



**Board of Administration Agenda**

**REGULAR MEETING**

**TUESDAY, JANUARY 14, 2020**

**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:	Michael R. Wilkinson
Commissioners:	Annie Chao Elizabeth Lee Sandra Lee Nilza R. Serrano Sung Won Sohn
Manager-Secretary:	Lita Payne
Executive Assistant:	Ani Ghoukassian
Legal Counsel:	City Attorney's Office Public Pensions General Counsel Division

- I. PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION
- II. [APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF DECEMBER 10, 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. [MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR NOVEMBER 2019](#)

- B. [MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR DECEMBER 2019](#)
- C. [MARKETING CESSATION NOTIFICATION](#)
- D. [BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER](#)

VI. CONSENT AGENDA

- A. [ADOPTION OF 2020 RETIRED MEMBER OF THE BOARD ELECTION CALENDAR AND POSSIBLE BOARD ACTION](#)

VII. COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE REGULAR MEETING OF DECEMBER 10, 2019
- B. [GOVERNANCE COMMITTEE REPORT - CONSIDERATION OF BOARD AGENDA TITLE FOR REAL ESTATE INVESTMENT ITEMS AND POSSIBLE BOARD ACTION](#)
- C. [GOVERNANCE COMMITTEE REPORT - PROPOSED REVISION TO THE BOARD EDUCATION AND TRAVEL POLICY AND POSSIBLE BOARD ACTION](#)

VIII. INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT
- B. [PRESENTATION BY THE CARLYLE GROUP REGARDING PRIVATE EQUITY INVESTING](#)
- C. [CONTINUED DISCUSSION OF PRIVATE EQUITY INVESTMENT MANAGEMENT](#)
- D. [NOTIFICATION OF COMMITMENT OF UP TO \\$35 MILLION IN NREP NORDIC STRATEGIES FUND IV, LP SCSP](#)

IX. DIVISION SPOTLIGHT

- A. HEALTH ACCOUNT RECONCILIATION

X. DISABILITY RETIREMENT APPLICATION(S)

- A. CONSIDER THE DISABILITY APPLICATION OF EUGENE MONTGOMERY AND POSSIBLE BOARD ACTION
- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF ROY MAYES AND POSSIBLE BOARD ACTION**

**C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO  
CONSIDER THE DISABILITY RETIREMENT APPLICATION OF ANTHONY URIBE  
AND POSSIBLE BOARD ACTION**

XI. OTHER BUSINESS

XII. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, January 28, 2020 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

December 10, 2019

10:13 a.m.

**Agenda of: Jan. 14, 2020**

**Item No: II**

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

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*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 Vice President Wilkinson commented about Tara Miller, LACERS Wellness Coordinator, and her contributions to the Retiree Wellness Program. President Ruiz echoed Vice President Wilkinson's comments and acknowledged staff and the Commissioners for their hard work.

II

APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF NOVEMBER 12, 2019 AND POSSIBLE BOARD ACTION – Commissioner Chao moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -6; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz reflected on 2019 and thanked staff and the Commissioners for their service.

## IV

### GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Lita Payne, Executive Officer, discussed the following items:

- Headquarters building
- Revenue Generation Commission
- Generational mortality implementation in the Pension Administration System
- Employee transfers from the Water and Power Employees Retirement Plan
- Popular Annual Financial Report
- Retirement Services Division staff changes
- 2020 basic Medicare Part B premium rate increase
- ALEX 2020 has 459 visits
- Transfer of Anthem PSR funds
- Wellness Program Manager Contract to end on 12/31/19

Ms. Payne recognized Tara Miller, LACERS Wellness Coordinator, for her service. Alex Rabrenovich, Chief Benefits Analyst, recognized Ms. Miller's achievements and presented her with a certificate signed by the LACERS Commissioners.

President Ruiz recessed the Regular Meeting at 10:38 a.m. to take photos with Ms. Miller. The Regular Meeting reconvened at 10:40 a.m.

B. UPCOMING AGENDA ITEMS – Ms. Payne stated the following items will be on an upcoming Board agenda:

- Board January 2020 - Comprehensive Annual Financial Report (CAFR)

## V

### RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR OCTOBER 2019 – This report was received by the Board and filed.

B. COMMISSIONER WILKINSON BOARD EDUCATION EVALUATION ON SACRS FALL CONFERENCE, MONTEREY, CA; NOVEMBER 12-15, 2019 – This report was received by the Board and filed.

C. MARKETING CESSATION NOTIFICATION – This report was received by the Board and filed.

D. BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.

## VI

### BENEFITS ADMINISTRATION

- A. OPEN ENROLLMENT UPDATE – VERBAL REPORT – Heather Ramirez, Senior Management Analyst, Health Benefits Administration & Communications Division, stated there were six Open Enrollment meetings in 2019 with 960 attendees. She also stated that LACERS Member Service Center handled over 5,500 calls with 84% of calls answered in less than 2.5 minutes.

James Napier, Deputy City Attorney, was present during Item VI-B.

Ferralyn Sneed, Senior Management Analyst II, Retirement Services Division, recognized and acknowledged Anna Ingram, Management Analyst with Retirement Services Division, and her 37 years of City service. Ms. Ingram will be retiring at the end of the December 2019.

- B. CONSIDERATION OF RETIREE AZAR NEJAD REQUEST TO MAKE MONTHLY DISABILITY LOAN DEDUCTIONS AND POSSIBLE BOARD ACTION – Anna Ingram, Management Analyst, presented this item to the Board. Commissioner Serrano moved approval, seconded by Vice President Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -6; Nays, None.

## VII

### COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF NOVEMBER 12, 2019 – Commissioner Sohn stated the Committee approved the Private Equity Program 2020 Strategic Plan.
- B. INVESTMENT COMMITTEE VERBAL REPORT ON THE SPECIAL MEETING OF DECEMBER 2, 2019 – Commissioner Sohn stated finalist firms of the Active U.S. Small Cap Equities Investment Manager search presented to the Committee. The Committee took no action on this item.
- C. GOVERNANCE COMMITTEE VERBAL REPORT ON THE MEETING OF DECEMBER 10, 2019 – Commissioner Serrano stated the Committee approved the revisions to the Board Education and Travel Policy. She also stated the Committee tabled and moved to the full Board the Board agenda title for Private Real Estate Investment item and the policy discussion regarding Total Composition of Workforce forms.

## VIII

### BOARD/DEPARTMENT ADMINISTRATION

- A. EDUCATION AND TRAVEL EXPENDITURE REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2019 – This report was received by the Board and filed.
- B. PRESENTATION OF LACERS AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2019 – Wally Oyewole, Departmental Audit Manager and Rosalva Flores, Partner with Brown Armstrong, presented and discussed this item to the Board. Staff and the Commissioners discussed this item for 34 minutes.

## IX

### INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$18.56 Billion as of December 9, 2019. Mr. June discussed the following items:
- Manager search forward calendar
  - Three new Investment Officers: Ellen Chen, Clark Hoover, and Jeremiah Paras
- B. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2019 – Carolyn Smith, Partner with NEPC, and the Board discussed this item for 1 hour and 6 minutes.
- C. PRESENTATION BY TORREYCOVE CAPITAL PARTNERS LLC OF THE PRIVATE EQUITY PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING JUNE 30, 2019 – Jeff Goldberger and Heidi Poon, Vice Presidents with TorreyCove, and the Board discussed this item for 37 minutes.

Commissioner Chao left the Regular Meeting at 1:28 p.m.

- D. PRIVATE EQUITY PROGRAM 2020 STRATEGIC PLAN AND POSSIBLE BOARD ACTION – Commissioner Sohn moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -5; Nays, None.
- E. NOTIFICATION OF COMMITMENT OF UP TO \$10 MILLION IN P4G CAPITAL PARTNERS I, L.P. This report was received by the Board and filed.
- F. NOTIFICATION OF COMMITMENT OF UP TO €35.4 MILLION (APPROXIMATELY \$40 MILLION) IN MONTAGU VI, L.P. This report was received by the Board and filed.
- G. NOTIFICATION OF COMMITMENT OF UP TO \$25 MILLION IN OAK HC/FT PARTNERS III, L.P. This report was received by the Board and filed.
- H. NOTIFICATION OF COMMITMENT OF UP TO \$10 MILLION IN SUNSTONE PARTNERS II, L.P. This report was received by the Board and filed.
- I. DISCLOSURE REPORT OF FEES, EXPENSES, CARRIED INTEREST OF ALTERNATIVE INVESTMENT VEHICLES FOR THE FISCAL YEAR ENDING JUNE 30, 2019 PURSUANT TO GOVERNMENT CODE SECTION 7514.7 – Bryan Fujita, Chief Operating Officer and Eduardo Park, Investment Officer I, presented this item and the report was received by the Board and filed.

## X

### DISABILITY RETIREMENT APPLICATION(S)

- A. CONSIDER THE DISABILITY RETIREMENT APPLICATION OF VERONICA REYES TORKAMANI AND POSSIBLE BOARD ACTION – Anna Ingram, Management Analyst with Retirement Services Division, 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, Vice President Wilkinson, and President Ruiz -5; Nays, None.

President Ruiz recessed the Regular Meeting at 1:39 p.m. to convene in Closed Session.

- B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF ANNETTE JACKSON TURNER AND POSSIBLE BOARD ACTION**

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

President Ruiz reconvened the Regular Meeting at 1:40 p.m. and announced that the Board unanimously approved the Disability Retirement Applications of Annette Jackson Turner and Virginia Perez.

XI

OTHER BUSINESS – Lita Payne, Executive Officer, stated the LACERS Holiday Party is scheduled for Thursday, December 12, 2019, and all the Commissioners are welcome to attend.

XII

NEXT MEETING – The next Regular meeting of the Board is scheduled for Tuesday, January 14, 2020 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XIII

ADJOURNMENT – There being no further discussion before the Board, President Ruiz adjourned the meeting at 1:42 p.m.

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Cynthia M. Ruiz  
President

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Lita Payne  
Manager-Secretary

Agenda of: JAN. 14, 2020

Item No: V-A

**MONTHLY REPORT ON SEMINARS AND CONFERENCES  
ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS  
(FOR THE MONTH OF NOVEMBER 2019)**

In accordance with Section V.H.2 of the approved Board Education and Travel Policy, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, seminars and conferences they attended as a LACERS representative or in the capacity of a LACERS Board Member which are either complimentary (no cost involved) or with expenses fully covered by the Board Member. This monthly report shall include all seminars and conferences attended during the 4-week period preceding the Board meeting wherein the report is to be presented.

**BOARD MEMBER:**

Commissioner Nilza R. Serrano

<b>DATE(S) OF EVENT</b>	<b>SEMINAR / CONFERENCE TITLE</b>	<b>EVENT SPONSOR (ORGANIZATION)</b>	<b>LOCATION (CITY, STATE)</b>
November 19, 2019	<b>Toigo's 30<sup>th</sup> Anniversary Celebration</b>	The Toigo Foundation	Los Angeles, CA

Agenda of: JAN. 14, 2020

Item No: V-B

**MONTHLY REPORT ON SEMINARS AND CONFERENCES  
ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS  
(FOR THE MONTH OF DECEMBER 2019)**

In accordance with Section V.H.2 of the approved Board Education and Travel Policy, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, seminars and conferences they attended as a LACERS representative or in the capacity of a LACERS Board Member which are either complimentary (no cost involved) or with expenses fully covered by the Board Member. This monthly report shall include all seminars and conferences attended during the 4-week period preceding the Board meeting wherein the report is to be presented.

**BOARD MEMBER:**

President Cynthia M. Ruiz  
Vice President Michael R. Wilkinson

Commissioner Annie Chao  
Commissioner Elizabeth Lee  
Commissioner Sandra Lee  
Commissioner Nilza R. Serrano  
Commissioner Sung Won Sohn

<b>DATE(S) OF EVENT</b>	<b>SEMINAR / CONFERENCE TITLE</b>	<b>EVENT SPONSOR (ORGANIZATION)</b>	<b>LOCATION (CITY, STATE)</b>
	<b>NOTHING TO REPORT</b>		



*Securing Your Tomorrows*

**Agenda of: JANUARY 14, 2020**

**Item No: V-C**

## **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 JANUARY 14, 2020 BOARD MEETING

ATTACHMENT 1

**CONTRACTS UNDER CONSIDERATION FOR RENEWAL**

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
						START	END
<b>HEALTH BENEFITS ADMINISTRATION</b>							
1	Kaiser 2020	Medical HMO	1/1/2020	12/31/2020	Board approved on 8/28/2018; Contract under review for execution.	1/1/2020	12/31/2020
2	SCAN 2020	Medical HMO	1/1/2020	12/31/2020	Board approved on 8/28/2018; Contract under review for execution.	1/1/2020	12/31/2020
3	United Healthcare 2020	Medical HMO	1/1/2020	12/31/2020	Board approved on 8/28/2018; Contract under review for execution.	1/1/2020	12/31/2020
4	Delta Dental 2020	Dental PPO and HMO	1/1/2020	12/31/2020	Board approved on 8/28/2018; Contract under review for execution.	1/1/2020	12/31/2020
5	Anthem Blue View Vision 2020	Vision Services Contract	1/1/2020	12/31/2020	Board approved on 8/28/2018; Contract under review for execution.	1/1/2020	12/31/2020
6	Anthem 2020	Medical HMO & PPO	1/1/2020	12/31/2020	Board approved on 8/28/2018; Contract under review for execution.	1/1/2020	12/31/2020
<b>RETIREMENT SERVICES DIVISION</b>							

**CONTRACTS UNDER CONSIDERATION FOR RENEWAL**

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
						START	END
7	Mitchell International dba MCN	Disability Medical Evaluation Services	Pending	Pending	Board approved on 8/13/2019; Contract under review for execution.	5/1/2019	1/31/2020
<b>CITY ATTORNEY</b>							
8	Foley & Lardner LLP	Legal Services - Health & Data Privacy Law	Pending	Pending	Board approved on 8/27/2019; Contract under review for execution.	5/27/2019	1/27/2020
9	Polsinelli LLP	Legal Services - Health & Data Privacy Law	Pending	Pending	Board approved on 8/27/2019; Contract under review for execution.	5/27/2019	1/27/2020
10	Orrick, Herrington & Sutcliffe LLP	Legal Services - Health & Data Privacy Law	Pending	Pending	Board approved on 8/27/2019; Contract under review for execution.	5/27/2019	1/27/2020
11	Hogan Marren Babbo & Rose, Ltd	Legal Services - Health & Data Privacy Law	Pending	Pending	Board approved on 8/27/2019; Contract under review for execution.	5/27/2019	1/27/2020

**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.

**CONTRACTS UNDER CONSIDERATION FOR RENEWAL**

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
						START	END

**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 JANUARY 14, 2020 BOARD MEETING

**ACTIVE RFPs AND RFQs\***

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES
<b>INVESTMENTS</b>		
1	Private Credit Mandate Search	<b>RFP Release Date:</b> December 10, 2018
		<b>Submission Deadline:</b> January 18, 2019
		<b>Status:</b> On July 23, 2019, Board awarded contracts to Alcentra Limited; Benefit Street Partners L.L.C.; Crescent Capital Group LP; and Monroe Capital LLC. Negotiations in process.
		<b>List of Respondents:</b> 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

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ATTACHMENT 2  
CONTRACTS LIST FOR THE JANUARY 14, 2020 BOARD MEETING**

**ACTIVE RFPs AND RFQs\***

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES
2	U.S. Small Cap Equities Mandate Search	<b>RFP Release Date:</b> February 25, 2019
		<b>Submission Deadline:</b> April 12, 2019
		<b>Status:</b> On December 2, 2019, Investment Committee discussed advancing the following five firms as finalists: Core: Copeland Capital Management, LLC Growth: EAM Investors, LLC; Granahan Investment Management Value: Bernzott Capital Advisors; Segall Bryant & Hamill.
		<b>List of Respondents:</b> 361 Capital, LLC, Aberdeen Standard Investments Inc., Acuitas Investments, LLC, Alliance Bernstein AB, Allianz Global Investors AllianzGI, AltraVue Capital, LLC, American Century Investment Management, Inc., AMI Asset Management Corporation, Anchor Capital Advisors LLC, Ariel Investments, LLC, Aristotle Capital Boston, LLC, Axiom Investors, Baron Capital, Barrow, Hanley, Mewhinney, Strauss, LLC, Bernzott Capital Advisors, Bivium Capital Partners, LLC, BlackRock, Inc., BMO Global Asset Management, BNP Paribas Asset Management USA Inc., Boston Advisors, LLC, Boston Partners Global Investors, Inc., Bridge City Capital, LLC, Cadence Capital Management LLC, Capital Impact Advisors, LLC, Capital Prospects LLC, Ceredex Value Advisors LLC, ClearBridge Investments, LLC, Copeland Capital Management, LLC, Dimensional Fund Advisors LP, Driehaus Capital Management LLC, Eagle Asset Management, EAM Investors, LLC, EARNEST Partners, LLC, Eastern Shore Capital Management, a Division of Moody Aldrich Partners, LLC, Eaton Vance Management, Elk Creek Partners LLC, Falcon Point Capital, LLC, Federated MDTA, LLC, FIAM LLC, Fisher Investments, Franklin Advisers, Inc., Frontier Capital Management Company, LLC, Goldman Sachs Asset Management, Granahan Investment Management, Granite Investment Partners, LLC, Hotchkis and Wiley Capital Management, LLC, Investment Counselors of Maryland, LLC, Jacobs Levy Equity Management, Inc., Jennison Associates, JP Morgan, Kayne Anderson Rudnick Investment Management, LLC, Legato Capital Management, LLC, Legion Partners Asset Management, LLC, Lisanti Capital Growth, LLC, LMCG Investments, Loomis, Sayles & Company, L.P., Los Angeles Capital Management and Equity Research, Inc., Macquarie Investment Management, Manulife Asset Management, Matarin Capital Management, Mellon Investments Corporation, MFS Institutional Advisors, Inc., Monarch Partners Asset Management, LLC, Morgan Stanley Investment Management, Neuberger Berman, NewSouth Capital Management, Inc., Next Century Growth Investors, LLC, Northern Trust Investments, Inc., OFI Global Institutions, Inc., Pacific Ridge Capital Partners, LLC, Pacific View Asset Management, LLC, Palisade Capital Management, LLC, PanAgora Asset Management, Inc., Peregrine Capital Management, LLC, Perkins Investment Management LLC, Pier Capital, LLC, PIMCO, Portolan Capital Management LLC, Principal Global, Pzena Investment Management, QMA LLC, Ranger Investment Management, LP, Riverbridge Partners, LLC, RockCreek, Rothschild & Co Asset Management, Sapien Investments, LLC, Schroder Investment Management North America Inc., Segall Bryant & Hamill, Seizert Capital Partners, Smith Asset Management Group, Snyder Capital Management, L.P., Summit Creek Advisors, LLC, Systematic Financial Management, L.P., T. Rowe Price Associates, Inc., Teton Advisors, Inc., THB Asset Management, Tygh Capital Management, Vantagepoint Discovery, Victory Capital Management Inc., Voya Investment Management, Walkthausen & Co., LLC, Wasatch Advisors, Weatherbie Capital, LLC, Wedge Capital Management, Wellington Management Company LLP, Wells Fargo Asset Management, Westfield Capital Management Company, L.P., William Blair Investment Management, LLC, WisdomTree Asset Management, Inc., Zacks Investment Management

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ATTACHMENT 2  
CONTRACTS LIST FOR THE JANUARY 14, 2020 BOARD MEETING

**ACTIVE RFPs AND RFQs\***

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES
3	High Yield Fixed Income and Hybrid High Yield Fixed Income / U.S. Floating Rate Bank Loan Mandate Search	<b>RFP Release Date:</b> February 25, 2019
		<b>Submission Deadline:</b> April 12, 2019
		<p><b>Status:</b> On August 13, 2019, the Investment Committee advanced the following firms as semi-finalists for further due diligence:  <b>High Yield Fixed Income -</b> Aegon USA Investment Management, LLC, Loomis, Sayles &amp; Company, L.P., and Morgan Stanley Investment Management;  <b>Hybrid Fixed Income/Bank Loans -</b> DDJ Capital Management, LLC, and KKR Credit</p>
		<p><b>List of Respondents:</b> Ares Management LLC, Arena Capital Advisors, LLC, Guggenheim Partners Investment Management, LLC, Aegon Asset Management US, MacKay Shields LLC, Post Advisory Group, LLC, Diamond Hill Capital Management, Inc., AXA Investment Managers, Pacific Asset Management, Mesirow Financial Investment Management, Inc., DDJ Capital Management, LLC, Par-Four Investment Management, LLC, PGIM Fixed Income, Beach Point Capital Management LP, KKR Credit, Barrings LLC, Eaton Vance Management, Brigade Capital Management, LP, Morgan Stanley Investment Management, Lord, Abnett &amp; Co. LLC, BlackRock, Inc., L &amp; S Advisors, Inc., Mellon Investments Corporation, Seix Investment Advisors LLC, Legal &amp; General Investment Management, Principal Global, Bain Capital Credit, LP, Princeton Asset Management, LLC, Symphony Asset Management, LLC, PIMCO, The Capital Group Companies, Inc., Loomis, Sayles &amp; Company, L.P., Credit Suisse Asset Management, LLC, J.P. Morgan Asset Management, Hotchkis and Wiley Capital Management, LLC, Northern Trust, CVC Credit Partners, LLC</p>
4	Emerging Market Small Cap Equities Mandate Search	<b>RFP Release Date:</b> June 10, 2019
		<b>Submission Deadline:</b> July 22, 2019
		<b>Status:</b> In progress
		<p><b>List of Respondents:</b> LMCG Investments, LLC, AQR Capital Management, LLC, Dimensional Fund Advisors LP, EAM Investors, LLC, Ashmore, Cedar Street Asset Management LLC, Copper Rock Capital Partners, LLC, FIAM LLC, Macquarie Investment Management, RBC Global Management, Inc., Capital, River and Mercantile LLC, Schroder Investment Management North America Inc., Somerset Capital Management LLP, Wasatch Advisors, Inc., Kayne Anderson Rudnick Investment Management, Franklin Templeton Investments, Globeflex Capital, LP, Quantitative Management Associates, LLC, State Street Global Advisors Distributor, LLC</p>
5	Emerging Market Debt Mandate Search	<b>RFP Release Date:</b> June 10, 2019
		<b>Submission Deadline:</b> July 22, 2019
		<b>Status:</b> In progress
		<p><b>List of Respondents:</b> Eaton Vance Management, Ashmore Investment Management, Capital Group, Fidelity Institutional Asset Management, GAM USA, INC., Northwest Passage Capital Advisors LLC, Payden &amp; Rygel, PGIM Fixed Income, Schroder Investment Management North America Inc., Stone Harbor Investment Partners LP, LM Capital Group, Wellington Management Company LLP, Manulife Investment Management, Global Evolution USA LLC, GoldenTree Asset Management LP, Goldman Sachs Asset Management L.P., Investec Asset Management, Nuveen, A TIAA Company</p>
		<b>RFP Release Date:</b> August 19, 2019 <b>Submission Deadline:</b> October 4, 2019

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM    **ATTACHMENT 2**  
 CONTRACTS LIST FOR THE JANUARY 14, 2020 BOARD MEETING

**ACTIVE RFPs AND RFQs\***

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES
6	Core Fixed Income RFP	<p><b>Status:</b> In progress</p> <p><b>List of Respondents:</b> Amundi Pioneer Institutional Asset Management, Inc., Baird Advisors, BlackRock, Inc., BMO Global Asset Management, Brown Brothers Harriman &amp; Co., C.S. McKee, L. P., Calvert Research and Management (Calvert or CRM), Conning, Dimensional Fund Advisors LP, Dodge &amp; Cox, EARNEST Partners, LLC, FIAM LLC, Galliard Capital Management, Garcia Hamilton &amp; Associates, L.P., Goldman Sachs Asset Management L.P., Guggenheim Partners Investment Management, LLC, Income Research &amp; Management, Integrity Fixed Income, Management, LLC, Invesco Advisers, Inc., J.P. Morgan Asset Management, Jennison Associates LLC, Lazard Asset Management LLC, LM Capital Group, LLC, Longfellow Investment Management Co., LLC, Loomis, Sayles &amp; Company, L.P, Manulife Investment Management, MFS Institutional Advisors, Inc., Morgan Stanley Investment Management, National Investment Services, Neuberger Berman, Nuveen, LLC, Payden &amp; Rygel, PGIM Fixed Income, Piedmont Investment Advisors, Inc., PIMCO, Princeton Asset Management, LLC, Progress Investment Management Company, LLC, Pugh Capital Management, Inc., Quadratic Capital Management LLC, Ramirez Asset Management, Schroder Investment Management North America Inc., Securian Asset Management, Inc., Segall Bryant &amp; Hamill, Sit Investment Associates, Inc. (Sit), SLC Management, Smith Graham &amp; Co., Investment Advisors, L.P., Sterling Capital Management LLC, T. Rowe Price Associates, Inc., TCW Group, Inc., The Capital Group Companies, Inc., Voya Investment Management (Voya IM), Wellington Management Company LLP, Wells Fargo Asset Management, Western Asset Management Company, LLC</p>
7	Asset Management Real Estate Services RFQ	<p><b>RFQ Release Date:</b> October 8, 2019</p> <p><b>Submission Deadline:</b> October 22, 2019</p> <p><b>Status:</b> On October 31, 2019, Board awarded contract to Invesco Real Estate. Negotiations in process.</p> <p>List of Respondents: CIM Group, LLC; Invesco Real Estate; Jamestown LP</p>

**\*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.

**BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM V-D**

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</u>	<u>Department</u>	<u>Classification</u>
Banuelos, Joyce	26	Personnel Dept.	Background Investgr
Beaulieu, Kenneth	21	Dept. of Airports	Management Analyst
Bowin, Claire	15	City Planning Dept.	Sr City Planner
Cadoret, Melvyn C	30	PW - Resurf & Reconstr Div.	St Svcs Supvr
Chang, Winston K	23	GSD - Materials Mgmt.	Warehouse & T/R Wkr
Cortina, Mario	31	Dept. of Rec. & Parks	Gardener Caretaker
Doherty, Brian B	41	Dept. of Transportation	Transp Engrg Aide
Dominguez, Celia N	8	Library Dept.	Messenger Clerk
Early, Michael Leonard	29	Dept. of Transportation	Traf Officer
Enriquez, Irene	30	Zoo Dept.	Sr Administrative Clerk
Freeman, Michael C	12	Dept. of Airports	Security Officer
Gibson, Thomas	18	Dept. of Rec. & Parks	Landscape Arch
Gomez, Arturo	33	Dept. of Rec. & Parks	Sr Recreation Dir
Hansen, Janet	18	City Planning Dept.	Sr City Planner
Hospe, Pauline Kay	34	Harbor Dept.	Sr Administrative Clerk
Johnson, Haywood O	32	Dept. of Transportation	Traf Officer
Lee, Ioannice Maria	30	PW - Sanitation	Water Microbiologist
Leveque, Thomas J	31	Dept. of Rec. & Parks	Park Maint Supvr
Leyva, Jesus Nickolas	13	Dept. of Bldg. & Safety	Safety Engr Elevators
Louie, Raymond	30	Police Dept.	Sr Administrative Clerk
Macias, Emilio	35	Harbor Dept.	Architectural Assoc
Owens, David E	30	PW - Sanitation	Ref Coll Truck Oper
Oyakawa, Robert	34	Dept. of Rec. & Parks	Landscape Arch
Peterson, Robert E	35	PW - Resurf & Reconstr Div.	Power Shovel Operator
Pichardo, Beverly D	9	Library Dept.	Library Clercal Asst
Pires, Peter L	29	Dept. of Rec. & Parks	Park Services Att
Price, Rex E	18	Dept. of Airports	Maint & Constr Helper
Ramirez, Mary Helen	19	Police Dept.	Sr Administrative Clerk
Scarin, Thomas	20	Dept. of Airports	Pr Constr Inspector
Scottini, Lawrence E	8	Dept. of Airports	Airport Police Officer
Sedwick Griffin, Karen	31	Police Dept.	Sr Admin Clerk
Smith, David Alan	30	GSD - Fleet Services	Helicopter Mech Supv
Somadhi, Devindra	30	PW - Resurf & Reconstr Div.	Heavy Duty Truck Oper
Staggers, Rhoda C	43	Police Dept.	Sr Administrative Clerk

Stewart, Flora F	22	LA Housing Dept.	Management Analyst
Sutton, Hermean	36	EWDD	Administrative Clerk
Villalobos, Gerardo	19	GSD - Bldg. Fac Mgmt.	Custodian
Ware Logan, Lori	29	PW - Sanitation	Laboratory Tech
Wells, Narvia Melinda	33	Personnel Dept.	Personnel Dir
Williams, Leonard	13	Police Dept.	Security Officer

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM V-D

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

Abney, George

Kelvin L Abney for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Adams, Donna

Carmen Jane Adams for the payment of the  
Accrued But Unpaid Continuance Allowance

Axelrad, Audrey

James Stephen Axelrad for the payment of the  
Accrued But Unpaid Continuance Allowance  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Baker, Patricia J

James C Baker for the payment of the  
Accrued But Unpaid Continuance Allowance

Joy J Baker for the payment of the  
Accrued But Unpaid Continuance Allowance

Barnes, David R

Jacqueline Lucille Barnes for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Barr, Philip G Erica Lynn Barr for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Bhudhikanok, Bill Sonya Somchit Bhudhikanok for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Bibo, Valfried J Sharlene M Bright for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Bosak, John E Violet R Bosak for the payment of the  
Accrued But Unpaid Vested Retirement Allowance  
Burial Allowance

Bowers, Wendell L Bradley T Bowers for the payment of the  
Burial Allowance  
  
Deanna R Bowers for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Brindley, Mary E The Brindley Living Trust for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Brittingham, Marion L Danny G Clay for the payment of the  
Accrued But Unpaid Continuance Allowance

