

LIVE VIRTUAL BOARD MEETING

**NOVEMBER 17, 2021 AT 9:00 AM
BOARD OF INVESTMENTS MEETING**



TO VIEW VIA WEB

<https://lacera.com/leadership/board-meetings>



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, NOVEMBER 17, 2021*

This meeting will be conducted by the Board of Investments 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 October 13, 2021

III. REPORT ON CLOSED SESSION ITEMS

IV. PUBLIC COMMENT

(Written Public Comment - You may submit written public comments by email to PublicComment@lacera.com. 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 October 26, 2021)

VI. CHIEF INVESTMENT OFFICER'S REPORT (Presentation dated November 17, 2021)

VII. 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 Investments consider whether to find that the Governor's COVID-19 State of Emergency continues to directly impact the ability of the 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 the 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. (Memo dated October 25, 2021)
- B. Recommendation as submitted by Scott Zdrazil, Senior Investment Officer and Dale Johnson, Investment Officer: That the Board approve LACERA's ballot for Principles for Responsible Investment (PRI) 2021 board elections. (Memo date November 1, 2021)
- C. Recommendation as submitted by Shawn Kehoe, Chair, Joint Organizational Governance Committee: That the Board approve the revised Code of Ethical Conduct. (Memo dated October 22, 2021)
- D. Recommendation as submitted by Shawn Kehoe, Chair, Joint Organizational Governance Committee: That the Board approve the revised Media Policy. (Memo dated October 22, 2021)

VIII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Richard P. Bendall, Chief Audit Executive and Ted Granger, Interim Chief Financial Officer: That the Board approve the contract extensions for Milliman Inc. to provide actuarial consulting services and Cavanaugh Macdonald Consulting for actuarial review services related to the two additional fiscal years ending, June 30, 2022 and June 30, 2023. (Memo dated October 29, 2021)
- B. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Board approve the Board Officer Rotation Policy. (Memo dated November 5, 2021)
- C. Recommendation as submitted that the Board approve attendance of Trustees at the Yale School of Management - Women on Boards Program on June 13 – 17, 2022 in New Haven, Connecticut and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies. (Memo dated October 24, 2021) (Placed on the agenda at the request of Trustee Greenwood)

IX. REPORTS

- A. LACERA Letter to U.S House of Representatives Financial Services Committee Leadership Regarding Draft Corporate Governance Legislation
Scott Zdrazil, Senior Investment Officer
(For Information Only) (Memo dated October 20, 2021)
- B. Joint Investor Letter to The U.S. Securities and Exchange Commission Regarding Fee Transparency
Scott Zdrazil, Senior Investment Officer
(For Information Only) (Memo dated October 27, 2021)
- C. Blackrock Incident Report – July 2021
Esmeralda del Bosque, Acting Principal Investment Officer
Mel Tsao, Senior Investment Analyst
(For Information Only) (Memo dated November 9, 2021)
- D. Semi-Annual Interest Crediting for Reserves as of June 30, 2021 (AUDITED)
Ted Granger, Interim Chief Financial Officer
(For Information Only) (Memo dated October 29, 2021)
- E. Legal Projects
Christine Roseland, Senior Staff Counsel
(For Information Only) (Memo dated November 6, 2021)
- F. Monthly Travel & Education Report – September 2021
Ted Granger, Interim Chief Financial Officer
Comprehensive Monthly Travel & Education Report – September 2021
(Public Memo dated October 20, 2021)
(Confidential Memo dated October 20, 2021– Includes Anticipated Travel)
- G. October 2021 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 October 22, 2021)

X. ITEMS FOR STAFF REVIEW

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

XII. EXECUTIVE SESSION

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

1. Secondary Purchase of 2 Funds
James Rice, Principal Investment Officer
Pushpam Jain, Investment Officer
(Memo dated October 28, 2021)
2. PGIM Quantitative Solutions
(Formerly Quantitative Management Association, LLC)
Esmeralda del Bosque, Acting Principal Investment Officer
Jeff Jia, Senior Investment Analyst
Magdalia Armstrong, Senior Investment Analyst
(Memo dated November 4, 2021)
3. Revelstoke Capital Partners Fund III, L.P.
Christopher J. Wagner, Principal Investment Officer
Cheryl Lu, Investment Officer
(Memo dated October 25, 2021)

B. Public Employee Performance Evaluation
(Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957)

Title: Chief Investment Officer

XIII. ADJOURNMENT

**Although the meeting is scheduled for 9:00 a.m., it can start anytime thereafter, depending on the length of the Board of Retirement meeting preceding it.*

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

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

MINUTES OF THE REGULAR MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, PASADENA, CALIFORNIA 91101

8:00 A.M., WEDNESDAY, OCTOBER 13, 2021

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

PRESENT: Keith Knox, Chair

Joseph Kelly, Vice Chair

Alan Bernstein, Secretary

Elizabeth B. Ginsberg (Chief Deputy to Keith Knox)

David Green

Shawn Kehoe

Patrick Jones

Gina V. Sanchez (Joined meeting at 9:34 a.m.)

Herman Santos

ABSENT: Elizabeth Greenwood

STAFF ADVISORS AND PARTICIPANTS

Jonathan Grabel, Chief Investment Officer

Santos Kreimann, Chief Executive Officer

Steven P. Rice, Chief Counsel

JJ Popowich, Assistant Executive Officer

Laura Guglielmo, Assistant Executive Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Christine Roseland, Senior Staff Counsel

Jude Perez, Principal Investment Officer

Christopher Wagner, Principal Investment Officer

Vache Mahseredjian, Principal Investment Officer

James Rice, Principal Investment Officer

Esmeralda del Bosque, Interim Principal Investment Officer

Chad Timko, Senior Investment Officer

Scott Zdrazil, Senior Investment Officer

David Chu, Senior Investment Officer

Didier Acevedo, Investment Officer

David Simpson, Investment Officer

Carly Ntoya, Ph.D., Human Resources Director

Ted Granger, Interim Chief Financial Officer

Barry W. Lew, Legislative Affairs Officer

Meketa Investment Group

Stephen McCourt, Partner

Leandro Festino, Managing Principal

Timothy Filla, Managing Principal

Albourne

Mark White, Head of Real Assets

James Walsh, Partner

Steven Kennedy, Partner

StepStone Group LP (Private Equity Consultants)

Jose Fernandez, Partner

Natalie Walker, Partner

STAFF ADVISORS AND PARTICIPANTS (Continued)

Latham & Watkins LLP

George J. Mhlsten, Partner

Manny A. Abascal, Partner

Rachel McCarthy Bosley, Associate

I. CALL TO ORDER

The meeting was called to order virtually by Chair Knox at 8:00 a.m.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of September 8, 2021

Mr. Bernstein made a motion, Mr. Green seconded, to approve the minutes of the regular meeting of September 8, 2021. The motion passed (roll call) with Messrs. Green, Santos, Bernstein, Kehoe, Jones, Kelly, and Knox voting yes.

III. REPORT ON CLOSED SESSION ITEMS

There was nothing to report.

IV. PUBLIC COMMENT

Jordan Ash, Anthony Sanchez, and Abdon Moran addressed the Board regarding LACERA's investment in PAI Partners. John O' Campo translated for Abdon Moran.

V. CHIEF EXECUTIVE OFFICER'S REPORT
(Memo dated September 20, 2021)

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

VI. CHIEF INVESTMENT OFFICER'S REPORT
(Presentation dated October 13, 2021)

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

VII. CONSENT ITEMS

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

- A. Recommendation as submitted by Gina Sanchez, Chair, Credit and Risk Mitigation Committee: That the Board approve the initiatives and recommendations listed on page 33 and throughout the Credit Structure Review advanced by the Credit and Risk Mitigation Committee.
(Memo dated September 30, 2021)
- B. Recommendation as submitted by Gina Sanchez, Chair, Credit and Risk Mitigation Committee: Approve an illiquid credit emerging manager program separate account manager search and approve the related minimum qualifications, evaluation criteria, and scope of work as advanced by the Credit and Risk Mitigation Committee (attachment)
(Memo dated September 30, 2021)

VIII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Christopher J. Wagner, Principal Investment Officer, David Chu, Senior Investment Officer and David E. Simpson, Investment Officer: That the Board approve the proposed amendments to the 2021- 2022 Growth Functional Category Biennial Structure Review as recommended on slide 13 of the attached presentation.
(Memo dated September 24, 2021)

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

VIII. NON-CONSENT ITEMS (Continued)

Mr. Santos made a motion, Mr. Kelly seconded, to approve the proposed amendments to the 2021-2022 Growth Functional Category Biennial Structure Review as recommended on slide 13 of the attached presentation. The motion passed (roll call) with Messrs. Green, Santos, Kehoe, Bernstein, Jones, Kelly, and Knox voting yes.

- B. 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 Investments consider whether to find that the Governor's COVID-19 State of Emergency continues to directly impact the ability of the 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 the 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. (Memo dated October 4, 2021)

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

Mr. Kelly made a motion, Mr. Bernstein seconded, to approve staff's recommendation and to add to the Consent agenda moving forward. The motion passed (roll call) with Messrs. Green, Kehoe, Bernstein, Jones, Kelly and Knox voting yes. Mr. Santos was not present for the vote.

- C. Recommendation as submitted that the Board approve attendance of Trustees at the Latin America US Real Estate Meeting on November 29 – 30, 2021 in Miami, FL and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies. (Memo dated September 12, 2021)
(Placed on the agenda at the request of Trustee Santos)

VIII. NON-CONSENT ITEM (Continued)

Mr. Bernstein made a motion, Mr. Kelly seconded, to approve attendance of Trustees at the Latin America US Real Estate Meeting on November 29 – 30, 2021 in Miami, FL and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies. The motion passed (roll call) with Messrs. Green, Kehoe, Bernstein, Jones, Kelly and Knox voting yes. Mr. Santos was not present for the vote.

- D. Recommendation as submitted that the Board approve attendance Approve attendance of Trustees at the Oxford Impact Investing Program on January 31, 2022 – February 4, 2022 in Oxford, United Kingdom and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies.
(Memo dated October 5, 2021)
(Placed on the agenda at the request of Trustee Sanchez)

Mr. Kelly made a motion, Mr. Knox seconded, to approve attendance of Trustees at the Oxford Impact Investing Program on January 31, 2022 – February 4, 2022 in Oxford, United Kingdom and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies. The motion passed (roll call) with Messrs. Green, Santos, Kehoe, Bernstein, Jones, Kelly and Knox voting yes.

IX. REPORTS

- A. Rotation of Board Officers
Alan J. Bernstein, Chair Board of Retirement
Keith Knox, Chair Board of Investments
(Memo dated September 28, 2021)

IX. REPORTS (Continued)

Messrs. Lew and Rice were present and answered questions from the Board. The Board provided staff with direction. The item was received and filed.

- B. Council of Institutional Investors Voting Ballot
Scott Zdrazil, Senior Investment Officer
(For Information Only) (Memo dated September 22, 2021)

This item was received and filed.

- C. Legal Projects
Christine Roseland, Senior Staff Counsel
(For Information Only) (Memo dated October 4, 2021)

This item was received and filed.

- D. Monthly Status Report on Legislation
Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated September 27, 2021)

This item was received and filed.

- E. Monthly Travel & Education Report – August 2021
Ted Granger, Interim Chief Financial Officer
(Public Memo dated September 22, 2021)
(Confidential Memo dated September 22, 2021 – Includes Anticipated Travel)

This item was received and filed.

- F. September 2021 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 September 24, 2021)

This item was received and filed.

X. ITEMS FOR STAFF REVIEW

There was nothing to report.

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

Mr. Grabel welcomed newly hired interns Martin Wolff and Bruno Picinane and Mr. Kreimann welcomed newly hired Assistant Executive Officer, Laura Guglielmo.

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. Notice Of Re-Up Commitment of Up To \$200 Million To Clearlake Capital Partners VII, L.P.
Christopher J. Wagner, Principal Investment Officer
Didier Acevedo, Investment Officer
(For Information Only) (Memo dated October 1, 2021)

The Board received an information only report providing notice that the Chief Investment Officer (CIO) approved a re-up commitment of up to \$200 million to Clearlake Capital Partners VII, L.P., which is a large buyout private equity fund focusing on technology, industrials, and consumer sectors predominantly in North America. The investment was approved by the CIO in accordance with applicable LACERA policy.

B. Conference with Legal Counsel – Initiation of Litigation
(Pursuant to Paragraph (4) of Subdivision (d) of Section 54956.9)

Number of Cases: 1

Mr. Kehoe made a motion, seconded by Mr. Kelly, to authorize staff to file a lawsuit against the County of Los Angeles and the Board of Supervisors of the County of Los Angeles to obtain an order that, under the California Constitution and applicable statutory law, LACERA's governing Board of Retirement and Board of Investments have sole authority and duty to appoint and to set the classifications and compensation of all

XII. EXECUTIVE SESSION (Continued)

of LACERA's personnel and the County and Board of Supervisors shall, consistent with their ministerial duty, incorporate such personnel and compensation decision into the County's salary ordinance, including the positions, classifications, and salaries requested by LACERA on the agenda of the October 5, 2021 Board of Supervisors meeting. The motion passed (roll call) with Messrs. Bernstein, Green, Kehoe, Kelly, Knox, Jones, Santos and Ms. Sanchez voting yes. Ms. Greenwood was absent. The lawsuit was filed in Los Angeles Superior Court on October 18, 2021, as Case No. 21STCP03475. The Board took other action not yet subject to report.

XIII. BOARD OFFSITE

A. INTRODUCTION

Mr. Grabel provided a brief overview of LACERA's progress from Allocator to Investor.

B. REVIEW AND DISCUSSION OF EACH STRATEGIC PILLAR

The following five pillars comprise the Investments Division's "Allocator to Investor" strategic initiatives.

1. Enhancing operational effectiveness
2. Optimizing the investment model
3. Maximizing stewardship and ownership rights
4. Strengthening the Fund's influence on fees and cost of capital
5. Implementing "Towards Inclusion, Diversity, and Equity" throughout the investment program

Messrs. Chu, Zdrazil, Timko and Acevedo and Ms. del Bosque discussed and reviewed each pillar.

C. PEER EVALUATION

Messrs. Filla, Faustino and McCourt of Meketa Investment Group led a discussion on investment models and practices at other public pension plans.

D. GEOGRAPHIC EXPOSURE

Mr. Walsh of Albourne and Mr. Fernandez of StepStone Group facilitated a conversation on the merits and considerations of geographic diversification.

E. CONCLUSION

Mr. Grabel discussed potential next steps.

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

Item XII. B. - Conference with Legal Counsel – Initiation of Litigation
(Pursuant to California Government Code Section 54956.9)
(Confidential Presentation – Additional Slides)

XIV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:42 p.m.

ALAN BERNSTEIN, SECRETARY

KEITH KNOX, CHAIR



October 26, 2021

TO: Each Trustee,
Board of Retirement
Board of Investments

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

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

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

Our Ongoing COVID-19 Response and Return to Office

The Executive Team continues to monitor the COVID-19 landscape, both locally and nationally. The COVID-19 Pandemic continues to be an unfolding and fast-moving event that continues to change how public service organizations are responding to protect members of the public and public service employees.

As part of LACERA's health and safety requirements, the Executive Team reported at the September 1, 2021 Board of Retirement (BOR) meeting, that vaccinations will be required for all LACERA staff by October 1, 2021. Staff members were able to request an exemption from the vaccination requirement due to (1) credible religious reasons, or (2) medical reasons.

Approximately 373 staff members are fully vaccinated and 32 are unvaccinated but have requested a religious or medical exemption; and 2 employees are currently non-compliant. Eight staff members are on leave of absence, and we do not know their vaccination status; excluding those employees on leave, 91.6% of active employees are fully vaccinated. The number of vaccinated staff members will continue to be adjusted pending sufficient proof of full vaccination or management approval of religious/medical exemptions requests.

We are continuing to work through COVID-19 testing logistics for staff members approved for vaccination exemptions and are in the process of finalizing an agreement to administer tests and securely capture the report test results. We have a final draft of the vendor contract and a Statement of Work (SOW) ready to be delivered in the coming weeks. We anticipate securing this vendor by mid-November, which will allow us to implement LACERA's Return-to-Office plan soon thereafter. In the interim, a resource from the State of California's COVID-19 readiness page was shared with all staff members to enable them to find local testing sites as the need arises. The resource provides an interactive map allowing staff members to search for a free testing site by zip code (Finding a Testing Site arcgis.com). We continue to take a proactive approach in maintaining the health and safety of our staff members and members. Our staff members continue to follow established safety protocols when visiting our building, allowing us to continue to meet member expectations and deliver the high level of service we strive to always provide.

LACERA COVID-19 Incidents

As of the date of this memo, there have been three (3) incidents of a staff member exposure and one (1) COVID-19 positive staff member in the last month. No employees were exposed in the office during this period.

LACERA continues to follow the Public Health guidelines as they change and evolve, including the City of Pasadena's requirement to use masks indoors. Management continues to limit the number of staff members physically in our offices daily. Based on the most recent numbers, we are averaging approximately 17% of our staff in the office on any given day.

Strategic Planning Consultant Update

The Strategic Planning Consultant Request for Proposal (RFP) closed on October 15, 2021. The selection committee is made up of four Trustees and three LACERA staff members. The committee will begin to review vendor proposals and schedule interviews in the coming weeks. The committee anticipates recommending a final selection to the Board of Retirement (BOR) meeting in December 2021.

Recruitment Updates

Filling vacant positions continues to be a high priority. The following summary provides an update of LACERA's recruitment, assessment, and hiring efforts to reduce the number of vacancies.

Development

The Human Resources Division (HR) works with the hiring Division to review the classification description, create an ideal candidate profile, and discuss the assessment process. This is used to create the job bulletin and recruiting brochure (management positions only). The recruitments/assessments in development are listed below:

Classification	Vacancies	Division
Principal Investment Officer	2	Investments
Data Systems Analyst I	3	Systems
Retirement Systems Specialist	1	Systems
Document Processing Assistant	1	Admin. Services
Administrative Services Analyst I	1	Admin. Services
Administrative Services Analyst II	2	Admin. Services
Administrative Services Analyst III	2	Admin Services
Human Resources Analyst	2	Human Resources

Recruiting

The Human Resources team is recruiting qualified internal and external candidates to fill vacancies. Finding the right candidate(s) who will add value to the organization and help move us forward in meeting our goals is a top priority of our Human Resources Division. LACERA is currently accepting applications for Staff Counsel and conducting a resume canvas for Senior Staff Counsel. The Human Resources Division plans to issue a Request for Proposal to seek professional recruitment services for the Deputy Chief Investment Officer, Chief Information Technology Officer, Chief Financial Officer, and Information Security Officer positions, as these are highly specialized and critical positions.

Assessment

Having received a pool of qualified candidates, HR then administers the assessments. Examples of assessments include multiple choice tests, interviews, job simulations, and technical projects. Assessments and final scoring are taking place for the Senior Accountant and Retirement Benefits Specialist I examinations.

Hiring

Recent eligible lists/registers were promulgated for Media Artist, Senior Accountant, Procurement and Supply Clerk. The hiring departments are conducting selection interviews. Promotional and employment offers were approved to fill vacancies in the Senior Retirement Benefits Specialist, Data Systems Analyst II, Administrative Services Officer, and Senior Internal Auditor classifications.

Lastly, once the above phases are complete, HR staff members have the capacity to start the development process for other recruitments/assessments. Based on the current requests the next classifications for exam development are Information Systems Specialist I and Information Systems Specialist II.

Member Service Center

CEO Dashboard Update

At the October Board of Investments meeting, Vice Chair Kelly requested that regular reports on the number of registrations for MyLACERA be included in the CEO Report. The annual registration data has been available as part of the CEO Dashboard report since January 2020. We have refreshed the chart design to make it more visibly pleasing and clearer to read. The chart shows the annual registrations over the last five years by member types: Active, Deferred, and Retired/Survivors. We have also added a new graph to show the total registration numbers with the same breakdown. We may further stratify the membership breakdown in future reports.

We have been reporting the status of the Member Service Center reopening in the CEO Report narrative since we reopened in July. Now that operations have normalized, we will report the monthly numbers in the CEO Dashboard report as we have traditionally done. In keeping with the change in service channels that we offer, the Dashboard has been updated to report the number of

visits by service channel: In-Person, Virtual, and Phone Only. We continue to offer about 60% of the number of appointments when compared to the pre-pandemic time period. This condition will persist at least through the end of this year.

Retiree Healthcare (RHC) Update

On October 11, 2021, it was reported that members representing approximately 24,000 Kaiser nurses and other healthcare workers overwhelmingly voted to authorize a strike across numerous hospitals, clinics, and other Kaiser Permanente facilities over contract negotiations. However, the United Nurses Associations of CA (UNAC) and Union of Health Care Professionals (UHCP) are required by law to provide 10 days' notice to Kaiser Permanente before striking and any work stoppage. Kaiser has yet to notify our team of a formal strike notification as required by their labor contract. We will continue to monitor this situation closely.

Below is the response from Kaiser to our inquiry:

"We take any threat of a strike seriously. Our top priority is caring for our members and patients. We have contingency plans in place so members can continue to receive safe, high-quality care should a strike occur. In some cases, we may need to make decisions to reschedule appointments and elective surgeries and could need to close certain facilities. If this is necessary, we will contact you directly. Note: Our doctors would not be on strike and would continue to provide care during any potential strike activity. We apologize for any inconvenience a strike could cause."

Lifetime Maximum Benefit (LMB)

We continue to meet with our consultant (Segal) and Actuary (Milliman) on an analysis of eliminating the Lifetime Maximum Benefit ("LMB") of \$1 million from all Anthem Blue Cross Non-Medicare plans. The LMB of \$1 million is currently in effect for Plans I, II, and Prudent Buyer. We expect to engage the County of Los Angeles in the coming months on elimination of the LMB.

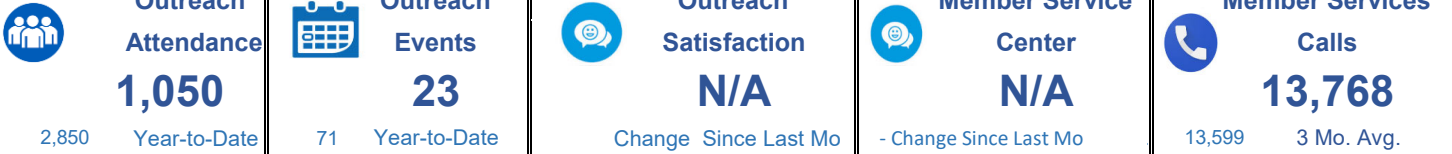
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CEO report Nov.2021.doc

Attachments

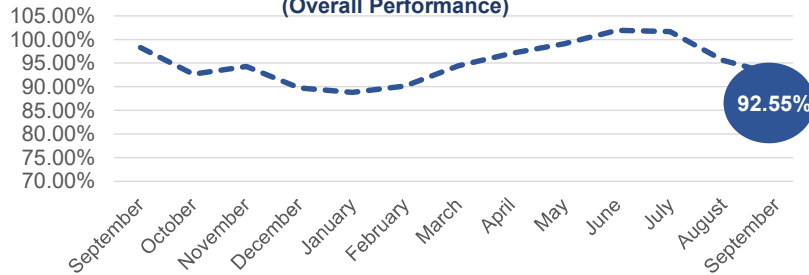
Striving for Excellence in Service

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

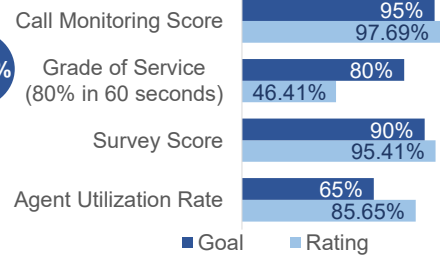


Key Performance Indicator (Overall Performance)

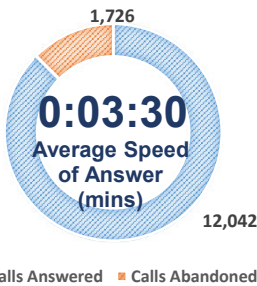
Goal: 100%



Key Performance Indicator (Components)



Member Services



Top Calls

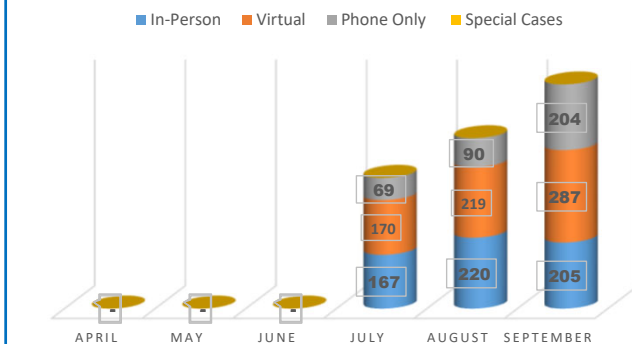
1. Retirement Counseling: Process Overview
2. Retirement Counseling: Estimate
3. MyLACERA Portal Login Issues

Emails 626
24:00 hours
Avg. Response Time (ART)

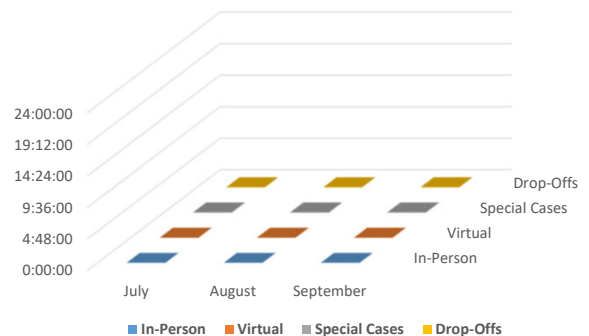


Secure Messages 771

Member Service Center Appointments



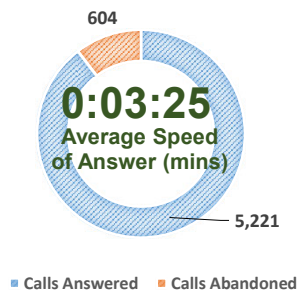
Member Service Center Average Wait Times



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

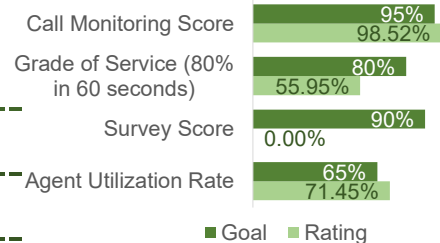
Retiree Healthcare

Total RHC Calls: 5,825



Top Calls

1. Medical/Dental Enrollments
2. Medical Benefits
3. General Inquiries



Emails 251
10 Days
Avg. Response Time (ART)



Secure Messages 234

Striving for Excellence in Service (Continued)

Applications

705

In Process
As Of:
9/30/2021

698 Pending on: 8/31/2021
48 Received

129 Year-to-Date
0 Re-Opened
0 Year-to-Date

39 To Board - Initial

127 Year-to-Date
2 Closed
8 Year-to-Date

Appeals

92

In Process
As Of:
9/30/2021

93 Pending on: 8/31/2021
1 Received

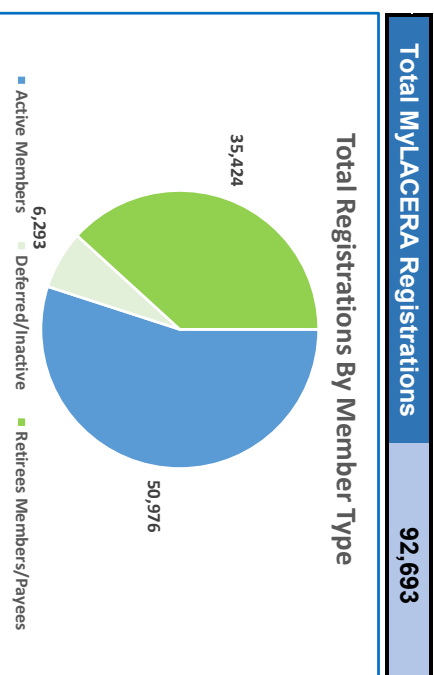
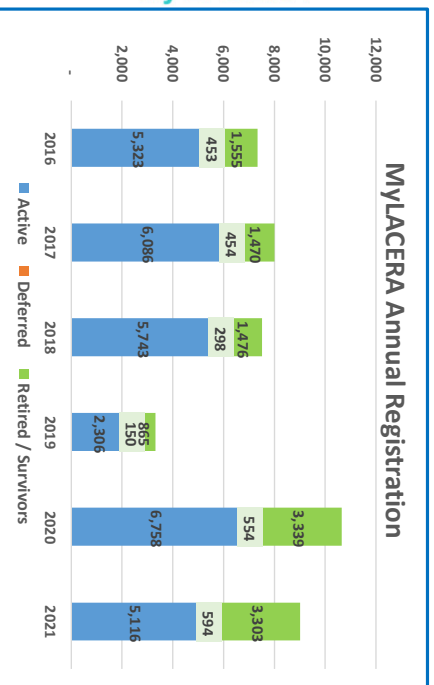
8 Year-to-Date
2 Admin Closed/Rule 32
10 Year-to-Date

0 Referee Recommended

2 Year-to-Date
0 Revised/Reconsidered for Granting
0 Year-to-Date

Disability

My LACERA

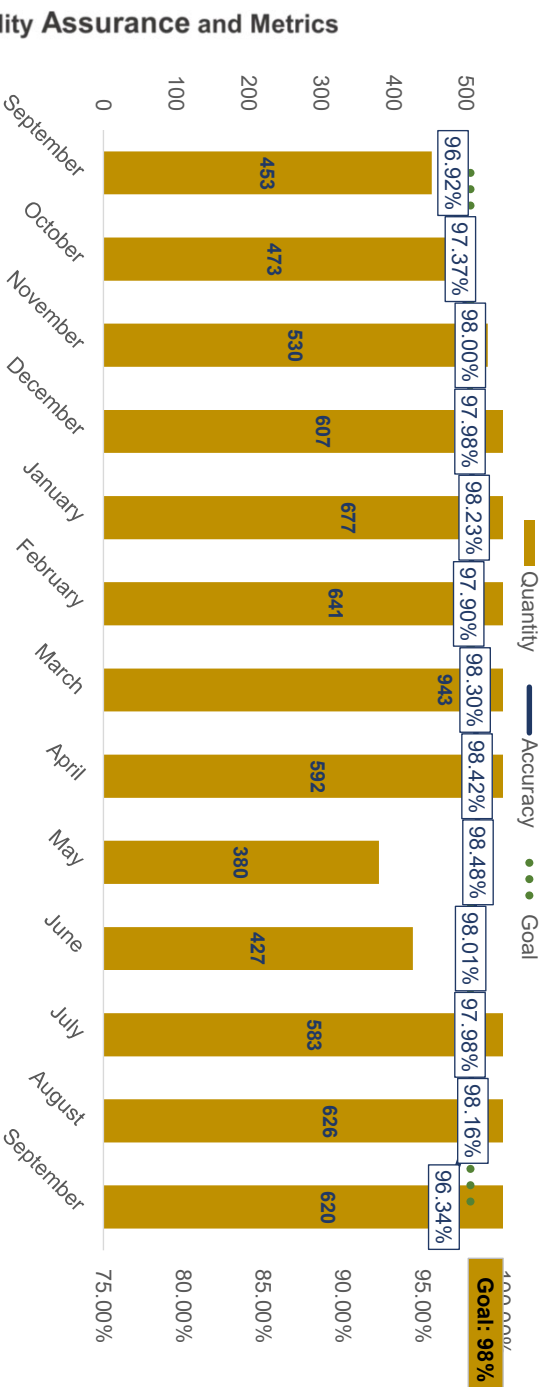


Total MYLACERA Registrations

92,693

Striving for Excellence in Quality

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



September

96.34%



Retirement Elections

308

Samples

96.65%

Accuracy

Payment Contracts

222

Samples

93.33%

Accuracy

Data Entry

90

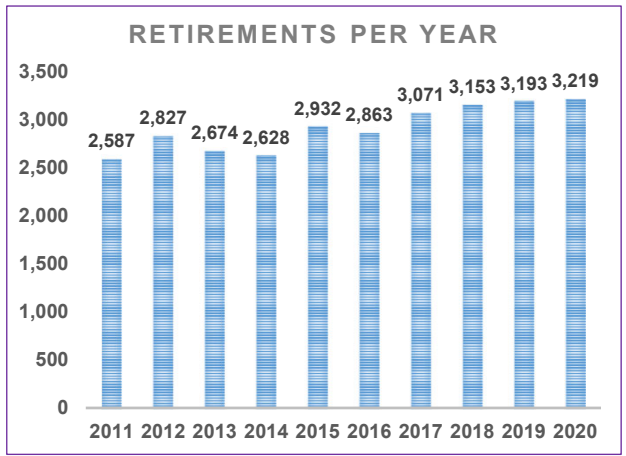
Samples

99.04%

Accuracy

Member Snapshot

General	Members as of 10/15/2021				
	Plan	Active	Retired	Survivors	Total
	Plan A	68	14,620	4,242	18,930
	Plan B	19	653	67	739
	Plan C	20	424	65	509
	Plan D	37,697	18,589	1,716	58,002
	Plan E	14,934	14,385	1,427	30,746
	Plan G	32,619	132	10	32,761
	Total General	85,357	48,803	7,527	141,687
Safety	Plan A	2	4,729	1,636	6,367
	Plan B	8,559	7,005	358	15,922
	Plan C	4,511	16	1	4,528
	Total Safety	13,072	11,750	1,995	26,817
TOTAL MEMBERS		98,429	60,553	9,522	168,504
% by Category		58%	36%	6%	100%



