LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Board of Administration Agenda

REGULAR MEETING

TUESDAY, FEBRUARY 22, 2022

TIME: 10:00 A.M.

MEETING LOCATION:

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Board of Administration's February 22, 2022 meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to listen and or participate:
Dial: (669) 254-5252 or (669) 216-1590
Meeting ID# 161 024 8910

Instructions for call-in participants:

1- Dial in and enter Meeting ID
2- Automatically enter virtual "Waiting Room"
3- Automatically enter Meeting
4- During Public Comment, **press *9** to raise hand
5- Staff will call out the last 3-digits of your phone number to make your comment

Information to listen only: 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).

President: Cynthia M. Ruiz
Vice President: Sung Won Sohn

Commissioners: Annie Chao
Elizabeth Lee
Sandra Lee
Nilza R. Serrano
Michael R. Wilkinson

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

Legal Counsel: City Attorney's Office
Public Pensions General
Counsel Division

Notice to Paid Representatives

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq*. More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

Request for Services

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, Telecommunication Relay Services (TRS), 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) 855-9348*** and/or email at ***ani.ghoukassian@lacers.org***.

Disclaimer to Participants

Please be advised that all LACERS Board and Committee Meeting proceedings are audio recorded.

[CLICK HERE TO ACCESS BOARD REPORTS]

I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* - **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD**

II. APPROVAL OF MINUTES FOR THE MEETING OF JANUARY 25, 2022 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 JANUARY 2022

VI. COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON FEBRUARY 8, 2022

B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON FEBRUARY 22, 2022

VII. BOARD/DEPARTMENT ADMINISTRATION

A. UPDATE TO GENERAL MANAGER DESIGNEE SIGNATURE AUTHORITY AND POSSIBLE BOARD ACTION

B. COST-OF-LIVING ADJUSTMENT FOR JULY 2022 AND POSSIBLE BOARD ACTION

VIII. LEGAL/LITIGATION

A. APPROVAL OF ONE-YEAR EXTENSIONS TO OUTSIDE COUNSEL CONTRACTS WITH POLSINELLI LLP AND FOLEY & LARDNER LLP FOR HEALTH LAW, DATA PRIVACY, AND CYBERSECURITY AND POSSIBLE BOARD ACTION

IX. INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT

B. INVESTMENT MANAGER CONTRACT WITH MFS INSTITUTIONAL ADVISORS, INC. REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS GROWTH PORTFOLIO AND POSSIBLE BOARD ACTION

C. REAL ESTATE CONSULTING CONTRACT WITH TOWNSEND HOLDINGS LLC AND POSSIBLE BOARD ACTION

D. NOTIFICATION OF COMMITMENT OF UP TO $20 MILLION IN BIOSPRING PARTNERS FUND, L.P.

E. NOTIFICATION OF COMMITMENT OF UP TO $13 MILLION IN GENERAL CATALYST GROUP XI - CREATION, L.P.

F. NOTIFICATION OF COMMITMENT OF UP TO $18 MILLION IN GENERAL CATALYST GROUP XI - IGNITION, L.P.

G. NOTIFICATION OF COMMITMENT OF UP TO $44 MILLION IN GENERAL CATALYST GROUP XI - ENDURANCE, L.P.

H. NOTIFICATION OF COMMITMENT OF UP TO $16.660 MILLION IN SPARK CAPITAL VII, L.P.

I. NOTIFICATION OF COMMITMENT OF UP TO $33.340 MILLION IN SPARK CAPITAL GROWTH FUND IV, L.P.

J. NOTIFICATION OF COMMITMENT OF UP TO $20 MILLION IN DEFY PARTNERS III, L.P.

K. NOTIFICATION OF COMMITMENT OF UP TO $50 MILLION IN HARVEST PARTNERS IX, L.P.

L. NOTIFICATION OF COMMITMENT OF UP TO $50 MILLION IN REVERENCE CAPITAL PARTNERS OPPORTUNITIES FUND V (PE FUND III), L.P.

M. NOTIFICATION OF COMMITMENT OF UP TO $50 MILLION IN ARSENAL CAPITAL PARTNERS VI LP

N. NOTIFICATION OF COMMITMENT OF UP TO $40 MILLION IN NEW ENTERPRISE ASSOCIATES 18, L.P.

O. NOTIFICATION OF COMMITMENT OF UP TO $35 MILLION IN NEA 18 VENTURE GROWTH EQUITY, L.P.

P. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO TPG REAL ESTATE PARTNERS IV, L.P. AND POSSIBLE BOARD ACTION

X. OTHER BUSINESS

XI. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, March 8, 2022 at 10:00 a.m. at LACERS, 202 West 1st Street, Suite 500, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to public health concerns relating to the novel coronavirus continue.

XII. ADJOURNMENT

Agenda of:	**Feb. 22, 2022**
Item No:	**II**

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

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Board of Administration's January 25, 2022 meeting will be conducted via telephone and/or videoconferencing.

January 25, 2022

10:00 a.m.

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

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* – **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – President Ruiz asked if any persons wanted to make a general public comment to which there were no responses.

II

BOARD PRESIDENT VERBAL REPORT – President Ruiz discussed the current market volatility and reminded everyone that LACERS is a long-term investor and she is not concerned.

III

GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- Special Member Recognition for Carrie Adelia Gabriel
- Retiree COLAs
- FY 22/23 Budget Development
- Management Audit Preliminary Findings
- 977 Broadway Building status update
- Retirement Services updates
- Health Benefits Administration updates
- Member Services updates including Upcoming Events and Wellness Events

B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following item:

- 977 N. Broadway Headquarters Project Quarterly Report

IV

RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR DECEMBER 2021 – This report was received by the Board and filed.

B. EDUCATION AND TRAVEL EXPENDITURE REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2021 – This report was received by the Board and filed.

C. ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AND POPULAR ANNUAL FINANCIAL REPORT (PAFR) FOR FISCAL YEAR ENDED JUNE 30, 2021 – This report was received by the Board and filed.

V

COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE MEETING VERBAL REPORT FOR THE MEETING ON JANUARY 11, 2022 – Commissioner Serrano stated the Committee heard presentations by Dimensional Fund Advisors LP and Principal Global Investors, LLC. Commissioner Serrano also stated that the Committee approved the Semi-Finalists of the Real Estate Consultant Request for Proposal, General Fund Consultant Contract with NEPC, and the Private Equity Benchmark Change.

VI

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Bryan Fujita, Investment Officer III, reported on the portfolio value of $23.19 billion as of January 24, 2022. Mr. Fujita discussed the following items:

- Real Estate Consultant RFP update
- Private Credit Consultant RFP update
- DDJ Capital Management placed on watch list on December 22, 2021 due to pending acquisition by Polen Capital Management
- Rod June, Chief Investment Officer, President Ruiz, and Commissioner Chao, attended the Pacific Center for Asset Management (PCAM) meeting on January 20, 2022
- Today's agenda: General Fund Consultant Contract, Consent to Assignment of the DDJ Contract, Private Equity Benchmark Change, and Transition Manager RFP
- Upcoming Agenda Items: Presentation on Active vs. Passive Management

B. GENERAL FUND CONSULTANT CONTRACT WITH NEPC, LLC AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the following Resolution, as amended:

CONTRACT RENEWAL
NEPC, LLC
GENERAL FUND CONSULTING SERVICES

RESOLUTION 220125-A

WHEREAS, LACERS' current five-year contract with NEPC, LLC (NEPC) for general consulting services expires on June 30, 2022; and,

WHEREAS, NEPC has provided a satisfactory level of service in meeting LACERS' needs and objectives; and,

WHEREAS, on January 25, 2022, the Board approved the Investment Committee's recommendation for five-year contract renewal with NEPC.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute the contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name:	NEPC, LLC
Services Provided:	General Fund Consulting Services
Effective Dates:	July 1, 2022 through June 30, 2027
Duration:	Five years
Fee:	Fiscal Year 2022-23 - $465,000
	Fiscal Year 2023-24 - $485,000

Fiscal Year 2024-25 - $485,000

Fiscal Year 2025-26 - $485,000

Fiscal Year 2026-27 - $510,000

Which Resolution was amended by staff to reflect the updated fee schedule as follows:

<u>Fee</u>: Fiscal Year 2022-23 - $465,000

Fiscal Year 2023-24 - $480,000

Fiscal Year 2024-25 - $480,000

Fiscal Year 2025-26 - $480,000

Fiscal Year 2026-27 - $504,000

Which motion was seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

C. CONSENT OF ASSIGNMENT OF DDJ CAPITAL MANAGEMENT, LLC CONTRACT AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the following Resolution:

CONSENT TO ASSIGN CONTRACT WITH
DDJ CAPITAL MANAGEMENT, LLC

<u>RESOLUTION 220125-B</u>

WHEREAS, LACERS has an existing contract with DDJ Capital Management, LLC (DDJ) for management of an active hybrid high yield fixed income and U.S. floating rate bank loans portfolio; and,

WHEREAS, DDJ has entered into an agreement to be acquired by Polen Capital Management, LLC (Polen Capital), a U.S.-based growth equity asset management firm; and,

WHEREAS, under the Investment Advisers Act of 1940 and pursuant to LACERS' contract with DDJ, the change in control of DDJ is deemed to be a contract assignment that requires written consent of the Board; and,

WHEREAS, staff has conducted appropriate due diligence on the acquisition of DDJ.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby consents to the assignment of LACERS' existing contract with DDJ to Polen Capital; and, authorizes the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Which motion was seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

D. PRIVATE EQUITY BENCHMARK CHANGE AND POSSIBLE BOARD ACTION – Wilkin Ly, Investment Officer III, Robert King, Investment Officer II, and David Fann, Vice Chairman with Aksia TorreyCove Partners LLC, presented and discussed this item with the Board for 10 minutes. After discussion, Commissioner Chao moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

Item VII-A taken out of order.

President Ruiz recessed the Regular Meeting at 10:56 A.M. to convene in Closed Session.

VII

CLOSED SESSION

A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(A) TO CONSULT WITH INTERNAL AUDITOR, EXTERNAL AUDITOR GRANT THORNTON, AND LEGAL COUNSEL REGARDING THREAT TO PUBLIC SERVICES OR FACILITIES AND POSSIBLE BOARD ACTION

President Ruiz reconvened the Regular Meeting at 11:46 a.m.

VI

INVESTMENTS

E. REQUEST FOR PROPOSAL FOR TRANSITION MANAGEMENT SERVICES AND POSSIBLE ACTION – James Wang, Investment Officer I, presented this item to the Board. Commissioner Serrano moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

VIII

OTHER BUSINESS – There was no other business.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, February 8, 2022, at 10:00 a.m. at LACERS, 202 W. 1st Street, Suite 500, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to public health concerns relating to the novel coronavirus continue.

X

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting at 11:47 a.m.

Cynthia M. Ruiz
President

Neil M. Guglielmo
Manager-Secretary

Agenda of:	**FEB. 22, 2022**
Item No:	**V-A**

MONTHLY REPORT ON SEMINARS AND CONFERENCES
ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS
(FOR THE MONTH OF JANUARY 2022)

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
Commissioner Annie Chao

DATE(S) OF EVENT	SEMINAR / CONFERENCE TITLE	EVENT SPONSOR (ORGANIZATION)	LOCATION (CITY, STATE)
January 20, 2022	**Pacific Center for Asset Management Meeting (PCAM)**	PCAM	Virtual

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION
From: Neil M. Guglielmo, General Manager

MEETING: FEBRUARY 22, 2022
ITEM: VII – A

SUBJECT: **UPDATE TO GENERAL MANAGER DESIGNEE SIGNATURE AUTHORITY AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board adopt the proposed General Manager Designee Signature Authority Resolution, effective upon adoption, superseding prior delegations.

Discussion

The General Manager has the authority to administer the affairs of the department as its Chief Administrative Officer inclusive of certification of expenditures pursuant to the Los Angeles City Charter (LACC) Section 509, and authority to execute contracts delegated by the Board. The Board may also delegate authority, under LACC Section 511(a), to the necessary deputies, assistants, and employees of the department and define their duties. In the event that the General Manager is absent or unable to act, assigning signature authority to General Manager Designees would assure that business transactions are addressed promptly and ensure the continuity of services.

Staffing changes necessitate the update of the General Manager Designee Signature Authority. This resolution reflects the following personnel due to job classification or division assignment changes.

Isaias Cantú, Chief Management Analyst
Karen Freire, Chief Benefits Analyst
Ferralyn Sneed, Chief Benefits Analyst
Delia Hernandez, Senior Benefits Analyst II
John Koontz, Senior Management Analyst II
Heather Ramirez, Senior Benefits Analyst I

Strategic Plan Impact Statement

The update of the General Manager Designee Signature Authority supports the Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty. Additionally, it corresponds with the Strategic Plan Organizational Goal of maximizing organizational effectiveness and efficiency.

Prepared By: Chhintana Kurimoto, Management Analyst, Administration Division

NMG/TB/CK

Attachment: Signature Authority for General Manager Designees Proposed Resolution

SIGNATURE AUTHORITY
FOR GENERAL MANAGER DESIGNEES

PROPOSED RESOLUTION

WHEREAS, the Board may delegate authority to the necessary deputies, assistants, and employees of the department and define their duties under Los Angeles City Charter (LACC) Section 511(a); and

WHEREAS, the General Manager is authorized under LACC Section 509 to administer the affairs of the department as its Chief Administrative Officer; and,

WHEREAS, the General Manager determines it is in the best interest of the department to ensure department business is transacted expeditiously on occasions when they are absent or unable to act through the assignment of signature authorities over specific areas of expertise;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby adopts the signature authority resolution for the General Manager designees. If practicable, designees shall seek verbal concurrence from the General Manager. Authority is assigned to the position, rather than the individual. This resolution shall be endorsed by the designees and should there be a change in personnel, a new endorsement certificate may be made and kept on file in the Board office; filed with any other necessary office of City government; or any agencies involved in processing LACERS' investment transactions and custodial responsibilities for the securities of LACERS. The proposed resolution will supersede any previously adopted resolutions related to General Manager Designee signature authority and is effective upon adoption.

1. Assistant General Manager(s) – for the approval of contracts in compliance with the contracting limitations established in the LACC; approval of expenditures; and approval of benefit payments and related transactions;

2. Chief Management Analyst of Administration Division (AD) – for the approval of contracts in compliance with the contracting limitations established in the LACC; for the approval of service purchase contracts, certifications of service, and related transactions, and approval of expenditures within the authorized AD budget and Performance Management Office. The Chief Management Analyst may delegate to the Senior Management Analysts I and II in the Administrative Services Office the approval of expenditures within the established thresholds specified in the memorandum submitted to the Chief Accounting Employee of LACERS.

3. Chief Benefits Analyst of Health, Wellness, and Buyback Division (HWABD) – for the approval of benefit payments and related transactions; and approval of expenditures within the authorized HWABD budget. The Chief Benefits Analyst may delegate to the Senior Benefits Analysts I and II in the Health, Wellness, and Buyback Division's the approval of expenditures within the established thresholds specified in the memorandum submitted to the Chief Accounting Employee of LACERS. The Chief Benefits Analyst may further delegate to the Senior Benefits Analysts I and II in the Service Purchase Section the approval and execution of service purchase contracts, certifications of service, and related transactions.

4. Chief Benefits Analyst of Retirement Services Division (RSD) – for the approval of benefit payments and related transactions; and approval of expenditures within the authorized RSD budget. The Chief Benefits Analyst may delegate to the Senior Benefits Analyst IIs in the Retirement Services Division's the approval of expenditures within the established thresholds specified in the memorandum submitted to the Chief Accounting Employee of LACERS.

5. Information Systems Manager – for the approval of expenditures within the authorized Systems Division budget.

6. Chief Investment Officer or Investment Officer III – for the approval of investment transactions required within the scope of the contracts approved by the Board; and approval of expenditures within the authorized Investment Division budget.

7. Member Services Manager – for the approval of expenditures within the authorized Member Services Section budget.

8. Departmental Personnel Director – for the approval of expenditures within the authorized Human Resources budget.

9. Departmental Audit Manager – for the approval of expenditures within the authorized Internal Audit budget.

10. Active Member Accounts & Member Stewardship Unit Manager (AMA-MSU) – for the approval of expenditures within the authorized AMA-MSU budget and the Actuarial program budget.