Bryant, Marjorie	Muriel Joyce Sherriffe for the payment of the Accrued But Unpaid Continuance Allowance
Bullara, Janet M	Barbara Jean Bullara for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance  Victor John Bullara li for the payment of the Accrued But Unpaid Service Retirement Allowance
Calimag, Emma L	Pearl Joy Cukurs for the payment of the Accrued But Unpaid Larger Annuity Allowance Unused Contributions
Canzano, Michael	Michael E Canzano for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Carleton, Stephen Gene	Carrie Jean Garcia for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance  Lois Jean Carleton for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance  Stephen G Carleton for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Carmona, John V	Martha A Carmona for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Clemente, Christine D	Gary James Clemente for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Coffelt, Dwight D	Donna Marie Mattix for the payment of the Accrued But Unpaid Disability Retirement Allowance
Collins, Edward	Claria Collins for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Donna Mattix for the payment of the Burial Allowance
Connor, Homer T	Karen L Connor for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Daniel, Antonio H	Leta Daniel for the payment of the Accrued But Unpaid Service Retirement Allowance
Darden, Azierene	Gwendolyn Joyce Stewart for the payment of the Accrued But Unpaid Continuance Allowance
Davis, Joseph	Lynette Vernece Williams for the payment of the Burial Allowance
Dawson, Nancy D	Caren Dawson Dombrowski for the payment of the Accrued But Unpaid Survivorship (Retirement) Allowance

Douglas, T	Delphine Mone Hall for the payment of the Burial Allowance  Glinda R Douglas Moore for the payment of the Burial Allowance
Draper, Gail Grant	Sharon A Draper for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Finkle, Anna M	Annette Marie Adams for the payment of the Accrued But Unpaid Continuance Allowance
Garcia, Josephine	Michael A Romero for the payment of the Accrued But Unpaid Continuance Allowance
Gillespie, Thomas A	Susan Elaine Gillespie for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Glass, William E	Tonda K Frierson for the payment of the Burial Allowance
Graham, William R	Derek L Graham for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Green, Raymond Jolene Green for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Gute, Duane J Pamela A Tebo for the payment of the  
Accrued But Unpaid Service Retirement Allowance

Hartsfield, William R Barbara G Hartsfield for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Hernandez, Teresa G Michael L Hernandez for the payment of the  
Accrued But Unpaid Disability Retirement Allowance  
Burial Allowance  
Unused Contributions

Icenbice, Steven J Bonnie Icenbice for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Unused Contributions

Evan D Icenbice for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance  
Unused Contributions

Jackson, Elizabeth Danielle Elizabeth Johnson for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Sonia Charline Howard for the payment of the  
Accrued But Unpaid Service Retirement Allowance

Kendricks, Willie James	Daphne Wilkins for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Lewis, Delonda Jewel (Deceased Active)	Quincie Mychelle Lewis for the payment of the Accumulated Contributions
Madawala, Elmo Isidore	Diane Marie Madawala for the payment of the Burial Allowance
Mamaril, Efren Litimco	Bryan Kim Mamaril for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance Unused Contributions
Marshall, Kathy M	Zipporah Montia Blanche for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Martinez, Jesus A	Virginia A Polini for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Mata, Samuel J	Daniel J Mata for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Moore, Flora M	<p>Michael Eugene Ferguson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance</p> <p>Tenisha Hall for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance</p> <p>Vera Louise Ferguson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance</p>
Morales, Frank T	Rosalie M Morales for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Morales, Larry J	Maria De Jesus Morales for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Murakami, Yukio	Shigetake Murakami for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Nagao, Stanley Masayoshi	Shirley Naomi Nagao for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Odom, Annie L	Duane M Odom for the payment of the Accrued But Unpaid Continuance Allowance

Perez, Ernest R                      Margaret H Perez for the payment of the  
Accrued But Unpaid Disability Retirement Allowance  
Burial Allowance

Samonte, Raquel                      Richel F Samonte for the payment of the  
Accrued But Unpaid Continuance Allowance

Scott, Billie F                      Ebbins Alvia Harris for the payment of the  
Accrued But Unpaid Service Retirement Allowance

Scott, Charles A                      Rosa Little Scott for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Simmons, Clayton Howard      David Lee Simmons for the payment of the  
Accrued But Unpaid Disability Retirement Allowance  
Burial Allowance  
Unused Contributions

Stemnock, Thomas M              Christine M Stemnock for the payment of the  
Accrued But Unpaid Vested Retirement Allowance  
Burial Allowance

Stringer, Sigmund G              Adrienne M Stringer for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance  
Unused Contributions

Swanson, James Patricia L Swanson for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Tamayo, Martha A Nathan Samuel Tamayo for the payment of the  
(Deceased Active) Accumulated Contributions

Tanori, Edward S Delinda Jewel Rathlein for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
  
John Michael Rossi for the payment of the  
Accrued But Unpaid Service Retirement Allowance

Thomas, Frederick D Jean E Thomas for the payment of the  
Accrued But Unpaid Disability Retirement Allowance  
Burial Allowance

Villacorte, Gil V Adoracion C Villacorte for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance

Wahlquist, John C Joseph Peter Wahlquist for the payment of the  
(Deceased Active) Accumulated Contributions

Whelan, Mary L Mark Patrick Whelan for the payment of the  
Accrued But Unpaid Continuance Allowance

Wilson, Phillis M Sherry Ann Massar for the payment of the  
Accrued But Unpaid Continuance Allowance

Wright, Ricardo Alan

Candice R Wright for the payment of the  
Accrued But Unpaid Service Retirement Allowance

Stachelle Marie Wright for the payment of the  
Burial Allowance

Yoho, Hugh L

Karin Suzanne Christopher for the payment of the  
Accrued But Unpaid Service Retirement Allowance  
Burial Allowance



**REPORT TO BOARD OF ADMINISTRATION**

**MEETING: JANUARY 14, 2020**

From: Lita Payne, Executive Officer *Lita Payne*

**ITEM: VI-A**

**SUBJECT: ADOPTION OF 2020 RETIRED-MEMBER OF THE BOARD ELECTION CALENDAR AND POSSIBLE BOARD ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Board adopt the proposed calendar for the 2020 Election of the Retired-Member of the Board for the term ending June 30, 2025, and direct the General Manager to proceed accordingly.

**Executive Summary**

Commissioner Wilkinson's five-year term as an elected Retired Member of the Board is set to expire on June 30, 2020. The proposed calendar for the 2020 election of the Retired Member of the Board (Attachment 1) for a five-year term ending June 30, 2025 has been prepared in accordance with Ordinance 178442 Sections 23.41 – 23.43 (Attachment 2), which set forth the procedures for the City Clerk to administer and conduct elections for the position of Retired Member of the Board.

Upon adoption of the Election Calendar, the Commission Executive Assistant will initiate preparation of all required materials, such as formal notification to the City Clerk's Office, prepare the Notice of Election, Notice of Intent to run including the Qualification Statement and Occupational Designation.

**Discussion**

The election process will commence on January 22, 2020, with a formal notification to the City Clerk of the upcoming election. The election results will be canvassed on April 23, 2020, at which time any candidate who receives at least 50% plus one of all votes cast shall be declared as the elected Retired member of the Board with a five-year term ending June 30, 2025. The City Clerk will transmit the official certified results to the Board by May 5, 2020. A run-off election will be scheduled for May 28, 2020 if no candidate receives a majority of all votes cast, or if two or more candidates are tied with the highest number of votes. The candidate who receives the majority of votes cast during the run-off election shall then be declared as the elected Retired Member of the Board with the certified official results of the run-off election expected by June 12, 2020.

Prepared By: Ani Ghoukassian, Commission Executive Assistant II

LP:ag

Attachments: 1. Proposed 2020 Retired-Member of the Board Election Calendar  
2. Ordinance 178442 Sections 23.41 – 23.43: Election Retired Member of the Board

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)  
 202 W. First Street, Suite 500  
 Los Angeles, CA 90012-4401

2020 ELECTION CALENDAR  
 Office of Retired Member of the Board of Administration  
 Term Ending June 30, 2025

January 22 (Wed.)	LACERS shall formally notify the City Clerk of the 2020 Retired Member Election, and provide the Self-Nomination Packet to the City Clerk – Election Division.
February 13 (Thur.)	The Preliminary Notification of Election, Instructions for preparation, and a Notice of Intent to Run Form shall be mailed to the mailing address of each eligible voter.
February 27 (Thur.)	The deadline to file a Notice of Intent to Run Form, an optional Qualification Statement, and an optional occupational ballot designation will be at 5:00 p.m. on February 27, 2020 at the City Clerk - Election Division Office, 555 Ramirez Street, Space 300, Los Angeles CA, 90012. Interested candidates have the option to submit a typewritten statement of qualifications (not to exceed 250 words in length) to be enclosed with the official ballot and voting instructions, and an occupational ballot designation to appear on the ballot under the candidate's name. Candidates may submit their candidate packet by U.S. Postal Mail, or personally deliver it to the City Clerk - Election Division Office during regular office hours within seven (7) business days preceding the deadline of February 27, 2020 at 5:00 p.m. Any candidate who does not submit a qualification statement or occupational ballot designation by the filing deadline shall be considered to have declined to file a statement or designation, and the appropriate sections for the qualification statement or occupational ballot designation shall be left blank.
March 3 (Tues.)	A public drawing of letters to determine the random alphabetical order of appearance of the candidates' names upon the ballot shall be conducted at 9:00 a.m. on March 3, 2020 at the City Clerk - Election Division Office at 555 Ramirez Street, Space 300, Los Angeles, CA 90012.
March 23 (Mon.)	An official ballot, voting instructions, and candidate qualification statements will be mailed to the mailing address of each eligible voter. An identification envelope and return envelope will also be included in the ballot packet to enclose and return the voted ballot.
March 25 (Wed.)	A Notice of Election with a sample ballot shall be posted in the City Clerk - Election Division Office specifying the election date, names of each qualifying candidate, voting eligibility rules, and voting instructions.
April 14 (Tues.)	Beginning April 14, 2020, voted ballots marked in accordance with the voting instructions may be deposited in any U.S. postal mailbox in time to be received by the City Clerk - Election Division Office no later than 5:00 p.m. on April 21, 2020, the day of the election. The voter shall enclose the voted ballot in the provided identification envelope with the voter's name, mailing address, last four digits of their Social Security Number, signature, and date of signature affixed on the identification envelope. The identification envelope containing the voted ballot and voter information shall be returned in the provided return envelope.
April 14 (Tues.) through April 21 (Tues.)	Beginning April 14, 2020, eligible voters may personally deposit the voted ballot in the election box located in the City Clerk - Election Division Office at 555 Ramirez Street, Space 300, Los Angeles, CA 90012 during regular business hours on Monday to Friday, 8:00 a.m. to 5:00 p.m., within seven (7) calendar days preceding the day of the election.

	Newly Retired Members of the System, having retired within thirty (30) days of the election and wish to vote, may present themselves at the City Clerk - Election Division Office to obtain a ballot with a Certificate of Eligibility to Vote issued by LACERS. A Certificate of Eligibility to Vote can be obtained by calling the LACERS Board Office at (213) 473-7169 no later than one day prior to the day of the election. Any eligible voter who has lost, damaged, spoiled, or did not receive a ballot may obtain a replacement by calling the City Clerk - Election Division Office at (213) 978-0440 or by presenting themselves at the City Clerk – Election Division Office at 555 Ramirez Street, Space 300, Los Angeles, CA 90012 upon filing an Affidavit of Loss/Non-Receipt with the City Clerk – Election Division.
April 17 (Fri.)	Candidates may each designate no more than two (2) observers at the tally center to observe that ballots are properly cast and the votes are properly counted. Candidates may also observe in addition to the designated observers. Names of all observers and candidates who wish to attend shall be submitted to the City Clerk - Election Division by calling (213) 978-0440 no later than April 17, 2020 at 5:00 p.m.
April 21 (Tues.) <b>ELECTION DAY</b>	Any eligible voter who has not cast a ballot by mail may do so in person at the City Clerk - Election Division Office at 555 Ramirez Street, Space 300, Los Angeles, CA 90012 during regular business hours on Monday to Friday, 8:00 a.m. to 5:00 p.m.
April 23 (Thur.)	The ballots will be counted and tallied at the City Clerk - Election Division Office starting at 9:00 a.m. on April 23, 2020. The candidate who receives at least 50% plus one of all votes cast shall be declared elected to the position of Retired Member of the Board for the five-year term ending June 30, 2025. If no candidate receives a majority of all votes cast in the initial election, a run-off election shall be conducted on May 28, 2020 for the two candidates receiving the highest number of votes.
April 28 (Tues.)	Any challenges to the election proceedings, acts, or omissions which may be material to the election shall be filed by written notice to the City Clerk no later than April 28, 2020. The City Clerk - Election Division will also review any protests filed not more than three (3) business days after the ballot count, and submit a report of findings and recommendations with the official certified election results.
May 5 (Tues.)	The City Clerk shall furnish the official certified election results to the Board of Administration within fourteen (14) calendar days after the election.
<b>RUN-OFF ELECTION (IF NECESSARY)</b>	
May 7 (Thur.)	An official run-off ballot and voting instructions will be mailed to the mailing address of each eligible voter. An identification envelope and return envelope will also be included in the ballot packet to enclose and return the voted ballot.
May 8 (Fri.)	A Run-Off Election Notice with a sample ballot shall be posted in the City Clerk – Election Division Office specifying the run-off election date, names of each qualifying candidate, voting eligibility rules, and voting instructions.
May 21 (Thur.)	Beginning May 21, 2020, voted run-off ballots marked in accordance with the voting instructions may be deposited in any U.S. postal mailbox in time to be received by the City Clerk - Election Division Office no later than 5:00 p.m. on May 28, 2020, the day of the run-off election. The voter shall enclose the voted ballot in the provided identification envelope with the voter's name, mailing address, last four digits of their Social Security Number, signature, and date of signature affixed on the identification envelope. The identification envelope containing the voted ballot and voter information shall be returned in the provided return envelope.  Any eligible voter who has lost, damaged, spoiled, or did not receive a ballot may obtain a replacement by calling the City Clerk - Election Division Office at (213) 978-0440 or by

	presenting themselves at the City Clerk – Election Division Office at 555 Ramirez Street, Space 300, Los Angeles, CA 90012 upon filing an Affidavit of Loss/Non-Receipt with the City Clerk – Election Division.
May 21 (Thur.) thru May 28 (Thur.)	Beginning May 21, 2020, eligible voters may personally deposit the voted ballot in the election box located in the City Clerk - Election Division Office at 555 Ramirez Street, Space 300, Los Angeles, CA 90012 during regular business hours on Monday to Friday, 8:00 a.m. to 5:00 p.m., within seven (7) calendar days preceding the run-off election.  Newly Retired Members of the System, having retired within thirty (30) days of the run-off election and wish to vote, may present themselves at the City Clerk - Election Division Office to obtain a ballot with a Certificate of Eligibility to Vote issued by LACERS. A Certificate of Eligibility to Vote can be obtained by calling the LACERS Board Office at (213) 473-7169 no later than one day prior to the day of the election.
May 22 (Fri.)	Candidates may each designate no more than two (2) observers at the tally center to observe that ballots are properly cast and the votes are properly counted. Candidates may also observe in addition to the designated observers. Names of all observers and candidates who wish to attend shall be submitted to the City Clerk - Election Division by calling (213) 978-0440 no later than May 22, 2020 at 5:00 p.m.
May 28 (Thur.) <b>RUN-OFF ELECTION DAY</b>	Any eligible voter who has not cast a ballot by mail may do so in person at the City Clerk - Election Division Office at 555 Ramirez Street, Space 300, Los Angeles, CA 90012 during regular business hours on Monday to Friday, 8:00 a.m. to 5:00 p.m.
June 1 (Mon.)	The run-off ballots will be counted and tallied at the City Clerk - Election Division Office starting at 9:00 a.m. on June 1, 2020. The candidate who receives the majority of all votes cast shall be declared elected to the position of Retired Member of the Board for the five-year term ending June 30, 2025. The City Clerk shall conduct a drawing of lots in the case of a tie to determine which candidate shall be declared elected to the position.
June 4 (Thur.)	Any challenges to the election proceedings, acts, or omissions which may be material to the election shall be filed by written notice to the City Clerk no later than June 4, 2020. The City Clerk - Election Division will also review any protests filed not more than three (3) business days after the ballot count, and submit a report of findings and recommendations with the official certified election results.
June 12 (Fri.)	The City Clerk shall furnish the official certified election results to the Board of Administration within fourteen (14) calendar days after the election.



Added by Ord. No. 178,442, Eff. 4-15-07.

**BOARD Meeting: 01/14/20  
Item VI-A  
Attachment 2**

### **ARTICLE 3 ELECTED RETIRED MEMBER OF THE BOARD**

**(Title Amended by Ord. No. 178,442, Eff. 4-15-07.)**

**Section**

- 23.41 Term of Office.
- 23.42 Elections: General.
  - 23.42.1 Nomination of Candidates.
  - 23.42.2 Notice of Election.
  - 23.42.3 Observers.
  - 23.42.4 Voting Procedures.
  - 23.42.5 Challenges.
  - 23.42.6 Ballot Tally.
  - 23.42.7 Regular Election Results.
  - 23.42.8 Special Election.
  - 23.42.9 Certification and Report of Results.
  - 23.42.10 Protests.
- 23.43 Rules and Regulations.

**Sec. 23.41. Term of Office.**

The term of the elected retired member of the Board of Administration shall be for five years beginning on the first day in July of the year of election.

**SECTION HISTORY**

Added by Ord. No. 178,442, Eff. 4-15-07.

**Sec. 23.42. Elections: General.**

All elections shall be by secret ballot and shall be conducted by the City Clerk. The Los Angeles City Employees' Retirement System (System) shall reimburse the City Clerk for all necessary expenses incurred in the administration of the retired member election.

The regular election shall be held in April of any year in which the term of office for the elected retired member of the Board expires.

Eligible voters shall be all retired members of the System. The General Manager of the System shall provide to the City Clerk a primary roster, in alphabetical order, of eligible voters as of 90 days prior to an election or a date closer to the election as determined by the City Clerk. The primary roster shall contain the name, address, and last four digits of the social security number

of each eligible voter. The General Manager of the System shall provide a supplemental roster to the City Clerk on the date of the election and, if so requested by the City Clerk, on an earlier date if the City Clerk so determines. A supplemental roster shall contain two lists. The first shall list, in alphabetical order, the names of all persons who, since the last roster was generated, have retired and qualified as eligible voters, together with the last four digits of their social security numbers and their addresses. The second shall list, in alphabetical order, the names and last four digits of the social security numbers of all persons who, since the last roster was generated, have died or otherwise lost their status as retired members. All rosters shall be certified and electronically transmitted in a format conducive to assisting the City Clerk with the mailing of election materials.

#### SECTION HISTORY

Added by Ord. No. 178,442, Eff. 4-15-07.

#### **Sec. 23.42.1. Nomination of Candidates.**

Only retired members of the System are eligible to be elected to the position of the retired member of the Board. Not more than 90 days nor fewer than 60 days prior to the election, the City Clerk shall mail to all retired members of the System notification that candidates are being sought to run for the position of retired member of the Board. Retired members interested in becoming a candidate must submit a Notice of Intent to run for office in writing to the City Clerk by the due date specified in the notification in order to have their names placed on the ballot.

Along with the submission of the Notice of Intent, interested candidates have the option to include an occupational ballot designation and a 250-word typewritten statement of qualifications for office for the provision of information to the electorate. The occupational ballot designation shall be printed on the ballot immediately under that candidate's name and shall consist of a three-word designation of either (a) the current principal profession, vocation or occupation of the candidate or (b) the principal profession, vocation or occupation of the candidate during the calendar year immediately preceding the filing of the candidate's Notice of Intent to become a candidate. The standards for occupational ballot designations contained in the City's Election Code are to be applied by the City Clerk as applicable, except that, if a candidate is retired from his or her principal profession, vocation or occupation, the candidate may choose, in addition, to have "(Retired)" printed on the ballot immediately after the occupational ballot designation and a candidate who is running for an elective office, which that person currently holds, shall also have "(Incumbent)" printed on the ballot immediately after that person's name. The statement of qualifications for office may include information on education, work experience, years of service, date of retirement, and other relevant qualifications and shall not exceed 250 words in length.

Interested candidates may submit their candidate package composed of the Notice of Intent to run for office, the optional occupational ballot designation and the optional statement of qualifications to the City Clerk by United States mail. Alternatively, interested candidates may personally deliver their candidate packet to the City Clerk during regular hours in the seven business days preceding the specified due date. In either case, the candidate packet must be received by the City Clerk no later than 5:00 p.m. of the specified due date. Qualification statements that are submitted by the due date will be printed by the City Clerk and mailed with

the ballot at no expense to the candidate. The Board shall provide a disclaimer stating that neither the Board nor the City Clerk has verified the accuracy of the information contained in the candidates' qualification statements. Should any candidate fail to submit an occupational ballot designation or a statement of qualifications by the specified due date, the appropriate sections for the occupational ballot designation and qualification statement will be blank.

Prior to the election, the City Clerk shall conduct a public drawing of the letters of the alphabet. The order in which the letters are drawn shall constitute the random alphabetical order by which the surnames of the candidates shall be arranged on the ballot. The term "surname" shall mean the name borne in common by members of a family for this purpose. Each ballot shall contain the names of all candidates who have qualified in accordance with this section. There shall be a blank space beneath these names in which the voter may write the name of any retired member of the System not printed on the ballot for whom the voter wishes to vote.

#### SECTION HISTORY

Added by Ord. No. 178,442, Eff. 4-15-07.

#### **Sec. 23.42.2. Notice of Election.**

Not more than 90 days nor less than 60 calendar days prior to the regular election, the Board shall notify the City Clerk of the fact of the election, and cause a nominating package, which includes an Election Information flyer and a Notice of Intent form, to be mailed by the City Clerk to all retired members. Not more than 30 nor less than 20 calendar days prior to the regular election, the Board shall cause to be prepared a Notice of Election specifying the election date, a sample ballot containing the name of each candidate who has qualified for a place on the election, rules concerning eligibility to vote, and any additional information and instructions as the City Clerk determines. A copy of the notice and sample ballot shall be posted in the Office of City Clerk.

#### SECTION HISTORY

Added by Ord. No. 178,442, Eff. 4-15-07.

#### **Sec. 23.42.3. Observers.**

Candidates whose names appear on the election ballot may each designate no more than two observers at the tally center to observe that ballots are properly cast and votes are properly counted. In addition to these designated observers, candidates may also observe. Names of all observers, including any candidates who desire to attend, shall be presented to the City Clerk no less than three calendar days prior to the election. Designated observers shall wear identification badges at all times and shall be subject to regulations the City Clerk shall prescribe.

#### SECTION HISTORY

Added by Ord. No. 178,442, Eff. 4-15-07.

#### **Sec. 23.42.4. Voting Procedures.**

The City Clerk shall mail a ballot packet for the election to each eligible voter listed on the roster provided by the System. The mailing shall be completed no less than ten calendar days prior to the date of election.

Persons who retire too late to be sent a ballot packet and who wish to vote in the election shall present themselves in the office of the City Clerk no earlier than seven calendar days prior to and no later than 5:00 p.m. of the day of the election with a certificate from the System on a form approved by the City Clerk verifying the fact of their eligibility to vote. The City Clerk shall allow these members to vote.

Each ballot packet mailed or provided to voters shall consist of the following items:

1. A mailing envelope,
2. A return envelope,
3. The official ballot,
4. An identification envelope for the official ballot with space for the vote to affix the voter's name, mailing address, last four digits of the social security number, signature, and date of signing,
5. A list of instructions to voter, and
6. The candidates' statements of qualifications, if any.

Upon voting the ballot, the voter shall enclose the ballot in the identification envelope. The voter shall then affix the voter's name, mailing address, last four digits of voter's social security number, signature and date of signing on the identification envelope containing the ballot and shall enclose it in the return envelope. The voter shall return the voted ballot to the City Clerk by United States mail or by personal deposit. During regular business hours in the seven calendar days preceding the election, but no later than 5:00 p.m. on election day, voters may personally deposit the return envelope containing their ballot in the ballot box in the Office of the City Clerk, Election Division. All ballots shall, in order to be counted, be received by the City Clerk no later than 5:00 p.m. on the date of the election.

Upon receipt of the identification envelope and its contents, the City Clerk shall date stamp the envelope, verify the name and last four digits of the social security number appearing on the envelope with the roster of eligible voters and shall cause the roster to be marked showing that the member has voted. No identification envelope shall be opened prior to the commencement of the tally.

If a voter inadvertently spoils a ballot, the voter may return the spoiled ballot to the City Clerk, who shall furnish the voter with a replacement ballot. No more than two replacement ballots may be issued to the same voter. Spoiled ballots will be clearly marked "SPOILED" by the City Clerk.

If a voter on the roster claims not to have received a ballot, the voter may receive a replacement ballot from the City Clerk upon filing a signed affidavit claiming non-receipt. The

identification envelope of the replacement ballot shall be prominently marked "REPLACEMENT BALLOT" and the original ballot issued to the voter shall be challenged, if received.

#### SECTION HISTORY

Added by Ord. No. 178,442, Eff. 4-15-07.

#### **Sec. 23.42.5. Challenges.**

The City Clerk may challenge a returned identification envelope on the following grounds:

1. The identification envelope is not properly completed according to the instructions and does not accurately identify the voter;
2. The voter did not include the correct last four digits of the social security number;
3. The voter did not properly sign the identification envelope;
4. The voter's name does not appear on the roster;
5. The identification envelope was received after the last date and time provided in Section 23.42.4;
6. The voter was reinstated as an active member, has died or otherwise lost status as an eligible voter based on information provided by the General Manager of the System;
7. The voter has already turned in an identification envelope.

An authorized observer or the City Clerk, prior to the time that the identification envelope is opened, may challenge the eligibility of any person to vote in the election. Challenges by observers may be made only on the following grounds:

1. The identification envelope was not signed by the person whose name appears on the roster; or
2. The person's status as an eligible voter has changed since the person was certified by the General Manager of the System.

Each identification envelope that is challenged shall have written on the envelope the word "Challenge", the reason for the challenge, and the signature of the person imposing the challenge.

The City Clerk shall, with substantiating evidence, sustain or overrule each challenge. Without substantiating evidence being produced within three business days of the election, the challenge shall be overruled and the ballot shall be tallied with the other ballots. Identification envelopes whose challenges have been sustained shall be retained unopened by the City Clerk for a minimum of 90 calendar days after the election results are certified.

#### SECTION HISTORY

Added by Ord. No. 178,442, Eff. 4-15-07.

**Sec. 23.42.6. Ballot Tally.**

The City Clerk shall count ballots in accordance with procedures used by the City Clerk to count ballots for other similar elections. Only the City Clerk may handle ballots. All ballots counted and uncounted shall be kept in view of the observers at all times during the tally and until the Ballot Statement is finally signed.

The identification envelope containing the sealed ballot envelope shall not be opened until the tally is commenced in order to preserve the secrecy of the ballot. At the commencement of the tally, the City Clerk shall audibly announce the name of each voter and shall then open the identification envelope, removing the official ballot. After all identification envelopes have been opened and set aside from the tally area, the City Clerk shall then proceed to count and tally the ballots cast for each choice, laying the ballots face up so that observers may inspect the marks. The count shall continue in this manner until all the ballots are opened and counted. When all ballots have been counted, the total number of votes cast for each candidate shall be entered on the unofficial Tally Results.

If a ballot is torn, defaced, marked in an ambiguous fashion, or is otherwise defective, the City Clerk shall determine whether the intent of the voter can be reasonably determined and, if so, determine it. If intent cannot be reasonably determined or if the ballot directly or indirectly identifies the voter, the ballot shall be declared void by the City Clerk and shall be preserved for a period of 90 calendar days.

After preparing the official Tally Results, the City Clerk shall place under seal all ballots, identification envelopes, and tally sheets, and shall retain the same in a sealed condition for no less than 90 calendar days.

**SECTION HISTORY**

Added by Ord. No. 178,442, Eff. 4-15-07.

**Sec. 23.42.7. Regular Election Results.**

The candidate who receives at least 50% plus one of all votes cast shall be elected to the position of retired member.

Should no candidate receive a majority of all votes cast in the initial election, the City Clerk shall cause the names of the two candidates receiving the highest number of votes to be placed on a ballot to be voted on in a run-off election, subject to all rules, regulations, and procedures governing the initial election. The run-off election shall be conducted within 30 calendar days after the date of certification of the initial election.

In the event that two or more candidates at the initial election receive an equal number of votes cast, and the number of votes is sufficient to entitle each of them to appear on the ballot of the run-off election, or in the event that both candidates at the run-off election receive an equal number of votes, then the following procedures shall be used.

In the initial election, if two candidates are tied for the most votes, then both shall be in the run-off election. If more than two candidates are tied for the most votes, then the candidates

receiving an equal number of votes shall appear before the City Clerk at the time and place designated by the Clerk and draw lots to determine the top two to be in the run-off election. The City Clerk shall determine the manner in which the lots shall be drawn and, in the event that any candidates involved do not appear, the City Clerk shall act for the absent person or persons in the drawing of the lot. If two or more candidates are tied for the second highest number of votes, then the City Clerk shall use the procedure set forth above to choose the second candidate for the run-off election. Should either or both of the two candidates receiving the highest number of votes at the initial election for any reason cease to be a member of the System prior to the printing of the ballots for a run-off election, the name or names of the candidate or candidates receiving the next highest number of votes shall be printed on the run-off election ballot.

In a run-off election, in the case of a tie, the City Clerk shall determine which person shall be declared elected from the tied candidates by using the procedure set forth above.

#### SECTION HISTORY

Added by Ord. No. 178,442, Eff. 4-15-07.

#### **Sec. 23.42.8. Special Election.**

In the event that the elected retired member of the Board has submitted a letter of resignation or the member's office becomes vacant by virtue of death or for any other reason, the City Clerk shall conduct a special election to fill the unexpired term. However, no special election shall be held where there is less than six months remaining before expiration of the term.

The Board shall designate the date of the election. The election shall be held no less than 60 calendar days nor more than 90 calendar days after the submission of the letter of resignation or the receipt of notification of the vacancy. The Board shall notify the City Clerk of the election and cause a nominating package, which includes an Election Information flyer and a Notice of Intent form, to be mailed by the City Clerk to all retired members no later than seven weeks before the date fixed for the election. Candidates to be voted on at any special election shall be nominated in the same manner provided above, but the Notice of Intent form shall clearly advise retired members that the election is for the balance of the unexpired term and specify the ending date of that term. The special election to fill the unexpired term shall be conducted in the same manner as a regular election, except as otherwise provided in this section.

If any candidate in a special election receives a plurality of all votes cast, the candidate shall be declared by the Board to be elected to the position of retired member for the unexpired term.