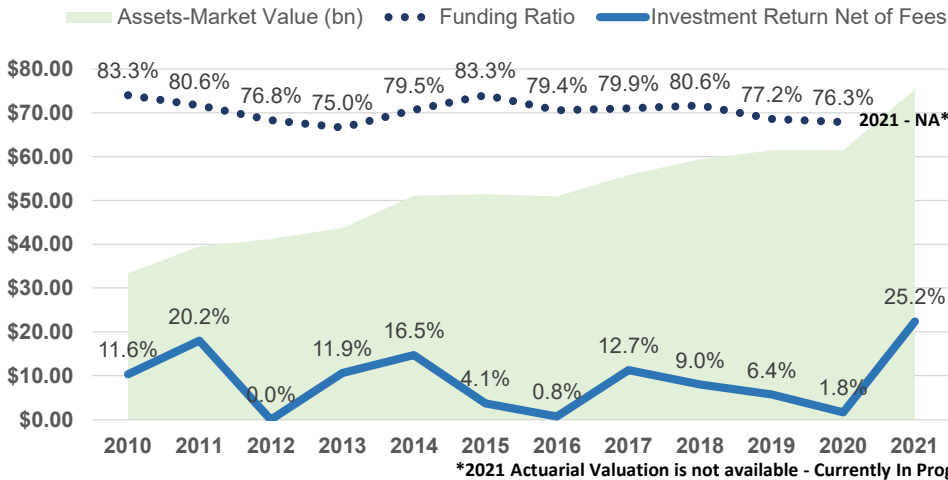
Average Monthly Benefit Allowance Distribution October 22, 2021				
	General	Safety	Total	%
\$0 to \$3,999	29,991	1,699	31,690	52.49%
\$4,000 to \$7,999	13,509	3,469	16,978	28.12%
\$8,000 to \$11,999	3,673	4,270	7,943	13.16%
\$12,000 to \$15,999	1,002	1,797	2,799	4.64%
\$16,000 to \$19,999	326	348	674	1.12%
\$20,000 to \$23,999	100	114	214	0.35%
\$24,000 to \$27,999	25	27	52	0.09%
> \$28,000	20	3	23	0.04%
Totals	48,646	11,727	60,373	100%

Average Monthly Benefit Allowance: \$ **4,549.00**

Healthcare Program		Healthcare Enrollments	
(Mo. Ending: 09/30/2021)		(Mo. Ending: 09/30/2021)	
	Employer	Member	
Medical	145.6	10.8	Medical 53,095
Dental	11.6	1.1	Dental 54,640
Part B	20.1	0	Part B 36,381
LTC			LTC 560
Total	177.3	11.9	Total 144,676

Key Financial Metrics

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



Funding Metrics (as of 6/30/21)

Employer NC	10.89%*
UAAL	14.85%*
Assumed Rate	7%*
Star Reserve	\$614m
Total Assets	\$73.0b

Contributions (as of 6/30/21)

	Employer	Member
Annual Add	\$2.0b	\$761.0m
% of Payroll	24.64%*	7.8%*

TOTAL FUND RETURN (Net of Fees)

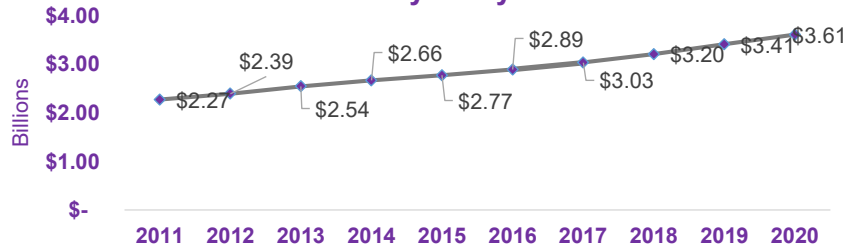
5 YR:	6.1%	10 YR:	8.2%
-------	------	--------	------

Retired Members Payroll

(As of 09/30/2021)

Monthly Payroll	\$331.34m
Payroll YTD	\$1.0b
New Retired Payees Added	356
Seamless %	96.35%
New Seamless Payees Added	1,060
Seamless YTD	95.00%
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 and 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 and 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, and Archiving	Board Offices	April 16, 2021	Vendor Selection	<ul style="list-style-type: none"> • Granicus • Diligent iCompass • PrimeGov • eSCRIBE • Hyland • Provox Systems
Contract Lifecycle Management Application	Administrative Services/ Systems	February 16, 2021	Vendor Selection	<ul style="list-style-type: none"> • Icertis • Cobblestone • Agiloft • Iron Clad • SmartSheet
External Quality Assessment	Internal Audit	August 9, 2021	Vendor Selection	<ul style="list-style-type: none"> • IIA Quality Services, LLC • LLC; Mitchell& Titus, LLP. • TAP International. Inc, • Armanino LLP, • Sjoberg Evashenk Consulting • That Audit Guy, LLC.

RFP/RFI Name	Issuing Division	RFP Issued	Status*	Quiet Period for RFP Respondents*
Strategic Planning Consultant	Board Offices	August 23, 2021	Solicitation Process	<ul style="list-style-type: none"> • Academy for Leadership and Training • Bellatrix Group • The Segal Group • Athenian Group • KH Consulting • TBM & Associates
Case Management Software Solution	Systems Division	October 6, 2021	Solicitation Process	<ul style="list-style-type: none"> • RGB Projects • Aeon Nexus • Oracle • CrossFuze • Incapsulate • Main Street Computing • MERP Systems • Altia • Eightcloud • Accenture • Smartsheet • Cambria Solutions • CyanGate • MTX Group • Inovar • Slalom • Opentext • Deloitte

*Subject to change

**Does not include Investments related vendor searches

Date	Conference
November, 2021	
7-10	CRCEA (California Retired County Employees Association) Conference Long Beach, CA
9-11	Institutional Limited Partners Association (ILPA) General Partner Summit Virtual
9-12	SACRS Fall Conference Hollywood, CA
9-12	2021 SuperReturn Berlin Conference Berlin, Germany
December, 2021	
13-14	2021 Global Investors Annual Meeting New York, NY
January, 2022	
23-25	NCPERS (National Conference on Public Employee Retirement Systems) Legislative Conference Washington, D.C.
March, 2022	
5-8	CALAPRS (California Association of Public Retirement Systems) General Assembly Meeting TBD
7-9	Council of Institutional Investors (CII) Spring Conference Washington D.C.
14-17	AHIP (America's Health Insurance Plans) National Health Policy Conference Washington D.C.
23-24	PREA (Pension Real Estate Association) Spring Conference Beverly Hills, CA
24	NASP 12 th Annual "Day of Education in Private Equity" for Trustees and Staff TBD

Chief Investment Officer Monthly Report

Board of Investments
November 17, 2021



Jonathan Grabel
Chief Investment Officer



Table of Contents

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

Market Environment

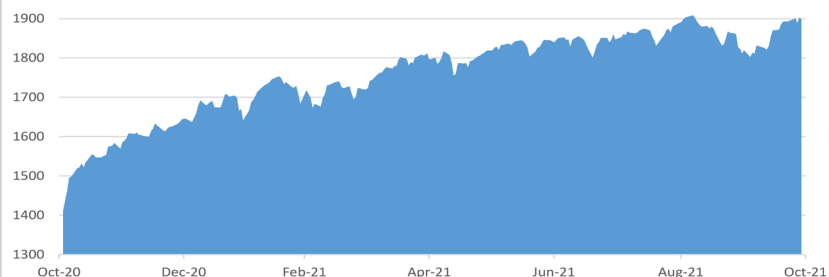


Global Market Performance as of October 31, 2021

MSCI ACWI Index (Global Equity Market)*

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
4.9	3.2	16.8	38.2	17.3	14.6	11.3

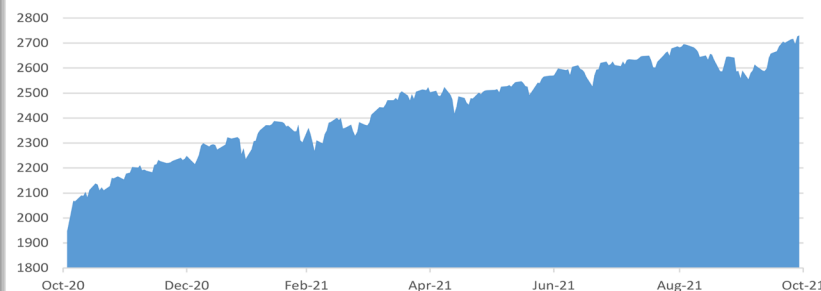
MSCI ACWI IMI Index 1-Year Performance



Russell 3000 Index (U.S. Equity Market)

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
6.8	4.9	22.8	43.9	21.6	18.9	16.1

Russell 3000 1-Year Performance



MSCI Emerging Market Index

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
1.0	-0.5	-0.3	17.0	12.3	9.4	4.9

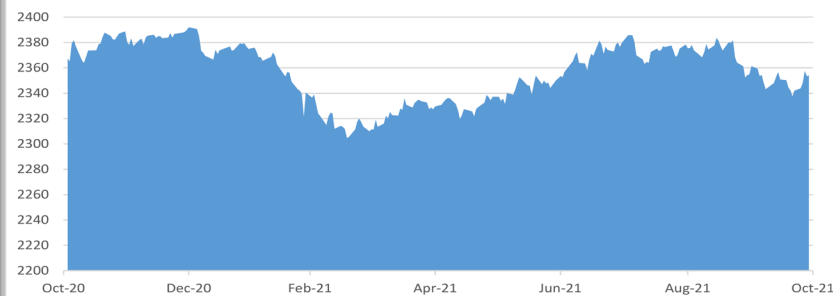
MSCI Emerging Markets 1-Year Performance



Barclays U.S. Aggregate Bond Index**

Trailing Returns (%)			Annualized Returns (%)			
1-month	3-month	YTD	1Y	3Y	5Y	10Y
0.0	-1.1	-1.6	-0.5	5.6	3.1	3.0

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

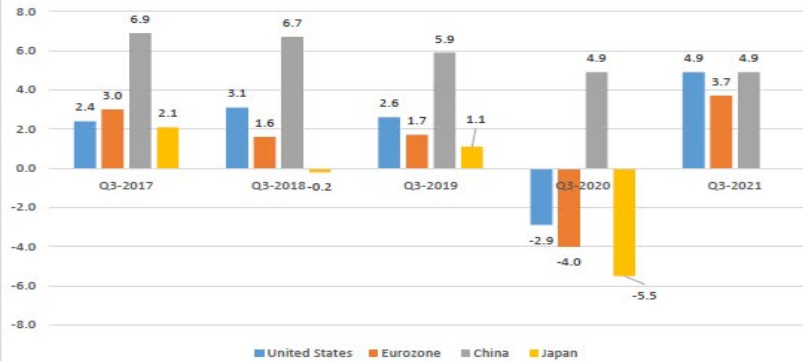
Source: Bloomberg



Key Macro Indicators*

GDP Growth of Major Economies¹

Real GDP Growth YoY (%) - Last Five Years



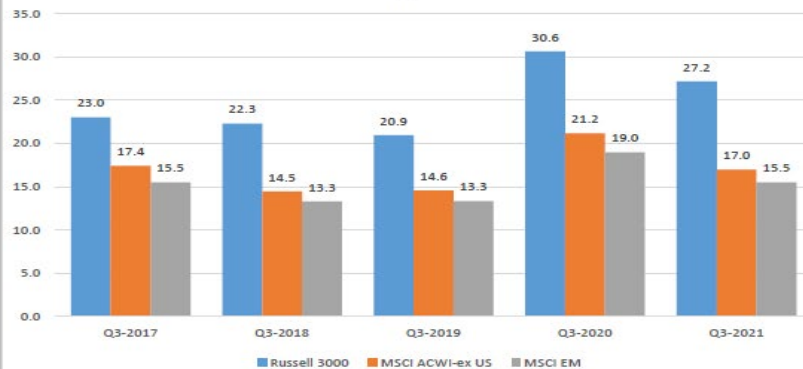
Historical Low for 10-Year Treasury Yield²

Historical 10-Year Treasury Yield



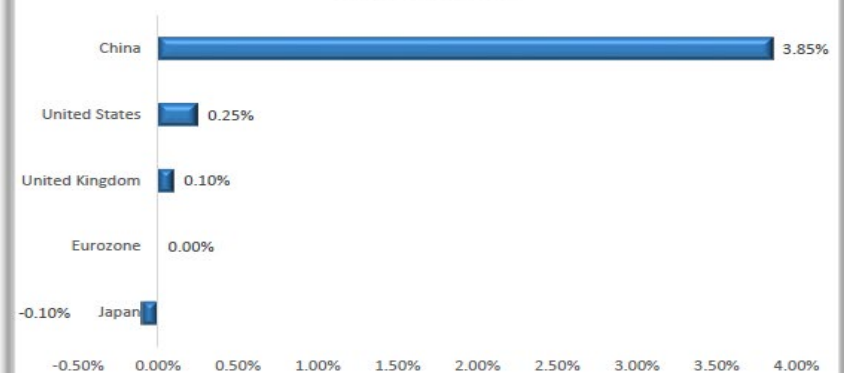
World Equity Valuation³

Price-to-Earnings - Last Five Years



Central Bank Rates⁴ (as of 10/31/2021)

Central Bank Rates



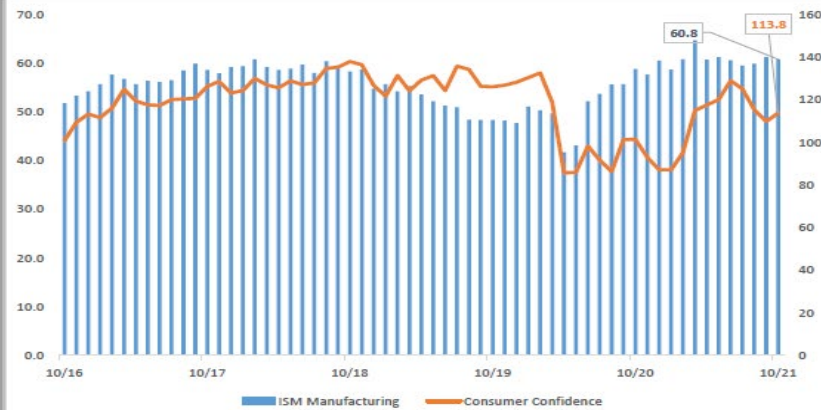
*The information on the "Key Macro Indicators" charts is the best available data as of 10/31/21 and may not reflect the current market and economic environment.

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

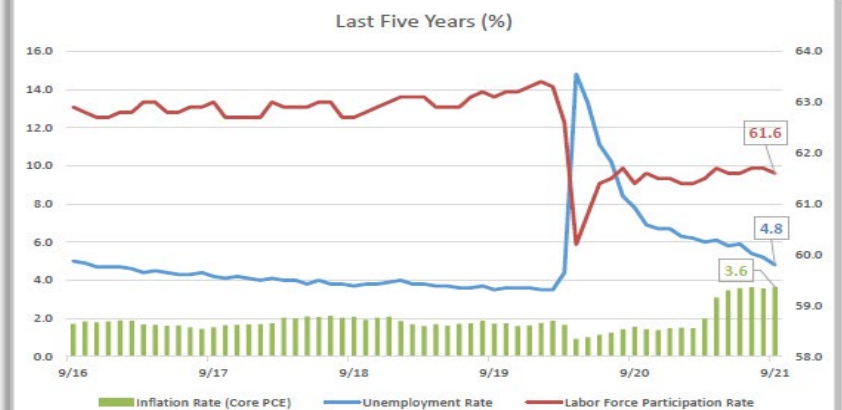


Key Macro Indicators*

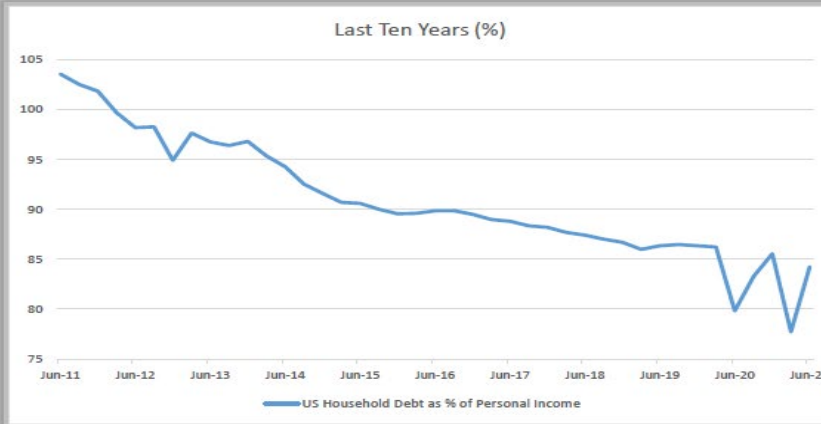
Consumer Confidence & ISM Manufacturing¹



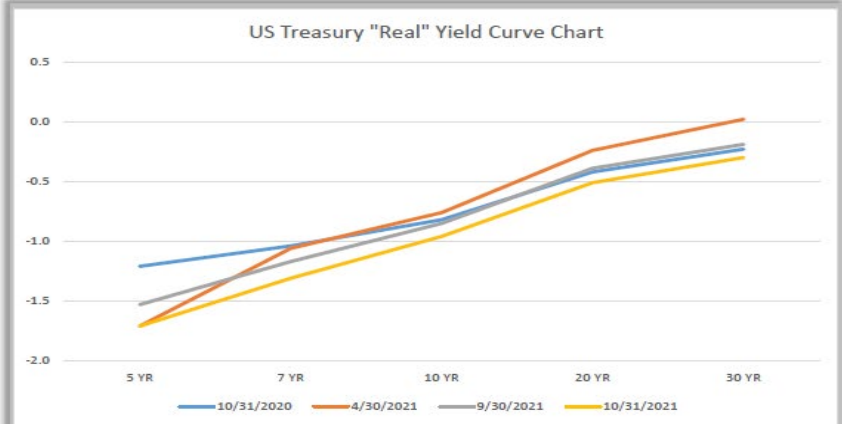
U.S. Inflation, Unemployment, & Labor Force Participation²



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 10/31/21 and may not reflect the current market and economic environment.



Market Themes and Notable Items to Watch

Recent Themes

- COVID-19
 - More than 246 million cases, 5 million deaths, and 7 billion vaccine doses administered worldwide
- The U.S. 10-year treasury yield ended October at 1.55%, up from 0.93% at the end of 2020 and below 1.74% at the end of March 2021
- Global equities (MSCI All Country World Investable Market Index) rallied 4.9% to a new all-time high level in October
- The International Monetary Fund now projects the global economy to grow 5.9% in 2021 (compared to a previous projection of 6.0% for 2021) and 4.9% in 2022
- The U.S. Federal Reserve announced that it will begin tapering the pace of its asset purchases in November as it begins pulling back on pandemic aid

What to Watch

- COVID-19
 - Economic and consumer behavior impacts
 - Evolution of virus variants and vaccine efforts
- Environmental, social, governance
 - [Global Investor Statement on Climate](#) released at COP26 by 733 investors with US\$52 trillion
 - International Financial Reporting Standards Board (IFRS) to incorporate Sustainability Accounting Standards Board (SASB) in new global ESG reporting board
 - \$130 trillion committed by financial firms at COP26 Summit to fund low-carbon transition
- Economic data and trends
 - Transitory versus persistent inflation, labor market developments such as composition of newly added jobs, and infrastructure legislation
- Changing macro conditions
 - Central bank actions and geopolitical risks



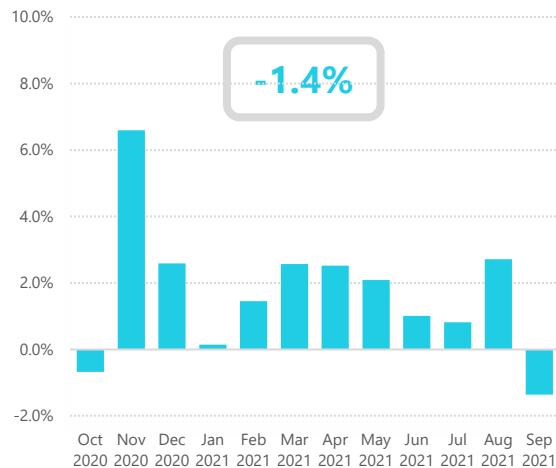
Portfolio Performance & Risk Updates



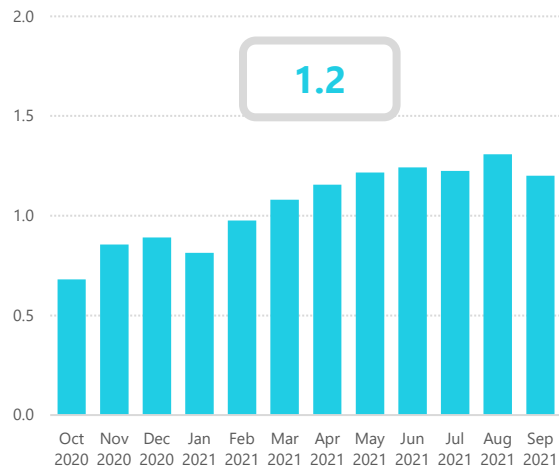
Total Fund Summary

as of September 2021

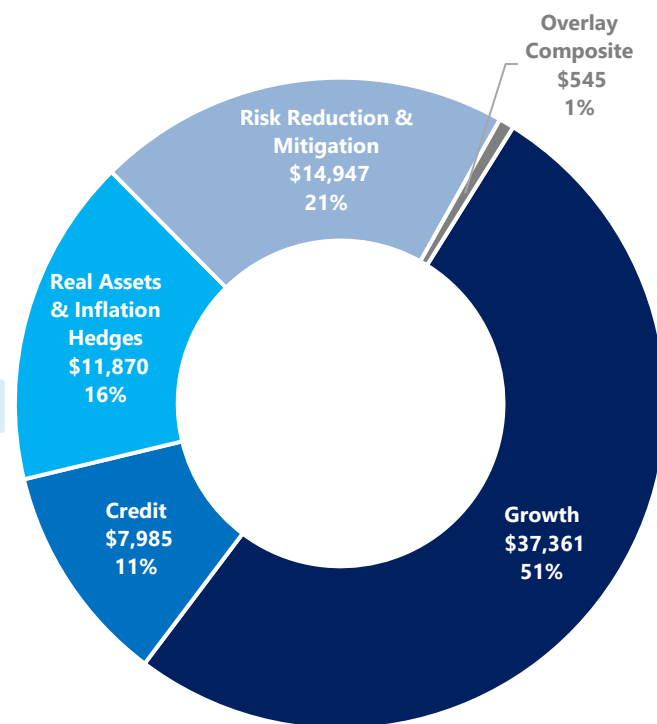
Monthly Return (net)



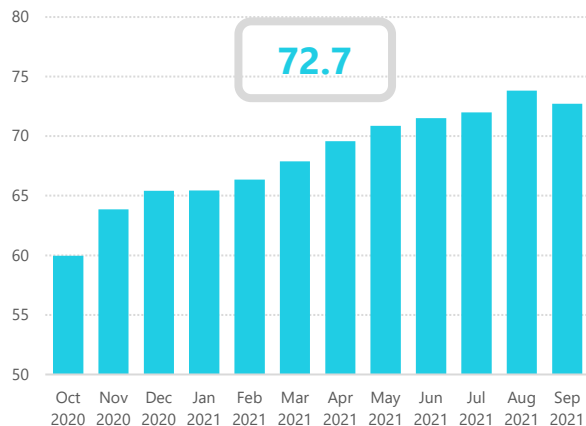
Sharpe Ratio (3-year annualized)



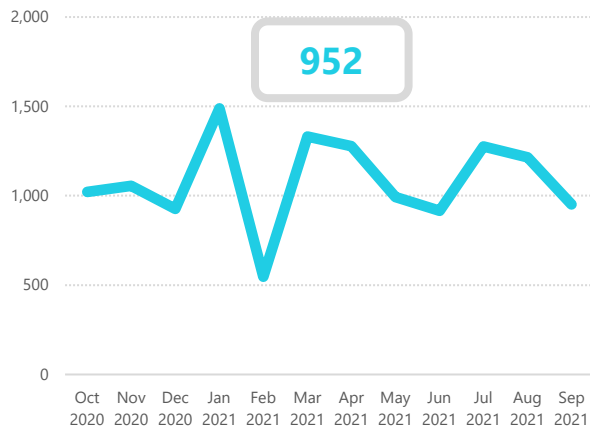
Asset Allocation (\$ millions)



Total Market Value (\$ billions)



Cash (\$ millions)



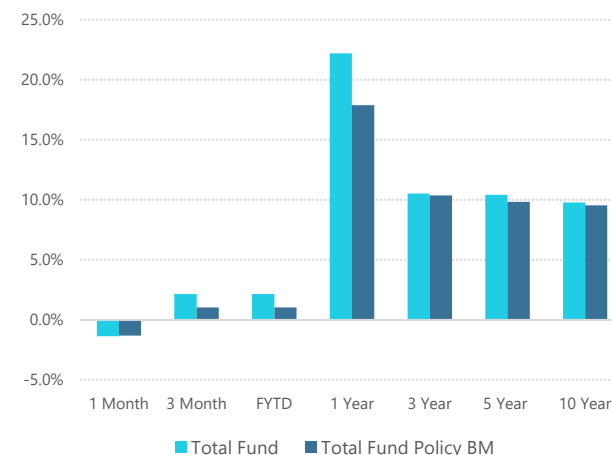
Historical Net Performance

as of September 2021

LACERA Pension Fund (net)

	Market Value (\$ millions)	% of Total Fund	Final Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
Total Fund	72,708	100.0%	100.0%	-1.4%	2.1%	2.1%	22.2%	10.5%	10.4%	9.8%
Total Fund Policy BM				-1.3%	1.0%	1.0%	17.9%	10.4%	9.8%	9.5%
7% Annual Hurdle Rate				0.6%	1.7%	1.7%	7.0%	7.0%	7.0%	7.0%
Growth	37,361	51.4%	47.0%	-2.5%	3.0%	3.0%	36.9%			
Growth Policy BM				-2.6%	1.0%	1.0%	31.4%			
Credit	7,985	11.0%	12.0%	0.0%	1.2%	1.2%	13.9%			
Credit Policy BM				-0.1%	1.0%	1.0%	6.9%			
Real Assets & Inflation Hedges	11,870	16.3%	17.0%	-0.1%	2.5%	2.5%	16.9%			
Real Assets & Inflation Hedges Policy BM				0.6%	2.4%	2.4%	17.2%			
Risk Reduction & Mitigation	14,947	20.6%	24.0%	-0.5%	0.1%	0.1%	1.1%			
Risk Reduction & Mitigation Policy BM				-0.7%	0.1%	0.1%	-0.3%			
Overlay Composite	545	0.7%								

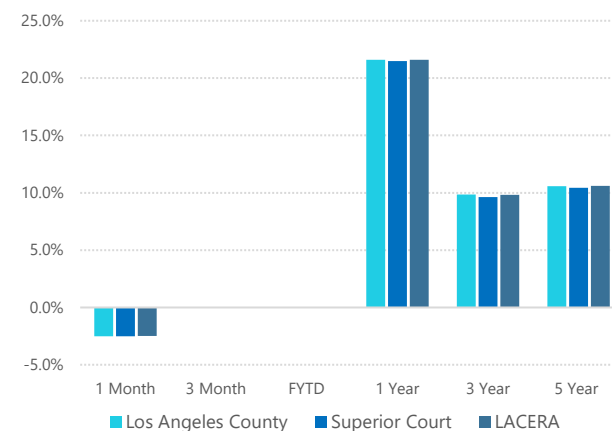
Historical Returns (net)



OPEB Master Trust (net)

	Market Value (\$ millions) ¹	% of Master Trust	Final Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year
OPEB MASTER TRUST	2,399			-2.5%	0.0%	0.0%	21.6%	9.8%	10.6%
Los Angeles County	2,328	97.0%	—	-2.5%	0.0%	0.0%	21.6%	9.8%	10.6%
Superior Court	62	2.6%	—	-2.5%	0.0%	0.0%	21.5%	9.6%	10.4%
LACERA	9	0.4%	—	-2.5%	0.0%	0.0%	21.6%	9.8%	10.6%
OPEB Growth	1,195	50.1%	50.0%	-4.0%	-1.1%	-1.1%	29.1%	12.7%	13.4%
OPEB MT Growth Policy BM				-4.0%	-1.1%	-1.1%	28.9%	12.4%	13.1%
OPEB Credit	475	19.9%	20.0%	-0.4%	0.1%	0.1%	7.3%	4.4%	--
OPEB MT Credit Policy BM				-0.4%	0.2%	0.2%	8.1%	4.9%	--
OPEB Real Assets & Inflation Hedges	476	20.0%	20.0%	-2.0%	2.5%	2.5%	29.4%	8.4%	--
OPEB MT RA & IH Policy BM				-2.0%	2.6%	2.6%	29.7%	8.3%	--
OPEB Risk Reduction & Mitigation	239	10.0%	10.0%	-0.7%	0.1%	0.1%	-0.7%	4.6%	3.1%
OPEB MT RR & M Policy BM				-0.7%	0.0%	0.0%	-0.7%	4.5%	3.1%
Operational Cash	0	0.0%							

Historical Returns (net)

