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

Attention: Public comment requests must be submitted via email to PublicComment@lacera.com no later than 5:00 p.m. the day before the scheduled meeting.

AGENDA

A REGULAR MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, PASADENA, CALIFORNIA 91101

9:00 A.M., WEDNESDAY, MAY 13, 2020

This meeting will be conducted by teleconference pursuant to the Governor's Executive Order N-29-20. The public may attend the meeting at LACERA's offices.

Any person may listen by telephone to the open session portions of the meeting (Items I-XII) by dialing 877-309-2071, Access Code 312-794-593 or view the meeting online at <https://attendee.gotowebinar.com/register/8419297391126545424> Participants in Executive Session (Item XIII. A. 1 – 4) will be separately contacted by LACERA with instructions on how to participate in their item.

*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 Special Meeting of March 23, 2020

IV. REPORT ON CLOSED SESSION ITEMS

V. PUBLIC COMMENT

(**Public comment requests must be submitted via email to PublicComment@lacera.com no later than 5:00 p.m. the day before the scheduled meeting. You may provide a written comment or request the ability to speak. If you are requesting to speak, please include your contact information, agenda item, and meeting date.)

VI. CHIEF EXECUTIVE OFFICER'S REPORT
(Memo dated April 27, 2020)

VII. CHIEF INVESTMENT OFFICER'S REPORT

VIII. CONSENT ITEMS

- A. Recommendation as submitted by Thomas Walsh, Chair, Joint Organizational Governance Committee: That the Board approve issuance of the Request for Proposals for Fiduciary Counsel Legal Services. (Memo dated April 30, 2020)
- B. Recommendation as submitted by Thomas Walsh, Chair, Joint Organizational Governance Committee: That the Board approve issuance of the Request for Proposals for Media and Public Relations Consultant. (Memo dated April 30, 2020)
- C. Recommendation as submitted by Thomas Walsh, Chair, Joint Organizational Governance Committee: That the Board of Investments revise its Charter to recognize the ability of the Chair of the Board to make meeting date changes when LACERA may not safely conduct regular operation because there is a declared state of emergency or governmental directive or when there is a natural disaster or other extraordinary circumstances. (Memo dated April 30, 2020)
- D. Recommendation that the Board approve the attendance of trustees at the Harvard Business School – Audit Committees in a New Era of Governance program on July 22 – 24, 2020 and November 12 – 14, 2020 in Boston, MA and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy. (Memo dated April 20, 2020)
- E. Recommendation that the Board approve attendance of trustees at the Oxford Impact Measurement Program on July 27–31, 2020 or September 28-October 2, 2020 in Oxford, United Kingdom and approve reimbursement of all travel costs incurred in accordance with LACERA’s Education and Travel Policy. (Memo dated April 20, 2020)

IX. NON-CONSENT ITEMS

- A. Recommendation as submitted by Santos H. Kreimann, Chief Executive Officer, Richard Bendall, Chief Audit Executive and Ted Granger, Interim Chief Financial Officer: That the Board authorize and approve amendments to the Milliman Actuarial Consulting and Cavanaugh Macdonald Actuarial Auditing Services Agreements incorporating fee changes and additional services for the valuation years FYE 2018 through FYE 2021. Additional services are required to modify existing reports and reporting methods of Los Angeles County’s Other Post-Employment Benefits (OPEB) program as a result of plan restructuring from a cost sharing multiple employer plan to an agent multiple employer plan. (Memo dated May 6, 2020)

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X. REPORTS

- A. Real Estate Performance Reporting Review of Processes and Controls
Jonathan Grabel, Chief Investment Officer
Christy Fields, Managing Principal – Meketa Investment Group
Christy Gahr, Principal – Meketa Investment Group
Brandon Jernigan – Vice President – Meketa Investment Group
(Memo dated April 15, 2020)
- B. Functional Asset Category Update – Growth Investments
Jonathan Grabel, Chief Investment Officer
(Memo dated March 25, 2020) (For Information Only)
- C. Functional Asset Category Update – Risk Reduction and Mitigation Investments
Jonathan Grabel, Chief Investment Officer
(Memo dated April 2, 2020) (For Information Only)
- D. Functional Asset Category Update – Real Assets and Inflation Hedges
Jonathan Grabel, Chief Investment Officer
(Memo dated April 9, 2020) (For Information Only)
- E. Functional Asset Category Update – Credit Investments
Jonathan Grabel, Chief Investment Officer
(Memo dated April 16, 2020) (For Information Only)
- F. Functional Asset Category Update – Corporate Governance
Jonathan Grabel, Chief Investment Officer
(Memo dated April 23, 2020) (For Information Only)
- G. Monthly Status Report on Legislation
Barry W. Lew, Legislative Affairs Officer
(Memo dated April 28, 2020) (For Information Only)
- H. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(Memo dated May 1, 2020) (For Information Only)
- I. Update Regarding Employee Status of LACERA Trustees
Michael D. Herrera, Senior Staff Counsel
(Privileged and Confidential Attorney-Client Communication)
(Memo dated May 6, 2020) (For Information Only)

X. REPORTS (Continued)

- J. Monthly Education and Travel Report for March 2020
Ted Granger, Interim Chief Financial Officer
(For Information Only) (Public Memo dated April 20, 2020)
(Confidential Memo dated April 24, 2020 – Includes Anticipated Travel)
- K. April 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 April 28, 2020)

XI. ITEMS FOR STAFF REVIEW

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

XIII. EXECUTIVE SESSION

- A. Conference with Staff and Legal Counsel to Consider the Purchase or Sale of Particular, Specific Pension Fund Investments
(Pursuant to California Government Code Section 54956.81)
 - 1. Canaan XII, L. P.
Christopher Wagner, Principal Investment Officer
Jose Fernandez, Partner – StepStone Group
(Memo dated May 13, 2020)
 - 2. Thoma Bravo Fund XIV, L.P. and Thoma Bravo Discover Fund III, L.P.
Christopher Wagner, Principal Investment Officer
Jose Fernandez, Partner – StepStone Group
(Memo dated April 24, 2020)
 - 3. Hudson Bay Fund, L.P.
James Rice, Principal Investment Officer
Chad Timko, Senior Investment Officer
Quoc Nguyen, Investment Officer
James Walsh, Head of Portfolio Advisory – Albourne
Stephen Kennedy, Portfolio Analyst – Albourne
Tom Cawkwell, Partner – Albourne
(Memo dated April 26, 2020)

XIII. EXECUTIVE SESSION (Continued)

4. Magnetar Financial LLC – Illiquid Credit Recommendation
Vache Mahseredjian, Principal Investment Officer
Chad Timko, Senior Investment Officer
Didier Acevedo, Investment Officer
Jeff Jia, Senior Investment Analyst
James Walsh, Head of Portfolio Advisory – Albourne
Stephen Kennedy, Portfolio Analyst – Albourne
Tom Cawkwell, Partner – Albourne
(Memo dated April 28, 2020)

XIV. ADJOURNMENT

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

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

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, PASADENA, CALIFORNIA 91101

9:00 A.M., MONDAY, MARCH 23, 2020

This meeting was conducted by teleconference pursuant to the Governor's Executive Order N-29-20.

PRESENT: David Green, Chair

Herman B. Santos, Vice Chair

Alan Bernstein

Elizabeth Greenwood (Joined the meeting at 9:08 a.m.)

Shawn Kehoe

Keith Knox

David Muir

Gina V. Sanchez

ABSENT: Wayne Moore

STAFF ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Jonathan Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

Christopher Wagner, Principal Investment Officer

James Rice, Principal Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Ted Wright, Principal Investment Officer

Chad Timko, Senior Investment Officer

Quoc Nguyen, Investment Officer

David Simpson, Investment Officer

Ron Senkandwa, Investment Officer

Jeff Jia, Senior Investment Analyst

Ted Granger, Interim Chief Financial Officer

Meketa Investment Group

Stehpehn McCourt, Managing Principal

Timothy Filla, Managing Principal

StepStone Group LP

Jose Fernandez, Partner

Milliman

Nick Collier, Consulting Actuary

Craig Glyde, Consulting Actuary

Cavanaugh Macdonald Consulting

Patrice Beckham, Principal and Consulting Actuary

Albourne

James Walsh, Head of Portfolio Advisory

Stephen Kennedy, Portfolio Analyst

I. CALL TO ORDER

The meeting was called to order by Chair Green at 9:00 a.m., in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

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

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of February 12, 2020

Mr. Santos made a motion, Mrs. Sanchez seconded, to approve the minutes of the regular meeting of February 12, 2020. The motion passed unanimously (roll call) Messrs. Bernstein, Green, Kehoe, Knox, Muir, Santos and Mrs. Sanchez voting yes.

IV. 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. Polar Asset Management Partners
James Rice, Principal Investment Officer
Chad Timko, Senior Investment Officer
Quoc Nguyen, Investment Officer
(Memo dated February 28, 2020)

Messrs. Rice, Timko, Nguyen and Messrs. Walsh and Kennedy of Albourne provided a presentation and answered questions from the Board.

(Ms. Greenwood joined the meeting at 9:08 a.m.)

Mr. Santos made a motion, seconded by Mr. Muir, to approve an investment of up to \$400 million in Polar Multi-Strategy Fund. An initial allocation of \$300 million will be made, with \$100 million available for follow-on investments. This is a direct investment in the hedge fund portfolio. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Muir and Santos, Ms. Sanchez and Ms. Greenwood voting yes. Mr. Moore was absent.

IV. EXECUTIVE SESSION (Continued)

2. One Rock Capital Partners III, LP
Christopher Wagner, Principal Investment Officer
David Simpson, Investment Officer
(Memo dated March 3, 2020)

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

Mr. Santos made a motion, seconded by Mr. Bernstein, to approve a commitment of up to \$150 million to One Rock Capital Partners III, LP, which is a U.S. middle market private equity buyout investment focusing in specialty manufacturing, chemicals, and others sectors. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Muir, Santos, Ms. Sanchez and Ms. Greenwood voting yes. Mr. Moore was absent.

3. Equity Factor-Based Investment Search
Ted Wright, Principal Investment Officer
Ron Senkandwa, Investment Officer
Jeff Jia, Senior Investment Analyst
(Memo dated February 27, 2020)

Mr. Wright, Senkandwa and Jia provided a presentation and answered questions from the Board. The Board took action, which will be reported out at a later date in accordance with the Brown Act.

V. NON-CONSENT ITEMS

- A. Recommendation that the Board temporarily invoke the provision in the Investment Policy Statement authorizing the CIO to have expanded delegated authority for the benefit of the Fund, subject to additional controls, until such time as the Board determines to discontinue these duties.

Jon Grabel, Chief Investment Officer
(Memo dated March 17, 2020)

V. NON-CONSENT ITEMS (Continued)

Mr. Grabel was present and answered questions from the Board.

Mr. Kehoe made a motion, Mr. Knox seconded, to temporarily invoke the provision in the Investment Policy Statement authorizing the CIO to have expanded delegated authority for the benefit of the Fund, subject to additional controls, until such time as the Board determines to discontinue these duties, with automatic expiration after 6 months unless renewed by the Board. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Muir, Santos, Ms. Sanchez and Ms. Greenwood voting yes. Mr. Moore was absent.

B. Recommendation that the Board:

1. Accept the June 30, 2019, Actuarial Valuation of Retirement Benefits as (Valuation) submitted by the plan actuary (Milliman)
2. Adopt recommended employer contribution rates (all plan tiers) and employee contribution rates (all contributory plan tiers).
3. Delegate authority to the Chief Executive Officer to communicate the results of the 2019 Actuarial Valuation of Retirement Benefits to the Board of Supervisors by May 15, 2020, with a recommendation to implement the employer and employee rates no later than September 29, 2020.

Santos H. Kreimann, Chief Executive Officer
Ted Granger, Interim Chief Financial Officer
Nick Collier, Consulting Actuary – Milliman
Craig Glyde, Consulting Actuary – Milliman
Pat Beckham, Consulting Actuary – Cavanaugh Macdonald Consulting
(Memo dated March 18, 2020)

Messrs. Kreimann and Granger and Messrs. Collier and Glyde of Milliman and Mrs. Beckham of Cavanaugh Macdonald Consulting provided a presentation and answered questions from the Board.

V. NON-CONSENT ITEMS (Continued)

Mr. Muir made a motion, Ms. Greenwood seconded, to approve staff recommendation. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Muir, Santos, Ms. Sanchez and Ms. Greenwood voting yes. Mr. Moore was absent.

VI. REPORT

- A. CIO Interim Report Regarding Market Environment and Fund Positioning
Jon Grabel, Chief Investment Officer
(Memo dated March 18, 2020) (For Information Only)

Mr. Grabel was present and answered questions from the Board.

VII. ITEMS FOR STAFF REVIEW

There was nothing to report.

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

The Board thanked staff for their hard work in coordinating the meeting via videoconferencing.

Mr. Bernstein requested that staff review the transparency policy at a future Joint Organizational Governance Committee meeting.

Mr. Kehoe requested that Mr. Kreimann provide an update regarding March madness.

Mrs. Sanchez announced that there will be an Audit committee meeting next month.

March 23, 2020

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

Mr. Kreimann provided the Board with an update regarding the impact due to COVID-19 and thanked staff for their commitment and hard work the past two weeks.

IX. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 11:00 a.m.

WAYNE MOORE, SECRETARY

DAVID GREEN, CHAIR



April 27, 2020

TO: Each Trustee,
Board of Retirement
Board of Investments

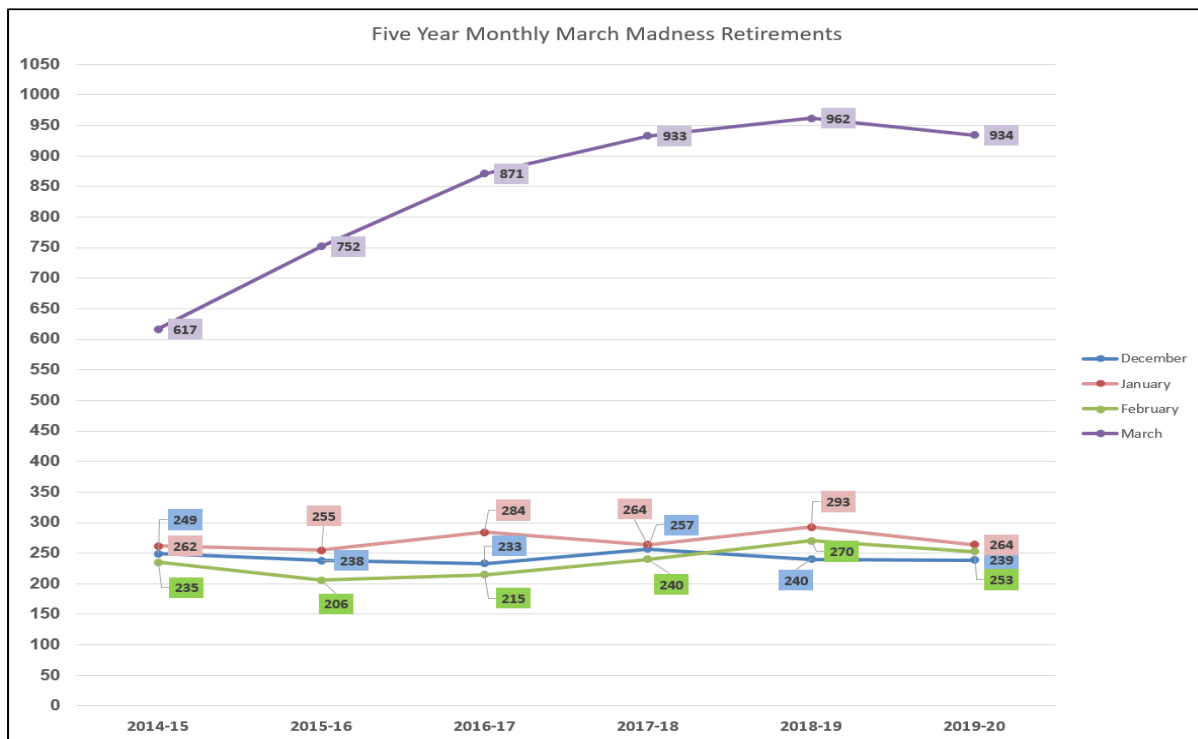
FROM: Santos H. Kreimann
Chief Executive Officer

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

I am pleased to present the Chief Executive Officer's Report for May 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. The graph below provides an overview of the past five years of March Madness retirements.



As you can see, in the chart above, we closed out the 2019-2020 March Madness period with 1,690 new retirees, slightly down from the 2018-2019 season, which was 1,765. March continued to be the month with the highest number of retirements with 934 retirees this season vs. 962 for last season.

This is the first time in five years we have seen a decrease in the number of retirees. However, this may not be reflective of a long-term trend. There are many possible reasons for the slight decrease such as the high number of MOU's signed in 2019 and of course the timing of the COVID-19 pandemic. We have no empirical evidence that gives us any insight into the reasons.

March Madness Aftermath

Beginning on March 12, 2020, the COVID-19 began to impact LACERA. The first major impact was our need to close the Member Services Center in order to protect both our staff members and our members. In order to meet social distancing requirements and to ensure that our staff would be protected and the organization could weather a direct hit by the virus, we made the difficult decision to transition to a remote workforce as much as possible. The first step was the creation of the Red/Blue Team concept, where staff members would alternate weeks between working at home and coming into the office. This was followed by both the Governor's "Safer at Home" order and by a series of close calls within the office where staff members may have been exposed to non-LACERA individuals who had COVID-19 like symptoms. These close calls further emphasized the need to protect our staff members by moving as many as possible to work remotely.

The necessary reduction in workforce in the office had an impact on our Benefits Division, which processes retirement applications and places members on payroll. Due to technological challenges this division could not complete the retirement process remotely. These challenges occurred during the time when we would normally shift as many resources as needed within the Benefits Division to the processing of retirement applications.

Processing retirement applications is a detailed process with specific deadlines. The first step in this process is to place members on the Board of Retirement agenda so the Board can approve the retirement applications. This triggers a notification letter to the member's personnel department to let them know the member's retirement date so they can begin placing the member out of service. This in turn needs to be done before the end of the month so that the personnel department can terminate the member quickly, and LACERA can receive the termination date and more importantly the final pay period information.

During this step, the member's account is thoroughly reviewed to ensure the member is eligible to retire. This involves a review of their entire service credit record to make sure their service credit total is accurate. A process that requires staff members to access certain systems such as the microfiche viewer (which provides access to payroll and other records prior to the 1990's) which

was only accessible from the office. Additionally, the member's Final Average Compensation (FAC) period is determined and verified. This verification process requires staff members to analyze each pay period to make sure the pay components are pensionable and that there are no inflated salaries resulting from retroactive adjustments that have not been re-assigned to the correct pay period during the payroll process. This proved to be a bigger than normal challenge this season because many of the MOU's agreed to by the County in 2019 caused many retroactive payroll adjustments. Such payroll adjustments need to be reassigned by staff members to the correct payroll period during the retirement process. This lengthens the process of retiring a member.

Given our reduced in-office workforce, limited access to critical systems remotely and the increased number of applications with the higher level of complexity of the many retroactive salary changes, it quickly became apparent that we could not get through all of the applications within the time we had available to process them and meet deadlines to get members on the agenda and the notification letters out. This created a dilemma: do we process all applications as normal and risk delaying payment of member retirement benefits 30 days, or do we find a way to alter our normal process with some risk and ensure members have a seamless retirement. Delaying the payment of benefits 30 days could have a terrible impact on members. It would mean that a member may have a longer than expected gap between their final payment by the County and the first retirement benefit.

After reviewing all of our options, the Benefits Division management presented an option to the Executive Office that would ensure a seamless transition for our members but include some risks, which the team felt they could mitigate. The proposal was to split the normal retirement process into two parts. Verify eligibility in part one, enabling the all-important notification letters to be sent to the member's personnel department and then go back before first payment and verify the member's FAC period is correct. The risk was not being able to verify the first payment within a very short window before payroll is run in April. The team felt they could get through all the March retirements and verify most of them in time for payroll.

The plan included a member communication plan to notify members who we could not validate that their first payment may require an adjustment and why. This letter would be mailed out prior to their first payment, but after the cut-off for payroll processing so we would only have to notify a small group of members who would be impacted (a copy of this letter is attached as Appendix A to this report).

The Executive Office reviewed the proposed plan and agreed the risks were minimal compared to the risk of leaving members unpaid for an additional month, especially considering the impact to our members as the result of the pandemic. The risk of overpayment would be limited to a smaller number of members based on Benefits calculations of what they could process in the time available. A risk that would be further mitigated by redeploying staff members in Quality Assurance to assist with the FAC validation process. Additionally, most adjustments to a member's FAC would be minimal. Most, but not all, overpayments were estimated to be \$50 or less.

In the end, all the retirement applications with a March retirement date, received before the final agenda period for the month (a weekly process) were processed in March, which was a total of 934 members. Of these 556 member applications were processed in March. Of those 556 members, approximately 374 were processed after the impact of COVID-19 and subject to the modified process. Working together, Benefits and Quality Assurance were able to verify the FAC for all but 116 members.

Notices were mailed to these members on April 23, 2020 to let them know an adjustment may be needed after their benefit amount has been verified. All of these members will be completely verified by the second payment when it is issued in May. LACERA will work with any member who has an overpayment to mitigate the impact of any benefits that must be repaid to LACERA, within the Board's approved Collections Policy.

I would like to thank our Benefits and Quality Assurance staff members for their efforts and their innovation. Faced with the difficult choice of not paying members in time or potentially overpaying members they focused on our member's well-being and financial health. Working as a team, they found an innovative way of limiting the risks to LACERA and meeting our promise to the members.

Update on the Virtual Call Center

On March 20, 2020, the Executive Team made the difficult decision to close our Call Centers to protect the health and well-being of our staff members. Unfortunately, our Business Continuity Plan did not anticipate the need for a distributed remote call center operation. Staff members continued to provide service through callbacks to messages left on our voice mail, email, and the Secure Message center on My LACERA.

Throughout the month of March and April, a team consisting of staff members from Systems, the Legal Office, Member Services, and Retiree Healthcare worked under the direction of the Executive Office to select and implement a virtual call center. The Executive Office and Systems worked together to identify possible providers. Amazon Connects quickly became a leading contender because they currently work with the County of Los Angeles and LACERA could utilize existing contractual agreements between Amazon and the County's Internal Services Division (ISD).

Mr. Popowich was assigned to oversee the evaluation of the functionality and usability of the Amazon Connects remote call center application. Mr. Jaranilla, from our Systems Division, customized the Amazon application to mimic our current call center tree and submitted the design to Mr. Popowich for approval. Working together the two of them put together an initial testing plan consisting of 18 call center scenarios to determine how the platform would respond. A team of management and staff members from Member Services and Retiree Healthcare conducted the initial evaluation over the April 5th weekend. Late in the night on April 5th, it was determined

Amazon would work. Within days, Mr. Popowich verified details regarding our ability to continue to record calls – a vital tool allowing members to be verified to make changes to their account and for quality control purposes – and made the final recommendation to my office to move forward pending contractual agreements.

At the same time, Chief Counsel, Steven Rice and Senior Staff Counsel, John Harrington, from the Legal Office worked to verify the terms of agreement with Amazon and ISD. This process, which normally would take months to complete, was reduced significantly by our ability to work with Amazon through the contract with ISD. Essentially, LACERA would have a separate instance of the Amazon Connects platform under ISD's contract and ISD will bill LACERA for the usage.

With these arrangements settled, the team rapidly moved into implementation mode. Systems made requested changes to further customize and secure the platform and worked with Amazon to resolve some technical issues. Meanwhile, Mr. Popowich worked with the MS and RHC teams to develop a training plan. During the initial testing phase, one of the staff members, Fabio Ramirez (an Outreach staff member who worked previously in the MS Call Center), began developing a customized and detailed training guide. Recognizing the benefits of Mr. Ramirez's work, he was selected to conduct the staff training.

In order to minimize the impact on our ability to respond to member inquiries during the week, staff members were asked to volunteer to be trained using overtime. This was necessary because the call back process was a time-consuming and required all hands on deck to return member's calls the same day or within 24 hours of their leaving a message or sending an email. Training began in earnest the week of April 20th and continued throughout the weekend and into the beginning of the week of April 27th.

All hands on deck were needed to move this process forward as quickly as possible, but paying close attention to ensuring that the end result would be a return to nearly full functionality without any further negative impacts to our ability to service members. Based on the team's progress Mr. Popowich expects to open both the Member Services and Retiree Healthcare call centers for a soft launch on or around April 29th. The plan calls for several days of actual usage of the system before we fully announce to the membership the call centers are fully open for business. While we have trained and expect this to go smoothly, it is always possible during the soft launch that we may hit some turbulence. If this occurs, we will work diligently to resolve any outstanding issues. In the meantime, we would greatly appreciate receiving any feedback you may hear from our members on the call center service. This will help us make adjustments to better serve our members.

This was a true team effort. I would like to thank everyone involved for the long hours and hard work they put into restoring our ability to interact with our members. I am extremely proud of all the staff members who volunteered to work overtime on the weekends and late into the night (efforts usually went as late as 9:00 p.m.) to test and be trained on this program. Everyone involved was eager to help, regardless of the day or hours needed. Special recognition is due to Mr. Jaranilla

and members of his team for their efforts to get the call center up and running, Ms. Puga, our Member Services Contact Center Manager for scheduling and organizing the training sessions, and Retirement Benefits Specialist III, Fabio Ramirez for designing and conducting customized training to staff in both call centers. Sr. Retirement Benefit Specialist, Gerald Bucacao (a MS Call Center Supervisor). These staff members went above and beyond expectations to serve our members.

Partnering with Empower to Reach our Members

LACERA has had a long-standing partnership with Empower, the administrators of the County's Deferred Compensation plans. For years, Empower has partnered with LACERA to join us for our in house Pre-Retirement Workshops and many of our field events as well.

After LACERA had to close our Member Services Center and cease holding workshops at the office and in the field, we discussed moving towards a virtual workshop model. Meanwhile, Empower had already developed a successful implementation of virtual workshops that allowed their members to interact with the presenters. Realizing they could help LACERA continue to reach our members and continue the successful partnership we have enjoyed for years they reached out to us and offered to partner with LACERA to make us a part of their webinars.

Empower worked with Carlos Barrios, our Member Services Outreach Manager, to coordinate details and train LACERA staff on their webinar process. In preparation for this partnership, Mr. Barrios worked with our Communications and Retiree Healthcare teams to revise our presentation materials and make them more web friendly. The first notice for the joint webinar was sent to all Empower members on April 23rd and took place on April 29th. We have attached a copy of this notice as Appendix B.

I would like to extend a special thank you to Lisa Marques, Manager Participant Engagement (Empower), and Mr. Barrios for working together to provide these opportunities to our members.

In the meantime, Mr. Popowich will be working with Mr. Barrios to move our Outreach efforts to a virtual platform. Using already acquired technology on the GoToMeeting platform, we will be working to provide virtual one on one counseling by the end of May. This will be followed with virtual workshops for our new hires, mid-career, and pre-retirement member sessions. The addition of virtual meetings may increase our ability to reach active members, as we will no longer be limited to providing workshops at separate county facilities for just those members that work at those facilities. This change may allow us to expand our audience for these workshops by providing more convenient access to our members.

Details still need to be worked out on how we will market these opportunities and how we will schedule them with various departments. We will share more on these plans as they are formalized.

Remote Workforce Update

As we have shared previously, LACERA staff members have been working hard to transition to a remote working environment. Our Systems Division has delivered over 150 desktops to staff members working remotely in our member service operations. Almost all of Member Services and Retiree Healthcare staff have been provided workstations set up to provide secure access to Workspace. Benefits and Disability Retirement Services also have most of their staff able to work at home. Providing these capabilities to MS and RHC was a critical step in being able to continue to provide services for our members and to prepare us to launch our virtual call centers.

While the Benefits Division also has most of their workforce enabled to work at home, it has been more of a challenge for this team. Workspace was one critical system they needed to have secure access to. In addition, Benefits was provided with access to the County's EHR payroll system, allowing them to view current payroll records. Benefits also needed access to the Microfiche Viewer to view historical payroll records, which are vital to verifying member's eligibility to purchase service and to retire. We are pleased to announce that Systems was able to convert the Microfiche Viewer (which was a thick client designed to be run from desktops in LACERA's office) to a thin client that is able to run remotely through our secured connection. This was released to staff during the week of April 20th.

This increases the ability for our staff members to efficiently work from home. There is still some critical functionality that Systems is working to provide, but we are making progress.

Additionally, Systems is also working to provide remote access to other systems for remote staff working in our Financial Accounting Services Division. This includes access to our accounting software and other systems necessary to manage aspects of our administrative operations.

A special thank you to Eddie Paz, in our Systems Division for his efforts to convert the Microfiche Viewer so quickly to remote access, and Roxana Castillo for her efforts in coordinating with Mr. Popowich and others to move this vital project forward.

Virtual Board Meetings

Due to the social distancing guidelines set forth by local, state, and federal guidelines, virtual meetings were organized by staff in time for the March 23rd Board of Investments meeting allowing the public, staff, members, and consultants to participate remotely. Staff members decided to use the GoToMeeting and GoToWebinar platforms in order to accommodate public participation, as well as applicants and their attorneys in closed session matters. These platforms use robust encryption mechanisms and protocols designed to ensure confidentiality.

In preparation of transitioning to these remote meetings, staff spent time ensuring the meetings would run smoothly and efficiently. I would like to recognize Executive Board Assistants, Bonnie

Nolley and Linda El-Farra, for their efforts on this project. They both participated in the platform's webinars and online trainings in order to navigate the platform during meetings. Furthermore, staff members from the Executive, Legal, Disability Retirement, and Disability Litigation teams participated in several mock meetings to run through the logistics of the meetings. We also want to recognize Van Bonifacio, Cookie Jaranilla, and Alex Yin for configuring, testing, supporting staff and providing assistance through this transition.

Communicating with Members

Communication is a key component of providing service to our members, especially in times of crisis. Since the beginning of the COVID-19 pandemic, we have been communicating with our members through lacera.com and messages on our phone system. Realizing we needed a more proactive approach to reach our members we initiated a weekly email message from the CEO or CIO to all members who have provided email addresses to LACERA.

Our goal is to provide a continual reassuring and transparent message about our response to the pandemic. My first message focused on updating members on efforts LACERA was taking to restore full service after closing the call centers and the Member Services Center. Additionally, we provided an explanation for why we took action to close down these vital resources. This was followed the next week by an informative and reassuring message from the Chief Investments Officer, Jon Grabel. Mr. Grabel provided an excellent message explaining how LACERA keeps our assets safe and the benefits of our long-term investment outlook and how we diversify our asset classes to mitigate – as much as possible – economic downturns. Each of these messages are available online at lacera.com.

In addition, to the weekly messages we also added a new section to lacera.com called “LACERA Investments”. This section provides updates and perspectives on our investment portfolio. Members and the public now have easier access to the Investments Dashboards, monthly CIO reports, and other reports that are provided to the Board of Investments as part of the normal meeting agendas. While these documents have always been available as part of the agenda packages posted on lacera.com this new section makes them more accessible and easy to find for our members.

I would like to thank our Communications Director, Cynthia Martinez, and her team Veronica Yi-Martinez, Erika Heru, Tom Cohen, James Nicholson, and Ian Duggan who assisted in writing, editing and publishing these messages. In addition, I would like to thank Kathy Delino, Iveta Brecko, and John Gaffney from our Systems team for enabling our ability to push out messages via email.

A Special Thank You to Staff

Throughout my report, I have thanked several people for their efforts on various projects that have allowed us to begin restoring full services for our members. These are just a few staff members and certainly not all of the individuals who have worked on these projects. These projects are always team efforts and many staff members are involved in the process.

There are many Administrative Support staff members who continue to provide support to the organization as we evolve our workforce's ability to work remotely and respond to current needs. While we cannot highlight each project or every staff member, I would like to recognize some of these efforts briefly:

- *Document Processing Center (DPC)*: These staff members process all of our incoming and outgoing mail. They sort, scan, verify quality and route documents to the work queues so that staff can process member request. DPC processes a high volume of work on any day, but having to do that with a reduced staff and social distancing has proven to be a challenge – one they continue to live up to.
- *Procurement*: Our Procurement team is a small, but mighty team, that have been working hard to keep LACERA stocked with personal protective gear, the everyday office supplies, and have worked very hard to respond to last minute urgent requests for things like computer equipment, headsets, and numerous other items.
- *Financial Accounting Services & Investments*: The staff members in these two divisions have done a stellar job working together to test and define protocols and processes for remote cash management. Their efforts to create a process with appropriate safeguards to protect our assets while executing trades and reconciling information provided by our business partners while working remotely is critical to ensuring LACERA has the funds available to pay benefits and continues to take advantage of opportunities as they arise.
- *Human Resources*: The HR team has had to move into overdrive to keep up with the changing laws regarding leave absences, helping staff members who have concerns, and working with our partners at SEIU to keep them up to date on our efforts to meet our goals while protecting our staff members.
- *Internal Audit (IA)*: Staff members in IA should be recognized for their continued vigilance and oversight efforts to keep our member data secure through review of operational protocols and discussions with management.
- *Legal Office*: Our Legal Office has been working long hours to review contracts with various vendors such as Amazon and tracking and interpreting changes to various laws impacting our staff members. They have worked hand in hand with HR to make sure that we are compliant with the regulations and assisting us with helping address unique issues that have come up as a result of COVID-19.
- *Systems*: While we have recognized a number of staff members in the specific projects above, I wanted to share that this is just part of what they have done to help in our response

efforts to this pandemic. Among the important accomplishments are rolling out secure access to email for everyone in the organization, deploying remote applications like Office 365, preparing and distributing over 150 Workspace enabled desktops to allow staff members to work remotely in a secure manner, responding to requests for access to applications and programs that previously were only available for use in our offices, all the while working to track equipment assigned to remote staff, assist in the development of security and teleworking policies and procedures to secure our member data, and troubleshooting problems for staff, and all of their normal day to day duties. I would also like to acknowledge Roxana Castillo for the partnership with the Executive Office. She has done a tremendous job coordinating with Mr. Popowich to deliver on the operational needs during this time.

We could cite many more instances of staff's tremendous efforts. It is important we take time to recognize their efforts because it is the staff members that make LACERA function. We are proud of their continued dedication and work ethic during these trying times.

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 opened a new job posting and interviewed all eligible candidates. The COVID-19 pandemic has delayed a final decision and announcement of the hiring of a new HR Director. It is our hopes that we will be able to move this process forward within the next few weeks and make an announcement on our selection of a new HR Director before the end of May.



[Month Day, Year]

[Member's Full Name]

[Member's Mailing Address]

[City, State Zipcode]

Your Retirement Benefit May Be Adjusted

Dear [Member's Full Name]:

Congratulations on your recent retirement!

Processing your retirement in a timely manner is LACERA's priority. As you may know, the retirement benefit formula is comprised of multiple factors. To ensure the accuracy of your benefit, LACERA must review each component in detail.

LACERA normally takes extensive measures to verify the accuracy of benefits before they are paid. However, due to the radical workplace adjustments required in response to COVID-19, it was difficult for LACERA to complete this review for some first-time benefit payments. Rather than risk paying those benefits late, LACERA paid the benefits as initially computed before the verification process.

As a fiduciary, LACERA has a responsibility to ensure the accuracy of the payments disbursed and make the required adjustments, if necessary. LACERA will be following up as soon as possible to verify the calculations and inform the impacted members if there are adjustments required. If your account is affected, we will contact you at least 30 days in advance of taking any action on your account.

If you have questions about this information or need assistance, please contact LACERA's Call Center at 800-786-6464 between 7:00 AM and 5:30 PM PST, Monday through Friday. **Due to the COVID-19 pandemic, our Call Center may only accept messages** and will return your call as quickly as possible. Alternatively, you may contact LACERA by logging into MY LACERA on lacera.com and sending a Secure Message. We will respond as quickly as possible.

Sincerely,
Benefits Division

County of Los Angeles 457(b) Horizons & 401(k) Savings Plans & Los Angeles County Employees Retirement Association



Preparing for Your Future

Retirement planning is preparing for the future you dream about. It's one of those things you know you should do, but keep putting off.

We have options that can help!

Group Webinars

Pre-Retirement Seminars

Retiring within a few years? Join an online Pre-Retirement Seminar.

Co-hosted by Empower Retirement and LACERA

Select the desired webinar to register

[Tuesday, April 28th 10:00am to 1:00pm - Pre-Retirement Seminar](#)

[Friday, May 8th 9:00am to 12:00pm - Pre-Retirement Seminar and Retire Health](#)

[Tuesday, May 12th 1:00pm to 4:00pm - Pre-Retirement Seminar](#)

[Tuesday, May 19th 1:00pm to 4:00pm - Pre-Retirement Seminar](#)

[Thursday, May 28th 10:00am to 1:00pm - Pre-Retirement Seminar and Retire Health](#)

Make the Most of Your Plans

Want to make the most of your retirement? Join our online seminar Make the Most of Your 457(b) Horizons and 401(k) Savings & LACERA Pension Plans

Co-hosted by Empower Retirement and LACERA

Select the desired webinar to register

[Wednesday, April 29th 12:00pm to 2:00pm - Make the most of your Retirement Plans](#)

[Tuesday, May 5th 9:00am to 11:00am - Make the most of your Retirement Plans](#)

[Wednesday, May 13th 9:00am to 11:00am - Make the most of your Retirement Plans](#)



Market Volatility

Stay the Course - Riding out market volatility

Hosted by Empower Retirement

Select the desired webinar to register

[Friday, May 8th 1:00pm to 2:00pm - Market Volatility](#)

[Thursday, May 28th 2:30pm to 3:30pm - Market Volatility](#)

[Click here](#) to schedule a virtual meeting with me!

If you are an employee of LA County and would like to enroll or complete account changes, visit www.countyla.com or call 800.947.0845.

If you are an employer and need technical help, call 800.695.4952. For questions about your plan, please email PlanSponsorAssist@empower-retirement.com

Josh Weygandt | Retirement Plan Counselor
Empower Retirement

300 N. Lake Ave. Suite 210 Pasadena, CA 91101
800-382-8924 office | 626-304-3205 fax | josh.veygandt@empower-retirement.com
empower-retirement.com

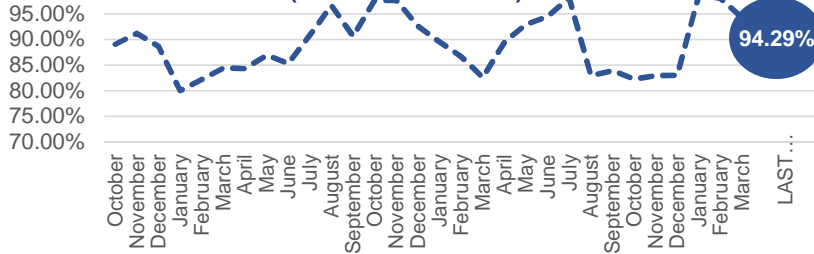
For important disclosures and product information, [click here](#).



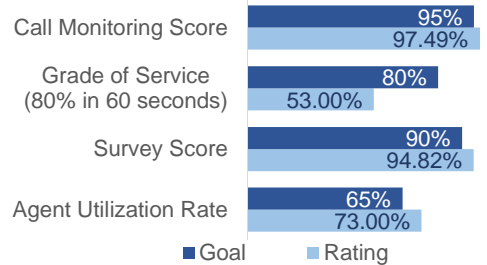
Striving for Excellence in Service

<p>Outreach Attendance 918 28,108 Year-to-Date</p>	<p>Outreach Events 7 368 Year-to-Date</p>	<p>Outreach Satisfaction 95.4% 0.6% Change Since Last Mo</p>	<p>Member Service Center 96.0% -4.0% Change Since Last Mo</p>	<p>Member Services Calls 8,145 11,569 3 Mo. Avg.</p>
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Key Performance Indicator (Overall Performance)



Key Performance Indicator (Components)



Member Services



Top Calls

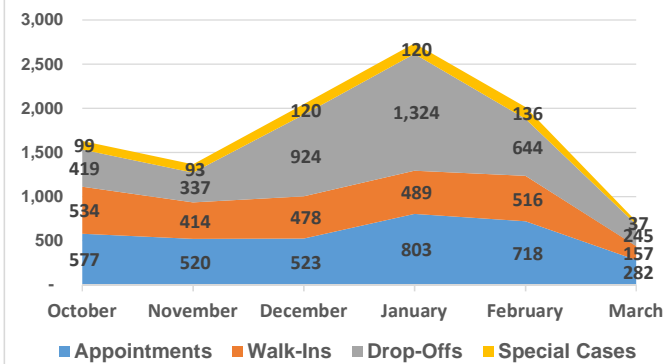
1. Retirement Counseling: Process Overview
2. My LACERA: Portal Login Issues
3. Workshop Information\Appt.: Inquiry



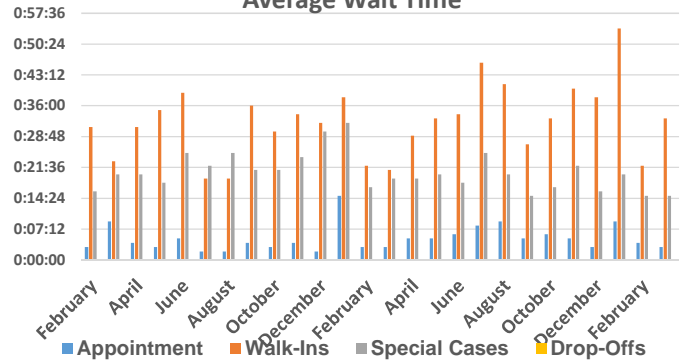
Emails **190**
5:00 hours
Avg. Response Time (ART)
Secure Messages **140**

■ Calls Answered ■ Calls Abandoned

Member Service Center Visits



Member Service Center Average Wait Time



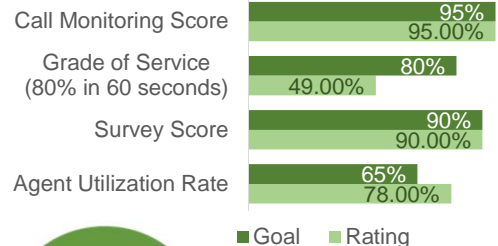
*Drop Off Wait Time: No Waiting

Total RHC Calls: 3,557



Top Calls

1. Mailing-Medicare Part B Verification Notice
2. Medical-New Enrollment/Change/Cancel
3. General Inquiries (RHC)



Emails **316**
1 Day
Avg. Response Time
Secure Messages **n/a**

■ Calls Answered ■ Calls Abandoned

Striving for Excellence in Service (Continued)

Applications

671

In Process
As Of:
3/31/2020

636 Pending on: 2/29/2020

81 Received

440 Year-to-Date

0 Re-Opened

0 Year-to-Date

45 To Board - Initial

410 Year-to-Date

1 Closed

35 Year-to-Date

Appeals

103

In Process
As Of:
3/31/2020

103 Pending on: 2/29/2020

3 Received

28 Year-to-Date

3 Admin Closed/Rule 32

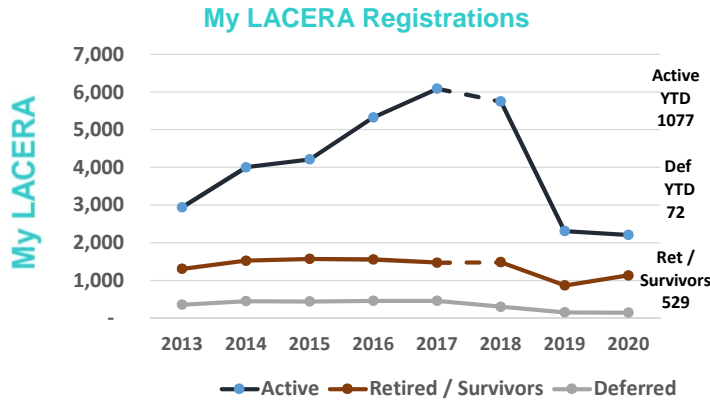
17 Year-to-Date

0 Referee Recommended

0 Year-to-Date

0 Revised/Reconsidered for Granting

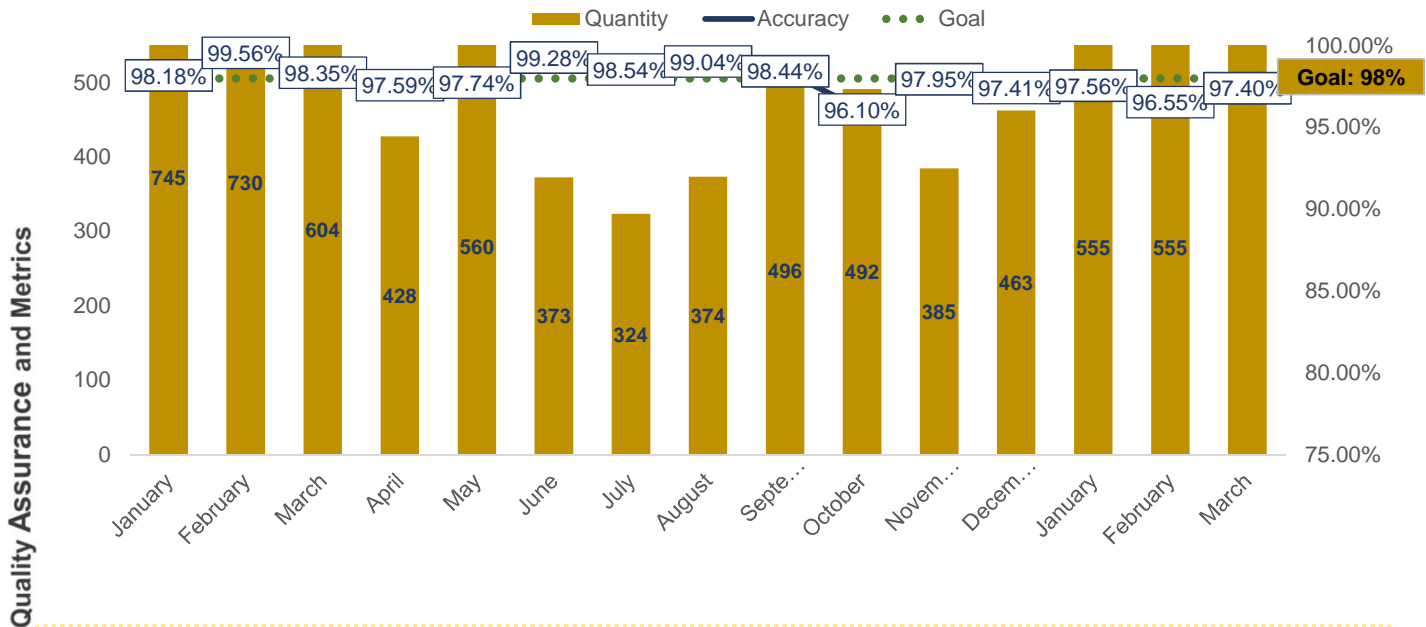
0 Year-to-Date



MORE COMING SOON!

