

LIVE VIRTUAL BOARD MEETING



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

You may submit a request to speak during Public Comment or provide a written comment by emailing PublicComment@lacera.com. If you are requesting to speak, please include your contact information, agenda item, and meeting date in your request.

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.

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

AGENDA

A REGULAR MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, PASADENA, CALIFORNIA 91101

9:00 A.M., THURSDAY, NOVEMBER 5, 2020

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

Any person may view the meeting online at
https://members.lacera.com/lmpublic/live_stream.xhtml

*The Board may take action on any item on the agenda,
and agenda items may be taken out of order.*

I. CALL TO ORDER

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of October 14, 2020

III. REPORT ON CLOSED SESSION ITEMS

IV. PUBLIC COMMENT

(*You may submit written public comments by email to PublicComment@lacera.com. Please include the agenda number and meeting date in your correspondence. Correspondence will be made part of the official record of the meeting. Please submit your written public comments or documentation as soon as possible and up to the close of the meeting.

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

V. CHIEF EXECUTIVE OFFICER'S REPORT (Memo dated October 23, 2020)

VI. CHIEF INVESTMENT OFFICER'S REPORT (Presentation dated November 5, 2020)

VII. CONSENT ITEMS

- A. Recommendation as submitted by Alan Bernstein, Chair, Corporate Governance Committee: That the Board approve LACERA's nomination of Scott Zdrazil for re-election to the Council of Institutional Investors ("CII") 2021 annual board elections. (Memo dated October 20, 2020)
- B. Recommendation as submitted by Alan Bernstein, Chair, Corporate Governance Committee: That the Board approve the proposed Minimum Qualifications, Evaluation Criteria, and Scope of Work, thereby authorizing staff to initiate a Request for Proposals for a proxy voting platform provider and proxy research service(s). (Memo dated October 20, 2020)
- C. Recommendation that the Board approve participation of Trustees at the Yale School of Management – Women's Leadership Program. (Memo dated October 21, 2020) (Placed on the agenda on behalf of Ms. Greenwood)

VIII. REPORTS

- A. Strategic Asset Allocation Discussion
Jonathan Grabel, Chief Investment Officer
Jude Perez, Principal Investment Officer
Leandro A. Festino, Meketa Investment Group
Jonathan Camp, Meketa Investment Group
Tim Filla, Meketa Investment Group
(Memo dated October 23, 2020)
- B. Operational Due Diligence – Deep Dive Assessment
Quoc Nguyen, Investment Officer
Mel Tsao, Senior Investment Analyst
Cindy Rivera, Senior Investment Analyst
Operational Due Diligence Working Group
(Memo dated October 22, 2020)
- C. Amicus Curiae Brief of the Council of Institutional Investors in Institutional Shareholder Services V. Sec, NO.1:19-CV-3275
Scott Zdrazil, Senior Investment Officer
(For Information Only) (Memo dated October 20, 2020)
- D. Real Estate Process Workflow Findings – Update II
Esmeralda del Bosque, Senior Investment Officer
Trina Sanders, Investment Officer
Cindy Rivera, Senior Investment Analyst
(For Information Only) (Memo dated October 19, 2020)

VIII. REPORTS (Continued)

- E. Semi-Annual Interest Crediting for Reserves as of June 30, 2020 (AUDITED)
Ted Granger, Interim Chief Financial Officer
(For Information Only) (Memo dated October 22, 2020)
- F. Retired Board Member Election
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated October 23, 2020)
- G. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated October 26, 2020)
- H. Monthly Education and Travel Reports for September 2020
Ted Granger, Interim Chief Financial Officer
(For Information Only) (Public Memo dated October 23, 2020)
(Confidential Memo dated October 23, 2020– Includes Anticipated Travel)
- I. October 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 October 26, 2020)

IX. ITEMS FOR STAFF REVIEW

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

XI. EXECUTIVE SESSION

- A. Conference with Staff and Legal Counsel to Consider the Purchase or Sale of Particular, Specific Pension Fund Investments
(Pursuant to California Government Code Section 54956.81)
 - 1. Private Equity Co-Investment Update
David Chu, Senior Investment Officer
Derek Kong, Investment Officer
(For Information Only) (Memo dated October 19, 2020)

XI. EXECUTIVE SESSION (Continued)

2. Centerbridge Capital Partners IV, L.P. Update
Christopher Wagner, Principal Investment Officer
Didier Acevedo, Investment Officer
(For Information Only) (Memo dated October 20, 2020)
3. Notice of Re-Up Commitment of up to \$130 Million to
GGV Capital VIII L.P., GGV Capital VIII Plus, L.P., and
GGV Discovery III, L.P.
David Chu, Senior Investment Officer
Cheryl Lu, Investment Officer
(For Information Only) (Memo dated October 23, 2020)

XII. ADJOURNMENT

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

****Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email PublicComment@lacera.com, but no later than 48 hours prior to the time the meeting is to commence.***

MINUTES OF THE REGULAR MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, PASADENA, CALIFORNIA 91101

9:00 A.M., WEDNESDAY, OCTOBER 14, 2020

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

PRESENT: David Green, Chair

Herman B. Santos, Vice Chair

Wayne Moore, Secretary

Alan Bernstein

Elizabeth Greenwood

Shawn Kehoe

Keith Knox

David Muir

Gina V. Sanchez

STAFF ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Jonathan Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

Ted Granger, Interim Chief Financial Officer

Christine Roseland, Senior Staff Counsel

Christopher Wagner, Principal Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

John McClelland, Principal Investment Officer

Vache Mahseredjian, Principal Investment Officer

Jude Perez, Principal Investment Officer

James Rice, Principal Investment Officer

Ted Wright, Principal Investment Officer

Scott Zdrazil, Senior Investment Officer

Chad Timko, Senior Investment Officer

Didier Acevedo, Investment Officer

Dale Johnson, Investment Officer

Daniel Joye, Investment Officer

Quoc Nguyen, Investment Officer

Amit Aggarwal, Investment Officer

Mel Tsao, Senior Investment Analyst

Jeff Jia, Senior Investment Analyst

Adam Cheng, Senior Investment Analyst

Noah Damsky, Senior Investment Analyst

Michael Romero, Senior Investment Analyst

Cindy Rivera, Senior Investment Analyst

Kevin Bassi, Senior Investment Analyst

Barry W. Lew, Legislative Affairs Officer

STAFF ADVISORS AND PARTICIPANT (Continued)

Meketa Investment Group

Stephen McCourt, Managing Principal

Leandro Festino, Managing Principal

Timothy Filla, Principal

Alina Yuan, Associate

Sarah Bernstein, Principal

Stephen MacLellan, Principal

StepStone Group LP

Jose Fernandez, Partner

Albourne

James Walsh, Head of Portfolio Advisory

Steven Kennedy, Partner

Mark White, Partner

Chris Slavin, Partner

Townsend Group

Rob Kochis, Partner

Felix Fels, Vice President

Milliman

Nick Collier, Actuary

Mark Olleman, Actuary

Craig Glyde, Actuary

I. CALL TO ORDER

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

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of September 9, 2020

II. APPROVAL OF MINUTES (Continued)

Ms. Sanchez made a motion, Mr. Muir seconded, to approve the minutes of the regular meeting of September 9, 2020. The motion passed unanimously (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, and Ms. Sanchez voting yes. Ms. Greenwood was present but did not vote.

III. REPORT ON CLOSED SESSION ITEMS

Steven Rice, Chief Counsel, reported that:

At the September 9, 2020 Board of Investments meeting, under Executive Session Agenda Item XII.B, the Board unanimously by a vote of 9-0, on a motion by Mr. Kehoe, seconded by Mr. Muir, approved that staff is given authority, under the criteria set forth in the Board's Securities Litigation Policy, to evaluate and, if warranted, select counsel and file a motion on LACERA's behalf to serve as lead plaintiff in the case Owens v. First Energy Corp. pending in United States District Court for the Southern District of Ohio. Subsequently, after completing its investigation and evaluation, Legal staff determined, in consultation with the Investment Division, that LACERA's participation in the case was in the fund's interest under the Securities Litigation Policy. Legal staff retained the law firm of Robbins Geller Rudman & Dowd LLP to represent LACERA, and on September 28, 2020, LACERA filed a motion to be appointed lead plaintiff. Staff will continue to keep the Board informed of developments in the case.

IV. PUBLIC COMMENT

Jordan Fein from UNITE HERE addressed the Board regarding PAI Europe VII investment in Areas.

Ken Calabrese addressed the Board and also provided a written comment regarding Gateway Terry, LLC managed by Pinnacle Campus Living LLC.

V. CHIEF EXECUTIVE OFFICER'S REPORT (Memo dated September 23, 2020)

Mr. Kreimann provided a brief presentation on the Chief Executive Officer's Report and answered questions from the Board.

VI. CHIEF INVESTMENT OFFICER'S REPORT (Presentation dated October 14, 2020)

Mr. Grabel provided a brief presentation on the Chief Investment Officer's Report and answered questions from the Board.

VII. CONSENT ITEMS

Mr. Bernstein made a motion, Ms. Sanchez seconded, to approve the following consent items. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Knox, Moore, Muir, Santos, and Ms. Sanchez voting yes. Ms. Greenwood was present but not did not vote.

- A. Recommendation as submitted by Wayne Moore, Chair, Credit and Risk Mitigation Committee: That the Board approve re-categorizing the investment in PIMCO Tactical Opportunities (Tac Opps) Onshore Fund L.P. to LACERA's Illiquid Credit portfolio as advanced by the Credit and Risk Mitigation Committee. (Memo dated September 30, 2020)
- B. Recommendation as submitted by Wayne Moore, Chair, Credit and Risk Mitigation Committee: That the Board reduce the Core Plus fixed income target allocation to zero, with a range of 0 to 20%, as advanced by the Credit and Risk Mitigation Committee. (Memo dated September 22, 2020)

October 14, 2020

Page 6

VII. CONSENT ITEMS (Continued)

- C. Recommendation as submitted by Alan Bernstein, Chair, Corporate Governance Committee: That the Board approve a consolidated *Corporate Governance and Stewardship Principles* policy.
(Memo dated September 18, 2020)

VIII. REPORTS

- A. Evaluating a Climate-Aware Strategic Asset Allocation
Scott Zdrazil, Senior Investment Officer
Dale Johnson, Investment Officer
Sarah Bernstein, Meketa Investment Group
Stephen MacLellan, Meketa Investment Group
(Memo dated September 30, 2020)

Messrs. Zdrazil and Johnson and Sarah Bernstein and Stephen MacLellan of Meketa Investment Group provided a presentation and answered questions from the Board.

- B. Strategic Asset Allocation Discussion
Jonathan Grabel, Chief Investment Officer
Jude Perez, Principal Investment Officer
Timothy Filla, Meketa Investment Group
Leandro Festino, Meketa Investment Group
Alina Yuan, Meketa Investment Group
(Memo dated October 5, 2020)

Mr. Perez and Leandro Festino, Timothy Filla and Alina Yuan of Meketa Investment Group provided a presentation and answered questions from the Board.

- C. 2020 Actuarial Risk Assessment Report
Santos Kreimann, Chief Executive Officer
Ted Granger, Interim Chief Financial Officer
Mark Olleman, Milliman
Nick Collier, Milliman
Craig Glyde, Milliman
(Memo Dated September 10, 2020)

VIII. REPORTS (Continued)

Mr. Granger and Mark Olleman, Nick Collier and Craig Glyde of Milliman provided a presentation and answered questions from the Board.

- D. Net Alpha Advisors: Report on LACERA Internalization of Investment Management
Ted Wright, Principal Investment Officer
Jude Perez, Principal Investment Officer
Mel Tsao, Senior Investment Analyst
(For Information Only) (Memo dated October 5, 2020)

This item was received and filed.

- E. Yankee Bonds and Emerging Market Debt
Vache Mahseredjian, Principal Investment Officer
(For Information Only) (Memo dated September 29, 2020)

This item was received and filed.

- F. Council of Institutional Investors Member Ballot
Scott Zdrazil, Senior Investment Officer
(For Information Only) (Memo dated September 25, 2020)

This item was received and filed.

- G. Monthly Status Report on Legislation
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated September 28, 2020)

This item was received and filed.

- H. Monthly Status Report on Board of Investments Legal Projects
Steven P. Rice, Chief Counsel
(For Information Only) (Memo dated October 1, 2020)

This item was received and filed.

VIII. REPORTS (Continued)

- I. Monthly Education and Travel Reports for August 2020
Ted Granger, Interim Chief Financial Officer
(For Information Only) (Public Memo dated September 23, 2020)
(Confidential Memo dated September 23, 2020 – Includes Anticipated Travel)

This item was received and filed.

- J. September 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 September 29, 2020)

This item was received and filed.

IX. ITEMS FOR STAFF REVIEW

There were no items for review.

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

Mr. Green recognized Mel Tsao for volunteering to assist with the presentation at the Board of Investment meetings.

XI. 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. Centerbridge Capital Partners Fund IV, L.P.
Christopher Wagner, Principal Investment Officer
Didier Acevedo, Investment Officer
Jose Fernandez, StepStone Group
(Memo dated October 2, 2020)

October 14, 2020

Page 9

XI. EXECUTIVE SESSION (Continued)

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

The Board took action. It will be reported out at a future date in accordance with the Brown Act.

2. Recommendation to Adjust Emerging Market Debt Investment Vehicles
Vache Mahseredjian, Principal Investment Officer
Jeff Jia, Senior Investment Analyst
(Memo dated September 29, 2020)

The Board took action. It will be reported out at a future date in accordance with the Brown Act.

3. Hedge Funds Portfolio Discussion
Vache Mahseredjian, Principal Investment Officer
Chad Timko, Senior Investment Officer
Quoc Nguyen, Investment Officer
(Memo dated September 30, 2020)

The Board took action. It will be reported out at a future date in accordance with the Brown Act.

4. DIF Infrastructure VI, L.P.
James Rice, Principal Investment Officer
Daniel Joye, Investment Officer
Christopher Slavin, Albourne Partners
(Memo dated October 1, 2020)

Messrs. Rice, Joye and Christopher Slavin of Albourne Partners provided a presentation and answered questions from the Board.

XI. EXECUTIVE SESSION (Continued)

Mr. Santos made a motion, seconded by Ms. Sanchez, to approve a commitment of up to €150 million (approximately \$180 million) in DIF Infrastructure VI, L.P., which is a real assets fund with a core global infrastructure strategy focusing primarily on developed markets, such as the U.S., Europe, Canada, Australia, and New Zealand, and Latin America, including assets in transportation, utilities, and renewables. The motion passed (roll call) with Messrs. Knox, Santos, Kehoe, Moore, Bernstein, Muir, Green and Ms. Sanchez voting yes. Ms. Greenwood was absent.

5. Real Estate Manager Selection

Amit Aggarwal, Investment Officer

Mike Romero, Senior Investment Analyst

Kevin Bassi, Senior Investment Analyst

Rob Kochis, The Townsend Group

Felix Fels, The Townsend Group

(Memo dated September 28, 2020)

This item was for information only. No action was taken.

XII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:42 p.m.

WAYNE MOORE, SECRETARY

DAVID GREEN, CHAIR



October 23, 2020

TO: Each Trustee,
Board of Retirement
Board of Investments

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

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

I am pleased to present the Chief Executive Officer's Report for October 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.

Virtual Webinars Launched

We are pleased to announce that effective October 15, 2020, we began scheduling virtual Outreach webinars. Members can visit lacera.com to schedule an appointment to attend our Making the Most of Your Retirement Plan, mid-career webinars, the Pre-Retirement Workshop and a new Retiree Healthcare webinar. Webinars begin on November 3rd - just in time for the start of our March Madness season.

Our Outreach team has also been working with some of our business partners to serve members at union benefit events. We have also developed and offered a special series of webinars to Superior Court members who are eligible for their Voluntary Separation Incentive Program.

We are also extremely pleased to continue our partnership with Empower. Over the last few months Empower has been gracious enough to allow us to participate in their webinar series as they conduct outreach to our mutual members. LACERA will continue working with Empower, as they will commence participating in our webinars as well. This partnership is a win-win for our LACERA members, as together we are able to provide a full overview of our member's retirement plans and retirement savings. Including Empower as part of our webinar events may also help reach County employees that may not have taken advantage of the 401K and 457 plans.

Member Services Operation Group Management Changes

As we shared in last month's CEO Report, we have been conducting a series of meetings with the management and supervisor teams throughout LACERA to discuss the Roadmap for Implementing

Action Steps in the 100 Day Roadmap Plan. Now that these meetings have been completed, we have begun to focus efforts on fulfilling the action steps. Leaders throughout LACERA have begun developing their project plans for meeting the milestones outlined in the Roadmap.

This includes the realignment of the divisions into the Member Services Operations Group and the Administration Services Group. Mr. Popowich has been providing oversight for the Member Services Operations Group and while we have not yet filled the vacant Assistant Executive Officer position, together Mr. Popowich and I are providing oversight and leadership for the Administration Services Group.

The recent departure of our Quality Assurance Chief presented a window of opportunity to evaluate the leadership structure in our Member Services Operational Group, implement the Roadmap objectives and action plans, improve operational efficiencies, and enhance services for our members.

As such, effective November 1, 2020, we are making the changes outlined below to the Member Services Operations Group management team. The changes offer an opportunity to challenge the status quo, apply new perspectives to our operations, and allow us to take a fresh look at how we provide services to our members. Additionally, it continues our efforts and commitment to developing a strong leadership team through cross training.

- Bernie Buenaflor, our current Division Manager of Benefits, will assume the role of Chief of Quality Assurance. Mr. Buenaflor has served as the Benefits Division Manager for over a decade, and served in Internal Audit before moving to the Benefits Division. His experience in these two roles will serve him well as he takes on this new challenge.
- Carlos Barrios, our current Section Head in the Member Services Outreach Section, will serve as the Interim Division Manager in Benefits until a permanent replacement can be recruited. Mr. Barrios' decades of experience leading our Outreach team in providing front line counseling and service to our members and his knowledge of processes, procedures, regulations, and laws that govern LACERA will serve him well as he works with the Benefits Team to continue examining and improving services to our members.
- Vanessa Gonzalez, Sr. Retirement Benefit Specialist in the Member Services Outreach Section, will serve as the Interim Section Head vacated by Mr. Barrios until a permanent replacement can be hired. Ms. Gonzalez, who previously served as an interim Division Manager of Benefits, has proven herself a capable leader and will help us continue to expand our Outreach efforts using in person and virtual tools.

We will be working closely with Carly Ntoya, Director of Human Resources, to take the necessary steps to fill these positions permanently in accordance with Civil Service Rules.

Recruiting Update for Open Vacancies

We are committed to ensuring LACERA has the necessary resources to meet our mission, provide excellent service to our members, and complete strategic objectives necessary to deliver on our commitment to our members. Accordingly, Human Resources is actively recruiting, assessing and hiring staff to fill current vacancies. In an effort to improve the process, the team recently revised the exam process to include additional information regarding the division’s needs and the expected job duties of these vacant positions. This information will help us to recruit and hire the most qualified candidates in a shorter period of time.

We have approved the following exams for Human Resources to recruit:

Job Title	Division	# Vacancies	Exec. Approval Date	Start	Candidate Pool
Finance Analyst III	Investments	3	11/21/2019	Sep-20	Open
Finance Analyst II, LACERA	Investments	1	7/22/2020	Jul-20	Open
Admin Services Officer, LACERA	Admin. Services	2	9/9/2020	Nov-20	Open
Retirement Benefits Specialist III	Member Services	5	9/17/2020	Nov-20	Promo
Sr. Retirement Benefits Specialist	MS and Benefits	3	9/17/2020	Nov-20	Promo
Management Secretary	Legal	2	9/30/2020	Nov-20	Open
Sr. Disability Retirement Specialist	Dis. Retirement	1	9/28/2020	Nov-20	Promo
Retirement Benefits Specialist I*	Member Services	6	9/17/2020	Jan-21	Open
Principal Internal Auditor, LACERA	Internal Audit	1	10/17/2020	Nov-20	Promo
Web Support Technician	Communications	1	10/22/2020	Oct-20	Open
Sr. Quality Auditor	QA	1	9/9/2020	Nov-20	Promo

*LACERA does not have regular Retirement Benefits Specialist I classifications. The number above is an estimate of the RBS trainees that will be needed for the next training cohort.

Twelve Retirement Benefits Specialists IIs were hired on October 2, 2020 upon completion of the year-long training class. HR also received various RFP submissions from Executive Recruitment firms to facilitate the hiring of a Chief Deputy Executive Officer and Assistant Executive Officer.

LACERA's Annual Wellness and Employee Benefits Program

LACERA continued its long standing tradition of supporting wellness in the workplace by hosting the Annual Wellness and Employee Benefits Program. This year's event was our first ever virtual program. Just as we strive to assist our members, we want to help staff members make healthy decisions that will benefit them now and in the future. The three day event's theme was "Together, We Make Magic" and was held on October 21st, 22nd, and 23rd. The event provided staff members opportunities to gather information about their health and financial benefits in advance of the benefit open enrollment deadline. The sessions provided useful information in the areas of health, wellness, nutrition, and benefits. Specifically, the program provided virtual webinars and vendor booths that explored ways to foster personal and family well-being, work life balance, home buying and refinancing, meditation 101, healthy eating, and the importance of stretch breaks.

The first day included seminars on balancing work and life, eating healthy, home buying education, retirement options, financial information, identity protection, and preventative health measures. The second day included virtual vendor booths and games. On the third day staff members were able to make appointments with Human Resources staff to ask questions about enrollment. The event concluded with an array of prizes including an Apple Watch, a Fitbit, and other items donated by the vendors and LACERA's Employee Council Team.

I had the opportunity to attend some of these sessions and was impressed with how well the team adjusted to a virtual format. I would like to thank the team for all of their hard work. Additionally, this format worked well and may serve as a template for our Retiree Healthcare wellness events.

Mid-Year Budget Update

As discussed during the 2020-2021 budget approval process,, we shared our plan to conduct a mid-year budget review. The budget team has been working with the Executive Office and the management team to assess our needs and identify any further cost savings as a result of operational changes. The team has identified some critical IT related projects designed to improve security, disaster recovery, and business continuity, areas that will lead to a budget adjustment request to better align our resources. Wherever possible, we have offset some of these costs by identifying salary savings and re-evaluating some lower priority projects.

The Budget team will be presenting a proposed budget amendment to the Joint Organizational Governance Committee (JOGC) in November. The final budget amendment as approved by the JOGC will be presented to all Trustees at a Joint Board of Retirement and Board of Investments meeting in December for final approval.

Update on our Phased Return to Work Plan

We wanted to share a short update on our COVID-19 response and our Phased Return to Work planning efforts. While conditions are improving in LA County, they have not reached a level where we feel safe in bringing a large number of staff members in the office. Since our last update in September, we have had a few close calls with staff members who may have been exposed to non-LACERA individuals who were either exposed to COVID-19 or tested positive. Fortunately, no major incidents have occurred, but these instances serve as a reminder that we are not out of the woods yet and this pandemic is not over.

We have essentially completed all of the modifications and preparations in the Member Service Center. Once we have set a date, we will conduct training sessions for MSC staff so they are familiar with the protocols and expectations when we do open the Center.

Additionally, we are launching a new education campaign internally to help staff members become familiar with the return to work plan. We want staff members to have a good understanding of our return to work plans and help them be prepared in advance. We have included a copy of one of our first internal mailings to staff. Additionally, we recently released a talking points tool kit to help managers answer staff member questions.

Over the next few weeks we will begin meeting with Division Managers to begin development of the next phases of the plan. We will be reviewing “habitation maps” to develop a seating plan tailored to each division to ensure social distancing and maximum safety for staff members. These meetings will also include a traffic flow discussion to minimize face-to-face exposure while carrying out their normal duties. This will assist us as we begin installing additional traffic flow signage throughout LACERA as well as updated protocol reminders.

When Will We Return to the Office?



There are two key factors that will determine our return to work:

1. Once the County has lowered its infection rate to an acceptable tier, we'll be able to return to the office. How a County is tested depends on the number of new daily coronavirus cases and testing positivity rate.



Currently, LA County is in tier **"Purple"** or the highest risk level for infection to spread*

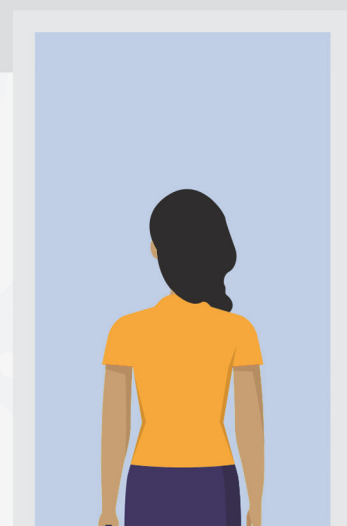
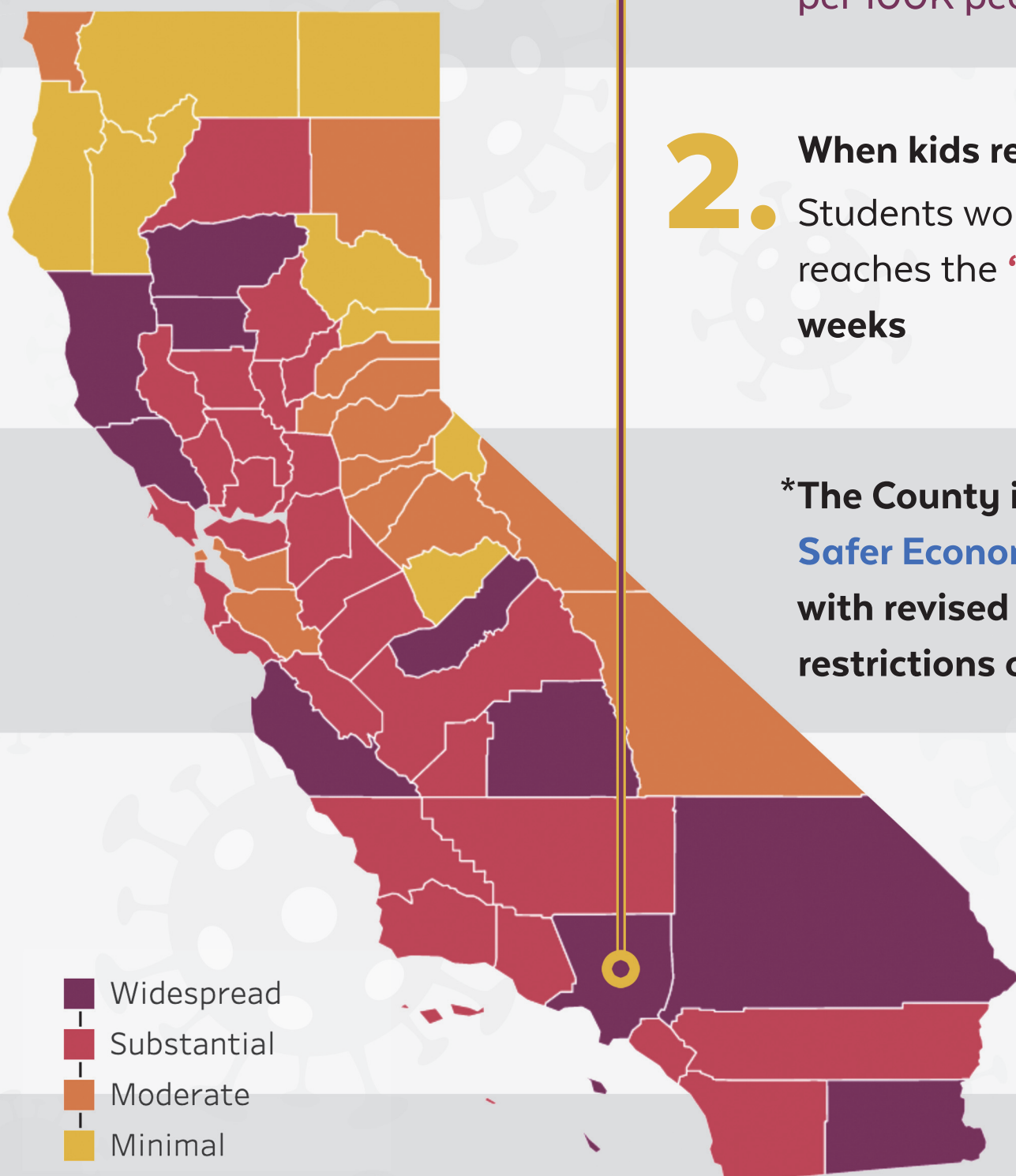
This means there are **more than 7 new daily cases per 100K people** or higher than 8% positivity rate

2.