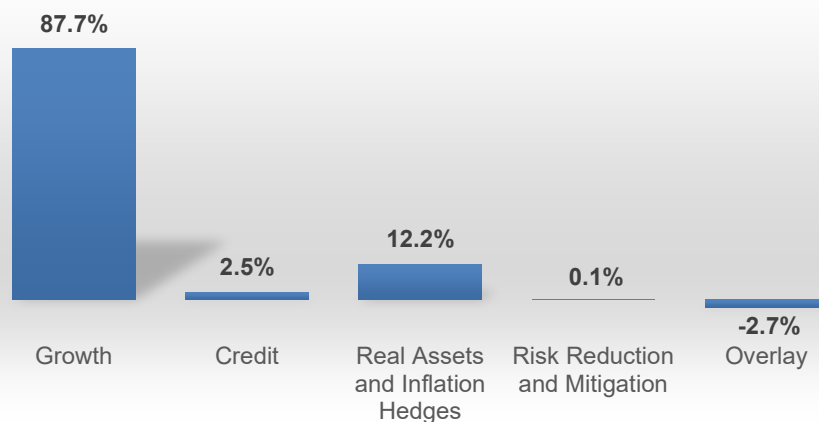


1. Market value differences between the sub-trusts and functional composites are due to operational cash

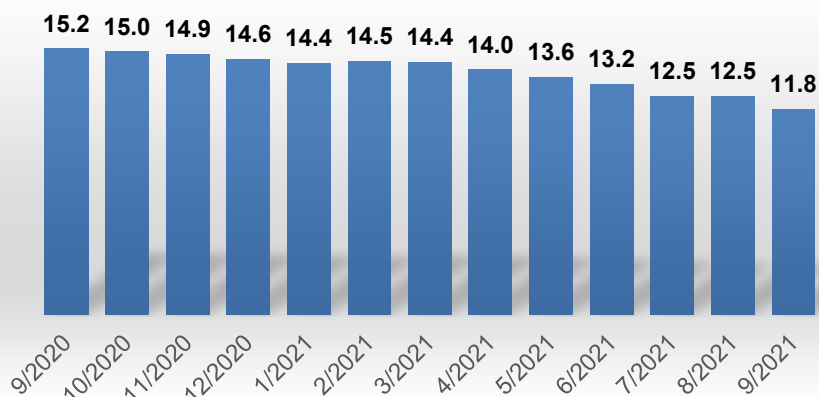
Total Fund Forecast Risk*

as of September 2021

%Contribution to Total Risk



Total Risk



	%Weight	% Cont. to Total Risk	Standalone Total Risk	Standalone BMK Risk**
Total Fund			11.8	11.1
Growth	51.1%	80.5%	18.7	18.5
Global Equity	36.0%	54.0%	18.2	18.3
Private Equity	14.2%	25.2%	24.2	25.0
Opportunistic Real Estate	0.9%	1.3%	23.3	18.8
Credit	10.9%	3.6%	4.8	4.3
High Yield Bonds	3.1%	1.3%	6.0	4.9
Bank Loans	3.5%	0.9%	4.9	6.4
Illiquid Credit	3.0%	0.7%	4.5	3.4
Emerging Market Debt	1.2%	0.7%	9.4	7.7
Real Assets & Inflation Hedges	17.4%	18.0%	13.5	13.8
Core & VA Real Estate	6.2%	7.8%	21.2	18.8
Natural Resources & Commodities	5.1%	5.0%	13.6	19.8
Infrastructure	3.2%	4.8%	19.3	19.5
TIPS	2.9%	0.4%	4.7	4.7
Risk Reduction and Mitigation	19.9%	0.3%	3.0	2.7
Investment Grade Bonds	15.1%	0.0%	3.6	3.4
Diversified Hedge Funds	3.5%	0.3%	4.5	0.1
Cash	1.3%	0.0%	-	-
Overlay	0.7%	-2.4%	-	-

*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 6/30/2021

**BMK Risk stands for Benchmark Risk



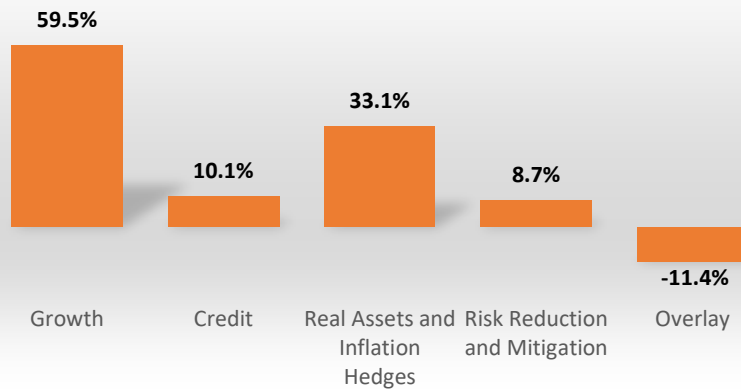
SOURCE: MSCI BarraOne

LACERA Investments

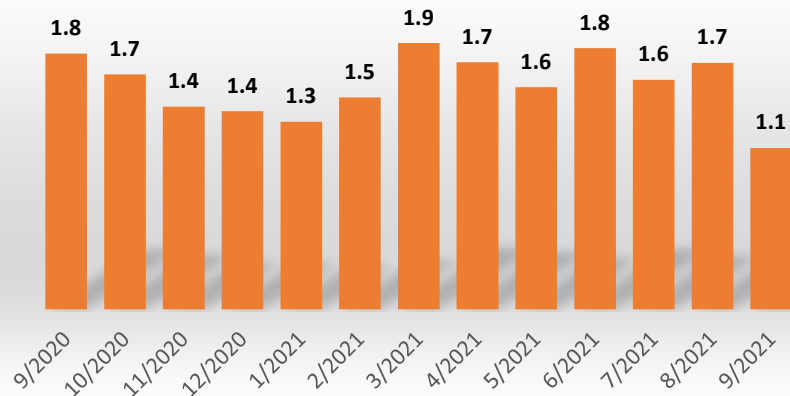
Total Fund Forecast Active Risk*

as of September 2021

%Contribution to Active Risk



Active Risk



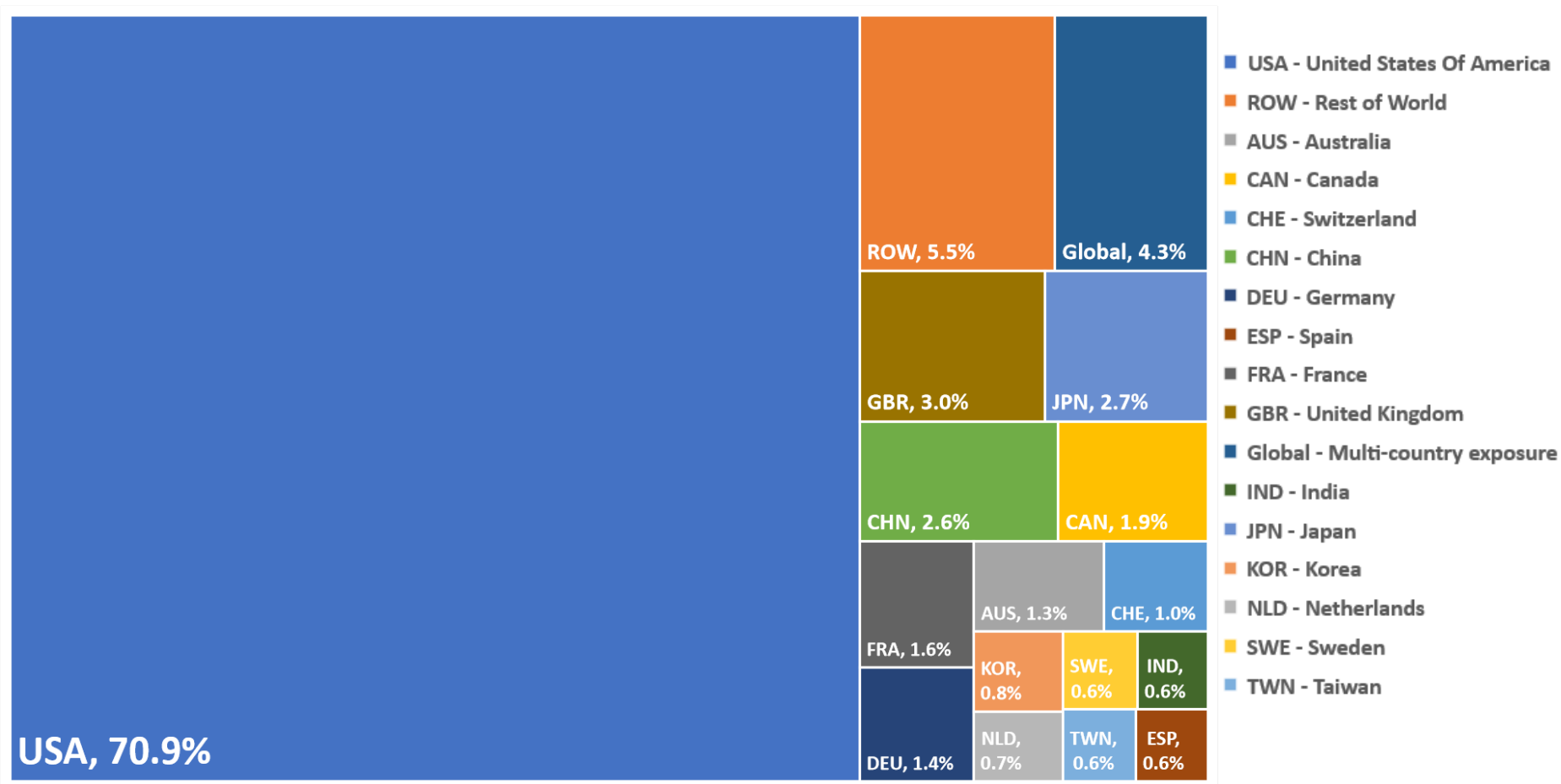
	%Weight	Active Weight%	Active Risk	Active Risk Allocation	Active Risk Selection
Total Fund			1.13	0.31	0.82
Growth	51.1%	4.09%	0.77	0.21	0.56
Global Equity	36.0%				
Private Equity	14.2%				
Opportunistic Real Estate	0.9%				
Credit	10.9%	-1.14%	0.12	0.05	0.07
High Yield Bonds	3.1%				
Bank Loans	3.5%				
Illiquid Credit	3.0%				
Emerging Market Debt	1.3%				
Real Assets & Inflation Hedges	17.4%	0.41%	0.16	(0.01)	0.16
Core & VA Real Estate	6.2%				
Natural Resources & Commodities	5.1%				
Infrastructure	3.2%				
TIPS	2.9%				
Risk Reduction and Mitigation	19.9%	-4.10%	0.30	0.26	0.04
Investment Grade Bonds	15.1%				
Diversified Hedge Funds	3.5%				
Cash	1.3%				
Overlay	0.7%	0.74%	-0.21	-0.21	0.00

*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 6/30/2021



Geographic Exposures by AUM* - Total Fund

as of September 2021 ex-overlay



*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 6/30/2021

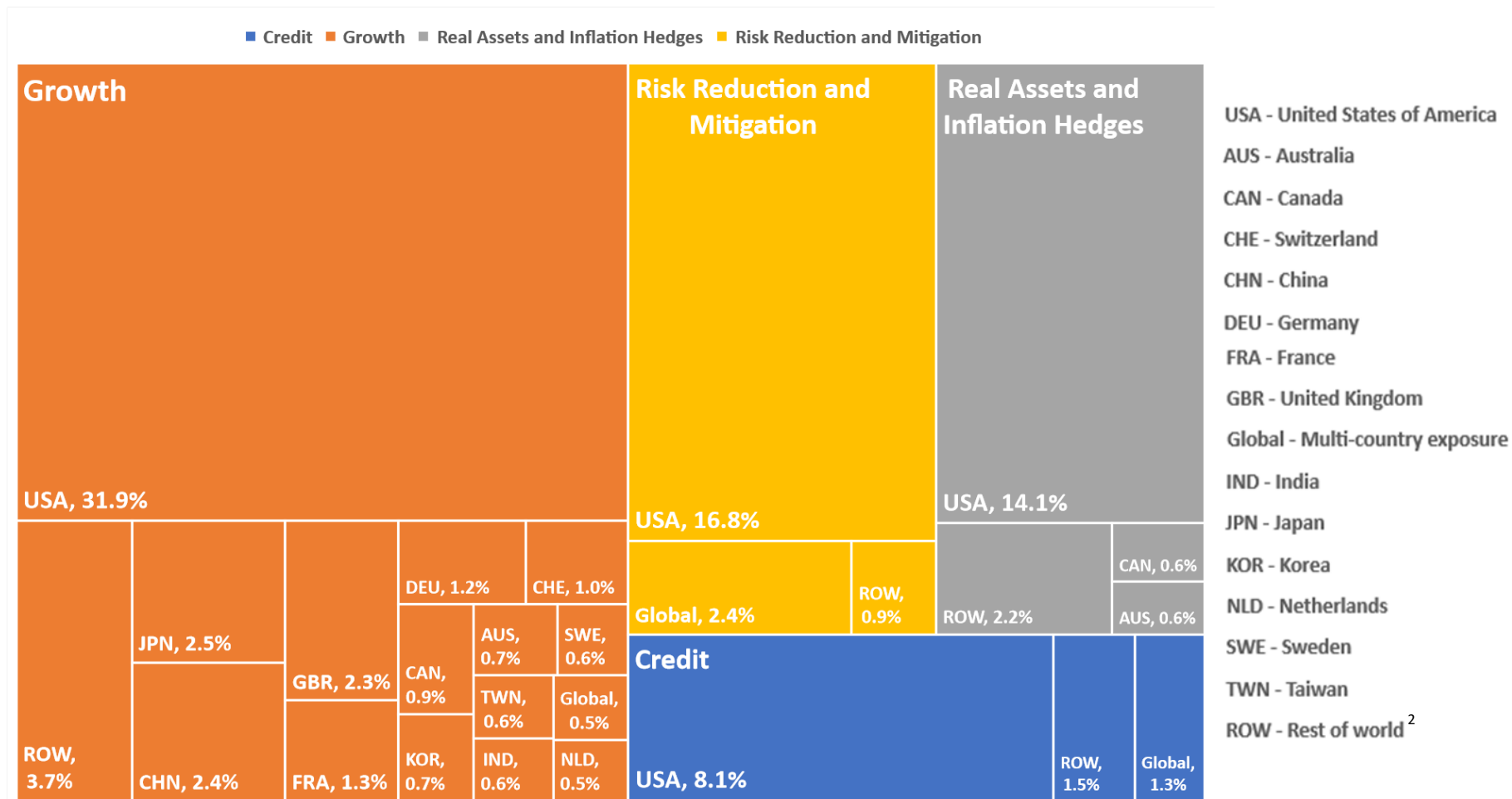
² "ROW - Rest of World" is sum of countries with weight below 0.5%

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



Geographic Exposures by AUM* - Asset Categories

as of September 2021 ex-overlay



*AUM = assets under management

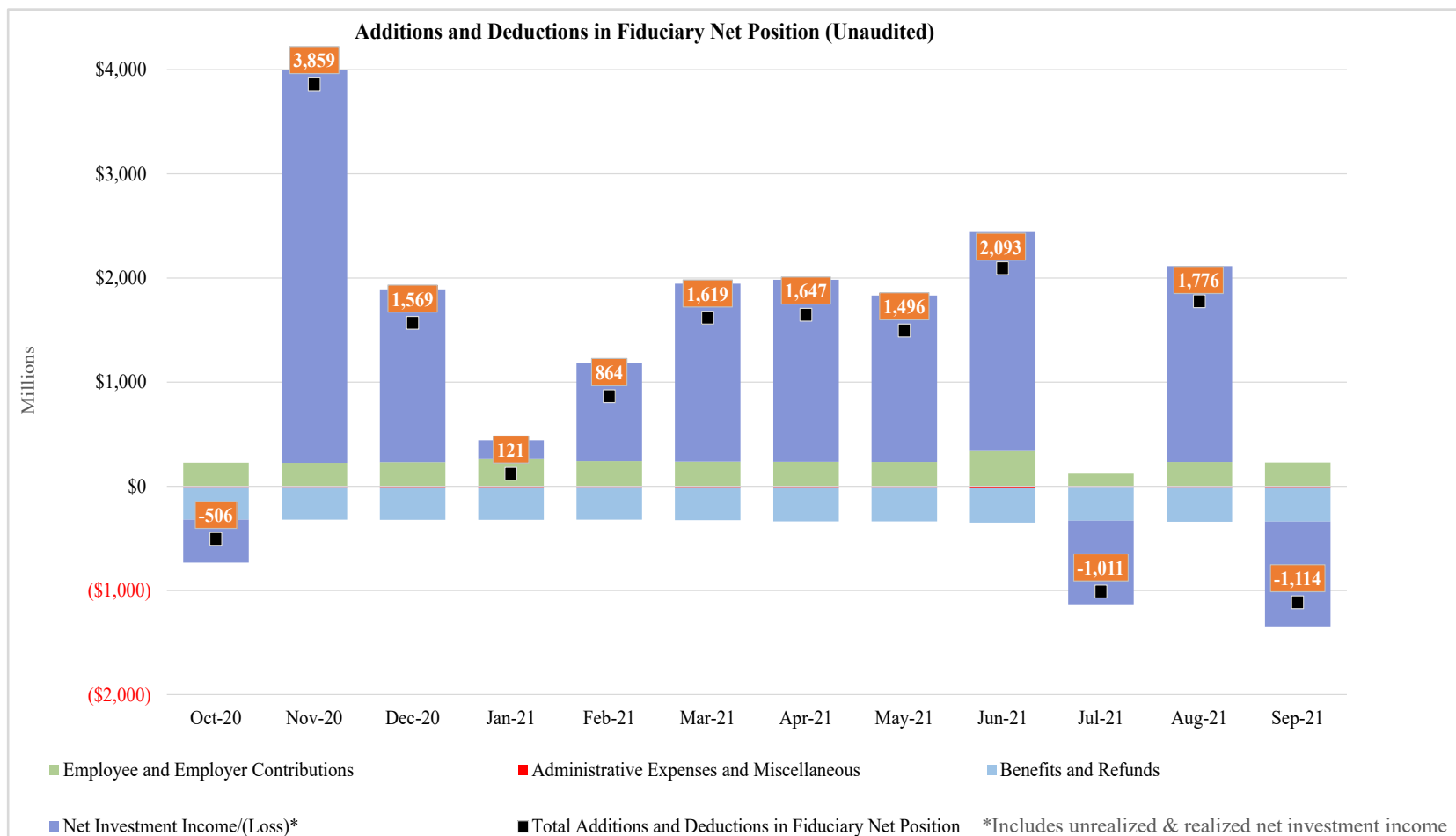
¹ *Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change. Real estate and private equity data used is as of 6/30/2021

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	2	1	-\$0.3 billion



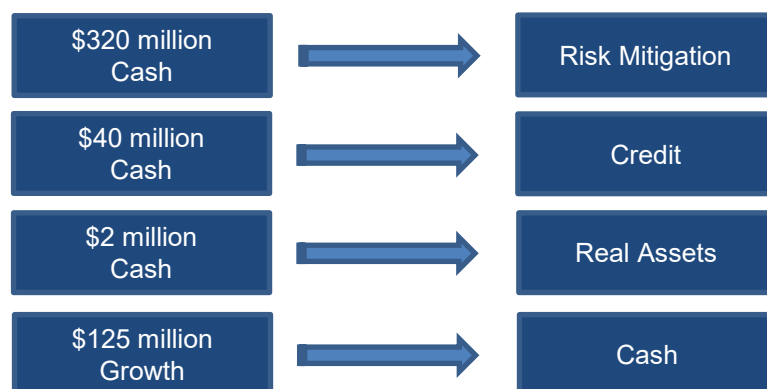
Portfolio Structural Updates



Portfolio Structural Updates

Portfolio Movements

Rebalancing Activity



Hedges and Overlays

Program	September Return	September Gain/Loss	Inception* Gain/Loss
Currency Hedge**	0.8%	\$48.8 Million	\$906.7 Million
Cash/Rebalance Overlay***	0.6%	\$23.8 Million	-\$29.9 Million

Current Search Activity

Status of Active Searches – Subject to Change

Name	RFP Issued	Due Diligence	BOI Review
Global Equity Emerging Manager Search	●	●	Anticipated Late 2021
Private Equity Emerging Manager Discretionary Separate Account Search	●	●	Anticipated Early 2022
General Consultant Search	●	●	Anticipated Early 2022
Long-Term U.S. Treasury Bonds Manager Search	●	●	Anticipated Mid 2022
Illiquid Credit Emerging Manager Program Search	●		Anticipated Mid 2022

Quiet Period for Search Respondents

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

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

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

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

Key Initiatives and Operational Updates



Notable Initiatives and Operational Updates

Key Initiative Updates

- Ongoing development of LACERA T.I.D.E. initiative
- The new strategic asset allocation implementation began on October 1 with interim policy targets and benchmarks
- Hedge Fund emerging manager program completed its first capital contribution

Operational Updates

- LACERA T.I.D.E demographic data collection across all managers is in process

Completed Actions

- The new performance and risk systems onboarding process has been completed
- Implemented the global equity overlay with Parametric for geographic and market-cap exposure

Team Searches and Open Positions

- Active Searches
 - Financial Analyst III – Credit
 - Expected start date December 1, 2021
 - Interns – Started October 1, 2021

Manager/Consultant Updates

- KKR (Private Equity) – has announced effective immediately that George Roberts and Henry Kravis, two of the three firm founders at KKR, are stepping down from their Co-CEO role but will remain in the Executive Co-Chairman position. Joe Bae and Scott Nuttall are transitioning from Co-Presidents and Co-COOs to become the new Co-CEOs.



Commentary

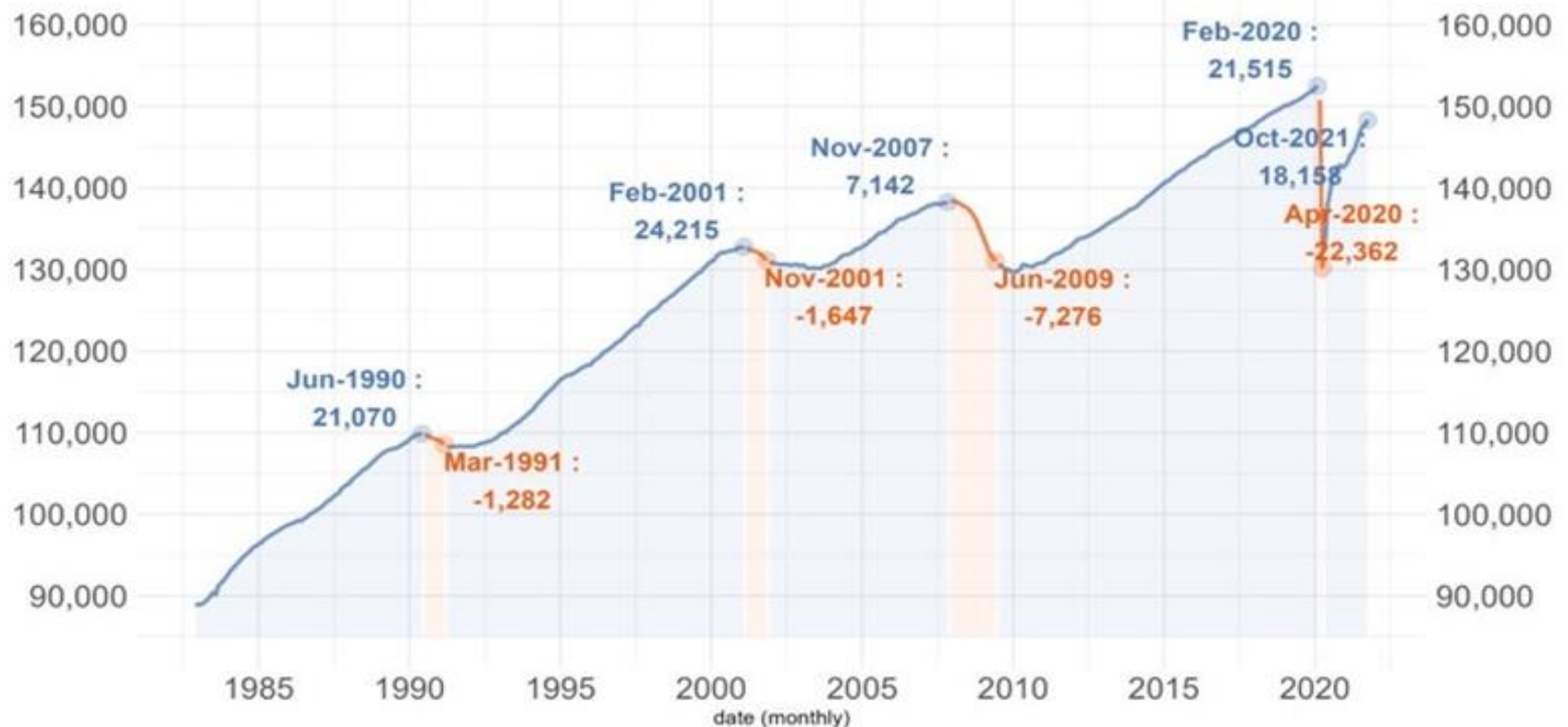


Staff Chart of the Month*

Payroll Expansion

U.S. nonfarm payroll employment (1000s) in expansion/recession

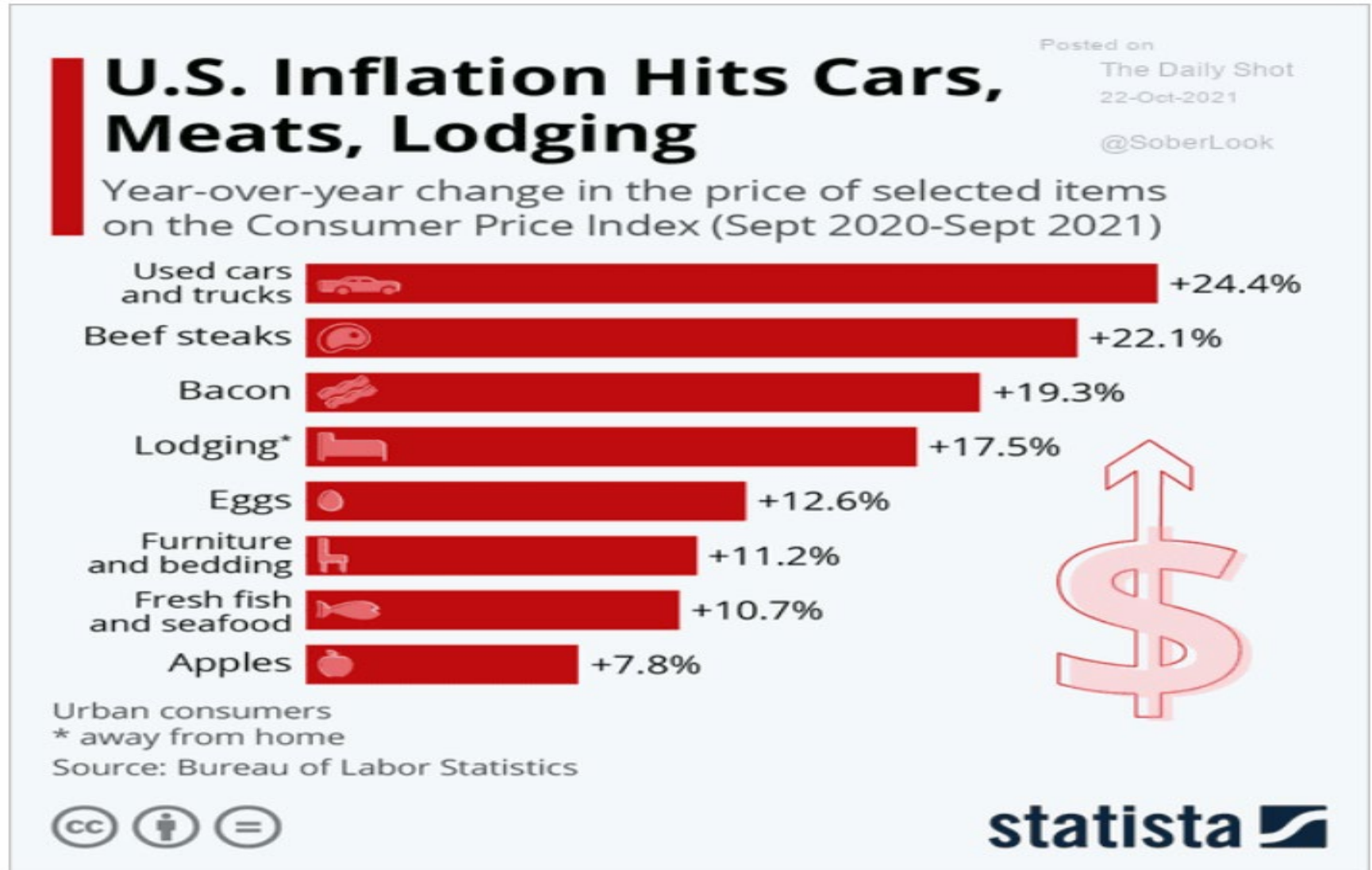
labels indicate cumulative growth through end of expansion/recession



@lenkiefier | Source: U.S. Bureau of Labor Statistics All Employees: Total Nonfarm Payrolls, retrieved from BLS, November 5, 2021. NBER recession dates

Staff Chart of the Month*

U.S. Inflation



Quiet Period for Search Respondents

Private Equity Emerging Manager Discretionary Separate Account Search

- ✓ 50 South Capital Advisors
- ✓ AlpInvest
- ✓ Barings
- ✓ Cambridge Associates
- ✓ Commonfund Capital
- ✓ Fairview Capital
- ✓ HamiltonLane
- ✓ HarbourVest
- ✓ Invesco
- ✓ JP Morgan
- ✓ Morgan Stanley
- ✓ Neuberger Berman
- ✓ PineBridge Investments
- ✓ Sango Capital
- ✓ Unigestion
- ✓ Wilshire

Global Equity Emerging Manager Search

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

General Investment Consultant Search

- ✓ Callan LLC
- ✓ Meketa Investment Group, INC
- ✓ NEPC, LLC

Long-Term U.S. Treasury Manager Search

- ✓ BlackRock Investments, LLC
- ✓ State Street Global Advisors (SSgA)

Compliance Monitor

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

LACERA PENSION FUND

12

GROWTH

Total # of Advisory

GROWTH

Global Equity

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

Emerging Manager Program

✓

of Sudan/Iran Holdings Held by Managers

✓

1

10

Investment managers who want to purchase 144a's must request LACERA's authorization. On 9/30 a manager received a 144a security as part of a corporate action, therefore the manager was technically out of compliance until the security was sold on 10/13

10 issuers held, totaling \$15.7 mm in market value

Private Equity - Growth**

Asset Allocation Policy Compliance

✓

Guideline Compliance by
Strateav

✓

Guideline Compliance by Geographic Location

✓

Investment Exposure Limit

✓

1

above 7-13% policy range by 1.8% at September period-end; as of 10/1/21 the asset class is within the approved new strategic asset allocation ranges

Opportunistic Real Estate**

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

0

CREDIT

Total # of Advisory

CREDIT

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

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

Emerging Manager Program

✓

of Sudan/Iran Holdings Held by Managers

✓

Compliance Monitor

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

LACERA PENSION FUND

2

REAL ASSETS & INFLATION HEDGES

Total # of Advisory

REAL ASSETS & INFLATION HEDGES

Core & Value Added Real Estate**

Asset Allocation Policy Compliance
Guideline Compliance by Strategy (Core/Non-Core)
Guideline Compliance by Manager
Guideline Compliance by Property Type
Guideline Compliance by Geographic Location
Guideline Compliance by Leverage

Quarterly Review Status

of Advisory

Notes

✓

✓

✓

✓

✓

✓

1

1

Core East US region has variance of 0.4%; Outside of +/-10% range

One value-add mandate has LTV of 103%, above the 65% LTV limit. The value is \$1.0 mm and makes up less than 0.04% of the total fund

Natural Resources & Commodities***

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

✓

✓

✓

Infrastructure

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

✓

✓

✓

TIPS

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

✓

✓

✓

Compliance Monitor

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

LACERA PENSION FUND

1

RISK REDUCTION & MITIGATION

Total # of Advisory

RISK REDUCTION & MITIGATION

Investment Grade Bonds

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

Quarterly Review Status

of Advisory

Notes

✓

✓

✓

✓

1

1 issuer held, totaling \$0.7 mm in market value.

Diversified Hedge Funds**

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

✓

✓

✓

Cash

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

✓

✓

✓

Compliance Monitor

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

INVESTMENT OPERATIONS

6			
INVESTMENT OPERATIONS			
Total # of Advisory			
INVESTMENT OPERATIONS	Quarterly Review Status	# Advisory	Notes
Securities Lending			
Investment Guideline Compliance	✓		
\$ Value on Loan	✓	1	State Street \$3,429.3 mm
\$ Value of Cash Collateral	✓	1	State Street \$3,637.2 mm
Total Income - Calendar YTD	✓	1	State Street and GSAL \$5.4 mm
Total Fund Overlay			
Investment Guideline Compliance	✓		
Proxy Voting			
Number of Meetings Voted	✓	1	829 meetings voted
Tax Reclaims			
Total Paid Reclaims - Calendar YTD	✓	1	\$452,337
Total Pending Reclaims	✓	1	\$19.2 mm
Fee Validation			
Fee Reconciliation Project	✓		
AB 2833	✓		
Investment Manager Meetings****			
Manager Meeting Requests	✓		

Compliance Monitor

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

OPEB MASTER TRUST

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

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

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

*** Investment guideline compliance based on public market exposure

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

October 25, 2021

TO: Each Trustee,
Board of Retirement
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: November 3, 2021 Board of Retirement Meeting
November 17, 2021 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, 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.