Striving for Excellence in Quality

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



March 2020



97.40%

Retirement Elections

60 Samples
98.25% Accuracy

Payment Contracts

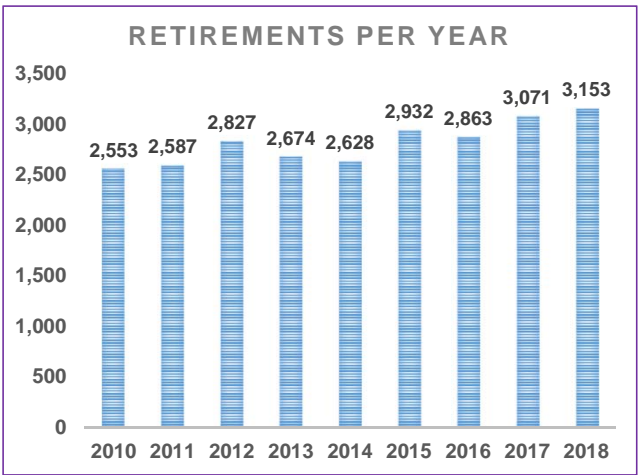
106 Samples
97.03% Accuracy

Data Entry

797 Samples
97.66% Accuracy

Member Snapshot

		Members as of 04/14/20			
	Plan	Active	Retired	Survivors	Total
General	Plan A	94	16,145	4,404	20,643
	Plan B	29	679	68	776
	Plan C	37	421	69	527
	Plan D	40,771	16,346	1,529	58,646
	Plan E	16,714	13,461	1,246	31,421
	Plan G	29,650	52	5	29,707
	Total General	87,295	47,104	7,321	141,720
Safety	Plan A	4	5,119	1,608	6,731
	Plan B	9,436	6,236	306	15,978
	Plan C	3,692	10	0	3,702
	Total Safety	13,132	11,365	1,914	26,411
TOTAL MEMBERS		100,427	58,469	9,235	168,131
% by Category		60%	35%	5%	100%

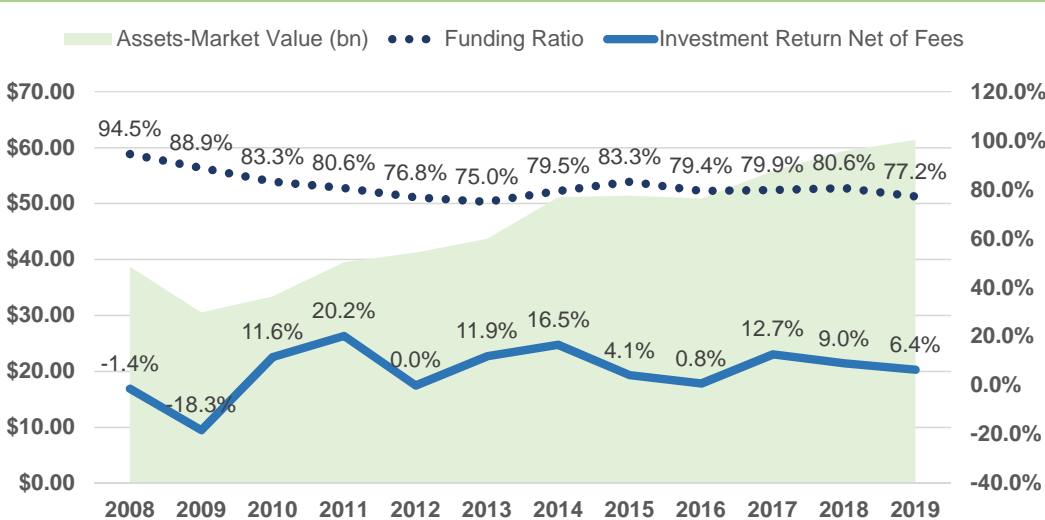


Average Monthly Benefit Allowance Distribution				
	General	Safety	Total	%
\$0 to \$3,999	29,822	1,853	31,675	53.88%
\$4,000 to \$7,999	12,841	3,511	16,352	27.82%
\$8,000 to \$11,999	3,366	4,165	7,531	12.81%
\$12,000 to \$15,999	922	1,486	2,408	4.10%
\$16,000 to \$19,999	293	272	565	0.96%
\$20,000 to \$23,999	84	106	190	0.32%
\$24,000 to \$27,999	28	20	48	0.08%
> \$28,000	10	4	14	0.02%
Totals	47,366	11,417	58,783	100%

Average Monthly Benefit Allowance: \$ 4,321.00

Healthcare Program (YTD)		Healthcare Enrollments (Monthly)	
	Employer	Member	
Medical	\$402.6m	\$33.2m	51,615
Dental	\$33.7m	\$3.4m	53,017
Part B	\$51.5m	xxxx	35,058
LTC			621
Total	\$487.8m	\$36.6m	139,908

Key Financial Metrics

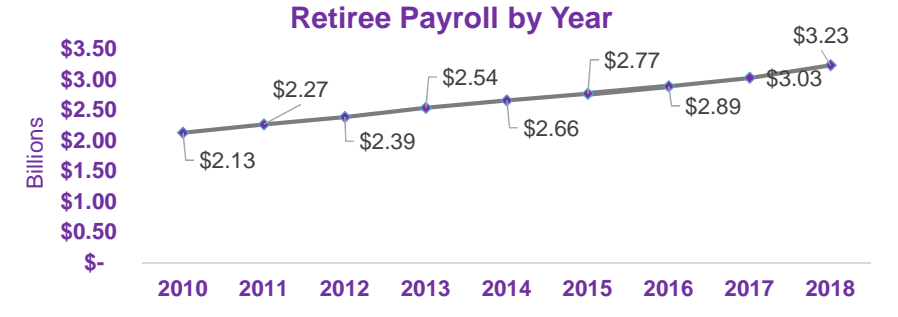


Funding Metrics (as of 6/30/19)	
Employer NC	10.86%
UAAL	13.92%
Assumed Rate	7.00%
Star Reserve	\$614m
Total Assets	\$58.3b

Contributions (as of 6/30/19)		
	Employer	Member
Annual Add	\$1.7b	\$635.4m
% of Payroll	22.59%	7.68%

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

Retired Members Payroll	
Monthly Payroll	\$300.82m
Payroll YTD	2.7b
New Retired Payees Added	318
Seamless %	96.23%
New Seamless Payees Added	2,666
Seamless YTD	97.19%
By Check %	3.00%
By Direct Deposit %	97.00%



EFFECTIVE 4/24/2020

Date	Conference
May, 2020	
2-6	Milken Institute Global Conference Los Angeles, CA RESCHEDULED TO OCTOBER 12-15, 2020
4-5	IFEBP (International Foundation of Employment Benefit Plans) Legislative Update Washington D.C. CANCELLED
6-8	2020 SuperReturn China Conference Beijing, China RESCHEDULED TO NOVEMBER 11-13, 2020
10-13	NCPERS (National Conference on Public Employee Retirement Systems) Annual Conference Las Vegas, NV CANCELLED
12-15	SACRS San Diego, CA CANCELLED
17-20	Government Finance Officers Association (GFOA) Annual Conference New Orleans, LA CANCELLED-VIRTUAL CONFERENCE MAY 18-JUNE 26, 2020
June, 2020	
1-5	Investment Strategies & Portfolio Management (<i>prev. Pension Fund & Investment Mgmt.</i>) Wharton School, University of Pennsylvania NO INFORMATION AVAILABLE
5	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Avenue of the Arts Hotel Costa Mesa CANCELLED – NOW VIRTUAL & FREE
15-16	National Association of Securities Professionals (NASP) 31 st Annual Pension & Financial Services Conference Chicago, IL RESCHEDULED TO DECEMBER 7-10, 2020
17-18	AHIP (America’s Health Insurance Plans) Institute Miami, FL CANCELLED – VIRTUAL CONFERENCE JUNE 16-18, 2020
29-July 1	IFEBP (International Foundation of Employment Benefit Plans) Public Employee Benefits Institute San Francisco, CA NO INFORMATION AVAILABLE
July, 2020	
15-17	Pacific Pension Institute (PPI) North American Summer Roundtable Vancouver, Canada NO INFORMATION AVAILABLE
August, 2020	
25-28	CALAPRS (California Association of Public Retirement Systems) Principles of Pension Governance for Trustees Pepperdine University NO INFORMATION AVAILABLE

Chief Investment Officer Monthly Report

Board of Investments

May 13, 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



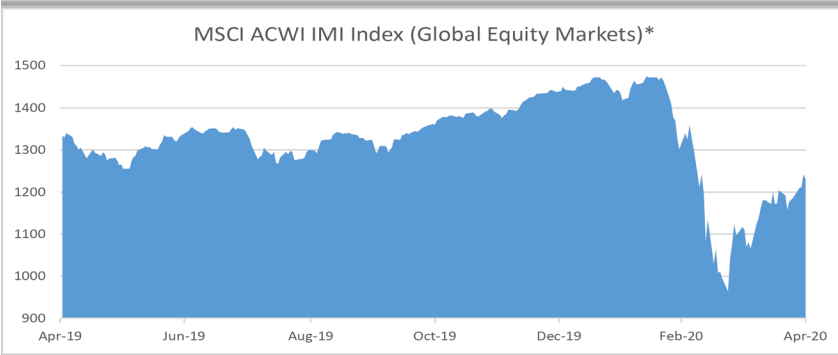
Market Environment



Global Market Performance as of April 30, 2020

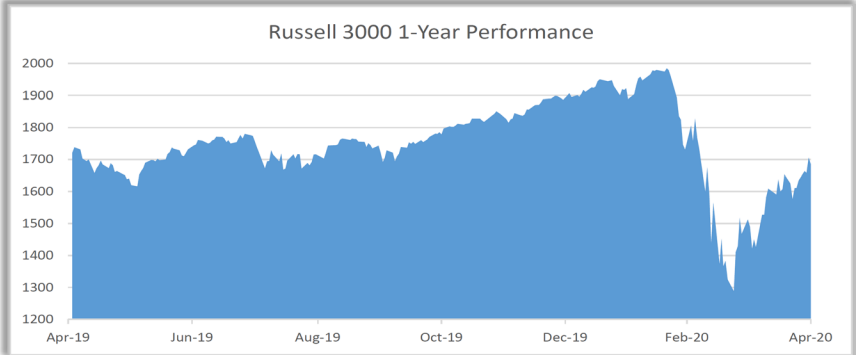
MSCI ACWI Index (Global Equity Market)*

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
11.0	-12.7	-13.9	-6.2	3.8	4.1	6.8



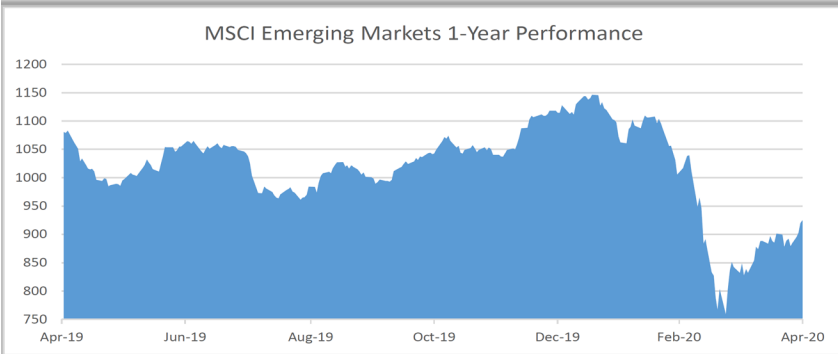
Russell 3000 Index (U.S. Equity Market)

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
13.2	-10.3	-10.4	-1.0	8.0	8.3	11.3



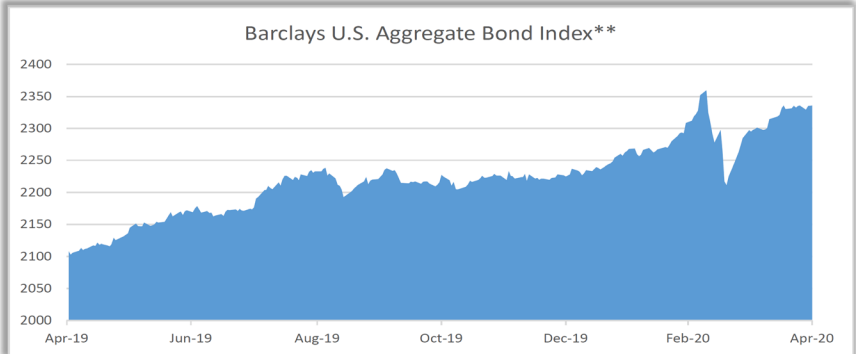
MSCI Emerging Market Index

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
9.2	-12.5	-16.6	-12.0	0.6	-0.1	1.5



Barclays U.S. Aggregate Bond Index**

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
1.8	3.0	5.0	10.8	5.2	3.8	4.0



*Global Equity Policy Benchmark - MSCI ACWI IMI Index

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

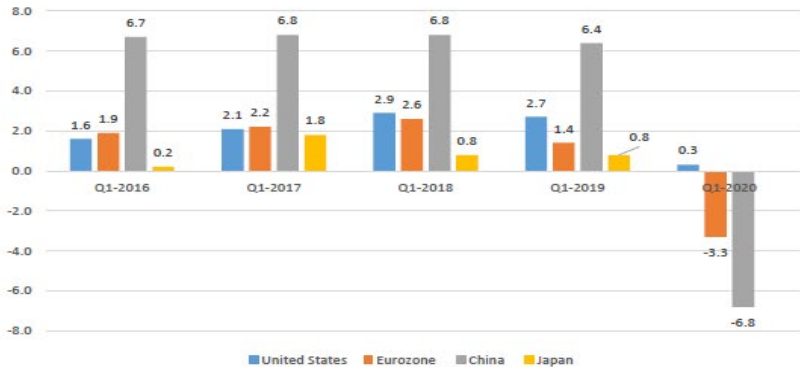
Source: Bloomberg



Key Macro Indicators*

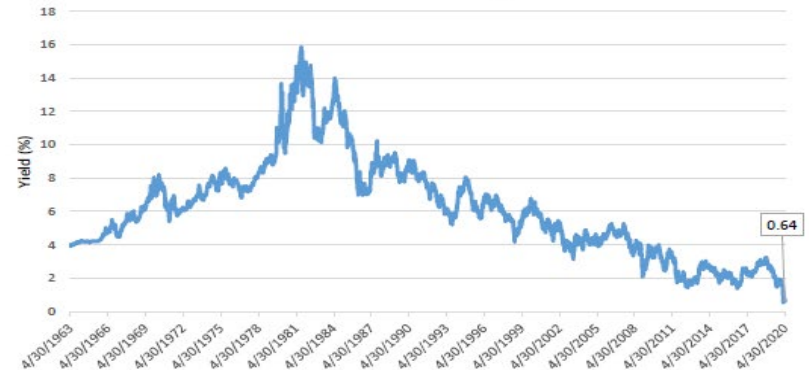
GDP Growth of Major Economies¹

Real GDP Growth YoY (%) - Last Five Years



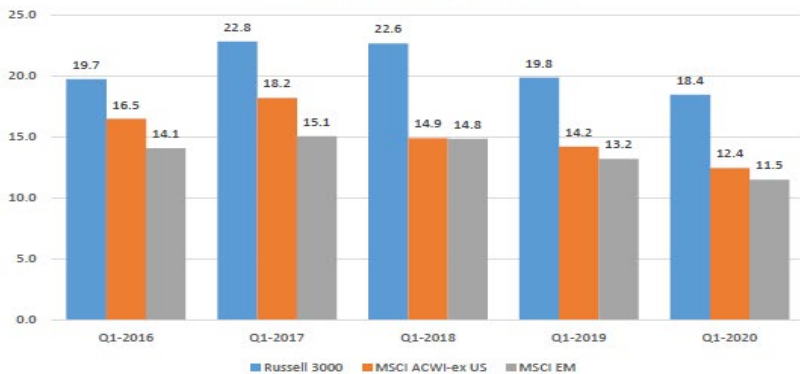
Historical Low for 10-Year Treasury Yield²

Historical 10 Year Treasury Yield

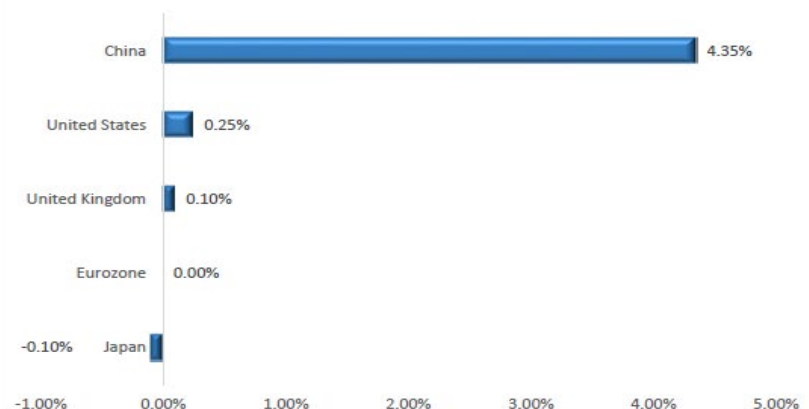


World Equity Valuation³

Price-to-Earnings - Last Five Years



Central Bank Rates⁴ (as of 4/30/2020)



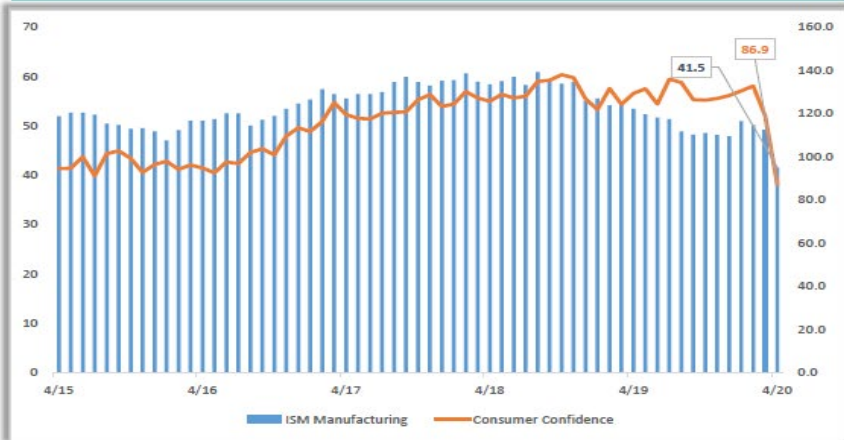
*The information on the "Key Macro Indicators" charts is the best available data as of 4/30/20 and may not reflect the current market and economic environment

Sources: 1. Bloomberg (Japan 1Q2020 data not available) 3. FactSet
2. St. Louis Federal Reserve 4. FactSet

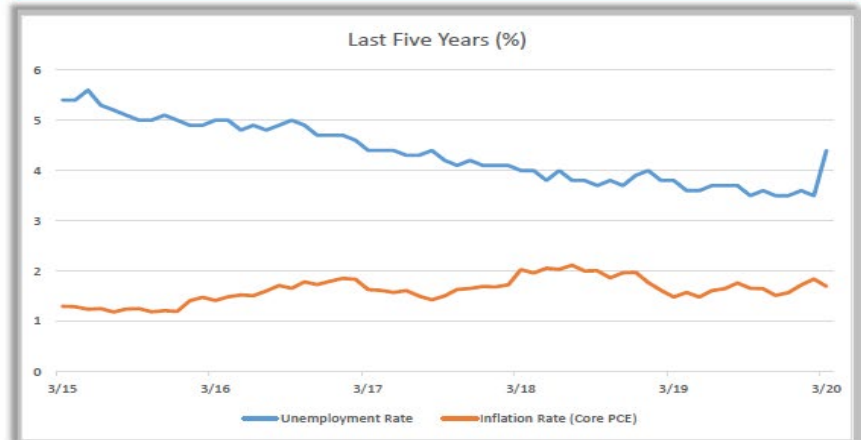


Key Macro Indicators*

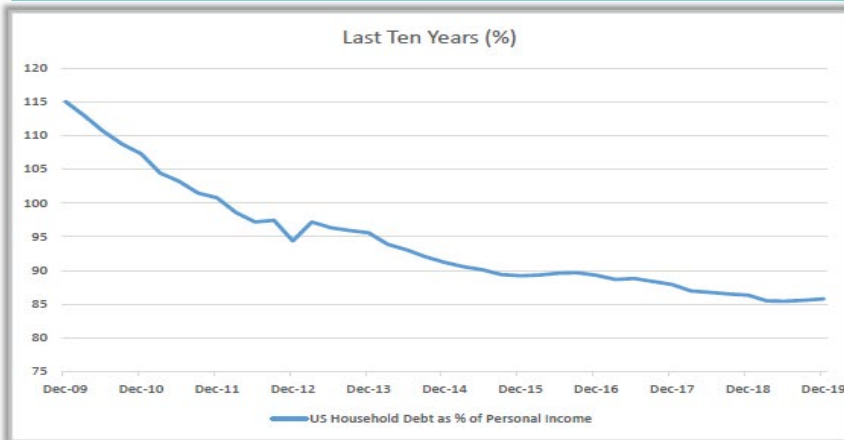
Consumer Confidence & ISM Manufacturing¹



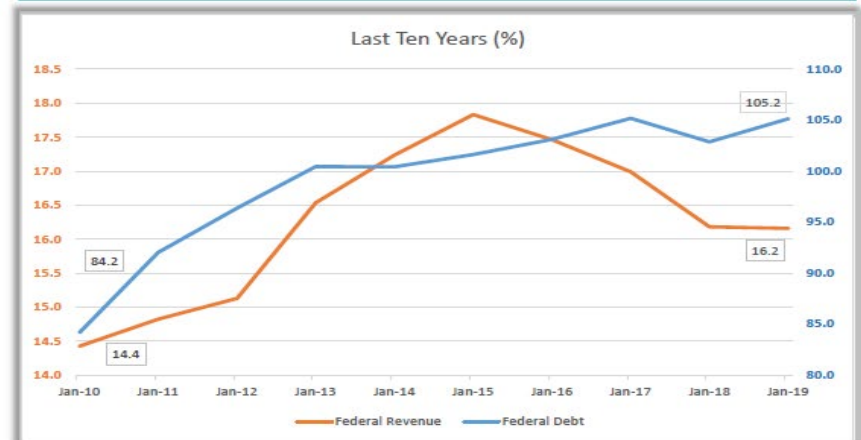
U.S. Inflation & Unemployment²



US Household Debt as % of Personal Income³



Federal Revenue and Federal Debt as % of GDP⁴



*The information on the "Key Macro Indicators" charts is the best available data as of 4/30/20 and may not reflect the current market and economic environment

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



Market Themes and Notable Items to Watch

Recent Themes

- COVID-19 pandemic
 - More than 3.2 million people infected
 - At least 227,000 killed
 - Uncertainty remains around infection trajectory and long-term economic impact
- U.S. economy shrank at a 4.8% pace in Q1
- Sharpe decline in global GDP
- Global central banks continue to expand economic stimulus
- U.S. Fed is prepared to provide “unlimited support” says Federal Reserve Chairman
- Risk assets rallied in April on unprecedented fiscal and monetary stimulus
- Oil prices still at 18-year lows
 - Expiring contracts traded at negative prices

What to Watch

- COVID-19
 - Global spread
 - Treatment development
 - Reopening of economies
 - Lasting economic impact
- Credit spreads and Treasury yields
- Liquidity across investment markets
- Global unemployment
- Health of corporate balance sheets
- Real estate mortgage defaults
- U.S. election uncertainty and impacts
- Geopolitical risks

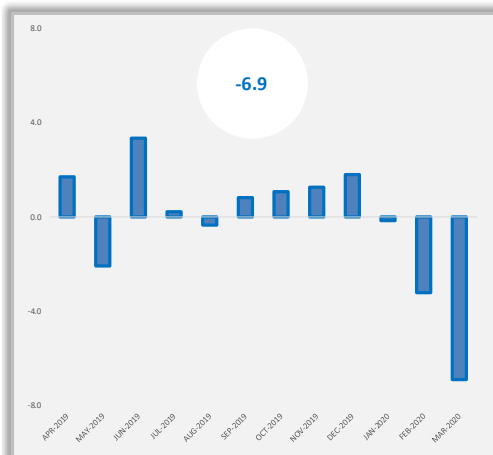


Portfolio Performance Update

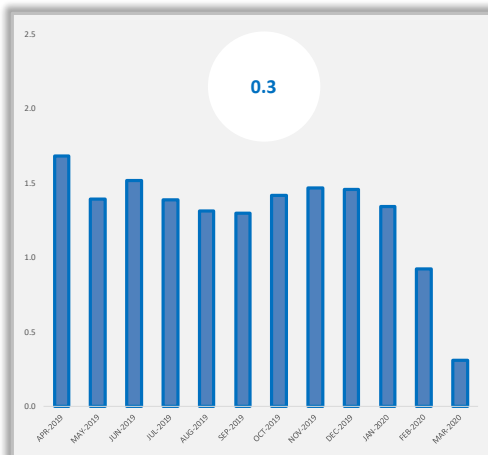


Total Fund Summary as of March 2020

Monthly Return (% net)

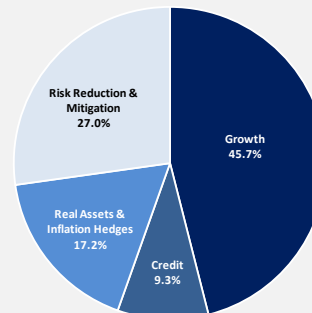


Sharpe Ratio (3-Year Annualized)

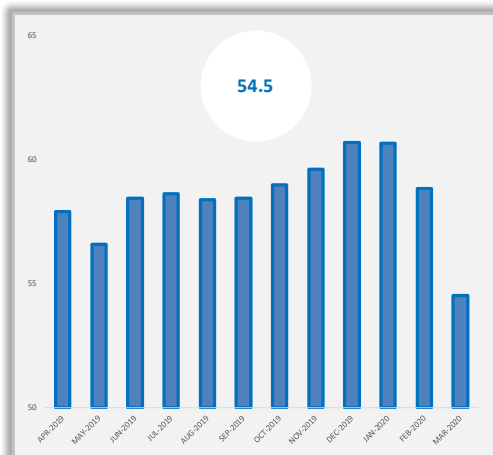


Asset Allocation

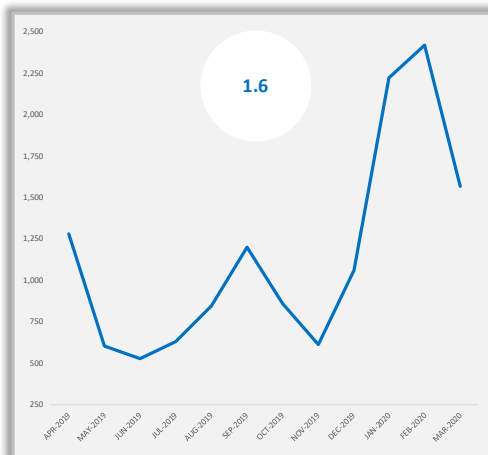
	Market Value ¹ (\$ millions)	% of Total	Final Target ²
TOTAL FUND	54,508	100.0%	
Growth	24,897	45.7%	47.0%
Global Equity	17,423	32.0%	35.0%
Private Equity ³	6,616	12.1%	10.0%
Opportunistic Real Estate ⁴	859	1.6%	2.0%
Credit	5,084	9.3%	12.0%
High Yield	2,062	3.8%	3.0%
Bank Loans	1,170	2.1%	4.0%
Emerging Market Debt	703	1.3%	2.0%
Illiquid Credit ^{3,4,5}	1,146	2.1%	3.0%
Real Assets & Inflation Hedges	9,378	17.2%	17.0%
Core & Value Added Real Estate ⁴	4,966	9.1%	7.0%
Natural Resources & Commodities	1,775	3.3%	4.0%
Infrastructure	1,593	2.9%	3.0%
Treasury Inflation-Protected Securities	1,044	1.9%	3.0%
Risk Reduction & Mitigation	14,722	27.0%	24.0%
Investment Grade Bonds	11,819	21.7%	19.0%
Diversified Hedge Fund Portfolio ⁵	1,334	2.4%	4.0%
Cash	1,569	2.9%	1.0%
Overlay Composite ⁶	427	0.8%	—



Total Market Value (\$ billions)



Cash (\$ billions)



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

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



Historical Net Performance as of March 2020*

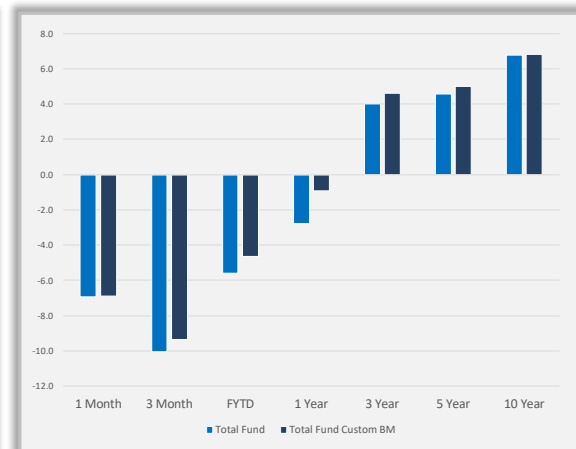
LACERA Pension Fund

(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	54,508	100.0%	100.0%	-6.9	-10.0	-5.6	-2.8	4.0	4.6	6.8
<i>Total Fund Custom BM</i>				<i>-6.9</i>	<i>-9.4</i>	<i>-4.6</i>	<i>-0.9</i>	<i>4.6</i>	<i>5.0</i>	<i>6.8</i>
<i>7.25% Annual Hurdle Rate</i>				<i>0.58</i>	<i>1.77</i>	<i>5.39</i>	<i>7.25</i>	<i>7.25</i>	<i>7.25</i>	<i>7.25</i>
Functional Composites²				1 Month	3 Month	FYTD	1 Year			
GROWTH	24,897	45.7%	47.0%	-9.8	-16.1	-9.1	-5.8			
<i>Growth Custom BM</i>				<i>-9.9</i>	<i>-15.1</i>	<i>-8.7</i>	<i>-4.0</i>			
CREDIT	5,084	9.3%	12.0%	-9.8	-10.1	-7.7	-5.5			
<i>Credit Custom BM</i>				<i>-8.6</i>	<i>-8.7</i>	<i>-5.4</i>	<i>-2.8</i>			
REAL ASSETS & INFLATION HEDGES	9,378	17.2%	17.0%	-5.5	-9.2	-8.1	-6.8			
<i>Real Assets & Inflation Hedges Custom BM</i>				<i>-6.5</i>	<i>-9.9</i>	<i>-7.1</i>	<i>-5.4</i>			
RISK REDUCTION & MITIGATION	14,722	27.0%	24.0%	-1.1	1.8	4.4	7.3			
<i>Risk Reduction & Mitigation Custom BM</i>				<i>-0.4</i>	<i>2.7</i>	<i>5.2</i>	<i>8.0</i>			
OVERLAY COMPOSITE	427	0.8%	—							

Historical Returns

(net)



OPEB Master Trust Fund

(net)

Sub-Trusts	Market Value (\$ millions) ³	Trust Ownership %	Final Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year
TOTAL OPEB MASTER TRUST	1,256								
Los Angeles County	1,212	96.5%	—	-12.2	-17.4	-12.3	-10.0	1.9	3.0
LACERA	5	0.4%	—	-12.2	-17.3	-12.2	-9.9	1.9	3.1
Superior Court	39	3.1%	—	-12.1	-17.4	-12.2	-9.9	1.6	—
Functional Composites				1 Month	3 Month	FYTD	1 Year	3 Year	
OPEB Growth	562	44.8%	50.0%	-14.3	-22.4	-15.4	-12.4	1.1	
<i>Custom OPEB MT Growth Pool</i>				<i>-14.4</i>	<i>-22.4</i>	<i>-15.6</i>	<i>-12.7</i>	<i>0.8</i>	
OPEB Credit	246	19.6%	20.0%	-10.9	-12.8	-9.7	-7.3	—	
<i>Custom OPEB MT Credit Pool</i>				<i>-11.8</i>	<i>-13.4</i>	<i>-10.4</i>	<i>-7.9</i>	<i>—</i>	
OPEB Real Assets & Inflation Hedges	246	19.6%	20.0%	-13.9	-18.5	-15.3	-14.5	—	
<i>Custom OPEB MT RA & IH Pool</i>				<i>-14.2</i>	<i>-18.9</i>	<i>-15.6</i>	<i>-14.8</i>	<i>—</i>	
OPEB Risk Reduction & Mitigation	125	9.9%	10.0%	-0.5	2.6	4.9	7.6	4.6	
<i>Custom OPEB MT RR & M Pool</i>				<i>-0.4</i>	<i>2.6</i>	<i>4.8</i>	<i>7.6</i>	<i>4.4</i>	
Operating Cash	77	6.2%	—						

Historical Returns

(net)



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

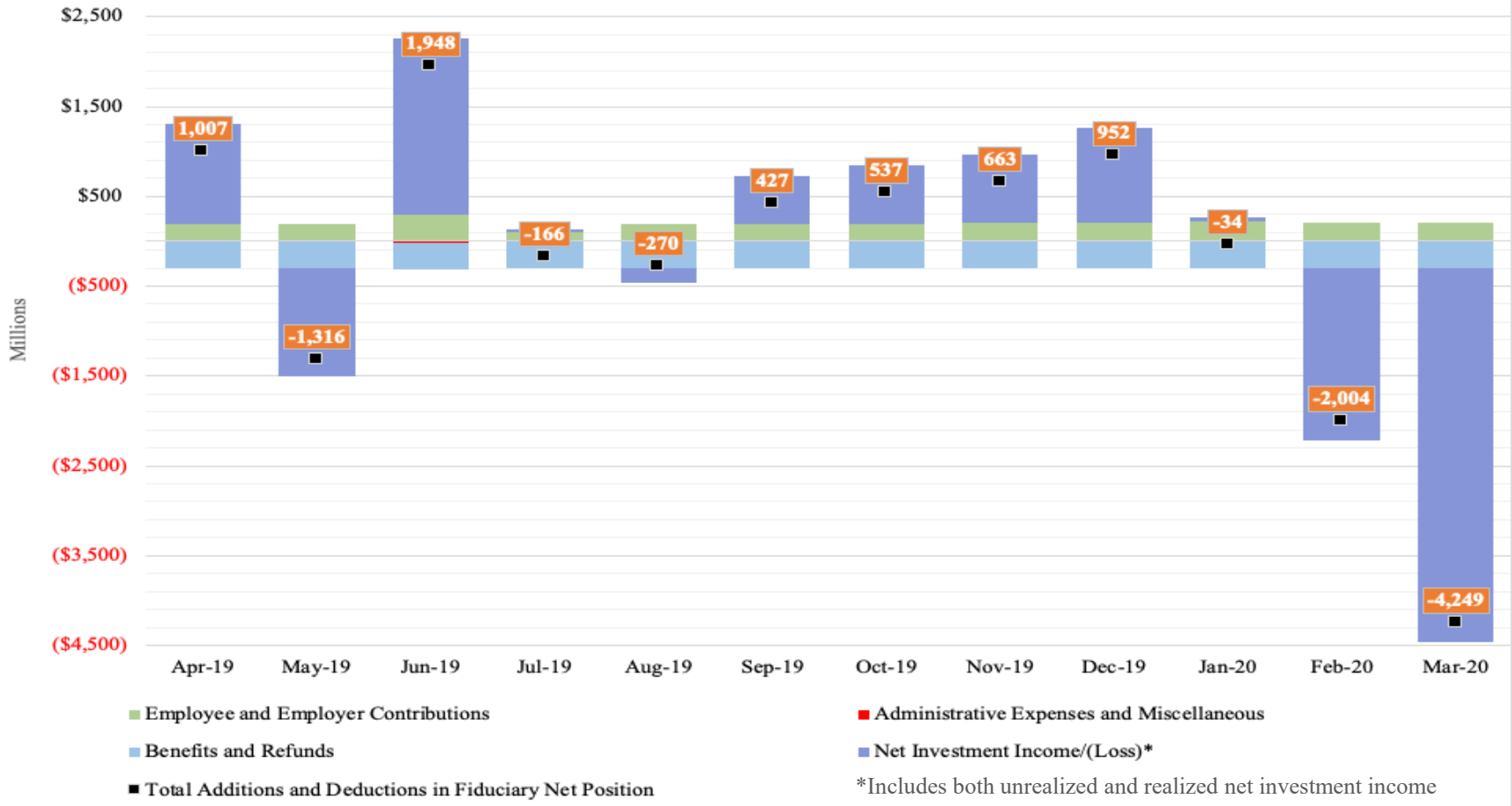
3. Market value differences between the sub-trusts and functional composites are due to operational cash

* Historical real estate valuations are currently under review, therefore March 2020 total fund, composite, and benchmark returns are preliminary



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	5	4	-\$4.1 billion



Portfolio Structural Updates



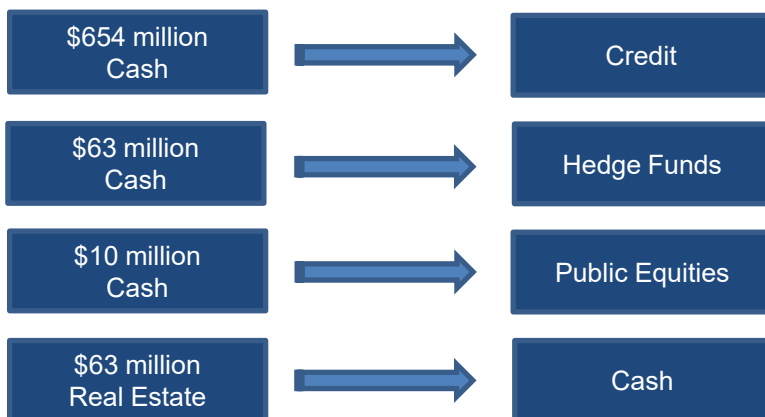
Portfolio Structural Updates

Portfolio Movements

Completed Actions

- Completed the transition of three public equity managers to the SSGA MSCI ACWI IMI account as approved by the BOI in March 2020

Rebalancing Activity



Hedges and Overlays

Program	March Return	March Gain/Loss	Inception* Gain/Loss
Currency Hedge**	0.8%	\$25.6 Million	\$1 billion
Cash/Rebalance Overlay***	-3.6%	-\$93.4 Million	-\$148 Million

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

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

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

Current Search Activity

Status of Active Searches – Subject to Change

Name	RFP Issued	Due Diligence	BOI Review
Securities Lending Services	●	●	Anticipated Spring 2020
Alternatives Administrative Services	●	●	Anticipated Summer 2020
Total Fund Performance Provider	●	●	Anticipated Summer 2020
Dedicated Managed Account Services	●	●	Anticipated Fall 2020
Hedge Funds Emerging Manager Program Separate Account Manager	●	●	Anticipated Early 2021

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

- Onboarding process of new risk system continues
- Continuous enhancements to the business continuity plan are happening in real-time
- Initiating one-year trial of Global Real Estate Sustainability Benchmark (GRESB) to evaluate for use in assessing, monitoring, and benchmarking real estate portfolio managers' ESG performance and prospective affiliation

Operational Updates

- Investment team working from home during stay-at-home order
 - Team working at capacity
- Financial Analyst II & III searches
 - Public Equity, Credit, Real Assets
- Private Equity intern joined the team in April
- Investments working with FASD on reviewing and enhancing the investment-related sections of the CAFR
- Quarterly Compliance Monitor attached

Manager/Consultant Updates

- The Investment Division is proactively contacting managers and business partners

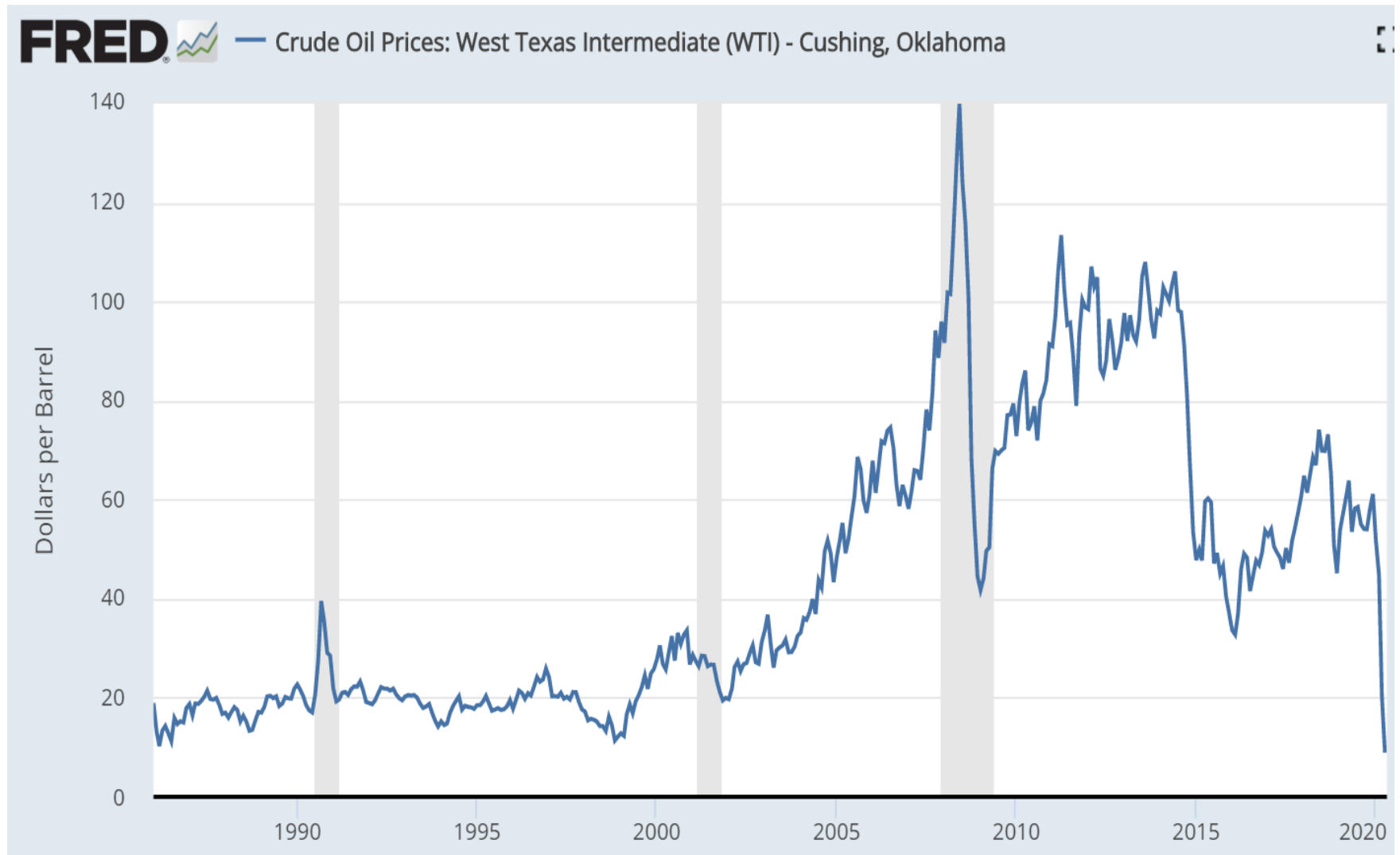


Commentary



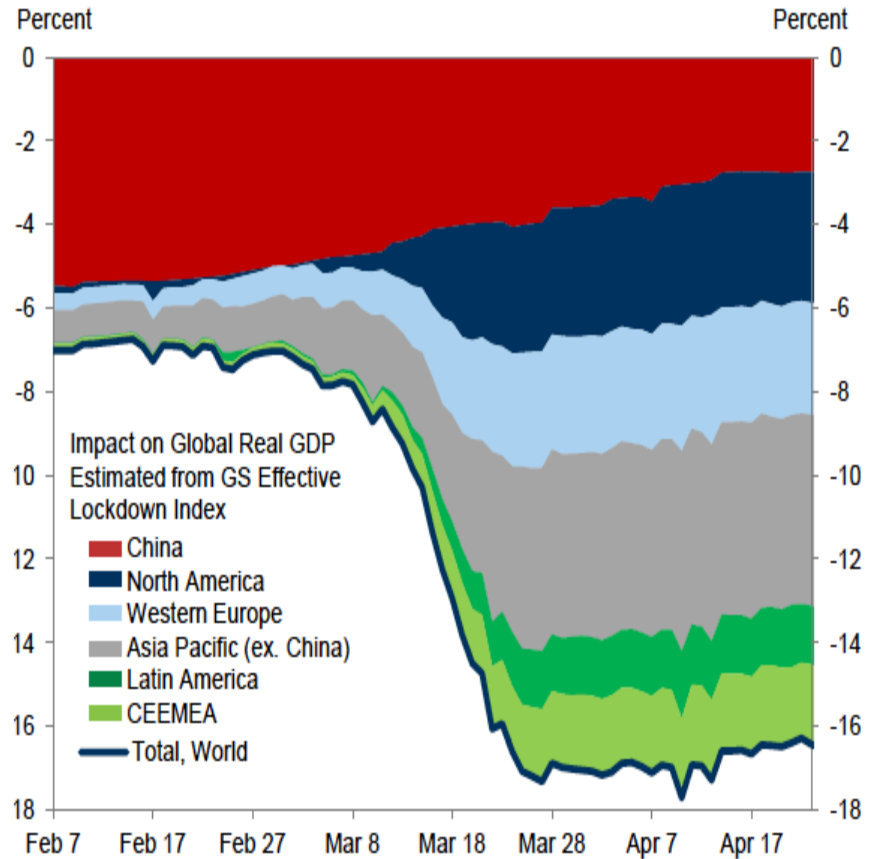
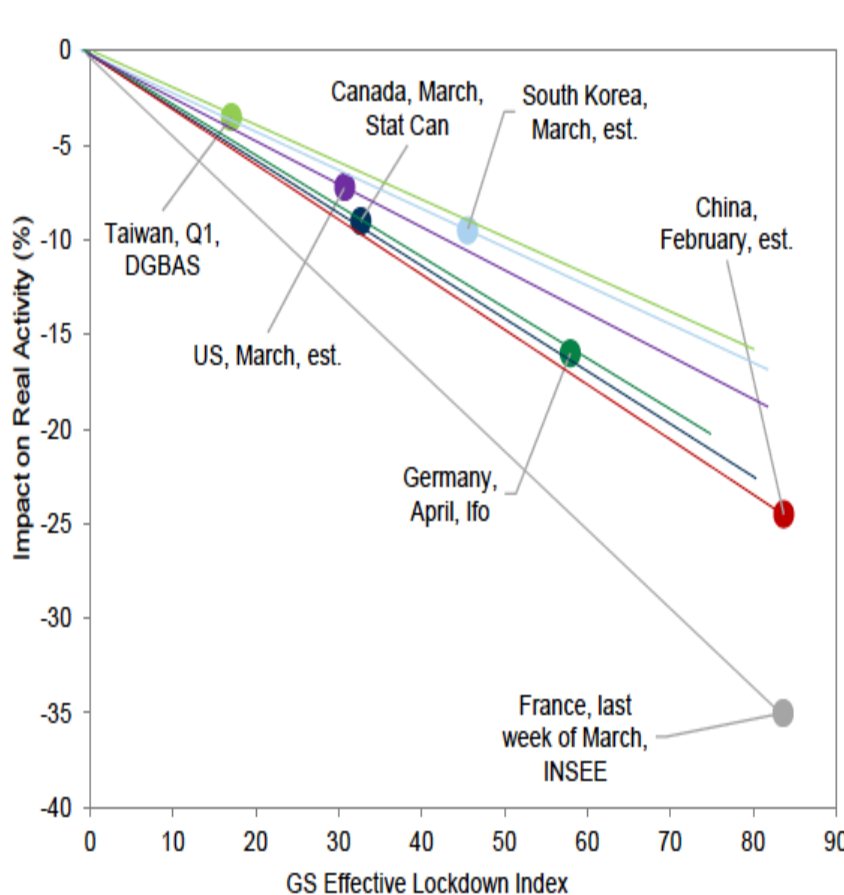
Staff Chart of the Month*

Oil Prices Decline To Levels Not Seen In Decades



Global GDP Reduced 16% by COVID-19

Virus Control Has Reduced Global GDP by an Estimated 16%



Source: Goldman Sachs Global Investment Research



Appendix



Quiet Period for Search Respondents

Alternative Administrative Services

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

Hedge Funds Emerging Manager Program Separate Account Manager

- ✓ Appomattox Advisory, Inc
- ✓ BlackRock, Inc
- ✓ Goldman Sachs Asset Management
- ✓ GCM Grosvenor
- ✓ New Alpha Asset Management
- ✓ PAAMCO Prisma, LLC
- ✓ The Rock Creek Group, LP
- ✓ Stable 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

Total Fund Performance Measurement Provider

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

Dedicated Managed Account Services

- ✓ Blueprint Capital Advisors
- ✓ HedgeMark Advisors LLC
- ✓ HFR Investments LLC
- ✓ Innocap
- ✓ Lighthouse Investment Partners LLC
- ✓ Lyxor Asset Management
- ✓ Man FRM
- ✓ Maples Group
- ✓ Monroe Capital
- ✓ Ultimus LeverPoint Private Fund Solutions
- ✓ Wilshire Associates Inc



Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division
As of March 2020*

LACERA PENSION FUND

8

GROWTH

Total # of Advisory

GROWTH

Global Equity

Asset Allocation Policy Compliance

✓

2

1) Large cap stocks fell below the +/-5% allowable range and 2) small cap stocks exceeded the +/-5% allowable range relative to the MSCI ACWI IMI index.

Investment Guideline Compliance

✓

1

One manager breached the 5% maximum cash allocation as of 3/31/2020. Cash was brought back within guidelines on 4/2/2020.

Emerging Manager Program

✓

of Sudan/Iran Holdings Held by Managers

✓

5

5 issuers held, totaling \$743k 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 March 2020*

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 March 2020*

LACERA PENSION FUND

3

RISK REDUCTION & MITIGATION

Total # of Advisory

RISK REDUCTION & MITIGATION

Investment Grade Bonds

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

Quarterly Review Status	# of Advisory	Notes
✓		
✓		
✓		
✓	2	2 issuers held, totaling \$4.7mm in market value

Diversified Hedge Funds**

- Asset Allocation Policy Compliance
- Portfolio Level Compliance
- HFOF Manager Guideline Compliance
- Direct Portfolio Manager Guideline Compliance

Quarterly Review Status	# of Advisory	Notes
✓		
✓		
✓		N/A as the GSAM & GCM diversified HF portfolios are currently winding down
✓		

Cash

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

Quarterly Review Status	# of Advisory	Notes
✓		
✓	1	Due to rebalancing activity, a waiver was approved for investment guideline concentration limits
✓		

Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division
As of March 2020*

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 \$535.6mm; State Street \$865.4mm
\$ Value of Cash Collateral	✓	1	GSAL \$549.3mm; State Street \$926.1mm
Total Income - Calendar YTD	✓	1	GSAL \$0.5mm; State Street \$0.8mm
Proxy Voting			
Number of Meetings Voted	✓	1	1,197 meetings voted
Tax Reclaims			
Total Paid Reclaims - Calendar YTD	✓	1	\$475,316
Total Pending Reclaims	✓	1	\$6.9mm
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 March 2020*

OPEB MASTER TRUST

Functional Asset Categories	Quarterly Review Status	# Advisory	Notes
(Growth, Credit, Inflation Hedges, Risk Reduction & Mitigation)			
Asset Allocation Policy Compliance	✓		
Investment Guideline Compliance	✓	1	Due to rebalancing activity, a waiver was approved for investment guideline concentration limits
# 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.

April 30, 2020

TO: Each Trustee,
Board of Retirement
Board of Investments

FROM: Joint Organizational Governance Committee
Thomas Walsh, Chair
Keith Knox, Vice Chair
Vivian H. Gray
David Green
JP Harris
Shawn R. Kehoe
David Muir
Herman B. Santos

FOR: May 7, 2020 Board of Retirement Meeting
May 13, 2020 Board of Investments Meeting

SUBJECT: Request for Proposals for Fiduciary Counsel Legal Services

RECOMMENDATION

That the Board of Retirement and Board of Investment approve issuance of the Request for Proposals for Fiduciary Counsel Legal Services (RFP).