When kids return to school

Students won't return to school until LA County reaches the **"Red"** tier of risk level for **two consecutive weeks**

*The County is following [California's Blueprint for a Safer Economy](#) for reducing COVID-19 in the state with revised criteria for loosening and tightening restrictions on activities.



Striving for Excellence in Service

Service Metrics Reported on a Fiscal Year Basis (July 1) Through: **September 2020**



Outreach Attendance
1,214
5,066 Year-to-Date



Outreach Events
11
33 Year-to-Date



Outreach Satisfaction
N/A
Change Since Last Mo

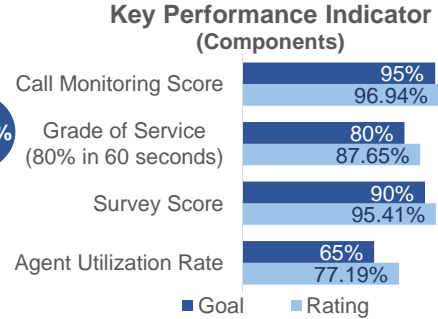
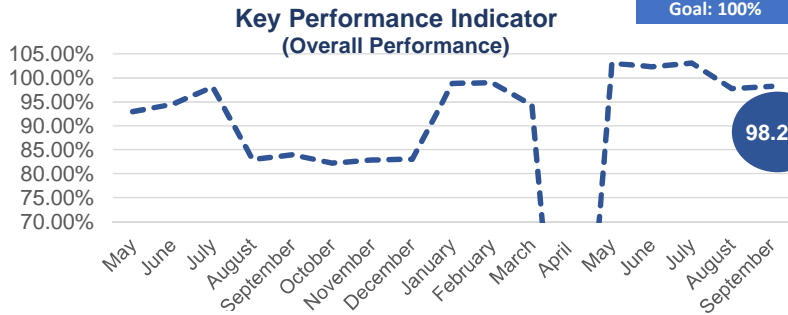


Member Service Center
N/A
- Change Since Last Mo



Member Services Calls
11,423
11,786 3 Mo. Avg.

Member Services



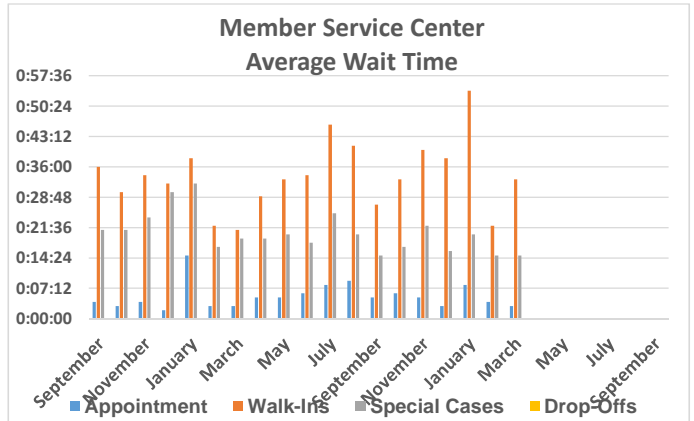
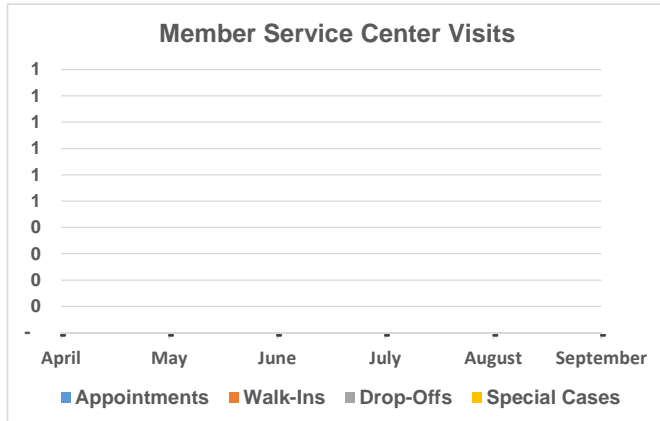
Top Calls

1. Retirement Counseling: Process Overview
2. MyLACERA Login Issues
3. Retirement Counseling: Estimate

Emails 448
24:00 hours
Avg. Response Time (ART)



Secure Messages 602



*Drop Off Wait Time: No Waiting



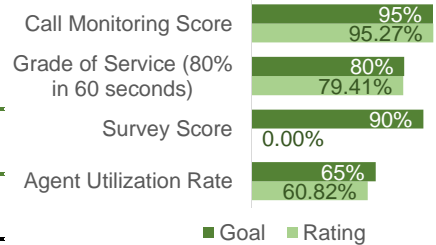
Total RHC Calls: **5,284**

Retiree Healthcare



Top Calls

1. Medical-New Enrollment/Change/Cancel
2. Medical Benefits
3. Medicare Part B Reimbursement



Emails 302
1 Day
Avg. Response Time (ART)



Secure Messages 178

Striving for Excellence in Service (Continued)

Disability

Applications

666

In Process

As Of:

9/30/2020

650 Pending on: 8/31/2020

49 Received

148 Year-to-Date

0 Re-Opened

0 Year-to-Date

32 To Board - Initial

118 Year-to-Date

1 Closed

7 Year-to-Date

Appeals

94

In Process

As Of:

9/30/2020

97 Pending on: 8/31/2020

1 Received

4 Year-to-Date

1 Admin Closed/Rule 32

6 Year-to-Date

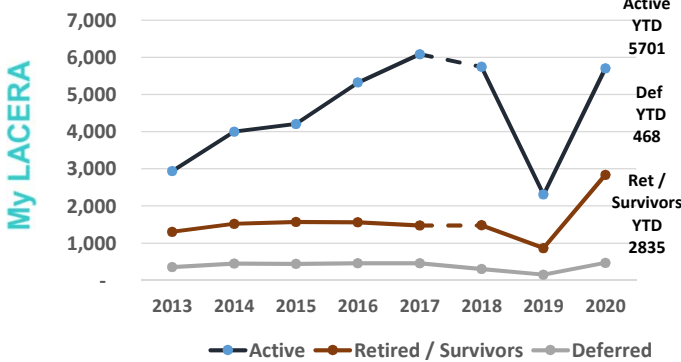
2 Referee Recommended

2 Year-to-Date

1 Revised/Reconsidered for Granting

1 Year-to-Date

My LACERA Registrations

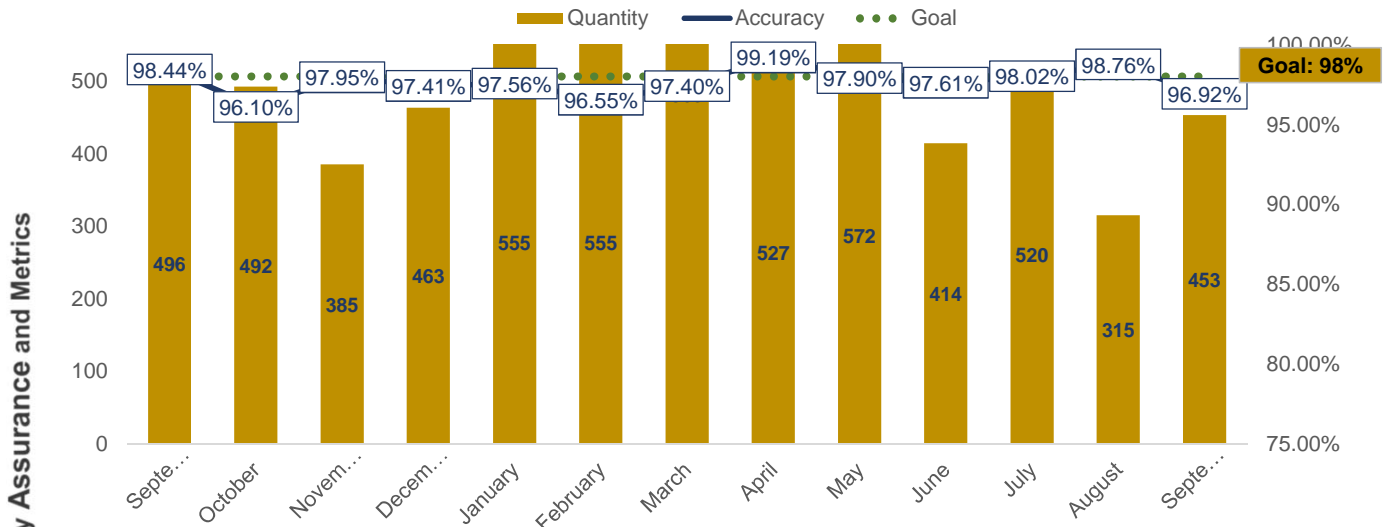


COVID-19 NOTE

Some Member Services, Retiree Healthcare, and Quality Assurance statistics for April were not available due to COVID-19 impacts. Where possible we have provided estimates based on manual reporting or in some cases a six month average for survey scores.

Striving for Excellence in Quality

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



*Data for April 2020 is incomplete due to COVID-19 challenges. This is an estimated accuracy %

September



96.92%

Retirement Elections

343

Samples

97.71%

Accuracy

Payment Contracts

50

Samples

93.06%

Accuracy

Data Entry

60

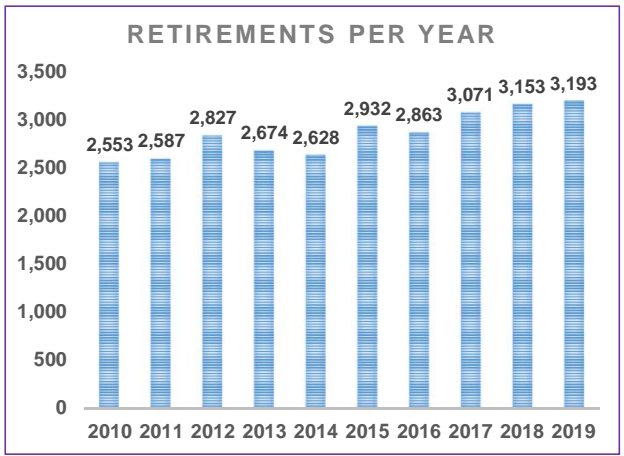
Samples

100.00%

Accuracy

Member Snapshot

	Members as of 10/15/2020				
	Plan	Active	Retired	Survivors	Total
General	Plan A	89	15,675	4,358	20,122
	Plan B	20	679	70	769
	Plan C	30	424	68	522
	Plan D	39,713	17,136	1,586	58,435
	Plan E	16,119	13,782	1,299	31,200
	Plan G	30,874	69	6	30,949
	Total General	86,845	47,765	7,387	141,997
Safety	Plan A	2	5,005	1,620	6,627
	Plan B	9,120	6,475	317	15,912
	Plan C	4,235	11	0	4,246
	Total Safety	13,357	11,491	1,937	26,785
TOTAL MEMBERS	100,202	59,256	9,324	168,782	
% by Category	59%	35%	6%	100%	



Average Monthly Benefit Allowance Distribution October 2020

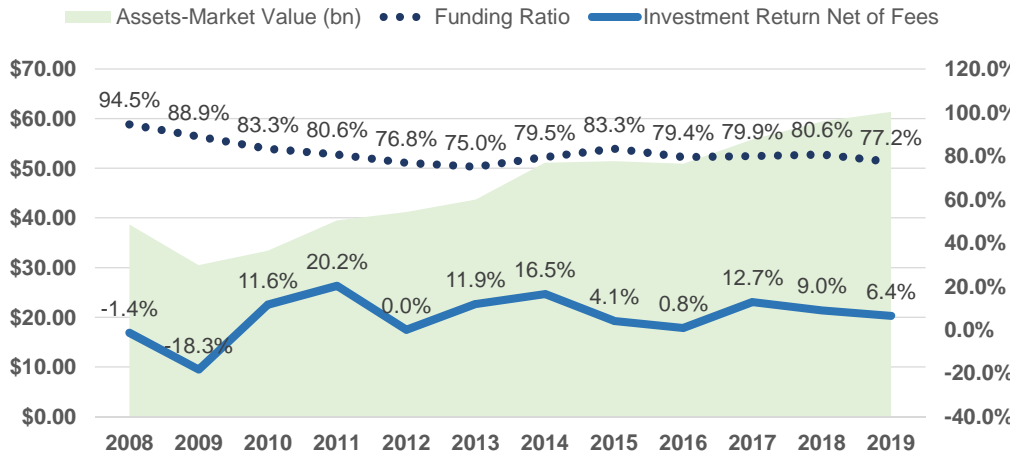
	General	Safety	Total	%
\$0 to \$3,999	29,871	1,841	31,712	53.81%
\$4,000 to \$7,999	12,915	3,504	16,419	27.86%
\$8,000 to \$11,999	3,377	4,161	7,538	12.79%
\$12,000 to \$15,999	933	1,514	2,447	4.15%
\$16,000 to \$19,999	294	275	569	0.97%
\$20,000 to \$23,999	83	107	190	0.32%
\$24,000 to \$27,999	27	18	45	0.08%
> \$28,000	12	3	15	0.03%
Totals	47,512	11,423	58,935	100%

Average Monthly Benefit Allowance: \$ 4,451.00

Healthcare Program		Healthcare Enrollments	
(YTD as of 09/30/20)		(Mo. Ending: 09/30/20)	
	Employer	Member	
Medical	142.6	11.2	Medical 52,351
Dental	11.3	1.1	Dental 53,712
Part B	18.7	0	Part B 35,609
			LTC 601
Total	172.6	12.3	Total 142,273

Key Financial Metrics

Fiscal Year End Financial Update (as of 06/30/2019)



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)

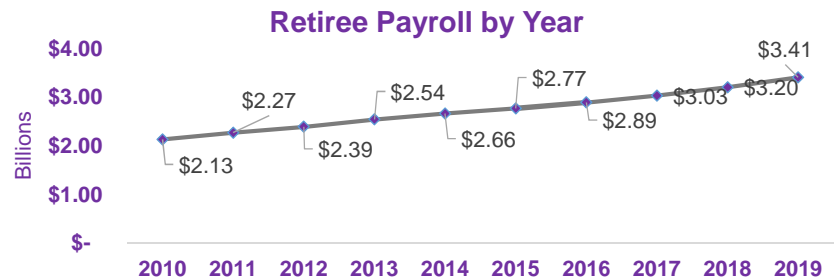
	Employer	Member
Annual Add	\$1.7b	\$635.4m
% of Payroll	22.59%	7.68%

TOTAL FUND RETURN (Net of Fees)

5 YR: 6.5% 10 YR: 9.1%

Retired Members Payroll (As of 9/30/2020)

Monthly Payroll	315.12m
Payroll YTD	\$.9b
New Retired Payees Added	299
Seamless %	95.99%
New Seamless Payees Added	874
Seamless YTD	95.42%
By Check %	3.00%
By Direct Deposit %	97.00%



Date	Conference
November, 2020	
10-13	SACRS Indian Wells, CA <i>RESCHEDULED TO VIRTUAL CONFERENCE</i>
11-12	Institutional Limited Partners Association (ILPA) General Partner Summit New York, NY <i>CANCELLED – VIRTUAL CONFERENCE NOVEMBER 10-12, 2020</i>
12-14	Harvard Business School-Audit Committees in a New Era of Governance Boston, MA <i>CANCELLED</i> <i>AUDIT COMMITTEES-VIRTUAL NOVEMBER 12-14, 2020</i>
15-18	IFEBP (International Foundation of Employment Benefit Plans) Annual Employee Benefits Conference Honolulu, HI <i>CANCELLED</i> <i>U.S. ANNUAL VIRTUAL CONFERENCE, NOVEMBER 3-19, 2020</i>
16-20	Investment Strategies & Portfolio Management (<i>prev. Pension Fund & Investment Mgmt.</i>) Wharton School, University of Pennsylvania <i>LIVE VIRTUAL</i>
<i>DUE TO COVID-19, SCHEDULED EVENTS FOR 2021 ARE SUBJECT TO CHANGE</i>	
January, 2021	
24-26	NCPERS (National Conference on Public Employee Retirement Systems) Legislative Conference Washington D.C.
February, 2021	
17-19	Pacific Pension Institute (PPI) North American Winter Roundtable Vancouver, Canada
March, 2021	
6-9	CALAPRS (California Association of Public Retirement Systems) General Assembly Meeting Monterey, CA
8-10	Council of Institutional Investors (CII) Spring Conference Washington D.C.
25-26	PREA (Pension Real Estate Association) Spring Conference Seattle, WA
31-April 2	CALAPRS (California Association of Public Retirement Systems) Advanced Principles of Pension Management for Trustees at UCLA Los Angeles, CA
April, 2021	
11-14	World Healthcare Congress Washington D.C.



October 27, 2020

TO: Each Trustee
Board of Investments

SUBJECT: BOI Meeting on November 5, 2020 – VI. Chief Investment Officer's Report

There are currently no written materials pertaining to the above-mentioned item. Due to the timing of the November BOI meeting and the data used to compile the Chief Investments Report, the aforementioned report will be distributed as a Green Folder item.

October 20, 2020

TO: Trustees - Board of Investments
FROM: Corporate Governance Committee

Jonathan Grabel 
Chief Investment Officer

FOR: November 5, 2020 Board of Investments Meeting
SUBJECT: **COUNCIL OF INSTITUTIONAL INVESTORS DIRECTOR RE-NOMINATION**

RECOMMENDATION

Approve LACERA's nomination of Scott Zdrazil for re-election to the Council of Institutional Investors ("CII") 2021 annual board elections.

BACKGROUND

On October 14, 2020, the Corporate Governance Committee ("Committee") unanimously approved a recommendation that the Board of Investments approve Mr. Zdrazil's re-nomination to the CII board elections, per LACERA policy. Annual elections for all CII directors will be held in March 2021, with re-nominations anticipated to be due in January 2021, as outlined in the attached Committee memo (**Attachment**).

Scott Zdrazil, Senior Investment Officer, currently serves as a CII board director, board treasurer, chair of the board's audit committee, and a member of its governance committee. CII board directors are subject to annual elections and generally serve five eligible consecutive terms to provide long-term vision and oversight. Mr. Zdrazil is currently in his third year of CII board service.

OPTIONS AVAILABLE TO THE BOARD

The Board may wish to approve, modify, or reject the recommendation.

DELIBERATIONS AND OPINIONS EXPRESSED BY THE COMMITTEE

The Committee expressed general comfort with staff's recommendation and unanimously approved the motion for LACERA to nominate Mr. Zdrazil for re-election to the CII board. Trustees discussed the consideration of a succession plan upon Mr. Zdrazil's prospective completion of five consecutive one-year terms.

RISKS OF ACTION AND INACTION

LACERA's representation on the boards of outside associations, such as CII, may associate LACERA with public actions of the organization that may or may not be aligned with LACERA policy. Staff notes that CII is a longstanding investor association with a 36-year track record working with its institutional investor members to define its guiding policies and actions. LACERA participation on the CII board provides the opportunity to guide and have input into CII policies and programming.

The risk of inaction is namely that, absent a nomination from LACERA, LACERA will voluntarily vacate its current representation on CII's board. LACERA collaborates with other institutional investors to advance investors' interests in financial market policy and promote sound governance practices at companies in which LACERA invests. CII is the primary investor association in the U.S. market focused on corporate governance matters and advocacy.

CONCLUSION

The Committee unanimously approved this recommendation that LACERA nominate Scott Zdrzil for reelection to the CII 2021 annual board elections.

Attachment

September 17, 2020

TO: Each Trustee
Corporate Governance Committee

FROM: Jonathan Grabel 
Chief Investment Officer

FOR: October 14, 2020 Corporate Governance Committee Meeting

SUBJECT: **Council of Institutional Investors Director Re-Nomination**

RECOMMENDATION

Advance to the Board of Investments for approval LACERA's nomination of Scott Zdrazil for re-election to the Council of Institutional Investors ("CII") 2021 annual board elections.

BACKGROUND


Scott Zdrazil, Senior Investment Officer, currently serves as a CII board director, board treasurer, chair of the board's audit committee, and a member of its governance committee. CII board directors are subject to annual elections and generally serve five eligible consecutive terms to provide long-term vision and oversight. Mr. Zdrazil is currently in his third year of CII board service. Annual elections for all CII directors will be held in March 2021, with re-nominations anticipated to be due in January 2021. CII has respectfully requested six-month notice from any incumbent member of the board who will not be nominated for re-election.

LACERA's *Corporate Governance Policy* provides that the Board of Investments approve, upon recommendation from this Committee, any LACERA nominations to governing boards of corporate governance associations (such as CII) to which LACERA is formally affiliated. This item is being presented for Committee consideration to allow for timely Board consideration.

October 20, 2020

TO: Trustees - Board of Investments
FROM: Corporate Governance Committee

Scott Zdrazil 
Senior Investment Officer

Dale Johnson 
Investment Officer

FOR: November 5, 2020 Board of Investments Meeting
SUBJECT: **PROXY RESEARCH SERVICES AND PROXY VOTING PLATFORM RFP**

RECOMMENDATION

Approve the proposed Minimum Qualifications, Evaluation Criteria, and Scope of Work, thereby authorizing staff to initiate a Request for Proposals (“RFP”) for a proxy voting platform provider and proxy research service(s).

BACKGROUND

On October 14, 2020, the Corporate Governance Committee (“Committee”) recommended that the Board of Investments (“Board”) approve the proposed Minimum Qualifications, Evaluation Criteria, and Scope of Work, thereby authorizing staff to initiate a Request for Proposals for a proxy voting platform provider and proxy research service(s).

Attached to this memo are the materials presented to the Committee explaining the proposed RFP for a proxy voting platform provider and proxy research service(s) (**Attachment**).

OPTIONS AVAILABLE TO THE BOARD

The Board may wish to approve, modify, or reject the recommendation.

DELIBERATIONS AND OPINIONS EXPRESSED BY THE COMMITTEE

The Committee discussed the merits of conducting an RFP for a proxy voting platform and proxy research service(s), citing the limited universe of potential respondents, the specialized nature of the work, and the prospective resource demands on staff of conducting an RFP. The Committee suggested staff might consider a Request For Information (“RFI”) in lieu of an RFP.

LACERA has an established policy that guides the search and procurement process for all investment-related services, such as a proxy voting platform provider and proxy research services. The Board of Investments adopted the *Procurement Policy for Investment-Related Services* (“*Procurement Policy*”) on November 20, 2019.

The terms of LACERA’s *Procurement Policy* only provide for the procurement of non-investment management services via an RFP, unless the services are below a specified cost threshold of \$150,000 over a five-year period. Proxy-related services exceed \$150,000 over the five-year period defined in the policy. There is no consideration in the policy for an RFI.

The *Procurement Policy* provides that LACERA conduct an RFP at least every five years, with the possible extension of any service provider limited to two subsequent annual renewals.

Relevant sections of the *Procurement Policy* are excerpted below, with the full policy available via the Board of Investments policy portal [here](#):

Section 3. c) Other Investment Related Services - Numerous specialized investment related service providers that do not directly manage money are utilized to support Fund investment activities. Some specialized providers are on retainer or under an open contract for services as needed and are utilized repetitively to deliver expert services, such as legal counsel negotiating and documenting transactions. Other specialized providers may be retained to deliver ongoing operational support services, such as a master custodian or securities lending service provider. Still other specialized providers may be retained to deliver frequently needed services, such as private equity fee verifications or real estate appraisals. ***The selection process utilized for Other Investment Related Service providers will be an RFP.*** The selection process utilized will be authorized by the Board on a case-by-case basis. (*Procurement Policy* at pages 12-13; emphasis added.)

Term iii. Other Service Providers - Other services procured using the *Procurement Policy* will have ***a term of no longer than five years, with two one-year extensions*** at the discretion of the Chief Investment Officer with respect to investment-related matters, or Chief Legal Counsel for the procurement of services for legal-related matters. The Board will be notified of any extensions. (*Procurement Policy* at page 8; emphasis added.)

Section 2. h) Miscellaneous Small Purchases means the procurement of investment-related services for flat-fee or hourly compensation that ***may not exceed a total of \$150,000 per provider for any single transaction or assignment, even if the services are provided over a five-year period.*** Small Purchases may be approved, and later renewed or extended every five years ***subject to a new \$150,000 cap,*** jointly by the Chief Executive Officer and Chief Investment Officer. Small Purchases do not include any services for on-going investment management. (*Procurement Policy* at page 10; emphasis added.)

Staff believes that conducting an RFP would be appropriate for procuring a proxy voting platform and proxy research services under the terms and provisions of LACERA's *Procurement Policy*. While staff has taken into account available information on market pricing when renewing contracts in recent years, staff notes that these services have not been competitively bid since at least 2003.

RISKS OF ACTION AND INACTION

Staff believes that the issuance of an RFP for procuring a proxy voting platform and proxy research services is consistent with LACERA's *Procurement Policy* and pending expiration of existing contracts on June 30, 2021.

The risk of inaction is namely that, contracts with Institutional Shareholder Services Inc. and Glass, Lewis & Co. expire on June 30, 2021 and absent an RFP for proxy voting platform and proxy research services, staff would be operating without proxy research services and proxy voting platform, unless extensions were authorized, which may be inconsistent with the terms of the *Procurement Policy* referenced above.

CONCLUSION

The Committee approved the recommendation that LACERA initiate an RFP for a proxy voting platform provider and proxy research service(s).

Attachments

Noted and reviewed:





Jonathan Grabel
Chief Investment Officer

Attachment

September 28, 2020

TO: Trustees – Corporate Governance Committee

FROM: Scott Zdrazil 
Senior Investment Officer

Dale Johnson 
Investment Officer

FOR: October 14, 2020 Corporate Governance Committee Meeting

SUBJECT: **PROXY RESEARCH SERVICES AND PROXY VOTING PLATFORM RFP**

RECOMMENDATION

Advance to the Board of Investments for approval the proposed Minimum Qualifications, Evaluation Criteria, and Scope of Work, thereby authorizing staff to initiate a Request for Proposals for a proxy voting platform provider and proxy research service(s).

BACKGROUND

At the September 2020 Corporate Governance Committee meeting, staff noted during the proxy season review, that LACERA would be bringing forth a recommendation to initiate a Request For Proposal (RFP) for proxy research services and a proxy voting platform. LACERA currently contracts with one vendor (Institutional Shareholder Services, or “ISS”) for an online proxy voting platform that integrates LACERA’s *Corporate Governance Principles*, provides proxy research and analysis, and facilitates electronic vote execution, recordkeeping, and reporting. LACERA contracts with a second vendor (Glass Lewis) to provide a more limited volume of proxy research and analysis, to avail additional perspective on select voting items, such as proxy contests, mergers and acquisitions, and key shareholder proposals. The intent of the search will be to identify one online proxy voting platform provider to facilitate electronic execution of votes, recordkeeping, and reporting, and one or more providers of proxy research to inform analysis and votes.

ATTACHMENT 1 includes background on the proposed search and the requisite search criteria included in LACERA’s Procurement Policy for Investment-Related Services: (i) scope of services; (ii) minimum qualifications; (iii) search timing; (iv) structure of the evaluation team; (v) evaluation criteria; and (vi) the selection authority.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

**Proxy Research Advisor and Voting
Platform Search
Request For Proposal
Minimum Qualifications**

**Corporate Governance Committee
October 14, 2020**

Scott Zdrazil – Senior Investment Officer
Dale Johnson – Investment Officer



Recommendation and Background

Recommendation

Advance to the Board of Investments for approval the proposed Minimum Qualifications, Evaluation Criteria, and Scope of Work, thereby authorizing staff to initiate a Request for Proposals for a proxy voting platform provider and proxy research service(s).