In the event that two or more candidates receive an equal number of votes, and no candidate receives more votes, then the candidates receiving an equal number of votes shall appear before the City Clerk at the time and place designated by the City Clerk in order to draw lots to determine which person shall be declared elected. The lots shall be drawn in the manner the City Clerk determines. In the event that any candidate involved does not appear, the City Clerk shall act for the absent person in the drawing of the lots. The candidate who is selected by lot shall be declared by the Board to be elected to the position of retired member for the unexpired term.

#### SECTION HISTORY

Added by Ord. No. 178,442, Eff. 4-15-07.

**Sec. 23.42.9. Certification and Report of Results.**

The City Clerk shall within 14 calendar days after the date of election furnish to the Board the official certified results of the election.

SECTION HISTORY

Added by Ord. No. 178,442, Eff. 4-15-07.

**Sec. 23.42.10. Protests.**

Any interested person may challenge any proceeding, act or omission, which may be material to the election, by written notice to the City Clerk no later than three business days after the count of the ballots. The City Clerk shall review the protests and submit a report of findings and recommendations to the Board with the official certified results within 14 calendar days after the election.

SECTION HISTORY

Added by Ord. No. 178,442, Eff. 4-15-07.

**Sec. 23.43. Rules and Regulations.**

The Board is authorized to adopt rules and regulations that are necessary to implement the provisions of this article.

SECTION HISTORY

Added by Ord. No. 178,442, Eff. 4-15-07.



**REPORT TO BOARD OF ADMINISTRATION**

**From: Governance Committee**  
Nilza R. Serrano, Chair  
Annie Chao  
Cynthia M. Ruiz

**MEETING: JANUARY 14, 2020**  
**ITEM: VII – B**

**SUBJECT: GOVERNANCE COMMITTEE REPORT - CONSIDERATION OF BOARD AGENDA TITLE FOR REAL ESTATE INVESTMENT ITEMS AND POSSIBLE BOARD ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Board consider a policy for titling private real estate investment items on Board and Investment Committee meeting agendas.

**Discussion**

On December 10, 2019, the Governance Committee considered a policy for titling private real estate investment items on Board and Investment Committee meeting agendas. Staff provided the Committee with four options to choose from, along with legal consideration for purpose of the discussion. Under the current process, the LACERS' Board and Investment Committee consider real estate fund investments in closed sessions and only disclose the fund name in the Board meeting agenda title. The Committee agreed that private real estate discussions should be held in closed session, but did not reach an agreement on the disclosure of the fund name in the Board and Investment Committee agenda titles. The Committee determined that the Board should further discuss this item and develop an appropriate policy.

**Strategic Plan Impact Statement**

The discussion of the agenda titles and public disclosure is consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Eduardo Park, Investment Officer I

RJ/BF/WL/EP/sg

Attachment: 1. Governance Committee Report from December 10, 2019



**REPORT TO GOVERNANCE COMMITTEE**  
From: Lita Payne, Executive Officer

**MEETING: DECEMBER 10, 2019**  
**ITEM: IV**

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**SUBJECT: CONSIDERATION OF BOARD AGENDA TITLE FOR PRIVATE REAL ESTATE INVESTMENT ITEMS AND POSSIBLE COMMITTEE ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

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**Recommendation**

That the Committee consider a policy for titling private real estate investment items on Board and Investment Committee meeting agendas.

**Executive Summary**

Under the current process, the LACERS Board and Investment Committee consider real estate fund investments in closed sessions and only disclose the fund name in the Board meeting agenda title. This report discusses options for titling private real estate investment items on Board and Investment Committee meeting agendas in the future.

**Discussion**

The Board has requested that the Governance Committee review the options for titling real estate fund investment recommendation items on public meeting agendas and recommend an appropriate policy to the Board. The matrix of title options is presented below for the Committee's consideration. LACERS' current process of titling real estate fund investment items is consistent with option 3 of the matrix.

Option	Type of Meeting	Disclose Fund Name in Investment Committee Agenda Title	Disclose Fund Name in Board of Administration Agenda Title
1	Open Session	Yes	Yes
2	Closed Session	Yes	Yes
3	Closed Session	No	Yes
4	Closed Session	No	No

In determining an appropriate policy, the Committee may wish to weigh factors such as the depth of discussion the Board and Committee desire to have about a real estate investment opportunity (proprietary information and contract terms may not be discussed in open session) and the importance of informing the public of the specific opportunity in advance of Board and Committee meetings.

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### *Legal Considerations*

California has adopted a robust open meetings law, the Ralph M. Brown Act, to promote transparency by public commissions, boards and councils who conduct the people's business. See Cal. Gov't Code Sec. 54950 *et seq.* There are, however, several explicit policy decisions made by the Legislature to balance transparency in conducting the people's business with other public policy considerations. These closed session authorizations empower legislative bodies to consider certain decisions confidentially, in closed session discussions with their expert staff and advisors, and then later report the decision publicly.

One such example is relevant here. Effective January 1, 2005, the Legislature amended the Brown Act to explicitly authorize "the legislative body of a local agency that invests pension funds" (i.e. pension boards like the LACERS Board of Administration) to "hold a closed session to consider the purchase or sale of particular, specific pension fund investments." Cal. Gov't Code Sec. 54956.81. This closed session authorization applies to any pension investment decision that is directly made by the legislative body; it is not limited to private real estate investment items. However, as a practical matter for LACERS, private real estate investment items are the only category under the current Board investment policy in which the Board directly "consider[s] the purchase or sale of particular, specific pension fund investments." *Id.* Therefore, the Brown Act's closed session authorization does not currently apply to other investment decisions at LACERS (e.g. private equity or public market asset classes).

Regarding the public's interest in the transparency of these pension fund investment decisions, the Brown Act requires pension systems to make and record their closed session decision by "roll call vote." *Id.* Additionally, the Brown Act requires pension systems to disclose the decision publicly, including how each member of the board present in the closed session voted, "at the first open meeting of the legislative body held after the earlier of the close of the investment transaction or the transfer of pension fund assets for the investment transaction." Cal. Gov't Code Sec. 54957.1(a)(7).

The Brown Act is silent as to how pension systems' posted agendas must describe this type of closed session investment decision. As a general matter, the Brown Act requires the posted agenda to contain "a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words." Cal. Gov't Code Sec. 54954.1(a).

### **Strategic Plan Impact Statement**

The discussion of the agenda titles and public disclosure is consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Eduardo Park, Investment Officer I

RJ/BF/WL/EP:sg



**REPORT TO BOARD OF ADMINISTRATION**

**From: Governance Committee**  
Nilza R. Serrano, Chair  
Cynthia M. Ruiz  
Annie Chao

**MEETING: JANUARY 14, 2020**  
**ITEM: VII-C**

**SUBJECT: PROPOSED REVISION TO THE BOARD EDUCATION AND TRAVEL POLICY AND POSSIBLE BOARD ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Board approve the attached proposed updates to the Board Administrative Policies of the LACERS Board Manual, Section 1.2: Board Education and Travel Policy.

**Executive Summary**

The Governance Committee is in support of staff's proposed revisions to the Board Education and Travel Policy related to two areas: 1) Board Education and Travel Limitations, and 2) the LACERS Travel/Conference Evaluation Report.

**Discussion**

On December 10, 2019, the Committee considered the proposed revisions to *Section 1.2: Board Education and Travel Policy* of the *Board Administrative Policies*. The Committee is in agreement with staff's recommendation to add language stating that expenses related to the Portfolio Concepts and Management Series courses offered by the International Foundation of Employee Benefits Plan through the Wharton School of the University of Pennsylvania not be counted toward a Trustee's annual education travel allotment. In addition, the Committee supports staff's recommendation that Board members avail of this education within the first two years of their term since the courses are deemed foundational to Board members' fiduciary duties.

The Committee is also in support of staff's proposed change to the LACERS Travel/Conference Evaluation Report of adding a field to capture the number of educational hours the traveler received from the conference, seminar, or training.

## **Strategic Plan Impact Statement**

The update of the Board Administrative Policies of the LACERS Board Manual conforms to the Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Edeliza Fang, Senior Management Analyst II

LP/TB/DWN:EF

Attachment: Report to Governance Committee dated December 10, 2019



**REPORT TO GOVERNANCE COMMITTEE**

From: Lita Payne, Executive Officer

*Lita Payne*

MEETING: DECEMBER 10, 2019

ITEM: III

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**SUBJECT: PROPOSED REVISION TO THE BOARD EDUCATION AND TRAVEL POLICY AND POSSIBLE COMMITTEE ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

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**Recommendation**

That the Committee consider the proposed changes to the LACERS Board Administrative Policies, Section 1.2: Board Education and Travel Policy.

**Executive Summary**

Two revisions are being proposed to the Board Education and Travel Policy of the LACERS Board Administrative Policies. The changes relate to the Commissioner education travel allowance and the LACERS Travel/Conference Evaluation Report.

**Discussion**

Staff proposes revisions to Board Education and Travel Policy, Section 1.2 of the LACERS Board Administrative Policies, in the following areas:

*Board Education and Travel Limitations (Section V.G; pages 47-48)*

The addition of language is proposed to indicate that expenses related to the Portfolio Concepts and Management Series courses offered by the International Foundation of Employee Benefits Plan through the Wharton School of the University of Pennsylvania shall not be charged against a Trustee's annual education travel budget. Past and current Board member attendees have deemed these courses to be foundational to their fiduciary duties to oversee the LACERS investment portfolio. As such, enrollment in these courses is strongly encouraged.

*LACERS Travel/Conference Evaluation Report (Appendix D; page 72)*

A minor enhancement to the form is proposed to add a new field for the number of education hours. The traveler shall indicate, in hours, how much education/training they received from the seminar/conference they attended.

There are two attachments to this report: (A) a red-line version of the policy showing the proposed changes, and (B) a clean version of the proposed policy accepting the changes to the red-line version. Upon the Committee's finalization of the proposed revised Board Education and Travel Policy section of the Board Administrative Policies, it will be presented to the Board for further consideration and approval.

### **Strategic Plan Impact Statement**

The revision of the Board Administrative Policies of the LACERS Board Manual conforms to the LACERS Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Edeliza Fang, Senior Management Analyst II

LP/TB:DWN:EF

Attachments: 1. Board Policies – Red-line Version  
2. Board Policies – Clean Version

Section 1.0 GUIDANCE FOR BOARD MEMBERS

**1.2 BOARD EDUCATION AND TRAVEL POLICY**

*Adopted: May 29, 2009; Revised: June 22, 2010; December 13, 2011; March 11, 2014; September 23, 2014; February 12, 2019; September 24, 2019; December 10, 2019*

**I. STATEMENT OF PURPOSE**

Los Angeles City Charter Section 1106(c), consistent with Article XVI, Section 17 of the California Constitution requires the Board to exercise a *Prudent Person Standard*, discharging their duties with respect to its system, with care, skill, prudence, and diligence. It is imperative that LACERS Board Members maintain a broad and current understanding of issues affecting the administration of public pension systems to fulfill their fiduciary duties. This policy recognizes and affirms the role of education in ensuring Trustees have the knowledge to successfully discharge their duties as fiduciaries.

The Board establishes a standard of a minimum of 24 hours of Board Member education within the first two years of assuming office and for every subsequent two-year period in which the Board Members continue to hold membership on the Board. A report detailing the training and education received by the respective Board Members during the two-year periods will be published on the LACERS website.

**II. EDUCATIONAL OBJECTIVES**

This policy defines a *Prudent Person Standard* for Trustees as a general understanding of:

- A. The role of the Board Members and the role of staff
- B. The obligations and role of fiduciary and the paramount duties of loyalty and prudence
- C. The business model (including knowledge of true measure of success, the driving factors that determine success and the major business risks associated with public pension systems; namely, in the areas of investments and benefit administration).
- D. Governance principles
- E. The legal and legislative environment
- F. Actuarial principles
- G. Plan design and other benefit program
- H. Investment and asset allocation strategies

**III. NEW TRUSTEE ORIENTATION PROGRAM**

To ensure that newly appointed and elected LACERS Board Members are securely grounded in their role as fiduciaries at the outset of assuming such an important responsibility, each shall participate in the New Trustee Orientation Program which offers critical background information and education on the Board's governance responsibilities, the knowledge of which is essential for the fullest possible engagement of each Board Member in every aspect of pension fund management.

The orientation will cover the following:

- 1. History and overview of LACERS
- 2. Fiduciary Responsibility
- 3. Ethics Training
- 4. Board Governance
- 5. Benefits and Services
- 6. Actuarial Concepts
- 7. Investment Concepts
- 8. Operations

## Section 1.0 GUIDANCE FOR BOARD MEMBERS

9. Legal Representation and Law
10. Current Topics for LACERS
11. Tour of the offices and boardroom

**IV. IN-HOUSE EDUCATION PROGRAM**

To provide updates on various issues affecting the administration of public pension systems, in-house education sessions will occur periodically at regular Board meetings or organized as stand-alone sessions. The General Manager will arrange in-house training for the Board based on the schedule below and as-needed:

**A. Mentoring**

Any new Board Member may request a mentor to assist him or her in becoming familiar with his or her responsibilities on the Board. If a request is made, the Board President will designate an experienced Board Member to be a mentor to the new Board Member for a period of one year.

**B. Investment Education**

At least once per fiscal year, an investment educational session for all Board Members shall be conducted. The General Manager shall survey the Board to identify specific investment topics of interest.

**C. Fiduciary Education Sessions by Fiduciary Counsel**

Upon request, outside Fiduciary Counsel will provide fiduciary education to the Board.

**D. Actuarial Education**

Each year, an actuarial education session will be provided to the Board.

**E. Healthcare Benefits Education**

Each year, a healthcare benefits education session will be provided to the Board.

**F. Retirement Benefits**

Each year, an update of the issues regarding retirement benefits will be provided to the Board.

**G. Ethics Training**

Board Members are required to participate or attend the City's Ethics training during the first year of appointment and then once every two years. Refresher ethics training will be provided to the Board annually.

**H. Other As-needed Topics**

Staff will periodically coordinate educational sessions for the Board on topics of general interest or topics that Board Members may request.

**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.

## Section 1.0 GUIDANCE FOR BOARD MEMBERS

**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.

**G. Board Education and Travel Limitations**

Board Member travel shall adhere to the following guidelines:

- Board Members shall attend conferences or seminars that have a solid reputation for quality program content. (see Appendix A); i.e., agendas with a minimum of five hours of substantive educational content. Content shall not be geared toward marketing or the promotion of investment management and related sponsors.

## Section 1.0 GUIDANCE FOR BOARD MEMBERS

Topics covered during the conference or seminar must be related to the pension fund industry.

- The Board education travel budget per Trustee shall not exceed \$10,000 per fiscal year for conference fees and travel expenses. Expenses which exceed this annual allocation shall be the personal responsibility of the Board Member unless the Board approves additional travel and budget allocation prior to the conference. Expenses related to the Portfolio Concepts and Management Program offered by the International Foundation of Employee Benefit Plans in partnership with the Wharton School of the University of Pennsylvania (Wharton Executive Education: Investment Management Courses) shall not be counted as part of a Trustee's allotment of \$10,000 per fiscal year. These courses shall be made available to new Trustees within the first two years of their service, as practicable.

#### H. Reports to the Board

##### 1. Quarterly Travel Expenditure Report

An educational travel expenditure report shall be provided to the Board on a quarterly basis, covering cumulative Board Member and staff travel for the fiscal year.

##### 2. Monthly Report on Seminars and Conferences Attended by Board Members on Behalf of LACERS

There may be occasions where a Board Member attends seminars or conferences as a LACERS representative or in the capacity of a LACERS Board Member which are either complimentary (no cost involved) or with expenses fully covered by the Board Member.\* Since there is no expense incurred to LACERS, these seminars or conferences do not require Board approval. However, for the purpose of transparency and to avoid the appearance of impropriety, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, such conferences or seminars attended. Monthly reports will include conferences or seminars attended during the period preceding the said Board meeting.

*\*Please consult the City Ethics Commission for gift reporting limitations and reporting requirements.*

#### I. Meeting for Business Purpose in Compliance with the Ralph M. Brown Act

In accordance with the Ralph M. Brown Act, a quorum comprising of majority of the members of the LACERS' Board or Committee to hear, discuss, or deliberate upon any matter which is under the subject matter jurisdiction of LACERS are meetings subject to the Brown Act. Board Members must be cognizant of this requirement and avoid discussing LACERS' business when in meetings or discussions with other Members of the Board.

**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 the 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. Staff expenditures related to travel outside the U.S. requires Board approval.

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.

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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.

**C. Non-Reimbursable Expenses**

Expenditures which are incurred by a Board Member or staff that are not substantive to LACERS' business will not be reimbursed by LACERS. A list of non-reimbursable travel expenses is included in Appendix B.

**D. Event Participation Report**

Whenever a Trustee attends a conference or other event at the expense of the Fund, it shall be his or her responsibility to complete the Board Members Education Evaluation Form (Appendix D) and to provide the Board information on concerns with the event, which they believe are of significance to the System. The evaluation form must be submitted with the request for reimbursement of expenses associated with each conference attended. A reimbursement will not be made without a completed evaluation form.

**E. Travel Activity Summary**

Upon the close of the fiscal year, the General Manager shall report to the Board on Trustee (along with staff) travel expenditures throughout that year.

**VII. APPENDICES**

- A. Appendix A – List of Educational Seminar Schedule
- B. Appendix B – LACERS Travel Expense Reimbursement Policy
- C. Appendix C – Board Travel Reimbursement Checklist
- D. Appendix D – LACERS' Board Member Education Evaluation Form

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**APPENDIX A  
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
LIST OF EDUCATIONAL SEMINARS – FISCAL YEAR 2019-20**

\*Local Conference

CONFERENCE / SEMINAR / MEETING	SUBJECT MATTER	TRUSTEE EVALUATION		
		TRUSTEE RATING		LEVEL
		Rate seminar with:		
		A	Excellent	<ul style="list-style-type: none"> <li>▪ Introductory</li> <li>▪ Intermediate</li> <li>▪ Advanced</li> </ul>
B	Very Good			
C	Good			
D	Not Beneficial			
<b>California Association of Public Retirement Systems (CALAPRS) – General Assembly</b> <ul style="list-style-type: none"> <li>▪ March 7-10, 2020 (Rancho Mirage, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> <li>▪ Audit &amp; Strategic Planning</li> </ul>	A	(Sohn, 2016) (Wilkinson, 2018)	Intermediate
<b>CALAPRS – Principles of Pension Governance For Trustees</b> <ul style="list-style-type: none"> <li>▪ August 26-29, 2019 (Malibu, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> <li>▪ Audit &amp; Strategic Planning</li> </ul>	A	(Serrano, Wilkinson 2015)	Intermediate
<b>CALAPRS – Advanced Principles of Pension Management For Trustees</b> <ul style="list-style-type: none"> <li>▪ 2020 Date(s) and Location TBD</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> <li>▪ Audit &amp; Strategic Planning</li> </ul>			
<b>CALAPRS – Trustees' Roundtable</b> <ul style="list-style-type: none"> <li>▪ October 25, 2019 (Oakland, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> <li>▪ Audit &amp; Strategic Planning</li> </ul>	B	(Chao, 2016)	Intermediate
<b>Council of Institutional Investors (CII) – Conferences</b> <ul style="list-style-type: none"> <li>▪ <b>Fall Conference:</b> Sept. 16-19, 2019 (Minneapolis, MN)</li> <li>▪ <b>Spring Conference:</b> March 9-11, 2020 (Washington, DC)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> <li>▪ Audit &amp; Strategic Planning</li> </ul>	A B	(Chao, 2017) (Wilkinson 2015)	Intermediate Advanced

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<p>International Foundation of Employee Benefit Plans (<b>IFEBP</b>) – Annual Conference</p> <ul style="list-style-type: none"> <li>▪ October 20-23, 2019 (San Diego, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Plan Admin</li> </ul>			
<p>International Foundation of Employee Benefit Plans (<b>IFEBP</b>) – Trustees And Administrators Institute</p> <ul style="list-style-type: none"> <li>▪ 2019-20 Date(s) and Location TBD</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Plan Admin</li> </ul>			
<p>International Foundation of Employee Benefit Plans (<b>IFEBP</b>) – Health Care Management Conference</p> <ul style="list-style-type: none"> <li>▪ 2019-20 Date(s) and Location TBD</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> </ul>			
<p>International Foundation of Employee Benefit Plans (<b>IFEBP</b>) – New Trustees Institute</p> <ul style="list-style-type: none"> <li>▪ <b>Level I: Core Concepts:</b> October 19-21, 2019 (San Diego, CA)</li> <li>▪ <b>Level II: Concepts in Practice:</b> October 19-20, 2019 (San Diego, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Plan Admin</li> </ul>			
<p>International Foundation of Employee Benefit Plans (<b>IFEBP</b>) – The Wharton School Advanced Investments Management</p> <ul style="list-style-type: none"> <li>▪ 2019-20 Date(s) and Location TBD</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments</li> <li>▪ Corporate Governance</li> </ul>			
<p>International Foundation of Employee Benefits Plan (<b>IFEBP</b>) – The Wharton School Portfolio Concepts and Management Course</p> <ul style="list-style-type: none"> <li>▪ 2019-20 Dates and Location TBD</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments</li> </ul>			

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<p>National Conference on Public Employee Retirement Systems (<b>NCPERS</b>) – Annual Conference &amp; Exhibition</p> <ul style="list-style-type: none"> <li>▪ May 10-13, 2020 (Las Vegas, NV)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> </ul>	<p><b>A</b></p> <p><b>B</b></p> <p><b>A</b></p>	<p>(Wilkinson, 2017)</p> <p>(Ruiz, 2016)</p> <p>(Sohn, 2018)</p>	<p>Intermediate</p>
<p>National Conference on Public Employee Retirement Systems (<b>NCPERS</b>) – Trustee Educational Seminar (TEDS)</p> <ul style="list-style-type: none"> <li>▪ May 9-10, 2020 (Las Vegas, NV)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> </ul>	<p><b>A</b></p>	<p>(Sohn, 2018)</p>	<p>Intermediate</p>
<p>National Conference on Public Employee Retirement Systems (<b>NCPERS</b>) – Legislative Conference</p> <ul style="list-style-type: none"> <li>▪ January 26-28, 2020 (Washington, DC)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> </ul>			
<p>Nossaman Annual Public Pensions and Investments' Fiduciaries' Forum Annual Update</p> <ul style="list-style-type: none"> <li>▪ September 5, 2019 (San Francisco, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Legislative Governance</li> </ul>			
<p>Pension Real Estate Association (<b>PREA</b>) Spring Conference</p> <ul style="list-style-type: none"> <li>▪ March 4-5, 2020 (Beverly Hills, CA) *</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments</li> </ul>	<p><b>A</b></p>	<p>(Chao, 2017)</p>	<p>Intermediate</p>
<p>Pension Real Estate Association (<b>PREA</b>) Annual Institutional Investor Conference</p> <ul style="list-style-type: none"> <li>▪ Sept. 30-Oct. 2, 2020 (Boston, MA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments</li> </ul>	<p><b>A</b></p>	<p>(Chao, 2017)</p>	<p>Intermediate</p>
<p>Pacific Pension &amp; Investments (<b>PPI</b>)</p> <ul style="list-style-type: none"> <li>▪ <b>Summer Roundtable:</b> July 10-12, 2019 (Chicago, IL)</li> <li>▪ <b>Winter Conference:</b> February 12-14, 2020 (Rancho Palos Verdes, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments</li> <li>▪ Corporate Governance</li> </ul>			

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<p>Robert F. Kennedy (<b>RFK</b>) Human Rights Compass Conference</p> <ul style="list-style-type: none"> <li>2020 Date(s) and Location TBD</li> </ul>	<ul style="list-style-type: none"> <li>Investments</li> <li>Corporate Governance</li> </ul>	<b>A</b>	(Greenwood, 2014, 2015, 2017)	Intermediate
<p>State Association of County Retirement Systems (<b>SACRS</b>) Conference</p> <ul style="list-style-type: none"> <li><b>Fall Conference:</b> November 12-15, 2019 Monterey, CA)</li> <li><b>Spring Conference:</b> May 12-15, 2020 (San Diego, CA)</li> </ul>	<ul style="list-style-type: none"> <li>Benefits Admin</li> <li>Investments</li> <li>Corporate Governance</li> </ul>	<b>A</b> <b>B</b>	(Wilkinson, 2015 and 2017, 2018)  (Chao, 2017)	Intermediate
<p>State Association of County Retirement Systems (<b>SACRS</b>) / <b>UC Berkeley Program</b> – Public Pension Investment Management Program</p> <ul style="list-style-type: none"> <li>July 22-24, 2019 (Berkeley, CA)</li> </ul>	<ul style="list-style-type: none"> <li>Investments</li> </ul>	<b>A</b>	(Wilkinson, 2015)	
<p>United Nations Principles in Responsible Investing (<b>UN-PRI</b>) Forum</p> <ul style="list-style-type: none"> <li>July 24, 2019 (New York, NY)</li> </ul>	<ul style="list-style-type: none"> <li>Investments</li> <li>Corporate Governance</li> </ul>			
<p>Western Economic Association International – Annual Conference</p> <ul style="list-style-type: none"> <li>June 26-30, 2020 (Denver, CO)</li> <li>June 27-July 1, 2021 (Honolulu, HI)</li> </ul>	<ul style="list-style-type: none"> <li>Investments</li> </ul>			
<p>Women’s Alternative Investment Summit</p> <ul style="list-style-type: none"> <li>November 13-14, 2019 (New York, NY)</li> </ul>	<ul style="list-style-type: none"> <li>Investments</li> </ul>			
<p>Women's Private Equity Summit</p> <ul style="list-style-type: none"> <li>March 11-13, 2020 (Dana Point, CA)</li> </ul>	<ul style="list-style-type: none"> <li>Investments</li> </ul>			

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**APPENDIX B**  
**LACERS TRAVEL EXPENSE REIMBURSEMENT POLICY**  
**AND RELATED PROVISIONS OF CITY TRAVEL POLICY**  
**(LAAC Chapter 5, Article 4, §§ 4.242.1-4.242.9)**

Approved March 11, 2014;

Revised September 23, 2014; February 12, 2019; September 24, 2019

**I. GENERAL GUIDELINES**

A copy of the Travel and Education Policy including the Guidelines for Travel and Personal Expenses will be provided to new Board Members and staff before processing their first travel request.

**A. LACERS considers an individual traveling if:**

- i) the travel is outside the geographic boundaries of Los Angeles County [LAAC §4.242.2]; and more than 50 miles away from both LACERS' offices and the traveler's home; and
- ii) the duties require the individual to be away from the general area of the individual's primary residence substantially longer than an ordinary day's work; or
- iii) the individual needs to sleep or rest to meet the demands of work while away from the primary residence.

**B. Costs incurred on travel days which are not conference days are allowable (subject to limitations covered in the applicable sections of the guidelines) for travel within the U.S., Mexico, and Canada: (i) on the day before the first educational session of the conference or seminar if transportation on the first conference day would require the traveler to leave his/her point of departure (e.g., home) earlier than 9:00 a.m.; or (ii) on the day after the last educational session of the conference or seminar if transportation on the last conference day would cause the traveler to get to his/her final destination (e.g., home) after 8:00 p.m.**

For travel outside the U.S. (except Mexico and Canada), additional lodging for one day before and/or after the event may be authorized to mitigate hardship for the traveler.

**C. Board approval of travel is required prior to payment of any related fees. If a Traveler elects to personally incur travel-related fees prior to the Board's approval, the Traveler assumes personal financial liability that his or her expenses may not be reimbursed.**

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## II. TRANSPORTATION

<b>A. AIR TRAVEL</b>	
LAAC Requirement	LACERS Policy
<p>Except in the case of official necessity, air travel expenses are allowable only for the lowest regular fare available for regularly scheduled airlines for the date and time selected [§4.242.2(a)(1)]</p> <p>Claims for reimbursement of higher fare or extra charges for transportation by schedule airlines are allowable only if certified by the Department Head<sup>1</sup> that he or she has reviewed and concurs with the facts constituting the official necessity. [§4.242.2(a)(1)]</p>	<ol style="list-style-type: none"> <li>1. Air travel may be used when it is the most efficient means of travel.</li> <li>2. Air travel shall be at coach or economy fare. Coach or economy fare is presumed to be the lowest regular fare available for regularly scheduled airlines. Airfare quotes from several airlines are not necessary.</li> <li>3. When the airfare receipt shows an upgrade to premier economy seating, business or first class accommodation,             <ol style="list-style-type: none"> <li>a. Without further justification, the traveler may be reimbursed at the lower of the lowest regular fare rate available<sup>2</sup> and actual cost, or</li> <li>b. the traveler shall provide a memo stating the case of official necessity, for approval by the Department Head<sup>1</sup>.</li> </ol> </li> <li>4. LACERS will pay directly for airfare booked with the City's authorized business travel service, CalTravelStore.</li> <li>5. If CalTravelStore is not used, LACERS travelers must use their personal credit card to book flights or other modes of transportation.</li> <li>6. Consistent with Federal and City travel standards, coupons, or promotional mileage credits earned by the traveler during the course of LACERS business travel may be used for LACERS or personal business. The traveler will not be reimbursed for such coupons or promotional mileage credits used for LACERS travel.</li> <li>7. Fees for the first checked baggage will be reimbursed. Fees for additional checked baggage may be reimbursed if a justification for an official business need is provided.</li> <li>8. The cost of air flight insurance is not eligible for reimbursement.</li> <li>9. With pre-approval of the Department Head<sup>1</sup>, refundable airline tickets may be purchased if</li> </ol>

<sup>1</sup> Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

<sup>2</sup> The acceptable amount will be the fare verified by the Accounting staff prior to encumbrance of the travel request.

