

# 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](mailto:PublicComment@lacera.com). If you would like to remain anonymous at the meeting without stating your name, please let us know.

**Attention:** Public comment requests must be submitted via email to [PublicComment@lacera.com](mailto:PublicComment@lacera.com).

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., WEDNESDAY, AUGUST 11, 2021

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](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 July 14, 2021

III. REPORT ON CLOSED SESSION ITEMS

IV. PUBLIC COMMENT

(Written Public Comment - You may submit written public comments by email to [PublicComment@lacera.com](mailto:PublicComment@lacera.com). 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.)

Verbal Public Comment - You may also request to address the Committee. A request to speak must be submitted via email to [PublicComment@lacera.com](mailto:PublicComment@lacera.com). We will contact you with information and instructions as to how to access the meeting as a speaker. If you would like to remain anonymous at the meeting without stating your name, please let us know.)

V. CHIEF EXECUTIVE OFFICER'S REPORT  
(Memo dated July 28, 2021)

VI. CHIEF INVESTMENT OFFICER'S REPORT  
(Presentation dated August 11, 2021)

## VII. CONSENT ITEMS

- A. Recommendation as submitted by Shawn Kehoe, Chair, Joint Organizational Governance Committee: That the Board approve for implementation the recommended proposed classification changes for the existing Media Artist classification and approve for implementation the recommended proposed classification and compensation changes for the creation of a new Senior Media Artist classification.  
(Memo dated July 21, 2021)

## VIII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Jonathan Grabel, Chief Investment Officer; Jude Perez, Principal Investment Officer; Scott Zdrazil, Senior Investment Officer and Esmeralda del Bosque, Senior Investment Officer: That the Board approve the adoption of the revised Investments Policy Statement. (August 4, 2021)
- B. Recommendation submitted by Christopher Wagner, Principal Investment Officer; Cheryl Lu, Investment Officer; and Derek Kong, Investment Officer: That the Board select StepStone to provide private equity consulting services. (Memo dated July 13, 2021)
- C. Recommendation that the Board approve attendance of Trustees at the 2021 SuperReturn North America meeting on October 4 – 5, 2021 in Boston, Massachusetts and approve reimbursement of all travel costs incurred in accordance with the Trustee Education and Trustee Travel Policies.  
(Placed on the agenda at the request of Mr. Bernstein)  
(Memo dated July 19, 2021)
- D. Recommendation as submitted by Jude Pérez, Principal Investment Officer; Scott Zdrazil, Senior Investment Officer; Quoc Nguyen, Investment Officer; Magdalia Armstrong, Senior Investment Analyst and Terra Elijah, Investment Analyst: That the Board approve the proposed general consultant search Minimum Qualifications, Evaluation Criteria, and Scope of Work.  
(Memo dated July 19, 2021)
- E. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board review the Board Teleconference Meeting Policy and provide input as to or approve changes. (Memo dated August 2, 2021)

IX. REPORTS

- A. State Street Incident Report – July 2021 Data Disclosure  
Jude Pérez, Principal Investment Officer  
Esmeralda V. del Bosque, Senior Investment Officer  
(For Information Only) (Memo July 29, 2021)
- B. Labor Negotiator - Irma Rodriguez Moisa  
Carly Ntoya, Director, Human Resources  
(For Information Only) (Memo July 21, 2021)
- C. Legal Projects  
Christine Roseland, Senior Staff Counsel  
(For Information Only) (Memo July 29, 2021)
- D. Semi-Annual Interest Crediting for Reserves as of June 30, 2021  
(UNAUDITED)  
Ted Granger, Interim Chief Financial Officer  
(For Information Only) (Memo July 26, 2021)
- E. Monthly Status Report on Legislation  
Barry W. Lew, Legislative Affairs Officer  
(For Information Only) (Memo dated July 23, 2021)
- F. Monthly Education and Travel Reports for June 2021  
Ted Granger, Interim Chief Financial Officer  
(Memo dated July 21, 2021)
- G. July 2021 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 July 26, 2021)

X. ITEMS FOR STAFF REVIEW

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

XII. EXECUTIVE SESSION

- A. Conference with Staff and Legal Counsel to Consider the Purchase or Sale of Particular, Specific Pension Fund Investments  
(Pursuant to California Government Code Section 54956.81)

## XII. EXECUTIVE SESSION (Continued)

1. Summit Partners Growth Equity XI, L.P.  
Christopher J. Wagner, Principal Investment Officer  
Didier Acevedo, Investment Officer  
(Memo dated July 15, 2021)
  2. Private Equity Investment Update  
David Chu, Senior Investment Officer  
Derek Kong, Investment Officer  
(For Information Only) (Memo dated July 14, 2021)
  3. Private Equity Investment Update  
David Chu, Senior Investment Officer  
Calvin Chang, Senior Investment Analyst  
(For Information Only) (Memo dated July 14, 2021)
- B. Conference with Legal Counsel – Anticipated Litigation  
Significant Exposure to Litigation (Pursuant to Paragraph (2) of  
Subdivision (d) of California Government Code Section 54956.9)
1. One Case
- C. Conference with Legal Counsel – Initiation of Litigation  
(Pursuant to Paragraph (4) of Subdivision (d) of California Government  
Code Section 54956.9).
1. Number of cases: 1 (Pending Under Seal)  
(For Information Only) (Memo dated July 29, 2021)

## XIII. ADJOURNMENT

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

***\*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, JULY 14, 2021

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

PRESENT: Keith Knox, Chair

David Green

Elizabeth Greenwood

Shawn Kehoe (Joined the meeting at 9:04 a.m.)

Joseph Kelly

Patrick Jones

Gina V. Sanchez (Attended meeting in-person)

Herman Santos

ABSENT: Alan Bernstein, Secretary

STAFF ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

Jonathan Grabel, Chief Investment Officer

Steven P. Rice, Chief Counsel

Luis A. Lugo, Deputy Chief Executive Officer

JJ Popowich, Assistant Executive Officer

Christine Roseland, Senior Staff Counsel

STAFF ADVISORS AND PARTICIPANTS (Continued)

Michael Herrera, Senior Staff Counsel

Jude Perez, Principal Investment Officer

Christopher Wagner, Principal Investment Officer

James Rice, Principal Investment Officer

Scott Zdrazil, Senior Investment Officer

Esmeralda del Bosque, Senior Investment Officer

Chad Timko, Senior Investment Officer

Quoc Nguyen, Investment Officer

Daniel Joye, Investment Officer

Amit Aggarwal, Investment Officer

Derek Kong, Investment Officer

Noah Damsky, Investment Officer

Kevin Bassi, Investment Officer

Barry W. Lew, Legislative Affairs Officer

Ervin Wu, Interim Accounting Officer II

Meketa Investment Group

Stephen McCourt, Managing Principal

Leandro Festino, Managing Principal

Timothy Filla, Managing Principal

Albourne

Mark White, Head of Real Assets

James Walsh, Partner

Steven Kennedy, Partner

STAFF ADVISORS AND PARTICIPANTS (Continued)

StepStone Group LP (Real Estate Consultants)

Thomas Hester, Managing Director

Margaret McKnight, Partner

StepStone Group LP (Private Equity Consultants)

Natalie Walker, Partner

Milliman

Nick Collier, Actuary

Mark Olleman, Actuary

Craig Glyde, Actuary

I. CALL TO ORDER

The meeting was called to order virtually by Chair Knox at 9:00 a.m.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of June 9, 2021

Mr. Green made a motion, Ms. Sanchez seconded, to approve the minutes of the regular meeting of June 9, 2021. The motion passed (roll call) with Messrs. Green, Santos, Jones, Kelly, Knox, Ms. Sanchez and Ms. Greenwood voting yes. Mr. Kehoe was absent for the vote.

III. REPORT ON CLOSED SESSION ITEMS

There was nothing to report.

IV. PUBLIC COMMENT

There were no requests from the public to speak.



July 14, 2021

Page 4

V. CHIEF EXECUTIVE OFFICER'S REPORT  
(Memo dated June 28, 2021) (Mr. Kehoe joined the meeting at 9:04 a.m.)

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

VI. CHIEF INVESTMENT OFFICER'S REPORT  
(Presentation dated July 14, 2021)

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

VII. CONSENT ITEMS

Mr. Kelly made a motion, Ms. Sanchez seconded, to approve the following consent item. The motion passed (roll call) with Messrs. Green, Santos, Kehoe, Jones, Kelly, Knox, Ms. Sanchez and Ms. Greenwood voting yes.

- A. Recommendation as submitted by Patrick Jones, Chair, Real Assets Committee: That the Board approve the establishment of Co-Investment and Secondaries delegation of authority to the CIO for Real Assets following the parameters on slide 18 of the attached presentation.  
(Memo dated June 24, 2021)

VIII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Scott Zdrazil, Senior Investment Officer: That the Board deliberate whether to nominate a candidate to the board of the United Nations-affiliated Principles for Responsible Investment.  
(Memo dated June 25, 2021)

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

The Board did not take action on this item.

- B. Recommendation as submitted by Joseph Kelly, Chair, Audit Committee: That the Board approve and adopt the revised Audit Committee Charter.  
(Memo dated June 30, 2021)

## VIII. NON-CONSENT ITEMS (Continued)

Messrs. Kreimann and Bendall were present to answer questions from the Board.

Mr. Kehoe made a motion, Ms. Greenwood seconded, to approve and adopt the revised Audit Committee Charter. The motion passed (roll call) with Messrs. Green, Santos, Kehoe, Jones, Kelly, Knox, Ms. Ms. Greenwood voting yes and Ms. Sanchez abstaining.

## IX. REPORTS

- A. Board of Investments Offsite Planning Update  
Jonathan Grabel, Chief Investment Officer  
(Memo dated June 28, 2021)

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

- B. 2021 Actuarial Risk Assessment Report  
Santos H. Kreimann, Chief Executive Officer  
Ted Granger, Interim Chief Financial Officer  
Mark Olleman, Consulting Actuary  
Nick Collier, Consulting Actuary  
Craig Glyde, Consulting Actuary  
(Memo Dated June 24, 2021)

Messrs. Olleman, Collier and Glyde provided a presentation and answered questions from the Board.

- C. Real Estate Process Workflow Findings – Update III  
Esmeralda del Bosque, Senior Investment Officer  
Cindy Rivera, Senior Investment Analyst  
(For Information Only) (Memo dated June 25, 2021)

This item was received and filed.

IX. REPORTS (Continued)

- D. OPEB Master Trust – Strategic Asset Allocation Update  
Jonathan Grabel, Chief Investment Officer  
Jude Pérez, Principal Investment Officer  
Esmeralda del Bosque, Senior Investment Officer  
(For Information Only) (Memo dated June 23, 2021)

This item was received and filed.

- E. Global Investor Statement on Climate Change  
Scott Zdrazil, Senior Investment Officer  
Dale Johnson, Investment Officer  
Crystal Milo, Senior Investment Analyst  
(For Information Only) (Memo dated June 10, 2021)

This item was received and filed.

- F. Principles for Responsible Investment Voting Ballot  
Scott Zdrazil, Senior Investment Officer  
(For Information Only) (Memo dated June 25, 2021)

This item was received and filed.

- G. U.S. Securities and Exchange Commission Comment Letter Regarding  
Climate Change and ESG Disclosures  
Scott Zdrazil, Senior Investment Officer  
(For Information Only) (Memo dated June 25, 2021)

This item was received and filed.

- H. OPEB Master Trust - Investment Policy Statement Update  
Jude Pérez, Principal Investment Officer  
(For Information Only) (Memo dated June 17, 2021)

This item was received and filed.

IX. REPORTS (Continued)

- I. Polar Asset Management Update Regarding Criminal and SEC Actions Against Trader  
Vache Mahseredjian, Principal Investment Officer  
Chad Timko, Senior Investment Officer  
Quoc Nguyen, Investment Officer  
(For Information Only) (Memo dated July 6, 2021)

This item was received and filed.

- J. U.S. Supreme Court Decision in Goldman Sachs Group, Inc. v. Arkansas Teachers Retirement System  
Michael D. Herrera, Senior Staff Counsel  
(For Information Only) (Memo dated July 2, 2021)

This item was received and filed.

- K. Legal Projects  
Christine Roseland, Senior Staff Counsel  
(For Information Only) (Memo dated June 28, 2021)

This item was received and filed.

- L. Monthly Status Report on Legislation  
Barry W. Lew, Legislative Affairs Officer  
(For Information Only) (Memo dated June 25, 2021)

This item was received and filed.

- M. Monthly Education and Travel Reports for May 2021  
Ted Granger, Interim Chief Financial Officer  
(Public Memo dated June 24, 2021)  
(Confidential Memo dated June 24, 2021 – Includes Anticipated Travel)  
(For Information Only)

This item was received and filed.

- N. June 2021 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 June 25, 2021)

This item was received and filed.

July 14, 2021

Page 8

## X. ITEMS FOR STAFF REVIEW

The Board requested an item be agendaized regarding information on addressing IT Standards for investments.

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

Mr. Knox shared that the CIO Magazine published an annual list of “rising stars” and LACERA’s Chad Timko was voted as one of 25 investors featured in this year’s NextGen list.

Mr. Grabel recognized Magdalia Armstrong for volunteering to assist with the presentations at the Board of Investment meeting.

## XII. EXECUTIVE SESSION

### A. Conference with Staff and Legal Counsel to Consider the Purchase or Sale of Particular, Specific Pension Fund Investments (Pursuant to California Government Code Section 54956.81)

1. Webster Capital V, L.P. Recommendation  
Christopher J. Wagner, Principal Investment Officer  
Derek Kong, Investment Officer  
(Memo dated June 21, 2021)

Messrs. Wagner, Kong and Ms. Walker of StepStone Group LP were present and answered questions from the Board.

Mr. Santos made a motion, seconded by Mr. Kehoe, to approve a commitment of up to \$125 million to Webster Capital V, L.P. This investment is a middle market buyout private equity fund focusing on investments in the healthcare services sector. The motion passed (roll call) with Messrs. Green, Santos, Jones, Knox, Kehoe, Kelly,

XII. EXECUTIVE SESSION (Continued)

Ms. Sanchez and Ms. Greenwood voting yes. Mr. Bernstein was absent.

2. Bain Capital Real Estate Fund II  
Amit Aggarwal, Investment Officer  
Kevin Bassi, Senior Investment Analyst  
(Memo dated June 29, 2021)

Messrs. Aggarwal, Bassi and Rice and Mr. Hester and Ms. McKnight of StepStone Group LP were present and answered questions from the Board.

Mr. Santos made a motion, seconded by Ms. Sanchez, to approve a commitment of up to \$100 million to Bain Capital Real Estate Fund II. This investment is a closed end non-core real estate commingled fund seeking opportunities across sectors. The motion passed (roll call) with Messrs. Green, Santos, Jones, Knox, Kehoe. and Kelly and Ms. Sanchez and Ms. Greenwood voting yes. Mr. Bernstein was absent.

3. Smart Infrastructure Capital Partners Fund I, L.P.  
James Rice, Principal Investment Officer  
Daniel Joye, Investment Officer  
(Memo dated June 25, 2021)

Messrs. Rice and Joye and Messrs. Kennedy, White and Walsh of Albourne were present and answered questions from the Board.

Mr. Kelly made a motion, seconded by Ms. Sanchez, to approve a commitment of up to \$100 million to Smart Infrastructure Capital Partners Fund I, L.P. This investment is an infrastructure fund focusing on smart technologies in the energy and transport sectors. The motion passed (roll call) with Messrs. Green, Santos, Jones, Knox,

XII. EXECUTIVE SESSION (Continued)

Kehoe, Kelly, Ms. Sanchez and Ms. Greenwood voting yes. Mr. Bernstein was absent.

4. KKR Diversified Core Infrastructure Fund, L.P.

James Rice, Principal Investment Officer

Daniel Joye, Investment Officer

Noah Damsky, Senior Investment Analyst

(Memo dated July 1, 2021)

Messrs. Rice, Joye and Damsky and Messrs. Kennedy, White and Walsh of Albourne were present and answered questions from the Board.

Mr. Kelly made a motion, seconded by Mr. Santos, to approve a commitment of up to \$500 million to KKR Diversified Core Infrastructure Fund, L.P. This investment is an infrastructure fund focusing on core infrastructure in utilities, renewables, telecom, transportation, energy transition, and other sectors. The motion passed (roll call) with Messrs. Green, Santos, Jones, Knox, Kehoe, Kelly, Ms. Sanchez and Ms. Greenwood voting yes. Mr. Bernstein was absent.

B. Conference with Legal Counsel – Anticipated Litigation Significant Exposure to Litigation (Pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9)

1. One Case

There was nothing to report.

C. Potential Threats to Public Services or Facilities (Pursuant to Subdivision (a) of California Government Code Section 54957) Consultation with: Chief Information Security Officer, Bob Schlotfelt, Principal Investment Officer, Jude Pérez, and Other LACERA Staff. (Presentation dated July 2021)

There was nothing to report.

July 14, 2021

Page 11

Supplemental Information (Information provided to the Trustees prior to the meeting)

1. Item XII. A. 4. - KKR Diversified Core Infrastructure Fund, L.P. (Memo dated July 1, 2021) (Confidential Information)

XIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:20 p.m.

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ALAN BERNSTEIN, SECRETARY

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KEITH KNOX, CHAIR





July 28, 2021

TO: Each Trustee,  
Board of Retirement  
Board of Investments

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

SUBJECT: **CHIEF EXECUTIVE OFFICER'S REPORT – JULY 2021**

The following reflects the Chief Executive Officer's Report for July 2021 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 our educational calendar.

### **Our Ongoing COVID-19 Response & New Guidelines Related to Return to Work**

Governor Newsom acted in June to fully open California's economy commencing on June 15<sup>th</sup>. Shortly after that action, Cal-OSHA published guidelines no longer requiring vaccinated employees to wear masks under most conditions, or practice social distancing around other vaccinated employees. The Cal-OSHA guidelines also permitted public agencies to maintain more stringent regulations. While Cal-OSHA loosened restrictions, both Los Angeles County and LACERA independently decided to maintain stricter requirements for our employees until more information could be gathered to show less restrictive protocols were warranted. Our more conservative requirements include the requirement for all staff to wear masks, whether they are vaccinated or not, and comply with social distancing of at least six feet between staff.

Unfortunately, the less restrictive standards, combined with the fact that only about 52-53% of the public have been vaccinated, has led to an increase in COVID-19 cases and hospitalizations statewide. In Los Angeles County, the LA Times reported on July 19<sup>th</sup> that the County was seeing over 10,000 cases per week, which is comparable to levels experienced in March of this year. The Los Angeles County Department of Public Health reported 1,233 new cases on July 19<sup>th</sup>. Hospitalizations are up from approximately 200-250 per day in mid-June to just over 500 in mid-July. All reports indicate the more transmissible Delta-variant is spreading quickly throughout the County and in other major metropolitan areas within California.

Consequently, the Los Angeles County Department of Public Health issued an updated "Responding Together at Work and in the Community," health order on July 22, 2021, requiring, face masks to be worn by all persons, regardless of vaccination status, in "All indoor public and private businesses." The order does not mandate social distancing. The City of Pasadena followed

July 28, 2021

Page 2

suit and issued a requirement to wear masks indoors at all times and also announced they would be requiring all City staff members to be vaccinated.

We will continue to follow the Public Health guidelines to require all staff and members visiting LACERA to wear masks, as well as continue to require the practice of social distancing, and limiting the number of staff members physically in our offices daily.

Our Health and Safety Team continues to conduct random audits of work areas to ensure compliance with our protocols and continue to report near 100% compliance with our mask and social distancing requirements for staff members in the office.

We continue to encourage our staff to get vaccinated. Human Resources, Communications, and the Business Continuity Team have been working on developing a proactive vaccination education campaign about the benefits and efficacy of vaccination as required by Cal-OSHA. The campaign, which kicks off on August 2, 2021, will continue throughout September with weekly or bi-weekly messages about the benefits of getting vaccinated.

We are committed to creating the safest work environment possible and one of the ways we can do that is by providing education to our staff members as we have discussed, and by learning which staff members have been vaccinated. At this time, 11% (44 staff members) voluntarily reported being fully vaccinated. Beginning in August, staff members will be required to complete LACERA's Vaccination Questionnaire, in which they will confirm that they are or are not vaccinated. Members who are not currently vaccinated, will be required to report when they do get vaccinated. This information is subject to LACERA's Privacy & Confidentiality Policy. The purpose of collecting this information is to help management make operational decisions and to apply the appropriate health & safety protocols as events dictate. Staff members who indicate they are vaccinated must upload proof of vaccination; otherwise, they will be required to follow protocols for unvaccinated people.

LACERA has not yet made the determination whether we will require, or want to require, staff members to be vaccinated. We continue to evaluate whether this step will be necessary, but we would like to determine the impacts of our COVID-19 employee education program and the legal questions raised by these mandates before making any final decisions.

In the meantime, we will continue to follow all required regulations and, for those staff members who may still get infected or who may have to care for family who may get infected, they are able to apply for Supplemental Paid Sick Leave for COVID-19 and vaccine related absences.

The following chart shows the number of LACERA staff members over the past month who were exposed (had direct close contact) to a person who tested positive for COVID-19; the number of LACERA staff members who tested positive for COVID-19; and the number of staff members who were in the office 14 days before testing positive for COVID-19.

**LACERA COVID-19 Incidents  
June 29, 2021 – July 28, 2021**

<b>Exposed</b>	<b>Confirmed Positive</b>	<b>In Office Before Positive Test</b>
1	2	1

This recent increase in incidents at LACERA mirrors the increase in COVID-19 positive cases in Los Angeles County. Management continues to limit the number of staff members physically in our offices daily. Based on the most recent numbers, we are averaging approximately 15% of our staff in the office on any given day. Staff members can be vaccinated during working hours and are able to apply for Supplemental Paid Sick Leave for COVID-19 and vaccine related absences. Staff members who have been fully vaccinated can report that information to Human Resources and again as of the time of this memo, 11% (44 staff members) reported being fully vaccinated.

Our cautious approach to managing our response to the pandemic has kept staff members safe and allowed LACERA to continue to meet member expectations and deliver the high level of service we strive to always provide.

**Update on Return to the Office Environment Planning?**

While the Pandemic continues to be a fluid situation and events are changing fast, we have not lost sight of our planning efforts to return to the office environment. We have consistently messaged to all staff that our plan is to return to the office in mid-September. We have recently set the official return to the office date as Monday, September 13, 2021. However, it is important to note that should the situation worsen, we may adjust those plans.

In the meantime, the managers have finalized their return to work plans and several of them are being reviewed by the Business Continuity Team and the Executive Office. These plans take into consideration social distancing protocols and consist of hybrid schedules of working in the office and working remotely where warranted. We have finished updating all the work areas with the necessary signage and modifications. The Business Continuity Team, and Systems, completed a walk-through of each division and have made appropriate notes of what system equipment updates are needed to ensure staff’s workstations and work areas are ready. Over the next month, staff will return to the office to test system access, reacclimate to the new work environment, and receive instruction on the new workplace protocols in place to maximize member and employee safety in the office.

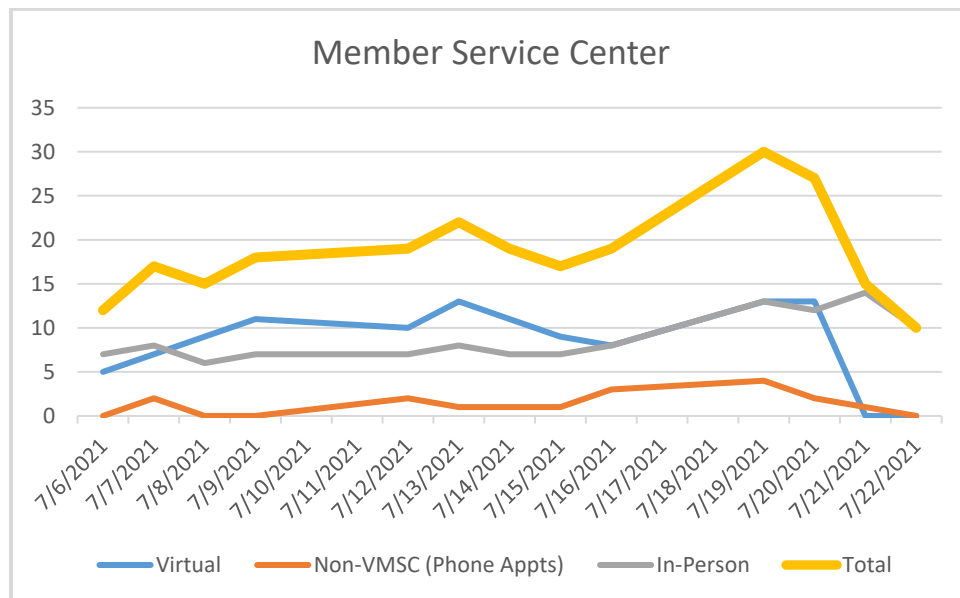
Please note that an update regarding Staff Member’s Return to the Office was provided following the date of this memo. More information can be found on Attachment A.

### **Member Service Center Re-Opening**

We were excited to finally re-open the Member Service Center (MSC) on July 6, 2021, with a limited schedule of appointments. The goal was to do a controlled re-opening to allow staff members to get used to the revised office setting and test out safety protocols and procedures. During July and August, in-person appointments are limited to no more than 10 members a day. Of course, we continue to offer the popular and convenient virtual one-on-one counseling sessions to all our members.

As a reminder, we implemented several steps to help ensure the safety and health of our members and staff. All members visiting the MSC are asked to self-affirm that they have no symptoms of COVID-19 prior to coming to, and into, the MSC. We have also installed a self-check thermometer at the MSC entry and ask members to self-check temperatures as part of their self-affirmation process. All members are required to wear a face covering while in the MSC. We also limited each member to one family member who may accompany them into the counseling area. Members are advised of these requirements during the appointment set-up process, in email confirmations, and in email reminders.

The re-opening has gone well. The chart below provides some insight into the re-opening experience.



On average we offered 18 appointments per day between virtual, in-person, and special phone appointments (non-video one-on-one counseling sessions). Pre-pandemic we offered on average about 50 appointments per day.

The reduced number of appointments is a temporary condition that is reflective of our change in procedures as we re-open our full complement of services. However, we must point out that we do not envision being able to return to the pre-pandemic number of appointments soon due to staffing shortages. In the Outreach Section of Member Services, we have a total of 22 positions allocated to meeting with members (not including management and supervisors). Of those 22, we have 14 staff dedicated to serving members in the MSC at this time. Of the remaining positions allocated to the MSC, three (3) are currently serving in the Member Services Call Center due to high call volumes, two (2) are vacant, two (2) are out on long term leave, and one (1) person is currently working in Systems on an educational opportunity.

The newly re-opened Member Service Center is now an appointment only service model. In the past, LACERA allowed walk-ins who we would see - time permitting, as scheduled appointments received priority. This arrangement often meant walk-in members would wait anywhere from an hour to four hours or longer during busy periods before they could see a Specialist. While flexible, this business model did not meet our definition of timely personalized service, and often caused some pressure and stress for staff members who sympathized with members who had to wait long periods before being seen. The appointment only model allows us to ensure we are meeting our commitment to see members within minutes of their scheduled time. This also enables management to plan our workforce scheduling much more efficiently, allowing us to ensure we have adequate staffing for webinars, workshops and other outreach efforts.

Members have largely adjusted to the change. We did have to adjust some of our communications and letters in the first few days to ensure that our message was consistent regarding the need for members to make an appointment. In the initial few days, we did see some walk-ins, which we helped schedule appointments. We also continue to promote the use of our drop-box for contactless and quick letter, form, and document drop off. Members have also largely adjusted to the safety protocols, although we did have one or two members who initially objected to the mask requirement. We have personal protective gear available to provide to any member that did not bring a mask with them.

### **Recruitment Updates**

To provide a more complete reporting of LACERA's recruitment, assessment and hiring efforts to reduce the number of vacancies, provided below is an expanded summary of Human Resources (HR) activities.

#### *Development*

Before the position is advertised and applications are accepted, HR works with the Division(s) to review the classification description, create an ideal candidate profile, and discuss the assessment process. This is used to create the job bulletin and recruiting brochure (management positions only). Presently, there are five (5) recruitments/assessments in development: Data Systems Analyst

I, Document Processing Assistant, Administrative Services Analyst I, Administrative Services Analyst II, and Administrative Services Analyst III.

There are currently three (3) Data Systems Analyst I vacancies; one (1) Document Processing Assistant vacancy; one (1) Administrative Services Analyst I vacancy; two (2) anticipated Administrative Services Analyst II vacancies; and two (2) Administrative Services Analyst III vacancies. Going forward, the positions in the Administrative Services job family will be referred to as the Administrative Series.

During the second quarter of this fiscal year, we will finalize the classification descriptions for the Principal Investment Officer and Public Information Officer position.

### *Recruiting*

The Human Resources team is aggressively recruiting qualified internal and external candidates to fill vacancies. Finding the right candidate(s) who will add value to the organization and help move us forward in meeting our goals is a top priority for our Human Resources Division. LACERA is currently accepting applications for:

- Senior Staff Counsel and Staff Counsel: interested candidates are encouraged to submit their resumes of consideration.
- Competitive candidates are encouraged to apply for Senior Accountant or Media Artist. The recruiting period will remain open until a pool of qualified applications are received; however, early applicants are participating in the assessment process.

### *Assessment*

Having received a pool of qualified candidates, HR is administering assessments for the below recruitments. Examples of assessments include multiple choice tests, interviews, job simulations, and technical projects.

- Assistant Executive Officer
- Retirement Benefits Specialist (RBS) III
- Retirement Benefits Specialist (RBS) I
- Financial Analyst III
- Senior Disability Retirement Specialist
- Procurement and Supply Clerk
- Senior Internal Auditor
- Senior Accountant
- Media Artist

Upon completing the above assessments, HR staff creates the eligible lists from which Divisions can hire. Lastly, once offers have been made, HR staff have the capacity to start the development process for other recruitments/assessments. Based on the current requests, the next classifications

for exam development are Data Systems Analyst II, Data Systems Coordinator, Public Information Officer, and Principal Investment Officer.

### **Upcoming Core-Benefits Training Class**

Our Member Operations Group has reported that the delay in getting enough qualified candidates for the RBS I recruitment has led to a postponement of the date for our next CORE Benefits class. The class was scheduled to begin in August and will now be delayed until October. The delays caused by the COVID-19 pandemic mean that we have had an interruption in the pipeline of trained staff to fill the RBS II positions in Benefits and Member Services.

Much of this delay is due to the inability to test applicants in compliance with Civil Service requirements for much of 2020 and into early 2021. However, that delay has been compounded by a slower than expected response to our recruitment efforts. As we process promotions for higher level positions with the Member Operations Group, we will also see more vacancies at the RBS II level.

As a result, existing staffing shortages in Member Services are expected to continue throughout the remainder of 2021 and into 2022, possibly impacting our March Madness season. These shortages will impact our Member Services Call Center and Member Service Center the most. The shortages may lead to wait times slightly longer and a lower than optimal number of in-person and virtual counseling sessions. Our management team is constantly reviewing workloads and working together to limit the impact as much as possible by offering overtime, looking for process improvements, evaluating procedures that reduce processing times, creating improved self-service options, and employing temporary staff where possible.

### **Retiree Healthcare – Bi-Annual Staying Healthy Together - Wellness Event**

Given the uncertainty of the return to in person events due to COVID-19, rather than focusing on returning to LACERA's in-person Wellness events at this time, the RHC team and Segal are currently in discussion with each of our health plan vendor partners about the feasibility of providing interactive virtual wellness events for our members. This would be the first of its kind for LACERA, but given the timing and current COVID-19 status we believe there is no better time to introduce members to something new. By offering virtual wellness events, we are hoping to engage our members and provide them with valuable health and wellness information that will improve their quality of life and result in more favorable claims experience. The virtual health event would consist of various speakers and webinars on different topics provided by our health plan partners for members to peruse at their leisure. Virtual events and health related webinars will provide the opportunity for **all** retirees to be included, not just those who reside locally in California. As our discussion progresses and we have more information, staff will share that information with the Board.

**New CEO Report Feature: Outstanding RFI/RFP Quiet Periods & Investment**

Based on Trustee requests expressed during the recent Joint Organizational Governance Committee meeting, we have added a new section to the CEO Report: “Quiet Period List – Current Active Quiet Period List for Non-Investments.” This provides a complete list of ongoing administrative (non-investment related) RFI/RFP, that will help Trustees remain informed on which requests are currently in the Quiet Period phase of the search. This is the phase where LACERA staff and Trustees are prohibited from interacting with the potential vendors outside of the formal solicitation process in order to preserve the integrity and fairness of the search and selection of qualified vendors. The new section will appear after the CEO Dashboard on an ongoing basis.

SHK: jp  
CEO report Jul 2021.doc

Attachments





August 2, 2021

TO: Each Trustee,  
Board of Retirement  
Board of Investments

FROM: Santos H. Kreimann <sup>SHK</sup>  
Chief Executive Officer

**SUBJECT: Actions Impacting Staff Member's Return to the Office**

In August LACERA management will make decisions and take actions to enforce requirements that impact how permanent, contracted, and temporary staff will return to the office on September 13, 2021. These actions include launching an educational campaign, issuing a vaccination status questionnaire, requiring vaccinations or weekly testing, and expanding self-screening options.

This month LACERA launched a proactive vaccination education campaign about the benefits and efficacy of COVID-19 vaccinations. This educational campaign satisfies Cal-OSHA Title 8 Section 3205 (C) 5. The campaign will continue throughout September with weekly or bi-weekly messages about the benefits of vaccination.

Management will issue a questionnaire to determine if staff have or have not been vaccinated against COVID-19. The purpose of this mandatory questionnaire is to collect statistical information that will be used to apply health standards and to guide future decision. LACERA engaged our labor partners at SEIU about the impact of the questionnaire.

At this time LACERA management is not requiring staff be vaccinated. Many government agencies, including the Federal government and the City of Los Angeles are not specifically requiring staff be vaccinated. Following those examples LACERA management is choosing to allow flexibility in this area. Further, LACERA is not currently prepared to address the impact of a mandatory vaccination policy. Specifically, LACERA would be obligated to negotiate the effects of the policy and to consider exemptions, unpaid leave, and discipline as consequences of failing to comply with the policy. Those items require serious consideration.

Therefore, LACERA management has decided that staff will be required to be vaccinated (proof required) or to undergo weekly COVID-19 testing. This allows management to enforce safety standards without requiring vaccination specifically.

Having received each Division's return to the office plan, the Executive team will evaluate how the testing requirement will be implemented in each Division. Management continues to investigate the impact of weekly COVID-19 testing, including concerns

Return to Office Memo

August 2, 2021

Page 2

related to availability, cost, time reporting, and how quickly results are reported. This may require LACERA to engage SEIU regarding the impact of testing.

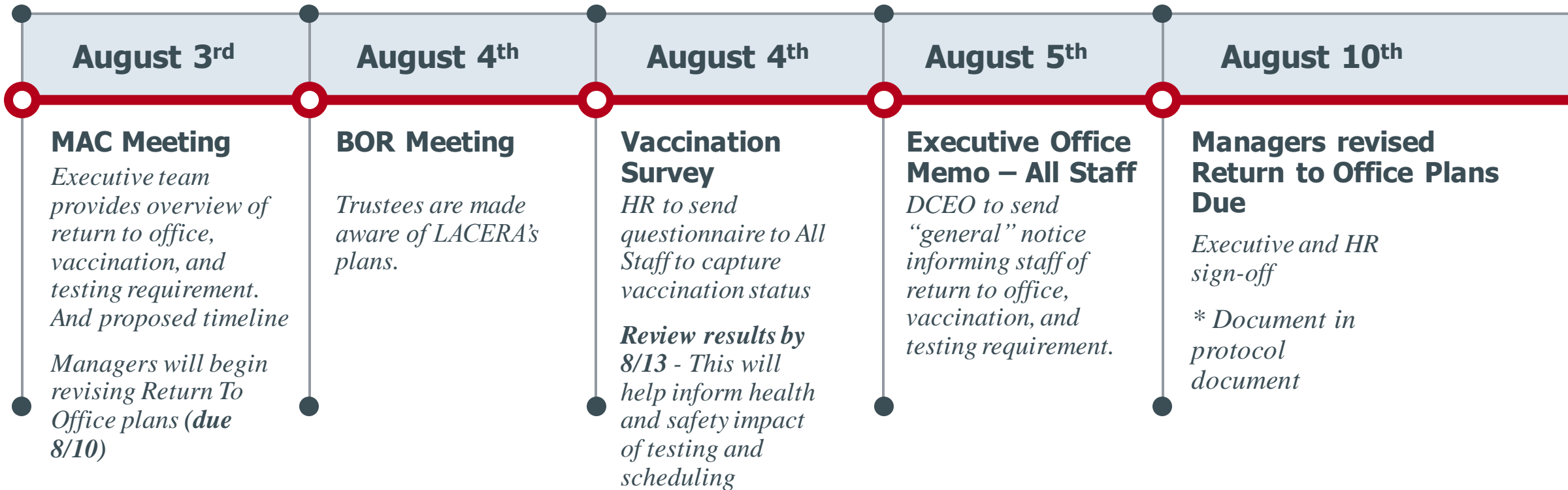
Lastly, staff members remain required to conduct self-screening before entering LACERA Offices. Currently, staff use a LACERA issued form to screen for symptoms. Going forward LACERA staff will be required to use the app to perform self-screening.

LACERA's return to the office plan and management's decisions are dependent on and compliant with Federal, State, County and City guidance. Therefore, it is possible the above plans may change.

c: Luis Lugo  
Jonathan Grabel  
JJ Popowich  
Steven Rice

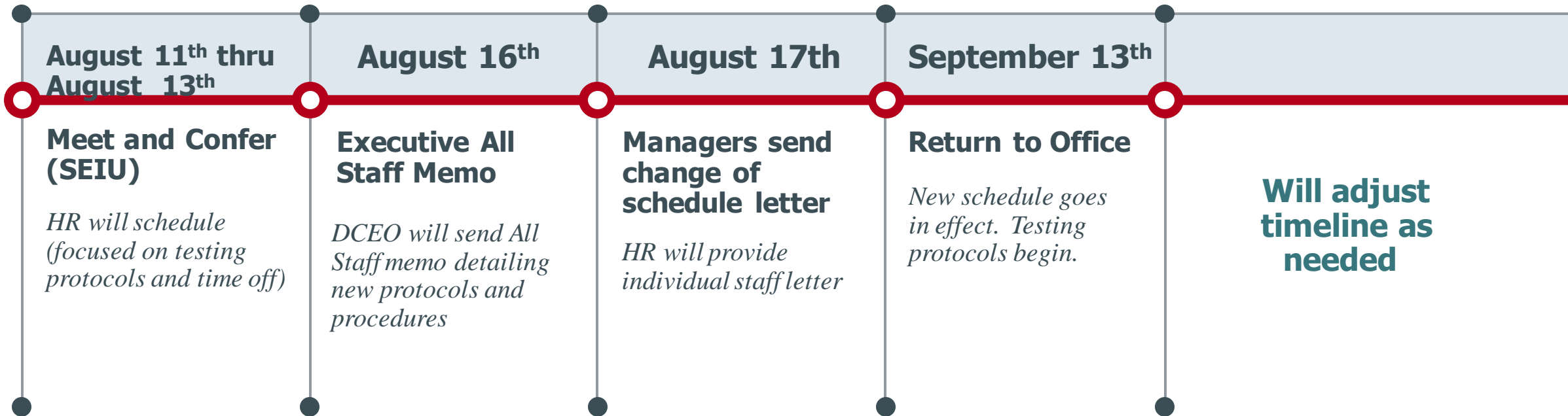


# COVID 19 Vaccination and Testing LACERA Timeline





# COVID 19 Vaccination and Testing LACERA Timeline

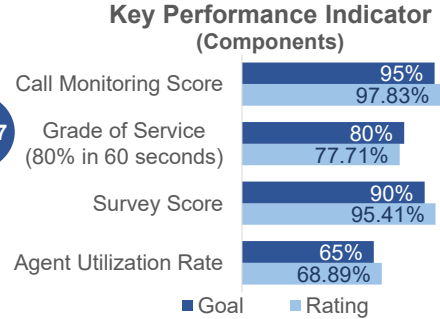
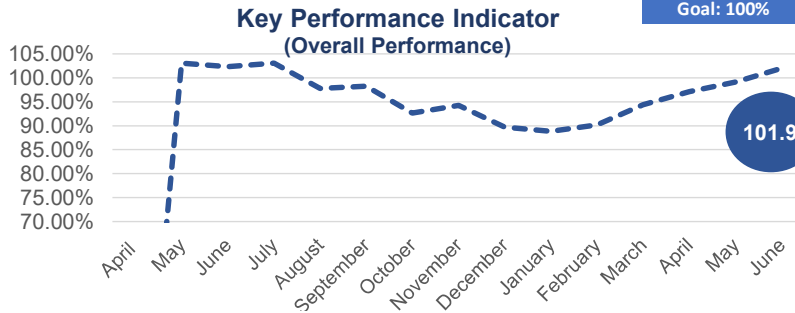


# Striving for Excellence in Service

Service Metrics Reported on a Fiscal Year Basis (July 1) Through: June 2021

<p><b>Outreach Attendance</b> <b>1,338</b> 18,944 Year-to-Date</p>	<p><b>Outreach Events</b> <b>19</b> 261 Year-to-Date</p>	<p><b>Outreach Satisfaction</b> <b>N/A</b> Change Since Last Mo</p>	<p><b>Member Service Center</b> <b>N/A</b> - Change Since Last Mo</p>	<p><b>Member Services Calls</b> <b>12,615</b> 13,149 3 Mo. Avg.</p>
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## Member Services



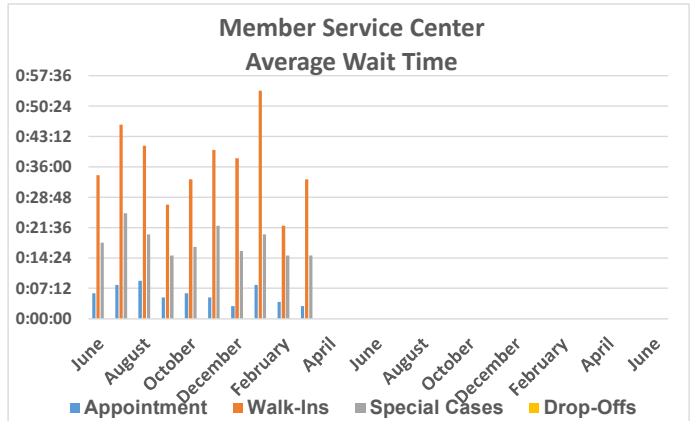
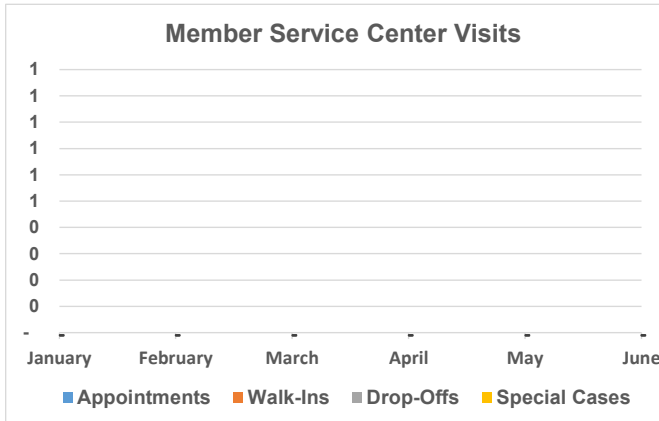
### Top Calls

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

**Emails 663**  
24:00 hours  
Avg. Response Time (ART)



**Secure Messages 670**

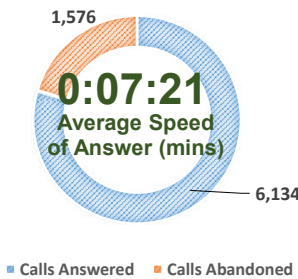


\*Drop Off Wait Time: No Waiting



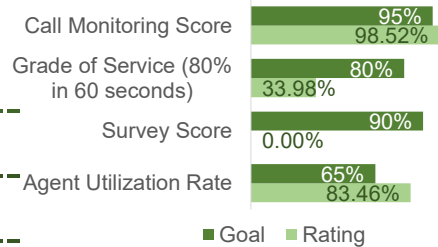
## Retiree Healthcare

Total RHC Calls: 7,710



### Top Calls

1. Medical/Dental Enrollments
2. Medical Benefits
3. Medicare Part B Reimbursements



**Emails 403**  
10 Days  
Avg. Response Time (ART)



**Secure Messages 293**

## Striving for Excellence in Service (Continued)

Disability

### Applications

**711**

**In Process As Of: 6/30/2021**

712 Pending on: 5/31/2021  
 67 Received  
 694 Year-to-Date  
 0 Re-Opened  
 0 Year-to-Date  
 61 To Board - Initial  
 558 Year-to-Date  
 7 Closed  
 68 Year-to-Date

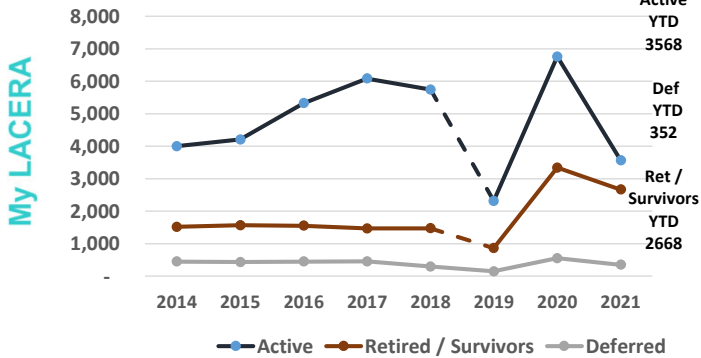
### Appeals

**96**

**In Process As Of: 6/30/2021**

95 Pending on: 5/31/2021  
 4 Received  
 17 Year-to-Date  
 3 Admin Closed/Rule 32  
 12 Year-to-Date  
 0 Referee Recommended  
 7 Year-to-Date  
 0 Revised/Reconsidered for Granting  
 1 Year-to-Date

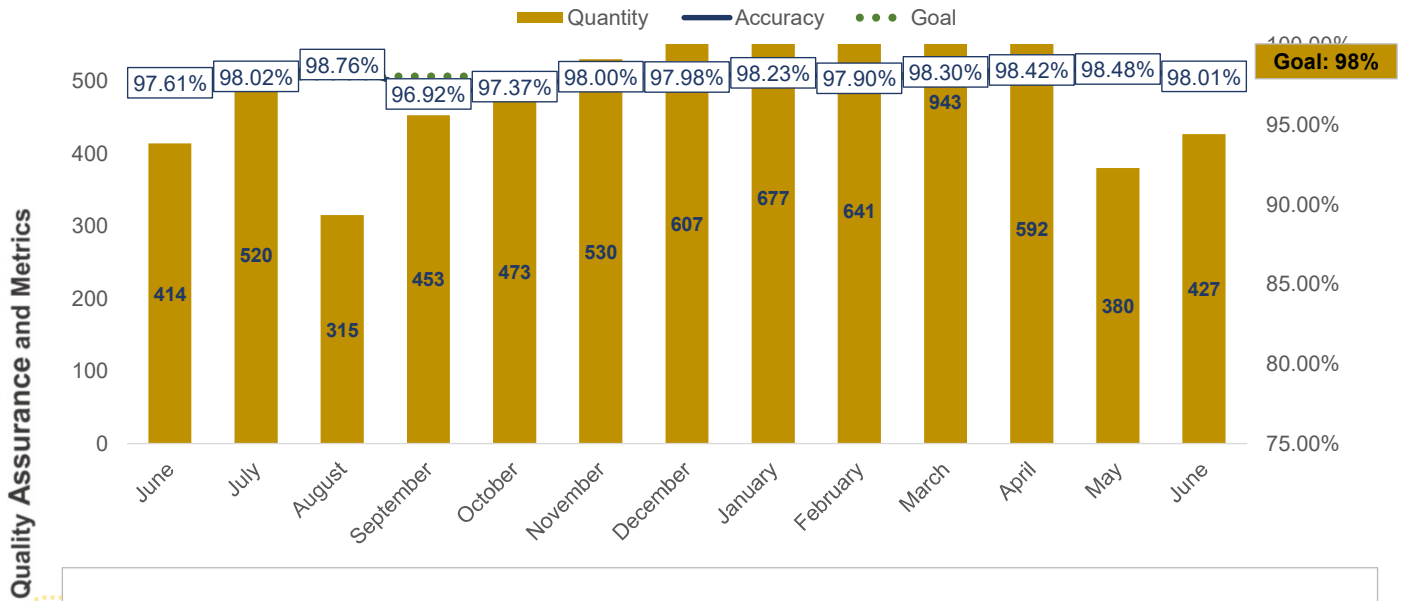
### My LACERA Registrations



**COVID-19 NOTE**  
 Some Member Services, Retiree Healthcare, and Quality Assurance statistics became unavailable for a short time beginning in April 2020 due to COVID-19 impacts. Most of the data contained herein is up to date and based on current production both virtually and in the office. However, some data points such as surveys are based on six month average for survey scores prior to the pandemic.