11. Systems Operations Support Manager (SOS) – for the approval of expenditures within the authorized SOS budget.

Endorsed: ____
Todd Bouey
Assistant General Manager

Endorsed: ____
Dale Wong-Nguyen
Assistant General Manager

Endorsed: ________________________________
Isaias Cantú
Chief Management Analyst of Administration Division

Endorsed: ________________________________
Ferralyn Sneed
Chief Benefits Analyst of Retirement Services Division

Endorsed: ________________________________
Karen Freire
Chief Benefits Analyst of Health, Wellness, and Buyback Division

Endorsed: ________________________________
Rodney June
Chief Investment Officer

Endorsed: ________________________________
Thomas Ma
Information System Manager II

Endorsed: ________________________________
Bryan Fujita
Investment Officer III

Endorsed: ________________________________
Wilkin Ly
Investment Officer III

Endorsed: ________________________________
John Koontz
Senior Management Analyst II

Endorsed: ________________________________
Edeliza Fang
Senior Benefits Analyst II

Endorsed: ________________________________
Ann Seales
Senior Benefits Analyst II

Endorsed: ________________________________
Delia Hernandez
Senior Benefits Analyst II

Endorsed: ________________________________
Taneda Larios
Senior Benefits Analyst II

Endorsed: ______________________________
Lin Lin
Departmental Personnel Director

Endorsed: ______________________________
Melanie Rejuso
Departmental Audit Manager

Endorsed: ______________________________
Edwin Avanessian
Senior Benefits Analyst II

Endorsed: ______________________________
Lauren McCall
Senior Benefits Analyst II

Endorsed: ______________________________
Heather Ramirez
Senior Benefits Analyst I

Endorsed: ______________________________
Horacio Arroyo
Senior Management Analyst I

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION
From: Neil M. Guglielmo, General Manager

MEETING: FEBRUARY 22, 2022
ITEM: VII – B

SUBJECT: **COST-OF-LIVING ADJUSTMENT FOR JULY 2022 AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board adopt a 3% cost-of-living-adjustment for Tier 1 and Tier 1 Enhanced Members, and a 2% cost-of-living adjustment for Tier 3 Members, as detailed in the attached schedule prepared by LACERS' consulting actuary, to be effective July 1, 2022.

Executive Summary

On July 1 of each year, eligible retired Members and beneficiaries may receive a cost-of-living adjustment (COLA) to their benefits, determined in accordance with the Los Angeles Administrative Code (LAAC). The COLA is based on the average annual percentage change in the Consumer Price Index (CPI) for the Los Angeles area for the previous calendar year, and is subject to the limitations in the LAAC § 4.1022 for Tier 1 and § 4.1080.17 for Tier 3. According to the Federal Bureau of Labor Statistics, the annual average CPI for Los Angeles area increased 3.8% in 2021. However, due to LAAC limitations, Tier 1 and Tier 1 Enhanced will receive 3% COLA, while Tier 3 will receive 2% COLA effective July 1, 2022.

Discussion

In any given year, Tier 1 and Tier I Enhanced Members are eligible for a maximum increase of 3% COLA (LAAC § 4.1022 for Tier 1)[1]. In addition, Tier 1 and Tier 1 Enhanced participants are entitled to receive and accumulate the excess amount (known as "Excess COLA") whenever the CPI change is greater than the maximum limit of 3% in any year. Based on the 3.8% CPI increase for 2021, Tier 1 and Tier 1 Enhanced participants will receive the maximum of 3% increase, with the remaining excess COLA of 0.8% (i.e., 3.8%-3.0%) banked for future use. Since Tier 3 COLA benefit is capped at 2.0% (LAAC § 4.1080.17) and there is no banked benefit, Tier 3 participants will receive 2% COLA effective July 1, 2022.

[1] Tier 1 Enhanced Members are Tier 1 Airport Peace Officers (including certain fire fighters) appointed to their positions before January 7, 2018 who elected to remain in Tier 1 with LACERS after January 6, 2018.

The COLA benefits effective July 1, 2022 are summarized in the table below, and are further detailed in the attached letter from LACERS' consulting actuary.

Membership	**Initial Retirement Date**	**COLA Limitation** *(LAAC § 4.1022 & § 4.1080.17)*	**COLA Effective July 1, 2022**
Tier 1 and Tier 1 Enhanced participants and beneficiaries	On or before June 30, 2021	• 3.0% maximum increase • Excess COLA will be banked (i.e., added to existing accumulated COLA balance, see attached schedule).	3.0%
Tier 1 and Tier 1 Enhanced participants and beneficiaries with less than one full year of retirement	July 1, 2021 to June 30, 2022	• Prorated COLA increase of 1/12th for each full month of retirement • Excess will not be banked for less than one full year of retirement	1/12th of 3.0% each full month retired
Tier 3 participants and beneficiaries	On or before June 30, 2021	• 2.0% maximum increase • No COLA Bank	2.0%
Tier 3 participants and beneficiaries with less than one full year of retirement	July 1, 2021 to June 30, 2022	• Prorated COLA increase of 1/12th for each full month of retirement • No COLA Bank	1/12th of 2.0% each full month retired

Strategic Alignment

The Board's action on this item aligns with the Benefit Delivery Goal by ensuring accurate payment of benefits in accordance with plan documents codified in the Los Angeles Administrative Code.

Prepared By: Rahoof "Wally" Oyewole, Departmental Chief Accountant

NG:TB:RO

Attachment 1: Segal Letter Dated February 1, 2022 with COLA schedule

Segal

Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary
T 415.263.8283
ayeung@segalco.com

180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
segalco.com

BOARD Meeting: 02/22/22
Item VII-B
Attachment 1

Via Email

February 1, 2022

Mr. Neil Guglielmo
General Manager
Los Angeles City Employees' Retirement System
P.O. Box 512218
Los Angeles, CA 90051-0218

Re: Los Angeles City Employees' Retirement System (LACERS)
Cost-of-Living Bank as of July 1, 2022

Dear Neil:

We have prepared a schedule showing the accumulated banked benefits for the System's retirees and beneficiaries reflecting the cost-of-living adjustments as of July 1, 2022.

The annual average CPI increased from 278.567 in 2020 to 289.244 in 2021, an increase of 3.8% (rounded to the nearest one-tenth of one percent). This figure was determined by using the Consumer Price Index (CPI) for all Urban Consumers in the Los Angeles-Long Beach-Anaheim Area, as published by the Bureau of Labor Statistics.

Note that participants with membership dates on and after February 21, 2016 were placed in Tier 3, unless the participant qualified for Tier 1 membership. Participants in Tier 3 are entitled to a maximum of 2% COLA provision after retirement (instead of a maximum of 3% COLA provision for Tier 1 and Tier 1 Enhanced[1]). In addition, excess COLA will not be banked under the Tier 3 provision and all Tier 3 retirees and beneficiaries will receive the same COLA regardless of retirement date.

The schedule in Exhibit A contains four columns for Tier 1 and Tier 1 Enhanced participants:

Column 1. Accumulated Banked Benefits as of July 1, 2021. This data was obtained from a similar schedule we prepared last year.

Column 2. Actual average CPI increase of 3.8%.

Column 3. Cost-of-living increase granted as of July 1, 2022, for a full year of retirement.

Column 4. Accumulated Banked Benefits as of July 1, 2022. (Column (1) + Column (2) - Column (3), but limited to no less than 0%)

[1] Tier 1 Enhanced is for all Tier 1 Airport Peace Officers (including certain fire fighters) appointed to their positions before January 7, 2018 who elected to remain at LACERS after January 6, 2018, and who paid their mandatory additional contribution of $5,700 to LACERS before January 8, 2019, or prior to their retirement date, whichever was earlier.

As shown in Exhibit A, the cost-of-living increase as of July 1, 2022 for Tier 1 and Tier 1 Enhanced participants with an initial retirement date on or before June 30, 2021 is the full 3.0% maximum increase permitted by the Administrative Code. The difference between 3.8% and 3.0%, or 0.8%, will increase the accumulated bank for each of these participants for future COLA increases.

For Tier 1 and Tier 1 Enhanced participants with an initial retirement date between July 1, 2021 and June 30, 2022, the full cost-of-living increase as of July 1, 2022 will be 3.0% but COLA benefits for partial year retirements will be pro-rated. The accumulated bank for these participants will be 0% as of July 1, 2022.[2]

For Tier 3 participants, the cost-of-living increase as of July 1, 2022 will be 2.0% regardless of retirement date as shown in Exhibit B.

Please give us a call if you have any questions.

Sincerely,

Andy Yeung

Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary

bts/bbf
Attachments

cc: Edwin Avanessian
Todd Bouey

[2] Except for July 1, 2021 retirees, whose accumulated banks as of July 1, 2022 will be 0.8%

Segal

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
COST-OF-LIVING INCREASES AND ACCUMULATED BANKED BENEFITS
As of July 1, 2022

Exhibit A
Tier 1 and Tier 1 Enhanced Participants

Initial Retirement Date			July 1, 2021 Accumulated Banked Benefits (1)	Increase in the Annual Average CPI (2)	COLA* (3)	July 1, 2022 Accumulated Banked Benefits (4)
On or Before 07/01/1978			14.500%	3.800%	3.000%	15.300%
07/02/1978	to	07/01/1979	10.250%	3.800%	3.000%	11.050%
07/02/1979	to	08/01/1979	5.644%	3.800%	3.000%	6.444%
08/02/1979	to	09/01/1979	5.839%	3.800%	3.000%	6.639%
09/02/1979	to	10/01/1979	6.033%	3.800%	3.000%	6.833%
10/02/1979	to	11/01/1979	6.228%	3.800%	3.000%	7.028%
11/02/1979	to	12/01/1979	6.422%	3.800%	3.000%	7.222%
12/02/1979	to	01/01/1980	6.617%	3.800%	3.000%	7.417%
01/02/1980	to	02/01/1980	6.811%	3.800%	3.000%	7.611%
02/02/1980	to	03/01/1980	7.006%	3.800%	3.000%	7.806%
03/02/1980	to	04/01/1980	7.200%	3.800%	3.000%	8.000%
04/02/1980	to	05/01/1980	7.394%	3.800%	3.000%	8.194%
05/02/1980	to	06/01/1980	7.589%	3.800%	3.000%	8.389%
06/02/1980	to	07/01/1980	7.783%	3.800%	3.000%	8.583%
07/02/1980	to	06/30/2018	0.000%	3.800%	3.000%	0.800%
07/01/2018	to	06/30/2021	0.000%	3.800%	3.000%	0.800%
07/01/2021 **	to	06/30/2022		3.800%	3.000%	0.000%

* COLA benefits for partial year retirements are pro-rated.

** Only those retirees (or continuing survivors) whose benefits commenced on July 1 and continued through June 30 receive a COLA bank in years of excess CPI. For initial retirement dates starting July 1, 2018 and later, the COLA bank for a July 1 retiree (or continuing survivor) is shown on the row above. For example, the July 1, 2021 COLA bank for a July 1, 2018 retiree (or continuing survivor) is 0.000% (i.e., from the 07/02/1980 to 06/30/2018 row) and such retiree (or continuing survivor) would receive a July 1, 2022 COLA of 3.000%. The July 1, 2022 COLA bank for such retiree (or continuing survivor) would be increased to 0.800%.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
COST-OF-LIVING INCREASES
As of July 1, 2022

Exhibit B
Tier 3 Participants

	Increase in the Annual Average CPI	COLA*
All Tier 3 Participants Retired on or before 06/30/2022	3.800%	2.000%

* COLA benefits for partial year retirements are pro-rated.

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Board Mtg: 02/22/22
Item No.: VIII-A

MICHAEL N. FEUER
City Attorney

DATE: February 22, 2022

TO: Board of Administration of the Los Angeles City Employees' Retirement System

FROM: Anya Freedman, Assistant City Attorney AJF
Joshua Geller, Deputy City Attorney JMG

CC: Neil Guglielmo, General Manager

SUBJECT: Approval of One-Year Extensions to Outside Counsel Contracts with Foley & Lardner LLP and Polsinelli LLP for Health Law, Data Privacy, and Cybersecurity

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RECOMMENDATIONS

We recommend the Board:

1. Amend LACERS' existing outside counsel contracts with Foley & Lardner LLP and Polsinelli LLP for health law, data privacy, and cybersecurity to extend the terms by one year, to expire on November 30, 2023, and set a maximum expenditure ceiling of $165,000 per contract to provide maximum flexibility under the Administrative Code; and

2. Authorize the General Manager to execute the extensions on behalf of the Board, subject to the approval of the City Attorney's Office as to form; and

3. Request that the Public Pensions General Counsel Division and Staff report back to the Board on or before May 9, 2023, with a recommendation whether to negotiate further extensions or publish a Request for Proposals.

BACKGROUND

2019 RFP Process and Engagement

In 2019, with the Board's approval, the Public Pensions General Counsel Division issued a Request for Proposals (RFP) for outside counsel with expertise in health law, data privacy, and cybersecurity law to assist our Office in advising and representing the Plan. To our knowledge, this was the first time the Plan has conducted a competitive solicitation for outside data privacy and cybersecurity counsel, and we believe the decision to partner with such specialized firms reflects the prudent, forward-looking stewardship of the Board in assuring that the Plan, the Board, and our Office have access to counsel with this specialized expertise in order to minimize liability and protect the privacy of the Plan's membership.

The RFP yielded ten proposals: (1) Foley & Lardner; (2) Polsinelli; (3) Perkins Coie; (4) Hanson Bridgett; (5) Clark Hill; (6) Groom Law; (7) Lewis Brisbois; (8) Reed Smith; (9) Nossaman; and (10) Orrick, Herrington & Sutcliffe jointly with Hogan Marren Babbo and Rose (HMBR).

Together with a panel made up of Division attorneys and Plan Staff—General Manager Neil Guglielmo and Assistant General Manager Todd Bouey represented LACERS—we reviewed the proposals and conducted interviews with the following firms: (1) Foley & Lardner; (2) Polsinelli; (3) Orrick/HMBR; (4) Hanson Bridgett; (5) Perkins Coie; and (6) Reed Smith.[1]

Ultimately, the Board selected Foley & Lardner LLP and Polsinelli LLP. The firms were engaged for three-year contracts, which are now set to expire November 30, 2022.[2]

Firms' Performance to Date

Following their selection, our Office has been satisfied with both current outside counsel firms and believe they provide complementary expertise and skill sets to the Plan. Staff has been satisfied with the work performed by Foley & Lardner but have not yet had the opportunity to work with Polsinelli. The firms are available to provide advice to the Plan on discrete questions concerning data privacy, breach response planning, and compliance with applicable medical privacy laws, as they relate to the administration of member benefits and issues that arise in data management and information security of pension administration systems and other technological support. Consistent with our practices for managing outside counsel, we request not to exceed budgets from each firm, and consider these proposals and the particular competencies of each firm for a discrete project, before reaching consensus with Plan Staff and making a project assignment to one of the firms. This has been an effective way to control costs and ensure that each firm on the bench has the opportunity to work on Plan assignments well-suited to their expertise.

During the contract term to date, Foley has advised the Plan and provided Board education on matters including cybersecurity best practices and cyberliability insurance and has recently begun a new project to advise LACERS on applicable medical privacy laws. We anticipate having the opportunity to work with Polsinelli in the near future, particularly on prospective assignments like a tabletop breach response exercise and IT security, on which the firm has already assisted LACERS' sister plan, LAFPP. All of these projects have assisted the Board and Plan Staff in

[1] The panel declined to interview the remaining bidders because their RFP responses demonstrated insufficient expertise in the required practice areas. Perkins Coie was later rejected for having a non-waivable client conflict.

[2] While the Board also approved a three-year contract with Orrick/HMBR, Sheila Sokolowski, the lead partner from HMBR, left the firm shortly after the contract was approved. Without Ms. Sokolowski's expertise in health law and medical privacy, the Orrick team alone is not able to provide comprehensive advice across cybersecurity, privacy, and health law practice areas. As a result, we have not engaged Orrick to perform any work to date, and we recommend letting that contract expire at the end of the initial term on November 30, 2022.

fulfilling their fiduciary duties to pension system members and reducing the Plan's overall liability. Both firms have consistently provided high quality services at reasonable cost.

