

LIVE VIRTUAL BOARD MEETING



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

You may submit a request to speak during Public Comment or provide a written comment by emailing PublicComment@lacera.com. If you 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.

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, APRIL 13, 2022

This meeting will be conducted by teleconference under California Government Code Section 54953(e).

Any person may view the meeting online at
<http://www.lacera.com/leadership/board-meetings>

*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 March 9, 2022

III. REPORT ON CLOSED SESSION ITEMS

IV. PUBLIC COMMENT

(Written Public Comment - You may submit written public comments by email to 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 Board. A request to speak may be submitted via email to PublicComment@lacera.com before and during the meeting at any time up to the end of the Public Comment item. 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 March 21, 2022)

VI. CHIEF INVESTMENT OFFICER'S REPORT
(Presentation dated April 13, 2022)

VII. CONSENT ITEMS

- A. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board approves that, under AB 361 and Government Code Section 54953(e)(3) of the Brown Act, the Board of Retirement and Board of Investments separately consider whether to find that the Governor's COVID-19 State of Emergency continues to directly impact the ability of each Board and its Committees to meet safely in person and that the County of Los Angeles and other agencies still recommend social distancing such that each Board and its Committees shall hold teleconference meetings for the next 30 days, and if so, direct staff to comply with the agenda and public comment requirements of the statute. Action taken by each Board will only apply to that Board and its Committees. (Memo dated March 25, 2022)
- B. Recommendation that the Board approve attendance of Trustees at the 19th Annual Consortium 2022 Diverse plus Women Managers Conference on June 14 – 15, 2022 in New York, New York and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies and grant an exception to the minimum of five hours per day education requirement given the half day schedule on day one of the conference, the strength of the entirety of the three-day agenda, and the added importance to support diversity, equity and inclusion in all LACERA business practices. (Memo dated March 21, 2022) (Placed on the agenda at the request of Trustee Santos)

VIII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Scott Zdrazil, Senior Investment Officer: That the Board of Investments deliberate whether to nominate a candidate to the International Corporate Governance Network's Board of Governors. (Memo dated March 15, 2022)

IX. REPORTS

- A. Securities Lending Program - 2021 Annual Review
Vache Mahseredjian, Principal Investment Officer
(For Information Only) (Memo dated March 13, 2022)

IX. REPORTS (Continued)

- B. Council of Institutional Investors Voting Items
Scott Zdrazil, Senior Investment Officer
(For Information Only) (Memo dated March 13, 2022)
- C. Real Estate Recoveries Report
Christine Roseland, Senior Staff Counsel
(For Information Only) (Memo dated March 31, 2022)
- D. Monthly Status Report on Legislation
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated March 24, 2022)
- E. Internal Audit's 2022 Quality Assessment Report
Gina V. Sanchez, Chair, Audit Committee
(For Information Only) (Memo dated March 28, 2022)
- F. Legal Projects
Christine Roseland, Senior Staff Counsel
(For Information Only) (Memo dated April 4, 2022)
- G. Monthly Travel & Education Report – February 2022
Ted Granger, Interim Chief Financial Officer

(Public Memo dated March 16, 2022)
(Confidential Memo dated March 16, 2022– Includes Anticipated Travel)
- H. March 2022 Fiduciary Counsel Contact and Billing Report
Steven P. Rice, Chief Counsel
(For Information Only) (Privileged and Confidential)
(Attorney-Client Communication/Attorney Work Product)
(For Information Only) (Memo dated March 29, 2022)
- I. In Re FirstEnergy Corp. Securities Litigation
Michael D. Herrera, Senior Staff Counsel
(For Information Only) (Privileged and Confidential)
(Attorney-Client Communication)
(For Information Only) (Memo dated April 4, 2022)

X. ITEMS FOR STAFF REVIEW

XI. GOOD OF THE ORDER

(For information purposes only)

XII. EXECUTIVE SESSION

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

1. Advent International GPE X Limited Partnership
Christopher J. Wagner, Principal Investment Officer
Derek Kong, Investment Officer
(Memo dated March 29, 2022)
2. Cibus Fund II, L.P. and Cibus Enterprise Fund II, L.P.
James Rice, Principal Investment Officer
Pushpam Jain, Investment Officer
(Memo dated March 25, 2022)
3. Global Equity Activist Managers
Esmeralda del Bosque, Acting Principal Investment Officer
(Memo dated March 24, 2022)
4. Private Equity Investment Update - I
Derek Kong, Investment Officer
Didier Acevedo, Investment Officer
(For Information Only) (Memo dated March 29, 2022)
5. Private Equity Investment Update - II
Derek Kong, Investment Officer
Didier Acevedo, Investment Officer
(For Information Only) (Memo dated March 29, 2022)
6. Notice Of Re-Up Commitment of up to \$200 Million to Silver Lake Partners VII, L.P.
Christopher Wagner, Principal Investment Officer
Shelly P. Tilaye, Senior Investment Analyst
(For Information Only) (Memo dated March 30, 2022)

XIII. ADJOURNMENT

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

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

Requests for reasonable modification or accommodation of the telephone public access and 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, MARCH 9, 2022

This meeting was conducted by the Board of Investments by teleconference under California Government Code Section 54953(e).

PRESENT: Herman Santos, Chair

David Green, Vice Chair

Elizabeth Greenwood

Shawn Kehoe, Secretary (Left the meeting at 11:00 a.m)

Patrick Jones

Joseph Kelly

Keith Knox

Gina V. Sanchez (Left the meeting at 10:45 a.m.)

The seventh seat on the Board of Investments is currently vacant.

STAFF ADVISORS AND PARTICIPANTS

Jonathan Gabel, Chief Investment Officer

Santos H. Kreimann, Chief Executive Officer

Luis A. Lugo, Deputy Chief Executive Officer

Steven P. Rice, Chief Counsel

Laura Guglielmo, Assistant Executive Officer

JJ Popowich, Assistant Executive Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Vache Mahseredjian, Principal Investment Officer

Jude Pérez, Principal Investment Officer

Dale Johnson, Investment Officer

John Kim, Senior Investment Analyst

Terra Elijah, Investment Analyst

Christopher Wagner, Principal Investment Officer

Calvin Chang, Senior Investment Analyst

Shelly Tilaye, Senior Investment Analyst

Meketa Investment Group (General Investment Consultants)

Leandro Festino, Managing Principal

Timothy Filla, Managing Principal/ Portfolio Consultant

Aysun Kilic, Executive Vice President/Consultant and Portfolio Strategist

StepStone Group LP (Equity Consultants)

Jose Fernandez, Principal

Natalie Walker, Partner

I. CALL TO ORDER

The meeting was called to order virtually by Chair Santos at 9:04 a.m.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of February 9, 2022

Ms. Sanchez made a motion, Mr. Green seconded, to approve the minutes of the regular meeting of February 9, 2022. The motion passed (roll call) with Messrs. Green, Santos, Jones, Kehoe, Kelly, Knox, Ms. Sanchez and Ms. Greenwood voting yes.

III. REPORT ON CLOSED SESSION ITEMS

There was nothing to report.

IV. PUBLIC COMMENT

Keenan Sheedy, Joaquin Miramontes and Deborah Thomas addressed the Board regarding general investment risk.

V. CHIEF EXECUTIVE OFFICER'S REPORT (Memo dated February 21, 2022)

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

VI. CHIEF INVESTMENT OFFICER'S REPORT (Presentation dated March 9, 2022)

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

VII. CONSENT ITEM

Item VII.B was pulled from the agenda.

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

- A. Recommendation that the Board approve attendance of Trustees at the Congress of Private Capital and Entrepreneurial Capital of the Pacific Alliance Conference on April 26 – 27, 2022 in Bogota, Colombia and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies, with exception for educational content requirement on Day 2. (Memo dated February 27, 2022) (Placed on the agenda at the request of Trustee Santos)

VII. CONSENT ITEM (Continued)

- B. Recommendation that the Board approve attendance of Trustees at the PPI Study Mission in Bogota, Colombia on April 24 – 25, 2022 and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies, with any necessary exceptions, including number of permitted international conferences and educational content. (Memo will be provided prior to the meeting)
(Placed on the agenda at the request of Trustee Santos)

VIII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Steven P. Rice, Chief Counsel: That, under AB 361 and Government Code Section 54953(e)(3) of the Brown Act, the Board of Retirement and Board of Investments separately consider whether to find that the Governor's COVID-19 State of Emergency continues to directly impact the ability of each Board and its Committees to meet safely in person and that the County of Los Angeles, the City of Pasadena, and other agencies still recommend social distancing such that each Board and its Committees shall hold teleconference meetings for the next 30 days, subject to continuation of the State of Emergency, and if so, direct staff to comply with the agenda and public comment requirements of the statute. Action taken by each Board will only apply to that Board and its Committees. and Report on COVID State of Emergency and Measures to Promote Social Distancing. (Memo dated February 22, 2022)

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

Ms. Sanchez made a motion, Mr. Green seconded, to approve staff's recommendation. The motion passed (roll call) with Messrs. Green, Santos, Jones, Kehoe, Kelly, Knox, Ms. Sanchez and Ms. Greenwood voting yes.

- B. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board of Investments review and provide input on the Policy Governing the Use of Open and Closed Sessions to Consider the Purchase or Sale of Particular, Specific Investments. (Memo dated February 28, 2022)

This item was received and filed.

VIII. NON-CONSENT ITEMS (Continued)

- C. Recommendation that the Board approve per Trustee Travel Policy Section III. A. Trustee Herman Santos's attendance at the 2021 Milken Conference based on total cost of attendance exceeding the \$2,000 pre-approved limit by \$12.82. (Placed on the agenda at the request of Trustee Herman Santos) (Memo dated February 17, 2022)

Ms. Sanchez made a motion, Mr. Knox seconded, to approve staff's recommendation. The motion passed (roll call) with Messrs. Green, Santos, Jones, Kehoe, Kelly, Knox, Ms. Sanchez and Ms. Greenwood voting yes.

IX. REPORTS

- A. LACERA Quarterly Performance Book
Jude Pérez, Principal Investment Officer
Dale Johnson, Investment Officer
John Kim, Senior Investment Analyst
Terra Elijah, Investment Analyst
(Memo dated February 28, 2022)

Messrs. Perez, Johnson, Kim, and Ms. Elijah provided a presentation and answered questions from the Board. The item was received and filed.

- B. OPEB Quarterly Performance Book
Jude Perez, Principal Investment Officer
(For Information Only) (Memo dated February 28, 2022)

This item was received and filed.

- C. Board & Committee Agenda Management, Recordings, Online Archives, And Public Interface
(For Information Only) (Memo dated February 2, 2022)

This item was received and filed.

IX. REPORTS (Continued)

- D. Legal Projects
Christine Roseland, Senior Staff Counsel
(For Information Only) (Memo dated February 28, 2022)

This item was received and filed.

- E. Monthly Travel & Education Report – January 2022
Ted Granger, Interim Chief Financial Officer
(Public Memo February 15, 2022)
(Confidential Memo dated February 15, 2022 – Includes Anticipated Travel)

Quarterly Trustee Travel and Education Reports - 2nd Quarter of FY 2022
(Memo dated February 15, 2022)

This item was received and filed.

- F. February 2022 Fiduciary Counsel Contact and Billing Report
Steven P. Rice, Chief Counsel
(For Information Only) (Privileged and Confidential)
(Attorney-Client Communication/Attorney Work Product)
(For Information Only) (Memo dated February 22, 2022)

This item was received and filed.

X. ITEMS FOR STAFF REVIEW

The Board requested that the recruitment status of Investment staff vacant positions and hiring efforts be provided in the CEO Report.

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

There was nothing to report.

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. Risk Reduction and Mitigation Recommendation: Long-Term U.S. Treasury Bond Indexed Separate Account Manager
Search Jonathan Grabel, Chief Investment Officer
Vache Mahseredjian, Principal Investment Officer
(Memo dated February 25, 2022)

Messrs. Grabel and Mahseredjian provided a presentation and answered questions from the Board.

Mr. Kelly made a motion, seconded by Mr. Knox, to approve the engagement of BlackRock to manage a Long-Term U.S. Treasury bond index portfolio in a separate account with an approximate value of \$3.7 billion within the Risk Reduction and Mitigation functional category of LACERA's portfolio. The motion passed (roll call), with Messrs. Green, Jones, Kehoe, Kelly, Knox, Santos and Ms. Greenwood voting yes. Ms. Sanchez was absent from the vote.

1. The Veritas Capital Fund VIII, L.P.
Christopher Wagner, Principal Investment Officer
Calvin Chang, Senior Investment Analyst
(Memo dated February 23, 2022)

Messes. Wagner and Chang provided a presentation and answered questions from the Board.

XII. EXECUTIVE SESSION (Continued)

Mr. Knox made a motion, seconded by Ms. Greenwood, to approve a commitment of up to \$100 million to The Veritas Capital Fund VIII, L.P. This investment is a private equity global buyout fund focusing on the technology and technology-related needs of government and commercial customers, primarily in the healthcare, industrials, and technology sectors, with a geographic focus primarily in the United States. The motion passed (roll call), with Messrs. Green, Jones, Kelly, Knox, Santos and Ms. Greenwood voting yes. Mr. Kehoe and Ms. Sanchez were absent from the vote.

2. Green Equity Investors IX, L.P. and Jade Equity Investors II, L.P.
Christopher Wagner, Principal Investment Officer
Shelly P. Tilaye, Senior Investment Analyst
(Memo dated February 23, 2022)

Mr. Wagner and Ms. Tilaye provided a presentation and answered questions from the Board.

Mr. Kelly made a motion, seconded by Mr. Knox, to approve commitments of up to \$150 million to Green Equity Investors IX, L.P. and up to \$50 million to Jade Equity Investors II, L.P. Green Equity IX is a private equity global buyout fund, and Jade Equity II is a middle market buyout fund. Both funds focus on the consumer services, healthcare, business services, industrials, and distribution sectors, with a geographic focus primarily in the United States. The motion passed (roll call), with Messrs. Green, Jones, Kelly, Knox, Santos and Ms. Greenwood voting yes. Mr. Kehoe and Ms. Sanchez were absent from the vote.

XII. EXECUTIVE SESSION (Continued)

3. Notice Of Re-Up Commitment of up to \$100 Million To
AE Industrial Partners III, L.P.
Christopher Wagner, Principal Investment Officer
Calvin Chang, Senior Investment Analyst
(For Information Only) (Memo dated February 23, 2022)

The Board received an information only report providing notice that the Chief Investment Officer approved a re-up commitment of up to \$100 million to AE Industrial Partners III, L.P., which is a private equity middle market buyout fund with a sector focus in industrials, materials, and utility services and a geographic focus primarily in the United States. The commitment is compliant with LACERA's policy regarding re-ups

XIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 11:16 a.m.

SHAWN KEHOE, SECRETARY

HERMAN SANTOS, CHAIR



March 21, 2022

TO: Each Trustee,
Board of Retirement
Board of Investments

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

SUBJECT: **CHIEF EXECUTIVE OFFICER'S REPORT – APRIL 2022**

The following Chief Executive Officer's Report highlights key operational and administrative activities that have taken place during the past month.

Strategic Planning Update

At its February meeting, the Board of Retirement approved hiring KH Consulting to assist in LACERA's strategic planning efforts. Staff is in the final phases of executing the contract and will begin the engagement in mid-April. After consultation with the BOR Chair and Vice Chair, an Advisory Team has been created that includes Trustees Harris, Knox, Sanchez, and Santos, and staff from the Executive Office, Human Resources, Legal, and Investments Divisions. The Advisory Team will partner with KH Consulting to ensure Strategic Planning process, timeline, and activities are on track and project milestones attained. We look forward to working together with staff and Trustees in the development of the strategic plan. Staff anticipates that the new Strategic Plan will be completed and considered by the Boards this fall.

Update on LACERA 2022 Elections

At their February meetings, the Board of Investments and Board of Retirement approved the Powers and Duties for their respective Board, which will be included with the ballot materials for the 2022 election and were submitted to the LA County Executive Office. The Powers and Duties for each Board have been posted on lacera.com. We have been in contact with the County on the timeline for the 2022 elections and expect to receive an update in early April.

Return to the Boardroom Preparation

Since March 2020, California has been under a state of emergency due to the pandemic that has resulted in flexibility in holding virtual board meetings, first due to certain Executive Orders by the Governor that are no longer in effect, and later to the enactment of Government Code Section 54953(e), which provided continuing flexibility to hold virtual meetings so long as the state of emergency continued. The Executive Team met with the BOR and BOI Board Chairs and Vice Chairs to discuss preparations for the return to the boardroom should the state of emergency be lifted by Governor Newsom. It was determined that discussions would resume once the state of emergency was lifted or any other changes were made that effected how Board meetings are currently being conducted. Until then the Boards will continue to meet virtually, provided they make the required findings every 30 days.

PrimeGov – Board/Committee Agenda Management, Recordings, Online Archives, and Public Interface

At its March 2022 Board of Retirement meeting, the Board approved to utilize and contract with Prime Government Solutions, Inc. (PrimeGov) for the management of both Boards and all Committee meetings, including agenda management, livestreaming, recordings, online archives, and a public interface solution, with an indefinite retention period for archiving the audio and visual recordings. Staff has executed the contract and will begin the engagement by the end of March. Staff will keep the Boards apprised of the progress and provide opportunities for feedback and participation through this monthly report, in the Operations Oversight Committee, and other avenues.

Microsoft Tenant Migration

On Tuesday, February 22, 2022, the Systems Division, in collaboration with AdaptiveEdge Inc., began LACERA's Microsoft Tenant migration. The scope of the project was to move the organizations Microsoft data (Outlook, OneDrive, SharePoint, and Teams) from three segmented tenants to one commercial tenant. The process required creating new accounts for each LACERA staff, reimaging 562 Windows workstations, and transferring all data from the old tenants to the new. LACERA officially began operating in the new tenant on Saturday, March 5, 2022.

The migration is one of many critical steps necessary to ensure that LACERA is a secure and productive enterprise. The migration improves LACERA's security profile: once in the new tenant, LACERA's Information Security office can begin integrating more specialized solutions to identify and track the use of private and confidential information. The migration also gives LACERA the opportunity to manage endpoints more effectively. Shortly after the migration is completed, LACERA will require staff members to use LACERA issued devices to access enterprise applications to reduce the possibility of data loss. In addition, the migration facilitates seamless integration of applications: any application used by LACERA staff will be integrated into one authentication solution. This integration will improve the user experience as they will not need to memorize multiple sets of credentials while improving security by requiring applications to use Multifactor Authentication (MFA). Finally, the migration will allow LACERA more flexibility to integrate other third-party applications into our Microsoft environment previously restricted under the old tenants.

Migration Results

All user accounts were successfully transitioned on March 5, 2022, and we began operating in the new tenant that day. However, there were some unforeseen challenges that occurred, with the primary issue being migration of user's data required more time to complete than expected. The delay was attributed to unexpected throttling of the data feeds in Microsoft's environment. The divisions most affected by the delayed data transfer included Disability Retirement Systems, Disability Litigation Office, Legal Services, Investments, and Financial Accounting Services Division. To bridge this gap, LACERA's infrastructure team created temporary procedures for all divisions to access data in both tenants while waiting for their data transfer to complete. The infrastructure team also worked extensively with AdaptiveEdge to leverage additional resources to accelerate the migration.

In addition to the delayed Microsoft data transfer, there was other more specialized data that was not included such as Power BI automation, Benefit Letter Template references, some SharePoint security groups, Outlook email whitelists, and video recordings. Systems is working with the owners of this data to migrate it in a separate effort.

Other Challenges

As previously stated, each user's workstation and/or laptop needed to be reimaged. This process took an average of 2 hours to complete as some users needed to set up both a new onsite and remote workstation. Once the devices were reimaged in the new tenant, all users are now required to authenticate once a day with MFA (Multifactor Authentication) which was a new process for all staff outside of the Systems Division and caused some confusion. In addition, as each division moved to the tenant, there were onetime adjustments required such as reconfiguring Audio/Video settings for Zoom, Teams and Amazon Connect, remapping access to onsite resources such as shared folders, printers and scanners, changing RDP Authentication settings, resharing MS Outlook Calendars, and rescheduling MS Teams Meetings. Additionally, there were temporary interruptions in service for some LA county and third-party applications that leverage data from the old tenant for single sign on.

Current Status

As of March 23, 2022, the data migration is officially completed, and all divisions can work effectively in the new tenant. The infrastructure team and AdaptiveEdge are performing a final review of the migration to ensure that all data was migrated successfully. We look forward to moving onto the next step in LACERA's journey to a secure and productive enterprise.

Recruitment Updates

Vacancies and Hiring

Filling vacant positions continues to be a high priority. Executive and Senior Management, in collaboration with Human Resources (HR), have developed a hiring plan that reflects our priorities, such as filling member facing positions to ensure a positive member experience. Member facing Divisions, Investments Division, Systems Division, and Legal Division are the top priorities. The Executive team, HR, and our Investments Division have met to clearly outline their hiring priorities and develop a recruitment strategy. We plan to take a similar approach with other divisions. The Executive management and HR teams will review the organizational recruitment plan at least quarterly to ensure the priorities are still appropriate given attrition that may have occurred in the prior quarter.

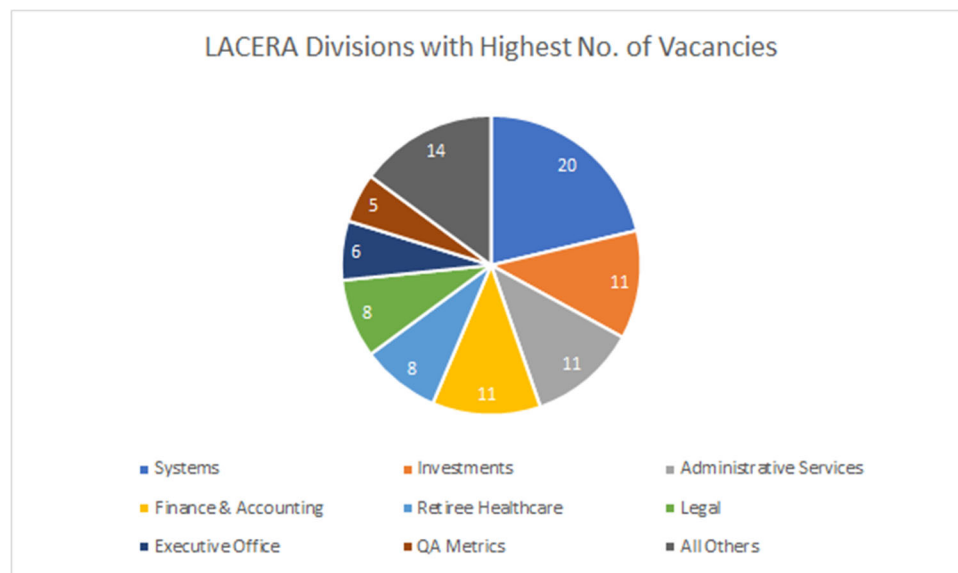
The Investments Division hiring priority continues to be Principal Investment Officer and the Division is conducting interviews in order to make a hiring decision. HR, Executive Management and Investments are working on an expedited recruitment plan for Senior Investment Officer and Finance Analyst III. There are eleven (11) vacancies in Investments (24% vacancy rate) and below is a summary of the recruitment status of these positions.

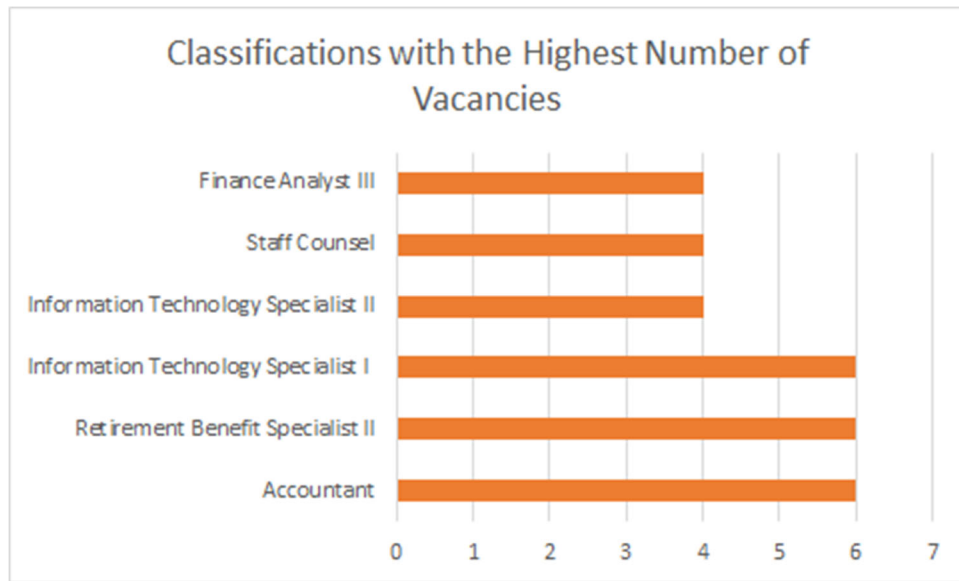
Status of vacant positions in the Investments Division

Classification	# of Vacancies	LACERA Priority	Recruitment Stage
Deputy Chief Investment Officer	1	Tier 2 – December 2022	Outsourced Recruitment
Principal Investment Officer (PIO)	1	Tier 1 – June 2022	9 – Division Interviews
Senior Investment Officer (SIO)	1	Tier 1 – June 2022	3 – Test Development
Finance Analyst III (FA III)	4	Tier 1 – June 2022	3 – Test Development
Finance Analyst II (FA II)	2	Tier 2 – December 2022	1 – Exam Requested
Senior Management Secretary	1	Tier 2 – December 2022	N/A
Principal Investment Officer (PIO)	1	Tier 2 – December 2022	N/A

Recruitment Stages: (1) Exam requested, (2) Classification review, (3) Test development, (4) Resume canvas, (5) Recruitment, (6) Assessment qualification, (7) Assessment review, (8) List promulgated, (9) Division interviews, (10) Background check, (11) Onboarding

LACERA has 508 budgeted positions, of which 94 are vacant (19% vacancy rate). The Divisions with the highest number of vacancies, and the classifications with the highest number of vacancies, are shown below.





Development

Human Resources works with the hiring Division to review the classification description, create an ideal candidate profile, and discuss the assessment process. This information is used by HR to create the job bulletin and recruiting brochure (management positions only). The recruitments/assessments are in development for Senior Investment Officer, Finance Analyst III, and Retirement Systems Specialist.

Recruiting & Assessment

The Human Resources Team promulgated the Eligible List for the Principal Investment Officer. The Data Systems Analyst I position is in the final assessment phase. The Senior Staff Counsel and Staff Counsel candidates are being vetted and the necessary documents are being prepared for submittal to the Executive Office for approval. Candidates for the Human Resources transfer opportunities are still being considered. Candidates for the Interdepartmental Transfer opportunity for the accountant position that posted on January 25, 2022 have been interviewed and are under consideration. A Request for Proposal to solicit executive recruitment services to fill items such as the Deputy Chief Investment Officer, Chief Financial Officer, Chief Information Technology, and Information Security Officer, Principal Investment Officer, and Senior Investment Officer positions was posted on February 24, and closed on March 22, 2022. Human Resources will move forward with the planned process and timeline. The review of our internal recruitment and hiring capacity is almost complete. The purpose of that review was to determine how best to use outside recruitment resources or to conduct employment exams using internal resources over the next few months.

Hiring

No new staff members were hired since the last report.

Retiree Healthcare (RHC) Update

SCAN Health Plan Service Area Expansion

SCAN Health has expanded their service area in California and added two new States effective January 1, 2022. SCAN's eligible service area now includes Alameda and San Mateo counties. In addition, they have also expanded into Arizona (Maricopa, Pima, Pinal Counties) and Clark County, Nevada. Staff will be presenting more on this at the Insurance Benefits and Legislative Committee meeting.

\$1 Million Lifetime Maximum Benefit (LMB) for Non-Medicare Plans - Update

LACERA staff continues to be engaged with the Board of Supervisors and County of Los Angeles CEO's office on the elimination of the \$1 million dollar Lifetime Maximum Benefit (LMB). The LMB applies to over 8,700 County active members and retirees enrolled now (or in the future) in the PPO and indemnity plan options.

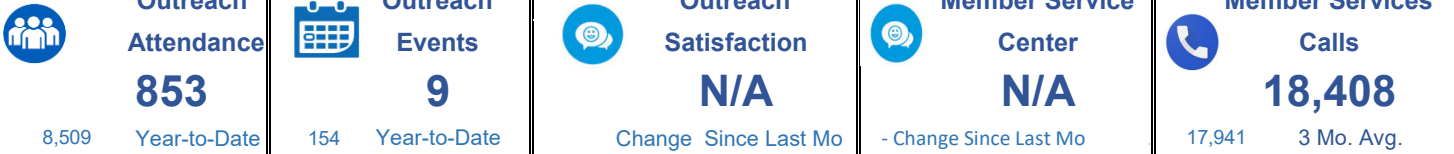
Although the County CEO's office has completed their own impact and cost analysis on the elimination of the \$1 million LMB, they have yet to present their findings to the BOS. Nonetheless, we provided supplemental information to the County CEO and BOS staff including case studies showing the financial and continuity of care impacts the LMB has had on our retired members. We will continue to monitor the situation and will inform the Board Trustees once the meeting is scheduled by the County and BOS.

