



Board of Administration Agenda

REGULAR MEETING
TUESDAY, APRIL 9, 2019
TIME: 10:00 A.M.

MEETING LOCATION:
LACERS Ken Spiker Boardroom
202 West First Street, Suite 500
Los Angeles, California 90012-4401

Live Board Meetings can be heard at: (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside), and (310) 547-CITY (San Pedro Area).

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at (213) 473-7169.

President:	Cynthia M. Ruiz
Vice President:	Elizabeth L. Greenwood
Commissioners:	Elizabeth Lee Sandra Lee Nilza R. Serrano Sung Won Sohn Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghokassian
Legal Counsel:	City Attorney's Office Retirement Benefits Division

- I. PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION
- II. [APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF MARCH 26, 2019 AND POSSIBLE BOARD ACTION](#)
- III. BOARD PRESIDENT VERBAL REPORT
- IV. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
- V. RECEIVE AND FILE ITEMS
 - A. [BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER](#)

- B. [MARKETING CESSATION NOTIFICATION](#)
- VI. COMMITTEE REPORT(S)
 - A. AUDIT COMMITTEE VERBAL REPORT ON THE MEETING OF MARCH 26, 2019
- VII. BENEFITS ADMINISTRATION
 - A. [BOARD EDUCATION: KAISER PERMANENTE OVERVIEW](#)
- VIII. BOARD/DEPARTMENT ADMINISTRATION
 - A. [DELEGATION OF CERTIFICATION AUTHORITY TO THE GENERAL MANAGER FOR STAFF-RELATED TRAVEL AND POSSIBLE BOARD ACTION](#)
- IX. INVESTMENTS
 - A. CHIEF INVESTMENT OFFICER VERBAL REPORT
 - B. [PRESENTATION BY TORREYCOVE, LLC REGARDING PRIVATE EQUITY INVESTMENT MANAGEMENT](#)
 - C. [CONSIDERATION OF U.N. PRINCIPLES FOR RESPONSIBLE INVESTMENT SIGNATORY AND POSSIBLE BOARD ACTION](#)
- X. DISABILITY RETIREMENT APPLICATION(S)
 - A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF STANLEY BARR AND POSSIBLE BOARD ACTION**
- XI. OTHER BUSINESS
- XII. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, April 23, 2019 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.
- XIII. ADJOURNMENT

MINUTES OF THE REGULAR MEETING
BOARD OF ADMINISTRATION
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

LACERS Ken Spiker Boardroom
202 West First Street, Fifth Floor
Los Angeles, California

March 26, 2019

10:04 a.m.

Agenda of: Apr. 9, 2019

Item No: II

PRESENT:	President:	Cynthia M. Ruiz
	Vice President:	Elizabeth L. Greenwood
	Commissioners:	Elizabeth Lee Nilza R. Serrano Sung Won Sohn Michael R. Wilkinson
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
	Legal Counsel:	Anya Freedman
ABSENT:	Commissioner:	Sandra Lee

The Items in the Minutes are numbered to correspond with the Agenda.

I

PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION – President Ruiz asked if there were any persons who wished to speak on matters within the Board's jurisdiction, to which there was no response and no public comment cards were received.

II

APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF MARCH 12, 2019 AND POSSIBLE BOARD ACTION – A motion to approve the Regular Board Meeting minutes of March 12, 2019 was moved by Vice President Greenwood, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Serrano, Sohn, Wilkinson, Vice President Greenwood, and President Ruiz -6; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz encouraged staff keep up the good work.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager discussed the following items:
- Overview of C40 Divest-Invest Workshop.
 - Preliminary budget being presented to the Board.
 - Cultural Competency training for all LACERS staff.
 - LACERS providing Transparent California with requested reports.
 - Request from CAO regarding Neighborhood Council Budget Advocates for calendar year 2016.
 - Controller's Office audit on excess benefits provided to LACERS with recommendations.
 - LACERS Wellness Extravaganza at California Endowment on March 28, 2019.
 - Recognized Karen Freire, Ferralyn Sneed, Ann Seales, and Taneda Larios for leading the efforts to prepare staff; including coordinating mock interviews for the Management Analyst exam.
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, stated the following future agenda items:
- April 9, 2019 Board – Board training on retiree health program on Kaiser health plans.

V

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR FEBRUARY 2019 – The report was received by the Board and filed.

VI

Vice President Greenwood left the Regular Meeting at 11:01 a.m.

BOARD/DEPARTMENT ADMINISTRATION

- A. PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2019-20 AND POSSIBLE BOARD ACTION – Dale Wong-Nguyen, Chief Benefits Analyst with Administrative Services, presented this item to the Board. Commissioner Serrano moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Serrano, Sohn, Wilkinson, and President Ruiz -5; Nays, None.

VII

CONSENT AGENDA

- A. TRAVEL AUTHORITY – RODNEY JUNE, CHIEF INVESTMENT OFFICER; CEM INVESTMENT BENCHMARKING CLIENT WORKSHOP, TORONTO, CANADA; APRIL 3 – 4, 2019, AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the following Resolution:

**TRAVEL AUTHORITY
CEM BENCHMARKING CLIENT WORKSHOP
APRIL 3-4, 2019
TORONTO, CANADA**

RESOLUTION 190326-A

WHEREAS, Board approval is required for all international travel requests;

WHEREAS, the CEM Benchmarking Client Workshop in Toronto, Canada is international travel, and therefore requires approval;

WHEREAS, the request to attend the CEM Benchmarking Client Workshop, a professional and educational conference which requires international travel, conforms to the LACERS Strategic Plan Board Governance Goal of upholding good governance practices which affirm transparency, accountability, and fiduciary duty;

THEREFORE, BE IT RESOLVED, that Rodney June, Chief Investment Officer is hereby authorized to attend the CEM Benchmarking Client Workshop on April 3-4, 2019, in Toronto, Canada;

BE IT FURTHER RESOLVED, that the reimbursement of up to \$2,000 for Rodney June, Chief Investment Officer is hereby authorized for reasonable expenses in connection with participation and will be applied to the 2018-19 Fiscal Year budget.

Which motion was seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Serrano, Sohn, Wilkinson, and President Ruiz -5; Nays, None.

VIII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$17.254 Billion as of March 25, 2019. Mr. June discussed the following items:
- Investment Committee looked at Private Credit RFP finalists at the March 12, 2019 Investment Committee Meeting. Staff will conduct due diligence as next step.
 - Active Small Cap Equities and Bank Loans High Yield Searches are due April 12, 2019.
 - Emerging Market Debt, Emerging Manager Small Cap, and Core Fixed Income Searches are upcoming.
 - Two core fixed income managers are on the watch list due to underperformance.
 - Staff attending Emerging Manager Conference sponsored by National Association of Securities Professionals on March 28, 2019 in Downtown, Los Angeles.
 - Investment Division held an Open House on March 19, 2019 for all LACERS staff to attend.
 - Investment Officer II Wilkin Ly promoted to Investment Officer III.

President Ruiz adjourned the Regular Meeting at 11:30 a.m. for a break and reconvened the Regular Meeting at 11:37 a.m.

- B. PRESENTATION BY CII REGARDING ESG INVESTING – Ken Bertch with CII presented this item to the Board.
- C. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW REPORT FOR THE QUARTER ENDING DECEMBER 31, 2018 – Carolyn Smith, Partner with NEPC, presented this item to the Board.
- D. REAL ESTATE FISCAL YEAR 2019-20 STRATEGIC PLAN AND POSSIBLE BOARD ACTION – Eduardo Park, Investment Officer I with Investments Division, Jennifer Young-Stevens, Partner and Felix Fels, Investment Associate with Townsend Group presented this item to the Board. Commissioner Serrano moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Serrano, Sohn, Wilkinson, and President Ruiz -5; Nays, None.

Items XI-A, XI-B, and XII taken out of order.

XI

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF MARCH 12, 2019 – Commissioner Sohn reported that the Committee was presented with the Semi-Finalists of the Private Credit Investment Manager Search, Real Estate Strategic Plan, and a Closed Session item.
- B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE MEETING OF MARCH 26, 2019 – Commissioner Wilkinson reported that the Committee was presented with the 2020 Health Plan Contract Renewal Timeline and Health Plan Financial Dashboards.

XII

OTHER BUSINESS – Commissioner Serrano stated that she has received emails and phone calls regarding the LACERS Active Member Election campaign.

President Ruiz adjourned the Regular Meeting at 12:52 p.m. to convene in Closed Session.

VIII

- E. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER THE SALE OF ONE PARTICULAR, SPECIFIC PENSION FUND INVESTMENT AND POSSIBLE BOARD ACTION**

IX

DISABILITY RETIREMENT APPLICATION(S)

- A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF ELAINE BUTLER AND POSSIBLE BOARD ACTION**

X

- A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.8 TO CONFER WITH REAL PROPERTY NEGOTIATOR AND POSSIBLE BOARD ACTION**

PROPERTY: 202 WEST FIRST STREET, LOS ANGELES, CA 90012; AGENCY NEGOTIATORS: JAMES N. TRAVERS, DENNIS SMITH NEGOTIATING PARTIES: LACERS, ONNI TIMES SQUARE UNDER NEGOTIATION: PRICE AND TERMS OF PAYMENT FOR PROPOSED LEASE

- B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (D)(4) TO CONFER WITH AND RECEIVE ADVICE FROM LEGAL COUNSEL REGARDING INITIATION OF LITIGATION (ONE CASE) AND POSSIBLE BOARD ACTION**

President Ruiz reconvened the Regular Meeting at 1:46 p.m. and announced that the Board unanimously approved the Disability Retirement Application of Elaine Butler and met with the real property negotiator.

XIII

NEXT MEETING – The next Regular meeting of the Board is scheduled for Tuesday, April 9, 2019 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XIV

ADJOURNMENT – There being no further discussion before the Board, President Ruiz adjourned the meeting at 1:47 p.m.

Cynthia M. Ruiz
President

Neil M. Guglielmo
Manager-Secretary

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM V-A

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

SERVICE RETIREMENTS

<u>Member Name</u>	<u>Service Department</u>	<u>Classification</u>
Arroyo, Felix John	12 Dept. of Bldg. & Safety	Build Mech Inspector
Berggren, Barry Gordon	36 PW - Sanitation	Sanitation Wstwater Mgr
Bieganski, Paul L	16 GSD - Fleet Services	Equip Mechanic
Brooks, Kenneth R	30 PW - Sanitation	Ref Coll Truck Oper
Camello, Francesco	10 Police Dept. - Civilian	Security Officer
Campos, Teresa Pena	28 LA Housing Dept.	Sr Mgmt Analyst
Carrasco, Ricardo	37 PW - Contract Admin	Sr Administrative Clerk
Che, Paul Shih Kang	16 Dept. of Transportation	Traf Officer
Cheng, Patricia Pai Li	30 PW - Engineering	Pr Civil Engineer
Choi, Myung Suk	37 PW - Engineering	Sr Real Estate Officer
Claiborne, Nancy Louise	36 Police Dept. - Civilian	Hearing Reporter
Colleran, James J	38 PW - St. Lighting	St Ltg Electrcn
Contreras, Madeline M.	31 Police Dept. - Civilian	Sr Property Officer
Cox, Brian E	29 Dept. of Rec. & Parks	Sr Recreation Dir
Cuevas, Jose	33 Police Dept. - Civilian	Police Service Rep
Curup, Sara E	35 Library Dept.	Administrative Clerk
De Leon, Roberto	30 Dept. of Airports	Airport Engineer
Desverney, David L	18 Dept. of Airports	Custodian Airport
Dickson, Clifford Ray	30 GSD - Bldg. Fac Mgmt.	Custodian
Doris, Richard P	30 Police Dept. - Civilian	Sr Automotive Supvr
Ehrlich, Virginia A	23 Dept. of Airports	Carpenter Supvr
Fair, Jeremy Alan	10 Harbor Dept.	Heavy Duty Equip Mech
Field, Tracie L	30 Dept. of Rec. & Parks	Sr Recreation Dir
Flores, Frank	34 GSD - Fleet Services	Heavy Duty Equip Mech
Frazier, Kevin Dewayne	30 PW - Resurf & Reconstr	Equipmnt Operator
Garcia, Noemi	38 Police Dept. - Civilian	Administrative Clerk
Gipson Conerly, Rhonda F.	20 Dept. of Airports	Custodian Airport
Gutierrez, Gabriel Robert	18 Harbor Dept.	Delivery Driver
Gutierrez, Juan Jose	12 Dept. of Rec. & Parks	Sr Gardener
Hanami Cummings, Lynn C	31 PW - Engineering	Envrmtl Engrg Assc
Hannum, Fred James	30 Dept. of Bldg. & Safety	Build Mech Inspector
Hernandez, Daniel	25 Dept. of Rec. & Parks	Sr Gardener
Herron, Stephanie Lorraine	31 Police Dept. - Civilian	Sr Mgmt Analyst
Hughes, Lisa Ann	35 City Attorney's Office	Exec Legal Secretary
Huizar, Jose	10 GSD - Fleet Services	Welder
Juan, Venus Rosa Dela	35 Police Dept. - Civilian	Sr Administrative Clerk

Kanu, Sam James	39 Dept. of Transportation	Transp Engrg Assc
Kwong, Virginia	30 City Attorney's Office	Pr Clerk City Atty
Lage, Adriana	3 Dept. of Rec. & Parks	Special Prog Asst
Lairson, Terry Allen	10 GSD - Bldg. Svcs.	Plumber Supervisor
Lemus, Raul Aguirre	30 Personnel Dept.	Asst Gm Personnel Dept
Levy, Julius E	29 Dept. of Airports	Airport Police Ofcr
Lin, Ding Jen	31 ITA	Systems Programmer
Lincoln, David	29 GSD - Bldg. Fac Mgmt.	Ch Custodian Supvr
Lind, William D	10 PW - Contract Admin	Constr Inspector
Loreto, Zenaida F	19 LA Housing Dept.	Administrative Clerk
Lystarczyk, Jerry Thomas	16 Dept. of Transportation	Commun Info Rep
Ma, Chi Chia	20 ITA	Programmer/Analyst
Maalouf, Elie N	36 Dept. of Bldg. & Safety	Build Electrcl Engr
Mack, Darryl E	31 Dept. of Rec. & Parks	Electrician Supv
Madison, Emanuel	35 PW - Sanitation	Ref Coll Truck Oper
Malvino, Richard J	19 GSD - Printing Revolving	Pre-Press Operator
Marquez, Louis A	31 Zoo Dept.	Irrigation Specialist
Marquez, Paul A	35 PW - Sanitation	W/Wtr Trmt Elec
Mcelhaney, Todd	30 Harbor Dept.	Painter Supvr li Harbor
Merriweather, Marion L	18 Dept. of Airports	Maint & Constr Helper
Mora, Gerardo D	10 Dept. of Rec. & Parks	Electrician
Morales, Jaime	24 Dept. of Rec. & Parks	Park Ranger
Mullins, William F	20 PW - Street Use	Sr Administrative Clerk
Nademlynsky, Jan	15 PW - Solid Resource	Ref Coll Truck Oper
Nguyen, Hung Gia	28 Police Dept. - Civilian	Equipmnt Mechanic
Nguyen, Quan Anh	33 PW - Sanitation	W/Wtr Trmt Oper
Nishina, Wesley Haruo	5 ITA	Commun Engrg Assoc
Odegaard, John Ingvar	39 ITA	Sr Commun Electrician
Orshan, Victor Z	29 PW - Engineering	Survey Party Chief
Patton, Vicki L	38 Dept. of Airports	Accounting Clerk
Pegues, Morris D	16 PW - Contract Admin	Constr Inspector
Perelman, Glen Geoffrey	14 Police Dept. - Civilian	Administrative Clerk
Perez, Ademar	30 Dept. of Rec. & Parks	Gardener Caretaker
Perez, Jaime Ramon	20 Police Dept. - Civilian	Sr Detention Officer
Pobanz, Mark Alan	30 PW - Sanitation	W/Wtr Trmt Oper
Polee, Alan Lynn	30 Dept. of Rec. & Parks	Truck Operator
Rago, John T	30 ITA	Commun Engrg Assoc
Rangel, Sandra	31 ITA	Systems Programmer
Rendon, Joy P	34 City Attorney's Office	Legal Secretary
Riebeling, Michelle A	18 Emerg Prep Dept	Emergency Mgt Coord
Rowghani, Morteza	39 Harbor Dept.	Harbor Engineer
Salgado, Oscar D	14 Dept. of Bldg. & Safety	Build Mech Inspector
San Juan, Del C	30 City Attorney's Office	Deputy City Atty
Schilling, Louis Steven	17 Police Dept. - Civilian	Automotive Supervisor