## Striving for Excellence in Quality

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



**June 2021**

**98.01%**



#### Retirement Elections

**169** Samples  
**96.73%** Accuracy

#### Payment Contracts

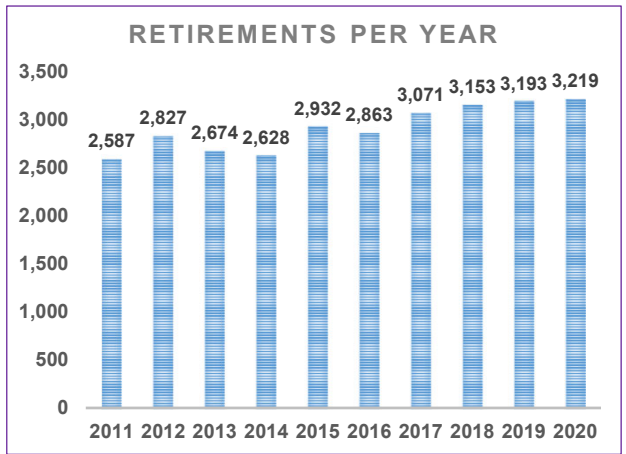
**168** Samples  
**97.96%** Accuracy

#### Data Entry

**90** Samples  
**99.33%** Accuracy

## Member Snapshot

	Members as of 07/15/2021				
	Plan	Active	Retired	Survivors	Total
<b>General</b>	Plan A	71	14,814	4,263	<b>19,148</b>
	Plan B	19	659	66	<b>744</b>
	Plan C	24	423	66	<b>513</b>
	Plan D	38,147	18,261	1,690	<b>58,098</b>
	Plan E	15,245	14,207	1,392	<b>30,844</b>
	Plan G	32,348	108	10	<b>32,466</b>
	<b>Total General</b>	<b>85,854</b>	<b>48,472</b>	<b>7,487</b>	<b>141,813</b>
<b>Safety</b>	Plan A	2	4,794	1,629	<b>6,425</b>
	Plan B	8,655	6,927	350	<b>15,932</b>
	Plan C	4,471	14	1	<b>4,486</b>
	<b>Total Safety</b>	<b>13,128</b>	<b>11,735</b>	<b>1,980</b>	<b>26,843</b>
<b>TOTAL MEMBERS</b>	<b>98,982</b>	<b>60,207</b>	<b>9,467</b>	<b>168,656</b>	
<b>% by Category</b>	<b>59%</b>	<b>36%</b>	<b>6%</b>	<b>100%</b>	



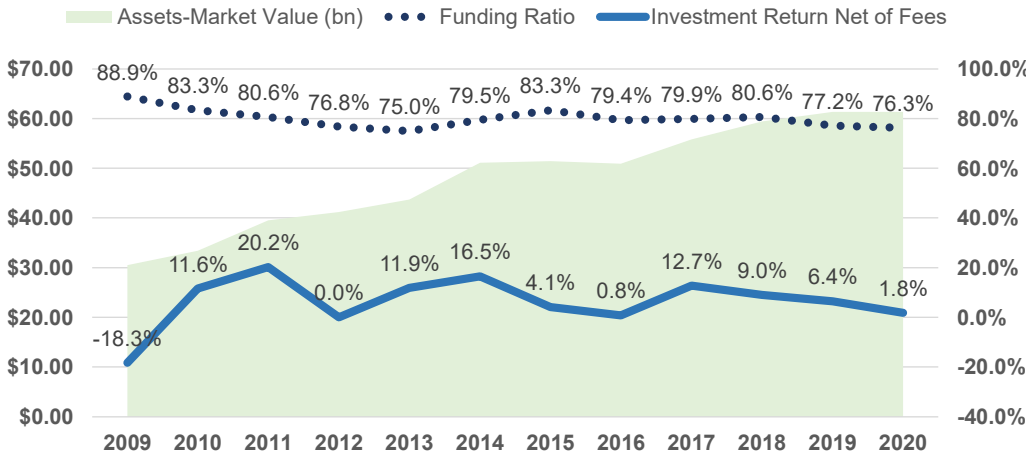
Average Monthly Benefit Allowance Distribution July 23, 2021				
	General	Safety	Total	%
\$0 to \$3,999	29,840	1,703	31,543	52.51%
\$4,000 to \$7,999	13,397	3,472	16,869	28.08%
\$8,000 to \$11,999	3,649	4,267	7,916	13.18%
\$12,000 to \$15,999	998	1,779	2,777	4.62%
\$16,000 to \$19,999	327	347	674	1.12%
\$20,000 to \$23,999	100	114	214	0.36%
\$24,000 to \$27,999	24	27	51	0.08%
> \$28,000	18	3	21	0.03%
<b>Totals</b>	<b>48,353</b>	<b>11,712</b>	<b>60,065</b>	<b>100%</b>

**Average Monthly Benefit Allowance: \$ 4,566.00**

Healthcare Program		Healthcare Enrollments	
(Mo. Ending: 06/30/2021)		(Mo. Ending: 06/30/2021)	
	Employer	Member	
Medical	568.0	44.0	Medical 52,764
Dental	45.6	4.5	Dental 54,197
Part B	75.6	0	Part B 36,015
<b>Total</b>	<b>689.2</b>	<b>48.5</b>	<b>Total 143,548</b>

## Key Financial Metrics

### Fiscal Year End Financial Update (as of 06/30/2020)



### Funding Metrics (as of 6/30/20)

Employer NC	10.89%
UAAL	14.85%
Assumed Rate	7.00%
Star Reserve	\$614m
Total Assets	\$58.5b

### Contributions (as of 6/30/20)

	Employer	Member
Annual Add	\$1.8b	\$659.3m
% of Payroll	24.64%	7.80%

### TOTAL FUND RETURN (Net of Fees)

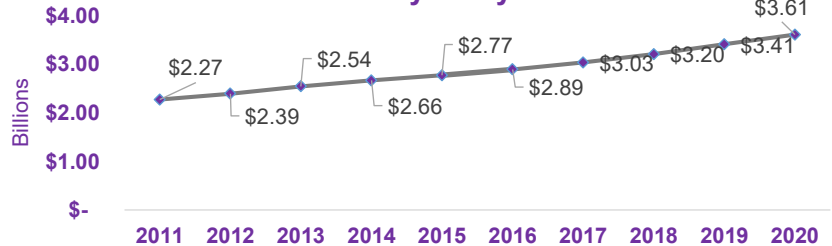
5 YR: 6.1%    10 YR: 8.2%

### Retired Members Payroll

(As of 06/30/2021)

Monthly Payroll	\$329.12m
Payroll YTD	\$3.8b
New Retired Payees Added	267
Seamless %	98.13%
New Seamless Payees Added	4,657
Seamless YTD	97.27%
By Check %	2.00%
By Direct Deposit %	98.00%

### Retiree Payroll by Year



**QUIET PERIOD LIST**  
**Current Active Quiet Period List for Non-Investments**

RFP/RFI Name	Issuing Division	RFP Issued	Status*	Quiet Period for RFP Respondents
Consulting Services to Aid in Design, Procurement, and Implementation of a Budget Application	Administrative Services/ Systems	June 15, 2021	Bid Review	<ul style="list-style-type: none"> <li>• Plante Moran</li> <li>• SDI Presence</li> <li>• RSM</li> <li>• Armanino</li> <li>• BPM Partners</li> </ul>
Search for Classification and Compensation Study Services (HR)	Human Resources	May 24, 2021	Bid Review	<ul style="list-style-type: none"> <li>• Koff and Associates</li> <li>• Magnova Consultant</li> <li>• Grant Thornton</li> <li>• Reward Strategy Group</li> </ul>
Search for Classification and Compensation Study Services (RHC)	Human Resources	May 24, 2021	Bid Review	<ul style="list-style-type: none"> <li>• Koff and Associates</li> <li>• Magnova Consultant</li> <li>• Grant Thornton</li> <li>• Reward Strategy Group</li> </ul>
Agenda Management, Livestream, Recording, and Archiving	Board Offices	April 16, 2021	Vendor Selection	<ul style="list-style-type: none"> <li>• Granicus</li> <li>• Diligent iCompass</li> <li>• PrimeGov</li> <li>• eSCRIBE</li> <li>• Hyland</li> <li>• Provox Systems</li> </ul>
Contract Lifecycle Management Application	Administrative Services/ Systems	February 16, 2021	Vendor Review	<ul style="list-style-type: none"> <li>• Icertis</li> <li>• Cobblestone</li> <li>• Ageloft</li> <li>• Iron Clad</li> <li>• SmartSheet</li> </ul>
Automated Accounts Payable/Travel Application	Administrative Services/ FASD/ Systems	April 2, 2021	Vendor Selection	<ul style="list-style-type: none"> <li>• Emburse</li> <li>• SAP Concur</li> </ul>

\*Subject to change

\*\*Does not include Investments related vendor searches



Date	Conference
<b>August, 2021</b>	
22-24	NCPERS (National Conference on Public Employee Retirement Systems) Public Pension Funding Forum New York, NY
<b>September, 2021</b>	
17	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Virtual <i>(subject to change in venue)</i>
21-24	AHIP (America’s Health Insurance Plans) National Conferences on Medicare, Medicaid and Dual Eligibles Virtual
22-24	National Association of Securities Professionals (NASP) 32 <sup>nd</sup> Annual Pension & Financial Services Conference Virtual
22-24	Council of Institutional Investors (CII) Fall Conference Virtual/Limited In-Person Attendance
23-25	Duke University Executive Education Program – Corporate Social Responsibility Durham, NC
26-28	NCPERS (National Conference on Public Employee Retirement Systems) FALL (Financial, Actuarial, Legislative & Legal) Conference Scottsdale, AZ
28 – 30	CALAPRS (California Association of Public Retirement Systems) Principles of Pension Governance for Trustees Virtual <i>(subject to change in venue)</i>
<b>October, 2021</b>	
11-15	Investment Strategies & Portfolio Management <i>(prev. Pension Fund &amp; Investment Mgmt.)</i> Wharton School, University of Pennsylvania
17-20	IFEBP (International Foundation of Employment Benefit Plans) Annual Employee Benefits Conference Denver, CO
17-20	Milken Institute Global Conference Los Angeles, CA
25-27	PREA (Pension Real Estate Association) Annual Institutional Investor Conference Chicago, IL
25-27	ICGN (International Corporate Governance Network) Annual Conference Toronto, Canada
29	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees Virtual <i>(subject to change in venue)</i>

# Chief Investment Officer Monthly Report

Board of Investments

August 11, 2021



Jonathan Grabel   
Chief Investment Officer

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

# Table of Contents

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1. Market Environment
2. Portfolio Performance and Risk Updates
3. Portfolio Structural Updates
4. Key Initiatives and Operational Updates
5. Commentary
6. Appendix
  1. Quite Period for Search Respondents
  2. Compliance Report



# Market Environment

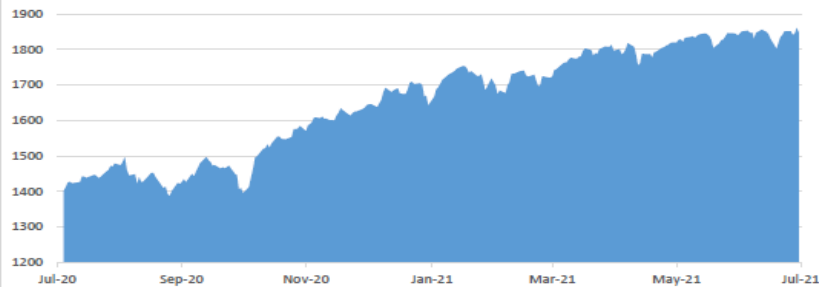


# Global Market Performance as of July 31, 2021

## MSCI ACWI Index (Global Equity Market)\*

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
0.5	3.2	13.2	34.7	13.4	13.7	10.1

MSCI ACWI IMI Index 1-Year Performance



## Russell 3000 Index (U.S. Equity Market)

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
1.7	4.7	17.1	38.7	18.1	17.4	15.2

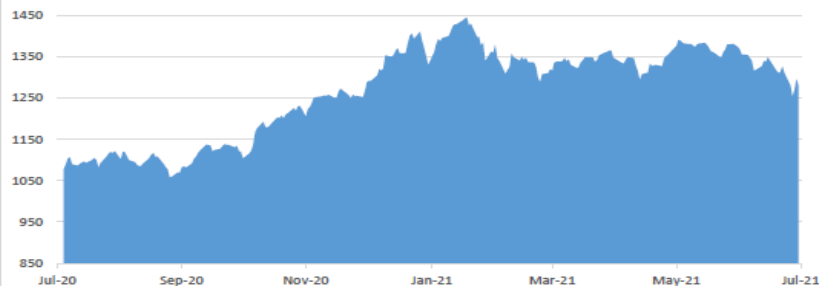
Russell 3000 1-Year Performance



## MSCI Emerging Market Index

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
-6.7	-4.4	0.2	20.6	7.9	10.4	3.6

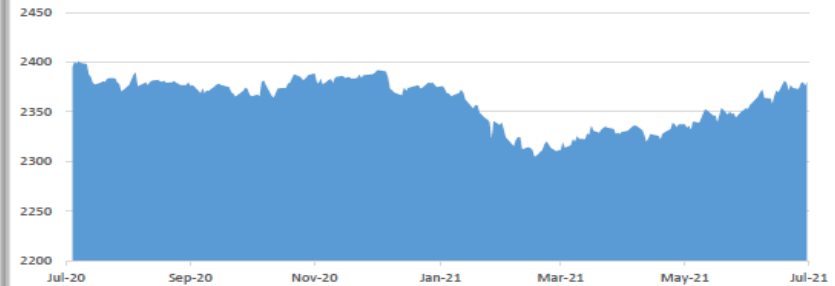
MSCI Emerging Markets 1-Year Performance



## Barclays U.S. Aggregate Bond Index\*\*

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
1.1	2.2	-0.5	-0.7	5.7	3.1	3.3

Barclays U.S. Aggregate Bond Index 1-Year Performance



\*Global Equity Policy Benchmark - MSCI ACWI IMI Index

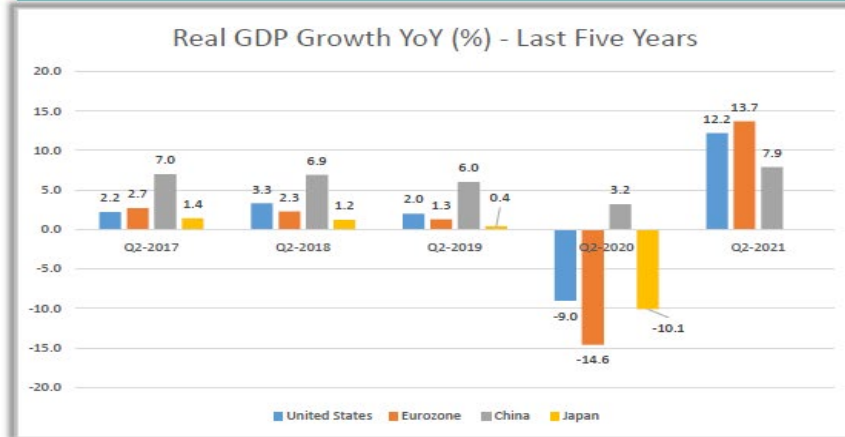
\*\*Investment Grade Bonds Policy Benchmark - Barclays U.S. Aggregate Bond Index

Source: Bloomberg



# Key Macro Indicators\*

## GDP Growth of Major Economies<sup>1</sup>



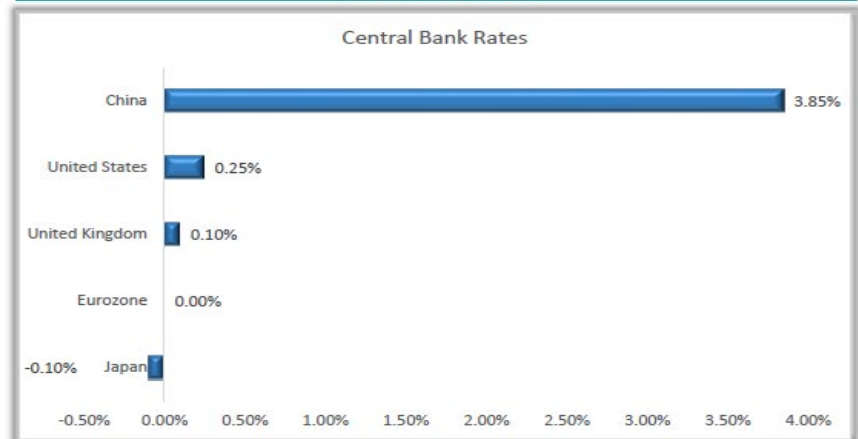
## Historical Low for 10-Year Treasury Yield<sup>2</sup>



## World Equity Valuation<sup>3</sup>



## Central Bank Rates<sup>4</sup> (as of 7/31/2021)



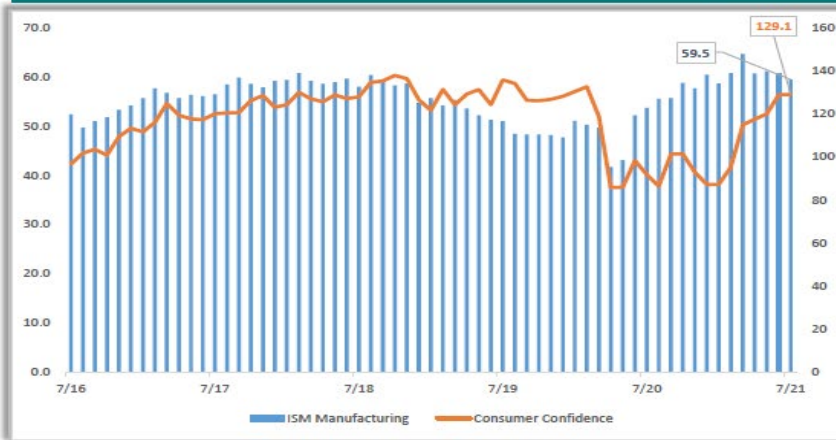
\*The information on the "Key Macro Indicators" charts is the best available data as of 7/31/21 and may not reflect the current market and economic environment. Japan 2Q2021 GDP data not yet available.

Sources: 1. Bloomberg 3. FactSet  
2. St. Louis Federal Reserve 4. FactSet



# Key Macro Indicators\*

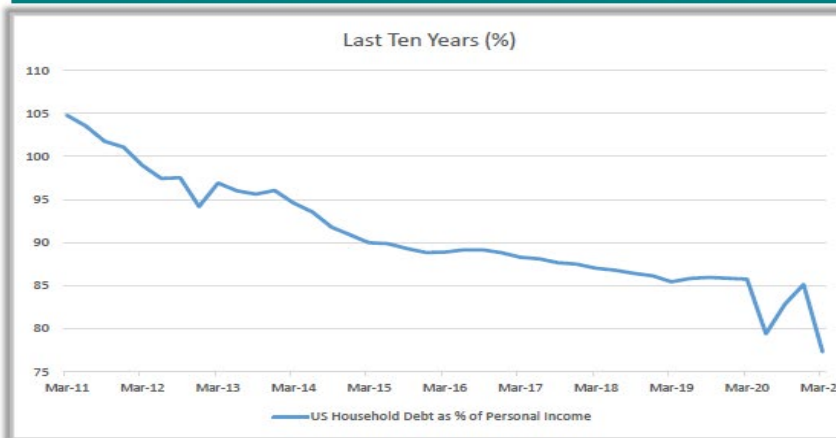
## Consumer Confidence & ISM Manufacturing<sup>1</sup>



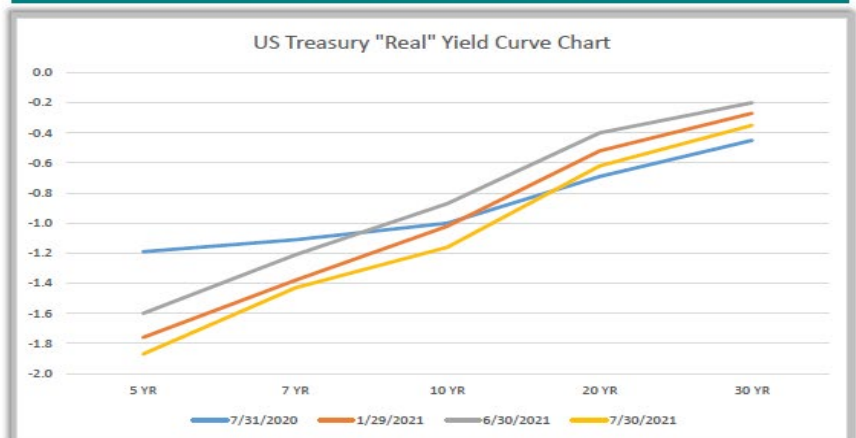
## U.S. Inflation, Unemployment, & Labor Force Participation<sup>2</sup>



## U.S. Household Debt as % of Personal Income<sup>3</sup>



## U.S. Treasury "Real" Yield Curve<sup>4</sup>



Sources: 1. Bloomberg 3. Bloomberg  
2. Bloomberg 4. U.S. Treasury

\*The information on the "Key Macro Indicators" charts is the best available data as of 7/31/21 and may not reflect the current market and economic environment.



# Market Themes and Notable Items to Watch

## Recent Themes

- COVID-19
  - More than 197 million cases, 4.2 million deaths, and 4 billion vaccines administered worldwide
  - Emergence and spread of coronavirus variants, including the Delta variant which is reportedly more contagious and has a longer transmission window than the original COVID-19 strain
- The U.S. 10-year treasury yield ended June at 1.23%, up from 0.93% at the end of 2020 and below 1.74% at the end of March 2021
- Global equities again set new highs in July
- The International Monetary Fund kept its global growth forecast for 2021 at 6% and increased its 2022 forecast from 4.4% to 4.9% while citing that the increase is “largely from the forecast upgrade for advanced economies, particularly the United States.”

## What to Watch

- COVID-19
  - Economic and consumer behavior impacts as vaccination rates evolve and virus variants emerge
- Global GDP growth rate
- Social equity and civil rights initiatives
- Unemployment and consumer spending
- Potential government infrastructure spending
- Inflation pressures and trends
- Geopolitical risks and trade arrangements
- Yield curve and credit spreads
- Central bank activity





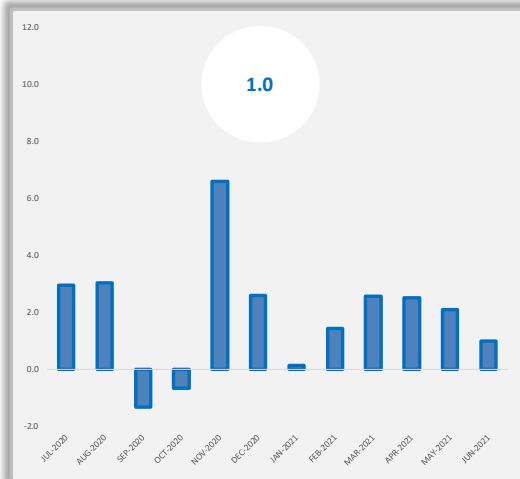
# Portfolio Performance & Risk Updates



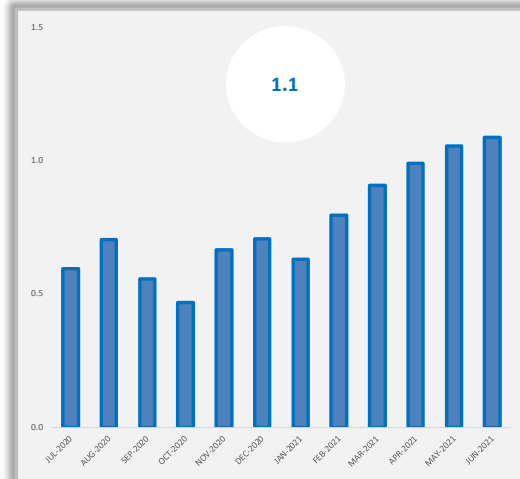
# Total Fund Summary

as of June 2021

## Monthly Return (% net)



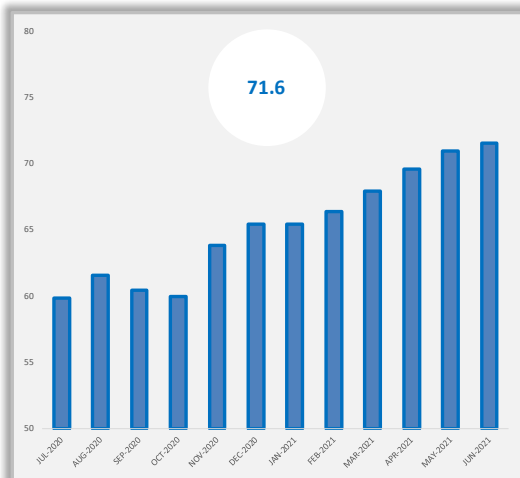
## Sharpe Ratio (3-Year Annualized)



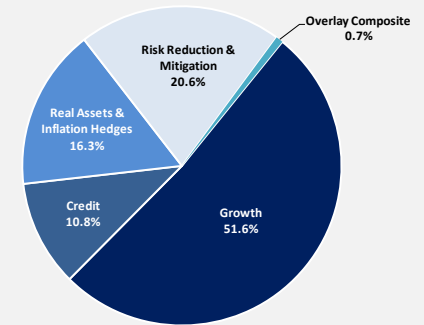
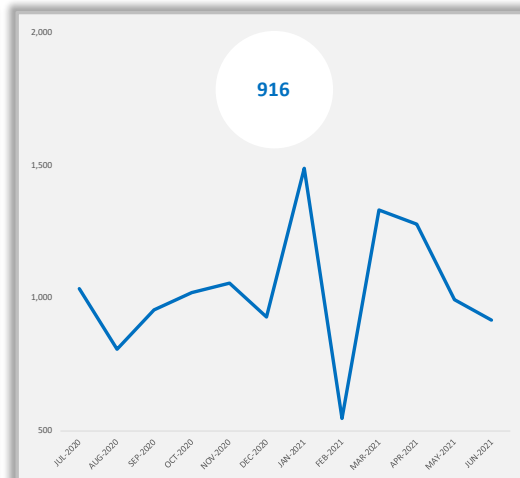
## Asset Allocation

	Market Value <sup>1</sup> (\$ millions)	% of Total	Final Target <sup>2</sup>
<b>TOTAL FUND</b>	<b>71,567</b>	<b>100.0%</b>	
<b>Growth</b>	<b>36,932</b>	<b>51.6%</b>	<b>47.0%</b>
Global Equity	26,447	37.0%	35.0%
Private Equity <sup>3</sup>	9,866	13.8%	10.0%
Opportunistic Real Estate <sup>4</sup>	618	0.9%	2.0%
<b>Credit</b>	<b>7,700</b>	<b>10.8%</b>	<b>12.0%</b>
High Yield	2,250	3.1%	3.0%
Bank Loans	2,639	3.7%	4.0%
Emerging Market Debt	892	1.2%	2.0%
Illiquid Credit <sup>3,4,5</sup>	1,919	2.7%	3.0%
<b>Real Assets &amp; Inflation Hedges</b>	<b>11,677</b>	<b>16.3%</b>	<b>17.0%</b>
Core & Value Added Real Estate <sup>4</sup>	4,467	6.2%	7.0%
Natural Resources & Commodities	2,998	4.2%	4.0%
Infrastructure	2,183	3.1%	3.0%
Treasury Inflation-Protected Securities	2,029	2.8%	3.0%
<b>Risk Reduction &amp; Mitigation</b>	<b>14,743</b>	<b>20.6%</b>	<b>24.0%</b>
Investment Grade Bonds	11,301	15.8%	19.0%
Diversified Hedge Fund Portfolio <sup>5</sup>	2,526	3.5%	4.0%
Cash	916	1.3%	1.0%
Overlay Composite <sup>6</sup>	516	0.7%	—

## Total Market Value (\$ billions)



## Cash (\$ millions)



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

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

# Historical Net Performance

as of June 2021

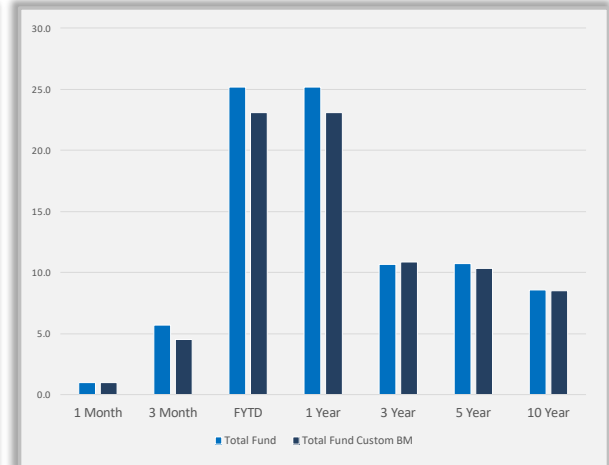
## LACERA Pension Fund

(% net)

	Market Value (\$ millions)	% of Total Fund	Final Target <sup>1</sup>	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
<b>TOTAL FUND</b>	<b>71,567</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1.0</b>	<b>5.7</b>	<b>25.2</b>	<b>25.2</b>	<b>10.7</b>	<b>10.8</b>	<b>8.6</b>
<i>Total Fund Custom BM</i>				<i>1.0</i>	<i>4.5</i>	<i>23.1</i>	<i>23.1</i>	<i>10.9</i>	<i>10.3</i>	<i>8.5</i>
<i>7% Annual Hurdle Rate</i>				<i>0.57</i>	<i>1.71</i>	<i>7.00</i>	<i>7.00</i>	<i>7.00</i>	<i>7.00</i>	<i>7.00</i>
<b>Functional Composites<sup>2</sup></b>				<b>1 Month</b>	<b>3 Month</b>	<b>FYTD</b>	<b>1 Year</b>			
<b>GROWTH</b>	<b>36,932</b>	<b>51.6%</b>	<b>47.0%</b>	<b>1.6</b>	<b>8.7</b>	<b>42.8</b>	<b>42.8</b>			
<i>Growth Custom BM</i>				<i>1.5</i>	<i>6.7</i>	<i>43.6</i>	<i>43.6</i>			
<b>CREDIT</b>	<b>7,700</b>	<b>10.8%</b>	<b>12.0%</b>	<b>0.7</b>	<b>2.8</b>	<b>17.9</b>	<b>17.9</b>			
<i>Credit Custom BM</i>				<i>0.6</i>	<i>1.9</i>	<i>9.4</i>	<i>9.4</i>			
<b>REAL ASSETS &amp; INFLATION HEDGES</b>	<b>11,677</b>	<b>16.3%</b>	<b>17.0%</b>	<b>-0.2</b>	<b>4.4</b>	<b>15.2</b>	<b>15.2</b>			
<i>Real Assets &amp; Inflation Hedges Custom BM</i>				<i>0.4</i>	<i>4.9</i>	<i>15.6</i>	<i>15.6</i>			
<b>RISK REDUCTION &amp; MITIGATION</b>	<b>14,743</b>	<b>20.6%</b>	<b>24.0%</b>	<b>0.6</b>	<b>1.6</b>	<b>2.5</b>	<b>2.5</b>			
<i>Risk Reduction &amp; Mitigation Custom BM</i>				<i>0.6</i>	<i>1.6</i>	<i>0.2</i>	<i>0.2</i>			
<b>OVERLAY COMPOSITE</b>	<b>516</b>	<b>0.7%</b>	<b>—</b>							

## Historical Returns

(% net)



## OPEB Master Trust Fund

(% net)

Sub-Trusts	Market Value (\$ millions) <sup>3</sup>	Trust Ownership %	Final Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year
<b>TOTAL OPEB MASTER TRUST</b>	<b>2,307</b>								
Los Angeles County	2,236	96.9%	—	1.2	6.1	28.4	28.4	10.6	11.6
LACERA	9	0.4%	—	1.2	6.1	28.4	28.4	10.6	11.6
Superior Court	62	2.7%	—	1.1	6.1	28.1	28.1	10.4	10.5
<b>Functional Composites</b>				<b>1 Month</b>	<b>3 Month</b>	<b>FYTD</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>
<b>OPEB Growth</b>	<b>1,145</b>	<b>49.7%</b>	<b>50.0%</b>	<b>1.3</b>	<b>7.2</b>	<b>41.2</b>	<b>41.2</b>	<b>14.5</b>	<b>14.9</b>
<i>Custom OPEB MT Growth Pool</i>				<i>1.2</i>	<i>7.2</i>	<i>40.9</i>	<i>40.9</i>	<i>14.2</i>	<i>14.5</i>
<b>OPEB Credit</b>	<b>473</b>	<b>20.5%</b>	<b>20.0%</b>	<b>0.4</b>	<b>2.2</b>	<b>10.7</b>	<b>10.7</b>	<b>4.8</b>	<b>—</b>
<i>Custom OPEB MT Credit Pool</i>				<i>0.3</i>	<i>2.3</i>	<i>11.8</i>	<i>11.8</i>	<i>5.3</i>	<i>—</i>
<b>OPEB Real Assets &amp; Inflation Hedges</b>	<b>449</b>	<b>19.5%</b>	<b>20.0%</b>	<b>1.7</b>	<b>9.5</b>	<b>30.4</b>	<b>30.4</b>	<b>7.4</b>	<b>—</b>
<i>Custom OPEB MT RA &amp; IH Pool</i>				<i>1.7</i>	<i>9.5</i>	<i>30.4</i>	<i>30.4</i>	<i>7.3</i>	<i>—</i>
<b>OPEB Risk Reduction &amp; Mitigation</b>	<b>238</b>	<b>10.3%</b>	<b>10.0%</b>	<b>0.6</b>	<b>1.5</b>	<b>-0.2</b>	<b>-0.2</b>	<b>4.7</b>	<b>3.3</b>
<i>Custom OPEB MT RR &amp; M Pool</i>				<i>0.6</i>	<i>1.5</i>	<i>-0.2</i>	<i>-0.2</i>	<i>4.6</i>	<i>3.1</i>
<b>Operating Cash</b>	<b>0.4</b>	<b>0.0%</b>	<b>—</b>						

## Historical Returns

(% net)

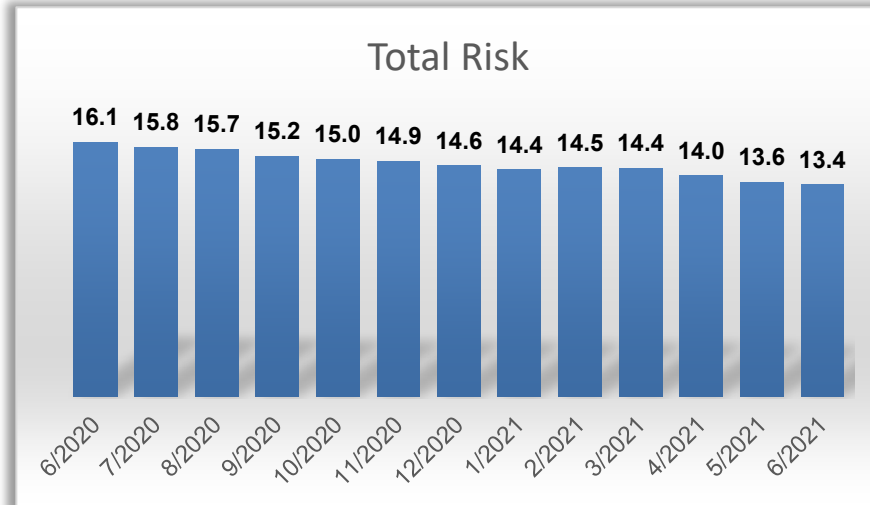
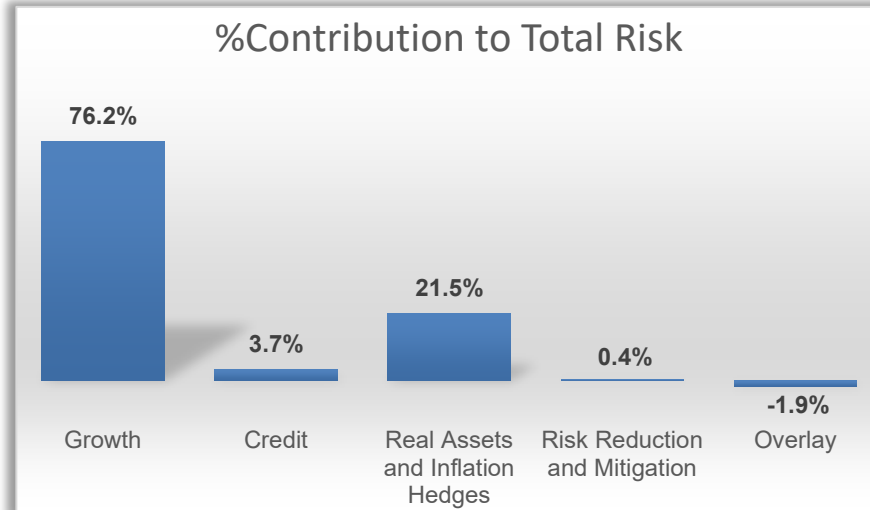


1. Final target weights effective as of 10/1/19  
2. Functional composites were adopted on 4/1/19

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

# Total Fund Forecast Risk\*

as of June 2021



	%Weight	% Cont. to Total Risk	Standalone Total Risk	Standalone BMK Risk**
<b>Total Fund</b>			<b>13.4</b>	<b>12.0</b>
<b>Growth</b>	<b>51.3%</b>	<b>76.2%</b>	<b>20.3</b>	<b>19.9</b>
Global Equity	37.1%	52.4%	19.5	19.7
Private Equity	13.3%	22.4%	26.7	26.9
Opportunistic Real Estate	0.9%	1.4%	30.6	20.2
<b>Credit</b>	<b>10.8%</b>	<b>3.7%</b>	<b>5.4</b>	<b>4.6</b>
High Yield Bonds	3.1%	1.2%	6.1	5.1
Bank Loans	3.7%	1.0%	5.3	6.8
Illiquid Credit	2.7%	0.9%	6.8	3.6
Emerging Market Debt	1.3%	0.6%	9.6	8.5
<b>Real Assets &amp; Inflation Hedges</b>	<b>16.7%</b>	<b>21.5%</b>	<b>19.4</b>	<b>14.9</b>
Core & VA Real Estate	6.3%	11.9%	34.0	20.2
Natural Resources & Commodities	4.5%	4.9%	17.0	21.3
Infrastructure	3.0%	4.4%	21.0	21.1
TIPS	2.9%	0.4%	4.8	4.8
<b>Risk Reduction and Mitigation</b>	<b>20.6%</b>	<b>0.4%</b>	<b>3.1</b>	<b>2.9</b>
Investment Grade Bonds	15.9%	0.2%	3.8	3.6
Diversified Hedge Funds	3.4%	0.3%	4.7	0.2
Cash	1.3%	0.0%	0.0	0.2
<b>Overlay</b>	<b>0.7%</b>	<b>-1.9%</b>	<b>-</b>	<b>-</b>

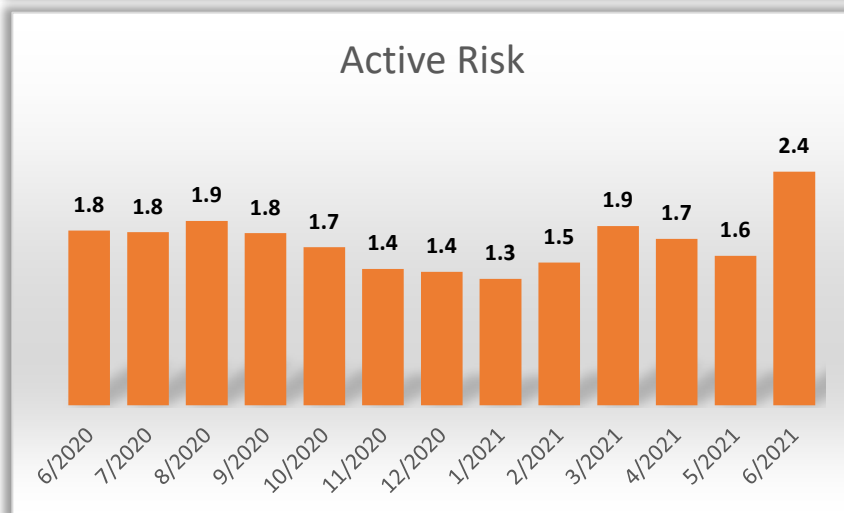
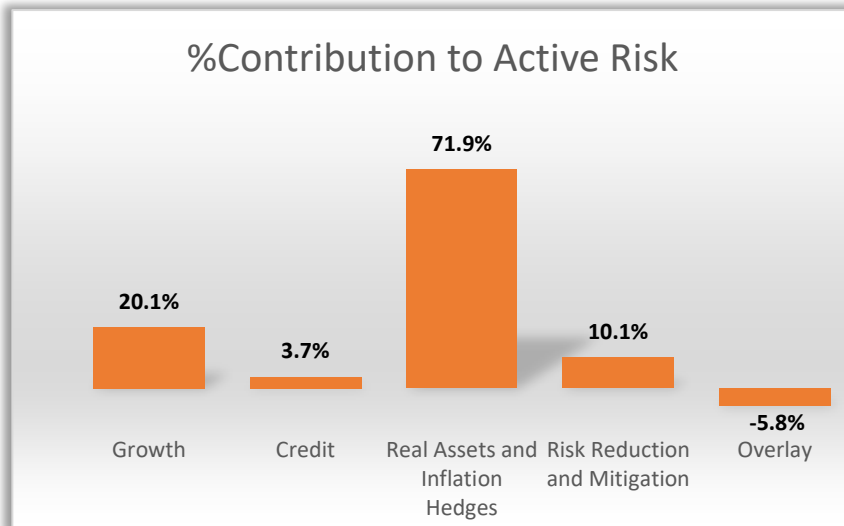
\*Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change. Real estate and private equity data used is as of 3/31/2021

\*\*BMK Risk stands for Benchmark Risk



# Total Fund Forecast Active Risk\*

as of June 2021



	%Weight	Active Weight%	Active Risk	Active Risk Allocation	Active Risk Selection
<b>Total Fund</b>			<b>2.44</b>	<b>0.35</b>	<b>2.09</b>
<b>Growth</b>	<b>51.3%</b>	<b>4.27%</b>	<b>0.49</b>	<b>0.22</b>	<b>0.27</b>
Global Equity	37.1%				
Private Equity	13.3%				
Opportunistic Real Estate	0.9%				
<b>Credit</b>	<b>10.8%</b>	<b>-1.23%</b>	<b>0.09</b>	<b>0.05</b>	<b>0.04</b>
High Yield Bonds	3.1%				
Bank Loans	3.7%				
Illiquid Credit	2.7%				
Emerging Market Debt	1.3%				
<b>Real Assets &amp; Inflation Hedges</b>	<b>16.7%</b>	<b>-0.29%</b>	<b>1.75</b>	<b>0.01</b>	<b>1.75</b>
Core & VA Real Estate	6.3%				
Natural Resources & Commodities	4.5%				
Infrastructure	3.0%				
TIPS	2.9%				
<b>Risk Reduction and Mitigation</b>	<b>20.6%</b>	<b>-3.43%</b>	<b>0.25</b>	<b>0.22</b>	<b>0.03</b>
Investment Grade Bonds	15.9%				
Diversified Hedge Funds	3.4%				
Cash	1.3%				
<b>Overlay</b>	<b>0.7%</b>	<b>0.68%</b>	<b>-0.14</b>	<b>-0.14</b>	<b>0.00</b>

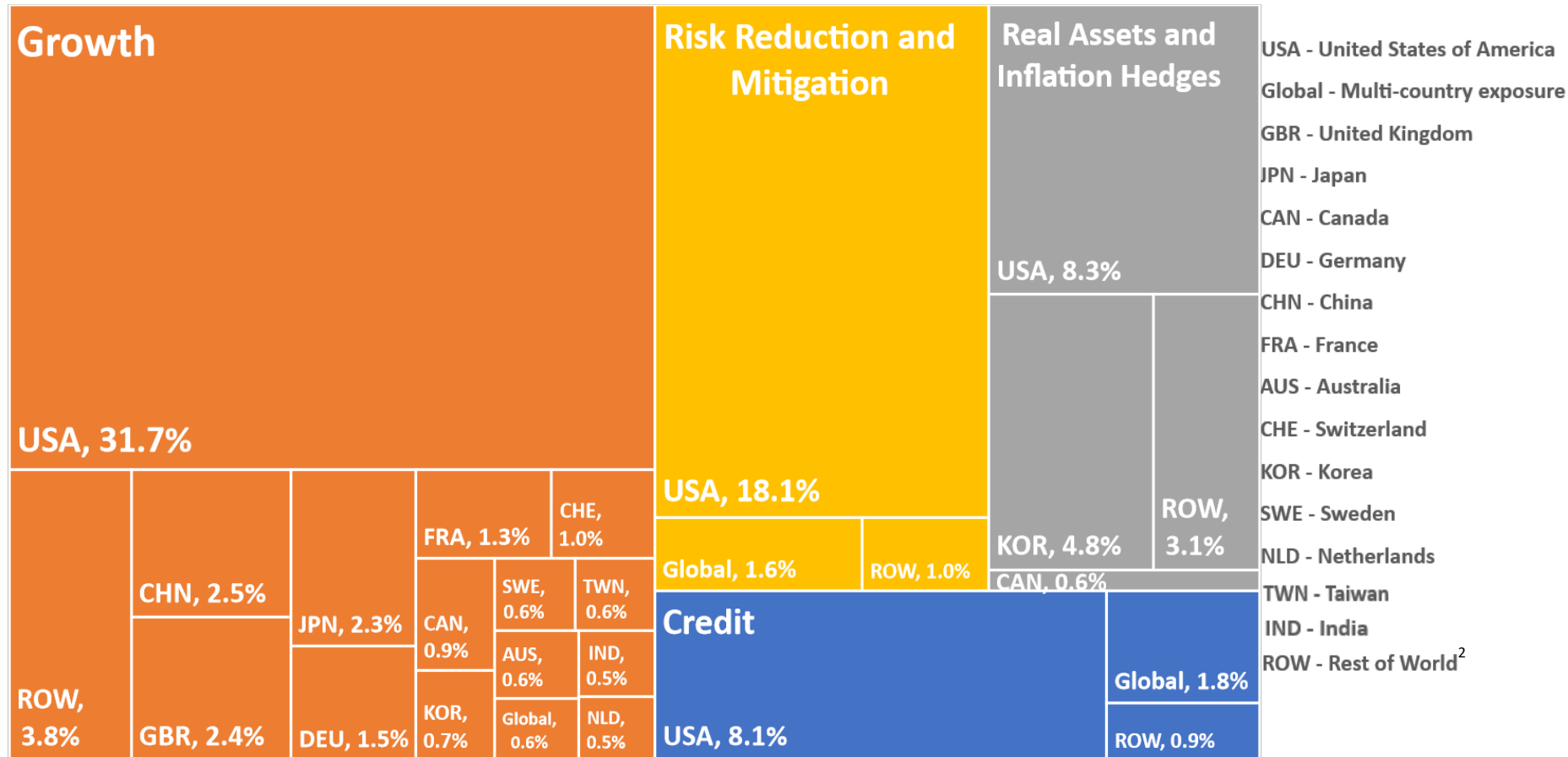
\*Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change. Real estate and private equity data used is as of 3/31/2021



# Geographic Exposures by AUM\* - Asset Categories

as of June 2021 ex-overlay

■ Credit ■ Growth ■ Real Assets and Inflation Hedges ■ Risk Reduction and Mitigation



\*AUM = assets under management

<sup>1</sup> \*Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change. Real estate and private equity data used is as of 3/31/2021

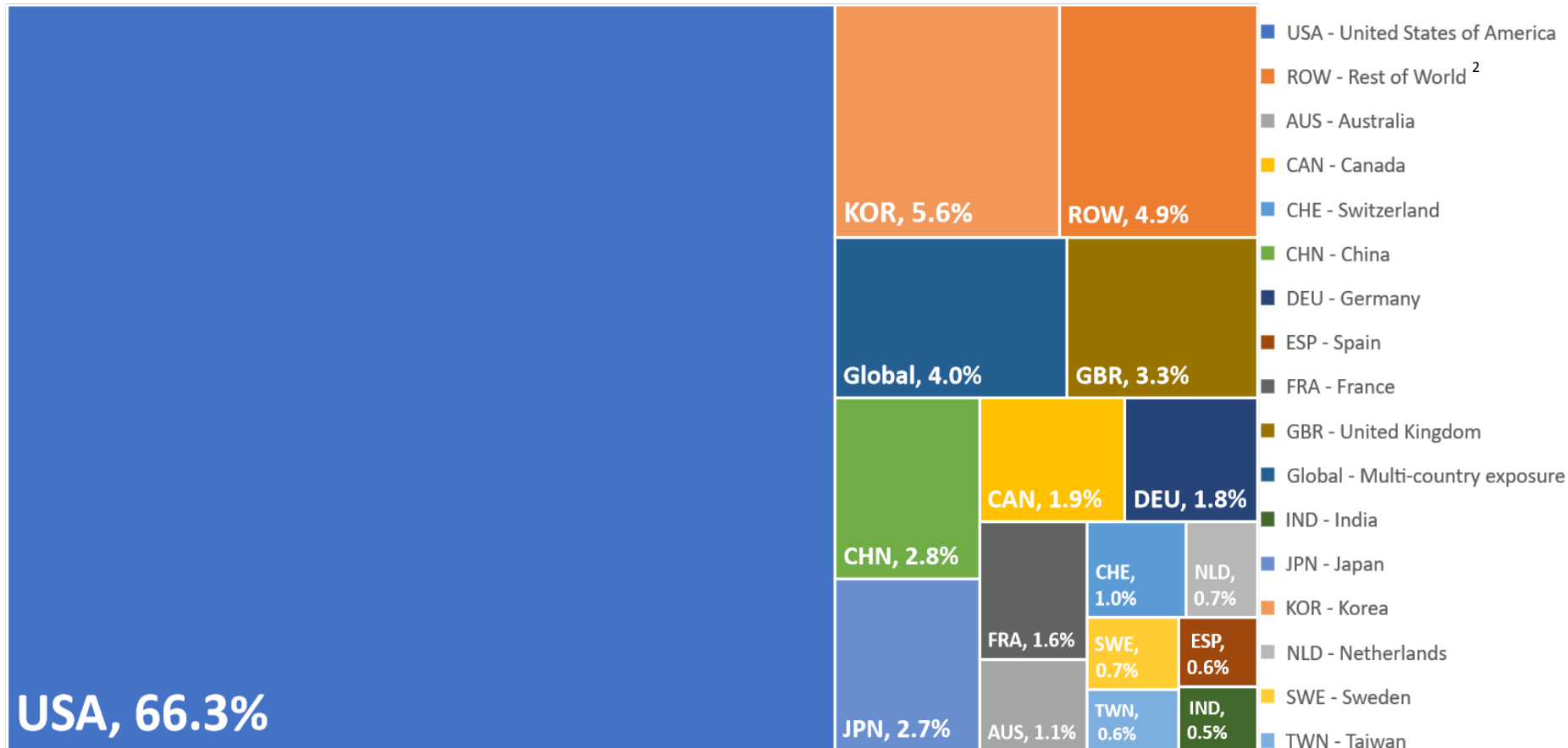
<sup>2</sup> "ROW - Rest of World" is sum of countries with weight below 0.5%

<sup>3</sup> Geographic exposure is based on the domicile country of a given security/asset



# Geographic Exposures by AUM\* - Total Fund

as of June 2021 ex-overlay



\*AUM = assets under management

<sup>1</sup> \*Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change. Real estate and private equity data used is as of 3/31/2021

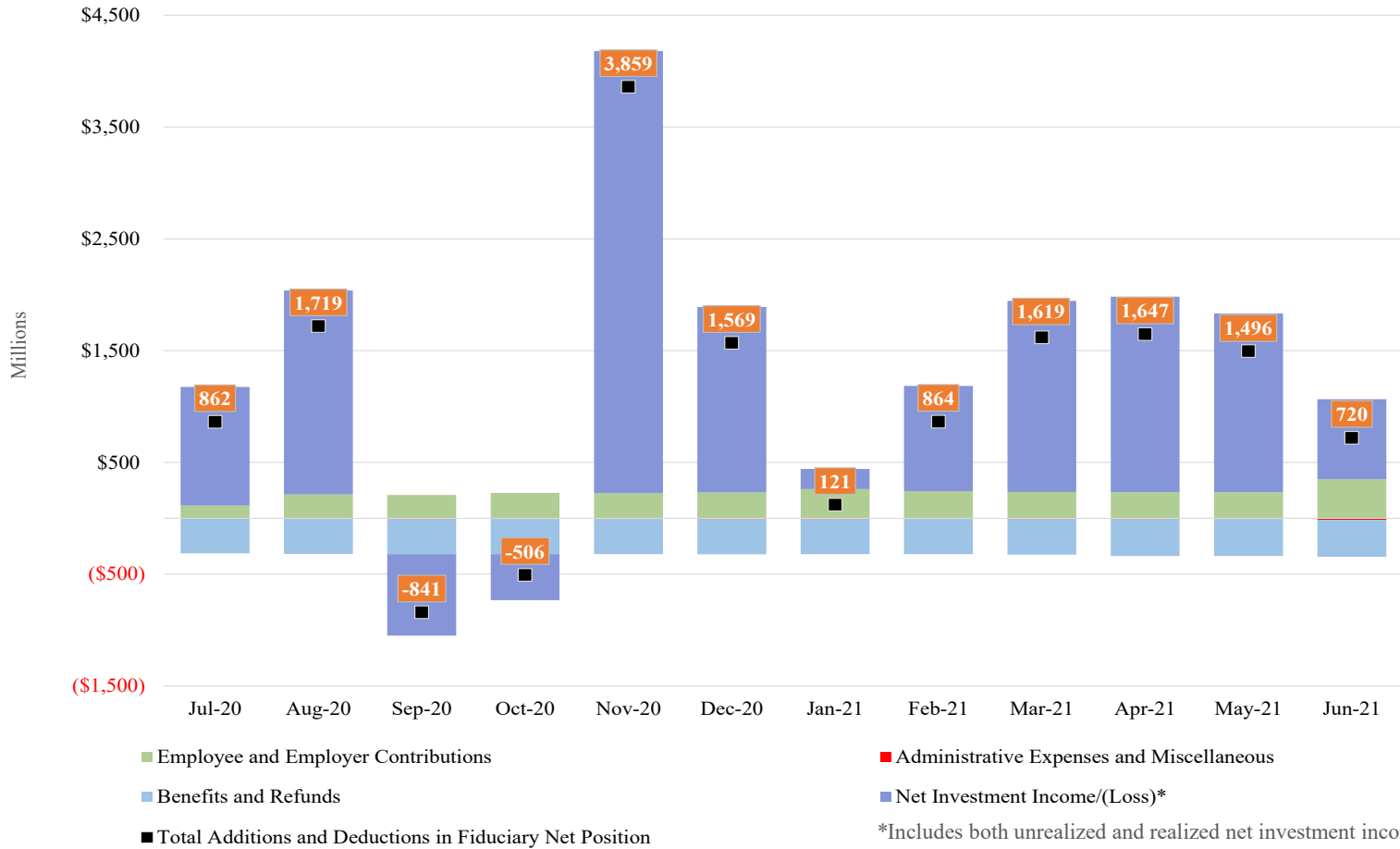
<sup>2</sup> "ROW - Rest of World" is sum of countries with weight below 0.5%

<sup>3</sup> Geographic exposure is based on the domicile country of a given security/asset



# Change In Fiduciary Net Position

Additions and Deductions in Fiduciary Net Position (Unaudited)



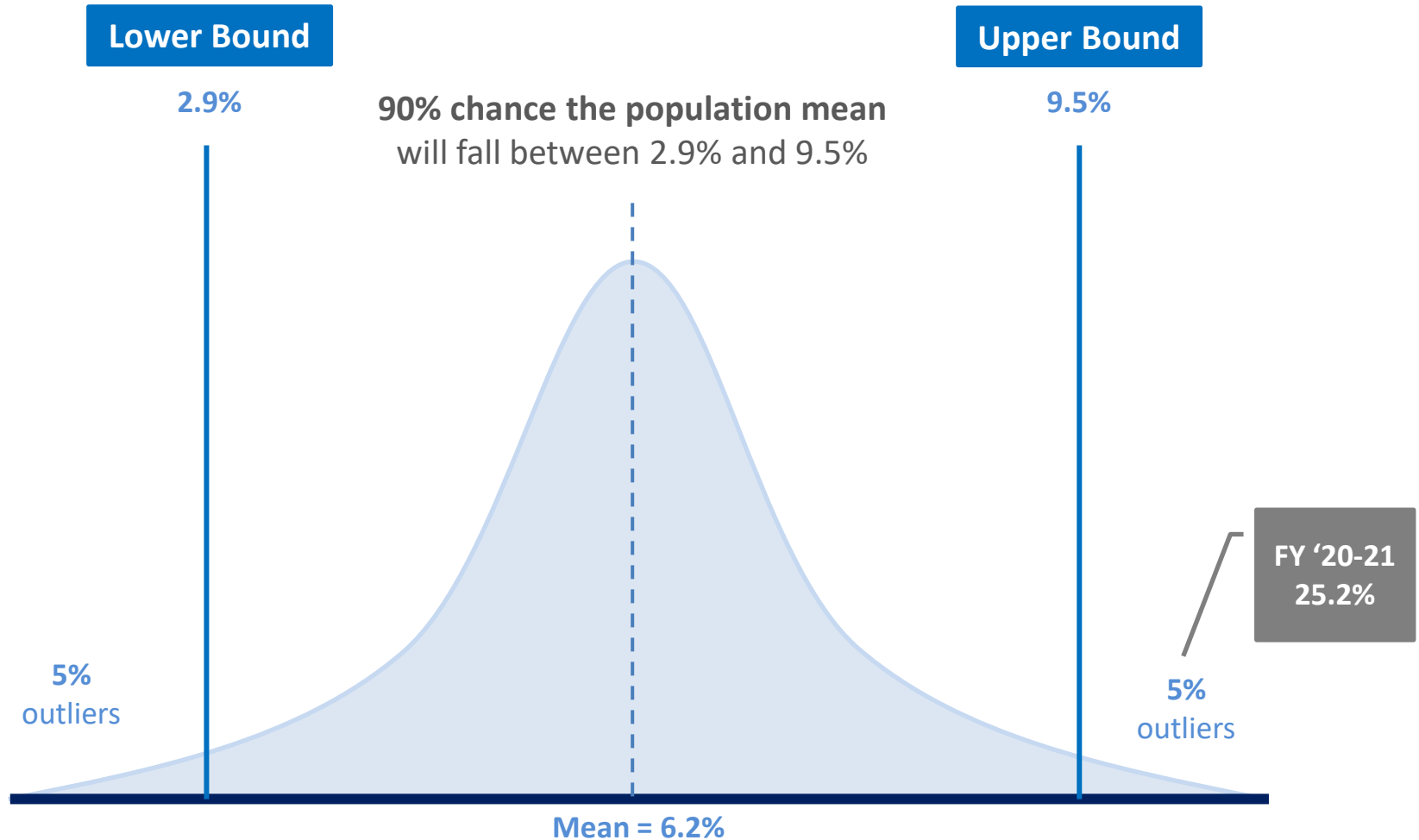
Fiscal Year	Negative Months	Positive Months	Total Net Position Change \$
FY-19	4	8	\$1.9 billion
FY-20	5	7	-
FY-21	2	10	\$13.1 billion





# Fiscal Year Net Performance

Statistical Analysis\*



The most recent fiscal year net return of 25.2% is approximately 1.65 standard deviations from the sample mean with 95% of outcomes expected to be below the upper bound.