Background

LACERA's *Corporate Governance Policy* states "Proxy votes are plan assets, have value, and should be managed in a manner consistent with fiduciary duty and LACERA's interest in long-term value. LACERA exercises its voting rights for the exclusive benefit of LACERA's members and votes proxies of companies held in its global equity portfolio in accordance with its *Corporate Governance Principles*."

LACERA currently has one online proxy platform provider to electronically cast, record, and report its votes according to LACERA's custom policy and two proxy research providers for multiple perspectives on contentious meetings and/or unique ballot items

Proxy research involves governance research and analysis of proposals contained on a company's annual or special meeting ballot (proxy)

Proxy research providers have the financial and human capital resources to analyze the volume of voting items contained in proxies for thousands of companies



Rationale for Recommendation

Ensure LACERA maintains an efficacious voting platform by which to execute, record, and report on its proxy voting activities, as well as access to adequate research to inform LACERA's analysis and execution of proxy votes consistent with its *Corporate Governance Principles*

LACERA currently retains Institutional Shareholder Services Inc. (ISS) and Glass, Lewis & Co., (Glass Lewis) for proxy research advisory services and ISS for a proxy voting platform.

LACERA has retained ISS since 1993 and Glass Lewis since 2003.

Both contracts expire June 30, 2021.

LACERA has significantly increased its voting exposure as measured by assets under management and by number of companies held in separate accounts over the past three years.

Staff believes the voting profile (number of companies and ballots voted) of the past fiscal year will be representative of our voting profile going forward.

LACERA believes it is prudent to periodically assess the market and current services for proxy research and proxy voting platform service providers.



Evaluation Process

Evaluation Team

The proposed team consists of the corporate governance staff members and additional member(s) from global equity

Evaluation Process

The team will conduct a two-step process:

Step 1 - Evaluation of written responses

Step 2 - Candidate interviews (virtual) and trial use of proxy voting platform

Selection Authority

Final scores, evaluation review, and recommendation(s) will be presented to the Board of Investments

Proposed Search Timeline

The proposed timeline seeks to ensure a thorough and thoughtful process that efficiently enables LACERA to identify and evaluate high-quality providers and ultimately source suitable proxy research and a robust, efficacious proxy voting platform



Phase	Steps	Actions	Timing
1	RFP Design and Launch	Committee & Board approval of MQs; post RFP on LACERA's website	4Q 2020
2	RFP Evaluation	Staff to review and rank RFP responses; select semi-finalists	1Q 2021
3	Semi-Finalist Evaluation	Staff to conduct virtual interview(s) and trial use of proxy voting platform	1Q 2021
4	Potential Recommendation	Board Recommendation	2Q 2021

Minimum Qualifications

In order to be eligible, responding firms must meet the following MQs:

1. As of June 30, 2020, the firm must have been in business at least five years providing:
 - a. Proxy research and analysis; and/or
 - b. Proxy voting platform that integrates research to execute LACERA's custom policy and vote recommendations, vote execution, recordkeeping, and comprehensive reporting.
2. Have at least 3 tax-exempt institutional clients with assets of at least \$5 billion in public global equities.



Scope of Work

LACERA anticipates retaining one proxy voting platform provider and one or more proxy research and analysis service providers

Scope of Work Parameters	
1.	Provide an end-to-end electronic, web-based proxy voting platform with integrated research, custom policy vote recommendations, and comprehensive reporting capabilities
2.	Provide timely and accurate proxy research and analysis
3.	Provide LACERA with analysis and research to inform and maintain its custom voting policy
4.	Provide proxy vote recommendations based upon custom voting policy



Evaluation Criteria

Qualified responses will be evaluated and scored on the following seven categories:

1. Organization
2. Client Profile
3. Personnel
4. Custom Voting Policy Support
5. Proxy Research
6. Proxy Voting Platform
7. Fees

**Proxy Research Advisor and Voting
Platform Search
Request For Proposal
Minimum Qualifications**

**Corporate Governance Committee
October 14, 2020**

Scott Zdrazil – Senior Investment Officer
Dale Johnson – Investment Officer



Recommendation and Background

Recommendation

Advance to the Board of Investments for approval the proposed Minimum Qualifications, Evaluation Criteria, and Scope of Work, thereby authorizing staff to initiate a Request for Proposals for a proxy voting platform provider and proxy research service(s).

Background

LACERA's *Corporate Governance Policy* states "Proxy votes are plan assets, have value, and should be managed in a manner consistent with fiduciary duty and LACERA's interest in long-term value. LACERA exercises its voting rights for the exclusive benefit of LACERA's members and votes proxies of companies held in its global equity portfolio in accordance with its *Corporate Governance Principles*."

LACERA currently has one online proxy platform provider to electronically cast, record, and report its votes according to LACERA's custom policy and two proxy research providers for multiple perspectives on contentious meetings and/or unique ballot items

Proxy research involves governance research and analysis of proposals contained on a company's annual or special meeting ballot (proxy)

Proxy research providers have the financial and human capital resources to analyze the volume of voting items contained in proxies for thousands of companies



Rationale for Recommendation

Ensure LACERA maintains an efficacious voting platform by which to execute, record, and report on its proxy voting activities, as well as access to adequate research to inform LACERA's analysis and execution of proxy votes consistent with its *Corporate Governance Principles*

LACERA currently retains Institutional Shareholder Services Inc. (ISS) and Glass, Lewis & Co., (Glass Lewis) for proxy research advisory services and ISS for a proxy voting platform.

LACERA has retained ISS since 1993 and Glass Lewis since 2003.

Both contracts expire June 30, 2021.

LACERA has significantly increased its voting exposure as measured by assets under management and by number of companies held in separate accounts over the past three years.

Staff believes the voting profile (number of companies and ballots voted) of the past fiscal year will be representative of our voting profile going forward.

LACERA believes it is prudent to periodically assess the market and current services for proxy research and proxy voting platform service providers.



Evaluation Process

Evaluation Team

The proposed team consists of the corporate governance staff members and additional member(s) from global equity

Evaluation Process

The team will conduct a two-step process:

Step 1 - Evaluation of written responses

Step 2 - Candidate interviews (virtual) and trial use of proxy voting platform

Selection Authority

Final scores, evaluation review, and recommendation(s) will be presented to the Board of Investments

Proposed Search Timeline

The proposed timeline seeks to ensure a thorough and thoughtful process that efficiently enables LACERA to identify and evaluate high-quality providers and ultimately source suitable proxy research and a robust, efficacious proxy voting platform



Phase	Steps	Actions	Timing
1	RFP Design and Launch	Committee & Board approval of MQs; post RFP on LACERA's website	4Q 2020
2	RFP Evaluation	Staff to review and rank RFP responses; select semi-finalists	1Q 2021
3	Semi-Finalist Evaluation	Staff to conduct virtual interview(s) and trial use of proxy voting platform	1Q 2021
4	Potential Recommendation	Board Recommendation	2Q 2021

Minimum Qualifications

In order to be eligible, responding firms must meet the following MQs:

1. As of June 30, 2020, the firm must have been in business at least five years providing:
 - a. Proxy research and analysis; and/or
 - b. Proxy voting platform that integrates research to execute LACERA's custom policy and vote recommendations, vote execution, recordkeeping, and comprehensive reporting.
2. Have at least 3 tax-exempt institutional clients with assets of at least \$5 billion in public global equities.



Scope of Work

LACERA anticipates retaining one proxy voting platform provider and one or more proxy research and analysis service providers

Scope of Work Parameters	
1.	Provide an end-to-end electronic, web-based proxy voting platform with integrated research, custom policy vote recommendations, and comprehensive reporting capabilities
2.	Provide timely and accurate proxy research and analysis
3.	Provide LACERA with analysis and research to inform and maintain its custom voting policy
4.	Provide proxy vote recommendations based upon custom voting policy

Evaluation Criteria

Qualified responses will be evaluated and scored on the following seven categories:

1. Organization
2. Client Profile
3. Personnel
4. Custom Voting Policy Support
5. Proxy Research
6. Proxy Voting Platform
7. Fees



October 21, 2020

TO: Each Trustee,
Board of Investments

FOR: Board of Investments Meeting of November 5, 2020

SUBJECT: Yale School of Management –Women’s Leadership Program
(Placed on the agenda at the request of Ms. Greenwood)

The Yale School of Management Executive Education Women’s Leadership Program will help you develop your full professional potential as a leader in business and society. The program will help you enhance your unique strengths, skills and traits, harness your networks, and maximize your innovation potential. In a world that will soon be dominated by artificial intelligence, machine learning, and increasingly complex systems, these skills — and the integrative, collaborative solutions they bring about — will ensure you are poised for success.

This is a 6-week program consisting of 6-8 hours of self –paced learning per week entirely online. Each module is released weekly, allowing a flexible but structured approach to learning.

The main conference highlights include the following:

- Positive Leadership
- Networks and structures of innovation
- Leading growth through experimentation
- Values-driven leadership

The registration fee is \$2,200.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:

Approve participation of trustees at the Yale School of Management –Women’s Leadership Program.

LG
Attachment



Yale SCHOOL OF
MANAGEMENT
Executive Education

WOMEN'S LEADERSHIP PROGRAM

Explore and enhance your unique skills through the creation of a personal leadership development plan, to affect positive change in your organization.

Leaders are learners. Learners come to Yale.

IN COLLABORATION WITH  **getsmarter**™



ABOUT THIS PROGRAM

Women remain underrepresented in top leadership positions, globally. To succeed, women need to learn to both navigate the external factors that are hindering their access to leadership positions and the internal factors that lie within themselves.

The Yale School of Management Executive Education Women's Leadership Program helps you develop your full professional potential as a leader in business and society. You'll enhance your unique strengths, skills and traits, harness your networks, and maximize your innovation potential. In a world that will soon be dominated by artificial intelligence, machine learning, and increasingly complex systems, these skills — and the integrative, collaborative solutions they bring about — will ensure you are poised for success.

Designed specifically for women, this six-week online program provides a platform for like-minded professionals to harness and develop the skills that add value to a business, whilst embarking on a personal leadership development journey.



\$2,800



6 weeks,
excluding 1 week orientation.



6–8 hours of self-paced
learning per week,
entirely online.

Each module is released weekly, allowing a flexible but structured approach to learning. You'll be supported as you engage in individual activities and group discussions, ensuring you feel confident to submit your best work at each weekly deadline.



WHAT THE PROGRAM COVERS

This program bridges the gap between business-focused and values-based leadership. Over the course of six weeks, you'll investigate how emotional self-mastery can influence situational outcomes and inform your strengths, while learning to amplify your leadership style by grounding it in your core values. You'll also gain the tools to use experimentation to deploy your unique strengths to enhance and develop your approach to leadership and innovation.

By drawing on emotional intelligence to facilitate difficult conversations, you'll discover how constructive feedback can be used to help you become a more effective leader and create a psychological safety environment. Guided by Yale SOM faculty, you'll determine the importance of leveraging your network to achieve your objectives and build a development plan that embodies the principles of positive leadership.

Yale SOM Executive Education also offers an on-campus Women's Leadership Program. To find out more about attending the program in person, [click here](#).

THIS PROGRAM IS FOR YOU IF YOU WANT TO:



Drive career development

Explore your own leadership style and create a personal development plan to support your future career journey.



Grow your network

Interact with a global group of like-minded women from diverse backgrounds seeking to add value to their organizations by developing effective leadership skills.



Gain new competencies

Redefine what it means to be an effective leader by learning to leverage compassion, confidence, and your unique strengths as part of your leadership approach.

Who should take this program

This program is designed for business executives and senior managers looking to further their knowledge and skills in navigating the leadership landscape, as well as those seeking to drive innovation and change within their organization. Middle and junior managers will gain personal and professional leadership development in order to prepare to move into a senior or executive management role in the future. It will also benefit aspiring leaders wanting to learn how to approach the development of their leadership skills as a woman.



HOW YOU'LL LEARN

Please note that module titles and their contents are subject to change during program development.

Orientation module

Welcome to your Online Campus

One week

You'll be welcomed to the program and begin connecting with fellow participants, while exploring the navigation and tools of your Online Campus. Be alerted to key milestones in the learning path, and review how your results will be calculated and distributed.

You'll be required to complete your participant profile, confirm your certificate delivery address, and submit a digital copy of your passport/identity document.

Module 1

Values-driven leadership

Explore your core values and traits to become an effective leader.

- Identify the role of core values in leadership
- Review the gaps between the humanistic and business-focused leadership characteristics that you value in leaders
- Interpret how a leader's emotions sets the tone for their team
- Differentiate between leadership styles
- Reflect on your leadership characteristics in order to identify your core values and traits



Learn more about
YALE SCHOOL OF
MANAGEMENT

TELL ME MORE



Module 2

Self-knowledge and self-mastery

Learn about the value of having self-awareness and practicing self-mastery.

- Explain the factors that influence emotional intelligence
- Identify your emotional triggers and trigger responses
- Interpret how you respond to triggers using emotional self-awareness
- Determine the importance of emotion regulation
- Select techniques for practicing emotional self-mastery
- Reflect on how emotional regulation leads to positive outcomes
- Evaluate whether there is a relationship between your strengths and your emotional intelligence

Module 3

Leading growth through experimentation

Use experimentation to develop your personal and organizational approaches to leadership and innovation.

- Review the relationship between innovation and transformational leadership
- Determine your role in developing innovative practices that align with the type of innovation at your organization
- Compare experiences of organizational innovation and experimentation
- Reflect on how your organization can promote growth through experimentation
- Design an experiment that develops your leadership approach or supports your goals

Module 4

Emotionally intelligent feedback

Draw on emotional awareness in order to have difficult conversations and use feedback effectively.

- Recognize your innate ability to read others' emotions
- Describe emotionally intelligent responses to challenging environments
- Discuss the effects of negative feedback
- Show how effective feedback results in improved professional performance
- Analyze how psychological safety and clear communication contribute to developing emotionally intelligent workplaces
- Investigate how emotional awareness can facilitate difficult conversations
- Reflect on how feedback can be used to develop leadership strengths

Module 5

Networks and structures of innovation

Understand the role networks play in developing personal strengths, innovation, and leadership.

- Discuss how networks support innovative practices
- Show how networks can be used to develop strengths
- Determine your network type and explore how it can be used when implementing innovative ideas
- Analyze the importance of leveraging your network to achieve your goals

Module 6

Positive leadership

Understand how using positive leadership practices can improve your personal leadership capabilities and strengthen your organization.

- Review research-based arguments that support positive leadership approaches
- Articulate how understanding your strengths is a trait of effective leadership
- Show how charisma and compassion enable presence
- Select methods and techniques to practice self-compassion
- Evaluate your identified strengths to understand how they influence the way you engage with your environment
- Draft a best-self development plan that embodies principles of positive leadership



WHO YOU'LL LEARN FROM

These subject matter experts from Yale SOM guide the program design and appear in a number of program videos, along with a variety of industry professionals.

Your Program Co-conveners



Emma Seppälä

Science Director, Stanford Center for Compassion and Altruism Research and Education; Co-Director, Yale College Emotional Intelligence Project, Yale Center for Emotional Intelligence; Faculty Director, Yale School of Management's Women's Leadership Program

Seppälä graduated from Yale (BA), Columbia (MA), and Stanford (PhD). She consults with Fortune 500 leaders and employees on building a positive organization and has spoken at TEDx Sacramento, TEDx Hayward, and companies such as Google, Apple, Facebook, Bain & Company, Ernst & Young, as well as a United States Congressional Hearing. Seppälä is also the founder and editor-in-chief of Fulfillment Daily, a popular news site dedicated to the science of happiness, and author of *The Happiness Track*.



Rodrigo Canales

Associate Professor of Organizational Behavior, Yale School of Management

Canales graduated from Universidad Iberoamericana (BA), MIT (MBA), and MIT (PhD). He conducts research at the intersection of organizational theory and institutional theory, with a special focus on the role of institutions for economic development. Specifically, Canales studies how individuals are affected by and in turn purposefully change complex organizations or systems. Canales' work explores how individuals' backgrounds, professional identities, and organizational positions affect how they relate to existing structures and the strategies they pursue to change them. His work contributes to a deeper understanding of the mechanisms that allow institutions to operate and change.





YOUR SUCCESS TEAM

GetSmarter, with whom Yale SOM Executive Education is collaborating to deliver this online program, provides a personalized approach to online education that ensures you're supported throughout your learning journey.



Head Tutor

A subject expert who'll guide you through content-related challenges.



Success Manager

Your one-on-one support available during University hours (8a.m.–5p.m. EST) to resolve technical and administrative challenges.



Global Success Team

Available 24/7 to solve your tech-related and administrative queries and concerns.

HOW YOU'LL LEARN

Every program is broken down into manageable, weekly modules, designed to accelerate your learning process through diverse learning activities:

- Work through your downloadable and online instructional material
- Interact with your peers and learning facilitators through weekly class-wide forums
- Enjoy a wide range of interactive content, including video lectures, infographics, live polls, and more
- Investigate rich, real-world case studies
- Apply what you learn each week to ongoing project submissions, culminating in the ability to identify your signature leadership style to help you achieve your business goals

A POWERFUL COLLABORATION

The Yale School of Management Executive Education is collaborating with online education provider GetSmarter to create a new class of learning experience — one that is higher-touch, and personalized for the working professional.

About Yale SOM Executive Education

The mission of the Yale School of Management is to educate leaders for business and society. The school's students, faculty, and alumni are committed to understanding the complex forces transforming global markets and using that understanding to build organizations — in the for-profit, non-profit, entrepreneurial, and government sectors — that contribute lasting value to society.

The School's integrated curriculum, close ties to Yale University, and active connection to the Global Network for Advanced Management ensure that students both acquire crucial technical skills and develop a genuine understanding of an increasingly complex global context.

About GetSmarter

GetSmarter, a brand of 2U, Inc., partners with the world's leading universities to select, design and deliver premium online short courses with a data-driven focus on learning gain.

Technology meets academic rigor in GetSmarter's people-mediated model, which enables lifelong learners across the globe to obtain industry-relevant skills that are certified by the world's most reputable academic institutions.

Learn more about
Yale SOM Executive Education

[TELL ME MORE](#)



ABOUT THE CERTIFICATE

Get recognized for your knowledge when you earn an official certificate of participation from the Yale School of Management Executive Education — and use it to set yourself apart as an effective leader.

Assessment is continuous and based on a series of practical assignments completed online. In order to be issued with a certificate, you'll need to meet the requirements outlined in the program handbook. The handbook will be made available to you as soon as you begin the program.

Your certificate will be issued in your legal name and sent to you upon successful completion of the program, as per the stipulated requirements.



TECHNICAL REQUIREMENTS

Basic requirements

In order to complete this program, you'll need a current email account and access to a computer and the internet, as well as a [PDF Reader](#). You may need to view Microsoft PowerPoint presentations, and read and create documents in Microsoft Word or Excel.

Browser requirements

We recommend that you use Google Chrome as your internet browser when accessing the Online Campus. Although this is not a requirement, we have found that this browser performs best for ease of access to program material. This browser can be downloaded [here](#).

Additional requirements

Certain programs may require additional software and resources. These additional software and resource requirements will be communicated to you upon registration and/or at the beginning of the program. Please note that Google, Vimeo, and YouTube may be used in our program delivery, and if these services are blocked in your jurisdiction, you may have difficulty in accessing program content. Please check with an Enrollment Adviser before registering for this program if you have any concerns about this affecting your experience with the Online Campus.





Yale SCHOOL OF
MANAGEMENT
Executive Education

WOMEN'S LEADERSHIP PROGRAM

Explore and enhance your unique skills through the creation of a personal leadership development plan, to affect positive change in your organization.

[REGISTER NOW](#)

CONTACT US

+1 203 439 4771

yale.som.execed@getsmarter.com

IN COLLABORATION WITH  **getsmarter™**

October 23, 2020

TO: Trustees – Board of Investments

FROM: Jonathan Grabel 
Chief Investment Officer

Jude Pérez 
Principal Investment Officer

FOR: November 5, 2020 Board of Investments Meeting

SUBJECT: **STRATEGIC ASSET ALLOCATION DISCUSSION**

One of the Board of Investments' ("BOI") core responsibilities is setting LACERA's Strategic Asset Allocation ("SAA"). The SAA is the key driver of long-term risk and returns for the Fund, and therefore, is a vital component as LACERA pursues its mission to produce, protect, and provide the promised benefits.

LACERA's Investment Beliefs expresses two key tenants on SAA:

- 1. Long-term strategic asset allocation will be the primary determinant of LACERA's risk/return outcomes; and**
- 2. Asset allocation has a greater effect on return variability than asset class investment structure or manager selection**

Over the previous BOI meetings, it has been communicated that the SAA review cycle will take place over the next eight months, culminating at the end of the 2021 fiscal year. To date, the BOI has seen on the economy and capital markets, as well as the implications of investing in a very low global interest rate environment. In October, Meketa also discussed potential ways to refine strategies such as risk mitigation, given the changes in market conditions since the previous SAA review.

The following presentation (**ATTACHMENT 1**) will expand on the previous discussions and will examine the results of a brief survey that BOI Trustees were asked to complete. The purpose of the survey was to solicit Trustee input regarding key considerations and risk tolerances for the SAA study. Survey results will be used to prioritize objectives and guide the framework in proposing alternative allocation options that could lead to improved outcomes. At the November 2020 BOI meeting, Meketa we will review the survey results, and facilitate a discussion regarding framing the optimization parameters to guide the remainder of the SAA study.

Los Angeles County Employees
Retirement Association

November 2020

Asset-Liability Model
Survey Results

Introduction

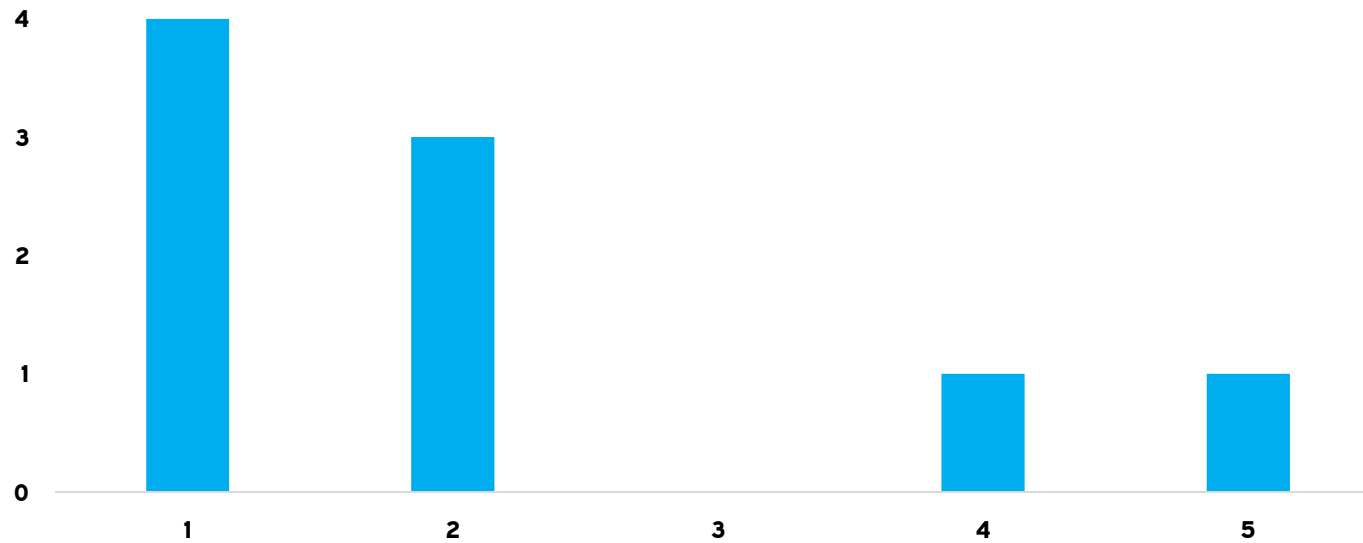
- As part of the Strategic Asset Allocation study, the BOI was asked to complete a brief survey following an introduction to Asset Liability Management.
- The purpose of the survey was to solicit Trustee input of key considerations, risks, and implementations for the strategic asset allocation study.
- This is important as the results of the survey will be used to prioritize objectives. These objectives will then lead to Meketa proposing alternative allocations that are expected to lead to relative better outcomes.
- Today, we will review the survey results, and facilitate a discussion regarding framing the optimization parameters to guide the remainder of the strategic asset allocation discussion.
- All Trustees participated in the survey.

Survey Scoring Methodology and Purpose

- As a recap, the survey was broken into two categories: Objectives and Risk Mitigation.
- The Objectives were broken into five micro-objectives, which were to be ranked between 1 and 5, with 1 being most important to the surveyed. These micro-objectives will be quantitatively analyzed with the goal of improving the outcomes that are most important to the BOI.
- The Risk Mitigation section consisted of the last three questions, which were meant to understand how the BOI thinks about risk management within the Plan. These questions will be considered throughout the Strategic Asset Allocation study, but will not be optimized in the same way as the Objectives.

Question 1

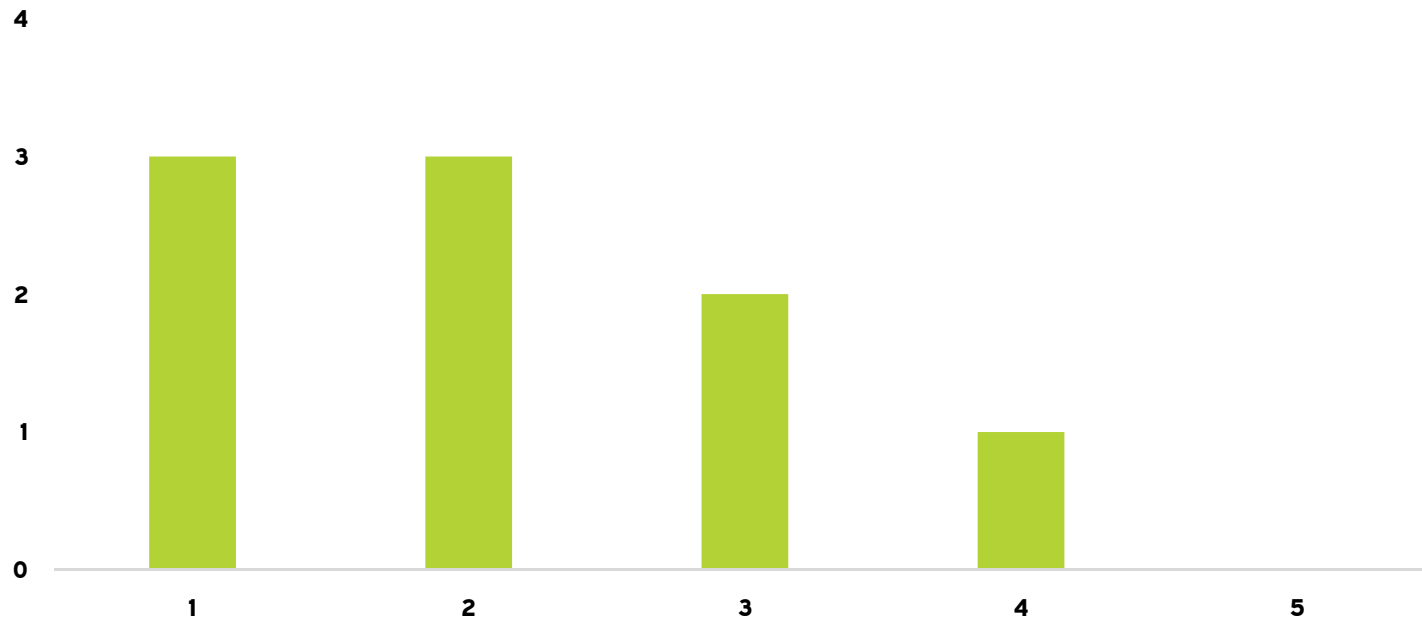
Achieving a final funding ratio of at least 100% by the end of the funding period (20 years)
(End goal focus)



- There is a strong consensus that achieving a 100% final funding ratio is an important objective.
- This was considered one of the most important objectives.