As stated above, Foley & Lardner has advised LACERS on discrete projects during this contract term. The following table provides a brief description of each project and associated costs:

Firm	Project	Expense
Foley & Lardner	Cyber0 insurance advice	$1414.50 (as billed)
Foley & Lardner	Cybersecurity Presentation to the Board (2021)	$7,500.00 (not to exceed budget, as quoted)
Foley & Lardner	HIPAA Applicability and Compliance (2022)	$19,500 (not to exceed budget, as quoted)

Administrative Code Contracting Requirements

In contrast to investment and actuarial contracts, which fall within the Board's plenary authority under the California Constitution, article 16, section 17, and City Charter Section 1106, outside counsel contracts are subject to the City's general contracting and procurement laws, including the general requirement that any contract for a term longer than three years be competitively bid or approved for a longer term by the City Council. However, the Administrative Code permits, as an exception to this general limit, the parties to a three-year contract to extend that contract if the extension is no more than one year and if the extension is not anticipated to result in annual expenditures above the statutory limit of approximately $165,000 per contract. *See* L.A. Admin. Code § 10.5(b)(2).

DISCUSSION

1. Extending the Current Data Privacy and Health Law Counsel Contracts Is Prudent Because the Current Firms Were Engaged Following a Robust Competitive Process and Are Performing Well for the Plan

Foley and Polsinelli were engaged following a robust competitive solicitation process, are performing well, and are well qualified to continue representing the Plan on data privacy and health law matters for at least one additional contract year. Staff and our division attorneys have been consistently satisfied with the firms' expertise, work quality, and dedication to client service.

In light of the overall satisfaction with current outside counsel, and the time and resources that would be required to conduct another RFP process this year, we believe it is prudent to extend the current contracts rather than issue an RFP for outside data privacy and health law counsel in 2022.[3]

[3] As the Board is aware, our Division will be assisting the Plan to conduct two other outside counsel RFPs this year: for Tax Counsel, which just concluded in the Board's approval of contracts on February 8 2022, and for Securities Monitoring and Litigation Counsel, which will be published February 14, 2022, and which will be a time intensive competitive process culminating in the Board's final consideration and approval in June, 2022.

2. The Proposed Extensions Are Permitted Under the Administrative Code Because the Expenditure Limit Is Well Below the Statutory Threshold

Each current contract has an expenditure limit of $300,000 over a three-year term. However, the budget allocation for these specialized outside counsel services for the current fiscal year is $25,000, and we would recommend increasing that amount to $50,000 for FY22-23 based on anticipated needs. Therefore, we recommend that the Board extend each contract for one-year beyond the current expiration date, with an annual expenditure limit of $165,000 (the statutory ceiling) for the extension term.[4] *See* L.A. Admin. Code § 10.5(b)(2). We will return to the Board in Spring of 2023 to make a consensus recommendation with Staff, whether to conduct an RFP or extend the contracts for an additional one-year term.

CONCLUSION

For the reasons stated above, we recommend that the Board extend its current outside counsel contracts with Foley & Lardner and Polsinelli for health law, data privacy, and cybersecurity services for one year, through November 30, 2023, and reconsider the publication of a new RFP in 2023.

AJF/JMG:np

[4] The annual limit for FY 21-22 is $169,418, which will be increased again in August 2022 before these contracts expire.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee
Sung Won Sohn, Chair
Elizabeth Lee
Nilza R. Serrano

MEETING: FEBRUARY 22, 2022
ITEM: IX – B

SUBJECT: **INVESTMENT MANAGER CONTRACT WITH MFS INSTITUTIONAL ADVISORS, INC. REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS GROWTH PORTFOLIO AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board:

1. Approve a three-year contract renewal with MFS Institutional Advisors, Inc. for management of an active non-U.S. equities developed markets growth portfolio.

2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On February 8, 2022, the Committee considered the attached staff report (Attachment 1) recommending a three-year contract renewal with MFS Institutional Advisors, Inc. (MFS). The Board hired MFS through the 2013 Active Non-U.S. Equities Developed Markets manager search and authorized a three-year contract on June 11, 2013. The contract became effective on October 2, 2013; the current contract term expires on September 30, 2022. LACERS' portfolio was valued at $590 million as of February 1, 2022. Since inception through September 30, 2021, LACERS paid MFS a total of $19.5 million in investment management fees. Representatives of MFS most recently presented a portfolio review to the Committee on September 14, 2021.

The Committee inquired about the timing of the next request for proposal search process for this mandate and about negotiating lower fees for the next contract term. Staff responded that a manager search is anticipated within the next several years and that a more favorable fee structure is in process of being finalized. Based on the discussion and responses by staff, the Committee concurred with the recommendation by staff and NEPC, LLC, LACERS' General Fund Consultant.

Strategic Plan Impact Statement

A contract renewal with MFS will allow the fund to maintain a diversified exposure to non-U.S. equities developed markets, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's profile, strategy, performance, and management fee structure is consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Ellen Chen, Investment Officer I, Investment Division

NMG/RJ/BF/EC:jp

Attachments: 1. Investment Committee Recommendation Report dated February 8, 2022
2. Proposed Resolution

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: FEBRUARY 8, 2022**
From: Neil M. Guglielmo, General Manager **ITEM: V**

SUBJECT: **INVESTMENT MANAGER CONTRACT WITH MFS INSTITUTIONAL ADVISORS, INC. REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS GROWTH PORTFOLIO AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Committee recommend to the Board a three-year contract renewal with MFS Institutional Advisors, Inc. for management of an active non-U.S. equities developed markets growth portfolio.

Executive Summary

MFS Institutional Advisors, Inc. (MFS) has managed an active non-U.S. equities developed markets growth portfolio for LACERS since October 2013. LACERS' portfolio was valued at $625 million as of December 31, 2021. MFS is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal.

Discussion

Background
MFS manages an active non-U.S. equities developed markets growth portfolio for LACERS benchmarked against the MSCI World ex-U.S. Growth Index. MFS employs a research-based investment strategy that focuses on companies with long-term, above-average growth. The portfolio is managed by a team of portfolio managers including Matthew Barrett (26 years of experience), Kevin Dwan (24 years of experience), Brett Fleishman (25 years of experience), and Gregory Johnsen (36 years of experience). LACERS' portfolio was valued at $625 million as of December 31, 2021.

The Board hired MFS through the 2013 Active Non-U.S. Equities Developed Markets investment manager search process and authorized a three-year contract on June 11, 2013; the contract became effective on October 2, 2013. Subsequently, the Board authorized three-year contract renewals on June 28, 2016 and on June 11, 2019. The current contract expires on September 30, 2022. Representatives of MFS presented a portfolio review to the Investment Committee on September 14, 2021.

Organization
MFS is a global investment management firm with offices in Boston, Hong Kong, London, Mexico City, Sao Paulo, Singapore, Sydney, Tokyo, and Toronto. The firm is majority owned by Sun Life Financial of Canada (U.S.) Financial Services Holdings, Inc. (a subsidiary of Sun Life Financial, Inc.) and has over 1,993 employees, with 305 investment professionals. As of December 31, 2021, the firm managed over $693 billion in total assets with over $26 billion in the non-U.S. growth equity strategy.

Due Diligence
MFS' investment philosophy, strategy, and process have not changed over the contract period. In October 2019, David Antonelli, Vice Chair of MFS and Portfolio Manager, announced his retirement after 30 years at MFS; he officially retired on April 15, 2021. Staff and NEPC determined Mr. Antonelli's retirement to have no adverse impact to the non-U.S. growth equity strategy due to MFS' succession planning, team-based approach to portfolio management, and experience of the current portfolio managers.

Performance
As of December 31, 2021, MFS has outperformed the benchmark over the 3-month, 5-year, 7-year, and since inception periods, as presented in the table below. MFS is in compliance with the LACERS Manager Monitoring Policy.

Annualized Performance as of 12/31/21 (Net-of-Fees)							
	3-Month	1-Year	2-Year	3-Year	5-Year	7-Year	Since Inception[1]
MFS	4.61	10.58	12.34	17.24	14.14	10.51	8.59
MSCI World ex-U.S. Growth	4.27	11.57	14.94	19.11	13.37	9.34	7.83
% of Excess Return	*0.34*	*-0.99*	*-2.60*	*-1.87*	*0.77*	*1.17*	*0.76*

[1]*Performance inception date: 10/31/13.*

Calendar year performance is presented in the table below as supplemental information.

Calendar Year Performance as of 12/31/21 (Net-of-Fees)									
	2021	2020	2019	2018	2017	2016	2015	2014	10/31/13-12/31/13
MFS	10.58	14.13	27.69	-8.91	32.00	1.93	1.90	-4.52	1.97
MSCI World ex-U.S. Growth	11.57	18.41	27.92	-13.14	27.61	-1.87	1.65	-3.26	2.39
% of Excess Return	*-0.99*	*-4.28*	*-0.23*	*4.23*	*4.39*	*3.80*	*0.25*	*-1.26*	*-0.42*

Fees
LACERS pays MFS an effective fee of 42 basis points (0.42%), which is approximately $2,625,000 annually based on the value of LACERS' assets as of December 31, 2021. This fee ranks in the 10th percentile of fees charged by similar managers in the eVestment database (i.e., 90% of like-managers

have higher fees). Since inception, LACERS has paid MFS a total of $19.5 million in investment management fees as of September 30, 2021.

General Fund Consultant Opinion
NEPC concurs with this recommendation.

Strategic Plan Impact Statement

A contract renewal with MFS will allow the fund to maintain a diversified exposure to the non-U.S. equities developed markets, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's organization, strategy, performance, and management fee structure aligns with the Strategic Plan Goal to uphold good governance practices that affirm transparency, accountability, and fiduciary duty (Goal V).

Prepared By: Ellen Chen, Investment Officer I, Investment Division

NMG/RJ/BF/EC:rm

Attachment: 1. Consultant Recommendation – NEPC, LLC

To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: January 24, 2022

Subject: MFS Investment Management – Contract Extension

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) extend the contract that is currently in place with MFS Investment Management ('MFS') for a period of three years from the date of contract expiry.

Background

MFS was hired into the Non-U.S. Equity asset class in 2013 to provide the Plan with public equity exposure across international developed countries/markets. The portfolio's strategy is benchmarked against the MSCI World ex USA Growth Index and has a performance inception date of October 31, 2013. As of November 30, 2021, MFS managed $598.8 million, or 2.5% of Plan assets in an international developed markets separately managed account. The performance objective is to outperform the MSCI World ex USA Index, net of fees, annualized over a full market cycle (normally three-to-five years). The MFS account is currently in good standing according to LACERS' manager monitoring policy.

Massachusetts Financial Services Company, commonly known as MFS Investment Management or MFS, has a history of money management dating back to 1924, when it created the first open-end U.S. mutual fund, Massachusetts Investors Trust. In 1932, MFS established one of the first in-house research departments in the investment management business. MFS and its predecessor organizations have been registered as an investment adviser under the Investment Advisers Act of 1940 (the "Advisers Act") since 1969, and began managing its first tax-exempt account in 1970. MFS subsequently formed a separate subsidiary, MFS Institutional Advisors, Inc., which registered as an investment adviser under the Advisers Act in 1994. MFS is a majority owned subsidiary of Sun Life of Canada (U.S.) Financial Services Holdings, Inc., which in turn is an indirect majority-owned subsidiary of Sun Life Financial, Inc. (a diversified financial services organization). MFS has been a subsidiary of Sun Life since 1982. While MFS operates with considerable autonomy, this partnership offers additional resources as it continues to expand its global research presence. As of December 31, 2021 the firm's assets under management totaled $692.57 billion.

In 1996 MFS initiated an equity compensation program. The equity compensation program provides for the grant of long-term incentive awards to MFS senior management, investment personnel and other key employees who assist in the growth and financial success of the firm. The program permits the issuance of both restricted stock and stock options as equity-based awards up to a maximum of 20% of the fully diluted capital stock of MFS, and 2.5% of the fully diluted capital stock of MFS' immediate parent entity, Sun Life of Canada (US) Financial Services Holdings, Inc.

The International Growth Equity team includes Portfolio Managers Matthew Barrett, Kevin Dwan, and Institutional Portfolio Manager Brett Fleishman. Matthew joined MFS in 2000 as an equity research analyst and joined the International Growth Equity team as a portfolio manager in 2015. Kevin joined MFS in 2005 as an equity research analyst and became a portfolio manager for International Growth Equity in 2012. Brett joined MFS in 2001 as a research analyst and has worked on the International Growth Equity strategy as an investment product specialist since 2002 and as an institutional portfolio manager since 2008. David Antonelli, Vice Chairman and Portfolio Manager on the strategy retired in April of 2021.

The International Growth Equity team's investment process encompasses three critical steps: idea generation, fundamental research and analysis and portfolio construction. Idea generation reduces the investable universe to approximately 70-100 companies and is supported by the firm’s global research platform. The analysts on the platform are organized into eight international sector teams that include capital goods, consumer cyclicals, consumer staples, energy, financial services, health care, technology, and telecommunications & cable. The sector-team structure facilitates the sharing of information across geographies, as well as asset classes, resulting process that aims to be highly collaborative and integrated leveraging all the research by MFS. The portfolio construction process is conducted based on bottom-up, fundamental research. MFS determines position size in the portfolio based on the security's upside potential as compared to its downside risk and level of conviction in the idea. Sector, industry, country and regional weightings are the residual of the bottom-up stock selection process, rather than the result of any top-down, macroeconomic outlook.

Performance

Referring to Exhibit 1, since inception, the MFS portfolio outperformed the MSCI World ex USA Growth Index by 0.72%, returning 8.09%, net of fees, ending November 30, 2021. For 5 years ended November 30, 2021, the portfolio outperformed the benchmark by 0.81% returning 13.71%. Referring to Exhibit 2, since inception ended September 30, 2021, the portfolio outperformed the index by 0.73 % and ranked in the 43rd percentile in its peer group. Over the past five-years, ended September 30, 2021, the portfolio outperformed its benchmark by 0.77% and ranked in the 59th percentile among its peers. Referring to Exhibit 3, underperformance over the shorter time has eroded prior-period cumulative gains, however, gains against the benchmark still persist at a healthy level. This period of underperformance has been driven by stock selection in the Financials and Information Technology sectors and is an outcome of the strategy’s focus on quality and fundamental research.

Fees

The MFS portfolio has an asset-based fee of 0.42% annually. The fee ranks in the 10th percentile among its peers in the eVestment EAFE All Cap Growth universe. In other words, 90% products included in the peer universe have a higher fee than the LACERS account.

Conclusion

MFS has performed well against its benchmark since inception and over the trailing 5 years. Over shorter periods of time MFS has struggled to outperform its benchmark. The firm has a well-established, stable team in place, in addition to executing well against its stated investment objectives. The portfolio’s investment process and philosophy prioritizes quality, growth and fundamental research, which we believe can be well suited for long-term success. NEPC recommends a contract extension for a period of three years from the period of contract expiry.

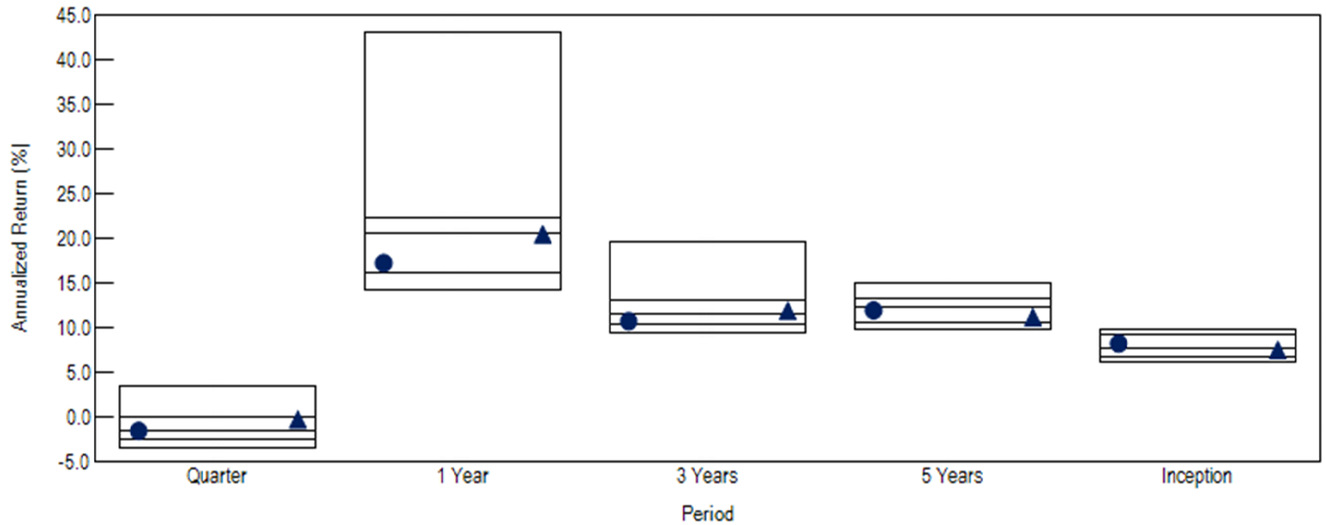
The following tables provide specific net of fees performance information, as referenced above.