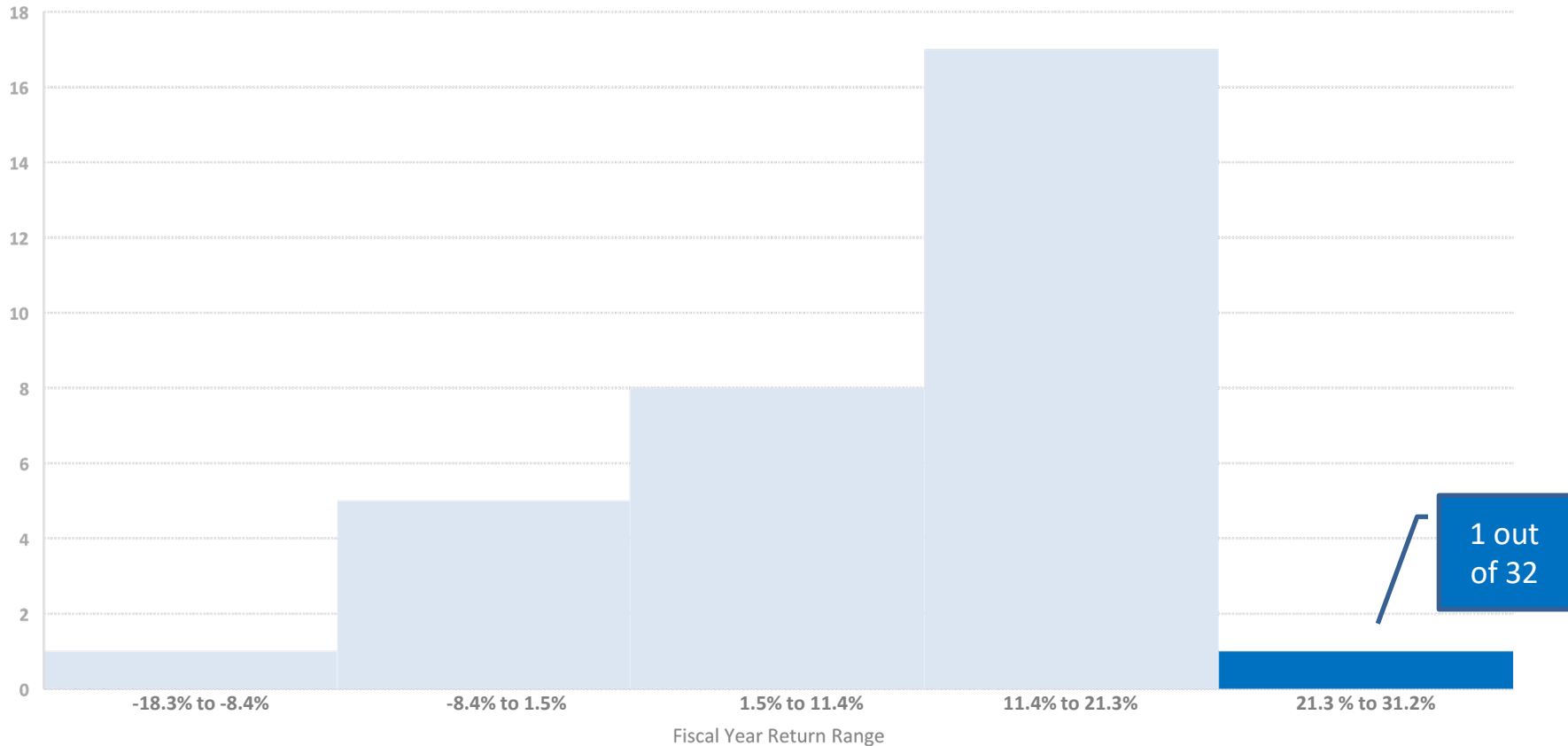


\* Based on Meketa's modeled 6.2% expected return and 11.3% expected volatility from the 2018 strategic asset allocation and 2020 capital market assumptions.

# Fiscal Year Net Performance

## Statistical Analysis

### Number of Observations



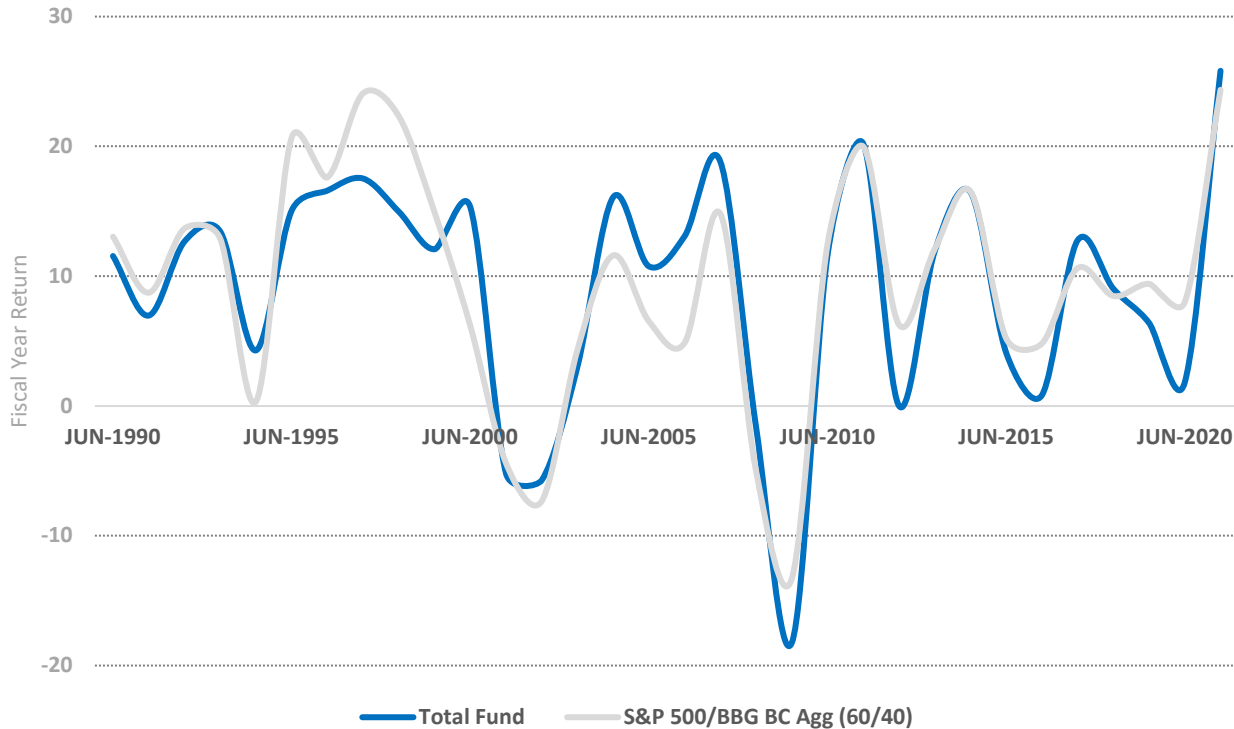
The most recent fiscal year net return of 25.2% is an outlier when compared against the historical range of outcomes. More than half of the distribution falls within the range of 11.4% to 21.3%.



# Fiscal Year Net Performance

## Statistical Analysis

Historical Fiscal Year Performance\*



<b>FY '20-21</b>	<b>25.2</b>
Max	25.2
Min	-18.3
Avg	9.1
<b>Sharpe Ratio</b>	<b>3.5</b>
Portfolio Volatility (%)	7.2
Benchmark Volatility (%)	6.9
Tracking Error (%)	2.2
Information Ratio	1.0

Source: State Street

Outside of our sample period, only two other fiscal years generated a higher return.

FY '82-83 = 44.9 gross  
S&P 500/BBG BC Agg (60/40) = 48.6

FY '84-85 = 31.3 gross  
S&P 500/BBG BC Agg (60/40) = 30.4



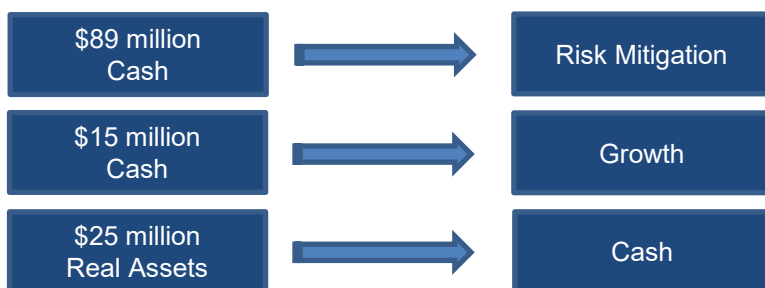
# Portfolio Structural Updates



# Portfolio Structural Updates

## Portfolio Movements

### Rebalancing Activity



### Hedges and Overlays

Program	June Return	June Gain/Loss	Inception* Gain/Loss
Currency Hedge**	1.2%	-\$7.7 Million	\$828.0 Million
Cash/Rebalance Overlay***	0.1%	\$5.1 Million	-\$58.9 Million

## Current Search Activity

### Status of Active Searches – Subject to Change

Name	RFP Issued	Due Diligence	BOI Review
Private Equity Advisor Services	●	●	August 2021 BOI
Global Equity Emerging Manager Search	●	●	Anticipated Late 2021
Private Equity Emerging Manager Discretionary Separate Account Search	●		Anticipated Winter 2022

### Quiet Period for Search Respondents

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



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

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

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

# Key Initiatives and Operational Updates



# Notable Initiatives and Operational Updates

## Key Initiative Updates

- Ongoing implementation and development of LACERA TIDE initiative
- New Strategic Asset Allocation implantation is ongoing

## Operational Updates

- Preparing for the release of the Annual Contract Compliance exercise for public markets

## Completed Actions

- The new performance system onboarding process has been completed
- The new risk system onboarding process has been completed

## Team Searches and Open Positions

- Active Searches
  - Financial Analyst III – Credit

## Manager/Consultant Updates

- Wells Fargo Asset Management (Fixed Income) will be rebranded as Allspring Global Investments and current Chief Executive Officer (“CEO”), Nico Marais, will retire and continue to as a senior advisor. These actions are expected to be completed by the end of the year. Joseph A. Sullivan will become Allspring’s CEO in addition to his previously announced role as Executive Chairman of the Board.
- Stockbridge Capital Group (Real Estate) completed a transaction to repurchase a 48% interest in the firm that was previously sold to Hong Kong-based CITIC Capital Holdings Limited in 2017.



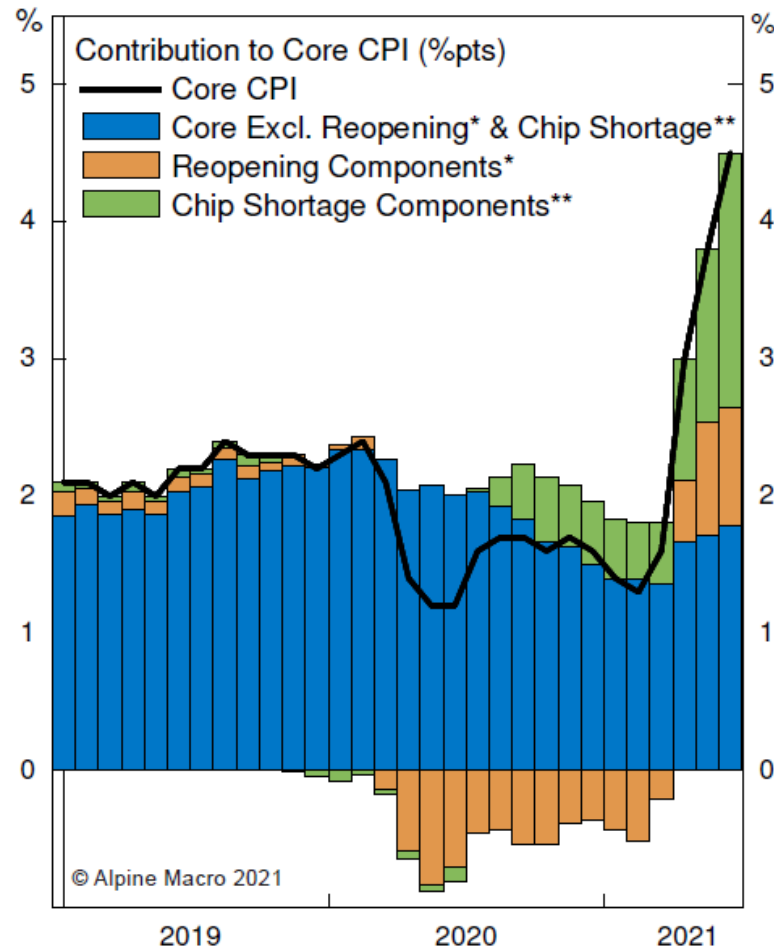
# Commentary





# Staff Chart of the Month\*

## Recent Surge in Core Inflation has been Narrowly Based



\*Transportation services, lodging away from home and sporting goods

\*\*Transport vehicles & parts, appliances and video & audio products

Source: Alpine Macro



# Quiet Period for Search Respondents

## Private Equity Advisor Services

- ✓ Albourne America LLC
- ✓ StepStone Global LLC
- ✓ Wilshire Associates Inc

## Global Equity Emerging Manager Search

- ✓ Advisory Research Investment Management
- ✓ Akiya Investment Management
- ✓ Applied Research Investments, LLC
- ✓ Blackcrane Capital, LLC
- ✓ Brasil Capital
- ✓ Bridge City Capital
- ✓ Cartica Management, LLC
- ✓ CDAM (UK) Limited
- ✓ Cedar Street Asset Management
- ✓ Centerstone Investors, LLC
- ✓ Columbus Point LLP
- ✓ Cove Street Capital, LLC
- ✓ Dundas Partners LLP
- ✓ EAM Investors, LLC
- ✓ Emerge Capital Management
- ✓ Evolutionary Tree Capital Management
- ✓ Foresight Global Investors, Inc.
- ✓ FountainCap Research & Investment
- ✓ Frontier Global Partners
- ✓ Legion Partners Asset Management, LLC
- ✓ MayTech Global Investments, LLC
- ✓ Metis Global Partners, LLC
- ✓ Nipun Capital, LP
- ✓ NZS Capital, LLC
- ✓ Port Capital, LLC
- ✓ Redwood Investments, LLC
- ✓ Sustainable Insight Capital Management
- ✓ Taylor Frigon Capital Management, LLC
- ✓ Trinity Alps Capital Partners, LP



# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division  
As of June 2021\*

## LACERA PENSION FUND

13

GROWTH  
Total # of Advisory

GROWTH

Global Equity

Asset Allocation Policy Compliance

Investment Guideline Compliance

Emerging Manager Program

# of Sudan/Iran Holdings Held by Managers

Quarterly Review Status

# of Advisory

Notes

✓

✓

✓

✓

2

10

2 managers breached maximum individual security weights. Portfolios were brought back into compliance.

10 issuers held, totaling \$17.1 mm in market value

Private Equity - Growth\*\*

Asset Allocation Policy Compliance

Guideline Compliance by  
Strateav

Guideline Compliance by Geographic Location

Investment Exposure Limit

✓

✓

✓

✓

1

above 7-13% policy range by 0.8% at June period-end

Opportunistic Real Estate\*\*

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

0

CREDIT  
Total # of Advisory

CREDIT

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

Asset Allocation Policy Compliance

Investment Guideline Compliance

Emerging Manager Program

# of Sudan/Iran Holdings Held by Managers

Quarterly Review Status

# of Advisory

Notes

✓

✓

✓

✓

# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division  
As of June 2021\*

## LACERA PENSION FUND

3

### REAL ASSETS & INFLATION HEDGES

Total # of Advisory

#### REAL ASSETS & INFLATION HEDGES

##### Core & Value Added Real Estate\*\*

Asset Allocation Policy Compliance

✓

Guideline Compliance by Strategy (Core/Non-Core)

✓

Guideline Compliance by Manager

✓

Guideline Compliance by Property Type

✓

Guideline Compliance by Geographic Location

✓

Guideline Compliance by Leverage

✓

1

Core office has variance of -11.7%: outside of +/-10% range

1

Core East US region has variance of -10.2%; Outside of +/-10% range

1

One value-add mandate is above 65% LTV limit

##### Natural Resources & Commodities\*\*\*

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

# of Sudan/Iran Holdings Held by Managers

✓

##### Infrastructure

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

# of Sudan/Iran Holdings Held by Managers

✓

##### TIPS

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

# of Sudan/Iran Holdings Held by Managers

✓

# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division  
As of June 2021\*

## LACERA PENSION FUND

1

### RISK REDUCTION & MITIGATION

Total # of Advisory

RISK REDUCTION & MITIGATION	Quarterly Review Status	# of Advisory	Notes
<b>Investment Grade Bonds</b>			
Asset Allocation Policy Compliance	✓		
Investment Guideline Compliance	✓		
Emerging Manager Program	✓		
# of Sudan/Iran Holdings Held by Managers	✓	1	1 issuer held, totaling \$0.8 mm in market value.
<b>Diversified Hedge Funds**</b>			
Asset Allocation Policy Compliance	✓		
Portfolio Level Compliance	✓		
HFOF Manager Guideline Compliance	✓		N/A as the GSAM & GCM diversified HF portfolios are currently winding down
Direct Portfolio Manager Guideline Compliance	✓		
<b>Cash</b>			
Asset Allocation Policy Compliance	✓		
Investment Guideline Compliance	✓		
# of Sudan/Iran Holdings Held by Managers	✓		

# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division  
As of June 2021\*

## INVESTMENT OPERATIONS

6

### INVESTMENT OPERATIONS

Total # of Advisory

INVESTMENT OPERATIONS	Quarterly Review Status	# Advisory	Notes
<b>Securities Lending</b>			
Investment Guideline Compliance	✓		
\$ Value on Loan	✓	1	State Street \$3,351.4 mm
\$ Value of Cash Collateral	✓	1	State Street \$3,532.7 mm
Total Income - Calendar YTD	✓	1	State Street and GSAL \$2.7 mm
<b>Total Fund Overlay</b>			
Investment Guideline Compliance	✓		
<b>Proxy Voting</b>			
Number of Meetings Voted	✓	1	5,307 meetings voted
<b>Tax Reclaims</b>			
Total Paid Reclaims - Calendar YTD	✓	1	\$222,123
Total Pending Reclaims	✓	1	\$18.3 mm
<b>Fee Validation</b>			
Fee Reconciliation Project	✓		
AB 2833	✓		
<b>Investment Manager Meetings****</b>			
Manager Meeting Requests	✓		

# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division  
As of June 2021\*

## OPEB MASTER TRUST

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

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

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

\*\*\* Investment guideline compliance based on public market exposure

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



July 21, 2021

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

**FROM:** Joint Organizational Governance Committee  
Shawn Kehoe, Chair  
Elizabeth Greenwood, Vice Chair  
Alan Bernstein  
Vivian H. Gray  
Keith Knox  
Les Robbins  
Herman B. Santos  
Joseph Kelly

**FOR:** August 4, 2021 Board of Retirement Meeting  
August 11, 2021 Board of Investments Meeting

**SUBJECT:** Media Artist Classification/Compensation Changes

### RECOMMENDATIONS

That the Board of Retirement and Board of Investments approve for implementation the recommended proposed classification changes for the existing Media Artist classification.

That the Board of Retirement and Board of Investments approve for implementation the recommended proposed classification and compensation changes for the creation of a new Senior Media Artist classification.

### SUMMARY OF PROPOSED CLASSIFICATION AND COMPENSATION CHANGES

Current Classification Title	Current Sal Sch	Proposed Classification Title	Proposed Sal Sch
NEW	N/A	Senior Media Artist, LACERA	103B NMO

The recommended title and salary range serves to preserve LACERA's current pay differential practice to ensure appropriate internal equity.

The authority to implement the proposed new classification rests jointly with the Board of Retirement and Board of Investments. Such authority is provided in the California Government Code Sections 31522.1, 31522.2, and 31522.4, and will require the County Board of Supervisors (BOS) to amend the Salary Ordinance.



## EXECUTIVE SUMMARY

### Background

On April 16, 2015, Communications Division (Communications) requested a classification study of two (2) Media Artist, LACERA (Item No. 0789) positions because the duties and responsibilities of the positions have changed. Communications is responsible for communicating retirement information to LACERA Members by producing newsletters, forms, letters, retirement plan and other brochures, the LACERA web site, annual reports, and an array of internal projects.

The Media Artist, LACERA, class specification was last updated in April 2008, and the organizational structure and duties of the studied positions have changed since then. The class specification for Media Artist, LACERA, states that the position reports to an Assistant Division Head, LACERA, which no longer exists in Communications. According to the Communications Organizational Chart, the division is divided into two (2) teams with one team specializing in video, print, and graphics; the other specializing in web, print, and graphics. There are a total of four (4) Media Artist, LACERA positions in the division, two (2) allocated to each team. The proposed Communication Division organizational structure is shown as **Attachment A**.

### Classification

Civil Service Rule 5.01 requires that a class specification be developed and maintained for each class in the classification service to meet the needs of the service for the allocation of new positions and the reallocation of existing positions. A fundamental principle in classification is that the class specification should describe and define the nature and scope of responsibilities, work activities, qualifications, and other level defining characteristics of the class so that it is properly classified within the classification structure.

Classes, and jobs within them, evolve for many reasons and under many influences. A classification may undergo gradual growth that results in additional or changed duties and responsibilities and thereby require a corresponding class specification be amended or a position be reclassified to a new or existing classification. To keep current, a class specification should be reviewed when significant duties and level of responsibilities change.

Human Resources (HR) reviewed the studied positions to determine whether they function at the level assigned, and whether the duties performed warranted creation of a new classification. The study found that each of the studied positions are responsible for providing technical direction to one (1) Media Artist, LACERA. As the technical specialist and lead for print, web, and/or video projects, the studied positions receive project assignments from the Creative Coordinator, LACERA, and have authority to delegate and direct work of other media artist(s). The studied positions are responsible for developing and maintaining a Style Guide to be followed for all media projects, developing brand standards, providing training, and reviewing the work of less experienced media artists, to ensure technical standards such as type specification and color quality are met.

Based on the study findings, HR, with consultation of the Chief of Communications in charge of oversight of this division:

- Revised the existing Media Artist, LACERA classification to reflect changes in the organizational structure; and

- Developed a new Senior Media Artist, LACERA classification that encompasses the nature and scope of responsibilities, duties, work activities, and qualifications required to perform as a technical lead.

The proposed class specifications are shown as **Attachment B**. As shown in Attachment A, the Senior Media Artist, LACERA, positions will take the place of two existing Media Artist positions.

Compensation

A survey of public agencies and private compensation surveys revealed that there was no appropriate match for Media Artist or Senior Media Artist. The survey found that graphic design, web design, and videography are highly specialized technical functions that are typically not combined at the senior journey-level.

As such, there is no recommended change to the Media Artist, LACERA salary. The recommended salary for Senior Media Artist, LACERA is based on LACERA’s current pay differential practice for non-MAPP positions to ensure appropriate internal equity, typically between 7 ½ to 15%. 15% is typically provided for bona-fide supervisors performing both administrative and technical supervision. The proposed salary schedule of 103B, with a maximum salary of \$9,241.00, to be effective upon implementation after January 1, 2021, will provide a salary differential of approximately 10% to compensate the Senior Media Artist, LACERA for the responsibility of acting as lead to the lower-level Media Artist, LACERA.

	Classification Title	Salary Schedule	Monthly Min.	Monthly Max.	Salary Differential
LACERA*	Media Artist	99H NMO	\$ 6,244.55	\$ 8,414.45	10%
	NEW - Senior Media Artist (Lead)	103B NMO	\$ 6,857.09	\$ 9,241.00	

\*Note: LACERA Compensation effective 1/1/2021.

**BUDGET IMPACT**

Implementation of the proposed classification changes will result in an annual budget increase of \$29,558.62

No. of Pos.	Budgeted Position Title	SALARY (1/1/21)			Proposed Position Title	PROPOSED SALARY			ANNUAL BUDGET IMPACT w/Benefits @ 55%
		Sch	Max Salary	Annual		Sch	Max Salary	Annual	
2	Media Artist	99H	\$ 8,414.45	\$ 100,973.40	Senior Media Artist	103B	\$ 9,241.00	\$ 110,892.00	\$ 30,747.66

**PROCEDURE FOR ESTABLISHING CLASSIFICATIONS AND PAY RANGES**

LACERA provides Local 721 notice and consult regarding new classifications of which the primary duties are derived from represented classifications. The Media Artist, LACERA classification currently addressed is represented; therefore, the Local 721 was notified of our intended changes on July 14, 2021.

On July 21, 2021, the Joint Organizational Governance Committee (JOGC) approved moving forward for implementation by the Board of Retirement and the Board of Investments the proposed classification changes for the existing Media Artist and classification and compensation changes for the creation of a new Senior Media Artist classification.

Upon approval from the Board of Retirement and Board of Investments, Human Resources (HR) will prepare a memorandum to the Los Angeles County's Chief Executive Office (LACCEO) which will include the Senior Media Artist class specification and salary schedule. The LACCEO Classification and Compensation staff will review the submitted documents to assure all necessary information is provided in order to add the classification title and salary schedule in the County's Payroll System. HR staff, with the LACERA Legal Office's oversight, will prepare and submit an ordinance amending Sections 6.28.050 and 6.127.010 of LACERA's Salary Code to the Los Angeles County Counsel's Office and the BOS for adoption. These actions will create the new Senior Media Artist classification and add two (2) Senior Media Artist positions to the Ordinance.

Upon approval from the Board of Retirement and Board of Investments, HR will update the Media Artist class specification to reflect the classification changes on [www.lacera.com](http://www.lacera.com) and send a copy to LACCEO for their records.

### **RECOMMENDATION**

**IT IS THEREFORE RECOMMENDED THAT THE BOARDS** approve for implementation the recommended proposed classification changes for the existing Media Artist classification.

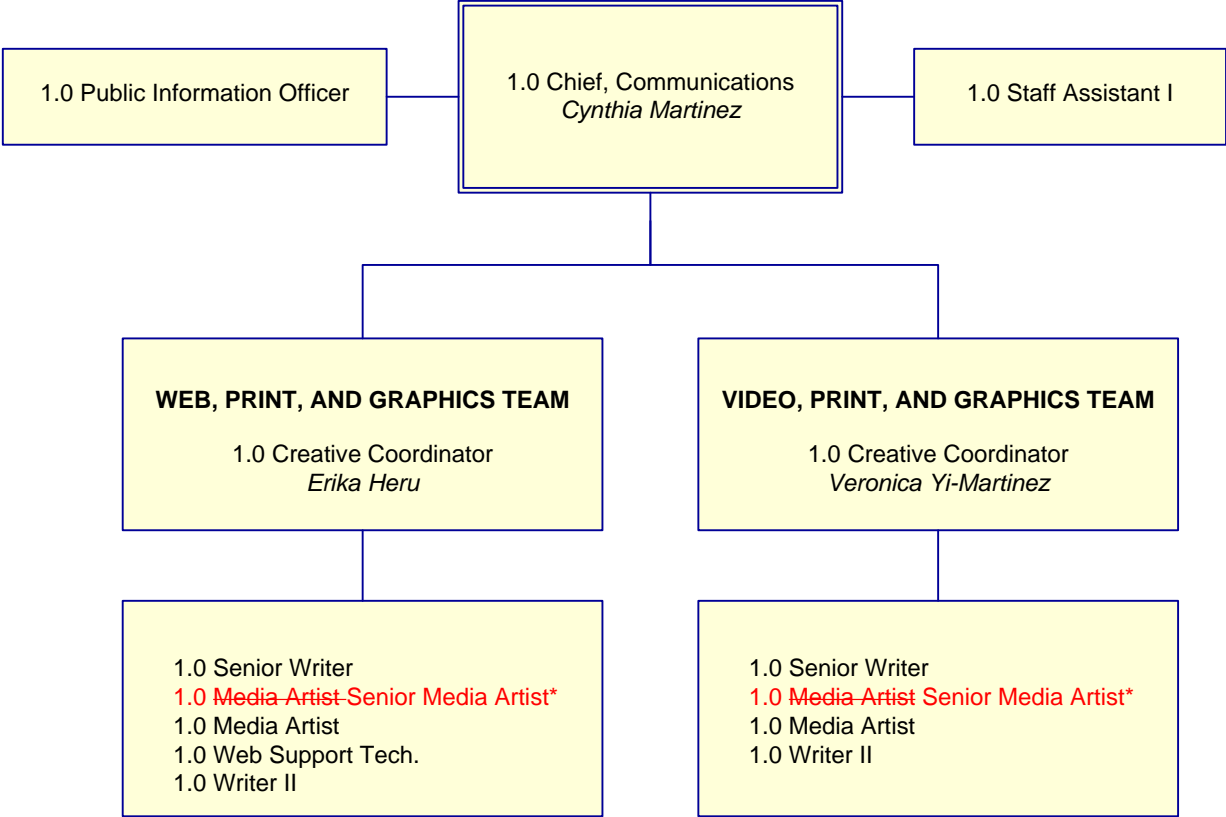
**IT IS THEREFORE RECOMMENDED THAT THE BOARDS** approve for implementation the recommended proposed classification and compensation changes for the creation of a new Senior Media Artist classification.

#### Attachments

cc: Santos H. Kreimann  
Luis Lugo  
Steven P. Rice  
JJ Popowich  
Carly Ntoya

# COMMUNICATIONS

## PROPOSED ORGANIZATIONAL STRUCTURE



+ Added position

\* Reclass to new classification of Senior Media Artist recommended per study findings

**CLASS TITLE:** Media Artist, LACERA

**ITEM NUMBER:** 0789

**APPROVAL DATE:** Apr 22, 2008-TBD

**DEFINITION:**

Creates and produces print, web, and digital media to communicate retirement plan and other employee benefit information to LACERA members and staff.

**POSITION INFORMATION:**

~~Incumbents in this classification report to the Assistant Division Manager~~Positions allocable to this journey-level class report to the Creative Coordinator, LACERA or other equivalent level manager higher and work under the creative direction and technical guidance of a Senior Media Artist, LACERA.

Incumbents independently create and produce quality the artwork and ~~produce~~ print, web, and digital media such as newsletters, business cards, forms, brochures, fliers, posters, animation, videos and ~~websites~~web graphics, under the direction of a higher-level supervisor or Senior Media Artist. Incumbents must utilize an in-depth knowledge of color theory, composition, typography, and production techniques, methods, styles, and media used in the development and creation of various print and graphic arts work.

Depending on the assignment, the position may be required to have specialized technical knowledge of and experience in the following: creating storyboards, producing, directing, creating graphics, incorporating music and/or voiceover into digital media, video editing, or creating animated and other computerized graphics, and/or designing professional and innovative web site and web page graphics. Incumbents must possess the artistic and ~~design project~~ skills to conceptualize an entire assignment while being attentive to details and priorities and satisfying LACERA and County standards of professionalism, artistic expression, tastestyle, image, and customer service.

**EXAMPLES OF ESSENTIAL JOB FUNCTIONS:**

The following examples are intended to describe the general nature and level of work performed by persons assigned to each classification. Depending on the assignment, duties may include, but are not limited to the following:

Creates communication media to inform LACERA members and staff about retirement and other employee benefits by producing freehand, digital/computer generated artwork and multimedia designs.

Produces the final product by conceptualizing and creating the design needed including such artistic characteristics as color, style, shapes and materials, and the pre- and post-production requirements of video, web, and print.

Creates, illustrates, and produces print materials such as business cards, forms, brochures, fliers, newsletters, e-mails, ads, logos, pamphlets, booklets, scrolls, the annual retirement law

book, and the annual financial report by utilizing freehand and ~~computer-computer~~-generated art; determines size and arrangement of illustrative material and copy; selects style and size of type; arranges layout and edits; and monitors the entire pre- and ~~post-post~~-production process.

Designs digital animation, ~~and~~ PowerPoints, ~~and video~~, including the generation of graphic images, animation, sound and text into cohesive multimedia programs through the use of technology.

Designs web sites ~~such as LACERA's Internet, Intranet, Board Resources, Human Resource Professionals,~~ by producing graphic artwork, designs and copy layouts for online content; develops format and posts content; ~~;~~ refreshes imagery and news items; ~~;~~ and updates policies, programs and forms.

~~Assesses advances in multimedia technology for use by LACERA.~~

Takes, composes, retouches and archives digital photographs.

~~Operates May operate and directs, stages, edits, and produces video productions~~ a video camera and create storyboards, direct, create graphics, incorporate music and/or voiceover, and edit for video production.

~~The position may~~ May be required to perform other duties as assigned.

#### MINIMUM REQUIREMENTS:

#### TRAINING AND EXPERIENCE:

##### OPTION 1:

A Bachelor's degree from an accredited college in ~~Fine Art, Advertising~~ Graphic Design, Visual Arts, or a related subject -AND- ~~Three-three (3)~~ Three (3) years of experience\* in an in-house creative department or design firm producing graphic and commercial arts with extensive use of freehand and ~~computer-computer~~-generated imagery in the creation and the pre- and post-production of video, web, and print, ~~digital and web~~ media.

##### OPTION 2:

~~OR~~

Five (5) years of experience\* in an in-house creative department or design firm producing graphic and commercial arts with extensive use of freehand and ~~computer-computer~~-generated imagery in the creation and the pre- and post-production of video, web, and print, ~~digital and web~~ media.

#### LICENSE:

A valid California Class C Driver License or the ability to utilize an alternative method of transportation to carry out essential job functions.

**PHYSICAL CLASS:**

2 - Light

**SPECIALTY REQUIREMENTS:**

\*Specialized examinations may include:

Specialty

Add to read as:

**Web Graphic Design / Commercial wWeb dDesign** \*experience in an in-house creative department or design firm performing web graphic design and/or commercial web design work that, including determining the layout, font color, font type, logos, pictures, and other visual and verbal aspects of a website.

**Videography / Commercial vVideo pProduction** \*experience creating storyboards, producing, directing, creating graphics, incorporating music and voiceover, and editing video for final production and output to various platforms.

**CLASS TITLE:** Media Artist, LACERA

**ITEM NUMBER:** 0789

**APPROVAL DATE:** ~~Apr 22, 2008~~-TBD

**DEFINITION:**

Creates and produces print, web, and digital media to communicate retirement plan and other employee benefit information to LACERA members and staff.

**POSITION INFORMATION:**

Positions allocable to this journey-level class report to the Creative Coordinator, LACERA or higher and work under the creative direction and technical guidance of a Senior Media Artist, LACERA.

Incumbents independently create and produce quality artwork and print, web, and digital media such as newsletters, business cards, forms, brochures, fliers, posters, animation, videos and web graphics, under the direction of a higher-level supervisor or Senior Media Artist. Incumbents must utilize an in-depth knowledge of color theory, composition, typography, and production techniques, methods, styles, and media used in the development and creation of various print and graphic arts work.

Depending on the assignment, the position may be required to have specialized technical knowledge of and experience in the following: creating storyboards, producing, directing, creating graphics, incorporating music and/or voiceover into digital media, video editing, creating animated and other computerized graphics, and/or designing professional and innovative web site and web page graphics. Incumbents must possess the artistic and design skills to conceptualize an entire assignment while being attentive to details and priorities and satisfying LACERA and County standards of professionalism, artistic expression, style, image, and customer service.

**EXAMPLES OF ESSENTIAL JOB FUNCTIONS:**

The following examples are intended to describe the general nature and level of work performed by persons assigned to each classification. Depending on the assignment, duties may include, but are not limited to the following:

Creates communication media to inform LACERA members and staff about retirement and other employee benefits by producing freehand, digital/computer generated artwork and multimedia designs.

Produces the final product by conceptualizing and creating the design needed including such artistic characteristics as color, style, shapes and materials, and the pre- and post-production requirements of video, web, and print.

Creates, illustrates, and produces print materials such as business cards, forms, brochures, flyers, newsletters, e-mails, ads, logos, pamphlets, booklets, scrolls, the annual retirement law book, and the annual financial report by utilizing freehand and computer-generated art; determines size and arrangement of illustrative material and copy; selects style and size of type; arranges layout and edits; and monitors the entire pre- and post-production process.



Designs digital animation and PowerPoints, including the generation of graphic images, animation, sound and text into cohesive multimedia programs through the use of technology.

Designs web sites by producing graphic artwork, designs and copy layouts for online content; develops format and posts content; refreshes imagery and news items; and updates policies, programs and forms.

Takes, composes, retouches and archives digital photographs.

May operate a video camera and create storyboards, direct, create graphics, incorporate music and/or voiceover, and edit for video production.

May be required to perform other duties as assigned.

**MINIMUM REQUIREMENTS:**

**TRAINING AND EXPERIENCE:**

**OPTION 1:**

A Bachelor's degree from an accredited college in Graphic Design, Visual Arts, or a related subject -AND- three (3) years of experience\* in an in-house creative department or design firm producing commercial art with extensive use of freehand and computer-generated imagery in the creation and the pre- and post- production of video, web, and print media.

**OPTION 2:**

Five (5) years of experience\* in an in-house creative department or design firm producing commercial art with extensive use of freehand and computer-generated imagery in the creation and the pre- and post-production of video, web, and print media.

**LICENSE:**

A valid California Class C Driver License or the ability to utilize an alternative method of transportation to carry out essential job functions.

**PHYSICAL CLASS:**

2 - Light

**SPECIALTY REQUIREMENTS:**

\*Specialized examinations may include:

Specialty

**Web Graphic Design / Commercial Web Design**

department or design firm performing web graphic design and/or commercial web design work that included determining the layout, font color, font type, logos, pictures, and other visual and verbal aspects of a website.

Add to read as:

\*experience in an in-house creative

Media Artist, LACERA

Page 3

**Videography / Commercial Video Production** \*experience creating storyboards, producing, directing, creating graphics, incorporating music and voiceover, and editing video for final production and output to various platforms.

**CLASS TITLE:** Senior Media Artist, LACERA

**ITEM NUMBER:** NEW

**APPROVAL DATE:** TBD

**DEFINITION:**

Creates and produces video, web, and print media to communicate retirement plan and other employee benefit information to LACERA members and staff. Directs staff as a technical lead.

**POSITION INFORMATION:**

Positions allocable to this senior journey-level class report to a Creative Coordinator, LACERA or higher-level position. The positions work with the Chief of Communications to develop brand standards and creative guidelines for all media created for LACERA. As the technical lead on assigned projects, the positions are distinguished by responsibility for providing creative direction, technical guidance, and feedback on work produced by the lower-level Media Artist, LACERA. The positions are responsible for creating and maintaining a Style Guide, and reviewing the work of the Media Artist, LACERA, to ensure consistent standards are followed.

The positions independently create and produce creative, innovative, quality artwork for print, web, and digital media such as newsletters, annual reports, forms, brochures, fliers, posters, animation, videos and website graphics aligned with LACERA's brand strategy. Incumbents must utilize an in-depth knowledge of composition and production techniques, methods, styles, and media used in the development and creation of various print and graphic arts work. Incumbents meet with clients to discuss design projects and their needs.

Depending on the assignment, the position may also be required to have specialized technical knowledge of and experience in the following: creating storyboards, producing, directing, creating graphics, incorporating music and/or voiceover into digital media, video editing, creating animated and other computerized graphics, designing professional and innovative web site and web page graphics, and/or creating high quality studio photography that includes retouching images using image manipulation techniques. In addition, incumbents must possess the artistic and project management skills to conceptualize an entire assignment while being attentive to details and priorities and satisfying LACERA and County standards of professionalism, artistic expression, style, image, and customer service.

**EXAMPLES OF ESSENTIAL FUNCTIONS:**

The following examples are intended to describe the general nature and level of work performed by persons assigned to each classification. Depending on the assignment, duties may include, but are not limited to the following:

Creates communication media to inform LACERA members and staff about retirement and other employee benefits by producing freehand, digital/computer generated artwork and multimedia designs.

Takes creative lead on projects and oversees the production of video, web, print and other marketing materials, including assigning, directing, training, reviewing, and approving the work of lower-level staff.

## Senior Media Artist, LACERA

### Page 2

Collaborates with stakeholders to conceptualize and execute creative solutions that can be translated across various media platforms and to ensure consistency with LACERA branding.

Produces the final product by conceptualizing and creating the design needed including such artistic characteristics as color, style, shapes and materials, and the pre- and post-production requirements of video, web, and print.

Creates, illustrates and produces print materials such as business cards, forms, brochures, flyers, newsletters, e-mails, ads, logos, pamphlets, booklets, scrolls, the annual retirement law book and the annual financial report by utilizing freehand and computer-generated art; determines size and arrangement of illustrative material and copy; selects style and size of type; arranges layout and edits; and monitors the entire pre- and post-production process.

Designs digital animation and PowerPoints including the generation of graphic images, animation, sound and text into cohesive multimedia programs through the use of technology.

Designs web sites by producing graphic artwork, designs and copy layouts for online content; develops format and post content; refresh imagery and news items; and updates policies, programs and forms.

Makes recommendations for the purpose of obtaining paper stock, type, and printing services; and attends press checks when needed.

Researches data in order to select a theme to create a design which is an effective pictorial or graphic presentation of the data or subject to be publicized.

Monitors advances in media solutions and techniques. Continually refines processes to include advances that improve media services for use by LACERA.

Provides day-to-day maintenance and support for the Communications Studio equipment.

Makes recommendations regarding purchases of equipment and production operating policies.

Takes, composes, retouches and archives digital photographs.

May operate a video camera and create storyboards, produce, direct, create graphics, incorporate music and/or voiceover, and edit for video production.

May be required to perform other duties as assigned.

### **MINIMUM REQUIREMENTS:**

### **TRAINING AND EXPERIENCE:**

#### OPTION 1:

A Bachelor's degree from an accredited college in Graphic Design, Visual Arts, or a related subject -AND- five (5) years of experience\* at an in-house creative department or design firm producing commercial art with extensive use of freehand and computer-generated imagery in the creation and the pre- and post-production of video, web, and print media.

#### OPTION 2:

Seven (7) years of experience\* in an in-house creative department or design firm producing commercial art with extensive use of freehand and computer-generated imagery in the creation and the pre- and post-production of video, web, and print, media.

**LICENSE:**

A valid California Class C Driver License or the ability to utilize an alternative method of transportation to carry out essential job functions.

**PHYSICAL CLASS:**

2 - Light

**SPECIALTY REQUIREMENTS:**

\*Specialized examinations may include:

Specialty

**Web Graphic Design / Commercial Web Design**

department or design firm performing web graphic design and/or commercial web design work that included determining the layout, font color, font type, logos, pictures, and other visual and verbal aspects of a website.

Add to read as:

\*experience in an in-house creative





**Videography / Commercial Video Production**

producing, directing, creating graphics, incorporating music and voiceover, and editing video for final production and output to various platforms.

\*experience in creating storyboards,

August 4, 2021

TO: Trustees – Board of Investments

FROM: Jonathan Grabel, Chief Investment Officer   
Jude Pérez, Principal Investment Officer   
Scott Zdrazil, Senior Investment Officer   
Esmeralda del Bosque, Senior Investment Officer 

FOR: August 11, 2021 Board of Investments Meeting

SUBJECT: **INVESTMENT POLICY STATEMENT UPDATE – LACERA PENSION TRUST**

### **RECOMMENDATION**

Staff recommends the Board of Investments (“Board” or “BOI”) approve the adoption of the revised Investment Policy Statement.

### **SUMMARY**

The Board approved a new strategic asset allocation (“SAA”) for LACERA’s Pension Trust at the May 2021 Board meeting. A significant first step in that implementation is incorporating the necessary SAA updates into LACERA’s Investment Policy Statement (“IPS”). A working group, including investment staff, Meketa, and LACERA’s legal division, have worked on the proposed draft IPS edits attached to this memo.

As a reminder, a comprehensive revamp of the IPS was conducted in 2018 that enhanced the clarity of fund objectives and policy by elevating the IPS as the Board’s primary guiding document. The proposed revisions aim to update the IPS in two ways:

- (1.) Reflect the revised SAA, including Meketa’s recommended composite benchmarks and policy ranges.
- (2.) Incorporate updates to integrate recent programmatic expansion (in areas such as diversity, equity, and inclusion), and make the language consistent with other LACERA policies and procedures. The following is a list of modifications made in the draft IPS:

#### **Section I: Investment Philosophy and Strategy**

- **C. Strategic Asset Allocation**

Updated language for new SAA.

- **D. Overview of Strategic Asset Allocation**

Updated language for new SAA.

- **H. Environmental, Social, and Governance (“ESG”) Integration**

Added section under IPS “Investment Philosophy and Strategy” section to expand upon LACERA’s IPS Investment Belief on ESG (stating LACERA considers ESG as relevant to the investment process) and describe LACERA’s ESG integration in the investment process consistent with recent years’ work.

- **I. Diversity, *Equity*, and Inclusion**

Title and language edited to incorporate the word “equity” into section heading and harmonize cited diversity attributes with LACERA policies, reflecting LACERA’s Board-ratified “Towards Inclusion Diversity and Equity, a.k.a. T.I.D.E” initiative.

### **Appendices**

- **Appendix A – Approved Asset Allocation**

Table 1. Updated to reflect the new SAA, proposed investment policy ranges, and interim half step to the revised asset allocation. Final target weights will be applied as of July 1, 2022.

Table 2. Updated to reflect proposed policy benchmarks.

Table 3. Removed

Table 4. Removed

- **Appendix B – Chief Investment Officer Delegated Authority**

Text reformatted as a table; Language edited to reflect current process and procedures including Board-approved structure reviews and guidelines; authorities grouped by type.

### **Attachments**

- **Private Equity Privatization Policy**

Added to list of policies in the section

- **Private Equity Privatization Policy**

Added to list of policies in the section

Attached to this memo are five documents that will be used to facilitate a discussion with the Board on the proposed IPS changes: **Attachment 1** is a presentation that provides more detail on the recommended updates to the IPS. **Attachment 2** contains a red-lined version of the IPS. **Attachment 3** is a clean version of the IPS. **Attachment 4** is Meketa’s presentation on proposed composite benchmark changes from the June 2021 BOI meeting. **Attachment 5** is a presentation from Meketa on proposed asset allocation policy ranges, dated for today. Lastly, **Attachment 6** is Meketa’s letter of concurrence.

Please note that the revised OPEB Master Trust IPS will be presented at the September 2021 Board meeting.

Attachments

Noted and Reviewed:



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Jonathan Grabel  
Chief Investment Officer

# Investment Policy Statement Update: LACERA Pension Trust

Board of Investments  
August 11, 2021



Jon Grabel, Chief Investment Officer  
Jude Perez, Principal Investment Officer  
Scott Zdrzil, Senior Investment Officer  
Esmeralda V. del Bosque, Senior Investment Officer



# Outline for Discussion

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- I. Investment policy statement update overview**
- II. Suggested revisions**
- III. Address questions & receive feedback**

# I. IPS Update Overview

---

## At the May 2021 Board of Investments (“BOI”) meeting, the Board adopted a new Strategic Asset Allocation (“SAA”)

- A working group reviewed the IPS, providing input and edits
  - LACERA investment team
  - LACERA legal office consultation
  - Meketa
- As a first step in implementing the new SAA, the working group updated the IPS to:
  - Incorporate Board-approved SAA changes including proposed target weights and benchmarks
  - Reflect recent expansion of LACERA’s programs
    - Diversity, Equity, and Inclusion initiatives and Environmental, Social, and Governance integration
  - Revise language for consistent application across other LACERA policies and procedures
    - Chief Investment Officer Delegated Authorities
      - Text reformatted as a table and grouped by type

# II. Suggested Revisions to the IPS

The table below lists describes the draft revisions to LACERA's IPS

IPS Section	Item Changed	Rationale
<b>Investment Policy</b>	C. Strategic Asset Allocation	Incorporated language to reflect new SAA including the addition of a fifth functional bucket for overlays and hedges, establishing illiquid credit, adjust real estate groupings, and add long-term government bonds.
	D. Overview of Strategic Asset Allocation	Same as above
	H. Integration of Environmental, Social, and Governance Factors	New section to expand upon LACERA's Investment Belief on ESG (stating LACERA considers ESG as relevant to the investment process) and describe LACERA's ESG integration in the investment process
	I. Diversity, <i>Equity</i> , and Inclusion	"Equity" added to title of section and description edited to harmonize cited diversity attributes with LACERA policies, reflecting LACERA's Board-ratified T.I.D.E initiative.
<b>Appendix A - Investment Tables</b>	Table 1: Approved Asset Allocation	Updated to reflect new SAA, proposed investment policy ranges, and half-step to the revised asst allocation. Final weights will be applied as of July 1, 2022.
	Table 2: Benchmark Table	Updated to reflect proposed policy benchmarks
	Tables 3 & 4: Ten-year annualized return and volatility and Correlation table	Removed; data is for a point in time and used as inputs to the SAA
<b>Appendix B</b>	Chief Investment Officer Delegated Authorities	<ol style="list-style-type: none"> <li>1. Text reformatted as a table</li> <li>2. Authorities grouped by type</li> <li>3. Language updated to reflect current policies and procedures including Board-approved structure reviews and guidelines</li> <li>4. Revised to reflect LACERA's current business continuity process, pointing to the Board-approved Crisis Response Plan</li> </ol>
<b>List of Attachments</b>	Private Equity Privatization Policy	Added
	Procurement Policy for Investment-Related Services	Added



# III. Questions & Feedback



# Investment Policy Statement

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Restated November 8, 2018

Revised December 11, 2019

Revised August 11, 2021



L/CERA

# Contents

<b>About LACERA</b>	<b>1</b>
<b>Statement of Purpose</b>	<b>2</b>
<b>Legal Authority</b>	<b>3</b>
Fiduciary Duty .....	3
Ethics and Code of Conflicts .....	3
Process .....	3
<b>Investment Policy</b>	
<b>I. Investment Policy and Strategy</b>	<b>4</b>
Objectives of Investment Program. ....	4
Investment Beliefs .....	4
Overview of Strategic Asset Allocation.....	6
Performance Objectives .....	8
Rebalancing .....	8
Responsible Stewardship and Beneficial Ownership Rights.....	8
<u>Integration of Environmental, Social, and Governance (ESG) Factors.....</u>	<u>8</u>
Diversity, <u>Equity</u> , and Inclusion. ....	9
<b>II. Investment Process</b>	<b>10</b>
Structure Review .....	10
Investment Management. ....	10
Liquidity Management and Other Investment Functions.....	11
<b>III. Risk Management</b>	<b>12</b>
Philosophy and Objectives .....	12
Approach. ....	12
<b>IV. Roles and Responsibilities</b>	<b>13</b>
Board of Investments.....	13
Staff .....	13
Third Party Service Providers.....	14

## Appendix

A. Investment Tables .....	16
Approved Asset Allocation. ....	16
Benchmark Table .....	17
<del>Ten-Year Annualized Return and Volatility Expectations.....</del>	<del>18</del>
<del>Correlation Matrix.....</del>	<del>19</del>
B. Chief Investment Officer Delegated Authorities.....	20

## List of Attachments

Corporate Governance and Stewardship Principles

Responsible Contractor Policy

Emerging Manager Policy Placement Agent Policy

[Private Equity Privatization Policy](#)

[Procurement Policy for Investment-Related Services](#)

# About LACERA

The Los Angeles County Employees Retirement Association (“LACERA”) administers a defined benefit retirement plan (the “Fund”) and other post-employment benefits (“OPEB” or the “Trust”) for employees of Los Angeles County and certain other districts.

The Los Angeles County Board of Supervisors established LACERA by ordinance in 1937. LACERA has operated since 1938, and today, serves over 170,000 active and retired members.

LACERA’s mission is to “produce, protect, and provide the promised benefits.” LACERA aims to fulfill its mission through prudent investment and conservation of plan assets, in accordance with its Investment Beliefs and in consideration of actuarial analysis.

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## **LACERA MISSION STATEMENT**

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**We Produce, Protect, and Provide  
the Promised Benefits**

LACERA’s Board of Investments (the “Board”) is responsible for establishing LACERA’s investment policy and objectives, as well as exercising oversight of the investment management for both the Fund and the Trust.



# Statement of Purpose

LACERA's Investment Policy Statement (the "IPS") defines the framework by which LACERA manages the assets of the Fund in order to fulfill its mission. The document provides the primary guidance for LACERA's investment activities by outlining the philosophy and structure of LACERA's investment program, describing the general process by which assets are managed, and defining the key roles and responsibilities in LACERA's investment program.

# Legal Authority

The California Constitution and LACERA's governing statutes create a legal framework within which this IPS must be interpreted and implemented by the Board in approaching its decisions. The Board is independent and has sole and exclusive legal responsibility over investment of the Fund's assets.