Question 2

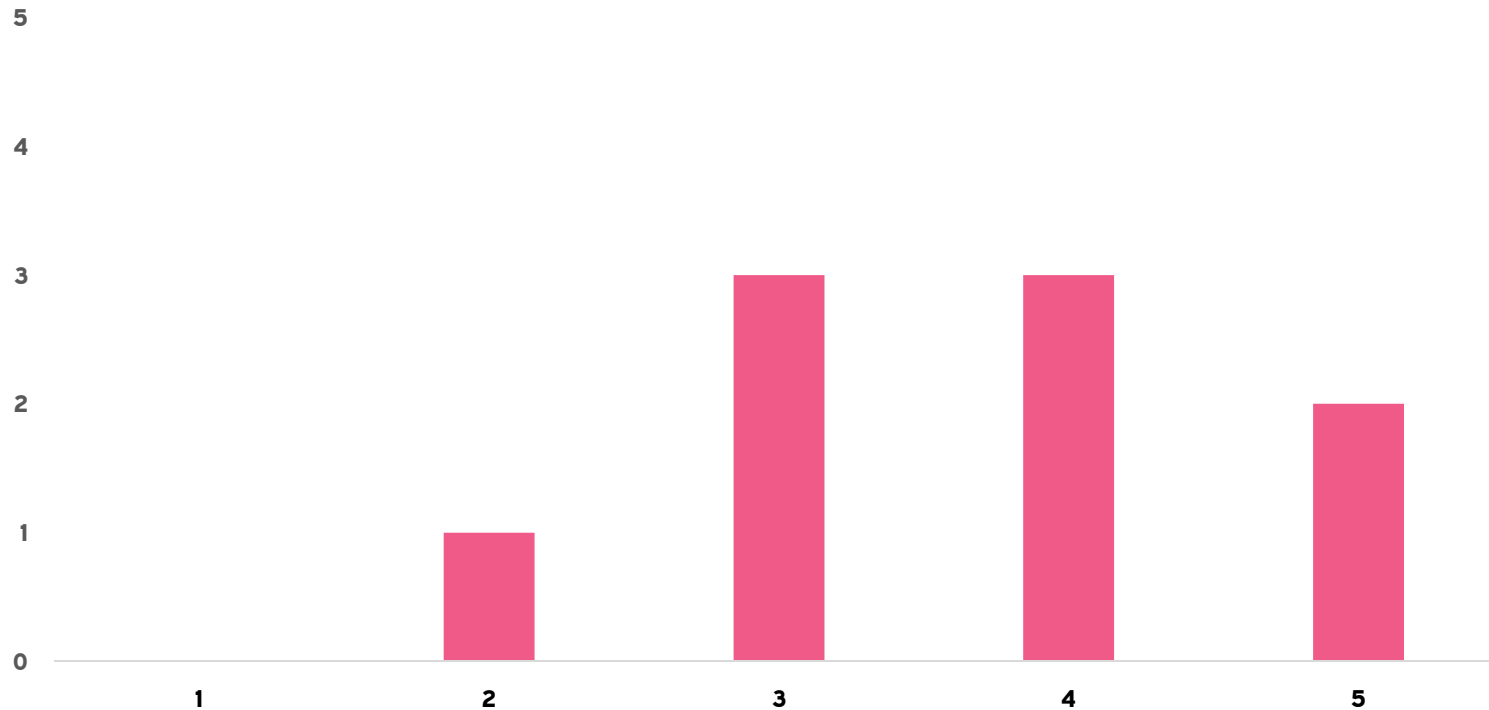
Maintaining consistent progress along the current
Funding Progress Path
(intermediate-term goal focus)



- There is a strong consensus that maintaining progress along the Progress Path is an important objective.
- This was considered one of the most important objectives.

Question 3

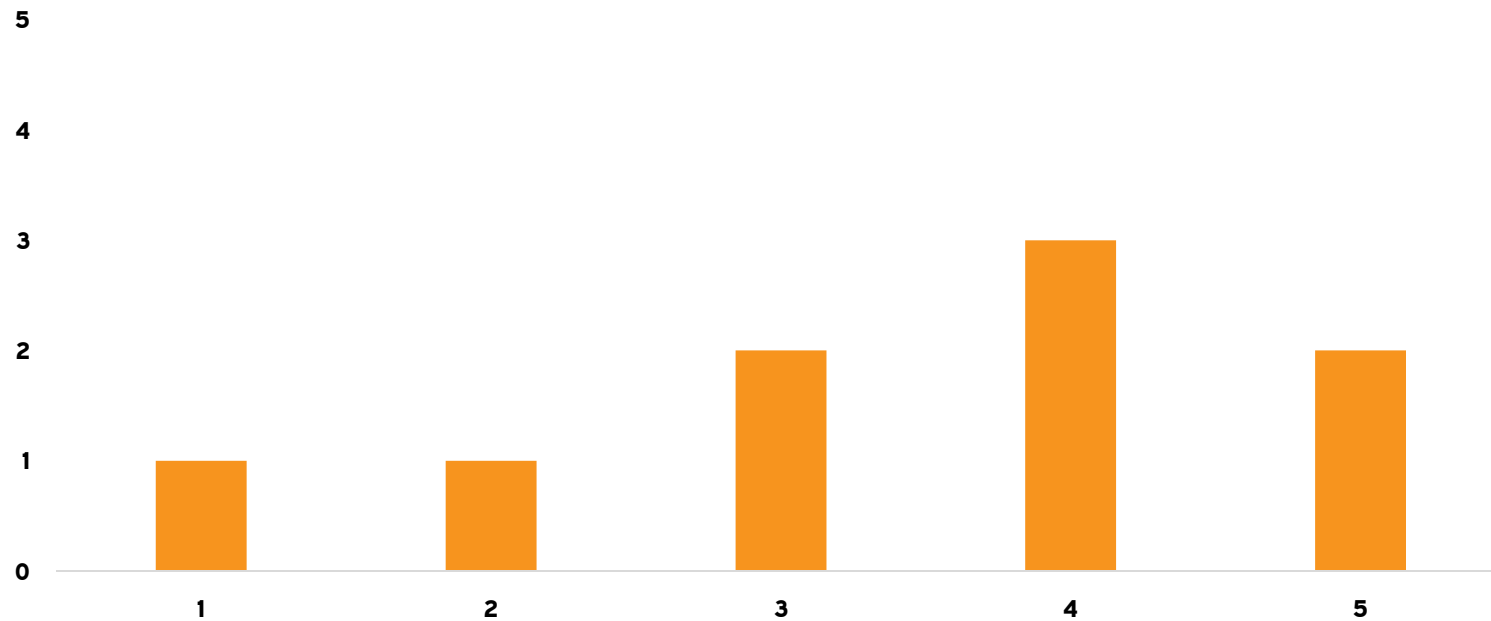
Minimizing average contributions into the Plan



- While there is some dispersion among the results, this objective was ranked as one of the least important objectives.

Question 4

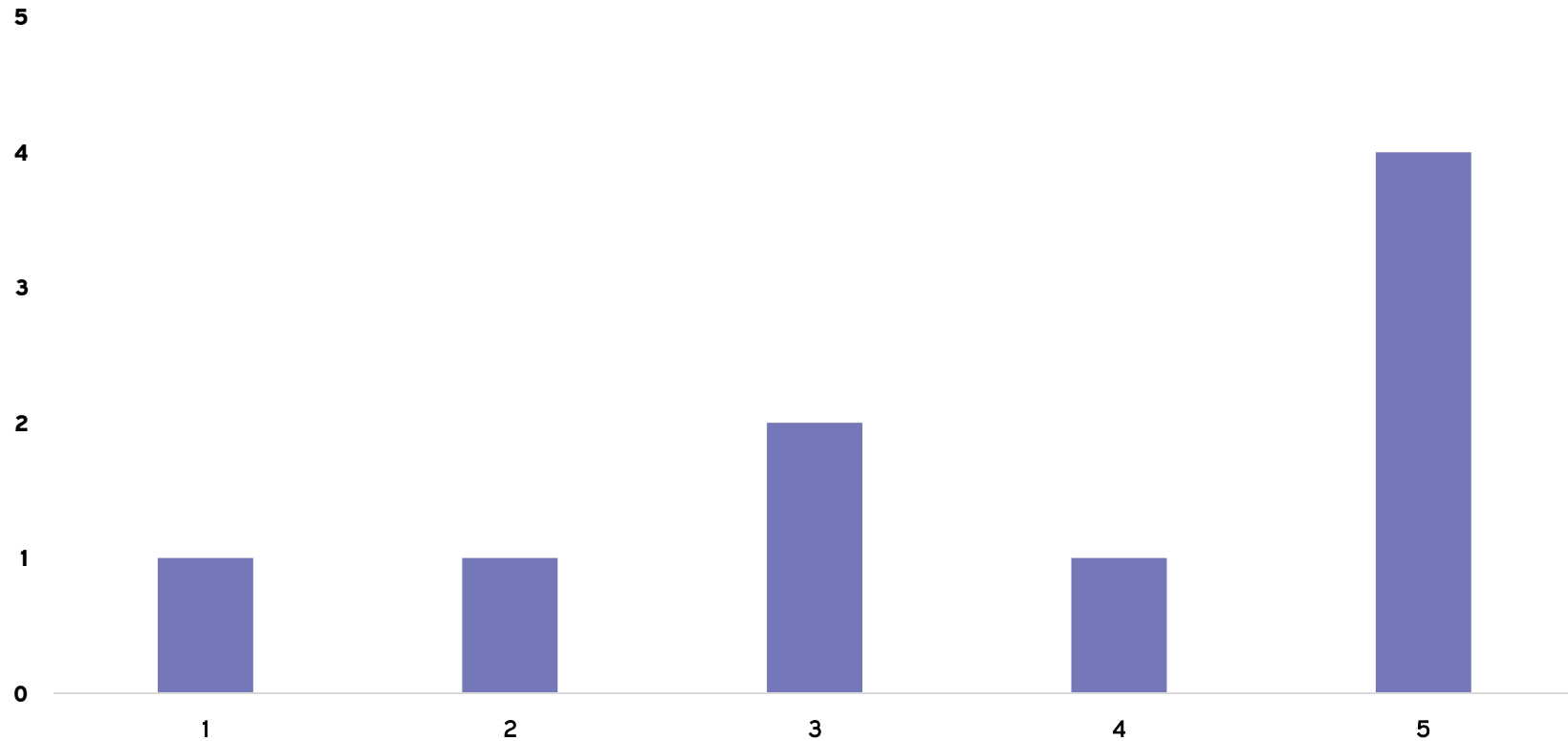
Minimizing contribution uncertainty (providing employer cost certainty)



- The Board has a fairly mixed view on this objective, but the majority ranked importance as below average.

Question 5

Minimizing major total portfolio declines (e.g., larger than -10% in a fiscal year)



- There is some consensus that minimizing total portfolio declines is a lower objective of the Plan.
- This objective was ranked as one of the least important objectives.

Summary of Survey Results

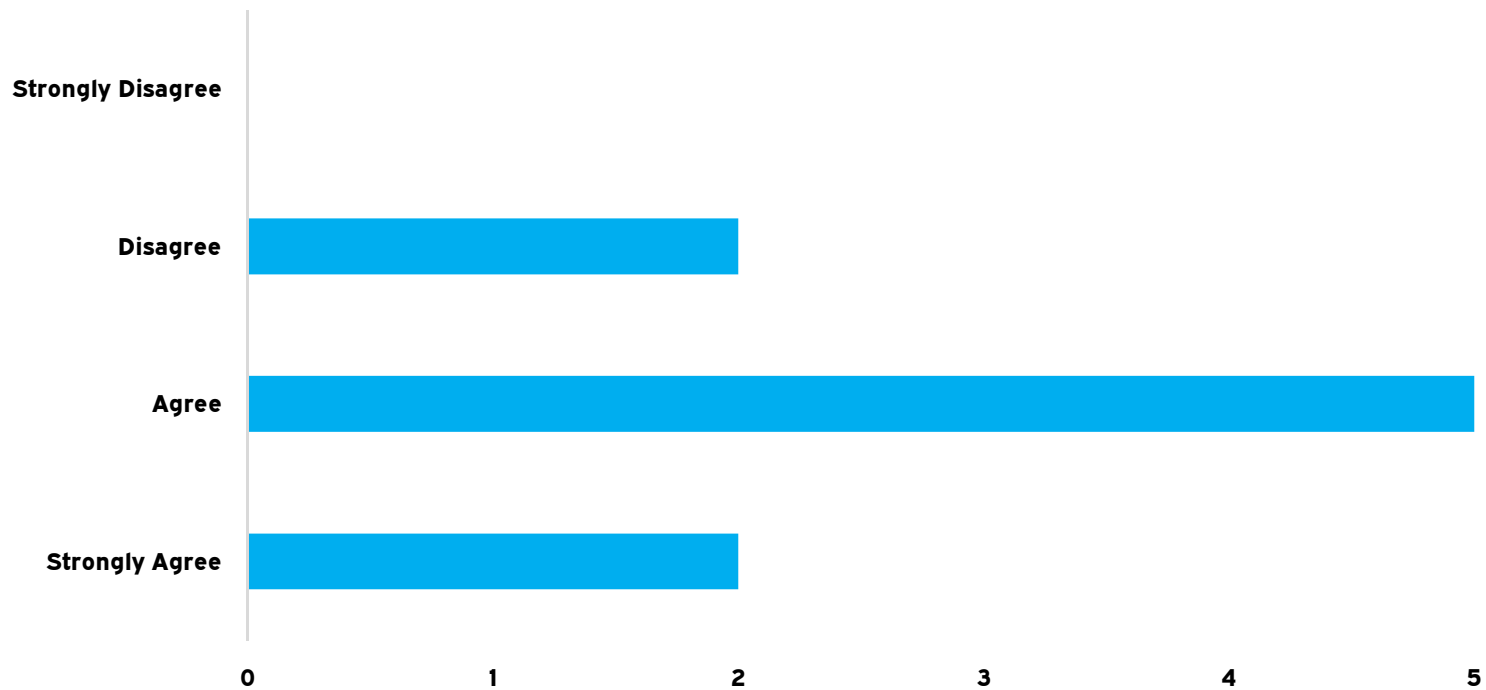
Questions	Importance Scale					Ranking ¹
	1 = Most Important to 5 = Least Important					
	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	
Q1 Achieving a final funding ratio of at least 100% by the end of the funding period (20 years) (primarily focused on an end goal)	44	33	0	11	11	389
Q2 Maintaining consistent progress along the current Funding Progress Path(primarily focused on an intermediate-term goal)	33	33	22	11	0	389
Q4 Minimizing contribution uncertainty (providing employer cost certainty)	11	11	22	33	22	255
Q5 Minimizing major total portfolio declines (e.g, larger than -10% in a fiscal year)	11	11	22	11	44	233
Q3 Minimizing average contributions into the Plan	0	11	33	33	22	233

- Q1 (100% Target) and Q2 (Funding Path) held the highest ranking of importance.
- Q5 (Portfolio Declines) and Q3 (Average Contributions) held the least ranking of importance.

¹ Ranking = 5X Score of 1 + 4X Score of 2 + 3X Score of 3 + 4X Score of 4 + Score of 5.

Question 6

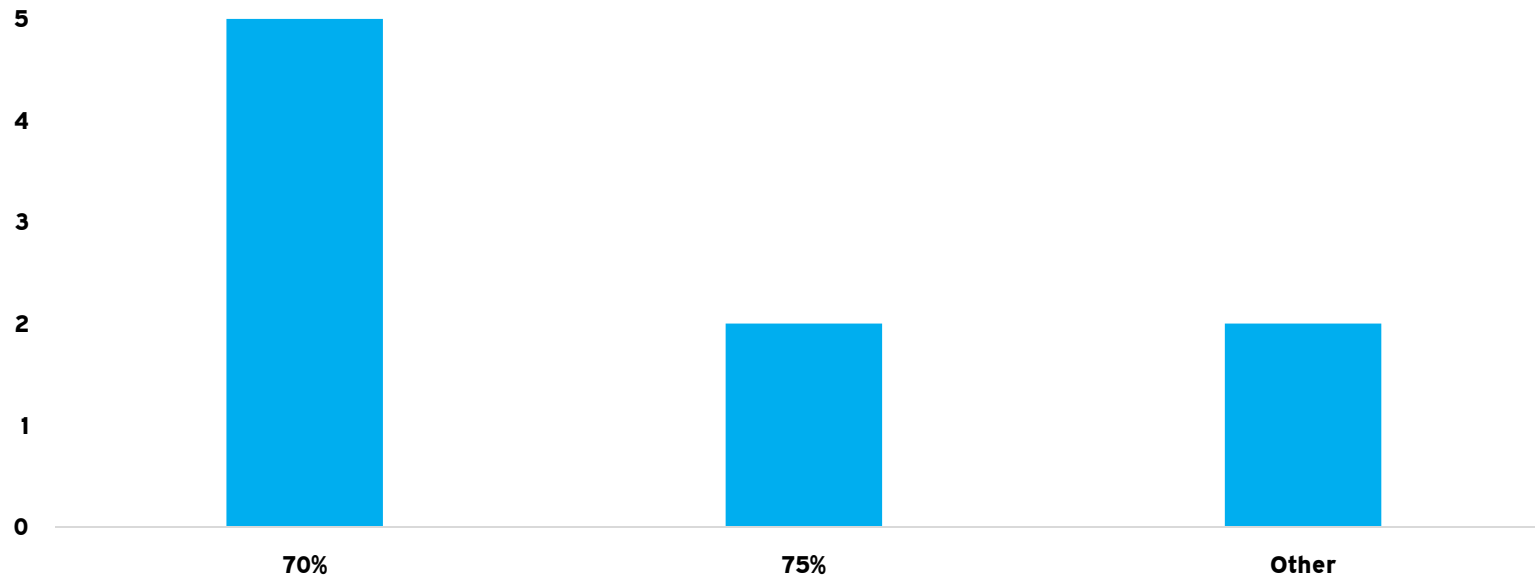
During a market crisis, it is expected that the Plan Sponsor will increase its contribution rate to support the Plan.



- There is consensus that contribution rates by the Plan Sponsor will be increased as a result of a market crisis.

Question 7

Based on a current funded ratio of 77% (June 30, 2019), what is the minimum funded ratio LACERA should be willing to accept in a market crisis scenario (i.e., very rapid deterioration in economic conditions)?



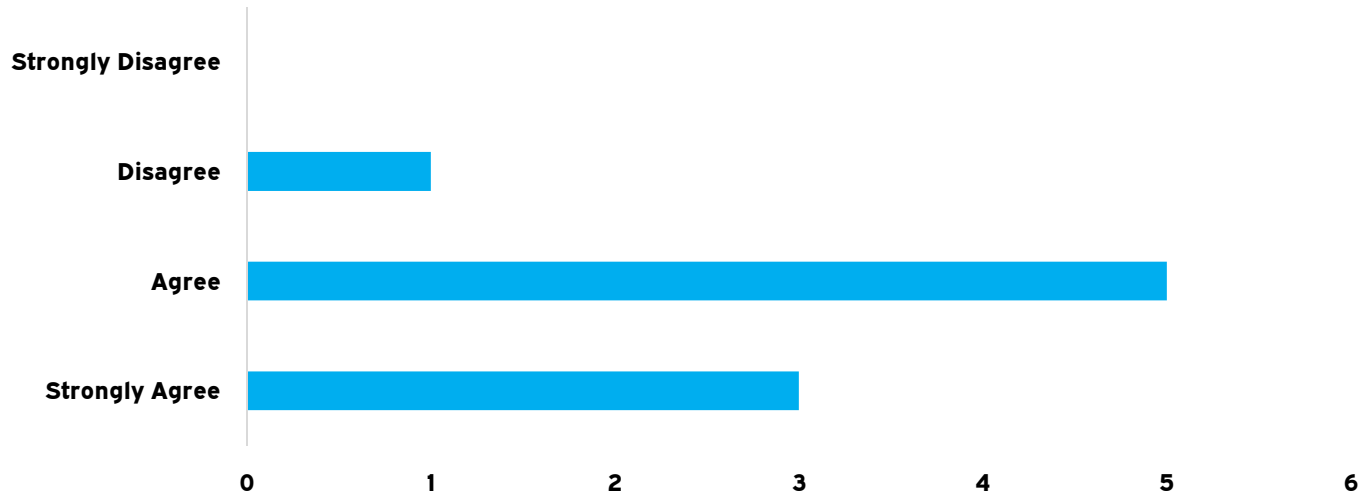
- The Board has a mixed view on the minimum funded ratio LACERA should be willing to accept.¹

¹ Responses for other included:

- (1) We should be extremely concerned that our funding is below 80% and likely to go down further. This is a huge risk for the Plan Sponsor and county tax payers. Ultimately it also destabilizes the position of our members.
- (2) I don't know that 'acceptance' is the right word.

Question 8

The cash-flow position of the Plan (e.g., net cash outflows) should be a key consideration when constructing an investment portfolio.



- There is *strong consensus* that cash-flow position is a key component when considering structuring a portfolio.¹
- As predicted by the actuary, the employer/employee contributions less benefit payments in 2020 is estimated to be (\$0.7 bn). In five years, the median is estimated to be (\$1.3 bn).

¹ The "Disagree" submission included the comment – "More context needs to be given ... It depends on the circumstances."

Additional Comments

- The final question allowed a space for additional comments that may not be related to any specific questions. The following comment was received:
 - “Derisking the portfolio by lower cost and holding cash generating assets longer.”

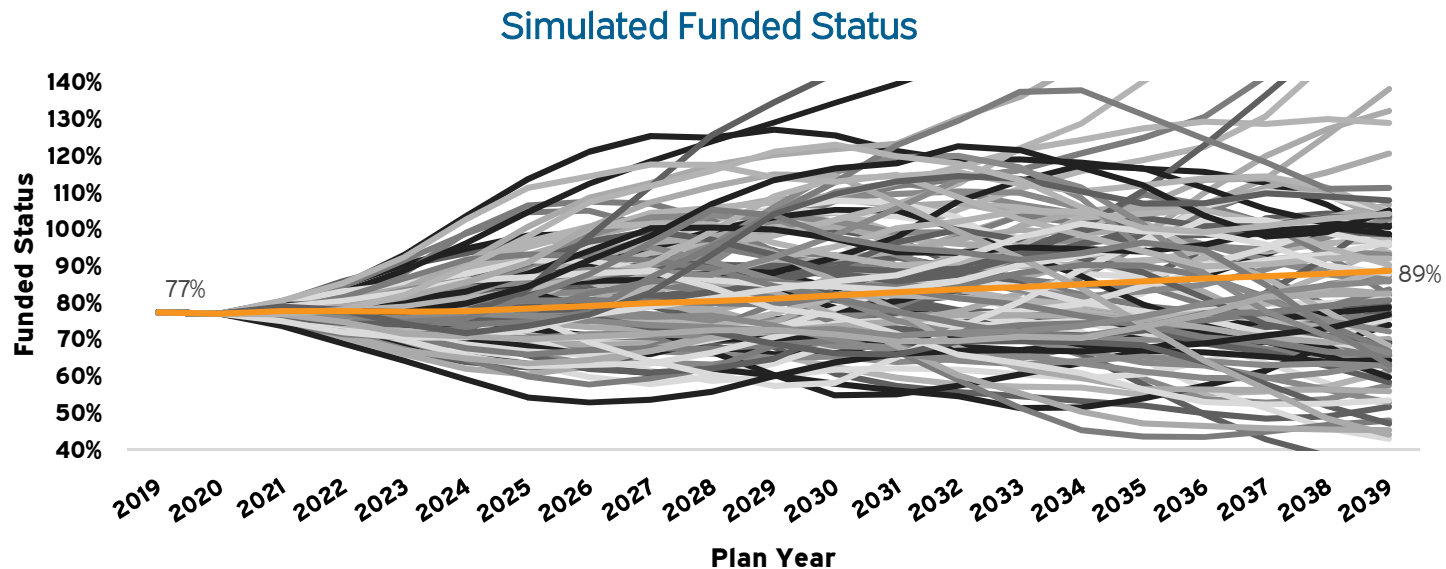
Forecast Assumptions

- Assets: Based on 6/30/2020 plan assets.
- Normal cost assumed to grow by the COLA assumption annually. This loosely translates into an assumption that the active count is expected to stay the same throughout the study (i.e. annual plan exits equal plan entrants).
- Simulations: 10,000.
- Capital Market Assumptions: 20-year Meketa interim 2020 assumptions (still to be reviewed by all parties).
- Asset correlations: Meketa interim 2020 correlation matrix.
- Asset return distribution: Normal distribution.
- Asset rebalancing: Monthly for liquid assets, quarterly for all others.
- All other assumptions detailed in the report titled Los Angeles County Employees Retirement Association Actuarial Valuation of Retirement Benefits June 30, 2019 issued by Milliman on March 2, 2020.

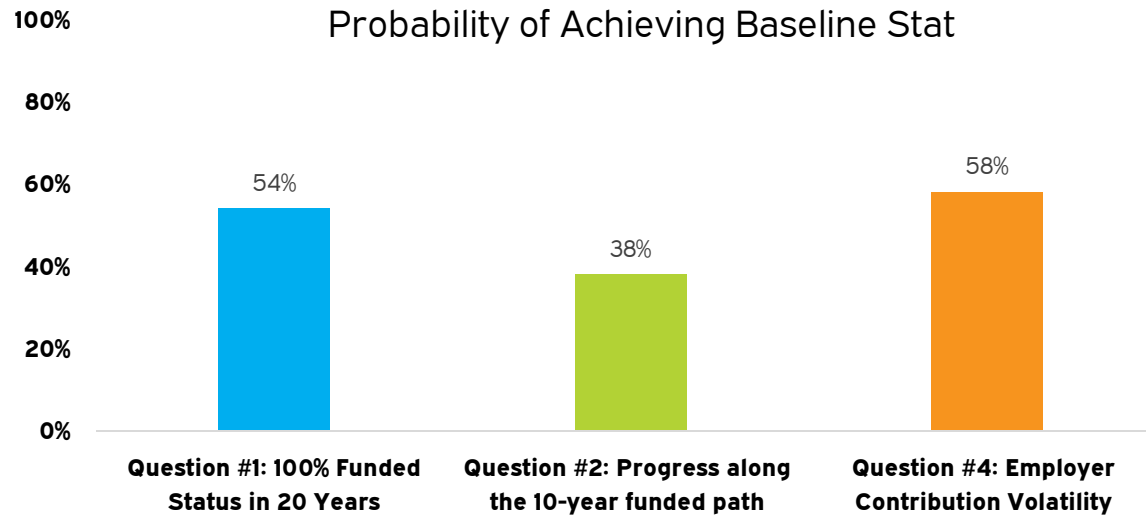
Baseline Forecast

- The chart below displays a simulation of funded status outcomes based on the current policy, funded status, projected pension benefit payments and projected contributions.
- These forecasts were prepared exclusively for the Strategic Asset Allocation discussion and are not intended as a valuation of future funded status or contribution expectations. Milliman was not involved in the simulation (other than providing raw data as already explained above).

Orange line = median.