Exhibit 1: Performance Net of Fees Ending November 30, 2021

	Ending November 30, 2021						
	Market Value($)	3 Mo(%)	1 Yr(%)	3 Yrs(%)	5 Yrs(%)	Inception (%)	Inception Date
MFS Institutional Advisors	598,794,978	-3.47	10.68	13.9	13.71	8.09	13-Oct
MSCI World ex USA Growth NR USD		-3.93	12.27	15.48	12.9	7.37	13-Oct
Excess		0.46	-1.59	-1.58	0.81	0.72	

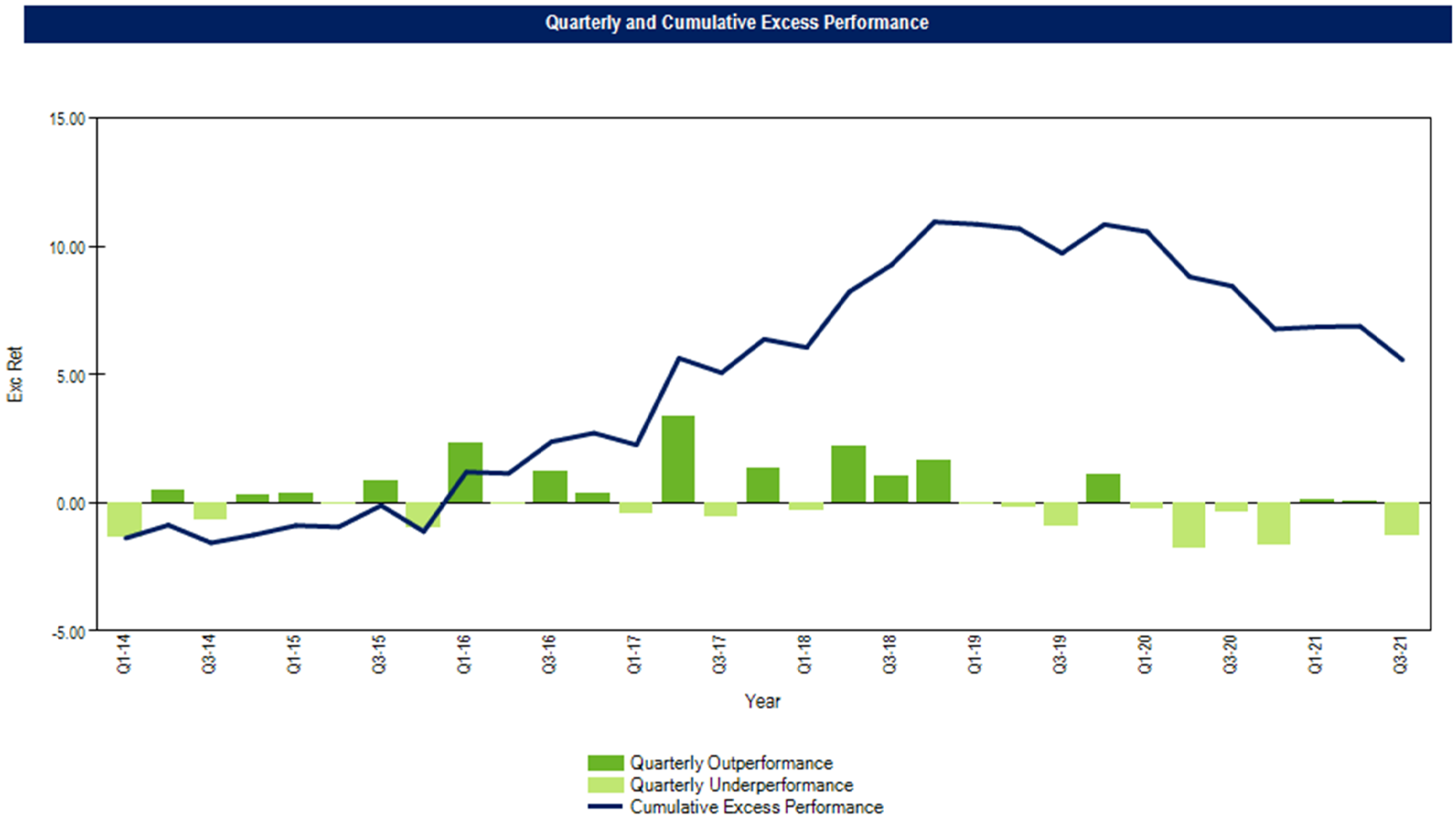
Exhibit 2: Portfolio Performance Universe Summary

eV EAFE All Cap Growth Net Return Comparison
Ending September 30, 2021



	Return (Rank)									
5th Percentile	3.47		43.16		19.68		15.08		9.77	
25th Percentile	0.06		22.35		13.19		13.30		9.19	
Median	-1.59		20.53		11.49		12.28		7.79	
75th Percentile	-2.52		16.21		10.34		10.67		6.74	
95th Percentile	-3.45		14.28		9.47		9.75		6.17	
# of Portfolios	15		15		15		14		13	
● MFS Institutional Advisors	-1.56	(50)	17.29	(64)	10.75	(57)	11.98	(59)	8.25	(43)
▲ MSCI World ex USA Growth NR USD	-0.25	(37)	20.50	(51)	11.92	(42)	11.21	(67)	7.52	(67)

Exhibit 3: Cumulative Excess Performance by Quarter



CONTRACT RENEWAL
MFS INSTITUTIONAL ADVISORS, INC.
ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS GROWTH
PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current three-year contract term with MFS Institutional Advisors, Inc. (MFS) for active non-U.S. equities developed markets growth portfolio management expires on September 30, 2022; and,

WHEREAS, MFS is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a three-year contract renewal with MFS will allow the fund to maintain a diversified exposure to the non-U.S. equities developed markets; and,

WHEREAS, on February 22, 2022, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name:	MFS Institutional Advisors, Inc.
Service Provided:	Active Non-U.S. Equities Developed Markets Growth Portfolio Management
Effective Dates:	October 1, 2022 through September 30, 2025
Duration:	Three years
Benchmark:	MSCI World ex-U.S. Growth Index
Allocation as of February 1, 2022:	$590 million

February 22, 2022

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee
Sung Won Sohn, Chair
Elizabeth Lee
Nilza R. Serrano

MEETING: FEBRUARY 22, 2022
ITEM: IX – C

SUBJECT: **REAL ESTATE CONSULTANT CONTRACT WITH TOWNSEND HOLDINGS LLC AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board:

1. Authorize a one-year contract extension with Townsend Holdings LLC.

2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On February 8, 2022, the Committee considered the attached staff report (Attachment 1) recommending a one-year contract extension with Townsend Holdings LLC (Townsend) for real estate consulting services. The contract with Townsend became effective April 1, 2017 and expires on March 31, 2022.

Staff discussed the current Real Estate Consultant Request for Proposal (RFP), which was approved by the Board on August 24, 2021. To accommodate the proposed RFP timeline, which extends beyond the expiration date of Townsend's current contract term, staff recommended an extension to Townsend's contract for up to one year to ensure continued consultant coverage during the RFP search process; this proposed contract extension would expire on March 31, 2023. During the one-year contract extension period, there will be no change to the annual fee of $215,000. The Committee concurred with the staff recommendation.

Strategic Plan Impact Statement

The real estate consultant assists LACERS in building a diversified private real estate portfolio to help the fund optimize long-term risk adjusted returns (Goal IV). Implementing a competitive bidding process by issuing an RFP upholds good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V).

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

NMG/RJ/BF/WL/EP:jp

Attachments:
1. Investment Committee Recommendation Report dated February 8, 2022
2. Proposed Resolution

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE
From: Neil M. Guglielmo, General Manager

MEETING: FEBRUARY 8, 2022
ITEM: VI

SUBJECT: **REAL ESTATE CONSULTANT CONTRACT WITH TOWNSEND HOLDINGS LLC AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Committee recommend to the Board a one-year contract extension with Townsend Holdings LLC.

Discussion

The Board hired Townsend Holdings LLC (Townsend) on November 26, 2013, to serve as LACERS' Real Estate Consultant under a three-year contract, which became effective on April 1, 2014. Subsequently, on November 15, 2016, the Board approved a five-year contract extension that expires on March 31, 2022.

On August 24, 2021, the Board approved a Real Estate Consultant Request for Proposal (RFP) to evaluate the marketplace of real estate consultants. To accommodate the proposed RFP timeline, which extends beyond the expiration date of Townsend's contract, staff recommends an extension to Townsend's contract for up to one year to ensure continued consultant coverage during the RFP search process; this proposed contract extension would expire on March 31, 2023. The current contract includes a 30-day termination provision in the event that another real estate consultant is selected as a result of the RFP process.

Strategic Plan Impact Statement

The real estate consultant assists LACERS in building a diversified private real estate portfolio to help the fund optimize long-term risk adjusted returns (Goal IV). Implementing a competitive bidding process by issuing an RFP upholds good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V).

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

NMG/RJ/BF/WL/EP:rm

CONTRACT EXTENSION
TOWNSEND HOLDINGS LLC
REAL ESTATE CONSULTING SERVICES

PROPOSED RESOLUTION

WHEREAS, LACERS' current five-year contract with Townsend Holdings LLC (Townsend) for real estate consulting services expires on March 31, 2022; and,

WHEREAS, on August 24, 2021, the Board authorized a request for proposal (RFP) for real estate consulting services in order to test the marketplace; and,

WHEREAS, a one-year contract extension with Townsend will allow for continued consultant oversight of LACERS' real estate portfolio during the RFP process; and,

WHEREAS, on February 22, 2022, the Board approved the Investment Committee's recommendation for a one-year contract extension with Townsend.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name:	Townsend Holdings LLC
Services Provided:	Real Estate Consulting Services
Effective Dates:	April 1, 2022 through March 31, 2023
Duration:	One year
Fee:	$215,000

February 22, 2022

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: FEBRUARY 22, 2022**
From: Neil M. Guglielmo, General Manager **ITEM: IX – D**

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $20 MILLION IN BIOSPRING PARTNERS FUND, L.P.**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to $20 million in Biospring Partners Fund, L.P.

Executive Summary

Biospring Partners Fund, L.P. focuses on growth-stage investments in life sciences technology companies.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $20 million in Biospring Partners Fund, L.P. (the Fund), a growth equity strategy managed by Biospring Partners (the GP or Biospring). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background
Biospring was founded in 2020 by Michelle Dipp and Jennifer Lum. Michelle Dipp was previously a Managing Director at General Atlantic and co-founder of Longwood Fund, leading multiple investments in life sciences platforms. Jennifer Lum has more than 10 years of operating experience in technology companies, having been a founder or early member of multiple companies that have successfully raised venture capital. The GP has three investment professionals and is headquartered in New York City.

Biospring is a new general partner relationship for LACERS and meets the criteria as an Emerging Investment Manager pursuant to the LACERS Emerging Investment Manager Policy.

Investment Thesis
Biospring targets growth-stage life sciences technology companies that have validated product-market fit demonstrated by growing revenue. Biospring seeks to identify businesses with high barriers to entry (including intellectual property rights), proven management teams, and a well-defined business plan. Target companies offer services, tools, and software to businesses in the pharmaceutical, biotechnology, and academia sectors. Exit strategies include initial public offerings and sales to financial institutions or strategic partners, such as other private equity firms or large enterprise firms.

Placement Agent
The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation
Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Plan Impact Statement

Investment in Biospring Partners Fund, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Robert King, Investment Officer II, Investment Division

NMG/RJ/BF/WL/RK:jp

Attachments:
1. Aksia Investment Notification
2. Discretion in a Box

Aksia LLC

Biospring Partners Fund, L.P.
Investment Notification

Aksia
New York • London • Tokyo

www.aksia.com

PRIVATE & CONFIDENTIAL

Aksia

Biospring Partners Fund, L.P.

General Partner	• Biospring Partners ("Biospring" or the "Firm")
Fund	• Biospring Partners Fund, L.P. ("Fund I" or the "Fund")
Firm Founded	• 2020
Strategy	• Growth Equity
Sub-Strategy	• North American Growth Equity
Geography	• North America
Team	• Three investment professionals
Senior Partners	• Michelle Dipp and Jennifer Lum
Office Locations	• New York
Industries	• Healthcare
Target Fund Size	• $250.0 million
LACERS Investment	• $20.0 million

Investment Highlights

- Michelle Dipp and Jennifer Lum have complementary skill sets. Dipp brings healthcare sector experience. Lum, on the other hand, brings operational experience and technology investing experience.
- Dipp has over 15 years' experience in the life sciences sector as an operator and investor. Alternatively, Lum brings over 10 years' operating experience in the technology sector. Lum has been a founding member or early member of five technology companies that have successfully raised venture capital and/or experienced successful exits.
- The Fund will seek to employ a thematic investing approach with a target on services, tools, and enterprise software companies that have the potential to drive efficiency in drug discovery and development, clinical trials and labs.
- Dipp brings a previous track record from General Atlantic and Longwood.

Aksia

Biospring Partners Fund, L.P.

Firm and Background

- Biospring Partners is a growth-stage firm that invests in life sciences technology companies.
- Biospring was founded in 2020 by Michelle Dipp and Jennifer Lum. Dipp and Lum decided to join forces as they believe that the major secular trend of healthcare and IT convergence is at an inflection point and that Boston, MA is an anchoring hub for related start-up and investment activities.
- Biospring is managed by Co-Founders and Managing Partners Michelle Dipp and Jennifer Lum who are supported by a Head of Portfolio Management, acting CFO and a General Counsel & Compliance Advisor.

Investment Strategy

- Fund I will seek to target growth stage life sciences technology companies with at least $10.0 million in revenue, validated product market fit demonstrated through revenues, growth of 30%+, high barriers to entry and strong IP, strong proven management teams and a well-defined business plan.
- The Fund's focus is on services, tools, and enterprise software companies that have the potential to drive efficiency in drug discovery and development, clinical trials and labs.
- The Fund will seek to invest between $10.0 million to $40.0 million in approximately eight companies and with a target ownership of 10% to 20%.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

THESE MATERIALS ARE NOT INTENDED AS AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO PURCHASE, ANY SECURITY. THIS PRESENTATION HAS BEEN PREPARED SOLELY FOR INFORMATIONAL AND DISCUSSION PURPOSES ONLY. THE INFORMATION HEREIN IS NOT INTENDED TO BE COMPLETE AND THE DESCRIPTION OF THE FUND IN THESE MATERIALS IS QUALIFIED IN IN ITS ENTIRETY BY THE TERMS AND INFORMATION CONTAINED IN THE FUND'S OFFERING DOCUMENTS, INCLUDING, WITHOUT LIMITATION, THE FUND'S PRIVATE PLACEMENT MEMORANDUM, PARTNERSHIP AGREEMENT AND SUBSCRIPTION AGREEMENT ("GOVERNING DOCUMENTS"). NOTHING HEREIN CONSTITUTES OR SHOULD NOT BE CONSTRUED AS INVESTMENT ADVICE.

THE INFORMATION HEREIN IS NOT INTENDED TO PROVIDE, AND SHOULD NOT BE RELIED UPON FOR, ACCOUNTING, TAX OR LEGAL ADVICE. YOU SHOULD CONSULT YOUR TAX, LEGAL AND/OR ACCOUNTING ADVISERS ABOUT ANY MATTERS DISCUSSED HEREIN.

