

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, FEBRUARY 12, 2020

*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 January 8, 2020
- IV. REPORT ON CLOSED SESSION ITEMS
- V. PUBLIC COMMENT
- VI. CHIEF EXECUTIVE OFFICER'S REPORT
(Memo dated January 30, 2020)
- VII. CHIEF INVESTMENT OFFICER'S REPORT
- VIII. NON-CONSENT ITEMS
 - A. Recommendation as submitted that the Board approve appointing Altus Group U.S. Inc. as the Appraisal Management Service Provider for LACERA's separate account real estate assets, including full service offering.
Mike Romero, Senior Investment Analyst
Trina Sanders, Investment Officer
Inga Tadevosyan, Investment Analyst
Terra Elijah, Investment Analyst
Jennifer Stevens, Principal – Townsend Group
(Memo dated January 27, 2020)

VIII. NON-CONSENT ITEMS (Continued)

- B. Recommendation as submitted that the Board adopt the revised emerging manager policy.
Ted Wright, Principal Investment Officer and Vache Mahseredjian, Principal Investment Officer and Stephen McCourt, Managing Principal – Meketa Investment Group
Leandro Festino, Managing Principal – Meketa Investment Group Tim Filla, Senior Vice President – Meketa Investment Group
Alina Yuan, Investment Analyst – Meketa Investment Group
(Memo dated January 27, 2020)

- C. Recommendation as submitted that the Board schedule the 2020 Board of Investments (BOI) offsite meeting on Tuesday, July 7 and Wednesday, July 8 at the Hilton Hotel in Glendale, California.
Jon Grabel, Chief Investment Officer
(Memo dated January 28, 2020)

- D. Recommendation as submitted that the Board provide further instruction to staff on the legislative proposal to provide for board self-evaluations in closed session.
Barry W. Lew, Legislative Affairs Officer
(Memo dated January 22, 2020)

- E. Recommendation as submitted that the Board approve the attached ballot insert entitled “Powers and Duties of Investments Board Trustees,” which will be included with the ballot materials for the election of the Second and Eighth Members of the Board of Investments and posted on lacera.com.
Steven P. Rice, Chief Counsel
(Memo dated January 29, 2020)

IX. REPORTS

- A. Investment Procedures Manual Update – Growth Assets
Jude Perez, Principal Investment Officer
Terra Elijah, Investment Analyst
(Memo dated January 30, 2020)

- B. 2020 Board Election Process Update
Steven P. Rice, Chief Counsel
(Memos dated January 29, 2020 and February 4, 2020)

IX. REPORTS (Continued)

- C. Meketa Investment Group Self-Evaluation
Stephen McCourt, Managing Principal – Meketa Investment Group
Leandro Festino, Managing Principal – Meketa Investment Group
Tim Filla, Senior Vice President – Meketa Investment Group
Alina Yuan, Investment Analyst – Meketa Investment Group
(For Information Only) (Memo dated January 31, 2020)

- D. Manager Resignation
John McClelland, Principal Investment Officer
(For Information Only) (Memo dated January 28, 2020)

- E. AB 2833 Reporting: Reimbursement of Costs
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated January 14, 2020)

- F. LACERA Quarterly Performance Book Update
Jude Perez, Principal Investment Officer
(For Information Only) (Memo dated January 30, 2020)

- G. Real Estate Consultant Change in Professional Staff
John McClelland, Principal Investment Officer
Jennifer Stevens, Principal – Townsend Group
Rob Kochis, Principal – Townsend Group
(For Information Only) (Memo dated January 28, 2020)

- H. OPEB Quarterly Performance Book
Jude Perez, Principal Investment Officer
(For Information Only) (Memo dated January 28, 2020)

- I. Update Regarding Employee Status of Trustees Following Recent
Legislation and State Court Decisions
Michael D. Herrera, Senior Staff Counsel
(For Information Only) (Memo dated January 23, 2020)

- J. Update on Windfall Elimination Provision and Government Pension
Offset
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated January 27, 2020)

IX. REPORTS (Continued)

- K. Monthly Status Report on Legislation
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated January 23, 2020)

- L. Semi-Annual Interest Crediting for Reserves as of
December 31, 2019 (UNAUDITED)
Ted Granger, Interim Chief Financial Officer
(For Information Only) (Memo dated January 21, 2020)

- M. Monthly Education and Travel Report for December 2019
Ted Granger, Interim Chief Financial Officer
(For Information Only) (Public Memo dated January 29, 2020)
(Confidential Memo dated January 29, 2020– Includes Anticipated
Travel)

- N. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated January 31, 2020)

- O. January 2020 Fiduciary Counsel Contact and Billing Report
Steven P. Rice, Chief Counsel
(For Information Only) (Privileged and Confidential)
(Attorney-Client Communication/Attorney Work Product)
(Memo dated January 28, 2020)

X. ITEMS FOR STAFF REVIEW

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

XII. EXECUTIVE SESSION

- A. Conference with Staff and Legal Counsel to Consider the Purchase or
Sale of Particular, Specific Pension Fund Investments
(Pursuant to California Government Code Section 54956.81)
 - 1. Private Equity Secondary Sale Recommendation
Jonathan Grabel, Chief Investment Officer
(Memo dated January 28, 2020)

XII. EXECUTIVE SESSION (Continued)

2. Summit Partners Europe Growth Equity
Christopher Wagner, Principal Investment Officer
Derek Wong, Investment Officer
Natalie Walker, Principal – StepStone Group
3. Clearlake Capital Partners Fund V.I., L.P.
Christopher Wagner, Principal Investment Officer
Didier Acevedo, Investment Officer
Natalie Walker, Principal – StepStone Group
(For Information Only) (Memo dated January 14, 2020)
4. Private Equity Secondary Purchase Update
Christopher Wagner, Principal Investment Officer
David Chu, Senior Investment Officer
Derek Kong, Investment Officer
(For Information Only) (Memo dated January 16, 2020)

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

Title: Chief Investment Officer

XIII. ADJOURNMENT

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

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

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, JANUARY 8, 2020

PRESENT: David Green, Chair

Herman B. Santos, Vice Chair

Wayne Moore, Secretary

Alan Bernstein

Elizabeth Greenwood

Shawn Kehoe

Keith Knox

David Muir

Gina V. Sanchez

STAFF ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Jonathan Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

Christine Roseland, Senior Staff Counsel

Christopher Wagner, Principal Investment Officer

Vache Mahseredjian, Principal Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Jude Perez, Principal Investment Officer

Ted Granger, Interim Chief Financial Officer

Robert Santos, Investment Officer

Derek Kong, Investment Officer

Esmeralda V. del Bosque, Senior Investment Officer

John Kim, Senior Investment Analyst

Dale Johnson, Investment Officer

Adam Cheng, Senior Investment Analyst

Jeff Jia, Senior Investment Analyst

Milliman

Craig Glyde, Consulting Actuary

Mark Olleman, Consulting Actuary

Meketa Investment Group

Stephen McCourt, Managing Principal

Timothy Filla, Managing Principal

StepStone Group LP

Jose Fernandez, Partner

Natalie Walker, Partner

Cavanaugh Macdonald

Patrice A. Beckham, Principal and Consulting Actuary

Los Angeles County

Sachi Hamai, Chief Executive Officer

SEIU Local 721

Ramon Rubalcava, Director of Member Benefits and Employer Relations

STAFF ADVISORS AND PARTICIPANTS (Continued)

California Association of Professional Employees
Blaine Meek, Board Member

Unite Here Local 11
Jordan Fein
Maribel Duarte
Amber Landry
Wade Luneburg

I. CALL TO ORDER

The meeting was called to order by Chair Green at 9:08 a.m., in the Board Room of Gateway Plaza.

II. ELECTIONS

(Election of Chair, Vice Chair, Secretary, Joint Organizational Governance Committee and Audit Committee Trustees)

The election of officers was conducted by Secretary Moore:

A. Chair of the Board

Mr. Green was nominated to the position of Chair of the Board of Investments by Mr. Santos.

Hearing no other nominations, the nominations were closed and Secretary Moore announced that Mr. Green was elected to the position of Chair of the Board of Investments.

B. Vice Chair of the Board

Mr. Santos was nominated to the position of Vice Chair of the Board of Investments by Mr. Green.

II. ELECTION OF OFFICERS (Continued)

Hearing no other nominations, the nominations were closed and Secretary Moore announced that Mr. Santos was elected to the position of Vice Chair of the Board of Investments.

C. Secretary

Mr. Moore was nominated to the position of Secretary of the Board of Investments by Mr. Santos.

Hearing no other nominations, the nominations were closed and Secretary Moore announced that he was elected to the position of Secretary of the Board of Investments.

D. Joint Organizational Governance Committee Member

Mr. Muir was nominated to the position of Joint Organizational Governance Committee Member by Mr. Green.

Hearing no other nominations, the nominations were closed and Secretary Moore announced that Mr. Muir was elected to the position of Joint Organizational Governance Committee Member.

E. Audit Committee Member

Ms. Sanchez was nominated to the position of Audit Committee Member by Mr. Santos.

II. ELECTION OF OFFICERS (Continued)

Hearing no other nominations, the nominations were closed and Secretary Moore announced that Ms. Sanchez was elected to the position of Audit Committee Member.

III. PLEDGE OF ALLEGIANCE

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

IV. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of December 11, 2019

Mr. Bernstein made a motion, Ms. Greenwood seconded, to approve the minutes of the regular meeting of December 11, 2019. The motion passed unanimously by all trustees present.

V. REPORT ON CLOSED SESSION ITEMS

Steven Rice, Chief Counsel, reported that:

At its September 12, 2018 meeting, the Board took action on a number of real estate investments. The vote has previously been reported, and individual transactions have been reported out at various times as appropriate under the Brown Act. Today, it is appropriate to report out that the Board at that time approved the termination of real estate manager Vanbarton under certain guidelines. At its October 8, 2019 meeting, under Agenda Item XIII.A.1, the Board voted unanimously by all members on a motion by Mr. Santos, seconded by Mr. Kehoe, to accelerate Vanbarton's termination and authorize staff to reassign its properties under management. At its November 20,

V. REPORT ON CLOSED SESSION ITEMS (Continued)

2019 meeting, under Agenda Item XIV.A.5, the Board was provided with an information only memo that staff selected Clarion Partners LLC to take over management of the three reminding properties. The final conclusion of this series of events is that on December 31, 2019, Vanbarton was terminated and management responsibility for the three remaining assets was transferred to Clarion effective January 1, 2020.

At its September 11, 2019 meeting, under Agenda Item XII.A.1, the Board took action in connection with the Hedge Fund 2019 Structure Review. The vote on this item was reported out at that meeting. However, as permitted by the Brown Act, certain aspects of the action were not reported in September. It is now appropriate to report that the September 2019 action included approval to wind down the Grosvenor and Goldman Diversified Fund of Fund portfolios, which at the time had net asset values of approximately \$480 million and \$490 million, respectively. Most of the capital is expected to be returned by end the of 2020. The September 2019 action also included action to increase maximum allocations to existing direct managers Capula, Davidson Kempner, and HBK.

VI. PUBLIC COMMENT

Ms. Hamai, Chief Executive Officer for Los Angeles County, Mr. Ramon Rubalcava from SEIU Local 721 and Mr. Blaine Meek from California Association of Professional Employees addressed the Board regarding agenda item IX.A.

VI. PUBLIC COMMENT (Continued)

Jordan Fein, Maribel Duarte, Amber Landry and Wade Luneburg from Unite Here Local 11 addressed the Board regarding PAI Europe VII investment in Areas, pending labor issues, and the potential effect of those issues on LACERA's investment.

VII. CHIEF EXECUTIVE OFFICER'S REPORT
(Memo dated December 18, 2019)

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

VIII. CHIEF INVESTMENT OFFICER'S REPORT

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

IX. NON-CONSENT ITEMS

A. Recommendation as submitted by Santos H. Kreimann, Chief Executive Officer, Jon Grabel, Chief Investment Officer and Ted Granger, Interim Chief Financial Officer: That the Board:

1. Adopt the economic assumptions identified as Alternative #2 on page 17 of the draft 2019 Investigation of Experience for Retirement Benefit Assumption Report (2019 Experience Study), as submitted by the plan actuary (Milliman). This option (combined with 25 year amortization for existing layers) is labeled as Alternative 2a on the Milliman presentation slides to be shown and discussed at the upcoming January 8, 2020 Board of Investments (BOI) meeting. The economic assumptions recommended for adoption by LACERA staff and Milliman includes a 6.75% investment return; 3.00% general wage growth; 2.50% price inflation rate and 3.00% payroll growth factor.

IX. NON-CONSENT ITEMS (Continued)

2. Adopt a 25-year amortization period for existing annual payment layers and a new 20-year amortization schedule for all payment layers added in future years.
3. Adopt the demographic assumptions that allow for use of revised mortality tables; larger merit salary increases; modified rates of retirement; small adjustments to the termination and disability assumptions; and other minor changes. The recommended changes are more fully described in Milliman's draft 2019 Experience Study report.
4. Adopt the phase-in of increases in the employer contribution rates over a three-year period to help fulfill LACERA's fiduciary duty of legal authority to minimize the impact on employer contributions in the short-term.
5. Delegate authority to the Chief Executive Officer working in concert with LACERA's General Counsel, the Interim Chief Financial Officer and Chief Investment Officer to ensure the actuarial assumptions adopted by the BOI Trustees, and as more fully detailed in Appendix A of the 2019 Experience Study report, are incorporated in Milliman's calculation of plan liabilities presented in the 2019 Actuarial Valuation of Retirement Benefits report. (Memo dated December 30, 2019).

For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the Phase-In of Employee Contribution Rates.
(Memo dated December 23, 2019)

Messrs. Kreimann and Granger and Messrs. Glyde and Olleman of Milliman provided a presentation and answered questions from the Board.

Mr. Santos made a motion, seconded by Mr. Moore to adopt the following:
A 7.00% investment return; 3.25% general wage growth; 2.75% price inflation rate and 3.25% payroll growth factor.

IX. NON-CONSENT ITEMS (Continued)

Mr. Kehoe made a substitute motion, seconded by Ms. Greenwood, to bring this item back at the next Board of Investments meeting to provide additional information regarding a 3-year phase in option for the employee contribution rate adjustment. The motion failed with Messrs. Bernstein, Green, Knox, Moore, Muir, Santos, Ms. Sanchez and Ms. Greenwood voting no and Mr. Kehoe voting yes.

The motion to adopt a 7.00% investment return; 3.25% general wage growth; 2.75% price inflation rate and 3.25% payroll growth factor. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Moore, Muir, Santos, Ms. Sanchez and Ms. Greenwood voting yes and Mr. Knox voting no.

- B. Recommendation as submitted by Jude Perez, Principal Investment Officer, Esmeralda del Bosque, Senior Investment Officer, Scott Zdrazil, Senior Investment Officer, Dale Johnson, Investment Officer and John Kim, Senior Investment Analyst: That the Board approve appointing:
- a. MSCI Analytics to provide total Fund risk services; and
 - b. MSCI ESG Research LLC and Sustainalytics US Inc. for ESG data and analytics, as well as Trucost-S&P global for climate-related data. (Memo dated December 30, 2019)

Mr. Santos made a motion, Mr. Muir seconded, that the Board approve appointing: a) MSCI Analytics to provide total Fund risk services; and b) MSCI ESG Research LLC and Sustainalytics US Inc. for ESG data and analytics, as well as Trucost-S&P global for climate-related data. The motion passed unanimously by all trustees present.

X. REPORTS

A. Vision 2020: Investment Division Work Plan and Strategic Initiatives Update

Jon Grabel, Chief Investment Officer
(Memo dated December 30, 2019)

Mr. Grabel provided a presentation and answered questions from the

Board.

B. Emerging Manager Policy Review – Part 3

Jon Grabel, Chief Investment Officer
Leandro Festino, Meketa
Ted Wright, Principal Investment Officer
Vache Mahseredjian, Principal Investment Officer
(Memo dated December 20, 2019)

Mr. Grabel and Messrs. McCourt and Filla of Meketa Investment Group

provided a presentation and answered questions from the Board.

C. Private Equity Portfolio Update

Christopher Wagner, Principal Investment Officer
(Memo dated December 26, 2019)

Mr. Wagner, Mr. Fernandez and Ms. Walker of StepStone Group LP

provided a presentation and answered questions from the Board.

D. 2020 Board Election Process

Steven P. Rice, Chief Counsel
(Memo dated December 23, 2019)

Messrs. Kreimann and Steven Rice provided a presentation and answered

Questions and received input and direction from the Board.

X. REPORTS (Continued)

The following agenda items were received and filed:

- E. Real Estate Process Workflow Findings – Update
Esmeralda del Bosque, Senior Investment Officer
Trina Sanders, Investment Officer
Cindy Rivera, Senior Investment Analyst
(For Information Only) (Memo dated December 20, 2019)
- F. Private Equity Secondary Sale Update
Christopher Wagner, Principal Investment Officer
David Simpson, Investment Officer
(For Information Only) (Memo dated December 20, 2019)
- G. Investment Policy Statement – Update
Jude Perez, Principal Investment Officer
(For Information Only) (Memo dated December 20, 2019)
- H. Fair Political Practices Commission Form 806 – Agency Report of Public
Official Appointments
Jill Rawal, Staff Counsel
(For Information Only) (Memo dated December 30, 2019)
- I. 2019 Third Quarter –Hedge Fund Performance Report
James Rice, Principal Investment Officer
Quoc Nguyen, Investment Officer
(For Information Only) (Memo dated December 16, 2019)
- J. Monthly Education and Travel Report for November 2019
Ted Granger, Interim Chief Financial Officer
(For Information Only) (Public Memo dated December 20, 2019)
(Confidential Memo dated December 20, 2019 – Includes Anticipated
Travel)
- K. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated December 31, 2019)
- L. December 2019 Fiduciary Counsel Contact and Billing Report
Steven P. Rice, Chief Counsel
(For Information Only) (Privileged and Confidential)
(Attorney-Client Communication/Attorney Work Product)
(Memo dated December 31, 2019)

XI. ITEMS FOR STAFF REVIEW

In regards to item VI. The Board requested for staff to agendize a discussion regarding PAI and a plan moving forward.

In regards it item IX. A., the Board requested for staff and our consultants in the future to explore the 3-year phase option for the employee contribution rate adjustment and for staff to explore legislative remedy.

In regards to item X. B., the Board provided changes to the Emerging Manager Program.

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

Mr. Muir requested for staff to include the name of the presenters on the agenda.

Furthermore, the Board welcomed Ms. Greenwood to the Board of Investments and congratulated the new officers.

Lastly, Mr. Bernstein asked that we have translator's onsite during the Board meetings.

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. Syndicated Bank Loan Manager Search

Messrs. Cheng, Jia and Santos provided a presentation and answered questions from the Board.

XIII. EXECUTIVE SESSION (Continued)

Mr. Santos made a motion, seconded by Mr. Bernstein, to select Credit Suisse Asset Management to manage approximately \$1 billion in a separate account Syndicated Bank Loan mandate. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, Ms. Sanchez and Ms. Greenwood voting yes.

2. Montefiore Investment V S.L.P.

Messrs. Wagner and Kong and Ms. Walker of StepStone Group LP

provided a presentations and answered questions from the Board.

Mr. Santos made a motion, seconded by Mr. Knox, to approve a commitment of up to \$50 million in Montefiore Investment V S.L.P., which is a French small buyout private equity fund targeting service businesses in the travel and leisure, retail, business to consumer, and business to business subsectors. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, Ms. Sanchez and Ms. Greenwood voting yes.

3. Credit Structure Review – Part 2

The Board took action, which under the Brown Act, will be reported out at a later date.

XIV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 1:54 p.m.

WAYNE MOORE, SECRETARY

DAVID GREEN, CHAIR



January 30, 2020

TO: Each Trustee,
Board of Retirement
Board of Investments

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

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

I am pleased to present the Chief Executive Officer's Report for January 2020 that highlights a few of the operational activities that have taken place during the past month, key business metrics to monitor how well we are meeting our performance objectives, and an educational calendar.

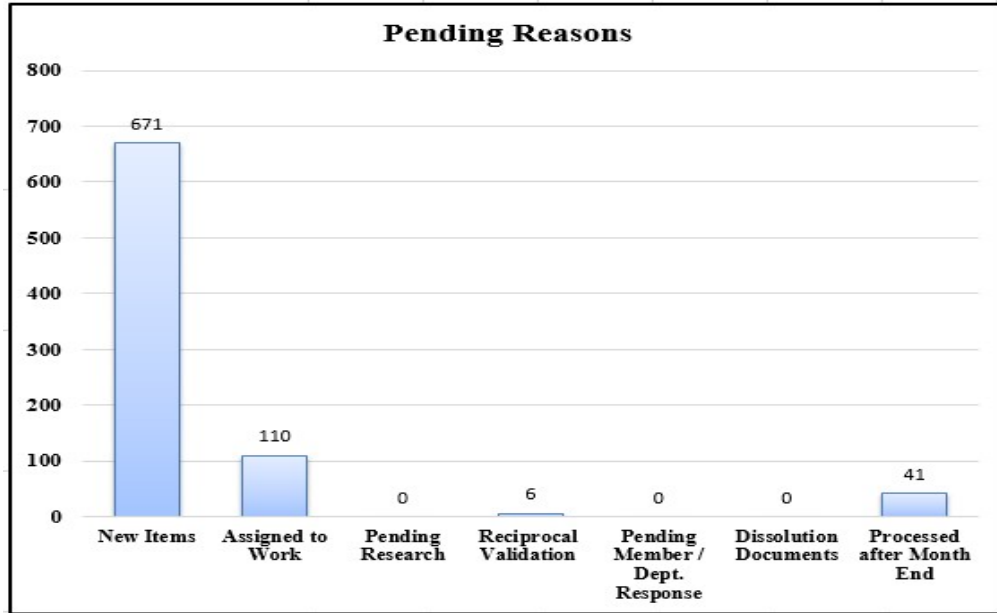
March Madness

We refer to the period beginning in December through the end of March as "March Madness" because retirements tend to spike during this period as members disproportionately elect to retire in time to be eligible for any April 1st cost-of-living adjustment (COLA) that will be approved. As we have in years past, we are continuing our commitment to share the annual March Madness statistics in this report. There are two key statistics tracked during this time of year.

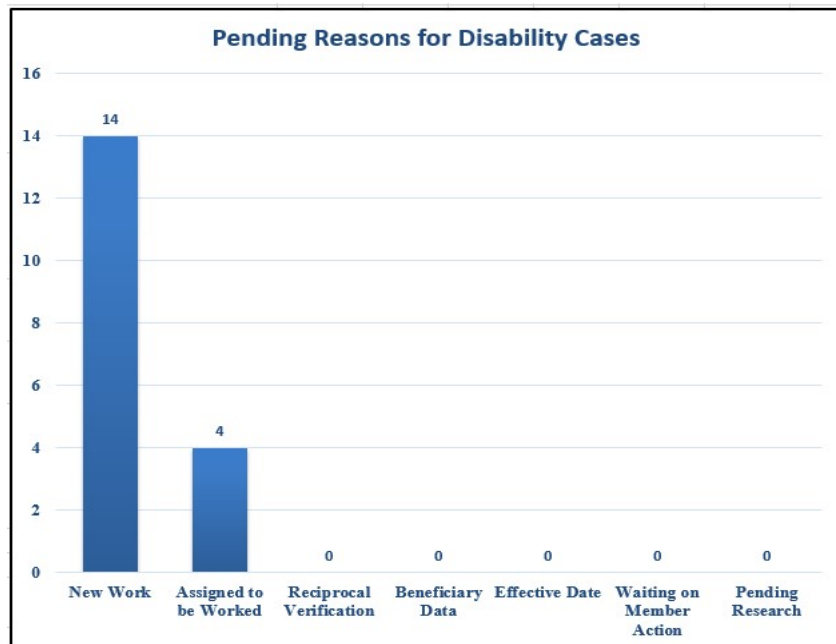
How well are we keeping up with our member's requests to retire? The chart below shows the total number of pending retirement elections. All incoming retirement requests are triaged by staff to facilitate processing those retirements with immediate retirement dates and those which will require special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

Retirement Month	Pending Retirement Elections
December 2019	14
January 2020	96
February 2020	185
March 2020	533
Pending Disability Cases	18
Total Pending	846

The 828 retirement elections not completed for December - March are pending for the following reasons:



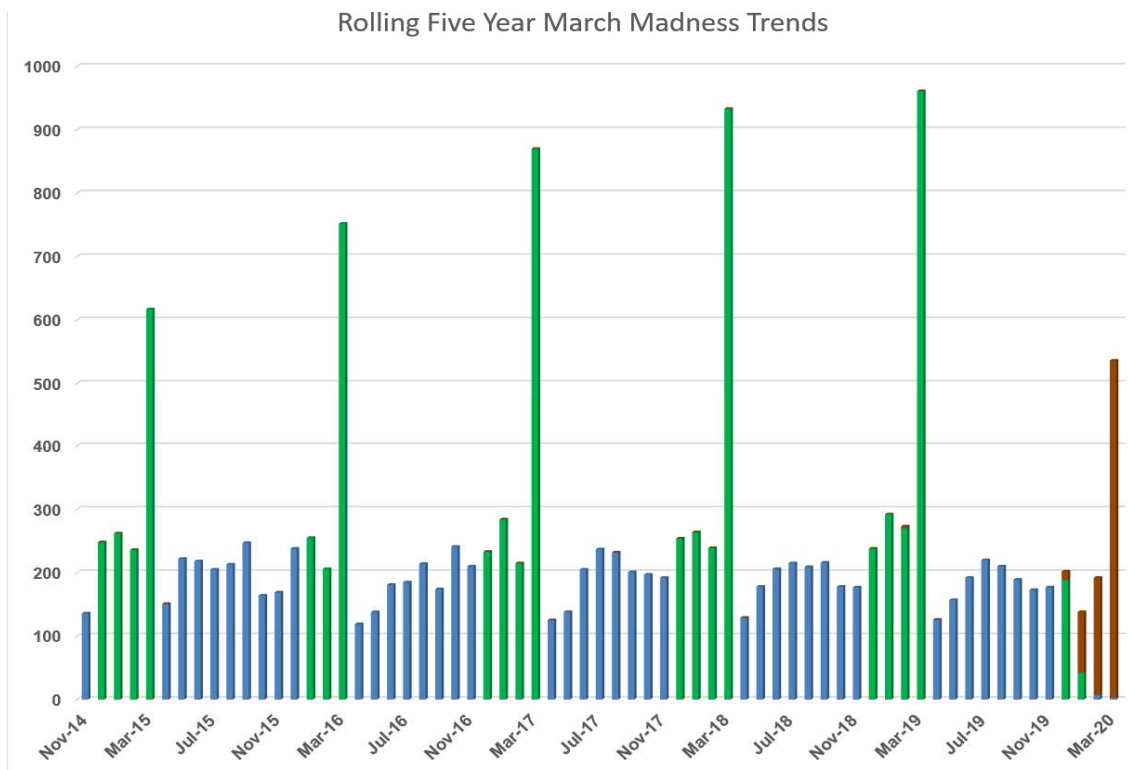
The 18 Pending Disability Cases represents the number of approved disability cases being processed by the Benefits Division. Once a disability has been granted by the Board, the Benefits Division staff works with the member and their employer to select a disability effective date, determine the member's option election, and bring them on payroll. These disability cases are pending for the following reasons:



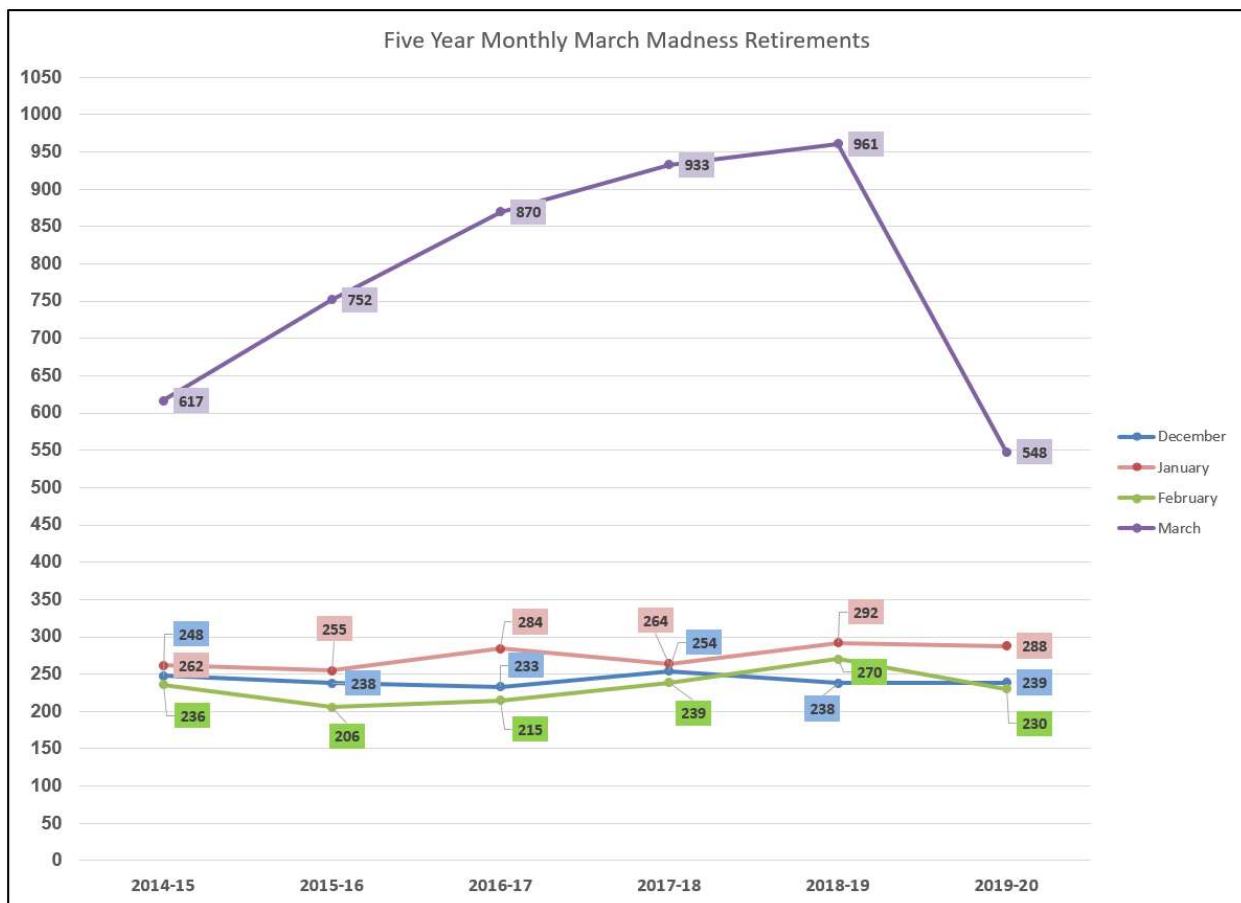
These cases are not assigned to a specific month in the "March Madness" period because the final effective date has not been determined. As with service retirements, some cases have mitigating factors such as legal splits and uncompleted purchases, which can also extend processing. We expect to successfully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

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

The green bars in the following chart reflect those members approved by the Board to retire (i.e., their retirement elections have been approved and completed). The red bars reflect those cases that have not been processed as of the date of this report. As of January 24, 2020, we have processed 477 out of 1,305 retirements for the March Madness period so far. Comparing the total processed and pending per month, we are running slightly behind the five-year average (last five completed years) for December (239 vs. avg. of 242), and slightly ahead of the five-year average for January (288 vs. 271). Putting this into perspective, during last year's March Madness 1,764 members retired, which was higher than the rolling five-year average of 1,573 (the five-year averages may change from month-to-month as disability cases are processed due to retroactive retirement dates).



This month we are introducing a new graph, which is slightly different from the bar graph above. While they both show a rolling five-years, the graph above is meant to show our progress towards completing retirements as compared to the number of retirements year-to-year. The graph below provides a clearer view of the challenges of March Madness. Each line represents a single month during the March Madness period over the last five fiscal years. As expected, we see the largest number of retirements coming in each March, and that has been increasing year over year while the number of retirements received for December – February remain relatively flat. This gives you a perspective of how the retirements per month have increased or decreased over the last five years.



Update on LACERA's Response to County Audit

The Executive Office, Internal Audit, and the management team have been working on finalizing the response to the audit findings issued by the County's Auditor-Controller in late 2019. As previously discussed, we will present a formal response to the audit in March after consulting with the Boards. However, we are pleased to report that we have made significant progress in some areas:

Bonuses: The management team has reviewed all bonuses and removed all bonuses that were no longer applicable. Additionally, the Human Resources Division is finalizing new policies and reports to improve the overall management of the bonus process.

Budget: We are in the budget development process for FY2020-2021. We continue existing efforts to improve transparency and allocation of expenses to appropriate budget line items. We continue to improve an already robust process whereby managers are required to justify their expenses based on relevant metrics and data. We look forward to presenting the draft budget to the Joint Organizational Governance Committee for input in March.

Mobile Device Policy: Systems and Administrative Services are currently working on developing a Mobile Device Policy and implementing more stringent asset tracking controls. We expect this policy to be available for review shortly.

Recruitment Calendar: Human Resources is finalizing a new recruitment calendar. The calendar will help the management team and Human Resources plan and execute recruitments in a timelier manner.

We remain focused on continually improving and moving LACERA forward by supporting the Boards, management, and staff as we work collaboratively to deliver on our mission and our commitment to exceptional service to our members.

National Conference on Public Employee Systems 2020 Legislative Conference

On January 26-28, 2020, LACERA trustees and staff attended the National Conference on Public Employee Retirement Systems (NCPERS) 2020 Legislative Conference in Washington, D.C. Trustees included Herman Santos, Vivian Gray, David Green, and Gina Sanchez. Staff included Santos H. Kreimann, Barry Lew, Cassandra Smith, and Kathy Migita. The conference provided education to trustees and staff on a variety of topics, including current events in Washington, federal pension policy and regulatory activities, Social Security policy, House Ways & Means healthcare agenda, and proposals for a financial transaction tax.

Conference participants had the opportunity to visit legislators and staff in groups organized by NCPERS according to geographic region; trustees and staff also participated in LACERA-only meetings. The visits enabled public pension systems to promote their presence and visibility with Congressional members and staff to engage with them on issues important to our systems. The visits included the offices of Senators

Maria Cantwell (D-WA), Patty Murray (D-WA), Dianne Feinstein (D-CA), Representatives Adam Schiff (D-CA), Susan Davis (D-CA), Alan Lowenthal (D-CA), Mike Thompson (D-CA), Susan DelBene (D-WA), Kevin McCarthy (R-CA), Tony Cardenas (D-CA), Jimmy Gomez (D-CA), Linda Sanchez (D-CA), and Judy Chu (D-CA).

The visits provided an opportunity for LACERA to continue emphasizing LACERA's opposition to the unrelated business income tax on public pension plans and the Public Employees' Pension Transparency Act, and advocating our support for the repeal of the Windfall Elimination Provision and Government Pension Offset. Trustees and staff also had informative meetings with California Congressional Delegation members and Representative Richard Neal's (D-MA) staff on current proposals that seek to provide relief on the Windfall Elimination Provision.

Update on Human Resources Director Recruitment

The search for a replacement for John Nogales, our retired Director of Human Resources, was scheduled to be completed in October 2019, but had to be extended after the selected candidate withdrew from the process for personal reasons. Since then, we have been working with the recruiter to identify additional candidates. We are pleased to announce that we opened a new job posting in early January and are in the process of evaluating the applicants for the final selection process. We expect to select a candidate within the next 30 days.

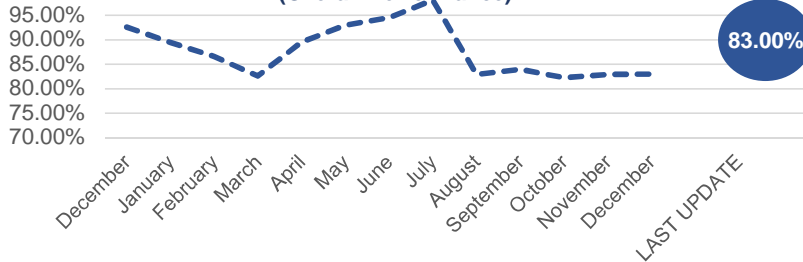
Board of Retirement Offsite

The 2020 Board of Retirement Offsite is scheduled for Tuesday, April 28 and Wednesday, April 29 at the Millennium Biltmore Hotel in Los Angeles. The first day of the educational meeting will focus on Board of Retirement matters, and the second day will be dedicated to our Retiree Healthcare Program. All trustees are encouraged to attend both days as their calendars permit. A survey will be sent to the Boards soon in order to gather trustee input on educational topics.

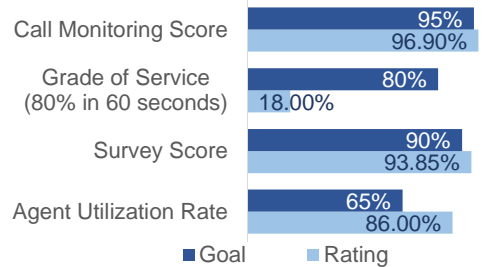
Striving for Excellence in Service

<p>Outreach Attendance 2,978 20,103 Year-to-Date</p>	<p>Outreach Events 36 290 Year-to-Date</p>	<p>Outreach Satisfaction 97.0% 0.3% Change Since Last Mo</p>	<p>Member Service Center 100.0% -2% Change Since Last Mo</p>	<p>Member Services Calls 12,915 11,825 3 Mo. Avg.</p>
--	--	--	--	---

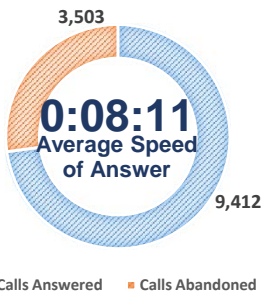
Key Performance Indicator (Overall Performance)



Key Performance Indicator (Components)



Member Services



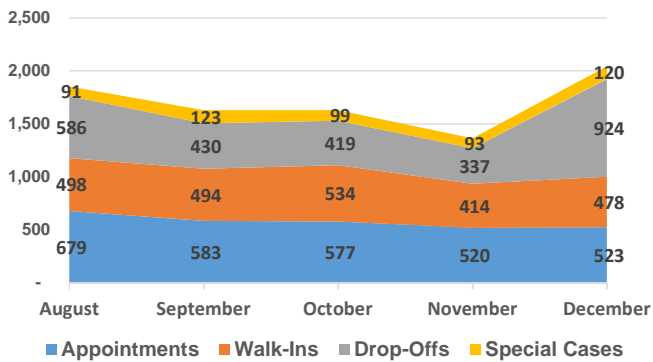
Top Calls

1. My LACERA: Portal Login Issues
2. Workshop Information/Appointments: Inquiry
3. Insurance Benefits: General Info

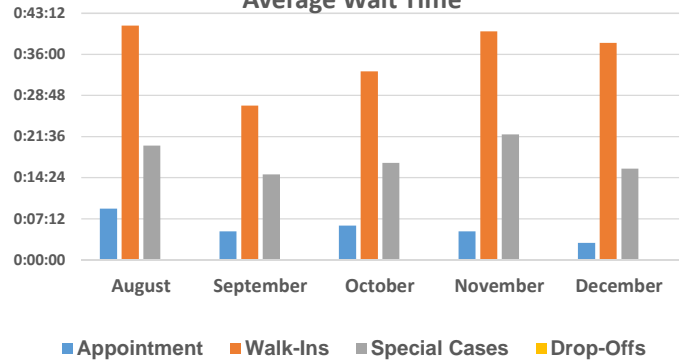


Emails 401
5:02 hours
Avg. Response Time (ART)
Secure Messages 247

Member Service Center Visits

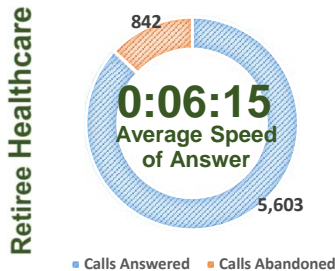


Member Service Center Average Wait Time



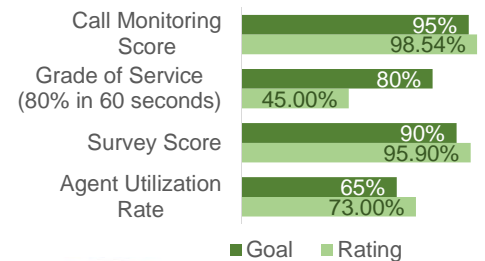
*Drop Off Wait Time: No Waiting

Total RHC Calls: 6,447



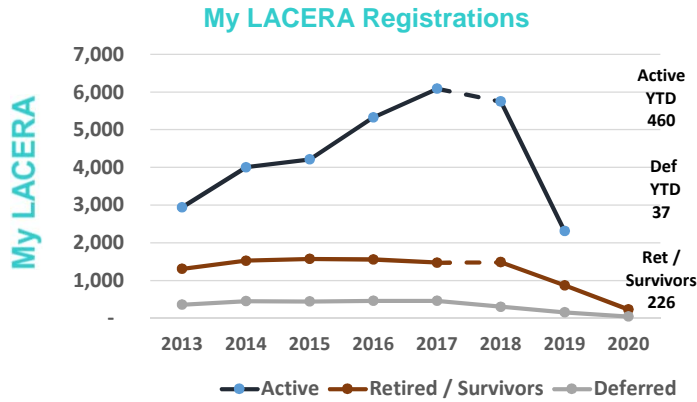
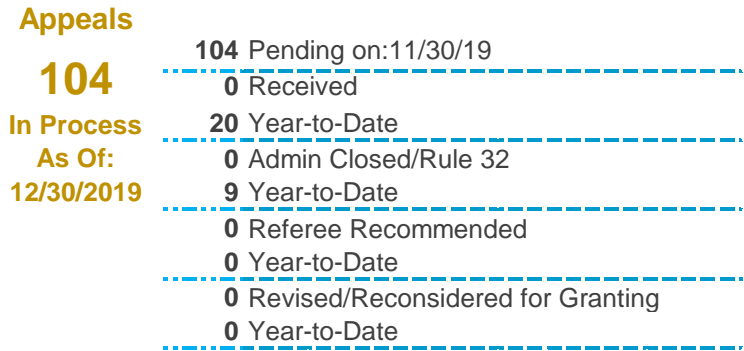
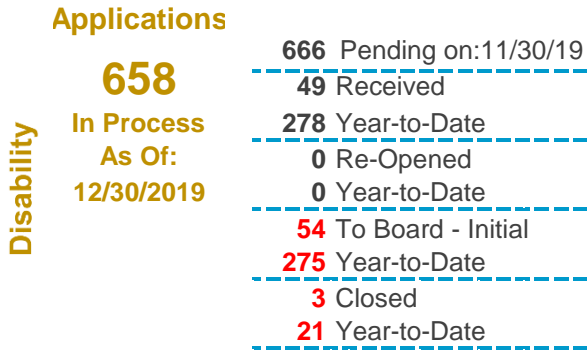
Top Calls

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



Emails 321
1 Day
Avg. Response Time
Secure Messages n/a

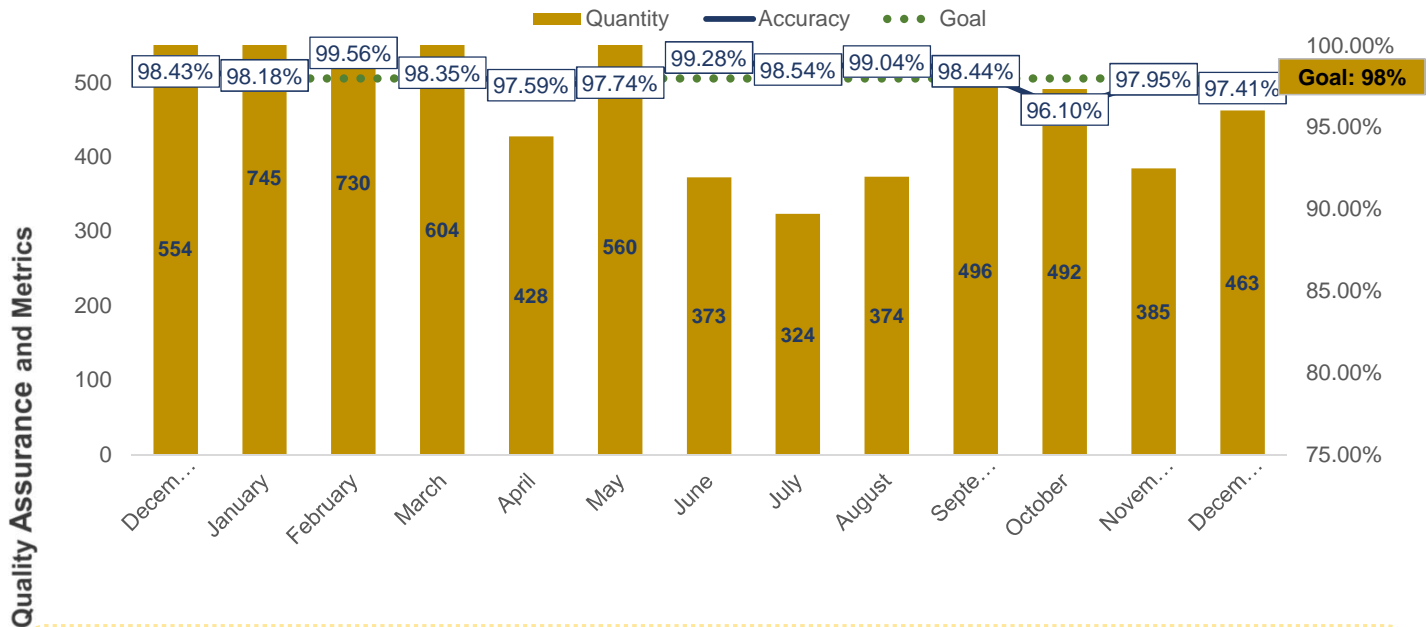
Striving for Excellence in Service (Continued)



MORE COMING SOON!