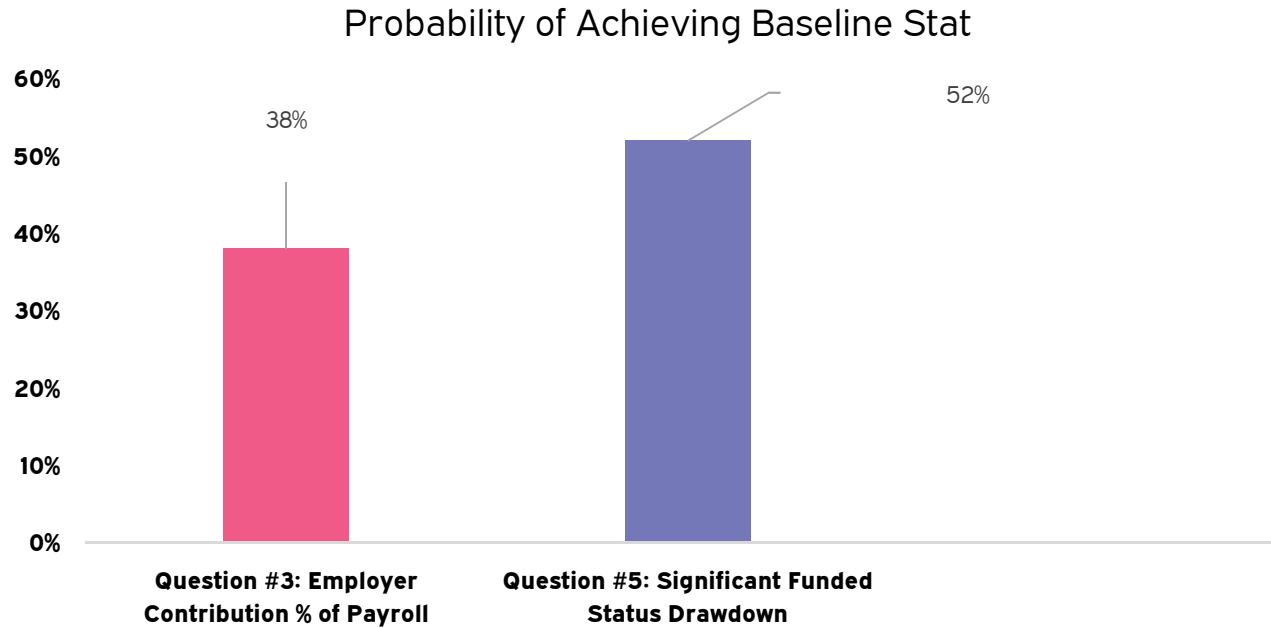
Baseline Stats – Top 3 Objectives



- Question #1: 54% of the simulations exceeded 100% funded status at some point during the 20-year horizon.
- Question #2: 38% of the simulations had an annual funded status within -10% of the funded path¹ during the 10-year horizon. Along this path, if the expected funded status sinks below 10% of that path, it is considered to *not* be meeting this objective.
- Question #4: 58% of the simulations had annual contribution rates within -5% of the median contribution % of payroll. Similar to Question 2, but the “path” is now the forecasted contribution % of payrolls.

¹ The funded path is the path between the current funded status and 100% funded in 20 years.

Baseline Stats – Bottom 2 Objectives



- Question #3: 38% of the simulations had a contribution % of payroll in 10 years that is less than the current.
- Question #5: 52% of the simulations had an annual market value drawdown of less than 10% during the 10-year horizon.

Baseline Study Summary

- The analysis shows that the current asset allocation is expected to fall short in certain objectives.
- With the baseline analysis complete, the remainder of the Strategic Asset Allocation study will compare various asset mix alternatives and their impact on these key metrics. In addition, Meketa will add stress testing and other analysis to assist the BOI in choosing its target policy asset allocation.
- Analysis is heavily dependent on the Capital Market Assumptions, which need to be reviewed by all parties involved.

Capital Market Expectations for 2020

Growth¹

	July 2020 E(R) (%)	2018 E(R) (%)	Δ from 2018 (%)
Global Equity	7.6	7.5	0.1
Private Equity			
Buyouts	9.1	9.3	-0.2
Venture Capital	8.9	9.2	-0.3
Opportunistic Real Estate	9.3	8.5	0.8

¹ Meketa Capital Market 2020 Expectations to be reviewed by all relevant parties.

Credit¹

	July 2020 E(R) (%)	2018 E(R) (%)	Δ from 2018 (%)
High Yield Bonds	4.9	5.4	-0.5
Bank Loans	4.5	5.0	-0.5
Emerging Market Bonds			
Emerging Market Bonds (major)	4.2	4.9	-0.7
Emerging Market Bonds (local)	4.3	5.4	-1.1
Illiquid Credit			
Fixed Income/L-S Credit	3.6	4.2	-0.6
Private Debt Composite	6.7	6.7	0.0

¹ Meketa Capital Market 2020 Expectations to be reviewed by all relevant parties.

Real Assets and Inflation Hedges¹

	July 2020 E(R) (%)	2018 E(R) (%)	Δ from 2018 (%)
Core and Value Added Real Estate			
Core Private Real Estate	5.8	5.5	0.3
Value-Added Real Estate	8.0	6.9	1.1
Natural Resources and Commodities			
Natural Resources (Private)	7.7	8.8	-1.0
Commodities	3.9	4.6	-0.7
Infrastructure			
Infrastructure (Core Private)	6.4	6.6	-0.2
Infrastructure (Non-Core Private)	8.6	8.5	0.1
TIPS	2.1	3.3	-1.2

¹ Meketa Capital Market 2020 Expectations to be reviewed by all relevant parties.

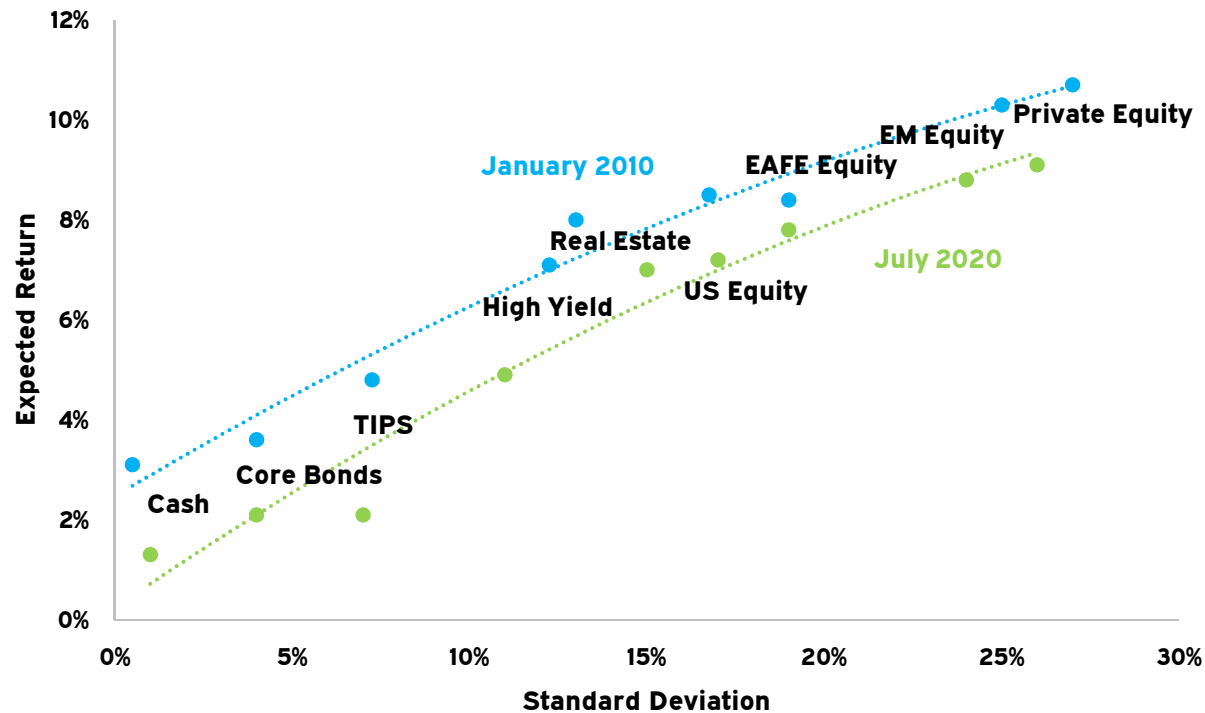
Risk Reduction and Mitigation¹

	July 2020 E(R) (%)	2018 E(R) (%)	Δ from 2018 (%)
Investment Grade Bonds (core)	2.1	3.6	-1.5
Diversified Hedge Fund Portfolio			
Long-Short	3.7	4.4	-0.7
Event Driven	5.1	5.9	-0.8
Global Macro	4.0	5.3	-1.3
CTA – Trend Following	4.1	4.6	-0.5
Fixed Income/L-S Credit	3.6	4.2	-0.6
Relative Value/Arbitrage	4.7	6.0	-1.3
Cash Equivalents	1.3	2.9	-1.6

¹ Meketa Capital Market 2020 Expectations to be reviewed by all relevant parties.

The Big Picture: Less Return for the Same Risk¹

- The relationship between long-term return expectations and the level of risk accepted is not static.
- Achieving the returns you have in the past may require taking on greater levels of risk than you have historically.



¹ Expected return and standard deviation are based upon Meketa Investment Group's January 2010 and July 2020 Capital Markets Expectations.

Summary and Next Steps

- The results of the survey indicate achieving a final funding ratio of 100% by the end of the funding period and maintaining consistent progress along the current Funding Progress Path are key end and intermediate term goals for the BOI.
- Optimizing risk return adjustments to LACERA's asset allocation can improve the probability of achieving these objectives.
- This may lead to the need to enhance middle and back office resources, management, and portfolio construction.
- Next steps include:
 - Working with the Board, Staff, Milliman, and asset category consultants to review asset class approaches (this is an extension of the ongoing analysis provided during the structure reviews).
 - Finalizing the Capital Market Expectations to be used in the final study.
 - Presenting initial findings of the Asset Liability Study, and possible iterations thereafter, for both the OPEB and the Pension Funds.
 - Discussing suitability of benchmarks.
 - Addressing risk budgeting.



Disclaimers

These materials are intended solely for the recipient and may contain information that is not suitable for all investors. This presentation is provided by Meketa Investment Group (“Meketa”) for informational purposes only and no statement is to be construed as a solicitation or offer to buy or sell a security, or the rendering of personalized investment advice. There is no agreement or understanding that Meketa will provide individual advice to any advisory client in receipt of this document. There can be no assurance the views and opinions expressed herein will come to pass. Any data and/or graphics presented herein is obtained from what are considered reliable sources; however, its delivery does not warrant that the information contained is correct. Any reference to a market index is included for illustrative purposes only, as an index is not a security in which an investment can be made and are provided for informational purposes only. For additional information about Meketa, please consult the Firm’s Form ADV disclosure documents, the most recent versions of which are available on the SEC’s Investment Adviser Public Disclosure website (www.adviserinfo.sec.gov) and may otherwise be made available upon written request.

These materials were prepared **exclusively** to analyze the asset allocation. These materials may **not** be used for any other purpose, such as plan funding and benefit decision making. To begin the analysis, Meketa used plan information contained in the June 30, 2019 actuarial valuation report prepared by Milliman and projected benefit payment information received directly from Milliman. The projected benefit payments are based on data, assumptions, methods and plan provisions detailed in the report titled Los Angeles County Employees Retirement Association Actuarial Valuation of Retirement Benefits June 30, 2019 issued March 2, 2020. All calculations contained within were prepared in accordance with generally accepted actuarial principles and procedures.

October 22, 2020

TO: Trustees – Board of Investments

FROM: Esmeralda del Bosque, Senior Investment Officer 
Quoc Nguyen, Investment Officer 
Operational Due Diligence Working Group

FOR: November 5, 2020 Board of Investments Meeting

SUBJECT: **OPERATIONAL DUE DILIGENCE – DEEP DIVE ASSESSMENT**


Please find attached a presentation reviewing staff’s in-depth assessment of operational due diligence (“ODD”) for investment managers.

BACKGROUND

The attached presentation (**ATTACHMENT**) is intended to provide Trustees with a review of and suggested enhancements to LACERA’s ODD process. A ten-person team of investment staff representing all asset classes (“Team”) reviewed the operational due diligence processes of internal staff and consultants across pre- and post-investment ODD. The presentation describes the Team’s analysis, ways to address differences, and suggested enhancements to LACERA’s ODD approach. Notably, the handful of initiatives that the presentation identifies will be incorporated into LACERA’s forthcoming 2021 Workplan.

Attachment

Noted and Reviewed:


Jonathan Grabel
Chief Investment Officer

ODD Working Group: Deep Dive Assessment Observations & Recommendations

Board of Investments Meeting

November 5, 2020



Amit Aggarwal

Calvin Chang

Cindy Rivera

Daniel Joye

Esmeralda Del Bosque

John Kim

Mel Tsao

Quoc Nguyen

Robert Santos

Shelly Tilaye

Outline

- I. Background
- II. Objectives & Process
- III. Observations
- IV. Staff Action Plans
- V. Final Thoughts

Background



What is ODD versus IDD?

Operational Due Diligence

(To identify and evaluate operational risk factors)

- Management and governance
- Risk management
- Investment Operations
- Infrastructure and business continuity
- Compliance resources and policies
- Disclosures
- Manager organization
- Background checks
- Fund terms
- Custody and counterparties
- Valuation policies
- Financial Statements and ADV's
- Diversity and Inclusion
- ESG

Investment Due Diligence

(To identify and evaluate risks that can impact outcomes due to investment decisions and processes)

- Investment Philosophy
- Portfolio construction
- Strategy and investment process
- Management and team
- Risk Management and risk exposures
- Performance and benchmarks
- Alpha, beta
- Diversity and Inclusion
- ESG Integration



Why ODD is Important

- ODD can help mitigate risks stemming from operational issues which increases the likeliness of improved outcomes
- In a low interest rate environment, anything that can reduce the chance of return degradation matters
 - Understanding the procedures, practices, and controls of our investment partners is crucial
 - Increased complexity of regulatory environment demands heightened ODD awareness
- LACERA's increasing allocation to private market investments requires in depth ODD analysis
 - Complex fund structures, increased leverage, fund lock-ups, illiquid/hard-to-value positions must be evaluated via an ODD lens

Whereas increasing investment risk may lead to outsized returns; increasing operational risk does not lead to an asymmetric payoff – unmitigated operational risks can lead to lower returns and/or headline risks



Operational Due Diligence Process

ODD Working Group's Focus



Pre-
Investment
ODD
screening

Pre-Investment
ODD

ODD
Pass/Fail

Post-Investment ODD

ODD & IDD Processes are Concurrent

Pre-
Investment
IDD
screening

Pre-Investment IDD

IDD
Pass/Fail

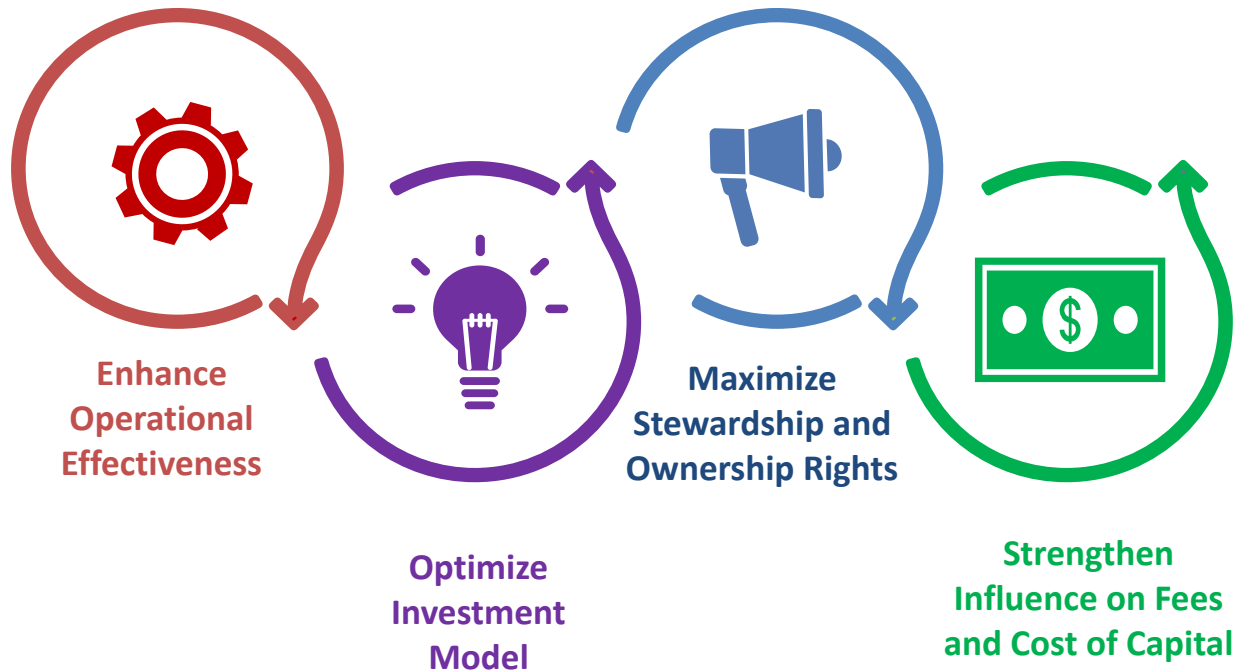
Post-Investment IDD

Board Recommendation & Investment



LACERA's ODD

ODD covers multiple aspects of LACERA's workplan;
Enhancing ODD will therefore improve total Fund effectiveness



Manager Scorecard: Organization and Operations

LACERA MANAGER SCORECARD June 30, 2020				Performance 1 to 5 (with 5 the best)	Organization & Operations S+, S, or S- (with S+ the best)	ESG 1 to 5 (with 5 the best)	Partnership A, B, or C (with A the best)	Fees 1 to 5 (with 5 the best)
Manager	Market Value (in \$ millions)	% of Total Fund	Risk-Adjusted Return	SCORE	SCORE	SCORE	SCORE	SCORE
GROWTH	GLOBAL EQUITY							
	ACADIAN DEVELOPED MARKETS	554.8	1.0%	5	S-	4	B	3
	BTC EURO TILTS	640.9	1.1%	5	S+	4	A	3
	BTC RUSSELL 3000	* 2,117.4	3.6%	3	S+	—	A	5
	CAPITAL GROUP DEVELOPED MARKETS	354.0	0.6%	5	S	2	B	3
	CEVIAN CAPITAL II - ACTIVIST	272.3	0.5%	3	S+	4	B	1
	CORNERCAP US SC - EMP	* 51.0	0.1%	3	S	1	A	3
	FRONTIER US SMID GROWTH	333.9	0.6%	4	S-	2	B	1
	GENESIS EMERGING MARKETS	517.5	0.9%	4	S+	4	B	1
	GLOBAL ALPHA IE SC - EMP	* 161.8	0.3%	3	S	4	A	3
	JANA ISI FUND V - ACTIVIST	86.1	0.1%	2	S-	2	A	1
	JPMAM STRATEGIC BETA U.S.	* 2,043.9	3.5%	3	S	+	B	3

As part of the **Manager Scorecard**, staff provides an **Organization & Operations** score for all public market managers and is developing a similar scorecard for private market managers



The ODD Working Group evaluated each asset category's Post-ODD process; the results of which can be used as a basis for determining a manager's **Organization & Operations** score



Objectives & Process



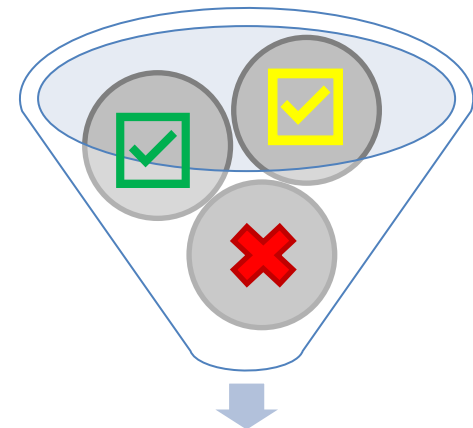
ODD Working Group

ODD Deep Dive Assessment:

- Evaluate staff and consultants' ODD processes

Output:

- Identify
 - Best practices
 - Process and procedural gaps
- Implement
 - Process and procedural enhancements

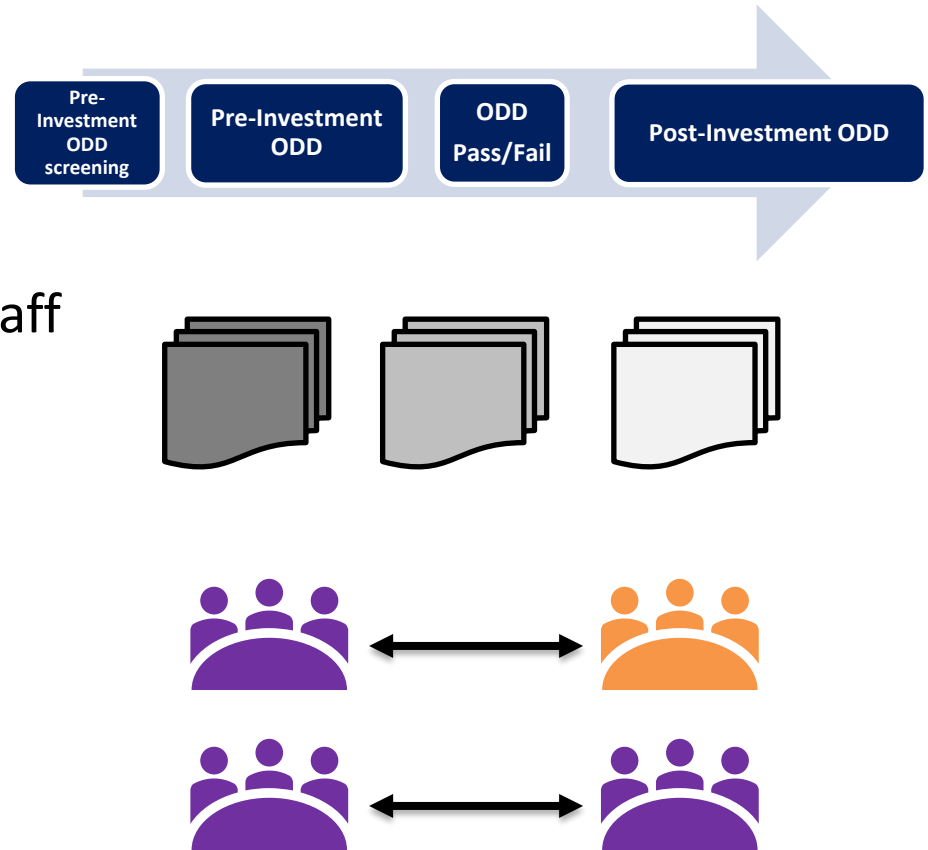


Enhancements

What did the ODD Working Group evaluate?

We evaluated:

- the full ODD process of each asset category
- due diligence reporting from staff and consultants
- the ODD resources of:
 - LACERA consultants
 - LACERA staff



To identify opportunities for enhancements

Observations



ODD Evaluation and Resources

Differences exist across the portfolio with regards to the:

- comprehensiveness of ODD performed and reported
- # of resources that perform ODD

Areas Reviewed	Observations
Who Performs ODD?	<ul style="list-style-type: none">• Staff leads ODD for public market investments• Consultant leads ODD for most private market investments
ODD Evaluation and Reporting	<ul style="list-style-type: none">• Depth of ODD evaluation varies• Select have dedicated ODD reporting, others incorporate ODD as part of broader due diligence
ODD Resources	<ul style="list-style-type: none">• Resources vary across different parties• Select have dedicated, others have shared



List of ODD Risk Factors

To help standardize ODD:

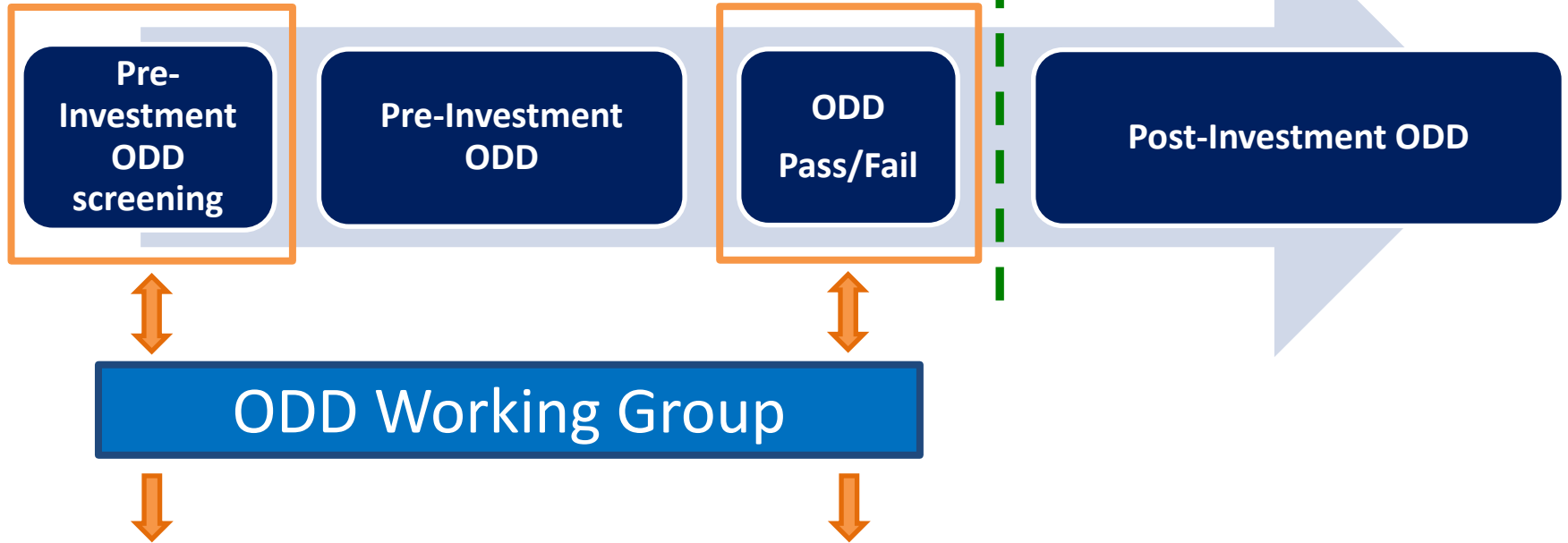
- Team developed an **ODD Risk Factors List** using collection of all ODD consultant/staff criteria
- The **ODD Risk Factors List** can be used for each asset category

List of ODD Risk Factors	Public Markets & Real Estate Separate Accounts	Unique to Private Equity	Unique to Real Estate	Unique to Hedge Funds
Manager Organization				
Assets & Products		IDD Also		
Chief Compliance Officer Structure, Employee Oversight, Process, Frequency & Training				
Code of Ethics				
Committees				
Conflicts of Interest (Overarching)				
Disaster Recovery and Business Continuity Plans				
Firm's Internal Control Structure, Risk Assessment (e.g., SAS 70, SOC 1, 2 or 3)				
Insurance Coverage (General Liability, Fidelity Bonds, Errors & Omission, Directors & Officers)				
Key Person & Succession Planning				
Litigation or Legal Proceedings				
Non Investment Team Overview/Key Non Investment Staff				
Offices				
Oversight Functions & Employees		IDD Also		
Overview/Background				
Ownership, Control, Economics		IDD Also		IDD Also
Regulatory Actions and Violations				
SEC Audits				
SEC Form ADV's Part 1A, Part 2A, Part 2B				
Fund Terms & Governance				
Capital - Investor Base and Concentration				
Fund Expenses				
Fund Terms				
Governance & Oversight - Body, Structure, and Changes				
Proprietary Capital				
Service Providers				
Side Letters				
Background Checks				
Background & Media Checks				



ODD Pre-Screen & ODD Pass/Fail

Board Recommendation & Investment



Create pre-screen questionnaire:

- identify riskier investments
- identify managers that share organizational priorities
- save time and resources

Incorporate an ODD pass/fail step:

- elevate ODD
- enhance ODD vetting process
- enhance risk management

Staff Action Plans



Staff Action Plans

Pre-Investment ODD

- Standardize ODD across asset categories as applicable
- Incorporate pre-screen questionnaire
- Incorporate ODD pass/fail decision
- Enhance staff's ODD board reporting
- Request additional ODD services from consultant(s) or seek from 3rd party
- Continue to refine and incorporate T.I.D.E. initiatives
- Enhance ODD of internal Investment operations

Post-Investment ODD

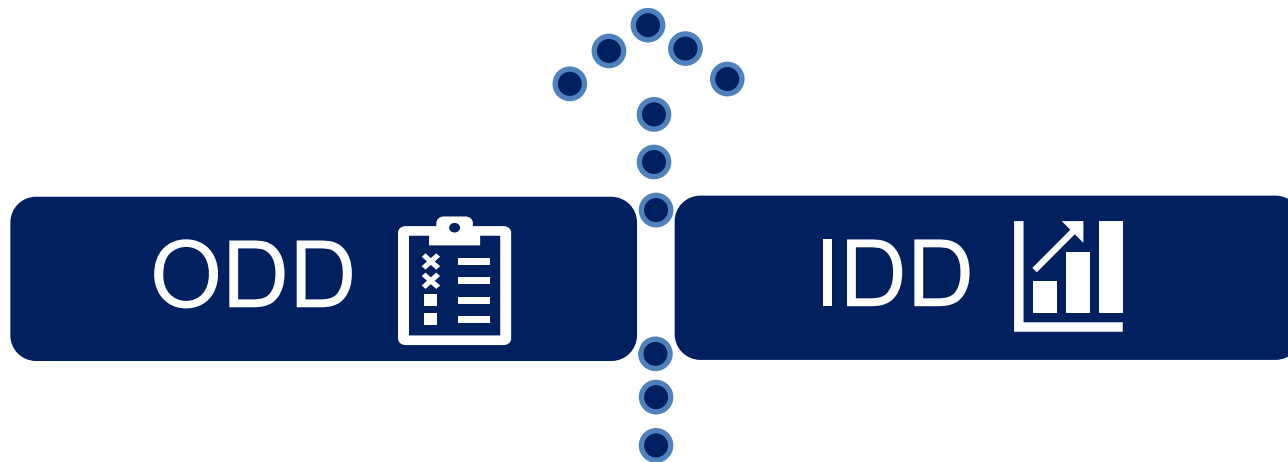
- Standardize monitoring across asset categories as applicable
- Request additional ODD services from consultant(s) or seek from 3rd party
- Continue to refine and incorporate T.I.D.E. initiatives
- Enhance ODD of internal Investment operations

Final Thoughts



Final Thoughts


A comprehensive investment program should focus on both investment and operational due diligence as a means of optimizing risk-adjusted returns



FOR INFORMATION ONLY

October 20, 2020

TO: Trustees – Board of Investments

FROM: Scott Zdrazil 
Senior Investment Officer

FOR: November 5, 2020 Board of Investments Meeting

SUBJECT: **AMICUS CURIAE BRIEF OF THE COUNCIL OF INSTITUTIONAL INVESTORS IN INSTITUTIONAL SHAREHOLDER SERVICES V. SEC, NO.1:19-CV-3275**

Please find below background information pertaining to LACERA’s participation in an [amicus brief](#) (**Attachment**) filed by the Council of Institutional Investors (“CII”) on October 12, 2020 in the D.C. District Court in the above referenced lawsuit.

CII’s amicus brief is in support of a lawsuit that Institutional Shareholder Services, Inc. (“ISS”) has filed against the U.S Securities and Exchange Commission (“SEC”) related to new regulations, finalized on July 22, 2020 which classify proxy research as a proxy “solicitation,” as defined under the SEC’s proxy rules, and subject to the terms and conditions of such a classification unless proxy firms adhere to new regulatory requirements.

The final SEC rule, adopted last July, follows several regulatory developments in the past year. In August 2019, the SEC issued an [Interpretive Bulletin](#) that interpreted the SEC’s proxy rules to consider proxy research as a solicitation. In November 2019, the SEC [proposed revised rules](#) to codify the August 2019 Interpretive Bulletin, thereby giving the Interpretive Bulletin’s designation of proxy research as a solicitation the full force and effect of law. Among the conditions by which proxy firms would need to comply, under the November 2019 proposed rule, would be a requirement to allow companies the opportunity to review and provide feedback on proxy research twice before the research is availed to clients.

LACERA’s *Corporate Governance and Stewardship Principles* support investor access to independent, timely, and competitive market, investment, and proxy research. LACERA has taken several actions in recent years to represent concerns that proposed rules and prospective changes could undermine investors’ access to independent and timely research that helps inform the fund’s ability to cast informed votes. Such provisions could affect LACERA’s ability to vote proxies in a manner consistent with fiduciary duty and LACERA’s interest in long-term value. Often working in collaboration with CII, LACERA provided input to the SEC on several occasions:

- LACERA submitted a November 2018 comment [letter](#) in advance of a SEC Roundtable on the Proxy Process addressing LACERA’s position on this topic.

- LACERA joined CII in an October 2019 [joint investor letter](#) to the SEC in anticipation of the SEC proposing the November 2019 proxy research rule changes.
- LACERA submitted a February 2020 [comment letter](#) to the SEC noting several concerns and issues with the November 2019 proposed rule in advance of the SEC finalizing the rule in July 2020.

Although the final rule dropped some features of the November 2019 proposal (such as the requirement that companies may review proxy research twice before issuance to clients), it still codifies proxy research as a proxy “solicitation” and imposes new reporting and procedural requirements that may impact LACERA’s access to independent and timely research.

In the amicus brief, CII notes several concerns with the development process and requirements of the final rule issued July 2020, including, but not limited to:

- 1) The SEC did not provide substantive legal or economic basis for the commission to classify proxy advisors as proxy solicitors,
- 2) The final rules could seriously impede the availability of timely, high-quality, and independent research on issues subject to shareholder votes,
- 3) The SEC did not provide credible evidence showing that proxy advisor communications with their investor clients represents a significant risk to investor protection that justifies regulatory action, and
- 4) The final rules may contradict the Exchange Act’s prohibition against regulations that impose an unnecessary or inappropriate burden on competition.

LACERA signed the amicus brief in adherence to its *Corporate Governance and Stewardship Principles* procedures and in consultation with the Corporate Governance Committee Chair, consistent with LACERA’s interest in advocating integrity in capital markets.

LACERA is joined in the amicus brief by the CFA Institute, CalPERS, CalSTRS, the California State Controller, Colorado PERA, and the New York City Comptroller.

LACERA will monitor developments in the lawsuit and report to the Board of Investments and/or Corporate Governance Committee.

Additional information about the SEC’s final rulemaking is available on the SEC’s website at: <https://www.sec.gov/rules/final/2020/34-89372.pdf>.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

ATTACHMENT

Exhibit 1

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

INSTITUTIONAL SHAREHOLDER §
SERVICES INC., §

Plaintiff, §

v. §

Case No. 1:19-cv-3275-APM

SECURITIES AND EXCHANGE §
COMMISSION and WALTER §
JOSEPH CLAYTON III in his official §
capacity as Chairman of the §
Securities and Exchange §
Commission, §

Defendants. §

**BRIEF AMICI CURIAE OF THE COUNCIL OF INSTITUTIONAL
INVESTORS ET AL. IN SUPPORT OF PLAINTIFF**

Jeffrey P. Mahoney
General Counsel

COUNCIL OF INSTITUTIONAL INVESTORS
1717 Pennsylvania Ave. NW, Suite 350
Washington, D.C. 20006
[Tel.] (202) 261-7081

Ryan P. Bates

Counsel of Record

BATES PLLC
919 Congress Avenue, Suite 1305
Austin, Texas 78701
[Tel.] (512) 694-5268

Counsel for Amici Curiae the Council of Institutional Investors et al.

Additional counsel listed on signature block

TABLE OF CONTENTS

Index of Authorities ii

Interest of Amici Curiae 1

Argument 3

I. The SEC’s Determination That Proxy Voting Advice Delivered to an Investor Requesting That Advice Constitutes a “Solicitation” Under Section 14(a) Is Contrary to Law and Arbitrary and Capricious 5

II. Because There Is No Reliable Evidence of Actual Errors in Proxy Voting Advice, the SEC’s Action Is Unjustified Both Legally and Economically 9

III. Interfering with the Independence of Proxy Voting Advice Disserves the Commission’s Stated Goals and Harms Investors 17

IV. Forcing Proxy Advisors to Disseminate Issuers’ Contrary Views Violates the First Amendment 21

Conclusion 25

Certificate of Service 27

Appendix

List of Additional Amici Curiae 1a

INDEX OF AUTHORITIES

CASES

Am. Wild Horse Preservation Campaign v. Perdue,
873 F.3d 914 (D.C. Cir. 2017) 8

Ashcroft v. Am. Civil Liberties Union,
542 U.S. 656 (2004) 19

Buckley v. Valeo,
424 U.S. 1 (1976) 15

Carlson v. Postal Reg. Comm’n,
938 F.3d 337 (D.C. Cir. 2019) 13, 20, 21

City of Ladue v. Gilleo,
512 U.S. 43 (1994) 24

Encino Motorcars, LLC v. Navarro,
136 S.Ct. 2117 (2016) 6

FCC v. Fox Television Stations, Inc.,
556 U.S. 502 (2009) 6

Grace v. Barr,
965 F.3d 883, 898 (D.C. Cir. 2020) 8

Gresham v. Azar,
950 F.3d 93 (D.C. Cir. 2020) 13, 14

Hurley v. Irish-Am. Gay, Lesbian & Bisexual Group of Boston,
515 U.S. 557 (1995) 22

Int’l Union, United Mine Workers of Am. v. Mine Safety & Health Admin.,
626 F.3d 84 (D.C. Cir. 2010) 13

Janus v. Am. Fed’n of State, Cnty., & Mun. Employees, Council 31,
138 S.Ct. 2448 (2018) 23, 24

Lone Mtn. Processing, Inc. v. Sec’y of Labor,
709 F.3d 1161 (D.C. Cir. 2013) 6

McCullen v. Coakley,
574 U.S. 464 (2014) 24

<i>Miami Herald Pub. Co. v. Tornillo</i> , 418 U.S. 241 (1974)	21
<i>Mozilla Corp. v. FCC</i> , 940 F.3d 1 (D.C. Cir. 2019)	9
<i>Nat’l Cable & Telecoms. Ass’n v. Brand X Internet Servs.</i> , 545 U.S. 967 (2005)	6
<i>Pac. Gas & Elec. Co. v. Pub. Utils. Comm’n of Cal.</i> , 475 U.S. 1 (1986) (<i>PG&E</i>)	15, 16, 21, 22
<i>Riley v. Nat’l Fed’n of the Blind of N.C., Inc.</i> , 487 U.S. 781 (1988)	25
<i>Turner Broad. Sys., Inc. v. FCC</i> , 512 U.S. 622 (1994)	24
<i>Ward v. Rock Against Racism</i> , 491 U.S. 781 (1989)	24
<i>Wash. Post Co. v. Keogh</i> , 365 F.2d 965 (D.C. Cir. 1966)	19, 20
STATUTES, RULES, AND REGULATORY MATERIALS	
5 U.S.C. §706.....	25
15 U.S.C. §78n(a)	5
15 U.S.C. §78n(a)(1).....	5
15 U.S.C. §78w(a)(2)	20
17 C.F.R. §240.14a-1(l)(1)(iii).....	5
17 C.F.R. §240.14a-9.....	19
<i>Amendments to Exemptions from the Proxy Rules for Proxy Voting</i> <i>Advice</i> , Exch. Act Rel. No. 34-87457, 84 Fed. Reg. 66518 (Dec. 4, 2019) (“Proposing Release”)	10, 11, 13
<i>Broker-Dealer Participation in Proxy Solicitations</i> , Exch. Act Rel. No. 7208, 29 Fed. Reg. 341 (Jan. 15, 1964)	7

Exemptions from the Proxy Rules for Proxy Voting Advice,
 Exch. Act. Rel. No. 34-89372, 85 Fed. Reg. 55082 (Sept. 3, 2020)
 (“Adopting Release”)..... passim

FINRA Rule 2241(b) 18

Regulation of Commc’ns Among Shareholders,
 Exch. Act Rel. No. 34-31326, 57 Fed. Reg. 48276 (Oct. 22, 1992)..... 25

*Shareholder Comm’cns, Shareholder Participation in the Corp. Electoral
 Process, and Corp. Governance Generally*,
 Exch. Act Rel. No. 16356, 44 Fed. Reg. 68764 (Nov. 29, 1979) 7

OTHER AUTHORITIES

2 PAPERS OF THOMAS JEFFERSON (J. Boyd ed. 1950) 23, 24

Chairman Jay Clayton, *Statement at Open Meeting* (Nov. 5, 2020),
<https://perma.cc/H3GQ-3NK4>..... 18

Comm’r Allison Herren Lee, *Paying More for Less: Higher Costs for
 Shareholders, Less Accountability for Management* (July 22, 2020)
 (“Lee Dissent”), <https://perma.cc/DF75-YJGP> passim

Comm’r Allison Herren Lee, *Statement on Shareholder Rights* (Nov. 5,
 2019), <https://perma.cc/MDQ7-L2PD> 12

Letter from CII Exec. Director Kenneth A. Bertsch to SEC Chairman Jay
 Clayton et al. (Oct. 24, 2019), <https://perma.cc/H4Y3-KK47> 10, 11

Letter from CII Exec. Director Kenneth A. Bertsch to SEC Secretary
 Vanessa A. Countryman (Feb. 4, 2020), <https://perma.cc/3R8B-N2C3> 11, 12

Nicolas Grabar et al., *The SEC Takes Action on Proxy Advisory Firms*,
 Harv. Law Sch. Forum on Corp. Governance (Aug. 19, 2020),
<https://perma.cc/AF2K-2U5C>..... 18

Rick Fleming, Speech, *Important Issues for Investors in 2019*, at The SEC
 Speaks in 2019 (Apr. 8, 2019), <https://perma.cc/HZ2N-47GZ>..... 16, 17

SEC, Div. of Econ. & Risk Analysis, Memorandum, *Data Analysis of
 Additional Definitive Proxy Materials Filed by Registrants in Response
 to Proxy Voting Advice* (Jan. 16, 2020), <https://perma.cc/HP2F-T6VU>
 (“DERA Memo”)..... 11, 12

INTEREST OF AMICI CURIAE

The Council of Institutional Investors (CII or Council) is a nonprofit, nonpartisan association of U.S. public, corporate and union employee benefit funds, other employee benefit plans, state and local entities charged with investing public assets, and foundations and endowments, with combined assets under management of approximately \$4 trillion. Its associate members include non-U.S. asset owners with more than \$4 trillion in assets and a range of asset managers with more than \$40 trillion in assets under management. The Council's hundreds of members share a commitment to healthy public capital markets and strong corporate governance. Those members include major long-term shareowners with duties to protect the retirement assets of millions of American workers and their families, including public pension funds with more than 15 million participants—true “Main Street” investors who rely on their hard-earned pension funds. The Council's members work to protect those assets through proxy votes, stockholder resolutions, negotiations with regulators, discussions with management and boards, and, when necessary, litigation. The Council is thus a leading voice for effective corporate governance, strong stockholder rights, and vibrant, transparent, and fair capital markets, and it regularly advocates on behalf of these goals to Congress, the Securities and Exchange Commission (SEC), and state and federal courts.

The additional amici are the California Public Employees' Retirement System (CalPERS), the California State Controller, the California State Teachers' Retirement System (CalSTRS), the CFA Institute, the Colorado Public Employees'

Retirement Association (PERA), the Comptroller of the City of New York, the CtW Investment Group, and the Los Angeles County Employees Retirement Association (LACERA). Each of these amici is a member of the Council and is described more specifically in the appendix.

The issue before the Court directly implicates the interests of the Council and amici.¹ Institutional investors bear, and faithfully execute, fiduciary duties to the millions of individuals on whose behalf they manage funds. Among those fiduciary duties is the obligation to vote fund securities in the best interests of the fund's beneficiaries. However, because institutional investors commonly hold hundreds or thousands of different portfolio securities, it would be prohibitively expensive and economically inefficient for every institutional investor to perform individually the research and analysis necessary to cast informed votes on the thousands of proposals presented annually at meetings of portfolio companies. To ensure they are able to fulfill their fiduciary duties to the Main Street investors who are their beneficiaries, institutional investors often engage proxy voting advisors to assist them in formulating and selecting voting policies in aggregate and to provide company-specific research to apply those policies to make well-informed decisions on individual

¹ In the interest of full disclosure, the Council notes that plaintiff Institutional Shareholder Services Inc. (ISS) and another large proxy advisory firm affected by the SEC action challenged in this suit, Glass Lewis & Co., are non-voting associate members of CII. In aggregate, ISS and Glass Lewis pay annual dues representing less than 1.0% of CII's membership revenues. In addition, CII and several of the additional amici are clients of ISS, Glass Lewis, or both. However, this brief was not authored in whole or in part by counsel for any party, and no person or entity other than amici or their counsel has made a monetary contribution to the preparation or submission of the brief. The views expressed in the brief are those of amici alone.

proxy votes. The critical and independent analysis performed by proxy voting advisors, and the vote recommendations they deliver based on criteria and policies selected and agreed by the clients they advise, efficiently and effectively fulfill a key need for institutional investors and their beneficiaries. Accordingly, amici have a strong interest in ensuring that timely and high-quality independent proxy voting advice remains available in the marketplace and that regulatory actions that threaten the integrity and quality of such advice, like the challenged rule amendments, are not adopted.

ARGUMENT

Proxy advisors effectively and efficiently serve as collective research providers for large numbers of institutional investors, providing an affordable, high-quality alternative to the otherwise-prohibitive cost of analyzing in-house literally hundreds of thousands of ballot proposals at thousands of shareholder meetings each proxy season. The amendments to Rules 14a-1, 14a-2, and 14a-9 challenged here put at serious and unwarranted risk the continued availability of timely, high-quality, and independent advice and analysis of issues subject to shareholder vote.

Institutional investors—the clients of proxy voting advisor firms and supposed principal beneficiaries of the new rules—did not ask for the amendments, do not want them, and do not believe they are needed to facilitate investors' ability to obtain the information necessary to make informed voting decisions. The amendments treat proxy advisors as if they were engaged in proxy solicitation when they are not and then, because they are not, afford advisors an exemption—but only if they satisfy

conditions that will impair their independence and harm investors. In the view of amici, there is no legal or economic basis for that approach.

The Commission failed to provide reliable evidence indicating that the existing proxy advisor communications with their institutional investor clients present a significant risk to investor protection that justifies this regulatory action. The proposed rule amendments were premised in part on an assumed (but never substantiated) rate of factual errors and methodological weaknesses in proxy voting advice that materially impacts shareholder voting decisions. Confronted with evidence disproving that foundational assumption, the Commission refused to engage with that evidence and never questioned whether regulatory intervention was still warranted. To the contrary, it blithely concocted a new justification for its predetermined course of action, ignoring the radical diminution of benefits inherent in shifting goals from avoiding purported material errors in advice to a milquetoast commitment to “fostering dialogue.” Its deficient justification for the rule amendments compounds that error twice over, first by discounting the harms to institutional investors and their beneficiaries that will flow from compromising the quality and independence of proxy advisors’ analyses and then again by disregarding the serious constitutional concerns created by forcing proxy advisors to disseminate and subsidize issuers’ rebuttals of critical voting advice.

As Commissioner Herren Lee rightly observed in her dissent from the vote to adopt them, the rule amendments are “unwarranted, unwanted, and unworkable.” Comm’r Allison Herren Lee, *Paying More for Less: Higher Costs for Shareholders*,

Less Accountability for Management (July 22, 2020), <https://perma.cc/DF75-YJGP> (“Lee Dissent”). Amici agree. The Court should set the Commission’s action aside.

I. THE SEC’S DETERMINATION THAT PROXY VOTING ADVICE DELIVERED TO AN INVESTOR REQUESTING THAT ADVICE CONSTITUTES A “SOLICITATION” UNDER SECTION 14(a) IS CONTRARY TO LAW AND ARBITRARY AND CAPRICIOUS.

Amici agree with ISS that proxy voting advice is not a solicitation within the meaning of Section 14(a). *See* 15 U.S.C. §78n(a). A disinterested advisor evaluating and providing advice on matters to be voted by proxy according to criteria agreed between the advisor and investor is not “soliciting” a proxy under any reasonable construction of that term. That conclusion does not change simply because the advisor is paid for its research and analysis or because it markets its advisory services generally. First, the relevant communication—namely, the research and advice provided to the investor—is actively solicited by the investor. Second, the proxy advisor has no interest in the outcome of any proxy vote, whether its advice is vindicated, or even whether that advice is followed. Third, the advisor makes recommendations not based on its own priorities but according to criteria selected or even crafted by the investor in the first instance. Because of these factors, delivering proxy voting advice to a client paying for that advice does not “solicit a[] proxy or consent or authorization,” *id.* §78n(a)(1), nor are the circumstances under which proxy voting advice is delivered ones “reasonably calculated to result in the procurement, execution, or revocation of a proxy.” 17 C.F.R. §240.14a-1(l)(1)(iii).

Irrespective, the SEC’s action cannot be sustained because it fails to grapple with the fact that it has changed course significantly by reinterpreting “solicit” to

encompass proxy voting advice. “Agencies are free to change their existing policies as long as they provide a reasoned explanation for the change.” *Encino Motorcars, LLC v. Navarro*, 136 S.Ct. 2117, 2125 (2016). But while a regulatory change from an existing position does not always demand “a more detailed justification than what would suffice for a new policy created on a blank slate,” the agency “must at least ‘display awareness that it is changing position’ and ‘show that there are good reasons for the new policy.’” *Id.* at 2125-26 (2016) (quoting *FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 515-16 (2009)). Moreover, the agency must “be cognizant that longstanding policies may have ‘engendered serious reliance interests that must be taken into account.’” *Id.* at 2126 (quoting *Fox Television*, 556 U.S. at 516).

An agency’s failure to follow these precepts carries consequences. “[A]n ‘unexplained inconsistency’ in agency policy is ‘a reason for holding an interpretation to be an arbitrary and capricious change from agency practice.’ An arbitrary and capricious regulation of this sort is itself unlawful and receives no *Chevron* deference.” *Encino Motorcars*, 136 S.Ct. at 2126 (quoting *Nat’l Cable & Telecoms. Ass’n v. Brand X Internet Servs.*, 545 U.S. 967, 981 (2005)); *see also Lone Mtn. Processing, Inc. v. Sec’y of Labor*, 709 F.3d 1161, 1164 (D.C. Cir. 2013) (“[A]n agency changing its course must supply a reasoned analysis indicating that prior policies and standards are being deliberately changed, not casually ignored.”).

There is no room for serious dispute that the rule amendments adopted here constitute a significant change of course. For decades, the SEC has not treated proxy voting advice that investors actively request from proxy advisors as constituting a

solicitation by the proxy advisor—as distinguished from “unsolicited” voting advice, which it has. *See Broker-Dealer Participation in Proxy Solicitations*, Exch. Act Rel. No. 7208, 29 Fed. Reg. 341, 341 (Jan. 15, 1964) (confirming that brokers’ proxy voting advice is a solicitation only insofar as they “go[] beyond [their] advisory function” to distribute advice “to persons who have not asked for it,” whereas providing such advice “in [their] capacity as adviser to the customer” is not); *Shareholder Comm’cns, Shareholder Participation in the Corporate Electoral Process, and Corporate Governance Generally*, Exch. Act Rel. No. 16356, 44 Fed. Reg. 68764, 68767 n.11 (Nov. 29, 1979) (recognizing that an advisor furnishing proxy voting advice within the context of a fiduciary relationship with an investor is not soliciting a proxy). Now, however, the SEC contends that the considerations that previously *excluded* proxy voting advice from the regulatory regime governing proxy solicitation are the same considerations that now somehow provide the critical factors justifying its inclusion under that regime. *See, e.g., Exemptions from the Proxy Rules for Proxy Voting Advice*, Exch. Act. Rel. No. 34-89372, 85 Fed. Reg. 55082, 55091 & n.124 (Sept. 3, 2020) (“Adopting Release”) (“[T]he amendment is intended to apply to entities that market their proxy voting advice as a service that is separate from other forms of investment advice to clients or prospective clients and sell such advice for a fee.”).

Far from providing a reasoned justification for its about-face, the SEC simply denies that any change is occurring. *E.g., Adopting Release* at 55089 (“The proposed amendment would codify the long-held Commission view that the furnishing of proxy voting advice generally constitutes a solicitation governed by the federal proxy

rules.”). Its principal support for this claim is a guidance document issued, without notice or comment, just last year and immediately challenged in this suit. But that guidance only parrots the same incorrect assertions concerning the agency’s past treatment of proxy voting advice. The SEC cannot elide inconvenient historical facts through disinformation and ipse dixit. *See Am. Wild Horse Preservation Campaign v. Perdue*, 873 F.3d 914, 924 (D.C. Cir. 2017) (“That argument flatly defies the plain text of the official 1991 Forest Plan, repeated official agency statements, and two decades of agency practice. Blinders may work for horses, but they are no good for administrative agencies.”). Moreover, the Commission’s recent guidance is equally devoid of analysis justifying the significant alteration of the regulatory environment governing proxy voting advice. The agency cannot avoid its obligation to explain its regulatory U-turn through such bootstrapping. *See, e.g., Adopting Release at 55132* (refusing to treat pre-guidance status quo as baseline for economic analysis, despite guidance not having conducted its own analysis of costs and benefits). Having previously abdicated its responsibility to explain and justify the agency’s departure from its prior regulatory path in the guidance, the SEC cannot justify subsequent actions simply by claiming consistency with that unexplained new policy. “An agency may not depart from a prior policy sub silentio” by degrees any more than it can in a single fell swoop. *Grace v. Barr*, 965 F.3d 883, 898 (D.C. Cir. 2020) (cleaned up).

The SEC’s refusal to acknowledge historical reality creates serious and inexcusable deficiencies throughout the agency’s analysis. Claiming that proxy voting advice has always been a solicitation, for instance, allows the agency to entirely

ignore the significant costs and counterproductive effect of creating or expanding liability exposure for proxy voting advisors under Rule 14a-9. *E.g.*, Adopting Release at 55095 (“[A]ny impact from codifying this aspect of the definition of a solicitation likely is already reflected in the manner in which proxy voting advice businesses provide their services and the pricing thereof.”); *id.* at 55134 (“The Commission is unaware of specific evidence that the interpretation [of ‘solicitation’] has resulted or would result in a substantial increase in costs due to the application of Rule 14a-9 to proxy voting advice.”). Likewise, the agency never even mentions, much less analyzes, proxy advisors’ and investors’ reasonable reliance interests representing investments and expectations generated under the decades-long prior policy. *See, e.g., Mozilla Corp. v. FCC*, 940 F.3d 1, 63 (D.C. Cir. 2019) (“The Commission acknowledged, *as it must*, the significance of reliance interests as a potential weight against its decision.” (emphasis added)). These omissions, just as much as the failure to acknowledge the change in regulatory treatment imposed by the rule amendments, require setting the amendments aside as arbitrary and capricious.

II. BECAUSE THERE IS NO RELIABLE EVIDENCE OF ACTUAL ERRORS IN PROXY VOTING ADVICE, THE SEC’S ACTION IS UNJUSTIFIED BOTH LEGALLY AND ECONOMICALLY.

The rule amendments are a solution in search of a problem. The Commission began by assuming the prevalence of material errors in proxy voting advice and predicated its proposal to amend the rules on their existence. The Council and other commenters debunked what little evidence there was to support the Commission’s presupposition, and the Commission thereafter made no effort to develop an evidentiary record that would justify regulatory action. As a result, the only basis the

SEC has for asserting that the rule amendments will have any benefit at all—or that the rules’ very real costs will not outweigh those phantom benefits—is its own say-so. That is not enough.

The agency proposal for amending the proxy rules to govern voting advice was explicitly motivated in part by unsubstantiated allegations from issuers and their advocates of significant rates of factual and analytical errors in proxy voting advice. *See, e.g., Amendments to Exemptions from the Proxy Rules for Proxy Voting Advice*, Exch. Act Rel. No. 34-87457, 84 Fed. Reg. 66518, 66520 (Dec. 4, 2019) (“Proposing Release”) (“[W]e are concerned about the risk of proxy voting advice businesses providing inaccurate or incomplete voting advice In light of these concerns, we are proposing amendments to the federal proxy rules that are designed to enhance the accuracy, transparency of process, and material completeness of the information provided to clients of proxy voting advice businesses.”). That key premise underlying the rule amendments is wholly unsupported on the record the SEC had before it.

Even before the Commission issued its proposed rules, it knew that the evidence underlying issuers’ claims was unreliable and overstated. In an October 2019 letter to the Commission commenting on the proxy advice guidance, the Council detailed its reanalysis of an American Council on Capital Formation study widely cited by issuer advocates as proving a pervasive pattern of voting advice errors. Letter from CII Exec. Director Kenneth A. Bertsch to SEC Chairman Jay Clayton et al. (Oct. 24, 2019), <https://perma.cc/H4Y3-KK47>. The Council demonstrated that the ACCF study was riddled with miscategorizations and errors of its own and that, of the 139

purported advice errors alleged over a three-year period, at most 18 represented factual inaccuracies that could be blamed on proxy advisory firms. *Id.* at 2-4. Of the 31,830 reports ISS and Glass Lewis issued during the study period, those 18 instances generated an error rate of 0.057%. *Id.*

The Council repeated the exercise after the Commission’s proposing release relied on nose-counting of 2018 supplemental proxy filings that expressed “concerns” about negative voting recommendations. Letter from CII Exec. Director Kenneth A. Bertsch to SEC Secretary Vanessa A. Countryman (Feb. 4, 2020), <https://perma.cc/3R8B-N2C3>; see Proposing Release at 66546 (Table 2). As with the ACCF study, the Council demonstrated that the number of asserted factual or analytical errors was overstated; that the purported analytical errors were actually disagreements on analytic methodology, not errors; that assertions of factual error were actually made in only 7 of 84 identified filings; and that most of those assertions were incorrect. *Id.* at 8-18.² The ultimate conclusion—that of more than 11,000 proxy

² First in a November 7, 2019 letter, and in numerous meetings and letters thereafter, CII repeatedly asked the Commission to release the data underlying the number and classification of “concerns” summarized in the Proposing Release’s Table 2, including through filing a FOIA request. *See id.* at 6 n.18 (documenting numerous interactions regarding CII’s request for the Table 2 data). Seventy days after CII’s initial request, and only 18 days before the close of the comment period, the Commission published a staff memo identifying the specific supplemental proxy filings analyzed in Table 2, but it again failed to disclose the key data CII had asked for—which filings were categorized into which error classifications. SEC, Div. of Econ. & Risk Analysis, Memorandum, *Data Analysis of Additional Definitive Proxy Materials Filed by Registrants in Response to Proxy Voting Advice* (Jan. 16, 2020), <https://perma.cc/HP2F-T6VU> (“DERA Memo”). The memo did acknowledge, however, that its classification judgments were essentially subjective. *See id.* at 1-2, 4 (“Different reviewers may reach different conclusions about the classifications.”). CII appealed the FOIA response; after the comment period’s close, the SEC’s Office of

advisor reports issued in 2018, factual errors occurred in just 0.06%—aligns strikingly with the multi-year error rate obscured in the ACCF study. *See id.* at 11.

That vanishingly small rate of actual errors—as opposed to management disagreements with advisors’ use of methodologies that result in unfavorable recommendations—presents a clearly insufficient basis for rulemaking. As Commissioner Herren Lee observed about the proposing release, “[w]hat is missing” are “data demonstrating an error rate in proxy advice sufficient to warrant a rulemaking. In fact, as the comment file shows, assertions of widespread factual errors have been methodically analyzed and largely disproven.” Comm’r Allison Herren Lee, *Statement on Shareholder Rights* (Nov. 5, 2019), <https://perma.cc/MDQ7-L2PD>. That remains true today. *See* Lee Dissent (“[W]e still have not produced any objective evidence of a problem with proxy advisory firms’ voting recommendations. No lawsuits, no enforcement cases, no exam findings, and no objective evidence of material error—in nature or number. Nothing.”).

Confronted with that thorough debunking of the evidence underpinning its proposal, the Commission offered no response to the exhaustive critiques challenging

General Counsel found that the Commission had not performed a reasonable search for responsive documents. The requested information still has not been provided.

The Commission’s discussion of Table 2 is, at best, misleading. It asserts it “made no judgment as to whether the concerns raised by registrants in their supplemental filings were valid.” Adopting Release at 55131. Left unsaid, however, are the ways that it concededly *did* make judgments about registrants’ allegations—first by creating subjective categories for classifying registrant “concerns,” and second by assigning registrant responses to those categories according to subjective criteria. DERA Memo at 4. By failing to provide the information CII requested, the Commission ensured that the appropriateness of those judgments cannot be fully assessed.

its assumptions regarding “the likelihood of factual errors or methodological weaknesses in proxy voting advice.” Proposing Release at 66525. Instead, the Commission has tried to whitewash its dependence on the supposed prevalence of factual errors in voting advice to justify the amendments. But the reality of its continued reliance on allegations of errors bleeds through. *See, e.g.*, Adopting Release at 55084, 55085, 55102, 55108 (reiterating, serially, the proposal’s goal of “more transparent, accurate, and complete” voting advice); *id.* at 55091, 55141 (describing aim of “enhancing the quality” and “enhancing the accuracy” of voting advice).

Given its initial—and, apparently, ongoing—reliance on that central justification for regulating proxy voting advice, it is inadequate and fundamentally arbitrary for the Commission to simply state that the purported rate of advice errors was no longer a basis for rulemaking. “Conclusory explanations for matters involving a central factual dispute where there is considerable evidence in conflict do not suffice to meet the deferential standards of [APA] review.” *Int’l Union, United Mine Workers of Am. v. Mine Safety & Health Admin.*, 626 F.3d 84, 94 (D.C. Cir. 2010). The Commission’s failure to address the fact that a key assumption motivating its regulatory action was contradicted by the evidence establishes that it did not examine all relevant factors in its decision. *See, e.g., Carlson v. Postal Reg. Comm’n*, 938 F.3d 337, 344 (D.C. Cir. 2019) (“An agency also violates [the APA’s arbitrary-and-capricious] standard if it fails to respond to ‘significant points’ and consider ‘all relevant factors’ raised by the public comments.”). After all, merely “[n]odding to concerns raised by commenters only to dismiss them in a conclusory manner is not a

hallmark of reasoned decisionmaking.” *Gresham v. Azar*, 950 F.3d 93, 103 (D.C. Cir. 2020).

To the extent the Commission now tries to justify the amendments as furthering the vague goal of “enhancing the overall mix of information available to [proxy advisors’] clients,” Adopting Release at 55135, it merely trades one unsupported assumption for another. Management views on issues subject to shareholder votes may be valuable, but these rule amendments assume that those views are, per se, “so valuable we should add cost, complexity, and delay into the process in order to ensure that they are considered. *There is simply no evidence for this premise.*” Lee Dissent n.6 (emphasis added). Even more problematic, “the release does not even attempt to make that case.” *Id.* The Commission simply assumes “more is better,” yet both halves of that equation are deeply suspect.

First, it is unlikely that there will be more issuer input, except to contest negative recommendations. The Commission asserts that issuers “may” respond to voting advice even when it does not conflict with management recommendations, but its own analysis suggests such supposition is no more than a theoretical possibility. *See* Adopting Release at 55139 (“We expect a registrant would bear these costs only if it anticipated the benefits of such steps would exceed the costs of such a program.”). In the real world, it is a good bet that—just as is the case now—issuers will prepare supplemental filings only when management disagrees with a negative vote recommendation. The rules do virtually nothing to adjust those incentives,

suggesting that the real point is not to increase issuer input overall, but rather simply to amplify management's voice when disputes with proxy voting advisors arise.

Second, increasing input from only one side does not make for a better-informed debate. The Commission's aim—"improving client access to registrant information and analysis," *id.* at 55131—is curiously selective. If the goal is for shareholders to have more information to contextualize voting advice and make fully informed voting decisions, one might think dissident proposal proponents and other non-management sources would be permitted the same access and right to rebut voting recommendations. But these rule amendments expressly exclude them. *Id.* at 55109 n.338 ("We believe that it could have been unduly burdensome on proxy voting advice businesses to extend the requirements of Rule 14a-2(b)(9)(ii)(A) to other soliciting persons (in addition to the relevant registrants)."). The limitation likewise suggests that the goal of the amendments is not so much to make more information available to voters as it is to increase the portion of that information that reflects issuers' point of view.

As these factors demonstrate, the principal—indeed, potentially the *only*—circumstance in which the rules are likely to operate is to amplify management's voice in circumstances when proxy advisors decline to toe the management line. That is not a valid basis for regulatory action at all. *See Buckley v. Valeo*, 424 U.S. 1, 48-49 (1976) ("[T]he concept that government may restrict the speech of some elements of our society in order to enhance the relative voice of others is wholly foreign to the First Amendment."); *see also Pac. Gas & Elec. Co. v. Pub. Utils. Comm'n of Cal.*, 475

U.S. 1, 13 (1986) (*PG&E*) (“Access is limited to persons or groups—such as TURN—who disagree with appellant’s views Such one-sidedness impermissibly burdens appellant’s own expression.”).

As against these phantom benefits, the rules impose serious and very real costs, both on advisors and investors. The amendments could delay the dissemination of advice to investors, further reducing the limited time they have to factor it into well-considered voting decisions. The regulatory requirements to ensure at least concurrent distribution of advice to issuers and to guarantee distribution of rebuttal information to clients will undoubtedly increase proxy advisors’ internal costs, Adopting Release at 55136, and those costs will inevitably be passed along to institutional-investor clients (and, thus, their beneficiaries) “through higher fees for proxy advice,” *id.* at 55139. And those costs are insignificant compared to the risk that the rules will compromise the integrity and independence of proxy voting advice, robbing investors of the opportunity to seek critical opinions on matters up for votes. *See Part III infra.*

The reality here is that issuers and their advocates want to rein in independent advice that assists shareholders in holding management to account. Institutional investors pay for voting advice from proxy advisors precisely because they are independent from management and thus able to report objectively and critically on executive compensation plans, director qualifications and independence, and other issues informing shareholder votes. As the SEC’s own Investor Advocate put it, “the simple fact of the matter seems to be that proxy advisors have given asset managers

an efficient way to exercise much closer oversight of the companies in their portfolios, and those companies don't like it." Rick Fleming, Speech, *Important Issues for Investors in 2019*, at The SEC Speaks in 2019 (Apr. 8, 2019), <https://perma.cc/HZ2N-47GZ>. It is unsurprising that companies and management executives do not always welcome critical evaluations generated through analytical frameworks different from their own. But critical analysis is not automatically erroneous analysis—far from it. And absent any reliable evidence that factual errors or methodological weaknesses in proxy voting advice are actually prevalent and material at rates sufficient to impact voting recommendations, there is no economic or legal justification for the SEC to mandate rules that damage the integrity and quality of proxy voting advice and harm the investors that employ it.

III. INTERFERING WITH THE INDEPENDENCE OF PROXY VOTING ADVICE DISSERVES THE COMMISSION'S STATED GOALS AND HARMS INVESTORS.

Amici are deeply concerned that subjecting proxy voting advice to the burdensome regulatory framework adopted by the Commission will impair the independence of proxy advisors, reducing the reliability and completeness of voting advice. Such an outcome will both impede the achievement of the Commission's aim and harm investors.

The Commission claims that revising the proposed rules to eliminate the requirement of pre-publication issuer review of voting advice obviates these concerns. But as the dissenting commissioner observed, "[t]his is simply not so." Lee Dissent. Substituting the most obnoxious feature of the proposed rule amendments with a moderately less onerous version does not eliminate the risk to proxy advisors'

independence. Particularly as pre-dissemination review is still “encouraged to the extent feasible,” Adopting Release at 55109, it is deeply disingenuous for the Commission to assert that “the rule does not create the risk that such advice would be delayed or that the independence thereof would be tainted as a result of a registrant’s pre-dissemination involvement.” *Id.* at 55112.³

Even if the risk of direct interference is lower because issuers’ involvement in finalizing advice for publication is merely encouraged, rather than required, other pressures generated by the rule amendments could diminish proxy advisors’ willingness to recommend votes against management and reduce the amount of robust, independent analysis available to investors. *See* Nicolas Grabar et al., *The SEC Takes Action on Proxy Advisory Firms*, Harv. Law Sch. Forum on Corp. Governance (Aug. 19, 2020), <https://perma.cc/AF2K-2U5C> (“The new framework . . . may make the proxy advisory firms more open to adjusting their advice.”). In particular, the Commission repeatedly refused to account for the cost of self-censorship by proxy voting advisors likely to result from exposing them to new or

³ Commission-approved rules ban prior review of financial analysts’ reports by subject companies in order to safeguard the analysts’ independence and integrity. *See* FINRA Rule 2241(b). Given the universal recognition that proxy advisors’ role is “comparable” to that of financial analysts, Chairman Jay Clayton, *Statement at Open Meeting* (Nov. 5, 2020), <https://perma.cc/H3GQ-3NK4>, amici note that it is no less critical to protect their work from interference and that there is little difference in potential for corroding analyst independence between, on the one hand, issuers’ prior review of proxy advisors’ analysis and recommendations and, on the other, companies’ prior review of independent financial analysis and opinions. In both instances, facilitating management’s rebuttals of statements they dislike negatively impacts the independence, and thus the integrity, of the analysis. The Commission should have justified, but never has, why it not only allows but affirmatively encourages something that rules it enforces would make illegal if done by a financial analyst.

increased liability to issuers for alleged misstatements or omissions in proxy advice under Rule 14a-9. Adopting Release at 55140, 55141; *see* 17 C.F.R. §240.14a-9. It did so notwithstanding its not-so-tacit recognition that such self-censorship is entirely foreseeable. *See, e.g.*, Adopting Release at 55121 (“[T]he lack of legal certainty could affect the quality of analyses by proxy voting advice businesses.”); *id.* at 55132 (“To the extent that some proxy voting advice businesses did not previously understand their voting advice to constitute solicitations and thus be subject to Rule 14a-9 liability, it is possible that this heightened awareness could cause those businesses to take more care in preparing their recommendations.”).

Courts have long understood that, “[w]here a prosecution is a likely possibility, . . . speakers may self-censor rather than risk the perils of trial.” *Ashcroft v. Am. Civil Liberties Union*, 542 U.S. 656, 670-71 (2004). As the D.C. Circuit observed in the analogous context of newspapers’ potential libel liability for criticizing public officials:

The threat of being put to the defense of a lawsuit . . . may be as chilling to the exercise of First Amendment freedoms as fear of the outcome of the lawsuit itself, especially to advocates of unpopular causes. . . . Unless persons, including newspapers, desiring to exercise their First Amendment rights are assured freedom from the harassment of lawsuits, they will tend to become self-censors. And to this extent debate on public issues and the conduct of public officials will become less uninhibited, less robust, and less wide-open, for self-censorship affecting the whole public is hardly less virulent for being privately administered.

Wash. Post Co. v. Keogh, 365 F.2d 965, 968 (D.C. Cir. 1966) (internal quotation marks omitted). Because that dynamic creates the “potential for extraordinary harm and a serious chill upon protected speech,” *Ashcroft*, 542 U.S. at 671, the government “should be hesitant to impose responsibilities . . . which can be met only through costly procedures or through self-censorship designed to avoid the risks of publishing

controversial material.” *Keogh*, 365 F.2d at 972. The Commission’s damn-the-torpedoes determination to see these rules adopted flunks that test.

Here, the rules’ chilling effect on proxy advisors clearly disserves the Commission’s ostensible goal of providing investors a “robust discussion of views.” Adopting Release at 55123. Likewise, it violates the Exchange Act’s statutory prohibition against rules that impose an unnecessary or inappropriate burden on competition. 15 U.S.C. §78w(a)(2); *cf. Keogh*, 365 F.2d at 968, 972 (“The costliness of this process would especially deter less established publishers from taking chances, and . . . competition with publishers who can afford to verify or to litigate would become even more difficult.”). Yet the Commission discounts those negative effects out of hand, refusing to give them any weight whatsoever in its analysis. *See* Adopting Release at 55140-41 (dismissing concerns that application of Rule 14a-9 liability would “result in a shift to more pro-registrant proxy voting recommendations,” “would have a silencing effect on proxy voting advice businesses,” or “could reduce the independence of proxy voting advice businesses and the diversity of thought in the market for proxy advice” because the amendments purportedly “do[] not change the scope or application of existing law”).⁴ This is a classic example of an agency “fail[ing] to respond to significant points and consider all relevant factors raised by the public

⁴ Relatedly, the Commission never addressed the Council’s comments suggesting the establishment of a Rule 14a-9 safe harbor for proxy advisors satisfying the amendments’ procedural requirements in order to lessen these concerns. That unfortunate omission deprives the Court of any explanation from the Commission for its apparent view that the benefit of leaving Rule 14a-9 liability hanging over the heads of proxy advisors, despite the absence of evidence of material errors in their advice, outweighs the cost of the self-censorship that is likely to result.

comments.” *Carlson*, 938 F.3d at 344. As a result, the Commission acted in an arbitrary and capricious fashion, and the amendments should be set aside.

IV. FORCING PROXY ADVISORS TO DISSEMINATE ISSUERS’ CONTRARY VIEWS VIOLATES THE FIRST AMENDMENT.

The unconstitutionality of forcing a publication to grant the subjects of its criticism a “right of reply” is a long-settled issue. *Miami Herald Pub. Co. v. Tornillo*, 418 U.S. 241 (1974). The parallels to *Tornillo* here are many, and plain—the assertion that “the power to inform . . . and shape public opinion” is limited to a purported monopoly of editorializing speakers, with accusations of resulting “abuses of bias and manipulative reportage”; the claim that the “government has an obligation to ensure that a wide variety of views reach the public”; the proposition that “the only effective way to insure fairness and accuracy and to provide for some accountability is for government to take affirmative action”; the selected remedy of a prescribed “right to reply” to criticism and force its distribution to an interested audience. *Id.* at 247-48, 250-51. But though a “responsible press is an undoubtedly desirable goal,” “press responsibility is not mandated by the Constitution and like many other virtues it cannot be legislated.” *Id.* at 256. Rather, any “compulsion exerted by government on a newspaper . . . to publish that which reason tells them should not be published is unconstitutional.” *Id.* So too with proxy voting advice.

The fact of that First Amendment violation is not ameliorated simply because the rule amendments mandate distribution of a link to issuers’ supplemental filings, rather than including such responses within their own voting recommendation reports. Just as the “constitutional difficulty with the right-of-reply statute [in

Tornillo] was that it required the newspaper to disseminate a message with which the newspaper disagreed,” *PG&E*, 475 U.S. at 18, proxy advisors are forced by the Commission’s new rules to disseminate issuers’ rebuttals to their clients. It is irrelevant, constitutionally, that those responses appear via issuers’ own filings: “This difficulty did not depend on whether the particular paper on which the replies were printed belonged to the newspaper or to the candidate.” *Id.* And just as the California PUC’s order in *PG&E* did not “require [the utility] to place TURN’s message in [its] newsletter,” but was nonetheless unconstitutional because it required PG&E “to carry speech with which it disagreed, and might well feel compelled to reply or limit its own speech in response,” *id.* at 12 n.7, the rule amendments mandate that proxy advisors disseminate to their clients issuers’ rebuttals of their own advice and analysis, which may prompt those advisors to reply after the fact or refrain from making controversial statements in the first place. Either way, the rules’ effect is impermissible. “That kind of forced response is antithetical to the free discussion that the First Amendment seeks to foster.” *Id.* at 16. “[W]hen dissemination of a view contrary to one’s own is forced upon a speaker intimately connected with the communication advanced, the speaker’s right to autonomy over the message is compromised” and the First Amendment violated. *Hurley v. Irish-Am. Gay, Lesbian & Bisexual Group of Boston*, 515 U.S. 557, 576 (1995). That is precisely what these rules demand.

The Commission compounds the constitutional problems inherent in its approach by requiring proxy advisors, in order to come within the safe-harbor

exemption from the proxy filing rules, not simply to disseminate issuers' speech but also to *subsidize* that speech. "Because the compelled subsidization of private speech seriously impinges on First Amendment rights, it cannot be casually allowed." *Janus v. Am. Fed'n of State, Cnty., & Mun. Employees, Council 31*, 138 S.Ct. 2448, 2464 (2018). The Commission, though, embraces compulsory subsidies not just casually, but determinedly: "For purposes of the safe harbor, we believe that the benefit to investors of more timely, complete, and reliable information should not be lessened by making a registrant's ability to review proxy voting advice dependent on the registrant's willingness to pay for it." Adopting Release at 55110 n.347; *see also id.* at 55139 n.622 (acknowledging that conditioning the safe harbor on free access for issuers might cause proxy advisors "to lose fees they otherwise would have earned from selling proxy voting reports to registrants"). And to the extent that the rule amendments permit proxy advisors to charge issuers while still falling within the "principles-based requirements" of the filing exemption, they can only charge fees a court might subsequently deem "reasonable" under the facts and circumstances, not whatever the market may bear, and that only up to "the extent [at] which such fees may dissuade a registrant from seeking to review and provide a response to such proxy voting advice." *Id.* at 55115. Thus, even outside the safe harbor, the rule amendments force proxy advisors to subsidize some, if not all, of the issuers' costs for speaking. The First Amendment does not permit the Commission to make that choice. *See Janus*, 138 S.Ct. at 2464 ("As Jefferson famously put it, 'to compel a man to furnish contributions of money for the propagation of opinions which he disbelieves

and abhors is sinful and tyrannical.” (quoting 2 PAPERS OF THOMAS JEFFERSON 545 (J. Boyd ed. 1950); alteration omitted).

There is no possibility of these rules surviving First Amendment review, no matter the degree of scrutiny applied.⁵ Even under even the laxest of the potentially applicable standards, a regulation “still must be ‘narrowly tailored to serve a significant governmental interest.’” *McCullen v. Coakley*, 574 U.S. 464, 486 (2014) (quoting *Ward v. Rock Against Racism*, 491 U.S. 781, 796, 799 (1989)). These rules fail that narrow-tailoring requirement—and so, necessarily, also fail the more strenuous tailoring demanded by exacting or strict scrutiny—because, as the adopting release itself documents, significantly less speech-restrictive means are unquestionably available to issuers to put their responses to proxy voting advice before investors. “Whether or not proxy voting advice businesses permit registrants to review draft proxy voting advice, all registrants are able to respond to final proxy voting advice by filing additional definitive proxy materials.” Adopting Release at 55130. And while the Commission believes it may “be difficult” for issuers to file such materials before investors’ votes are first cast, “shareholders have the ability to change their vote at any time prior to a meeting, including as a result of a registrant filing supplemental proxy materials in response to proxy voting advice.” *Id.* at 55130

⁵ Amici agree with ISS that strict scrutiny of the rule amendments is warranted, both because of their compelled-speech aspects, *see Turner Broad. Sys., Inc. v. FCC*, 512 U.S. 622, 642 (1994), and because of the blatant preference for management voices embedded in their design and operation, *see City of Ladue v. Gilleo*, 512 U.S. 43, 51-52 (1994) (noting that “a compelling justification” is necessary when a law “represent[s] a governmental attempt to give one side of a debatable public question an advantage in expressing its views to the people”).

& n.552. Perhaps the Commission's rules would make responding to proxy advice more efficient for issuers, but "the First Amendment does not permit the State to sacrifice speech for efficiency." *Riley v. Nat'l Fed'n of the Blind of N.C., Inc.*, 487 U.S. 781, 795 (1988).

The SEC previously recognized and respected the serious First Amendment implications of a regulatory approach like that adopted here:

A regulatory scheme that inserted the Commission staff and corporate management into every exchange and conversation among shareholders, their advisors and other parties on matters subject to a vote certainly would raise serious questions under the free speech clause of the First Amendment, particularly where no proxy authority is being solicited by such persons. This is especially true where such intrusion is not necessary to achieve the goals of the federal securities laws.

Regulation of Commc'ns Among Shareholders, Exch. Act Rel. No. 34-31326, 57 Fed. Reg. 48276, 48279 (Oct. 22, 1992). The Commission was right then; it is wrong now. The Court should vacate the rule amendments' adoption and enjoin any future enforcement.

CONCLUSION

For these reasons, amici curiae the Council of Institutional Investors et al. respectfully request that the Court hold the SEC's amendments to Rules 14a-1, 14a-2(b), and 14a-9 to be contrary to law and arbitrary and capricious and set aside their adoption pursuant to 5 U.S.C. §706.

Respectfully submitted,

/s/ Ryan P. Bates

Ryan P. Bates
Counsel of Record
BATES PLLC
919 Congress Avenue, Suite 1305
Austin, Texas 78701
[Tel.] (512) 694-5268
rbates@batespllc.com

Matthew Jacobs
General Counsel
CALIFORNIA PUBLIC EMPLOYEES'
RETIREMENT SYSTEM
Lincoln Plaza East
400 Q Street, Suite 1870
Sacramento, California 95811
[Tel.] (916) 795-3797

Betty T. Yee
CALIFORNIA STATE CONTROLLER
300 Capitol Mall, Suite 1850
Sacramento, California 95814
[Tel.] (916) 445-2636

Brian J. Bartow
General Counsel
CALIFORNIA STATE TEACHERS'
RETIREMENT SYSTEM
100 Waterfront Place
West Sacramento, California 95605
[Tel.] (916) 414-1700

Ron Baker
Executive Director
COLORADO PUBLIC EMPLOYEES'
RETIREMENT ASSOCIATION
1301 Pennsylvania Street
Denver, Colorado 80203
[Tel.] (303) 863-3895

Jeffrey P. Mahoney
General Counsel
COUNCIL OF INSTITUTIONAL INVESTORS
1717 Pennsylvania Avenue NW, Suite
350
Washington, D.C. 20006
[Tel.] (202) 261-7081
jeff@cii.org

Sheri Littlefield
General Counsel & Chief Legal Officer
CFA INSTITUTE
915 East High Street
Charlottesville, Virginia 22901
[Tel.] (434) 951-5499

Patrick J. Szymanski
General Counsel
CHANGE TO WIN
1900 L Street NW, Suite 900
Washington, DC 20036
[Tel.] (202) 431-8325
Counsel for CtW Investment Group

Steven P. Rice
Chief Counsel
LOS ANGELES COUNTY EMPLOYEES
RETIREMENT ASSOCIATION
300 North Lake Avenue
Pasadena, California 91101
[Tel.] (626) 564-6000

Neysa Alsina
General Counsel
OFFICE OF THE COMPTROLLER OF THE
CITY OF NEW YORK
1 Centre Street, Suite 602
New York, New York 10007

Counsel for Amici Curiae The Council of Institutional Investors et al.

CERTIFICATE OF SERVICE

I hereby certify that, on the 9th day of October, 2020, I served a copy of the foregoing Brief Amici Curiae on the attorneys of record for all parties via the Court's electronic filing system.

Jeffrey M. Harris
John Michael Connolly
CONSOVOY MCCARTHY PLLC
1600 Wilson Boulevard, Suite 700
Arlington, Virginia 22209
[Tel.] (703) 243-9423
jeff@consovoymccarthy.com
mike@consovoymccarthy.com

Mari-Anne Pisarri
PICKARD DJINIS AND PISARRI LLP
1990 M Street NW, Suite 660
Washington, DC 20036
[Tel.] (202) 223-4418
pisarri@pickdjin.com

*Counsel for Plaintiff Institutional
Shareholder Services Inc.*

Daniel Matro
Jacob R. Loshin
Tracey A. Hardin
U.S. SECURITIES AND EXCHANGE
COMMISSION
Office of General Counsel
100 F Street NE
Washington, DC 20549
[Tel.] (202) 551-8248
matrod@sec.gov
loshinj@sec.gov
hardint@sec.gov

*Counsel for Defendants Securities and
Exchange Commission and Walter
Joseph Clayton III*

/s/ Ryan P. Bates
Ryan P. Bates

LIST OF ADDITIONAL AMICI CURIAE

The California Public Employees' Retirement System (CalPERS) is the nation's largest defined benefit public pension fund with \$411 billion in assets under management as of October 6, 2020. As the nation's largest pension fund, our mission is to deliver retirement and health care benefits for over 2 million CalPERS members and their beneficiaries. For more information about CalPERS, please visit <https://www.calpers.ca.gov/page/home>.

The California State Controller is Ms. Betty T. Yee. With 35 years of experience in public service, Ms. Yee has served as State Controller since 2015, following two terms on the California Board of Equalization. As the state's chief fiscal officer, she serves on the Board of Equalization, the Franchise Tax Board, the State Lands Commission, the boards for the California Public Employees' Retirement System and California State Teachers' Retirement System, and dozens of other government authorities.

The California State Teachers' Retirement System (CalSTRS) provides a secure retirement to more than 964,000 members whose CalSTRS-covered service is not eligible for Social Security participation. Members retire on average after more than 24 years in the classroom with a monthly benefit of approximately \$4,547. Established in 1913, CalSTRS is the largest educator-only pension fund in the world with approximately \$262.5 billion in assets under management as of August 31, 2020. CalSTRS demonstrates its strong commitment to long-term corporate sustainability principles in its annual Global Reporting Initiative Sustainability Report. For more information, visit CalSTRS.com.

CFA Institute, a global, not-for-profit organization, is the world's largest association of investment professionals. CFA Institute membership includes more than 185,400 investment analysts, advisers, portfolio managers, and other investment professionals in 163 countries, of whom more than 178,500 hold the Chartered Financial Analyst® (CFA®) designation. CFA Institute's mission is to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society. CFA Institute builds market integrity for the benefit of society by improving both investor protections and investor outcomes through advocacy work on the topics of capital markets policy, financial reporting policy and systemic risk mitigation. CFA Institute regularly advocates on these topics before regulators around the globe and stands as a respected source of authority in the global financial community. CFA Institute membership includes professional analysts, who have strict and well-regarded professional standards that protect independent analysis by prohibiting undue issuer influences seeking to direct or change the independent research, analysis and opinions of the analyst. We see the SEC's proposal as a threat to analyst independence and the overall integrity of the market.

The Colorado Public Employees' Retirement Association (PERA) is the state's largest public pension plan. We manage approximately \$50 billion in assets under statutory fiduciary obligation to enhance the retirement security of more than 600,000 current and former public employees and their beneficiaries. We believe the shareholder right to vote by proxy is, in itself, an asset of the pension plan, and

therefore the prudent management of that right falls within the fiduciary duty owed to the PERA membership. As such, we vote by proxy for shares of domestic and international stocks held in all public equities portfolios within the defined benefit and capital accumulation plans within the Fund, under guidelines set forth by the PERA Board of Trustees. In order to effectively vote proposals in a cost-efficient manner, PERA contracts with proxy advisory firms to obtain access to their objective research and recommendations, and to utilize their vote submission platforms and voting analytics. Although we value and incorporate research from proxy advisors into our analysis, we ultimately vote according to our own guidelines and policies, which we believe are in the best interests of our plan beneficiaries.

The Comptroller of the City of New York is the investment advisor to the five New York City Retirement Systems (NYCRS), which had \$222 billion in assets under management as of July 31, 2020. The Comptroller, through its Corporate Governance and Responsible Investment team, is responsible for casting proxy votes at NYCRS' portfolio companies consistent with NYCRS' proxy voting guidelines. For the year ending June 30, 2020, the Comptroller voted on 127,638 individual ballot items at 13,230 shareholder meetings in 84 markets globally, including 26,010 individual ballot items at 3,023 annual and special meetings for U.S. portfolio companies. The Comptroller's ability to faithfully apply NYCRS' proxy voting guidelines rests in large part on the timely receipt of independent, expert research from contracted proxy advisory firms, including ISS.




The CtW Investment Group, a part of Change to Win, holds directors accountable for irresponsible and unethical corporate behavior by organizing workers' capital into an effective voice for accountability and retirement security. The Investment Group works with pension funds sponsored by unions affiliated with Change to Win, a federation of unions representing nearly five million members, to enhance long-term shareholder returns through active ownership. The funds CtW works with have about \$250 billion assets under management.

The Los Angeles County Employees Retirement Association (LACERA) manages approximately \$63 billion in assets in a defined benefit retirement fund and other post-employment benefits. LACERA is the largest county retirement system in the United States. LACERA's mission is to produce, protect, and provide the promised benefits to over 180,000 active and retired members and beneficiaries who are, or have served as, public servants for the County of Los Angeles and other participating employers. LACERA supports sound corporate governance practices and financial market policies that are conducive to generating sustainable financial performance in fulfillment of its mission.

FOR INFORMATION ONLY

October 19, 2020

TO: Trustees – Board of Investments

FROM: Esmeralda del Bosque, Senior Investment Officer 
Trina Sanders, Investment Officer 
Cindy Rivera, Senior Investment Analyst 

FOR: November 5, 2020 Board of Investments Meeting

SUBJECT: **REAL ESTATE PROCESS WORKFLOW FINDINGS – UPDATE II**

BACKGROUND

At the July 2, 2019 Board of Investments (“BOI”) Offsite, the Real Estate Process Workflow Team (“Team”) presented findings and recommendations that resulted from the Team’s process workflow project. The project documented and reviewed the Investment Division’s real estate operations and incorporated responsibilities from LACERA’s real estate, legal, accounting, internal audit, and investment departments. In conducting the process workflow, the Team identified four categories of potential operational improvements to facilitate enhanced investment operations for the 22 commingled funds and 98 special purpose entities that hold title to LACERA’s separate account properties. The four categories include the need for an independent book of record, enhancing safeguards with our separate account banking partner, investment manager contract revisions, and internal process enhancements.

An update to that memo was provided at the January BOI meeting. This report is the second update and includes a further review of the status of completion for each of the four categories and provides expanded tasks where applicable.

REAL ESTATE PROCESS IMPROVEMENTS UPDATE

The first category identified the need to have an independent book of record for real estate. LACERA’s real estate consultant serves the dual role of investment consultant and book of record for real estate asset values and performance. At the September 2020 BOI meeting, the Board approved hiring State Street Bank and Trust as the book of record, fulfilling two searches: Real Estate Administrator and total Fund Performance. The onboarding of real estate data onto both the administrator and performance platforms has begun in earnest. Staff anticipates that State Street will calculate the fourth quarter real estate performance.

The category also covered the independent review of LACERA’s real estate performance measurement processes by Meketa, LACERA’s general consultant. The study included an audit of a new real estate procedure for reconciling valuation and returns between Townsend, the separate account managers, and audited financials. Meketa approved the reconciliation procedures and provided the Board additional performance enhancements at the May 2020 BOI meeting¹.

¹ Real Estate Performance Reporting Review of Processes and Controls, memo dated April 15, 2020.

1 Independent Book of Record		
Original Memo	Update I	Update II
<ul style="list-style-type: none"> Identify Independent Book of Record for real estate accounting and performance 	<ul style="list-style-type: none"> Through the Administrative Services RFP, we are pursuing an independent book of record Meketa conducts review of real estate performance measurement Staff to develop quarterly performance reconciliation process 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Complete <ul style="list-style-type: none"> Onboarding in process; status bar below <input checked="" type="checkbox"/> Complete <input checked="" type="checkbox"/> Complete
<i>RFP Completion: 100%</i>		
<i>Onboarding Completion: 15%</i>		

The second category of improvements covered the separate account banking relationship with Bank of America who maintains the accounting and cash management for each real estate separate account. As part of the search for a real estate administrator, staff reviewed State Street’s ability to take on that relationship. State Street confirmed that they do not have a commercial banking affiliate. Therefore, staff will seek to conduct a search for one in 2021.

This set of improvements also included operational enhancements for the current banking relationship. To date, staff has completed enhancements to safeguards, fraud protection, record keeping, and standardization of form documents for new account opening, services enrollments, and wire activity. Account reconciliation, reducing the amount of physical check writing, and documenting desk procedures are in progress.


2 Enhance Fiduciary Safeguards with Banking Partner		
Original memo	Update I	Update II
<ul style="list-style-type: none"> Evaluate the feasibility of moving the separate account investment manager accounts to LACERA’s custodian, State Street Bank Review authority levels of account access & fraud protections 	<ul style="list-style-type: none"> Added to Administrator RFP evaluation Authority levels of account access Enhance fraud protections 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Complete; Custodian does not provide commercial banking NEW: <ul style="list-style-type: none"> Conduct a search for commercial banking partner; Minimum Qualifications to the BOI early 2021. <input checked="" type="checkbox"/> Complete <input checked="" type="checkbox"/> Complete

2 Enhance Fiduciary Safeguards with Banking Partner (continued)		
Original memo	Update I	Update II
<ul style="list-style-type: none"> Meet with the bank to refine several day-to-day tasks 	<ul style="list-style-type: none"> Set-up a system to reconcile activity and balances for each investment manager account Improve cash management process: More wires, less physical checks Review account opening/closing procedures Assess record keeping practices Review and update operational procedures for banking relationship 	<ul style="list-style-type: none"> In Progress In Progress <ul style="list-style-type: none"> Internal audit and LACERA stakeholders are currently reviewing physical check processing Complete Complete In Progress <ul style="list-style-type: none"> RE Team completing as part of Investment Procedural Manual
Status of Completion: 60%		<div style="width: 60%; height: 15px; background-color: #4CAF50;"></div>

Previous memos also discussed the role that LACERA’s Legal Division plays in the ongoing administration of LACERA’s separate account assets and described ways to improve legal documentation relating to specific aspects of real estate operations. Staff’s initial review of contracts has identified additional elements to include when updating agreements.

3 Separate Account Investment Manager Contract Revisions		
Original Memo	Update I	Update II
<ul style="list-style-type: none"> Amend agreements to expand responsibilities as part of investment manager’s scope of work <ul style="list-style-type: none"> Monitor and pay invoices and state registration fees Engage financial auditors and tax preparers Submit tax filings; monitor unclaimed property 	<ul style="list-style-type: none"> Staff is reviewing contract terms as a first step in identifying tasks that could potentially be transferred to the separate account investment managers 	<ul style="list-style-type: none"> In Progress NEW <ul style="list-style-type: none"> Scope will go beyond operations to include terms such as alignment of interests and capital commitment limits
Status of Completion: 15%		<div style="width: 15%; height: 15px; background-color: #4CAF50;"></div>

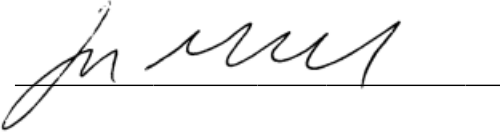
The fourth set of enhancements focused on internal processes. Three of four improvements have been completed, including the search for an appraisal management provider. The Board retained Altus in October 2019, and the first set of appraisals they completed was for the quarter ending March 31, 2020. Also, staff has updated wire authorization levels and reviewed suggested enhancements resulting from separate account investment manager audits. However, staff would like to review the audit’s scope to ensure alignment with industry best practices.

4 Internal Process Enhancements		
Original Memo	Update I	Update II
<ul style="list-style-type: none"> ▪ Consider hiring an appraisal investment advisory service provider ▪ Review internal wire authorization hierarchy ▪ Update wire process to mimic other LACERA asset classes ▪ LACERA’s Internal Audit oversees real estate separate account investment manager and title holding company financial audits <ul style="list-style-type: none"> – Findings forwarded to portfolio analytics team 	<ul style="list-style-type: none"> ▪ Appraisal Management RFP was issued ▪ In progress ▪ Next round of real estate audits slated for 1Q2020 <ul style="list-style-type: none"> – Findings forwarded to portfolio analytics team 	<ul style="list-style-type: none"> ☑ Complete ☑ Complete 🕒 In Progress <ul style="list-style-type: none"> ▪ With State Street as administrator, there will be near complete uniformity ☑ Complete <ul style="list-style-type: none"> ▪ Findings and enhancements reviewed; next cycle ongoing NEW: <ul style="list-style-type: none"> ▪ Per audit findings, work with investment managers to enhance contract compliance procedures ▪ Review scope of work for audit reviews
Status of Completion: 75%		

CONCLUSION

In July 2019, a multi-departmental team of LACERA staff conducted a process workflow review of LACERA’s real estate operations and provided a report of findings and recommendations to the Board. Four sub-categories of findings were identified, and since that time, Staff has been working on the operational improvements. Today’s memo represented the second update to Trustees on the progress of enhancements. Staff notes that much progress has been made and will continue to diligently address the tasks identified in each category as well as the new proposals established in this memo. Another update will be provided to the Board in the second quarter of 2021.

Noted and Reviewed:

A handwritten signature in black ink, appearing to read 'J. Grabel', is written over a solid horizontal line.

Jonathan Grabel
Chief Investment Officer



FOR INFORMATION ONLY

October 22, 2020

TO: Trustees – Board of Investments

FROM: Ted Granger 
Interim Chief Financial Officer

FOR: November 5, 2020 – Board of Investments Meeting

SUBJECT: **Semi-Annual Interest Crediting for Reserves as of June 30, 2020 (AUDITED)**

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

The semi-annual interest crediting rate applicable for this cycle, June 30, 2020, was 3.625% (i.e., one-half of the 7.25% annual rate). The new 7.00% annual rate is effective for the next interest crediting cycle ending December 31, 2020.

In January 2020, the Board approved a reduction in the investment return assumption from 7.25% to 7.00%. The new rate and corresponding employer and employee contribution rates, were implemented with the March 2020 Board’s action to adopt the June 30, 2019 actuarial valuation. To provide ample time for both the plan sponsor and LACERA to prepare for the change, the new 7.00% rate becomes effective for the next interest crediting cycle.

The Retirement Benefit Funding Policy stipulates that interest credits for Reserve accounts are allocated in the same priority order as the allocation of actuarial assets. Such interest credits are granted based on Realized Earnings for the six-month period. As of June 30, 2020, there were sufficient Realized Earnings to meet the required interest credit rates for Priority 1, the Member Reserve. In as much as there was no balance in the Advanced Employer Contributions Reserve at the beginning of the fiscal year, the remaining realized earnings were applied to Priority 3, the Employer Reserve.

The table below depicts the actual interest credit allocations for the six-month period ended June 30, 2020.

Priority Order	Reserve Account	Interest Credit Rate Applied
1	Member	3.625%
2	Advanced Employer Contributions	N/A
3	Employer	3.431%

REVIEWED AND APPROVED:



Santos H. Kreimann
Chief Executive Officer

Interest Credit Rate June 2020 (Audited).doc
SHK:tg:mh

c: Board of Retirement, LACERA
Fesia Davenport, Acting CEO, Los Angeles County

FOR INFORMATION ONLY

October 23, 2020

TO: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
Vivian H. Gray, Vice Chair
Wayne Moore
Ronald A. Okum
Shawn R. Kehoe, Alternate

FROM: Barry W. Lew *BW*
Legislative Affairs Officer

FOR: November 4, 2020 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **Retired Board Member Election**

BACKGROUND

At the Board of Retirement meeting on November 7, 2020, Trustee Les Robbins raised the issue of surviving spouses not being eligible to vote in the election of the eighth member and alternate retired member of the Board of Retirement (BOR) and the eighth member of the Board of Investments (BOI).¹ This memorandum examines the current law in the County Employees Retirement Law of 1937 (CERL) relating to the election of retired board members and outlines various discussion points on this matter.

LEGISLATIVE POLICY STANDARD

LACERA's Legislative Policy does not contain a legislative policy standard related to the election of the eighth and alternate retired board members. Expanding the electorate for these retired board members would be a fundamental change to CERL and its governance structure regarding member representation. Therefore, whether the BOR and BOI should propose legislation to change how these board members are elected is subject to determination by both boards.

CURRENT LAW

Government Code Section 31520 provides that in a board of retirement consisting of five members a retired member may serve as the fourth or fifth member. A retired member is defined as a member retired for service or disability.

¹ Although the practice at LACERA has been to refer to board members as "trustees," this memorandum will frame its discussion in the context of CERL, which uses the term "board member."

Government Code Section 31520.1 provides that in a board of retirement consisting of nine members the eighth member shall be a retired member elected by the retired members of the association in a manner to be determined by the board of supervisors. Government Code Section 31520.2 provides that in a board of investments consisting of nine members the eighth member shall be a retired member of the association elected by the retired membership of the association.

Government Code Section 31520.5 provides that the alternate retired member to the office of the eighth member shall be elected separately by the retired members of the association in the same manner and at the same time as the eighth member is elected.

Section 17(f) of Article XVI of the California Constitution provides that with regard to the retirement board of a public pension or retirement system which includes in its composition elected employee members, the number, terms, and method of selection or removal of members of the retirement board which were required by law or otherwise in effect on July 1, 1991, shall not be changed, amended, or modified by the Legislature unless the change, amendment, or modification enacted by the Legislature is ratified by a majority vote of the electors of the jurisdiction in which the participants of the system are or were, prior to retirement, employed.

DISCUSSION

Retired Members

The CERL sections that provide for the election of the eighth and alternate retired board members require that these board members are elected by the retired members of the association. Sections 31520 and 31520.1 provide for the responsibilities and composition of the retirement board and define “retired member” as a member retired for service or disability. Therefore, a surviving spouse would not be considered a retired member. Other sections of CERL also make a clear and consistent distinction between retired members and surviving spouses or beneficiaries. For example,

- The trust fund is created and administered solely for the benefit of the members and retired members of the system and their survivors and beneficiaries.
- A Plan E member or former member who retires for service becomes a retired member.
- Upon the death of a retired member, a percentage of benefits is continued to the surviving spouse.

Although the board of supervisors has discretion in determining how the election should be conducted (e.g., through paper ballots or online voting), the eligible voters for the eighth and alternate retired members are mandated by law to be retired members. Current law does not provide the board of supervisors with the authority to allow surviving spouses to vote for these board members. A legislative change is required if the eighth

and alternate retired board members are to be elected by persons other than retired members.

Persons Receiving Continuing Benefits

The following persons may be receiving continuing monthly benefits from LACERA.

- Surviving spouses
- Surviving minor children
- Non-spouse beneficiaries having an insurable interest on the life of a member
- Ex-spouses entitled to benefits through a judgment of dissolution

For purposes of this discussion, staff understands that the issue pertains to whether surviving spouses should be eligible to elect the eighth and alternate retired members of the Boards rather than other persons receiving monthly benefits. A surviving spouse would be a person who was married to a member at least one year prior to the member's retirement for service or prior to the member's retirement for disability. For certain systems that adopted an alternative survivorship provision in CERL, a surviving spouse is a person who was married to the member at least two years prior to the date of death and attained the age of 55 on or prior to the date of death. Whether any other persons receiving continuing benefits should have the right to elect the retired board members would be a policy discussion in formulating potential legislation.

Sponsorship of Potential Legislation

Each of the 20 retirement systems operating under CERL has members in county retiree associations. The membership of each county retiree association, such as the Retired Employees of Los Angeles County (RELAC), generally comprises retired members and surviving spouses. The California Retired County Employees Association (CRCEA) is a federation of the 20 county retiree associations.

If this is an issue of stakeholder representation on the CERL retirement boards with respect to retired members and surviving spouses, the views of county retiree associations and CRCEA should be considered to vet the issue, gauge the level of need and support, and potentially advocate themselves for expanding the electorate of the eighth and alternate retired members. For example, over the years CRCEA has sponsored or supported legislation relating to the eighth and alternate retired members: AB 534 (1972), AB 2291 (2000), AB 1665 (2001), AB 979 (2004), SB 203 (2011), and SB 1382 (2012). If a member association made such a proposal, the LACERA Boards would consider it and determine whether to support, oppose, or watch the legislation, rather than sponsoring it on behalf of LACERA.

Staff broached this issue at the SACRS Legislative Committee on October 16, 2020. The committee's comments generally reflected skepticism to the idea of including surviving spouses as electors. Other comments related to whether it would be limited to surviving

spouses or include other monthly payees as well and whether allowing surviving spouses to vote for the eighth and alternate retired members may also lead to a discussion of whether surviving spouses should be able to serve in those positions as well. That would be a policy discussion as to how potential legislation may be formulated.

Proposition 162

Proposition 162 added Section 17 to Article XVI of the California Constitution. In particular, Section 17(f) provides that legislative changes to the number, terms, and method of selection or removal of members of the retirement board that were in effect on July 1, 1991 shall not take effect unless they are ratified by a majority of the electors of the jurisdiction in which the participants of the system are or were, prior to retirement, employed.

The legislative history of Section 31520.1 indicates that the provision for the selection of the eighth member was in effect on July 1, 1991. It appears changing Section 31520.1 to provide for the eighth member to be selected by surviving spouses in addition to retired members may require ratification of electors in the retirement system's jurisdiction.

Section 31520.5 was first enacted and became effective on June 18, 1992 (before Proposition 162 was passed on November 3, 1992) to provide an alternate retired member for the Ventura County Employees' Retirement Association and to provide for the alternate retired member to be elected in the same manner and at the same time as the election of the eighth member under existing law. It was subsequently amended to authorize an alternate retired member for the Santa Barbara County Employees' Retirement System and then for all county retirement systems with 9-member boards. An Attorney General's opinion in 2003 (86 Ops.Cal.Atty.Gen. 25) concluded that the initial appointment and subsequent election of an alternate retired member as provided from and after the effective date of Section 31520.5 was legally permissible without approval of this statutory change by the jurisdiction's electorate. The rationale was that the appointment and election of an alternate did not constitute a modification of the selection of retirement board members since the number of persons on the board remains at nine and the alternate member is not an additional member of the board. Based on this analysis, a change in Section 31520.5 to provide for the alternate retired member to be selected by surviving spouses in addition to retired members may not require ratification of electors in the retirement system's jurisdiction, even if a change to Sections 31520.1 and 31520.2 does require a vote of the electorate.

In the case of LACERA with eighth members on the BOR and BOI and an alternate retired member on the BOR, the potentially different requirements for ratifying amendments to the controlling statutes may require amendments to Section 31520.5 to be contingent upon ratification of amendments to Sections 31520.1 and 31520.2; otherwise, a disconnect in the statutes may occur with surviving spouses being able elect the alternate

retired member but not the eighth members, and this issue would affect all systems that have an alternate retired member.

Since Proposition 162 requires ratification by the electors of a retirement system's jurisdiction, an amendment in Section 31520.1 that applies to all of the separate 20 retirement systems operating under CERL may require successful ratification by electors in all of the 20 jurisdictions. Otherwise, authority for surviving spouses to elect the eighth member may vary across the 20 jurisdictions.

The effect that Proposition 162 has on the selection of the eighth and alternate retired members would require additional clarification from counsel and the Legislature's policy committee staff.

Policy Considerations

The representative board members on a 9-member board are those representing general, safety, and retired employees. These active and retired employees earned their lifetime retirement benefits through employment with a CERL county or district. Expanding the electorate for the eighth and alternate retired members to include surviving spouses will provide a voice to additional stakeholders who continue to receive lifetime benefits. However, there are additional policy considerations regarding the scope of this expansion.

One consideration, as mentioned, is whether other beneficiaries who receive continuing lifetime benefits should also have representation. And should being able to vote for a retired board member seat also mean being able to serve in the position as well?

The considerations are not limited to the retired board members. For example, California recognizes community property. Thus, current spouses of active general and safety members are also entitled to the pensions these members earned during their employment while married. Would expanding the rights of surviving spouses to elect board members also lead to an expansion of rights for current spouses in electing the active general and safety board members?

The rights of spouses and beneficiaries derive from the rights of the active and retired members. The extent to which there is an alignment of interests between members and their spouses with regard to their pension and healthcare benefits should be considered. The voting power of retired members may be diluted to the extent there is a lack of alignment.

PROS AND CONS

Pro

- Provides opportunity for surviving spouses who receive continuing lifetime benefits to have a voice in board representation.

Con

- Expands electorate of retired board members to electors who were not formerly county or district employees for board seats intended to represent retired employee stakeholders.
- Requirements for ratification of legislative change may be different for eighth member versus alternate retired member.
- CERL retirement systems are located in 20 separate jurisdictions and pose strategic challenges for formulation and ratification of legislative change on a statewide versus local level.

CONCLUSION

The purpose of the memorandum is to outline various discussion points and issues to assist the Committee in formulating its recommendations.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

cc: Board of Investments
Santos H. Kreimann
JJ Popowich
Steven P. Rice
Jon Grabel
Joe Ackler, Ackler & Associates

FOR INFORMATION ONLY

October 26, 2020

TO: Trustees,
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: November 5, 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 November 1, 2020.

Attachment

c: Santos H. Kreimann
Jonathan Grabel
JJ Popowich
Vache Mahseredjian
John McClelland
Christopher Wagner
Ted Wright
Jim Rice
Jude Perez
Christine Roseland
John Harrington
Soo Park
Margo McCabe
Lisa Garcia



LACERA Legal Division
Board of Investments Projects
Monthly Status Report - Pending as of November 1, 2020



	Project/ Investment	Description	Amount	Board Approval Date	Completion Status	% Complete	Notes
PORTFOLIO ANALYTICS	State Street Bank & Trust Company/Solavis	Agreement for Total Fund Performance Measurement Services	\$2,000,000.00	September 9, 2020	Completed	100%	Completed.
	STG VI, LP	Subscription	\$100,000,000.00	September 9, 2020	Completed	100%	Completed.
PRIVATE EQUITY	DWS Pan-European Infrastructure Fund III, LP	Subscription	\$120,000,000.00	September 9, 2020	Completed	100%	Completed.
	Grain Spectrum Holdings III, LP	Subscription	\$60,000,000.00	September 9, 2020	Completed	100%	Completed.
	DIF Infrastructure VI, LP	Subscription	€ 150,000,000.00	October 14, 2020	Completed	100%	Completed.
REAL ASSETS	State Street Bank and Trust Company	Agreement for Real Estate Administration Services	\$875,000.00	September 9, 2020	Completed	100%	Completed.

**FOR INFORMATION ONLY**

October 23, 2020

TO: Each Trustee
Board of Retirement
Board of Investments

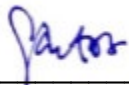
FROM: Ted Granger 
Interim Chief Financial Officer

FOR: November 4, 2020 Board of Retirement Meeting
November 5, 2020 Board of Investments Meeting

SUBJECT: **MONTHLY EDUCATION & TRAVEL REPORTS – SEPTEMBER 2020**

Attached, for your review, are the Board and Staff Education & Travel Reports as of September 2020. These reports include travel (i.e., completed and canceled) during Fiscal Year 2020-2021.

REVIEWED AND APPROVED:



Santos H. Kreimann
Chief Executive Officer

TG/EW/krh

Attachments

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

**BOARD EDUCATION AND TRAVEL REPORT
FOR FISCAL YEAR 2020 - 2021
SEPTEMBER 2020**

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
Elizabeth Ginsberg			
B	- Edu - CALAPRS Principles for Trustees - VIRTUAL	08/18/2020 - 08/26/2020	Attended
Vivian Gray			
B	- Edu - SACRS Public Pension Investment Management Program 2020 - VIRTUAL	07/28/2020 - 08/13/2020	Attended
David Green			
B	- Edu - PPI 2020 Summer Roundtable - Los Angeles CA	07/14/2020 - 07/16/2020	Attended
	- Edu - Pacific Council - "Beyond the Horizon" Summit - VIRTUAL	07/20/2020 - 07/24/2020	Attended
James Harris			
B	- Edu - SACRS Sexual Harassment Prevention Training - VIRTUAL	07/15/2020 - 07/15/2020	Attended
	- Edu - SACRS Public Pension Investment Management Program 2020 - VIRTUAL	07/28/2020 - 08/13/2020	Attended
Keith Knox			
B	- Edu - PPI 2020 Summer Roundtable - Los Angeles CA	07/14/2020 - 07/16/2020	Attended
	- Edu - SACRS Public Pension Investment Management Program 2020 - VIRTUAL	07/28/2020 - 08/13/2020	Attended
	- Edu - CII & NYU Corporate Governance Bootcamp - VIRTUAL	09/23/2020 - 09/25/2020	Attended
Gina Sanchez			
B	- Edu - SACRS Sexual Harassment Prevention Training - VIRTUAL	07/15/2020 - 07/15/2020	Attended
Herman Santos			
B	- Edu- LAVCA's Annual Investor Meeting - VIRTUAL	09/14/2020 - 09/17/2020	Attended
	- Edu- PPI Virtual Equity, Diversity, and Inclusion Conversation - VIRTUAL	09/24/2020 - 09/24/2020	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 in the Travel Policy

X - Canceled events for which expenses have been incurred.

Z - Trip was Canceled - Balance of \$0.00



STAFF EDUCATION AND TRAVEL REPORT**SEPTEMBER 2020**

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
-----------------	-------------------------------------	--------------------	----------------------

No reportable travel incurred this period.



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

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



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

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



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

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



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

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



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

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