INTERESTS IN THE FUND HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY STATE OR OTHER SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. THE INTERESTS WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING INVESTORS PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS (INCLUDING NON-U.S. JURISDICTIONS) WHERE THE OFFERING WILL BE MADE. THERE WILL BE NO PUBLIC MARKET FOR INTERESTS IN THE FUND, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. INTERESTS IN THE FUND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY APPLICABLE NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE TRANSFERABILITY OF THE INTERESTS WILL BE FURTHER RESTRICTED BY THE TERMS OF THE FUND'S GOVERNING DOCUMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE FUND FOR AN INDEFINITE PERIOD OF TIME.

NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in new partnerships of amounts greater than $50 million prior to investment. • Review and approve investments in follow-on partnerships of amounts greater than $100 million prior to investment. • Review and approve direct co-investment opportunities that exceed $50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding $50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including $50 million for new partnerships, and up to and including $100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over $50 million in new partnerships, or over $100 million in follow-on funds. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including $50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including $50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding $50 million for new managers, or exceeding $100 million in follow-on funds. • With Staff concurrence, approve investments of up to and including $50 million for new partnerships, and up to and including $100 million in follow-on funds. • With Staff concurrence, approve direct co-investment opportunities up to and including $50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding $50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION | **MEETING: FEBRUARY 22, 2022**
From: Neil M. Guglielmo, General Manager | **ITEM: IX – E**

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $13 MILLION IN GENERAL CATALYST GROUP XI - CREATION, L.P.**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to $13 million in General Catalyst Group XI – Creation, L.P.

Executive Summary

General Catalyst Group XI – Creation, L.P. will focus on early-stage venture capital investments to hatch innovative and transformative information technology companies in the consumer and enterprise sectors.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $13 million in General Catalyst Group XI – Creation, L.P. (the Fund), a venture capital strategy managed by General Catalyst Group Management (the Firm or General Catalyst). Fund management and incentive fees are comparable to similar strategies; the Firm, as general partner, will invest alongside limited partners, providing alignment of interests. The recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background
General Catalyst was founded in 1999 and is led by senior partners, Ken Chenault, David Fialkow, Joel Cutler, and Hemant Taneja. Prior to joining General Catalyst, Ken Chenault was the Chief Executive Officer of American Express, and David Fialkow, Joel Cutler, and Hemant Taneja were entrepreneurs and business operators. In addition to its headquarters in Cambridge, Massachusetts, the Firm has offices in San Francisco, Palo Alto, London, and New York.

LACERS has an existing general partner relationship with the GP and previously committed a total of $38.34 million to the following General Catalyst-sponsored funds:

Fund	Vintage Year	Commitment Amount	Net IRR[1,2]
General Catalyst Group X – Growth Venture, L.P.	2020	$16.67 million	177.1%
General Catalyst Group X – Endurance, L.P.	2020	$11.67 million	102.8%
General Catalyst Group X – Early Venture, L.P.	2020	$10.00 million	176.0%

Investment Thesis
General Catalyst primarily targets information technology companies in the consumer applications and enterprise software sectors. The Firm has focused on these sectors since inception, specializing in complex technologies and identifying disruptive companies. In addition, General Catalyst pursues digital transformation of major sectors in the economy, such as mobile data and telecommunication, outsource computing, software-as-a-service, social media, and artificial intelligence. General Catalyst implements a full investment stage model, investing throughout a startup company's journey, from inception through the inflection phase. The Fund focuses on early-stage venture capital investments that seek to hatch innovative and transformative businesses. Exit strategies include initial public offerings and sales to strategic partners, such as other private equity firms or large enterprise firms.

Placement Agent
The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation
Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Plan Impact Statement

Investment in General Catalyst Group XI – Creation, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Clark Hoover, Investment Officer I, Investment Division

NMG/RJ/BF/WL/CH:jp

Attachments:
1. Aksia Investment Notification
2. Discretion in a Box

[1]Performance as of June 30, 2021
[2]Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s).

Aksia LLC

General Catalyst Group XI - Creation, L.P.
Investment Notification

Aksia
New York • London • Tokyo

www.aksia.com

Aksia

General Catalyst XI - Creation, L.P.

General Partner	• General Catalyst Group Management (the "Firm")
Fund	• General Catalyst Group XI - Creation, L.P.
Firm Founded	• 1999
Strategy	• Venture Capital
Sub-Strategy	• Early-Stage VC
Geography	• Primarily North America
Team	• ~30 investment professionals
Senior Partners	• Hemant Taneja, Joel Cutler, David Fialkow, and Ken Chenault
Office Locations	• Boston, Palo Alto, San Francisco, New York, London
Industries	• Information Technology
Target Fund Size	• $750.0 million
LACERS Investment	• 13.0 million

Investment Highlights

- The Firm has developed a team with diverse experience, with operating, investment banking and primary investment experience.
- The Management Committee consists of Joel Cutler, David Fialkow, Hemant Taneja, and Ken Chenault.
- The Firm seeks to invest across the life of portfolio companies, from inception through the company's growth phase.
- The Firm has a consistent record of strong performance.

General Catalyst Group XI - Creation, L.P.

Firm and Background

- General Catalyst was founded in 1999 in Boston by David Fialkow, Joel Cutler, John Simon, and Bill Fitzgerald. Fund I launched in 2000 with $73.5 million of commitments and was seeded with a portfolio of holdings that were rolled from FC Capital Management. The Firm subsequently launched its first institutional fund in 2001 with $219.1 million in capital commitments.
- Today, the firm operates out of its offices in Boston, Palo Alto, San Francisco, New York City, and London, which gives the Firm an active presence in the "Centers of Innovation" for entrepreneurship.
- General Catalyst is managed by Hemant Taneja, Joel Cutler, David Fialkow, and Ken Chenault, who represent the management committee. Hemant Taneja recently assumed the role of Managing Partner and is responsible for overseeing all day-to-day firm activities and major management decisions.

Investment Strategy

- The Creation Fund will invest in 15 to 25 companies and will seek over 25% ownership in all three transaction types.
- The Creation Fund's will pursue investment opportunities through its thematic insights to determine problems and solve those problems by hatching a company or transforming a business.

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INTERESTS IN THE FUND HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY STATE OR OTHER SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. THE INTERESTS WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING INVESTORS PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS (INCLUDING NON-U.S. JURISDICTIONS) WHERE THE OFFERING WILL BE MADE. THERE WILL BE NO PUBLIC MARKET FOR INTERESTS IN THE FUND, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. INTERESTS IN THE FUND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY APPLICABLE NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE TRANSFERABILITY OF THE INTERESTS WILL BE FURTHER RESTRICTED BY THE TERMS OF THE FUND'S GOVERNING DOCUMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE FUND FOR AN INDEFINITE PERIOD OF TIME.

NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. **Roles and Responsibilities**

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in new partnerships of amounts greater than $50 million prior to investment. • Review and approve investments in follow-on partnerships of amounts greater than $100 million prior to investment. • Review and approve direct co-investment opportunities that exceed $50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding $50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including $50 million for new partnerships, and up to and including $100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over $50 million in new partnerships, or over $100 million in follow-on funds. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including $50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including $50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding $50 million for new managers, or exceeding $100 million in follow-on funds. • With Staff concurrence, approve investments of up to and including $50 million for new partnerships, and up to and including $100 million in follow-on funds. • With Staff concurrence, approve direct co-investment opportunities up to and including $50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding $50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.

REPORT TO BOARD OF ADMINISTRATION **MEETING: FEBRUARY 22, 2022**
From: Neil M. Guglielmo, General Manager **ITEM: IX – F**

Neil M. Guglielmo

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $18 MILLION IN GENERAL CATALYST GROUP XI – IGNITION, L.P.**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to $18 million in General Catalyst Group XI – Ignition, L.P.

Executive Summary

General Catalyst Group XI – Ignition, L.P. will focus on early-stage venture capital investments in the Seed, Series A, and Series B rounds of information technology companies in the consumer and enterprise sectors.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $18 million in General Catalyst Group XI – Ignition, L.P. (the Fund), a venture capital strategy managed by General Catalyst Group Management (the Firm or General Catalyst). Fund management and incentive fees are comparable to similar strategies; the Firm, as general partner, will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background
General Catalyst was founded in 1999 and is led by senior partners, Ken Chenault, David Fialkow, Joel Cutler, and Hemant Taneja. Prior to joining General Catalyst, Ken Chenault was the Chief Executive Officer of American Express, and David Fialkow, Joel Cutler, and Hemant Taneja were entrepreneurs and business operators. In addition to its headquarters in Cambridge, Massachusetts, the Firm has offices in San Francisco, Palo Alto, London, and New York.

LACERS has an existing relationship with the GP and previously committed a total of $38.34 million to the following General Catalyst-sponsored funds:

Fund	Vintage Year	Commitment Amount	Net IRR[1,2]
General Catalyst Group X – Growth Venture, L.P.	2020	$16.67 million	177.1%
General Catalyst Group X – Endurance, L.P.	2020	$11.67 million	102.8%
General Catalyst Group X – Early Venture, L.P.	2020	$10.00 million	176.0%

Investment Thesis

General Catalyst primarily targets information technology companies in the consumer applications and enterprise software sectors. The Firm has focused on these sectors since inception, specializing in complex technologies and identifying disruptive companies. In addition, General Catalyst pursues digital transformation of major sectors in the economy, such as mobile data and telecommunication, outsource computing, software-as-a-service, social media, and artificial intelligence. General Catalyst implements a full investment stage model, investing throughout a startup company's journey, from inception through the inflection phase. The Fund focuses on early-stage venture capital investments in the Seed, Series A, and Series B rounds. Exit strategies include initial public offerings and sales to strategic partners, such as other private equity firms or large enterprise firms.

Placement Agent

The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation

Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

<u>Strategic Plan Impact Statement</u>

Investment in General Catalyst Group XI – Ignition, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, which is expected to help LACERS optimize long-term risk adjusted investment returns (Goal IV).

<u>Prepared By:</u> Clark Hoover, Investment Officer I, Investment Division

NMG/RJ/BF/WL/CH:jp

Attachments: 1. Aksia Investment Notification
2. Discretion in a Box

[1]Performance as of June 30, 2021
[2]Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s).

Aksia LLC

General Catalyst Group XI - Ignition, L.P.
Investment Notification

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Aksia

General Catalyst XI - Ignition, L.P.

General Partner	• General Catalyst Group Management (the "Firm")
Fund	• General Catalyst Group XI - Ignition, L.P.
Firm Founded	• 1999
Strategy	• Venture Capital
Sub-Strategy	• Early Stage VC
Geography	• Primarily North America
Team	• ~32 investment professionals
Senior Partners	• Hemant Taneja, Joel Cutler, David Fialkow, and Ken Chenault
Office Locations	• Boston, Palo Alto, San Francisco, New York, London
Industries	• Information Technology
Target Fund Size	• $1.0 billion
LACERS Investment	• $18.0 million

Investment Highlights

- The Firm has developed a team with diverse experience, with operating, investment banking and primary investment experience.
- The Management Committee consists of Joel Cutler, David Fialkow, Hemant Taneja, and Ken Chenault.
- The Firm seeks to invest across the life of portfolio companies, from inception through the company's growth phase.
- The Firm has a consistent record of strong performance.

Aksia

General Catalyst Group XI - Ignition, L.P.

Firm and Background

- General Catalyst was founded in 1999 in Boston by David Fialkow, Joel Cutler, John Simon, and Bill Fitzgerald. Fund I launched in 2000 with $73.5 million of commitments and was seeded with a portfolio of holdings that were rolled from FC Capital Management. The Firm subsequently launched its first institutional fund in 2001 with $219.1 million in capital commitments.
- Today, the firm operates out of its offices in Boston, Palo Alto, San Francisco, New York City, and London, which gives the Firm an active presence in the "Centers of Innovation" for entrepreneurship.
- General Catalyst is managed by Hemant Taneja, Joel Cutler, David Fialkow, and Ken Chenault, who represent the management committee. Hemant Taneja recently assumed the role of Managing Partner and is responsible for overseeing all day-to-day firm activities and major management decisions.

Investment Strategy

- The Ignition Fund will target investing in Seed, Series A, and Series B rounds.
- Target investments in the Ignition Fund will have less than $10.0 million of annual run-rate revenue and a valuation of less than $150.0 million.
- The Fund will seek to make 40 to 50 investments in the Ignition Fund with checks ranging from $500.0 thousand to $4.0 million in Seed rounds, $5.0 million to $15.0 million in Series A rounds, and $15.0 million to $30.0 million in Series B rounds for target ownership of 10.0% to 15.0%.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

THESE MATERIALS ARE NOT INTENDED AS AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO PURCHASE, ANY SECURITY. THIS PRESENTATION HAS BEEN PREPARED SOLELY FOR INFORMATIONAL AND DISCUSSION PURPOSES ONLY. THE INFORMATION HEREIN IS NOT INTENDED TO BE COMPLETE AND THE DESCRIPTION OF THE FUND IN THESE MATERIALS IS QUALIFIED IN IN ITS ENTIRETY BY THE TERMS AND INFORMATION CONTAINED IN THE FUND'S OFFERING DOCUMENTS, INCLUDING, WITHOUT LIMITATION, THE FUND'S PRIVATE PLACEMENT MEMORANDUM, PARTNERSHIP AGREEMENT AND SUBSCRIPTION AGREEMENT ("GOVERNING DOCUMENTS"). NOTHING HEREIN CONSTITUTES OR SHOULD NOT BE CONSTRUED AS INVESTMENT ADVICE.

THE INFORMATION HEREIN IS NOT INTENDED TO PROVIDE, AND SHOULD NOT BE RELIED UPON FOR, ACCOUNTING, TAX OR LEGAL ADVICE. YOU SHOULD CONSULT YOUR TAX, LEGAL AND/OR ACCOUNTING ADVISERS ABOUT ANY MATTERS DISCUSSED HEREIN.

INTERESTS IN THE FUND HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY STATE OR OTHER SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. THE INTERESTS WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING INVESTORS PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS (INCLUDING NON-U.S. JURISDICTIONS) WHERE THE OFFERING WILL BE MADE. THERE WILL BE NO PUBLIC MARKET FOR INTERESTS IN THE FUND, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. INTERESTS IN THE FUND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY APPLICABLE NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE TRANSFERABILITY OF THE INTERESTS WILL BE FURTHER RESTRICTED BY THE TERMS OF THE FUND'S GOVERNING DOCUMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE FUND FOR AN INDEFINITE PERIOD OF TIME.

NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in new partnerships of amounts greater than $50 million prior to investment. • Review and approve investments in follow-on partnerships of amounts greater than $100 million prior to investment. • Review and approve direct co-investment opportunities that exceed $50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding $50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including $50 million for new partnerships, and up to and including $100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over $50 million in new partnerships, or over $100 million in follow-on funds. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including $50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including $50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding $50 million for new managers, or exceeding $100 million in follow-on funds. • With Staff concurrence, approve investments of up to and including $50 million for new partnerships, and up to and including $100 million in follow-on funds. • With Staff concurrence, approve direct co-investment opportunities up to and including $50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding $50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.

REPORT TO BOARD OF ADMINISTRATION
From: Neil M. Guglielmo, General Manager

MEETING: FEBRUARY 22, 2022
ITEM: IX – G

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $44 MILLION IN GENERAL CATALYST GROUP XI – ENDURANCE, L.P.**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to $44 million in General Catalyst Group XI – Endurance, L.P.

Executive Summary

General Catalyst Group XI – Endurance, L.P. will focus on growth opportunities in the Series C or later rounds of information technology companies in the consumer and enterprise sectors.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $44 million in General Catalyst Group XI – Endurance, L.P. (the Fund), a growth equity strategy managed by General Catalyst Group Management (the Firm or General Catalyst). Fund management and incentive fees are comparable to similar strategies; the Firm, as general partner, will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background
General Catalyst was founded in 1999 and is led by senior partners, Ken Chenault, David Fialkow, Joel Cutler, and Hemant Taneja. Prior to joining General Catalyst, Ken Chenault was the Chief Executive Officer of American Express, and David Fialkow, Joel Cutler, and Hemant Taneja were entrepreneurs and business operators. In addition to its headquarters in Cambridge, Massachusetts, the Firm has offices in San Francisco, Palo Alto, London, and New York.