## A. Fiduciary Duty

The Board and its members are fiduciaries, making decisions for the benefit of the Fund as a whole without other concerns or outside influence. All Board members, whether they are elected, appointed, or ex officio, have the same fiduciary duty under the law. This fiduciary duty has two components:

- *Duty of Loyalty.* Under the duty of loyalty, Board members have the sole and exclusive responsibility to administer the Fund to ensure prompt delivery of benefits to members and their beneficiaries. In making every decision, the Board must act according to a three-pronged legal formula that balances the interests of the Fund's stakeholders: (1) solely in the interest of providing benefits to members and beneficiaries, (2) to minimize employer contributions, and (3) to defray the expenses of administering the Fund. The Board's duty to members and their beneficiaries takes precedence over any other duty.
- *Duty of Prudence.* Board members must discharge their duties with the care, skill, prudence, and diligence that a prudent fiduciary familiar with the matters and the circumstances of each particular decision would use in the conduct of a similar enterprise with like aims. The Board must diversify fund investments so as to minimize risk of loss and maximize the rate of return, unless under the circumstances it is clearly prudent not to do so. The Board may invest or delegate the authority to invest Fund assets through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the Board.

## B. Ethics and Code of Conflicts

The Board and LACERA staff must refrain from personal activity that could conflict with the proper management of the investment program, or that could impair their ability to make decisions in compliance with fiduciary duty. Further details are defined in LACERA's Code of Ethical Conduct, Conflict of Interest Code, the Political Reform Act, Fair Political Practices Commission regulations, and other applicable law.

## C. Process

Because the Board is a governing body of a public agency, the Board and its members must conduct business according to the State of California Ralph M. Brown Act, which provides that Board meetings, deliberations, and actions must be public unless subject to a specific closed session exception. The Board may go into closed session to discuss the purchase and sale of particular, specific investments under the Brown Act.

# Investment Policy

## I. Investment Philosophy and Strategy

### A. Objectives of the Investment Program

LACERA follows a carefully planned and executed strategic investment program in order to:

- i. **Produce** the promised benefits for LACERA members and beneficiaries by achieving the Fund's assumed rate of return on a total return basis over the long-term, consistent with LACERA's mission;
- ii. **Protect** the promised benefits on behalf of LACERA members and beneficiaries by mitigating investment risks through Fund diversification and other means, consistent with LACERA's mission; and
- iii. **Provide** the promised benefits for LACERA members and beneficiaries, in part by ensuring adequate liquidity, consistent with LACERA's mission.

### B. Investment Beliefs

The Board has adopted the following investment beliefs ("Investment Beliefs") to describe its core beliefs and underlying assumptions about how capital markets operate. Collectively, the Investment Beliefs provide a framework to guide LACERA's investment decisions in a manner consistent with the Fund's nature as an institutional investor with a long-term investment horizon in order to achieve the Fund's objectives defined above.

#### i. Strategic Asset Allocation

Long-term strategic asset allocation will be the primary determinant of LACERA's risk/return outcomes.

- a. It is important that LACERA be forward looking, as its investment horizon spans decades, if not indefinitely into the future.
- b. Asset allocation has a greater effect on return variability than asset class investment structure or manager selection. It is essential to account for LACERA's liabilities in setting long-term investment strategy.
- c. Rebalancing the portfolio is a key aspect of prudent long-term asset allocation policy.

#### ii. Market Efficiency

Markets are largely efficient over the long term (10–20 years); however, during certain economic and financial environments markets may not be efficient in setting prices.

- a. Consequently, LACERA will allow for modest tactical asset allocation adjustments during times of disruption.

#### iii. Active Versus Passive Management

As markets are largely efficient, passive management, when available, is the preferred structure for investment management; however, the Board recognizes that some asset classes may justify the higher fees and/or expected enhanced returns associated with active management.

- a. Consequently, active strategies will be used only when there is strong conviction that they can be expected to add value net of their higher fees and are adjusted for risk.

**iv. Private Markets and Liquidity**

Private market assets can add value to a portfolio, providing opportunities for returns that exceed those expected from public markets.

- a. The total capital allocated to illiquid strategies must be kept at a prudent level.
- b. The high return potential of these assets needs to be balanced with LACERA's need for liquidity.
- c. Liquid assets serve a critical role to fund benefit payments and rebalance the portfolio.

**v. Risk**

Risk is a broad term used to capture the concept of uncertainty. Since no single metric adequately conveys risk, LACERA will evaluate risk holistically, incorporating quantitative measures and qualitative assessments in managing its portfolio.

- a. LACERA operates in a global financial marketplace, and as such, LACERA believes that in order to diversify its risk broadly, it is vital that LACERA possess a global perspective.
- b. Diversification across different risk factors is necessary for risk reduction.
- c. Markets are cyclical; risk premia, volatility, and correlations vary over time.
- d. The pattern of returns matters because volatility levels and the sequence of gains and losses can impact funded status and contribution rates.
- e. Risk that is not expected to be rewarded over the long-term, or mitigated through diversification, will be minimized.
- f. For LACERA, not taking enough risk is risky; therefore, LACERA will accept a prudent amount of risk to achieve its long-term target returns.
- g. LACERA considers the risks of environmental, social, and governance ("ESG") factors as relevant to its investment process.
- h. LACERA believes that conflicts of interest may pose risk; therefore, any perceived conflicts should be identified and explored as a material factor in risk analysis.

**vi. Costs and Fees**

Investment outcomes are determined by risk, returns, and costs. All three must be managed, and cost is the most certain.

- a. Consideration of net-of-fees returns is an integral part of a successful long-term investment strategy.
- b. Costs and fees should be actively monitored and negotiated to the greatest extent possible.

**vii. Education**

In an increasingly complex and dynamic investment universe, continued education on investment concepts and investment strategies within that universe is essential for long-term success.

### C. Strategic Asset Allocation

LACERA fundamentally believes long-term strategic asset allocation will be the primary determinant of risk/return outcomes, and therefore establishes a strategic asset allocation to meet its mission and investment objectives.

LACERA's strategic asset allocation categorizes capital outlays into four groups, defined by the function each allocation is intended to serve in the portfolio: (1) Growth, (2) Credit, (3) Real Assets and Inflation Hedges, ~~and~~ (4) Risk Reduction and Mitigation, ~~and~~ (5) Overlays and Hedges. The functional categories include various asset classes that represent the risk/return characteristics of each area. LACERA expects the four functional categories to diversify the Fund and optimize upside growth while mitigating downside risk. The asset allocation determines what proportion of the Fund is allocated to each functional category and underlying asset class, including target weights and allowable ranges as a percentage of the Fund.

In order to determine its strategic asset allocation, LACERA conducts a comprehensive asset allocation study every three to five years, or at the Board's request. The asset allocation study considers a number of factors, such as:

- A projection of actuarial assets, liabilities, benefits payments, contributions, and the actuarial rate of return for the Fund, as well as its current and projected funded status.
- Historical results and expected long-term capital market risk, return, and correlation forecasts.
- An assessment of future economic conditions, including inflation and interest rate levels.
- Various risk/return scenarios.
- The Fund's liquidity requirements.

LACERA's approved asset allocation, benchmark table, annualized return and volatility expectations, and correlation estimates are detailed in the tables of the Appendix.

### D. Overview of Strategic Asset Allocation

LACERA groups asset classes into the following functional categories:

#### i. Growth

- a. Role in the portfolio: The role of assets in this category is to be the primary driver of long-term total returns for the Fund.
- b. Asset Classes: Global Equity, Private Equity, and ~~Opportunistic Non-Core Private~~ Real Estate.
- c. Investment Approach: Growth assets generally represent equity or equity-like interests in current and future income streams. Growth assets include public and private market strategies that include both liquid and illiquid investments. LACERA utilizes passive strategies in relatively efficient segments of the market for global equity. LACERA employs active strategies in relatively less efficient market segments of global equities, as well as in private equity and ~~opportunistic non-core private~~ real estate.
- d. Risk Factors: Growth assets are primarily equity ownership positions that tend to perform well in times of positive economic growth. They are highly sensitive to economic conditions and are subject to potential loss in value based on a number of factors. For example, growth assets may be sensitive to inflation and generally perform poorly in times of high and unexpected inflation. To a lesser extent,

growth assets may be sensitive to interest rates due to the use of leverage in certain strategies as well as the relationship between interest rates and the discount rates used to price securities.

## ii. Credit

- a. Role in the portfolio: LACERA expects assets categorized as Credit to produce current income and moderate long-term total returns. Credit has more moderate levels of risk than assets categorized as Growth, and, accordingly, provides incremental diversification to the total Fund.
- b. Asset Classes: Liquid Credit (-High Yield, Bank Loans, Emerging Market Debt), and Illiquid Credit
- c. Investment Approach: Credit assets are generally fixed claims on assets or income streams of an issuer (e.g., government, corporation, asset-backed securities). The category is composed of certain fixed income, hedge funds, real estate, and private debt investments. Investment strategies within this category may have a specific mandate (~~e.g., high yield or emerging market debt~~) or be multi-strategy. The investment strategies may be liquid, illiquid, or a combination of both, depending on the nature and terms of the specific investment vehicle. LACERA employs active strategies across all asset classes within the Credit category, but may employ passive strategies in certain segments that are relatively more efficient.
- d. Risk Factors: The primary risk for owners of Credit assets is the failure of the borrower to make timely payments of interest and principal. There are three elements of credit risk: the risk of default, the risk of a credit downgrade, and spread risk, which is the risk that investors may demand greater compensation for bearing the first two types of risk. Bonds with credit risk offer a yield premium over government bonds to compensate investors for the additional risk. Bonds with greater credit risk (i.e., bonds with lower credit ratings) are typically less liquid than higher quality bonds.

## iii. Real Assets and Inflation Hedges

- a. Role in the portfolio: LACERA expects assets in this category to provide income as well as a hedge against inflation, while diversifying the Fund due to the assumed low correlation of returns between these assets and other asset classes.
- b. Asset classes: Core ~~and Value-Added~~ Private Real Estate, Natural Resources ~~& /~~ Commodities, Infrastructure, and Treasury Inflation-~~Protected~~ Securities (“TIPS”)
- c. Investment Approach: Real Assets generally include physical assets, such as real estate and infrastructure, or securities whose value is derived from a physical asset, such as commodities or natural resources. Assets in this category may be invested in both public and private investments and may be liquid or illiquid, as well as passively or actively managed.
- d. Risk Factors: Real Assets and Inflation Hedges are sensitive to inflation. The primary risk for owners of real assets/inflation hedges is that they fail to provide a hedge against long-term changes in inflation. A secondary risk is loss of principal. The value of real estate and natural resources assets may fall, particularly during an economic downturn, but also due to idiosyncratic aspects of each asset. Diversification may offset asset-specific risk. Foreign assets are also subject to currency movements against the U.S. dollar. TIPS are exposed to liquidity risk, as they tend to be less liquid than nominal U.S. Treasuries, particularly during a market environment in which there is a flight to safety.

#### iv. Risk Reduction and Mitigation

- a. Role in the portfolio: LACERA expects assets in this category to provide moderate amounts of current income by generating a modest level of return while also reducing total Fund risks, in part by preserving capital in the event of a downturn in equity markets. LACERA anticipates that assets in this category will have a low level of volatility and a low correlation to Growth assets, thereby providing downside protection. In the event of a market correction, these assets could also provide a source of liquidity for benefit payments.
- b. Asset classes: Investment Grade Bonds, Diversified Hedge Fund Portfolio, Long-Term Government Bonds, and Cash
- c. Investment Approach: The category is composed of investment grade bonds, diversified hedge funds, long-term government bonds, and cash. Cash is the least volatile asset class, as well as the most liquid; the flexibility it provides during periods of market decline helps to mitigate risk. Investment grade bonds comprise a mix of U.S. Treasuries, corporate debt, and other bonds of high quality, typically rated “BBB” or above by rating agencies. High quality bonds would be expected to protect the total Fund by retaining or increasing their value during a market correction. Diversified hedge funds comprise a variety of hedged investments, such as relative value, arbitrage, and long/short strategies within a diversified portfolio. They would be expected to produce returns at or above high grade bond portfolios, with equal or lower volatility, and be largely uncorrelated with other portfolio assets.
- d. Risk Factors: The primary risk factor for Risk Reduction and Mitigation Assets is that they will fail to provide the anticipated level of protection during market downturns. Assets in this category are also subject to additional risks. For example, investment grade bonds are sensitive to fluctuations in interest rates and have some risk of default. Specific hedge fund investments are subject to a variety of risk factors, including equity risk, credit risk, interest rate risk, and leverage risk. Cash can include short-term instruments and vehicles where there is a low probability of loss of principal.

#### v. Overlays and Hedges

- a. Role in the portfolio: The category consists of overlays and hedges as a distinct functional category. LACERA expects exposures in this group to assist in adhering to total Fund policy allocation targets, meeting asset class-specific objectives, and managing portfolio risk.
- b. Asset classes: Total Fund and all BOI approved asset classes may be utilized or subject to overlays and hedging strategies.
- c. Investment Approach: The category is composed of derivatives and synthetic replication investment vehicles that emulate LACERA’s physical assets, holdings, foreign currency, or market exposures via overlay and hedging programs. The separation of these mandates into one category allows for increased ability to monitor exposures across the total Fund and enhances the ability to evaluate performance, attribution, portfolio impacts, and risk drivers across individual asset categories and the total Fund.
- d. Risk Factors: The primary risk factors for Overlays and Hedges are exposure mismatch and benchmarking. Best efforts will be made to replicate LACERA’s underlying exposures and risk; however, there may be instances when the vehicles used will not mirror a given asset, causing an exposure mismatch. Another consideration is benchmarking. Benchmarking overlay and hedging programs is challenging as positions are often resized more frequently than underlying

physical exposures, and mandates may be used to achieve multiple objectives or be a temporary portfolio construction tool.

## E. Performance Objectives

The Fund's long-term performance objective is to generate risk-adjusted returns that meet or exceed its defined actuarial target as well as its policy benchmark, net-of-fees, over the Fund's designated investment time horizon. LACERA's policy benchmarks at the total Fund level, the functional category level, and the asset class level can be found in the Appendix.

## F. Rebalancing

LACERA considers rebalancing the Fund a key aspect of prudent long-term portfolio management. LACERA rebalances the Fund's portfolio in accordance with established guidelines and procedures to adhere to its approved strategic asset allocation, consistent with the Fund's stated Investment Beliefs. The approved ranges for each functional asset category and underlying asset class are defined in the Appendix.

## G. Responsible Stewardship and Beneficial Ownership Rights

In pursuing its investment program, and as part of mitigating risks associated with LACERA's investments, LACERA seeks to manage its investments in a manner that promotes and safeguards the economic interests of LACERA and its members, consistent with LACERA's mission. LACERA prudently exercises its rights as an investor to support policies and practices at companies in which LACERA invests, as well as public policies governing financial markets, that are consistent with LACERA's economic interests. In doing so, LACERA aims to promote sustainable, long-term value on behalf of its members and enhance LACERA's ability to fulfill its mission. LACERA has therefore adopted Corporate Governance and Stewardship Principles (see Attachments). Beneficial ownership rights pertaining to LACERA's investments, including, but not limited to proxy voting, are managed in accordance with LACERA's Corporate Governance and Stewardship Principles.

## H. Integration of Environmental, Social, and Governance (ESG) Factors

LACERA recognizes that environmental, social, and governance factors may influence the risk-return profile and financial performance of investments. Financially material ESG factors may vary by industry, geographic exposure, business strategy, investment time horizon, and other variables. LACERA endeavors to identify, assess, and manage relevant ESG factors in its market research, portfolio construction, and throughout its investment process in furtherance of its mission and fiduciary duties. Careful consideration of ESG factors throughout LACERA's investment process aims to generate sustainable investment returns. LACERA assesses and monitors all investment partners on their capacity and skill in evaluating ESG risks and opportunities in a compelling manner to enhance LACERA's risk-adjusted returns.

## H.I. Diversity, Equity, and Inclusion

LACERA values diversity, equity, and inclusion, and believes that effectively accessing and managing diverse talent—~~inclusive of varied backgrounds, age, experience, race, sexual orientation, gender, ethnicity, and culture~~—leads to improved outcomes. LACERA considers diversity broadly, -inclusive of—but not limited to—professional backgrounds, age, experience, race, sexual orientation, gender, gender identity, disability status, military service, ethnicity, national origin, and culture. LACERA expects external asset managers and other third party providers to respect and reflect LACERA's value of diversity, equity, and inclusion. LACERA's ongoing monitoring of third party service providers incorporates an assessment of vendors' commitment to, adherence with, and track record of accessing and retaining diverse ~~and inclusive~~ workforces in an inclusive and equitable manner.



## II. Investment Process

The following sections articulate the general parameters and processes by which LACERA executes its investment strategy, in adherence to established policies and procedures.

### A. Structure Review

After an asset allocation study apportions capital across categories, LACERA conducts a structure review to address how to implement each asset category. A structure review establishes the framework for each asset category by addressing its role within a total Fund context. The structure review evaluates the objectives, portfolio composition, related strategic initiatives, and how the portfolio may evolve in the near to medium term. These reviews are presented to the Board no less frequently than the comprehensive asset allocation study conducted for the total Fund, or at the Board's request.

### B. Investment Management

#### i. Investment Agreements

Board-approved investment recommendations are subject to negotiation and execution of an agreement that, in the judgment of LACERA's Chief Investment Officer and Chief Counsel, includes all terms necessary to provide adequate protection for LACERA's interests under the circumstances of the transaction, including but not limited to an appropriate standard of care on the part of the investment manager.

#### ii. Selection and Monitoring

LACERA may utilize internal resources or externally managed portfolios implemented by asset management firms and service providers to effectuate LACERA's investment program. In determining whether to use internal or external resources to implement a specific investment mandate, strategy, or investment-related service, LACERA takes into consideration numerous factors, including, but not limited to, return expectations, associated risks, compliance requirements, and expenses related to the specific strategy or service.

LACERA has adopted formal procedures to guide the selection, appointment, and monitoring of external managers and service providers. LACERA expects any external party that manages Fund assets on behalf of LACERA to serve as a fiduciary.

#### iii. Costs

LACERA considers the costs and expenses related to executing its investment program to be a crucial component of its fiduciary duty and an important element in determining its strategic asset allocation. In all aspects and functions of its investment program, LACERA seeks to actively identify, assess, and monitor expenses. LACERA expects that the economic terms and conditions by which any external party is compensated for investment-related services should promote an alignment of interests between LACERA and the external party in fulfilling LACERA's mission and investment objectives. Accordingly, LACERA diligently attends to and negotiates the economic terms of investment services rendered to the Fund.

## C. Liquidity Management and Other Investment Functions

The following sections provide the general guiding principles and parameters for certain components of LACERA's investment process, including liquidity management, the use of derivative instruments, securities lending, and certain prohibited transactions.

### i. Liquidity and Cash Management

Effective cash management is integral to LACERA's investment process. LACERA strives to maintain appropriate levels of liquidity—i.e., the ability to convert investments into cash—in order to meet immediate or short-term obligations and liabilities, such as funding member benefits, meeting capital calls, and rebalancing the portfolio per the strategic asset allocation. LACERA manages liquidity by monitoring the Fund's aggregate liquidity and liquidity risk exposures.

### ii. Derivatives Management

LACERA may employ derivative instruments to hedge or gain exposure to certain investments. A derivative is a financial instrument that derives its value from an underlying asset which represents direct ownership of a security or a direct obligation of an issuer. Derivatives may be exchange-traded or traded over the counter (OTC). LACERA expects that any use of derivatives by external managers must adhere to LACERA's policies and investment guidelines.

### iii. Securities Lending

LACERA may lend designated securities to provide the Fund with additional income generation and offset administrative expenses. LACERA lends eligible securities (both U.S. and Non-U.S. equities and bonds) to approved and qualified borrowers, subject to the terms and conditions specified in LACERA's contract agreements. Any securities lending activity is expected to be transparent to LACERA's external investment managers and should not impede or otherwise impair the investment management process.

### iv. Prohibited Transactions

LACERA prohibits the following transactions unless stated otherwise in the investment management agreement:

- "Prohibited transactions" as defined under the Employee Retirement Income Security Act of 1974 (ERISA)
- Transactions that involve a broker acting as a "principal," where such broker is also the investment manager (or an entity related to the investment manager) who is making the transaction
- Any or all applicable investment activities forbidden by the United States Securities and Exchange Commission or other applicable governing bodies
- Any acts or omissions that violate state and local laws regarding conflicts of interest and disclosures

LACERA does not lever the Fund's investment portfolio as a whole. However, leverage is implicit in many investment strategies. LACERA expects that any use of leverage by external managers must adhere to LACERA's established policies and investment guidelines.

## III. Risk Management

LACERA manages risk by establishing and adhering to investment guidelines, pursuing multiple approaches to diversification (such as asset class, geography, liquidity profile, currency, and degree of active management), and conducting regular measurement and analytical exercises. LACERA assumes certain risks to achieve sufficient returns to meet the Fund's financial obligations and investment objectives. Investment risks pertain to the prospect of a permanent loss of capital or of not meeting objectives within the designated timeframe. LACERA seeks to mitigate the impact of a drawdown to the Fund in order to accomplish its investment objectives, reduce volatility, and avoid increased contributions to the Fund from the plan sponsor or employees.

### A. Philosophy and Objectives

LACERA considers risk multi-faceted and, therefore, views risk from multiple perspectives. Risk may vary and evolve over time, across sectors or geographic exposures, and depends on the nature and terms of the investment vehicle that LACERA deploys to implement the Fund's investment strategies. Risk may be systematic (i.e. present across the market) or unsystematic (i.e., specific to a particular investment strategy). A risk may pertain to and potentially impact the total Fund, a functional asset category, or individual underlying asset classes.

LACERA seeks to diligently identify, assess, and monitor relevant investment risks throughout the investment process, from determining its strategic asset allocation to ongoing evaluation and monitoring of the Fund's performance. This helps to ensure that risks assumed by the Fund are intentional and adequately compensated.

### B. Approach

LACERA's strategic asset allocation attempts to position the Fund to capture growth while mitigating large drawdowns. LACERA's investment strategy is designed to take intentional risk, called active risk, in order to achieve commensurate investment results. LACERA may define expectations for active return earned per unit of active risk taken for various investment strategies and portfolios.

LACERA seeks to identify and acknowledge the sources and types of risk inherent in each investment strategy. However, LACERA also recognizes that even sophisticated risk measurement techniques may not detect certain risks, including extreme events, in advance. Accordingly, risk models may only provide limited predictive qualities. LACERA endeavors to test and challenge investment strategies and assumptions prior to a capital outlay as well as for ongoing monitoring.

LACERA measures investment risk using multiple metrics on both an absolute and relative basis at all relevant levels (i.e., total Fund, functional asset categories, and underlying asset classes). LACERA also strives to employ stress testing, scenario analyses, and broader financial and economic analyses to understand current and potential risks related to its investment strategy and decisions. LACERA selects appropriate benchmarks to assess and determine whether investment risks taken by the Fund are appropriate in order to achieve expected investment returns.

LACERA may establish a risk budget to set active risk targets for each functional asset category and underlying asset classes. LACERA aims to minimize unintended risk caused by asset allocation drift or other factors.

## IV. Roles and Responsibilities

LACERA has established the following roles and responsibilities to implement its investment program. The duties explained below apply to the Board, staff, and various external parties who collectively oversee and administer the functions necessary for LACERA to accomplish its investment objectives.

The overview outlined below is further complemented by the following documents: *(Board of Investments Charter, Board of Investments Powers Reserved Defined, Board of Investments Powers Reserved and Delegated Authorities, and the Board of Investments Regulations (previously referred to as "Bylaws").*)

### A. Board of Investments

#### i. Board

The exclusive fiduciary responsibility of the Board is to ensure prudent investment and management of the Fund so as to provide for the timely payment of benefits to members and their beneficiaries, minimize employer contributions, and defray the reasonable cost of administration, with the duty to members being paramount. It is the responsibility of the Board to ensure that LACERA employees administer Fund investments at reasonable cost, while preserving the quality of investments. The Board exercises oversight of all aspects of the investment program. The Board oversees the management of the Fund in compliance with all aspects of this IPS and all applicable federal and state laws and regulations concerning the administration of a government pension plan. The Board may request staff and investment consultants to inform and make recommendations on matters pertinent to LACERA's investment operations. The Board may also delegate specific authorities to the Chief Investment Officer ("CIO"), as further outlined in the Appendix.

#### ii. Committees

To assist the Board in carrying out its duties, the Board may establish one or more committees ("Committee"). A Committee makes recommendations to the Board on investment actions related to its area of focus. A Committee may request staff and investment consultants to inform and make recommendations to it on matters pertinent to LACERA's investment program.

### B. Staff

#### i. Chief Executive Officer

The Board and LACERA'S Board of Retirement jointly appoint the Chief Executive Officer ("CEO"). The CEO is responsible for planning, organizing, and administering the operations of LACERA under policy guidance and direction from the Board and the Board of Retirement. The CEO exercises administrative oversight of the CIO, excluding investment decisions delegated to the CIO. The Board provides input to the CEO in the CEO's oversight of the CIO.

#### ii. Chief Investment Officer and Investment Staff

The CIO and staff assist the Board in performing its fiduciary duty. The internal investment staff reports to the CIO, who in turn reports to the CEO, with the input of the Board. The CIO, with the assistance of staff, has the responsibility and authority to assist the Board in establishing investment and administrative policies. The CIO and staff are responsible for implementing the policies and programs established by the Board. The CIO has primary responsibility for the implementation of the Board's investment decisions.

The CIO and staff manage the portfolio according to the Board's policies, advise and inform the Board about investments, assist with development and review of investment policies and procedures, oversee operational aspects of the Fund, report on the progress of the Fund in meeting its investment objectives, and monitor and report to the Board on the performance of the Fund relative to the appropriate benchmarks. The Board has delegated specific investment authority and responsibility directly to the CIO as described in the Appendix. The CIO is authorized to interact with and communicate directly with the Board regarding all investment-related matters. The CEO does not have any authority over any and all investment decisions that are delegated to the CIO.

**iii. Chief Counsel and Legal Staff**

The Office of Chief Counsel and legal staff (Legal Counsel) are primarily responsible for legal issues concerning the investment program and advise the Board, CEO, CIO, and staff on investment-related legal matters. Legal Counsel advises the Board in performing its fiduciary responsibility. In addition to reliance upon internal resources for such matters, the Chief Counsel or designee within the Legal Office may retain external legal counsel, when deemed necessary and appropriate, to advise staff, negotiate and prepare contracts on investment-related matters and individual transactions, and provide other investment legal advice to protect LACERA's interests, including its status as a tax-exempt government plan.

**C. Third Party Service Providers**

LACERA may engage external service providers, as described below, to implement its investment program. All service providers, unless otherwise not applicable, are expected to serve as fiduciaries to the Fund in fulfilling their contracted services. Third party service providers must refrain from gift-giving or other efforts that may jeopardize the impartiality, or appearance thereof, of LACERA's Board and staff.

**i. Investment Consultants**

An investment consultant works for the Board in the oversight and implementation of investment objectives. In meeting the Board's objectives, investment consultants may work with staff and investment managers. The Board's general investment consultant provides advice and recommendations to the Board or Committee regarding LACERA's strategic objectives, risks, oversight, and implementation of investment objectives. Investment consultants, both general and specialized, provide advice and recommendations regarding strategic asset allocation, portfolio implementation, and oversight of the Fund to the Board, CIO, and staff. Investment consultants report to the Board or the Committee, as directed, and serve as an independent resource accountable to the Board. Investment consultants have a fiduciary duty to LACERA and must report economic interests and conflicts in accordance with California law and LACERA policy, including the Code of Ethical Conduct and filing of Form 700s.

**ii. Custodian Bank**

The Custodian Bank ("Bank") serves as a fiduciary in the safekeeping of Fund assets. The Bank is responsible for maintaining the Fund's official accounting book of record, including the ongoing pricing and valuation of all assets, collection of income generated by those assets, any corporate action notification, and performance calculation. The Bank cooperates with and provides assistance to staff and investment managers in the reconciliation process. LACERA may opt to designate other duties to the Bank as stipulated in the professional services agreement. LACERA's investment office works with LACERA's accounting division to manage the custodial relationship.

**iii. Investment Managers**

Investment managers are selected by the Board and, subject to the terms and conditions of this IPS, serve LACERA through contracts that specify investment guidelines, administrative requirements, responsibilities, investment fees, and performance expectations for management of each mandate. Investment managers provide reporting to LACERA on the performance of specific investment mandates in adherence to established guidelines and agreements. Staff and consultants synthesize investment managers' performance for presentation to the Board in accordance with established performance monitoring and oversight procedures. Investment managers should accept a fiduciary duty to LACERA, must report economic interests and conflicts in accordance with California law and LACERA policy, including the Code of Ethical Conduct and filing of Form 700s, and enforce their own diversity, ethics, and sexual harassment policies.

**iv. Other Third Party Service Providers**

Additional third party service providers may be retained, subject to the terms and conditions of LACERA's established policies and procedures, in order to perform other duties to assist in the administration of the Fund.

# Appendix

## A. Investment Tables

Appendix A: Tables 1 & 2 have been updated and will replace the tables that follow. Tables 3 & 4 are removed.

Table 1: Approved Asset Allocation

Asset Class	Target Allocation (%)	Allocation Range +/- (%)	Target Allocation (½ Step) 10/1/2021
<b>Growth</b>	<b>53.0</b>	<b>+/-8</b>	<b>51.0</b>
Global Equity	32.0	+/-7	34.0
Private Equity	17.0	+3/-5	14.0
Non-Core Private Real Estate	4.0	+/-2	3.0
<b>Credit</b>	<b>11.0</b>	<b>+/-3</b>	<b>11.0</b>
Liquid Credit	4.0	+/-3	6.0
Illiquid Credit	7.0	+/-3	5.0
<b>Real Assets and Inflation Hedges</b>	<b>17.0</b>	<b>+/-3</b>	<b>17.0</b>
Core Private Real Estate	6.0	+/-3	6.0
Natural Resources & Commodities	3.0	+/-2	4.0
Infrastructure	5.0	+1/-3	4.0
TIPS	3.0	+/-3	3.0
<b>Risk Reduction and Mitigation</b>	<b>19.0</b>	<b>+/-6</b>	<b>21.0</b>
Investment Grade Bonds	7.0	+/-6	13.0
Diversified Hedge Funds	6.0	+2/-4	5.0
Long-term Government Bonds	5.0	+/-5	2.0
Cash	1.0	+2/-1	1.0
<b>Overlays and Hedges</b>	<b>0.0</b>		<b>0.0</b>
Cash Overlay	0.0		0.0
Currency Hedge	0.0		0.0
<b>TOTAL FUND</b>	<b>100.0</b>		<b>100.0</b>

<b>Asset Class</b>	<b>Target Allocation (%)</b>	<b>Allocation Range +/- (%)</b>
<b>Growth</b>	47.0	+/- 7
Global Equity	35.0	+/- 7
Private Equity	10.0	+/- 3
Opportunistic Real Estate	2.0	+1/- 2
<b>Credit-Oriented Fixed Income</b>	12.0	+/- 3
High Yield Bonds	3.0	+/- 3
Bank Loans	4.0	+2/- 4
Emerging Market Debt	2.0	+/- 2
Illiquid Credit	3.0	+2/- 3
<b>Real Assets &amp; Inflation Hedges</b>	17.0	+/- 3
Core & Value-Added Real Estate	7.0	+/- 3
Natural Resources/Commodities	4.0	+/- 2
Infrastructure	3.0	+1/- 3
TIPS	3.0	+2/- 3
<b>Risk Reducing &amp; Mitigating</b>	24.0	+/- 6
Investment Grade Bonds	19.0	+/- 6
Diversified Hedge Fund Portfolio	4.0	+2/- 4
Cash	1.0	+2/- 1
<b>TOTAL FUND</b>	100.0	



Table 2: Benchmark Table

Asset Class	Benchmark
<b>Growth</b>	<b>Custom Blend</b>
Global Equity	MSCI ACWI IMI Net
Private Equity	MSCI ACWI IMI + 200 bps (3-Month lagged)
Non-Core Private Real Estate	NFI ODCE + 225 bps (3-Month lagged)
<b>Credit</b>	<b>Custom Blend</b>
Liquid Credit	40% BBg Barc U.S. Corporate High Yield; 40% Credit Suisse Leveraged Loans; 10% JP Morgan EMBI GD; 5% JP Morgan GBI-EM GD; 5% JP Morgan CEMBI BD Custom Liquid Credit Benchmark + 150 bps
Illiquid Credit	(1-Month lagged)
<b>Real Assets and Inflation Hedges</b>	<b>Custom Blend</b>
Core Private Real Estate	NFI ODCE (3-Month lagged)
Natural Resources & Commodities	33% Bloomberg Commodity; 66% S&P Global Natural Resources TR
Infrastructure	Dow Jones Brookfield Global Composite Infrastructure TR
TIPS	BBg Barc U.S. TIPS
<b>Risk Reduction and Mitigation</b>	<b>Custom Blend</b>
Investment Grade Bonds	BBg Barc U.S. Aggregate TR
Diversified Hedge Funds	FTSE 3-Month US Treasury Bill + 250 bps (1-Month lagged)
Long-term Government Bonds	BBg Barc U.S. Long Treasury Bond
Cash	FTSE 3-Month U.S. Treasury Bill
<b>Overlays and Hedges</b>	<b>N/A</b>
Cash Overlay	--
Currency Hedge	--
<b>TOTAL FUND</b>	<b>Custom Blended Policy Benchmark</b>

<b>Asset Class</b>	<b>Benchmark</b>
<b>Growth</b>	Custom Blend
Global Equity	80% MSCI ACWI IMI + 20% MSCI World IMI ex U.S. Currency Hedged
Private Equity	MSCI ACWI IMI + 200 bps (3-month lag)
Opportunistic Real Estate	NFI ODCE + 300 bps (3-month lag)
<b>Credit-Oriented Fixed Income</b>	Custom Blend
High-Yield Bonds	Bloomberg Barclays U.S. High Yield
Bank Loans	Credit Suisse Leveraged Loans
Emerging Market Debt	50% JP Morgan EMBI GD/25% JP Morgan GBI-EM GD/25% JP Morgan CEMBI BD
Illiquid Credit	Bloomberg Barclays U.S. Aggregate + 250 bps
<b>Real Assets &amp; Inflation Hedges</b>	Custom Blend
Core & Value-Added Real Estate	NFI ODCE + 50 bps (3-month lag)
Natural Resources/Commodities	50% Bloomberg Commodity/50% S&P Global LargeMidCap Commodity and Resources
Infrastructure	Dow Jones Brookfield Global Infrastructure
TIPS	Bloomberg Barclays U.S. TIPS
<b>Risk Reducing &amp; Mitigating</b>	Custom Blend
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate TR
Diversified Hedge Fund Portfolio	Citigroup 3-Month U.S. Treasury Bill + 250bps
Cash	Citigroup 3-Month U.S. Treasury Bill
<b>TOTAL FUND</b>	Custom Blended Policy Benchmark

**Table 3: Ten-Year Annualized Return and Volatility Expectations**

<b>Asset Class</b>	<b>Expected Return (%)</b>	<b>Volatility (%)</b>
<b>Growth</b>	7.9	19.5
Global Equity	6.7	19.0
Private Equity	9.3	26.0
Opportunistic Real Estate	7.5	25.0
<b>Credit-Oriented Fixed Income</b>	5.6	10.9
High-Yield Bonds	5.0	12.5
Bank Loans	5.1	10.0
Emerging Markets Debt	5.1	13.3
Illiquid Credit	6.1	18.0
<b>Real Assets &amp; Inflation Hedges</b>	5.8	11.5
Core & Value-Added Real Estate	4.0/6.0	12.5/19.0
Natural Resources/Commodities	7.9	23.0
Infrastructure	6.6	17.4
TIPS	3.0	7.5
<b>Risk Reducing &amp; Mitigating</b>	2.8	3.5
Investment Grade Bonds	2.5	4.0
Diversified Hedge Fund Portfolio	4.0	9.9
Cash	1.5	1.0

**Table 4: Correlation Matrix**

**Correlation Table**

Asset-Name	Cash-Equivalents	Investment-Grade-Bonds	TIPS	High-Yield-Bonds	Bank-Loans	Private-Debt-Composite	Emerging-Market-Bonds-(Local)	Global-Equity	Private-Equity	Real-Estate	Natural-Resources-(Private)	Commodities	Infrastructure	Diversified-Hedge-Funds
Cash-Equivalents	1.00													
Investment-Grade-Bonds	0.05	1.00												
TIPS	0.05	0.80	1.00											
High-Yield-Bonds	0.00	0.20	0.30	1.00										
Bank-Loans	0.05	0.00	0.20	0.80	1.00									
Private-Debt-Composite	0.10	0.20	0.10	0.85	0.80	1.00								
Emerging-Market-Bonds-(Local)	0.00	0.35	0.40	0.65	0.40	0.65	1.00							
Global-Equity	0.00	0.05	0.10	0.70	0.60	0.70	0.70	1.00						
Private-Equity	0.10	0.00	0.05	0.72	0.67	0.79	0.52	0.84	1.00					
Real-Estate	0.18	0.23	0.09	0.47	0.46	0.37	0.23	0.39	0.44	1.00				
Natural-Resources-(Private)	0.05	0.10	0.10	0.45	0.40	0.40	0.60	0.60	0.62	0.50	1.00			
Commodities	0.00	0.05	0.35	0.40	0.40	0.35	0.45	0.50	0.32	0.10	0.65	1.00		
Infrastructure	0.20	0.30	0.30	0.61	0.50	0.41	0.61	0.66	0.51	0.61	0.61	0.36	1.00	
Diversified-Hedge-Funds	0.10	0.05	0.21	0.64	0.60	0.56	0.52	0.68	0.51	0.36	0.52	0.54	0.49	1.00

Asset-Name	Growth	Credit	Real-Assets	Risk-Mitigating
Growth	1.00	0.65	0.41	0.14
Credit	0.65	1.00	0.39	0.23
Real-Assets	0.41	0.39	1.00	0.32
Risk-Mitigating	0.14	0.23	0.32	1.00

**B. Chief Investment Officer Delegated Authorities**

This Appendix has been updated and will replace the section that follows. Both are included to aid document review.

The Board has delegated to the CIO the following authorities in accordance with Board- approved asset class specific program parameters. CIO actions will be reported to Trustees consistent with the reporting provisions below, or in a timely manner.

**Total Fund**

<b>General Authorities</b>	<p>Authority to limit or freeze manager trading activity pending discussion and action by the Board. Such actions shall be reported as an informational item as reasonably practicable to the Board, and no later than the next scheduled meeting of the Board.</p> <p>Authority to take actions not otherwise specifically delegated, in concurrence with the CEO and the Chair of the Board, when deemed necessary in the best interest of the Fund and when there is not enough time to take the action to the full Board. Such actions shall be reported as an informational item as soon as reasonably practicable to the full Board, and no later than the next scheduled meeting of the Board.</p> <p>Authority to rebalance the Fund in order to raise cash for benefit payments, adjust investment exposures, or pay operational expenses while adhering to investment policy targets. Rebalancing may include increasing or decreasing all Board-approved mandates.</p> <p>Authority to take actions as specified in LACERA's Procurement Policy.</p>
<b>Approval of Variances</b>	<p>Authority to approve temporary variances from asset-level program and investment manager guidelines.</p>
<b>Contract Authorities</b>	<p>Authority to sign, or delegate authority to sign, all investment-related contracts and agreements necessary to implement Board-approved action. Thereafter, during the original term, authority to sign all amendments and modifications with respect to such contracts and agreements and make all decisions with respect to their day-to-day operation and implementation where the investment mandate remains substantially unchanged. Upon expiration of a contract or agreement for Board-approved mandates, an extension or modification may only be made with Board approval or as outlined in LACERA's Procurement Policy.</p> <p>Authority to approve reductions to investment manager fee schedules and service provider costs.</p> <p>Authority to negotiate and execute investment agreements that, in the judgment of the CIO and Chief Counsel, provide adequate protection for LACERA's interests, including an appropriate standard of care on the part of each manager.</p>

### Asset Class Specific

<b>Private Equity</b>	<p>Authority to approve the purchase or sale of any existing fund investment within the Private Equity portfolio.</p> <p>Authority to approve co-investments, secondary transactions, re-ups, and advisory board seats.</p>
<b>Real Estate</b>	<p>Authority to approve the purchase or sale of any existing fund investment within the Real Estate portfolio.</p> <p>Authority to authorize the formation, dissolution of, and designate officers for Title Holding Companies.</p> <p>Authority to approve co-investments, secondary transactions, re-ups, and advisory board seats.</p>
<b>Real Assets (ex-Real Estate)</b>	<p>Authority to approve the purchase or sale of any existing fund investment within the Real Assets portfolio.</p> <p>Authority to approve co-investments, secondary transactions, re-ups, and advisory board seats.</p>
<b>Credit</b>	<p>Authority to approve the purchase or sale of any existing fund investment within the Credit portfolio.</p> <p>Authority to approve co-investments, secondary transactions, re-ups, and advisory board seats.</p>
<b>Hedge Funds (Including Equity)</b>	<p>Authority to approve the purchase or sale of any existing fund investment.</p> <p>Authority to approve co-investments, secondary transactions, re-ups, and advisory board seats.</p> <p>Authority to terminate a hedge fund manager.</p>

In the event the CIO is not available, and time is of the essence in making a decision, LACERA will follow the Board-approved Crisis Response Plan. The Board will receive written notification of all such actions.

## Chief Investment Officer Delegated Authorities (prior version)

The Board has delegated to the CIO the following authorities in accordance with Board-approved asset class specific program parameters. CIO actions will be reported to Trustees consistent with the reporting provisions below, or in a timely manner:

- Authority to approve the purchase or sale of any existing fund investment within the [see note\*] portfolio. \*This language applies to private equity, real estate, real assets (ex-real estate), credit, and hedge funds (including equity).
- Authority to authorize formation, dissolution of, and designate officers for Title Holding Companies.
- Authority to approve ~~real estate~~ co-investments, secondary transactions, re-ups, and advisory board seats. ~~according to the Real Estate Co-Investment Policy found in LACERA's Real Estate Objectives, Policies, and Procedures.~~ This language applies to private equity, real estate, real assets (ex-real estate), credit, and hedge funds (including equity).
- ~~Authority to approve the purchase or sale of any existing fund investment within the Private Equity portfolio, in accordance with LACERA's Private Equity Objectives, Policies and Procedures.~~
- Authority to sign, or delegate authority to sign, all investment-related contracts and agreements necessary to implement Board-approved action. Thereafter, during the original term, authority to sign all amendments and modifications with respect to such contracts and agreements, and make all decisions with respect to their day-to-day operation and implementation where the investment mandate remains substantially unchanged. Upon expiration of a contract or agreement for Board-approved mandates, it an extension or modification ~~may only be extended or modified only made~~ with Board approval or as outlined in LACERA's Procurement Policy.
- Authority to approve temporary variances from asset-level program and public market investment manager guidelines.
- Authority to approve reductions to investment manager fee schedules and service provider costs.
- ~~Authority to approve variances from LACERA's Fund of Funds sub-manager selection and compliance criteria on a case-by-case basis.~~
- Authority to limit or freeze manager trading activity pending discussion and action by the Board. Such actions shall be reported as an informational item as reasonably practicable to the Board, and no later than the next scheduled meeting of the Board.
- Authority to take actions not otherwise specifically delegated, in concurrence with the CEO and the Chair of the Board, when deemed necessary in the best interest of the Fund and when there is not enough time to take the action to the full Board. Such actions shall be reported as an informational item as soon as reasonably practicable to the full Board, and no later than the next scheduled meeting of the Board.
- Authority to rebalance the Fund in order to raise cash for benefit payments, adjust investment exposures, or pay operational expenses while adhering to investment policy targets. Rebalancing may include increasing or decreasing all Board-approved mandates. ~~approve~~

~~secondary PE transactions, PE re-ups, Title Holding Companies, and advisory board seats.~~

- ~~Authority to add capital to, or reduce amounts invested in the already approved hedge fund managers or terminate a hedge fund manager according to established procedures in the hedge funds policies and procedures.~~
- Authority to take actions as specified in LACERA's Procurement Policy.
- Authority to negotiate and execute investment agreements that, in the judgment of the CIO and Chief Counsel, provide adequate protection for LACERA's interests, including an appropriate standard of care on the part of each manager.

In the event the CIO is not available, and time is of the essence in making a decision, LACERA will follow the Board-approved Crisis Response Plan. ~~the CEO shall have the authorities identified above. In the event neither the CIO nor CEO is available at the time that a decision must be reasonably made under contract or law or to further the best interest of the Fund, a committee composed of all available Principal and Senior Investment Officers and Assistant Executive Officers shall have these powers, provided that the committee is composed of at least one Principal or Senior Investment Officer and one Assistant Executive Officer.~~ The Board will receive written notification of all such actions.



# List of Attachments

Corporate Governance and Stewardship Principles

Responsible Contractor Policy

Emerging Manager Policy

Placement Agent Policy

[Private Equity Privatization Policy](#)

[Procurement Policy for Investment-Related Services](#)

# Investment Policy Statement

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Restated November 8, 2018

Revised December 11, 2019

Revised August 11, 2021



L/CERA

# Contents

<b>About LACERA</b>	<b>1</b>
<b>Statement of Purpose</b>	<b>2</b>
<b>Legal Authority</b>	<b>3</b>
Fiduciary Duty .....	3
Ethics and Code of Conflicts .....	3
Process .....	3
<b>Investment Policy</b>	
<b>I. Investment Policy and Strategy</b>	<b>4</b>
Objectives of Investment Program. ....	4
Investment Beliefs .....	4
Overview of Strategic Asset Allocation.....	6
Performance Objectives .....	9
Rebalancing .....	9
Responsible Stewardship and Beneficial Ownership Rights.....	9
Integration of Environmental, Social, and Governance (ESG) Factors.....	9
Diversity, Equity, and Inclusion. ....	9
<b>II. Investment Process</b>	<b>10</b>
Structure Review .....	10
Investment Management. ....	10
Liquidity Management and Other Investment Functions.....	11
<b>III. Risk Management</b>	<b>12</b>
Philosophy and Objectives .....	12
Approach. ....	12
<b>IV. Roles and Responsibilities</b>	<b>13</b>
Board of Investments.....	13
Staff .....	13
Third Party Service Providers.....	14

## Appendix

A. Investment Tables .....	16
Approved Asset Allocation. ....	16
Benchmark Table .....	17
B. Chief Investment Officer Delegated Authorities.....	18

## List of Attachments

20

Corporate Governance and Stewardship Principles  
Responsible Contractor Policy  
Emerging Manager Policy Placement Agent Policy  
Private Equity Privatization Policy  
Procurement Policy for Investment-Related Services

# About LACERA

The Los Angeles County Employees Retirement Association (“LACERA”) administers a defined benefit retirement plan (the “Fund”) and other post-employment benefits (“OPEB” or the “Trust”) for employees of Los Angeles County and certain other districts.

The Los Angeles County Board of Supervisors established LACERA by ordinance in 1937. LACERA has operated since 1938, and today, serves over 170,000 active and retired members.

LACERA’s mission is to “produce, protect, and provide the promised benefits.” LACERA aims to fulfill its mission through prudent investment and conservation of plan assets, in accordance with its Investment Beliefs and in consideration of actuarial analysis.

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## **LACERA MISSION STATEMENT**

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**We Produce, Protect, and Provide  
the Promised Benefits**

LACERA’s Board of Investments (the “Board”) is responsible for establishing LACERA’s investment policy and objectives, as well as exercising oversight of the investment management for both the Fund and the Trust.

# Statement of Purpose

LACERA's Investment Policy Statement (the "IPS") defines the framework by which LACERA manages the assets of the Fund in order to fulfill its mission. The document provides the primary guidance for LACERA's investment activities by outlining the philosophy and structure of LACERA's investment program, describing the general process by which assets are managed, and defining the key roles and responsibilities in LACERA's investment program.

# Legal Authority

The California Constitution and LACERA's governing statutes create a legal framework within which this IPS must be interpreted and implemented by the Board in approaching its decisions. The Board is independent and has sole and exclusive legal responsibility over investment of the Fund's assets.

## A. Fiduciary Duty

The Board and its members are fiduciaries, making decisions for the benefit of the Fund as a whole without other concerns or outside influence. All Board members, whether they are elected, appointed, or ex officio, have the same fiduciary duty under the law. This fiduciary duty has two components:

- *Duty of Loyalty.* Under the duty of loyalty, Board members have the sole and exclusive responsibility to administer the Fund to ensure prompt delivery of benefits to members and their beneficiaries. In making every decision, the Board must act according to a three-pronged legal formula that balances the interests of the Fund's stakeholders: (1) solely in the interest of providing benefits to members and beneficiaries, (2) to minimize employer contributions, and (3) to defray the expenses of administering the Fund. The Board's duty to members and their beneficiaries takes precedence over any other duty.
- *Duty of Prudence.* Board members must discharge their duties with the care, skill, prudence, and diligence that a prudent fiduciary familiar with the matters and the circumstances of each particular decision would use in the conduct of a similar enterprise with like aims. The Board must diversify fund investments so as to minimize risk of loss and maximize the rate of return, unless under the circumstances it is clearly prudent not to do so. The Board may invest or delegate the authority to invest Fund assets through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the Board.

## B. Ethics and Code of Conflicts

The Board and LACERA staff must refrain from personal activity that could conflict with the proper management of the investment program, or that could impair their ability to make decisions in compliance with fiduciary duty. Further details are defined in LACERA's Code of Ethical Conduct, Conflict of Interest Code, the Political Reform Act, Fair Political Practices Commission regulations, and other applicable law.

## C. Process

Because the Board is a governing body of a public agency, the Board and its members must conduct business according to the State of California Ralph M. Brown Act, which provides that Board meetings, deliberations, and actions must be public unless subject to a specific closed session exception. The Board may go into closed session to discuss the purchase and sale of particular, specific investments under the Brown Act.

# Investment Policy

## I. Investment Philosophy and Strategy

### A. Objectives of the Investment Program

LACERA follows a carefully planned and executed strategic investment program in order to:

- i. **Produce** the promised benefits for LACERA members and beneficiaries by achieving the Fund's assumed rate of return on a total return basis over the long-term, consistent with LACERA's mission;
- ii. **Protect** the promised benefits on behalf of LACERA members and beneficiaries by mitigating investment risks through Fund diversification and other means, consistent with LACERA's mission; and
- iii. **Provide** the promised benefits for LACERA members and beneficiaries, in part by ensuring adequate liquidity, consistent with LACERA's mission.

### B. Investment Beliefs

The Board has adopted the following investment beliefs ("Investment Beliefs") to describe its core beliefs and underlying assumptions about how capital markets operate. Collectively, the Investment Beliefs provide a framework to guide LACERA's investment decisions in a manner consistent with the Fund's nature as an institutional investor with a long-term investment horizon in order to achieve the Fund's objectives defined above.

#### i. Strategic Asset Allocation

Long-term strategic asset allocation will be the primary determinant of LACERA's risk/return outcomes.

- a. It is important that LACERA be forward looking, as its investment horizon spans decades, if not indefinitely into the future.
- b. Asset allocation has a greater effect on return variability than asset class investment structure or manager selection. It is essential to account for LACERA's liabilities in setting long-term investment strategy.
- c. Rebalancing the portfolio is a key aspect of prudent long-term asset allocation policy.

#### ii. Market Efficiency

Markets are largely efficient over the long term (10–20 years); however, during certain economic and financial environments markets may not be efficient in setting prices.

- a. Consequently, LACERA will allow for modest tactical asset allocation adjustments during times of disruption.

#### iii. Active Versus Passive Management

As markets are largely efficient, passive management, when available, is the preferred structure for investment management; however, the Board recognizes that some asset classes may justify the higher fees and/or expected enhanced returns associated with active management.



- a. Consequently, active strategies will be used only when there is strong conviction that they can be expected to add value net of their higher fees and are adjusted for risk.

**iv. Private Markets and Liquidity**

Private market assets can add value to a portfolio, providing opportunities for returns that exceed those expected from public markets.

- a. The total capital allocated to illiquid strategies must be kept at a prudent level.
- b. The high return potential of these assets needs to be balanced with LACERA's need for liquidity.
- c. Liquid assets serve a critical role to fund benefit payments and rebalance the portfolio.

**v. Risk**

Risk is a broad term used to capture the concept of uncertainty. Since no single metric adequately conveys risk, LACERA will evaluate risk holistically, incorporating quantitative measures and qualitative assessments in managing its portfolio.

- a. LACERA operates in a global financial marketplace, and as such, LACERA believes that in order to diversify its risk broadly, it is vital that LACERA possess a global perspective.
- b. Diversification across different risk factors is necessary for risk reduction.
- c. Markets are cyclical; risk premia, volatility, and correlations vary over time.
- d. The pattern of returns matters because volatility levels and the sequence of gains and losses can impact funded status and contribution rates.
- e. Risk that is not expected to be rewarded over the long-term, or mitigated through diversification, will be minimized.
- f. For LACERA, not taking enough risk is risky; therefore, LACERA will accept a prudent amount of risk to achieve its long-term target returns.
- g. LACERA considers the risks of environmental, social, and governance ("ESG") factors as relevant to its investment process.
- h. LACERA believes that conflicts of interest may pose risk; therefore, any perceived conflicts should be identified and explored as a material factor in risk analysis.

**vi. Costs and Fees**

Investment outcomes are determined by risk, returns, and costs. All three must be managed, and cost is the most certain.

- a. Consideration of net-of-fees returns is an integral part of a successful long-term investment strategy.
- b. Costs and fees should be actively monitored and negotiated to the greatest extent possible.

**vii. Education**

In an increasingly complex and dynamic investment universe, continued education on investment concepts and investment strategies within that universe is essential for long-term success.

### C. Strategic Asset Allocation

LACERA fundamentally believes long-term strategic asset allocation will be the primary determinant of risk/return outcomes, and therefore establishes a strategic asset allocation to meet its mission and investment objectives.

LACERA's strategic asset allocation categorizes capital outlays into four groups, defined by the function each allocation is intended to serve in the portfolio: (1) Growth, (2) Credit, (3) Real Assets and Inflation Hedges, (4) Risk Reduction and Mitigation, and (5) Overlays and Hedges. The functional categories include various asset classes that represent the risk/return characteristics of each area. LACERA expects the four functional categories to diversify the Fund and optimize upside growth while mitigating downside risk. The asset allocation determines what proportion of the Fund is allocated to each functional category and underlying asset class, including target weights and allowable ranges as a percentage of the Fund.