LEGAL AUTHORITY

Under Article XVI, Section 17 of the California Constitution, the Boards have plenary authority and exclusive fiduciary responsibility for the fund's investments, actuarial matters, and related issues. This authority includes the ability of each Board to manage their own Board and Committee meetings and evaluate and act on legal options for the conduct of such meetings, such as whether to invoke teleconferencing of meetings under the terms and conditions provided in 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 Board of Retirement previously took this action at its October 6, 2021 meeting, the Board of Investments took this action at its October 13, 2021 meeting.

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 relaxed 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 remains active 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;
- (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;
 - (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.

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, "Implement policies and practices that support physical distancing: Whenever possible, take steps to reduce crowding indoors and enable employees and customers to physically distance from each other. Generally, at least 6 feet of distance (2 arm lengths) is recommended, although this is not a guarantee of safety, especially in enclosed or poorly ventilated spaces."

<http://publichealth.lacounty.gov/acd/ncorona2019/bestpractices/>

The Centers for Disease Control and Prevention (CDC) also still advise the public that, “Outside your home: Put 6 feet of distance between yourself and people who don’t live in your household.” <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 is preparing 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 because (1) the state of emergency continues to directly impact the ability of the Trustees to meet safely in person, and (2) the County and other authorities continue to recommend measures to promote social 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.


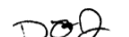
CONCLUSION

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

c: Santos H. Kreimann
Jonathan Grabel
Luis Lugo
JJ Popowich
Laura Guglielmo
Carly Ntoya

November 1, 2021

TO: Trustees – Board of Investments

FROM: Scott Zdrazil, Senior Investment Officer 
Dale Johnson, Investment Officer 

FOR: November 17, 2021, Board of Investments Meeting

SUBJECT: **PRINCIPLES FOR RESPONSIBLE INVESTMENT ELECTIONS BALLOT**

RECOMMENDATION

That the Board of Investments approve LACERA's ballot for Principles for Responsible Investment (PRI) 2021 board elections.

BACKGROUND

LACERA is a signatory to the PRI. PRI asset owner signatories elect seven of the eleven PRI board members (others are elected by asset managers and service provider signatories; the chair is elected by the full signatory base). Directors serve staggered, three-year terms.

Current PRI board members are:

Category	Director	Signatory	Signatory HQ country	Term
Chair	Martin Skancke	Independent	N/A	2021-2023
Directors elected by asset owner signatories	Takeshi Kimura	Nippon Life	Japan	2021-2023
	Angela Emslie	HESTA	Australia	2019-2021
	Eva Halvarsson	Second Swedish National Pension Fund (AP2)	Sweden	2020-2022
	Sharon Hendricks	CalSTRS	US	2019-2021
	Renosi Mokate	Government Employees Pension Fund (GEPIF)	South Africa	2021-2023
	Laetitia Tankwe	Ircantec	France	2019-2021
	Xander den Uyl	ABP	Netherlands	2019-2021
Directors elected by investment manager signatories	Wendy Cromwell	Wellington Management	US	2019-2021
	Tycho Sneyers	LGT Capital Partners	UK	2021-2023
Director elected by service provider signatories	Michael Jantzi	Sustainalytics	Netherlands	2020-2022

For PRI 2021 board elections, PRI has announced ten nominees for four open asset owner positions on the PRI board. Voting opened September 30th and votes will be due November 26th.

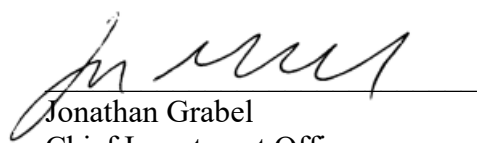
The ten nominees are listed below with candidate statements and videos available at <https://www.unpri.org/pri/governance/2021-pri-board-annual-elections>.

Candidate Directors	Signatory	Signatory HQ country
Scott Connolly	Telstra Super	Australia
Peter Coveliers	European Investment Fund	Luxembourg
Sharon Hendricks (incumbent)	CalSTRS Board	US
Alex Hindson	Argo Group International Holdings Limited	UK
Denísio Liberato	PREVI	Brazil
Kamal Mitha	Sasria	South Africa
Wilhelm Mohn	Norwegian Government Pension Fund Global	Norway
Juan Camilo Osorio	Afore Sura	Mexico
Laetitia Tankwe (incumbent)	Ircantec	France
Massimo di Tria	Società Cattolica di Assicurazione S.p.A.	Italy

Staff recommends votes in favor of Mr. Connolly, Ms. Hendricks, Mr. Liberato, and Ms. Tankwe. The four candidates would combine support for the two incumbent candidates (Ms. Hendricks and Ms. Tankwe) with two new candidates. Staff's recommendation takes into consideration candidates' funds' credible responsible investment programs, record of executive leadership, and application of LACERA's *Corporate Governance and Stewardship Principles* to encourage boards to reflect a mix of skills (trustee and staff), qualifications, tenure, and diversity, including gender, race and ethnicity, and geographic representation among PRI signatories. The four recommended nominees would broaden the PRI board's geographic representation while maintaining a relative gender balance and their backgrounds should complement the continuing board members.

Ballots are voted online. LACERA will also be voting on three routine business items (approval of PRI's 2021 annual report, 2021 signatory general meeting minutes, and appointment of the auditor), which staff votes consistent with LACERA's *Corporate Governance and Stewardship Principles*.

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

October 22, 2021

TO: Each Trustee,
Board of Retirement
Board of Investments

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

FOR: November 3, 2021 Board of Retirement Meeting
November 17, 2021 Board of Investments Meetings

SUBJECT: Revised Code of Ethical Conduct

Recommendation

That Board of Retirement and Board of Investments approve the revised Code of Ethical Conduct.

Legal Authority

Under Article XVI, Section 17 of the California Constitution, the Board of Retirement and Board of Investments have plenary authority and exclusive fiduciary responsibility for, respectively, the administration of the system and investment of system assets, which includes governance policies such as the Code of Ethical Conduct. Under Section 7.4 of its Charter, the JOGC makes this recommendation under its authority with respect to joint policies. The Code of Ethical Conduct has previously been acted upon by both Boards as a joint policy, most recently in December 2016.

Background

At the July 21, 2021 and September 17, 2021 JOGC meetings, the JOGC reviewed the Code of Ethical Conduct. The JOGC provided comments and requested certain revisions. The JOGC also requested staff to consult with fiduciary counsel on certain issues. On September 17, the JOGC voted to recommend to the Boards the revised Code of Ethical Conduct, which includes changes from the current Code as shown in the

redlined version attached as Attachment A. A clean copy of the revised Code, with revisions accepted, is attached as Attachment B.

Discussion

Based on the discussion at the July 21 and September 17, 2021 JOGC meetings, staff made the following revisions to the current Code of Ethical Conduct, which the JOGC recommends to the Boards for approval:

Cover Letter. The existing cover letter has been deleted. The Chief Executive Officer will prepare a new cover letter once the revised Code is finalized. The cover letter will emphasize the importance of the Code and provide instructions to staff to review the document and provide an acknowledgment confirming that review.

Section I, Purpose and Scope. A specific mention of the Brown Act was added to the bullet referencing the laws applicable to LACERA and its business. In addition, the term “Board Member” was changed to “Board Trustee” throughout the Code in the interest of consistency among LACERA policies.

Section II, General Ethical Standards. References to the Brown Act and Public Records Act were added. Language was added clarifying that the obligation to report inappropriate conduct includes personal conduct as well as the conduct of other persons and entities. In connection with the issue of awareness of conflicts, language was added tying ethical obligations to “available information and reasonable due diligence and inquiry under the circumstances;” this language was added where appropriate throughout the Code.

Section III, Prohibited Transactions. Language was added clarifying that Trustees and staff may not permit the use of LACERA property for personal gain by others, as well as themselves. The language described above with respect to the awareness of conflicts was added. Additional references to Brown Act compliance were added. The duty to report misconduct by others was added in this section as above.

Section IV, Fiduciary Duty. The duty to report breaches of fiduciary duty by any person or entity known to have such a duty and about which any Trustee or staff becomes aware was added. With respect to vendors, the language was revised to clarify that LACERA as an organization shall monitor compliance of those vendors with a fiduciary duty; monitoring processes may be developed on a case-by-case basis. A requirement was added that staff shall ensure that the contracts of vendors with a fiduciary duty include a provision confirming that duty.

Section V, Conflicts of Interest. Language was added confirming the biennial review of the Conflict of Interest Code for LACERA and the separate Code for the title holding companies. Language was added confirming that the Treasurer and Tax Collector is an 87200 Filer for Form 700 purposes and that service as the Treasurer and Tax Collector is not an incompatible office with service on the LACERA Boards as an *ex officio* Trustee. Recognition was included that certain Trustees are both Code Filers and 87200 Filers and that a combined Form 700 may be filed. The gift limit was updated to \$520 for 2021-2022. Language was added clarifying the honoraria prohibition, including the law that honoraria include non-cash benefits. With respect to disclosure and recusal, the language described above was added to clarify that the obligations are based on available information and due diligence and inquiry under the circumstances. Similar language was added with respect to vendor conflicts. A change to gender neutral pronouns was made in this section, as well as throughout the Code.

Section VI, Employment of Related and Unrelated Persons. There was discussion by the JOGC about possibly relaxing this anti-nepotism provision to permit the Boards to authorize employment of related persons, with recusal of the related Trustee. The JOGC requested that fiduciary counsel be consulted. Staff and fiduciary counsel advised that relaxation of the standards create risk of potential conflict of interest prohibitions, particularly with respect to close relatives; relaxation of the standard also creates an appearance of unfairness, will place implicit, even if not express, pressure on staff to favor those potential new hires with connections to Trustees or management, and could interfere with employee performance evaluation and discipline for the same reason. Exercise of approval authority by the Boards would also create a new appointing authority role for the Boards, which would require a change to the County Salary Ordinance providing that the CEO is appointing authority. Therefore, the proposed revised Code of Ethical Conduct maintains the current scope of the anti-nepotism provision, without permitting the employment of related persons to Trustees and senior management. Language was added clarifying that the anti-nepotism policy is intended to avoid potential conflicts of interest and appearance of unfairness, and that staff's hiring of permitted related persons may not include preferential or unfair treatment.

Section VII, Contracting and Vendor Language. With respect to conflicts, the language regarding awareness and due diligence was added, as discussed above. A provision that staff provide quiet period lists was also added. Currently, quiet period lists are now provided with both the CEO and CIO reports for monthly Board meeting providing current information on open solicitations in both the

administrative and investment sides of the LACERA organization. These lists will aid in the avoidance of vendor conflicts and quiet period violations.

Section VIII, Use of LACERA Position, Resources, and Information. No substantive changes were made.

Section IX, Personal Conduct and Communication. No substantive changes were made.

Section X, Political Activities. The JOGC requested that staff consult with fiduciary counsel on this section. Fiduciary counsel advised that the LACERA policy tracks the applicable statute, Cal. Gov't Code §§ 3201 et seq., and does not require more than is required under that law. These statutes are identified in this section and linked in Section XV.H. Therefore, no substantive changes were made to this section.

Section XI, Leaving LACERA. This section describes the prospective employment rules under the Political Reform Act and the two-year revolving door rule under CERL, both of which include citations to the applicable statutes. For the sake of completeness, a description has been added of a one-year revolving door rule in the Political Reform Act applicable to elected Trustees and the CEO. The scope of prohibited activities under the one-year rule is the same as CERL's two-year rule, and therefore, it does not substantively change or add to the scope of the applicable revolving door limitations under CERL, as already stated in this section of the Code.

Section XII, Reporting. Reference to the obligation to report the conduct of others subject to the awareness and due diligence standard discussed above was added. The Ethics Hotline telephone number and online access was updated.

Section XIII, Enforcement. Reference was added to the responsibilities of and County policies applicable to the Treasurer and Tax Collector, while recognizing the independent fiduciary duties and legal obligations owed by the *ex officio* member to LACERA and its members.

Section XIV, Training. No substantive changes were made to this section.

Section XV, Resource. This section contains a comprehensive set of references to relevant statutes, guides, and other resources with respect to ethical obligations as described in the Code of Ethical Conduct. As requested by the JOGC, citations to relevant statutes are also already included in individual sections of the Code where helpful. Information regarding the Ethics Hotline telephone number and

online access was updated. The link to the California Constitution was updated. A new subsection linking to the Brown Act was added. In addition, in preparing this Board memo, it was discovered that there was no link to PEPRA, which has now been added as Section XV.G.

Section XVI, Review of Code. No substantive changes were made.

Appendix A – Summary of Gift Limitations and Restrictions. The \$520 gift limit for 2021-2022 was updated.

Conclusion

The JOGC recommends the revised Code of Ethical Conduct to the Board of Retirement and Board of Investments for approval.

Attachments

c: Santos H. Kreimann
Jonathan Grabel
Luis Lugo
JJ Popowich
Laura Guglielmo
Cynthia Martinez
Richard Bendall

Attachment A
Revised Redlined
Code of Ethical Conduct

CODE OF ETHICAL CONDUCT

Restated Revised Board of Retirement: December 15, 2016
and Approved: Board of Investments: December 14, 2016



NOTE: Once the revised Code is finalized by the Boards, the CEO will add his transmittal letter emphasizing the importance of the Code and providing staff with instruction to review and acknowledge the Code. The Board may discuss whether to also have a Board Trustee acknowledgment.

To LACERA Board ~~Members-Trustees~~ and Staff:

~~LACERA holds itself to the highest ethical standards of honesty, integrity, trustworthiness, and fairness.~~

~~We must employ these principles every day in fulfilling LACERA's **Mission** to produce, protect, and provide the promised benefits. These principles are an important part of our shared **Values** of Professionalism, Respect, Open Communications, Fairness, Integrity, and Teamwork (PROFIT) and our collective **Vision** of Excellence, Commitment, Trust, and Service.~~

~~Ethics extends to all aspects of our business, including our interactions with each other inside the organization, with LACERA's members, with our plan sponsor, with vendors, with the public, and with all others.~~

~~The attached Code of Ethical Conduct provides detailed information as to the ethical standards of conduct required at LACERA. The Code addresses specific legal requirements. The Code also includes other standards rooted beyond the law in concepts of what we want to be as an organization. The Code applies equally to everyone at LACERA, including Board members and staff, because ethical lapses by any of us will reflect on all of us.~~

~~Please read the Code carefully and familiarize yourself with it. Every ethical situation you may encounter cannot be specifically addressed in such a document, and it is important that you seek additional information when needed. In this regard, the Code has sections on Reporting and Resources, including contacts for specific questions and reporting of ethical concerns.~~

~~Ethics is one of the most important criteria by which our colleagues and stakeholders will measure us. Each and every one of us has responsibility for ensuring the excellence of LACERA's ethics. Thank you for following the Code of Ethical Conduct in your work at LACERA.~~

Very truly yours,

~~Gregg Rademacher~~Santos H. Kreimann
Chief Executive Officer

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APPENDIX A – SUMMARY OF GIFT LIMITATIONS AND RESTRICTIONS

I. Purpose and Scope

The Los Angeles County Employees Retirement Association (LACERA) is a public pension plan organized under the County Employees Retirement Law of 1937 (CERL) (Cal. Gov't Code §§ 31450 et seq.) and the California Public Employees' Pension Reform Act of 2013 (PEPRA) (Cal. Gov't Code §§ 7522 et seq.). The management and administration of LACERA are vested in the Board of Retirement. All investments of LACERA are the responsibility of the Board of Investments.

The ~~members~~ Trustees of the LACERA Boards are mindful of the positions of trust and confidence they hold. The Boards adopt this Code of Ethical Conduct to define standards of ethical conduct required of LACERA Board ~~members~~ Trustees and staff. The purpose of the Code is to ensure the proper administration of LACERA and to foster public confidence in LACERA's institutional integrity as a well-managed public pension system.

"Ethics" and "ethical conduct" are defined for purposes of this Code as conduct that complies with principles of honesty, integrity, trust, fairness, and duty in connection with LACERA's business as a public pension fund. This Code looks to three sources for determination of ethical standards:

- First, laws and regulations applicable to LACERA and its business, Board ~~members~~ Trustees, and staff, including the California Constitution, CERL, the Political Reform Act and the regulations adopted thereunder, the Ralph M. Brown Act, and other statutes, regulations, and case law.
- Second, best practices of ethical conduct. Best practices are drawn from ethical codes and practices of other public pension systems in California and elsewhere, professional associations, and similar sources.
- Third, LACERA's **Mission**, **Values**, and **Vision**, historical LACERA practices, and judgment as to the moral principles and behavior that LACERA as an organization strives to follow.

This Code provides ethical standards for LACERA Board ~~members~~ Trustees and staff. The Code provides specific guidance for common situations raising ethical issues. However, the Code does not specifically address every issue that Board ~~members~~ Trustees and staff will encounter. As to those other situations, the Code should be used and followed as a reference for standards of conduct and the basis for evaluation of facts and circumstances. The Code requires that additional information be requested when a user is unsure as to how the Code should be interpreted or when a user encounters an ethical issue not covered in the Code.

This Code is important:

- To ensure legal compliance with ethics laws and regulations.

- To further best ethical business practices.
- To establish an organization-wide culture and accountability for ethics.
- To foster trust, credibility, and positive relationships between LACERA and all parties necessary for the effective performance of LACERA's **Mission** to *produce, protect and provide the promised benefits*. These parties include others inside the organization, members, the plan sponsor and other participating employers, vendors, the public, and all others with whom LACERA may deal.
- To further LACERA's **Values** and **Vision**, which incorporate ethics, honesty, integrity, fairness, and trust.
- To establish common ethical standards followed by everyone at LACERA, instead of leaving ethics to unguided and possibly inconsistent personal judgment and interpretation.
- To mitigate the legal and business risks associated with ethical issues.
- To further the organization's business goals and objectives.
- To confirm the process for reporting or raising ethical concerns or questions.
- To identify resources for additional information concerning ethics and the applicable laws and regulations.

The Code shall not be construed as the sole source of ethics laws and regulations which must be observed by LACERA Board ~~members~~Trustees and staff. Nothing in this Code shall exempt any person from any other applicable federal, state, or local law or regulation. The standards of ethical conduct in this Code are in addition to any such other laws and regulations.

II. General Ethical Standards

This Code addresses specific ethical requirements in subsequent sections. The application of those specific requirements is summarized in this Section II as General Ethical Standards.

The following General Ethical Standards apply to LACERA Board ~~members~~Trustees and staff:

- Recognize and be accountable for all fiduciary responsibilities.
- Comply with all applicable laws and regulations, including those listed in Section I and elsewhere in this Code or which may be determined to be applicable in individual circumstances.
- Further the interests of transparency in the conduct of the public's business as described in the Ralph M. Brown Act and Public Records Act.
- Conduct all LACERA business in a fair ~~manner, and~~manner and be honest in all business dealings.
- Strive to provide the highest quality of performance and counsel.
- Avoid any activity which, based on available information and reasonable due diligence and inquiry under the circumstances, constitutes an actual conflict of interest or which could be perceived or interpreted as a conflict of interest by others.
- Avoid exerting improper influence or being improperly influenced, and the appearance of improper influence or being improperly influenced.
- Exercise prudence and integrity in the management of funds.
- Report to an appropriate person actions of themselves or other persons or entities of which they become aware or suspect based on available information and reasonable due diligence and inquiry under the circumstances which may constitute violations of this Code of Ethical Conduct.
- Be responsible for maintaining professional competence.
- Be respectful, professional, and courteous to all LACERA Board ~~members~~Trustees and staff, LACERA members, and all persons and entities with which LACERA does business or may otherwise interact.
- Maintain the confidentiality of all plan member information and all other confidential or privileged information so designated, including but not limited to information provided for or related to closed sessions of the Boards, which is

received from or created or maintained by LACERA.

- To the extent not otherwise covered by the preceding bullets, conduct LACERA business in a manner consistent with:
 - LACERA's **Mission** *to produce, protect, and provide the promised benefits.*
 - LACERA's **Values** of *Professionalism, Respect, Open Communications, Fairness, Integrity, and Teamwork.*
 - LACERA's **Vision** of *Excellence, Commitment, Trust, and Service.*
 - All other applicable LACERA policies and procedures.
- Report or seek additional information from an appropriate person, when necessary, concerning ethical questions and issues.

III. Prohibited Transactions

The specific ethical requirements in subsequent sections of the Code define and describe certain prohibited conduct. Those prohibitions are summarized in this Section III as Prohibited Transactions.

LACERA Board ~~members~~ Trustees and staff shall not engage in the following Prohibited Transactions:

- Utilizing or permitting others to use any property, resources, information, or opportunity of LACERA for personal gain.
- Engaging in any activity or failing to disclose any activity which, based on available information and reasonable due diligence and inquiry under the circumstances, constitutes an actual conflict of interest or which could be perceived or interpreted by others as a conflict of interest in the impartial and objective execution of duty to LACERA and its members.
- Falsifying or failing to record proper entries on any books or records of LACERA.
- Engaging in serial meetings or other conduct in violation of the Ralph M. Brown Act.
- Knowingly becoming a party to, or condoning, any illegal activity, including failing to report the misconduct under this Code of themselves or other persons or entities.
- Authorizing payment of any amount on behalf of LACERA, or for any purpose, other than that explicitly disclosed in the original request for payment.
- Directly or indirectly seeking or accepting gifts, money, property, or other benefit that would influence or appear to influence the conduct of duties.
- ~~Engaging in or conducting outside activities or offices of financial or personal interest that may conflict with the impartial and objective execution of LACERA business activities.~~
- Selling or providing goods or services to LACERA without disclosure.
- Utilizing the services of relatives or close personal associates for LACERA business without disclosing such relationship prior to execution and obtaining the appropriate approval.
- Engaging in activities involving dishonesty, fraud, deceit or misrepresentation.
- Engaging in outside employment with any providers of supplies or services to LACERA.

- Engaging in outside employment that would interfere with or hamper expected performance at LACERA.
- Engaging in other activities which compromise or appear to compromise one's objectivity in the conduct of one's duties.
- Releasing to any third person plan member information or other confidential or privileged information so designated, including but not limited to [member information and information](#) provided for or related to closed sessions of the Boards [protected by the Ralph M. Brown Act](#), which is received from or created or maintained by LACERA.
- Engaging in any other conduct prohibited by this Code of Ethical Conduct, [Board or LACERA policy](#), or applicable laws and regulations.

IV. Fiduciary Duties

~~Members-Trustees~~ of LACERA's Board of Retirement and Board of Investments have fiduciary duties under the California Constitution and other law. LACERA as an organization also has fiduciary duties, which are implemented through LACERA's employees. Finally, certain of LACERA's vendors have a fiduciary duty to LACERA. This Section IV addresses all three categories of fiduciary duty. Board Trustees and staff shall report actions of which they become aware or suspect based on available information and reasonable due diligence and inquiry under the circumstances that may constitute a breach of fiduciary duty by any person or entity known to have such a duty.

A. Fiduciary Duties of Board ~~Members~~Trustees

The California Constitution, Article XVI, Section 17, defines the fiduciary duties of the LACERA Boards, and the Board ~~members~~Trustees:

- The Boards "shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system."
- The Boards "shall have the sole and exclusive fiduciary responsibility over the assets of the system. The retirement board also has sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system."
- The ~~members-Trustees~~ of the LACERA Boards "shall discharge their duties solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty."
- The member of the LACERA Boards "shall discharge their duties with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise with a like character and like aims."
- As to the Board of Investments, the ~~members-of-the-Board~~Trustees "shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so."

These duties are also included in Section 31595 of CERL.

California case law provides that the Boards and the Board ~~members-Trustees~~ have a trust relationship with LACERA's members and beneficiaries. This trust relationship means that the Boards and the Board ~~members-Trustees~~ have a fiduciary duty of prudence and loyalty to members and beneficiaries, which must be exercised in good faith. Further, the Boards and the Board ~~members-Trustees~~ have a duty to deal fairly with the members and beneficiaries, without the slightest misrepresentation, concealment, threat, or adverse pressure. *Hittle v. Santa Barbara County Employees Retirement Assn.* (1985) 39 Cal.3d 374.

To perform their fiduciary duties, each member of the LACERA Boards shall diligently attend to the business of the Board on which he or she serves, and shall not leave to the other ~~members of the Board~~Trustees control over the administration of the affairs of such Board.

B. Fiduciary Duties of LACERA, and Staff's Role

LACERA as an organization has the same fiduciary duties. LACERA staff supports the organization, the LACERA Boards, and Board ~~members-Trustees~~ in the fulfillment of their fiduciary duties as described in Section IV(A) of this Code. Accordingly, LACERA staff shall be familiar with the fiduciary duties described in Section IV(A) and conduct themselves at all times in a manner consistent with those duties. LACERA staff shall take no action inconsistent with those duties. LACERA staff shall avoid any conduct which is, or may be perceived to be, detrimental to LACERA and its members and beneficiaries. In dealing with members, LACERA staff shall be honest and forthright. Staff shall ensure that the information provided to members in connection with their rights, questions, choices and decisions, concerns, and issues is complete and accurate.

C. Fiduciary Duties of Certain Vendors

Certain LACERA vendors have a fiduciary duty to the organization under applicable law or under the terms of a contract with LACERA. LACERA ~~Board members and staff~~ shall ~~be aware of~~monitor those vendors that owe a fiduciary duty ~~and monitor them~~ to ensure that the vendors comply with that duty. Staff shall ensure that the contract of any vendor with a fiduciary duty includes a provision confirming that duty.

V. Conflicts of Interest

LACERA Board ~~members~~Trustees and staff shall avoid conflicts of interest, including the appearance of conflicts of interest, in all aspects of their work for LACERA and shall comply with applicable laws and regulations relating to conflicts.

A. Form 700 Statement of Economic Interests

Public officials, including LACERA Board ~~members~~Trustees and certain staff, who make or influence governmental decisions are required to submit Form 700 Statements of Economic Interests. Form 700s are an important tool in the identification of actual or potential conflicts of interest by LACERA Board ~~members~~Trustees and staff. Form 700s are public documents. LACERA Board ~~members~~Trustees and designated staff, as generally described below, shall file Form 700s when and as required by applicable law and regulations, which are generally summarized here. Additional information can be obtained from LACERA's Legal Office and from Fair Political Practices Commission publications.

Pursuant to California's Political Reform Act, LACERA's Boards have adopted, and the County of Los Angeles Board of Supervisors has approved as code reviewing authority, a Conflict of Interest Code that requires the filing of a Form 700 by positions "which involve the making or participation in the making of decisions which may foreseeably have a material effect on any financial interest," except positions which manage public investments. Cal. Gov't Code § 87302(a). Persons, including ~~members~~Trustees of the Board of Retirement and identified staff, who file under an agency-adopted Conflict of Interest Code are referred to as "Code Filers." LACERA's Conflict of Interest Code sets forth the positions of all Code Filers and describes the specific economic interest Disclosure Categories that apply to each position.

There is also a separate Conflict of Interest Code for staff who serve as officers or hold other positions in LACERA's wholly-owned title holding entities.

[The LACERA and title holding entity Conflict of Interest Codes are subject to biennial review.](#)

Separate provisions of the Political Reform Act require positions managing public investments to file a Form 700. Cal. Gov't Code § 87200. Persons who file under Section 87200, including ~~members~~Trustees of the Board of Investments, the Los Angeles County Treasurer and Tax Collector as an ex officio member of both Boards, and identified staff, are referred to as "87200 Filers." 87200 Filers are required to disclose investments, interests in real property, income (including gifts, loans, and travel payments), and business positions as described in Form 700 and the Political Reform Act. While 87200 Filers are not subject to LACERA's Conflict of Interest Codes, they are listed as a matter of information in the Appendix to LACERA's Code.

Form 700s shall be filed, both by Code Filers and 87200 Filers, upon assuming an applicable position, annually thereafter, and on leaving an applicable position. [Certain](#)

Board Trustees and staff are Code Filers and 87200 Filers in different capacities and may complete a combined Form 700. Form 700s shall be filled out by all required filers in a timely, accurate, and thorough and complete manner.

B. Gifts, Honoraria, Travel & Loans

The Political Reform Act, and Regulations promulgated thereunder by the Fair Political Practices Commission (FPPC), impose limitations on gifts, honoraria, travel, and loans. The legal rules associated with gifts, honoraria, travel, and loans are lengthy and detailed. Additional information can be obtained from LACERA's Legal Office and from FPPC publications. A summary of the general standards with respect to these matters is as follows:

Gifts. LACERA Board of Retirement ~~members-Trustees~~ and staff who are Code Filers are prohibited from receiving gifts totaling more than the legally established gift limit from any single source in a calendar year; if receipts of gifts from that source are required to be disclosed on Form 700 by LACERA's Conflict of Interest Code. LACERA Board of Investments ~~members-Trustees~~ and staff who are 87200 Filers may not accept gifts totaling more than the legally established limit from any single source in a calendar year. Even if a gift is not subject to Form 700 reporting or the gift limit, a gift may still create a conflict of interest; therefore, LACERA requires Board ~~members-Trustees~~ and all staff shall make disclosure to the Legal Office of all gifts from a single source with a combined total equal to or greater than \$50 in a calendar year from any individual or entity. Gifts to family members are included in the gift rules under certain circumstances. There are also exceptions to the gift rules for certain gifts; questions should be addressed to LACERA's Legal Office or the FPPC. The gift limit is adjusted biennially. The gift limit for ~~2015-2016 is \$460; the limit for 2017-2018 is \$470~~ 2021-2022 is \$520; the limit for any date after December 31, ~~2018~~ 2022 should be confirmed with the LACERA Legal Office or the FPPC. Gifts from a single source with a combined total less than \$50 in a calendar year currently are not reportable under FPPC law and regulations; gifts equal to or in excess of this limit are subject to reporting on Form 700, subject to the requirements and limitations described above. A more detailed SUMMARY OF GIFT LIMITATIONS AND RESTRICTIONS is attached as Appendix A.

Honoraria. LACERA Board of Retirement ~~members-Trustees~~ and staff who are Code Filers are prohibited from receiving honoraria from any source in consideration for any speech, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like fathering, if receipts of gifts from that source are required to be disclosed on Form 700 by LACERA's Conflict of Interest Code. LACERA Board of Investments ~~members-Trustees~~ and staff who are 87200 Filers may not accept any honoraria payments. There are certain exceptions to the honoraria rules; questions should be addressed to LACERA's Legal Office or the FPPC. Even if an honorarium is not subject to disclosure, Board ~~members-Trustees~~ and staff shall make disclosure to the Legal Office of such a payment from any individual or entity as to which

LACERA will take any action. Honoraria include money, advances, reimbursements, and gifts of any other type that have more than nominal value.

Travel. Payments or reimbursement for travel are subject to the reporting requirements for gifts and income. If a travel payment is a gift, it is subject to the gift limit. A travel payment can also be considered an honorarium. Recusal may be required from any decision that will have a materially foreseeable financial effect on the source of a travel payment. There are exceptions to the travel rules; additional information can be obtained from LACERA's Legal Office or the FPPC.

Loans. 87200 Filers and elected members-Trustees of the Boards may not receive a personal loan that exceeds \$250 at any given time from an officer, employee, member, or consultant of LACERA or from any individual or entity that has a contract with LACERA. Ordinary retail loans and credit card transactions are excepted if they are offered on the same terms as generally available to the public. Elected members-Trustees of the Boards may not receive a loan of \$500 or more unless the loan is made in writing and clearly states the terms. There are other limitations and exceptions. A loan can constitute a gift under certain circumstances. Additional information is available from LACERA's Legal Office or the FPPC.

Board members-Trustees and staff are prohibited from soliciting any gift or any other consideration (including but not limited to money, service, gratuity, favor, entertainment, hospitality, loan, or other thing of value) from anyone who is doing or is seeking to do business of any kind with LACERA.

Board members-Trustees and staff are prohibited from accepting any gift from anyone who is doing or is seeking to do business of any kind with LACERA, when the gift is offered with a view toward securing favorable treatment in the awarding of any contract or agreement, or the making of any determination.