SHK
CEO report Apr.2022.doc

Attachments

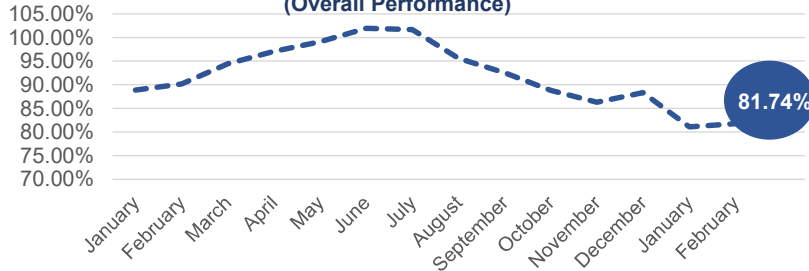
Striving for Excellence in Service

Service Metrics Reported on a Fiscal Year Basis (July 1) Through: February 2022

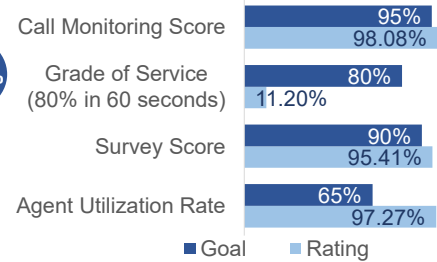


Key Performance Indicator (Overall Performance)

Goal: 100%



Key Performance Indicator (Components)



Member Services



Top Calls

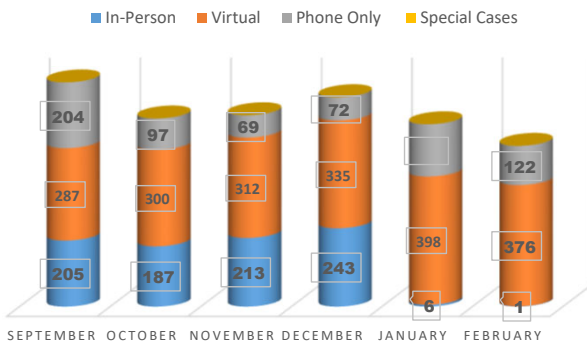
1. Retirement Counseling: Process Overview
2. Retirement Counseling: Estimate
3. Retirement Counseling: Plan Overview

Emails **1,172**
24:00 hours
Avg. Response Time (ART)

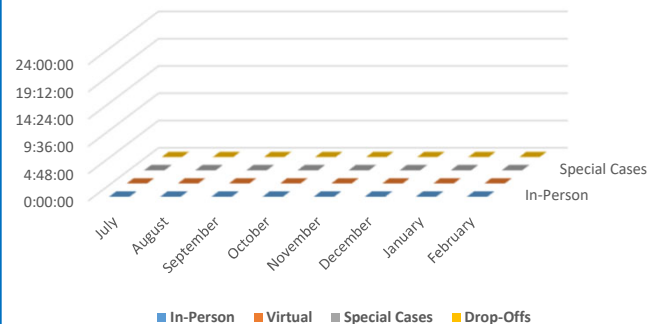
Secure Messages **604**



Member Service Center Appointments



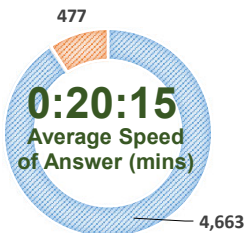
Member Service Center Average Wait Times



*Wait time not currently available - However, minimal for all categories.

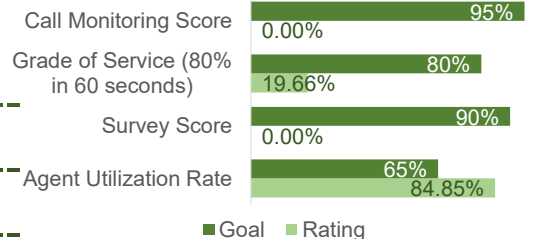
Retiree Healthcare

Total RHC Calls: 5,140



Top Calls

1. Medical/Dental Enrollments
2. Medicare Part B Inquiries
3. General Inquiries



Emails **356**
5 Days
Avg. Response Time (ART)

Secure Messages **613**



Striving for Excellence in Service (Continued)

Applications

823

In Process

As Of:

2/28/2022

811 Pending on: 1/31/2022

62 Received

485 Year-to-Date

0 Re-Opened

0 Year-to-Date

39 To Board - Initial

362 Year-to-Date

11 Closed

39 Year-to-Date

Appeals

70

In Process

As Of:

2/28/2022

71 Pending on: 1/31/2022

2 Received

17 Year-to-Date

2 Admin Closed/Rule 32

21 Year-to-Date

1 Referee Recommended

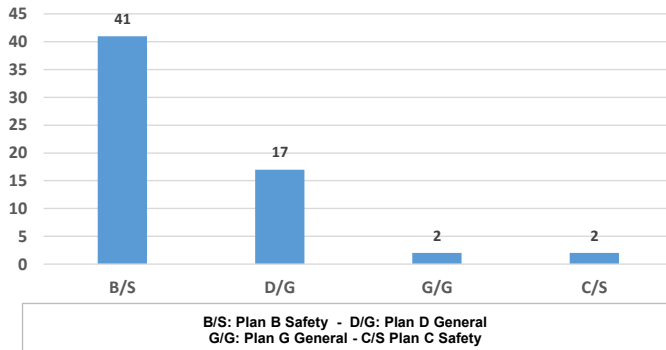
6 Year-to-Date

0 Revised/Reconsidered for Granting

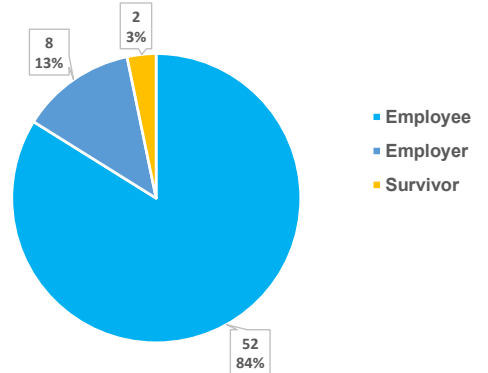
0 Year-to-Date

Disability

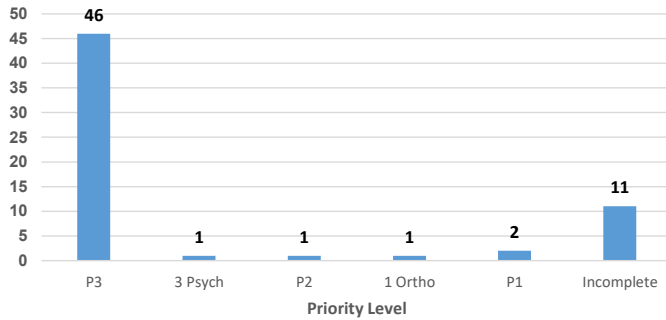
Applications Filed By Plan



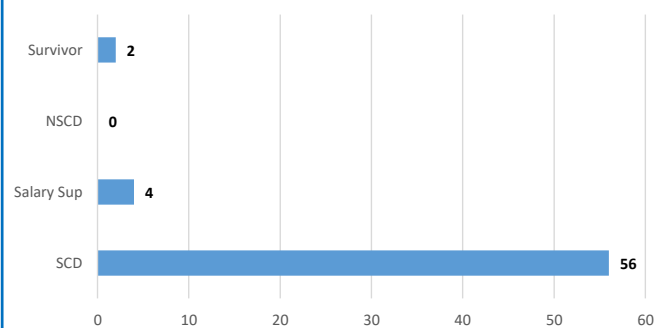
Applications Filed By Source



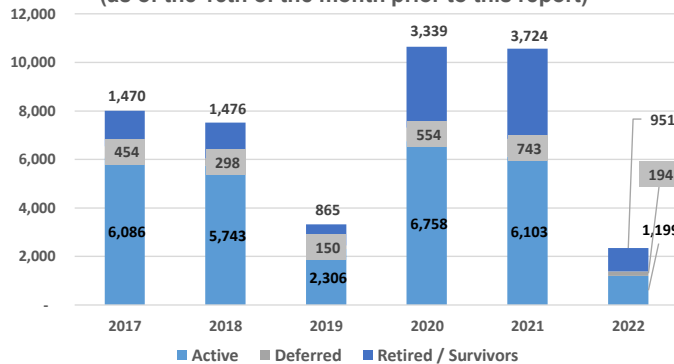
Applications Filed By Priority Level



Applications Filed By Type



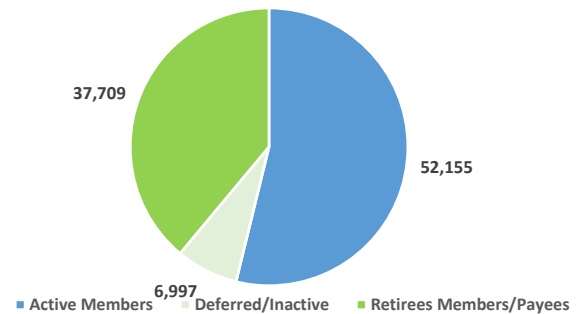
MyLACERA Annual Registration
(as of the 15th of the month prior to this report)



96,861

58%

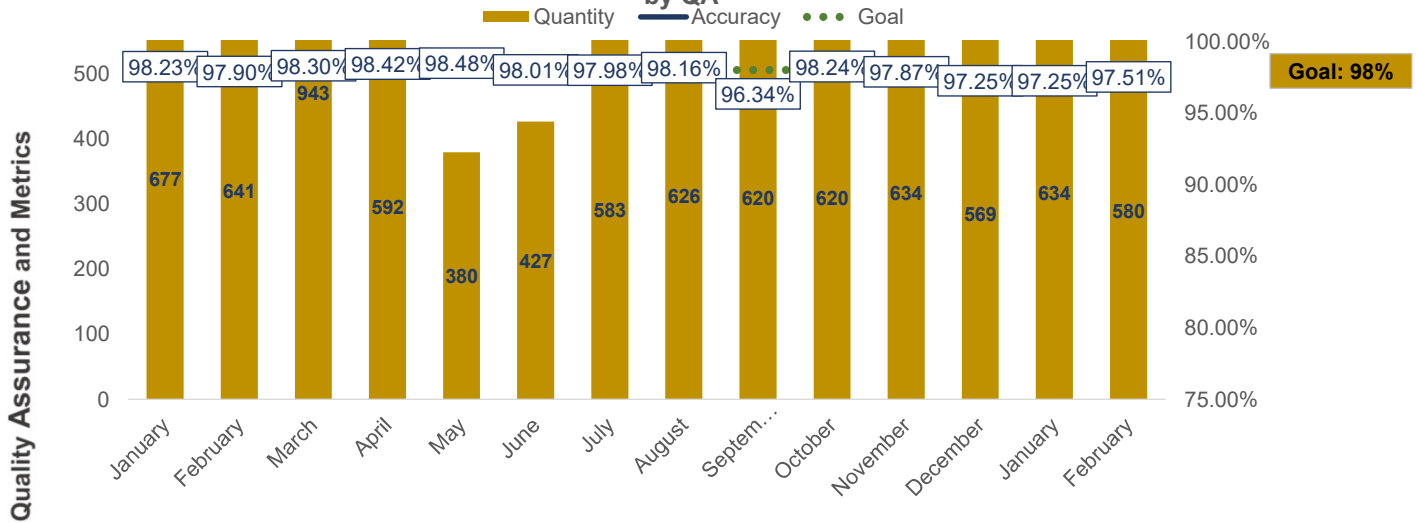
Total Registrations By Member Type



My LACERA

Striving for Excellence in Quality

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



February



Retirement Elections

370 Samples
98.47% Accuracy

Payment Contracts

122 Samples
97.70% Accuracy

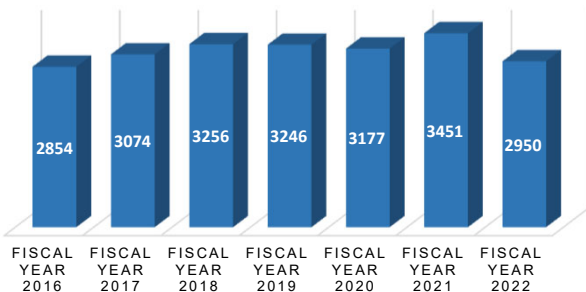
Data Entry

88 Samples
96.36% Accuracy

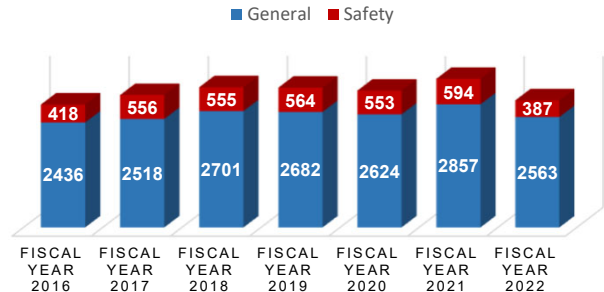
MEMBER SNAPSHOT

Members as of 03/15/2022					
General	Plan	Active	Retired	Survivors	Total
	Plan A	63	14,214	4,193	18,470
	Plan B	18	645	69	732
	Plan C	20	422	65	507
	Plan D	36,798	19,583	1,780	58,161
	Plan E	14,449	14,710	1,479	30,638
	Plan G	32,766	159	13	32,938
	Total General	84,114	49,733	7,599	141,446
Safety	Plan A	2	4,610	1,651	6,263
	Plan B	8,375	7,265	379	16,019
	Plan C	4,662	18	2	4,682
	Total Safety	13,039	11,893	2,032	26,964
TOTAL MEMBERS		97,153	61,626	9,631	168,410
% by Category		58%	37%	6%	100%

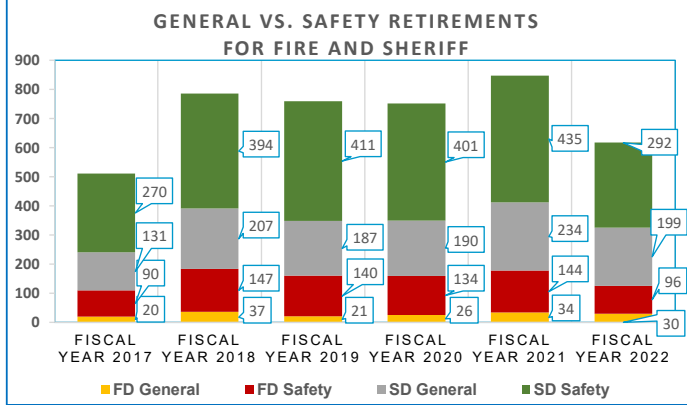
RETIREMENTS BY YEAR



ANNUAL RETIREMENTS BY TYPE



MEMBER SNAPSHOT (Continued)



SPACE AVAILABLE FOR FUTURE EXPANSION

Average Monthly Benefit Allowance Distribution March 23, 2022

	General	Safety	Total	%
\$0 to \$3,999	30,238	1,688	31,926	52.40%
\$4,000 to \$7,999	13,706	3,450	17,156	28.16%
\$8,000 to \$11,999	3,722	4,280	8,002	13.13%
\$12,000 to \$15,999	1,018	1,835	2,853	4.68%
\$16,000 to \$19,999	332	363	695	1.14%
\$20,000 to \$23,999	100	117	217	0.36%
\$24,000 to \$27,999	25	29	54	0.09%
> \$28,000	21	3	24	0.04%
Totals	49,162	11,765	60,927	100%

Average Monthly Benefit Allowance: \$ 4,612.00

Healthcare Program

(Mo. Ending: 2/28/2022)

	Employer	Member
Medical	\$387.8	\$28.8
Dental	\$30.9	\$3.0
Part B	\$53.7	\$0.0
Total	\$472.4	\$31.8

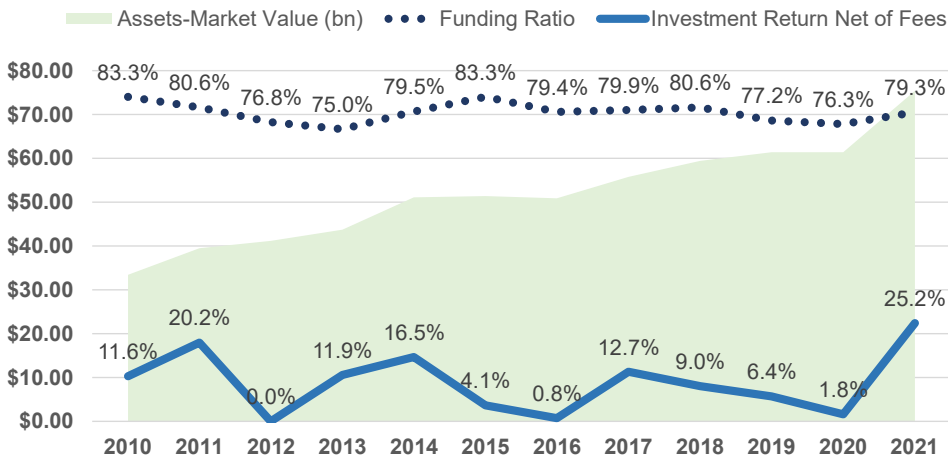
Healthcare Enrollments

(Mo. Ending: 2/28/2022)

Medical	53,390
Dental	55,043
Part B	36,689
LTC	550
Total	145,672

Key Financial Metrics

Fiscal Year End Financial Update (as of 06/30/2021)



Funding Metrics

(as of 6/30/21)

Employer NC	10.88%
UAAL	13.58%
Assumed Rate	7.00%
Star Reserve	\$614m
Total Assets	\$73.0b

Contributions

(as of 6/30/21)

	Employer	Member
Annual Add	\$2.0b	\$761.0m
% of Payroll	24.46%	7.87%

TOTAL FUND RETURN

(Net of Fees)

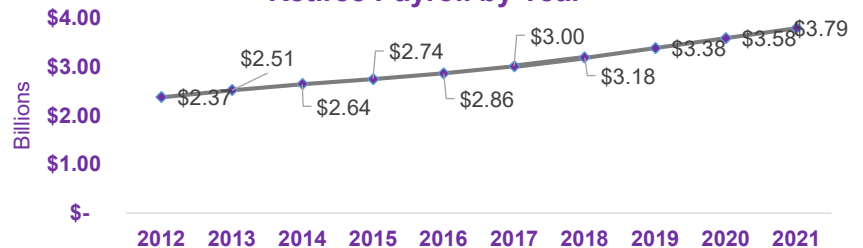
5 YR: 10.8% 10 YR: 8.6%

Retired Members Payroll

(As of 2/28/2022)

Monthly Payroll	\$338.16m
Payroll YTD	\$2.7b
New Retired Payees Added	448
Seamless %	99.93%
New Seamless Payees Added	3,010
Seamless YTD	96.11%
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*
Search for Classification & Compensation Study Services (HR)	Human Resources	May 24, 2021	Bid Review	<ul style="list-style-type: none"> • Koff and Associates • Magnova Consultant • Grant Thornton • Reward Strategy Group
Search for Classification & Compensation Study Services (RHC)	Human Resources	May 24, 2021	Bid Review	<ul style="list-style-type: none"> • Koff and Associates • Magnova Consultant • Grant Thornton • Reward Strategy Group
Agenda Management, Livestream, Recording, & Archiving	Board Offices	April 16, 2021	Contract Negotiation	<ul style="list-style-type: none"> • PrimeGov
Contract Lifecycle Management Application	Administrative Services/ Systems	March 4, 2022	Board Approved the RFP & RFP Released via LACERA.COM	<ul style="list-style-type: none"> • Agiloft • Cobblestone • DocuSign • Icertis • Ironclad • Pantheon • Periscope • SimpliContract INC • Stria • Sysintellects LLC • Technology Solutions Consultants LLC
Strategic Planning Consultant	Board Offices	August 23, 2021	Contract Negotiation	<ul style="list-style-type: none"> • KH Consulting

RFP/RFI Name	Issuing Division	RFP Issued	Status*	Quiet Period for RFP Respondents*
Case Management Software Solution	Systems Division	October 6, 2021	Finalizing Vendor Finalist Selection, Reference Verification, & Deep Dive Technical Due Diligence	<ul style="list-style-type: none"> • RGB Projects • MERP Systems • Eccentex
Insurance Brokerage Services	Administrative Services	January 5, 2022	Vendor Evaluation & Selection	<ul style="list-style-type: none"> • Alliant Insurance Services • Gallagher Risk Management Services • Liberty Company Insurance Brokers • Seeman Holtz/ Kaercher Campbell
Budget Software	Administrative Services/ Systems	March 10, 2022	RFP Release	<ul style="list-style-type: none"> • Board.com • Prophix.com • Workday Adaptive Planning (adaptiveplanning.com) • Planning Maestro (Centage.com) • Deloitte • Questica • GNC Consulting • Oracle • Open Gov • Neubrain • VenaCorp.com • Sherpa • GovSense

*Subject to change

**Does not include Investments related vendor searches

Date	Conference
April, 2022	
4-8	Investment Strategies & Portfolio Management Wharton School, University of Pennsylvania Live Online
25-26	IFEBP (International Foundation of Employment Benefit Plans) Health Care Mgmt. Conference Phoenix, AZ
26-27	Congress of Private Capital and Entrepreneurial Capital of the Pacific Alliance Conference Bogota, Columbia
27-28	IFEBP (International Foundation of Employment Benefit Plans) Investments Institute Phoenix, AZ
29	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees Virtual
May, 2022	
1-3	CRCEA (California Retired County Employees Association) Spring Conference Virtual
1-4	Milken Institute Global Conference Los Angeles, CA
5	Women’s Alliance of Saxena White First Annual Diversity Investing Symposium Delray Beach, FL
10-13	SACRS Spring Conference Rancho Mirage, CA
21-22	NCPERS (National Conference on Public Employee Retirement Systems) Trustee Educational Seminar (TEDS) Washington, D.C.
21-22	NCPERS (National Conference on Public Employee Retirement Systems) Program for Advanced Trustee Studies (PATs) Washington, D.C.
21-22	NCPERS (National Conference on Public Employee Retirement Systems) Accredited Fiduciary (NAF) Program Washington, D.C.
22-25	NCPERS (National Conference on Public Employee Retirement Systems) Annual Conference & Exhibition (ACE) Washington, D.C.
23-24	IFEBP (International Foundation of Employment Benefit Plans) Washington Legislative Update Washington D.C.

Chief Investment Officer Monthly Report

Board of Investments

April 13, 2022



Jonathan Grabel 
Chief Investment Officer

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Table of Contents

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

Market Environment



Global Market Performance as of March 31, 2022

MSCI ACWI Index (Global Equity Market)*

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
2.0	-5.5	-5.5	6.3	13.5	11.4	10.0

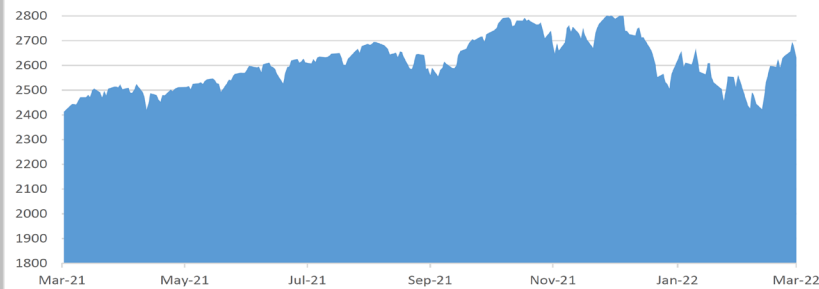
MSCI ACWI IMI Index 1-Year Performance



Russell 3000 Index (U.S. Equity Market)

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
3.2	-5.3	-5.3	11.9	18.2	15.4	14.3

Russell 3000 1-Year Performance



MSCI Emerging Market Index

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
-2.3	-7.0	-7.0	-11.4	4.9	6.0	3.4

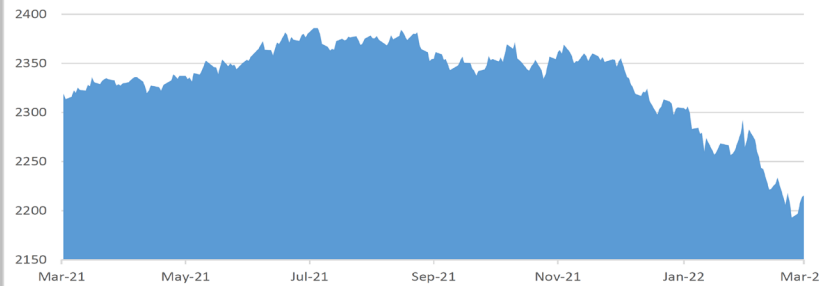
MSCI Emerging Markets 1-Year Performance



Barclays U.S. Aggregate Bond Index**

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
-2.8	-5.9	-5.9	-4.2	1.7	2.1	2.2

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

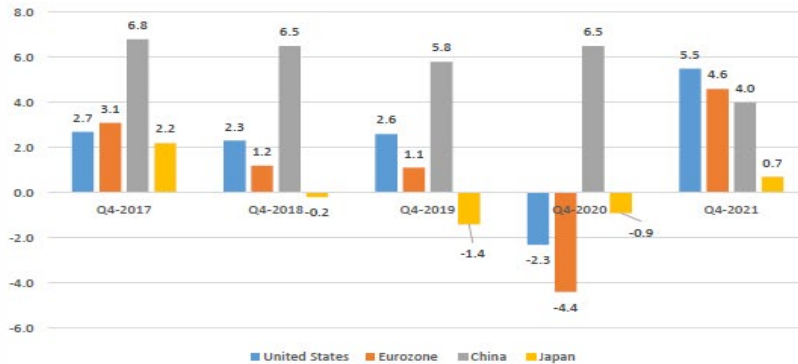
Source: Bloomberg



Key Macro Indicators*

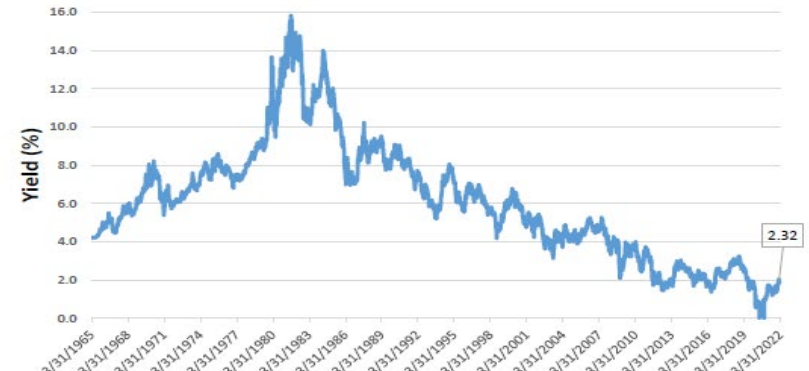
GDP Growth of Major Economies¹

Real GDP Growth YoY (%) - Last Five Years



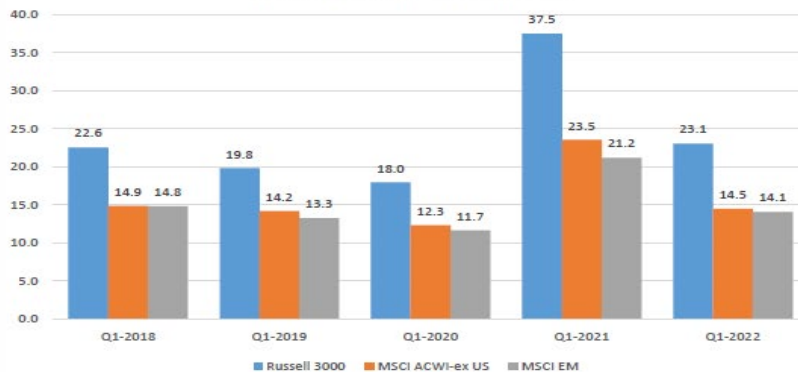
Historical Low for 10-Year Treasury Yield²

Historical 10-Year Treasury Yield



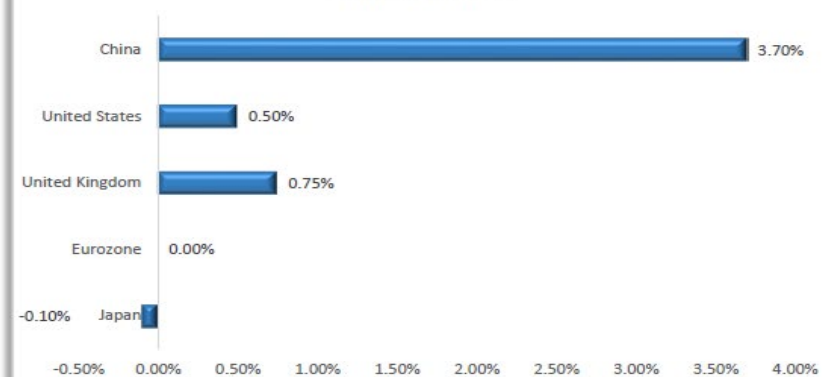
World Equity Valuation³

Price-to-Earnings - Last Five Years



Central Bank Rates⁴ (as of 3/31/2022)

Central Bank Rates



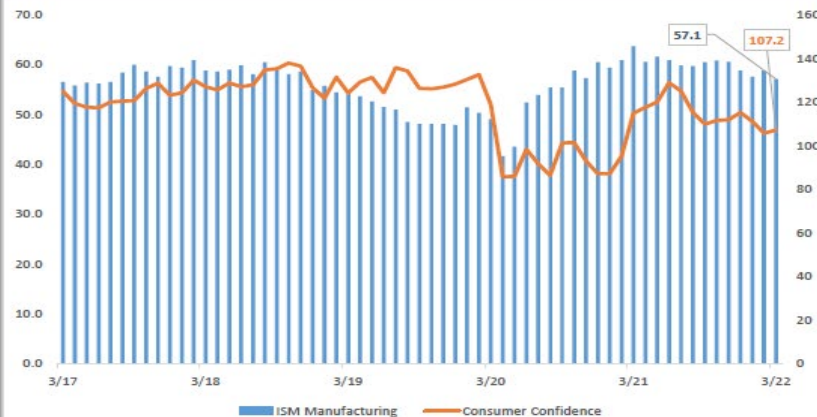
*The information on the "Key Macro Indicators" charts is the best available data as of 3/31/22 and may not reflect the current market and economic environment.