In order to determine its strategic asset allocation, LACERA conducts a comprehensive asset allocation study every three to five years, or at the Board's request. The asset allocation study considers a number of factors, such as:

- A projection of actuarial assets, liabilities, benefits payments, contributions, and the actuarial rate of return for the Fund, as well as its current and projected funded status.
- Historical results and expected long-term capital market risk, return, and correlation forecasts.
- An assessment of future economic conditions, including inflation and interest rate levels.
- Various risk/return scenarios.
- The Fund's liquidity requirements.

LACERA's approved asset allocation, benchmark table, annualized return and volatility expectations, and correlation estimates are detailed in the tables of the Appendix.

### D. Overview of Strategic Asset Allocation

LACERA groups asset classes into the following functional categories:

#### i. Growth

- a. Role in the portfolio: The role of assets in this category is to be the primary driver of long-term total returns for the Fund.
- b. Asset Classes: Global Equity, Private Equity, and Non-Core Private Real Estate.
- c. Investment Approach: Growth assets generally represent equity or equity-like interests in current and future income streams. Growth assets include public and private market strategies that include both liquid and illiquid investments. LACERA utilizes passive strategies in relatively efficient segments of the market for global equity. LACERA employs active strategies in relatively less efficient market segments of global equities, as well as in private equity and non-core private real estate.
- d. Risk Factors: Growth assets are primarily equity ownership positions that tend to perform well in times of positive economic growth. They are highly sensitive to economic conditions and are subject to potential loss in value based on a number of factors. For example, growth assets may be sensitive to inflation and generally perform poorly in times of high and unexpected inflation. To a lesser extent,

growth assets may be sensitive to interest rates due to the use of leverage in certain strategies as well as the relationship between interest rates and the discount rates used to price securities.

## ii. Credit

- a. Role in the portfolio: LACERA expects assets categorized as Credit to produce current income and moderate long-term total returns. Credit has more moderate levels of risk than assets categorized as Growth, and, accordingly, provides incremental diversification to the total Fund.
- b. Asset Classes: Liquid Credit (High Yield, Bank Loans, Emerging Market Debt), and Illiquid Credit
- c. Investment Approach: Credit assets are generally fixed claims on assets or income streams of an issuer (e.g., government, corporation, asset-backed securities). The category is composed of certain fixed income, hedge funds, real estate, and private debt investments. Investment strategies within this category may have a specific mandate or be multi-strategy. The investment strategies may be liquid, illiquid, or a combination of both, depending on the nature and terms of the specific investment vehicle. LACERA employs active strategies across all asset classes within the Credit category but may employ passive strategies in certain segments that are relatively more efficient.
- d. Risk Factors: The primary risk for owners of Credit assets is the failure of the borrower to make timely payments of interest and principal. There are three elements of credit risk: the risk of default, the risk of a credit downgrade, and spread risk, which is the risk that investors may demand greater compensation for bearing the first two types of risk. Bonds with credit risk offer a yield premium over government bonds to compensate investors for the additional risk. Bonds with greater credit risk (i.e., bonds with lower credit ratings) are typically less liquid than higher quality bonds.

## iii. Real Assets and Inflation Hedges

- a. Role in the portfolio: LACERA expects assets in this category to provide income as well as a hedge against inflation, while diversifying the Fund due to the assumed low correlation of returns between these assets and other asset classes.
- b. Asset classes: Core Private Real Estate, Natural Resources & Commodities, Infrastructure, and Treasury Inflation-Protected Securities (“TIPS”)
- c. Investment Approach: Real Assets generally include physical assets, such as real estate and infrastructure, or securities whose value is derived from a physical asset, such as commodities or natural resources. Assets in this category may be invested in both public and private investments and may be liquid or illiquid, as well as passively or actively managed.
- d. Risk Factors: Real Assets and Inflation Hedges are sensitive to inflation. The primary risk for owners of real assets/inflation hedges is that they fail to provide a hedge against long-term changes in inflation. A secondary risk is loss of principal. The value of real estate and natural resources assets may fall, particularly during an economic downturn, but also due to idiosyncratic aspects of each asset. Diversification may offset asset-specific risk. Foreign assets are also subject to currency movements against the U.S. dollar. TIPS are exposed to liquidity risk, as they tend to be less liquid than nominally U.S. Treasuries, particularly during a market environment in which there is a flight to safety.

#### iv. Risk Reduction and Mitigation

- a. Role in the portfolio: LACERA expects assets in this category to provide moderate amounts of current income by generating a modest level of return while also reducing total Fund risks, in part by preserving capital in the event of a downturn in equity markets. LACERA anticipates that assets in this category will have a low level of volatility and a low correlation to Growth assets, thereby providing downside protection. In the event of a market correction, these assets could also provide a source of liquidity for benefit payments.
- b. Asset classes: Investment Grade Bonds, Diversified Hedge Fund Portfolio, Long-Term Government Bonds, and Cash
- c. Investment Approach: The category is composed of investment grade bonds, diversified hedge funds, long-term government bonds, and cash. Cash is the least volatile asset class, as well as the most liquid; the flexibility it provides during periods of market decline helps to mitigate risk. Investment grade bonds comprise a mix of U.S. Treasuries, corporate debt, and other bonds of high quality, typically rated “BBB” or above by rating agencies. High quality bonds would be expected to protect the total Fund by retaining or increasing their value during a market correction. Diversified hedge funds comprise a variety of hedged investments, such as relative value, arbitrage, and long/short strategies within a diversified portfolio. They would be expected to produce returns at or above high grade bond portfolios, with equal or lower volatility, and be largely uncorrelated with other portfolio assets.
- d. Risk Factors: The primary risk factor for Risk Reduction and Mitigation Assets is that they will fail to provide the anticipated level of protection during market downturns. Assets in this category are also subject to additional risks. For example, investment grade bonds are sensitive to fluctuations in interest rates and have some risk of default. Specific hedge fund investments are subject to a variety of risk factors, including equity risk, credit risk, interest rate risk, and leverage risk. Cash can include short-term instruments and vehicles where there is a low probability of loss of principal.

#### v. Overlays and Hedges

- a. Role in the portfolio: The category consists of overlays and hedges as a distinct functional category. LACERA expects exposures in this group to assist in adhering to total Fund policy allocation targets, meeting asset class-specific objectives, and managing portfolio risk.
- b. Asset classes: Total Fund and all BOI approved asset classes may be utilized or subject to overlays and hedging strategies.
- c. Investment Approach: The category is composed of derivatives and synthetic replication investment vehicles that emulate LACERA’s physical assets, holdings, foreign currency, or market exposures via overlay and hedging programs. The separation of these mandates into one category allows for increased ability to monitor exposures across the total Fund and enhances the ability to evaluate performance, attribution, portfolio impacts, and risk drivers across individual asset categories and the total Fund.
- d. Risk Factors: The primary risk factors for Overlays and Hedges are exposure mismatch and benchmarking. Best efforts will be made to replicate LACERA’s underlying exposures and risk; however, there may be instances when the vehicles used will not mirror a given asset, causing an exposure mismatch. Another consideration is benchmarking. Benchmarking overlay and hedging programs is challenging as positions are often resized more frequently than underlying

physical exposures, and mandates may be used to achieve multiple objectives or be a temporary portfolio construction tool.

#### **E. Performance Objectives**

The Fund's long-term performance objective is to generate risk-adjusted returns that meet or exceed its defined actuarial target as well as its policy benchmark, net-of-fees, over the Fund's designated investment time horizon. LACERA's policy benchmarks at the total Fund level, the functional category level, and the asset class level can be found in the Appendix.

#### **F. Rebalancing**

LACERA considers rebalancing the Fund a key aspect of prudent long-term portfolio management. LACERA rebalances the Fund's portfolio in accordance with established guidelines and procedures to adhere to its approved strategic asset allocation, consistent with the Fund's stated Investment Beliefs. The approved ranges for each functional asset category and underlying asset class are defined in the Appendix.

#### **G. Responsible Stewardship and Beneficial Ownership Rights**

In pursuing its investment program, and as part of mitigating risks associated with LACERA's investments, LACERA seeks to manage its investments in a manner that promotes and safeguards the economic interests of LACERA and its members, consistent with LACERA's mission. LACERA prudently exercises its rights as an investor to support policies and practices at companies in which LACERA invests, as well as public policies governing financial markets, that are consistent with LACERA's economic interests. In doing so, LACERA aims to promote sustainable, long-term value on behalf of its members and enhance LACERA's ability to fulfill its mission. LACERA has therefore adopted Corporate Governance and Stewardship Principles (see Attachments). Beneficial ownership rights pertaining to LACERA's investments, including, but not limited to proxy voting, are managed in accordance with LACERA's Corporate Governance and Stewardship Principles.

#### **H. Integration of Environmental, Social, and Governance (ESG) Factors**

LACERA recognizes that environmental, social, and governance factors may influence the risk-return profile and financial performance of investments. Financially material ESG factors may vary by industry, geographic exposure, business strategy, investment time horizon, and other variables. LACERA endeavors to identify, assess, and manage relevant ESG factors in its market research, portfolio construction, and throughout its investment process in furtherance of its mission and fiduciary duties. Careful consideration of ESG factors throughout LACERA's investment process aims to generate sustainable investment returns. LACERA assesses and monitors all investment partners on their capacity and skill in evaluating ESG risks and opportunities in a compelling manner to enhance LACERA's risk-adjusted returns.

#### **I. Diversity, Equity, and Inclusion**

LACERA values diversity, equity, and inclusion, and believes that effectively accessing and managing diverse talent leads to improved outcomes. LACERA considers diversity broadly, inclusive of—but not limited to—professional backgrounds, age, experience, race, sexual orientation, gender, gender identity, disability status, military service, ethnicity, national origin, and culture. LACERA expects external asset managers and other third party providers to respect and reflect LACERA's value of diversity, equity, and inclusion. LACERA's ongoing monitoring of third party service providers incorporates an assessment of vendors' commitment to, adherence with, and track record of accessing and retaining diverse workforces in an inclusive and equitable manner.

## II. Investment Process

The following sections articulate the general parameters and processes by which LACERA executes its investment strategy, in adherence to established policies and procedures.

### A. Structure Review

After an asset allocation study apportions capital across categories, LACERA conducts a structure review to address how to implement each asset category. A structure review establishes the framework for each asset category by addressing its role within a total Fund context. The structure review evaluates the objectives, portfolio composition, related strategic initiatives, and how the portfolio may evolve in the near to medium term. These reviews are presented to the Board no less frequently than the comprehensive asset allocation study conducted for the total Fund, or at the Board's request.

### B. Investment Management

#### i. Investment Agreements

Board-approved investment recommendations are subject to negotiation and execution of an agreement that, in the judgment of LACERA's Chief Investment Officer and Chief Counsel, includes all terms necessary to provide adequate protection for LACERA's interests under the circumstances of the transaction, including but not limited to an appropriate standard of care on the part of the investment manager.

#### ii. Selection and Monitoring

LACERA may utilize internal resources or externally managed portfolios implemented by asset management firms and service providers to effectuate LACERA's investment program. In determining whether to use internal or external resources to implement a specific investment mandate, strategy, or investment-related service, LACERA takes into consideration numerous factors, including, but not limited to, return expectations, associated risks, compliance requirements, and expenses related to the specific strategy or service.

LACERA has adopted formal procedures to guide the selection, appointment, and monitoring of external managers and service providers. LACERA expects any external party that manages Fund assets on behalf of LACERA to serve as a fiduciary.

#### iii. Costs

LACERA considers the costs and expenses related to executing its investment program to be a crucial component of its fiduciary duty and an important element in determining its strategic asset allocation. In all aspects and functions of its investment program, LACERA seeks to actively identify, assess, and monitor expenses. LACERA expects that the economic terms and conditions by which any external party is compensated for investment-related services should promote an alignment of interests between LACERA and the external party in fulfilling LACERA's mission and investment objectives. Accordingly, LACERA diligently attends to and negotiates the economic terms of investment services rendered to the Fund.

## C. Liquidity Management and Other Investment Functions

The following sections provide the general guiding principles and parameters for certain components of LACERA's investment process, including liquidity management, the use of derivative instruments, securities lending, and certain prohibited transactions.

### i. Liquidity and Cash Management

Effective cash management is integral to LACERA's investment process. LACERA strives to maintain appropriate levels of liquidity—i.e., the ability to convert investments into cash—in order to meet immediate or short-term obligations and liabilities, such as funding member benefits, meeting capital calls, and rebalancing the portfolio per the strategic asset allocation. LACERA manages liquidity by monitoring the Fund's aggregate liquidity and liquidity risk exposures.

### ii. Derivatives Management

LACERA may employ derivative instruments to hedge or gain exposure to certain investments. A derivative is a financial instrument that derives its value from an underlying asset which represents direct ownership of a security or a direct obligation of an issuer. Derivatives may be exchange-traded or traded over the counter (OTC). LACERA expects that any use of derivatives by external managers must adhere to LACERA's policies and investment guidelines.

### iii. Securities Lending

LACERA may lend designated securities to provide the Fund with additional income generation and offset administrative expenses. LACERA lends eligible securities (both U.S. and Non-U.S. equities and bonds) to approved and qualified borrowers, subject to the terms and conditions specified in LACERA's contract agreements. Any securities lending activity is expected to be transparent to LACERA's external investment managers and should not impede or otherwise impair the investment management process.

### iv. Prohibited Transactions

LACERA prohibits the following transactions unless stated otherwise in the investment management agreement:

- "Prohibited transactions" as defined under the Employee Retirement Income Security Act of 1974 (ERISA)
- Transactions that involve a broker acting as a "principal," where such broker is also the investment manager (or an entity related to the investment manager) who is making the transaction
- Any or all applicable investment activities forbidden by the United States Securities and Exchange Commission or other applicable governing bodies
- Any acts or omissions that violate state and local laws regarding conflicts of interest and disclosures

LACERA does not lever the Fund's investment portfolio as a whole. However, leverage is implicit in many investment strategies. LACERA expects that any use of leverage by external managers must adhere to LACERA's established policies and investment guidelines.

## III. Risk Management

LACERA manages risk by establishing and adhering to investment guidelines, pursuing multiple approaches to diversification (such as asset class, geography, liquidity profile, currency, and degree of active management), and conducting regular measurement and analytical exercises. LACERA assumes certain risks to achieve sufficient returns to meet the Fund's financial obligations and investment objectives. Investment risks pertain to the prospect of a permanent loss of capital or of not meeting objectives within the designated timeframe. LACERA seeks to mitigate the impact of a drawdown to the Fund in order to accomplish its investment objectives, reduce volatility, and avoid increased contributions to the Fund from the plan sponsor or employees.

### A. Philosophy and Objectives

LACERA considers risk multi-faceted and, therefore, views risk from multiple perspectives. Risk may vary and evolve over time, across sectors or geographic exposures, and depends on the nature and terms of the investment vehicle that LACERA deploys to implement the Fund's investment strategies. Risk may be systematic (i.e. present across the market) or unsystematic (i.e., specific to a particular investment strategy). A risk may pertain to and potentially impact the total Fund, a functional asset category, or individual underlying asset classes.

LACERA seeks to diligently identify, assess, and monitor relevant investment risks throughout the investment process, from determining its strategic asset allocation to ongoing evaluation and monitoring of the Fund's performance. This helps to ensure that risks assumed by the Fund are intentional and adequately compensated.

### B. Approach

LACERA's strategic asset allocation attempts to position the Fund to capture growth while mitigating large drawdowns. LACERA's investment strategy is designed to take intentional risk, called active risk, in order to achieve commensurate investment results. LACERA may define expectations for active return earned per unit of active risk taken for various investment strategies and portfolios.

LACERA seeks to identify and acknowledge the sources and types of risk inherent in each investment strategy. However, LACERA also recognizes that even sophisticated risk measurement techniques may not detect certain risks, including extreme events, in advance. Accordingly, risk models may only provide limited predictive qualities. LACERA endeavors to test and challenge investment strategies and assumptions prior to a capital outlay as well as for ongoing monitoring.

LACERA measures investment risk using multiple metrics on both an absolute and relative basis at all relevant levels (i.e., total Fund, functional asset categories, and underlying asset classes). LACERA also strives to employ stress testing, scenario analyses, and broader financial and economic analyses to understand current and potential risks related to its investment strategy and decisions. LACERA selects appropriate benchmarks to assess and determine whether investment risks taken by the Fund are appropriate in order to achieve expected investment returns.

LACERA may establish a risk budget to set active risk targets for each functional asset category and underlying asset classes. LACERA aims to minimize unintended risk caused by asset allocation drift or other factors.



## IV. Roles and Responsibilities

LACERA has established the following roles and responsibilities to implement its investment program. The duties explained below apply to the Board, staff, and various external parties who collectively oversee and administer the functions necessary for LACERA to accomplish its investment objectives.

The overview outlined below is further complemented by the following documents: (*Board of Investments Charter, Board of Investments Powers Reserved Defined, Board of Investments Powers Reserved and Delegated Authorities, and the Board of Investments Regulations (previously referred to as "Bylaws").*)

### A. Board of Investments

#### i. Board

The exclusive fiduciary responsibility of the Board is to ensure prudent investment and management of the Fund so as to provide for the timely payment of benefits to members and their beneficiaries, minimize employer contributions, and defray the reasonable cost of administration, with the duty to members being paramount. It is the responsibility of the Board to ensure that LACERA employees administer Fund investments at reasonable cost, while preserving the quality of investments. The Board exercises oversight of all aspects of the investment program. The Board oversees the management of the Fund in compliance with all aspects of this IPS and all applicable federal and state laws and regulations concerning the administration of a government pension plan. The Board may request staff and investment consultants to inform and make recommendations on matters pertinent to LACERA's investment operations. The Board may also delegate specific authorities to the Chief Investment Officer ("CIO"), as further outlined in the Appendix.

#### ii. Committees

To assist the Board in carrying out its duties, the Board may establish one or more committees ("Committee"). A Committee makes recommendations to the Board on investment actions related to its area of focus. A Committee may request staff and investment consultants to inform and make recommendations to it on matters pertinent to LACERA's investment program.

### B. Staff

#### i. Chief Executive Officer

The Board and LACERA'S Board of Retirement jointly appoint the Chief Executive Officer ("CEO"). The CEO is responsible for planning, organizing, and administering the operations of LACERA under policy guidance and direction from the Board and the Board of Retirement. The CEO exercises administrative oversight of the CIO, excluding investment decisions delegated to the CIO. The Board provides input to the CEO in the CEO's oversight of the CIO.

#### ii. Chief Investment Officer and Investment Staff

The CIO and staff assist the Board in performing its fiduciary duty. The internal investment staff reports to the CIO, who in turn reports to the CEO, with the input of the Board. The CIO, with the assistance of staff, has the responsibility and authority to assist the Board in establishing investment and administrative policies. The CIO and staff are responsible for implementing the policies and programs established by the Board. The CIO has primary responsibility for the implementation of the Board's investment decisions.

The CIO and staff manage the portfolio according to the Board's policies, advise and inform the Board about investments, assist with development and review of investment policies and procedures, oversee operational aspects of the Fund, report on the progress of the Fund in meeting its investment objectives, and monitor and report to the Board on the performance of the Fund relative to the appropriate benchmarks. The Board has delegated specific investment authority and responsibility directly to the CIO as described in the Appendix. The CIO is authorized to interact with and communicate directly with the Board regarding all investment-related matters. The CEO does not have any authority over any and all investment decisions that are delegated to the CIO.

**iii. Chief Counsel and Legal Staff**

The Office of Chief Counsel and legal staff (Legal Counsel) are primarily responsible for legal issues concerning the investment program and advise the Board, CEO, CIO, and staff on investment-related legal matters. Legal Counsel advises the Board in performing its fiduciary responsibility. In addition to reliance upon internal resources for such matters, the Chief Counsel or designee within the Legal Office may retain external legal counsel, when deemed necessary and appropriate, to advise staff, negotiate and prepare contracts on investment-related matters and individual transactions, and provide other investment legal advice to protect LACERA's interests, including its status as a tax-exempt government plan.

**C. Third Party Service Providers**

LACERA may engage external service providers, as described below, to implement its investment program. All service providers, unless otherwise not applicable, are expected to serve as fiduciaries to the Fund in fulfilling their contracted services. Third party service providers must refrain from gift-giving or other efforts that may jeopardize the impartiality, or appearance thereof, of LACERA's Board and staff.

**i. Investment Consultants**

An investment consultant works for the Board in the oversight and implementation of investment objectives. In meeting the Board's objectives, investment consultants may work with staff and investment managers. The Board's general investment consultant provides advice and recommendations to the Board or Committee regarding LACERA's strategic objectives, risks, oversight, and implementation of investment objectives. Investment consultants, both general and specialized, provide advice and recommendations regarding strategic asset allocation, portfolio implementation, and oversight of the Fund to the Board, CIO, and staff. Investment consultants report to the Board or the Committee, as directed, and serve as an independent resource accountable to the Board. Investment consultants have a fiduciary duty to LACERA and must report economic interests and conflicts in accordance with California law and LACERA policy, including the Code of Ethical Conduct and filing of Form 700s.

**ii. Custodian Bank**

The Custodian Bank ("Bank") serves as a fiduciary in the safekeeping of Fund assets. The Bank is responsible for maintaining the Fund's official accounting book of record, including the ongoing pricing and valuation of all assets, collection of income generated by those assets, any corporate action notification, and performance calculation. The Bank cooperates with and provides assistance to staff and investment managers in the reconciliation process. LACERA may opt to designate other duties to the Bank as stipulated in the professional services agreement. LACERA's investment office works with LACERA's accounting division to manage the custodial relationship.

**iii. Investment Managers**

Investment managers are selected by the Board and, subject to the terms and conditions of this IPS, serve LACERA through contracts that specify investment guidelines, administrative requirements, responsibilities, investment fees, and performance expectations for management of each mandate. Investment managers provide reporting to LACERA on the performance of specific investment mandates in adherence to established guidelines and agreements. Staff and consultants synthesize investment managers' performance for presentation to the Board in accordance with established performance monitoring and oversight procedures. Investment managers should accept a fiduciary duty to LACERA, must report economic interests and conflicts in accordance with California law and LACERA policy, including the Code of Ethical Conduct and filing of Form 700s, and enforce their own diversity, ethics, and sexual harassment policies.

**iv. Other Third Party Service Providers**

Additional third party service providers may be retained, subject to the terms and conditions of LACERA's established policies and procedures, in order to perform other duties to assist in the administration of the Fund.

# Appendix

## A. Investment Tables

Table 1: Approved Asset Allocation

Asset Class	Target Allocation (%)	Allocation Range +/- (%)	Target Allocation (½ Step) 10/1/2021
<b>Growth</b>	<b>53.0</b>	<b>+/-8</b>	<b>51.0</b>
Global Equity	32.0	+/-7	34.0
Private Equity	17.0	+3/-5	14.0
Non-Core Private Real Estate	4.0	+/-2	3.0
<b>Credit</b>	<b>11.0</b>	<b>+/-3</b>	<b>11.0</b>
Liquid Credit	4.0	+/-3	6.0
Illiquid Credit	7.0	+/-3	5.0
<b>Real Assets and Inflation Hedges</b>	<b>17.0</b>	<b>+/-3</b>	<b>17.0</b>
Core Private Real Estate	6.0	+/-3	6.0
Natural Resources & Commodities	3.0	+/-2	4.0
Infrastructure	5.0	+1/-3	4.0
TIPS	3.0	+/-3	3.0
<b>Risk Reduction and Mitigation</b>	<b>19.0</b>	<b>+/-6</b>	<b>21.0</b>
Investment Grade Bonds	7.0	+/-6	13.0
Diversified Hedge Funds	6.0	+2/-4	5.0
Long-term Government Bonds	5.0	+/-5	2.0
Cash	1.0	+2/-1	1.0
<b>Overlays and Hedges</b>	<b>0.0</b>		<b>0.0</b>
Cash Overlay	0.0		0.0
Currency Hedge	0.0		0.0
<b>TOTAL FUND</b>	<b>100.0</b>		<b>100.0</b>

Table 2: Benchmark Table

Asset Class	Benchmark
<b>Growth</b>	<b>Custom Blend</b>
Global Equity	MSCI ACWI IMI Net
Private Equity	MSCI ACWI IMI + 200 bps (3-Month lagged)
Non-Core Private Real Estate	NFI ODCE + 225 bps (3-Month lagged)
<b>Credit</b>	<b>Custom Blend</b>
Liquid Credit	40% BBg Barc U.S. Corporate High Yield; 40% Credit Suisse Leveraged Loans; 10% JP Morgan EMBI GD; 5% JP Morgan GBI-EM GD; 5% JP Morgan CEMBI BD Custom Liquid Credit Benchmark + 150 bps
Illiquid Credit	(1-Month lagged)
<b>Real Assets and Inflation Hedges</b>	<b>Custom Blend</b>
Core Private Real Estate	NFI ODCE (3-Month lagged)
Natural Resources & Commodities	33% Bloomberg Commodity; 66% S&P Global Natural Resources TR
Infrastructure	Dow Jones Brookfield Global Composite Infrastructure TR
TIPS	BBg Barc U.S. TIPS
<b>Risk Reduction and Mitigation</b>	<b>Custom Blend</b>
Investment Grade Bonds	BBg Barc U.S. Aggregate TR
Diversified Hedge Funds	FTSE 3-Month US Treasury Bill + 250 bps (1-Month lagged)
Long-term Government Bonds	BBg Barc U.S. Long Treasury Bond
Cash	FTSE 3-Month U.S. Treasury Bill
<b>Overlays and Hedges</b>	<b>N/A</b>
Cash Overlay	--
Currency Hedge	--
<b>TOTAL FUND</b>	<b>Custom Blended Policy Benchmark</b>

**B. Chief Investment Officer Delegated Authorities**

The Board has delegated to the CIO the following authorities in accordance with Board-approved asset class specific program parameters. CIO actions will be reported to Trustees consistent with the reporting provisions below, or in a timely manner.

**Total Fund**

<p><b>General Authorities</b></p>	<p>Authority to limit or freeze manager trading activity pending discussion and action by the Board. Such actions shall be reported as an informational item as reasonably practicable to the Board, and no later than the next scheduled meeting of the Board.</p> <p>Authority to take actions not otherwise specifically delegated, in concurrence with the CEO and the Chair of the Board, when deemed necessary in the best interest of the Fund and when there is not enough time to take the action to the full Board. Such actions shall be reported as an informational item as soon as reasonably practicable to the full Board, and no later than the next scheduled meeting of the Board.</p> <p>Authority to rebalance the Fund in order to raise cash for benefit payments, adjust investment exposures, or pay operational expenses while adhering to investment policy targets. Rebalancing may include increasing or decreasing all Board-approved mandates.</p> <p>Authority to take actions as specified in LACERA's Procurement Policy.</p>
<p><b>Approval of Variances</b></p>	<p>Authority to approve temporary variances from asset-level program and investment manager guidelines.</p>
<p><b>Contract Authorities</b></p>	<p>Authority to sign, or delegate authority to sign, all investment-related contracts and agreements necessary to implement Board-approved action. Thereafter, during the original term, authority to sign all amendments and modifications with respect to such contracts and agreements and make all decisions with respect to their day-to-day operation and implementation where the investment mandate remains substantially unchanged. Upon expiration of a contract or agreement for Board-approved mandates, an extension or modification may only be made with Board approval or as outlined in LACERA's Procurement Policy.</p> <p>Authority to approve reductions to investment manager fee schedules and service provider costs.</p> <p>Authority to negotiate and execute investment agreements that, in the judgment of the CIO and Chief Counsel, provide adequate protection for LACERA's interests, including an appropriate standard of care on the part of each manager.</p>

**Asset Class Specific**

<b>Private Equity</b>	<p>Authority to approve the purchase or sale of any existing fund investment within the Private Equity portfolio.</p> <p>Authority to approve co-investments, secondary transactions, re-ups, and advisory board seats.</p>
<b>Real Estate</b>	<p>Authority to approve the purchase or sale of any existing fund investment within the Real Estate portfolio.</p> <p>Authority to authorize the formation, dissolution of, and designate officers for Title Holding Companies.</p> <p>Authority to approve co-investments, secondary transactions, re-ups, and advisory board seats.</p>
<b>Real Assets (ex-Real Estate)</b>	<p>Authority to approve the purchase or sale of any existing fund investment within the Real Assets portfolio.</p> <p>Authority to approve co-investments, secondary transactions, re-ups, and advisory board seats.</p>
<b>Credit</b>	<p>Authority to approve the purchase or sale of any existing fund investment within the Credit portfolio.</p> <p>Authority to approve co-investments, secondary transactions, re-ups, and advisory board seats.</p>
<b>Hedge Funds (Including Equity)</b>	<p>Authority to approve the purchase or sale of any existing fund investment.</p> <p>Authority to approve co-investments, secondary transactions, re-ups, and advisory board seats.</p> <p>Authority to terminate a hedge fund manager.</p>

In the event the CIO is not available, and time is of the essence in making a decision, LACERA will follow the Board-approved Crisis Response Plan. The Board will receive written notification of all such actions.

# List of Attachments

Corporate Governance and Stewardship Principles  
Responsible Contractor Policy  
Emerging Manager Policy  
Placement Agent Policy  
Private Equity Privatization Policy  
Procurement Policy for Investment-Related Services



# Los Angeles County Employees Retirement Association

June 2021

Benchmarking

## Introduction

- The Board of Investments (BOI) approved a new asset allocation at the May 2021 meeting. The new policy allocation added one additional asset class, introduced a new functional category, and consolidated underlying asset classes within Growth and Credit functional categories.
- The BOI is also reviewing asset allocation options for the OPEB Trust which may introduce new asset categories and therefore require updated benchmarks.
- As part of LACERA's strategic asset allocation, it is appropriate to review the Pension's Total Fund and aggregate benchmarks to ensure each is effective for measuring performance at the asset class, functional category, and total Plan level.
- Benchmarks help facilitate the planning, implementation, and review of an investment mandate. Periodic reviews of asset category benchmarks are an important component of ongoing portfolio monitoring and management.
- Benchmarks are just one of many tools available for measuring the performance of a fund.
- The inclusion of private market assets/alternatives strategies increases the likelihood of tracking error versus benchmarks, but also improves the funds' prospects for meeting long-term strategic objectives.
- Benchmarks at the manager level are not addressed in this presentation but are reviewed periodically as part of the asset class structure reviews. The benchmarks presented here were developed in collaboration with LACERA staff.
- This presentation is designed to review the current benchmarks and introduce solutions to align benchmarks with the new asset allocations for the Pension and OPEB Trusts.

### Bailey Benchmark Characteristics

The Bailey<sup>1</sup> criteria provide a generally accepted framework for assessing benchmark quality and fit with the portfolio objectives. The six characteristics are:

- **Unambiguous** - The individual securities and their weights in a benchmark should be clearly identifiable.
- **Investable** - It must be possible to replicate and hold the benchmark to earn its return (gross of fees).
- **Measurable** - It must be possible to measure the benchmark's return on a reasonably frequent and timely basis.
- **Appropriate** - The benchmark must be consistent with the manager's investment style or area of expertise.
- **Reflective of current investment options** - The manager should be familiar with the securities that constitute the benchmark and their factor exposures.
- **Specified in advance** - The benchmark must be constructed prior to the evaluation period so that the manager is not judged against benchmarks created after the fact.

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<sup>1</sup> Financial Analysts Journal, CFA Institute, 1992.

### What are the challenges to choosing an appropriate benchmark?

- Benchmarks provide a standard against which realized performance can be measured.
- Most commonly used benchmarks lack one or more of the Bailey characteristics, and thus for some asset categories, there never will be a perfect comparison.
- Alternative asset classes present a benchmarking challenge because of the illiquid nature of the underlying investments, lack of transparency, and insufficient transaction data. The use of these strategies increases the likelihood of tracking error versus benchmarks.
- Peer group benchmarks measure how well a fund's performance compares to a similar universe, but peer comparisons also have drawbacks including:
  - Survivorship bias, the exclusion of performance data of funds no longer in existence.
  - Selection bias, the exclusion of a subset of data because of a particular attribute.
  - Mismatches, differences across mandates being measured.

Current Pension Benchmarks

LACERA Portfolio Segments <sup>1</sup>	New Policy (%)	Current Benchmarks	Benchmark Score <sup>2</sup>	Primary Score Detractor
<b>Growth</b>				
Global Equity	32	MSCI ACWI IMI Index	6	
Private Equity	17	MSCI ACWI IMI Index + 200 bps (3-month lag)	4	not investable
Non-Core Private Real Estate	4	N/A	N/A	
<b>Credit</b>				
Liquid Credit	4	N/A	N/A	
Illiquid Credit	7	BBg Barc US Aggregate Index + 250 bps (1-month lag)	4	not investable
<b>Real Assets and Inflation Hedges</b>				
Core Private Real Estate	6	N/A	N/A	
Natural Resources and Commodities	3	50% Bloomberg Commodity Index 50% S&P Global LargeMidCap Commodity and Resources Gross Index	5	not investable/ composite
Infrastructure	5	Dow Jones Brookfield Global Infrastructure Index	6	
TIPS	3	BBg Barc US TIPS Index	6	
<b>Risk Reduction and Mitigation</b>				
Investment Grade Bonds	7	BBg Barc US Aggregate TR	6	
Diversified Hedge Fund Portfolio	6	FTSE 3-Month US Treasury Bill Index +250 bps (1-month lag)	4	not investable
Long-term Government Bonds	5	New Asset Class	N/A	
Cash	1	FTSE 3-Month US Treasury Bill Index	6	
<b>Overlays and Hedges</b>				

<sup>1</sup> Total Fund and the four functional categories are omitted, given they are a weighted blend of underlying strategy benchmarks and thus, would receive a "N/A" rating.

<sup>2</sup> The Benchmark Score is a rating based on the six Bailey characteristics. The maximum score is a 6, in which a benchmark meets all six criteria.

### Current and Potential Pension Benchmarks

LACERA Portfolio Segments <sup>1</sup>	New Policy (%)	Current Benchmarks	Benchmark Score <sup>2</sup>	Potential Benchmark
<b>Growth</b>				
Global Equity	32	MSCI ACWI IMI Index	6	No change
Private Equity	17	MSCI ACWI IMI Index + 200 bps (3-month lag)	4	No change
Non-Core Private Real Estate	4	N/A	5	NFI ODCE + 225 bps (3-month lag)
<b>Credit</b>				
Liquid Credit	4	N/A	5	40% BBg Barc US Corporate High Yield Index 40% Credit Suisse Leveraged Loans 10% JP Morgan EMBI GD 5% JP Morgan GBI-EM GD 5% JP Morgan CEMBI BD
Illiquid Credit	7	BBg Barc US Aggregate Index + 250 bps (1-month lag)	5	Custom Liquid Credit Benchmark + 150 bps
<b>Real Assets and Inflation Hedges</b>				
Core Private Real Estate	6	N/A	5	NFI ODCE (3-month lag)
Natural Resources and Commodities	3	50% Bloomberg Commodity Index 50% S&P Global LargeMidCap Commodity and Resources Gross Index	5	33% Bloomberg Commodity Index 66% S&P Global Natural Resources TR Index
Infrastructure	5	Dow Jones Brookfield Global Infrastructure Index	6	Dow Jones Brookfield Global Composite Infrastructure TR Index
TIPS	3	BBg Barc US TIPS Index	6	No change
<b>Risk Reduction and Mitigation</b>				
Investment Grade Bonds	7	BBg Barc US Aggregate TR	6	No change
Diversified Hedge Fund Portfolio	6	FTSE 3-Month US Treasury Bill Index +250 bps (1-month lag)	4	No change
Long-term Government Bonds	5	N/A	6	BBg Barc U.S. Long Treasury Bond Index
Cash	1	FTSE 3-Month US Treasury Bill Index	6	No change
<b>Overlays and Hedges</b>				

<sup>1</sup> Total Fund and the four functional categories are omitted, given they are a weighted blend of underlying strategy benchmarks and thus, would receive a "N/A" rating.

<sup>2</sup> The Benchmark Score is a rating based on the six Bailey characteristics. The maximum score is a six, in which a benchmark meets all six criteria.

Growth: Non-Core Private Real Estate

- Non-Core Real Estate is a new “roll-up” category composed of Value- add and Opportunistic Real Estate.
- Meketa believes using the NFI ODCE Index plus a 225 basis point premium as the benchmark for Non-Core Real Estate is appropriate.
- This benchmark reflects a 50/50 weighting of Opportunistic and Value-Added Real Estate.
  - Meketa believes the NFI ODCE Index plus 300 basis points is an appropriate benchmark for Opportunistic Real Estate.
  - Meketa believes the NFI ODCE Index plus 150 basis points (lowered from +200) is an appropriate benchmark for Value-Added Real Estate.
- The relative weights in the benchmark can be adjusted over time to reflect LACERA’s investment structure review.
- The benchmark is consistent with the recommendation for Core Real Estate.

Proposed Benchmark Score: 5

Unambiguous	Investable	Measurable	Appropriate	Reflective	Specified
✓	x	✓	✓	✓	✓

- The benchmark is considered non-investable due to the use of a premium over a peer benchmark.

Credit: Liquid Credit

- Liquid Credit is a new “roll-up” category composed of High Yield, Bank Loans and Emerging Markets Debt.
- Each asset class currently has its own benchmark. The benchmark below is simply a combination of the existing benchmarks to reflect the category consolidation.
- Meketa believes that using the static custom blended benchmark below is appropriate for Liquid Credit.

High Yield	40% BBg Barc US Corporate High Yield Index
Bank Loans	40% Credit Suisse Leveraged Loans
Emerging Market Debt	10% JP Morgan EMBI GD 5% JP Morgan GBI-EM GD 5% JP Morgan CEMBI BD

- This benchmark reflects a proportional allocation of each underlying asset class.
  - Utilizing an aggregate Custom Liquid Credit benchmark increases implementation flexibility.

Proposed Benchmark Score: 5

Unambiguous	Investable	Measurable	Appropriate	Reflective	Specified
✓	x	✓	✓	✓	✓

- While each underlying benchmark is individually investable, the custom blend may not represent an investable option. Additionally, using a custom blend can make attribution and risk analysis more difficult.



Credit: Illiquid Credit

- Meketa believes using a 150 bps premium over the Custom Liquid Credit benchmark represented below is appropriate for Illiquid Credit.

High Yield	40% BBg Barc US Corporate High Yield Index
Bank Loans	40% Credit Suisse Leveraged Loans
Emerging Market Debt	10% JP Morgan EMBI GD 5% JP Morgan GBI-EM GD 5% JP Morgan CEMBI BD

- This benchmark is consistent with the Liquid Credit Benchmark.
- This premium reflects Meketa’s capital market expectations and LACERA’s expected exposures.

Proposed Benchmark Score: 5

Unambiguous	Investable	Measurable	Appropriate	Reflective	Specified
✓	x	✓	✓	✓	✓

- The benchmark is considered not investable because it involves both a custom composite and the use of a premium.

**Real Assets and Inflation Hedges: Core Private Real Estate**

- Meketa believes the NFI ODCE is an appropriate benchmark for Core Real Estate.
- The benchmark is the most widely used benchmark for Core Real Estate.

**Proposed Benchmark Score: 5**

Unambiguous	Investable	Measurable	Appropriate	Reflective	Specified
✓	x	✓	✓	✓	✓

- The benchmark is not considered investable because it is a peer benchmark.

Real Assets and Inflation Hedges: Natural Resources and Commodities

- Meketa believes the custom benchmark outlined below is appropriate for Natural Resources & Commodities.

Natural Resources	66% S&P Global Natural Resources TR Index
Commodities	33% Bloomberg Commodity Index

- The S&P Global Natural Resources Index is more reflective of LACERA’s implementation and is also more tradable than the previous benchmark.
- The S&P Global Natural Resources TR Index is composed of roughly equal weight given to three subcomponents; S&P Global Agribusiness Index, S&P Global Energy Index and the S&P Global Metals and Mining Index.
- The pacing of private investments may influence the custom benchmark and can be revisited during a structure review. Specifically, the weights to each of the subcomponents of the S&P Global Natural Resources Index may be adjusted to reflect LACERA implementation as well as use of a return premium.

Proposed Benchmark Score: 5

Unambiguous	Investable	Measurable	Appropriate	Reflective	Specified
✓	x	✓	✓	✓	✓

- While each underlying benchmark is individually investable, the custom blend may not represent an investable option. Additionally, using a custom blend can make attribution and risk analysis more difficult.

Real Assets and Inflation Hedges: Infrastructure

- Meketa recommends adopting the Dow Jones Brookfield Global Infrastructure Composite TR Index USD.
- The Dow Jones Brookfield Global Infrastructure Composite Index is more consistent with LACERA’s implementation and includes MLPs.
- The pacing of private investments may influence the custom benchmark and can be revisited during a structure review. Specifically, the use of a return premium may be considered based on implementation plans.

Proposed Benchmark Score: 6

Unambiguous	Investable	Measurable	Appropriate	Reflective	Specified
✓	✓	✓	✓	✓	✓

**Real Assets and Inflation Hedges: Long-Term Government Bonds**

- Meketa believes the Bloomberg Barclays US Long Treasury Bond Index is an appropriate benchmark for Long-Term Government Bonds.

**Proposed Benchmark Score: 6**

Unambiguous	Investable	Measurable	Appropriate	Reflective	Specified
✓	✓	✓	✓	✓	✓

### Overlays and Hedges

- The Overlays and Hedges category was established primarily for accounting and performance attribution purposes.
- Based on the current use of the category, Meketa does not believe that it requires a benchmark.
  - The cash overlay is a program utilized to both reduce the drag of cash on total fund performance and also as a mechanism for efficient portfolio rebalancing. The variable nature of such a program makes it difficult to benchmark.
  - The intent of the currency overlay is to reduce the volatility of the total fund over a long time horizon by reducing exposure to developed market foreign currencies. Since the primary objective is volatility reduction typical benchmarking approaches are not applicable.

Potential Total Fund Benchmark

Functional Category	% of Aggregate	Recommended Benchmark
Growth	53	Custom Growth Benchmark
Credit	11	Custom Credit Benchmark
Real Assets and Inflation Hedges	17	Custom Real Assets and Inflation Hedges
Risk Reduction and Mitigation	19	Custom Risk Reduction and Mitigation
Overlays and Hedges	0	N/A
Total Fund Benchmark	100	53% Custom Growth Benchmark 11% Credit Custom Benchmark 17% Real Assets and Inflation Hedges Custom Benchmark 19% Risk Reduction and Mitigating Custom Benchmark

- Each Functional Category Benchmark will consist of a custom blended benchmark.
- Meketa believes that using a static benchmark is appropriate for LACERA at the total fund level.
  - A static benchmark is transparent from a stakeholder perspective and simple from an operational aspect.
  - A static benchmark allows for measurement of allocation/implementation decisions in addition to manager selection.

### Implementation Considerations

	Current Policy (%)	Actual Allocation (%)	New Policy (B) (%)	Change from Actual Allocation (%)
Growth	48	52	53	+1
Global Equity	35	38	32	-6
<b>Private Equity</b>	10	12	17	<b>+5</b>
Non-Core Private Real Estate	3	2	4	+2
Credit	12	11	11	
Liquid Credit	9	9	4	-5
<b>Illiquid Credit</b>	3	2	7	<b>+5</b>
Real Assets and Inflation Hedges	16	15	17	+2
Core Private Real Estate	6	6	6	-
Custom Natural Resources	4	4	3	-1
<b>Custom Infrastructure</b>	3	3	5	<b>+2</b>
TIPS	3	2	3	+1
Risk Reduction and Mitigation	24	22	19	-3
Investment Grade Bonds	19	18	7	-11
<b>Custom Hedge Funds</b>	4	3	6	<b>+3</b>
Long-term Government Bonds	0	0	5	+5
Cash Equivalents	1	2	1	-1



### Implementation Considerations

- The new Strategic Asset Allocation includes several notable increasing in private market/alternative asset classes which are highlighted in the table above and listed below:
  - Private Equity increases to 17% from 12%.
  - Illiquid Credit increases from 2% to 7%.
  - Infrastructure increases to 5% from 3%.
  - Hedge Funds increase from 3% to 6%.
- Large increases in private market/alternative asset classes require careful consideration of factors such as achievability, vintage year diversification, J-curve effect and impact on tracking error.
- The corresponding decreases are primarily in public market assets classes which provide sufficient liquidity to achieve the new targets quickly.
- The BOI should consider the following approaches:
  - Glidepath: An incremental approach with scaled targets each quarter.
  - Two-phase approach: Establish one interim target.
  - Immediate adoption: Move to the new targets upon approval of the IPS.
- Each approach has strengths and weakness ranging from ease/difficulty of reporting and monitoring to impact on tracking error and total fund performance.

## Summary & Next Steps

### Summary:

- Don't expect perfection, the very nature of some asset classes implies that there is no perfect way to measure performance.
- No benchmark can substitute for understanding your portfolio, from both a top down and bottom up perspective.
- As the complexity of LACERA's portfolio increases, so too does the potential for tracking error versus benchmarks. It is important to note that tracking error versus a benchmark is one of many considerations in evaluating performance with the primary consideration being the achievement of LACERA's long term objectives.

### Next Steps:

- Approve Benchmarks and updated Investment Policy Statement (July/August).
- Consider developing interim policy targets (July).
- Implementation (ongoing).

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# Los Angeles County Employees Retirement Association

August 11, 2021

Pension Trust Asset  
Allocation Ranges

## Agenda

1. Background
2. Setting Asset Allocation Policy Ranges
3. Proposed Asset Allocation Policy Ranges
4. Summary and Recommendation

## Background

## Background

- The Board of Investments (“The Board”) is responsible for establishing investment policy and determining the asset allocation for the Pension Fund.
- LACERA’s Investment Beliefs state that, “Long-term strategic asset allocation will be the primary determinant of LACERA’s risk/return outcomes” and that “Asset allocation has a greater effect on return variability than asset class investment structure or manager selection.”
- At the May 2021 Board of Investments meeting, the Board approved a new strategic asset allocation for the Pension Trust.
- The goal of this session is to define policy ranges around the strategic asset allocation targets established at the May meeting.

## **Setting Asset Allocation Policy Ranges**



## Setting Asset Allocation Policy Ranges

### Purpose

- Balance the cost of rebalancing with the ability to manage risk (both total and active).
- Set clear boundaries for any tactical asset allocation decisions.
- Provide flexibility to adapt to changing market dynamics without a full review of policy.
- Account for differences between public and private market assets.

### Considerations

- The functional overlay provides an additional level at which risk can be managed.
- Functional level ranges do not need to reflect the ranges of the sub-asset categories.
- The volatility of each category should be evaluated when setting policy ranges.
- Transaction costs differ greatly between asset classes.
- Public market assets are subject to more frequent valuation changes while private market valuations are often subject to significant lag.
- Private market targets may take time to achieve, therefore ranges should reflect the relative ease or difficulty of implementation.
- The rebalancing policy further defines investment/risk management within the ranges.

## **Proposed Asset Allocation Policy Ranges**

### Review of Proposed Asset Allocation Policy Ranges

- Setting ranges is far more art than science, but to help guide the Board's decision, Meketa is providing in the presentation the following:
  - the expected volatility for each category.
  - a set of ranges based on percentages around the approved targets.
  - LACERA's current ranges where applicable.
  - scenario analysis.
  - a peer review.
- The proposed ranges are generally guided by the following:
  - Functional categories should be utilized to control the overall level of risk.
  - Asset class volatility and liquidity are primary considerations.
  - Asset classes with higher transaction costs should have wider ranges.
  - Private market categories should have somewhat wider ranges to account for both implementation factors and the lag in valuation.
  - Within functional categories, the sub-categories should have somewhat broader ranges to allow for flexibility in implementation.

Growth: Policy Ranges

	Expected Volatility <sup>1</sup> (%)	Previous Policy (%)	Range Size from Current IPS (%)	Previous Range (%)	Previous Range % of Target (%)	New Policy (%)	Proposed Range Size (%)	Proposed Range (%)	Proposed Range % of Target (%)
Growth Assets	21.5	48.0	+/-7	40-54	15	53.0	+/-8	45-61	15
Global Equity	18.0	35.0	+/-7	28-42	20	32.0	+/-7	25-39	22
Private Equity	28.0	10.0	+/-3	7-13	30	17.0	+3/-5	12-20	+18/-29
Non-Core Real Estate	21.3	NA	NA	NA	NA	4.0	+/-2	2-6	50

Growth Assets:

- Growth assets have the highest expected volatility of the functional categories at almost 22%.
- Growth assets represent 53% of the Plan’s assets, but over 70% of the projected risk budget.
- To control overall plan level risk, the range around Growth assets should be the tightest on a percentage of target basis among the functional categories.

Sub-Asset Class Categories:

- As a private market category, Private Equity has a wider range of +18/-29% to account for implementation and the difference in timing of valuations.
- Non-Core Real Estate has a range of 50%. As a private market strategy, the range is set at a wider level. Also due to the low target allocation, the small absolute range equates to a higher percentage.

<sup>1</sup> Based on Meketa’s 2021 Capital Market Expectations which were approved by the Board at the February 2021 BOI meeting.

Credit: Policy Ranges

	Expected Volatility <sup>1</sup> (%)	Previous Policy (%)	Range Size from Current IPS (%)	Previous Range (%)	Previous Range % of Target (%)	New Policy (%)	Proposed Range Size (%)	Proposed Range (%)	Proposed Range % of Target (%)
Credit	11.7	12.0	+/-3	9-15	25	11.0	+/-3	8-14	27
Liquid Credit	10.4	9.0	NA	NA	NA	4.0	+/-3	1-7	75
Illiquid Credit	12.5	3.0	+2/-3	0-5	+67/-100	7.0	+/-3	4-10	43

Credit Assets:

- Credit assets have expected volatility that is slightly lower than that of the overall Plan.
- Credit assets are generally subject to the same principal risk factors, but have different return drivers, so the proposed ranges are wider at the sub-asset category level to permit flexibility in implementation.

<sup>1</sup> Based on Meketa's 2021 Capital Market Expectations which were approved by the Board at the February 2021 BOI meeting.

Real Assets and Inflation Hedges: Policy Ranges

	Expected Volatility <sup>1</sup> (%)	Previous Policy (%)	Range Size from Current IPS (%)	Previous Range (%)	Previous Range % of Target (%)	New Policy (%)	Proposed Range Size (%)	Proposed Range (%)	Proposed Range % of Target (%)
Real Assets & Inflation Hedges	15.3	16.0	+/-3	13-19	19	17.0	+/-3	14-20	24
Core Private Real Estate	12.0	NA	NA	NA	NA	6.0	+/-3	3-9	50
Natural Resources	23.0	4.0	+/-2	2-6	50	3.0	+/-2	1-5	67
Infrastructure	19.6	3.0	+1/-3	0-4	+33/-100	5.0	+1/-3	2-6	+20/-60
TIPS	7.0	3.0	+2/-3	0-5	+67/-100	3.0	+/-3	0-6	100

Real and Inflation Hedging Assets:

- The category overall has an expected volatility between that of the Plan and the Growth Assets category.
- Several of the sub-asset categories have expected volatilities in-line with those of Growth Assets.
- To control overall plan level risk, the proposed range around the category is 24%, which is somewhat higher than the 15% proposed for Growth Assets.

Sub-Asset Class Categories:

- Natural Resources has a fairly wide proposed range despite having expected volatility of 23%. This is to account for implementation flexibility and the illiquidity of private natural resources investments.
- Infrastructure has a wide asymmetric proposed range to allow for implementation and limit risk.

<sup>1</sup> Based on Meketa's 2021 Capital Market Expectations which were approved by the Board at the February 2021 BOI meeting.

Risk Reduction and Mitigating: Policy Ranges

	Expected Volatility <sup>1</sup> (%)	Previous Policy (%)	Range Size from Current IPS (%)	Previous Range (%)	Previous Range % of Target (%)	New Policy (%)	Proposed Range Size (%)	Proposed Range (%)	Proposed Range % of Target (%)
Risk Reducing and Mitigating	7.4	24	+/-6	18-30	25	19.0	+/-6	13-25	32
Investment Grade Bonds	4.0	19.0	+/-6	13-25	32	7.0	+/-6	1-13	86
Custom Hedge Funds	8.7	4.0	+2/-4	0-6	+50/-100	6.0	+2/-4	2-8	+33/-67
Long-term Government Bonds	12.0	NA	NA	NA	NA	5.0	+/-5	0-10	100
Cash	1.0	1%	+2/-1	0-3	+200/-100	1.0	+2/-1	0-3	+200/-100

**Risk Reducing and Mitigating Assets:**

- Risk Reducing and Mitigating Assets have the lowest expected volatility of the functional categories with a target weighted expected volatility of 7.4%.
- The proposed range for the category is 32% of the target, which is the widest range of the functional categories. The role of this category is to manage the overall level of risk at the Plan level and this ensures that the Plan will maintain at least 13% of its assets in this category.

<sup>1</sup> Based on Meketa's 2021 Capital Market Expectations which were approved by the Board at the February 2021 BOI meeting.

**Risk Reduction and Mitigating: Policy Ranges (continued)****Sub-Asset Class Categories:**

- Investment Grade Bonds have a low expected volatility, high liquidity and low transactions costs, which results in a proposed range of 86% around the approved target.
- The Diversified Hedge Fund Portfolio proposed range is sufficiently wide to account for lower liquidity and higher transactions cost and asymmetric to manage total risk exposure.
- Long-term Government Bonds represent a new asset class for the Plan. The range is set relatively wide to account for the potential for strong positive performance in negative equity market scenarios.
- The proposed range for Cash is the widest among all asset classes as Cash has the highest level of liquidity, the lowest expected volatility, and the lowest level of transaction costs. While cash is drag on the overall returns of the Plan, there is a benefit from having flexibility to, at times, hold higher levels of cash for operating, investment implementation, and risk management purposes.



## Summary and Recommendation

### Summary and Recommendation

	Approved Policy (%)	Expected Volatility <sup>1</sup> (%)	Proposed Range +/- (%)	Proposed Range (%)	Proposed Range % of Target (%)
<b>Growth</b>	<b>53.0</b>	<b>21.5</b>	<b>+/-8</b>	<b>45-61</b>	<b>15</b>
Global Equity	32.0	18.0	+/-7	25-39	22
Private Equity	17.0	28.0	+3/-5	12-20	+18/-29
Non-Core Real Estate	4.0	21.3	+/-2	2-6	50
<b>Credit</b>	<b>11.0</b>	<b>11.7</b>	<b>+/-3</b>	<b>8-14</b>	<b>27</b>
Liquid Credit	4.0	10.4	+/-3	1-7	75
Illiquid Credit	7.0	12.5	+/-3	4-10	43
<b>Real Assets and Inflation Hedges</b>	<b>17.0</b>	<b>15.3</b>	<b>+/-3</b>	<b>14-20</b>	<b>24</b>
Core Real Estate	6.0	12.0	+/-3	3-9	50
Natural Resources/Commodities	3.0	23.0	+/-2	1-5	67
Infrastructure	5.0	19.6	+1/-3	2-6	+20/-60
TIPS	3.0	7.0	+/-3	0-6	100
<b>Risk Reducing and Mitigating</b>	<b>19.0</b>	<b>7.4</b>	<b>+/-6</b>	<b>13-25</b>	<b>32</b>
Investment Grade Bonds	7.0	4.0	+/-6	1-13	86
Diversified Hedge Fund Portfolio	6.0	8.7	+2/-4	2-8	+33/-67
Long-term Government Bonds	5.0	12.0	+/-5	0-10	100
Cash	1.0	1.0	+2/-1	0-3	+200/-100

- Meketa recommends the ranges outlined above and as discussed throughout this presentation.

<sup>1</sup> Based on Meketa's 2021 Capital Market Expectations which were approved by the Board at the February 2021 BOI meeting.

## MEMORANDUM

**TO:** LACERA Board of Investments  
**FROM:** Stephen McCourt, Leandro Festino, Tim Filla, Meketa Investment Group  
**DATE:** August 11, 2021  
**RE:** Revised LACERA Investment Policy Statement

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### Background

The Board of Investments approved a new strategic asset allocation at the May 2021 meeting. It is customary to also update a fund's Investment Policy Statement ("IPS") whenever the asset allocation changes. The revised Investment Policy Statement incorporates the new strategic asset allocation, harmonizes CIO delegated authority across asset classes, elevates the consideration of ESG factors in a manner that reflects LACERA's Investment Beliefs and enhances the language surrounding LACERA's commitment to diversity, equity and inclusion.

### Process

Staff took the lead on drafting the updated Investment Policy Statement with support from Meketa and guidance from the Board of Investments. Overall, the document we received from staff was well drafted, accurately reflected LACERA's new strategic asset allocation and addressed important elements of LACERA's growth and evolution. We reviewed the full document and reported back to staff our findings and observations.


### Summary and Recommendation

Meketa has reviewed the new draft of LACERA's IPS, made edits and suggestions where appropriate, and collaborated with staff throughout the process. We concur with staff's recommendation for the Board to approve this new IPS. We look forward to discussing this matter with you at the August 11th meeting.

SM/TF/LF/sf

July 13, 2021

TO: Trustees – Board of Investments

FROM: Christopher Wagner   
Principal Investment Officer

Cheryl Lu   
Investment Officer

Derek Kong   
Investment Officer

FOR: August 11, 2021 Board of Investments Meeting

**SUBJECT: PRIVATE EQUITY CONSULTANT SEARCH RECOMMENDATION**

### RECOMMENDATION

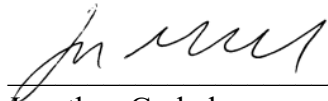
Select StepStone to provide private equity consulting services.

### DISCUSSION

As authorized by the Board of Investments in December 2020, the evaluation team has completed its review and assessment of the firms that responded to the RFP for a private equity consultant. The results of the evaluation are presented on **Attachment A**. In addition to the evaluation team, Equity Committee Chair Herman Santos, Chief Investment Officer Jonathan Gabel, and other private equity staff members participated in the semi-finalist evaluation.

Attachment

Noted and Reviewed:



Jonathan Gabel  
Chief Investment Officer

# Private Equity Consultant Search Recommendation

Board of Investments

August 11, 2021



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

# Table of Contents

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I. Private Equity Overview

II. Evaluation Process

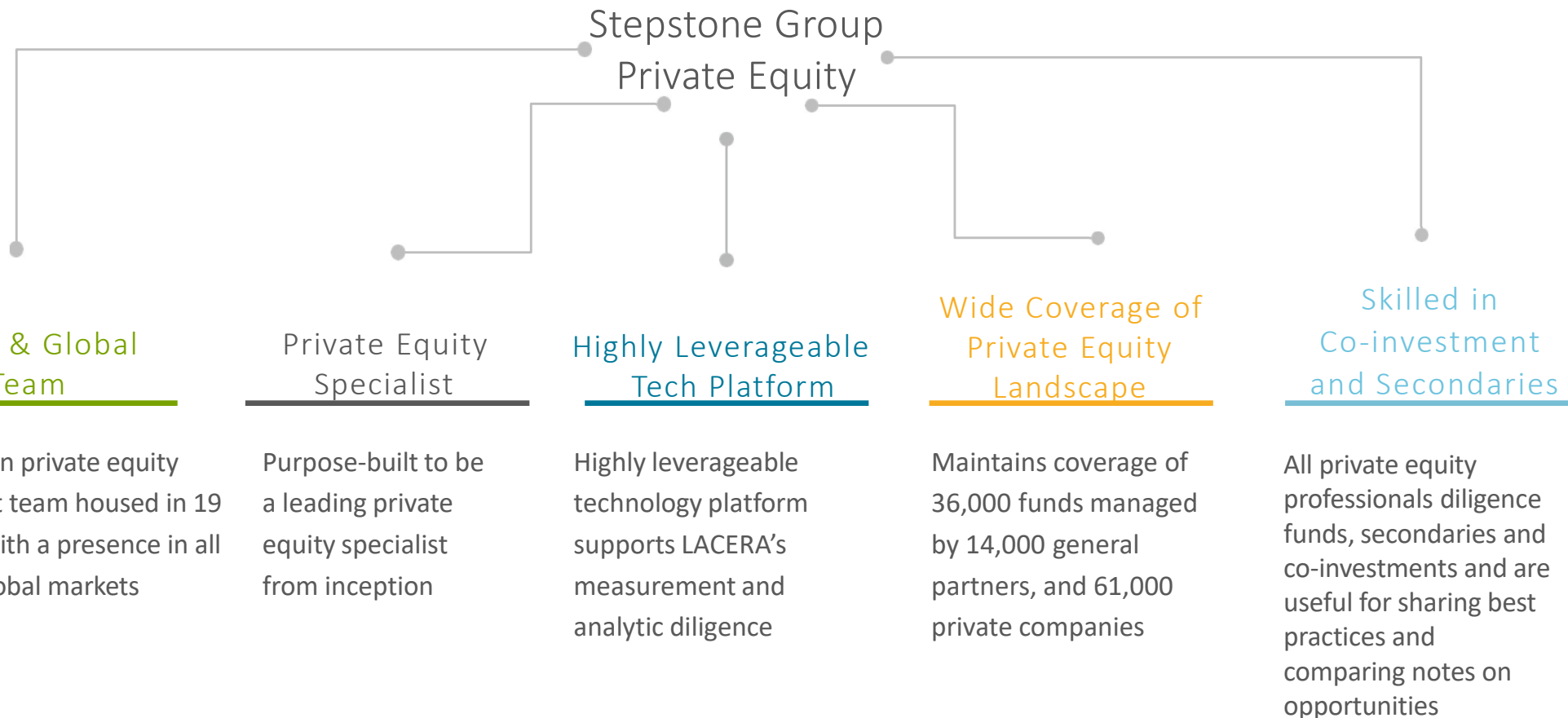
III. Observations and Rankings

IV. Recommendation

V. Appendix

# Recommendation

The Evaluation Team recommends that the Board select StepStone to provide private equity consulting services. A description of the RFP process and support for the recommendation follows.



# Private Equity Overview



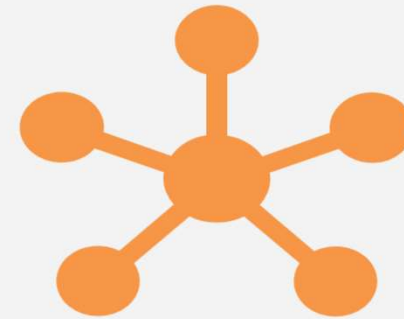


# Role of Private Equity



## Outperformance

- Within the Growth asset category, private equity is expected to generate the highest performance at an acceptable level of risk



## Diversification

- Provides access to investment opportunities distinct from public markets

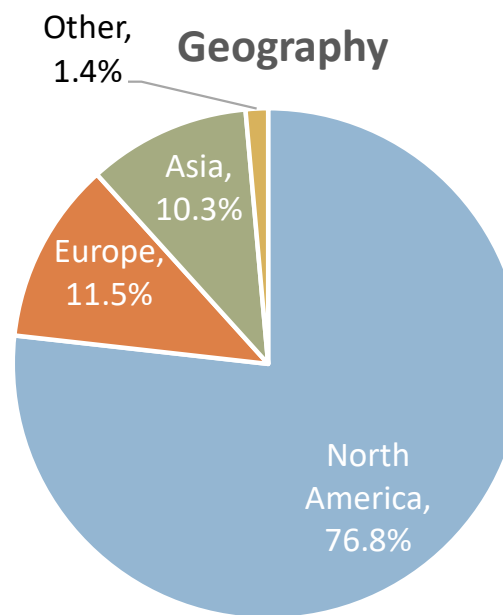
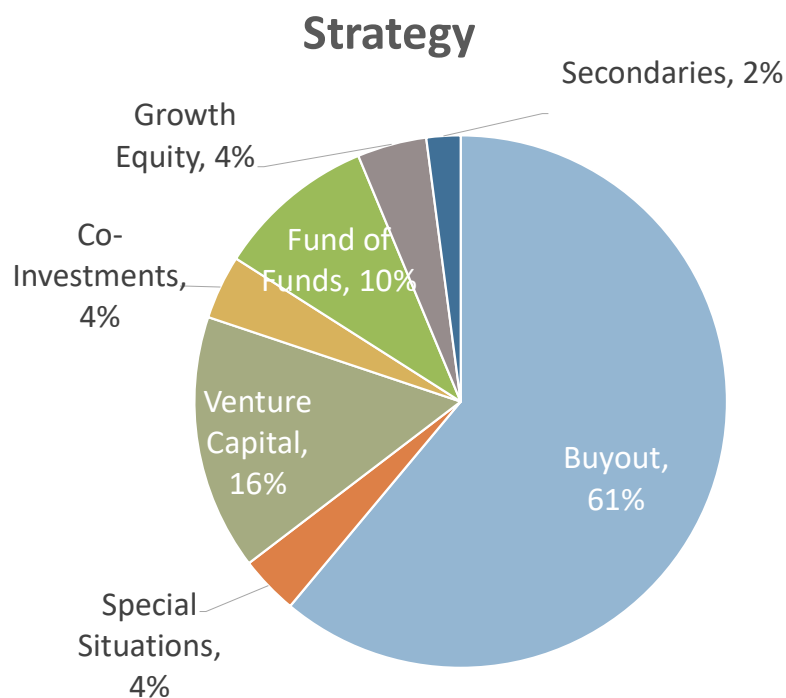
# Current Private Equity Portfolio

## Performance by Strategy / Sub-Strategy

as of March 31, 2021

\$ in Millions

Strategy / Sub-Strategy	Number of Investments	Commitments	Cumulative Contributions	Cumulative Distributions	Market Value	Total Value	Since-Inception Net IRR	Exposure
Buyout	184	\$12,557.8	\$10,442.2	\$11,909.3	\$5,702.9	\$17,612.2	14.0%	\$8,867.2
Special Situations	22	\$1,181.7	\$891.0	\$969.1	\$245.3	\$1,214.5	8.8%	\$517.1
Venture Capital	104	\$2,170.4	\$1,658.3	\$1,966.7	\$1,767.4	\$3,734.1	21.8%	\$2,252.3
Co-Investments	9	\$900.8	\$812.5	\$832.7	\$439.9	\$1,272.6	17.9%	\$564.0
Fund of Funds	12	\$1,426.4	\$1,144.4	\$1,016.2	\$1,033.8	\$2,050.0	12.8%	\$1,408.9
Growth Equity	18	\$945.2	\$876.5	\$1,263.3	\$472.6	\$1,735.9	86.8%	\$611.2
Secondaries	13	\$395.3	\$346.9	\$234.1	\$253.6	\$487.7	17.7%	\$300.7
<b>Total</b>	<b>362</b>	<b>\$19,577.7</b>	<b>\$16,171.7</b>	<b>\$18,191.5</b>	<b>\$9,915.5</b>	<b>\$28,107.0</b>	<b>16.4%</b>	<b>\$14,521.2</b>



# Evaluation Process



# Evaluation Team

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## **Evaluation Team**

- Christopher Wagner, Principal Investment Officer, Private Equity
- Derek Kong, Investment Officer, Private Equity
- Cheryl Lu, Investment Officer, Private Equity

## **Additional Participants during Semi-Finalist Evaluation**

- Herman Santos, Equity Committee Chair and Trustee
- Jonathan Grabel, Chief Investment Officer
- Other Private Equity team members for technology evaluation

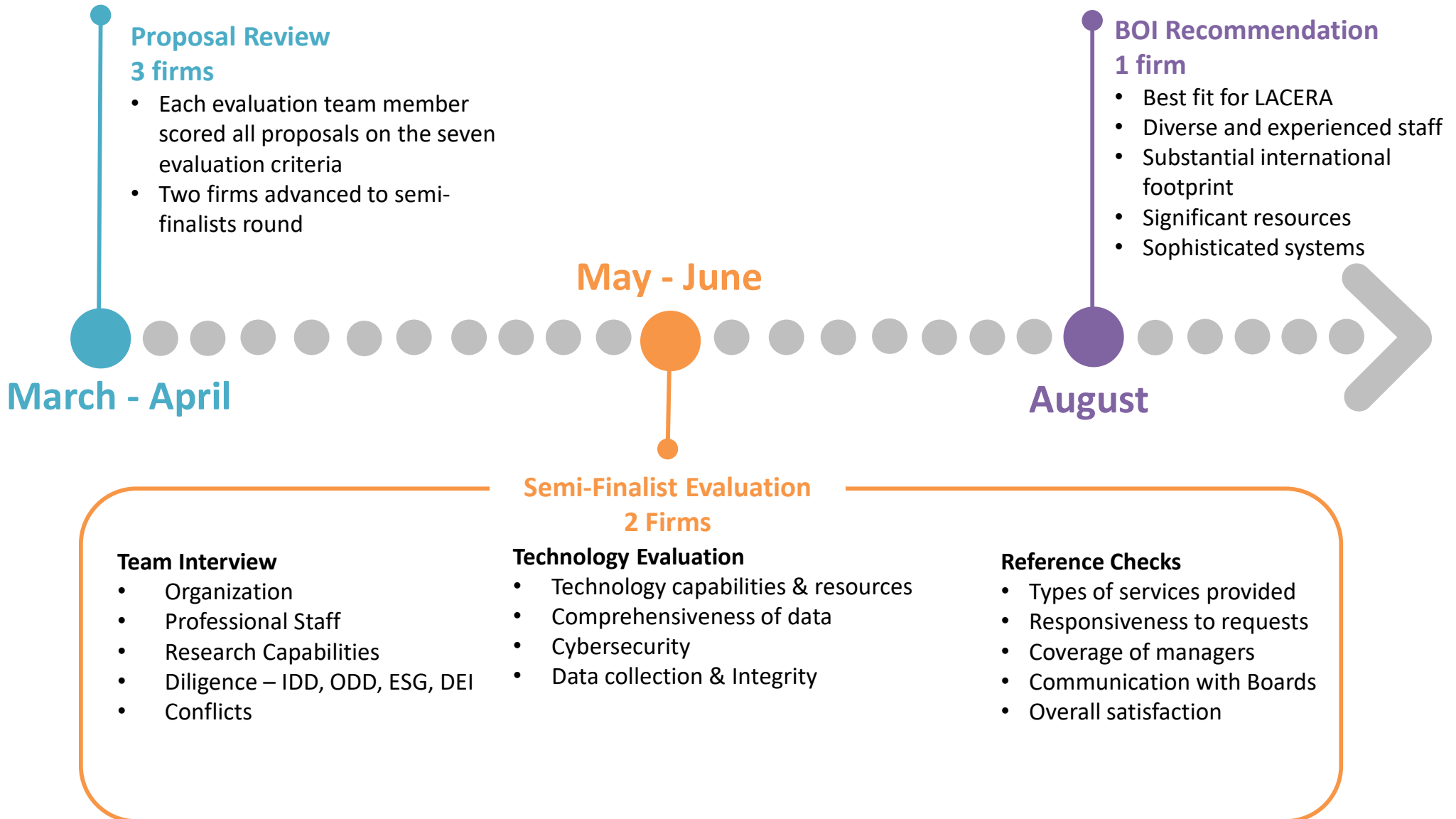
# Evaluation Criteria

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All responses were scored on the following seven categories:

1. Organization
2. Professional Staff
3. Technology
4. Research Capabilities
5. Service Model
6. Conflicts of Interest
7. Fees

# Evaluation Timeline



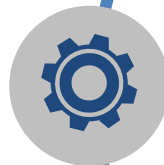
# Desired Competencies

The consultant will provide consulting services for LACERA's private equity investments. LACERA seeks firms with the experience and competencies shown below:

Global footprint with investment professionals staffed in international offices and resources to diligence across geographies



Robust database tracking private equity fund managers and privately-held companies and comprehensive cyber security measures to safeguard data



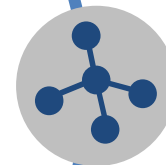
Collaboration with staff and other LACERA consultants in evaluating private equity portfolio; provide education to Board



## Desired Competencies



Comprehensive independent evaluation of fund opportunities and detailed written recommendations



Up-to-date information and research on private equity industry



Insightful advice & recommendations on long-term investment policy, objectives, strategy, and structure reviews

# Observations and Rankings





# Proposal Review

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Three responding firms and initial evaluation conclusions are identified below:

Firm (alphabetical order)	Evaluation of written RFP	Evaluation after interviews
Albourne America, LLC	Advanced to interviews	Advanced as finalist
Stepstone Group LLC	Advanced to interviews	Advanced as finalist
Wilshire Associates, Inc.	Did not advance	--

- **Wilshire:** relative lower evaluation across all categories

# Evaluation Observations and Rankings



Interactive  
Collaboration



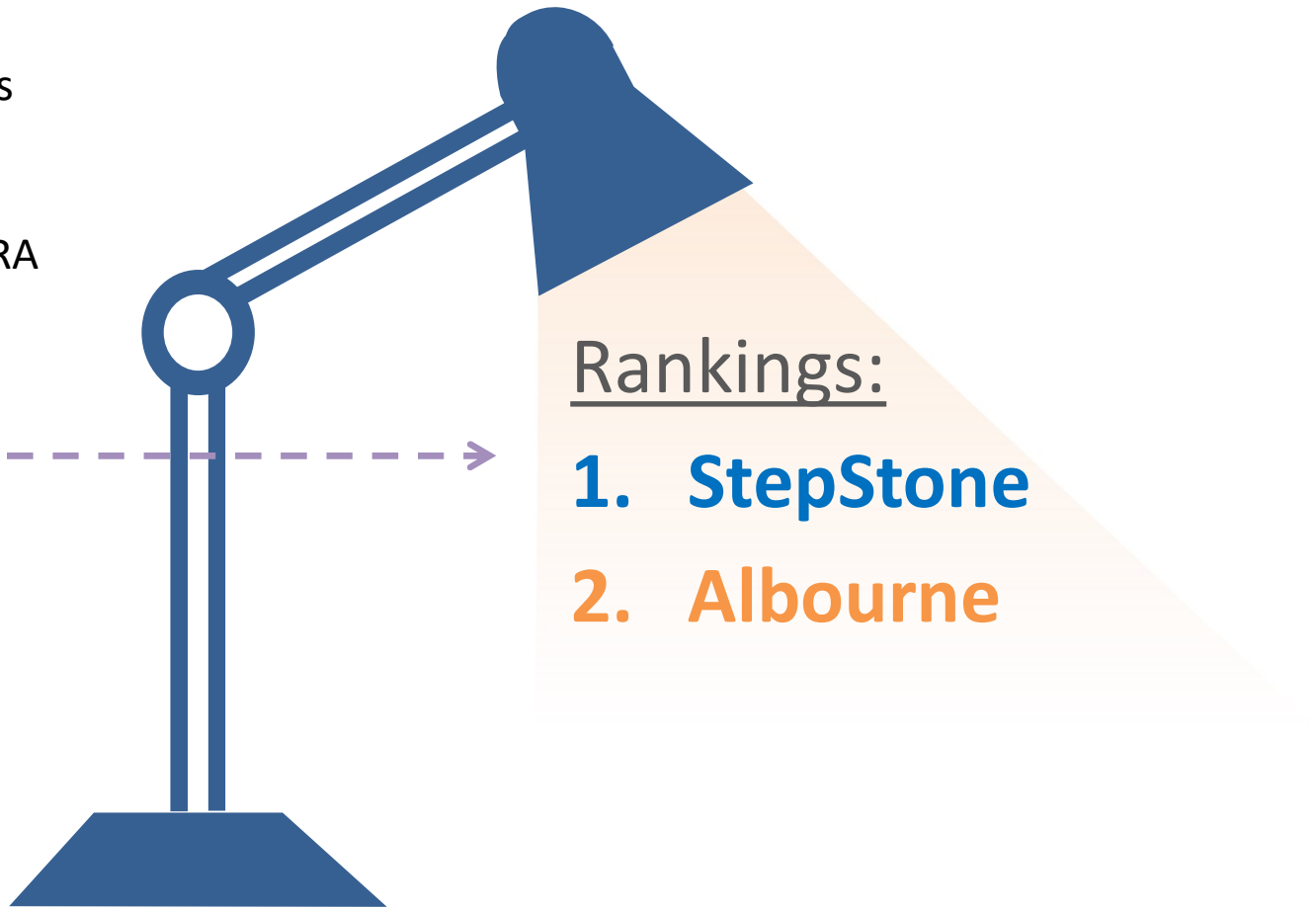
Measured Process



Considered LACERA  
Specific Needs



Final Rankings

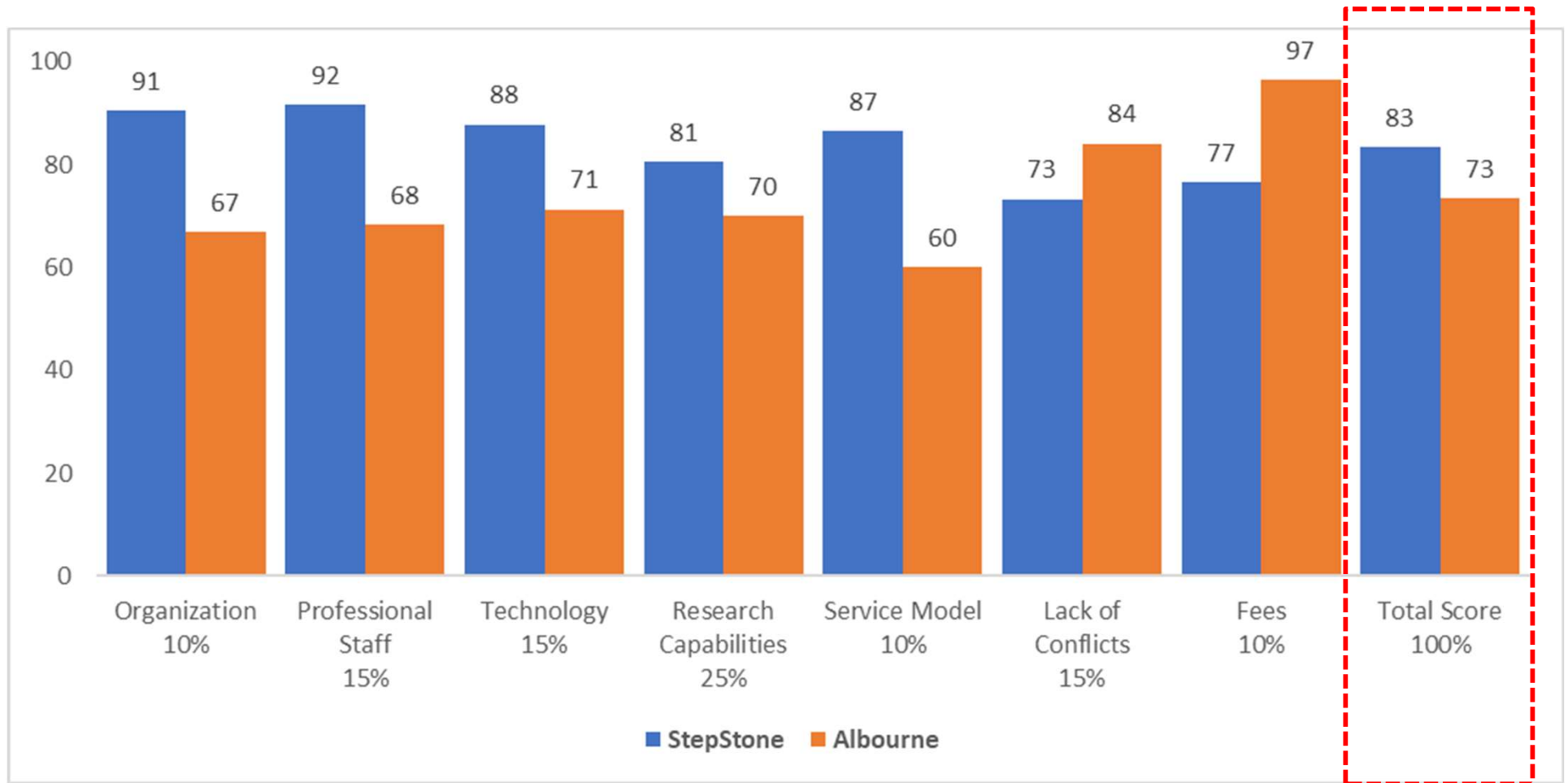


Rankings:

**1. StepStone**

**2. Albourne**

# Finalists – Evaluation Scoring



# Finalists – Fee Proposals

Fee Terms	StepStone	Albourne
<b>Annual Fee</b>	<p>\$750,000 standalone</p> <p><b>\$675,000 with multi-contract discount</b></p>	<p>\$632,000 standalone</p> <p><b>\$442,500 with multi-contract discount</b></p>
<b>Other</b>	<p>Maximum of 35 annual due diligence exercises on behalf of LACERA<sup>1</sup></p>	<p>Reserves right to charge \$20,000 for each fund not previously covered and does not intend to cover</p>

<sup>1</sup> LACERA is unlikely to exceed 35 annual due diligences per year.



# Finalists – Firm Diversity, Equity, and Inclusion

Like LACERA, both firms highly value and support diversity, equity and inclusion (“DEI”) based on each firm’s initiatives to improve diversity within the industry, the number of organizations that they actively support which are also dedicated to promoting greater diversity, and the in-depth DEI analysis that is incorporated into their fund diligence

Diversity and Inclusion Items	StepStone	Albourne
Percent of staff that is diverse	51%	Not Disclosed <sup>1</sup>
Diversity and inclusion policy	Yes	Yes <sup>1</sup>
Workplace anti-harassment policy	Yes	No
Demographics of investment team and firm leadership, as reported:		
a. Percentage of women in executive and investments team:	20%	Not Disclosed <sup>1</sup>
b. Percentage of people of color in executive and investments team:	30%	Not Disclosed <sup>1</sup>
c. Percentage of people identifying as LGBTQ+ in executive and investments team:	Not Surveyed	Not Disclosed <sup>1</sup>
Known EEO regulatory or litigation track record, as reported and researched for past 12 years, if any:	No	Not Disclosed <sup>2</sup>
Notable initiatives, objectives, and strategies addressing Diversity and Inclusion (including any efforts to improve firm’s track record):	<ul style="list-style-type: none"> <li>Formed a D&amp;I committee</li> <li>Signatory of ILPA Diversity in Action</li> <li>Launched formal Sponsorship program</li> <li>Hosts Women in Finance Workshops</li> <li>Sponsor several key organizations including: Girls Who Invest, Toigo, SEO, Women’s Associate of Venture &amp; Equity (WAVE), etc.</li> </ul>	<ul style="list-style-type: none"> <li>Recognizing the importance of diversity and inclusion, AIMA and Albourne worked together to produce a freely available D&amp;D questionnaire for managers</li> <li>Actively engaged in organizations that promote DEI in investment management</li> </ul>

<sup>1</sup> As Albourne is constrained by many different employment laws around the world, some of which place close restrictions on personal information, they are prevented from disclosing the requested statistics.

<sup>2</sup> Albourne’s company policy prohibits it from revealing confidential information concerning employee grievances, except to conduct investigations, to take any remedial actions or as required by law.



# Recommendation



# Recommendation

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**The Evaluation Team recommends that the Board select StepStone to provide private equity consulting services.**

*Rationale for this recommendation is described on the following slides. Merits and concerns for the other finalist candidate appears in the Appendix.*

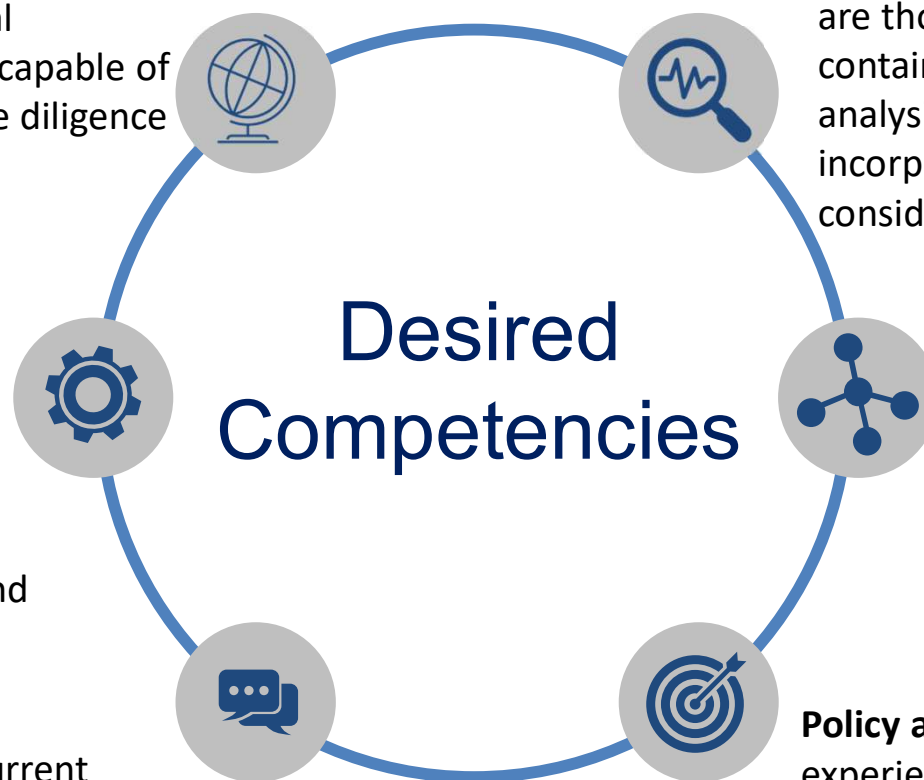
# StepStone - Competencies

**StepStone meets and exceeds the desired competencies:**

**Global footprint:** 19 offices across 13 countries, each staffed by local investment professionals and capable of conducting on-the-ground due diligence

**Technology:** Database tracks over 36,000 funds and 61,000 companies; no data breach in last 10 years; data backed up every 5 minutes; onboarded CrowdStrike to oversee cyber security and incorporated artificial intelligence to spot and correct suspicious behavior

**Collaboration:** Staff's current relationship along with reference calls confirmed StepStone's collaborative approach with staff, consultants and Board



**Due Diligence:** Due diligence reports are thorough and comprehensive containing both detailed quantitative analysis and insightful narrative that incorporates D&I, ESG and ODD considerations

**Research:** Research teams are organized by sector and geography; approximately 8 research reports are produced each year focused on specific sectors and strategies

**Policy and Strategy Advice:** Extensive experience working with large pension plans to develop suitable policies and procedures



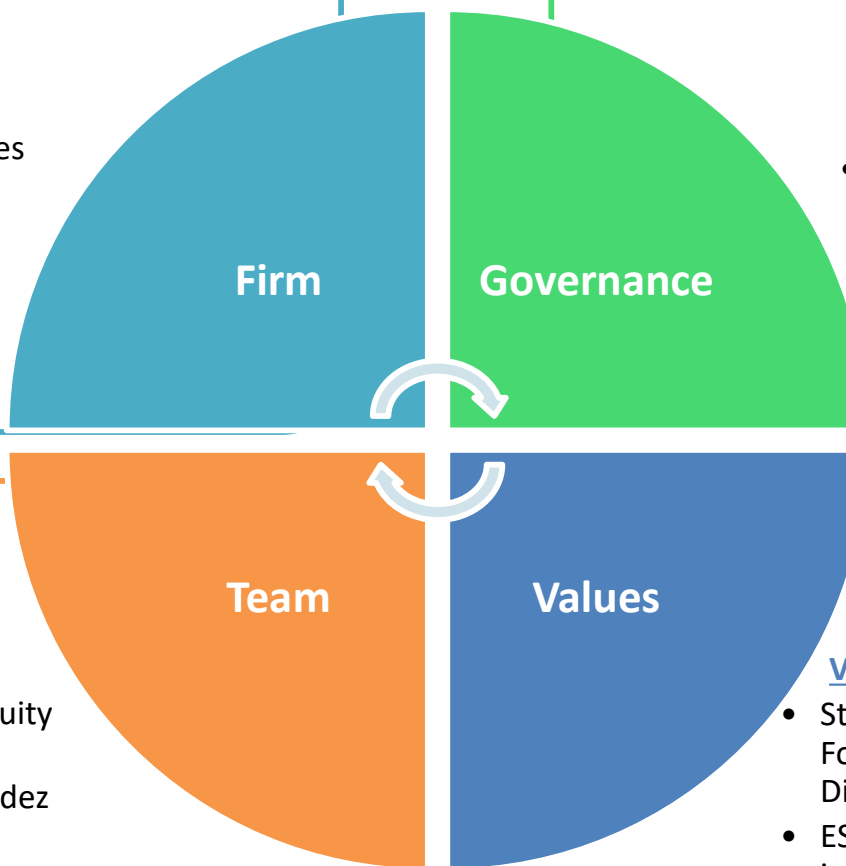
# StepStone – Firm Overview

## DEPTH OF PRIVATE EQUITY EXPERIENCE

- Firm established in 2007 by professionals from private equity consultant Pacific Corporate Group
- Purpose-built to be a leading private equity consultant specialist
- Currently, the firm manages or advises on \$166 bn in Private equity assets
- Proprietary database tracks 60,000 private companies across 14,000 general partners and 36,000 funds
- Strong fund investment, secondary and co-investment capabilities

## STRONG INVESTMENT & OPERATIONAL DUE DILIGENCE

- Utilizes a structured manager evaluation process which includes initial and final screening, due diligence and Investment Committee review
- ODD team assesses whether proper service and quality levels are maintained and evaluates the potential risks surrounding the operational aspects with investments



## GLOBAL PRESENCE

- 19 offices globally with 85 private equity focused employees
- Proposed LACERA Team: Jose Fernandez (Partner, Co-COO), Natalie Walker, (Partner), and Daniel Kirkorian (Vice President)

## VALUE-EMBEDDED DILIGENCE PROCESS

- StepStone is a signatory on the PRI, Task Force on Climate Related Financial Disclosures and SASB Alliance
- ESG is considered pre- and post-investment
- Comprehensive assessment on issues ranging from climate change to diversity, equity, and inclusion



# StepStone – Merits and Concerns

## Merits

- 1. Comprehensive Due Diligence:** Consistent high-quality and well-researched due diligence reports containing both detailed quantitative analysis and insightful narratives encompassing high-level snapshots down to portfolio company level analyses
- 2. Well Resourced and Experienced:** StepStone has over \$166 billion of private equity assets under management or advisement and 85 investment professionals dedicated to sourcing, executing, analyzing and monitoring private equity opportunities; low ratio of advisory clients to senior investment professional: average of 0.8 clients per senior investment professional
- 3. Technology:** Proprietary database tracks 36,000 private equity funds, 60,000 companies and 14,000 general partners. The database tracks information at the general partner level, fund level and portfolio/asset level including quantitative measures of historical performance, historical investments, and benchmarking as well as cash flow details, financial and operating metrics, and other relevant performance measurements for portfolio companies
- 4. Strong and Diverse Team:** Client team consists of experienced team members that include women and minorities who will be dedicated to the LACERA account: Jose Fernandez (Founding Partner and Co-COO), Natalie Walker (Partner) and Daniel Krikorian (Vice President)
- 5. Global Coverage:** Investment professionals located across all major global markets including North America, Europe, Asia, Latin America, and Australia
- 6. Current Provider of Consulting Services to LACERA:** Firm already provides private equity services to LACERA and has satisfied all contract requirements



# StepStone – Merits and Concerns (Continued)

## Concerns

1. **Recent Firm IPO:** Potentially creates growth pressure from outside shareholders

**Mitigant:** StepStone is still majority owned by its partners and employees (approximately 56% economic interest and 74% voting interest).<sup>1</sup> StepStone professionals are expected to continue to maintain control over the public company with StepStone partners maintaining a majority of the 10-member board of directors. The ability to issue equity interest to employees provides StepStone with an advantage in recruiting and retaining talent, and over 500 StepStone professionals own equity in the firm.

2. **Conflict of Interest:** Provides both non-discretionary and discretionary private equity investment services; discretionary business produces greater revenue and potential incentives

**Mitigant:** LACERA has successfully managed any potential conflicts throughout its current relationship with StepStone. While much of the firm's revenue comes from the discretionary business, one of StepStone's competitive advantages is its ability to access information at scale, and both lines of business are important to providing that access. StepStone employs a single research team that works on both discretionary and non-discretionary mandates, and StepStone maintains a formal allocation policy to mitigate conflicts of interest in serving clients. Carried interest from discretionary mandates vests over five years which provides the investment team with long term incentives.

3. **Higher Fees:** StepStone's annual fee is \$232,500 higher than Albourne's

**Mitigant:** The fee is still competitive and lower than LACERA's current fee with StepStone for private equity consulting services. StepStone provides a more dedicated team (Mr. Fernandez, Ms. Walker, and Mr. Krikorian have on average only three client accounts each, including LACERA), more expansive coverage of managers, and an overall larger and more experienced team of private equity investment professionals within the organization.



# Stepstone Client Team

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**Jose Fernandez, Partner & Co-COO:** Mr. Fernandez is the Co-COO of StepStone Group and a member of the private equity team where he focuses on US-based small market managers and Latin American investments. He is also involved in the Firm's ESG and diversity initiatives, as well as various investment activities. Prior to co-founding StepStone, Mr. Fernandez was a managing director of Pacific Corporate Group, a private equity investment firm for institutional investors. Mr. Fernandez previously worked with Latham and Watkins LLP's private equity/investment fund group, a practice focused on joint ventures and the structuring, negotiation and operation of pooled investment vehicles such as private equity funds. Mr. Fernandez received his BA from the University of Michigan, Ann Arbor and JD from Stanford Law School.



**Natalie Walker, Partner:** Ms. Walker is a member of the private equity team, focusing on US-based small-market managers and secondary investments. Prior to StepStone, Ms. Walker was a research analyst at Oppenheimer & Co., a leading national investment bank and full-service investment firm offering investment banking, financial advisory services, capital markets services, asset management, wealth management, and related products and services worldwide. Ms. Walker was a member of Oppenheimer's private equity team, where she conducted due diligence and research on private equity funds, secondary investments and co-investments. Before that she worked for a private equity-backed start-up and women-owned business enterprise, Sundance Energy. Ms. Walker received her BA from Georgetown University McDonough School of Business.



**Daniel Krikorian, Vice President:** Mr. Krikorian is a member of the private equity team, focused on US-based small market buyout, venture capital, and growth equity managers. Prior to StepStone, Mr. Krikorian was an associate with CapitalSpring, a private investment firm focused on the branded restaurant sector. Before that he worked for the Ohio State University – Office of Investments, where he provided support to the co-directors of private markets in performing due diligence on potential fund commitments and monitoring existing managers. Mr. Krikorian received his BS from the University of Tennessee and his MS from Ohio State University. He is a CAIA charterholder.

# Stepstone Client Team



**Jennifer Ishiguro, Partner & CLO:** Ms. Ishiguro is the chief legal officer & secretary of StepStone Group, where she focuses on the firm’s global legal affairs. She is also involved in the Firm’s diversity and inclusion and ESG initiatives. Prior to joining StepStone in 2019, Ms. Ishiguro was General Counsel and Secretary of AutoGravity, a financial technology startup owned by Daimler and Volkswagen. Before that, she served as Executive Vice President, Chief Legal Officer and Secretary of Gateway One Lending & Finance, an auto finance company owned by TCF Financial Corporation, a publicly-held bank holding company. Prior to Gateway, Ms. Ishiguro was at Toyota Motor Credit Corporation, a public debt issuer and the U.S. auto financing arm of Toyota Motor Corporation, last serving as the head of the corporate transactions group within the legal department.. Ms. Ishiguro received a B.A., cum laude, from Yale College and a J.D., cum laude, from Harvard Law School. She is a member of the state bar of New York and registered in-house counsel in California.



**Lindsay Creedon, Partner & Head of D&I:** Ms. Creedon is member of the private equity team, co-leading the firm’s private equity co-investment practice. She is the Head of Diversity & Inclusion and is involved in the Firm’s various management activities. Prior to joining StepStone in 2010, Ms. Creedon was a vice president at Citi Private Equity, a US\$10 billion equity co-investment, mezzanine, and fund of private equity funds business. Before that, she was a director in the corporate strategy & business development group at The Walt Disney Company and was a director of business development at NBC Universal. Ms. Creedon graduated cum laude with a BA from Georgetown University.



**Suzanne Tavill, Partner & Head of ESG:** Ms. Tavill is the global head of responsible investing, which encompasses ESG and Impact across all asset classes and investment strategies. She is also a member of the private equity team. Prior to StepStone, Ms. Tavill was responsible for AMP Capital’s global alternative investment platform that included private equity, infrastructure and real assets. Before that, she spent five years at Van Eyk Research in Sydney, the last four as head of research. Before moving to Australia, she was an executive director at Goldman Sachs Investment Management, responsible for their UK small-and mid-cap portfolios. Ms. Tavill received an MSc in finance and economics from the London School of Economics, in addition to a BBS with honors in economics and honors in finance from the University of Cape Town, South Africa.



**Brad Stehle, Managing Director:** Mr. Stehle is a member of the operational due diligence team. Prior to joining StepStone, Mr. Stehle was a managing director of operational due diligence at Shadmoor Advisors Inc. Before that he was the director of operational due diligence at Unigestion SA. Previously, Mr. Stehle worked as a vice president in business and ODD for Citigroup – Alternative Investment Strategies. Mr. Stehle received a BS in finance from Seton Hall University.

# Appendix



# Albourne – Merits and Concerns

## Merits

1. **Strong Technology:** In depth fund analysis system and portfolio analytics
2. **No Conflicts of Interest:** Firm only provides consulting services and does not have a discretionary business
3. **Impressive Operational Due Diligence:** Firm appears to perform industry leading ODD diligence
4. **Broad European Coverage:** Given its European heritage, references suggest the firm has one of the broadest coverage of the European private equity manager universe among private equity consultants
5. **Current Provider of Consulting Services to LACERA:** Real Assets, Private/Illiquid Credit, and Hedge Funds

## Concerns

1. **Capacity Constraints:** High client to consultant ratio of approximately 6 clients per consultant  
**Mitigant:** Reference checks cite strong client service despite capacity constraints
2. **Limited Coverage:** Firm only track 6,000 private equity funds (vs. 36,000 at Stepstone)  
**Mitigant:** Clients appear satisfied with level of coverage (albeit references had smaller private equity programs relative to LACERA)
3. **Lack of PE Specific Expertise:** Team does not currently underwrite investments outside of funds  
**Mitigant:** Team has agreed to assist clients who consider co-investments and secondaries by confirming that staff took the appropriate diligence steps as approved by the board





July 19, 2021

TO: Trustees,  
Board of Investments

FOR: Board of Investments Meeting of August 11, 2021

SUBJECT: 2021 SuperReturn North America in Boston, MA on October 4 – 5, 2021

The 2021 SuperReturn North America meeting will be held on October 4 – 5, 2021 at the Boston Marriott Long Wharf in Boston, Massachusetts. The program will bring together 500+ of the most senior and influential people within private capital. Participants will network face-to-face for the first time since the beginning of the pandemic and discuss what the future holds for the industry.

The main conference highlights include the following:

- State of the Union: The Future of North American Private Equity
- How Private Equity Investment Is Re-Shaping City Growth and Landscape
- Technology Investing - Digital Transformations

**Approximate Registration:** \$200.00

**Approximate Airfare:** \$450.00 - \$2,000

**Hotel:** \$359.00 per night plus tax (2 nights)  
Approximate Total: \$850.00

**Ground Transportation:** \$60.00 per day  
(3 days)  
Approximate Total: \$180.00

**Daily Per Diem & Incidentals:** \$71.00 per day (3 days) Total: \$213.00  
(The Registration Fee Includes Most Meals)

**Approximate Cost Per Traveler:** \$1,893.00 - \$3,443.00

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

**IT IS THEREFORE RECOMMENDED THAT YOUR BOARD:**

Approve attendance of Trustees at the 2021 SuperReturn North America meeting on October 4 – 5, 2021 in Boston, Massachusetts and approve reimbursement of all travel costs incurred in accordance with the Trustee Education and Trustee Travel Policies.



# SESSIONS

SUPERRETURN NORTH AMERICA 2021 DAY ONE - 04/10/2021

SuperReturn North America

October 4 - 5, 2021  
Boston Marriott Long Wharf  
Boston

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## Registration, morning coffee and networking

08:00 - 09:00

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## Chair's welcome address

09:00 - 09:10

SuperReturn North America 2021 Day One

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## The global macro economy and private equity

09:10 - 09:50

SuperReturn North America 2021 Day One

What is impacting the global economy in 2021 and what does it mean for investment and portfolio construction? In light of the re-opening of markets and economies will we move into a 2 paced global economy? Where will US/China relations go and what does this mean for the asset class? What has the industry learned from the pandemic? Growth projections vs projections materialised?

### Participants

**Moderator: Aryn Hassanally** - Partner, Investment, Collier Capital

**Panellists: Matt Cwiertnia** - Partner, Co-Head of Private Equity Group, Ares Management

**Ms Lauren Goodwin** - Economist and Director of Portfolio Strategy, New York Life Investments

**Andrew Polk** - Partner, Trivium China

**Pete Stavros** - Partner, Co-Head of North America Private Equity, KKR

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## Fundraising post Covid 19 – will deal making continue full steam ahead?

09:50 - 10:10

SuperReturn North America 2021 Day One

In light of the pandemic, where is fundraising being deployed? What does the data on recoveries and defaults mean for deal making? Are we seeing more deals in developed vs emerging market economies? Which funds and areas of the market have benefited or struggled the most?

### Participants

**Joseph Borda** - SVP, Head of Americas Research and Data Operations, Preqin

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## LPs of tomorrow: How have LPs pushed for liquidity in 2021?

10:10 - 10:50

SuperReturn North America 2021 Day One

What long-lasting changes have LPs adopted because of COVID-19? Sector specific exposure – how are LPs changing allocations going forward (growth areas and sectors)? How are LPs accommodating more GPs fundraising?

### Participants

**Moderator: Michael Elio** - Partner, StepStone Group

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## Morning coffee and networking break

10:50 - 11:20

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## State of the union: the future of North American private equity

11:20 - 11:40

SuperReturn North America 2021 Day One

What policies will fuel economic growth? Will they be a good backdrop for the private equity industry? Will we see more exits via SPACs and IPOs? More and bigger deals? Will there be increased investing at home?

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## Portfolio construction and chasing alpha: with the economy on a sugar high what does the capital invested mean for returns and strategies?

11:40 - 12:20

SuperReturn North America 2021 Day One

With fundraising at a high, what does this mean for existing and new managers? Are we seeing a flight to the familiar or are start-ups getting a look in? How are LPs looking at the market? What are the benefits/ constraints of in-house vs outsourcing and what market factors are driving this?

### Participants

**Panellists: Martin Brand** - Head of North America Private Equity and Global Co-Head of Technology Investing, Blackstone

**Joseph B. Marks** - Senior Managing Director, Head of Secondaries, Capital Dynamics

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## GP led secondaries: From musical chairs to a game of thrones: the emergence of secondaries as a mainstream private equity investment category

12:20 - 13:00

SuperReturn North America 2021 Day One

How important is the secondary business to the PE eco-system and how big might this market become? How much money should you invest in building a secondary fund? Who else will get in? Skill set required in the market

### Participants

**Moderator: Jeff Hammer** - Senior Managing Director and Global Co-Head of Secondaries, Manulife Investment Management

**Panellists: Clifford J. Meijer** - Managing Director, Headway Capital Partner

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## Lunch and networking break

13:00 - 14:00

SuperReturn North America 2021 Day One

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## Connections: Women in private markets

13:00 - 14:00

Connections Sessions

Women in private markets are welcome to join their peers for a relaxed lunch and intimate forum under Chatham House Rules. The session will be organized as relaxed, interactive round-table discussions of small groups covering pertinent topics of attendees' choice. Topics discussed will span inclusive leadership; keeping and advancing women in private equity; dealing with conscious and unconscious bias and other pertinent subjects. This lunchtime session is meant to be an ideal place to meet face-to-face with female peers in the industry, share perspectives and discuss compelling issues of the day relevant for women in private markets.

### Participants

**Discussion Leader: Anna Dayn** - Managing Partner & US Head, New End

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## PE fund securitisations: searching for liquidity

14:00 - 14:30

SuperReturn North America 2021 Day One

Overview of what they are and how they work; exploring market developments and the impact of the downturn; how deals performed and regulatory developments

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### LP and GP led innovations in secondaries

14:30 - 15:10

SuperReturn North America 2021 Day One

How is the competition today in secondaries portfolios vs 5 years ago; Exploring LP strategies and exposure for being at the table alongside GPs; How have discounts, pricing, sellers been impacted by the GP led market? What is the optimal capital structure in which you would hold 2nd assets?

#### Participants

**Panellists:** **Cari Lodge** - Managing Director & Head of Secondaries, Commonfund Capital, Inc.

**Yann Robard** - Managing Partner, Whitehorse Liquidity Partners

**Nash Waterman** - Managing Director & Head of AIP Private Equity Secondaries, Morgan Stanley Investment Management

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### SPACs and the exit market – how is it evolving?

15:10 - 15:50

SuperReturn North America 2021 Day One

Why exit? What are the market conditions? Are holding periods for companies longer? With \$100bn of new SPAC vehicles raised, how are they valued and how are they getting their money to work?

#### Participants

**Panellists:** **Howard D. Morgan** - Managing Partner and Co-Founder, Argand Partners

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### Afternoon refreshments and networking break

15:50 - 16:10

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### Technology Investing - digital transformations

16:10 - 16:50

SuperReturn North America 2021 Day One

Where to put capital in a crowded tech environment? What is the context and vision for transforming global businesses? How is Data the New Commodity? What are some of the risks in these transformations - investing in tech rather than solutions, regulation, valuations?

#### Participants

**Moderator:** **Heinz Blennemann** - Principal, Blennemann Family Investments

**Panellists:** **Eric Benhamou** - Founder & General Partner, Benhamou Global Ventures

**Seth Ginns** - Head of Liquid Investments & Managing Partner, CoinFund

**Estevao Latini** - Director of Alternative Investments, Migration Capital

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### Co-investment: how should LPs get the benefits?

16:50 - 17:30

SuperReturn North America 2021 Day One

Invest in a fund, direct co-invest? How best to approach it? How to get involved in co-investments without a dedicated team

#### Participants

**Panellists:** **Jarrod R. Fong** - Managing Director, J.P. Morgan Asset Management

**Tarun Luthra** - Senior Investment Advisor, DEG

**Sally Rocker** - Managing Director, J.C. Flowers & Co.

**Gijs van Thiel** - Managing Partner, 747 Capital

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### Chair's closing remarks. End of Main Conference Day One

17:30 - 17:35

SuperReturn North America 2021 Day One

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### Networking drinks reception

17:35 - 19:00

# SCHEDULE

SUPERRETURN NORTH AMERICA 2021 DAY ONE - 04/10/2021

SuperReturn North America

October 4 - 5, 2021  
Boston Marriott Long Wharf  
Boston

TIME	CONNECTIONS SESSIONS	SUPERRETURN NORTH AMERICA 2021 DAY ONE
08:00	08:00 - Registration, morning coffee and networking	08:00 - Registration, morning coffee and networking
09:00		09:00 - Chair's welcome address 09:10 - The global macro economy and private equity 09:50 - Fundraising post Covid 19 – will deal making continue full steam ahead?
10:00	10:50 - Morning coffee and networking break	10:10 - LPs of tomorrow: How have LPs pushed for liquidity in 2021? 10:50 - Morning coffee and networking break
11:00		11:20 - State of the union: the future of North American private equity 11:40 - Portfolio construction and chasing alpha: with the economy on a sugar high what does the capital invested mean for returns and strategies?
12:00		12:20 - GP led secondaries: From musical chairs to a game of thrones: the emergence of secondaries as a mainstream private equity investment category
13:00	13:00 - Connections: Women in private markets	13:00 - Lunch and networking break
14:00		14:00 - PE fund securitisations: searching for liquidity 14:30 - LP and GP led innovations in secondaries
15:00	15:50 - Afternoon refreshments and networking break	15:10 - SPACs and the exit market – how is it evolving? 15:50 - Afternoon refreshments and networking break
16:00		16:10 - Technology Investing - digital transformations 16:50 - Co-investment: how should LPs get the benefits?
17:00	17:35 - Networking drinks reception	17:30 - Chair's closing remarks. End of Main Conference Day One 17:35 - Networking drinks reception

# SESSIONS

SUPERRETURN NORTH AMERICA 2021 DAY TWO - 05/10/2021

SuperReturn North America

October 4 - 5, 2021  
Boston Marriott Long Wharf  
Boston

## LP-only breakfast briefing

08:00 - 09:00  
LP-only

This exclusive breakfast is only open to invited development finance institutions, endowments, foundations, insurance companies, pension funds and sovereign wealth funds.

