8/2004 | 2004 | Active | Distressed | 32.4 | 32.4 | 53.1 | 3 | 3 | 53.3 | 1.64x | 1.65x | 14.16% | 1st | 14.0% | 9.6% | 4.0% | 1.21 |
| 2004 Vintage Total | | | | | 455.9 | 471.9 | 855.2 | 37.9 | 41.9 | 893.1 | 1.81x | 1.89x | 19.83% | | | | | 1.46 |
| 2005 Vintage | | | | | | | | | | | | | | | | | | |
| Providence Equity Partners V, L.P. | 9/2004 | 2005 | Exited | Buyout - Global | 73.0 | 69.5 | 85.4 | - | - | 85.4 | 1.23x | 1.23x | 3.08% | 4th | 13.8% | 8.5% | 3.5% | 0.95 |
| CHS Private Equity V, L.P. | 11/2004 | 2005 | Active | Buyout - Mid | 60.0 | 53.5 | 98.7 | 1 | 8.4 | 98.8 | 1.84x | 1.85x | 9.82% | 2nd | 13.8% | 8.5% | 3.5% | 1.14 |
| Carlyle Partners IV, L.P. | 12/2004 | 2005 | Active | Buyout - Global | 75.0 | 77.6 | 151.5 | 1.6 | 7.6 | 153.1 | 1.95x | 1.97x | 12.98% | 2nd | 13.8% | 8.5% | 3.5% | 1.49 |
| Southwest Fund V, L.P. | 12/2004 | 2005 | Active | Buyout - Small | 8.8 | 8.6 | 17.9 | 8 | 1.0 | 18.6 | 2.08x | 2.17x | 15.55% | 1st | 13.8% | 8.5% | 3.5% | 1.38 |
| Union Square Ventures 2004, L.P. | 2/2005 | 2005 | Active | Venture Capital - Early Stage | 10.0 | 8.9 | 121.2 | 2.0 | 3.1 | 123.2 | 13.62x | 13.85x | 68.01% | 1st | 9.0% | 3.4% | -2.2% | 9.06 |
| Weston Presidio V, L.P. | 2/2005 | 2005 | Exited | Buyout - Small | 35.0 | 34.7 | 79.2 | - | - | 79.2 | 2.28x | 2.28x | 15.29% | 1st | 13.8% | 8.5% | 3.5% | 1.49 |
| Canaan VII, L.P. | 4/2005 | 2005 | Active | Venture Capital - Early Stage | 9.5 | 9.5 | 20.1 | 2.4 | 2.4 | 22.5 | 2.12x | 2.37x | 14.57% | 1st | 9.0% | 3.4% | -2.2% | 1.38 |
| Insight Venture Partners V Coinvestment Fund, L.P. | 4/2005 | 2005 | Exited | Growth Equity | 8.2 | 8.3 | 28.1 | - | - | 28.1 | 3.37x | 3.37x | 26.87% | 1st | 9.0% | 3.4% | | |

Portfolio Investment Report

As of December 31, 2018
(\$ in millions)

| INVESTMENTS | COMMITMENT DATE | VINTAGE YEAR | STATUS | STRATEGY | COMMITMENT | CUMULATIVE CONTRIBUTIONS | CUMULATIVE DISTRIBUTIONS | MARKET VALUE | Exposure | TOTAL VALUE | DPI MULTIPLE | TVPI MULTIPLE | SINCE INCEPTION NET IRR | IRR QUARTILE RANKING | Private IQ Benchmarks | | | |
|---|-----------------|--------------|--------|-------------------------------|----------------|--------------------------|--------------------------|--------------|--------------|----------------|--------------|---------------|-------------------------|----------------------|-----------------------|------------|-----------|-------------|
| | | | | | | | | | | | | | | | UPPER IRR | MEDIAN IRR | LOWER IRR | KS-PME |
| 2006 Vintage | | | | | | | | | | | | | | | | | | |
| Spectrum Equity Investors V, L.P. | 2/2005 | 2006 | Active | Venture Capital - Late Stage | 35.0 | 32.8 | 75.2 | 3.6 | 5.8 | 78.8 | 2.29x | 2.40x | 17.90% | 1st | 9.9% | 4.4% | -4.7% | 1.77 |
| Montagu III, L.P. | 6/2005 | 2006 | Exited | Buyout - Large | 76.4 | 74.3 | 97.9 | - | - | 97.9 | 1.32x | 1.32x | 7.34% | 2nd | 9.1% | 6.4% | -0.6% | 1.06 |
| Candover 2005 Fund, L.P. | 8/2005 | 2006 | Exited | Buyout - Large | 78.2 | 93.8 | 51.2 | - | - | 51.2 | 0.55x | 0.55x | -11.19% | 4th | 9.1% | 6.4% | -0.6% | 0.53 |
| Austin Ventures IX, L.P. | 4/2005 | 2006 | Exited | Venture Capital - Balanced | 7.6 | 7.7 | 10.5 | - | - | 10.5 | 1.36x | 1.36x | 5.12% | 2nd | 9.9% | 4.4% | -4.7% | 0.75 |
| Summit Partners Private Equity Fund VII-A, L.P. | 5/2005 | 2006 | Active | Growth Equity | 69.9 | 73.3 | 115.8 | 22.9 | 22.9 | 138.7 | 1.58x | 1.89x | 11.13% | 1st | 9.9% | 4.4% | -4.7% | 1.09 |
| Summit Partners Venture Capital Fund II-A, L.P. | 5/2005 | 2006 | Active | Venture Capital - Balanced | 8.4 | 10.1 | 19.7 | 1.3 | 1.3 | 21.0 | 1.96x | 2.09x | 19.61% | 1st | 9.9% | 4.4% | -4.7% | 1.40 |
| Blackstone Capital Partners V, L.P. | 10/2005 | 2006 | Active | Buyout - Global | 74.1 | 73.9 | 116.1 | 7.1 | 10.7 | 123.2 | 1.57x | 1.67x | 7.59% | 3rd | 13.7% | 8.6% | 3.5% | 0.97 |
| TCV VI, L.P. | 11/2005 | 2006 | Active | Growth Equity | 50.0 | 51.7 | 73.0 | 10.7 | 10.9 | 83.7 | 1.41x | 1.62x | 13.22% | 1st | 9.9% | 4.4% | -4.7% | 1.29 |
| Quad-C Partners VII, L.P. | 12/2005 | 2006 | Exited | Buyout - Small | 43.7 | 44.9 | 73.0 | - | - | 73.0 | 1.63x | 1.63x | 10.88% | 2nd | 13.7% | 8.6% | 3.5% | 1.04 |
| Wayzata Opportunities Fund, LLC | 1/2006 | 2006 | Exited | Distressed | 40.0 | 37.4 | 62.8 | - | - | 62.8 | 1.68x | 1.68x | 8.40% | 2nd | 13.3% | 8.0% | 2.9% | 1.17 |
| Madison Dearborn Capital Partners V-A, L.P. | 2/2006 | 2006 | Active | Buyout - Large | 75.0 | 72.5 | 114.6 | 1.3 | 13.6 | 115.9 | 1.58x | 1.60x | 7.15% | 3rd | 13.7% | 8.6% | 3.5% | 1.04 |
| M/C Venture Partners VI, L.P. | 3/2006 | 2006 | Exited | Venture Capital - Balanced | 19.0 | 18.8 | 39.8 | - | - | 39.8 | 2.11x | 2.11x | 13.31% | 1st | 9.9% | 4.4% | -4.7% | 1.32 |
| Nordic Capital Fund VI, L.P. | 3/2006 | 2006 | Exited | Buyout - Large | 59.0 | 62.7 | 96.4 | - | - | 96.4 | 1.54x | 1.54x | 6.86% | 2nd | 9.1% | 6.4% | -0.6% | 1.11 |
| TA X, L.P. | 3/2006 | 2006 | Active | Buyout - Large | 7.9 | 7.6 | 10.0 | 1.0 | 3.0 | 10.0 | 1.31x | 1.32x | 5.17% | 3rd | 13.7% | 8.6% | 3.5% | 0.93 |
| TPG Partners V, L.P. | 4/2006 | 2006 | Active | Buyout - Global | 75.0 | 65.4 | 87.8 | - | - | 87.8 | 1.34x | 1.34x | 4.05% | 3rd | 13.7% | 8.6% | 3.5% | 0.93 |
| Onex Partners II, L.P. | 4/2006 | 2006 | Active | Buyout - Large | 60.0 | 53.6 | 96.9 | 4.5 | 11.2 | 101.4 | 1.81x | 1.89x | 13.20% | 1st | 12.2% | 7.8% | 1.8% | 1.43 |
| Oak Investment Partners XII, L.P. | 5/2006 | 2006 | Active | Venture Capital - Balanced | 40.0 | 39.9 | 30.4 | 9.1 | 9.1 | 39.5 | 0.76x | 0.99x | -0.19% | 3rd | 9.9% | 4.4% | -4.7% | 0.59 |
| Intersouth Partners VII, L.P. | 5/2006 | 2006 | Exited | Venture Capital - Early Stage | 6.7 | 6.7 | 3.5 | - | - | 3.5 | 0.52x | 0.52x | -9.95% | 4th | 9.9% | 4.4% | -4.7% | 0.25 |
| RLH Investors II, L.P. | 5/2006 | 2006 | Exited | Buyout - Small | 10.0 | 11.5 | 24.9 | - | - | 24.9 | 2.17x | 2.17x | 21.73% | 1st | 13.7% | 8.6% | 3.5% | 1.49 |
| GTCR Fund IX(A), L.P. | 6/2006 | 2006 | Exited | Buyout - Mid | 60.0 | 57.1 | 103.0 | - | - | 103.0 | 1.80x | 1.80x | 13.75% | 1st | 13.7% | 8.6% | 3.5% | 1.07 |
| GTB Capital Partners, L.P. | 6/2006 | 2006 | Exited | Co-Investments | 250.0 | 265.0 | 503.0 | - | - | 503.0 | 1.90x | 1.90x | 12.00% | 2nd | 12.8% | 6.1% | 0.3% | 1.12 |
| Permira Europe IV, L.P. | 7/2006 | 2006 | Exited | Buyout - Global | 66.7 | 75.4 | 114.5 | - | - | 114.5 | 1.52x | 1.52x | 8.42% | 2nd | 9.1% | 6.4% | -0.6% | 0.96 |
| Berkshire Fund VII, L.P. | 7/2006 | 2006 | Exited | Buyout - Large | 60.0 | 61.5 | 123.2 | - | - | 123.2 | 2.00x | 2.00x | 16.76% | 1st | 13.7% | 8.6% | 3.5% | 1.24 |
| Thomas H. Lee Equity Fund VI, L.P. | 7/2006 | 2006 | Exited | Buyout - Global | 60.0 | 59.9 | 99.6 | - | - | 99.6 | 1.66x | 1.66x | 8.08% | 3rd | 13.7% | 8.6% | 3.5% | 0.94 |
| First Reserve Fund XI, L.P. | 7/2006 | 2006 | Exited | Energy | 60.0 | 60.0 | 39.6 | - | - | 39.6 | 0.66x | 0.66x | -8.70% | 4th | 13.3% | 8.0% | 2.9% | 0.57 |
| KKR 2006 Fund, L.P. | 7/2006 | 2006 | Exited | Buyout - Global | 60.0 | 64.5 | 100.6 | - | - | 100.6 | 1.56x | 1.56x | 7.71% | 3rd | 13.7% | 8.6% | 3.5% | 1.08 |
| Centerbridge Capital Partners, L.P. | 8/2006 | 2006 | Active | Distressed | 60.0 | 58.7 | 124.2 | 10.2 | 14.2 | 134.4 | 2.11x | 2.29x | 19.54% | 1st | 13.3% | 8.0% | 2.9% | 1.29 |
| Hellman & Friedman Capital Partners VI, L.P. | 10/2006 | 2006 | Active | Buyout - Global | 60.0 | 61.6 | 95.5 | 16.0 | 17.7 | 111.5 | 1.55x | 1.81x | 11.82% | 2nd | 13.7% | 8.6% | 3.5% | 1.22 |
| 2006 Vintage Total | | | | | 1,572.6 | 1,602.5 | 2,502.6 | 86.8 | 117.9 | 2,589.4 | 1.56x | 1.62x | 9.00% | | | | | 1.05 |
| 2007 Vintage | | | | | | | | | | | | | | | | | | |
| Bertram Growth Capital I, L.P. | 8/2006 | 2007 | Active | Buyout - Small | 10.0 | 9.4 | 13.6 | 1.4 | 2.1 | 15.0 | 1.45x | 1.59x | 9.95% | 3rd | 17.2% | 11.8% | 6.5% | 1.02 |
| Providence Equity Partners VI, L.P. | 12/2006 | 2007 | Exited | Buyout - Global | 80.0 | 78.0 | 107.8 | - | - | 107.8 | 1.38x | 1.38x | 5.44% | 4th | 17.2% | 11.8% | 6.5% | 0.85 |
| CVX European Equity Partners Tandem Fund, L.P. | 1/2007 | 2007 | Active | Buyout - Global | 30.4 | 28.7 | 38.2 | 3.0 | 2.5 | 38.5 | 1.33x | 1.34x | 6.55% | 3rd | 10.7% | 6.7% | -2.3% | 0.94 |
| The Resolute Fund II, L.P. | 1/2007 | 2007 | Exited | Buyout - Large | 60.0 | 61.7 | 85.4 | - | - | 85.4 | 1.39x | 1.39x | 7.47% | 3rd | 17.2% | 11.8% | 6.5% | 0.86 |
| Silver Lake Partners III, L.P. | 1/2007 | 2007 | Active | Buyout - Global | 60.0 | 57.0 | 86.0 | 42.0 | 48.3 | 128.0 | 1.51x | 2.24x | 18.94% | 1st | 14.3% | 9.3% | 4.4% | 1.31 |
| Quad-C Partners VII Co-Investment Fund, L.P. | 2/2007 | 2007 | Exited | Buyout - Small | 13.6 | 13.6 | 19.3 | - | - | 19.3 | 1.42x | 1.42x | 8.18% | 3rd | 17.2% | 11.8% | 6.5% | 0.94 |
| Excellere Capital Fund, L.P. | 2/2007 | 2007 | Exited | Buyout - Small | 25.0 | 21.4 | 45.3 | - | - | 45.3 | 2.11x | 2.11x | 32.71% | 1st | 17.2% | 11.8% | 6.5% | 1.68 |
| OCM Opportunities Fund VII, L.P. | 3/2007 | 2007 | Active | Distressed | 30.0 | 30.0 | 40.2 | 1.5 | 1.5 | 41.6 | 1.34x | 1.39x | 7.44% | 3rd | 15.1% | 10.2% | 4.6% | 1.22 |
| Carlyle Partners V, L.P. | 5/2007 | 2007 | Active | Buyout - Global | 75.0 | 68.1 | 115.3 | 12.6 | 26.2 | 127.9 | 1.69x | 1.88x | 13.71% | 2nd | 17.2% | 11.8% | 6.5% | 1.10 |
| Kelso Investment Associates VIII, L.P. | 6/2007 | 2007 | Exited | Buyout - Mid | 75.0 | 74.2 | 87.9 | - | - | 87.9 | 1.18x | 1.18x | 3.99% | 4th | 17.2% | 11.8% | 6.5% | 0.76 |
| JMI Equity Fund VI, L.P. | 7/2007 | 2007 | Active | Growth Equity | 19.5 | 19.5 | 33.0 | 6.0 | 6.0 | 33.6 | 1.69x | 1.72x | 11.20% | 2nd | 16.1% | 9.8% | 1.5% | 0.99 |
| Wayzata Opportunities Fund II, L.P. | 11/2007 | 2007 | Exited | Distressed | 75.0 | 23.2 | 100.5 | - | - | 100.5 | 4.34x | 4.34x | 16.49% | 1st | 15.1% | 10.2% | 4.6% | 1.19 |
| 2007 Vintage Total | | | | | 553.5 | 484.7 | 772.5 | 58.3 | 81.1 | 830.8 | 1.59x | 1.71x | 11.20% | | | | | 1.03 |
| 2008 Vintage | | | | | | | | | | | | | | | | | | |
| OCM Opportunities Fund VII b, L.P. | 3/2007 | 2008 | Active | Distressed | 45.0 | 40.5 | 68.9 | 1.3 | 5.8 | 70.1 | 1.70x | 1.73x | 16.56% | 2nd | 17.5% | 11.8% | 6.8% | 1.11 |
| TCV VIII, L.P. | 10/2007 | 2008 | Active | Growth Equity | 75.0 | 73.8 | 148.7 | 54.6 | 55.8 | 203.3 | 2.01x | 2.75x | 23.06% | 1st | 21.3% | 8.2% | 0.9% | 1.43 |
| Exponent Private Equity Partners II, L.P. | 12/2007 | 2008 | Exited | Buyout - Mid | 42.4 | 41.4 | 61.9 | - | - | 61.9 | 1.50x | 1.50x | 8.87% | 2nd | 15.7% | 7.9% | 4.4% | 0.98 |
| Nordic Capital VII Beta, L.P. | 1/2008 | 2008 | Exited | Buyout - Large | 67.6 | 66.7 | 89.4 | - | - | 89.4 | 1.34x | 1.34x | 4.81% | 3rd | 15.7% | 7.9% | 4.4% | 0.72 |
| Union Square Ventures 2008, L.P. | 3/2008 | 2008 | Active | Venture Capital - Early Stage | 10.0 | 9.5 | 23.5 | 10.5 | 11.0 | 34.0 | 2.47x | 3.58x | 20.99% | 2nd | 21.3% | 8.2% | 0.9% | 1.60 |
| Vista Equity Partners Fund III, L.P. | 4/2008 | 2008 | Active | Buyout - Large | 50.0 | 51.4 | 120.5 | 12.5 | 16.3 | 133.0 | 2.35x | 2.59x | 28.26% | 1st | 20.7% | 12.4% | 8.0% | 1.64 |
| CVX European Equity Partners V (A), L.P. | 5/2008 | 2008 | Active | Buyout - Global | 87.6 | 94.6 | 150.9 | 29.0 | 30.1 | 179.9 | 1.59x | 1.90x | 16.20% | 1st | 15.7% | 7.9% | 4.4% | 1.13 |
| TPG Partners VI, L.P. | 5/2008 | 2008 | Exited | Buyout - Global | 100.0 | 99.6 | 144.2 | - | - | 144.2 | 1.45x | 1.45x | 9.09% | 3rd | 20.7% | 12.4% | 8.0% | 0.88 |
| Onex Partners III, L.P. | 6/2008 | 2008 | Active | Buyout - Large | 75.0 | 81.8 | 102.4 | 33.0 | 39.7 | 135.3 | 1.25x | 1.66x | 12.55% | 2nd | 18.3% | 9.9% | 4.5% | 0.95 |
| Madison Dearborn Capital Partners VI, L.P. | 9/2008 | 2008 | Exited | Buyout - Large | 75.0 | 68.2 | 149.5 | - | - | 149.5 | 2.19x | 2.19x | 24.29% | 1st | 20.7% | 12.4% | 8.0% | 1.25 |
| First Reserve Fund XII, L.P. | 10/2008 | 2008 | Exited | Energy | 100.0 | 101.8 | 69.2 | - | - | 69.2 | 0.68x | 0.68x | -7.86% | 4th | 17.5% | 11.8% | 6.8% | 0.42 |
| 2008 Vintage Total | | | | | 727.6 | 729.4 | 1,129.2 | 140.9 | 158.7 | 1,270.1 | 1.55x | 1.74x | 13.32% | | | | | 1.00 |
| 2010 Vintage | | | | | | | | | | | | | | | | | | |
| J.P. Morgan Emerging Managers Program | 1/2010 | 2010 | Active | Fund of Funds | 150.0 | 158.6 | 165.0 | 128.4 | 142.5 | 293.4 | 1.04x | 1.85x | 19.53% | 1st | 18.7% | 13.0% | 7.9% | 1.25 |
| Gateway Private Equity Fund, L.P. | 5/2010 | 2010 | Active | Fund of Funds | 300.0 | 272.3 | 175.1 | 229.5 | 276.5 | 404.6 | 0.64x | 1.49x | 11.80% | 3rd | 18.7% | 13.0% | 7.9% | 1.04 |
| Oaktree Opportunities Fund VIII, L.P. | 7/2010 | 2010 | Active | Distressed | 37.5 | 38.5 | 51.9 | 2.3 | 2.3 | 54.2 | 1.35x | 1.41x | 8.62% | 3rd | 16.8% | 12.7% | 8.2% | 0.79 |
| 2010 Vintage Total | | | | | 487.5 | 469.4 | 392.1 | 360.2 | 421.2 | 752.3 | 0.84x | 1.60x | 14.13% | | | | | 1.08 |
| 2011 Vintage | | | | | | | | | | | | | | | | | | |
| JMI Equity Fund VII, L.P. | 7/2010 | 2011 | Active | Growth Equity | 30.0 | 29.3 | 30.9 | 25.8 | 26.4 | 56.6 | 1.05x | 1.93x | 15.68% | 3rd | 25.9% | 16.3% | 4.2% | 1.14 |
| Oaktree Opportunities Fund VIII b, L.P. | 7/2010 | 2011 | Active | Distressed | 37.5 | 37.8 | 28.4 | 21.4 | 21.4 | 49.8 | 0.75x | 1.32x | 5.92% | 4th | 22.2% | 16.7% | 11.5% | 0.72 |
| Blackstone Capital Partners VI, L.P. | 8/2010 | 2011 | Active | Buyout - Global | 75.0 | 78.6 | 54.4 | 68.3</ | | | | | | | | | | |

Portfolio Investment Report

As of December 31, 2018
(\$ in millions)

| INVESTMENTS | COMMITMENT DATE | VINTAGE YEAR | STATUS | STRATEGY | COMMITMENT | CUMULATIVE CONTRIBUTIONS | CUMULATIVE DISTRIBUTIONS | MARKET VALUE | Exposure | TOTAL VALUE | DPI MULTIPLE | TVPI MULTIPLE | SINCE INCEPTION NET IRR | IRR QUARTILE RANKING | Private IQ Benchmarks | | | KS-PME |
|---|-----------------|--------------|--------|-------------------------------|----------------|--------------------------|--------------------------|----------------|----------------|----------------|--------------|---------------|-------------------------|----------------------|-----------------------|------------|-----------|-------------|
| | | | | | | | | | | | | | | | UPPER IRR | MEDIAN IRR | LOWER IRR | |
| 2012 Vintage | | | | | | | | | | | | | | | | | | |
| Summit Partners Growth Equity Fund VIII-A, L.P. | 8/2011 | 2012 | Active | Growth Equity | 75.0 | 95.3 | 119.5 | 59.1 | 76.6 | 178.7 | 1.25x | 1.88x | 25.99% | 1st | 22.3% | 16.4% | 9.9% | 1.39 |
| Juggernaut Capital Partners II, L.P. | 2/2012 | 2012 | Active | Buyout - Small | 75.0 | 75.6 | 28.2 | 88.7 | 90.2 | 116.9 | 0.37x | 1.55x | 12.01% | 3rd | 26.5% | 15.7% | 9.8% | 1.11 |
| Northgate Venture Partners VI, L.P. | 3/2012 | 2012 | Exited | Fund of Funds | 50.0 | 45.5 | 62.2 | - | - | 62.2 | 1.37x | 1.37x | 9.25% | 3rd | 21.0% | 14.5% | 8.3% | 0.94 |
| GGV Capital IV, L.P. | 5/2012 | 2012 | Active | Venture Capital - Balanced | 50.0 | 49.7 | 27.0 | 90.3 | 91.0 | 117.2 | 0.54x | 2.36x | 18.48% | 2nd | 21.7% | 15.9% | 9.4% | 1.40 |
| Clearlake Capital Partners III, L.P. | 8/2012 | 2012 | Active | Buyout - Mid | 75.0 | 120.9 | 191.8 | 100.7 | 121.3 | 292.5 | 1.59x | 2.42x | 42.40% | 1st | 26.5% | 15.7% | 9.8% | 1.89 |
| Lightyear Fund III, L.P. | 8/2012 | 2012 | Active | Buyout - Small | 105.0 | 107.4 | 146.8 | 80.0 | 97.0 | 226.8 | 1.37x | 2.11x | 24.85% | 2nd | 26.5% | 15.7% | 9.8% | 1.39 |
| Blackstone Capital Partners IV - Secondary | 12/2012 | 2012 | Active | Secondaries | 5.0 | 3.1 | 3.7 | 3 | 6 | 4.0 | 1.20x | 1.29x | 14.23% | 3rd | 26.5% | 15.7% | 9.8% | 0.93 |
| 2012 Vintage Total | | | | | 435.0 | 497.4 | 579.2 | 419.1 | 476.8 | 998.3 | 1.16x | 2.01x | 23.78% | | | | | 1.41 |
| 2013 Vintage | | | | | | | | | | | | | | | | | | |
| Oaktree Opportunities Fund IX, L.P. | 2/2012 | 2013 | Active | Distressed | 100.0 | 100.0 | 32.9 | 79.3 | 79.3 | 112.2 | 0.33x | 1.12x | 2.77% | 4th | 20.2% | 14.7% | 9.2% | 0.78 |
| Institutional Venture Partners XIV, L.P. | 6/2012 | 2013 | Active | Venture Capital - Late Stage | 60.0 | 60.1 | 28.5 | 60.0 | 60.0 | 88.5 | 0.47x | 1.47x | 11.73% | 3rd | 25.5% | 18.6% | 11.0% | 1.08 |
| Wayzata Opportunities Fund III, L.P. | 9/2012 | 2013 | Exited | Distressed | 100.0 | 47.5 | 47.7 | - | - | 47.7 | 1.00x | 1.00x | 0.17% | 4th | 20.2% | 14.7% | 9.2% | 0.90 |
| Nordic Capital VIII Beta, L.P. | 11/2012 | 2013 | Exited | Buyout - Large | 92.0 | 94.9 | 141.7 | - | - | 141.7 | 1.49x | 1.49x | 16.69% | 2nd | 16.8% | 8.4% | 6.4% | 1.13 |
| Riverside Capital Appreciation Fund VI, L.P. | 12/2012 | 2013 | Active | Buyout - Mid | 100.0 | 73.4 | 29.2 | 81.2 | 97.1 | 110.4 | 0.40x | 1.50x | 13.33% | 3rd | 28.8% | 17.2% | 9.8% | 1.13 |
| Silver Lake Partners IV, L.P. | 3/2013 | 2013 | Active | Buyout - Global | 105.0 | 114.0 | 50.6 | 137.4 | 148.3 | 188.0 | 0.44x | 1.65x | 25.53% | 1st | 20.8% | 15.0% | 8.2% | 1.38 |
| RLH Investors III, L.P. | 3/2013 | 2013 | Exited | Buyout - Small | 50.0 | 45.1 | 56.3 | - | - | 56.3 | 1.25x | 1.25x | 6.56% | 4th | 28.8% | 17.2% | 9.8% | 0.86 |
| Marlin Equity IV, L.P. | 4/2013 | 2013 | Active | Distressed | 50.0 | 49.4 | 19.9 | 39.1 | 39.7 | 59.0 | 0.40x | 1.19x | 7.43% | 4th | 20.2% | 14.7% | 9.2% | 0.97 |
| Carlyle Partners VI, L.P. | 8/2013 | 2013 | Active | Buyout - Global | 150.0 | 156.7 | 61.5 | 137.8 | 149.9 | 199.3 | 0.39x | 1.27x | 10.86% | 3rd | 28.8% | 17.2% | 9.8% | 1.07 |
| MBK Partners Fund III, L.P. | 8/2013 | 2013 | Active | Buyout - Large | 100.0 | 101.9 | 37.7 | 118.0 | 119.6 | 155.6 | 0.37x | 1.53x | 15.36% | 2nd | 20.8% | 15.0% | 8.2% | 1.18 |
| Insignia Capital Partners (Parallel A), L.P. | 9/2013 | 2013 | Active | Buyout - Small | 100.0 | 50.3 | 9.3 | 47.3 | 102.1 | 56.7 | 0.19x | 1.13x | 5.28% | 4th | 28.8% | 17.2% | 9.8% | 0.98 |
| 2013 Vintage Total | | | | | 1,007.0 | 893.4 | 515.3 | 700.0 | 796.0 | 1,215.3 | 0.58x | 1.36x | 11.23% | | | | | 1.06 |
| 2014 Vintage | | | | | | | | | | | | | | | | | | |
| Sterling Investment Partners III, L.P. | 6/2013 | 2014 | Active | Buyout - Small | 100.0 | 63.0 | 33.2 | 57.9 | 95.3 | 91.1 | 0.53x | 1.45x | 14.57% | 3rd | 24.3% | 17.2% | 10.2% | 1.20 |
| CVC Capital Partners VI (B) L.P. | 7/2013 | 2014 | Active | Buyout - Global | 115.0 | 121.3 | 38.6 | 115.9 | 118.6 | 154.5 | 0.32x | 1.27x | 14.00% | 3rd | 23.6% | 14.4% | 7.5% | 1.12 |
| J.P. Morgan Emerging Managers Program II | 12/2013 | 2014 | Active | Fund of Funds | 100.0 | 87.0 | 87.3 | 136.3 | 159.0 | 223.6 | 1.00x | 2.57x | 51.76% | 1st | 23.4% | 14.4% | 7.9% | 2.16 |
| USV 2014, L.P. | 1/2014 | 2014 | Active | Venture Capital - Early Stage | 8.3 | 7.5 | - | 11.5 | 12.3 | 11.5 | 0.00x | 1.53x | 17.75% | 2nd | 22.5% | 13.1% | 5.6% | 1.29 |
| USV Opportunity 2014, L.P. | 1/2014 | 2014 | Active | Venture Capital - Early Stage | 8.3 | 6.0 | 5 | 8.8 | 11.1 | 9.3 | 0.08x | 1.54x | 18.04% | 2nd | 22.5% | 13.1% | 5.6% | 1.34 |
| GTB Capital Partners II, L.P. | 2/2014 | 2014 | Active | Co-Investments | 400.0 | 284.8 | 42.7 | 314.6 | 443.9 | 357.3 | 0.15x | 1.25x | 9.77% | 3rd | 23.6% | 14.3% | 7.9% | 1.05 |
| Onex Partners IV, L.P. | 2/2014 | 2014 | Active | Buyout - Large | 150.0 | 143.5 | 13.5 | 123.2 | 132.7 | 136.7 | 0.09x | 0.95x | -2.29% | 4th | 24.5% | 15.9% | 9.7% | 0.85 |
| Palladium Equity Partners IV, L.P. | 2/2014 | 2014 | Active | Buyout - Small | 100.0 | 91.4 | 53.8 | 75.8 | 94.0 | 129.6 | 0.59x | 1.42x | 15.15% | 3rd | 24.3% | 17.2% | 10.2% | 1.13 |
| The Energy & Minerals Group Fund III, L.P. | 3/2014 | 2014 | Active | Energy | 150.0 | 143.8 | 10.4 | 113.0 | 120.6 | 123.4 | 0.07x | 0.86x | -4.19% | 4th | 24.0% | 15.2% | 8.2% | 0.66 |
| Vista Equity Partners Fund V, L.P. | 3/2014 | 2014 | Active | Buyout - Large | 200.0 | 245.8 | 196.1 | 220.0 | 280.7 | 416.1 | 0.80x | 1.69x | 22.59% | 2nd | 24.3% | 17.2% | 10.2% | 1.34 |
| GGV Capital V L.P. | 4/2014 | 2014 | Active | Venture Capital - Balanced | 50.0 | 46.3 | 7.7 | 110.7 | 114.4 | 118.4 | 0.17x | 2.56x | 32.55% | 1st | 25.0% | 13.1% | 6.4% | 1.99 |
| ABRY Advanced Securities Fund III, L.P. | 4/2014 | 2014 | Exited | Distressed | 25.0 | 15.3 | 23.9 | - | - | 23.9 | 1.56x | 1.56x | 18.01% | 2nd | 24.0% | 15.2% | 8.2% | 1.16 |
| Glendon Opportunities Fund, L.P. | 12/2014 | 2014 | Active | Distressed | 60.0 | 48.3 | - | 55.8 | 67.8 | 55.8 | 0.00x | 1.15x | 4.56% | 4th | 24.0% | 15.2% | 8.2% | 0.93 |
| 2014 Vintage Total | | | | | 1,466.5 | 1,304.0 | 507.7 | 1,343.5 | 1,650.4 | 1,851.2 | 0.39x | 1.42x | 14.65% | | | | | 1.17 |
| 2015 Vintage | | | | | | | | | | | | | | | | | | |
| ABRY Partners VIII, L.P. | 8/2014 | 2015 | Exited | Buyout - Mid | 35.0 | 36.6 | 44.8 | - | - | 44.8 | 1.22x | 1.22x | 9.69% | 3rd | 19.4% | 13.1% | 6.5% | 1.04 |
| Centerbridge Capital Partners III, L.P. | 10/2014 | 2015 | Active | Distressed | 75.0 | 42.9 | 14.7 | 38.0 | 84.9 | 52.8 | 0.34x | 1.23x | 11.03% | 3rd | 19.4% | 12.8% | 7.8% | 1.07 |
| Siris Partners III, L.P. | 12/2014 | 2015 | Active | Buyout - Mid | 60.0 | 52.3 | 28.7 | 31.2 | 51.4 | 59.9 | 0.55x | 1.14x | 8.77% | 3rd | 19.4% | 13.1% | 6.5% | 1.02 |
| Juggernaut Capital Partners III, L.P. | 2/2015 | 2015 | Active | Buyout - Small | 100.0 | 90.4 | 3.6 | 98.7 | 108.4 | 102.3 | 0.04x | 1.13x | 3.7% | 3rd | 19.4% | 13.1% | 6.5% | 1.03 |
| Carlyle U.S. Equity Opportunity Fund II, L.P. | 3/2015 | 2015 | Active | Buyout - Mid | 200.0 | 106.1 | 13.1 | 99.1 | 206.1 | 112.2 | 0.12x | 1.06x | 3.29% | 4th | 19.4% | 13.1% | 6.5% | 0.96 |
| Storm Ventures Fund V, L.P. | 3/2015 | 2015 | Active | Venture Capital - Early Stage | 50.0 | 35.0 | 1.8 | 44.4 | 59.4 | 46.2 | 0.05x | 1.32x | 13.49% | 3rd | 22.1% | 13.6% | 5.5% | 1.16 |
| Institutional Venture Partners XV, L.P. | 4/2015 | 2015 | Active | Venture Capital - Late Stage | 90.0 | 79.2 | 14.8 | 93.0 | 103.8 | 107.8 | 0.19x | 1.36x | 17.21% | 2nd | 22.1% | 13.6% | 5.5% | 1.20 |
| BDCM Opportunity Fund IV, L.P. | 6/2015 | 2015 | Active | Distressed | 100.0 | 98.0 | 22.7 | 90.2 | 113.8 | 112.9 | 0.23x | 1.15x | 10.22% | 3rd | 19.4% | 12.8% | 7.8% | 1.06 |
| Clearlake Capital Partners IV, L.P. | 6/2015 | 2015 | Active | Buyout - Mid | 77.0 | 87.8 | 49.6 | 80.2 | 91.8 | 129.7 | 0.56x | 1.48x | 32.02% | 1st | 19.4% | 13.1% | 6.5% | 1.34 |
| Gateway Private Equity Fund-B, L.P. | 9/2015 | 2015 | Active | Fund of Funds | 300.0 | 195.4 | 4.3 | 250.0 | 357.3 | 254.3 | 0.02x | 1.30x | 19.04% | 2nd | 21.0% | 13.0% | 6.3% | 1.24 |
| 2015 Vintage Total | | | | | 1,087.0 | 823.6 | 197.9 | 824.9 | 1,176.9 | 1,022.8 | 0.24x | 1.24x | 13.74% | | | | | 1.13 |
| 2016 Vintage | | | | | | | | | | | | | | | | | | |
| Hellman & Friedman Capital Partners VIII, L.P. | 9/2014 | 2016 | Active | Buyout - Global | 125.0 | 98.3 | 7.3 | 104.9 | 133.9 | 112.2 | 0.07x | 1.14x | 15.23% | 2nd | 22.1% | 9.1% | 2.8% | 1.15 |
| Blackstone Capital Partners VII, L.P. | 5/2015 | 2016 | Active | Buyout - Global | 200.0 | 84.3 | 5.2 | 96.5 | 222.5 | 101.7 | 0.06x | 1.21x | 21.59% | 2nd | 22.1% | 9.1% | 2.8% | 1.21 |
| Excellere Capital Fund III, L.P. | 7/2015 | 2016 | Active | Buyout - Small | 70.0 | 10.2 | - | 12.6 | 72.4 | 12.6 | 0.00x | 1.23x | 20.36% | 2nd | 22.1% | 9.1% | 2.8% | 1.28 |
| GBOF V Feeder SCS | 11/2015 | 2016 | Active | Buyout - Mid | 86.5 | 60.8 | 3.5 | 65.4 | 91.1 | 68.9 | 0.06x | 1.13x | 12.71% | 2nd | 16.0% | 8.3% | -1.1% | 1.12 |
| Australis Partners Fund, L.P. | 12/2015 | 2016 | Active | Growth Equity | 125.0 | 62.2 | 2 | 55.0 | 118.2 | 55.3 | 0.00x | 0.89x | -13.39% | 4th | 25.4% | 14.4% | 3.1% | 0.94 |
| Harvest Partners VII, L.P. | 12/2015 | 2016 | Active | Buyout - Mid | 80.0 | 48.7 | 5.4 | 46.3 | 83.0 | 51.7 | 0.11x | 1.06x | 5.28% | 3rd | 22.1% | 9.1% | 2.8% | 1.04 |
| GGV Capital VI, L.P. | 2/2016 | 2016 | Active | Venture Capital - Balanced | 45.0 | 34.0 | - | 44.1 | 55.1 | 44.1 | 0.00x | 1.30x | 23.85% | NM | 25.4% | 14.4% | 3.1% | NM |
| GGV Discovery I, L.P. | 2/2016 | 2016 | Active | Venture Capital - Late Stage | 15.0 | 11.9 | - | 17.6 | 20.6 | 17.6 | 0.00x | 1.47x | 38.36% | NM | 25.4% | 14.4% | 3.1% | NM |
| Lightyear Fund IV, L.P. | 2/2016 | 2016 | Active | Buyout - Small | 150.0 | 82.2 | 3.0 | 81.0 | 149.7 | 84.0 | 0.04x | 1.02x | 2.03% | NM | 22.1% | 9.1% | 2.8% | NM |
| USV 2016, L.P. | 3/2016 | 2016 | Active | Venture Capital - Early Stage | 9.0 | 3.5 | - | 4.2 | 9.7 | 4.2 | 0.00x | 1.19x | 13.43% | NM | 20.6% | 12.3% | 0.0% | NM |
| Vista Equity Partners Fund VI, L.P. | 3/2016 | 2016 | Active | Buyout - Global | 200.0 | 199.1 | 63.9 | 184.6 | 249.0 | 248.5 | 0.32x | 1.25x | 16.77% | NM | 22.1% | 9.1% | 2.8% | NM |
| Livingbridge 6, L.P. | 7/2016 | 2016 | Active | Buyout - Small | 51.8 | 22.5 | - | 19.8 | 49.1 | 19.8 | 0.00x | 0.88x | -12.19% | NM | 16.0% | 8.3% | -1.1% | NM |
| 2016 Vintage Total | | | | | 1,157.3 | 717.5 | 88.5 | 731.8 | 1,254.3 | 820.4 | 0.12x | 1.14x | 12.53% | | | | | 1.12 |

Portfolio Investment Report

As of December 31, 2018
(\$ in millions)

| INVESTMENTS | COMMITMENT DATE | VINTAGE YEAR | STATUS | STRATEGY | COMMITMENT | CUMULATIVE CONTRIBUTIONS | CUMULATIVE DISTRIBUTIONS | MARKET VALUE | Exposure | TOTAL VALUE | DPI MULTIPLE | TVPI MULTIPLE | SINCE INCEPTION NET IRR | IRR QUARTILE RANKING | Private IQ Benchmarks | | | KS-PME |
|--|-----------------|--------------|--------|-------------------------------|-------------------|--------------------------|--------------------------|------------------|------------------|-------------------|--------------|---------------|-------------------------|----------------------|-----------------------|------------|-----------|-------------|
| | | | | | | | | | | | | | | | UPPER IRR | MEDIAN IRR | LOWER IRR | |
| 2017 Vintage | | | | | | | | | | | | | | | | | | |
| Green Equity Investors VII, L.P. | 2/2016 | 2017 | Active | Buyout - Mid | 150.0 | 69.0 | .6 | 74.0 | 155.7 | 74.6 | 0.01x | 1.08x | 8.01% | NM | 17.3% | 8.7% | -6.6% | NM |
| BN Capital Fund II, L.P. | 5/2016 | 2017 | Active | Venture Capital - Early Stage | 34.0 | 2.4 | .1 | 2.3 | 2.7 | 2.4 | 0.05x | 0.99x | -0.74% | NM | 15.8% | 3.9% | -3.3% | NM |
| BRV Aster Fund II, L.P. | 9/2016 | 2017 | Active | Venture Capital - Early Stage | 40.0 | 16.0 | - | 15.9 | 39.9 | 15.9 | 0.00x | 0.99x | -0.82% | NM | 20.6% | 5.3% | -7.7% | NM |
| J.P. Morgan Emerging Managers Program III | 9/2016 | 2017 | Active | Fund of Funds | 100.0 | 36.0 | 1.1 | 43.1 | 108.3 | 44.1 | 0.03x | 1.00x | -0.44% | NM | 18.9% | 7.7% | -3.5% | NM |
| MBK Partners Fund IV, L.P. | 11/2016 | 2017 | Active | Buyout - Large | 120.0 | 37.6 | - | 42.5 | 124.9 | 42.5 | 0.00x | 1.13x | 9.13% | NM | 20.6% | 5.3% | -7.7% | NM |
| Incline Equity Partners IV, L.P. | 12/2016 | 2017 | Active | Buyout - Small | 37.5 | 10.5 | .0 | 11.2 | 38.2 | 11.2 | 0.00x | 1.07x | 18.04% | NM | 17.3% | 8.7% | -6.6% | NM |
| LAV Biosciences Fund IV, L.P. | 2/2017 | 2017 | Active | Venture Capital - Balanced | 40.0 | 28.6 | 2.8 | 33.3 | 47.5 | 36.1 | 0.10x | 1.26x | 31.01% | NM | 22.4% | 4.6% | -3.8% | NM |
| One Rock Capital Partners II, L.P. | 3/2017 | 2017 | Active | Buyout - Small | 72.5 | 22.2 | - | 20.9 | 71.2 | 20.9 | 0.00x | 0.94x | -6.27% | NM | 17.3% | 8.7% | -6.6% | NM |
| 2017 Vintage Total | | | | | 594.0 | 222.3 | 4.6 | 243.2 | 588.4 | 247.8 | 0.02x | 1.11x | 11.57% | | | | | 1.11 |
| 2018 Vintage | | | | | | | | | | | | | | | | | | |
| GGV Capital VI Plus, L.P. | 2/2016 | 2018 | Active | Venture Capital - Late Stage | 15.0 | 7.5 | - | 8.1 | 15.6 | 8.1 | 0.00x | 1.08x | 18.40% | NM | -0.4% | -6.7% | -14.6% | NM |
| Silver Lake Partners V, L.P. | 3/2017 | 2018 | Active | Buyout - Global | 180.0 | 42.8 | - | 40.5 | 177.7 | 40.5 | 0.00x | 0.95x | -7.91% | NM | 0.0% | -15.7% | -32.0% | NM |
| CVC Capital Partners VII, L.P. | 5/2017 | 2018 | Active | Buyout - Global | 228.3 | 35.8 | - | 38.4 | 230.7 | 38.4 | 0.00x | 1.07x | 99.31% | NM | -8.5% | -27.5% | -49.6% | NM |
| Onex Partners V, L.P. | 7/2017 | 2018 | Active | Buyout - Large | 200.0 | 3.0 | - | 2.3 | 199.2 | 2.3 | 0.00x | 0.75x | -25.20% | NM | 0.0% | -15.7% | -32.0% | NM |
| Canaan XI, L.P. | 7/2017 | 2018 | Active | Venture Capital - Early Stage | 50.0 | 12.3 | - | 12.7 | 50.4 | 12.7 | 0.00x | 1.03x | 6.15% | NM | -1.5% | -10.6% | -17.5% | NM |
| J.P. Morgan Emerging Managers Program IV | 10/2018 | 2018 | Active | Fund of Funds | 300.0 | 4.5 | - | 4.5 | 300.0 | 4.5 | 0.00x | 1.00x | -0.44% | NM | 4.2% | -7.0% | -19.8% | NM |
| Clearlake Capital Partners V, L.P. | 11/2017 | 2018 | Active | Buyout - Mid | 100.0 | 40.0 | .4 | 50.0 | 110.0 | 50.3 | 0.01x | 1.26x | 60.89% | NM | 9.6% | -7.5% | -22.8% | NM |
| Sinovation Fund IV, L.P. | 3/2018 | 2018 | Active | Venture Capital - Early Stage | 75.0 | 18.8 | - | 18.2 | 74.5 | 18.2 | 0.00x | 0.97x | -3.90% | NM | -0.4% | -6.7% | -14.6% | NM |
| Juggernaut Capital Partners IV, L.P. | 3/2018 | 2018 | Active | Buyout - Small | 125.0 | .4 | - | .7 | 125.4 | .7 | 0.00x | 2.08x | 108.29% | NM | 9.6% | -7.5% | -22.8% | NM |
| 2018 Vintage Total | | | | | 1,273.3 | 165.0 | 4 | 175.4 | 1,283.6 | 175.8 | 0.00x | 1.07x | 20.13% | | | | | 1.17 |
| 2019 Vintage | | | | | | | | | | | | | | | | | | |
| Glendon Opportunities Fund II, L.P. | 5/2017 | 2019 | Active | Distressed | 100.0 | - | - | - | 100.0 | - | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM |
| AE Industrial Partners Fund II, L.P. | 6/2018 | 2019 | Active | Buyout - Small | 100.0 | - | - | (.2) | 99.8 | (.2) | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM |
| Riverside Micro-Cap Fund V, L.P. | 8/2018 | 2019 | Active | Buyout - Small | 65.0 | - | - | (.6) | 64.4 | (.6) | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM |
| Accel-KKR Growth Capital Partners III, L.P. | 8/2018 | 2019 | Active | Growth Equity | 50.0 | - | - | - | 50.0 | - | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM |
| Hellman & Friedman Capital Partners IX, L.P. | 9/2018 | 2019 | Active | Buyout - Global | 150.0 | - | - | - | 150.0 | - | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM |
| GGV Capital VIII Plus, L.P. | 8/2018 | 2019 | Active | Venture Capital - Late Stage | 16.0 | - | - | 16.0 | - | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM | |
| GGV Capital VII, L.P. | 8/2018 | 2019 | Active | Venture Capital - Late Stage | 64.0 | - | - | 64.0 | - | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM | |
| GGV Discovery II, L.P. | 8/2018 | 2019 | Active | Venture Capital - Late Stage | 20.0 | - | - | 20.0 | - | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM | |
| Triton Fund V, L.P. | 10/2018 | 2019 | Active | Buyout - Mid | 171.5 | - | - | (1.0) | 170.4 | (1.0) | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM |
| Siris Partners IV, L.P. | 10/2018 | 2019 | Active | Buyout - Mid | 100.0 | - | - | (.7) | 99.3 | (.7) | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM |
| Clarion Investors III, L.P. | 11/2017 | 2019 | Active | Buyout - Small | 50.0 | - | - | (.2) | 49.8 | (.2) | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM |
| Alchemy Special Opportunities Fund IV, L.P. | 11/2017 | 2019 | Active | Distressed | 82.8 | - | - | (1.3) | 81.5 | (1.3) | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM |
| PAI Europe VII, L.P. | 12/2017 | 2019 | Active | Buyout - Large | 171.5 | - | - | (1.9) | 169.6 | (1.9) | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM |
| Vista Equity Partners Fund VII, L.P. | 12/2018 | 2019 | Active | Buyout - Global | 200.0 | - | - | (1.2) | 198.8 | (1.2) | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM |
| USV 2019, L.P. | 12/2018 | 2019 | Active | Venture Capital - Early Stage | 9.0 | - | - | - | 9.0 | - | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM |
| USV Opportunity 2019, L.P. | 12/2018 | 2019 | Active | Venture Capital - Balanced | 11.3 | - | - | - | 11.3 | - | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM |
| Storm Ventures Fund VI, L.P. | 12/2018 | 2019 | Active | Venture Capital - Early Stage | 50.0 | - | - | - | 50.0 | - | 0.00x | 0.00x | 0.00% | NM | N/A | N/A | N/A | NM |
| 2019 Vintage Total | | | | | 1,411.0 | - | - | (7.0) | 1,404.0 | (7.0) | NM | NM | NM | | | | | NM |
| Total Portfolio Investments | | | | | \$16,799.8 | \$13,032.8 | \$16,120.3 | \$5,414.2 | \$9,840.8 | \$21,534.5 | 1.24x | 1.65x | 16.04 % | | | | | 1.21 |

The Since Inception Net IRR and return multiples are calculated by LACERA using all the outflows to and inflows from the underlying fund investments, including cash flows for expenses and fees paid by the Portfolio to those underlying fund investments. The terminal values used are the capital account balances as of the reporting period, as stated by the General Partners of the underlying fund investment, whether at cost or fair value. If the underlying fund investment's terminal value is prior to the reporting period, the IRR and return multiples are calculated as of the last valuation date indicated by the fund manager. None of the information contained herein has been reviewed or approved by the General Partners of the Funds.

Vintage years are based on LACERA's initial cash contribution to the fund.
Fund benchmark data provided by Burgiss Private IQ as of the reporting date and represents comparable strategies aggregated by Vintage Year. Quartile rankings are reported as not material (NM) if commitment date is within 3 years of reporting date.
A Kaplan & Schoar Public Market Equivalent ("KS-PME") value greater than one indicates that an investor benefited from investing in the respective private equity fund rather than the index (Russell 3000).



Market Overview

December 31, 2018

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I. Executive Summary

Concerns over global trade, moderated economic data, and tightening central banks shocked equity markets in the fourth quarter of 2018. The MSCI Emerging Markets index outperformed developed markets, declining 7.8%, reversing the trend from earlier in the year. The MSCI Europe index fell 13.0%, as Prime Minister Theresa May postponed the vote on the controversial Withdrawal Agreement and uncertainty of a successful United Kingdom exit from the European Union came to the fore. The European Central Bank ended its stimulus program and downgraded economic forecasts, leading to speculation that interest rates would not be raised until later in 2019. The S&P 500 Total Return index was an underperformer, decreasing 13.5% for the quarter, with Energy decreasing 24.9% following lower demand from China and a potential oversupply. The US Federal Reserve raised interest rates in December, for a total of four increases in 2018, and signaled for only two interest rate increases in 2019 down from three previously.

In private markets, US leveraged buyout (“LBO”) debt volume decreased by 42.8% quarter-over-quarter, from US\$46.5 billion to US\$26.6 billion, more than twice the fourth quarter of 2017 and 50.2% higher than the 10-year quarterly average of US\$17.7 billion. According to data from S&P, purchase price multiples for US LBOs decreased to 10.3x EBITDA in the fourth quarter, down 7.0% from 11.0x EBITDA in the prior quarter, and above the 10-year average of 9.2x EBITDA. Average debt multiples of large corporate US LBO loans remained at 5.9x for the quarter, above the 10-year average of 5.2x. Equity contributions for US LBOs decreased to 42.9%, a 1.3% decrease quarter-over-quarter and slightly above the 10-year average of 42.3%.¹

Fundraising for global private equity totaled US\$130.3 billion in the fourth quarter of 2018, a 1.6% decrease compared to the prior quarter and a 50.2% increase from the fourth quarter of 2017. Geographically, the US represented 67.4% of total funds raised in the quarter, higher than the 10-year average of 59.5%. Funds raised in Europe, Asia, and the Rest of World made up 14.6%, 9.8% and 8.1%, respectively, of global fundraising for the quarter. Invested capital for private equity funds increased 33.0% quarter-over-quarter and increased 92.8% year-over-year, with US\$111.1 billion invested in 3,571 deals. A significant portion of the capital deployed was in the Industrials sector, accounting for 26.4% compared to the 10-year average of 11.8%.²

Private equity-backed IPO transaction volume decreased in the fourth quarter with US\$5.1 billion raised in 24 IPOs. The amount raised through IPOs decreased 38.2% compared to the prior quarter and 19.1% compared to the fourth quarter of 2017. The largest IPOs of the quarter were completed by Tencent Music Entertainment Shenzhen Co Ltd (NYSE: TME), a provider of online music and music-centric social entertainment services in China, which raised US\$1.1 billion, and Moderna, Inc. (NASDAQ: MRNA), a developer of medicines based on messenger RNA (mRNA), which raised US\$604.4 million, together representing 33.0% of the total value for all IPOs in the quarter. M&A activity increased in the fourth quarter with a total value of US\$250.0 billion, a 66.7% increase compared to the prior quarter and a 19.3% increase compared to the fourth quarter of 2017. The largest M&A deals of the quarter were the US\$69.5 billion purchase of Aetna Inc. by CVS Health Corporation (NYSE:CVS) and the US\$53.4 billion purchase of Linde Aktiengesellschaft (DB:LNA) by Linde plc (XTRA:LIN). Together these deals represent 49.2% of the total value for all deals in the quarter.³

¹ S&P US LBO Review, Q4 2018

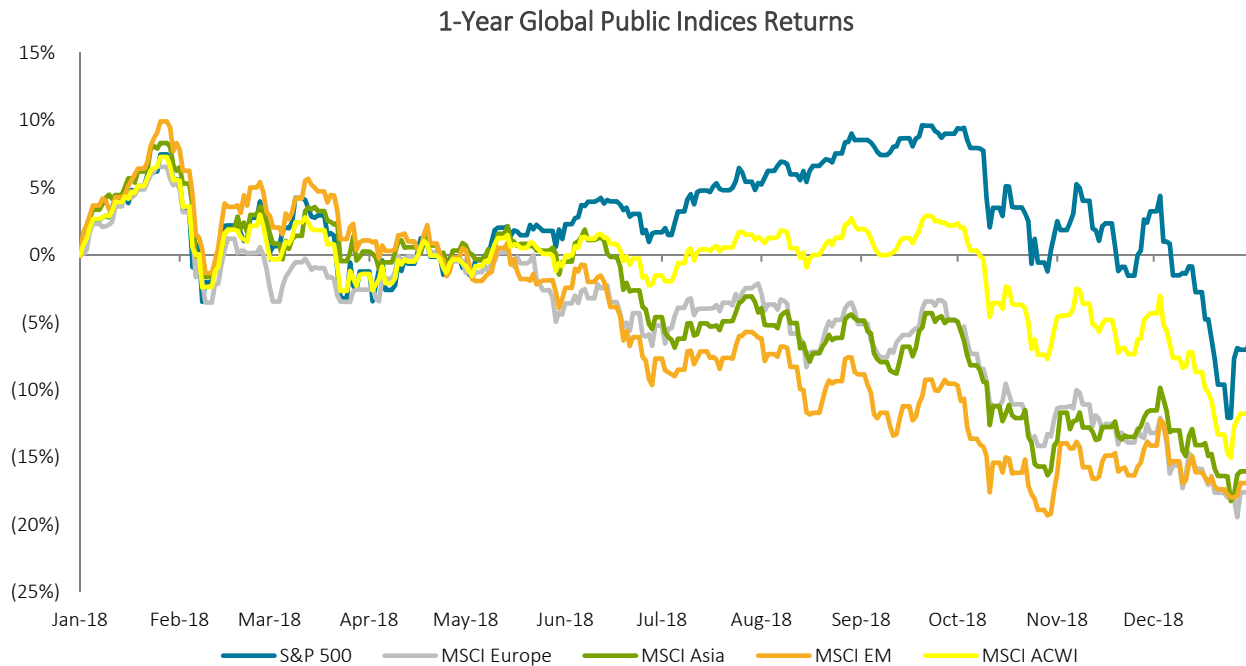
² Thomson ONE data as of March 12, 2019. Please note, all data in this report from Thomson ONE is subject to revision as further data is made available.

³ Capital IQ Transaction Screening Report as of March 12, 2019

II. Capital Markets Overview

Public Equity Markets

Volatility in global public markets was sparked by moderated economic data, as US markets posted their first annual loss in nine years following lowered guidance from high profile information technology companies. Energy, Industrials, and Information Technology sectors for US equities declined 24.9%, 18.0%, and 17.7% for the quarter, respectively. Although volatility has returned, earnings growth for the S&P 500 was near 26.0% for the quarter, signaling strong corporate data.



The following table shows the returns of four major MSCI indices, as well as the S&P 500 and the S&P 500 Total Return Index, over various time horizons through December 31, 2018. Returns for time periods greater than one year are annualized. During the quarter, US markets decreased 13.5% followed by MSCI Europe down 13.0%. MSCI Asia and MSCI Emerging Markets decreased 11.3% and 7.8%, respectively.

Regional Indices

| | 3 Mo | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|-----------------------|---------|---------|--------|--------|-------|
| MSCI Asia | (11.3%) | (15.6%) | 3.9% | 1.5% | 5.1% |
| MSCI Europe | (13.0%) | (17.3%) | (0.8%) | (3.3%) | 3.1% |
| MSCI EM | (7.8%) | (16.6%) | 6.7% | (0.7%) | 5.5% |
| MSCI ACWI | (13.1%) | (11.2%) | 4.5% | 2.2% | 7.2% |
| S&P 500 | (14.0%) | (6.2%) | 7.0% | 6.3% | 10.7% |
| S&P 500 Total Return* | (13.5%) | (4.4%) | 9.3% | 8.5% | 13.1% |

For the period ended December 31, 2018

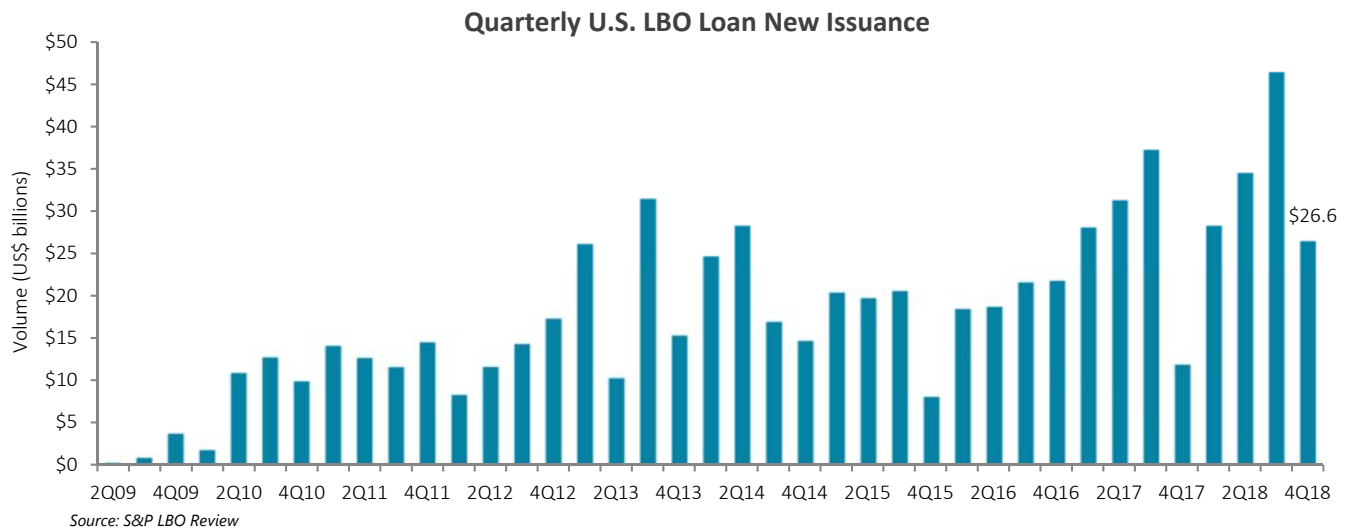
*Includes reinvestment of dividends.

Source: Capital IQ

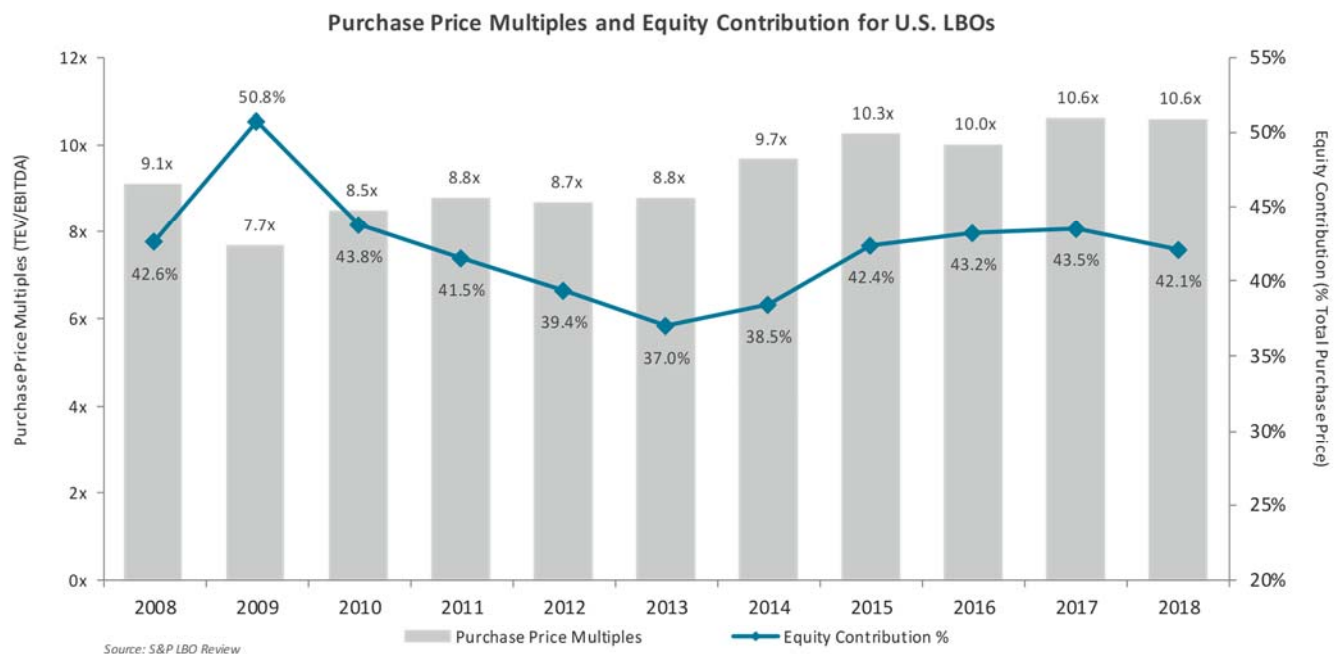
The referenced indices are shown for general market comparisons and are not meant to represent any particular fund. An investor cannot directly invest in an index. Moreover, indices do not reflect commissions or fees that may be charged to an investment product based on the index, which may materially affect the performance data presented.

Debt Markets

During the fourth quarter of 2018, US LBO new loan issuance totaled US\$26.6 billion, representing a decrease of 42.8% from the prior quarter and an increase from US\$11.9 billion from the fourth quarter of 2017. The following chart shows the quarterly volume of US LBO new loan issuance for the past ten years.



The weighted average purchase price multiple for US LBO deals was 10.3x total enterprise value (“TEV”) to EBITDA in the fourth quarter, a decrease from 11.0x in the prior quarter and above the 10-year average of 9.2x. Average debt multiples of large corporate US LBO loans increased year-over-year from 5.8x EBITDA to 5.9x EBITDA, as equity contributions for US LBOs decreased from 43.5% to 42.1%. The following chart compares purchase price multiples and equity contribution percentages for US LBO deals.



III. Private Equity Market Overview

All Private Equity

The table below shows the pooled Internal Rate of Return (“IRR”) performance of global private equity investments by sector over various investment horizons through December 31, 2018. The All Private Equity benchmark had an IRR of (0.8%) for the quarter. Two out of five sectors were positive for the quarter, led by Venture Capital with 1.4%, followed by Small/Middle Buyouts with 0.7%, Mezzanine with 0.0%, Large Buyouts with (2.3%), and Energy with (11.1%)

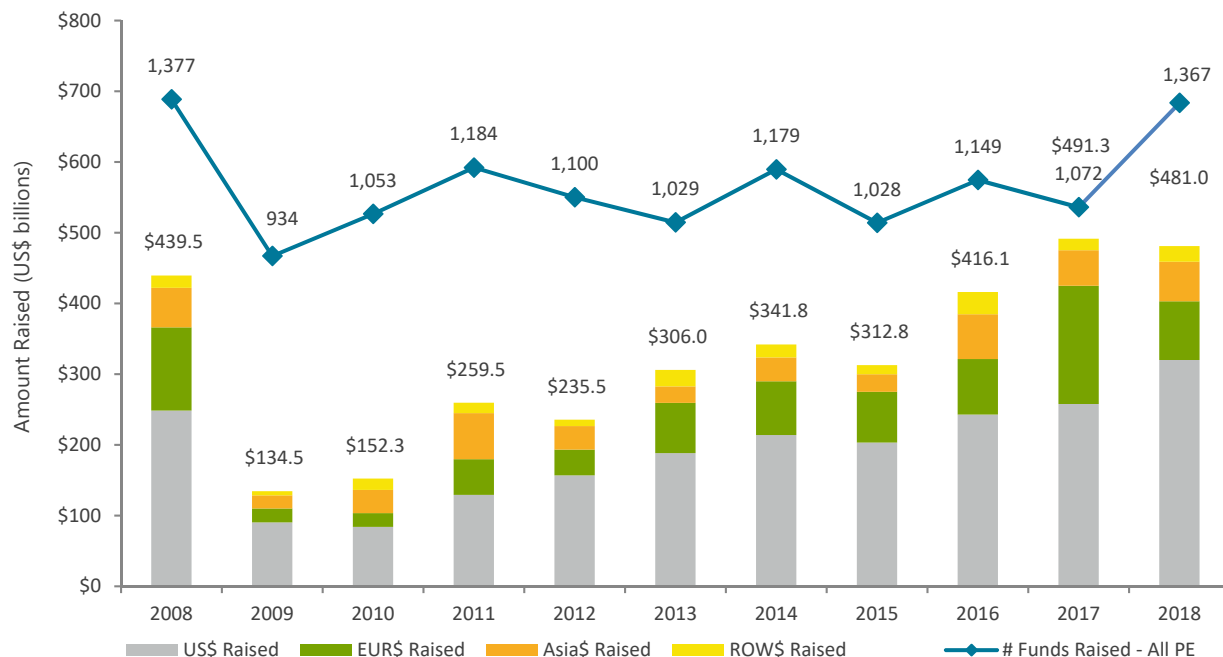
| Sector | 3 Mo | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|-------------------------------|---------------|--------------|--------------|--------------|--------------|
| Small/Middle Buyouts (<\$3bn) | 0.7% | 9.7% | 14.7% | 11.8% | 13.0% |
| Large Buyouts (>\$3bn) | (2.3%) | 8.9% | 14.6% | 12.4% | 14.6% |
| Mezzanine | 0.0% | 6.9% | 8.9% | 8.6% | 9.2% |
| Energy | (11.1%) | (5.6%) | 7.3% | (0.3%) | 5.5% |
| Venture Capital | 1.4% | 21.1% | 11.9% | 15.3% | 14.0% |
| All Private Equity | (0.8%) | 10.9% | 13.0% | 11.7% | 13.4% |

Source: Burgiss PrivateIQ

Fundraising

Global private equity fundraising totaled US\$481.0 billion in 2018, representing a decrease of 2.1% year-over-year. Buyout fundraising totaled US\$326.1 billion in 2018, decreasing 10.4% compared to US\$364.1 billion in 2017. Venture Capital raised US\$78.3 billion in 2018, an increase of 18.6% compared to US\$66.0 billion in 2017. Geographically, the US represented 66.5% of total funds raised in the year, higher than the 10-year average of 59.6%. Funds raised in Europe, Asia, and the Rest of World made up 17.3%, 11.6% and 4.6%, respectively, of global fundraising for the year. The chart below shows annual private equity fundraising activity across all sectors.