Striving for Excellence in Quality

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



December



97.41%

Retirement Elections

216 Samples
98.37% Accuracy

Payment Contracts

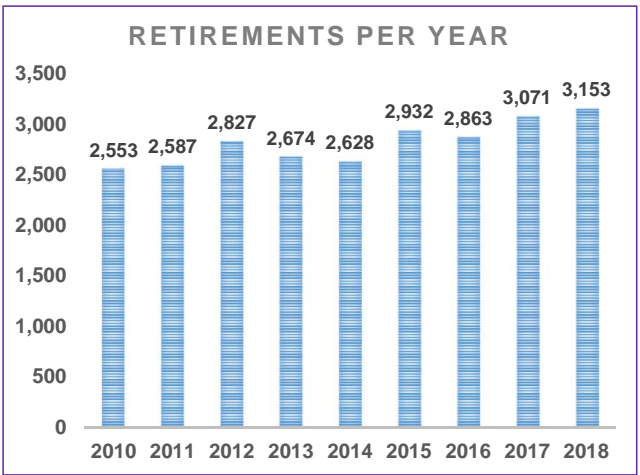
187 Samples
96.23% Accuracy

Data Entry

60 Samples
96.50% Accuracy

Member Snapshot

	Members as of 01/15/20				
	Plan	Active	Retired	Survivors	Total
General	Plan A	97	16,343	4,448	20,888
	Plan B	30	678	69	777
	Plan C	38	426	69	533
	Plan D	41,094	16,022	1,503	58,619
	Plan E	16,900	13,329	1,214	31,443
	Plan G	28,648	42	4	28,694
	Total General	86,807	46,840	7,307	140,954
Safety	Plan A	4	5,169	1,587	6,760
	Plan B	9,554	6,042	299	15,895
	Plan C	3,382	9	0	3,391
	Total Safety	12,940	11,220	1,886	26,046
TOTAL MEMBERS	99,747	58,060	9,193	167,000	
% by Category	60%	35%	6%	100%	

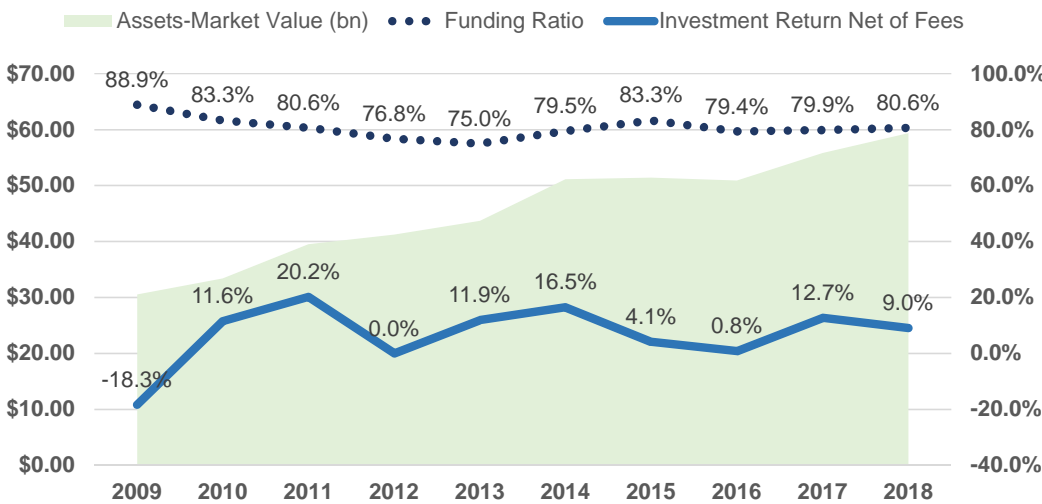


Average Monthly Benefit Allowance Distribution				
	General	Safety	Total	%
\$0 to \$3,999	29,990	2,041	32,031	55.41%
\$4,000 to \$7,999	12,386	3,564	15,950	27.59%
\$8,000 to \$11,999	3,104	3,970	7,074	12.24%
\$12,000 to \$15,999	839	1,246	2,085	3.61%
\$16,000 to \$19,999	244	234	478	0.83%
\$20,000 to \$23,999	71	77	148	0.26%
\$24,000 to \$27,999	26	12	38	0.07%
> \$28,000	6	2	8	0.01%
Totals	46,666	11,146	57,812	100%

Average Monthly Benefit Allowance: \$ 4,305.00

Healthcare Program (YTD)			Healthcare Enrollments (Monthly)	
	Employer	Member		
Medical	\$268.5m	\$22.2m	Medical	51,509
Dental	\$22.5m	\$2.23m	Dental	52,828
Part B	\$34.2m	xxxx	Part B	36,128
Total	\$325.1m	\$24.4m	LTC	627
			Total	141,092

Key Financial Metrics



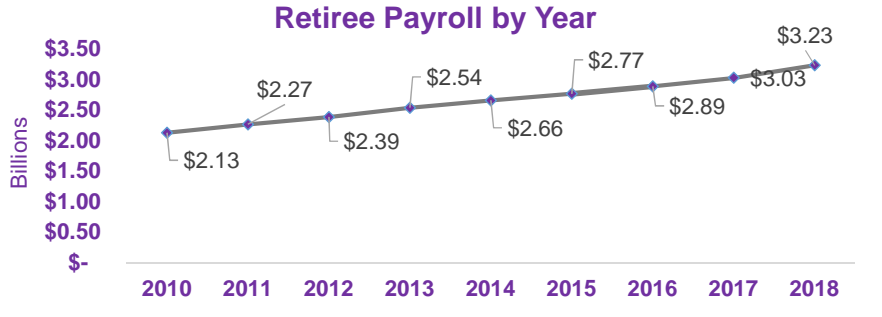
Funding Metrics (as of 6/30/19)	
Employer NC	9.92%*
UAAL	10.99%*
Assumed Rate	7.25%*
Star Reserve	\$614m
Total Assets	\$58.3b

Contributions (as of 6/30/19)		
	Employer	Member
Annual Add	\$1.7b	\$635.4m
% of Payroll	20.91%*	6.88%*

*Effective July 1, 2019, as of 06/30/18 actuarial valuation

TOTAL FUND RETURN (Net of Fees)		
5 YR:	6.5%	10 YR: 9.1%

Retired Members Payroll	
Monthly Payroll	\$299.28m
Payroll YTD	1.8b
New Retired Payees Added	266
Seamless %	97.37%
New Seamless Payees Added	1,667
Seamless YTD	96.88%
By Check %	3.00%
By Direct Deposit %	97.00%



Date	Conference
February, 2020	
7	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Avenue of the Arts Hotel Costa Mesa
10-11	Pension Bridge ESG Summit 2020 San Diego, CA
11-12	2020 Milken Institute MEA Summit Abu Dhabi, United Arab Emirates
12-13	IMN (Information Management Network) Annual Beneficial Owners’ Intl. Securities Finance & Collateral Mgmt. Conference Fort Lauderdale, FL
12-14	Pacific Pension Institute (PPI) North American Winter Roundtable Rancho Palos Verdes, CA
25-28 <i>(note date change)</i>	International Corporate Governance Network (ICGN) Conference Seoul, South Korea
25-28	2020 SuperReturn Berlin Conference Berlin, Germany
March, 2020	
2-3	National Institute on Retirement Security (NIRS) Annual Conference Washington D.C.
4-5	PREA (Pension Real Estate Association) Spring Conference Beverly Hills, CA
7-10	CALAPRS (California Association of Public Retirement Systems) General Assembly Meeting Rancho Mirage, CA
9-11	Council of Institutional Investors (CII) Spring Conference Washington D.C.
18-19	AHIP (America’s Health Insurance Plans) National Health Policy Conference Washington D.C.
29-April 1	World Healthcare Congress Washington D.C.
30-April 1	CALAPRS (California Association of Public Retirement Systems) Advanced Principles of Pension Management for Trustees at UCLA Los Angeles, CA
April, 2020	
2-4	TBI Med Legal Conference San Diego, CA

Chief Investment Officer Monthly Report

Board of Investments

February 12, 2020



Jonathan Grabel 
Chief Investment Officer

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Table of Contents

1. Market Environment
2. Portfolio Performance Update
3. Portfolio Structural Updates
4. Key Initiatives and Operational Updates
5. Commentary

Attached – Compliance Monitor Q4-2019

Attached – SuperReturn US West Conference Presentation



Market Environment



Global Market Performance as of January 31, 2020

MSCI ACWI Index (Global Equity Market)*

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
-1.6	4.2	-1.3	15.9	10.9	8.5	9.8

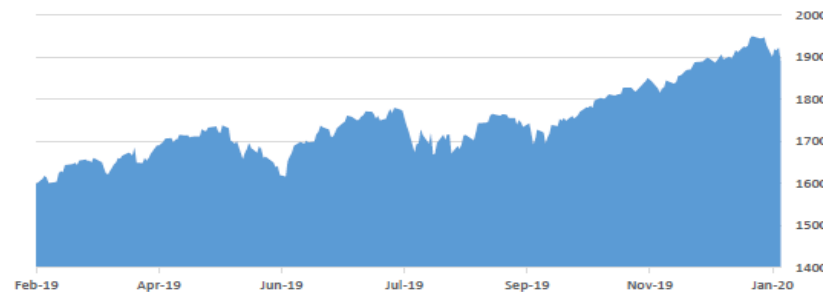
MSCI ACWI 1-Year Performance



Russell 3000 Index (U.S. Equity Market)

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
-0.5	5.8	-0.1	20.5	13.8	11.8	13.8

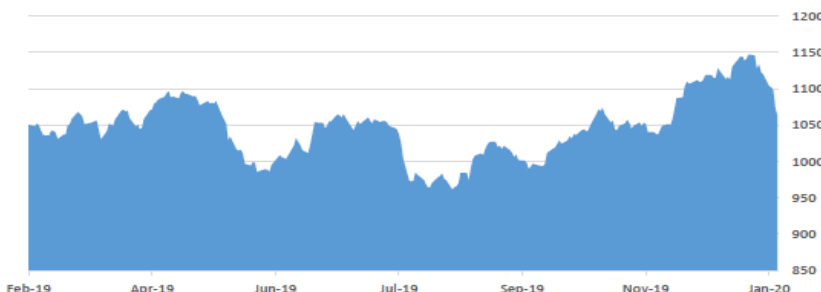
Russell 3000 1-Year Performance



MSCI Emerging Market Index

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
-5.0	2.0	-4.7	4.0	7.8	4.5	4.1

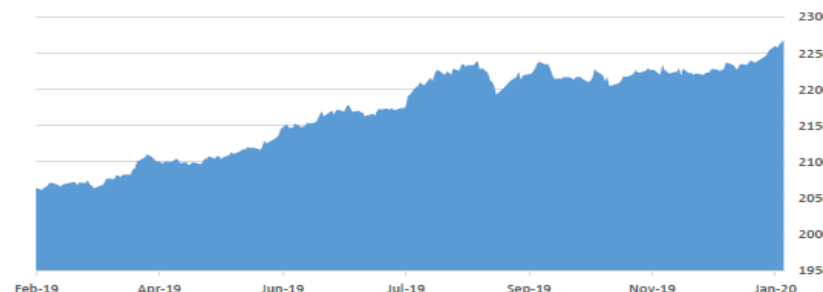
MSCI Emerging Markets 1-Year Performance



Barclays U.S. Aggregate Bond Index**

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
1.8	2.3	1.9	9.6	4.6	3.0	3.8

Barclays U.S. Agg 1-Year Performance



*Global Equity Policy Benchmark - MSCI ACWI IMI Index

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

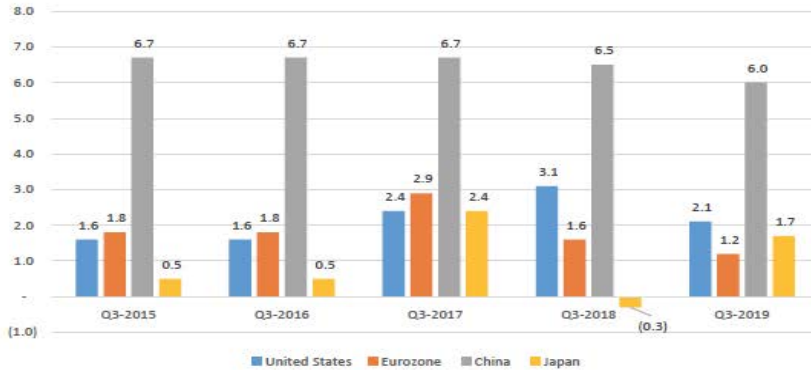
Source: Bloomberg



Key Macro Indicators

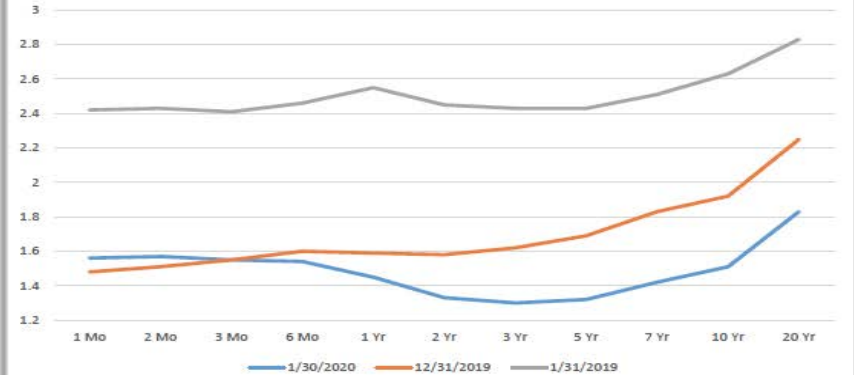
GDP Growth of Major Economies¹

Real GDP Growth YoY (%) - Last Five Years



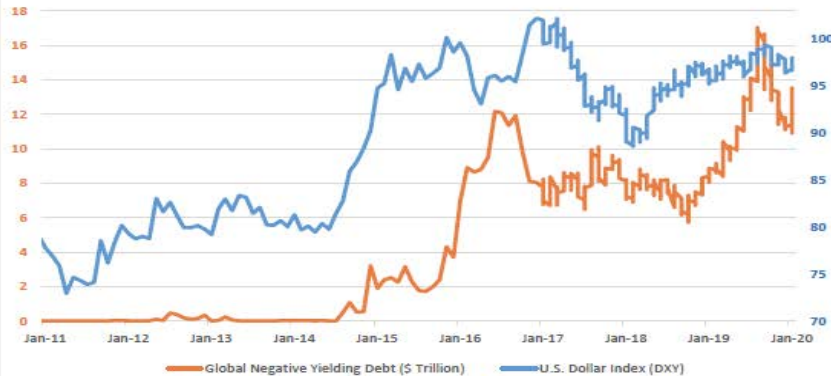
U.S. Treasury Yield Curve²

Current month vs. prior month vs. prior year

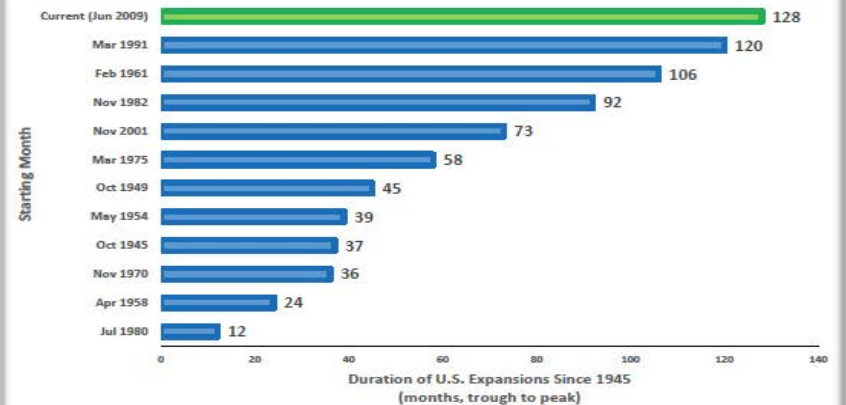


Negative Yielding Debt vs. Strength of U.S. Dollar³

Last Ten Years



U.S. Expansion is Now the Longest on Record⁴

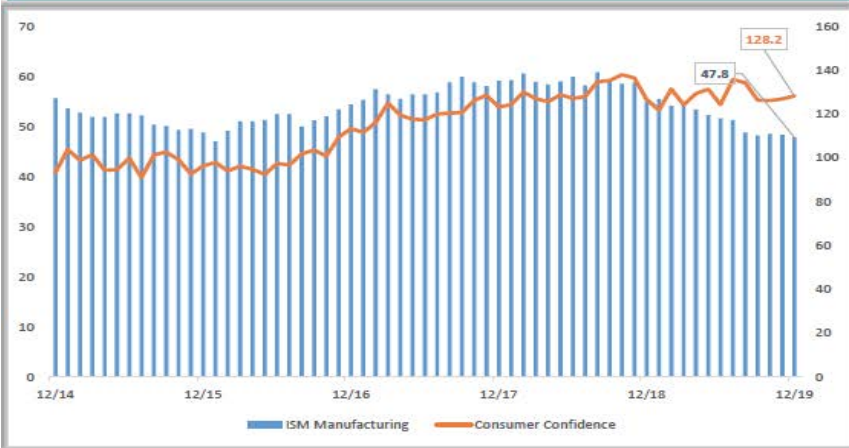


Sources: 1. Bloomberg 2. U.S. Treasury Department 3. Bloomberg 4. National Bureau of Economic Research

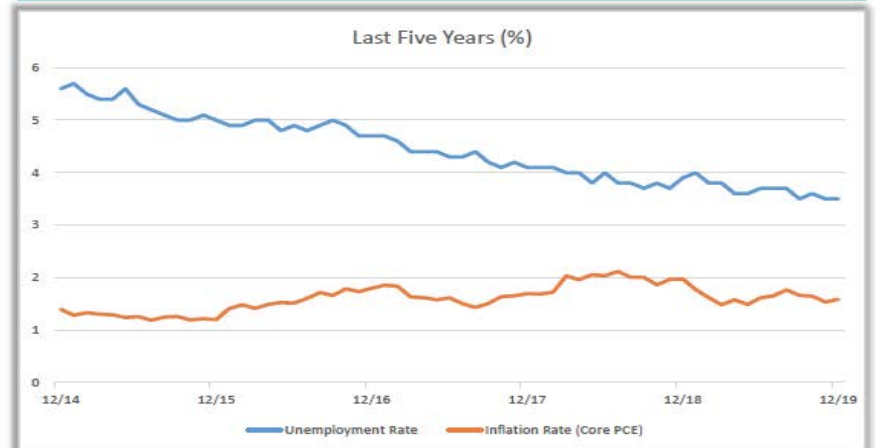


Key Macro Indicators

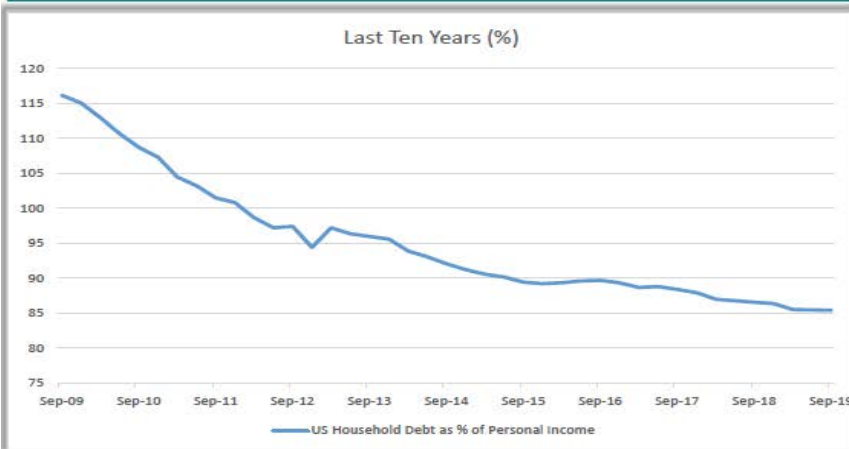
Consumer Confidence & ISM Manufacturing¹



U.S. Inflation & Unemployment²



US Household Debt as % of Personal Income³



Federal Revenue and Federal Debt as % of GDP⁴



Sources: 1. Bloomberg 3. Bloomberg
2. Bloomberg 4. Bloomberg & Federal Reserve



Market Themes and Notable Items to Watch

Recent Themes

- Q4 U.S. GDP was 2.1% (annualized)
 - Resilient consumer spending increased 1.8%
- Moderating global growth
- Geopolitical risks
 - China trade tensions; “Phase One” trade deal was signed
 - North American trade deal was signed
 - Asian countries reached an agreement over a trade pact that is expected to be signed in 2020
- Coronavirus
- Impeachment proceedings

What to Watch

- Brexit – departure from the EU on January 31, 2020
- Negative economic data from China and Hong Kong
- Credit spreads
- Trade policies / trade deals
- U.S election uncertainty and impacts

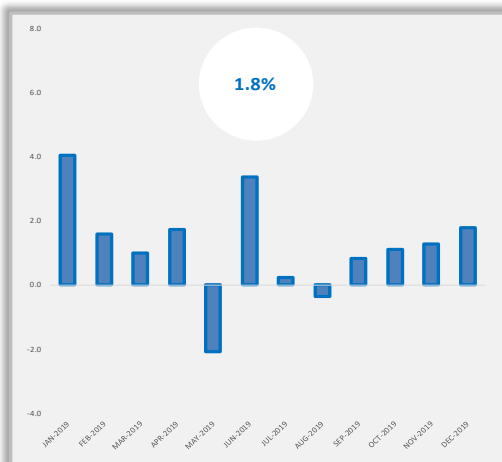


Portfolio Performance Update

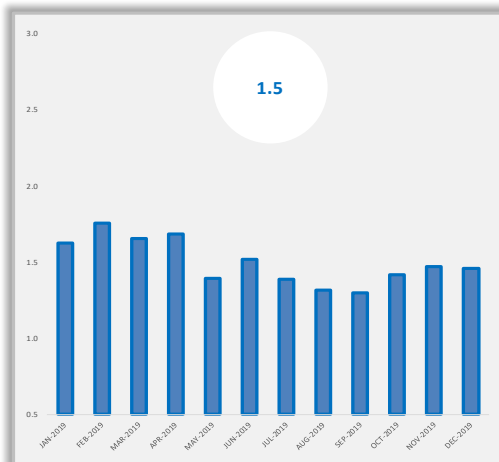


Total Fund Summary as of December 2019

Monthly Return (net)

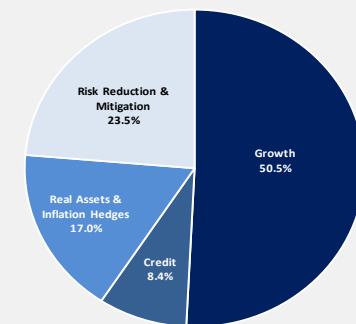


Sharpe Ratio (3-Year Annualized)

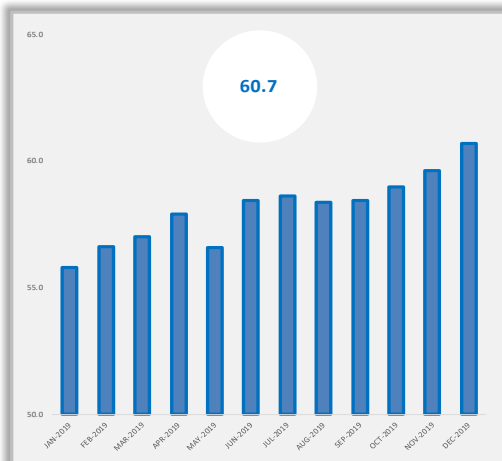


Asset Allocation

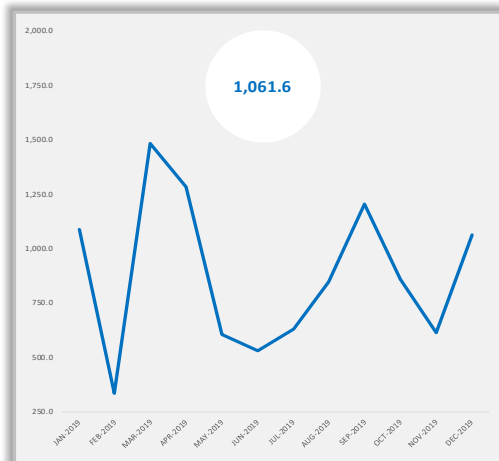
	Market Value ¹ (\$ millions)	% of Total	Final Target ²
TOTAL FUND	60,670	100.0%	
Growth	30,633	50.5%	47.0%
Global Equity	23,280	38.4%	35.0%
Private Equity ³	6,300	10.4%	10.0%
Opportunistic Real Estate ⁴	1,053	1.7%	2.0%
Credit	5,105	8.4%	12.0%
High Yield	2,393	3.9%	3.0%
Bank Loans	949	1.6%	4.0%
Emerging Market Debt	867	1.4%	2.0%
Illiquid Credit ^{5,4,5}	896	1.5%	3.0%
Real Assets & Inflation Hedges	10,306	17.0%	17.0%
Core & Value Added Real Estate ⁴	4,876	8.0%	7.0%
Natural Resources & Commodities	2,445	4.0%	4.0%
Infrastructure	1,959	3.2%	3.0%
Treasury Inflation-Protected Securities	1,026	1.7%	3.0%
Risk Reduction & Mitigation	14,270	23.5%	24.0%
Investment Grade Bonds	11,591	19.1%	19.0%
Diversified Hedge Fund Portfolio ⁵	1,618	2.7%	4.0%
Cash	1,062	1.7%	1.0%
Overlay Composite ⁶	355	0.6%	—



Total Market Value (\$ billions)



Cash (\$ millions)



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

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



Historical Net Performance as of December 2019*

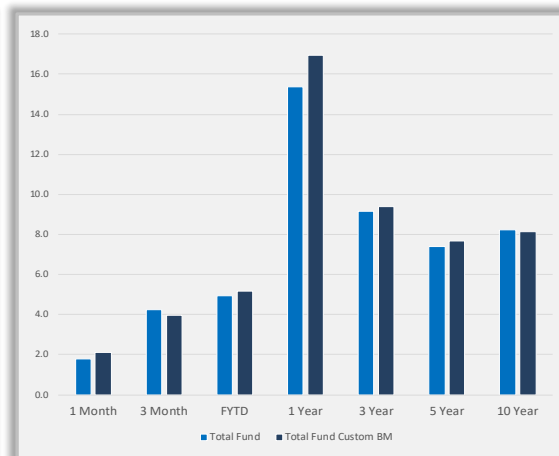
LACERA Pension Fund

(net)

	Market Value (\$ millions)	% of Total Fund	Final Target ¹	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
TOTAL FUND	60,670**	100.0%	100.0%	1.8	4.2	4.9	15.4	9.2	7.4	8.3
<i>Total Fund Custom BM</i>				<i>2.1</i>	<i>4.0</i>	<i>5.2</i>	<i>16.9</i>	<i>9.4</i>	<i>7.7</i>	<i>8.1</i>
<i>7.25% Annual Hurdle Rate</i>				<i>0.58</i>	<i>1.77</i>	<i>3.56</i>	<i>7.25</i>	<i>7.25</i>	<i>7.25</i>	<i>7.25</i>
Functional Composites²				1 Month	3 Month	FYTD				
GROWTH	30,633	50.5%	47.0%	2.5	7.3	8.3				
<i>Growth Custom BM</i>				<i>3.1</i>	<i>6.8</i>	<i>7.5</i>				
CREDIT	5,105	8.4%	12.0%	1.7	1.9	2.7				
<i>Credit Custom BM</i>				<i>1.5</i>	<i>1.8</i>	<i>3.6</i>				
REAL ASSETS & INFLATION HEDGES	10,306	17.0%	17.0%	2.4	2.3	1.2				
<i>Real Assets & Inflation Hedges Custom BM</i>				<i>2.6</i>	<i>2.9</i>	<i>3.1</i>				
RISK REDUCTION & MITIGATION	14,270	23.5%	24.0%	2.3	2.7	4.8				
<i>Risk Reduction & Mitigation Custom BM</i>				<i>0.0</i>	<i>0.3</i>	<i>2.4</i>				
OVERLAY COMPOSITE	355	0.6%	—							

Historical Returns

(net)



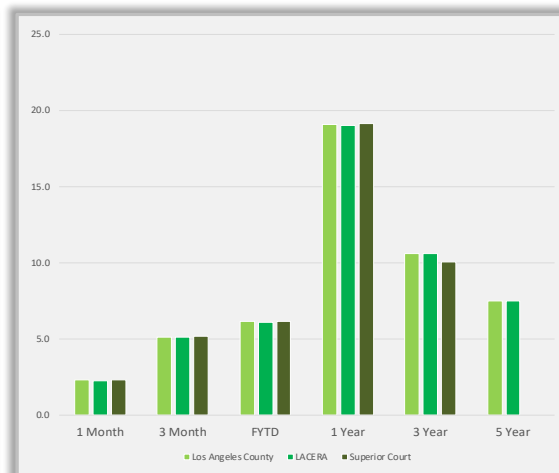
OPEB Master Trust Fund

(net)

Sub-Trusts	Market Value (\$ millions) ³	Trust Ownership %	Target Weight	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year
TOTAL OPEB MASTER TRUST	1,442**								
Los Angeles County	1,390	96.4%	—	2.3	5.2	6.2	19.1	10.6	7.5
LACERA	5	0.4%	—	2.3	5.1	6.1	19.1	10.6	7.5
Superior Court	47	3.3%	—	2.4	5.2	6.2	19.2	10.1	—
Functional Composites				1 Month	3 Month	FYTD	1 Year	3 Year	
OPEB Growth	722	50.1%	50.0%	3.6	9.1	9.0	26.7	12.4	
<i>Custom OPEB MT Growth Pool</i>				<i>3.5</i>	<i>9.0</i>	<i>8.9</i>	<i>26.4</i>	<i>12.1</i>	
OPEB Credit	287	19.9%	20.0%	2.1	2.7	3.6	11.6	—	
<i>Custom OPEB MT Credit Pool</i>				<i>2.2</i>	<i>2.7</i>	<i>3.5</i>	<i>11.3</i>	<i>—</i>	
OPEB Real Assets & Inflation Hedges	290	20.1%	20.0%	0.7	0.5	3.9	15.4	—	
<i>Custom OPEB MT RA & IH Pool</i>				<i>0.7</i>	<i>0.5</i>	<i>4.0</i>	<i>15.6</i>	<i>—</i>	
OPEB Risk Reduction & Mitigation	143	9.9%	10.0%	0.0	0.3	2.2	7.5	3.8	
<i>Custom OPEB MT RR & M Pool</i>				<i>0.0</i>	<i>0.2</i>	<i>2.2</i>	<i>7.4</i>	<i>3.5</i>	
Operating Cash	0.1	0.0%	—						

Historical Returns

(net)



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

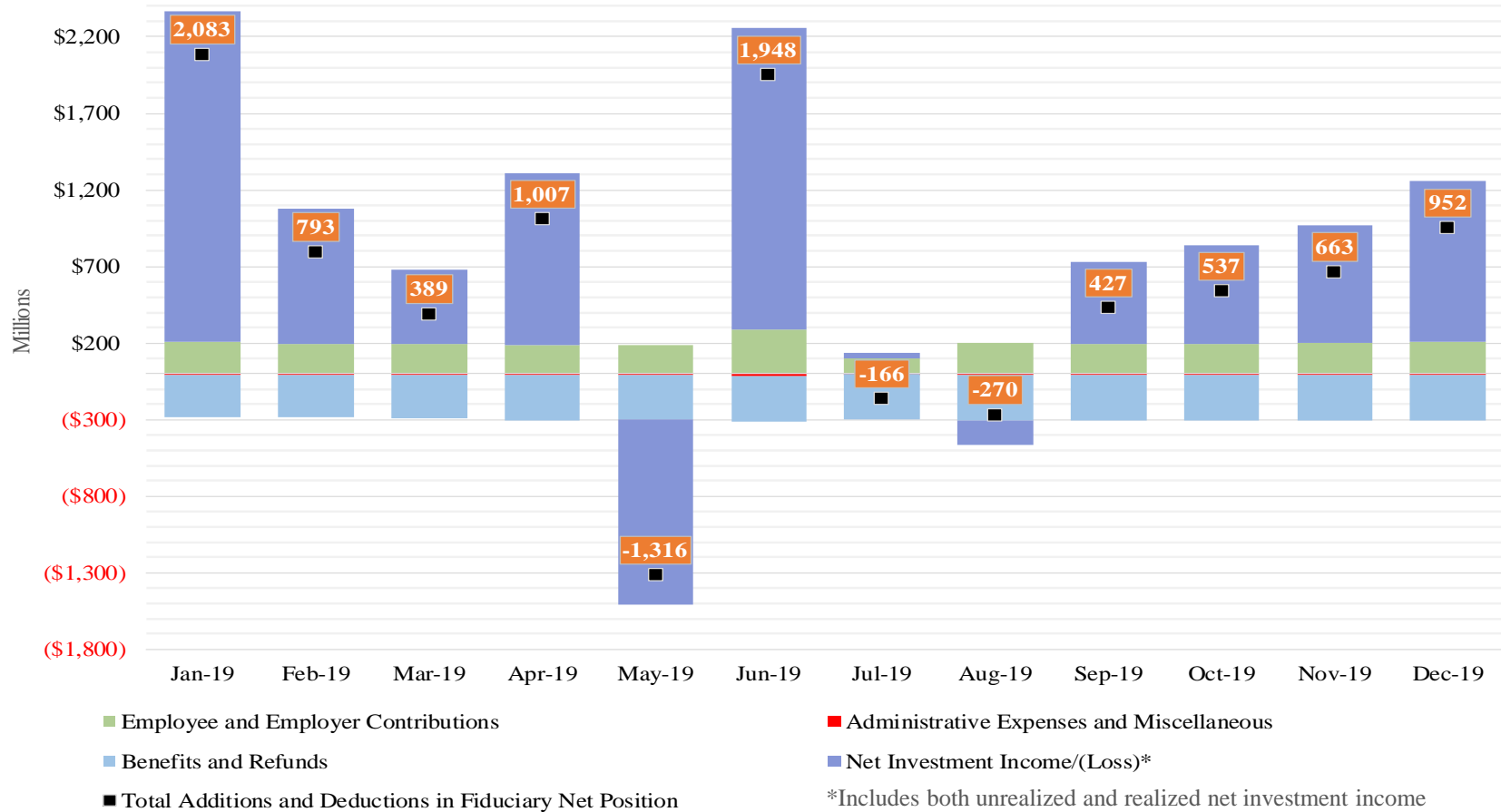
3. Market value differences between the sub-trusts and functional composites are due to operational cash

* Historical real estate valuations are currently under review, therefore December 2019 total fund, composite, and benchmark returns are preliminary
** Total market values for both the LACERA Pension Fund and the OPEB Master Trust are high-water marks



Change In Fiduciary Net Position

Additions and Deductions in Fiduciary Net Position (Unaudited)



Fiscal Year	Negative Months	Positive Months	Total Net Position Change \$
FY-18	3	9	\$3.0 billion
FY-19	4	8	\$1.9 billion
FY-20 YTD	2	4	\$2.1 billion



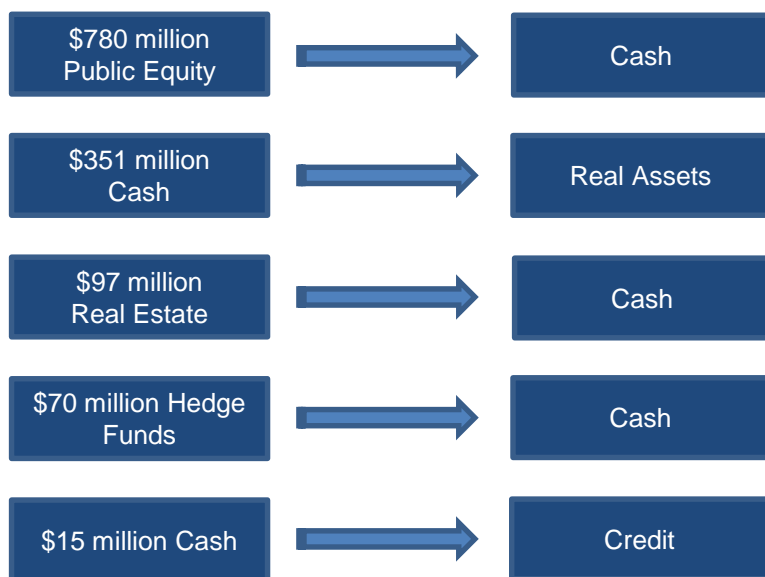
Portfolio Structural Updates



Portfolio Structural Updates

Portfolio Movements

Rebalancing Activity



Hedges and Overlays

Program	December Return	Gain/Loss December	Gain/Loss Inception*
Currency Hedge**	-0.87%	\$7.7 Million	\$982 Million
Overlay***	0.02%	-\$6.2 Million	-\$25 Million

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

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

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

Current Search Activity

Status of Active Searches

Name	RFP Issued	Due Diligence	BOI Review
Appraisal Management Services	●	●	February 2020
Factor-Based Global Equity	●	●	Anticipated March 2020
Securities Lending Services	●	●	Anticipated Spring 2020
Alternatives Administrative Services	●	●	Anticipated Summer 2020
Total Fund Performance Provider	●	●	Anticipated Summer 2020
Dedicated Managed Account Services	●		Anticipated Summer 2020
Hedge Funds Emerging Manager Program Separate Account Manager	●		Anticipated Summer 2020

Quiet Period for Search Respondents

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



Key Initiatives and Operational Updates



Notable Initiatives and Operational Updates

Key Initiative Updates

- Completed the MSCI ACWI IMI Index transition
- Updating business continuity plan

Operational Updates

- Financial Analyst III searches
 - Public Equity, Private Equity, Credit, Real Assets
- Initiating Investment Division internship program for FY-2020
- Forthcoming CIO Report additions
 - Risk update (Pending risk system onboarding)
 - Compliance Monitor (Attached)

Manager/Consultant Updates

- Clarion Partners - Has assigned a new portfolio manager to the LACERA account. Mr. Khalid Rashid has been appointed portfolio manager. Mr. Rashid will be assisted by Mr. Harsh Raghuvir.
- Matarin Capital Management – Has been impacted by the closing of emerging manager-of-managers Progress Investment Management Company as well as other public pension mandates. As of December 2019, Matarin’s total AUM was approximately \$1.1 billion. Matarin currently manages \$140 million for LACERA.



