



August 9, 2020

**TO:** Each Trustee,  
Board of Investments

**SUBJECT:** BOI Meeting on August 12, 2020 – Green Folder Item

---

Following you will find the Green Folder item for the above mentioned meeting:

**Item VIII. H. – Monthly Status Report on Legislation  
November Elections – Recommendation as submitted by Trustee, Wayne  
Moore for the Board to take Action.**

August 9, 2020

**TO:** Each Trustee,  
Board of Investments

**FROM:** Wayne Moore  
Board of Investments, Trustee

**FOR:** Board of Investments Meeting on August 12, 2020 – Green Folder Item

Nationwide, about 24% of public sector employees are Black and Hispanic, 59% are women. More than 95% of the asset management firms managing their retirement assets and collecting fees are white owned and they control over 98% of assets under management. This is not happenstance. This has been generations in the making. If nothing changes, another generation will continue allocating almost all retirement assets to white owned management companies, limiting the ability for minorities and women, who provide most of those assets, the opportunity to participate in an industry that according to Forbes magazine has created more wealth than any other industry in recent years.

LACERA's active plan participants, Los Angeles County employees, are 60% Black and Hispanic and 60% women. They deserve to have their retirement assets benefit them and their legacy. Their savings should not be used to perpetuate a hereditary class of investment managers and their legacy. Minority and women owned investment firms need to manage more public pension fund assets, including LACERA's. This will not happen by happenstance either. There must be an intentional and persistent willingness to make opportunities available for minority and women owned investment firms to participate in our plan.

In November, Proposition 16 is on the ballot and if passed, will repeal 1996's Proposition 209. Over the past 24 years, Proposition 209 has served to entrench the status quo ante and in fact helped turn back the clock at public pension funds who were implementing minority business enterprise programs until 1996. California has almost 20% of the public pension fund assets in the country. If California pension funds required their investment managers to look more like their plan participants, we would have a major impact on the entire nation in addressing the racial wealth gap.

Without respect to the passage or failure of Proposition 16, it is time for us at LACERA to take the initiative to open up our system and make sure we are in fact diverse and inclusive.

Therefore, I move the following:

*That the Los Angeles County Employee Retirement Association adopt an Investment Equity Initiative that establishes 3 year, 5 year and 10 year tactical plans for hiring investment management, advisory and service providing companies whose ownership and company demographics reflect the diversity of Los Angeles county active employees and retirees. The Initiative's outcome objectives will be to increase the number of Hispanic, African American and women owned companies managing LACERA investment assets, increase the amount of funds managed by these same companies and increase the number of Hispanic, African American and women owned companies providing advisory and other services to LACERA. The objective will consider availability and utilization rates of minority and women owned firms in addition to their performance and portfolio fit. The Initiative will comply with all local ordinances and policies, as well as State and Federal Laws. The initiative will require regular demographic reporting to the Board of Investment on investment managers, advisors and service providers. The Board will appoint an Ad-hoc committee to work directly with the staff in developing a draft Initiative for Board review within 60 days.*