Schwartzman, Rachelle M.	21 Library Dept.	Librarian
Shahmirzadi, Reza	34 PW - Engineering	Pr Civil Engineer
Sibille, Warren Todd	24 Office of Finance	Tax Complnce Ofcr
Siegel, Maureen R	42 City Attorney's Office	Sr Asst City Atty
Smith, Jerome M	30 Dept. of Airports	Airport Police Sgt
Staar, Greg M	32 Dept. of Airports	Airport Police Captain
Stewart, Thomas	33 Harbor Dept.	Port Electrical Mechanic
Thomas, Louyda	21 Police Dept. - Civilian	Detention Officer
Torres, Jose E	30 PW - Lot Cleaning	Equipmnt Operator
Vanegas, Maria R	30 PW - St. Lighting	St Ltg Engrg Assc
Vaughn, Monica D	10 Dept. of Airports	Security Officer
Villalobos, Ralph D	30 Dept. of Bldg. & Safety	Heating/Refrig Insp
Villanueva, Ramon	30 Dept. of Airports	Window Cleaner/Airport
Weaver, Eric	29 Dept. of Transportation	Administrative Clerk
Wellik, Lisa K	32 Dept. of Airports	Sr Mgmt Analyst
West, Judy A	8 Dept. of Rec. & Parks	Recreation Asst
Will, Cheryl Ann	35 Police Dept. - Civilian	Supvsg Criminalist
Williams, Hubert	32 PW - Solid Resource	Ref Coll Truck Oper
Wolde Giorgis, Hailu	17 Dept. of Transportation	Transp Planning Assc
Wright, Levon	39 PW - Solid Resource	Ref Coll Truck Oper
Young, Scott Dayton	30 Dept. of Animal Svcs.	Animal Care Tech
Zapata, Wilfredo	30 Dept. of Airports	Constr Inspector

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM V-A

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

Approved Death Benefit Payments

Deceased

Beneficiary/Payee

TIER 1

Asberry, Charlotte

Kyle M Asberry for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Trent Dwayne Asberry for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Barrios, Alfred

Martha Helen Barrios for the payment of the
Accrued But Unpaid Service Retirement Allowance

Tiffany Marta Lacayanga for the payment of the
Burial Allowance

Birkenbach, Adam S

Angela Birkenbach for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Brown, John

Citrus Nursing Center for the payment of the
Accrued But Unpaid Service Retirement Allowance

Brown, Juanita

Charles Ray Brown for the payment of the
Burial Allowance

Chu, Chao Fong	Dorothy Mi Wong for the payment of the Accrued But Unpaid Continuance Allowance
Clayton, Geraldine Foster	Lloydine Outten for the payment of the Accrued But Unpaid Service Retirement Allowance
Cole, Carolyn Kozo	Christopher Thomas Kozo for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Justine Marie Kozo for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Davis, Ralph R	Alfreda Davis for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Drazich, Mike D	Stana P Drazich for the payment of the Burial Allowance
Dunn, Richard E	Gladys Oneta Smith for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Fernandez, Nancy I	Melodee Fernandez-Lukas for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Gulla, Timothy	Sheryl Ann Gulla-Miller for the payment of the Burial Allowance

Gutierrez, Andrew P

Esther S Gutierrez for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Harris, Richard

Elizabeth V Harris for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Harvey, Lelila

Wendell Harvey for the payment of the
Accrued But Unpaid Continuance Allowance

Helfeld, Edward

Ruth Erica Helfeld for the payment of the
Accrued But Unpaid Continuance Allowance

Hickman, Emily M

Christine Beatrice Hickman for the payment of the
Accrued But Unpaid Disability Continuance Allowance

Joko, Doris T

Michael Tadashi Joko for the payment of the
Accrued But Unpaid Continuance Allowance

Susan Teiko Masada for the payment of the
Accrued But Unpaid Continuance Allowance

Kelly Tobin, Karen A

John Carleton Tobin for the payment of the
Accrued But Unpaid Vested Retirement Allowance
Burial Allowance

Lambert, Gene C

Janice Leah Lambert for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Liberty, Ivory	William Liberty for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance
Louis, Grace Francis	Lisa Grace Morris for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Markarian, Bobby	Andrew Edward Kaiser for the payment of the Accrued But Unpaid Service Retirement Allowance Antoinette Kaiser for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Mccoy, Clara J	Latricia P Kelly for the payment of the Accrued But Unpaid Continuance Allowance
Mcvey, Kenneth G (Deceased Active)	Jacqueline D Mcvey for the payment of the Accumulated Contributions
Mitchell, Patricia	Craig Stephen Mitchell for the payment of the Accrued But Unpaid Disability Continuance Allowance Burial Allowance Lori Jill Murphy for the payment of the Burial Allowance
Mitchell, Sheronda Patrice	James Earl Mitchell for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Othello, Fitzgerald

David Angelo Scott for the payment of the
Accrued But Unpaid Larger Annuity Allowance
Accrued But Unpaid Service Retirement Allowance

Emmanuel Samuel Scott for the payment of the
Accrued But Unpaid Larger Annuity Allowance
Accrued But Unpaid Service Retirement Allowance

Ovesny, Kenny

Rosie Rojas Ovesny for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Palardy, Michael F

Lana Lou Palardy for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Parkhurst, Ruth Marie
(Deceased Active)

Ruth Marie Parkhurst Living Trust for the payment of the
Accumulated Contributions

Perry, John O

Lashon R McClain-Rayford for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Reed, Johnetta B
(Deceased Active)

Jordan Ladel Reed for the payment of the
Limited Pension

Rejino, David

David Kevin Rejino for the payment of the
Accrued But Unpaid Larger Annuity Allowance
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Keith Garrett Rejino for the payment of the
Accrued But Unpaid Larger Annuity Allowance
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Rivera, Pedro

Charla Anne Rivera for the payment of the
Accrued But Unpaid Disability Retirement Allowance
Burial Allowance

Roldan, Sederio R

Mary Ann T Domingo for the payment of the
Accrued But Unpaid Service Retirement Allowance

Rudy, James G

Jeffrey Samuel Rudy for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Runnel, Roscoe

Betty Lee Runnel for the payment of the
Accrued But Unpaid Service Retirement Allowance

Lisa Danielle Page for the payment of the
Burial Allowance

Sehlmeyer, George W P

Karin Fladwed Sehlmeyer for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Thompson, Keith E Shannon Lea Taylor for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance
Unused Contributions

Tomboc, Sally L Martina Tomboc-Tuttle for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance
Unused Contributions

Tyler Smith, D J Charles W Tyler Smith for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Van Alstine, Fransetta J Donna Marie Thorne for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Wakefield, Ann Steven Wakefield for the payment of the
Accrued But Unpaid Continuanace Allowance

Waters, James F Barbara Ann Roshay for the payment of the
Accrued But Unpaid Continuanace Allowance

Welland, Virginia G Gail Irene Langford for the payment of the
Accrued But Unpaid Continuanace Allowance

Gary Clifton Welland for the payment of the
Accrued But Unpaid Continuanace Allowance

Yarzab, Leon

Alice Mae Yarzab for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

TIER 3

N/A



Agenda of: APRIL 9, 2019

Item No: V-B

MARKETING CESSATION REPORT NOTIFICATION TO THE BOARD

The Board's Marketing Cessation Policy was adopted in order to prevent and avoid the appearance of undue influence on the Board or any of its Members in the award of investment related and other service contracts. Pursuant to this Policy, this notification procedure has been developed to ensure that Board Members and staff are regularly apprised of firms for which there shall be no direct marketing discussions about the contract or the process to award it; or for contracts in consideration of renewal, no discussions regarding the renewal of the existing contract.

Firms listed in Attachments 1 and 2 are subject to limited communications with Board Members and staff pursuant to the Policy and will appear and remain on the list, along with the status, from the first publicized intention to contract for services through the award of the contract. Lists of current LACERS' contracts are on file in the Board office and are available upon request.

Attachments: 1) Contracts Under Consideration for Renewal
2) Active RFPs and RFQs

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
 CONTRACTS LIST FOR THE APRIL 9, 2019 BOARD MEETING

ATTACHMENT 1

CONTRACTS UNDER CONSIDERATION FOR RENEWAL

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
						START	END
INVESTMENTS/ADMINISTRATIVE SERVICES							
1	CEM Benchmarking	Benchmarking Services	Pending	Pending	Board approved investment benchmarking services on 2/26/19. Combining with Pension Benchmarking Services.	11/26/2018	5/26/2019
ADMINISTRATIVE SERVICES							
2	Cresa	Real Estate Services	Pending	Pending	Board awarded new contract on 11/28/2017; Contract under review for execution.	10/1/2017	6/1/2019
CITY ATTORNEY							
3	Bernstein Litowitz & Grossman	Litigation	Pending	Pending	Board approved engaging firm on 11/13/18; Contract in process of execution.	7/23/2018	1/30/2019
HEALTH BENEFITS ADMINISTRATION							
4	Anthem 2019	Medical HMO & PPO	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	9/30/2018	3/31/2019
5	Kaiser 2019	Medical HMO	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	9/30/2018	3/31/2019
6	SCAN 2019	Medical HMO	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	9/30/2018	3/31/2019

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ATTACHMENT 1
 CONTRACTS LIST FOR THE APRIL 9, 2019 BOARD MEETING

CONTRACTS UNDER CONSIDERATION FOR RENEWAL

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
						START	END
HEALTH BENEFITS ADMINISTRATION (CONTINUED)							
7	United Healthcare 2019	Medical HMO	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	9/30/2018	3/31/2019
8	Delta Dental 2019	Dental PPO and HMO	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	9/30/2018	3/31/2019
9	Anthem Blue View Vision 2019	Vision Services Contract	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	9/30/2018	3/31/2019

***RESTRICTED PERIOD**

Start Date - The estimated start date of the restricted period is three (3) months prior to the expiration date of the current contract. No entertainment or gifts of any kind should be accepted from the restricted source as of this date. Firms intending to participate in the Request for Proposal process are also subject to restricted marketing and communications.

End Date - The estimated end date of the restricted period is three (3) months following the expiration date of the current contract. For investment-related contracts, the estimated end date is normally six (6) months following the expiration of the current contract. For health carrier contracts, the estimated end date is normally one (1) year following the expiration of the current contract. Estimated dates are based on contract negotiation periods from prior years.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ATTACHMENT 2
 CONTRACTS LIST FOR THE APRIL 9, 2019 BOARD MEETING

ACTIVE RFPs AND RFQs*

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES
INVESTMENTS		
1	Private Credit Mandate Search	RFP Release Date: December 10, 2018
		Submission Deadline: January 18, 2019
		Status: Alcentra Limited; Bain Capital Credit, LP; Benefit Street Partners L.L.C.; Crescent Capital Group LP; Monroe Capital LLC; and THL Credit Advisors LLC approved by Investment Committee as semi-finalists for further due diligence.
		List of Respondents: Alcentra Limited, Barings LLC, MB Global Partners, LLC, Backcast Partners Management LLC, BlackRock, Inc., CLSA Capital Partners (HK) Limited, Cross Ocean Adviser LLP, Clearwater Capital Partners (Fiera Capital Corporation), Guggenheim Partners, LLC, Goldman Sachs Asset Management, L.P., Pemberton Capital Advisors LLP, Kayne Anderson Capital Advisors, L.P., Maranon Capital, L.P., Bain Capital Credit, LP, Breakwater Management LP, Carlyle Global Credit Investment Management L.L.C., Crescent Capital Group LP, MV Credit Partners LLP, New Mountain Capital, LLC, Park Square Capital USA LLC, Tor Investment Management (Hong Kong) Limited, AlbaCore Capital LLP, Muzinich & Co., Inc., Kartesia Management S.A., Medalist Partners, LP, NXT Capital Investment Advisers, LLC, Owl Rock Capital Partners, PennantPark Investment Advisers, PIMCO Investments LLC, Deerpath Capital Management, LP, Brightwood Capital Advisors, Magnetar Capital LLC, MC Credit Partners LP, Oaktree Capital Management, L.P., THL Credit Advisors LLC, White Oak Global Advisors, LLC, Benefit Street Partners L.L.C., EntrustPermal / Blue Ocean GP LLC, Willow Tree Credit Partners LP, Monroe Capital LLC, Runway Growth Capital LLC, Stellus Capital Management, LLC
2	U.S. Small Cap Equities Mandate Search	RFP Release Date: February 25, 2019
		Submission Deadline: April 12, 2019
		Status: In progress List of Respondents: N/A
3	High Yield Fixed Income and Hybrid High Yield Fixed Income / U.S. Floating Rate Bank Loan Mandate Search	RFP Release Date: February 25, 2019
		Submission Deadline: April 12, 2019
		Status: In progress List of Respondents: N/A
4	Outside Health Law and Data Privacy Counsel	RFP Release Date: January 7, 2019
		Submission Deadline: January 28, 2019
		Status: In progress List of Respondents: Clark Hill PLC, Foley & Lardner LLP, Groom Law Group Chartered, Hanson Bridgett LLP, Lewis Brisbois Bisgaard & Smith LLP, Nossaman LLP, Orrick Herrington & Sutcliffe LLP, Polsinelli LLP, Reed Smith LLP

ACTIVE RFPs AND RFQs*

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES
5	<u>Actuarial Consulting Services</u>	RFP Release Date: March 15, 2019
		Submission Deadline: May 1, 2019
		Status: In process
		List of Respondents: N/A
6	<u>Disability Medical Evaluations Services</u>	RFP Release Date: March 29, 2019
		Submission Deadline: April 30, 2019
		Status: In process
		List of respondents: N/A

* RESTRICTED PERIOD FOR REQUEST FOR PROPOSAL OR REQUEST FOR QUALIFICATIONS:

Start Date - The restricted period commences on the day the Request for Proposal is released.