Regional Fundraising by Year – All Private Equity

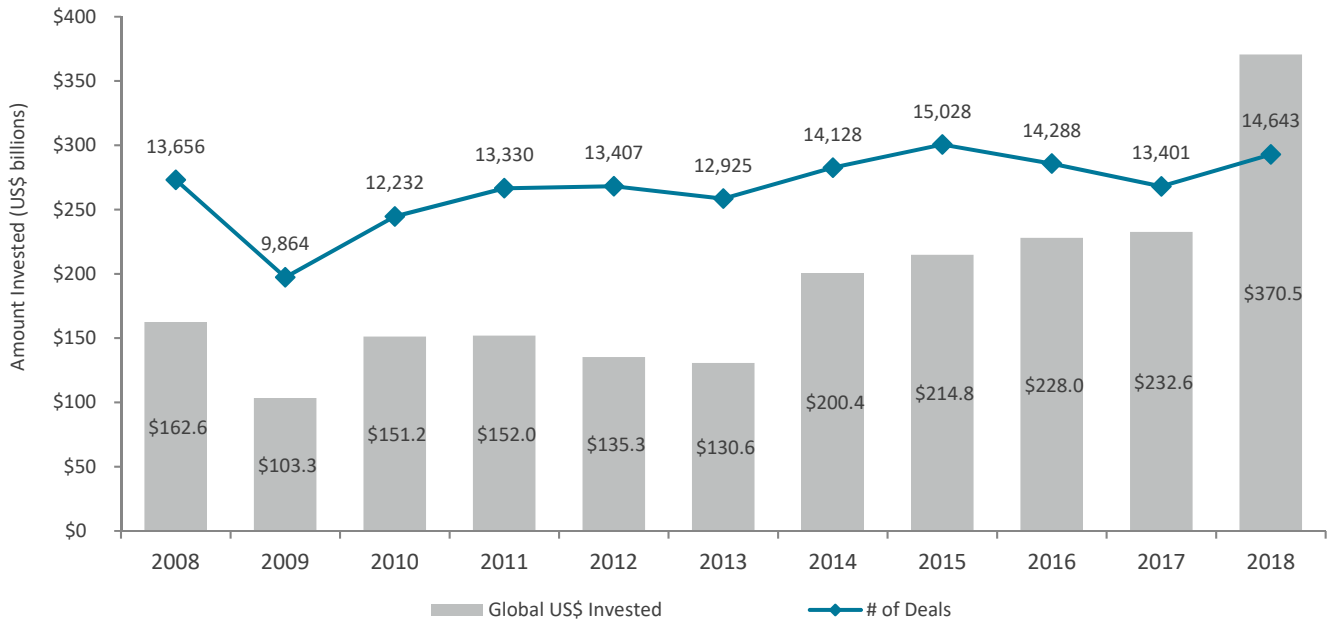


Source: Thomson ONE

Investment Activity

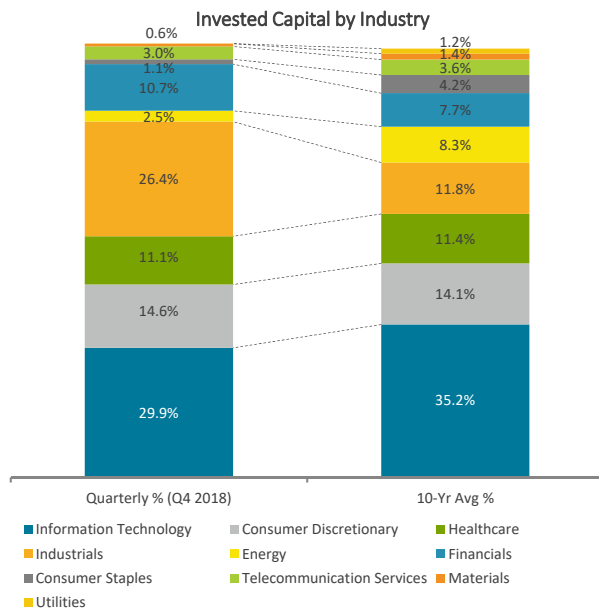
Private equity funds invested US\$370.5 billion globally during 2018, representing an increase of 59.3% from US\$232.6 billion in 2017. The average investment size during the year was US\$25.3 million, an increase of 45.8% compared to the average investment size of US\$17.4 million in 2017.

Investment Activity - All Private Equity

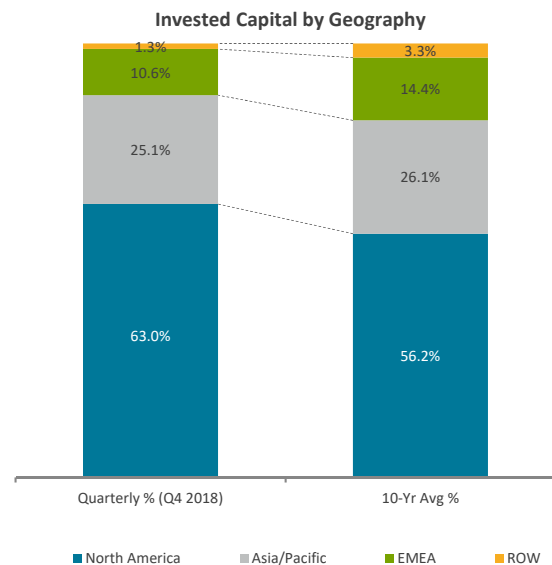


Source: Thomson ONE

The graphs below depict the percentage of invested capital by industry and geography for the fourth quarter of 2018 and over the last ten years. The Industrials sector had the largest departure from its 10-year average, accounting for US\$29.3 billion of transactions, or 26.4% of total capital invested by private equity firms, compared to its 10-year average of 11.8%. Considering geography, investment activity was above average in North America, comprising 63.0% of total capital invested compared to its 10-year historical average of 56.2%.



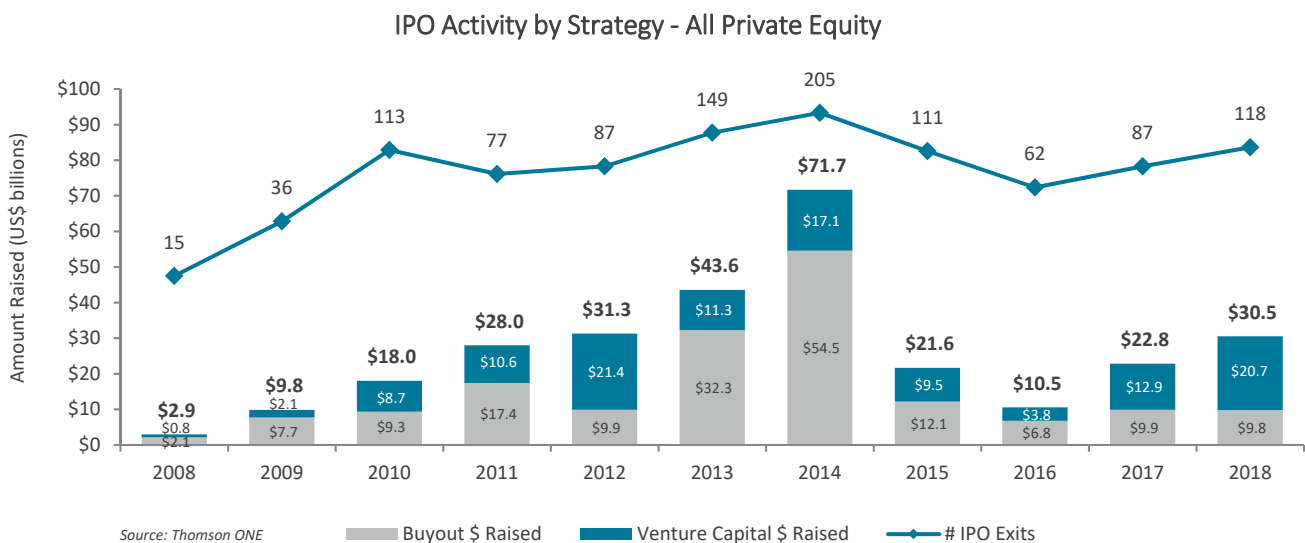
Source: Thomson ONE



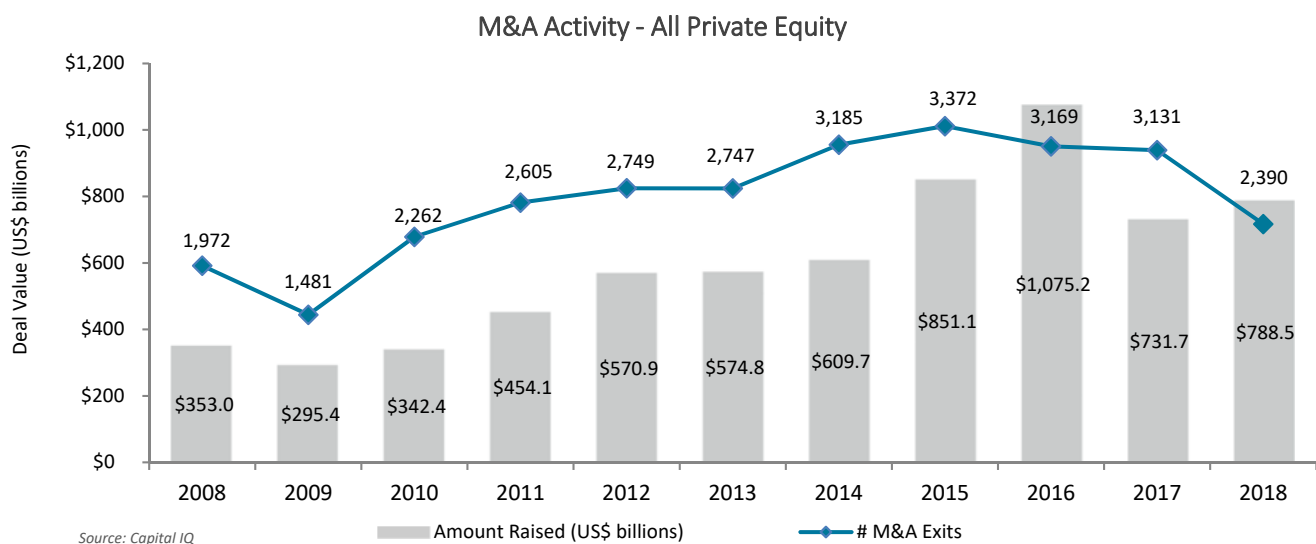
Source: Thomson ONE

Deal Environment

In 2018, the number of private equity-backed IPOs increased 35.6%, from 87 to 118, and the amount raised increased 33.9%, from US\$22.8 billion to US\$30.5 billion, compared to the prior year. The IPOs were comprised of 94 venture capital-backed IPOs that raised a total of US\$20.7 billion and 24 IPOs from buyouts that raised US\$9.8 billion. The largest IPOs of the quarter were completed by Tencent Music Entertainment Shenzhen Co Ltd (NYSE: TME), a provider of online music and music-centric social entertainment services in China, which raised US\$1.1 billion, and Moderna, Inc. (NASDAQ: MRNA), a developer of medicines based on messenger RNA (mRNA), which raised US\$604.4 million, together representing 33.0% of the total value for all IPOs in the quarter. The graph below shows the amount raised and the number of IPOs on the NYSE and NASDAQ.



The number of private equity-backed Mergers and Acquisitions (“M&A”) declined 23.7%, and the total value of M&A deals increased 7.8% compared to the prior year. In the fourth quarter, there were 536 private-equity backed M&A deals totaling US\$250.0 billion. The largest M&A deals of the quarter were the US\$69.5 billion purchase of Aetna Inc. by CVS Health Corporation (NYSE:CVS) and the US\$53.4 billion purchase of Linde Aktiengesellschaft (DB:LNA) by Linde plc (XTRA:LIN). Together these deals represent 49.2% of the total value for all deals in the quarter. The graph below shows the deal value and the number of M&A deals.



May 29, 2019

TO: Each Member
Board of Investments

FROM: Jonathan Grabel 
Chief Investment Officer

Ted Wright, CFA, FRM, PRM, CAIA 
Principal Investment Officer

Brenda Cullen 
Investment Officer

FOR: June 12, 2019 Board of Investments Meeting

SUBJECT: PUBLIC MARKETS INTERNAL ASSET MANAGEMENT ASSESSMENT

At the August 2018 LACERA Board of Investments (“Board”) meeting, there was interest and discussion about the internal management of the TIPS allocation. Staff was asked to conduct a preliminary assessment of internal management including the merits and risks and report its findings to the Board for TIPS and other public market mandates.

In response to this request, staff presented an overview of internal management for certain non-active public markets mandates at the February 2019 Board meeting that included a survey of public plans, a high-level cost benefit analysis, and suggestions regarding additional qualitative items that the Board may want to consider. In their assessment, staff concluded that internal management could potentially reduce costs, particularly with multiple mandates, but that other factors may present challenges. A discussion ensued after which the Board directed staff to continue its investigation.

Today’s presentation summarizes the findings from due diligence activities that have taken place since the February meeting and offers some suggestions for next steps, if so desired.

Attachment

ATTACHMENT

Public Markets Internal Asset Management Assessment

Board of Investments

June 12, 2019



Jonathan Grabel – Chief Investment Officer
Ted Wright – Principal Investment Officer
Brenda Cullen – Investment Officer

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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- I. Review of Prior Findings
- II. Interim Due Diligence Activities
- III. Key Findings from Due Diligence
- IV. Next Steps



Review of Prior Findings

Potential Benefits:

- Lower management costs
- Increased transparency/beneficial ownership rights
- Greater control over investment portfolio
- Enhanced investment culture

Potential Challenges:

- Increased tracking error
- Governance considerations (authority, liability)
- Additional compliance, operations, and reporting requirements
- Upfront fixed cost investment
- Headline risk

Conclusions:

- May reduce costs with multiple mandates
- Tracking error may add to indirect costs
- Internal management has advantages and disadvantages
- Continue methodical evaluation

Interim Due Diligence Activities

- Surveyed peers, managers, partners with similar programs
 - Discussed necessary processes, best practices
 - Identified infrastructure/data requirements
- Oregon State Treasury Site Visit – public markets internal management demo and discussion
- Held discussions with existing service providers regarding middle/back office requirements to assess
 - Existing capabilities
 - Gaps in capabilities

Key Findings of Due Diligence

- Typical trajectory: simple (U.S. equity indices) to more complex (international equities, active equity strategies, fixed income)
- Complexity of architecture: varies based on budget and/or risk appetite, even for less complex strategies
- Considerable infrastructure/data required for public market strategies now resident at LACERA, but gaps exist (e.g., daily valuation, robust risk controls)
- Implementation process should be pre-architected (based on near-term AND longer-term objectives)
- Knowledgeable and experienced personnel necessary to realize greatest cost savings
- Potential savings corroborated despite initial investment, fixed costs, and higher tracking error



Next Steps

- Case studies to be presented at July Board offsite
- If sufficient BOI interest, retain third-party subject matter experts to provide more granularity on:
 - Architecture and implementation
 - Compliance, risk, governance
 - Detailed cost/benefit analysis

May 30, 2019

TO: Each Member
Board of Investments

FROM: Ted Wright, CFA, FRM, PRM, CAIA ^{TW}
Principal Investment Officer

Vache Mahseredjian, CFA, CAIA, FRM, ASA ^{VM}
Principal Investment Officer

FOR: June 12, 2019 Board of Investments Meeting

SUBJECT: **EMERGING MANAGER POLICY REVIEW—PART 2**

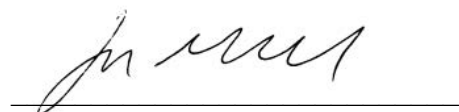
Attached is the second in a series of Meketa presentations that address LACERA's Emerging Manager Policy (EMP). The goal of these presentations is to undertake a comprehensive review of the EMP—including its objective, scope, and implementation—and with the Board's guidance, to produce a new, updated policy.

As a reminder, LACERA established the EMP in 1995. The policy initially covered U.S. equities; since then, the scope has expanded to include Fixed Income, Real Estate, Private Equity, and Non-U.S. Equities. Since the last EMP update in 2017, LACERA started making direct investments in hedge funds and adopted a functional asset allocation that expands investments into real assets and private credit. Given the portfolio changes, a review of the policy is timely, to ensure that it remains effective and up-to-date.

Meketa's first presentation on this topic was in April 2019. That session began with a review of the regulatory framework and included an overview of the emerging manager universe in both public and private markets. Guided by the Board's feedback to the April presentation, Meketa has refined the policy's objectives and the definition of emerging managers, in addition to developing specific considerations for each asset class. Their goal is to take additional direction provided by the Board at this meeting, in order to return in the coming months with a draft of a new EMP.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer



**Los Angeles County Employees
Retirement Association**

Emerging Manager Policy Review
June 12, 2019

Background

- At the April 10, 2019 Board of Investments meeting, Meketa provided a review of LACERA's emerging manager programs. We reviewed the programs' definitions and objectives, and looked at the universe of emerging managers across multiple asset classes. We learned that the robustness of the universe varies drastically by asset class. Finally, we raised issues to be addressed at subsequent meetings, including topics such as process, tradeoffs, and objectives.
- The ultimate goal of the review is to revise and update LACERA's emerging manager policy, and we expect the review to last several meetings.
- Recall that LACERA currently has emerging manager programs for the following asset classes: public equity, fixed income, real estate, and private equity. The first three seek direct investments in emerging managers, while the latter invests via a manager of managers separate account. LACERA has been allocating capital to emerging managers since 1995.
- There are no emerging manager programs for illiquid credit, hedge funds, and real assets.
- Recall also that California Proposition 209, passed in 1996, prohibits state, local governments, districts, public universities, colleges, and schools, and other government instrumentalities, from discriminating against or giving preferential treatment to any individual or group in public employment, public education, or public contracting on the basis of race, sex, color, ethnicity, or national origin.
- In this second presentation on emerging managers, we will seek to address the topics raised by the Trustees during the first meeting.
- At a subsequent meeting, staff and Meketa anticipate bringing a draft updated Emerging Manager Policy for review by the Trustees.

Emerging Manager Definition

LACERA¹:

- Current Definition: “Independent firms that do not have substantial assets under management (generally, less than \$2 billion) nor a long-term investment performance record (generally, less than five years). Emerging investment managers can include, but are not limited to minority-, women-, and disabled veteran-owned organizations.

Proposed Definition:

- The definition for each emerging manager asset class shall be based on assets under management and/or length of track record, and may be modified from time to time. Generally speaking, public markets emerging managers shall have a performance record no greater than five years, and firm-wide assets under management that plot in the bottom decile versus peers. The private markets emerging manager universe shall be comprised of firms seeking to fundraise for their first, second, or third fund.

Though LACERA believes markets to be generally efficient, a sound Emerging Manager Policy can be a way to capture certain market inefficiencies. LACERA will analyze and consider multiple investment structures (SMAs, commingled products, direct investments, etc.) when considering investments with emerging managers.

¹ Source: LACERA's Emerging Manager Policy, page 1.

Emerging Manager Objectives

LACERA¹:

- “Gain early access to smaller investment management organizations.”
- “LACERA recognizes that smaller firms may generate superior performance because of increased market flexibility associated with smaller asset bases.”

Proposed Objectives:

- Enhance LACERA’s risk adjusted performance without materially altering operational risks.
- Seek preferential economics, access, and future capacity rights.
- Further develop LACERA’s commitment to diversity and inclusion.

LACERA values diversity and inclusion, and believes that effectively accessing and managing diverse talent:

- is inclusive of varied backgrounds, age, experience, race, sexual orientation, gender, ethnicity, and culture;
- and leads to improved outcomes. LACERA expects external asset managers and other third party providers to respect and reflect LACERA’s value of diversity and inclusion. LACERA’s ongoing monitoring of third party service providers incorporates an assessment of vendors’ commitment to, adherence with, and track record of accessing and retaining diverse and inclusive workforces².

¹ Source: LACERA’s Emerging Manager Policy, page 1.

² Source: LACERA IPS.

Emerging Managers Analysis – Bonds¹ As of December 31, 2018

| | Emerging Managers Products | Non-Emerging Managers Products |
|------------------------------|----------------------------|--------------------------------|
| U.S Core Fixed Income | 22 | 225 |
| U.S. Core Plus Fixed Income | 4 | 124 |
| U.S. High Yield Fixed Income | 7 | 194 |

| | Emerging Managers | Non-Emerging Managers |
|------------------------------|-------------------|-----------------------|
| U.S Core Fixed Income | 19 | 163 |
| U.S. Core Plus Fixed Income | 4 | 100 |
| U.S. High Yield Fixed Income | 7 | 116 |

| | | 1-Year | | 3-Year | | 5-Year | |
|-----------------|-------------------------|--------|--------|--------|--------|--------|--------|
| | | EM | Non-EM | EM | Non-EM | EM | Non-EM |
| U.S Core | Trailing Net Return (%) | -0.05 | 0.07 | 2.16 | 2.52 | 2.61 | 2.89 |
| | Standard Deviation | 2.73 | 2.76 | 2.77 | 2.74 | 2.71 | 2.70 |
| U.S. Core Plus | Trailing Net Return (%) | 0.36 | -0.35 | 3.69 | 3.06 | 3.16 | 3.10 |
| | Standard Deviation | 1.59 | 2.47 | 2.29 | 2.72 | 2.36 | 2.71 |
| U.S. High Yield | Trailing Net Return (%) | -1.11 | -1.80 | 7.82 | 6.24 | 3.98 | 3.70 |
| | Standard Deviation | 3.99 | 3.43 | 4.92 | 3.98 | 5.34 | 4.48 |

- The emerging bond manager universe is the least robust of all major asset classes. Emerging core managers underperformed, whereas emerging core plus and high yield managers outperformed. Note the small sample size of each sector.

¹ Data from eVestment as of March 15, 2019. Definition of emerging managers: Active managers with less than \$2 billion in total assets under management. Note the dataset is subject to survivorship bias. Bonds cover two asset class categories: Risk Mitigation, and Credit.

Emerging Managers Considerations – Bonds

- Given the relatively small size of the universe, the Trustees may wish to bypass this asset class. Given industry economics, most entrepreneurs would likely focus on other asset classes to start new asset management firms. If so, then the pool of candidates is not likely to increase meaningfully. In addition, outperformance of active emerging managers appears to be mixed. Finally, unlike other asset classes, significant scale (e.g., AUM) may be a benefit to bond managers in driving down costs and fees.
- The Trustees may want to consider bypassing the investment grade bond emerging manager program, and focusing instead on other asset classes with more robust universes, where the likelihood of generating attractive risk-adjusted returns may be more favorable.
- Should the Trustees wish to seek emerging core bond managers, we suggest expanding the firm AUM threshold.

Emerging Managers Analysis – Public Equities¹ As of December 31, 2018

| | Emerging Managers Products | Non-Emerging Managers Products |
|---|----------------------------|--------------------------------|
| U.S. Large Cap Equity (Includes Growth, Core, and Value) | 189 | 781 |
| U.S. Small Cap Equity (Includes Growth, Core, and Value) | 138 | 441 |
| International Equity (Includes All Cap Growth, Core, and Value) | 9 | 109 |

| | Emerging Managers | Non-Emerging Managers |
|---|-------------------|-----------------------|
| U.S. Large Cap Equity (Includes Growth, Core, and Value) | 137 | 277 |
| U.S. Small Cap Equity (Includes Growth, Core, and Value) | 118 | 217 |
| International Equity (Includes All Cap Growth, Core, and Value) | 8 | 69 |

| | | 1-Year | | 3-Year | | 5-Year | |
|----------------------|---------------------|--------|--------|--------|--------|--------|--------|
| | | EM | Non-EM | EM | Non-EM | EM | Non-EM |
| U.S. Large Cap | Trailing Return (%) | -5.82 | -5.12 | 8.17 | 8.53 | 7.30 | 7.76 |
| | Standard Deviation | 15.94 | 15.72 | 12.03 | 11.81 | 11.80 | 11.63 |
| U.S. Small Cap | Trailing Return (%) | -10.18 | -9.87 | 7.77 | 7.86 | 4.49 | 5.15 |
| | Standard Deviation | 19.55 | 19.36 | 16.31 | 15.76 | 15.54 | 15.12 |
| International Equity | Trailing Return (%) | -15.70 | -14.72 | 5.96 | 4.62 | 2.66 | 2.02 |
| | Standard Deviation | 14.11 | 13.57 | 12.71 | 12.28 | 12.54 | 12.25 |

- The emerging equity manager universe is more robust. Domestic products underperformed, whereas international ones outperformed.

¹ Data from eVestment as of March 15, 2019. Definition of emerging managers: Active managers with less than \$2 billion in total assets under management. Note the dataset is subject to survivorship bias.

Emerging Managers Considerations – Public Equities

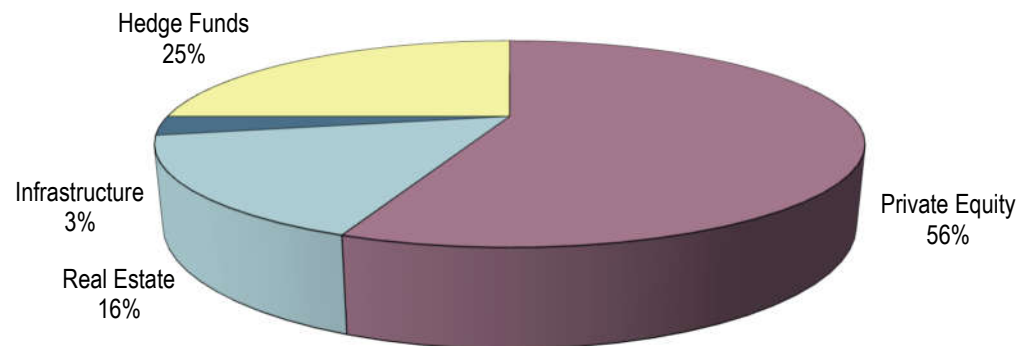
- The Trustees parted ways with emerging manager of managers running large cap-focused equity programs, in favor of a direct approach targeting small cap products, both domestically and overseas, based on the premise that these segments offer better expected risk-adjusted returns. Since making this change, the Board has hired three dedicated emerging manager equity strategies (CornerCap and Matarin – domestic small cap, and Global Alpha, foreign small cap), the result of one search.
- The universe of emerging equity managers is larger than in fixed income. While performance in the emerging small cap domestic segment has not been impressive as of December 31, 2018, we remain optimistic that less efficient strategies, both U.S. and non-U.S., present the best case for outperformance in the public markets universe. Given more favorable economics, we would expect also to have new entrants to the market on a regular basis.
- LACERA should continue to focus the direct emerging manager program in equities to less efficient strategies, such as small cap products, globally.
- Process:
 - Range of 0% to 5% of global equities target remains appropriate.
 - Maximum firm AUM of \$2 billion remains appropriate.
 - Firm established during the past 5 years.
 - Evaluate graduation after a maximum period of 5 years.

Emerging Managers Consideration – Public Equities (continued)

- Final Considerations:
 - Portfolio construction should be taken into account. In addition to meeting the emerging manager definition and criteria established by LACERA, an emerging manager product must have a fit and a purpose within the global equity portfolio. Staff and Meketa will evaluate this fit, as well as the firm's operational risk, as part of the review process of every emerging equity strategy.
 - Time should be accounted for as well. Each emerging manager should be reevaluated to be promoted or removed from the program. The Trustees may want to consider having a decision date attached to each emerging manager.

Findings on Emerging Managers – Alternative Investments

Breakdown of the 6,000 Emerging Managers in Alternatives¹



- About 14,000 alternative investment funds have been launched during the last decade. Of this, 6,000 of them have been from emerging managers, defined by GCM Grosvenor as first-time funds with a track record of three years and assets under management of \$300 million or less for hedge funds, and 1st, 2nd, or 3rd institutional funds for all other asset classes.
- Private equity has had the highest number of emerging managers, followed by hedge funds.
- During the past decade, over 50% of all closed US-based private equity funds have been from emerging managers².
- As shown at the April Board meeting, small fund size was not correlated with outperformance. However, newer funds were, suggesting a focus on first, second, and third funds raised by a GP may be a preferred approach.
- Clearly, the alternative investments space is a very robust universe where LACERA could choose to pursue emerging manager programs.

¹ Based on data from GCM Grosvenor, November 2018.

² Source: Preqin Private Equity Online, November, 2016.

Emerging Managers Considerations – Private Equity

- LACERA has engaged J.P. Morgan to invest in emerging private equity managers, via a separately managed account. Performance of the account has been strong. Few graduations have taken place, however. The manager also invests in co-investments, which may not translate to expanded relationships with new managers.
- Consider continuing the emerging manager program in private equity.
- Process:
 - Range of 0% to 10% of private equity may be appropriate.
 - Limited to Funds I, II and III of a given GP.
 - A maximum fund size of \$1 billion.
 - Co-investments may need to be revisited.
- Final Considerations:
 - Portfolio construction should be taken into account. In addition to meeting the emerging manager definition and criteria established by LACERA, an emerging manager product must have a fit and a purpose within the private equity portfolio.
 - LACERA should expect that this program provide not only early access to new strategies, but also a mechanism to develop relationships that would allow LACERA to invest more substantial capital as the GP raises additional vehicles (Funds IV and beyond). Typically, if a GP is successful with its first few funds, additional funds raised may only be accessible to prior investors. Thus, this program serves a strategic goal, which is in addition to the objective of generating attractive risk-adjusted returns.

Emerging Managers Considerations – Real Estate

- LACERA has a real estate emerging managers program, in which it favors committing to funds directly. Limited emerging manager activity has taken place in this asset class, however.
- As is the case with private equity, the emerging manager universe is robust. The number of private real estate emerging managers is growing. As of October 2018, GCM Grosvenor estimates 938 real estate emerging manager funds have been formed during the last decade. GCM Grosvenor defines emerging managers as those managers with up to three prior funds.
- Data firm, Preqin, defines emerging managers as first- or second-time fund managers. Preqin found that emerging managers have outperformed established managers in every vintage year between 2004 and 2014. However, these higher returns come with higher standard deviation (as with private equity).
- Consider pursuing an emerging manager program in real estate.
- Process:
 - Preference for direct approach in funds and/or SMAs.
 - Range of 0% to 10% of real estate may be appropriate.
 - Limited to Funds I, II and III of a given GP, with maximum fund size of \$1 billion.
- Final Considerations:
 - Portfolio construction should be taken into account. In addition to meeting the emerging manager definition and criteria established by LACERA, an emerging manager product must have a fit and a purpose within the real estate portfolio.
 - LACERA should expect that this program provide not only early access to new strategies, but also a mechanism to develop relationships that would allow LACERA to invest more substantial capital as the GP raises additional vehicles (Funds IV and beyond). Thus, this program serves a strategic goal, which is in addition to the objective of generating attractive risk-adjusted returns.

Key Findings on Emerging Managers – Hedge Funds Preqin Emerging Funds Statistics as of 2017¹

| | 1-Year Returns (%) | 3-Year Returns (%) | 3-Year Standard Deviation (%) | 3-Year Sharpe Ratio (%) |
|-------------------|--------------------|--------------------|-------------------------------|-------------------------|
| New Hedge Funds | 14.1 | 8.5 | 4.03 | 1.62 |
| Small Hedge Funds | 11.9 | 6.0 | 4.78 | 0.83 |
| All Hedge Funds | 10.2 | 5.3 | 3.98 | 0.83 |

- Data firm Preqin found that newer and smaller hedge funds outperformed the greater hedge fund universe.
 - “New” hedge funds were first-time funds with a track record of three years or less.
 - “Small” hedge funds were first-time funds with assets under management of \$300 million or less.
- Newer funds outperformed smaller funds and the broader hedge fund universe across the 1-, 3-year periods. Smaller funds had the highest volatility levels.
- Note the dataset is subject to survivorship bias and is time dependent.

¹ Source: Preqin Hedge Fund Spotlight, June 2017.

Emerging Managers Considerations – Hedge Funds

- LACERA does not have a hedge fund emerging managers program.
- As is the case with private equity and real estate, the hedge fund emerging manager universe is robust. In fact, the hedge fund universe represents one of the larger universes where new managers come to market. Economics are favorable to the continued launch of new firms and strategies.
- Trustees could consider pursuing an emerging manager program in hedge funds.
- Process:
 - Favor a manager of managers SMA program.
 - Range of 0% to 10% of hedge funds target.
 - Limited to newer and smaller funds with less than three years of track record.
 - Max fund size of \$1 billion.
- Final Considerations:
 - As is the case with other emerging manager programs, emerging manager hedge funds must have a fit and a purpose within the asset class.
 - LACERA should expect that this program provide not only early access to new strategies, but also a mechanism to develop relationships that would allow LACERA to invest more substantial capital in the future. Thus, this program serves a strategic goal, which is in addition to the objective of generating attractive risk-adjusted returns.
 - As with public equities, LACERA may want to consider having a decision date attached to each emerging hedge fund manager so as to promote or remove such manager from the program.

Emerging Managers Considerations – Illiquid Credit and Real Assets

- LACERA does not have a real assets or illiquid credit emerging managers programs.
- As is the case with private equity and real estate, the thesis should be favorable. These are inefficient asset classes with good economics for the managers, which should attract entrants to the market. However, these asset classes, which also include infrastructure and other sub sectors, have shorter track records and smaller universes than private equity or real estate. We have found limited data to judge the merits of such programs at this time.
- LACERA should revisit in three years. In the meantime, LACERA should consider allocating resources to the other emerging manager programs while more data and research is captured in these newer asset classes.
- Notwithstanding the above consideration, LACERA should continue to cast a wide net, including emerging managers, when reviewing managers across these, and other, asset classes. A decision to not have an emerging manager policy in a given asset class should have no effect in considering emerging managers as part of broader mandates.

Next Steps

With guidance from today's meeting, we expect to come back to the Board in the coming months with a draft Emerging Manager Policy, which will include:

1. Refined Emerging Manager Definitions and Objectives by asset class.
2. Precise parameters to implement each program.
3. Graduation process.
4. Metrics to judge, report, and monitor performance and evolution of these programs.

May 28, 2019

TO: Each Member
Board of Investments

FROM: James Rice, CFA 
Principal Investment Officer

FOR: June 12, 2019 Board of Investments Meeting

SUBJECT: **2019 FIRST QUARTER
HEDGE FUND PERFORMANCE REPORT**

Attached is the Hedge Fund Performance Report for the first quarter of 2019. The performance report provides a summary of the hedge fund program's ("Program") first quarter performance, Program objectives, and key portfolio return and allocation statistics.

During the quarter, the Program¹ returned 2.3%, which outperformed the 1.6% return of LACERA's primary hedge fund benchmark² and underperformed the 2.6% return of LACERA's secondary hedge fund benchmark, the HFRX Global Hedge Fund Index, which is comprised of hedge funds across broad strategy categories. All of LACERA's hedge fund strategy categories performed positively during the first quarter except for Macro/Tactical Trading strategies which detracted as equity markets sharply rebounded from the significant equity market downturn in the fourth quarter of 2018. Equity/Long short contributed the most to gains in the first quarter as that strategy tends to perform best in periods of strong equity market performance. Equity/Long short also contributed the most to losses in the fourth quarter of 2018. The volatility and role of this strategy within LACERA's Risk Reduction and Mitigation category will be addressed in the upcoming structure review for the Program.

This quarterly report includes the first full year period of performance for the direct hedge fund portfolio, which returned -0.5% over the past year. One direct fund has had one-year negative performance due to their results in the second and fourth quarters of 2018. Four of the five direct funds have had positive cumulative performance since their inception in LACERA's portfolio. The direct portfolio has had positive cumulative gains since inception despite the negative time-weighted return.

¹ Program includes credit hedge fund of funds. Though the March 2019 performance for these funds is included in Program returns in this report, these funds have been moved to the Credit allocation effective March 2019 as part of LACERA's new asset allocation framework.

² Reflects LACERA's hedge funds benchmark which is 90-Day U.S. T-Bills plus 250 basis points annually beginning March 1, 2019 and 90-Day U.S. T-Bills plus 500 basis points annually for periods prior to March 1, 2019.

Each Member, Board of Investments

May 28, 2019

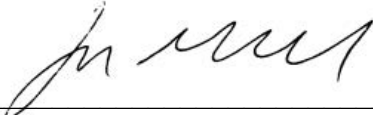
Page 2 of 2

Since inception, the Program has met its objective to positively impact the risk-adjusted returns of the Total Fund, as measured by the Sharpe ratio. The Program's 1.46 Sharpe ratio since inception compares favorably to a 1.04 Sharpe ratio for LACERA's public market assets composite over the same time period. Details of this and other metrics can be found in the attached Hedge Fund Performance Report.

As of March 31, 2019, the portfolio managed by Goldman Sachs Asset Management had a relative value strategy level leverage measurement and cash holdings level that exceeded portfolio guidelines. LACERA is working with Goldman to address these guideline compliance matters.

Attachment

Noted and Reviewed:



Jonathan Grabel

Chief Investment Officer

JR:ct:qm:mm



**LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION**

**LACERA HEDGE FUND
PERFORMANCE REVIEW**



2019 First Quarter



June 12, 2019

Program Returns

As of March 31, 2019

Total Portfolio Net Performance through March 31, 2019

| Net of All Fees and Expenses | Quarter | One Year | Three Years | Five Years | Inception to Date ² |
|---|---------|----------|-------------|------------|--------------------------------|
| Total Hedge Fund Program Returns¹ | 2.3% | 0.8% | 4.6% | 2.4% | 4.4% |
| Diversified Hedge Funds Benchmark ³ | 1.6% | 7.0% | 6.2% | 5.7% | 5.5% |
| HFRX Global Hedge Fund Index (Secondary Benchmark) | 2.6% | -3.3% | 2.0% | -0.3% | 1.3% |
| Excess Return, Primary Benchmark | 70 bps | -620 bps | -160 bps | -340 bps | -110 bps |
| Excess Return, Secondary Benchmark | -30 bps | 410 bps | 260 bps | 270 bps | 310 bps |

¹ Program includes credit hedge fund of funds. Though the March 2019 performance for these funds is included in Program returns in this report, these funds have been moved to the Credit allocation effective March 2019 as part of LACERA's new asset allocation framework.

² Annualized returns of Total Portfolio and its benchmarks since October 2011.

³ Reflects hedge funds benchmark which is 90-Day U.S. T-Bills plus 250 basis points annually beginning 3/1/2019 and 90-Day U.S. T-Bills plus 500 basis points annually for periods prior to 3/1/2019.

Plan Allocation Status

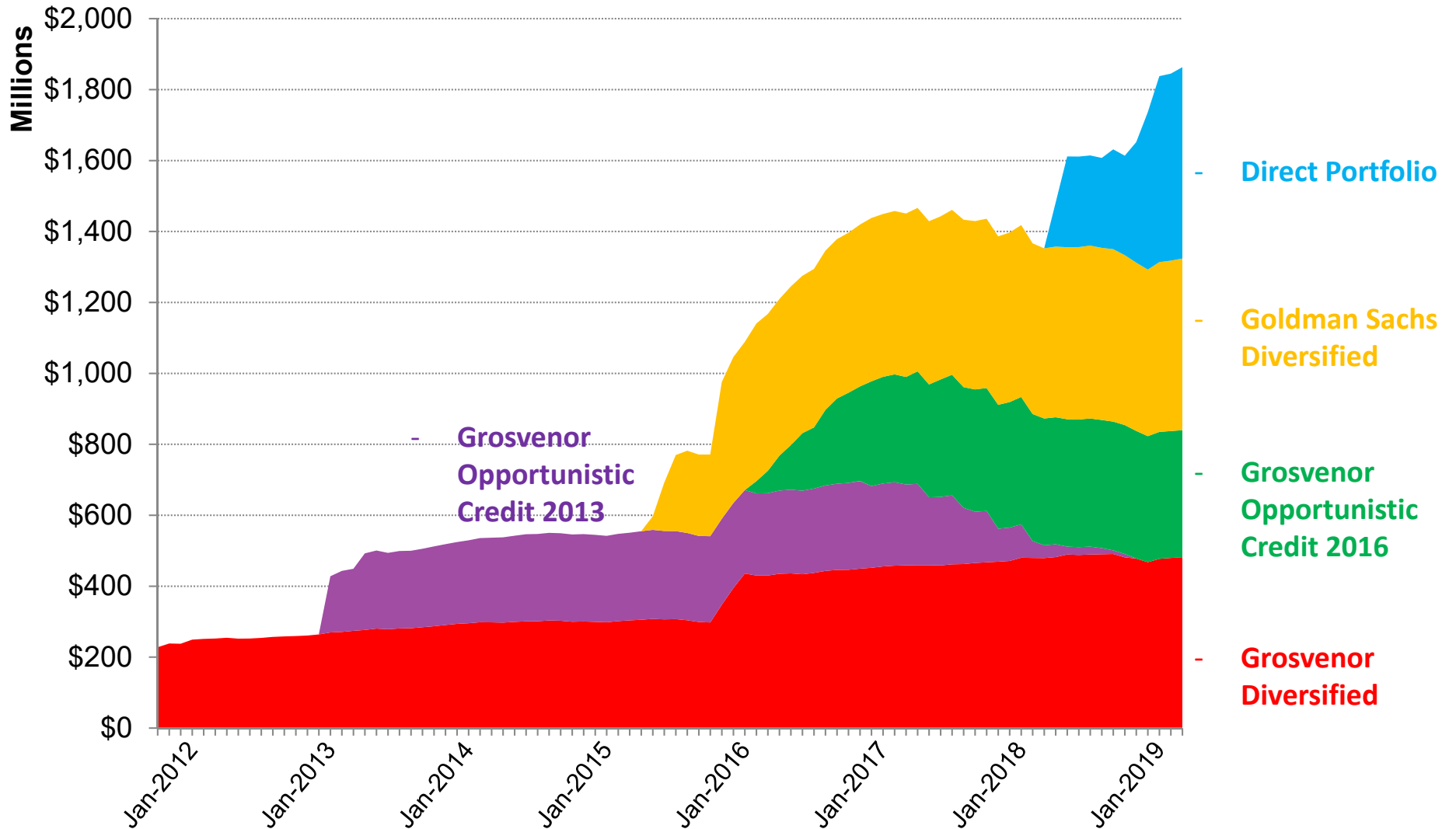
As of March 31, 2019

| | |
|---|---------------------|
| LACERA Assets | \$56,956.8 mm |
| Hedge Fund Program Target Allocation at 4% of Total Fund | \$2,278.3 mm |
| <hr/> | |
| Grosvenor Diversified (San Gabriel) Portfolio Market Value | \$481.7 mm |
| Grosvenor Opportunistic Credit 2 (San Gabriel 3) Portfolio Market Value | \$358.0 mm |
| Total GCM Grosvenor Hedge Fund Program Market Value | \$839.7 mm |
| <hr/> | |
| Goldman Diversified Hedge Fund Portfolio Market Value | \$483.8 mm |
| Total GSAM Goldman Sachs Hedge Fund Program Market Value | \$483.8 mm |
| <hr/> | |
| Direct Hedge Fund Portfolio Market Value ¹ | \$539.7 mm |
| Total Direct Hedge Fund Portfolio Market Value | \$539.7 mm |
| <hr/> | |
| Total Hedge Fund Program Market Value | \$1,863.2 mm |

¹ This market value includes \$5 million for a fund contribution made in March 2019 for an April 1, 2019 effective date

Portfolio Allocation Over Time (in dollars)

Program Inception Through March 31, 2019



Portfolio Returns

As of March 31, 2019

| Total Hedge Fund Composite | ---- Annualized ---- | | | | | |
|---|----------------------|-------|--------|--------|--------|------------------|
| | 1Q19 | YTD | 1 Year | 3 Year | 5 Year | ITD ⁴ |
| Hedge Fund Program Aggregate Portfolio ^{1,2,3} | 2.32% | 2.32% | 0.77% | 4.58% | 2.36% | 4.39% |
| Diversified Hedge Funds Benchmark ⁵ | 1.63% | 1.63% | 7.00% | 6.15% | 5.71% | 5.50% |
| HFRX Global Hedge Fund Index | 2.60% | 2.60% | -3.32% | 1.95% | -0.30% | 1.26% |

| Grosvenor Diversified Portfolio | ---- Annualized ---- | | | | | |
|---|----------------------|-------|--------|--------|--------|------------------|
| | 1Q19 | YTD | 1 Year | 3 Year | 5 Year | ITD ⁶ |
| San Gabriel Fund, L.P. ¹ (Diversified) | 3.00% | 3.00% | 0.53% | 3.84% | 1.43% | 3.35% |
| Diversified Hedge Funds Benchmark ⁵ | 1.63% | 1.63% | 7.00% | 6.15% | 5.71% | 5.50% |
| HFRX Global Hedge Fund Index | 2.60% | 2.60% | -3.32% | 1.95% | -0.30% | 1.26% |

| Goldman Sachs Diversified Portfolio | ---- Annualized ---- | | | | | |
|--|----------------------|-------|--------|--------|--------|------------------|
| | 1Q19 | YTD | 1 Year | 3 Year | 5 Year | ITD ⁷ |
| Goldman Sachs Hedge Fund of Fund ¹ | 3.04% | 3.04% | 0.87% | 3.07% | n/a | 1.88% |
| Diversified Hedge Funds Benchmark ⁵ | 1.63% | 1.63% | 7.00% | 6.15% | 5.71% | 5.90% |
| HFRX Global Hedge Fund Index | 2.60% | 2.60% | -3.32% | 1.95% | -0.30% | -0.53% |

| Grosvenor Opportunistic Credit Portfolio 2016 | ---- Annualized ---- | | | | | |
|--|----------------------|-------|--------|--------|--------|------------------|
| | 1Q19 | YTD | 1 Year | 3 Year | 5 Year | ITD ⁸ |
| San Gabriel Fund 3, L.P. ¹ (Opportunistic Credit) | 0.81% | 0.81% | 0.11% | 7.67% | n/a | 7.13% |
| Diversified Hedge Funds Benchmark ⁵ | 1.63% | 1.63% | 7.00% | 6.15% | n/a | 6.11% |
| HFRX Fixed Income Credit Index | 1.30% | 1.30% | -0.91% | 3.11% | n/a | 2.98% |

| Direct Hedge Fund Portfolio | ---- Annualized ---- | | | | | |
|--|----------------------|-------|--------|--------|--------|------------------|
| | 1Q19 | YTD | 1 Year | 3 Year | 5 Year | ITD ⁹ |
| Direct Hedge Fund Portfolio ¹ | 2.08% | 2.08% | -0.53% | n/a | n/a | -0.53% |
| Diversified Hedge Funds Benchmark ⁵ | 1.63% | 1.63% | 7.00% | n/a | n/a | 7.00% |
| HFRX Global Hedge Fund Index | 2.60% | 2.60% | -3.32% | n/a | n/a | -3.32% |

1 Portfolio returns are net of all fees and expenses.

2 Returns prior to 1/1/2013 are that of San Gabriel Fund, L.P. (Grosvenor Diversified Portfolio) only.

3 Program includes credit hedge fund of funds. Though the March 2019 performance for these funds is included in Program returns in this report, these funds have been moved to the Credit allocation effective March 2019 as part of LACERA's new asset allocation framework.

4 ITD returns for the HF Composite and benchmarks commence on 10/1/2011 (the inception date of the Composite).

5 Reflects hedge funds benchmark which is 90-Day U.S. T-Bills plus 250 basis points annually beginning 3/1/2019 and 90-Day U.S. T-Bills plus 500 basis points annually for periods prior to 3/1/2019.

6 ITD returns for San Gabriel Fund, L.P. and benchmarks commence on 10/1/2011 (the inception date of the Fund).

7 ITD returns for Goldman Sachs and benchmarks commence on 5/1/2015 (the inception date of the Fund).

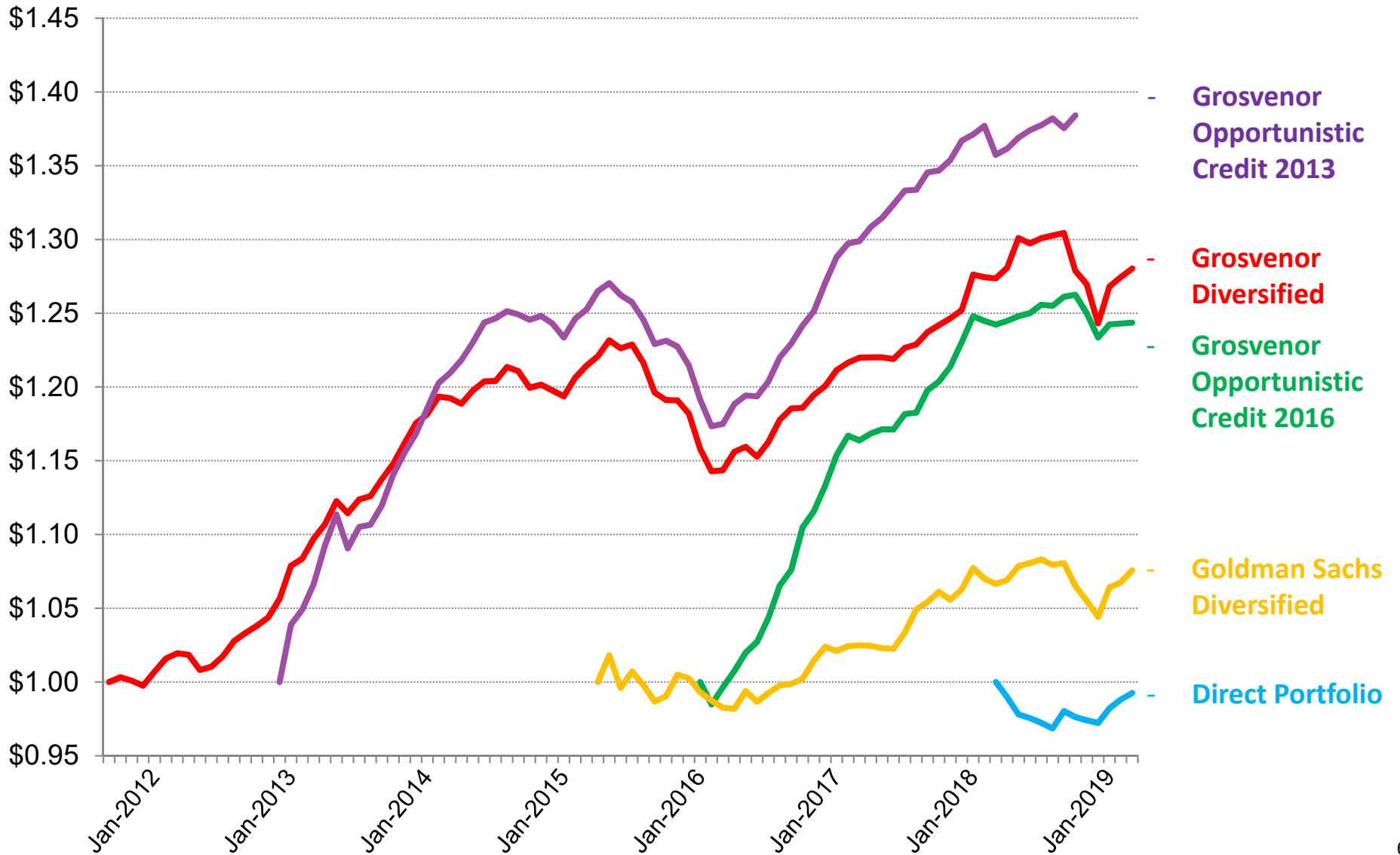
8 ITD returns for San Gabriel Fund 3, L.P. and benchmarks commence on 2/1/2016 (the inception date of the Fund).

9 ITD returns for Direct Hedge Fund Portfolio, and benchmarks commence on 4/1/2018 (the inception date of the Portfolio).

Past performance is not necessarily indicative of future results, and the performance of the portfolio could be volatile.

Growth of a Dollar

Program Inception Through March 31, 2019



Portfolio Risk and Return Statistics

Program Inception Through March 31, 2019

LACERA Hedge Fund Portfolios

| | Return ¹ | Standard Deviation | Sharpe Ratio | Beta to MSCI ACWI | Inception |
|--|---------------------|--------------------|--------------|-------------------|-----------|
| Total Hedge Fund Program | 4.38% | 2.67% | 1.46 | 0.14 | 10/1/2011 |
| Grosvenor Diversified (San Gabriel) | 3.35% | 2.84% | 1.00 | 0.16 | 10/1/2011 |
| Goldman Sachs Diversified | 1.88% | 3.07% | 0.31 | 0.14 | 5/1/2015 |
| Grosvenor Opportunistic Credit 2016 (San Gabriel 3) | 7.13% | 3.06% | 1.96 | 0.12 | 2/1/2016 |
| Direct Portfolio | -0.53% | 2.55% | -1.04 | 0.06 | 4/1/2018 |

LACERA's Public Market Assets Composite

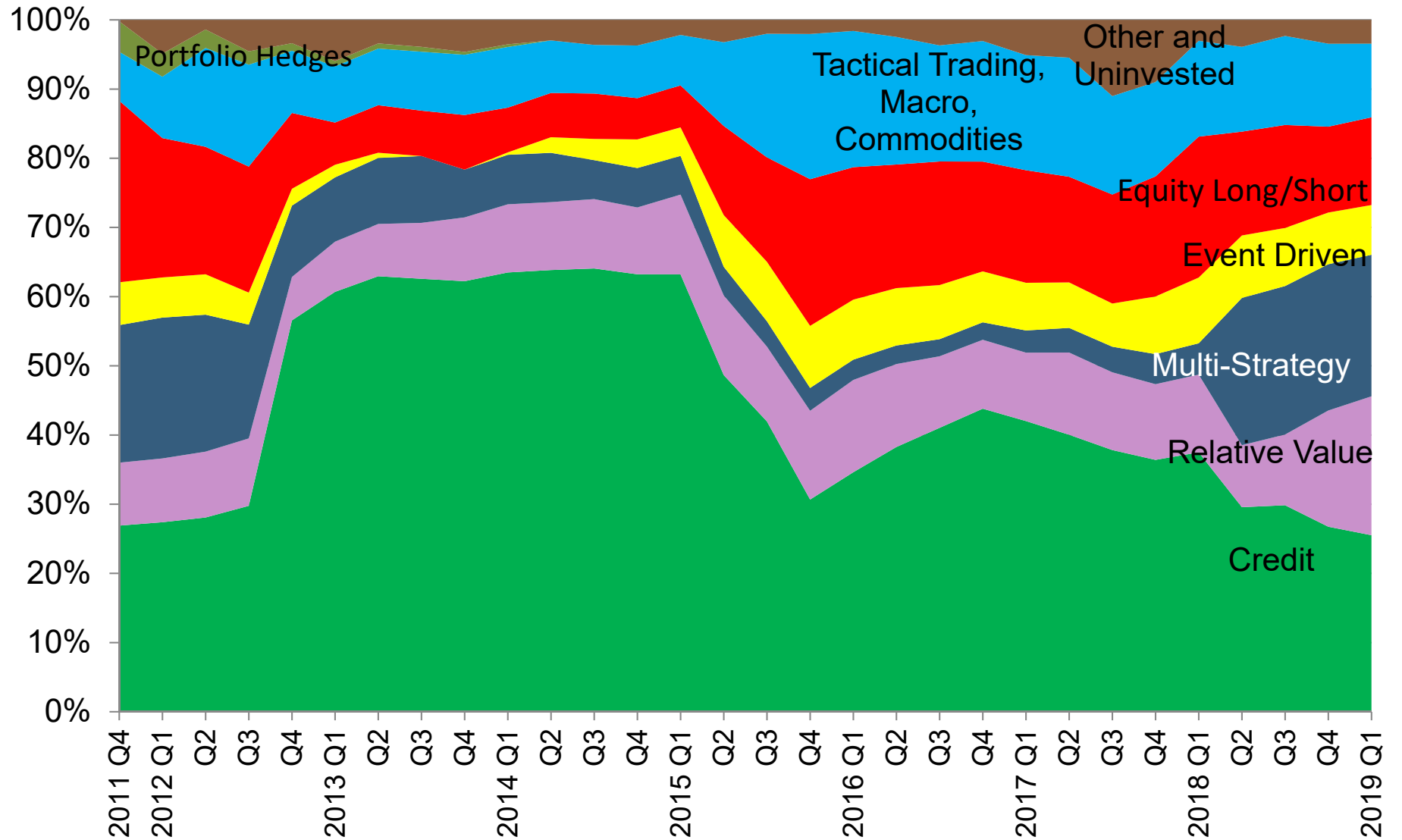
| | Return ¹ | Standard Deviation | Sharpe Ratio | Beta to MSCI ACWI | Inception |
|--|---------------------|--------------------|--------------|-------------------|-----------|
| Total Public Equities, Fixed Income, Commodities and Cash | 8.49% | 7.66% | 1.040 | 0.65 | 10/1/2011 |

The Hedge Fund Program's 1.46 Sharpe ratio since inception compares favorably to a 1.04 Sharpe ratio for LACERA's public market assets composite over the same time period. This indicates that the Program is meeting its primary objective by positively impacting the risk-adjusted returns of the Total Fund.

¹ Returns are net of all fees and expenses and annualized for periods greater than one year.

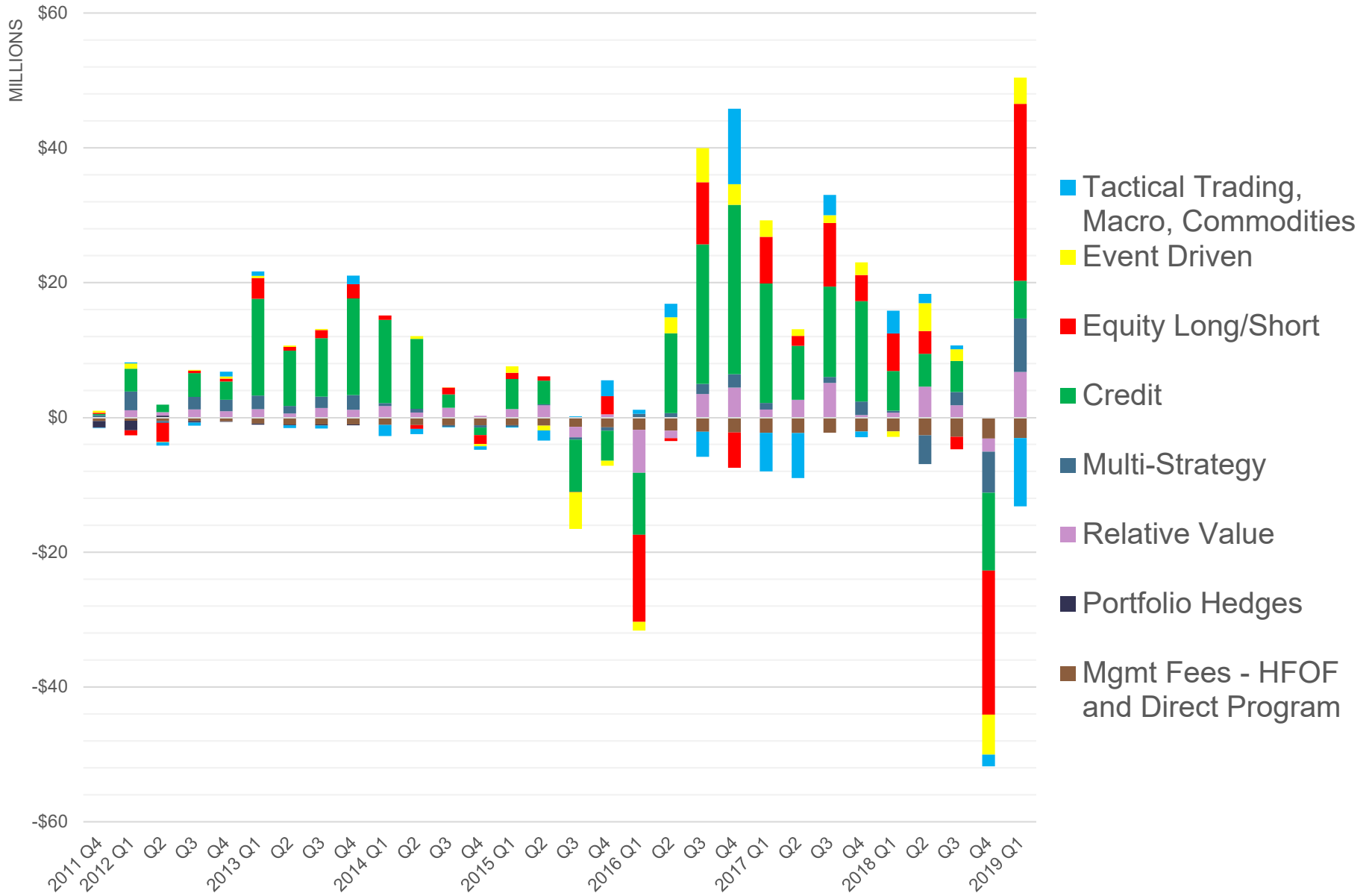
Strategy Allocation Over Time

Program Inception Through March 31, 2019



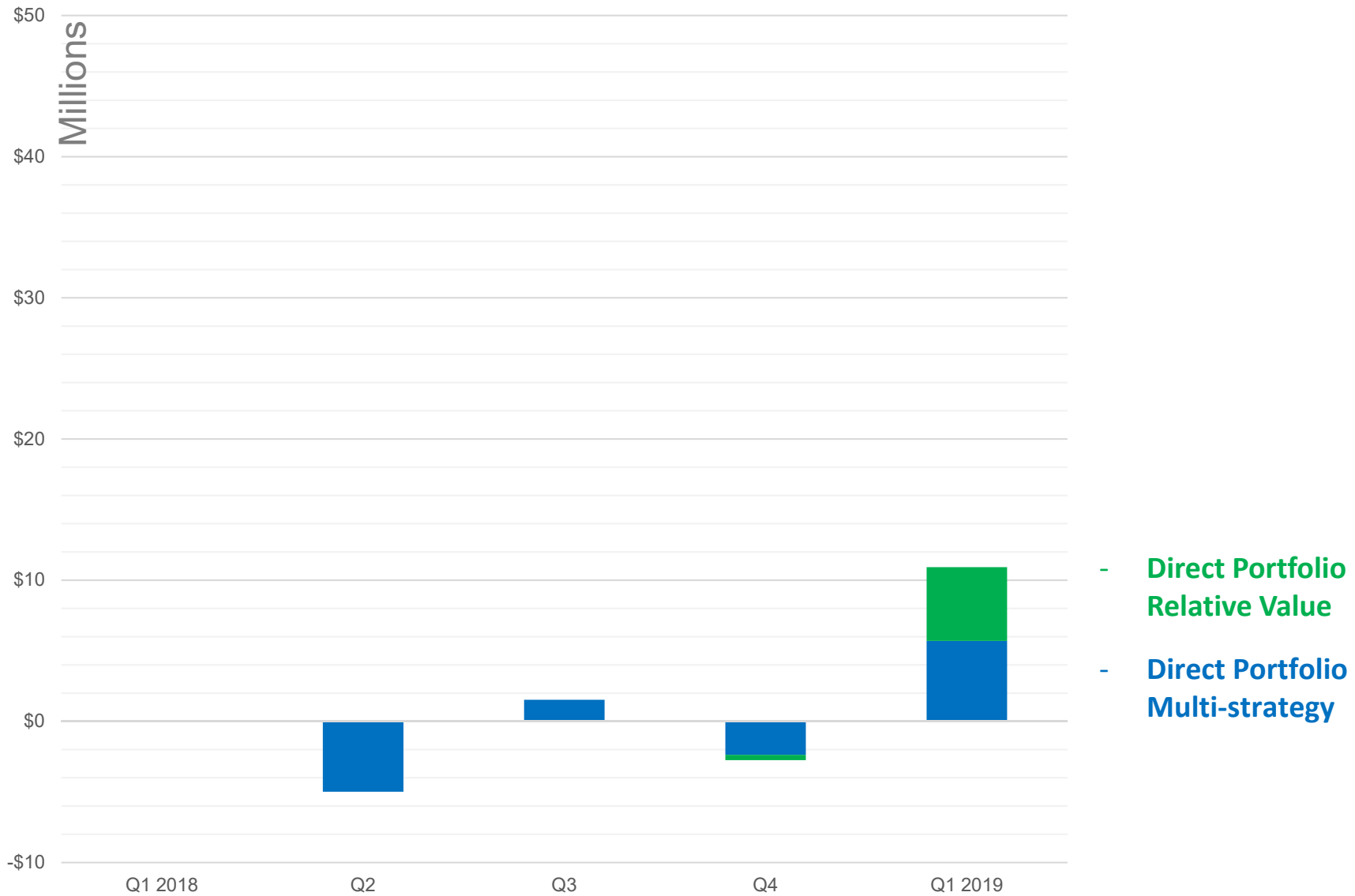
Sources of Return; Quarter Gain or Loss by Strategy in Dollars

Program Inception Through March 31, 2019



Dollar Gain or Loss by Strategy in Direct Hedge Fund Portfolio

Direct Portfolio Inception Through March 31, 2019



Portfolio Upside and Downside Capture

Program Inception Through March 31, 2019

Relative to LACERA's Public Markets Assets Composite (equities, fixed income, commodities, and cash):

| | Upside Capture | Downside Capture | Up / Down Spread |
|---------------------------------|---------------------------|-----------------------------|-----------------------------|
| Total Hedge Fund Program | 22.4% | 11.3% | 11.1% |

Explanation:

Upside Capture: Using monthly returns for only those months when LACERA's Public Markets Assets Composite generated positive returns, upside capture measures the share of LACERA's Public Market Composite return captured by the hedge fund program. Example: For a 22% upside capture, on average, the hedge fund program earns 0.22% for each 1% generated by the Public Markets Assets Composite in its positively performing months.

Downside Capture: Using monthly returns for only those months when LACERA's Public Markets Assets Composite generated negative returns, downside capture measures the share of LACERA's Public Market Composite return captured by the hedge fund program. Example: For a 11% downside capture, on average, the hedge fund program loses 0.11% for each 1% lost by the Public Markets Assets Composite in its negatively performing months.

Up / Down Spread: Subtracting the Downside Capture from the Upside Capture determines the Up / Down Spread. A positive Up / Down Spread indicates that the hedge fund program has a greater degree of participation in market gains compared to market losses.

Grosvenor Capital Management Summary by Category

As of March 31, 2019

| San Gabriel Fund, L.P. | | | | | | Cumulative returns | | | Annualized returns | | |
|-------------------------|----------------------|----------------------------------|---------------------|----------------------|--------------------------|--------------------|--------------|--------------|--------------------|--------------|------------------|
| Hedge fund category | QTD opening balance | QTD subscriptions/ (redemptions) | QTD gain (loss) | QTD ending balance | % of NAV (As of 3/31/19) | 1Q19 | YTD | 1 Year | 3 Year | 5 Year | ITD ¹ |
| Credit | \$125,845,561 | \$10,938,085 | \$2,862,414 | \$139,646,059 | 28.99% | 2.19% | 2.19% | 1.83% | 6.36% | 3.52% | 6.90% |
| Equities | \$98,283,806 | (\$6,136,135) | \$7,195,421 | \$99,343,093 | 20.62% | 7.74% | 7.74% | 0.18% | 4.39% | 0.45% | 2.62% |
| Quantitative | \$25,476,902 | - | \$346,149 | \$25,823,050 | 5.36% | 1.36% | 1.36% | 3.45% | -0.89% | - | -5.15% |
| Macro | \$62,570,314 | - | \$1,819,439 | \$64,389,752 | 13.37% | 2.91% | 2.91% | 1.29% | 4.56% | 4.86% | 4.47% |
| Relative Value | \$67,535,297 | - | \$155,906 | \$67,691,203 | 14.05% | 0.23% | 0.23% | 3.60% | 5.56% | 4.15% | 6.93% |
| Multi-Strategy | \$72,877,895 | - | \$2,445,985 | \$75,323,880 | 15.64% | 3.36% | 3.36% | 0.04% | 7.07% | 3.76% | 6.75% |
| Commodities | - | - | - | - | - | - | - | -0.84% | - | - | -8.14% |
| Portfolio Hedges | - | - | - | - | - | - | - | - | - | - | -13.68% |
| APPA ³ | \$10,695 | - | (\$105,735) | (\$95,040) | -0.02% | - | - | - | - | - | - |
| Other ⁴ | \$1,590,648 | \$1,109,235 | \$116,644 | \$2,816,527 | 0.58% | 4.48% | 4.48% | - | - | - | - |
| Uninvested ⁵ | \$13,495,359 | (\$5,911,185) | (\$830,268) | \$6,753,906 | 1.40% | - | - | - | - | - | - |
| Net asset value | \$467,686,477 | - | \$14,005,954 | \$481,692,431 | 100.00% | 3.00% | 3.00% | 0.53% | 3.84% | 1.43% | 3.35% |

| San Gabriel Fund 3, L.P. | | | | | | Cumulative returns | | | Annualized returns | | |
|--------------------------|----------------------|----------------------------------|--------------------|----------------------|--------------------------|--------------------|--------------|--------------|--------------------|----------|------------------|
| Hedge fund category | QTD opening balance | QTD subscriptions/ (redemptions) | QTD gain (loss) | QTD ending balance | % of NAV (As of 3/31/19) | 1Q19 | YTD | 1 Year | 3 Year | 5 Year | ITD ² |
| Credit | \$338,476,076 | (\$12,139,800) | \$3,439,614 | \$329,775,891 | 92.10% | 1.04% | 1.04% | 0.86% | 8.75% | - | 8.27% |
| APPA ³ | (\$350,838) | - | \$33,057 | (\$317,782) | -0.09% | - | - | - | - | - | - |
| Other ⁴ | \$2,007,139 | \$431,796 | \$39,399 | \$2,478,334 | 0.69% | 1.70% | 1.70% | - | - | - | - |
| Uninvested ⁵ | \$15,025,910 | \$11,708,004 | (\$620,458) | \$26,113,455 | 7.29% | - | - | - | - | - | - |
| Net asset value | \$355,158,286 | - | \$2,891,612 | \$358,049,898 | 100.00% | 0.81% | 0.81% | 0.11% | 7.67% | - | 7.13% |

1 ITD returns for San Gabriel Fund, L.P. commence on 10/1/2011 (the inception date of the Fund).

2 ITD returns for San Gabriel Fund 3, L.P. commence on 2/1/2016 (the inception date of the Fund).

3 Aggregated Prior Period Adjustment.

4 "Other" may include: residual positions with underlying funds from which the Fund has redeemed, and general trades.