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	the traveler provides acceptable justification that the benefit of booking a refundable ticket outweighs the risk of changes in travel plans.
<b>B. PERSONAL VEHICLE OR NON-AIR TRANSPORTATION</b>	
LAAC Requirement	LACERS Policy

<p>In all instances where a mode of transportation other than regularly scheduled airlines is chosen, the Department Head<sup>1</sup> shall authorize such alternate mode of transportation in advance and the allowable cost shall be the actual cost of the alternate mode of transportation or the cost allowable under Subsection (a)1, whichever is less. [§4.242.3.(a)(2)]</p> <p>In the case of travel by modes of transportation other than regularly scheduled airlines, transportation costs shall be the regular fare for the mode of transportation chosen. [§4.242.3(a)]</p>	<p>10. Pre-approval by the Department Head<sup>1</sup> is required for all non-air travel in advance of travel. Travelers must submit the following items for pre-approval:</p> <ul style="list-style-type: none"> <li>a. For travelers using personal automobiles for business purposes – Provide proof of automobile insurance at minimum coverage levels as follows: \$25,000 injury to or death of one person; and, \$50,000 injury to or death of more than one person; and, \$5,000 property damage for any one accident.</li> <li>b. Cost comparisons are required for all non-air travel, with exceptions listed below: Traveler shall submit: a quote for the lowest regular fare available for regularly scheduled airlines to the destination for the date and time selected; and the cost for regular fare on the alternative mode of transportation. <u>Exceptions</u> (no cost comparison is required): If traveling by vehicle to neighboring counties of Orange, Riverside, San Diego, San Bernardino, Ventura, Kern, Santa Barbara, and San Luis Obispo, or to the San Francisco Employees Retirement System to transport sensitive computer equipment for the LACERS emergency hot/warm site.</li> </ul> <p>11. Receipts for alternate modes of travel are required. Reimbursement will be for the lower of the actual cost of transportation or lowest regular airfare verified by Accounting prior to encumbrance of the travel request.</p> <p>12. Mileage reimbursement</p> <ul style="list-style-type: none"> <li>a. Mileage reimbursement for the Board will be calculated on a roundtrip basis between official's residence and official destination.</li> </ul>
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<sup>1</sup>Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

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In the instance of the use of private automobile, mileage shall be in accordance with mileage provisions of Division 4, Chapter 5, Article 2 of the Administrative Code. [§4.242.3.(a)(2)]

- b. Mileage reimbursement for staff will be based on the distance in excess of home to City office for travels during regular work days; for other days, reimbursement will be based on a roundtrip between staff's residence and official destination.
13. Additional travel time and expenses (such as meals and lodging) incurred in choosing other than the fastest and most direct mode of transportation are at the traveler's own personal time and expense.
  14. Claims for repairs, replacements, towage, gas and car insurance are not reimbursable.
  15. Ground transportation refers to transportation from home to airport, airport to hotel and/or conference/ meeting/seminar location, and back. This includes taxis, shuttles, and private vehicles. Use of luxurious ground transportation such as limousines and executive cars is not reimbursable, unless cost of these services is comparable to that of transportation services such as Uber and Lyft.
  16. Mileage reimbursement is provided when personal vehicle is used for ground transportation to/from airport. Commissioner's mileage reimbursement will be computed based on roundtrip miles from residence to airport. Staff mileage reimbursement will be computed based on the distance in excess of home to City office for travels during regular work day; and roundtrip miles from residence to airport on non-work days.

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<b>C. GROUND TRANSPORTATION</b>	
LAAC Requirement	LACERS Policy

<p>The least expensive and most practical form of public transportation shall be used, taking into consideration such factors as time, availability, and personal safety or health. [§4.242.3.(c)]</p>	<p>17. Reimbursement for airport parking is actual amount, not to exceed \$20 per day. Pre-approval is not required. Reimbursement for actual amounts in excess of \$20 per day requires the traveler submitting a memo to justify the expense based on time, availability, and personal safety or health.</p> <p>18. Reimbursement for use of taxi, shuttle, private car or limousine service is limited to the lesser of roundtrip taxi fare (<a href="http://www.taxifarefinder.com">http://www.taxifarefinder.com</a>)<sup>2</sup> or shuttle fare (<a href="http://www.shuttlefare.com">http://www.shuttlefare.com</a>)<sup>2</sup>.</p>
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<b>D. AUTOMOBILE RENTAL</b>	
LAAC Requirement	LACERS Policy

<p>Such expenses are allowable if traveling by car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus. [§4.242.3.(d)]</p>	<p>19. Pre-approval by the Department Head<sup>1</sup> is required. Travelers must provide written justification that traveling by car is less expensive and/or more efficient in conducting LACERS business than by use of taxi or bus.</p> <p>20. The traveler will not be reimbursed for car rental insurance within the United States. Car rental insurance costs required in foreign countries may be claimed for reimbursement.</p> <p>21. Receipts are required for reimbursement of rental car, gasoline, parking, and toll expenses. If receipts for toll and/or parking meter expenses are not available, provide printouts from official websites, credit card receipts, or other appropriate documents.</p> <p>22. To avoid fuel surcharges, travelers are encouraged to fill the gas tank before returning a rental vehicle.</p>
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<sup>1</sup> Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

<sup>2</sup> The acceptable amount will be the fare verified by the Accounting staff prior to encumbrance of the travel request.

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## III. LODGING, MEALS AND INCIDENTAL EXPENSE ALLOWANCE

A. LODGING	
LAAC Requirement	LACERS Policy
<p>This section is not intended to preclude an employee or elected official from staying in a hotel where the meeting or convention to be attended is held. [§4.242.3.(b)(1)]</p>	<p>23. Acceptable documentation shall include original itemized hotel receipt marked 'Paid in Full' or showing a zero balance; otherwise, proof of payment is also required.</p> <p>24. Reimbursement for lodging in a hotel where the meeting or convention to be attended is deemed the most practical accommodation and permissible.</p> <p>25. A traveler may elect to stay in a hotel sponsored by the conference as it is presumed to be the most practical or convenient. The reimbursement will be limited to the lesser of the actual hotel costs incurred or the conference hotel rate.</p> <p>26. For any official System travel for training, due diligence trips, meetings with investment managers, or training where hotels are not pre-designated, the traveler should select the most economical lodging taking into consideration the proximity of the selected place to conduct the official System business, traveler's safety, time and transportation costs and other relevant factors. Any of the following methods are acceptable for determining "moderately priced establishments of acceptable quality," "the most economical and practical accommodations," and those which would be presumed not to meet the IRS definition of "lavish and extravagant" accommodations:</p> <ul style="list-style-type: none"> <li>(i) Lodging does not exceed the highest Federal domestic lodging per diem rate; cost comparison is not necessary; or</li> <li>(ii) The most economical hotel identified using the City traveler provider website (<a href="http://www.concursolutions.com/">www.concursolutions.com/</a>), with availability, with at least a 3 star rating on a 5 star scale travel, and within walking distance or no less than ½ mile radius of the first business location; or</li> </ul>

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<p>In the selection of restaurants and hotel rooms, it is expected that individuals will seek moderately priced establishments of acceptable quality. [LAAC §4.242.3.(b)]</p> <p>An employee or elected official must consider transportation costs, time, and other relevant factors in selecting the most economical and practical accommodations. [§4.242.3.(b)(1)]</p>	<p>(iii) The most practical hotel on the above list with acceptable written justification; or</p> <p>(iv) Any lodging expenses may be reimbursed provided that the expense does not exceed 300% of the lodging per diem and traveler must clearly demonstrate no other acceptable alternative lodging was available, as in the event of a state of emergency, or other justifiable reason reviewed and certified by the Department Head<sup>1</sup> as reasonable and proper, and incurred in the pursuit of System business.</p> <p>27. Reimbursement is limited to single occupancy room rate, as documented on hotel letterhead or the hotel's room rates listing, plus applicable taxes and charges unless additional occupants are LACERS trustees/staff on official LACERS business.</p>
<p><b>B. MEALS AND INCIDENTAL EXPENSES (M&amp;IE)</b></p>	
<p>LAAC Requirement</p>	<p>LACERS Policy</p>
<p>Expenses incurred by an employee or elected official for food and beverage served at meals, scheduled receptions, or other functions necessary for the conduct of City business are allowable to a maximum of three meals a day. [§4.242.3.(b)(2)]</p>	<p>28. LACERS intends to be compliant with IRS accountable plan rules, therefore M&amp;IE allowance will be provided only when business travel results in a necessity for lodging. LACERS will provide travelers with a standard meal allowance at the Federal per diem rate per locale. The allowance, in lieu of providing receipts, is acceptable under the IRS accountable plan rules. The IRS (Publication 463) defines meals and incidental expenses include: meals, transportation to acquire meals, fees/tips to porters, baggage carriers, bellhops, hotel maids, wait staff, and other service providers.</p> <p>29. No meal allowance will be paid when meals are provided throughout the day by the host or at the conference. Hotel complimentary breakfasts are not included in this category.</p>

<sup>1</sup> Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

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	<p>30. Prorating the standard meal allowance –                      The IRS permits LACERS to adopt its own rules for prorating the standard meal allowance on partial days of travel so long as we consistently apply the method in accordance with reasonable business practice.</p> <p>The meal and incidental expense allowance will be prorated from a daily allowance to a per meal period allowance on partial days of travel; and when some meals are prepaid/to be paid by LACERS (meals at the conference, or pre-paid to comply with the City/LACERS gift restrictions).</p> <p>The M&amp;IE allowance = incidental expense + breakfast allowance (if traveling between 1AM – 9AM) + lunch allowance (if traveling between 9AM – 5PM) + dinner allowance (if traveling between 5PM – 1AM).</p> <p>Utilize the M&amp;IE per travel locale and provide an allowance for each meal period the traveler is away from home (based on the current Federal General Services Agency six tiered M&amp;IE allowance):</p> <table border="1" data-bbox="868 1165 1421 1396"> <thead> <tr> <th>Total</th> <th>Breakfast</th> <th>Lunch</th> <th>Dinner</th> <th>IE</th> </tr> </thead> <tbody> <tr> <td>\$46</td> <td>\$7</td> <td>\$11</td> <td>\$23</td> <td>\$5</td> </tr> <tr> <td>\$51</td> <td>\$8</td> <td>\$12</td> <td>\$26</td> <td>\$5</td> </tr> <tr> <td>\$56</td> <td>\$9</td> <td>\$13</td> <td>\$29</td> <td>\$5</td> </tr> <tr> <td>\$61</td> <td>\$10</td> <td>\$15</td> <td>\$31</td> <td>\$5</td> </tr> <tr> <td>\$66</td> <td>\$11</td> <td>\$16</td> <td>\$34</td> <td>\$5</td> </tr> <tr> <td>\$71</td> <td>\$12</td> <td>\$18</td> <td>\$36</td> <td>\$5</td> </tr> </tbody> </table>	Total	Breakfast	Lunch	Dinner	IE	\$46	\$7	\$11	\$23	\$5	\$51	\$8	\$12	\$26	\$5	\$56	\$9	\$13	\$29	\$5	\$61	\$10	\$15	\$31	\$5	\$66	\$11	\$16	\$34	\$5	\$71	\$12	\$18	\$36	\$5
Total	Breakfast	Lunch	Dinner	IE																																
\$46	\$7	\$11	\$23	\$5																																
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\$66	\$11	\$16	\$34	\$5																																
\$71	\$12	\$18	\$36	\$5																																
<p><b>Gratuities.</b> Such expenses, not exceeding 15%, are allowable where reasonable and customary. [§4.242.3.(h)]</p>	<p>31. Transportation between places of lodging and places where meals are taken are no longer included in the definition of incidental expenses, and may be authorized by the Department Head for reimbursement up to \$5 per day.</p> <p>32. Gratuities are included in the IRS definition of “incidental” expenses and are therefore subject to per diem limits. Reimbursement for restaurant gratuities are calculated as up to 15 percent of the restaurant bill exclusive of taxes, except when the gratuity percentage is required</p>																																			

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	and the amount is added on the bill by the service provider.
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IV. OTHER EXPENSES

LAAC Requirement	LACERS Policy
<p>(j) Other Expenses. Expenses not specifically set forth in other subsections of this section that are incurred by an employee or an elected official are allowable where deemed necessary in the conduct of City business; provided that such expenses have been reviewed and certified by the Department Head<sup>1</sup> as reasonable and proper and incurred in pursuit of City business. Wherever the type of expenditure is not specifically listed in this section, the employee or elected official should be prepared to absorb the cost as a personal expenditure in the event that such expense is not certified by the Department Head<sup>1</sup>. [§4.242.3.(j)]</p>	<p>33. Other travel expenses are allowable when deemed necessary in the conduct of System business provided such expenses are reviewed and certified by the Department Head<sup>1</sup> as reasonable, proper, and incurred in pursuit of System business. Otherwise, these expenses become personal expenditures.</p> <p>34. <u>Travel Interruptions</u> – When there is an interruption or deviation from planned travel due to bona fide public emergencies outside of the traveler’s control such as weather or shutdown of air travel, travelers may be reimbursed at full cost for emergency lodging, meals, and incidental expenses.</p> <p>35. <u>Indirect Travel</u> - whether for the traveler’s personal leave or for convenience, expenses allowable will not exceed those that would have been incurred for uninterrupted travel utilizing the direct travel route or travel days. Supporting documentation showing the cost for direct travel and the deviation should be provided by the traveler.</p>

<sup>1</sup> Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures ; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

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**IV. NON-REIMBURSABLE TRAVEL EXPENSES**

LAAC Requirement	LACERS Policy
<p>Expenditures which are incurred by an employee or elected official that are of a purely personal nature will not be reimbursed by the City.</p> <ul style="list-style-type: none"> <li>a) Auto repairs, replacement or towage to personal vehicle when such use has been authorized (see established City procedures for repair to City vehicle);</li> <li>b) Flight insurance;</li> <li>c) Personal telephone calls (except those specified in Section 4.242.3 (g) of this article);</li> <li>d) Expenses for persons other than the employee or elected official, except as specified in Section 4.242.3 (b) 2. [§4.242.4]</li> </ul>	<p>36. Expenditures which are not substantive to LACERS business will not be reimbursed by LACERS, such as:</p> <ul style="list-style-type: none"> <li>a) Any expenses related to entertainment and recreational activities;</li> <li>b) Flight upgrade fees for seats other than coach or economy;</li> <li>c) Internet usage fees (unless the internet is used for City business);</li> <li>d) Any expenses related to alcohol and tobacco.</li> </ul> <p>37. The traveler must submit reimbursement for personal expenditures paid by LACERS.</p> <p>If there are portions of the conference or seminar that are entertainment in nature and not business-related (e.g., golf tournaments, musical performances or concerts, etc.), the traveler is required to reimburse LACERS for the cost of these recreational activities.</p>

## Section 1.0 GUIDANCE FOR BOARD MEMBERS

## V. OTHER RULES AND RESTRICTIONS

<b>A. DOCUMENTATION OF EXPENSES - PERSONAL EXPENSE STATEMENTS</b>	
<b>LAAC Requirement</b>	<b>LACERS Policy</b>
<p>All expenses claimed shall be listed on separate forms provided and used for required documentation of travel expense.</p> <p>Completed travel expense forms shall be forwarded to the Controller within thirty (30) days of the conclusion of the trip.</p> <p>The Department Head<sup>1</sup> shall certify that all expenditures were incurred in pursuit of City business. Falsification of such certification shall be grounds for appropriate disciplinary action and such other sanctions provided by law.</p> <p>Receipts shall be provided for transportation costs incurred under Section 4.242.3(a), lodging, and for any single item of expenditure in excess of \$25.00. Receipts for expenditures under \$25.00 should be presented when available. [LAAC § 4.242.7]</p>	<p>38. All expenses claimed for reimbursement must be itemized on the Personal Expense Statement (PES - Form Gen. 16).</p> <p>39. The traveler is responsible for verifying all charges on receipts before making payment. Charges made in error will not be reimbursed.</p> <p>40. Original receipts are required for any single expenditure in excess of \$25. Receipts are not required for a meal and incidental expense allowance, regardless of amount, when the Federal per diem rate per locale is provided to the traveler and prorated in accordance with LACERS' policy.</p> <p>41. Travel expenses in foreign currency must be converted to U.S. dollars (USD) based on exchange rates effective on the date of the original receipt. The following are acceptable supporting documentation for the foreign currency conversion:</p> <ol style="list-style-type: none"> <li>Credit card statement showing conversion of foreign-denominated expenses to USD</li> <li>Foreign exchange receipts from money exchanges or banks showing foreign conversion rates</li> <li>Verifiable foreign exchange rates from the internet</li> </ol>
<b>B. TRAVEL ADVANCES</b>	
<b>LAAC Requirement</b>	<b>LACERS Policy</b>
<p>Requests for an advance for funds shall be submitted to the Controller, where feasible, at least ten (10) days in advance of the beginning of the planned expenditure of funds and such request shall include the persons traveling, period covered, and the destination. In addition, the request should</p>	<p>42. For trips of one night or more, a travel advance may be requested. The amount advanced is limited to the lodging, meal and incidental expenses per diem as well as registration, seminar, and meeting fees paid by the traveler.</p> <p>43. Written requests for the travel advance</p>

<sup>1</sup> Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures, the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

## Section 1.0 GUIDANCE FOR BOARD MEMBERS

state the purpose of the trip, the nature of the City business to be conducted on the trip, and the proposed total estimated expenditure. Documentation of actual expenses incurred shall be submitted to the Controller in conformance with Section 4.242.7.

are to be submitted by the Traveler to the CEA/travel coordinator for approval at least thirty (30) days prior to the date of travel. The request must include a statement certifying that the traveler has no outstanding cash advance.

44. A cash advance request will be denied if a traveler has an outstanding cash advance for past travel with does not comply with the procedures.
45. Regular travel advances will be released no earlier than one (1) week before travel.
46. Outstanding travel advances not accounted for and delinquent over 120 days will be included as part of an employee's wages on the first payroll period of the subsequent calendar quarter following the end of the 120 calendar days; and, for non-City employees, IRS Form 1099-Misc will be issued per IRS Federal, State, Local Government Taxable Fringe Benefit Guide. Nothing herein eliminates the traveler's obligation to return to the Fund any excess monies that were received that were not used for approved travel expenses.
47. Future travel advances will not be processed for traveler(s) with delinquent PES over 30 days. Requests for reimbursement may be processed in advance of the travel for expenditures such as registration fees, airfare and/or one-night hotel deposit. To ensure timely processing of the reimbursement, such requests along with supporting documents and proof of payment (credit card statement, etc.) must be submitted to the CEA/travel coordinator, in writing, at least fifteen (15) working days before the date of travel.
48. Advanced payment for cancelled travel: Any amount that was paid by department in advance of travel is considered an advance. In the event of the need to cancel the trip, the traveler is responsible for notifying all payees to (such as air carrier, hotel, conference host, etc.) as

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	<p>soon as possible to avoid/minimize cancellation fees</p> <ul style="list-style-type: none"><li>a. If cancellation was due to personal reasons, the traveler must personally reimburse the department for any amount not recovered (net of cancellation fees). If the refund or credit was issued directly to the traveler, traveler must pay LACERS the entire amount of credit received within 14 calendar days from the credit issued date.</li><li>b. If travel was cancelled due to the business or public reason, traveler is responsible to submit a justification along with the proper documentation to the Board President within 14 calendar days from the cancelled date.</li><li>c. Unrecovered amounts are reported as taxable income to the traveler. The traveler may be required to pay for future airfare using their own credit card, and LACERS will reimburse airfare upon completion of the travel.</li></ul>
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## Section 1.0 GUIDANCE FOR BOARD MEMBERS

**APPENDIX C  
BOARD TRAVEL REIMBURSEMENT CHECKLIST**

**Adoption Date: May 26, 2009**

**Revised Dates: June 22, 2010; December 13, 2011; March 11, 2014**

**I. STEPS FOR TRAVEL APPROVAL AND REIMBURSEMENT:**

Step 1: Provide details of the educational event to the Commission Executive Assistant (CEA)

Step 2: Submit information on estimated expenses to the CEA

***Fees Paid Directly By LACERS:***

Step 3: Register for the Conference

- Conference registration and registration fees can be arranged through the CEA prior to the conference date. Registration fees are paid directly by LACERS with no out-of-pocket expenses for the traveler;
  - Under State and City gift laws, complimentary conferences or conference-related events could be considered gifts. LACERS will evaluate the circumstances with the assistance of the City Ethics Commission and may be required to pay a pro-rata share of conference expenses provided by the hosting organization.
- Or, after the fact, submit a receipt showing a zero balance as proof of payment.

Step 4: Book flight

- Provide desired flight numbers, dates, and times to the CEA. The CEA will book the flight. Flights booked through the City's travel service negate the need to secure three fare quotes. The City's travel service will also provide a flight credit if the traveler is unable to fly and proper notification is given.
- Or after the fact, submit a receipt for the purchase of the airline ticket and three fare quotes generated on the same day the flight was booked. Reimbursement is limited to the lowest regular fare.

***Items Requiring Pre-Approval for Expenditure Reimbursement:***

Step 5: Submit written justification for items requiring pre-approval from the Board President or Vice President. If approval is not secured prior to incurring the expense, reimbursement may not be granted.

- Requests for reimbursement of airfare which exceeds the lowest regular fare – justification should demonstrate the official necessity of the selected flight. Attach to the request three air fare quotes generated on the same day the flight was booked.
- Requests for transportation other than air flight – justification should indicate reasons for use of the alternate mode of transportation.
- Requests for cash advances to cover lodging and per diem for meals must be submitted 30 days prior to the commencement of travel. See further instructions below.

***After the Travel has been completed, submit report and receipts:***

Step 6: Submit an Event Evaluation Report within thirty (30) days of the conclusion of the trip

- The report is required prior to reimbursement

**Section 1.0 GUIDANCE FOR BOARD MEMBERS**

- Step 7: Submit a Personal Expense Statement (PES) within thirty (30) days of the conclusion of the trip:
- Itemize all reimbursable daily expenses for lodging, transportation, and miscellaneous expenses; list the per diem for meals and incidentals.
  - Report expenses paid directly by LACERS as a deduction to the total reimbursable amount
  - See further instructions on the following checklist

**II. REIMBURSEMENT CHECKLIST:**

ALLOWABLE TRAVEL COSTS	REQUIRED DOCUMENTS
<b>AIR TRAVEL</b>	
<p><b><u>Air Travel</u></b>                      Air travel expenses are only allowable for the lowest regular fare available. If the flight with the lowest regular fare is not booked, reimbursement will only be for the lowest regular fare.</p> <p>If three fare quotes are not submitted, the lowest regular fare will be determined by a quote from the City's travel agent for a direct flight, coach class, 14 days prior to the date of business travel. The CEA will determine the reasonable flights to be quoted which best meet the conference dates and times.</p> <p>Exceptions allowing reimbursement for a higher cost fare may be approved by the General Manager for "official necessity." Official necessity means there is a bona fide benefit to LACERS for taking the selected flight which outweighs the cost of the higher fare.</p>	<p><b><u>Transportation Expenses</u></b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Submit a receipt showing a zero balance as proof of payment for airfare</li> <li><input type="checkbox"/> Provide three air fare quotes from the same date as the booked flight, demonstrating that the selected flight is the lowest regular fare practically available</li> <li><input type="checkbox"/> Provide written justification of the "official necessity" for any higher cost fare if seeking reimbursement above the lowest fare rate. The General Manager must concur for the expense to be submitted for reimbursement.</li> </ul>
<b>OTHER TRANSPORTATION</b>	
<p><b><u>Bus or Rail Travel</u></b>                      The allowable cost shall be the actual cost for the regular fare for the bus/rail travel.</p> <p><b><u>Automobile Rental</u></b>                      Automobile rental expenses are allowable if traveling by automobile is less expensive or more appropriate than by other modes of transportation.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Submit request for pre-approval from the General Manager for all modes of transportation other than regularly scheduled airlines.</li> <li><input type="checkbox"/> Submit request for pre-approval from the General Manager demonstrating that traveling by rental car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus.</li> </ul>

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<p><b><u>Private Automobile</u></b> The allowable cost shall be the actual total mileage rate allowance as determined by the Internal Revenue Service (IRS).</p>	<p><input type="checkbox"/> Submit request for pre-approval from the General Manager, and include a satisfactory liability insurance policy covering the full use and operation of the vehicle. The limits of liability on any such policy shall not be less than \$25,000 in the case of injury to or death of one person, and \$50,000 in the case of injury to or death of more than one person; and in the case of property damage, not less than \$5,000 in any one accident</p>
<p><b>REGISTRATION FEES</b></p>	
<p><b><u>Registration Fees</u></b> Reimbursable if paid by the Trustee</p>	<p><input type="checkbox"/> Submit a receipt showing a zero balance as proof of payment</p>
<p><b>LODGING</b></p>	
<p>Hotels generally offer specially rated room blocks for conference participants. The Trustee may stay at an "off-site" hotel if the room blocks are exhausted.</p> <p>Transportation costs, time, and other relevant factors must be considered in selecting the most economical and practical accommodations.</p> <p>An extra-night stay is allowable if it sufficiently reduces the airfare, or if the conference commences early in the morning or adjourns late in the evening.</p>	<p><input type="checkbox"/> Submit receipt showing a zero balance as proof of payment. Personal credit card information must be redacted from the receipt.</p> <p><input type="checkbox"/> If lodging is for other than single occupancy, secure a rate sheet or other documentation of the single occupancy rate.</p>
<p><b>MEALS &amp; INCIDENTAL EXPENSES</b></p>	
<ul style="list-style-type: none"> <li>○ The meal and incidental per diem for domestic travel is currently \$71 per day.</li> <li>○ Incidental expenses are fees and gratuities provided to service workers, and for transportation costs in acquiring meals.</li> <li>○ The daily allowance is prorated at 75% on days of travel, and if some meals are provided by the hotel or conference.</li> <li>○ No meal allowance is provided when meals are provided throughout the day by the hosting organization.</li> <li>○ The rate for international travel is in accordance with current Federal per diem rate guidelines.</li> </ul>	<p>Receipts for meals and incidental expenses are not required.</p> <p><input type="checkbox"/> Submit justification letter if claiming reimbursement for expenses exceeding the per diem allowance.</p>

## Section 1.0 GUIDANCE FOR BOARD MEMBERS

**MISCELLANEOUS EXPENSES****Checked Baggage Fees**

Such expenses are allowable when the Trustee is charged for the first checked bag.

**Laundry Service**

Such expenses are allowable if the duration of the trip, traveling conditions, or some other special circumstances dictate.

**City Business Telephone Calls**

Such expenses are allowable if the telephone calls are relevant to appropriate City business.

**Personal Telephone Calls**

Such expenses are allowable for one call to the Trustee's immediate family if they are located within the locale of their residence.

If travel is in excess of three (3) days, one such call is permitted for each successive three (3) days thereafter.

Each call should last a reasonable amount of time, such as 10 minutes per call.

**Ground Transportation**

Transportation between the traveler's residence and airport, and transportation between the airport and conference location.

- Baggage fees for second and additional items require a justification memo that it meets a business purpose.
- Submit receipts for all miscellaneous expenses.

Section 1.0 GUIDANCE FOR BOARD MEMBERS

**APPENDIX D  
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)  
TRAVEL/CONFERENCE EVALUATION REPORT**

Name of Attendee:	
Title of Conference/Seminar:	
Location:	No. of Education Hours:
Event Sponsor:	Date(s) Held:

Report for:

- Travel
- Conference/Seminar Attendance Only

I. Nature/Purpose of Travel (if applicable):

II. Significant Information Gained:

III. Benefits to LACERS:

IV. Additional Comments:

SUBMIT TO THE LACERS COMMISSION EXECUTIVE ASSISTANT, 202 W. FIRST STREET, SUITE 500  
WITHIN 30 DAYS AFTER ATTENDING THE CONFERENCE/SEMINAR

Section 1.0 GUIDANCE FOR BOARD MEMBERS

**1.2 BOARD EDUCATION AND TRAVEL POLICY**

*Adopted: May 29, 2009; Revised: June 22, 2010; December 13, 2011; March 11, 2014; September 23, 2014; February 12, 2019; September 24, 2019; December 10, 2019*

**I. STATEMENT OF PURPOSE**

Los Angeles City Charter Section 1106(c), consistent with Article XVI, Section 17 of the California Constitution requires the Board to exercise a *Prudent Person Standard*, discharging their duties with respect to its system, with care, skill, prudence, and diligence. It is imperative that LACERS Board Members maintain a broad and current understanding of issues affecting the administration of public pension systems to fulfill their fiduciary duties. This policy recognizes and affirms the role of education in ensuring Trustees have the knowledge to successfully discharge their duties as fiduciaries.

The Board establishes a standard of a minimum of 24 hours of Board Member education within the first two years of assuming office and for every subsequent two-year period in which the Board Members continue to hold membership on the Board. A report detailing the training and education received by the respective Board Members during the two-year periods will be published on the LACERS website.

**II. EDUCATIONAL OBJECTIVES**

This policy defines a *Prudent Person Standard* for Trustees as a general understanding of:

- A. The role of the Board Members and the role of staff
- B. The obligations and role of fiduciary and the paramount duties of loyalty and prudence
- C. The business model (including knowledge of true measure of success, the driving factors that determine success and the major business risks associated with public pension systems; namely, in the areas of investments and benefit administration).
- D. Governance principles
- E. The legal and legislative environment
- F. Actuarial principles
- G. Plan design and other benefit program
- H. Investment and asset allocation strategies

**III. NEW TRUSTEE ORIENTATION PROGRAM**

To ensure that newly appointed and elected LACERS Board Members are securely grounded in their role as fiduciaries at the outset of assuming such an important responsibility, each shall participate in the New Trustee Orientation Program which offers critical background information and education on the Board's governance responsibilities, the knowledge of which is essential for the fullest possible engagement of each Board Member in every aspect of pension fund management.

The orientation will cover the following:

- 1. History and overview of LACERS
- 2. Fiduciary Responsibility
- 3. Ethics Training
- 4. Board Governance
- 5. Benefits and Services
- 6. Actuarial Concepts
- 7. Investment Concepts
- 8. Operations

## Section 1.0 GUIDANCE FOR BOARD MEMBERS

- 9. Legal Representation and Law
- 10. Current Topics for LACERS
- 11. Tour of the offices and boardroom

**IV. IN-HOUSE EDUCATION PROGRAM**

To provide updates on various issues affecting the administration of public pension systems, in-house education sessions will occur periodically at regular Board meetings or organized as stand-alone sessions. The General Manager will arrange in-house training for the Board based on the schedule below and as-needed:

**A. Mentoring**

Any new Board Member may request a mentor to assist him or her in becoming familiar with his or her responsibilities on the Board. If a request is made, the Board President will designate an experienced Board Member to be a mentor to the new Board Member for a period of one year.

**B. Investment Education**

At least once per fiscal year, an investment educational session for all Board Members shall be conducted. The General Manager shall survey the Board to identify specific investment topics of interest.

**C. Fiduciary Education Sessions by Fiduciary Counsel**

Upon request, outside Fiduciary Counsel will provide fiduciary education to the Board.

**D. Actuarial Education**

Each year, an actuarial education session will be provided to the Board.

**E. Healthcare Benefits Education**

Each year, a healthcare benefits education session will be provided to the Board.