End Date - The restricted period ends on the day the contract is executed.

LACERS & Kaiser Permanente

A BETTER WAY TO TAKE CARE OF BUSINESS



Justin Cao, MPH – Senior Executive Account Manager

Jonathan Doris, M.D. – Cardiac Electrophysiology, Assistant Area
Medical Director, Area Physician Marketing Lead

kp.org/choosebetter

©2018 Kaiser Foundation Health Plan, Inc. All Rights Reserved.

 **KAISER PERMANENTE®**

Agenda

- ✓ History of Kaiser Permanente
- ✓ Kaiser Permanente's Mission
- ✓ Structure, Fee Schedule and Claims Development
- ✓ Kaiser Permanente by the Numbers
- ✓ Easy and Convenient Access to Care
- ✓ Virtual Care
- ✓ Connected Care for Chronic Conditions
- ✓ Pharmacy Services
- ✓ Member Engagement
- ✓ Kaiser Permanente School of Medicine

History – The Beginning of Care Transformation

A BETTER WAY TO TAKE CARE OF BUSINESS

1933 – Sidney Garfield opens Contractors General Hospital near Desert Center, California to serve workers building the aqueduct bringing Colorado River water to Los Angeles

1934 – Garfield adds prepayment and accident prevention to his practice.

1938 – Edgar Kaiser, son of industrialist Henry J. Kaiser, convinces Dr. Garfield to create a similar medical program for the workers building the Grand Coulee Dam in Washington State. The following year the program opens to workers' families and adds group medical practice.

1942 – Garfield establishes group practice, prepaid medical plans for workers and their families at Kaiser's managed shipyards in San Francisco, Vancouver (Washington) and Kaiser Steel in Fontana. Within a year, he has built the largest civilian medical care program on the WW II home front, serving about 200,000 members

1945 – Garfield states that “maintenance of health” is central mission to the program with his success attributable to combining prepayment, group practice, prevention and facilities under one roof. With Kaiser, he opens the medical care program to the public.



Mission: To provide high-quality, affordable health care services and to improve the health of our members and the communities we serve.

We've targeted three key areas to reduce costs now and in the future.

Better
management of
expenses

Increasing quality
of care and
efficiency

Transforming care
through
innovation

Kaiser Permanente's Structure

A BETTER WAY TO TAKE CARE OF BUSINESS



39 Hospitals

695 Medical Offices

22,914 Physicians

59,127 Nurses

217,415 Employees

Determining the fee schedule:

Starting with the revenue to operate our delivery system, we set a fee schedule so that the projected utilization will yield the needed revenue



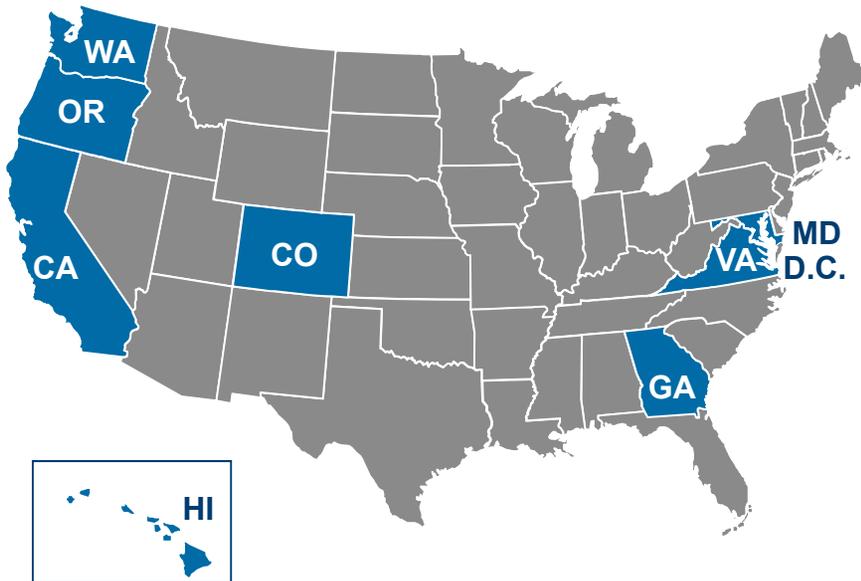
- Delivery system costs, including capital and IT expenses
- Contracted outside services
- Health Plan administration

- Doctor Visits
- Pharmacy
- Lab/Tests

Kaiser Claims: The Fee schedule is attached to actual encounter data to approximate cost of services incurred by our members

National Snapshot

A BETTER WAY TO TAKE CARE OF BUSINESS



Membership as of January 2018

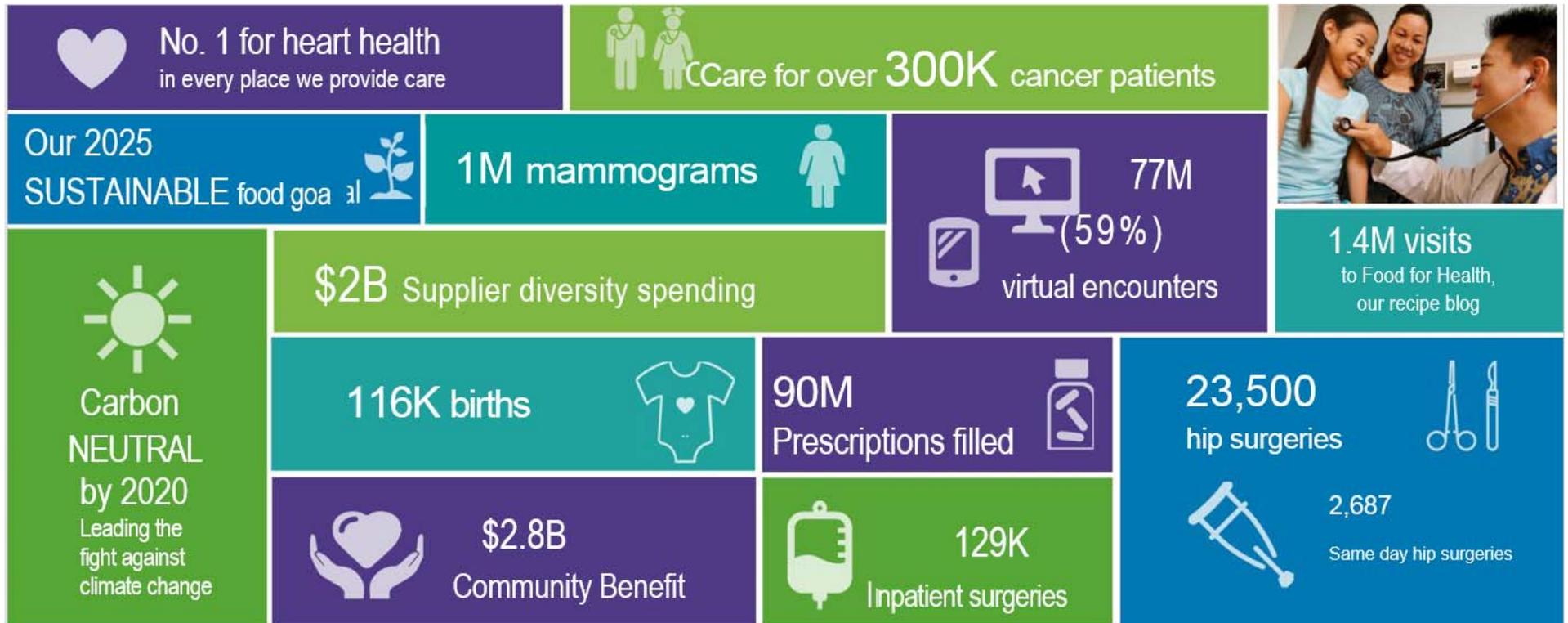
Colorado	647,155
Georgia	350,393
Hawaii	251,659
Mid-Atlantic States (VA, MD, D.C.)	766,331
Northern California	4,299,586
Northwest (OR, WA)	609,761
Southern California	4,535,389
Washington	710,519

Total: 12.2 M

Kaiser Permanente by the Numbers

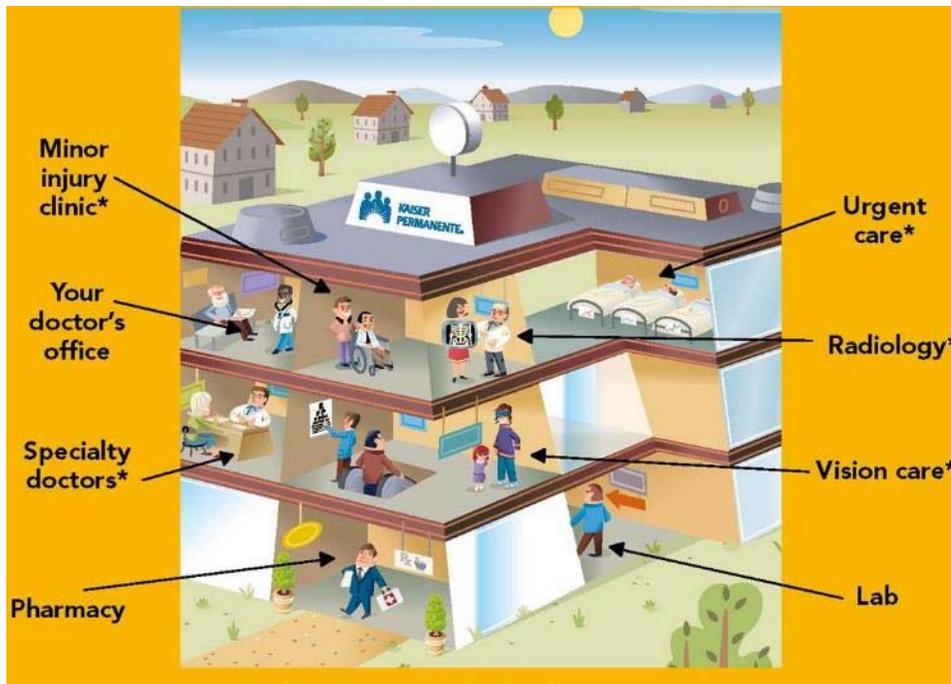
A BETTER WAY TO TAKE CARE OF BUSINESS

LACERS & Kaiser Permanente:
 Non-Medicare – 4,139 covered members
 Medicare – 8,800 covered members

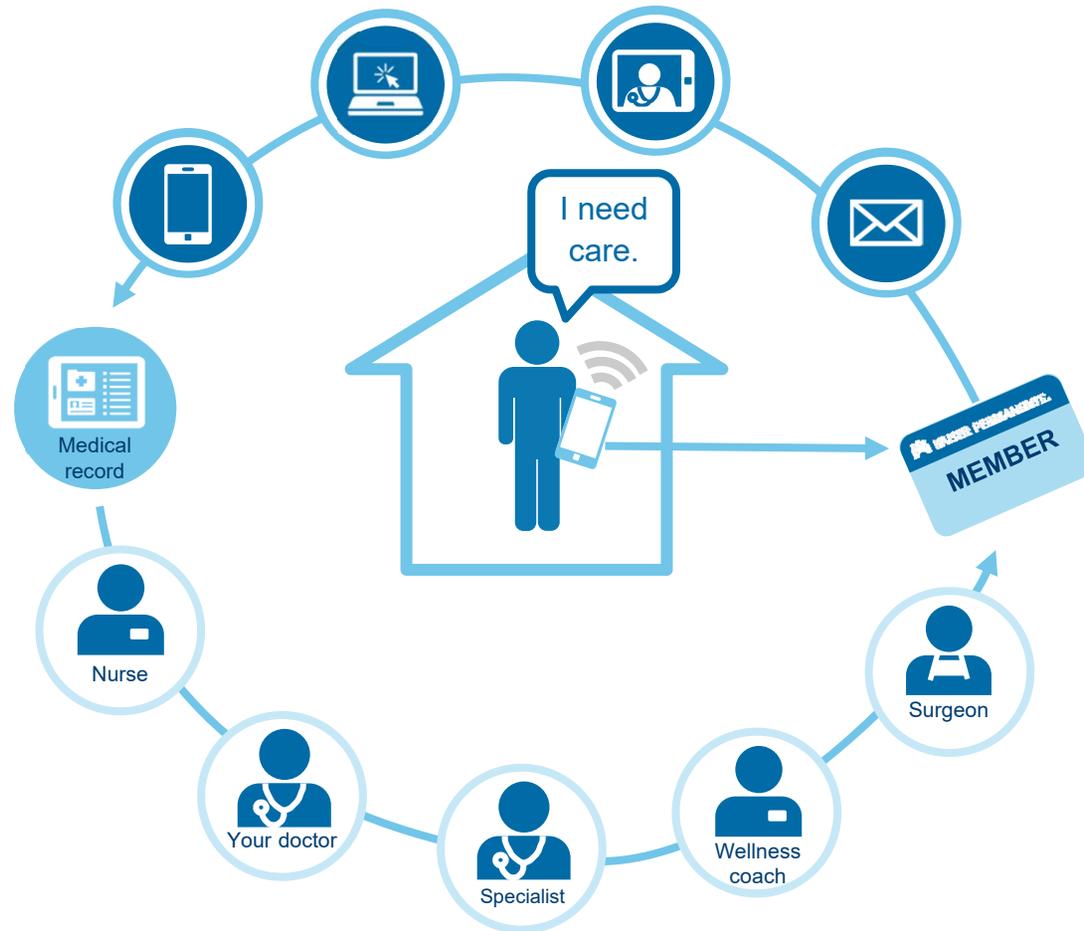


Easy and Convenient Access to Care

A BETTER WAY TO TAKE CARE OF BUSINESS



Telehealth is an open door to our integrated care model



Telehealth services for more convenient care



Save a trip to the doctor's office with a phone call

Your employees can schedule phone appointments or use our call center for on-demand urgent care.



Schedule face-to-face video appointments with a doctor

Your employees can meet with specialists, and get on-demand video visits with on-call physicians.



Connect with a care team anytime via email

Your employees can expect responses from their doctor's office within 48 hours.



Stay on top of health concerns 24/7 on kp.org

By registering at kp.org, they can choose their doctor, schedule routine appointments, view most lab results, and more.



Bring a remote specialist into the room

During primary care or Emergency Department visits, doctors can consult with specialists to save crucial time.