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



Key Macro Indicators*

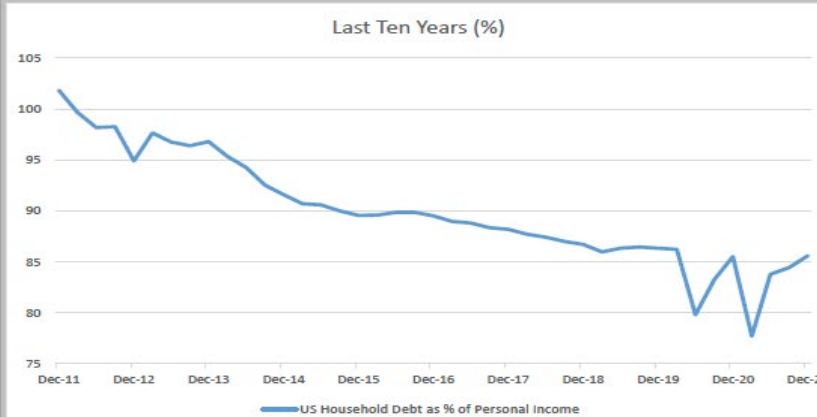
Consumer Confidence & ISM Manufacturing¹



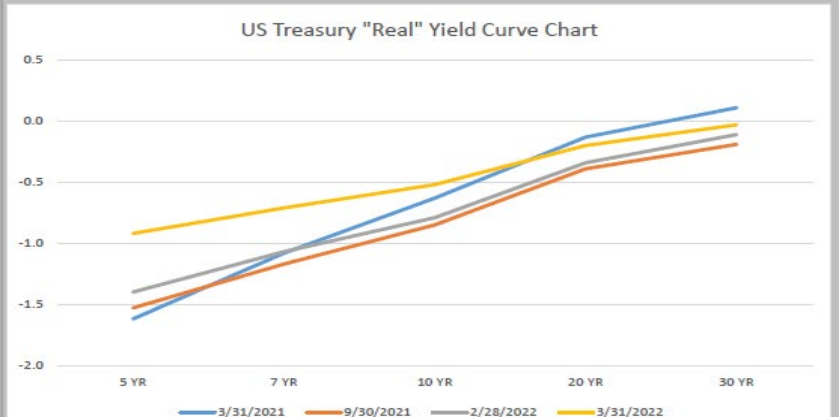
U.S. Inflation, Unemployment, & Labor Force Participation²



U.S. Household Debt as % of Personal Income³



U.S. Treasury "Real" Yield Curve⁴



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 3/31/22 and may not reflect the current market and economic environment.



Market Themes and Notable Items to Watch

Recent Themes

- Russia-Ukraine war
 - Impacting global investment markets and supply chains
 - Over 2,600 civilian casualties and over 4 million refugees fleeing Ukraine since 2/24/22
- Covid-19
 - More than 487 million cases, 6.1 million deaths, and 10.8 billion vaccine doses
- U.S. Federal Reserve raised its benchmark federal funds rate by 0.25%, the first increase since 2018
- The U.S. 10-year treasury yield ended February at 2.32%, up from 1.52% at the end of 2021 and 0.93% at the end of 2020
- Global equities (MSCI All Country World Investable Market Index) gained 2.0% after declining 7.5% in aggregate from January through February
- The consumer price index (CPI) rose 7.9% in February -- a four-decade-high inflation reading and slide 21 includes additional detail

What to Watch

- Russia-Ukraine war
 - Potential military and other escalations
 - Follow-on implications for geopolitics, global commerce, and markets
- Covid-19
 - Economic and consumer behavior impacts
 - Evolution of Covid variants, transmissibility, and vaccine efforts
- Environmental, social, governance
 - SEC proposes new rules for climate and cybersecurity reporting and SPAC restrictions
 - Climate Action 100+ releases report indicating languid progress across key indicators of carbon-intensive companies addressing climate risks
- Economic data and trends
 - Inflation, supply chains and labor market developments
- Changing macro conditions
 - Central bank actions and geopolitical risks



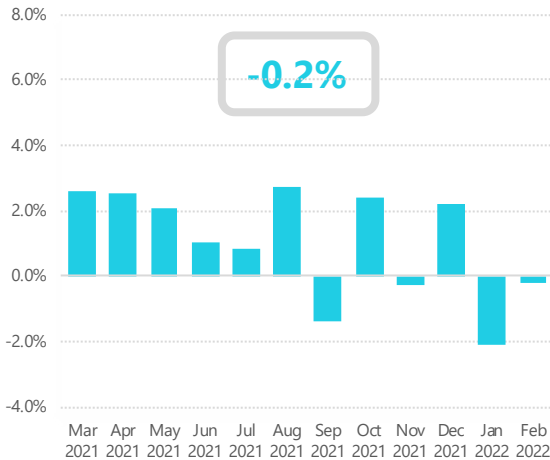
Portfolio Performance & Risk Updates



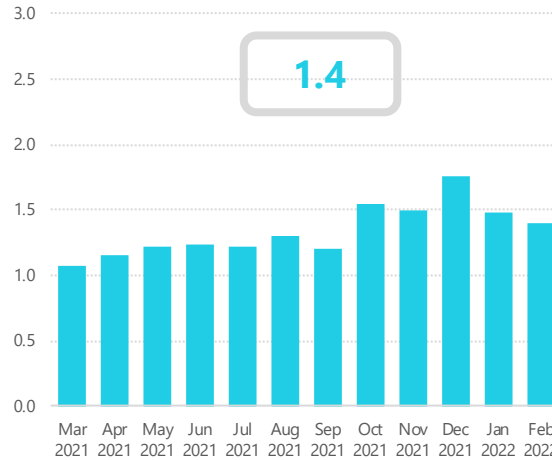
Total Fund Summary

as of February 2022

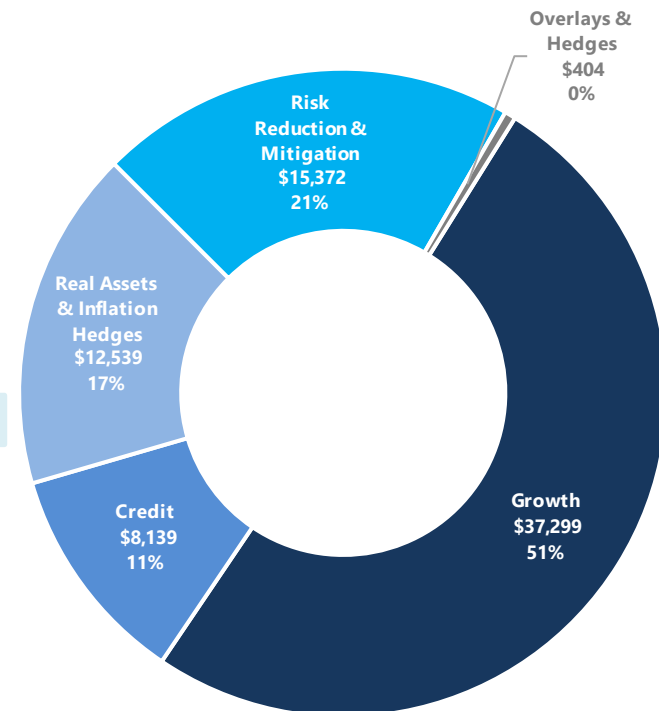
Monthly Return (net)



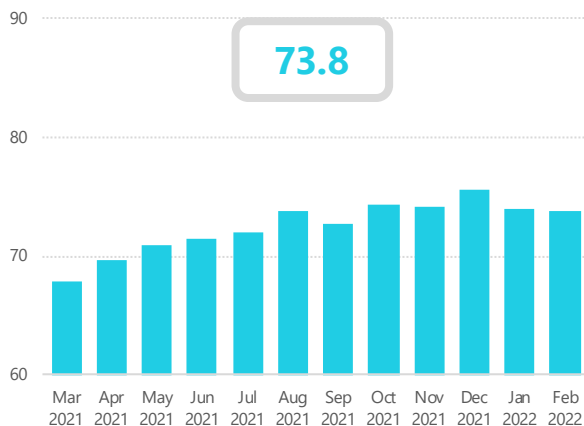
Sharpe Ratio (3-year annualized)



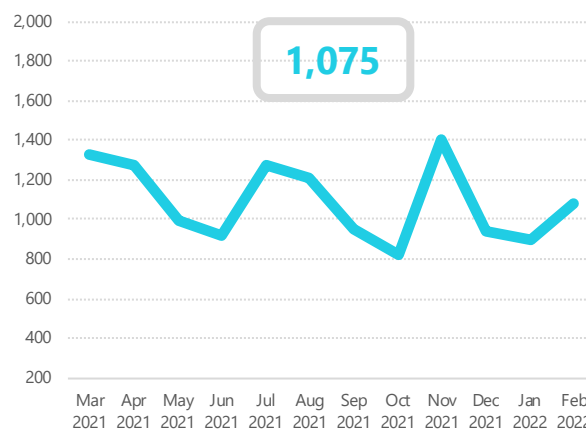
Asset Allocation (\$ millions)



Total Market Value (\$ billions)



Cash (\$ millions)

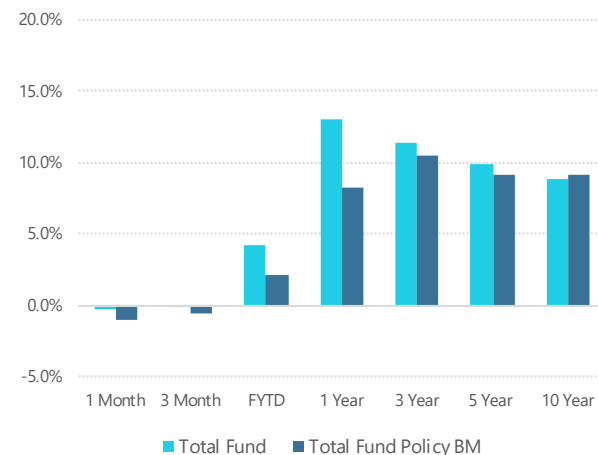


Historical Net Performance

as of February 2022

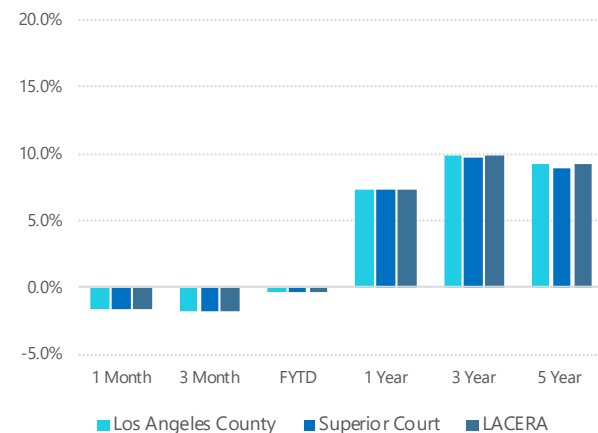
LACERA Pension Fund

	Market Value (\$ millions)	% of Total Fund	Interim Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
Total Fund	73,753	100.0%	100.0%	-0.2%	-0.1%	4.2%	13.0%	11.4%	9.9%	8.9%
Total Fund Policy BM				-1.0%	-0.6%	2.1%	8.2%	10.5%	9.1%	9.1%
7% Annual Hurdle Rate				0.6%	1.7%	4.6%	7.0%	7.0%	7.0%	7.0%
Growth	37,299	50.6%	51.0%	-1.1%	-1.6%	4.5%	18.9%			
Growth Policy BM				-2.1%	-2.3%	1.2%	11.3%			
Credit	8,139	11.0%	11.0%	-0.8%	-0.2%	1.4%	5.6%			
Credit Policy BM				-1.5%	-1.2%	-0.7%	0.6%			
Real Assets & Inflation Hedges	12,539	17.0%	17.0%	3.7%	7.1%	12.1%	18.8%			
Real Assets & Inflation Hedges Policy BM				2.2%	7.6%	11.8%	18.8%			
Risk Reduction & Mitigation	15,372	20.8%	21.0%	-0.6%	-2.4%	-2.0%	-1.0%			
Risk Reduction & Mitigation Policy BM				-0.8%	-2.7%	-1.9%	-1.3%			
Overlays & Hedges	404	0.5%		1.7%	30.3%					



OPEB Master Trust¹

	Market Value (\$ millions)	% of Master Trust	Interim Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year
OPEB MASTER TRUST	2,481			-1.6%	-1.9%	-0.4%	7.3%	9.8%	9.2%
Los Angeles County	2,410	97.1%	—	-1.6%	-1.9%	-0.4%	7.3%	9.8%	9.2%
Superior Court	62	2.5%	—	-1.6%	-1.7%	-0.3%	7.3%	9.7%	8.9%
LACERA	10	0.4%	—	-1.6%	-1.9%	-0.4%	7.3%	9.8%	9.2%
OPEB Growth	1,215	49.0%	50.0%	-2.4%	-3.7%	-2.8%	7.0%	13.4%	11.5%
OPEB MT Growth Policy BM				-2.3%	-3.7%	-2.8%	6.9%	13.1%	11.2%
OPEB Credit	503	20.3%	20.0%	-1.6%	-1.2%	-2.3%	-0.8%	2.9%	--
OPEB MT Credit Policy BM				-1.5%	-1.5%	-2.1%	-0.4%	3.4%	--
OPEB Real Assets & Inflation Hedges	514	20.7%	20.0%	-0.1%	3.0%	9.0%	21.5%	9.8%	--
OPEB MT RA & IH Policy BM				-0.3%	2.8%	9.0%	21.6%	9.7%	--
OPEB Risk Reduction & Mitigation	248	10.0%	10.0%	-0.9%	-2.8%	-2.5%	-2.1%	2.9%	2.7%
OPEB MT RR & M Policy BM				-0.9%	-2.8%	-2.5%	-2.1%	2.8%	2.5%
Operational Cash	0	0.0%							

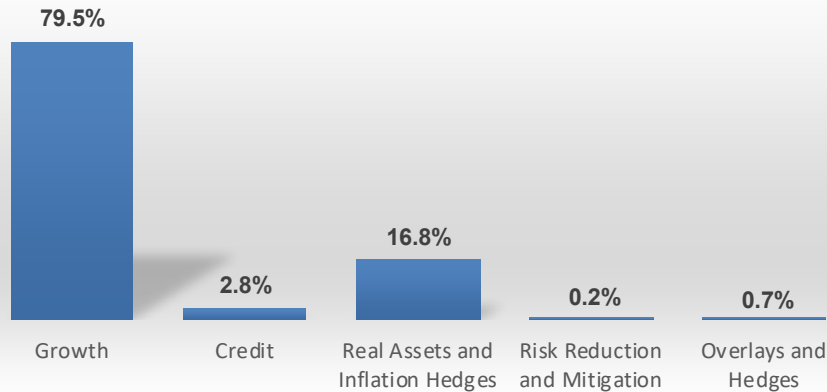


1. Market value differences between the sub-trusts and functional composites are due to operational cash.

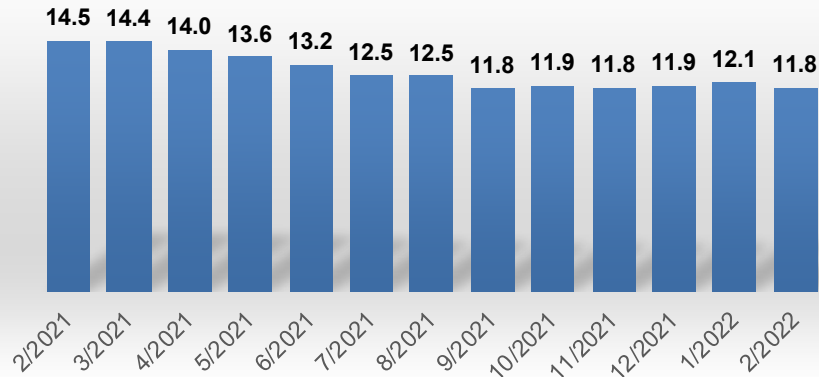
Total Fund Forecast Risk*

as of February 2022

%Contribution to Total Risk



Total Risk



	%Weight	% Cont. to Total Risk	Standalone Total Risk	Standalone BMK Risk**
Total Fund			11.8	11.4
Growth	50.4%	79.5%	18.8	18.0
Global Equity	33.8%	47.6%	17.2	17.4
Private Equity	15.2%	28.3%	25.1	24.7
Non-Core Private Real Estate	1.4%	3.6%	45.3	18.0
Credit	11.0%	2.8%	4.0	4.8
Liquid Credit	6.7%	2.2%	5.1	4.8
Illiquid Credit	4.3%	0.7%	3.8	4.8
Real Assets & Inflation Hedges	17.3%	16.8%	12.7	12.9
Core Private Real Estate	5.7%	6.8%	20.6	18.0
Natural Resources & Commodities	5.2%	5.1%	14.5	19.2
Infrastructure	3.6%	4.4%	16.3	16.7
TIPS	2.9%	0.4%	4.8	4.7
Risk Reduction and Mitigation	20.7%	0.2%	3.6	3.4
Investment Grade Bonds	12.1%	0.1%	3.9	3.8
Diversified Hedge Funds	5.1%	0.4%	4.0	0.1
Long-Term Government Bonds	1.5%	0.0%	0.0	0.1
Cash	2.0%	-0.3%	-	-
Overlays and Hedges	0.6%	0.7%	-	-

*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 9/30/2021

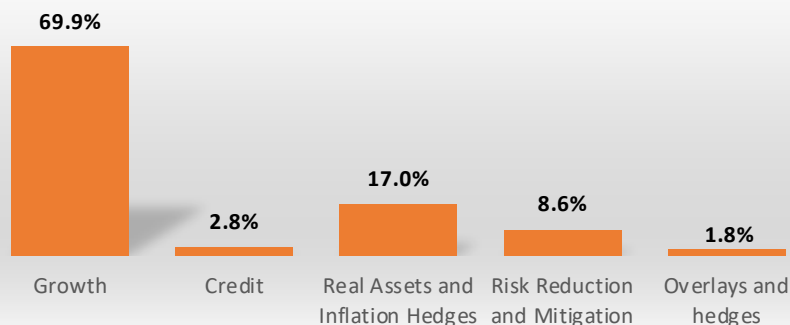
**BMK Risk stands for Benchmark Risk



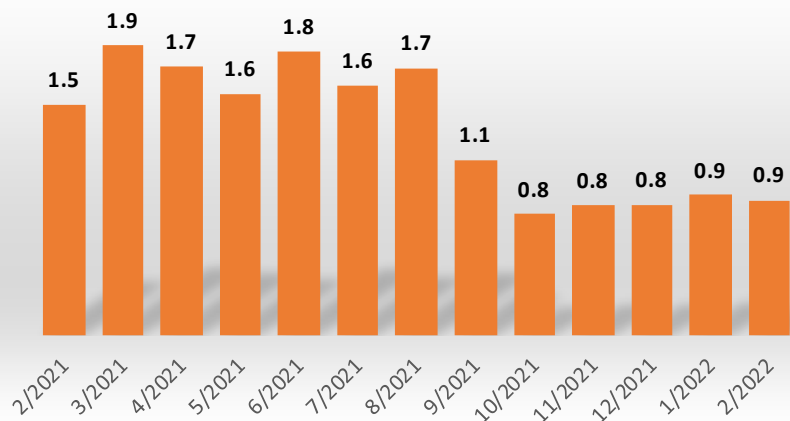
Total Fund Forecast Active Risk*

as of February 2022

Active Risk Contribution



Active Risk



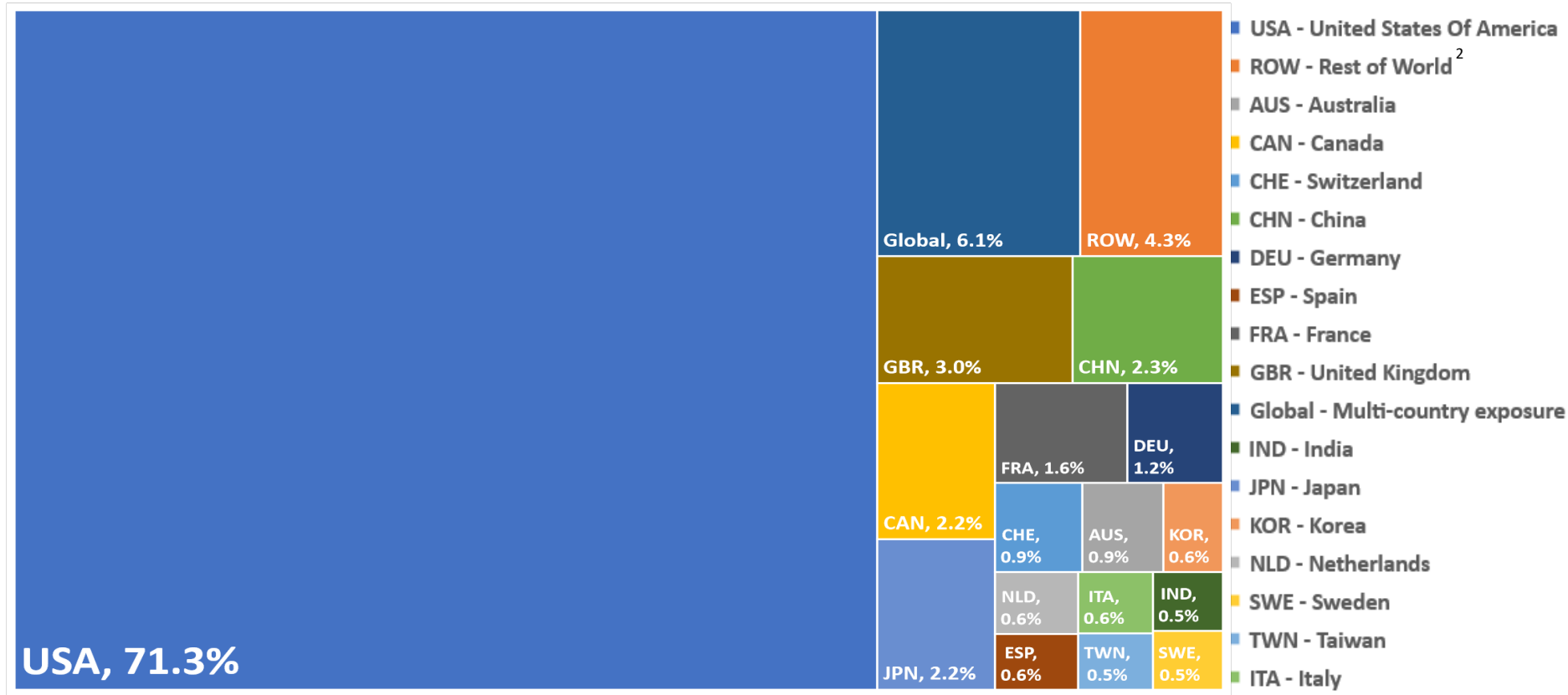
	%Weight	Active Weight%	Active Risk	Active Risk Allocation	Active Risk Selection
Total Fund			0.87	0.01	0.87
Growth	50.4%	-0.61%	0.61	-0.02	0.63
Global Equity	33.8%				
Private Equity	15.2%				
Non-Core Private Real Estate	1.4%				
Credit	11.0%	0.01%	0.02	0.00	0.02
Liquid Credit	6.7%				
Illiquid Credit	4.3%				
Real Assets & Inflation Hedges	17.3%	0.33%	0.15	0.00	0.15
Core Private Real Estate	5.7%				
Natural Resources & Commodities	5.2%				
Infrastructure	3.6%				
TIPS	2.9%				
Risk Reduction and Mitigation	20.7%	-0.30%	0.08	0.01	0.06
Investment Grade Bonds	12.1%				
Diversified Hedge Funds	5.1%				
Long-Term Government Bonds	1.5%				
Cash	2.0%				
Overlays and Hedges	0.6%	0.57%	0.02	0.02	-

*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 9/30/2021



Geographic Exposures by AUM* - Total Fund

as of February 2022 ex-overlays and hedges



- The Total Fund's exposure to Russia is approximately 0.04% at the time this report was completed.

*AUM = assets under management

¹ 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 9/30/2021

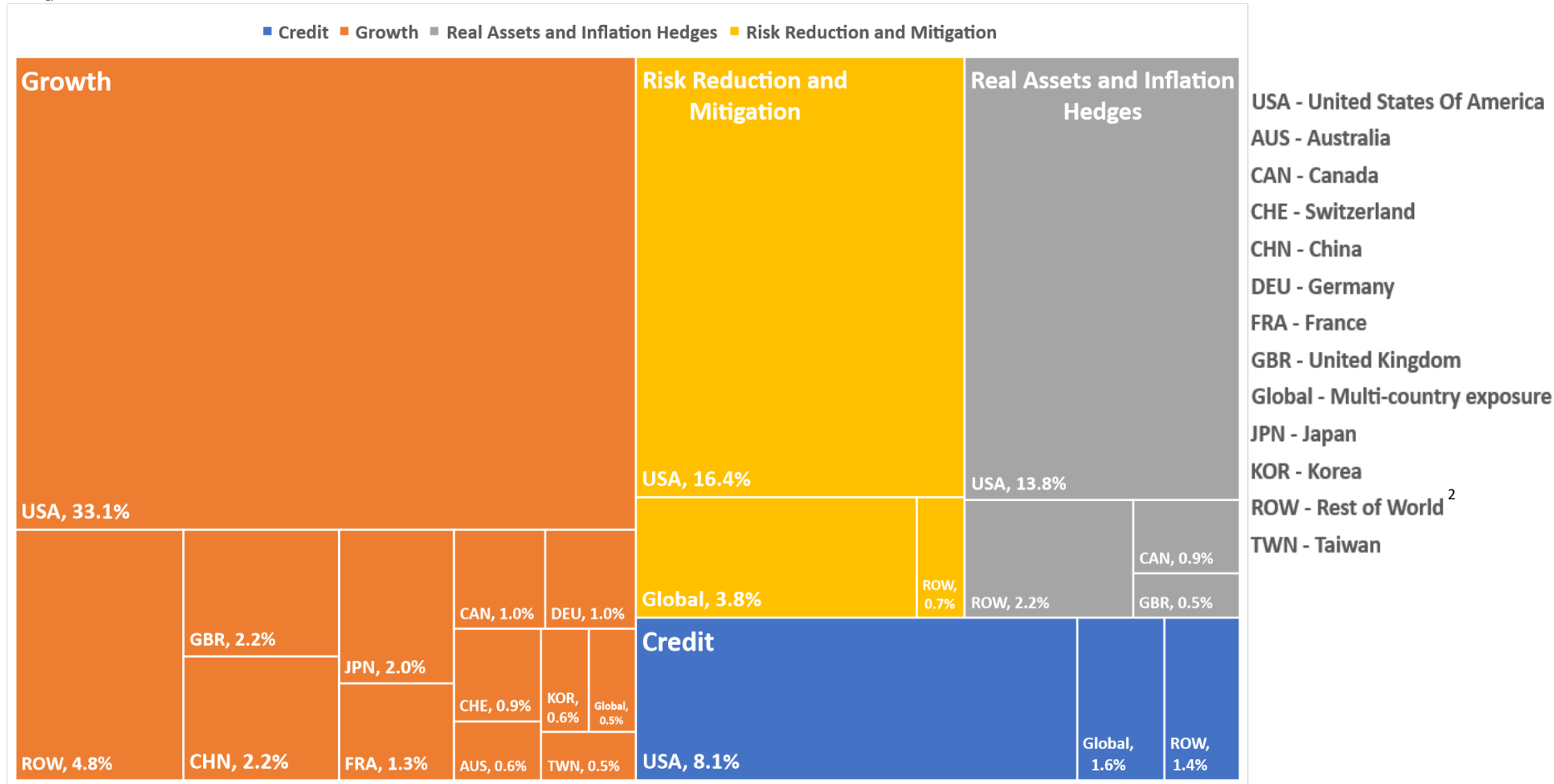
² "ROW - Rest of World" is sum of countries with weight below 0.5%

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



Geographic Exposures by AUM* - Asset Categories

as of February 2022 ex-overlays and hedges



*AUM = assets under management

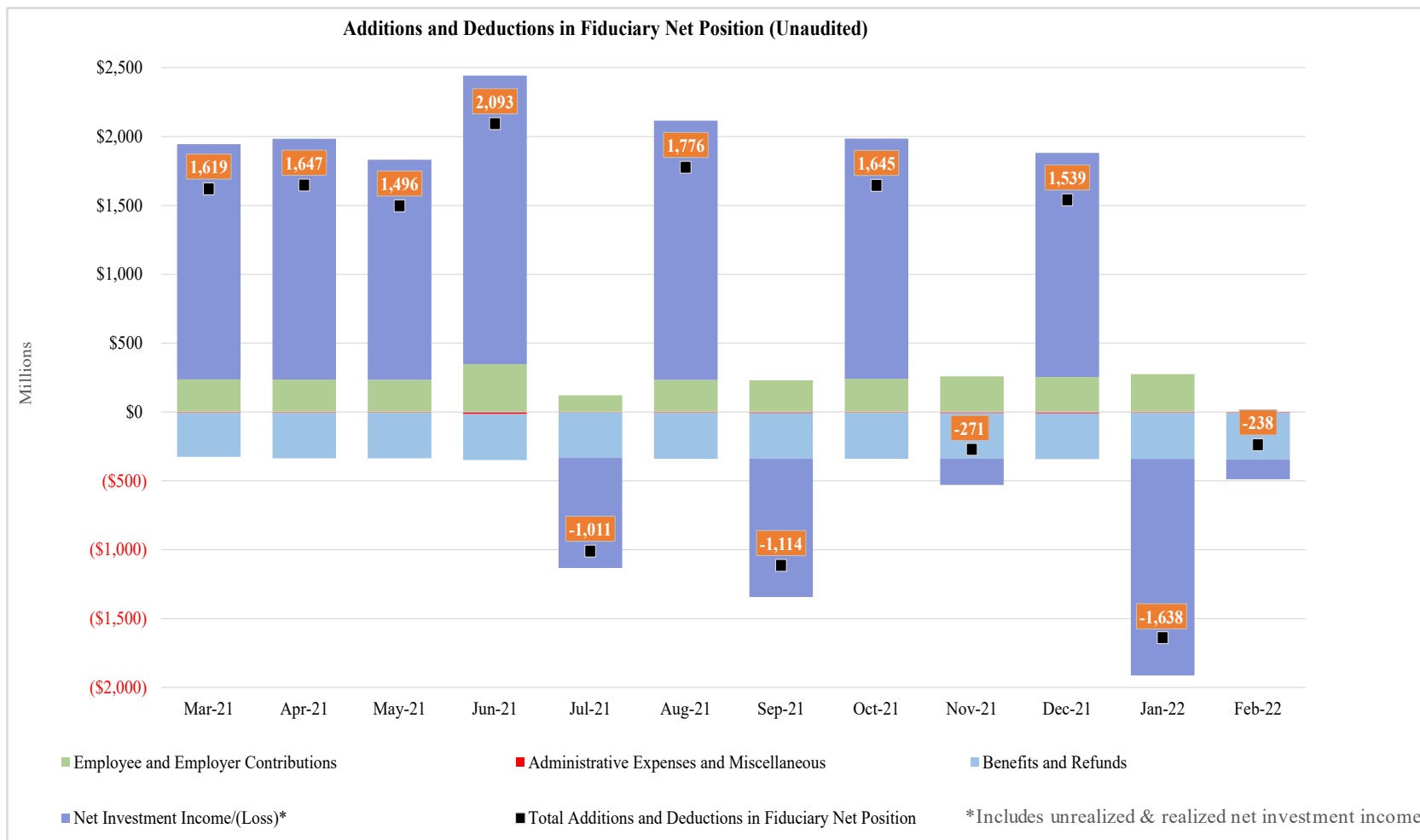
¹ *Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change. Real estate and private equity data used is as of 9/30/2021

² "ROW - Rest of World" is sum of countries with weight below 0.5%

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



Change In Fiduciary Net Position



Fiscal Year	Negative Months	Positive Months	Total Net Position Change \$
FY-20	5	7	-
FY-21	2	10	\$13.8 billion
FY-22	5	3	\$687 million



Portfolio Structural Updates



Portfolio Structural Updates

Portfolio Movements

Rebalancing Activity



Hedges and Overlays

Program	February Return	February Gain/Loss	Inception* Gain/Loss
Currency Hedge**	-0.2%	\$24.9 Million	\$1.0 Billion
Cash/Rebalance Overlay***	1.3%	\$18.6 Million	\$12.0 Million

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

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

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

Current Search Activity

Status of Active Searches – Subject to Change

Name	RFP Issued	Due Diligence	BOI Review
Illiquid Credit Emerging Manager Program Search	●	●	Anticipated Mid 2022
Custody Bank Search	●	●	Anticipated Late 2022
OPEB Private Market Investments Search	●		Anticipated Mid 2022

Quiet Period for Search Respondents

Custody Bank Search

- ✓ State Street Bank and Trust Co.