**F. Retirement Benefits**

Each year, an update of the issues regarding retirement benefits will be provided to the Board.

**G. Ethics Training**

Board Members are required to participate or attend the City's Ethics training during the first year of appointment and then once every two years. Refresher ethics training will be provided to the Board annually.

**H. Other As-needed Topics**

Staff will periodically coordinate educational sessions for the Board on topics of general interest or topics that Board Members may request.

**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.

## Section 1.0 GUIDANCE FOR BOARD MEMBERS

**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.

**G. Board Education and Travel Limitations**

Board Member travel shall adhere to the following guidelines:

- Board Members shall attend conferences or seminars that have a solid reputation for quality program content. (see Appendix A); i.e., agendas with a minimum of five hours of substantive educational content. Content shall not be geared toward marketing or the promotion of investment management and related sponsors.

## Section 1.0 GUIDANCE FOR BOARD MEMBERS

Topics covered during the conference or seminar must be related to the pension fund industry.

- The Board education travel budget per Trustee shall not exceed \$10,000 per fiscal year for conference fees and travel expenses. Expenses which exceed this annual allocation shall be the personal responsibility of the Board Member unless the Board approves additional travel and budget allocation prior to the conference. Expenses related to the Portfolio Concepts and Management Program offered by the International Foundation of Employee Benefit Plans in partnership with the Wharton School of the University of Pennsylvania (Wharton Executive Education: Investment Management Courses) shall not be counted as part of a Trustee's allotment of \$10,000 per fiscal year. These courses shall be made available to new Trustees within the first two years of their service, as practicable.

#### H. Reports to the Board

##### 1. Quarterly Travel Expenditure Report

An educational travel expenditure report shall be provided to the Board on a quarterly basis, covering cumulative Board Member and staff travel for the fiscal year.

##### 2. Monthly Report on Seminars and Conferences Attended by Board Members on Behalf of LACERS

There may be occasions where a Board Member attends seminars or conferences as a LACERS representative or in the capacity of a LACERS Board Member which are either complimentary (no cost involved) or with expenses fully covered by the Board Member.\* Since there is no expense incurred to LACERS, these seminars or conferences do not require Board approval. However, for the purpose of transparency and to avoid the appearance of impropriety, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, such conferences or seminars attended. Monthly reports will include conferences or seminars attended during the period preceding the said Board meeting.

*\*Please consult the City Ethics Commission for gift reporting limitations and reporting requirements.*

#### I. Meeting for Business Purpose in Compliance with the Ralph M. Brown Act

In accordance with the Ralph M. Brown Act, a quorum comprising of majority of the members of the LACERS' Board or Committee to hear, discuss, or deliberate upon any matter which is under the subject matter jurisdiction of LACERS are meetings subject to the Brown Act. Board Members must be cognizant of this requirement and avoid discussing LACERS' business when in meetings or discussions with other Members of the Board.

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**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 the 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. Staff expenditures related to travel outside the U.S. requires Board approval.

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.

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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.

**C. Non-Reimbursable Expenses**

Expenditures which are incurred by a Board Member or staff that are not substantive to LACERS' business will not be reimbursed by LACERS. A list of non-reimbursable travel expenses is included in Appendix B.

**D. Event Participation Report**

Whenever a Trustee attends a conference or other event at the expense of the Fund, it shall be his or her responsibility to complete the Board Members Education Evaluation Form (Appendix D) and to provide the Board information on concerns with the event, which they believe are of significance to the System. The evaluation form must be submitted with the request for reimbursement of expenses associated with each conference attended. A reimbursement will not be made without a completed evaluation form.

**E. Travel Activity Summary**

Upon the close of the fiscal year, the General Manager shall report to the Board on Trustee (along with staff) travel expenditures throughout that year.

**VII. APPENDICES**

- A. Appendix A – List of Educational Seminar Schedule
- B. Appendix B – LACERS Travel Expense Reimbursement Policy
- C. Appendix C – Board Travel Reimbursement Checklist
- D. Appendix D – LACERS' Board Member Education Evaluation Form

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**APPENDIX A  
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
LIST OF EDUCATIONAL SEMINARS – FISCAL YEAR 2019-20**

\*Local Conference

CONFERENCE / SEMINAR / MEETING	SUBJECT MATTER	TRUSTEE EVALUATION		
		TRUSTEE RATING		LEVEL
		Rate seminar with:		
		<b>A</b>	<i>Excellent</i>	<ul style="list-style-type: none"> <li>▪ <i>Introductory</i></li> <li>▪ <i>Intermediate</i></li> <li>▪ <i>Advanced</i></li> </ul>
		<b>B</b>	<i>Very Good</i>	
<b>C</b>	<i>Good</i>			
<b>D</b>	<i>Not Beneficial</i>			
California Association of Public Retirement Systems ( <b>CALAPRS</b> ) – General Assembly <ul style="list-style-type: none"> <li>▪ March 7-10, 2020 (Rancho Mirage, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> <li>▪ Audit &amp; Strategic Planning</li> </ul>	<b>A</b>	(Sohn, 2016)  (Wilkinson, 2018)	Intermediate
<b>CALAPRS</b> – Principles of Pension Governance For Trustees <ul style="list-style-type: none"> <li>▪ August 26-29, 2019 (Malibu, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> <li>▪ Audit &amp; Strategic Planning</li> </ul>	<b>A</b>	(Serrano, Wilkinson 2015)	Intermediate
<b>CALAPRS</b> – Advanced Principles of Pension Management For Trustees <ul style="list-style-type: none"> <li>▪ 2020 Date(s) and Location TBD</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> <li>▪ Audit &amp; Strategic Planning</li> </ul>			
<b>CALAPRS</b> – Trustees' Roundtable <ul style="list-style-type: none"> <li>▪ October 25, 2019 (Oakland, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> <li>▪ Audit &amp; Strategic Planning</li> </ul>	<b>B</b>	(Chao, 2016)	Intermediate
Council of Institutional Investors ( <b>CII</b> ) – Conferences <ul style="list-style-type: none"> <li>▪ <b>Fall Conference:</b> Sept. 16-19, 2019 (Minneapolis, MN)</li> <li>▪ <b>Spring Conference:</b> March 9-11, 2020 (Washington, DC)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> <li>▪ Audit &amp; Strategic Planning</li> </ul>	<b>A</b>  <b>B</b>	(Chao, 2017)  (Wilkinson 2015)	Intermediate  Advanced

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<p>International Foundation of Employee Benefit Plans (<b>IFEBP</b>) – Annual Conference</p> <ul style="list-style-type: none"> <li>▪ October 20-23, 2019 (San Diego, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Plan Admin</li> </ul>			
<p>International Foundation of Employee Benefit Plans (<b>IFEBP</b>) – Trustees And Administrators Institute</p> <ul style="list-style-type: none"> <li>▪ 2019-20 Date(s) and Location TBD</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Plan Admin</li> </ul>			
<p>International Foundation of Employee Benefit Plans (<b>IFEBP</b>) – Health Care Management Conference</p> <ul style="list-style-type: none"> <li>▪ 2019-20 Date(s) and Location TBD</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> </ul>			
<p>International Foundation of Employee Benefit Plans (<b>IFEBP</b>) – New Trustees Institute</p> <ul style="list-style-type: none"> <li>▪ <b>Level I: Core Concepts:</b> October 19-21, 2019 (San Diego, CA)</li> <li>▪ <b>Level II: Concepts in Practice:</b> October 19-20, 2019 (San Diego, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Plan Admin</li> </ul>			
<p>International Foundation of Employee Benefit Plans (<b>IFEBP</b>) – The Wharton School Advanced Investments Management</p> <ul style="list-style-type: none"> <li>▪ 2019-20 Date(s) and Location TBD</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments</li> <li>▪ Corporate Governance</li> </ul>			
<p>International Foundation of Employee Benefits Plan (<b>IFEBP</b>) – The Wharton School Portfolio Concepts and Management Course</p> <ul style="list-style-type: none"> <li>▪ 2019-20 Dates and Location TBD</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments</li> </ul>			

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<p>National Conference on Public Employee Retirement Systems (<b>NCPERS</b>) – Annual Conference &amp; Exhibition</p> <ul style="list-style-type: none"> <li>▪ May 10-13, 2020 (Las Vegas, NV)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> </ul>	<p><b>A</b> <b>B</b> <b>A</b></p>	<p>(Wilkinson, 2017) (Ruiz, 2016) (Sohn, 2018)</p>	<p>Intermediate</p>
<p>National Conference on Public Employee Retirement Systems (<b>NCPERS</b>) – Trustee Educational Seminar (TEDS)</p> <ul style="list-style-type: none"> <li>▪ May 9-10, 2020 (Las Vegas, NV)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> </ul>	<p><b>A</b></p>	<p>(Sohn, 2018)</p>	<p>Intermediate</p>
<p>National Conference on Public Employee Retirement Systems (<b>NCPERS</b>) – Legislative Conference</p> <ul style="list-style-type: none"> <li>▪ January 26-28, 2020 (Washington, DC)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> </ul>			
<p>Nossaman Annual Public Pensions and Investments' Fiduciaries' Forum Annual Update</p> <ul style="list-style-type: none"> <li>▪ September 5, 2019 (San Francisco, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Legislative Governance</li> </ul>			
<p>Pension Real Estate Association (<b>PREA</b>) Spring Conference</p> <ul style="list-style-type: none"> <li>▪ March 4-5, 2020 (Beverly Hills, CA) *</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments</li> </ul>	<p><b>A</b></p>	<p>(Chao, 2017)</p>	<p>Intermediate</p>
<p>Pension Real Estate Association (<b>PREA</b>) Annual Institutional Investor Conference</p> <ul style="list-style-type: none"> <li>▪ Sept. 30-Oct. 2, 2020 (Boston, MA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments</li> </ul>	<p><b>A</b></p>	<p>(Chao, 2017)</p>	<p>Intermediate</p>
<p>Pacific Pension &amp; Investments (<b>PPI</b>)</p> <ul style="list-style-type: none"> <li>▪ <b>Summer Roundtable:</b> July 10-12, 2019 (Chicago, IL)</li> <li>▪ <b>Winter Conference:</b> February 12-14, 2020 (Rancho Palos Verdes, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments</li> <li>▪ Corporate Governance</li> </ul>			

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<p>Robert F. Kennedy (<b>RFK</b>) Human Rights Compass Conference</p> <ul style="list-style-type: none"> <li>▪ 2020 Date(s) and Location TBD</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments</li> <li>▪ Corporate Governance</li> </ul>	<b>A</b>	(Greenwood, 2014, 2015, 2017)	Intermediate
<p>State Association of County Retirement Systems (<b>SACRS</b>) Conference</p> <ul style="list-style-type: none"> <li>▪ <b>Fall Conference:</b> November 12-15, 2019 Monterey, CA)</li> <li>▪ <b>Spring Conference:</b> May 12-15, 2020 (San Diego, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Benefits Admin</li> <li>▪ Investments</li> <li>▪ Corporate Governance</li> </ul>	<b>A</b>  <b>B</b>	(Wilkinson, 2015 and 2017, 2018)  (Chao, 2017)	Intermediate
<p>State Association of County Retirement Systems (<b>SACRS</b>) / <b>UC Berkeley Program</b> – Public Pension Investment Management Program</p> <ul style="list-style-type: none"> <li>▪ July 22-24, 2019 (Berkeley, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments</li> </ul>	<b>A</b>	(Wilkinson, 2015)	
<p>United Nations Principles in Responsible Investing (<b>UN-PRI</b>) Forum</p> <ul style="list-style-type: none"> <li>▪ July 24, 2019 (New York, NY)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments</li> <li>▪ Corporate Governance</li> </ul>			
<p>Western Economic Association International – Annual Conference</p> <ul style="list-style-type: none"> <li>▪ June 26-30, 2020 (Denver, CO)</li> <li>▪ June 27-July 1, 2021 (Honolulu, HI)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments</li> </ul>			
<p>Women’s Alternative Investment Summit</p> <ul style="list-style-type: none"> <li>▪ November 13-14, 2019 (New York, NY)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments</li> </ul>			
<p>Women’s Private Equity Summit</p> <ul style="list-style-type: none"> <li>▪ March 11-13, 2020 (Dana Point, CA)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investments</li> </ul>			

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**APPENDIX B**  
**LACERS TRAVEL EXPENSE REIMBURSEMENT POLICY**  
**AND RELATED PROVISIONS OF CITY TRAVEL POLICY**  
**(LAAC Chapter 5, Article 4, §§ 4.242.1-4.242.9)**

Approved March 11, 2014;

Revised September 23, 2014; February 12, 2019; September 24, 2019

**I. GENERAL GUIDELINES**

A copy of the Travel and Education Policy including the Guidelines for Travel and Personal Expenses will be provided to new Board Members and staff before processing their first travel request.

- A. LACERS considers an individual traveling if:
- i) the travel is outside the geographic boundaries of Los Angeles County [LAAC §4.242.2]; and more than 50 miles away from both LACERS' offices and the traveler's home; and
  - ii) the duties require the individual to be away from the general area of the individual's primary residence substantially longer than an ordinary day's work; or
  - iii) the individual needs to sleep or rest to meet the demands of work while away from the primary residence.
- B. Costs incurred on travel days which are not conference days are allowable (subject to limitations covered in the applicable sections of the guidelines) for travel within the U.S., Mexico, and Canada: (i) on the day before the first educational session of the conference or seminar if transportation on the first conference day would require the traveler to leave his/her point of departure (e.g., home) earlier than 9:00 a.m.; or (ii) on the day after the last educational session of the conference or seminar if transportation on the last conference day would cause the traveler to get to his/her final destination (e.g., home) after 8:00 p.m.
- For travel outside the U.S. (except Mexico and Canada), additional lodging for one day before and/or after the event may be authorized to mitigate hardship for the traveler.
- C. Board approval of travel is required prior to payment of any related fees. If a Traveler elects to personally incur travel-related fees prior to the Board's approval, the Traveler assumes personal financial liability that his or her expenses may not be reimbursed.

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II. TRANSPORTATION

A. AIR TRAVEL	
LAAC Requirement	LACERS Policy
<p>Except in the case of official necessity, air travel expenses are allowable only for the lowest regular fare available for regularly scheduled airlines for the date and time selected [§4.242.2(a)(1)]</p> <p>Claims for reimbursement of higher fare or extra charges for transportation by schedule airlines are allowable only if certified by the Department Head<sup>1</sup> that he or she has reviewed and concurs with the facts constituting the official necessity. [§4.242.2(a)(1)]</p>	<ol style="list-style-type: none"> <li>1. Air travel may be used when it is the most efficient means of travel.</li> <li>2. Air travel shall be at coach or economy fare. Coach or economy fare is presumed to be the lowest regular fare available for regularly scheduled airlines. Airfare quotes from several airlines are not necessary.</li> <li>3. When the airfare receipt shows an upgrade to premier economy seating, business or first class accommodation,                         <ol style="list-style-type: none"> <li>a. Without further justification, the traveler may be reimbursed at the lower of the lowest regular fare rate available<sup>2</sup> and actual cost, or</li> <li>b. the traveler shall provide a memo stating the case of official necessity, for approval by the Department Head<sup>1</sup>.</li> </ol> </li> <li>4. LACERS will pay directly for airfare booked with the City's authorized business travel service, CalTravelStore.</li> <li>5. If CalTravelStore is not used, LACERS travelers must use their personal credit card to book flights or other modes of transportation.</li> <li>6. Consistent with Federal and City travel standards, coupons, or promotional mileage credits earned by the traveler during the course of LACERS business travel may be used for LACERS or personal business. The traveler will not be reimbursed for such coupons or promotional mileage credits used for LACERS travel.</li> <li>7. Fees for the first checked baggage will be reimbursed. Fees for additional checked baggage may be reimbursed if a justification for an official business need is provided.</li> <li>8. The cost of air flight insurance is not eligible for reimbursement.</li> <li>9. With pre-approval of the Department Head<sup>1</sup>, refundable airline tickets may be purchased if the traveler provides acceptable justification</li> </ol>

<sup>1</sup> Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

<sup>2</sup> The acceptable amount will be the fare verified by the Accounting staff prior to encumbrance of the travel request.

Section 1.0 GUIDANCE FOR BOARD MEMBERS

	that the benefit of booking a refundable ticket outweighs the risk of changes in travel plans.
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**B. PERSONAL VEHICLE OR NON-AIR TRANSPORTATION**

LAAC Requirement	LACERS Policy
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<p>In all instances where a mode of transportation other than regularly scheduled airlines is chosen, the Department Head<sup>1</sup> shall authorize such alternate mode of transportation in advance and the allowable cost shall be the actual cost of the alternate mode of transportation or the cost allowable under Subsection (a)1, whichever is less. [§4.242.3.(a)(2)]</p> <p>In the case of travel by modes of transportation other than regularly scheduled airlines, transportation costs shall be the regular fare for the mode of transportation chosen. [§4.242.3(a)]</p>	<p>10. Pre-approval by the Department Head<sup>1</sup> is required for all non-air travel in advance of travel. Travelers must submit the following items for pre-approval:</p> <ul style="list-style-type: none"> <li>a. For travelers using personal automobiles for business purposes – Provide proof of automobile insurance at minimum coverage levels as follows: \$25,000 injury to or death of one person; and, \$50,000 injury to or death of more than one person; and, \$5,000 property damage for any one accident.</li> <li>b. Cost comparisons are required for all non-air travel, with exceptions listed below: Traveler shall submit: a quote for the lowest regular fare available for regularly scheduled airlines to the destination for the date and time selected; and the cost for regular fare on the alternative mode of transportation. <u>Exceptions</u> (no cost comparison is required): If traveling by vehicle to neighboring counties of Orange, Riverside, San Diego, San Bernardino, Ventura, Kern, Santa Barbara, and San Luis Obispo, or to the San Francisco Employees Retirement System to transport sensitive computer equipment for the LACERS emergency hot/warm site.</li> </ul> <p>11. Receipts for alternate modes of travel are required. Reimbursement will be for the lower of the actual cost of transportation or lowest regular airfare verified by Accounting prior to encumbrance of the travel request.</p> <p>12. Mileage reimbursement</p> <ul style="list-style-type: none"> <li>a. Mileage reimbursement for the Board will be calculated on a roundtrip basis between</li> </ul>
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<sup>1</sup>Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

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In the instance of the use of private automobile, mileage shall be in accordance with mileage provisions of Division 4, Chapter 5, Article 2 of the Administrative Code. [§4.242.3.(a)(2)]

- official's residence and official destination.
- b. Mileage reimbursement for staff will be based on the distance in excess of home to City office for travels during regular work days; for other days, reimbursement will be based on a roundtrip between staff's residence and official destination.
- 13. Additional travel time and expenses (such as meals and lodging) incurred in choosing other than the fastest and most direct mode of transportation are at the traveler's own personal time and expense.
- 14. Claims for repairs, replacements, towage, gas and car insurance are not reimbursable.
- 15. Ground transportation refers to transportation from home to airport, airport to hotel and/or conference/ meeting/seminar location, and back. This includes taxis, shuttles, and private vehicles. Use of luxurious ground transportation such as limousines and executive cars is not reimbursable, unless cost of these services is comparable to that of transportation services such as Uber and Lyft.
- 16. Mileage reimbursement is provided when personal vehicle is used for ground transportation to/from airport. Commissioner's mileage reimbursement will be computed based on roundtrip miles from residence to airport. Staff mileage reimbursement will be computed based on the distance in excess of home to City office for travels during regular work day; and roundtrip miles from residence to airport on non-work days.

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<b>C. GROUND TRANSPORTATION</b>	
LAAC Requirement	LACERS Policy
<p>The least expensive and most practical form of public transportation shall be used, taking into consideration such factors as time, availability, and personal safety or health. [§4.242.3.(c)]</p>	<p>17. Reimbursement for airport parking is actual amount, not to exceed \$20 per day. Pre-approval is not required. Reimbursement for actual amounts in excess of \$20 per day requires the traveler submitting a memo to justify the expense based on time, availability, and personal safety or health.</p> <p>18. Reimbursement for use of taxi, shuttle, private car or limousine service is limited to the lesser of roundtrip taxi fare (<a href="http://www.taxifarefinder.com">http://www.taxifarefinder.com</a>)<sup>2</sup> or shuttle fare (<a href="http://www.shuttlefare.com">http://www.shuttlefare.com</a>)<sup>2</sup>.</p>
<b>D. AUTOMOBILE RENTAL</b>	
LAAC Requirement	LACERS Policy
<p>Such expenses are allowable if traveling by car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus. [§4.242.3.(d)]</p>	<p>19. Pre-approval by the Department Head<sup>1</sup> is required. Travelers must provide written justification that traveling by car is less expensive and/or more efficient in conducting LACERS business than by use of taxi or bus.</p> <p>20. The traveler will not be reimbursed for car rental insurance within the United States. Car rental insurance costs required in foreign countries may be claimed for reimbursement.</p> <p>21. Receipts are required for reimbursement of rental car, gasoline, parking, and toll expenses. If receipts for toll and/or parking meter expenses are not available, provide printouts from official websites, credit card receipts, or other appropriate documents.</p> <p>22. To avoid fuel surcharges, travelers are encouraged to fill the gas tank before returning a rental vehicle.</p>

<sup>1</sup> Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

<sup>2</sup> The acceptable amount will be the fare verified by the Accounting staff prior to encumbrance of the travel request.

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## III. LODGING, MEALS AND INCIDENTAL EXPENSE ALLOWANCE

A. LODGING	
LAAC Requirement	LACERS Policy
<p>This section is not intended to preclude an employee or elected official from staying in a hotel where the meeting or convention to be attended is held. [§4.242.3.(b)(1)]</p>	<p>23. Acceptable documentation shall include original itemized hotel receipt marked 'Paid in Full' or showing a zero balance; otherwise, proof of payment is also required.</p> <p>24. Reimbursement for lodging in a hotel where the meeting or convention to be attended is deemed the most practical accommodation and permissible.</p> <p>25. A traveler may elect to stay in a hotel sponsored by the conference as it is presumed to be the most practical or convenient. The reimbursement will be limited to the lesser of the actual hotel costs incurred or the conference hotel rate.</p> <p>26. For any official System travel for training, due diligence trips, meetings with investment managers, or training where hotels are not pre-designated, the traveler should select the most economical lodging taking into consideration the proximity of the selected place to conduct the official System business, traveler's safety, time and transportation costs and other relevant factors. Any of the following methods are acceptable for determining "moderately priced establishments of acceptable quality," "the most economical and practical accommodations," and those which would be presumed not to meet the IRS definition of "lavish and extravagant" accommodations:</p> <ul style="list-style-type: none"> <li>(i) Lodging does not exceed the highest Federal domestic lodging per diem rate; cost comparison is not necessary; or</li> <li>(ii) The most economical hotel identified using the City traveler provider website (<a href="http://www.concursolutions.com/">www.concursolutions.com/</a>), with availability, with at least a 3 star rating on a 5 star scale travel, and within walking distance or no less than ½ mile radius of the first business location; or</li> </ul>

Section 1.0 GUIDANCE FOR BOARD MEMBERS

<p>In the selection of restaurants and hotel rooms, it is expected that individuals will seek moderately priced establishments of acceptable quality. [LAAC §4.242.3.(b)]</p> <p>An employee or elected official must consider transportation costs, time, and other relevant factors in selecting the most economical and practical accommodations. [§4.242.3.(b)(1)]</p>	<p>(iii) The most practical hotel on the above list with acceptable written justification; or</p> <p>(iv) Any lodging expenses may be reimbursed provided that the expense does not exceed 300% of the lodging per diem and traveler must clearly demonstrate no other acceptable alternative lodging was available, as in the event of a state of emergency, or other justifiable reason reviewed and certified by the Department Head<sup>1</sup> as reasonable and proper, and incurred in the pursuit of System business.</p> <p>27. Reimbursement is limited to single occupancy room rate, as documented on hotel letterhead or the hotel's room rates listing, plus applicable taxes and charges unless additional occupants are LACERS trustees/staff on official LACERS business.</p>
<p><b>B. MEALS AND INCIDENTAL EXPENSES (M&amp;IE)</b></p>	
<p>LAAC Requirement</p>	<p>LACERS Policy</p>
<p>Expenses incurred by an employee or elected official for food and beverage served at meals, scheduled receptions, or other functions necessary for the conduct of City business are allowable to a maximum of three meals a day. [§4.242.3.(b)(2)]</p>	<p>28. LACERS intends to be compliant with IRS accountable plan rules, therefore M&amp;IE allowance will be provided only when business travel results in a necessity for lodging. LACERS will provide travelers with a standard meal allowance at the Federal per diem rate per locale. The allowance, in lieu of providing receipts, is acceptable under the IRS accountable plan rules. The IRS (Publication 463) defines meals and incidental expenses include: meals, transportation to acquire meals, fees/tips to porters, baggage carriers, bellhops, hotel maids, wait staff, and other service providers.</p> <p>29. No meal allowance will be paid when meals are provided throughout the day by the host or at the conference. Hotel complimentary breakfasts are not included in this category.</p>

<sup>1</sup> Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

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	<p>30. Prorating the standard meal allowance –                      The IRS permits LACERS to adopt its own rules for prorating the standard meal allowance on partial days of travel so long as we consistently apply the method in accordance with reasonable business practice.</p> <p>The meal and incidental expense allowance will be prorated from a daily allowance to a per meal period allowance on partial days of travel; and when some meals are prepaid/to be paid by LACERS (meals at the conference, or pre-paid to comply with the City/LACERS gift restrictions).</p> <p>The M&amp;IE allowance = incidental expense + breakfast allowance (if traveling between 1AM – 9AM) + lunch allowance (if traveling between 9AM – 5PM) + dinner allowance (if traveling between 5PM – 1AM).</p> <p>Utilize the M&amp;IE per travel locale and provide an allowance for each meal period the traveler is away from home (based on the current Federal General Services Agency six tiered M&amp;IE allowance):</p> <table border="1" data-bbox="868 1165 1421 1396"> <thead> <tr> <th>Total</th> <th>Breakfast</th> <th>Lunch</th> <th>Dinner</th> <th>IE</th> </tr> </thead> <tbody> <tr> <td>\$46</td> <td>\$7</td> <td>\$11</td> <td>\$23</td> <td>\$5</td> </tr> <tr> <td>\$51</td> <td>\$8</td> <td>\$12</td> <td>\$26</td> <td>\$5</td> </tr> <tr> <td>\$56</td> <td>\$9</td> <td>\$13</td> <td>\$29</td> <td>\$5</td> </tr> <tr> <td>\$61</td> <td>\$10</td> <td>\$15</td> <td>\$31</td> <td>\$5</td> </tr> <tr> <td>\$66</td> <td>\$11</td> <td>\$16</td> <td>\$34</td> <td>\$5</td> </tr> <tr> <td>\$71</td> <td>\$12</td> <td>\$18</td> <td>\$36</td> <td>\$5</td> </tr> </tbody> </table>	Total	Breakfast	Lunch	Dinner	IE	\$46	\$7	\$11	\$23	\$5	\$51	\$8	\$12	\$26	\$5	\$56	\$9	\$13	\$29	\$5	\$61	\$10	\$15	\$31	\$5	\$66	\$11	\$16	\$34	\$5	\$71	\$12	\$18	\$36	\$5
Total	Breakfast	Lunch	Dinner	IE																																
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\$71	\$12	\$18	\$36	\$5																																
<p><b>Gratuities.</b> Such expenses, not exceeding 15%, are allowable where reasonable and customary. [§4.242.3.(h)]</p>	<p>31. Transportation between places of lodging and places where meals are taken are no longer included in the definition of incidental expenses, and may be authorized by the Department Head for reimbursement up to \$5 per day.</p> <p>32. Gratuities are included in the IRS definition of “incidental” expenses and are therefore subject to per diem limits. Reimbursement for restaurant gratuities are calculated as up to 15 percent of the restaurant bill exclusive of taxes, except when the gratuity percentage is required</p>																																			

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	and the amount is added on the bill by the service provider.
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IV. OTHER EXPENSES

LAAC Requirement	LACERS Policy
<p>(j) Other Expenses. Expenses not specifically set forth in other subsections of this section that are incurred by an employee or an elected official are allowable where deemed necessary in the conduct of City business; provided that such expenses have been reviewed and certified by the Department Head<sup>1</sup> as reasonable and proper and incurred in pursuit of City business. Wherever the type of expenditure is not specifically listed in this section, the employee or elected official should be prepared to absorb the cost as a personal expenditure in the event that such expense is not certified by the Department Head<sup>1</sup>. [§4.242.3.(j)]</p>	<p>33. Other travel expenses are allowable when deemed necessary in the conduct of System business provided such expenses are reviewed and certified by the Department Head<sup>1</sup> as reasonable, proper, and incurred in pursuit of System business. Otherwise, these expenses become personal expenditures.</p> <p>34. <u>Travel Interruptions</u> – When there is an interruption or deviation from planned travel due to bona fide public emergencies outside of the traveler’s control such as weather or shutdown of air travel, travelers may be reimbursed at full cost for emergency lodging, meals, and incidental expenses.</p> <p>35. <u>Indirect Travel</u> - whether for the traveler’s personal leave or for convenience, expenses allowable will not exceed those that would have been incurred for uninterrupted travel utilizing the direct travel route or travel days. Supporting documentation showing the cost for direct travel and the deviation should be provided by the traveler.</p>

<sup>1</sup> Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures ; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

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**IV. NON-REIMBURSABLE TRAVEL EXPENSES**

LAAC Requirement	LACERS Policy
<p>Expenditures which are incurred by an employee or elected official that are of a purely personal nature will not be reimbursed by the City.</p> <ul style="list-style-type: none"> <li>a) Auto repairs, replacement or towage to personal vehicle when such use has been authorized (see established City procedures for repair to City vehicle);</li> <li>b) Flight insurance;</li> <li>c) Personal telephone calls (except those specified in Section 4.242.3 (g) of this article);</li> <li>d) Expenses for persons other than the employee or elected official, except as specified in Section 4.242.3 (b) 2. [§4.242.4]</li> </ul>	<p>36. Expenditures which are not substantive to LACERS business will not be reimbursed by LACERS, such as:</p> <ul style="list-style-type: none"> <li>a) Any expenses related to entertainment and recreational activities;</li> <li>b) Flight upgrade fees for seats other than coach or economy;</li> <li>c) Internet usage fees (unless the internet is used for City business);</li> <li>d) Any expenses related to alcohol and tobacco.</li> </ul> <p>37. The traveler must submit reimbursement for personal expenditures paid by LACERS.</p> <p>If there are portions of the conference or seminar that are entertainment in nature and not business-related (e.g., golf tournaments, musical performances or concerts, etc.), the traveler is required to reimburse LACERS for the cost of these recreational activities.</p>

Section 1.0 GUIDANCE FOR BOARD MEMBERS

V. OTHER RULES AND RESTRICTIONS

<b>A. DOCUMENTATION OF EXPENSES - PERSONAL EXPENSE STATEMENTS</b>	
<b>LAAC Requirement</b>	<b>LACERS Policy</b>
<p>All expenses claimed shall be listed on separate forms provided and used for required documentation of travel expense.</p> <p>Completed travel expense forms shall be forwarded to the Controller within thirty (30) days of the conclusion of the trip.</p> <p>The Department Head<sup>1</sup> shall certify that all expenditures were incurred in pursuit of City business. Falsification of such certification shall be grounds for appropriate disciplinary action and such other sanctions provided by law.</p> <p>Receipts shall be provided for transportation costs incurred under Section 4.242.3(a), lodging, and for any single item of expenditure in excess of \$25.00. Receipts for expenditures under \$25.00 should be presented when available. [LAAC § 4.242.7]</p>	<p>38. All expenses claimed for reimbursement must be itemized on the Personal Expense Statement (PES - Form Gen. 16).</p> <p>39. The traveler is responsible for verifying all charges on receipts before making payment. Charges made in error will not be reimbursed.</p> <p>40. Original receipts are required for any single expenditure in excess of \$25. Receipts are not required for a meal and incidental expense allowance, regardless of amount, when the Federal per diem rate per locale is provided to the traveler and prorated in accordance with LACERS' policy.</p> <p>41. Travel expenses in foreign currency must be converted to U.S. dollars (USD) based on exchange rates effective on the date of the original receipt. The following are acceptable supporting documentation for the foreign currency conversion:</p> <ul style="list-style-type: none"> <li>a. Credit card statement showing conversion of foreign-denominated expenses to USD</li> <li>b. Foreign exchange receipts from money exchanges or banks showing foreign conversion rates</li> <li>c. Verifiable foreign exchange rates from the internet</li> </ul>
<b>B. TRAVEL ADVANCES</b>	
<b>LAAC Requirement</b>	<b>LACERS Policy</b>
<p>Requests for an advance for funds shall be submitted to the Controller, where feasible, at least ten (10) days in advance of the beginning of the planned expenditure of funds and such request shall include the persons traveling, period covered, and the destination. In addition, the request should</p>	<p>42. For trips of one night or more, a travel advance may be requested. The amount advanced is limited to the lodging, meal and incidental expenses per diem as well as registration, seminar, and meeting fees paid by the traveler.</p> <p>43. Written requests for the travel advance</p>

<sup>1</sup> Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures, the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

## Section 1.0 GUIDANCE FOR BOARD MEMBERS

state the purpose of the trip, the nature of the City business to be conducted on the trip, and the proposed total estimated expenditure. Documentation of actual expenses incurred shall be submitted to the Controller in conformance with Section 4.242.7.

are to be submitted by the Traveler to the CEA/travel coordinator for approval at least thirty (30) days prior to the date of travel. The request must include a statement certifying that the traveler has no outstanding cash advance.