DISCUSSION

The last fiduciary counsel RFP was approved by the Boards in May 2015, and completed in the fall of 2015. The Joint Organizational Governance Committee (JOGC) recommends that a new RFP be run this year to test the market to ensure that the Boards have counsel that meet their current needs and to evaluate current pricing.

This recommendation is consistent with the Policy for Purchasing Goods and Services adopted by the Board of Retirement on November 6, 2019. The Policy provides in Section 14.2 that the standard term of a contract shall be five years, with a two year optional extension period. While the Boards could choose to wait up to another two years to run a new RFP, the JOGC recommends that an RFP be run now given the importance of fiduciary counsel to the Boards and LACERA staff.

A draft RFP is attached.

Attachment

Each Member, Board of Retirement and Board of Investments
Re: Request for Proposals for Fiduciary Counsel Legal Services
April 30, 2020
Page 2

c: Santos H. Kreimann
Jonathan Grabel
JJ Popowich

Los Angeles County Employees Retirement Association Request for Proposals for Fiduciary Counsel Legal Services

I. INTRODUCTION

The Los Angeles County Employees Retirement Association (LACERA) invites proposals from experienced attorneys and law firms in response to this Request for Proposals (RFP) to provide fiduciary counsel legal services to support LACERA's governing Board of Retirement and Board of Investments, staff, and the organization as a whole.

LACERA is a defined benefit public pension fund established to administer retirement benefits to employees of the County of Los Angeles and other participating agencies pursuant to the County Employees Retirement Law (CERL) of 1937 (California Government Code Section 31450, et seq.), the California Public Employees' Pension Reform Act of 2013 (PEPRA) (California Government Code Section 7522, et seq.), and other applicable law. LACERA operates as an independent governmental entity separate and distinct from Los Angeles County. LACERA has approximately 425 employees to administer benefits for active, deferred, and retired members, oversee the County's retiree health benefits program, and manage the fund's investments. As of June 30, 2019, LACERA managed approximately \$58.3 billion in fund assets to support the pensions of over 174,000 members, including over 66,000 benefit recipients.

LACERA's staff includes a Legal Division consisting of ten (10) lawyers, a Legislative Affairs Officer, five (5) legal analysts, and other professional support staff, with expertise in governance, compliance, benefits, disability, investments, commercial contracts, litigation, employment, and legislative matters.

LACERA'S MISSION, VISION, AND VALUES

Mission: To Produce, Protect, and Provide the Promised Benefits

Vision: Excellence, Commitment, Trust, and Service

Values: Professionalism, Respect, Open Communication, Fairness, Integrity, and Teamwork

LACERA GOVERNING BOARDS

Board of Retirement (BOR) – This nine-member Board, with two alternates, is responsible for the overall management of the retirement system. Under the policy guidance of the BOR, LACERA strives to create innovative ways to streamline and expedite retirement processes, integrate new technologies, and introduce new member services options and upgrades.

Board of Investments (BOI) – This nine-member Board is responsible for establishing LACERA's investment policy and objectives, as well as exercising authority over the investment management of the fund's diversified portfolio and actuarial matters. The two Boards share joint responsibility for LACERA's budget, personnel classifications and compensation, and the CEO's performance evaluation.

///

II. SCOPE OF SERVICES AND REQUIRED CORE SKILLS

LACERA seeks to hire outside counsel to provide independent legal advice and services related to the full range of issues of fiduciary duties concerning LACERA's operations and governance, including duties arising in connection with the interpretation and application of relevant provisions of the California Constitution, CERL, PEPRA, the Brown Act, the Public Records Act, Political Reform Act, and other applicable law. Working as appropriate in coordination with the Boards, Board Chairs, and LACERA's Legal Division, the responsibilities of fiduciary counsel will include the following:

- A. Provide oral and written legal advice to the Board of Retirement, Board of Investments, and/or staff regarding fiduciary duties.
- B. Analyze and evaluate fiduciary matters facing the organization and its Boards.
- C. Keep the Boards up-to-date on the laws and legal developments regarding fiduciary duties, and provide training annually or with such other frequency as requested.
- D. Assist in other fiduciary matters, including litigation, as requested.

The duties and responsibilities of fiduciary counsel are further explained in the Boards' Fiduciary Counsel Policy, a copy of which is attached to this RFP.

Core skills include comprehensive knowledge and understanding of relevant fiduciary law, excellent oral and written communication skills, sound judgment, the ability to work well with and maintain the confidence of the Board of Retirement, the Board of Investments, and staff, and the ability to deliver services in a timely and cost effective manner.

Candidates must have at least ten (10) years providing fiduciary advice to public or private organizations. Experience in advising other CERL systems and/or other public pension systems is strongly desirable.

III. RFP PROCESS

This RFP and other relevant information related to the RFP, including addenda, modifications, answers to questions, and other updates, will be posted on the "RFPs" page of LACERA.com. Additional background information about LACERA may also be found on LACERA.com.

A. Calendar *[To be inserted after RFP approval by the Boards.]*

Issuance of RFP

Written Questions and Requests for Clarification Due

Responses to Questions Posted

Proposals Due Finalist Interviews

Estimated Final Selection and Approval by the Boards

B. Communication and Questions

Respondents are encouraged to communicate any questions regarding this RFP by the deadline stated above in the RFP Calendar. Questions should be sent in writing via email only to Steven P. Rice, Chief Counsel, at srice@lacera.com. Questions and answers will be posted at LACERA.com by the date stated in the RFP Calendar.

C. Errors in the RFP

If a respondent discovers an ambiguity, conflict, discrepancy, omission or other error in this RFP, notice should be immediately provided to srice@lacera.com. LACERA is not responsible for, and has no liability for or obligation to correct, any errors or omissions in this RFP.

D. Addenda

Modifications or clarifications of the RFP, if deemed necessary, will be made by addenda to the RFP and posted on LACERA.com.

E. Delivery of Submissions

Submissions must be delivered in PDF format via email to srice@lacera.com by the due date stated above in the RFP Calendar. In addition, respondents must send three (3) hard copies of their submissions for delivery by the due date stated in the RFP Calendar addressed to:

LACERA
Attention: Steven P. Rice
Chief Counsel
300 North Lake Avenue, Suite 620
Pasadena, CA 91101

See “Notice Regarding the California Public Records Act and Brown Act” in this RFP for information regarding redactions and disclosure.

F. Proposal Format and Content

All responses to this RFP should follow the format described in this Section III.F. For each part of the response, restate the RFP item immediately above the response. When requested, please provide details and state all qualifications or exceptions. All information provided should be concise and clearly relevant to qualifications to serve as LACERA’s fiduciary counsel.

///
Cover Letter

The cover letter must provide a statement affirming that the signatory is empowered and authorized to bind the respondent to an engagement agreement with LACERA and represents and warrants that the information stated in the proposal is accurate and may be relied upon by LACERA in considering, and potentially accepting, the proposal.

Executive Summary

In this section, an overview should be provided of the respondent's background, experience, and other qualifications to serve as LACERA's fiduciary counsel.

Experience and Approach

The proposal must provide a detailed statement of the respondent's experience in providing independent fiduciary counsel services to CERL systems and other public pension systems, including experience advising boards on governance issues, the California Constitution, CERL, PEPR, the Brown Act, the Public Records Act, the Political Reform Act, and other legal issues. LACERA's goal in the RFP process is to understand each respondent's experience across the full spectrum of fiduciary issues that may arise in the administration of a California public pension system, including but not limited to:

1. Fiduciary duties under the California Constitution, the County Employees Retirement Law of 1937, the California Public Employees' Pension Reform Act of 2013, and other applicable law.
2. Ethical issues, under LACERA's Code of Ethical Conduct, the Political Reform Act, California Government Code Section 1090 and other provisions of the California Government Code, Fair Political Practices Commission (FPPC) Regulations, FPPC and California Attorney General Opinions, and other applicable laws and LACERA policy relating to conflicts of interest and ethics of Board Members, LACERA staff, and/or LACERA vendors.
3. Board governance.
4. LACERA's organizational structure.
5. Disputes by and between Board Members.
6. Negotiation and drafting of contracts.
7. Actuarial and financial matters.
8. Employment-related matters.
9. Benefit-related matters, including service retirement, disability retirement, retiree healthcare benefits, and other benefit issues.
10. Investment-related matters.
11. Investigations.

LACERA is interested in a respondent's experience and approach in analyzing such issues,

interfacing with trustees and staff, and litigating issues if necessary. LACERA is also interested in how the respondent differentiates themselves from other counsel offering similar services.

Assigned Professionals

The proposal must set forth the name the lead attorney(s) and all other attorneys and professional staff expected to be assigned to LACERA work, including a detailed profile of each person's background and relevant individual experience and the ability of the professionals collectively to function together as a team and also to work effectively with LACERA's Boards and staff in performing the scope of services. Each attorney must be licensed to practice law in the State of California. Diversity is a core LACERA value, and therefore the proposal must specifically address the diversity of the proposed team members in meaningful roles to support the firm's work for LACERA. LACERA expects that this section of the response will only include those persons committed to supporting LACERA and investing in a relationship with LACERA on a regular and long-term basis. The proposal should include a commitment by the lead attorney to be reasonably available to LACERA on an ongoing basis.

With respect to diversity, the response must include a description of diversity policies, practices, and procedures maintained by the firm regarding equal employment opportunity, including the recruitment, development, retention, and promotion of a diverse and inclusive workforce, non-discrimination based on gender, race, ethnicity, sexual orientation, age, veteran's status, and other legally protected categories, and prohibition of sexual harassment in the workplace. If the respondent has written policies, a copy should be provided with the response to this RFP. The response should identify the oversight, monitoring, and other compliance processes for implementation and enforcement of the firm's diversity policies, practices, and procedures, including the name of the perform who is responsible for oversight the firm's method to measure the effectiveness of the policies, and conclusions as to effectiveness. Please describe any judicial, regulatory, or other legal finding, formal action, or claims related to equal employment opportunity, workplace discrimination, or sexual harassment during the past ten (10) years.

References

In this section, the proposal must identify as references at least three (3) public pension systems for which the respondent has served as fiduciary counsel, including, for each system, an individual point of contact, the length of time the respondent served as fiduciary counsel, and a summary of the work performed.

Fees and Costs, Billing Practices, and Payment Terms

The respondent must explain the pricing proposal for the scope of work including pricing of fees and costs, billing practices, and payment terms that would apply assuming a five (5) year initial duration of the engagement as well as an additional two-year optional period during which the engagement may extend. LACERA does not place any limits on the approach to pricing and is open to presentation of more than one pricing alternative for the scope of work, or portions of it. This section of the response should include an explanation as to how the pricing approach(es) will be managed to provide the best value to LACERA. The respondent

should represent that the pricing offered to LACERA is, and will remain, equivalent to or better than that provided to other governmental clients, or should provide an explanation as to why this representation cannot be provided. All pricing proposals should be “best and final,” although LACERA reserves the right to negotiate on pricing.

Conflicts of Interest

The proposal must identify all actual or potential conflicts of interest that the respondent may face in the representation of LACERA. Specifically, and without limitation to other actual or potential conflicts, the proposal should identify any representation of the County of Los Angeles, Los Angeles County Office of Education, the South Coast Air Quality Management District, Little Lake Cemetery District, and Local Agency Formation Commission, and, to the respondent’s knowledge, any of LACERA’s members, vendors, other contracting parties, investments, and employees. The proposal should also identify any positional conflicts of which the respondent is aware.

Claims

The proposal must identify all past, pending, or threatened litigation, including but not limited to malpractice claims, and all administrative, state ethics, and disciplinary proceedings and other claims against the firm and any of the attorneys proposed to provide services to LACERA.

Insurance

The proposal must explain the insurance that the respondent will provide with respect to the services to be provided and other acts or omission of the firm and its attorneys and staff in the representation of LACERA. The limits of liability are a material term of any engagement letter with the firm and may be subject to negotiation.

Other Information

The proposal may contain any other information that the respondent deems relevant to LACERA’s selection process.

G. Post-Proposal Request for Information

LACERA reserves the right in its discretion to request additional information from any respondent, although such requests may not be made to all respondents.

H. Interviews and Personal Presentations

LACERA intends to require one or more interviews with or personal presentations by finalists to be conducted with staff and/or the Boards.

I. Evaluation Criteria

Respondents will be evaluated in the discretion of LACERA based upon the following factors:

1. Experience providing fiduciary advice to public and private organizations, including representation of CERL systems and other public pensions, and their governing boards and staff.
2. Quality of the team proposed to provide services to LACERA.
3. Information provided by references.
4. Communications skills.
5. Pricing and value.
6. Team work, both internally and with LACERA's Boards and staff.
7. Level of investment and commitment to the LACERA relationship.
8. The organization, completeness, and quality of the proposal, including cohesiveness, conciseness, and clarity.

The factors will be considered as a whole, without a specific weighting. The balancing of the factors is in LACERA's sole discretion. Factors other than those listed may be considered by LACERA in making its selection.

J. Engagement Agreement

LACERA will negotiate an engagement agreement with a successful respondent, which must contain such terms as LACERA in its sole discretion may require. The agreement will be submitted to the Boards for approval.

IV. GENERAL CONDITIONS

This RFP is not an offer to contract. Acceptance of a proposal neither commits LACERA to award a contract to any respondent even if all requirements stated in this RFP are met, nor does it limit LACERA's right to negotiate the terms of an engagement agreement in LACERA's best interest, including requirement of terms not mentioned in this RFP. LACERA reserves the right to contract with a vendor for reasons other than lowest price.

Failure to comply with the requirements of this RFP may subject the proposal to disqualification. However, failure to meet a qualification or requirement will not necessarily subject a proposal to disqualification.

Publication of this RFP does not limit LACERA's right to negotiate for the services described in this RFP. If deemed by LACERA to be in its best interests, LACERA may negotiate for the services described in this RFP with a party that did not submit a proposal. LACERA reserves the right to choose to not enter into an agreement with any of the respondents to this RFP.

A. Quiet Period

To ensure that prospective service providers responding to this RFP have equal access to

information regarding the RFP and communications related to the RFP are consistent and accurate so that the selection process is efficient and fair, a quiet period will be in effect from the date of issuance of this RFP until the search has been completed. During the quiet period, respondents are not permitted to communicate with any LACERA staff member or Board member regarding this RFP except through the point of contact named herein. Respondents violating the quiet period may be disqualified at LACERA's discretion. Respondents who are existing LACERA service providers must limit their communications with LACERA staff and Board members to the subject of the existing services provided.

B. Notice Regarding the California Public Records Act and Brown Act

The information submitted in response to this RFP will be subject to public disclosure pursuant to the California Public Records Act (California Government Code Section 6250, et. seq.) and the Brown Act (California Government Code Section 54950, et seq.) (collectively, the Acts). The Acts provide generally that records relating to a public agency's business are open to public inspection and copying and that the subject matter of this RFP is a matter for public open session discussion by the Boards, unless specifically exempted under one of several exemptions set forth in the Acts. If a respondent believes that any portion of its proposal is exempt from public disclosure or discussion under the Acts, the respondent must provide a full explanation and mark such portion "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," and make it readily separable from the balance of the response. Proposals marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY" in their entirety will not be honored, and LACERA will not deny public disclosure of all or any portion of proposals so marked.

By submitting a proposal with material marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," a respondent represents it has a good faith belief that the material is exempt from disclosure under the Acts; however, such designations will not necessarily be conclusive, and a respondent may be required to justify in writing why such material should not be disclosed by LACERA under the Acts.

LACERA will use reasonable means to ensure that material marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY" is safeguarded and held in confidence. LACERA will not be liable, however, for disclosure of such material if deemed appropriate in LACERA's sole discretion. LACERA retains the right to disclose all information provided by a respondent.

If LACERA denies public disclosure of any materials designated as "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY", the respondent agrees to reimburse LACERA for, and to indemnify, defend and hold harmless LACERA, its Boards, officers, fiduciaries, employees and agents from and against:

1. Any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs and expenses. including without limitation attorneys' fees, expenses and court costs of any nature whatsoever (collectively, Claims) arising from or relating to LACERA's non-disclosure of any such designated portions of a proposal; and
2. Any and all Claims arising from or relating to LACERA's public disclosure of any such designated portions of a proposal if LACERA reasonably determines disclosure is

deemed required by law, or if disclosure is ordered by a court of competent jurisdiction.

If LACERA staff recommends any respondent to the Boards for hiring, such recommendation, the reasons for the recommendation, and the relevant proposal(s) will appear on a publicly posted agenda and in supporting materials for public meetings of the Boards.

C. Reservations by LACERA

In addition to the other provisions of this RFP, LACERA reserves the right to:

1. Cancel this RFP, in whole or in part, at any time.
2. Make such investigation as it deems necessary to determine the respondent's ability to furnish the required services, and the respondent agrees to furnish all such information for this purpose as LACERA may request.
3. Reject the proposal of any respondent who is not currently in a position to perform the contract, or who has previously failed to perform similar contracts properly, or in a timely manner, or for any other reason in LACERA's sole discretion.
4. Waive irregularities, to negotiate in any manner necessary to best serve the public interest, and to make a whole award, multiple awards, a partial award, or no award.
5. Award a contract, if at all, to the firm which will provide the best match to the requirements of the RFP and the service needs of LACERA in LACERA's sole discretion, which may not be the proposal offering the lowest fees.
6. Reject any or all proposals submitted in response to this RFP.
7. Determine the extent, without limitation, to which the services of a successful respondent are or are not actually utilized.

D. Ownership of Proposals

The information that a respondent submits in response to this RFP becomes the exclusive property of LACERA. LACERA will not return any proposal or reimburse proposal preparation expenses.

E. Valid Period of Proposal

The pricing, terms, conditions, and other information stated in each proposal must remain valid for 120 days from the date of delivery of the proposal to LACERA.

F. Cost of Proposal

LACERA shall not be liable for any costs respondents incur in connection with the preparation or submission of a proposal.

April 30, 2020

TO: Each Trustee,
Board of Retirement
Board of Investments

FROM: Joint Organizational Governance Committee
Thomas Walsh, Chair
Keith Knox, Vice Chair
Vivian H. Gray
David Green
JP Harris
Shawn R. Kehoe
David Muir
Herman B. Santos

FOR: May 7, 2020 Board of Retirement Meeting
May 13, 2020 Board of Investments Meetings

SUBJECT: Request for Proposals for Media and Public Relations Consultant

RECOMMENDATION

That the Board of Retirement and Board of Investment approve issuance of the Request for Proposals for Media and Public Relations Consultant (RFP).

DISCUSSION

This recommendation addresses LACERA's need to deepen and strengthen its media and public relations capabilities through the addition of an external consultant to work with internal resources.

LACERA and the Boards interact with stakeholders, including the plan sponsor, members and beneficiaries, employees, and the public, through media and public relations. Stakeholders' views of the fund are influenced by the information they receive about the organization in the media, which broadly includes the written press, other traditional media, and social media and other third-party providers of information. LACERA also releases information directly to stakeholders through internally-generated communications, publications, lacera.com, member service, and other statements. All of these external and internal channels of information are collectively part of media and public relations.

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During the past five years, and possibly earlier, external media and public relations services have been obtained ad hoc on an as-needed, case-by-case basis by the Chief Executive Officer or in certain circumstances through other staff or as a subcontractor through other vendors. External services have been provided through at least four different firms during this period of time. Because services have been obtained ad hoc, intermittently, and through different providers, these efforts have had mixed results, and there has been no overall strategic plan or continuity of approach to externally provided media and public relations efforts.

LACERA separately provides media and public relations through the Communications Division, which does an excellent job of producing a large volume of important, high quality, consistent, and impactful work on a continuous basis throughout the year in close collaboration with the Executive Office and other staff.

The Joint Organizational Governance Committee recommends, based on a recognized need and input from trustees, to issue an RFP for a media and public relations consultant to work with the Boards and internal staff to develop a cohesive strategic plan for LACERA. The consultant will have the expertise and contacts to understand and address all the many aspects of LACERA's business, including member service, benefits, investments, and others as well as larger public issues regarding defined benefit public pension plans that may arise in the media. In addition to assistance on strategic issues, the consultant will assist the Boards and staff in providing effective messaging on specific media and public relations issues that arise for immediate response from time to time, and will help in communicating LACERA's successes and positive image in the media and with stakeholders on an ongoing basis.

It is important to emphasize that the media and public relations consultant will not replace or be duplicative of the Communications Division, or the Public Information Officer (PIO) included in the proposed 2020-21 budget. Instead, the consultant will work with Communications, including the PIO, as well as the Executive Office, Investments Division, Legal Office, and other divisions as appropriate, on both strategic and tactical media and public relations issues as part of a cohesive team approach that leverages both internal and external knowledge and capabilities.

A draft RFP is attached.

Attachment

c: Santos H. Kreimann
Jonathan Gabel

JJ Popowich
Cynthia Martinez

Los Angeles County Employees Retirement Association Request for Proposals for Media and Public Relations Consultant

I. INTRODUCTION

The Los Angeles County Employees Retirement Association (LACERA) invites proposals from experienced professionals in response to this Request for Proposals (RFP) to provide media and public relations services to LACERA, its governing Board of Retirement and Board of Investments, and staff. The selected respondent will partner with LACERA to effectively communicate the organization's message, priorities, and successes to the media and other stakeholders on a wide variety of issues and initiatives, and thereby enhance public understanding and appreciation of the organization. The services involve both development and implementation of an overall strategic communications plan and assistance in planning and messaging for specific issues as they arise on an ongoing basis.

LACERA is a defined benefit public pension fund established to administer retirement benefits to employees of the County of Los Angeles and other participating agencies. LACERA operates as an independent governmental entity separate and distinct from Los Angeles County. LACERA has approximately 425 dedicated employees to administer pension benefits for active, deferred, and retired members, oversee the County's retiree health benefits program, and manage the fund's investments. As of June 30, 2019, LACERA managed approximately \$58.3 billion in fund assets to support the pensions of over 174,000 members, including over 66,000 benefit recipients. LACERA's annual pension benefits payments to its retirees total approximately \$3 billion.

Our members rely upon LACERA to provide a secure and dignified lifetime retirement at the conclusion of their careers of public service to the people of Los Angeles County in many different general and safety positions that support the community. LACERA is the largest county pension system in the United States, the fourth largest public system in California, and one of the largest public pensions at any level in the country. LACERA is both a member service organization serving its members, and a financial institution investing its assets for the long term to provide for our members and their beneficiaries. The successful respondent will have an appreciation for and the knowledge and experience to assist both aspects of LACERA's business.

LACERA's Chief Executive Officer (CEO) is the designated spokesperson for the system on general pension issues. The Chief Investment Officer (CIO), who oversees a team of over 40 financial professionals responsible for implementation of the fund's strategic asset allocation, speaks for LACERA on investment issues.

LACERA has an internal Communications Division of 13 experienced staff. The Division creates and communicates essential retirement information to LACERA members and staff. They apply innovative thinking, contemporary advertising and marketing practices, and technology to promote LACERA-wide solutions. LACERA's Member Services, Benefits, Disability Retirement Services, Quality Assurance Division, and Retiree Health Care Divisions collectively include over 240 staff. They provide world-class service and education to members with kindness, care, and empathy and ensure the timely and accurate delivery of

benefits. The balance of LACERA's staff provides financial and accounting, legal, internal audit, systems, human resources, and other necessary administrative services and support to the organization to further its effective operations.

LACERA's stakeholders include: our plan sponsor, the County of Los Angeles; other participating agencies; active, deferred, and retired members; LACERA's employees; and the public. LACERA emphasizes transparency, accountability, and values of good communication and positive relationships with our stakeholders. The successful proposer will work on an ongoing basis primarily in collaboration with and under the oversight of the CEO and other Executive Office staff, the CIO, Chief Counsel, and the Communications Division, including any internal Public Information Officer that may be hired, plus other personnel as needed. The selected firm will also present to LACERA governing Boards when appropriate.

LACERA'S MISSION, VISION, AND VALUES

Mission: To Produce, Protect, and Provide the Promised Benefits

Vision: Excellence, Commitment, Trust, and Service

Values: Professionalism, Respect, Open Communication, Fairness, Integrity, and Teamwork (PROFIT)

LACERA'S GOVERNING BOARDS

Board of Retirement (BOR) – This nine-trustee Board, with two alternates, is responsible for the overall management of the retirement system. Under the policy guidance of the BOR, LACERA strives to create innovative ways to streamline and expedite retirement processes, integrate new technologies, and introduce new member services options and upgrades.

Board of Investments (BOI) – This nine-trustee Board is responsible for establishing LACERA's investment policy and objectives, and overseeing the investment management of the fund. The BOI diversifies fund investments to maximize the rate of return and minimize the risk of loss; the Board also oversees actuarial services to assist in the setting of employer and employee contributions to assure the long-term safety of LACERA's assets.

The two Boards share joint responsibility for LACERA's budget, personnel classifications and compensation, and certain other issues. The Boards, and their trustees, have a fiduciary duty of prudence and loyalty to administer the system to assure the prompt delivery of benefits and related services to members and beneficiaries. The successful respondent will serve the interests of both Boards in effective media and public relations concerning LACERA.

The Boards each include trustees elected by active general and safety members and retirees, trustees appointed by the Los Angeles County Board of Supervisors, and the County Treasurer and Tax Collector, who sits ex officio on both Boards. This balanced and diverse composition of the Boards ensures a broad range of perspectives.

For additional information about LACERA, respondents are encouraged to access the resources available on LACERA.com.

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II. SCOPE OF SERVICES, DELIVERABLES, AND REQUIRED CORE SKILLS

LACERA seeks to hire a media and public relations consultant to provide advice and services related to the full range of LACERA's operations and governance, including strategic planning as well as responses to immediate issues that may arise during the course of LACERA's operations. As used in this Request for Proposals, "media" refers to all channels of local, state, national, and international media, including but not limited to print, television and radio, and social media platforms. The responsibilities and deliverables of the consultant include the following:

- A. Analyze and evaluate existing and anticipated media and public relations issues facing the organization and its Boards.
- B. Develop proactive messaging consistent with LACERA's Mission, Vision, and Values in the interest of transparency, good relationships, and communication to promote understanding and appreciation of LACERA's achievements and to further LACERA's standing, visibility, and positive profile in the media and with stakeholders.
- C. Provide oral and written advice to the Board of Retirement, Board of Investments, and/or staff regarding media and public relations issues.
- D. Monitor, track, and keep the Boards and staff immediately informed of all media concerning LACERA or issues that may relate to LACERA or its business.
- E. Make direct contact with media and stakeholder groups as needed, and counsel the LACERA Boards and staff in connection with contacts they may have with the media and stakeholders.
- F. Prepare and review media releases, statements, communications, and presentations to the media and stakeholder groups.
- G. Prepare strategic media and public relations planning documents and work plans.
- H. Maintain regular oral and written communications with the Boards and staff concerning media and public relations issues.
- I. Respond to immediate or short-term media inquiries, and develop proactive plans for immediate needs and circumstances as they occur.
- J. Review and coordinate member communication documents with, and provide talking points for, LACERA staff, including but not limited to Communications, Member Services, and Retiree Health Care Divisions, regarding media content to ensure consistency across media and member communication channels.
- K. Collaborate with other LACERA professionals, including but not limited to auditors, actuaries, counsel, and investment consultants, to obtain and share knowledge or address particular LACERA issues.
- L. Assist in other media and public relations issues, as requested.

Core skills include: comprehensive knowledge, understanding, and experience in media and public relations services and issues for member service organizations and financial institutions, including public pensions if available; contacts and relationship-building with media and stakeholder groups; strategic planning skills; ability to provide immediate advice and assistance when required; professional oral and written communication skills; sound judgment; the ability to work well with and maintain the confidence of the Board of Retirement, the Board of Investments, and staff; and the ability to deliver services in a timely and cost effective manner.

Respondents, including the lead consultant committed to provide services to LACERA, must have at least ten (10) years providing media and public relations services to public and private member service organizations and financial institutions. Experience in advising other public pension systems is desirable.

III. RFP PROCESS

This RFP and other relevant information related to the RFP, including addenda, modifications, answers to questions, and other updates, will be posted on the RFPs page of LACERA.com. Additional background information about LACERA may also be found on LACERA.com.

A. Calendar, Expected but Subject to Change *[To be inserted after RFP approval by the Boards.]*

Issuance of RFP

**Written Questions and
Requests for Clarification Due**

Responses to Questions Posted

Proposals Due

Finalist Interviews

**Estimated Final Selection and
Approval by the Boards**

B. Communication and Questions

Respondents are encouraged to communicate any questions regarding this RFP by the deadline stated above in the RFP Calendar. Questions should be sent in writing only via email to Steven P. Rice, Chief Counsel, at srice@lacera.com. Questions and answers will be posted at LACERA.com by the date stated in the RFP Calendar.

C. Errors in the RFP

If a respondent discovers an ambiguity, conflict, discrepancy, omission or other error in this RFP, notice should be immediately provided to srice@lacera.com. LACERA is not responsible for, and has no liability for or obligation to correct, any errors or omissions.

D. Addenda

Modifications or clarifications of the RFP, if deemed necessary, will be made by addenda to the RFP and posted on LACERA.com.

E. Delivery of Submissions

Submissions must be delivered in PDF format via email to srice@lacera.com by the due date stated above in the RFP Calendar. In addition, respondents must send three (3) hard copies of their submissions for delivery by the due date stated in the RFP Calendar addressed to:

LACERA
Attention: Steven P. Rice
Chief Counsel
300 North Lake Avenue, Suite 620
Pasadena, CA 91101

See the Notice Regarding the California Public Records Act and Brown Act in Section IV.B of this RFP for information regarding redactions and disclosure.

F. Proposal Format and Content

All responses to this RFP should follow the format described in this Section III.F. When requested, please provide details and state all qualifications or exceptions. All information provided should be concise and clearly relevant to the qualifications to serve as LACERA's media and public relations consultant.

Cover Letter

The cover letter must provide a statement affirming that the signatory is empowered and authorized to bind the respondent to an engagement agreement with LACERA and represents and warrants that the information stated in the proposal is accurate and may be relied upon by LACERA in considering, and potentially accepting, the proposal.

Executive Summary

In this section, an overview should be provided of the respondent's background, experience, and other qualifications to serve as LACERA's media and public relations consultant, and respondent's approach to providing services to LACERA.

Experience and Approach

The proposal must provide a detailed statement of the respondent's experience in providing media and public relations services to public and private sector member service and financial institutions, including, if applicable, other public pension systems. The response should keep in mind the evaluation criteria stated in Section III.I. LACERA's goal in the RFP process is to obtain an understanding of each respondent's experience across the full spectrum of media and public relations issues that may arise in the representation of LACERA and the type of work and working relationship LACERA can expect from the respondent. Examples of

strategic media planning work as well as recommendations for immediate or short-term client needs should be included.

LACERA is interested in a respondent's experience and approach in analyzing such issues, interfacing with trustees and staff, and communicating with the media and other stakeholders. LACERA is also interested in how the respondent differentiates themselves from other consultants offering similar services.

LACERA encourages respondents to provide written samples of relevant work product, which may be redacted as deemed appropriate.

Assigned Professionals

The proposal must state the name of the lead consultant and all other professional staff expected to be assigned to LACERA work, including a detailed profile of each person's background and relevant individual experience and the ability of the professionals collectively to function together as a team and also to work effectively with LACERA's Boards and staff in performing the scope of services. Diversity is a core LACERA value, and therefore the proposal must specifically address the diversity of the proposed team members in meaningful roles across levels of seniority to support the firm's work for LACERA. LACERA expects that this section of the response will only include those persons committed to supporting LACERA and investing in a relationship with LACERA on a regular and long-term basis. The proposal should include a commitment by the lead consultant to be reasonably available to LACERA on an ongoing basis.

With respect to diversity, the response must include a description of diversity policies, practices, and procedures maintained by the firm regarding equal employment opportunity, including the recruitment, development, retention, and promotion of a diverse and inclusive workforce, non-discrimination based on gender, race, ethnicity, sexual orientation, age, veteran's status, and other legally protected categories, and prohibition of sexual harassment in the workplace. If the respondent has written policies, a copy should be provided with the response to this RFP. The response should identify the oversight, monitoring, and other compliance processes for implementation and enforcement of the firm's diversity policies, practices, and procedures, including the name of the perform who is responsible for oversight the firm's method to measure the effectiveness of the policies, and conclusions as to effectiveness. Please describe any judicial, regulatory, or other legal finding, formal action, or claims related to equal employment opportunity, workplace discrimination, or sexual harassment during the past ten (10) years.

References

In this section, the proposal must identify as references at least five (5) public and private member service organizations and financial institutions, including, if available, public pension systems, for which the respondent provided media and public relations services in the last five years. Each reference should include an individual point of contact, the length of time the respondent served as consultant, and a summary of the work performed and successes achieved.

Fees and Costs, Billing Practices, and Payment Terms

The respondent must explain the pricing proposal for the scope of work including pricing of fees and costs, billing practices, and payment terms that would apply assuming a five (5) year initial duration of the engagement. LACERA does not place any limits on the approach to pricing and is open to presentation of more than one pricing option for the scope of work, or portions of it. This section of the response should include an explanation as to how the pricing approach(es) will be managed to provide the best value to LACERA. The respondent should represent that the pricing offered to LACERA is, and will remain, equivalent to or better than that provided to other governmental clients, or should provide an explanation as to why this representation cannot be provided. All pricing proposals should be “best and final,” although LACERA reserves the right to negotiate on pricing.

Conflicts of Interest

The proposal must identify all actual or potential conflicts of interest that the respondent may face in providing media and public relations services to LACERA. Specifically, and without limitation to other actual or potential conflicts, the proposal should identify any representation of the County of Los Angeles, Los Angeles County Office of Education, the South Coast Air Quality Management District, Little Lake Cemetery District, and Local Agency Formation Commission, and, to the respondent’s knowledge, any of LACERA’s members, vendors, other contracting parties, investments or investment managers, and employees. The proposal should identify any potential positional conflicts of which the respondent is aware. The proposal should explain how conflicts that may arise during the course of the representation will be addressed and what steps will be taken to assure the respondent’s ability to vigorously and creatively advise LACERA and represent its positions and interests without limitations.

Claims

The proposal must identify all past, pending, or threatened litigation, including any claims against the firm and the personnel proposed to provide services to LACERA.

Insurance

The proposal must explain the insurance that the respondent will provide with respect to the services to be provided and other acts or omission of the firm and its personnel in the representation of LACERA. The limits of liability are a material term of any engagement letter with the firm and may be subject to negotiation.

Other Information

The proposal may contain any other information that the respondent deems relevant to LACERA’s selection process, including as noted above written samples of relevant work product or other other media, such as, for example, on camera work, reflective of the respondent’s work and efforts.

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G. Post-Proposal Request for Information

LACERA reserves the right in its discretion to request additional information from any respondent, although such requests may not be made to all respondents.

H. Interviews and Personal Presentations

LACERA intends to require one or more interviews with or personal presentations by finalists to be conducted with staff and members of the Boards. The lead consultant must attend the interviews, as well as other team members that will support LACERA.

I. Evaluation Criteria

Respondents will be evaluated at the discretion of LACERA based upon the following factors:

1. Experience providing media and public relations services to public and private member service organizations and financial institutions in strategic planning and in response to specific issues as they arise with the general and financial press and LACERA's stakeholder groups. The nature and depth of existing connections, relationships, and interactions with and access to relevant media is highly relevant. Specific experience in representing public pension systems should be included, if available. The relevance of all stated experience to representation of LACERA should be explained.
2. Quality of the team proposed to provide services to LACERA, based on experience, contacts and relationships, diversity, insights, creativity, and success.
3. Ability to provide focused, professional, and responsive services in a timely manner in both strategic planning assignments and time-sensitive situations that can be expected to arise, including the availability of the lead consultant and other team members on an immediate basis when needed.
4. Information provided by references.
5. Written and oral communications skills, including written materials and other samples of work, such as, for example, on camera work, demonstrating such skills, if provided.
6. Pricing and value.
7. Team work, both internally and with LACERA's Boards and staff. LACERA seeks a highly collaborative relationship with the successful respondent.
8. Level of investment and commitment to the LACERA relationship.
9. The organization, completeness, and quality of the proposal, including cohesiveness, conciseness, and clarity.

The factors will be considered as a whole, without a specific weighting. The balancing of the factors is in LACERA's sole discretion. Factors other than those listed may be considered by

LACERA in making its selection.

J. Engagement Agreement

LACERA will negotiate an engagement agreement with the successful respondent, which must contain such terms as LACERA in its sole discretion may require. The agreement will be submitted to the Boards for approval.

IV. GENERAL CONDITIONS

This RFP is not an offer to contract. Acceptance of a proposal neither commits LACERA to award a contract to any respondent even if all requirements stated in this RFP are met, nor does it limit LACERA's right to negotiate the terms of an engagement agreement in LACERA's best interest, including requirement of terms not mentioned in this RFP. LACERA reserves the right to contract with a vendor for reasons other than lowest price.

Failure to comply with the requirements of this RFP may subject the proposal to disqualification. However, failure to meet a qualification or requirement will not necessarily subject a proposal to disqualification.

Publication of this RFP does not limit LACERA's right to negotiate for the services described in this RFP. If deemed by LACERA to be in its best interests, LACERA may negotiate for the services described in this RFP with a party that did not submit a proposal. LACERA reserves the right to choose to not enter into an agreement with any of the respondents to this RFP.

A. Quiet Period

To ensure that prospective service providers responding to this RFP have equal access to information regarding the RFP and that communications related to the RFP are consistent and accurate so that the selection process is efficient and fair, a quiet period will be in effect from the date of issuance of this RFP until the search has been completed. During the quiet period, respondents are not permitted to communicate with any LACERA staff member or Board member regarding this RFP except through the point of contact named herein. Respondents violating the quiet period may be disqualified at LACERA's discretion. Respondents who are existing LACERA service providers must limit their communications with LACERA staff and Board members to the subject of the existing services provided.

B. Notice Regarding the California Public Records Act and Brown Act

The information submitted in response to this RFP will be subject to public disclosure pursuant to the California Public Records Act (California Government Code Section 6250, et. seq.) and the Brown Act (California Government Code Section 54950, et seq.) (collectively, the Acts). The Acts provide generally that records relating to a public agency's business are open to public inspection and copying and that the subject matter of this RFP is a matter for public open session discussion by the Boards, unless specifically exempted under one of several exemptions set forth in the Acts. If a respondent believes that any portion of its proposal is exempt from public disclosure or discussion under the Acts, the respondent must provide a full explanation and mark such portion "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," and make it readily separable from the balance of the response. Proposals marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY" in their entirety will not

be honored, and LACERA will not deny public disclosure of all or any portion of proposals so marked.

By submitting a proposal with material marked “TRADE SECRETS,” “CONFIDENTIAL,” or “PROPRIETARY,” a respondent represents it has a good faith belief that the material is exempt from disclosure under the Acts; however, such designations will not necessarily be conclusive, and a respondent may be required to justify in writing why such material should not be disclosed by LACERA under the Acts.

LACERA will use reasonable means to ensure that material marked “TRADE SECRETS,” “CONFIDENTIAL,” or “PROPRIETARY” is safeguarded and held in confidence. LACERA will not be liable, however, for disclosure of such material if deemed appropriate in LACERA’s sole discretion. LACERA retains the right to disclose all information provided by a respondent.

If LACERA denies public disclosure of any materials designated as “TRADE SECRETS,” “CONFIDENTIAL,” or “PROPRIETARY,” the respondent agrees to reimburse LACERA for, and to indemnify, defend and hold harmless LACERA, its Boards, officers, fiduciaries, employees and agents from and against:

1. Any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs and expenses, including without limitation attorneys’ fees, expenses and court costs of any nature whatsoever (collectively, Claims) arising from or relating to LACERA’s non-disclosure of any such designated portions of a proposal; and
2. Any and all Claims arising from or relating to LACERA’s public disclosure of any such designated portions of a proposal if LACERA reasonably determines disclosure is deemed required by law, or if disclosure is ordered by a court of competent jurisdiction.

If LACERA staff recommend any respondent to the Boards for hiring, such recommendation, the reasons for the recommendation, and the relevant proposal(s) will appear on a publicly posted agenda and in supporting materials for public meetings of the Boards.

C. Reservations by LACERA

In addition to the other provisions of this RFP, LACERA reserves the right to:

1. Cancel this RFP, in whole or in part, at any time.
2. Make such investigation as it deems necessary to determine the respondent’s ability to furnish the required services. The respondent agrees to furnish all such information for this purpose as LACERA may request.
3. Reject the proposal of any respondent who is not currently in a position to perform the contract, or who has previously failed to perform similar contracts properly, or in a timely manner, or for any other reason in LACERA’s sole discretion.
4. Waive irregularities, to negotiate in any manner necessary to best serve the public

interest, and to make a whole award, multiple awards, a partial award, or no award.

5. Award a contract, if at all, to the firm which will provide the best match to the requirements of the RFP and the service needs of LACERA in LACERA's sole discretion, which may not be the proposal offering the lowest fees.
6. Reject any or all proposals submitted in response to this RFP.
7. Determine the extent, without limitation, to which the services of a successful respondent are or are not actually utilized.

D. Ownership of Proposals

The information that a respondent submits in response to this RFP becomes the exclusive property of LACERA. LACERA will not return any proposal or reimburse proposal preparation expenses.

E. Valid Period of Proposal

The pricing, terms, conditions, and other information stated in each proposal must remain valid for 120 days from the date of delivery of the proposal to LACERA.

F. Cost of Proposal

LACERA shall not be liable for any costs that respondents incur in connection with the preparation or submission of a proposal.

April 30, 2020

TO: Each Trustee,
Board of Investments

FROM: Joint Organizational Governance Committee
Thomas Walsh, Chair
Keith Knox, Vice Chair
Vivian H. Gray
David Green
JP Harris
Shawn R. Kehoe
David Muir
Herman B. Santos

FOR: May 13, 2020 Board of Investments Meeting

SUBJECT: Board Charter Revisions Authorizing Meeting Date Changes in an
Emergency

RECOMMENDATION

That the Board of Investments revise its Charter to recognize the ability of the Chair of the Board to make meeting date changes when LACERA may not safely conduct regular operation because there is a declared state of emergency or governmental directive or when there is a natural disaster or other extraordinary circumstances.

LEGAL AUTHORITY

Each Board has plenary authority under Article XVI, Section 17 of the California Constitution to adopt such policies and procedures as are necessary to aid in the administration of the system within their areas of responsibility. The Board of Investments has previously exercised this power to adopt a Charter addressing the powers of the Chair.

The JOGC made a similar recommendation that the Board of Retirement make the same Charter change as is presented here because it is in the Boards' common interest that they should be procedurally aligned in their response to emergencies. However, the Boards separately retain the power to adopt such language as they see fit in response to the JOGC's recommendation. Therefore, this Board may independently review its proposed Charter change.

DISCUSSION

The COVID-19 crisis seriously affected LACERA's operations and created health and safety risks that management has been required to address. These challenges led the Board Chairs, in consultation with the Chief Executive Officer, the Chief Investment Officer, and Chief Counsel, to postpone or cancel certain Board meetings.

The Board of Investments Bylaws, like the Board of Retirement Regulations, establish a regular meeting day each month. These Boards may, by majority vote, change their prescribed schedules. The Boards routinely make such changes in response to scheduling conflicts and for other causes. However, the Boards' current Charters have a gap in that they do not explicitly address each Chair's authority in times of emergency to adjust the meeting schedule as may be necessary.

The recent date changes were made based on the Chair's ability to manage the agendas of their Board. Staff believes these changes were prudent and appropriate under the circumstances of the COVID-19 emergency as declared by federal, state, County, and city governments, and related guidance and orders. However, there is an absence of explicit authority in the Boards' governing documents for such actions.

The JOGC has recommended language to be added to this Board's Charter, as well as the Board of Retirement Charter, to clarify each Chair's authority. Redlined copies of the two Charters are attached, showing proposed changes to Section 4.1.3. For clarity, the Board of Investments is only requested to act upon its recommended Charter changes, and not those for the Board of Retirement.

The proposed changes provide that each Chair, in consultation with the Vice Chair, the Chief Executive Officer, and in the case of the Board of Investments, the Chief Investment Officer, may postpone or cancel Board meetings when LACERA may not safely conduct its regular operations because there is a declared emergency or other governmental directive or when there is a natural disaster or other extraordinary circumstances. Each Chair may postpone or cancel committee meetings in further consultation with the committee chair. The Chair will schedule a Board meeting for the earliest available date to address the circumstances and the meeting schedule going forward. Each Chair is responsible to facilitate the normal operations of the Board to the extent possible.

CONCLUSION

The recommended changes to the Board of Investments Charter provides reasonable authority to the Chair to change Board and committee meeting schedules in an

Each Member, Board of Investments

Re: Board Charter Revisions Authorizing Meeting Date Changes in an Emergency


April 30, 2020

Page 3

emergency, while providing that the issue be promptly brought to the Board for discussion and encouraging the normal operation of the Board.

Attachments

c: Santos H. Kreimann
Jonathan Grabel
JJ Popowich



LOS ANGELES COUNTY
EMPLOYEES RETIREMENT
ASSOCIATION
LACERA

Board of Investments Charter
Role of Chair/Vice-Chair/Secretary

Adopted by Board of Investments on May 10, 2016
V-22

LACERA
Board of Investments Charter

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LACERA
Board of Investments Charter

1 Overview of the LACERA Board of Investments

In 1937, Los Angeles County (County) established a pension trust fund (Fund) to provide defined retirement and death benefits to eligible County employees to be governed by the County Employees Retirement Law of 1937. In 1938, the Los Angeles County Employees Retirement Association (LACERA) was introduced to administer it. Since 1971, LACERA has also administered the Retiree Healthcare Benefits Program, on behalf of and through contractual agreement with Los Angeles County.

LACERA is an independent governmental entity, separate and distinct from the County, which administers and manages the Fund for the County and outside districts. LACERA is one of the largest county retirement systems in America. The Board of Investments (BOI) has a fiduciary responsibility to administer the funds in the best interests of participants and their beneficiaries in order to provide them with a financially sound retirement. LACERA also administers the Retiree Healthcare Benefits Program, which is subsidized by the County and other participating employers.

LACERA is governed by two Boards. Both Boards include a mix of appointed, elected and an ex-officio member, the sitting County Treasurer-Tax Collector. The Board of Retirement is responsible for the overall management of the retirement system and the LACERA-administered Retiree Healthcare Benefits Program. The BOI is responsible for determining LACERA's investment objectives, strategies, and policies as well as exercising authority and control over the investment management of the Fund.

LACERA is a public pension system created in accordance with the County Employees Retirement Law of 1937 (the '37 Act or CERL) and administered pursuant to the '37 Act and the California Public Employees' Pension Reform Act of 2013 (PEPRA). The BOI (BOI) was established in 1971 by the Los Angeles County Board of Supervisors. The BOI "shall be responsible for all investments of the retirement system." CERL, Section 31520.2(b). The BOI has joint authority with the Board of Retirement over shared responsibilities, including, for example: the appointment and evaluation of the CEO; classification and compensation of personnel; and, adoption of LACERA's administrative budget.

The BOI also invests and manages the Other Postemployment Benefits Program (OPEB) trust assets for participating employers.

LACERA
Board of Investments Charter

2 Fiduciary and Co-Fiduciary Duties of the Board of Investments

The members of the BOI recognize that they serve as fiduciaries of the Fund, with fiduciary duties as defined in the California Constitution and CERL. The trustees have fiduciary duties both individually and collectively as a BOI.

In the exercise of their individual and collective fiduciary duties, the trustees and the BOI may, under the California Constitution and CERL, delegate to staff, outside consultants and vendors, and other fiduciaries, while recognizing that the ultimate fiduciary responsibility of the BOI and its individual trustees for the fund is non-delegable. The BOI and the trustees exercise their fiduciary duties with respect to delegated matters by having adequate processes in place to oversee their delegates, which processes should include reporting by and active monitoring and questioning of delegates.

One of BOI's primary responsibilities is the prudent investment of Fund assets. In addition, the BOI is required to exercise the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. As part of this duty, the BOI must diversify the investments of the Fund in accordance with prudent investment standards.

The BOI also has a fiduciary duty of undivided loyalty, and must be impartial in the exercise of such duty in regard to any divergent interests of various groups of members of the Fund, as all Fund assets must be used for the exclusive benefit of the Fund's covered members and their beneficiaries. No part of the corpus or income of the trust may be used for or diverted to any purpose other than for the exclusive benefit of the members and beneficiaries of each Fund.

In the exercise of his or her individual fiduciary responsibilities, a trustee cannot knowingly participate in, or act to conceal, a breach of fiduciary duties by another trustee, enable another trustee to breach their fiduciary duties by failing to exercise reasonable care and prudence, or fail to take reasonable steps to report or remedy a breach of duty by another trustee when it is known or should have been known or suspected under the circumstances.

Further, the BOI and its members must observe laws applicable to the Fund and to their conduct as Trustees. They may not engage in any related party transactions with the Fund or plan sponsor that are prohibited by California Constitution, CERL, and other applicable laws.

LACERA
Board of Investments Charter

They are also bound to observe applicable standards of conduct and limitations on conflicts of interest that are prohibited by the Political Reform Act of 1974 and other applicable laws. BOI members or anyone acting on their behalf must comply with these provisions.

Additionally, BOI members who come into possession of material non-public information concerning a publicly traded company via their BOI service must safeguard such information and not intentionally or inadvertently communicate it to any person unless the person needs to know for legitimate fund-related reasons. See additional restrictions in the Board Trading Policy.