Illiquid Credit Emerging Manager Program Search

- ✓ BlackRock Alternative Advisors
- ✓ Blackstone Alternative Asset Management
- ✓ Cambridge Associates
- ✓ GCM Grosvenor
- ✓ Stable Asset Management



Key Initiatives and Operational Updates



Notable Initiatives and Operational Updates

Key Initiative Updates

- Implementation is ongoing for the new strategic asset allocation interim policy targets and benchmarks
- Onboarding LACERA's second dedicated managed account with an expected launch in Q2, 2021
- Preparations for the BOI Offsite in September are underway

Operational Updates

- Annual contract compliance review underway
- Working on annual budget process

Manager/Consultant Updates

Napier Park – Credit – Announced that it has reached an agreement to be acquired by First Eagle Investments, a privately owned investment firm. Napier Park will continue to operate as a standalone business within First Eagle, with autonomy over its investment process, team, and culture. The transaction is expected to close in a few months, subject to regulatory approval.

Completed Actions

- Onboarded LACERA's first dedicated managed account

Team Searches and Open Positions

- Working on launching new searches
 - 1 – Deputy Chief Investment Officer
 - 2 – Principal Investment Officer
 - 1 – search is in progress
 - 1 – Senior Investment Officer
 - 4 – Financial Analyst-III
 - 2 – Financial Analyst-II

Commentary

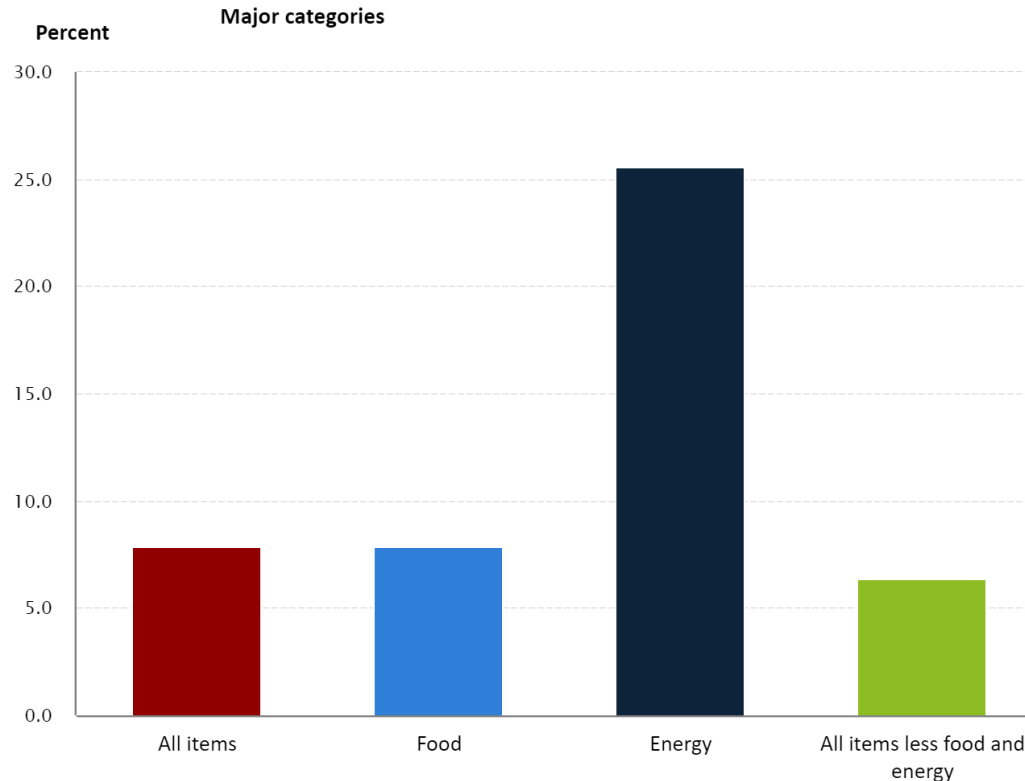


Staff Chart of the Month*

40-Year Peak Inflation Reading

The consumer price index (CPI) measures changes in prices for goods and services paid by consumers. This metric rose to a four-decade high in February with major categories illustrated below.

12-month percentage change, Consumer Price Index, selected categories, February 2022, not seasonally adjusted



Source: U.S. Bureau of Labor Statistics.



March 25, 2022

TO: Each Trustee,
Board of Retirement
Board of Investments

FROM: Steven P. Rice, *SPR*
Chief Counsel

FOR: April 6, 2022 Board of Retirement Meeting
April 13, 2022 Board of Investments Meeting

SUBJECT: Approval of Teleconference Meetings Under AB 361 and Government Code
Section 54953(e)

RECOMMENDATION

That, under AB 361 and Government Code Section 54953(e)(3) of the Brown Act, the Board of Retirement and Board of Investments separately consider whether to find that the Governor's COVID-19 State of Emergency continues to directly impact the ability of each Board and its Committees to meet safely in person and that the County of Los Angeles and other agencies still recommend social distancing such that each Board and its Committees shall hold teleconference meetings for the next 30 days, so long as the State of Emergency remains in effect, and direct staff to comply with the agenda and public comment requirements of the statute. Action taken by each Board will only apply to that Board and its Committees.

LEGAL AUTHORITY

Under Article XVI, Section 17 of the California Constitution, the Boards have plenary authority and exclusive fiduciary responsibility for the fund's administration and investments. This authority includes the ability of each Board to manage their own Board and Committee meetings and evaluate legal options for such meetings, such as whether to invoke teleconferencing of meetings under AB 361 and Government Code Section 54953(e) of the Brown Act to protect the health and safety of Trustees, staff, and the public. The Boards previously took this action at their meetings since October 2021. Findings made under this memo will be effective for meetings during the next 30 days, so long as the State of Emergency remains in effect.

DISCUSSION

A. Summary of Law.

On September 16, 2021, the Governor signed AB 361 which enacted new Government Code Section 54953(e) of the Brown Act to put in place, effective immediately and through

December 31, 2023, new teleconferencing rules that may be invoked by local legislative bodies, such as the LACERA Boards, upon making certain findings and following certain agenda and public comment requirements.

Specifically, Section 54953(e)(3) provides that the Boards may hold teleconference meetings without the need to comply with the more stringent procedural requirements of Section 54953(b)(3) if a state of emergency under Section 8625 of the California Emergency Services Act impacts the safety of in person meetings or state or local officials have imposed or recommended social distancing rules, provided that the Board makes the following findings by majority vote:

- (A) The Board has considered the circumstances of the state of emergency; and
- (B) Any of the following circumstances exist:
 - (i) The state of emergency continues to directly impact the ability of the Trustees to meet safely in person; or
 - (ii) State or local officials continue to impose or recommend measures to promote social distancing.

If each Board makes the required findings, that Board and its Committees may hold teleconference meetings for the next 30 days without the need to comply with the regular rules of Section 54953(b)(3) provided that: agendas are prepared and posted under the Brown Act; members of the public are allowed to access the meeting via a call-in option or an internet-based service option; and the agenda provides an opportunity for public comment in real time and provides notice of the means of accessing the meeting for public comment.

B. Information Supporting the Required Findings and Process if the Boards Determine to Invoke Section 54953(e).

The Governor's State of Emergency for the COVID-19 pandemic as declared in the Proclamation of a State of Emergency dated March 4, 2020 remains active. The Proclamation was issued under the authority of Section 8625 of the California Emergency Services Act. It is unclear when the State of Emergency will end, although the Governor recently extended certain COVID-19 emergency provisions only to March 31, 2022 and has actively terminated other emergency provisions. See Order No. N-21-21, issued November 10, 2021, Order No. N-04-22, issued February 25, 2022.

The Los Angeles County Department of Public Health maintains guidance to "Keep your distance. Use two arms lengths as your guide (about 6 feet) for social distancing with people outside your household when you are not sure that they are vaccinated." <http://publichealth.lacounty.gov/acd/ncorona2019/reducingrisk/>. The County Public Health Department also maintains guidance that employers should, "Whenever possible,

take steps to reduce crowding indoors and encourage physical distancing: ... Limiting indoor occupancy to increase the physical space between employees at the worksite, between employees and customers, and between customers. For some establishments, telework may be an option to consider.”
<http://publichealth.lacounty.gov/acd/ncorona2019/bestpractices/>.

The City of Pasadena (City), where LACERA’s offices are located and Audit Committee meetings are held, has substantially revised its guidance to give more flexibility. The City still offers guidance that businesses recognize that COVID-19 continues to pose a risk to communities, and it is important for employers to continue to take steps to reduce the risk of COVID-19 transmission among their workers and visitors.
<https://www.cityofpasadena.net/economicdevelopment/covid-19-business-resources/>. Earlier guidance promoting physical distancing by business also remains posted on the City’s COVID web page as a reference.

The Centers for Disease Control and Prevention (CDC) has recently updated its guidance, but the CDC still advises the public to “Stay 6 feet away from others” and that, “Indoors in public: “If you are not up to date on COVID-19 vaccines, stay at least 6 feet away from other people, especially if you are at higher risk of getting very sick with COVID-19.”
<https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/prevention.html#stay6ft%20>.

The pandemic continues to present a significant health risk, as the virus presents itself in different variants. LACERA has not yet returned to the office. Management has prepared return to office vaccination and testing protocols to ensure the safety of LACERA employees, members, and others, including Trustees.

Under these circumstances, the Boards may reasonably conclude and find that teleconferencing under Section 54953(e) is appropriate for Board and Committee meetings during the next 30 days, so long as the State of Emergency remains in effect, because (1) the State of Emergency continues to directly impact the ability of the Trustees to meet safely in person, and (2) the County, the City of Pasadena, and other authorities continue to recommend measures to promote a safe workplace, including distancing, as required by the statute.

If each Board makes these findings and directs teleconferencing under Section 54953(e), procedures exist and will be implemented to ensure compliance with the agenda and public comment requirements of the statute, as stated above.

CONCLUSION

Based on the above information, staff recommends that, under AB 361 and Government

Re: Approval of Teleconference Meetings

March 25, 2022

Page 4 of 4

Code Section 54953(e)(3) of the Brown Act, the Board of Retirement and Board of Investments separately consider whether to find that the Governor's COVID-19 State of Emergency continues to directly impact the ability of each Board and its Committees to meet safely in person and that the County of Los Angeles and other agencies still recommend social distancing such that each Board and its Committees shall hold teleconference meetings for the next 30 days, so long as the State of Emergency remains in effect, and if so, direct staff to comply with the agenda and public comment requirements of the statute. Action taken by each Board will only apply to that Board and its Committees.

c: Santos H. Kreimann
Jonathan Gabel

Luis Lugo
Laura Guglielmo

JJ Popowich
Carly Ntoya

March 21, 2022

TO: Trustees
Board of Investments

FOR: Board of Investments Meeting of April 13, 2022

SUBJECT: 19th Annual Consortium 2022 Diverse Plus Women Managers Conference in New York, New York on June 14 – 15, 2022

The 19th Annual Consortium 2022 Diverse plus Women Managers Conference will be held on June 14 – 16, 2022 at the in New York Hilton Midtown Hotel in New York, New York. The Consortium's mission is advancing diverse and women investment managers and connecting them with institutional investors. Some of the industry's top minds and other special guests will be participating as the program continues to break new ground and highlight real, actionable steps that can help all move towards a more inclusive industry.

The main conference highlights include the following:

- LP Intensive – Leadership Matter
- Real Assets – Let's Get Trivial
- Absolute Return Strategies

The first day of the conference provides for an afternoon session only. This limits the number of educational hours available to meet the current education policy that requires a minimum of five educational hours per day. However, we are recommending the Board approve an exception given the strength of the entirety of the agenda and the added importance to support diversity, equity and inclusion in all LACERA business practices.

Following are approximate conference and travel costs:

Registration: \$900.00

Airfare: \$800.00 - \$1,800.00

Hotel: \$927.00 per night plus tax (3 nights)
Total: \$927.00 plus tax

Ground Transportation: \$60.00 per
day (4 days) Total: \$240.00

Daily Per Diem & Incidentals: \$79.00 per day (4 days) Total: \$316.00
(The Registration Fee Includes Most Meals)

Approximate Cost Per Traveler: \$3,600.00 - \$4,600.00

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 19th Annual Consortium 2022 Diverse plus Women Managers Conference on June 14 – 15, 2022 in New York, New York and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies.

Grant an exception to the minimum of five hours per day education requirement given the half day schedule on day one of the conference, the strength of the entirety of the three day agenda, and the added importance to support diversity, equity and inclusion in all LACERA business practices.

LE
Attachment

**19th Annual Consortium 2022 Diverse plus Women Managers
Conference
New York, New York on June 14 – 15, 2022**

Tuesday, June 14, 2022

11:00am

Registration Opens

Institutional Investor Luncheon + Meet the Manager

(invitation only)

**11:45am –
12:45pm**

This is a special opportunity for LPs to reconnect, meet new peers, and share their thoughts about managers: How robust is the pipeline of talent? Who is hitting it out of the park? The luncheon will also spotlight a manager on the rise; we will hear of their journey and how they are positioning their fund for success.

LP Intensive – Leadership Matters

A growing group of institutional investors are demonstrating leadership and smart investing decisions by allocating to diverse asset managers. According to the “Knight Diversity of Asset Managers Research Series: Philanthropy,” foundations are leading this group of investors.

**1:00pm –
2:30pm**

Together, we will address the questions: What is driving this growth? How are data and market opportunities influencing this LP set and others looking to establish or increase investments with diverse and woman managers? There is no better place than the LP Intensive to experience peer-to-peer, open dialogue on these important topics.

GP Bootcamp

**1:00pm –
2:45pm**

This year’s GP Bootcamp will continue the traditions of information exchange and education that have been critical components of Consortium for nearly two decades. The session begins by featuring diverse managers who have been

innovative in their fundraising strategies the past two years amid the pandemic and considers the new rules and protocols going forward.

We will then return to the roots of the GP Bootcamp with the iconic Coaching Sessions facilitated by LPs, GPs, and consultants, who will discuss areas of opportunity such as co-investments, ESG, launching a fund in 2022 and beyond, and the impact of established diverse managers investing in diverse businesses/communities.

**2:45pm –
3:15pm**

Break

Ask the Experts (concurrent sessions)

Breaking from the normal setting, join thought leaders and peers in these asset class-specific sessions.

Private Equity + Venture Capital

Institutional investors and diverse private equity managers are invited to join this interactive session. Attendees can expect to work in small groups to discuss key industry trends such as, raising capital as a new manager, LP perspectives, and predictions for 2022 and beyond.

Real Assets: Let's Get Trivial

Real estate and infrastructure GPs and LPs come together in a bar-style trivia game focused on emerging and diverse managers in the real assets space. After two years apart, participants are invited to gather for fun and facts.

Absolute Return Strategies

Participants will engage in interactive polling to discuss critical topics such as risk management and the evolution of investment approaches as we collectively assess the state of our industry. Participants will have the opportunity to discuss their findings in an intimate, small group setting before hearing subject matter experts share their thoughts.

**3:15pm –
4:00pm**

General Reception

**4:00pm –
6:00pm**

Hosted at New York Hilton Midtown

Wednesday, June 15, 2022

**8:00am –
9:00am**

Breakfast

Welcome Remarks + General Session

**9:00am –
10:15am**

Consortium returns in person to mark its 19th anniversary. We look forward to continuing the mission to connect diverse and women managers with institutional investors. This year's programming will return to Consortium's key tenets of **Value, Information and Partnerships**, which collectively have been a driving force of the Consortium ethos.

Jumpstarting the day and continuing the theme from the LP Intensive "Leadership Matters," attendees will hear from prominent investors in the Health Care sector on their groundbreaking approach to putting assets to work with diverse and women managers. They'll explore the why, the how, and what's next...

VIP Connect

(Value, Information, and Partnerships)

**10:30am –
12:30pm**

VIP Connect returns in person. This cornerstone of the Consortium program is designed to create an intersection where LPs, consultants and diverse managers meet. During these one-on-one meetings, institutional investors and their advisors discuss with GPs their investment programs, focus, considerations, and processes. Consortium 2022 will feature a curated approach to the matching process, for an extra-tailored experience. Note: these introductory meetings are for information exchange only. We encourage managers to not "sell" during this time.

Learn more about VIP Connect [here](#).

**12:30pm –
1:45pm**

Networking Lunch

LP Workshops

(concurrent sessions)

**2:00pm –
4:00pm**

These sessions address how LPs are structuring their portfolios to mitigate the challenges presented by a 2-year pandemic, projected rising interest rates, inflation

threats, and political upheaval, while still working to meet their investment benchmarks. Attendees will discuss the role diverse managers can play to help them meet their objectives in 2022 and beyond.


These intimate, curated workshops are critical for diverse and women managers seeking information, access, and a chance to learn what LPs are thinking and doing in this new paradigm.

4:00pm

Program concludes

March 15, 2022

TO: Trustees – Board of Investments

FROM: Scott Zdrazil 
Senior Investment Officer

FOR: April 13, 2022, Board of Investments Meeting

SUBJECT: **NOMINATION OPPORTUNITY FOR INTERNATIONAL CORPORATE
GOVERNANCE NETWORK BOARD OF GOVERNORS**

RECOMMENDATION

That the Board of Investments deliberate whether to nominate a candidate to the International Corporate Governance Network's Board of Governors.

DISCUSSION

The International Corporate Governance Network (ICGN), to which LACERA is affiliated, is soliciting nominees for its Board of Governors with a deadline of May 3, 2022. Nominees will be considered by the ICGN's Nominating Committee, which will put forth a nominated slate for member consideration and a vote at the ICGN's annual meeting scheduled for September 2022.

Per LACERA's *Corporate Governance and Stewardship Principles*, the Board of Investments approves any formal nomination from LACERA for consideration to a governing board of a corporate governance association to which LACERA is affiliated.

ICGN's Board of Governors consists of a minimum of seven and a maximum of twelve governors. The governors hold office for a term commencing at the end of the annual meeting at which they are elected and terminating at the end of the following annual meeting. Governors may be elected for a maximum of six consecutive terms. As noted in the [ICGN Board Charter](#), the ICGN Board of Governors is expected to convene six to eight times per year. For reference, the Board of Governors met ten times over the past year.

Trustees may wish to recommend putting forward a LACERA candidate for the ICGN Nominating Committee's consideration. Nominees must be seconded by two additional ICGN member organizations.

The ICGN notes that it expects two vacancies will arise and are interested in building a greater presence on the board from the asset owner community, directors from outside Europe and North America, and a stronger gender and racial diversity balance.

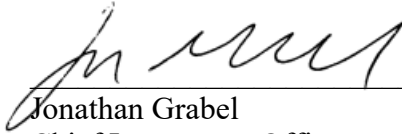
Each Trustee, Board of Investments

March 15, 2022

Page 2 of 2

More information about the ICGN's governance structure, current board members, and the ICGN nominating committee is available online at: <https://www.icgn.org/about/icgn-governance>. Terms of reference are available at: [https://www.icgn.org/2021-12/Nomination Comm_TOR_2021.pdf](https://www.icgn.org/2021-12/Nomination%20Comm_TOR_2021.pdf).

Noted and Reviewed:

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


Jonathan Grabel

Chief Investment Officer

FOR INFORMATION ONLY

March 25, 2022

TO: Trustees - Board of Investments

FROM: Vache Mahseredjian, CFA, CAIA, FRM, ASA 
Principal Investment Officer

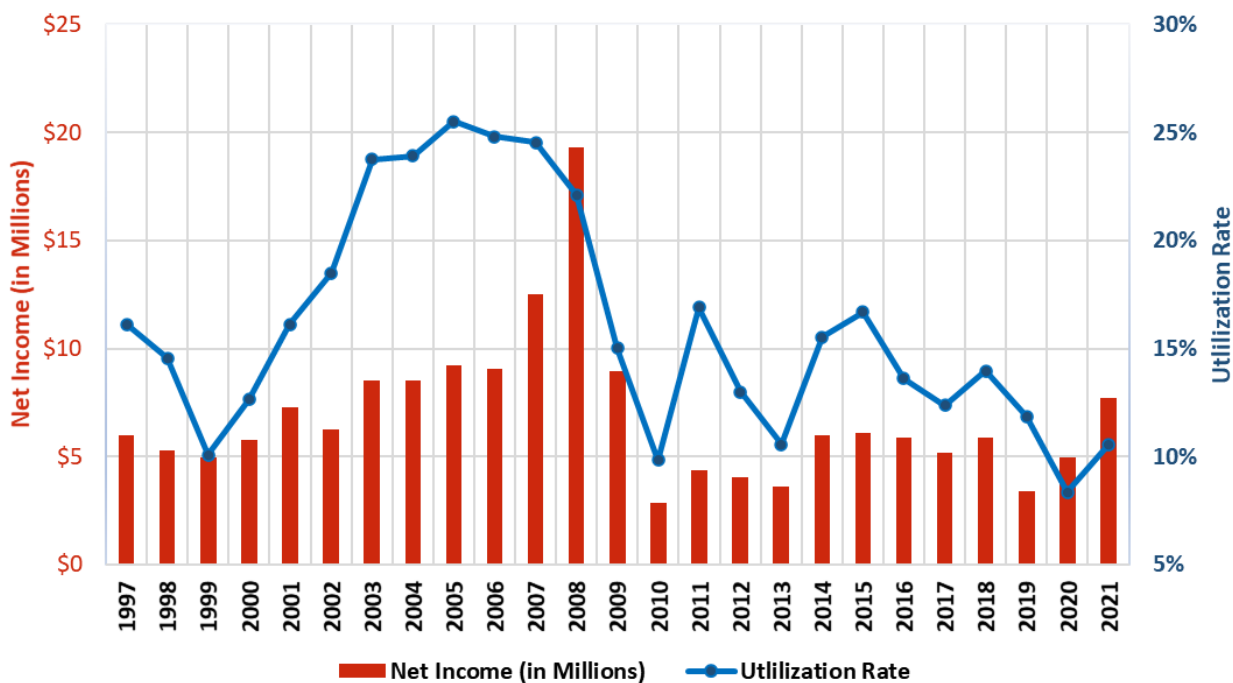
FOR: April 13, 2022 Board of Investments Meeting

SUBJECT: **SECURITIES LENDING PROGRAM—2021 ANNUAL REVIEW**

EXECUTIVE SUMMARY

During calendar year 2021, LACERA's Securities Lending Program ("Program") generated \$7.7 million in net income, an increase of \$2.7 million (approximately 55%) compared to the prior year. As shown in **Chart 1**, this was the highest net income generated by the Program since 2009. The increase is attributable to higher amounts on loan and improved financial terms following Program consolidation approved by the Board in 2020. The more favorable financial terms include a higher income split (90% to LACERA / 10% to State Street), lower fees for collateral reinvestment, and lower expenses.

Chart 1
Net Income and Utilization Rate¹



¹ Utilization Rate is the value of securities on loan divided by the value of securities available to lend.

BACKGROUND

To generate additional income for the Fund, LACERA lends securities to qualified borrowers (such as brokers/dealers) in exchange for cash and non-cash collateral, typically U.S. Treasury securities, as well as U.S. and Non-U.S. Equities. When cash collateral is received, it is invested in short-term debt instruments; therefore, in the case of cash collateral, income generated from securities lending has two sources: lending and reinvestment. When non-cash collateral is received, income is only generated from the lending activity. **Attachment A** provides an overview of securities lending and **Attachment B** summarizes the risks in securities lending.

In the third quarter of 2019, LACERA issued an RFP for securities lending services. In June of 2020, the BOI approved a recommendation to consolidate the Program by selecting LACERA's custodian, State Street, as the sole securities lending agent. Prior to that, the Program had two service providers: Goldman Sachs Agency Lending ("GSAL") was LACERA's lending agent for corporate bonds and domestic equities, and State Street lent LACERA's Non-U.S. Equities, U.S. Treasuries, and U.S. Agency securities.

The Program transition was implemented in the first half of 2021. The benefits gained from consolidating the program with our custodian include:

- An improved income split. Income generated from securities lending is shared with the service providers. Previously, the split with State Street was 85%/15% (LACERA/SS) and the split with GSAL was 87%/13%. The new split with SS is 90%/10%, so LACERA now retains a higher percentage of the income.
- Reduced fee for management of the collateral pool. As noted above, when cash is received in return for lending a security, that cash is invested in short-term money market instruments. Previously, State Street charged one basis point² for managing cash received from their own lending activity, and five bps for reinvesting cash received from GSAL's lending activity. Now that State Street is the sole lender, our cash management fee is one basis point on all cash balances in the Program.
- Reduced Expenses: Previously, SS could charge up to \$200,000 per year for expenses involved in third party lending support, essentially coordinating between GSAL and SS. Now that SS is the sole lender, those charges are eliminated.
- Greater operational efficiency. Securities lending is essentially making a collateralized loan. When cash is the collateral received in return for lending a security, the lending and reinvesting activities must be coordinated so that when the borrower returns a security, there is sufficient liquidity in the collateral pool to return the borrower's cash. When there were two lending agents, sometimes the communication between the lending and reinvesting agents was delayed. Now that both activities reside within SS, the communication and coordination is improved, thereby reducing operational risk.

Table 1 on the following page shows the monthly average lendable base and the average market value of securities on loan in 2021 for both lending agents. The table shows the transition took place in the first several months of the year, as GSAL's balances were gradually reduced to zero. This required coordination with the collateral pool managed by State Street. The collateral pool is a separate account managed to LACERA's custom guidelines. Robust risk management by both

² A basis point is one-one hundredth of a percent, or 1% of 1%. It is equivalent to dividing by 10,000 so for example, one basis point of a million dollars is one hundred dollars.

firms, combined with diligent oversight and constant communication, resulted in a smooth transition.

Table 1

2021	GSAL		STATE STREET		COMBINED TOTAL		
	Avg Lendable	Avg on Loan	Avg Lendable	Avg on Loan	Avg Lendable	Avg on Loan	Utilization
Jan	11,990.1	723.9	11,826.7	975.7	23,816.8	1,699.5	7.1%
Feb	12,073.8	533.8	9,946.8	1,174.6	22,020.7	1,708.3	7.8%
Mar	11,838.1	432.7	9,795.5	1,284.9	21,633.6	1,717.6	7.9%
Apr	11,563.4	118.8	18,475.3	1,775.8	30,038.7	1,894.6	6.3%
May	10,611.5	1.1	27,115.7	2,634.7	37,727.3	2,635.8	7.0%
Jun	-	-	27,532.9	3,274.9	27,532.9	3,274.9	11.9%
Jul	-	-	27,984.1	3,525.2	27,984.1	3,525.2	12.6%
Aug	-	-	29,204.6	3,583.8	29,204.6	3,583.8	12.3%
Sep	-	-	29,293.7	3,576.9	29,293.7	3,576.9	12.2%
Oct	-	-	29,200.5	3,598.8	29,200.5	3,598.8	12.3%
Nov	-	-	29,528.0	3,631.9	29,528.0	3,631.9	12.3%
Dec	-	-	28,808.7	3,327.2	28,808.7	3,327.2	11.5%
<i>Numbers above are in Millions.</i>				2021 Average	28,065.8	2,847.9	10.1%

Table 2, below, compares the average lendable balance and the average amount on loan for 2021 to the 2020 figures. Note that both measures increased for the year, along with the utilization rate despite the reduction in balances in the early part of the year in order to facilitate the transition.