Connected Care for Chronic Conditions

A BETTER WAY TO TAKE CARE OF BUSINESS

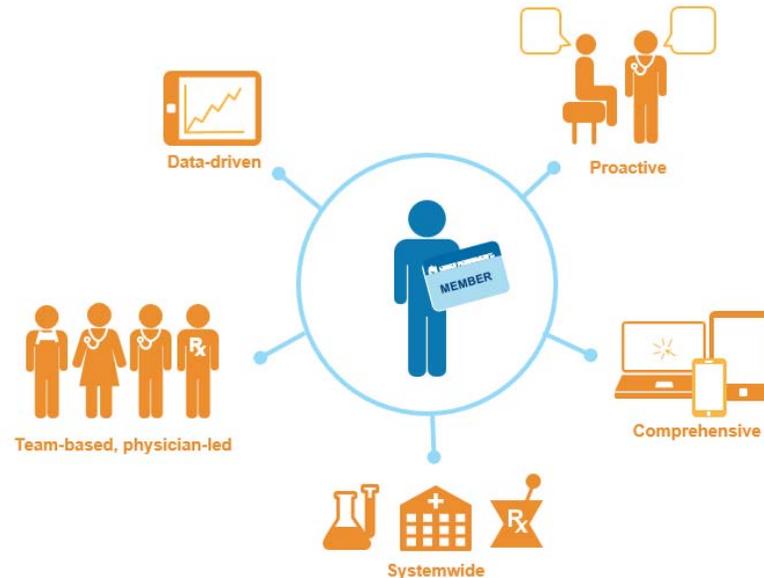
At Kaiser Permanente, our integrated care delivery makes it easier for members to actively participate in and manage their care, wherever they are:



When people with chronic conditions are more engaged in their health, they are more likely to:

- ✓ Adhere to treatment
- ✓ Monitor their condition at home
- ✓ Get regular chronic care

Higher engagement is also linked to better health outcomes



Kaiser Permanente Pharmacies

A BETTER WAY TO TAKE CARE OF BUSINESS



Kaiser Permanente Pharmacy

Our pharmacists and staff are often the last interaction and serve as a primary point of contact for members throughout the care delivery process

Outpatient			Inpatient	Clinic Administered Medications
81.5 Million¹ Total Sold Prescriptions [\$5B]			38 Million² Doses Administered [\$0.4B]	10.6 Million² Doses Administered [\$2.1B]
Local	Central Fill	Mail Order		
46.2 Million	14 Million	21.3 Million		

\$7.5 billion in annual drug expense³

\$1.8 billion in annual dispensing cost³

- Leveraging Bulk Purchasing
- Formulary Development
- Management of Specialty Drugs and Opioids
- Evidence-based versus Influence Based Prescribing

Our Member Reach

510 KP Pharmacy Patient Sites⁴ → **Employing 15,500** KP Pharmacy Staff Members⁵ → **~160,000 +** Daily Member Interactions⁶

378 Outpatient and Inpatient Pharmacies
+
38 Clinic Administered Sites
Oncology, Outpatient Infusion, & Specialty
+
22 Call Center and Central Fill Operations

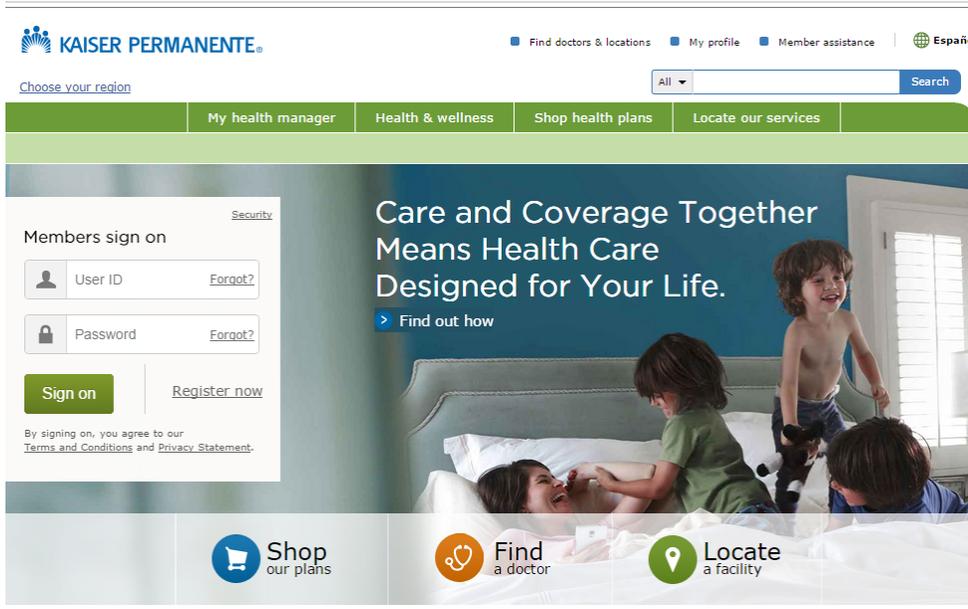
One of the highest volume and most frequent member touch points across our Kaiser Permanente network

Source: (1) KP Pharmacy Outpatient Prescription Volume, 2016; (2) National Pharmacy Acute & Transitional Care Services Leadership & Regional Operations Teams; (3) Total KP Pharmacy Drug Expense and Dispensing Costs 2016 (National Pharmacy Finance); (4) KP Pharmacy Facilities Count; (5) KP Pharmacy Employee Count – People Soft, February 2015; (6) Total KP Pharmacy Estimated Daily Member Interaction, 2016

Note: See “02_Reference Materials_KP Pharmacy Strategic Plan” additional information and source content

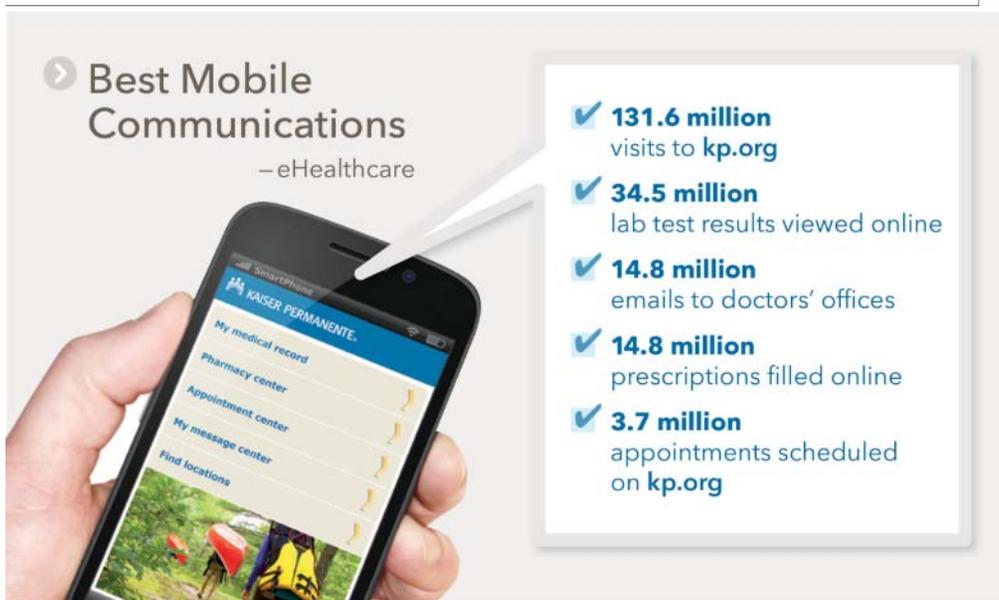
Member Engagement

A BETTER WAY TO TAKE CARE OF BUSINESS



Kp.org - Online Health Management Tools

- Request / Schedule / Cancel / Future Appointment
- Email Physician
- View Lab Results
- My Immunizations / My Healthcare Reminders
- My Prescriptions
- Contact a Pharmacist
- Rx Refill



Health & Wellness Engagement Tools

- Free total health assessment
- Free online HealthMedia® programs
- Complete Care disease management programs

Kaiser Permanente Senior Advantage

A BETTER WAY TO TAKE CARE OF BUSINESS

Kaiser Permanente region	Kaiser Permanente's 2018 overall Medicare ratings
California	★★★★★
Colorado	★★★★★
Georgia	★★★★☆
Hawaii	★★★★★
Mid-Atlantic States	★★★★★
Northwest	★★★★★
Washington	★★★★☆

How do we earn our stars?

The 2018 Star scores are rated on up to 45 unique care and quality measures across 9 categories, including:

- ✓ Staying Healthy
- ✓ Managing Chronic Conditions
- ✓ Member Satisfaction
- ✓ Customer Service
- ✓ Pharmacy Services

The Kaiser Permanente School of Medicine in Pasadena, California, will prepare a new generation of doctors. Students will learn in a culture that:

- ⊕ Views health care as a social mission
- ⊕ Values wellness — for patients, doctors, and staff
- ⊕ Develops doctors who are advocates for health





Get a closer look at better

Exclusive access to the Kaiser Permanente experience

It's one thing to read about why integrated care from Kaiser Permanente is the right choice for keeping your employees healthy. Now you can come see for yourself. With opportunities such as a private tour and one-on-one discussion with a physician, you'll get an inside look at the value of integrated care — from the people who provide it.

Kaiser Permanente's Innovation Commitment



Kaiser Permanente Center for Total Health

We are dedicated to sharing, developing, and accelerating ideas that improve total health around the world. Join us to explore the why, what, and how of total health through one-of-a-kind immersive exhibits.

Conveniently located near Union Station, and convenient to major sites around DC, the Center for Total Health offers an inspirational backdrop for meetings and events.



 KAISER PERMANENTE.

GARFIELD INNOVATION CENTER

Innovation begins with an idea.

Here at the Garfield Innovation Center, we help bring those ideas to life to create better experiences for our members, clinicians, and employees.



Report to Board of Administration

Lite Payne Jr

Agenda of: **APRIL 9, 2019**

From: Neil M. Guglielmo, General Manager

ITEM: **VIII-A**

SUBJECT: DELEGATION OF CERTIFICATION AUTHORITY TO THE GENERAL MANAGER FOR STAFF-RELATED TRAVEL AND POSSIBLE BOARD ACTION

Recommendation

That the Board approve the General Manager's delegated authority to approve staff expenditures related to foreign travel, and revise the LACERS Board Education and Travel Policy accordingly.

Discussion

In December 2011 and March 2014, the Board approved the delegation of authority for the Board and staff-related travel expenditures to the General Manager. Clarification to LACERS Travel Policy is needed in the area of foreign travel by staff.

The Los Angeles Administrative Code requires Council approval of foreign travel, except for Canada or Mexico, only if more than one City commissioner is involved, but is silent on staff foreign travel. Currently, the LACERS Board Education and Travel Policy requires approval from the Board only for foreign travel requested by Board members and is also silent on foreign travel for staff.

It is anticipated that foreign travel by Investment staff outside of North America will be needed on an occasional basis to conduct due diligence reviews of investment managers or to attend conferences on topics which are not available domestically. To ensure that the General Manager is authorized by the Board to approve staff travel events and expenditures relating to foreign travel, it is recommended that the certification authority be revised accordingly.

Strategic Plan Impact Statement:

This request to revise the delegation of certification authority for staff travel-related expenditures to the General Manager supports the Organization Goal of increasing organizational effectiveness, efficiency, and resiliency.

This report was prepared by Edeliza Fang, Senior Management Analyst, Administrative Services Division.

NG:TB:DWN:EF

Attachments:

- 1) Proposed Resolution
- 2) LACERS Travel Policy, Section V.B. Travel Requiring Explicit Board Approval and Section VI.A. Travel Expense Reimbursement Policies - Redline

**DELEGATION OF CERTIFICATION AUTHORITY
FOR TRAVEL EXPENDITURES**

PROPOSED RESOLUTION

WHEREAS, the Los Angeles Administrative Code (LAAC) Section 4.242 assigns the Department Head the authority to approve and certify the following travel-related expenditures: claims for reimbursement for airfare greater than the lowest regular fare; use of any modes of transportation other than air; submitted expenditures were for public purposes and necessary for the conduct of City business; all travel expenses not specified in the LAAC; and certifications required for cash advances related to travel;

WHEREAS, the LACERS Board of Administration serves as the Department Head;

WHEREAS, the Board resolved on December 13, 2011, and on March 11, 2014, to delegate specified authorities over staff travel expenditures to the General Manager to achieve timely approvals and processing of reimbursement for travel expenditures;

WHEREAS, LAAC Section 4.242.9 requires advance Council approval of foreign travel (except to Canada or Mexico) in instances which involve more than one City commissioner; but is silent on the approval of foreign travel for staff members;

NOW, THEREFORE, BE IT RESOLVED, that the Board:

1. Delegate to the Board President, approval of Board Member and General Manager travel expenditures;
2. Delegate to the Board Vice President, approval of Board President travel expenditures; or in absence of the Board Vice President, approval by the most tenured member of the Board aside from the President and Vice President;
3. Delegate to the General Manager approval of travel expenditures for staff, City Attorney-Retirement Benefit Office counsel, and consultant travel, within the U.S. and outside the U.S.

April 9, 2019

Supersedes resolutions 140311-C, dated March 11, 2014; and 111213-E dated December 13, 2011

Section 1.0 GUIDANCE FOR BOARD MEMBERS

V. EDUCATIONAL CONFERENCES/SEMINARS

The complexities of sound management of the assets and liabilities of a trust fund impose a continuing need for all Members of the LACERS Board to attend professional and educational conferences, seminars, and other educational events that will better prepare them to perform their fiduciary duties.

A. Annual Approved List of Educational Seminars

At the beginning of each fiscal year, the General Manager shall prepare for Board adoption a list of recommended conferences, seminars and meetings (Appendix A). The list shall identify recommended conferences for new trustees, and make a concerted effort to reflect educational opportunities at Southern California universities available for pension trust fiduciaries.

Board Members are encouraged to attend a minimum of one educational conference or seminar per fiscal year from this list.

The General Manager will prepare an annual blanket authority for Board approval for conferences included in the Approved List of Educational Seminars.

Every Board Member's participation in a pre-approved conference shall be noticed on the Board agenda following submission of the Board Travel request.

B. Travel Requiring Explicit Board Approval

Subject to explicit approval of the Board for each conference, the requesting Board Member shall provide appropriate justification to the Board for consideration of:

1. Requests to travel to conferences outside the List of Educational Seminars (Appendix A) will be submitted to the Board for approval, so long as the trustee's education allocation is not exceeded.
2. Requests for travel outside the United States (Except Canada and Mexico).

C. Travel Outside the United States

All conferences and seminars which involve travel to a destination outside the United States must be approved by the Board. Each Board Member may attend no more than one conference which involves international travel in any 12-month period.

D. Travel to Washington D.C. or Sacramento

The Mayor requires notification of any travel to Washington D.C. or Sacramento. Staff will process the appropriate forms on behalf of the Trustees.

E. Conference Invitations Received by a Board Member

To provide all the Trustees with the same conference and seminar opportunities, the individual Board Member shall forward invitations they receive to a conference or seminar, to the General Manager or the Board Executive Assistant. LACERS will consult with the Office of the City Attorney or the City Ethics Commission for compliance with gift and disclosure requirements. If the conference or seminar clears the ethics compliance process, the Board Executive Assistant shall disseminate the conference or seminar invitation to all Board Members.