44. A cash advance request will be denied if a traveler has an outstanding cash advance for past travel with does not comply with the procedures.
45. Regular travel advances will be released no earlier than one (1) week before travel.
46. Outstanding travel advances not accounted for and delinquent over 120 days will be included as part of an employee's wages on the first payroll period of the subsequent calendar quarter following the end of the 120 calendar days; and, for non-City employees, IRS Form 1099-Misc will be issued per IRS Federal, State, Local Government Taxable Fringe Benefit Guide. Nothing herein eliminates the traveler's obligation to return to the Fund any excess monies that were received that were not used for approved travel expenses.
47. Future travel advances will not be processed for traveler(s) with delinquent PES over 30 days. Requests for reimbursement may be processed in advance of the travel for expenditures such as registration fees, airfare and/or one-night hotel deposit. To ensure timely processing of the reimbursement, such requests along with supporting documents and proof of payment (credit card statement, etc.) must be submitted to the CEA/travel coordinator, in writing, at least fifteen (15) working days before the date of travel.
48. Advanced payment for cancelled travel: Any amount that was paid by department in advance of travel is considered an advance. In the event of the need to cancel the trip, the traveler is responsible for notifying all payees to (such as air carrier, hotel, conference host, etc.) as

Section 1.0 GUIDANCE FOR BOARD MEMBERS

	<p>soon as possible to avoid/minimize cancellation fees</p> <ul style="list-style-type: none"><li>a. If cancellation was due to personal reasons, the traveler must personally reimburse the department for any amount not recovered (net of cancellation fees). If the refund or credit was issued directly to the traveler, traveler must pay LACERS the entire amount of credit received within 14 calendar days from the credit issued date.</li><li>b. If travel was cancelled due to the business or public reason, traveler is responsible to submit a justification along with the proper documentation to the Board President within 14 calendar days from the cancelled date.</li><li>c. Unrecovered amounts are reported as taxable income to the traveler. The traveler may be required to pay for future airfare using their own credit card, and LACERS will reimburse airfare upon completion of the travel.</li></ul>
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## Section 1.0 GUIDANCE FOR BOARD MEMBERS

**APPENDIX C  
BOARD TRAVEL REIMBURSEMENT CHECKLIST**

**Adoption Date: May 26, 2009**

**Revised Dates: June 22, 2010; December 13, 2011; March 11, 2014**

**I. STEPS FOR TRAVEL APPROVAL AND REIMBURSEMENT:**

Step 1: Provide details of the educational event to the Commission Executive Assistant (CEA)

Step 2: Submit information on estimated expenses to the CEA

***Fees Paid Directly By LACERS:***

Step 3: Register for the Conference

- Conference registration and registration fees can be arranged through the CEA prior to the conference date. Registration fees are paid directly by LACERS with no out-of-pocket expenses for the traveler;
  - Under State and City gift laws, complimentary conferences or conference-related events could be considered gifts. LACERS will evaluate the circumstances with the assistance of the City Ethics Commission and may be required to pay a pro-rata share of conference expenses provided by the hosting organization.
- Or, after the fact, submit a receipt showing a zero balance as proof of payment.

Step 4: Book flight

- Provide desired flight numbers, dates, and times to the CEA. The CEA will book the flight. Flights booked through the City's travel service negate the need to secure three fare quotes. The City's travel service will also provide a flight credit if the traveler is unable to fly and proper notification is given.
- Or after the fact, submit a receipt for the purchase of the airline ticket and three fare quotes generated on the same day the flight was booked. Reimbursement is limited to the lowest regular fare.

***Items Requiring Pre-Approval for Expenditure Reimbursement:***

Step 5: Submit written justification for items requiring pre-approval from the Board President or Vice President. If approval is not secured prior to incurring the expense, reimbursement may not be granted.

- Requests for reimbursement of airfare which exceeds the lowest regular fare – justification should demonstrate the official necessity of the selected flight. Attach to the request three air fare quotes generated on the same day the flight was booked.
- Requests for transportation other than air flight – justification should indicate reasons for use of the alternate mode of transportation.
- Requests for cash advances to cover lodging and per diem for meals must be submitted 30 days prior to the commencement of travel. See further instructions below.

***After the Travel has been completed, submit report and receipts:***

Step 6: Submit an Event Evaluation Report within thirty (30) days of the conclusion of the trip

- The report is required prior to reimbursement

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- Step 7: Submit a Personal Expense Statement (PES) within thirty (30) days of the conclusion of the trip:
- Itemize all reimbursable daily expenses for lodging, transportation, and miscellaneous expenses; list the per diem for meals and incidentals.
  - Report expenses paid directly by LACERS as a deduction to the total reimbursable amount
  - See further instructions on the following checklist

**II. REIMBURSEMENT CHECKLIST:**

ALLOWABLE TRAVEL COSTS	REQUIRED DOCUMENTS
<b>AIR TRAVEL</b>	
<p><b><u>Air Travel</u></b>                      Air travel expenses are only allowable for the lowest regular fare available. If the flight with the lowest regular fare is not booked, reimbursement will only be for the lowest regular fare.</p> <p>If three fare quotes are not submitted, the lowest regular fare will be determined by a quote from the City's travel agent for a direct flight, coach class, 14 days prior to the date of business travel. The CEA will determine the reasonable flights to be quoted which best meet the conference dates and times.</p> <p>Exceptions allowing reimbursement for a higher cost fare may be approved by the General Manager for "official necessity." Official necessity means there is a bona fide benefit to LACERS for taking the selected flight which outweighs the cost of the higher fare.</p>	<p><b><u>Transportation Expenses</u></b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Submit a receipt showing a zero balance as proof of payment for airfare</li>   <li><input type="checkbox"/> Provide three air fare quotes from the same date as the booked flight, demonstrating that the selected flight is the lowest regular fare practically available</li>   <li><input type="checkbox"/> Provide written justification of the "official necessity" for any higher cost fare if seeking reimbursement above the lowest fare rate. The General Manager must concur for the expense to be submitted for reimbursement.</li> </ul>
<b>OTHER TRANSPORTATION</b>	
<p><b><u>Bus or Rail Travel</u></b>                      The allowable cost shall be the actual cost for the regular fare for the bus/rail travel.</p> <p><b><u>Automobile Rental</u></b>                      Automobile rental expenses are allowable if traveling by automobile is less expensive or more appropriate than by other modes of transportation.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Submit request for pre-approval from the General Manager for all modes of transportation other than regularly scheduled airlines.</li>   <li><input type="checkbox"/> Submit request for pre-approval from the General Manager demonstrating that traveling by rental car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus.</li> </ul>

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<p><b>Private Automobile</b> The allowable cost shall be the actual total mileage rate allowance as determined by the Internal Revenue Service (IRS).</p>	<p><input type="checkbox"/> Submit request for pre-approval from the General Manager, and include a satisfactory liability insurance policy covering the full use and operation of the vehicle. The limits of liability on any such policy shall not be less than \$25,000 in the case of injury to or death of one person, and \$50,000 in the case of injury to or death of more than one person; and in the case of property damage, not less than \$5,000 in any one accident</p>
<p><b>REGISTRATION FEES</b></p>	
<p><b>Registration Fees</b> Reimbursable if paid by the Trustee</p>	<p><input type="checkbox"/> Submit a receipt showing a zero balance as proof of payment</p>
<p><b>LODGING</b></p>	
<p>Hotels generally offer specially rated room blocks for conference participants. The Trustee may stay at an "off-site" hotel if the room blocks are exhausted.</p> <p>Transportation costs, time, and other relevant factors must be considered in selecting the most economical and practical accommodations.</p> <p>An extra-night stay is allowable if it sufficiently reduces the airfare, or if the conference commences early in the morning or adjourns late in the evening.</p>	<p><input type="checkbox"/> Submit receipt showing a zero balance as proof of payment. Personal credit card information must be redacted from the receipt.</p> <p><input type="checkbox"/> If lodging is for other than single occupancy, secure a rate sheet or other documentation of the single occupancy rate.</p>
<p><b>MEALS &amp; INCIDENTAL EXPENSES</b></p>	
<ul style="list-style-type: none"> <li>○ The meal and incidental per diem for domestic travel is currently \$71 per day.</li> <li>○ Incidental expenses are fees and gratuities provided to service workers, and for transportation costs in acquiring meals.</li> <li>○ The daily allowance is prorated at 75% on days of travel, and if some meals are provided by the hotel or conference.</li> <li>○ No meal allowance is provided when meals are provided throughout the day by the hosting organization.</li> <li>○ The rate for international travel is in accordance with current Federal per diem rate guidelines.</li> </ul>	<p>Receipts for meals and incidental expenses are not required.</p> <p><input type="checkbox"/> Submit justification letter if claiming reimbursement for expenses exceeding the per diem allowance.</p>

## Section 1.0 GUIDANCE FOR BOARD MEMBERS

**MISCELLANEOUS EXPENSES****Checked Baggage Fees**

Such expenses are allowable when the Trustee is charged for the first checked bag.

**Laundry Service**

Such expenses are allowable if the duration of the trip, traveling conditions, or some other special circumstances dictate.

**City Business Telephone Calls**

Such expenses are allowable if the telephone calls are relevant to appropriate City business.

**Personal Telephone Calls**

Such expenses are allowable for one call to the Trustee's immediate family if they are located within the locale of their residence.

If travel is in excess of three (3) days, one such call is permitted for each successive three (3) days thereafter.

Each call should last a reasonable amount of time, such as 10 minutes per call.

**Ground Transportation**

Transportation between the traveler's residence and airport, and transportation between the airport and conference location.

- Baggage fees for second and additional items require a justification memo that it meets a business purpose.
- Submit receipts for all miscellaneous expenses.

## Section 1.0 GUIDANCE FOR BOARD MEMBERS

**APPENDIX D  
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)  
TRAVEL/CONFERENCE EVALUATION REPORT**

Name of Attendee:	
Title of Conference/Seminar:	
Location:	No. of Education Hours:
Event Sponsor:	Date(s) Held:

Report for:

- Travel
- Conference/Seminar Attendance Only

I. Nature/Purpose of Travel (if applicable):

II. Significant Information Gained:

III. Benefits to LACERS:

IV. Additional Comments:

SUBMIT TO THE LACERS COMMISSION EXECUTIVE ASSISTANT, 202 W. FIRST STREET, SUITE 500  
WITHIN 30 DAYS AFTER ATTENDING THE CONFERENCE/SEMINAR



JANUARY 14, 2020

# AN OVERVIEW OF THE CARLYLE GROUP

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DAVID M. RUBENSTEIN

CO-FOUNDER & CO-EXECUTIVE CHAIRMAN

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**THE CARLYLE GROUP**

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# Notice to Recipients

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**Associated Risks.** An investment in the Fund entails a high degree of risk and no assurance can be given that the Fund's investment objective will be achieved or that investors will receive a return on their capital. In order to make an independent determination and assess the consequences of a potential investment in the Fund, each prospective investor is urged to seek advice based on its particular circumstances from its own legal, accounting and tax advisors regarding legal, business, tax and related matters with respect to the federal, state, local and foreign regulatory requirements and consequences of the transactions contemplated herein, as well as any consequences under the laws of any other relevant governing jurisdiction. **Past performance is not necessarily indicative of future results, and there can be no assurance that targeted returns will be achieved, that the Fund will achieve comparable results, or that the Fund will be able to implement its investment strategy or achieve its investment objective.** Please see the Risk Factors and Potential Conflicts of Interest section of the Memorandum for the risks associated with this Fund.

**Certain Definitions.** Unless otherwise indicated, all internal rates of return ("IRRs"), multiples of invested capital ("MOICs") and dividend yields are presented on a "gross" basis, i.e., they do not reflect any carried interest, management fees, taxes, transaction costs and other expenses ("Fees & Expenses") to be borne by certain and/or all investors, which will reduce returns and, in the aggregate, are expected to be substantial. Any "net" performance information is after deduction for such Fees & Expenses. An investment is considered realized when the investment fund has completely exited, and ceases to own an interest in, the investment. An investment is considered partially realized when the total proceeds received in respect of such investment, including dividends, interest or other distributions and/or return of capital represents at least 50% of invested capital and such investment is not yet fully realized. For a description of such Fees & Expenses, please see the Memorandum and Part II of Form ADV maintained by Carlyle's registered investment advisor, Carlyle Investment Management L.L.C., a copy of which will be furnished to each investor prior to its admission to a Fund. Prospective investors, upon request, may obtain a hypothetical illustration of the effect of such Fees & Expenses on returns.

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**Valuations.** For purposes of this Presentation, the valuation of our investments is determined in accordance with the terms of ASC 820, Fair Value Measurement. Generally, Carlyle values its investments at their market price if market quotations are readily available, with a discount in the case of restricted securities. In the absence observable market prices, valuations may incorporate management's own assumptions and involve a significant degree of judgment, taking into consideration a combination of internal and external factors, including the appropriate risk adjustments for non-performance and liquidity risks. Investments for which market prices are not observable include private investments in the equity of operating companies, real estate properties, certain debt positions or CLOs. Valuations of non-US denominated unrealized investments are calculated in the applicable local currency and converted to U.S. dollars as of the relevant valuation date and accordingly, include the effects, if any, in movements in currency exchange rates.

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The Carlyle Group requests that this material be maintained in confidence by the recipient and any other state agency that receives this information and their staff and be used solely for the purpose of evaluating a potential investment in a fund advised by The Carlyle Group. This Material contains non-public confidential, and privileged information concerning Carlyle. The firm requests that neither this material nor the information contained herein be provided in response to any request for records access under the Freedom of Information Act, analogous Illinois state freedom of information law, or any other provision of federal, state, or local law that provides access to records of the foregoing state entities. In addition, Carlyle requests that you promptly notify us of any such request for records access and that you use commercially reasonable efforts to obtain confidential treatment for an records to be disclosed. Please remember that (pension fund) is subject to certain confidentiality obligations contained in various Carlyle fund partnerships and other agreements to which it is a part by virtue of being a limited partner in such fund.

# The Carlyle Group

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- Established in Washington, D.C. in 1987, The Carlyle Group (“Carlyle”) is one of the world’s largest global investment firms:
  - \$222 billion in assets under management across 365 investment vehicles
- Carlyle seeks to generate consistent investment returns and inspire the confidence and loyalty of its investors
  - 27% Gross IRR on realized and partially realized Corporate Private Equity transactions<sup>1</sup>
  - 14% Gross IRR on realized and partially realized Real Assets transactions<sup>1</sup>
- Carlyle has shown the continued ability to attract, develop and retain highly talented professionals
  - More than 1,775 employees in 33 offices in North America, South America, Europe, the Middle East, Africa, Asia and Australia
- Stable, consistent investment approach focusing on core strengths that have been developed and honed over time
  - Conservative investment approach focused on industries we know and where we believe we have a competitive advantage
  - Achieve results without what Carlyle believes are undue financial risks to investors, and without sacrificing quality controls or integrity

Note: As of September 30, 2019, unless otherwise noted. **Past performance is not indicative of future results.**

1. Includes co-investment. Gross IRRs do not reflect management fees, carried interest, taxes, transaction costs and other expenses to be borne by investors in the investment funds, which will reduce returns and in the aggregate are expected to be substantial. Investments are considered partially realized when distributions are a substantial majority of invested capital. Metrics for realized and partially realized investments are not representative of overall performance, as the inclusion of unrealized investments may result in lower substantially different aggregate performance metrics than referenced herein. Gross and net IRR for all transactions are 26%/18% for Corporate Private Equity and 12%/7% for Real Assets. Please refer to the Corporate Private Equity and Real Assets track records at the end of this presentation for more information.

# The Global Carlyle Platform

Established in Washington, D.C. in 1987, Carlyle is one of the world's largest and most diversified multi-product global investment firms

## Overall Platform

AUM	<ul style="list-style-type: none"> <li>\$222 billion</li> </ul>
Active Investment Vehicles	<ul style="list-style-type: none"> <li>365 Investment Vehicles</li> </ul>
Dry Powder <sup>1</sup>	<ul style="list-style-type: none"> <li>\$73 billion</li> </ul>
Active Investments	<ul style="list-style-type: none"> <li>270+ Active Portfolio Companies</li> <li>360+ Active Real Estate Investments</li> </ul>
Offices	<ul style="list-style-type: none"> <li>33 offices across 20 countries</li> </ul>
Employees	<ul style="list-style-type: none"> <li>1,775+ employees including</li> <li>650+ investment professionals</li> </ul>
Investors	<ul style="list-style-type: none"> <li>2,600+ active carry fund investors from 94 countries</li> </ul>

## Four Operating Segments

Corporate Private Equity		Real Assets	
\$84 Billion AUM	36 Funds	\$45 Billion AUM	26 Funds <sup>2</sup>
Global Credit		Investment Solutions	
\$48 Billion AUM	63 Funds	\$45 Billion AUM	240 Fund of Funds Vehicles

Note: As of September 30, 2019. AUM numbers may not sum to total due to rounding.

1. Amount of unspent commitments to Carlyle investment funds.

2. Includes three Energy & Power and Renewable funds jointly advised with Riverstone Investment Group, L.L.C. and seven funds advised by NGP Energy Capital Management.

# The Carlyle Edge Drives Value Creation Across Our Portfolio

Reach	<i>One Carlyle Global Network</i>
Expertise	<i>Deep Industry Knowledge</i>
Impact	<i>Executive Operations Group</i>
Data	<i>Portfolio Intelligence</i>

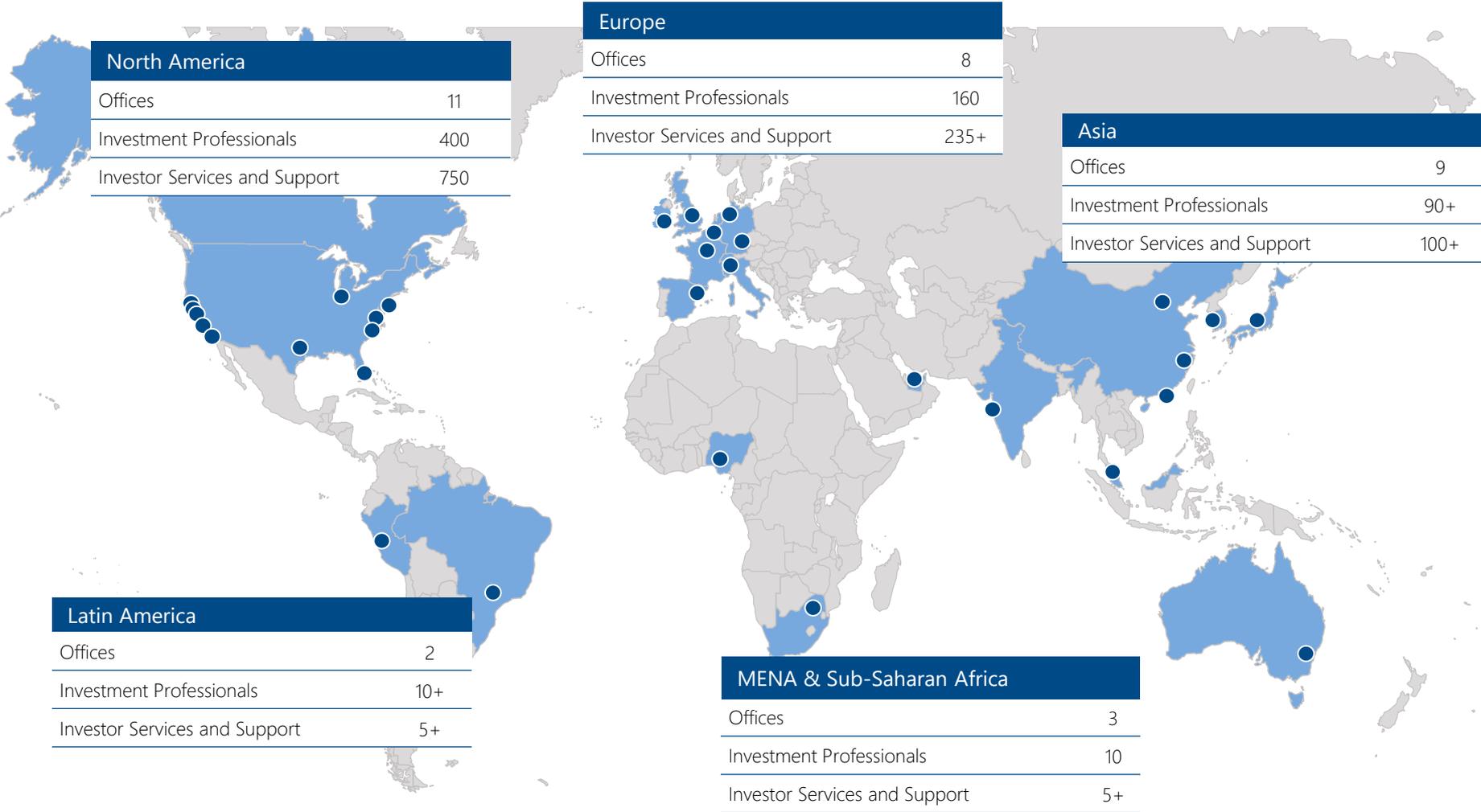
**The Carlyle Edge**  
*How Carlyle Creates Value*

Reach	Expertise	Impact	Data
<ul style="list-style-type: none"> <li>Local teams</li> <li>More than 280 investment professionals outside of the U.S.</li> <li>One of the first to enter large emerging markets</li> </ul>	<ul style="list-style-type: none"> <li>650+ person team with deep industry expertise</li> <li>Ten sectors of focus</li> <li>Capabilities across the capital structure</li> </ul>	<ul style="list-style-type: none"> <li>44 Operating Executives with deep experience<sup>1</sup></li> <li>Value creation plans</li> <li>Industry contacts</li> </ul>	<ul style="list-style-type: none"> <li>Proprietary data from 270+ companies and 360+ real estate investments</li> <li>Informs investment decisions</li> <li>Bolsters valuation process</li> </ul>

Note: As of September 30, 2019. For illustrative purposes only.  
 1. References to Operating Executives refers collectively to Carlyle Operating Executives, Senior Advisors, Operating Advisors and other consultants who are involved in portfolio company value creation. Operating Executives are consultants who are not considered Carlyle personnel.

# Broad Geographic Footprint to Service Our Limited Partners

We offer one of the broadest investment platforms in the world, providing access to investment opportunities globally

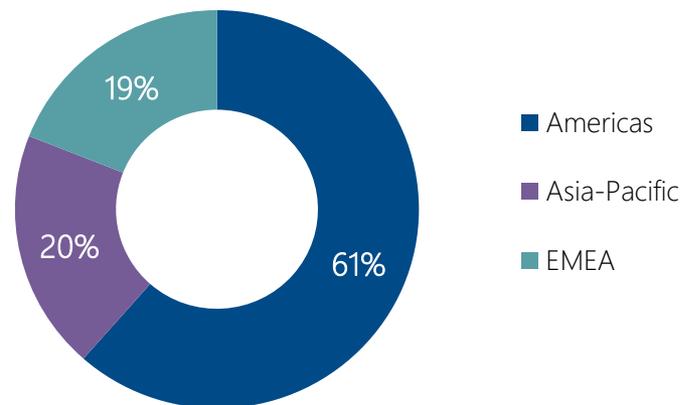


Note: As of September 30, 2019. For illustrative purposes only.

# Corporate Private Equity Overview

- Corporate Private Equity includes buyout and growth capital funds with \$84.1 billion of AUM across 36 active funds
  - Buyout: \$76.5 billion of AUM
  - Growth Capital: \$6.9 billion of AUM
- \$32 billion of capital available for deployment
- 275 Corporate Private Equity investment professionals with offices around the world
- Established presence across the globe including the U.S., Asia, Europe, Japan, South America, and Africa
- \$103 billion of equity invested in more than 640 transactions
- 27% Gross IRR and 2.4x Gross MOIC on all realized and partially realized transactions to date<sup>1</sup>

## AUM BREAKDOWN BY REGION<sup>2</sup>



## SECTOR DIVERSIFICATION



Note: As of September 30, 2019. Includes various co-investment vehicles. **Past performance is not necessarily indicative of future results.**

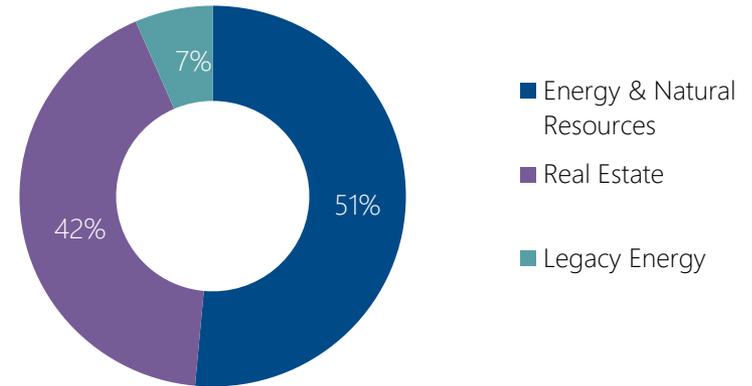
1. Includes co-investment. Gross metrics do not reflect management fees, carried interest, taxes, transaction costs and other expenses to be borne by investors, which will reduce returns. Metrics for realized and partially realized investments are not representative of overall performance, as the inclusion of unrealized investments may result in lower substantially different aggregate performance metrics than referenced herein.

2. Breakdown is subject to change as the funds/portfolios mature. Please refer to the Corporate Private Equity track record at the end of this presentation.

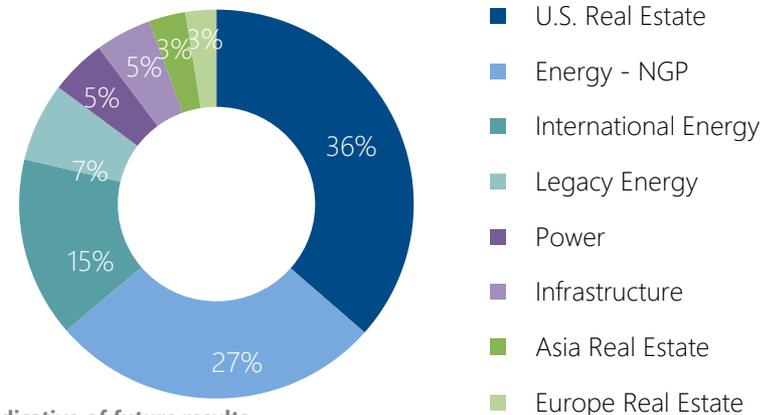
# Real Assets Overview

- Real Assets includes real estate, energy and infrastructure funds with approximately \$45 billion in AUM across 26 active funds
  - Energy and Natural Resources: \$23.1 billion of AUM
  - Real Estate: \$18.9 billion of AUM
  - Legacy Energy<sup>1</sup>: \$2.9 billion of AUM
- \$18 billion of dry powder available for deployment
- More than 145 Real Assets investment professionals in offices globally
- Established presence across the globe includes funds in U.S., Europe, and Asia
- \$56.3 billion of equity invested in more than 1,200 transactions
- 14% Gross IRR and 1.6x Gross MOIC on realized and partially realized Real Assets transactions<sup>2</sup>

AUM BREAKDOWN BY SEGMENT<sup>3</sup>



AUM BREAKDOWN BY FUND FAMILY<sup>3</sup>



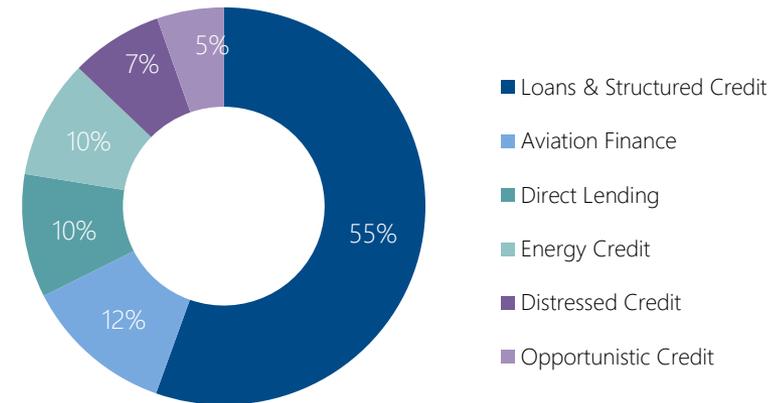
Note: As September 30, 2019. Includes various co-investment vehicles. **Past performance is not necessarily indicative of future results.**

1. Legacy Energy – three energy and renewable resources funds that we jointly advise with Riverstone Holdings, LLC.
2. Includes co-investment. Gross metrics do not reflect management fees, carried interest, taxes, transaction costs and other expenses to be borne by investors, which will reduce returns. Metrics for realized and partially realized investments are not representative of overall performance, as the inclusion of unrealized investments may result in lower substantially different aggregate performance metrics than referenced herein.
3. Breakdown is subject to change as the funds/portfolios mature. Legacy Energy & Power and Renewable funds are jointly advised with Riverstone Investment Group, L.L.C., Energy and Power investments will be made through NGP Energy Capital Management and Carlyle’s power and international energy vehicles moving forward. Please refer to the Real Assets track record at the end of this presentation.