Table 2

Program Size	Program Totals
2020 Average Lendable	\$18,208.1
2021 Average Lendable	\$28,065.8
% Change from 2020	54.1%
2020 Average on Loan	\$1,519.1
2021 Average on Loan	\$2,847.9
% Change from 2020	87.5%
2020 Utilization (%)	8.3%
2021 Utilization (%)	10.1%
Difference	1.8%

SECURITIES LENDING PROGRAM PERFORMANCE

As shown in **Table 3**, below, the Program generated approximately \$7.7 million of income in 2021, an increase of \$2.7 million compared to the previous year's results. In percentage terms, this income represents 27 bps of the average amount of securities on loan. Given the utilization rate of 10.1% (in **Table 1**), the income can also be viewed as three bps of the average lendable balance.

Table 3			
2021	COMBINED TOTAL		
	Earnings from Lending	Earnings from Reinvestment	Total Earnings
Jan	\$258,629	\$59,297	\$317,927
Feb	\$252,005	\$59,320	\$311,325
Mar	\$292,520	\$67,047	\$359,567
Apr	\$320,452	\$90,942	\$411,394
May	\$497,142	\$118,444	\$615,587
Jun	\$647,594	\$115,088	\$762,683
Jul	\$603,265	\$123,457	\$726,722
Aug	\$629,289	\$129,719	\$759,008
Sep	\$1,022,225	\$131,088	\$1,153,313
Oct	\$648,955	\$140,276	\$789,231
Nov	\$627,882	\$129,248	\$757,130
Dec	\$602,411	\$127,264	\$729,675
Total	\$6,402,370	\$1,291,191	\$7,693,561

The total net income of \$7.7 million consists of \$6.4 million from lending and \$1.3 million from reinvestment; in other words, lending constituted 83% of the total, and reinvestment accounted for the remaining 17%. Even after adjusting for the average mix between cash and non-cash collateral of 40%/60%, respectively, earnings from lending represent the primary source of return.

LACERA's global equity index account benchmarked to the MSCI ACWI IMI generated most of the earnings, responsible for \$4.2 million of the \$7.7 million total (55%). The next two highest income generators were the TIPS³ portfolio, which generated \$695,000 (9%) and a Core bond portfolio which generated \$579,000 (8%).

³ Treasury Inflation Protected Securities.

CONCLUSION

LACERA's Securities Lending Program generated approximately \$7.7 million in net income during calendar year 2021, an increase of \$2.7 million compared to the prior year. This was the highest net income generated by the Program since 2009. The \$7.7 million in income represents a gain of 27 basis points on the average amount on loan of \$2.8 billion. During the course of the year, the Program was consolidated with LACERA's custodian, State Street, as the sole lending agent.

Attachments:

Attachment A – What is Securities Lending?

Attachment B – What are the Risks in Securities Lending?

Noted and Reviewed:



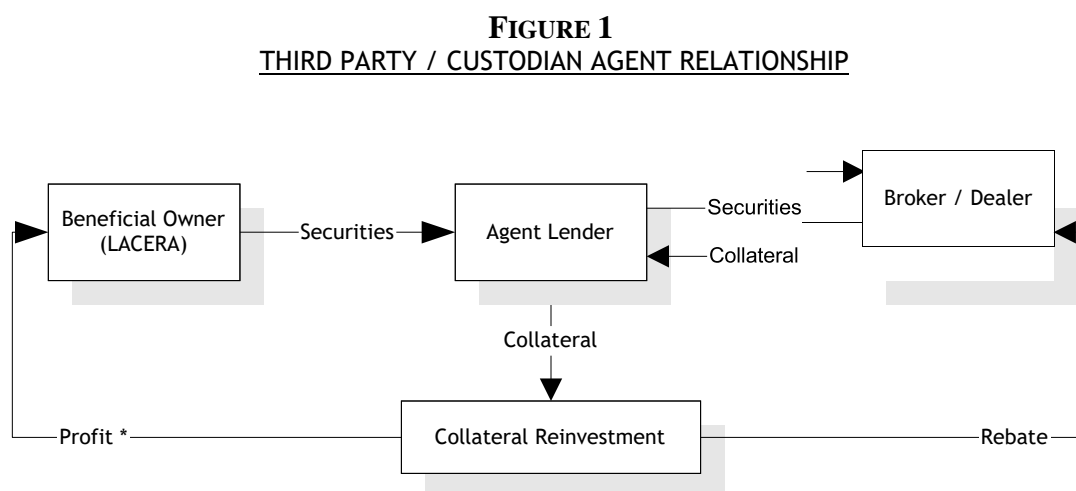
Jonathan Grabel
Chief Investment Officer

WHAT IS SECURITIES LENDING?

In a securities lending transaction, a beneficial owner (such as LACERA) lends its securities to qualified borrowers (such as broker/dealers) in exchange for collateral (either cash or other securities). Cash collateral is invested in short-term, high quality fixed income instruments with the purpose of maximizing investment earnings at the lowest level of risk. When the borrower returns the securities to the beneficial owner, the collateral is returned to the borrower with interest – this is known as the **rebate**. Earnings from the reinvestment of collateral in excess of the rebate represent the profit or securities lending income. In the case of non-cash collateral, the beneficial owner is paid a pre-negotiated lending fee.

There are two types of service relationships: an agency relationship and a principal relationship.

FIGURE 1 illustrates the flow of securities in an agency relationship.



* Profit is split between LACERA and Agent Lender.

In an agency relationship, the agent (an intermediary between the beneficial owner and broker/dealers) is responsible for lending the securities to a qualified group of borrowers and for obtaining the collateral from the borrower. At the time the loan is initiated, the agent also negotiates the rebate that will eventually be paid to the borrower when the loaned securities are returned to the beneficial owner. The collateral is then invested in short-term securities by the agent or by a designated cash manager. Earnings from cash reinvestment minus the rebate paid to the borrower are divided between the agent and the beneficial owner based on a pre-determined split.

LACERA previously had two agency relationships: State Street (custodian agent), and Goldman Sachs Agency Lending (GSAL – third-party lending agent). During the course of 2021, the program was consolidated with State Street.

WHAT ARE THE RISKS IN SECURITIES LENDING?

There are three key risks inherent in securities lending: 1) borrower default risk, 2) cash reinvestment risk, and 3) operational risk.

Borrower Default Risk

This is the risk that the borrower encounters financial difficulty and is unable to return the securities on loan. In this case, LACERA's lending agent can use the cash collateral and purchase the security in the open market. When cash is accepted as collateral, domestic loans are collateralized at 102% while international loans carry 105% collateral. Non-cash collateral has higher requirements depending on the type of security—collateral required for such loans can be as high as 108% or 109%. All loans are marked-to-market daily.

LACERA's lending agreements require our lending agents to provide borrower default indemnification in the event a borrower does not return securities on loan. The terms of the lending agreements entitle LACERA to terminate all loans upon the occurrence of default and purchase a like amount of "replacement securities." In the event the purchase price of replacement securities exceeds the amount of collateral, the lending agent is liable to LACERA for the amount of such excess, with interest. Either LACERA or the borrower of the security can terminate a loan on demand.

Cash Reinvestment Risk

This is the risk that the earnings generated by cash reinvestment are not sufficient to cover the rebate paid to the borrower. There are two key sources of risk in the reinvestment of cash: credit risk and interest rate risk. Credit risk is the risk that the investment depreciates as a result of a credit quality downgrade or bond issuer default. Interest rate risk occurs when the return on the portfolio is less than the rebate rate. To manage these risks, securities lending cash portfolios are well-diversified and invested in highly liquid, high credit quality, short-term fixed income securities. LACERA's cash collateral account is managed in a separate account with customized guidelines.

Operational Risk

This risk includes: 1) sell fail risk—failure by the borrower to return a loaned security that LACERA's investment manager has sold, 2) mark-to-market—failure to conduct daily market valuations and maintain appropriate collateral in the event of borrower default, 3) failure to collect income in the form of dividends or interest paid on loaned securities, and 4) corporate actions—failure to ensure accurate adjustments and maintain collateral levels as a result of stock splits and stock dividends.

Utilizing entities with highly sophisticated and advanced trading systems mitigates these risks. Additionally, borrower loan levels, mark-to-market activities, and investment guideline compliance are among the risks routinely monitored by staff.

FOR INFORMATION ONLY

March 13, 2022

TO: Trustees – Board of Investments

FROM: ^{Sc} Scott Zdrazil
Senior Investment Officer

FOR: April 13, 2022 Board of Investments Meeting

SUBJECT: **COUNCIL OF INSTITUTIONAL INVESTORS VOTING ITEMS**

Please find attached LACERA's ballot for the members business meeting of the Council of Institutional Investors' ("CII") that took place March 7, 2022.

BACKGROUND

LACERA is a member of CII. CII held a members business meeting and elections for board directors representing public funds on March 7, 2022. The ballot includes consideration of public fund nominees for nine eligible director slots that are subject to annual elections and two proposed revisions to CII policies.

1. Revisions to CII Corporate Governance Policies concerning shareowner meetings to allow flexibility for companies to choose between in-person (preferred format) or virtual meetings (with replication of in-person experience) depending upon shareowner base and circumstances. Additionally, the policy requests that companies not limit access to virtual meetings by adopting onerous technological, registration, or attendance requirements. The CII policy revision is in-line with LACERA's *Corporate Governance and Stewardship Principles*, which articulate the use of technology should broaden investor participation and supplement in-person meetings, not restrict or impede investor participation.
2. Revisions to CII Corporate Governance Policies regarding voting requirements for poison pills incorporated refinements to encourage companies to present any time-sensitive adoption of a poison pill for investor review and approval at the earliest opportunity, avoid unnecessarily long lifespans, and steer clear of onerous provisions such as low ownership levels and restricting shareholder communications. The CII policy revision is in-line with LACERA's *Corporate Governance and Stewardship Principles*, which affirm that poison pills should not be enacted or amended without investor approval, require a reasonable ownership threshold to trigger, and have a limited and reasonable duration.

Each Trustee, Board of Investments

March 13, 2022

Page 2 of 2

Consistent with LACERA policy, staff reviews business meeting items and votes in adherence to LACERA's *Corporate Governance and Stewardship Principles* ("*Principles*"). Per policy, staff votes for director nominees in consultation with the Corporate Governance Committee Chair and consistent with LACERA's *Principles*, taking into consideration a mix of professional backgrounds, skills, and attributes, as well as geographic and other dimensions of diversity. LACERA therefore supported a mix of trustee, investment, governance, and executive backgrounds relevant to serve as directors. **Attachment 1** is LACERA's ballot, submitted ahead of the advance voting deadline. **Attachment 2** includes descriptions of the business meeting items.

Attachments

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

2022 BOARD OF DIRECTORS, PUBLIC FUNDS PROXY BALLOT

You may vote for up to nine candidates. No cumulative voting.

Patti Gazda , Corporate Governance Officer Ohio Public Employees' Retirement System (OPERS)	X
Yumi Narita , Executive Director of Corporate Governance New York City Retirement Systems	X
Scott Zdrazil , Senior Investment Officer Los Angeles County Employees Retirement Association (LACERA)	X
Katy Hoffman , Chief of Staff, Investment Management Division Teacher Retirement System of Texas	X
Mitchell Vogel , Trustee State Universities Retirement System of Illinois	X
Aeisha Mastagni , Portfolio Manager, Sustainable Investment & Stewardship Strategies California State Teachers' Retirement System (CalSTRS)	X
Ron Baker , Executive Director Colorado Public Employees' Retirement Association	X
Michael McCauley , Senior Officer, Investment Programs & Governance Florida State Board of Administration	
Tracy Harris , Trustee District of Columbia Retirement Board	X
Simiso Nzima , Managing Investment Director - Global Equity California Public Employees' Retirement System (CalPERS)	X

Write-in candidate(s) name, title and fund: _____

Submitted by (print name): Scott Zdrazil

CII Member fund: Los Angeles County Employees Retirement Association - LACERA

Date: 2/25/2022

For advance voting, please return proxies before 5:00 PM ET on Wednesday, March 2, to Michael Miller via email at Michael@cii.org. Alternatively, you may email Michael to request the ballot via DocuSign. You may also vote for directors at the Public Fund Constituency Meeting, which starts at 10:30 AM ET on Monday, March 7.

PLEASE NOTE: Due to the hybrid in-person and virtual nature of the conference, CII staff recommends voting in advance. If your fund votes in advance, you may NOT change your vote at the in-person constituency meeting. Membership dues must be paid prior to voting. If you have any questions please contact CII at 202.822.0800.

CII U.S. Asset Owner Members' 2022 Fall Conference Proxy Date: February 28 2022

CII Member (Organization/Fund Name): LACERA - Los Angeles County Employees Retirement Association

Member Representative: Print Name: Scott Zdrazil

Business Meeting Action Items:

1. Policies Ballot Item 1: Approve update to Section 2.6b and Section 4 of CII Corporate Governance Policies concerning shareowner meetings
See Appendix 3, page 11. X FOR AGAINST ABSTAIN
2. Policies Ballot Item 2: Approve update to Section 3.6 of CII Corporate Governance Policies Regarding Voting Requirements for Poison Pills
See Appendix 4, page 17. X FOR AGAINST ABSTAIN

PLEASE NOTE: One vote per member organization. All ballots must be signed by a Membership representative. U.S. Asset Owner Members may change their votes at business meetings when they have previously submitted a proxy in advance of the meetings. A majority of U.S. Asset Owner Members must be represented in person or by ballot at Council meetings for the transaction of business. Ballot items require the affirmative vote of a majority of those voting. All ballots are confidential.

APPENDIX 3

Policies Ballot Item 1: Approve update to Section 2.6b and Section 4 of CII Corporate Governance Policies concerning shareowner meetings

The CII board voted on Jan. 20, 2022 to approve the proposed update shown below, which the Policies Committee adopted on January 19. The committee's review included an all-CII member comment period, including comments from two members.

The board recommends amending Section 2.6b and Section 4 regarding shareowner meetings as follows:

Proposal

To amend Section 2.6b The Board of Directors, sub-section on Interaction with Shareowners, and Section 4, Shareowner Meetings, (clean version follows this markup):

2.6b Interaction with Shareowners: Directors should respond to communications from shareowners and should seek shareowner views on important governance, management and performance matters. To accomplish this goal, all companies should establish board-shareowner communications policies. Such policies should disclose the ground rules by which directors will meet with shareowners. The policies should also include postal mail and email contact information for at least one independent director (but preferably for the independent board chair and/or the independent lead director and the independent chairs of the audit, compensation and nominating committees). Companies should also establish mechanisms by which shareowners with non-trivial concerns can communicate directly with all directors. Policies requiring that all director communication go through a member of the management team should be avoided unless they are for record-keeping purposes. In such cases, procedures documenting receipt and delivery of the request to the board and its response must be maintained and made available to shareowners upon request. Directors should have access to all communications. Boards should determine whether outside counsel should be present at meetings with shareowners to monitor compliance with disclosure rules. All directors should attend the annual shareowners' meetings and be available, when requested by the chair, to answer shareowner questions.

~~All directors should attend the annual shareowners' meetings and be available, when requested by the chair, to answer shareowner questions. During the annual general meeting, shareowners should have the right to ask questions, both orally and in writing. Directors should provide answers or discuss the matters raised, regardless of whether the questions were submitted in advance. While reasonable~~

~~time limits for questions are acceptable, the board should not ignore a question because it comes from a shareowner who holds a smaller number of shares or who has not held those shares for a certain length of time.~~

Section 4 Shareowner Meetings

4.1 Meeting Format and Timing~~**Selection and Notification of Meeting Time and Location:**~~ Companies should consider that many investors have a preference for in-person meetings, but companies should also be afforded the flexibility to choose an in-person, hybrid or virtual-only format depending on their shareowner base and current circumstances. Companies incorporating virtual technology into their shareowner meeting should use it as a tool for broadening, not limiting, shareowner meeting participation. Companies are encouraged to disclose the circumstances under which virtual-only meetings would be held and to allow for comparable rights and opportunities for shareholders to participate electronically as they would have during an in-person meeting.

~~Companies~~Corporations should make shareowners' expense and convenience primary criteria when selecting the time, format and location of shareowner meetings. Registration and proof of ownership requirements should not be onerous. Appropriate notice of shareowner meetings, including notice concerning any change in meeting date, time, place, format or shareowner action, should be given to shareowners in a manner and within time frames that will ensure that shareowners have a reasonable opportunity to exercise their franchise.

During the annual general meeting, shareowners should have the right to ask questions, orally or in writing. Directors should provide answers or discuss the matters raised, regardless of whether the questions were submitted in advance. While reasonable time limits for questions are acceptable, the board should not ignore an important question because it comes from a shareowner who holds a small number of shares or who has not held those shares for a certain length of time. When meetings are virtual, companies should make questions transparent to shareowners, with allowance for omission of questions that are belligerent or abusive.

4.2 Shareowner Rights to Call Special Meetings: Shareowners should have the right to call special meetings.

4.3 Record Date and Ballot Item Disclosure: To promote the ability of shareowners to make informed decisions regarding whether to recall loaned

shares: (1) shareowner meeting record dates should be disclosed as far in advance of the record date as possible, and (2) proxy statements should be disclosed before the record date passes whenever possible.

4.4 Timely Disclosure of Voting Results: A company should broadly and publicly disclose in a timely manner the final results of votes cast at annual and special meetings of shareowners. Whenever possible, preliminary results should be announced at the annual or special meeting of shareowners.

4.5 Election Polls: Polls should remain open at shareowner meetings until all agenda items have been discussed and shareowners have had an opportunity to ask and receive answers to questions concerning them.

4.6 Meeting Adjournment and Extension: Companies should not adjourn a meeting for the purpose of soliciting more votes to enable management to prevail on a voting item. A meeting should only be extended for compelling reasons such as vote fraud, problems with the voting process or lack of a quorum.

~~4.7 Electronic Meetings: Except in circumstances when providing an in-person option would necessitate postponing or delaying the meeting date, companies should hold shareowner meetings by remote communication (so-called "virtual" meetings) only as a supplement to traditional in-person shareowner meetings, not as a substitute.~~

~~Companies incorporating virtual technology into their shareowner meeting should use it as a tool for broadening, not limiting, shareowner meeting participation. With this objective in mind, a virtual option, if used, should facilitate the opportunity for remote attendees to participate in the meeting to the same degree as in-person attendees.~~

~~Virtual-only shareholder meetings do not exist in a virtual vacuum. Any bona fide shareholder who desires to be in the physical room from which the chair conducts a virtual-only meeting should have the choice to do so, provided the shareholder complies with reasonable admission requirements.~~

4.78 Director Attendance: As noted in Section 2, "The Board of Directors," all directors should attend the annual shareowners' meeting, absent extraordinary circumstances, and be available, when requested by the chair, to respond directly to oral or written questions from shareowners.

Proposal (clean version)

To amend Section 2.6b and Section 4 of CII's Corporate Governance Policies regarding Shareowner Meetings as follows:

2.6b Interaction with Shareowners: Directors should respond to communications from shareowners and should seek shareowner views on important governance, management and performance matters. To accomplish this goal, all companies should establish board-shareowner communications policies. Such policies should disclose the ground rules by which directors will meet with shareowners. The policies should also include postal mail and email contact information for at least one independent director (but preferably for the independent board chair and/or the independent lead director and the independent chairs of the audit, compensation and nominating committees). Companies should also establish mechanisms by which shareowners with non-trivial concerns can communicate directly with all directors. Policies requiring that all director communication go through a member of the management team should be avoided unless they are for record-keeping purposes. In such cases, procedures documenting receipt and delivery of the request to the board and its response must be maintained and made available to shareowners upon request. Directors should have access to all communications. Boards should determine whether outside counsel should be present at meetings with shareowners to monitor compliance with disclosure rules. All directors should attend the annual shareowners' meetings and be available, when requested by the chair, to answer shareowner questions.

Section 4 Shareowner Meetings

4.1 Meeting Format and Timing: Companies should consider that many investors have a preference for in-person meetings, but companies should also be afforded the flexibility to choose an in-person, hybrid or virtual-only format depending on their shareowner base and current circumstances. Companies incorporating virtual technology into their shareowner meeting should use it as a tool for broadening, not limiting, shareowner meeting participation. Companies are encouraged to disclose the circumstances under which virtual-only meetings would be held and to allow for comparable rights and opportunities for shareholders to participate electronically as they would have during an in-person meeting.

Companies should make shareowners' expense and convenience primary criteria when selecting the time, format and location of shareowner meetings. Registration and proof of ownership requirements should not be onerous. Appropriate notice of shareowner meetings, including notice concerning any change in meeting date,

time, place, format or shareowner action, should be given to shareowners in a manner and within time frames that will ensure that shareowners have a reasonable opportunity to exercise their franchise.

During the annual general meeting, shareowners should have the right to ask questions, orally or in writing. Directors should provide answers or discuss the matters raised, regardless of whether the questions were submitted in advance. While reasonable time limits for questions are acceptable, the board should not ignore an important question because it comes from a shareowner who holds a small number of shares or who has not held those shares for a certain length of time. When meetings are virtual, companies should make questions transparent to shareowners, with allowance for omission of questions that are belligerent or abusive.

4.2 Shareowner Rights to Call Special Meetings: Shareowners should have the right to call special meetings.

4.3 Record Date and Ballot Item Disclosure: To promote the ability of shareowners to make informed decisions regarding whether to recall loaned shares: (1) shareowner meeting record dates should be disclosed as far in advance of the record date as possible, and (2) proxy statements should be disclosed before the record date passes whenever possible.

4.4 Timely Disclosure of Voting Results: A company should broadly and publicly disclose in a timely manner the final results of votes cast at annual and special meetings of shareowners. Whenever possible, preliminary results should be announced at the annual or special meeting of shareowners.

4.5 Election Polls: Polls should remain open at shareowner meetings until all agenda items have been discussed and shareowners have had an opportunity to ask and receive answers to questions concerning them.

4.6 Meeting Adjournment and Extension: Companies should not adjourn a meeting for the purpose of soliciting more votes to enable management to prevail on a voting item. A meeting should only be extended for compelling reasons such as vote fraud, problems with the voting process or lack of a quorum.

4.7 Director Attendance: As noted in Section 2, "The Board of Directors," all directors should attend the annual shareowners' meeting, absent extraordinary circumstances.

Background & Intent

There are many factors that impact the format and planning of a company's annual or special meeting, and recently the pandemic has forced most companies to host virtual meetings. Current CII policies generally require an in-person format. This revision adds flexibility for a company to choose the format according to its shareowner base and circumstances, while continuing to endorse the shareowner preference for an in-person format. This revision also calls upon companies that choose a virtual option to embrace features that substantially replicate an in-person experience. The amended language preserves the preference that company leaders physically face their shareowners at least once a year.

When preparing to host an in-person meeting, companies consider the use of resources and a myriad of procedures for determining shareowner ownership, facilitating attendance and ensuring a successful meeting. These considerations are important for the virtual format as well, as investors want to register and attend without undue burdens, see the board and company management speak candidly about the challenges and opportunities in the business, and be able to ask questions and interact with their elected representatives and management. Questions should be transparent to all attendees, with the exception of questions that consist of ad hominem attacks or similar inappropriate content.

This policy update allows more flexibility, and in some cases may allow shareowners and companies to cut the cost of attending and holding meetings. Many shareowners still consider face-to-face meetings an important symbol of accountability to the company's owners, and they enjoy the opportunity to engage with their peer investors. Virtual meetings might increase accessibility by allowing investors from any location to attend, cutting down significantly on time, travel costs and carbon emissions.

The proposed amendment moves a portion of "2.6 Board Accountability to Shareowners" that deals directly with shareholder meetings to Section 4, Shareholder meetings. In Section 4, the amendment gives companies more flexibility to offer virtual formats and generally requests companies to not diminish the experience by adopting onerous technological, registration or attendance requirements.

APPENDIX 4

Policies Ballot Item 2: Approve update to Section 3.6 of CII Corporate Governance Policies Regarding Voting Requirements for Poison Pills

The CII board voted on Jan. 20, 2022 to approve the proposed update shown below, which the Policies Committee adopted on January 19, 2022. The committee's review included an all-CII member comment period, including comments from one member on the proposed revised wording.

The board recommends amending Section 3.6 regarding voting requirements for poison pills as follows:

Proposal

3.6 Voting Requirements: A majority vote of common shares outstanding should be sufficient to amend company bylaws or take other action that requires or receives a shareowner vote. Supermajority votes should not be required. A majority vote of common shares outstanding should be required to approve:

- Major corporate decisions concerning the sale or pledge of corporate assets that would have a material effect on shareowner value. Such a transaction will automatically be deemed to have a material effect if the value of the assets exceeds 10 percent of the assets of the company and its subsidiaries on a consolidated basis;
- The corporation's acquisition of five percent or more of its common shares at above-market prices other than by tender offer to all shareowners;
- Poison pills: Following the board's adoption of the pill, voting should occur at the first shareowner meeting convened, within the first 12 months after adoption. Companies should avoid asking shareowners to approve pills with long lifespans, onerous and overly broad "acting in concert" provisions on shareowners' communications with peers, and pills with excessively low trigger thresholds that may inadvertently target passive investors;
- Abridging or limiting the rights of common shares to: (1) vote on the election or removal of directors or the timing or length of their term of office or (2) nominate directors or propose other action to be voted on by shareowners or (3) call special meetings of shareowners or take action by

written consent or change the procedure for fixing the record date for such action; and

- Issuing debt to a degree that would excessively leverage the company and imperil its long-term viability.

Background & Intent

Shareholder rights plans, known colloquially as “poison pills,” are entrenchment devices that render a change in control impossible without the board’s consent. These are very strong devices that have a long history of deterring takeover bids and harming shareowner engagement and value at companies where change may be necessary.

Poison pills have made a resurgence recently, after peaking in usage in the 1980s and waning in popularity in more recent decades. As described in a recent CII-REF report [“Return of the Poison Pill \(2021\).”](#) the pandemic caused an early steep fall in equity prices, and many companies scrambled to protect themselves by adopting new pills. In some cases, such as to protect net operating losses for tax purposes from change in control provisions, poison pills are beneficial to shareowners (these pills are specifically tagged as NOL pills in shareowner voting). But often, poison pills are potent entrenchment devices that can be used to disenfranchise shareowners and frustrate efforts of takeovers and engagements.¹ Combined with other methods that are hostile to the exercise of shareowner rights, such as dual class share structures and classified board elections, they can render a company impervious to shareowner input and action.²

In the past, pills often contained a provision for a 10-year lifespan, but many recent pills have much shorter and acceptable durations of one to two years. Pills that contain well-constructed and delineated “qualifying offer” provisions also balance the efforts to prevent price-shock driven corporate takeover attempts versus legitimate offers that potentially provide a fair and substantial premium to shareowners.

¹ See Memorandum Opinion, Vice Chancellor Kathaleen McCormick, The Williams Companies Stockholder Litigation, Del. Court of Chancery (2021) available at <https://courts.delaware.gov/Opinions/Download.aspx?id=317240> i.e. (“the Plan increases the range of Williams’ nuclear missile range by a considerable distance beyond the ordinary poison pill” at 78 and concluded that the company “failed to show that this extreme, unprecedented collection of features bears a reasonable relationship to their stated corporate objective” and “they have failed to show that this extreme, unprecedented collection of features bears a reasonable relationship to their stated corporate objective.” at 89).

² See Lucian Arye Bebchuk, John C. Coates IV & Guhan Subramanian, The Powerful Antitakeover Force of Staggered Boards: Theory, Evidence, and Policy, 54 STAN. L. REV. 887 (2002) and Lucian A. Bebchuk, Alma Cohen & Allen Ferrell, What Matters in Corporate Governance?, 22 Rev. Fin. Stud. 783 (2009).

Shareowner votes to endorse these pills must be timely for the shareowner franchise to be respected and protected. Prior CII policy has only prescribed that support of a majority vote of shares outstanding should be required to adopt a pill. Here we propose to add that the pill should be presented for a vote at the next shareowner meeting, or within one year, whichever results in the earlier meeting date. We add that companies should avoid pills with unnecessarily long lifespans and onerous provisions such as those that target ownership levels so low as to possibly apply to passive investors with no track record or appetite for conducting a takeover, as well as overly restrict shareowner to shareowner communication under broad “acting in concert” provisions. Section 2.10 “Continuing Directors” of CII policy already restricts the use of “dead-hand” director provisions.

Each of these attributes has been noted in recent pills adopted and examined in the CII-REF report on poison pill resurgence, and each has a potential for detrimental impact on shareowners.

**FOR INFORMATION ONLY**

March 31, 2022

TO: Trustees - Board of Investments

FROM: Christine Roseland *CR*
Senior Staff Counsel

FOR: Board of Investments Meeting of April 13, 2022

SUBJECT: Real Estate Recoveries Report

This report provides the savings and recoveries that the Legal Office achieved in 2021 in connection with LACERA's separate account real estate investment program.

Separate Account Real Estate Program

LACERA's Real Estate Program consists of, among other things, separate account equity positions that cover a broad array of property types diversified throughout the U.S., including office buildings, industrial properties, multi-family apartments, retail centers, and development projects. LACERA acquires and sells properties utilizing private real estate advisory firms that are fiduciaries to LACERA. Most of the properties are held through tax exempt title holding companies ("THCs") formed as corporations, limited liability companies, or limited partnerships. Currently, LACERA maintains about 107 THCs holding approximately 74 assets for the separate account Real Estate Program.

The Legal Office handles the documentation relating to the transactions involving the acquisition, disposition, and leveraging of these properties as well as the formation, maintenance, management, and dissolution of the THCs holding title to the properties. The Legal Office's management of the THCs includes tax exemption filings, refunds relating to property tax reassessments, recovery of unclaimed property, and refunds of state and local transfer, income, and franchise taxes and withholdings as well as annual state registration fees.

Recovery

Through these efforts, LACERA recovered \$298,311.66 in tax and unclaimed property related proceeds in calendar year 2021. This brings the total amount recovered on behalf of the fund to over \$4,311,845.44 since 2014.