## GP-only breakfast briefing

08:00 - 09:00  
GP-only

This exclusive breakfast is only open to invited GPs

## Registration, morning coffee and networking

08:30 - 09:00  
SuperReturn North America 2021 Day One

## Chair's welcome address

09:00 - 09:10  
SuperReturn North America 2021 Day Two

## Private markets and investments

09:10 - 09:35  
SuperReturn North America 2021 Day Two

What are the implications for the private equity industry now that so many hedge fund managers are interested in competing for private investments opportunities? What conflicts may arise and how do you decide where an opportunity goes in the portfolio?

## Internal and external ESG as a competitive advantage

09:35 - 10:10  
SuperReturn North America 2021 Day Two

How is ESG delivering on returns? How do firms find more opportunities and create them? How are firms wrestling with ESG internally and what is the best way to play a role in the food chain? How are boardrooms living and reflecting ESG?

## Participants

**Moderator:** Peter Plaut - Executive Director, Wimmer Financial LLP

**Panellists:** Ryan Nece - Co-Founder and Managing Partner, Next Play Capital

**Anibal Montes** - Head of Environmental, Social and Governance, WM Partners

## Spotlight on: Health & Wellness: where are the next generation of private equity investment opportunities?

10:10 - 10:30  
SuperReturn North America 2021 Day Two

In a crowded market how do you find the best investment with the right returns? How do GPs want to see investors drive change? What conditions create lift-off for a sector and what areas can be overlooked?

## Morning coffee and networking break

10:30 - 11:00  
SuperReturn North America 2021 Day Two

## Campbell Lutyens solo

11:00 - 11:20  
SuperReturn North America 2021 Day Two

## LP insights into operating and investing in and post Covid times

11:20 - 12:00  
SuperReturn North America 2021 Day Two

Exploring the impact on sourcing, due diligence, and innovation – has innovation been stifled or has it promoted good practise? Are the PE spaces as bubbly as public space? How have investment committees put the brakes on investments?

## Participants

**Moderator:** Heinz Blennemann - Principal, Blennemann Family Investments

**Panellists:** Ms Lauren Goodwin - Economist and Director of Portfolio Strategy, New York Life Investments

**Michelle Jacobi** - Managing Director, Gatewood Capital Partners

## The 'alternatives' timeline: How big can the alternatives market go and what sectors are generating returns?

12:00 - 12:40  
SuperReturn North America 2021 Day Two

With GPs looking at brand extensions and branching out, is this the new model going forward or with rates at their current levels, it is a poor outcome for managers? From infra and real assets to creative industries and tech

## Participants

**Panellists:** David Blundin - Founder, Cogo Labs

**Ellen Havdala** - Managing Director, Equity Group Investments

**Rudina Seseri** - Founder and Managing Partner, Glasswing Ventures

## North America in the context of global private equity trends

12:40 - 13:00  
SuperReturn North America 2021 Day Two

## Lunch and networking break

13:00 - 14:00

## Venture on fire! Can you afford not to have venture in your portfolio?

14:00 - 14:40  
SuperReturn North America 2021 Day Two

After a tough decade, interest in venture is climbing: Exploring the size of allocation, portfolio approaches, pricing and valuations – to invest in debt or equity?

## Participants

**Panellists:** Robert Adelson - Managing Partner, Osage University Partners

**Chris Evdaimon** - Investment Manager, Baillie Gifford

**Eric Woo** - Co-founder, Revere

## PE Buyouts - Upper mid-market vs lower mid-market – are we seeing the end of classic buyout funds?

14:40 - 15:00  
SuperReturn North America 2021 Day Two

Exploring the differences in portfolio construction; can smaller companies weather the storm? Perception vs reality for risk; how are portfolio companies financed and what instruments are used?

## Participants

**In conversation with:** Andrew Bernstein - Senior Managing Director, Head of Private Equity, Capital Dynamics

# SESSIONS

SUPERRETURN NORTH AMERICA 2021 DAY TWO - 05/10/2021

SuperReturn North America

October 4 - 5, 2021  
Boston Marriott Long Wharf  
Boston

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## First time funds and managers – an alternative that's more attractive

15:00 - 15:40

SuperReturn North America 2021 Day Two

An A-Z of steps to take to prepare for a first fund; from identifying buyers to getting your name out there; For LPs, what does it take to invest in someone and something that isn't traditional?

### Participants

**Panellists:** **Tom Bratkovich** - Senior Vice President, Wilshire Associates

**Sarah Sandstrom** - Partner, Campbell Lutyens

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## Afternoon refreshments and networking break

15:40 - 16:10

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## Spotlight on: PE insight into distressed for control as a strategy

16:10 - 16:40

SuperReturn North America 2021 Day Two

Given the dry powder raised, where is the opportunity set and is there enough to go around? How comfortable are fund managers that there is good value to be had?

### Participants

**Cindy Chen Delano** - Co-Founder and Partner, Invictus Global Management

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## How private equity investment is re-shaping city growth and landscape

16:40 - 17:10

SuperReturn North America 2021 Day Two

Where are the value-add and risk adjusted returns? How is private equity investment generating returns in the future of cities? Are these emerging economies? How are distributed teams contributing to their success?

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## Chair's closing remarks. End of SuperReturn North America 2021

17:10 - 17:20

SuperReturn North America 2021 Day Two

# SCHEDULE

SUPERRETURN NORTH AMERICA 2021 DAY TWO - 05/10/2021

SuperReturn North America

October 4 - 5, 2021  
Boston Marriott Long Wharf  
Boston

TIME	GP-ONLY	LP-ONLY	SUPERRETURN NORTH AMERICA 2021 DAY ONE	SUPERRETURN NORTH AMERICA 2021 DAY TWO
08:00	08:00 - GP-only breakfast briefing	08:00 - LP-only breakfast briefing	08:30 - Registration, morning coffee and networking	
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12:00				12:00 - The 'alternatives' timeline: How big can the alternatives market go and what sectors are generating returns? 12:40 - North America in the context of global private equity trends
13:00	13:00 - Lunch and networking break	13:00 - Lunch and networking break	13:00 - Lunch and networking break	13:00 - Lunch and networking break
14:00				14:00 - Venture on fire! Can you afford not to have venture in your portfolio? 14:40 - PE Buyouts - Upper mid-market vs lower mid-market – are we seeing the end of classic buyout funds?

# SCHEDULE

SUPERRETURN NORTH AMERICA 2021 DAY TWO - 05/10/2021






SuperReturn North America

October 4 - 5, 2021  
Boston Marriott Long Wharf  
Boston

TIME	GP-ONLY	LP-ONLY	SUPERRETURN NORTH AMERICA 2021 DAY ONE	SUPERRETURN NORTH AMERICA 2021 DAY TWO
15:00	15:40 - Afternoon refreshments and networking break	15:40 - Afternoon refreshments and networking break	15:40 - Afternoon refreshments and networking break	15:00 - First time funds and managers – an alternative that's more attractive 15:40 - Afternoon refreshments and networking break
16:00				16:10 - Spotlight on: PE insight into distressed for control as a strategy 16:40 - How private equity investment is re-shaping city growth and landscape
17:00				17:10 - Chair's closing remarks. End of Super-Return North America 2021

July 30, 2021

TO: Trustees – Board of Investments

FROM: Jude Pérez, Principal Investment Officer   
Scott Zdrazil, Senior Investment Officer   
Quoc Nguyen, Investment Officer   
Magdalia Armstrong, Senior Investment Analyst   
Terra Elijah, Investment Analyst 

FOR: August 11, 2021 Board of Investments Meeting

SUBJECT: **GENERAL INVESTMENT CONSULTANT SEARCH (PENSION PLAN AND OPEB MASTER TRUST)– REQUEST FOR PROPOSAL, MINIMUM QUALIFICATIONS, AND SCOPE OF WORK**

### RECOMMENDATION

Approve the proposed general consultant search Minimum Qualifications, Evaluation Criteria, and Scope of Work.

### BACKGROUND

Staff prepared materials related to the General Investment Consultant RFP for discussion with the Board of Investments. **ATTACHMENT I** describes the recommended search criteria in compliance with the Procurement Policy for Investment-Related Services. This includes: (i) structure of the evaluation team; (ii) the selection authority; (iii) search timing; (iv) minimum qualifications; (v) evaluation criteria; and (vi) scope of work summary. **ATTACHMENT II** outlines the detailed scope of work.

Attachments

Noted and Reviewed:



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Jonathan Grabel  
Chief Investment Officer



**General Investment Consultant Search  
(Pension Plan and OPEB Master Trust)  
Request for Proposal  
Minimum Qualifications**

**Board of Investments Meeting**

**August 11, 2021**

**Jude Pérez, Principal Investment Officer  
Scott Zdrazil, Senior Investment Officer  
Quoc Nguyen, Investment Officer  
Magdalia Armstrong, Senior Investment Analyst  
Terra Elijah, Investment Analyst**

# Recommendation and Background

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## Recommendation

- Approve the proposed Minimum Qualifications, Evaluation Criteria, and Scope of Work

## Background

- Last general consultant search was conducted in 2015 via Request for Proposal (“RFP”) which went through a competitive search process
- Meketa Investment Group (“Meketa”) was selected by the Board in August of 2015 and retained in January of 2016
- The agreement with Meketa had a five-year term which expired in January 2021 and allowed for automatic annual renewals
- At the June 2020 Board of Investments meeting, the board approved an extension of Meketa’s contract, where it was communicated that a consultant search would begin upon completion of the strategic asset allocation study

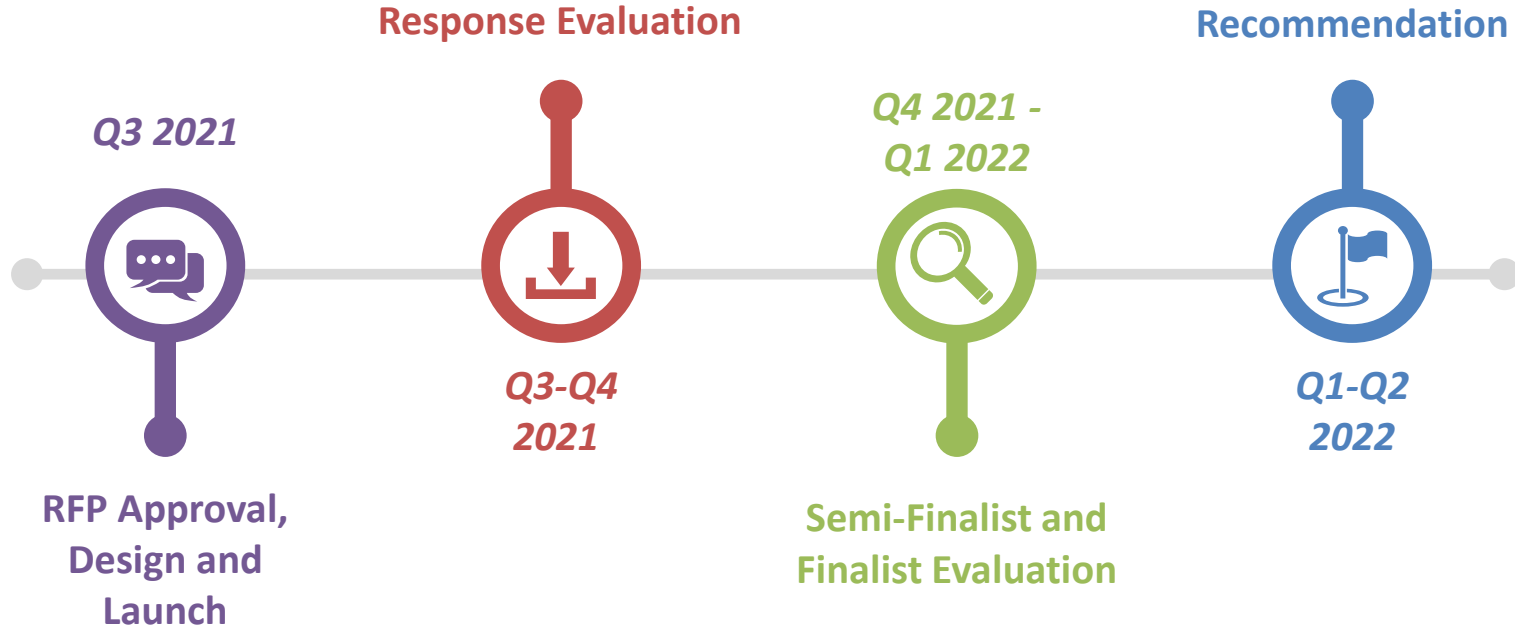
# Evaluation Process

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- Proposed Evaluation Team would consist of:
  - Investment staff: three members of portfolio analytics, one member of growth asset class, and one member representing both credit and risk reduction & mitigation asset classes
  - At the discretion of the Board Chair, select Trustee(s) may be included in the interview phase
- Evaluation Team will conduct the Request for Proposal process in two phases:
  - Phase One: Evaluation of written RFP responses
  - Phase Two: Candidate interviews (virtual and possibly on-site)
- Final scores, evaluation review, and recommendation will be advanced to the Board
- Selection authority for this RFP will be the Board

# Proposed Search Timeline

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# Minimum Qualifications

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1. Advise at least ten (10) public and/or private pension funds. At least three (3) of the ten must be public funds, and at least three (3) must be funds with greater than \$10 billion assets under management.
2. The consulting firm must have a minimum of \$100 billion of assets under advisement.
3. The consulting firm must maintain or have access to a database with sufficient breadth to provide comparative information on investment portfolio attributes (e.g. risk, return and asset allocation).
4. The consulting firm must maintain or have access to a database(s) with sufficient breadth to assist, when necessary, with manager research and analysis.
5. The lead consultant assigned to this account must have a minimum of ten years relevant investment experience, the majority of which must be either as a consultant or as a plan sponsor.
6. Must agree to be a fiduciary to LACERA under California and other applicable law.
7. Must be registered as an investment advisor under the Investment Advisers Act of 1940.



# Evaluation Criteria

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All responses received shall be subject to evaluations on the following seven categories:

1. Organization
2. Professional Staff
3. Technology
4. Investment/Market Research Capabilities
5. ESG Research Capabilities
6. Service Model
7. Conflicts of Interest
8. Fees



# Scope of Work Summary\*

## (For Pension Plan and OPEB Master Trust)

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### **Asset-Liability Study:**

- Work closely with LACERA's actuaries and investment staff to prepare a comprehensive asset-liability study that requires an analysis of the Pension Plan's and OPEB Master Trust's funded status and projected required contributions under various return environments and different asset mix scenarios

### **Strategic Consulting:**

- Provide recommendations concerning long-term investment policy, objectives, and strategy for LACERA's public markets portfolio that is consistent with LACERA's Investment Policy Statements

### **Performance Reporting:**

- Perform return calculations and report on quarterly and annual performance for all individual public market accounts; reporting annual Pension Fund and OPEB Master Trust performance to the Board or more frequently as requested by LACERA.

### **Sourcing and Due Diligence:**

- Conduct independent evaluations of investment opportunities and provide detailed written recommendations, including results of investment and operational due diligence, strategic considerations, and portfolio fit

### **Environmental, Social, and Governance (ESG):**

- Conduct robust analysis and recommendations of ESG risks and opportunities in market research and portfolio design

### **Meeting Attendance:**

- Attend all Board of Investments meetings, Board of Investment's committee meetings, annual off-site meetings, and other meetings as requested by LACERA

### **Collaboration with Board, Staff, and Specialist Consultants:**

- Collaborate with LACERA's specialist consultants to provide ongoing advice and technical support in the establishment and refinement of portfolio asset allocation, investment goals and objectives, and investment policies and procedures

\*Abbreviated version of full Scope of Work. Additional details are included in Attachment II

**SCOPE OF WORK (Applies to Pension Plan and OPEB Master Trust)**

**Asset-Liability Study**

- Work closely with LACERA’s actuaries and investment staff to prepare a comprehensive asset-liability study that requires an analysis of the Pension Plan’s and OPEB Master Trust’s funded status and projected required contributions under various return environments and different asset mix scenarios. LACERA generally has an asset-liability study conducted every three to five years. Consultant will provide both educational information and report the asset-liability results to the Board.

**Strategic Consulting**

- Carry out LACERA’s strategic goals and initiatives and report directly to the Board.
- Assist LACERA on “big-picture” Pension Plan and OPEB Master Trust investment policy and structure issues. This includes topics such as analyzing new investment strategies and asset classes, as well as identifying industry trends.
- Provide recurring recommendations concerning long-term investment policy, objectives, and strategy for LACERA’s Pension Plan and OPEB Master Trust that are consistent with LACERA’s Investment Policy Statement and/or with regards to updating LACERA’s Investment Policy Statement.
- Review applicable investment policies and objectives prepared and established by LACERA and recommend any changes or modifications as may be appropriate in light of changes in the Pension Plan and OPEB Master Trust portfolios, public market investments (global public equities, investment-grade fixed income, high-yield bonds, liquid credit, etc.) landscape, and global capital markets.
- Advise on structure reviews of LACERA’s public markets portfolio, recommend any changes or modifications as may be appropriate, and provide an opinion on each structure review outlining any concerns or concurrence. Structure reviews are periodic, forward-looking reviews performed by staff regarding portfolio construction and investment plan for the public markets portfolios.
- Provide information and comprehensive research regarding significant changes in the public market investments, including best practices, trends, and major events.
- Present and provide a full review of the Pension Plan and OPEB Master Trust portfolios’ structure and performance to the Board on at least an annual basis.



## Performance Analytics and Reporting

- Produce a quarterly performance book for both LACERA's Pension Plan and OPEB Master Trust.
- Provide independent performance calculations both time-weighted and money-weighted (IRR), computed at the manager, sub-composite, composite, and total fund levels.
- Provide independent calculation of custom composite and benchmark performance. Custom composite and custom benchmark building and reporting will be necessary on an ad-hoc basis.
- Coverage to include all accounts, both public, and alternative.
- Conduct an evaluation of fees relative to performance annually and provide a report.
- Performance reports for LACERA's Pension Plan and OPEB Master Trust should include:
  - Both gross and net of fee returns, lagged and unlagged returns, consistent with CFA Institute's Global Investment Performance Standards (GIPS)
  - Performance reconciliation
  - Benchmark and market index returns
  - Market commentary
  - Universe comparisons for the total fund, composites, and managers
  - Performance attribution relative to standard and custom benchmarks for the total fund, composites, and managers
  - Portfolio and benchmark characteristics and statistics, with metrics such as beta, market capitalization, duration, yield, sector breakdown, etc.
  - Factor-based style analysis and measurements of manager consistency
  - Risk reporting using a variety of ex-post risk-adjusted return information and statistics such as standard deviation, tracking error, Sharpe ratio, and information ratio

## **Sourcing, Due Diligence, and Monitoring**

- Provide LACERA with access to Consultant's database containing their independent review regarding: investment due diligence on public market investments, operational and quantitative due diligence reports, all performance information, and all investment committee reports prepared by Consultant.
- Conduct independent evaluations and provide written recommendations on public market investment opportunities as requested by LACERA. Recommended actions will include a detailed memorandum outlining the results of the Consultant's due diligence, strategic considerations, and fit within the LACERA portfolio, as well as merits and concerns of the investment. Due diligence must include an evaluation of the prospective manager's investment history, team, performance, and strategy, as well as operational evaluation of the prospective manager's governance, organization, back-office, accounting, external relationships, risk systems, cash controls, and valuation methodologies. Due diligence should also incorporate environmental, social, governance factors, and diversity, equity, and inclusion considerations.
- Provide LACERA with all Consultant-generated public market investments and market/industry research and make Consultant's research staff available to LACERA as requested.
- Evaluate and provide written recommendations on any amendments to investment management agreements proposed by a manager of an investment in which LACERA is an investor, including, without limitation, amendments regarding investment restructurings, fee waivers, term extensions, and investor liquidity options.
- Report to LACERA on changes with existing investment managers that could reasonably be expected to materially and negatively affect the performance of the investment in which LACERA is an investor, including any organizational, structural, or key personnel changes, or client turnover.
- Notify LACERA of any identified material issues that may impact investment performance and recommend a course of action to enhance returns or mitigate risk.
- Assist LACERA in providing detailed attribution analysis on the public markets portfolio, including reasons for over/underperformance compared to applicable benchmarks.
- Provide other reasonably requested consulting services ancillary to identification, analysis, and evaluation of goals, strategies, and objectives of the public markets portfolios.
- Specific to the OPEB Master Trust, the Consultant is expected to perform all functions noted above in this section and for the private markets' portfolio as well. The OPEB Master Trust currently has a 0% allocation to private markets. In May 2021, the Board of Investments approved an 18% allocation to private markets. The Consultant is expected to assist with a glide path along with private markets investment opportunities over the next several years

with the objective of reaching the 18% target allocation.

### **Environmental, Social, and Governance (ESG) Integration**

- Identify, assess, and integrate financially relevant ESG factors into capital market research, analysis, return assumptions, and portfolio design. Matters may include but are not limited to, climate change, demographic trends, and technological innovation.
- Assist in the assessment and monitoring of public markets portfolio and external manager ESG integration risks and opportunities, consistent with LACERA's investment policies.
- Conduct specialized research on ESG topics and integration strategies, as requested.

### **Meeting Attendance**

- Consultant's representatives will be required to attend:
  - One Board of Investments meeting per month (typically the second Wednesday);
  - All committee meetings;
  - Annual Board off-site meeting (typically 2-3 days in July); and
  - Meetings as requested by LACERA to (i) present research, analyses, written reports, and recommendations, and (ii) respond to questions relating to the public markets portfolio, Pension Plan, OPEB Master Trust, or market in general.

### **Collaboration with Board, Staff, and Specialist Consultants**

- Collaborate with LACERA's specialist Consultants to provide ongoing advice and technical support in the establishment and refinement of portfolio asset allocation, investment goals and objectives, and investment policies and procedures.
- Assist with special projects as requested by LACERA and participate in ad hoc workshops on specific issues.
- The Consultant may also be asked to provide other services on a time and materials basis as required by LACERA.
- Periodically provide educational presentations to the Board on specific issues.

August 2, 2021

TO: Each Trustee,  
Board of Investments

FROM: Steven P. Rice, *SPR*  
Chief Counsel

FOR: August 11, 2021 Board of Investments Meeting

SUBJECT: Review of Teleconference Meeting Policy

**Recommendation**

That the Board of Investments review the Board Teleconference Meeting Policy and provide input as to or approve changes.

**Legal Authority**

Under Article XVI, Section 17 of the California Constitution, the Board of Investments has plenary authority and exclusive fiduciary responsibility for fund investments, actuarial matters, and other areas as stated in governing law. The Board's authority includes approval of policies for the efficient conduct of Board business. The Board Teleconference Meeting Policy was approved under this authority, and the Board may review and revise it as needed in the Board's fiduciary judgment.

**Background**

The Board, at its August 14, 2019 meeting, adopted the Board of Investments Teleconference Meeting Policy. The current Policy is attached as Attachment A. The supporting memo (without attachment) from the August 14, 2019 Board meeting is attached as Attachment B.

The Board of Retirement and Board of Investments adopted separate policies, without prior recommendation from the Joint Organizational Governance Committee (JOGC). Nevertheless, the two policies are similar. The Board of Retirement Teleconference Meeting Policy is attached as Attachment C.

**Discussion**

***A. The Brown Act, and the Current Board of Investments Teleconference Meeting Policy.***

As described in Attachment B, Government Code Section 54953 of the Brown Act permits teleconference meetings subject to a strictly defined process. The Brown Act

process includes that: (1) the teleconference meeting and all teleconference locations are noted on the agenda; (2) the agenda must be posted at all teleconference locations; (3) all locations must be open and accessible to the public and allow an opportunity for the public to listen to the full meeting and participate; (4) a quorum of the Board members must be at locations in Los Angeles County; and (5) all votes are by roll call.

The current Board Policy states that trustees should be present for meetings, but that teleconference meetings are allowed in limited circumstances. Under the current Policy, teleconference meetings are permitted: (1) for meetings set on less than 20 days' notice, when a trustee will be out of state or for health concerns; (2) at any time for any reason in the discretion of the Chair, or Vice Chair if there is a conflict; and (3) upon duly agendized action by the full Board in advance at the request of any member. The Policy provides that it does not apply to the Board's standing committees.

***B. COVID and the Governor's Executive Orders.***

During the COVID-19 pandemic, the Governor issued Executive Order No. N-29-20 on March 17, 2020, which suspended application of the Brown Act teleconference rules. The Board of Investments and its committees have been holding virtual meetings under Order No. N-29-20 since it was released. Executive Order No. N-29-20 is attached as Attachment D. However, on June 11, 2021, the Governor issued Executive Order No. N-08-21, which terminates the prior order effective September 30, 2021. For the LACERA Board of Investments, this action means a return to the normal Brown Act rules and the current Teleconference Meeting Policy unless the Governor further extends the relaxed rules or legislation is passed amending the Brown Act.

***C. Review of the Current Teleconference Meeting Policy.***

Staff requests the Board to review the current Policy to determine if any changes should be made to meet the Board's needs after Executive Order No. N-29-20 is no longer in effect. In its review, the Board should keep in mind that, unless amended by the Legislature or excused again by the Governor, the regular Brown Act rules for teleconference meetings under Section 54953 will again be in full effect and the Board will need to conduct its teleconference meetings under the Act. Board policy cannot be inconsistent with the Brown Act.

The Board may consider the following areas for potential changes to the Policy:

1. Add a paragraph that teleconference meetings under the Brown Act shall be held when any federal, State of California, County of Los Angeles, or City of Pasadena emergency health order, or other emergency order, is in place.

Re: Review of Teleconference Meeting Policy

August 2, 2021

Page 3 of 3

2. Add language that LACERA shall hold teleconference meetings under the Act when the Chair, CEO, and Director of Human Resources believe that the health and safety interests of trustees and staff support it. With regard to this option, the Board may keep in mind that the current Policy gives the Chair complete discretion, as noted above, to call a teleconference meeting at any time without any specific cause.
3. Expand the ability of trustees to request a teleconference meeting under the Act due to health and safety concerns at any time up to five (5) days before the posting deadline for the agenda of any meeting, without the need for a prior Board vote.
4. Extend the Teleconference Meeting Policy to Board committees.

### **Conclusion**

Based on the information in this memo, staff recommends that the Board of Investments review the Board Teleconference Meeting Policy and provide input as to or approve changes.

### Attachments

c: Santos H. Kreimann  
Jonathan Grabel  
Luis Lugo  
JJ Popowich  
Johanna Fontenot

**Attachment A**  
**Current Board of Investments**  
**Teleconference Meeting Policy**

**BOARD OF INVESTMENTS**  
**TELECONFERENCE MEETING POLICY**

**A. Statement of Purpose.**

In order for Members of the Board of Investments to participate most effectively in Board and committee meetings, the Board finds that members should be personally present. Personal attendance provides Members with the most effective means to interact with each other, staff, and other presenters, enhances receipt of information, deliberations, and decision-making, and furthers the performance of each Member's fiduciary duty and the fiduciary duty of the Board as a whole. The Board finds that attendance at Board and committee meetings should take precedence over any other LACERA business by Members.

The regular Board meeting schedule is set according to the Board's Bylaws, providing for regular monthly meetings on the second Wednesday of every month. This schedule, unless changed by Board action, provides certainty to Members in planning to attend Board and committee meetings. Changes in the regular schedule are by vote of the Board, thereby providing an opportunity for Members to adjust their schedules to attend Board meetings. Special meetings may occasionally be noticed without Board vote.

Notwithstanding the preference for Members to personally attend meetings, the Board finds that there are limited circumstances when it is appropriate to permit teleconference meetings in accordance with the Ralph M. Brown Act, Government Code Section 54953(b), as described in this policy.

**B. Definition.**

For purposes of this policy, "teleconference" has the meaning set forth in Government Code Section 54953(b)(4), which is "a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both."

**C. Teleconference Meeting of the Board of Investments.**

**1. *Less than 20 Days' Notice.***

Teleconference meetings shall be allowed for all meetings set on less than 20 days' notice at the request of any Member who will be out of state or due to health-related concerns. A teleconference venue that meets the requirements of the Brown Act shall be provided by LACERA at its expense, only if necessary.

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**2. Chair Determination.**

The Chair of the Board, or the Vice Chair if the meeting concerns the Chair, may determine to agendize a teleconference meeting under any circumstances in their discretion.

**3. Member Request, and Board Action.**

A Member may agendize, in accordance with the Board's Bylaws, a request to hold any meeting by teleconference for action by the full Board, provided that the request must be presented for action no later than the Board meeting immediately preceding the meeting for which a teleconference meeting is proposed to be held.

**4. Meeting Procedure.**

If a teleconference meeting is approved, it shall be agendized and conducted in accordance with the provisions of Government Code Section 54953(b) and all other applicable provisions of the Brown Act or other law, including but not limited to:

- a. Each teleconference location shall be identified in the notice and agenda for the meeting.
- b. Each teleconference location shall be accessible to the public in accordance with the protections and prohibitions of Section 202 of the Americans with Disabilities Act (42 U.S.C. § 12132). A teleconference location may be located anywhere in the world.
- c. The agenda for the teleconference meeting shall be posted at all teleconference locations.
- d. The agenda shall provide an opportunity for members of the public to hear the proceedings and address the Board directly at each teleconference location on any subject matter within LACERA's jurisdiction, subject to Government Code Section 54954.3.
- e. During the teleconference meeting, at least a quorum of the members of the Board shall participate from locations in Los Angeles County.
- f. All votes at a teleconference meeting shall be by rollcall.
- g. Bilingual services required by the Dymally-Alatorre Bilingual Services Act, California Government Code Sections 7290 - 7299.8, will be provided at the

teleconference meeting location in the same manner as such requirements are complied with for a meeting at LACERA's offices.

**D. Board of Investments Committee Meetings.**

Teleconference meetings shall not be held for meetings of standing committees of the Board of Investments.

**E. Exclusions.**

This policy does not apply to meetings of joint committees of the Board of Retirement and Board of Investments, which are subject to the terms of each joint committee's charter.

**F. Review.**

This policy shall be reviewed by the Board of Investments at least every three years.

Approved by the Board of Investments: August 14, 2019

**Attachment B**  
**August 2019 Board of Investments**  
**Meeting Memo**

August 5, 2019

TO: Each Member  
Board of Investments

FROM: Steven P. Rice *SPR*  
Chief Counsel

FOR: August 14, 2019 Board of Investments Meeting

SUBJECT: Teleconference Meeting Policy

**RECOMMENDATION**

That the Board of Investments approve the Teleconference Meeting Policy.

**LEGAL AUTHORITY**

The Board of Investments has plenary authority over administration of the system relating to investment and actuarial matters (Cal. Const., art. XVI, § 17; Cal. Gov't Code § 31595), which includes the ability to formulate policies, such as the Teleconference Meeting Policy proposed here, to facilitate and manage the conduct of the Board's business.

**DISCUSSION**

***A. Teleconference Meetings Under the Brown Act.***

The Brown Act, Cal. Gov't Code §§ 54950 *et seq.*, was enacted in 1953. The Act was originally conceived and built around the concept of open and public in-person meetings as the required means of ensuring transparency in conducting the public's business.

In 1994, the Brown Act was amended to permit video conferencing subject to certain conditions and protections. In 1997, the provision was extended to permit audio and video conferencing, both of which are now included in the definition of "teleconferencing." Cal. Gov't Code § 54953(b).

Section 54953(b) provides in full as follows:

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or

proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction, except as provided in subdivision (d). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, “teleconference” means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.

In summary, Section 54953(b) establishes the following requirements for a teleconference meeting:

- Teleconferencing may be used for all purposes during the meeting.
- At least a quorum of the members must participate from teleconferencing locations within the legislative body’s jurisdiction, which in LACERA’s case is Los Angeles County.
- Each teleconference location must be identified in the notice and agenda of the meeting.

- Agendas must be posted at each teleconference location.
- Each location must be accessible to the public.
- The agenda must provide the opportunity for the public to address the legislative body directly at each teleconference location.
- All votes must be by rollcall.

There is no limitation in Section 54953(b) as to where in the world a teleconference location may be noticed. Accordingly, teleconference locations anywhere in the United States or internationally are permitted provided they are accessible to the public and the other requirements of Section 54953(b) are satisfied. The right of the local community to attend and participate is protected by the provision of Section 54953(b) that requires at least a quorum of the legislative body's members must participate from locations within the body's jurisdiction. For LACERA, this provision means that a quorum of board members must participate from locations in Los Angeles County.

Section 54953(b) itself does not give any member the right to participate by teleconference. Therefore, a legislative body may enact policy governing the use of teleconference meetings.

### ***B. The Proposed Policy.***

At its June 12, 2019 meeting, the Board unanimously voted to direct staff to draft a policy providing that teleconference meetings shall be held, and LACERA shall provide a Brown Act compliant venue at its expense, for all meetings with less than 20 days' notice at the request of any Board member who will be out of state or due to health-related concerns. The attached policy contain such language. It also includes the right of the Chair to set a teleconference meeting in their discretion and the right of any member to agendize, as provided in the Bylaws, a vote on holding a teleconference meeting under other circumstances.

### **CONCLUSION**

For these reasons, staff recommends that the Board of Investments approve the Teleconference Meeting Policy.

Attachment

c: JJ Popowich  
Jonathan Grabel

**Attachment C**  
**Board of Retirement**  
**Teleconference Meeting Policy**

**BOARD OF RETIREMENT**  
**TELECONFERENCE MEETING POLICY**

**A. Statement of Purpose.**

In order for Members of the Board of Retirement to participate most effectively in Board and committee meetings, the Board finds that members should be personally present. Personal attendance provides Members with the most effective means to interact with each other, staff, and other presenters, enhances receipt of information, deliberations, and decision-making, and furthers the performance of each Member's fiduciary duty and the fiduciary duty of the Board as a whole. The Board finds that attendance at Board and committee meetings should take precedence over any other LACERA business by Members.

The regular Board meeting schedule is set according to the Board's Regulations, providing for regular monthly meetings on the first Wednesday and the Thursday after the second Wednesday of every month. This schedule, unless changed by Board action, provides certainty to Members in planning to attend Board and committee meetings. Changes in the regular schedule are by vote of the Board, thereby providing an opportunity for Members to adjust their schedules to attend Board meetings. Special meetings may occasionally be noticed without Board vote.

Notwithstanding the preference for Members to personally attend meetings, the Board finds that there are limited circumstances when it is appropriate to permit teleconference meetings in accordance with the Ralph M. Brown Act, Government Code Section 54953(b), as described in this policy.

**B. Definition.**

For purposes of this policy, "teleconference" has the meaning set forth in Government Code Section 54953(b)(4), which is "a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both."

**C. Teleconference Meeting of the Board of Retirement.**

**1. *Less than 20 Days' Notice.***

Teleconference meetings shall be allowed for all meetings set on less than 20 days' notice at the request of any Member who will be out of state or due to health-related concerns. A teleconference venue that meets the requirements of the Brown Act shall be provided by LACERA at its expense, only if necessary.



## **2. Chair Determination.**

The Chair of the Board, or the Vice Chair if the meeting concerns the Chair, may determine to agendize a teleconference meeting under any circumstances in their discretion.

## **3. Member Request, and Board Action.**

A Member may agendize, in accordance with the Board's Regulations, a request to hold any meeting by teleconference for action by the full Board, provided that the request must be presented for action no later than the Board meeting immediately preceding the meeting for which a teleconference meeting is proposed to be held.

## **4. Meeting Procedure.**

If a teleconference meeting is approved, it shall be agendized and conducted in accordance with the provisions of Government Code Section 54953(b) and all other applicable provisions of the Brown Act or other law, including but not limited to:

- a. Each teleconference location shall be identified in the notice and agenda for the meeting.
- b. Each teleconference location shall be accessible to the public in accordance with the protections and prohibitions of Section 202 of the Americans with Disabilities Act (42 U.S.C. § 12132). A teleconference location may be located anywhere in the world.
- c. The agenda for the teleconference meeting shall be posted at all teleconference locations.
- d. The agenda shall provide an opportunity for members of the public to hear the proceedings and address the Board directly at each teleconference location on any subject matter within LACERA's jurisdiction, subject to Government Code Section 54954.3.
- e. During the teleconference meeting, at least a quorum of the members of the Board shall participate from locations in Los Angeles County.
- f. All votes at a teleconference meeting shall be by rollcall.
- g. Bilingual services required by the Dymally-Alatorre Bilingual Services Act, California Government Code Sections 7290 - 7299.8, will be provided at the

teleconference meeting location in the same manner as such requirements are complied with for a meeting at LACERA's offices.

**D. Board of Retirement Committee Meetings.**

Teleconference meetings shall not be held for meetings of standing committees of the Board of Retirement.

**E. Exclusions.**

This policy does not apply to meetings of joint committees of the Board of Retirement and Board of Investments, which are subject to the terms of each joint committee's charter.

**F. Review.**

This policy shall be reviewed by the Board of Retirement at least every three years.

Approved by the Board of Retirement: October 2, 2019

**Attachment D**  
**Governor's Executive Order N-29-20**

**EXECUTIVE DEPARTMENT  
STATE OF CALIFORNIA**

**EXECUTIVE ORDER N-29-20**

**WHEREAS** on March 4, 2020, I proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

**WHEREAS** despite sustained efforts, the virus continues to spread and is impacting nearly all sectors of California; and

**WHEREAS** the threat of COVID-19 has resulted in serious and ongoing economic harms, in particular to some of the most vulnerable Californians; and

**WHEREAS** time bound eligibility redeterminations are required for Medi-Cal, CalFresh, CalWORKs, Cash Assistance Program for Immigrants, California Food Assistance Program, and In Home Supportive Services beneficiaries to continue their benefits, in accordance with processes established by the Department of Social Services, the Department of Health Care Services, and the Federal Government; and

**WHEREAS** social distancing recommendations or Orders as well as a statewide imperative for critical employees to focus on health needs may prevent Medi-Cal, CalFresh, CalWORKs, Cash Assistance Program for Immigrants, California Food Assistance Program, and In Home Supportive Services beneficiaries from obtaining in-person eligibility redeterminations; and

**WHEREAS** under the provisions of Government Code section 8571, I find that strict compliance with various statutes and regulations specified in this order would prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of the COVID-19 pandemic.

**NOW, THEREFORE, I, GAVIN NEWSOM**, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, and in particular, Government Code sections 8567 and 8571, do hereby issue the following order to become effective immediately:

**IT IS HEREBY ORDERED THAT:**

1. As to individuals currently eligible for benefits under Medi-Cal, CalFresh, CalWORKs, the Cash Assistance Program for Immigrants, the California Food Assistance Program, or In Home Supportive Services benefits, and to the extent necessary to allow such individuals to maintain eligibility for such benefits, any state law, including but not limited to California Code of Regulations, Title 22, section 50189(a) and Welfare and Institutions Code sections 18940 and 11265, that would require redetermination of such benefits is suspended for a period of 90 days from the date of this Order. This Order shall be construed to be consistent with applicable federal laws, including but not limited to Code of Federal Regulations, Title 42, section 435.912, subdivision (e), as interpreted by the Centers for Medicare and Medicaid Services (in guidance issued on January 30, 2018) to permit the extension of

otherwise-applicable Medicaid time limits in emergency situations.

2. Through June 17, 2020, any month or partial month in which California Work Opportunity and Responsibility to Kids (CalWORKs) aid or services are received pursuant to Welfare and Institutions Code Section 11200 et seq. shall not be counted for purposes of the 48-month time limit set forth in Welfare and Institutions Code Section 11454. Any waiver of this time limit shall not be applied if it will exceed the federal time limits set forth in Code of Federal Regulations, Title 45, section 264.1.
3. Paragraph 11 of Executive Order N-25-20 (March 12, 2020) is withdrawn and superseded by the following text:

Notwithstanding any other provision of state or local law (including, but not limited to, the Bagley-Keene Act or the Brown Act), and subject to the notice and accessibility requirements set forth below, a local legislative body or state body is authorized to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and to address the local legislative body or state body. All requirements in both the Bagley-Keene Act and the Brown Act expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in or quorum for a public meeting are hereby waived.

In particular, any otherwise-applicable requirements that

- (i) state and local bodies notice each teleconference location from which a member will be participating in a public meeting;
- (ii) each teleconference location be accessible to the public;
- (iii) members of the public may address the body at each teleconference conference location;
- (iv) state and local bodies post agendas at all teleconference locations;
- (v) at least one member of the state body be physically present at the location specified in the notice of the meeting; and
- (vi) during teleconference meetings, a least a quorum of the members of the local body participate from locations within the boundaries of the territory over which the local body exercises jurisdiction

are hereby suspended.

A local legislative body or state body that holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, consistent with the notice and accessibility requirements set forth below, shall have satisfied any requirement that the body allow

members of the public to attend the meeting and offer public comment. Such a body need not make available any physical location from which members of the public may observe the meeting and offer public comment.

Accessibility Requirements: If a local legislative body or state body holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, the body shall also:

- (i) Implement a procedure for receiving and swiftly resolving requests for reasonable modification or accommodation from individuals with disabilities, consistent with the Americans with Disabilities Act and resolving any doubt whatsoever in favor of accessibility; and
- (ii) Advertise that procedure each time notice is given of the means by which members of the public may observe the meeting and offer public comment, pursuant to subparagraph (ii) of the Notice Requirements below.

Notice Requirements: Except to the extent this Order expressly provides otherwise, each local legislative body and state body shall:

- (i) Give advance notice of the time of, and post the agenda for, each public meeting according to the timeframes otherwise prescribed by the Bagley-Keene Act or the Brown Act, and using the means otherwise prescribed by the Bagley-Keene Act or the Brown Act, as applicable; and
- (ii) In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, also give notice of the means by which members of the public may observe the meeting and offer public comment. As to any instance in which there is a change in such means of public observation and comment, or any instance prior to the issuance of this Order in which the time of the meeting has been noticed or the agenda for the meeting has been posted without also including notice of such means, a body may satisfy this requirement by advertising such means using "the most rapid means of communication available at the time" within the meaning of Government Code, section 54954, subdivision (e); this shall include, but need not be limited to, posting such means on the body's Internet website.

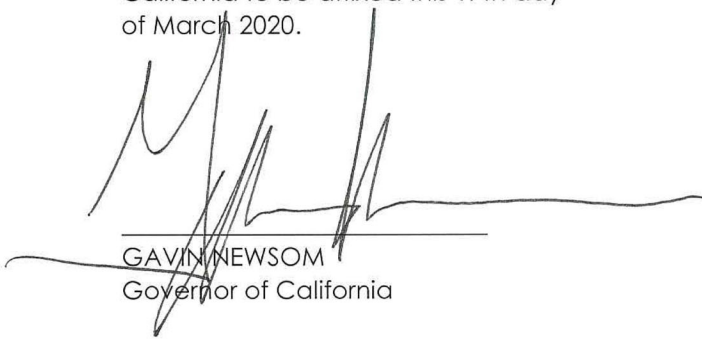
All of the foregoing provisions concerning the conduct of public meetings shall apply only during the period in which state or local public health officials have imposed or recommended social distancing measures.

All state and local bodies are urged to use sound discretion and to make reasonable efforts to adhere as closely as reasonably possible to the provisions of the Bagley-Keene Act and the Brown Act, and other applicable local laws regulating the conduct of public meetings, in order to maximize transparency and provide the public access to their meetings.

**IT IS FURTHER ORDERED** that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

**IN WITNESS WHEREOF** I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 17th day of March 2020.



\_\_\_\_\_  
GAVIN NEWSOM  
Governor of California



**ATTEST:**

\_\_\_\_\_  
ALEX PADILLA  
Secretary of State

**FOR INFORMATION ONLY**

July 29, 2021

TO: Trustees - Board of Investments

FROM: Jude Pérez, Principal Investment Officer   
Esmeralda V. del Bosque, Senior Investment Officer 

FOR: August 11, 2021 Board of Investments Meeting

SUBJECT: **STATE STREET INCIDENT REPORT – JULY 2021 DATA DISCLOSURE**

This memo informs the Board of a data security incident at State Street Bank and Trust Company (“State Street”) concerning LACERA. The incident involved the disclosure of two days’ worth of derivative trade details for two equity accounts.

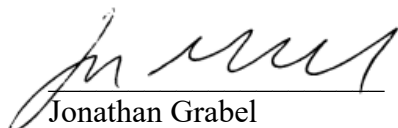
On July 6, 2021, a client service team member from State Street’s asset manager group (not LACERA’s client relationship team) had requested trade details from State Street’s derivatives team as part of reconciliation for a fund of a large asset manager client. The data was sent from the derivatives team to the client service member, who then sent the entire file instead of a screenshot of impacted data to the client. The file included data for numerous clients, including LACERA. Specifically, the data set included fund name, broker account number, and derivative positions as of two statement dates.

The recipient of the files recognized the error immediately and notified State Street. Upon notification, State Street obtained written confirmation from the recipient that all copies of the emails, along with the attachments, had been deleted and verified that the information was not forwarded, printed, copied, or used/distributed in any way.

Per LACERA's service level agreement on inadvertent data disclosure protocols, State Street notified the appropriate LACERA personnel on July 13th and provided details describing the matter. In addition, staff discussed the incident with State Street. Separately, State Street has reinforced its email communication controls with its staff.

The information State Street distributed was specific to settled trades. The recipient of the emails containing LACERA’s data confirmed that the emails were deleted and not kept or disseminated in any way. There was no direct financial impact from this error; however, given the number of State Street data disclosure incidents, the effect with respect to declining trust and confidence in State Street’s data security protocols is more significant. As a reminder, the minimum qualifications for a custody search will be brought to the Board in the fourth quarter of this year.

Noted and Reviewed


  
Jonathan Grabel  
Chief Investment Officer





July 21, 2021

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

**FROM:** Carly Ntoya, Ph.D.   
Director, Human Resources

**FOR:** August 4, 2021 Board of Retirement Meeting

**SUBJECT:** Labor Negotiator - Irma Rodriguez Moisa

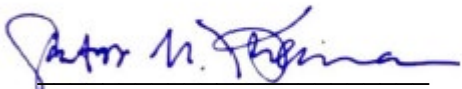
The current Memoranda of Understanding (MOU) between Los Angeles County Employees Retirement Association (LACERA) and Service Employees International Union (SEIU) Local 721 for Bargaining Units 850 and 851 will expire on December 31, 2021. Therefore, in August 2021 LACERA and SEIU will begin negotiations to establish new labor contracts.

Human Resources Division posted one (1) Request for Proposal (RFP) for Labor Negotiation Services on the LACERA website on March 30, 2020. LACERA received six (6) proposals in response to the RFP. The RFP selection committee (Committee) consisting of JJ Popowich, Assistant Executive Director; Johanna Fontenot, Senior Staff Counsel; Carly Ntoya, Director, Human Resources; and Annette Cleary, Assistant Director, Human Resources interviewed four (4) potential Negotiators. Mr. Draza Mrvichin, LACERA's long-time negotiator, was contacted but chose not to submit a proposal.

The Committee selected Irma Rodriguez Moisa, Partner at Atkinson, Andelson, Loya, Ruud, & Romo (AALRR) to provide labor negotiation services in the best interest for LACERA. As detailed in the attached resume, Ms. Moisa has extensive experience in employment law, labor law, and in the negotiation of MOUs for public sector agencies. Ms. Moisa and AALRR are highly regarded in the labor relations industry. The RFP Committee's recommendation was approved by Santos H. Kreimann, Chief Executive Officer.

By mutual agreement, LACERA and SEIU will open negotiations no later than August 15, 2021.

Reviewed and Approved:



Santos H. Kreimann  
Chief Executive Officer

Attachment: Irma Rodriguez Moisa Resume

cc: Board of Investments  
Luis Lugo  
Steven P. Rice

### Irma Rodríguez Moisa

Partner  
562-653-3200  
imoisa@aalrr.com



Irma Rodríguez Moisa is an experienced litigator, labor negotiator, and trial attorney representing public and private entities in labor and employment matters. She is recognized as one of the top Labor and Employment lawyers in the state for her outstanding results for her clients in their most complex and sensitive matters. She has handled matters ranging from discrimination, sexual harassment, retaliation, FMLA/CFRA, disability discrimination, wrongful termination, and the First Amendment.

Ms. Rodríguez Moisa serves as the Partner In Charge of the Firm's Headquarters office in Cerritos and is a member of the Firm's Executive Committee. She also served as the Practice Group Leader for the Public Entity Labor and Employment Practice Group.

#### Honors & Recognitions

Ms. Rodríguez Moisa was named to the *Daily Journal's* Top Women Lawyers list in 2015 and its Top Labor & Employment Attorney list in 2015 and 2017. In 2011, Ms. Rodríguez Moisa was named to the *Daily Journal's* top municipal lawyers in California. In 2009, Ms. Rodríguez Moisa was named to the *Daily Journal's* annual list of the "Top Women Litigators" in California. Every year since 2004, she has been recognized as a Super Lawyer by *Southern California Super Lawyers* magazine.

Upon graduating from law school Ms. Rodríguez Moisa earned a Skadden Arps Public Interest Law Fellowship, awarded to only twenty-five law students from around the country. The Fellowship allowed Ms. Rodríguez Moisa to spend the first four years of her career at the Mexican American Legal Defense and Educational Fund (MALDEF), working on issues related to language-based discrimination and voting rights.

#### OFFICE

12800 Center Court Drive  
Suite 300  
Cerritos, CA 90703

#### EDUCATION

J.D., University of California,  
Berkeley School of Law  
M.P.P., Harvard University  
B.S., University of California, Berkeley

#### ADMISSIONS

1992, California  
U.S. Court of Appeals, Fifth Circuit  
U.S. Court of Appeals, Ninth Circuit  
U.S. District Courts, Central, Eastern,  
and Northern Districts of California

#### PRACTICE AREAS

Class Action Defense  
Collective Bargaining & Labor  
Relations  
Investigations  
Labor & Employment Litigation  
Litigation  
Nonprofit Organizations  
Trials  
Workplace Training

## Irma Rodríguez Moisa

### Representative Matters

#### Labor Relations

Irma Rodríguez Moisa began negotiating on behalf of public agencies in 1999. She was drawn into this field by clients who admired her advocacy style in litigation and because of her public policy background. Since that time, Ms. Rodríguez Moisa has served as lead negotiator for numerous agencies, usually negotiating three to five contracts per year. As chief negotiator, Ms. Rodríguez Moisa has provided strategic labor advice to clients, allowing them to reach their short- and long-term organizational and financial goals.

These negotiations have resulted in changes to retiree medical benefits, implementation of furloughs, salary concessions, and changes to pension benefit formulas and contributions. Some of Ms. Rodríguez Moisa's clients in the last few years include the following:

- *City of Long Beach*: Negotiated four-year agreements with the City's largest civilian union after years of contentious relationships. Also negotiated three-year agreements with the City's firefighters association and lifeguard association.
- *Long Beach Transit*: Serve as the chief negotiator with the bus operator and supervisor bargaining units. Negotiated the initial four-year comprehensive MOU with the supervisor unit.
- *City of Anaheim*: Served as chief negotiator with the Anaheim Police Association, convention center employees (represented by Teamsters) and supervisors (represented by AFSCME) bargaining units. Reached multi-year agreements.
- *City of Pasadena*: Served as chief negotiator with the POA and reached a three-year agreement after contentious and political negotiations.
- *City of Los Angeles*: Served as co-chief negotiator for the City's negotiations with the Coalition of Los Angeles City Unions, which represents approximately 60 percent of the City's civilian workforce. These negotiations resulted in an unprecedented amount of concessions, revisions to retiree health benefits, and resolution of several outstanding lawsuits. In addition, in 2012, Ms. Rodríguez Moisa assisted the City in negotiating with the Engineers and Architects Association to bring about salary and health insurance concessions and resolve the parties' furlough litigation.

#### Litigation

### Irma Rodríguez Moisa

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Ms. Rodríguez Moisa has represented clients in hundreds of lawsuits in both state and federal court. Ms. Rodríguez Moisa has taken dozens of cases to trial and arbitration, with a remarkable success record. These matters range from sexual harassment and discrimination claims to First Amendment and whistleblower claims. Some representative trials include:

- *Complete Defense Verdict.* After the plaintiff was discharged from his job, he filed a civil action against a major California water district. He alleged religious discrimination and retaliation and sought economic damages in excess of \$1.6 million, plus emotional distress damages. The plaintiff claimed that his supervisor was biased against him due to his religious beliefs and that the defendant retaliated against him after he filed an internal complaint for religious discrimination. During a three-week trial, Ms. Rodríguez Moisa provided evidence of the defendant's culture of religious tolerance, the plaintiff's insubordination and misrepresentations, and the defendant's attempts to counsel, train, and otherwise help the plaintiff. Witnesses included the defendant's supervisors, employee relations personnel, and coworkers as well as a psychiatrist and an economist. On June 1, 2016, the jury returned a 12-0 verdict in favor of the defendant on the religious discrimination claim and an 11-1 verdict for the defendant on the retaliation claim.
- *Greatly Reduced Damages.* The plaintiff, the only African-American firefighter employed by Ms. Rodríguez Moisa's client, a city in California, alleged he was subjected to a hostile work environment and discrimination due to his race and to retaliation for complaining of discrimination and harassment. The plaintiff contended that his supervisor and colleagues referred to him as a "n" and made other racially demeaning comments. The plaintiff also contended that he was denied promotional opportunities. He demanded \$4.5 million in damages from the City. The City admitted that the supervisor used the "n" word on three occasions and explained that the supervisor was terminated after the plaintiff complained. The City also denied that the plaintiff was refused a promotion and instead noted that he remained on the eligibility list for a promotion. After an eleven-day trial, the jury awarded Plaintiff \$915,000 in damages.
- *Highly Favorable Settlement.* The plaintiff filed suit against Ms. Rodríguez Moisa's client, a large grocery chain, alleging that he had been subjected to disability discrimination and retaliation, and that the defendant failed to engage in the interactive process and failed to accommodate him in violation of the Fair Employment and Housing Act. The plaintiff alleged that he was terminated because his store manager harbored animus towards him after he suffered a workplace injury. He claimed that the store manager targeted him for termination after he purportedly ate one grape while on the produce department floor. The

### Irma Rodríguez Moisa

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defendant contended that the plaintiff was terminated for violating its company policy prohibiting employees from consuming or taking company product without paying for it. After seven days of trial and Ms. Rodríguez Moisa's cross-examination of the plaintiff, the case settled for \$5,000.