Commentary

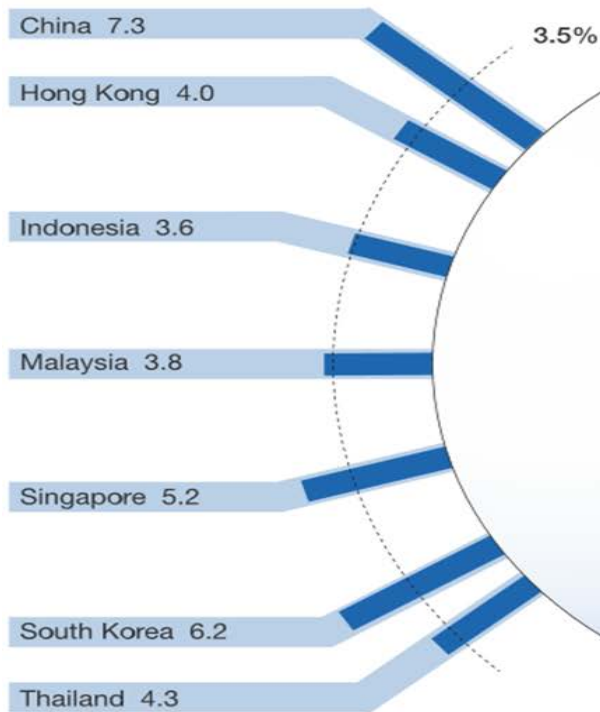


Staff Chart of the Month*

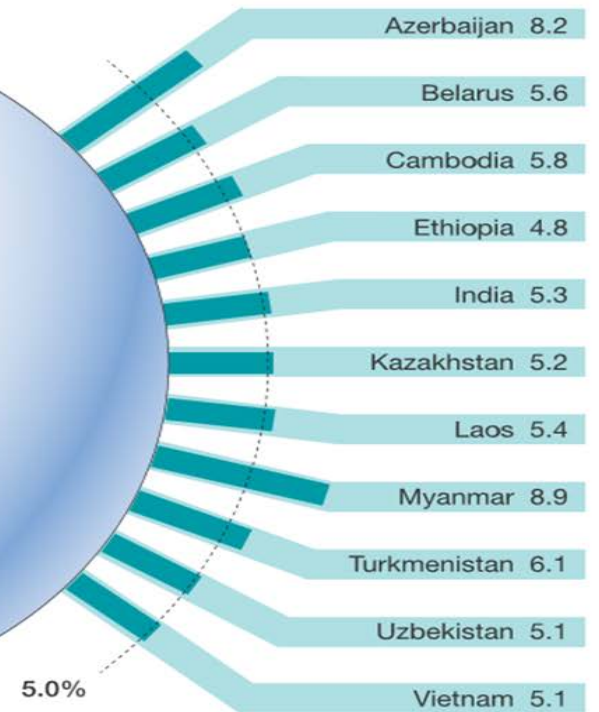
Annual GDP Growth Rates

Seven economies had real annual per capita GDP growth of at least 3.5 percent for 50 years, while 11 other, less-heralded economies grew at least 5.0 percent annually over the past 20 years.

Long-term outperformers,¹ % GDP per capita



Recent outperformers,² % GDP per capita



Appendix



Quiet Period for Search Respondents

Appraisal Management Service Provider

- ✓ Altus Group
- ✓ RERC, LLC.

Alternative Administrative Services

- ✓ CITCO Fund Services USA, Inc.
- ✓ MUFG Capital Analytics, LLC
- ✓ SS&C Technologies, Inc
- ✓ State Street

Total Fund Performance Measurement Provider

- ✓ CITCO Fund Services USA, Inc.
- ✓ SS&C Technologies, Inc
- ✓ State Street

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, LP
- ✓ 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, LLC
- ✓ TOBAM
- ✓ Wells Fargo Asset Management

Securities Lending Services

- ✓ Citibank, N.A.
- ✓ Deutsche Bank AG, New York Branch
- ✓ Goldman Sachs Agency Lending
- ✓ JPMorgan Chase Bank, N.A.
- ✓ Securities Finance Trust Company
- ✓ State Street Bank and Trust Company
- ✓ The Bank of New York Mellon

Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division
As of December 2019*

LACERA PENSION FUND

8

GROWTH

Total # of Advisory

GROWTH

Global Equity

Asset Allocation Policy Compliance

✓

1

Large capitalization stocks fell below the +/-5% allowable range relative to the MSCI ACWI IMI index

Investment Guideline Compliance

✓

Emerging Manager Program

✓

1

Global Alpha surpassed \$3 billion in firm AUM. CIO granted waiver on 11/15/2019

of Sudan/Iran Holdings Held by Managers

✓

6

6 issuers held, totaling \$4.0mm in market value

Private Equity - Growth**

Asset Allocation Policy Compliance

✓

Guideline Compliance by Strategy

✓

Guideline Compliance by Geographic Location

✓

Investment Exposure Limit

✓

Opportunistic Real Estate**

(See Real Assets & Inflation Hedges - Core & Value Added Real Estate section)

0

CREDIT

Total # of Advisory

CREDIT

High Yield, Bank Loans, EM Debt, Illiquid Credit**

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

Emerging Manager Program

✓

of Sudan/Iran Holdings Held by Managers

✓

Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division
As of December 2019*

LACERA PENSION FUND

0

REAL ASSETS & INFLATION HEDGES

Total # of Advisory

REAL ASSETS & INFLATION HEDGES

Core & Value Added Real Estate**

- Asset Allocation Policy Compliance
- Guideline Compliance by Strategy (Core/Non-Core)
- Guideline Compliance by Manager
- Guideline Compliance by Property Type
- Guideline Compliance by Geographic Location
- Guideline Compliance by Leverage

Quarterly Review Status

of Advisory

Notes

✓

✓

✓

✓

✓

✓

Natural Resources & Commodities***

- Asset Allocation Policy Compliance
- Investment Guideline Compliance
- # of Sudan/Iran Holdings Held by Managers

✓

✓

✓

Infrastructure

- Asset Allocation Policy Compliance
- Investment Guideline Compliance
- # of Sudan/Iran Holdings Held by Managers

✓

✓

✓

TIPS

- Asset Allocation Policy Compliance
- Investment Guideline Compliance
- # of Sudan/Iran Holdings Held by Managers

✓

✓

✓

Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division
As of December 2019*

LACERA PENSION FUND

3

RISK REDUCTION & MITIGATION

Total # of Advisory

RISK REDUCTION & MITIGATION

	Quarterly Review Status	# of Advisory	Notes
Investment Grade Bonds			
Asset Allocation Policy Compliance	✓		
Investment Guideline Compliance	✓		
Emerging Manager Program	✓		
# of Sudan/Iran Holdings Held by Managers	✓	3	3 issuers held, totaling \$7.5mm in market value
Diversified Hedge Funds**			
Asset Allocation Policy Compliance	✓		
Portfolio Level Compliance	✓		
HFOF Manager Guideline Compliance	✓		N/A as the GSAM & GCM diversified HF portfolios are currently winding down
Direct Portfolio Manager Guideline Compliance	✓		
Cash			
Asset Allocation Policy Compliance	✓		
Investment Guideline Compliance	✓		
# of Sudan/Iran Holdings Held by Managers	✓		

Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division
As of December 2019*

INVESTMENT OPERATIONS

6
INVESTMENT OPERATIONS Total # of Advisory

INVESTMENT OPERATIONS

	Quarterly Review Status	# Advisory	Notes
Securities Lending			
Investment Guideline Compliance	✓		
\$ Value on Loan	✓	1	GSAL \$509.9mm; State Street \$587.8mm
\$ Value of Cash Collateral	✓	1	GSAL \$521.9mm; State Street \$615.3mm
Total Income - Calendar YTD	✓	1	GSAL \$2.0mm; State Street \$1.4mm
Proxy Voting			
Number of Meetings Voted	✓	1	326 meetings voted
Tax Reclaims			
Total Paid Reclaims - Calendar YTD	✓	1	\$329,584
Total Pending Reclaims	✓	1	\$3.8mm
Fee Validation			
Fee Reconciliation Project	✓		
AB 2833	✓		
Investment Manager Meetings****			
Manager Meeting Requests	✓		

Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division
As of December 2019*

OPEB MASTER TRUST

Functional Asset Categories (Growth, Credit, Inflation Hedges, Risk Reduction & Mitigation)	Quarterly Review Status	# Advisory	Notes
Asset Allocation Policy Compliance	✓		
Investment Guideline Compliance	✓		
# of Sudan/Iran Holdings Held by Managers	✓		

* This list is not exhaustive as various compliance processes are completed throughout the year. Each quarter, different items may appear on the compliance monitor.

** Represents the comprehensive Private Equity (3-month lag), Real Estate (3-month lag), Illiquid Credit (1- and 3-month lags), and Hedge Funds (1-month lag) programs across the total plan.

*** Investment guideline compliance based on public market exposure

**** Advisory noted if the CEO or a Board member recommends staff to meet with a specific manager three or more times in a year. The purpose of notifying the activity is to promote transparency and governance best practices designed to preserve the integrity of the decision-making process.

CIO Presentation

SuperReturn US West 2020



The LP Perspective



SuperReturn US West
February 11th, 2020

Jonathan Grabel – Chief Investment Officer

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Table of Contents

- I. Introduction: LACERA / Historical PE Returns
- II. Lower Expected Return Environment
- III. Implications and Strategic Initiatives
- IV. Final Thoughts



I. Introduction: LACERA / Historical PE Returns



Los Angeles County Employee Retirement Association

LACERA's Mission Statement:

Produce, Protect, and Provide the Promised benefits

- ~172,000 members
- \$3.4 billion in annual benefit payments
- \$60.7 billion in plan assets as of December 2019
- 10.4% private equity exposure totaling \$6.3 billion

Private Equity Allocation Core Objective:

Maximize risk-adjusted rates of return and provide exposure to an expanded opportunity set that is inefficient in public markets



Total Fund View By Asset Category

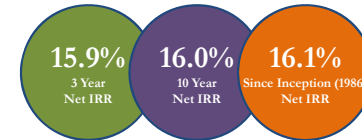
As of December 31, 2019

Asset Category Sub Strategy	Current Allocation \$MM	Current Allocation	Policy Target	Policy Target Ranges
Growth	\$30,633	50.5%	47%	40% - 54%
Global Equity	\$23,280	38.4%	35%	28% - 42%
Private Equity	\$6,300	10.4%	10%	7% - 13%
Opportunistic Real Estate	\$1,053	1.7%	2%	0% - 3%
Credit	\$5,105	8.4%	12%	9% - 15%
Real Assets and Inflation Hedges	\$10,306	17.0%	17%	14% - 20%
Risk Reduction and Mitigation	\$14,270	23.5%	24%	18% - 30%
Cash Overlay	\$355	0.6%	—	—
Total	\$60,670	100.0%	100%	

Source: State Street using BOI approved asset allocation framework and target ranges from the June 15, 2018 BOI Meeting.

LACERA Private Equity Program

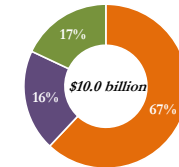
Performance Returns



Relationships



Strategy Exposure

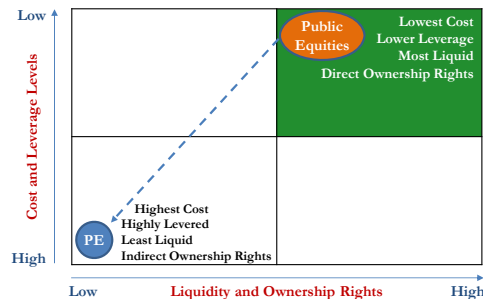


■ Buyout ■ Venture Capital / Growth Equity ■ FoF / Co-Investment

Note: As of September 30, 2019. Core Managers are active relationships that includes an investment in the most recent fund offering. Exposure is the sum of Unfunded Commitment and Market Value.

Private Equity's Role in LACERA's Total Portfolio – Illustrative

- All else equal, we prefer the lowest cost, least amount of leverage, direct ownership rights, and most liquid form of any investment
- Private equity enables LACERA to access equity investment in quadrants underrepresented in public markets; this framework can be used in other asset categories



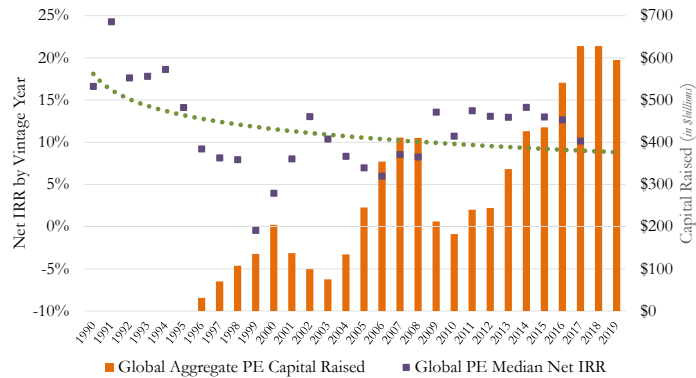
Source: LACERA investment staff.

II. Lower Expected Return Environment



Private Equity Returns Have Been Trending Downward

GLOBAL PE NET MEDIAN FUND IRRS AND AGGREGATE CAPITAL RAISED BY VINTAGE YEAR
As of September 30, 2019

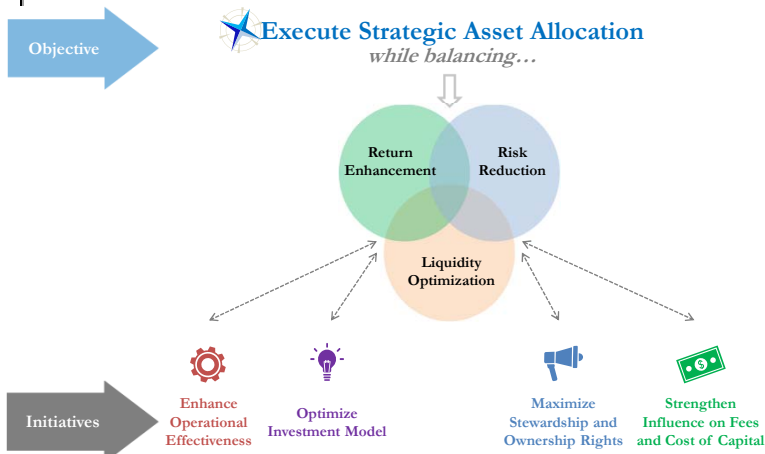


Note: Capital raised data sourced from Preqin and data prior to 1996 were unavailable. Median IRRs provided by The Burgiss Group and reflect All Global Private Equity Funds. Vintage year funds after 2017 are considered too young to have produced meaningful results and have been excluded.

III. Implications and Strategic Initiatives

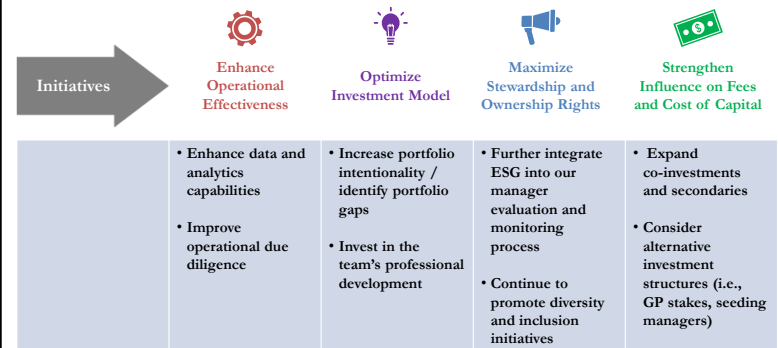


Maintaining a Total Fund Perspective



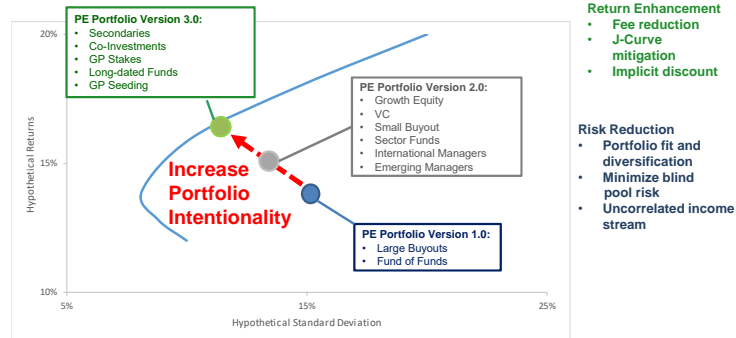
PE Strategic Initiatives: Example Projects

Returns can be enhanced by improved implementation or through expanding the opportunity set



PE Return Optimization

LACERA aims to replicate its strong historical returns by increasing portfolio intentionality



Select Alternative Structures Utilized

LACERA utilizes private equity alternative structures to enhance potential returns, increase portfolio intentionality, reduce risks, mitigate J-Curve, and strengthen relationships with GPs

Co-Investments

- Launched In-House Co-Investment Program in March 2019

Long-Dated Funds

- Invested in first long-dated fund in August 2019 after reviewing a dozen long-dated opportunities

Secondaries

- Launched program in 2018
- Executed a major secondary sale to rebalance the portfolio and strengthen relationships with strategic GPs

GP Stakes (under evaluation)

- “In the laboratory” – Flexible structures, co-investments, or direct relationships



IV. Final Thoughts







Final Thoughts

- PE continues to serve an important portfolio role
- More muted PE return expectations will require further portfolio intentionality
- In a low expected return environment, incremental gains through minimizing costs and/or better implementation matter more



January 27, 2020

TO: Trustees – Board of Investments

FROM: Mike Romero, Senior Investment Analyst 
 Trina Sanders, Investment Officer 
 Inga Tadevosyan, Investment Analyst 
 Terra Elijah, Investment Analyst 

FOR: February 12, 2020 Board of Investments Meeting

SUBJECT: **REAL ESTATE APPRAISAL MANAGEMENT SERVICE PROVIDER**

RECOMMENDATION

Approve appointing Altus Group U.S. Inc. as the Appraisal Management Service Provider for LACERA’s separate account real estate assets, including full service offering.

EXECUTIVE SUMMARY

On October 8, 2019, the Trustees authorized Staff to issue a Request for Proposal ("RFP") for an Appraisal Management Service Provider ("AMSP"). Using an AMSP is expected to enhance the appraisal process and facilitate increasing the frequency of appraisals for each property to annually. An AMSP would oversee the overall appraisal process from beginning to end, including appraiser selection. The minimum qualifications ("MQs") used for this search are included in the **APPENDIX I**. Written RFP responses were due to LACERA by Thursday, October 31, 2019.

The search resulted in two responses: Altus Group U.S. Inc. ("Altus") and RERC. Both candidates satisfied the MQs and were evaluated using staff’s customary two-phase process. Phase One consisted of an evaluation of each firm’s written RFP response and Phase Two was the Interview Phase. There were two steps in the Interview Phase: 1) In-House interviews conducted at LACERA's offices 2) On-Site interviews conducted at the candidates’ offices. Both candidates were included in Phase One and Phase Two.

Based on the information gathered during the search, and as a result of the interviews and on-site due diligence, candidates received the final scores that appear in **TABLE 1**.

TABLE 1
Final Scores

Firm	Score
Altus	93
RERC	86

Based on the extensive interview and evaluation process, staff recommends Altus be retained as the AMSP. The Townsend Group has reviewed this recommendation and concurs with staff on hiring an AMSP (**Attachment 1**).

BACKGROUND

LACERA has historically self-managed the external appraisal of all real estate properties in the separate accounts. The principal reason to conduct independent third-party appraisals is to determine the market values and affirm the managers' estimates of value for properties owned. All properties are currently appraised every three years, and are intentionally staggered so that a third of the properties are externally valued each year, on a rolling basis. The pool of assets appraised every year are a mixture of property types, risk category and separate account managers. The third-party appraisers are selected by staff, and the process complies with the Real Estate Objectives, Policies and Procedures.

Using an AMSP would enhance the appraisal process and facilitate increasing the frequency of appraisals for each property to annually. The AMSP will oversee the overall appraisal process from beginning to end, including appraiser selection. LACERA's managers will continue to provide the internal values for those quarters not externally appraised. This process was recommended in the Real Estate Workflow Findings and Service Provider Recommendations that was presented to the Board of Investments in July 2019.

Below is a timeline of the AMSP RFP process.

Timeline

Real Assets Committee	September 11, 2019
Board of Investments	October 9, 2019
Issue RFP	October 10, 2019
RFP Responses Due	October 31, 2019
Due Diligence	November 2019-December 2019
Recommendation to Board of Investments	February 12, 2020

EVALUATION PROCESS

The evaluation team ("Team") was comprised of a cross-functional group that included three members of the real estate group (Mike Romero, Trina Sanders and Inga Tadevosyan) and one member of portfolio analytics (Terra Elijah).

A detailed explanation of the two-phased process is included under the section **Evaluation Process** in **APPENDIX II**. A summary is provided below.

In Phase One, the Team assessed the RFP responses of the firms that met the MQs. This qualitative assessment was based on an evaluation of five categories and their weights are summarized in **TABLE 2**. Phase One scores are summarized in **TABLE 3** below.

TABLE 2
Evaluation Categories and Weights

Category	Weight
Organization	20%
Professional Staff	20%
Clients	15%
Appraisal Management Services Philosophy and Implementation	35%
Fees and Terms	10%

TABLE 3
Phase One Scoring Summary

Firm	Score
Altus	86
RERC	85

At the completion of Phase One and consistent with staff’s normal search procedures, Phase One scores were set aside so that candidates advance to Phase Two with a clean slate. Both candidates advanced to Phase Two. Phase Two consisted of three-hour in-house and four-hour on-site interviews with both candidates. The interviews provided staff with an opportunity to ask questions about the RFP as well as gain a deeper understanding of the organization, the firm’s capabilities as an AMSP, their process in hiring third party appraisers, reviewing appraisals and interacting with managers regarding appraisal process. Staff also used the interviews as an opportunity to review their software systems that are used to capture data and to get a better understanding of the firms' competitive advantages.

COMPREHENSIVE SERVICE OFFERING

Internal Review

Staff sought appraisal management services annually for externally appraised assets to enhance the process and to increase transparency. During the review process, both firms offered to review the separate account managers’ internal valuations conducted in each of the three quarters between annual appraisals for a marginal fee. This would improve the transparency of the process suggested in the Real Estate Workflow Findings and Service Provider Recommendation. This review process will be for reasonableness of cash flow assumptions and test market assumptions against comparable data contained in their valuation management system. The AMSP would notify LACERA of any unreasonable assumptions made by separate account managers. The Team believes this review process ensures the separate account managers’ internal valuations are consistent with what the AMSP is seeing in the market.

Attribution Analysis

Attribution analysis is another service typically offered by an AMSP. Attribution analysis would provide insightful data analytics on LACERA's portfolio compared to benchmarks, NCREIF NFI-ODCE ("ODCE") and other NCREIF indices. This data would be used to explain specific property-level drivers of portfolio results. This service would also provide attribution by property type and geography. This service is consistent with the Board of Investments' requests for more analytical market data.

INTERVIEWS

In-House Interviews

The two firms were invited to LACERA's offices to share more information about their proposal and provide additional information about the online appraisal management system. The candidates were given an opportunity to provide greater insights into their capabilities and to clarify any outstanding questions from their RFP response. The Team prepared a list of general questions to ask the candidates, as well as questions specific to each candidate. The interviews enabled the Team to go beyond the written RFP response and gain a deeper understanding of the candidate's role and responsibilities for the LACERA account.

On-Site Due Diligence

To further evaluate the two firms, on-site visits were conducted by the Team. On-site visits included meeting with IT security members, application developers, compliance officers, analysts and other staff members that would be involved with appraisal management. The purpose of this second portion of the evaluation process was to provide a deeper understanding of each firm's appraisal management process, capabilities, operations, reporting, risk controls and back office functions.

The Team concluded that both firms are well-qualified and a strong fit with LACERA's objectives for this search. However, Altus demonstrated stronger attribution analysis reporting capabilities that would assist the investment office. Altus aggregates client data to perform portfolio level attribution against NPI and ODCE assets. Their system produces attribution analysis reports that can be delivered efficiently on a quarterly basis.

FIRM INFORMATION

Altus

Altus was formed in May of 2005, when three of Canada's leading real estate consulting companies, Altus, Heylar & Associates, and Derbyshire Viceroy Consultants Limited merged. On July 31, 2010, the Valuation Advisory Practice of PricewaterhouseCoopers LLP (PwC), was acquired and integrated into Altus Group. Altus is a private corporation 100% owned by Altus Group Limited, which is a public corporation.

Altus services the global commercial real estate industry and operates under two reporting divisions - Altus Analytics and Altus Expert Services. The valuation management services group, Altus Advisory, is part of the Altus Analytics division, which includes the Data Solutions and ARGUS Software groups. Altus operates within nine offices across the U.S. Richard Kalvoda serves as the global head of Altus Advisory. They have over 200 staff members dedicated to their valuation management services of which 30 obtained the Member Appraisal Institute ("MAI") designation.

A senior member of Altus leads each valuation management engagement as a single point of contact. Support is provided from managers and staff, as necessary. Staff is trained in valuation before transitioning to valuation management assignments. There are also staff members dedicated to performing the administrative functions of valuation management, including on-boarding new clients and appraisers, setting up systems, extracting data into their benchmarking tool, and coordinating document flow between clients and appraisers through their workflow management system. All nine Advisory U.S. offices work together to ensure coverage for each client across geography, property type, and valuation requirements. The work flow will be coordinated so that the appraisals will be completed by experts within the region.

Altus has developed an efficient valuation management system that provides transparency throughout the process and is supported by a strong technology platform. All appraisals are monitored through DataExchange, which tracks and records each step of the process and allows interaction between the appraisers, LACERA and the separate account managers. DataExchange provides a single dashboard view of the entire appraisal process; from the initial upload of the draft appraisal, through the communication of review comments, to the finalization of the value conclusion and files. DataExchange is a proprietary, cloud-based, automated workflow communication model that provides clients with a “one stop” valuation process monitoring. Altus controls development of all applications and no third party vendors are used.

Altus has experience as an AMSP working with large pension fund clients, insurance companies, investment managers, and banks. They provide quarterly appraisal management services to 22 of 24 ODCE participants. Altus provides appraisal management services to 70 clients totaling approximately \$550 billion in gross asset value.

Altus provides insightful data analytics on a client’s portfolio. The Team was given a demonstration of the attribution analysis tool that can be used to analyze data compared to benchmarks. Altus uses DataBridge, which is a proprietary, web-based application that allows clients to analyze their own metrics as well as compare valuation parameters to an ODCE benchmark. Altus performs these analyses each quarter and then meets with clients, either in person or via a WebEx, to explain results. Clients have access to the web-based system 24 hours a day, and are able to produce custom reports. Altus uses the appraisal data behind the performance numbers to explain specific property-level drivers of portfolio results. Their partnership with NCREIF provides access to the industry leading performance indices. This partnership allows Altus to provide attribution against the ODCE index.

Altus demonstrated a high level of industry knowledge from their experience as an appraisal management service provider. They have an advanced technology platform, operational processes, and a strong team that provides enhanced insight into the real estate portfolio. Altus had a SOC I, Type II completed by PwC. The last audit was completed in December 2019.

Professional Staff

The appraisal management team would be led by Richard Kalvoda, Senior Executive Vice President, Alex Jaffe, Director, and Andrew Pabon, Senior Manager. Mr. Kalvoda has over 28 years of industry experience, which includes primary emphasis in the areas of valuation and valuation management. Mr. Jaffe has over 11 years of industry experience, which includes positions at PricewaterhouseCoopers. Mr. Pabon has over 10 years of industry experience, which includes positions at PricewaterhouseCoopers. Mr. Pabon would be the principal point of contact for information transfer, and coordination with

advisors and asset management, as well as providing day to day oversight for all engagement staff. Mr. Pabon has a diversified background in real estate with primary emphasis in the areas of valuation and valuation management. The primary contact team would be supported by an appraisal review team which consists of MAI professionals that would be responsible for the review and approval of all valuations for the properties that are geographically located in their respective regions.

Merits

1. **Attribution Analysis:** Allows clients to perform attribution analysis, benchmark performance against indices and assess risk. The attribution analysis tool is used to track the performance of assets on a quarterly basis and then find out how the assets performed against ODCE, NPI and custom benchmarks.
2. **Strong Lead Contact & Team:** Altus proposed Andrew Pabon as the principal point of contact and will provide the day-to-day oversight. He will have senior support from Alex Jaffe as engagement manager. Mr. Pabon is based in downtown Los Angeles and Mr. Jaffe is based out of Irvine, CA. Both provide local coverage and a strong oversight during the appraisal process. They will be supported by specialists in all property types and geographies.
3. **Partnership with NCREIF:** This partnership allows Altus to provide attribution against the ODCE index. Altus has invested in technology resources to help clients analyze their portfolios. By partnering with NCREIF, Altus receives privileged access to the entire universe of NCREIF indices, the industry standard for performance benchmarking. In addition, Altus is able to collect LACERA's property data from NCREIF.
4. **Competitive Fee:** The proposed annual fee was the lowest when compared to the other candidate.

Concerns

1. **Multiple Online Systems:** Three online systems are used by clients to compile data. DataExchange is the appraisal management system platform. DataBridge is used for benchmarking and overall portfolio analytics and AltusSphere is an attribution platform for fund and property-level valuation and performance data. Each of the three systems requires a separate log-in, which staff views as inconvenient.

Mitigant: All three platforms will be consolidated in the near future. Once consolidated, the systems will allow users to log in to one system.

RERC

RERC was founded in 1931 as an independent commercial real estate research, valuation, and consulting firm. RERC began providing appraisal management services in 2009 for institutional investors.

Situs Group LLC, a Delaware limited liability company, owns 100% of RERC, LLC. Situs Group LLC is 100% owned by Situs Group Holdings Corporation, a Delaware corporation. Situs Group is owned by a private equity firm. More details about the ownership structure is in **APPENDIX III**.

RERC's valuation management team is comprised of 144 employees of which 35 obtained the Member Appraisal Institute ("MAI") designation. RERC services some of the largest institutional investors, including, pension funds, insurance companies, investment managers, banks, and two Open End

Diversified Core Equity (“ODCE”) funds. RERC provides appraisal management services to more than 20 clients, encompassing greater than \$300 billion in gross asset value.

RERC demonstrated a high level of industry knowledge from their experience as an appraisal management service provider and as an appraiser. Their valuation management system, operational processes, and an experienced staff facilitates a streamlined process and provides transparency and insight into a portfolio.

RERC’s web-based Valuation Management System (VMS) is a tool used for the appraisal management process. This system provides quality control and provides clients with real-time access to all relevant property valuation information. The RERC team demonstrated how the data is stored, users are tracked, automatic e-mail alerts are sent related to every identified milestone, reporting, and invoice tracking. However, the system is limited with attribution analysis as a way to summarize the real estate portfolio. They are in the process of enhancing their attribution analysis capabilities.

RERC is well qualified and properly staffed as an appraisal management service provider. RERC demonstrated the ability to provide an independent, accurate, and reliable appraisal management and review process. RERC’s practice includes engaging appraisers, appraisal reviews, aggregating appraisal information and valuation reporting. The firm has experience working with large pension fund clients, insurance companies, investment managers, and banks. They have a strong appraisal management online system that would assist LACERA with the appraisal process. RERC has a SOC 1 Type 2 and SOC 2 Type 2 completed by A-Lign Assurance on an annual basis. The last audit was completed in March 2019.

Professional Staff

The engagement would be led by Brian Velky, CFA, Managing Director and Del Kendall, MAI, Managing Director. Mr. Velky has over 17 years of commercial real estate experience, all with RERC. Mr. Velky directs the company’s independent fiduciary and valuation consulting engagements. The primary contact for the LACERA account would be Adam Klassen, MAI, Assistant Director. Mr. Klassen is based out of Waverly, Iowa. He has over ten years of commercial real estate experience. He oversees third-party valuations, including scheduling, engaging, data collection, appraisal review and quarterly reports for clients. He has extensive appraisal review experience across multiple property types nationwide.

Merits

- 1. Expertise with Comparable Clients:** RERC provides appraisal management services to similar clients like LACERA.
- 2. Platform Easy to Use:** The online appraisal management system is easy to navigate. The system proves a systematic documentation throughout the appraisal review process and ensures a smooth audit process and clean audit trail. The system has been designed to be user-friendly for clients and separate account managers.
- 3. Experienced and Stable Team:** Deep and tenured team of 144 dedicated professionals. The firm utilizes a team approach to providing appraisal management services to its clients.

Concerns

1. **Ownership Structure:** RERC has a complex ownership structure. They are owned by a private equity firm. The life of the fund is expected to be approximately five years. This could potentially lead to another private equity ownership.
Mitigant: RERC has operated without any disruptions. RERC is also able to leverage the support services of the parent company when needed.
2. **Limited Attribution Analysis:** A notable drawback of the valuation management system is its limited capabilities of producing attribution analysis. The system and summary reports are less robust than other platforms.
Mitigant: RERC is in the development phase of designing a database that will provide attribution analysis for its clients. The firm continues to make enhancements to its database and attribution capabilities.

FEES

A fee summary of the services provided by each candidate is illustrated in **TABLE 4** below. The annual fees below are displayed as a range for confidentiality.

TABLE 4
Fee Summary

Services Offered	Altus	RERC
Appraisal Management	\$108,000 - \$180,000	\$135,000 - \$225,000
Internal Review	\$101,250 - \$168,750	\$111,375 - \$185,625
Attribution Analysis	\$33,750 - \$56,250	n/a
Total	\$243,000 - \$405,000	\$246,000 - \$410,652

CONCLUSION

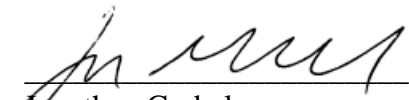
Based on the evaluation of RFP responses and subsequent interviews, the Team recommends that the Board select Altus as the Appraisal Management Service Provider for LACERA. Altus was the higher scoring firm for both phases of the RFP evaluation process. Their attribution analysis, competitive fees and the local team assigned to LACERA has them scored higher than RERC. These advantages in addition to Altus' valuation management system and collaborative approach placed Altus above the other firm. The Townsend Group has reviewed this recommendation and concurs with staff (**Attachment 1**).

The remainder of this report is organized as follows:

- APPENDIX I: Minimum Qualifications
- APPENDIX II: Evaluation Process
- APPENDIX III: Appraisal Management Service Provider Information
- APPENDIX IV: Strengths and Concerns

Attachments

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

APPENDIX I

MINIMUM QUALIFICATIONS

- As of June 30, 2019, the provider must have at least five (5) years of experience providing institutional commercial real estate valuation management services.

- As of June 30, 2019, the provider must consult for institutional and/or large commercial clients on the subject of real property valuations, and have the capacity to manage a database of information relating to valuations.

- As of June 30, 2019, the provider must have appraisal management assignments covering at least \$1 billion of properties in U.S.

- As of June 30, 2019, the provider must have real estate valuation management service assignments for a portfolio of assets for at least two defined benefit plans greater than \$5 billion.

- As of June 30, 2019, the provider's dedicated senior management team must have a minimum of five (5) years of commercial real estate valuation and/or valuation consulting experience for institutional clients.

EVALUATION PROCESS

OVERVIEW

The Appraisal Management Service Provider search was conducted using Staff's customary two-phase approach, whereby both a Phase One and a Phase Two scores are assigned. These scores are located in the recommendation memo.

Each Request for Proposal ("RFP") response that met the minimum qualifications ("MQs") for this search was analyzed and scored based on the following qualitative factors: (1) Organization 20%, (2) Professional Staff 20%, (3) Clients 15%, (4) Appraisal Management Services Philosophy and Implementation 35%, (5) Fees and Terms 10%.

Phase One entailed a review of the written RFP responses. The RFP is a detailed questionnaire that addresses each firm's organization, professional staff, clients, how appraisal management services are conducted, services that are included in AMSP, technological capabilities, competitive advantages, technology used, and flexibility for conducting these reports. Both firms advanced to Phase Two, which consisted of in-house and on-site interviews.

Phase One scores were set aside so that firms would enter Phase Two with a clean slate. In-house interviews were conducted at LACERA's office. Afterwards, the team visited the firms' offices to conduct on-site interviews. A final score was determined for the two finalists completing the interview process.

Qualitative Evaluation

The following five categories were used as part of the qualitative evaluation of RFPs that met the minimum qualifications (category weights included in parenthesis):

Organization (20% weight) - This category includes a review of business operations, ownership structure, the firm's history, litigation, changes to ownership or organization structure, internal audit and scope, SAS 70 or similar audits, compliance, code of ethics, disaster recovery plan, back office divisions, product and service offerings and cyber security and insurance coverage.

The availability of direct ownership for employees generally improves recruitment and enhances retention. In lieu of direct ownership, a properly structured compensation scheme can lead to retention of key personnel over extended periods. In general, firms that demonstrate continuity of key personnel are viewed more favorably than recently assembled teams.

Professional Staff (20% weight) – In this category, the experience and knowledge of the staff that are assigned to LACERA's account are considered. The day-to-day person is knowledgeable and familiar with clients' portfolio and process. The number of MAI and

the depth of the back office support is important to know that they have the personnel to ensure the work is processed error-free and on a timely basis. The client-to-AMSP ratio is important in addition to the qualities listed above and therefore scored higher. The important factors in this category are the lead AMSP continuity and succession plan should key members leave the firm. Well established firms with seasoned professionals are viewed favorably.

The lead AMSP length of experience in providing appraisal management services is considered key. Another important consideration when evaluating the RFP is the strength of the team that supports the lead AMSP. Firms with continuity and low staff turnover are deemed more successful and are viewed positively.

The number of client relationships of the lead AMSP are also taken into consideration. Responsiveness and dedication to LACERA could be affected when firms have a lead AMSP with a large number of clients and mandates.

Clients (20% weight) - Staff reviewed all appraisal services offered to clients and the narratives of the types of assignments. Their client list is also reviewed to ensure that they have experience in working with and providing appraisal management services to institutional investors similar to LACERA. An important factor that was taken into consideration was whether or not firms have enhanced their real estate technology in the past three years and their current technological capabilities.

Appraisal Management Service Philosophy and Implementation (35% weight) - This section reviews the firm's capabilities in acting in the capacity of an AMSP for externally appraised real estate properties. A higher score was given for a well-articulated quality control and review process. This due diligence also includes a description of the systems and technology utilized to monitor and evaluate the appraisal process. Firms that had proprietary systems and articulated a detailed process for identifying and selecting appraisers received a higher score.

Fees (10% weight) - Firms were asked to provide a fee proposal for the services that are requested in the Scope of Work. Additional fees were proposed for internal review and attribution analysis.

Both candidates advanced to Phase Two. Consistent with normal search procedures, Phase One scores were set aside so that the candidates would advance to Phase Two with a clean slate.

PHASE TWO - INTERVIEW PROCESS

In-House Interviews

During the in-house interviews, staff went beyond the written RFP and gain a deeper understanding of the AMSP's roles and responsibilities for the LACERA account. It also provides staff an opportunity to ask questions about the RFP, as well as to identify and evaluate the firm's competitive advantage.

The lead AMSP and key members of the team were requested to attend the interviews. Staff evaluated the firm's ability to clearly articulate the appraisal process, appraiser selection, the firm's competitive advantages, the services provided, frequency, and AMSP interaction with clients.

On-Site Interviews

The on-site interviews allowed staff to obtain more in-depth knowledge about each firm. Staff was able to meet with other team members as well as evaluate operations including software and systems used to gather data and track the appraisal process from start to finish.

The on-site interviews provided staff with the opportunity to assess the firm's culture and gain some insight about the firm's business practices. A firm's corporate culture impacts its ability to recruit and retain people. Staff got a sense of these qualitative aspects of the firms during this process.

Final Score

Upon completion of on-site interviews, the candidates received a final score. The final score was based on interviews, evaluation of the overall services provided, team, operations and references.

APPRAISAL MANAGEMENT SERVICE PROVIDER INFORMATION

Altus Group U.S. Inc

In May of 2005, three of Canada’s leading real estate consulting companies, Altus, Heylar & Associates, and Derbyshire Viceroy Consultants Limited, merged to form the Altus Group. On July 31, 2010, the Valuation Advisory Practice of PricewaterhouseCoopers LLP (PwC), was acquired and integrated into Altus Group.

Altus Group is a multi-disciplinary provider of independent value-added real estate consulting, professional advisory, and knowledge management services. Altus Group services the global commercial real estate industry and operates under two reporting divisions: Altus Analytics and Altus Expert Services (includes property tax, cost and valuation advisory groups). The valuation management services group, Altus Advisory, is part of the Altus Analytics division, which includes ARGUS Software groups.

Altus Analytics

- *ARGUS*– A complete solution for transacting, managing and growing real estate portfolios, ARGUS solutions deliver budgeting, asset & portfolio valuations, investment structuring and powerful sensitivity analysis offering greater visibility and control to optimize investment performance.
- *Advisory* – Altus provides third-party appraisal management and other consulting services to help clients make more accurate data-driven decisions. Services include valuation management, performance analytics, consulting services, due diligence, debt valuations, daily pricing, and purchase price allocation.

Professional Staff

Altus Group Advisory U.S. operates within nine offices across the U.S. Richard Kalvoda serves as the global head of Altus Group’s Advisory practice. Altus has over 200 staff members dedicated to their valuation management services of which 30 obtained the Member Appraisal Institute (“MAI”) designation. Within the U.S., their practice comprises of more than 40 dedicated client managers and a data analytics team.

A senior member of Altus Group Advisory U.S. (director and above) leads each valuation management engagement as a single point of contact. Support is provided from managers and staff, as necessary. Staff is trained in valuation before transitioning to valuation management assignments. There are staff members dedicated to performing the administrative functions of valuation management, including on-boarding new clients and appraisers, setting up systems, extracting data into their benchmarking tool, and coordinating document flow between clients and appraisers through their workflow management system. All nine Advisory U.S. offices work together to ensure coverage for each client across geography, property type, and valuation requirements. LACERA’s proposed client service team is provided below.

Richard Kalvoda, MAI, CRE, FRICS, Senior Vice President (Irvine) Has 28 years of real estate experience with primary emphasis in the areas of valuation and valuation management for investment analysis, portfolio asset management, acquisitions,

dispositions and mortgage loans, focusing on core real estate assets including hotel, office, industrial, retail, and multifamily properties. He also provides expert testimony for litigation involving real estate valuation. Mr. Kalvoda will act in the executive oversight role for overall engagement coordination, technical oversight and quality control.