The following is a breakdown of the amounts recovered on an annual basis since that time:

Year	Recovery
2014	\$ 447,579.38
2015	\$ 6,681.82
2016	\$ 748,771.65
2017	\$ 280,020.77
2018	\$ 768,403.15
2019	\$ 646,875.39
2020	\$ 1,115,201.62 ¹
2021	\$ 298,311.66
Total	\$ 4,311,845.44²

In addition, many of the separate account real estate transactions are handled by LACERA's outside counsel, who are in turn overseen by the Legal Office. After each transaction (such as a sale, purchase or financing), the firm engaged by LACERA submits an invoice for their services based on their hourly fees. The Legal Office frequently negotiates these invoices down based on circumstances. Through these negotiations, LACERA has saved over \$771,879.89 on legal fees between 2014 and 2021. These amounts are in addition to discounted rates negotiated at the time the law firm is engaged to serve on the LACERA-bench of firms and result from staff monitoring the efficiency and value provided by outside counsel on a particular real estate transaction. The following is a breakdown of the amounts saved off invoice totals on an annual basis since 2014:

Year	Legal Fee Savings
2014	\$ 21,786.40
2015	\$ 110,692.80
2016	\$ 40,409.27
2017	\$ 53,784.84
2018	\$ 165,127.31
2019	\$ 195,480.22
2020	\$ 25,033.13
2021	\$ 159,565.92
Total	\$ 771,879.89

Similar legal fee savings exist for other asset classes too but they are not included in this report because the focus of this report is on the separate account Real Estate Program.

Background

The Transactions Team within the Legal Division oversees all legal aspects of investment transactions including the Real Estate Program. That team is responsible for handling

¹ This amount includes a refund check in the amount of \$383,119.65 which is pending receipt.

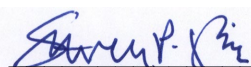
² The data in this memo is current through December 30, 2021.

the transactions as well as the management of the THCs. Among other things related to the management of the THCs, the team is responsible for (1) filing all tax exemption applications for each THC with the federal and applicable state governments (when such exemption is available), (2) recovering taxes for each THC at the federal, state, or local levels, to the extent taxes were paid when there was an exemption available, (3) monitoring and processing property tax refunds for each THC, (4) researching and applying for unclaimed property in various states when discovered, (5) managing state registrations for each THC, (6) monitoring income tax filings and withholdings, including applying for refunds when applicable, and (7) selecting, supervising, and monitoring outside counsel.

LACERA typically negotiates a discounted hourly rate with its panel of outside counsel engaged in connection with investment transactions. These discounts are usually 10 to 20% off regular rates. In addition to this rate discount, the Legal Office often negotiates an additional discount on final invoices of outside counsel in connection with individual transactions. Reasons for these discounts include, among other things, (1) exceeding the budgeted amount due to unanticipated issues or out of scope work, (2) reasonableness of the total amount in light of the circumstances, including value and efficiency of services provided, (3) volume discounts, (4) a hard not to exceed fee cap in situations where the hourly fees could eat up any gains (such as a tax refund or settlement), (5) fees associated with deals that don't close and (6) fairness in situations where multiple firms bid on the same transaction.

As noted above, efforts on tax and unclaimed property claims have resulted in the recovery by the fund of \$298,311.66 in 2021, and over \$4,311,845.44 in total proceeds since 2014, plus an additional \$771,879.89 in legal fee savings. When combined, these recoveries total \$5,083,725.33 since 2014. Because most of these recoveries were handled internally, offsetting fees or costs incurred to collect these amounts are negligible. Accordingly, these real estate recoveries add directly to the pension fund's bottom line.

Reviewed and Approved:




Steven P. Rice
Chief Counsel

cc: Santos H. Kreimann
Luis Lugo
Laura Guglielmo
JJ Popowich
Jonathan Grabel
Ted Granger
Richard Bendall
Jim Rice

FOR INFORMATION ONLY

March 24, 2022

TO: Each Trustee
Board of Retirement
Board of Investments

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: April 6, 2022 Board of Retirement Meeting
April 13, 2022 Board of Investments Meeting

SUBJECT: **Monthly Status Report on Legislation**

Attached is the monthly report on the status of legislation that staff is monitoring or on which LACERA has adopted a position. Bills from the 2021 legislative session that were enacted, vetoed, or died are no longer being tracked.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

LACERA Legislative Report Index
LACERA Legislative Report

cc:	Santos H. Kreimann	Jon Grabel
	Luis Lugo	Scott Zdrazil
	JJ Popowich	Tony Roda, Williams & Jensen
	Laura Guglielmo	Naomi Padron, McHugh Koepke & Associates
	Steven P. Rice	

LACERA Legislative Report
2021-22 Legislative Session
Status as of March 24, 2022

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AB 1667	Cooper (D)	State Teachers' Retirement System	1
AB 1722	Cooper (D)	Public Employees' Retirement: Safety Members	2
AB 1824	Public Employment and Retirement Cmt	Public Employees' Retirement	2
AB 1971	Cooper (D)	County Employees Retirement Law of 1937	2
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LACERA Legislative Report
2021-22 Legislative Session
Status as of March 24, 2022

PUBLIC RETIREMENT		
CA AB 498	AUTHOR: Quirk-Silva [D] TITLE: County Employees Retirement Compensation Earnable INTRODUCED: 02/09/2021 LAST AMEND: 09/10/2021 DISPOSITION: Pending SUMMARY: <p>Relates to the County Employees Retirement Law of 1937, which authorizes counties to establish retirement systems pursuant to its provisions for the purpose of providing pension, disability, and other benefits to county and district employees. Replaces the term grade with group for purposes of the definition of compensation earnable under this law. Defines group or class of positions.</p> STATUS: 09/10/2021 In SENATE. Senate Rules suspended. 09/10/2021 From SENATE Committee on APPROPRIATIONS with author's amendments. 09/10/2021 In SENATE. Read second time and amended. Re-referred to Committee on APPROPRIATIONS.	
CA AB 551	AUTHOR: Rodriguez [D] TITLE: Teachers' Retirement System: Individual Plans INTRODUCED: 02/10/2021 DISPOSITION: Pending SUMMARY: <p>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.</p> STATUS: 01/27/2022 In ASSEMBLY. Read third time. Passed ASSEMBLY. *****To SENATE. (54-13)	
CA AB 826	AUTHOR: Irwin [D] TITLE: Compensation and Compensation Earnable INTRODUCED: 02/16/2021 LAST AMEND: 08/31/2021 DISPOSITION: Pending SUMMARY: <p>Relates to the bill, which would apply only in Ventura County. Provides that compensation and compensation earnable include flexible benefits plan allowances paid by a county or a district on behalf of its employees as part of a cafeteria plan, as specified, if certain requirements are met.</p> STATUS: 09/08/2021 In SENATE. From third reading. To Inactive File. BOR_Position: Watch 09/01/2021 IBLC_Recommendation: Watch 08/12/2021 Staff_Recommendation: Watch	
CA AB 1667	AUTHOR: Cooper [D]	

	TITLE: State Teachers' Retirement System INTRODUCED: 01/19/2022 DISPOSITION: Pending SUMMARY: States the intent of the Legislature to enact legislation related to the State Teachers' Retirement System, including, among other things, in connection with employee liability for system errors in payments, guidance provided by the system later determined to be erroneous, changes to interpretations of creditable compensation laws by the system, and system audits. STATUS: 03/24/2022 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.
CA AB 1722	AUTHOR: Cooper [D] TITLE: Public Employees' Retirement: Safety Members INTRODUCED: 01/27/2022 DISPOSITION: Pending SUMMARY: Relates to the Public Employees' Retirement Law which, until January 1, 2023, provides a state safety member of the Public Employees' Retirement System who retires for industrial disability a retirement benefit equal to the greatest amount resulting from 3 possible calculations. Deletes the termination of these provisions on January 1, 2023, thereby making them operative in perpetuity. STATUS: 03/16/2022 From ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Do pass to Committee on APPROPRIATIONS. (6-0)
CA AB 1824	AUTHOR: Public Employment and Retirement Cmt TITLE: Public Employees' Retirement INTRODUCED: 02/07/2022 LAST AMEND: 03/07/2022 DISPOSITION: Pending SUMMARY: Revises the description of trustee service under the State Teachers' Retirement Law to link it to the definition of this service, which means duties performed by a member of the governing body of an employer. Specifies that termination of services does not include retired member activities, as defined, or retired participant activities, as defined. Makes Cash Balance Benefit Program. STATUS: 03/16/2022 From ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Do pass to Committee on APPROPRIATIONS. (6-0) Comments: Omnibus bill containing SACRS 2022 legislative proposals.
CA AB 1971	AUTHOR: Cooper [D] TITLE: County Employees Retirement Law of 1937 INTRODUCED: 02/10/2022 DISPOSITION: Pending SUMMARY: Specifies other provisions with which regulations of the County Employees Retirement Law of 1937 are required to be consistent and would remove the

requirement of approval by the board of supervisors as a necessary condition for them to become effective.

STATUS:

02/18/2022 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

Comments:

Omnibus bill containing SACRS 2022 legislative proposals.

CA AB 2443

AUTHOR: Cooley [D]
TITLE: Public Employees' Retirement: Federal Law: Limitation
INTRODUCED: 02/17/2022
LAST AMEND: 03/17/2022
DISPOSITION: Pending
SUMMARY:

Prescribes the method by which benefits are to be reduced when federal law requires aggregation of benefits from different plans maintained by the same employer and federal limits on benefits are reached.

STATUS:

03/17/2022 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

03/17/2022 From ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT With author's amendments.

03/17/2022 In ASSEMBLY. Read second time and amended.
Re-referred to Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

Comments:

This is a spot bill.

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.

US HR 6241

SPONSOR: Thompson M [D]
TITLE: Use of Retirement Funds
INTRODUCED: 12/09/2021
DISPOSITION: Pending
SUMMARY:

Amends the Internal Revenue Code of 1986 to provide for rules for the use of retirement funds in connection with federally declared disasters.

STATUS:

12/09/2021 INTRODUCED.

12/09/2021 To HOUSE Committee on WAYS AND MEANS.

US S 1703	SPONSOR: Grassley [R] TITLE: Retirement Plan Administration INTRODUCED: 05/19/2021 DISPOSITION: Pending SUMMARY: Amends the Internal Revenue Code of 1986 to increase retirement savings, to improve retirement plan administration. STATUS: 05/19/2021 INTRODUCED. 05/19/2021 In SENATE. Read second time. 05/19/2021 To SENATE Committee on FINANCE.
US S 1770	SPONSOR: Cardin [D] TITLE: Retirement Provisions INTRODUCED: 05/20/2021 DISPOSITION: Pending SUMMARY: Amends the Internal Revenue Code of 1986 to reform retirement provisions. STATUS: 05/20/2021 INTRODUCED. 05/20/2021 In SENATE. Read second time. 05/20/2021 To SENATE Committee on FINANCE.

PUBLIC INVESTMENT

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.
CA SB 1328	AUTHOR: McGuire [D] TITLE: Investments and Contracts: Russia and Belarus INTRODUCED: 02/18/2022 LAST AMEND: 03/23/2022 DISPOSITION: Pending SUMMARY: Prohibits the boards of specified state and local public retirement systems from investing public employee retirement funds in a company with business operations in Russia or Belarus or a company that supplies military equipment to Russia or Belarus, as defined. Requires those boards to contract with a research firm or firms to determine those companies with business operations in those countries, and to conduct their own review of companies with business operations in those countries, as specified. STATUS: 03/23/2022 In SENATE. Read second time and amended. Re-referred

to Committee on GOVERNMENTAL ORGANIZATION.

WORKERS COMPENSATION		
CA AB 334	AUTHOR: TITLE: INTRODUCED: DISPOSITION: SUMMARY:	Mullin [D] Workers Compensation: Skin Cancer 01/27/2021 Pending 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: 09/10/2021 In SENATE. From third reading. To Inactive File.
CA AB 1751	AUTHOR: TITLE: INTRODUCED: DISPOSITION: SUMMARY:	Daly [D] Workers' Compensation: COVID-19: Critical Workers 02/01/2022 Pending Extends specified workers' compensation provisions relating to COVID-19 until January 1, 2025. STATUS: 02/10/2022 To ASSEMBLY Committee on INSURANCE.
CA SB 213	AUTHOR: TITLE: INTRODUCED: LAST AMEND: DISPOSITION: SUMMARY:	Cortese [D] Workers Compensation: Hospital Employees 01/12/2021 01/25/2022 Pending 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. Includes the novel coronavirus 2019, among other conditions, in the definitions of infectious and respiratory diseases. Creates rebuttable presumptions that these injuries that develop or manifest in a hospital employee who provides direct patient care in an acute care hospital. STATUS: 01/31/2022 In SENATE. Read third time. Passed SENATE. *****To ASSEMBLY. (21-9)
CA SB 284	AUTHOR: TITLE: INTRODUCED: LAST AMEND: DISPOSITION: SUMMARY:	Stern [D] Workers' Compensation: Firefighters and Peace Officers 02/01/2021 08/30/2021 Pending 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:

08/30/2021 In ASSEMBLY. Read second time and amended. To second reading.

08/30/2021 In ASSEMBLY. To Inactive File.

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.

BROWN ACT

CA AB 1944

AUTHOR: Lee [D]
TITLE: Local Government: Open and Public Meetings
INTRODUCED: 02/10/2022
DISPOSITION: Pending
SUMMARY:

Specifies that if a member of a legislative body of a local agency elects to teleconference from a location that is not public, the address does not need to be identified in the notice and agenda or be accessible to the public when the legislative body has elected to allow members to participate via teleconferencing. Requires all open and public meetings of a legislative body that elects to use teleconferencing to provide a video stream accessible to members of the public.

STATUS:

02/18/2022 To ASSEMBLY Committee on LOCAL GOVERNMENT.

CA AB 2449

AUTHOR: Rubio [D]
TITLE: Open Meetings: Local Agencies: Teleconferences
INTRODUCED: 02/17/2022
DISPOSITION: Pending
SUMMARY:

Authorizes a local agency to use teleconferencing without complying with specified teleconferencing requirements if at least a quorum of the members of the legislative body participates in person from a singular location clearly identified on the agenda that is open to the public and situated within the local agency's jurisdiction. The bill would impose prescribed requirements for this exception relating to notice, agendas, the means and manner of access, and procedures for disruptions.

STATUS:

03/03/2022 To ASSEMBLY Committee on LOCAL GOVERNMENT.

CA AB 2647	AUTHOR:	Levine [D]
	TITLE:	Local Government: Open Meetings
	INTRODUCED:	02/18/2022
	DISPOSITION:	Pending
	SUMMARY:	Requires a local agency to make writings and agendas of public meetings distributed to the members of the governing board available for public inspection at a public office or location that the agency designates or post the writings on the local agency's internet website in a position and manner that makes it clear that the writing relates to an agenda item for an upcoming meeting.
	STATUS:	
	03/10/2022	To ASSEMBLY Committees on LOCAL GOVERNMENT and JUDICIARY.
CA SB 1100	AUTHOR:	Cortese [D]
	TITLE:	Open Meetings: Orderly Conduct
	INTRODUCED:	02/16/2022
	LAST AMEND:	03/21/2022
	DISPOSITION:	Pending
	SUMMARY:	Authorizes the presiding member of the legislative body conducting a meeting to remove an individual for willfully interrupting the meeting. Requires removal to be preceded by a warning by the presiding member of the legislative body that the individual is disrupting the proceedings, a request that the individual curtail their disruptive behavior or be subject to removal, and a reasonable opportunity to cease the disruptive behavior.
	STATUS:	
	03/21/2022	In SENATE. Read second time and amended. Re-referred to Committee on JUDICIARY.

PUBLIC RECORDS ACT

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.

SOCIAL SECURITY

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.

BOR_Position: Support 09/01/2021

IBLC_Recommendation: Support 08/12/2021

Staff_Recommendation: Support

US HR 5723

SPONSOR: Larson [D]

TITLE: Social Security System Benefits

INTRODUCED: 10/26/2021

DISPOSITION: Pending

SUMMARY:

Protects our Social Security system and improve benefits for current and future generations.

STATUS:

10/26/2021 In HOUSE Committee on WAYS AND MEANS: Referred to

Subcommittee on SOCIAL SECURITY.

US S 1302

SPONSOR: Brown S [D]
TITLE: Pension Offset
INTRODUCED: 04/22/2021
DISPOSITION: Pending
SUMMARY:

Amends Title II of the Social Security Act to repeal the government pension offset and windfall elimination provisions.

STATUS:

04/22/2021 INTRODUCED.
 04/22/2021 In SENATE. Read second time.
 04/22/2021 To SENATE Committee on FINANCE.
BOR_Position: Support 09/01/2021
IBLC_Recommendation: Support 08/12/2021
Staff_Recommendation: Support

HEALTHCARE

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.
 06/25/2021 In HOUSE Committee on ENERGY AND COMMERCE:
 Referred to Subcommittee on HEALTH.

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

March 28, 2022

TO: Each Trustee,
Board of Retirement
Board of investments

FROM: Audit Committee
Gina V. Sanchez, Chair
Joseph Kelly, Vice Chair
Patrick L. Jones, Secretary
Alan J. Bernstein
Keith Knox
Wayne Moore
Herman B. Santos

FOR: April 6, 2022 Board of Retirement Meeting
April 13, 2022 Board of Investments Meeting

SUBJECT: **Internal Audit's 2022 Quality Assessment Report**

At the March 23, 2022, Audit Committee meeting, Steve Goodson, of The Institute of Internal Auditors (IIA) Quality Services,' presented their Quality Assessment Report (Attachment A), including the results of their external quality assessment (EQA) review of Internal Audit.

Along with voting to accept and file the Quality Assessment Report, the Audit Committee also directed staff to forward the report to the attention of both boards with instructions that staff inform the boards, not only about the results, but the timeline and action plans to address the recommendations for improvement.

Background

An EQA, which is to be conducted at least once every five years, is performed in accordance with the Institute of Internal Audit International Standards for the Professional Practice of Internal Auditing. The primary objectives of the EQA include:

- Assessing Internal Audit's conformance to the Institute of Internal Audit (IIA) International Standards for the Professional Practice of Internal Auditing (Standards)
- Evaluating Internal Audit's effectiveness in carrying out its mission
- Identifying leading practices and opportunities to enhance Internal Audit's management and work processes

Internal Audit's 2022 Quality Assessment Report

March 28, 2022

Page 2 of 2

IIA Quality Services found that Internal Audit generally conforms to the Standards. This opinion, which is the highest of three possible ratings, means that policies, procedures, and practices are in place to implement the standards and other requirements necessary for ensuring a professional Internal Audit activity.

However, the IIA Quality Services team did identify opportunities for improvement that will assist Internal Audit in more fully complying with the Standards and providing enhanced services to LACERA. They identified five areas of partial conformance and eight other areas of opportunity for Internal Audit to improve.

Staff have provided action plans with completion dates ranging from March 31, 2022, to August 31, 2023, to address each of five conformance gaps and eight recommendations. These action plans are included as management responses within the body of the Quality Assessment Report. The Chief Audit Executive has assured the Committee that staff will provide updates on the status of implementation at each Audit Committee meeting until all action plans have been addressed.

Attachment

- A. IIA Quality Services' Quality Assessment Report
- B. IIA Quality Services' Audit Committee Briefing slides

RPB:rb

c: Santos H. Kreimann
Luis A. Lugo
Laura Guglielmo
JJ Popowich
Steven P. Rice



A REPORT PRESENTED TO
LOS ANGELES COUNTY
EMPLOYEES RETIREMENT
ASSOCIATION (LACERA)

QUALITY ASSESSMENT REPORT

Prepared February 18, 2022

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Los Angeles County Employees Retirement Association

This Internal Audit Department **Generally Conforms** to the *International Standards for the Professional Practices of Internal Auditing* and the IIA Code of Ethics.

A Generally Conforms rating means the internal audit activity conforms to the requirements of the Standards and elements of the IIA Code of Ethics (both Principles and Rules of Conduct) in all material respects. This rating does not imply full conformance and is achievable even when some areas of the Standards are determined to be in partial conformance.

GOVERNANCE		STAFF		MANAGEMENT		PROCESS	
Standard	Rating	Standard	Rating	Standard	Rating	Standard	Rating
1000	GC	1200	GC	2000	GC	2200	GC
1100	GC			2100	GC	2300	GC
1300	GC			2450	GC	2400	GC
Code of Ethics	GC			2600	GC	2500	GC



Steve Goodson

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List of Acronyms

ACRONYM	DESCRIPTION
CAATs	Computer-Assisted Audit Techniques
CAE	Chief Audit Executive
CPE	Continuing Professional Education
EQA	External Quality Assessment
IA	Internal Audit
IIA	The Institute of Internal Auditors
Internal Audit	Internal Audit Department
IPPF	International Professional Practices Framework
IT	Information Technology
QAIP	Quality Assurance and Improvement Program
<i>Quality Assessment Manual</i>	<i>Quality Assessment Manual for the Internal Audit Activity – 2017 IPPF Aligned Edition</i>
<i>Standards</i>	<i>International Standards for the Professional Practice of Internal Auditing</i>
SWOT	Strengths, Weaknesses, Opportunities, and Threats



Executive Summary

Conformance Summary

STANDARDS AND THE IIA CODE OF ETHICS

		GC	PC	DNC
ATTRIBUTE STANDARDS				
1000 - Purpose, Authority, and Responsibility		X		
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	X		
1100 - Independence and Objectivity		X		
1110	Organizational Independence	X		
1111	Direct Interaction with the Board	X		
1112	Chief Audit Executive Roles Beyond Internal Auditing	X		
1120	Individual Objectivity	X		
1130	Impairments to Independence or Objectivity	X		
1200 - Proficiency and Due Professional Care		X		
1210	Proficiency	X		
1220	Due Professional Care	X		
1230	Continuing Professional Development	X		
1300 - Quality Assurance and Improvement Program (QAIP)		X		
1310	Requirements of the QAIP	X		
1311	Internal Assessments		X	
1312	External Assessments		X	
1320	Reporting on the QAIP	X		
1321	Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing" Statement		X	
1322	Disclosure of Nonconformance	X		
PERFORMANCE STANDARDS				
2000 - Managing the Internal Audit Activity		X		
2010	Planning	X		
2020	Communication and Approval	X		
2030	Resource Management	X		
2040	Policies and Procedures	X		
2050	Coordination and Reliance	X		
2060	Reporting to Senior Management and the Board	X		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	X		

		GC	PC	DNC
PERFORMANCE STANDARDS (CONTINUED)				
2100 - Nature of Work		X		
2110	Governance	X		
2120	Risk Management	X		
2130	Control	X		
2200 - Engagement Planning		X		
2201	Planning Considerations	X		
2210	Engagement Objectives	X		
2220	Engagement Scope	X		
2230	Engagement Resource Allocation	X		
2240	Engagement Work Programs	X		
2300 - Performing the Engagement		X		
2310	Identifying Information	X		
2320	Analysis and Evaluation	X		
2330	Documenting Information		X	
2340	Engagement Supervision		X	
2400 - Communicating Results		X		
2410	Criteria for Communicating	X		
2420	Quality of Communications	X		
2421	Errors and Omissions	X		
2430	Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing"		X	
2431	Engagement Disclosure of Nonconformance	X		
2440	Disseminating Results	X		
2450	Overall Opinions	X		
2500 - Monitoring Progress		X		
2600 - Communicating the Acceptance of Risks		X		
IIA CODE OF ETHICS				
	Code of Ethics	X		
OVERALL CONFORMANCE RATING		X		

Overall Opinion

OPINION AS TO CONFORMANCE WITH THE *STANDARDS* AND THE IIA CODE OF ETHICS

The internal audit activity at Los Angeles County Employees Retirement Association (LACERA) Generally Conforms with the Standards and the IIA Code of Ethics. A Generally Conforms rating means the internal audit activity conforms to the requirements of the Standards and elements of the IIA Code of Ethics (both Principles and Rules of Conduct) in all material respects. This rating does not imply full conformance and is achievable even when some areas of the Standards are determined to be in partial conformance.

A summary of conformance with individual *Standards* and the IIA Code of Ethics is provided within the “Conformance Summary” section of this report. Upon issuance of this report, Internal Audit may use the phrases “Conforms with the *International Standards for the Professional Practice of Internal Auditing*” and “Conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*” within its practice materials and/or audit reports.

The IIA *Quality Assessment Manual for the Internal Audit Activity – 2017 IPPF Aligned Edition (Quality Assessment Manual)* suggests a scale of three ratings, “Generally Conforms,” “Partially Conforms,” and “Does Not Conform.” Detailed rating definitions and criteria associated with “Generally Conforms,” “Partially Conforms,” and “Does Not Conform” are described within Appendix A of this report and are consistent with IIA guidance stated in its *Quality Assessment Manual*.

Under the *Standards*, an External Quality Assessment (EQA) of an internal audit activity must be conducted at least once every five years by a qualified, independent assessor or an independent assessment team from outside the organization. IIA Quality Services, LLC was selected to lead this assessment. This engagement’s Assessment Team demonstrated competence in both the professional practice of internal auditing and the EQA process as required by the *Standards*. The External Quality Assessment was conducted virtually primarily during the week of February 7, 2022. Conclusions were as of February 11, 2022.

Future changes in external factors and actions taken by personnel, including actions taken to address our recommendations, may have an impact upon the operation of Internal Audit in a manner that this report did not and cannot anticipate. Considerable professional judgment is involved in evaluating the observations and developing recommendations. Accordingly, it should be recognized that others could evaluate the results differently and draw different conclusions. All information included in this report is proprietary and confidential and is intended for internal use only. This report may not be distributed to any other third-party (other than your regulator, Audit Committee, or external auditor) without the prior written consent of IIA Quality Services, LLC.

Objectives, Scope, and Methodology

OBJECTIVES

The primary objective of this assessment was to evaluate conformance to the *Standards*, which require an EQA of an internal audit activity at least every five years. In addition, the Assessment Team:

- Assessed conformance with the IIA Code of Ethics
- Assessed Internal Audit's effectiveness in providing assurance and advisory services to stakeholders and other interested parties
- Identified opportunities, offered recommendations for improvement, and provided counsel to Internal Audit for improving its performance and services, as well as promoting its image and credibility throughout the organization

SCOPE

The scope of this assessment included an evaluation of Internal Audit's efficiency and effectiveness in executing its mission, as set forth by the Internal Audit Charter, which defines the purpose, authority, responsibilities, and accountabilities of Internal Audit.

METHODOLOGY

To accomplish the aforementioned objectives, the Assessment Team:

- Reviewed information prepared by Internal Audit at the Assessment Team's request
- Conducted interviews with key stakeholders of Internal Audit including board members, senior executives, the external auditors, the Chief Audit Executive (CAE), and members of the Internal Audit function
- Reviewed a limited sample of audit projects and associated work papers and reports
- Reviewed survey data received from Internal Audit stakeholders resulting from IIA Quality Services' survey process
- Reviewed benchmark data
- Prepared diagnostic tools consistent with the methodology established for an EQA as stated in the *Quality Assessment Manual*

Observations Specific to Internal Audit

OVERALL SUMMARY

The internal audit activity at Los Angeles County Employees Retirement Association (LACERA) Generally Conforms with the Standards and the IIA Code of Ethics. A conformance rating of Generally Conforms (GC) means the Assessment Team concluded the following:

- For individual *Standards*, the internal audit activity conforms to the requirements of the *Standard* (i.e., 1000, 1010, 2000, 2010, etc.) or elements of the IIA Code of Ethics (both Principles and Rules of Conduct) in all material respects.
- For the sections (Attribute and Performance) and major categories (i.e., 1000, 1100, 2000, 2100, etc.), the internal audit activity achieves general conformity to a majority of the individual *Standards* and/or elements of the IIA Code of Ethics, and at least partial conformity to others, within the section/category.
- For the internal audit activity overall, there may be opportunities for improvement, but these should not represent situations where the internal audit activity has not implemented the *Standards* or the IIA Code of Ethics, has not applied them effectively, or has not achieved their stated objectives.

While LACERA Internal Audit Generally Conforms with the Standards and the IIA Code of Ethics, Internal Audit received a rating of Partially Conforms for six Standards resulting in five Conformance Gaps:

1311	Internal Assessments
1312 -	External Assessments
1321/2430 -	Use of “Conforms with the International Standards for the Professional Practice of Internal Auditing”
2330 -	Documenting Information
2340 -	Engagement Supervision

These Conformance Gaps are discussed in the Detailed Observations section of this report along with six leading practices and eight opportunities to improvement. Of note, Internal Audit has recently implemented a comprehensive follow-up process that provides the Audit Committee and management valuable insight into efforts to implement internal audit recommendations. Lastly, multiple additional opportunities to improve the audit activity that did not raise to the level of reporting were discussed with the Chief Audit Executive and his management team.