3 Expectations of Trustees

To be effective as a BOI and as individual Trustees, and in recognition of their fiduciary and co-fiduciary duties, Trustees should:

- 3.1. Appropriately prepare for and attend the entirety of each BOI meeting and of each Committee meeting of which they are a member;
- 3.2. Provide proactive input to the BOI and Committees to aid their deliberations;
- 3.3. Be respectful of their fellow members and of staff while giving firm and clear direction;
- 3.4. Be respectful of majority decisions, without compromising their ability to properly advocate for the things they believe are in the organization's interests;
- 3.5. Be respectful of the roles of the Chair/ Vice-Chair/ Secretary in their efforts to facilitate the effectiveness of the BOI in achieving its objectives; and,
- 3.6. Maintain a sense of professional, personal decorum and collegiality amongst the trustees.
- 3.7. Diligently avoid conflicts of interest and adhere to the code of ethics.

LACERA
Board of Investments Charter

4 The Role of the Chair and Vice-Chair

See BOI Bylaws for the:

- A. Election of Chair;
- B. Election of Vice Chair;
- C. Election of Secretary;
- D. Election of Audit Committee Member; and,
- E. Filling of Vacancy in Office.

Overall, the Chair (and in the absence of the Chair, the Vice-Chair), should facilitate the BOI deliberations and preside over its meetings, coordinate the setting of its agenda, and ensure the BOI is an effective working group in making progress on the BOI's duties and objectives. The Chair should promote a culture of openness, respect and debate, and ensure there is effective open communication. The Chair should ensure that all BOI members receive accurate, timely and clear information.

Activities of the Chair (Vice-Chair) include the following:

- 4.1. Facilitate and preside over BOI meetings
- 4.2. Coordinate the setting of agendas
- 4.3. Liaise with staff through the Chief Executive Officer
- 4.4. Facilitate the establishment of the BOI's major policy goals and objectives
- 4.5. Coordinate the BOI's self-assessment of its effectiveness
- 4.6. Coordinate the CEO's annual performance review
- 4.7. Coordinate sharing of leading practices
- 4.8. Make appointments to committees
- 4.9. Oversee the effectiveness of stakeholder relations
- 4.10. Coordinate with the Chair of the Board of Retirement concerning matters of common interest

Frequently Used Terms

- Facilitate means to make (an action or process) easy or easier.
- Coordinate means to bring the different elements of (a complex activity or organization) into a relationship that will ensure efficiency or harmony.
- Liaise means to establish a working relationship, typically in order to cooperate on a matter of mutual concern.
- Ensure means make certain that (something) shall occur or be the case.

LACERA
Board of Investments Charter

4.1 Facilitate and preside over Board meetings

- 4.1.1 In consultation with the BOI, the CIO, and the CEO, schedule dates, times and location for BOI meetings.
- 4.1.2 Facilitate and preside over BOI meetings to enable effective and efficient functioning of such meetings including:
 - 4.1.2.1 Ensure that discussion on agenda items is on topic, productive and professional;
 - 4.1.2.2 Ensure there is sufficient time during the meeting to fully discuss agenda items; and,
 - 4.1.2.3 Ensure that all meetings are conducted in a manner consistent with the Brown Act and Robert’s Rules of Order
- 4.1.3 Ensure meetings are called and held in accordance with LACERA’s BOI by-laws, except that the Chair, in consultation with the Vice Chair and the Chief Executive Officer and Chief Investment Officer, may cancel or postpone Board meetings and, in further consultation with the committee chair, committee meetings when LACERA may not safely conduct regular operations because there is a declared national, state, County of Los Angeles, or City of Pasadena state of emergency or other governmental directive or when there is a natural disaster or other extraordinary circumstances. The Chair will schedule a Board meeting for the earliest available date to address with the Board the circumstances and the schedule for Board and committee meetings. In such circumstances, the Chair will be responsible for facilitating the normal operations of the Board to the extent possible.
- 4.1.4 Ensure the meeting agenda and relevant documents are circulated to the members of the BOI in advance of the BOI meeting and in compliance with the Brown Act to ensure sufficient preparation time.
- 4.1.5 Chair and facilitate the BOI meetings ensuring respectful debate such that all voices and opinions are heard.
- 4.1.6 Ensure meetings are run and votes are taken in accordance with agreed upon rules of order / procedure.
- 4.1.7 Call special meetings of the BOI when warranted.
- 4.1.8 Chair Executive sessions of the BOI.

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4.2 Coordinate the setting of agendas

LACERA
Board of Investments Charter

- 4.2.1 Facilitate the BOI in setting the strategy and policy of the BOI every three years or as warranted.
- 4.2.2 In consultation with the Vice Chair, CEO, and CIO, coordinate and confirm an agenda for each BOI meeting (refer to the BOI Bylaws for rules regarding placing an item on the agenda).
- 4.2.3 Plan agendas that facilitate the flow of work and the effectiveness of the achievement of the BOI's goals and objectives.
- 4.2.4 Communicate with Committee Chairs in setting the Committee agendas and integrating the activities of the Committees with the objectives of the BOI as a whole.

4.3 Liaise with Staff through the Chief Executive Officer

- 4.3.1 Liaise with staff through the Chief Executive Officer to keep an overview of the system's affairs and to provide BOI support as appropriate.
- 4.3.2 Monitor that BOI requests are implemented by staff, and reported back and confirmed to the BOI.

4.4 Facilitate the establishment of the BOI's major policy goals and objectives

- 4.4.1 Ensure the BOI identifies policy goals and objectives for the year.
- 4.4.2 Oversee that these goals and objectives link to the Fund's strategic plan and are measurable.
- 4.4.3 Coordinate with BOR to ensure the BOI's goals and objectives link to LACERA's overall strategic plan.

4.5 Coordinate the BOI's self-assessment of its effectiveness

- 4.5.1 On at least an annual basis, coordinate the BOI's self-assessment of the effectiveness of its performance in achieving its objectives, its committees, its use of consultants.
- 4.5.2 The BOI Chair and the CEO and the Chief Counsel should annually evaluate the training requirements/program for the trustees and put forth any revisions as necessary to the full Board.

LACERA
Board of Investments Charter

4.6 [Coordinate the CEO's annual performance review](#)

- 4.6.1 Coordinate the annual performance review of the CEO with the BOR and any other BOI direct reports and/or ensure there is a capable process to do so.
- 4.6.2 Coordinate with the BOR to establish annual goals for the CEO and other BOI direct reports.
- 4.6.3 Ensure the CEO's performance goals are linked to the strategic plan.

4.7 [Coordinate the sharing of leading practices](#)

- 4.7.1 Coordinate the sharing and timely advice on leading and prevailing practices regarding public pension fund and investment activities.
- 4.7.2 Oversee the CEO's coordination of the BOI training with staff and consultants.

4.8 [Make appointments to committees](#)

- 4.8.1 Appoint Committee Chairs and Vice-Chairs (Standing and Ad Hoc in accordance with Bylaws).
- 4.8.2 Appoint members to committees as detailed in the bylaws.
- 4.8.3 Coordinate committee chair reporting to the BOI on committee actions and agendas.
- 4.8.4 Provide leadership and ensure committee members are aware of their obligations and comply with their responsibilities.

4.9 [Oversee the effectiveness of stakeholder relations](#)

- 4.9.1 Ensure the BOI, staff and consultants develop and manage key stakeholder relationships.
- 4.9.2 Be the BOI spokesperson for matters agreed upon by the BOI.
- 4.9.3 Act as an ambassador for the organization as agreed upon by the BOI.

LACERA
Board of Investments Charter

4.10 Coordinate with the Chair of the Board of Retirement concerning matters of common interest

- 4.10.1 Ensure the two Boards openly communicate, have consensus on their respective separate jurisdictions as well as joint jurisdictions, and otherwise work well together in furtherance of LACERA's mission.

5 The Role of the Secretary

- 5.1 The Secretary is responsible for ensuring accurate and sufficient documentation exists to meet legal requirements, and to enable the public to determine when, how, and by whom the BOI's business was conducted.
- 5.2 Upon the BOI approving the BOI meeting minutes, the Secretary will join the BOI Chair in signing the minutes as evidence of their authenticity and completeness.
- 5.3 In the absence of the Chair and Vice-Chair, the Secretary will call the meeting to order, presiding until the Chair or Vice-Chair is present.
- 5.4 The Secretary will conduct the Officer elections as detailed in the bylaws.

6 Duties and Responsibilities of the BOI

Specific Powers Reserved to be added after BOI approval (see separate document)

- 6.1 Governance and Strategy
- 6.2 Investment (For both the Fund and OPEB)
- 6.3 Reassurance, Risk and Compliance
- 6.4 Administration

LACERA
Board of Investments Charter

7 Expectations of Committees

To be effective as a Committee, Committees should:

- 7.1 Develop and pursue agendas to make timely and substantive progress on issues within the Committee's area of responsibility, with the goal of providing effective assistance to the full BOI in pursuing its work;
- 7.2 Provide ample opportunity for input by all Trustees both verbally and in writing (even if they are not members of the Committee) during the course of its deliberations;
- 7.3 Once a decision has been made and recommended by the committee, the committee chair shall oversee staff in the preparation of executive summaries to the full BOI of issues considered by the Committee. Such summaries should include a high level description of:
 - The issue(s) being addressed;
 - A brief background;
 - The due diligence process used to arrive at the Committee's recommendation;
 - The options available to the BOI (the least it could do to the most it could do);
 - The pros and cons of the main options including sharing dissenting opinions when making recommendations to the BOI;
 - The risks of action and inaction; and,
 - Its recommendations to the BOI.

8 Policy Review

- 8.1 BOI shall review and update of this charter at least once every three years; and
- 8.2 BOI shall direct staff to review policies related to BOI conduct and powers reserved at a frequency agreed upon by the BOI.



LOS ANGELES COUNTY
EMPLOYEES RETIREMENT
ASSOCIATION
LACERA

Board of Retirement Charter
Role of Chair/Vice-Chair/Secretary

v-10
Adopted by the Board of Retirement April 13, 2017

LACERA
Board of Retirement Charter

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LACERA
Board of Retirement Charter

1 Overview of the LACERA Board of Retirement

In 1937, Los Angeles County (County) established a pension trust fund (Fund) to provide defined retirement and death benefits to eligible County employees to be governed by the County Employees Retirement Law of 1937. In 1938, the Los Angeles County Employees Retirement Association (LACERA) was introduced to administer it. Since 1971, LACERA has also administered the Retiree Healthcare Benefits Program, on behalf of and through contractual agreement with the County.

LACERA is an independent governmental entity, separate and distinct from the County, which administers and manages the Retiree Healthcare Benefits Program for the County and outside districts. LACERA is one of the largest county retirement systems in America. LACERA is funded by the County, participating employers, employees, and investment earnings.

LACERA is governed by two Boards. Both Boards include a mix of trustees which are appointed and elected members and an ex-officio member, the sitting County Treasurer and Tax Collector. The Board of Retirement (BOR) is responsible for the overall management of the retirement system and the LACERA-administered Retiree Healthcare Benefits Program. The Board of Investments (BOI) is responsible for determining LACERA's investment objectives, strategies, and policies as well as exercising authority and control over the investment management of the Fund. The BOI also invests and manages the Other Postemployment Benefits Program (OPEB) trust assets for participating employers.

LACERA is a public pension system created in accordance with the County Employees Retirement Law of 1937 (the '37 Act or CERL) and administered pursuant to the '37 Act and the California Public Employees' Pension Reform Act of 2013 (PEPRA). CERL Section 31520.2 provides that "Except as otherwise delegated to the board of investment and except for the statutory duties of the county treasurer, the management of the retirement system is vested in the board of retirement." The BOR has joint authority with the BOI over shared responsibilities, including, for example: the appointment and evaluation of the Chief Executive Officer (CEO); classification and compensation of personnel; and, adoption of LACERA's administrative budget.

LACERA
Board of Retirement Charter

2 Fiduciary and Co-Fiduciary Duties of the BOR

The members of the BOR recognize that they serve as fiduciaries for the administration of the retirement system, with fiduciary duties as defined in the California Constitution and CERL. The trustees have fiduciary duties both individually and collectively as a BOR.

In the exercise of their individual and collective fiduciary duties, the trustees and the BOR may, under the California Constitution and CERL, prudently delegate to staff, outside consultants and vendors, and other fiduciaries, while recognizing that the ultimate fiduciary responsibility of the BOR and its individual trustees for the retirement program is non-delegable. The BOR and the trustees exercise their fiduciary duties with respect to prudently delegated matters by having adequate processes in place to oversee their delegates, which processes should include reporting by and active monitoring and questioning of delegates.

The BOR must discharge its duties solely in the interest of members and their beneficiaries, and for the exclusive purposes of providing benefits to participants and their beneficiaries. In addition, the BOR is required to exercise the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

The BOR also has a fiduciary duty of undivided loyalty, and must be impartial in the exercise of such duty in regards to any divergent interests of various groups of members of the retirement system. The BOR must strive to minimize employer contributions and defray reasonable expenses of administering the system.

In the exercise of his or her individual fiduciary responsibilities, a trustee cannot knowingly participate in, or act to conceal, a breach of fiduciary duties by another trustee, enable another trustee to breach their fiduciary duties by failing to exercise reasonable care and prudence, or fail to take reasonable steps to report or remedy a breach of duty by another trustee when it is known or should have been known or suspected under the circumstances.

Further, the BOR and its members must observe laws applicable to the retirement program and to their conduct as trustees. They may not engage in any related party transactions with the retirement program or plan sponsor that are prohibited by California Constitution, CERL, and other applicable laws.

LACERA
Board of Retirement Charter

Trustees are also bound to observe applicable standards of conduct and limitations on conflicts of interest that are prohibited by the Political Reform Act of 1974 and other applicable laws. BOR members or anyone acting on their behalf must comply with these provisions.

3 Expectations of Trustees

To be effective as a BOR and as individual trustees, and in recognition of their fiduciary and co-fiduciary duties, trustees should:

- 3.1. Appropriately prepare for and attend the entirety of each BOR meeting and of each Committee meeting of which they are a member;
- 3.2. Provide proactive input to the BOR and Committees to aid their deliberations;
- 3.3. Be respectful of their fellow members and of staff while giving firm and clear direction;
- 3.4. Be respectful of majority decisions, without compromising their ability to properly advocate for the things they believe are in the organization's interests;
- 3.5. Be respectful of the roles of the Chair/ Vice-Chair/ Secretary in their efforts to facilitate the effectiveness of the BOR in achieving its objectives;
- 3.6. Maintain a sense of professional, personal decorum and collegiality amongst the trustees; and,
- 3.7. Diligently avoid conflicts of interest and adhere to the Conflict of Interest Code and Code of Ethical Conduct.

LACERA
Board of Retirement Charter

4 The Role of the Chair and Vice-Chair

See BOR Regulations for the:

- A. Election of Chair;
- B. Election of Vice Chair;
- C. Election of Secretary;
- D. Election of Audit Committee Member; and,
- E. Filling of Vacancy in Office.

Overall, the Chair (and in the absence of the Chair, the Vice-Chair), should facilitate the BOR deliberations and preside over its meetings, coordinate the setting of its agenda, and ensure the BOR is an effective working group in making progress on the BOR's duties and objectives. The Chair should promote a culture of openness, respect and debate, and ensure there is effective, open communication. The Chair should ensure that all BOR members receive accurate, timely and clear information.

Activities of the Chair (Vice-Chair) include the following:

- 4.1. Facilitate and preside over BOR meetings;
- 4.2. Coordinate the setting of agendas;
- 4.3. Liaise with staff through the CEO;
- 4.4. Facilitate the establishment of the BOR's major policy goals and objectives;
- 4.5. Coordinate the CEO's annual performance review;
- 4.6. Coordinate sharing of leading practices;
- 4.7. Make appointments to Committees;
- 4.8. Oversee the effectiveness of stakeholder relations; and,
- 4.9. Coordinate with the Chair of the BOI concerning matters of common interest.

Frequently Used Terms

- Facilitate means to make (an action or process) easy or easier.
- Coordinate means to bring different elements (of a complex activity or organization) into a relationship that will ensure efficiency or harmony.
- Liaise means to establish a working relationship, typically to cooperate on a matter of mutual concern.
- Ensure means make certain that (something) shall occur or be the case.

LACERA
Board of Retirement Charter

4.1 Facilitate and preside over BOR meetings

- 4.1.1 In consultation with the BOR and the CEO, schedule dates, times and location for BOR meetings.
- 4.1.2 Facilitate and preside over BOR meetings to enable effective and efficient functioning of such meetings, including:
 - 4.1.2.1 Ensure that discussion on agenda items is on topic, productive and professional;
 - 4.1.2.2 Ensure there is sufficient time during the meeting to fully discuss agenda items; and,
 - 4.1.2.3 Ensure that all meetings are conducted in a manner consistent with the Brown Act and Robert’s Rules of Order.
- 4.1.3 Ensure meetings are called and held in accordance with LACERA’s BOR Regulations, except that the Chair, in consultation with the Vice Chair and the Chief Executive Officer, may cancel or postpone Board meetings and, in further consultation with the committee chair, committee meetings when LACERA may not safely conduct regular operations because there is a declared national, state, County of Los Angeles, or City of Pasadena state of emergency or other governmental directive or when there is a natural disaster or other extraordinary circumstances. The Chair will schedule a Board meeting for the earliest available date to address with the Board the circumstances and the schedule for Board and committee meetings. In such circumstances, the Chair will be responsible for facilitating the normal operations of the Board to the extent possible.
- 4.1.4 Ensure the meeting agenda and relevant documents are circulated to the members of the BOR in advance of the BOR meeting and in compliance with the Brown Act to ensure sufficient preparation time.
- 4.1.5 Chair and facilitate the BOR meetings ensuring respectful debate such that all voices and opinions are heard.
- 4.1.6 Ensure meetings are run and votes are taken in accordance with agreed upon rules of order / procedure.
- 4.1.7 Call special meetings of the BOR when warranted.
- 4.1.8 Chair executive sessions of the BOR.

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4.2 Coordinate the setting of agendas

LACERA
Board of Retirement Charter

- 4.2.1 Facilitate the BOR in setting the strategy and policy of the BOR.
- 4.2.2 In consultation with the Vice Chair and CEO, coordinate and confirm an agenda for each BOR meeting (refer to the BOR Regulations for rules regarding placing an item on the agenda).
- 4.2.3 Plan agendas that facilitate the flow of work and the effectiveness of the achievement of the BOR's goals and objectives.
- 4.2.4 Maintain an annual calendar of BOR decisions to be made and communicate to Committee Chairs to facilitate appropriate timing of Committee recommendations to the BOR.
- 4.2.5 Communicate with Committee Chairs in setting the Committee agendas and integrating the activities of the Committees with the objectives of the BOR as a whole.

4.3 Liaise with Staff through the CEO

- 4.3.1 Liaise with staff through the CEO to keep an overview of the system's affairs and to provide BOR support as appropriate.
- 4.3.2 Monitor that BOR requests are implemented by staff, and reported back and confirmed to the BOR.

4.4 Facilitate the establishment of the BOR's major policy goals and objectives

- 4.4.1 Ensure the BOR identifies policy goals and objectives for the year.
- 4.4.2 Oversee that these goals and objectives link to the retirement program's strategic plan and are measurable.
- 4.4.3 Coordinate with the BOI to ensure the BOI's goals and objectives link to LACERA's overall strategic plan.

4.5 Coordinate the CEO's annual performance review

- 4.6.1 Coordinate the annual performance review of the CEO with the BOI and any other BOR direct reports and/or ensure there is a capable process to do so.
- 4.6.2 Coordinate with the BOI to establish annual goals for the CEO and other BOR direct reports.
- 4.6.3 Ensure the CEO's performance goals are linked to the strategic plan.

LACERA
Board of Retirement Charter

4.6 [Coordinate the sharing of leading practices](#)

- 4.7.1 Coordinate the sharing and timely advice on leading and prevailing practices regarding retirement program activities.
- 4.7.2 Oversee the CEO's coordination of the BOR training with staff and consultants.

4.7 [Make appointments to Committees](#)

- 4.8.1 Appoint Committee Chairs and Vice-Chairs (Standing and Ad Hoc, in accordance with BOR Regulations).
- 4.8.2 Appoint members to Committees as detailed in the BOR Regulations and Standing Committee Charter.
- 4.8.3 Coordinate Committee Chair reporting to the BOR on Committee actions and agendas.
- 4.8.4 Provide leadership and ensure Committee members are aware of their obligations and comply with their responsibilities.

4.8 [Oversee the effectiveness of stakeholder relations](#)

- 4.9.1 Ensure the BOR, staff and consultants develop and manage key stakeholder relationships.
- 4.9.2 Be the BOR spokesperson for matters agreed upon by the BOR.
- 4.9.3 Act as an ambassador for the organization as agreed upon by the BOR.

4.9 [Coordinate with the Chair of the BOI concerning matters of common interest](#)

- 4.10.1 Ensure the two Boards openly communicate, have consensus on their respective separate jurisdictions as well as joint jurisdictions, and otherwise work well together in furtherance of LACERA's mission.

5 [The Role of the Secretary](#)

LACERA
Board of Retirement Charter

- 5.1 The Secretary is responsible for ensuring accurate and sufficient documentation exists to meet legal requirements, and to enable the public to determine when, how, and by whom the BOR's business was conducted.
- 5.2 Upon the BOR approving the BOR meeting minutes, the Secretary will join the BOR Chair in signing the minutes as evidence of their authenticity and completeness.
- 5.3 In the absence of the Chair and Vice-Chair, the Secretary will call the meeting to order, presiding until the Chair or Vice-Chair is present.
- 5.4 The Secretary will conduct the Officer elections as detailed in the BOR Regulations.

6 Duties and Responsibilities of the BOR

6.1 Governance and Strategy

- 6.1.1 Approve BOR Charter.
- 6.1.2 Approve BOR Committee structure, roles and charters.
- 6.1.3 Approve BOR delegations to staff.
- 6.1.4 Approve BOR development policy and educational programs.
- 6.1.5 Approve BOR governance principles and policies.
- 6.1.6 Approve Organizational Policies as proposed by Committees and Staff, and act upon other Committee and Staff reports and recommendations, as appropriate.
- 6.1.7 Oversee the Strategic Planning Process.
- 6.1.8 Oversee the effectiveness of the of the BOR strategic plans.
- 6.1.9 Oversee the BOR stakeholder engagement program.
- 6.1.10 Oversee the BOR business planning process and business plans.

6.2 Reassurance, Risk and Compliance

- 6.2.1 Oversee Internal Audit reports referred by the Audit Committee or BOR Standing Committee.
- 6.2.2 Oversee retirement and retiree healthcare-related risk framework and management.
- 6.2.3 Select LACERA's External Financial Auditor.
- 6.2.4 Oversee retirement benefit and healthcare benefit controls and compliance.

LACERA
Board of Retirement Charter

6.3 Administration

- 6.3.1 Approve staff classification and compensation
- 6.3.2 Approve litigation and settlements related to retirement and retiree healthcare benefits.
- 6.3.3 Approve budget process and budgets.
- 6.3.4 Oversee the Privacy of Member Information.
- 6.3.5 Conduct hiring, evaluation, compensation and firing of the CEO.
- 6.3.6 Oversee human resource policies for retirement and retiree healthcare operations.
- 6.3.7 Oversee accounting policies for non-investment activities.
- 6.3.8 Oversee the CEO's effectiveness in hiring/firing and management of the performance for senior executives.
- 6.3.9 Oversee business continuity plans.

6.4 Conflicts and Ethics

In addition to the BOR's other responsibilities, the BOR will have authority and responsibility to oversee actual and potential conflict of interest and ethics issues concerning the BOR's areas of responsibility as follows:

- 6.4.1 General Compliance. Oversee compliance with the Conflict of Interest Code, Code of Ethical Conduct, and conflict of interest and ethics laws, and take action with respect to such matters, as appropriate.
- 6.4.2 Matters Referred by Standing Committees. Review and take such action, as appropriate, with respect to reports and recommendations received from the Board of Retirement Standing Committees relating to conflict of interest and ethics issues in each Committee's areas of responsibility as defined in the Committee Charter.
- 6.4.3 BOR Members. BOR members will avoid actual or potential conflict of interest or ethics issues. BOR members will notify the BOR Chair and Vice Chair, the CEO, and Legal Counsel of such issues concerning themselves and other BOR members related to the business of the BOR. The BOR will take such action as is lawful and appropriate with respect to such issues, including procedures provided in the BOR Regulations.
- 6.4.4 Third-Parties. BOR members and staff will exercise diligence in identifying, and informing the BOR about, all actual and potential conflict of interest issues concerning persons and entities who have business before the BOR, such as

LACERA
Board of Retirement Charter

vendors, consultants, and all other third-parties (Third-Parties). The BOR will take appropriate action with regard to such issues, including:

- 6.4.4.1 Disclosure of actual or potential conflict of interest and ethics issues;
- 6.4.4.2 Waiver of any disclosed conflict of interest and ethics issues;
- 6.4.4.3 Other measures to eliminate or mitigate conflict of interest or ethics issues, including the costs of such measures;
- 6.4.4.4 The prudence of contracting, doing business, or taking other action on behalf of LACERA with any Third-Party with conflict or interest or ethics issues;
- 6.4.4.5 Contract provisions and other means of ensuring against, monitoring, and addressing future conflict of interest and ethics issues of Third-Parties;
- 6.4.4.6 Violations by any Third-Party of LACERA's Conflict of Interest Code and Code of Ethical Conduct; and,
- 6.4.4.7 Such other conflict of interest and ethics issues as may arise relating to Third-Parties.

6.4.5 LACERA Staff

- 6.4.5.1 LACERA Staff Other Than the CEO. In that conflict of interest and ethics issues relating to staff other than the CEO may implicate Civil Services Rules, rights of privacy, and other employee rights, staff conflict of interest and ethics issues will be addressed by the BOR on an individual basis based upon consultation with the CEO, Human Resources, and Legal Counsel. The BOR will make recommendations concerning staff training on conflict of interest and ethics issues relating to the BOR's areas of responsibility.
- 6.4.5.2 CEO. Oversee conflict of interest and ethics issues with regard to the CEO. The BOR's discussion will take place in executive session to the extent permitted under the Brown Act given the circumstances of each individual issue. The Chair of the BOR will inform the Chair of the BOI of such issues and coordinate with the BOI as appropriate under the circumstances.

LACERA
Board of Retirement Charter

7 Expectations of Committees

To be effective as a Committee, Committees should:

- 7.1 Develop and pursue agendas to make timely and substantive progress on issues within the Committee's area of responsibility, as described in their charters, with the goal of providing effective assistance to the full BOR in pursuing its work;
- 7.2 Provide ample opportunity for input by all trustees both verbally and in writing (even if they are not members of the Committee) during the course of its deliberations;
- 7.3 Once a decision has been made and recommended by the Committee, the Committee chair shall oversee staff in the preparation of executive summaries to the full BOR of issues considered by the Committee. Such summaries should include a high-level description of:
 - The issue(s) being addressed;
 - A brief background;
 - The due diligence process used to arrive at the Committee's recommendation;
 - The options available to the BOR (the least it could do to the most it could do);
 - The pros and cons of the main options, including sharing dissenting opinions when making recommendations to the BOR;
 - The risks of action and inaction; and,
 - Its recommendations to the BOR.

8 Charter Review

- 8.1 BOR shall review and update this charter at least once every three years.
- 8.2 This Charter was adopted by the Board of Retirement on ~~April 13, 2017~~.



April 20, 2020

TO: Each Trustee,
Board of Investments

FOR: Board of Investments Meeting of May 13, 2020

SUBJECT: Harvard Business School – Audit Committees in a New Era of Governance
July 22 – 24, 2020 and November 12 – 14, 2020 in Boston, MA
(Placed on the agenda at the request of Mrs. Sanchez)

The Harvard Business School – Audit Committees in a New Era of Governance program explores the best practices that your audit committee can use to fulfill its mandate and increase its strategic contribution. You will acquire the frameworks to align corporate strategy with financial reporting and help your company operate more effectively in today's rigorous market and regulatory environment. This program prepares you to manage the creative tension between the compliance and strategic roles of the audit committee. While improving your ability to ensure compliance, transparency, and accountability, you will learn how to move your company beyond a compliance mentality toward strategic financial reporting and effective risk management.

The main conference highlights include the following:

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

Registration: \$6,700.00

Airfare: \$275-\$400

Hotel: Included in Registration Fee

Ground Transportation: \$260-280

Daily Per Diem & Incidentals: \$71

(The Registration Fee Includes Most Meals)

Approximate Cost Per Traveler: \$7,500.00

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

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Approve the attendance of trustees at the Harvard Business School – Audit Committees in a New Era of Governance program on July 22 – 24, 2020 and November 12 – 14, 2020 in Boston, MA and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.

AUDIT COMMITTEES IN A NEW ERA OF GOVERNANCE

www.exed.hbs.edu/ac

Fulfill your audit committee's mandate while increasing its strategic contribution. Learn to align corporate strategy with financial reporting and help your company operate more effectively in today's rigorous market and regulatory environment. This program will help you:

- Manage the creative tension between the compliance and strategic roles of the audit committee
- Align financial reporting, compliance, and risk management functions with the company's growth and profit objectives
- Develop better tools to manage risks
- Enhance oversight of the finance, accounting, and risk management functions, and oversee legal and regulatory compliance more effectively
- Improve transparency and the quality of audit and financial reporting and ensure the integrity of financial information
- Strengthen collaboration with corporate management and auditors
- Improve communication with investors on financial reporting and disclosure
- Expand your personal and professional network

WHAT YOU WILL LEARN

Through faculty presentations, case studies, and small group discussions, you will examine core responsibilities of audit committees and how to strengthen internal control systems. You will also explore emerging best practices in risk management. Topics include:

- Recognizing drivers of success and risk in the company and how they are reflected in financial reporting
- Managing key financial reporting risks
- Meeting investor expectations for improved transparency in financial reporting and disclosure
- Assessing the costs and benefits of providing non-GAAP disclosures
- Designing a financial reporting strategy that balances short-term performance pressure with long-term objectives
- Creating an appropriate risk management infrastructure
- Analyzing the board's role in managing and monitoring the company's cybersecurity risk
- Measuring performance in ethics and compliance
- Better managing relationships with directors, corporate management, and internal and external auditors

WHO SHOULD ATTEND

Current or potential audit committee members on boards of public companies, as well as board chairs, CEOs, CFOs, general counsels, legal advisors, risk officers, audit firm partners, or others working closely with audit committees.

 This program is part of the Corporate Director Certificate. To earn this certificate, board directors must complete the three qualifying corporate governance programs in 36 months.



HARVARD
BUSINESS SCHOOL

Executive Education

2020 SESSIONS

22–24 JUL 2020

\$6,700

12–14 NOV 2020

\$6,700

HBS Campus



“I still refer back to the case studies at times, so the program continues to be a great reference.”

Andrea Gisle Joosen
Non-Executive Director, James Hardie
Industries plc, Ireland



LIVING. LEARNING. THE HBS EXPERIENCE.

Though it comes from within, transformation often requires a catalyst. And for many business leaders, HBS Executive Education has been that catalyst. Here, you're fully immersed in a transformational living-learning experience, networking with executives from around the world, and engaging in programs led by experienced HBS faculty. It's a holistic experience that will enrich your career—and your life.

Value—Many of our alumni and participants call HBS Executive Education a “life-changing experience.” That’s because in addition to building your expertise, you’ll examine where you’ve been—and where you want to take your career and your organization.

Learning experience—From case study discussions and small-group projects to simulations and dynamic lectures, you’ll have ample opportunities to deepen your knowledge, broaden your skill set, and collaborate with your peers.

Living on campus—During lively discussions with your living group, lunchtime conversations at the Chao Center, and evening excursions to Harvard Square, you’ll make new connections and form lasting relationships with your colleagues.

ADMISSIONS

We admit candidates to specific sessions on a rolling, space-available basis, and encourage you to apply as early as possible. Although most programs have no formal educational requirements, admission is a selective process based on your professional achievement and organizational responsibilities.

FOR MORE INFORMATION

Program Advising Team
Executive Education Programs
Harvard Business School, Soldiers Field
Boston, Massachusetts 02163-9986 U.S.

Email: executive_education@hbs.edu
Telephone: 1.800.427.5577
(outside the U.S., call +1.617.495.6555)

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AUDIT COMMITTEES IN A NEW ERA OF GOVERNANCE

www.exed.hbs.edu/guide/ac



**HARVARD
BUSINESS SCHOOL**
Executive Education

SUNDAY	MONDAY	TUESDAY
<p>Please Note: This sample schedule is intended to be representative of the program structure and content. Timing and session topics are illustrative and subject to change.</p>	<p>6:30–8:30 AM Breakfast and Discussion Groups</p>	<p>6:30–7:45 AM Breakfast</p>
	<p>8:40–10:00 AM Strategic, Operating, Financial, Compliance, and Reputational Risks</p>	<p>8:00–9:15 AM Audit Committee and Internal Controls</p>
	<p>10:00–10:15 AM Break</p>	<p>9:15–9:30 AM Break</p>
<p>8:00 AM–2:00 PM Check-In and Registration</p>	<p>10:15–11:30 AM Connecting Audit Committee Agenda to Company Strategy</p>	<p>9:30–10:45 AM Ethics and Corporate Culture</p>
	<p>11:45 AM–12:45 PM Lunch</p>	<p>10:45–11:00 AM Break</p>
<p>2:30–2:45 PM Program Overview</p>	<p>12:45–1:30 PM Discussion Groups</p>	<p>11:00 AM–12:15 PM Personal Accountability of Audit Committee Membership</p>
<p>2:45–3:30 PM Discussion Groups</p>	<p>1:40–3:00 PM Role of Audit Committee in Accounting Policy Choices</p>	<p>12:15–12:30 PM Program Wrap-Up</p>
<p>3:40–5:00 PM Governance and Control Framework for Financial Reporting</p>	<p>3:00–3:15 PM Break</p>	<p>12:30 PM Check-Out and Departure</p>
<p>5:00–5:15 PM Break</p>	<p>3:15–4:30 PM Audit Committee Relations with Auditors and Management</p>	
<p>5:15–6:30 PM Accounting Red Flags and Dealing with Fraud</p>	<p>4:30–6:00 PM Free Time</p>	
<p>6:30–8:15 PM Opening Reception and Dinner</p>	<p>6:00–8:15 PM Closing Reception and Dinner</p>	

YOUR LEARNING ENVIRONMENT

COLLABORATIVE LIVING GROUPS

At HBS, you will be placed with a carefully selected living group of peers whose members span industries, countries, and functions. This diversity of perspectives enriches your learning experience and expands your global network.

PREMIUM ACCOMMODATIONS AND AMENITIES

Modern, well-appointed living arrangements feature private bedrooms and bathrooms, spacious common areas, state-of-the-art technology, dining facilities, and a range of hotel-style amenities including housekeeping and dry cleaning.

PRIVATE FITNESS AND WELLNESS OFFERINGS

State-of-the-art fitness center features extensive fitness equipment; a walking/jogging track; basketball/racquetball/squash/tennis courts; swimming pool; locker rooms with whirlpool/steam/sauna; fitness classes; personal trainers; nutritionists and more.

HISTORIC AND CULTURAL HUB

HBS is located in the historic Boston-Cambridge area. Harvard Square is within walking distance, and you'll find a rich array of arts, music, sports, dining, shopping, and other recreational activities easily accessible from campus.

FOR MORE INFORMATION, please contact a Program Advisor at:
executive_education@hbs.edu | **1.800.427.5577**





April 20, 2020

TO: Each Trustee,
Board of Investments

FOR: Board of Investments Meeting of May 13, 2020

SUBJECT: Oxford Impact Measurement Program in Oxford, United Kingdom on
July 27 – July 31, 2020 and September 28 – October 2, 2020
(Placed on the agenda at the request of Mrs. Sanchez)

The Oxford Impact Measurement Program will be held in Oxford, United Kingdom on July 27 – July 31, 2020, as well as on September 28 – October 2, 2020. The Oxford Scenarios Program brings together a faculty of scenario planning and strategy experts. They are leaders in their field and engage in ground-breaking research. Between them they have over a century of hands-on scenario planning experience at a strategic level in government, business and civil society organizations.

The main conference highlights include the following:

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

Registration: \$8,500.00

Airfare: \$1,350-\$2,200

Hotel: Included in the Registration

Ground Transportation: \$260-280

Daily Per Diem & Incidentals: \$143

(The Registration Fee Includes Most Meals)

Approximate Cost Per Traveler: \$11,500.00

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

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Approve attendance of trustees at the Oxford Impact Measurement Program on July 27–31, 2020 or September 28-October 2, 2020 in Oxford, United Kingdom and approve reimbursement of all travel costs incurred in accordance with LACERA's Education and Travel Policy.



Oxford Scenarios Programme

Executive Education
at Oxford Saïd



‘Scenario planning is a structured way of identifying plausible futures that strengthens an organisation’s ability to cope with uncertainty and turbulence. This approach helps leaders understand the context they are in and think through their approach to strategy and its development.

The Oxford Scenario Planning Approach is rigorous and practical, centred on re-framing and re-perception. Taking part in the Oxford Scenarios Programme might be the critical change lever that makes all the difference to you and your organisation, and I invite you to join us in one of our next programmes to harness this opportunity.’

Rafael Ramirez
Programme Director

Oxford Scenarios Programme

A one-week residential programme in Oxford for individuals and teams with responsibility for improving the way their organisations approach strategy and planning.

Benefits and features

Learn and deepen your knowledge of scenario planning by revealing and testing the assumptions you have on the method and its application in considering the future.

Learn the Oxford Scenario Planning Approach

Learn a rigorous approach to scenario planning with an emphasis on critical reflection and practical application.

Receive instant feedback

Develop a set of scenarios with live clients whose real-time feedback allows you to further fine-tune your learning.

Enhance organisational applicability

Challenge yourself to consider alternative futures by deploying scenario thinking as a counterpart to strategy, forecasting, and risk management.

Make better-informed decisions

Learn to design and facilitate processes that can help make your organisation less vulnerable by being better able to identify and discuss critical changes in the organisation's context.

Enhance your network

Join a diverse community of scenario planners whose different perspectives will enrich your learning during the programme and beyond.

Quick facts



15+ years

of Oxford Scenarios Programme



5 days

Programme duration



3

Live case studies



800+

Alumni



**FT Executive Education
Ranking 2019**

Open Programmes #1 in the UK
for 5 consecutive years

Programme overview

Day 1
Planning

Day 2
Building

Day 3
Strategising

Day 4
Engaging


Day 5
Embedding

Live case studies

Client feedback

Facilitation

World-class scenario
planning and strategy
experts

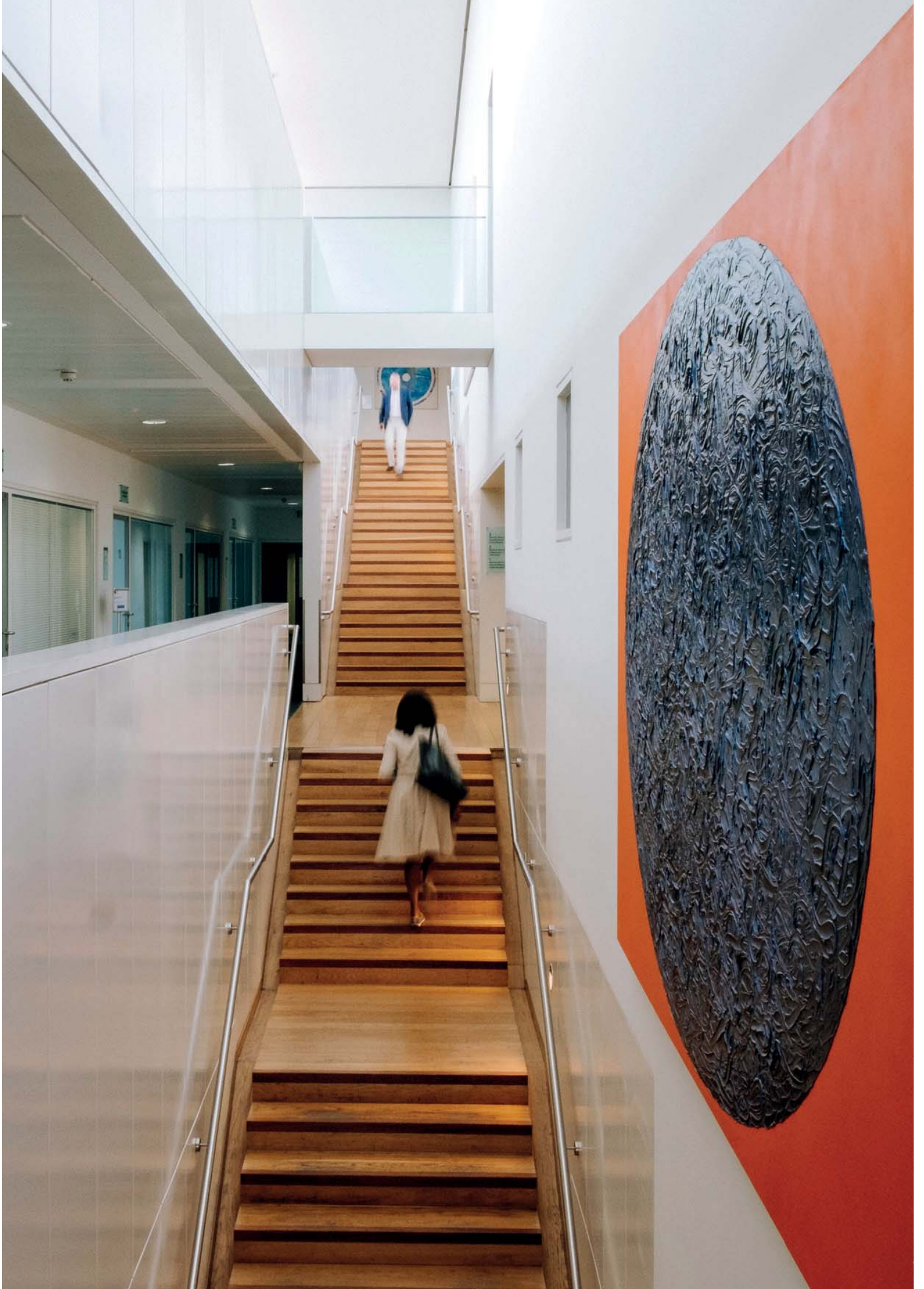


Scenario planning at Oxford

The Oxford Scenario Planning Approach – developed by Kees van der Heijden, Angela Wilkinson, Rafael Ramirez and other colleagues – is an intellectually rigorous approach to scenario planning with theoretical aspects grounded in practical guidance. It offers a different approach to strategy development, asking you to focus on strengthening your ability to cope with uncertainty and secure the opportunities it offers instead of trying to predict the future.

You will be encouraged to adopt a more inquiring approach as a means of effectively forging a culture where disagreement becomes an asset to build better understanding, not a liability to be avoided. Opening your thinking will allow you to better identify shared opportunities and how you can leverage situations to suit your organisation's specific challenges.





Who teaches on the programme?

The Oxford Scenarios Programme brings together a faculty of scenario planning and strategy experts. They are leaders in their field and engage in ground-breaking research. Between them they have over a century of hands-on scenario planning experience at a strategic level in government, business and civil society organisations.



Rafael Ramirez
Director of the Oxford
Scenarios Programme
and Professor of Practice

Rafael is a world-leading expert on scenario planning. As a researcher and advisor, Rafael has worked extensively with NGOs, corporations, inter-governmental organisations, governments and think tanks. He is the author of several books and many scholarly papers, and he is on the editorial boards of three scenario planning journals.



Trudi Lang
Senior Fellow in
Management Practice

Trudi works with leaders to support them with the achievement of their strategic objectives. She has over 20 years' experience as a practitioner, educator and researcher in strategy, strategic foresight and scenarios. Prior to joining Oxford in her current capacity, Trudi served as Director and Head of Strategic Foresight at the World Economic Forum, and Consultant for Strategic Foresight at the OECD.



Cynthia Selin
Associate Fellow

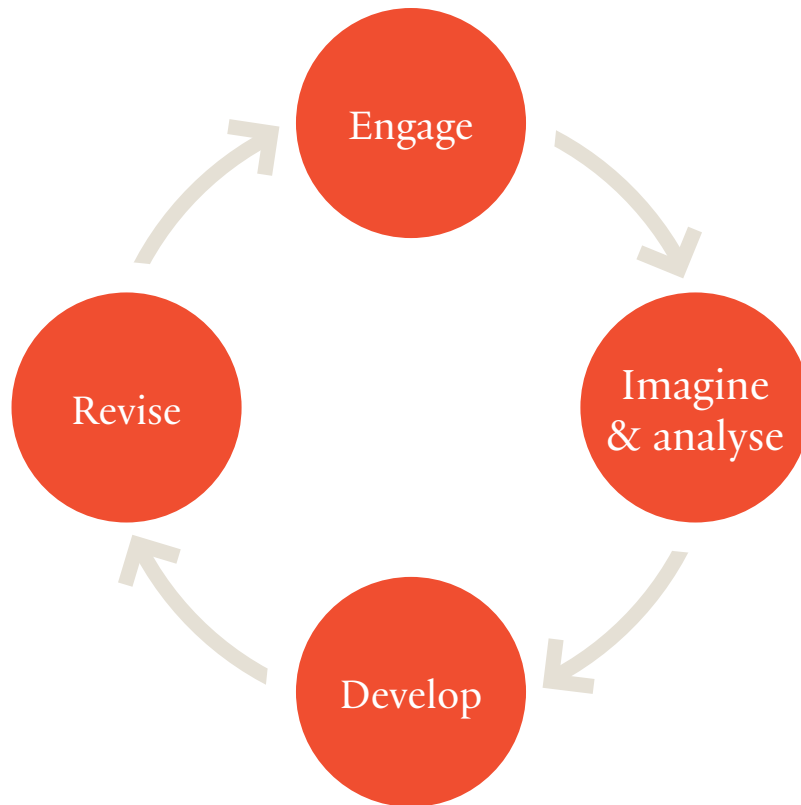
Cynthia's research explores the nature of future-orientation, methods for handling uncertainty, and the intersections between sustainability and innovation. As a social scientist, she investigates the social, ethical and political dimensions of emerging technologies. She leads the Center for the Study of Futures at Arizona State University.



Cho Khong
Associate Fellow. Chief
Political Analyst, Global
Business Environment
team, Shell International

Cho has over 20 years of experience in leading and participating in country scenarios projects. He advises on political trends and political risk, and leads the external environment assessments for Shell's country reviews. He was actively involved in developing the 1995, 1998, 2001 and 2005 sets of Shell Global Scenarios, the 2008 Shell Energy Scenarios and the 2013 New Lens Scenarios.

Practice



You learn in small groups to develop a set of scenarios for a client, on a real strategic challenge that they are facing. During the week, the client offers feedback. At the end of the week your group presents a set of scenarios that the client could use.

As well as faculty, facilitators work alongside you during the week to support your individual and group learning.

Award-winning methodology

The programme's teaching methodology won the British Academy of Management Education Practice Award in 2017. This award recognises individual or team initiatives that enhance management learning and education.



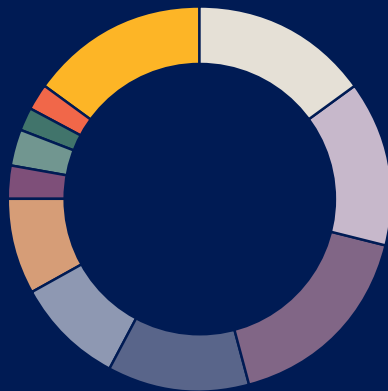
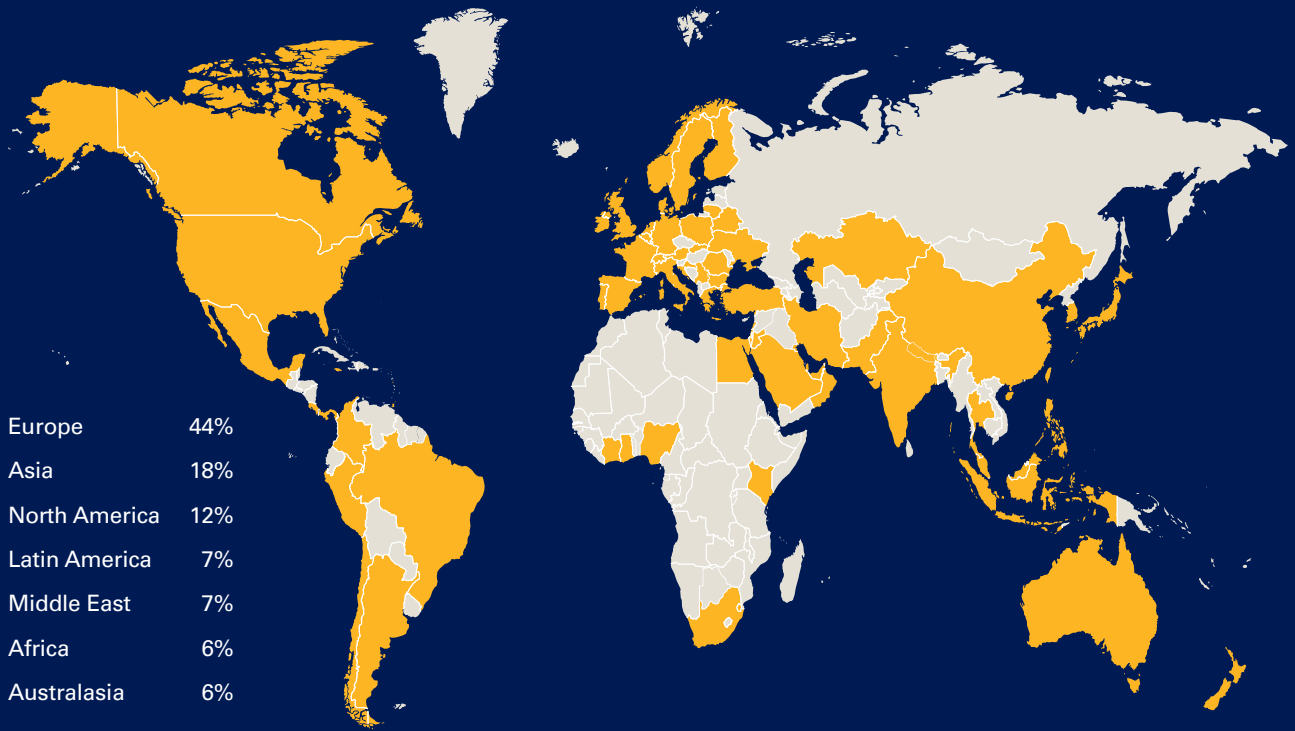
'Providing deep insights into the way in which the approach was developed with strong rationale in its use in executive education. The programme's approach to connecting varied external stakeholders as well as internal participants fosters a particularly robust approach in the co-creation of learning.'