- *Summary Judgment:* The plaintiff, a faculty member and surgeon at a highly prestigious medical school and hospital, filed suit alleging discrimination based on his association with an African-American colleague and retaliation in violation of the California Fair Employment and Housing Act. The plaintiff alleged that he was subjected to numerous adverse employment actions because of his support of his colleague's lawsuit against the defendants. The plaintiff claimed that he was the only person who corroborated the showing of an inappropriate and racist slideshow depicting his colleague as a gorilla. The plaintiff claimed that his supervisors and hospital administrators sought to discredit him and decrease his practice by wrongfully reporting him in a malpractice action, reducing the number of patient referrals, and having to endure his colleagues' ostracism. Specifically, the plaintiff claimed that one of his colleagues prepared a slide show depicting his gravestone and stating that he should "RIP." After aggressive litigation, the defendant filed a motion for summary judgment, which was granted.
- *Complete Defense Verdict:* The plaintiff was laid off from his job at a large public institution of higher education in 2010 after a reorganization of his unit resulted in his position being eliminated. He filed suit, alleging several causes of actions against Ms. Rodríguez Moisa's client, including: religious creed discrimination in violation of the Fair Employment and Housing Act (FEHA); whistleblower retaliation; and wrongful termination in violation of public policy. During the course of litigation, multiple claims were dismissed. Consequently, the only claims presented to the jury at trial were the claims for age discrimination, retaliation under the FEHA, and failure to prevent discrimination and retaliation, with alleged economic damages of about \$750,000 and non-economic damages of two to three times that amount. After three weeks of trial, the jury rendered a defense verdict in less than 45 minutes of deliberation.
- *Complete Defense Verdict:* The plaintiff alleged that she was subjected to sexual harassment by a co-worker and that her supervisor ignored her complaints. Ms. Rodríguez Moisa's client, a large grocery chain, contended it took appropriate corrective action after the plaintiff complained. A defense verdict was rendered after less than two hours of deliberations.
- *Appellate Victory:* The plaintiff filed suit against a large California city represented by Ms. Rodríguez Moisa and five individual defendants,

## Irma Rodríguez Moisa

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alleging eight separate causes of action. After a two-month jury trial, the jury found in favor of the City in six of the eight causes of action. On appeal, the Court of Appeal reversed the jury's verdict on the other two causes of action and rendered judgment in favor of the City.

### Representative Clients

Ralphs Grocery Company; Home Depot; CalAmp Wireless Networks, Inc.; PIH Health; The Regents of the University of California; Metropolitan Water District; California cities include: Los Angeles, Downey, Long Beach, Camarillo, Montebello, Anaheim, Santa Ana, Huntington Beach, Vernon, and Commerce; California counties include: Imperial, San Bernardino, and Inyo.

### **Events & Speaking Engagements**

Ms. Rodríguez Moisa is a sought-after presenter and instructor. She has provided training to various entities and professional associations on topics such as: preventing discrimination, retaliation, and harassment; conducting disciplinary investigations; responding to EEOC and DFEH complaints; understanding employee privacy rights; properly maintaining personnel files; managing employee leaves; and imposing employee discipline.

Ms. Rodríguez Moisa has spoken before numerous organizations, including the National Employment Law Institute, the California Association of District Attorneys, PIHRA, ACHRO, CalPELRA, the Kansas Judicial Council, the California League of Cities, the City Attorneys Association of Los Angeles County, the Orange County City Attorneys Association, SCPMA, and SCPLRC.

Ms. Rodríguez Moisa also serves as a trainer at the California Public Employer Labor Relations Association Labor Academies ("CalPELRLearn") and has taught at the National Employment Law Institute.

### **Alerts & Articles**

Cal/OSHA Updates "FAQ" Guidance Regarding Emergency COVID-19 Regulations | 01.15.2021

Legal and Practical Considerations for Mandating That Public Employees Obtain a COVID-19 Vaccination | 12.17.2020

Cal/OSHA Adopts Expansive and Burdensome Regulations to Mitigate COVID-19 Exposure and Outbreaks in the Workplace | 12.02.2020

**FOR INFORMATION ONLY**

July 29, 2021

TO: Trustees,  
Board of Investments

FROM: Christine Roseland *CR*  
Senior Staff Counsel

FOR: August 11, 2021 Board of Investments Meeting

SUBJECT: **Legal Projects**

Attached is the monthly report on the status of Board-directed investment-related projects handled by the Legal Division as of August 11, 2021.

Attachment

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



**LACERA Legal Division**  
**Board of Investments Projects**  
**Monthly Status Report - Pending as of August 2, 2021**



	Project/ Investment	Description	Amount	Board Approval Date	Completion Status	% Complete	Notes
HEDGE FUNDS	Innocap	Engagement Agreement	N/A	March 10, 2021	In Progress	80%	Legal negotiations in process.
	Webster Capital V, L.P.	Subscription	\$125,000,000.00	July 14, 2021	In Progress	90%	Legal negotiations in process.
REAL ESTATE	Bain Capital Real Estate Fund II	Subscription	\$100,000,000.00	July 14, 2021	Completed	100%	Completed.
REAL ASSETS	AXIUM Infrastructure North America	Subscription	\$415,000,000.00	June 9, 2021	In Progress	50%	Legal negotiations in process.
	KKR Diversified Core Infrastructure Fund, L.P.	Subscription	\$100,000,000.00	July 14, 2021	In Progress	100%	Legal negotiations in process.
	Smart Infrastructure Capital Partners Fund, L.P.	Subscription	\$500,000,000.00	July 14, 2021	In Progress	10%	Legal negotiations in process.





**FOR INFORMATION ONLY**

July 26, 2021

TO: Trustees – Board of Investments

FROM: Ted Granger   
Interim Chief Financial Officer

FOR: August 14, 2021 – Board of Investments Meeting

SUBJECT: **Semi-Annual Interest Crediting for Reserves as of June 30, 2021 (UNAUDITED)**

Pursuant to the County Employees Retirement Law Section 31591, regular interest shall be credited semi-annually on June 30 and December 31 to all 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, 2021, was 3.50% (i.e., one-half of the 7.00% annual rate). The Board approved a reduction in the investment return assumption from 7.25% to 7.00% in January 2020. 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.

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 allocated based on Realized Earnings for the six-month period.

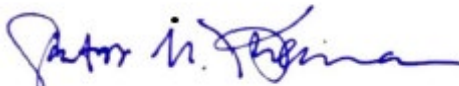
As of June 30, 2021, there were sufficient Realized Earnings to meet the required interest credit rates for Priority 1, the Member Reserve, through Priority 5, the Employer Reserve. In as much as there were no balances in the Advanced Employer Contributions Reserve and the County Contribution Credit Reserve at the beginning of the fiscal year, the remaining realized earnings were applied to Priority 6, the Contingency Reserve.

The table below depicts the actual interest credit allocations for the six-month period ended June 30, 2021.

Priority Order	Reserve Account	Interest Credit Rate Applied
1	Member	3.50%
2	Advanced Employer Contributions	N/A
3	Employer	3.50%
4	County Contribution Credit	N/A
5	Employer	3.50%
6	Contingency Reserve	0.17%

Please note the financial data presented in this report is *unaudited*. Plante Moran, LACERA’s external financial statement auditor, is expected to issue an *audited* financial report in mid-October, in time for the October 31 filing deadline with the Los Angeles County Board of Supervisors. The financial data contained herein will be updated based on the completed audit.

REVIEWED AND APPROVED:



Santos H. Kreimann  
Chief Executive Officer


Interest Credit Rate Jun 2021 (unaudited).doc  
SHK:tg:mh

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

**FOR INFORMATION ONLY**

July 23, 2021

TO: Each Trustee  
Board of Retirement  
Board of Investments

FROM: Barry W. Lew   
Legislative Affairs Officer

FOR: August 4, 2021 Board of Retirement Meeting  
August 11, 2021 Board of Investments Meeting

SUBJECT: **Monthly Status Report on Legislation**

Attached is the monthly report on the status of legislation that staff is monitoring or on which LACERA has adopted a position.

**Reviewed and Approved:**



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**Steven P. Rice, Chief Counsel**

**Attachments**

LACERA Legislative Report Index  
LACERA Legislative Report

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

PUBLIC RETIREMENT	AUTHOR	TITLE	PAGE
	AB 551..... Rodriguez (D).....	Teachers' Retirement System: Individual Plans.....	1
	AB 627..... Waldron (R).....	Recognition of Tribal Court Orders: Retirement Plans.....	1
	AB 826..... Irwin (D).....	County Employees Retirement Law: Compensation Earnable....	1
	AB 1133..... Chen (R).....	State Employee Hybrid Pension System.....	1
	AB 1293..... Cooley (D).....	Federal Law Limits: Adjustments.....	2
	SB 278..... Leyva (D).....	PERS: Disallowed Compensation: Benefit Adjustments.....	2
	SB 294..... Leyva (D).....	Public Retirement: Leave of Absence: Service Credit.....	2
	SB 634..... Labor, Public Employment & Retirement Cmt.....	Public Employees' Retirement.....	2
	HR 2954..... Neal (D).....	Strong Retirement.....	3
<b>PUBLIC INVESTMENT</b>			
	AB 539..... Cooley (D).....	State Teachers' Retirement: Investment Managers.....	3
	AB 890..... Cervantes (D).....	Public Employee Retirement Systems: Investment.....	3
	AB 1019..... Holden (D).....	Public Employee Retirement Systems: Investments.....	4
	SB 457..... Portantino (D).....	Public Employee Retirement Systems: Investments.....	4
<b>RETIREMENT PERSONNEL</b>			
	AB 761..... Chen (R).....	County Employees' Retirement: Personnel: Orange County.....	4
<b>PUBLIC EMPLOYMENT</b>			
	AB 17..... Cooper (D).....	Peace Officers: Disqualification from Employment.....	5
	AB 444..... Public Employment and Retirement Cmt.....	State and Local Employees: Pay Warrants: Designees.....	5
	AB 1354..... Grayson (D).....	Public Employees' Retirement.....	5
	AB 1460..... Bigelow (R).....	State Employment: COVID-19 Telework: Costs.....	5
	SB 411..... Cortese (D).....	Public Employees' Retirement System.....	6
<b>DISABILITY RETIREMENT</b>			
	AB 845..... Rodriguez (D).....	Disability Retirement: COVID-19: Presumption.....	6
<b>WORKERS COMPENSATION</b>			
	AB 334..... Mullin (D).....	Workers Compensation: Skin Cancer.....	6
	AB 415..... Rivas R (D).....	Employment: Workers' Compensation.....	7
	AB 772..... Ramos (D).....	Workers' Compensation: Medical Treatment.....	7
	AB 872..... Wood (D).....	Leave of Absence: Firefighters.....	7
	AB 991..... Ward (D).....	Workers' Compensation: Presumed Injuries.....	8
	SB 213..... Cortese (D).....	Workers' Compensation: Hospital Employees.....	8
	SB 284..... Stern (D).....	Workers' Compensation: Firefighters and Peace Officers.....	8
	SB 335..... Cortese (D).....	Workers' Compensation: Liability.....	9
	SB 788..... Bradford (D).....	Workers' Compensation: Risk Factors.....	9
<b>BROWN ACT</b>			
	AB 339..... Lee (D).....	Local Government: Open and Public Meetings.....	9
	AB 361..... Rivas R (D).....	Open Meetings: Local Agencies: Teleconferences.....	9
	AB 703..... Rubio (D).....	Open Meetings: Local Agencies: Teleconferences.....	10
	SB 274..... Wiecekowski (D).....	Local Government Meetings: Agenda and Documents.....	10
<b>PUBLIC RECORDS ACT</b>			
	AB 343..... Fong (R).....	California Public Records Act Ombudsperson.....	10
	AB 386..... Cooper (D).....	Public Employees Retirement: Investments: Confidential.....	11
	AB 473..... Chau (D).....	California Public Records Act.....	11
	AB 474..... Chau (D).....	California Public Records Act: Conforming Revisions.....	11
<b>SOCIAL SECURITY</b>			
	AJR 9..... Cooper (D).....	Social Security.....	11
	HR 82..... Davis R (R).....	Government Pension Offset Repeal.....	12
	HR 2337..... Neal (D).....	Noncovered Employment.....	12
<b>HEALTHCARE</b>			
	AB 1092..... Mayes (R).....	Public Employees' Retirement: Health Benefits.....	12
	AB 1400..... Kalra (D).....	Guaranteed Health Care for All.....	13
	HR 4148..... Malinowski (D).....	First Responders Medicare Option.....	13
	S 2236..... Brown S (D).....	Medicare Buy In Option for First Responders.....	13

LACERA Legislative Report  
2021-22 Legislative Session  
Status as of July 23, 2021

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**PUBLIC RETIREMENT**

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CA AB 551	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>DISPOSITION:</b> <b>SUMMARY:</b>	Rodriguez [D] Teachers' Retirement System: Individual Plans 02/10/2021 Pending Authorizes the State Teachers' Retirement System to administer an individual retirement plan as described in Section 408 of Title 26 of the United States Code. Eliminates the requirement that the administration of these plans be for the purpose of accepting a rollover from an annuity contract or custodial account offered by the system.
	<b>STATUS:</b>	06/03/2021 In ASSEMBLY. To Inactive File.
CA AB 627	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>DISPOSITION:</b> <b>SUMMARY:</b>	Waldron [R] Recognition of Tribal Court Orders: Retirement Plans 02/12/2021 Enacted Establishes a procedure pursuant to which one or both of the parties to a tribal court proceeding may file an application for recognition of a tribal court order that establishes a right to child support, spousal support payments, or marital property rights to a spouse, former spouse, child, or other dependent of a participant in a retirement plan or other plan of deferred compensation, and that assigns all or a portion of the benefits payable with respect to the plan participant to an alternate payee.
	<b>STATUS:</b>	07/09/2021 Chaptered by Secretary of State. Chapter No. 2021-058
CA AB 826	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>LAST AMEND:</b> <b>DISPOSITION:</b> <b>SUMMARY:</b>	Irwin [D] County Employees Retirement Law: Compensation Earnable 02/16/2021 07/14/2021 Pending Prescribes, for the County Employees Retirement Law, a definition of compensation earnable that would include any form of remuneration, whether paid in cash or as in-kind benefits, if specified requirements are met.
	<b>STATUS:</b>	07/14/2021 In SENATE. Read second time and amended. To third reading.
CA AB 1133	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>DISPOSITION:</b> <b>SUMMARY:</b>	Chen [R] State Employee Hybrid Pension System 02/18/2021 Pending States the intent of the Legislature to enact legislation that would create a hybrid retirement benefit, consisting of a defined benefit pension and a defined contribution program, within the Public Employees' Retirement System, that state employees would have the option of electing.

	<b>STATUS:</b>	
	02/18/2021	INTRODUCED.
CA AB 1293	<b>AUTHOR:</b>	Cooley [D]
	<b>TITLE:</b>	Federal Law Limits: Adjustments
	<b>INTRODUCED:</b>	02/19/2021
	<b>LAST AMEND:</b>	07/06/2021
	<b>DISPOSITION:</b>	Pending
	<b>SUMMARY:</b>	Prohibits the amount payable to a member or a judge under the Legislators' Retirement System, the Judges' Retirement System, and the Judges' Retirement System II, including specified adjustments, from exceeding the federal limits on annual defined benefit plan payments and would incorporate specified provisions of federal law by reference. Requires the retirement allowance of specified judges to be increased to reflect adjustments to payment limits prescribed by federal law under certain circumstances.
	<b>STATUS:</b>	
	07/12/2021	From SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT: Do pass to Committee on APPROPRIATIONS. (5-0)
CA SB 278	<b>AUTHOR:</b>	Leyva [D]
	<b>TITLE:</b>	PERS: Disallowed Compensation: Benefit Adjustments
	<b>INTRODUCED:</b>	01/29/2021
	<b>LAST AMEND:</b>	03/23/2021
	<b>DISPOSITION:</b>	Pending
	<b>SUMMARY:</b>	Establishes new procedures under Public Employees' Retirement Law for cases in which Public Employees' Retirement System determines that the benefits of a member or annuitant are, or would be, based on disallowed compensation that conflicts with State Public Employees' Pension Reform Act of 2013 and other specified laws and thus impermissible under Public Employees' Retirement Law.
	<b>STATUS:</b>	
	07/07/2021	In ASSEMBLY Committee on APPROPRIATIONS: To Suspend File.
CA SB 294	<b>AUTHOR:</b>	Leyva [D]
	<b>TITLE:</b>	Public Retirement: Leave of Absence: Service Credit
	<b>INTRODUCED:</b>	02/02/2021
	<b>LAST AMEND:</b>	06/14/2021
	<b>DISPOSITION:</b>	Pending
	<b>SUMMARY:</b>	Removes the 12-year limitation for service credit earned on a compensated leave of absence for purposes of service with an employee organization. States that this leave is in addition to any leave to which public employees may be entitled by other laws or by a memorandum of understanding or collective bargaining agreement.
	<b>STATUS:</b>	
	07/08/2021	In ASSEMBLY. Read second time. To third reading.
CA SB 634	<b>AUTHOR:</b>	Labor, Public Employment & Retirement Cmt
	<b>TITLE:</b>	Public Employees' Retirement
	<b>INTRODUCED:</b>	02/19/2021

**LAST AMEND:** 06/14/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Prohibits a member of the State Teachers' Retirement System (STRS) from purchasing service credit for any school year if the purchase would result in more than one year of service for that school year. Requires the member to submit the election to retain coverage to the employer and would delete the requirement that a copy of the form be submitted to STRS.

**STATUS:**

07/15/2021 In ASSEMBLY. Read third time. Passed ASSEMBLY.  
\*\*\*\*\*To SENATE for concurrence. (69-0)

**Comments:**

This is an omnibus bill that covers technical amendments for CalPERS, CalSTRS, and CERL retirement systems.

US HR 2954

**SPONSOR:** Neal [D]  
**TITLE:** Strong Retirement  
**INTRODUCED:** 05/04/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Secures a Strong Retirement Act of 2021.

**STATUS:**

05/04/2021 INTRODUCED.  
05/04/2021 To HOUSE Committee on WAYS AND MEANS.  
05/04/2021 To HOUSE Committee on FINANCIAL SERVICES.  
05/04/2021 To HOUSE Committee on EDUCATION AND LABOR.

**Comments:**

Would gradually raise the age for mandatory distributions to age 75 by 2032.

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**PUBLIC INVESTMENT**

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CA AB 539

**AUTHOR:** Cooley [D]  
**TITLE:** State Teachers' Retirement: Investment Managers  
**INTRODUCED:** 02/10/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Authorizes the Teachers' Retirement Board to contract with investment advisers upon the same finding by the Board and approval by the State Personnel Board. Authorizes the Board to establish a competitive bidding process and to specify the contract terms and conditions the Board solely deems necessary and prudent to contract with qualified investment managers and investment advisers.

**STATUS:**

07/15/2021 From SENATE Committee on APPROPRIATIONS: To second reading without further hearing pursuant to Senate Rule 28.8.

CA AB 890

**AUTHOR:** Cervantes [D]  
**TITLE:** Public Employee Retirement Systems: Investment  
**INTRODUCED:** 02/17/2021  
**LAST AMEND:** 05/24/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Requires the Board of Administration of the Public Employees' Retirement

System and the Teachers' Retirement Board to provide reports to the Legislature on the status of achieving objectives and initiatives, to be defined by the boards, regarding participation of emerging managers or diverse managers responsible for asset management within each retirement system's portfolio of investments.

**STATUS:**

07/15/2021 From SENATE Committee on APPROPRIATIONS: Do pass. (5-2)

CA AB 1019

**AUTHOR:** Holden [D]  
**TITLE:** Public Employee Retirement Systems: Investments  
**INTRODUCED:** 02/18/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

prohibit state trust moneys from being used to make additional or new investments or to renew existing investments in investment vehicles issued or owned by the government of Turkey, unless the government adopts a policy to acknowledge the Armenian Genocide and embark on a path of affording justice to its victims.

**STATUS:**

03/04/2021 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

CA SB 457

**AUTHOR:** Portantino [D]  
**TITLE:** Public Employee Retirement Systems: Investments  
**INTRODUCED:** 02/16/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Requires the boards of administration of the Public Employees Retirement System and the State Teachers Retirement System to provide employers that are school districts and cities that participate in the systems an option to elect an investment portfolio that does not contain investment vehicles that are issued or owned by the government of the Republic of Turkey.

**STATUS:**

05/28/2021 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

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**RETIREMENT PERSONNEL**

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CA AB 761

**AUTHOR:** Chen [R]  
**TITLE:** County Employees' Retirement: Personnel: Orange County  
**INTRODUCED:** 02/16/2021  
**LAST AMEND:** 03/18/2021  
**DISPOSITION:** Enacted  
**SUMMARY:**

Authorizes the board of retirement for Orange County to appoint an administrator, assistant administrators, a chief investment officer, subordinate investment officers, senior management employees, legal counsel, and other specified employees. Provides that the personnel appointed pursuant to these provisions would not be county employees subject to county civil service and merit system rules, and instead would be employees of the retirement system.

**STATUS:**

06/28/2021 Signed by GOVERNOR.  
06/28/2021 Chaptered by Secretary of State. Chapter No. 2021-026

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**PUBLIC EMPLOYMENT**

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CA AB 17	<b>AUTHOR:</b>	Cooper [D]
	<b>TITLE:</b>	Peace Officers: Disqualification from Employment
	<b>INTRODUCED:</b>	12/07/2020
	<b>LAST AMEND:</b>	01/12/2021
	<b>DISPOSITION:</b>	Pending
	<b>SUMMARY:</b>	<p>Disqualifies a person from being a peace officer if the person has been discharged from the military for committing an offense that would have been a felony if committed in the state or if the person has been certified as a peace officer and has had that certification revoked by the Commission on Peace Officer Standards and Training.</p>
	<b>STATUS:</b>	
	01/12/2021	From ASSEMBLY Committee on PUBLIC SAFETY with author's amendments.
	01/12/2021	In ASSEMBLY. Read second time and amended. Re-referred to Committee on PUBLIC SAFETY.
CA AB 444	<b>AUTHOR:</b>	Public Employment and Retirement Cmt
	<b>TITLE:</b>	State and Local Employees: Pay Warrants: Designees
	<b>INTRODUCED:</b>	02/08/2021
	<b>DISPOSITION:</b>	Enacted
	<b>SUMMARY:</b>	<p>Relates to State and local employees. Prescribes a process by which an appointing power would issue a check directly to a designated person instead of delivering employee warrants to that person. Provides that upon sufficient proof of the designee's identity, the appointing power must endorse and deposit the warrant issued to a deceased employee back into the Treasury to the credit of the fund or appropriation upon which it was drawn, then issue a revolving fund check to the designated person.</p>
	<b>STATUS:</b>	
	07/09/2021	Chaptered by Secretary of State. Chapter No. 2021-055
	<b>Comments:</b>	<p>The SACRS Legislative Committee is considering a similar proposal that would clarify that a deceased member's last pension check may be issued to a corporation, trust, or estate.</p>
CA AB 1354	<b>AUTHOR:</b>	Grayson [D]
	<b>TITLE:</b>	Public Employees' Retirement
	<b>INTRODUCED:</b>	02/19/2021
	<b>DISPOSITION:</b>	Pending
	<b>SUMMARY:</b>	<p>Makes nonsubstantive changes to provisions prohibiting a retired person from being employed by a public employer in the same public retirement system from which the retiree receives pension benefits without reinstatement from retirement into that system, subject to certain exceptions.</p>
	<b>STATUS:</b>	
	02/19/2021	INTRODUCED.
	<b>Comments:</b>	<p>This is a spot bill.</p>
CA AB 1460	<b>AUTHOR:</b>	Bigelow [R]



**TITLE:** State Employment: COVID-19 Telework: Costs  
**INTRODUCED:** 02/19/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Authorizes the Department of Human Resources (CalHR) to provide a one-time payment of an unspecified amount to employees who have been required to telework as a result of the COVID-19 pandemic in order to offset costs associated with working remotely.

**STATUS:**

03/11/2021 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

CA SB 411

**AUTHOR:** Cortese [D]  
**TITLE:** Public Employees' Retirement System  
**INTRODUCED:** 02/12/2021  
**LAST AMEND:** 04/13/2021  
**DISPOSITION:** To Governor  
**SUMMARY:**

Eliminates the requirement that a person employed without reinstatement in a manner other than authorized by PERL be reinstated, instead providing that reinstatement is permissive. Makes conforming changes and makes specific reference to the duties of employees and employers regarding reinstatement after retirement in violation of PEPR.

**STATUS:**

07/21/2021 \*\*\*\*\*To GOVERNOR.

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**DISABILITY RETIREMENT**

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CA AB 845

**AUTHOR:** Rodriguez [D]  
**TITLE:** Disability Retirement: COVID-19: Presumption  
**INTRODUCED:** 02/17/2021  
**LAST AMEND:** 03/30/2021  
**DISPOSITION:** To Governor  
**SUMMARY:**

Creates a presumption, applicable to the retirement systems that PEPR regulates and to specified members in those systems, that would be applied to disability retirements on the basis, in whole or in part, of a Coronavirus disease 2019-related illness. Requires that it be presumed the disability arose out of, or in the course of, the member's employment.

**STATUS:**

07/15/2021 \*\*\*\*\*To GOVERNOR.

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**WORKERS COMPENSATION**

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CA AB 334

**AUTHOR:** Mullin [D]  
**TITLE:** Workers Compensation: Skin Cancer  
**INTRODUCED:** 01/27/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Relates to existing law which provides that skin cancer developing in active lifeguards, for purposes of workers' compensation, is presumed to arise out of and in the course of employment, unless the presumption is rebutted. Expands the scope of this provision to certain peace officers of the Department of Fish and Wildlife and the Department of Parks and Recreation.

**STATUS:**

	07/15/2021	From SENATE Committee on APPROPRIATIONS: To second reading without further hearing pursuant to Senate Rule 28.8.
CA AB 415	<b>AUTHOR:</b>	Rivas R [D]
	<b>TITLE:</b>	Employment: Workers' Compensation
	<b>INTRODUCED:</b>	02/03/2021
	<b>LAST AMEND:</b>	02/12/2021
	<b>DISPOSITION:</b>	Pending
	<b>SUMMARY:</b>	Relates to workers' compensation. Defines injury for certain public employees regularly exposed to active fires or health hazards directly resulting from firefighting operations to include cancer that develops or manifests during a period of exposure to a known carcinogen while in public employment. Establishes a presumption that the cancer arose out of, and in the course of, employment, unless the presumption is controverted by evidence.
	<b>STATUS:</b>	
	02/12/2021	To ASSEMBLY Committee on INSURANCE.
	02/12/2021	From ASSEMBLY Committee on INSURANCE with author's amendments.
	02/12/2021	In ASSEMBLY. Read second time and amended. Re-referred to Committee on INSURANCE.
CA AB 772	<b>AUTHOR:</b>	Ramos [D]
	<b>TITLE:</b>	Workers' Compensation: Medical Treatment
	<b>INTRODUCED:</b>	02/16/2021
	<b>LAST AMEND:</b>	03/25/2021
	<b>DISPOSITION:</b>	Pending
	<b>SUMMARY:</b>	Clarifies that an employer is not limited in its ability to insure against an act of domestic terrorism or to provide benefits in excess of those required by existing law following an act of terrorism. Clarifies that when an employer approves a request for medical treatment from a treatment provider, without modification, the employer has completed utilization review under the law.
	<b>STATUS:</b>	
	03/25/2021	To ASSEMBLY Committee on INSURANCE.
	03/25/2021	From ASSEMBLY Committee on INSURANCE with author's amendments.
	03/25/2021	In ASSEMBLY. Read second time and amended. Re-referred to Committee on INSURANCE.
CA AB 872	<b>AUTHOR:</b>	Wood [D]
	<b>TITLE:</b>	Leave of Absence: Firefighters
	<b>INTRODUCED:</b>	02/17/2021
	<b>DISPOSITION:</b>	Pending
	<b>SUMMARY:</b>	Relates to Leave of absence for firefighters. Makes that benefit available to all rank-and-file and supervisory firefighters employed by the Department of Forestry and Fire Protection whose principal duties include active fire suppression or prevention services.
	<b>STATUS:</b>	
	07/05/2021	In SENATE Committee on APPROPRIATIONS: To Suspense File.

CA AB 991      **AUTHOR:**                      Ward [D]  
**TITLE:**                                      Workers' Compensation: Presumed Injuries  
**INTRODUCED:**                      02/18/2021  
**LAST AMEND:**                      03/11/2021  
**DISPOSITION:**                      Pending  
**SUMMARY:**  
Expands presumptions for hernia, pneumonia, heart trouble, cancer, tuberculosis, bloodborne infectious disease, methicillin-resistant Staphylococcus aureus skin infection, and meningitis-related illnesses and injuries to a lifeguard employed on a year-round, full-time basis by the City of San Diego.  
**STATUS:**  
03/11/2021                      To ASSEMBLY Committee on INSURANCE.  
03/11/2021                      From ASSEMBLY Committee on INSURANCE with author's amendments.  
03/11/2021                      In ASSEMBLY. Read second time and amended. Re-referred to Committee on INSURANCE.

CA SB 213      **AUTHOR:**                      Cortese [D]  
**TITLE:**                                      Workers' Compensation: Hospital Employees  
**INTRODUCED:**                      01/12/2021  
**LAST AMEND:**                      03/04/2021  
**DISPOSITION:**                      Pending  
**SUMMARY:**  
Defines injury, for a hospital employee who provides direct patient care in an acute care hospital, to include infectious diseases, cancer, musculoskeletal injuries, post-traumatic stress disorder, and respiratory diseases. Creates a rebuttable presumption that these injuries that develop or manifest in a hospital employee who provides direct patient care in an acute care hospital arose out of and in the course of the employment. Includes COVID-19 in the definitions of infectious and respiratory diseases.  
**STATUS:**  
06/03/2021                      In SENATE. Read third time. Failed to pass SENATE. (20-10)  
06/03/2021                      In SENATE. Motion to reconsider.  
06/03/2021                      In SENATE. Reconsideration granted.  
06/03/2021                      In SENATE. To Inactive File.

CA SB 284      **AUTHOR:**                      Stern [D]  
**TITLE:**                                      Workers' Compensation: Firefighters and Peace Officers  
**INTRODUCED:**                      02/01/2021  
**LAST AMEND:**                      06/28/2021  
**DISPOSITION:**                      Pending  
**SUMMARY:**  
Relates to existing Law which provides that injury includes post-traumatic stress that develops during a period in which the injured person is in the service of the department or unit. Makes that provision applicable to active firefighting members of the State Department of State Hospitals, the State Department of Developmental Services, and the Military Department, and the Department of Veterans Affairs, including security officers of the Department of Justice when performing assigned duties.  
**STATUS:**  
06/28/2021                      In ASSEMBLY. Read second time and amended.

Re-referred to Committee on APPROPRIATIONS.

CA SB 335

**AUTHOR:** Cortese [D]  
**TITLE:** Workers' Compensation: Liability  
**INTRODUCED:** 02/08/2021  
**LAST AMEND:** 03/10/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Reduces the time periods after the date the claim form is filed with an employer in which the injury is presumed compensable and the presumption is rebuttable only by evidence discovered subsequent to the time period for certain injuries or illnesses, including hernia, heart trouble, pneumonia, or tuberculosis, among others, sustained in the course of employment of a specified member of law enforcement or a specified first responder.

**STATUS:**

07/13/2021 In ASSEMBLY Committee on INSURANCE: Failed passage.

CA SB 788

**AUTHOR:** Bradford [D]  
**TITLE:** Workers' Compensation: Risk Factors  
**INTRODUCED:** 02/19/2021  
**LAST AMEND:** 06/17/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Prohibits consideration of race, religious creed, color, national origin, gender, marital status, sex, sexual identity, or sexual orientation to determine the approximate percentage of the permanent disability caused by other factors. Expresses the Legislature's intent to eliminate bias and discrimination in the workers' compensation system.

**STATUS:**

07/01/2021 In ASSEMBLY. Read third time. Passed ASSEMBLY.  
\*\*\*\*\*To SENATE for concurrence. (77-0)

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**BROWN ACT**

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CA AB 339

**AUTHOR:** Lee [D]  
**TITLE:** Local Government: Open and Public Meetings  
**INTRODUCED:** 01/28/2021  
**LAST AMEND:** 07/05/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Requires local agencies to conduct meetings subject to Ralph M. Brown Act consistent with applicable state and federal civil rights laws. Includes findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities and counties, including charter cities and counties.

**STATUS:**

07/13/2021 From SENATE Committee on JUDICIARY: Do pass to Committee on APPROPRIATIONS. (9-0)

CA AB 361

**AUTHOR:** Rivas R [D]  
**TITLE:** Open Meetings: Local Agencies: Teleconferences  
**INTRODUCED:** 02/01/2021  
**LAST AMEND:** 07/06/2021  
**DISPOSITION:** Pending

**SUMMARY:**

Authorizes a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph m. Brown Act when a legislative body of a local agency holds a meeting during a declared state of emergency, when state or local health officials have imposed or recommended measures to promote social distancing during a proclaimed state of emergency, provided certain requirements are met. Prohibits the closing of the public comment period.

**STATUS:**

07/15/2021 In SENATE. Read second time. To third reading.

CA AB 703

**AUTHOR:** Rubio [D]  
**TITLE:** Open Meetings: Local Agencies: Teleconferences  
**INTRODUCED:** 02/12/2021  
**LAST AMEND:** 04/29/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Removes the requirements of the Ralph M. Brown Act particular to teleconferencing and allows for teleconferencing subject to existing provisions regarding the posting of notice of an agenda and the ability of the public to observe the meeting and provide public comment.

**STATUS:**

04/29/2021 From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.

04/29/2021 In ASSEMBLY. Read second time and amended.  
Re-referred to Committee on LOCAL GOVERNMENT.

**Comments:**

According to SACRS lobbyists, this will be a two-year bill and not taken up in 2021.

CA SB 274

**AUTHOR:** Wieckowski [D]  
**TITLE:** Local Government Meetings: Agenda and Documents  
**INTRODUCED:** 01/29/2021  
**LAST AMEND:** 04/05/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Requires a local agency with an internet website, or its designee, to email a copy of, or website link to, the agenda or a copy of all the documents constituting the agenda packet if the person requests that the items be delivered by email. Requires the legislative body or its designee to send by mail a copy of the agenda or a website link to the agenda and to email a copy of all other documents constituting the agenda packet, if specified criteria or circumstances are met.

**STATUS:**

07/08/2021 In ASSEMBLY. Read second time. To third reading.

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**PUBLIC RECORDS ACT**

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CA AB 343

**AUTHOR:** Fong [R]  
**TITLE:** California Public Records Act Ombudsperson  
**INTRODUCED:** 01/28/2021  
**LAST AMEND:** 05/24/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Establishes, within the California State Auditor's Office, the California Public Records Act Ombudsperson. Requires the California State Auditor to appoint the Ombudsperson subject to certain requirements. Requires the Ombudsperson to receive and investigate requests for review, determine whether the denials of original requests complied with the California Public Records Act, and issue written opinions of its determination.

**STATUS:**

06/09/2021 To SENATE Committees on JUDICIARY and GOVERNMENTAL ORGANIZATION.

CA AB 386

**AUTHOR:** Cooper [D]  
**TITLE:** Public Employees Retirement: Investments: Confidential  
**INTRODUCED:** 02/02/2021  
**LAST AMEND:** 06/29/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Exempts from disclosure under the California Public Records Act specified records regarding an internally managed private loan made directly by the Public Employees' Retirement Fund. Provides that these records would include quarterly and annual financial statements of the borrower or its constituent owners, unless the information has already been publicly released by the keeper of the information. Prescribes specified exceptions to this exemption from disclosure.

**STATUS:**

07/13/2021 In SENATE Committee on JUDICIARY: Failed passage.  
07/13/2021 In SENATE Committee on JUDICIARY: Reconsideration granted.

CA AB 473

**AUTHOR:** Chau [D]  
**TITLE:** California Public Records Act  
**INTRODUCED:** 02/08/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Recodifies and reorganizes the provisions of the California Public Records Act. The bill would include provisions to govern the effect of recodification and states that the bill is intended to be entirely nonsubstantive in effect.

**STATUS:**

07/08/2021 In SENATE. From Consent Calendar. To third reading.

CA AB 474

**AUTHOR:** Chau [D]  
**TITLE:** California Public Records Act: Conforming Revisions  
**INTRODUCED:** 02/08/2021  
**LAST AMEND:** 06/21/2021  
**DISPOSITION:** Pending  
**SUMMARY:**

Enacts various conforming and technical changes related to another bill, AB 473, which recodifies and reorganizes the California Public Records Act.

**STATUS:**

07/08/2021 In SENATE. From Consent Calendar. To third reading.

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**SOCIAL SECURITY**

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CA AJR 9

**AUTHOR:** Cooper [D]  
**TITLE:** Social Security

**INTRODUCED:** 03/01/2021

**DISPOSITION:** Adopted

**SUMMARY:**

Requests the Congress of the United States to enact, and the President to sign, legislation that would repeal the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act.

**STATUS:**

07/15/2021 Chaptered by Secretary of State.

07/15/2021 Resolution Chapter No. 2021-078

**BOR\_Position:** Support 05/05/2021

**IBLC\_Recommendation:** Support 04/15/2021

**Staff\_Recommendation:** Support

US HR 82

**SPONSOR:** Davis R [R]

**TITLE:** Government Pension Offset Repeal

**INTRODUCED:** 01/04/2021

**DISPOSITION:** Pending

**SUMMARY:**

Amends the Social Security Act; repeals the Government pension offset and windfall elimination provisions.

**STATUS:**

01/04/2021 INTRODUCED.

01/04/2021 To HOUSE Committee on WAYS AND MEANS.

**BOR\_Position:** Support 05/05/2021

**IBLC\_Recommendation:** Support 04/15/2021

**Staff\_Recommendation:** Support

US HR 2337

**SPONSOR:** Neal [D]

**TITLE:** Noncovered Employment

**INTRODUCED:** 04/01/2021

**DISPOSITION:** Pending

**SUMMARY:**

Amends Title II of the Social Security Act to provide an equitable Social Security formula for individuals with noncovered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.

**STATUS:**

04/01/2021 INTRODUCED.

04/01/2021 To HOUSE Committee on WAYS AND MEANS.

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**HEALTHCARE**

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CA AB 1092

**AUTHOR:** Mayes [R]

**TITLE:** Public Employees' Retirement: Health Benefits

**INTRODUCED:** 02/18/2021

**LAST AMEND:** 04/26/2021

**DISPOSITION:** Pending

**SUMMARY:**

Precludes a person who has retired under PERS and who obtains work with a subsequent employer from receiving any health benefits offered under PEMHCA if the person's subsequent employer offers health care coverage that provides reasonably comparable benefits. Prohibits, among other things, employees, annuitants, and family members who become eligible to enroll on or after a specified date in Part A and Part B of Medicare from being enrolled in a basic health benefit plan.

**STATUS:**  
04/26/2021 From ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT With author's amendments.  
04/26/2021 In ASSEMBLY. Read second time and amended. Re-referred to Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

CA AB 1400 **AUTHOR:** Kalra [D]  
**TITLE:** Guaranteed Health Care for All  
**INTRODUCED:** 02/19/2021  
**DISPOSITION:** Pending  
**SUMMARY:**  
Creates the Guaranteed Health Care for All Program, or CalCare, to provide comprehensive universal single-payer health care coverage and a health care cost control system for the benefit of all residents of the state. Provides that CalCare cover a wide range of medical benefits and other services and would incorporate the health care benefits and standards of other existing federal and state provisions. Creates the CalCare Board to govern CalCare, made up of 9 voting members.  
**STATUS:**  
02/19/2021 INTRODUCED.

US HR 4148 **SPONSOR:** Malinowski [D]  
**TITLE:** First Responders Medicare Option  
**INTRODUCED:** 06/24/2021  
**DISPOSITION:** Pending  
**SUMMARY:**  
Amends Title XVIII of the Social Security Act to provide an option for first responders age 50 to 64 who are separated from service due to retirement or disability to buy into Medicare.  
**STATUS:**  
06/24/2021 INTRODUCED.  
06/24/2021 To HOUSE Committee on WAYS AND MEANS.  
06/24/2021 To HOUSE Committee on ENERGY AND COMMERCE.

US S 2236 **SPONSOR:** Brown S [D]  
**TITLE:** Medicare Buy In Option for First Responders  
**INTRODUCED:** 06/24/2021  
**DISPOSITION:** Pending  
**SUMMARY:**  
Amends Title XVIII of the Social Security Act to provide an option for first responders age 50 to 64 who are separated from service due to retirement or disability to buy into Medicare.  
**STATUS:**  
06/24/2021 INTRODUCED.  
06/24/2021 In SENATE. Read second time.  
06/24/2021 To SENATE Committee on FINANCE.



**FOR INFORMATION ONLY**

July 21, 2021

TO: Each Trustee  
Board of Retirement  
Board of Investments

FROM: Ted Granger   
Interim Chief Financial Officer

FOR: August 4, 2021 Board of Retirement Meeting  
August 11, 2021 Board of Investments Meeting

SUBJECT: **MONTHLY EDUCATION & TRAVEL REPORTS – JUNE 2021**

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

REVIEWED AND APPROVED:



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Santos H. Kreimann  
Chief Executive Officer

TG/EW/krh

**Attachments**

c: Luis Lugo  
JJ Popowich  
Jon Grabel  
Steve Rice  
Roberta Van Nortrick

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

<b>Attendee</b>	<b>Purpose of Travel - Location</b>	<b>Event Dates</b>	<b>Travel Status</b>
<b>Alan Bernstein</b>			
B	- Edu - NACD Real Estate Industry Outlook: Insights, Impacts and Opportunities - VIRTUAL	09/02/2020 - 09/02/2020	Attended
	- Edu - 2020 Milken Institute Virtual Global Conference - VIRTUAL	10/12/2020 - 10/21/2020	Attended
	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
	- Edu - Virtual Pension Bridge Alternatives - VIRTUAL	01/26/2021 - 01/28/2021	Attended
	- Edu - CII's 2021 Spring Conference - VIRTUAL	03/08/2021 - 03/10/2021	Attended
<b>Elizabeth Ginsberg</b>			
B	- Edu - CALAPRS Principles for Trustees - VIRTUAL	08/18/2020 - 08/26/2020	Attended
	- Edu - CALAPRS Advanced Principles for Trustees - VIRTUAL	06/07/2021 - 06/11/2021	Attended
<b>Vivian Gray</b>			
B	- Edu - SACRS Public Pension Investment Management Program 2020 - VIRTUAL	07/28/2020 - 08/13/2020	Attended
	- Edu - Koried Black Directors' Virtual Workshop - VIRTUAL	10/15/2020 - 10/15/2020	Attended
	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
	- Edu - Milken Institute: Walk the Talk: Investing in the Future of Black Banks, Entrepreneurship, and Opportunity - VIRTUAL	02/24/2021 - 02/24/2021	Attended
	- Edu - CALAPRS General Assembly - VIRTUAL	03/08/2021 - 03/09/2021	Attended
	- Edu - NASP 11th Annual Day of Education in Private Equity - VIRTUAL	03/25/2021 - 03/26/2021	Attended
	- Edu - NCPERS 2021 Legislative Conference - VIRTUAL	04/20/2021 - 04/20/2021	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended
	- Edu - NACD Women in the Boardroom: Pathways to a Board Seat - VIRTUAL	05/18/2021 - 05/18/2021	Attended
<b>David Green</b>			
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
	- Edu - The Pacific Council on International Policy's PolicyWest 2020 - VIRTUAL	12/03/2020 - 12/04/2020	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended
<b>Elizabeth Greenwood</b>			
B	- Edu - 2020 Milken Institute Virtual Global Conference - VIRTUAL	10/12/2020 - 10/21/2020	Attended
	- Edu- PPI 2020 Asia Pacific Roundtable - VIRTUAL	10/20/2020 - 10/22/2020	Attended
	- Edu - Yale School of Management Executive Education -Women's Leadership Program - VIRTUAL	11/18/2020 - 11/18/2020	Attended
<b>James Harris</b>			
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

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

<b>Attendee</b>	<b>Purpose of Travel - Location</b>	<b>Event Dates</b>	<b>Travel Status</b>
<b>Patrick Jones</b>			
B	- Edu - Goldman Sachs The Pandemic Economy: Rates, the Fed & the Road Ahead - VIRTUAL	04/30/2021 - 04/30/2021	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended
	- Edu - NCPERS 2021 Trustee Educational Seminar - VIRTUAL	06/08/2021 - 06/09/2021	Attended
<b>Shawn Kehoe</b>			
B	- Edu- PPI 2020 Asia Pacific Roundtable - VIRTUAL	10/20/2020 - 10/22/2020	Attended
	- Edu - NCPERS Fall Conference - VIRTUAL	02/02/2021 - 02/03/2021	Attended
<b>Joseph Kelly</b>			
B	- Edu - NACD Financial Services Industry Outlook: Future Trends in Middle Market Credit - VIRTUAL	01/07/2021 - 01/07/2021	Attended
	- Edu - NACD Hospitality and Travel Industry Outlook: Insights, Impacts, and Opportunities - VIRTUAL	01/27/2021 - 01/27/2021	Attended
	- Edu - PPI Virtual Roundtable - VIRTUAL	02/16/2021 - 02/18/2021	Attended
	- Edu - CII's 2021 Spring Conference - VIRTUAL	03/08/2021 - 03/10/2021	Attended
	- Edu - NACD - Conversation with Walter Isaacson - VIRTUAL	03/08/2021 - 03/08/2021	Attended
	- Edu - NASP 11th Annual Day of Education in Private Equity - VIRTUAL	03/25/2021 - 03/26/2021	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended
<b>Keith Knox</b>			
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
	- Edu - 2020 Milken Institute Virtual Global Conference - VIRTUAL	10/12/2020 - 10/21/2020	Attended
	- Edu - CALAPRS Virtual Trustees Round Table - VIRTUAL	10/23/2020 - 10/23/2020	Attended
	- Edu - PPI Virtual Roundtable - VIRTUAL	02/16/2021 - 02/18/2021	Attended
	- Edu - TLF Political Accountability and Investment - VIRTUAL	02/23/2021 - 02/23/2021	Attended
	- Edu - NCPERS Accredited Fiduciary Program (Module 1 & 2) - VIRTUAL	03/02/2021 - 03/05/2021	Attended
	- Edu - NCPERS Accredited Fiduciary Program (Module 3 & 4) - VIRTUAL	03/09/2021 - 03/12/2021	Attended
	- Edu - NCPERS 2021 Legislative Conference - VIRTUAL	04/20/2021 - 04/20/2021	Attended
	- Edu - 2021 Annual Virtual Pension Bridge Conference - VIRTUAL	05/04/2021 - 05/07/2021	Attended
	- Edu - NACD Cyber Risk Oversight Program - VIRTUAL	05/06/2021 - 06/30/2021	Attended
	- Edu - CALAPRS Virtual Trustees Round Table - VIRTUAL	05/10/2021 - 05/10/2021	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended

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

<b>Attendee</b>	<b>Purpose of Travel - Location</b>	<b>Event Dates</b>	<b>Travel Status</b>
<b>Wayne Moore</b>			
B	- Edu- NASP 31st Annual Virtual Pension & Financial Services Conference - VIRTUAL	12/07/2020 - 12/10/2020	Attended
	- Edu - NASP 11th Annual Day of Education in Private Equity - VIRTUAL	03/25/2021 - 03/26/2021	Attended
<b>Ronald Okum</b>			
B	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended
<b>William Pryor</b>			
B	- Edu - NCPERS Fall Conference - VIRTUAL	02/02/2021 - 02/03/2021	Attended
<b>Les Robbins</b>			
B	- Edu - IFEBP 66th Annual Employee Benefits Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
	- Edu - NCPERS 2021 Legislative Conference - VIRTUAL	04/20/2021 - 04/20/2021	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended
X	- Edu - IFEBP 66th Annual Employee Benefits Conference - Honolulu HI	11/15/2020 - 11/18/2020	Host Canceled
<b>Gina Sanchez</b>			
B	- Edu - SACRS Sexual Harassment Prevention Training - VIRTUAL	07/15/2020 - 07/15/2020	Attended
	- Edu - 2020 Milken Institute Virtual Global Conference - VIRTUAL	10/12/2020 - 10/21/2020	Attended
	- Edu - 2020 Virtual NACD Summit - VIRTUAL	10/12/2020 - 10/13/2020	Attended
	- Edu - CALAPRS Virtual Trustees Round Table - VIRTUAL	10/23/2020 - 10/23/2020	Attended
	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
	- Edu - Harvard Business School Executive Education - Audit Committees - VIRTUAL	11/12/2020 - 11/14/2020	Attended
	- Edu - NCPERS Fall Conference - VIRTUAL	02/02/2021 - 02/03/2021	Attended
	- Edu - Virtual Oxford Scenarios Programme - VIRTUAL	04/20/2021 - 05/20/2021	Attended
	- Edu - 2021 Annual Virtual Pension Bridge Conference - VIRTUAL	05/04/2021 - 05/07/2021	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended
	- Edu - NACD Women in the Boardroom: Pathways to a Board Seat - VIRTUAL	05/18/2021 - 05/18/2021	Attended
	- Edu - NACD ESG Continuous Learning Cohort - VIRTUAL	06/16/2021 - 06/16/2021	Attended
	- Edu - 2021 Virtual Milken Institute Future of Health Summit - VIRTUAL	06/22/2021 - 06/23/2021	Attended

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

<b>Attendee</b>	<b>Purpose of Travel - Location</b>	<b>Event Dates</b>	<b>Travel Status</b>
<b>Herman Santos</b>			
B	- Edu- LAVCA's Annual Investor Meeting - VIRTUAL	09/14/2020 - 09/17/2020	Attended
	- Edu - Nossaman's 2020 Public Pensions and Investments Fiduciaries' Forum - VIRTUAL	10/01/2020 - 10/01/2020	Attended
	- Edu- 2020 SACRS Fall Virtual Conference - VIRTUAL	11/10/2020 - 11/13/2020	Attended
	- Edu - Virtual PPI Salon: Gearing for Gridlock - VIRTUAL	12/10/2020 - 12/10/2020	Attended
	- Edu - PPI Virtual Roundtable - VIRTUAL	02/16/2021 - 02/18/2021	Attended
	- Edu - CII's 2021 Spring Conference - VIRTUAL	03/08/2021 - 03/10/2021	Attended
	- Edu - NASP 11th Annual Day of Education in Private Equity - VIRTUAL	03/25/2021 - 03/26/2021	Attended
	- Edu - PREA Spring Conference - VIRTUAL	03/25/2021 - 03/26/2021	Attended
	- Edu - PREA International Affinity Group Program - VIRTUAL	04/01/2021 - 04/01/2021	Attended
	- Edu - SACRS Spring Conference - VIRTUAL	05/11/2021 - 05/14/2021	Attended

Category Legend:

A - Pre-Approved/Board Approved

B - Includes 1) Educational Conferences and Administrative Meetings in CA where total cost is no more than \$2,000 per Trustee Travel Policy; Section III.A and 2) Virtual Events. Virtual Events are not subject to cost or count limits.

C - Second of two conferences and/or meetings counted as one conference per Trustee Education Policy Section IV.C.2 and Trustee Travel Policy Section IV.

X - Canceled events for which expenses have been incurred.

Z - Trip was Canceled - Balance of \$0.00

**STAFF EDUCATION AND TRAVEL REPORT  
FOR FISCAL YEAR 2020 - 2021  
JUNE 2021**

<b>Attendee</b>		<b>Purpose of Travel - Location</b>	<b>Event Dates</b>	<b>Travel Status</b>
<b>Executive Offices</b>				
Bob Schlotfeld	1	Admin - Conduct Site Visit to Mainline/DMI Data Center - Phoenix AZ	05/27/2021 - 05/27/2021	Attended
<b>Systems</b>				
Steven Alexander	1	Admin - Conduct Site Visit to Mainline/DMI Data Center - Phoenix AZ	05/27/2021 - 05/27/2021	Attended
Matthew Behrens	1	Admin - Conduct Site Visit to Mainline/DMI Data Center - Phoenix AZ	05/27/2021 - 05/27/2021	Attended
Irwin Devries	1	Admin - Conduct Site Visit of Mesa, AZ Facility - Mesa AZ	12/03/2020 - 12/05/2020	Attended
Eddie Paz	1	Admin - Conduct Site Visit to Mainline/DMI Data Center - Phoenix AZ	05/27/2021 - 05/27/2021	Attended
Celso Templo	1	Admin - Conduct Site Visit of Mesa, AZ Facility - Mesa AZ	10/09/2020 - 10/09/2020	Attended



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

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



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