All rules relating to gifts, honoraria, travel, and loans are subject to change by the FPPC and other authority. Confirmation of the current rules can be obtained from LACERA's Legal Office or the FPPC.

C. Incompatible Activities/Incompatible Offices

LACERA Board members-Trustees and staff shall not engage in any employment, activity, or enterprise which is inconsistent, incompatible, in conflict with, or inimical to his or her duties for or on behalf of LACERA, or with the duties, functions, or responsibilities of the position he or she occupies for LACERA. LACERA Board members-Trustees and staff shall not perform any work, service, or counsel outside his or her responsibilities for LACERA where any part of his or her efforts will be subject to approval by the Boards or any employee of LACERA acting in that capacity. Cal. Gov't Code § 1126.

Board ~~members-Trustees~~ may not simultaneously hold two public offices where the functions of the offices are inconsistent or where there are conflicting interests. Cal. Gov't Code § 1199. The Los Angeles County Treasurer and Tax Collector holds that position as well as, under CERL, positions as a member of both the Board of Retirement and Board of Investments; these are not incompatible offices.

D. Contracts

LACERA Board ~~members-Trustees~~ and staff shall not be financially interested, directly or indirectly, in any contract made between LACERA and any individual or entity. The making of a contract includes any participation whatsoever, including the development of the need for the goods or services subject to the contract, issuance of a Request for Proposals (RFP), Request for Information (RFI), purchase order, or other solicitation or contracting process, evaluation of prospective contracting parties, selection of contracting parties, negotiation of the terms of the contract, and performance of the contract. Cal. Gov't Code § 1090 et seq.

E. Investments

LACERA Board ~~members-Trustees~~ and staff shall not have any personal interest, direct or indirect, in the making of any investment by LACERA, or in the gains or profits from any investment. Board ~~members-Trustees~~ and staff shall not, directly or indirectly, for ~~himself or herself~~themselves, or as an agent or partner of others, sell or provide any investment product to LACERA. Cal Gov't Code § 31528 (a), (b).

F. Disclosure and Recusal

LACERA Board ~~members-Trustees~~ and staff shall disclose actual or potential conflict of interest, based on available information and reasonable due diligence and inquiry under the circumstances, or the appearance of an actual or potential conflict of interest, to the Chief Executive Officer and the Legal Office. Board ~~members-Trustees~~ and staff shall recuse themselves from involvement, consideration, and decision of a matter as to which the member has an actual conflict of interest. Recusal, or disqualification, is mandatory in certain circumstances, and discretionary in others. Board ~~members-Trustees~~ and staff should consider recusing themselves from consideration and decision of a matter as to which the member has a potential conflict of interest, or the appearance of an actual or potential conflict of interest. Board ~~members-Trustees~~ and staff shall consult with the Legal Office on any issue of recusal to discuss legal requirements that may apply to the particular circumstances, including whether recusal is required, whether recusal is an effective remedy for a conflict or potential conflict or whether other steps (up to and including disqualification of an individual or the Board) are necessary, and the way in which recusal, if possible, should be documented.

G. Conflicts of Interest by Vendors

LACERA's contracts shall include appropriate provisions to ensure that there are no conflicts of interest during the contracting process and to prevent conflicts of interest

during the term of a contract. Board ~~members~~Trustees and staff should be alert to, and take other appropriate steps to prevent, actual or potential conflicts of interest of which they are aware or suspect based on available information and reasonable due diligence and inquiry under the circumstances by vendors in connection with the making or performance of contracts.

VI. Employment of Related and Unrelated Persons

To avoid nepotism or the appearance of nepotism, including the potential conflicts of interest and appearance of unfairness that may result, LACERA may not employ a person who is related to:

- A Board ~~member~~Trustee.
- The Chief Executive Officer.
- Persons serving as Deputy Chief Executive Officer, an Assistant Executive Officer, and any other employee reporting directly to the Chief Executive Officer.
- A division manager.

This prohibition does not prevent the continued employment of a person who has already been working for LACERA in a full time and non-probationary capacity for thirty consecutive days prior to the date the Board ~~member~~Trustee or other individual described above acquired their position, or the related party became related. If a related party is retained under these circumstances, any actual or potential conflict of interest must still be corrected or sufficiently mitigated.

Related parties of other LACERA staff may be considered for employment by LACERA provided the applicant possesses all the qualifications for employment and that no preferential or unfair treatment is given based on any relationship. Such a related party may not be hired for or assigned to a position which would either:

1. Create either a direct or indirect supervisor/subordinate relationship with a related party; or
2. Create either an actual conflict of interest or the appearance of a conflict of interest.

These criteria will also be considered when assigning, transferring, or promoting a staff member.

For purposes of this policy, “related parties” include:

- Spouse, parent or grandparent, child or grandchild, or sibling.
- First degree aunt, uncle, niece, nephew or cousin.
- Any “step” or “in-law” variant of the aforementioned relationships.
- Any member of the employee’s household, whether or not related.

A LACERA Board ~~member~~Trustee or staff may not exercise individual discretionary authority to hire, evaluate or promote a related party under any circumstances, even

when otherwise permitted under the standards above.

| Board ~~members~~ Trustees and staff may participate in the hiring process for any person, whether related or unrelated, only in accordance with established LACERA policies and procedures and shall not use or attempt to use influence outside of their individual hiring authority to cause the organization to hire any individual as a permanent or temporary LACERA employee. Board ~~members~~ Trustees and staff may refer individuals interested in potential employment to LACERA's Human Resources.

VII. Contracting and Vendor Relationships

LACERA Board ~~members-Trustees~~ and staff shall not have contact with individuals or entities who are or should be reasonably known, based on available information and reasonable due diligence and inquiry under the circumstances, are seeking engagement by LACERA in response to an RFP, RFI, purchase order, or other solicitation or contracting process, except in accordance with the published terms of the contracting process or except for, and limited to, contact necessary in connection with ongoing LACERA business with an individual or entity.

LACERA's RFPs, RFIs, and other contract solicitations shall include notice that a "quiet period" will be in place from the beginning of the contracting process until the selection of the successful party such that LACERA Board ~~members-Trustees~~ and staff, as well as potential contracting parties, are instructed that contact between Board ~~members-Trustees~~ and staff, on the one hand, and all potential contracting parties, on the other hand, shall not occur, except as provided in the preceding paragraph. As part of the contracting process, potential contracting parties shall be required to disclose potential conflicts of interest. LACERA staff shall provide quiet period lists to Board Trustees and staff in monthly Board of Retirement and Board of Investments meeting packets to assist in compliance.

LACERA Board ~~members-Trustees~~ and staff shall participate in the contracting process only in accordance with established LACERA policies and procedures, and the published terms of the process. Board ~~members-Trustees~~ and staff shall not use or attempt to use influence, outside of their individual authority to cause the organization to enter into a contract with any individual or entity. Board ~~members-Trustees~~ and staff may refer individuals or entities for consideration for contracting to the appropriate LACERA staff responsible for the particular procurement or contract process.

VIII. Use of LACERA Position, Resources, and Information

LACERA Board ~~members~~Trustees and staff shall not use their position or status with LACERA, LACERA property, funds, or other resources, or LACERA information, including plan member information, investment information, and other information concerning LACERA's business, for any personal purpose or gain, to secure any special privilege or exemption for ~~himself or herself~~themselves or any other individual or entity, or to assist or further the interests of any other individual or entity except in the normal course of LACERA's business. LACERA position, resources and information are to be exclusively used for LACERA business.

Board ~~members~~Trustees and staff shall maintain the confidentiality of plan member information. Cal. Gov't Code § 31532.

Disclosures of public LACERA information pursuant to the Public Records Act shall be handled by the Legal Office to ensure compliance with legal requirements, consistency, and proper recordkeeping.

Board ~~members~~Trustees and staff shall not disclose information acquired during a closed session of the Board unless the Board takes action to authorize disclosure. Cal. Gov't Code § 54963.

Board ~~members~~Trustees and staff shall not, directly or indirectly, for ~~himself or herself~~themselves, or as an agent or partner of others, borrow or use any of the funds or deposits of LACERA, except to make authorized current and necessary payments of the retirement system. Cal. Gov't Code § 31528(a).

IX. Personal Conduct and Communication

LACERA Board ~~members~~Trustees and staff shall adhere to the following standards in their personal conduct in performing their work on behalf of LACERA:

- Board ~~members~~Trustees and staff shall conduct themselves in accordance with this Code of Ethical Conduct.
- Board ~~members~~Trustees and staff shall abide all applicable laws and regulations.
- Board ~~members~~Trustees and staff shall act in a manner consistent with LACERA's **Mission, Values, and Vision** and shall follow all LACERA policies and procedures.
- Board ~~members~~Trustees and staff shall treat similarly situated individuals and entities in a similar way, absent good cause, in the conduct of LACERA's business and decision-making to ensure consistency and fairness.
- Board ~~members~~Trustees and staff shall communicate with, orally and in writing, and otherwise in all respects and at all times treat each other and all others in a respectful, professional, courteous, and civil manner.

A Board ~~member~~Trustee shall not correspond with a non-LACERA person or entity using LACERA letterhead unless the communication is authorized by the Board on which the member serves. Copies of all written communications from a Board ~~member~~Trustee to a current service provider, or person or entity related to a current service provider, relating to LACERA's business (other than purely personal or social correspondence) shall be provided to the Chief Executive Officer for subsequent distribution to all ~~members~~Trustees of the Board on which the ~~member~~Trustee serves. A copy of any written communication (other than purely personal or social correspondence, routine announcements, generally distributed newsletters, and the like) received by a Board ~~member~~Trustee from a current LACERA service provider, or person or entity related to a current service provider, shall be forwarded to the Chief Executive Officer for subsequent distribution to all ~~members~~Trustees of the Board on which the ~~member~~Trustee serves. For purposes of this paragraph, the terms "communication" and "written communication" include email and other forms of electronic communication as well as physical or hard copy forms of communication.

Board ~~members~~Trustees and staff shall be aware of the risk of communicating inaccurate information to plan members. Board ~~members~~Trustees and staff shall refrain from providing specific advice or counsel with respect to a plan member's rights, benefits, or obligations, except staff who are authorized to communicate with members on such matters. All others should refer plan member questions and concerns to the Chief Executive Officer or appropriate designee.

X. Political Activities

LACERA Board ~~members~~Trustees and staff may work on individual candidate and ballot campaigns, and attend campaign events, during their personal time. They may make campaign contributions using personal funds, subject to applicable campaign finance laws. No LACERA funds, property, technology, letterhead, logo, or other resources may be used by LACERA Board ~~members~~Trustees and staff to support personal political activities. LACERA Board ~~members~~Trustees and staff may not solicit political contributions to a candidate or ballot campaign from other Board ~~members~~Trustees and staff except (1) as part of a solicitation that is made to a significant segment of the public or (2) with respect to a ballot measure which would affect the rate of pay, hours of work, retirement, civil service, or other working conditions of LACERA employees; solicitations permitted by these two exceptions may only be made on personal time. LACERA Board ~~members~~Trustees and staff may not use their influence or make any threats or promises relating to potential or current employment, promotion, or compensation to secure a vote or financial or other support for a candidate or ballot campaign. Cal. Gov't Code §§ 3201 et seq. LACERA Board ~~members~~Trustees and staff may use their LACERA position to identify themselves when making an endorsement, provided that no statement may be made or action taken directly or indirectly indicating that the person represents LACERA in making the endorsement or that the endorsement is supported by or represents the position of LACERA, except when providing information authorized by the Boards. Nothing in this section is intended to impose any limitation on the personal political activities of LACERA Board ~~members~~Trustees and staff not permitted by California law.

XI. Leaving LACERA

A. Prospective Employment

LACERA Board ~~members~~ Trustees and all staff shall not make, participate in making, or influence a decision by LACERA that directly relates to a nongovernmental prospective employer while negotiating or after reaching an employment agreement. The foregoing prohibition is triggered by an interview with a nongovernmental prospective employer or a nongovernmental prospective employer's agent, discussing an offer of employment with a nongovernmental prospective employer or a nongovernmental prospective employer's agent, or accepting an offer of employment. The foregoing prohibition does not apply if the Board ~~member~~ Trustee or staff is legally required to make or participate in the making of the decision or if the decision affects the nongovernmental prospective employer in substantially the same way as it will affect a significant segment of the public generally. Cal. Gov't Code § 87407.

B. Limitations on Subsequent Activities

LACERA Board ~~s—members~~ Trustees, the Chief Executive Officer, Deputy Chief Executive Officer, Assistant Executive Officers, persons next in line to Assistant Executive Officers, Chief Counsel, chief deputy legal officers, the Chief Investment Officer, and persons next in line to the Chief Investment Officer shall not, for two years after leaving that position, for compensation, act as agent or attorney for, or otherwise represent, any person except the County of Los Angeles, by making any formal or informal appearance before, or any oral or written communication to, LACERA, or any Board ~~member~~ Trustee or employee of LACERA, for the purpose of influencing action by LACERA, including any action involving the awarding or issuance of a contract or sale or purchase of goods or property. Cal. Gov't Code § 31528(c).

In addition, under Government Code Section 87406.3, elected Trustees and the CEO shall not, for a period of one year after leaving that office or employment, act as agent or attorney for, or otherwise represent, for compensation, any other person, by making any formal or informal appearance before, or by making any oral or written communication to, LACERA, the Boards, or any committee of the Boards, or any LACERA officer or employee if the appearance or communication is made for the purpose of influencing action by LACERA involving the issuance, amendment, awarding, or revocation of a contract or the sale or purchase of goods or property.

XII. Reporting

Reporting of ethical issues with respect to their own conduct or the conduct of others of which they become aware or suspect based on available information and reasonable due diligence and inquiry under the circumstances is an important element of ensuring compliance with ethical requirements. Any such concerns by Board ~~members~~ Trustees and staff about possible violations of this Code of Ethical Conduct or other ethical issues by themselves or others shall be reported to the Chief Executive Officer, the Chief Audit Executive, or Chief Counsel. Board ~~members~~ Trustees may also report concerns to their Board Chair. Staff may also report ethical issues to their immediate supervisor or division manager.

Concerns may be reported anonymously at the Internal Audit LACERA Ethics Hotline, which may be reached externally at (626) 564-6000, extension 2040, or internally by dialing extension 2040 directly by telephone at (844) 794-9416 or online at lacera.ethicspoint.com.

XIII. Enforcement

LACERA's Chief Executive Officer is responsible for communicating, implementing and enforcing the Code of Ethical Conduct with respect to LACERA staff. The Board Chairs will enforce this Code with respect to Board ~~members~~ Trustees and the Chief Executive Officer in accordance with Board administrative policies and applicable laws.

Violations of any of the provisions of the Code by staff may result in disciplinary action as the situation may warrant, up to and including termination of employment. Violations by Board ~~members~~ Trustees will be handled in accordance with Board Regulations, Bylaws, and policies and applicable law.

With respect to the Los Angeles County Treasurer and Tax Collector, application of this Code shall take into account their responsibilities in that position and Los Angeles County policies applicable to the position, while recognizing that the Treasurer and Tax Collector has separate and independent fiduciary duties and legal obligations to LACERA and its members as described in this Code.

Questions on this matter should be referred to LACERA's Director of Human Resources, Internal Audit, or the Legal Office.

XIV. Training

LACERA management will provide training to new staff on this Code of Ethical Conduct as part of the new employee orientation. Management will provide training to existing staff on this Code at least every two years.

Management will include discussion of this Code in the training for new and incoming Board ~~members~~Trustees. The Code will be circulated to all Board ~~members~~Trustees at least every two years.

XV. Resources

Board ~~members-Trustees~~ and staff may refer to the following resources for additional information concerning this Code, questions concerning the application and interpretation of the Code to specific situations, and other issues concerning ethics and ethical conduct relevant to the performance of their duties and work for LACERA and its members and beneficiaries.

A. LACERA's Legal Office

The LACERA Legal Office is familiar with the laws and regulations that form the foundation for this Code. The Legal Office is experienced in applying those laws and regulations to specific situations. The Legal Office is available at any time to provide additional information concerning ethics questions and issues and provide written or oral advice or opinions with respect to specific situations. The Legal Office will respond to information about potential ethical issues, concerns, and violations in the LACERA organization and take appropriate action. Questions for the Legal Office should be directed to LACERA's Chief Counsel.

B. LACERA's Internal Audit Division/~~Audit Ethics~~ Hotline

LACERA's Internal Audit Division will respond to information concerning ethical issues, problems, and concerns regarding acts or omissions in connection with LACERA's operations and will take appropriate action. Questions for the Internal Audit Division should be directed to LACERA's Chief Audit Executive. The Internal Audit Division may also be contacted anonymously on the ~~Internal Audit~~[LACERA Ethics](#) Hotline, which may be reached ~~externally at (626) 564-6000, extension 2040, or internally by dialing extension 2040 directly by telephone at (844) 794-9416 or online at~~ [lacera.ethicspoint.com](#).

C. LACERA's Conflict of Interest Code

Board ~~members-Trustees~~ and staff should refer to LACERA's current Conflict of Interest Code, which is available on LACERA's website, [www.lacera.com](#), with respect to LACERA's requirements for the filing of Form 700 Statements of Economic Interests.

D. California Constitution

The California Constitution, Article XVI, Section 17, which sets forth the fiduciary duties of the Board and Board ~~members-Trustees~~ and the retirement system, is available on line at https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=CONS&division=&title=&part=&chapter=&article=XVI https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CONS§ionNum=SEC.%2017.&article=XVI.

E. CERL

CERL, California Government Code §§ 31450 et seq., is available online at https://leginfo.legislature.ca.gov/faces/codes_displayexpandedbranch.xhtml?tocCode=GOV&division=4.&title=3.&part=3.&chapter=3.&article=.

F. PEPRA

PEPRA, California Government Code §§ 7522 et seq., is available online at https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=7.&title=1.&part=&chapter=21.&article=4.

F.G. California Government Code Section 1090 et seq.

Conflict of interest rules relating to financial interest in the making of contracts, incompatible activities, and incompatible offices are contained in California Government Code Section 1090 et seq., which is available online at https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=4.&title=1.&part=&chapter=1.&article=4.

G.H. California Government Code Section 3201 et seq.

Rules regarding political activities are contained in California Government Code Section 3201 et seq., which is available online at https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=4.&title=1.&part=&chapter=9.5.&article=.

I. The Brown Act

The Brown Act may be found online at https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?division=2.&chapter=9.&part=1.&lawCode=GOV&title=5.

H.J. Other California Statutes

Other California statutes relating to ethics issues are available online at <https://leginfo.legislature.ca.gov/faces/codes.xhtml>.

I.K. Fair Political Practices Commission

The California Fair Political Practices Commission (FPPC) has a large number of resources available concerning ethics issues under the Political Reform Act, FPPC Regulations, and related law. FPPC resources include:

1. Website: www.fppc.ca.gov/.
2. FPPC Publications available on the website:

- a. Form 700 Statement of Economic Interests, and Form 700 Statement of Economic Interests Reference Pamphlet.
 - b. Limitations and Restrictions on Gifts, Honoraria, Travel and Loans: A Fact Sheet for Local Officials.
 - c. Recognizing Conflicts of Interest: A Guide to the Conflict of Interest Rules of the Political Reform Act.
 - d. Leaving Local Government Employment.
 - e. Political Reform Act, including the full text of the law.
 - f. FPPC Regulations, including the full text of the regulations.
 - g. FPPC Letters and Opinions, including a searchable database of letter and opinions issued by the FPPC on ethical issues.
- 3. Campaign Rules/Finance. <http://www.fppc.ca.gov/learn/campaign-rules.html>.
 - 4. Advice and Enforcement. The FPPC offers informal and formal advice on ethical issues and has procedures for making a complaint. Instructions for seeking advice or making a complaint are on the FPPC website.

J.L. California Attorney General Conflict of Interest Guide

The California Attorney General has published a Conflict of Interest Guide which contains information on a wide range of conflict of interest issues. Although the Guide was last updated in 2010, it remains a useful reference. The Guide is available online at <https://oag.ca.gov/sites/all/files/agweb/pdfs/publications/coi.pdf>.

K.M. Los Angeles County Registrar-Recorder/County Clerk

Information concerning Los Angeles County campaign rules and finance can be obtained at <https://lavote.net/home/voting-elections/candidate-measure-information/campaign-finance-prop-b-reporting/campaign-disclosure-information>.

L.N. Los Angeles County Fraud Hotline

Ethical concerns may be reported to the Los Angeles County Fraud Hotline, <http://fraud.lacounty.gov/>. The County Fraud Hotline will not generally investigate LACERA issues, but it will forward concerns to LACERA for response.

XVI. Review of Code

This Code shall be reviewed by the Board of Retirement and Board of Investments every three years. The Legal Office and Internal Audit shall monitor applicable laws, regulations, and best practices on an ongoing basis and shall request amendment of the Code when deemed necessary and appropriate. This Code may be amended by action of both Boards at any time.

APPENDIX A – SUMMARY OF GIFT LIMITATIONS AND RESTRICTIONS

WHAT IS A GIFT? A “gift” is any payment or other benefit that confers a personal benefit for which you do not provide payment or services of equal or greater value. Gifts are valued at fair market value as of the time the gift is received. Gifts include price discounts and rebates, unless generally available to the public. Gifts are income reportable on Form 700, Schedule D or E, subject to applicable rules and exceptions, including those below.

Examples of Gift Exceptions (no reporting/no dollar limit/no conflict of interest):

1. Items returned unused to the donor, or for which you reimburse the donor, within 30 days.
2. Items donated unused, within 30 days of receipt, to (a) a 501(c)(3) non-profit with which you do not hold a position, or (b) a government agency. You cannot claim a tax deduction.
3. Gifts from a family member (spouse or former spouse, child, parent, grandparent, grandchild, sibling, current or former parent-in-law, siblings-in-law, aunt, uncle, niece, nephew, or first cousin, or the spouse of any such person), unless the family member is acting for another person.
4. Informational material provided to assist you in performing your official duties, including books, periodicals, videos, admission or discounts to informational conferences, demonstrations, or tours. This exception does NOT apply to meals, lodging, or (generally) transportation.
5. Tickets that you do not use and do not give to another person.
6. Two tickets, used by you and one guest, to attend a fundraiser for a campaign committee or candidate or a 501(c)(3) non-profit, provided the tickets are received from the organizer.
7. Items provided to LACERA and used by you for official business.
8. Travel payments made to LACERA and used to pay for your official business travel.

Examples of Limited Gift Exceptions:

1. Gifts commonly received from a dating partner, long-time personal friend, existing personal or business relationship unrelated to LACERA, or as an act of human compassion (no reporting or dollar limit, but these exceptions do not apply if person has LACERA business).
2. Wedding gifts received (not subject to dollar limit but reportable on Form 700 if meet gift threshold, with ½ of value reportable by each spouse; disqualification applies if donor has LACERA business).
3. Gifts commonly exchanged on holidays, birthdays, or similar occasions to the extent the gifts exchanged are not disproportionate in value.
4. Reciprocal exchanges with another individual (e.g., rotating lunches) so long as payments are not substantially disproportionate, payments are roughly equal over any calendar year, and no single payment is greater than the gift limit.
5. Travel payments for actual transportation, meals, and lodging the day of, day before, and day after you give a speech for a legitimate LACERA business purpose or on a state/national policy issue. Such payments are reportable on Form 700 and subject to conflict of interest disqualification.

GIFT LIMITS

Gifts with a combined total of under \$50 from a single source for the calendar year need not be disclosed. Gifts greater than the gift limit below in any 12-month period may require disqualification.

Board of Retirement and Staff Identified in LACERA Conflict of Interest Code (“Code Filers”):

For ~~2016~~2021-2022, you may not accept gifts from a single source with a combined total of more than ~~\$460-520~~ for the calendar year if the Code requires you to report gifts from that source on your Form 700. ~~For 2017-18, the limit increases to \$470.~~

Board of Investments and Staff Identified in Appendix to the Conflict of Interest Code (“87200 Filers”):

For ~~2016~~2021-2022, you may not accept gifts from ANY single source with a combined total of more than ~~\$460-520~~ for the calendar year. ~~For 2017-18, the limit increases to \$470.~~

IMPORTANT NOTE: This document is only a summary of applicable law as of ~~December 2016~~September 2021; additional rules apply. Any gift may create the appearance of a conflict of interest. Please contact the LACERA Legal Office with any questions. This summary will be updated as needed.

Attachment B

Clean Copy of Revised
Code of Ethical Conduct

CODE OF ETHICAL CONDUCT

Revised
and Approved:

Board of Retirement: _____
Board of Investments: _____

NOTE: Once the revised Code is finalized by the Boards, the CEO will add his transmittal letter emphasizing the importance of the Code and providing staff with instruction to review and acknowledge the Code. The Board may discuss whether to also have a Board Trustee acknowledgment.

To LACERA Board Trustees and Staff:

Very truly yours,

Santos H. Kreimann
Chief Executive Officer

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APPENDIX A – SUMMARY OF GIFT LIMITATIONS AND RESTRICTIONS

I. Purpose and Scope

The Los Angeles County Employees Retirement Association (LACERA) is a public pension plan organized under the County Employees Retirement Law of 1937 (CERL) (Cal. Gov't Code §§ 31450 et seq.) and the California Public Employees' Pension Reform Act of 2013 (PEPRA) (Cal. Gov't Code §§ 7522 et seq.). The management and administration of LACERA are vested in the Board of Retirement. All investments of LACERA are the responsibility of the Board of Investments.

The Trustees of the LACERA Boards are mindful of the positions of trust and confidence they hold. The Boards adopt this Code of Ethical Conduct to define standards of ethical conduct required of LACERA Board Trustees and staff. The purpose of the Code is to ensure the proper administration of LACERA and to foster public confidence in LACERA's institutional integrity as a well-managed public pension system.

"Ethics" and "ethical conduct" are defined for purposes of this Code as conduct that complies with principles of honesty, integrity, trust, fairness, and duty in connection with LACERA's business as a public pension fund. This Code looks to three sources for determination of ethical standards:

- First, laws and regulations applicable to LACERA and its business, Board Trustees, and staff, including the California Constitution, CERL, the Political Reform Act and the regulations adopted thereunder, the Ralph M. Brown Act, and other statutes, regulations, and case law.
- Second, best practices of ethical conduct. Best practices are drawn from ethical codes and practices of other public pension systems in California and elsewhere, professional associations, and similar sources.
- Third, LACERA's **Mission**, **Values**, and **Vision**, historical LACERA practices, and judgment as to the moral principles and behavior that LACERA as an organization strives to follow.

This Code provides ethical standards for LACERA Board Trustees and staff. The Code provides specific guidance for common situations raising ethical issues. However, the Code does not specifically address every issue that Board Trustees and staff will encounter. As to those other situations, the Code should be used and followed as a reference for standards of conduct and the basis for evaluation of facts and circumstances. The Code requires that additional information be requested when a user is unsure as to how the Code should be interpreted or when a user encounters an ethical issue not covered in the Code.

This Code is important:

- To ensure legal compliance with ethics laws and regulations.

- To further best ethical business practices.
- To establish an organization-wide culture and accountability for ethics.
- To foster trust, credibility, and positive relationships between LACERA and all parties necessary for the effective performance of LACERA's **Mission** to *produce, protect and provide the promised benefits*. These parties include others inside the organization, members, the plan sponsor and other participating employers, vendors, the public, and all others with whom LACERA may deal.
- To further LACERA's **Values** and **Vision**, which incorporate ethics, honesty, integrity, fairness, and trust.
- To establish common ethical standards followed by everyone at LACERA, instead of leaving ethics to unguided and possibly inconsistent personal judgment and interpretation.
- To mitigate the legal and business risks associated with ethical issues.
- To further the organization's business goals and objectives.
- To confirm the process for reporting or raising ethical concerns or questions.
- To identify resources for additional information concerning ethics and the applicable laws and regulations.

The Code shall not be construed as the sole source of ethics laws and regulations which must be observed by LACERA Board Trustees and staff. Nothing in this Code shall exempt any person from any other applicable federal, state, or local law or regulation. The standards of ethical conduct in this Code are in addition to any such other laws and regulations.

II. General Ethical Standards

This Code addresses specific ethical requirements in subsequent sections. The application of those specific requirements is summarized in this Section II as General Ethical Standards.

The following General Ethical Standards apply to LACERA Board Trustees and staff:

- Recognize and be accountable for all fiduciary responsibilities.
- Comply with all applicable laws and regulations, including those listed in Section I and elsewhere in this Code or which may be determined to be applicable in individual circumstances.
- Further the interests of transparency in the conduct of the public's business as described in the Ralph M. Brown Act and Public Records Act.
- Conduct all LACERA business in a fair manner and be honest in all business dealings.
- Strive to provide the highest quality of performance and counsel.
- Avoid any activity which, based on available information and reasonable due diligence and inquiry under the circumstances, constitutes an actual conflict of interest or which could be perceived or interpreted as a conflict of interest by others.
- Avoid exerting improper influence or being improperly influenced, and the appearance of improper influence or being improperly influenced.
- Exercise prudence and integrity in the management of funds.
- Report to an appropriate person actions of themselves or other persons or entities of which they become aware or suspect based on available information and reasonable due diligence and inquiry under the circumstances which may constitute violations of this Code of Ethical Conduct.
- Be responsible for maintaining professional competence.
- Be respectful, professional, and courteous to all LACERA Board Trustees and staff, LACERA members, and all persons and entities with which LACERA does business or may otherwise interact.
- Maintain the confidentiality of all plan member information and all other confidential or privileged information so designated, including but not limited to information provided for or related to closed sessions of the Boards, which is received from or created or maintained by LACERA.

- To the extent not otherwise covered by the preceding bullets, conduct LACERA business in a manner consistent with:
 - LACERA's **Mission** *to produce, protect, and provide the promised benefits.*
 - LACERA's **Values** of *Professionalism, Respect, Open Communications, Fairness, Integrity, and Teamwork.*
 - LACERA's **Vision** of *Excellence, Commitment, Trust, and Service.*
 - All other applicable LACERA policies and procedures.
- Report or seek additional information from an appropriate person, when necessary, concerning ethical questions and issues.

III. Prohibited Transactions

The specific ethical requirements in subsequent sections of the Code define and describe certain prohibited conduct. Those prohibitions are summarized in this Section III as Prohibited Transactions.

LACERA Board Trustees and staff shall not engage in the following Prohibited Transactions:

- Utilizing or permitting others to use any property, resources, information, or opportunity of LACERA for personal gain.
- Engaging in any activity or failing to disclosure any activity which, based on available information and reasonable due diligence and inquiry under the circumstances, constitutes an actual conflict of interest or which could be perceived or interpreted by others as a conflict of interest in the impartial and objective execution of duty to LACERA and its members.
- Falsifying or failing to record proper entries on any books or records of LACERA.
- Engaging in serial meetings or other conduct in violation of the Ralph M. Brown Act.
- Knowingly becoming a party to, or condoning, any illegal activity, including failing to report the misconduct under this Code of themselves or other persons or entities.
- Authorizing payment of any amount on behalf of LACERA, or for any purpose, other than that explicitly disclosed in the original request for payment.
- Directly or indirectly seeking or accepting gifts, money, property, or other benefit that would influence or appear to influence the conduct of duties.
- Selling or providing goods or services to LACERA without disclosure.
- Utilizing the services of relatives or close personal associates for LACERA business without disclosing such relationship prior to execution and obtaining the appropriate approval.
- Engaging in activities involving dishonesty, fraud, deceit or misrepresentation.
- Engaging in outside employment with any providers of supplies or services to LACERA.
- Engaging in outside employment that would interfere with or hamper expected performance at LACERA.

- Engaging in other activities which compromise or appear to compromise one's objectivity in the conduct of one's duties.
- Releasing to any third person plan member information or other confidential or privileged information so designated, including but not limited to member information and information provided for or related to closed sessions of the Boards protected by the Ralph M. Brown Act, which is received from or created or maintained by LACERA.
- Engaging in any other conduct prohibited by this Code of Ethical Conduct, Board or LACERA policy, or applicable laws and regulations.