Awards panel comments





Programme community



Sector	%
Professional Services/Consulting/Law	17
Finance/Insurance	15
Public Administration/Military/Police	14
Oil/Gas/Energy Producers	12
Education	9
Extra-territorial Organisations/NGOs/Charity	8
Aerospace/Automotive	3
Healthcare	3
Transport/Logistics	2
Telecommunications	2
Other	15

* Alumni data since programme launch

Scenario planning: it's about time



'If you're not using scenario planning, you're really missing out on stretching your own knowledge and preconceptions about the art of the possible. You're stuck in the same old box. Scenario planning allows you to stretch ideas, test them out, play with them.'

Froydis Cameron-Johansson

Group Head of International and Government Relations
at Anglo American

Motivations

I want to create thinking teams. In a corporate environment, unless you're incredibly diligent, carving out the time to stop and think and process that thinking – away from the treadmill of emails and meetings – is so important.

Anglo American has a long history of scenarios work. Even so, when I first came into this role, people kept telling me "I don't have any time to think." The scenarios heritage is there and in a bid to resurrect and embed this approach to thinking, I took my entire team on the programme.

How?

The Oxford Scenario Planning Approach strips away some of the mystique and preconceptions that surround scenario planning. You don't need six months of data, a surfeit of knowledge, a team in place, all the things you would usually consider blockers to undertaking scenarios. Those are red herrings. You can just get on with it by asking the right people the right questions.

If you had asked me how to do scenario planning before going on the programme, I would have had no idea where to start. Being shown the skills is great but working through the scenarios is key. The innovation of using live client examples to work on really brought it home for me that you have to learn by doing. You can't just read a book, you have to go through the process.

Why scenario planning?

If you're not using scenario planning, you're really missing out on stretching your own knowledge and preconceptions about the art of the possible. You're stuck in the same old box. Scenario planning allows you to stretch ideas, test them out, play with them.

Time, imagination and effort are required; things that corporates don't always have in abundance. If you're not putting time aside for thinking, by definition you limit yourself. Scenarios thinking unlocks possibilities for you that would have otherwise remained hidden.

Impact

In terms of organisational impact, we have definitely turned ourselves into a thinking team. We commit to a session of at least two hours once a month where we bend our collective brainpower to thinking through an idea. Our next challenge is to use scenario planning more often, and to embed this way of thinking across all of our work. The good news is we've already created the space, time and thinking culture to make it happen.

Join our global networks

After completing this programme you will be eligible for membership of the Oxford Business Alumni (OBA) Network.

With over 20,000 members in 149 countries, the network offers a wide range of benefits that include:

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- Ability to join regional OBA Chapters across the globe
- Invitations to academic, networking and social events, both in Oxford and the country you are based in
- Subscription to the monthly eNewsletter
- Access to the OBA website, including alumni news and learning resources



What our alumni say

'I found the whole experience transformational, both personally but also for all the other people involved in the scenarios work in the charity. There is a ripple effect as you take the learning back to the organisation and it opens doors in thinking, people and insights.'

Colette Marshall

Director of Operations, **Diabetes UK**

'Fantastic experience that stretches the way you think. The opportunity to spend five days learning with peers from around the world and questioning the way you approach strategy was a highlight. The learning by doing approach embeds the Oxford Scenario Planning Approach.'

Andrew Blades

Environmental Protection Authority, Victoria, Australia

'We needed an innovative method to engage across our organisation and prepare for an uncertain future. The programme gave me the technical knowledge to successfully pitch to the BMJ senior executive and win their support for implementation.'

Samira Rhoads

Market and Competitive Intelligence Manager, Strategy Team, **BMJ**, UK

'You get direct exposure and instant feedback from the client regarding your suggestions and if what you are proposing is going to be useful. You see where the challenges are in bringing these methods to real clients. That was a real highlight.'

Maurice Voyame

Deputy Director, **Swiss Agency for Development and Co-operation**, Switzerland

'The time I spent in Oxford paid off big time as I was exposed to a hard-to-beat combination of the best experts in the field of strategic scenario planning, full-day interactions with a group of intellectually stimulating multinational peers, and the responsibility to practice what was learnt in order to deliver results to real companies within the same week. It is a well-orchestrated experience I would certainly recommend.'

Sergio D Fernandez Mena

Chief Technology Officer, **YPF**, Argentina

'The quality of the teaching by the faculty was outstanding. We also learned a lot from the other students in the class. The diversity of perspectives meant we had really different viewpoints that helped us develop interesting scenarios.'

Caroline Baylon

Security Research Lead, Strategy, Research and Threat Horizon, **AXA**, UK

Apply today



Visit www.sbs.oxford.edu/scenarios to apply online or to request a Word application form.

To discuss any aspect of the programme, or your specific learning needs, contact:

Adila Samavati

adila.samavati@sbs.ox.ac.uk

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- Executive Leadership
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- Women's Leadership Development
- Alternative Investment Management

All information is correct at the time of going to press. Please check our website for the most up-to-date information.

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May 6, 2020

TO: Trustees
Board of Investments

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

Richard Bendall *RB*
Chief Audit Executive

Ted Granger *TG*
Interim Chief Financial Officer

FOR: Board of Investments Meeting on May 13, 2020

SUBJECT: **MILLIMAN AND CAVANAUGH MACDONALD CONTRACT
AMENDMENT FOR ADDITIONAL ACTUARIAL CONSULTING AND
ACTUARIAL AUDITING SERVICES**

RECOMMENDATION

Authorize and approve amendments to the Milliman Actuarial Consulting and Cavanaugh Macdonald Actuarial Auditing Services Agreements incorporating fee changes and additional services for the valuation years FYE 2018 through FYE 2021. Additional services are required to modify existing reports and reporting methods of Los Angeles County's Other Post-Employment Benefits (OPEB) Program as a result of plan restructuring from a cost sharing multiple employer plan to an agent multiple employer plan.

BACKGROUND

In recent years, the Los Angeles County OPEB Program (Program), administered by LACERA, has undergone various changes due to external factors including new financial reporting standards issued by the Governmental Accounting Standards Board (GASB). Further, Los Angeles County made the decision to switch the plan valuation reporting structure from a cost sharing model to an agent multiple employer model. These changes resulted in modifications to the reporting requirements which in turn resulted in changes to the fee arrangements for actuarial consulting services included in the agreements, and modifications to fees and scope of services for actuarial auditing services included in agreements previously made and entered into between LACERA and its actuaries.

Beginning in 2016, the Executive Office, Financial Accounting Services Division (FASD), and Retiree Health Care (RHC) Division conducted a series of meetings with the GASB 74/75 Task Force group (including: Los Angeles County [the County], plan sponsors, plan sponsors' auditors and actuaries) and LACERA's actuarial consultant and auditor,

Milliman and Cavanaugh Macdonald, to review the Program reporting changes. These meetings identified additional reporting requirements as a result of implementing GASB Statement No. 74 (GASB 74) *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 75 (GASB 75) *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The additional new GASB reports, required by LACERA and plan sponsors for financial statement reporting purposes, were included in the original agreement dated October 17, 2017.

For the fiscal year ended June 30, 2017, LACERA first implemented GASB 74 and for fiscal year ended June 30, 2018, the County and the plan sponsors implemented GASB 75. Milliman prepared two new reports for LACERA and the plan sponsors during the initial implementation of GASB 74 and 75 which included financial statement reporting information. GASB 75 required employers to report additional disclosures including an OPEB expense and the Net OPEB Liability (NOL) for the first time ever on the face of their respective financial statements. At the time of implementation, the 2016 OPEB Valuation, upon which the initial GASB 74 and GASB 75 reports were based, was conducted under a cost sharing multiple employer plan applying a pro-rata allocation of the OPEB Program liabilities and costs.

The agent multiple employer plan model was explored, at the County's request, in the GASB 74/75 Task Force discussions. It was determined that this model offered better precision in the allocation of each employers' share of costs and liabilities. The agent multiple employer plan model was implemented as planned for the 2018 OPEB Valuation and this new method will be applied within the upcoming 2020 GASB 75 Report. In addition, the GASB standard implementation led to updates in the Board's *Actuarial Valuation and Audit Policy* (Policy), causing a shift from biennial to annual valuations as outlined in Exhibit A – October 2017 Board of Retirement Memo.

In October 2017, at the request of the County, LACERA then modified the annual valuation reporting format for the Program. The model was changed from reporting results in the consolidated manner under a cost sharing multiple employer plan to preparing separate valuation reports as an agent multiple employer plan beginning with the July 1, 2018 OPEB valuation report. As previously stated, the County requested this new reporting method to separate itself from the other employers and better identify and manage its own retiree healthcare costs and liabilities.

These changes allow participating employers to continue to pool their assets for investment purposes within the OPEB Trust, but LACERA maintains accounting records which separately identifies each employers' pay-as-you-go costs. The agent reporting format does not alter OPEB Program benefits or the monthly reimbursement process of ongoing Program costs from plan sponsors to LACERA.

Pursuant to these valuation reporting changes, GASB 75 report structures also required updating to meet the financial statement requirements of the different plan sponsors. Milliman's scope of consulting activities increased by participating in the GASB Task

Force discussions and expanding the annual funding valuation report to include separate reports by agent. Although Milliman combines the LACERA retiree population demographics characteristics into one group, each agent required their own census summary and funding results beginning with the fiscal year end 2018 valuation. Furthermore, in accordance with the updated GASB reporting requirements, Milliman must prepare GASB 75 disclosure reports with separate sections by agent as each agent now requires their own discount rate depletion calculation due to their unique OPEB Trust funding streams.

To comply with the changing reporting requirements and implement the Board of Retirement's Policy changes for the 2018 valuation period, LACERA's Executive Office, FASD and RHC management, as Program administrator, jointly approved the additional consulting work within the criteria of "Extra Work" defined in the Milliman contract. The scope of work and list of required consulting reports contained in the original agreement had not materially changed. The content and format of the reports were restructured along with the elimination of the GASB 74 report, which LACERA no longer requires under the agent plan model.

Milliman's services costs incurred to date and proposed fees related to the additional consulting services are summarized in the chart below with further details noted in Exhibit B - Redlined Actuarial Consulting Services Agreement Fee Schedule.

Milliman's: OPEB Actuarial Projects Cost ⁽¹⁾				
Fiscal Year	Contract	Adjustments	New Estimate	Actual YTD Total
2018 ⁽²⁾	\$ 328,000	\$ 212,740	\$ 540,740	\$ 429,056
2019	\$ 248,000	\$ 85,450	\$ 333,450	Work in Progress
2020	\$ 341,500	\$ 113,900	\$ 455,400	Future projects
2021	\$ 259,000	\$ 89,150	\$ 348,150	Future Projects

(1) Actual fees may fall outside the estimated range due to additional work requested by the plan sponsors.

(2) 2018 OPEB projects were completed to comply with the new reporting agent plan reporting model.

Additional cost incurred above the contract fee schedule was (\$328,000-\$429,056.44) = \$101,056.44.

Considering that OPEB Programs provided by plan sponsors are generally unique and do not provide for standard reporting templates, Milliman can only provide cost estimates within specified ranges instead of fixed fees for the duration of their contract. Report users or plan sponsors may have reporting requirements that vary from one to another and in most instances, multiple draft reports are prepared and reviewed by the users (plan sponsors) or other actuarial consultants throughout the valuation and financial statement reporting preparation process. The reporting process is expected to become more standardized, efficient and cost effective over time.

In addition to Milliman's increased actuarial consulting services, actuarial auditing review cycles were also changed to include the new reports and consider the valuation cycle changes. The scope of Cavanaugh Macdonald's auditing services therefore also increases with the additional reports that require review and the actuarial auditing review cycles as noted in Exhibit C - Redlined Actuarial Auditing Services Agreement Fee Schedule.

Fiscal Year End 2019 – 2021 Funding Valuations

LACERA will need Milliman and Cavanaugh Macdonald to provide additional actuarial consulting and auditing services for the valuation years ending 2019 through 2021. To ensure transparency, staff believes it is prudent to inform the Board about the fees already incurred for the fiscal year 2018 valuation reporting changes, completed by request from the County, and to appropriately document the terms of the additional consulting and auditing services for fiscal years 2019, 2020 and 2021. Staff therefore recommends amending both Milliman's and Cavanaugh Macdonald's contracts to address consulting and auditing fee changes and the additional scope of actuarial auditing services for valuation years FYE 2018 through FYE 2021.

Attachments

Exhibit A – October 2017 Board of Retirement

Exhibit B – Redlined Actuarial Consulting Services Agreement Fee Schedule

Exhibit C – Redlined Actuarial Auditing Services Agreement Fee Schedule

c: Steven Rice
Jonathan Grabel
Bernie Buenaflor
Cassandra Smith



September 11, 2017

EXHIBIT A: October 2017 Board of Retirement Memo

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
William de la Garza, Chair
Vivian H. Gray, Vice Chair
Ronald Okum
Alan Bernstein
David Muir, Alternate

FOR: October 12, 2017 Board of Retirement Meeting

SUBJECT: **LACERA Other Post-Employment Benefits (OPEB) Actuarial Valuation and Audit Policy**

RECOMMENDATION

That the Board of Retirement adopt the Other Post-Employment Benefits (OPEB) Actuarial Valuation and Audit Policy.

INTRODUCTION

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74 and Statement No. 75, which govern new accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. The implementation of these complex GASB statements requires a high degree of coordination and alignment between the plan administrator (LACERA) and the employers (i.e., County, Superior Court, Outside Districts). As such, in February 2016, LACERA established a GASB 74/75 Task Force (Task Force) comprised of key stakeholders from the employer groups and external professional service providers to discuss requirements for implementing the new standards. This strategic partnership provides the opportunity to open the lines of communication among the parties involved and collectively work towards establishing timelines and a framework for implementation decisions.

Attached is a proposed policy, incorporating feedback from the Task Force, on the OPEB actuarial projects necessary to meet all objectives of a prudent plan and its administration.

SUMMARY

GASB Statements 74 and 75 reflect a fundamental overhaul in the standards for accounting and financial reporting for post-employment benefits other than pensions (OPEB). GASB 74 is for OPEB plans (LACERA) and is effective beginning for plan fiscal year as of June 30, 2017. GASB 75 is for employers that sponsor OPEB plans and is effective beginning for employer fiscal year as of June 30, 2018. The information required to be noted and disclosed as a result of GASB 74 is a foundational basis for the information required by GASB 75.

Currently the OPEB actuarial valuation is performed biennially and the related investigation of experience and assumption study is performed triennially. The associated independent audit of the actuarial valuation, as well as the audit of the experience and assumption study are conducted every six years. With the advent of GASB 75, the Task Force needed to revisit the timing of these reporting requirements.

GASB 75 requires that the reporting date can be a maximum of 30 months (and a day) after the actuarial valuation date. The Task Force believed this requirement, coupled with the one-year lag period stipulated by the County's GASB 75 implementation schedule, imposes a tight timeline that leaves no room for unforeseen issues or adversity for all parties concerned. Increasing the OPEB valuation schedule from every other year (biennial) to every year (annual) effectively eliminates this critical risk and highly improves compliance with GASB 75 firm reporting requirements, including the ability to conduct audits of the OPEB information which will be included in the County's financial statements. Note that the new GASB standards promote annual valuations. Similarly, as we are improving the OPEB actuarial valuation frequency, the timing of the associated OPEB audits also require enhancement. More frequent updates provide more recent information to decision-makers, plan sponsors, and program administrators.

The proposed policy includes the following value-added OPEB actuarial projects:

- Increasing the OPEB Actuarial Valuation to an annual valuation.
- Increasing the Audit of OPEB Valuation to every three years.
- Increasing the Audit of OPEB Experience and Assumption Study to every three years.

The adoption of the proposed policy provides formal documentation for undertaking the modified OPEB actuarial projects and demonstrates LACERA's continuing commitment to excellence.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Adopt the Other Post-Employment Benefits (OPEB) Actuarial Valuation and Audit Policy.

**Los Angeles County Employees Retirement Association****Board of Retirement****Policy Statement****Other Post-Employment Benefits (OPEB) Actuarial Valuation and Audit****Adopted: November 2010****Revised: October 2017****Purpose**

LACERA administers the retiree medical, dental/vision, and death benefits covering the retired Los Angeles County (County) workers who also participate in the Los Angeles County Employees Retirement Association (LACERA) retirement benefits plan. Collectively these health-related benefits are referred to as the Los Angeles County Other Post-Employment Benefits (OPEB) program. This document establishes the OPEB Actuarial Valuation and Audit Policy (OPEB Policy) of actuarial valuations and audits, which estimate future liabilities relating to the OPEB program.

Statement of Policy

LACERA will periodically perform all OPEB actuarial projects to:

- Establish the actuarially determined values of the County's OPEB program liabilities.
- Validate that such an appraisal reflects actual experiences and appropriate assumptions.
- Certify the appraisal is determined in accordance with all legislative, regulatory and professional standards.

Policy Objectives

The objectives that provide the guiding principles in the development and implementation of the OPEB Policy include the following:

- Comply with the financial reporting requirements mandated by the Governmental Accounting Standards Board (GASB).
- Ensure data and assumptions used in the valuation are, when appropriate, consistent with those used in the valuation of retirement benefits.
- Promote operating effectiveness and optimize cost efficiencies where possible.
- Mirror the policy and principles guiding the retirement benefits actuarial projects.
- Coordinate consistently and efficiently with external audits of LACERA's financial statements when appropriate.



Types and Frequency of OPEB Actuarial Projects

- **Valuation:** A calculation of the actuarial values in accordance with all relevant legislative, regulatory, and professional requirements and standards.
 - Required By: GASB
 - Performed By: OPEB Consulting Actuary
 - Frequency: Every year (annual)
 - Rationale:
 - GASB requires the net OPEB liability measured as the total OPEB liability, less the amount of the OPEB program's fiduciary net position.
 - The total OPEB liability is generally required to be determined through an actuarial valuation.
 - Actuarial valuations of the total OPEB liability must be performed at least every two years, with more frequent valuations encouraged.
 - All assumptions underlying the determination of the total OPEB liability must conform to the guidance in Actuarial Standards of Practice issued by the Actuarial Standards Board.
 - To ensure data and assumptions used in the OPEB valuation are consistent with the retirement benefits valuation, the OPEB Policy requires each annual OPEB valuation immediately after the annual retirement benefits valuation for the same fiscal year ending.
 - The OPEB Policy promotes operating efficiency by leveraging the efforts of the consulting actuary to complete two projects with each mobilization.

- **Experience and Assumption Study:** An investigation of the experience and review of the assumptions used in the valuation.
 - Required By: OPEB Policy
 - Performed By: OPEB Consulting Actuary
 - Frequency: Every three years (triennial)
 - Rationale:
 - The 1937 Act requires an investigation of experience and assumption study (experience study) on LACERA retirement benefit assumptions performed triennially (every three years) to reset member contribution rates as appropriate. Certain experience data and assumptions from the retirement benefits valuation provide essential input variables to the experience study for the OPEB program.
 - To ensure data and assumptions common to both experience studies are used consistently, the OPEB Policy requires an experience study for the OPEB program immediately follow each experience study for the retirement benefits plan.
 - The OPEB Policy promotes operating efficiency by leveraging the efforts of the consulting actuary to complete two projects with each mobilization.



- **Audit of Valuation:** A triennial audit of the OPEB valuation, including a parallel valuation (i.e., an independent reproduction of the detailed valuation results).
 - Required By: OPEB Policy
 - Performed By: OPEB Audit Actuary
 - Frequency: Every three years (triennial)
 - Rationale:
 - The 1937 Act requires the LACERA retirement benefits valuation be performed triennially. The Retirement Benefit Funding Policy (dated February 13, 2013 as amended) currently in effect between the County and LACERA requires the retirement benefits valuation to be performed annually.
 - As a recognized leader in public pension plan administration, LACERA has long implemented the prudent policy and practice of performing triennial audits of the retirement benefits valuation.
 - In combination, these requirements dictate an audit of the annual retirement benefits valuation, triennially.
 - Governmental Finance Officers Association (GFOA) best practices recommend a comprehensive audit performed by an independent actuary of a pension plan's actuarial valuations at least once every five years.
 - Consistent with policy and practice of the retirement benefits valuation and audit cycle, this OPEB Policy requires an audit of OPEB valuation performed triennially. This policy is consistent with GFOA best practices.

- **Audit of Experience and Assumption Study:** An audit of the investigation of experience and assumption study(experience study) is performed in conjunction with the audit of the OPEB valuation.
 - Required By: OPEB Policy
 - Performed By: OPEB Audit Actuary
 - Frequency: Every three years (triennial)
 - Rationale:
 - The 1937 Act requires an experience study performed triennially for the LACERA retirement benefits plan.
 - As a recognized leader in public pension plan administration, LACERA has long implemented the prudent policy and practice of performing an audit of each triennial experience study for the retirement benefits plan.
 - Consistent with policy and practice of the retirement benefits valuation and audit cycle, and for cost-benefit optimization, the OPEB Policy requires an audit of the experience study performed each time a triennial experience study is completed (see the previous section thereof).
 - Promoting operating efficiency by leveraging the efforts of the audit actuary teams in completing two projects with each mobilization, the OPEB Policy requires an audit of the OPEB valuation immediately after an audit of the experience study.



Roles and Responsibilities

- LACERA Board of Retirement, the Governance of the Plan Administrator, establishes and adopts the Policy relating to the OPEB actuarial practices of LACERA, and provides oversight of Policy implementation.
- LACERA Executive Office implements the Policy under the guidance and direction of the Board of Retirement.
- The OPEB Consulting Actuary under the guidance and direction of LACERA Executive Office performs in accordance with contractual terms and conditions the annual valuation and the triennial experience study. The OPEB Consulting Actuary submits work products to the Audit Actuary for every triennial valuation and each time a triennial experience study is completed.
- The OPEB Audit Actuary under the guidance and direction of the LACERA Audit Committee performs in accordance with contractual terms and conditions an audit of every valuation and an audit of every experience study, triennially.
- LACERA Internal Audit, under the general guidance of the Audit Committee, provides independent consultation to LACERA Executive Office to facilitate the effective and efficient implementation of the OPEB Policy.

Implementation

LACERA will implement the policy through the prescribed schedule as shown in Exhibit A.

Policy Review

The policy is subject to periodic reviews to identify and incorporate necessary updates and revisions.



Background

GASB 43 and 45

The Governmental Accounting Standards Board (GASB) issued Statement No. 43 in April 2004. This statement covers financial reporting for Post-Employment Benefits Other Than Pension Plans (commonly referred to as OPEB programs). LACERA was required to adopt Statement No. 43 when preparing financial statements for periods beginning after December 15, 2005.

GASB issued Statement No. 45 in July 2004. This statement covers accounting and financial reporting by employers for Post-Employment Benefits Other Than Pension. Los Angeles County (the County) is required to adopt Statement No. 45 for periods beginning after December 15, 2006.

The financial reporting under GASB Statement No. 43 and GASB Statement No. 45 requires the Schedule of Funding Progress be actuarially determined. At a minimum, the actuarial valuation for plans with total membership of 200 or more must be performed biennially (every 2 years). A new valuation should be performed if, since the previous valuation, significant changes have occurred which affect the results of the valuation, including significant changes in benefit provisions, the size or composition of the population covered by the plan, or other factors impacting long-term assumptions.

To comply with GASB 43, LACERA, in collaboration with the County, engaged Milliman to perform the first OPEB actuarial valuation, as of July 1, 2006^{1,2}, of the retiree medical, dental/vision, and life insurance benefits covering the retired County workers who also participated in the LACERA retirement benefits plan. The valuation was completed and report issued in May 2007 (2006 OPEB valuation). Consistent with the policy and practice in the actuarial undertakings on the retirement benefits plan, LACERA again in coordination with the County, engaged Segal in 2007 to perform a full scope audit of Milliman's 2006 OPEB Valuation. The audit, although not required either by GASB or by law, was completed in 2008.

¹ The valuation as of July 1, 2006 was conducted and reported by LACERA, in accordance with Paragraph 33 of GASB 43, in the Comprehensive Annual Financial Report for the year ended June 30, 2007, the initial required reporting period. The County reported the same valuation, in accordance with Paragraph 12 of GASB 45, in its Comprehensive Annual Financial Report for the year ended June 30, 2008, the initial required reporting period.

² With reference to GASB 43 and GASB 45, a July 1 valuation date, instead of a June 30 valuation date, maximizes the flexibility to use the valuation for reporting the annual required contributions (ARC) in future fiscal years. GASB 45 Paragraph 12 refers to the beginning of the fiscal year for which the ARC is being reported being not more than 24 months after the date of the valuation.



GASB 74 and 75

The Governmental Accounting Standards Board (GASB) issued Statement No. 74 in June 2015. This statement covers financial reporting for Post-Employment Benefits Other Than Pension Plans (commonly referred to as OPEB programs). LACERA is required to adopt Statement No. 74 when preparing financial statements for fiscal years beginning June 30, 2017.

GASB issued Statement No. 75 in June 2015. This statement covers accounting and financial reporting by employers for Post-Employment Benefits Other Than Pension. Los Angeles County (County) is required to adopt Statement No. 75 for fiscal years beginning June 30, 2018 or in other words one year after LACERA implements GASB 74. The information required to be noted and disclosed as a result of GASB 74 is a foundational basis for the information required by GASB 75.

GASB 75 requires that the reporting date can be a maximum of 30 months (and a day) after the actuarial valuation date. This requirement coupled with the one-year lag period imposed by the County's GASB 75 implementation schedule imposes a tight timeline that leaves no room for unforeseen issues or adversity. Increasing the OPEB valuation schedule from every other year (biennially) to every year (annually) effectively eliminates this risk and improves compliance with GASB 75 reporting requirements. More frequent updates provide more recent information to decision-makers, plan sponsors, and program administrators.

Annual OPEB program valuations are consistent with the frequency performed for the retirement benefits plan schedule.

A triennial OPEB experience and assumptions study is consistent with the frequency performed for the retirement benefits plan schedule.

Triennial OPEB audits (i.e., valuation audit and experience study audit) are consistent with the frequency performed for the retirement benefits plan schedule.

Exhibit A

Schedule of LACERA OPEB Actuarial Valuation and Audit Projects

OPEB Actuarial Projects				
	Valuation	Experience & Assumption Study	Audit of Valuation	Audit of Experience & Assumption Study
Frequency	Every 2 Years	Every 3 Years	Every 6 Years	Every 6 Years
Fiscal Year Ending				
2006	X		X	
2007				
2008	X	X		
2009				
2010 ⁽¹⁾	X	X	X	X
2011				
2012	X			
2013		X		
2014	X			
2015				
2016 ⁽²⁾	X	X	X	X
Frequency	Every Year	Every 3 Years	Every 3 Years	Every 3 Years
Fiscal Year Ending				
2017	X			
2018 ⁽³⁾	X	X	X	X
2019	X			
2020 ⁽⁴⁾	X	X	X	X
2021	X			
2022	X			
2023 ⁽⁴⁾	X	X	X	X
2024	X			
2025	X			
2026 ⁽⁴⁾	X	X	X	X
2027	X			
2028	X			

Schedule of LACERA OPEB Actuarial Valuation and Audit Projects

OPEB Actuarial Projects				
	Valuation	Experience & Assumption Study	Audit of Valuation	Audit of Experience & Assumption Study
Frequency	Every Year	Every 3 Years	Every 3 Years	Every 3 Years
Requirement	OPEB Policy	OPEB Policy	OPEB Policy	OPEB Policy
OPEB Policy Primary Objectives	Consistency with Retirement Benefits Policy.	Consistency with Retirement Benefits Policy. For operating efficiency, lagged one year from Retirement Benefits Experience and Assumption Study.	Consistency with Retirement Benefits Policy. For operating efficiency, lagged one year from Audit of Retirement Benefits Valuation.	Consistency with Retirement Benefits Policy. For operating efficiency, lagged one year from Audit of Retirement Benefits Experience and Assumption Study.

Footnotes

- (1) For fiscal year ended on June 30, 2010, all OPEB actuarial projects were performed for the same fiscal year-end for the first time.
- (2) For fiscal year ended on June 30, 2016, the full 6-year cycle (of the prior policy) repeated.
- (3) For fiscal year ending on June 30, 2018, the catch-up 2-year cycle is planned to make efficient use of the Experience Study during the 4 year gap between the old and new policy.
- (4) For fiscal years ending on June 30, 2020, June 30, 2023, and June 30, 2026, the full 3-year cycle repeats. During the intervening years, various projects will be performed as scheduled.

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Los Angeles County Employees Retirement Association

Board of Retirement**Policy Statement**

Other Post-Employment Benefits (OPEB) Actuarial Valuation and Audit

~~November 4, 2010~~ August 23, 2017

Purpose

The Los Angeles County Employees Retirement Association (LACERA) hereby establishes the policy on actuarial valuations and audits of assets and liabilities relating to other post-employment benefits (the OPEB Policy) of Los Angeles County (the County).

Statement of Policy

LACERA will periodically undertake all OPEB actuarial projects to effectuate the following:

- Establish the actuarially determined values of the County's OPEB assets and liabilities.
- Validate that such values reflect actual experiences and appropriate assumptions.
- Certify that such values are determined in accordance with all legislative, regulatory and professional standards.

Policy Objectives

The objectives that provide the guiding principles in the development and implementation of the OPEB Policy include the following:

- Comply with the financial reporting requirements mandated by Governmental Accounting Standards Board ~~Statement No. 43 (GASB 43)~~.
- Ensure data and assumptions used in the valuation are, when appropriate, consistent with those used in the Pension Valuation.
- Promote operating efficiency when appropriate.
- Optimize cost efficiency when appropriate.
- Mirror the policy and principles guiding the Pension actuarial projects.
- Coordinate consistently and efficiently with external audits of LACERA financial statements when appropriate.

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Types and Frequency of OPEB Actuarial Projects

- **Valuation:** A calculation of the actuarial values in accordance with all relevant legislative, regulatory and professional requirements and standards.
 - Required By: GASB 43, [74 & 75](#)
 - Performed By: OPEB Valuation Actuary
 - Frequency: Every [two](#) years (~~Biennial~~[Annual](#)) at a minimum or when significant changes have occurred since the previous valuation
 - Rationale:
 - GASB 43 requires that the Schedule of Funding Progress in LACERA's Financial Statements be actuarially determined. Paragraph 33 of GASB 43 further requires that the actuarial valuation for plans with total membership of 200 or more be performed, at a minimum, biennially (every two years); or when significant changes have occurred, since the previous valuation, that affect the results of the valuation.
 - [GASB 75 requires the reporting date can be a maximum of 30 months \(and a day\) after the actuarial valuation date. GASB 74 is required to be implemented one year prior to that of GASB 75.](#)
 - ~~The OPEB Policy ensures compliance with GASB 43 by requiring that the OPEB Valuation be performed every other year at a minimum or when significant changes have occurred since the previous valuation.~~
 - [Annual valuations are encouraged under GASB 74 and 75.](#)
 - To ensure that data and assumptions used in the OPEB Valuation are consistent with those used in the Pension Valuation, the OPEB Policy requires that each ~~biennial~~[annual](#) OPEB Valuation immediately follow the annual Pension Valuation for the same fiscal year ending. Further, the OPEB Policy promotes operating efficiency by leveraging the efforts of the teams to completing two projects with each mobilization.

- **Experience and Assumption Study:** An investigation of the experience and review of the assumptions used in the Valuation.
 - Required By: The OPEB Policy
 - Performed By: OPEB Valuation Actuary
 - Frequency: Every three years (Triennial)
 - Rationale:
 - The 1937 Act requires that an Experience and Assumption Study on LACERA Pension Valuation be performed triennially (every three years) to reset member contribution rates as appropriate. Certain experience data and assumptions from the Pension Valuation provide essential input variables to the Experience and Assumption Study on the OPEB Valuation.
 - To ensure that data and assumptions common to both Studies are used consistently, the OPEB Policy requires that an Experience and Assumption

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- Study on OPEB Valuation immediately follow each Experience and Assumption Study on Pension Valuation.
- The OPEB Policy promotes operating efficiency by leveraging the efforts of the teams to completing two projects with each mobilization.
- **Audit of Valuation:** An audit of every third ~~biennial~~-Valuation, including a parallel valuation (i.e., an independent reproduction of the detailed valuation results).
 - Required By: The OPEB Policy
 - Performed By: OPEB Audit Actuary
 - Frequency: Every ~~six~~ three years
 - Rationale:
 - The 1937 Act requires that LACERA Pension Valuation be performed triennially. The Retirement Benefit Funding Policy dated December 9, 2009 currently in effect between the County and LACERA requires that the Pension Valuation be performed annually.
 - A recognized leader in the public pension plan administration community, LACERA has long implemented the prudent policy and the practice of a triennial Audit of the Pension Valuation.
 - These requirements, in combination, require that an Audit be performed on every third annual Pension Valuation.
 - Governmental Finance Officers Association (GFOA) best practices recommend that a comprehensive audit of a pension plan's actuarial valuations be performed by an independent actuary at least once every five to eight years.
 - To be consistent with the policy and practice in Pension Valuation and Audit, the OPEB Policy requires that an Audit of Valuation be performed on every third ~~biennial~~-OPEB Valuation. This policy is consistent with GFOA best practices.
 - **Audit of Experience and Assumption Study:** An audit, in conjunction with the Audit of Valuation, of the Experience and Assumption Study.
 - Required By: The OPEB Policy
 - Performed By: OPEB Audit Actuary
 - Frequency: Every ~~6~~-three years
 - Rationale:
 - The 1937 Act requires that an Experience and Assumption Study on LACERA Pension Valuation be performed triennially.
 - A recognized leader in the public pension plan administration community, LACERA has long implemented the prudent policy and the practice of an Audit of each triennial Experience and Assumption Study on Pension Valuation.
 - To be consistent with the policy and practice in Pension Valuation and Audit and to optimize cost-benefit considerations, the OPEB Policy requires that an

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- Audit of the Experience and Assumption Study be performed on every ~~other~~ triennial Experience and Assumption Study (see the previous section thereof).
- To promote operating efficiency by leveraging the efforts of the teams to completing two projects with each mobilization, the OPEB Policy requires that an Audit of Experience and Assumption Study follow immediately each Audit of the OPEB Valuation.

Roles and Responsibilities

- LACERA Board of Retirement, the Governance of the Plan Administrator, establishes and adopts the Policy relating to the OPEB actuarial practices of LACERA, and provides oversight of Policy implementation.
- LACERA Executive Office implements the Policy under the guidance and direction of the Board of Retirement.
- OPEB Valuation Actuary, under the guidance and direction of LACERA Executive Office, performs, in accordance with contractual terms and conditions, the biennial Valuation, and the triennial Experience and Assumption Study. The OPEB Valuation Actuary submits work products to the Audit of every third biennial Valuation, and the Audit of every other triennial Experience and Assumption Study.
- OPEB Audit Actuary, under the guidance and direction of LACERA Audit Committee, performs, in accordance with contractual terms and conditions, an Audit of every third ~~biennial~~ Valuation and the Audit of every ~~other~~ triennial Experience and Assumption Study.
- LACERA Internal Audit, under the general guidance of the Audit Committee, provides independent consultation to LACERA Executive Office to facilitate the effective and efficient implementation of the OPEB Policy.

Implementation

LACERA will implement the policy through the prescribed schedule in Exhibit A.

Policy Review

The policy is subject to periodic reviews to identify and incorporate necessary updates and revisions.



DRAFT**Background**[GASB 43 and 45](#)

The Governmental Accounting Standards Board (GASB) issued Statement No. 43 in April 2004. This statement covers financial reporting for Post-Employment Benefits Other Than Pension Plans (commonly referred to as OPEB). LACERA is required to adopt Statement No. 43 when preparing financial statements for periods beginning after December 15, 2005.

GASB issued Statement No. 45 in July 2004. This statement covers accounting and financial reporting by employers for Post-Employment Benefits Other Than Pension. Los Angeles County (the County) is required to adopt Statement No. 45 for periods beginning after December 15, 2006.

The financial reporting under GASB Statement No. 43 and GASB Statement No. 45 requires that the Schedule of Funding Progress be actuarially determined. The actuarial valuation for plans with total membership of 200 or more is to be performed, at a minimum, biennially (every 2 years). A new valuation should be performed if, since the previous valuation, significant changes have occurred that affect the results of the valuation, including significant changes in benefit provisions, the size or composition of the population covered by the plan, or other factors that impact long-term assumptions.

To comply with GASB 43, LACERA, in collaboration with the County, engaged Milliman to perform the first OPEB actuarial valuation, as of July 1, 2006^{1,2}, of the retiree medical, dental/vision, and life insurance benefits covering the retired County workers who also participated in the LACERA Pension Plan. The valuation was completed and report issued in May 2007 (2006 OPEB Valuation). Consistent with the policy and practice in the actuarial undertakings on the Pension Plan, LACERA, again in coordination with the County, engaged Segal in 2007 to perform a full scope audit of Milliman's 2006 OPEB Valuation. The audit, although not required either by GASB or by law, was completed in 2008.

¹ The valuation as of July 1, 2006 was conducted and reported by LACERA, in accordance with Paragraph 33 of GASB 43, in the Comprehensive Annual Financial Report for the year ended June 30, 2007, the initial required reporting period. The County reported the same valuation, in accordance with Paragraph 12 of GASB 45, in its Comprehensive Annual Financial Report for the year ended June 30, 2008, the initial required reporting period.

² With reference to GASB 43 and GASB 45, a July 1 valuation date, instead of a June 30 valuation date, maximizes the flexibility to use the valuation for reporting the annual required contributions (ARC) in future fiscal years. GASB 45 Paragraph 12 refers to the beginning of the fiscal year for which the ARC is being reported being not more than 24 months after the date of the valuation.

DRAFTGASB 74 and 75

The Governmental Accounting Standards Board (GASB) issued Statement No. 74 in June 2015. This statement covers financial reporting for Post-Employment Benefits Other Than Pension Plans (commonly referred to as OPEB). LACERA is required to adopt Statement No. 74 when preparing financial statements for fiscal years beginning after June 15, 2016.

GASB issued Statement No. 75 in June 2015. This statement covers accounting and financial reporting by employers for Post-Employment Benefits Other Than Pension. Los Angeles County (the County) is required to adopt Statement No. 75 for fiscal years beginning after June 15, 2007 or in other words, one year after LACERA implements GASB 74. GASB 74 is a foundational basis for GASB 75.

GASB 75 requires that the reporting date can be a maximum of 30 months (and a day) after the actuarial valuation date. This requirement coupled with the one-year lag period imposed by the GASB 75 implementation schedule imposes a tight timeline that leaves no room for unforeseen issues or adversity. Increasing the OPEB valuation schedule from every other year (biannual) to every year (annual) effectively eliminates this risk and improves compliance with GASB 75 reporting requirements.

Annual OPEB valuations is consistent with the frequency performed with the pension schedule.

Triannual Experience and Assumptions Studies is consistent with the frequency performed with the pension schedule.

Triennial Audits (i.e., Valuation Audit and Experience Study Audit) is consistent with the frequency performed with the pension schedule.

LACERA has initiated various discussions with the various plan sponsor stakeholders over the past 24 months to facilitate the implementation of GASB 74 and 75 and the development of a policy on OPEB actuarial projects necessary to meet all the objectives of a prudent plan. The formalization of this policy and the associated schedule integrate and culminate these joint efforts.

LACERA Executive Office has initiated various discussions over the past eighteen months to facilitate the development of a policy on OPEB actuarial projects necessary to meet all the objectives of a prudent plan. The formalization of this policy and the associated schedule integrate and culminate these joint efforts.



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Exhibit A



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Schedule of LACERA OPEB Actuarial Valuation and Audit Projects

	OPEB Actuarial Projects			
	Valuation	Experience and Assumption Study	Audit of Valuation	Audit of Experience and Assumption Study
Frequency	Every 2 Years	Every 3 Years	Every 6 Years	Every 6 Years
Fiscal Year Ending				
2006	X		X	
2007				
2008	X	X		
2009				
2010 ⁽¹⁾	X	X	X	X
2011				
2012	X			
2013		X		
2014	X			
2015				
2016 ⁽²⁾	X	X	X	X
2017				
2018	X			
2019		X		
2020	X			
2021				
2022 ⁽²⁾	X	X	X	X

Summary of LACERA OPEB Policy and Objectives

	OPEB Actuarial Projects			
	Valuation	Experience and Assumption Study	Audit of Valuation	Audit of Experience and Assumption Study
Frequency	Every 2 Years	Every 3 Years	Every 6 Years	Every 6 Years
Requirement	GASB 43	OPEB Policy	OPEB Policy	OPEB Policy
OPEB Policy Primary Objectives	Compliance	Data Consistency and Operating Efficiency - Immediately Following Pension Experience and Assumption Study	Consistency with Pension Policy - Audit of Every 3rd Valuation	Consistency and Efficiency - In Conjunction with Audit of Valuation

Footnotes

(1) For fiscal year ending on June 30, 2010, all OPEB actuarial projects will be performed for the same fiscal year-end for the first time.

(2) For fiscal years ending on June 30, 2016 and on June 30, 2022, the full 6-year cycle will repeat. During the intervening years, various projects will be performed as scheduled.

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Schedule of LACERA OPEB Actuarial Valuation and Audit Projects

	OPEB Actuarial Projects			
	Valuation	Experience & Assumption Study	Audit of Valuation	Audit of Experience & Assumption Study
Frequency	Every 2 Years	Every 3 Years	Every 6 Years	Every 6 Years
Fiscal Year Ending				
2006	X		X	
2007				
2008	X	X		
2009				
2010 ⁽¹⁾	X	X	X	X
2011				
2012	X			
2013		X		
2014	X			
2015				
2016 ⁽²⁾	X	X	X	X
Frequency	Every Year	Every 3 Years	Every 3 Years	Every 3 Years
Fiscal Year Ending				
2017	X			
2018 ⁽³⁾	X	X	X	X
2019	X			
2020 ⁽⁴⁾	X	X	X	X
2021	X			
2022	X			
2023 ⁽⁴⁾	X	X	X	X
2024	X			
2025	X			
2026 ⁽⁴⁾	X	X	X	X
2027	X			
2028	X			

Schedule of LACERA OPEB Actuarial Valuation and Audit Projects

	OPEB Actuarial Projects			
	Valuation	Experience & Assumption Study	Audit of Valuation	Audit of Experience & Assumption Study
Frequency	Every Year	Every 3 Years	Every 3 Years	Every 3 Years
Requirement	OPEB Policy	OPEB Policy	OPEB Policy	OPEB Policy
OPEB Policy Primary Objectives	Consistency with Pension Policy.	Consistency with Pension Policy. For operating efficiency, lagged one year from Pension Experience and Assumption Study.	Consistency with Pension Policy. For operating efficiency, lagged one year from Audit of Pension Valuation.	Consistency with Pension Policy. For operating efficiency, lagged one year from Audit of Pension Experience and Assumption Study.

Footnotes

- (1) For fiscal year ended on June 30, 2010, all OPEB actuarial projects were performed for the same fiscal year-end for the first time.
- (2) For fiscal year ended on June 30, 2016, the full 6-year cycle (of the prior policy) repeated.
- (3) For fiscal year ending on June 30, 2018, the catch-up 2-year cycle is planned to make efficient use of the Experience Study during the 4 year gap between the old and new policy.
- (4) For fiscal years ending on June 30, 2020, June 30, 2023, and June 30, 2026, the full 3-year cycle repeats. During the intervening years, various projects will be performed as scheduled.

OPEB Valuation and Audit Policy

BOARD OF RETIREMENT
OCTOBER 12, 2017

ROBERT HILL
TED GRANGER

GASB 74/75 Task Force

Established: February 2016

LACERA = 10

County

- CEO Office = 4
- Auditor-Controller = 4

Superior Court = 1

LAFCO = 2

SCAQMD = 2

Little Lake Cemetery District = 1

Plante Moran = 2

MGO = 4

Platinum Consulting Group = 1

BCA Watson Rice = 1

Milliman = 2

Cheiron = 4

Scenario A
Biennial Valuation
Lagged GASB Reporting

	Cycle 1	Cycle 2
Valuation Date	7/1/2016	7/1/2016*
LACERA GASB 74 Reporting Date	6/30/2017	6/30/2018
County GASB 75 Reporting Date	6/30/2018	6/30/2019*

*Not GASB 74/75 compliant. Reporting Date can be a maximum of 30 months (and a day) after the Valuation Date.

Scenario B
Biennial Valuation
Unlagged GASB Reporting

	Cycle 1	Cycle 2
Valuation Date	7/1/2016	7/1/2016
LACERA GASB 74 Reporting Date	6/30/2017	6/30/2018
County GASB 75 Reporting Date	N/A	6/30/2018

Scenario B (Continued)
 Biennial Valuation
 Unlagged GASB Reporting
 Estimated Reporting Complications

	<u>Due Dates</u>			
	LACERA		County	
	F/S	GASB 74	F/S	GASB 75
LACERA Financial Statement Close	8/31			
LACERA Actuary completes GASB 74 Report		9/27		
LACERA External Auditor issues LACERA Financial Statement Opinion	10/15			
County Financial Statement Close			10/31	
LACERA Actuary completes GASB 75 Report				11/15*
LACERA Auditing Actuary completes GASB 75 Review				11/15*
LACERA External Auditor issues GASB 75 Report Opinion				11/30*
County External Auditor reviews GASB 75 Report Opinion				11/30*
County External Auditor issues County Financial Statement Opinion			12/10	

*Biennial Valuation and Unlagged Reporting imposes a timeline that leaves no room for unforeseen issues or adversity. Potential delays at any point in the process increases the risk of untimely actuarial reporting which could derail LACERA Auditor's opinion of the GASB 75 Report, thereby delaying the County Auditor's review and adversely impacting the County's Financial Statement Opinion.

Scenario C
 Annual Valuation
 Lagged GASB Reporting

	<u>Cycle 1</u>	<u>Cycle 2</u>
Valuation Date	7/1/2016	7/1/2017
LACERA GASB 74 Reporting Date	6/30/2017	6/30/2018
County GASB 75 Reporting Date	6/30/2018	6/30/2019

Scenario C (Continued)
 Annual Valuation
 Lagged GASB Reporting
 Estimated Reporting Schedule

	<u>Due Dates</u>			
	LACERA		County	
	<u>F/S</u>	<u>GASB 74</u>	<u>F/S</u>	<u>GASB 75</u>
LACERA Financial Statement Close	8/31			
LACERA Actuary completes GASB 74 Report		9/27		
LACERA External Auditor issues LACERA Financial Statement Opinion	10/15			
LACERA Actuary completes GASB 75 Report				11/1 - 5/31
LACERA Auditing Actuary completes GASB 75 Review				11/1 - 5/31
LACERA External Auditor issues GASB 75 Report Opinion				6/30
County External Auditor reviews GASB 75 Report Opinion				6/30
County Financial Statement Close			10/31	
County External Auditor issues County Financial Statement Opinion			12/10	

EXHIBIT B: Fee schedule in Milliman Contract (exhibit C)

EXHIBIT C

**ACTUARIAL CONSULTING SERVICES AGREEMENT
FEE SCHEDULE**

Retirement Plan Consulting	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	5 YR TOTAL
Project 1 - Actuarial Valuation	\$ 75,000	\$ 75,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 390,000
Project 2 - Triennial Experience Study			\$ 47,500			\$ 47,500
Project 3 - STAR Valuation	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,500	\$ 11,500	\$ 56,000
Project 4 - Actuarial Table Update	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 75,000
Project 5 - Section 415 Testing	\$ 32,500	\$ 35,000	\$ 37,000	\$ 39,000	\$ 40,000	\$ 183,500
Project 6 - GASB 67 - Financial Reporting	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,500	\$ 8,500	\$ 41,000
Project 7 - GASB 68 Financial Reporting	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,500	\$ 8,500	\$ 41,000
Project 8 - Actuarial Consulting	\$ 72,000	\$ 72,000	\$ 75,000	\$ 75,000	\$ 78,000	\$ 372,000
TOTAL - ANNUAL	\$ 221,500	\$224,000	\$281,500	\$237,500	\$241,500	\$ 1,206,000

OPEB Program Consulting	FY 2017	FY 2018⁽¹⁾	FY 2018 Revised	FY 2019	FY 2019 Revised	FY 2020	FY 2020 Revised	FY 2021	FY 2021 Revised	5 YR TOTAL	5 YR TOTAL Revised
Project 1 - Actuarial Valuation & Consulting											
Valuation Report - LA County	\$ 127,500	\$ 130,000	\$ 184,000	\$ 132,500	\$ 192,500	\$ 135,000	\$ 195,800	\$ 137,500	\$ 199,100	\$ 662,500	\$ 898,900
Valuation Report - SCAQMD ⁽²⁾	\$ 20,000	\$ 20,000	\$ -	\$ 20,000	\$ -	\$ 20,000	\$ -	\$ 20,000	\$ -	\$ 100,000	\$ 20,000
Census Data Analysis	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 110,000	\$ 110,000
Annual Consulting	\$ 52,500	\$ 55,000	\$ 94,000	\$ 57,500	\$ 63,250	\$ 60,000	\$ 66,000	\$ 62,500	\$ 68,750	\$ 287,500	\$ 344,500
Consulting - Cost Sharing to Agent Plan Reporting Change⁽³⁾			\$ 15,000		\$ -		\$ -		\$ -	\$ -	\$ 15,000
Project 2 - Experience & Assumption Study		\$ 85,000	\$ 98,000			\$ 87,500	\$ 114,400			\$ 172,500	\$ 212,400
Project 3 - GASB 74 - Financial Statement ⁽⁴⁾	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ -	\$ 8,500	\$ -	\$ 8,500	\$ -	\$ 41,000	\$ 16,000
Project 4 - GASB 75 - Financial Statement ⁽⁵⁾		\$ 8,000	\$ 8,000	\$ 8,000		\$ 8,500		\$ 8,500		\$ 33,000	\$ 8,000
Financial Statement - LA County, LACERA, Superior Court					\$ 46,200		\$ 47,300		\$ 48,400		\$ 141,900
Financial Statement - SCAQMD					\$ 9,500		\$ 9,900		\$ 9,900		\$ 29,300
TOTAL - ANNUAL (TLR/PVA/ES)	\$ 230,000	\$328,000	\$429,000	\$248,000	\$333,450	\$341,500	\$455,400	\$259,000	\$348,150	\$ 1,406,500	\$ 1,796,000
TOTAL AUDITING	\$ 451,500	\$552,000	\$653,000	\$529,500	\$614,950	\$579,000	\$692,900	\$500,500	\$589,650	\$ 2,612,500	\$ 3,002,000

- FY refers to the valuation work related to the fiscal year end date. For example, FY 2019 refers to the 6/30/2019 valuation work performed in the period July 1, 2019 to June 30, 2020.
- (1) FY refers to the valuation work related to the fiscal year end date. For example, FY 2019 refers to the 6/30/2019 valuation work performed in the period July 1, 2019 to June 30, 2020.
 - (2) Valuation Report for SCAQMD not required under agent model as the Outside District is not prefunding the OPEB Program
 - (3) Additional consulting services required to implement the new accounting standards (GASB 74/75)
 - (4) Beginning with FY 2019 Valuation, GASB 74 financial reporting is no longer required under the agent model
 - (5) GASB 75 financial reporting under agent model requires separate sections by agent

EXHIBIT C: Fee schedule in Cavanaugh Macdonald Contract (exhibit C)

EXHIBIT C

**ACTUARIAL AUDITING SERVICES AGREEMENT
FEE SCHEDULE - NOT TO EXCEED**

Retirement Plan Auditing	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	5 YR TOTAL
Project 1 - Auditing of Actuarial Valuation			\$ 70,000			\$ 70,000
Project 2 - Auditing of Triennial Experience Study			\$ 45,000			\$ 45,000
Project 3 - Audit of GASB 68		\$ 15,000		\$ 16,000		\$ 31,000
TOTAL - ANNUAL	\$ -	\$ 15,000	\$ 115,000	\$ 16,000	\$ -	\$ 146,000

OPEB Program Auditing	FY 2017	FY 2018	FY 2019	FY 2020	FY 2020 Revised	FY 2021	FY 2021 Revised	5 YR TOTAL	5 YR TOTAL Revised
Project 1 - Audit of Actuarial Valuation									
Test Lives Review		\$ 75,000		\$ 75,000	\$ 75,000			\$ 150,000	\$ 150,000
Parallel Valuation Audit		\$ 100,000		\$ 100,000	\$ 100,000			\$ 200,000	\$ 200,000
Test Lives and Parallel Valuation Review		\$ 120,000		\$ 120,000	\$ 120,000			\$ 240,000	\$ 240,000
Project 2 - Audit of Experience Study		\$ 38,000		\$ 38,000	\$ 38,000			\$ 76,000	\$ 76,000
Project 3 - Audit of GASB 75 ⁽¹⁾		\$ 15,000	\$ 15,000		\$ 17,500	\$ 15,000	\$ 17,500	\$ 45,000	\$ 65,000
TOTAL - ANNUAL (TLR/PVA/ES)	\$ -	\$ 348,000	\$ 15,000	\$ 333,000	\$ 350,500	\$ 15,000	\$ 17,500	\$ 711,000	\$ 731,000
TOTAL AUDITING	\$ -	\$ 363,000	\$ 130,000	\$ 349,000	\$ 366,500	\$ 15,000	\$ 17,500	\$ 857,000	\$ 877,000

(1) Fee increases due to change from OPEB Cost Sharing to Agent Plan Model

April 15, 2020

TO: Trustees - Board of Investments

FROM: Jon Grabel 
Chief Investment Officer

FOR: May 13, 2020 Board of Investments Meeting

SUBJECT: **REAL ESTATE PERFORMANCE REPORTING
REVIEW OF PROCESSES AND CONTROLS**

Staff began examining ways to improve and enhance the real estate workflow processes in Q2 2018 with a recommendation to issue an RFI for a third-party real estate administrator. One of the desired benefits from such a provider was increased internal controls and transparency. The RFI results, along with the suggested operational enhancements from the search team's real estate process workflow review, were shared with the Board in May and July 2019. One of the recommendations from the July report resulted in an RFP for an Alternative Assets Administrator. This search is currently underway, with completion expected in the second half of 2020. The Board-approved provider is expected to become the performance book of record for real estate and other private investment strategies.

Subsequent to initiating this search, staff identified several real estate performance reporting errors and process deficiencies. Staff has now completed a comprehensive review of historical real estate performance covering the ten-year period ending June 30, 2019. Staff has implemented interim enhancements to its controls by revising and strengthening the processes and procedures used to monitor real estate performance. Permanent enhancements to controls would result from retaining a third-party real assets administrative service provider as contemplated by the ongoing RFP. Additional transparency will result from the retention of Altus, the real estate appraisal management provider that was selected by the Board in February 2020.

Over the 10-year period, staff's review identified numerous data input errors and omissions to the real estate performance record that have resulted in understatements in value of up to \$114 million and overstatements in value of up to \$187 million. A planned one-time adjustment to the performance records of: (i.) the real estate consultant/book of record, The Townsend Group; and (ii.) the master custodian, State Street Bank, will bring them in alignment for future reporting purposes.

The cumulative impact that performance errors have had on the time-weighted return for real estate over the 10-year period was -0.11%. The net-of-fee, 10-year return was reported as 7.54% when the correct return was 7.44%. Since real estate comprises approximately 10% of the total fund,

the total fund return was impacted by an estimated -0.01%. Returns are summarized on **TABLE 1** below.

TABLE 1
Real Estate Net of Fee Performance (Estimated)
(As of June 30, 2019)

Period	Corrected	Originally Reported	Real Estate Change	Total Fund Change*
1-yr	4.92%	4.87%	0.05%	0.01%
3-yr	7.06%	6.98%	0.08%	0.01%
5-yr	8.74%	8.63%	0.10%	0.01%
10-yr	7.44%	7.54%	-0.11%	-0.01%

* Estimate based on real estate being approximately 10% of the fund portfolio.

While the impact of staff's review and findings are significant relative to prior lapses in controls over real estate performance information, they were limited to reported performance. The financial section of the Comprehensive Annual Financial Report was accurate since it is based on audited financial statements, not the performance report. The performance errors would not have impacted LACERA's funding ratio, employer contribution rates, or employee contribution rates. Further, there is no known impact on the fees paid to real estate managers since fees are generally based on net income, not market value. Additional research will be conducted on this issue.

Meketa Investment Group ("Meketa") was retained to independently review staff's review plan and findings. Meketa was given unfettered access to all staff's work product. Meketa was also asked to identify best practices for real estate investment operations, evaluate book of record best practices, and evaluate LACERA's real estate business model for efficiency and efficacy. **Attachment A** is Meketa's findings and report.

It is important to note that this comprehensive analysis identified a prior recommendation made to the Board of Investments by Ennis Knupp + Associates (Ennis). Specifically, Ennis conducted a fiduciary review of LACERA's investment related operations in 2008. The firm delivered a memorandum and report to the BOI in April of that year. In the report, Ennis identified deficiencies in the performance reconciliation processes similar to the ones in the current analysis. Ennis recommended improvements to the performance reporting methodology used between LACERA and Townsend.

Staff recognizes that the accuracy, transparency and integrity of performance information is critical. We have identified and corrected past deficiencies in controls and processes. Assessments of individual vendor contributions to past errors are underway and further recommendations to the Board will be forthcoming. Finally, the planned permanent enhancements to controls and processes will more fully integrate real estate with Investment Office standards and practices.

Attachment

Los Angeles County Employees Retirement Association

March 16, 2020

Real Estate Presentation

Christy Fields

*Managing Principal
Head of Real Estate
Portfolio Solutions*

Christy Gahr

*Principal
Real Estate*

Brandon Jernigan

*Vice President
Manager of Performance Analytics*

Executive Summary



Los Angeles County Employees Retirement Association

Scope of Work

I. Review Staff's reconciliation process and calculations to ensure that net asset values and performance figures are accurate for all historical periods reviewed.



• **Met with RE Staff to develop nuanced understanding of performance data issues.**

• **Assisted RE Staff with organization and methodology of reconciliation effort.**

• **Participated in regular calls to review status of work.**

• **Assessed historical performance book of record activities relative to industry best practice.**

• **Interviewed various LACERA Staff members to better understand internal processes in real estate and other asset classes.**

• **Reviewed Investment Policy, Townsend reports, and Staff BOI memos to understand history of the real estate program.**

• **Reviewed sample investment management agreement, portfolio performance hurdles and separate account fees to understand vehicle structure and alignment of interests.**

• **Reviewed annual Management Investment Plans and all Manager Meeting materials to understand portfolio strategy.**

• **Assessed historical portfolio performance relative to the benchmark and other available investment vehicles.**

• **Interviewed separate account managers for additional context.**

II. Identify best practices for real estate operations, including reconciliation and reporting. Recommend one or more operating frameworks for LACERA to consider.



III. Evaluate book of record best practices as it relates to LACERA's real estate program.



IV. Evaluate LACERA's real estate business model for efficiency and efficacy.





Summary of Findings

- **There were reporting errors that occurred as a result of the real estate performance book of record arrangement, but no evidence of intent to misrepresent market values or performance.**
- **Insufficient internal processes and controls contributed to reporting errors.**
- **No one person or party was responsible for the integrity of the real estate performance data.**
- **LACERA's real estate implementation model which relies heavily on separately managed accounts and "funds of one" has generally not produced expected risk-adjusted returns.**

Recommendations

- **Align the performance reporting processes of the real estate program with those of LACERA's other asset classes to bolster controls and uniformity of the performance book of record.**
- **Develop formal, written desktop procedures to guide the real estate program's operations.**
- **Proceed with RFP for third-party administration services provider to augment reinforced internal processes.**
- **Refine real estate implementation model to (i) better support investment objectives, (ii) incorporate best practices around portfolio construction and alignment of interests, and (iii) align with the size and skills of investment team resources.**

Scope of Work / Reconciliation
Review of Staff Process



Review of Staff's Reconciliation Process

Meketa provided up-front guidance and periodic feedback throughout the reconciliation process around critical elements, recommended processes, and results of the reconciliation process.

Meketa Summary Observations

Discrepancies between the Townsend real estate performance book of record and State Street Bank data:

- **Were numerous and material.**
- **Varied widely in underlying cause.**
- **Occurred across investment vehicle types (separately managed accounts, funds of one, and commingled funds) and sub asset classes (i.e., real assets, growth, credit).**
- **Represented both positive and negative impacts to the portfolio value and/or returns.**
- **Arose and persisted as a result of errors and/or lack of controls across the various parties.**
- **Exhibited no clear pattern or intent to misrepresent.**



Reconciliation Process Outcomes

- **The identification and investigation of the vast majority of prior period adjustments and their impact on investment-level, sub asset class-level, and portfolio level returns.**
- **Materially improved confidence in historical real estate performance and valuations.**
- **Identification of the primary causes of historical discrepancies:**
 - **Staff, consultant and managers each playing a discrete role.**
 - **Lack of coordination among parties.**
 - **No one party managing the performance book of record.**
- **One-time adjustment to both the State Street and Townsend data sets to bring them into alignment for go-forward performance reporting purposes.**
- **Development of new desktop procedures to enhance control, oversight and accountability of real estate reporting function.**

Scope of Work / Best Practices
Operations, Including Reconciliation and Reporting



Operational Best Practices

Implementing strong operational processes and controls is essential to appropriately monitoring and reporting on any Real Estate portfolio. Errors in the recording of cash flows or valuations for any given investment can have an impact on both the accuracy of performance reporting for the given investment and the portfolio as a whole. Additionally, ensuring the appropriate items are monitored and reported on regularly is essential to truly understanding the performance of a portfolio. When implementing appropriate operational best practices, attention should be paid to:

- **Performance Calculations**
- **Document Storage**
- **Reporting Elements**
- **Cash Flow Coordination**
- **Cash Flow and Valuation Reconciliations**
- **Annual Budgeting and Planning**



Performance Calculations

The IRR (internal rate of return) is the most meaningful measure of performance for any closed-end fund, where the manager controls the timing of capital deployment and repatriation. IRR measures how assets are performing with respect to how investment managers deploy and return capital to investors — which is the most critical element of analyzing, and reporting on private market investments.

Because most multi-asset, multi-manager portfolios are also evaluated on a time-weighted basis using the modified Dietz formula as the prevailing methodology, it is also important to understand the introduction of “lag” in terms of time weighted performance. Time-weighted performance may use the last official valuation and cash flow adjust between valuation periods which is what creates the “lag” in the portfolio.



Document Storage

All relevant fund and plan documents should be stored for a seven-year period.

Plan Documents

- **Quarterly Capital Statements**
- **Cash Flow Statements**
- **Management and Incentive Fee details**
- **Subscription & Legal Agreements (detailing commitment amounts and agreed to terms)**

Fund Documents

- **Quarterly Financial Statements**
- **Quarterly Reports**



Essential Reporting Elements

There are some reporting elements that are essential to an informative investment presentation with respect to performance, capital accounting, and valuation. These items should be considered indispensable to ensure reporting paints a complete picture of investment performance.

Essential performance elements:

- **IRR**
- **Net Multiple**

Essential capital account elements:

- **Total Commitment**
- **Contributions**
- **Distributions**
- **Current Unfunded Commitments**

Essential valuation elements

- **Current valuation**

These reporting elements should also be presented on an investment by investment basis, in addition to the aggregate level information detailed above. Commitment amounts, contributions, distributions, unfunded commitments, current valuation, and relevant performance elements should be present for each investment on every investment presentation.



Additional Elements

Plan Details

Comprehensive tracking of financial commitments and quarterly cash flows gives a clear picture of outstanding unfunded commitments at both fund and total portfolio levels.

Working with investment managers upfront on reporting methodology, such as performance return calculations and market value reporting, helps ensure investment metrics are consistent among all funds.

Fund Details

Tracking factors that affect the performance of real estate investments provides relevant insight when evaluating a fund's performance. Specific characteristics may include geographic location, property type, property lifecycle and average size of investments.

Notably, the quarterly review of total underlying debt of real estate investments, including fund, investment and joint-venture level debt, provides an understanding of leverage ratios, cost of debt, and loan expirations, which inform the portfolio management and risk management functions.

Evolving Data Opportunity

Real estate investment managers are making efforts to improve ESG policies and practices. GRESB, LEED, Energy Star and other progressive ratings are becoming more available for measuring and monitoring risk, setting goals, and informing follow-on investment decisions.

Compliance with Investment Policy and Strategic Planning Documents



Cash Flow Coordination

- **Cash flows should be managed internally or through a fund administrator with a rigorous multi-step verification and approval process.**
- **Responsible parties should engage in proactive coordination and communication with managers to ensure accuracy of cash flow processing.**
- **All cash flow transfers should be confirmed with General Partners and the custodian bank, and the recording of such cash flows should be reconciled between each book of records.**
- **Wire instructions and account numbers should be monitored closely for changes to enhance security and execution. Wire instruction changes should be confirmed directly with a contact at the relevant investment manager.**
- **All cash flows and valuations based on information from Managers should be independently confirmed.**
 - **Depending on staff resources, there should be a sampling or 100% validation of aggregate cash flows and valuations on a yearly or quarterly basis.**



Cash Flow and Valuation Reconciliation

- **Responsible party should review cash flows and valuations on a quarterly/annual basis against Investment Manager reporting. Material differences identified should be resolved in coordination with all relevant parties (manager, custodian, consultant, staff) to decrease the likelihood of future issues.**
- **Cash flows should be recorded with the most granular level of detail possible, including recording each portion of a cash flow such as deemed contribution, late closing interest, partnership expense (in and out of commitment), purchase of secondary interest, return of excess, tax withholding, tax distribution, unfunded adjustment, capital gain, etc.**
- **Cash flow amounts and classifications should be compared against capital account statements and/or financial statements on a quarterly/annual basis.**

Annual Budgeting and Planning

- **All separate account managers should produce budgets and investment plans on a consistent fiscal year basis to ensure alignment with the stated investment mandates.**
- **Budgets should include capital expenditures and sale or refinancing recommendations as well as detailed revenue and expense items.**
- **Such budgets and investment plans should be taken into consideration during audit and reporting efforts.**

Scope of Work / Books of Record

Introduction, Pros and Cons



Books of Record – Introduction to Various Books of Record

Defining data sources, uses, and purpose of recordkeeping can be an arduous, but worth while exercise resulting in well-defined reporting operations. Using multiple books of record can result in a better depiction of portfolio related data. Accounting, Investment, and Performance are all types books of record that come with various pros and cons within a multi-asset and multi-manager portfolio.

Accounting Book of Record

The accounting book of record is a collection of line item entries that represents the assets official closing price as of the end of the period. The accounting book of record is typically generated by the custodian of the assets. Beginning and ending market values as well as cash flows are recorded by the custodian and serve as official record of transactional activity.

Investment Book of Record

The investment book of record is the book of the investment manager. Every investment manager uses information gathered by themselves, their administrators, and the bank at which their assets are custodied. They then provide performance information based off of their books.

Performance Book of Record

The performance book of record is the collection of information that could be a combination of the accounting book of record and the investment book of record. The data inputs use for this book may contain preliminary information for the express purposes of generating the most up-to-date investment report possible. The performance book of record is generally created by a separate internal team (or external if using a vendor or consultant) and is widely considered a “middle office” function. The purpose of this book is to aggregate the most up to date information to provide a performance or risk perspective on the portfolio.



Books of record – Pros and Cons

Each book of record produces pros and cons with respect to the production of the investment presentation.

Accounting Book of Record

The use of the accounting book of record for an investment presentation is less common because of its main con: the data tends to be stale. There is no allowance for information that may come in at a later date as well as this tends to present various issues when dealing with private markets. The data is updated on a very set schedule and in a multi-manager/multi-asset class environment its formalized ‘book closure’ doesn’t lend well to the presentation of the most up-to-date information. The biggest pro to this approach: the information is official—all pricing is final and the information has been validated by the custodian.

Investment Book of Record

Using the investment book of record to produce the investment presentation can provide better insight into the portfolio. The advantage to this approach is that it is generally current and includes estimated records which can be valuable in the presentation of performance and portfolio risk analysis. What may be lost in this approach is objectivity. Can one perform a fiduciary duty when the records are coming from those who benefit the most? The introduction of that question can undermine this approach which makes it the least used as a sole method to produce an investment presentation.

Performance Book of Record

The creation of a performance book of record is an attempt to bridge all worlds. The struggle of a performance team is to take the data source, validate its results, and determine if it is truly the best data source to be included to then produce a portfolio analysis. The pro to this approach is the ability to display what is best for the portfolio without extreme compromise. The con to this approach is one must have a well-defined reconciliation process to clarify what information is used and why it was included.



Los Angeles County Employees Retirement Association

Real Estate / Best Practices Books of Record

Book of Record Best Practices

- **Our recommendation is to maintain all three books and use the performance book as the source of the investment presentation.**
- **Internally, communication between various areas must be clear on what is represented within the investment presentation, as well as what each book of record represents.**
- **A well-constructed reconciliation process is a must and we would recommend the following:**
 - **A control sheet (preferably an electronic programmatic approach) that can easily show what data is being used and who is reviewing the data.**
 - **Thresholds that are defined and reviewed. This is a ‘best fit’ approach. How different does data need to be to trigger a conversation with various providers? Using different sources, it can be impossible to have all sources match, so whatever is decided must be reviewed.**
 - **Multi-level review. Each person reviewing the books of record and creating the investment presentation must be able to use their expertise to answer the questions: is this presentation accurate and is it the best representation of the most pertinent information.**
- **New Investment: any new commitment, co-investment, or separate account is updated by LACERA-dedicated staff at Townsend and State Street. Submit new investment form to Townsend.**

Banking Best Practices

- **Ensure team is specialized and well-trained on nuances within portfolio.**
- **Team should be experienced and easily accessible and available to client.**
- **Re-evaluation of team quality and service accuracy should be conducted on a routine basis.**

Scope of Work / Business Model Review



A Snapshot of the LACERA Real Estate Portfolio:

- **87% (\$5.3 billion) held in 16 Separately Managed Accounts (SMAs) and funds of one.**
- **74% in core assets.**
- **Currently five active separate account managers (four equity and one debt), managing a total of \$3.2 billion in assets. This is down from a peak of 12 separate account managers historically.**
- **180 special purpose entities that hold title to LACERA's separately managed properties.**
- **21 commingled funds.**



Los Angeles County Employees Retirement Association

Business Model Review / RealEstate

A Snapshot of the LACERA Real Estate Portfolio as of September 30, 2019

- In general, the core portfolio has trailed the benchmark; the value add funds have trailed the core funds; and there has been stronger returns post GFC in the opportunistic investments.

	Market Value (\$ billions)	One Year Net Return (%)	Five Year Net Return (%)	Ten Year Net Return (%)
Core	4,535	2.8	8.1	8.7
Value Add	341	-8.6	4.2	2.8
Opportunistic	1,053	8.9	12.6	3.0
Total	6,121	3.2	8.5	7.6
ODCE Net + 100bps		5.7	9.4	10.9
Over/Under Performance		-2.5	-0.9	-3.3

	Market Value (\$ billions)	One Year Net Return (%)	Five Year Net Return (%)	Ten Year Net Return (%)
All Commingled Funds	788	9.2	9.4	5.8
All Separate Accounts and Funds of One	5,332	2.8	8.6	7.8
Core Separate Accounts	3,999	2.2	8.1	8.6
ODCE Net		4.6	8.4	9.8
Over/Under Performance		-2.4	-0.3	-1.2



LACERA's Separate Accounts Differ From Others in the Marketplace

- **Historically, a fee for services compensation model**
- **No Manager co-investment**
- **Fee efficiency (60bps across core separately managed accounts); but not without offsetting impacts**
- **Reduced alignment of interests**
- **Overlapping mandates and investment guidelines**
- **Portfolio construction (manager driven / bottom up with direction from real estate Staff)**
- **Performance accountability**
- **Agency issues**
- **Operational complexity**
- **Staff performs many ministerial and procedural activities that are not value-add (re-think concept of control)**



Recent changes to the business model include:

- **Reduction in number of active separate account managers from seven to five, with expectation to further reduce this number to four.**
- **Have eliminated incentive fees on separate account core investments.**
- **All separate accounts have been modified to include performance benchmarks to more clearly articulate performance expectations and align the managers' interests with those of LACERA.**
- **Addition of Investors Diversified Realty (IDR) index fund exposure to open-end core fund universe.**
- **Pursuit of third party administration services provider and third party valuation oversight services provider to enhance operations and valuation practices.**



Considerations for further business model refinement

- **Clearly articulate LACERA's values and investment objectives and drive them through the asset class and investment team processes to enhance likelihood of strong performance.**
- **Align real estate operating, reporting and investment activities with those of the rest of the Fund (real estate should not be an outlier from a process perspective).**
- **Formalize and document all critical real estate investment and management processes, and review regularly.**



Considerations for further business model refinement

- **When reviewing separate account program, evaluate and address:**
 - **Size of program (separate accounts will have more asset concentration issues than large commingled open-end funds)**
 - **Staff resources (underwriting and monitoring)**
 - **Efficiencies**
 - **Structural issues that prevent a more strategic approach to investment implementation**
 - **Potential externalities and agency issues that may persist**
 - **Overlapping strategies**




Considerations for Further Business Model Refinement

- **Focus team's efforts on where team can add value.**
- **Only take on complexity where there is conviction the System will get paid for it.**
- **Integrate third-party data analytics service provider to enhance portfolio monitoring and management.**
- **Implement regular partnership reviews (to validate or refute relationship capture).**
- **Allocate capital based on strategic house views and manager performance rather than manager capital balances.**

FOR INFORMATION ONLY

March 25, 2020

TO: Trustees – Board of Investments

FROM: Jonathan Grabel 
Chief Investment Officer

SUBJECT: **Functional Asset Category Update – Growth Investments**

The Investments Division will be providing periodic updates on the functional asset categories. Below is the update on the Growth asset category, which includes Global Equity, Private Equity, and Opportunistic Real Estate. This note also includes an update on LACERA's securities lending program.

Global Equity

LACERA has been closely monitoring developments with respect to COVID-19 to ensure that our equity managers are able to provide investment management services and to ensure that there have been no disruptions to business operations including portfolio management, research, trading, and client services.

The Global Equity team reached out to all of our managers to assess the impact of COVID-19 on their staff, investment operations, and portfolios. The managers assured the team that their business continuity, systems, and processes were in place for them to provide uninterrupted service to LACERA. Some of the steps taken by our managers included:

1. Implemented remote and work-from-home operations
2. Restricted nonessential business travel
3. Enacted visitor restrictions policy and self-quarantine guidance to employees
4. Instituted education, training, and preventative measures as recommended by the CDC and other healthcare agencies

The team is having ongoing conversations with our managers to discuss the initial impact to LACERA's portfolios to determine if there were any extraordinary unintended risks as market volatility spiked. As of March 25, 2020, LACERA's Global Equity portfolio has tracked very tightly with the MSCI ACWI IMI index.

Portfolio Positioning

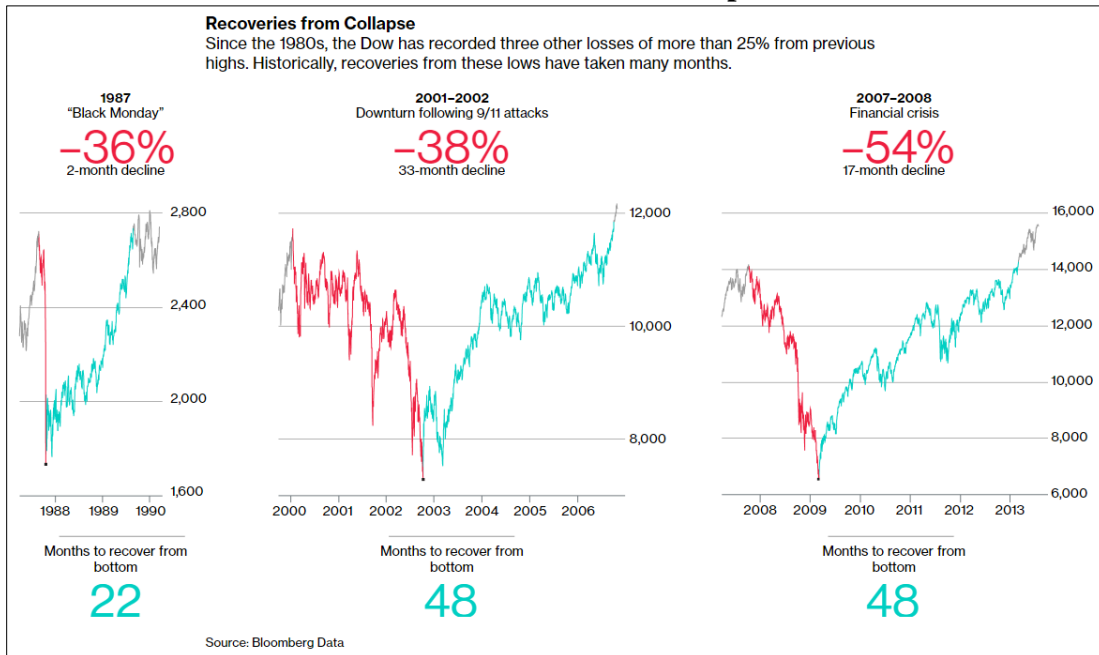
The Global Equity portfolio is composed of passive, active, and potentially, factor strategy allocations. The passive exposure is performing in-line with the benchmark and is designed to mimic the broad markets. Our active managers are currently positioned defensively during this COVID-19 crisis because they specifically target companies with strong balance sheets that trade

at relatively cheaper multiples than comparable companies in their respective markets. During times of market duress, companies with these characteristics tend to be more resilient and can opportunistically gain market share.

Going forward, staff anticipates that a potential factor strategy will enhance the risk profile of the Global Equity portfolio in a few ways. Factor strategies target securities with the same characteristics that many active managers invest in, but at significantly reduced fees. The liquidity profile of the Global Equity portfolio should be improved given that the typical Factor Strategy manager has a very large capitalization bias and these stocks tend to be very liquid. The credit profile of the Global Equity portfolio should also be enhanced given that these large capitalization companies tend to have more robust balance sheets than the smaller capitalization companies that populate our active managers' portfolio.

The sharp and steep decline of global equity markets has investors speculating on the duration of the market sell-off and its eventual recovery. According to research conducted by Bloomberg, since the 1980s there have been three other periods in which the Dow Jones Industrial Average¹ ("Dow") has lost more than 25% from prior peak, as illustrated in **Chart 1**. On average, U.S. stock markets have taken 39 months to recover from bottom to peak. However, in each of the prior two declines, the market took 48 months to recoup losses.

Chart 1
Dow: Recoveries from Collapse



Source: Bloomberg.com.

Regionally, the broad U.S. markets as measured by MSCI USA IMI Index were down 17.4% for the month ending March 25, 2020 and down 24.3% for the year. Non-U.S. markets, as

¹ Dow Jones Industrial Average is a stock market index that measures the stock performance of 30 large companies listed on stock exchanges in the United States.

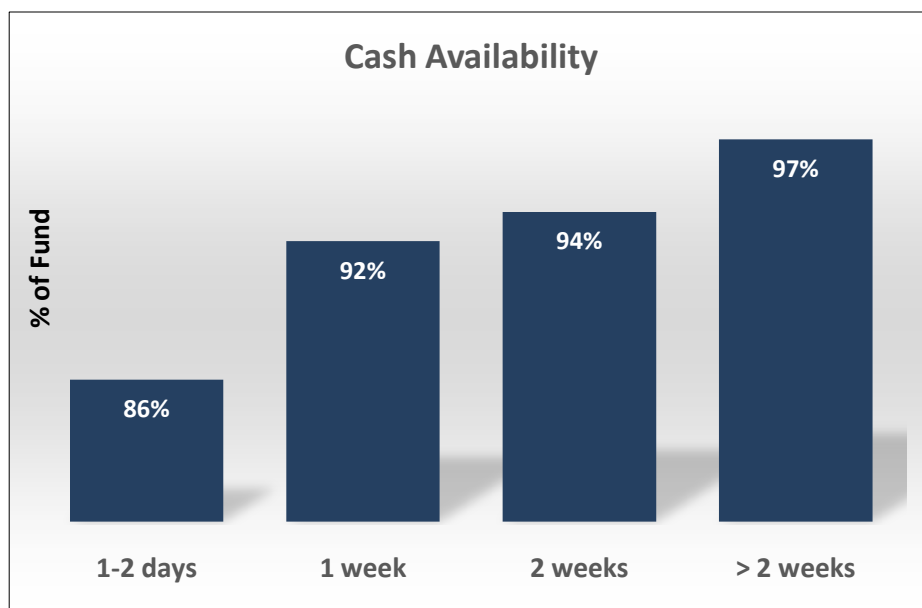
represented by the MSCI ACWI ex-US IMI Index, matched their U.S. counterparts for the month falling 17.4%, and declined 26.2% year-to-date. Emerging markets fell 17.6% during the month and 25.7% year-to-date.

At the sector level, defensive sectors—such as consumer staples, healthcare, and utilities outperformed on a relative basis for the month ending March 25, 2020. The cyclical sectors led by energy stocks were the laggards. Energy stocks lost 31.2% within the month. Real estate, financials, and the industrials sectors also posted sizable losses declining 23.7%, 23.7% and 20.6% respectively for the month.

Global Equity Liquidity Analysis

Staff reached out to each of LACERA’s Global Equity managers to assess their liquidity. Summary findings of the liquidity analysis in **Chart 2** indicate that given the current market conditions, 86% of LACERA’s Global Equity portfolio (estimated at approximately \$16.8 billion) can be converted into cash at approximately market value within one to two days, 92% within a week, 94% within two weeks, and 97% within a period greater than two weeks. The remaining 3% of the portfolio has no short-term liquidity as it is invested in activist funds with average lock-up periods of three to five years.

Chart 2
LACERA Global Equity Portfolio
Liquidity Analysis



Source: LACERA-created with data from State Street.

Staff continues to closely monitor the Global Equity portfolio during this dynamic market environment and will keep the Board apprised of any key developments. To reiterate views expressed in last week’s Interim CIO Report, we remain focused on the long-term and will continue to adhere to the strategic allocation approved in the latest structure review.

Private Equity

The Private Equity team reached out to all key LACERA active general partners ("GPs") around the globe to assess the impact of COVID-19 on their firms, portfolio companies, and markets. LACERA inquired about people, operations, financial condition, and projected fund cash flows. From our discussions, several dominant themes became apparent across LACERA's Private Equity portfolio in the U.S., Europe, and Asia.

Across the portfolio, managers undertook a similar sequence of steps as COVID-19 surged in their respective geographies:

1. The GPs first took steps to address the health and safety of the people within their firms and portfolio companies by restricting travel, reducing physical workforce, and enabling remote work solutions for employees.
2. Liquidity is the next immediate focus for both GPs and portfolio company management teams. Many GPs drew down on existing lines of credit and are working with portfolio company management to gain an understanding of near-term debt maturities, ensuring that they have a minimum of three to six months of cash on hand, and are securing bridge loans if necessary.
3. The GPs are working with portfolio company management to better understand how to lessen the operational and financial impact of the downturn, by cutting or deferring variable costs, revising budgets to project slower growth rates, activating business continuity plans, and making adjustments to supply chains, distribution channels, and workforce and product lines to the extent possible.
4. The GPs remain cognizant of the opportunities that might exist during this downturn and continue to monitor the market to identify mispriced or troubled assets.

A handful of LACERA's GPs that were employing lines of credit in place of calling capital from limited partners have subsequently issued large capital calls, freeing up their lines of credit in the event they needed to provide bridge financing to any portfolio companies. Venture capital-backed companies, many of which were not profitable prior to the pandemic and rely primarily on existing balance sheet cash to develop their products, immediately began implementing steps to decelerate cash burn.

While the vast majority of LACERA's portfolio is preliminarily deemed relatively healthy by the GPs, profiles of companies that were more at risk during the pandemic were similar across the globe. Companies in the hospitality, leisure, transportation, energy, retail, travel, and consumer discretionary industries were significantly impacted by the virus-induced downturn. Companies with global supply chains were also negatively impacted by travel restrictions and lockdown measures. Publicly traded companies have suffered as well given the volatility of the public markets across the globe. Companies that were already vulnerable prior to the pandemic now faces more imminent threats that they may not be able to remain a going concern.

Conversely, COVID-19 illuminated favorable characteristics of many companies in the portfolio, some are positioned to thrive in the short term, while others were propelled forward on their expected trajectory. Companies providing telecom infrastructure and services enabling remote

work solutions have thrived during this pandemic. Companies providing consumer essentials have also weathered the downturn well. In general, market leaders in their respective industries have fared better than their lesser-known competitors. Many technology-driven companies in the portfolio were not heavily impacted by the pandemic, and staff anticipates that businesses operating with SaaS subscription-based models, providing online or automated services, or having a strong online and social network presence will become even more attractive to private equity sponsors once the economy stabilizes.

Moving forward, GPs anticipate completing deals that have already undergone diligence, and renegotiating valuations and capital structures when not contractually locked in. Staff anticipates that GPs' ability to source, diligence, and execute on attractive deal flow will likely be hampered by ongoing travel restrictions and debt availability constraints. Limited partners with liquidity concerns or portfolio imbalances may also pressure GPs to slow their deployment and fundraising pace.

Lastly, government fiscal and monetary policy measures can have a significant economic impact, with many countries adopting comprehensive policy measures ranging from generous tax incentives to improve liquidity, paying large portions of companies' payroll to prevent massive layoffs, and central banks functioning as a lender of last resort with loans to companies at low to zero interest rates.

While LACERA's illiquid Private Equity portfolio is not expected to be as volatile as the public markets, a significant valuation adjustment will likely occur in the second quarter of 2020. In these turbulent times, LACERA remains focused on prudent and judicious deployment of capital in the private equity market. Staff is evaluating every general partner fund commitment, analyzing every co-investment opportunity, and inquiring of secondary opportunities coming to the marketplace with the primary objective of continuing to fulfill private equity's objective in the growth portfolio.

Opportunistic Real Estate

Opportunistic Real Estate investments in the growth portfolio consist primarily of development projects. Investments are made utilizing both separate accounts (including funds-of one) as well as commingled funds. Most of LACERA's Opportunistic Real Estate investments via commingled funds are international. While it is too early to assess how liquidity within these investments will be impacted by COVID-19, there are signs that construction and leasing may be negatively impacted in the near term. Although construction continues at most projects within the U.S. unabated by the current economic environment, several municipalities, such as Boston, have temporarily suspended construction.

Leasing has slowed considerably, given the difficulty of conducting in-person leasing appointments and home containment measures. Virtual leasing is taking place, but at a slower than desired pace. Projects may take longer than planned to stabilize given the market uncertainty, which will put pressure on developers to use budgeted reserves to cover operating expenses, including debt service. Once reserves have been exhausted, projects may require additional financing, which can be difficult to obtain during the downturn. Given these unprecedented times, some developers have intentionally postponed construction in order to preserve liquidity. Fortunately, construction lenders so far remain willing to meet funding

obligations. The LACERA separate account portfolio consists primarily of apartment and industrial projects, and staff anticipates that these remain the two property types to be least impacted during this downturn.

Securities Lending

LACERA has two securities lending providers, State Street Bank, which is also LACERA's custodian, and Goldman Sachs Agency Lending ("GSAL"). State Street lends LACERA's non-U.S. equities, U.S. Treasuries, and U.S. Agency securities, whereas GSAL lends LACERA's domestic equities and corporate bonds. State Street is also responsible for reinvesting the cash collateral received from both lending programs in a separate account customized to LACERA's guidelines. The two firms are among the largest, highest-ranked providers in the securities lending industry, and are affiliates of large financial institutions deemed Systemically Important Financial Institutions ("SIFIs"). As such, they are subject to the highest levels of regulatory scrutiny and capital requirements.

Both lending desks are staffed by experienced professionals who have been through market upheavals before. Staff has been in frequent communication with both firms throughout the current crisis, and the consistent message staff has received is that the current market volatility is not having a significant impact on their businesses, and the mechanisms in place to manage risk are performing as intended. Both firms are monitoring counterparty credit closely, and to date, there have been no challenges. In addition, there have been no credit impairments or liquidity challenges in the cash collateral pool that State Street manages.

When LACERA's securities are lent out, we receive collateral, either in the form of cash, or other securities. As of March 24, 2020, LACERA had approximately \$16.8 billion in assets available for lending. About \$1.43 billion of this amount was on loan, resulting in an 8.5% utilization rate. The value of collateral received in exchange for the \$1.43 billion in securities was \$1.5 billion, equal to a 105% collateralization ratio. State Street reports that on average, the securities they lend on LACERA's behalf have more equity market exposure than the collateral they receive in return, so that as equity prices have declined, excess collateral has increased. The value of securities on loan has remained fairly consistent for the past few weeks. The interest LACERA earns on securities lending has increased as the costs associated with lending have decreased in line with the Fed's rate cuts, while our reinvestment portfolio yield has declined more slowly. Portfolio yield declines gradually, as securities mature and the proceeds are reinvested.

Next week there will be an update on the Risk Reduction and Mitigation functional asset category.

FOR INFORMATION ONLY

April 2, 2020

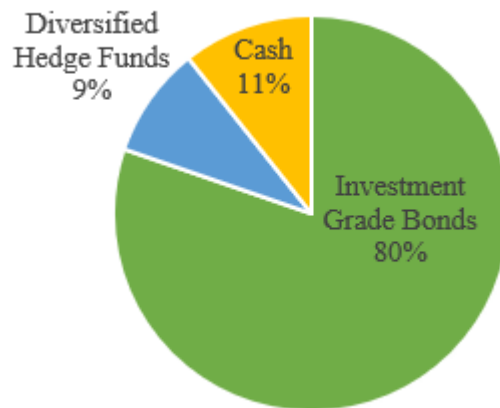
TO: Trustees – Board of Investments

FROM: Jonathan Grabel 
Chief Investment Officer

SUBJECT: **Functional Asset Category Update – Risk Reduction and Mitigation Investments**

The Investment Division will be providing periodic updates on the functional asset categories. Below is the update on the Risk Reduction and Mitigation asset category, which includes Investment Grade Bonds, Hedge Funds, and Cash.

The objective of Risk Reduction and Mitigation is to produce modest returns with a low level of volatility and a low correlation to growth assets. When equity prices decline, this asset category is largely a source of liquidity for benefit payments and for rebalancing. As of March 31, 2020, Risk Reduction and Mitigation represented approximately 27.1% of the Total Fund, which is above the 24% target allocation, but well within its target range of 18% to 30%. A breakdown of the components within Risk Reduction and Mitigation, as of March end, is shown below:



(as percentage of Risk Reduction and Mitigation)

Concerns over the economic impact of COVID-19 sent a shockwave through all financial markets in February and March. In addition to the sharp sell-off in stocks and commodities (most notably oil), Treasury yields reached historic lows, volatility spiked, and corporate bonds (both investment grade but especially high yield) declined at an unprecedented pace. In an effort to alleviate the market disruptions, the Federal Reserve, U.S. Treasury, and the U.S. Congress introduced various programs intended to help consumers, businesses, investors, and markets. Among these were purchase programs/facilities intended to alleviate strains and inject liquidity into the bond market.

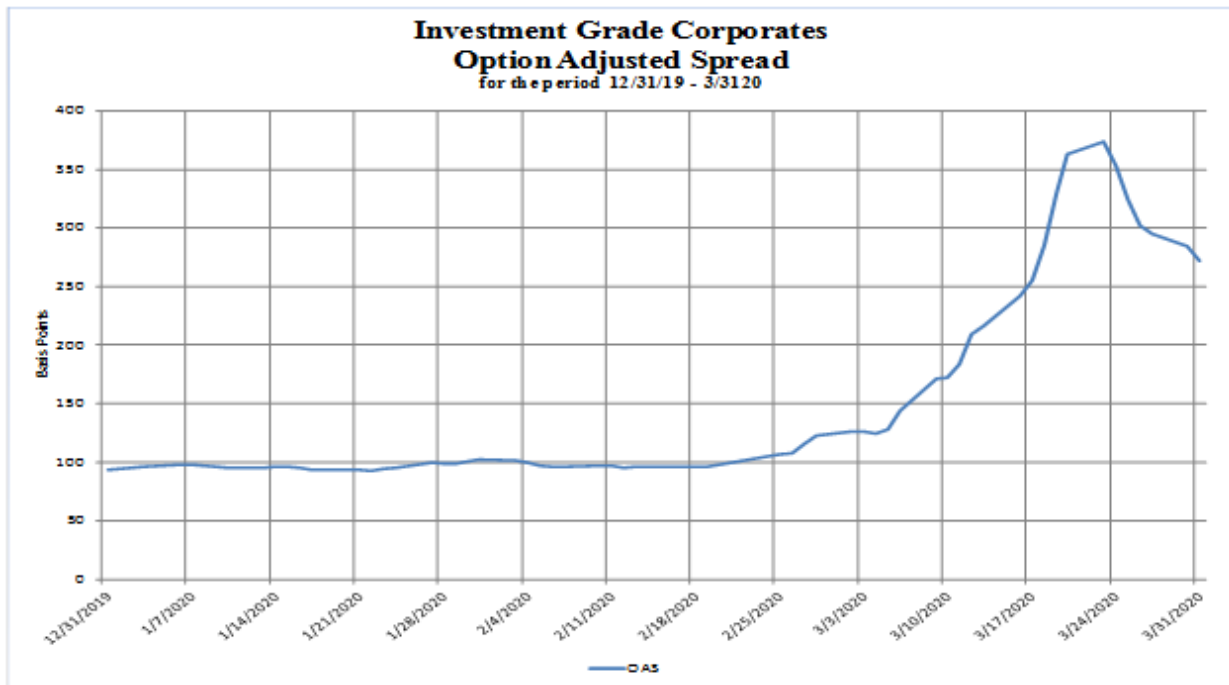
This included purchasing unprecedented amounts of Treasurys, agency mortgage-backed securities (MBS), and various short-term instruments.

Investment Grade Bonds

LACERA's investment grade bond allocation is benchmarked to the Bloomberg Barclays U.S. Aggregate Bond Index which is comprised largely of Treasurys (47%), MBS (27%), and Corporates (24%)—see table below. In times of distress, Treasurys generally outperform Corporates due to the credit risk—the risk of a downgrade or a default—present in corporate bonds. As shown in the table, the two largest sectors, Treasurys and MBS, benefitted from a flight-to-quality and generated positive returns for the quarter: 8.2% and 2.8%, respectively.

As of March 31, 2020			
Index Component	% of Index	March Return	1Q'20 Return
Treasury	40.9%	2.89%	8.20%
Government-Related	5.9%	-3.09%	0.47%
MBS	26.6%	1.06%	2.82%
CMBS	2.1%	-3.13%	1.19%
ABS	0.4%	-2.07%	-0.21%
Investment Grade Corporate	24.1%	-7.09%	-3.63%
Bloomberg Barclays U.S. Aggregate Index	100.0%	-0.59%	3.15%

In contrast, corporate bond prices declined, as the demand shock caused by the pandemic will undoubtedly hurt corporate profitability and cause their financial ratios to deteriorate. As a result, delinquencies and defaults are expected to increase. In response, yield spreads, which represent the incremental yield over comparable maturity Treasurys that investors demand for buying corporate bonds, widened sharply. Markets became severely dislocated in March, causing investors to raise liquidity any way possible. Investors sold what they could, which often meant short-term investment grade corporate bonds. As shown in the following chart, the yield spread offered by corporate bonds widened dramatically, from 100 to over 350 bps, before recovering slightly to just below 300 bps in response to the government programs.



Source: Bloomberg Barclays Live as of March 31, 2020

Despite the poor performance of the corporate sector, overall, the Aggregate index return was 3.15% for the quarter.

LACERA’s portfolio has performed as expected in this volatile environment. Approximately 75% of LACERA’s bond portfolio is in core bond strategies, and about 60% of this 75% is invested in a U.S. debt index fund. The remaining 25% is in core plus strategies. The index fund has closely tracked the benchmark, performing within a basis point of the index. The core portfolio is up nearly 3.0% for the year, underperforming the index by 16 bps. The core plus strategies have lagged the most, as they have a slightly greater risk profile. The core plus portfolios are down 0.8% for the year, underperforming the index by nearly 400 bps. As a reminder, the structure review approved by the Board in 2019 resulted in a reduction to the target Core Plus allocation from 50% to 20%. We will revisit this allocation in the future and assess its relevance in the risk mitigation portion of the Fund. All combined, the investment grade bond portfolio return for March is -1.5% and +2.0% for the year-to-date.

Hedge Funds

The same liquidity factors that drove credit sectors in investment grade bonds lower in March also affected all liquid markets for risk assets and detracted from hedge funds performance. Most hedged strategies delivered negative returns in March. LACERA’s hedge funds program is estimated to have lost 7-8% in March, while the HFRX Global Hedge Fund Index is estimated to have lost 6%.

During March, we had several conference calls with each direct investment manager. Beyond discussing portfolio positioning and markets, we confirmed that each fund had adequate positions of liquidity and that each manager organization was functioning appropriately given the effect of

the health crisis. LACERA has generally not considered the hedge funds portfolio as a source of liquidity during periods of market stress. Even so, LACERA's direct hedge funds have not imposed gates which would prohibit investors from redeeming under their normal schedules. We consider each of the managers in the direct portfolio as an institutional quality firm with established practices in operations and compliance. As a reminder, LACERA's consultant has independently conducted operational due diligence on each of these managers.

As of February month-end, LACERA's hedge funds program had \$1.3 billion of capital. It was positioned with five direct managers that collectively made up 71% of the portfolio with the two fund of funds portfolios comprising 29% of LACERA's hedge funds allocation (before the effect of March performance). The two fund of funds portfolios are managed by Grosvenor Capital Management and Goldman Sachs Asset Management. These portfolios are less than one-third of their prior size and are being wound down, as approved by the Board in late 2019.