5 "Uninvested" may include: cash, expenses, management fees, and net receivables/payables.

Past performance is not necessarily indicative of future results.

Grosvenor Capital Management Portfolio Characteristics

As of March 31, 2019

| | San Gabriel Fund, L.P. ^{1,2,6} | | | | San Gabriel Fund 3, L.P. ^{1,3,7} | | | | Total Hedge Fund Program ^{1,4} | | | |
|---------------------------------------|---|-------------------------------|---------------------------------------|--------------------------|---|-------------------------------|---------------------------------------|--------------------------|---|-------------------------------|---------------------------------------|--------------------------|
| Volatility | Guideline | Forward looking estimate | Realized since inception | Guideline | Forward looking estimate | Realized since inception | Guideline | Forward looking estimate | Realized since inception | | | |
| Standard deviation of returns | 5-7% | 4.2% | 2.8% | ≤8% | 3.9% | 3.0% | 5-8% | 4.1% | 2.9% | | | |
| Sharpe Ratio | ≥1.0 | 1.25 | 1.01 | >1.0 | 1.33 | 1.99 | | | 1.37 | | | |
| Diversification | Guideline | 10-year historical simulation | Forward looking estimate ⁵ | Realized since inception | Guideline | 10-year historical simulation | Forward looking estimate ⁵ | Realized since inception | Guideline | 10-year historical simulation | Forward looking estimate ⁵ | Realized since inception |
| Portfolio beta to MSCI World | ≤0.20 | 0.21 | 0.20 | 0.16 | ≤0.25 | 0.15 | 0.13 | 0.12 | ≤0.25 | 0.18 | 0.17 | 0.16 |
| Manager Allocation | Guideline | Actual | | Guideline | Actual | | Guideline | Actual | | | | |
| Number of investment managers | 20-40 | 20 | | 7-15 | 8 | | | 27 | | | | |
| Portfolio category | Compliance range | Target allocation | Capital allocation | Target range | Maximum | Capital allocation | Target range | Maximum | Capital allocation | | | |
| Credit | 10%-40% | 30% | 28.2% | | | 89.0% | | | 54.1% | | | |
| Equities | 5%-40% | 20% | 15.3% | | | 0.0% | | | 8.8% | | | |
| Multi-Strategy | 0%-30% | 15% | 15.6% | | | 0.0% | | | 9.0% | | | |
| Relative Value | 0%-30% | 14% | 14.1% | | | 2.0% | | | 8.9% | | | |
| Macro | 0%-20% | 13% | 13.4% | | | 0.0% | | | 7.7% | | | |
| Commodities | 0%-15% | 2% | 0.0% | | | 0.0% | | | 0.0% | | | |
| Quantitative | 0%-15% | 5% | 5.4% | | | 0.0% | | | 3.1% | | | |
| Portfolio Hedges | 0%-10% | 1% | 0.0% | | | 0.0% | | | 0.0% | | | |
| Look-through exposure category | Target range | Maximum | Capital allocation | Target range | Maximum | Capital allocation | Target range | Maximum | Capital allocation | | | |
| Corporate Credit | <50% | | 16.9% | <50% | | 30.5% | <50% | | 25.6% | | | |
| Mortgage Credit | <50% | | | <50% | | | <50% | | | | | |
| Structured Credit | <50% | | | <50% | | | <50% | | | | | |
| Relative Value | | | | | | | | | | | | |
| Other (Event Driven, Macro, Equities) | | | | | | | | | | | | |

1 Forward looking estimates, historical simulation returns and related statistics are net of underlying manager fees/expenses but gross of GCM Grosvenor fees/expenses.

2 Assumes historical strategy correlation average of 0.3.

3 Assumes historical strategy correlation average of 0.5.

4 Assumes historical strategy correlation average of 0.4.

5 Forward Looking Estimate Beta statistic is presented for informational purposes only.

6 Forward Looking Estimate Sharpe Ratio is calculated using the Risk-based Allocation Report as follows: Portfolio ROR less Risk-free Rate (assumed to be 2.25% for this purpose) divided by Portfolio Standard Deviation at the 0.3 correlation level.

7 Forward Looking Estimate Sharpe Ratio is calculated using the Risk-based Allocation Report as follows: Portfolio ROR less Risk-free Rate (assumed to be 2.25% for this purpose) divided by Portfolio Standard Deviation at the 0.5 correlation level.

The statistics on this slide are for illustrative purposes only, and are summarized from data contained in the attached portfolio reports. The Notes and Disclosures following this presentation and accompanying the attached portfolio reports are integral to your review of the statistics, and must be read with your review of the statistics.

Goldman Sachs Asset Management Portfolio Summary

As of March 31, 2019

| Goldman Sachs Diversified Portfolio | ---- Annualized ---- | | | | | |
|--|----------------------|-------|--------|--------|--------|------------------|
| | 1Q19 | YTD | 1 Year | 3 Year | 5 Year | ITD ³ |
| Goldman Sachs Hedge Fund of Fund ¹ | 3.04% | 3.04% | 0.87% | 3.07% | n/a | 1.88% |
| Diversified Hedge Funds Benchmark ² | 1.63% | 1.63% | 7.00% | 6.15% | 5.71% | 5.90% |
| HFRX Global Hedge Fund Index | 2.60% | 2.60% | -3.32% | 1.95% | -0.30% | -0.53% |

1 Portfolio returns are net of all fees and expenses.

2 Reflects hedge funds benchmark which is 90-Day U.S. T-Bills plus 250 basis points annually beginning December 2018 and 90-Day U.S. T-Bills plus 500 basis points annually for periods prior to March 1, 2019.

3 ITD returns for Goldman Sachs and benchmarks commence on 5/1/2015 (the inception date of the Fund).

Goldman Sachs Asset Management Summary by Category and Fund

As of March 31, 2019

| Hedge Fund Category | Inception Date | End Date | QTD Opening Balance (as of 12/31/2018) | QTD Subscriptions/ (Redemptions) | QTD Gain/(Loss) | QTD Ending Balance (as of 03/31/2019) ² | % of Nav (as of 03/31/2019) ² | Cumulative Returns | | | Annualized Returns | |
|---|----------------|-----------|---|--|-----------------|---|---|---------------------|---------|---------|--------------------|------------------|
| | | | | | | | | 1Q2019 ¹ | YTD | 1 Year | 3 Year | ITD ¹ |
| Deep Basin Long-Short Fund LP Founder Shares | 2/1/2019 | - | - | 10,000,000.00 | 36,827.00 | 10,036,827.00 | 2.07% | 0.37% | 0.37% | 0.37% | - | 0.37% |
| Deep Basin Long-Short Fund LP Strategic Shares | 11/1/2017 | - | 10,242,567.61 | - | (617,625.61) | 9,624,942.00 | 1.99% | -6.03% | -6.03% | -1.97% | - | 4.85% |
| Kintbury Equity Fund LP Class F (NIE) | 5/1/2015 | - | 23,359,747.91 | - | 895,217.61 | 24,254,965.52 | 5.01% | 3.83% | 3.83% | 2.28% | -1.11% | 2.89% |
| Lakewood Capital Partners LP (NIE) | 5/1/2015 | - | 18,747,718.23 | - | 2,442,322.19 | 21,190,040.42 | 4.38% | 13.03% | 13.03% | 0.31% | 5.60% | 4.49% |
| Palestra Capital Part LP (Ser 3 Int 1.5/20)(NIE) | 6/1/2015 | - | 26,883,071.27 | - | 2,664,313.94 | 29,547,385.21 | 6.11% | 9.91% | 9.91% | 5.13% | 12.66% | 10.13% |
| PFM Therapeutics Fund, L.P. Class B (NIE) | 7/1/2018 | - | 8,261,480.61 | - | 913,890.64 | 9,175,371.25 | 1.90% | 11.06% | 11.06% | -20.44% | - | -20.44% |
| Rubric Capital Partners LP Series F1 Interests NIE | 3/1/2017 | - | 22,632,942.26 | - | 3,030,894.83 | 25,663,837.09 | 5.30% | 13.39% | 13.39% | -5.65% | - | 5.40% |
| The BosValen US Feeder Fund Class F (NIE) | 8/1/2018 | - | 18,008,978.39 | - | 211,751.99 | 18,220,730.38 | 3.77% | 1.18% | 1.18% | -7.85% | - | -7.85% |
| Equity Long/Short | | | 128,136,506.28 | 10,000,000.00 | 9,577,592.59 | 147,714,098.87 | 30.52% | 7.26% | 7.26% | -2.43% | 4.48% | 3.88% |
| Empyrean Capital Fund LP (Class 2 Ser N - NIE) | 7/1/2015 | - | 26,092,237.00 | - | 436,959.00 | 26,529,196.00 | 5.48% | 1.67% | 1.67% | 2.47% | 7.71% | 4.65% |
| HG Vora Special Opportunities Fd LP Series 1 (NIE) | 10/1/2017 | - | 26,056,674.00 | - | 1,391,759.00 | 27,448,433.00 | 5.67% | 5.34% | 5.34% | 5.71% | - | 6.43% |
| Manikay Onshore Fund LP Class A3 NIE | 6/1/2018 | - | 24,913,262.74 | - | 2,758,254.45 | 27,671,517.19 | 5.72% | 11.07% | 11.07% | 5.76% | - | 5.76% |
| Palmetto Catastrophe Fd LP Q4 2018 Dev CI H-SP | 1/1/2019 | - | - | 4,648,106.73 | 5,754.27 | 4,653,861.00 | 0.96% | 0.12% | 0.12% | 0.12% | - | 0.12% |
| Palmetto Catastrophe Fund L.P. Class H - NV | 6/1/2018 | - | 14,245,604.00 | (4,648,106.73) | 84,336.73 | 9,681,834.00 | 2.00% | 0.88% | 0.88% | -4.19% | - | -4.19% |
| Taconic Opportunity Fund LP (CL AA, Non Lockup) | 3/1/2018 | - | 24,054,156.00 | - | 486,820.96 | 24,540,976.96 | 5.07% | 2.02% | 2.02% | 6.60% | - | 6.17% |
| Warlander Partners, LP Class W (NIE) | 2/1/2016 | - | 3,433,762.88 | (1,716,881.44) | (113,854.88) | 1,603,026.56 | 0.33% | -6.63% | -6.63% | 9.00% | -1.88% | -2.73% |
| Event Driven | | | 118,795,696.62 | (1,716,881.44) | 5,050,029.53 | 122,128,844.71 | 25.24% | 4.31% | 4.31% | 4.33% | 6.96% | 2.72% |
| D.E. Shaw Valence Fund, LLC (NIE) | 2/1/2016 | - | 27,730,196.00 | - | 326,270.00 | 28,056,466.00 | 5.80% | 1.18% | 1.18% | 4.82% | 11.04% | 11.28% |
| ExodusPoint Partners Fund LP Class C (NIE) | 8/1/2018 | - | 18,234,927.00 | - | 325,926.00 | 18,560,853.00 | 3.84% | 1.79% | 1.79% | 1.90% | - | 1.90% |
| Holocene Advisors Fund LP Class AI-A LP Int (NIE) | 5/1/2017 | - | 28,423,243.74 | - | 614,484.02 | 29,037,727.76 | 6.00% | 2.16% | 2.16% | 5.92% | - | 8.12% |
| Relative Value | | | 74,388,366.74 | - | 1,266,680.02 | 75,655,046.76 | 15.63% | 1.70% | 1.70% | 5.33% | 5.74% | 3.07% |
| Atreous Fund, LP Class F | 6/1/2017 | 2/28/2019 | 10,903,221.17 | (11,065,354.86) | 162,133.69 | - | - | 1.49% | 1.49% | -2.06% | - | -2.96% |
| Bridgewater Pure Alpha Major Markets II, LLC | 5/1/2015 | - | 21,457,859.73 | - | (2,257,165.63) | 19,200,694.10 | 3.97% | -10.52% | -10.52% | 1.66% | 3.92% | -0.54% |
| Crabel Fund, L.P. (Class A, Fee Option 1 GS, 2/20) | 7/1/2015 | - | 10,466,343.72 | - | 25,263.50 | 10,491,607.22 | 2.17% | 0.24% | 0.24% | 3.59% | 2.10% | 3.90% |
| Dymon Asia Macro (US) Fund Class P (NIE) | 6/1/2015 | - | 14,331,161.55 | - | (359,168.87) | 13,971,992.68 | 2.89% | -2.51% | -2.51% | -4.10% | 0.41% | -1.41% |
| Edgestream Sumatra Fund LP | 7/1/2015 | - | 9,458,052.01 | - | 364,755.55 | 9,822,807.56 | 2.03% | 3.86% | 3.86% | 3.34% | 0.91% | 5.31% |
| EMSO Saguaro Ltd Class A-NV | 2/1/2018 | - | 12,733,587.92 | - | 357,163.01 | 13,090,750.93 | 2.70% | 2.80% | 2.80% | -3.37% | - | -2.60% |
| Glen Point Macro Fund LP CI A NV USD Shares (NIE) | 10/1/2017 | - | 12,824,017.27 | - | 525,928.78 | 13,349,946.05 | 2.76% | 4.10% | 4.10% | -3.06% | - | -0.74% |
| Stone Milliner Macro Fd Delaware LP CI N (NIE) | 1/1/2018 | - | 17,926,859.29 | - | (209,436.43) | 17,717,422.86 | 3.66% | -1.17% | -1.17% | -1.38% | - | 0.46% |
| The Winton Fund (US) LP | 9/1/2016 | - | 10,107,522.73 | - | 33,581.05 | 10,141,103.78 | 2.10% | 0.33% | 0.33% | 2.23% | - | 2.48% |
| Tactical Trading | | | 120,208,625.39 | (11,065,354.86) | (1,356,945.35) | 107,786,325.18 | 22.27% | -1.12% | -1.12% | -0.48% | -0.22% | -0.32% |
| Total Assets and Liabilities not Allocated to Underlying Managers of Los Angeles County Employees Retirement Association | | | | | | 30,662,171.23 | 6.34% | | | | | |
| Net Asset Value | | | | | | 483,946,486.75 | 100.00% | | | | | |

¹ The LACERA Portfolio inception on May 1, 2015. Returns less than 12 months are cumulative, not annualized. Past performance does not guarantee future results, which may vary.

² Based on the end equity value of the Fund.

Managers terminated prior to the current year are excluded. For ease of presentation, active and terminated managers are shown for the current year only.

LACERA Direct Portfolio Summary

As of March 31, 2019

LACERA Direct Portfolio Summary (March 31, 2019)

| Investment Manager and Fund | Inception Date | QTD Opening Balance | QTD Subscriptions / (Redemptions) | QTD Gain / (Loss) | QTD Ending Balance | % of Direct HF Program (3/31/2019) | Direct Portfolio Returns ¹ | | | | | |
|---|----------------|---------------------------|---|-------------------------|--------------------------|---|---------------------------------------|--------------|---------------|----------|---------------|--|
| | | | | | | | 1Q 2019 | YTD | 1 Year | 3 Year | ITD | |
| Multi-Strategy | | | | | | | | | | | | |
| AQR Liquid Enhanced Alternative Premia Fund, L.P. | 4/1/2018 | 66,283,586 | | 1,536,974 | 67,820,560 | 12.7% | 2.32% | 2.32% | -9.57% | - | -9.57% | |
| Davidson Kempner Institutional Partners, L.P. | 4/1/2018 | 100,057,345 | 5,000,000 | 2,346,633 | 107,403,978 | 20.1% | 2.31% | 2.31% | 3.01% | - | 3.01% | |
| HBK Multi-Strategy Fund L.P. | 5/1/2018 | 127,830,266 | | 1,809,770 | 129,640,036 | 24.2% | 1.42% | 1.42% | - | - | 3.71% | |
| Multi-Strategy Total | | 294,171,197 | 5,000,000 | 5,693,377 | 304,864,574 | 57.0% | 1.93% | 1.93% | -0.91% | - | -0.91% | |
| Relative Value | | | | | | | | | | | | |
| PIMCO Tactical Opportunities Fund L.P. | 11/1/2018 | 49,487,231 | 75,000,000 | 2,990,841 | 127,478,072 | 23.8% | 2.40% | 2.40% | - | - | 1.35% | |
| Capula Global Relative Value Fund L.P. | 12/1/2018 | 100,143,490 | | 2,230,601 | 102,374,091 | 19.1% | 2.23% | 2.23% | - | - | 2.37% | |
| Relative Value Total | | 149,630,721 | 75,000,000 | 5,221,443 | 229,852,163 | 43.0% | 2.32% | 2.32% | - | - | 1.94% | |
| Total Direct Portfolio | | 443,801,918 | 80,000,000 | 10,914,820 | 534,716,737 | 100.0% | 2.10% | 2.10% | -0.75% | - | -0.75% | |

¹ Does not include the impact of cash movements (subscriptions and redemptions) on portfolio returns. State Street Bank, LACERA's official book of record, calculated a one-year return of the direct portfolio of -0.53%. State Street Bank includes the impact of cash movements in their performance calculation each month, in which the fund returns are lagged by one month, which accounts for the difference in performance.

Grosvenor Capital Management Risk Summary

As of March 31, 2019

| | San Gabriel Fund, L.P. | | San Gabriel Fund 3, L.P. | | Total hedge fund program | |
|--|------------------------|--------------------|---|--------------------|--------------------------|--------------------|
| | Guideline maximum | Leverage | Guideline maximum | Leverage | Guideline maximum | Leverage |
| Leverage within hedge funds | | | | | | |
| Hedge fund category | | | | | | |
| Credit | 4.0x | 1.4x | 3.0x | 1.5x | | 1.3x |
| Relative Value | 8.0x | 6.8x | | | | 6.5x |
| Event Driven | 4.0x | 1.7x | | | | 1.7x |
| Equities | 4.0x | 1.2x | | | | 1.4x |
| Macro | 20.0x | 6.6x | | | | 7.1x |
| Other | 5.0x | 1.1x | 3.0x | 0.9x | | 1.1x |
| Downside loss | | | | | | |
| | Guideline | Current portfolio | Guideline | Current portfolio | Guideline | Current portfolio |
| Actual allocation to single fund, % of capital (at market) | 10% maximum | 6.4% | | | | 8.4% |
| % ROR impact of Severe Case Loss in a single fund (at market) | ≥ -4% | -2.2% | | | | -1.2% |
| Impact of Severe Case Loss in a single sub-strategy (at market) | ≥ -7% | -2.5% | | | | -1.2% |
| Fund-Level ROR Impact of Severe Case Loss (at market) | ≥ -10% | -7.8% ¹ | ≥ -15% | -5.0% ¹ | | -6.2% ¹ |
| Actual allocation to single investment manager, % of capital (at cost) | | | 25% maximum | 12.3% | | 8.2% |
| Actual allocation to GCM Special Opportunities Fund (at market) | 10% maximum | 6.0% | | | | |
| Actual allocation to Self Liquidating Funds, % of capital (at cost) | 20% maximum | 5.9% | | | | |
| | 20% maximum | 6.0% | | | | |
| Actual allocation to Self Liquidating Funds, % of capital (at market) | | | | | | |
| % ROR impact of Severe Case Loss in a single investment manager (at market) | | | ≥ -7% | -1.6% | | -1.2% |
| Liquidity excluding fund level and discretionary gates, notice periods, and side pocket investments² | | | | | | |
| | Guideline | Actual | Guideline | Actual | Guideline | Actual |
| Fund capital with lockups greater than 1 year but less than 2 years | <35% | 7.6% | | | | 19.8% |
| Fund capital with lockups greater than 2 years | 0.0% | 0.0% | | | | 0.0% |
| Fund capital available within one year, after lockups expire, including the effect of mandatory investor-level gates | >65% | 79.6% | | | >50% | 65.7% |
| | | | | | >50% | 70.5% |
| Fund capital with quarterly or more frequent liquidity after lockups expire, excluding the effects of mandatory investor-level gates | | | At least 90% of the Fund's capital (at cost) 60 months from San Gabriel 3 inception | | | |
| Initial Anticipated End Date | | | | | | |

1 Assumes historical strategy correlation of 0.4.

2 Self-liquidating Funds are considered to have lockups of greater than 1 year but less than 2 years for purposes of measuring the above constraints.

The statistics on this slide are for illustrative purposes only, and are summarized from data contained in the attached portfolio reports. The Notes and Disclosures following this presentation and accompanying the attached portfolio reports are integral to your review of the statistics, and must be read with your review of the statistics.

Grosvenor Capital Management Compliance Summary

As of March 31, 2019

San Gabriel Fund, L.P.

| Category | In compliance | Discussion |
|--|---------------|------------|
| Forward looking return, volatility, and correlation objectives | YES | - |
| Downside risk case | YES | - |
| Number of investment managers | YES | - |
| Allocation to single hedge fund | YES | - |
| Maximum leverage | YES | - |
| Lockups | YES | - |
| Fund liquidity after lockups | YES | - |
| Strategy categories | YES | - |

San Gabriel Fund 3, L.P.

| Category | In compliance | Discussion |
|--|---------------|------------|
| Forward looking return, volatility, and correlation objectives | YES | - |
| Downside risk case | YES | - |
| Number of investment managers | YES | - |
| Allocation to single investment manager | YES | - |
| Downside risk to a single investment manager | YES | - |
| Maximum leverage | YES | - |
| Look-through exposure categories | YES | - |

Goldman Sachs Asset Management Compliance Summary

As of March 31, 2019

LACERA

Investment Guidelines Summary



| Performance Objectives | Investment Guidelines | LACERA Portfolio | Measurement Period | In Compliance? | Date of Certification |
|--|--|-------------------|--------------------|----------------|-----------------------|
| •Target annualized return | | | | | |
| –Absolute: 3-month T-Bills + 500bps SI to Feb19 and 250 bps onward | 6.3% | 3.1% | 3 year rolling | No | 3/31/2019 |
| –Relative: HFRX Global Hedge Fund Index | 1.9% | 3.1% | 3 year rolling | Yes | 3/31/2019 |
| •Target range of annualized volatility | 3.0% – 8.0% | 2.6% | 3 year rolling | No | 3/31/2019 |
| •Sharpe ratio | 0.4-0.8 | 0.6 | 3 year rolling | Yes | 3/31/2019 |
| •Beta to equity markets | 0.2 | 0.2 ¹ | 3 year rolling | Yes | 3/31/2019 |
| •Beta to fixed income markets | 0.2 | -0.1 ² | 3 year rolling | Yes | 3/31/2019 |
| Capital Allocation Constraints | | | | | |
| •Number of investment managers | 15-35 | 24 | Monthly | Yes | 3/31/2019 |
| | Equity Hedge: 10-50% | 30.5% | Monthly | Yes | 3/31/2019 |
| | Event Driven: 10-50% | 25.2% | Monthly | Yes | 3/31/2019 |
| •Target/compliance range of allocation to strategies (at market) | Directional/Tactical: 10-50% | 22.3% | Monthly | Yes | 3/31/2019 |
| | Relative Value: 0-40% | 15.6% | Monthly | Yes | 3/31/2019 |
| | Other Assets / Liabilities (cash): <5% | 6.3% | Monthly | No | 3/31/2019 |
| •Maximum allocation to a single fund (at market) | 10% | 6.1% | Monthly | Yes | 3/31/2019 |
| •Maximum allocation to a single advisor (at market) | 15% | 6.1% | Monthly | Yes | 3/31/2019 |
| •Maximum percentage ownership of a single fund | 30% | 5.7% | Quarterly | Yes | 3/31/2019 |
| Downside Risk Case (See risk report) | | | | | |
| •Portfolio-level RoR Impact of Severe Case Loss (at market) | 25% | 20.2% | Monthly | Yes | 3/31/2019 |
| •Severe Case Loss in a single fund (at market) | <3% Capital at Risk | 1.4% | Monthly | Yes | 3/31/2019 |
| •Severe Case Loss in a single advisor (at market) | <6% Capital at Risk | 1.4% | Monthly | Yes | 3/31/2019 |
| Liquidity | | | | | |
| •Hard lockup period of 1 year or greater | <20% | 1.9% | Monthly | Yes | 3/31/2019 |
| •Quarterly liquidity or better (excluding locks) | >75% | 82.3% | Monthly | Yes | 3/31/2019 |
| •Percent of portfolio available within 1 year (excluding locks) | >65% | 83.3% | Monthly | Yes | 3/31/2019 |
| •Hard lockup more than 2 years (not to exceed three years) | <10% | 0.0% | Monthly | Yes | 3/31/2019 |
| Leverage | | | | | |
| | Tactical Trading: 20x | 12.2 | Quarterly | Yes | 3/31/2019 |
| | Event Driven: 4x | 1.5 | Quarterly | Yes | 3/31/2019 |
| •Strategy level leverage | Equity Long / Short: 4x | 1.9 | Quarterly | Yes | 3/31/2019 |
| | Relative Value: 8x | 10.1 | Quarterly | No | 3/31/2019 |

As of March 2019. Investment guideline targets are subject to change and are current as of the date of this presentation. Investment guideline targets are objectives and do not provide any assurance as to future results.

Past performance does not guarantee future results, which may vary. Source: HFR Database © HFR, Inc. 20189 www.hedgefundresearch.com. Pertrac Indices Database, www.msci.com, www.barcap.com.

1. Beta to equity markets represents the LACERA portfolio's beta to the MSCI World Index Hedged USD. 2. Beta to fixed income markets represents the LACERA portfolio's beta to the Barclays Aggregate Bond Index.

LACERA Direct Program Compliance Summary

As of March 31, 2019

LACERA - DIRECT PORTFOLIO

Investment Guidelines Summary (as of March 31, 2019)

| Performance Objectives | Investment Guidelines | LACERA Direct Portfolio | Measurement Period | In Compliance? |
|---|---|-------------------------|--------------------|----------------|
| •Target annualized return | | | | |
| –Absolute: 3-month T-Bills + 250 bps ¹ | 7.00% | -0.75% | ITD | n/a |
| –Relative: HFRX Global Hedge Fund Index | -3.32% | -0.75% | ITD | n/a |
| •Target range of annualized volatility | 3.0% – 8.0% | n/a | 3 year rolling | n/a |
| •Beta to equity markets referencing MSCI ACWI | < 0.2 | n/a | 3 year rolling | n/a |
| Capital Allocation Constraints | | | | |
| •Number of investment managers | 8 to 20 | 5 | Quarterly | n/a |
| •Minimum allocation to a single fund (at market) | \$5 million | \$75 million | Quarterly | Yes |
| •Maximum percentage ownership of a single fund | 35% | 17% | Quarterly | Yes |
| •Maximum exposure to an investment manager across multiple funds | 20% of Direct HF Portfolio (fully invested) | n/a | Quarterly | n/a |
| Downside Risk Case | | | | |
| •Portfolio-level RoR Impact of Severe Case Loss (at market) | > -10% | n/a | Quarterly | n/a |
| Liquidity | | | | |
| •Remaining lock up period of 1 year or greater | < 40% | 14.3% | Quarterly | Yes |
| •Remaining lock up period of 2 year or greater | < 25% | 4.8% | Quarterly | Yes |
| •Remaining lock up period of 3 year or greater | < 10% | 0.0% | Quarterly | Yes |
| •Remaining lock up period of 5 year or greater | 0% | 0.0% | Quarterly | Yes |
| •Minimum invested as % of portfolio asset value in funds where full or partial liquidity is available within one quarter (excluding notification periods and after lock-up expires) | > 40% | 76.2% | Quarterly | Yes |
| •Minimum invested in funds liquid within 1 year (excluding notification periods and after lock-up expires) | > 65% | 85.7% | Quarterly | Yes |
| Leverage | | | | |
| | Macro / Tactical Trading: 20x | n/a | Quarterly | n/a |
| | Event Driven: 4x | n/a | Quarterly | n/a |
| •Strategy level leverage | Equity Hedge: 4x | n/a | Quarterly | n/a |
| | Relative Value: 8x | 11.3 | Quarterly | n/a |
| | Multi-Strategy: 5x | 4.7 | Quarterly | n/a |

¹ Reflects hedge funds benchmark which is 90-Day U.S. T-Bills plus 250 basis points annually beginning March 1, 2019 and 90-Day U.S. T-Bills plus 500 basis points annually for periods prior to March 1, 2019.



**LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION**

**LACERA HEDGE FUND
PERFORMANCE REVIEW**

2019 First Quarter

June 12, 2019

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Plan Allocation Status

As of March 31, 2019

| | |
|---|---------------------|
| LACERA Assets | \$56,956.8 mm |
| Hedge Fund Program Target Allocation at 4% of Total Fund | \$2,278.3 mm |
| Grosvenor Diversified (San Gabriel) Portfolio Market Value | \$481.7 mm |
| Grosvenor Opportunistic Credit 2 (San Gabriel 3) Portfolio Market Value | \$358.0 mm |
| Total GCM Grosvenor Hedge Fund Program Market Value | \$839.7 mm |
| Goldman Diversified Hedge Fund Portfolio Market Value | \$483.8 mm |
| Total GSAM Goldman Sachs Hedge Fund Program Market Value | \$483.8 mm |
| Direct Hedge Fund Portfolio Market Value ¹ | \$539.7 mm |
| Total Direct Hedge Fund Portfolio Market Value | \$539.7 mm |
| Total Hedge Fund Program Market Value | \$1,863.2 mm |

¹ This market value includes \$5 million for a fund contribution made in March 2019 for an April 1, 2019 effective date

Portfolio Returns

As of March 31, 2019

| Total Hedge Fund Composite | | ---- Annualized ---- | | | | |
|---|-------|----------------------|--------|--------|--------|------------------|
| | 1Q19 | YTD | 1 Year | 3 Year | 5 Year | ITD ⁴ |
| Hedge Fund Program Aggregate Portfolio ^{1,2,3} | 2.32% | 2.32% | 0.77% | 4.58% | 2.36% | 4.39% |
| Diversified Hedge Funds Benchmark ⁵ | 1.63% | 1.63% | 7.00% | 6.15% | 5.71% | 5.50% |
| HFRX Global Hedge Fund Index | 2.60% | 2.60% | -3.32% | 1.95% | -0.30% | 1.26% |

| Grosvenor Diversified Portfolio | | ---- Annualized ---- | | | | |
|---|-------|----------------------|--------|--------|--------|------------------|
| | 1Q19 | YTD | 1 Year | 3 Year | 5 Year | ITD ⁶ |
| San Gabriel Fund, L.P. ¹ (Diversified) | 3.00% | 3.00% | 0.53% | 3.84% | 1.43% | 3.35% |
| Diversified Hedge Funds Benchmark ⁵ | 1.63% | 1.63% | 7.00% | 6.15% | 5.71% | 5.50% |
| HFRX Global Hedge Fund Index | 2.60% | 2.60% | -3.32% | 1.95% | -0.30% | 1.26% |

| Goldman Sachs Diversified Portfolio | | ---- Annualized ---- | | | | |
|--|-------|----------------------|--------|--------|--------|------------------|
| | 1Q19 | YTD | 1 Year | 3 Year | 5 Year | ITD ⁷ |
| Goldman Sachs Hedge Fund of Fund ¹ | 3.04% | 3.04% | 0.87% | 3.07% | n/a | 1.88% |
| Diversified Hedge Funds Benchmark ⁵ | 1.63% | 1.63% | 7.00% | 6.15% | 5.71% | 5.90% |
| HFRX Global Hedge Fund Index | 2.60% | 2.60% | -3.32% | 1.95% | -0.30% | -0.53% |

| Grosvenor Opportunistic Credit Portfolio 2016 | | ---- Annualized ---- | | | | |
|--|-------|----------------------|--------|--------|--------|------------------|
| | 1Q19 | YTD | 1 Year | 3 Year | 5 Year | ITD ⁸ |
| San Gabriel Fund 3, L.P. ¹ (Opportunistic Credit) | 0.81% | 0.81% | 0.11% | 7.67% | n/a | 7.13% |
| Diversified Hedge Funds Benchmark ⁵ | 1.63% | 1.63% | 7.00% | 6.15% | n/a | 6.11% |
| HFRX Fixed Income Credit Index | 1.30% | 1.30% | -0.91% | 3.11% | n/a | 2.98% |

| Direct Hedge Fund Portfolio | | ---- Annualized ---- | | | | |
|--|-------|----------------------|--------|--------|--------|------------------|
| | 1Q19 | YTD | 1 Year | 3 Year | 5 Year | ITD ⁹ |
| Direct Hedge Fund Portfolio ¹ | 2.08% | 2.08% | -0.53% | n/a | n/a | -0.53% |
| Diversified Hedge Funds Benchmark ⁵ | 1.63% | 1.63% | 7.00% | n/a | n/a | 7.00% |
| HFRX Global Hedge Fund Index | 2.60% | 2.60% | -3.32% | n/a | n/a | -3.32% |

1 Portfolio returns are net of all fees and expenses.

2 Returns prior to 1/1/2013 are that of San Gabriel Fund, L.P. (Grosvenor Diversified Portfolio) only.

3 Program includes credit hedge fund of funds. Though the March 2019 performance for these funds is included in Program returns in this report, these funds have been moved to the Credit allocation effective March 2019 as part of LACERA's new asset allocation framework.

4 ITD returns for the HF Composite and benchmarks commence on 10/1/2011 (the inception date of the Composite).

5 Reflects hedge funds benchmark which is 90-Day U.S. T-Bills plus 250 basis points annually beginning 3/1/2019 and 90-Day U.S. T-Bills plus 500 basis points annually for periods prior to 3/1/2019.

6 ITD returns for San Gabriel Fund, L.P. and benchmarks commence on 10/1/2011 (the inception date of the Fund).

7 ITD returns for Goldman Sachs and benchmarks commence on 5/1/2015 (the inception date of the Fund).

8 ITD returns for San Gabriel Fund 3, L.P. and benchmarks commence on 2/1/2016 (the inception date of the Fund).

9 ITD returns for Direct Hedge Fund Portfolio. and benchmarks commence on 4/1/2018 (the inception date of the Portfolio).

Past performance is not necessarily indicative of future results, and the performance of the portfolio could be volatile.

Portfolio Risk and Return Statistics

Program Inception Through March 31, 2019

LACERA Hedge Fund Portfolios

| | Return ¹ | Standard Deviation | Sharpe Ratio | Beta to MSCI ACWI | Inception |
|--|---------------------|--------------------|--------------|-------------------|-----------|
| Total Hedge Fund Program | 4.38% | 2.67% | 1.46 | 0.14 | 10/1/2011 |
| Grosvenor Diversified (San Gabriel) | 3.35% | 2.84% | 1.00 | 0.16 | 10/1/2011 |
| Goldman Sachs Diversified | 1.88% | 3.07% | 0.31 | 0.14 | 5/1/2015 |
| Grosvenor Opportunistic Credit 2016 (San Gabriel 3) | 7.13% | 3.06% | 1.96 | 0.12 | 2/1/2016 |
| Direct Portfolio | -0.53% | 2.55% | -1.04 | 0.06 | 4/1/2018 |

LACERA's Public Market Assets Composite

| | Return ¹ | Standard Deviation | Sharpe Ratio | Beta to MSCI ACWI | Inception |
|--|---------------------|--------------------|--------------|-------------------|-----------|
| Total Public Equities, Fixed Income, Commodities and Cash | 8.49% | 7.66% | 1.040 | 0.65 | 10/1/2011 |

The Hedge Fund Program's 1.46 Sharpe ratio since inception compares favorably to a 1.04 Sharpe ratio for LACERA's public market assets composite over the same time period. This indicates that the Program is meeting its primary objective by positively impacting the risk-adjusted returns of the Total Fund.

¹ Returns are net of all fees and expenses and annualized for periods greater than one year.

Portfolio Upside and Downside Capture

Program Inception Through March 31, 2019

Relative to LACERA's Public Markets Assets Composite (equities, fixed income, commodities, and cash):

| | Upside Capture | Downside Capture | Up / Down Spread |
|---------------------------------|---------------------------|-----------------------------|-----------------------------|
| Total Hedge Fund Program | 22.4% | 11.3% | 11.1% |

Explanation:

Upside Capture: Using monthly returns for only those months when LACERA's Public Markets Assets Composite generated positive returns, upside capture measures the share of LACERA's Public Market Composite return captured by the hedge fund program. Example: For a 22% upside capture, on average, the hedge fund program earns 0.22% for each 1% generated by the Public Markets Assets Composite in its positively performing months.

Downside Capture: Using monthly returns for only those months when LACERA's Public Markets Assets Composite generated negative returns, downside capture measures the share of LACERA's Public Market Composite return captured by the hedge fund program. Example: For a 11% downside capture, on average, the hedge fund program loses 0.11% for each 1% lost by the Public Markets Assets Composite in its negatively performing months.

Up / Down Spread: Subtracting the Downside Capture from the Upside Capture determines the Up / Down Spread. A positive Up / Down Spread indicates that the hedge fund program has a greater degree of participation in market gains compared to market losses.

Grosvenor Capital Management Portfolio Fund Summary

Portfolio Returns

Los Angeles County Employees Retirement Association (March 31, 2019)

| | 1Q19 | YTD | 1 Year | Annualized | | |
|---|-------|-------|--------|------------|--------|------------------|
| | | | | 3 Year | 5 Year | ITD ³ |
| San Gabriel Fund, L.P. ¹ (Diversified) | 3.00% | 3.00% | 0.53% | 3.84% | 1.43% | 3.35% |
| Diversified Hedge Funds Benchmark ² | 1.63% | 1.63% | 7.00% | 6.15% | 5.71% | 5.50% |
| HFRX Global Hedge Fund Index | 2.60% | 2.60% | -3.32% | 1.95% | -0.30% | 1.26% |

| | 1Q19 | YTD | 1 Year | Annualized | | |
|--|-------|-------|--------|------------|--------|------------------|
| | | | | 3 Year | 5 Year | ITD ⁴ |
| San Gabriel Fund 3, L.P. ¹ (Opportunistic Credit) | 0.81% | 0.81% | 0.11% | 7.67% | - | 7.13% |
| Diversified Hedge Funds Benchmark ² | 1.63% | 1.63% | 7.00% | 6.15% | - | 6.11% |
| HFRX Fixed Income Credit Index | 1.30% | 1.30% | -0.91% | 3.11% | - | 2.98% |

1 Portfolio returns are net of fees and expenses.

2 Reflects hedge funds benchmark which is 90-Day U.S. T-Bills plus 250 basis points annually beginning March 1, 2019 and 90-Day U.S. T-Bills plus 500 basis points annually for periods prior to March 1, 2019.

3 ITD returns for San Gabriel Fund, L.P. and benchmarks commence on 10/1/2011 (the inception date of the Fund).

4 ITD returns for San Gabriel Fund 3, L.P. and benchmarks commence on 2/1/2016 (the inception date of the Fund).

Data sources: ©2019 Citigroup Index LLC. All rights reserved. Hedge Fund Research (HFR).

Past performance is not necessarily indicative of future results.

Hedge Fund Categories

Los Angeles County Employees Retirement Association (March 31, 2019)

| San Gabriel Fund, L.P. | | | | | | Cumulative returns | | | Annualized returns | | |
|-------------------------|----------------------|----------------------------------|---------------------|----------------------|--------------------------|--------------------|--------------|--------------|--------------------|--------------|------------------|
| Hedge fund category | QTD opening balance | QTD subscriptions/ (redemptions) | QTD gain (loss) | QTD ending balance | % of NAV (As of 3/31/19) | 1Q19 | YTD | 1 Year | 3 Year | 5 Year | ITD ¹ |
| Credit | \$125,845,561 | \$10,938,085 | \$2,862,414 | \$139,646,059 | 28.99% | 2.19% | 2.19% | 1.83% | 6.36% | 3.52% | 6.90% |
| Equities | \$98,283,806 | (\$6,136,135) | \$7,195,421 | \$99,343,093 | 20.62% | 7.74% | 7.74% | 0.18% | 4.39% | 0.45% | 2.62% |
| Quantitative | \$25,476,902 | - | \$346,149 | \$25,823,050 | 5.36% | 1.36% | 1.36% | 3.45% | -0.89% | - | -5.15% |
| Macro | \$62,570,314 | - | \$1,819,439 | \$64,389,752 | 13.37% | 2.91% | 2.91% | 1.29% | 4.56% | 4.86% | 4.47% |
| Relative Value | \$67,535,297 | - | \$155,906 | \$67,691,203 | 14.05% | 0.23% | 0.23% | 3.60% | 5.56% | 4.15% | 6.93% |
| Multi-Strategy | \$72,877,895 | - | \$2,445,985 | \$75,323,880 | 15.64% | 3.36% | 3.36% | 0.04% | 7.07% | 3.76% | 6.75% |
| Commodities | - | - | - | - | - | - | - | -0.84% | - | - | -8.14% |
| Portfolio Hedges | - | - | - | - | - | - | - | - | - | - | -13.68% |
| APPA ³ | \$10,695 | - | (\$105,735) | (\$95,040) | -0.02% | - | - | - | - | - | - |
| Other ⁴ | \$1,590,648 | \$1,109,235 | \$116,644 | \$2,816,527 | 0.58% | 4.48% | 4.48% | - | - | - | - |
| Uninvested ⁵ | \$13,495,359 | (\$5,911,185) | (\$830,268) | \$6,753,906 | 1.40% | - | - | - | - | - | - |
| Net asset value | \$467,686,477 | - | \$14,005,954 | \$481,692,431 | 100.00% | 3.00% | 3.00% | 0.53% | 3.84% | 1.43% | 3.35% |

| San Gabriel Fund 3, L.P. | | | | | | Cumulative returns | | | Annualized returns | | |
|--------------------------|----------------------|----------------------------------|--------------------|----------------------|--------------------------|--------------------|--------------|--------------|--------------------|----------|------------------|
| Hedge fund category | QTD opening balance | QTD subscriptions/ (redemptions) | QTD gain (loss) | QTD ending balance | % of NAV (As of 3/31/19) | 1Q19 | YTD | 1 Year | 3 Year | 5 Year | ITD ² |
| Credit | \$338,476,076 | (\$12,139,800) | \$3,439,614 | \$329,775,891 | 92.10% | 1.04% | 1.04% | 0.86% | 8.75% | - | 8.27% |
| APPA ³ | (\$350,838) | - | \$33,057 | (\$317,782) | -0.09% | - | - | - | - | - | - |
| Other ⁴ | \$2,007,139 | \$431,796 | \$39,399 | \$2,478,334 | 0.69% | 1.70% | 1.70% | - | - | - | - |
| Uninvested ⁵ | \$15,025,910 | \$11,708,004 | (\$620,458) | \$26,113,455 | 7.29% | - | - | - | - | - | - |
| Net asset value | \$355,158,286 | - | \$2,891,612 | \$358,049,898 | 100.00% | 0.81% | 0.81% | 0.11% | 7.67% | - | 7.13% |

1 ITD returns for San Gabriel Fund, L.P. commence on 10/1/2011 (the inception date of the Fund).

2 ITD returns for San Gabriel Fund 3, L.P. commence on 2/1/2016 (the inception date of the Fund).

3 Aggregated Prior Period Adjustment.

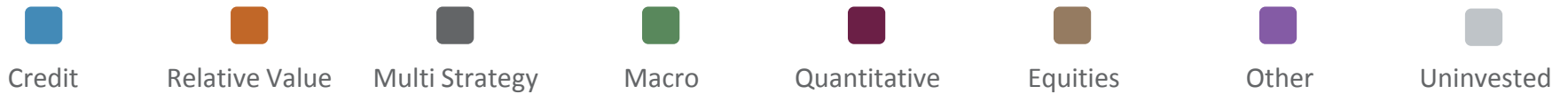
4 "Other" may include: residual positions with underlying funds from which the Fund has redeemed, and general trades.

5 "Uninvested" may include: cash, expenses, management fees, and net receivables/payables.

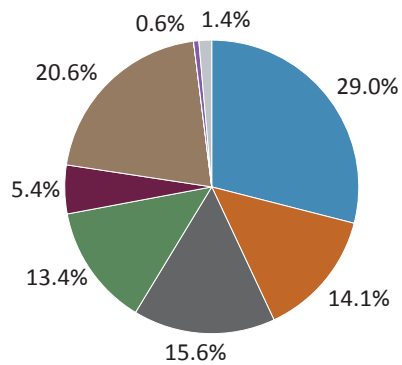
Past performance is not necessarily indicative of future results.

Hedge Fund Categories

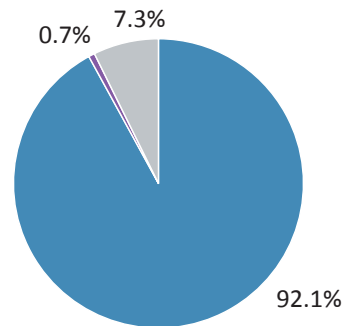
Los Angeles County Employees Retirement Association (March 31, 2019)



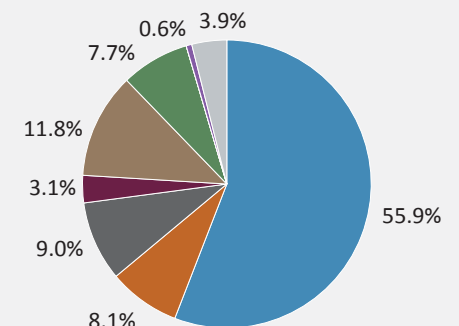
San Gabriel Fund, L.P.
Asset allocation by strategy^{1,2}
Percent of fund's net asset value



San Gabriel Fund 3, L.P.
Asset allocation by strategy^{1,2}
Percent of fund's net asset value



Total Hedge Fund Program
Asset allocation by strategy^{1,2}
Percent of fund's net asset value



1 "Other" (if present) may include: residual positions with underlying funds from which the Fund has redeemed, and general trades.

2 "Uninvested" may include: cash, expenses, management fees, and net receivables/payables.

Hedge Fund Program Summary

Los Angeles County Employees Retirement Association (March 31, 2019)

| San Gabriel Fund, L.P. | | | | | | Cumulative returns | | | Annualized returns | | |
|------------------------|-------------------------|----------------------|--------------------------|--------------------------|------------------------|--------------------|--------------|--------------|--------------------|--------------|------------------|
| Fund Name | Fund Category | QTD ending balance | % of NAV (as of 3/31/19) | Start date of investment | End date of investment | 1Q19 | YTD | 1 Year | 3 Year | 5 Year | ITD ¹ |
| Fund 1 | Credit | \$19,025,288 | 3.95% | 04/01/2013 | Present | 6.56% | 6.56% | 5.18% | 10.90% | 5.20% | 6.75% |
| Fund 2 | Credit | \$29,778,826 | 6.18% | 02/01/2014 | Present | 3.74% | 3.74% | 3.60% | 8.32% | 5.73% | 6.14% |
| Fund 3 | Credit | \$25,965,756 | 5.39% | 10/01/2011 | Present | 2.78% | 2.78% | 5.92% | 7.71% | 5.70% | 8.44% |
| Fund 4 | Credit | \$26,608,231 | 5.52% | 10/01/2011 | Present | -0.35% | -0.35% | 0.14% | 4.09% | 2.70% | 6.82% |
| Fund 5 | Credit | \$16,145,347 | 3.35% | 11/01/2017 | Present | -1.82% | -1.82% | -3.94% | - | - | -0.24% |
| Fund 6 | Credit | \$2,425,101 | 0.50% | 10/01/2018 | Present | 3.42% | 3.42% | 1.05% | - | - | 1.05% |
| Fund 7 | Credit | \$18,072,055 | 3.75% | 12/01/2018 | Present | 0.99% | 0.99% | 1.28% | - | - | 1.28% |
| Fund 8 | Equities | \$12,061,816 | 2.50% | 11/01/2015 | Present | 3.56% | 3.56% | 5.19% | 7.41% | - | 5.19% |
| Fund 9 | Equities | \$4,964,233 | 1.03% | 08/01/2016 | Present | 4.53% | 4.53% | 0.82% | - | - | 3.02% |
| Fund 10 | Equities | \$11,465,325 | 2.38% | 07/01/2014 | Present | 5.55% | 5.55% | -1.69% | 3.73% | - | -3.85% |
| Fund 11 | Equities | \$18,926,885 | 3.93% | 11/01/2017 | Present | 14.01% | 14.01% | -2.96% | - | - | 0.92% |
| Fund 12 | Equities | \$28,107,525 | 5.84% | 11/01/2015 | Present | 11.70% | 11.70% | 7.79% | 23.01% | - | 13.77% |
| Fund 13 | Quantitative | \$25,823,050 | 5.36% | 08/01/2017 | Present | 1.36% | 1.36% | 3.45% | - | - | 5.18% |
| Fund 14 | Macro | \$30,725,675 | 6.38% | 04/01/2012 | Present | 5.01% | 5.01% | 10.03% | 13.39% | 13.87% | 12.88% |
| Fund 15 | Macro | \$15,931,360 | 3.31% | 05/01/2017 | Present | -0.07% | -0.07% | -4.02% | - | - | -4.53% |
| Fund 16 | Macro | \$17,732,717 | 3.68% | 10/01/2013 | Present | 2.11% | 2.11% | -6.91% | 3.14% | 2.53% | 2.47% |
| Fund 17 | Relative Value | \$28,556,997 | 5.93% | 03/01/2013 | Present | 6.46% | 6.46% | 11.63% | 14.28% | 12.69% | 13.79% |
| Fund 18 | Relative Value | \$11,061,106 | 2.30% | 06/01/2018 | Present | 1.79% | 1.79% | 2.42% | - | - | 2.42% |
| Fund 19 | Relative Value | \$19,508,701 | 4.05% | 05/01/2015 | Present | 0.78% | 0.78% | 4.71% | 9.57% | - | 4.35% |
| Fund 20 | Relative Value | \$3,347,345 | 0.69% | 08/01/2015 | Present | -11.80% | -11.80% | -11.19% | -6.65% | - | -5.30% |
| Fund 21 | Relative Value | \$5,217,055 | 1.08% | 11/01/2015 | Present | -22.03% | -22.03% | -22.15% | -20.15% | - | -17.06% |
| Fund 22 | Multi-Strategy | \$24,979,511 | 5.19% | 11/01/2011 | Present | 1.29% | 1.29% | 2.09% | 7.32% | 6.31% | 7.65% |
| Fund 23 | Multi-Strategy | \$28,660,196 | 5.95% | 04/01/2017 | Present | 5.03% | 5.03% | -4.07% | - | - | 1.73% |
| Fund 24 | Multi-Strategy | \$21,684,173 | 4.50% | 02/01/2017 | Present | 3.61% | 3.61% | 0.69% | - | - | 2.41% |
| Terminated Fund 50 | Equities | - | - | 11/01/2012 | 02/01/2019 | -0.39% | -0.39% | 0.49% | - | - | 1.96% |
| Terminated Fund 51 | Credit | \$1,625,456 | 0.34% | 05/01/2013 | 04/01/2019 | 4.63% | 4.63% | -5.05% | 2.72% | 2.30% | 4.25% |
| Terminated Fund 52 | Equities | \$12,448,026 | 2.58% | 05/01/2017 | 04/01/2019 | 2.97% | 2.97% | 0.49% | - | - | 0.85% |
| Terminated Fund 53 | Equities | \$11,369,283 | 2.36% | 02/01/2018 | 04/01/2019 | 3.08% | 3.08% | - | - | - | -13.88% |
| APPA | APPA ² | (\$95,040) | -0.02% | - | - | - | - | - | - | - | - |
| Other | Other ³ | \$2,816,527 | 0.58% | - | - | 4.48% | 4.48% | - | - | - | - |
| Total Uninvested | Uninvested ⁴ | \$6,753,906 | 1.40% | - | - | - | - | - | - | - | - |
| Net asset value | Totals | \$481,692,431 | 100.00% | | | 3.00% | 3.00% | 0.53% | 3.84% | 1.43% | 3.35% |

1 ITD return for the portfolio commenced 10/1/2011.

Individual fund returns are over the period indicated by the Start date of investment and End date of investment columns in the table. Returns for funds for a period of 12 months or less are not annualized.

2 Aggregated Prior Period Adjustment.

3 "Other" may include: residual positions with underlying funds from which the Fund has redeemed, and general trades.

4 "Uninvested" may include: cash, expenses, management fees, and net receivables/payables.

Past performance is not necessarily indicative of future results.

Hedge Fund Program Summary

Los Angeles County Employees Retirement Association (March 31, 2019)

| San Gabriel Fund 3, L.P. | | | | | | Cumulative returns | | | Annualized returns | | |
|--------------------------|-------------------------|----------------------|--------------------------|--------------------------|------------------------|--------------------|--------------|--------------|--------------------|----------|------------------|
| Fund name | Fund category | QTD ending balance | % of NAV (As of 3/31/19) | Start date of investment | End date of investment | 1Q19 | YTD | 1 Year | 3 Year | 5 year | ITD ¹ |
| Fund 1 | Credit | \$28,462,412 | 7.95% | 02/01/2016 | Present | 3.74% | 3.74% | 3.60% | 8.28% | - | 8.15% |
| Fund 2 | Credit | \$28,179,514 | 7.87% | 02/01/2016 | Present | 4.69% | 4.69% | 10.83% | 8.44% | - | 7.78% |
| Fund 3 | Credit | \$5,686,002 | 1.59% | 11/01/2018 | Present | 1.48% | 1.48% | - | - | - | 2.40% |
| Fund 4 | Credit | \$51,018,306 | 14.25% | 02/01/2016 | Present | 2.78% | 2.78% | 5.92% | 7.67% | - | 7.76% |
| Fund 5 | Credit | \$21,916,253 | 6.12% | 06/01/2017 | Present | 0.51% | 0.51% | 2.90% | - | - | 4.68% |
| Fund 6 | Credit | \$21,179,884 | 5.92% | 02/01/2016 | Present | 3.23% | 3.23% | 6.82% | 14.79% | - | 13.66% |
| Fund 7 | Credit | - | - | 04/01/2019 | Present | - | - | - | - | - | - |
| Fund 8 | Credit | \$13,933,725 | 3.89% | 02/01/2018 | Present | 3.40% | 3.40% | 3.08% | - | - | 3.76% |
| Fund 9 | Credit | \$10,882,801 | 3.04% | 08/01/2016 | Present | -16.77% | -16.77% | -49.53% | - | - | -19.28% |
| Fund 10 | Credit | \$6,263,965 | 1.75% | 02/01/2016 | Present | 0.60% | 0.60% | -18.86% | 8.49% | - | 8.21% |
| Fund 11 | Credit | \$22,254,659 | 6.22% | 06/01/2017 | Present | -1.62% | -1.62% | -2.64% | - | - | 4.37% |
| Fund 12 | Credit | \$11,485,891 | 3.21% | 02/01/2016 | Present | -2.13% | -2.13% | -4.65% | 18.09% | - | 17.71% |
| Fund 13 | Credit | \$4,603,099 | 1.29% | 09/01/2018 | Present | 2.97% | 2.97% | - | - | - | 3.77% |
| Fund 14 | Credit | \$24,642,980 | 6.88% | 04/01/2016 | Present | 2.00% | 2.00% | 10.42% | 9.40% | - | 9.40% |
| Fund 15 | Credit | \$17,962,502 | 5.02% | 02/01/2016 | Present | 1.16% | 1.16% | 7.19% | 7.69% | - | 7.59% |
| Fund 16 | Credit | \$20,937,544 | 5.85% | 04/01/2017 | Present | -0.27% | -0.27% | 1.20% | - | - | 4.96% |
| Fund 17 | Credit | \$40,366,352 | 11.27% | 03/01/2016 | Present | 1.00% | 1.00% | 9.34% | 9.27% | - | 9.71% |
| APPA | APPA ² | (\$317,782) | -0.09% | - | - | - | - | - | - | - | - |
| Other | Other ³ | \$2,478,334 | 0.69% | - | - | 1.70% | 1.70% | - | - | - | - |
| Total Uninvested | Uninvested ⁴ | \$26,113,455 | 7.29% | - | - | - | - | - | - | - | - |
| Net asset value | Totals | \$358,049,898 | 100.00% | | | 0.81% | 0.81% | 0.11% | 7.67% | - | 7.13% |

1 ITD return for the portfolio commenced 2/1/2016. Individual fund returns are over the period indicated by the Start date of investment and End date of investment columns in the table. Returns for funds for a period of 12 months or less are not annualized.

2 Aggregated Prior Period Adjustment.

3 "Other" may include: residual positions with underlying funds from which the Fund has redeemed, and general trades.

4 "Uninvested" may include: cash, expenses, management fees, and net receivables/payables.

Past performance is not necessarily indicative of future results.

Portfolio Characteristics

Los Angeles County Employees Retirement Association (Allocation Period: April 1, 2019)

| | San Gabriel Fund, L.P. ^{1,2,6} | | | | San Gabriel Fund 3, L.P. ^{1,3,7} | | | | Total Hedge Fund Program ^{1,4} | | | |
|---------------------------------------|---|-------------------------------|---------------------------------------|--------------------------|---|-------------------------------|---------------------------------------|--------------------------|---|-------------------------------|---------------------------------------|--------------------------|
| | Guideline | Forward looking estimate | Realized since inception | | Guideline | Forward looking estimate | Realized since inception | | Guideline | Forward looking estimate | Realized since inception | |
| Volatility | | | | | | | | | | | | |
| Standard deviation of returns | 5-7% | 4.2% | 2.8% | | ≤8% | 3.9% | 3.0% | | 5-8% | 4.1% | 2.9% | |
| Sharpe Ratio | ≥1.0 | 1.25 | 1.01 | | >1.0 | 1.33 | 1.99 | | | | 1.37 | |
| Diversification | | | | | | | | | | | | |
| | Guideline | 10-year historical simulation | Forward looking estimate ⁵ | Realized since inception | Guideline | 10-year historical simulation | Forward looking estimate ⁵ | Realized since inception | Guideline | 10-year historical simulation | Forward looking estimate ⁵ | Realized since inception |
| Portfolio beta to MSCI World | ≤0.20 | 0.21 | 0.20 | 0.16 | ≤0.25 | 0.15 | 0.13 | 0.12 | ≤0.25 | 0.18 | 0.17 | 0.16 |
| Manager Allocation | Guideline | Actual | | | Guideline | Actual | | | Guideline | Actual | | |
| Number of investment managers | 20-40 | 20 | | | 7-15 | 8 | | | | 27 | | |
| Portfolio category | Compliance range | Target allocation | Capital allocation | | Target range | Maximum | Capital allocation | | Target range | Maximum | Capital allocation | |
| Credit | 10%-40% | 30% | 28.2% | | | | 89.0% | | | | 54.1% | |
| Equities | 5%-40% | 20% | 15.3% | | | | 0.0% | | | | 8.8% | |
| Multi-Strategy | 0%-30% | 15% | 15.6% | | | | 0.0% | | | | 9.0% | |
| Relative Value | 0%-30% | 14% | 14.1% | | | | 2.0% | | | | 8.9% | |
| Macro | 0%-20% | 13% | 13.4% | | | | 0.0% | | | | 7.7% | |
| Commodities | 0%-15% | 2% | 0.0% | | | | 0.0% | | | | 0.0% | |
| Quantitative | 0%-15% | 5% | 5.4% | | | | 0.0% | | | | 3.1% | |
| Portfolio Hedges | 0%-10% | 1% | 0.0% | | | | 0.0% | | | | 0.0% | |
| Look-through exposure category | | | | | Target range | Maximum | Capital allocation | | | | | |
| Corporate Credit | | | | | <50% | | 16.9% | | | | | |
| Mortgage Credit | | | | | <50% | | 30.5% | | | | | |
| Structured Credit | | | | | <50% | | 25.6% | | | | | |
| Relative Value | | | | | | | | | | | | |
| Other (Event Driven, Macro, Equities) | | | | | | | | | | | | |

- 1 Forward looking estimates, historical simulation returns and related statistics are net of underlying manager fees/expenses but gross of GCM Grosvenor fees/expenses.
- 2 Assumes historical strategy correlation average of 0.3.
- 3 Assumes historical strategy correlation average of 0.5.
- 4 Assumes historical strategy correlation average of 0.4.
- 5 Forward Looking Estimate Beta statistic is presented for informational purposes only.
- 6 Forward Looking Estimate Sharpe Ratio is calculated using the Risk-based Allocation Report as follows: Portfolio ROR less Risk-free Rate (assumed to be 2.25% for this purpose) divided by Portfolio Standard Deviation at the 0.3 correlation level.
- 7 Forward Looking Estimate Sharpe Ratio is calculated using the Risk-based Allocation Report as follows: Portfolio ROR less Risk-free Rate (assumed to be 2.25% for this purpose) divided by Portfolio Standard Deviation at the 0.5 correlation level.

The statistics on this slide are for illustrative purposes only, and are summarized from data contained in the attached portfolio reports. The Notes and Disclosures following this presentation and accompanying the attached portfolio reports are integral to your review of the statistics, and must be read with your review of the statistics.

Risk Summary

Los Angeles County Employees Retirement Association (Allocation Period: April 1, 2019)

| | San Gabriel Fund, L.P. | | San Gabriel Fund 3, L.P. | | Total hedge fund program | |
|------------------------------------|------------------------|----------|--------------------------|----------|--------------------------|----------|
| | Guideline maximum | Leverage | Guideline maximum | Leverage | Guideline maximum | Leverage |
| Leverage within hedge funds | | | | | | |
| Hedge fund category | | | | | | |
| Credit | 4.0x | 1.4x | 3.0x | 1.5x | | 1.3x |
| Relative Value | 8.0x | 6.8x | | | | 6.5x |
| Event Driven | 4.0x | 1.7x | | | | 1.7x |
| Equities | 4.0x | 1.2x | | | | 1.4x |
| Macro | 20.0x | 6.6x | | | | 7.1x |
| Other | 5.0x | 1.1x | 3.0x | 0.9x | | 1.1x |

| | San Gabriel Fund, L.P. | | San Gabriel Fund 3, L.P. | | Total hedge fund program | |
|---|------------------------|--------------------|--------------------------|--------------------|--------------------------|--------------------|
| | Guideline | Current portfolio | Guideline | Current portfolio | Guideline | Current portfolio |
| Downside loss | | | | | | |
| Actual allocation to single fund, % of capital (at market) | 10% maximum | 6.4% | | | | 8.4% |
| % ROR impact of Severe Case Loss in a single fund (at market) | ≥ -4% | -2.2% | | | | -1.2% |
| Impact of Severe Case Loss in a single sub-strategy (at market) | ≥ -7% | -2.5% | | | | -1.2% |
| Fund-Level ROR Impact of Severe Case Loss (at market) | ≥ -10% | -7.8% ¹ | ≥ -15% | -5.0% ¹ | | -6.2% ¹ |
| Actual allocation to single investment manager, % of capital (at cost) | | | 25% maximum | 12.3% | | 8.2% |
| Actual allocation to GCM Special Opportunities Fund (at market) | 10% maximum | 6.0% | | | | |
| Actual allocation to Self Liquidating Funds, % of capital (at cost) | 20% maximum | 5.9% | | | | |
| Actual allocation to Self Liquidating Funds, % of capital (at market) | 20% maximum | 6.0% | | | | |
| % ROR impact of Severe Case Loss in a single investment manager (at market) | | | ≥ -7% | -1.6% | | -1.2% |

| | San Gabriel Fund, L.P. | | San Gabriel Fund 3, L.P. | | Total hedge fund program | |
|--|------------------------|--------|---|--------|--------------------------|--------|
| | Guideline | Actual | Guideline | Actual | Guideline | Actual |
| Liquidity excluding fund level and discretionary gates, notice periods, and side pocket investments² | | | | | | |
| Fund capital with lockups greater than 1 year but less than 2 years | <35% | 7.6% | | | | 19.8% |
| Fund capital with lockups greater than 2 years | 0.0% | 0.0% | | | | 0.0% |
| Fund capital available within one year, after lockups expire, including the effect of mandatory investor-level gates | >65% | 79.6% | | | >50% | 65.7% |
| Fund capital with quarterly or more frequent liquidity after lockups expire, excluding the effects of mandatory investor-level gates | | | | | >50% | 70.5% |
| Initial Anticipated End Date | | | At least 90% of the Fund's capital (at cost) 60 months from San Gabriel 3 inception | | | |

1 Assumes historical strategy correlation of 0.4.

2 Self-liquidating Funds are considered to have lockups of greater than 1 year but less than 2 years for purposes of measuring the above constraints.

The statistics on this slide are for illustrative purposes only, and are summarized from data contained in the attached portfolio reports. The Notes and Disclosures following this presentation and accompanying the attached portfolio reports are integral to your review of the statistics, and must be read with your review of the statistics.

Compliance Summary

Los Angeles County Employees Retirement Association (Allocation Period: April 1, 2019)

San Gabriel Fund, L.P.

| Category | In compliance | Discussion |
|--|---------------|------------|
| Forward looking return, volatility, and correlation objectives | YES | - |
| Downside risk case | YES | - |
| Number of investment managers | YES | - |
| Allocation to single hedge fund | YES | - |
| Maximum leverage | YES | - |
| Lockups | YES | - |
| Fund liquidity after lockups | YES | - |
| Strategy categories | YES | - |

San Gabriel Fund 3, L.P.

| Category | In compliance | Discussion |
|--|---------------|------------|
| Forward looking return, volatility, and correlation objectives | YES | - |
| Downside risk case | YES | - |
| Number of investment managers | YES | - |
| Allocation to single investment manager | YES | - |
| Downside risk to a single investment manager | YES | - |
| Maximum leverage | YES | - |
| Look-through exposure categories | YES | - |

Allocation Report – San Gabriel Fund, L.P.