F. This section is intentionally left blank.

Section 1.0 GUIDANCE FOR BOARD MEMBERS

VI. TRAVEL EXPENSE REIMBURSEMENT POLICIES

- A. The LACERS Board of Administration has full authority over the trust fund expenditures including the payment of all education and related travel expenditures which it deems reasonable and appropriate for the conduct of official LACERS business.**

The Office of the City Attorney has affirmed the LACERS Board's plenary authority and fiduciary responsibility for investment of trust assets and administration of the System as codified in the California Constitution (Section 17 of Article 16): The position is further strengthened by the Los Angeles City Charter §1110(b): "The board of each pension and retirement system shall have control over their respective funds. Transfers or expenditures shall be drawn upon funds only upon demands signed by the chief accounting employee of the board. All payments from the funds shall be made upon demands prepared and approved in accordance with the provisions of the Charter."

The City's travel policies as set forth in Division 4, Chapter 5, Article 4 of the Los Angeles Administrative Code (LAAC) provide the definitions, parameters, and guidance for the majority of travel circumstances encountered for LACERS travel and will be referenced as LACERS primary travel policy. LACERS departmental travel expense reimbursement policy is meant to be in compliance with the LAAC travel and augment the policy to facilitate LACERS business. LACERS travel reimbursement policy establishes standards of reasonableness, appropriateness, and necessity for the conduct of LACERS business, and applies to all travel expenditures paid by LACERS. Expenditures which are certified as to reasonableness and appropriateness by the Department Head are to be paid by the City Controller upon demand. The Board authorizes by resolution, authority to certify travel expenditures as required by the LAAC, to the Board President for Board Member and General Manager travels; the Board Vice President for Board President travel expenditures; or in absence of the Board Vice President, approval by the most tenured member of the Board aside from the President; and the General Manager for staff, City Attorney-Retirement Benefit Office counsel, and consultant travel within the U.S. and outside the U.S.-

LACERS acknowledges the Los Angeles City Controller's Travel Policy applies to most other City departments. However, LACERS Board and its designees retain their plenary authority to approve all education and related travel expenditures which are reasonable and appropriate for the conduct of official LACERS business. LACERS will consider the Controller's Travel Policy and will incorporate similar rules if appropriate.

B. Reimbursable Expenses

LACERS Travelers are entitled to reimbursement of travel expenses when on official LACERS business, including reimbursement of all transportation costs, registration or attendance fees, subsistence costs and other costs reasonably and necessarily incurred on official business, subject to the guidelines outlined in this policy and in compliance with the Internal Revenue Service accountable plan rules for travel reimbursements.

A list of reimbursable expenses is included in Appendix B, which includes a summary of allowable reimbursements under the LAAC and the corresponding LACERS policy establishing standards for reasonableness, appropriateness, and necessity.



TORREYCOVE
CAPITAL PARTNERS

CALIFORNIA

10180 Barnes Canyon Road
Suite 200
San Diego, CA 92121

MASSACHUSETTS

222 Rosewood Drive
3rd Floor
Danvers, MA 01923

LACERS Private Equity Education





Agenda

- Management Fees
- Additive Fees
- Carried Interest
- Subscription Lines of Credit



- Each fund's limited partnership agreement is individually negotiated so terms will vary across funds.

Private Equity Firms Have Historically Charged Investors A Variety Of Fees

MANAGEMENT FEE:

- **An annual fee charged to investors in the fund. The rationale is to cover the fund overhead costs and the fee is paid each year whether the fund makes or loses money.**

ADDITIVE FEES:

- Some fund agreements also allow the GP to charge transaction fees to portfolio investments – the trend is toward these fees being returned in full to limited partners.

CARRIED INTEREST:

- Typically 20% of profit after all capital has been returned to investors. Collected by the GP as investments are sold and profits are realized.

THE BASIC PRINCIPLE

The potential for carried interest should serve to align GP and LP interests towards maximizing profit rather than fee generation.



- Private equity is a relatively expensive asset class, compared with public equities and fixed income, due to the labor intensive investment model.

❖ What is a Typical Management Fee?

- Management fees are typically paid throughout the life of a fund.
 - Investment Period: Typically 1.5% - 2.0% of committed capital.
 - Post-Investment Period: Typically 1.5% - 2.0% of the cost basis of unrealized investments.

❖ Management Fees Differ Across Private Equity Sub-Asset Classes

Sub Asset Class	Average Fee*	Average Size* (\$mm)
Venture Capital & Growth	2.12%	517
Small & Medium Buyouts	1.88%	1,268
Large & Mega Buyouts	1.45%	6,002

*TorreyCove research



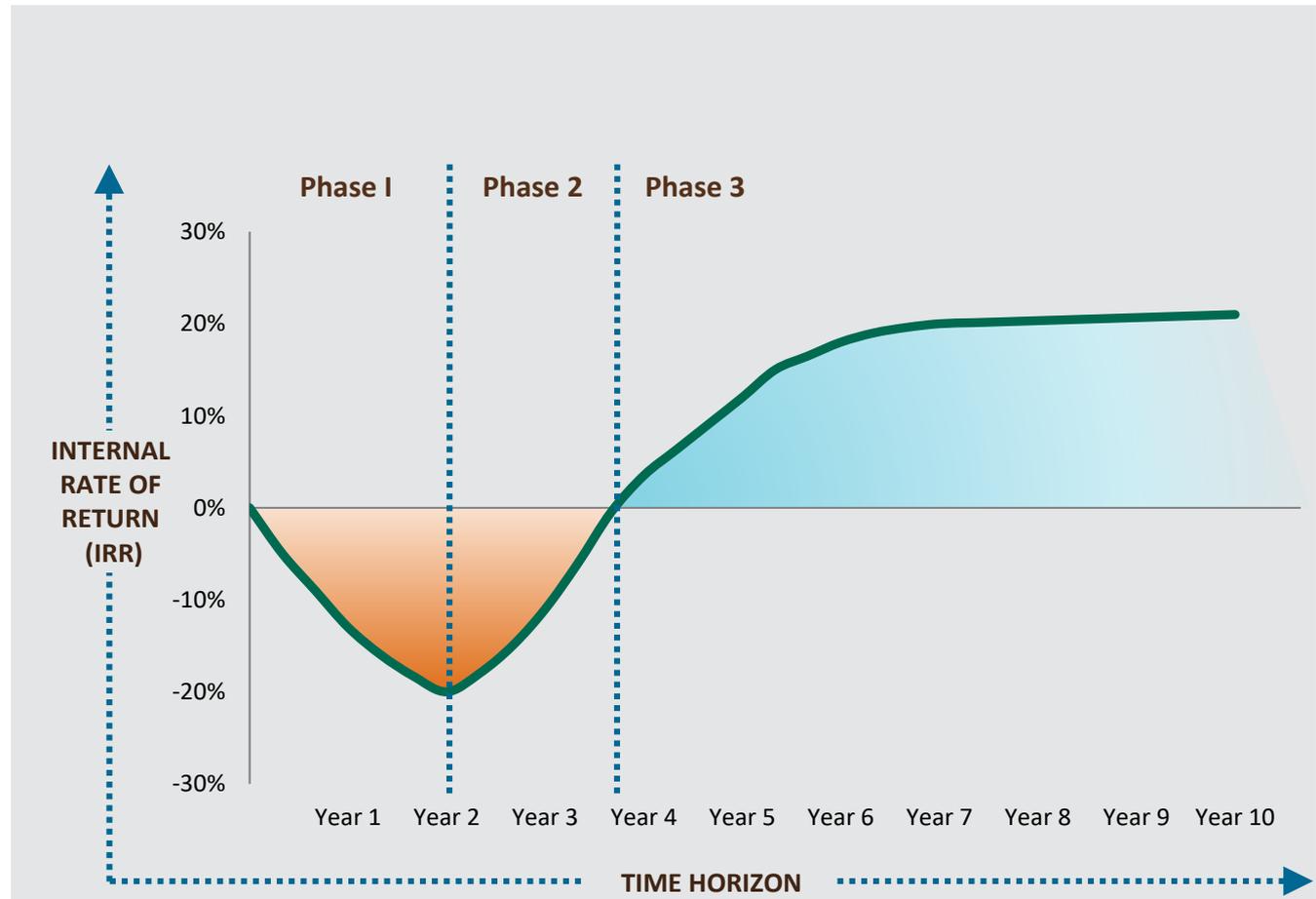
- Investing in a private equity fund is relatively labor intensive and generally requires a significant number of qualified investment professionals.

❖ What Do Private Equity Firms Use The Management Fees For?

- Private equity is a highly labor intensive investment model compared to fixed income and public equity vehicles.
 - *Pursuing control buyouts is the most labor intensive, while venture capital tends to be the least intensive.*
- The primary expense for private equity firms are their people.
 - *Annual compensation for investment professionals and support staff typically account for more than 50% of a private equity firm's cost basis.*
- Additional significant expenses include things such as office space, office infrastructure, travel, marketing, and professional insurance.
- Excess management fees can sometimes be used as compensation for owners of the firm in lieu of guaranteed annual compensation.

- Generally, private equity funds less than three years old tend to have low or negative returns because management fees are charged from inception while growth in value occurs over a number of years.
- Early negative returns are not predictive of the ultimate fund performance as growth in value over time typically offsets fees and generates investor profits.

Impact of the Management Fees on Early Returns: The J-Curve





- Investors in private equity should seek to minimize management fees where possible. However, the focus should ultimately be on the net returns generated by private equity managers.

Philosophy On Management Fees:

- Management fees should be seen as an income stream that allows a manager to provide for the stability and productivity of its investment platform, not as a profit center for the firm.
- Fee levels should be closely related to the costs of maintaining an appropriate investment infrastructure, which will vary from strategy to strategy.
- The fee should be viewed in the context of the entire investment management firm, not only in connection with the fund.
- Investors should seek a “two-step” scale down after the commitment period that reduces both the percentage of management fees charged and the base on which such percentage is charged from capital commitments to cost basis of remaining invested capital.
- Management fees should be repaid to investors in full prior to the firm taking carried interest.

Buyouts

Quartile	Min. Management Fee	Median Management Fee	Max Management Fee	Min Carry	Median Carry	Max Carry	Min. Pref. Return	Median Pref. Return	Max Pref. Return	Min. IRR	Median IRR	Max IRR	No Pref. Return
1st	0.75%	1.75%	2.50%	10.00%	20.00%	30.00%	7.00%	8.00%	10.00%	11.00%	22.10%	50.90%	15.79%
2nd	1.00%	1.75%	2.50%	10.00%	20.00%	30.00%	4.00%	8.00%	10.00%	4.70%	12.90%	19.30%	12.12%
3rd	1.25%	1.91%	2.50%	20.00%	20.00%	30.00%	6.00%	8.00%	10.00%	2.20%	7.60%	12.70%	8.77%
4th	1.00%	1.80%	2.10%	20.00%	20.00%	20.00%	8.00%	8.00%	9.00%	-41.80%	-1.30%	6.50%	0.00%

Note: (i) Carried Interest ("Carry") is the percentage of profits taken by the manager of the fund after all invested capital has been returned to limited partners; (ii) The Preferred Return ("Pref") is the minimum IRR that limited partners of a private equity fund must receive for the manager of the fund to be entitled to carried interest.

Higher performing buyout managers often command more bargaining power:

- "No Pref" column shows the percentage of funds in each quartile that does not have a hurdle
- 15.8% of 1st quartile funds do not have a hurdle while all 4th quartile funds have one
- 1st quartile and 4th quartile median IRR differential: **2,340 bps**
- While GPs of bottom quartile funds may have prior funds that were in higher quartiles when these funds were raised, this data shows that in general, higher performing managers have more leverage when setting terms during new fund raises.

Source: TorreyCove database using information monitored from active clients. Data is gathered using multiple sources and is therefore subject to change. Data as of 3/31/2018; includes 583 funds, of which 103 have quartile rankings that are not considered meaningful, with vintage years from 1997-2018. Active funds limited to primary fund structures with primary interest within Buyout, VC, and Growth. 2016 and newer funds are considered Not Meaningful in terms of returns. Cambridge data was All Regions / All Asset Classes, limited only to the vintage year matching the fund's vintage, as of 3/31/2018.

Buyouts - Breakdown by Fund Size

Quartile	Strategy	Min. Management Fee	Median Management Fee	Max Management Fee	Min. Carry	Median Carry	Max Carry	Min. Pref. Return	Median Pref. Return	Max Pref. Return	Min. IRR	Median IRR	Max IRR	No Pref. Return
1st	Small	1.50%	2.00%	2.25%	20.00%	20.00%	30.00%	8.00%	8.00%	9.00%	12.1%	28.4%	44.7%	21.05%
1st	Medium	0.75%	1.75%	2.50%	10.00%	20.00%	20.00%	7.00%	8.00%	9.00%	11.0%	20.7%	50.9%	19.61%
1st	Large	1.36%	1.50%	2.00%	20.00%	20.00%	30.00%	7.00%	8.00%	10.00%	12.8%	23.0%	41.0%	9.52%
2nd	Small	1.00%	2.00%	2.25%	20.00%	20.00%	25.00%	6.00%	8.00%	8.00%	7.8%	12.6%	17.7%	6.25%
2nd	Medium	1.00%	1.81%	2.50%	10.00%	20.00%	30.00%	4.00%	8.00%	9.00%	4.7%	13.5%	18.7%	12.50%
2nd	Large	1.11%	1.50%	2.50%	20.00%	20.00%	30.00%	7.00%	8.00%	10.00%	6.4%	12.2%	19.3%	16.67%
3rd	Small	1.91%	2.00%	2.50%	20.00%	20.00%	25.00%	6.00%	8.00%	8.00%	2.2%	9.3%	10.7%	23.08%
3rd	Medium	1.50%	1.90%	2.00%	20.00%	20.00%	30.00%	8.00%	8.00%	10.00%	2.7%	8.1%	12.7%	3.23%
3rd	Large	1.25%	1.50%	1.85%	20.00%	20.00%	25.00%	8.00%	8.00%	8.00%	3.3%	4.8%	10.4%	9.09%
4th	Small	1.54%	2.00%	2.00%	20.00%	20.00%	20.00%	8.00%	8.00%	8.00%	-22.5%	-3.2%	2.9%	0.00%
4th	Medium	1.00%	1.93%	2.00%	20.00%	20.00%	20.00%	8.00%	8.00%	9.00%	-41.8%	-8.9%	5.9%	0.00%
4th	Large	1.36%	1.50%	2.00%	20.00%	20.00%	20.00%	8.00%	8.00%	9.00%	-10.7%	-1.4%	6.5%	0.00%

Note: (i) Carried Interest ("Carry") is the percentage of profits taken by the manager of the fund after all invested capital has been returned to limited partners; (ii) The Preferred Return ("Pref") is the minimum IRR that limited partners of a private equity fund must receive for the manager of the fund to be entitled to carried interest.