Four out of five of LACERA's direct portfolio managers had negative performance in March. The positively performing manager invests in a fixed income relative value strategy that tends to exhibit low correlation to global growth risk. The other four direct managers are estimated to have losses that range from 4% and 17%. We estimate that over half of the losses came from securities dislocating from their intrinsic or fundamental value.

Across the hedge funds portfolio, credit-oriented trades detracted the most from performance. These hedged credit positions broadly struggled in March amid economic uncertainty, decreased market liquidity, and hedging levels that were insufficient to protect against the unprecedented market downturn. The expected loss of 10% in the Grosvenor-managed fund of funds portfolio is more severe than the expected losses in the direct and Goldman-managed portfolios, as its remaining fund investments included a high degree of credit-related assets. In the direct portfolio, one manager is estimated to have lost 17%, with the bulk of the losses coming from residential mortgage securities with a modest amount of leverage. The residential mortgage market experienced significant market dislocations from forced selling by more-levered investors during March after economic uncertainty brought into question the continued ability of homeowners to make their mortgage payments. Staff and Albourne are currently considering how best to respond to this manager's performance drawdown as part of the losses are due to true asset impairment while some losses are related to dislocated security market conditions that should improve. This analysis will be shared with the BOI at a future meeting. The liquidity constraints experienced in residential mortgage-backed securities also occurred in other credit areas, namely commercial mortgage-backed securities and structured pools of corporate credit securities where LACERA's hedge funds program has exposure, although to a lesser extent. While the large scale and speed of the credit market drawdown are unprecedented, its impact on hedge fund performance did not align well with the risk mitigation objectives of this asset category.

Other strategies that led to losses in LACERA's hedge funds portfolio include liquidation securities where future cash flows await a judicial proceeding on a company's liquidation, and merger-related equities where a corporate transaction is pending regulatory approval. In this market downturn, even securities with known and highly probable future cash flows with near-term catalysts have decreased in value and have caused the portfolio to appear more market directional than anticipated. While these trade examples are not strongly correlated to the overall direction of equity markets, both these trades and equity markets are highly correlated to liquidity

shocks, similar to those that have occurred. In the past, when these types of event-driven securities have dislocated from fair value, many of them tended to revert to fairer values when liquidity returned and global markets functioned more on pricing fundamentals. Regarding LACERA's portfolio, the direct managers have adequate cash on hand and have not been forced to liquidate these event-driven trades. Their positioning did not include high levels of leverage going into March, so they can weather these price dislocations and selectively take advantage of new market opportunities. LACERA's managers have positioned themselves to be in select merger arbitrage and event-driven liquidation trades that they have underwritten to have a higher likelihood of a favorable outcome. Accordingly, staff and Albourne are considering incremental investments to existing managers with idiosyncratic portfolio positions that have dislocated from fair value, where the manager is well positioned to benefit from the dislocation, and where LACERA's approved structure review allows for additional investment.

The hedge funds portfolio was underweight in March with an actual allocation of 2.1% compared to a 4.0% Total Fund target. Investment grade bonds, that outperformed hedge funds during March, were held to balance the underweight to hedge funds. The hedge funds portfolio is intentionally underweight because the portfolio is in transition after being moved to the Risk Mitigation asset category and having its performance benchmark lowered to 90-day T-bills +2.5% in early 2019. The new benchmark aligns with updated portfolio objectives that are more conservative than the legacy hedge funds portfolio. After a structure review later in 2019, the portfolio has been evolving away from fund of funds portfolios that tend to have higher investment fees and greater market exposures. The hedge funds portfolio is currently under construction and being designed consistent with risk mitigation objectives.

Looking forward, we will look to optimize portfolio construction incorporating data from recent events. We intend to conduct a mid-cycle structure review in the third quarter of 2020. At this juncture, we could address several topics: update on the results of the redemption process in the fund of funds portfolios, building out the direct portfolio, post-event observations from market volatility in 2020, and portfolio adjustments. In the meantime, we continue to implement the structure review approved late last year.

Cash

LACERA's cash portfolio, valued at \$1.6 billion as of March 31, is managed by J.P. Morgan and consists primarily of high quality, short-term corporate bonds and money market instruments such as commercial paper and certificates of deposit. In addition, almost 30% of the portfolio is invested in an overnight sweep vehicle managed by an affiliate of LACERA's custodian, State Street Global Advisors (SSGA). This fund offers daily liquidity and invests exclusively in government instruments. During the equity market selloff, J.P. Morgan was instructed to emphasize liquidity over yield by not reinvesting cash inflows; instead, they are letting all inflows (such as coupon income and principal payments) accumulate in the SSGA fund. Therefore, LACERA's balance in the SSGA fund will grow substantially over the course of the next two months, with maturities of approximately \$540 million in April, and an additional \$360 million in May. As a result, the portfolio has sufficient liquidity prior to any planned rebalancing initiatives.

The cash portfolio has an average life of 0.2 years, meaning that there is very little interest rate risk. However, this portfolio does bear some credit risk. When spreads widened near mid-March,

Trustees – Board of Investments

April 2, 2020

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even high-quality, short-term instruments came under unprecedented pressure as leveraged investors and those with asset/liability mismatches scrambled to raise cash. As a result, yield spreads widened and prices declined. Since then, as the Fed, Treasury, and Congress have taken multiple steps to steady markets and inject liquidity, the money markets have improved substantially, though they have not fully recovered to pre-crisis levels.

The estimated returns for the cash portfolio are: 0.1% in March, and 0.4% in the first quarter.

Next week there will be an update on the Real Asset and Inflation Hedges functional asset category.



FOR INFORMATION ONLY

April 9, 2020

TO: Trustees – Board of Investments

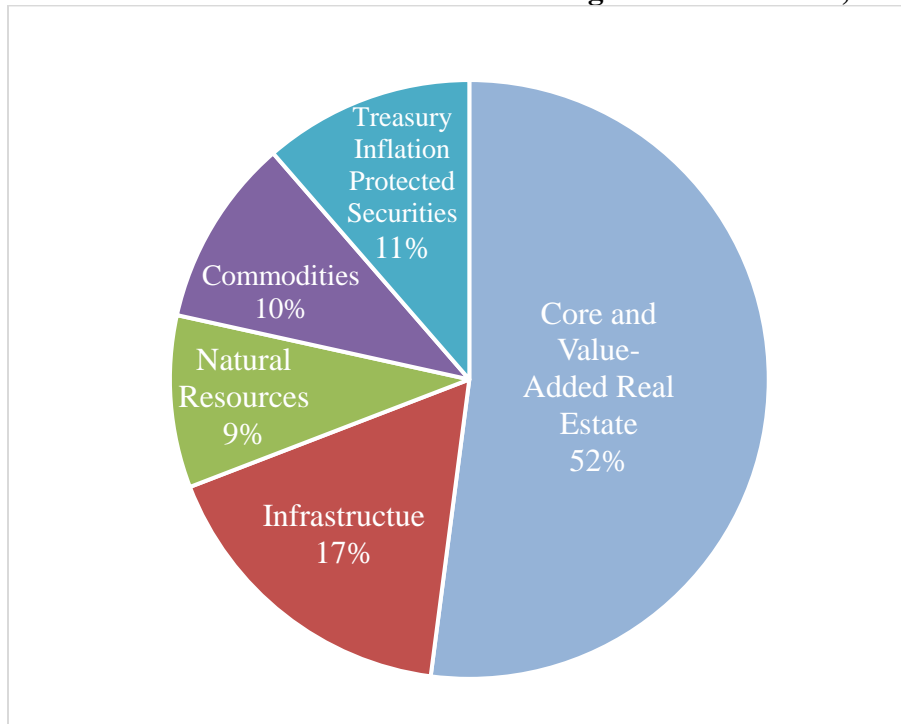
FROM: Jonathan Grabel 
Chief Investment Officer

SUBJECT: **Functional Asset Category Update – Real Assets and Inflation Hedges**

The Investments Division is providing periodic updates on the functional asset categories. Below is the update on the Real Asset and Inflation Hedges asset category, which includes core and value-added real estate, natural resources & commodities, infrastructure and Treasury Inflation-Protected Securities (“TIPS”). The objective of the Real Assets category is to provide diversification to reduce risks from global equities, a hedge against unanticipated increases in inflation, and income.

As of March 31, 2020, the Real Assets and Inflation Hedges category represented approximately 16.7% of the Total Fund, which is slightly below the 17% target allocation, and well within its target range of 14% to 20%. A breakdown of the components within Real Assets, as of March end, is shown in **Chart 1** below:

Chart 1
Allocation of Real Assets and Inflation Hedges as of March 31, 2020



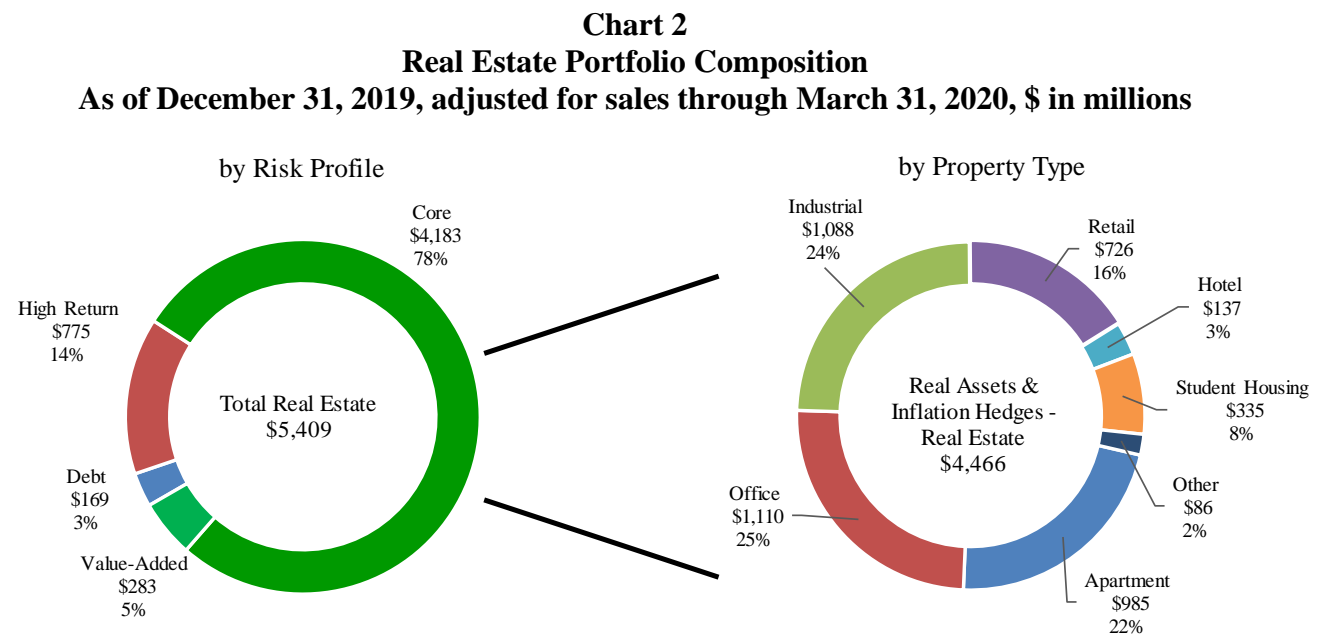
LACERA has been closely monitoring developments with respect to COVID-19 to ensure that our partners are able to provide investment management services and to ensure that there have been

no disruptions to business operations including portfolio management, property management, research, trading, and client services.

The Real Assets and Real Estate teams have assessed the impact of COVID-19 on the LACERA’s managers’ staff and operations. The firms appear to be appropriately adapting their business, systems, and processes to provide uninterrupted service to LACERA.

Real Estate

The real estate included in Real Assets and Inflation Hedges is comprised of core and value-added investments and accounts for approximately \$4.5 billion as of December 31, 2019 (less sales through March 31, 2020). Multiple property types are included in the diversified real estate portfolio as illustrated in **Chart 2** below.



Market Impact

The COVID-19 pandemic is expected to have a significant negative impact on property values since cash flows are likely to decrease and investor return requirements increase as a result of the crisis. The magnitude of value declines will not be known for several quarters. Although many assets are marked to market by managers or appraisers on a quarterly basis, the crisis will not be captured in most first quarter valuations. The second and, more likely, the third quarter of 2020 is when valuation changes are anticipated to be recognized.

The public REIT market, which is priced on a daily basis, is often viewed as a leading directional indication of value changes to private real estate. Through March 31, 2020, the REIT sector in the US. has returned -27% year-to-date and experienced a drop of 30% from its mid-February peak. The value decline has varied significantly by property type, with the worst performers being regional malls (-61%), hotels (-53%), retail (-49%) and the best performers being data centers (+12%), self-storage (-8%), and industrial (-11%).

The Pension Real Estate Association (“PREA”) conducts quarterly Consensus Forecast surveys of its manager members. The last full survey was conducted in February 2020, resulting in a predicted

total return from the NCREIF property index (“NPI”) for 2020 of 6.3% with a range of 5.4% to 7.0%. An interim update survey was conducted between March 26 and April 2. The results revealed that return expectations have declined significantly. The range of returns in the newest forecast for 2020 was -9.5% to 1.3% with a base case of -3.3%.

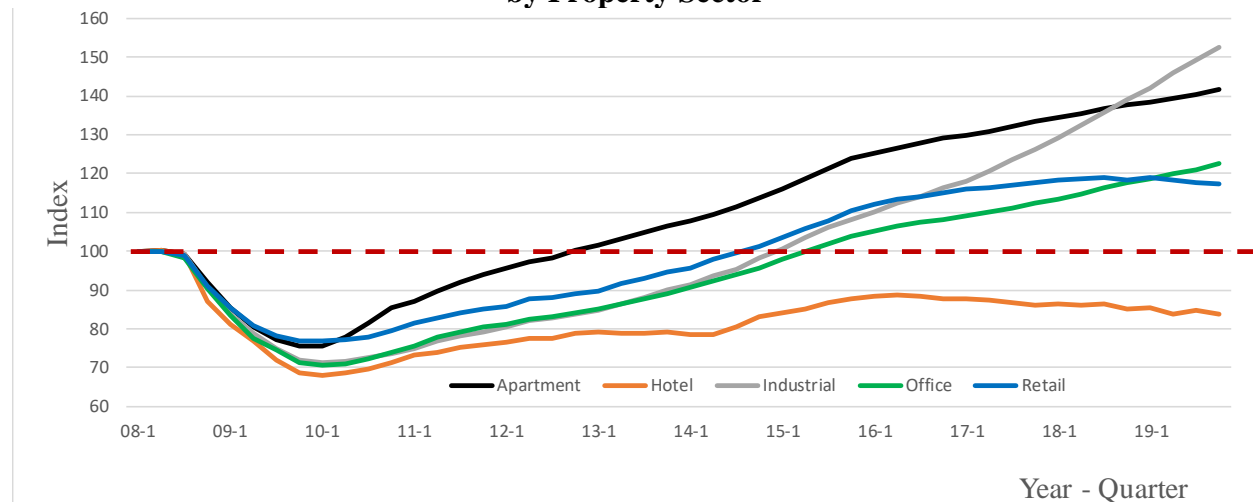
A more immediate effect of the pandemic on real estate is being seen on rental income, occupancy levels, leasing activity, and transaction pace as outlined below:

- *Rental income* is exhibiting signs of stress. Some tenants are not able to pay their current rent and have begun to, or are expected to, request some form of rental relief, either in the form of deferral or waiver. Managers are closely monitoring this phenomenon and evaluating each request on a case-by-case basis. Since many rental payments have grace periods, definitive figures are not yet available for rental shortfalls or relief requests that have been received. This factor varies significantly by property type and is addressed further below.
- *Occupancy levels* at many property types are declining. Many office tenants are telecommuting. Many retail tenants have temporarily closed stores. Many student housing properties have seen occupancy drop to single digits as campuses have cancelled in-person classes and moved to on-line education. Although lease obligations remain, the drop in occupancy will put pressure on collection of rents as discussed in the prior bullet.
- *Leasing activity* has dramatically decreased for most property types as tenants postpone leasing decisions until there is more clarity in their near-term space needs. Some virtual leasing is taking place at apartment property assets.
- *Transaction pace* for real estate investments is rapidly grinding to a halt. Sellers are withdrawing from the marketplace due to difficulty of underwriting new investments when there is so much uncertainty about future cash flows and growth rates. Additionally, lenders have retrenched and are only lending on the most conservative projects, and even then, at higher interest rates. Currently, most sellers are pulling deals or postponing marketing disposition candidates.

Different property types have exhibited different performance in past recessions. **Chart 3** illustrates the trajectories of returns by major property types following the Global Financial Crisis of 2008 (“GFC”). The data illustrates valuation changes in properties included in the NCREIF Property Index. Hotels were the hardest hit, declining the most in value and recovering the slowest. Apartments recovered the fastest but were overtaken by industrial in the most recent years.¹

¹ Impact of Recessions on CRE Values: Lessons from the NCREIF Index, Jeffrey D. Fisher, Ph.D. 2020.

Chart 3
Value Change After the Great Financial Crisis
by Property Sector



Notwithstanding the historical valuation changes experienced as a result of the GFC, the effect the current pandemic is expected to have on the various property types will vary significantly. Each property type is discussed below:

- *Industrial* investments may benefit the most from the current situation as there is an increase in demand in certain locations due to increased on-line spending, and therefore retailers are looking to increase their storage capacity. Many items that flow through the supply chain are tied to basic needs such as food and beverage, consumer products and medical supplies.² However, seaport and airport locations are suffering due to depressed traffic.³
- *Apartments* are expected to exhibit the defensive nature typically demonstrated by this property type across recessions. The need for housing persists (demand) while new construction (supply) is expected to decline. Eviction moratoriums are becoming increasingly common during the COVID-19 pandemic. Severe job losses in late March will affect collectability of rent in April and May. However, the CARES Act relief is expected to help tenants with much needed support for their rental payments.
- *Office* properties are expected to be negatively impacted due to the accelerating U.S. unemployment rate. Unemployment will eventually lead to higher office vacancy as many businesses reduce their expansionary activity. This may eventually lead to a correction in office market rents. Oil and gas tenants also face a substantial downturn (as detailed in the natural resources section of this memo).⁴
- *Retail* properties are one of the sectors most negatively impacted by the current crisis. Even before the COVID-19 pandemic, retailers were struggling with the challenges from on-line competition. Social distancing practices have further hurt retail as foot traffic is

² “Logistics Real Estate Amid the COVID-19 outbreak” Prologis Research. Third Edition. 27th March 2020.

³ “U.S. Investment Themes and Strategies and COVID-19 Impacts” Presentation. Invesco Real Estate, March 2020.

⁴ “US Investment Themes and Strategies and COVID-19 Impacts” Presentation. Invesco Real Estate, March 2020

substantially reduced within shopping malls. However, retail stores which sell groceries and other essential goods have been more resilient.⁵

- *Student Housing* will likely also be negatively affected if college campus closures continue into the Fall 2020 semester. Over the short-term, the financial impact has been minimal due to upfront payments and continued occupancy despite many students returning home. Pre-leasing as of late March was in line with prior-year levels in many locations, but this sign of stability can change quickly if classes continue to be completed online rather than on-campus.
- *Lodging* may be the hardest hit property type due to prevalent travel restrictions. Hotel occupancy rates have plummeted, and many hotels have opted to close temporarily. Business travel may be reduced permanently if companies continue to reduce even a portion of their discretionary travel through the continued use of virtual meetings. Tourists may not feel as open to global travel if health concerns persist. Alternatively, travel may spike due to pent up demand once travel restrictions are lifted.

Leverage

Staff is carefully monitoring leverage across the real estate separate account portfolio. There are 82 core and value-added property investments in the portfolio that have been levered at 41% as measured at the portfolio level based on the December 31, 2019 valuations. Fifty-nine of the assets are levered and the amount of leverage varies from a low of 10% to a high of 68%. **Table 1** summarizes the loan-to-value (“LTV”) and debt service coverage ratio (“DSCR”) for the levered core and value-added investments held in separate accounts.

Table 1
Levered Core and Value-Added Investments
As of December 31, 2019, adjusted for known sales through March 31, 2020, \$ in millions

Property Type	Gross Market Value	Loan Balance	Net Market Value	LTV Range	DSCR
Industrial	\$979	\$372	\$607	21%-49%	2.9x
Office	941	437	504	40%-49%	2.7x
Student Housing	614	279	335	43%-50%	2.6x
Medical Office	80	38	42	47%	2.4x
Apartments	1,821	798	1,023	10%-61%	2.2x
Retail	957	453	504	28%-55%	2.2x
Hotel*	407	275	132	68%	1.8x
Total	\$5,799	\$2,652	\$3,147	46%	2.4x

* The hotel investment is a ground lease position.

The assets generally appear to have strong DSCRs. However, if the crisis reduces cash flow from the properties, the DSCR may decrease significantly. Fortunately, only three of the fifty-nine loans are cross-collateralized. Each loan is being monitored and evaluated on a case by case basis. Staff

⁵ Burrell, Andrew. “Winners and losers in retail property”, US Commercial Property Update, Capital Economics, 3rd April, 2020

is developing a cash flow model (described below) to help evaluate this changing dynamic. The loan maturity dates are spread across the next two to ten years.

Cash Flow

Staff is developing a model to estimate cash flow needs at the property level and conduct a sensitivity analysis of cash flow drivers. Staff is collaborating with each separate account manager to revise cash flow expectations from operational budgets dated April-June 2020, thereby building an updated manager base case for the second quarter of 2020. Additionally, the model will enable scenario planning with updated market data. We expect the model to be operational mid-April and to support staff in assessing cash needs across the real estate portfolio for directly owned properties.

Ongoing Diligence

Staff is closely monitoring portfolio activity and conditions during this crisis. Managers are reporting updates frequently, often several times a week, as issues arise. Particular attention is being paid to rent relief requests, operational safety at properties and debt service. Updated reports on rental income and cash flow projections are being received and reviewed on a regular basis.

Real Assets Excluding Real Estate

Table 2 below summarizes the components of the public market allocation of the Real Assets asset category and its performance year-to-date through April 6, 2020, and during the month of March.

Table 2
Performance of Real Assets Excluding Real Estate

	% of Total Fund As of 2019 Year End	Estimated Portfolio Performance Year to Date through April 6, 2020	Estimated Benchmark Performance	Portfolio Return Relative to Benchmark	Estimated March Portfolio Performance	Estimated Benchmark Performance	Portfolio Return Relative to Benchmark
Real Assets Completion Portfolio Total	5.0%	-22.2%	-24.2%	2.0%	-15.1%	-16.5%	1.4%
Infrastructure Completion Portfolio	3.2%	-17.8%	-20.4%	2.6%	-13.7%	-15.6%	1.9%
Natural Resources Completion Portfolio	1.8%	-30.3%	-29.8%	-0.5%	-17.9%	-17.8%	-0.1%
Commodities	2.1%	-25.5%	-22.1%	-3.4%	-15.8%	-12.8%	-3.0%
Treasury Inflation Protected Securities (“TIPS”)	1.7%	4.0%	4.0%	--	-1.7%	-1.8%	0.1%

Generally, of the three broad categories, the commodities portfolio performed the weakest, down about 26% year-to-date. The real assets completion portfolio was down 22% year-to-date. TIPS held up well during the quarter and are up 4%.

Infrastructure and Natural Resources

Almost all of LACERA's assets in the area of Infrastructure and Natural Resources are invested in a completion portfolio. This portfolio is intended to be a way for LACERA to initially invest in these sectors using public market equities. However, over time, as LACERA builds up its private investments in these sectors, the public equity will be brought down. LACERA has one position in a legacy private natural resources fund that transferred from private equity. The completion portfolio has had poor absolute performance, down 22.2% year-to-date, with the Natural Resources section of the portfolio performing worse, down 30.3%, while the infrastructure segment is down 17.8%. Within natural resources, the decline was led by losses of greater than 40% in the energy equity benchmark, caused by very unfavorable supply and demand dynamics in global oil markets.

In addition to the demand shock created by reduced consumption related to the COVID-19 pandemic, a supply shock in crude oil markets began in March. Saudi Arabia substantially discounted their market oil price, boosting their production in order to take market share from Russia who failed to agree to production cuts proposed by OPEC. Many believe both countries also intended to lower the oil price so low as to make U.S. shale oil production uneconomic and ultimately remove that production from the market. Current negotiations between Russia and OPEC may lead to reduced supply that could stabilize prices and relieve some of the pressure the lower prices are causing to oil exporting economies. However, the outlook for a longer-term deal is highly uncertain in the current year.

Within infrastructure, the category benchmark (down 20.4%) performed similarly to the global equity benchmark, the MSCI ACWI IMI Index (down 21.5% year-to-date through April 6, 2020), diminishing the desired portfolio role as a diversifier to broad equity risk. While large segments of the infrastructure benchmarks such as utilities and cell phone tower companies held up relatively well against overall market declines, some industries in the infrastructure index such as the sizable energy midstream industry, publicly traded airports, and shipping ports had losses greater than the overall equity market.

While the performance of the completion portfolio has been weak in absolute terms, LACERA's active manager has generated better than benchmark returns this year both before and since the beginning of the crisis. The portfolio has been positioned defensively since the start of year, underweighting more cyclical sectors and industries such as energy and overweighting less cyclical industries such as waste management. Their portfolio management has led to an overall 5-8% underweight to the poorer performing natural resources segment and a corresponding overweight to infrastructure.

Going forward, LACERA's approved Real Assets structure review includes the deployment of capital into the private infrastructure and natural resources markets. Current efforts are focused on the due diligence of open-ended infrastructure funds in the core to core plus risk spectrum. LACERA is exercising caution in buying into the assets of current open-ended funds given the considerable uncertainty which could prevail around the valuation of these assets. Our intention is to underwrite the valuations given the new market conditions and determining if the new asset valuations at the end of March and future quarters reflect current risks and capital market conditions. Some assets such as hydroelectric power generation may have valuations that are much less sensitive to the current environment while other infrastructure assets such as energy assets may be much more affected by current conditions.

Given the sizeable dislocations in the natural resources sector, the team has is also looking to see if opportunities might arise in the secondaries market as some dissatisfied Limited Partners (“LPs”) may be willing to sell their private funds in the sector at discounted prices as the year progresses. At this stage, it is too early to assess willingness for other LPs to sell and it will likely take one to two quarters for selling interest to make itself known as these funds get marked down to lower values.

Commodities

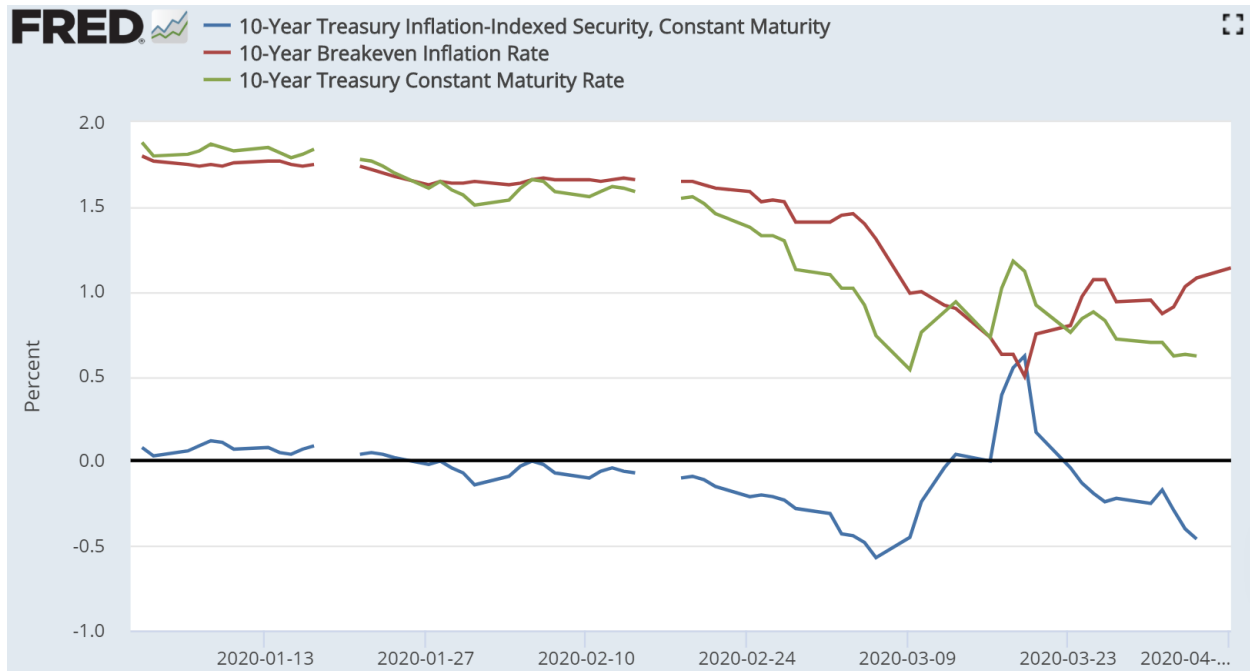
Each of LACERA’s commodity managers gains exposure to commodities via futures and holds a collateral account which is used to meet margin requirements for the futures. Given the current market conditions the Real Asset team has been closely monitoring the portfolio as well as collateral requirements.

The commodity benchmark has been driven downward 22% year-to-date caused by the demand shock created by the COVID-19 beginning in China then affecting the rest of the world. This demand shock has driven most commodities down, led by petroleum and energy segments, down by about 55% and 45% respectively, and livestock, down 35%. Other segments, driven lower by reduced demand, were down in the teens: agriculture, grains, softs, and industrial metals. Only precious metals were positive, led by gold which is still being viewed as a relatively safe haven asset and hedge against substantial fiscal and monetary stimulus.

Relatively poorer performance in LACERA’s portfolio relative to the benchmark was caused by two factors. First, two out of LACERA’s three managers were caught on the wrong side of the oil move. Also, this year to date, LACERA’s portfolio has suffered losses on the collateral side of the commodities portfolios. Managers have, to varying degrees, attempted to add value relative to the short duration, low credit risk embedded in the collateral component of the commodities benchmark by taking some risk either through extending duration or taking credit risk. This strategy was not rewarded in March when an unprecedented liquidity crunch started by the COVID-19 crisis penalized all fixed income assets other than the most liquid Treasury bills and notes. Managers detracted from performance by holding a portion of collateral exposures in short duration agency backed debt and investment grade corporate bonds. Only collateral held in short duration Treasuries, overnight repo, or overnight cash funds held up.

TIPS

TIPS experienced a sharp sell-off during the first half of March, shown as the increase in real rates. The 10-year real rate (blue line) is the difference between the 10-year Treasury yield (green line) and breakeven inflation expectations (red line). A decrease in prices in TIPS implies an increase in real rates. The real rate component of TIPS is the fixed rate paid to TIPS-holders on the principal balance of the bond; principal balances are also adjusted semiannually by the actual inflation rate during each period. The price decline was fueled by a short-term liquidity crunch. As the Federal Reserve stabilized the Treasury market in the middle of March by implementing its unlimited Quantitative Easing program, it began to buy TIPS, easing some of the liquidity conditions in the TIPS market. Over the year to date, sharp declines in nominal yields were greater than declines in the breakeven inflation rate, so real rates have dropped, which has resulted in a positive 4.0% return for the TIPS benchmark. LACERA’s TIPS index manager performance is in line with the benchmark.



LACERA’s TIPS allocation is expected to perform best in environments where unexpected inflation increases, however this is not likely to occur in the short term in the current environment. The COVID-19 shock appears to be as damaging to GDP as any recession in the post-war era, if not more so. The lower GDP is creating excess capacity and high rates of unemployment that should tamp down any inflationary effects. While the fiscal stimulus and monetary easing response from the Fed and the government can create inflationary pressures, this is unlikely to materialize in the short term and near-term expectations for inflation and real rates remain low.

Next week there will be an update on the Credit functional asset category.

FOR INFORMATION ONLY

April 16, 2020

TO: Trustees – Board of Investments

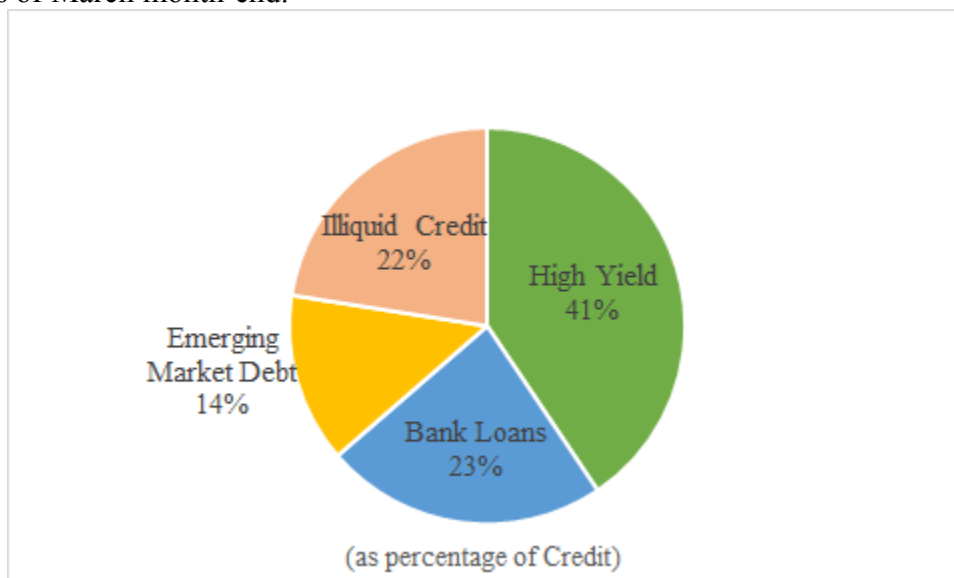
FROM: Jonathan Grabel 
Chief Investment Officer

SUBJECT: **Functional Asset Category Update – Credit Investments**

The Investment Division is providing periodic updates on each of the functional asset categories. Below is the update on the Credit asset category.

The role of Credit within LACERA’s Total Fund is to produce income and moderate long-term return. This category consists mainly of credit-related instruments (bonds and loans) rated below investment grade. In exchange for their lower credit quality these instruments offer a substantial yield enhancement (“yield spread”) over government bonds. This category bears low to moderate interest rate risk; instead, the primary risk is getting repaid on a timely basis for lending money. In addition to the risk of default or downgrade in credit quality, bonds rated below investment grade have greater yield spread volatility (“spread risk”) and are less liquid than investment grade bonds. Credit spreads can fluctuate in times of market stress due to general risk aversion, even when there are no changes to a specific issuer’s ability to pay its debt. Another type of risk investors demand compensation for is complexity, which is present in securitized and structured instruments. Credit also has a fairly high correlation to equities so it tends to perform poorly in periods of risk aversion when equities also decline. This correlation was taken into consideration in LACERA’s most recent strategic asset allocation, as reflected in the 0.65 correlation assumed between Credit and Growth.

LACERA’s Credit category consists of four segments: high yield, bank loans, emerging market debt (“EMD”), and illiquid credit. The following pie chart shows the composition of the Credit category as of March month-end.



At the end of the first calendar quarter, Credit comprised 9.3% of the Total Fund. This is below the 12% target allocation, but within the policy range of 9% to 15%. As discussed further below, the recent selloff has materially increased the yields offered by credit instruments to historically attractive levels (that are above LACERA’s actuarial return target of 7%). Therefore, staff is in active dialogue with several investment managers and prudently exploring opportunities to deploy capital in a manner consistent with our structure review and allocation targets.

Overview

The extraordinary stay-at-home mandates instituted to slow the spread of COVID-19 have led to a dramatic decline in global economic growth. As a result of the slowdown in economic activity, corporate revenues declined substantially, while costs were static. The ensuing declines in profits and cash flow meant that corporate borrowers were less able to service their existing debt. This decline in economic activity led to spikes in unemployment, calling into question the ability of individuals, in the near term, to pay for food and healthcare, let alone pay their mortgages, credit cards, or car payments. As a result, cash flows into securitized structures backed by real estate loans, credit card payments, and automobile loans became more uncertain.

At the same time the decline in economic activity reduced demand for commodities. This was compounded by the oil price war between Russia and Saudi Arabia, which caused a decline in oil prices of over 60%. Since many emerging market economies depend on commodity sales for export revenues, their balance of payments plummeted.

The combined impact of these developments was an increase in the risk that borrowers—corporations, consumers, and issuers of EMD—would be unable to repay their obligations on time. As a result of the increased aversion to risk, and the desire for liquidity, prices for high yield bonds, bank loans, and emerging market bonds declined with unprecedented speed. The following table shows the returns for the three main indices in liquid Credit.

Index	First Quarter Returns
High Yield	-12.7%
Bank Loans	-13.2%
Emerging Market Debt	-13.0%

As shown above, all three indices were down approximately 13% in the first quarter of this year. The fourth segment, illiquid credit, contains strategies whose performance is reported with a three-month lag, so their performance still shows a positive return for the quarter. Putting all the pieces together, the preliminary estimate for the return of the Credit composite in the first quarter was -10.1%, underperforming its combined benchmark return of -8.7% by 1.4%.

In response to the economic emergency, central banks and governments around the world took unprecedented actions to support their economies and their financial markets. In the U.S. the Federal Reserve instituted multiple programs to inject liquidity and to support bond markets including, for the first time, high yield bonds. As a result, there has been a remarkable rebound in

bond prices thus far in April. As of April 13, bonds with credit risk have rallied materially, as shown in the following table.

Index	Month-to-Date Returns as of April 13
High Yield	+4.8%
Bank Loans	+3.9%
Emerging Market Debt	+1.8%

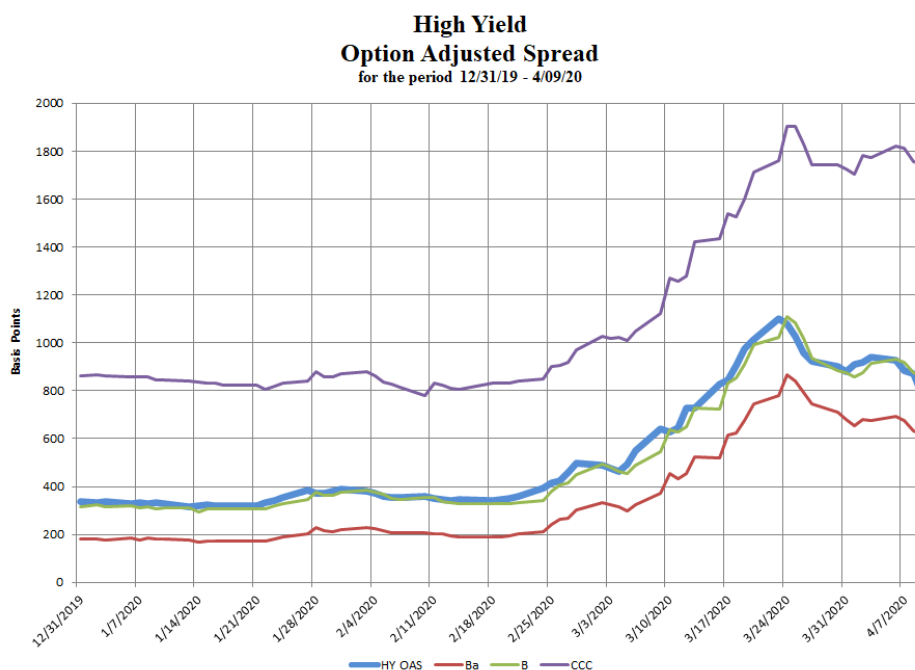
It is clear that global GDP will decline, and that the U.S. economy will likely experience a sharp recession, though no one knows the magnitude or duration of the decline: will it be quick (“V” shaped), moderate in length (“U shaped), or extended (“L” shaped). Regardless, the uncertain environment will create opportunities for astute Credit investors who possess the ability to conduct robust fundamental analysis and navigate the technical headwinds.

The following sections provide additional detail on each of the four components within Credit.

High Yield Bonds

The benchmark for the high yield component is the Bloomberg Barclays High Yield Bond index. This index consists of all U.S. dollar-denominated corporate bonds rated below investment grade with a maturity greater than one year.

In April, the Federal Reserve continued to support financial markets by expanding its bond buying program to include “fallen angels” (investment grade credits downgraded to high yield) as well as high yield ETFs. The market jumped on the news as high yield bonds posted a record move. Higher rated or “Ba” bonds led the move as the Fed stepped in to backstop investment grade credits falling into high yield. Ba rated bonds returned -9.3% in March and snapped back roughly 6.3% in the first couple weeks of April (4/13/2020).



The high yield market returned -11.5% in March before gaining 4.7% through April 13. Industries hardest hit by the pandemic, such as energy (-33.1%), retailers (-15.9%), hotels (-16.1%), and airlines (-14.6%), saw steep declines in March. In April these industries rebounded, but to varying degrees. News of an OPEC deal to cut production was positive for the energy sector which makes up roughly 10% of the high yield market. Energy gained 18.5% in April (4/13/2020), followed by hotels (+4.0%), retailers (+2.9%), and airlines (+0.4%).

As shown in the table below, the average yield of the high yield index increased from just under 6% at the start of the year, to over 8% as of April 13. As a result, the high yield index price return for the year-to-date return is -8.5%. However, performance has improved in April, recouping some of the March losses, as the month-to-date return is 4.7%.

	12/31/2019		4/13/2020	
	Yield	Yield Spread	Yield	Yield Spread
High Yield Credit	6.0%	3.4%	8.2%	7.5%

Bank Loans

The benchmark for the bank loan component is the Credit Suisse Leveraged Loan index. This index tracks the investable market of the U.S. dollar-denominated leveraged loan market. It consists of issues rated “5B” or lower, meaning that the highest rated issues in the index are Moody’s/S&P ratings of Baa1/BB+ or Ba1/BBB+. All loans are funded term loans with a tenor of at least one year and are made by issuers domiciled in developed countries.

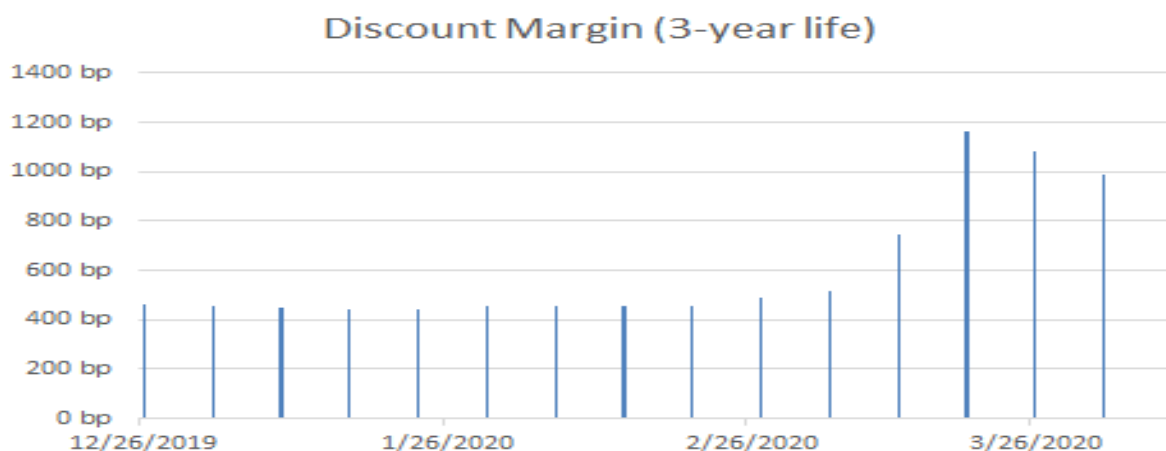
Leveraged loans, often referred to as bank loans, suffered a turbulent month of March returning -12.5% as reported by the Credit Suisse Leveraged Loan index. This marked the Index’s second worst month in history, the worst of which was during the Financial Crisis in 2008. The dual black

swan events - COVID and oil - wreaked havoc on all sectors within the leveraged loan market beginning in early March. Sectors most impacted by COVID-19 performed the worst as energy, consumer non-durables, and retail returned -32.4%, -18.2%, and -17.8% respectively. Food and drug, forest products/containers, and financial sectors, performed the best, returning -3.2%, -9.3%, and -9.4%, respectively. The following table displays returns for different periods, showing the improved performance in April, in response to the Federal Reserve’s support of the U.S. economy.

Performance as of April 14, 2020			
	Month-to-Date	March	First Quarter
CS LL Index	4.4%	-12.5%	-13.2%

Even though the first quarter results were negative, 5B rated issues performed the best, returning -5.6% in March. Performance progressively worsened going lower in credit quality, as BB, B, and CCC rated issues returned -8.9%, -13.5%, and -20.9%, respectively. Since that time through April 9, performance has turned positive along the entire credit quality stack.

Bank loans as a whole have moved into positive territory since quarter-end, up 8 of the last 9 trading days through April 13, with the average price of the leveraged loan index up 3.3% at 86 and the discount margin¹ (based on 3-year life) tightening 151 bps .



LACERA’s newest bank loan manager was partially funded in mid-March. Currently the account has \$325 million through mid-April and has been opportunistically deploying capital during these volatile times.

Emerging Markets Debt

The benchmark for the emerging market component of LACERA’s Credit allocation is a combination of three J.P. Morgan emerging market bond indices: one for dollar-denominated government bonds, one for dollar-denominated corporate bonds, and one for sovereign bonds

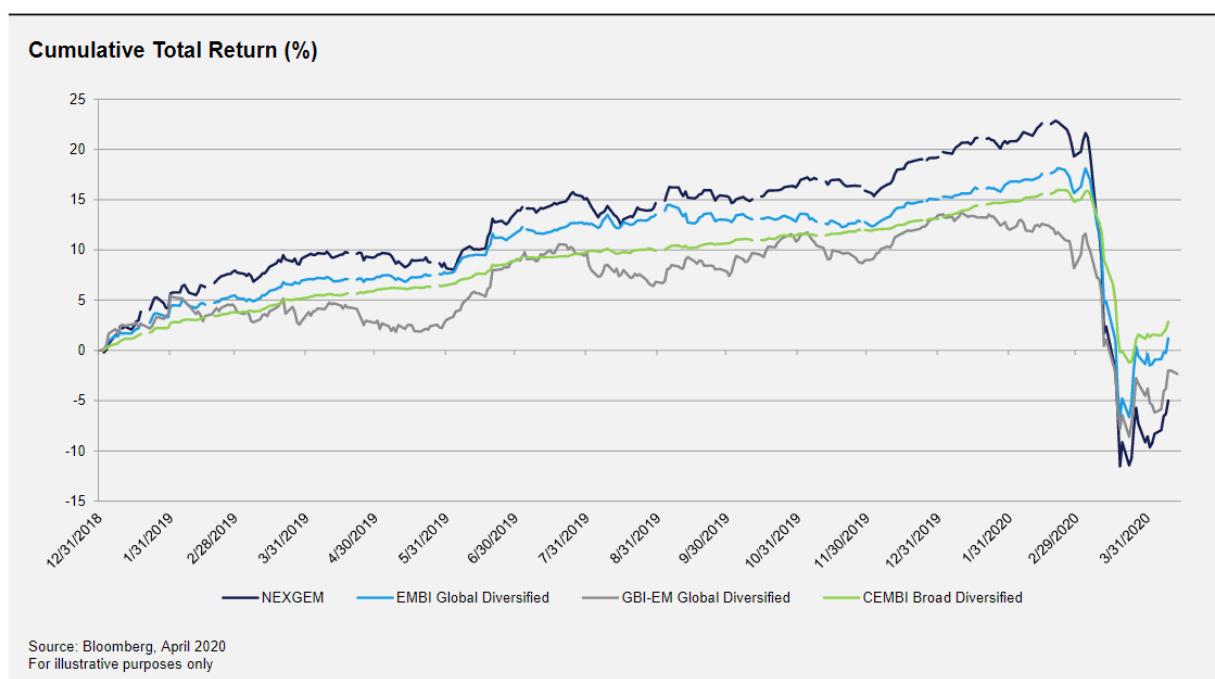
¹ The discount margin is the spread above the reference rate (typically LIBOR) in a floating rate instrument,

issued in local currency terms. The following chart shows the 50%/25%/25% mix of the indices, as well as their returns in the first quarter.

Index	Weight	Description	First Quarter Return
J.P. Morgan EMBI-GD	50%	Dollar-denominated sovereigns	-13.4%
J.P. Morgan CEMBI-BD	25%	Dollar-denominated corporates	-10.2%
J.P. Morgan GBI-EM	25%	Local currency sovereigns	-15.2%
LACERA Benchmark	100%		-13.0%

As the table shows, the broad EMD indices were down 10% to 15%, with LACERA’s benchmark down 13%. Returns varied considerably between regions as Africa was down the most (20% to 25%, depending on sector), Latin America and the Middle East were in the middle (down 10% to 15%), while Asia and Europe suffered the least (down 5% to 10%). Investment grade issuers performed much better as a group (down 5% to 6%) than issuers rated below investment grade (down 16% to 22%). The local currency index (GBI-EM) had a more modest loss of 1% in local currency terms; the rest of the -15.2% first quarter return is attributable to currency declines versus the strengthening U.S. dollar.

As with the other components of Credit, emerging market debt has rebounded in April, though to a lesser extent than U.S. high yield bonds and bank loans. As of April 13, LACERA’s EMD composite is up 1.8% month-to-date. This has been the fastest and sharpest correction in emerging markets over the past decade.



Due to the risk-off sentiment, EMD has seen the worst monthly outflows (-\$38 billion) on record in March 2020. In addition, the price decline due to the oil dispute added further downward pressure on commodity exporting countries within emerging markets. As a result, central banks globally, as well as the World Bank and the IMF, have implemented various fiscal and/or monetary stimulus programs to combat the market downturn.