IV. Fiduciary Duties

Trustees of LACERA's Board of Retirement and Board of Investments have fiduciary duties under the California Constitution and other law. LACERA as an organization also has fiduciary duties, which are implemented through LACERA's employees. Finally, certain of LACERA's vendors have a fiduciary duty to LACERA. This Section IV addresses all three categories of fiduciary duty. Board Trustees and staff shall report actions of which they become aware or suspect based on available information and reasonable due diligence and inquiry under the circumstances that may constitute a breach of fiduciary duty by any person or entity known to have such a duty.

A. Fiduciary Duties of Board Trustees

The California Constitution, Article XVI, Section 17, defines the fiduciary duties of the LACERA Boards, and the Board Trustees:

- The Boards "shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system."
- The Boards "shall have the sole and exclusive fiduciary responsibility over the assets of the system. The retirement board also has sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system."
- The Trustees of the LACERA Boards "shall discharge their duties solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty."
- The member of the LACERA Boards "shall discharge their duties with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise with a like character and like aims."
- As to the Board of Investments, the Trustees "shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so."

These duties are also included in Section 31595 of CERL.

California case law provides that the Boards and the Board Trustees have a trust relationship with LACERA's members and beneficiaries. This trust relationship means

that the Boards and the Board Trustees have a fiduciary duty of prudence and loyalty to members and beneficiaries, which must be exercised in good faith. Further, the Boards and the Board Trustees have a duty to deal fairly with the members and beneficiaries, without the slightest misrepresentation, concealment, threat, or adverse pressure. *Hittle v. Santa Barbara County Employees Retirement Assn.* (1985) 39 Cal.3d 374.

To perform their fiduciary duties, each member of the LACERA Boards shall diligently attend to the business of the Board on which he or she serves and shall not leave to the other Trustees control over the administration of the affairs of such Board.

B. Fiduciary Duties of LACERA, and Staff's Role

LACERA as an organization has the same fiduciary duties. LACERA staff supports the organization, the LACERA Boards, and Board Trustees in the fulfillment of their fiduciary duties as described in Section IV(A) of this Code. Accordingly, LACERA staff shall be familiar with the fiduciary duties described in Section IV(A) and conduct themselves at all times in a manner consistent with those duties. LACERA staff shall take no action inconsistent with those duties. LACERA staff shall avoid any conduct which is, or may be perceived to be, detrimental to LACERA and its members and beneficiaries. In dealing with members, LACERA staff shall be honest and forthright. Staff shall ensure that the information provided to members in connection with their rights, questions, choices and decisions, concerns, and issues is complete and accurate.

C. Fiduciary Duties of Certain Vendors

Certain LACERA vendors have a fiduciary duty to the organization under applicable law or under the terms of a contract with LACERA. LACERA shall monitor those vendors that owe a fiduciary duty to ensure that the vendors comply with that duty. Staff shall ensure that the contract of any vendor with a fiduciary duty includes a provision confirming that duty.

V. Conflicts of Interest

LACERA Board Trustees and staff shall avoid conflicts of interest, including the appearance of conflicts of interest, in all aspects of their work for LACERA and shall comply with applicable laws and regulations relating to conflicts.

A. Form 700 Statement of Economic Interests

Public officials, including LACERA Board Trustees and certain staff, who make or influence governmental decisions are required to submit Form 700 Statements of Economic Interests. Form 700s are an important tool in the identification of actual or potential conflicts of interest by LACERA Board Trustees and staff. Form 700s are public documents. LACERA Board Trustees and designated staff, as generally described below, shall file Form 700s when and as required by applicable law and regulations, which are generally summarized here. Additional information can be obtained from LACERA's Legal Office and from Fair Political Practices Commission publications.

Pursuant to California's Political Reform Act, LACERA's Boards have adopted, and the County of Los Angeles Board of Supervisors has approved as code reviewing authority, a Conflict of Interest Code that requires the filing of a Form 700 by positions "which involve the making or participation in the making of decisions which may foreseeably have a material effect on any financial interest," except positions which manage public investments. Cal. Gov't Code § 87302(a). Persons, including Trustees of the Board of Retirement and identified staff, who file under an agency-adopted Conflict of Interest Code are referred to as "Code Filers." LACERA's Conflict of Interest Code sets forth the positions of all Code Filers and describes the specific economic interest Disclosure Categories that apply to each position.

There is also a separate Conflict of Interest Code for staff who serve as officers or hold other positions in LACERA's wholly-owned title holding entities.

The LACERA and title holding entity Conflict of Interest Codes are subject to biennial review.

Separate provisions of the Political Reform Act require positions managing public investments to file a Form 700. Cal. Gov't Code § 87200. Persons who file under Section 87200, including Trustees of the Board of Investments, the Los Angeles County Treasurer and Tax Collector as an ex officio member of both Boards, and identified staff, are referred to as "87200 Filers." 87200 Filers are required to disclose investments, interests in real property, income (including gifts, loans, and travel payments), and business positions as described in Form 700 and the Political Reform Act. While 87200 Filers are not subject to LACERA's Conflict of Interest Codes, they are listed as a matter of information in the Appendix to LACERA's Code.

Form 700s shall be filed, both by Code Filers and 87200 Filers, upon assuming an applicable position, annually thereafter, and on leaving an applicable position. Certain

Board Trustees and staff are Code Filers and 87200 Filers in different capacities and may complete a combined Form 700. Form 700s shall be filled out by all required filers in a timely, accurate, and thorough and complete manner.

B. Gifts, Honoraria, Travel & Loans

The Political Reform Act, and Regulations promulgated thereunder by the Fair Political Practices Commission (FPPC), impose limitations on gifts, honoraria, travel, and loans. The legal rules associated with gifts, honoraria, travel, and loans are lengthy and detailed. Additional information can be obtained from LACERA's Legal Office and from FPPC publications. A summary of the general standards with respect to these matters is as follows:

Gifts. LACERA Board of Retirement Trustees and staff who are Code Filers are prohibited from receiving gifts totaling more than the legally established gift limit from any single source in a calendar year if receipts of gifts from that source are required to be disclosed on Form 700 by LACERA's Conflict of Interest Code. LACERA Board of Investments Trustees and staff who are 87200 Filers may not accept gifts totaling more than the legally established limit from any single source in a calendar year. Even if a gift is not subject to Form 700 reporting or the gift limit, a gift may still create a conflict of interest; therefore, LACERA requires Board Trustees and all staff shall make disclosure to the Legal Office of all gifts from a single source with a combined total equal to or greater than \$50 in a calendar year from any individual or entity. Gifts to family members are included in the gift rules under certain circumstances. There are also exceptions to the gift rules for certain gifts; questions should be addressed to LACERA's Legal Office or the FPPC. The gift limit is adjusted biennially. The gift limit for 2021-2022 is \$520; the limit for any date after December 31, 2022 should be confirmed with the LACERA Legal Office or the FPPC. Gifts from a single source with a combined total less than \$50 in a calendar year currently are not reportable under FPPC law and regulations; gifts equal to or in excess of this limit are subject to reporting on Form 700, subject to the requirements and limitations described above. A more detailed SUMMARY OF GIFT LIMITATIONS AND RESTRICTIONS is attached as Appendix A.

Honoraria. LACERA Board of Retirement Trustees and staff who are Code Filers are prohibited from receiving honoraria from any source in consideration for any speech, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like fathering, if receipts of gifts from that source are required to be disclosed on Form 700 by LACERA's Conflict of Interest Code. LACERA Board of Investments Trustees and staff who are 87200 Filers may not accept any honoraria payments. There are certain exceptions to the honoraria rules; questions should be addressed to LACERA's Legal Office or the FPPC. Even if an honorarium is not subject to disclosure, Board Trustees and staff shall make disclosure to the Legal Office of such a payment from any individual or entity as to which LACERA will take any action.

Honoraria include money, advances, reimbursements, and gifts of any other type that have more than nominal value.

Travel. Payments or reimbursement for travel are subject to the reporting requirements for gifts and income. If a travel payment is a gift, it is subject to the gift limit. A travel payment can also be considered an honorarium. Recusal may be required from any decision that will have a materially foreseeable financial effect on the source of a travel payment. There are exceptions to the travel rules; additional information can be obtained from LACERA's Legal Office or the FPPC.

Loans. 87200 Filers and elected Trustees of the Boards may not receive a personal loan that exceeds \$250 at any given time from an officer, employee, member, or consultant of LACERA or from any individual or entity that has a contract with LACERA. Ordinary retail loans and credit card transactions are excepted if they are offered on the same terms as generally available to the public. Elected Trustees of the Boards may not receive a loan of \$500 or more unless the loan is made in writing and clearly states the terms. There are other limitations and exceptions. A loan can constitute a gift under certain circumstances. Additional information is available from LACERA's Legal Office or the FPPC.

Board Trustees and staff are prohibited from soliciting any gift or any other consideration (including but not limited to money, service, gratuity, favor, entertainment, hospitality, loan, or other thing of value) from anyone who is doing or is seeking to do business of any kind with LACERA.

Board Trustees and staff are prohibited from accepting any gift from anyone who is doing or is seeking to do business of any kind with LACERA, when the gift is offered with a view toward securing favorable treatment in the awarding of any contract or agreement, or the making of any determination.

All rules relating to gifts, honoraria, travel, and loans are subject to change by the FPPC and other authority. Confirmation of the current rules can be obtained from LACERA's Legal Office or the FPPC.

C. Incompatible Activities/Incompatible Offices

LACERA Board Trustees and staff shall not engage in any employment, activity, or enterprise which is inconsistent, incompatible, in conflict with, or inimical to his or her duties for or on behalf of LACERA, or with the duties, functions, or responsibilities of the position he or she occupies for LACERA. LACERA Board Trustees and staff shall not perform any work, service, or counsel outside his or her responsibilities for LACERA where any part of his or her efforts will be subject to approval by the Boards or any employee of LACERA acting in that capacity. Cal. Gov't Code § 1126.

Board Trustees may not simultaneously hold two public offices where the functions of

the offices are inconsistent or where there are conflicting interests. Cal. Gov't Code § 1199. The Los Angeles County Treasurer and Tax Collector holds that position as well as, under CERL, positions as a member of both the Board of Retirement and Board of Investments; these are not incompatible offices.

D. Contracts

LACERA Board Trustees and staff shall not be financially interested, directly or indirectly, in any contract made between LACERA and any individual or entity. The making of a contract includes any participation whatsoever, including the development of the need for the goods or services subject to the contract, issuance of a Request for Proposals (RFP), Request for Information (RFI), purchase order, or other solicitation or contracting process, evaluation of prospective contracting parties, selection of contracting parties, negotiation of the terms of the contract, and performance of the contract. Cal. Gov't Code § 1090 et seq.

E. Investments

LACERA Board Trustees and staff shall not have any personal interest, direct or indirect, in the making of any investment by LACERA, or in the gains or profits from any investment. Board Trustees and staff shall not, directly or indirectly, for themselves, or as an agent or partner of others, sell or provide any investment product to LACERA. Cal Gov't Code § 31528 (a), (b).

F. Disclosure and Recusal

LACERA Board Trustees and staff shall disclose actual or potential conflict of interest, based on available information and reasonable due diligence and inquiry under the circumstances, or the appearance of an actual or potential conflict of interest, to the Chief Executive Officer and the Legal Office. Board Trustees and staff shall recuse themselves from involvement, consideration, and decision of a matter as to which the member has an actual conflict of interest. Recusal, or disqualification, is mandatory in certain circumstances, and discretionary in others. Board Trustees and staff should consider recusing themselves from consideration and decision of a matter as to which the member has a potential conflict of interest, or the appearance of an actual or potential conflict of interest. Board Trustees and staff shall consult with the Legal Office on any issue of recusal to discuss legal requirements that may apply to the particular circumstances, including whether recusal is required, whether recusal is an effective remedy for a conflict or potential conflict or whether other steps (up to and including disqualification of an individual or the Board) are necessary, and the way in which recusal, if possible, should be documented.

G. Conflicts of Interest by Vendors

LACERA's contracts shall include appropriate provisions to ensure that there are no conflicts of interest during the contracting process and to prevent conflicts of interest during the term of a contract. Board Trustees and staff should be alert to, and take

other appropriate steps to prevent, actual or potential conflicts of interest of which they are aware or suspect based on available information and reasonable due diligence and inquiry under the circumstances by vendors in connection with the making or performance of contracts.

VI. Employment of Related and Unrelated Persons

To avoid nepotism or the appearance of nepotism, including the potential conflicts of interest and appearance of unfairness that may result, LACERA may not employ a person who is related to:

- A Board Trustee.
- The Chief Executive Officer.
- Persons serving as Deputy Chief Executive Officer, an Assistant Executive Officer, and any other employee reporting directly to the Chief Executive Officer.
- A division manager.

This prohibition does not prevent the continued employment of a person who has already been working for LACERA in a full time and non-probationary capacity for thirty consecutive days prior to the date the Board Trustee or other individual described above acquired their position, or the related party became related. If a related party is retained under these circumstances, any actual or potential conflict of interest must still be corrected or sufficiently mitigated.

Related parties of other LACERA staff may be considered for employment by LACERA provided the applicant possesses all the qualifications for employment and that no preferential or unfair treatment is given based on any relationship. Such a related party may not be hired for or assigned to a position which would either:

1. Create either a direct or indirect supervisor/subordinate relationship with a related party; or
2. Create either an actual conflict of interest or the appearance of a conflict of interest.

These criteria will also be considered when assigning, transferring, or promoting a staff member.

For purposes of this policy, “related parties” include:

- Spouse, parent or grandparent, child or grandchild, or sibling.
- First degree aunt, uncle, niece, nephew or cousin.
- Any “step” or “in-law” variant of the aforementioned relationships.
- Any member of the employee’s household, whether or not related.

A LACERA Board Trustee or staff may not exercise individual discretionary authority to hire, evaluate or promote a related party under any circumstances, even when

otherwise permitted under the standards above.

Board Trustees and staff may participate in the hiring process for any person, whether related or unrelated, only in accordance with established LACERA policies and procedures and shall not use or attempt to use influence outside of their individual hiring authority to cause the organization to hire any individual as a permanent or temporary LACERA employee. Board Trustees and staff may refer individuals interested in potential employment to LACERA's Human Resources.

VII. Contracting and Vendor Relationships

LACERA Board Trustees and staff shall not have contact with individuals or entities who are or should be reasonably known, based on available information and reasonable due diligence and inquiry under the circumstances, are seeking engagement by LACERA in response to an RFP, RFI, purchase order, or other solicitation or contracting process, except in accordance with the published terms of the contracting process or except for, and limited to, contact necessary in connection with ongoing LACERA business with an individual or entity.

LACERA's RFPs, RFIs, and other contract solicitations shall include notice that a "quiet period" will be in place from the beginning of the contracting process until the selection of the successful party such that LACERA Board Trustees and staff, as well as potential contracting parties, are instructed that contact between Board Trustees and staff, on the one hand, and all potential contracting parties, on the other hand, shall not occur, except as provided in the preceding paragraph. As part of the contracting process, potential contracting parties shall be required to disclose potential conflicts of interest. LACERA staff shall provide quiet period lists to Board Trustees and staff in monthly Board of Retirement and Board of Investments meeting packets to assist in compliance.

LACERA Board Trustees and staff shall participate in the contracting process only in accordance with established LACERA policies and procedures, and the published terms of the process. Board Trustees and staff shall not use or attempt to use influence, outside of their individual authority to cause the organization to enter into a contract with any individual or entity. Board Trustees and staff may refer individuals or entities for consideration for contracting to the appropriate LACERA staff responsible for the particular procurement or contract process.

VIII. Use of LACERA Position, Resources, and Information

LACERA Board Trustees and staff shall not use their position or status with LACERA, LACERA property, funds, or other resources, or LACERA information, including plan member information, investment information, and other information concerning LACERA's business, for any personal purpose or gain, to secure any special privilege or exemption for themselves or any other individual or entity, or to assist or further the interests of any other individual or entity except in the normal course of LACERA's business. LACERA position, resources and information are to be exclusively used for LACERA business.

Board Trustees and staff shall maintain the confidentiality of plan member information. Cal. Gov't Code § 31532.

Disclosures of public LACERA information pursuant to the Public Records Act shall be handled by the Legal Office to ensure compliance with legal requirements, consistency, and proper recordkeeping.

Board Trustees and staff shall not disclose information acquired during a closed session of the Board unless the Board takes action to authorize disclosure. Cal. Gov't Code § 54963.

Board Trustees and staff shall not, directly or indirectly, for themselves, or as an agent or partner of others, borrow or use any of the funds or deposits of LACERA, except to make authorized current and necessary payments of the retirement system. Cal. Gov't Code § 31528(a).

IX. Personal Conduct and Communication

LACERA Board Trustees and staff shall adhere to the following standards in their personal conduct in performing their work on behalf of LACERA:

- Board Trustees and staff shall conduct themselves in accordance with this Code of Ethical Conduct.
- Board Trustees and staff shall abide all applicable laws and regulations.
- Board Trustees and staff shall act in a manner consistent with LACERA's **Mission, Values, and Vision** and shall follow all LACERA policies and procedures.
- Board Trustees and staff shall treat similarly situated individuals and entities in a similar way, absent good cause, in the conduct of LACERA's business and decision-making to ensure consistency and fairness.
- Board Trustees and staff shall communicate with, orally and in writing, and otherwise in all respects and at all times treat each other and all others in a respectful, professional, courteous, and civil manner.

A Board Trustee shall not correspond with a non-LACERA person or entity using LACERA letterhead unless the communication is authorized by the Board on which the member serves. Copies of all written communications from a Board Trustee to a current service provider, or person or entity related to a current service provider, relating to LACERA's business (other than purely personal or social correspondence) shall be provided to the Chief Executive Officer for subsequent distribution to all Trustees of the Board on which the Trustee serves. A copy of any written communication (other than purely personal or social correspondence, routine announcements, generally distributed newsletters, and the like) received by a Board Trustee from a current LACERA service provider, or person or entity related to a current service provider, shall be forwarded to the Chief Executive Officer for subsequent distribution to all Trustees of the Board on which the Trustee serves. For purposes of this paragraph, the terms "communication" and "written communication" include email and other forms of electronic communication as well as physical or hard copy forms of communication.

Board Trustees and staff shall be aware of the risk of communicating inaccurate information to plan members. Board Trustees and staff shall refrain from providing specific advice or counsel with respect to a plan member's rights, benefits, or obligations, except staff who are authorized to communicate with members on such matters. All others should refer plan member questions and concerns to the Chief Executive Officer or appropriate designee.

X. Political Activities

LACERA Board Trustees and staff may work on individual candidate and ballot campaigns, and attend campaign events, during their personal time. They may make campaign contributions using personal funds, subject to applicable campaign finance laws. No LACERA funds, property, technology, letterhead, logo, or other resources may be used by LACERA Board Trustees and staff to support personal political activities. LACERA Board Trustees and staff may not solicit political contributions to a candidate or ballot campaign from other Board Trustees and staff except (1) as part of a solicitation that is made to a significant segment of the public or (2) with respect to a ballot measure which would affect the rate of pay, hours of work, retirement, civil service, or other working conditions of LACERA employees; solicitations permitted by these two exceptions may only be made on personal time. LACERA Board Trustees and staff may not use their influence or make any threats or promises relating to potential or current employment, promotion, or compensation to secure a vote or financial or other support for a candidate or ballot campaign. Cal. Gov't Code §§ 3201 et seq. LACERA Board Trustees and staff may use their LACERA position to identify themselves when making an endorsement, provided that no statement may be made or action taken directly or indirectly indicating that the person represents LACERA in making the endorsement or that the endorsement is supported by or represents the position of LACERA, except when providing information authorized by the Boards. Nothing in this section is intended to impose any limitation on the personal political activities of LACERA Board Trustees and staff not permitted by California law.

XI. Leaving LACERA

A. Prospective Employment

LACERA Board Trustees and all staff shall not make, participate in making, or influence a decision by LACERA that directly relates to a nongovernmental prospective employer while negotiating or after reaching an employment agreement. The foregoing prohibition is triggered by an interview with a nongovernmental prospective employer or a nongovernmental prospective employer's agent, discussing an offer of employment with a nongovernmental prospective employer or a nongovernmental prospective employer's agent, or accepting an offer of employment. The foregoing prohibition does not apply if the Board Trustee or staff is legally required to make or participate in the making of the decision or if the decision affects the nongovernmental prospective employer in substantially the same way as it will affect a significant segment of the public generally. Cal. Gov't Code § 87407.

B. Limitations on Subsequent Activities

LACERA Board Trustees, the Chief Executive Officer, Deputy Chief Executive Officer, Assistant Executive Officers, persons next in line to Assistant Executive Officers, Chief Counsel, chief deputy legal officers, the Chief Investment Officer, and persons next in line to the Chief Investment Officer shall not, for two years after leaving that position, for compensation, act as agent or attorney for, or otherwise represent, any person except the County of Los Angeles, by making any formal or informal appearance before, or any oral or written communication to, LACERA, or any Board Trustee or employee of LACERA, for the purpose of influencing action by LACERA, including any action involving the awarding or issuance of a contract or sale or purchase of goods or property. Cal. Gov't Code § 31528(c).

In addition, under Government Code Section 87406.3, elected Trustees and the CEO shall not, for a period of one year after leaving that office or employment, act as agent or attorney for, or otherwise represent, for compensation, any other person, by making any formal or informal appearance before, or by making any oral or written communication to, LACERA, the Boards, or any committee of the Boards, or any LACERA officer or employee if the appearance or communication is made for the purpose of influencing action by LACERA involving the issuance, amendment, awarding, or revocation of a contract or the sale or purchase of goods or property.

XII. Reporting

Reporting of ethical issues with respect to their own conduct or the conduct of others of which they become aware or suspect based on available information and reasonable due diligence and inquiry under the circumstances is an important element of ensuring compliance with ethical requirements. Any such concerns by Board Trustees and staff about possible violations of this Code of Ethical Conduct or other ethical issues by themselves or others shall be reported to the Chief Executive Officer, the Chief Audit Executive, or Chief Counsel. Board Trustees may also report concerns to their Board Chair. Staff may also report ethical issues to their immediate supervisor or division manager.

Concerns may be reported anonymously at the LACERA Ethics Hotline, which may be reached by telephone at (844) 794-9416 or online at lacera.ethicspoint.com.

XIII. Enforcement

LACERA's Chief Executive Officer is responsible for communicating, implementing and enforcing the Code of Ethical Conduct with respect to LACERA staff. The Board Chairs will enforce this Code with respect to Board Trustees and the Chief Executive Officer in accordance with Board administrative policies and applicable laws.

Violations of any of the provisions of the Code by staff may result in disciplinary action as the situation may warrant, up to and including termination of employment. Violations by Board Trustees will be handled in accordance with Board Regulations, Bylaws, and policies and applicable law.

With respect to the Los Angeles County Treasurer and Tax Collector, application of this Code shall take into account their responsibilities in that position and Los Angeles County policies applicable to the position, while recognizing that the Treasurer and Tax Collector has separate and independent fiduciary duties and legal obligations to LACERA and its members as described in this Code.

Questions on this matter should be referred to LACERA's Director of Human Resources, Internal Audit, or the Legal Office.

XIV. Training

LACERA management will provide training to new staff on this Code of Ethical Conduct as part of the new employee orientation. Management will provide training to existing staff on this Code at least every two years.

Management will include discussion of this Code in the training for new and incoming Board Trustees. The Code will be circulated to all Board Trustees at least every two years.

XV. Resources

Board Trustees and staff may refer to the following resources for additional information concerning this Code, questions concerning the application and interpretation of the Code to specific situations, and other issues concerning ethics and ethical conduct relevant to the performance of their duties and work for LACERA and its members and beneficiaries.

A. LACERA's Legal Office

The LACERA Legal Office is familiar with the laws and regulations that form the foundation for this Code. The Legal Office is experienced in applying those laws and regulations to specific situations. The Legal Office is available at any time to provide additional information concerning ethics questions and issues and provide written or oral advice or opinions with respect to specific situations. The Legal Office will respond to information about potential ethical issues, concerns, and violations in the LACERA organization and take appropriate action. Questions for the Legal Office should be directed to LACERA's Chief Counsel.

B. LACERA's Internal Audit Division/Ethics Hotline

LACERA's Internal Audit Division will respond to information concerning ethical issues, problems, and concerns regarding acts or omissions in connection with LACERA's operations and will take appropriate action. Questions for the Internal Audit Division should be directed to LACERA's Chief Audit Executive. The Internal Audit Division may also be contacted anonymously on the LACERA Ethics Hotline, which may be reached by telephone at (844) 794-9416 or online at lacera.ethicspoint.com.

C. LACERA's Conflict of Interest Code

Board Trustees and staff should refer to LACERA's current Conflict of Interest Code, which is available on LACERA's website, www.lacera.com, with respect to LACERA's requirements for the filing of Form 700 Statements of Economic Interests.

D. California Constitution

The California Constitution, Article XVI, Section 17, which sets forth the fiduciary duties of the Board and Board Trustees and the retirement system, is available online at https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CONS§ionNum=SEC.%2017.&article=XVI.

E. CERL

CERL, California Government Code §§ 31450 et seq., is available online at https://leginfo.legislature.ca.gov/faces/codes_displayexpandedbranch.xhtml?tocCode=GOV&division=4.&title=3.&part=3.&chapter=3.&article=.

F. PEPPRA

PEPPRA, California Government Code §§ 7522 et seq., is available online at https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=7.&title=1.&part=&chapter=21.&article=4.

G. California Government Code Section 1090 et seq.

Conflict of interest rules relating to financial interest in the making of contracts, incompatible activities, and incompatible offices are contained in California Government Code Section 1090 et seq., which is available online at https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=4.&title=1.&part=&chapter=1.&article=4.

H. California Government Code Section 3201 et seq.

Rules regarding political activities are contained in California Government Code Section 3201 et seq., which is available online at https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=4.&title=1.&part=&chapter=9.5.&article=.

I. The Brown Act

The Brown Act may be found online at https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?division=2.&chapter=9.&part=1.&lawCode=GOV&title=5.

J. Other California Statutes

Other California statutes relating to ethics issues are available online at <https://leginfo.legislature.ca.gov/faces/codes.xhtml>.

K. Fair Political Practices Commission

The California Fair Political Practices Commission (FPPC) has a large number of resources available concerning ethics issues under the Political Reform Act, FPPC Regulations, and related law. FPPC resources include:

1. Website: www.fppc.ca.gov/.
2. FPPC Publications available on the website:
 - a. Form 700 Statement of Economic Interests, and Form 700 Statement of Economic Interests Reference Pamphlet.
 - b. Limitations and Restrictions on Gifts, Honoraria, Travel and Loans: A Fact Sheet for Local Officials.

- c. Recognizing Conflicts of Interest: A Guide to the Conflict of Interest Rules of the Political Reform Act.
 - d. Leaving Local Government Employment.
 - e. Political Reform Act, including the full text of the law.
 - f. FPPC Regulations, including the full text of the regulations.
 - g. FPPC Letters and Opinions, including a searchable database of letter and opinions issued by the FPPC on ethical issues.
- 3. Campaign Rules/Finance. <http://www.fppc.ca.gov/learn/campaign-rules.html>.
 - 4. Advice and Enforcement. The FPPC offers informal and formal advice on ethical issues and has procedures for making a complaint. Instructions for seeking advice or making a complaint are on the FPPC website.

L. California Attorney General Conflict of Interest Guide

The California Attorney General has published a Conflict of Interest Guide which contains information on a wide range of conflict of interest issues. Although the Guide was last updated in 2010, it remains a useful reference. The Guide is available online at <https://oag.ca.gov/sites/all/files/agweb/pdfs/publications/coi.pdf>.

M. Los Angeles County Registrar-Recorder/County Clerk

Information concerning Los Angeles County campaign rules and finance can be obtained at <https://lavote.net/home/voting-elections/candidate-measure-information/campaign-finance-prop-b-reporting/campaign-disclosure-information>.

N. Los Angeles County Fraud Hotline

Ethical concerns may be reported to the Los Angeles County Fraud Hotline, <http://fraud.lacounty.gov/>. The County Fraud Hotline will not generally investigate LACERA issues, but it will forward concerns to LACERA for response.

XVI. Review of Code

This Code shall be reviewed by the Board of Retirement and Board of Investments every three years. The Legal Office and Internal Audit shall monitor applicable laws, regulations, and best practices on an ongoing basis and shall request amendment of the Code when deemed necessary and appropriate. This Code may be amended by action of both Boards at any time.

APPENDIX A – SUMMARY OF GIFT LIMITATIONS AND RESTRICTIONS

WHAT IS A GIFT? A “gift” is any payment or other benefit that confers a personal benefit for which you do not provide payment or services of equal or greater value. Gifts are valued at fair market value as of the time the gift is received. Gifts include price discounts and rebates, unless generally available to the public. Gifts are income reportable on Form 700, Schedule D or E, subject to applicable rules and exceptions, including those below.

Examples of Gift Exceptions (no reporting/no dollar limit/no conflict of interest):

1. Items returned unused to the donor, or for which you reimburse the donor, within 30 days.
2. Items donated unused, within 30 days of receipt, to (a) a 501(c)(3) non-profit with which you do not hold a position, or (b) a government agency. You cannot claim a tax deduction.
3. Gifts from a family member (spouse or former spouse, child, parent, grandparent, grandchild, sibling, current or former parent-in-law, siblings-in-law, aunt, uncle, niece, nephew, or first cousin, or the spouse of any such person), unless the family member is acting for another person.
4. Informational material provided to assist you in performing your official duties, including books, periodicals, videos, admission or discounts to informational conferences, demonstrations, or tours. This exception does NOT apply to meals, lodging, or (generally) transportation.
5. Tickets that you do not use and do not give to another person.
6. Two tickets, used by you and one guest, to attend a fundraiser for a campaign committee or candidate or a 501(c)(3) non-profit, provided the tickets are received from the organizer.
7. Items provided to LACERA and used by you for official business.
8. Travel payments made to LACERA and used to pay for your official business travel.

Examples of Limited Gift Exceptions:

1. Gifts commonly received from a dating partner, long-time personal friend, existing personal or business relationship unrelated to LACERA, or as an act of human compassion (no reporting or dollar limit, but these exceptions do not apply if person has LACERA business).
2. Wedding gifts received (not subject to dollar limit but reportable on Form 700 if meet gift threshold, with ½ of value reportable by each spouse; disqualification applies if donor has LACERA business).
3. Gifts commonly exchanged on holidays, birthdays, or similar occasions to the extent the gifts exchanged are not disproportionate in value.
4. Reciprocal exchanges with another individual (e.g., rotating lunches) so long as payments are not substantially disproportionate, payments are roughly equal over any calendar year, and no single payment is greater than the gift limit.
5. Travel payments for actual transportation, meals, and lodging the day of, day before, and day after you give a speech for a legitimate LACERA business purpose or on a state/national policy issue. Such payments are reportable on Form 700 and subject to conflict of interest disqualification.

GIFT LIMITS

Gifts with a combined total of under \$50 from a single source for the calendar year need not be disclosed. Gifts greater than the gift limit below in any 12-month period may require disqualification.

Board of Retirement and Staff Identified in LACERA Conflict of Interest Code (“Code Filers”):

For 2021-2022, you may not accept gifts from a single source with a combined total of more than \$520 for the calendar year if the Code requires you to report gifts from that source on your Form 700.

Board of Investments and Staff Identified in Appendix to the Conflict of Interest Code (“87200 Filers”):

For 2021-2022, you may not accept gifts from ANY single source with a combined total of more than \$520 for the calendar year.

IMPORTANT NOTE: *This document is only a summary of applicable law as of September 2021; additional rules apply. Any gift may create the appearance of a conflict of interest. Please contact the LACERA Legal Office with any questions. This summary will be updated as needed.*

October 22, 2021

TO: Each Trustee,
Board of Retirement
Board of Investments

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

FOR: November 3, 2021 Board of Retirement Meeting
November 17, 2021 Board of Investments Meeting

SUBJECT: Revised Media Policy

Recommendation

That the Board of Retirement and Board of Investments approve the revised Media Policy.