# Global Credit Overview

- Global Credit invests in various types of credit, public equities and alternative instruments with \$48 billion in AUM across 63 active funds
  - Loans & Structured Credit: \$26.7 billion
  - Aviation Finance: \$6.3 billion
  - Direct Lending: \$4.9 billion
  - Energy Credit: \$3.7 billion
  - Distressed Credit: \$3.4 billion
  - Opportunistic Credit: \$2.9 billion
- Global Credit seeks to provide investors with an edge in pursuing opportunities to create value across various types of credit, public equities and alternative instruments
- More than 125 investment professionals and dedicated credit industry research analysts
- Established presence in North America, Europe, and Asia

## AUM BREAKDOWN ACROSS GLOBAL CREDIT<sup>1</sup>



## DESCRIPTION OF GLOBAL CREDIT FUND OFFERINGS

**Loans and Structured Credit:** Invests in performing broadly syndicated senior secured bank loans through CLOs and synthetic structures

**Aviation Finance:** Commercial aircraft leasing and servicing, and securitization of aircraft portfolios

**Direct Lending:** Invests in senior secured term loans to US middle market companies<sup>2</sup> supported by private equity sponsors

**Opportunistic Credit:** Invests in a range of private and public debt investments primarily in North America and Europe

**Energy Credit:** Invests in mezzanine debt investments in North American energy and power projects and companies

**Distressed Credit:** Invests globally in primarily middle market companies with financial, operational or cyclical distress

Note: As of September 30, 2019. AUM includes various co-investment vehicles and may not sum to total due to rounding.

1. Breakdown is subject to change as the funds/portfolios mature.

2. References to "middle market companies" and "middle market" generally refer to issuers with EBITDA in the range of approximately \$10 million and \$100 million, unless otherwise noted.

# Investment Solutions Overview

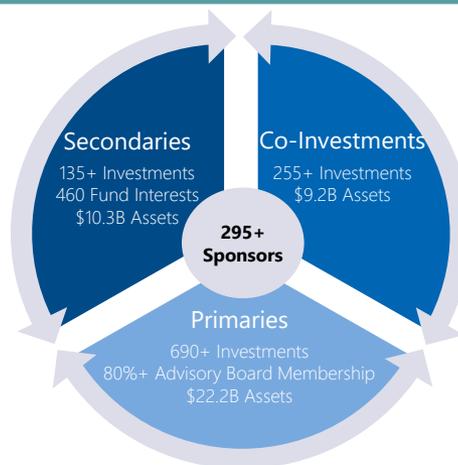
## ALPINVEST – PRIVATE EQUITY SOLUTIONS

- One of the largest private equity managers globally with more than \$42 billion in AUM
- Strong track record across primary funds, secondaries and co-investments
- Over 75 investment professionals and over 175 employees in New York, Amsterdam, Hong Kong, San Francisco, and Indianapolis

## METROPOLITAN – REAL ESTATE SOLUTIONS

- Global manager of third-party real estate funds with \$2.4 billion in AUM
- Deployed capital in 240+ investments, involving 105+ managers
- Strong track record across primary funds, secondaries and co-investments
- 40+ employees across offices in New York, San Francisco, London and Hong Kong

## ALPINVEST PLATFORM

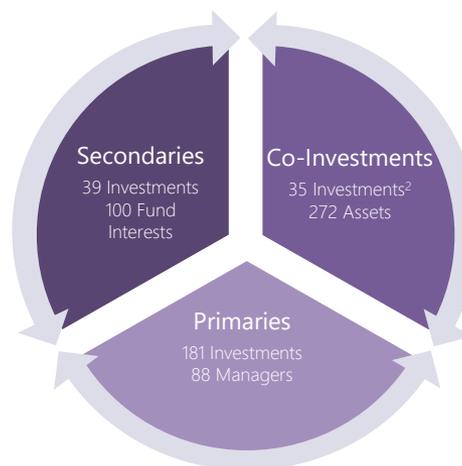


Differentiated Sourcing

Information Advantage

Consistency and Discipline in Underwriting

## METROPOLITAN PLATFORM<sup>1</sup>



Strategic Partner to Quality Managers

Deep Relationships with LPs

Strong Proprietary Deal Flow

Access to Information

Note: Alpinvest data as of September 30, 2019, and since firm's inception in 1999, unless otherwise noted. Alpinvest employee data as of October 1, 2019. Alpinvest commitments include legacy portfolios and mezzanine investments. Please refer to the Alpinvest Investment Notes at the end of this document for further important information. Metropolitan data as of September 30, 2019, unless otherwise noted.

1. Information as of October 31, 2019, and since inception. For illustrative purposes only.

2. Includes both co-investments funds and direct property co-investments.

# Carlyle's Global Investment Offerings

## Corporate Private Equity

### Buyout

- **Carlyle Global Partners II**
- **Carlyle Japan Partners IV**
- Carlyle Asia Partners
- Carlyle Asia Partners RMB
- Carlyle Cardinal Ireland Fund
- Carlyle Europe Partners
- Carlyle Global Financial Services
- Carlyle Partners
- Carlyle Peru Fund
- Carlyle South America Buyout
- Carlyle Sub-Saharan Africa Fund

### Growth Capital

- Carlyle Asia Growth Partners
- Carlyle Europe Technology Partners
- Carlyle U.S. Equity Opportunity Fund

## Real Assets

### Real Estate

- **Carlyle Property Investors**
- Carlyle Asia Real Estate Partners
- Carlyle China Realty
- Carlyle Europe Realty
- Carlyle Europe Real Estate Partners
- Carlyle Realty Partners

### Energy

- **Carlyle International Energy Partners II**
- Carlyle Power Partners
- NGP Natural Resources

### Infrastructure

- Carlyle Global Infrastructure Opportunity Fund
- Carlyle Infrastructure Partners

### Renewables

- **Carlyle Renewable and Sustainable Energy Fund**

## Global Credit

### Loans & Structured Credit

- **Carlyle Revolving Loan Fund**
- Structured Credit CLOs
- Carlyle Structured Credit Fund

### Direct Lending

- TCG BDC, Inc.
- TCG BDC II, Inc.

### Opportunistic Credit

- Carlyle Credit Opportunities Fund

### Energy Credit

- Carlyle Energy Mezzanine Opportunities Fund

### Distressed Credit

- Carlyle Strategic Partners

### Aviation Finance

- Carlyle SASOF Strategy

## Investment Solutions

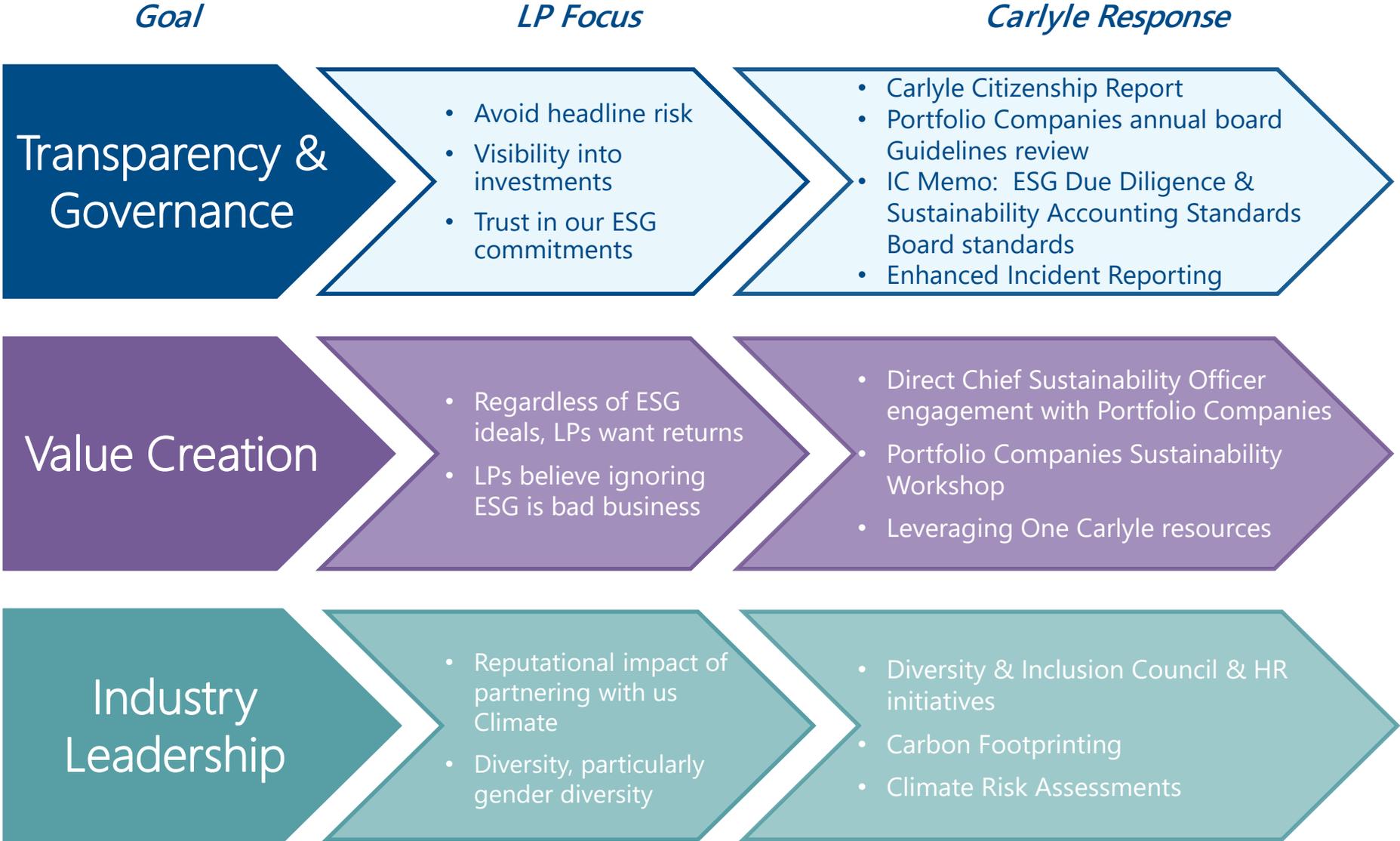
### Private Equity

- AlpInvest Secondaries Program VII
- **Custom Managed Accounts**
- AlpInvest Co-Investment Program

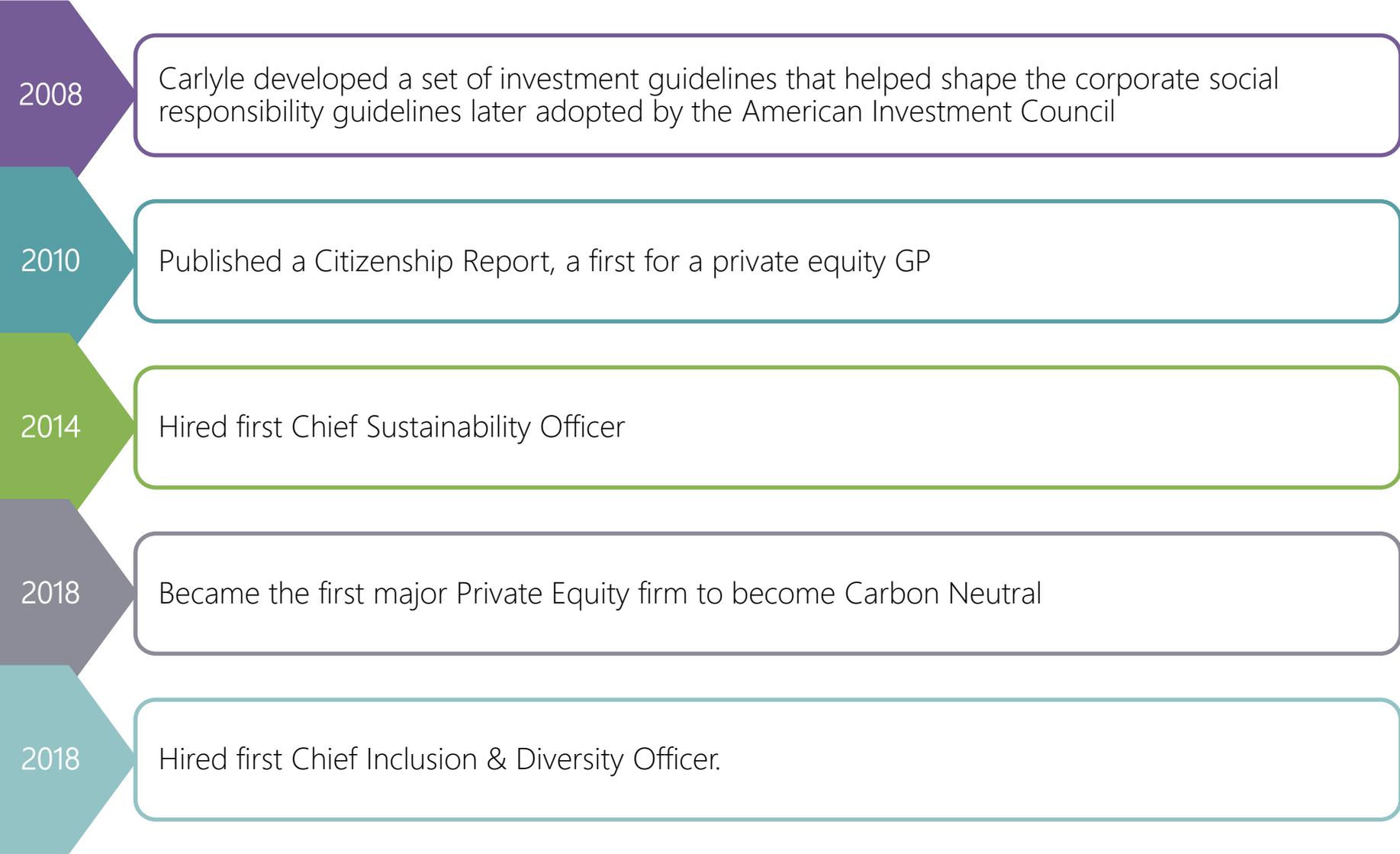
### Real Estate

- **MRE Partners Co-Investments Fund II**
- **Custom Managed Accounts**
- MRE Partners
- MRE Partners Global
- MRE Partners International
- MRE Partners Secondaries Fund

# Our ESG Strategy: Serving Our LPs and Creating Value for Portfolio Companies



# History of Carlyle's ESG Program



# We Have Made Measureable Progress in Diversity & Inclusion

## Representation (2018)

	<u>Overall Women Globally</u>	<u>Senior Women</u>	<u>Overall US Ethnic Minorities</u>
Carlyle	43%	20%	31%
AI Industry (Preqin)	18%	10%	--

## Progress

**46%** female new hires

**45%** ethnic minority new hires (US)

**60%** female promotes to partner

**82%** of US Corporate Private Equity companies have 1+ Diverse Board Member

*"Bloomberg's analysis of how many women fill senior investment roles in Private Equity found that The Carlyle Group LP put the greatest number of women in senior investment roles."<sup>1</sup>*

# Appendix: Bio of David M. Rubenstein



- David M. Rubenstein is a Co-Founder and Co-Executive Chairman of The Carlyle Group, one of the world's largest and most successful private investment firms. Mr. Rubenstein co-founded the firm in 1987. Since then, Carlyle has grown into a firm managing \$222 billion from 33 offices around the world.
- Mr. Rubenstein is Chairman of the Boards of Trustees of the John F. Kennedy Center for the Performing Arts, the Smithsonian Institution, and the Council on Foreign Relations; a Fellow of the Harvard Corporation; a Trustee of the National Gallery of Art, the University of Chicago, Memorial Sloan-Kettering Cancer Center, Johns Hopkins Medicine, the Institute for Advanced Study, the Brookings Institution, and the World Economic Forum; a Director of the Lincoln Center for the Performing Arts and the American Academy of Arts and Sciences; and President of the Economic Club of Washington.
- Mr. Rubenstein is a member of the American Philosophical Society, Business Council, Harvard Global Advisory Council (Chairman), Madison Council of the Library of Congress (Chairman), Board of Dean's Advisors of the Business School at Harvard, Advisory Board of the School of Economics and Management at Tsinghua University (former Chairman), and Board of the World Economic Forum Global Shapers Community.
- Mr. Rubenstein has served as Chairman of the Board of Trustees of Duke University and Co-Chairman of the Board of the Brookings Institution.
- Mr. Rubenstein is an original signer of The Giving Pledge, a significant donor to all of the above-mentioned non-profit organizations, and a recipient of the Carnegie Medal of Philanthropy, and the MoMA's David Rockefeller Award, among other philanthropic awards.
- Mr. Rubenstein has been a leader in the area of Patriotic Philanthropy, having made transformative gifts for the restoration or repair of the Washington Monument, Monticello, Montpelier, Mount Vernon, Arlington House, Iwo Jima Memorial, the Kennedy Center, the Smithsonian, the National Archives, the National Zoo, the Library of Congress, and the National Museum of African American History and Culture. Mr. Rubenstein has also provided to the U.S. government long-term loans of his rare copies of the Magna Carta, the Declaration of Independence, the U.S. Constitution, the Bill of Rights, the Emancipation Proclamation, the 13th Amendment, the first map of the U.S. (Abel Buell map), and the first book printed in the U.S. (Bay Psalm Book).
- Mr. Rubenstein is the host of The David Rubenstein Show: Peer-to-Peer Conversations on Bloomberg TV and PBS, and the author of The American Story: Conversations with Master Historians, a book published by Simon & Schuster in October 2019.
- Mr. Rubenstein, a native of Baltimore, is a 1970 magna cum laude graduate of Duke University, where he was elected Phi Beta Kappa. Following Duke, Mr. Rubenstein graduated in 1973 from the University of Chicago Law School, where he was an editor of the Law Review.
- From 1973-1975, Mr. Rubenstein practiced law in New York with Paul, Weiss, Rifkind, Wharton & Garrison. From 1975-1976, he served as Chief Counsel to the U.S. Senate Judiciary Committee's Subcommittee on Constitutional Amendments. From 1977-1981, during the Carter Administration, Mr. Rubenstein was Deputy Assistant to the President for Domestic Policy. After his White House service and before co-founding Carlyle, Mr. Rubenstein practiced law in Washington with Shaw, Pittman, Potts & Trowbridge (now Pillsbury Winthrop Shaw Pittman).



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## **Agenda**

**Slide 3 - Private Equity: Secondary Market**

**Slide 14 - Private Equity: Co-Investments**

**Slide 23 - Private Equity: Benchmarking**

**Slide 29 - Next Steps**



**Private Equity: Secondary Market**



- Secondary transactions can be mutually beneficial for both sellers and buyers

## Why Limited Partners Sell Their Fund Interests

### Manage Portfolio Exposure Proactively

- Realign sub-asset class exposure
- Realign underlying geographic or industry exposure
- Reduce vintage year risk
- Proactively manage exposure to regulatory, strategic or other unexpected changes

### Refocus on Best GPs

- Increase exposure to core relationships
- Exit poorly performing managers

### Lock In Returns

- Capture returns achieved through existing portfolios
- Redeploy capital into more productive assets

### Increase Liquidity

- Immediate liquidity rather than orderly sell down of portfolio

### Reduce Administrative Burden

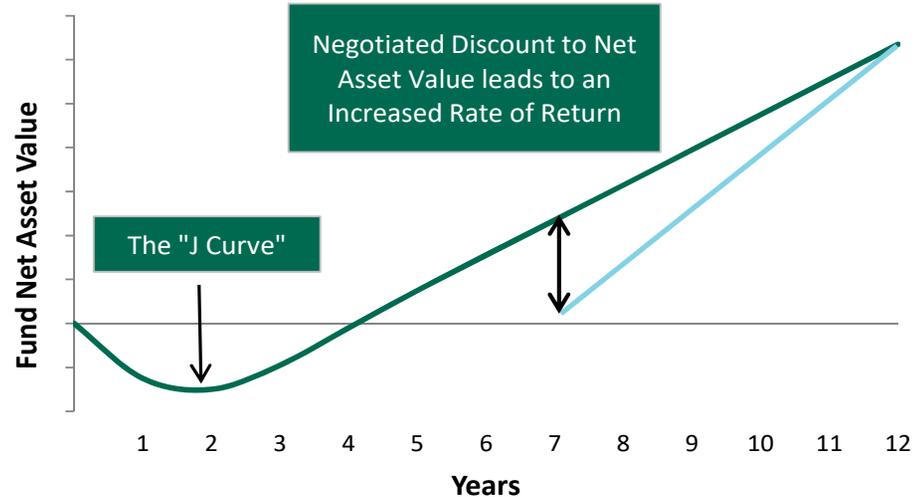
- Reduce the number of GP relationships that must be managed



- Secondaries generally exhibit less upside return potential as well as less volatility

## Why Investors Purchase Fund Interests

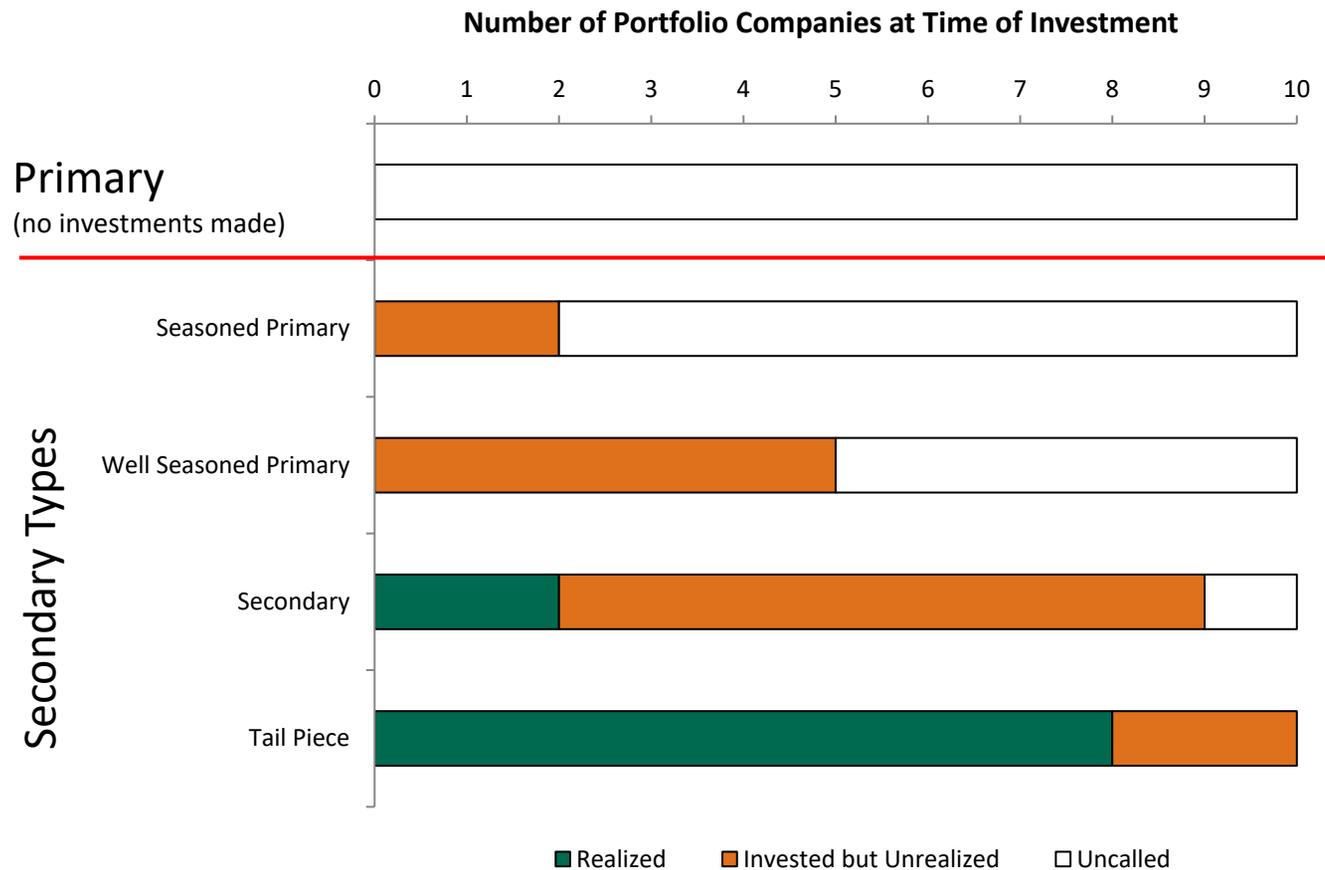
Potential Returns	<ul style="list-style-type: none"> <li>• Opportunity to buy assets at a discount to book value</li> </ul>
Additive to Portfolio Construction	<ul style="list-style-type: none"> <li>• Ability to manage the portfolio diversification by manager, vintage, geography, strategy, etc.</li> </ul>
Helps Alleviate J-Curve Effects	<ul style="list-style-type: none"> <li>• If purchased at a discount, value creation is immediate</li> <li>• Focuses on shorter duration investments</li> </ul>
Mitigate Blind Pool Risks	<ul style="list-style-type: none"> <li>• Focus on an existing portfolio and valuations</li> <li>• Maturing assets may provide visibility to potential exits</li> </ul>





- For all secondary transactions, proceeds go to the selling limited partner and the buyer receives an existing limited partner interest
- No new capital is raised for investments

## Fund Interests of all Maturities can be Bought and Sold

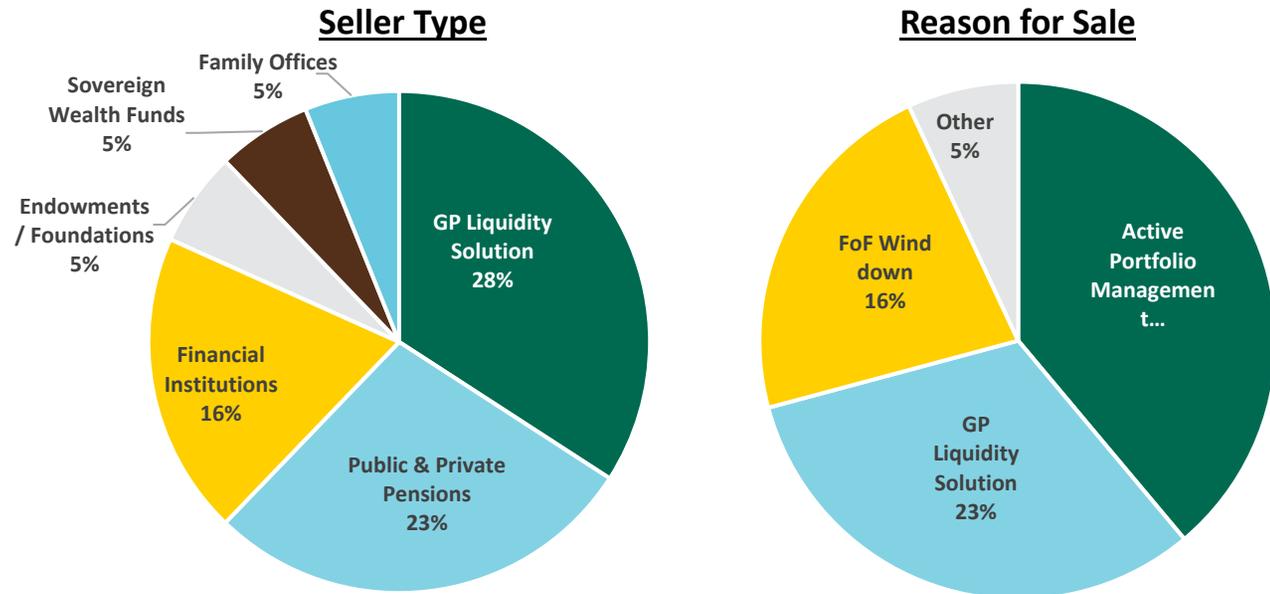


# PRIVATE EQUITY: SECONDARY MARKET

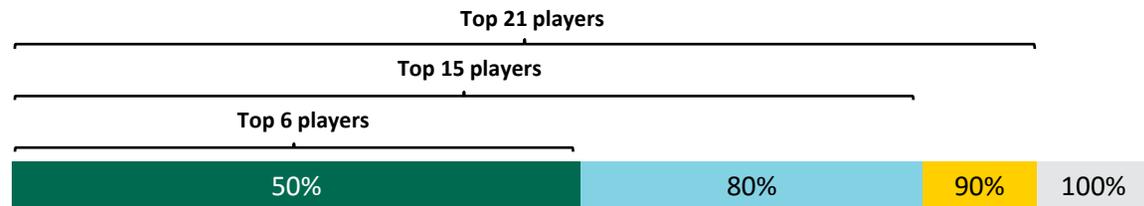


- Increasingly, secondary transactions are being driven by ‘active portfolio management’ rather than a true need for liquidity
- Public pension funds are active participants in the secondary market
- Leading secondary buyers include: Ardian, Lexington, Coller, Strategic Partners, Goldman Sachs, HarbourVest