Illiquid Credit

The dislocations in the credit market are even more pronounced in the illiquid component. While this market is expansive, the following subcategories provides a useful overview of recent market conditions:

- In the event-driven/distressed credit space, the most negatively impacted sectors are hotels and restaurants, non-food retail, energy and commodities, airlines, cruises, and travel;
- In the structured credit space, the market as a whole seems to be under material stress and the extent of the deterioration will depend on the extent of the downturn;
- Private lending is expected to be severely impacted as many small- to mid-size businesses struggle to stay afloat during business shutdown due to the coronavirus pandemic;
- The real estate market is expected to experience negative impact on cash flows over the short-term and property value over the medium-term, though apartments have demonstrated the ability to be a defensive property type in previous recessions. Additionally, lender and investor hesitance due to lack of pricing and liquidity visibility in the current environment has impaired borrowers' ability to pay off loans by traditional means (i.e., sale or refinance).

As a reminder, the illiquid credit portfolio seeks to profit from idiosyncratic yields generated by less liquid assets, including asset-backed credit, real estate debt, and corporate and consumer credits. As such, asset pricing may be lagged due to lack of transparency or transactions. The combination of lagged valuation and reporting conventions for this portfolio make estimating performance challenging. Staff expects the illiquid portfolio to return 1.4%² quarter-to-date, primarily benefiting from avoiding all but modest exposures to energy-related credits or distressed investments, which have underperformed significantly in the recent drawdown. The portfolio underperformed its benchmark (-2.9% in the first quarter). However, staff expects the portfolio to outperform in the long term as a recently approved manager has been drawing capital commitments to capitalize on investment opportunities at attractive prices during this drawdown.

As of March-end, the illiquid credit portfolio totals \$1.1 billion, which is below the target allocation by approximately \$500 million. The portfolio is expected to receive approximately \$200 million in cash distributions over the next 24 months as the hedge fund-of-funds program continues to wind down. Given recent market dislocations, managers are finding attractive relative values in various sleeves of the asset class. This may be an opportune time to deploy additional capital to reach the target allocation. Staff is conducting late-stage due diligence on several illiquid credit managers that would complement the existing portfolio and be well-positioned to generate long-term attractive returns for the Fund. Diligence is ongoing and staff will seek Board approval if recommendations are warranted.

² Preliminarily and unaudited number; final performance for the quarter may be different.

Ongoing Diligence

Illiquidity and fear in the credit markets have historically created opportunities for long-term investors. The higher yield in below investment-grade credit means that yields are now at more attractive levels. Given the current environment, maintaining the course charted during the credit structure review is prudent. Staff continues to monitor existing investments and evaluate new and complementary strategies that move Credit toward its target allocation.

Next week there will be an update on LACERA's Corporate Governance initiatives.

FOR INFORMATION ONLY

April 23, 2020

TO: Trustees – Board of Investments

FROM: Jonathan Grabel 
Chief Investment Officer

SUBJECT: **Investments Update – Corporate Governance**

As part of our recent series of updates covering key activities in the wake of the COVID-19 pandemic, please find below information regarding LACERA’s corporate governance initiatives.

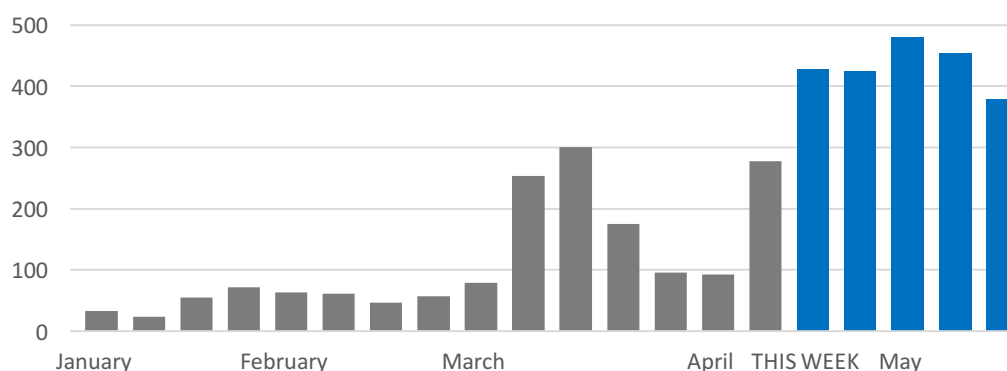
LACERA’s corporate governance strategies aim to encourage sound governance practices and policies at portfolio companies in order to protect and promote long-term financial value. These include a longstanding interest in issues that are front-and-center during the COVID-19 pandemic and related economic fallout, such as encouraging corporate boards to ensure sound corporate balance sheets in their capital allocation decisions and careful supply chain management, as well as recent growing attention to human capital management oversight (e.g. workplace health and safety measures). We discuss below current activities and how LACERA’s *Corporate Governance Principles* (Principles) frame issues related to COVID-19 and the market downturn.

Proxy Voting

The COVID-19 pandemic unfolded on the eve of the annual proxy voting season – the period from April to June every year during which the vast majority of global companies hold their annual shareholder meetings and proxy voting occurs. Following account conversions during the past two years, LACERA has assumed legal rights to vote proxies at a much broader expanse of its global equity portfolio. LACERA’s voting authority has grown from about 19% to 90% of the global equity portfolio by value, and from fewer than 2,000 meetings two years ago to about 8,000 anticipated for the current fiscal year ending June 30, 2020 – about a fourfold increase. Seventy-five percent (75%) of these meetings are occurring now and in upcoming weeks, with the table below demonstrating the sharp uptick in voting activity. The remainder of meetings occur throughout the rest of the year.



Number of Global Meetings to Vote Per Week January to May 2020



LACERA’s expanded voting authority allows us to execute votes consistently across our economic exposures in line with the fund’s custom *Principles* policy, whereas previously delegating some voting rights to external managers meant that our economic exposures may be voted inconsistently. LACERA’s *Principles* include numerous provisions striving to “raise the bar” in global governance, such as:

- **Robust Board Independence:** We expect boards in all markets to have a supermajority of independent directors (at least 2/3rds) to promote objective oversight for investors.
- **Board Diversity:** LACERA assertively encourages board diversity, universally scrutinizing board composition in all markets and voting against certain director nominees if the board lacks a track record of gender inclusivity.
- **Core Investor Rights:** LACERA defends strong investor rights in part by opposing directors of recent initial public offerings (IPO’s) that lack basic investor protections, such as weighted voting rights.
- **Pay-for-Performance in Executive Pay:** LACERA is opposing executive pay plans where there is inadequate evidence that boards have properly linked pay to performance.
- **Board oversight of material ESG risks:** We support reasonable proposals asking companies to assess and disclose how they are mitigating long-term business risks, such as cybersecurity, climate change, and supply chain monitoring.

Proxy Operations and Telecommuting Transition

Staff anticipated the heavy volume of voting and has smoothly transitioned to telecommuting with stable access to software and research tools facilitating electronic execution of our votes. We generally strive to cast votes about 7-14 days ahead of deadlines. For some non-U.S. meetings, we vote closer to vote deadlines due to shorter meeting notifications in some markets and availability of proxy-related research to analyze and inform votes consistent with LACERA’s *Principles*.

The Rise of Virtual Meetings

A key impact of COVID-19 on the proxy voting season is that companies grappled early on with how to convene an annual meeting in compliance with securities law, while navigating rapidly developing restrictions on travel and in-person meetings, as well as stay-at-home orders. As of April 15, 2020, 1,427 companies globally have postponed annual meetings (including 83 in the U.S.). In markets where legally and logistically feasible, other companies have shifted their annual meetings to “virtual” meetings occurring via online technology. As of April 15, 2020, 1,660 companies have announced plans to hold virtual meetings, 1,015 of which are U.S. companies.

Virtual annual meetings have been an emerging trend. When combined with an in-person meeting, they provide some advantages, such as allowing investors to avoid the expense, time, and carbon footprint of travel and still participate in annual meetings. However, investors have also expressed caution due to possible abuses of virtual meetings. For example, a small number of companies that, prior to the pandemic, used such technologies were firms embroiled in controversies and anticipated facing difficult questions from investors. In light of the risk of abuses, LACERA policy – and that of the Council of Institutional Investors (CII) – encourage companies to consider technology to *broaden* investor participation, not limit it. The annual meeting is an opportunity for any investor to attend, listen, and ask questions to the board directors that we as investors elect.

In light of the pandemic, however, investors have accepted the use of virtual meetings this year as a means to convene the annual meeting and enable investors to exercise our rights to cast votes on important matters. We are closely monitoring the use of virtual meetings to ascertain effectiveness and possible abuses. As a practical matter, however, the expanded adoption of virtual meetings this year has not impeded LACERA’s ability to execute proxy votes.

Proxy Results and Trends Review

As LACERA expands its proxy voting, we are monitoring trendlines and results. Once the fiscal year ends, we will compile year-end proxy voting statistics and highlight items for discussion with the Corporate Governance Committee, consistent with past practice (currently slated for October).

COVID-19 Market Implications From a Corporate Governance Lens

COVID-19 and the related market downturn have immediate and pressing ramifications for the policies and practices governing LACERA’s portfolio companies. Our *Principles* address a wide range of implications – both immediate and over the long-term – some of which we discuss below (this is not an exhaustive list). LACERA is closely monitoring ramifications and the market downturn to ensure that our policies, proxy voting, and engagement work encourage corporate governance practices that are aligned with our institutional interests.

1. Board of Directors and Oversight of Long-Term Risks for Sustainable Value Creation

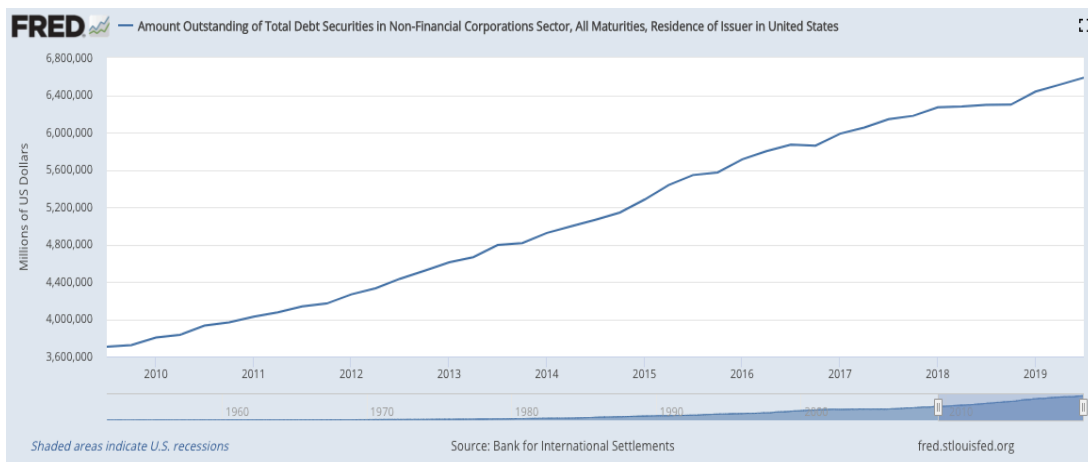
Judicious oversight of long-term risks: LACERA’s policy emphasizes the need for boards to think long-term and oversee how companies are identifying and mitigating risks that may impede sustainable cash flows and – more fundamentally – business continuity. These

include matters highlighted in the midst of the COVID pandemic, such as concentrated risk in global supply chains impeding supplies and operations, as well as cybersecurity threats. Our *Principles* expect boards to oversee how corporate practices anticipate and mitigate these threats. We expect heightened market focus and disclosure on these issues in the wake of the pandemic.

Capital Allocation: A pivotal function of any board is oversight of capital allocation to ensure that a corporation’s balance sheet is adequately sound. LACERA’s *Principles* encourage a balanced and disciplined approach to capital allocation and encourage companies to explain how capital allocation decisions – inclusive of distributions (such as dividends and share buybacks) and reinvestments (research and development, corporate combinations, etc.) are conducive to generating sustainable returns.

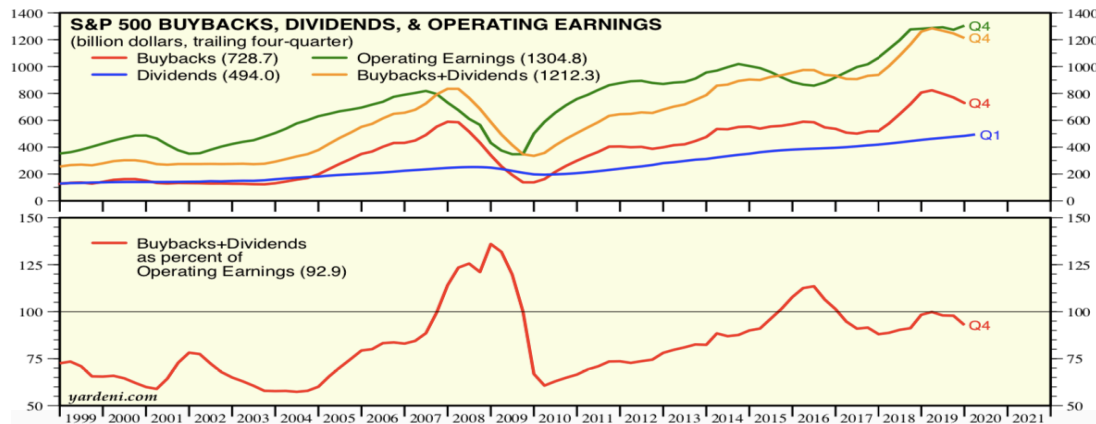
Corporate debt levels (fueled in part by a low interest rate environment) and share buybacks have significantly expanded through the bull market of the past decade. While many companies properly balance and explain capital allocation, the receding economic tide is revealing weaknesses in some corporate balance sheets. By the 4th quarter of 2019, for example, buybacks and dividends as a percentage of operating earnings stood at 92.9%.

Total Debt of Non-Financial Corporations July 1, 2009 – July 1, 2019¹



¹ Federal Reserve of St. Louis. Available at: <https://fred.stlouisfed.org/series/TDSAMRIAONCUS>.

S&P 500 Trendlines of Buybacks and Dividends by Value and as Percentage of Operating Earnings, 1999-2020²



We anticipate sharpened attention to how capital allocation decisions – inclusive of distributions to investors – position companies to endure the downturn and beyond, with better situated firms likely benefiting from lower costs of capital.

2. *Investor Rights*

LACERA advocates core investor rights to protect our interests and enable investors to act on matters that may fundamentally alter a corporation, such as mergers and acquisitions.

Poison Pills: In response to recent securities devaluations and volatility, there has been a recent spike in the number of public companies adopting “shareholder rights plans,” or poison pills. Poison pills were invented in the 1980s-era of hostile takeovers. Institutional investors, including LACERA’s *Principles*, caution that boards not use poison pills to entrench management or deter mergers that may otherwise be in investors’ interests. We urge companies to enable investors to evaluate and vote on poison pill plans as soon as practicable and assess them on a case-by-case basis, generally expecting poison pills adopted amidst market downturns to be limited in duration and carefully justified.

3. *Aligned Interests in Executive Compensation Design and Incentives*

LACERA’s *Principles* expect pay programs for executives to align their interests with ours as investors. We are carefully watching compensation committee decisions in the wake of the downturn for strategies that may inflate executive pay despite corporate performance:

- Options re-pricing
- “Moving the goal posts” or modifying previously stated incentive pay metrics
- One-off retention awards and “special bonuses”

² Yardeni Research. *Corporate Finance Briefing: S&P 500 Buybacks and Dividends*. April 22, 2020. Available at: <https://www.yardeni.com/pub/buybackdiv.pdf>.

Such provisions undermine the philosophy of “at-risk” executive pay and are instead a “heads we win, tails you lose” proposition for investors. LACERA’s *Principles* generally oppose these practices. When a company adopts these or related maneuvers, we expect adequate justification, absent which we vote against pay proposals and, if necessary, the directors who are accountable for making these decisions.

4. *Transparency in Performance Reporting*

LACERA *Principles* expect clear, timely, and accurate reporting of information adequate for investors to form an informed view of a company’s financial position and prospects. The recent bull market saw a parallel growth in innovations and techniques to financially manage supply chains, such as “supplier finance.” Such arrangements afford flexibility in how supply-related liabilities are accounted, but possibly at the risk of obscuring an adequate understanding of a firm’s debt. The downturn may test the clarity of financial liability accounting and prompt greater scrutiny of audit committees and auditors.³

5. *Prudent Mitigation of Social, Environmental, and Other Key Operating Risks*

Human capital management: The pandemic has fueled further investor interest in understanding risks and opportunities related to how companies manage and secure the safety of their workforces. We are observing broad attention to how firms navigate employee retention, as well as scrutiny of practices such as paid sick leave and availing personal protective equipment, that may mitigate the risk of community spread at a workplace, legal liabilities, and damage to brand equity/reputation.

Climate: The COVID-induced downturn has prompted significant turmoil in energy markets, including this week’s negative West Texas Intermediate (WTI) crude oil futures pricing. Energy prices below operating costs may prompt companies to reduce supply, absent government intervention. Fluctuations in the energy markets highlight the need for energy firms’ capital expenditures today to prudently anticipate both sudden and gradual shifts in consumer demand, technological innovations, and regulations – including those related to climate change – that may reshape the industry into the future.

The team continues careful diligence of emerging corporate governance implications of the pandemic and economic downturn to exercise the fund’s legal rights consistent with LACERA’s established policies. We will be reporting to the Board and Corporate Governance Committee on these efforts, among our other engagement and ESG integration work, at upcoming meetings.


JG:SZ

³ See Deloitte, LLP. *Clarity in financial reporting: Implications of supplier finance arrangements on trade payables*. July 2018. Available at: <https://www2.deloitte.com/content/dam/Deloitte/au/Documents/audit/deloitte-au-audit-implications-supplier-finance-arrangements-trade-payables-2018-120718.pdf>; Bridget McCrea. “7 Supply Chain Financing Trends to Watch in 2019.” *Supply Chain Management Review*. March 6, 2019. Available at: https://www.scmr.com/article/7_supply_chain_financing_trends_to_watch_in_2019.

FOR INFORMATION ONLY

April 28, 2020

TO: Each Trustee
Board of Retirement
Board of Investments

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: May 7, 2020 Board of Retirement Meeting
May 13, 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.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachment

LACERA Legislative Report

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

LACERA Legislative Report
2019-2020 Legislative Session
Status as of April 28, 2020

File name: CERL-PEPRA-2020

CA AB 2937	AUTHOR:	Fong [R]
	TITLE:	CERL: Non-Service-Connected Disability Retirement
	INTRODUCED:	02/21/2020
	SUMMARY:	Creates an optional provision, to be elected by a county board of supervisors by resolution adopted by majority vote, that would remove the retirement board's assessment regarding the intemperate use of alcoholic liquor or drugs as a condition on the purchase of a disability retirement pension by county or district contributions.
	STATUS:	03/05/2020 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.
	Comments:	SACRS-sponsored bill based on LACERA's proposal.
	BOR_Position:	Support 04/09/2020
	Staff_Recommendation:	Support
CA AB 2967	AUTHOR:	O'Donnell [D]
	TITLE:	County Employees Retirement
	INTRODUCED:	02/21/2020
	SUMMARY:	Makes nonsubstantive changes to provisions of the County Employees Retirement Law of 1937.
	STATUS:	04/27/2020 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.
	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

CA SB 1297

AUTHOR: Moorlach [R]
TITLE: Public Employees' Retirement
INTRODUCED: 02/21/2020
SUMMARY:

Relates to the Public Employees' Retirement System, the State Teachers' Retirement System, the Judges' Retirement System, the Judges' Retirement System II, county and district retirement systems created pursuant to the County Employees' Retirement Law of 1937. Revises the provision of pension and other benefits to members of all state or local public retirement systems, among others.

STATUS:

03/05/2020 To SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT.

Staff_Action: Monitoring

CA SB 1371

AUTHOR: Judiciary Cmt
TITLE: Maintenance of the Codes
INTRODUCED: 02/21/2020
SUMMARY:

Makes nonsubstantive changes in various provisions of la relative to directing the Legislative Counsel to advise the Legislature from time to time as to legislation necessary to maintain the codes.

STATUS:

03/12/2020 To SENATE Committee on JUDICIARY.

Comments:

Makes nonsubstantive change to Section 31631.5 per Legislative Counsel's recommendation.

Staff_Action: Monitoring

File name: FEDERAL-Covid-19

US HR 266

SPONSOR: McCollum [D]
TITLE: Paycheck Protection Program and Health Care Enhancement
INTRODUCED: 01/08/2019
LAST AMEND: 04/21/2020
SUMMARY:

Makes amendments to the Paycheck Protection Program, economic injury disaster loans, and emergency grants pursuant to the Coronavirus Aid, Relief, and Economic Security Act; relates to small business programs; makes additional emergency appropriations for coronavirus response.

STATUS:

04/23/2020 *****To PRESIDENT.
04/24/2020 Signed by PRESIDENT.
04/24/2020 Public Law No. 116-139

US HR 748

SPONSOR: Courtney [D]
TITLE: CARES Act
INTRODUCED: 01/24/2019

LAST AMEND: 03/25/2020

SUMMARY:

Enacts the Coronavirus Aid, Relief, and Economic Security, or CARES, Act; provides emergency assistance and health care response for individuals, families, and businesses affected by the 2020 coronavirus pandemic.

STATUS:

03/27/2020 In HOUSE. HOUSE concurred in SENATE amendments.
03/27/2020 *****To PRESIDENT.
03/27/2020 Signed by PRESIDENT.
03/27/2020 Public Law No. 116-136

US HR 6074

SPONSOR: Lowey [D]

TITLE: Coronavirus Preparedness and Response Appropriations

INTRODUCED: 03/04/2020

SUMMARY:

Establishes the Coronavirus Preparedness and Response Supplemental Appropriations Act; makes emergency supplemental appropriations in response to the outbreak of the Coronavirus.

STATUS:

03/06/2020 Public Law No. 116-123

US HR 6201

SPONSOR: Lowey [D]

TITLE: Families First Coronavirus Response Act

INTRODUCED: 03/11/2020

LAST AMEND: 03/14/2020

SUMMARY:

Provides for the Families First Coronavirus Response Act; provides specified supplement appropriations.

STATUS:

03/18/2020 Public Law No. 116-127

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.
BOR_Position: Support 02/05/2020
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.
BOR_Position: Support 02/05/2020
IBLC_Recommendation: Watch 01/09/2020
Staff_Recommendation: Watch

US HR 4897 **SPONSOR:** Lipinski [D]
TITLE: Governmental Retirement Plans Income
INTRODUCED: 10/29/2019
SUMMARY:
Amends the Internal Revenue Code; increases the amount excluded from gross income by reason of distributions from governmental retirement plans for health and long term care insurance for public safety officers.
STATUS:
10/29/2019 INTRODUCED.
10/29/2019 To HOUSE Committee on WAYS AND MEANS.
Staff_Action: Monitoring

US HR 6436 **SPONSOR:** Chabot [R]
TITLE: Health Plans Direct Payment Requirement
INTRODUCED: 04/03/2020
SUMMARY:
Amends the Internal Revenue Code; repeals the direct payment requirement on the exclusion from gross income of distributions from governmental plans for health and long term care insurance.
STATUS:
04/03/2020 INTRODUCED.
04/03/2020 To HOUSE Committee on WAYS AND MEANS.
Staff_Recommendation: Support

US S 521 **SPONSOR:** Brown S [D]
TITLE: Government Pension Offset Repeal
INTRODUCED: 02/14/2019
SUMMARY:
Amends Title II of the Social Security Act; repeals the Government pension offset and windfall elimination provisions.
STATUS:
02/14/2019 INTRODUCED.
02/14/2019 In SENATE. Read second time.

02/14/2019 To SENATE Committee on FINANCE.
BOR_Position: Support 04/11/2019
IBLC_Recommendation: Support 03/14/2019
Staff_Recommendation: Support

File name: Other-2020

CA AB 664 **AUTHOR:** Cooper [D]
 TITLE: Workers' Compensation: Injury: Communicable Disease
 INTRODUCED: 02/15/2019
 LAST AMEND: 04/17/2020
 SUMMARY:
 Defines injury, for certain state and local firefighting personnel, peace officers, certain hospital employees, and certain fire and rescue services coordinators who work for the Office of Emergency Services to include being exposed to or contracting, on or after a specified date, a communicable disease, including coronavirus disease, that is the subject of a state or local declaration of a state of emergency.
 STATUS:
 04/17/2020 From SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT with author's amendments.
 04/17/2020 In SENATE. Read second time and amended. Re-referred to Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT.
 Comments:
 As amended on 4/17/2020, the bill no longer relates to disability retirement.
 BOR_Position: Oppose 06/05/2019, Support 05/01/2019
 IBLC_Recommendation: Support 04/11/2019
 Staff_Action: Monitoring
 Staff_Recommendation: Watch

CA AB 992 **AUTHOR:** Mullin [D]
 TITLE: Open Meetings: Local Agencies: Social Media
 INTRODUCED: 02/21/2019
 LAST AMEND: 04/22/2019
 SUMMARY:
 Provides that the Ralph M. Brown Act does not apply to the participation, as defined, in an internet- based social media platform, as defined, by a majority of the members of a legislative body, provides that a majority of the members do not discuss among themselves the business of a specific nature that is within subject matter jurisdiction of the legislative body.
 STATUS:
 01/30/2020 In ASSEMBLY. Read third time. Passed ASSEMBLY. *****To SENATE. (57-13)
 Staff_Action: Monitoring

CA AB 2452 **AUTHOR:** Garcia [D]
 TITLE: State Auditor: Audits: High Risk Local Government
 INTRODUCED: 02/19/2020
 SUMMARY:
 Authorizes the State Auditor to include in the high risk local government agency audit program any local agency or district association that the State Auditor identifies as being at high risk for the potential of waste, fraud, abuse, or mismanagement or that has major challenges associated with its economy,

efficiency, or effectiveness.

STATUS:

02/27/2020 To ASSEMBLY Committee on ACCOUNTABILITY AND ADMINISTRATIVE REVIEW.

Staff_Action: Monitoring

CA AB 2473

AUTHOR: Cooper [D]
TITLE: Public Investment Funds
INTRODUCED: 02/19/2020
SUMMARY:

Exempts from disclosure under California Public Records Act specified records regarding an internally managed private loan made directly by a public investment fund, including quarterly and annual financial statements of the borrower or its constituent owners, unless the information has already been publicly released by the keeper of the information.

STATUS:

03/12/2020 To ASSEMBLY Committees on PUBLIC EMPLOYMENT AND RETIREMENT and JUDICIARY.

Staff_Action: Monitoring

CA AB 3249

AUTHOR: Fong [R]
TITLE: Public Retirement: Controller: Annual Report
INTRODUCED: 02/21/2020
SUMMARY:

Requires the Controller to post the report on the financial condition of all state and local public retirement systems on the Controller's internet website.

STATUS:

03/09/2020 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

Staff_Action: Monitoring

CA SB 931

AUTHOR: Wieckowski [D]
TITLE: Local Government Meetings: Agenda and Documents
INTRODUCED: 02/05/2020
LAST AMEND: 04/02/2020
SUMMARY:

Requires, if the local agency has an internet website to deliver by email the agendas and documents for local government meetings. Require, where the local agency determines it is technologically infeasible to send a copy of all documents constituting the agenda packet or a website link containing the documents by electronic mail or by other electronic means.

STATUS:

04/02/2020 From SENATE Committee on GOVERNANCE AND FINANCE with author's amendments.

04/02/2020 In SENATE. Read second time and amended. Re-referred to Committee on GOVERNANCE AND FINANCE.

Staff_Action: Monitoring

File name: STATE-Covid-19

CA AB 1107

AUTHOR: Chu [D]
TITLE: Unemployment Benefits: Temporary Additional Benefits
INTRODUCED: 02/21/2019
LAST AMEND: 04/22/2020

SUMMARY:

Amends existing law relating to unemployment compensation benefits. Provides that once the temporary federal unemployment increase due to the coronavirus outbreak has ceased, an individual's weekly benefit amount will increase, notwithstanding the weekly benefits cap.

STATUS:

04/22/2020 From SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT with author's amendments.

04/22/2020 In SENATE. Read second time and amended. Re-referred to Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT.

Staff_Action: Monitoring

CA AB 2887

AUTHOR: Bonta [D]

TITLE: Statewide Emergencies: Mitigation

INTRODUCED: 02/21/2020

LAST AMEND: 03/16/2020

SUMMARY:

Adds provisions relating to states of emergency, including the coronavirus pandemic. Provides for school meal distribution. Provides a moratorium on rent collection from small businesses. Requires zero interest rate loans for small businesses and nonprofit organizations. Provides paid sick leave for all employees regardless of term of employment. Prohibits the termination of utility service for certain nonpayment after the declaration of a state of emergency.

STATUS:

03/16/2020 From ASSEMBLY Committee on ACCOUNTABILITY AND ADMINISTRATIVE REVIEW with author's amendments.

03/16/2020 In ASSEMBLY. Read second time and amended. Re-referred to Committee on ACCOUNTABILITY AND ADMINISTRATIVE REVIEW.

Staff_Action: Monitoring

CA AB 3216

AUTHOR: Kalra [D]

TITLE: Employee Leave: Authorization: COVID 19

INTRODUCED: 02/21/2020

LAST AMEND: 03/12/2020

SUMMARY:

Makes it an unlawful employment practice for an employer to refuse to grant a request by an eligible employee to take family and medical leave due to the coronavirus. Permits employees taking leave due to COVID 19 to continue participation in employee health plans, including life insurance or short or long term disability or accident insurance, pension and retirement plans, and supplemental unemployment benefit plans.

STATUS:

03/12/2020 To ASSEMBLY Committee on LABOR AND EMPLOYMENT.

03/12/2020 From ASSEMBLY Committee on LABOR AND EMPLOYMENT with author's amendments.

03/12/2020 In ASSEMBLY. Read second time and amended. Re-referred to Committee on LABOR AND EMPLOYMENT.

Staff_Action: Monitoring

CA SB 89

AUTHOR: Budget and Fiscal Review Cmt

TITLE: Budget Act

INTRODUCED: 01/10/2019
LAST AMEND: 03/16/2020
SUMMARY:

Amends the Budget Act to make appropriations for any purpose related to the proclamation of a state of emergency upon order of the Director of Finance; provides that the Administration will work with stakeholders, including members of the Legislature and staff, in developing strategies to be considered for inclusion to assist individuals, nonprofit organizations, and small businesses experiencing economic hardships to the impacts.

STATUS:

03/17/2020 *****To GOVERNOR.
03/17/2020 Signed by GOVERNOR.
03/17/2020 Chaptered by Secretary of State. Chapter No. 2020-02

CA SB 117

AUTHOR: Budget and Fiscal Review Cmt
TITLE: Education Finance
INTRODUCED: 01/10/2019
LAST AMEND: 03/16/2020
SUMMARY:

Provides that due to the coronavirus, the instructional days and minutes requirements will be deemed to have been met during the period of time the school is closed. Extends the deadline to conduct the English learner assessment, unless otherwise determined by the Superintendent.

STATUS:

03/17/2020 *****To GOVERNOR.
03/17/2020 Signed by GOVERNOR.
03/17/2020 Chaptered by Secretary of State. Chapter No. 2020-03

CA SB 943

AUTHOR: Chang [R]
TITLE: Paid Family Leave: School Closures: Coronavirus
INTRODUCED: 02/10/2020
LAST AMEND: 03/26/2020
SUMMARY:

Authorizes wage replacement benefits to workers who take time off work to care for a minor child whose school has been closed due to the coronavirus outbreak.

STATUS:

03/26/2020 From SENATE Committee on RULES with author's amendments.
03/26/2020 In SENATE. Read second time and amended. Re-referred to Committee on RULES.
Staff_Action: Monitoring

CA SB 1159

AUTHOR: Hill [D]
TITLE: Workers Compensation: Coronavirus
INTRODUCED: 02/20/2020
LAST AMEND: 04/22/2020
SUMMARY:

Amends existing law relating to the workers' compensation system. Defines injury for a critical worker to include illness or death that results from exposure to coronavirus disease. Creates a disputable presumption that an injury that develops or manifests itself while a critical worker is employed arose out of and in the course of the employment.

STATUS:

	04/22/2020	From SENATE Committee on RULES with author's amendments.
	04/22/2020	In SENATE. Read second time and amended. Re-referred to Committee on RULES.
	Staff_Action:	Monitoring
CA SB 1322	AUTHOR:	Rubio [D]
	TITLE:	Remote Online Notarization Act
	INTRODUCED:	02/21/2020
	LAST AMEND:	04/03/2020
	SUMMARY:	Relates to Remote Online Notarization Act. Authorizes a notary public to apply for registration with the Secretary of State to be a remote online notary public. Provides that the act shall remain in effect only while there is a declaration of a state of emergency by the Governor related to the coronavirus in effect.
	STATUS:	
	04/03/2020	From SENATE Committee on RULES with author's amendments.
	04/03/2020	In SENATE. Read second time and amended. Re-referred to Committee on RULES.
	Staff_Action:	Monitoring

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FOR INFORMATION ONLY

May 1, 2020

TO: Trustees,
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: May 13, 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 April 30, 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 April 30, 2020



	Project/ Investment	Description	Amount	Board Approval Date	Completion Status	% Complete	Notes
HEDGE FUNDS/ PORTFOLIO ANALYTICS	Polar Asset Management Partners	Subscription	\$300,000,000.00	March 23, 2020	Completed	100%	Completed.
	Summit Partners Europe Growth Equity Fund III, SCSP	Subscription	\$50,000,000.00	February 12, 2020	Completed	100%	Completed.
PRIVATE EQUITY	One Rock Capital Partners III, LP	Subscription	\$150,000,000.00	March 23, 2020	Completed	100%	Completed.
REAL ESTATE	Altus Group U.S., Inc.	Agreement for Appraisal Management Service Provider	\$350,000.00	February 12, 2020	In Progress	85%	Legal negotiations in process.

FOR INFORMATION ONLY

May 7, 2020

TO:

Trustees – Board of Investments

FROM:

Jonathan Grabel 
Chief Investment Officer

FOR:

May 13, 2020 Board of Investments Meeting

SUBJECT:

**Real Estate Investment
Capri Urban Investors and Baldwin Hills Crenshaw Plaza**

This memo serves to present background information to the Boards regarding a real estate investment that was the subject of public comment during the May 7, 2020 Board of Retirement meeting. The comments related to the Baldwin Hills Crenshaw Plaza (“BHCP”) shopping center.

Salient Facts:

- BHCP is owned by Capri Urban Investors (CUI), a closed end, commingled real estate fund managed by Capri Capital.
- The general partner of CUI is Capri Capital (“Capri”). Capri has discretionary authority to originate and manage investments, as well as perform all asset and portfolio management functions as needed.
- LACERA is a limited partner in CUI and a member of the Investor Advisor Committee. The investors in CUI, including LACERA, have no decision-making authority relating to the investments of CUI.
- LACERA committed \$150 million to CUI in 2007. CUI, expected to be a ten-year fund, is in liquidation and there are two assets remaining to be sold. One of those assets is BHCP.
- CUI has under-performed its original target net of fee return of 15%. The net-of-fee return to LACERA as of December 31, 2019 was -4.9%. The market value of LACERA’s position on that date was \$35.6 million.
- Extensive and lengthy efforts by Capri culminated in 2018 with the City of Los Angeles approving re-entitling the property to allow redevelopment and the addition retail, hospitality, residential and office space on the site. Redevelopment of the mall property could take many years and require hundreds of millions of dollars.
- BHCP has been broadly marketed for sale and a buyer, CIM, has recently entered contract to purchase the property.

Trustees – Board of Investments

May 7, 2020

Page 2 of 2

As a limited partner in CUI, LACERA does not have the rights to act on behalf of the general partner or other limited partners. The fund, CUI, is liquidating its remaining assets and trying to return capital to the investors as required.

cc: Trustees - Board of Retirement




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**

April 20, 2020

TO: Each Trustee
Board of Retirement
Board of Investments

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

FOR: May 7, 2020 Board of Retirement Meeting
May 13, 2020 Board of Investments Meeting

SUBJECT: **MONTHLY EDUCATION & TRAVEL REPORTS – MARCH 2020**

Attached, for your review, are the Board and Staff Education & Travel Reports as of March 2020. These reports include travel (i.e., completed and canceled) during Fiscal Year 2019-2020. Please note that the March travel reports incorporate the February travel reports, since the monthly reports are cumulative and the February reports were not agendized. Furthermore, the Staff Travel Report does not include events within Los Angeles County.

REVIEWED AND APPROVED:



Santos H. Kreimann
Chief Executive Officer

TG/EW/krh

Attachments

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

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

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
	3 Edu - 2020 SuperReturn Berlin - Berlin, Germany	02/24/2020 - 02/28/2020	Attended
	4 Edu- CII Spring 2020 Conference and 35th Anniversary Celebration - Washington D.C. MD	03/09/2020 - 03/11/2020	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
	- Edu - PPI 2020 Winter Roundtable - Pasadena CA	02/12/2020 - 02/14/2020	Attended
	- Edu - NACD - Directorship Essentials: Risk Oversight - Los Angeles CA	03/05/2020 - 03/05/2020	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			
A	1 Edu - NCPERS 2020 Legislative Conference - Washington D.C. MD	01/26/2020 - 01/28/2020	Attended
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
	- Edu - 2020 Vision: Economic Outlook for Markets in the Year Ahead - Los Angeles CA	01/23/2020 - 01/23/2020	Attended
	- Admin - SACRS Program and Board of Directors Meeting - Sacramento CA	02/10/2020 - 02/11/2020	Attended
X	- Edu - NASP 2020 "Day of Education in Private Equity" - Los Angeles CA	03/26/2020 - 03/26/2020	Host Canceled
David Green			
A	1 Edu - NCPERS 2020 Legislative Conference - Washington D.C. MD	01/26/2020 - 01/28/2020	Attended
B	- Edu - PPI 2020 Winter Roundtable - Pasadena CA	02/12/2020 - 02/14/2020	Attended
Elizabeth Greenwood			
A	1 Edu- CII Spring 2020 Conference and 35th Anniversary Celebration - Washington D.C. MD	03/09/2020 - 03/11/2020	Attended
B	- Edu - PPI 2020 Winter Roundtable - Pasadena CA	02/12/2020 - 02/14/2020	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

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

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
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
Keith Knox			
X	- Edu - NASP 2020 "Day of Education in Private Equity" - Los Angeles CA	03/26/2020 - 03/26/2020	Host 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
X	- Edu- CII Spring 2020 Conference and 35th Anniversary Celebration - Washington D.C. MD	03/09/2020 - 03/11/2020	Canceled
	- Edu - NASP 2020 "Day of Education in Private Equity" - Los Angeles CA	03/26/2020 - 03/26/2020	Host Canceled
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
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	Host Canceled

**BOARD EDUCATION AND TRAVEL REPORT
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Attendee	Purpose of Travel - Location	Event Dates	Travel Status
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
	4 Edu - NCPERS 2020 Legislative Conference - Washington D.C. MD	01/26/2020 - 01/28/2020	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
	- Edu - Pension Bridge ESG Summit 2020 - San Diego CA	02/10/2020 - 02/11/2020	Attended
	- Edu - PPI 2020 Winter Roundtable - Pasadena CA	02/12/2020 - 02/14/2020	Attended
X	- Edu - NASP 2020 "Day of Education in Private Equity" - Los Angeles CA	03/26/2020 - 03/26/2020	Host Canceled
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
	3 Edu - NCPERS 2020 Legislative Conference - Washington D.C. MD	01/26/2020 - 01/28/2020	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
	- Edu - PPI 2020 Winter Roundtable - Pasadena CA	02/12/2020 - 02/14/2020	Attended
X	- Edu - INCA Investments Latin American Investments Conference - Buenos Aires, Argentina	10/16/2019 - 10/17/2019	Canceled
	- Edu - 2020 ICGN Seoul Conference - Seoul, South Korea	02/25/2020 - 02/28/2020	Host Canceled
	- Edu- CII Spring 2020 Conference and 35th Anniversary Celebration - Washington D.C. MD	03/09/2020 - 03/11/2020	Canceled
	- Edu - NASP 2020 "Day of Education in Private Equity" - Los Angeles CA	03/26/2020 - 03/26/2020	Host 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 or international prerequisite conferences per 705.00 A. 8.

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

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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
Shonita Peterson	1	Edu - CALAPRS Benefits Round Table - Costa Mesa CA	02/07/2020 - 02/07/2020	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

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Disability Retirement Services				
Ricki Contreras	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
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	Canceled
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				
Santos Kreimann	1	Edu - NCPERS 2020 Legislative Conference - Washington D.C. MD	01/26/2020 - 01/28/2020	Attended
	2	Edu - CALAPRS General Assembly - Rancho Mirage CA	03/07/2020 - 03/10/2020	Canceled
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

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Attendee		Purpose of Travel - Location	Event Dates	Travel Status
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
	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

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Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Financial & Accounting Services				
Imelda Saldivar	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
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				
Annette Cleary	1	Edu - Libert Cassidy Whitmore Annual Conference - San Francisco CA	01/22/2020 - 01/24/2020	Attended
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
	3	Edu - Regional Compliance and Ethics Conference - Costa Mesa CA	01/24/2020 - 01/24/2020	Attended

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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
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
	4	Admin - Meeting with AE Industrial Partners, an existing manager - Cedar City UT	01/07/2020 - 01/08/2020	Attended
	5	Admin - Program review with JPMorgan and Morgan Stanley; meet with potential managers and secondary transaction advisors - New York NY	01/27/2020 - 01/31/2020	Attended
	6	Admin - Due diligence on Canaan Fund XII and Canaan 2020+ - Menlo Park CA	02/10/2020 - 02/11/2020	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

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Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Investments				
Amit Aggarwal	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
	2	Admin - Program review with JPMorgan and Morgan Stanley; meet with potential managers and secondary transaction advisors - New York NY	01/27/2020 - 01/31/2020	Attended
	3	Admin - Due diligence on potential managers and attend Excellere Partners' Annual General Meeting and Limited Partner Advisory Committee - Denver CO	03/12/2020 - 03/13/2020	Canceled
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
	6	Admin - Meeting with AE Industrial Partners, an existing manager - Cedar City UT	01/07/2020 - 01/08/2020	Attended
	7	Admin - Program review with JPMorgan and Morgan Stanley; meet with potential managers and secondary transaction advisors - New York NY	01/27/2020 - 01/31/2020	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
Terra Elijah	1	Admin - Due diligence with a potential Appraisal Management Service Provider - Irvine CA	12/16/2019 - 12/16/2019	Attended

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Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Investments				
Terra Elijah	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
	8	Admin - 2020 AIF Annual Investors' Meeting - New York NY	01/13/2020 - 01/14/2020	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
	3	Admin - Due diligence with prospective managers for the Equity Factor-Base RFP search and meet with Lazard, an existing manager - New York NY	01/22/2020 - 01/23/2020	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
	3	Edu- CII Spring 2020 Conference and 35th Anniversary Celebration - Washington D.C. MD	03/09/2020 - 03/11/2020	Canceled
Daniel Joye	1	Admin - Portfolio Manager meeting - Newport Beach CA	02/26/2020 - 02/26/2020	Attended
	2	Edu - PIMCO Client Conference - Newport Beach CA	02/26/2020 - 02/26/2020	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

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Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Investments				
Derek Kong	3	Admin - Program review with JPMorgan and Morgan Stanley; meet with potential managers and secondary transaction advisors - New York NY	01/27/2020 - 01/31/2020	Attended
	4	Admin - Due diligence with a potential manager and existing managers. - London, England and Berlin, Germany	02/22/2020 - 02/28/2020	Attended
	5	Edu - 2020 SuperReturn Berlin - Berlin, Germany	02/24/2020 - 02/28/2020	Canceled
Vache Mahseredjian	1	Admin - Due Diligence of Illiquid Credit Finalist Managers - New York, NY and Chicago, IL	08/27/2019 - 08/29/2019	Attended
	2	Edu - Big Data, Machine Learning/AI, and Digital Money: How Are They Changing Everything Conference - La Jolla CA	02/03/2020 - 02/03/2020	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
	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
	2	Admin - Due Diligence with potential managers - New York, NY and Toronto, Ontario (Canada)	01/13/2020 - 01/16/2020	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

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Attendee		Purpose of Travel - Location	Event Dates	Travel Status
Investments				
Ron Senkandwa	1	Admin - Due diligence with prospective managers for the Equity Factor-Base RFP search and meet with Lazard, an existing manager - New York NY	01/22/2020 - 01/23/2020	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
	3	Admin - Clarion Capital Annual General Meeting; meet with Lightyear (existing manager) and with a potential manager - New York NY	02/24/2020 - 02/25/2020	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
	2	Admin - Due diligence on a potential manager - San Francisco CA	02/28/2020 - 02/28/2020	Attended
	3	Admin - Due diligence on Silver Lake - Menlo Park CA	03/03/2020 - 03/03/2020	Attended
	4	Admin - Lightspeed India's annual general meeting - San Francisco CA	03/09/2020 - 03/09/2020	Host Canceled
	5	Admin - 13th Annual Women Private Equity Summit - Dana Point CA	03/11/2020 - 03/13/2020	Canceled
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
	3	Admin - Due Diligence with potential managers - New York, NY and Toronto, Ontario (Canada)	01/13/2020 - 01/16/2020	Attended
Edward Wright	1	Admin - Systematic Investment Strategies Symposium as a speaker. - New York NY	11/19/2019 - 11/19/2019	Attended
	2	Admin - Due diligence with prospective managers for the Equity Factor-Base RFP search and meet with Lazard, an existing manager - New York NY	01/22/2020 - 01/23/2020	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

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Investments				
Scott Zdrazil	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
	8	Admin - KPMG Board Leadership Conference - Huntington Beach CA	01/07/2020 - 01/07/2020	Attended
	9	Admin - Corporate Directors Panel - Newport Beach CA	01/16/2020 - 01/16/2020	Attended
	10	Admin - Pension Bridge ESG Summit 2020 - San Diego CA	02/10/2020 - 02/11/2020	Attended
	11	Edu- CII Spring 2020 Conference and 35th Anniversary Celebration - Washington D.C. MD	03/09/2020 - 03/11/2020	Canceled
	12	Admin - Securities and Exchange Commission (SEC) and legislative meetings - Washington D.C. MD	03/12/2020 - 03/12/2020	Canceled
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
	2	Edu - National Association of Public Pension Attorneys (NAPPA) Winter Seminar - Tempe AZ	02/19/2020 - 02/21/2020	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
	3	Edu - SACRS Legislative Committee - Sacramento CA	01/17/2020 - 01/17/2020	Attended
	4	Edu - NCPERS 2020 Legislative Conference - Washington D.C. MD	01/26/2020 - 01/28/2020	Attended
Cheryl Lu	1	Admin - Program review with JPMorgan and Morgan Stanley; meet with potential managers and secondary transaction advisors - New York NY	01/27/2020 - 01/31/2020	Attended
Jill Rawal	1	Edu - National Association of Public Pension Attorneys (NAPPA) Winter Seminar - Tempe AZ	02/19/2020 - 02/21/2020	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
Member Services				
Joanna Anguiano	1	Edu - CALAPRS Benefits Round Table - Costa Mesa CA	02/07/2020 - 02/07/2020	Attended

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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
	4	Edu - CALAPRS Benefits Round Table - Costa Mesa CA	02/07/2020 - 02/07/2020	Attended
Jacqueline Boute	1	Edu - CALAPRS Benefits Roundtable - Oakland CA	09/20/2019 - 09/20/2019	Attended
	2	Edu - CALAPRS Benefits Round Table - Costa Mesa CA	02/07/2020 - 02/07/2020	Attended
Sandra Ceci	1	Edu - CALAPRS Benefits Round Table - Costa Mesa CA	02/07/2020 - 02/07/2020	Attended
Allan Cochran	1	Edu - ICMI Contact Center Symposium - San Diego CA	11/18/2019 - 11/21/2019	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
Jim Hepker	1	Edu - CALAPRS Benefits Round Table - Costa Mesa CA	02/07/2020 - 02/07/2020	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
Valerie Quiroz	1	Edu - CALAPRS Benefits Round Table - Costa Mesa CA	02/07/2020 - 02/07/2020	Attended
Jeff Shevlowitz	1	Edu - 38th ISCEBS Employee Benefits Symposium - New Orleans CA	09/08/2019 - 09/11/2019	Attended
Nga Van	1	Edu - CALAPRS Benefits Round Table - Costa Mesa CA	02/07/2020 - 02/07/2020	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	Canceled
	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

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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
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	Canceled
	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
	7	Edu - NCPERS 2020 Legislative Conference - Washington D.C. MD	01/26/2020 - 01/28/2020	Attended
	8	Edu - AHIP Annual National Health Policy Conference - Washington D.C. MD	03/18/2020 - 03/19/2020	Host Canceled
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	Canceled
	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
	7	Edu - NCPERS 2020 Legislative Conference - Washington D.C. MD	01/26/2020 - 01/28/2020	Attended
	8	Edu - AHIP Annual National Health Policy Conference - Washington D.C. MD	03/18/2020 - 03/19/2020	Host Canceled
Letha Williams-Martin	1	Edu - ICMI Contact Center Symposium - San Diego CA	11/18/2019 - 11/21/2019	Attended



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Attendee		Purpose of Travel - Location	Event Dates	Travel Status
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	Canceled
	3	Edu - SACRS 2019 Fall Conference - Monterey CA	11/12/2019 - 11/15/2019	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
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