Legal Authority

Under Article XVI, Section 17 of the California Constitution, the Board of Retirement and Board of Investments have plenary authority and exclusive fiduciary responsibility for, respectively, the administration of the system and investment of system assets, which includes administrative policies such as the Media Policy. Under Section 7.4 of its Charter, the JOGC makes this recommendation under its authority with respect to joint policies.

Background

At its July 21, 2021 and September 17, 2021 meetings, the JOGC reviewed the Media Policy. The JOGC noted that the Policy has in the past been an Executive Office policy and was not approved by the Boards. On September 17, the JOGC voted to recommend to the Boards the revised Media Policy, which includes changes from that current Policy as shown in the redlined version attached as Attachment A. A clean copy is attached as Attachment B.

Discussion

Based on the discussion at the July 21 and September 17, 2021 JOGC meetings, staff made the following categories of revisions to the current Policy, which the JOGC recommends to the Boards for approval:

1. The Policy was expanded so that it is not limited to media regarding “policies.” The Policy was expanded to include “policies and actions” of LACERA and the Boards. This terminology is used consistently throughout the revised Policy.
2. A statement was added that information subject to legal protection may not be disclosed.
3. The term “Chief Administrative Officer” in reference to the County of Los Angeles’s senior executive was changed to “Chief Executive Officer.”
4. The reference to disclosure of documents was clarified to include records that are subject to disclosure under the Public Records Act.
5. References to LACERA’s Deputy Chief Executive Officer (DCEO) and Assistant Executive Officers (AEOs) were added where necessary.
6. The Policy was revised to expand the staff to whom authority for media contacts may be delegated.
7. A sentence was added concerning staff’s use of LACERA’s engaged public relations and media consultant, under the terms of their contract.
8. Board “members” was changed to Board “Trustees.”
9. Changes based on other editorial comments made by JOGC members and staff were included.

Conclusion

The JOGC recommends the revised Media Policy to the Board of Retirement and Board of Investments for approval.

Attachments

c:	Santos H. Kreimann	Laura Guglielmo
	Jonathan Grabel	Cynthia Martinez
	Luis Lugo	Richard Bendall
	JJ Popowich	

Attachment A
Revised Redlined Media Policy



MEDIA POLICY

PURPOSE:

The purpose of creating a formal LACERA media policy is to ensure that the policies and actions of LACERA and the Boards of Retirement and Investments are accurately transmitted and explained to legitimate representatives of the mass media. The same policy will serve as a guide for communications with all outside parties, including the Board of Supervisors, Chief ~~Administrative~~ Executive Officer, County departments, employee organizations, and other industry groups.

Information subject to legal protection, including under the Brown Act, the Public Records Act, and other legal privileges, may not be disclosed.

LACERA STAFF:

The general spokesperson for LACERA is the Chief Executive Officer (CEO), or designee. The CEO is authorized to respond to legitimate inquiries by relaying any policy and action officially adopted by LACERA or the Board(s). This includes making available any documents which have been presented to the Board(s) and are therefore matters of public record or which are otherwise organizational records subject to disclosure under the Public Records Act.

Neither the CEO, nor any other LACERA employee, is authorized to speculate as to the intent or motivations of a Board Trustee or staff member. Personal opinions are to be avoided whenever possible. When a personal opinion is provided, discretion is to be utilized and the opinion is to be so identified to the inquiring party.

On Board of Investments policies and practices, the Chief Investment Officer (CIO), or designee, is the primary spokesperson. The CIO's discretion and restrictions are the same as those mentioned above.

The ~~CEO~~ Assistant Executive Officer (AEO), or designee, which may include the Deputy Chief Executive Officer (DCEO) and the Assistant Executive Officers (AEOs), is the primary spokesperson for Board of Retirement policies and practices and general administrative and benefits issues. The same discretionary authority and restrictions as those mentioned above apply to the AEO designees.

On occasion, the CEO, or CIO ~~or AEO~~ may designate a particular staff member as the sole and exclusive contact for a particular issue. Such designations will be made only to senior staff members who are technically proficient with respect to the subject of the designation and who ~~possess the maturity and discretion to~~ can effectively deal with media representatives. The CEO and CIO, and designees, in their discretion may use LACERA's engaged public relations and media consultant, under the terms of their contract, to assist in communicating with the media and other outside parties.

As a general rule, LACERA staff members will not initiate any mass media contact without specific Board direction. Written press releases should be referred to the respective Board

Chairman for review. All media contacts will be reported to the respective Board immediately using e-mail as part of the Staff Activity and the attached Report of Media Contact.

LACERA BOARD MEMBER TRUSTEES:

In order to achieve the purposes of the press this policy, Board members Trustees should be encouraged to refer inquiries directly to the CEO or CIO.

In the event that a Board member Trustee does respond to a media inquiry, discretion should be used to limit the discussion to formally approved Board or LACERA policies and actions. Personal opinions and speculation as to the motivations of the Board or any Board Trustee or staff member are to be avoided. Any personal opinion given must be clearly identified as such.

As a courtesy to other Board members Trustee, all such contacts should be reported to the Board concerned at the earliest opportunity.

All Board contacts with outside parties, in which LACERA policies and practices are discussed, shall be conducted in accordance with the intent of this policy.

RESPONSES TO MEDIA REPORTS:

Generally, LACERA representatives will not initiate contacts with the media. News stories related to LACERA, even when positive in content, often provoke consternation and concern among our participants and beneficiaries. However, if a news story contains clearly inaccurate information, authorized LACERA representatives will contact the author and/or publication responsible for the inaccuracy in order to request a correction. Such instances shall be reported to the respective LACERA Boards.

Editorials or opinion pieces will be addressed as necessary by "letters to editor." Such communications will be submitted to the Board for approval prior to their release.

Executive Office staff will prepare position papers on media articles for staff to use when responding to member inquiries. Copies of these "position papers" will also be provided to Board members Trustees.

ATTENDANCE AT A CONFERENCE AND OTHER PUBLIC MEETINGS:

Board members Trustees and staff members representing LACERA at conferences and other public meetings should remember that reporters often attend such events. When making presentations or participating in discussions at such events, care should be taken not to speculate about past or future Board or LACERA policies and actions. Moreover, the expression of personal opinions should be avoided. If a personal opinion is given, it should be clearly identified as such. If media representatives are present when a LACERA representative makes a presentation, copies of the presentation materials should be provided to all Board members Trustees.

Approved: Board of Retirement, 2021; Board of Investments, 2021

LACERA REPORT OF MEDIA CONTACT

Prepared By

Date of Contact:

Reporter's Name:

Reporter's Phone Number:

Reporter's Employer:

Where Will the Story Be Aired?

When Will the Story Appear?

Is the Story for an Opinion Piece or a News Story?

What Prompted the Reporter's Interest?

What Topics Were Covered by the Reporter?

Distribution: ~~Members of the~~ Board of Retirement
~~Members of the~~ Board of Investments
Chief Executive Officer
Deputy Chief Executive Officer
Assistant Executive Officers
Chief Counsel
Chief Financial Officer
Chief, Communications

Attachment B
Clean Copy of Revised Media Policy



MEDIA POLICY

PURPOSE:

The purpose of creating a formal LACERA media policy is to ensure that the policies and actions of LACERA and the Boards of Retirement and Investments are accurately transmitted and explained to legitimate representatives of the mass media. The same policy will serve as a guide for communications with all outside parties, including the Board of Supervisors, Chief Executive Officer, County departments, employee organizations, and other industry groups.

Information subject to legal protection, including under the Brown Act, the Public Records Act, and other legal privileges, may not be disclosed.

LACERA STAFF:

The general spokesperson for LACERA is the Chief Executive Officer (CEO), or designee. The CEO is authorized to respond to legitimate inquiries by relaying any policy and action officially adopted by LACERA or the Board(s). This includes making available any documents which have been presented to the Board(s) and are therefore matters of public record or which are otherwise organizational records subject to disclosure under the Public Records Act.

Neither the CEO, nor any other LACERA employee, is authorized to speculate as to the intent or motivations of a Board Trustee or staff member. Personal opinions are to be avoided whenever possible. When a personal opinion is provided, discretion is to be utilized and the opinion is to be so identified to the inquiring party.

On Board of Investments policies and practices, the Chief Investment Officer (CIO), or designee, is the primary spokesperson. The CIO's discretion and restrictions are the same as those mentioned above.

The CEO, or designee, which may include the Deputy Chief Executive Officer (DCEO) and the Assistant Executive Officers (AEOs), is the primary spokesperson for Board of Retirement policies and practices and general administrative and benefits issues. The same discretionary authority and restrictions as those mentioned above apply to the designees.

On occasion, the CEO or CIO may designate a particular staff member as the sole and exclusive contact for a particular issue. Such designations will be made only to staff members who are technically proficient with respect to the subject of the designation and who can effectively deal with media representatives. The CEO and CIO, and designees, in their discretion may use LACERA's engaged public relations and media consultant, under the terms of their contract, to assist in communicating with the media and other outside parties.

As a general rule, LACERA staff members will not initiate any mass media contact without specific Board direction. Written press releases should be referred to the respective Board

Chair for review. All media contacts will be reported to the respective Board immediately using e-mail and the attached Report of Media Contact.

LACERA BOARD TRUSTEES:

In order to achieve the purposes of this policy, Board Trustees should be encouraged to refer inquiries directly to the CEO or CIO.

In the event that a Board Trustee does respond to a media inquiry, discretion should be used to limit the discussion to formally approved Board or LACERA policies and actions. Personal opinions and speculation as to the motivations of the Board or any Board Trustee or staff member are to be avoided. Any personal opinion given must be clearly identified as such.

As a courtesy to other Board Trustee, all such contacts should be reported to the Board concerned at the earliest opportunity.

All Board contacts with outside parties, in which LACERA policies and practices are discussed, shall be conducted in accordance with the intent of this policy.

RESPONSES TO MEDIA REPORTS:

Generally, LACERA representatives will not initiate contacts with the media. News stories related to LACERA, even when positive in content, often provoke consternation and concern among our participants and beneficiaries. However, if a news story contains clearly inaccurate information, authorized LACERA representatives will contact the author and/or publication responsible for the inaccuracy in order to request a correction. Such instances shall be reported to the respective LACERA Board.

Editorials or opinion pieces will be addressed as necessary by "letters to editor." Such communications will be submitted to the Board for approval prior to their release.

Executive Office staff will prepare position papers on media articles for staff to use when responding to member inquiries. Copies of these "position papers" will also be provided to Board Trustees.

ATTENDANCE AT A CONFERENCE AND OTHER PUBLIC MEETINGS:

Board Trustees and staff members representing LACERA at conferences and other public meetings should remember that reporters often attend such events. When making presentations or participating in discussions at such events, care should be taken not to speculate about past or future Board or LACERA policies and actions. Moreover, the expression of personal opinions should be avoided. If a personal opinion is given, it should be clearly identified as such. If media representatives are present when a LACERA representative makes a presentation, copies of the presentation materials should be provided to all Board Trustees.

Approved: Board of Retirement, _____ 2021; Board of Investments, _____ 2021

LACERA REPORT OF MEDIA CONTACT

Prepared By

Date of Contact:

Reporter's Name:

Reporter's Phone Number:

Reporter's Employer:

Where Will the Story Be Aired?

When Will the Story Appear?

Is the Story for an Opinion Piece or a News Story?

What Prompted the Reporter's Interest?

What Topics Were Covered by the Reporter?

Distribution: Board of Retirement
Board of Investments
Chief Executive Officer
Deputy Chief Executive Officer
Assistant Executive Officers
Chief Counsel
Chief Financial Officer
Chief, Communications

October 29, 2021

TO: Each Trustees
Board of investments

FROM: Richard P. Bendall 
Chief Audit Executive

Ted Granger 
Interim Chief Financial Officer

FOR: November 17, 2021 Board of Investments Meeting

SUBJECT: **Contract Extension Requests for Actuarial Services**

RECOMMENDATION

Staff recommends that the Board of Investments approve the optional contract extensions for Milliman Inc. to provide actuarial consulting services and Cavanaugh Macdonald Consulting for actuarial review services related to the two additional fiscal years ending, June 30, 2022 and June 30, 2023.

BACKGROUND

In June 2017, at the conclusion of an open competitive search, the Board of Investments (BOI) selected Milliman to continue providing actuarial consulting services for LACERA's retirement benefits plan and Los Angeles County's other post-employment benefits (OPEB) program administered by LACERA. Rather than the six-year contract recommended by staff, the Board approved a motion for a five-year contract with an option for a two-year extension. The five-year contract term, based upon actuarial reporting periods, was from fiscal years ended June 30, 2017 to June 30, 2021, with an option to extend for an additional two fiscal years ending, June 2022 and June 2023.

The BOI also selected Cavanaugh Macdonald Consulting (CavMac) to provide actuarial review (or "auditing") services for LACERA's retirement benefits plan and Los Angeles County's other post-employment benefits (OPEB) program administered by LACERA. In alignment with the actuarial consulting services, the Board approved a five-year contract for CavMac, with the same option for a two-year extension. The five-year contract term, based on actuarial reporting periods, was from fiscal years ended June 30, 2017 to June 30, 2021, with an option to extend for an additional two fiscal years ending, June 2022 and June 2023.

EXTENSION REQUEST

We are recommending extending both contracts for the two additional fiscal years to keep their contract periods aligned with both the pension and OPEB triennial experience study reporting cycles. The proposed contract extension terms are consistent with planned project timelines and avoids changing actuarial firms immediately preceding and investigation of experience study.

Milliman will complete the next investigation of experience study for the retirement benefits plan for fiscal year ending June 30, 2022. They will complete the next investigation of experience study for the OPEB Program for fiscal year ending June 30, 2023.

Please see the table below for a summary of the actuarial services reporting cycle.

	RETIREMENT BENEFITS Funding				OTHER POSTEMPLOYMENT BENEFITS (OPEB) Funding			
Fiscal Year Ending	Valuation	Valuation Actuarial Audit	Experience & Assumption Study	Experience & Assumption Study Actuarial	Valuation	Valuation Actuarial Audit	Experience & Assumption Study	Experience & Assumption Study Actuarial Audit
	<i>Every Year</i>	<i>Every 3 Years</i>			<i>Every Year</i>	<i>Every 3 Years</i>		
2017	x				x			
2018	x				x	x	x	x
2019	x	x	x	x	x			
2020	x				x	x	x	x
2021	x				x			
2022	x	x	x	x	x			
2023	x				x	x	x	x

In January 2021, Internal Audit and FASD met with key internal stakeholders from the Executive, Investments, and Legal offices to evaluate LACERA's satisfaction with each firm and review a timeline for potentially re-bidding the actuarial consulting and actuarial review services. The internal stakeholders agreed that LACERA was satisfied with Milliman and CavMac's respective performance. The internal stakeholders also concurred that a Request For Proposal (RFP) should be run for both roles before the end of this period to review qualifications, test the market, and make selections as to future providers, and that an RFP would be brought to the BOI at that time for approval.

MILLIMAN'S PROPOSED FEES

Milliman proposed fees for the actuarial consulting work related to fiscal years ending June 30, 2022 and June 30, 2023 are summarized in Attachment A.

Milliman did not increase their proposed fees related to retirement plan consulting; the proposed fees are consistent with the 2017 contract's fee schedule.

Milliman's proposed fees for the contract extension period related to OPEB program consulting are approximately twenty-seven percent (27%) higher than the 2017 contract's fee schedule, but consistent with the fees LACERA has been paying since fiscal year ended June 30, 2018. At that time, Los Angeles County (County) requested LACERA switch to an agent multiple-employer plan which substantially increased the amount of work required for Milliman. Now instead of preparing one valuation, Milliman has to prepare four separate valuations for the County, LACERA, the Superior Court, and the other districts. These fees flow through to the County and the other agents through OPEB's administrative fee, proportionate to their members in the OPEB program. The South Coast Air Quality Management District (SCAQMD) agent reimburses LACERA for the employer specific report they requested. See table below.

	September 2021 Proposal	June 2017 Contract Fee	Change in Fees		September 2021 Proposal	June 2017 Contract Fee	Change in Fees
WORK BILLED IN FISCAL YEAR END	FY 2023				FY 2024		
Valuation Date/Measurement Date	6/30/2022	6/30/2022			6/30/2023	6/30/2023	
OPEB Program Consulting							
Project 1 - Actuarial Valuation & Consulting							
Valuation Report - LA County	\$ 193,000	\$ 140,000	\$ 53,000		\$ 196,000	142,500	\$ 53,500
Valuation Report - SCAQMD	-	\$ 20,000	\$ (20,000)		\$ -	20,000	\$ (20,000)
Census Data Analysis	\$ 22,000.00	\$ 22,000.00	\$ -		\$ 22,000	22,000	\$ -
Annual Consulting	\$ 65,000.00	\$ 65,000.00	\$ -		\$ 67,500	67,500	\$ -
Project 2 - Experience & Assumption Study	-	-	-		\$ 115,000	90,000	\$ 25,000
Project 3 - GASB 74 - Financial Statement	\$ -	\$ 9,000	\$ (9,000)		\$ -	9,000	\$ (9,000)
Project 4 - GASB 75 - Financial Statement	\$ 47,000	\$ 9,000	\$ 38,000		\$ 48,000	9,000	\$ 39,000
Project 4 - GASB 75 - Financial Statement SCAQMD	\$ 9,800	\$ -	\$ 9,800		\$ 10,000	N/A	\$ 10,000
TOTAL OPEB - ANNUAL	\$ 336,800	\$ 265,000	\$ 71,800		\$ 458,500	\$ 360,000	\$ 98,500

CAVMAC'S PROPOSED FEES

CavMac's proposed fees for the actuarial auditing work related to fiscal years ending June 30, 2022 and June 30, 2023 are summarized in Attachment B.

CavMac proposed increased fees of approximately fifteen percent (15%) for retirement plan actuarial reviews for the extension period in comparison to those included for the extension period in their 2017 contract fee schedule (see table below). CavMac explained this increase is primarily due to the firm having a better understanding of the hours required to perform the work, as well as an increase in business costs for insurance.

	September 2021 Proposal	June 2017 Contract Fee	Change in Fees		September 2021 Proposal	June 2017 Contract Fee	Change in Fees
WORK BILLED IN FISCAL YEAR END	FY 2023				FY 2024		
Valuation Date/Measurement Date	6/30/2022	6/30/2022			6/30/2023	6/30/2023	
Retirement Plan Auditing							
Project 1 - Audit of Actuarial Valuation	\$ 80,000	\$ 73,000	\$ 7,000				
Project 2 - Audit of Triennial Experience Study	\$ 61,000	\$ 47,000	\$ 14,000				
Project 3 - Audit of GASB 68	\$ -	\$ -	\$ -		\$ 16,000	16,000	\$ -
TOTAL RETIREMENT - ANNUAL	\$ 141,000	\$ 120,000	\$ 21,000		\$ 16,000	\$ 16,000	\$ -

CavMac also proposed increased fees of approximately fourteen percent (14%) for their OPEB program reviews (see table below). They explained this increase is again related to the firm having a better understanding of the hours required to perform the work, an increase in business costs for insurance, and the change to a multiple employer agent plan. Like the OPEB fees charged by Milliman, these fees flow through to the County and the other agents through OPEB's administrative fee, proportionate to their members in the OPEB program.

	September 2021 Proposal	June 2017 Contract Fee	Change in Fees		September 2021 Proposal	June 2017 Contract Fee	Change in Fees
WORK BILLED IN FISCAL YEAR END	FY 2023				FY 2024		
Valuation Date/Measurement Date	6/30/2022	6/30/2022			6/30/2023	6/30/2023	
<i>OPEB Program Auditing</i>							
Project 1 - Audit of Actuarial Valuation							
Test Lives and Parallel Valuation Review					\$ 137,000	120,000	\$ 17,000
Project 2 - Audit of Experience Study					\$ 42,500	38,000	\$ 4,500
Project 3 - Audit of GASB 75	\$ 17,850	\$ 15,000	\$ 2,850				
TOTAL OPEB - ANNUAL	\$ 17,850	\$ 15,000	\$ 2,850		\$ 179,500	\$ 158,000	\$ 21,500

CONCLUSION

Staff recommends that the Board of Investments approve the optional extensions for Milliman and CavMac's respective contracts for the actuarial consulting and review work related to the two additional fiscal years ending June 30, 2022 and June 30, 2023.

Attachments

RPB:tg



1301 Fifth Avenue
Suite 3800
Seattle, WA 98101-2605
USA

Tel +1 206 624 7940

milliman.com

October 25, 2021

TO: LACERA Board of Investments

FROM: Nick Collier (Milliman)
Robert Schmidt (Milliman)

SUBJECT: Fees for 2-Year Contract Extension

Our proposed fees for the 2-year extension are as follows. Note that some of the OPEB fees are up from the original contract, reflecting the change to an agent-employer design. These increases are consistent with fee adjustments previously communicated to LACERA staff after the agent employer design was implemented. The pension fees remain the same as shown in the original contract. Although not shown, the hourly rates (for both pension and OPEB) also remain the same as shown in the original contract.

FEE SCHEDULE

	2YR EXTENSION		
RETIREMENT PLAN CONSULTING	FY 2022	FY 2023	2YR
Project 1 - Actuarial Valuation	\$ 85,000	\$ 85,000	\$ 170,000
Project 2 - Triennial Experience Study	\$ 50,000		\$ 50,000
Project 3 - STAR Valuation	\$ 11,500	\$ 11,500	\$ 23,000
Project 4 - Actuarial Table Update	\$ 16,000	\$ 16,000	\$ 32,000
Project 5 - Section 415 Testing	\$ 41,000	\$ 42,000	\$ 83,000
Project 6 - GASB 67 - Financial Reporting	\$ 9,000	\$ 9,000	\$ 18,000
Project 7 - GASB 68 - Financial Reporting	\$ 9,000	\$ 9,000	\$ 18,000
Project 8 - Actuarial Consulting	\$ 78,000	\$ 80,000	\$ 158,000
TOTAL RETIREMENT PLAN - ANNUAL	\$ 299,500	\$ 252,500	\$ 552,000
OPEB PROGRAM CONSULTING	FY 2022	FY 2023	2YR
Project 1 - Actuarial Valuation & Consulting			
Valuation Report - LA County ⁽¹⁾	\$ 193,000	\$ 196,000	\$ 389,000
Valuation Report - SCAQMD	N/A	N/A	N/A
Census Data Analysis	\$ 22,000	\$ 22,000	\$ 44,000
Annual Consulting	\$ 65,000	\$ 67,500	\$ 132,500
Project 2 - Experience & Assumptions Study	N/A	\$ 115,000	\$ 115,000
Project 3 - GASB 74 - Financial Statement	N/A	N/A	N/A
Project 4 - GASB 75 - Financial Statement ⁽²⁾	\$ 47,000	\$ 48,000	\$ 95,000
Project 4 - GASB 75 - Financial Statement SCAQMD	\$ 9,800	\$ 10,000	\$ 19,800
TOTAL OPEB - ANNUAL	\$ 336,800	\$ 458,500	\$ 795,300
TOTAL OPEB AND RETIREMENT PLAN	\$ 636,300	\$ 711,000	\$ 1,347,300

Note: FY refers to the valuation work related to the fiscal year end date. For example, FY 2022 refers to the 6/30/2022 valuation work performed in the period July 1, 2022 to June 30, 2023.

(1) Under the Agent Plan Model, this funding valuation report is primarily for the three agents that are prefunding - LA County, Superior Court, and LACERA.

(2) These GASB 75 Disclosures under an Agent Plan Model are for the three prefunding agents - LA County, Superior Court, and LACERA.



Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

October 25, 2021

Mr. Richard Bendall
Chief, Internal Audit
LACERA
300 North Lake Avenue, Suite 820
Pasadena, CA 91101

Subject: Contract Extension Proposal

Dear Mr. Bendall:

It has been our pleasure to work with LACERA for the past four years and we look forward to continuing to do so. We agree to extending the original five-year contract that ran from July 1, 2017 through June 30, 2022 to add the two-year period from July 1, 2022 through June 30, 2024. As you requested, we are providing an updated Exhibit C with the fees for the renewal period.

If you need any additional information or have any questions, please do not hesitate to contact us.

Sincerely,

Patrice A. Beckham, FSA, FCA, EA, MAAA
Principal and Consulting Actuary

Brent A. Banister, PhD, FSA, EA, FCA, MAAA
Chief Actuary



EXHIBIT C

ACTUARIAL AUDITING SERVICES AGREEMENT FEE SCHEDULE - NOT TO EXCEED

TWO-YEAR EXTENSION

WORK BILLED IN FISCAL YEAR END	FY 2023	FY 2024	
Valuation Date/Measurement Date	6/30/2022	6/30/2023	2 YR OPTION
<i>Retirement Plan Auditing</i>			
Project 1 - Audit of Actuarial Valuation	80,000		80,000
Project 2 - Audit of Triennial Experience Study	61,000		61,000
Project 3 - Audit of GASB 68		16,000	16,000
TOTAL RETIREMENT - ANNUAL	141,000	16,000	157,000
<i>OPEB Program Auditing</i>			
Project 1 - Audit of Actuarial Valuation			
Test Lives Review		85,000	85,000
Parallel Valuation Audit		116,000	116,000
Test Lives and Parallel Valuation Review		137,000	137,000
Project 2 - Audit of Experience Study		42,500	42,500
Project 3 - Audit of GASB 75	17,850		17,850
TOTAL OPEB - ANNUAL	17,850	179,500	197,350
TOTAL AUDITING	158,850	195,500	354,350

Updated September 28, 2021



EXHIBIT C

ACTUARIAL AUDITING SERVICES AGREEMENT FEE SCHEDULE - HOURLY BILLING RATES


TWO-YEAR EXTENSION:

WORK BILLED IN FISCAL YEAR END	FY 2023	FY 2024
<i>Principal Actuaries</i>	\$ 450	\$ 464
<i>Reviewing Actuaries</i>	\$ 465	\$ 479
<i>Supervising Actuaries</i>	\$ 400	\$ 412
<i>Senior Actuarial Analysts</i>	\$ 360	\$ 371
<i>Actuarial Analysts</i>	\$ 315	\$ 324
<i>Compliance Actuary</i>	\$ 450	\$ 464
<i>Other Personnel</i>	\$ 400	\$ 412
<i>Support Staff</i>	\$ 135	\$ 139

Updated September 28, 2021

November 5, 2021

TO: Each Trustee
Board of Investments

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: November 17, 2021 Board of Investments Meeting

SUBJECT: **Board Officer Rotation Policy**

RECOMMENDATION

That the Board of Investments approve the Board Officer Rotation Policy.

LEGAL AUTHORITY

Pursuant to Article XVI, Section 17 of the California Constitution, and the County Employees Retirement Law of 1937 (CERL), the Board of Investments (BOI) has plenary authority and exclusive fiduciary responsibility for the investment of moneys. The BOI may make policies related to the governance of its board operations.

Government Code Section 31525 provides that the BOI may make regulations that are not inconsistent with CERL. The regulations become effective when approved by the Board of Supervisors.

The BOI Bylaws provide that each January the BOI shall elect from its members a Chair, Vice Chair, and Secretary to serve for a term of one year or until his or her successor is duly elected and qualified.

Fiduciary counsel advised that the formulation of a new board policy is sufficient to implement a new process for the selection of board officers without amending the BOI Bylaws.

BACKGROUND

The BOI Bylaws provide for a Chair, Vice Chair, and Secretary to serve as officers of the Board. The current process to determine board officers provides for elections to be held at the BOI's first regular meeting in January with nominations submitted by any trustees during the board meeting.

At the Board of Retirement (BOR) meeting on September 1, 2021 and at the BOI meeting on September 8, 2021, BOR Chair Alan J. Bernstein and BOI Chair Keith Knox, respectively, presented different options to potentially replace the current process of annual elections. Trustees from each board provided feedback on the various options.

The general consensus favored a seniority-based system to determine the selection of board officers.

At the BOR meeting on October 6, 2021 and at the BOI meeting on October 13, 2021, BOR Chair Alan J. Bernstein and BOI Chair Keith Knox, respectively, engaged in further discussions with the Boards for feedback on and approval of the key terms that would serve as a template and basis for creating a policy for a seniority-based system. The Chief Executive Officer and staff were directed to prepare a final policy for implementation prior to the selection of Board officers by January 2022.

DISCUSSION

The attached policy was formulated based on the feedback by the trustees on the key terms that would serve as a basis for this policy. In summary, the policy would encapsulate the following—

- For Appointed trustees, count the one-year gap between the trustee's consecutive appointments as service to determine seniority to provide a level of parity between Appointed and Elected trustees in their accrual of seniority. As such, the seniority list for each board officer position would be one list of all trustees rather than separate lists of Appointed and Elected trustees.
- No minimum service requirement for trustees to serve as officers.
- A trustee who is eligible to serve as an officer may opt out of serving an indefinite number of times with no loss of seniority.

During the formulation of the policy, staff encountered a few contingencies that were not discussed in the prior meetings but should be addressed by the policy. Based on staff's understanding of the BOI's feedback, the sentiment of the BOI in those prior meetings was that the policy should not mandate any trustee to serve as an officer; at the same time, the policy should not penalize any trustee for choosing not to serve. Moreover, the policy is intended to broaden the opportunities for trustees who wish to serve as officers.

In the spirit of the BOI's sentiment, the policy addresses the following contingencies—

- In case of a tie for years of service between trustees, the trustee who has served fewer times in the board officer position for which the seniority list is promulgated shall be higher in position on the list.
- Since Appointed trustees are to be credited with the one-year gap as service between consecutive appointments, the time that the Appointed trustee remains on the BOI after the expiration of his or her term because a successor has not been appointed yet is not counted for seniority.
- Consistent with the Trustee Travel Policy that mandates trustees to cease arranging future travel once they become aware their term of service will end, the

Board Officer Rotation Policy mandates that an Appointed trustee who remains on the BOI after the expiration of his or her term is not eligible to serve as an officer.

- In the event a vacancy occurs for a board officer position, a trustee with seniority is eligible to serve out the remaining term as a successor. However, a trustee who opts to serve as result of a vacancy shall not have his or her seniority reset to zero and may serve as an officer in this position the following year.

CONCLUSION

Staff requests that the BOI provide any additional comments or terms that may be incorporated into the policy as it considers approval of the policy.

IT IS THEREFORE RECOMMENDED THAT THE BOARD approve the Board Officer Rotation Policy.

Reviewed and Approved:



Santos H. Kreimann
Chief Executive Officer

Attachment

Board Officer Rotation Policy

cc: Santos H. Kreimann
Luis Lugo
JJ Popowich
Laura Guglielmo
Steven P. Rice
Jon Gabel

BOARD OF INVESTMENTS BOARD OFFICER ROTATION POLICY

PURPOSE

The Board of Investments (BOI) has three officers who provide leadership and facilitate the operations of the board as provided by the BOI Charter: Chair, Vice Chair, and Secretary. The BOI Bylaws provide that each January the BOI shall elect a trustee to serve as an officer in each of these positions for a term of one year. This policy replaces the process of electing board officers by prescribing a seniority-based system to select board officers each January.

AUTHORITY

Pursuant to Article XVI, Section 17 of the California Constitution and the County Employees Retirement Law of 1937, the BOI has plenary authority and exclusive fiduciary responsibility for the investment of moneys. As such, the BOI may make administrative policies related to the governance of its board operations.

DEFINITIONS

“Appointed” means appointed by the Board of Supervisors.

“Board Officer” means Chair, Vice Chair, or Secretary.

“Elected” means elected by the general, safety, or retired members of LACERA.

“Ex officio” means the Treasurer and Tax Collector.

“Opt out” means a trustee’s choice to not commence service as a board officer when eligible based on seniority.

“Seniority” means a trustee’s total accumulated service.

“Seniority list” means a list of appointed, elected, and ex officio trustees ordered by seniority from highest to lowest in each trustee’s years of service. In case of a tie for years of service between trustees, the trustee who has served fewer times in the board officer position for which the seniority list is promulgated shall be higher in position on the list.

“Service” means the trustee’s service while in office as a member of the BOI and includes all combinations of service in his or her capacity as an appointed, elected, or ex officio trustee, including interim ex officio service. Service for an appointed trustee includes the one year between consecutive appointments during which the trustee is not in service to the BOI. Service for an appointed trustee does not include the time he or she remains on the BOI after the expiration of his or her term because his or her successor has not been

appointed in time to take office in January. Service for an elected trustee does not include any breaks in elected service on the BOI.