## Who are the Sellers of Their Fund Interests Today and Why?



## Secondary “Dry Powder”

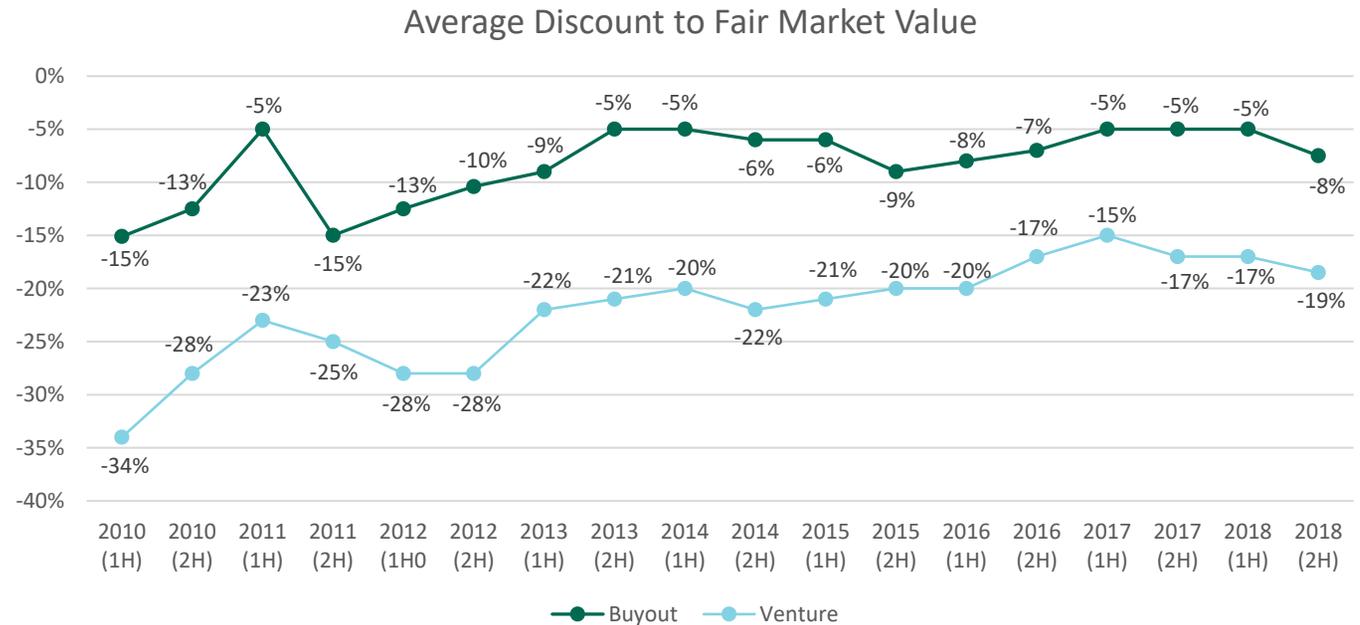


Sources: Evercore Secondary Market Survey, Preqin (as of 12/31/18)



- Secondary interests generally trade at a discount to Fair Market Value
- Over time, as more capital has been raised and the secondary market has matured, the discounts demanded by purchasers has come down significantly

## Secondary Interests Are Typically Purchased at a Discount



Source: Evercore, Ardian



- Secondary sales are no longer one-off transactions – many institutional investors now use the secondary market as a tool for managing portfolio exposures and risks

## Examples of Public Pension Plans That Have Engaged in Secondary Sales

Year	Seller	Strategy	# of Funds	# of Sponsors	Exposure (\$M)
2019	U.S. Public Pension Fund	Buyout, Venture	15	11	\$300
2019	U.S. Public Pension Fund	Buyout, Distressed, Infra	38	22	\$300
2019	U.S. Public Pension Fund	Buyout, Nat. Resources	3	3	\$40
2018	Canadian Public Pension Fund	Buyout, Distressed, Infra	26	16	\$1,750
2018	Canadian Public Pension Fund	Buyout	24	11	\$1,700
2018	U.S. Public Pension Fund	Buyout, Distressed, FoF	61	38	\$1,100
2018	Canadian Public Pension Fund	Buyout	3	3	\$190
2018	U.S. Public Pension Fund	Distressed, FoF	16	11	\$330
2017	U.S. Public Pension Fund	Buyout	10	6	\$320
2016	U.S. Public Pension Fund	Buyout	20	18	\$350

Source: Greenhill & Co

# PRIVATE EQUITY: SECONDARY MARKET



- Greenhill & Co. is a specialist in secondary sales that provided the following case studies of real-world private equity secondary transactions

Transaction Overview	Transaction Outcome
<b>Seller:</b> U.S. Public Pension Fund	<ul style="list-style-type: none"> <li>Selling to clean up tail-end assets, reduce administrative burden, and take advantage of strong pricing environment.</li> <li>Over 70 potential buyers were contacted, 21 of which provided first round indications of interest.</li> <li>4 Final offers were submitted; the winning bid came in at ~100% of NAV.</li> <li>All cash transaction that was completed within ~ 5 months.</li> </ul>
<b>Portfolio:</b> Buyout, Distressed, FoF	
<b>Exposure:</b> \$1.1 billion	
<b>Funds/Sponsors:</b> 61 / 38	
<b>Weighted Avg Vintage:</b> 2009	

Transaction Overview	Transaction Outcome
<b>Seller:</b> U.S. Public Pension Fund	<ul style="list-style-type: none"> <li>Selling to generate liquidity in some of its older vintage funds to free up capital to commit to newer vintages.</li> <li>Over 50 potential buyers were contacted, 20 of which provided first round indications of interest.</li> <li>The seller ultimately generated \$122 million of proceeds from 4 different buyers and the assets were sold at ~94% of NAV.</li> <li>Majority cash transaction with a portion structured as deferred compensation.</li> </ul>
<b>Portfolio:</b> Credit, Real Assets, FoF	
<b>Exposure:</b> \$333 million	
<b>Funds/Sponsors:</b> 16 / 11	
<b>Weighted Avg Vintage:</b> 2009	

Transaction Overview	Transaction Outcome
<b>Seller:</b> U.S. Public Pension Fund	<ul style="list-style-type: none"> <li>Selling to reduce allocation to private equity due to allocation constraints.</li> <li>Over 40 potential buyers were contacted, 32 of which provided first round indications of interest.</li> <li>10+ final offers were submitted; the winning bid came in at 109% of NAV.</li> <li>The seller ultimately generated \$286 million of proceeds in an all cash transaction that was completed within ~ 2 months.</li> </ul>
<b>Portfolio:</b> Buyout	
<b>Exposure:</b> \$400 million	
<b>Funds/Sponsors:</b> 11 / 7	
<b>Weighted Avg Vintage:</b> 2012	

- The secondary market has evolved significantly over time as limited partners have become more and more willing to sell their positions

## PRIVATE EQUITY: SECONDARY MARKET



### Headlines - Public Plans That Have Executed Secondary Sales

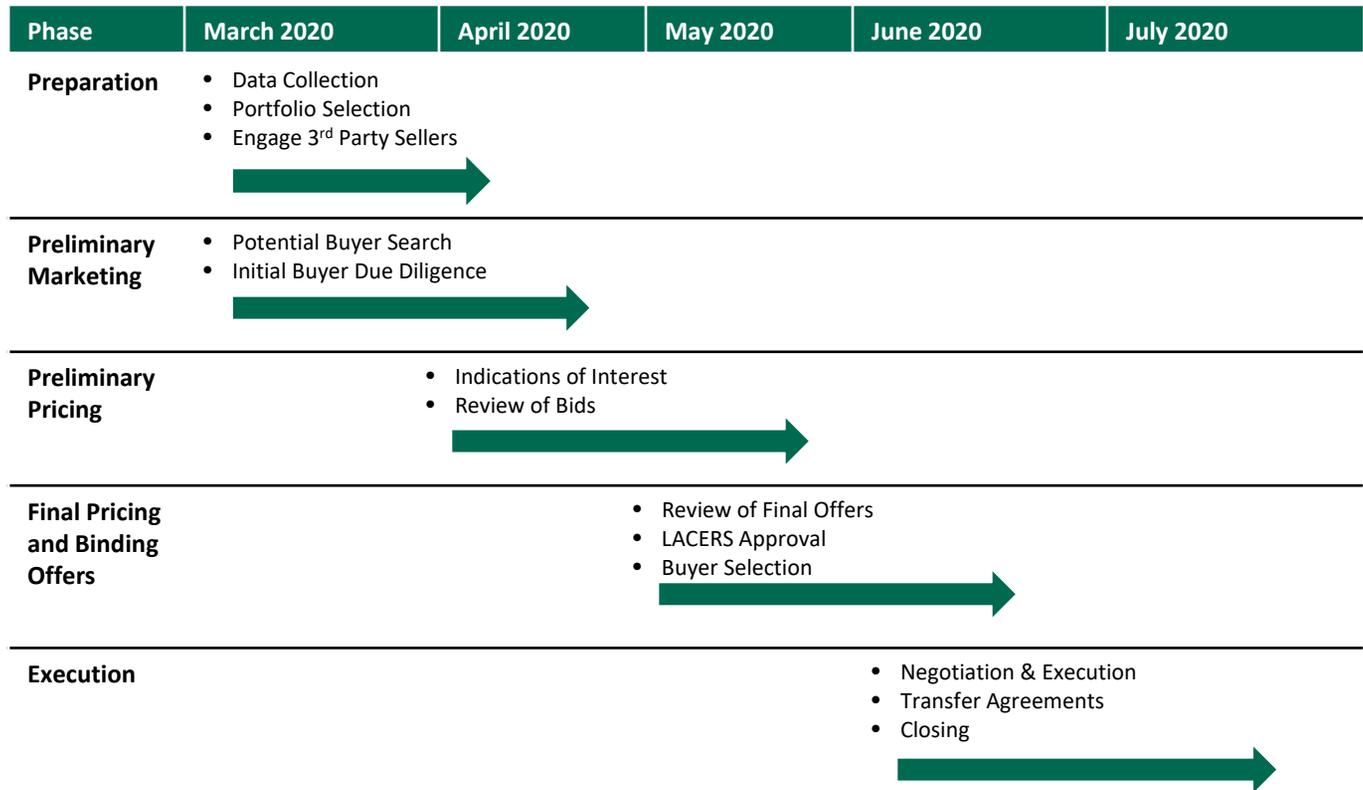
- **April 8, 2019 – Private Equity International:** “LACERA’s secondaries sale slashes GP relationships by one-fifth. The pension system will continue to evaluate secondaries to opportunistically sell and buy interests in.”
- **Oct. 12, 2018 – Buyouts:** “Florida SBA, major secondary seller, brings \$1 bln-plus portfolio to market.”
- **Sept. 12, 2018 – Secondaries Investor:** “Illinois Teachers plans more secondary sales in 2019. Having offloaded a portfolio of 19 positions in March, the pension plans to strike again in the 2019 fiscal year.”
- **March 13, 2018 – Pensions & Investments:** “Maryland seeks consultant for private asset secondary sales.”
- **Feb. 6, 2017 – Buyouts:** “CalPERS grosses \$434 mln from secondary sale of 26 fund stakes.”
- **Jan. 5, 2015 – Pension 360:** “Pennsylvania PSERS Offloads Nearly \$2 Billion of Funds-of-Funds As Part of Plan to Decrease PE Exposure.”

# PRIVATE EQUITY: SECONDARY MARKET



- Portfolio sales on the secondary market can take several months to initiate and ultimately close

## Potential Timeline for a Portfolio Sale





- For many limited partners, the benefits of a secondary sale outweigh the costs associated with the transaction.

## Costs of a Secondary Sale

- The eventual sale price will likely be at a discount to recent fair market value
- Secondary sales usually involve an intermediary to help market the portfolio and coordinate the transaction.
  - These services come at a cost to the seller
  - The ultimate cost will depend on the nature and complexity of the portfolio being marketed
- The transaction will require a significant time commitment from staff in the early stages of the process.
- The board needs to review and approve the sale process, which will add on to the time commitment.



**Private Equity: Co-Investments**

# PRIVATE EQUITY: CO-INVESTMENTS



- Co-investments allow general partners to diversify and manage risk across investments while simultaneously rewarding limited partners

## Why Do General Partners Offer Co-Investments

### Flexibility

- Co-investment capital enables larger equity checks, allowing a General Partner to close a deal or control a deal which it otherwise might not based on its fund size

### Risk Management

- General Partners can manage fund-level concentration risk by syndicating co-investments to limited partners or other firms

### Incentive for Limited Partners

- General Partners use co-investments to reward existing investors with additional exposure to certain investments at a reduced fee
- While less common, General Partners may also use co-investments as a way to establish relationships with potential future fund investors

# PRIVATE EQUITY: CO-INVESTMENTS



- Co-investing can be a logistical challenge, but many investors believe the potential benefits are enough to overcome the issues

## Why Do Limited Partners Pursue Co-Investments

<p><b>Economic Incentives</b></p>	<ul style="list-style-type: none"> <li>• Direct co-investments are often done on a no fee, no carry basis or reduced fee basis</li> <li>• Indirect co-investments can often be accessed at lower fees than traditional private equity funds</li> </ul>
<p><b>Ability to Manage Portfolio Exposure Proactively</b></p>	<ul style="list-style-type: none"> <li>• Allows for greater control over the pace of investment</li> <li>• Allows for greater control of vintage year exposure</li> <li>• Allows for greater control over geographic and sector exposures</li> </ul>
<p><b>Increased Appeal as a Limited Partner</b></p>	<ul style="list-style-type: none"> <li>• Co-investments help bridge a “gap” for General Partners, allowing them to pursue larger investments while maintaining diversification at the fund-level</li> <li>• Providing co-investment may help with primary fund access</li> </ul>
<p><b>Ancillary Due Diligence Benefits</b></p>	<ul style="list-style-type: none"> <li>• Co-investing alongside a firm is excellent due diligence on that firm’s processes, investment insights and execution.</li> </ul>
<p><b>Helps Alleviate J-Curve Effects</b></p>	<ul style="list-style-type: none"> <li>• There is effectively no j-curve effect for most co-investments, which helps mitigate the j-curve of the broader portfolio.</li> </ul>



## The Financial Benefits of Co-investments

### *Illustrative example*

	FUND INVESTMENT	CO-INVESTMENT
Committed Capital (fund)/Invested Capital (co-investments)	\$ 100.0	\$ 100.0
Management Fees: 1.5% per year for five years	(7.5)	0.0
<b>Capital for Investment</b>	<b>\$ 92.5</b>	<b>\$ 100.0</b>
Gross Return: 2.0x invested capital	\$ 185.0	\$ 200.0
Carried interest (20% of profits after repayment of all contributed capital)	(17.0)	0.0
<b>Cash returned from investment</b>	<b>\$ 168.0</b>	<b>\$ 200.0</b>
<b>47% Profit Improvement</b>	<b>\$ 68.0</b>	<b>\$ 100.0</b>

# PRIVATE EQUITY: CO-INVESTMENTS



	① Comingled Co-Investment Funds	② SMA Co-investment Vehicle	③ Consultant Approach: Full Underwriting	④ Consultant Approach: Abbreviated Diligence	⑤ In-House Approach
Examples / Description:	Neuberger Berman, HarbourVest, Alpinvest, Adams Street, Abbott, Pantheon, Brooke, Pathway, Hamilton Lane, Franklin Park, Grovenor, Capital Dynamics, Constitution Capital, GoldPoint, RCP, Black Rock, Private Advisors	Many of the comingled fund providers offer SMAs above a certain commitment threshold (typically >\$100M)	<ul style="list-style-type: none"> <li>- Deal flow generated from Clients current GPs and potential future GPs</li> <li>- Each deal thoroughly evaluated on its merits based on information provided by the GP</li> <li>- Consultant provides a full diligence report and a formal IC recommendation</li> </ul>	<ul style="list-style-type: none"> <li>- Deal flow generated from a select group of Client's current GPs only</li> <li>- Pre-established investment parameters are verified</li> <li>- All deals that meet specified parameters are executed</li> <li>- Consultant provides summary investment report</li> </ul>	<ul style="list-style-type: none"> <li>- Develop internal program with dedicated staff resources to source and evaluate co-investments</li> </ul>
Key Benefits	<ul style="list-style-type: none"> <li>- Few LP resource requirements</li> <li>- More diversified</li> <li>- Can commit set amount of capital</li> </ul>	<ul style="list-style-type: none"> <li>- Tailored to Client's specifications</li> <li>- Typically includes a veto right</li> <li>- Single fund structure, with LPA customized to Client's requirements</li> </ul>	<ul style="list-style-type: none"> <li>- Staff evaluates each opportunity, assisted by Consultant</li> <li>- No Mgmt. Fee</li> <li>- Consultants interest are directly aligned with Client</li> </ul>	<ul style="list-style-type: none"> <li>- This strategy focuses on a core group of Client's high conviction managers that have been re-underwritten within last few years</li> <li>- Effectively gains additional exposure to deals already in Client's portfolio, at the lowest price point</li> </ul>	<ul style="list-style-type: none"> <li>- Control over process and decisions</li> <li>- Dedicated staff</li> <li>- May attract and incentivize staff</li> </ul>
Key Drawbacks	<ul style="list-style-type: none"> <li>- Change in LACERS' PE Policy Required</li> <li>- Additional layer of fees</li> <li>- Risk of allocation issues and adverse selection</li> </ul>	<ul style="list-style-type: none"> <li>- Change in LACERS' PE Policy Required</li> <li>- Additional layer of fees</li> <li>- Size requirements</li> </ul>	<ul style="list-style-type: none"> <li>- Change in LACERS' PE Policy Required</li> <li>- Client resource requirements (more opportunities to review)</li> <li>- Different type of review (direct investments vs. funds)</li> <li>- Fewer deals than a comingled vehicle, however, more control over the diversification</li> </ul>	<ul style="list-style-type: none"> <li>- Change in LACERS' PE Policy Required</li> <li>- Relying primarily on the initial fund-level diligence; no 'second layer' of due diligence</li> </ul>	<ul style="list-style-type: none"> <li>- Change in LACERS' PE Policy Required</li> <li>- Significant resources required to develop internal processes, policies, and controls</li> <li>- Added expense of a dedicated team</li> </ul>
Discretion:	Co-Inv Fund GP	SMA Fund GP (some provide veto right)	Client	Consultant w/ Client Veto Right	Client
Annual Mgmt. Fee (%)	1.00%	0.85%	0.00%	0.00%	0%
Annual Mgmt. Fee (\$): \$20M Invested Capital	\$200,000	\$170,000	\$0	\$0	\$0
Carried Interest: (Over 8% Pref. Return)	10%	10%	10%	5%	0%

The firms identified will not necessarily provide co-investments or be recommended to TorreyCove clients in the future. Any recommendation to invest in a private equity partnership is subject to the sole discretion of TorreyCove.

- Ontario Teachers is a \$190 billion+ pension plan (as of Dec 2018)

## PRIVATE EQUITY: CO-INVESTMENTS



### Public Plans Pursuing Co-Investments – Ontario Teachers

- Ontario Teachers invests directly in private companies, either on its own or with partners.
  - The Plan also invests indirectly through private equity funds.
- Private equity investments totaled \$33.4 billion as of 12/31/19
- As of 9/30/19, Ontario Teachers employs 55+ investment professionals that are dedicated to private equity.
- Representative direct investments include:
  - GFL Environmental Inc: One of the largest environmental service providers in N. America.
  - Techem GmbH: A global market leader in in the provision of heat and water sub-metering services to real estate operators and private homeowners.

# PRIVATE EQUITY: CO-INVESTMENTS



- CalPERS is a \$380 billion+ pension plan (as of Nov 2019) with an 8% target to private equity.

## Public Plans Pursuing Co-Investments – CalPERS

- CalPERS made its first private equity co-investment in 1993, but had an inconsistent approach
  - 2010 - CalPERS formalized the program and began consistently investing each year
  - 2016 – CalPERS co-investment program was suspended
  - 2019 – CalPERS co-investment program being reinstated
- CalPERS intends to manage its co-investment program in house. Parameters include:
  - Co-Investments Under \$100mm: No prudent person opinion is required and discretion rests with the Managing Investment Director.
  - Co-Investments Over \$100mm: Discretion rests with the Managing Investment Director, but either CIO approval or a prudent person opinion is required for approval.
- CalPERS’ co-Investments account for ~\$2.3 billion of the system’s private equity portfolio
- CalPERS 3-year returns (ending Dec. 31, 2018), for the co-investment program were 17.3%
  - This compares to returns of 12.3% for the entire private equity program
- CalPERS’ private equity team shrunk from 50 June 2016 to 30 as of October 2019
  - The pension system expects to have to hire additional staff going forward to execute on revised investment plans

# PRIVATE EQUITY: CO-INVESTMENTS



- LACERA recently transitioned from an outsourced co-investment model to an in-house managed program

## Public Plans Pursuing Co-Investments – LACERA

- Beginning in 2006, LACERA outsourced its co-investments to a 3<sup>rd</sup> party
- In 2018, the LACERA Board asked staff to explore developing an in-house co-investment program
  - Staff interviewed other limited partners currently insourcing co-investments – all reported superior performance versus their respective PE program returns
- LACERA staff predicted in their analysis that the plan would need to add an additional 8 staff members to implement an in-house co-investment program.
- December 2018 – LACERA received Board approval to implement a co-investment program internally based on the following guidelines:

Transaction Overview	Transaction Outcome
<b>Sourcing:</b>	Board approved funds only (including re-ups approved by CIO)
<b>Investment Size:</b>	Up to \$40 million per opportunity
<b>Geography:</b>	U.S. Headquartered
<b>Deal Type:</b>	Buyout or Growth Equity
<b>Annual Deployment:</b>	Up to \$100mm in CY 2019 and up to \$150mm for CY 2020

- Co-investments can be a good way to increase exposure to high quality General Partners with a compelling fee proposition

## PRIVATE EQUITY: CO-INVESTMENTS



### Potential Challenges Associated With Co-investments

- Generating deal flow requires active and ongoing communication with General Partners of the desire to co-invest.
- The timeline for making investment decisions can be relatively short, as short as two weeks in some cases.
- Assessing the attractiveness of a co-investment opportunity requires primary investment experience and the ability to review and stress test financial models, speak with company management, and synthesize third-party consultant reports.
- Assessing the General Partners ability to execute the deal requires due diligence on the fund manager with regard to industry expertise and overall capabilities.
- The direct exposure to an investment increases the risk potential for adverse selection issues and strategy drift.
- Additional costs associated with a co-investment program may include: (i) additional LACERS Staff; (ii) costs associated with 3<sup>rd</sup> Party administration of the program.



**Private Equity: Benchmarking**



- Given the illiquid and opaque nature of private equity, benchmarking funds has proven to be a relatively difficult exercise

## Benchmarking A Private Equity Portfolio

- Private equity has not been a very transparent asset class historically
  - Large databases of return information simply didn't exist until relatively recently
- Given that most private equity funds invest in the equity of companies, the stock market has been the most natural benchmark
  - The Russell 3000 has been the most popular index for private equity benchmarking
  - Private equity investors tend to use Russell 3000 +300 bps to account for illiquidity
  - Other benchmarks may include: S&P 500 +250 bps, CPI +400 bps, MSCI ACWI +300 bps, or a blend of multiple indices
- However, there are material issues with using stock market indices for benchmarking private equity funds
- Private equity and venture capital benchmarks are also becoming more widely available in recent years



## Properties of an Ideal Benchmark

An effective benchmark is designed to represent an equivalent risk opportunity cost to the investor in a fund. Failure to possess one or more of the following qualities compromises its effectiveness and utility

<b>Unambiguous</b>	<ul style="list-style-type: none"> <li>• The identities and weights of securities or factor exposures constituting the benchmark are clearly defined</li> </ul>
<b>Investable</b>	<ul style="list-style-type: none"> <li>• It is possible to forgo active management and simply hold the benchmark</li> </ul>
<b>Measurable</b>	<ul style="list-style-type: none"> <li>• The benchmark's return is readily calculable on a reasonably frequent basis</li> </ul>
<b>Appropriate</b>	<ul style="list-style-type: none"> <li>• The benchmark is consistent with the manager's investment style or area of expertise</li> </ul>
<b>Reflective of current investment options</b>	<ul style="list-style-type: none"> <li>• The manager has current investment knowledge of the securities or factor exposures within the benchmark</li> </ul>
<b>Specified in advance</b>	<ul style="list-style-type: none"> <li>• The benchmark is specified prior to the start of an evaluation period and known to all interested parties</li> </ul>
<b>Accountable</b>	<ul style="list-style-type: none"> <li>• The investment manager is aware of and accepts accountability for the constituents and performance of the benchmark.</li> </ul>

Source: Section 5 of "Evaluating Portfolio Performance", by Bailey, CFA, Richards, CFA, and Tierney, 2014 CFA Curriculum, Level 3, Volume 6, Reading 34. "Managing Investment Portfolios: A Dynamic Process", Third Edition, John L. Maginn, CFA, Donald L. Tuttle, CFA, Jerald E. Pinto, CFA, and Dennis W. McLeavey, CFA, editors. Copyright 2007 by CFA Institute.

# PRIVATE EQUITY: BENCHMARKING



## Public Indices Versus Private Benchmarks as a Benchmark for Private Equity

	<u>Public Indices</u>	<u>Private Benchmarks</u>
Unambiguous		
Investable		
Measurable		
Appropriate		
Reflective of current investment options		
Specified in advance		
Accountable		

- Public pension plans use a variety of different benchmarks to evaluate the performance of their private equity portfolios
- Perhaps the most appropriate benchmark for private equity is a combination of both a public and a private benchmark

## PRIVATE EQUITY: BENCHMARKING



### California Plans and Other Similarly Sized Plans Use Similar Benchmarks to LACERS

Pension Plan	Size of the Plan*	Public Benchmark for PE	Private Benchmark for PE
CalPERS	\$390 billion	FTSE All World, All Cap Equity + 150bps	None
CalSTRS	\$250 billion	MSCI ACWI IMI+ 150 bps	State Street (Customized)
LACERA	\$60 billion	MSCI ACWI IMI + 200 bps	None
LAFPP	\$24 billion	S&P 500 + 250bps	None
Idaho Public Employees	\$19 billion	Russell 2000 x 1.35	None
<b>LACERS</b>	<b>\$18 billion</b>	<b>Russell 3000 + 300 bps</b>	<b>None</b>
Orange County	\$17 billion	None	Cambridge PE Index
Hawaii Employees	\$17 billion	MSCI ACWI IMI + 200bps	Preqin / Venture Economics
Oklahoma Teachers	\$17 billion	Russell 2000 + 400 bps	None
Arkansas Teachers	\$17 billion	Dow Jones US Total Stock Index + 200 bps	Burgiss Private IQ Global PE
Illinois State Board	\$16 billion	None	Cambridge PE Index
New Mexico PERA	\$16 billion	MSCI ACWI IMI	None
LADWP	\$13 billion	Russell 3000 + 300 bps	None
Kentucky Retirement Systems	\$13 billion	Russell 3000 + 300 bps	None



- Not all private benchmarks are created equally, and a careful review of the available benchmarks is warranted

## What Private Benchmarks are Available and How to Choose One

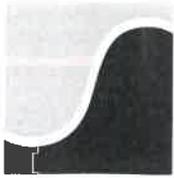
- There are currently five leading private equity benchmarking services:
  - **Cambridge**
  - **Preqin**
  - **State Street**
  - **ILPA**
  - **Burgiss / Private IQ**
  - **Pitchbook**
- The primary factors to consider when deciding which private benchmark is best suited:
  - Total number of funds contained in the benchmark
  - Vintage years available for benchmarking
  - Average number of funds per vintage year
  - Ability to customize
  - Number of return measures available
  - Underlying source of the information
  - Biases based on survivorship, vintage year selection, and the use of credit facilities



**Next Steps**

## Potential Next Steps

<p><b>Secondaries</b></p>	<ul style="list-style-type: none"> <li>• Staff and TorreyCove to identify a potential portfolio to sell on the secondary market</li> <li>• Receive formal Board approval for Staff and TorreyCove to engage 3rd Party Sellers</li> <li>• Engage 3rd Party Sellers to evaluate potential cost and pricing</li> <li>• Report back to the Board for approval of next steps</li> </ul>
<p><b>Co-Investments</b></p>	<ul style="list-style-type: none"> <li>• Receive formal Board approval for Staff and TorreyCove to explore the creation of a co-investment program</li> <li>• Staff to evaluate the various options and report back to the Board</li> <li>• Staff and TorreyCove to propose a potential plan and parameters for a co-investment program for Board review</li> </ul>
<p><b>Benchmarking</b></p>	<ul style="list-style-type: none"> <li>• Staff to work with TorreyCove and NEPC to implement reporting that includes a private equity specific benchmark</li> <li>• Consider changing the private equity benchmark index to a more global index (i.e. ACWI IMI)</li> <li>• Consider lowering the premium over the Russell 3000 to 200 bps (from 300 bps today)</li> </ul>



**REPORT TO BOARD OF ADMINISTRATION**

**MEETING: JANUARY 14, 2020**

From: Lita Payne, Executive Officer *Lita Payne*

**ITEM: VIII – D**

**SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$35 MILLION IN NREP NORDIC STRATEGIES FUND IV, LP SCSP**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Board receive and file this notice of the commitment of up to \$35 million in NREP Nordic Strategies Fund IV, LP SCSP.

**Discussion**

On October 22, 2019, the Board, in closed session pursuant to Government Code Section 54956.81, approved a commitment of up to \$35 million in the following private real estate fund: NREP Nordic Strategies Fund IV, LP SCSP. The investment closed on December 19, 2019. Board vote: Ayes 7 (Commissioners Annie Chao, Elizabeth Lee, Sandra Lee, Nilza R. Serrano, Sung Won Sohn, Vice President Michael R. Wilkinson, and President Cynthia M. Ruiz), Nays 0.

**Strategic Plan Impact Statement**

Investment in NREP Nordic Strategies Fund IV, LP SCSP will allow LACERS to maintain exposure to diversified real estate, pursuant to the Real Estate Investments Fiscal Year 2019-2020 Strategic Plan, which is expected to help LACERS optimize long-term risk adjusted investment returns (Goal IV).

Prepared By: Eduardo Park, Investment Officer I, Investment Division

RJ/BF/WL/EP:sg