LACERS has an existing general partner relationship with the GP and previously committed a total of $38.34 million to the following General Catalyst-sponsored funds:

Fund	Vintage Year	Commitment Amount	Net IRR[1,2]
General Catalyst Group X – Growth Venture, L.P.	2020	$16.67 million	177.1%
General Catalyst Group X – Endurance, L.P.	2020	$11.67 million	102.8%
General Catalyst Group X – Early Venture, L.P.	2020	$10.00 million	176.0%

Investment Thesis
General Catalyst primarily targets information technology companies in the consumer applications and enterprise software sectors. The Firm has focused on these sectors since inception, specializing in complex technologies and identifying disruptive companies. In addition, General Catalyst pursues digital transformation of major sectors in the economy, such as mobile data and telecommunication, outsource computing, software-as-a-service, social media, and artificial intelligence. General Catalyst implements a full investment stage model, investing throughout a startup company's journey, from inception through the inflection phase. The Fund focuses on growth opportunities that are in the Series C or later rounds. Exit strategies include initial public offerings and sales to strategic partners, such as other private equity firms or large enterprise firms.

Placement Agent
The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation
Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Plan Impact Statement

Investment in General Catalyst Group XI – Endurance, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, which is expected to help LACERS optimize long-term risk adjusted investment returns (Goal IV).

Prepared By: Clark Hoover, Investment Officer I, Investment Division

NMG/RJ/BF/WL/CH:jp

Attachments: 1. Aksia Investment Notification
2. Discretion in a Box

[1]*Performance as of June 30, 2021*
[2]*Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s).*

Aksia LLC

General Catalyst Group XI - Endurance, L.P.
Investment Notification

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Aksia

General Catalyst XI - Endurance, L.P.

General Partner	• General Catalyst Group Management (the "Firm")
Fund	• General Catalyst Group XI - Endurance, L.P.
Firm Founded	• 1999
Strategy	• Growth Equity
Sub-Strategy	• North American Growth Equity
Geography	• Primarily North America
Team	• ~32 investment professionals
Senior Partners	• Hemant Taneja, Joel Cutler, David Fialkow, and Ken Chenault
Office Locations	• Boston, Palo Alto, San Francisco, New York, London
Industries	• Information Technology
Target Fund Size	• $2.5 billion
LACERS Investment	• $44.0 million

Investment Highlights

- The Firm has developed a team with diverse experience, with operating, investment banking and primary investment experience.
- The Management Committee consists of Joel Cutler, David Fialkow, Hemant Taneja, and Ken Chenault.
- The Firm seeks to invest across the life of portfolio companies, from inception through the company's growth phase.
- The Firm has a consistent record of strong performance.

Aksia

General Catalyst XI - Endurance, L.P

Firm and Background

- General Catalyst was founded in 1999 in Boston by David Fialkow, Joel Cutler, John Simon, and Bill Fitzgerald. Fund I launched in 2000 with $73.5 million of commitments and was seeded with a portfolio of holdings that were rolled from FC Capital Management. The Firm subsequently launched its first institutional fund in 2001 with $219.1 million in capital commitments.
- Today, the firm operates out of its offices in Boston, Palo Alto, San Francisco, New York City, and London, which gives the Firm an active presence in the "Centers of Innovation" for entrepreneurship.
- General Catalyst is managed by Hemant Taneja, Joel Cutler, David Fialkow, and Ken Chenault, who represent the management committee. Hemant Taneja recently assumed the role of Managing Partner and is responsible for overseeing all day-to-day firm activities and major management decisions.

Investment Strategy

- The Endurance Fund will execute General Catalyst's growth venture strategy, investing in the Series C round or later.
- The Endurance Fund will invest in fast-growing businesses in a period of accelerating growth, with positive unit economics and a large addressable market.
- The Fund will also double down on previous General Catalyst portfolio companies.
- The Fund will invest in companies with more than $10.0 million of annual run-rate revenue and a valuation of over $150.0 million.
- The Fund will write equity checks ranging from $25.0 million to $150.0 million across 30 to 40 investments.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

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INTERESTS IN THE FUND HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY STATE OR OTHER SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. THE INTERESTS WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING INVESTORS PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS (INCLUDING NON-U.S. JURISDICTIONS) WHERE THE OFFERING WILL BE MADE. THERE WILL BE NO PUBLIC MARKET FOR INTERESTS IN THE FUND, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. INTERESTS IN THE FUND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY APPLICABLE NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE TRANSFERABILITY OF THE INTERESTS WILL BE FURTHER RESTRICTED BY THE TERMS OF THE FUND'S GOVERNING DOCUMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE FUND FOR AN INDEFINITE PERIOD OF TIME.

NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in new partnerships of amounts greater than \$50 million prior to investment. • Review and approve investments in follow-on partnerships of amounts greater than \$100 million prior to investment. • Review and approve direct co-investment opportunities that exceed \$50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding \$50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including \$50 million for new partnerships, and up to and including \$100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over \$50 million in new partnerships, or over \$100 million in follow-on funds. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including \$50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including \$50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding \$50 million for new managers, or exceeding \$100 million in follow-on funds. • With Staff concurrence, approve investments of up to and including \$50 million for new partnerships, and up to and including \$100 million in follow-on funds. • With Staff concurrence, approve direct co-investment opportunities up to and including \$50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding \$50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: FEBRUARY 22, 2022**
From: Neil M. Guglielmo, General Manager **ITEM: IX – H**

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $16.660 MILLION IN SPARK CAPITAL VII, L.P.**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to $16.66 million in Spark Capital VII, L.P.

Executive Summary

Spark Capital VII, L.P. will focus on early-stage venture capital investments.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $16.66 million in Spark Capital VII, L.P. (the Fund), a venture capital strategy managed by Spark Capital Partners, LLC (Spark or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. The recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background
Spark was founded in 2005 as a media and technology-focused venture capital firm. Today, the firm is led by senior partners Santo Politi, Alex Finkelstein, and Jeremy Philips, with 27 employees located in offices in San Francisco, New York, and Boston. Across six prior early-stage funds and three growth funds, the firm has invested approximately $3.4 billion in more than 60 companies.

LACERS has an existing partner relationship with the GP and has previously committed $93.75 million to the following Spark-sponsored funds:

Fund	Vintage Year	Commitment Amount	Net IRR[1,2]
Spark Capital I, L.P.	2005	$9.00 million	8.2%
Spark Capital II, L.P.	2008	$9.75 million	52.4%
Spark Capital III, L.P.	2011	$10.00 million	33.9%

Spark Capital VI, L.P.	2020	$13.25 million	-14.5%
Spark Capital Growth Fund I, L.P.	2014	$10.00 million	26.2%
Spark Capital Growth Fund II, L.P.	2017	$15.00 million	40.8%
Spark Capital Growth Fund III, L.P.	2020	$26.75 million	48.8%

The Spark Capital funds focus on early-stage venture capital investments, while the Spark Capital Growth funds focus on late/growth stage venture capital investments.

Investment Thesis
Spark seeks to invest in companies within the digital media and technology market as it believes that there is a fundamental shift in consumer behavior and expectations within this sector. The Fund will focus on investing in early-stage media and technology companies, with a preference toward being the first institutional investor in a company. Specifically, the GP will target Seed and Series A rounds but may also invest in later stage deals that do not have a mature revenue model in place. Spark will seek a board seat in each investment and will be actively involved in advising and consulting the management of the portfolio company. Exit strategies include initial public offerings and sales to financial institutions or strategic partners, such as other private equity firms or large enterprise firms.

Placement Agent
The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation
Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Plan Impact Statement

Investment in Spark Capital VII, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Clark Hoover, Investment Officer I, Investment Division

NMG/RJ/BF/WL/CH:jp

Attachments: 1. Aksia Investment Notification
2. Discretion in a Box

[1]*Performance as of June 30, 2021*
[2]*Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s).*

Aksia LLC

Spark Capital VII, L.P.
Investment Notification

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Spark Capital VII, L.P.

General Partner	• Spark Management Partners (the "Firm")
Fund	• Spark Capital VII, L.P.
Firm Founded	• 2005
Strategy	• Venture
Sub-Strategy	• Early-Stage VC
Geography	• Primarily North America
Team	• 7 investment professionals
Senior Partners	• Santo Politi, Alex Finkelstein, and Jeremy Philips
Office Locations	• San Francisco, New York, Boston
Industries	• Technology
Target Fund Size	• $650.0 million
LACERS Investment	• $16.7 million

Investment Highlights

- The seven senior professionals include Santo Politi, Alex Finkelstein, Bijan Sabet, Paul Conway, Nabeel Hyatt, Kevin Thau, and Jeremy Philips.
- Over the past 16 years, Spark has built a well-recognized brand within the venture community among its target sectors. Notable successful investments they have exited include Twitter, Tumblr, eToro, and Oculus VR.
- The Firm has a strong consistent track record with top quartile returns.

Aksia

Spark Capital VII, L.P.

Firm and Background

- Spark Capital Partners is a venture capital firm with offices in San Francisco, New York, and Boston and targets investments in media and technology companies.
- The Firm was founded in 2005 by Todd Dagres and Santo Politi following tenures at Battery Ventures and Charles River Ventures, respectively.
- The Firm is led by Santo Politi, Alex Finkelstein, and Jeremy Philips.

Investment Strategy

- Spark VII will focus on investing in early-stage media and technology companies, with a preference towards being the first institutional investor in a company.
- Spark VII will target Seed and Series A rounds but may also invest in later stage deals that do not have a mature revenue model in place.
- Fund VII will invest in 30 to 40 investments and will generally target 15% to 20% or greater ownership in each portfolio company over the life of the investment.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

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INTERESTS IN THE FUND HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY STATE OR OTHER SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. THE INTERESTS WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING INVESTORS PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS (INCLUDING NON-U.S. JURISDICTIONS) WHERE THE OFFERING WILL BE MADE. THERE WILL BE NO PUBLIC MARKET FOR INTERESTS IN THE FUND, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. INTERESTS IN THE FUND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY APPLICABLE NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE TRANSFERABILITY OF THE INTERESTS WILL BE FURTHER RESTRICTED BY THE TERMS OF THE FUND'S GOVERNING DOCUMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE FUND FOR AN INDEFINITE PERIOD OF TIME.

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Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in new partnerships of amounts greater than $50 million prior to investment. • Review and approve investments in follow-on partnerships of amounts greater than $100 million prior to investment. • Review and approve direct co-investment opportunities that exceed $50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding $50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including $50 million for new partnerships, and up to and including $100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over $50 million in new partnerships, or over $100 million in follow-on funds. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including $50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including $50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding $50 million for new managers, or exceeding $100 million in follow-on funds. • With Staff concurrence, approve investments of up to and including $50 million for new partnerships, and up to and including $100 million in follow-on funds. • With Staff concurrence, approve direct co-investment opportunities up to and including $50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding $50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: FEBRUARY 22, 2022**
From: Neil M. Guglielmo, General Manager **ITEM: IX – I**

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $33.340 MILLION IN SPARK CAPITAL GROWTH FUND IV, L.P.**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to $33.34 million in Spark Capital Growth Fund IV, L.P.

Executive Summary

Spark Capital Growth Fund IV, L.P. will focus on late/growth stage investments.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $33.34 million in Spark Capital Growth Fund IV, L.P. (the Fund), a growth equity strategy managed by Spark Capital Partners, LLC (Spark or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. The recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background
Spark was founded in 2005 as a media and technology-focused venture capital firm. Today, the firm is led by senior partners Santo Politi, Alex Finkelstein, and Jeremy Philips, with 27 employees located in offices in San Francisco, New York, and Boston. Across six prior early-stage funds and three growth funds, the firm has invested approximately $3.4 billion in more than 60 companies.

LACERS has an existing partner relationship with the GP and has previously committed $93.75 million to the following Spark-sponsored funds:

Fund	Vintage Year	Commitment Amount	Net IRR[1,2]
Spark Capital I, L.P.	2005	$9.00 million	8.2%
Spark Capital II, L.P.	2008	$9.75 million	52.4%
Spark Capital III, L.P.	2011	$10.00 million	33.9%

Spark Capital VI, L.P.	2020	$13.25 million	-14.5%
Spark Capital Growth Fund I, L.P.	2014	$10.00 million	26.2%
Spark Capital Growth Fund II, L.P.	2017	$15.00 million	40.8%
Spark Capital Growth Fund III, L.P.	2020	$26.75 million	48.8%

The Spark Capital funds focus on early-stage venture capital investments, while the Spark Capital Growth funds focus on late/growth stage venture capital investments.

Investment Thesis
Spark seeks to invest in companies within the digital media and technology market as it believes that there is a fundamental shift in consumer behavior and expectations within this sector. Similar to the previous Growth fund, Spark will seek to invest in venture growth stage companies, with a focus on investing soon after a company reaches an inflection point where it has established product-market fit and is starting to develop category leadership. The GP will target companies with a clear business model, attractive unit economics, a defensible market position or a material competitive advantage, and a path to fast growth. Spark will target opportunities where they have an informational advantage and will leverage its proactive deal flow approach and monitoring functions to identify attractive investments.

Placement Agent
The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation
Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Plan Impact Statement

Investment in Spark Capital Growth Fund IV, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Clark Hoover, Investment Officer I, Investment Division

NMG/RJ/BF/WL/CH:jp

Attachments: 1. Aksia Investment Notification
2. Discretion in a Box

[1]Performance as of June 30, 2021
[2]Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s).

Aksia LLC

Spark Capital Growth Fund IV, L.P.
Investment Notification

Aksia
New York • London • Tokyo

www.aksia.com

Aksia

Spark Capital Growth Fund IV, L.P.

General Partner	• Spark Management Partners (the “Firm”)
Fund	• Spark Capital Growth Fund IV, L.P.
Firm Founded	• 2005
Strategy	• Growth Equity
Sub-Strategy	• Growth Equity
Geography	• Primarily North America
Team	• 7 investment professionals
Senior Partners	• Santo Politi, Alex Finkelstein, and Jeremy Philips
Office Locations	• San Francisco, New York, Boston
Industries	• Technology
Target Fund Size	• $1.3 billion
LACERS Investment	• $33.3 million

Investment Highlights

- The seven senior professionals include Santo Politi, Alex Finkelstein, Bijan Sabet, Paul Conway, Nabeel Hyatt, Kevin Thau, and Jeremy Philips.
- Over the past 16 years, Spark has built a well-recognized brand within the venture community among its target sectors. Notable successful investments they have exited include Twitter, Tumblr, eToro, and Oculus VR.
- The Firm has a strong consistent track record with top quartile returns.

Aksia

Spark Capital Growth Fund IV, L.P.

Firm and Background

- Spark Capital Partners is a venture capital firm with offices in San Francisco, New York, and Boston and targets investments in media and technology companies
- The Firm was founded in 2005 by Todd Dagres and Santo Politi following tenures at Battery Ventures and Charles River Ventures, respectively.
- The Firm is led by Santo Politi, Alex Finkelstein, and Jeremy Philips

Investment Strategy

- Growth IV will invest in venture growth stage companies, with a focus on investing soon after company reaches an inflection point where it has established product market fit and is starting to develop category leadership.
- Growth IV will target companies with a clear business model, attractive unit economics, a defensible market position or an unfair competitive advantage, and a path to fast growth.
- The investment team will target opportunities where they have an informational advantage and will leverage its proactive deal flow approach and monitoring functions to identify attractive investments.
- Growth IV will seek to invest in companies that have the potential to generate at least 3.0x to 5.0x invested capital.

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Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in new partnerships of amounts greater than \$50 million prior to investment. • Review and approve investments in follow-on partnerships of amounts greater than \$100 million prior to investment. • Review and approve direct co-investment opportunities that exceed \$50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding \$50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including \$50 million for new partnerships, and up to and including \$100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over \$50 million in new partnerships, or over \$100 million in follow-on funds. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including \$50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including \$50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding \$50 million for new managers, or exceeding \$100 million in follow-on funds. • With Staff concurrence, approve investments of up to and including \$50 million for new partnerships, and up to and including \$100 million in follow-on funds. • With Staff concurrence, approve direct co-investment opportunities up to and including \$50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding \$50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: FEBRUARY 22, 2022**
From: Neil M. Guglielmo, General Manager **ITEM: IX – J**

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $20 MILLION IN DEFY PARTNERS III, L.P.**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to $20 million in Defy Partners III, L.P.