STATEMENT OF POLICY

Seniority List

For each board officer position of Chair, Vice Chair, and Secretary, a separate seniority list shall be maintained.

The seniority list shall not include the alternate ex officio trustee.

Board Officer Selection

With reasonable and sufficient time before the first regular meeting in January, the Executive Board Assistant shall verify the seniority of each trustee on the list for each board officer position who would be in office during the calendar year commencing in January and ascertain in order of seniority which trustee opts to serve as a board officer for the upcoming year. There is no minimum service requirement for eligibility to serve as a board officer. A trustee may serve in only one board officer position for this board during any year.

At the first regular meeting in January, the BOI shall hold a vote to ratify the slate of board officers determined by the Executive Board Assistant under this policy.

An appointed trustee whose term of service has ended but remains on the BOI because his or her successor has not been appointed in time to take office in January is not eligible to serve as a board officer.

A trustee who opts to serve as a board officer shall have his or her seniority reset to zero in January and begin accruing seniority anew.

Opting Out

A trustee who is eligible to commence service as a board officer based on seniority may opt out of serving without loss of seniority. There is no limit to the number of times a trustee may opt out. A trustee who has seniority in more than one officer position and opts to serve in one position shall not be considered as having opted out of serving in the other position.

Vacancy

In the event of a vacancy in the office of Chair, Vice Chair, or Secretary, the seniority list for that board officer position will be used to determine which trustee is eligible to serve out the remaining term of office as a successor. The BOI shall vote to ratify the filling of such vacancy at the next meeting following the vacancy. A trustee who opts to serve out the remaining term of office resulting from a vacancy shall not have his or her seniority reset to zero and, if eligible, may serve as an officer in this position the following year.

Adopted: _____



October 24, 2021

TO: Each Trustee,
Board of Investments

FOR: Board of Investments Meeting of November 17, 2021

SUBJECT: Yale School of Management – Women on Boards Program
June 13 – 17, 2022 in New Haven, Connecticut

The Yale School of Management - Women on Boards Program will held on June 13 – 17, 2022 at New Haven, Connecticut and an online orientation will be held on Wednesday, May 25, 2022. This program is designed to accelerate board seat search to find the best opportunities for you to serve on a board. You will learn what skills are required, develop those most needed on today's boards, make invaluable connections, and hone your value proposition

The main conference highlights include the following:

- Leading Your Leaders and Succession Planning
- Corporate Strategy: The Board Oversight Role
- Turnaround and Transformation: Leadership Lessons from the Real World

Registration: \$12,500.00 (The program tuition covers all program fees, including food (breakfast, lunch, and most dinners), hotel, personal assessments, executive coaching, travel on campus, program supplies, and special events in the evenings)

Airfare: \$600.00 - \$1,500.00

Daily Per Diem & Incidentals:
\$200.00
(The Registration Fee Includes Most Meals)

Ground Transportation: \$260.00 - 300.00

Approximate Cost Per Traveler: \$14,400.00 to \$15,300.00

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 Yale School of Management - Women on Boards Program on June 13 – 17, 2022 in New Haven, Connecticut and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies.



Yale School of Management Women on Boards

Work with Yale to launch your successful board seat search

More women are increasingly interested in, and in demand for, working on boards as independent directors. Driving this demand is recent research showing that having a critical mass of women on top teams leads to higher quality decision making, reduced operational risk, faster innovation, and better financial results on many key metrics.

This program is designed to accelerate your board seat search to find the best opportunity for you to serve on a board. Yale's Women on Boards program presents you with complex board scenarios, building a rich foundation to inform your unique path. You will learn what skills are required, develop those most needed on today's boards, make invaluable connections, and hone your value proposition.

Becoming a board director has many benefits, including:

- Acquiring and contributing invaluable strategic perspective to prepare for success in a C-suite role
- Forming important professional mentor relationships across industries and sectors
- Demonstrating subject matter expertise that can expedite professional advancement

Breaking into the boardroom can be challenging. Yale's Women on Boards program gives its participants an advantage with guided preparation and insider insights on

the board search process. Development begins prior to arriving on campus with pre-work and a day of live online learning, and continues after you leave with executive coach check-ins to keep you on track.

Faculty Thought Leaders



Jeffrey Sonnenfeld

Faculty Director, Senior Associate Dean for Leadership Studies, Lester Crown Professor in the Practice of Management, Founder and CEO of the Chief Executive Leadership Institute; leading expert on C-suite, corporate boards, and trends in corporate governance



Fiona Scott Morton

Theodore Nierenberg Professor of Economics, focuses on empirical studies of competition areas such as pricing, entry, and product differentiation



Daylian Cain

Senior Lecturer in Negotiations and Ethics, leading expert on judgment and decision making, and business ethics

Details

Dates

Visit som.yale.edu/wob for upcoming program dates and to apply.

Program Fee

\$12,250, program fee benefits available for Yale alumnae, groups of 3 or more from the same company, veterans and those from nonprofit organizations.

Location

Live Online and On Campus

Contact

Lisa Kammert (somexeced.info@yale.edu)



Yale SCHOOL OF MANAGEMENT

Curriculum: A Program That Keeps You on Track

Pre-program:

Develop a Board CV for an independent director seat search, to be refined one-on-one with an experienced C-suite executive coach during the program

Pre-readings: corporate governance trends, case studies, and other relevant articles

Governance Topics:

- Boards in the 21st Century: Board types, Director Roles, Trends in Governance
- Corporate Finance for Board Directors: Risk Management Skills
- Ethical Conflicts and Decision-making: Case Studies
- Cyber Security, Sustainability & Shareholder Activism: Today's Board Challenges

Executive Communication Topics

- Managing Stakeholder Relationships: Case Studies
- Communicating with Gravitas: Executive Presence Workshop

Leadership Perspectives Topics

- Q&A with Board Search Firms: Navigating the Process
- Broaden the Search: Private Company Boards
- Guest Speaker Panel: Women Board Directors: An Insider's View

Post-program:

- Implement a development plan created with input from senior executive coaches during one-on-one sessions to accomplish your seat search objectives.
- Reconnect with peers to discuss progress, get support, and maintain your momentum.
- Join the Yale Executive Programs community for communications about topics and events that promote ongoing learning and development.

Who should attend?

Senior corporate or non-profit women executives currently in or preparing for a C-Suite role, women ready to serve on boards full-time as a next step in their career, and those who support them.



An Application That Doubles as Preparation

Admittance into the program is based on an applicant's readiness to serve on a board. The Women on Boards application has two requirements:

- **CV** – An executive resume framing your service mission and leadership experience. You will also further develop this resume in the program with coaches.
- **Statement of Readiness** – A series of short answers outlining where you're interested in serving, what motivates you, and why you're qualified (your subject matter expertise).

Yale School of Management Women on BoardsDRAFT

Orientation Location: Live OnlineWednesday, May 25th, 2022

	Tuesday, 5/25			
10:00 - 10:30	Welcome and Introduction to Course <i>Jeffrey Sonnenfeld</i>			
10:30 - 12:00	Boards in the 21st Century: What Makes Great Boards Great? New Directors' Roles Jeffrey Sonnenfeld			
12:00 - 1:00	Lunch Break			
1:00 - 2:30	Board Bio, Board CV, and Value Proposition <i>Joyce Roche</i>			
2:30 - 3:00	Break			
3:00 - 3:45	Corporate Board Panel with Anne Mulcahy, Faye Wattleton, Ellen Kullman, Joyce Roché <i>Moderator: Jeffrey Sonnenfeld</i>			

7:00-8:00		Breakfast at Hotel	Breakfast at Hotel	Breakfast at Hotel	Breakfast at Hotel	Breakfast at Hotel
8:30-10:00	3:00 Hotel Check-In 4:00-5:00 Campus Walking Tour	Welcome, Orientation, and Introductions <i>Jeffrey Sonnenfeld</i>	Essentials of Board Corporate Financial Accounting I <i>Norman Bartczak</i>	Building Effective Networks <i>Marissa King</i>	From Green to Gold: Strategies for Sustainability <i>Daniel Esty</i>	Leading Your Leaders and Succession Planning <i>Jeffrey Sonnenfeld</i>
10:00 - 10:30		Break and Group Photo	Break	Break	Break	Break
10:30 - 12:00		Corporate Strategy: The Board Oversight Role <i>Fiona Scott Morton</i>	Essentials of Board Corporate Financial Accounting II <i>Norman Bartczak</i>	Ethical Dilemmas, Conflicts of Interest and Corporate Boards <i>Daylian Cain</i>	Cyber Security and Corporate Governance <i>Laura DeNardis</i>	Firing Back: Overcoming Adversity <i>Jeffrey Sonnenfeld</i>
12:00 - 1:00		Executive Search Firm Lunch & Learn	Executive Search Firm Lunch & Learn	Executive Search Firm Lunch & Learn	Lunch	Lunch To Go
1:00 - 2:30		Women On Boards: What You Need to Know Going In <i>Holly Gregory</i>	Turnaround and Transformation: Leadership Lessons from the Real World <i>Frederick Crawford</i>	Conflict Management <i>David Tate</i>	CEO Compensation: Attracting, Motivating, and Retaining Top C-Suite Talent <i>Kelly Shue</i>	DEPART
2:30 - 3:00		Break	Break	Break	Break	Break
3:00 - 4:30		3:00–5:00 Executive Presence: Building Gravitas <i>Grace Zandarski</i>	Fireside Chat with Michael Carr, Paul Knopp, Nancy Pfund and Jon Winkelried <i>moderated by Jeffrey Sonnenfeld</i>	Peer Feedback Session: Board Bios	Board Perspectives Panel with Nancy Mahon, Depelsha McGruder and Heidi Wissmiller <i>moderated by Lisa Kammert</i>	
Evening	6:00–7:30 Welcome Reception	Dinner	Reception and Dinner	Free Evening	Certificate Ceremony, Reception & Dinner	

FOR INFORMATION ONLY

October 20, 2021

TO: Trustees – Board of Investments

FROM: Scott Zdrazil 
Senior Investment Officer

FOR: November 17, 2021, Board of Investments Meeting

SUBJECT: **LACERA LETTER TO U.S. HOUSE OF REPRESENTATIVES
FINANCIAL SERVICES COMMITTEE LEADERSHIP REGARDING
DRAFT CORPORATE GOVERNANCE LEGISLATION**

Please find attached a letter, dated October 4, 2021, that LACERA submitted to the leadership of the U.S. House of Representatives Financial Services Committee in advance of a hearing held October 5, 2021, at which draft legislation was considered, including a draft bill crafted with input from the Council of Institutional Investors (**Attachment**).

The draft bill under review calls for several provisions aligned with LACERA's *Corporate Governance and Stewardship Principles* ("Principles"):¹

- *Multiclass stock sunset provisions:* The draft bill would require stock exchanges to mandate on a going-forward basis that any listing with a multiclass share structure end weighted voting rights within seven years of its listing unless investors formally approve continuation of weighted voting rights (also known as a "sunset" provision).
- *Board diversity disclosures:* The draft bill would require publicly-listed companies to disclose on a voluntary, self-identified basis diversity attributes of their boards, such as gender, race, LGBTQ, and disability status.
- The draft bill would clarify that the U.S. Securities and Exchange Commission ("SEC") is empowered to establish minimum governance standards for the stock exchanges.

The above recommendations are consistent with the SEC Investor Advocate Rick Fleming's 2021 legislative priorities report, which he discussed with the Board of Investments Corporate Governance Committee in March 2021.

LACERA submitted the letter consistent with the procedures of LACERA's Principles and advance consultation with the Corporate Governance Committee Chair.

¹ The draft bill is available at: <https://docs.house.gov/meetings/BA/BA00/20211005/114113/BILLS-117pih-ImprovingGovernanceatMulti-classStockCompanies.pdf>.

Trustees, Board of Investments

November 17, 2021

Page 2 of 2

Please note that no bill number appears on the attached letter as a number had not been assigned to the legislation ahead of the hearing.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

Via Email

October 4, 2021

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

The Honorable Patrick T. McHenry
Ranking Member
Committee on Financial Services
United States House of Representatives
Washington, DC 20515

Re: H.R. ___, To amend the Securities Exchange Act of 1934 to improve the governance of multi-class stock companies, to require issuers to make annual diversity disclosures, and for other purposes.

Dear Madame Chairwoman and Ranking Member McHenry:

We are writing to express support for draft legislation under consideration during the United States House of Representatives Financial Services Committee hearing, to be held October 5, 2021, to amend the Securities Exchange Act of 1934 to strengthen corporate governance disclosures and provisions of publicly listed companies, including related to multi-class stock companies and diversity disclosures (Draft Bill).

The Los Angeles County Employees Retirement Association (LACERA) is the largest county pension system in the United States, with approximately \$73 billion in plan assets as of September 30, 2021, including equity holdings in about 2,400 U.S. companies. LACERA's mission is "to produce, protect, and provide the promised benefits" for over 170,000 beneficiaries who serve the most populous county in the nation. We encourage public policies governing financial markets that promote sustainable value to enhance our ability to fulfill our mission.

The provisions of the Draft Bill are consistent with LACERA's own [Corporate Governance and Stewardship Principles](#) which articulate our views on best practices to protect and promote value creation at portfolio companies.

First, LACERA believes that investors should have voting rights proportionate to their economic interests. Multiclass ownership structures may entrench certain investors and management, insulating them from acting in the interests of all investors. LACERA supports the

Draft Bill's provisions to prohibit, on a prospective basis, the listing of any security of an issuer that has two or more classes of stock with unequal voting rights for more than a certain period of years without periodic approval by shareowners. We consider this "sunset" requirement to be a reasonable step towards promoting the principle of "one share, one vote."

Second, LACERA also encourages all corporate boards to be composed of highly qualified individuals who are best positioned to oversee the company's strategy for creating and sustaining value. We think boards should give consideration to ensuring that directors possess a diverse set of relevant skills, experiences, and backgrounds, inclusive of diverse gender, racial, and ethnic backgrounds, disability status, and the LGBTQ community. A diverse and inclusive board is better positioned to effectively deliberate and oversee business strategy in investors' interests. We therefore support the Draft Bill's provisions to encourage adequate disclosure of the diversity of listed companies' board of directors and senior executives on a self-identified basis.

Lastly, LACERA believes financial rules and regulations should promote fair, orderly, and competitive markets and provide for investor protections. We support the Draft Bill's provisions to clarify that the U.S. Securities and Exchange Commission (SEC) has the authority to issue other rules and regulations to require the stock exchanges to maintain and improve their corporate governance-related listing standards in a manner that the SEC determines necessary or appropriate for the protection of investors. Consistent rules are paramount for orderly and fair capital markets, upon which we depend to generate value and pay member benefits.

As providers of capital to U.S. financial markets, we believe the Draft Bill would enhance investor protections, facilitate clear market information by which investors make decisions, and strengthen the SEC's capacity to promote orderly, consistent market rules. We note and welcome that the Draft Bill also reflects the sound legislative policy recommendations of the SEC's Office of the Investor Advocate.

Thank you for your consideration. Please contact me if you would like to further discuss.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Grabel", written in a cursive style.


Jonathan Grabel
Chief Investment Officer

CC: The Honorable Brad Sherman, Chair, Subcommittee on Investor Protection,
Entrepreneurship and Capital Markets, Committee on Financial Services, United States
House of Representatives

FOR INFORMATION ONLY

October 27, 2021

TO: Trustees – Board of Investments

FROM: Scott Zdrazil 
Senior Investment Officer

FOR: November 17, 2021, Board of Investments Meeting

SUBJECT: **JOINT INVESTOR LETTER TO THE U.S. SECURITIES AND
EXCHANGE COMMISSION REGARDING FEE TRANSPARENCY**

Please find attached a joint investor letter (**Attachment**), dated October 26, 2021, submitted by the Institutional Limited Partners Association (“ILPA”) to the U.S. Securities and Exchange Commission (“SEC”) regarding private fund fee transparency. LACERA signed the letter along with 40 institutional investors.

The letter requests that the SEC create a new rule under the Investment Advisors Act of 1940 to require private fund advisors to report all direct and indirect fees, expenses, and fee offsets by the advisor and its affiliates.

The request is consistent with LACERA’s *Corporate Governance and Stewardship Principles* (“Principles”) which promote transparency and alignment of interests with asset managers, as well as our past support of ILPA’s advocacy on fee transparency. While LACERA already operates under AB2833 which requires fee disclosure of California public funds, the letter aims to create a level playing field for all general partners to enhance transparency in the investment sector and enable asset owners to exercise fiduciary duties to minimize fees, as appropriate.

LACERA participated in the join investor initiative consistent with the procedures of LACERA’s *Principles* and advance consultation with the Corporate Governance Committee Chair.

Attachment

Noted and Reviewed:


Jonathan Grabel
Chief Investment Officer

October 26, 2021

Honorable Gary Gensler
Chair

U.S. Securities and Exchange Commission

100 F Street NE
Washington, D.C. 20549-1090

Institutional Investors Seek SEC Rulemaking Action to Require Quarterly Fee and Expense Reporting by Private Fund Advisers

Dear Chair Gensler,

We, as ILPA¹ and the Institutional Investor Members of ILPA, write to you today seeking SEC rulemaking action that would mandate the regular reporting of all direct and indirect fees and expenses charged by private fund advisers and their affiliates to investors in private funds. Quarterly reporting is necessary to ensure transparency for all investors and ensure investors can validate that the fees charged by private fund advisers conform with contractual agreements.

Since 2014², the SEC has continually indicated that a material number of private fund advisers have continued to charge fees and expenses to their LPs that were not agreed to in the investment contract, both at the fund and portfolio company level or by the adviser and/or its affiliates. Without clear and consistent disclosure, tracking of fees and expenses charged in a private fund is not possible. Beyond the traditional management fee and carry, there are typically a number of fees and expenses charged to the portfolio companies by the private fund adviser and its affiliates, providing a number of potential fee streams to the adviser, which ultimately impacts the returns received by the investors. Adding to the complexity, LPs may have negotiated certain portfolio company fee offsets which reduce the management fees that may be charged. Without regular fee and expense reporting, LPs are unable to verify that these cash flows match the fees that were contractually agreed. While access to this reporting may be attainable through fund negotiations, this leaves basic transparency up to market forces, undermines existing investor protections, constrains capital formation, and disproportionately limits access for smaller institutional investors, including city and county pension plans, in the marketplace.

¹ ILPA is the voice of the institutional investors invested in private equity, colloquially known as Limited Partners or LPs. Our 550+ member institutions represent over USD 2 trillion in private equity assets under management globally and include public and private pension funds, insurance companies, university endowments, charitable foundations, family offices and sovereign wealth funds, all of which invest in the U.S. alternative investment market. LPs provide the capital that fuels private equity and venture capital investment, generating economic growth and job creation, across America and around the world.

In addition to providing this critical capital for economic growth, LPs are the trusted financial stewards investing the assets of millions of Americans. Limited partner beneficiaries include teachers, first responders, students receiving university scholarships, charity recipients and insurance policyholders, among others. ILPA is headquartered in Washington, D.C. with additional offices in Toronto, Ontario. For more information on ILPA's members, please visit: <http://www.ilpa.org/members>.

² Spreading Sunshine in Private Equity., U.S. Securities & Exchange Commission (May 6, 2014), available at: <https://www.sec.gov/news/speech/2014--spch05062014ab.html>

The urgent need for fee transparency rulemaking has been magnified by specific state laws in California and Texas³ requiring that public pensions in those states obtain certain private fund fee reporting, which may limit investment opportunities to those private funds from which they can negotiate this necessary level of transparency. Industry efforts, led by ILPA and its widely adopted Fee Template that was released in 2016, have helped coalesce the industry around a standard reporting framework, endorsed by over 130 private fund advisers and LPs, but many limited partners are still unable to receive this level of reporting across their portfolios.

The lengthy track record of SEC examinations and enforcement efforts on this issue, as well as the increased action at the state level, calls out for rulemaking action. **We believe the SEC should act under its existing authority in the Investment Advisers Act of 1940 to create a new rule under Section 206 requiring all private fund advisers to report all direct and indirect fees, carried interest, expenses and fee offsets charged by the adviser and its affiliates.**

The SEC should ensure this new rule is *principles based*, as opposed to creating a new SEC form or rigid template for fee reporting. This *principles-based* rule should also, at minimum, require private fund advisers to report all the fields in Level 2 of the ILPA Reporting Template⁴ and those required under AB 2833. A *principles-based* rule provides sufficient flexibility to ensure the level of transparency can accommodate market changes in the types of fees and fee offsets charged by private fund advisers and their affiliates without the need for continual SEC rulemaking to update a form or template in coming years. Given that the private funds industry is global in nature, a *principles-based* approach will also promote more widespread adoption beyond the use of a specific SEC template. While this may create the appearance of the risk of lack of uniformity in reporting, this can easily be addressed through ongoing staff guidance from the Division of Investment Management and dispensed through Division of Examinations Risk Alerts and SEC examination activities. Ultimately, we believe the industry will be incentivized to coalesce around a common industry standard for the sake of administrative simplicity and the SEC's guidance can be targeted to ensure that the types of fees and offsets charged are clearly delineated.

Sunlight and transparency are the hallmarks of the federal securities laws. It is time for the SEC to bring these principles to the private fund industry to ensure investors, and ultimately their beneficiaries, no longer must navigate incomplete, inconsistent, and misleading financial disclosure in this industry.

For additional questions regarding this issue, please contact ILPA's Senior Policy Counsel, Chris Hayes, at chayes@ilpa.org.

Sincerely,



Steve Nelson

Chief Executive Officer

Institutional Limited Partners Association (ILPA)

³ California Assembly Bill 2833 (2016); Texas Senate Bill 322 (2019).

⁴ ILPA Reporting Template, available at: <https://ilpa.org/reporting-template/>

ILPA Member Signatories:

David H. Nelsen, Chief Executive Officer, **Alameda County Employees' Retirement Association (ACERA)**

Angela Rodell, Chief Executive Officer, **Alaska Permanent Fund Corporation (APFC)**

Michael Viteri, Chief Investment Officer, **Arizona State Retirement System (ASRS)**

Marcie Frost, Chief Executive Officer, **California Public Employees' Retirement System (CalPERS)**

Christopher Ailman, Chief Investment Officer, **California State Teachers' Retirement System (CalSTRS)**

Carlton W. Lenior Sr., Executive Director & Interim Chief Investment Officer, **Public School Teachers' Pension and Retirement Fund of Chicago (CTPF)**

City of Fresno Retirement Systems

Scott M. Stringer, Comptroller, **Office of the Comptroller of the City of New York**

Amy McGarrity, Chief Investment Officer, **Colorado Public Employees' Retirement Association (PERA)**

J.P. Balestrieri, Executive Director, **District of Columbia Retirement Board (DCRB)**

J. Scott Simon, Chief Investment Officer, **Fire and Police Pension Association of Colorado**

E. Lamar Taylor, Interim Executive Director & CIO, **State Board of Administration of Florida (SBA)**

Jonathan Abshagen, President & COO, **GF Private Equity Group, LLC**

Angela Miller-May, Chief Investment Officer, **Illinois Municipal Retirement Fund (IMRF)**

Michael W. Frerichs, **Illinois State Treasurer**

Scott Davis, Chief Investment Officer, **Indiana Public Retirement System (INPRS)**

Karl Koch, Chief Investment Officer, **Iowa Public Employees' Retirement System (IPERS)**

Rod June, Chief Investment Officer, **Los Angeles City Employee Retirement System (LACERS)**

Jonathan Grabel, Chief Investment Officer, **Los Angeles County Employee Retirement Association (LACERA)**

Ray Joseph, Chief Investment Officer, **Los Angeles Fire and Police Pensions (LAFPP)**

Mansco Perry, Executive Director & Chief Investment Officer, **Minnesota State Board of Investment (SBI)**

Steven K. Moise, State Investment Officer, **State of New Mexico State Investment Council (SIC)**

Matthew Worley, Deputy Executive Director - Investments & Chief Investment Officer, **State Teachers Retirement System of Ohio (STRS Ohio)**

Kirk Stebbins, Chief Investment Officer, **Teachers' Retirement System of Oklahoma**

Rex Kim, Chief Investment Officer, **Oregon State Treasury**

James H. Grossman Jr., Chief Investment Officer, **Commonwealth of Pennsylvania, Public School Employees' Retirement System (PSERS)**

Andrew Junkin, Chief Investment Officer, **Employees' Retirement System of the State of Rhode Island (ERSRI)**

Jay Huish, Executive Director, **San Francisco City and County Employees' Retirement System**

Prabhu Palani, Chief Investment Officer, **San Jose Federated City Employees' Retirement System & San Jose Police and Fire Department Retirement Plan**

Jeff Davis, Executive Director, **Seattle City Employee Retirement System (SCERS)**

Michael Hitchcock, Chief Executive Officer, **South Carolina Retirement System Investment Commission (RSIC)**

Jagdeep Singh Bachher, Chief Investment Officer & Vice President of Investments, **UC Investments (The Regents of the University of California)**

Utah Retirement Systems (URS)

Dan Gallagher, Chief Investment Officer, **Ventura County Employees' Retirement Association**

Ronald Schmitz, Chief Investment Officer, **Virginia Retirement System (VRS)**

Allyson Tucker, Chief Investment Officer, **Washington State Investment Board (WSIB)**

Craig Slaughter, Chief Investment Officer, **West Virginia Investment Management Board (WVIMB)**

Edwin Denson, Executive Director & Chief Investment Officer, **State of Wisconsin Investment Board (SWIB)**

Sam Masoudi, Chief Investment Officer, **Wyoming Retirement System**

cc:

Commissioner Caroline A. Crenshaw

Commissioner Allison Herren Lee

Commissioner Hester M. Peirce


Commissioner Elad L. Roisman


Acting Division Director, Division of Investment Management, Sarah ten Siethoff

FOR INFORMATION ONLY

November 9, 2021

TO: Trustees – Board of Investments

FROM: Esmeralda del Bosque 
Acting Principal Investment Officer

Mel Tsao 
Senior Investment Analyst

FOR: November 17, 2021 Board of Investments Meeting

SUBJECT: **BLACKROCK INCIDENT REPORT – JULY 2021**

This memo is to inform Trustees of a data security incident at BlackRock Institutional Trust Company, N.A. (“BlackRock”) concerning LACERA.

In July 2020, LACERA closed its Russell 3000 Index fund account with BlackRock as part of a global equity transition that consolidated global equity index fund exposure to separate accounts managed by State Street Global Advisors and J.P. Morgan. During BlackRock’s account closing process, BlackRock engaged an external auditor to examine closed accounts for outstanding payables and receivables. In the course of that review, on October 26, 2021, BlackRock’s auditor inadvertently sent an email with an attachment containing client data to one of BlackRock’s third-party banks. The attached file included one item of LACERA’s data: A residual cash line for July 2020 from the closed account. Please note that closed accounts are reviewed at least a year after all securities are sold or transitioned to transfer any potential residual balances back to the Fund.

BlackRock learned of the incident from their auditor the following day. Immediately upon learning about the disclosure, BlackRock confirmed, with the unintended recipient, that the email and attachment were permanently deleted and not further disseminated in any way.

On October 29, 2021, BlackRock notified LACERA of the incident. Members of the Global Equity team had a follow-up conversation with BlackRock to further discuss details of the matter. On that call, it was confirmed that there was no direct financial impact from the disclosure as it was related to a closed account with a zero market value. BlackRock also shared that their firm and their external auditor have added measures to improve their internal controls and procedures.

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer



FOR INFORMATION ONLY

October 29, 2021

TO: Trustees – Board of Investments

FROM: Ted Granger 
Interim Chief Financial Officer

FOR: November 17, 2021 – Board of Investments Meeting

SUBJECT: **Semi-Annual Interest Crediting for Reserves as of June 30, 2021 (AUDITED)**

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

The semi-annual interest crediting rate applicable for this cycle, June 30, 2021, was 3.50% (i.e., one-half of the 7.00% annual rate). The Board approved a reduction in the investment return assumption from 7.25% to 7.00% in January 2020. The new assumed rate of return and corresponding employer and employee contribution rates were implemented with the March 2020 Board's action to adopt the June 30, 2019 actuarial valuation.

The Retirement Benefit Funding Policy stipulates that interest credits for Reserve accounts are allocated in the same priority order as the allocation of actuarial assets. Such interest credits are allocated based on Realized Earnings for the six-month period.

As of June 30, 2021, there were sufficient Realized Earnings to meet the required interest credit rates for Priority 1, the Member Reserve, through Priority 5, the Employer Reserve. In as much as there were no balances in the Advanced Employer Contributions Reserve and the County Contribution Credit Reserve at the beginning of the fiscal year, the remaining realized earnings were applied to Priority 6, the Contingency Reserve.

The table below depicts the actual interest credit allocations for the six-month period ended June 30, 2021.

Priority Order	Reserve Account	Interest Credit Rate Applied
1	Member	3.50%
2	Advanced Employer Contributions	N/A
3	Employer	3.50%
4	County Contribution Credit	N/A
5	Employer	3.50%
6	Contingency Reserve	0.16%

REVIEWED AND APPROVED:



Santos H. Kreimann
Chief Executive Officer

Interest Credit Rate Jun 2021 (Audited).doc
SHK:tg:mh

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

FOR INFORMATION ONLY

November 6, 2021

TO: Trustees,
Board of Investments

FROM: Christine Roseland *CR*
Senior Staff Counsel

FOR: November 17, 2021 Board of Investments Meeting

SUBJECT: **Legal Projects**

Attached is the monthly report on the status of Board-directed investment-related projects handled by the Legal Division as of November 17, 2021.

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
Soo Park
Margo McCabe
Lisa Garcia



LACERA Legal Division
Board of Investments Projects
Monthly Status Report - Pending as of November 6, 2021



	Project/ Investment	Description	Amount	Board Approval Date	Completion Status	% Complete	Notes
FIXED INCOME	BlackRock Institutional Trust Company, N.A.	Transition Agreement for Long-Term U.S. Treasury Bonds	\$1,500,000,000	October 13, 2021	In Progress	<div><div></div></div> 50%	Legal negotiations in process.
HEDGE FUNDS	Innocap	Engagement Agreement	N/A	March 10, 2021	In Progress	<div><div></div></div> 90%	Legal negotiations in process.
PRIVATE EQUITY	Atlantic Street Capital V, L.P.	Subscription	\$150,000,000	September 8, 2021	Completed	<div><div></div></div> 100%	Completed.
REAL ASSETS	Smart Infrastructure Capital Partners Fund, L.P.	Subscription	\$500,000,000	July 14, 2021	In Progress	<div><div></div></div> 10%	Legal negotiations in process.

FOR INFORMATION ONLY

October 20, 2021

TO: Each Trustee
Board of Retirement
Board of Investments

FROM: Ted Granger 
Interim Chief Financial Officer

FOR: November 3, 2021 Board of Retirement Meeting
November 17, 2021 Board of Investments Meeting

SUBJECT: **MONTHLY TRAVEL & EDUCATION REPORT – SEPTEMBER 2021**

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 September 2021. Staff travel and education is not included in this report and will be reported to the Chief Executive Officer separately.

REVIEWED AND APPROVED:



Santos H. Kreimann
Chief Executive Officer

TG/EW/krh

Attachments

c: L. Lugo
J. Popowich
L. Guglielmo
J. Gabel
S. Rice
J. Beasley

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

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
Vivian Gray			
A	1 Edu - NCPERS 2021 Public Pension Funding Forum - New York, NY	08/22/2021 - 08/24/2021	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
David Green			
X	- Edu - 2021 CII Fall Conference - Chicago, IL	09/22/2021 - 09/24/2021	Host Canceled
Patrick Jones			
V	- Edu - SACRS Public Pension Investment Management Program - VIRTUAL	07/13/2021 - 07/22/2021	Attended
X	- Edu - Duke University Executive Education Program - Corporate Social Responsibility - Durham, NC	09/23/2021 - 09/25/2021	Host Canceled
Joseph Kelly			
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
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
Gina Sanchez			
V	- Edu - 2021 CII Fall Conference - VIRTUAL	09/22/2021 - 09/24/2021	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
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

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**