Smaller, higher-performing buyout managers tend to have tougher terms:

- Small/Medium managers tend to have a higher fee rate, albeit reasonable on an absolute basis, given lower AUM
- A higher percentage of smaller managers also tend to have no hurdle
- Medium carry appears to be much more consistent across sizes and quartiles, although maximum carry tends to be higher for better performing funds

Source: TorreyCove database using information monitored from active clients. Data is gathered using multiple sources and is therefore subject to change. Data as of 3/31/2018; includes 583 funds, of which 103 have quartile rankings that are not considered meaningful, with vintage years from 1997-2018. Active funds limited to primary fund structures with primary interest within Buyout, VC, and Growth. 2016 and newer funds are considered Not Meaningful in terms of returns. Cambridge data was All Regions / All Asset Classes, limited only to the vintage year matching the fund's vintage, as of 3/31/2018.

Venture Capital

Quartile	Min. Management Fee	Median Management Fee	Max Management Fee	Min Carry	Median Carry	Max Carry	Min. Pref. Return	Median Pref. Return	Max Pref. Return	Min. IRR	Median IRR	Max IRR	No Pref. Return
1st	1.00%	2.50%	2.50%	20.00%	20.00%	30.00%	8.00%	8.00%	8.00%	12.10%	22.25%	67.50%	95.00%
2nd	0.75%	2.00%	2.50%	20.00%	20.00%	30.00%	7.00%	7.50%	8.00%	4.80%	13.80%	20.20%	91.18%
3rd	1.00%	2.50%	2.50%	20.00%	20.00%	30.00%	8.00%	8.00%	8.00%	-2.90%	7.10%	12.10%	95.65%
4th	2.00%	2.25%	2.50%	20.00%	20.00%	30.00%	4.00%	8.00%	8.00%	-19.30%	-2.40%	6.70%	82.93%

Note: (i) Carried Interest ("Carry") is the percentage of profits taken by the manager of the fund after all invested capital has been returned to limited partners; (ii) The Preferred Return ("Pref") is the minimum IRR that limited partners of a private equity fund must receive for the manager of the fund to be entitled to carried interest.

Venture funds tend not to have a preferred return:

- This is likely due to historical reasons
- While the "No Pref" column shows that the majority of venture funds have no hurdles, the data also shows that 1st quartile funds are more likely to not have one than 4th quartile funds
 - For venture in particular, there may be an adverse selection issue when it comes to GPs offering a pref
- 1st quartile and 4th quartile median IRR differential: **2,465 bps**

Source: TorreyCove database using information monitored from active clients. Data is gathered using multiple sources and is therefore subject to change. Data as of 3/31/2018; includes 583 funds, of which 103 have quartile rankings that are not considered meaningful, with vintage years from 1997-2018. Active funds limited to primary fund structures with primary interest within Buyout, VC, and Growth. 2016 and newer funds are considered Not Meaningful in terms of returns. Cambridge data was All Regions / All Asset Classes, limited only to the vintage year matching the fund's vintage, as of 3/31/2018.

Growth Equity

Quartile	Min Management Fee	Median Management Fee	Max Management Fee	Min Carry	Median Carry	Max Carry	Min. Pref. Return	Median Pref. Return	Max Pref. Return	Min. IRR	Median IRR	Max IRR	No Pref. Return
1st	1.20%	2.00%	2.25%	20.00%	20.00%	25.00%	6.00%	7.00%	8.00%	12.50%	22.35%	38.80%	57.14%
2nd	1.50%	2.00%	2.50%	20.00%	20.00%	25.00%	6.00%	8.00%	8.00%	7.60%	14.20%	16.80%	30.00%
3rd	2.00%	2.00%	2.25%	20.00%	20.00%	25.00%	8.00%	8.00%	8.00%	0.90%	5.20%	8.70%	40.00%
4th	1.50%	2.13%	2.50%	20.00%	20.00%	25.00%	8.00%	8.00%	9.00%	-16.00%	-1.35%	5.80%	33.33%

Note: (i) Carried Interest (“Carry”) is the percentage of profits taken by the manager of the fund after all invested capital has been returned to limited partners; (ii) The Preferred Return (“Pref”) is the minimum IRR that limited partners of a private equity fund must receive for the manager of the fund to be entitled to carried interest.

Higher performing growth equity managers tend not to have a pref:

- 57.1% of 1st quartile funds do not have a hurdle while the majority 4th quartile funds have one
- 1st quartile and 4th quartile median IRR differential: **2,370 bps**
- Consistent with other PE strategies, the data suggests that the higher performing managers command tougher terms for LPs.
- **However, the substantial difference in median IRR between top and bottom quartile managers indicate that maintaining flexibility in approaching fee structure when it comes to high performing GPs is recommended.**

Source: TorreyCove database using information monitored from active clients. Data is gathered using multiple sources and is therefore subject to change. Data as of 3/31/2018; includes 583 funds, of which 103 have quartile rankings that are not considered meaningful, with vintage years from 1997-2018. Active funds limited to primary fund structures with primary interest within Buyout, VC, and Growth. 2016 and newer funds are considered Not Meaningful in terms of returns. Cambridge data was All Regions / All Asset Classes, limited only to the vintage year matching the fund's vintage, as of 3/31/2018.



Private Equity Firms Have Historically Charged Investors A Variety Of Fees

MANAGEMENT FEE:

- An annual fee charged to investors in the fund. The rationale is to cover the fund overhead costs and the fee is paid each year whether the fund makes or loses money.

ADDITIVE FEES:

- **Some fund agreements also allow the GP to charge transaction fees to portfolio investments – the trend is toward these fees being returned in full to limited partners.**

CARRIED INTEREST:

- Typically 20% of profit after all capital has been returned to investors. Collected by the GP as investments are sold and profits are realized.

THE BASIC PRINCIPLE

The potential for carried interest should serve to align GP and LP interests towards maximizing profit rather than fee generation.

- Each fund's limited partnership agreement is individually negotiated so terms will vary across funds, but "market" terms are shown to the right.

- In addition to management fees, private equity firms have historically charged portfolio companies additional fees known as ‘additive fees.’

❖ What Are The Various Additive Fees That Some Firms Have Historically Charged?

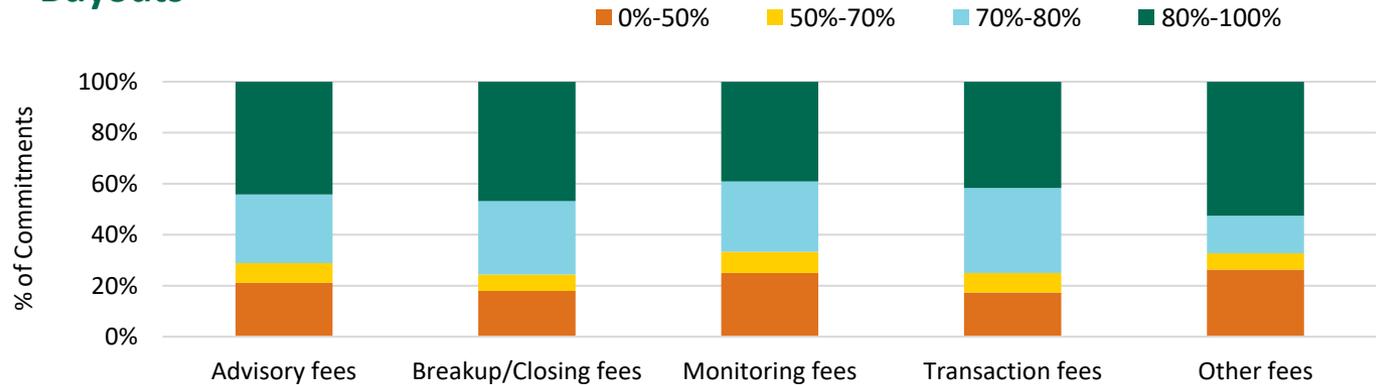
- **Transaction Fees:** When a private equity firm acquires a company, it may charge the company a fee in connection with the acquisition. These ‘transaction fees’ are typically a percentage of the transaction value.
- **Advisory Fees:** Private equity firms often advise portfolio companies on acquisitions, bank financings, public offerings, and more. In return for these services, the company pays the private equity firm an advisory fee.
- **Monitoring Fees:** After a private equity firm acquires a business, it generally provides ongoing management services to the company, for which it may charge an annual monitoring fee.
- **Break Up Fees:** Break-up fees are paid by a company to a private equity firm if the company terminates an agreement to be acquired by the private equity fund.
- **Other Fees:** Examples of other fees are (i) directors fees for sitting on portfolio company Board; and (ii) exit fees charged when a company is exited.



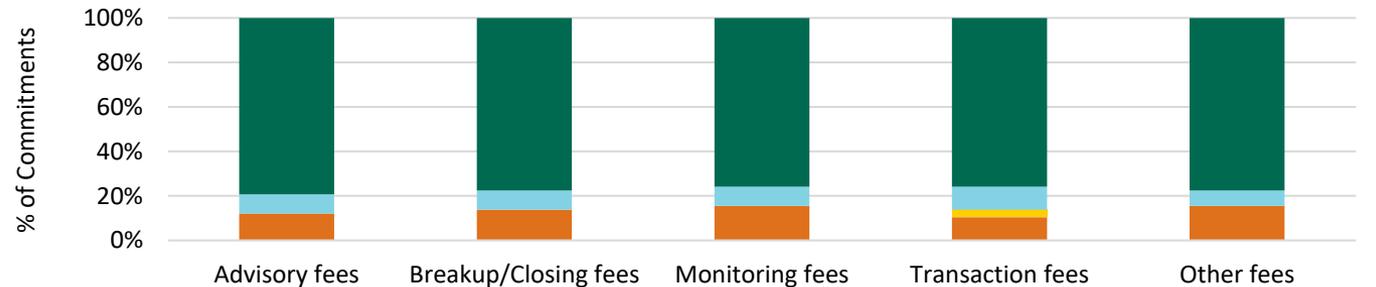
- Depending on the individual fund, additive fees may be shared in some proportion with limited partners by offsetting management fees.

Additive Fee Offsets 2006-2011 Vintage Years

Buyouts



Venture Capital

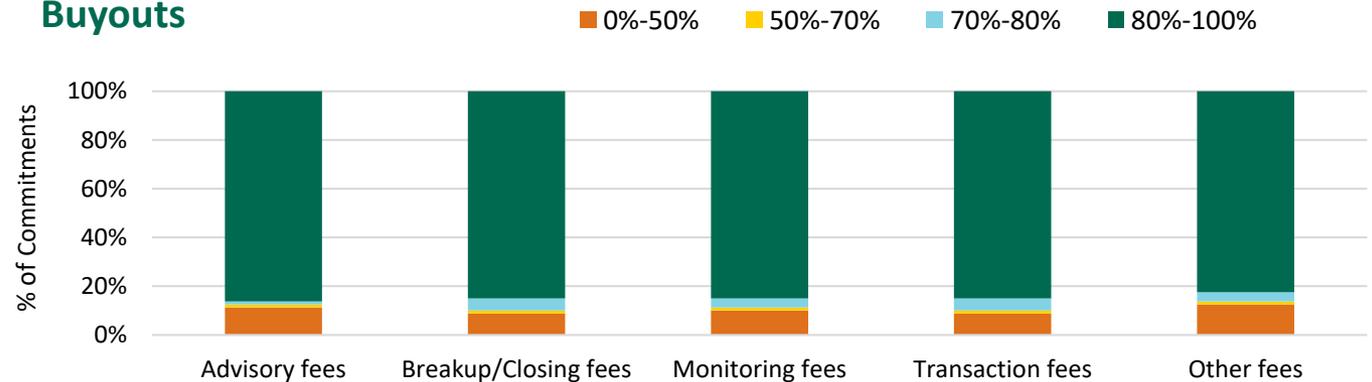


Source: TorreyCove database using information monitored from active clients.

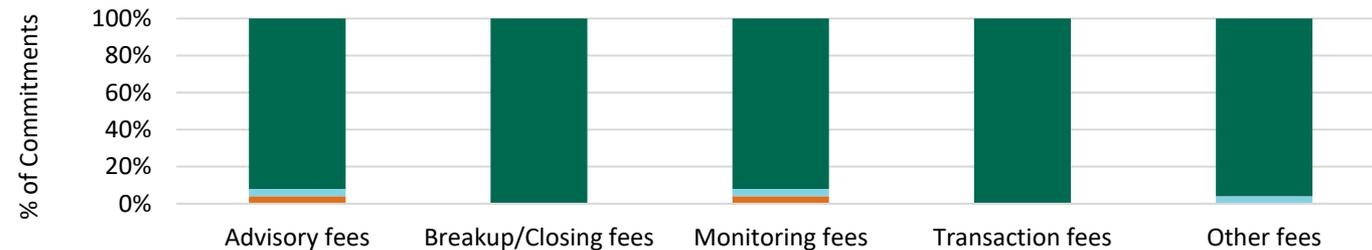
- The market today has moved almost entirely to 100% fee offsets. Occasionally a fund will have 80% offsets, but today, that is now the exception.

Additive Fee Offsets - 2012-2014 Vintage Years

Buyouts



Venture Capital



Source: TorreyCove database using information monitored from active clients.



- Additive fees without a 100% offset to management fees have the potential to create a misalignment of interest between private equity firms and their limited partners.

Philosophy On Additive Fees:

- Additive fees should not be viewed as an income stream. The Firm should be able to provide for the stability and productivity of its investment platform with the management fee.
- If additive fees are being charged, they should offset the management fee by 100.0%.
- Private equity firms that do charge additive fees should provide transparency around such fees.

- Each fund's limited partnership agreement is individually negotiated so terms will vary across funds, but 'market' terms are shown to the right.

Private Equity Firm's Have Historically Charged Investors A Variety Of Fees

MANAGEMENT FEE:

- An annual fee charged to investors in the fund. The rationale is to cover the fund overhead costs and the fee is paid each year whether the fund makes or loses money.

ADDITIVE FEES:

- Many fund agreements also allow the GP to charge transaction fees to portfolio investments – the trend is toward these fees being returned in full to limited partners.

CARRIED INTEREST:

- **Typically 20% of profit after all capital has been returned to investors. Collected by the GP as investments are sold and profits are realized.**

THE BASIC PRINCIPLE

The potential for carried interest should serve to align GP and LP interests towards maximizing profit rather than fee generation.

❖ What is a Typical Carried Interest Structure?

- The current “market” rate is 20.0% of the profits generated by the fund.
- However some funds have generated good enough net returns to demand “premium carry” of 25.0% or even 30.0%. Often times, this “premium carry” is only effective after passing certain return thresholds (i.e. above a 2.5x or 3.0x multiple of invested capital).
- Typically, carried interest is only paid if the fund reaches a certain return threshold, known as the “preferred return.” The current “market” rate for preferred returns is 8.0%.
- Different funds can have different mechanisms for paying out carried interest. While the ultimate goal is for the private equity firm to get 20.0% of the overall profits, the timing of these payments can vary based on structure. The two primary structures are:
 - Deal-by-Deal Waterfall: Carried interest can be distributed to the private equity firm every time a deal is exited.
 - Whole Fund Waterfall: Carried interest can only be distributed to the private equity fund when all called capital has been returned.