Allocation Report

Expressed in US Dollars

Period is 01 April 2019

GABRIEL - San Gabriel Fund, L.P. (the "Fund")

| Portfolio Fund Name | Ending Balance as of 31 March 2019 Before EOM Activity | | | | | Allocation as of 01 April 2019 | | | | | |
|---|--|-------------------------------------|-----------------------------|------------------------------|------------------------|--------------------------------|--------------------|-------------------------------------|-----------------------------|------------------------------|------------------------|
| | Ending Balance | as Percentage of Substrategy/Region | as a Percentage of Strategy | as a Percentage of Allocated | as a Percentage of NAV | Subscriptions (Redemptions) | Allocated Balance | as Percentage of Substrategy/Region | as a Percentage of Strategy | as a Percentage of Allocated | as a Percentage of NAV |
| <u>Credit</u> | | | | | | | | | | | |
| Fundamental Credit | | | | | | | | | | | |
| Fund 1 | 19,025,288 | 38.98% | 13.62% | 4.01% | 3.95% | - | 19,025,288 | 38.98% | 13.99% | 4.25% | 3.95% |
| Fund 2 | 29,778,826 | 61.02% | 21.32% | 6.27% | 6.18% | - | 29,778,826 | 61.02% | 21.90% | 6.66% | 6.18% |
| Total - Fundamental Credit | 48,804,114 | 100.00% | 34.95% | 10.28% | 10.13% | - | 48,804,114 | 100.00% | 35.90% | 10.91% | 10.13% |
| Structured Credit | | | | | | | | | | | |
| Terminated Fund 51 | 1,625,456 | 5.89% | 1.16% | 0.34% | 0.34% | (1,625,456) | - | - | - | - | - |
| Fund 3 | 25,965,756 | 94.11% | 18.59% | 5.47% | 5.39% | - | 25,965,756 | 100.00% | 19.10% | 5.80% | 5.39% |
| Total - Structured Credit | 27,591,212 | 100.00% | 19.76% | 5.81% | 5.73% | (1,625,456) | 25,965,756 | 100.00% | 19.10% | 5.80% | 5.39% |
| Long/Short Credit | | | | | | | | | | | |
| Fund 4 | 26,608,231 | 62.24% | 19.05% | 5.60% | 5.52% | (3,300,000) | 23,308,231 | 59.08% | 17.15% | 5.21% | 4.84% |
| Fund 5 | 16,145,347 | 37.76% | 11.56% | 3.40% | 3.35% | - | 16,145,347 | 40.92% | 11.88% | 3.61% | 3.35% |
| Total - Long/Short Credit | 42,753,578 | 100.00% | 30.62% | 9.00% | 8.88% | (3,300,000) | 39,453,578 | 100.00% | 29.02% | 8.82% | 8.19% |
| Emerging Market Credit | | | | | | | | | | | |
| Fund 6 | 2,425,101 | 100.00% | 1.74% | 0.51% | 0.50% | - | 2,425,101 | 100.00% | 1.78% | 0.54% | 0.50% |
| Total - Emerging Market Credit | 2,425,101 | 100.00% | 1.74% | 0.51% | 0.50% | - | 2,425,101 | 100.00% | 1.78% | 0.54% | 0.50% |
| Specialist Credit | | | | | | | | | | | |
| Fund 7 | 18,072,055 | 100.00% | 12.94% | 3.81% | 3.75% | 1,225,000 | 19,297,055 | 100.00% | 14.19% | 4.31% | 4.01% |
| Total - Specialist Credit | 18,072,055 | 100.00% | 12.94% | 3.81% | 3.75% | 1,225,000 | 19,297,055 | 100.00% | 14.19% | 4.31% | 4.01% |
| Total Credit | 139,646,059 | | 100.00% | 29.40% | 28.99% | (3,700,456) | 135,945,603 | | 100.00% | 30.39% | 28.22% |
| <u>Equities</u> | | | | | | | | | | | |
| Directional Equity / U.S./Canada | | | | | | | | | | | |
| Fund 8 | 12,061,816 | 100.00% | 12.14% | 2.54% | 2.50% | - | 12,061,816 | 100.00% | 16.33% | 2.70% | 2.50% |
| Total - Directional Equity / U.S./Canada | 12,061,816 | 100.00% | 12.14% | 2.54% | 2.50% | - | 12,061,816 | 100.00% | 16.33% | 2.70% | 2.50% |

| Portfolio Fund Name | Ending Balance as of 31 March 2019 Before EOM Activity | | | | | Allocation as of 01 April 2019 | | | | | |
|---|--|--------------------------------------|-----------------------------|------------------------------|------------------------|--------------------------------|-------------------|--------------------------------------|-----------------------------|------------------------------|------------------------|
| | Ending Balance | as Percentage of Substrategy/ Region | as a Percentage of Strategy | as a Percentage of Allocated | as a Percentage of NAV | Subscriptions (Redemptions) | Allocated Balance | as Percentage of Substrategy/ Region | as a Percentage of Strategy | as a Percentage of Allocated | as a Percentage of NAV |
| Fundamental Market Neutral Equity / Global | | | | | | | | | | | |
| Fund 9 | 4,964,233 | 28.51% | 5.00% | 1.05% | 1.03% | (1,654,744) | 3,309,489 | 100.00% | 4.48% | 0.74% | 0.69% |
| Terminated Fund 52 | 12,448,026 | 71.49% | 12.53% | 2.62% | 2.58% | (12,448,026) | - | - | - | - | - |
| Total - Fundamental Market Neutral Equity / Global | 17,412,259 | 100.00% | 17.53% | 3.67% | 3.61% | (14,102,771) | 3,309,489 | 100.00% | 4.48% | 0.74% | 0.69% |
| Event Driven | | | | | | | | | | | |
| Fund 10 | 11,465,325 | 100.00% | 11.54% | 2.41% | 2.38% | - | 11,465,325 | 100.00% | 15.52% | 2.56% | 2.38% |
| Total - Event Driven | 11,465,325 | 100.00% | 11.54% | 2.41% | 2.38% | - | 11,465,325 | 100.00% | 15.52% | 2.56% | 2.38% |
| Specialist Equity / U.S./Canada | | | | | | | | | | | |
| Terminated Fund 53 | 11,369,283 | 100.00% | 11.44% | 2.39% | 2.36% | (11,369,283) | - | - | - | - | - |
| Total - Specialist Equity / U.S./Canada | 11,369,283 | 100.00% | 11.44% | 2.39% | 2.36% | (11,369,283) | - | - | - | - | - |
| Specialist Equity / Asia | | | | | | | | | | | |
| Fund 11 | 18,926,885 | 100.00% | 19.05% | 3.99% | 3.93% | - | 18,926,885 | 100.00% | 25.62% | 4.23% | 3.93% |
| Total - Specialist Equity / Asia | 18,926,885 | 100.00% | 19.05% | 3.99% | 3.93% | - | 18,926,885 | 100.00% | 25.62% | 4.23% | 3.93% |
| Specialist Equity / Global | | | | | | | | | | | |
| Fund 12 | 28,107,525 | 100.00% | 28.29% | 5.92% | 5.84% | - | 28,107,525 | 100.00% | 38.05% | 6.28% | 5.84% |
| Total - Specialist Equity / Global | 28,107,525 | 100.00% | 28.29% | 5.92% | 5.84% | - | 28,107,525 | 100.00% | 38.05% | 6.28% | 5.84% |
| Total Equities | 99,343,093 | | 100.00% | 20.92% | 20.62% | (25,472,054) | 73,871,039 | | 100.00% | 16.51% | 15.34% |
| <u>Quantitative</u> | | | | | | | | | | | |
| Non-Directional Quantitative | | | | | | | | | | | |
| Fund 13 | 25,823,050 | 100.00% | 100.00% | 5.44% | 5.36% | - | 25,823,050 | 100.00% | 100.00% | 5.77% | 5.36% |
| Total - Non-Directional Quantitative | 25,823,050 | 100.00% | 100.00% | 5.44% | 5.36% | - | 25,823,050 | 100.00% | 100.00% | 5.77% | 5.36% |
| Total Quantitative | 25,823,050 | | 100.00% | 5.44% | 5.36% | - | 25,823,050 | | 100.00% | 5.77% | 5.36% |
| <u>Macro</u> | | | | | | | | | | | |
| Diversified Macro | | | | | | | | | | | |
| Fund 14 | 30,725,675 | 65.85% | 47.72% | 6.47% | 6.38% | - | 30,725,675 | 65.85% | 47.72% | 6.87% | 6.38% |
| Fund 15 | 15,931,360 | 34.15% | 24.74% | 3.35% | 3.31% | - | 15,931,360 | 34.15% | 24.74% | 3.56% | 3.31% |
| Total - Diversified Macro | 46,657,035 | 100.00% | 72.46% | 9.82% | 9.69% | - | 46,657,035 | 100.00% | 72.46% | 10.43% | 9.69% |
| Specialist Macro | | | | | | | | | | | |
| Fund 16 | 17,732,717 | 100.00% | 27.54% | 3.73% | 3.68% | - | 17,732,717 | 100.00% | 27.54% | 3.96% | 3.68% |
| Total - Specialist Macro | 17,732,717 | 100.00% | 27.54% | 3.73% | 3.68% | - | 17,732,717 | 100.00% | 27.54% | 3.96% | 3.68% |
| Total Macro | 64,389,752 | | 100.00% | 13.56% | 13.37% | - | 64,389,752 | | 100.00% | 14.39% | 13.37% |
| <u>Relative Value</u> | | | | | | | | | | | |
| Diversified Relative Value | | | | | | | | | | | |
| Fund 17 | 28,556,997 | 48.30% | 42.19% | 6.01% | 5.93% | - | 28,556,997 | 48.30% | 42.19% | 6.38% | 5.93% |
| Fund 18 | 11,061,106 | 18.71% | 16.34% | 2.33% | 2.30% | - | 11,061,106 | 18.71% | 16.34% | 2.47% | 2.30% |
| Fund 19 | 19,508,701 | 32.99% | 28.82% | 4.11% | 4.05% | - | 19,508,701 | 32.99% | 28.82% | 4.36% | 4.05% |
| Total - Diversified Relative Value | 59,126,804 | 100.00% | 87.35% | 12.45% | 12.27% | - | 59,126,804 | 100.00% | 87.35% | 13.22% | 12.27% |

| Portfolio Fund Name | Ending Balance as of 31 March 2019 Before EOM Activity | | | | | Allocation as of 01 April 2019 | | | | | |
|--|--|--------------------------------------|-----------------------------|------------------------------|------------------------|--------------------------------|--------------------|--------------------------------------|-----------------------------|------------------------------|------------------------|
| | Ending Balance | as Percentage of Substrategy/ Region | as a Percentage of Strategy | as a Percentage of Allocated | as a Percentage of NAV | Subscriptions (Redemptions) | Allocated Balance | as Percentage of Substrategy/ Region | as a Percentage of Strategy | as a Percentage of Allocated | as a Percentage of NAV |
| Option Volatility Arbitrage | | | | | | | | | | | |
| Fund 20 | 3,347,345 | 39.08% | 4.95% | 0.70% | 0.69% | - | 3,347,345 | 39.08% | 4.95% | 0.75% | 0.69% |
| Fund 21 | 5,217,055 | 60.92% | 7.71% | 1.10% | 1.08% | - | 5,217,055 | 60.92% | 7.71% | 1.17% | 1.08% |
| Total - Option Volatility Arbitrage | 8,564,399 | 100.00% | 12.65% | 1.80% | 1.78% | - | 8,564,399 | 100.00% | 12.65% | 1.91% | 1.78% |
| Total Relative Value | 67,691,203 | | 100.00% | 14.25% | 14.05% | - | 67,691,203 | | 100.00% | 15.13% | 14.05% |
| <u>Multi-Strategy</u> | | | | | | | | | | | |
| Diversified Multi-Strategy | | | | | | | | | | | |
| Fund 22 | 24,979,511 | 33.16% | 33.16% | 5.26% | 5.19% | - | 24,979,511 | 33.16% | 33.16% | 5.58% | 5.19% |
| Fund 23 | 28,660,196 | 38.05% | 38.05% | 6.03% | 5.95% | - | 28,660,196 | 38.05% | 38.05% | 6.41% | 5.95% |
| Fund 24 | 21,684,173 | 28.79% | 28.79% | 4.57% | 4.50% | - | 21,684,173 | 28.79% | 28.79% | 4.85% | 4.50% |
| Total - Diversified Multi-Strategy | 75,323,880 | 100.00% | 100.00% | 15.86% | 15.64% | - | 75,323,880 | 100.00% | 100.00% | 16.84% | 15.64% |
| Total Multi-Strategy | 75,323,880 | | 100.00% | 15.86% | 15.64% | - | 75,323,880 | | 100.00% | 16.84% | 15.64% |
| <u>Aggregated Prior Period Adjustment</u> | | | | | | | | | | | |
| Multi-Manager | | | | | | | | | | | |
| APPA USD | (95,040) | 100.00% | 100.00% | -0.02% | -0.02% | - | (95,040) | 100.00% | 100.00% | -0.02% | -0.02% |
| Total - Multi-Manager | (95,040) | 100.00% | 100.00% | -0.02% | -0.02% | - | (95,040) | 100.00% | 100.00% | -0.02% | -0.02% |
| Total Aggregated Prior Period Adjustment | (95,040) | | 100.00% | -0.02% | -0.02% | - | (95,040) | | 100.00% | -0.02% | -0.02% |
| <u>Other</u> | | | | | | | | | | | |
| Other Investments | | | | | | | | | | | |
| Terminated Fund 51 | - | - | - | - | - | 1,625,456 | 1,625,456 | 36.83% | 36.83% | 0.36% | 0.34% |
| Terminated Fund 49 | 11,951 | 0.42% | 0.42% | 0.00% | 0.00% | (10,334) | 1,617 | 0.04% | 0.04% | 0.00% | 0.00% |
| Terminated Fund 50 | 1,467,983 | 52.12% | 52.12% | 0.31% | 0.30% | - | 1,467,983 | 33.26% | 33.26% | 0.33% | 0.30% |
| Terminated Fund 56 | 212,329 | 7.54% | 7.54% | 0.04% | 0.04% | (18,048) | 194,281 | 4.40% | 4.40% | 0.04% | 0.04% |
| Terminated Fund 70 | 1,042,076 | 37.00% | 37.00% | 0.22% | 0.22% | - | 1,042,076 | 23.61% | 23.61% | 0.23% | 0.22% |
| Terminated Fund 28 | 82,189 | 2.92% | 2.92% | 0.02% | 0.02% | - | 82,189 | 1.86% | 1.86% | 0.02% | 0.02% |
| Total - Other Investments | 2,816,527 | 100.00% | 100.00% | 0.59% | 0.58% | 1,597,075 | 4,413,602 | 100.00% | 100.00% | 0.99% | 0.92% |
| Total Other | 2,816,527 | | 100.00% | 0.59% | 0.58% | 1,597,075 | 4,413,602 | | 100.00% | 0.99% | 0.92% |
| Total ALLOCATED | 474,938,525 | | | 100.00% | 98.60% | (27,575,435) | 447,363,090 | | 100.00% | | 92.87% |
| Cash | 5,734,930 | | | | 1.19% | 13,527,034 | 19,261,964 | | | | 4.00% |
| Expenses | (228,942) | | | | -0.05% | 44,191 | (184,752) | | | | -0.04% |
| Management Fees | 175 | | | | - | 821,168 | 821,343 | | | | 0.17% |
| Net Rec/(Pay) | 1,247,744 | | | | 0.26% | 13,183,042 | 14,430,786 | | | | 3.00% |
| Total UNALLOCATED | 6,753,906 | | | | 1.40% | 27,575,435 | 34,329,341 | | | | 7.13% |
| NET ASSET VALUE | 481,692,431 | | | | 100.00% | 0 | 481,692,431 | | | | 100.00% |

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Run Date: 22 May 2019 02:50 PM

Allocation Report – San Gabriel Fund 3, L.P.

Allocation Report

Expressed in US Dollars

Period is 01 April 2019

GABRIEL3 - San Gabriel Fund 3, L.P. (the "Fund")

| Portfolio Fund Name | Ending Balance as of 31 March 2019 Before EOM Activity | | | | | Allocation as of 01 April 2019 | | | | | |
|---------------------------------------|--|-------------------------------------|-----------------------------|------------------------------|------------------------|--------------------------------|--------------------|-------------------------------------|-----------------------------|------------------------------|------------------------|
| | Ending Balance | as Percentage of Substrategy/Region | as a Percentage of Strategy | as a Percentage of Allocated | as a Percentage of NAV | Subscriptions (Redemptions) | Allocated Balance | as Percentage of Substrategy/Region | as a Percentage of Strategy | as a Percentage of Allocated | as a Percentage of NAV |
| Credit | | | | | | | | | | | |
| Fundamental Credit | | | | | | | | | | | |
| Fund 1 | 28,462,412 | 100.00% | 8.63% | 8.57% | 7.95% | - | 28,462,412 | 100.00% | 9.01% | 8.75% | 7.95% |
| Total - Fundamental Credit | 28,462,412 | 100.00% | 8.63% | 8.57% | 7.95% | - | 28,462,412 | 100.00% | 9.01% | 8.75% | 7.95% |
| Structured Credit | | | | | | | | | | | |
| Fund 2 | 28,179,514 | 22.02% | 8.55% | 8.49% | 7.87% | - | 28,179,514 | 23.17% | 8.92% | 8.66% | 7.87% |
| Fund 3 | 5,686,002 | 4.44% | 1.72% | 1.71% | 1.59% | (1,653) | 5,684,349 | 4.67% | 1.80% | 1.75% | 1.59% |
| Fund 4 | 51,018,306 | 39.86% | 15.47% | 15.37% | 14.25% | (6,377,288) | 44,641,018 | 36.71% | 14.13% | 13.73% | 12.47% |
| Fund 5 | 21,916,253 | 17.12% | 6.65% | 6.60% | 6.12% | - | 21,916,253 | 18.02% | 6.94% | 6.74% | 6.12% |
| Fund 6 | 21,179,884 | 16.55% | 6.42% | 6.38% | 5.92% | - | 21,179,884 | 17.42% | 6.70% | 6.51% | 5.92% |
| Total - Structured Credit | 127,979,959 | 100.00% | 38.81% | 38.56% | 35.74% | (6,378,941) | 121,601,018 | 100.00% | 38.49% | 37.39% | 33.96% |
| Long/Short Credit | | | | | | | | | | | |
| Fund 7 | - | - | - | - | - | 7,100,000 | 7,100,000 | 100.00% | 100.00% | 2.18% | 1.98% |
| Total - Long/Short Credit | - | - | - | - | - | 7,100,000 | 7,100,000 | 100.00% | 100.00% | 2.18% | 1.98% |
| Distressed | | | | | | | | | | | |
| Fund 8 | 13,933,725 | 56.15% | 4.23% | 4.20% | 3.89% | - | 13,933,725 | 56.15% | 4.41% | 4.28% | 3.89% |
| Fund 9 | 10,882,801 | 43.85% | 3.30% | 3.28% | 3.04% | - | 10,882,801 | 43.85% | 3.44% | 3.35% | 3.04% |
| Total - Distressed | 24,816,526 | 100.00% | 7.53% | 7.48% | 6.93% | - | 24,816,526 | 100.00% | 7.85% | 7.63% | 6.93% |
| Emerging Market Credit | | | | | | | | | | | |
| Fund 10 | 6,263,965 | 14.04% | 1.90% | 1.89% | 1.75% | - | 6,263,965 | 14.55% | 1.98% | 1.93% | 1.75% |
| Fund 11 | 22,254,659 | 49.89% | 6.75% | 6.70% | 6.22% | - | 22,254,659 | 51.70% | 7.04% | 6.84% | 6.22% |
| Fund 12 | 11,485,891 | 25.75% | 3.48% | 3.46% | 3.21% | (1,560,391) | 9,925,500 | 23.06% | 3.14% | 3.05% | 2.77% |
| Fund 13 | 4,603,099 | 10.32% | 1.40% | 1.39% | 1.29% | - | 4,603,099 | 10.69% | 1.46% | 1.42% | 1.29% |
| Total - Emerging Market Credit | 44,607,615 | 100.00% | 13.53% | 13.44% | 12.46% | (1,560,391) | 43,047,223 | 100.00% | 13.62% | 13.24% | 12.02% |

| Ending Balance as of 31 March 2019 Before EOM Activity | | | | | | Allocation as of 01 April 2019 | | | | | |
|--|--------------------|--------------------------------------|-----------------------------|------------------------------|------------------------|--------------------------------|--------------------|-------------------------------------|-----------------------------|------------------------------|------------------------|
| Portfolio Fund Name | Ending Balance | as Percentage of Substrategy/ Region | as a Percentage of Strategy | as a Percentage of Allocated | as a Percentage of NAV | Subscriptions (Redemptions) | Allocated Balance | as Percentage of Substrategy Region | as a Percentage of Strategy | as a Percentage of Allocated | as a Percentage of NAV |
| Specialist Credit | | | | | | | | | | | |
| Fund 14 | 24,642,980 | 23.72% | 7.47% | 7.42% | 6.88% | (1,278,034) | 23,364,946 | 23.83% | 7.39% | 7.18% | 6.53% |
| Fund 15 | 17,962,502 | 17.29% | 5.45% | 5.41% | 5.02% | - | 17,962,502 | 18.32% | 5.68% | 5.52% | 5.02% |
| Fund 16 | 20,937,544 | 20.15% | 6.35% | 6.31% | 5.85% | (2,617,193) | 18,320,351 | 18.69% | 5.80% | 5.63% | 5.12% |
| Fund 17 | 40,366,352 | 38.85% | 12.24% | 12.16% | 11.27% | (1,976,680) | 38,389,672 | 39.16% | 12.15% | 11.80% | 10.72% |
| Total - Specialist Credit | 103,909,379 | 100.00% | 31.51% | 31.30% | 29.02% | (5,871,908) | 98,037,471 | 100.00% | 31.03% | 30.14% | 27.38% |
| Total Credit | 329,775,891 | | 100.00% | 99.35% | 92.10% | (6,711,240) | 323,064,651 | | 200.00% | 99.34% | 90.23% |
| Aggregated Prior Period Adjustment | | | | | | | | | | | |
| Multi-Manager | | | | | | | | | | | |
| APPA USD | (317,782) | 100.00% | 100.00% | -0.10% | -0.09% | - | (317,782) | 100.00% | 100.00% | -0.10% | -0.09% |
| Total - Multi-Manager | (317,782) | 100.00% | 100.00% | -0.10% | -0.09% | - | (317,782) | 100.00% | 100.00% | -0.10% | -0.09% |
| Total Aggregated Prior Period Adjustment | (317,782) | | 100.00% | -0.10% | -0.09% | - | (317,782) | | 100.00% | -0.10% | -0.09% |
| Other | | | | | | | | | | | |
| Other Investments | | | | | | | | | | | |
| Other Investment 1 | 1,140,966 | 46.04% | 46.04% | 0.34% | 0.32% | - | 1,140,966 | 46.04% | 46.04% | 0.35% | 0.32% |
| Terminated Fund 1 | 1,337,368 | 53.96% | 53.96% | 0.40% | 0.37% | - | 1,337,368 | 53.96% | 53.96% | 0.41% | 0.37% |
| Total - Other Investments | 2,478,334 | 100.00% | 100.00% | 0.75% | 0.69% | - | 2,478,334 | 100.00% | 100.00% | 0.76% | 0.69% |
| Total Other | 2,478,334 | | 100.00% | 0.75% | 0.69% | - | 2,478,334 | | 100.00% | 0.76% | 0.69% |
| Total ALLOCATED | 331,936,443 | | | 100.00% | 92.71% | (6,711,240) | 325,225,203 | | | 100.00% | 90.83% |
| Cash | 18,591,839 | | | | 5.19% | (13,099,814) | 5,492,025 | | | | 1.53% |
| Expenses | (148,508) | | | | -0.04% | 35,466 | (113,042) | | | | -0.03% |
| Management Fees | (72) | | | | - | 626,685 | 626,613 | | | | 0.18% |
| Net Rec/(Pay) | 7,670,196 | | | | 2.14% | 19,148,903 | 26,819,099 | | | | 7.49% |
| Total UNALLOCATED | 26,113,455 | | | | 7.29% | 6,711,240 | 32,824,695 | | | | 9.17% |
| NET ASSET VALUE | 358,049,898 | | | | 100.00% | - | 358,049,898 | | | | 100.00% |

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Run Date: 22 May 2019 06:17 PM



**Asset
Management**

Goldman Sachs Asset Management

Portfolio Fund Summary

Hedge Fund Categories

Los Angeles County Employees Retirement Association (March 31, 2019)

| Hedge Fund Category | Inception Date | End Date | QTD Opening Balance (as of 12/31/2018) | QTD Subscriptions/ (Redemptions) | QTD Gain/(Loss) | QTD Ending Balance (as of 03/31/2019) | % of Nav (as of 03/31/2019) ² | Cumulative Returns | | | Annualized Returns | |
|---|----------------|-----------|---|--|-----------------|--|---|---------------------|---------|---------|--------------------|------------------|
| | | | | | | | | 1Q2019 ¹ | YTD | 1 Year | 3 Year | ITD ¹ |
| Deep Basin Long-Short Fund LP Founder Shares | 2/1/2019 | - | - | 10,000,000.00 | 36,827.00 | 10,036,827.00 | 2.07% | 0.37% | 0.37% | 0.37% | - | 0.37% |
| Deep Basin Long-Short Fund LP Strategic Shares | 11/1/2017 | - | 10,242,567.61 | - | (617,625.61) | 9,624,942.00 | 1.99% | -6.03% | -6.03% | -1.97% | - | 4.85% |
| Kintbury Equity Fund LP Class F (NIE) | 5/1/2015 | - | 23,359,747.91 | - | 895,217.61 | 24,254,965.52 | 5.01% | 3.83% | 3.83% | 2.28% | -1.11% | 2.89% |
| Lakewood Capital Partners LP (NIE) | 5/1/2015 | - | 18,747,718.23 | - | 2,442,322.19 | 21,190,040.42 | 4.38% | 13.03% | 13.03% | 0.31% | 5.60% | 4.49% |
| Palestra Capital Part LP (Ser 3 Int 1.5/20)(NIE) | 6/1/2015 | - | 26,883,071.27 | - | 2,664,313.94 | 29,547,385.21 | 6.11% | 9.91% | 9.91% | 5.13% | 12.66% | 10.13% |
| PFM Therapeutics Fund, L.P. Class B (NIE) | 7/1/2018 | - | 8,261,480.61 | - | 913,890.64 | 9,175,371.25 | 1.90% | 11.06% | 11.06% | -20.44% | - | -20.44% |
| Rubric Capital Partners LP Series F1 Interests NIE | 3/1/2017 | - | 22,632,942.26 | - | 3,030,894.83 | 25,663,837.09 | 5.30% | 13.39% | 13.39% | -5.65% | - | 5.40% |
| The BosValen US Feeder Fund Class F (NIE) | 8/1/2018 | - | 18,008,978.39 | - | 211,751.99 | 18,220,730.38 | 3.77% | 1.18% | 1.18% | -7.85% | - | -7.85% |
| Equity Long/Short | | | 128,136,506.28 | 10,000,000.00 | 9,577,592.59 | 147,714,098.87 | 30.52% | 7.26% | 7.26% | -2.43% | 4.48% | 3.88% |
| Empyrean Capital Fund LP (Class 2 Ser N - NIE) | 7/1/2015 | - | 26,092,237.00 | - | 436,959.00 | 26,529,196.00 | 5.48% | 1.67% | 1.67% | 2.47% | 7.71% | 4.65% |
| HG Vora Special Opportunities Fd LP Series 1 (NIE) | 10/1/2017 | - | 26,056,674.00 | - | 1,391,759.00 | 27,448,433.00 | 5.67% | 5.34% | 5.34% | 5.71% | - | 6.43% |
| Manikay Onshore Fund LP Class A3 NIE | 6/1/2018 | - | 24,913,262.74 | - | 2,758,254.45 | 27,671,517.19 | 5.72% | 11.07% | 11.07% | 5.76% | - | 5.76% |
| Palmetto Catastrophe Fd LP Q4 2018 Dev Cl H-SP | 1/1/2019 | - | - | 4,648,106.73 | 5,754.27 | 4,653,861.00 | 0.96% | 0.12% | 0.12% | 0.12% | - | 0.12% |
| Palmetto Catastrophe Fund L.P. Class H - NV | 6/1/2018 | - | 14,245,604.00 | (4,648,106.73) | 84,336.73 | 9,681,834.00 | 2.00% | 0.88% | 0.88% | -4.19% | - | -4.19% |
| Taconic Opportunity Fund LP (CL AA, Non Lockup) | 3/1/2018 | - | 24,054,156.00 | - | 486,820.96 | 24,540,976.96 | 5.07% | 2.02% | 2.02% | 6.60% | - | 6.17% |
| Warlander Partners, LP Class W (NIE) | 2/1/2016 | - | 3,433,762.88 | (1,716,881.44) | (113,854.88) | 1,603,026.56 | 0.33% | -6.63% | -6.63% | 9.00% | -1.88% | -2.73% |
| Event Driven | | | 118,795,696.62 | (1,716,881.44) | 5,050,029.53 | 122,128,844.71 | 25.24% | 4.31% | 4.31% | 4.33% | 6.96% | 2.72% |
| D.E. Shaw Valence Fund, LLC (NIE) | 2/1/2016 | - | 27,730,196.00 | - | 326,270.00 | 28,056,466.00 | 5.80% | 1.18% | 1.18% | 4.82% | 11.04% | 11.28% |
| ExodusPoint Partners Fund LP Class C (NIE) | 8/1/2018 | - | 18,234,927.00 | - | 325,926.00 | 18,560,853.00 | 3.84% | 1.79% | 1.79% | 1.90% | - | 1.90% |
| Holocene Advisors Fund LP Class AI-A LP Int (NIE) | 5/1/2017 | - | 28,423,243.74 | - | 614,484.02 | 29,037,727.76 | 6.00% | 2.16% | 2.16% | 5.92% | - | 8.12% |
| Relative Value | | | 74,388,366.74 | - | 1,266,680.02 | 75,655,046.76 | 15.63% | 1.70% | 1.70% | 5.33% | 5.74% | 3.07% |
| Atreus Fund, LP Class F | 6/1/2017 | 2/28/2019 | 10,903,221.17 | (11,065,354.86) | 162,133.69 | - | - | 1.49% | 1.49% | -2.06% | - | -2.96% |
| Bridgewater Pure Alpha Major Markets II, LLC | 5/1/2015 | - | 21,457,859.73 | - | (2,257,165.63) | 19,200,694.10 | 3.97% | -10.52% | -10.52% | 1.66% | 3.92% | -0.54% |
| Crabel Fund, L.P. (Class A, Fee Option 1 GS, 2/20) | 7/1/2015 | - | 10,466,343.72 | - | 25,263.50 | 10,491,607.22 | 2.17% | 0.24% | 0.24% | 3.59% | 2.10% | 3.90% |
| Dymon Asia Macro (US) Fund Class P (NIE) | 6/1/2015 | - | 14,331,161.55 | - | (359,168.87) | 13,971,992.68 | 2.89% | -2.51% | -2.51% | -4.10% | 0.41% | -1.41% |
| Edgestream Sumatra Fund LP | 7/1/2015 | - | 9,458,052.01 | - | 364,755.55 | 9,822,807.56 | 2.03% | 3.86% | 3.86% | 3.34% | 0.91% | 5.31% |
| EMSO Saguaro Ltd Class A-NV | 2/1/2018 | - | 12,733,587.92 | - | 357,163.01 | 13,090,750.93 | 2.70% | 2.80% | 2.80% | -3.37% | - | -2.60% |
| Glen Point Macro Fund LP Cl A NV USD Shares (NIE) | 10/1/2017 | - | 12,824,017.27 | - | 525,928.78 | 13,349,946.05 | 2.76% | 4.10% | 4.10% | -3.06% | - | -0.74% |
| Stone Milliner Macro Fd Delaware LP Cl N (NIE) | 1/1/2018 | - | 17,926,859.29 | - | (209,436.43) | 17,717,422.86 | 3.66% | -1.17% | -1.17% | -1.38% | - | 0.46% |
| The Winton Fund (US) LP | 9/1/2016 | - | 10,107,522.73 | - | 33,581.05 | 10,141,103.78 | 2.10% | 0.33% | 0.33% | 2.23% | - | 2.48% |
| Tactical Trading | | | 120,208,625.39 | (11,065,354.86) | (1,356,945.35) | 107,786,325.18 | 22.27% | -1.12% | -1.12% | -0.48% | -0.22% | -0.32% |
| Total Assets and Liabilities not Allocated to Underlying Managers of Los Angeles County Employees Retirement Association | | | | | | 30,662,171.23 | 6.34% | | | | | |
| Net Asset Value | | | | | | 483,946,486.75 | 100.00% | | | | | |

¹ The LACERA Portfolio inception on May 1, 2015. Returns less than 12 months are cumulative, not annualized. **Past performance does not guarantee future results, which may vary.**

² Based on the end equity value of the Fund.

Managers terminated prior to the current year are excluded. For ease of presentation, active and terminated managers are shown for the current year only.

Overview

Global equities moved higher in March, with markets trading up in Europe and North America and to a lesser extent in Asia Pacific ex-Japan and Emerging Markets. Markets were supported by dovish sentiment from the Federal Reserve as well as constructive trade discussions between the U.S. and China. The UK parliament voted to seek a Brexit delay as Theresa May has been unable to garner support for her plan to exit the EU. The US government bond yield curve inverted during the month, and yield curves flattened in Europe and the UK.

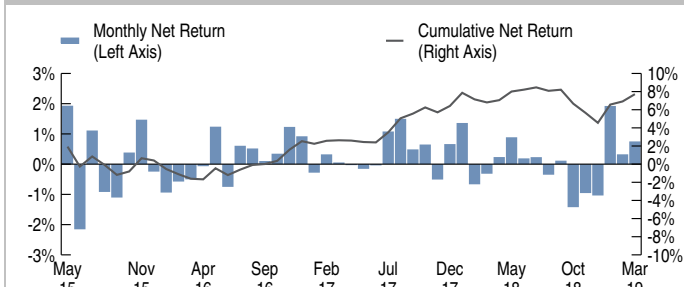
AIMS' equity long/short managers generated positive returns in March, outperforming global equity markets on an exposure-adjusted basis. Both long and short positioning generated positive absolute returns; on an exposure-adjusted basis, the short book drove positive returns while the long book was broadly in line with the market. Exposures to the communication services and healthcare sectors were the largest contributors to exposure-adjusted returns at the sector level. Consumer discretionary was the leading detractor on a sector basis, driven by the performance of the long book, while long positions in financials and industrials also detracted.

AIMS event driven managers were positive in March. Equity sub-strategies generated flat performance driven by mixed contribution from stock selection and a modestly supportive global equity backdrop. Financials exposure detracted broadly across names as increasingly dovish sentiment from the Fed raised concerns about lower interest rates squeezing the profitability of issuing loans. In contrast, the materials and consumer staples sectors were the most notable contributors to performance. Merger spreads for commonly held deals by AIMS' managers tightened in aggregate on the month, outperforming spreads for the broader merger universe, which were only modestly tighter. Credit exposure was a modest detractor as lower rated credits underperformed in March.

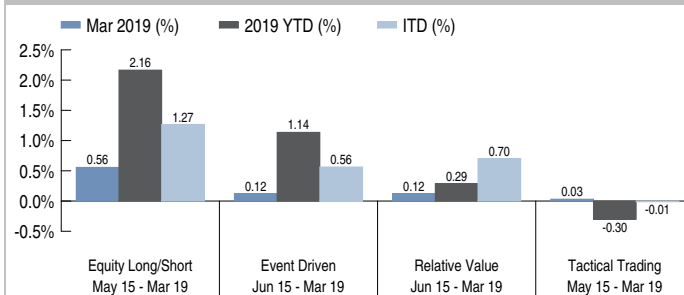
Developed market macro managers generated mixed performance during the month but were positive overall. In rates, long exposure to U.S. rates contributed to performance, while varied positioning in other markets created performance dispersion amongst AIMS' managers. A long bias to equities in both developed and emerging markets contributed in aggregate. In currencies, short exposure to EUR aided performance. Emerging market macro managers realized losses in March from long exposure to Argentine government bonds and a short bias to USD. Volatility trading managers experienced flat performance for the month, resulting from rising implied volatility in the U.S. and European equity markets, but falling implied volatility in U.S. rates. Fixed income relative value and multi-strategy relative value managers were also flat this month.

CTAs were strongly up in March and have become positive for the year-to-date in aggregate. Gains over the month were concentrated within fixed income where managers benefited from long positions in bonds and interest rates across multiple regions with the largest gains coming from Europe, US, and Australia. Outside fixed income, trading in currencies was also positive with a short bias to EUR and CAD accounting for most gains.

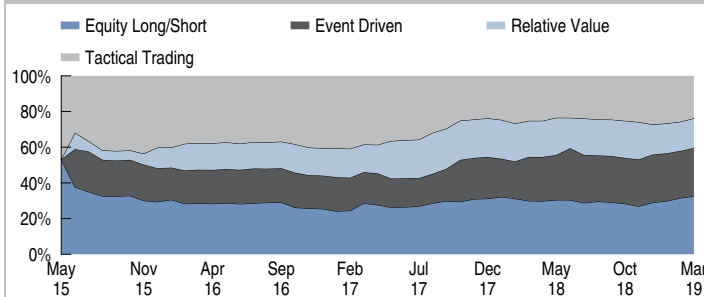
Monthly & Cumulative Net Returns¹



Contribution to Return by Sector²



Historical Sector Allocations³



Performance & Characteristics¹

| | Cumulative (%) | | | Annualized (%) | | | | | Max. Drawdown (%) | - MSCI World USD - | | - Barclays Agg - | | Sharpe Ratio ⁵ | Inception Date |
|---|----------------|-------|-------|----------------|------|-----|------------------|---------|-------------------|--------------------|-------|------------------|-------|---------------------------|----------------|
| | MTD | QTD | YTD | 1Y | 3Y | 5Y | ITD ⁴ | Vol ITD | | Correlation | Beta | Correlation | Beta | | |
| LACERA (A1) | 0.75 | 3.02 | 3.02 | 0.85 | 3.06 | N/A | 1.92 | 3.08 | -3.61 | 0.64 | 0.18 | -0.08 | -0.09 | 0.21 | May 15 |
| HFRX Global Hedge Fund Index | -0.17 | 2.60 | 2.60 | -3.32 | 1.95 | N/A | -0.53 | 4.14 | -8.95 | 0.89 | 0.33 | 0.01 | 0.01 | -0.43 | May 15 |
| MSCI World Index Hedged USD | 1.42 | 12.27 | 12.27 | 5.48 | 9.69 | N/A | 5.35 | 11.18 | -13.24 | 1.00 | 1.00 | -0.05 | -0.19 | 0.37 | May 15 |
| Bloomberg Barclays Aggregate Bond Index | 1.92 | 2.94 | 2.94 | 4.48 | 2.03 | N/A | 2.16 | 2.84 | -3.28 | -0.05 | -0.01 | 1.00 | 1.00 | 0.31 | May 15 |
| 3 Month Libor | 0.24 | 0.68 | 0.68 | 2.46 | 1.53 | N/A | 1.26 | 0.23 | N/A | N/A | N/A | N/A | N/A | N/A | May 15 |

For Existing Investors Only. Past performance does not guarantee future results, which may vary. Please refer to the Disclosures page for important information.

[1] This is the performance for Los Angeles County Employees Retirement Association (Class A, Series 1). Returns are net of underlying manager fees, Goldman Sachs incentive fees and Goldman Sachs management fees. Not all investors may be holders of this Class and this Class currently may not be available for purchase. Please refer to the offering documents of the Fund for a discussion of the differences among Classes that might impact performance. Returns are presented in USD. The figures published here are final and unaudited.

[2] Contribution data is geometrically calculated based on a monthly time series. Data will not arithmetically sum to fund total due to fund level assets and liabilities not allocated to underlying managers. Cumulative geometric returns for less than 12 months are calculated as follows: $(1+r_1)(1+r_2) \dots (1+r_n) - 1$. Annualized geometric returns for returns greater than 12 months are calculated as follows: $[(1+r_1)(1+r_2) \dots (1+r_n)]^{12/n} - 1$.

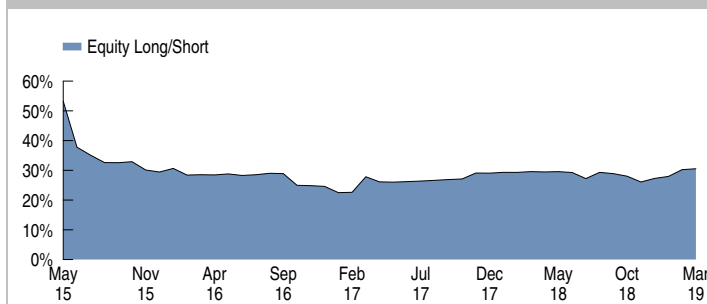
[3] Based on invested assets. The investment manager may change the allocations over time. The allocations noted should not be deemed representative of allocations in the future. All the allocations were done using the portfolio's valuations at month-end.

[4] Returns less than 12 months are cumulative, not annualized.

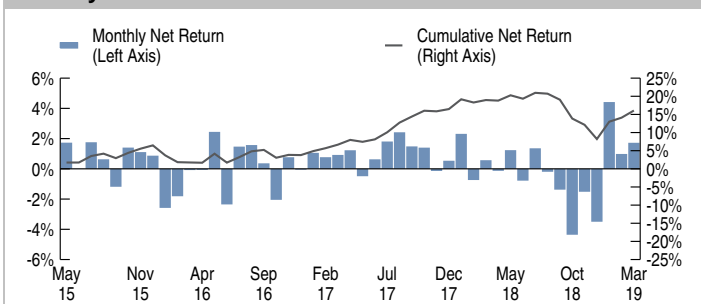
[5] The 3 Month Libor (USD) rate is used for this calculation.

Sector Level Returns — Equity Long/Short

Historical Sector Allocations¹



Monthly & Cumulative Net Returns²

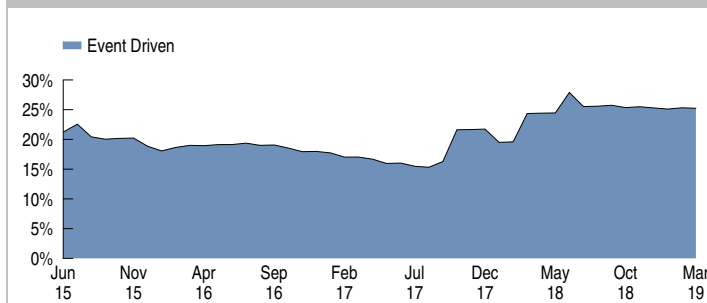


Performance & Characteristics^{2,3}

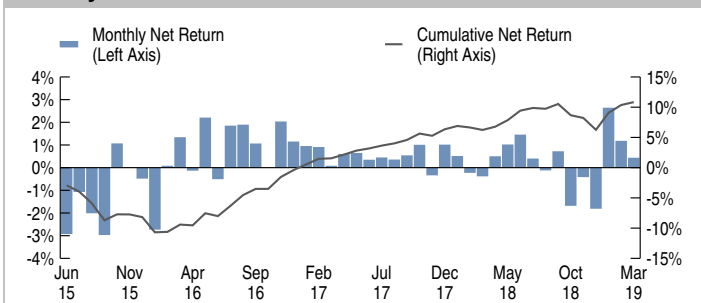
| | Weight ¹ (%) | Cumulative (%) | | | Annualized (%) | | | | Vol ITD | Max. Drawdown (%) | - MSCI World USD - | | - Barclays Agg - | | Sharpe Ratio ⁵ | Inception Date | End Date |
|--------------|-------------------------|----------------|------|------|----------------|------|-----|------------------|---------|-------------------|--------------------|------|------------------|-------|---------------------------|----------------|----------|
| | | MTD | QTD | YTD | 1Y | 3Y | 5Y | ITD ⁴ | | | Correlation | Beta | Correlation | Beta | | | |
| Performance | 30.52 | 1.72 | 7.26 | 7.26 | -2.43 | 4.48 | N/A | 3.88 | 5.72 | -10.53 | 0.67 | 0.34 | -0.06 | -0.13 | 0.46 | May 15 | Mar 19 |
| Contribution | N/A | 0.56 | 2.16 | 2.16 | -0.58 | 1.31 | N/A | 1.27 | 1.72 | N/A | N/A | N/A | N/A | N/A | N/A | May 15 | Mar 19 |

Sector Level Returns — Event Driven

Historical Sector Allocations¹



Monthly & Cumulative Net Returns²



Performance & Characteristics^{2,3}

| | Weight ¹ (%) | Cumulative (%) | | | Annualized (%) | | | | Vol ITD | Max. Drawdown (%) | - MSCI World USD - | | - Barclays Agg - | | Sharpe Ratio ⁵ | Inception Date | End Date |
|--------------|-------------------------|----------------|------|------|----------------|------|-----|------------------|---------|-------------------|--------------------|------|------------------|-------|---------------------------|----------------|----------|
| | | MTD | QTD | YTD | 1Y | 3Y | 5Y | ITD ⁴ | | | Correlation | Beta | Correlation | Beta | | | |
| Performance | 25.24 | 0.44 | 4.31 | 4.31 | 4.33 | 6.96 | N/A | 2.72 | 4.46 | -10.69 | 0.76 | 0.30 | -0.11 | -0.18 | 0.32 | Jun 15 | Mar 19 |
| Contribution | N/A | 0.12 | 1.14 | 1.14 | 1.16 | 1.40 | N/A | 0.56 | 0.97 | N/A | N/A | N/A | N/A | N/A | N/A | Jun 15 | Mar 19 |

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[1] Based on the end equity value of the Fund. Allocations as of March 2019. The investment manager may change the allocations over time. The allocations noted should not be deemed representative of allocations in the future. The returns presented above are net of manager management and incentive fees, but do not reflect the fees paid to GS Hedge Fund Strategies LLC.

[2] This is the performance for the Fund classification of Los Angeles County Employees Retirement Association. Returns are presented in USD. The figures published here are final and unaudited.

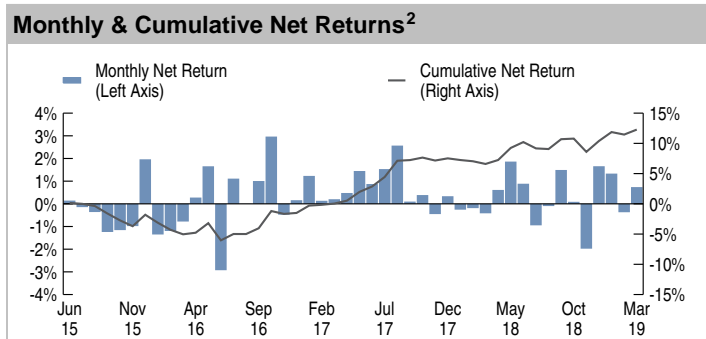
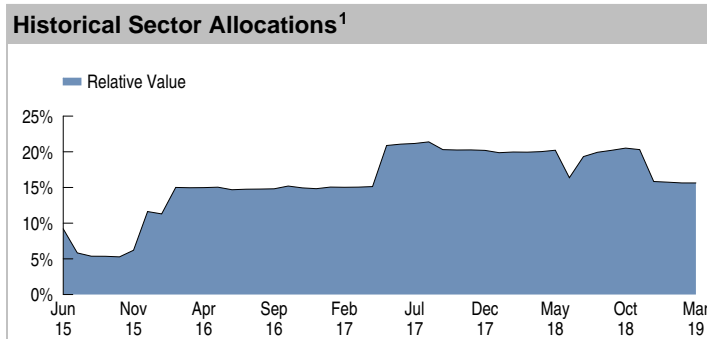
[3] Contribution data is geometrically calculated based on a monthly time series. Data will not arithmetically sum to fund total due to fund level assets and liabilities not allocated to underlying managers. Cumulative geometric returns for less than 12 months are calculated as follows: $(1+r_1)(1+r_2)...(1+r_n)-1$. Annualized geometric returns for returns greater than 12 months are calculated as follows:

$[(1+r_1)(1+r_2)...(1+r_n)]^{1/2m}-1$.

[4] Returns less than 12 months are cumulative, not annualized.

[5] The 3 Month Libor (USD) rate is used for this calculation.

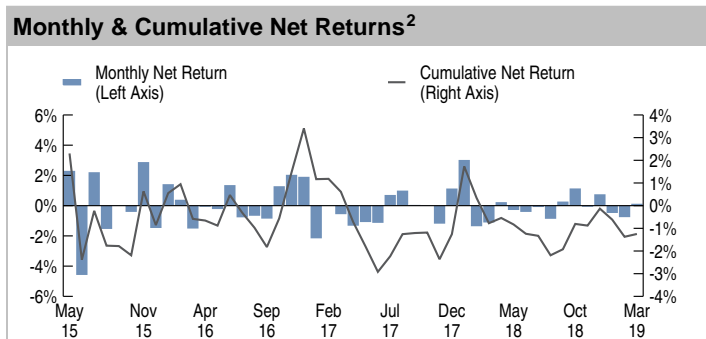
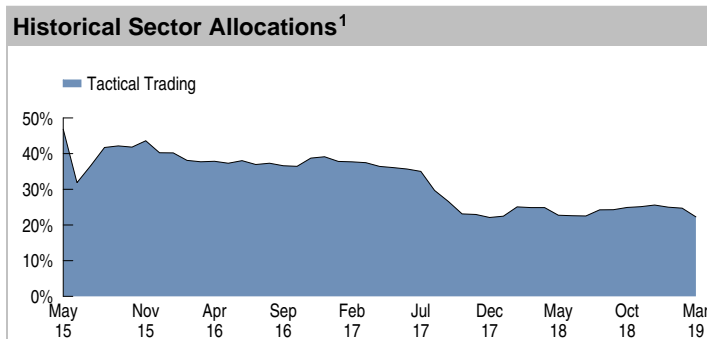
Sector Level Returns — Relative Value



Performance & Characteristics 2,3

| | Weight ¹ (%) | Cumulative (%) | | | Annualized (%) | | | | Max. Drawdown (%) | - MSCI World USD - | | - Barclays Agg - | | Sharpe Ratio ⁵ | Inception Date | End Date | |
|--------------|-------------------------|----------------|------|------|----------------|------|-----|------------------|-------------------|--------------------|-------------|------------------|-------------|---------------------------|----------------|----------|--------|
| | | MTD | QTD | YTD | 1Y | 3Y | 5Y | ITD ⁴ | | Vol ITD | Correlation | Beta | Correlation | | | | Beta |
| Performance | 15.63 | 0.74 | 1.70 | 1.70 | 5.33 | 5.74 | N/A | 3.07 | 4.09 | -6.17 | 0.02 | 0.01 | -0.07 | -0.11 | 0.44 | Jun 15 | Mar 19 |
| Contribution | N/A | 0.12 | 0.29 | 0.29 | 0.90 | 1.04 | N/A | 0.70 | 0.69 | N/A | N/A | N/A | N/A | N/A | N/A | Jun 15 | Mar 19 |

Sector Level Returns — Tactical Trading



Performance & Characteristics 2,3

| | Weight ¹ (%) | Cumulative (%) | | | Annualized (%) | | | | Max. Drawdown (%) | - MSCI World USD - | | - Barclays Agg - | | Sharpe Ratio ⁵ | Inception Date | End Date | |
|--------------|-------------------------|----------------|-------|-------|----------------|-------|-----|------------------|-------------------|--------------------|-------------|------------------|-------------|---------------------------|----------------|----------|--------|
| | | MTD | QTD | YTD | 1Y | 3Y | 5Y | ITD ⁴ | | Vol ITD | Correlation | Beta | Correlation | | | | Beta |
| Performance | 22.27 | 0.13 | -1.12 | -1.12 | -0.48 | -0.22 | N/A | -0.32 | 4.88 | -6.11 | 0.07 | 0.03 | -0.01 | -0.02 | -0.32 | May 15 | Mar 19 |
| Contribution | N/A | 0.03 | -0.30 | -0.30 | -0.12 | -0.11 | N/A | -0.01 | 1.76 | N/A | N/A | N/A | N/A | N/A | N/A | May 15 | Mar 19 |

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[1] Based on the end equity value of the Fund. Allocations as of March 2019. The investment manager may change the allocations over time. The allocations noted should not be deemed representative of allocations in the future. The returns presented above are net of manager management and incentive fees, but do not reflect the fees paid to GS Hedge Fund Strategies LLC.

[2] This is the performance for the Fund classification of Los Angeles County Employees Retirement Association. Returns are presented in USD. The figures published here are final and unaudited.

[3] Contribution data is geometrically calculated based on a monthly time series. Data will not arithmetically sum to fund total due to fund level assets and liabilities not allocated to underlying managers. Cumulative geometric returns for less than 12 months are calculated as follows: $(1+r_1)(1+r_2)...(1+r_n)-1$. Annualized geometric returns for returns greater than 12 months are calculated as follows:

$[(1+r_1)(1+r_2)...(1+r_n)]^{1/2m}-1$.

[4] Returns less than 12 months are cumulative, not annualized.

[5] The 3 Month Libor (USD) rate is used for this calculation.

Manager Level — Cumulative Manager Performance^{1,2} (%)

| Manager | Classification | Weight ³ | MTD | | QTD | | YTD | | Inception Date | End Date |
|--|-----------------------|---------------------|-------------|-------------|--------------|--------------|--------------|--------------|----------------|---------------|
| | | | Return | Contrib. | Return | Contrib. | Return | Contrib. | | |
| Equity Long/Short | | | | | | | | | | |
| Palestra Capital | United States | 6.11 | 1.52 | 0.31 | 9.91 | 1.99 | 9.91 | 1.99 | Jun 15 | Mar 19 |
| Rubric Capital | Global | 5.30 | 2.57 | 0.44 | 13.39 | 2.28 | 13.39 | 2.28 | Mar 17 | Mar 19 |
| Kintbury | Europe | 5.01 | 1.74 | 0.29 | 3.83 | 0.68 | 3.83 | 0.68 | May 15 | Mar 19 |
| Lakewood | Global | 4.38 | 0.47 | 0.07 | 13.03 | 1.86 | 13.03 | 1.86 | May 15 | Mar 19 |
| BosValen | Asia | 3.77 | 0.77 | 0.10 | 1.18 | 0.14 | 1.18 | 0.14 | Aug 18 | Mar 19 |
| Deep Basin Long-Short Fund | United States | 2.07 | 2.99 | 0.20 | 0.37 | 0.02 | 0.37 | 0.02 | Feb 19 | Mar 19 |
| Deep Basin Long-Short Fund | United States | 1.99 | 3.09 | 0.20 | -6.03 | -0.49 | -6.03 | -0.49 | Nov 17 | Mar 19 |
| PFM Therapeutics | Global | 1.90 | 2.03 | 0.13 | 11.06 | 0.66 | 11.06 | 0.66 | Jul 18 | Mar 19 |
| Overall | | 30.52 | 1.72 | 0.56 | 7.26 | 2.16 | 7.26 | 2.16 | May 15 | Mar 19 |
| Event Driven | | | | | | | | | | |
| Manikay Class A3 | Multi-Strategy | 5.72 | 0.79 | 0.18 | 11.07 | 2.34 | 11.07 | 2.34 | Jun 18 | Mar 19 |
| HG Vora | Multi-Strategy | 5.67 | 0.04 | 0.01 | 5.34 | 1.19 | 5.34 | 1.19 | Oct 17 | Mar 19 |
| Empyrean Capital Partners | Multi-Strategy | 5.48 | -0.14 | -0.03 | 1.67 | 0.37 | 1.67 | 0.37 | Jul 15 | Mar 19 |
| Taconic Opportunity | Multi-Strategy | 5.07 | 1.11 | 0.22 | 2.02 | 0.41 | 2.02 | 0.41 | Mar 18 | Mar 19 |
| Palmetto Catastrophe Fund (Class H -NV) | Credit Opps - Dist | 2.00 | 0.38 | 0.03 | 0.88 | 0.07 | 0.88 | 0.07 | Jun 18 | Mar 19 |
| Palmetto Catastrophe Fund (Class H - SP) | Credit Opps - Dist | 0.96 | 0.96 | 0.04 | 0.12 | 0.00 | 0.12 | 0.00 | Jan 19 | Mar 19 |
| Warlander | Credit Opps - Dist | 0.33 | -0.41 | -0.01 | -6.63 | -0.10 | -6.63 | -0.10 | Feb 16 | Mar 19 |
| Overall | | 25.24 | 0.44 | 0.12 | 4.31 | 1.14 | 4.31 | 1.14 | Jun 15 | Mar 19 |
| Relative Value | | | | | | | | | | |
| Holocene | Equity Market Neutral | 6.00 | 1.67 | 0.64 | 2.16 | 0.82 | 2.16 | 0.82 | May 17 | Mar 19 |
| D.E. Shaw Valence Fund | Equity Market Neutral | 5.80 | 0.13 | 0.05 | 1.18 | 0.44 | 1.18 | 0.44 | Feb 16 | Mar 19 |
| ExodusPoint | Multi-Strategy | 3.84 | 0.23 | 0.06 | 1.79 | 0.44 | 1.79 | 0.44 | Aug 18 | Mar 19 |
| Overall | | 15.63 | 0.74 | 0.12 | 1.70 | 0.29 | 1.70 | 0.29 | Jun 15 | Mar 19 |
| Tactical Trading | | | | | | | | | | |
| Bridgewater Pure Alpha Major Markets II | Macro | 3.97 | -1.55 | -0.28 | -10.52 | -1.90 | -10.52 | -1.90 | May 15 | Mar 19 |
| Stone Milliner Macro | Macro | 3.66 | -0.70 | -0.12 | -1.17 | -0.19 | -1.17 | -0.19 | Jan 18 | Mar 19 |
| Dymon Asia Macro Fund | Macro | 2.89 | -0.60 | -0.08 | -2.51 | -0.31 | -2.51 | -0.31 | Jun 15 | Mar 19 |
| Glen Point Global Macro | Macro | 2.76 | 0.09 | 0.01 | 4.10 | 0.44 | 4.10 | 0.44 | Oct 17 | Mar 19 |
| Emso Saguaro | Macro | 2.70 | -0.13 | -0.02 | 2.80 | 0.30 | 2.80 | 0.30 | Feb 18 | Mar 19 |
| Crabel | Managed Futures | 2.17 | 3.50 | 0.33 | 0.24 | 0.05 | 0.24 | 0.05 | Jul 15 | Mar 19 |
| Winton Diversified Futures Fund (US) L.P | Managed Futures | 2.10 | 1.85 | 0.17 | 0.33 | 0.05 | 0.33 | 0.05 | Sep 16 | Mar 19 |
| Edgestream (Sumatra/Nias) | Managed Futures | 2.03 | 1.18 | 0.11 | 3.86 | 0.32 | 3.86 | 0.32 | Jul 15 | Mar 19 |
| Atreaus (Class F) | Macro | N/A | N/A | N/A | 1.49 | 0.14 | 1.49 | 0.14 | Jun 17 | Feb 19 |
| Overall | | 22.27 | 0.13 | 0.03 | -1.12 | -0.30 | -1.12 | -0.30 | May 15 | Mar 19 |

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[1] The returns presented above are net of manager management and incentive fees, but do not reflect the fees paid to GS Hedge Fund Strategies LLC.

[2] Contribution data is geometrically calculated based on a monthly time series. Data will not arithmetically sum to fund total due to fund level assets and liabilities not allocated to underlying managers. Cumulative geometric returns for less than 12 months are calculated as follows: $(1+r_1)^1(1+r_2)^2 \dots (1+r_n)^n - 1$. Annualized geometric returns for returns greater than 12 months are calculated as follows:

$[(1+r_1)^1(1+r_2)^2 \dots (1+r_n)^n]^{1/12} - 1$. Manager contributions are made to the Sector level while Sector contributions are made to the fund level.

[3] Based on the end equity value of the Fund. Allocations as of March 2019. The investment manager may change the allocations over time. The allocations noted should not be deemed representative of allocations in the future. Historical sector performance and contributions reflect both active and terminated managers. Managers terminated prior to the current year are excluded. For ease of presentation, active and terminated managers are shown for the current year only.

Manager Level — Annualized Manager Performance^{1,2} (%)

| Manager | Classification | Weight ³ | 1 Year | | 3 Year | | 5 Year | | ITD ⁴ | | Vol ITD | Inception Date | End Date |
|--|-----------------------|---------------------|--------------|--------------|--------------|--------------|------------|------------|------------------|--------------|-------------|----------------|---------------|
| | | | Return | Contrib. | Return | Contrib. | Return | Contrib. | Return | Contrib. | | | |
| Equity Long/Short | | | | | | | | | | | | | |
| Palestra Capital | United States | 6.11 | 5.13 | 1.07 | 12.66 | 2.40 | N/A | N/A | 10.13 | 1.93 | 8.48 | Jun 15 | Mar 19 |
| Rubric Capital | Global | 5.30 | -5.65 | -1.08 | N/A | N/A | N/A | N/A | 5.40 | 1.09 | 11.20 | Mar 17 | Mar 19 |
| Kintbury | Europe | 5.01 | 2.28 | 0.39 | -1.11 | -0.34 | N/A | N/A | 2.89 | 0.50 | 10.41 | May 15 | Mar 19 |
| Lakewood | Global | 4.38 | 0.31 | 0.14 | 5.60 | 0.98 | N/A | N/A | 4.49 | 0.89 | 9.91 | May 15 | Mar 19 |
| BosValen | Asia | 3.77 | N/A | N/A | N/A | N/A | N/A | N/A | -7.85 | -0.60 | N/A | Aug 18 | Mar 19 |
| Deep Basin Long-Short Fund | United States | 2.07 | N/A | N/A | N/A | N/A | N/A | N/A | 0.37 | 0.02 | N/A | Feb 19 | Mar 19 |
| Deep Basin Long-Short Fund | United States | 1.99 | -1.97 | -0.18 | N/A | N/A | N/A | N/A | 4.85 | 0.29 | 9.95 | Nov 17 | Mar 19 |
| PFM Therapeutics | Global | 1.90 | N/A | N/A | N/A | N/A | N/A | N/A | -20.44 | -1.76 | N/A | Jul 18 | Mar 19 |
| Overall | | 30.52 | -2.43 | -0.58 | 4.48 | 1.31 | N/A | N/A | 3.88 | 1.27 | 5.72 | May 15 | Mar 19 |
| Event Driven | | | | | | | | | | | | | |
| Manikay Class A3 | Multi-Strategy | 5.72 | N/A | N/A | N/A | N/A | N/A | N/A | 5.76 | 1.41 | N/A | Jun 18 | Mar 19 |
| HG Vora | Multi-Strategy | 5.67 | 5.71 | 1.21 | N/A | N/A | N/A | N/A | 6.43 | 1.44 | 5.43 | Oct 17 | Mar 19 |
| Empyrean Capital Partners | Multi-Strategy | 5.48 | 2.47 | 0.55 | 7.71 | 1.85 | N/A | N/A | 4.65 | 1.18 | 4.24 | Jul 15 | Mar 19 |
| Taconic Opportunity | Multi-Strategy | 5.07 | 6.60 | 1.23 | N/A | N/A | N/A | N/A | 6.17 | 1.15 | 2.18 | Mar 18 | Mar 19 |
| Palmetto Catastrophe Fund (Class H - NV) | Credit Opps - Dist | 2.00 | N/A | N/A | N/A | N/A | N/A | N/A | -4.19 | -0.55 | N/A | Jun 18 | Mar 19 |
| Palmetto Catastrophe Fund (Class H - SP) | Credit Opps - Dist | 0.96 | N/A | N/A | N/A | N/A | N/A | N/A | 0.12 | 0.00 | N/A | Jan 19 | Mar 19 |
| Warlander | Credit Opps - Dist | 0.33 | 9.00 | 0.39 | -1.88 | -0.27 | N/A | N/A | -2.73 | -0.34 | 8.48 | Feb 16 | Mar 19 |
| Overall | | 25.24 | 4.33 | 1.16 | 6.96 | 1.40 | N/A | N/A | 2.72 | 0.56 | 4.46 | Jun 15 | Mar 19 |
| Relative Value | | | | | | | | | | | | | |
| Holocene | Equity Market Neutral | 6.00 | 5.92 | 2.13 | N/A | N/A | N/A | N/A | 8.12 | 2.43 | 4.86 | May 17 | Mar 19 |
| D.E. Shaw Valence Fund | Equity Market Neutral | 5.80 | 4.82 | 1.68 | 11.04 | 3.19 | N/A | N/A | 11.28 | 3.26 | 4.95 | Feb 16 | Mar 19 |
| ExodusPoint | Multi-Strategy | 3.84 | N/A | N/A | N/A | N/A | N/A | N/A | 1.90 | 0.43 | N/A | Aug 18 | Mar 19 |
| Overall | | 15.63 | 5.33 | 0.90 | 5.74 | 1.04 | N/A | N/A | 3.07 | 0.70 | 4.09 | Jun 15 | Mar 19 |
| Tactical Trading | | | | | | | | | | | | | |
| Bridgewater Pure Alpha Major Markets II | Macro | 3.97 | 1.66 | 0.28 | 3.92 | 0.50 | N/A | N/A | -0.54 | 0.07 | 13.78 | May 15 | Mar 19 |
| Stone Milliner Macro | Macro | 3.66 | -1.38 | -0.22 | N/A | N/A | N/A | N/A | 0.46 | 0.10 | 3.42 | Jan 18 | Mar 19 |
| Dymon Asia Macro Fund | Macro | 2.89 | -4.10 | -0.49 | 0.41 | 0.03 | N/A | N/A | -1.41 | -0.26 | 6.80 | Jun 15 | Mar 19 |
| Glen Point Global Macro | Macro | 2.76 | -3.06 | -0.44 | N/A | N/A | N/A | N/A | -0.74 | -0.06 | 12.63 | Oct 17 | Mar 19 |
| Emso Saguaro | Macro | 2.70 | -3.37 | -0.42 | N/A | N/A | N/A | N/A | -2.60 | -0.33 | 4.31 | Feb 18 | Mar 19 |
| Crabel | Managed Futures | 2.17 | 3.59 | 0.37 | 2.10 | 0.28 | N/A | N/A | 3.90 | 0.43 | 8.70 | Jul 15 | Mar 19 |
| Winton Diversified Futures Fund (US) L.P | Managed Futures | 2.10 | 2.23 | 0.20 | N/A | N/A | N/A | N/A | 2.48 | 0.24 | 8.59 | Sep 16 | Mar 19 |
| Edgestream (Sumatra/Nias) | Managed Futures | 2.03 | 3.34 | 0.27 | 0.91 | 0.10 | N/A | N/A | 5.31 | 0.36 | 6.57 | Jul 15 | Mar 19 |
| Atreaus (Class F) | Macro | N/A | N/A | N/A | N/A | N/A | N/A | N/A | -2.96 | -0.27 | 5.26 | Jun 17 | Feb 19 |
| Overall | | 22.27 | -0.48 | -0.12 | -0.22 | -0.11 | N/A | N/A | -0.32 | -0.01 | 4.88 | May 15 | Mar 19 |

For Existing Investors Only. Past performance does not guarantee future results, which may vary. Please refer to the Disclosures page for important information.

[1] The returns presented above are net of manager management and incentive fees, but do not reflect the fees paid to GS Hedge Fund Strategies LLC.

[2] Contribution data is geometrically calculated based on a monthly time series. Data will not arithmetically sum to fund total due to fund level assets and liabilities not allocated to underlying managers. Cumulative geometric returns for less than 12 months are calculated as follows: $(1+r_1)(1+r_2) \dots (1+r_n)-1$. Annualized geometric returns for returns greater than 12 months are calculated as follows:

$[(1+r_1)(1+r_2) \dots (1+r_n)]^{1/2m}-1$. Manager contributions are made to the Sector level while Sector contributions are made to the fund level.

[3] Based on the end equity value of the Fund. Allocations as of March 2019. The investment manager may change the allocations over time. The allocations noted should not be deemed representative of allocations in the future. Historical sector performance and contributions reflect both active and terminated managers. Managers terminated prior to the current year are excluded. For ease of presentation, active and terminated managers are shown for the current year only.

[4] Returns less than 12 months are cumulative, not annualized.

LACERA

Investment Guidelines Summary



| Performance Objectives | Investment Guidelines | LACERA Portfolio | Measurement Period | In Compliance? | Date of Certification |
|--|--|-------------------|--------------------|----------------|-----------------------|
| •Target annualized return | | | | | |
| –Absolute: 3-month T-Bills + 500bps SI to Feb19 and 250 bps onward | 6.3% | 3.1% | 3 year rolling | No | 3/31/2019 |
| –Relative: HFRX Global Hedge Fund Index | 1.9% | 3.1% | 3 year rolling | Yes | 3/31/2019 |
| •Target range of annualized volatility | 3.0% – 8.0% | 2.6% | 3 year rolling | No | 3/31/2019 |
| •Sharpe ratio | 0.4-0.8 | 0.6 | 3 year rolling | Yes | 3/31/2019 |
| •Beta to equity markets | 0.2 | 0.2 ¹ | 3 year rolling | Yes | 3/31/2019 |
| •Beta to fixed income markets | 0.2 | -0.1 ² | 3 year rolling | Yes | 3/31/2019 |
| Capital Allocation Constraints | | | | | |
| •Number of investment managers | 15-35 | 24 | Monthly | Yes | 3/31/2019 |
| | Equity Hedge: 10-50% | 30.5% | Monthly | Yes | 3/31/2019 |
| | Event Driven: 10-50% | 25.2% | Monthly | Yes | 3/31/2019 |
| •Target/compliance range of allocation to strategies (at market) | Directional/Tactical: 10-50% | 22.3% | Monthly | Yes | 3/31/2019 |
| | Relative Value: 0-40% | 15.6% | Monthly | Yes | 3/31/2019 |
| | Other Assets / Liabilities (cash): <5% | 6.3% | Monthly | No | 3/31/2019 |
| •Maximum allocation to a single fund (at market) | 10% | 6.1% | Monthly | Yes | 3/31/2019 |
| •Maximum allocation to a single advisor (at market) | 15% | 6.1% | Monthly | Yes | 3/31/2019 |
| •Maximum percentage ownership of a single fund | 30% | 5.7% | Quarterly | Yes | 3/31/2019 |
| Downside Risk Case (See risk report) | | | | | |
| •Portfolio-level RoR Impact of Severe Case Loss (at market) | 25% | 20.2% | Monthly | Yes | 3/31/2019 |
| •Severe Case Loss in a single fund (at market) | <3% Capital at Risk | 1.4% | Monthly | Yes | 3/31/2019 |
| •Severe Case Loss in a single advisor (at market) | <6% Capital at Risk | 1.4% | Monthly | Yes | 3/31/2019 |
| Liquidity | | | | | |
| •Hard lockup period of 1 year or greater | <20% | 1.9% | Monthly | Yes | 3/31/2019 |
| •Quarterly liquidity or better (excluding locks) | >75% | 82.3% | Monthly | Yes | 3/31/2019 |
| •Percent of portfolio available within 1 year (excluding locks) | >65% | 83.3% | Monthly | Yes | 3/31/2019 |
| •Hard lockup more than 2 years (not to exceed three years) | <10% | 0.0% | Monthly | Yes | 3/31/2019 |
| Leverage | | | | | |
| | Tactical Trading: 20x | 12.2 | Quarterly | Yes | 3/31/2019 |
| | Event Driven: 4x | 1.5 | Quarterly | Yes | 3/31/2019 |
| •Strategy level leverage | Equity Long / Short: 4x | 1.9 | Quarterly | Yes | 3/31/2019 |
| | Relative Value: 8x | 10.1 | Quarterly | No | 3/31/2019 |

As of March 2019. Investment guideline targets are subject to change and are current as of the date of this presentation. Investment guideline targets are objectives and do not provide any assurance as to future results.