Alexander Jaffe, MAI, Director (Irvine) Has 11 years of real estate experience in all phases of real estate analysis and consulting, with emphasis on valuation and valuation management for investment, portfolio asset management, acquisitions, and dispositions. Analyses performed have encompassed projects in all sections of the continental United States, and Hawaii, focusing on core real estate assets including hotel, office, industrial, retail, and multifamily properties. Mr. Jaffe will act as the engagement manager, lead client liaison for the engagement and principal contact for tactical coordination with LACERA management.

Andrew Pabon, Senior Manager (Los Angeles) Has 10 years of experience in appraisal and consulting of various types of investment real estate throughout the United States. He has a diversified background in real estate with primary emphasis in the areas of valuation and valuation management for investment analysis, portfolio asset management, acquisitions and dispositions, focusing on core real estate assets including office, industrial, retail, and multifamily properties. Additional experience includes financial analysis, market analysis, property inspections, due diligence and underwriting support. Mr. Pabon will act in conjunction with Mr. Jaffe as engagement manager. He will be the principal point of contact for information transfer, and coordination with advisors and asset management, as well as providing day to day oversight for all engagement staff.

Diversity and Inclusion

Altus reports that it is committed to fostering, cultivating and preserving a culture of diversity and inclusion. Altus formally addresses both diversity and inclusion, as well as its policies on workplace harassment, in its Code of Business Conduct and Ethics. The firm reports a number of measures to promote diversity and equal employment compliance, including mandatory employee unconscious bias and diversity training and an internal Diversity and Inclusion Committee, led by its CEO and Chief Human Resources Officer.

Altus has reported that 43% of its professional staff are women, and 22% of its professional staff are people of color. Altus reports that it has not been subject to any legal, regulatory, or other claims of discrimination or harassment during the past twelve years, but declined to indicate whether it has been party to any confidential settlements, citing confidentiality.

RERC

Founded in 1931, RERC is an independent commercial real estate research, valuation, and consulting firm.

Situs Group LLC, a Delaware limited liability company, owns 100% of RERC, LLC. Situs Group LLC is 100% owned by Situs Group Holdings Corporation, a Delaware corporation. Situs Group Holdings Corporation is wholly owned by SitusAMC Holdings Corporation, a Delaware corporation. SitusAMC Holdings Corporation is wholly owned by SitusAMC Group Holdings, LP, a Delaware limited partnership (formerly Situs Group Holdings, LP). The two largest owners of Situs Group Holdings, LP are groups of funds managed by Stone Point Capital LLC as follows: Trident Capital VI, L.P., together with related funds owns 41.75% of SitusAMC Group Holdings, LP, and Trident Capital VII, L.P., together with related funds, owns 36.93% of SitusAMC Group Holdings, LP.

RERC's Valuation Management System (VMS) was developed in 2002 for an institutional client to serve its valuation management function, with continual software improvements. RERC began providing appraisal management services in 2009.

RERC has experience as an AMSP for institutional investors, including large ODCE funds, top U.S. pension funds, life insurance companies, and real estate investment managers. RERC is responsible for reviewing and consulting on more than \$1.27 trillion in institutional real estate assets annually.

Professional Staff

The total parent company, SitusAMC, has approximately 3,200 employees. RERC currently has 144 employees, of which 35 are MAIs, and 6 are back office staff.

Kenneth P. Riggs, Jr. MAI, CRE, CFA, CCIM, FRICS, President (Des Moines, Iowa)

Mr. Riggs has over 32 years of commercial real estate experience and serves as the president of RERC. In addition to leading RERC's business ventures, he remains personally involved and provides oversight and direction for a number of RERC's key clients. Mr. Riggs also serves as publisher of the RERC Real Estate Report, and Expectations & Market Realities in Real Estate. He served as 2012 chair of The Counselors of Real Estate (CRE), Chief Real Estate Economist for the CCIM Institute, and provides forecast presentations for some of the nation's leading professional organizations and real estate firms each year. Mr. Riggs received an MBA with a concentration in finance and statistics from The University of Chicago Graduate School of Business, and a Bachelor's degree in business administration with majors in finance and real estate from Kent State University.

Del Kendall, MAI, CRE, FRICS Managing Director (Houston, TX)

Mr. Kendall serves as managing director of RERC's Southwest operations. He has over 30 years of experience in real estate analysis, valuation and consulting in nearly every major market and with all major property types. He is also involved in a number of important decisions in monitoring RERC's appraisal management responsibilities for the firm's clients. Mr. Kendall is actively involved nationally in the real estate profession and currently serves as chair of

the Education Committee for The Counselors of Real Estate®. He served as the chair of the Valuation Committee for the National Council of Real Estate Investment Fiduciaries (NCREIF) in 2010 and 2011.

Brian T. Velky, CFA, CRE, Managing Director (Des Moines, Iowa) Mr. Velky serves as a managing director and global head of valuation advisory for RERC. Mr. Velky has over 17 year of commercial real estate experience, all with RERC. Mr. Velky directs the company's independent fiduciary and valuation consulting engagements, including the valuation consulting relationship with the California State Teachers' Retirement System (CalSTRS), where gross assets exceed \$30 billion, as well as the approximately \$25 billion TIAA Real Estate Account. Similarly, Mr. Velky directs RERC's engagement with the State Board of Administration of Florida (SBA) and serves as engagement director for RERC's relationship as valuation advisor to the Jones Lang LaSalle Income Property Trust (JLLIPT). Mr. Velky has an MBA with an emphasis in finance from The University of Iowa, and a Bachelor's degree in finance and real estate from The University of Northern Iowa.

Diversity and Inclusion

The firm represents that it is committed to the principles of equal employment opportunity and a workplace free from discrimination and harassment. RERC maintains a formal policy addressing workplace diversity, inclusive of workplace harassment, and states its belief that a diverse workforce benefits the firm through increased creativity, a diversity of ideas and viewpoints, and an increase in productivity.

RERC has reported that 22% of its executive team and 42% of its professional staff are women; 22% of its executive team and 18% of its professional staff are people of color. The firm reports that it has not been subject to any legal, regulatory, or claims of workplace harassment or discrimination in the past twelve years.

The firm reports a number of efforts to promote compliance with its diversity and inclusion policies. It provides training during new hire orientation, annual compliance training and manager training, as well as mentorship opportunities internally and targeted outreach for women in commercial real estate in particular via the Commercial Real Estate Women (CREW) network. In the course of LACERA's due diligence, the firm also indicated it would commence conducting pay disparity analyses starting in 2020.

Strengths and Concerns Comparison

	Strengths	
	Altus	RERC
Organization (ownership structure, business operations, compliance, audits, pending litigation)	Ownership Structure: is a private corporation 100% owned by Altus Group Limited, which is a public corporation with shares traded on the Toronto stock exchange.	Ownership History: was founded in 1931 as one of the first independent commercial real estate research, valuation and consulting firms. In 2009, they expanded to provide appraisal management services.
	Audit: SOC I, Type 2 was completed by PwC. The last audit was completed in December 2019.	Audit: SOC I Type 2 and SOC II Type 2 were completed by A-Lign Assurance. The last audit was completed in March 2019.
	Compliance: has no known potential conflicts of interest with LACERA or any separate account managers.	Compliance: has no known potential conflicts of interest with LACERA or any separate account managers.
Professional Staff (depth, experience, turnover, client service, compensation, diversity, alignment)	Strong Lead Consultant & Team: strong lead point of contact assigned with many years of experience. The firm has extensive experience providing appraisal management services.	Experienced: demonstrated strong experience in providing appraisal management services comparable to LACERA's needs.
	Close proximity to the LACERA office: dedicated LACERA team would be based out of downtown Los Angeles office and Irvine.	Publishes Quarterly Research Report: long history of providing industry-leading research which has been published quarterly since 1971.
	Team Approach: the strength of the team backing-up the lead consultant is strong. Refined operations and collaborative approach.	Client Focus: dedicated client service team tailors level of interaction with client.
Clients (institutional clients, comparable clients, number of appraisal management services)	Expertise with Comparable Clients: public pension fund experience. Some of the largest pension funds, investment managers, endowments and insurance companies are amongst their clients.	Expertise with Comparable Clients: experience working with large pension funds, insurance companies, banks and investment managers.
	Seasoned AMSP: services 70 clients, of approximately \$550 billion in gross asset value.	Seasoned AMSP: services approximately 20 clients, encompassing greater than \$300 billion in gross asset value.
	AMSP for 22 out of 24 ODCE Funds: Altus provides appraisal management services for most of the ODCE funds. Data can be used to compare LACERA's portfolio to a large pool of assets.	

Appraisal Management Services Philosophy and Implementation (capabilities, control and review process, third-party appraiser selection process, systems and software, reviewing appraisals, reporting)	Attribution Analysis: ability to collect LACERA's historical data and use it to provide attribution analysis and benchmark performance comparison.	Appraisal Management System: appraisal management system has been in place for nearly 18 years and easy to use for the client users and appraisers.
	Argus Software: owns Argus Software system, widely used across the real estate industry, which allows them to compare a client's portfolio to a large universe.	Suitable Controls: business continuity and system control program seeks to limit the impact of disruptions.
	Strong Operations: top tier practices, technology, controls and compliance.	Appraiser Selection: scores the appraisers based on accuracy, mathematical calculations and comments inserted into the management system.
	Advanced Process: their technology, operational processes, and experienced staff facilitates a streamlined process and provides transparency and insight into a portfolio.	Proprietary in-house valuation management system: provides the valuation management team the opportunity to enhance their system.
	Appraiser Selection: before each appraiser is selected, Altus reviews detailed information on the appraiser's qualifications, existing clientele, market expertise and workload capacity.	
Fees	Competitive Fee: Fee includes attribution analysis	

	Concerns	
	Altus	RERC
Organization (ownership structure, business operations, compliance, audits, pending litigation)	Multi-service Firm: appraisal management is among their numerous business divisions.	Ownership Structure: the company is owned by a private equity firm.
Professional Staff (depth, experience, turnover, client service, compensation, diversity, alignment)	Staff Turnover: most recent departures were out of the east coast offices. Often these departures were a result of recruitment by other institutional firms.	Location of Proposed Team: the dedicated team would be based out of a different time zone.
Clients (institutional clients, comparable clients, number of appraisal management services)	Client Turnover: in the last 5 years, two clients did not renew their contract after an RFP search.	Limited ODCE Fund Clients: provides AMSP for only 2 out of the 24 NFI-ODCE funds.
Appraisal Management Services Philosophy and Implementation (capabilities, control and review process, third-party appraiser selection process, systems and software, reviewing appraisals, reporting)	Multiple online systems to log into: one system is used for appraisal management and the other two are used for benchmarking and overall portfolio analysis. They are in the process of consolidating all three platforms.	Limited Attribution Analysis: the attribution analysis is less robust than the other candidate's platform.
Fees		



88 Kearny Street,
Suite 800 San
Francisco, CA 94105

Memorandum

To: LACERA Board of Investments (“BOI”)

From: The Townsend Group (“Townsend”)

Jennifer A. Stevens

Date: February 12, 2020

Re: Recommendation of Altus Group Inc as Real Estate Appraisal Management Service Provider

Overview

Historically, LACERA Staff has managed the external appraisal process for the assets in the Separate Account Portfolio (“IMAs”). As the number of assets in the IMAs is significant, Townsend provided LACERA with a guide on appraisal best practices recommending that LACERA seeks an Appraisal Management Service Provider (“AMSP”) and increases the frequency of appraisals from three years to one year in 2019. The AMSP will help enhance the appraisal process and facilitate Staff investment decisions. In addition, Townsend provided a list of reputable AMSPs, including the Altus Group. LACERA Staff conducted a thorough interview process for two candidates, Altus Group and RERC, and recommended the appointment of Altus Group as the AMSP for LACERA. ***The Townsend Group has reviewed the recommendation and concurs with Staff.***

Altus Group Background and Services

Altus Group is frequently used as an appraiser and appraisal manager providing services to the members of the NFI-ODCE as well as large pension fund clients similar to LACERA. The company has a strong team with considerable industry knowledge offering enhanced insights into a real estate portfolio. Furthermore, Altus’s partnership with NCREIF provides special access to the universe of NCREIF indices, an additional advantage to LACERA.

As part of the AMSP services, Altus Group will oversee the appraisal process from beginning to end, including selection of appraisers. In an effort to increase the level of transparency, Altus will also be conducting reviews on Separate Account properties during quarters where internal valuations are done by managers. Furthermore, Altus will provide attribution analysis to offer more details on property level drivers affecting performance.

Recommendation

The LACERA Staff proposal recommends the appointment of Altus Group as the AMSP for LACERA’s Separate Account real estate assets.

Townsend concurs with the LACERA Staff’s recommendation to assign Altus Group as the AMSP for LACERA.



January 27, 2020

TO: Trustees - 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: February 12, 2020 Board of Investments Meeting

SUBJECT: **REVISED EMERGING MANAGER POLICY – PART 4**

RECOMMENDATION

Adopt the attached emerging manager policy.

BACKGROUND

This is the fourth in a series of presentations intended to update LACERA's Emerging Manager Policy (EMP). The following is a brief overview of the three previous sessions:

- **April 2019 BOI**: Meketa reviewed the regulatory framework governing emerging manager policies in California, and presented statistics on the size and performance of emerging managers in public and private markets.
- **June 2019 BOI**: Based on feedback and direction from Trustees at the April BOI, Meketa fine-tuned its analysis and returned with deliberations on the policy's objectives, the definition of emerging managers, and specific considerations for different asset classes.
- **January 2020 BOI**: Staff and Meketa prepared a draft Emerging Manager Policy, incorporating guidance provided by Trustees at the two prior BOI meetings.

Based on trustee comments on the initial draft of the Emerging Manager Policy from the January 2020 BOI meeting, staff has prepared a second draft. **Attachment A** is a redlined version of the policy that highlights the changes between the first and second drafts. These changes address the following: 1) definition of an Emerging Manager, 2) graduation from emerging status, and 3) annual reporting to the BOI on emerging managers. **Attachment B** is a clean version of the updated policy, and **Attachment C** is Meketa's concurrence memo.

Attachments:

- Attachment A: Redlined version of the policy
- Attachment B: Clean version of the updated policy
- Attachment C: Meketa's concurrence memo

Noted and Reviewed:

Jonathan Grabel
Chief Investment Officer

ATTACHMENT A

Emerging Manager Policy

I. Introduction

LACERA's mission is to "Produce, Protect, and Provide the Promised Benefit" for all its members. In order to achieve this mission, LACERA has developed various policies to guide its investments. These policies are governed by the California constitution and by various statutes, and embedded within the regulations are fundamental concepts of loyalty and prudence. The duty of loyalty means that Board members and staff must act in the sole interest of LACERA's members and beneficiaries; the duty of prudence requires that we discharge our responsibilities with skill, care, and diligence—and that we diversify the portfolio in order to minimize the risk of loss and maximize the expected rate of return.

Formatted: Font: 11 pt

The Emerging Manager Policy ("Policy") furthers the investment beliefs, philosophy, and strategies outlined in LACERA's Investment Policy Statement (IPS), adheres in all respects to the Code of Ethical Conduct and the Conflict of Interest Code, and complies with all applicable governing regulations.

LACERA values diversity and inclusion. These values permeate the entire LACERA portfolio and extend beyond the emerging manager program. As stated in the IPS, LACERA believes that effectively accessing and managing diverse talent—inclusive of varied backgrounds, age, experience, race, sexual orientation, gender, ethnicity, and culture—leads to improved outcomes. LACERA expects all its external asset managers and third party providers to respect LACERA's values of diversity and inclusion and to reflect them in their own organizations.

II. Purpose and Objective

The objective of LACERA's Emerging Manager Policy is to enhance the total Fund's risk-adjusted return. The Policy seeks a proper balance between the potential for higher returns available to select emerging managers, and the higher risks—both investment-related and operational—associated with less established firms.

Formatted: Font: 11 pt

The Policy provides LACERA an opportunity to invest in promising investment management organizations early in their development. Investing with managers that have fewer clients, smaller assets, or a short track record may provide LACERA access to investment strategies that larger, more established managers might overlook. Smaller investment management firms may generate attractive performance, net-of-fees, because of increased market flexibility associated with smaller asset bases. In addition, first- or second-time funds may outperform later funds in private markets. Furthermore, investing early in the lifecycle of select emerging managers may carry benefits that include lower fees (founder's terms), future capacity rights, and preferred economics such as a share of future revenues.

Counterbalancing the attractive returns from investing with emerging managers is a greater return dispersion and the possibility of greater investment and operational risk--particularly in areas such as compliance, portfolio administration, cybersecurity, business continuity, and succession planning.

Emerging managers are highly motivated to perform well for early investors because doing so can be crucial to their firm's growth. As a result, institutional investors such as LACERA may have a greater alignment of interests with emerging managers than with more established ones.

III. Emerging Manager Definition

Emerging investment managers are independent firms that have less substantial assets under management or may lack a long-term investment performance record. LACERA is interested in emerging managers that have strong alignment of interest with their investors and expects principals of the firm to hold a substantial majority of the ownership interest of the company. Specific requirements for assets under management (AUM) and length of track record are tailored for each asset class and updated for each mandate to take into account the composition of the manager universe prevailing at the time a search is conducted.

Formatted: Font: 11 pt

Deleted: at least 66%

Formatted: Font: 11 pt

Formatted: Font: 11 pt

Formatted: Font: 11 pt

Emerging managers are held to the same high performance standards that apply to all of LACERA's external managers. In addition, LACERA conducts an ongoing assessment of all external managers' commitment to, adherence with, and track record of accessing and retaining diverse and inclusive workforces. Emerging managers may include, but are not limited to, investment managers that are owned by individuals of diverse backgrounds that have traditionally been underrepresented in the financial services industry. More broadly, all else equal, LACERA prefers firms that are committed to and have established a demonstrated track record of diversity and inclusion throughout the firm's workforce, inclusive of investment professionals.

IV. Structure

LACERA may hire emerging managers either directly or by employing a fund-of-funds manager skilled at sourcing emerging managers. Either type of mandate must adhere to LACERA's defined procurement procedures and requires approval by the Board of Investments. Investment strategies managed by emerging managers must be suitable for LACERA's portfolio and fit within the approved strategic asset allocation and asset class structure, as well as the portfolio's risk and liquidity constraints.

Formatted: Font: 11 pt

For each asset class, LACERA conducts periodic structure reviews that incorporate specific criteria and recommended allocation ranges for emerging managers (see "Attachment A" for current BOI-approved ranges). The structure reviews take into consideration the opportunities and risks of the asset class and are conducted in consultation with LACERA's applicable investment consultants. The implementation of any emerging manager program must advance the principles, objectives, and initiatives established within the asset class structure review.

V. Graduation

Selected emerging managers will be reviewed in accordance with their respective asset class policies to determine if they continue to meet the requirements of the emerging manager program or if they qualify for graduation from emerging status. Graduation recommendations will be included in the biennial asset class structure reviews.

Formatted: Font: 11 pt

Formatted: Font: 11 pt

VI. Monitoring and Reporting

LACERA staff will monitor the emerging managers on an ongoing basis and report annually to the Board on potential issues, performance, and significant developments.

Formatted: Font: 11 pt

Deleted: periodically

Formatted: Font: 11 pt

ATTACHMENT A

Emerging Manager Allocation Ranges¹

	Minimum	Maximum
U.S. Equities	0%	5%
Fixed Income	0%	4%
Real Estate	0%	20%
Private Equity	0%	7%
Hedge Funds ²	0%	10%
Total Fund	0%	6%

Document History

[Revised February 12, 2020](#)

Revised August 8, 2016
Revised November 19, 2014
Revised: November 20, 2013
Revised: November 13, 2012
Revised: October 31, 2012
Revised: July 8, 2009
Revised: March 11, 2009
Revised September 13, 2006
Adopted June 13, 2001

Formatted: Font: 9 pt

Formatted: Font: (Default) Arial

¹ The allocation ranges shown are the most recent numbers approved by the BOI.

² The BOI approved a \$200 million allocation in September of 2019, and \$200 million is approximately 10% of the target Hedge Fund allocation.

Emerging Manager Policy

I. Introduction

LACERA's mission is to "Produce, Protect, and Provide the Promised Benefit" for all its members. In order to achieve this mission, LACERA has developed various policies to guide its investments. These policies are governed by the California constitution and by various statutes, and embedded within the regulations are fundamental concepts of loyalty and prudence. The duty of loyalty means that Board members and staff must act in the sole interest of LACERA's members and beneficiaries; the duty of prudence requires that we discharge our responsibilities with skill, care, and diligence—and that we diversify the portfolio in order to minimize the risk of loss and maximize the expected rate of return.

The Emerging Manager Policy ("Policy") furthers the investment beliefs, philosophy, and strategies outlined in LACERA's Investment Policy Statement (IPS), adheres in all respects to the Code of Ethical Conduct and the Conflict of Interest Code, and complies with all applicable governing regulations.

LACERA values diversity and inclusion. These values permeate the entire LACERA portfolio and extend beyond the emerging manager program. As stated in the IPS, LACERA believes that effectively accessing and managing diverse talent—inclusive of varied backgrounds, age, experience, race, sexual orientation, gender, ethnicity, and culture—leads to improved outcomes. LACERA expects all its external asset managers and third party providers to respect LACERA's values of diversity and inclusion and to reflect them in their own organizations.

II. Purpose and Objective

The objective of LACERA's Emerging Manager Policy is to enhance the total Fund's risk-adjusted return. The Policy seeks a proper balance between the potential for higher returns available to select emerging managers, and the higher risks—both investment-related and operational—associated with less established firms.

The Policy provides LACERA an opportunity to invest in promising investment management organizations early in their development. Investing with managers that have fewer clients, smaller assets, or a short track record may provide LACERA access to investment strategies that larger, more established managers might overlook. Smaller investment management firms may generate attractive performance, net-of-fees, because of increased market flexibility associated with smaller asset bases. In addition, first- or second-time funds may outperform later funds in private markets. Furthermore, investing early in the lifecycle of select emerging managers may carry benefits that include lower fees (founder's terms), future capacity rights, and preferred economics such as a share of future revenues.

Counterbalancing the attractive returns from investing with emerging managers is a greater return dispersion and the possibility of greater investment and operational risk--particularly in areas such as compliance, portfolio administration, cybersecurity, business continuity, and succession planning.

Emerging managers are highly motivated to perform well for early investors because doing so can be crucial to their firm's growth. As a result, institutional investors such as LACERA may have a greater alignment of interests with emerging managers than with more established ones.

III. Emerging Manager Definition

Emerging investment managers are independent firms that have less substantial assets under management or may lack a long-term investment performance record. LACERA is interested in emerging managers that have strong alignment of interest with their investors and expects principals of the firm to hold a substantial majority of the ownership interest of the company. Specific requirements for assets under management (AUM) and length of track record are tailored for each asset class and updated for each mandate to take into account the composition of the manager universe prevailing at the time a search is conducted.

Emerging managers are held to the same high performance standards that apply to all of LACERA's external managers. In addition, LACERA conducts an ongoing assessment of all external managers' commitment to, adherence with, and track record of accessing and retaining diverse and inclusive workforces. Emerging managers may include, but are not limited to, investment managers that are owned by individuals of diverse backgrounds that have traditionally been underrepresented in the financial services industry. More broadly, all else equal, LACERA prefers firms that are committed to and have established a demonstrated track record of diversity and inclusion throughout the firm's workforce, inclusive of investment professionals.

IV. Structure

LACERA may hire emerging managers either directly or by employing a fund-of-funds manager skilled at sourcing emerging managers. Either type of mandate must adhere to LACERA's defined procurement procedures and requires approval by the Board of Investments. Investment strategies managed by emerging managers must be suitable for LACERA's portfolio and fit within the approved strategic asset allocation and asset class structure, as well as the portfolio's risk and liquidity constraints.

For each asset class, LACERA conducts periodic structure reviews that incorporate specific criteria and recommended allocation ranges for emerging managers (see "Attachment A" for current BOI-approved ranges). The structure reviews take into consideration the opportunities and risks of the asset class and are conducted in consultation with LACERA's applicable investment consultants. The implementation of any emerging manager program must advance the principles, objectives, and initiatives established within the asset class structure review.

V. Graduation

Selected emerging managers will be reviewed in accordance with their respective asset class policies to determine if they continue to meet the requirements of the emerging manager program or if they qualify for graduation from emerging status. Graduation recommendations will be included in the biennial asset class structure reviews.

VI. Monitoring and Reporting

LACERA staff will monitor the emerging managers on an ongoing basis and report annually to the Board on potential issues, performance, and significant developments.

Emerging Manager Allocation Ranges¹

	Minimum	Maximum
U.S. Equities	0%	5%
Fixed Income	0%	4%
Real Estate	0%	20%
Private Equity	0%	7%
Hedge Funds ²	0%	10%
Total Fund	0%	6%

Document History

Revised February 12, 2020
 Revised August 8, 2016
 Revised November 19, 2014
 Revised: November 20, 2013
 Revised: November 13, 2012
 Revised: October 31, 2012
 Revised: July 8, 2009
 Revised: March 11, 2009
 Revised September 13, 2006
 Adopted June 13, 2001

¹ The allocation ranges shown are the most recent numbers approved by the BOI.

² The BOI approved a \$200 million allocation in September of 2019, and \$200 million is approximately 10% of the target Hedge Fund allocation.

MEMORANDUM

TO: LACERA Board of Investments
FROM: Stephen McCourt, Leandro Festino, Tim Filla, Alina Yuan
DATE: 01/29/2020
RE: Emerging Manager Policy Review – Part 4

Background

LACERA'S Emerging Manager Policy was adopted by the Board of Investments in 2001. Throughout 2019, Meketa has been working with staff to revise the Emerging Manager Policy. The goal of the revision is to streamline the policy and enhance LACERA'S efforts to access Emerging Managers.

Summary of Recommendation

Based upon Trustee comments of the initial draft of the Emerging Manager Policy presented in January 2020, staff has created an updated second draft. Meketa has reviewed the revised Emerging Manager Policy and concurs with staff's additions regarding the definition of an Emerging Manger, graduation, and annual reporting standards as needed. We look forward to discussing the matter with you at the February 12th meeting.

SM/ LF/ TF/ AY/ srt

January 28, 2020

TO: Trustees - Board of Investments

FROM: Jon Grabel 
Chief Investment Officer

FOR: February 12, 2020 Board of Investments Meeting

SUBJECT: **2020 BOARD OF INVESTMENTS OFFSITE DATES**

RECOMMENDATION

Schedule the 2020 Board of Investments (BOI) offsite meeting on Tuesday, July 7 and Wednesday, July 8 at the Hilton Hotel in Glendale, California.

BACKGROUND AND DISCUSSION

Over the past few years, the BOI has held an annual offsite meeting in July. This year, the suggested dates for the event are Tuesday, July 7 and Wednesday, July 8. BOI leadership, the Chief Executive Officer, and Chief Investment Officer also recommend having the event at the Hilton Hotel in Glendale, California. The offsite is about five months away, and speakers have yet to be invited. The Board's availability on these dates is the most important consideration; if Trustees would like to suggest alternative dates for the offsite, that would be an easy change.


Over the two-offsite days, various topics will be presented and discussed. On the afternoon of the second day, a BOI and Committee meeting will be held. As per last year, we intend to seek your feedback in identifying potential offsite topics. This will include a poll of about 15 topics via SurveyMonkey with an option to write-in additional ideas. From the poll, the list could be further shortened to 6-8 topics that would be included in the offsite agenda. Our goal is to send out the poll in early February and finalize an agenda to be available at the March BOI meeting.

JG:edb

c: Santos H. Kreimann
JJ Popowich
Steven Rice

January 22, 2020

TO: Each Trustee
Board of Retirement
Board of Investments

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: February 5, 2020 Board of Retirement Meeting
February 12, 2020 Board of Investments Meeting

SUBJECT: **Legislative Proposal: Board Self-Evaluations in Closed Session**

RECOMMENDATION

That the Board of Retirement and Board of Investments provide further instruction to staff on the legislative proposal to provide for board self-evaluations in closed session.

BACKGROUND

On August 4, 2019 and August 14, 2019, the Board of Retirement and Board of Investments, respectively, approved submission of a proposal for board self-evaluations in closed session for the State Association of County Retirement Systems (SACRS) 2020 Legislative Platform. Although the SACRS Legislative Committee tentatively expressed support for the concept behind the proposal, the Committee felt it would be prudent for the SACRS legislative advocates to conduct outreach to other local agency associations before making a recommendation on the proposal. On October 2, 2019 and October 8, 2019, the Boards, respectively, agreed to postpone consideration of the proposal at the SACRS 2019 Fall Conference.

DISCUSSION

At the January 17, 2020 meeting of the SACRS Legislative Committee, the SACRS legislative advocates relayed the feedback it received regarding the proposal. The sentiment was that although closed sessions would provide an environment more conducive to candor amongst board trustees, that reason is most likely not sufficient to counteract potential opposition to the proposal, especially from proponents of open meeting laws.

Given the concerns regarding potential opposition on a controversial proposal, the SACRS Legislative Committee indicated that it would most likely not recommend inclusion of the proposal in its legislative platform to the SACRS membership. Note that regardless of the Committee's advisory recommendation, submitted proposals are presented to the full SACRS membership for a vote at the SACRS Business Meetings at either the Fall or Spring conferences.

OPTIONS

- Proceed with consideration of the proposal on board self-evaluations for sponsorship by the SACRS membership. If the proposal is not approved by the SACRS membership, then LACERA will sponsor the legislation.
- Forgo consideration of the proposal by the SACRS membership and have LACERA sponsor the legislation.
- Forgo further consideration of the proposal and conduct board self-evaluations in compliance with the existing requirements of the Ralph M. Brown Act to determine effectiveness of the process and what specific issues arise in the process that would require a legislative solution.

IT IS THEREFORE RECOMMENDED THAT THE BOARDS provide further instruction to staff on the legislative proposal to provide for board self-evaluations in closed session.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachment

Proposal: Board Self-Evaluations in Closed Session

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

SACRS 2020 Legislative Platform Submission Information

- **Title of Issue**
Board Self-Evaluations in Closed Session
- **Retirement Association/Name**
Los Angeles County Employees Retirement Association
- **Contact Name**
Barry Lew, Legislative Affairs Officer
- **Contact Phone Number**
626-564-2370
- **Contact Email Address**
blew@lacera.com
- **Description of Issue**
Periodic board self-evaluations are generally considered a best practice to ensure continuous improvement in good board governance. Board self-evaluations can foster open communication, reinforce accountability to stakeholders, and enhance board effectiveness through a shared understanding of strategic goals and objectives.

The Ralph M. Brown Act (Government Code Sections 54950 – 54963) provides that the actions and deliberations of local public agencies are conducted in open and public meetings with posted agendas. The Brown Act provides for closed sessions under certain limited circumstances most commonly to avoid revealing confidential information.

There is currently no provision in the Brown Act that allows board self-evaluations to be held in closed session, which would provide an environment conducive to candor and self-reflection by individual board members.
- **Recommended Solution**
Amend the Brown Act to provide the manner in which board self-evaluations are described on the agenda and to specifically provide that board self-evaluations may be held in closed session.

-- Add a new subdivision (l) to existing Government Code Section 54954.5 that would describe a board self-evaluation as a closed session item on the agenda.

-- Add a new Section 54956.97 to the Government Code that would provide for board self-evaluations to be held in closed session and provides a definition of board self-evaluations.

- **Specific language changed or added to the 1937 Act and suggested code section number(s)**

Add a new Subdivision (I) to Section 54954.5 of the Government Code:

54954.5. (I) With respect to every item of business to be discussed in closed session pursuant to Section 54956.97:

BOARD SELF-EVALUATION

(Additional information listing the names of agencies or title of representatives facilitating the closed session as consultants.)

Add a new Section 54956.97 to the Government Code:

54956.97 (a) Nothing contained in this chapter shall be construed to prevent the legislative body of a local agency from holding a closed session to conduct a board self-evaluation. No action shall be taken in the closed session with respect to the board self-evaluation.

(b) For purposes of this section, "board self-evaluation" means an evaluation process established by the legislative body of a local agency to assess board performance through quantitative and qualitative techniques and facilitated by local agency staff or external consultants. The evaluation process may include but is not limited to assessing board processes; reviewing the performance of the board as a whole and its committees; and enhancing the skills and competencies of individual board members.

- **Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association/system?**
The proposal would allow all local agencies including the SACRS retirement systems to be able to conduct board self-evaluations in closed session in an environment conducive to candor and self-reflection by board members.
- **Do you anticipate the proposed legislation would create any major problems such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations/systems?**
No, the proposal would enable the SACRS retirement associations to conduct board self-evaluations in closed session. They are not required to conduct the evaluations in closed session, but they would not be prevented from doing so.

- **Who will support or oppose this proposed change in the law?**
Local agencies that want to conduct board self-evaluations in closed session would support the proposal. Opposition may come from the California News Publishers Association, which advocates for the public's right to know and access to state and local government records and meetings.
- **Who will be available from your association/system to testify before the Legislature?**
Barry Lew, Legislative Affairs Officer
Joe Ackler, Ackler & Associates



January 29, 2020

TO: Trustees,
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: February 12, 2010 Board of Investments Meeting

SUBJECT: **LACERA ELECTION FOR SECOND AND EIGHTH MEMBERS:
STATEMENT OF POWERS AND DUTIES OF INVESTMENTS BOARD
TRUSTEES**

Recommendation

Approve the attached ballot insert entitled “Powers and Duties of Investments Board Trustees,” which will be included with the ballot materials for the election of the Second and Eighth Members of the Board of Investments and posted on lacera.com.

Legal Authority

The information in the Power and Duties is based on the responsibilities of Board of Investments trustees under the California Constitution (Cal. Const., art XVI, § 17), the County Employees Retirement Law of 1937 (CERL) (Cal. Gov’t Code §§ 31540 et seq.), the California Public Employees’ Retirement Law of 2013 (PEPRA) (Cal. Gov’t Code §§ 7522 et seq.), and LACERA’s policies and procedures. Approval of this document is consistent with the exercise of the Board’s plenary authority over fund investments and actuarial matters under the California Constitution. Cal. Const., art. XVI, § 17.

Background

Each year, the Board of Supervisors adopts a resolution to govern that year’s LACERA election. The election this year for the Board of Investments will include the position of Second Member (a general member seat currently held by David Green) and Eighth Member (the retired member seat currently held by David Muir) for a three-year term commencing January 1, 2021.

At LACERA’s request, the Board of Supervisors will include with Board election materials a ballot insert entitled “Powers and Duties of Investments Board Trustees” provided by the Board to assist voters in evaluating candidates. In addition, the Powers and Duties serve as a reference for Board candidates to understand the responsibilities of Board trustees. Finally, the Powers and Duties are posted on lacera.com, and they

are available to stakeholders and the public to communicate the responsibilities of Board trustees.

The proposed Powers and Duties is attached. The document is based on a restated template reviewed and approved by the Board for the elections conducted in 2018, and slightly revised in 2019. In keeping with terminology directed by the Chief Executive Officer, the word “member” has been changed to “trustee” throughout the proposed Powers and Duties. Staff has also made certain other clarifying changes. These changes are redlined for the Board’s review.

Discussion

The proposed Powers and Duties complies with best practices to fully and clearly describe the responsibilities and duties of Board trustees. The Power and Duties is generally based on the approach recommended in a report issued by The Stanford Institutional Investors’ Forum Committee on Fund Governance. *The Clapman Report 2.0 Model Governance Provisions to Support Pension Fund Best Practice Principles*, at pages 9-10 (Clapman Report).

The proposed Powers and Duties includes the following information:

Introduction. This section states the general responsibilities of Board of Investments trustees. The section states that, under the law, LACERA duties are included as part of an elected Board trustee’s County or public employment and shall normally take precedence over any other duties. This section also addresses the time commitment required of Board trustees. The Clapman Report recommends that an estimated time commitment be provided. Based on staff’s observations, adjustments have been made to the estimated hours included in the document. Staff requests the Board review the proposed changes based on the trustees’ own experience to ensure their accuracy, and provide direction.

Board Trustee Responsibilities. This section provides a detailed description of the main responsibilities of Board trustees, including paragraphs on:

1. Board and Committee Meetings;
2. Pension Fund Investments;
3. Retiree Healthcare Funds;
4. Contribution Rates and Actuarial Services;

5. Securities Litigation;
6. Other Fund Management;
7. Retention and Oversight of Vendors, Consultants, and Experts;
8. Delegation;
9. Legal Compliance;
10. Education; and
11. Involvement.

Fiduciary Duties. The Powers and Duties includes a separate section on fiduciary duties, with separate subsections on the Duty of Loyalty and the Duty of Care.

Conflicts of Interest. The Powers and Duties concludes with a section on basic conflict principles.

Conclusion

The proposed Powers and Duties provides information that will be helpful to voters, candidates, and the public in understanding the responsibilities of trustees of the Board of Investments.

THEREFORE, IT IS RECOMMENDED THAT THE BOARD:

Approve the attached ballot insert entitled "Powers and Duties of Investments Board Trustees," which will be included with the ballot materials for the election of the Second and Eighth Members of the Board of Investments and posted on lacara.com.

Attachment

c: Santos H. Kreimann
JJ Popowich
Jonathan Grabel
Cynthia Martinez
Barry Lew

POWERS AND DUTIES

OF INVESTMENTS BOARD ~~MEMBER~~TRUSTEES

The Board of Investments provides this summary to enable voters to evaluate candidates for the Board. The Board urges voters to review this summary prior to voting.

INTRODUCTION

The Board of Investments oversees investment of LACERA's pension retirement fund (\$~~56.358.4~~ billion as of June 30, 201~~89~~) and determination of County and member contribution rates. In total, ~~members-trustees~~ of the Board of Investments can expect to commit ~~approximately 80~~ as much as 60 to 80 hours of their time each month to discharging their duties to the retirement system.

As to those elected Board ~~members-trustees~~ who are employed by the County or a participating district, the law provides that these LACERA duties are included as part of their County or other public employment and shall normally take precedence over any other duties. Given the time commitment necessary to fulfill the responsibilities of Board membership, elected Board ~~members-trustees~~ will be required to spend a ~~great majority~~ material amount of their working time each month in carrying out their important LACERA duties and responsibilities.

The responsibilities and duties of Board ~~members-trustees~~ are explained in detail below.

BOARD ~~MEMBER~~TRUSTEE RESPONSIBILITIES

~~A~~ Board of Investments member's-trustees' duties include:

1. **Board and Committee Meetings.** The Board meets once each month unless otherwise specified, usually on the second Wednesday, with each meeting generally lasting from 4 to 6 ~~to 8~~ hours. In addition to the time required to attend meetings, approximately 24-8 to 12 hours per meeting is required to prepare for meetings and review relevant materials developed by staff and management. The Board has established committees to assist in carrying out its responsibilities. The Board also shares additional committees jointly with the system's Board of Retirement, including the Audit Committee. Committee meetings may be held both before and after regular Board meetings, and at other times, and generally last 1 to 2 hours per committee plus additional preparation time of ~~a similar or greater number of~~ several hours.
2. **Pension Fund Investments.** The Board of Investments has exclusive control of all retirement system investments and is responsible for establishing investment beliefs and objectives, the asset allocation for the portfolio, strategies, policies, and governance processes, which are

subject to change by Board action. The Board evaluates risk and return, including consideration of corporate governance issues. The Board makes these decisions based on information and input provided by staff and external consultants. Currently, LACERA's investment portfolio is, with a few exceptions, externally managed. The Board does not make individual investment selections for the externally managed portfolio; rather, it selects investment ~~advisors and~~ managers to make investments for LACERA in accordance with investment objectives and guidelines established by the Board. The Board of Investments and its staff then regularly monitor and evaluate the investment activities and results of its ~~advisors and~~ managers.

3. **Retiree Healthcare Funds.** Under agreement with the County and other participating employers, the Board of Investments manages and invests trust funds prepaid for future retiree healthcare benefits, which total \$1.2 billion as of June 30, 2019.
4. **Contribution Rates and Actuarial Services.** Using an actuarial valuation process, the Board of Investments determines the level of contributions necessary to fund retirement benefits. The Board of Investments is responsible for setting actuarial valuation policies, selecting the actuary who will perform the valuation, and approving the actuarial valuation services provided. The actuary submits to the Board of Investments for the Board's approval such changes in County and member contribution rates as are necessary to fund retirement benefits.
5. **Securities Litigation.** The Board of Investments, with the assistance of counsel and staff, is charged with actively identifying, evaluating and monitoring securities class action lawsuits in which the fund has sustained a loss, and to determine whether the best interests of the fund are served by actively participating in such cases.
6. **Other Fund Management.** A few management functions are shared with the Board of Retirement. The Boards of Retirement and Investments, acting jointly, adopt the annual budget covering LACERA's operations. The two Boards also act jointly in certain employee relations matters, including the approval of class specifications for LACERA's employees, the approval of Memoranda of Understanding (MOU's) negotiated with SEIU Local 721, the union bargaining for represented employees of LACERA, and the approval of compensation to be provided to LACERA's nonrepresented employees. The Board of Investments is not responsible for general administration of the retirement system and benefits. The Legislature assigned those responsibilities to the Board of Retirement.
7. **Retention and Oversight of Vendors, Consultants, and Experts.** The Board approves and oversees the retention and performance of vendors, consultants, and experts to assist in system operations and aid the Board when appropriate.

8. **Delegation.** The day-to-day investment operations of the retirement system are delegated to staff and outside service providers. Board ~~members-trustees~~ consider what responsibilities will be delegated and to whom delegation is made. Board ~~members-trustees~~ ensure that delegated responsibilities are properly performed through monitoring, questioning, and accountability.
9. **Legal Compliance.** The Board ensures that the retirement system maintains compliance with the plan documents and all applicable laws governing the system. Board ~~members-trustees~~ comply with this responsibility by conducting a periodic review of plan documents and monitoring changing legal requirements, with the assistance of counsel and other advisors.
10. **Education.** Board ~~members-trustees~~ are legally required to further their education ~~themselves~~ on appropriate topics, which may include pension fund investments and investment management processes, actuarial matters, pension funding, pension fund governance, ~~new board member orientation,~~ ethics, and fiduciary responsibilities, among other topics. Such education must consist of a minimum of 24 hours within two years of assuming office and 24 hours every subsequent two-year period the ~~member-trustee~~ continues on the Board.
11. **Involvement.** Subject to Board policies and protocols, Board ~~members trustees~~ may participate in state and national pension and investment related organizations, including serving as an executive or committee member in these organizations. Within the same policies and protocols, Board ~~members-trustees~~ may also represent LACERA's interests through engagement with the legislative and executive branches of state and federal government.

FIDUCIARY DUTIES

Board of Investments ~~members-trustees~~ have the following fiduciary duties:

1. **Duty of Loyalty.** The California Constitution provides that Board of Investments ~~members-trustees~~ are fiduciaries and are required to, "discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty." All Board ~~member~~trustees, whether elected or appointed, have the same fiduciary duty. The Board ~~members'~~ trustees' duty of loyalty at all times is to the participants and beneficiaries as a whole. Board ~~members-trustees~~ do not serve as the agent or representative of the agency or group responsible for their election or appointment. Where different groups of participants have different

interests on an issue, Board ~~members-trustees~~ have a duty to be impartial as between conflicting participant interests and act to serve the overall best interests of all of the participants of the system.

2. **Duty of Care.** The California Constitution provides that assets of the retirement system are trust funds to be used only for the purpose of providing benefits and paying the costs of administering the system. Under the Constitution, ~~members-trustees~~ of the Board of Investments “shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.” Governing law provides that the Board “may, in its discretion, invest, or delegate the authority to invest, the assets of the fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the board.” The Constitution further requires that Board ~~members-trustees~~ “shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.”

The duty of care means that Board ~~members-trustees~~ must exercise ~~reasonable-a prudent level of~~ effort and diligence in administering and exercising oversight over the investments of the system, including: implementing, and periodically reviewing and updating, policies, procedures, and processes; ~~determining whether and when to delegate authority to staff and third-parties, and exercising proper oversight;~~ requesting necessary reports and information; analyzing the information, advice, and recommendations received; asking questions; seeking expert advice when required from staff and outside expert consultants; deliberating carefully before making decisions; and understanding the reason for actions before taking them. Board ~~members-trustees~~ must monitor the investments of the system, follow the plan documents and applicable law, and take corrective action when required to ensure the sound administration of the retirement fund’s investments and the other matters under the responsibility of the Board of Investments are properly performed.

CONFLICTS OF INTEREST


Board ~~members-trustees~~ must be free of conflicts of interest in compliance with applicable legal requirements and LACERA’s Conflict of Interest Code and Code of Ethical Conduct. Board ~~members-trustees~~ must disclose conflicts of interest when they arise, and they cannot participate in decisions that will impact, positively or negatively, their own financial interests or the interests of certain of their related persons and entities. Board ~~members-trustees~~ are public officials under California conflict of interest laws, and they must be familiar with and follow those laws. Board ~~members-trustees~~ are subject to public disclosure of their

economic interests and annual reporting requirements under the Political Reform Act and Fair Political Practices Commission regulations. Violation of conflict of interest laws and regulations can result in civil and criminal penalties. Conflict of interest laws and regulations are complex, and Board ~~members-trustees~~ should seek legal advice when appropriate. See <http://www.fppc.ca.gov/> for more information.

APPROVED BY THE BOARD OF INVESTMENTS ON FEBRUARY __, 2020.

January 30, 2020

TO: Trustees – Board of Investments

FROM: Jude Pérez, Principal Investment Officer 

FOR: February 12, 2020 Board of Investments Meeting

SUBJECT: **INVESTMENT PROCEDURES MANUAL UPDATE – GROWTH ASSETS**

The Board adopted a revised Investment Policy Statement (“IPS”) at the November 2018 Board of Investments Meeting (“BOI”). Through the development of the revised IPS, staff communicated that procedural language from the IPS and other asset class governing documents would be moved to a dedicated Investment Procedures Manual (“IPM”). Immediately following the adoption of the IPS, the development of that IPM began. On April 10, 2019, staff delivered a presentation to the BOI regarding the IPM, reviewing the process to build it out, progress to date, and draft table of contents.

Since that last update to the BOI, the Portfolio Analytics (“PA”) team has continued to work with each asset class on the development of the IPM. To date, the team has completed a matrix for each asset class to inventory all language in existing documents, enhanced the template for structure reviews, and finalized the Growth asset category portion of the IPM. The attached presentation walks through the progress of the IPM and outlines a prospective timeline for remaining asset categories.

Noted and Reviewed:


Jonathan Grabel
Chief Investment Officer

Attachment

Investment Procedures Manual Update Growth Assets

Board of Investments

February 12, 2020

Jude Pérez – Principal Investment Officer

Terra Elijah – Investment Analyst



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Table of Contents

- I. Objectives of Investment Procedures Manual (IPM)
- II. Systematic Process
- III. Workflow Overview
- IV. Where Legacy Language has Moved
- V. Examples
 - a) Desktop Procedures
 - b) Structure Review - Guidelines
- VI. Next Steps and Timeline



Objectives of IPM

Consolidate Procedures

- Extract, inventory, and consolidate investment-related procedures

Enhance Consistency

- Create a systematic process of reporting and management across asset classes, and with the same review cycle

Develop Manual

- Develop a desktop reference manual for investment staff that governs day-to-day procedural activities

Improve Operational Linkages & Centralization

- Standardization across asset classes for governing documents and review cycles

Strengthen Communication

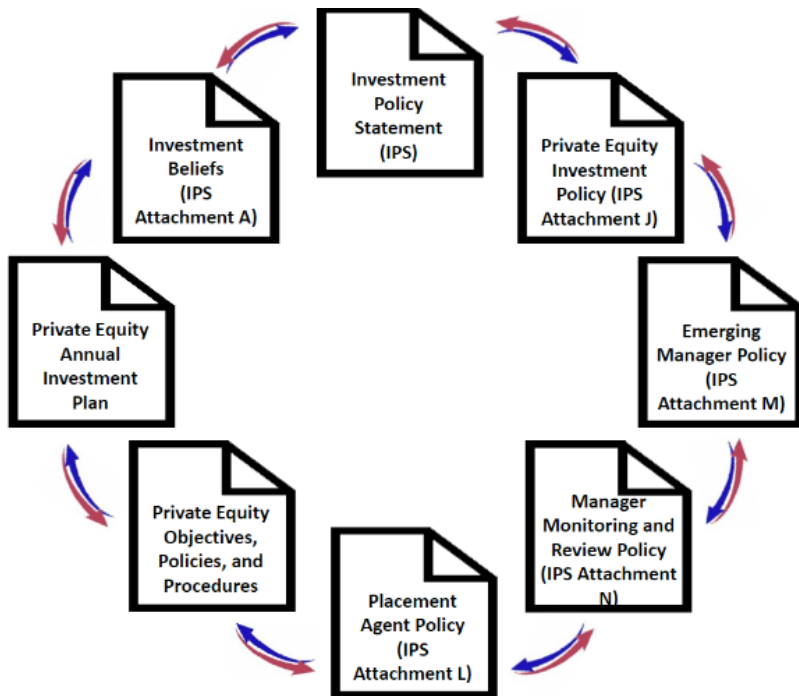
- Cohesive reporting and uniform timelines increase the efficacy of communication within the investment division and to the Board

Systematic Development Process

Global and Private Equity

Current

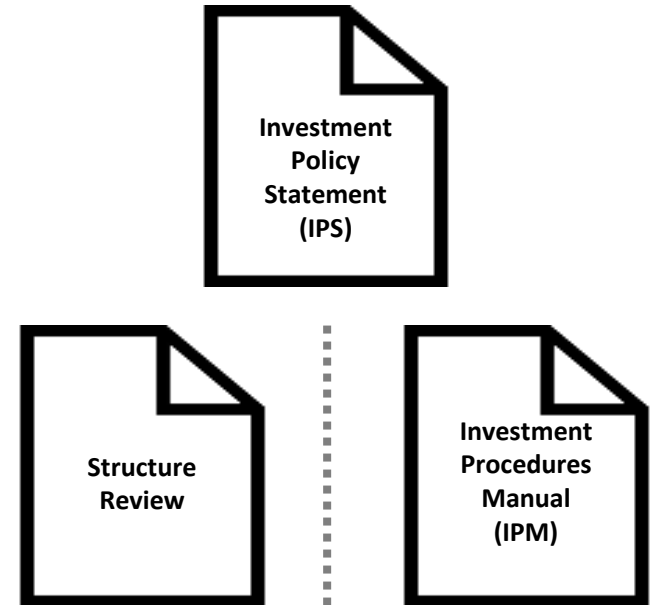
- 8 documents
- 100+ pages
- Random review cycles



Growth Assets

Prospective

- 3 documents
- Streamlined
- Defined review cycle



Workflow Overview

Extract

- Current language from all asset class documents into matrices to:
 - Address repetition and overlap
 - Specify where language should reside

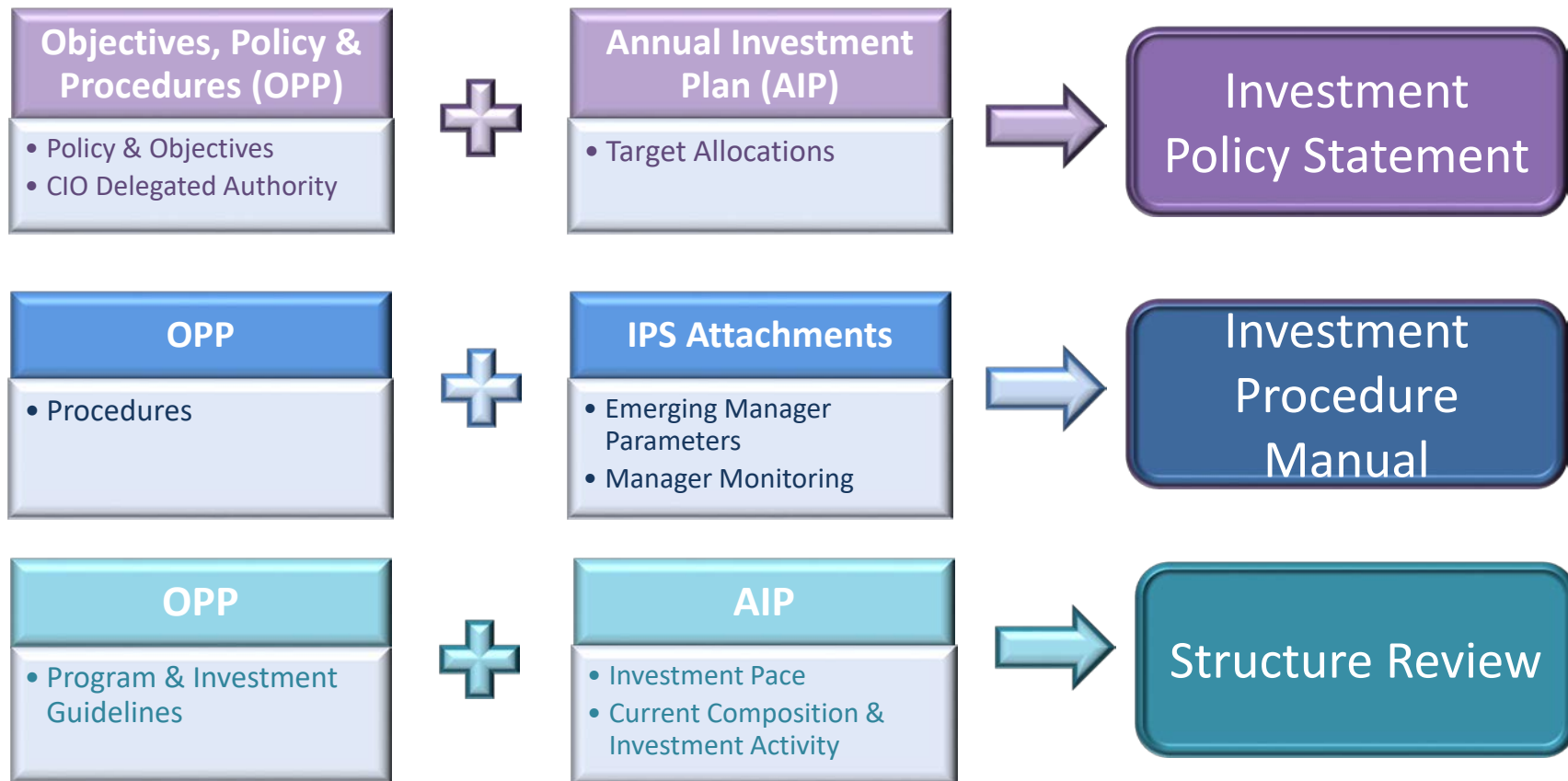
Collaborate

- With each asset class to consolidate and review changes

Develop

- Desktop procedures & structure review enhancements for each asset class

Where Legacy Language has Moved



OPP & AIP language now resides in IPS, IPM & Structure Review

Desktop Procedures

Item	Procedure	Purpose
1	CAFR FY Currency Exposure	To determine FX exposures for Global Equity commingled funds
2	Cash Flows Report	Tracking Public Markets cash flows
3	Currency Hedge Contract Settlement	Monthly gain/loss tranche settlement
4	Currency Hedge Notional Value	Notional value calculation
5	AB2833	To track fees paid to eq
6	Global Equity Manager Monitoring	Equity operations refere
7	Global Equity Monthly/Quarterly Manager Monitoring	To track & log monthly/c
8	Global Equity MSCI Custom Hedged Benchmarks	Tracking and verificatio
9	Global Equity Prospective Manager Outreach	Tracking prospective m
10	Global Equity Rebalance Workbook	Pre & post trade structu
11	Manager Currency Exposure Review	To determine an investr
12	Monthly CIO EQ Report	Currency hedge data fo
13	Investment Dashboard Procedure	Providing weekly variou
14	Iran, Sudan & Tobacco Procedure	Tracking the global equi

All procedures cataloged by asset category and updated as needed

Consistent template across all procedures

LACERA

Subject: Cash Flows Report	Effective Date	Revision
	12/31/2019	1

BACKGROUND

The Monthly Cash Flows Report is a Microsoft Word document designed to capture all cash flows relating to Public Markets, which have an impact to LACERA's In House Cash account.

PURPOSE

To monitor and track Public Market cash flows for the functional asset categories: Growth, Credit, Real Assets & Inflation Hedges, and Risk Reducing & Mitigating.

SCOPE

The scope of the report is to provide a summary of LACERA's Public Markets Cash Flows.

DIVISION/STAFF RESPONSIBLE FOR IMPLEMENTATION

PROCEDURE

Growth Folder on Network Drive

STAFF RESPONSIBLE FOR UPDATING PROCEDURES

Global Equity Investment Analyst

CHANGE CONTROL

Initiated By	Description of Changes	Effective Date

Structure Review - Guidelines

Program Guidelines

Limit	Minimum	Maximum	Notes
Investment Size	\$5 Million	10% of LACERA's MV plus undrawn commitments	
Single Partnership		50% of total commitments from all LPs	Does not apply to separate accounts
General Partner		10% of Private Equity portfolio MV plus unfunded commitments	Applies to all investments across multiple

	Parameter	Target Allocation Ranges
Sub-Asset Class	Buyouts	50 – 85%
	Venture Capital/Growth Equity	10 – 25%
	Special Situations	5 – 25%
Geography	Non-United States	20 – 45%
	Emerging Markets	0 – 15% maximum

	Report**	Responsible Parties	Audience	Frequency
1	Portfolio Performance	Staff	Board	semi-annually
2	Status of Current Investments	Staff & PEA	Board	no less than annually
3	Portfolio Performance and Investment Analysis	PEA or other service provider	Staff	annually & quarterly

Program Guidelines (Continued)

	Co-Investment Parameters	Notes
Sourcing	BOI-approved funds where LACERA is an existing limited partner	Including those funds approved by the CIO through LACERA's private equity fund re-up procedure
Investment Size	A single opportunity must not exceed \$40 Million	
Geography	Only companies headquartered in the United States	International co-investments will continue to be outsourced to Morgan Stanley
Deal Types	Buyout and growth capital transactions only	
Annual Capital Deployment	Up to \$100 million in calendar year 2019 and up to \$100 million in calendar year 2020	

Prohibited Investment Type	Description	Notes
Hostile Takeovers	LACERA avoids investment strategies that primarily involve hostile takeovers, defined as acquisitions opposed by the board of directors of the target company.	
Privatization	LACERA does not aim to promote privatization of public jobs through its private equity investment program. It is highly unlikely that LACERA would invest in private equity investments that are dependent on privatization strategies. When performing due diligence prior to making the initial investment in a domestic partnership, staff and/or PEA, as applicable, will use reasonable efforts to ascertain the following: 1. Whether the partnership's current investment strategy includes the privatization of jobs held by LACERA members, and 2. Whether previous partnerships operated by the general partners, if any, have invested in companies dependent upon privatization of jobs held by LACERA members.	Staff and/or PEA will seek guidance from the Board before investing in a domestic partnership if the due diligence establishes privatization.

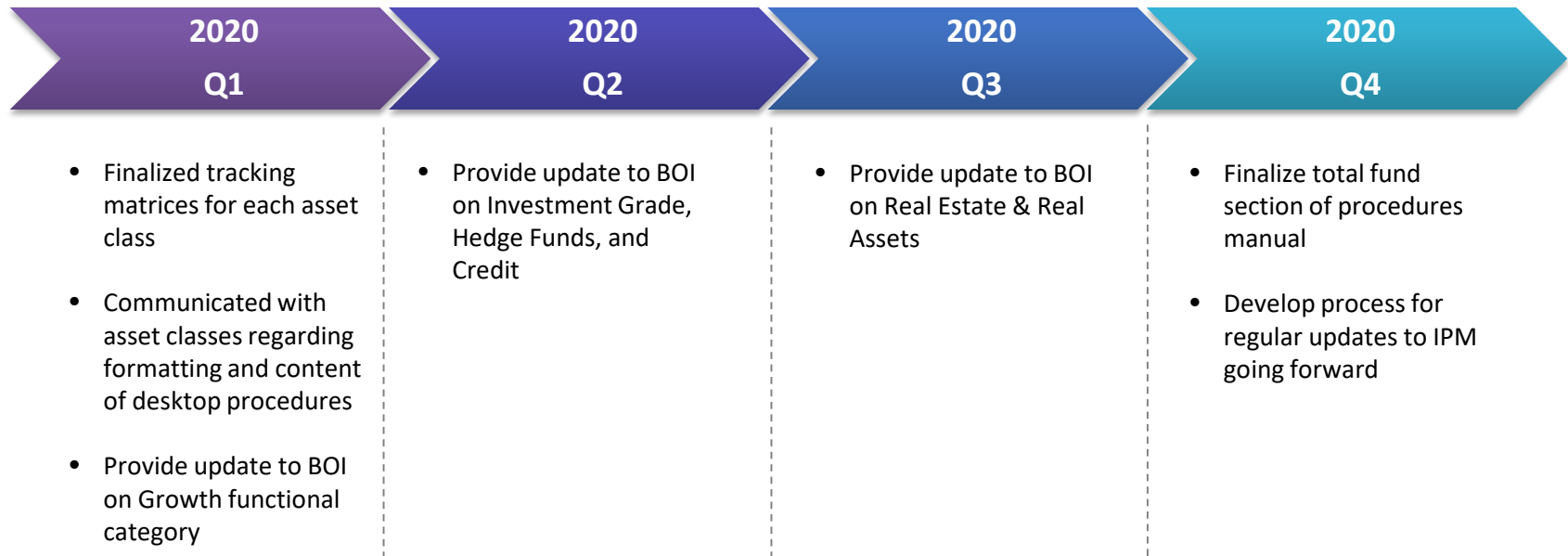
LACERA Investments | 3

- Investment parameters and guidelines presented to Trustees as part of each structure review
- Any guideline changes must be approved by BOI



Next Steps and Timeline

- Portfolio Analytics will continue to collaborate with each asset category to:
 - I. Complete desktop procedures
 - II. Enhance structure review template
- Provide progress updates to the BOI



Questions and Discussion



January 29, 2020

TO: Trustees,
Board of Retirement
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: February 5, 2020 Board of Retirement Meeting
February 12, 2020 Board of Investments Meeting

SUBJECT: 2020 Board Election Process Update

At the January board meetings, both Boards provided staff with strong input that retired members should be given the option to vote by paper ballot in this year's trustee elections and that general members should be given time during the work day to vote. LACERA's Chief Executive Officer conveyed this input to the executive team in the Executive Office of the Board of Supervisors during several telephone conversations. Chief Counsel also had discussions with Executive Office staff regarding the Boards' views. The County has been receptive to LACERA's input, although no final commitments or decisions have been made. These discussions are ongoing with the intention of developing a comprehensive plan to address the concerns of the LACERA Boards and the County. Staff will provide the Boards with an update at the February board meetings.

The Retired Employees of Los Angeles County (RELAC) sent a letter to the Executive Office of the Board of Supervisors supporting a paper ballot option for retirees. A copy of RELAC's letter is attached. LACERA has not yet sent a letter because staff has so far verbally communicated the Boards' input and continues to work together with the County to resolve our concerns. When LACERA sends a letter, a copy will be separately provided to the Boards.

Attachment

c: Santos H. Kreimann
Jonathan Grabel
JJ Popowich



Retired Employees of Los Angeles County (A non-profit organization – serving over 19,000 members)

January 21, 2020

Celia Zavala,
Executive Officer
Los Angeles County Board of Supervisors
500 West Temple Street, Suite 383
Los Angeles, CA 90012

**Re: 2020 LACERA Election Procedures
Board of Retirement (Eighth Member, Retired) and Alternate Retired
Member Board of Investments (Eighth Member, Retired)**

Dear Ms. Zavala:

Retired Employees of Los Angeles County (RELAC) is the primary organization representing retired County employees. Our mission is to protect and promote the best interests of retirees, not just the interests of our approximately 17,000 members, but the interests of all County retirees.

I am writing to request a meeting with you, as soon as possible, to discuss our concerns that the LACERA election procedures your office is developing has the potential to disenfranchise a large number of retirees because the proposed procedures do not include an option to vote by paper ballot. RELAC's Board of Directors has voted to oppose the election procedures unless they include a paper ballot option, in addition to the internet and telephone voting options.

Implementation of e-voting with dual factor authentication as a required component assumes retirees have access to the required technology and can use the technology successfully. A May 2017 report, entitled *Tech Adoption Climbs Among Older Adults*,¹ published by the Pew Research Center, a nonpartisan "fact tank", reported that many seniors remain largely disconnected from the digital revolution. One-third of adults ages 65 and older say they never use the internet, and roughly half (49%) say they do not have home broadband services. As delineated in the following table, LACERA's actuary has reported that more than 60% of the retiree population is 70 years of age or older.

¹ <https://www.pewresearch.org/internet/2017/05/17/tech-adoption-climbs-among-older-adults/>

Los Angeles County Employees Retirement Association LACERA Retired Members by Age as of June 30, 2019				
Age (in years)	Count (in members)	Relative % of Total	Cumulative Count	Relative % of Total
less than 40	240	0.4%	240	0.4%
40 to 49	598	0.9%	838	1.3%
50 to 59	4,995	7.5%	5,833	8.8%
60 to 69	18,657	28.1%	24,490	36.8%
Subtotal	24,490	36.8%		
70 to 79	25,222	37.9%	49,712	74.7%
80 to 89	12,999	19.5%	62,711	94.3%
90 to 98	3,675	5.5%	66,386	99.8%
100 and above	121	0.2%	66,507	100.0%
Subtotal	42,017	63.2%		
Grand Total	66,507	100.0%		

In a February 2019 report, Pew found that better-educated individuals with higher-incomes are more likely to use the internet than people with lower levels of education or income¹. The same is true of social media use. LACERA reports that more than half of retirees, 55% to be exact, receive an annual benefit allowance less than \$48,000 per year. At that benefit level, it is likely that many of the County positions from which these active members retired did not involve the use of technology extensively and may not have required a college education. Pew also reported that the proportion of seniors who say they own smartphones is 42 percentage points lower than the proportion of non-seniors.

Pew's research aligns with anecdotal information various retirees have shared with RELAC Board members.

Not only is the retiree population an older population, but the retiree population is a scattered population. This lessens the ability of the population to consult with each other on voting processes, an opportunity active LACERA members have by virtue of working alongside other LACERA active members each day. RELAC requested LACERA provide the number of retirees living in the United States, consolidated by State, and the number living outside of the United States, consolidated by country. The data, which is included as Attachment I, showed the following:

¹<https://www.pewresearch.org/global/2019/02/05/smartphone-ownership-is-growing-rapidly-around-the-world-but-not-always-equally>

1. Nearly all retirees reside within the United States.
 - a. Of those, 83 % reside in California and 17% reside in other states. There is at least one LACERA retiree living in each of the 50 states.
2. Two hundred and twenty-two retirees live outside the United States, in four United States Districts or Territories and in 52 foreign countries, many of which are classified as developing countries, or countries with lower levels of economic prosperity and development. A retiree's access to information technology in these countries may be limited.

While we applaud the County's goals in the implementation of e-voting and telephonic voting, such as increasing voter participation, leveraging technology, and going green, the retiree population is significantly different than the general member or safety member populations for which your office also coordinates LACERA elections. Retirees are older, do not have the same understanding of technology or access to it due to its costs, and they live in all 50 states and just about the same number of foreign counties which limits their ability to seek assistance from each other. For these reasons, I ask that we schedule a meeting with you to discuss the RELAC Board's request to expand the e-voting and telephonic voting options to include a paper ballot.

Thank you for considering our request, and if you have any questions please contact me directly at (310) 847-0077.

Very truly yours,



David L. Muir
President

Copies to: Each member, Board of Supervisors
Sachi A. Hamai, County CEO
Dean Logan, Registrar-Recorder/County Clerk
Santos H. Kreimann, LACERA CEO
Steven Rice, LACERA Chief Counsel

DM:JK
Attachment

Los Angeles County Employees Retirement Association (LACERA)					
Distribution of Retiree Counts by Country of Residence					
(January 2020)					
				Relative %	Relative %
	COUNTRY	STATE	COUNT	(USA)	(ALL)
	USA	CA	57,231	83.48%	83.22%
	USA	All Other 49 States	11,322	16.52%	16.46%
	Subtotal		68,553		
	U.S. DISTRICT OR TERRITORY		COUNT		
1	District of Columbia	DC	9		
2	Commonwealth of Puerto Rico	PR	9		
3	Guam	GU	3		
4	Virgin Islands of the United States	VI	3		
	Subtotal		24		0.03%
	COUNTRY		COUNT		
1	ARGENTINA		1		
2	AUSTRALIA		5		
3	BANGKOK		1		
4	BELIZE		3		
5	CANADA		26		
6	CHILE		4		
7	COLOMBIA		1		
8	COSTA RICA		5		
9	DENMARK		2		
10	ECUADOR		3		
11	EGYPT		3		
12	EL SALVADOR		1		
13	ENGLAND		1		
14	FIJI ISLANDS		1		
15	FINLAND		1		
16	FRANCE		4		
17	GREECE		3		
18	HONDURAS		1		
19	HONG KONG		3		
20	HUNGARY		1		
21	INDIA		4		
22	IRELAND		4		
23	ISRAEL		3		
24	ISREAL		2		
25	JAMAICA		3		
26	JAPAN		5		
27	KENYA		1		
28	LITHUANIA		1		
29	MALAYSIA		1		
30	MALTA		2		
31	MEXICO		9		
32	NETHERLANDS		4		
33	NEW ZEALAND		3		
34	NICARAGUA		2		
35	PANAMA		4		
36	PERU		2		
37	PHILIPPINES		37		
38	POLAND		2		
39	ROMANIA		1		
40	SCOTLAND		1		
41	SENEGAL		1		
42	SERBIA		1		
43	SLOVAKIA		1		
44	SOUTH KOREA		3		
45	SPAIN		3		
46	SRI LANKA		1		
47	TAIWAN		5		
48	THAILAND		13		
49	TRINIDAD		1		
50	UK		5		
51	URUGUAY		1		
52	VIETNAM		1		
	Subtotal		197		0.29%
	Grand Total		68,774	100.00%	100.00%

February 4, 2020

TO: Trustees,
Board of Retirement
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: February 5, 2020 Board of Retirement Meeting
February 12, 2020 Board of Investments Meeting

SUBJECT: 2020 Board Election Process Update

Attached in connection with the above item are:

1. Letter dated February 3, 2020 from Celia Zavala, Executive Officer of the Board of Supervisors, to David Muir, President, Retired Employees of Los Angeles County (RELAC), regarding the County's intention to offer retirees an option of receiving a paper ballot.
2. Letter dated February 3, 2020 from Dave Muir, President of RELAC, to Ms. Zavala providing comments regarding proposed use of a postcard to retirees providing the opportunity to request a paper ballot.

In addition, a meeting between representatives of the County, RELAC, and LACERA has been set for February 6, 2020 to discuss election issues.

Further updates will be provided at the Board meetings.

Attachments

c: Santos H. Kreimann
Jonathan Grabel
JJ Popowich

EXECUTIVE OFFICE



CELIA ZAVALA
EXECUTIVE OFFICER

COUNTY OF LOS ANGELES
EXECUTIVE OFFICE
BOARD OF SUPERVISORS

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 383
LOS ANGELES, CALIFORNIA 90012
(213) 974-1411 • www.bos.lacounty.gov

MEMBERS OF THE BOARD

HILDA L. SOLIS

MARK RIDLEY-THOMAS

SHEILA KUEHL

JANICE HAHN

KATHRYN BARGER

February 3, 2020

David L. Muir, President
Retired Employees of Los Angeles County (RELAC)
1000 S. Fremont Ave., Unit 15
Alhambra, CA 91803-8802

Dear Mr. Muir:

2020 LACERA ELECTION PROCEDURES

I am in receipt of your letter expressing RELAC's concerns regarding this year's upcoming Retired Members' LACERA election. Thank you for sharing those concerns with me.

Last year's Safety Member LACERA election was our first successful step in implementing an online and telephonic voting process. As you are aware, overall voter participation for LACERA elections have been low. Our primary goal is to provide accessible and more efficient voting options, increase voter participation, and reduce costs of elections. We recognize that this year's election participants include retired members which will require a thoughtful approach to ensure appropriate voting options are provided for this population. Additionally, we also recognize that our members (both active and retired) possess a vast range of accessibility needs and options.

While we do not want to assume a voter's preference based on retirement status or other demographic elements, we understand that some retired members may not have access to the required technology and/or the ability to use the online option. We believe that the telephonic voting option provides an acceptable alternative; however, we will continue to explore the feasibility of offering paper ballot option. We believe that this should be accomplished through voter outreach and sentiment analysis.

For this year's election, we will offer retired members an option of receiving paper ballots if requested. A notification will be sent to retired members explaining the voting options available and allowing them to request a paper ballot by a given deadline, if

desired. This will allow us to gauge the interest in receiving paper ballots in future elections, while also encouraging the use of less costly voting options. To assist in our analyses, we would like to request the following:

- 1. Utilization metrics of retired members receiving online services through "MY LACERA" website portal; including but not limited to the frequency of access to the online portal.**
- 2. The volume of retired members who have provided an email address as a communication option.**

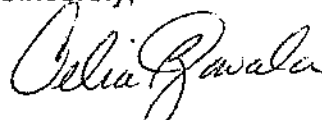
This data will be important in determining retiree preference and/or behavior as it relates to utilizing online tools.

We will contact you, as well as LACERA, to schedule a meeting within the next week to discuss your concerns and to provide a demonstration of the online and telephonic voting options so you and other interested members of LACERA can experience the process. We believe you will find the experience intuitive, accessible and convenient.

Thank you again for your feedback and I look forward to discussing this further.

Please feel free to contact me if you have any questions at (213) 974-1401; or you may contact Jeremy Gray, Chief Deputy, at (213) 974-1646.

Sincerely,



Celia Zavala
Executive Officer

JG:KM:dg

c: Each member, Board of Supervisors
Sachi A. Hamai, County CEO
Santos H. Kreimann, LACERA CEO
Steven Rice, LACERA Chief Counsel



Retired Employees of Los Angeles County
(A non-profit organization – serving over 19,000 members)

February 3, 2020

Ms. Celia Zavala
Executive Officer
Los Angeles County Board of Supervisors
500 West Temple Street
Room 383
Los Angeles, CA 90012

Dear Ms. Zavala,

**Re: 2020 LACERA Election Procedures
Board of Retirement (Eighth Member, Retired) and Alternate Retired
Member Board of Investments (Eighth Member, Retired)**

Thank you for reviewing our letter of January 21, 2020 in which we delineated the concerns of the Board of Directors of the Retired Employees Association of Los Angeles County (RELAC) regarding the election process. We understand your office is looking into an option in which you will send all retirees a postcard requesting them to notify your office or the contracted vendor relating to a choice regarding a paper ballot. An ad-hoc committee of the Board of Directors that is exclusively devoted to these election matters reviewed this option. I thought it would be helpful if I forwarded these comments to you prior to our meeting later this week.

In general, we believe the postcard approach is problematic from several perspectives, and depending on the response rate, it could be a more expensive solution than simply including a paper ballot in the voting packet that each voter receives. The specific issues that the committee discussed included, but are not limited to, the following:

- 1. Direct mailing firms typically use postcards in direct mail campaigns and the more successful campaigns utilize graphics and eye-catching phrasing. Postcards typically are not used for election purposes. Does the contracted vendor have experience in conducting a post card campaign for elections? If it does, was the campaign successful?**
- 2. The postcard is, in essence, a mail survey of a certain population and response rates to mail surveys vary depending on a number of nuanced factors.** In short, a response rate of around 50% is considered

Celia Zavala
February 3, 2020

very good. A low response rate can give rise to sampling bias if the nonresponse is unequal among the participants regarding the outcome.

3. **A postcard is likely to confuse retirees, particularly if the limited space on the card is insufficient to explain fully the purpose of the card and the next steps.** The card itself will need to include contact information for questions. Do you envision your office, or the contracted vendor would disposition these calls?
4. **The manner in which your office instructs the recipient to register a choice can impact the overall response rate.** What is the proposed mechanism for the recipient to register a choice? The recipient can't return the postcard, because it is a single, double-sided card. If the retiree needs to return something to your office, that will mean the retiree needs to apply postage to the envelope. Requiring the recipient to spend 55 cents to mail something will likely lower the response rate. In addition, we are concerned that if your office sends a paper ballot only to those who returned a response with postage applied, your office has, in essence, established a cost to participate in this election through a paper ballot.
5. **What is the proposed deadline to respond?** And if the recipient sends in a response that your office receives after that deadline, what happens?
6. **We performed a "back of the envelope" analysis in an attempt to determine if the post card was a cost-effective solution.** Regular postage for a postcard is \$.39, but it can drop to as low as \$.265 if the sender leverages automated processing and presort functionality. Assuming your office mails 70,000 postcards, the cost is \$27,300 or \$18,550. The benefit that will accrue to the County from mailing the postcards is that your office will have identified a population of retirees who responded and some of those may have indicated they did not want a paper ballot. However, we believe the postage costs to identify that population could actually exceed the postage costs of including a paper ballot for that very same population.

The table below delineates the calculation of the cost of identifying a population to whom your office will not send a paper ballot, per retiree, assuming 25% of retirees return the postcard, and of those, 50% opt out from receiving a paper ballot.

Celia Zavala
February 3, 2020

70,000	RETIREES
17,500	25% respond to the postcard
8,750	50% of those who respond say NO paper ballot
\$27,300	\$0.39 high cost estimate to mail postcards to 70,000
\$18,900	\$0.27 low cost estimate to mail postcards to 70,000
\$3.12	high cost for each of the 8,750 to opt out of paper ballot
\$2.16	low cost for each of the 8,750 to opt out of paper ballot

RELAC's request is to include a paper ballot in the mailing that all retirees will receive. We appreciate that there are costs to print and assemble the ballots in addition to mailing costs. But for purposes of this exercise, we looked only at postage costs. The Postal Service charges based on weight. We assumed the paper ballot weighs one ounce and will increase the weight of the voter packet by that same amount. According to the United States Postal Service Commercial First-Class Pricing Chart (see Attachment A), the inclusion of the paper ballot will increase the cost for each voting package by \$0.15 cents, for a total of \$10,500.

We have demonstrated in this exercise using reasonable assumptions, that it cost from \$3.12 to \$2.16 in postage for each retiree to contact you or your vendor relating to a choice regarding a paper ballot. The incremental cost of including the ballot is an estimated \$0.15 cents. Accordingly, the postcard mailing does not appear to be a cost-effective exercise.

Thank you again for your assistance in this matter, and I look forward to our conversation later this week.

Sincerely,



Dave Muir
Attachment

Copy to: Dean Logan, Registrar Recorder – County Clerk
Santos Kreimann, LACERA CEO
Steve Rice, LACERA Chief Counsel

Celia Zavala
February 3, 2020

ATTACHMENT A

First-Class Mail [^ Top](#)

Commercial

Letters & Cards

Commercial Letters & Postcards

Weight Not Over (oz.)	Automation ¹			Machinable	Nonmachinable
	5-Digit	AADC	Mixed AADC	Presorted	(Broken out separately on Postage Statement)
1	\$0.389	\$0.419	\$0.439	\$0.460	\$0.610
2	0.389	0.419	0.439	0.460	0.610
3	0.389	0.419	0.439	0.460	0.610
3.5	0.389	0.419	0.439	0.460	0.610
Postcard	0.260	0.270	0.276	0.285	-

Residual Single-Piece Letters

Weight Not Over (oz.)	(B4)
1	\$0.56
2	0.56
3	0.56
3.5	0.56

Single Piece—Letters & Postcards

			Pieces from USPS MKT Mail	
Weight Not Over (oz.)		Cross reference to PS Form 3600-FCM	Weight Not Over (oz.)	(B6 and B9)
1	\$0.50	B5, B8, D5, D13	1	\$0.55
2	0.65	B5, B8, D5	2	0.70
3	0.80	B5, B8, D5	3	0.85
3.5	0.95	B5, B8, D5	3.5	1.00
Postcard	0.35	B2	-	-

INTERNAL MEMORANDUM

TO: LACERA Board of Investments
FROM: Stephen McCourt, Leandro Festino, Tim Filla, Alina Yuan
Meketa Investment Group
DATE: January 31, 2020
RE: Meketa Investment Group Self-Evaluation

Background

Per the contract signed on January 15, 2016 between the general investment consultant, Meketa Investment Group (“Meketa” and/or “Consultant”), and the Los Angeles County Employees Retirement Association (“LACERA”), Meketa is to conduct an annual self-evaluation and provide information for the Board of Investments (“Board”) to review and evaluate the Consultant. To facilitate the Board’s review, Meketa is providing a self-assessment, as well as a list of projects and the respective status. The evaluation period covers calendar year 2019.

Self-Assessment

Independent Investment Advice: Consultant attended all meetings where its presence was required and requested, provided conflict-free advice to the Board both upon request and proactively, and collaborated with staff as needed during the year.

Status: Achieved.

Assisting LACERA’s Board of Investments with strategic investments decisions: Meketa analyzed numerous investment products and asset classes’ structures throughout the year.

Status: Achieved.

Risk Management: Meketa assessed risk during the years from multiple perspectives, and worked with staff to implement a Crisis Response Plan.

Status: Ongoing.

Providing Independent Reviews: Meketa provided both verbal and written reviews of LACERA’s Asset Class Structures and Strategies, Investment Policies, and Investment Manager Searches, as requested and as deemed prudent by Meketa.

Status: Achieved.

Self-Assessment (continued)

Educating LACERA's Investment Board: Upon request, Meketa educated the Board through various presentations, such as inverting yield curves, investment management fees, investment account structures, and ESG (Environment, Social, Governance) through a Meketa hosted conference,.

Status: Achieved.

Performance Reporting: Meketa provided the Pension and OPEB reports as requested by staff. Meketa is in the process of replicating staff's performance report and taking over performance reconciliation from staff.

Status: Achieved and ongoing.

Board Meetings: Consultant attended all Board meetings and off-site meetings as requested, and advised the Board on investment matters during such meetings, both upon request and voluntarily.

Status: Achieved.

Consultant Contact and Ad hoc Workshops: Consultant was available and responsive in addressing requests.

Status: Achieved.

Key Projects

The section below summarizes key projects Meketa conducted in 2019.

Procurement Procedure: Meketa conducted a survey among 20 public institutions with assets of \$50 billion or more in addition to large Meketa clients to review their procurement procedures and methodologies. In addition, Meketa worked with staff to draft a Procurement Policy for Investment-Related Services.

Fixed Income and Credit Structure: Following our work in December 2018, Meketa worked with staff to conduct the Credit Structure Review – Part 2. The purpose of the Credit Structure Review is to bring the Credit category closer to target and align the portfolio to its strategic allocations. In Part 2, actionable items were provided, including specific manager recommendations, benchmark reviews, and additional investment opportunities.

Global Public Equity Structure: During 2019, Meketa continued to work with staff to implement the Global Public Equity Structure Review. Meketa and staff identified areas for improvement to better align portfolio and risk management practices with performance measurement.

Emerging Managers Policy: Meketa worked with staff to undertake a comprehensive review and revise LACERA's Emerging Manager Policy. The revised Emerging Manager Policy enhances LACERA's efforts to access Emerging Managers by removing specific constraints from the policy and allowing for the development of guidelines, qualifications, and procedures during asset class specific structure reviews.

Standing Committee Review: Meketa conducted a survey and facilitated a discussion on the effectiveness, structure, primary goal, and meeting times of the standing committees.

CAFR: Meketa produced the necessary documents to assist LACERA in completing its Comprehensive Annual Financial Report (CAFR).

Crisis Response Plan: Meketa worked in concert with staff to develop a Crisis Response Plan to ensure that LACERA is able to deliver on its mission to produce, protect, and provide the promised benefits even in times of crisis.

Special Real Estate Project for Board of Investments: In October, Meketa began a project to evaluate LACERA's real estate reconciliation process and other strategic and operational aspects of the real estate program.

Cash Manager Change: Meketa opined on the cash manager change conducted in November of 2019. The primary driver of this change was business continuity and streamlining operational controls.

Investment Fee Structure: In January 2019, Meketa worked with staff to discuss investment fees and methodologies that can be used to evaluate and optimize the measuring of such costs.

Manager Searches: Meketa collaborated with staff as requested in the following manager searches:

- Syndicated Bank Loan
- Factor-Based Management
- Fixed Income Emerging Managers
- Cash Overlay
- Securities Lending
- Total Fund Risk System
- Real Asset Completion Portfolio



Conclusion

The fourth year with LACERA was a busy one for Meketa. We attended eleven Board of Investment monthly meetings as well as one offsite seminar. Most significantly we assisted staff in revising the structure of several asset classes, as well as revising the Emerging Manager Policy.

For 2020, we will be working with staff and the Board on various projects, including completing the Special Real Estate Project, helping implement the revised Emerging Manager Policy and various asset class structures, and assisting staff with several manager searches.

We are very appreciative of the trust placed in us every day by Board members and staff alike. Thank you. If you have any questions or would like additional information, please email or call us at (760) 795-3450.

SPM/LF/TF/AY/srt

FOR INFORMATION ONLY

January 28, 2020

TO: Trustees - Board of Investments

FROM: John McClelland 
Principal Investment Officer

FOR: February 12, 2020 Board of Investments Meeting

SUBJECT: **MANAGER RESIGNATION**

One of LACERA's separate account real estate managers, Capri Capital Partners, LLC ("Capri"), has delivered a Notice of Termination in accordance with the terms of the Master Real Estate Investment Advisory Agreement ("MREIAA").

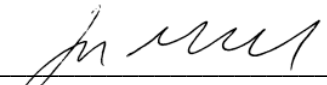
Capri, originally an emerging manager, was retained in May 2002 as the result of a Request for Proposal. The firm was "graduated" from the emerging manager program in April 2016.

In addition to the separate account relationship, LACERA is an investor in a Capri-managed closed-end commingled fund, Capri Urban Investors. That fund is currently in liquidation and LACERA's remaining position is valued at \$41.6 million.¹

In January 2019 the four assets managed by Capri in the separate account (\$318 million of value) were transferred to another manager for performance related reasons. Consequently, Capri has no assets under management for LACERA via the separate account.

Capri has requested that LACERA waive the 180 day notice period before the resignation becomes effective. Staff considers the request reasonable since there are no assets that need be transferred and the manager will continue to honor its post-termination obligations as described in the MREIAA. Per authority delegated to the Chief Investment Officer in the Investment Policy Statement, the request for time waiver has been granted and the agreement will terminate on February 29, 2020.

Noted & Reviewed:



Jonathan Gabel
Chief Investment Officer


JM/dr

¹ Value as of September 30, 2019.

FOR INFORMATION ONLY

January 14, 2020

TO: Each Trustee
Board of Investments

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: February 12, 2020 Board of Investments Meeting

SUBJECT: AB 2833 Reporting: Reimbursement of Costs

At the December 11, 2019 meeting of the Board of Investments, staff from the Investment Office and Financial and Accounting Services presented an annual report on fees paid by LACERA for alternative investments as required by Government Code Section 7514.7, which was enacted into law by AB 2833 in 2016. Although staff does not track the number of hours required to produce the report, staff indicated that a significant amount of time and effort was necessary to comply with AB 2833's mandates. A request was made by Trustee Muir as to whether it was possible to request reimbursement from the State of California for costs incurred by LACERA to comply with AB 2833.

Although the California Legislature may provide a grant of funds for local governments to comply with state mandates, it need not do so with respect to mandates that relate to the California Public Records Act (CPRA), the Ralph M. Brown Act (Brown Act), or any subsequent successor act that contains findings demonstrating that the statutory enactment furthers the purposes of complying with the CPRA or Brown Act.

Section 3 of AB 2833 makes the finding that Government Code Section 7514.7 furthers the purposes of the CPRA and Brown Act by ensuring public confidence in the integrity of investments made by retirement boards pursuant to alternative investment vehicles. Section 4 of AB 2833 specifies that no reimbursement is required by the legislation since the costs that may be incurred by local agencies are within the scope of furthering the purposes of the CPRA or Brown Act. Therefore, the California Legislature does not authorize reimbursement of costs incurred by LACERA in its annual reporting under AB 2833.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

AB 2833 (Stats. 2016, Ch. 361)
California Constitution Article I, Section 3
California Constitution Article XXIII B, Section 6

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

Assembly Bill No. 2833

CHAPTER 361

An act to add Section 7514.7 to the Government Code, relating to retirement.

[Approved by Governor September 14, 2016. Filed with Secretary of State September 14, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2833, Cooley. Public investment funds: disclosures.

The California Constitution commits to the retirement board of a public pension or retirement system plenary authority and fiduciary responsibility for investment of moneys and administration of the system. Existing law requires a retirement board to develop and implement a policy requiring disclosure of payments to placement agents, as defined, in connection with system investments in or through external managers that includes prescribed elements. Existing law requires disclosure of campaign contributions or gifts made by a placement agent to any member of a public pension retirement board, as specified. Existing law requires a public retirement system to obtain an actuarial valuation of the system not less than triennially and submit audited financial statements to the State Controller who then publishes a report on the financial condition of public retirement systems.

This bill, for new contracts entered into on and after January 1, 2017, and for existing contracts for which a new capital commitment is made on or after January 1, 2017, would require a public investment fund, as defined, to require alternative investment vehicles, as defined, to make specified disclosures regarding fees, expenses, and carried interest in connection with these vehicles and the underlying investments, as well as other specified information. Consistent with requirements relating to public records, the bill would require a public investment fund to disclose the information received in connection with alternative investment vehicles and the gross and net rate of return of each alternative investment vehicle, as specified, at least once annually at a meeting open to the public. The bill would require a public investment fund to undertake reasonable efforts to obtain the above-mentioned information for any existing contract for which the public investment fund has not made a new capital commitment on or after January 1, 2017. The bill would make a statement of legislative intent. Because this bill would impose new requirements on local entities relating to the collection of information and its presentation at an open meeting, it would impose a state-mandated local program.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that

amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. It is the intent of the Legislature in enacting this section to increase the transparency of fees paid by public investment funds to alternative investment vehicles. Public investment funds pay significant fees to alternative investment vehicles and do not have sufficient information regarding the character and amount of those fees. As fiduciaries, public investment fund trustees have a duty to maximize investment returns in order to ensure promised benefits are adequately funded and to minimize taxpayer costs. Because fees paid to alternative investment vehicles reduce returns, public investment fund trustees need to be able to see and understand all of the fees they are charged.

SEC. 2. Section 7514.7 is added to the Government Code, to read:

7514.7. (a) Every public investment fund shall require each alternative investment vehicle in which it invests to make the following disclosures at least annually:

(1) The fees and expenses that the public investment fund pays directly to the alternative investment vehicle, the fund manager, or related parties.

(2) The public investment fund's pro rata share of fees and expenses not included in paragraph (1) that are paid from the alternative investment vehicle to the fund manager or related parties. The public investment fund may independently calculate this information based on information contractually required to be provided by the alternative investment vehicle to the public investment fund. If the public investment fund independently calculates this information, then the alternative investment vehicle shall not be required to provide the information identified in this paragraph.

(3) The public investment fund's pro rata share of carried interest distributed to the fund manager or related parties.

(4) The public investment fund's pro rata share of aggregate fees and expenses paid by all of the portfolio companies held within the alternative investment vehicle to the fund manager or related parties.

(5) Any additional information described in subdivision (b) of Section 6254.26.

(b) Every public investment fund shall disclose the information provided pursuant to subdivision (a) at least once annually in a report presented at a meeting open to the public. The public investment fund's report required

pursuant to this subdivision shall also include the gross and net rate of return of each alternative investment vehicle, since inception, in which the public investment fund participates. The public investment fund may report the gross and net rate of return and information required by subdivision (a) based on its own calculations or based on calculations provided by the alternative investment vehicle.

(c) For purposes of this section:

(1) “Alternative investment” means an investment in a private equity fund, venture fund, hedge fund, or absolute return fund.

(2) “Alternative investment vehicle” means the limited partnership, limited liability company, or similar legal structure through which a public investment fund invests in an alternative investment.

(3) “Fund manager” means the general partner, managing manager, adviser, or other person or entity with primary investment decisionmaking authority over an alternative investment vehicle and related parties of the fund manager.

(4) “Carried interest” means any share of profits from an alternative investment vehicle that is distributed to a fund manager, general partner, or related parties, including allocations of alternative investment vehicle profits received by a fund manager in consideration of having waived fees that it might otherwise have been entitled to receive.

(5) “Portfolio companies” means individual portfolio investments made by the alternative investment vehicle.

(6) “Gross rate of return” means the internal rate of return for the alternative investment vehicle prior to the reduction of fees and expenses described in subdivision (a).

(7) “Public investment fund” means any fund of any public pension or retirement system, including that of the University of California.

(8) “Operational person” means any operational partner, senior advisor, or other consultant or employee whose primary activity for a relevant entity is to provide operational or back office support to any portfolio company of any alternative investment vehicle, account, or fund managed by a related person.

(9) “Related person” means any current or former employee, manager, or partner of any related entity that is involved in the investment activities or accounting and valuation functions of the relevant entity or any of their respective family members.

(10) “Related party” means:

(A) Any related person.

(B) Any operational person.

(C) Any entity more than 10 percent of the ownership of which is held directly or indirectly, whether through other entities or trusts, by a related person or operational person regardless if the related person or operational person participates in the carried interest received by the general partner or the special limited partner.

(D) Any consulting, legal, or other service provider regularly engaged by portfolio companies of an alternative investment vehicle, account, or

fund managed by a related person and that also provides advice or services to any related person or relevant entity.

(11) “Relevant entity” means the general partner, any separate carry vehicle, the investor advisor, any of the investment advisor’s parent or subsidiary entities, or any similar entity related to any other alternative investment vehicle, account, or fund advised or managed by any current or former related person.

(d) (1) This section shall apply to all new contracts the public investment fund enters into on or after January 1, 2017, and to all existing contracts pursuant to which the public investment fund makes a new capital commitment on or after January 1, 2017.

(2) With respect to existing contracts not covered by paragraph (1), the public investment fund shall undertake reasonable efforts to obtain the information described in subdivision (a) and comply with the reporting requirements contained in subdivision (b) with respect to any information obtained after January 1, 2017.

SEC. 3. The Legislature finds and declares that Section 2 of this act, which adds Section 7514.7 to the Government Code, furthers, within the meaning of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the purposes of that constitutional section as it relates to the right of public access to the meetings of local public bodies or the writings of local public officials and local agencies. Pursuant to paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the Legislature makes the following findings:

The information in the disclosures required under subdivisions (a) and (b) of Section 7514.7 of the Government Code is necessary to ensure public confidence in the integrity of investments made by retirement boards pursuant to alternative investment vehicles.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district under this act would result from a legislative mandate that is within the scope of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution.

CONSTITUTION OF THE STATE OF CALIFORNIA

ARTICLE I DECLARATION OF RIGHTS

Section 3

SEC. 3. (a) The people have the right to instruct their representatives, petition government for redress of grievances, and assemble freely to consult for the common good.

(b) (1) The people have the right of access to information concerning the conduct of the people's business, and, therefore, the meetings of public bodies and the writings of public officials and agencies shall be open to public scrutiny.

(2) A statute, court rule, or other authority, including those in effect on the effective date of this subdivision, shall be broadly construed if it furthers the people's right of access, and narrowly construed if it limits the right of access. A statute, court rule, or other authority adopted after the effective date of this subdivision that limits the right of access shall be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

(3) Nothing in this subdivision supersedes or modifies the right of privacy guaranteed by Section 1 or affects the construction of any statute, court rule, or other authority to the extent that it protects that right to privacy, including any statutory procedures governing discovery or disclosure of information concerning the official performance or professional qualifications of a peace officer.

(4) Nothing in this subdivision supersedes or modifies any provision of this Constitution, including the guarantees that a person may not be deprived of life, liberty, or property without due process of law, or denied equal protection of the laws, as provided in Section 7.

(5) This subdivision does not repeal or nullify, expressly or by implication, any constitutional or statutory exception to the right of access to public records or meetings of public bodies that is in effect on the effective date of this subdivision, including, but not limited to, any statute protecting the confidentiality of law enforcement and prosecution records.

(6) Nothing in this subdivision repeals, nullifies, supersedes, or modifies protections for the confidentiality of proceedings and records of the Legislature, the Members of the Legislature, and its employees, committees, and caucuses provided by Section 7 of Article IV, state law, or legislative rules adopted in furtherance of those provisions; nor does it affect the scope of permitted discovery in judicial or administrative proceedings regarding deliberations of the Legislature, the Members of the Legislature, and its employees, committees, and caucuses.

(7) In order to ensure public access to the meetings of public bodies and the writings of public officials and agencies, as specified in paragraph (1), each local agency is hereby required to comply with the California Public Records Act (Chapter 3.5

(commencing with Section 6250) of Division 7 of Title 1 of the Government Code) and the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), and with any subsequent statutory enactment amending either act, enacting a successor act, or amending any successor act that contains findings demonstrating that the statutory enactment furthers the purposes of this section.

(Sec. 3 amended June 3, 2014, by Prop. 42. Res.Ch. 123, 2013.)

CONSTITUTION OF THE STATE OF CALIFORNIA

ARTICLE XIII B GOVERNMENT SPENDING LIMITATION

Section 6

SEC. 6. (a) Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse that local government for the costs of the program or increased level of service, except that the Legislature may, but need not, provide a subvention of funds for the following mandates:

- (1) Legislative mandates requested by the local agency affected.
- (2) Legislation defining a new crime or changing an existing definition of a crime.
- (3) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.
- (4) Legislative mandates contained in statutes within the scope of paragraph (7) of subdivision (b) of Section 3 of Article I.

(b) (1) Except as provided in paragraph (2), for the 2005–06 fiscal year and every subsequent fiscal year, for a mandate for which the costs of a local government claimant have been determined in a preceding fiscal year to be payable by the State pursuant to law, the Legislature shall either appropriate, in the annual Budget Act, the full payable amount that has not been previously paid, or suspend the operation of the mandate for the fiscal year for which the annual Budget Act is applicable in a manner prescribed by law.

(2) Payable claims for costs incurred prior to the 2004–05 fiscal year that have not been paid prior to the 2005–06 fiscal year may be paid over a term of years, as prescribed by law.

(3) Ad valorem property tax revenues shall not be used to reimburse a local government for the costs of a new program or higher level of service.

(4) This subdivision applies to a mandate only as it affects a city, county, city and county, or special district.

(5) This subdivision shall not apply to a requirement to provide or recognize any procedural or substantive protection, right, benefit, or employment status of any local government employee or retiree, or of any local government employee organization, that arises from, affects, or directly relates to future, current, or past local government employment and that constitutes a mandate subject to this section.


(c) A mandated new program or higher level of service includes a transfer by the Legislature from the State to cities, counties, cities and counties, or special districts of complete or partial financial responsibility for a required program for which the State previously had complete or partial financial responsibility.

(Sec. 6 amended June 3, 2014, by Prop. 42. Res.Ch. 123, 2013.)

FOR INFORMATION ONLY

January 30, 2020

TO: Trustees - Board of Investments

FROM: Jude Pérez 
Principal Investment Officer

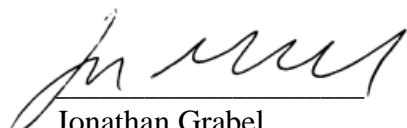
FOR: February 12, 2020 Board of Investments Meeting

SUBJECT: **LACERA QUARTERLY PERFORMANCE BOOK UPDATE**

As previously communicated to the Board, Meketa, LACERA's general consultant, is conducting a review of real estate performance measurement operations. The review includes an analysis of a new procedure for reconciling valuation and returns between Townsend, who serves as LACERA's performance book of record, the separate account managers, and audited financials. Meketa will provide the Board a memo on the results of this review at the March Board of Investments meeting.

Given the timing of the completion of that review, the delivery of LACERA's fourth calendar quarter 2019 performance book as well as staff's annual presentation of those results will be delayed by one month.


Noted and Reviewed


Jonathan Grabel
Chief Investment Officer

FOR INFORMATION ONLY

January 28, 2020

TO: Trustees - Board of Investments

FROM: John McClelland 
Principal Investment Officer

FOR: February 12, 2020 Board of Investments Meeting

SUBJECT: **REAL ESTATE CONSULTANT
CHANGE IN PROFESSIONAL STAFF**

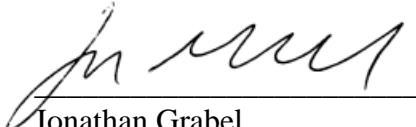
The Board's real estate consultant, The Townsend Group, has notified LACERA of a change in the professional staff assigned to work on the LACERA account. LACERA's primary account representative, Ms. Jennifer Stevens, is leaving the firm. Townsend has proposed replacing Ms. Stevens on the account with Mr. Rob Kochis. Mr. Kochis is a principal at the firm based in Cleveland. His bio is attached herewith.

Both Ms. Stevens and Mr. Kochis will be present to answer any questions during the February meeting of the Board. Ms. Stevens' departure date from Townsend will be March 15, 2020.

Pursuant to the terms of the consulting agreement, LACERA has approval authority over replacement of the professional staff working on the account.

Attachment

Noted & Reviewed:



Jonathan Grabel
Chief Investment Officer

JM:dr

Townsend Senior Investment Professional Biographies



Rob Kochis, Partner

Mr. Kochis is a Partner of The Townsend Group and currently provides investment consulting to institutional investors having real asset investment programs totaling more than \$20 billion. Services include strategic and investment planning, structuring programs for global multi-asset class portfolios, and identification and selection of managers, pooled funds and individual account investment opportunities in real estate, timber, agriculture, natural resources and infrastructure. Prior to joining The Townsend Group in 1998, Mr. Kochis was a practicing real estate attorney at a leading regional law firm, where he advised clients on all matters of real estate investment, lending, construction and management as well as dispute resolution. Prior to that, he was an Economic Development Specialist in the Office of the Mayor for the City of Akron, Ohio.

Mr. Kochis is an Advisory Board member and contributor to several real estate associations, including the PREA/IPD Index, and a frequent speaker at industry and client conferences.

He received a BS in Public Policy Management from the University of Akron and a JD from Case Western Reserve University School of Law. Mr. Kochis is active in his community as a long-time Trustee for the Community Care Network and member of The Cleveland Orchestra Advisory Council.


Industry Experience: 34 years

Townsend Tenure: 22 years

FOR INFORMATION ONLY

January 28, 2020

TO: Trustees - Board of Investments

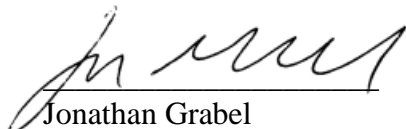
FROM: Jude Pérez 
Principal Investment Officer

FOR: February 12, 2020 Board of Investments Meeting

SUBJECT: **OPEB QUARTERLY PERFORMANCE BOOK**

Attached is the OPEB Master Trust quarterly performance book as of December 31, 2019.

Noted and Reviewed


Jonathan Grabel
Chief Investment Officer

Attachments

EdB:JP

A low-angle, upward-looking photograph of several tall skyscrapers against a bright, cloudy sky. The buildings are made of light-colored stone or concrete and have many windows. The perspective makes the buildings appear to converge towards the top of the frame.

PERFORMANCE REVIEW

OPEB Master Trust
AS OF DECEMBER 31, 2019



OPEB MASTER TRUST

for the quarter ended December 31, 2019

COMMENTARY

The OPEB Master Trust (OPEB Trust) is comprised of three separate trusts: 1) Los Angeles County, 2) LACERA, and 3) Superior Court. The fourth quarter net-of-fee performance was 5.2% for both the Los Angeles County and the Superior Court, and 5.1% for LACERA. For the year, the OPEB Trust returned a healthy 19.1% with three functional composites posting double-digit gains. As a reminder, longer-term return differences between the trusts may result due to distinct contribution and rebalancing activity within each plan.

The OPEB Trust consists of four functional categories: Growth, Credit, Real Assets and Inflation Hedges, and Risk Reduction and Mitigation. The balance of this report will review the net-of-fee quarter performance of these categories.

The OPEB Growth component is comprised of a global equity MSCI All Country World IMI fund. Growth was the highest returning category, generating 9.1% for the quarter.

The OPEB Credit allocation consists of three funds: High yield bonds, bank loans, and emerging markets debt (local currency). Credit returned 2.7% with all three underlying components posting positive returns. High yield generated 2.7%, bank loans rose 1.7%, and emerging market debt gained 5.0%, recovering from the prior quarter.

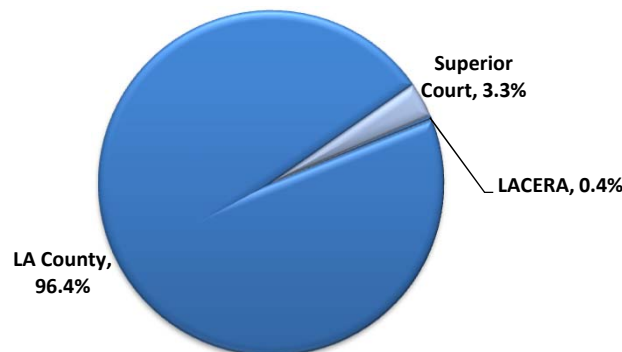
The OPEB Real Assets and Inflation Hedges category returned a modest 0.5% for the quarter as returns were mixed for the three funds within the composite: Real estate investment trusts (REITs) declined -1.6%, commodities gained 4.4%, and treasury inflation protected securities (TIPS) rose 0.8%.

The OPEB Risk Reduction and Mitigation composite returned 0.3% for the quarter and includes an investment grade bond fund as well as a separately managed enhanced cash account. The investment grade bond fund returned 0.2% for the quarter, while enhanced cash generated a 0.6% return.

Fund Name	Inception Date	Market Value (millions)	Trust Ownership	Qtr	FYTD	1 Yr	3 Yrs	5 Yrs
Los Angeles County	Feb-2013	\$1,389.7	96.4%					
Gross				5.2	6.2	19.1	10.6	7.6
Net				5.2	6.2	19.1	10.6	7.5
Net All ¹				5.1	6.1	19.0	10.6	7.5
LACERA	Feb-2013	\$5.4	0.4%					
Gross				5.1	6.1	19.1	10.7	7.6
Net				5.1	6.1	19.1	10.6	7.5
Net All ¹				5.0	5.9	18.7	10.0	7.0
Superior Court	Jul-2016	\$47.2	3.3%					
Gross				5.2	6.2	19.2	10.1	----
Net				5.2	6.2	19.2	10.1	----
Net All ¹				5.1	6.1	19.0	9.9	----
TRUST OWNERSHIP TOTAL:		\$1,442.3	100.0%					

¹ Includes Custody & Administrative Fees.

Trust Ownership



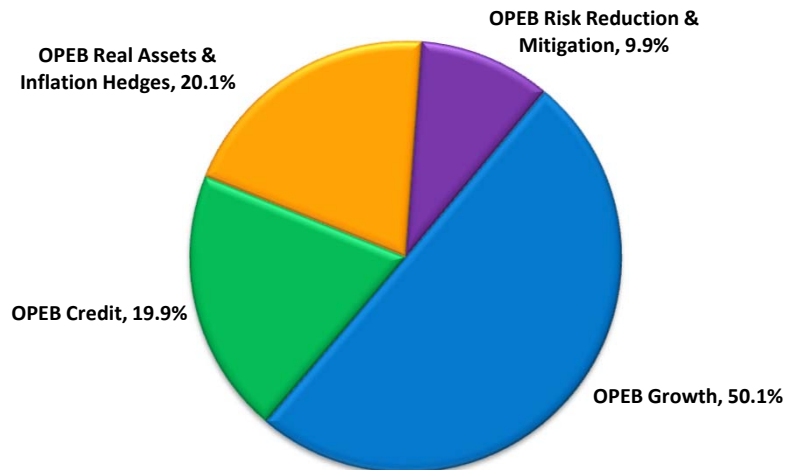


OPEB MASTER TRUST

for the quarter ended December 31, 2019

Fund Name	Inception Date	Market Value (millions)	Trust Ownership	Qtr	FYTD	1 Yr	3 Yrs	5 Yrs
OPEB Growth	Jul-2016	\$722.4	50.1%					
Gross				9.1	9.0	26.8	12.5	----
Net				9.1	9.0	26.7	12.4	----
Net All				9.1	9.0	26.7	12.4	----
OPEB Credit	Jul-2018	\$287.1	19.90%					
Gross				2.7	3.6	11.6	----	----
Net				2.7	3.6	11.6	----	----
Net All				2.7	3.6	11.6	----	----
OPEB Real Assets & Inflation Hedges	Jul-2018	\$289.6	20.1%					
Gross				0.5	4.0	15.5	----	----
Net				0.5	3.9	15.4	----	----
Net All				0.5	3.9	15.4	----	----
OPEB Risk Reduction & Mitigation	Jul-2016	\$142.9	9.9%					
Gross				0.3	2.2	7.5	3.8	----
Net				0.3	2.2	7.5	3.8	----
Net All				0.3	2.2	7.5	3.8	----
Uninvested Cash		\$0.3	0.0%	----	----	----	----	----
TRUST OWNERSHIP TOTAL:		\$1,442.3	100.0%					

Differences in MV between the Sub-Trusts and Functional composites are due to operational cash and accruals.





OPEB MASTER TRUST

for the quarter ended December 31, 2019

Allocation	Inception Date	Market Value (millions)	Allocation %	Qtr	FYTD	1 Yr	3 Yrs	5 Yrs
OPEB Growth								
OPEB Global Equity	Mar-2014	\$722.4	50.1%					
Gross				9.1	9.0	26.8	12.5	8.7
Net				9.1	9.0	26.7	12.4	8.7
Benchmark: MSCI ACWI IMI Net (DAILY)				9.0	8.9	26.4	12.1	8.3
Excess Return (Net - Benchmark)				0.1	0.2	0.4	0.3	0.3
OPEB Credit								
OPEB BTC High Yield Bonds	Jul-2018	\$85.8	5.95%					
Gross				2.7	4.0	14.8	---	---
Net				2.7	3.9	14.6	---	---
Benchmark: BBG BARC US Corp HY Idx				2.6	4.0	14.3	---	---
Excess Return (Net - Benchmark)				0.0	0.0	0.3	---	---
OPEB BlackRock Bank Loans	Jul-2018	\$143.3	9.94%					
Gross				1.7	3.2	8.9	---	---
Net				1.7	3.2	8.9	---	---
Benchmark: S&P/LSTA Leverage Loan Index				1.7	2.7	8.6	---	---
Excess Return (Net - Benchmark)				0.0	0.4	0.2	---	---
<i>Excess Return (Net - Benchmark)</i>				<i>0.0</i>	<i>0.4</i>	<i>0.2</i>	---	---
OPEB BTC EM Debt LC	Jul-2018	\$58.0	4.02%					
Gross				5.1	4.1	13.1	---	---
Net				5.0	4.0	12.9	---	---
Benchmark: JPM GBI-EM Global Diversified Index				5.2	4.4	13.5	---	---
Excess Return (Net - Benchmark)				-0.2	-0.4	-0.5	---	---
OPEB Real Assets & Inflation Hedges								
OPEB BTC REITS	Jul-2018	\$145.8	10.1%					
Gross				-1.2	5.5	23.2	---	---
Net				-1.6	5.1	22.5	---	---
Benchmark: DJ US Select Real Estate Securities Index				-1.2	5.5	23.1	---	---
Excess Return (Net - Benchmark)				-0.4	-0.5	-0.6	---	---
OPEB BTC Commodities	Jul-2018	\$58.1	4.0%					
Gross				4.5	2.6	7.8	---	---
Net				4.4	2.5	7.7	---	---
Benchmark: Bloomberg Comm Index TR				4.4	2.5	7.7	---	---
Excess Return (Net - Benchmark)				0.0	0.0	0.0	---	---
OPEB BTC TIPS	Jul-2018	\$85.7	5.9%					
Gross				0.8	2.2	8.5	---	---
Net				0.8	2.2	8.5	---	---
Benchmark: BBG BC TIPS				0.8	2.1	8.4	---	---
Excess Return (Net - Benchmark)				0.0	0.0	0.1	---	---
OPEB Risk Reduction & Mitigation								
OPEB BTC Inv. Grade Bonds	Jul-2018	\$114.2	7.9%					
Gross				0.2	2.5	8.8	---	---
Net				0.2	2.4	8.8	---	---
Benchmark: BBG BC Aggregate Bond Index				0.2	2.5	8.7	---	---
Excess Return (Net - Benchmark)				0.0	0.0	0.0	---	---
OPEB Enhanced Cash	Feb-2013	\$28.7	2.0%					
Gross				0.6	1.2	2.9	2.2	1.6
Net				0.6	1.2	2.8	2.2	1.6
Benchmark: FTSE 6 M Treasury Bill Index				0.5	1.1	2.4	1.7	1.1
Excess Return (Net - Benchmark)				0.0	0.1	0.4	0.5	0.4

Disclosure

Source of Bloomberg data: 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.

Master Trust OPEB Analytics Report

Prepared for LACERA

31 December 2019

Master Trust OPEB Asset Allocation & Analytics

LACERA

31-Dec-2019

Reporting Currency: USD

Master Trust OPEB Allocation vs Policy Benchmark

	Market Value (Millions) ¹	Allocation (%)	Policy Benchmark (%)	Benchmark	Relative (%)
Growth	722.42	50.1%	50.0%	OPEB Growth Blend	0.1%
Credit	287.07	19.9%	20.0%	OPEB Credit Blend	-0.1%
Real Assets & Inflation Hedges	289.61	20.1%	20.0%	OPEB Real Assets & Inflation Hedges Blend	0.1%
Risk Reduction and Mitigation	142.64	9.9%	10.0%	OPEB Risk Reduc Blend	-0.1%
TOTAL	1,441.75	100.0%	100.0%		0.0%

1: Total market value does not include all cash at participant level

OPEB Asset Allocation & Analytics

LACERA

31-Dec-2019
Reporting Currency: USD

OPEB Allocation vs Policy Benchmark

	Market Value (Millions)	Allocation (%)	Policy Benchmark (%)	Benchmark	Relative (%)
LA County					
Growth	695.47	50.0%	50.0%	OPEB Growth Blend	0.0%
Credit	276.83	19.9%	20.0%	OPEB Credit Blend	-0.1%
Real Assets & Inflation Hedges	279.31	20.1%	20.0%	OPEB Real Assets & Inflation Hedges Blend	0.1%
Risk Reduction and Mitigation	138.03	9.9%	10.0%	OPEB Risk Reduc Blend	-0.1%
TOTAL	1,389.65	100.0%	100.0%		0.0%
LACERA OPEB					
Growth	2.69	49.8%	50.0%	OPEB Growth Blend	-0.2%
Credit	1.07	19.8%	20.0%	OPEB Credit Blend	-0.2%
Real Assets & Inflation Hedges	1.08	20.0%	20.0%	OPEB Real Assets & Inflation Hedges Blend	-0.0%
Risk Reduction and Mitigation	0.57	10.5%	10.0%	OPEB Risk Reduc Blend	0.5%
TOTAL	5.42	0.4%	100.0%		0.0%
Superior Court					
Growth	24.26	51.4%	50.0%	OPEB Growth Blend	1.4%
Credit	9.17	19.4%	20.0%	OPEB Credit Blend	-0.6%
Real Assets & Inflation Hedges	9.21	19.5%	20.0%	OPEB Real Assets & Inflation Hedges Blend	-0.5%
Risk Reduction and Mitigation	4.55	9.6%	10.0%	OPEB Risk Reduc Blend	-0.4%
TOTAL	47.19	3.4%	100.0%		0.0%

OPEB Analytics, Volatility & Tracking Error
LACERA

31-Dec-2019
Reporting Currency: USD

OPEB Analytics

	Benchmark	Market Value (Millions)	Allocation (%)	Volatility (% per annum) ¹	Standalone VaR (% of MV) ²	Total VaR Contribution (% of Total MV) ³	Tracking Error Contribution (% of Total MV) ⁴
LA County							
Growth	OPEB Growth Blend	695.47	50.0%	11.59%	17.68%	8.87%	0.00%
Credit	OPEB Credit Blend	276.83	19.9%	5.08%	8.18%	1.07%	0.00%
Real Assets & Inflation Hedges	OPEB Real Assets & Inflation Hedges Blend	279.31	20.1%	7.52%	10.97%	1.58%	0.00%
Risk Reduction and Mitigation	OPEB Risk Reduc Blend	138.03	9.9%	3.09%	4.47%	-0.18%	0.06%
TOTAL		1,389.65	100.0%	7.55%	11.33%	11.33%	0.06%
		<i>Weighted Average Benchmark⁵</i>		7.56%	11.33%	11.33%	
Benchmark	Policy Benchmark			7.55%	11.32%	11.32%	0.06%
					<i>Aggregate Benchmark Structural Risk⁶</i>		0.00%

LACERA							
Growth	OPEB Growth Blend	2.69	49.8%	11.59%	17.68%	8.82%	0.00%
Credit	OPEB Credit Blend	1.07	19.8%	5.08%	8.18%	1.06%	0.00%
Real Assets & Inflation Hedges	OPEB Real Assets & Inflation Hedges Blend	1.08	20.0%	7.52%	10.97%	1.57%	0.00%
Risk Reduction and Mitigation	OPEB Risk Reduc Blend	0.57	10.5%	2.92%	4.22%	-0.18%	0.04%
TOTAL		5.42	100.0%	7.51%	11.26%	11.26%	0.05%
		<i>Weighted Average Benchmark⁵</i>		7.51%	11.26%	11.26%	
Benchmark	Policy Benchmark			7.55%	11.32%	11.32%	0.07%
					<i>Aggregate Benchmark Structural Risk⁶</i>		0.03%

Superior Court							
Growth	OPEB Growth Blend	24.26	51.4%	11.59%	17.68%	8.95%	0.00%
Credit	OPEB Credit Blend	9.17	19.4%	5.08%	8.18%	1.04%	0.00%
Real Assets & Inflation Hedges	OPEB Real Assets & Inflation Hedges Blend	9.21	19.5%	7.52%	10.97%	1.73%	0.00%
Risk Reduction and Mitigation	OPEB Risk Reduc Blend	4.55	9.6%	3.07%	4.43%	-0.21%	0.06%
TOTAL		47.19	100.0%	7.66%	11.51%	11.51%	0.06%
		<i>Weighted Average Benchmark⁵</i>		7.66%	11.51%	11.51%	
Benchmark	Policy Benchmark			7.55%	11.32%	11.32%	0.12%
					<i>Aggregate Benchmark Structural Risk⁶</i>		0.06%

Master Trust OPEB							
TOTAL		1,442.26	100.0%	7.56%	11.36%	11.36%	0.01%
Benchmark	Policy Benchmark			7.55%	11.32%	11.32%	

1: Volatility at the asset class level is calculated using parametric VaR at 84th percentile, annualized and expressed as a percentage of the market value of each asset class.
 2: Standalone VaR is the annualized Value-at-Risk at the 95th percentile expressed as a percentage of the market value of each asset class.
 3: Total VaR Contribution is calculated using historic VaR at 95th percentile, 1 month horizon, annualized excluding the mean, and expressed as a percentage of the total plan assets.
 4: Tracking Error is calculated using relative parametric VaR at 84th percentile (assets less benchmark), annualized and expressed as a percentage of the total plan assets.
 5: Weighted average benchmark is the market value weighted average of the asset class benchmarks.
 6: Aggregate Benchmark Structural Risk = [Tracking Error of the Total Plan to the policy benchmark] - [Tracking Error of the Total Plan to the weighted average of asset class benchmarks]

Master Trust OPEB Asset Allocation & Analytics

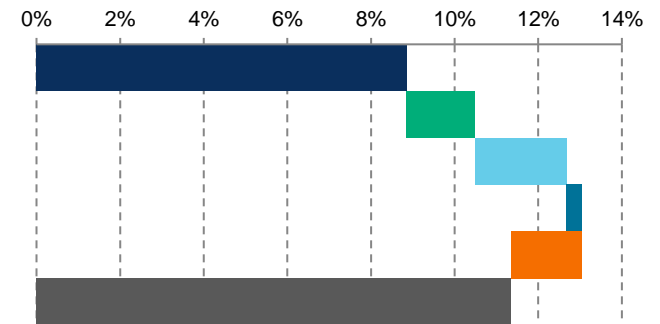
LACERA

31-Dec-2019

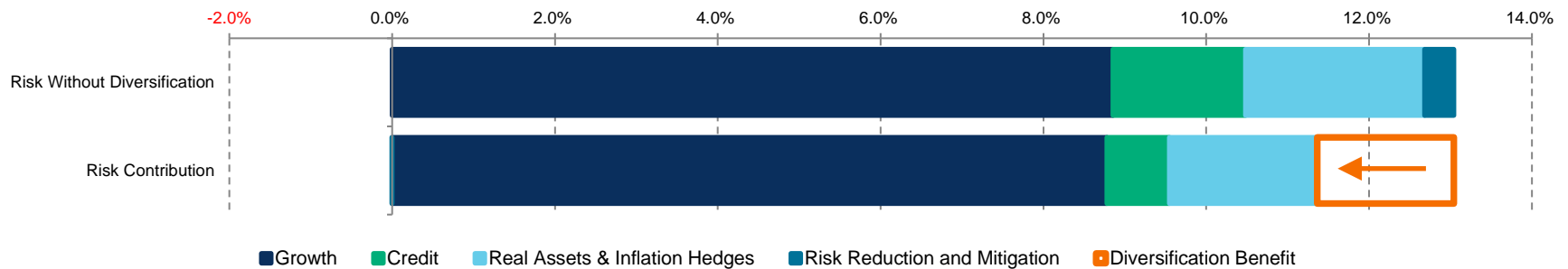
Reporting Currency: USD

Master Trust OPEB Risk & Diversification

	Allocation (%)	Weighted Standalone VaR (% of Total MV) ¹	
		Monthly	Annual
Growth	50.1%	2.6%	8.9%
Credit	19.9%	0.5%	1.6%
Real Assets & Inflation Hedges	20.1%	0.6%	2.2%
Risk Reduction and Mitigation	9.9%	0.1%	0.4%
Diversification Benefit ²	-	-0.5%	-1.7%
TOTAL	100.0%	3.3%	11.4%



Risk Contribution and Diversification



1: Standalone risk (historical VaR 95) of each asset class is weighted and expressed as a percent of total plan assets, i.e. contribution to risk without diversification benefit.

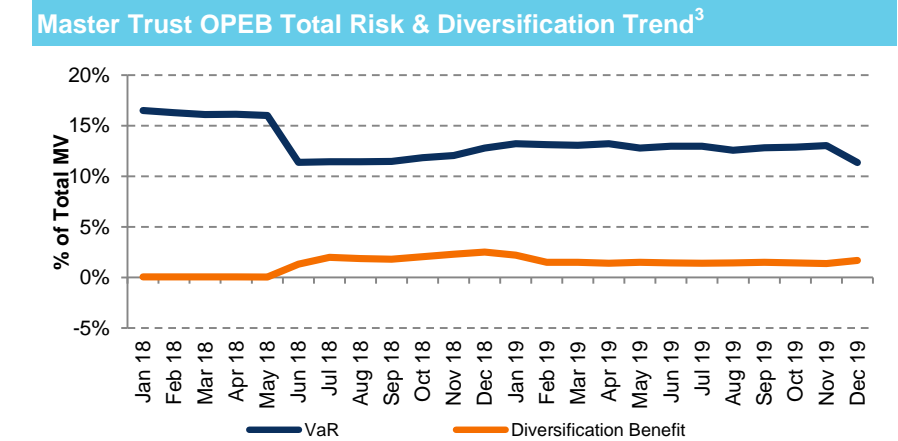
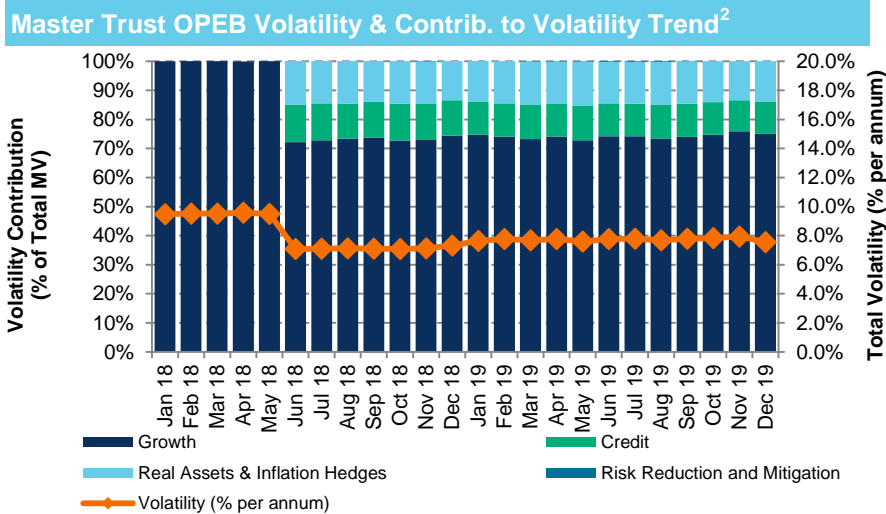
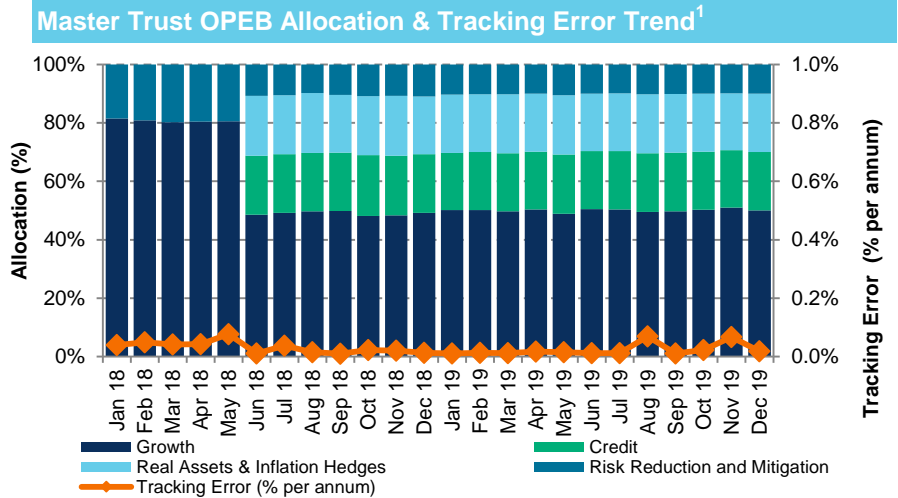
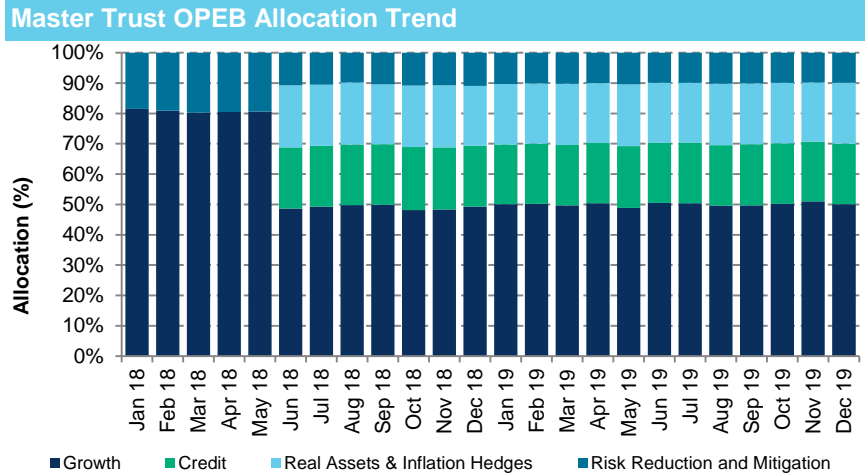
2: Diversification benefit is calculated as the sum of the standalone VaR at 95th percentile for each asset class less the total plan VaR.

3: 'Risk Without Diversification' is the sum of the standalone VaRs of each asset class. The 'Risk Contribution' displays the VaR 95 at the Total plan level and the contribution of each asset class. Due to the correlation affect between asset classes, the contribution of the asset classes to the VaR 95 at the Total plan level will not necessary be equal to their respective standalone VaR 95.

Master Trust OPEB Analytics, Volatility & Tracking Error

LACERA

31-Dec-2019
Reporting Currency: USD



1: Tracking Error is calculated using relative parametric VaR at 84th percentile (assets less benchmark), annualized and expressed as a percentage of the total plan assets.
 2: Volatility at the asset class level is calculated using parametric VaR at 84th percentile, annualized and expressed as a percentage of the market value of each asset class.
 3: Diversification benefit is calculated as the sum of the standalone VaR at 95th percentile for each asset class less the total plan VaR.

Master Trust OPEB Stress Testing

LACERA

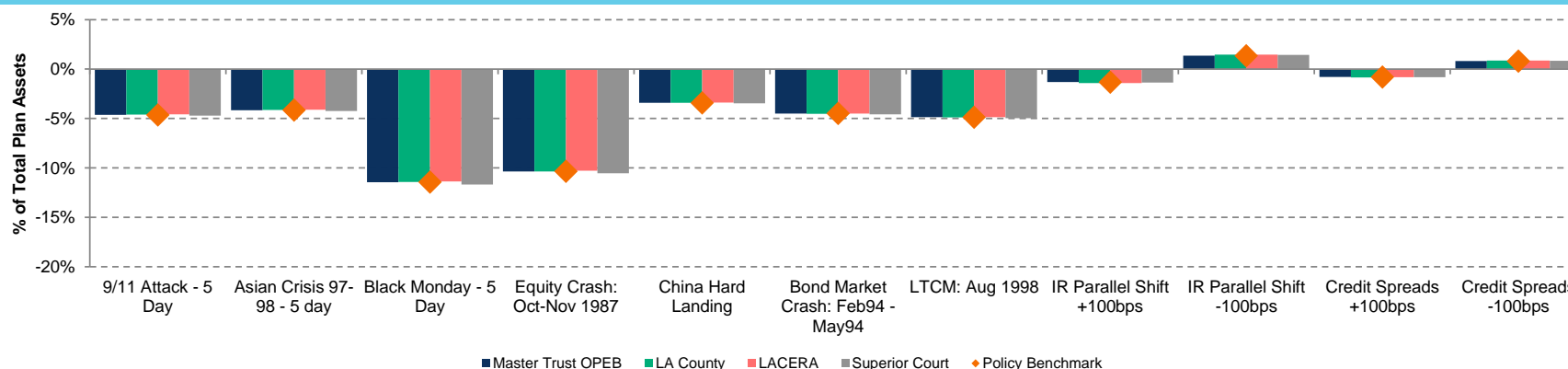
31-Dec-2019

Reporting Currency: USD

Stress Test - % of Market Value

	Allocation (%)	9/11 Attack - 5 Day	Asian Crisis 97- 98 - 5 day	Black Monday - 5 Day	Equity Crash: Oct-Nov 1987	China Hard Landing	Bond Market Crash: Feb94 - May94	LTCM: Aug 1998	IR Parallel Shift +100bps	IR Parallel Shift -100bps	Credit Spreads +100bps	Credit Spreads -100bps
Growth	50.1%	-4.5%	-4.0%	-10.4%	-9.0%	-3.1%	-3.3%	-4.2%	0.0%	-0.0%	0.0%	0.0%
Credit	19.9%	0.2%	0.1%	0.1%	-0.3%	-0.1%	-0.5%	-0.2%	-0.4%	0.4%	-0.6%	0.6%
Real Assets & Inflation Hedges	20.1%	-0.5%	-0.4%	-1.3%	-1.1%	-0.2%	-0.5%	-0.4%	-0.4%	0.5%	-0.0%	0.0%
Risk Reduction and Mitigation	9.9%	0.1%	0.1%	0.1%	-0.0%	0.0%	-0.2%	-0.0%	-0.5%	0.5%	-0.2%	0.2%
Master Trust OPEB	100.0%	-4.6%	-4.1%	-11.4%	-10.3%	-3.4%	-4.5%	-4.9%	-1.3%	1.4%	-0.8%	0.8%
<i>Benchmark</i>		<i>-4.6%</i>	<i>-4.1%</i>	<i>-11.4%</i>	<i>-10.3%</i>	<i>-3.4%</i>	<i>-4.5%</i>	<i>-4.9%</i>	<i>-1.3%</i>	<i>1.4%</i>	<i>-0.8%</i>	<i>0.8%</i>
LA County		-4.6%	-4.1%	-11.4%	-10.3%	-3.4%	-4.5%	-4.9%	-1.4%	1.5%	-0.8%	0.9%
<i>Benchmark</i>		<i>-4.6%</i>	<i>-4.1%</i>	<i>-11.4%</i>	<i>-10.3%</i>	<i>-3.4%</i>	<i>-4.5%</i>	<i>-4.9%</i>	<i>-1.3%</i>	<i>1.4%</i>	<i>-0.8%</i>	<i>0.8%</i>
LACERA		-4.6%	-4.1%	-11.4%	-10.3%	-3.4%	-4.5%	-4.9%	-1.4%	1.5%	-0.8%	0.9%
<i>Benchmark</i>		<i>-4.6%</i>	<i>-4.1%</i>	<i>-11.4%</i>	<i>-10.3%</i>	<i>-3.4%</i>	<i>-4.5%</i>	<i>-4.9%</i>	<i>-1.3%</i>	<i>1.4%</i>	<i>-0.8%</i>	<i>0.8%</i>
Superior Court		-4.7%	-4.2%	-11.7%	-10.6%	-3.5%	-4.6%	-5.0%	-1.4%	1.4%	-0.8%	0.8%
<i>Benchmark</i>		<i>-4.6%</i>	<i>-4.1%</i>	<i>-11.4%</i>	<i>-10.3%</i>	<i>-3.4%</i>	<i>-4.5%</i>	<i>-4.9%</i>	<i>-1.3%</i>	<i>1.4%</i>	<i>-0.8%</i>	<i>0.8%</i>

Stress Test Chart



Glossary

Appendix - Glossary

LACERA

31-Dec-2019

Reporting Currency: USD

Terms and Definitions

Analytics

Value-at-Risk 95%	Value-at-risk quantifies the potential loss in a portfolio at a certain level of confidence. Value-at-Risk 95th percentile means there is a 5% chance of losing more than X%. Alternatively, it can be expressed as there is a 1 in 20 chance of losing more than X% in the next month (or year if it is an annual measure).
Volatility	Volatility is another measure quantifying the potential variability in a portfolio's asset value. Volatility means there is a 1 in 3 chance the portfolio will change in value by +/- X% in 1 year. Alternatively, it can be expressed that 1 year in 3 years, the portfolio will change in value by +/- X% per annum.
Tracking Error	An ex-ante (forward looking, or before the event) measure of how closely a portfolio follows the index to which it is compared. It measures the standard deviation of the difference between the portfolio and benchmark scenario returns.
Aggregate Benchmark Structural Risk	Aggregate Benchmark Structural Risk = [Tracking Error of the Total Plan to the policy benchmark] - [Tracking Error of the Total Plan to the weighted average of asset class benchmarks]. This can equally be applied to strategy level benchmarks, compared to the aggregate of the underlying managers' benchmarks.
Diversification Benefit	Diversification benefit is calculated as the sum of the standalone Value-at Risk at 95th percentile for each asset class/strategy less the total plan Value-at Risk, 1 month horizon, annualized. This measures the reduction of risk due to the benefits of diversification.
Duration	The sensitivity of a bond's price to changes in the interest rate usually measured in years. The higher the duration, the more sensitive the portfolio is to changes in interest rates.
Expected Yield	This measures the projected annual yield on the portfolio adjusting for option-adjusted probabilities.
Beta	Beta estimates the risk of the portfolio to a single market risk factor, i.e. systematic risk.

Stress Tests

9/11 Attack - 5 Day	Historic stress scenario observed from 9/17/2001 to 9/21/2001 where the US faced an act of terrorism. Trading was suspended on the NYSE and only resumed on 9/17/2001. The US stock market (S&P 500) declined 12%.
Asian Crisis 97-98 - 5 day	Historic stress scenario observed from 10/21/1997 to 10/27/1997 where the Bank of Thailand abandons the Baht's peg to the Dollar and the currency fell 18%. US equity markets fell 7% on the realization that the crisis was no longer localized. Asian currencies were the hardest struck, such as the South Korean Won fell 47.5% and Indonesian Rupiah fell 56%.
Black Monday - 5 Day	Historic stress scenario observed from 10/13/1987 to 10/19/1987 where the US stock market (DJIA) declined 31% with the world market following the decline.
Equity Crash: Oct-Nov 1987	Historic stress scenario observed from 10/5/1987 to 11/02/1987 where the world equity markets feared another Great Depression.
China Hard Landing	This is a macro-economic stress test, developed by State Street Global Exchange's SM research team. The stress test aims to estimate the potential impact, if China's economy and economic growth were to experience a "hard landing".
Bond Market Crash: Feb94 - May94	Historic stress scenario observed from 2/1/1994 to 9/15/1994 where the FED raised rates by approx. 250 basis points (against market expectations). 1994 became the year of the worst bond market loss in history. The Fed hiked interest rates in 1994 also precipitated a year-long correction in the stock market.
LTCM: Aug 1998	Historic stress scenario observed from 08/03/1998 to 08/31/1998 where LTCM's failure triggered a wide spread concern of potential catastrophic losses throughout the financial system.
IR Parallel Shift +100bps	All interest rate curves are shifted up 100bps, and the portfolio is revalued to assess the impact in dollar terms.
IR Parallel Shift -100bps	All interest rate curves are shifted down 100bps, and the portfolio is revalued to assess the impact in dollar terms.
Credit Spreads +100bps	All credit spread curves are shifted up 100bps, and the portfolio is revalued to assess the impact in dollar terms.
Credit Spreads -100bps	All credit spread curves are shifted down 100bps, and the portfolio is revalued to assess the impact in dollar terms.
FX +5%	All exchange rate curves are shifted up 5%, and the portfolio is revalued to assess the impact in dollar terms.
FX -5%	All exchange rate curves are shifted down 5%, and the portfolio is revalued to assess the impact in dollar terms.

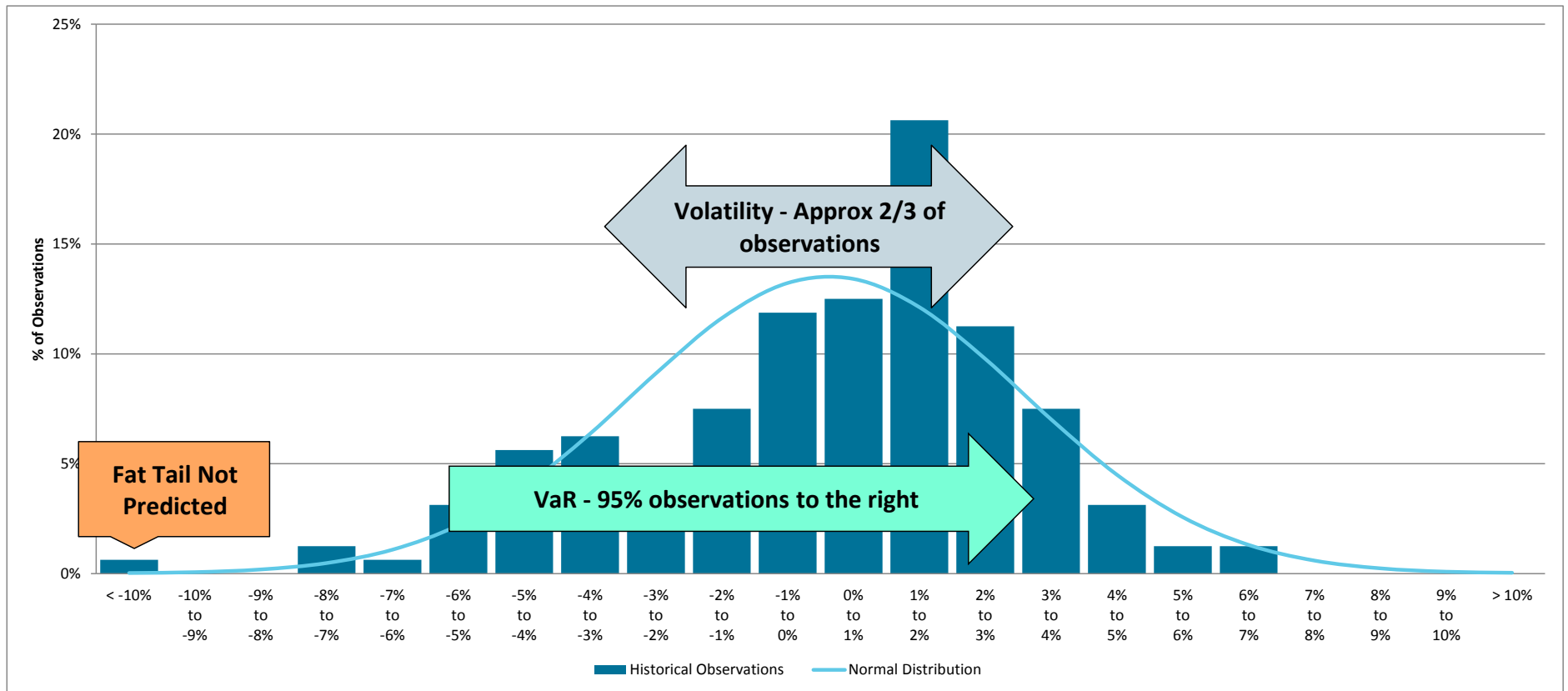
VaR and Volatility

Example Illustration of VaR and Volatility

VaR = 5.6%

Volatility = 2.9%

Mean = 0.1%



State Street Global Exchange™ is a trademark of State Street Corporation (incorporated in Massachusetts) and is registered or has registrations pending in multiple jurisdictions. This document and information herein (together, the "Content") is subject to change without notice based on market and other conditions and may not reflect the views of State Street Corporation and its subsidiaries and affiliates ("State Street"). The Content provided is for informational, illustrative and/or marketing purposes only; it does not take into account any client or prospects particular investment or other financial objectives or strategies, nor any client's legal, regulatory, tax or accounting status, nor does it purport to be comprehensive or intended to replace the exercise of a client or prospects own careful independent review regarding any corresponding investment or other financial decision. The Content does not constitute investment, legal, regulatory, tax or accounting advice and is not a solicitation to buy or sell securities, nor is it intended to constitute any binding contractual arrangement or commitment by State Street of any kind. The Content provided was prepared and obtained from sources believed to be reliable at the time of preparation, however it is provided "as-is" and State Street makes no guarantee, representation, or warranty of any kind including, without limitation, as to its accuracy, suitability, timeliness, merchantability, fitness for a particular purpose, non-infringement of third-party rights, or otherwise. State Street disclaims all liability, whether arising in contract, tort or otherwise, for any claims, losses, liabilities, damages (including direct, indirect, special or consequential), expenses or costs arising from or connected with the Content. The Content is not intended for retail clients or for distribution to, and may not be relied upon by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to applicable law or regulation. The Content provided may contain certain statements that could be deemed forward-looking statements; any such statements or forecasted information are not guarantees or reliable indicators for future performance and actual results or developments may differ materially from those depicted or projected. Past performance is no guarantee of future results. No permission is granted to reprint, sell, copy, distribute, or modify the Content in any form or by any means without the prior written consent of State Street.

© 2018 State Street Corporation, All rights reserved.

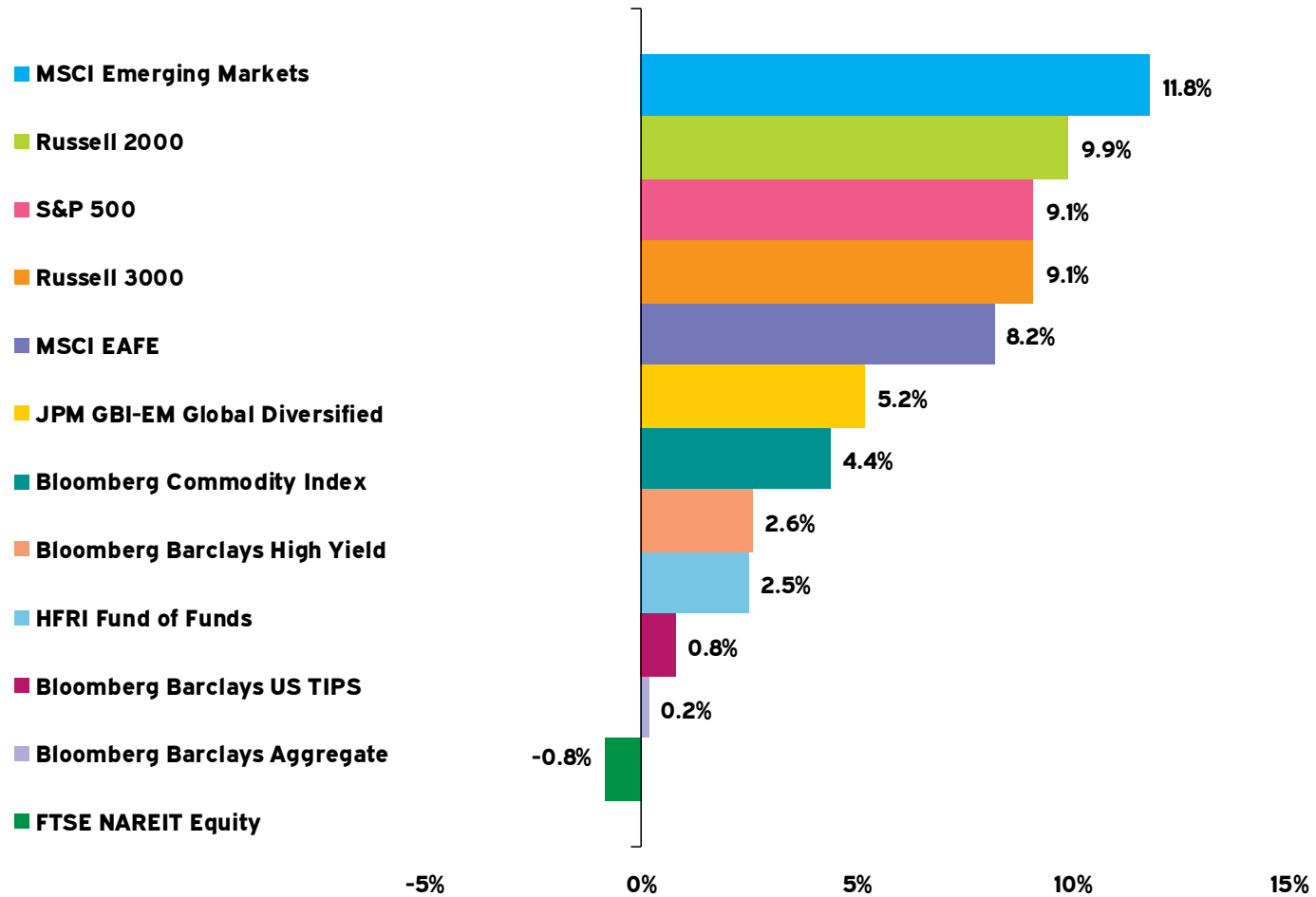
Los Angeles County OPEB Master Trust

December 31, 2019

Fund Evaluation Report

Market Commentary

The World Markets¹ Fourth Quarter of 2019



¹ Source: InvestorForce.

Index Returns¹

	4Q19 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Domestic Equity					
S&P 500	9.1	31.5	15.3	11.7	13.6
Russell 3000	9.1	31.0	14.6	11.2	13.4
Russell 1000	9.0	31.4	15.0	11.5	13.5
Russell 1000 Growth	10.6	36.4	20.5	14.6	15.2
Russell 1000 Value	7.4	26.5	9.7	8.3	11.8
Russell MidCap	7.1	30.5	12.1	9.3	13.2
Russell MidCap Growth	8.2	35.5	17.4	11.6	14.2
Russell MidCap Value	6.4	27.1	8.1	7.6	12.4
Russell 2000	9.9	25.5	8.6	8.2	11.8
Russell 2000 Growth	11.4	28.5	12.5	9.3	13.0
Russell 2000 Value	8.5	22.4	4.8	7.0	10.6
Foreign Equity					
MSCI ACWI (ex. US)	8.9	21.5	9.9	5.5	5.0
MSCI EAFE	8.2	22.0	9.6	5.7	5.5
MSCI EAFE (Local Currency)	5.2	21.7	7.7	6.7	7.2
MSCI EAFE Small Cap	11.5	25.0	10.9	8.9	8.7
MSCI Emerging Markets	11.8	18.4	11.6	5.6	3.7
MSCI Emerging Markets (Local Currency)	9.5	18.1	11.5	7.5	6.1
Fixed Income					
Bloomberg Barclays Universal	0.5	9.3	4.3	3.4	4.1
Bloomberg Barclays Aggregate	0.2	8.7	4.0	3.0	3.7
Bloomberg Barclays US TIPS	0.8	8.4	3.3	2.6	3.4
Bloomberg Barclays High Yield	2.6	14.3	6.4	6.1	7.6
JPM GBI-EM Global Diversified	5.2	13.5	7.0	2.8	2.7
Other					
FTSE NAREIT Equity	-0.8	26.0	8.1	7.2	11.9
Bloomberg Commodity Index	4.4	7.7	-0.9	-3.9	-4.7
HFRI Fund of Funds	2.5	7.8	3.7	2.2	2.8

¹ Source: InvestorForce.

Capital Markets Outlook

Takeaways

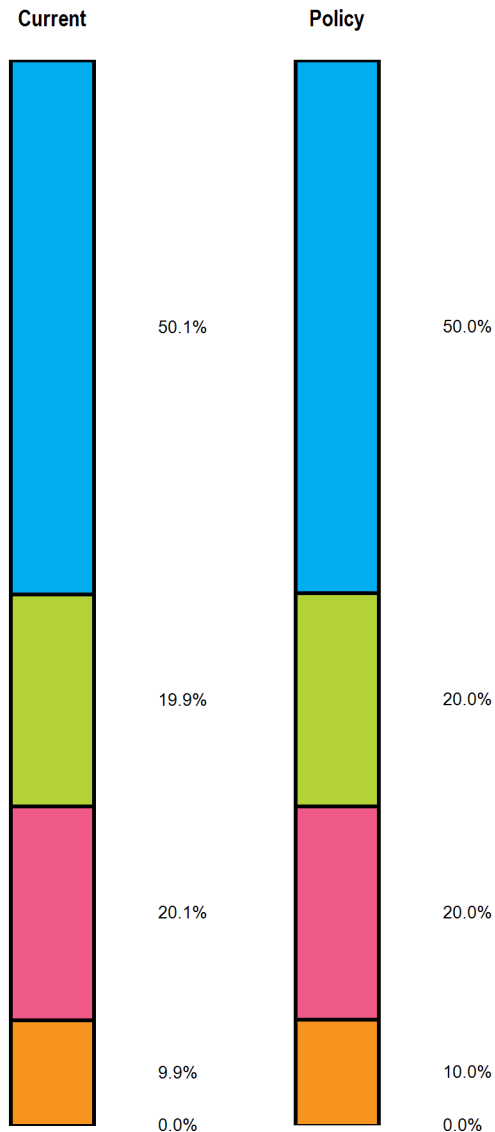
- December capped off a historically strong year for most risk-oriented markets. Global equity markets generally produced gains in the 2-4% range during the month, with full calendar year returns ending up approximately in the 18-32% range.
- With the exception of long-term interest rates (which ticked up during the month), the yield curve remained relatively stable in December. On a trailing one-year basis, however, interest rates declined by a material margin as the Federal Reserve lowered rates three times in 2019. From a performance perspective, broad investment grade bonds produced one-year returns in the high single-digits whereas long US Treasury bonds generated a return of nearly 15% for the year.
- Due in part to strong returns across nearly all asset classes in 2019, investors should anticipate that long-term, forward-looking returns will be lower as of early-2020 when compared to early-2019 capital market assumptions.
- US equity markets remain expensive whereas non-US equity markets remain reasonably valued relative to their histories. US credit and emerging markets debt spreads remain reasonably valued relative to their histories, although the richness of US high yield has recently increased (i.e., is now more expensive).
- Relative to their counterparts (growth and large cap), value and small cap equities continue to remain attractive from a valuation perspective.
- Implied equity market volatility¹ remained at relatively low levels throughout December, generally staying in the 12-16 range throughout the entire month (the historical average is ≈19).

¹ As measured by VIX Index.

4Q2019 Review

Los Angeles County OPEB Master Trust

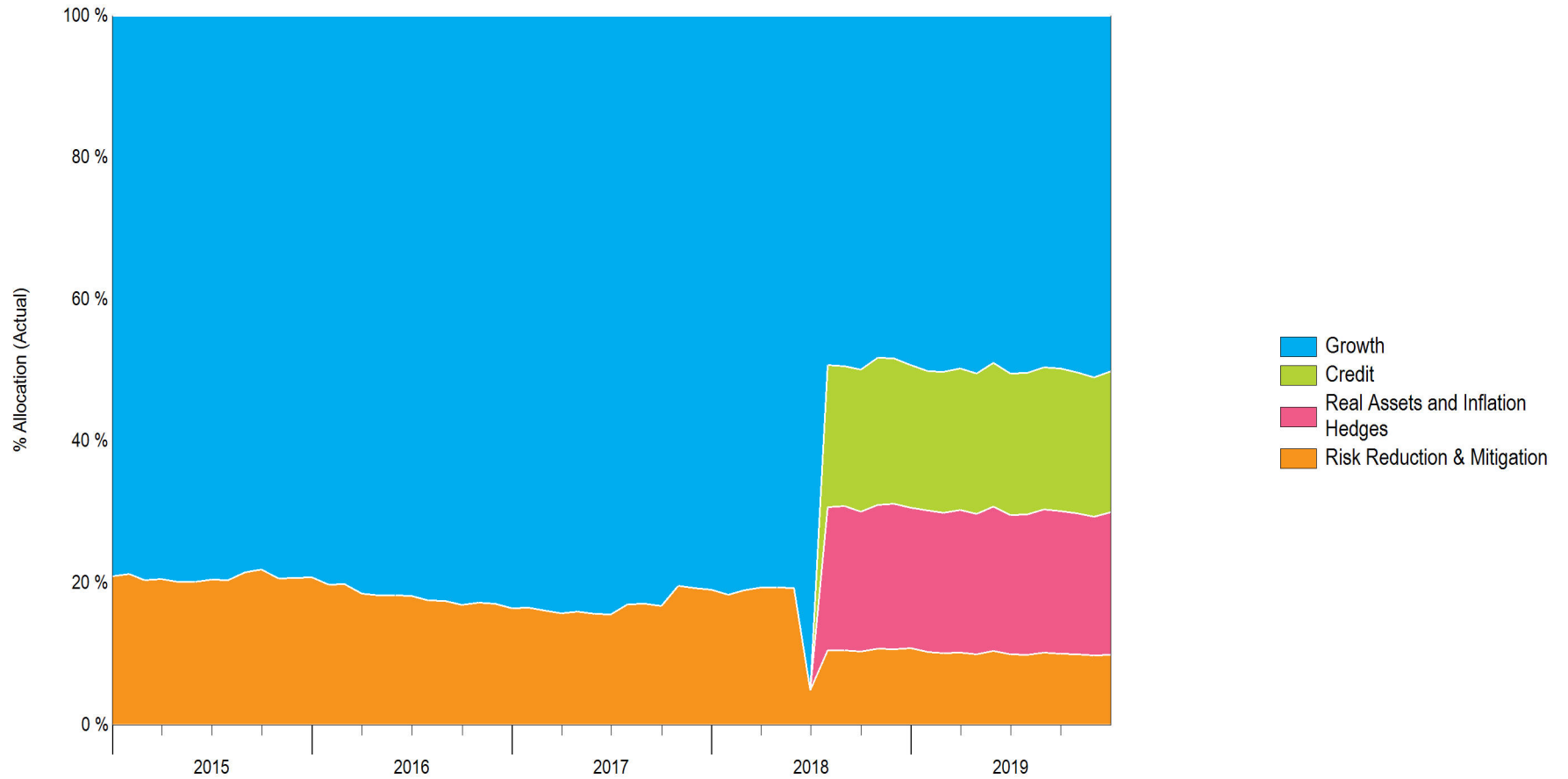
Total Fund | As of December 31, 2019



Allocation vs. Target						
	Current Balance	Current Allocation	Policy	Policy Range	Within IPS Range?	
Growth	\$722,424,762	50.1%	50.0%	40.0% - 60.0%	Yes	
Global Equity	\$722,424,762	50.1%	50.0%			
Credit	\$287,074,210	19.9%	20.0%	15.0% - 25.0%	Yes	
High Yield Bonds	\$85,789,663	5.9%	6.0%			
Bank Loans	\$143,280,751	9.9%	10.0%			
Emerging Market Debt	\$58,003,795	4.0%	4.0%			
Real Assets and Inflation Hedges	\$289,610,240	20.1%	20.0%	15.0% - 25.0%	Yes	
REITs	\$145,758,009	10.1%	10.0%			
Commodities	\$58,139,819	4.0%	4.0%			
TIPS	\$85,712,412	5.9%	6.0%			
Risk Reduction & Mitigation	\$142,900,403	9.9%	10.0%	5.0% - 15.0%	Yes	
Investment Grade Bonds	\$114,226,856	7.9%	8.0%			
Cash Equivalents	\$28,673,548	2.0%	2.0%			
Uninvested Cash	\$116,617	0.0%				
Total¹	\$1,442,279,879	100.0%	100.0%			

¹ Total market value includes cash held at the participant level.

Asset Allocation History
5 Years Ending December 31, 2019



Los Angeles County OPEB Master Trust

Total Fund | As of December 31, 2019

Actual vs. Target



Los Angeles County OPEB Master Trust

Total Fund | As of December 31, 2019

Trailing Net Performance

	Market Value (\$)	% of Portfolio	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
Total Fund (Net)	1,442,279,879	100.0	5.2	6.2	19.1	10.6	8.5
Total Fund (Gross)			5.2	6.2	19.2	10.6	8.6
<i>Custom OPEB Total Fund</i>			<u>5.1</u>	<u>6.1</u>	<u>19.3</u>	<u>10.0</u>	<u>7.0</u>
Excess Return (vs. Net)			0.1	0.1	-0.2	0.6	1.5
Growth (Net)	722,424,762	50.1	9.1	9.0	26.7	12.4	--
Growth (Gross)			9.1	9.0	26.8	12.5	--
OPEB Global Equity (Net)	722,424,762	50.1	9.1	9.0	26.7	12.4	8.7
OPEB Global Equity (Gross)			9.1	9.0	26.8	12.5	8.7
<i>MSCI ACWI IMI Net (DAILY)</i>			<u>9.0</u>	<u>8.9</u>	<u>26.4</u>	<u>12.1</u>	<u>8.3</u>
Excess Return (vs. Net)			0.1	0.1	0.3	0.3	0.4
Credit (Net)	287,074,210	19.9	2.7	3.6	11.6	--	--
Credit (Gross)			2.7	3.6	11.6	--	--
OPEB BTC High Yield Bonds (Net)	85,789,663	5.9	2.7	3.9	14.6	--	--
OPEB BTC High Yield Bonds (Gross)			2.7	4.0	14.8	--	--
<i>BBgBarc US High Yield TR</i>			<u>2.6</u>	<u>4.0</u>	<u>14.3</u>	--	--
Excess Return (vs. Net)			0.1	-0.1	0.3		
OPEB BTC Bank Loans (Net)	143,280,751	9.9	1.7	3.2	8.9	--	--
OPEB BTC Bank Loans (Gross)			1.7	3.2	8.9	--	--
<i>S&P/LSTA Leveraged Loan TR</i>			<u>1.7</u>	<u>2.7</u>	<u>8.6</u>	--	--
Excess Return (vs. Net)			0.0	0.5	0.3		

Fiscal Year begins July 1.

The OPEB Master Trust started on 7/1/2018.

¹Total market value includes cash held at the participant level.

Los Angeles County OPEB Master Trust

Total Fund | As of December 31, 2019

	Market Value (\$)	% of Portfolio	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
OPEB BTC EM Debt LC (Net)	58,003,795	4.0	5.0	4.0	12.9	--	--
OPEB BTC EM Debt LC (Gross)			5.1	4.1	13.1	--	--
<i>JP Morgan GBI EM Global Diversified TR USD</i>			<u>5.2</u>	<u>4.4</u>	<u>13.5</u>	--	--
Excess Return (vs. Net)			-0.2	-0.4	-0.6		
Real Assets & Inflation Hedges (Net)	289,610,240	20.1	0.5	3.9	15.4	--	--
Real Assets & Inflation Hedges (Gross)			0.5	4.0	15.5	--	--
OPEB BTC REITs (Net)	145,758,009	10.1	-1.6	5.1	22.5	--	--
OPEB BTC REITs (Gross)			-1.2	5.5	23.2	--	--
<i>DJ US Select REIT TR USD</i>			<u>-1.2</u>	<u>5.5</u>	<u>23.1</u>	--	--
Excess Return (vs. Net)			-0.4	-0.4	-0.6		
OPEB BTC Commodities (Net)	58,139,819	4.0	4.4	2.5	7.7	--	--
OPEB BTC Commodities (Gross)			4.5	2.6	7.8	--	--
<i>Bloomberg Commodity Index TR USD</i>			<u>4.4</u>	<u>2.5</u>	<u>7.7</u>	--	--
Excess Return (vs. Net)			0.0	0.0	0.0		
OPEB BTC TIPS (Net)	85,712,412	5.9	0.8	2.2	8.5	--	--
OPEB BTC TIPS (Gross)			0.8	2.2	8.5	--	--
<i>BBgBarc US TIPS TR</i>			<u>0.8</u>	<u>2.2</u>	<u>8.4</u>	--	--
Excess Return (vs. Net)			0.0	0.0	0.1		
Risk Reduction & Mitigation (Net)	142,900,403	9.9	0.3	2.2	7.5	3.8	--
Risk Reduction & Mitigation (Gross)			0.3	2.2	7.5	3.8	--
OPEB BTC Investment Grade Bonds (Net)	114,226,856	7.9	0.2	2.4	8.8	--	--
OPEB BTC Investment Grade Bonds (Gross)			0.2	2.5	8.8	--	--
<i>BBgBarc US Aggregate TR</i>			<u>0.2</u>	<u>2.5</u>	<u>8.7</u>	--	--
Excess Return (vs. Net)			0.0	-0.1	0.1		

Los Angeles County OPEB Master Trust

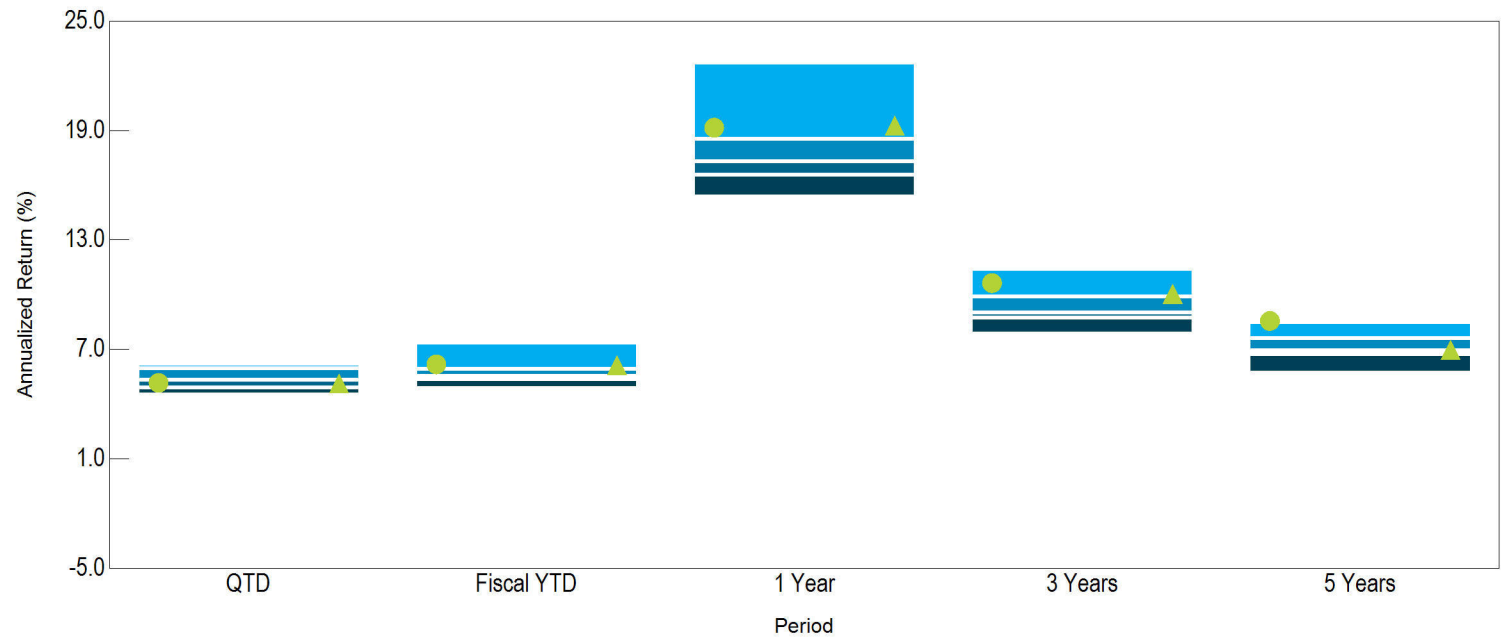
Total Fund | As of December 31, 2019

	Market Value (\$)	% of Portfolio	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
OPEB JPMorgan Enhanced Cash (Net)	28,673,548	2.0	0.6	1.2	2.8	2.2	1.6
OPEB JPMorgan Enhanced Cash (Gross)			0.6	1.2	2.9	2.2	1.6
<i>FTSE T-Bill 6 Months TR</i>			<u>0.5</u>	<u>1.1</u>	<u>2.4</u>	<u>1.7</u>	<u>1.1</u>
Excess Return (vs. Net)			0.1	0.1	0.4	0.5	0.5
Uninvested Cash (Net)	116,617	0.0					
Uninvested Cash (Gross)							

Los Angeles County OPEB Master Trust

Total Fund | As of December 31, 2019

InvMetrics Public DB \$1B - \$5B Gross Return Comparison



	Return (Rank)		Fiscal YTD		1 Year		3 Years		5 Years	
5th Percentile	6.2		7.4		22.7		11.4		8.5	
25th Percentile	6.0		6.0		18.6		9.9		7.6	
Median	5.4		5.6		17.3		9.0		7.0	
75th Percentile	4.9		5.4		16.6		8.8		6.8	
95th Percentile	4.6		4.9		15.4		7.9		5.7	
# of Portfolios	15		15		15		15		15	
● Total Fund	5.2	(56)	6.2	(21)	19.2	(21)	10.6	(12)	8.6	(3)
▲ Custom OPEB Total Fund	5.1	(57)	6.1	(22)	19.3	(21)	10.0	(18)	7.0	(54)

Los Angeles County OPEB Master Trust

Total Fund | As of December 31, 2019

Benchmark History

As of December 31, 2019

Total Fund

7/01/2018	Present	Custom OPEB Total Fund
2/01/2014	6/30/2018	80% MSCI ACWI IMI Net / 20% FTSE 6M T-Bill Index
2/01/2013	1/31/2014	FTSE 6M T-Bill Index

Custom OPEB Total Fund: 50% MSCI ACWI IMI Net/ 6% BBgBarc High Yield/ 10% S&P/ LSTA Leveraged Loan/ 4% JPM GBI-Em/ 2% FTSE 6-Month Treasury Bill/ 8% BBgBarc US Agg/ 6% BBgBarc US Tsy TIPS/ 10% DJ US Select Real Estate/ 4% Bloomberg Commodity Total Return

WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE"RECIPIENT").

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT AND THAT IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. ANY OPINIONS OR RECOMMENDATIONS PRESENTED HEREIN REPRESENT OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND ARE SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK. THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

INFORMATION USED TO PREPARE THIS REPORT WAS OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY OF ALL SOURCE INFORMATION CONTAINED HEREIN.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM", "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD-LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

**FOR INFORMATION ONLY**

January 23, 2020

To: Trustees,
Board of Retirement

Trustees,
Board of Investments

From: Michael D. Herrera, 
Senior Staff Counsel

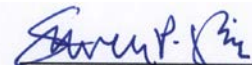
For: Board of Retirement Meeting of February 5, 2020
Board of Investments Meeting of February 12, 2020

Subject: **Update Regarding Employee Status of Trustees Following Recent
Legislation and State Court Decisions**

Recent legislation (California Assembly Bill 5) and a prior decision by the California Supreme Court (*Dynamex Operations v. Superior Court*) have altered the test for determining whether someone should be classified as an “employee” under state law.