Executive Summary

Defy Partners III, L.P. focuses on early-stage venture capital investments in technology companies.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $20 million in Defy Partners III, L.P. (the Fund), an early-stage venture capital strategy managed by Defy Partners (the GP or Defy). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background
Defy was founded in 2016 to make early-stage venture capital investments in connected software companies. Defy is led by Neil Sequeira, who was previously a General Partner and Managing Director at General Catalyst. Defy's partners are Kamil Saeid, Bob Rosin, Brian Rothenberg, Madison McIlwain, and Purvi Shah.

Defy is an existing general partner relationship for LACERS and meets the criteria as an Emerging Investment Manager pursuant to the LACERS Emerging Investment Manager Policy. LACERS has previously committed $28 million to the following Defy-sponsored funds:

Fund	Vintage Year	Commitment Amount	Net IRR[1,2]
Defy Partners I, L.P.	2017	$10 million	13.5%
Defy Partners II, L.P.	2019	$18 million	44.9%

Investment Thesis
The Fund will invest primarily in early-stage technology companies which develop connected software applications that enhance productivity and enjoyment for enterprises and consumers. The GP will target trends within connected software such as mobile media, creative commerce, and smart devices. Defy intends to leverage its network of entrepreneurs, operators, and non-competing investors to generate proprietary deal flow, conduct due diligence, and assist portfolio companies in order to add value.

Placement Agent
The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation
Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Plan Impact Statement

Investment in Defy Partners III, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Robert King, Investment Officer II, Investment Division

NMG/RJ/BF/WL/RK:jp

Attachments: 1. Aksia Investment Notification
2. Discretion in a Box

[1] *Performance as of June 30, 2021*
[2] *Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds, and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s)*

Aksia LLC

Defy Partners III, L.P.
Investment Notification

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Aksia

Defy Partners III, L.P.

General Partner	• Defy Partners (the "Firm")
Fund	• Defy Partners III, L.P. ("Fund III")
Firm Founded	• 2016
Strategy	• Venture Capital
Sub-Strategy	• Early Stage
Geography	• North America
Team	• ~5 investment professionals
Senior Partners	• Neil Sequeira
Office Locations	• Woodside, CA
Industries	• Diversified
Target Fund Size	• $300.0 million
LACERS Investment	• $20.0 million

Investment Highlights

- Neil Sequeira has considerable venture investing and technology product development experience.
- Recent additions to the Firm have significantly bolstered the investment team.
- The Firm's investment professionals have strong individual track records and the ability to proprietarily source deals.
- DEFY qualifies as an Emerging Manager pursuant to LACERS Emerging Investment Manager Policy.

Aksia

Defy Partners III, L.P.

Firm and Background

- Defy Partners was founded in 2016 by Neil Sequeira and Trae Vassallo. Trae Vassallo is no longer with the Firm
- The Firm was established the Firm to target early-stage venture investments.
- Today, the Firm consists of ~10 employees and operates out of its sole office in Woodside, California.
- Defy's inaugural Fund was launched in 2017, reaching $151.0 million in commitments, and Fund II was launched in 2019 reaching $262.0 million in commitments.

Investment Strategy

- The Fund will invest in early-stage venture companies that are located in North America.
- The Fund plans to write initial equity checks between $4.0 million and $10.0 million during Series A financing rounds to acquire, approximately, an 11.0% to 19.0% ownership stake in a company. Following the initial equity investment, Defy seeks to deploy follow-on investments in promising outperformers.
- The Fund aims to make 20 to 25 full investments and will selectively invest seed capital to position the Fund for larger Series A investments. The seed investments are not expected to exceed 5.0% of the aggregate capital subscriptions of the Fund.
- The Fund will seek to partner with entrepreneurs, who are committed to disrupting the status quo in products or services through connected software.

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Investment Management and Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in new partnerships of amounts greater than $50 million prior to investment. • Review and approve investments in follow-on partnerships of amounts greater than $100 million prior to investment. • Review and approve direct co-investment opportunities that exceed $50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding $50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including $50 million for new partnerships, and up to and including $100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over $50 million in new partnerships, or over $100 million in follow-on funds. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including $50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including $50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding $50 million for new managers, or exceeding $100 million in follow-on funds. • With Staff concurrence, approve investments of up to and including $50 million for new partnerships, and up to and including $100 million in follow-on funds. • With Staff concurrence, approve direct co-investment opportunities up to and including $50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding $50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: FEBRUARY 22, 2022**
From: Neil M. Guglielmo, General Manager **ITEM: IX – K**

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $50 MILLION IN HARVEST PARTNERS IX, L.P.**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to $50 million in Harvest Partners IX, L.P.

Executive Summary

Harvest Partners IX, L.P. focuses on control buyouts in growth-oriented, upper middle market and large capitalization companies in North America.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $50 million in Harvest Partners IX, L.P. (the Fund), a private equity buyout strategy managed by Harvest Partners, L.P. (the GP or Harvest). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background
Harvest was founded in 1981 by Harvey Wertheim and Harvey Mallement, both of whom managed the firm until 2000. The GP is currently led by five partners: Thomas Arenz, Michael DeFlorio, Stephen Eisenstein, Ira Kleinman, and Jay Wilkins. The management team has worked and invested together at the firm through multiple economic and private equity industry cycles. Harvest has invested more than $7.4 billion across 53 investments. The GP has 60 employees, including more than 30 investment professionals, with offices in: New York City (headquarters); Palm Beach Gardens, Florida; and Palo Alto, California.

LACERS has an existing general partner relationship with Harvest and previously committed a total of $70 million to the following Harvest-sponsored funds:

LACERS: SECURING YOUR TOMORROWS

Fund	Vintage Year	Commitment Amount	Net IRR[1,2]
Harvest Partners VII, L.P.	2016	$20 million	21.4%
Harvest Partners VIII, L.P.	2019	$50 million	35.4%

Investment Thesis
Harvest focuses on investing in North American upper middle market and large capitalization companies within the following areas: business and industrial services, consumer, healthcare, industrials, and software. Harvest seeks to identify niche businesses that have talented management, market-leading positions, growth opportunities, and downside protection. The Fund seeks to create value and drive earnings growth through improving portfolio company operations, developing corporate strategy, augmenting management teams, completing mergers and acquisitions, and expanding addressable markets. Exit strategies include initial public offerings and sales to financial institutions or strategic partners, such as other private equity firms or large enterprise firms.

Placement Agent
The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation
Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Plan Impact Statement

Investment in Harvest Partners IX, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Robert King, Investment Officer II, Investment Division

NMG/RJ/BF/WL/RK:jp

Attachments:
1. Aksia Investment Notification
2. Discretion in a Box

[1] Performance as of June 30, 2021
[2] Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds, and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s)

Aksia LLC

Harvest Partners IX, L.P.
Investment Notification

Aksia
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Aksia

Harvest Partners IX, L.P.

General Partner	• Harvest Partners L.P. (the "Firm")
Fund	• Harvest Partners IX, L.P.
Firm Founded	• 1981
Strategy	• Buyouts
Sub-Strategy	• Medium Buyouts
Geography	• North America
Team	• ~30 investment professionals
Senior Partners	• Michael DeFlorio, Jay Wilkins, Thomas Arenz, Stephen Eisenstein, Ira Kleinman
Office Locations	• New York, New York; Palm Beach Gardens, Florida; and Palo Alto, California
Industries	• Diversified
Target Fund Size	• $5.3 billion
LACERS Investment	• $50.0 million

Investment Highlights

- Experienced and cohesive management team.
- Successful leadership transitions over the years.
- Capital preservation marked by a low loss ratio and strong realized performance.
- Consistent investment strategy that has been successfully implemented in prior funds.

Aksia

Harvest Partners IX, L.P.

Firm and Background

- Harvest was founded in 1981 by Harvey Wertheim and Harvey Mallement (together, the "Founders").
- The Founders were responsible for investing the Firm's first three funds from 1985 through 2000. In 2000, the next generation of leaders, consisting of Partners Thomas Arenz, Stephen Eisenstein, and Ira Kleinman, began to assume the day-to-day responsibilities from the Firm's Founders.
- Today the Firm is led by Michael DeFlorio and Jay Wilkins with support from Thomas Arenz, Stephen Eisenstein, and Ira Kleinman.
- In 2014, Harvest launched a structured capital platform to make non-control investments in preferred equity and junior debt of North American companies.
- The Firm sold a minority interest in the management company to Goldman Sachs Asset Management through Petershill Private Equity in October 2018.

Investment Strategy

- The Fund will seek to make control-oriented investments into middle market companies located primarily in North America.
- Targeted companies will typically generate between $30.0 million and $300.0 million of EBITDA and will have enterprise values between $300.0 million and $5.0 billion at entry.
- The Fund will seek to make 10 to 14 investments with an average investment size between $200.0 million and $600.0 million.
- Targeted portfolio companies will generally operate within four broad industry verticals including business and industrial services, consumer, healthcare, industrial, and software.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

THESE MATERIALS ARE NOT INTENDED AS AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO PURCHASE, ANY SECURITY. THIS PRESENTATION HAS BEEN PREPARED SOLELY FOR INFORMATIONAL AND DISCUSSION PURPOSES ONLY. THE INFORMATION HEREIN IS NOT INTENDED TO BE COMPLETE AND THE DESCRIPTION OF THE FUND IN THESE MATERIALS IS QUALIFIED IN IN ITS ENTIRETY BY THE TERMS AND INFORMATION CONTAINED IN THE FUND'S OFFERING DOCUMENTS, INCLUDING, WITHOUT LIMITATION, THE FUND'S PRIVATE PLACEMENT MEMORANDUM, PARTNERSHIP AGREEMENT AND SUBSCRIPTION AGREEMENT ("GOVERNING DOCUMENTS"). NOTHING HEREIN CONSTITUTES OR SHOULD NOT BE CONSTRUED AS INVESTMENT ADVICE.

THE INFORMATION HEREIN IS NOT INTENDED TO PROVIDE, AND SHOULD NOT BE RELIED UPON FOR, ACCOUNTING, TAX OR LEGAL ADVICE. YOU SHOULD CONSULT YOUR TAX, LEGAL AND/OR ACCOUNTING ADVISERS ABOUT ANY MATTERS DISCUSSED HEREIN.

INTERESTS IN THE FUND HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY STATE OR OTHER SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. THE INTERESTS WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING INVESTORS PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS (INCLUDING NON-U.S. JURISDICTIONS) WHERE THE OFFERING WILL BE MADE. THERE WILL BE NO PUBLIC MARKET FOR INTERESTS IN THE FUND, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. INTERESTS IN THE FUND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY APPLICABLE NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE TRANSFERABILITY OF THE INTERESTS WILL BE FURTHER RESTRICTED BY THE TERMS OF THE FUND'S GOVERNING DOCUMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE FUND FOR AN INDEFINITE PERIOD OF TIME.

NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in new partnerships of amounts greater than $50 million prior to investment. • Review and approve investments in follow-on partnerships of amounts greater than $100 million prior to investment. • Review and approve direct co-investment opportunities that exceed $50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding $50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including $50 million for new partnerships, and up to and including $100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over $50 million in new partnerships, or over $100 million in follow-on funds. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including $50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including $50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding $50 million for new managers, or exceeding $100 million in follow-on funds. • With Staff concurrence, approve investments of up to and including $50 million for new partnerships, and up to and including $100 million in follow-on funds. • With Staff concurrence, approve direct co-investment opportunities up to and including $50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding $50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: FEBRUARY 22, 2022**
From: Neil M. Guglielmo, General Manager **ITEM: IX – L**

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $50 MILLION IN REVERENCE CAPITAL PARTNERS OPPORTUNITIES FUND V (PE FUND III), L.P.**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to $50 million in Reverence Capital Partners Opportunities Fund V (PE Fund III), L.P.

Executive Summary

Reverence Capital Partners Opportunities Fund V (PE Fund III), L.P. will focus on acquiring controlling interests in middle-market financial services companies in North America.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $50 million in Reverence Capital Partners Opportunities Fund V (PE Fund III), L.P. (the Fund), a private equity buyout strategy managed by Reverence Capital Partners (Reverence or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. The recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background
Reverence was founded in 2013 by Milton Berlinski, Peter Aberg, and Alex Chulack to invest in middle-market financial services businesses. Prior to founding Reverence, Milton Berlinski and Peter Aberg worked together at Goldman Sachs, where both served in senior roles across multiple business segments. Alex Chulack spent a brief period at Goldman Sachs prior to an eight-year stint at global growth equity firm General Atlantic, where he served as Managing Director within the financial services vertical. The firm continues to be led by its three co-founders.

Since inception, Reverence has raised a total of $1.8 billion in capital commitments across two commingled private equity funds and one credit fund. Reverence currently employs 26 total investment professionals. The GP is headquartered in New York City.

Reverence is a new general partner relationship for LACERS.

Investment Thesis
The Fund will utilize the same investment mandate employed since inception, which focuses on thematic investing in global, middle-market financial services businesses through control and influence oriented investments in the following sectors**:** depositories and finance; asset and wealth management; insurance; capital markets; and financial technology/payments. The GP's underlying strategy is predicated on identifying investment opportunities that benefit from emerging secular growth themes and structural shifts within financial services. While the GP typically pursues control-oriented opportunities, it will selectively pursue co-control or minority transactions in situations where it can obtain effective control of a business' underlying operations and strategy execution. Reverence takes an active approach at the board level to maximize its value creation potential, often leveraging its investment team and team of advisors to aide management teams in setting the strategic direction of the businesses; evaluating potential add-on acquisitions; managing external corporate, government, and regulatory relationships; and driving incremental revenue opportunities.

Placement Agent
The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation
Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Plan Impact Statement

Investment in Reverence Capital Partners Opportunities Fund V (PE Fund III), L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Clark Hoover, Investment Officer I, Investment Division

NMG/RJ/BF/WL/CH:jp

Attachments: 1. Aksia Investment Notification
2. Discretion in a Box

Aksia LLC

Reverence Capital Partners Opportunities Fund V (PE Fund III), L.P.

Investment Notification

Aksia
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Aksia

Reverence Capital Partners Opportunities Fund V (PE Fund III), L.P.

General Partner	• Reverence Capital Partners
Fund	• Reverence Capital Partners Opportunities Fund V (PE Fund III), L.P. (the “Fund”)
Firm Founded	• 2013
Strategy	• Medium Buyouts
Sub-Strategy	• Medium Buyouts
Geography	• Primarily North America
Team	• ~25 investment professionals
Senior Partners	• Milton Berlinski, Peter Aberg, Alex Chulack
Office Locations	• New York, NY
Industries	• Financial Services
Target Fund Size	• $1.7 billion
LACERS Investment	• $50.0 million

Investment Highlights

- Reverence is led by a senior team that have spent the bulk of their careers specializing in the financial services sector, with over 100 years of combined sector experience.
- Despite being a relatively new Firm, the Co-founders have significant experience working together prior to the formation of Reverence. In particular, the Co-Founders spent a number of years together at Goldman Sachs dating back to the 1990s.
- The Firm has generated strong returns in prior funds, despite those funds being relatively young.

Aksia

Reverence Capital Partners Opportunities Fund V (PE Fund III), L.P.

Firm and Background

- Reverence was founded in 2013 by Milton Berlinski, Peter Aberg, and Alex Chulack to invest in middle market financial services businesses. Prior to founding the Firm, the Berlinski and Aberg had worked together at Goldman Sachs.
- Since inception, the Firm has raised two flagship private equity funds, with a total $1.6 billion in capital commitments.
- In addition to the Firm's Flagship funds, Reverence launched a credit platform in 2020 to pursue structured credit investments in both public and private markets as well as asset-based lending.

Investment Strategy

- Reverence focuses on acquiring controlling interest in North American middle-market enterprises in the financial services industry.
- Within financial services, the Firm will focus on investment opportunities that benefit from emerging secular growth themes and structural shifts within the following subsectors: (i) investment management; (ii) bank and non-bank finance; (iii) capital markets; (iv) financial technology, payments and services; and (v) insurance.
- While the Firm typically pursues control-oriented opportunities, it will selectively pursue co-control or minority transactions in situations where it can obtain effective control of a business' underlying operations and strategy execution.
- Target portfolio companies are expected to have enterprise values ranging from $300.0 million to $3.0 billion and require between $50.0 million and $150.0 million of equity. The Firm is expected to construct a diversified portfolio of 10 to 15 investments.