Past performance does not guarantee future results, which may vary. Source: HFR Database © HFR, Inc. 20189 www.hedgefundresearch.com. Pertrac Indices Database, www.msci.com, www.barcap.com.

1. Beta to equity markets represents the LACERA portfolio's beta to the MSCI World Index Hedged USD. 2. Beta to fixed income markets represents the LACERA portfolio's beta to the Barclays Aggregate Bond Index.



Additional Information

The information contained herein is non-public and proprietary in nature and may constitute trade secrets under California law, the disclosure of which could have adverse effects on Goldman Sachs or the Fund described herein and its investments. This information includes a detailed account of investment strategy based on proprietary methods and techniques of an financial analysis and valuation, which is used in Goldman Sachs' businesses. Goldman Sachs has taken reasonable efforts to preserve the confidential nature of this information and derives independent economic value from the fact that such methods and techniques are not widely known. The following confidential information was prepared by Goldman Sachs solely in connection with a proposed investment in the Fund described herein by LACERA and may not be disclosed, reproduced or used for any other purposes. The following confidential information may be excepted from public disclosure pursuant to Section 6254.15 of the California Government Code, or alternatively pursuant to Section 6254.26 of the California Government Code. Any information provided by or on behalf of the Fund must be returned upon request of Goldman Sachs. Please advise Goldman Sachs if LACERA is subject to any additional entity-specific (including, but not limited to, pursuant to internal policies) Freedom of Information Act or similar open records disclosure requirements before any disclosure pursuant to such requirements is made.

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Hedge funds and other private investment funds (collectively, "Alternative Investments") are subject to less regulation than other types of pooled investment vehicles such as mutual funds. Alternative Investments may impose significant fees, including incentive fees that are based upon a percentage of the realized and unrealized gains and an individual's net returns may differ significantly from actual returns. Such fees may offset all or a significant portion of such Alternative Investment's trading profits. Alternative Investments are not required to provide periodic pricing or valuation information. Investors may have limited rights with respect to their investments, including limited voting rights and participation in the management of such Alternative Investments.

Alternative Investments often engage in leverage and other investment practices that are extremely speculative and involve a high degree of risk. Such practices may increase the volatility of performance and the risk of investment loss, **including the loss of the entire amount that is invested**. There may be conflicts of interest relating to the Alternative Investment and its service providers, including Goldman Sachs and its affiliates. Similarly, interests in an Alternative Investment are highly illiquid and generally are not transferable without the consent of the sponsor, and applicable securities and tax laws will limit transfers.

Index Benchmarks

Indices are unmanaged. The figures for the index reflect the reinvestment of all income or dividends, as applicable, but do not reflect the deduction of any fees or expenses which would reduce returns. Investors cannot invest directly in indices.

The indices referenced herein have been selected because they are well known, easily recognized by investors, and reflect those indices that the Investment Manager believes, in part based on industry practice, provide a suitable benchmark against which to evaluate the investment or broader market described herein. The exclusion of "failed" or closed hedge funds may mean that each index overstates the performance of hedge funds generally.

MSCI World Index

The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index consists of the following 23 developed market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States. The index is calculated without dividends, with net or with gross dividends reinvested, in both US dollars and local currencies. Source: PerTrac Indices Database, www.msldata.com.

Barclays Aggregate Bond Index

The Barclays Capital U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. Source: PerTrac Indices Database, www.barcap.com

HFRX Global Hedge Fund Index

The HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry. Source: HFR Database © HFR, Inc. 2015, www.hedgefundresearch.com. Please note that HFRX performance indications are based on preliminary estimates.

General Disclosures

Past performance does not guarantee future results, which may vary. The value of investments and the income derived from investments will fluctuate and can go down as well as up. A loss of principal may occur.

Although certain information has been obtained from sources believed to be reliable, we do not guarantee its accuracy, completeness or fairness. We have relied upon and assumed without independent verification, the accuracy and completeness of all information available from public sources.

Goldman Sachs Hedge Fund Strategies LLC is a U.S. registered investment adviser, is part of Goldman Sachs Asset Management and is a wholly owned subsidiary of The Goldman Sachs Group, Inc. References to indices, benchmarks or other measures of relative market performance over a specified period of time are provided for your information only and do not imply that the portfolio will achieve similar results. The index composition may not reflect the manner in which a portfolio is constructed. While an adviser seeks to design a portfolio which reflects appropriate risk and return features, portfolio characteristics may deviate from those of the benchmark.

The strategy may include the use of derivatives. Derivatives often involve a high degree of financial risk because a relatively small movement in the price of the underlying security or benchmark may result in a disproportionately large movement in the price of the derivative and are not suitable for all investors. No representation regarding the suitability of these instruments and strategies for a particular investor is made.

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LACERA Direct Portfolio

Portfolio Fund Summary

LACERA Direct Portfolio Summary (March 31, 2019)

| Investment Manager and Fund | Inception Date | QTD Opening Balance | QTD Subscriptions / (Redemptions) | QTD Gain / (Loss) | QTD Ending Balance | % of Direct HF Program (3/31/2019) | Direct Portfolio Returns ¹ | | | | |
|---|----------------|---------------------------|---|-------------------------|--------------------------|---|---------------------------------------|--------------|---------------|----------|---------------|
| | | | | | | | 1Q 2019 | YTD | 1 Year | 3 Year | ITD |
| Multi-Strategy | | | | | | | | | | | |
| AQR Liquid Enhanced Alternative Premia Fund, L.P. | 4/1/2018 | 66,283,586 | | 1,536,974 | 67,820,560 | 12.7% | 2.32% | 2.32% | -9.57% | - | -9.57% |
| Davidson Kempner Institutional Partners, L.P. | 4/1/2018 | 100,057,345 | 5,000,000 | 2,346,633 | 107,403,978 | 20.1% | 2.31% | 2.31% | 3.01% | - | 3.01% |
| HBK Multi-Strategy Fund L.P. | 5/1/2018 | 127,830,266 | | 1,809,770 | 129,640,036 | 24.2% | 1.42% | 1.42% | - | - | 3.71% |
| Multi-Strategy Total | | 294,171,197 | 5,000,000 | 5,693,377 | 304,864,574 | 57.0% | 1.93% | 1.93% | -0.91% | - | -0.91% |
| Relative Value | | | | | | | | | | | |
| PIMCO Tactical Opportunities Fund L.P. | 11/1/2018 | 49,487,231 | 75,000,000 | 2,990,841 | 127,478,072 | 23.8% | 2.40% | 2.40% | - | - | 1.35% |
| Capula Global Relative Value Fund L.P. | 12/1/2018 | 100,143,490 | | 2,230,601 | 102,374,091 | 19.1% | 2.23% | 2.23% | - | - | 2.37% |
| Relative Value Total | | 149,630,721 | 75,000,000 | 5,221,443 | 229,852,163 | 43.0% | 2.32% | 2.32% | - | - | 1.94% |
| Total Direct Portfolio | | 443,801,918 | 80,000,000 | 10,914,820 | 534,716,737 | 100.0% | 2.10% | 2.10% | -0.75% | - | -0.75% |

¹ Does not include the impact of cash movements (subscriptions and redemptions) on portfolio returns. State Street Bank, LACERA's official book of record, calculated a one-year return of the direct portfolio of -0.53%. State Street Bank includes the impact of cash movements in their performance calculation each month, in which the fund returns are lagged by one month, which accounts for the difference in performance.

LACERA - DIRECT PORTFOLIO

Investment Guidelines Summary (as of March 31, 2019)

| Performance Objectives | Investment Guidelines | LACERA Direct Portfolio | Measurement Period | In Compliance? |
|---|---|-------------------------|--------------------|----------------|
| •Target annualized return | | | | |
| –Absolute: 3-month T-Bills + 250 bps ¹ | 7.00% | -0.75% | ITD | n/a |
| –Relative: HFRX Global Hedge Fund Index | -3.32% | -0.75% | ITD | n/a |
| •Target range of annualized volatility | 3.0% – 8.0% | n/a | 3 year rolling | n/a |
| •Beta to equity markets referencing MSCI ACWI | < 0.2 | n/a | 3 year rolling | n/a |
| Capital Allocation Constraints | | | | |
| •Number of investment managers | 8 to 20 | 5 | Quarterly | n/a |
| •Minimum allocation to a single fund (at market) | \$5 million | \$75 million | Quarterly | Yes |
| •Maximum percentage ownership of a single fund | 35% | 17% | Quarterly | Yes |
| •Maximum exposure to an investment manager across multiple funds | 20% of Direct HF Portfolio (fully invested) | n/a | Quarterly | n/a |
| Downside Risk Case | | | | |
| •Portfolio-level RoR Impact of Severe Case Loss (at market) | > -10% | n/a | Quarterly | n/a |
| Liquidity | | | | |
| •Remaining lock up period of 1 year or greater | < 40% | 14.3% | Quarterly | Yes |
| •Remaining lock up period of 2 year or greater | < 25% | 4.8% | Quarterly | Yes |
| •Remaining lock up period of 3 year or greater | < 10% | 0.0% | Quarterly | Yes |
| •Remaining lock up period of 5 year or greater | 0% | 0.0% | Quarterly | Yes |
| •Minimum invested as % of portfolio asset value in funds where full or partial liquidity is available within one quarter (excluding notification periods and after lock-up expires) | > 40% | 76.2% | Quarterly | Yes |
| •Minimum invested in funds liquid within 1 year (excluding notification periods and after lock-up expires) | > 65% | 85.7% | Quarterly | Yes |
| Leverage | | | | |
| | Macro / Tactical Trading: 20x | n/a | Quarterly | n/a |
| | Event Driven: 4x | n/a | Quarterly | n/a |
| •Strategy level leverage | Equity Hedge: 4x | n/a | Quarterly | n/a |
| | Relative Value: 8x | 11.3 | Quarterly | n/a |
| | Multi-Strategy: 5x | 4.7 | Quarterly | n/a |

¹ Reflects hedge funds benchmark which is 90-Day U.S. T-Bills plus 250 basis points annually beginning March 1, 2019 and 90-Day U.S. T-Bills plus 500 basis points annually for periods prior to March 1, 2019.

Disclosures

In the interest of transparency, Investment Staff would like to document the following two personal relationships that exist between LACERA staff and hedge fund managers where LACERA is invested. Staff have openly disclosed these relationships to avoid any perception of conflict or bias.

Jonathan Grabel, LACERA's Chief Investment Officer, and Ashish Kishore, a Partner at Manikay Partners, LLC have a long-standing, personal friendship that dates back over 20 years. Manikay Partners runs a hedge fund held by LACERA in the fund of funds portfolio managed by Goldman Sachs Asset Management. The following details are provided to establish the independence of the institutional relationship between LACERA and Manikay Partners relative to the personal relationship between Messrs. Grabel and Kishore: (1) Mr. Grabel's relationship with Mr. Kishore pre-dates the employment of Mr. Grabel as CIO of LACERA in 2017 and LACERA's investment in Manikay pre-dates Mr. Grabel's employment at LACERA; (2) Goldman Sachs has had and maintains full discretion, within established guidelines, for selecting or terminating fund managers, including the Manikay Fund, in its portfolio; and (3) Mr. Grabel disclosed that he has no current or former financial relationship with Mr. Kishore and has had no communication about LACERA's investment with Manikay with him.

James Rice, Principal Investment Officer at LACERA, and Kathleen Salvaty, Vice President Legal at AQR, have a personal friendship that dates back five years. AQR runs the Liquid Enhanced Alternative Premia Fund held by LACERA in its direct hedge fund portfolio. The following details are provided to establish the independence of the institutional relationship between LACERA and AQR relative to the personal relationship between Mr. Rice and Ms. Salvaty: (1) Even though Mr. Rice's relationship with Ms. Salvaty pre-dates Staff's recommendation of AQR to its direct portfolio in December 2017 and initial investment in April 2018, Mr. Rice only became aware that Ms. Salvaty had been hired by and accepted a position with AQR in May 2018, after LACERA was already invested in the AQR Fund. Ms. Salvaty also became aware of Mr. Rice's business relationship with AQR at that same time and no ongoing communication about LACERA's investment with AQR has been occurring; (2) Mr. Rice did not introduce Ms. Salvaty to AQR and had no communication with the firm or her about her potential employment during the hiring process; and (3) Mr. Rice disclosed that he has no current or former financial relationship with Ms. Salvaty.



Glossary of Hedge Fund Terms

Hedge Fund Strategies

Overview

- **Credit strategies**
 - › Directional and relative value investments in debt securities, credit derivatives and related instruments
 - › Strategies include long-biased credit, long/short credit, structured credit and mortgage credit
 - › Hedging investments include short credit index, individual short, credit default swap and sovereign credit investments
- **Relative value strategies**
 - › Trades constructed to capitalize on perceived mispricings of one instrument relative to another or one maturity relative to another for a given instrument
 - › Generally less dependent on market direction
 - › Strategies include convertible arbitrage, statistical arbitrage, fixed income arbitrage and option volatility arbitrage
- **Equities strategies**
 - › Purchases (buying long) and/or sales (selling short) of equities based on fundamental and/or quantitative analysis and other factors
 - › Managers typically seek to capitalize on discrepancies between their assessment of security valuations and current market prices
 - › Strategies include long-biased hedged equities, less-correlated hedged equities and activist
- **Quantitative strategies**
 - › Utilizes a combination of researcher insights, statistical analysis and technology in seeking to parse data, identify alpha signals, construct efficient portfolios and execute with minimal transaction costs
 - › Invests across liquid asset classes and instruments and seeks to generate an uncorrelated return stream
 - › Directional quantitative strategies take directional positions in themes and across instruments
 - › Non-directional quantitative strategies implement a beta neutral or low-net approach; may limit risk premia factor exposure

There can be no assurance that any fund will achieve its objectives or avoid losses.

Hedge Fund Strategies

Overview (continued)

■ Event driven strategies

- › Investments that seek to exploit situations in which an announced or anticipated event creates inefficiencies in the pricing of securities
- › Potential events include mergers, acquisitions, recapitalizations, bankruptcies and litigation decisions
- › Strategies include risk arbitrage and diversified event driven

■ Macro strategies

- › Investments based on analyses and forecasts of macroeconomic trends, including governmental and central bank policies, fiscal trends, trade imbalances, interest rate trends and inter-country relations
- › Strategies include discretionary and systematic

■ Commodities strategies

- › Investments across global commodity markets based on an analysis of factors, including supply and demand, legislative and environmental policies, trends in growth rates and resource consumption, global monetary and trade policy, geopolitical events and technical factors
- › Strategies may be long/short directional, spread-oriented or volatility-oriented
- › Strategies include discretionary and systematic

■ Portfolio hedging strategies

- › Investments designed to reduce a portfolio's overall exposure to various systemic risks and intended to provide protection during broad market downturns
- › Strategies include dedicated short equity, synthetic short equity, dedicated short credit and tail risk protection

Hedge Fund Strategies

Overview

| Equity | Credit | Relative value | Tactical trading | Hedging strategies |
|---|--|---|---|--|
| <ul style="list-style-type: none">▪ Fundamental long/short<ul style="list-style-type: none">› Long-biased› Neutral› Short-biased› Variable▪ Activist▪ Trading-oriented long/short▪ Event driven<ul style="list-style-type: none">› Merger arbitrage› Spin-offs› Recapitalizations› Special situations▪ Regional focus▪ Sector specialist | <ul style="list-style-type: none">▪ Long/short▪ Directional credit<ul style="list-style-type: none">› Bank debt› Distressed securities› Mezzanine debt› Direct lending▪ Structured credit<ul style="list-style-type: none">› Residential mortgages (RMBS)› Commercial mortgages (CMBS)› Other Asset-Backed Securities (ABS) | <ul style="list-style-type: none">▪ Convertible bond arbitrage▪ Fixed income arbitrage▪ Option volatility arbitrage▪ Statistical arbitrage | <ul style="list-style-type: none">▪ Global macro<ul style="list-style-type: none">› Discretionary› Systematic▪ Commodities<ul style="list-style-type: none">› Relative value› Directional› Systematic▪ Quantitative<ul style="list-style-type: none">› Non-Directional› Directional | <ul style="list-style-type: none">▪ Short equity▪ Short credit▪ Synthetic put convertible bond arbitrage▪ Tail risk “protection” strategies |

Risk Measure

Leverage

FOR ILLUSTRATIVE PURPOSES ONLY. NOT INTENDED TO PRESENT DATA RELATED TO ANY FUND.

The leverage of investments within a portfolio should be understood within the context of the portfolio's volatility or variance.

Leverage illustrations

- Buy equity shares on margin
 - › Apple stock: \$345
 - › Initial margin: 20%
 - › Leverage = $(\$345 / \$69) = 5x$
- Buy a futures contract on margin
 - › S&P 500 Index: 1330
 - › E-mini futures notional value: \$66,500 ($\$50 * 1330$)
 - › Exchange margin: \$3,500
 - › Leverage = $\$66,500 / \$3,500 = 19x$
- Buy a credit default swap (CDS)
 - › Purchase \$100 million notional protection for 5 years on General Electric's senior debt costing 115 bps a year
 - › Leverage = $\$100\text{mm} / (\$1.15\text{mm} * 5) = 17x$
- Borrow money to buy a bond
 - › Term financing on commercial mortgage-backed security collateral. 2 year term, cost is LIBOR + 150 bps, haircuts (margin) are 25%.
 - › 25% margin = 4x leverage

Goal

- Understand how leverage can magnify returns, both positive and negative
- Understand that levered investments may have higher volatility

Formula

$$\text{Leverage} = \frac{\text{Notional Exposure}}{\text{Capital Exposure}}$$

History

- Excessive use of leverage has been the source of many financial crises

Usefulness

- Some types of leverage are risk mitigating
- Should carefully examine levered investments to understand whether use of leverage is prudent

Limitations

- Various sources of leverage
 - › Borrowing
 - › Inherent to instrument
- Terminology can be confusing
 - › Leverage versus exposure

Risk Measure

Liquidity

FOR ILLUSTRATIVE PURPOSES ONLY. NOT INTENDED TO PRESENT DATA RELATED TO ANY FUND.

The liquidity of investments within a portfolio should be understood within the context of the portfolio's volatility or variance.

Liquidity illustration

| Investment | Liquidity |
|----------------|--|
| Equity | Daily, in many cases |
| Fixed Income | Daily, in many cases |
| Hedge Funds | <ul style="list-style-type: none">▪ Varies from monthly liquidity to multi-year lockups▪ Quarterly or semi-annual liquidity is common |
| Private Equity | 5-10 year duration |
| Real Estate | Multi year |

| | |
|-------------|--|
| Goal | Understand ability to liquidate investments, especially during crises |
| Measures | Time needed to liquidate investment without incurring a material negative price impact as a result of the sale |
| History | <ul style="list-style-type: none">▪ Liquidity typically “dries up” during financial crises▪ Less liquid investments<ul style="list-style-type: none">› May be more volatile than their return streams indicate› Have higher expected returns |
| Usefulness | <ul style="list-style-type: none">▪ Liquidity indicates how quickly cash may be raised▪ Liquidity informs the reliability of certain risk statistics when evaluating an investment |
| Limitations | Assessment influenced by the chosen representative market environment |

The Gabriel Funds

Notes and Disclosures

In reviewing this presentation relating to San Gabriel Fund, L.P. (the “Gabriel”) or San Gabriel Fund 3, L.P. (“Gabriel 3” together with Gabriel, the “Gabriel Funds”), you should consider the following:

Gabriel commenced operations on October 1, 2011.

Gabriel 3 commenced investment operations on February 1, 2016.

To the extent this report includes the performance of the Gabriel Funds, such returns are calculated net of all fees and expenses.

Figures for 2011–2017, as applicable, are derived from books and records of the Gabriel Funds that have been audited by the Gabriel Funds’ independent public accountants.

Figures for 2018 are estimated based on unaudited books and records of the Gabriel Funds.

Target Returns, Forward Looking Estimates, and Risk Parameters

Notes and Disclosures

Target Returns, Forward Looking Estimates, and Risk Parameters: Target returns, forward looking estimates, and risk parameters are shown to illustrate the current risk/return profile of how the fund or investment is/will be managed. **Target returns, forward looking estimates, and risk parameters do not forecast, predict, or project any fund, investment, or investor return.** It does not reflect the actual or expected returns of any investor, investment, GCM fund, or strategy pursued by any GCM fund, and does not guarantee future results.

Target returns, forward looking estimates, and risk parameters:

- are based solely upon how the fund or investment is expected to be managed including, but not limited to, GCM Grosvenor's current view of the potential returns and risk parameters of the investment, investments in the GCM fund, or strategy pursued by a GCM fund;
- do not forecast, predict, or project the returns or risk parameters for any investor, investment, GCM fund, or any strategy pursued by any GCM fund; and
- are subject to numerous assumptions including, but not limited to, observed and historical market returns relevant to certain investments, asset classes, projected cash flows, projected future valuations of target assets and businesses, other relevant market dynamics (including interest rate and currency markets), anticipated contingencies, and regulatory issues.

Changes in the assumptions will have a material impact on the target returns, forward looking estimates, and risk parameters presented. Target returns and forward looking estimates are generally shown before fees, transactions costs and taxes and do not account for the effects of inflation. Management fees, transaction costs, and potential expenses may not be considered and would reduce returns and affect parameters. **Target Returns And Risk Parameters May Not Materialize.**

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
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May 31, 2019

TO: Each Member
Board of Investments

FROM: John McClelland 
Principal Investment Officer

Michael Romero 
Senior Investment Analyst

FOR: June 12, 2019 Board of Investments Meeting

SUBJECT: **REAL ESTATE PERFORMANCE MEASUREMENT REPORT
4th QUARTER 2018**

The Real Estate Performance Measurement Report for the period ending December 31, 2018 is attached herewith (**Attachment**). The report was prepared by the Board's real estate consultant, The Townsend Group. As a reminder, performance is reported quarterly to staff for review. In addition, performance reports and verbal updates are delivered every six months to the Board with the consultant presenting calendar year-end and staff addressing fiscal year-end results. Both staff and The Townsend Group will be available to answer any questions you may have about the quarterly report.

Staff's observations and comments about the results appear below.

The market value of the Fund's real estate portfolio increased by approximately \$124 million during the second half of 2018. This change reflects the net impact of contributions, distributions, sales proceeds and appreciation. As illustrated in **TABLE 1A**, 86% of the portfolio is held in separate account vehicles, and 80% of the portfolio remains invested in core assets.

TABLE 1A
LACERA REAL ESTATE PORTFOLIO COMPOSITION
(As of December 31, 2018, \$ in millions)

| Investment Style | Separate Accounts | | Commingled Funds | | Real Estate Portfolio | |
|------------------|-------------------|------------|------------------|------------|-----------------------|------------------|
| | Net Market Value | % of Style | Net Market Value | % of Style | Net Market Value | % of Total Style |
| Core | \$4,768 | 73% | \$444 | 7% | \$5,212 | 80% |
| Value Added | \$339 | 5% | \$53 | 1% | \$392 | 6% |
| High Return | \$486 | 7% | \$433 | 7% | \$918 | 14% |
| Total | \$5,592 | 86% | \$930 | 14% | \$6,522 | 100% |

TABLE 1B illustrates the portfolio composition using the functional asset classes. Real estate is over its target allocation by \$1.1 billion. As discussed in the Structure Review presented to the Board earlier this year, rebalancing initiatives are underway. Future real estate performance measurement reports will only display functional asset classes.

TABLE 1B
LACERA REAL ESTATE PORTFOLIO COMPOSITION
 (As of December 31, 2018, \$ in millions)

| Functional Asset Class/Strategy | Net Market Value | | Target | | Difference |
|----------------------------------|------------------|-----------------|----------------|-----------------|------------------|
| | \$ | % of Total Fund | \$ | % of Total Fund | |
| Real Assets and Inflation Hedges | \$5,308 | 9.8% | \$3,782 | 7.0% | (\$1,526) |
| Growth | \$918 | 1.7% | \$1,081 | 2.0% | \$162 |
| Credit | \$296 | 0.5% | \$540 | 1.0%* | \$244 |
| Total | \$6,522 | 12.1% | \$5,403 | 10.0% | (\$1,120) |

* Real Estate is modeled at 1/3 of allocation to Illiquid Credit.

TABLE 2 illustrates the net-of-fee, time-weighted returns for the total portfolio for the ten-year period ending December 31, 2018. The portfolio return of 5.2% under-performed the benchmark return of 7.8% by 260 basis points. The under-performance is attributable primarily to the value-add and high return portions of the portfolio. For example, the net return over ten years from the core portion of the portfolio was 6.9%, which is a more moderate 50 basis points less than the custom benchmark. Unless noted otherwise, all returns reflect the ten-year period ending December 2018 and are net of all manager fees.

TABLE 2
TEN-YEAR RETURNS BY INVESTMENT TYPE
 (As of December 31, 2018, \$ in millions)

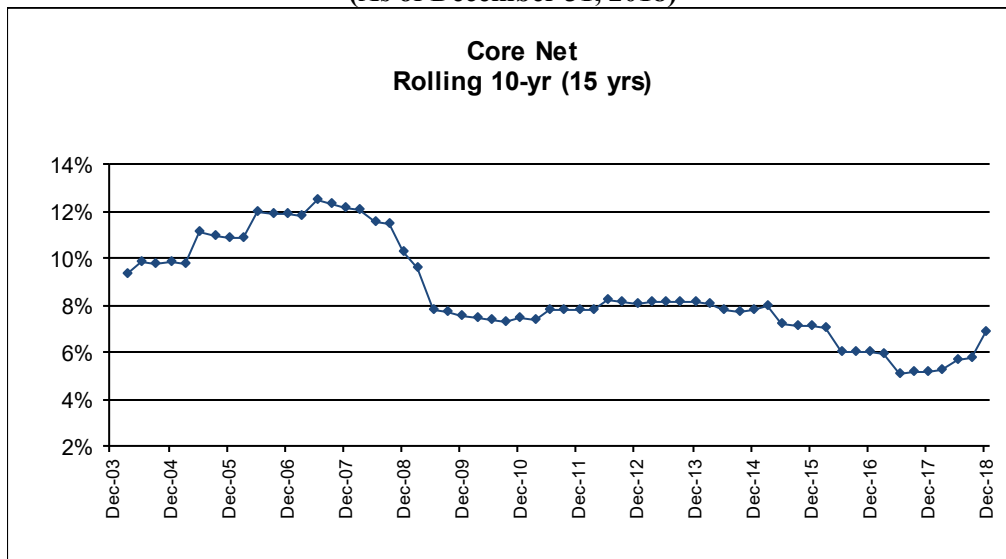
| Investment Type | Net Market Value | % of Portfolio | Income | Apprec. | Total Gross Return | Total Net Return | Custom Benchmark | Difference |
|-----------------|------------------|----------------|-------------|-------------|--------------------|------------------|------------------|--------------|
| Core | \$4,916 | 75% | 6.0% | 1.3% | 7.4% | 6.9% | 7.4% | -0.5% |
| Value-Add | \$392 | 6% | 5.2% | -5.0% | 0.0% | -0.9% | 8.4% | -9.3% |
| High Return | \$918 | 14% | 2.8% | -7.3% | -4.8% | -8.9% | 10.5% | -19.4% |
| Credit | \$296 | 5% | | | | | | n/a |
| Total | \$6,522 | 100% | 5.7% | 0.4% | 6.1% | 5.2% | 7.8% | -2.6% |

Notwithstanding the disappointing net return over the prior ten-year period, the shorter period returns have generated higher returns. Net returns for the total portfolio over shorter periods were 9.9% for one-year, 8.3% for three-years, and 9.8% for five-years, meeting or exceeding the benchmark in each period. The income component of these shorter period returns ranged from 4.5% to 5.4%. More details about returns may be viewed in the consultant-prepared Performance Measurement Report.

Consecutive ten-year returns present a good illustration of the buildup of returns prior to the Global Financial Crisis (“GFC”) and the resultant declines. **CHART 1** illustrates the ten-year returns from

LACERA's core real estate. Recall that each data point on the chart reflects the returns from the prior 40 quarters. Each successive point on the chart adds a new quarter of performance and eliminates an observation from 40 quarters prior from the calculation. The December 2018 observation of 6.9% shows improving returns from the prior few quarters.

CHART 1
LACERA CORE REAL ESTATE PERFORMANCE
ROLLING TEN-YEAR TIME-WEIGHTED RETURNS
NET OF FEES
(As of December 31, 2018)



The core portion of LACERA's portfolio continues to represent 75% of the net market value (not including the debt program). The income component of LACERA's core portfolio return over ten years was strong when compared to the benchmark, 6.0% v. 5.2%.

Value-Add investment performance continues to under-perform the benchmark due primarily to poor-performing investments in retail properties. Shorter-term high-return performance has improved, exceeding the benchmark in the one-, three-, and five-year periods.

Attachment

Noted and Reviewed:

Jonathan Grabel
Chief Investment Officer



Los Angeles County Employees Retirement Association
Real Estate Performance Measurement Report
Fourth Quarter 2018



Funding Status

| LACERA Portfolio Snapshot As of December 31, 2018 | Market Value (in millions of dollars) | % of LACERA Plan |
|--|---|-------------------------|
| LACERA Total Plan Assets | 54,028 | |
| Private Portfolio Target | 5,403 | 10.0% |
| Private Portfolio Permissible Range | | 8.0 - 16.0% |
| Private Real Estate | | |
| Inflation Hedging and Real Assets | 5,308 | 9.8% |
| Growth | 918 | 1.7% |
| Credit | 296 | 0.5% |
| Total LACERA Private Real Estate Market Value | 6,522 | 12.1% |
| Total LACERA Private Real Estate Unfunded Commitments | 981 | 1.8% |

- LACERA's benchmark was the NCREIF Open-end Diversified Core Equity Fund Index (NFI-ODCE) + 40 BPS as of December 31, 2018. A history of the composition of the benchmark is provided in the appendix.
- As of December 31, 2018, the LACERA Portfolio was in line with its Strategic Plan guidelines.
- This is the first report reflecting the structural changes to the LACERA Real Estate Program that were officially approved by the LACERA Board of Investments during the third quarter of 2018

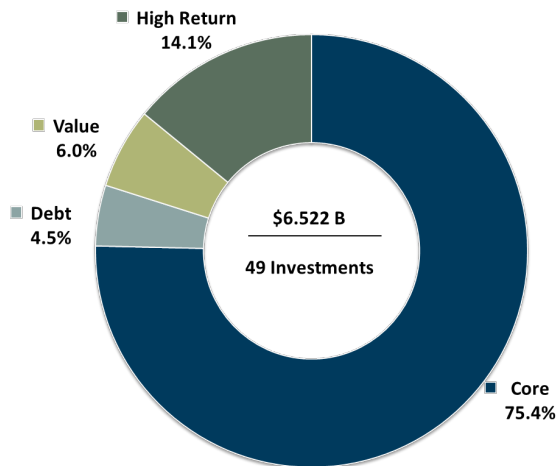
¹ As of December 31, 2018, Real Estate Market Value totaled \$6,522,451,571 (12.1% of Total Plan Assets)

² As of December 31, 2018, Unfunded Commitments totalled \$981,322,243 (1.8% of Total Plan Assets)

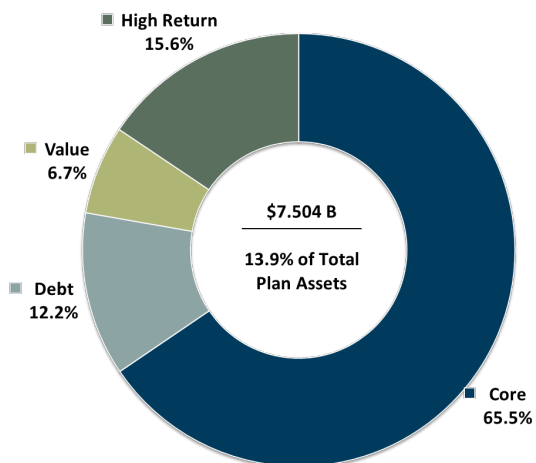
*Unfunded commitments is the balance of Client Commitments to Investments which remain to be called for the Investments.

Portfolio Composition

PORTFOLIO COMPOSITION (MARKET VALUE)



PORTFOLIO COMPOSITION (MARKET VALUE & UNFUNDED COMMITMENTS)



| Portfolio Composition | Strategic Limit | Current Status |
|------------------------|-----------------|----------------|
| Core (including Debt): | ≥ 60% | 75.4% |
| Non-Core: | ≤ 40% | 20.1% |
| Value: | ≤ 40% | 6.0% |
| High Return: | ≤ 20% | 14.1% |
| Public REITs: | ≤ 15% | N/A |
| Total Portfolio: | N/A | N/A |

| Strategic Plan Leverage Limits | Strategic Limit* | Current Status |
|--------------------------------|------------------|----------------|
| Core: | 50% | 29% |
| Non-Core: | | |
| Value: | 65% | 28% |
| High Return: | 80% | 38% |
| Public REITs: | N/A | N/A |
| Total Portfolio: | 50% | 33% |

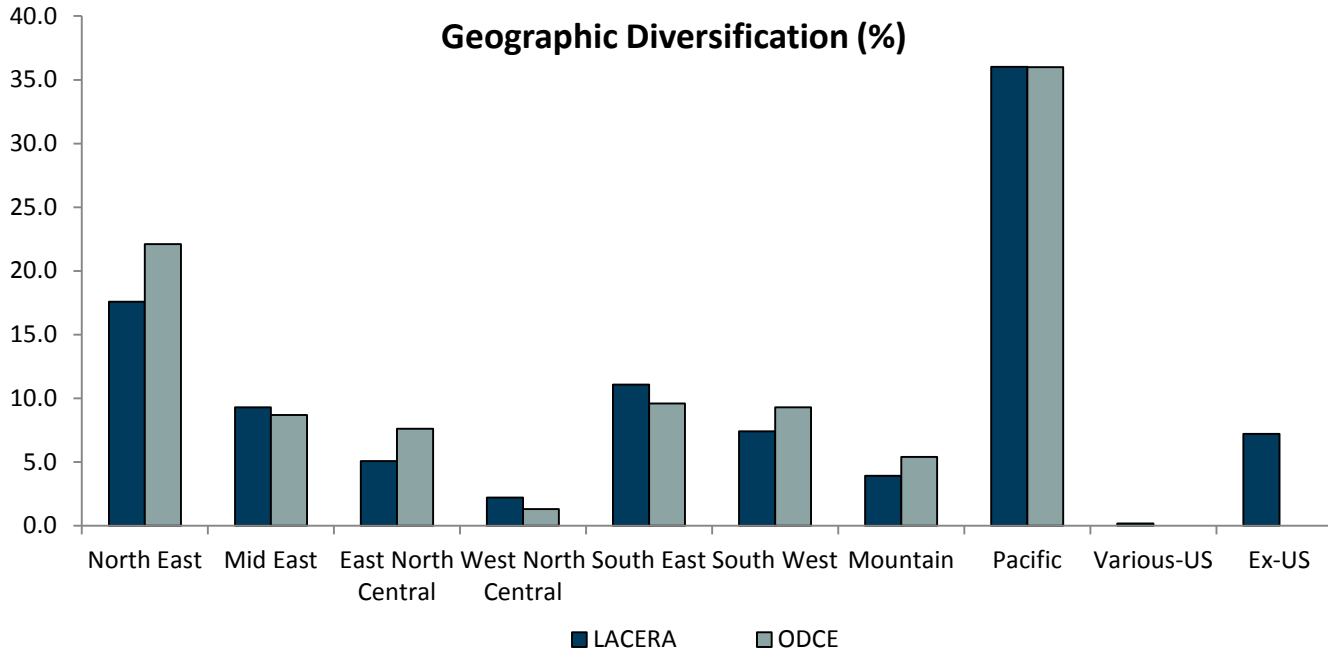
The following managers are within 500 bps of LTV limit:

| Core: | |
|----------------------------|---------------------|
| Barings Debt I.M.A. | Heitman Core I.M.A. |
| CityView I.M.A. | |
| Value-Added: | |
| Hunt UK Realty Partners LP | |

*The Strategic Plan limits leverage on any single investment or manager portfolio, measured on a loan to value (LTV) basis, for the strategies listed. Portfolio Compositions include the Gateway IMA administrative asset in the percentages.

Portfolio Diversification

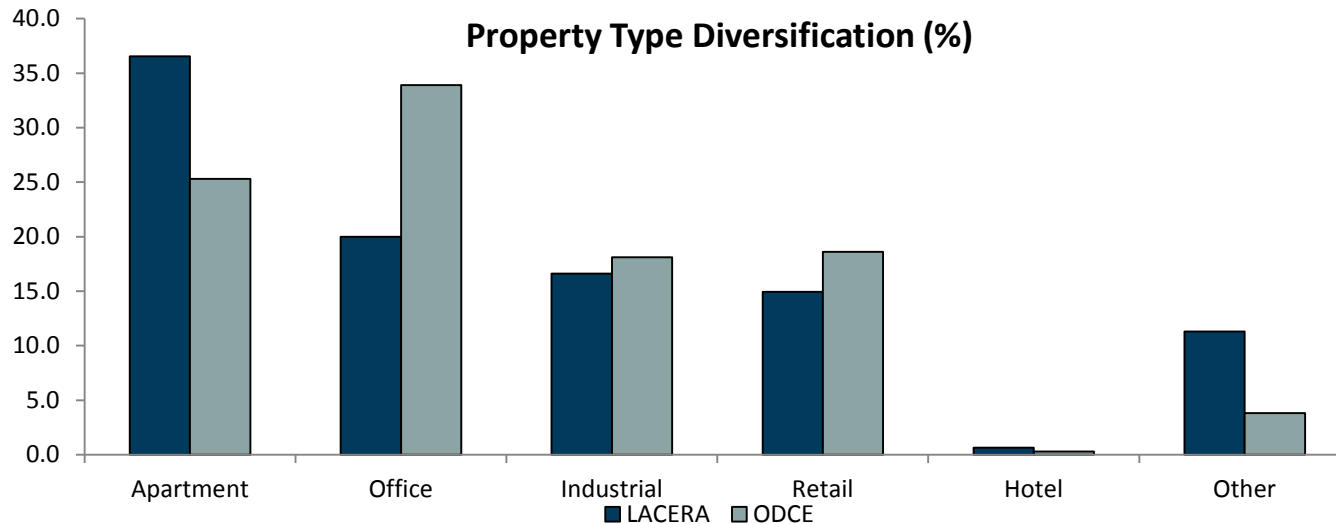
Geographic Diversification (%)



International Exposure

| Ex-US | 6.39% |
|----------------|-------|
| United Kingdom | 0.89% |
| Australia | 0.80% |
| Germany | 0.56% |
| Japan | 0.56% |
| France | 0.54% |
| Netherlands | 0.51% |
| South Korea | 0.34% |
| China | 0.32% |
| Poland | 0.30% |
| Sweden | 0.22% |
| Czech Republic | 0.21% |
| Spain | 0.19% |
| Italy | 0.18% |
| Other | 0.77% |

Property Type Diversification (%)

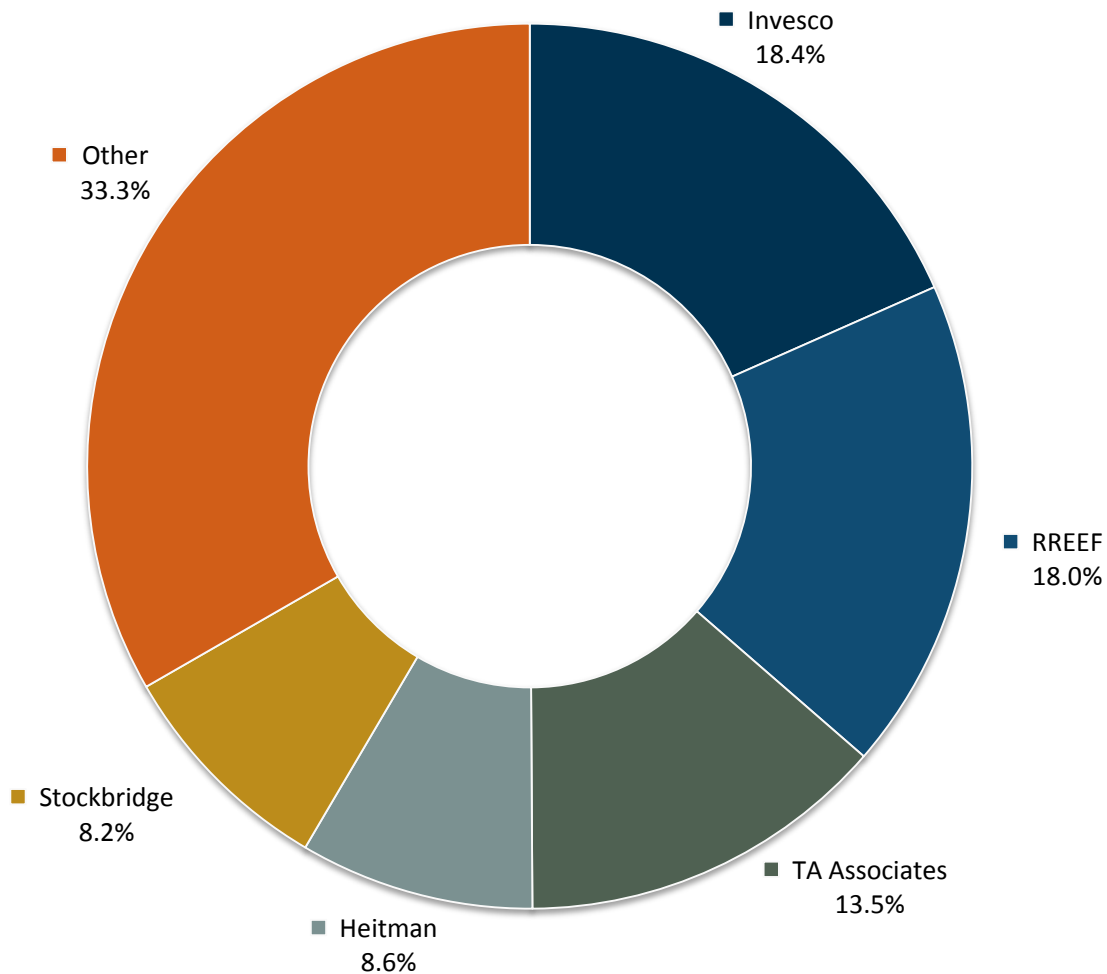


The Property Type 'Other' includes investments in Student Housing, Parking Structures and Land.

Manager Allocations (based on Market Values)

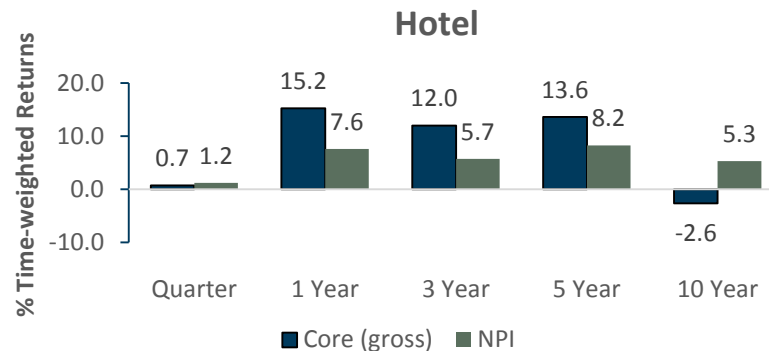
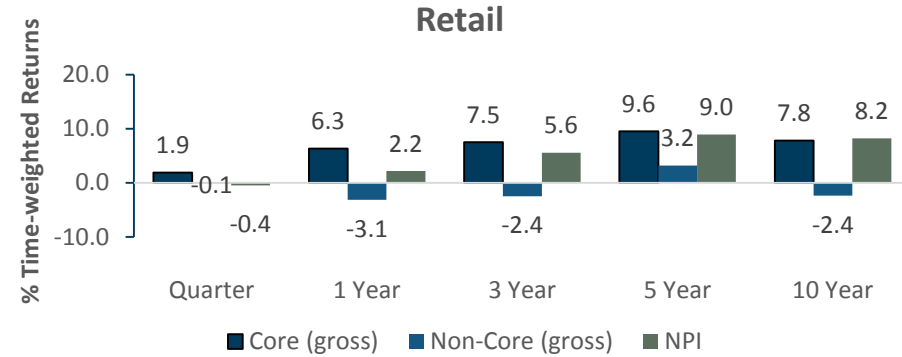
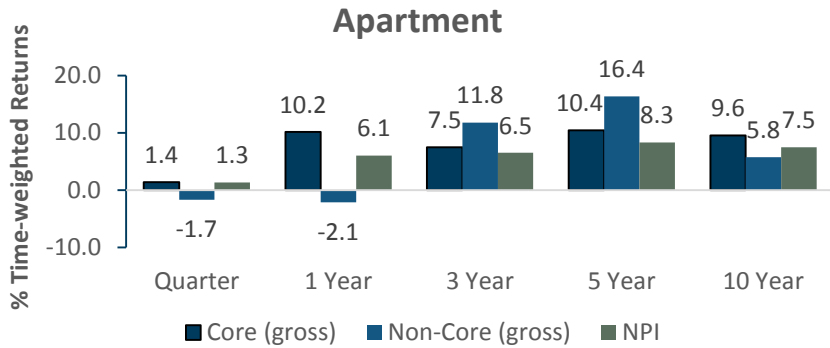
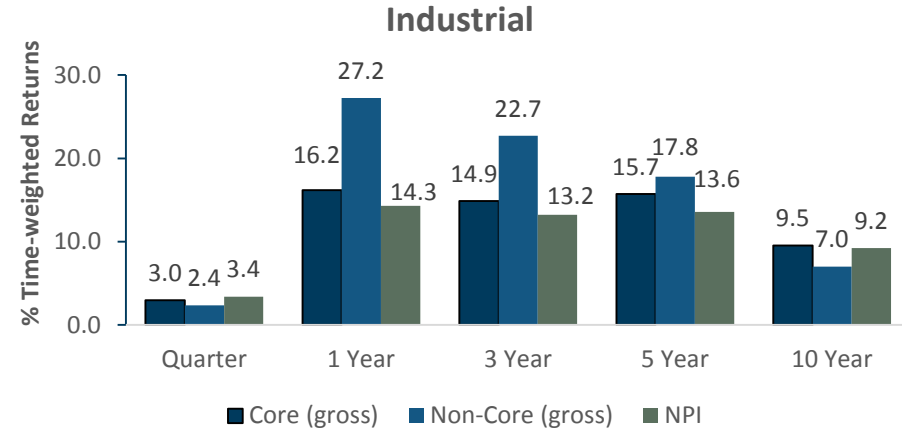
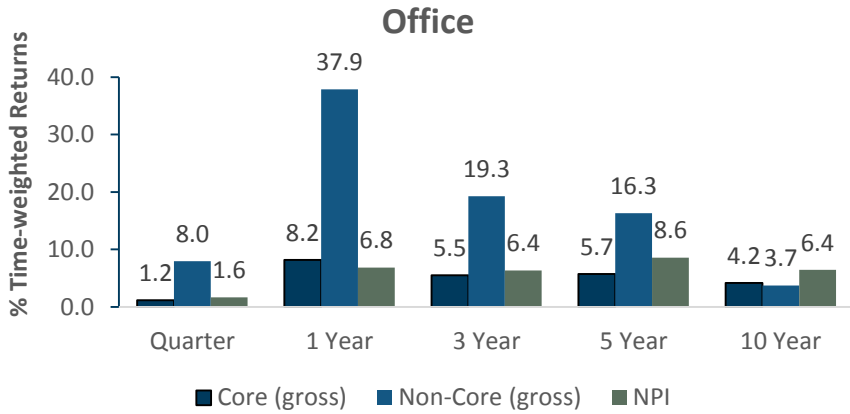
AS OF DECEMBER 31, 2018:

TOTAL PORTFOLIO



Performance by Property Type (based on Separate Account Assets)

AS OF DECEMBER 31, 2018:

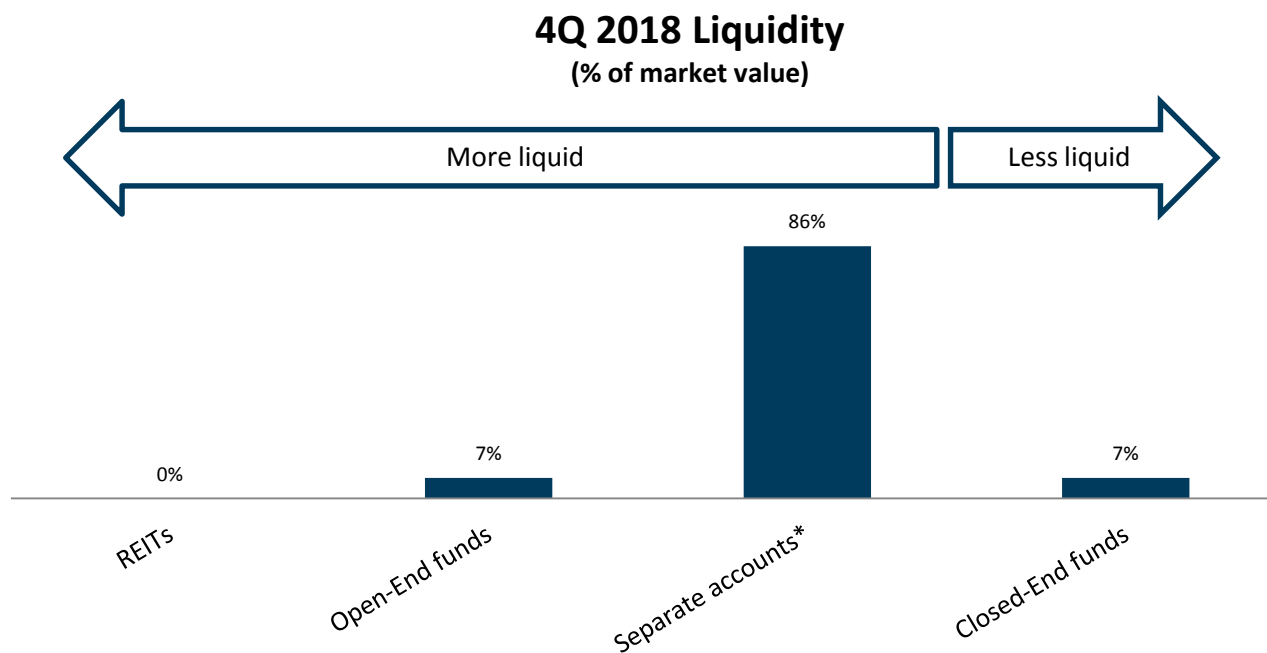


Liquidity of Portfolio

LACERA may exercise rights to exit approximately 93 % of its real estate investments (separate accounts and open-end funds).
Average liquidity is 90 – 180 days (not daily).

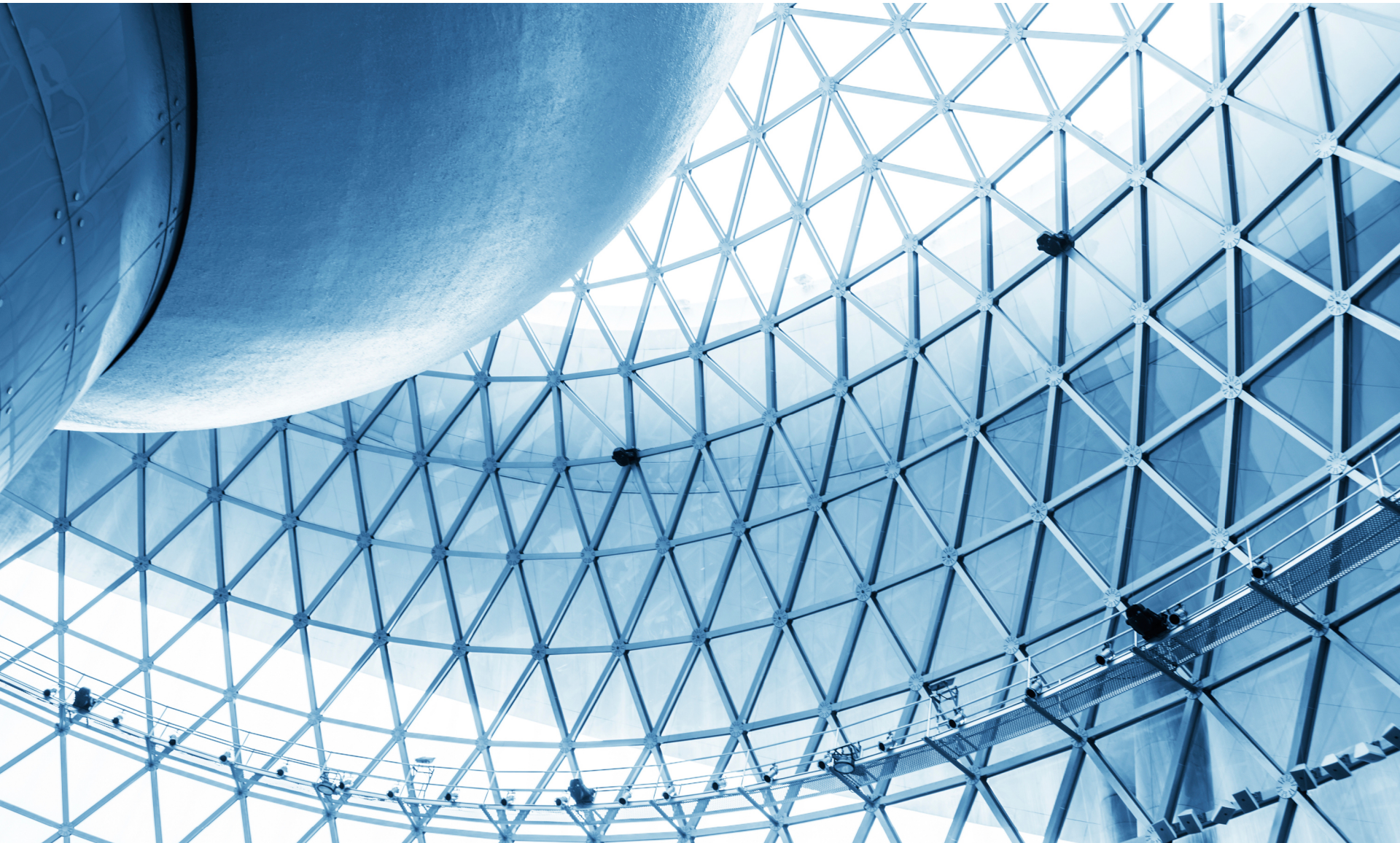
7% of LACERA’s Real Estate portfolio is in closed-end commingled funds, which offer limited liquidity over an average 10 year lifespan.

AS OF DECEMBER 31, 2018:



*Assets held in separate accounts may be liquidated through a marked sales process at the portfolio or single asset level.

Portfolio Performance



LACERA Private Real Estate Portfolio

CORE PORTFOLIO (including Debt)

\$444 MILLION
\$4,768 MILLION

3 COMMINGLED FUNDS
11 SEPARATE ACCOUNTS

12 TOTAL CORE MANAGERS
76 CORE SEPARATE ACCOUNT ASSETS

VALUE PORTFOLIO

\$53 MILLION
\$339 MILLION

6 COMMINGLED FUNDS
5 SEPARATE ACCOUNTS

10 TOTAL VALUE-ADDED MANAGERS
7 VALUE-ADDED SEPARATE ACCOUNT ASSETS

HIGH RETURN PORTFOLIO

\$433 MILLION
\$486 MILLION

15 COMMINGLED FUNDS
6 SEPARATE ACCOUNTS

13 TOTAL HIGH RETURN MANAGERS
10 HIGH RETURN SEPARATE ACCOUNT ASSETS

TOTAL PORTFOLIO

\$930 MILLION
\$5,592 MILLION

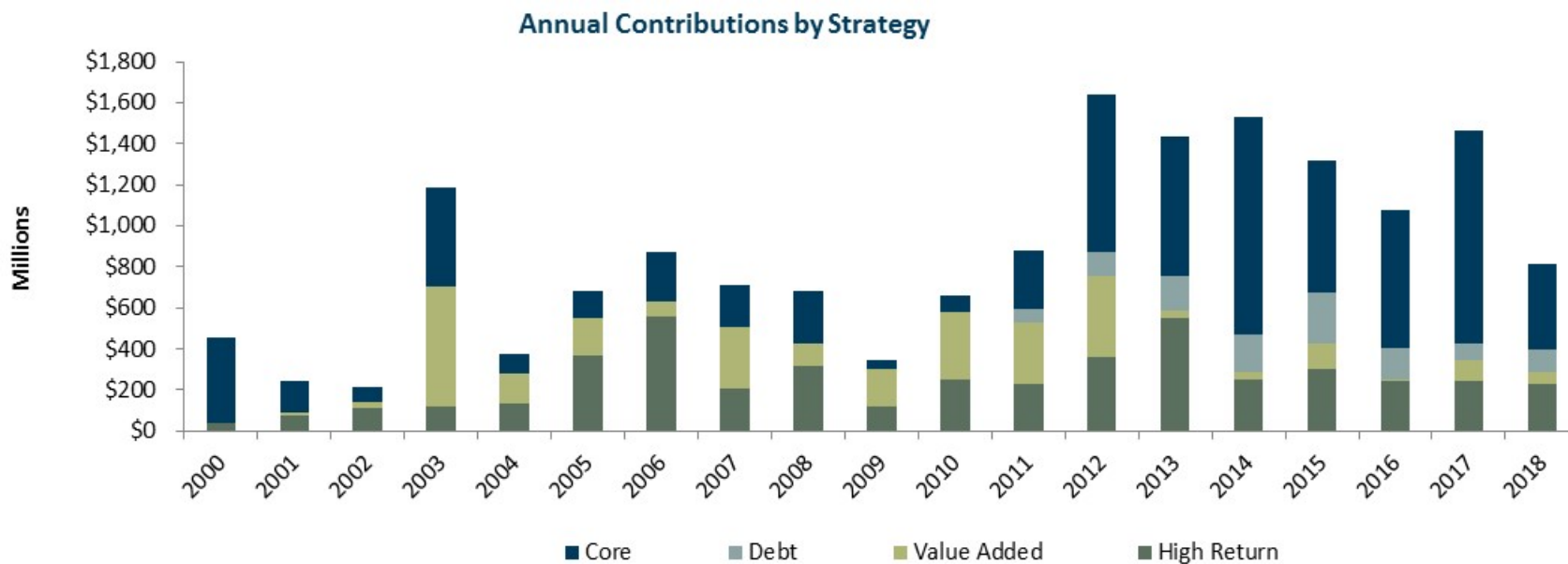
24 COMMINGLED FUNDS
22 SEPARATE ACCOUNTS

25 TOTAL PORTFOLIO MANAGERS
93 TOTAL SEPARATE ACCOUNT ASSETS

LACERA Historical Investments by Strategy

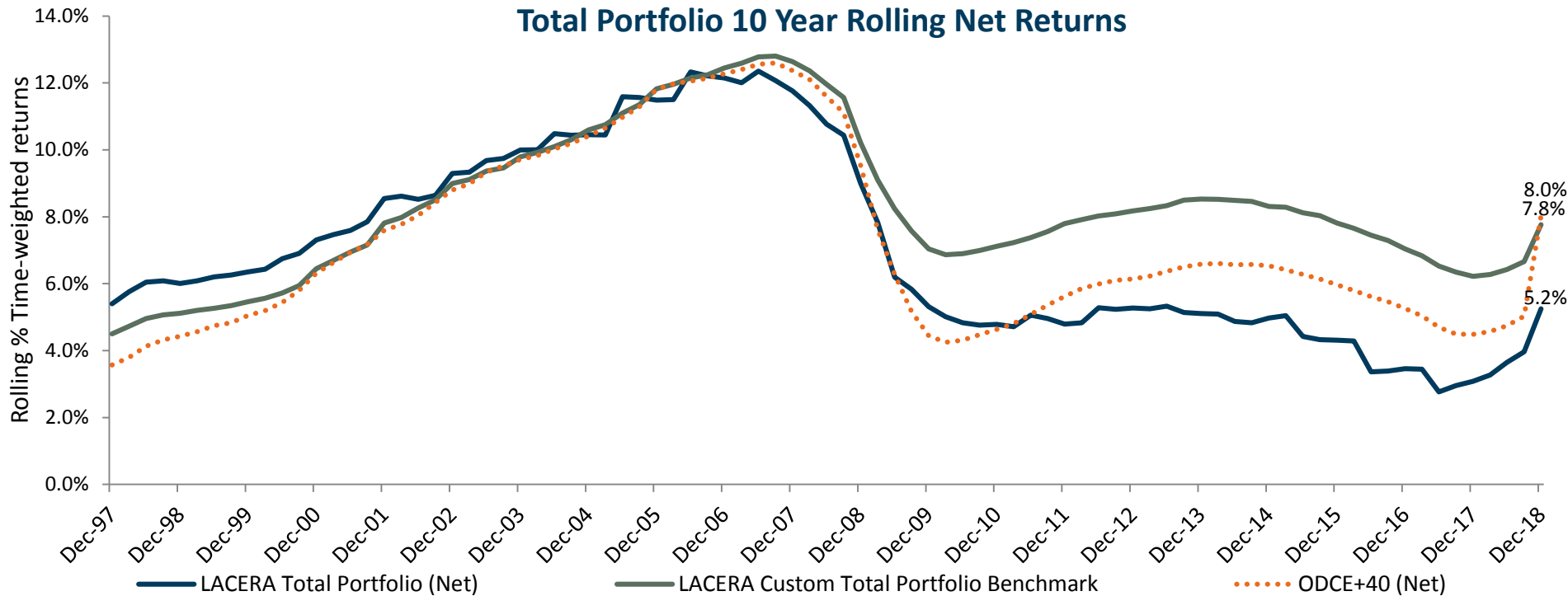
LACERA reduced its real estate investment into the GFC, then began to increase investment into the recovery.

Beginning in 2012, LACERA increased its annual commitments to real estate, with a large focus on Core real estate investing, as illustrated in the graph below.



LACERA Total Return vs. Benchmark

The LACERA Total Portfolio performance is displayed below (net of fees) over the rolling ten year time periods ending December 31, 2018.

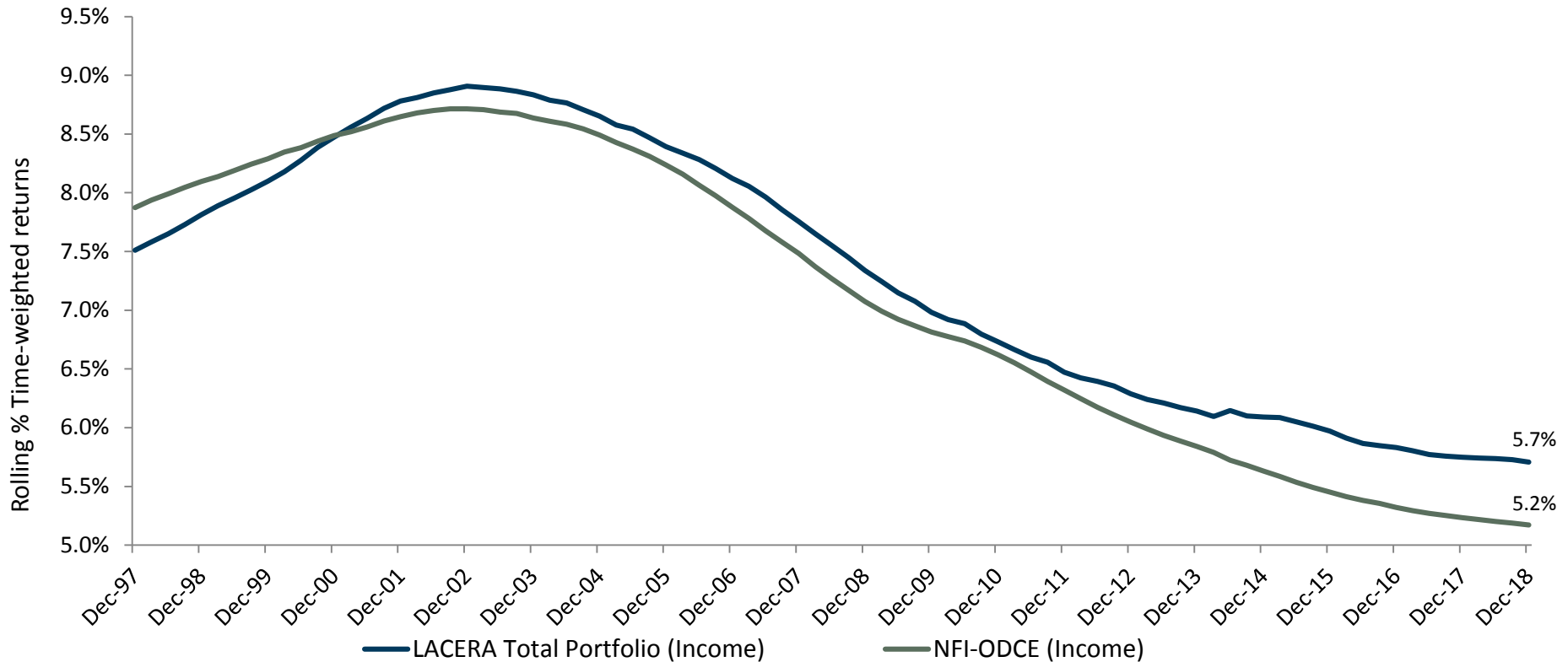


- Until 2Q13 the benchmark was NPI+25bps, which does not include the effects of leverage or fees in quarterly returns.
- NPI+25bps was replaced with NFI-ODCE+40bps, which illustrates the effects of leverage and fees on benchmark returns.

LACERA Income Return vs. NFI-ODCE Income Return

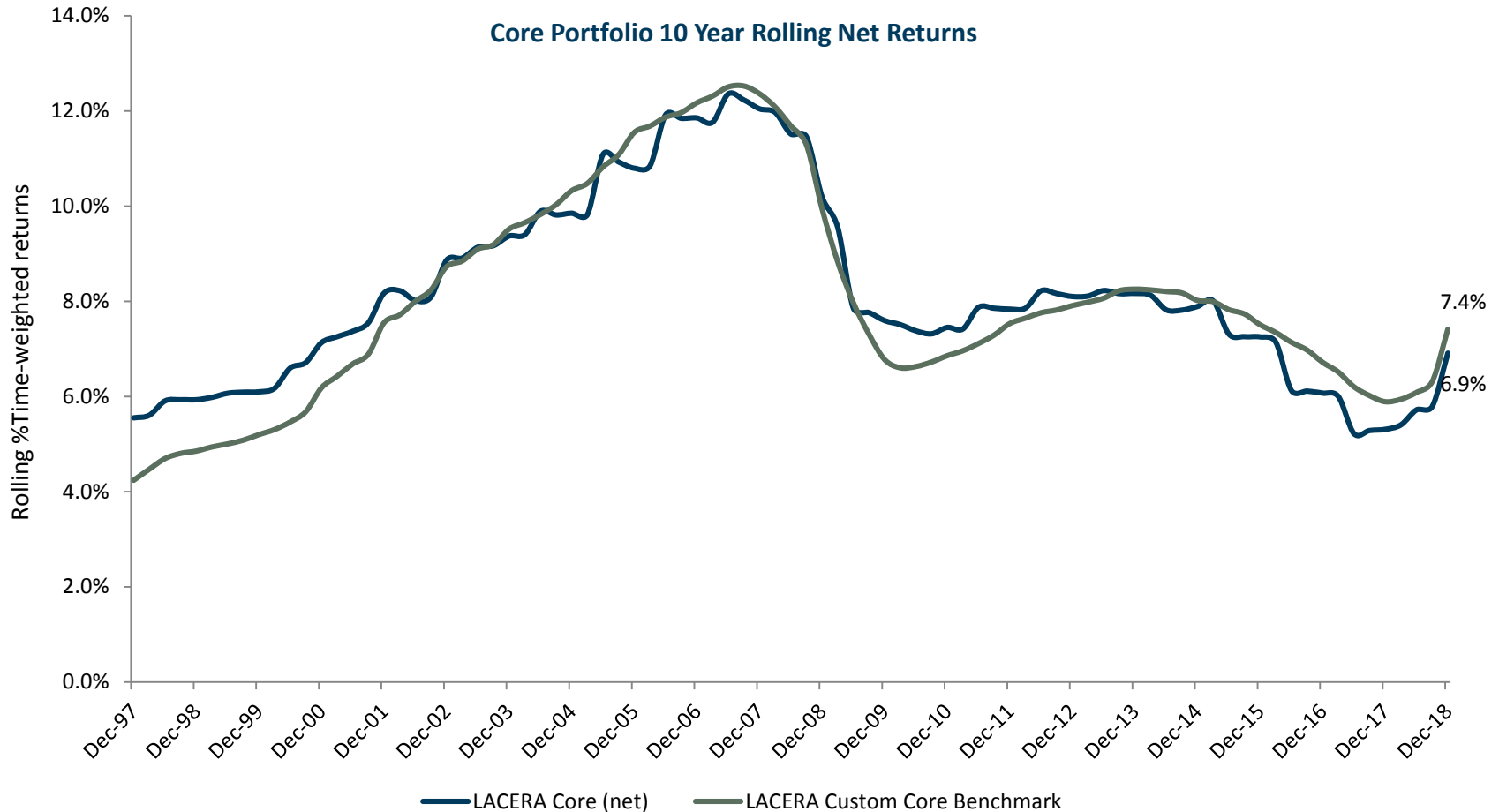
Relative to the NFI-ODCE, LACERA's Total Portfolio income return has outperformed since 2001, as displayed over rolling ten year time periods ending December 31, 2018.

Total Portfolio 10 Year Rolling Income Returns



LACERA Core Portfolio vs. Benchmark

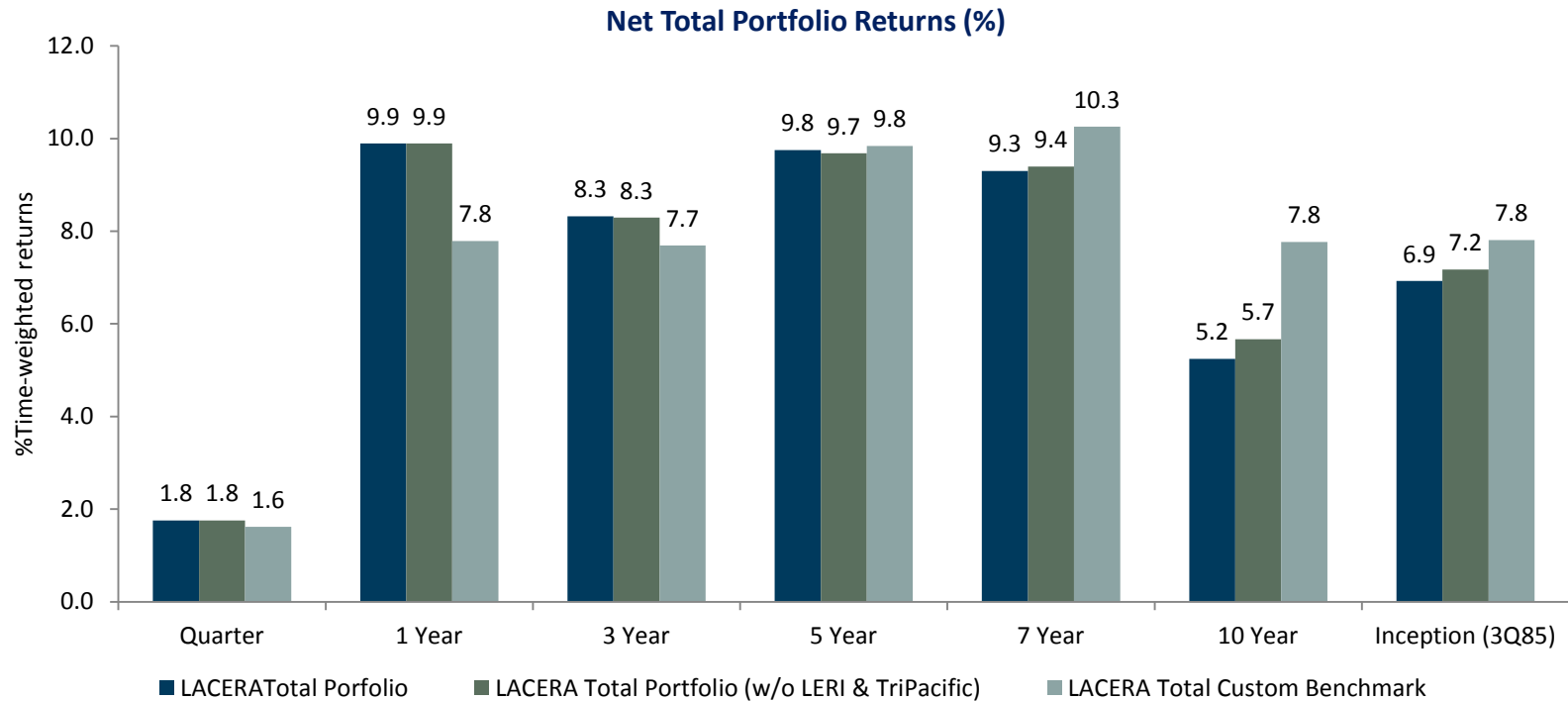
Relative to its respective benchmark, the LACERA Core Portfolio (net of fees) performed as displayed over rolling ten year time periods ending December 31, 2018:





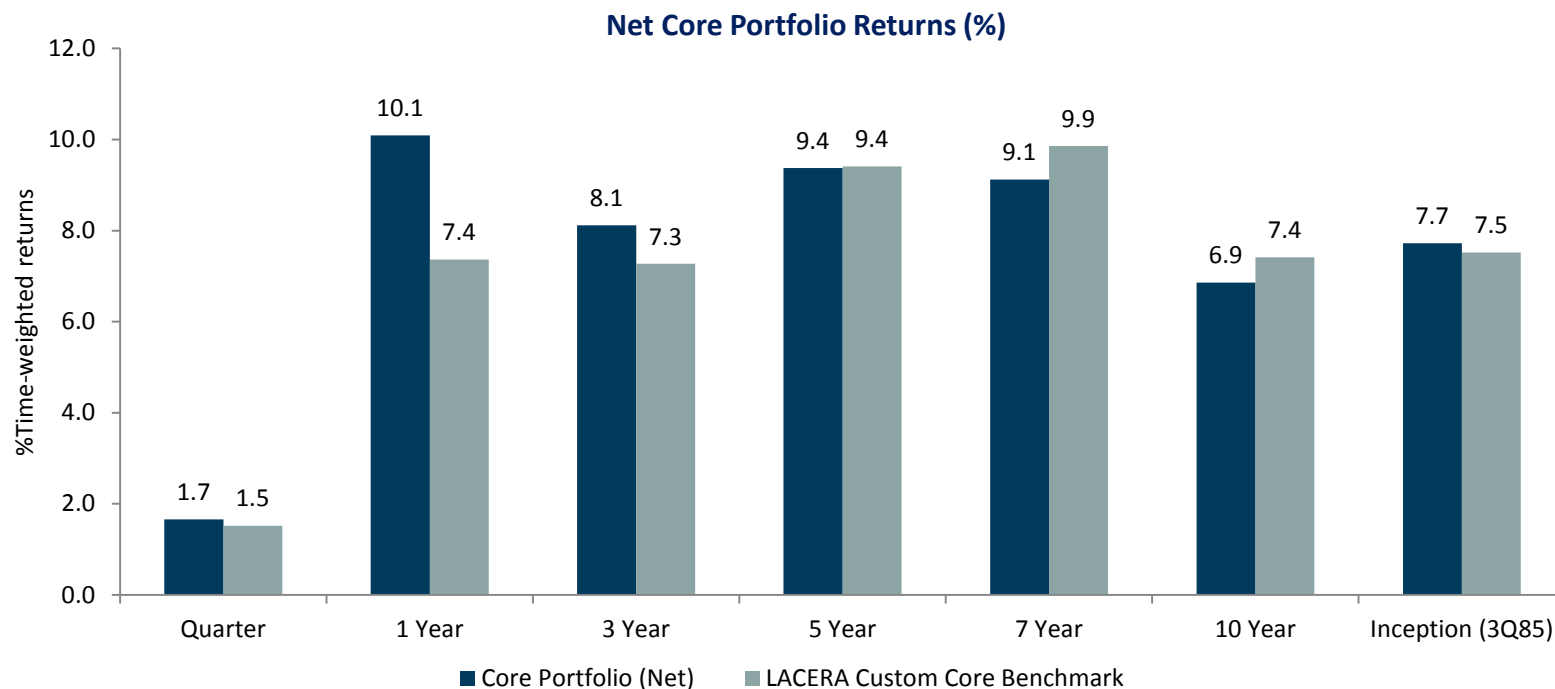
LACERA Total Portfolio vs. Benchmark

Relative to its respective benchmark, LACERA's Total Portfolio (net of fees) performed as follows for the period ending December 31, 2018:



LACERA Core Portfolio vs. Benchmark

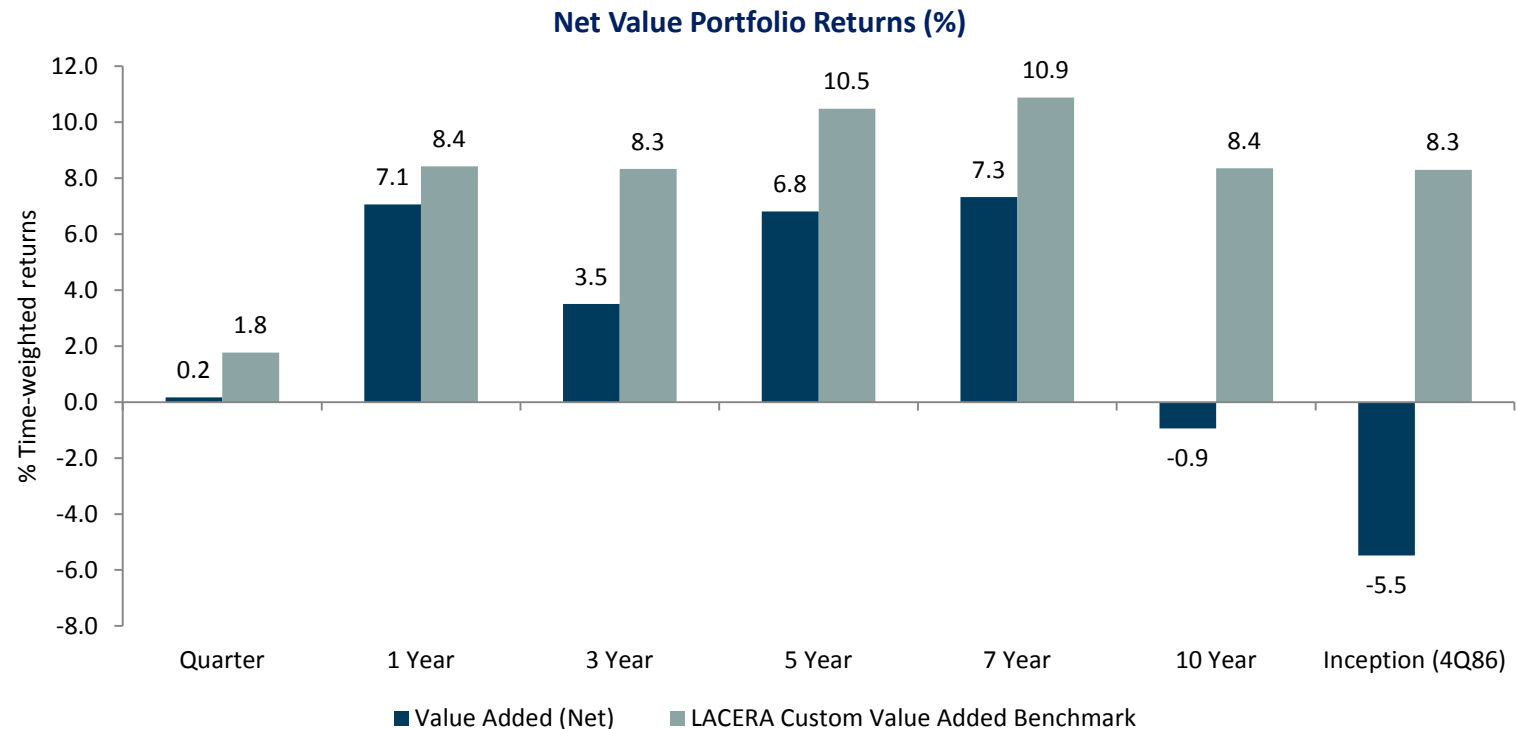
Relative to its respective benchmark, LACERA's Core Portfolio (net of fees) performed as follows for the period ending December 31, 2018:



LACERA Value Portfolio vs. Benchmark

The Value Portfolio's underperformance was heavily impacted by a retail asset that was written-down during the quarter.

Relative to its respective benchmark, LACERA's Value Portfolio (net of fees) performed as follows for the period ending December 31, 2018:



Value IMAs by Manager and Vintage Year

| | Peak Market Value | Liquidated | IRR Since Inception ³ | Net TWR Since Inception ³ | Match Period All Value Index ⁴ | Match Period NPI+25 |
|------------------------------|-------------------|------------|----------------------------------|--------------------------------------|---|---------------------|
| Barings Value IMA | | | | | | |
| Vintage 2003 | \$340.1m | Active | 6.1% | 1.7% | 9.5% | 9.1% |
| Heitman Value IMA | | | | | | |
| Vintage 2013 | \$15.3m | Active | 9.4% | 10.9% | 10.5% | 9.6% |
| Invesco Value IMA | | | | | | |
| Vintage 1998 | \$14.5m | 2001 | 19.2% | 26.3% | 10.4% | 10.4% |
| Vintage 2004 | \$52.0m | 2006 | 7.8% | 8.9% | 19.0% | 19.0% |
| Vintage 2010 | \$208.7m | 2018 | 8.0% | 6.9% | 11.6% | 10.9% |
| Vintage 2012 | \$170.5 m | Active | 3.7% | 4.2% | 10.9% | 9.9% |
| Stockbridge Value IMA | | | | | | |
| Vintage 2014 | \$60.5m | Active | 3.9% | 2.7% | 10.5% | 9.5% |
| Vanbarton Value IMA | | | | | | |
| Vintage 2003 | \$73.0m | 2005 | 12.9% | n/a | 17.1% | 17.1% |
| Vintage 2006 | \$214.0m | Active | -0.5% | -0.7% | 8.2% | 7.8% |

³ Returns displayed for liquidated IMAs represent returns achieved from inception through the time of liquidation of the last asset.

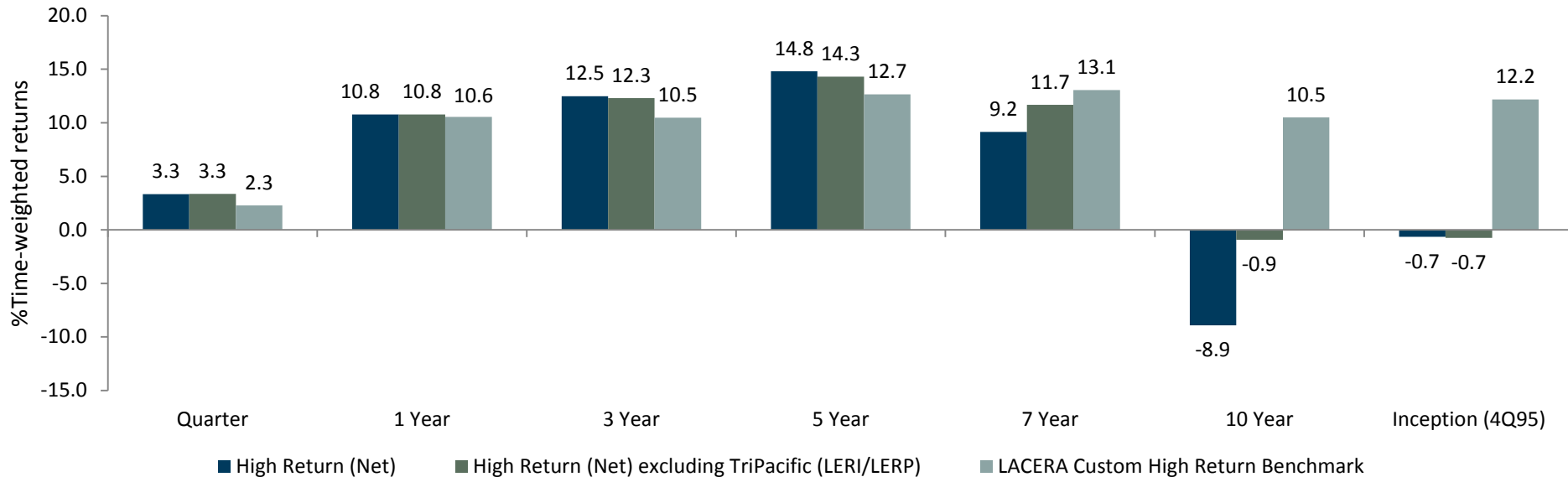
⁴ The "Value Index" shown for liquidated investments is the Townsend Value Funds Index, an internally maintained data set of comparable peer funds; active funds are shown relative to the current Value Added benchmark, the NFI-ODCE + 100 bps.

LACERA High Return Portfolio (Net) vs. Benchmark

Several development assets are completing construction and are in the beginning stages of stabilizing, driving recent performance. Appreciation gains upon completion are starting to materialize leading to strong capital creation.

Relative to its respective benchmark, LACERA's High Return Portfolio performed as follows for the period ending December 31, 2018.

Net High Return Portfolio Returns (%)



The IMA Portfolios' Annualized Income and Net Total Returns

AS OF DECEMBER 31, 2018:

| VEHICLE | PRIMARY MANDATE | ENDING MARKET VALUE | 1-YEAR INCOME RETURN (ODCE 1-YEAR INCOME RETURN = 4.2%) | 1-YEAR RETURN |
|----------------------|------------------------|---------------------|--|---------------|
| Barings Debt I.M.A | Core/Value/High Return | \$238,163,470 | 10.6% | 11.3% |
| Barings I.M.A. | Core | \$14,471,119 | 5.7% | 15.0% |
| Capri Capital I.M.A. | Core/Value/High Return | \$392,795,884 | 2.9% | 7.0% |
| Cityview I.M.A. | Core | \$183,517,399 | 5.3% | 12.8% |
| Clarion I.M.A. | Core | \$354,318,413 | 4.6% | 8.0% |
| Gateway I.M.A. | Core | \$116,619,319 | 5.7% | 8.2% |
| Heitman I.M.A | Core | \$548,898,420 | 5.8% | 13.2% |
| Invesco I.M.A. | Core | \$1,061,985,008 | 3.2% | 9.2% |
| Quadrant I.M.A | Core | \$58,046,075 | 7.9% | 7.4% |
| RREEF I.M.A. | Core | \$1,022,405,392 | 4.0% | 6.4% |
| Stockbridge I.M.A. | Core/Value/High Return | \$536,489,000 | 5.2% | 12.8% |
| TA Associates I.M.A. | Core | \$881,966,680 | 6.6% | 12.2% |
| Vanbarton I.M.A. | Value | \$154,195,209 | 5.0% | 3.5% |

LACERA Total Portfolio income and appreciation returns:

The LACERA IMA Portfolio generated a one-year income return of 4.8% compared to the ODCE income return of 4.2%. Appreciation for the same period was 5.0% for LACERA, 4.0% for the ODCE. LACERA's one-year Core income return was 5.3%.

Strategic Plan Compliance

AS OF DECEMBER 31, 2018:

| POLICY | | CURRENT QUARTER COMPLIANCE | DISCUSSION |
|-----------------------------------|--|----------------------------|------------|
| Property Type Diversification | No property exposure exceeds the 40% maximum | YES | None |
| Property Location Diversification | No geographic region exceeds 40% maximum exposure | YES | None |
| Manager Diversification | No manager exceeds 35% of real estate allocation | YES | None |
| Public REITs | No more than 15% of real estate allocation | YES | None |
| Investment Style Allocation | Core – 60% minimum Non-Core – 40% maximum Value Added – 40% maximum High Return – 20% maximum | YES | None |
| Emerging Managers | Target of 10% of the targeted real estate allocation with a range of 0-20% | YES | None |
| Leverage | No more than 50% LTV on the total real estate portfolio | YES | None |
| International | No more than 20% of the total real estate portfolio | YES | None |

Leverage Compliance

AS OF DECEMBER 31, 2018:

| CORE (including Debt) | MARKET VALUE | FUND LTV LIMIT | LTV | COMPLIANCE (Y/N) |
|------------------------------------|------------------------|----------------|--------------|------------------|
| Individual Managed Accounts | | | | |
| Barings Debt I.M.A | \$238,163,470 | 67% | 66.0% | Y |
| Capri Capital I.M.A | \$336,098,743 | 50% | 36.7% | Y |
| Cityview I.M.A. | \$183,517,399 | 50% | 47.0% | Y |
| Clarion Core I.M.A. | \$354,318,413 | 50% | 0.0% | Y |
| Gateway I.M.A. | \$116,619,319 | 50% | 0.0% | Y |
| Heitman Core I.M.A. | \$534,476,985 | 50% | 45.7% | Y |
| INVESCO I.M.A | \$887,718,191 | 50% | 37.3% | Y |
| Quadrant Debt I.M.A | \$58,046,075 | 50% | 0.0% | Y |
| RREEFF I.M.A | \$781,165,706 | 50% | 0.2% | Y |
| Stockbridge I.M.A | \$403,194,132 | 50% | 39.7% | Y |
| TA Associates I.M.A | \$874,295,535 | 50% | 28.2% | Y |
| SUB TOTAL | \$4,767,613,968 | 50% | 33.5% | Y |
| Commingled Funds | | | | |
| Invesco Real Estate Asia Fund | \$136,009,937 | 50% | 30.2% | Y |
| Prologis European Logistics Fund | \$155,727,434 | 50% | 20.3% | Y |
| RREEF Core Plus Industrial Fund | \$152,428,091 | 50% | 11.4% | Y |
| SUB TOTAL | \$444,165,462 | 50% | 21.0% | Y |
| TOTAL CORE PORTFOLIO | \$5,211,779,430 | 50% | 32.6% | Y |

Leverage Compliance

AS OF DECEMBER 31, 2018:

| VALUE ADDED | MARKET VALUE | FUND LTV LIMIT | LTV | COMPLIANCE (Y/N) |
|---|----------------------|----------------|--------------|------------------|
| Individual Managed Accounts | | | | |
| Barings Value I.M.A. | \$14,471,119 | 65% | 0.0% | Y |
| Heitman Value I.M.A. | \$14,421,435 | 65% | 53.0% | Y |
| Invesco Value I.M.A. III | \$0 | 65% | 0.0% | Y |
| Invesco Value I.M.A. IV | \$123,941,694 | 65% | 41.3% | Y |
| Stockbridge Value I.M.A. | \$32,180,554 | 65% | 0.0% | Y |
| Vanbarton Value I.M.A. I | -\$22,995 | 65% | 0.0% | Y |
| Vanbarton Value I.M.A. II | \$154,218,204 | 65% | 0.0% | Y |
| SUB TOTAL | \$339,210,011 | 65% | 23.3% | Y |
| Commingled Funds | | | | |
| AEW Value Investors Asia III | \$22,634,743 | 65% | 54.5% | Y |
| CapMan Nordic Real Estate Fund II | \$18,462,558 | 65% | 40.4% | Y |
| CBRE Strategic Partners European Fund III | \$446,737 | 65% | 0.0% | Y |
| Cornerstone Hotel Income Equity Fund II | \$200,330 | 65% | 0.0% | Y |
| Heitman Asia-Pacific Property Investors | \$9,710,913 | 65% | 46.0% | Y |
| Hunt UK Realty Partners LP | \$1,484,650 | 65% | 74.9% | N |
| SUB TOTAL | \$52,939,931 | 65% | 49.7% | Y |
| TOTAL VALUE ADDED | \$392,149,942 | 65% | 28.4% | Y |

Leverage Compliance

AS OF DECEMBER 31, 2018:

| HIGH RETURN | MARKET VALUE | FUND LTV LIMIT | LTV | COMPLIANCE (Y/N) |
|--|------------------------|----------------|--------------|------------------|
| Individual Managed Accounts | | | | |
| Capri Capital High I.M.A. | \$56,697,141 | 80% | 49.1% | Y |
| CityView Bay Area Fund II Coinvest | \$28,452,623 | 80% | 0.0% | Y |
| Invesco High I.M.A. II | \$1,919,761 | 80% | 0.0% | Y |
| Invesco High I.M.A. III | \$48,405,362 | 80% | 43.0% | Y |
| RREEF High Return I.M.A. | \$241,239,686 | 80% | 0.0% | Y |
| Stockbridge High I.M.A. Vintage 2014 | \$101,114,314 | 80% | 34.9% | Y |
| TA Associates High I.M.A. | \$7,671,145 | 80% | 0.0% | Y |
| TriPacific (LERI/LERP) | \$34,715 | N/A | 0.0% | N/A |
| SUB TOTAL | \$485,534,747 | 80% | 23.0% | Y |
| Commingled Funds | | | | |
| AERMONT Real Estate Fund IV | -\$445,108 | 80% | 55.5% | Y |
| AG Europe Realty Fund II | \$23,492,794 | 80% | 0.0% | Y |
| Capri Urban Investors | \$42,378,916 | 80% | 10.5% | Y |
| Carlyle Europe Real Estate Partners III | \$1,173,329 | 80% | 15.0% | Y |
| CityView Bay Area Fund II | \$84,655,426 | 80% | 55.6% | Y |
| CityView LA Urban Fund I | \$91,702 | 80% | 0.0% | Y |
| CityView Southern California Residential Fund II | \$144,549,241 | 80% | 54.3% | Y |
| CityView Western Fund I | \$66,017,671 | 80% | 26.2% | Y |
| Europa Fund III | \$900,372 | 80% | 0.0% | Y |
| Europa Fund IV | \$33,940,881 | 80% | 50.0% | Y |
| Genesis Workforce Housing Fund II | -\$79,079 | 80% | 0.0% | Y |
| INVESCO Asian Real Estate Partners II | \$182,276 | 80% | 0.0% | Y |
| Starwood Brandco | \$1,650,420 | 80% | 5.3% | Y |
| Starwood Capital Hospitality Fund II | \$34,999,948 | 80% | 5.3% | Y |
| TPG Real Estate Partners III | -\$545,177 | 80% | 53.5% | Y |
| SUB TOTAL | \$432,963,612 | 80% | 44.1% | Y |
| TOTAL HIGH RETURN | \$918,498,359 | 80% | 34.6% | Y |
| TOTAL PORTFOLIO | \$6,522,427,731 | 50% | 32.7% | Y |

Manager Compliance

Effective March 13, 2013 the Board requested that the Barings Equity IMA mandates be placed in Watch List status. The following is provided to assist the Board in monitoring manager progress in implementing corrective measures.

Barings Equity IMA Mandates:

Core – As of December 31, 2018 the Barings core portfolio has no assets remaining.

High Return – As of December 31, 2018 the Barings high return portfolio has no assets remaining.

Value Added – The portfolio includes a dual mandate given to Barings with the takeover of three existing hotel assets and a capital allocation, which Barings used to purchased two additional value-add hotel assets. As of December 31, 2018, only one hotel remains in the portfolio. The tables below present performance through December 31, 2018 or liquidation of sold assets. “NA” indicates time frames or data points not appropriate for analysis. All returns provided below are time-weighted.

| Property ⁵ | Vintage Year | Prior Manager(s) Return through 2003 (Net) | Barings Return Through Liquidation (Net) | Barings Inception Return (Net) | NPI Match Inception |
|---|--------------|--|--|-----------------------------------|------------------------|
| Ritz Carlton (Sold January 2008) | 1994/2003 | 15.9% | 14.5% | N/A | 11.7% |
| Oak Brook Hills (Sold July 2005) | 1996/2003 | 9.8% | 3.9% | N/A | 11.1% |
| The Salish Lodge (Sold October 2007) | 1996/2003 | 17.1% | 21.5% | N/A | 16.6% |
| Hyatt Valencia (Sold May 2008) | 2004 | N/A | 25.6% | N/A | 17.4% |
| Hotel Asset #1 | 2005 | N/A | N/A | 2.0% | 8.2% |
| Barings Value Added I.M.A. | 2004 | N/A | N/A | 1.7% | 7.6% |

⁵ Property names are removed from the analysis to protect competitive information from public distribution.

Manager Compliance

| Property | Vintage Year | 1 Year Return (Net) | 5 Year Return (Net) | Inception Return (Net) | NPI - Hotel Match Inception |
|----------------|--------------|---------------------|---------------------|------------------------|-----------------------------|
| Hotel Asset #1 | 2005 | 14.8% | 13.1% | 2.0% | 7.2% |

For the three takeover assets, LACERA invested just over \$139 million in equity and received in excess of \$209 million in net sales proceeds. This excludes the cash flow received from the assets during the hold period. The single, remaining asset has completed a major renovation conducted during the market slow down. Projections for improved performance are consistent with expectations for value added strategies. Projections also reflect the general expectations for economic recovery which acts as the primary driver of the performance of this asset.

Manager Compliance

Effective 2012 Staff placed the Vanbarton Value IMA mandates in Watch List status. The following is provided to assist the Board in monitoring manager progress in implementing any required corrective measures.

Vanbarton Value IMA Mandates:

As of December 31, 2018 the portfolio had two retail assets remaining in the portfolio. The table below presents performance through December 31, 2018.

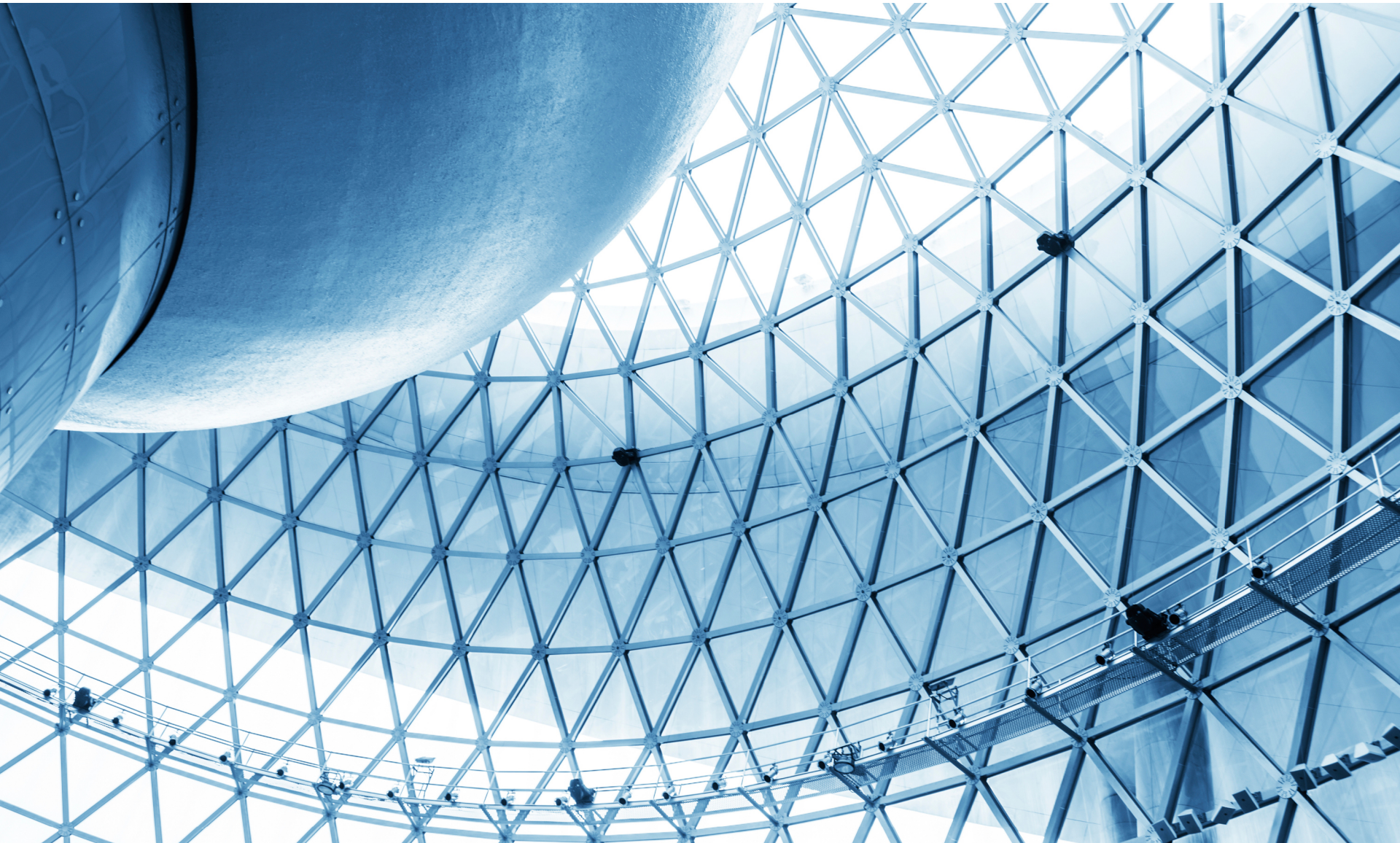
| Property ⁸ | Vintage Year | 1 Year Return (Net) | 5 Year Return (Net) | Inception Return (Net) | ODCE+100 bps Match Inception (Net) | NPI Match Inception for Property Type |
|----------------------------------|--------------|---------------------|---------------------|------------------------|------------------------------------|---------------------------------------|
| Retail Asset #1 | 2006 | -0.0% | 0.6% | 0.8% | 6.8% | 8.1% |
| Retail Asset #2 | 2007 | 0.7% | 4.9% | 0.2% | 6.2% | 7.8% |
| Vanbarton Value IMA ⁹ | 2003 | 0.7% | 4.5% | -0.7% | 6.8% | N/A |

Assets were purchased at what appears to be peak market pricing and have suffered from both market cycle and single asset impact within a small portfolio. Vanbarton's performance was greatly impacted by the 2008 market correction as exit strategies could not be executed as planned. Despite improved performance in recent years, the mandate has not recovered sufficiently to return all capital invested. Through December 31, 2018 LACERA had funded over \$450 million to the total Vanbarton Value I.M.A. mandate, has received \$295 million in distributions and has a remaining market value of \$155 million. Full return of capital has been achieved.

⁸ Property names are removed from the analysis to protect competitive information from public distribution.

⁹ Value IMA includes all legacy Vanbarton Value Added investments made and managed on behalf of LACERA.

APPENDIX



LACERA Custom Benchmark Composition

Beginning July 1, 2013 the performance of LACERA's Real Estate Portfolio has been compared to the National Council of Real Estate Investment Fiduciaries ('NCREIF') Fund Index ('NFI') Open-end Diversified Core Equity herein referred to as the **NFI-ODCE**. All comparisons utilize LACERA net of fee performance to the net of fee index returns. The use of NFI-ODCE began with 3Q13; prior benchmarks remain in the historical benchmark returns reflecting the appropriate return objectives since inception. The table below shows the composition of each respective investment category custom benchmark:

| Investment Category Custom Benchmark | Inception-2Q2013 | 3Q2013 -Present |
|---|-----------------------|------------------------------|
| LACERA Custom Core Benchmark | NPI -50 basis points | ODCE (Net) |
| LACERA Custom Value Added Benchmark | NPI +25 basis points | ODCE (Net) +100 basis points |
| LACERA Custom High Return Benchmark | NPI +225 basis points | ODCE (Net) +300 basis points |
| LACERA Custom Total Portfolio Benchmark | NPI -25 basis points | ODCE (Net) +40 basis points |

| Portfolio Composition (\$) | | | | | | | | |
|--|----------------------------|----------------------|----------------------|-------------------------|----------------------|----------------------|----------------------|---|
| Total Plan Assets | Allocation | | Market Value | | Unfunded Commitments | | Remaining Allocation | |
| 54,028,425,418 | 5,402,842,542 | 10.0% | 6,522,451,570 | 12.1% | 981,322,243 | 1.8% | -2,100,907,432 | -3.9% |
| Performance Summary | | | | | | | | |
| | Quarter (%) | | 1 Year (%) | | 5 Year (%) | | 10 Year (%) | |
| | TGRS | TNET | TGRS | TNET | TGRS | TNET | TGRS | TNET |
| LACERA Total Portfolio | 1.9 | 1.8 | 10.8 | 9.9 | 10.7 | 9.8 | 6.1 | 5.2 |
| NFI-ODCE + 40 BPS | | 1.6 | | 7.8 | | 9.8 | | 7.8 |
| Funding Status (\$) | | | | | | | | |
| | Investment Vintage Year | Commitment Amount | Funded Amount | Unfunded Commitments | Capital Returned | Market Value | Market Value (%) | Market Value + Unfunded Commitments (%) |
| Inflation Hedging and Real Assets: | | | | | | | | |
| Core Portfolio | | | | | | | | |
| Capri Capital Core I.M.A. | 2011 | 0 | 316,749,254 | 0 | 149,649,349 | 336,122,582 | 5.2 | 4.5 |
| Cityview Core I.M.A. | 2014 | 0 | 305,233,311 | 0 | 166,353,872 | 183,517,399 | 2.8 | 2.4 |
| Clarion Core I.M.A. | 2014 | 0 | 331,376,222 | 0 | 55,953,096 | 354,318,413 | 5.4 | 4.7 |
| Gateway I.M.A. (Avison Young) | 2016 | 0 | 97,192,866 | 0 | 10,717,235 | 116,619,319 | 1.8 | 1.6 |
| Heitman Core I.M.A. | 2014 | 0 | 481,909,031 | 0 | 49,145,300 | 534,476,985 | 8.2 | 7.1 |
| Invesco Core I.M.A. | 1994 | 0 | 1,722,487,222 | 0 | 1,828,023,828 | 887,718,191 | 13.6 | 11.8 |
| Invesco Real Estate Asia Fund | 2014 | 100,000,000 | 123,131,036 | 0 | 24,279,076 | 136,009,937 | 2.1 | 1.8 |
| Prologis European Logistics Fund (PELF) | 2017 | 118,147,448 | 140,449,602 | 0 | 8,421,858 | 155,727,434 | 2.4 | 2.1 |
| RREEF Core I.M.A.* | 1991 | 0 | 1,717,951,992 | 0 | 2,862,112,437 | 781,165,706 | 12.0 | 10.4 |
| RREEF Core Plus Industrial Fund L.P. | 2017 | 125,000,000 | 125,000,000 | 0 | 6,767,594 | 152,428,091 | 2.3 | 2.0 |
| Stockbridge Core I.M.A. | 2013 | 0 | 577,904,352 | 0 | 302,115,707 | 403,194,132 | 6.2 | 5.4 |
| TA Associates Core I.M.A.* | 1992 | 0 | 1,853,019,347 | 0 | 2,430,884,359 | 874,295,535 | 13.4 | 11.7 |
| Core Portfolio | 1985 | 343,147,448 | 7,792,404,235 | 0 | 7,894,423,711 | 4,915,593,724 | 75.4 | 65.5 |
| Core Separate Accounts | 1991 | 0 | 7,403,823,595 | 0 | 7,854,955,184 | 4,471,428,262 | 68.6 | 59.6 |
| Core Commingled Funds | 2014 | 343,147,448 | 388,580,638 | 0 | 39,468,528 | 444,165,462 | 6.8 | 5.9 |
| Value Added | | | | | | | | |
| AEW Value Investors Asia III | 2018 | 50,000,000 | 22,889,712 | 27,110,288 | 0 | 22,634,743 | 0.3 | 0.7 |
| Barings Value I.M.A. Vintage 2003 | 2003 | 0 | 519,406,872 | 0 | 653,039,526 | 14,471,119 | 0.2 | 0.2 |
| CapMan Nordic Real Estate Fund II | 2017 | 59,206,631 | 17,255,232 | 40,748,199 | 0 | 18,462,558 | 0.3 | 0.8 |
| CBRE Strategic Partners European Fund III | 2007 | 21,488,047 | 21,523,777 | 0 | 5,588,574 | 446,737 | 0.0 | 0.0 |
| Cornerstone Hotel Income Equity Fund II | 2008 | 150,000,000 | 140,830,910 | 0 | 193,192,178 | 200,330 | 0.0 | 0.0 |
| Heitman Asia-Pacific Property Investors | 2018 | 50,000,000 | 10,984,862 | 39,015,138 | 0 | 9,710,913 | 0.1 | 0.6 |
| Heitman Value I.M.A. Vintage 2013 | 2013 | 0 | 11,644,498 | 0 | 2,792,700 | 14,421,435 | 0.2 | 0.2 |
| Hunt UK Realty Partners LP | 2007 | 29,833,366 | 30,266,701 | 9,103 | 1,226,453 | 1,484,650 | 0.0 | 0.0 |
| Invesco Value I.M.A. Vintage 2012 | 2012 | 0 | 103,801,337 | 0 | 2,350,980 | 123,941,694 | 1.9 | 1.7 |
| Stockbridge Value I.M.A. Vintage 2014 | 2014 | 0 | 56,887,537 | 0 | 30,611,323 | 32,180,554 | 0.5 | 0.4 |
| Vanbarton Value I.M.A. Vintage 2003 | 2003 | 0 | 59,920,546 | 0 | 73,200,000 | -22,995 | 0.0 | 0.0 |
| Vanbarton Value I.M.A. Vintage 2006 | 2006 | 0 | 391,949,050 | 0 | 224,891,148 | 154,218,204 | 2.4 | 2.1 |
| Value Added | 1986 | 360,528,044 | 1,387,361,034 | 106,882,728 | 1,186,892,882 | 392,149,942 | 6.0 | 6.7 |
| Value Added Separate Accounts | 1994 | 0 | 1,143,609,840 | 0 | 986,885,677 | 339,210,011 | 5.2 | 4.5 |
| Value Added Commingled Funds | 1986 | 360,528,044 | 243,751,194 | 106,882,728 | 200,007,205 | 52,939,931 | 0.8 | 2.1 |
| Inflation Hedge & Real Assets Separate Accounts | 1991 | 926,724,191 | 8,547,433,435 | 0 | 8,841,840,861 | 4,810,638,273 | 73.8 | 64.1 |
| Inflation Hedge & Real Assets Commingled Funds | 1985 | 703,675,492 | 632,331,832 | 106,882,728 | 239,475,733 | 497,105,393 | 7.6 | 8.0 |
| Total Inflation Hedging and Real Assets Portfolio | 1985 | 703,675,492 | 9,179,765,269 | 106,882,728 | 9,081,316,593 | 5,307,743,666 | 81.4 | 72.2 |

| Funding Status (\$) | Investment Vintage Year | Commitment Amount | Funded Amount | Unfunded Commitments | Capital Returned | Market Value | Market Value (%) | Market Value + Unfunded Commitments (%) |
|---|-------------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|------------------|---|
| Growth: | | | | | | | | |
| High Return | | | | | | | | |
| AERMONT Real Estate Fund IV | 2018 | 57,326,301 | 0 | 57,326,301 | 0 | -445,108 | 0.0 | 0.8 |
| AG Europe Realty Fund II | 2018 | 50,000,000 | 22,750,000 | 27,250,000 | 0 | 23,492,794 | 0.4 | 0.7 |
| Capri Capital High I.M.A. Vintage 2006 | 2006 | 0 | 202,202,838 | 0 | 196,505,714 | 56,697,141 | 0.9 | 0.8 |
| Capri Urban Investors | 2008 | 150,000,000 | 149,951,767 | 0 | 68,858,024 | 42,378,916 | 0.6 | 0.6 |
| Carlyle Europe Real Estate Partners III | 2007 | 24,951,333 | 26,619,116 | 702,643 | 21,967,918 | 1,173,329 | 0.0 | 0.0 |
| CityView Bay Area Fund II | 2012 | 134,000,000 | 138,629,664 | 0 | 127,465,855 | 84,655,426 | 1.3 | 1.1 |
| CityView LA Urban Fund I | 2007 | 50,000,000 | 122,556,477 | 0 | 147,146,167 | 91,702 | 0.0 | 0.0 |
| CityView Southern California Fund II | 2013 | 100,000,000 | 97,735,936 | 2,264,065 | 0 | 144,549,241 | 2.2 | 2.0 |
| CityView Western Fund I, L.P. | 2016 | 150,000,000 | 60,056,168 | 89,943,832 | 0 | 66,017,671 | 1.0 | 2.1 |
| CVBAF II Union City Co-Invest | 2015 | 20,000,000 | 20,000,000 | 0 | 0 | 28,452,623 | 0.0 | 0.0 |
| Europa Fund III | 2009 | 23,128,342 | 22,015,787 | 998,254 | 27,496,711 | 900,372 | 0.0 | 0.0 |
| Europa Fund IV | 2014 | 64,292,144 | 55,571,200 | 6,637,878 | 35,089,912 | 33,940,881 | 0.5 | 0.5 |
| Genesis Workforce Housing Fund II | 2007 | 30,000,000 | 29,998,975 | 0 | 43,664,806 | -79,079 | 0.0 | 0.0 |
| INVESCO Asian Real Estate Partners II (USD Vehicle) (3Q18 data) | 2007 | 25,000,000 | 11,251,165 | 1,961,316 | 14,905,477 | 182,276 | 0.0 | 0.0 |
| Invesco High I.M.A. Vintage 2012 | 2012 | 0 | 107,348,740 | 0 | 163,139,908 | 1,919,761 | 0.0 | 0.0 |
| Invesco High I.M.A. Vintage 2016 | 2016 | 0 | 35,848,810 | 0 | 0 | 48,405,362 | 0.7 | 0.6 |
| RREEF High Return I.M.A. III | 2015 | 0 | 316,284,784 | 0 | 81,451,622 | 241,239,686 | 3.7 | 3.2 |
| Starwood Brandco | 2011 | 2,000,000 | 1,253,399 | 1,246,661 | 3,294,774 | 1,650,420 | 0.0 | 0.0 |
| Starwood Capital Hospitality Fund II (3Q18 data) | 2010 | 100,000,000 | 96,340,000 | 3,660,000 | 115,470,396 | 34,999,948 | 0.5 | 0.5 |
| Stockbridge High I.M.A. Vintage 2014 | 2014 | 0 | 91,228,023 | 0 | 18,680,831 | 101,114,314 | 1.6 | 1.3 |
| TA Associates High I.M.A. | 2015 | 0 | 41,010,322 | 0 | 44,251,626 | 7,671,145 | 0.1 | 0.1 |
| TPG Real Estate Partners III | 2018 | 75,000,000 | 0 | 58,750,000 | 0 | -545,177 | 0.0 | 0.8 |
| TriPacific (LERI/LERP) * | 1995 | 0 | 2,612,167,014 | 885,500 | 2,440,120,122 | 34,715 | 0.0 | 0.0 |
| High Return | 1995 | 1,055,698,120 | 4,260,820,185 | 251,626,450 | 3,549,509,863 | 918,498,359 | 14.1 | 15.6 |
| High Return Separate Accounts | 2001 | 0 | 3,406,090,531 | 885,500 | 2,944,149,823 | 485,534,747 | 7.4 | 6.5 |
| High Return Commingled Funds | 2007 | 1,055,698,120 | 834,729,654 | 250,740,950 | 605,360,040 | 432,963,612 | 6.6 | 9.1 |
| Total Growth Portfolio | 1995 | 1,055,698,120 | 4,260,820,185 | 251,626,450 | 3,549,509,863 | 918,498,359 | 14.1 | 15.6 |
| Credit: | | | | | | | | |
| Core Debt IMAs | | | | | | | | |
| Barings Debt I.M.A. | 2011 | 500,000,000 | 1,040,672,034 | 380,563,065 | 932,278,641 | 238,163,470 | 3.7 | 8.2 |
| Quadrant I.M.A. | 2011 | 300,000,000 | 88,481,074 | 242,250,000 | 45,429,726 | 58,046,075 | 0.9 | 4.0 |
| Core Debt IMAs | 2011 | 800,000,000 | 1,129,153,108 | 622,813,065 | 977,708,367 | 296,209,545 | 4.5 | 12.2 |
| Total Credit Portfolio | 2011 | 800,000,000 | 1,129,153,108 | 622,813,065 | 977,708,367 | 296,209,545 | 4.5 | 12.2 |
| Total Current Portfolio | | | | | | | | |
| Los Angeles County Employees Retirement Association | 1985 | 1,759,373,612 | 14,569,738,562 | 981,322,243 | 13,608,534,823 | 6,522,451,570 | 100.0 | 100.0 |

* Hardcoded Data

**Funded amount may be greater than the Commitment Amount due to recallable capital. Some distributions made during the Investment Period may be reinvested by the manager, which increases the Funded Amount to a sum greater than Committed Capital.

| Returns (%) | Market Value (\$) | Quarter | | | | 1 Year | | | | 3 Year | | | | 5 Year | | | |
|--|----------------------|-------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|
| | | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET |
| Inflation Hedging and Real Assets: | | | | | | | | | | | | | | | | | |
| Core Portfolio | | | | | | | | | | | | | | | | | |
| Capri Capital Core I.M.A. | 336,122,582 | 0.8 | -0.3 | 0.5 | 0.4 | 3.3 | 5.1 | 8.5 | 8.0 | 3.6 | 1.6 | 5.2 | 4.6 | 3.7 | 5.6 | 9.5 | 8.8 |
| Cityview Core I.M.A. | 183,517,399 | 1.3 | 0.9 | 2.2 | 2.2 | 5.3 | 7.3 | 12.9 | 12.8 | 3.7 | 2.4 | 6.1 | 5.8 | | | | |
| Clarion Core I.M.A. | 354,318,413 | 1.1 | 1.0 | 2.2 | 2.0 | 4.7 | 3.8 | 8.6 | 8.0 | 4.3 | 2.5 | 6.9 | 6.4 | | | | |
| Gateway I.M.A. (Avison Young) | 116,619,319 | 0.7 | 0.0 | 0.7 | 0.7 | 5.7 | 2.5 | 8.4 | 8.2 | 6.5 | 3.8 | 10.5 | 10.3 | 7.0 | 4.4 | 11.7 | 11.6 |
| Heitman Core I.M.A. | 534,476,985 | 1.4 | -0.7 | 0.7 | 0.6 | 5.8 | 7.9 | 14.0 | 13.4 | 5.3 | 2.6 | 8.0 | 7.4 | | | | |
| Invesco Core I.M.A. | 887,718,191 | 1.1 | -0.2 | 1.0 | 0.9 | 4.8 | 5.2 | 10.3 | 9.8 | 4.6 | 3.2 | 7.9 | 7.5 | 4.4 | 4.8 | 9.4 | 8.9 |
| Invesco Real Estate Asia Fund | 136,009,937 | 1.0 | 0.9 | 2.0 | 1.8 | 4.0 | -1.3 | 2.6 | 1.9 | 4.5 | 5.4 | 10.0 | 9.3 | | | | |
| Prologis European Logistics Fund (PELF) | 155,727,434 | 1.3 | 1.6 | 2.9 | 2.2 | 5.8 | 8.3 | 14.5 | 10.8 | | | | | | | | |
| RREEF Core I.M.A.* | 781,165,706 | 1.1 | -1.7 | -0.5 | -0.7 | 5.1 | 3.2 | 8.3 | 7.9 | 5.4 | 3.3 | 8.9 | 8.4 | 5.8 | 5.0 | 11.0 | 10.5 |
| RREEF Core Plus Industrial Fund L.P. | 152,428,091 | 0.9 | 2.3 | 3.2 | 3.1 | 3.5 | 12.6 | 16.4 | 16.1 | | | | | | | | |
| Stockbridge Core I.M.A. | 403,194,132 | 1.7 | 0.0 | 1.7 | 1.5 | 6.7 | 4.9 | 11.9 | 11.2 | 6.5 | 3.2 | 9.9 | 9.3 | 6.6 | 4.4 | 11.2 | 10.5 |
| TA Associates Core I.M.A.* | 874,295,535 | 1.5 | 4.0 | 5.5 | 5.4 | 6.6 | 5.3 | 12.1 | 11.6 | 6.8 | 1.9 | 8.8 | 8.2 | 6.8 | 2.2 | 9.1 | 8.6 |
| Core Portfolio | 4,915,593,724 | 1.2 | 0.5 | 1.8 | 1.7 | 5.3 | 5.2 | 10.7 | 10.1 | 5.3 | 3.2 | 8.7 | 8.1 | 5.5 | 4.3 | 10.0 | 9.4 |
| Total Core Separate Accounts | 4,471,428,262 | 1.3 | 0.4 | 1.7 | 1.6 | 5.4 | 5.0 | 10.6 | 10.1 | 5.4 | 2.8 | 8.3 | 7.8 | 5.5 | 4.2 | 9.8 | 9.3 |
| Core Commingled Funds | 444,165,462 | 1.1 | 1.6 | 2.7 | 2.4 | 4.5 | 6.6 | 11.3 | 9.6 | 4.3 | 8.6 | 13.3 | 12.1 | | | | |
| <i>Core Custom Benchmark</i> | | | | | 1.5 | | | | 7.4 | | | | 7.3 | | | | 9.4 |
| <i>NFI-ODCE Value Weight</i> | | | | 1.8 | 1.5 | | | 8.3 | 7.4 | | | 8.2 | 7.3 | | | 10.4 | 9.4 |
| Value Added | | | | | | | | | | | | | | | | | |
| AEW Value Investors Asia III (10) | 22,634,743 | -0.1 | 3.9 | 3.8 | 3.1 | | | | | | | | | | | | |
| Barings Value I.M.A. Vintage 2003 | 14,471,119 | -0.4 | 1.2 | 0.7 | 0.7 | 5.6 | 9.3 | 15.2 | 14.8 | 6.8 | 5.0 | 12.0 | 11.6 | 8.1 | 5.1 | 13.6 | 13.1 |
| CapMan Nordic Real Estate Fund II (4) | 18,462,558 | -3.9 | 8.7 | 4.8 | 4.3 | -6.4 | 31.0 | 23.0 | 17.9 | | | | | | | | |
| CBRE Strategic Partners European Fund III (9) | 446,737 | 1.3 | -1.2 | 0.1 | 0.1 | 9.2 | -4.5 | 4.3 | 4.2 | 1.3 | 1.8 | 3.2 | 2.8 | -3.0 | -10.8 | -10.6 | -11.3 |
| Cornerstone Hotel Income Equity Fund II (4)(9) | 200,330 | -3.7 | 0.0 | -3.7 | -3.7 | -9.2 | 0.0 | -9.2 | -9.2 | 1.3 | -27.2 | -25.3 | -22.5 | 5.2 | -13.4 | -8.3 | -6.8 |
| Heitman Asia-Pacific Property Investors (10) | 9,710,913 | -3.1 | 0.8 | -2.2 | -2.5 | | | | | | | | | | | | |
| Heitman Value I.M.A. Vintage 2013 | 14,421,435 | 1.8 | -1.7 | 0.1 | -0.1 | 6.0 | 4.3 | 10.5 | 9.3 | 6.8 | 0.2 | 7.0 | 6.8 | 7.7 | 4.3 | 12.3 | 10.9 |
| Hunt UK Realty Partners LP | 1,484,650 | -0.4 | -20.7 | -21.1 | -21.1 | -1.9 | -22.4 | -24.0 | -24.0 | -2.2 | -10.0 | -12.0 | -12.0 | -2.3 | -1.4 | -3.6 | -5.5 |
| Invesco Value I.M.A. Vintage 2012 | 123,941,694 | -1.6 | 0.0 | -1.6 | -1.8 | -5.2 | -5.4 | -10.4 | -11.2 | -1.7 | -9.0 | -10.5 | -11.2 | -0.5 | 1.9 | 1.3 | 0.6 |
| Stockbridge Value I.M.A. Vintage 2014 | 32,180,554 | 1.3 | 0.0 | 1.3 | 1.1 | 5.2 | -12.6 | -7.9 | -8.5 | 5.9 | -2.9 | 2.9 | 2.3 | | | | |
| Vanbarton Value I.M.A. Vintage 2003 (9) | -22,995 | 7.8 | 0.0 | 7.8 | 7.8 | 48.6 | 0.0 | 48.6 | 48.6 | 165.0 | 0.0 | 165.0 | 165.0 | 75.2 | 0.0 | 75.2 | 75.2 |
| Vanbarton Value I.M.A. Vintage 2006 | 154,218,204 | 1.2 | -0.4 | 0.8 | 0.7 | 5.0 | -0.7 | 4.3 | 3.5 | 5.2 | -0.8 | 4.3 | 3.6 | 4.3 | 0.8 | 5.2 | 4.5 |
| Value Added | 392,149,942 | -0.2 | 0.5 | 0.4 | 0.2 | 2.6 | 5.6 | 8.3 | 7.1 | 4.5 | -0.2 | 4.3 | 3.5 | 5.1 | 2.4 | 7.6 | 6.8 |
| Value Added Separate Accounts | 339,210,011 | 0.0 | 0.2 | 0.2 | 0.0 | 3.0 | 5.3 | 8.4 | 7.3 | 4.6 | 0.1 | 4.7 | 4.0 | 4.8 | 3.2 | 8.1 | 7.3 |
| Value Added Commingled Funds | 52,939,931 | -1.9 | 4.0 | 2.1 | 1.6 | -4.4 | 10.8 | 6.0 | -0.8 | -0.1 | -9.2 | -9.0 | -9.7 | 3.7 | -5.3 | -1.7 | -2.7 |
| <i>Value Custom Benchmark</i> | | | | | 1.8 | | | | 8.4 | | | | 8.3 | | | | 10.5 |
| <i>NFI-ODCE Value Weight +100 BPS</i> | | | | 2.0 | 1.8 | | | 9.4 | 8.4 | | | 9.3 | 8.3 | | | 11.5 | 10.5 |
| Inflation Hedge & Real Assets Separate Accounts | 4,810,638,273 | 1.1 | 0.4 | 1.6 | 1.4 | 5.1 | 5.1 | 10.5 | 9.9 | 5.3 | 2.4 | 7.8 | 7.3 | 5.4 | 4.0 | 9.6 | 9.0 |
| Inflation Hedge & Real Assets Commingled Funds | 497,105,393 | 0.8 | 1.9 | 2.6 | 2.3 | 3.8 | 6.8 | 10.8 | 9.0 | 4.1 | 7.2 | 11.6 | 10.5 | 5.7 | 4.5 | 10.4 | 9.0 |
| Total Inflation Hedging and Real Assets Portfolio | 5,307,743,666 | 1.1 | 0.5 | 1.7 | 1.5 | 5.0 | 5.3 | 10.5 | 9.8 | 5.3 | 2.8 | 8.1 | 7.5 | 5.4 | 4.1 | 9.7 | 9.0 |

| Returns (%) | Market Value (\$) | Quarter | | | | 1 Year | | | | 3 Year | | | | 5 Year | | | |
|---|--------------------|-------------|------------|------------|------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET |
| Growth: | | | | | | | | | | | | | | | | | |
| High Return | | | | | | | | | | | | | | | | | |
| AERMONT Real Estate Fund IV | -445,108 | | | | | | | | | | | | | | | | |
| AG Europe Realty Fund II (10) | 23,492,794 | 0.4 | 7.0 | 7.4 | 6.5 | | | | | | | | | | | | |
| Capri Capital High I.M.A. Vintage 2006 | 56,697,141 | 0.9 | -5.3 | -4.4 | -3.7 | 0.7 | -0.4 | 0.3 | 1.1 | -1.7 | 17.3 | 15.9 | 14.2 | -2.1 | 26.0 | 23.7 | 20.7 |
| Capri Urban Investors | 42,378,916 | 0.3 | -0.9 | -0.6 | -0.6 | 1.3 | -1.8 | -0.5 | -1.1 | 0.1 | -15.0 | -14.8 | -16.0 | 1.2 | -12.6 | -11.4 | -12.8 |
| Carlyle Europe Real Estate Partners III (3) | 1,173,329 | -0.1 | 1.5 | 1.4 | 0.8 | -0.3 | -0.7 | -1.0 | -3.8 | -0.3 | 19.0 | 18.7 | 16.1 | 0.7 | 9.6 | 10.4 | 8.4 |
| CityView Bay Area Fund II (4) | 84,655,426 | -0.2 | 2.4 | 2.2 | 1.8 | -0.4 | 10.4 | 9.9 | 8.2 | 0.6 | 13.4 | 14.0 | 12.3 | N/A | N/A | N/A | N/A |
| CityView LA Urban Fund I (9) | 91,702 | -7.7 | 0.1 | -7.6 | -7.6 | -11.3 | -7.4 | -17.8 | -17.8 | -2.5 | 14.1 | 11.8 | 9.8 | 14.1 | 7.9 | 23.2 | 21.2 |
| CityView Southern California Fund II (4) | 144,549,241 | 0.0 | 1.9 | 1.9 | 1.7 | -0.2 | 20.7 | 20.6 | 19.5 | -1.2 | 25.8 | 24.6 | 22.5 | 39.1 | 34.9 | 107.5 | 155.0 |
| CityView Western Fund I, L.P. (12) | 66,017,671 | -3.8 | 43.0 | 39.2 | 37.9 | -4.5 | 35.0 | 30.5 | 21.2 | | | | | | | | |
| CVBAF II Union City Co-Invest | 28,452,623 | 0.0 | -2.9 | -2.9 | -3.0 | 0.0 | 6.2 | 6.2 | 5.5 | | | | | | | | |
| Europa Fund III (3) | 900,372 | -0.6 | 9.6 | 9.1 | 3.1 | -1.0 | -0.2 | -1.1 | -1.9 | -0.6 | 6.3 | 5.7 | -0.4 | 7.0 | 0.4 | 9.6 | 5.5 |
| Europa Fund IV (3) | 33,940,881 | 0.0 | 12.6 | 12.6 | 11.8 | -0.3 | 10.2 | 9.8 | 7.4 | -0.9 | 12.9 | 11.9 | 10.6 | | | | |
| Genesis Workforce Housing Fund II (4)(9) | -79,079 | 4.0 | 0.0 | 4.0 | 4.0 | 4.3 | 0.0 | 4.3 | 4.3 | 1.7 | 0.9 | 2.6 | 2.6 | 2.7 | 1.1 | 3.9 | 3.5 |
| INVESCO Asian Real Estate Partners II (USD Vehicle) (9) | 182,276 | -0.5 | -0.1 | -0.6 | -0.6 | -3.0 | -0.4 | -3.5 | -3.5 | -1.9 | 17.5 | 15.3 | 14.0 | -1.2 | 18.4 | 16.9 | 15.4 |
| Invesco High I.M.A. Vintage 2012 | 1,919,761 | -5.9 | 0.0 | -5.9 | -5.9 | -3.3 | -7.6 | -10.6 | -9.2 | -0.6 | 11.7 | 11.0 | 9.5 | -0.5 | 13.8 | 13.3 | 11.6 |
| Invesco High I.M.A. Vintage 2016 | 48,405,362 | 0.5 | 4.3 | 4.9 | 4.5 | -4.1 | 51.8 | 46.6 | 43.7 | | | | | | | | |
| RREEF High Return I.M.A. III (11) | 241,239,686 | -0.6 | 0.0 | -0.6 | -0.8 | -0.6 | 0.9 | 0.3 | -0.8 | -0.2 | 3.1 | 2.9 | 1.7 | | | | |
| Starwood Brandco | 1,650,420 | 90.5 | -89.8 | 0.7 | 0.3 | 112.7 | -85.3 | 59.3 | 18.5 | 41.1 | -44.1 | 35.7 | 14.7 | 27.3 | -22.6 | 36.5 | 17.3 |
| Starwood Capital Hospitality Fund II | 34,999,948 | 6.7 | 0.3 | 7.1 | 3.9 | 10.5 | 7.6 | 18.8 | 11.8 | 14.4 | -7.7 | 6.6 | 7.2 | 13.8 | -5.7 | 8.2 | 7.7 |
| Stockbridge High I.M.A. Vintage 2014 | 101,114,314 | -0.4 | 10.6 | 10.1 | 8.8 | -2.2 | 40.8 | 38.0 | 32.4 | -3.3 | 17.4 | 13.6 | 10.7 | | | | |
| TA Associates High I.M.A. | 7,671,145 | 0.0 | 0.0 | 0.0 | -0.7 | 3.7 | 13.0 | 17.0 | 12.5 | 2.7 | 11.1 | 14.0 | 11.6 | | | | |
| TPG Real Estate Partners III | -545,177 | | | | | | | | | | | | | | | | |
| TriPacific (LERI/LERP) * (4)(6)(9) | 34,715 | 0.0 | -18.3 | -18.3 | -18.3 | 0.0 | -86.8 | -86.8 | -86.8 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| High Return (5) | 918,498,359 | 0.2 | 3.7 | 3.8 | 3.3 | 0.4 | 12.3 | 12.8 | 10.8 | 1.3 | 13.2 | 14.6 | 12.5 | 4.4 | 12.6 | 17.5 | 14.8 |
| High Return Separate Accounts | 485,534,747 | -0.2 | 1.7 | 1.5 | 1.1 | -0.1 | 10.2 | 10.0 | 8.7 | 0.0 | 16.8 | 16.8 | 14.6 | -0.3 | 19.7 | 19.3 | 16.8 |
| High Return Commingled Funds | 432,963,612 | 0.6 | 6.0 | 6.6 | 5.9 | 1.1 | 14.8 | 16.0 | 13.1 | 2.4 | 9.1 | 11.7 | 9.7 | 6.7 | 7.7 | 14.8 | 12.3 |
| <i>High Return Custom Benchmark</i> | | | | | 2.3 | | | | 10.6 | | | | 10.5 | | | | 12.7 |
| <i>NFI-ODCE Value Weight + 300 BPS</i> | | | | 2.5 | 2.3 | | | 11.6 | 10.6 | | | 11.5 | 10.5 | | | 13.7 | 12.7 |
| Total Growth Portfolio | 918,498,359 | 0.2 | 3.7 | 3.8 | 3.3 | 0.4 | 12.3 | 12.8 | 10.8 | 1.3 | 13.2 | 14.6 | 12.5 | 4.4 | 12.6 | 17.5 | 14.8 |
| Credit: | | | | | | | | | | | | | | | | | |
| Core Debt IMAs | | | | | | | | | | | | | | | | | |
| Barings Debt I.M.A | 238,163,470 | 1.6 | 0.0 | 1.6 | 1.4 | 10.6 | 1.8 | 12.5 | 11.3 | 10.2 | 0.8 | 11.1 | 9.9 | 9.6 | 0.4 | 10.1 | 8.9 |
| Quadrant I.M.A | 58,046,075 | 1.9 | 0.0 | 1.9 | 1.8 | 7.9 | 0.0 | 7.9 | 7.4 | 7.8 | -0.5 | 7.3 | 6.8 | 7.7 | -0.5 | 7.2 | 6.7 |
| Core Debt IMAs | 296,209,546 | 1.7 | 0.0 | 1.7 | 1.5 | 9.4 | 0.9 | 10.3 | 9.3 | 9.7 | 0.4 | 10.2 | 9.1 | 9.3 | 0.2 | 9.4 | 8.3 |
| Total Credit Portfolio | 296,209,546 | 1.7 | 0.0 | 1.7 | 1.5 | 9.4 | 0.9 | 10.3 | 9.3 | 9.7 | 0.4 | 10.2 | 9.1 | 9.3 | 0.2 | 9.4 | 8.3 |
| Total Portfolio | | | | | | | | | | | | | | | | | |
| LACERA | 6,522,451,571 | 1.0 | 0.9 | 1.9 | 1.8 | 4.5 | 6.1 | 10.8 | 9.9 | 4.9 | 4.1 | 9.1 | 8.3 | 5.4 | 5.0 | 10.7 | 9.8 |
| LACERA Portfolio without LERI & TriPacific | 6,522,416,856 | 1.0 | 0.9 | 1.9 | 1.8 | 4.5 | 6.1 | 10.8 | 9.9 | 4.9 | 4.1 | 9.1 | 8.3 | 5.4 | 4.9 | 10.6 | 9.7 |
| Indices | | | | | | | | | | | | | | | | | |
| <i>Total Custom Benchmark (with ODCE+40bps in 4Q18)</i> | | | | | 1.6 | | | | 7.8 | | | | 7.7 | | | | 9.8 |
| <i>Total Custom Benchmark (with ODCE+60bps in 4Q18)</i> | | | | | 1.7 | | | | 7.8 | | | | 7.7 | | | | 9.8 |
| <i>Total Custom Benchmark (with ODCE+80bps in 4Q18)</i> | | | | | 1.7 | | | | 7.9 | | | | 7.7 | | | | 9.9 |
| <i>ODCE + 40 BPS</i> | | | | 1.9 | 1.6 | | | 8.8 | 7.8 | | | 8.7 | 7.7 | | | 10.8 | 9.8 |

* Hardcoded Data

| Returns (%) | Market Value (\$) | 7 Year | | | | 10 Year | | | | Inception | | TWR Calculation | Net IRR | Equity Multiple |
|--|----------------------|------------|-------------|-------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-----------------|-------------|-----------------|
| | | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET | TGRS | TNET | Inception | | |
| Inflation Hedging and Real Assets: | | | | | | | | | | | | | | |
| Core Portfolio | | | | | | | | | | | | | | |
| Capri Capital Core I.M.A. | 336,122,582 | 3.5 | 7.1 | 10.8 | 10.0 | | | | | 11.7 | 10.9 | 2Q11 | 8.7 | 1.5 |
| Cityview Core I.M.A. | 183,517,399 | | | | | | | | | 6.7 | 6.3 | 3Q14 | 6.6 | 1.1 |
| Clarion Core I.M.A. | 354,318,413 | | | | | | | | | 8.4 | 7.8 | 2Q14 | 8.0 | 1.2 |
| Gateway I.M.A. (Avison Young) | 116,619,319 | 7.3 | 3.7 | 11.3 | 11.2 | 7.9 | -6.1 | 1.5 | 1.5 | 6.3 | 6.2 | 3Q90 | 6.4 | 1.6 |
| Heitman Core I.M.A. | 534,476,985 | | | | | | | | | 8.9 | 8.3 | 3Q14 | 8.8 | 1.2 |
| Invesco Core I.M.A. | 887,718,191 | 4.6 | 3.8 | 8.6 | 8.1 | 5.3 | 2.6 | 8.0 | 7.7 | 9.1 | 8.5 | 4Q94 | 8.7 | 1.6 |
| Invesco Real Estate Asia Fund | 136,009,937 | | | | | | | | | 7.1 | 6.3 | 2Q14 | 7.2 | 1.3 |
| Prologis European Logistics Fund (PELF) | 155,727,434 | | | | | | | | | 17.4 | 13.5 | 4Q17 | 13.6 | 1.2 |
| RREEF Core I.M.A.* | 781,165,706 | 6.0 | 4.5 | 10.6 | 10.1 | 6.2 | 1.6 | 7.9 | 7.4 | 11.0 | 10.2 | 1Q91 | 10.5 | 2.1 |
| RREEF Core Plus Industrial Fund L.P. | 152,428,091 | | | | | | | | | 18.4 | 18.0 | 3Q17 | 17.0 | 1.3 |
| Stockbridge Core I.M.A. | 403,194,132 | | | | | | | | | 11.2 | 10.5 | 1Q14 | 10.0 | 1.2 |
| TA Associates Core I.M.A.* | 874,295,535 | 6.9 | 2.3 | 9.3 | 8.8 | 6.9 | 0.3 | 7.2 | 6.7 | 9.8 | 9.0 | 3Q92 | 8.9 | 1.8 |
| Core Portfolio | 4,915,593,724 | 5.6 | 3.9 | 9.7 | 9.1 | 6.0 | 1.3 | 7.4 | 6.9 | 8.5 | 7.7 | 3Q85 | 8.2 | 1.6 |
| Total Core Separate Accounts | 4,471,428,262 | 5.7 | 3.8 | 9.6 | 9.1 | 6.0 | 1.2 | 7.3 | 6.8 | 8.9 | 8.2 | 3Q90 | 9.0 | 1.6 |
| Core Commingled Funds | 444,165,462 | | | | | | | | | 10.2 | 8.5 | 2Q14 | 10.1 | 1.3 |
| <i>Core Custom Benchmark</i> | | | | | 9.9 | | | | 7.4 | | 7.5 | 3Q85 | | |
| <i>NFI-ODCE Value Weight</i> | | | | 11.0 | 10.0 | | | 7.0 | 6.0 | 7.4 | 6.3 | 3Q85 | | |
| Value Added | | | | | | | | | | | | | | |
| AEW Value Investors Asia III (10) | 22,634,743 | | | | | | | | | 0.7 | -2.7 | 2Q18 | -2.0 | 1.0 |
| Barings Value I.M.A. Vintage 2003 | 14,471,119 | 7.1 | 4.0 | 11.3 | 10.7 | 2.9 | -5.2 | -2.7 | -3.2 | 2.2 | 1.7 | 1Q04 | 6.1 | 1.3 |
| CapMan Nordic Real Estate Fund II (4) | 18,462,558 | | | | | | | | | 93.3 | 72.0 | 4Q17 | 11.5 | 1.1 |
| CBRE Strategic Partners European Fund III (9) | 446,737 | -2.2 | -9.1 | -9.0 | -9.8 | -2.2 | -7.7 | -8.2 | -8.9 | N/A | N/A | 2Q08 | -16.9 | 0.3 |
| Cornerstone Hotel Income Equity Fund II (4)(9) | 200,330 | 6.6 | -7.2 | -0.6 | 0.2 | 5.9 | -11.7 | -6.1 | -6.2 | -7.4 | -7.5 | 4Q08 | 9.2 | 1.4 |
| Heitman Asia-Pacific Property Investors (10) | 9,710,913 | | | | | | | | | -4.7 | -5.3 | 3Q18 | -23.5 | 0.9 |
| Heitman Value I.M.A. Vintage 2013 | 14,421,435 | | | | | | | | | 12.3 | 10.9 | 1Q14 | 9.4 | 1.5 |
| Hunt UK Realty Partners LP | 1,484,650 | -0.2 | -12.8 | -12.4 | -15.6 | -22.5 | -0.4 | -13.1 | -16.4 | -22.2 | -25.0 | 1Q08 | -23.5 | 0.1 |
| Invesco Value I.M.A. Vintage 2012 | 123,941,694 | | | | | | | | | 5.0 | 4.2 | 1Q13 | 3.7 | 1.2 |
| Stockbridge Value I.M.A. Vintage 2014 | 32,180,554 | | | | | | | | | 3.3 | 2.7 | 2Q14 | 3.9 | 1.1 |
| Vanbarton Value I.M.A. Vintage 2003 (9) | -22,995 | 51.5 | 0.0 | 51.5 | 51.5 | 30.1 | 0.0 | 30.1 | 30.1 | 66.4 | 66.1 | 3Q03 | 12.9 | 1.2 |
| Vanbarton Value I.M.A. Vintage 2006 | 154,218,204 | 6.8 | 1.0 | 7.9 | 7.1 | 9.8 | -10.4 | -1.3 | -2.2 | 0.3 | -0.7 | 2Q06 | -0.5 | 1.0 |
| Value Added | 392,149,942 | 5.7 | 2.3 | 8.2 | 7.3 | 5.2 | -5.0 | 0.0 | -0.9 | 2.0 | -5.5 | 4Q86 | 5.9 | 1.1 |
| Value Added Separate Accounts | 339,210,011 | 5.5 | 2.8 | 8.4 | 7.7 | 5.4 | -5.4 | -0.3 | -1.1 | 7.6 | 6.4 | 3Q94 | 6.0 | 1.2 |
| Value Added Commingled Funds | 52,939,931 | 4.5 | -3.0 | 1.4 | 0.3 | 2.6 | -4.7 | -2.1 | -3.5 | 0.1 | -8.3 | 4Q86 | 4.4 | 1.1 |
| <i>Value Custom Benchmark</i> | | | | | 10.9 | | | | 8.4 | | 8.3 | 4Q86 | | |
| <i>NFI-ODCE Value Weight +100 BPS</i> | | | | 12.1 | 11.0 | | | 8.1 | 7.1 | 8.4 | 7.4 | 4Q86 | | |
| Inflation Hedge & Real Assets Separate Accounts | 4,810,638,273 | 5.7 | 3.6 | 9.5 | 8.9 | 5.9 | 0.2 | 6.2 | 5.7 | 8.7 | 7.9 | 3Q90 | 8.7 | 1.5 |
| Inflation Hedge & Real Assets Commingled Funds | 497,105,393 | 5.9 | 4.1 | 10.2 | 8.8 | 3.6 | 0.1 | 3.8 | 2.2 | 4.6 | 2.8 | 3Q85 | 5.3 | 1.3 |
| Total Inflation Hedging and Real Assets Portfolio | 5,307,743,666 | 5.7 | 3.7 | 9.5 | 8.9 | 5.9 | 0.2 | 6.1 | 5.5 | 8.1 | 7.2 | 3Q85 | 8.0 | 1.5 |

| Returns (%) | Market Value (\$) | 7 Year | | | | 10 Year | | | | Inception | | TWR Calculation | Net IRR | Equity Multiple |
|---|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-----------------|------------|-----------------|
| | | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET | TGRS | TNET | Inception | | |
| Growth: | | | | | | | | | | | | | | |
| High Return | | | | | | | | | | | | | | |
| AERMONT Real Estate Fund IV | -445,108 | | | | | | | | | | | 2Q19 | 0.0 | N/A |
| AG Europe Realty Fund II (10) | 23,492,794 | | | | | | | | | 9.5 | 6.9 | 3Q18 | 8.1 | 1.0 |
| Capri Capital High I.M.A. Vintage 2006 | 56,697,141 | -1.5 | 17.5 | 16.0 | 13.6 | -3.0 | 12.8 | 9.1 | 7.5 | 8.4 | 7.2 | 2Q06 | 8.7 | 1.3 |
| Capri Urban Investors | 42,378,916 | 2.0 | -6.3 | -4.4 | -6.0 | 2.4 | -3.7 | -1.3 | -3.0 | -9.8 | -12.6 | 3Q08 | -4.2 | 0.7 |
| Carlyle Europe Real Estate Partners III (3) | 1,173,329 | 0.4 | 5.2 | 5.7 | 3.9 | -0.5 | 5.4 | 4.9 | 2.0 | 0.6 | -2.6 | 2Q08 | -2.9 | 0.9 |
| CityView Bay Area Fund II (4) | 84,655,426 | | | | | | | | | 134.3 | N/A | 1Q13 | 14.7 | 1.5 |
| CityView LA Urban Fund I (9) | 91,702 | 12.6 | 5.6 | 19.0 | 17.0 | 11.1 | 0.3 | 12.1 | 0.5 | 6.1 | -13.2 | 4Q07 | 11.8 | 1.2 |
| CityView Southern California Fund II (4) | 144,549,241 | | | | | | | | | 107.5 | 155.0 | 1Q14 | 16.1 | 1.5 |
| CityView Western Fund I, L.P. (12) | 66,017,671 | | | | | | | | | -10.5 | N/A | 1Q17 | 12.5 | 1.1 |
| CVBAF II Union City Co-Invest | 28,452,623 | | | | | | | | | 14.7 | 13.8 | 2Q16 | 12.7 | 1.4 |
| Europa Fund III (3) | 900,372 | 5.4 | 4.0 | 11.1 | 8.0 | | | | | 8.9 | 7.4 | 4Q09 | 8.3 | 1.3 |
| Europa Fund IV (3) | 33,940,881 | | | | | | | | | 14.3 | 16.9 | 4Q14 | 10.5 | 1.2 |
| Genesis Workforce Housing Fund II (4)(9) | -79,079 | 3.6 | 4.9 | 8.5 | 7.8 | 2.1 | 0.7 | 2.6 | -4.0 | 0.2 | -47.8 | 2Q07 | 8.6 | 1.5 |
| INVESCO Asian Real Estate Partners II (USD Vehicle) (9) | 182,276 | -0.9 | 13.7 | 12.6 | 11.2 | -0.7 | 15.2 | 14.5 | 10.3 | 12.2 | 7.0 | 1Q08 | 7.5 | 1.3 |
| Invesco High I.M.A. Vintage 2012 | 1,919,761 | | | | | | | | | 10.7 | 8.9 | 1Q13 | 16.1 | 1.5 |
| Invesco High I.M.A. Vintage 2016 | 48,405,362 | | | | | | | | | 14.8 | 11.8 | 2Q16 | 14.7 | 1.4 |
| RREEF High Return I.M.A. III (11) | 241,239,686 | | | | | | | | | 2.5 | 1.5 | 3Q15 | 1.9 | 1.0 |
| Starwood Brandco | 1,650,420 | 17.2 | -9.9 | 33.3 | 21.3 | | | | | 36.1 | 24.4 | 2Q11 | 26.0 | 3.9 |
| Starwood Capital Hospitality Fund II | 34,999,948 | 10.6 | 0.4 | 11.7 | 9.4 | | | | | 12.9 | 10.4 | 3Q10 | 9.7 | 1.6 |
| Stockbridge High I.M.A. Vintage 2014 | 101,114,314 | | | | | | | | | 14.5 | 12.0 | 2Q14 | 21.9 | 1.3 |
| TA Associates High I.M.A. | 7,671,145 | | | | | | | | | 12.9 | 10.5 | 4Q15 | 16.9 | 1.3 |
| TPG Real Estate Partners III | -545,177 | | | | | | | | | | | 2Q19 | 0.0 | N/A |
| TriPacific (LERI/LERP) * (4)(6)(9) | 34,715 | N/A | N/A | N/A | N/A | 1.3 | -10.3 | -10.2 | -11.7 | 1.4 | -4.6 | 4Q95 | -47.2 | 0.9 |
| High Return (5) | 918,498,359 | 3.9 | 8.3 | 12.5 | 9.2 | 2.8 | -7.3 | -4.8 | -8.9 | 6.6 | -0.7 | 4Q95 | 2.7 | 1.0 |
| High Return Separate Accounts | 485,534,747 | -0.2 | 14.2 | 14.0 | 11.8 | -1.5 | -2.0 | -3.7 | -5.2 | -1.7 | -2.7 | 1Q01 | 5.3 | 1.1 |
| High Return Commingled Funds | 432,963,612 | 5.4 | 7.5 | 13.2 | 10.5 | 4.0 | 1.9 | 5.9 | 2.2 | -14.6 | -51.6 | 2Q07 | 6.2 | 1.2 |
| <i>High Return Custom Benchmark</i> | | | | | 13.1 | | | | 10.5 | | 12.2 | 4Q95 | | |
| <i>NFI-ODCE Value Weight + 300 BPS</i> | | | | 14.3 | 13.2 | | | 10.2 | 9.2 | 12.4 | 11.4 | 4Q95 | | |
| Total Growth Portfolio | 918,498,359 | 3.9 | 8.3 | 12.5 | 9.2 | 2.8 | -7.3 | -4.8 | -8.9 | 6.6 | -0.7 | 4Q95 | 2.7 | 1.0 |
| Credit: | | | | | | | | | | | | | | |
| Core Debt IMAs | | | | | | | | | | | | | | |
| Barings Debt I.M.A | 238,163,470 | 9.4 | 1.0 | 10.5 | 9.3 | | | | | 10.4 | 9.2 | 4Q11 | 8.8 | 1.1 |
| Quadrant I.M.A | 58,046,075 | 7.7 | 0.3 | 8.0 | 7.5 | | | | | 8.0 | 7.5 | 4Q11 | 7.5 | 1.2 |
| Core Debt IMAs | 296,209,546 | 9.1 | 0.8 | 10.0 | 8.9 | | | | | 9.9 | 8.9 | 4Q11 | 8.6 | 1.1 |
| Total Credit Portfolio | 296,209,546 | 9.1 | 0.8 | 10.0 | 8.9 | | | | | 9.9 | 8.9 | 4Q11 | 8.6 | 1.1 |
| Total Portfolio | | | | | | | | | | | | | | |
| LACERA | 6,522,451,571 | 5.6 | 4.4 | 10.2 | 9.3 | 5.7 | 0.4 | 6.1 | 5.2 | 8.0 | 6.9 | 3Q85 | 7.7 | 1.3 |
| LACERA Portfolio without LERI & TriPacific | 6,522,416,856 | 5.6 | 4.5 | 10.3 | 9.4 | 5.7 | 0.8 | 6.5 | 5.7 | 8.1 | 7.2 | 3Q85 | 7.9 | 1.4 |
| Indices | | | | | | | | | | | | | | |
| <i>Total Custom Benchmark (with ODCE+40bps in 4Q18)</i> | | | | | 10.3 | | | | 7.8 | | 7.8 | 3Q85 | | |
| <i>Total Custom Benchmark (with ODCE+60bps in 4Q18)</i> | | | | | 10.3 | | | | 7.8 | | 7.8 | 3Q85 | | |
| <i>Total Custom Benchmark (with ODCE+80bps in 4Q18)</i> | | | | | 10.3 | | | | 7.8 | | 7.8 | 3Q85 | | |
| <i>ODCE + 40 BPS</i> | | | | 11.4 | 10.4 | | | 7.4 | 6.4 | 7.8 | 6.8 | 3Q85 | | |

* Hardcoded Data

| Returns (%) | Market Value (\$) | Quarter | | | | 1 Year | | | | 3 Year | | | | 5 Year | | | |
|---|----------------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|------------|------------|-------------|-------------|------------|------------|-------------|-------------|
| | | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET |
| Commingled Fund Portfolio | | | | | | | | | | | | | | | | | |
| AERMONT Real Estate Fund IV | -445,108 | | | | | | | | | | | | | | | | |
| AEW Value Investors Asia III (10) | 22,634,743 | -0.1 | 3.9 | 3.8 | 3.1 | | | | | | | | | | | | |
| AG Europe Realty Fund II (10) | 23,492,794 | 0.4 | 7.0 | 7.4 | 6.5 | | | | | | | | | | | | |
| CapMan Nordic Real Estate Fund II (4) | 18,462,558 | -3.9 | 8.7 | 4.8 | 4.3 | -6.4 | 31.0 | 23.0 | 17.9 | | | | | | | | |
| Capri Urban Investors | 42,378,916 | 0.3 | -0.9 | -0.6 | -0.6 | 1.3 | -1.8 | -0.5 | -1.1 | 0.1 | -15.0 | -14.8 | -16.0 | 1.2 | -12.6 | -11.4 | -12.8 |
| Carlyle Europe Real Estate Partners III (3) | 1,173,329 | -0.1 | 1.5 | 1.4 | 0.8 | -0.3 | -0.7 | -1.0 | -3.8 | -0.3 | 19.0 | 18.7 | 16.1 | 0.7 | 9.6 | 10.4 | 8.4 |
| CBRE Strategic Partners European Fund III (9) | 446,737 | 1.3 | -1.2 | 0.1 | 0.1 | 9.2 | -4.5 | 4.3 | 4.2 | 1.3 | 1.8 | 3.2 | 2.8 | -3.0 | -10.8 | -10.6 | -11.3 |
| CityView Bay Area Fund II (4) | 84,655,426 | -0.2 | 2.4 | 2.2 | 1.8 | -0.4 | 10.4 | 9.9 | 8.2 | 0.6 | 13.4 | 14.0 | 12.3 | N/A | N/A | N/A | N/A |
| CityView LA Urban Fund I (9) | 91,702 | -7.7 | 0.1 | -7.6 | -7.6 | -11.3 | -7.4 | -17.8 | -17.8 | -2.5 | 14.1 | 11.8 | 9.8 | 14.1 | 7.9 | 23.2 | 21.2 |
| CityView Southern California Fund II (4) | 144,549,241 | 0.0 | 1.9 | 1.9 | 1.7 | -0.2 | 20.7 | 20.6 | 19.5 | -1.2 | 25.8 | 24.6 | 22.5 | 39.1 | 34.9 | 107.5 | 155.0 |
| CityView Western Fund I, L.P. (12) | 66,017,671 | -3.8 | 43.0 | 39.2 | 37.9 | -4.5 | 35.0 | 30.5 | 21.2 | | | | | | | | |
| Cornerstone Hotel Income Equity Fund II (4)(9) | 200,330 | -3.7 | 0.0 | -3.7 | -3.7 | -9.2 | 0.0 | -9.2 | -9.2 | 1.3 | -27.2 | -25.3 | -22.5 | 5.2 | -13.4 | -8.3 | -6.8 |
| Europa Fund III (3) | 900,372 | -0.6 | 9.6 | 9.1 | 3.1 | -1.0 | -0.2 | -1.1 | -1.9 | -0.6 | 6.3 | 5.7 | -0.4 | 7.0 | 0.4 | 9.6 | 5.5 |
| Europa Fund IV (3) | 33,940,881 | 0.0 | 12.6 | 12.6 | 11.8 | -0.3 | 10.2 | 9.8 | 7.4 | -0.9 | 12.9 | 11.9 | 10.6 | | | | |
| Genesis Workforce Housing Fund II (4)(9) | -79,079 | 4.0 | 0.0 | 4.0 | 4.0 | 4.3 | 0.0 | 4.3 | 4.3 | 1.7 | 0.9 | 2.6 | 2.6 | 2.7 | 1.1 | 3.9 | 3.5 |
| Heitman Asia-Pacific Property Investors (10) | 9,710,913 | -3.1 | 0.8 | -2.2 | -2.5 | | | | | | | | | | | | |
| Hunt UK Realty Partners LP | 1,484,650 | -0.4 | -20.7 | -21.1 | -21.1 | -1.9 | -22.4 | -24.0 | -24.0 | -1.9 | -6.8 | -8.6 | -8.6 | -2.2 | -10.0 | -12.0 | -12.0 |
| INVESCO Asian Real Estate Partners II (USD Vehicle) (9) | 182,276 | -0.5 | -0.1 | -0.6 | -0.6 | -3.0 | -0.4 | -3.5 | -3.5 | -1.9 | 17.5 | 15.3 | 14.0 | -1.2 | 18.4 | 16.9 | 15.4 |
| Invesco Real Estate Asia Fund | 136,009,937 | 1.0 | 0.9 | 2.0 | 1.8 | 4.0 | -1.3 | 2.6 | 1.9 | 4.5 | 5.4 | 10.0 | 9.3 | | | | |
| Prologis European Logistics Fund (PELF) | 155,727,434 | 1.3 | 1.6 | 2.9 | 2.2 | 5.8 | 8.3 | 14.5 | 10.8 | | | | | | | | |
| RREEF Core Plus Industrial Fund L.P. | 152,428,091 | 0.9 | 2.3 | 3.2 | 3.1 | 3.5 | 12.6 | 16.4 | 16.1 | | | | | | | | |
| Starwood Brandco | 1,650,420 | 90.5 | -89.8 | 0.7 | 0.3 | 112.7 | -85.3 | 59.3 | 18.5 | 41.1 | -44.1 | 35.7 | 14.7 | 27.3 | -22.6 | 36.5 | 17.3 |
| Starwood Capital Hospitality Fund II | 34,999,948 | 6.7 | 0.3 | 7.1 | 3.9 | 10.5 | 7.6 | 18.8 | 11.8 | 14.4 | -7.7 | 6.6 | 7.2 | 13.8 | -5.7 | 8.2 | 7.7 |
| TPG Real Estate Partners III | -545,177 | | | | | | | | | | | | | | | | |
| Total Commingled Fund Portfolio | 930,069,005 | 0.7 | 3.7 | 4.4 | 3.9 | 2.6 | 10.3 | 13.1 | 10.8 | 3.3 | 8.1 | 11.6 | 10.0 | 6.5 | 6.2 | 13.0 | 10.9 |
| Total Separate Account Portfolio | | | | | | | | | | | | | | | | | |
| Barings Debt I.M.A | 238,163,470 | 1.6 | 0.0 | 1.6 | 1.4 | 10.6 | 1.8 | 12.5 | 11.3 | 10.2 | 0.8 | 11.1 | 9.9 | 9.6 | 0.4 | 10.1 | 8.9 |
| Barings I.M.A. | 14,471,119 | -0.4 | 1.2 | 0.7 | 0.7 | 5.7 | 9.3 | 15.4 | 15.0 | 6.8 | 5.1 | 12.2 | 12.0 | 6.6 | 5.6 | 12.5 | 12.0 |
| Capri Capital I.M.A. | 392,819,723 | 0.8 | -1.1 | -0.3 | -0.3 | 2.9 | 4.3 | 7.3 | 7.0 | 3.0 | 3.1 | 6.1 | 5.5 | 3.0 | 7.4 | 10.6 | 9.7 |
| Cityview Core I.M.A. | 183,517,399 | 1.3 | 0.9 | 2.2 | 2.2 | 5.3 | 7.3 | 12.9 | 12.8 | 3.7 | 2.4 | 6.1 | 5.8 | | | | |
| Clarion I.M.A. | 354,318,413 | 1.1 | 1.0 | 2.2 | 2.0 | 4.6 | 3.8 | 8.6 | 8.0 | 3.4 | 9.0 | 12.6 | 11.4 | | | | |
| CVBAF II Union City Co-Invest | 28,452,623 | 0.0 | -2.9 | -2.9 | -3.0 | 0.0 | 6.2 | 6.2 | 5.5 | | | | | | | | |
| Gateway I.M.A | 116,619,319 | 0.7 | 0.0 | 0.7 | 0.7 | 5.7 | 2.5 | 8.4 | 8.2 | 6.5 | 3.8 | 10.5 | 10.3 | 7.0 | 4.4 | 11.7 | 11.6 |
| Heitman I.M.A. | 548,898,420 | 1.4 | -0.7 | 0.7 | 0.6 | 5.8 | 7.8 | 13.9 | 13.2 | 5.4 | 2.5 | 8.0 | 7.4 | 5.4 | 5.0 | 10.6 | 9.8 |
| Invesco I.M.A. | 1,061,985,008 | 0.8 | 0.0 | 0.8 | 0.7 | 3.2 | 6.5 | 9.9 | 9.2 | 3.7 | 3.2 | 6.9 | 6.1 | 3.7 | 5.8 | 9.7 | 8.9 |
| Quadrant I.M.A | 58,046,075 | 1.9 | 0.0 | 1.9 | 1.8 | 7.9 | 0.0 | 7.9 | 7.4 | 7.8 | -0.5 | 7.3 | 6.8 | 7.7 | -0.5 | 7.2 | 6.7 |
| RREEF I.M.A. | 1,022,405,392 | 0.8 | -1.3 | -0.6 | -0.7 | 4.0 | 2.9 | 6.9 | 6.4 | 4.8 | 3.4 | 8.3 | 7.8 | 5.4 | 5.1 | 10.7 | 10.1 |
| Stockbridge I.M.A. | 536,489,000 | 1.3 | 1.8 | 3.1 | 2.8 | 5.2 | 8.5 | 14.1 | 12.8 | 5.7 | 4.9 | 10.8 | 9.9 | 5.8 | 5.4 | 11.4 | 10.5 |
| TA Associates I.M.A. | 881,966,680 | 1.5 | 4.0 | 5.5 | 5.4 | 6.6 | 6.0 | 12.8 | 12.2 | 6.7 | 2.2 | 9.0 | 8.5 | 6.8 | 2.3 | 9.2 | 8.7 |
| TriPacific (LERI/LERP) (4,6,9) | 34,715 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Vanbarton I.M.A. | 154,195,209 | 1.2 | -0.4 | 0.8 | 0.7 | 5.0 | -0.7 | 4.3 | 3.5 | 5.2 | -0.8 | 4.3 | 3.6 | 4.3 | 0.8 | 5.2 | 4.5 |
| Total Separate Accounts | 5,592,382,565 | 1.0 | 0.5 | 1.5 | 1.4 | 4.8 | 5.0 | 10.0 | 9.4 | 5.1 | 3.4 | 8.6 | 7.9 | 5.2 | 4.8 | 10.2 | 9.5 |
| Total Portfolio | | | | | | | | | | | | | | | | | |
| LACERA | 6,522,451,570 | 1.0 | 0.9 | 1.9 | 1.8 | 4.5 | 6.1 | 10.8 | 9.9 | 4.9 | 4.1 | 9.1 | 8.3 | 5.4 | 5.0 | 10.7 | 9.8 |
| LACERA Portfolio without LERI & TriPacific | 6,522,416,855 | 1.0 | 0.9 | 1.9 | 1.8 | 4.5 | 6.1 | 10.8 | 9.9 | 4.9 | 4.1 | 9.1 | 8.3 | 5.4 | 4.9 | 10.6 | 9.7 |
| Indices | | | | | | | | | | | | | | | | | |
| Total Custom Benchmark (with ODCE+40bps in 4Q18) | | | | | 1.6 | | | | 7.8 | | | | 7.7 | | | | 9.8 |
| Total Custom Benchmark (with ODCE+60bps in 4Q18) | | | | | 1.7 | | | | 7.8 | | | | 7.7 | | | | 9.8 |
| Total Custom Benchmark (with ODCE+80bps in 4Q18) | | | | | 1.7 | | | | 7.9 | | | | 7.7 | | | | 9.9 |
| ODCE + 40 BPS | | | | 1.9 | 1.6 | | | 8.8 | 7.8 | | | 8.7 | 7.7 | | | 10.8 | 9.8 |

* Hardcoded Data

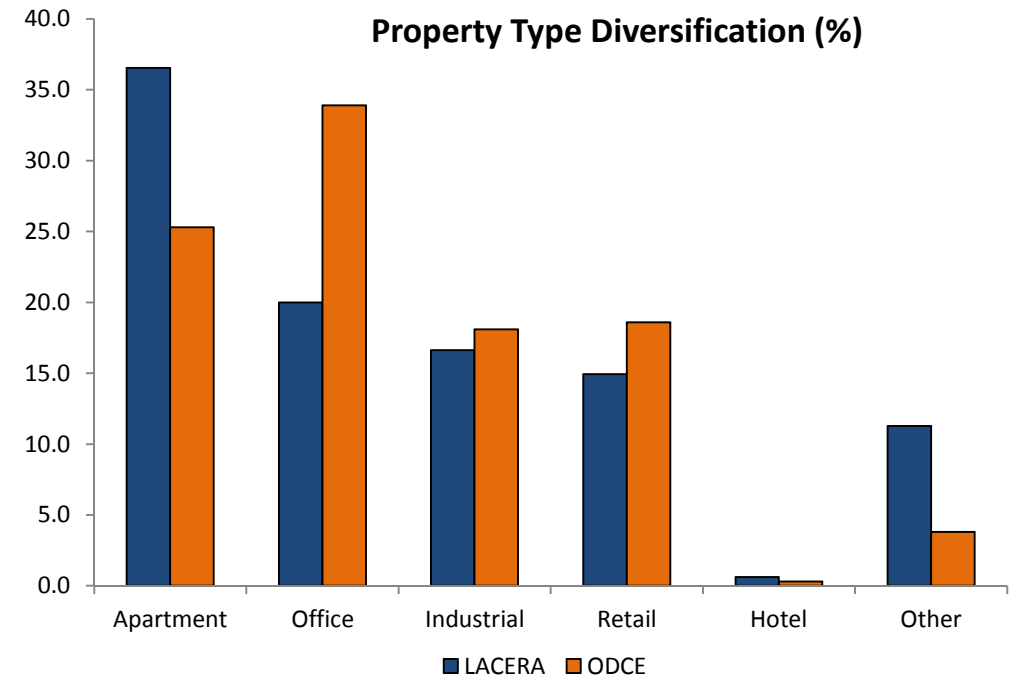
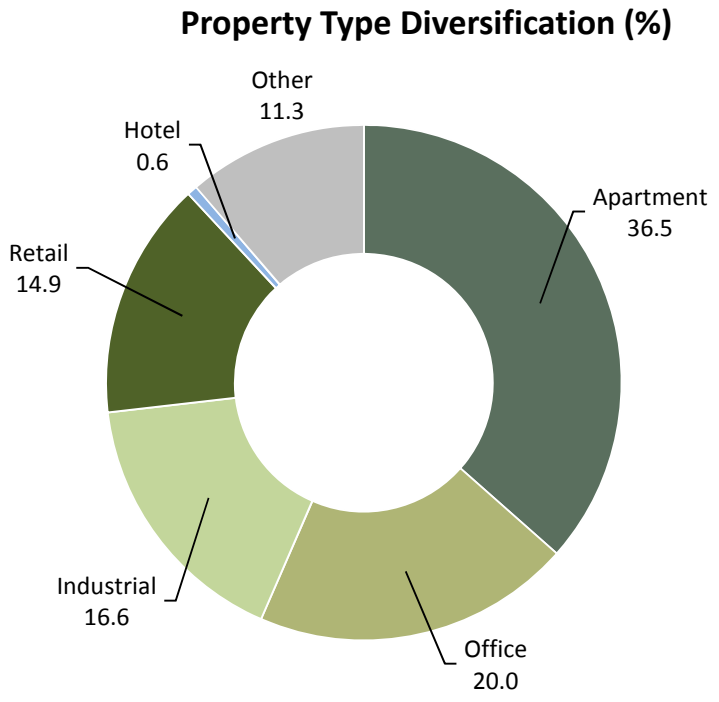
| Returns (%) | Market Value (\$) | 7 Year | | | | 10 Year | | | | Inception | | TWR Calculation Inception | Net IRR | Equity Multiple | |
|---|----------------------|------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|---------------------------|------------|-----------------|--|
| | | INC | APP | TGRS | TNET | INC | APP | TGRS | TNET | TGRS | TNET | | | | |
| Commingled Fund Portfolio | | | | | | | | | | | | | | | |
| AERMONT Real Estate Fund IV | -445,108 | | | | | | | | | | | 2Q19 | 0.0 | N/A | |
| AEW Value Investors Asia III (10) | 22,634,743 | | | | | | | | | 0.7 | -2.7 | 2Q18 | -2.0 | 1.0 | |
| AG Europe Realty Fund II (10) | 23,492,794 | | | | | | | | | 9.5 | 6.9 | 3Q18 | 8.1 | 1.0 | |
| CapMan Nordic Real Estate Fund II (4) | 18,462,558 | | | | | | | | | 93.3 | 72.0 | 4Q17 | 11.5 | 1.1 | |
| Capri Urban Investors | 42,378,916 | 2.0 | -6.3 | -4.4 | -6.0 | 2.4 | -3.7 | -1.3 | -3.0 | -9.8 | -12.6 | 3Q08 | -4.2 | 0.7 | |
| Carlyle Europe Real Estate Partners III (3) | 1,173,329 | 0.4 | 5.2 | 5.7 | 3.9 | -0.5 | 5.4 | 4.9 | 2.0 | 0.6 | -2.6 | 2Q08 | -2.9 | 0.9 | |
| CBRE Strategic Partners European Fund III (9) | 446,737 | -2.2 | -9.1 | -9.0 | -9.8 | -2.2 | -7.7 | -8.2 | -8.9 | N/A | N/A | 2Q08 | -16.9 | 0.3 | |
| CityView Bay Area Fund II (4) | 84,655,426 | | | | | | | | | N/A | N/A | 1Q13 | 14.7 | 1.5 | |
| CityView LA Urban Fund I (9) | 91,702 | 12.6 | 5.6 | 19.0 | 17.0 | 11.1 | 0.3 | 12.1 | 0.5 | 6.1 | -13.2 | 4Q07 | 11.8 | 1.2 | |
| CityView Southern California Fund II (4) | 144,549,241 | | | | | | | | | 107.5 | 155.0 | 1Q14 | 16.1 | 1.5 | |
| CityView Western Fund I, L.P. (12) | 66,017,671 | | | | | | | | | N/A | N/A | 1Q17 | 12.5 | 1.1 | |
| Cornerstone Hotel Income Equity Fund II (4)(9) | 200,330 | 6.6 | -7.2 | -0.6 | 0.2 | 5.9 | -11.7 | -6.1 | -6.2 | -7.4 | -7.5 | 4Q08 | 9.2 | 1.4 | |
| Europa Fund III (3) | 900,372 | 5.4 | 4.0 | 11.1 | 8.0 | | | | | 8.9 | 7.4 | 4Q09 | 8.3 | 1.3 | |
| Europa Fund IV (3) | 33,940,881 | | | | | | | | | 14.3 | 16.9 | 4Q14 | 10.5 | 1.2 | |
| Genesis Workforce Housing Fund II (4)(9) | -79,079 | 3.6 | 4.9 | 8.5 | 7.8 | 2.1 | 0.7 | 2.6 | -4.0 | 0.2 | -47.8 | 2Q07 | 8.6 | 1.5 | |
| Heitman Asia-Pacific Property Investors (10) | 9,710,913 | | | | | | | | | -4.7 | -5.3 | 3Q18 | -23.5 | 0.9 | |
| Hunt UK Realty Partners LP | 1,484,650 | -2.0 | -7.8 | -9.7 | -10.1 | -2.3 | -1.4 | -3.6 | -5.5 | -20.7 | -12.0 | 1Q08 | -23.5 | 0.1 | |
| INVESCO Asian Real Estate Partners II (USD Vehicle) (9) | 182,276 | -0.9 | 13.7 | 12.6 | 11.2 | -0.7 | 15.2 | 14.5 | 10.3 | 12.2 | 7.0 | 1Q08 | 7.5 | 1.3 | |
| Invesco Real Estate Asia Fund | 136,009,937 | | | | | | | | | 7.1 | 6.3 | 2Q14 | 7.2 | 1.3 | |
| Prologis European Logistics Fund (PELF) | 155,727,434 | | | | | | | | | 17.4 | 13.5 | 4Q17 | 13.6 | 1.2 | |
| RREEF Core Plus Industrial Fund L.P. | 152,428,091 | | | | | | | | | 18.4 | 18.0 | 3Q17 | 17.0 | 1.3 | |
| Starwood Brandco | 1,650,420 | 17.2 | -9.9 | 33.3 | 21.3 | | | | | 36.1 | 24.4 | 2Q11 | 26.0 | 3.9 | |
| Starwood Capital Hospitality Fund II | 34,999,948 | 10.6 | 0.4 | 11.7 | 9.4 | | | | | 12.9 | 10.4 | 3Q10 | 9.7 | 1.6 | |
| TPG Real Estate Partners III | -545,177 | | | | | | | | | | | 2Q19 | 0.0 | N/A | |
| Total Commingled Fund Portfolio | 930,069,005 | 5.7 | 6.0 | 12.0 | 9.8 | 3.8 | 1.3 | 5.1 | 2.5 | 5.1 | 2.7 | 3Q85 | 5.5 | 1.3 | |
| Total Separate Account Portfolio | | | | | | | | | | | | | | | |
| Barings Debt I.M.A. | 238,163,470 | 9.4 | 1.0 | 10.5 | 9.3 | | | | | 10.4 | 9.2 | 4Q11 | 8.8 | 1.1 | |
| Barings I.M.A. | 14,471,119 | 5.9 | 5.1 | 11.1 | 10.5 | 3.4 | -3.5 | -0.4 | -1.0 | 3.9 | 3.3 | 1Q04 | 3.9 | 1.2 | |
| Capri Capital I.M.A. | 392,819,723 | 2.9 | 8.1 | 11.2 | 10.2 | 2.8 | 4.7 | 7.4 | 6.1 | 7.7 | 6.3 | 1Q03 | 7.1 | 1.3 | |
| Cityview Core I.M.A. | 183,517,399 | | | | | | | | | 6.7 | 6.3 | 3Q14 | 6.6 | 1.1 | |
| Clarion I.M.A. | 354,318,413 | | | | | | | | | 12.0 | 11.0 | 2Q14 | 11.8 | 1.3 | |
| CVBAF II Union City Co-Invest | 28,452,623 | | | | | | | | | 14.7 | 13.8 | 2Q16 | 12.7 | 1.4 | |
| Gateway I.M.A. | 116,619,319 | 7.3 | 3.7 | 11.3 | 11.2 | 7.9 | -6.1 | 1.5 | 1.5 | 6.3 | 6.2 | 3Q90 | 6.4 | 1.6 | |
| Heitman I.M.A. | 548,898,420 | | | | | | | | | 10.6 | 9.8 | 1Q14 | 8.9 | 1.2 | |
| Invesco I.M.A. | 1,061,985,008 | 4.1 | 4.9 | 9.2 | 8.5 | 4.9 | 2.2 | 7.2 | 6.7 | 8.7 | 8.1 | 4Q94 | 8.5 | 1.5 | |
| Quadrant I.M.A. | 58,046,075 | 7.7 | 0.3 | 8.0 | 7.5 | | | | | 8.0 | 7.5 | 4Q11 | 7.5 | 1.2 | |
| RREEF I.M.A. | 1,022,405,392 | 5.7 | 4.5 | 10.3 | 9.8 | 6.0 | 1.5 | 7.6 | 7.0 | 10.7 | 9.8 | 1Q91 | 10.1 | 1.8 | |
| Stockbridge I.M.A. | 536,489,000 | | | | | | | | | 11.4 | 10.5 | 1Q14 | 10.4 | 1.2 | |
| TA Associates I.M.A. | 881,966,680 | 6.8 | 2.1 | 9.0 | 8.4 | 6.8 | 0.0 | 6.8 | 6.3 | 9.5 | 8.7 | 3Q92 | 8.6 | 1.6 | |
| TriPacific (LERI/LERP) (4,6,9) | 34,715 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 4Q95 | -47.2 | 0.9 | |
| Vanbarton I.M.A. | 154,195,209 | 6.8 | 1.0 | 7.9 | 7.1 | 9.8 | -10.4 | -1.3 | -2.2 | 1.9 | 0.9 | 3Q03 | 0.0 | 1.0 | |
| Total Separate Accounts | 5,592,382,565 | 5.6 | 3.9 | 9.7 | 9.0 | 5.9 | 0.0 | 5.8 | 5.2 | 8.5 | 7.5 | 3Q90 | 8.3 | 1.4 | |
| Total Portfolio | | | | | | | | | | | | | | | |
| LACERA | 6,522,451,570 | 5.6 | 4.4 | 10.2 | 9.3 | 5.7 | 0.4 | 6.1 | 5.2 | 8.0 | 6.9 | 3Q85 | 7.7 | 1.3 | |
| LACERA Portfolio without LERI & TriPacific | 6,522,416,855 | 5.6 | 4.5 | 10.3 | 9.4 | 5.7 | 0.8 | 6.5 | 5.7 | 8.1 | 7.2 | 3Q85 | 7.9 | 1.4 | |
| Indices | | | | | | | | | | | | | | | |
| Total Custom Benchmark (with ODCE+40bps in 4Q18) | | | | | 10.3 | | | | 7.8 | | 7.8 | 3Q85 | | | |
| Total Custom Benchmark (with ODCE+60bps in 4Q18) | | | | | 10.3 | | | | 7.8 | | 7.8 | 3Q85 | | | |
| Total Custom Benchmark (with ODCE+80bps in 4Q18) | | | | | 10.3 | | | | 7.8 | | 7.8 | 3Q85 | | | |
| ODCE + 40 BPS | | | | 11.4 | 10.4 | | | 7.4 | 6.4 | 7.8 | 6.8 | 3Q85 | | | |

* Hardcoded Data

| Property Type Diversification (%) | Apartment | Office | Industrial | Retail | Hotel | Other |
|--|-------------|-------------|-------------|-------------|-------|-------------|
| Inflation Hedging and Real Assets: | | | | | | |
| Core Portfolio | | | | | | |
| Capri Capital Core I.M.A. | 100.0 | - | - | - | - | - |
| Cityview Core I.M.A. | 71.6 | - | - | - | - | 28.4 |
| Clarion Core I.M.A. | 42.7 | 8.3 | 39.5 | 9.4 | - | - |
| Gateway I.M.A. (Avison Young) | - | 100.0 | - | - | - | - |
| Heitman Core I.M.A. | 34.2 | - | - | 10.7 | - | 55.1 |
| Invesco Core I.M.A. | 46.4 | 26.8 | 13.8 | 13.0 | - | - |
| Invesco Real Estate Asia Fund | - | 67.5 | 18.5 | 14.0 | - | - |
| Prologis European Logistics Fund (PELF) | - | - | 100.0 | - | - | - |
| RREEF Core I.M.A. | 12.1 | 34.2 | 12.4 | 25.2 | - | 16.1 |
| RREEF Core Plus Industrial Fund L.P. | - | - | 100.0 | - | - | - |
| Stockbridge Core I.M.A. | 17.5 | 26.5 | 29.2 | 26.7 | - | - |
| TA Associates Core I.M.A. | 18.1 | 37.5 | 12.3 | 28.1 | - | 3.9 |
| Core Portfolio | 30.7 | 22.7 | 19.3 | 13.4 | - | 13.9 |
| Core Separate Accounts | 34.0 | 23.0 | 13.1 | 14.4 | - | 15.4 |
| Core Commingled Funds | - | 19.5 | 76.5 | 4.0 | - | - |
| Value Added | | | | | | |
| AEW Value Investors Asia III | - | 100.0 | - | - | - | - |
| Barings Value I.M.A. Vintage 2003 | - | - | - | - | - | - |
| CapMan Nordic Real Estate Fund II | 11.2 | 66.2 | 9.6 | - | - | 12.9 |
| CBRE Strategic Partners European Fund III | - | - | - | - | - | - |
| Cornerstone Hotel Income Equity Fund II | - | - | - | - | - | - |
| Heitman Asia-Pacific Property Investors | - | 34.9 | - | 28.7 | - | 36.4 |
| Heitman Value I.M.A. Vintage 2013 | - | - | - | - | - | 100.0 |
| Hunt UK Realty Partners LP | - | - | - | 100.0 | - | - |
| Invesco Value I.M.A. Vintage 2012 | - | - | - | 100.0 | - | - |
| Stockbridge Value I.M.A. Vintage 2014 | - | - | - | 100.0 | - | - |
| Vanbarton Value I.M.A. Vintage 2003 | - | - | - | - | - | - |
| Vanbarton Value I.M.A. Vintage 2006 | - | - | - | 100.0 | - | - |
| Value Added | 1.4 | 15.7 | 1.2 | 74.5 | - | 7.2 |
| Value Added Separate Accounts | - | - | - | 94.6 | - | 5.4 |
| Value Added Commingled Funds | 6.1 | 69.2 | 5.3 | 5.8 | - | 13.6 |
| Inflation Hedge & Real Assets Separate Accounts | 32.1 | 21.7 | 12.4 | 18.9 | - | 14.8 |
| Inflation Hedge & Real Assets Commingled Funds | 0.9 | 26.4 | 66.6 | 4.3 | - | 1.9 |
| Total Inflation Hedging and Real Assets Portfolio | 28.8 | 22.2 | 18.1 | 17.4 | - | 13.5 |

| Property Type Diversification (%) | Apartment | Office | Industrial | Retail | Hotel | Other |
|---|-------------|-------------|-------------|-------------|------------|------------|
| Growth: | | | | | | |
| High Return | | | | | | |
| AERMONT Real Estate Fund IV | - | - | - | - | - | 100.0 |
| AG Europe Realty Fund II | 0.4 | 45.4 | 16.9 | 22.3 | - | 15.0 |
| Capri Capital High I.M.A. Vintage 2006 | 100.0 | - | - | - | - | - |
| Capri Urban Investors | - | 4.9 | - | 95.1 | - | - |
| Carlyle Europe Real Estate Partners III | 81.4 | - | 18.5 | 0.0 | - | - |
| CityView Bay Area Fund II | 100.0 | - | - | - | - | - |
| CityView LA Urban Fund I | - | - | - | - | - | - |
| CityView Southern California Fund II | 100.0 | - | - | - | - | - |
| CityView Western Fund I, L.P. | 100.0 | - | - | - | - | - |
| CVBAF II Union City Co-Invest | 100.0 | - | - | - | - | - |
| Europa Fund III | 100.0 | - | - | - | - | - |
| Europa Fund IV | 22.7 | 21.8 | 0.8 | 26.0 | - | 28.6 |
| Genesis Workforce Housing Fund II | - | - | - | - | - | - |
| INVESCO Asian Real Estate Partners II (USD Vehicle) | 12.3 | 5.7 | - | - | - | 82.0 |
| Invesco High I.M.A. Vintage 2012 | - | - | - | - | - | - |
| Invesco High I.M.A. Vintage 2016 | - | - | 100.0 | - | - | - |
| RREEF High Return I.M.A. III | 77.3 | - | 22.7 | - | - | - |
| Starwood Brandco | - | - | - | - | 100.0 | - |
| Starwood Capital Hospitality Fund II | - | - | - | - | 100.0 | - |
| Stockbridge High I.M.A. Vintage 2014 | 73.8 | 26.2 | - | - | - | - |
| TA Associates High I.M.A. | - | 100.0 | - | - | - | - |
| TPG Real Estate Partners III | - | 42.0 | - | - | - | 58.0 |
| TriPacific (LERI/LERP) | - | - | - | - | - | - |
| High Return | 72.0 | 6.0 | 11.8 | 4.9 | 4.0 | 1.3 |
| High Return Commingled Funds | 72.7 | 4.0 | 0.8 | 10.8 | 8.9 | 2.9 |
| Total Growth Portfolio | 72.0 | 6.0 | 11.8 | 4.9 | 4.0 | 1.3 |
| Credit: | | | | | | |
| Core Debt IMAs | | | | | | |
| Barings Debt I.M.A | 46.2 | 49.4 | - | - | - | 4.4 |
| Quadrant I.M.A | 100.0 | - | - | - | - | - |
| Debt | 63.5 | 33.5 | - | - | - | 3.0 |
| Total Credit Portfolio | 63.5 | 33.5 | - | - | - | 3.0 |

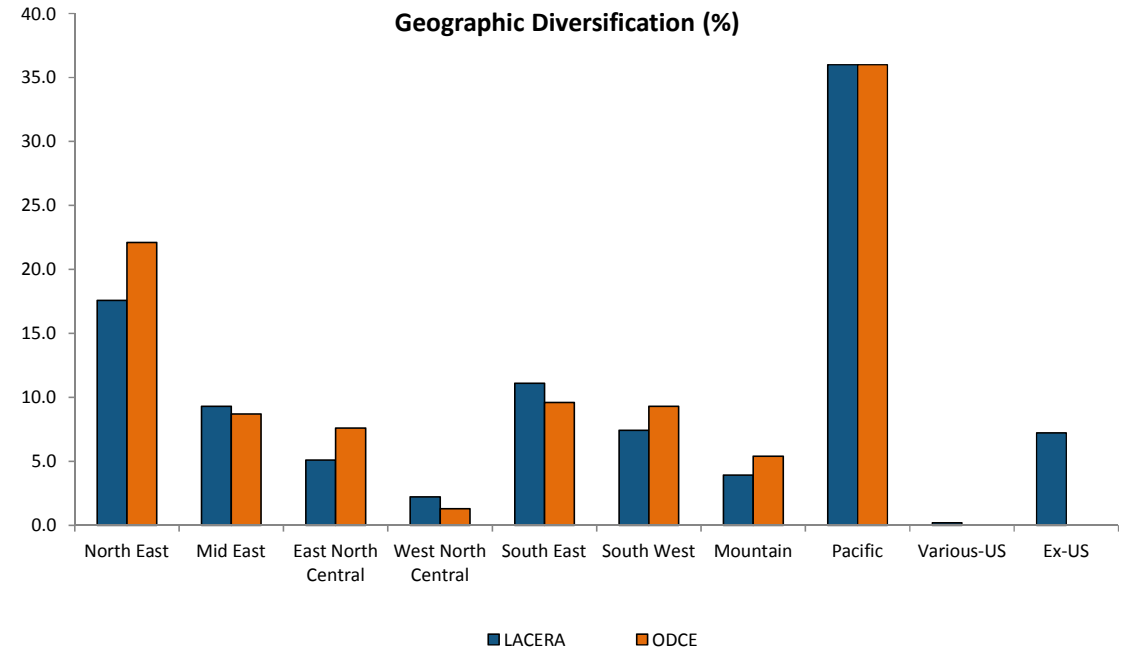
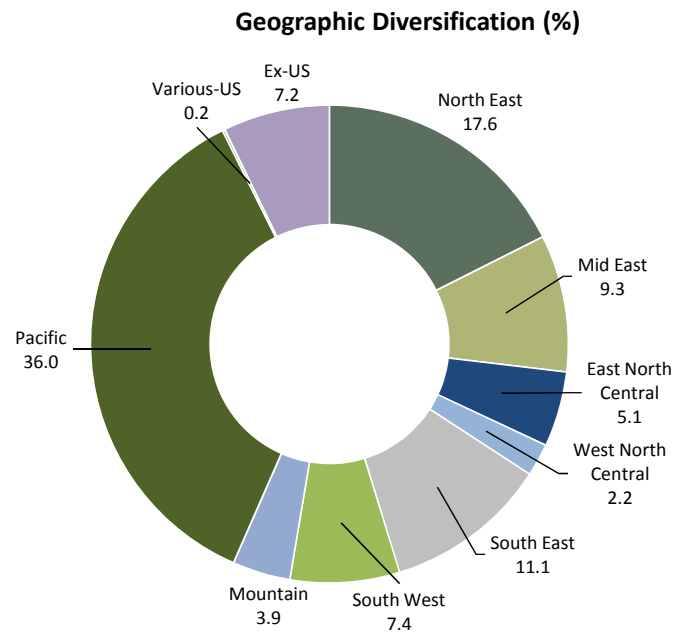
| Property Type Diversification (%) | Apartment | Office | Industrial | Retail | Hotel | Other |
|---|-----------|--------|------------|--------|-------|-------|
| Total Portfolio | | | | | | |
| Los Angeles County Employees Retirement Association | 36.5 | 20.0 | 16.6 | 14.9 | 0.6 | 11.3 |
| Benchmark | | | | | | |
| ODCE | 25.3 | 33.9 | 18.1 | 18.6 | 0.3 | 3.8 |



| Geographic Diversification (%) | North East | Mid East | East North Central | West North Central | South East | South West | Mountain | Pacific | Various-US | Ex-US |
|--|-------------|------------|--------------------|--------------------|-------------|------------|------------|-------------|------------|--------------|
| Inflation Hedging and Real Assets: | | | | | | | | | | |
| Core Portfolio | | | | | | | | | | |
| Capri Capital Core I.M.A. | - | - | - | - | - | 33.0 | - | 67.0 | - | - |
| Cityview Core I.M.A. | - | - | - | - | - | - | - | 100.0 | - | - |
| Clarion Core I.M.A. | - | - | - | - | - | 8.3 | - | 91.7 | - | - |
| Gateway I.M.A. (Avison Young) | - | - | - | - | - | - | - | 100.0 | - | - |
| Heitman Core I.M.A. | - | 46.6 | 7.1 | 10.7 | 17.5 | 7.3 | - | 10.9 | - | - |
| Invesco Core I.M.A. | 45.8 | 7.8 | - | - | 6.0 | 19.0 | 7.7 | 13.8 | - | - |
| Invesco Real Estate Asia Fund | - | - | - | - | - | - | - | - | - | 100.0 |
| Prologis European Logistics Fund (PELF) | - | - | - | - | - | - | - | - | - | 100.0 |
| RREEF Core I.M.A. | 16.1 | - | 23.0 | - | - | - | 8.1 | 52.9 | - | - |
| RREEF Core Plus Industrial Fund L.P. | 8.4 | - | 13.3 | - | - | - | - | 78.3 | - | - |
| Stockbridge Core I.M.A. | - | 7.8 | - | - | 18.6 | 12.5 | 20.4 | 40.7 | - | - |
| TA Associates Core I.M.A. | 39.7 | 11.1 | 1.6 | - | 41.7 | 1.9 | - | 3.9 | - | - |
| Core Portfolio | 18.1 | 8.9 | 5.2 | 1.1 | 11.7 | 8.3 | 4.3 | 35.6 | - | 6.6 |
| Core Commingled Funds | 2.7 | - | 4.2 | - | - | - | - | 24.7 | - | 68.4 |
| Value Added | | | | | | | | | | |
| AEW Value Investors Asia III | - | - | - | - | - | - | - | - | - | 100.0 |
| Barings Value I.M.A. Vintage 2003 | - | - | - | - | - | - | - | - | - | - |
| CapMan Nordic Real Estate Fund II | - | - | - | - | - | - | - | - | - | 100.0 |
| CBRE Strategic Partners European Fund III | - | - | - | - | - | - | - | - | - | - |
| Cornerstone Hotel Income Equity Fund II | - | - | - | - | - | - | - | - | - | - |
| Heitman Asia-Pacific Property Investors | - | - | - | - | - | - | - | - | - | 100.0 |
| Heitman Value I.M.A. Vintage 2013 | - | - | - | - | 100.0 | - | - | - | - | - |
| Hunt UK Realty Partners LP | - | - | - | - | - | - | - | - | - | 100.0 |
| Invesco Value I.M.A. Vintage 2012 | 100.0 | - | - | - | - | - | - | - | - | - |
| Stockbridge Value I.M.A. Vintage 2014 | - | - | - | - | 100.0 | - | - | - | - | - |
| Vanbarton Value I.M.A. Vintage 2003 | - | - | - | - | - | - | - | - | - | - |
| Vanbarton Value I.M.A. Vintage 2006 | - | - | - | 100.0 | - | - | - | - | - | - |
| Value Added | 38.5 | - | - | 25.5 | 13.4 | - | - | - | - | 22.7 |
| Value Added Separate Accounts | 49.7 | - | - | 32.9 | 17.3 | - | - | - | - | - |
| Value Added Commingled Funds | - | - | - | - | - | - | - | - | - | 100.0 |
| Inflation Hedge & Real Assets Separate Accounts | 21.5 | 9.3 | 5.0 | 3.0 | 13.2 | 8.7 | 4.5 | 34.7 | - | - |
| Inflation Hedge & Real Assets Commingled Funds | 2.3 | - | 3.6 | - | - | - | - | 21.3 | - | 72.8 |
| Total Inflation Hedging and Real Assets Portfolio | 19.4 | 8.3 | 4.9 | 2.7 | 11.8 | 7.8 | 4.1 | 33.3 | - | 7.7 |

| Geographic Diversification (%) | North East | Mid East | East North Central | West North Central | South East | South West | Mountain | Pacific | Various-US | Ex-US |
|---|-------------|-------------|--------------------|--------------------|-------------|-------------|------------|-------------|------------|-------------|
| Growth: | | | | | | | | | | |
| High Return | | | | | | | | | | |
| AERMONT Real Estate Fund IV | - | - | - | - | - | - | - | - | - | 100.0 |
| AG Europe Realty Fund II | - | - | - | - | - | - | - | - | - | 100.0 |
| Capri Capital High I.M.A. Vintage 2006 | - | - | - | - | - | - | - | 100.0 | - | - |
| Capri Urban Investors | - | - | 4.9 | - | - | - | - | 95.1 | - | - |
| Carlyle Europe Real Estate Partners III | - | - | - | - | - | - | - | - | - | 100.0 |
| CityView Bay Area Fund II | - | - | - | - | - | - | - | 100.0 | - | - |
| CityView LA Urban Fund I | - | - | - | - | - | - | - | - | - | - |
| CityView Southern California Fund II | - | - | - | - | - | - | - | 100.0 | - | - |
| CityView Western Fund I, L.P. | - | - | - | - | - | - | 40.5 | 59.5 | - | - |
| CVBAF II Union City Co-Invest | - | - | - | - | - | - | - | 100.0 | - | - |
| Europa Fund III | - | - | - | - | - | - | - | - | - | 100.0 |
| Europa Fund IV | - | - | - | - | - | - | - | - | - | 100.0 |
| Genesis Workforce Housing Fund II | - | - | - | - | - | - | - | - | - | - |
| INVESCO Asian Real Estate Partners II (USD Vehicle) | - | - | - | - | - | - | - | - | - | 100.0 |
| Invesco High I.M.A. Vintage 2012 | - | - | - | - | - | - | - | - | - | - |
| Invesco High I.M.A. Vintage 2016 | - | - | - | - | - | 100.0 | - | - | - | - |
| RREEF High Return I.M.A. III | - | 51.3 | 26.0 | - | - | - | - | 22.7 | - | - |
| Starwood Brandco | 100.0 | - | - | - | - | - | - | - | - | - |
| Starwood Capital Hospitality Fund II | 9.1 | - | - | 0.1 | 32.2 | - | 7.3 | - | 35.6 | 15.6 |
| Stockbridge High I.M.A. Vintage 2014 | 20.6 | - | - | - | 53.3 | - | - | 26.2 | - | - |
| TA Associates High I.M.A. | - | - | - | - | 100.0 | - | - | - | - | - |
| TPG Real Estate Partners III | - | - | - | - | - | 54.5 | - | - | - | 45.5 |
| TriPacific (LERI/LERP) | - | - | - | - | - | - | - | - | - | - |
| High Return | 3.8 | 13.5 | 7.0 | 0.0 | 9.1 | 5.6 | 3.8 | 50.0 | 1.2 | 6.0 |
| High Return Separate Accounts | 5.2 | 24.6 | 12.5 | - | 14.6 | 10.0 | - | 33.1 | - | - |
| High Return Commingled Funds | 2.1 | - | 0.4 | 0.0 | 2.4 | 0.2 | 8.5 | 70.4 | 2.7 | 13.3 |
| Total Growth Portfolio | 3.0 | 15.5 | 6.4 | 0.2 | 9.5 | 5.9 | 3.5 | 48.7 | 1.4 | 5.9 |
| Credit: | | | | | | | | | | |
| Core Debt IMAs | | | | | | | | | | |
| Barings Debt I.M.A. | 34.7 | - | - | - | - | 11.5 | - | 53.8 | - | - |
| Quadrant I.M.A. | 54.5 | 45.5 | - | - | - | - | - | - | - | - |
| Debt | 41.1 | 14.7 | - | - | - | 7.8 | - | 36.5 | - | - |
| Total Credit Portfolio | 41.1 | 14.7 | - | - | - | 7.8 | - | 36.5 | - | - |

| Geographic Diversification (%) | North East | Mid East | East North Central | West North Central | South East | South West | Mountain | Pacific | Various-US | Ex-US |
|---|------------|----------|--------------------|--------------------|------------|------------|----------|---------|------------|-------|
| Total Portfolio | | | | | | | | | | |
| Los Angeles County Employees Retirement Association | 17.6 | 9.3 | 5.1 | 2.2 | 11.1 | 7.4 | 3.9 | 36.0 | 0.2 | 7.2 |
| Benchmark | | | | | | | | | | |
| ODCE | 22.1 | 8.7 | 7.6 | 1.3 | 9.6 | 9.3 | 5.4 | 36.0 | - | - |



Advisory Disclosures and Definitions

Disclosures:

Trade Secret and Confidential.

Past performance is not indicative of future results.

Investing involves risk, including the possible loss of principal.

Returns are presented on a time weighted basis and shown both gross and net of underlying third party fees and expenses and may include income, appreciation and/or other earnings. In addition, investment level Net IRR's and equity multiples are reported.

The Townsend Group, on behalf of its client base, collects quarterly limited partner/client level performance data based upon inputs from the underlying investment managers. Data collection is for purposes of calculating investment level performance as well as aggregating and reporting client level total portfolio performance. Quarterly limited partner/client level performance data is collected directly¹ from the investment managers via a secure data collection site.

¹In select instances where underlying investment managers have ceased reporting limited partner/client level performance data directly to The Townsend Group via a secure data collection site, The Townsend Group may choose to input performance data on behalf of its client based upon the investment managers quarterly capital account statements which are supplied to The Townsend Group and the client alike.

Benchmarks

The potential universe of available real asset benchmarks are infinite. Any one benchmark, or combination thereof, may be utilized on a gross or net of fees basis with or without basis point premiums attached. These benchmarks may also utilize a blended composition with varying weighting methodologies, including market weighted and static weighted approaches.

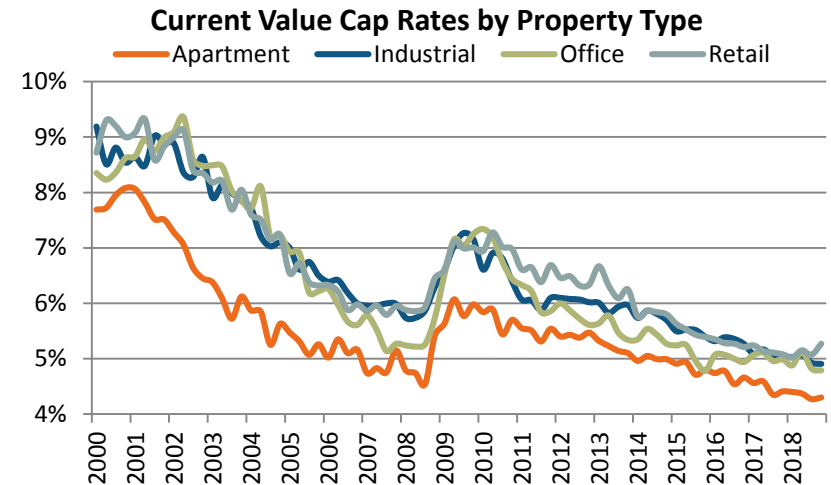
United States Real Estate Market Update (4Q18)

General

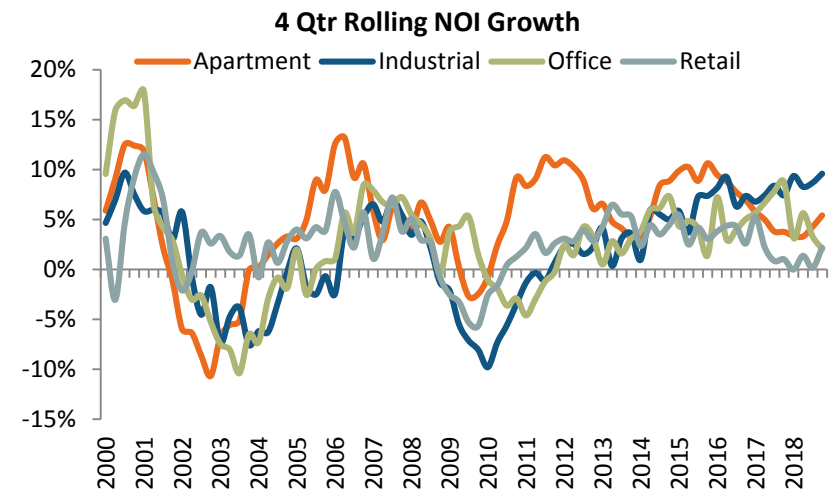
- The S&P 500 produced a gross total return of -13.1% during the Quarter, as markets dropped from tightening monetary policy, weak PMI data, and trade war rhetoric. The MSCI US REIT index produced a return of -6.7%. Consumer Sentiment fell to 98.3 and has continued to deteriorate subsequent to quarter end.
- Macro indicators for U.S. real estate continue to be positive; GDP grew at an annualized rate of 2.6% in the Fourth Quarter and headline CPI rose by 2.2% YoY, above the Fed's 2% target. As of Quarter-end, the economy has now experienced 99 consecutive months of job growth. The Federal Reserve has continued to tighten monetary policy, with the effective federal funds rate reaching 2.4% at Quarter-end. Subsequent to Quarter end, the Fed took on a more cautious approach to additional monetary tightening.

Commercial Real Estate

- Private real estate market carrying values remained flat over the quarter. Transaction cap rates (5.3%) compressed during the quarter. While, current valuation cap rates remained flat across property sectors, with the exception of the retail sector cap rates which expanded by 20 bps.
- NOI growth by sector continued to deviate during the Quarter, with the industrial sector continuing to outpace the other traditional property types. While industrial has faced increasing supply, it continues to benefit from outsized demand tailwinds (e-commerce and economic growth).
- In the Fourth Quarter of 2018, \$30bn of aggregate capital was raised by Real Estate Funds. In 2018, Private Equity Real Estate Funds have raised \$134.5bn which is on pace with the prior 5 years.
- 10-year treasury bond yields dropped 37 bps to 2.69% during the quarter, and, subsequent to quarter end, have remained anchored around 2.7%. A combination of expansionary fiscal policy and tightening monetary policy have led to increasing short-term interest rates and a flattening yield curve.



Source: NCREIF



Source: NCREIF

United States Property Matrix (4Q18)

INDUSTRIAL

- As of 4Q18, industrial properties returned 3.4% and outperformed the NPI by 202 bps.
- Transaction volumes reached \$780.2 billion for the year, marking a 23.8% year-over-year increase. Large-scale portfolio sales made 2018 the largest overall historic year in terms of total activity. With 42.5% of transactions over \$150 million in size, it was an increasingly difficult year for investors trying to gain exposure.
- Annual Net absorption of 261.9 million sqft outpaced construction deliveries of 260.6 million sqft, basis. Absorption is beginning to slow as a result of limited availability, rather than overall demand for space.
- Vacancy remained stable at 4.9% , continuing to be at an all-time historic low. A asking rents continue to climb, but at a slower annual rate of 4.7%. Average asking rents have now increased 26.5% over the last five years.
- Logistics related occupiers accounted for 62% of leasing activity, up from 56% in 2016.

MULTIFAMILY

- The apartment sector delivered a 1.3% return during the Quarter, underperforming the NPI by 3 bps.
- Transaction volume for 2018 reached \$167.5 billion, an increase of 15.1% year-over-year. The record breaking volume has made multifamily the most actively traded sector for the third straight year.
- Cross-border investment increased 29.3% for the year, reaching \$14.9 billion. Despite this increase, private domestic buyers totaled \$105.1 billion for the year, maintaining their designation as the largest share of acquisitions.
- Absorptions outpaced completions by 12.6%, causing vacancy to decline by 30 bps year-over-year to 4.6%. Increased demand has elevated rent growth to 4.2% on an annual basis.
- Deliveries have now decreased for five consecutive quarters, partially driven delays caused by labor shortages. This is forecasted to shift, with 2019 expected to deliver increased units and put pressure on supply-demand fundamentals in some markets.

OFFICE

- The office sector returned 1.6% in 4Q18, 27 bps above the NPI return over the period.
- Transaction volumes increased by 5.0% in 2018, driven by larger asset sales. Annual sales volumes totaled \$132.0 billion for the year. Single asset transactions accounted for 78% of volume, the largest proportion over the past five years.
- Rental rates increased by 2.8% in 2018, with selective secondary markets experiencing growth as high as 12.0%. This was driven by a slight decrease in vacancy of 40 bps over the 12-month period.
- Investors are shifting attention to primary markets as they target lower risk markets with increased liquidity and longer-term hold assets that can endure through market cycles. Volumes in primary CBDs has increased 2.5% in 2018, while secondary markets have declined by 11.0% over the same period.
- Foreign investment declined by 5.2% in 2018, with increased activity in Europe, where borrowing costs have become more accommodative.

RETAIL

- As of 4Q18, the retail sector delivered a quarterly return of -0.4%, performing 181 bps below the NPI.
- Transaction volumes totaled \$70.9 billion in 2018, driven by large entity-level transactions. Including these entity-level sales, annual sales growth increased 38.9%. Excluding the large portfolio sales, volume was down 18.0% year-over-year.
- Institutional investors continue to remain cautious, decreasing investment activity by 41.9% in 2018. Similarly, foreign investment decreased by 14.7% for a third consecutive year of declining investment.
- Despite the continued announcement of store closures, 12-month rental growth was 5.7%, largely driven by grocery-anchored centers. Growth is expected to slow heading into 2019.
- Absorption for the year totaled 16.8 million sqft, down 50.4% from 2017 as occupiers become increasing cautious with the overall footprint following numerous closures.

Global Real Estate Market Update (4Q18)

- Global investment activity in 2018 exceeded expectations, with investment volumes reaching the highest levels since 2007. For the full year, the three most active cities were New York City, Los Angeles, and London, respectively.
- While investment volumes for the year were strong, there were signs of softening in the fourth quarter of 2018, with quarterly year-over-year investment and leasing volumes decreasing. This trend is expected to continue through 2019.
- Strong U.S. economic growth in 2018 bolstered its investment activity, with the fourth quarter 2018 being the strongest quarter since 2016..

Global Total Commercial Real Estate Volume - 2017 - 2018

| \$ US Billions | Q4 2018 | Q4 2017 | % Change | | % Change | |
|----------------|------------|------------|---------------|-------------|-------------|-------------|
| | | | Q4 18 - Q4 17 | 2018 | 2017 | 2018 - 2017 |
| Americas | 151 | 122 | 24% | 512 | 441 | 16% |
| EMEA | 106 | 139 | -24% | 325 | 365 | -11% |
| Asia Pacific | 216 | 274 | -21% | 847 | 822 | 3% |
| Total | 473 | 535 | -12% | 1684 | 1629 | 3% |

Source: Real Capital Analytics, Inc., Q4' 18

Global Outlook - GDP (Real) Growth % pa, 2019-2021

| | 2019 | 2020 | 2021 |
|-----------------------|------------|------------|------------|
| Global | 3.4 | 3.4 | 3.0 |
| Asia Pacific | 4.7 | 4.6 | - |
| Australia | 2.6 | 2.7 | - |
| China | 6.2 | 6.0 | 5.8 |
| India | 7.2 | 7.3 | 7.4 |
| Japan | 0.8 | 0.5 | - |
| North America | 2.4 | 1.9 | 1.8 |
| US | 2.5 | 1.9 | 1.8 |
| MENA* | 3.0 | 3.1 | - |
| European Union | 1.6 | 1.7 | - |
| France | 1.3 | 1.4 | - |
| Germany | 1.2 | 1.5 | - |
| UK | 1.4 | 1.5 | 1.7 |

*Middle East North Africa

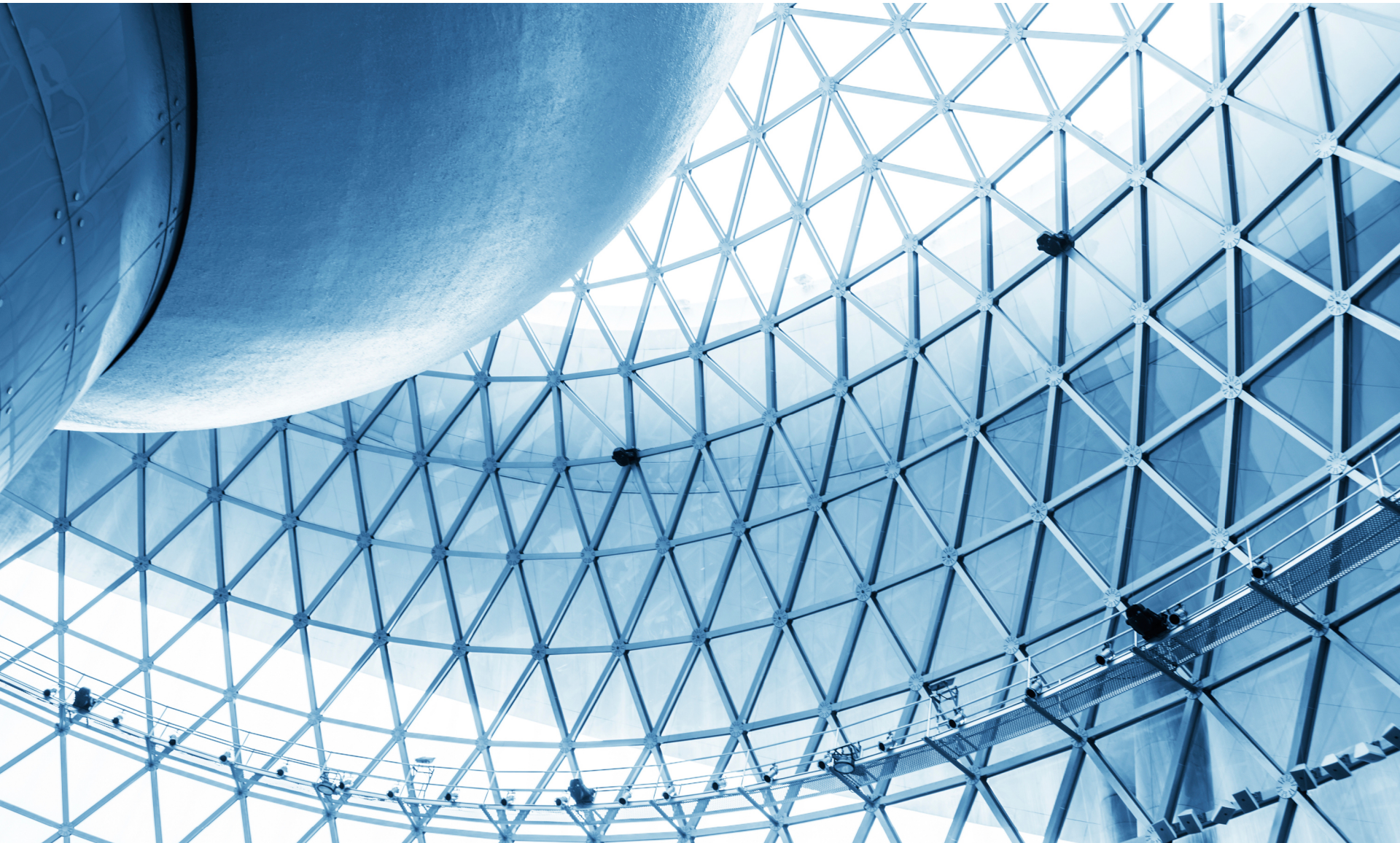
Source: Bloomberg

Note: 2021 projections are not yet available for certain regions

Disclosures

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- Benchmarks
The potential universe of available real asset benchmarks are infinite. Any one benchmark, or combination thereof, may be utilized on a gross or net of fees basis with or without basis point premiums attached. These benchmarks may also utilize a blended composition with varying weighting methodologies, including market weighted and static weighted approaches.

Glossary of Terms



Cash Flow Statement

| | |
|--------------------------------|---|
| Beginning Market Value: | Value of real estate, cash and other holdings from prior period end. |
| Contributions: | Cash funded to the investment for acquisition and capital items (i.e., initial investment cost or significant capital improvements). |
| Distributions: | Actual cash returned from the investment, representing distributions of income from operations. |
| Withdrawals: | Cash returned from the investment, representing returns of capital or net sales proceeds. |
| Ending Market Value: | The value of an investment as determined by actual sales dollars invested and withdrawn plus the effects of appreciation and reinvestment; market value is equal to the ending cumulative balance of the cash flow statement (NAV). |
| Unfunded Commitments: | Capital allocated to managers which remains to be called for investment. Amounts are as reported by managers. |
| Remaining Allocation | The difference between the ending market value + the unfunded commitments and the target allocation. This figure represents dollars available for allocation. |

Style Groups

| | |
|--|--|
| <p>The Style Groups consist of returns from commingled funds with similar risk/return investment strategies. Investor portfolios/investments are compared to comparable style groupings.</p> | |
| Core: | <p>Direct investments in operating, fully leased, office, retail, industrial, or multifamily properties using little or no leverage (normally less than 30%).</p> |
| Value-Added: | <p>Core returning investments that take on moderate additional risk from one or more of the following sources: leasing, re-development, exposure to non-traditional property types, the use of leverage.</p> |
| Opportunistic: | <p>Investments that take on additional risk in order to achieve a higher return. Typical sources of risks are: development, land investing, operating company investing, international exposure, high leverage, distressed properties.</p> |

Indices

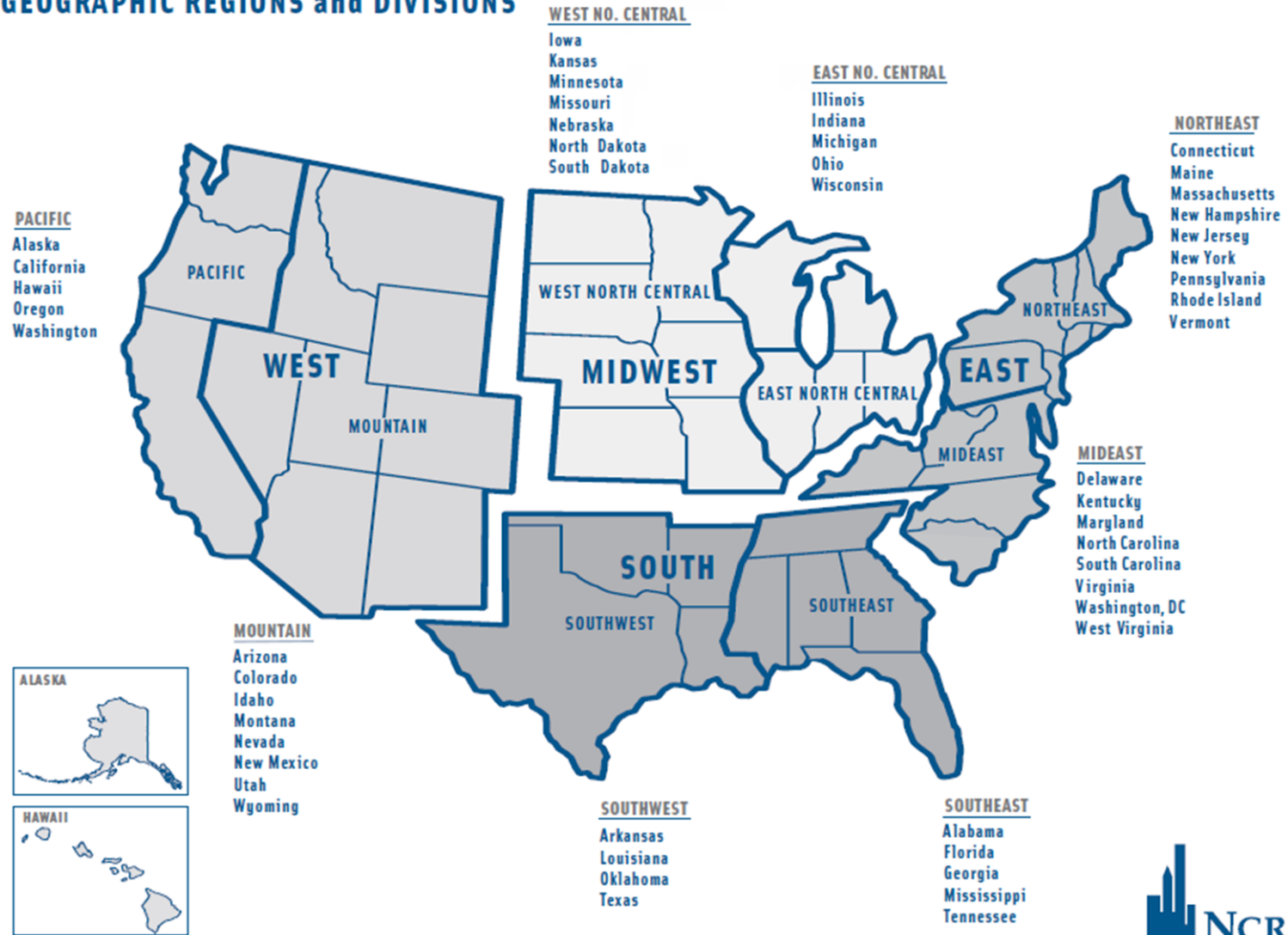
| | |
|---|---|
| <p>Stylized Index:</p> | <p>Weights the various style group participants so as to be comparable to the investor portfolio holdings for each period.</p> |
| <p>Open-End Diversified Core Equity Index (“ODCE”):</p> | <p>A core index that includes only open-end diversified core strategy funds with at least 95% of their investments in U.S. markets. The ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical and current basis (16 active vehicles). The ODCE Index is capitalization-weighted and is reported gross and net of fees. Measurement is time-weighted and includes leverage.</p> |
| <p>Open-End Diversified Value Equity Index (“ODVE”):</p> | <p>A value-added index that includes only open-end diversified value-added strategy funds with at least 95% of their investments in U.S. markets. The Open-End Diversified Value Equity index is not a published index, but rather maintained internally by The Townsend Group and is an index of investment returns reporting on both a historical and current basis (12 active vehicles). The Open-End Diversified Value Equity Index is capitalization-weighted and is reported gross and net of fees. Measurement is time-weighted and includes leverage.</p> |
| <p>NCREIF Property Index (“NPI”):</p> | <p>National Property Index comprised of core equity real estate assets owned by institutions.</p> |
| <p>NAREIT Equity Index:</p> | <p>This is an index of Equity Real Estate Investment Trust returns reflecting the stock value changes of REIT issues as determined through public market transactions.</p> |

Performance

| | |
|---------------------------------------|---|
| Income Return (“INC”): | Net operating income net of debt service before deduction of capital items (e.g., roof replacement, renovations, etc.) |
| Appreciation Return (“APP”): | Increase or decrease in investment's value based on internal or third party appraisal, recognition of capital expenditures which did not add value or uncollectible accrued income, or realized gain or loss from sales. |
| Total Gross Return (“TGRS”): | The sum of the income return and appreciation return before adjusting for fees paid to and/or accrued by the manager. |
| Total Net Return (“TNET”): | Total gross return less Advisor fees reported. All fees are requested (asset management, accrued incentives, paid incentives). No fee data is verified. May not include any fees paid directly by the investor as opposed to those paid from cash flows. |
| Inception Returns¹: | The total net return for an investment or portfolio over the period of time the client has funds invested. Total portfolio Inception Returns may include returns from investments no longer held in the current portfolio. |
| Net IRR: | IRR after advisory fees, incentive and promote. This includes actual cash flows and a reversion representing the LP Net Assets at market value as of the period end reporting date. |
| Equity Multiple: | The ratio of Total Value to Paid-in-Capital (TVPIC). It represents the Total Return of the investment to the original investment not taking into consideration the time invested. Total Value is computed by adding the Residual Value and Distributions. It is calculated net of all investment advisory and incentive fees and promote. |

¹ Portfolio level returns include historical returns of managers no longer with assets under management. All returns are calculated on a time-weighted basis.


GEOGRAPHIC REGIONS and DIVISIONS



FOR INFORMATION ONLY

May 31, 2019

TO: Each Member
Board of Investments

FROM: Jude Pérez, Principal Investment Officer 

FOR: June 12, 2019 Board of Investments Meeting

SUBJECT: **GLOBAL INVESTMENT PERFORMANCE STANDARDS (GIPS®)
OVERVIEW EDUCATION**

At the April 10, 2019 Board of Investments (“BOI”) meeting, the Board requested staff to prepare an educational overview on Global Investment Performance Standards (“GIPS”). This memorandum is a follow-up to that discussion and includes a primer to the GIPS standards.

Although the financial markets are becoming increasingly global in nature, investment practices and regulations can vary considerably in different regions. Historically, the lack of reporting consistency, industry-wide comparability, and regulatory guidance created a need for a standardized, global approach to calculating and reporting investment results.

In 1999, the first edition of the GIPS standards was published, consisting of a set of voluntary standards governing the calculation and presentation of investment performance based on the ethical principles of fair representation and full disclosure. The GIPS Executive Committee, appointed by the CFA Institute, serves as the decision-making authority for the GIPS standards. The objectives of the GIPS Executive Committee are to:

- Promote investor interests and instill investor confidence
- Obtain worldwide acceptance of a single standard for calculating and presenting performance
- Promote the use of accurate and consistent investment performance data
- Encourage fair, global competition among investment firms without creating barriers to entry
- Foster the notion of industry self-regulation on a global basis

Today, the GIPS standards serve as the premier global performance standard and compliance is becoming a de facto requirement for institutional investment managers. In 2018, 84 of the top 100 asset management firms worldwide claimed compliance with the GIPS standards. Furthermore, the top 100 GIPS compliant firms represented more than \$50 trillion of assets under management on an aggregated basis.

The GIPS standards are currently divided into nine sections, which are described in the table below. The provisions outlined in each section consists of requirements and recommendations. At a minimum, firms must meet all requirements to claim compliance with the GIPS standards. Of note, the current edition of the GIPS standards (2010) is being amended to provide ongoing guidance and to address additional areas of investment performance. A final version of the 2020 GIPS standards is scheduled to be released on June 30, 2019, with an effective date of January 1, 2020.

| Section | Description |
|---------------------------------------|--|
| 0. Fundamentals of Compliance | Application must be on a firm-wide basis |
| 1. Input Data | Use of accurate and consistent investment performance data |
| 2. Calculation Methodology | Adherence to certain calculation methodologies |
| 3. Composite Construction | Outline of composite construction criteria |
| 4. Disclosure | Full disclosure on data presented and policies adopted by the firm |
| 5. Presentation and Reporting | Requirements on the presentation of investment performance |
| 6. Real Estate | Additional provisions related to Real Estate (supplements sections 0-5) |
| 7. Private Equity | Additional provisions related to Private Equity (supplements sections 0-5) |
| 8. Separately Managed Accounts (SMAs) | Additional provisions related to SMAs (supplements sections 0-5) |

Both asset management firms and asset owners stand to benefit from the GIPS standards. For asset management firms, the ability to claim firm-wide compliance offers a competitive advantage over their non-compliant peers by demonstrating a commitment to transparency, professional ethics, and an enhanced internal control structure. For asset owners, such as LACERA, the GIPS standards provide a greater degree of confidence in the integrity of the performance results, as well as in the internal policies, procedures, and practices of those firms claiming compliance.

The GIPS standards symbolize global best practices for reporting investment performance and achieving compliance with the GIPS standards is a long-term goal of the Portfolio Analytics team and the Investments division as a whole. Staff is committed to working diligently towards incorporating a uniform and comprehensive framework across all our asset classes that is consistent, transparent, and comparable, while applying the overarching principles of fair representation and full disclosure.

For additional information, please find enclosed a copy of the GIPS governance structure (**Attachment**) and the complete GIPS standards can be found on the below website address. <https://www.cfainstitute.org/ethics/codes/gips-code>

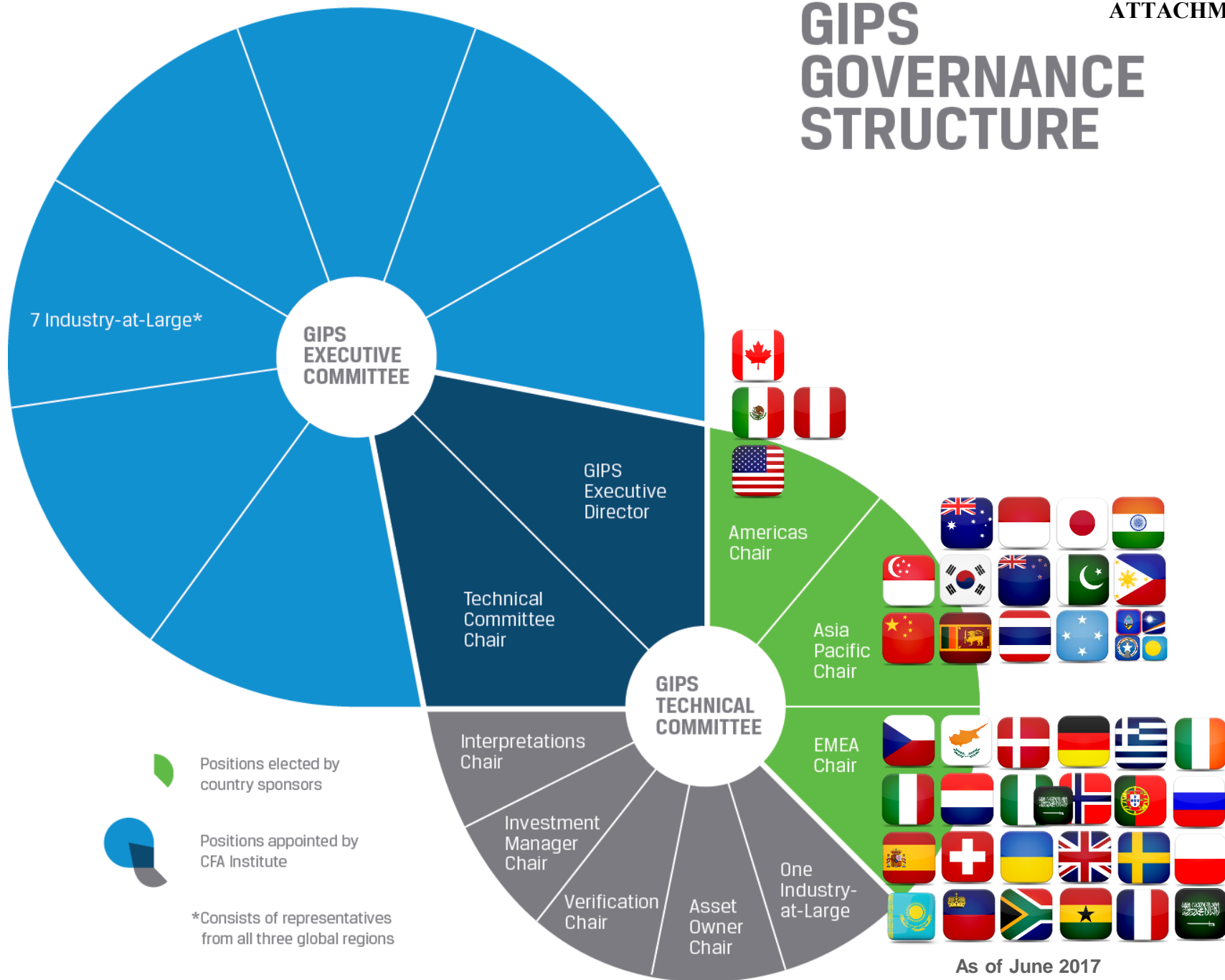
Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

GIPS GOVERNANCE STRUCTURE



FOR INFORMATION ONLY

May 30, 2019

TO: Each Member
Board of Investments

FROM: Jonathan Grabel 
Chief Investment Officer

FOR: June 12, 2019 Board of Investments

SUBJECT: IMPLEMENTATION UPDATE ON LACERA PENSION TRUST STRATEGIC ASSET ALLOCATION

At the May 9, 2018 Board of Investments meeting (BOI), the Board approved a new Strategic Asset Allocation (SAA) for LACERA’s Pension Trust. At the July 9, 2018 BOI Offsite, a prospective implementation plan was reviewed.

During the BOI Offsite, staff noted that the SAA could be prudently implemented in the next 12 to 24 months. **Table 1** below summarizes the status of the actions and reports as well as the timeline for transitioning to the new SAA targets. Future items that require BOI approval will be placed on the agenda of subsequent meetings along with supporting documentation.

**Table 1
Strategic Asset Allocation Implementation Timeline**

| Implementation Steps | Target Dates for Completion or Discussion |
|--|--|
| Determine the appropriate policy ranges for the Pension Trust Asset Allocation | Completed |
| Identify the appropriate benchmarks for the Pension Trust Asset Allocation | Completed |
| Update Governance Documents <ul style="list-style-type: none"> • Investment Policy Statement • Procedures manual | Completed 4 th Quarter of 2019 |
| Align Management and Oversight <ul style="list-style-type: none"> • Align Committees to new SAA • Staffing <ul style="list-style-type: none"> • Real Assets – PIO • Real Assets – FA-III • Real Assets – FA-III • Portfolio Analytics – SIO • Portfolio Analytics – FA-II • Portfolio Analytics – FA-I | Completed Completed Completed Completed Completed Completed |

| | |
|--|---|
| <ul style="list-style-type: none"> • Consultant searches | Approved – In Process |
| Growth <ul style="list-style-type: none"> • Public Equities <ul style="list-style-type: none"> • Implementation of structure review <ul style="list-style-type: none"> • Reduce public equity exposure • Factor mandate • Private Equity <ul style="list-style-type: none"> • Investment plan • Secondary sale • Opportunistic Real Estate <ul style="list-style-type: none"> • Implement structure review and investment plan | In Process In Process In Process Completed Completed Ongoing |
| Credit <ul style="list-style-type: none"> • Conduct consultant search – Credit • Implementation of Credit structure review <ul style="list-style-type: none"> • Realign weights with targets • Resize current liquid managers • Conduct new mandate searches | Approved – In Process In Process Ongoing |
| Risk Reducing & Mitigation <ul style="list-style-type: none"> • Conduct consultant search – Hedge Funds • Implementation of Fixed Income structure review <ul style="list-style-type: none"> • Potential manager rebalancing and consolidation • Conduct RFP for cash overlay program | Approved – In Process In Process Approved – In Process |
| Real Assets & Inflation Hedges <ul style="list-style-type: none"> • Conduct consultant search – Real Assets • RFP for a completion portfolio • Add TIPS through invitation to bid process • Conduct new mandate searches | Approved – In Process Completed Completed Pending New Consultant |
| Adapt Portfolio Analytics <ul style="list-style-type: none"> • Analytics Reporting • Performance Reporting • Interim Benchmarks and Policy Weights | Second Quarter 2019 Completed Completed |
| Complete operational updates at State Street | Ongoing |
| Transition to updated asset allocation | September 2018 – June 2020 |

This timeline allows for a comprehensive review and revision of LACERA’s Pension Trust Investment Policy Statement as well as pertinent operational changes including composite structure, custodian accounts, investment management agreements and new target allocations. Barring any unforeseen circumstances, staff expects to complete the transition by June 2020. This document will be updated monthly, communicating the progress of individual steps and provided to the BOI throughout the implementation process.

FOR INFORMATION ONLY

May 16, 2019

TO: Each Member
Board of Investments

FROM: Scott Zdrazil 
Senior Investment Officer

FOR: June 12, 2019 Board of Investments Meeting

SUBJECT: **ASIAN CORPORATE GOVERNANCE ASSOCIATION (ACGA)
ANNUAL GENERAL MEETING BALLOT**

Please find attached the membership ballot for the 2019 Annual General Meeting of the Asian Corporate Governance Association (ACGA), of which LACERA is a member. The annual meeting will take place in Hong Kong on May 24, 2019. The ballot addresses approval of annual financial reports, re-appointment of the auditor, and appointment of members to ACGA's Governing Council.

Consistent with LACERA's *Corporate Governance Policy*, staff consulted with the Chair of the Corporate Governance Committee to determine LACERA's director votes and cast votes in advance of the ballot's deadline.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

CORPORATE REPRESENTATIVE FORM

We¹ Los Angeles County Employees Retirement Association (LACERA)
of² 300 N. Lake Avenue; Pasadena, Suite 650; California, 91101; USA,

being a member of **ASIAN CORPORATE GOVERNANCE ASSOCIATION LIMITED**
hereby appoint³ _____

or if no person is named, the Chairman of the Meeting as our authorised representative to attend, act and vote for us and on our behalf at the 2019 Annual General Meeting of the aforesaid Association, to be held on 24 May 2019 and at any adjournment thereof.

We direct our corporate representative to vote in the following manner:-

| | For | Against | Abstain |
|---|------------|----------------|----------------|
| 1. Adoption of Financial Statements for the year ended 31 December 2018 | <u>X</u> | _____ | _____ |
| 2.1 Retirement of Peter K. YAM as Council Member with effect from 24 May 2019 | <u>X</u> | _____ | _____ |
| 2.2 Appointment of Ronald Hock Jin LIM as new Council Member with effect from 24 May 2019 | <u>X</u> | _____ | _____ |
| 2.3 Re-election of Yi Tong MUH as Council Member with effect from 24 May 2019 | <u>X</u> | _____ | _____ |
| 2.4 Re-election of Steven Thomas WATSON as Council Member with effect from 24 May 2019 | <u>X</u> | _____ | _____ |
| 2.5 Re-election of Yuwen Elizabeth SUN as Council Member with effect from 24 May 2019 | <u>X</u> | _____ | _____ |
| 2.6 Re-election of Chen-Jung SHIH as Council Member with effect from 24 May 2019 | <u>X</u> | _____ | _____ |
| 2.7 Re-election of Stephen Albert FULLER as Council Member with effect from 24 May 2019 | <u>X</u> | _____ | _____ |
| 2.8 Re-election of Yuelin T YANG as Council Member with effect from 24 May 2019 | <u>X</u> | _____ | _____ |
| 3. Re-appointment of Auditors for the ensuing year | <u>X</u> | _____ | _____ |

If no direction is given, the corporate representative may vote as the corporate representative thinks fit or may abstain from voting.

Dated¹: 15 MAY 2019


Scott Zdrazil, LACERA

5

MEMBER

Witness

- ¹ please complete the name of the Member which is a corporation
- ² please complete the registered office address of the Member
- ³ please complete the name of the Corporate Representative of the Member
- ⁴ please complete the date
- ⁵ please complete the name of the Member

FOR INFORMATION ONLY

May 22, 2019

TO: Each Member
Board of Investments

FROM: Scott Zdrazil 
Senior Investment Officer

FOR: June 12, 2019 Board of Investments Meeting

SUBJECT: **COMMENT LETTERS TO U.S. STOCK EXCHANGES IN SUPPORT OF
COUNCIL OF INSTITUTIONAL INVESTOR PETITION REGARDING
MULTI-CLASS SHARE STRUCTURES**

Please find attached copies of comment letters, dated May 20, 2019, that LACERA has submitted to the New York Stock Exchange and the NASDAQ (the “Exchanges”) in support of a petition submitted by the Council of Institutional Investors (“CII”) related to multi-class share structures (**Attachments**). As described in the comment letters, CII has submitted petitions to the Exchanges requesting that they take the appropriate steps to amend their listing standards to require sunset provisions on multi-class share structures, absent investor approval, which otherwise enable perpetual weighted voting rights for public market investors with little recourse.

The petitions align with LACERA’s *Corporate Governance Principles* which advocate that investors’ voting rights should be proportionate to their economic interests and support the principle of “one share/one vote” as a fundamental investor right (see §II[A]1). LACERA submitted comment letters to support of CII’s petitions in adherence to LACERA’s *Corporate Governance Policy* (§IV[C] and §V[C]v) and with the approval of the chief executive officer, chief investment officer, and chief counsel.

Attachments

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer



May 20, 2019

Elizabeth King
Chief Regulatory Officer
Intercontinental Exchange Inc.
11 Wall Street
New York, NY 10005

Sent via email to: Elizabeth.King@theice.com

RE: Support of petition to amend listing standards on multi-class share structures

Dear Ms. King:

I am writing on behalf of the Los Angeles County Employees Retirement Association (“LACERA”) to support the Council of Institutional Investors’ (“CII”) petition, dated October 24, 2018, regarding multi-class share structures. We endorse CII’s request that the New York Stock Exchange (“NYSE”) take the appropriate steps to amend its listing standards, per below, to require sunset provisions on multi-class share structures on a forward-looking basis, absent an extension approved by a majority vote of investors for each share class:

The company’s certificate of incorporation or equivalent document must specify provisions requiring the share structure to convert automatically to one-share, one-vote no more than seven years after IPO date, subject to extension by additional terms of no more than seven years each, by vote of a majority of outstanding shares of each share class, voting separately, on a one-share, one-vote basis.ⁱ

LACERA is the largest county pension system in the United States, with about \$57 billion in plan assets as of April 30, 2019, including equity holdings in over 3,000 U.S. companies. Our mission is “to produce, provide, and protect the promised benefits” for nearly 170,000 beneficiaries. LACERA believes that sound corporate governance practices at the firms in which we invest help generate long-term economic performance and safeguard the fund’s economic interests. As articulated in LACERA’s [Corporate Governance Principles](#), LACERA considers core investor rights and protections to be vital in both safeguarding our investments and fostering a stable investment environment in the capital markets where we invest. Central to robust investor rights is the ability to exercise voting rights proportionate to an investor’s economic interests in a company. Multi-class share structures, by which investors may have weighted voting rights or no voting rights at all, risk entrenching certain investors and management, thereby insulating them from acting in the interests of all investors. The principle of “one-share/one-vote,” in our view, promotes fair and equitable treatment of investors and helps to instill investor confidence, thereby facilitating capital formation and economic stability to the benefit of all market participants.

Research highlights the risks associated with unequal voting rights and medium- to long-term value. CII has summarized six independent studiesⁱⁱ outlining the disconnect between

Ms. King, Chief Regulatory Officer

May 20, 2019

Page 2 of 2

ownership and control in multiclass share structures, which over time may erode accountability, integrity, and value. This detachment risks manifesting itself in corporate scandals and mismanagement, such as at Viacom and Facebook, where investors are left with little or no recourse to hold a corporate board or management accountable, to the prospective detriment of financial value.

LACERA considers CII's request to be a prudent, pragmatic, and market-oriented approach that balances the ability of entrepreneurial, founder-led initial public offerings to access public market capital while protecting investors from entrenchment over the medium- to long-term.ⁱⁱⁱ Amending the listing standards to require provisions by which multi-class share structures with differential voting rights might "sunset" would be consistent with both expanding empirical research^{iv} and evolving market practice.^v Allowing investors to weigh in with a vote provides market participants with a degree of flexibility without permitting insider control to continue in perpetuity without investor input.

We consider sunset provisions in otherwise perpetual multi-class share structures to be an idea whose time has come. The stock exchanges of the world's most dynamic capital market serve a crucial role in promulgating and protecting basic investor rights. CII's petition provides the NYSE with a pragmatic, balanced approach to ensure investors' right to a meaningful, equitable vote on important corporate matters and to support basic, sound market practices. We urge the NYSE to give prompt and serious consideration to acting on CII's petition.

Thank you for your consideration. If we might provide any further information or perspectives, please contact me at 626-564-6000 or jgrabel@lacera.com.

Sincerely,



Jonathan Grabel

Chief Investment Officer

ⁱ Council of Institutional Investors. *NYSE Petition on Multiclass Sunsets*. October 24, 2018.

https://www.cii.org/files/issues_and_advocacy/correspondence/2018/20181024%20NYSE%20Petition%20on%20Multiclass%20Sunsets%20FINAL.pdf.

ⁱⁱ Council of Institutional Investors. *CII Summaries of Key Academic Literature on Multi-Class Structures and Firm Value*. July 18, 2018. <https://www.cii.org/files/CII%20Summary%20of%20DC%20Studies.pdf>

ⁱⁱⁱ CFA Institute. *Dual-Class Shares: The Good, the Bad, and the Ugly*. August 2018. https://www.cii.org/files/misc_files/CFAI-Dual%20Class%20Shares-05092018v2.pdf

^{iv} Lucian A. Bebchuk and Kobi Kastiel. *The Untenable Case for Perpetual Dual-Class Stock*. *Virginia Law Review*; Vol. 103, pp. 585-631. June 2017. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2954630; Martijn Cremers, Beni Lauterbach and Anete Pajuste. *The Life Cycle of Dual-Class Firms*. December 19, 2018.

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3062895; Lindsay Baran, Arno Forst and M. Tony Via. *Dual Class Share Structure and Innovation*. January 18, 2019. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3183517; Robert Jackson.

Perpetual Dual-Class Stock: The Case Against Corporate Royalty. February 15, 2018. <https://www.sec.gov/files/case-against-corporate-royalty-data-appendix.pdf>; Hyunseob Kim and Roni Michaely. *Sticking Around Too Long? Dynamics of the Benefits of Dual-Class Structures*. March 13, 2019. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3145209.

^v Council of Institutional Investors. *Time-Based Sunset Approaches to Dual-Class Stock*. October 11, 2018. <https://www.cii.org/files/10-11-18%20Time-based%20Sunsets.pdf>.



May 20, 2019

John Zecca
Senior Vice President
General Counsel North America and Chief Regulatory Officer
NASDAQ Stock Market
805 King Farm Boulevard
Rockville, MD 20850

Sent via email to: john.zecca@nasdaq.com

RE: Support of petition to amend listing standards on multi-class share structures

Dear Mr. Zecca:

I am writing on behalf of the Los Angeles County Employees Retirement Association (“LACERA”) to support the Council of Institutional Investors’ (“CII”) petition, dated October 24, 2018, regarding multi-class share structures. We endorse CII’s request that the NASDAQ Stock Market take the appropriate steps to amend its listing standards, per below, to require sunset provisions on multi-class share structures on a forward-looking basis, absent an extension approved by a majority vote of investors for each share class:

The company’s certificate of incorporation or equivalent document must specify provisions requiring the share structure to convert automatically to one-share, one-vote no more than seven years after IPO date, subject to extension by additional terms of no more than seven years each, by vote of a majority of outstanding shares of each share class, voting separately, on a one-share, one-vote basis.¹

LACERA is the largest county pension system in the United States, with about \$57 billion in plan assets as of April 30, 2019, including equity holdings in over 3,000 U.S. companies. Our mission is “to produce, provide, and protect the promised benefits” for nearly 170,000 beneficiaries. LACERA believes that sound corporate governance practices at the firms in which we invest help generate long-term economic performance and safeguard the fund’s economic interests. As articulated in LACERA’s [Corporate Governance Principles](#), LACERA considers core investor rights and protections to be vital in both safeguarding our investments and fostering a stable investment environment in the capital markets where we invest. Central to robust investor rights is the ability to exercise voting rights proportionate to an investor’s economic interests in a company. Multi-class share structures, by which investors may have weighted voting rights or no voting rights at all, risk entrenching certain investors and management, thereby insulating them from acting in the interests of all investors. The principle of “one-share/one-vote,” in our view, promotes fair and equitable treatment of investors and helps to instill investor confidence, thereby facilitating capital formation and economic stability to the benefit of all market participants.

Mr. Zecca, Senior Vice President

May 20, 2019

Page 2 of 2

Research highlights the risks associated with unequal voting rights and medium- to long-term value. CII has summarized six independent studiesⁱⁱ outlining the disconnect between ownership and control in multiclass share structures, which over time may erode accountability, integrity, and value. This detachment risks manifesting itself in corporate scandals and mismanagement, such as at Viacom and Facebook, where investors are left with little or no recourse to hold a corporate board or management accountable, to the prospective detriment of financial value.

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We consider sunset provisions in otherwise perpetual multi-class share structures to be an idea whose time has come. The stock exchanges of the world's most dynamic capital market serve a crucial role in promulgating and protecting basic investor rights. CII's petition provides NASDAQ with a pragmatic, balanced approach to ensure investors' right to a meaningful, equitable vote on important corporate matters and support basic and sound market practices. We urge NASDAQ to give prompt and serious consideration to acting on CII's petition.

Thank you for your consideration. If we might provide any further information or perspectives, please contact me at 626-564-6000 or jgrabel@lacera.com.

Sincerely,



Jonathan Grabel

Chief Investment Officer

ⁱ Council of Institutional Investors. *NASDAQ Petition on Multiclass Sunsets*. October 24, 2018. https://www.cii.org/files/issues_and_advocacy/correspondence/2018/20181024%20NASDAQ%20Petition%20on%20Multiclass%20Sunsets%20FINAL.pdf.

ⁱⁱ Council of Institutional Investors. *CII Summaries of Key Academic Literature on Multi-Class Structures and Firm Value*. July 18, 2018. <https://www.cii.org/files/CII%20Summary%20of%20DC%20Studies.pdf>

ⁱⁱⁱ CFA Institute. *Dual-Class Shares: The Good, the Bad, and the Ugly*. August 2018. https://www.cii.org/files/misc_files/CFAI-Dual%20Class%20Shares-05092018v2.pdf

^{iv} Lucian A. Bebchuk and Kobi Kastiel. *The Untenable Case for Perpetual Dual-Class Stock*. *Virginia Law Review*; Vol. 103, pp. 585-631. June 2017. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2954630; Martijn Cremers, Beni Lauterbach and Anete Pajuste. *The Life Cycle of Dual-Class Firms*. December 19, 2018.

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3062895; Lindsay Baran, Arno Forst and M. Tony Via. *Dual Class Share Structure and Innovation*. January 18, 2019. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3183517; Robert Jackson.

Perpetual Dual-Class Stock: The Case Against Corporate Royalty. February 15, 2018. <https://www.sec.gov/files/case-against-corporate-royalty-data-appendix.pdf>; Hyunseob Kim and Roni Michaely. *Sticking Around Too Long? Dynamics of the Benefits of Dual-Class Structures*. March 13, 2019. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3145209.

^v Council of Institutional Investors. *Time-Based Sunset Approaches to Dual-Class Stock*. October 11, 2018. <https://www.cii.org/files/10-11-18%20Time-based%20Sunsets.pdf>.

FOR INFORMATION ONLY

June 3, 2019

TO: Each Member
Board of Retirement
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: June 12, 2019 Board of Investments Meeting
June 13, 2019 Board of Retirement Meeting

SUBJECT: County Board of Supervisors Action on Abortion as Healthcare

The State of Alabama recently signed into law a bill HB 314 under which individuals in Alabama are prohibited from seeking abortions in nearly all circumstances. HB 314 makes no exception for pregnancies from rape or incest. The law provides for criminal prosecution of doctors who violate the law. Although Alabama's HB 314 is reported to be the most restrictive abortion law in the country, Georgia, Kentucky, Mississippi, and Ohio have approved prohibitions on abortions after six weeks of pregnancy. Arkansas and Utah have voted to limit abortion to the middle of the second trimester. Recently, Missouri put in place a law that bans abortions at or beyond the eighth week of pregnancy. Abortion legislation is pending or threatened in other states.

On May 21, 2019, the Los Angeles County Board of Supervisors, on a motion by Supervisors Solis and Kuehl, voted to: (1) impose a one-year travel restriction to the State of Alabama for County business, except for travel related to emergencies or legally-required matters where the failure to travel would seriously harm the County's interests; (2) deliver a five-signature letter from the Board of Supervisors to the Governor and Legislative Leadership of Alabama communicating the County's travel restriction and its opposition to HB 314, and calling for its immediate repeal; (3) deliver a five-signature letter from the Board of Supervisors to the Governors and Legislative Leadership of Arkansas, Georgia, Kentucky, Mississippi, Missouri, Ohio, and Utah communicating the County's opposition to their legislation and calling for immediate repeal; and (4) direct the County Chief Executive Officer and County Counsel to monitor legislative and judicial actions regarding abortion restrictions, and make recommendations to the Board of Supervisors about legal opportunities to participate as an amicus or plaintiff in lawsuits challenging Alabama's HB 314 and similar laws that prohibit or limit the constitutional right to abortion.

///

Copies of the approved Board of Supervisors minutes and motion from the May 21, 2019 meeting are attached.

Trustee Kelly requested, with the concurrence of the Board Chairs, that the Boards be advised of this action by the County Board of Supervisors.

Attachments

c: JJ Popowich
Jonathan Grabel
Beulah Auten
Cassandra Smith
Cynthia Martinez
Ted Granger

REVISED MOTION BY SUPERVISORS HILDA L. SOLIS
AND SHEILA KUEHL

May 21, 2019

ABORTION IS HEALTHCARE

On May 15, 2019, Governor Kay Ivey of Alabama signed into law HB 314, which was passed by both houses of the Alabama Legislature. Pursuant to HB 314, individuals in Alabama would be prohibited from seeking abortion in nearly all circumstances. The law makes no exceptions for pregnancies resulting from rape or incest, and it institutes criminal prosecution for doctors who violate the law. In fact, under HB 314, a physician who performs an abortion for a rape survivor would face a longer prison sentence than the rapist themselves in some instances. Alabama’s proposal is the most restrictive abortion law in the country, and it joins the ranks of other states calling into question the constitutional right to reproductive healthcare.

Although Alabama’s HB 314 is the most extreme, Georgia, Kentucky, Mississippi, and Ohio have approved prohibitions on abortions after six weeks of pregnancy. Arkansas and Utah have voted to limit the constitutional right to the middle of the second trimester. Missouri is expected to pass a sweeping prohibition as well. These dangerous and unconstitutional laws attempt to cast doubt upon almost 45 years of United States Supreme Court precedent, beginning with the Court’s landmark decision

- MORE -

MOTION

SOLIS _____

RIDLEY-THOMAS _____

KUEHL _____

BARGER _____

HAHN _____

Roe v. Wade.

Imposition of the laws may hinge on legal changes, but the repercussions are being felt across the country in the perpetual fight for the right to equitable reproductive health. People are taking a stand nationwide – for example, people are donating to the *Yellowhammer Fund* in Alabama and using social media as a platform to demonstrate why abortion is a human right. The American Civil Liberties Union (ACLU) filed a lawsuit against Ohio’s ban on abortion. Alabama Women’s Center and the ACLU have similar lawsuits against Alabama, and other challenges are anticipated.

The enclave of new laws seeks to erode access to legal and safe abortion. Without question, this is a medieval attempt to control and limit the ability of individuals to make personal decisions about their health. It treats more than half of the population as second class. Los Angeles County continues to lead in ensuring access to reproductive health, and that leadership must extend across state lines to maintain and enhance the constitutional right to safe and legal abortions. This right should not be determined by a person’s zip code, income level, or any other factor.

WE, THEREFORE, MOVE THAT THE BOARD OF SUPERVISORS DIRECT THE CHIEF EXECUTIVE OFFICE (CEO) TO:

1. Implement a one-year travel restriction to the State of Alabama for the conduct of official Los Angeles County business, except travel related to: emergency response, emergency training, and emergency assistance, matters related to the Department of Children and Family Services, Probation, District Attorney, Public Defender, Alternate Public Defender, and other legally required matters where the failure to authorize such travel would seriously harm the County’s interests as specifically authorized by the Chief Executive Office;

2. Deliver a 5-signature letter to the Governor and ~~Legislature~~Legislative Leadership of Alabama communicating the County's travel restriction, its opposition to HB 314, and calling for its immediate repeal; and
3. Deliver a 5-signature letter to the Governors and ~~Legislatures~~Legislative Leadership of Arkansas, Georgia, Kentucky, Mississippi, Missouri, Ohio, and Utah communicating Los Angeles County's opposition to their respective legislation, which restricts, or seeks to restrict, access to abortion, and calling for the immediate repeal of the legislation.

WE FURTHER MOVE THAT THE BOARD OF SUPERVISORS DIRECT CEO AND COUNTY COUNSEL TO:

1. Monitor legislative and judicial actions regarding abortion restrictions, and make recommendations to the Board of Supervisors about legal opportunities to participate as amicus or plaintiff in the various lawsuits challenging the imposition of HB 314 and other similar laws that seek to prohibit and/or limit the constitutional right to abortion.

#

Miscellaneous Additions

68. Additions to the agenda which were posted more than 72 hours in advance of the meeting, as indicated on the supplemental agenda. (12-9995)

68-A. Abortion is Healthcare

Revised recommendation as submitted by Supervisors Solis and Kuehl: Direct the Chief Executive Officer to implement a one-year travel restriction to the State of Alabama for the conduct of official County business, except for travel related to emergency response, emergency training and emergency assistance, matters related to the Departments of Children and Family Services, Probation, District Attorney, Public Defender, Alternate Public Defender and other legally required matters where the failure to authorize such travel would seriously harm the County's interests as specifically authorized by the Chief Executive Office; send a five-signature letter to the Governor and ~~Legislature~~ Legislative Leadership of Alabama communicating the County's travel restriction, its opposition to House Bill (HB) 314 and call for its immediate repeal; send a five-signature letter to the Governors and ~~Legislatures~~ Legislative Leadership of Arkansas, Georgia, Kentucky, Mississippi, Missouri, Ohio and Utah, communicating the County's opposition to their respective legislation, which restricts or seeks to restrict, access to abortion and call for the immediate repeal of the legislation; and direct the Chief Executive Officer and County Counsel to monitor legislative and judicial actions regarding abortion restrictions, and make recommendations to the Board about legal opportunities to participate as amicus or plaintiff in the various lawsuits challenging the imposition of HB 314 and other similar laws that seek to prohibit and/or limit the constitutional right to abortion. (19-3589)

Mark Gallagher addressed the Board.

Supervisor Solis revised her motion as detailed above.

On motion of Supervisor Kuehl, seconded by Supervisor Solis, this item was approved as revised.

Ayes: 4 - Supervisor Solis, Supervisor Kuehl, Supervisor Barger and Supervisor Hahn

Absent: 1 - Supervisor Ridley-Thomas

Attachments: [Motion by Supervisor Solis](#)
[Revised Motion by Supervisors Solis and Kuehl](#)
[Five-Signature Letter](#)
[Video](#)

FOR INFORMATION ONLY

June 3, 2019

TO: Each Member
Board of Retirement
Board of Investments

FROM: Barry W. Lew
Legislative Affairs Officer

FOR: June 13, 2019 Board of Retirement Meeting
June 12, 2019 Board of Investments Meeting

SUBJECT: **Monthly Status Report on Legislation**

Attached is the monthly report on the status of legislation that staff is monitoring or on which LACERA has adopted a position. Also attached are letters communicating support positions adopted on legislation.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

LACERA Legislative Report
H.R. 141 Support Letter
S. 521 Support Letter
SJR 3 Support Letter

cc: John Popowich
Steven P. Rice
Jon Gabel
Anthony J. Roda, Williams & Jensen
Joe Ackler, Ackler & Associates

LACERA Legislative Report
 2019-2020 Legislative Session
 Status as of June 3, 2019

| File name: CERL-PEPRA-2019 | |
|----------------------------|--|
| CA AB 472 | <p>AUTHOR: Voepel [R] TITLE: Public Employees' Retirement INTRODUCED: 02/11/2019 SUMMARY: Makes nonsubstantive changes to existing law which prescribes limits on service after retirement without reinstatement into the applicable retirement system. STATUS: 02/11/2019 INTRODUCED. Staff_Action: Monitoring</p> |
| CA AB 664 | <p>AUTHOR: Cooper [D] TITLE: County Employees' Retirement: Permanent Incapacity INTRODUCED: 02/15/2019 LAST AMEND: 03/13/2019 SUMMARY: Requires, for purposes of determining permanent incapacity of certain members employed as peace officers in Sacramento County, that those members be evaluated by the retirement system to determine if they can perform all of the usual and customary duties of a peace officer. Requires the Board of Retirement to develop a method of tracking the costs of providing permanent disability retirement to the members who become eligible for disability retirement. STATUS: 05/22/2019 To SENATE Committees on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT and APPROPRIATIONS. Comments: In 2017, the Board of Retirement adopted a Neutral position on AB 283 (Cooper), a similar bill by the same author. BOR_Position: Support 05/01/2019 IBLC_Recommendation: Support 04/11/2019 Staff_Recommendation: Watch</p> |
| CA AB 979 | <p>AUTHOR: Reyes [D] TITLE: Judge's Retirement System II: Deferred Retirement INTRODUCED: 02/21/2019 SUMMARY: Authorizes a judge who is a member of the Judge's Retirement system to retire upon attaining both 63 years of age and 15 or more years of service, or when a judge who has accrued at least 5 years of service and who has not received specified discipline is defeated for reelection. STATUS: 04/24/2019 In ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Not heard. Comments: AB 979 proposes structural changes to the retirement eligibility provisions for judges and a different employee contribution percentage than that which is currently prescribed in PEPRA. Staff_Action: Monitoring</p> |
| CA AB 1198 | <p>AUTHOR: Stone [D]</p> |

TITLE: Public Employees' Retirement: Pension Reform
INTRODUCED: 02/21/2019
LAST AMEND: 03/21/2019
SUMMARY:

Excepts transit workers hired before a specified date, from the Public Employees' Pension Reform Act, or PEPRA, by removing the federal district court contingency language from the provision excepting certain transit workers from PEPRA.

STATUS:

04/24/2019 In ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Not heard.

Comments:

The bill affects those retirement systems whose members include transit workers and whether they are subject to PEPRA.

Staff_Action: Monitoring

CA SB 430

AUTHOR: Wieckowski [D]
TITLE: Public Employees Retirement Benefits: Judges
INTRODUCED: 02/21/2019
LAST AMEND: 05/17/2019
SUMMARY:

Relates to the State Public Employees' Pension Reform Act of 2013. Grants a judge who was elected to office in a specific year the option of making a one-time, irrevocable election to have a membership status prior to a certain date in the Judges' Retirement System II for service accrued after a certain date.

STATUS:

05/30/2019 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

Staff_Action: Monitoring

CA SB 783

AUTHOR: Labor, Public Employment & Retirement Cmt
TITLE: County Employees Retirement Law of 1937
INTRODUCED: 03/07/2019
SUMMARY:

Corrects several erroneous and obsolete cross references within the County Employees Retirement Law of 1937.

STATUS:

05/16/2019 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

Staff_Action: Monitoring

File name: Federal-2019

US HR 141

SPONSOR: Davis R [R]
TITLE: Government Pension Offset Repeal
INTRODUCED: 01/03/2019
SUMMARY:

Amends Title II of the Social Security Act; repeals the Government pension offset and windfall elimination provisions.

STATUS:

01/31/2019 In HOUSE Committee on WAYS AND MEANS: Referred to Subcommittee on SOCIAL SECURITY.

BOR_Position: Support 04/11/2019

IBLC_Recommendation: Support 03/14/2019
Staff_Recommendation: Support

US S 521

SPONSOR: Brown S [D]
TITLE: Government Pension Offset Repeal
INTRODUCED: 02/14/2019
SUMMARY:

Amends Title II of the Social Security Act; repeals the Government pension offset and windfall elimination provisions.

STATUS:

02/14/2019 INTRODUCED.
02/14/2019 In SENATE. Read second time.
02/14/2019 To SENATE Committee on FINANCE.
BOR_Position: Support 04/11/2019
IBLC_Recommendation: Support 03/14/2019
Staff_Recommendation: Support

File name: Other-2019

CA AB 199

AUTHOR: Calderon I [D]
TITLE: California Online Notary Act of 2019
INTRODUCED: 01/10/2019
SUMMARY:

Allows a notary public or an applicant for appointment as a notary public to register with the Secretary of State to be an online notary public by submitting an application for registration that meets certain requirements. Authorizes an online notary public to perform notarial acts, and online notarizations by means of audio-video communication. Establishes various requirements applicable to an online notary public.

STATUS:

04/23/2019 In ASSEMBLY Committee on JUDICIARY: Not heard.
Staff_Action: Monitoring

CA AB 287

AUTHOR: Voepel [R]
TITLE: Public Employees' Retirement: Annual Audits
INTRODUCED: 01/28/2019
SUMMARY:

Requires each state and local pension or retirement system to post a concise annual audit of the investments and earnings of the system on that system's internet website no later than the ninetieth day following the audit's completion.

STATUS:

02/07/2019 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.
BOR_Position: Support 05/01/2019
IBLC_Recommendation: Support 04/11/2019
Staff_Recommendation: Neutral

CA AB 1212

AUTHOR: Levine [D]
TITLE: Public Employees' Retirement: Pension Fund
INTRODUCED: 02/21/2019
LAST AMEND: 05/16/2019
SUMMARY:

Requires a state agency that is responsible for infrastructure projects to produce a list of priority infrastructure projects for funding consideration by the

retirement boards, as described, and to provide it to them. Requires a state agency also to provide further project information to a board upon request.

STATUS:

05/29/2019 In ASSEMBLY. Read third time. Passed ASSEMBLY.
*****To SENATE. (58-15)

Staff_Action: Monitoring

CA AB 1332

AUTHOR: Bonta [D]
TITLE: Sanctuary State Contracting and Investment Act
INTRODUCED: 02/22/2019
LAST AMEND: 04/29/2019

SUMMARY:

Provides for the Sanctuary State Contracting and Investment Act. Requires the Department of Justice to publish a list on its internet website, based on specified criteria, of each person or entity that, in the opinion of the Department of Justice, is providing data broker, extreme vetting, or detention facilities support to any federal immigration agency. Prohibits an agency from entering into a contract with an entity that appears on the list except under certain circumstances.

STATUS:

05/16/2019 In ASSEMBLY Committee on APPROPRIATIONS: Held in committee.

Staff_Action: Monitoring

CA SB 343

AUTHOR: Pan [D]
TITLE: Healthcare Data Disclosure
INTRODUCED: 02/19/2019

SUMMARY:

Eliminates alternative reporting requirements for certain plans or insurers. Requires instead that those entities report information consistent with any other health care service plan, health insurer, or health facility, as appropriate. Eliminates the authorization for hospitals to report specified financial and utilization data to the Office of Statewide Health Planning and Development (OSHDP).

STATUS:

05/24/2019 To ASSEMBLY Committee on HEALTH.

Staff_Action: Monitoring

CA SJR 3

AUTHOR: Wilk [R]
TITLE: Social Security Act
INTRODUCED: 03/04/2019

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:

05/16/2019 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

BOR_Position: Support 05/01/2019

Staff_Recommendation: Support



May 15, 2019

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

RE: Support H.R. 141 (Davis)—Social Security Fairness Act of 2019

Dear Chairman Neal:

The Los Angeles County Employees Retirement Association (LACERA) urges your Committee to consider H.R. 141 and pass this long overdue legislation.

LACERA is the largest county retirement system in the United States, administering retirement plan benefits for over 165,000 members. Nationwide, there are millions more state and local government workers who receive similar plan benefits to those of LACERA. Many do not participate in Social Security. However, workers who move from private sector to public sector employment and are eligible for Social Security benefits receive substantially reduced benefits because of the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP).

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

We strongly encourage your support in passing H.R. 141. A repeal of the GPO and WEP is a matter of fairness for workers entitled to Social Security benefits. Passing this legislation will greatly help protect the Social Security benefits for the millions of individuals who serve our public through education, public safety, and other careers in public service.

Honorable Richard Neal
H.R. 141 – Support
May 15, 2019
Page 2

Respectfully submitted,



LOU LAZATIN
Chief Executive Officer

LL:bwl

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



May 15, 2019

The Honorable Chuck Grassley
Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington D.C. 20510

RE: Support S. 521 (Brown)—Social Security Fairness Act

Dear Chairman Grassley:

The Los Angeles County Employees Retirement Association (LACERA) urges your Committee to consider S. 521 and pass this long overdue legislation.

LACERA is the largest county retirement system in the United States, administering retirement plan benefits for over 165,000 members. Nationwide, there are millions more state and local government workers who receive similar plan benefits to those of LACERA. Many do not participate in Social Security. However, workers who move from private sector to public sector employment and are eligible for Social Security benefits receive substantially reduced benefits because of the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP).

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

We strongly encourage your support in passing S. 521. A repeal of the GPO and WEP is a matter of fairness for workers entitled to Social Security benefits. Passing this legislation will greatly help protect the Social Security benefits for the millions of individuals who serve our public through education, public safety, and other careers in public service.

Honorable Chuck Grassley
S. 521 – Support
May 15, 2019
Page 2

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Lou", with a long horizontal stroke underneath.

LOU LAZATIN
Chief Executive Officer

LL:bwl

cc: Members of the United States Senate
Committee on Finance



May 31, 2019

The Honorable Freddie Rodriguez
Chair
Assembly Public Employment and Retirement Committee
1020 N Street, Room 153
Sacramento, CA 95814

RE: Support SJR 3 (Wilk)

Dear Chair Rodriguez:

Senate Joint Resolution 3 would request the President and the Congress of the United States to pass legislation repealing two provisions in the Social Security Act that reduce benefits when an individual receives a public pension retirement allowance. Those provisions are the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO).

SJR 3 would greatly improve the opportunities for hiring and retaining teachers, peace officers, firefighters, and other public employees in California. LACERA also believes that the WEP and GPO must be repealed as a matter of fairness since these provisions unfairly penalize individuals who earn Social Security benefits through their employment in the private sector prior to or after public service.

LACERA has traditionally supported legislation to repeal the WEP and GPO, and we adopted support positions on H.R. 141 and S. 521, the Social Security Fairness Acts that were introduced earlier this year. The LACERA Board of Retirement respectfully requests your support and an "aye" vote for SJR 3.

Respectfully submitted,

STEVEN P. RICE
Chief Counsel

SPR:bwl

cc: Assembly PE & R Committee
Michael Bolden, Chief Consultant
Joe Ackler, Ackler & Associates

FOR INFORMATION ONLY

June 3, 2019

TO: Each Member
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: June 12, 2019 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 June 3, 2019.

Attachment

c: JJ Popowich
Jonathan Grabel
Vache Mahseredjian
John McClelland
Christopher Wagner
Ted Wright
Jim Rice
Jude Perez
Christine Roseland
John Harrington
Cheryl Lu
Margo McCabe
Lisa Garcia



LACERA Legal Division
Board of Investments Projects
Monthly Status Report - Pending as of June 3, 2019




| Project/ Investment | Description | Amount | Board Approval Date | Completion Status | % Complete | Notes |
|--|--|--------------------------------------|---------------------------|----------------------|------------|--------------------------|
| PORTFOLIO ANALYTICS Parametric Portfolio Associates, LLC | Investment Management Agreement | Varies depending on cash reserves | April 10, 2019 | In Progress | 75% | Legal review in process. |
| PRIVATE EQUITY Accel - KKR Capital Partners VI, LP | Subscription | \$150,000,000.00 | May 15, 2019 | Complete | 100% | Completed. |
| REAL ASSETS HEDGE FUNDS DWS | Completion Portfolio Equity Manager Investment Management Agreement | \$1,300,000,000.00 | February 13, 2019 | Complete | 100% | Completed. |
| Albourne America, LLC | Investment Consulting Services Agreement | \$747,200.00 | March 13, 2019 | In Progress | 75% | Legal review in process. |
| REAL ESTATE Core Property Index Trust Fund | Subscription | \$250,000,000.00 | February 13, 2019 | Complete | 100% | Completed. |

FOR INFORMATION ONLY

June 1, 2019

TO: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
Shawn R. Kehoe, Vice Chair
Vivian H. Gray
Ronald A. Okum
J.P. Harris, Alternate

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: June 13, 2019 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **Semi-Annual Report on Approved Engagements**

LEGAL AUTHORITY

The Board of Retirement's Policy on Engagement for Public Policy Issues Relating to Plan Administration and Retirement and Health Care Benefits provides that staff will present semi-annual reports to the Insurance, Benefits and Legislative Committee each year as to the status of all approved engagements.

INTRODUCTION

The Board of Retirement approved three engagements this year that included visits to Congress on January 29-30, 2019 and May 22-23, 2019 and to the California State Legislature on March 26, 2019. The purpose of the visits was to continue promoting LACERA's presence and visibility with members of the legislative branches of the state and federal governments in accordance with the Policy on Engagement.

ENGAGEMENTS*Congress: January 29-30, 2019*

Board of Retirement member Herman Santos, Board of Investments members¹ Wayne Moore and Gina Sanchez, Chief Executive Officer Lou Lazatin, and Legislative Affairs Officer Barry Lew attended meetings with various members of the California Congressional Delegation (consisting of 53 Representatives and 2 Senators). LACERA's federal legislative advocates, Anthony J. Roda of Williams & Jensen and Shane Doucet of Doucet Consulting Solutions, arranged and hosted the meetings, which took place during and after the National Conference on Public Employee Retirement Systems (NCPERS) 2019 Legislative Conference on January 27-29, 2019.

¹ Board of Investments members were in attendance at the National Conference on Public Employee Retirement Systems 2019 Legislative Conference on January 27-29, 2019 and joined the other LACERA representatives in Congressional meetings.

LACERA Board members and staff met with the staff of Representatives Brad Sherman (D), Gil Cisneros (D), Jimmy Gomez (D), Nanette Barragan (D), and Ted Lieu (D); Speaker of the House Nancy Pelosi (D); and Senators Dianne Feinstein (D) and Kamala Harris (D). Board members and staff were also able to speak directly with Representatives Brad Sherman (D), Gil Cisneros (D), and House Ways and Means Committee members Linda Sanchez (D), Judy Chu (D), and Jimmy Gomez (D). The Ways & Means Committee has subject-matter jurisdiction over the federal tax code, programs authorized by the Social Security Act (including Medicare), and issues such as the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). LACERA is located in Representative Chu's district.

LACERA Board members, staff, and the legislative advocates provided information on LACERA's history, organization, and operations with regard to the retirement security of its members. We continued to engage on LACERA's support for the repeal of the WEP and GPO as well as opposition to the application of unrelated business income tax (UBIT) on public pension plans and opposition to the requirements of the Public Employee Pension Transparency Act (PEPTA). Other topics of discussion included the proposed establishment of a National Infrastructure Development Bank as presented by House Budget Committee Chairman John Yarmuth (D-KY) during the NCPERS conference.

California State Legislature: March 26, 2019

Chief Executive Officer Lou Lazatin and Legislative Affairs Officer Barry Lew attended meetings with members of the California State Legislature arranged by LACERA's state legislative advocates, Joe Ackler of Ackler & Associates and Naomi Padron of McHugh Koepke & Associates.

LACERA staff met with Senators Anthony Portantino (D), Robert Hertzberg (D), Jerry Hill (D), Mike Morrell (R), and Holly Mitchell (D). LACERA staff also met with Assemblymembers Freddie Rodriguez (D), Luz Rivas (D), Blanca Rubio (D), and Bob Archuleta (D). LACERA is located in Senator Portantino's district. The meetings were an ongoing effort by LACERA staff to educate legislators and their staff about LACERA's role in providing retirement security for employees of the County of Los Angeles.

Senator Hill is the Chair, Senator Morrell is the Vice-Chair, and Senator Mitchell is a member of the Senate Committee on Labor, Public Employment & Retirement. Assemblymember Rodriguez is the Chair of the Assembly Committee on Public Employment & Retirement and authored AB 2076 on behalf of LACERA in 2018. Both committees have subject-matter jurisdiction on matters related to public pension plans, and LACERA staff continued to foster relationships with the members of these committees and their committee consultants.

Congress: May 22-23, 2019

This was the second round of meetings in 2019 with members of the California Congressional Delegation and followed the International Foundation of Employee Benefit Plans' Washington Legislative Update on May 20-21, 2019. The meetings were arranged by LACERA's federal legislative advocates, Anthony J. Roda of Williams & Jensen and Shane Doucet of Doucet Consulting Solutions.

Board of Retirement Chair Alan Bernstein, Board members Vivian Gray and Herman Santos, and Chief Executive Officer Lou Lazatin met directly with Representatives Katie Hill (D), Ted Lieu (D), and Judy Chu (D). Representative Chu sits on the House Ways & Means Committee, and LACERA is located in her district. Other meetings were with the legislative staff of the following members of the California Congressional Delegation: Senators Dianne Feinstein (D) and Kamala Harris (D); and Representatives Karen Bass (D), Linda Sanchez (D), Mike Levin (D), Harley Rouda (D), Nanette Barragan (D), Jimmy Gomez (D), T.J. Cox (D), Norma Torres (D), Ted Lieu (D), and Adam Schiff (D). Representatives Sanchez and Gomez also sit on the House Ways & Means Committee. During the meetings, LACERA representatives provided each office a snapshot of the number of LACERA retirees and aggregate monthly benefit amount in each California Congressional district.

LACERA representatives continued to emphasize strong support for the repeal of the WEP and GPO, opposition to the extension of UBIT to public pension plans, opposition to a proposed financial transactions tax, and opposition to PEPTA. During the meeting with Representative Rouda's staff, we were briefed on a proposal that Representative Rouda will introduce in September along with Representative Tom Malinowski (D-NJ) and Senator Sherrod Brown (D-OH). The proposal would provide an early buy-in option to Medicare for retired first responders who reach age 50. The proposal is intended to provide a more affordable healthcare option for public safety employees who retire well before the Medicare eligibility age of 65. Representative Rouda's office will share the text of the proposal with LACERA once it is finalized.

CONCLUSION

The meetings of LACERA Board members and staff with Congress and the California State Legislature continue to be positive in advancing LACERA's engagement and visibility with legislators. At its meeting of April 11, 2019, the Board of Retirement approved a visit with the California State Legislature by Board members and staff that is anticipated to occur later this summer. Staff will coordinate with Joe Ackler of Ackler & Associates to determine potential dates for the visit.

Reviewed and Approved:

A handwritten signature in blue ink that reads "Steven P. Rice".

Steven P. Rice, Chief Counsel

cc: Board of Investments
JJ Popowich
Steven P. Rice
Jon Grabel
Anthony J. Roda, Williams & Jensen
Joe Ackler, Ackler & Associates



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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