Detailed Observations

Successful Practices

The Assessment Team identified the following areas where Internal Audit operates in a successful practice manner:

#	STANDARD	SUCCESSFUL PRACTICE
SP01	1220 – Due Professional Care 1220.A2 – In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.	<p>LACERA IA has well-credentialed staff. Many staff members hold multiple certifications in the areas of internal auditing, fraud, accounting, data analytics, and information technology.</p> <p>Internal Audit has employed data analytics tool to assist with engagements.</p> <p>LACERA supports staff continuing professional development and provides an annual bonus for certified staff.</p>
SP02	1312 External Assessments	<p>A commitment to quality is demonstrated by engaging this external assessment.</p> <p>See separate conformance gap 1312 External Assessments.</p>
SP03	2330 - Documenting Information Internal auditors must document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions.	<p>The department is making good use of TeamMate for Audit Planning and Working Papers.</p> <p>See separate opportunities related to: 2330 - Documenting Information 2340 - Engagement Supervision</p>
SP04	2120 – Risk Management The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.	<p>Internal audit conducts a robust annual risk assessment and planning effort prior to developing their annual plan. The effort includes interviews and discussions with key stakeholders and an evaluation of external leadership using the IIA's "On Risk" annual report.</p> <p>See separate opportunity related to: 2010 – Planning 2030 – Resource Management</p>

Successful Practices

The Assessment Team identified the following areas where Internal Audit operates in a successful practice manner:

#	STANDARD	SUCCESSFUL PRACTICE
SP05	Leading Practice – Management and Audit Committee Relations	Management and the Audit Committee are engaged with Internal Audit. Overall, Internal Audit is commonly viewed as value adding and as having positive relationships with management.
SP06	Leading Practice – Thought Leadership	<p>LACERA IA shares risk intelligence and benchmarking thought-leadership with the board audit committee using the IIA's report "On Risk."</p> <p>This annual report offers boardroom, C-suite, and internal audit annual perspectives on risk to challenge and extend management and the board's view on risk, see https://www.theiia.org/OnRisk.</p> <p>LACERA IA could consider including views of risk sourced from industry publications, public accounting firms, and other internal auditing service providers to broaden the landscape of thought-leadership presented to the board audit committee during IA's annual risk assessment.</p>

Conformance Gaps

The Assessment Team identified the following conformance gaps:

#	STANDARD	CONFORMANCE GAP	DESCRIPTION	RESPONSE
CG01	<p>1311 Internal Assessments</p> <p>Internal assessments must include:</p> <ul style="list-style-type: none"> • Ongoing monitoring of the performance of the internal audit activity. • Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices 	<p>Ongoing monitoring of engagements is conducted, but can be improved. Ongoing monitoring of performance is discussed under the opportunity for 2340 - Engagement Supervision</p> <p>Internal Audit did conduct a periodic internal assessment and reported the results to the Audit Committee. However, workpapers to support the assessment were not maintained and available for review.</p> <p>Key Performance Indicators (KPI) are vital for monitoring the performance of the overall internal audit activity. Several indicators are routinely tracked and communicated to the Audit Committee such as:</p> <ul style="list-style-type: none"> • Audit Plan Completion • Internal Audit Coverage of the Organization • Engagement-level audit cycle time <p>Internal Audit has an opportunity, working with the Audit Committee and Executive Management, to establish KPIs that will be meaningful to these stakeholders. Establishing goals for each KPI will help Internal Audit target their efforts to accomplish the metrics.</p>	<p>Recommendation #1:</p> <ol style="list-style-type: none"> Work with the Committee and Executive Management to establish meaningful KPIs and measurable goals related to each. Adequately document the work performed for the Internal Periodic Assessment. This effort could be included in Internal Audit's to be developed Strategic Plan, see IO05. 	<p>Recommendation #1 – Management Responses and Action Plans:</p> <ol style="list-style-type: none"> Internal Audit (IA) management agrees with the recommendation and will discuss KPIs with the Executive Office and Audit Committee (AC) Chair in developing meaningful and measurable KPIs. We will then establish KPIs which we will report in the Audit Plan Status Report presented at AC meetings. Due Date: 8/30/22 IA management agrees with the recommendation and will develop formalized Internal Periodic Assessment and establish due dates for completion. Due Date: 3/31/22 IA management agrees with the recommendation and will include these efforts in our Strategic Plan. Due Date 10/31/22

Conformance Gaps

The Assessment Team identified the following conformance gaps:

#	STANDARD	CONFORMANCE GAP	DESCRIPTION	RESPONSE
CG02	1312 External Assessments External assessments must be conducted at least once every five years.	Internal Audit's most recent external quality assessment was completed in 2016. With the completion of this assessment, Internal Audit comes into conformance with this Standard	Recommendation #2: Assure an EQA is conducted at least every 5 years.	Management Response and Action Plan Recommendation #2: IA management agrees with the recommendation and will ensure that the next EQA is conducted within 5 years. Due Date: Implemented
CG03	1321 & 2430 Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing" Indicating that engagements and the internal audit activity are "in conformance with the International Standards for the Professional Practice of Internal Auditing" is appropriate only if supported by the results of the quality assurance and improvement program.	Internal Audit continued to use the statement even though an external QA as not conducted at least once every five years.	Recommendation #3: Refrain from using Conformance Statement without external quality assessment confirming conformance.	Management Response and Action Plan Recommendation #3: IA management agrees with the recommendation and will not use the Conformance Statement until the Final EQA Report is issued. Due Date: Implemented

Conformance Gaps

The Assessment Team identified the following conformance gaps:

#	STANDARD	CONFORMANCE GAP	DESCRIPTION	RESPONSE
CG04	2330 - Documenting Information Internal auditors must document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions.	<p>Engagement documentation reviewed for this assessment was limited due to:</p> <ul style="list-style-type: none"> a) The structure of engagement files that were converted into TeamMate+ (TM), b) The changing and maturing of departmental procedures during the period of review, and c) A lack of centralized and complete procedures to outline the intended documentation practices. <p>Our review primarily focused on a limited sample of one engagement that had followed current and intended departmental practice and which was fully completed within the new TM file structure.</p> <p>We also reviewed additional historical files to assess and confirm observations related to the 2200 series performance standards gaps and opportunities that are noted in this report.</p>	<p>Recommendation# 4:</p> <p>Improve the quality and consistency of engagement working papers.</p> <p>In addition to the new file structure and process templates warehoused in TeamMate+, we strongly recommend the following actions be taken by Internal Audit to improve the quality and consistency of working paper documentation:</p> <ul style="list-style-type: none"> a. Document the intended work paper practices in the departmental manual. b. Align the end of audit quality review checklist to the steps in the IIA's QAIP's Internal Audit Process Program Guide. c. Continue to reinforce intended procedural standards in the monthly departmental quality team meetings. d. For a period of time, evaluate every engagement for compliance with documentation standards and once procedures and quality results are satisfactory, then mature your periodic internal quality reviews to a sample of audits. e. Once departmental procedures have been firmly established and operating for a period of time (at least six months) consider performing another external quality assessment (either a full assessment / independent assessment with external review, or a readiness assessment) more frequent than the suggested five-year requirement to ensure that the department processes are working as intended and are following good practice. 	<p>Recommendation #4 Management Response and Action Plan:</p> <ul style="list-style-type: none"> a. IA management agrees with the recommendation and will update Operation Guide and include this practice in the Guide. Due Date: 6/30/2022 b. IA management agrees with the recommendation and will align audit quality review checklist with the IIA QAIP Program Guide. Due Date: 3/31/2022 c. IA Management agrees with the recommendation and will continue to reinforce standards in monthly QAIP meetings. Due Date: Implemented d. IA Management agrees with the recommendation and in connection with recommendation #4b above, will perform a post audit evaluation of audit engagements for compliance with documentation Standards until FYE 2023 and subsequently will be perform the post audits on a sample basis. Due Date: 6/30/2023 e. Will work on refining and improving IA operations and after one year of doing so, will consider a readiness assessment. Due Date: 6/30/2023

Conformance Gaps

The Assessment Team identified the following conformance gaps:

#	STANDARD	CONFORMANCE GAP	DESCRIPTION	RESPONSE
CG05	2340 - Engagement Supervision Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.	<p>Internal audit management and staff reported a high degree of interaction and discussion during the conduct of audits. What has been a greater challenge is the timely documentation of supervisory approvals or “sign-off” in the automated workpaper tool TeamMate (TM).</p> <p>IA migrated to a new version of TM during the pandemic and prior to fully assessing and solidifying their internal working practices. Thus, IA management disclosed, and we observed, that supervisory sign-off during audit engagements was not always timely documented in the official working papers. The new TM file structure, that was recently implemented, reflected an improved level of timely supervision as observed in the TM tool.</p>	<p>Recommendation #5: We recommend IA management:</p> <ul style="list-style-type: none">a) establish timelines for what constitutes timely supervisory review in the Internal Audit operating manual,b) ensure supervision is timely and contemporaneously documented in TM during audits, andc) include an evaluation of timely supervisory sign-off in their periodic internal quality assessments.	<p>Recommendation #5 Management Response and Action Plan:</p> <ul style="list-style-type: none">a) IA Management agrees with the recommendations and will establish timelines for audit engagements and will address them in our operating manual. Due Date 6/30/2022b) IA Management agrees with the recommendations and will ensure Supervisory review is timely and documented based on our continuous QC reviews as noted in recommendation # 4d. Due Date 6/30/2022c) IA Management agrees with the recommendations and will include an evaluation of timely supervisory sign-off in our periodic internal quality assessments. Due Date 6/30/2022

Improvement Opportunities

The Assessment Team identified the following improvement opportunities that, if implemented, will enhance the efficiency and effectiveness of Internal Audit processes and/or infrastructure:

#	STANDARD	IMPROVEMENT OPPORTUNITY	DESCRIPTION	RESPONSE
IO01	1110 – Organizational Independence Organizational independence is effectively achieved when the chief audit executive reports functionally to the board.	IA clearly reports functionally to the LACERA Audit Committee, However, the LACERA organizational chart on the organization's external website does not show the Internal Audit Activity's functional reporting relationship to the Audit Committee of the Boards.	Recommendation #6: Strengthen internal audit's independence by updating the LACERA organization chart that is publicly facing to reflect a solid (functional) reporting line to the Audit Committee. Review all public and internally facing organization charts to ensure the reporting lines are appropriately reflected.	Recommendation #6 Management Response and Action Plan: IA Management agrees with the recommendations and will work with Exec Office and Communications Division to update the org charts accordingly. Due Date 3/31/22
IO02	1210 – Proficiency Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities. 1230 - Continuing Professional Development Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.	Internal audit has well-credentialed staff. Many staff members hold multiple certifications in the areas of internal auditing, fraud, accounting, data analytics, and information technology.	Recommendation #7: In order to enhance their competencies and continue their professional development, Internal Audit can: a. Utilize a staff competency model similar to the IIA Internal Audit Competency Framework to self-assess staff against a formal competency framework. b. Add certification requirements to Internal Audit Job Descriptions if the practice is consistent with LACERA's internal job description methodology. c. Ensure staff receive timely finalized and formal performance appraisals on at least an annual basis.	Recommendation #7 Management Response and Action Plan: a. IA Management agrees with the recommendation and will develop a staff competency model using the IIA Internal Audit Competency Framework as a guide. We plan to discuss this at our April monthly QAIP meeting and will begin using it in FY 2023. Due Date: 6/30/2022. b. IA Management agrees with the recommendation and will review LACERA job descriptions for Internal Audit positions to align with current internal audit practices and evaluate the inclusion of certifications if feasible under LACERA job description methodology. Due Date: 6/30/2022 c. IA Management agrees with the recommendation and will ensure performance appraisals are completed in a timely manner and within LACERA's PE timeline. We will also complete Competency Assessments on a fiscal year basis beginning with Fiscal Year 2023. Due Date 7/30/22

Improvement Opportunities

The Assessment Team identified the following improvement opportunities that, if implemented, will enhance the efficiency and effectiveness of Internal Audit processes and/or infrastructure:

#	STANDARD	IMPROVEMENT OPPORTUNITY	DESCRIPTION	RESPONSE
IO03	<p>1110 - Independence and Objectivity The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results. The chief audit executive must disclose such interference to the board and discuss the implications.</p> <p>2400 - Communicating Results Internal auditors must communicate the results of engagements.</p>	<p>Independence is the freedom from conditions that threaten the ability of the internal auditing activity to carry out their responsibilities in an unbiased manner.</p> <p>Further, the internal audit policies and procedures manual establishes the process for documenting the support for an observation/conclusion related to the engagement and the internal audit activity may develop an engagement communication plan to provide guidance for final engagement results.</p> <p>Internal audit follows a somewhat unique procedure to provide the board audit committee directors advance copies of final audit reports for review, questions, and comment. In certain circumstances, the CAE may change the audit report as a result of this process.</p>	<p>Recommendation #8:</p> <p>Creating ongoing systems and structures that ensure independence regardless of the unbiased nature of individuals, would strengthen independence and potentially mitigate any undue influence that might present itself in the future, either in perception or fact.</p> <p>Consider providing guidance in the Internal Audit operating manual and the audit charter to describe the nature and intended purpose of this preliminary board review and the safeguards in place to ensure this review and comment period does not create a perceived challenge to the internal audit function's independence.</p>	<p>Recommendation #8 Management Response and Action Plan:</p> <p>IA Management agrees with the recommendation. As part of our strategic planning and review of our processes, we will reevaluate and document our process of issuing audit reports in our operations guide, as well as consider the necessity of changes to the Internal Audit and Audit Committee charters, to ensure Internal Audit's independence is maintained.</p> <p>Due Date: 10/31/2022</p>
IO04	<p>2120.A1 – Fraud Risk The internal audit activity must evaluate the potential for the occurrence of fraud and how the organization manages fraud risk</p> <p>2240 - Engagement Work Program Internal auditors must develop and document work programs that achieve the engagement objectives..</p>	<p>We reviewed a limited number of audit workpapers and queried IA management on their engagement-level planning process. IA management demonstrated an awareness for the potential of fraud and outlined the steps they follow to evaluate the potential for fraud in the engagement. However, evidence of conclusions could be more fully documented in the work papers.</p>	<p>Recommendation #9:</p> <p>Documentation of the engagement process followed, and the conclusions reached, could be enhanced so an independent reviewer would reach the same conclusion and to better support the agreed upon engagement-level scope and objectives.</p> <p>We recommend IA move forward with enhancing policies and procedures to better document and support their engagement-level fraud risk assessment including an assessment of the specific fraud red flags considered.</p>	<p>Recommendation #9 Management Response and Action Plan:</p> <p>IA Management agrees with the recommendation. We are in the process of enhancing our audit engagement process and to more effectively document and support engagement-level fraud risk assessment. The updates will be incorporated into our operations guide.</p> <p>Due Date 3/31/22.</p>

Improvement Opportunities

The Assessment Team identified the following improvement opportunities that, if implemented, will enhance the efficiency and effectiveness of Internal Audit processes and/or infrastructure:

#	STANDARD	IMPROVEMENT OPPORTUNITY	DESCRIPTION	RESPONSE
IO05	<p>2000 – Managing the Internal Audit Activity The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization.</p>	<p>Developing and documenting a formalized strategic plan for Internal Audit is an emerging and evolving successful practice that supports internal audit activities operating in dynamic environments. A multi-year Internal Audit strategic plan can help Internal Audit improve their support to LACERA in a proactive, thoughtful, systematic, and practical manner.</p> <p>Additionally, strategic planning can help with Internal Audit leadership development and succession planning.</p> <p>The strategic plan might have a three-year horizon that is adjusted on an annual basis and presented to senior management and the Audit Committee in conjunction with the annual risk assessment and audit plan for review and approval. Strategic plans and related initiatives are generally supported by a “Strengths, Weaknesses, Opportunities, Threats” analysis.</p>	<p>Recommendation #10: Create a strategic plan to identify and address strategic initiatives going forward.</p>	<p>Recommendation #10 Management Response and Action Plan:</p> <p>IA Management agrees with the recommendation. IA management plans to develop a Strategic Plan to support internal audit activities and LACERA. The Plan will also address initiatives for succession planning.</p> <p>Due Date: 10/31/2022</p>
IO06	<p>2010 – Planning The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization’s goals.</p> <p>2030 – Resource Management The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.</p>	<p>Stakeholder feedback indicates the annual audit planning process currently in place results in more work on the annual audit plan than Internal Audit can accomplish. This, as well as auditor vacancies and a maturing audit process, resulted in Internal Audit completing only 64% of their most recent annual plan.</p>	<p>Recommendation #11: Establish a realistic and achievable risk-based annual audit plan. Seek additional resources if the risk assessment indicates more risk than can be covered by Internal Audit’s current resources (staff and out-sourcing.).</p> <p>See also related opportunity IO08 Coordination and Reliance</p>	<p>Recommendation #11 Management Response and Action Plan:</p> <p>IA Management agrees with the recommendation. We will refine our risk assessment process to include 1) risks mapped to proposed projects based on available Internal Audit resources (staff and Audit Pool), 2) other risks areas that are being addressed by the organization or were recently addressed by Internal Audit, and 3) risks mapped to proposed projects if additional resources were available. We will provide the Audit Committee our updated risk assessment at the May 2022 AC meeting and final FY 2022/23 Audit Plan at the August 2022 meeting.</p> <p>Due Date 8/31/22</p>

Improvement Opportunities

The Assessment Team identified the following improvement opportunities that, if implemented, will enhance the efficiency and effectiveness of Internal Audit processes and/or infrastructure:

#	STANDARD	IMPROVEMENT OPPORTUNITY	DESCRIPTION	RESPONSE
IO07	<p>2040 - Policies and Procedures</p> <p>The chief audit executive must establish policies and procedures to guide the internal audit activity.</p>	<p>IA operating practices matured and evolved over the period under our review and we noted that the department policies and procedures (operating manual) in minor areas are not fully aligned with the current IPPF.</p> <p>In addition, the operating manual has limited details on how internal audits are conducted at LACERA and specific procedures are outlined in multiple documents that are decentralized.</p> <p>A good practice is to centralize and detail the intended process staff should follow in the conduct of audits and perform a quality assessment of completed audits against the detailed process. The operating manual may take many forms, e.g., a MS Word document, an automated working paper file structure, instructions, and templates, and/or flowcharts and checklists. Detailing the intended practice staff are to follow also supports staff feedback, development, and performance accountability.</p>	<p>Recommendation #12:</p> <p>a. Stabilize Internal Audit process changes, update and fully centralize departmental policies and procedures, and develop a sustainable cadence for guidance updates and the related training of staff on those updates.</p> <p>b. Move forward with the planned update of departmental policies and procedures (operating manual), align this guidance with the current 2017 IPPF, and incorporate the following elements in the manual:</p> <ul style="list-style-type: none"> • The criteria and process for selection of third-party service providers. • Criteria used to evaluate and support reliance on the work of any LACERA internal second line functions, e.g., information security, quality assurance, and the proposed compliance division. • IA departmental Data Analytics expectations and procedures for ensuring data accuracy, requirements associated with handling data, standards and conventions for documentation data analytics in working papers, and standards for reporting data in audit reports. • Include the requirement for annual ethics training for Certified Internal Auditors (CIAs). • The frequency of operating manual updates and the process to ensure the manual remains current with IPPF guidance. • Consider moving the detailed IPPF standards to in an appendix to not distract from specific departmental policies and procedures. 	<p>Recommendation #12 Management Response and Action Plan:</p> <p>IA Management agrees with the recommendations 12a and 12b. We are in the process of updating our Operation Guide and will incorporate elements of the 2017 IPPF and other suggested inclusions, some we of which are already our practice, such as the annual ethics training for all staff, noted in the audit recommendations.</p> <p>Due Date: 6/30/2022</p>

Improvement Opportunities

The Assessment Team identified the following improvement opportunities that, if implemented, will enhance the efficiency and effectiveness of Internal Audit processes and/or infrastructure:

#	STANDARD	IMPROVEMENT OPPORTUNITY	DESCRIPTION	RESPONSE
IO08	2050 –Coordination and Reliance The chief audit executive should share information, coordinate activities, and consider relying on the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts. The goal is to provide management and the board with a comprehensive view of risk, including associated management accountabilities, and an assessment of where independent assurance is provided or warranted.	Internal audit directly coordinates the work of the external financial auditor, in addition they include discussions with operating and second line management in their annual risk assessment. IA has also recently assessed the second line Quality Operations department. However, IA has not established a consistent process for any basis of reliance, including an assessment of the competency, objectivity, and due professional care of the other assurance and consulting service providers nor has internal audit or management developed a comprehensive map of key risks and assurance coverage.	<p>Recommendation #13:</p> <p>We recommend Internal Audit work with LACERA Executive Office to coordinate and create an assurance map by linking identified significant risk categories with a management owner, the relevant sources of assurance, and rating the level of assurance provided for each risk category.</p> <p>Because the map is comprehensive, it can expose gaps and duplications in assurance coverage thus minimizing duplication and maximizing the efficiency and effectiveness of assurance coverage.</p> <p>The map can take many forms and be developed and populated over time. It need not be owned by Internal Audit but Internal Audit should play a key role in its development and update and utilize the information to establish its annual Internal Audit plan and evaluate its resource requirements.</p> <p>Following this approach provides management and the board with the necessary decision-making information to ensure efficient and effective coverage of key risks faced by LACERA. A combined assurance mapping effort typically:</p> <ul style="list-style-type: none"> • identifies the landscape of key corporate risks, • identifies the executive accountable for the risk, • reflects the various assurance providers responsible for management and board assurance related to these risks, and • ties to the annual Internal Audit plan including supporting resource needs. 	<p>Recommendation #13 Management Response and Action Plan:</p> <p>To address the conformance gap relating to Standard 2050 we will develop a feasible process to coordinate activities, and criteria for reliance on the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts. As part of our risk assessing process, we will provide Exec management and the Committee with a comprehensive view of risk, and an assessment of risk assurance effectiveness and efficiency and identify any gaps or deficiencies.</p> <p>Due Date: 8/30/23</p>



Appendix A

Conformance Rating Criteria

Conformance Rating Criteria

“Generally Conforms” (GC) means the Assessment Team concluded the following:

- For individual *Standards*, the internal audit activity conforms to the requirements of the *Standard* (i.e., 1000, 1010, 2000, 2010, etc.) or elements of the IIA Code of Ethics (both Principles and Rules of Conduct) in all material respects.
- For the sections (Attribute and Performance) and major categories (i.e., 1000, 1100, 2000, 2100, etc.), the internal audit activity achieves general conformity to a majority of the individual *Standards* and/or elements of the IIA Code of Ethics, and at least partial conformity to others, within the section/category.
- For the internal audit activity overall, there may be opportunities for improvement, but these should not represent situations where the internal audit activity has not implemented the *Standards* or the IIA Code of Ethics, has not applied them effectively, or has not achieved their stated objectives.

“Partially Conforms” (PC) means the Assessment Team concluded the following:

- For individual *Standards*, the internal audit activity is making good faith efforts to conform to the requirements of the *Standard* (i.e., 1000, 1010, 2000, 2010, etc.) or element of the IIA Code of Ethics (both Principles and Rules of Conduct) but falls short of achieving some major objectives.
- For the sections (Attribute and Performance) and major categories (i.e., 1000, 1100, 2000, 2100, etc.), the internal audit activity partially achieves conformance with a majority of the individual *Standards* within the section/category and/or elements of the IIA Code of Ethics.
- For the internal audit activity overall, there will be significant opportunities for improvement in effectively applying the *Standards* or the IIA Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the internal audit activity and may result in recommendations to senior management or the board of the organization.

“Does Not Conform” (DNC) means the Assessment Team concluded the following:

- For individual *Standards*, the internal audit activity is not aware of, is not making good faith efforts to conform to, or is failing to achieve many/all of the objectives of the *Standard* (i.e., 1000, 1010, 2000, 2010, etc.) and/or elements of the IIA Code of Ethics (both Principles and Rules of Conduct).
- For the sections (Attribute and Performance) and major categories (i.e., 1000, 1100, 2000, 2100, etc.), the internal audit activity does not achieve conformance with a majority of the individual *Standards* within the section/category and/or elements of the IIA Code of Ethics.
- For the internal audit activity overall, there will be deficiencies that will usually have a significant negative impact on the internal audit activity’s effectiveness and its potential to add value to the organization. These may also represent significant opportunities for improvement, including actions by senior management or the board.



Appendix B

Stakeholder Feedback

Stakeholder Feedback

SENIOR MANAGEMENT AND KEY STAKEHOLDERS

NAME	TITLE
Joe Kelly	Audit Committee Chair
Keith Knox	Audit Committee Member
Gina V. Sanchez	Audit Committee Member
Santos H. Kreimann	Chief Executive Officer
Luis A. Lugo	Deputy Chief Executive Officer
Laura Guglielmo	Assistant Executive Officer
JJ Popowich	Assistant Executive Officer
Carlos Barrios	Division Manager, Benefit Services
Jonathan Gabel	Chief Investment Officer
Kathy Delino	Manager, Information Systems
Ted Granger	Interim Chief Financial Officer
Steven Rice	Chief Counsel, Legal Services
Carly Ntoya	Director, Human Resources

In addition to interviews with the individuals listed above, broad-based and confidential surveys were conducted by IIA Quality Services. Surveys were sent to senior management and stakeholders throughout the organization. A separate survey was sent to Internal Audit management and staff.

Stakeholder Feedback

INTERNAL AUDIT MANAGEMENT AND STAFF

NAME	TITLE
Richard Bendall	Chief, Internal Audit
Christina Login	Principal Internal Auditor
Leisha Collins	Principal Internal Auditor
Kathryn Ton	Internal Auditor
Gabriel Tafoya	Internal Auditor
George Lunde	Internal Auditor

In addition to interviews with the individuals listed above, broad-based and confidential surveys were conducted by IIA Quality Services. Surveys were sent to senior management and stakeholders throughout the organization. A separate survey was sent to Internal Audit management and staff.

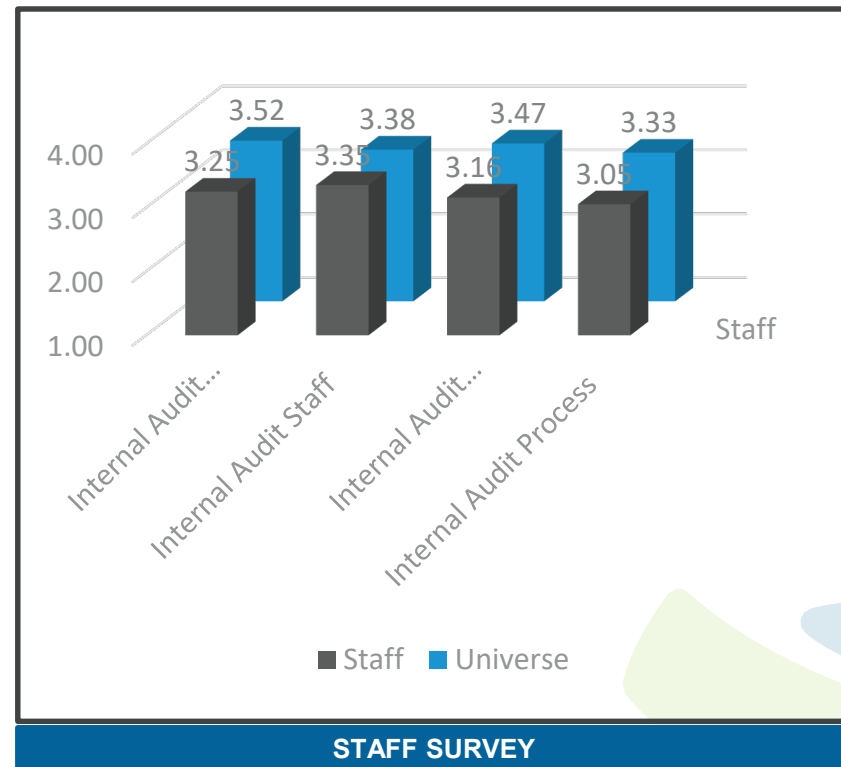
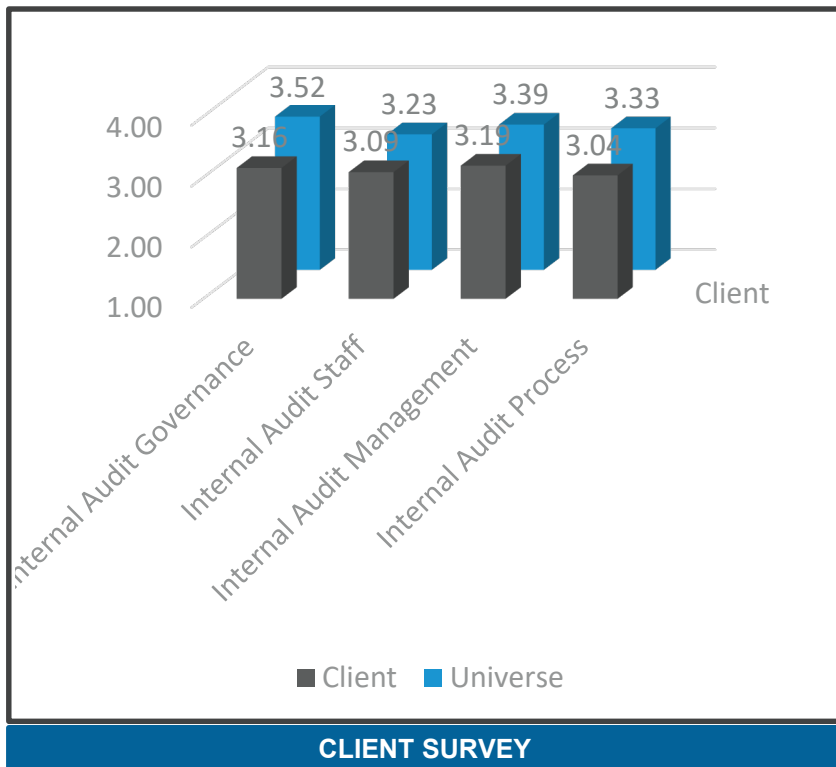
COMMENTS RECEIVED DURING INTERVIEWS AND SURVEYS

The summary comments listed below represent general themes expressed by more than one stakeholder during stakeholder interviews and/or surveys that were validated by the Assessment Team. All stakeholder interviews were conducted privately without presence of the CAE. All surveys were conducted in a confidential manner. Statistical results of surveys are presented separately from these comments.

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none">▪ Their dedication to independent controls and being independent is admirable▪ The LACERA IA team excels at communicating.▪ They follow up on audit findings in a systematic way, hold regular meetings with LACERA Management to identify barriers, obstacles and organizational risks, and they collaborate with management to problem solve on areas of risk that may or may not be part of an audit.▪ Good teamwork and collegial relationships▪ Good communication skills with AC, management, and staff▪ Good institutional knowledge which helps them effectively perform their work▪ We have a stronger IA team than we had in the past and I wish to convey my congratulations for their efforts.	<ul style="list-style-type: none">▪ Focus the work plan -- current plan tackles too many subjects▪ Training on the role of audit and audit processes for MAC would help with understanding and help reinforce IA independence▪ Increased subject matter expertise – particularly in the Information Technology and Investment areas▪ Audits take too long to complete▪ Continue to help with Enterprise Risk Management▪ Training on the role of audit and audit processes for MAC▪ Focus on benefits processes▪ Improve quality assurance review at the supervisory and management level is often poorly executed▪ Provide interim status reporting when projects lag or take too long▪ Consider teaming better with management and utilizing the new “Data Lake/Warehouse” to speed up data requests and ease the burden on management.