Aksia

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

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NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in new partnerships of amounts greater than $50 million prior to investment. • Review and approve investments in follow-on partnerships of amounts greater than $100 million prior to investment. • Review and approve direct co-investment opportunities that exceed $50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding $50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including $50 million for new partnerships, and up to and including $100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over $50 million in new partnerships, or over $100 million in follow-on funds. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including $50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including $50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding $50 million for new managers, or exceeding $100 million in follow-on funds. • With Staff concurrence, approve investments of up to and including $50 million for new partnerships, and up to and including $100 million in follow-on funds. • With Staff concurrence, approve direct co-investment opportunities up to and including $50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding $50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION | **MEETING: FEBRUARY 22, 2022**
From: Neil M. Guglielmo, General Manager | **ITEM: IX – M**

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $50 MILLION IN ARSENAL CAPITAL PARTNERS VI LP**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to $50 million in Arsenal Capital Partners VI LP.

Executive Summary

Arsenal Capital Partners VI LP focuses on control buyouts in healthcare and industrial companies in North America.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $50 million in Arsenal Capital Partners VI LP (the Fund), a private equity buyout strategy managed by Arsenal Capital Partners (the GP or Arsenal). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background
Arsenal was founded in 2000 by Terrence Mullen to pursue investments in lower middle market businesses within the specialty industrials and healthcare sectors. The GP has 46 investment professionals and more than $5 billion in committed capital across five funds. The firm is currently led by Managing Partners Terrence Mullen and Jeffrey Kovach, who joined Arsenal shortly after the firm's inception in 2000. The GP is headquartered in New York City.

Arsenal is a new general partner relationship for LACERS.

Investment Thesis
Arsenal will make control investments in middle market healthcare and specialty industrial companies primarily based in North America, with the ability to make opportunistic investments in Europe. The GP utilizes a thematic approach to identify attractive niche markets and secular growth trends within the targeted sectors. Once these themes are identified, the GP will canvas the competitive landscape and select high growth, market leading businesses that can be scaled through a buy-and-build strategy. The strategy will focus on traditional buyouts and recapitalizations of founder-owned businesses, as well as more complex situations such as corporate carve-outs and business combinations.

Placement Agent
The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation
Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy. No Board action is required.

Strategic Plan Impact Statement

Investment in Arsenal Capital Partners VI LP will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

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

NMG/RJ/BF/WL/EP:jp

Attachments:
1. Aksia Investment Notification
2. Discretion in a Box

Aksia LLC

Arsenal Capital Partners VI LP
Investment Notification

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Aksia

Arsenal Capital Partners VI LP

General Partner	• Arsenal Capital Partners (the "Firm")
Fund	• Arsenal Capital Partners VI LP (the "Fund")
Firm Founded	• 2000
Strategy	• Medium Buyouts
Sub-Strategy	• Medium Buyouts
Geography	• Primarily North America
Team	• ~45 investment professionals
Senior Partners	• Terry Mullen and Jeff Kovach (Managing Partners)
Office Locations	• New York, NY
Industries	• Specialty Industrials & Healthcare
Target Fund Size	• $3.0 billion
LACERS Investment	• $50.0 million

Investment Highlights

- Arsenal is led by Managing Partners Terry Mullen and Jeff Kovach who have worked together since inception as well as other senior professionals who have an average tenure of ~10 years.
- The Firm has consistently targeted the two core verticals since inception, with dedicated sector teams for both Specialty Industrials & Healthcare.
- The Firm has the capability to pursue more complex transactions such as corporate carve-outs and business combinations in highly regulated and specialized end-markets.
- The Firm has consistently generated strong returns over time.

Aksia

Arsenal Capital Partners VI LP

Firm and Background

- Arsenal was founded in 2000 by Terry Mullen to pursue control investments in lower middle market businesses within the specialty industrials and healthcare sectors. Prior to forming Arsenal, Mullen had served as a Vice President at Thomas H. Lee Partners ("THL") and he was joined by THL colleague, Jeffrey ("Jeff") Kovach.
- Since inception, Arsenal has raised five flagship funds that collectively raised $5.3 billion in aggregate capital commitments.
- Historically, Arsenal has operated with only its flagship product; however, Arsenal recently launched a lower middle market fund, Arsenal Capital Partners Growth (the "Growth Fund"), to capture the deal flow that has become too small for the Flagship vehicles.

Investment Strategy

- The Fund will specifically target two sectors: (i) specialty industrials; and (ii) healthcare. While Arsenal does not have a set target allocation between the two sectors, the split has been relatively even across the three prior funds.
- The Fund will pursue companies with enterprise values between $250.0 million and $700.0 million that are generating $25.0 million to $75.0 million of EBITDA annually.
- The Firm targets high growth, market leading businesses with competitive advantages created by differentiated products or services, moderate levels of technology in core products or services, and positive cash flow.

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Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in new partnerships of amounts greater than $50 million prior to investment. • Review and approve investments in follow-on partnerships of amounts greater than $100 million prior to investment. • Review and approve direct co-investment opportunities that exceed $50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding $50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including $50 million for new partnerships, and up to and including $100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over $50 million in new partnerships, or over $100 million in follow-on funds. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including $50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including $50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding $50 million for new managers, or exceeding $100 million in follow-on funds. • With Staff concurrence, approve investments of up to and including $50 million for new partnerships, and up to and including $100 million in follow-on funds. • With Staff concurrence, approve direct co-investment opportunities up to and including $50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding $50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.

REPORT TO BOARD OF ADMINISTRATION
From: Neil M. Guglielmo, General Manager

MEETING: FEBRUARY 22, 2022
ITEM: IX - N

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $40 MILLION IN NEW ENTERPRISE ASSOCIATES 18, L.P.**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to $40 million in New Enterprise Associates 18, L.P.

Executive Summary

New Enterprise Associates 18, L.P. will focus on multi-stage venture capital investments and partner with entrepreneurs to build high growth companies within the technology and healthcare sectors.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $40 million in New Enterprise Associates 18, L.P. (the Fund), a venture capital strategy managed by NEA, LLC (the GP or NEA). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background
NEA was formed in 1978 and focuses on technology venture capital investments. The GP has 126 employees and more than $23 billion in committed capital across 17 funds. Scott Sandell currently serves as the Managing General Partner and has been with NEA since 1996. In addition to its headquarters in Menlo Park, California, the GP has offices in Chevy Chase and Timonium, Maryland; San Francisco; and New York City.

LACERS has an existing general partner relationship with NEA and previously committed a total of $95 million to the following NEA-sponsored funds:

Fund	Vintage Year	Commitment Amount	Net IRR[1,2]
New Enterprise Associates 13, L.P.	2009	$15 million	17.9%
New Enterprise Associates 15, L.P.	2015	$20 million	28.3%
New Enterprise Associates 16, L.P.	2017	$25 million	25.8%
New Enterprise Associates 17, L.P.	2019	$35 million	58.9%

Investment Thesis

NEA partners with entrepreneurs to build high growth companies within the technology and healthcare sectors. The investment strategy spans all stages of the business growth cycle, including seeding innovations, funding early-stage companies, and providing growth capital to portfolio companies. The Fund will seek to make 60 to 80 venture capital investments in the Series A, B, and C funding rounds of companies. The GP adds value by providing guidance and support in the areas of operations, recruiting, marketing, strategy, and finance.

Placement Agent

The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation

Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy. No Board action is required.

Strategic Plan Impact Statement

Investment in New Enterprise Associates 18, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

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

NMG/RJ/BF/WL/EP:jp

Attachments: 1. Aksia Investment Notification
2. Discretion in a Box

[1] *Performance as of June 30, 2021*

[2] *Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s).*

Aksia LLC

New Enterprise Associates 18, L.P.
Investment Notification

Aksia
New York • London • Tokyo

www.aksia.com

PRIVATE & CONFIDENTIAL

Aksia

New Enterprise Associates 18, L.P.

General Partner	• NEA, LLC (the “Firm”)
Fund	• New Enterprise Associates 18, L.P. (the “Fund”)
Firm Founded	• 1978
Strategy	• Venture Capital
Sub-Strategy	• Diversified
Geography	• Primarily North America
Team	• ~40 investment professionals
Senior Partners	• Scott Sandell, Mohamad Makhzoumi, and Tony Florence
Office Locations	• Menlo Park, San Francisco, New York, Chevy Chase and Timonium
Industries	• Information Technology and Healthcare
Target Fund Size	• $2.9 billion
LACERS Investment	• $40.0 million

Investment Highlights

- Experienced, cohesive investment team with substantial domain experience
- Consistent investment approach that has been successfully implemented in prior funds
- Long standing reputation in the Venture Capital industry
- Demonstrated ability to identify large winners to drive investment performance

Aksia

New Enterprise Associates 18, L.P.

Firm and Background

- Founded in 1978 by Frank Bonsal, Richard Kramlich, and Chuck Newhall, NEA maintains a group of ~40 dedicated investment professionals which are organized across the Firm's information technology and healthcare verticals.
- The Firm has successfully navigated multiple leadership transitions since its formation. Most recently, Scott Sandell assumed the role of Managing General Partner with the formation of NEA 16. Mohamad Makhzoumi and Tony Florence were recently named as Managing General Partners alongside Sandell.
- The Firm has established international affiliates in China and India, expanding its capability to provide value add to portfolio companies on a global scale.
- While the organization has grown significantly over time, NEA has a "one-team" approach, meaning the investment team is responsible for all funds and investing/monitoring all stages of their portfolio companies.

Investment Strategy

- The Fund will focus primarily on seed-stage and early-stage venture capital investments within the technology and healthcare industries and will make between 60 to 80 investments with ~20.0% ownership and board representation.
- The Fund expects approximately 60.0% of invested capital to be deployed into technology investments and approximately 40.0% to be deployed to healthcare investments.
- The Fund will seek to make $1.0 million to $10.0 million investments in seed or incubating companies or $10.0 million to $35.0 million investments in Series A, B, and C companies.
- The Fund will primarily focus on North American opportunities but may allocate up to 25.0% of commitments internationally.
- The Fund will focus on augmenting existing management teams, formulating go-to-market strategies, obtaining strategic partnerships, and advising on financial matters.

Aksia

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Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant’s recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant’s concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

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Investment Selection	• Review investment analysis reports. • Review and approve investments in new partnerships of amounts greater than $50 million prior to investment. • Review and approve investments in follow-on partnerships of amounts greater than $100 million prior to investment. • Review and approve direct co-investment opportunities that exceed $50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding $50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including $50 million for new partnerships, and up to and including $100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over $50 million in new partnerships, or over $100 million in follow-on funds. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including $50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including $50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding $50 million for new managers, or exceeding $100 million in follow-on funds. • With Staff concurrence, approve investments of up to and including $50 million for new partnerships, and up to and including $100 million in follow-on funds. • With Staff concurrence, approve direct co-investment opportunities up to and including $50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding $50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: FEBRUARY 22, 2022**
From: Neil M. Guglielmo, General Manager **ITEM: IX - O**

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $35 MILLION IN NEA 18 VENTURE GROWTH EQUITY, L.P.**

ACTION: ☐ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☒

Recommendation

That the Board receive and file this notice of the commitment of up to $35 million in NEA 18 Venture Growth Equity, L.P.

Executive Summary

NEA 18 Venture Growth Equity, L.P. will focus on growth equity venture capital investments and partner with entrepreneurs to build high growth companies within the technology and healthcare sectors.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $35 million in NEA 18 Venture Growth Equity, L.P. (the Fund), a venture growth equity strategy managed by NEA, LLC (the GP or NEA). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background
NEA was formed in 1978 and focuses on technology venture capital investments. The GP has 126 employees and more than $23 billion in committed capital across 17 funds. Scott Sandell currently serves as the Managing General Partner and has been with NEA since 1996. In addition to its headquarters in Menlo Park, California, the GP has offices in Chevy Chase and Timonium, Maryland; San Francisco; and New York City.

LACERS has an existing general partner relationship with NEA and previously committed a total of $95 million to the following NEA-sponsored funds:

Fund	Vintage Year	Commitment Amount	Net IRR[1,2]
New Enterprise Associates 13, L.P.	2009	$15 million	17.9%
New Enterprise Associates 15, L.P.	2015	$20 million	28.3%
New Enterprise Associates 16, L.P.	2017	$25 million	25.8%
New Enterprise Associates 17, L.P.	2019	$35 million	58.9%

Investment Thesis

NEA partners with entrepreneurs to build high growth companies within the technology and healthcare sectors. The investment strategy focuses on providing growth capital to later-stage portfolio companies, which are typically profitable with high growth rates. The Fund will deploy larger investment amounts compared with NEA's flagship venture strategy, resulting in a portfolio of 20 to 40 companies. The GP adds value by providing guidance and support in the areas of operations, recruiting, marketing, strategy, and finance.

Placement Agent

The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation

Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy. No Board action is required.

Strategic Plan Impact Statement

Investment in NEA 18 Venture Growth Equity, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2021 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

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

NMG/RJ/BF/WL/EP:jp

Attachments: 1. Aksia Investment Notification
2. Discretion in a Box

[1] *Performance as of June 30, 2021*

[2] *Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s).*

Aksia LLC

NEA 18 Venture Growth Equity, L.P.
Investment Notification

Aksia
New York • London • Tokyo

www.aksia.com

Aksia

NEA 18 Venture Growth Equity, L.P.

General Partner	• NEA, LLC (the "Firm")
Fund	• NEA 18 Venture Growth Equity, L.P. (the "Fund)
Firm Founded	• 1978
Strategy	• Venture Capital
Sub-Strategy	• Diversified
Geography	• Primarily North America
Team	• ~40 investment professionals
Senior Partners	• Scott Sandell, Mohamad Makhzoumi, and Tony Florence
Office Locations	• Menlo Park, San Francisco, New York, Chevy Chase and Timonium
Industries	• Information Technology and Healthcare
Target Fund Size	• $3.7 billion
LACERS Investment	• $35.0 million

Investment Highlights

- Experienced, cohesive investment team with substantial domain experience
- Consistent investment approach that has been successfully implemented in prior funds
- Long standing reputation in the Venture Capital industry
- Demonstrated ability to identify large winners to drive investment performance

Aksia

NEA 18 Venture Growth Equity, L.P.

Firm and Background

- Founded in 1978 by Frank Bonsal, Richard Kramlich, and Chuck Newhall, NEA maintains a group of ~40 dedicated investment professionals which are organized across the Firm's information technology and healthcare verticals.
- The Firm has successfully navigated multiple leadership transitions since its formation. Most recently, Scott Sandell assumed the role of Managing General Partner with the formation of NEA 16. Mohamad Makhzoumi and Tony Florence were recently named as Managing General Partners alongside Sandell.
- The Firm has established international affiliates in China and India, expanding its capability to provide value add to portfolio companies on a global scale.
- While the organization has grown significantly over time, NEA has a "one-team" approach, meaning the investment team is responsible for all funds and investing/monitoring all stages of their portfolio companies.

Investment Strategy

- The Fund will focus primarily on technology and healthcare investments that are profitable and/or have pre-money valuations of over $1.0 billion, with customer year over year growth of at least 50.0%.
- The Fund expects approximately 60.0% of invested capital to be deployed into technology investments and approximately 40.0% to be deployed to healthcare investments.
- The Fund will seek to deploy check sizes of $40.0 million to $200.0 million into 20 to 40 companies for at least 5.0% ownership.
- The Fund will primarily focus on North American opportunities but may allocate up to 25.0% of commitments internationally.

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F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant’s recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant’s concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in new partnerships of amounts greater than $50 million prior to investment. • Review and approve investments in follow-on partnerships of amounts greater than $100 million prior to investment. • Review and approve direct co-investment opportunities that exceed $50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding $50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including $50 million for new partnerships, and up to and including $100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over $50 million in new partnerships, or over $100 million in follow-on funds. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including $50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including $50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding $50 million for new managers, or exceeding $100 million in follow-on funds. • With Staff concurrence, approve investments of up to and including $50 million for new partnerships, and up to and including $100 million in follow-on funds. • With Staff concurrence, approve direct co-investment opportunities up to and including $50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding $50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.