The Legal Office is currently reviewing the impact of these changes, if any, on the status of LACERA trustees. We expect to provide a comprehensive, informational memo for both Boards on this subject next month.

Reviewed and Approved:



Steven P. Rice
Chief Counsel

cc: Santos H. Kreimann
JJ Popowich

FOR INFORMATION ONLY

January 27, 2020

TO: Each Trustee
Board of Retirement

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: February 5, 2020 Board of Retirement Meeting

SUBJECT: **UPDATE ON WINDFALL ELIMINATION PROVISION AND GOVERNMENT PENSION OFFSET**

At the Board of Investments meeting on December 11, 2019 and the Insurance, Benefits and Legislative Committee meeting on December 12, 2019, staff was requested to reach out to Anthony J. Roda, LACERA's federal legislative advocate, regarding legislation (H.R 141 and S. 521) that would repeal the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). The Board of Retirement has adopted support positions on H.R 141 and S. 521.

Mr. Roda reports that S. 521 currently has 37 co-sponsors, including California Senators Feinstein and Harris. H.R. 141 currently has 235 co-sponsors, including a substantial number of California's Congressional Delegation. However, there are a number of California Delegation members who are not co-sponsors. Mr. Roda advised advocating for the remaining California Delegation members to sign on as co-sponsors to increase support for the bill and working with another national organization to coordinate.

LACERA staff and board trustees are also attending the National Conference on Public Employee Retirement Systems 2020 Legislative Conference during January 26-28, 2020. The issue of repealing the WEP and GPO will be discussed at the conference, and Mr. Roda has created talking points for staff and board trustees to engage with legislators and their staff on this issue.

Reviewed and Approved:



Steven P. Rice, Chief Counsel


WEP/GPO Update
Board of Retirement
January 27, 2020
Page 2

cc: Board of Investments
Santos H. Kreimann
JJ Popowich
Steven P. Rice
Anthony J. Roda, Williams & Jensen

FOR INFORMATION ONLY

January 23, 2020

TO: Each Trustee
Board of Retirement
Board of Investments

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: February 5, 2020 Board of Retirement Meeting
February 12, 2020 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. Bills from the 2019 legislative year that have carried over to 2020 continue to be monitored, whereas bills from 2019 that were either enacted or vetoed are no longer being monitored.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachment

LACERA Legislative Report

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

LACERA Legislative Report
2019-2020 Legislative Session
Status as of January 23, 2020

File name: CERL-PEPRA-2020

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 472	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
CA AB 664	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: 06/26/2019 In SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT: Not heard. Comments: In 2017, the Board of Retirement adopted a Neutral position on AB 283 (Cooper), a similar bill by the same author. BOR_Position: Oppose 06/05/2019, Support 05/01/2019 IBLC_Recommendation: Support 04/11/2019 Staff_Recommendation: Watch
CA AB 1198	AUTHOR: Stone [D] 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:

06/26/2019 In ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Not heard.

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.

Comments:

At the SACRS 2019 Fall Conference, the SACRS membership approved the SACRS Legislative Committee's draft language on various clean-up provisions, which will be amended into the bill.

Staff_Action: Monitoring

File name: Federal-2020

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 HR 3934

SPONSOR: Brady K [R]
TITLE: Windfall Elimination Provision Replacement
INTRODUCED: 07/24/2019
SUMMARY:

Amends Title II of the Social Security Act; replaces the windfall elimination provision with a formula equalizing benefits for certain individuals with non-covered employment.

STATUS:

07/24/2019 INTRODUCED.
07/24/2019 To HOUSE Committee on WAYS AND MEANS.

IBLC_Recommendation: Watch 01/09/2020

Staff_Recommendation: Watch

US HR 4540

SPONSOR: Neal [D]
TITLE: Non Covered Employment Social Security Provision
INTRODUCED: 09/27/2019
SUMMARY:

Provides an equitable Social Security formula for individuals with non covered employment; provides relief for individuals currently affected by the Windfall Elimination Provision.

STATUS:

09/27/2019 INTRODUCED.
09/27/2019 To HOUSE Committee on WAYS AND MEANS.

IBLC_Recommendation: Watch 01/09/2020

Staff_Recommendation: Watch

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-2020

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.
BOR_Position: Oppose 08/07/2019
IBLC_Recommendation: Support 07/11/2019
Staff_Recommendation: Support

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.

Comments:

As amended on 4/10/2019, the bill exempts contracts and agreements related to administration and investments of retirement benefits.

Staff_Action: Monitoring



FOR INFORMATION ONLY

January 21, 2020

TO: Trustees – Board of Investments

FROM: Ted Granger, CPA, CGMA, CRMA *TG*
Interim Chief Financial Officer

FOR: February 12, 2020 – Board of Investments Meeting

SUBJECT: Semi-Annual Interest Crediting for Reserves as of December 31, 2019 (UNAUDITED)

Pursuant to the County Employees Retirement Law Section 31591, regular interest shall be credited semi-annually on June 30 and December 31 to all contributions in the retirement fund, which have been on deposit six months immediately prior to such date at an interest rate of 2.5% per annum, until otherwise determined by the Board.

The semi-annual interest crediting rate applicable for June 30, 2019, was 3.625% (i.e., 7.25% annual rate). In December 2016, the Board approved a reduction in the investment return assumption from 7.50% to 7.25%. The new rate was implemented with the Board’s adoption of the June 30, 2016 actuarial valuation. To provide ample time for both the plan sponsor and LACERA to prepare for the change, the new 7.25% rate became effective July 1, 2017, which was also when the corresponding employer and employee contribution rates as recommended in the June 30, 2016 valuation report, took effect. During the January 2020 Board of Investments meeting, the Board approved a reduction in the investment return assumption from 7.25% to 7.00%. The new 7.00% rate will become effective July 1, 2020.

The Retirement Benefit Funding Policy stipulates that interest credits for Reserve accounts are allocated in the same priority order as the allocation of actuarial assets. Such interest credits are granted based on Realized Earnings for the period. The allocation of Realized Earnings is performed twice each year on June 30 and December 31.

As of December 31, 2019, the Pension Fund generated \$4.5 billion Realized Earnings of which \$3.5 billion was due to the global equity portfolio transition. The investment portfolio structure change and potential impact was communicated to the Board at the August 2019 meeting. There were sufficient Realized Earnings to meet the required interest credit rates for Priority 1, the Member Reserve, through Priority 5. There was also sufficient Realized Earnings remaining after crediting Priorities 1-5 to establish the Contingency Reserve (Priority 6) at 1% of the Fiduciary Net Position (FNP) as of December 31, 2019, with the remaining balance allocated to Priority 7. The table below depicts the actual interest credit allocations for the six-month period ended December 31, 2019.

Priority Order	Reserve Account	Interest Credit Rate Applied
1	Member	3.625%
2	Advanced Employer Contributions	N/A
3	Employer	3.625%
4	County Contribution Credit	N/A
5	Employer	3.625%
6	Contingency Reserve	\$ amount equal to 1.00% of FNP
7	Employer	6.510%

REVIEWED AND APPROVED:

Santos H. Kreimann
Chief Executive Officer

Interest Credit Rate Dec 2019 (unaudited)_final.doc
SHK:tg

c: Board of Retirement, LACERA
Sachi A. Hamai, CEO, Los Angeles County

**FOR INFORMATION ONLY**

January 29, 2020

TO: Each Trustee
Board of Retirement
Board of Investments

FROM: Ted Granger, CPA, CGMA, CRMA *TG*
Interim Chief Financial Officer

SUBJECT: MONTHLY EDUCATION & TRAVEL REPORTS – DECEMBER 2019

Attached, for your review, are the Board and Staff Education & Travel Reports as of December 2019. These reports include travel (i.e., completed and canceled) during Fiscal Year 2019-2020.

REVIEWED AND APPROVED:

Santos H. Kreimann
Chief Executive Officer

TG/EW/krh

Attachments

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

**BOARD EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2019 - 2020
DECEMBER 2019**

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
Alan Bernstein			
A	1 Edu - PPI 2019 Summer Roundtable - Chicago IL	07/10/2019 - 07/12/2019	Attended
	2 Edu - Responsible Investor Annual Conference - New York City NY	12/03/2019 - 12/05/2019	Attended
B	- Edu - NACD Southern California Chapter Luncheon - Los Angeles CA	09/10/2019 - 09/10/2019	Attended
	- Edu - 2019 Pension Bridge Alternatives - Beverly Hills CA	10/28/2019 - 10/29/2019	Attended
	- Edu - KACALP Annual Conference - Los Angeles CA	10/29/2019 - 10/30/2019	Attended
	- Edu - NACD Illuminating Data in the Boardroom - Los Angeles CA	10/30/2019 - 10/30/2019	Attended
C	- Admin - Manager Meetings (Riverside Company, JP Morgan and Clarion Partners) - New York City NY	12/02/2019 - 12/02/2019	Attended
Vivian Gray			
B	- Edu - SACRS Public Pension Investment Management Program - Berkeley CA	07/22/2019 - 07/24/2019	Attended
	- Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
	- Edu - Toigo Foundation 30th Anniversary - Los Angeles CA	11/19/2019 - 11/19/2019	Attended
	- Admin - SACRS Board & Committee Meeting - San Diego CA	11/30/2019 - 12/03/2019	Attended
	- Edu - The Knowledge Group: Opportunity Zone Funds Due Diligence - Los Angeles CA	12/18/2019 - 12/18/2019	Attended
James Harris			
B	- Edu - CALAPRS Principles of Pension Governance - Malibu CA	08/26/2019 - 08/29/2019	Attended
	- Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Shawn Kehoe			
A	1 Edu - IAFCI Annual Training Conference & Exhibitor Show - Raleigh NC	08/26/2019 - 08/30/2019	Attended
B	- Edu - KACALP Annual Conference - Los Angeles CA	10/29/2019 - 10/30/2019	Attended
X	- Edu - National Association of Corporate Directors - Global Board Leaders' Summit - Washington D.C. MD	09/21/2019 - 09/24/2019	Canceled
Wayne Moore			
A	1 Edu - PPI 2019 Summer Roundtable - Chicago IL	07/10/2019 - 07/12/2019	Attended
	2 Edu - 2019 Council of Institutional Investors (CII) Fall Conference - Minneapolis MN	09/16/2019 - 09/18/2019	Attended
	3 Edu - 2019 Pacific Pension Institute Executive Seminar and Asia Roundtable - Shanghai, China; Hong Kong, China	11/03/2019 - 11/08/2019	Attended
B	- Edu - NAIC 2019 Annual Private Equity & Hedge Fund Conference - Los Angeles CA	10/23/2019 - 10/24/2019	Attended
Dave Muir			
A	1 Edu - Responsible Investor Annual Conference - New York City NY	12/03/2019 - 12/05/2019	Attended
Ronald Okum			
B	- Edu - 2019 Pension Bridge Alternatives - Beverly Hills CA	10/28/2019 - 10/29/2019	Attended
	- Edu - KACALP Annual Conference - Los Angeles CA	10/29/2019 - 10/30/2019	Attended

**BOARD EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2019 - 2020
DECEMBER 2019**

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
William Pryor			
X	- Edu - NCPERS 2019 Public Safety Conference - New Orleans LA	10/27/2019 - 10/30/2019	Canceled
Les Robbins			
X	- Edu - CRCEA Fall 2019 Conference - Rohnert Park CA	10/28/2019 - 10/30/2019	Canceled
Gina Sanchez			
A	1 Edu - Oxford Impact Measurement Program - Oxford, United Kingdom	07/15/2019 - 07/19/2019	Attended
	2 Edu - 2019 Council of Institutional Investors (CII) Fall Conference - Minneapolis MN	09/16/2019 - 09/18/2019	Attended
	3 Edu - National Association of Corporate Directors - Global Board Leaders' Summit - Washington D.C. MD	09/21/2019 - 09/24/2019	Attended
B	- Edu - 2019 Western North American PRI Symposium - Los Angeles CA	10/24/2019 - 10/24/2019	Attended
	- Edu - 2019 Pension Bridge Alternatives - Beverly Hills CA	10/28/2019 - 10/29/2019	Attended
	- Edu - 2019 RFKennedy Human Rights Compass Conference - West Hollywood CA	10/29/2019 - 10/30/2019	Attended
	- Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Herman Santos			
A	1 Edu - 2019 Latin America Private Equity & Venture Capital Association Summit and Investor Roundtable and LAVCA Venture Investors Annual Meeting - New York NY	09/23/2019 - 09/26/2019	Attended
	2 Edu - Responsible Investor Annual Conference - New York City NY	12/03/2019 - 12/05/2019	Attended
B	- Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
	- Edu - Toigo Foundation 30th Anniversary - Los Angeles CA	11/19/2019 - 11/19/2019	Attended
X	- Edu - INCA Investments Latin American Investments Conference - Buenos Aires, Argentina	10/16/2019 - 10/17/2019	Canceled
Gina Zapanta			
B	- Edu - SACRS Public Pension Investment Management Program - Berkeley CA	07/22/2019 - 07/24/2019	Attended
	- Edu - Network Ethnic Physician Organizations (NEPO) Summit - Pasadena CA	08/23/2019 - 08/24/2019	Attended

Category Legend:

A - Pre-Approved/Board Approved

B - Educational Conferences and Administrative Meetings in CA where total cost is no more than \$2,000.

C - Second of two conferences and/or meetings counted as one conference per Section 705.00.A.1 of the Travel Policy

X - Canceled events for which expenses have been incurred

**STAFF EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2019 - 2020
DECEMBER 2019**

Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Administrative Services				
Dana Brooks	1	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Holly Henderson	1	Edu - GFOA Budgeting Best Practices: Budget Monitoring - Sacramento CA	09/16/2019 - 09/18/2019	Attended
Kimberly Hines	1	Edu - GFOA Budgeting Best Practices: Budget Monitoring - Sacramento CA	09/16/2019 - 09/18/2019	Attended
	2	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Benefits				
Sylvia Botros	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
Louis Gittens	1	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Dmitriy Khaytovich	1	Edu - CALAPRS Benefits Roundtable - Oakland CA	09/20/2019 - 09/20/2019	Attended
	2	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Theodore King	1	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Linda Moss	1	Edu - 38th ISCEBS Employee Benefits Symposium - New Orleans CA	09/08/2019 - 09/11/2019	Attended
Sevan Simonian	1	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Communications				
Sarah Scott	1	Edu - Writing Compelling Digital Copy as part of the UX Conference - Chicago IL	09/12/2019 - 09/12/2019	Canceled
	2	Edu - Writing Compelling Digital Copy as part of the UX Conference - Las Vegas NV	12/10/2019 - 12/10/2019	Attended
Disability Litigation Services				
Eugenia Der	1	Edu - CALAPRS Course in Retirement Disability Administration - Oakland CA	09/19/2019 - 09/19/2019	Attended
Jason Waller	1	Edu - CALAPRS Course in Retirement Disability Administration - Oakland CA	09/19/2019 - 09/19/2019	Canceled
Disability Retirement Services				
Stephanie Ashley	1	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
Hernan Barrientos	1	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
Redjan Bitri	1	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
Tamara Caldwell	1	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
	2	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Justin Chiu	1	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
Ricki Contreras	1	Edu - CALAPRS Course in Retirement Disability Administration - Oakland CA	09/19/2019 - 09/19/2019	Attended

**STAFF EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2019 - 2020
DECEMBER 2019**

Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Disability Retirement Services				
Ricki Contreras	2	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
Amabelle Delin	1	Edu - CALAPRS Course in Retirement Disability Administration - Oakland CA	09/19/2019 - 09/19/2019	Attended
	2	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
Shamila Freeman	1	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
Danny Hang	1	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Russell Lurina	1	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
Debra Martin	1	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
Ruby Minjares	1	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
	2	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Melena Sarkisian	1	Edu - CALAPRS Course in Retirement Disability Administration - Oakland CA	09/19/2019 - 09/19/2019	Attended
	2	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
Maria Silva	1	Edu - CALAPRS Course in Retirement Disability Administration - Oakland CA	09/19/2019 - 09/19/2019	Attended
	2	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
	3	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Frida Skugrud	1	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
Justin Stewart	1	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
Kerri Wilson	1	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
Michelle Yanes	1	Edu - Council of Self-Insured Public Agencies (COSIPA) Fall Educational Seminar (South) - Costa Mesa CA	10/17/2019 - 10/17/2019	Attended
Executive Offices				
John Popowich	1	Edu - GFOA Budgeting Best Practices: Budget Monitoring - Sacramento CA	09/16/2019 - 09/18/2019	Attended
	2	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Financial & Accounting Services				
Beulah Auten	1	Edu - Public Pension Financial Forum (P2F2) 16th Annual Conference - Salt Lake City UT	10/20/2019 - 10/23/2019	Canceled
Ana Chang	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended

**STAFF EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2019 - 2020
DECEMBER 2019**

Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Financial & Accounting Services				
Ana Chang	2	Edu - Public Pension Financial Forum (P2F2) 16th Annual Conference - Salt Lake City UT	10/20/2019 - 10/23/2019	Attended
Esther Chang	1	Edu - Association of Government Accountants (AGA) 2019 Professional Development Training (PDT) - New Orleans LA	07/21/2019 - 07/24/2019	Attended
	2	Edu - CALAPRS Intermediate Retirement Plan Administration - San Jose CA	10/16/2019 - 10/18/2019	Canceled
	3	Edu - CALAPRS Advanced Course in Retirement Plan Administration - Oakland CA	12/11/2019 - 12/13/2019	Canceled
Sabrina Chen	1	Edu - Great Plains (Dynamics) User Group Summit - Orlando FL	10/15/2019 - 10/18/2019	Attended
Margaret Chwa	1	Edu - CALAPRS Fall Accountants Roundtable - Oakland CA	09/20/2019 - 09/20/2019	Attended
Ted Granger	1	Edu - Public Pension Financial Forum (P2F2) 16th Annual Conference - Salt Lake City UT	10/20/2019 - 10/23/2019	Canceled
Michael Huang	1	Edu - Great Plains (Dynamics) User Group Summit - Orlando FL	10/15/2019 - 10/18/2019	Attended
Diana Huang	1	Edu - Public Pension Financial Forum (P2F2) 16th Annual Conference - Salt Lake City UT	10/20/2019 - 10/23/2019	Attended
Anh Huynh	1	Edu - Public Pension Financial Forum (P2F2) 16th Annual Conference - Salt Lake City UT	10/20/2019 - 10/23/2019	Attended
Chona Labtic-Austin	1	Edu - Association of Government Accountants (AGA) 2019 Professional Development Training (PDT) - New Orleans LA	07/21/2019 - 07/24/2019	Attended
	2	Edu - Public Pension Financial Forum (P2F2) 16th Annual Conference - Salt Lake City UT	10/20/2019 - 10/23/2019	Attended
Claro Lanting	1	Edu - IFEBP 65th Employee Benefits Conference - San Diego CA	10/20/2019 - 10/23/2019	Attended
Alyce Provencio	1	Edu - CALAPRS Fall Accountants Roundtable - Oakland CA	09/20/2019 - 09/20/2019	Attended
	2	Edu - CALAPRS Intermediate Retirement Plan Administration - San Jose CA	10/16/2019 - 10/18/2019	Attended
	3	Edu - CALAPRS Advanced Course in Retirement Plan Administration - Oakland CA	12/11/2019 - 12/13/2019	Attended
Gloria Rios	1	Edu - CALAPRS Fall Accountants Roundtable - Oakland CA	09/20/2019 - 09/20/2019	Attended
	2	Edu - CALAPRS Intermediate Retirement Plan Administration - San Jose CA	10/16/2019 - 10/18/2019	Attended
	3	Edu - IFEBP 65th Employee Benefits Conference - San Diego CA	10/20/2019 - 10/23/2019	Attended
	4	Edu - CALAPRS Advanced Course in Retirement Plan Administration - Oakland CA	12/11/2019 - 12/13/2019	Attended
Imelda Saldivar	1	Edu - CALAPRS Fall Accountants Roundtable - Oakland CA	09/20/2019 - 09/20/2019	Canceled
	2	Edu - Great Plains (Dynamics) User Group Summit - Orlando FL	10/15/2019 - 10/18/2019	Canceled
	3	Edu - APP2P Fall Conference & Expo - Scottsdale AZ	10/15/2019 - 10/17/2019	Canceled
Felisa Valdepenas	1	Edu - Association of Government Accountants (AGA) 2019 Professional Development Training (PDT) - New Orleans LA	07/21/2019 - 07/24/2019	Attended

**STAFF EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2019 - 2020
DECEMBER 2019**

Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Financial & Accounting Services				
Srbui Vartanian	1	Edu - APP2P Fall Conference & Expo - Scottsdale AZ	10/15/2019 - 10/17/2019	Attended
Elda Villarroel	1	Edu - Great Plains (Dynamics) User Group Summit - Orlando FL	10/15/2019 - 10/18/2019	Attended
Edward Wong	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
Koreana Wong	1	Edu - Public Pension Financial Forum (P2F2) 16th Annual Conference - Salt Lake City UT	10/20/2019 - 10/23/2019	Canceled
Ervin Wu	1	Edu - IFEBP 65th Employee Benefits Conference - San Diego CA	10/20/2019 - 10/23/2019	Attended
Alice Yen	1	Edu - Public Pension Financial Forum (P2F2) 16th Annual Conference - Salt Lake City UT	10/20/2019 - 10/23/2019	Canceled
Mei Zhang	1	Edu - Great Plains (Dynamics) User Group Summit - Orlando FL	10/15/2019 - 10/18/2019	Attended
Human Resources				
Ana Ronquillo	1	Edu - SHRM Diversity and Inclusion Conference - New Orleans LA	10/28/2019 - 10/30/2019	Attended
Roberta Van Nortrick	1	Edu - Society of Corporate Compliance and Ethics (SCCE) Annual Meeting - Washington D.C. MD	09/15/2019 - 09/18/2019	Attended
	2	Edu - Organizational Development Conference - New Orleans LA	11/05/2019 - 11/06/2019	Attended
Internal Audit				
Nathan Amick	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
	2	Edu - Association of Public Pension Fund Auditors (APPFA) - Lake Tahoe CA	10/27/2019 - 10/30/2019	Attended
Richard Bendall	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
	2	Edu - Enterprise Risk Management (ERM) Pension Peer Group - Sacramento CA	09/22/2019 - 09/25/2019	Attended
Leisha Collins	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
	2	Edu - Association of Public Pension Fund Auditors (APPFA) - Lake Tahoe CA	10/27/2019 - 10/30/2019	Attended
	3	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Christina Logan	1	Edu - Association of Public Pension Fund Auditors (APPFA) - Lake Tahoe CA	10/27/2019 - 10/30/2019	Attended
Kristina Sun	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
Gabriel Tafoya	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
Summy Voong	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended

**STAFF EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2019 - 2020
DECEMBER 2019**

Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Investments				
Didier Acevedo	1	Admin - Due Diligence of Illiquid Credit Finalist Managers - New York, NY and Chicago, IL	08/27/2019 - 08/29/2019	Attended
	2	Edu - 2019 Latin America Private Equity & Venture Capital Association Summit and Investor Roundtable and LAVCA Venture Investors Annual Meeting - New York NY	09/23/2019 - 09/26/2019	Attended
	3	Admin - Attend Annual General Meetings (AGMs) hosted by Centerbridge, USV, Palladium, and attend Black Diamond's Limited Partner Advisory Committee (LPAC). - New York NY	11/06/2019 - 11/08/2019	Attended
Amit Aggarwal	1	Edu - Investors in Non-Listed Real Estate Vehicles (INREV) North America Conference. - New York NY	10/02/2019 - 10/02/2019	Attended
	2	Admin - Site inspections and meeting with perspective managers. - New York NY	10/03/2019 - 10/03/2019	Attended
	3	Admin - Due diligence with a potential manager, and attend the LP Advisory meetings and Annual meeting of two existing managers (Aermont and Carlyle Europe). - Longdon, England; Paris, France; Berlin, Germany	11/18/2019 - 11/22/2019	Attended
Kevin Bassi	1	Admin - Due Diligence of Clarion Partners - Seattle WA	10/17/2019 - 10/18/2019	Attended
Calvin Chang	1	Admin - Due diligence on a potential manager. - Chicago IL	11/04/2019 - 11/04/2019	Attended
Adam Cheng	1	Admin - Due diligence of Syndicated Bank Loan finalist managers (Credit Suisse and Barings) and visit with Brigade Capital Management. - New York, NY and Charlotte, NC	10/16/2019 - 10/17/2019	Attended
	2	Admin - Due diligence of Syndicated Bank Loan finalist manager, Voya. - Scottsdale AZ	10/21/2019 - 10/21/2019	Attended
David Chu	1	Admin - GGV Capital Limited Partner Advisory Committee Roundtable and Private Limited Partner Reception - San Francisco CA	07/25/2019 - 07/25/2019	Attended
	2	Admin - Due diligence on potential and existing managers (MBK Partners, BRV China, Joy Capital); and attend Lilly Asian Ventures annual investor meeting. - Singapore; Hong Kong; Shanghai, China	09/18/2019 - 09/27/2019	Attended
	3	Edu - SuperReturn Asia Conference. - Hong Kong, China	09/23/2019 - 09/26/2019	Attended
	4	Admin - GGV Annual General Meeting and meet with existing managers (AKKR, Lilly Asia Ventures). - Menlo Park CA	10/17/2019 - 10/18/2019	Attended
	5	Admin - Sinovation Limited Partner Advisory Committee (LPAC) and Annual General Meeting (AGM); and meet with prospective managers. - Shanghai and Beijing, China	11/04/2019 - 11/08/2019	Attended
Esmeralda Del Bosque	1	Edu - 2019 Alternative Investments Forum (AIF) Women Investor's Forum - New York NY	09/09/2019 - 09/10/2019	Attended
	2	Edu - Investment Operations Forum at CalSTRS - Sacramento CA	09/24/2019 - 09/24/2019	Attended
	3	Admin - Meeting with State Street - Sacramento CA	09/24/2019 - 09/24/2019	Attended
	4	Admin - Meeting with Meketa - Carlsbad CA	10/18/2019 - 10/18/2019	Attended
	5	Admin - Risk System RFP Search. - San Francisco CA	12/13/2019 - 12/13/2019	Attended

**STAFF EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2019 - 2020
DECEMBER 2019**

Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Investments				
Terra Elijah	1	Admin - Due diligence with a potential Appraisal Management Service Provider - Irvine CA	12/16/2019 - 12/16/2019	Attended
	2	Admin - Due diligence with a potential Appraiser Management Service Provider - Houston TX	12/17/2019 - 12/18/2019	Attended
Jon Grabel	1	Edu - Public CIO Forum - Detroit MI	09/17/2019 - 09/18/2019	Canceled
	2	Edu - Institutional Limited Partners Association (ILPA) 3rd Annual CIO Symposium - Cambridge MA	09/25/2019 - 09/25/2019	Attended
	3	Edu - Albourne 2019 Client Conference - Philadelphia PA	10/21/2019 - 10/23/2019	Canceled
	4	Admin - 3rd Annual Private Equity and Secondary Investor Summit - New York NY	12/03/2019 - 12/03/2019	Attended
	5	Edu - Institutional Investors Allocator's Choice Awards & Masterclass - New York City NY	12/03/2019 - 12/03/2019	Canceled
	6	Edu - Manager Meeting and SASB 04 IAG Meeting - New York City NY	12/04/2019 - 12/05/2019	Attended
	7	Admin - 2019 CIO Influential Investors Forum and Industry Innovation Awards - New York NY	12/12/2019 - 12/12/2019	Attended
Jeff Jia	1	Admin - Due diligence of Syndicated Bank Loan finalist managers (Credit Suisse and Barings) and visit with Brigade Capital Management. - New York, NY and Charlotte, NC	10/16/2019 - 10/17/2019	Attended
	2	Admin - Due diligence of Syndicated Bank Loan finalist manager, Voya. - Scottsdale AZ	10/21/2019 - 10/21/2019	Attended
Dale Johnson	1	Admin - Due Diligence with Prospective Manager - Plano TX	08/20/2019 - 08/20/2019	Attended
	2	Edu - 2019 Council of Institutional Investors (CII) Fall Conference - Minneapolis MN	09/16/2019 - 09/18/2019	Attended
John Kim	1	Edu - Investment Operations Forum at CalSTRS - Sacramento CA	09/24/2019 - 09/24/2019	Attended
	2	Admin - Meeting with State Street - Sacramento CA	09/24/2019 - 09/24/2019	Attended
	3	Admin - Meeting with Meketa - Carlsbad CA	10/18/2019 - 10/18/2019	Attended
	4	Admin - Risk System RFP Search. - San Francisco CA	12/13/2019 - 12/13/2019	Attended
Derek Kong	1	Admin - Due Diligence on potential managers and existing managers (Alchemy SOF, Triton, LivingBridge) - London, England; Paris, France; Amsterdam, Netherlands; Zurich, Switzerland	09/18/2019 - 09/26/2019	Attended
	2	Admin - Due diligence with potential managers and attend the LP Advisory meeting and Annual meeting of LivingBridge. - London, England and Paris, France	10/31/2019 - 11/08/2019	Attended
Vache Mahseredjian	1	Admin - Due Diligence of Illiquid Credit Finalist Managers - New York, NY and Chicago, IL	08/27/2019 - 08/29/2019	Attended
John McClelland	1	Edu - Pension Real Estate Association (PREA) Leadership Summit. - West Sacramento CA	09/10/2019 - 09/10/2019	Canceled
	2	Admin - Site inspections with DWS and Varsity. - Washington D.C. MD	10/15/2019 - 10/18/2019	Attended

**STAFF EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2019 - 2020
DECEMBER 2019**

Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Investments				
John McClelland	3	Edu - Pension Real Estate Association (PREA) 29th Annual Institutional Investor Conference. - Washington D.C. MD	10/16/2019 - 10/18/2019	Attended
Quoc Nguyen	1	Edu - Albourne 2019 Client Conference - Philadelphia PA	10/21/2019 - 10/23/2019	Attended
Cindy Rivera	1	Edu - 2019 Institutional Real Estate, Inc. (IREI) Springboard Conference - Ojai CA	10/01/2019 - 10/03/2019	Attended
Michael Romero	1	Admin - Gateway Empire Industrial site inspection. - Riverside CA	09/25/2019 - 09/25/2019	Attended
	2	Admin - Due diligence with a potential Appraisal Management Service Provider - Irvine CA	12/16/2019 - 12/16/2019	Attended
	3	Admin - Due diligence with a potential Appraiser Management Service Provider - Houston TX	12/17/2019 - 12/18/2019	Attended
Trina Sanders	1	Admin - TPG Real Estate Parnter's Annual Investor Meeting. - New York NY	11/06/2019 - 11/07/2019	Canceled
	2	Admin - Heitman 2019 HAPI Investor Meeting, 2019 AEW Asia Advisory Board Meeting, meet with potential manager(s), and site inspections. - Hong Kong, Singapore, and Tokyo	11/14/2019 - 11/22/2019	Attended
	3	Admin - Due diligence with a potential Appraisal Management Service Provider - Irvine CA	12/16/2019 - 12/16/2019	Attended
	4	Admin - Due diligence with a potential Appraiser Management Service Provider - Houston TX	12/17/2019 - 12/18/2019	Attended
Robert Santos	1	Admin - Due diligence of Syndicated Bank Loan finalist managers (Credit Suisse and Barings) and visit with Brigade Capital Management. - New York, NY and Charlotte, NC	10/16/2019 - 10/17/2019	Attended
	2	Admin - Due diligence of Syndicated Bank Loan finalist manager, Voya. - Scottsdale AZ	10/21/2019 - 10/21/2019	Attended
David Simpson	1	Admin - Vinci Partners Annual General Meeting and Limited Partner Advisory Committee. Due diligence with potential manager and meet with existing managers (Incline Equity, Sterling IP, Clarion, and One Rock). - New York, NY; Pittsburgh, PA; Westport, CT	09/25/2019 - 09/27/2019	Attended
	2	Admin - Due diligence on a potential manager and attend Annual General Meetings (AGM) and Limited Partner Advisory Committees (LPAC) hosted by One Rock, Sterling Investment Partners, and Siris Capital Group. - New York, NY and Westport, CT	11/11/2019 - 11/15/2019	Attended
Inga Tadevosyan	1	Admin - Due diligence with a potential Appraisal Management Service Provider - Irvine CA	12/16/2019 - 12/16/2019	Attended
Shelly Tilaye	1	Admin - Attend Annual General Meetings (AGMs) and Limited Partner Advisory Committee (LPACs) hosted by Juggernaut and Vista. Meet with existing manager, Atlantic Street, for an update. - Washington, D.C. and New York, NY	10/22/2019 - 10/25/2019	Attended
Chad Timko	1	Admin - Due Diligence with Prospective Manager - Plano TX	08/20/2019 - 08/20/2019	Attended
	2	Admin - Due Diligence of Illiquid Credit Finalist Managers - New York, NY and Chicago, IL	08/27/2019 - 08/29/2019	Attended

**STAFF EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2019 - 2020
DECEMBER 2019**

Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Investments				
Edward Wright	1	Admin - Systematic Investment Strategies Symposium as a speaker. - New York NY	11/19/2019 - 11/19/2019	Attended
Scott Zdrazil	1	Admin - Council of Institutional Board and Committee meetings - Washington D.C. MD	07/31/2019 - 08/01/2019	Attended
	2	Admin - Principles for Responsible Investment Private Equity Advisory Committee Meeting - Paris, France	09/08/2019 - 09/09/2019	Attended
	3	Edu - Annual PRI in Person Conference - Paris, France	09/10/2019 - 09/12/2019	Attended
	4	Admin - Council of Institutional Investors (CII) Board of Directors Meeting - Minneapolis MN	09/16/2019 - 09/18/2019	Attended
	5	Admin - Participate with Council of Institutional Investors (CII) and Securities Exchange Commission (SEC) regarding anticipated rulemaking impacting proxy research and corporate governance regulation. - Washington D.C. MD	11/05/2019 - 11/07/2019	Attended
	6	Admin - Stanford Rock Center for Corporate Governance Institutional Investor fall forum. - New York NY	11/13/2019 - 11/14/2019	Attended
	7	Admin - Sustainability Accounting Standards Board Investor Group and Symposium meeting - New York NY	12/02/2019 - 12/05/2019	Attended
Legal Services				
Fern Billingsy	1	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Frank Boyd	1	Edu - CALAPRS Course in Retirement Disability Administration - Oakland CA	09/19/2019 - 09/19/2019	Attended
	2	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Michael Herrera	1	Admin - NAPPA Executive Board Meeting - Jackson WY	10/03/2019 - 10/04/2019	Attended
Barry Lew	1	Admin - SACRS Legislative Committee - Sacramento CA	07/19/2019 - 07/19/2019	Attended
	2	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Christine Roseland	1	Edu - Association of Corporate Counsel (ACC) Annual Meeting - Phoenix AZ	10/27/2019 - 10/30/2019	Attended
Elaine Salon	1	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended

**STAFF EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2019 - 2020
DECEMBER 2019**

Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Member Services				
Carlos Barrios	1	Edu - 38th ISCEBS Employee Benefits Symposium - New Orleans CA	09/08/2019 - 09/11/2019	Attended
	2	Edu - 2019 National Preretirement Education Association (NPEA) Annual Conference - Naples FL	10/19/2019 - 10/23/2019	Attended
	3	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Jacqueline Boute	1	Edu - CALAPRS Benefits Roundtable - Oakland CA	09/20/2019 - 09/20/2019	Attended
Renee Copeland	1	Edu - CALAPRS Benefits Roundtable - Oakland CA	09/20/2019 - 09/20/2019	Attended
Beatriz Daryaie	1	Edu - CALAPRS Benefits Roundtable - Oakland CA	09/20/2019 - 09/20/2019	Attended
Armendina Lejano	1	Edu - CALAPRS Intermediate Retirement Plan Administration - San Jose CA	10/16/2019 - 10/18/2019	Attended
	2	Edu - CALAPRS Advanced Course in Retirement Plan Administration - Oakland CA	12/11/2019 - 12/13/2019	Attended
Alejandro Ochoa	1	Edu - CALAPRS Benefits Roundtable - Oakland CA	09/20/2019 - 09/20/2019	Attended
Persian Petrov	1	Edu - CALAPRS Benefits Roundtable - Oakland CA	09/20/2019 - 09/20/2019	Attended
Kelly Puga	1	Edu - 2019 National Preretirement Education Association (NPEA) Annual Conference - Naples FL	10/19/2019 - 10/23/2019	Attended
Jeff Shevlowitz	1	Edu - 38th ISCEBS Employee Benefits Symposium - New Orleans CA	09/08/2019 - 09/11/2019	Attended
QA & Metrics				
Mary Arenas	1	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Josielyn Bantugan	1	Edu - IIA's Operational Auditing: Influencing Positive Change 2019 - New York NY	12/03/2019 - 12/04/2019	Attended
Derwin Brown	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
	2	Edu - ASQ Audit Conference 2019 - Orlando FL	10/17/2019 - 10/18/2019	Attended
	3	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
	4	Edu - Association for Talent Development (ATD) Train-the-Trainer Certificate Class - San Diego CA	12/04/2019 - 12/06/2019	Attended
Calvin Chow	1	Edu - IFEBP 65th Employee Benefits Conference - San Diego CA	10/20/2019 - 10/23/2019	Attended
Arlene Owens	1	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Flora Zhu	1	Edu - ATD Certificate Program - Train the Trainer - Orlando FL	07/08/2019 - 07/10/2019	Attended
Retiree Healthcare				
Tionna Fredericks	1	Edu - IIA Institute of Internal Auditors 2019 International Conference - Anaheim CA	07/07/2019 - 07/10/2019	Attended
Leilani Ignacio	1	Edu - IFEBP 65th Employee Benefits Conference - San Diego CA	10/20/2019 - 10/23/2019	Attended
	2	Admin - CVS/Caremark Annual Due Diligence Meeting - Chicago IL	12/16/2019 - 12/18/2019	Attended

**STAFF EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2019 - 2020
DECEMBER 2019**

Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Retiree Healthcare				
Kathy Migita	1	Edu - AHIP National Conferences on Medicare, Medicaid & Dual Eligibles - Washington D.C. MD	09/23/2019 - 09/26/2019	Attended
	2	Admin - Annual Kaiser Due Diligence - Washington D.C. MD	09/27/2019 - 09/28/2019	Attended
	3	Edu - IFEBP 65th Employee Benefits Conference - San Diego CA	10/20/2019 - 10/23/2019	Attended
	4	Edu - NCPERS 2019 Public Safety Conference - New Orleans LA	10/27/2019 - 10/30/2019	Attended
	5	Admin - Kaiser Permanente - Diligence Meeting - Seattle WA	11/03/2019 - 11/05/2019	Attended
	6	Admin - CVS/Caremark Annual Due Diligence Meeting - Chicago IL	12/16/2019 - 12/18/2019	Attended
Keisha Munn	1	Edu - ICMI Contact Center Symposium - San Diego CA	11/18/2019 - 11/21/2019	Attended
Cassandra Smith	1	Edu - AHIP National Conferences on Medicare, Medicaid & Dual Eligibles - Washington D.C. MD	09/23/2019 - 09/26/2019	Attended
	2	Admin - Annual Kaiser Due Diligence - Washington D.C. MD	09/27/2019 - 09/28/2019	Attended
	3	Edu - IFEBP 65th Employee Benefits Conference - San Diego CA	10/20/2019 - 10/23/2019	Attended
	4	Edu - NCPERS 2019 Public Safety Conference - New Orleans LA	10/27/2019 - 10/30/2019	Attended
	5	Admin - Kaiser Permanente - Diligence Meeting - Seattle WA	11/03/2019 - 11/05/2019	Attended
	6	Admin - CVS/Caremark Annual Due Diligence Meeting - Chicago IL	12/16/2019 - 12/18/2019	Attended
Letha Williams-Martin	1	Edu - ICMI Contact Center Symposium - San Diego CA	11/18/2019 - 11/21/2019	Attended
Systems				
James Brekk	1	Edu - IAFCI Annual Training Conference & Exhibitor Show - Raleigh NC	08/26/2019 - 08/30/2019	Attended
	2	Edu - Cyber Threat Intelligence Leadership Forum - Orlando FL	09/16/2019 - 09/17/2019	Attended
Roxana Castillo	1	Edu - IFEBP 65th Employee Benefits Conference - San Diego CA	10/20/2019 - 10/23/2019	Attended
	2	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	Attended
Irwin Devries	1	Admin - LACERA Co-location Lan Migration to new circuit - Mesa AZ	08/28/2019 - 08/28/2019	Attended
Francisco Jaranilla	1	Edu - Great Plains (Dynamics) User Group Summit - Orlando FL	10/15/2019 - 10/18/2019	Attended



Documents not attached are exempt from disclosure under the California Public Records Act and other legal authority.

**For further information, contact:
LACERA
Attention: Public Records Act Requests
300 N. Lake Ave., Suite 620
Pasadena, CA 91101**

FOR INFORMATION ONLY

January 31, 2020

TO: Trustees,
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: February 12, 2020 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 February 1, 2020.

Attachment

c: Santos H. Kreimann
Jonathan Grabel
JJ Popowich
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 February 1, 2020



	Project/ Investment	Description	Amount	Board Approval Date	Completion Status	% Complete	Notes
HEDGE FUNDS/PORTFOLIO ANALYTICS	MSCI Analytics	Agreement for Fund risk services	\$590,000.00	January 8, 2020	Pending	25%	Legal review in process.
	MSCI ESG Research LLC	Agreement for ESG data and analytics	\$83,000.00	January 8, 2020	Pending	25%	Legal review in process.
	Sustainalytics US, Inc.	Agreement for ESG data and analytics	\$32,500.00	January 8, 2020	Pending	25%	Legal review in process.
	Trucost -S&P Global	Agreement for climate-related data	\$50,000.00	January 8, 2020	Pending	25%	Legal review in process.
PRIVATE EQUITY	Sterling Investment Partners IV, L.P.	Subscription	\$125,000,000.00	November 20, 2019	Completed	100%	Completed.
	MBK Partners Fund V, L.P.	Subscription	\$150,000,000.00	December 11, 2019	Completed	100%	Completed.
	Wynnchurch Capital Partners V, L.P.	Subscription	\$75,000,000.00	December 11, 2019	Completed	100%	Completed.
	Montefiore Investment V, S.L.P.	Subscription	\$40,000,000.00	January 8, 2020	Completed	100%	Completed.



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**



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**



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**



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**



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**



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**