Stakeholder Feedback

SURVEY RESULTS (SUMMARY)



"Client" represents the weighted average of all stakeholder respondents.

"Universe" represents the weighted average of all respondents from all organizations that completed this survey since May 2013.

4.00 = Strongly Agree | 3.00 = Agree | 2.00 = Disagree | 1.00 = Strongly Disagree | 0.00 = Do Not Know/No Response

Stakeholder Feedback

SURVEY RESULTS (DETAIL)

Internal Audit Governance	1	2	3	4	AVG	UNV
IA activity personnel respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.	4.00	3.33	3.25	3.25	3.33	3.70
IA activity personnel exhibit the highest level of professional objectivity in performing their work, making a balanced assessment of all relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.	4.00	3.00	2.75	3.00	3.00	3.47
The IA activity is perceived as adding value and helping our organization accomplish its objectives.	3.00	3.00	3.25	3.40	3.21	3.35
The integrity of the IA activity establishes confidence, providing the basis for their role as trusted advisor within our organization.	4.00	3.33	3.25	3.00	3.23	3.43
Organizational placement of the IA activity ensures its independence and ability to fulfill its responsibilities.	4.00	3.25	3.00	3.25	3.23	3.56
IA activity personnel have free and unrestricted access to records, information, locations, and employees during the performance of their engagements.	4.00	3.33	3.00	3.25	3.25	3.62

LEGEND

Group 1 = LACERA Chief Audit Executive (1 of 1 respondents)

Group 2 = LACERA Audit Committee & Consultant (4 of 8 respondents)

Group 3 = LACERA Senior Executive Team (4 of 6 respondents)

Group 4 = LACERA Division Management (5 of 12 respondents)

"AVG" represents the weighted average of all respondents for all stakeholders.

"UNV" represents the weighted average of all respondents from all organizations that completed this survey since May 2013.

4.00 = Strongly Agree | 3.00 = Agree | 2.00 = Disagree | 1.00 = Strongly Disagree | 0.00 = Do Not Know/No Response

Stakeholder Feedback

SURVEY RESULTS (DETAIL)

Internal Audit Staff	1	2	3	4	AVG	UNV
IA activity staff and management communicate effectively (oral, written, and presentations).	3.00	3.00	3.50	3.20	3.21	3.34
IA activity staff and management keep up to date with changes in my business, our industry and relevant regulatory issues.	4.00	3.00	3.00	3.00	3.13	3.22
IA activity staff display adequate knowledge of my business processes including critical success factors.	3.00	3.25	2.75	3.00	3.00	3.14
IA activity staff exhibit effective problem identification and solution skills.	3.00	3.25	3.00	3.00	3.08	3.23
IA activity management demonstrate effective conflict resolution and negotiating skills.	3.00	3.33	3.25	2.50	3.10	3.27
The IA activity is viewed as viable source of talented individuals who could successfully transfer to other parts of our organization.	4.00	3.00	3.25	3.00	3.18	3.19

LEGEND

Group 1 = LACERA Chief Audit Executive (1 of 1 respondents)

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Stakeholder Feedback

SURVEY RESULTS (DETAIL)

Internal Audit Management	1	2	3	4	AVG	UNV
Internal audit activity management communicates effectively (oral, written, and presentations).	3.00	3.00	3.50	3.20	3.23	3.37
Internal audit activity management keeps up to date with changes in my business, our industry, and relevant regulatory issues.	4.00	3.00	3.33	2.50	3.13	3.23
The IA activity establishes annual audit plans to assess areas or topics that are significant to our organization and consistent with our organizational goals.	4.00	3.67	3.50	3.00	3.38	3.44
The IA activity sufficiently communicates its audit plans to management of areas being reviewed. This includes descriptions of audit objectives and scope of review.	4.00	3.67	3.50	3.00	3.38	3.42
The IA activity effectively promotes appropriate ethics and values within our organization.	3.00	3.33	3.50	3.20	3.31	3.55
The IA activity adequately assesses the effectiveness of risk management processes employed by management to achieve objectives.	3.00	3.00	3.00	2.80	2.92	3.33

LEGEND

Group 1 = LACERA Chief Audit Executive (1 of 1 respondents)

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Stakeholder Feedback

SURVEY RESULTS (DETAIL)

Internal Audit Process	1	2	3	4	AVG	UNV
The IA activity competently assesses the adequacy and effectiveness of our organization's system of internal controls.	3.00	3.33	3.25	3.00	3.15	3.37
The IA activity exhibits proficient project management and organizational skills to assure the timely completion of their audit engagements.	3.00	2.50	3.25	3.00	3.00	3.30
The IA activity demonstrates sufficient knowledge of key information technology risks and controls in performing its audit engagements.	3.00	3.00	3.25	2.80	3.00	3.28
The IA activity demonstrates sufficient knowledge of fraud to identify "red flags" indicating possible fraud when planning its audit engagements.	3.00	3.33	3.00	3.00	3.09	3.40
IA activity audit reports are accurate, objective, clear, concise, constructive, complete, and timely.	3.00	2.67	3.33	2.80	2.92	3.29

LEGEND

Group 1 = LACERA Chief Audit Executive (1 of 1 respondents)

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Stakeholder Feedback

INTERNAL AUDIT MANAGEMENT AND STAFF SURVEY RESULTS (DETAIL)

Internal Audit Governance	1	2	AVG	UNV
Our internal audit activity is perceived as adding value and helping our organization accomplish its objectives.	3.00	3.00	3.00	3.47
Our internal audit activity personnel have free and unrestricted access to records, information, locations, and employees during the performance of their engagements.	4.00	3.25	3.33	3.33
My chief audit executive effectively promotes the value of our internal audit activity within our organization.	3.00	3.00	3.00	3.64
Our internal audit activity staff is fully aware of, and completely conforms with, both the Principles and the Rules of Conduct that comprise the Code of Ethics established by The Institute of Internal Auditors (IIA).	4.00	3.38	3.44	3.59
Our internal audit activity staff is fully aware of, and completely conforms with, The IIA's International Standards for the Professional Practice of Internal Auditing (Standards) relating to objectivity and due professional care and the Code of Ethics.	3.00	3.50	3.44	3.56
Our internal audit activity has a conflict-of-interest policy to report any perceived or actual issues that may have an influence on the independence and objectivity of the auditors.	4.00	3.38	3.44	3.53

LEGEND

Group 1 = CAE (1 of 1 respondent)

Group 2 = Internal Audit Department (8 of 8 respondents)

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Stakeholder Feedback

INTERNAL AUDIT MANAGEMENT AND STAFF SURVEY RESULTS (DETAIL)

Internal Audit Staff	1	2	AVG	UNV
IA activity staff and management communicate effectively (oral, written, and presentations).	4.00	3.50	3.56	3.43
Our audit assignments provide internal audit activity staff with opportunities to develop adequate knowledge of key business processes, including critical success factors.	4.00	3.38	3.44	3.46
I have sufficient knowledge of key IT risks and controls to perform my audit engagements.	3.00	3.00	3.00	3.20
I have sufficient knowledge of fraud to identify “red flags” indicating possible fraud when planning my audit engagements.	3.00	3.25	3.22	3.36
Our internal audit activity management provides me with ample opportunities to develop the skills and knowledge necessary to perform all of my audit engagements.	4.00	3.50	3.56	3.41
Our internal audit activity management provides me with ample opportunities to develop skills and knowledge and acquire experience that enable me to develop professionally and advance my career.	4.00	3.38	3.44	3.38
I have ample opportunity to enhance my knowledge, skills, and competencies through in-house training sessions and/or outside seminars.	4.00	3.63	3.67	3.39
My performance is reviewed on a regular and sufficiently frequent basis, the criteria used are adequate, and the reviews are meaningful and helpful.	3.00	3.13	3.11	3.32
Our internal audit activity management encourages and supports internal audit activity staff in demonstrating its proficiency by obtaining appropriate professional certifications such as designations offered by The IIA or other designations related to internal auditing.	4.00	3.63	3.67	3.54
Our internal audit activity is viewed as a valuable developmental assignment by individuals from other parts of our organization.	4.00	3.17	3.29	3.26

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Stakeholder Feedback

INTERNAL AUDIT MANAGEMENT AND STAFF SURVEY RESULTS (DETAIL)

Internal Audit Staff	1	2	AVG	UNV
Our internal audit activity management has established policies and procedures that clearly guide the operation of our internal audit activity.	3.00	3.00	3.00	3.49
Our internal audit activity actively encourages collaborative effort between internal audit management and staff to effectively complete our engagements in a timely manner.	3.00	3.25	3.22	3.47
Our internal audit activity competently assesses the adequacy and effectiveness of our organization's system of internal controls.	3.00	3.29	3.25	3.49
Our internal audit activity adequately assesses the effectiveness of risk management processes employed by management to achieve our organization's objectives.	3.00	3.33	3.29	3.40
Our internal audit activity effectively promotes appropriate ethics and values broadly across our total organization.	3.00	3.25	3.22	3.57
Our internal audit activity adequately assesses the effectiveness of governance processes, including ethics-related programs and activities.	3.00	2.83	2.86	3.42

LEGEND

Group 1 = CAE (1 of 1 respondent)

Group 2 = Internal Audit Department (8 of 8 respondents)

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Stakeholder Feedback

INTERNAL AUDIT MANAGEMENT AND STAFF SURVEY RESULTS (DETAIL)

Internal Audit Staff	1	2	AVG	UNV
Our internal audit activity develops and documents a plan for each engagement based on a preliminary assessment of risks relevant to the area being reviewed (including the probability of fraud), and our engagement objectives reflect the result of this risk assessment.	3.00	3.13	3.11	3.54
Our internal audit activity uses computer-assisted audit techniques, including data mining, to facilitate data collection and analysis during completion of our engagements.	4.00	3.00	3.11	3.17
I receive appropriate, timely, and constructive feedback regarding my performance in completing engagements, enabling me to continue developing my knowledge, skills, and competencies.	3.00	3.25	3.22	3.29
Our internal audit activity management and staff exhibit proficient project management and organizational skills to assure the timely completion of our audit engagements.	3.00	2.75	2.78	3.29
Our internal audit activity management and staff demonstrate effective conflict resolution and negotiating skills.	3.00	3.14	3.13	3.35

LEGEND

Group 1 = CAE (1 of 1 respondent)

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All information included in this report is proprietary and confidential and is intended for internal use only. This report may not be distributed to any other third-party (other than your regulator, Audit Committee, or external auditor) without the prior written consent of IIA Quality Services, LLC.

IIA Quality Services, LLC | 1035 Greenwood Boulevard, Suite 401, Lake Mary, FL 32746 | www.theiia.org/quality | quality@theiia.org

Los Angeles County Employees Retirement Association (LACERA) Internal Audit

Audit Committee Briefing
March 23, 2022

Agenda

- Quality Assessment Coverage
- Results
- Assessment Criteria
- Overall Assessment

Quality Assessment Coverage

- Internal Audit's Reporting Lines and Quality Assurance
- Organization of Audit Services
- Risk Assessment and Engagement Planning
- Follow-up Process
- Staff Professional Proficiency
- Information Technology
- Production and Value Added
- Limited Review of Selected Work Papers and Reports
- Client & IA Staff Surveys
- Interviews with the Audit Committee Chair and Members
- Interview with CEO
- Interviews with Executive & Senior Management
- Interviews with Audit Staff
- Interview with the External Auditor

Results

- Six Successful Practices
- Five Conformance Gaps
- Eight Improvement Opportunities

Successful Practices

1. 1220 – Due Professional Care - Well-credentialed staff
2. 1312 External Assessments - A commitment to quality is demonstrated by engaging this external assessment
3. 2330 - Documenting Information - Use of TeamMate for Audit Planning and Working Papers
4. 2120 – Risk Management - Robust annual risk assessment and planning effort prior to developing their annual plan
5. Leading Practice – Engaged Management and Audit Committee
6. Leading Practice – Sharing risk intelligence and benchmarking thought-leadership

Conformance Gaps

1. 1311 Internal Assessments
 - Establish meaningful KPIs and measurable goals
 - Document Internal Periodic Assessment work performed
2. 1312 External Assessments
 - Assure an EQA is conducted at least every 5 years
3. 1321/2430 - Use of “Conforms with the International Standards...”
 - Refrain from using Conformance Statement without external quality assessment confirming conformance
4. 2330 Documenting Information
 - Improve the quality and consistency of engagement working papers
5. 2340 Engagement Supervision
 - Establish timelines for what constitutes timely supervisory review in the Internal Audit operating manual
 - Ensure supervision is timely and contemporaneously documented in TM during audits
 - Include an evaluation of timely supervisory sign-off in their periodic internal quality assessments.

Improvement Opportunities

1. 1110 Organizational Independence - Strengthen internal audit's independence by updating the LACERA organization chart that is publicly facing to reflect a solid (functional) reporting line to the Audit Committee
2. 1210 Proficiency – Enhance competencies and continue their professional development
3. 1110 Independence and Objectivity - Create ongoing systems and structures that ensure independence regardless of the unbiased nature of individuals, would strengthen independence and potentially mitigate any undue influence that might present itself in the future, either in perception or fact
4. 2120.A1 Fraud Risk – Enhance documentation of the engagement process

Improvement Opportunities

5. 2000 Managing the Internal Audit Activity - Create a strategic plan to identify and address strategic initiatives
6. 2010 Planning - Establish a realistic and achievable risk-based annual audit plan
7. 2040 Policies and Procedures - Stabilize Internal Audit process changes, update and fully centralize departmental policies and procedures
8. 2050 Coordination and Reliance - Coordinate and create an assurance map

Assessment Criteria

GC – “GENERALLY CONFORMS”

The evaluator has concluded that the relevant structures, policies and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects.

PC – “PARTIALLY CONFORMS”

The evaluator has concluded that the activity is making good-faith efforts to comply with the requirements of the individual Standard or element of the Code of Ethics, section or major category, but has fallen short of achieving some of their major objectives.

DNC – “DOES NOT CONFORM”

The evaluator has concluded that the activity is not aware of, is not making good-faith efforts to comply with or is failing to achieve many/all of the objectives of the individual Standard or element of the Code of Ethics, section or major category.

Conformance Summary

• STANDARDS AND THE IIA CODE OF ETHICS

		GC	PC	DNC
ATTRIBUTE STANDARDS				
1000 - Purpose, Authority, and Responsibility		x		
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	x		
1100 - Independence and Objectivity		x		
1110	Organizational Independence	x		
1111	Direct Interaction with the Board	x		
1112	Chief Audit Executive Roles Beyond Internal Auditing	x		
1120	Individual Objectivity	x		
1130	Impairments to Independence or Objectivity	x		
1200 - Proficiency and Due Professional Care		x		
1210	Proficiency	x		
1220	Due Professional Care	x		
1230	Continuing Professional Development	x		
1300 - Quality Assurance and Improvement Program (QAIP)		x		
1310	Requirements of the QAIP	x		
1311	Internal Assessments		x	
1312	External Assessments		x	
1320	Reporting on the QAIP	x		
1321	Use of "Conforms with the International Standards for the Professional Practice of Internal Auditing" Statement		x	
1322	Disclosure of Nonconformance	x		
PERFORMANCE STANDARDS				
2000 - Managing the Internal Audit Activity		x		
2010	Planning	x		
2020	Communication and Approval	x		
2030	Resource Management	x		
2040	Policies and Procedures	x		
2050	Coordination and Reliance	x		
2060	Reporting to Senior Management and the Board	x		
2070	External Service Provider and Organizational Responsibility for Internal Auditing	x		

		GC	PC	DNC
PERFORMANCE STANDARDS (CONTINUED)				
2100 - Nature of Work		x		
2110	Governance	x		
2120	Risk Management	x		
2130	Control	x		
2200 - Engagement Planning		x		
2201	Planning Considerations	x		
2210	Engagement Objectives	x		
2220	Engagement Scope	x		
2230	Engagement Resource Allocation	x		
2240	Engagement Work Programs	x		
2300 - Performing the Engagement		x		
2310	Identifying Information	x		
2320	Analysis and Evaluation	x		
2330	Documenting Information		x	
2340	Engagement Supervision		x	
2400 - Communicating Results		x		
2410	Criteria for Communicating	x		
2420	Quality of Communications	x		
2421	Errors and Omissions	x		
2430	Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing"		x	
2431	Engagement Disclosure of Nonconformance	x		
2440	Disseminating Results	x		
2450	Overall Opinions	x		
2500 - Monitoring Progress		x		
2600 - Communicating the Acceptance of Risks		x		
IIA CODE OF ETHICS				
	Code of Ethics	x		
OVERALL CONFORMANCE RATING		x		

OVERALL ASSESSMENT

Los Angeles County
Employees Retirement Association
Internal Audit

Generally Conforms

With the IIA Standards and Code of Ethics

Thank You!

Steve Goodson

Steve.Goodson@theiia.org

512-422-0164



IIA
Quality
Services, LLC

FOR INFORMATION ONLY

April 4, 2022

TO: Trustees,
Board of Investments

FROM: Christine Roseland 
Senior Staff Counsel

FOR: April 13, 2022 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 April 4, 2022.

Attachment

c: Santos H. Kreimann
Luis A. Lugo
Jonathan Grabel
Esmeralda Del Bosque
Vache Mahseredjian
Jude Perez
Jim Rice
Christopher Wagner
Steven Rice
John Harrington
Earl Buehner
Margo McCabe
Lisa Garcia



LACERA Legal Division
Board of Investments Projects
Monthly Status Report - Pending as of April 4, 2022



	Project/ Investment	Description	Amount	Board Approval Date	Completion Status	% Complete	Notes
OTHER	Mekefa Investment Group	Amendment to Investment Consulting Services Agreement	\$575,000	February 9, 2022	In Progress	<div><div></div></div> 60%	Legal negotiations in process.
EQUITIES/ FIXED INCOME	BlackRock Institutional Trust Company, N.A.	Amendment to Investment Management Agreement - US Long Treasury Contract Amendment	\$3,750,000,000	March 9, 2022	In Progress	<div><div></div></div> 40%	Legal negotiations in process.
HEDGE FUNDS	Varde Global Illiquid Credit Strategy	Subscription	\$775,000,000	February 9, 2022	In Progress	<div><div></div></div> 40%	Legal negotiations in process.
PRIVATE EQUITY	Hamilton Lane	Investment Management Agreement	\$400,000,000	February 9, 2022	In Progress	<div><div></div></div> 30%	Legal negotiations in process.
	Storm Ventures Fund VII, L.P.	Subscription - Re-Up	\$50,000,000	February 9, 2022	Completed	<div><div></div></div> 100%	Completed.
	Thoma Bravo Fund XV, L.P.	Subscription	\$100,000,000	February 9, 2022	In Progress	<div><div></div></div> 85%	Legal negotiations in process.
	Thoma Bravo Discover Fund IV, L.P.	Subscription	\$50,000,000	February 9, 2022	In Progress	<div><div></div></div> 85%	Legal negotiations in process.



LACERA Legal Division
Board of Investments Projects
Monthly Status Report - Pending as of April 4, 2022



	Project/ Investment	Description	Amount	Board Approval Date	Completion Status	% Complete	Notes
PRIVATE EQUITY	AE Industrial Partners III, L.P.	Subscription - Re-Up	\$100,000,000	March 9, 2022	In Progress	90%	Legal negotiations in process.
	Green Equity Investors IX, L.P.	Subscription	\$150,000,000	March 9, 2022	Completed	100%	Completed.
	Jade Equity Investors II, L.P.	Subscription	\$50,000,000	March 9, 2022	Completed	100%	Completed.
	The Veritas Capital Fund VIII, L.P.	Subscription	\$100,000,000	March 9, 2022	Completed	100%	Completed.

FOR INFORMATION ONLY

March 16, 2022

TO: Each Trustee
Board of Retirement
Board of Investments

FROM: Ted Granger 
Interim Chief Financial Officer

FOR: April 6, 2022 Board of Retirement Meeting
April 13, 2022 Board of Investments Meeting

SUBJECT: **MONTHLY TRAVEL & EDUCATION REPORT – FEBRUARY 2022**

Attached for your review is the Trustee Travel & Education Report. This report includes all events (i.e., attended and canceled) from the beginning of the fiscal year through February 2022. Staff travel and education has been omitted from this document and reported to the Chief Executive Officer separately.

REVIEWED AND APPROVED:



Santos H. Kreimann
Chief Executive Officer

TG/EW/gj

Attachments

c: L. Lugo
J. Popowich
L. Guglielmo
J. Gabel
S. Rice
R. Van Nortrick

TRUSTEE TRAVEL AND EDUCATION REPORT
FOR FISCAL YEAR 2021 - 2022
FEBRUARY 2022

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
Alan Bernstein			
A	1 Edu - NCPERS 2021 Public Pension Funding Forum - New York, NY	08/22/2021 - 08/24/2021	Attended
	2 Edu - 2021 SuperReturn North America - Boston, MA	10/04/2021 - 10/05/2021	Attended
	3 Edu - Latin America US Real Estate Meeting - South Beach FL	11/29/2021 - 11/30/2021	Attended
B	- Edu - 2021 Milken Institute Global Conference - Los Angeles, CA	10/17/2021 - 10/20/2021	Attended
	- Edu - SACRS Fall Conference - Los Angeles CA	11/09/2021 - 11/12/2021	Attended
X	- Edu - SuperReturn International Berlin - Berlin, Germany	11/09/2021 - 11/12/2021	Canceled
Vivian Gray			
A	1 Edu - NCPERS 2021 Public Pension Funding Forum - New York, NY	08/22/2021 - 08/24/2021	Attended
B	- Edu - SACRS Fall Conference - Los Angeles CA	11/09/2021 - 11/12/2021	Attended
	- Admin - SACRS Board of Directors Meeting - Rancho Mirage CA	12/14/2021 - 12/14/2021	Attended
	- Admin - SACRS Board of Directors and Program Committee Meeting - Berkeley CA	01/24/2022 - 01/25/2022	Attended
V	- Edu - Congressional Black Caucus Foundation - VIRTUAL	09/12/2021 - 09/17/2021	Attended
	- Edu - Private Credit Outlook: Key Trends and the Road Ahead - VIRTUAL	09/16/2021 - 09/16/2021	Attended
	- Edu - NASP 32nd Annual Financial Services Virtual Conference - VIRTUAL	09/22/2021 - 09/24/2021	Attended
	- Edu - New America Alliance: U.S. Economic Recovery - VIRTUAL	11/10/2021 - 11/10/2021	Attended
	- Edu - CFA Society of Los Angeles - Diversity, Equity, and Inclusion Virtual Conference - VIRTUAL	02/10/2022 - 02/10/2022	Attended
David Green			
B	- Edu - SACRS Fall Conference - Los Angeles CA	11/09/2021 - 11/12/2021	Attended
	- Edu - 2022 PPI Winter Roundtable - Westlake Village CA	02/23/2022 - 02/25/2022	Attended
X	- Edu - 2021 CII Fall Conference - Chicago, IL	09/22/2021 - 09/24/2021	Host Canceled
Elizabeth Greenwood			
B	- Edu - 2021 Milken Institute Global Conference - Los Angeles, CA	10/17/2021 - 10/20/2021	Attended
James Harris			
B	- Edu - CRCEA 2021 Fall Conference - Long Beach, CA	11/07/2021 - 11/10/2021	Attended

TRUSTEE TRAVEL AND EDUCATION REPORT
FOR FISCAL YEAR 2021 - 2022
FEBRUARY 2022

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
Patrick Jones			
B	- Edu - 2021 Milken Institute Global Conference - Los Angeles, CA	10/17/2021 - 10/20/2021	Attended
V	- Edu - SACRS Public Pension Investment Management Program - VIRTUAL	07/13/2021 - 07/22/2021	Attended
	- Edu - Harvard Kennedy School Executive Education: Leading Smart Policy Design: A Multisectoral Approach to Economic Decisions - VIRTUAL	09/21/2021 - 10/12/2021	Attended
	- Edu - Duke University Executive Education Program - Corporate Social Responsibility - VIRTUAL	12/06/2021 - 12/14/2021	Attended
	- Edu - Harvard Kennedy School Executive Education: Behavioral Insights and Public Policy Program - VIRTUAL	01/31/2022 - 02/16/2022	Attended
	- Edu - CFA Society of Los Angeles - Diversity, Equity, and Inclusion Virtual Conference - VIRTUAL	02/10/2022 - 02/10/2022	Attended
Shawn Kehoe			
V	- Edu - Morgan Stanley Virtual Global Insights Day - VIRTUAL	02/09/2022 - 02/09/2022	Attended
X	- Edu - 2021 Milken Institute Global Conference - Los Angeles, CA	10/17/2021 - 10/20/2021	Canceled
	- Edu - SACRS Fall Conference - Los Angeles CA	11/09/2021 - 11/12/2021	Canceled
Joseph Kelly			
B	- Edu - 2021 Milken Institute Global Conference - Los Angeles, CA	10/17/2021 - 10/20/2021	Attended
V	- Edu - SACRS Public Pension Investment Management Program - VIRTUAL	07/13/2021 - 07/22/2021	Attended
	- Edu - Private Credit Outlook: Key Trends and the Road Ahead - VIRTUAL	09/16/2021 - 09/16/2021	Attended
	- Edu - Pugh Capital 30th Anniversary Virtual Event Series - VIRTUAL	09/22/2021 - 09/22/2021	Attended
	- Edu - 2021 Institute of Internal Auditors Los Angeles Conference: Governance, Grit and Gravitas - VIRTUAL	10/04/2021 - 10/06/2021	Attended
	- Edu - NACD Pacific Southwest / USC Marshall Corporate Directors Symposium - November 2021 - VIRTUAL	11/10/2021 - 11/10/2021	Attended
X	- Edu - Global Investors Annual Meeting - New York, NY	12/13/2021 - 12/14/2021	Canceled
Keith Knox			
V	- Edu - Harvard Business School Audit Committees In A New Era of Governance - VIRTUAL	07/21/2021 - 07/23/2021	Attended
	- Edu - Pugh Capital 30th Anniversary Virtual Event Series - VIRTUAL	09/22/2021 - 09/22/2021	Attended
	- Edu - New America Alliance: U.S. Economic Recovery - VIRTUAL	11/10/2021 - 11/10/2021	Attended
Wayne Moore			
B	- Edu - 2021 Milken Institute Global Conference - Los Angeles, CA	10/17/2021 - 10/20/2021	Attended
William Pryor			
B	- Edu - SACRS Fall Conference - Los Angeles CA	11/09/2021 - 11/12/2021	Attended
Les Robbins			
B	- Edu - CRCEA 2021 Fall Conference - Long Beach, CA	11/07/2021 - 11/10/2021	Attended
V	- Edu - CALAPRS Trustees Roundtable - VIRTUAL	10/29/2021 - 10/29/2021	Attended

TRUSTEE TRAVEL AND EDUCATION REPORT
FOR FISCAL YEAR 2021 - 2022
FEBRUARY 2022

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
Gina Sanchez			
B	- Edu - 2021 Milken Institute Global Conference - Los Angeles, CA	10/17/2021 - 10/20/2021	Attended
	- Edu - SACRS Fall Conference - Los Angeles CA	11/09/2021 - 11/12/2021	Attended
	- Edu - 2022 PPI Winter Roundtable - Westlake Village CA	02/23/2022 - 02/25/2022	Attended
V	- Edu - 2021 CII Fall Conference - VIRTUAL	09/22/2021 - 09/24/2021	Attended
	- Edu - 2021 Virtual NACD Summit - VIRTUAL	10/04/2021 - 10/08/2021	Attended
	- Edu - PRI Roundtable: The Road to Net-Zero with Ophir Bruck - VIRTUAL	10/12/2021 - 10/12/2021	Attended
	- Edu - PRI Roundtable: Equity, Diversity & Inclusion with Ophir Bruck - VIRTUAL	10/14/2021 - 10/14/2021	Attended
	- Edu - CALAPRS Trustees Roundtable - VIRTUAL	10/29/2021 - 10/29/2021	Attended
X	- Edu - 2021 CII Fall Conference - Chicago, IL	09/22/2021 - 09/24/2021	Host Canceled
Herman Santos			
A	1 Edu - NCPERS 2021 Public Pension Funding Forum - New York, NY	08/22/2021 - 08/24/2021	Attended
B	- Edu - 2021 Milken Institute Global Conference - Los Angeles, CA	10/17/2021 - 10/20/2021	Attended
	- Edu - PPI Asia Pacific Roundtable - Pasadena CA	10/27/2021 - 10/29/2021	Attended
	- Edu - SACRS Fall Conference - Los Angeles CA	11/09/2021 - 11/12/2021	Attended
	- Admin - SACRS Board of Directors Meeting - Rancho Mirage CA	12/14/2021 - 12/14/2021	Attended
	- Edu - 2022 PPI Winter Roundtable - Westlake Village CA	02/23/2022 - 02/25/2022	Attended
V	- Edu - PPI Roundtable - July 2021 - VIRTUAL	07/13/2021 - 07/15/2021	Attended
	- Edu - Private Credit Outlook: Key Trends and the Road Ahead - VIRTUAL	09/16/2021 - 09/16/2021	Attended
X	- Edu - Global Investors Annual Meeting - New York, NY	12/13/2021 - 12/14/2021	Canceled

Category Legend:

A - Pre-Approved/Board Approved

B - Educational Conferences and Administrative Meetings in CA where total cost is no more than \$2,000 per Trustee Travel Policy; Section III.A

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.

V - Virtual Event

X - Canceled events for which expenses have been incurred.

Z - Trip was Canceled - Balance of \$0.00

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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