Philosophy On Carried Interest:

- Carried interest should be the largest form of incentive for private equity investment professionals.
- Carried Interest should serve to align the interests of the private equity firm and its limited partners.
- Carried interest should be broadly distributed throughout the private equity organization to facilitate broad sharing of compensation, as it is a positive indicator of future firm stability.
- Any “premium carry” (above 20.0%) should be predicated on the achievement of a substantially higher return hurdle.
- Private equity firms should be transparent and aim for greater disclosure around realized carry, unrealized carry, and potential clawback liability.



- Though they have been around for years, subscription lines of credit have recently attracted increased interest from private equity investment managers and limited partners.

❖ What Is A Subscription Line Of Credit?

- A subscription line of credit is essentially a revolving line of credit that is provided by one or more lenders to a private equity fund.
- The line of credit provided is ultimately collateralized by the commitments from the fund's investors.
- The fund must bear interest costs related to the debt facility, which slightly lowers the net cash-on-cash return.



- There are clear benefits to private equity firms for using subscription lines of credit. The benefits to limited partners is likely neutral at best.

❖ Why Do Private Equity Firms Use Subscription Lines Of Credit?

- They enable smoother fund cash management, allowing private equity firms to call capital from limited partners fewer times and on pre-scheduled dates.
- They allow private equity firms to close on deals quickly, without having to wait for capital calls to materialize.
- They help to boost fund-level IRR's.

❖ Why Do Private Equity Investors Like Subscription Lines Of Credit?

- They reduce the burden of having to process a large number of capital calls annually.
- Limited partners can hold on to their cash longer.
- They help to boost fund-level IRR's.

- As shown in the table, using a subscription line of credit can boost IRR's meaningfully, but also has a moderate dampening effect on multiple of invested capital.

❖ How Do Subscription Credit Lines Work In Practice?

	Transaction Type	Gain		Loss	
		Traditional	Credit Line	Traditional	Credit Line
Year 1	Investment	(100)		(100)	
	Management Fee	(2)		(2)	
	Interest on Debt				
Year 2	Management Fee	(2)		(2)	
Year 3	Investment		(100)		(100)
	Management Fee	(2)	(6)	(2)	(6)
	Interest on Debt		(8)		(8)
Years 4, 5 & 6	Investment				
	Management Fee	(6)	(6)	(6)	(6)
	Interest on Debt				
End of Year 6	Realization	200	200	50	50
IRR		10.56%	13.93%	-13.28%	-20.23%
MOIC		1.79x	1.67x	0.45x	0.42x



- Given the proliferation of subscription lines of credit, even managers that haven't used them historically will likely start using them going forward to avoid being a disadvantage.

Philosophy On Subscription Lines Of Credit:

- The expanded use of credit lines to bridge capital calls will produce some benefit to fund managers, primarily in the form of better IRR performance and slightly higher likelihood of meeting the preferred return target.
- The use of credit lines provides less of a benefit to limited partners. Furthermore, these benefits come with a real cost, albeit it relatively small.
- Subscription lines are making IRR comparisons between firms more difficult and more emphasis should be placed on multiples of invested capital.
- The duration of subscription lines of credit can vary widely – from three months at the shorter end to more than two years at the longer end. Prudent use of subscription lines should be limited to one year or less.



Report to Board of Administration

Litz Payne Jr

From: Neil M. Guglielmo, General Manager

Agenda of: **APRIL 9, 2019**

ITEM: **IX-C**

SUBJECT: CONSIDERATION OF U.N. PRINCIPLES FOR RESPONSIBLE INVESTMENT SIGNATORY AND POSSIBLE BOARD ACTION

Recommendation

That the Board adopt the U.N. Principles for Responsible Investment (PRI) by becoming a PRI signatory.

Discussion

Background

At the April 24, 2018 Board meeting, the Board directed staff to provide education on Environmental, Social, and Governance (ESG) factors, to review LACERS' level of participation (if any) with ESG investing, and to present ESG efforts undertaken by peer public pension plans. To date, the Board has received education regarding:

October 9, 2018

- "Report on Environmental, Social, and Governance (ESG) Factors" by LACERS staff

November 13, 2018

- "ESG Investing" by ClearBridge Investments, LLC
- "Introduction to the PRI" by PRI

November 27, 2018

- "Los Angeles County Employees Retirement Association (LACERA) and the Principles for Responsible Investment" by LACERA

January 22, 2019

- "ESG/Impact Investing Overview" by NEPC, LLC

February 12, 2019

- "Legal Framework for Integrating ESG Factors into Investment Strategy" by the Office of the Los Angeles City Attorney

March 26, 2019

- “ESG in Investment” by Council of Institutional Investors

In addition to Board education, a member of the Board and staff attended the PRI in Person Conference in September 2018. Based on the education and the information received at the aforementioned conference, the Board has expressed interest in becoming a signatory to the PRI.

Fiduciary Responsibility

On February 12, 2019, the City Attorney provided the Board several key fiduciary considerations as it contemplates a decision on whether to become a PRI Signatory and fulfill the objectives of the six PRI Principles. The City Attorney made reference to several legal citations, including that a Board’s “duty to [LACERS] participants and their beneficiaries shall take precedence over any other duty.” Cal Const. Art. XVI, § 17(b); L.A. Charter § 1106(a). A decision to become a PRI Signatory is a significant and material decision that must be deliberated within a fiduciary framework.

As part of fulfilling the Board’s fiduciary obligation before making decisions, staff arranged for ESG education, as outlined above. A persistent theme was that ESG consideration within the investment process provides investment decision makers (i.e., staff and LACERS’ investment managers) with additional risk factors to consider and evaluate as investment decisions are made on behalf of LACERS.

It is important to note that a majority of LACERS investment managers are already PRI Signatories and integrate ESG into their investment decision process. Staff believes that LACERS’ decision to become a signatory would complement the existing ESG integration that already exists in the LACERS program. While not noted below, there is a growing acceptance of ESG within the private equity community including several of LACERS’ general partners who are also PRI Signatories.

Asset Class	# of Manager PRI Signatories	Total Managers in Asset Class	\$ Amount of LACERS Assets Managed by PRI Signatories (mil)	Asset Class Total Value (mil)	% of Assets Managed by PRI Signatories
U.S. Equities	3	6	\$ 458	\$ 4,461	10.3%
Non-U.S. Equities	8	9	\$ 4,798	\$ 5,222	91.9%
Core Fixed Income	3	5	\$ 2,400	\$ 2,974	80.7%
Credit Opportunities	2	3	\$ 760	\$ 946	80.3%
Public Real Assets	3	3	\$ 936	\$ 936	100.0%
Total Fund			\$ 9,352	\$ 17,323	54.0%

Overview and Goals of PRI

Responsible investment is an approach to investing that aims to incorporate ESG factors into investment decisions, to better manage risk and generate sustainable, long-term returns. PRI’s goals are to understand the investment implications of ESG issues and to support signatories in integrating these issues into investment and ownership decisions. Signatories of PRI seek to adhere to six voluntary and aspirational Principles where consistent with fiduciary responsibilities:

- **Principle One:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle Two:** We will be active owners and incorporate ESG issues into our ownership policies and practices.

- **Principle Three:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle Four:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle Five:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle Six:** We will each report on our activities and progress towards implementing the Principles.

Responsibilities of a PRI Signatory

Signatories are required to report annually on their ESG implementation by asset class through the PRI Reporting Framework. This ensures:

- Accountability of the PRI and its signatories
- Standardization and transparency for signatory reporting
- Signatories receive feedback from which to learn and develop

The first year reporting requirement is optional. The reporting system's pre-filling functionality tends to make the workload much lighter after year one. Around 70%-90% of the required responses can be pre-filled going into the second reporting year.

As of 2018, the PRI implemented minimum requirements for existing and future asset owner and manager signatories. Failure to meet these requirements within two years, following extensive engagement with the PRI, will result in delisting as a signatory. The three requirements are:

- Maintaining an investment policy that covers the firm's responsible investment approach, covering >50% of assets under management
- Assigning internal/external staff responsible for implementing PRI policy
- Ensuring senior-level commitment and accountability mechanisms for PRI implementation

Application and Annual Signatory Fee

In order to become a signatory PRI requires the submission of a completed signatory application, an organizational chart, and a signed agreement to commit to the provisions in the attached "Asset Owner Signatory Declaration" template. The annual signatory fee is payable upon applying to become a signatory and is scaled accordingly to each signatory's category, type and assets under management. The 2019 fee for LACERS would be £8,609 or approximately \$11,258 based on a current exchange rate of \$1.31/£1.

The annual fee is a significant amount of pension dollars that will be paid each year and be subject to unknown future increases. This does not account for additional staff time to integrate ESG into the overall LACERS investment program, which staff has estimated at approximately 200 hours during the first year of program development.

Like other membership organizations such as CII, ILPA, Pacific Pension Institute, and PREA, where the Board already approves these expenditures each year, the Board must also determine if the PRI Signatory annual fee and supporting the PRI Principles will yield positive economic benefits in the future. There seems to be no conclusive research that answers this question directly because not enough time has elapsed for longer standing PRI Signatory members to make such determinations.

However, the common thread of ESG experts and practitioners is that fiduciaries should consider (rather than ignore) ESG risk factors during the investment process, which should lead to better investment returns over long periods of time.

Other PRI Signatory Benefits

- **Tools and Guidance:** Access to a variety of useful policy and practice guidelines, toolkits and case studies specific to LACERS' asset classes and direct/indirect investments, as well as research on key ESG issues and important regulatory developments.
- **Education:** Access to academic research through the PRI's Academic Network and to the PRI Academy, the world's leading responsible investment online training course. The PRI Academy offers four web-based courses:
 - PRI Fundamentals
 - PRI Essentials
 - Enhanced Financial Analysis
 - Socially Responsible Investment (SRI) for Trustees
- **Data Portal:** Obtain information on other signatories via the Data Portal, a web-based platform that allows for access to publicly-disclosed PRI "transparency reports," to request private reports from other signatories, to export responses (including assessment scores) and to explore the distribution of scores for specific peer groups.
- **Collaboration:** Network with companies, policy makers, academics, and over 2,000 fellow investors and service providers, via the PRI's Collaboration Platform. LACERS can also participate in events and workshops with other signatories in our local region.

PRI Implementation

Should the Board adopt the PRI Principles and become a signatory, staff proposes the following sequence of events:

- 1) Apply to PRI to become a signatory and pay annual fee (2Q2019).
- 2) Develop an ESG Action Plan to include (2Q-3Q2019):
 - a. Review of LACERS Investment Policy Statement (IPS)
 - i. Review ESG principles and factors
 - ii. Define Board, staff, and consultant responsibilities
 - b. Determine existing integration of ESG with LACERS investment managers, consultants, and support vendors
 - c. Confer with PRI and investment consultants for appropriate strategic ESG investment approaches
 - d. Develop approaches for integrating ESG into investment operations
 - e. Continue ESG Board and staff education available through PRI including the PRI Academy and conferences; invite industry experts to educate Board and staff; attend other relevant conferences and educational opportunities.
- 3) Board reviews and considers proposed ESG Action Plan (4Q2019).
- 4) Staff implements approved ESG Action Plan (2019 and 2020).
- 5) Staff returns to Board with ESG Action Plan status report (January, June, and December 2020).
- 6) Staff prepares PRI Reporting Modules (4Q2020).
- 7) LACERS submits PRI Report (1Q2021).

- 8) The Board will hear an independent review of the ESG Action Plan and the PRI implementation process. The Board will consider renewal of PRI membership and any changes to the ESG Action Plan (3Q2021).

This report was prepared by Saira Gandhi, Management Analyst, Investment Division.

RJ:BF:SG

Attachments: A) Principles for Responsible Investment Brochure
B) Asset Owner Signatory Declaration Letter Template

PRINCIPLES FOR RESPONSIBLE INVESTMENT

An investor initiative in partnership with
UNEP Finance Initiative and the UN Global Compact

“The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance issues and to support signatories in integrating these issues into investment and ownership decisions.”

2006 - 2016



SHOWCASING LEADERSHIP
IN RESPONSIBLE INVESTMENT

MESSAGE FROM THE UN SECRETARY-GENERAL

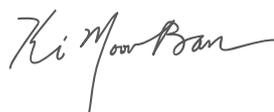
Sustainability is a global imperative. It is my top priority as Secretary-General and the United Nations believes investors are essential partners in achieving it.

Until recently, the implications of sustainability issues for investors and financial markets were poorly understood and largely overlooked. The United Nations-supported Principles for Responsible Investment (PRI) has helped to correct this oversight by illuminating the financial relevance of environmental, social and governance (ESG) issues and providing a framework for the global investment community to contribute to the development of a more stable and sustainable financial system.

Rising numbers of institutional investors – from all regions of the world – are incorporating ESG factors into their investment decision-making and ownership practices in order to reduce risk, enhance financial returns and meet the expectations of their beneficiaries and clients. They are also directly influencing companies, policy makers and other market participants to improve their performance in these areas. This is delivering tangible benefits to the environment and society as a whole.

The Principles complement the UN Global Compact, which asks companies to embed in their strategies and operations a set of universal principles in the areas of human rights, labour standards, the environment and anti-corruption. They are also a natural extension of the work of the UN Environment Programme Finance Initiative, which has helped sensitise capital markets to the importance of environmental and social issues. Together, these initiatives are helping us achieve the future we want.

I applaud the leadership of the institutions that have committed themselves to becoming signatories to the Principles. Now they must implement them. It is their responsibility and it is their opportunity. I urge other investors around the world to join these crucial efforts.



Ban Ki-moon
UN Secretary-General



INTRODUCING THE PRINCIPLES FOR RESPONSIBLE INVESTMENT

ABOUT THE PRI AND THE SIX PRINCIPLES

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance issues and to support signatories in integrating these issues into investment and ownership decisions.

The six Principles were developed by investors and are supported by the UN. They have more than 1,400 signatories from over 50 countries representing US\$59 trillion of assets.

THE PRI'S MISSION

OUR BELIEF AND AMBITION

We believe that an economically efficient, sustainable global financial system is a necessity for long-term value creation. Such a system will reward long-term, responsible investment and benefit the environment and society as a whole.

The PRI will work to achieve this sustainable global financial system by encouraging adoption of the Principles and collaboration on their implementation; by fostering good governance, integrity and accountability; and by addressing obstacles to a sustainable financial system that lie within market practices, structures and regulation.

THE SIX PRINCIPLES

SIGNATORIES' COMMITMENT

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society.

Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

- 1 **We will incorporate ESG issues into investment analysis and decision-making processes.**
- 2 **We will be active owners and incorporate ESG issues into our ownership policies and practices.**
- 3 **We will seek appropriate disclosure on ESG issues by the entities in which we invest.**
- 4 **We will promote acceptance and implementation of the Principles within the investment industry.**
- 5 **We will work together to enhance our effectiveness in implementing the Principles.**
- 6 **We will each report on our activities and progress towards implementing the Principles.**

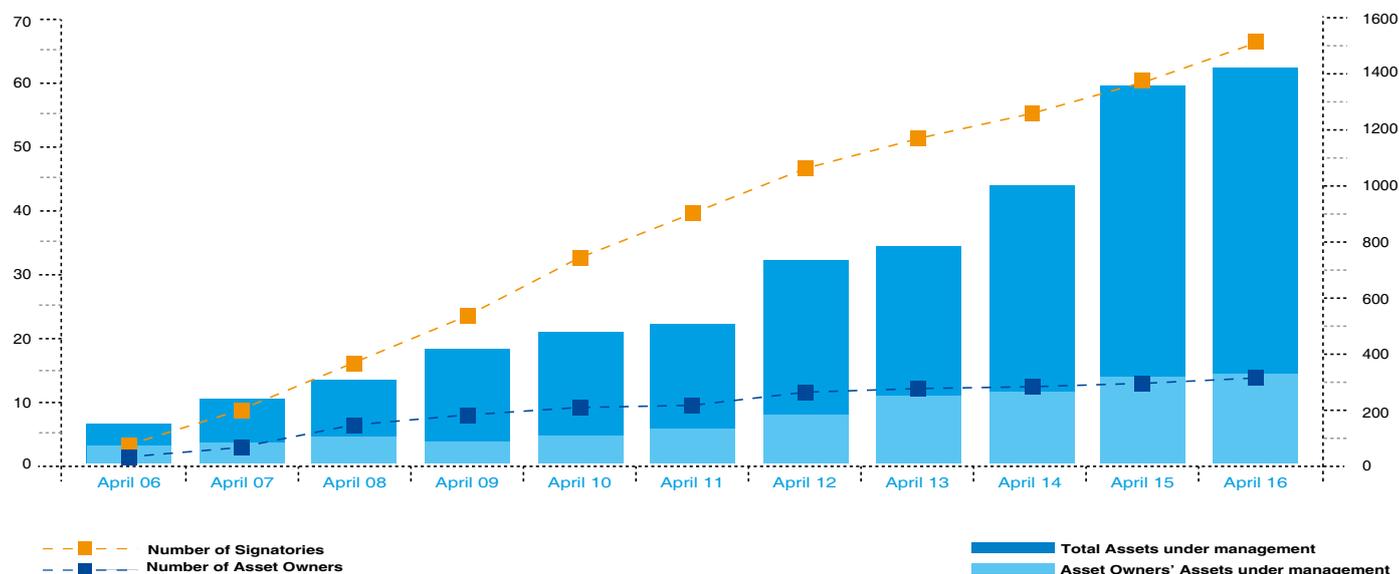
The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General.

In signing the Principles, we as investors publicly commit to adopt and implement them, where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society.

WE ENCOURAGE OTHER INVESTORS TO ADOPT THE PRINCIPLES.

RESPONSIBLE INVESTMENT: AN AGENDA GATHERING MOMENTUM

The PRI has grown consistently since it began in 2006:



Growing interest in responsible investment is being driven by:

- recognition that ESG issues are financially material;
- understanding that integrating these issues forms part of an investor's fiduciary duty to their clients and beneficiaries;
- concern about the impact of short-termism on company performance, investment returns and market behaviour;
- public policy requirements for investors to exercise their rights and responsibilities as owners;
- pressure from competitors seeking to differentiate themselves through responsible investment;
- ethical motivations of investors, clients and beneficiaries.

“AXA is a long-term global investor with a duty to act in the best interests of its stakeholders, which means understanding the risks and opportunities related to ESG issues in our portfolios. We believe that these factors have the potential to impact investment portfolios over time, therefore affecting risk and returns. But only collective action can produce meaningful change. This is why we are proud to sign the UN-supported Principles for Responsible Investment.”

Henri de Castries
CEO & Chairman, AXA

IMPLEMENTING THE SIX PRINCIPLES

The Principles are voluntary and aspirational. They offer a menu of possible actions for incorporating ESG issues:

1 We will incorporate ESG issues into investment analysis and decision-making processes.

Possible actions:

- Address ESG issues in investment policy statements
- Support development of ESG-related tools, metrics, and analyses
- Assess the capabilities of internal investment managers to incorporate ESG issues
- Assess the capabilities of external investment managers to incorporate ESG issues
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis
- Encourage academic and other research on this theme
- Advocate ESG training for investment professionals

2 We will be active owners and incorporate ESG issues into our ownership policies and practices.

Possible actions:

- Develop and disclose an active ownership policy consistent with the Principles
- Exercise voting rights or monitor compliance with voting policy (if outsourced)
- Develop an engagement capability (either directly or through outsourcing)
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights)
- File shareholder resolutions consistent with long-term ESG considerations
- Engage with companies on ESG issues
- Participate in collaborative engagement initiatives
- Ask investment managers to undertake and report on ESG-related engagement

3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Possible actions:

- Ask for standardised reporting on ESG issues (using tools such as the Global Reporting Initiative)
- Ask for ESG issues to be integrated within annual financial reports
- Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact)
- Support shareholder initiatives and resolutions promoting ESG disclosure

4 We will promote acceptance and implementation of the Principles within the investment industry.

Possible actions:

- Include Principles-related requirements in requests for proposals (RFPs)
- Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate)
- Communicate ESG expectations to investment service providers
- Revisit relationships with service providers that fail to meet ESG expectations
- Support the development of tools for benchmarking ESG integration
- Support regulatory or policy developments that enable implementation of the Principles

5 We will work together to enhance our effectiveness in implementing the Principles.

Possible actions:

- Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning
- Collectively address relevant emerging issues
- Develop or support appropriate collaborative initiatives

6 We will each report on our activities and progress towards implementing the Principles.

Possible actions:

- Disclose how ESG issues are integrated within investment practices
- Disclose active ownership activities (voting, engagement, and/or policy dialogue)
- Disclose what is required from service providers in relation to the Principles
- Communicate with beneficiaries about ESG issues and the Principles
- Report on progress and/or achievements relating to the Principles using a 'Comply or Explain'¹ approach
- Seek to determine the impact of the Principles
- Make use of reporting to raise awareness among a broader group of stakeholders

“These Principles serve as valuable platforms for formalising and focusing our responsible investment efforts, raising internal awareness, and providing a common language and set of expectations for our investment partners, our portfolio company management teams, and other stakeholders. We see the value of interacting with, and learning from, others who share this commitment.”

George R. Roberts

Co-Chairman and Co-Founder, Kohlberg Kravis Roberts

HOW THE PRI WORKS WITH INVESTORS ON:

INTEGRATING ESG INTO THEIR INVESTMENT PORTFOLIO

TEAM	KEY FACTS AND NUMBERS
<p>Investment Practices guides, case studies and events inform investors how to implement the Principles in a systematic way across asset classes.</p>	<ul style="list-style-type: none"> ■ 43,000+ reports downloaded ■ 500+ people at IP events in 2014 ■ 1,200+ signed-up for Investment Practices newsletter
<p>ESG Engagements enable investors to pool their knowledge, resources and influence when engaging with companies and policy makers on ESG issues – including through the PRI's proprietary Collaboration Platform.</p>	<ul style="list-style-type: none"> ■ 500 signatories involved ■ 600 engagements run ■ 1,700 companies targeted

THE IMPACT OF THE WIDER INVESTMENT LANDSCAPE

TEAM	KEY FACTS AND NUMBERS
<p>Policy projects engage signatories, policy makers and regulators to identify and tackle regulatory barriers to responsible investment.</p>	<ul style="list-style-type: none"> ■ fiduciary duty ■ long-termism ■ effectiveness of regulation
<p>Academic Research publications and events keep the investment community informed of the latest academic research on responsible investment.</p>	<ul style="list-style-type: none"> ■ the Academic Network connects 2,000+ investors and academics ■ RI Quarterly translates and distils research papers to present academic findings to investors ■ 90% of attendees at the Academic Conference said it would positively impact their work

REPORTING AND ASSESSING PROGRESS

TEAM	KEY FACTS AND NUMBERS
<p>Reporting and Assessment ensures accountability of the PRI and its signatories. The annual Report on Progress showcases the activities of the signatory base as a whole, analysing findings and presenting practical case studies of signatories' work.</p>	<ul style="list-style-type: none"> ■ 900+ investors reported in 2014/15 ■ 100,000+ downloads of 2013/14 Transparency Reports ■ 250 investors in public consultation, 360 in pilot report, 800+ reporting in first year
<p>Each signatory receives: a Transparency Report – a public record of their reporting, allowing them to demonstrate to stakeholders and the public how they incorporate ESG issues; an Assessment Report – a confidential evaluation measuring their year-on-year progress and comparing them to their peers.</p>	

INTERNATIONAL SUPPORT

The PRI supports signatories in addressing challenges specific to their local market through its regional networks. Networks help signatories coordinate engagements with local companies and address local regulatory issues. They organise regional events and tailor PRI resources to local markets.

Dedicated network managers in each region provide signatories with an active relationship with the PRI.



- Canada
- US
- Latin America
- Nordic
- UK & Ireland
- Continental Europe
- Africa
- Japan
- Asia (ex Japan)
- Australasia

“The PRI provides an excellent framework for structuring our responsible investment activities and offers an irreplaceable network. We consider it to be the global standard for responsible investment and we encourage our external managers to join.”

Niels Erik Petersen
CIO, Unipension

PRI IN PERSON

PRI in Person

Since its inception, PRI in Person has brought together:

240+ SESSIONS
660+ SPEAKERS

3500+ ATTENDEES

2013 | THE APP REVOLUTION

In Cape Town we introduced for the first time the PRI event app, which allows users to network, check and also comment on the latest updates of the conference.



PRI in Person is the only truly global conference on the responsible investment industry calendar, providing a platform for PRI signatories and investment professionals to learn, network and collaborate over several days. The conference allows attendees to discuss topical issues and share experiences from their own region and organisation with peers from around the world. More than 3,500 delegates have attended the conference since the inaugural PRI in Person in Geneva in 2007.

In 2015, the investors from around the world gathered in London for the largest ever responsible investment event. Please visit www.unpri.org to see highlights.

During the PRI's tenth anniversary year, PRI in Person 2016 will take place in Singapore on 6-8 September, bringing the world's leading responsible investment event to Asia for the first time since 2008. For more information and to be added to the PRI in Person mailing list visit www.unpri.org/Singapore2016.

For sponsors, the conference offers a wide range of opportunities to reach a global investor audience. For more information about sponsorship opportunities, please visit the PRI website.



THE PRI ACADEMY



THE GOLD STANDARD FOR ESG TRAINING

The PRI Academy provides CFA-accredited online training on how ESG issues impact company performance, shareholder value and investment decisions.

Courses feature content from international experts, real and hypothetical case studies and financial modelling. Every course is delivered entirely online.

“The PRI Academy is a particularly well put together course, and it is helping us better understand how we can integrate ESG issues into our investment frameworks.”

Sovereign, New Zealand

COURSES

The PRI Academy offers three courses:

RI FUNDAMENTALS

Responsible Investment Fundamentals is a two-hour training course designed for professionals across the business spectrum that want an insight into responsible investment. The course delivers the business case for responsible investment and introduces new ideas to traditional investment approaches.

RI ESSENTIALS

Responsible Investment Essentials is a 12-14 hour course focusing on identifying and implementing ESG factors into investment decision-making. It uses case studies to illustrate the materiality of ESG issues in business, introduces strategies for identifying and managing new approaches to ESG risk, and demonstrates methods for integrating sustainability data into financial modelling.

ENHANCED FINANCIAL ANALYSIS

Enhanced Financial Analysis is the 6-8 hour advanced course. The course explores and examines the use of sustainability data in fundamental investment analysis and stock valuation. It identifies critical ESG issues relevant to sustainability performance, key value drivers, and overall financial outcomes.

“The PRI Academy is the gold standard and unique in the marketplace.”

Colonial First State Global Asset Management, Australia



The training is completely web-based, which means you can start and finish when and where you please, as long as you have access to the internet: no travel, no pressure, lower greenhouse gas emissions.

Each PRI Academy course comes with a one-year licence. Structured learning programmes, progress monitoring and assessments are all managed by the Academy support team via the online learning platform.

Academy courses do not require any existing skills or knowledge, though candidates considering the Enhanced Financial Analysis course will get the most out of it if they have experience of financial analysis and responsible investment.

HOW TO ENROL

- To enrol please visit our website at www.priacademy.org
- For group enrollments please email us at priacademy@unpri.org

OUR UN PARTNERS

United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is a unique partnership between the United Nations Environment Programme (UNEP) and the global financial sector. UNEP FI works closely with over 200 financial institutions that are signatories to the UNEP FI Statement on Sustainable Development, and a range of partner organisations, to develop and promote linkages between sustainability and financial performance. Through peer-to-peer networks, research and training, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.

More information: www.unepfi.org



UN Global Compact

Launched in 2000, the United Nations Global Compact is both a policy platform and practical framework for companies that are committed to sustainability and responsible business practices. As a multi-stakeholder leadership initiative, it seeks to align business operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to catalyse actions in support of broader UN goals. With 7,000 corporate signatories in 135 countries, it is the world's largest voluntary corporate sustainability initiative.

More information: www.unglobalcompact.org



OUR CONTACT DETAILS

PRI
5th Floor, 25 Camperdown Street,
London E1 8DZ
United Kingdom
T: +44 (0)20 3714 3220

**PRI Association (Hong Kong)
Limited**
Level 9-10, 1-3 Pedder Street,
Central Hong Kong
T: +852 3796 7188

PRI US, Inc.
45 Rockefeller Plaza
Suite 2000
New York, NY 10111
T: +212 332 3437

www.unpri.org | info@unpri.org

ASSET OWNER SIGNATORY DECLARATION

Please submit the following declaration to the PRI Secretariat on your headed paper, signed by your CEO or equivalent, in soft copy with an application form, which can be found [here](#), and an organisation chart.

Please send the completed forms to info@unpri.org.

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). We also recognise that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, **COMPANY NAME** commit to the following:

- To incorporate Environmental, Social and Corporate Governance (ESG) issues into investment analysis and decision-making processes;
- To be an active owner and to incorporate ESG issues into our ownership policies and practices;
- To seek appropriate disclosure on ESG issues by the entities in which we invest;
- To promote acceptance and implementation of the Principles within the investment industry;
- To work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles;
- To report on our activities and progress towards implementing the Principles.

By signing this letter **COMPANY NAME** agrees to pay the annual fee and commits to completing the PRI Reporting Framework on an annual basis.

COMPANY NAME confirms their current AUM is _____ bn USD. This figure was last calculated on _____.

COMPANY NAME is classified as an Asset Owner.

Signed:

Name:

Title (CEO / equivalent):

Date: