



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING
TUESDAY, APRIL 26, 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 April 26, 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# 160 532 6686

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 Ghokassian
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.ghokassian@lacers.org.

Disclaimer to Participants

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

- 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 [REGULAR MEETING](#) AND THE [SPECIAL MEETING](#) OF MARCH 22, 2022 AND POSSIBLE BOARD ACTION
- III. BOARD PRESIDENT VERBAL REPORT
- IV. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
 - C. PRESENTATION OF PRELIMINARY MANAGEMENT AUDIT RESULTS
 - D. INTRODUCTION OF NEW DEPUTY CITY ATTORNEY FOR PUBLIC PENSIONS GENERAL COUNSEL DIVISION SERVING LACERS
- V. RECEIVE AND FILE ITEMS
 - A. [MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR MARCH 2022](#)
 - B. [FISCAL YEAR 2021-22 EDUCATION AND TRAVEL EXPENDITURE REPORT AS OF MARCH 31, 2022](#)
 - C. [ANNUAL CONTRACTOR DISCLOSURE COMPLIANCE REPORT FOR CALENDAR YEAR 2021](#)
- VI. COMMITTEE REPORT(S)
 - A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON APRIL 12, 2022
- VII. BOARD/DEPARTMENT ADMINISTRATION
 - A. [MID-YEAR SUPPLEMENTAL BUDGET ADJUSTMENTS FOR FISCAL YEAR 2021-22 AND POSSIBLE BOARD ACTION](#)
 - B. [CONTRACT AWARD TO SEGAL FOR ACTUARIAL SERVICES AND POSSIBLE BOARD ACTION](#)
 - C. [CONTRACT EXTENSION WITH PENSIONX FOR WEBSITE MAINTENANCE AND SUPPORT SERVICES AND POSSIBLE BOARD ACTION](#)
- VIII. INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS
- B. [REAL ESTATE CONSULTANT FINALIST INTERVIEW AND POSSIBLE BOARD ACTION](#)
- C. [INVESTMENT MANAGER CONTRACT WITH OBERWEIS ASSET MANAGEMENT, INC. REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. SMALL CAP EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION](#)
- D. [DISCUSSION OF PROPOSED AMENDMENTS TO LACERS PROXY VOTING POLICY AND POSSIBLE BOARD ACTION](#)

IX. OTHER BUSINESS

- X. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, May 10, 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.

XI. ADJOURNMENT

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 March 22, 2022 meeting will be conducted via telephone and/or videoconferencing.

March 22, 2022

10:00 a.m.

PRESENT via Videoconferencing:	President:	Cynthia M. Ruiz
	Vice President:	Sung Won Sohn
	Commissioners:	Annie Chao Elizabeth Lee Nilza R. Serrano Michael R. Wilkinson
	Manager-Secretary:	Neil M. Guglielmo
	Legal Counselor:	Anya Freedman
	Executive Assistant:	Ani Ghoukassian
ABSENT:	Commissioner:	Sandra 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 advised that the Board received two written public comments and Neil M. Guglielmo, General Manager, stated the comments were from Joy Potts and Happy Allen, who were both employed by PetSmart. President Ruiz then asked if any persons wanted to make a general public comment to which there were no responses.

II

APPROVAL OF MINUTES FOR THE MEETING OF FEBRUARY 22, 2022 AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval, seconded by Commissioner Chao, and adopted

by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz wished everyone a Happy Spring.

IV

GENERAL MANAGER VERBAL REPORT

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

- LA Times Complex
- AB 361 Update
- Cybersecurity
- 977 N. Broadway HQ update
- Retirement Service stats
- Member Service stats
- Upcoming events: Seminars & Demos
- Upcoming March Wellness events

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

- Governance Committee – Proxy voting policies
- Legal – Board education item

V

RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR FEBRUARY 2022 – This report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE MEETING VERBAL REPORT FOR THE MEETING ON MARCH 8, 2022 – Vice President Sohn stated the Committee heard presentations by Loomis, Sayles & Company, L.P. and Segall Bryant & Hamill. The Committee approved the Private Equity and Real Estate Investment policies. The Committee was presented a comparison between rebalancing and adaptive asset allocation policy and provided input on the Investment Division resource needs for FY 2022.

B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON MARCH 22, 2022 – Commissioner Wilkinson stated the Committee was presented with the 2023

Health Plan Contract Renewal Timeline and Strategy and an operational update by Dale Wong-Nguyen, Assistant General Manager.

VII

BOARD/DEPARTMENT ADMINISTRATION

- A. FINDINGS TO CONTINUE TELECONFERENCE MEETINGS AND DETERMINATION THAT COVID-19 STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF MEMBERS TO MEET SAFELY IN PERSON AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the following Resolution:

**CONTINUE HOLDING LACERS BOARD AND COMMITTEE MEETINGS
VIA TELECONFERENCE AND/OR VIDEOCONFERENCE**

RESOLUTION 220322-A

WHEREAS, LACERS is committed to preserving public access and participation in meetings of the Board of Administration; and

WHEREAS, all LACERS Board and Committee meetings are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate as the LACERS Board and Committees conduct their business; and

WHEREAS, the Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, subject to the existence of certain conditions; and

WHEREAS, the COVID-19 State of Emergency proclaimed by the Governor on March 4, 2020 remains active; and

WHEREAS, on October 12, 2021, the Board met via teleconference and determined by majority vote, pursuant to Government Code Section 54953(e)(1)(B)-(C), that due to the COVID-19 State of Emergency, meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, the Board has reconsidered the circumstances of the State of Emergency; and

WHEREAS, COVID-19 remains a public health concern in Los Angeles, with substantial levels of community transmission;

NOW THEREFORE, BE IT RESOLVED that pursuant to Government Code Section 54953(e)(1)(B)-(C), the Board finds that holding Board and Committee meetings in person would present imminent risks to the health or safety of attendees.

BE IT FURTHER RESOLVED that pursuant to Government Code Section 54953(e)(3)(A) and (B)(i), the Board finds that the COVID-19 State of Emergency continues to directly impact the ability of Board and Committee members to meet safely in person.

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

- B. ACTUARIAL RISK ASSESSMENT AND REVIEW OF FUNDED STATUS OF THE RETIREMENT AND HEALTH PLANS AS OF JUNE 30, 2021 – Andy Yeung and Todd Tauzer, Actuaries with The Segal Group, Inc., presented and discussed this item with the Board for 45 minutes. The report was received by the Board and filed.
- C. PRELIMINARY PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2022-23 AND POSSIBLE BOARD ACTION – Neil M. Guglielmo, General Manager, presented and discussed this item with the Board for 30 minutes. After the Board discussed and provided input, Commissioner Serrano moved approval, seconded by Vice President Sohn, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.
- D. FAMILY DEATH BENEFIT PLAN – CONSIDERATION OF BENEFIT PAYABLE ON BEHALF OF DECEASED ADULT DISABLED CHILD ABBY MARIA FRANCES BANAS AND POSSIBLE BOARD ACTION – Ferralyn Sneed, Chief Benefits Analyst, and Delia Hernandez, Senior Benefits Analyst, presented and discussed this item with the Board for 10 minutes. Commissioner Wilkinson moved approval of the following Resolution:

**APPROVAL OF FAMILY DEATH BENEFIT PLAN BENEFIT PAYMENT
FOR DECEASED BENEFICIARY ABBY MARIA FRANCES BANAS**

RESOLUTION 220322-B

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the request for benefit payment filed was in regular and proper form;

WHEREAS, Dr. Thomas P. Di Julio examined the medical records of Abby Maria Frances Banas and concluded Abby Maria Frances Banas had been disabled for her entire life and unable to engage in any substantial gainful activity due to the severity of her medical impairments and that these impairments eventually resulted in her death;

WHEREAS, the medical evidence confirms Abby Maria Frances Banas became disabled prior to reaching the age of 22, in accordance with the provisions of Los Angeles Administrative Code Section 4.1090 governing the Family Death Benefit Plan;

WHEREAS, after discussion and consideration of the evidence, it is the finding and determination of this Board that Abby Maria Frances Banas was unable to engage in any substantial gainful activity by reason of medically determinable physical and mental impairments which resulted in death, pursuant to Los Angeles Administrative Code § 4.1090.(a)(3)(b)(3);

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Family Death Benefit Plan retroactive payment to the estate of deceased benefit recipient Abby Maria Frances Banas.

Which motion was seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6;

Nays, None.

VIII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Rod June, Chief Investment Officer, reported on the portfolio value of \$22.77 billion as of March 21, 2022. Mr. June discussed the following items:
- Staff and Aksia are exploring the request of getting a second opinion on private equity valuations
 - Securities and Exchange Commission is proposing a rule regarding the reporting of greenhouse gas emissions of publicly traded companies
 - Aksia TorreyCove Partners LLC changed their name to Aksia CA LLC effective March 18, 2022; the name change does not require Board action
 - Updates on the Russia-Ukraine conflict and its impact on the LACERS portfolio
 - Upcoming Agenda Items: Investment manager contract and real estate consultant finalist
- B. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW FOR THE QUARTER ENDING DECEMBER 31, 2021 – Carolyn Smith, Partner with NEPC, LLC, presented and discussed this item with the Board for 30 minutes.
- C. PRIVATE EQUITY AND REAL ESTATE INVESTMENT POLICIES AND POSSIBLE BOARD ACTION – Wilkin Ly, Investment Officer III, Clark Hoover, Investment Officer I, and David Fann, Vice Chairman with Aksia CA LLC, presented and discussed this item with the Board for 10 minutes. Vice President Sohn moved approval with request for staff to provide Private Equity reports on a quarterly basis, seconded by Commissioner Serrano, who amended the request to provide the reports quarterly only during this volatile time and for staff to decide the end date, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.
- D. U.S. SECURITIES AND EXCHANGE COMMISSION'S PROPOSED RULES ON PRIVATE FUND ADVISERS AND POSSIBLE BOARD ACTION – Commissioner Wilkinson moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

IX

OTHER BUSINESS – There was no other business.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, April 12, 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.

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting at 12:55 p.m.

Cynthia M. Ruiz
President

Neil M. Guglielmo
Manager-Secretary

MINUTES OF THE SPECIAL 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 March 22, 2022 Special meeting will be conducted via telephone and/or videoconferencing.

March 22, 2022

1:00 p.m.

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

President Ruiz recessed the Special Meeting at 1:01 p.m. to convene in Closed Session discussion.

II

CLOSED SESSION PURSUANT TO SUBDIVISIONS (A) AND (D)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM, LEGAL COUNSEL

REGARDING PENDING LITIGATION IN THE CASE ENTITLED AFSCME, ET. AL. V CITY OF LOS ANGELES AND THE BOARD OF ADMINISTRATION OF THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM, CASE NO. BS166535 (LOS ANGELES SUPERIOR COURT), AND POSSIBLE BOARD ACTION

President Ruiz reconvened the Special Meeting at 1:13 p.m.

III

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, April 12, 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.

IV

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting at 1:14 p.m.

Cynthia M. Ruiz
President

Neil M. Guglielmo
Manager-Secretary

Agenda of: APR. 26, 2022

Item No: V-A

**MONTHLY REPORT ON SEMINARS AND CONFERENCES
ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS
(FOR THE MONTH OF MARCH 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 MEMBERS:

President Cynthia M. Ruiz
Vice President Sung Won Sohn

Commissioner Annie Chao
Commissioner Elizabeth Lee
Commissioner Sandra Lee
Commissioner Nilza R. Serrano
Commissioner Michael R. Wilkinson

DATE(S) OF EVENT	SEMINAR / CONFERENCE TITLE	EVENT SPONSOR (ORGANIZATION)	LOCATION (CITY, STATE)
	Nothing to Report		



REPORT TO BOARD OF ADMINISTRATION

MEETING: APRIL 26, 2022

From: Neil M. Guglielmo, General Manager

ITEM: V - B

Neil M. Guglielmo

SUBJECT: FISCAL YEAR 2021-22 EDUCATION AND TRAVEL EXPENDITURE REPORT AS OF MARCH 31, 2022

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this report.

Executive Summary

A report of Board and staff education and travel expenditures is provided to the Board on a quarterly basis pursuant to the Board Education and Travel Policy. The Department budgeted a total of \$122,885 in Fiscal Year (FY) 2021-2022 for travel and educational expenses. As of March 31, 2022, the Department has incurred a total of \$25,632.87 or 20.9% of budgeted funds, as indicated in the table below:

	FY 2021 -22 Adopted Budget	FY 2021-22 Year-To-Date Actual Expenditure, As of March 31, 2022			FY 2021-22 Year-To-Date Actual % of Budget
		Travel- Related	Virtual	Total	
Board	\$34,220.00	\$244.39	\$5,965.00	\$6,209.39	18.1%
Staff	\$34,815.00	\$1,499.02	\$8,158.00	\$9,657.02	27.7%
Investment Administration	\$53,850.00	\$9,766.46	\$0.00	\$9,766.46	18.1%
Total	\$122,885.00	\$11,509.87	\$14,123.00	\$25,632.87	20.9%

Attachment I details the travel and training expenditures for Board and staff as of March 31, 2022.

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

NG:TB:RO

Attachment: Education and Travel Expenditure Report for Period July 1, 2021 to March 31, 2022

BOARD Meeting: 04/26/22
Item V– B
Attachment 1

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
BOARD MEMBERS' EDUCATION AND RELATED TRAVEL EXPENDITURE REPORT
FOR THE PERIOD JULY 1, 2021 TO MARCH 31, 2022

NAME	ORGANIZATION	CONFERENCE TITLE	LOCATION	START DATE	END DATE	REGISTRATION	AIRFARE	LODGING	OTHER TRAVEL EXP.	TOTAL EXPENSE
E LEE ¹	INTERNATIONAL FOUNDATION OF EMPLOYEE BENEFIT PLANS (IFEBP)	ADVANCED TRUSTEES & ADMINSTRATORS INSTITUTE	ORLANDO, FL	02/21/22	02/23/22	-	244.39	-	-	\$ 244.39
BOARD MEMBERS' EDUCATION AND RELATED TRAVEL EXPENDITURES FOR THE 1ST QUARTER ENDING 09/30/21:						\$ -	\$ -	\$ -	\$ -	\$ -
BOARD MEMBERS' EDUCATION AND RELATED TRAVEL EXPENDITURES FOR THE 2ND QUARTER ENDING 12/31/21:						\$ -	\$ 244.39	\$ -	\$ -	\$ 244.39
BOARD MEMBERS' EDUCATION AND RELATED TRAVEL EXPENDITURES FOR THE 3RD QUARTER ENDING 03/31/22:						\$ -	\$ -	\$ -	\$ -	\$ -
YTD TRAVEL EXPENDITURES / ANNUAL BUDGET FOR BOARD EDUCATION AND TRAVEL (AMOUNT & %):						\$244.39		\$20,000.00		1.2%
YTD BOARD MEMBERS' TRAVEL EXPENDITURES / ANNUAL BUDGET FOR ALL DEPARTMENT TRAVEL (AMOUNT & %):						\$244.39		\$86,815.00		0.3%

¹ Travel was cancelled. Airline credit of \$220.39 was received with expiration date of 12/31/2022

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
BOARD MEMBERS' VIRTUAL EDUCATION EXPENDITURE REPORT
JULY 1, 2021 TO MARCH 31, 2022**

NAME	VIRTUAL CONFERENCE OR TRAINING COURSE	PMT DATE	REGISTRATION AMOUNT
S SOHN	CNBC/ _ DELIVERING ALPHA VIRTUAL CONFERENCE_ 09/29/21	7/6/2021	\$ 595.00
E LEE	SACRS/ 2021 FALL ANNUAL VIRTUAL CONFERENCE_ 11/09/21-11/11/21	9/13/2021	\$ 120.00
S SOHN	HARVARD UNIVERSITY/ VIRTUAL LEADERSHIP DECISION MAKING	10/20/2021	\$ 4,950.00
C RUIZ	US BANK PCARD/ _2021 50/50 WOMEN ON BOARDS INC/ 2021 GLOBAL CONVERSATION ON BOARD DIVERSITY_ 11/03/21-11/05/21	10/19/2021	\$ 150.00
N SERANNO	US BANK PCARD/ _2021 50/50 WOMEN ON BOARDS INC/ 2021 GLOBAL CONVERSATION ON BOARD DIVERSITY_ 11/03/21-11/05/21	10/19/2021	\$ 150.00
TOTAL			\$ 5,965.00

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
STAFF EDUCATION AND RELATED TRAVEL EXPENDITURE REPORT
FOR THE PERIOD JULY 1, 2021 TO MARCH 31, 2022**

NAME	ORGANIZATION	CONFERENCE TITLE	LOCATION	START DATE	END DATE	REGISTRATION	AIRFARE	LODGING	OTHER TRAVEL EXP.	TOTAL EXPENSE
J GELLER	NATIONAL ASSOCIATION OF PUBLIC PENSION ATTORNEYS (NAPPA)	2021 WINTER SEMINAR/SECTION MEETINGS	TEMPE, AZ	10/04/21	10/07/21	\$ 485.00	\$ 130.24	\$ 715.23	\$ 168.55	\$ 1,499.02
TOTAL STAFF EDUCATION AND RELATED TRAVEL EXPENDITURES FOR THE 1ST QUARTER ENDING 09/30/21:						\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL STAFF EDUCATION AND RELATED TRAVEL EXPENDITURES FOR THE 2ND QUARTER ENDING 12/31/21:						\$ 485.00	\$ 130.24	\$ 715.23	\$ 168.55	\$ 1,499.02
TOTAL STAFF EDUCATION AND RELATED TRAVEL EXPENDITURES FOR THE 3RD QUARTER ENDING 03/31/22:						\$ -	\$ -	\$ -	\$ -	\$ -
YTD TRAVEL EXPENDITURES / ANNUAL BUDGET FOR STAFF EDUCATION AND RELATED TRAVEL (AMOUNT & %):						\$1,499.02		\$27,315.00		5.5%
YTD STAFF TRAVEL EXPENDITURES / ANNUAL BUDGET FOR ALL DEPARTMENT TRAVEL (AMOUNT & %):						\$1,499.02		\$86,815.00		1.7%

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
STAFF VIRTUAL EDUCATION EXPENDITURE REPORT
JULY 1, 2021 TO MARCH 31, 2022**

NAME	VIRTUAL CONFERENCE OR TRAINING COURSE	PMT DATE	REGISTRATION AMOUNT
W LY	CALAPRS/_ VIRTUAL INVESTMENTS ROUND TABLE_09/09/21	07/26/21	\$ 50.00
F SNEED	CALAPRS/_ BENEFITS VIRTUAL ROUND TABLE TICKET_09/17/21	08/25/21	\$ 50.00
D WONG-NGUYEN	CALAPRS/_ BENEFITS VIRTUAL ROUND TABLE TICKET_09/17/21	08/25/21	\$ 50.00
U RUIZ	CALAPRS/_ BENEFITS VIRTUAL ROUND TABLE TICKET_09/17/21	08/27/21	\$ 50.00
M CASTANEDA	CALAPRS/_ BENEFITS VIRTUAL ROUND TABLE TICKET_09/17/21	08/27/21	\$ 50.00
L SMITH	CALAPRS/_ BENEFITS VIRTUAL ROUND TABLE TICKET_09/17/21	08/27/21	\$ 50.00
C REMBERT	CALAPRS/_ BENEFITS VIRTUAL ROUND TABLE TICKET_09/17/21	08/27/21	\$ 50.00
S HERNANDEZ	CALAPRS/_ BENEFITS VIRTUAL ROUND TABLE TICKET_09/17/21	08/27/21	\$ 50.00
R JUNE	CALAPRS/_ INVESTMENTS VIRTUAL ROUND TABLE TICKET_09/09/21	08/26/21	\$ 50.00
J GELLER	CALAPRS/_ VIRTUAL ATTORNEYS ROUND TABLE TICKET_09/17/21	09/07/21	\$ 50.00
M BAHAMON	CALAPRS/_ VIRTUAL ATTORNEYS ROUND TABLE TICKET_09/17/21	09/07/21	\$ 50.00
A FREEDMAN	CALAPRS/_ VIRTUAL ATTORNEYS ROUND TABLE TICKET_09/17/21	09/07/21	\$ 50.00
S CHEUNG	CALAPRS/_ VIRTUAL ATTORNEYS ROUND TABLE TICKET_09/17/21	09/07/21	\$ 50.00
N GUGLIELMO	IFEBP/_ 67TH ANNUAL EMPLOYEE BENEFITS VIRTUAL CONF 10/17/21-10/20/21	08/18/21	\$ 1,625.00
D GOTO	SYSTEMS SUPPORT/_ 2021 FALL ANNUAL VIRTUAL CONF 10/11/21-10/14/21	09/15/21	\$ 895.00
J GELLER	ILPA/_ 2021 VIRTUAL ILPA PRIVATE EQUITY LEGAL CONFERENCE_10/13/21-10/14/21	09/28/21	\$ 299.00
H RAMIREZ	CALAPRS/_ INFORMATION TECHNOLOGY VIRTUAL ROUND TABLE TICKET_10/22/21	10/05/21	\$ 50.00
T LARIOS	CALAPRS/_ INFORMATION TECHNOLOGY VIRTUAL ROUND TABLE TICKET_10/22/21	10/05/21	\$ 50.00
T OBEMBE	CALAPRS/_ INFORMATION TECHNOLOGY VIRTUAL ROUND TABLE TICKET_10/22/21	10/05/21	\$ 50.00
V LOPEZ	CALAPRS/_ INFORMATION TECHNOLOGY VIRTUAL ROUND TABLE TICKET_10/22/21	10/05/21	\$ 50.00
N HERKELRATH	CALAPRS/_ INFORMATION TECHNOLOGY VIRTUAL ROUND TABLE TICKET_10/22/21	10/05/21	\$ 50.00
M REJUSO	IIA/_ REIMB_ THE 2021 IIA LA CONF: GOVERNANCE, GRIT, & GRAVITAS_ WEBINAR_10/04/21-10/06/21	10/07/21	\$ 120.00
S CHEUNG	CII/_ 2021 VIRTUAL CORP GOV BOOTCAMP_11/17/21	10/28/21	\$ 245.00
M BAHAMON	CII/_ 2021 VIRTUAL CORP GOV BOOTCAMP_11/17/21	10/28/21	\$ 245.00
G DI DOMENICO	CII/_ 2021 VIRTUAL CORP GOV BOOTCAMP_11/17/21	10/28/21	\$ 245.00
B FUJITA	CII/_ 2021 VIRTUAL CORP GOV BOOTCAMP_11/17/21-11/19/21	11/01/21	\$ 945.00
E CHEN	CII/_ 2021 VIRTUAL CORP GOV BOOTCAMP_11/17/21-11/19/21	11/01/21	\$ 945.00
S CHEUNG	ILPA/_ 2022 VIRTUAL ILPA INSTITUTE_01/19/22-01/20/22	11/03/21	\$ 1,199.00
L LI	UBTI/_ ADVANCED POWER BI COURSE_01/20/22	12/08/21	\$ 395.00
N GUGLIELMO	CALAPRS/_ ADMINISTRATORS ROUND TABLE TICKET_02/11/22	02/03/22	\$ 50.00
G DI DOMENICO	CALAPRS/_ VIRTUAL ATTORNEYS ROUND TABLE TICKET_02/18/22	02/17/22	\$ 50.00
TOTAL			\$ 8,158.00

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT ADMINISTRATION AND RELATED TRAVEL EXPENDITURE REPORT
FOR THE PERIOD JULY 1, 2021 TO MARCH 31, 2022**

NAME	ORGANIZATION	CONFERENCE TITLE	LOCATION	START DATE	END DATE	REGISTRATION	AIRFARE	LODGING	OTHER TRAVEL EXP.	TOTAL EXPENSE
R KING	INVESCO	2021 INVESCO REAL ESTATE GLOBAL CLIENT CONFERENCE	LA JOLLA, CA	11/02/21	11/04/21	-	-	-	131.26	131.26
C HOOVER	INVESCO	2021 INVESCO REAL ESTATE GLOBAL CLIENT CONFERENCE	LA JOLLA, CA	11/02/21	11/04/21	-	-	-	115.36	115.36
R JUNE	CONTEXT SUMMITS	INVESTING IN NEW FRONTIERS FOR THE ALTERNATIVES SPACE	AVENTURA, FL	01/24/22	01/26/22	-	222.41	-	208.68	431.09
E PARK	STEPSTONE GROUP	DUE DILIGENCE	LA JOLLA, CA	02/15/22	02/15/22	-	74.00	-	78.62	152.62
E PARK	TOWNSEND GROUP	DUE DILIGENCE	CLEVELAND, OH	02/16/22	02/17/22	-	1,431.00	172.73	324.73	1,928.46
E CHEN ¹	OPAL GROUP	ESG & IMPACT INVESTING FORUM	PALM BEACH, FL	03/27/22	03/29/22	-	567.20	848.96	405.38	1,821.54
C HOOVER	MELLON CAPITAL & BLACK ROCK	DUE DILIGENCE	SAN FRANCISCO, CA	03/15/22	03/16/22	-	226.48	264.56	297.96	789.00
J W PARAS ¹	RHUMBLINE ADVISORS, STATE STREET GLOBAL ADVISORS , NORTHERN TRUST	DUE DILIGENCE	BOSTON, MA & CHICAGO, IL	03/21/22	03/24/22	-	1,074.80	685.25	642.83	2,402.88
R JUNE ¹	NEPC	PUBLIC FUNDS WORKSHOP	TEMPE, AZ	03/28/22	03/30/22	-	139.77	590.77	261.96	992.50
B FUJITA ¹	NEPC	PUBLIC FUNDS WORKSHOP	TEMPE, AZ	03/28/22	03/30/22	-	139.77	590.77	271.21	\$ 1,001.75
INVESTMENT ADMINISTRATION TRAVEL EXPENDITURES FOR THE 1ST QUARTER ENDING 09/30/21:						\$ -	\$ -	\$ -	\$ -	\$ -
INVESTMENT ADMINISTRATION TRAVEL EXPENDITURES FOR THE 2ND QUARTER ENDING 12/31/21:						\$ -	\$ -	\$ -	\$ 246.62	\$ 246.62
INVESTMENT ADMINISTRATION TRAVEL EXPENDITURES FOR THE 3RD QUARTER ENDING 03/31/22:						\$ -	\$ 3,875.43	\$ 3,153.04	\$ 2,491.37	\$ 9,519.84
YTD TRAVEL EXPENDITURES / ANNUAL BUDGET FOR INVESTMENT ADMINISTRATION TRAVEL EXPENDITURES (AMOUNT & %):						\$9,766.46	\$39,500.00	24.7%		
YTD INVESTMENT ADMIN. TRAVEL EXPENDITURES / ANNUAL BUDGET FOR ALL DEPARTMENT TRAVEL (AMOUNT & %):						\$9,766.46	\$86,815.00	11.2%		

¹ Based on Travel Authority; PES not yet finalized.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: APRIL 26, 2022
ITEM: V – C

Neil M. Guglielmo

SUBJECT: ANNUAL CONTRACTOR DISCLOSURE COMPLIANCE REPORT FOR CALENDAR YEAR 2021

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

THIS REPORT IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES.

Recommendation

That the Board receive and file the Annual Contractor Disclosure Compliance Report for the period January 1, 2021 to December 31, 2021.

Executive Summary

Last August 13, 2019, the Board adopted the Contractor Disclosure Policy to enhance transparency in LACERS' contracting process and ensure that investment and procurement decisions are made solely on the merits of goods or services provided by the Contractors to LACERS.

This policy kicks in after the contracts have been awarded or during the life of the contracts with LACERS.

Section G.2.f of the Contractor Disclosure Policy reads as follows:

“LACERS internal audit staff will compile a Board report containing the names and amount of compensation agreed to be provided to each Intermediary by each Contractor; the campaign contributions and gifts of each Contractor as reported in the Contractor Disclosures; the List of Contacts; and the List of Exclusions.”

In accordance with the above section, Internal Audit is providing the Annual Contractors Disclosure Compliance Report to the Board for calendar year 2021.

Based on Internal Audit's review, no improprieties were noted on the information disclosed by the contractors.

Internal Audit received 84 out of 86 requested disclosure reports for calendar year 2021, as shown in the following table.

FILING TYPE	NO. REQUIRED	NO. RECEIVED
CONTRACTOR DISCLOSURE REPORT REQUESTS	86	84

Section H (Penalties) of the Contractor Disclosure Policy provides that in the event of material omission or inaccuracy in the Contractor Disclosure or any other violation of this Policy (e.g., non-compliance/non-submission), the Board in its sole discretion may impose the following penalties:

1. Whichever is greater, the reimbursement of any contractor, management or advisory fees paid by LACERS for one year or an amount equal to the amounts that the Contractor has paid or promised to pay to the Intermediary, in respect of LACERS.
2. LACERS shall have the authority to terminate the agreement, without penalty.
3. The Board of Administration may take action to ban Contractor and/or the intermediary who materially violated this Policy from future contracting opportunities with LACERS for a period of up to five years. However, the prohibition may be reduced by a majority vote of the Board at a public session upon showing of good cause.

Attachment 1 lists the contributions, contacts, gifts, and intermediary information, as reported by the Contractors. Attachment 2 lists the outstanding disclosures or contractors that did not submit the required disclosure reports. Attachment 3 is the Contractors Disclosure Policy.

Strategic Alignment

Discussion of the Contractors’ Disclosure Report is consistent with the Board’s Governance Goal to “uphold good governance practices which affirm transparency, accountability and fiduciary duty.”

Fiscal Impact Statement

None

Prepared By: Maria Melani Rejuso, Interim Departmental Audit Manager

NMG/MR

- Attachments:
1. Summary of Contractors' Disclosure Reports
 2. List of Outstanding Disclosures/Non-compliant contractors
 3. Contractors Disclosure Policy

ATTACHMENT 1

**CONTRACTOR DISCLOSURE SUMMARY
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
FOR THE PERIOD JANUARY 1, 2021 TO DECEMBER 31, 2021**

OUTSTANDING DISCLOSURES

Account Number	Vendor / Contract Name	Contract Term		Responsible Section	Reason for non-disclosure
		Start Date	Exp. Date		
	SEE LIST (ATTACHMENT 2)				

CAMPAIGN CONTRIBUTIONS

Contract Number	Vendor / Contract Name	Contract Term		Campaign Contribution Information
		Start Date	Exp. Date	
C-134865	Foley & Lardner LLP	12/1/2019	11/30/2022	<p>Byron McLain, Partner at Foley & Lardner contributed \$250 on 9/9/2021 to Katy Young Yaroslavsky, 2022 City Council candidate; \$800 on 09/19/2021 to Curren Price Jr., 2022 City Council candidate; \$200 on 09/22/2021 to Sam Yebri, 2022 City Council candidate; \$1,500 on 09/27/2021 to Karen Bass, 2022 LA Mayoral candidate; and \$500 on 10/19/2021 to Marina Torres, 2022 LA City Attorney candidate.</p> <p>Kamran Mirrafati, former Partner at Foley & Lardner contributed \$187.32 on December 28, 2021 to Sam Yebri, 2022 City Council candidate.</p> <p>Note: Per person contribution limits for 2022 Regular Elections according to LA City Ethics Commission are: City Council is a limit of \$800 per election; Mayor, City Attorney and Controller is a limit of \$1,500 per election; and LAUSD is a limit of \$1,300 per election . Primary and general are considered separate elections.</p>

OTHER CONTRIBUTIONS

Contract Number	Vendor / Contract Name	Contract Term		Contribution Information
		Start Date	Exp. Date	
	None			

DISCLOSED CONTACTS- 24 MONTH PERIOD PRIOR TO BOARD APPROVAL

Contract Number	Vendor / Contract Name	Contact Date	Contact Information
PE	Hellman & Friedman Capital Partners X	March 26, 2019, October 20, 2020 and February 24, 2021	Contractor reported that they had contacts with Investment's staff for update and part of LACERS' due diligence efforts. Prior to this fund (X), LACERS has investments with Hellman's four other funds.
C-4235	KES Mail, Inc., effective 07/01/2021	between September 2021 to November 2021	Contractor reported several meetings held with LACERS' health staff after the contract has been executed. The meetings held were during LACERS' open medical/dental enrollment period (between September 2021 to November 2021).
PE	Fortress Investment Group (Fund V), contract was effective August 31, 2020	During calendar year 2021	Contractor reported having several interactions with LACERS' Investment Staff during calendar year 2021, either by email or conference call. Contacts were part of due diligence efforts by LACERS' staff to discuss existing investments with Fortress staff.

DISCLOSED GIFTS

Contract Number	Vendor / Contract Name	Gift Date	Gift Information
C-22357	Anthem, Blue Cross, contract is from 08/27/2019 to 12/31/2021	12/08/2021	Michele Guilford, Account Management Executive Consultant at Anthem reported to have paid for a service meeting lunch of LACERS health staff on December 8, 2021. The total value of lunch was \$115 for three staff, the limit set by the State/City law on gifts is \$100 per restricted source per annum per City Official/individual. Also, gifts over \$50 per individual has to be reported in the State form 700 by the individual.

INTERMEDIARY INFORMATION

Contract Number	Vendor / Contract Name	Intermediary Name	Compensation	Disclosure Date	Notes
Non-US Equity	State Street Global Advisors Trust Company (Multi Passive Index), effective June 1, 2021	Ms. Sonya Park is an internal employee of SSGA and not a third party placement agent or intermediary. A registered lobbyist in the State of California	Paid a base salary plus an annual discretionary bonus.	3/4/2022	Bonus is not paid based upon activity from any one client.
PE	Hellman & Friedman Capital Partners X, effective May 5, 2021	Ms. Susanna Daniels, Ms. Suzanne Kim Tomlinson, Ms. Kristen Nelson (Green), and Ms. Sara Ho (Morgan) are employees or Partners of Hellman & Friedman LLC	Compensation are salary and discretionary bonus	2/3/2022	None of the intermediaries is compensated or has the firm agreed to compensate (whether on commission, contingent percentage or other similar basis) specifically in connection with any investment or potential investment by LACERS in Hellman & Friedman.

PE	CVC Capital Partners/ CVC Capital Partners VIII, effective on May 22, 2020	Robert Squire and John Bryant are employed by CVC Funding which acts as distributor of CVC Capital Partners. They help manage current and prospective investors.	Investments with LACERS maybe a factor in calculating their bonuses, however this bonus is discretionary and is not charged to LACERS or the Fund.	3/29/2022	Contractor reported that they do not compensate non-CVC placement agents. Robert Squire and John Bryant are their distributor's employees and are part of CVC's Investor Relations Team.
RE	Cerberus Institutional Real Estate Partners V, LP, effective 09/14/2020	Greg Gordon and Glen Abbott serve as intermediary for Cerberus Capital Management, LP. They are both employees of Cerberus.	Both employees are paid an annual salary and discretionary bonus	2/22/2022	Greg Gordon and Glen Abbott help to discuss with potential clients the opportunity to invest in Cerberus' new funds.
RE	GLP Capital Partners IV, effective 03/30/2021	PJT Park Hill (placement agent) operates as the alternative asset advisory and fundraising services practice group of PJT Partners, an SEC registered broker-dealer.	Paid a fee based on a percentage of interests raised.	2/23/2022	The intermediary is a placement agent utilized for all clients of GLP Partners.
PE	Fortress Investment Group (Fund V), contract was effective August 31, 2020	Fortress Capital Formation, LLC	Base salary and discretionary bonus.	02/15/2022	Contractor reported that it relies on its employees thru Fortress Capital Formation, LLC to sell interests in investment vehicles managed by Fortress. Fortress personnel who are dedicated to raising capital are compensated for doing so. However no payments or reimbursements are contingent upon LACERS' investing in Fortress Fund.

PE	OceanSound Partners Fund, LP, contract was effective 06/02/2020	SixPoint Partners, LLC, a Placement Agent	1% on all capital commitments and/or investments	03/16/2022	Sixpoint provides several advisory and fundraising services and is utilized with all prospective clients, except in certain limited circumstances or for entities that prohibit payment of fees to placement agents.
PE	Technology Crossover Ventures XI, contract was effective 10/02/2020	Julia Novaes Roux, a Partner and Head of Investor Relations at TCV	Base salary and bonus	3/21/2022	Ms. Roux joined TCV in 2019 and brings global fundraising experience in private equity across the technology and emerging market growth sectors. Ms. Roux's compensation is not dependent on LACERS investing in TCV funds.

ATTACHMENT 2**OUTSTANDING DISCLOSURES AS OF DECEMBER 31, 2021**

NO.	CONTRACTOR'S NAME	TYPE OF CONTRACT/ INCEPTION DATE	COMMENTS
1	H.I.G. CAPITAL	PRIVATE EQUITY 02/04/2021	NON COMPLIANT FOR 2021
2	CLEARLAKE CAPITAL PARTNERS VI	PRIVATE EQUITY 12/10/2019	NON COMPLIANT FOR 2021

Los Angeles City Employees' Retirement System**ETHICS RESPONSIBILITIES FOR BOARD MEMBERS, THE GENERAL MANAGER,
LACERS STAFF, CONTRACTORS, AND INVESTMENT CONSULTANTS****CONTRACTOR DISCLOSURE REPORTING POLICY****A. PURPOSE**

It is LACERS' policy for Contractors to disclose conflicts of interest - - actual, potential, and perceived.

The goal of this Policy is to prevent impropriety or the appearance of impropriety, to provide transparency and confidence in LACERS' decision-making process, and to help ensure that investment and procurement decisions are made solely on the merits of the goods or services proposed to be provided by Contractors to LACERS.

This Policy sets forth the circumstances under which LACERS requires the full and timely periodic disclosure of ex parte communications with, relationships with, and payments to, entities such as placement agents, third party marketers, lobbyists, and other Intermediaries. This Policy is intended to apply broadly to all Contractors with whom LACERS conducts business.

This Policy shall apply in addition to, and is intended to supplement, LACERS' Marketing Cessation policy, Third Party Marketer Compliance policy, Conflict Governance policy; any applicable state and City ethics, campaign finance, and lobbying laws found in the City's Charter, Governmental Ethics, Lobbying, and Campaign Finance Ordinances; the California Political Reform Act; and the California Constitution. Unless otherwise specified or required by the context, all terms used but not defined herein shall have the same meanings ascribed to them in **Appendix A.**

The Board recognizes that the flow of communication through staff between Contractors or Consultants and Board members is beneficial to the conduct of LACERS business. However, there are instances wherein Contractors or Consultants may have ex parte communications directly with Board members. In those instances where the ex parte communication reasonably might give the appearance of being an attempt to influence the outcome of a Board or staff decision or Consultant recommendation, the Board recognizes that there might be the potential for misunderstanding, misinformation, or conflicting instructions, and therefore such communications reasonably could be interpreted as inappropriately affecting the Board, staff, or Consultant. Such communications do not always rise to the level of "Undue Influence" as defined in this policy, but nevertheless are subject to disclosure.

B. APPLICATION AND EXCLUSIONS**1. APPLICATION**

This policy applies to all agreements with Contractors that are entered into after the date this Policy is adopted. Additionally, this Policy applies to existing agreements with Contractors if, after the date this Policy is adopted, (a) the term of the agreement is extended, (b) there is any increased commitment of funds by LACERS pursuant to the existing agreement, or (c) there is an amendment to the substantive terms of an existing

Los Angeles City Employees' Retirement System

ETHICS RESPONSIBILITIES FOR BOARD MEMBERS, THE GENERAL MANAGER, LACERS STAFF, CONTRACTORS, AND INVESTMENT CONSULTANTS

agreement, including the fees or compensation payable to the Contractor to the extent that LACERS' consent is required.

2. EXCLUSIONS

The following contracts are excluded from this Policy:

- 1) Contracts in the amount of \$20,000 or less and for not more than a one-year period for which the Board has authorized the General Manager to approve service agreements, pursuant to Administrative Code section 10.1.1.
- 2) Low cost equipment maintenance agreements and service for equipment repair. "Low cost" is defined as \$2,000 or less.
- 3) Contracts for which contract terms are less than 3 months in duration.
- 4) City or state contracts/agreements for which LACERS utilizes the existing City or state contract or agreement.

C. CAMPAIGN CONTRIBUTION - PERIODIC DISCLOSURE

Except as otherwise provided in this policy, every Contractor shall disclose any and all monetary contributions and/or other financial benefits made directly or indirectly by such Contractor and/or any of its Officers, marketing representatives, relationship representatives, portfolio managers, members of the investment committee, and/or Intermediaries (and, in the case of individuals, the Family Members of any of them) that are involved with the product or service provided, or sought to be provided, to LACERS, to any Elected Official, Candidate, Appointed Official or Applicable City Employee (collectively, "Contractor Campaign Contribution Disclosure"). Such Contractor Campaign Contribution Disclosures shall include contributions made during the twenty-four month period prior to Board approval of a new agreement or investment, or extension of or amendment to an existing agreement, or an increase in funding of an existing investment commitment. For private equity partnerships, disclosure information for the prior twenty-four month period shall be provided at the time that Staff and Consultants consider a new or additional investment in a private equity fund, and annually afterwards. All other Contractors shall disclose campaign contributions made during the terms of the agreement semi-annually.

For each such monetary contribution or financial benefit, the Contractor Campaign Contribution Disclosure shall include the following information:

- (1) The name and address of the contributor and the connection to the Contractor;
- (2) The name and title of each person receiving the contribution and the name of the Elected Official, Candidate, or Appointed Official or person for whose benefit the contribution was made;
- (3) The amount of the monetary contribution or financial benefit; and
- (4) The date of the monetary contribution or financial benefit.

Exemption: Monetary contributions and/or financial benefits given by any person to an Elected Official or Candidate for whom such person was entitled to vote at the time of the contributions and which in the aggregate do not exceed \$100 to any one Elected Official or Candidate per election are not required to be reported pursuant to this disclosure policy.

**ETHICS RESPONSIBILITIES FOR BOARD MEMBERS, THE GENERAL MANAGER,
LACERS STAFF, CONTRACTORS, AND INVESTMENT CONSULTANTS**

D. OTHER CONTRIBUTIONS/PAYMENTS - PERIODIC DISCLOSURE

Every Contractor shall disclose any and all monetary contributions and/or other financial benefits, including but not limited to contributions to charitable organizations, not covered by other sections of this Policy. The contributions/benefits to be disclosed can be made directly or indirectly by such Contractor and/or any of its Officers, marketing representatives, relationship representatives, portfolio managers, investment committee members, and/or Intermediaries (and, in the case of individuals, the Family Members of any of them) that are involved with the product or service provided, or sought to be provided, to LACERS.

Disclosure shall include monetary contributions and/or other financial benefits which were solicited directly or indirectly by any Elected Official, Candidate, Appointed Official, or Applicable City Employee. Disclosure shall also include situations where contributions/benefits were made to an organization of which any Elected Official, Candidate, Appointed Official or Applicable City Employee is, to the best knowledge of the person paying the monetary contribution or financial benefit, an officer, employee, or member of the board of directors, advisory board, or any similar board or committee (collectively, "Contractor Miscellaneous Contribution Disclosures").

Such Contractor Miscellaneous Contribution Disclosures shall include contributions made during the twenty-four month period prior to Board approval of a new agreement or investment, or extension of or amendment to an existing agreement, or an increase in funding of an existing investment commitment. For private equity partnerships, disclosure information for the prior twenty-four month period shall be provided at the time that Staff and Consultants consider a new or additional investment in a private equity fund, and annually afterwards. All other Contractors shall also disclose any monetary contributions and/or financial benefits paid during the term of the agreement or investment semi-annually.

For each such monetary contribution and/or financial benefit, the Contractor Miscellaneous Contribution Disclosure shall include the following information:

- (1) The name and address of the contributor and the connection to the Contractor;
- (2) The name of the organization and the name and title of each person receiving the contribution, and the name of the Elected Official, Candidate, or Appointed Official or person for whose benefit the contribution was made;
- (3) The amount of the monetary contribution or financial benefit; and
- (4) The date of the monetary contribution or financial benefit.

Exemption: Value of food and beverage items provided to LACERS staff or Consultants at networking events, annual general meetings and/or advisory meetings that are open to general public or other investors, and which in aggregate do not exceed annual limit of \$50 are not required to be reported pursuant to this disclosure policy.

E. APPLICABILITY OF SECTIONS C AND D

Disclosures required by Sections C and D of this Policy include, but are not limited to, any monetary contribution or financial benefit to any of the following:

ETHICS RESPONSIBILITIES FOR BOARD MEMBERS, THE GENERAL MANAGER, LACERS STAFF, CONTRACTORS, AND INVESTMENT CONSULTANTS

1. Any Elected Official (and any of his or her controlled committees), Candidate (and any of his or her controlled committees), Appointed Official, or Applicable City Employee.
2. Any account or trust set up through motion of the Los Angeles City Council that would seek funds controlled by an Elected Official or Candidate.
3. Any third party at the behest of an Elected Official, Candidate, or Appointed Official or for the purpose of supporting or opposing an Elected Official, Candidate, or City ballot measure.
4. Any Elected Official, Candidate, Appointed Official, or Applicable City Employee for the sale of private property.
5. Any charitable or other organization or individual at the behest of an Elected Official, Candidate, Appointed Official, or Applicable City Employee.

F. GIFTS - PERIODIC DISCLOSURE

1. GIFTS MADE BY CONTRACTORS

Every Contractor shall disclose all Gifts made directly or indirectly by such Contractor and/or any of its Officers (and the Family Members of any of them), or made directly or indirectly by marketing representatives, relationship representatives, portfolio managers, investment committee members, and/or Intermediaries (and, in the case of individuals, the Family Members of any of them) that are involved with the product or service provided, or sought to be provided to LACERS, to any Elected Official, Candidate, Appointed Official, or Applicable City Employee, or to LACERS' private equity Consultant, general investment Consultant, or real estate Consultant.

For each such Gift, the Contractor shall disclose:

- (1) The name and address of each person providing the Gift and each such person's connection to the Contractor;
- (2) The name and title of each person receiving the Gift;
- (3) The value of the Gift;
- (4) A description of the Gift; and
- (5) The date of the presentation of the Gift.

Such disclosures shall include Gifts made during the term of the agreement or investment (as applicable) and during the twenty-four month period prior to Board approval of a new agreement or investment, or extension of and/or amendment to an existing contract, or an increase in funding of an existing investment commitment. Disclosures shall be made semi-annually for all Contractors (end of June and December of each year); except for private equity partnerships and their general partners, which shall be required to make such disclosures annually, no later than 45 calendar days after December 31st each year.

ETHICS RESPONSIBILITIES FOR BOARD MEMBERS, THE GENERAL MANAGER, LACERS STAFF, CONTRACTORS, AND INVESTMENT CONSULTANTS

2. FINANCIAL INCENTIVES AND GIFTS RECEIVED BY INVESTMENT CONSULTANTS

(a) LACERS' private equity Consultant, general investment Consultant, and real estate Consultant (each individually, an "Investment Consultant") shall disclose all Gifts received directly or indirectly from Contractors and/or any of their Officers (and the Family Members of any of them), or directly or indirectly from their marketing representatives, relationship representatives, portfolio managers, investment committee members, and/or Intermediaries (and, in the case of individuals, the Family Members of any of them) that are involved with any product or service provided, or sought to be provided, to LACERS.

For each such Gift, the Investment Consultant shall disclose:

- (1) The name and address of each person providing the Gift and each such person's connection to the Contractor;
- (2) The name and title of each person receiving the Gift;
- (3) The value of the Gift;
- (4) A description of the Gift; and
- (5) The date of the presentation of the Gift.

(b) Investment Consultants shall also report any financial incentive, compensation, consideration, or benefit received from others in connections with Investment Consultant's recommendations of funds, products, or services made to LACERS.

For each such financial incentive or compensation, the Investment Consultant shall disclose:

- (1) The name and address of the firm or organization providing the incentive;
- (2) A description of the financial incentive arrangement;
- (3) The value of the incentive;
- (4) The alternative fund(s), product(s), or service(s) considered along with the recommended fund, product, or service;
- (5) Factors used to select the recommended fund, service, or product over the alternative(s).

Such disclosures shall include Gifts and/or financial incentives received during the term of the Investment Consultant's service agreement with LACERS, and shall be made semi-annually by the private equity Consultant; and annually by the general investment Consultant and real estate Consultant with regard to all Contractors, and otherwise as required by LACERS in relation to any particular contracting process.

Exemption: Value of food and beverage items provided to LACERS staff or Consultants at networking events, annual general meetings and/or advisory meetings that are open to general public or other investors, and which in aggregate do not exceed annual limit of \$50 are not required to be reported pursuant to this disclosure policy.

**ETHICS RESPONSIBILITIES FOR BOARD MEMBERS, THE GENERAL MANAGER,
LACERS STAFF, CONTRACTORS, AND INVESTMENT CONSULTANTS**

G. RESPONSIBILITIES

1. Each Contractor is responsible for:
 - a. Providing to Staff, as part of the Contractor Disclosure, the following information for existing agreements and prior to hiring for new agreements:
 - (1) A statement whether the Contractor, or any of its marketing or relationship representatives, portfolio managers, or members of the investment committee (or any Family Members of any of them) that are involved with the product or service provided to LACERS, or any of its Officers (or Family Members of any of them), within the twenty-four month period prior to either (a) Board approval of a new agreement or investment, or (b) extension of or amendment to an existing agreement, or (c) an increase in funding of an existing investment commitment, has compensated or agreed to compensate, directly or indirectly, any person (whether or not employed by the Contractor) or entity to act as an Intermediary in connection with any investment or procurement by LACERS.
 - (2) Notice to LACERS that if any person working on behalf of the Contractor with, or assigned on behalf of the Contractor to, a LACERS contract is a current or former LACERS Board member, employee or Consultant or a Family Member of any such person.
 - (3) A description of all compensation provided or agreed to be provided directly or indirectly by the Contractor to any Intermediary or to any employee of the Contractor who was hired specifically to solicit an investment or other business with LACERS or is compensated on the basis of the procurement of any such investment or business. The description of such compensation shall include the nature, timing and amount thereof and any condition precedent to receiving the compensation.
 - (4) For investment and consulting contracts, a List of Contacts made by the Contractor with Appointed or Elected Officials within either 1) the three month period prior to the interview regarding a new agreement or investment; or, 2) the search period; whichever is longer. The List of Contacts shall include the date and names of the contact(s) and the nature of the contact.
 - (5) For investment and consulting contracts and except for private equity partnerships who are required to disclose annually, Contractors shall also disclose any contacts with Appointed or Elected Officials **during the term of the agreement, contract, or investment on a semi-annual basis.**

**ETHICS RESPONSIBILITIES FOR BOARD MEMBERS, THE GENERAL MANAGER,
LACERS STAFF, CONTRACTORS, AND INVESTMENT CONSULTANTS**

- (6) With regard to each Intermediary identified pursuant to Section G.1.a (3) above, each Contractor shall provide:
 - (i) A description of the services to be performed by the Intermediary and a statement as to whether the Intermediary is utilized by the Contractor with all prospective clients or only with a subset of the Contractor's prospective clients (and if a subset, describe the subset), and a resume of each officer, partner, and principal of the Intermediary detailing the person's education, professional designation, regulatory licenses, and investment work experience. Work experience need not be provided in connection with agreements unrelated to investments.
 - (ii) With regard to procurement of business from LACERS, a copy of all written agreements between the Contractor and the Intermediary and a description of any agreement that is not in writing.
 - (iii) A List of Contacts made by the Intermediary, on behalf of the Contractor, with Appointed Officials, Elected Officials, or staff within the 24 months period prior to Board approval of a new agreement or investment. The List of Contacts shall include the date and names of the contact(s) and intermediary(ies).
 - (iv) The names of all persons who suggested the retention of the Intermediary and a description of how the Intermediary was selected.
 - (v) A listing for the Intermediary and/or any of its affiliates showing registration with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar regulatory agency or self-regulatory organization outside the United States, and either the details of any such registration or an explanation of why registration is not required.
 - (vi) A listing for the Intermediary, and/or any of its affiliates, showing registration as a lobbyist with any local, state or national government and the details of any such registration.
- b. Providing a representation and warranty signed by the Contractor's chief executive officer or head of the business unit that provides, or will be providing, the service to LACERS, of the accuracy of the information included in the Contractor Disclosure in any final written agreement.

**ETHICS RESPONSIBILITIES FOR BOARD MEMBERS, THE GENERAL MANAGER,
LACERS STAFF, CONTRACTORS, AND INVESTMENT CONSULTANTS**

- c. All information required in the Contractor Disclosure shall be sent to LACERS internal audit staff as follows:

Los Angeles City Employees' Retirement System Internal Audit Section
202 West First Street, Suite 500 Los Angeles, CA 90012
Office: 800-779-8328
Email address: auditor@LACERS.org

The Contractor Disclosure of all contacts, monetary contributions, other financial benefits, and/or Gifts, as required pursuant to this Disclosure Policy, is due 45 calendar days after June 30th or December 31st of each year, as applicable.

- 2. LACERS Staff are responsible for all of the following:
 - a. Section managers are responsible for providing Contractors with a copy of this Policy with all Requests for Proposals at the time that due diligence in connection with a prospective investment or engagement begins.
 - b. Section managers are responsible for confirming that the Contractor Disclosure has been received prior to the completion of due diligence and any recommendation to proceed with the engagement of the Contractor or the decision to make any investment or procurement.
 - c. For new agreements and/or amendments to agreements existing as of the date of the Policy, Section managers are responsible for confirming that the final written agreement between LACERS and the Contractor provides that the Contractor shall be solely responsible for, and LACERS shall not pay (directly or indirectly), any fees, compensation or expenses for any Intermediary used by the Contractor.
 - d. Section managers are responsible for excluding any Contractor or Intermediary from the solicitation of new investments or business from LACERS for a time period determined by the Board up to a maximum of 5 years after they have committed a material violation of this Policy, as determined by the Board in its sole discretion, and promptly informing the Board of any such action. Refer to Penalties in Section H.
 - e. Staff of the section responsible for the administration of the contract will provide the Board, including the relevant Committee, with a copy of the Contractor Disclosure information prior to the Board making or approving any decision to invest or procure with a Contractor.
 - f. LACERS internal audit staff will compile a semi-annual Board report containing the names and amount of compensation agreed to be provided

ETHICS RESPONSIBILITIES FOR BOARD MEMBERS, THE GENERAL MANAGER, LACERS STAFF, CONTRACTORS, AND INVESTMENT CONSULTANTS

to each Intermediary by each Contractor; the campaign contributions and Gifts of each Contractor as reported in the Contractor Disclosures; the List of Contacts; and the List of Exclusions.

- g. Reporting to the Board immediately any conduct that the Staff reasonably believes constitutes a material violation of the Policy, to enable the Board to make a determination whether the conduct constitutes a material violation.
3. Contractors shall comply with the Policy and cooperate with Staff in meeting Staff's obligations under this Policy. All parties responsible for implementing, monitoring and complying with this Policy should consider the spirit as well as the literal expression of the Policy. In cases where there is uncertainty whether a disclosure should be made pursuant to this Policy, the Policy shall be interpreted to require disclosure.

H. PENALTIES

For new agreements and/or amendments to agreements existing as of the date of this Policy, the Contractor, in the final written agreement with LACERS, will agree to provide LACERS with any or all of the following remedies in the event that there was or is a material omission or inaccuracy in the Contractor Disclosure or any other violation of this Policy, as determined by the Board in its sole discretion:

1. Whichever is greater, the reimbursement of any contractor, management or advisory fees paid by LACERS for one year or an amount equal to the amounts that the Contractor has paid or promised to pay to the Intermediary in respect of LACERS.
2. LACERS shall have the authority to terminate the agreement, without penalty.
3. The Board of Administration may take action to ban Contractor and/or the Intermediary who materially violated this Policy from future contracting opportunities with LACERS for a period of up to five years. However, the prohibition may be reduced by a majority vote of the Board at a public session upon showing of good cause.

I. NO RIGHT OF CONFIDENTIALITY

All Contractor Disclosures and attachments thereto shall be public records subject to disclosure under the California Public Records act and the Ralph M. Brown Act. No confidentiality restrictions shall be placed on any Contractor Disclosures or any information provided by Contractors pursuant to this Policy.

REVIEW

This policy shall be reviewed every 3 years.

See APPENDIX A – DEFINITIONS

**ETHICS RESPONSIBILITIES FOR BOARD MEMBERS, THE GENERAL MANAGER,
LACERS STAFF, CONTRACTORS, AND INVESTMENT CONSULTANTS**

APPENDIX A – DEFINITIONS

Definitions are based on current laws. To the extent that Board policies are not updated subsequent to changes in law, each Board Member, LACERS employee and Consultant is responsible to comply with current laws and changes thereto.

Applicable City Employee

(1) A LACERS employee or (2) a lawyer in the Public Pension General Counsel, the Outside Counsel Oversight Division of the Los Angeles City Attorney's Office, or one who is in the direct supervisory chain of command over the lawyers in those divisions

Appointed Official

An appointed LACERS Board Member (including a person who has been appointed to the LACERS Board, pending confirmation)

Candidate

A person who has filed to run for an Elected Office

City

The City of Los Angeles

Consultant

A Contractor that is hired to provide advice or recommendations to LACERS on the selection of investment funds/strategies, fund managers, or the procurement of goods and/or services from other firms. All LACERS Consultants are also considered Contractors under the terms of this Policy.

Contractor

A person who, or entity that, seeks to be and/or is hired to provide goods and/or services to LACERS. The individuals with reporting responsibility are those at a firm that would have any contact with or responsibility for a LACERS investment or agreement.

Contractor Disclosure

Collectively, the information required from Contractors as described in Sections **C through G** of this Policy.

Elected Official or Office

Mayor of the City of Los Angeles
Members of the Los Angeles City Council
Los Angeles City Attorney
Los Angeles City Controller
Elected LACERS Board Member

Family Member

The spouse or domestic partner of a Contractor or Intermediary.

**ETHICS RESPONSIBILITIES FOR BOARD MEMBERS, THE GENERAL MANAGER,
LACERS STAFF, CONTRACTORS, AND INVESTMENT CONSULTANTS**

Financial Benefits

Other financial benefits include having direct or indirect financial relationship with or beneficial ownership in securities, investments, funds, companies or products being recommended to LACERS.

Gift

Pursuant to **Los Angeles Municipal Code Section 49.5.8 et seq., which references the Political Reform Act and California Constitution, and Section 82028 of the Political Reform Act 2019**, a “Gift” means, except as otherwise provided in this definition, any payment that confers a personal benefit on the recipient, to the extent that consideration of equal or greater value is not received and includes a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public without regard to official status. Any person, other than a defendant in a criminal action, who claims that a payment is not a gift by reason of receipt of consideration has the burden of proving that the consideration received is of equal or greater value. The term “gift” does not include:

- (1) Informational material such as books, reports, pamphlets, calendars, periodicals. No payment for travel or reimbursement of any expenses shall be deemed “informational material.”
- (2) Gifts which are not used and which, within 30 days after receipt, are either returned to the donor or delivered to a nonprofit entity exempt from taxation under Section 501(c)(3) of the Internal Revenue Code without being claimed as a charitable contribution for tax purposes.
- (3) Gifts from an individual’s spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person; provided that a gift from any such person shall be considered a gift if the donor is acting as an agent or Intermediary for any person not covered by this paragraph.
- (4) Campaign contributions required to be reported under Chapter 4 of the Political Reform Act of 1974, as amended.
- (5) Any devise or inheritance.
- (6) Personalized plaques and trophies with an individual value of less than two hundred fifty dollars (\$250).

Intermediary

A person or entity (1) who is hired, engaged or retained by or acting on behalf of a Contractor as a placement agent, finder, lobbyist, solicitor, marketer, consultant, broker or other type of agent to raise money or investments from or obtain access to LACERS, directly or indirectly, and (2) who engages in, either personally or through an agent, any written or oral direct communication with any LACERS representative in furtherance of obtaining an investment or a contract with LACERS. This definition also includes agents of Intermediaries commonly referred to as sub-agents.

Investment Consultant

LACERS’ private equity Consultant, general investment Consultant, and real estate Consultant. Investment Consultants are also considered Contractors under the terms of this Policy.

**ETHICS RESPONSIBILITIES FOR BOARD MEMBERS, THE GENERAL MANAGER,
LACERS STAFF, CONTRACTORS, AND INVESTMENT CONSULTANTS**

LACERS

The Los Angeles City Employees' Retirement System.

Officers

The Chief Executive Officer, Chief Operating Officer, Chief Financial Officer or functional equivalent in the Contractor's firm.

Undue Influence

The employment of any improper or wrongful pressure, scheme, or threat by which one's will is overcome and he or she is induced to do or not to do an act which he or she would not do, or would do, if left to do freely.



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guadlielmo, General Manager

Neil M. Guadlielmo

MEETING: APRIL 26, 2022

ITEM: VII – A

SUBJECT: MID-YEAR SUPPLEMENTAL BUDGET ADJUSTMENTS FOR FISCAL YEAR 2021-2022 AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

- 1) Approve a supplemental appropriation of \$720,000 to Fund 800, LACERS Administrative Budget, Salaries General (APPR 161010) for Fiscal Year 2021-22 (FY22);
- 2) Authorize the General Manager to increase the Salaries General (APPR 161010) by an additional \$280,000 with corresponding decrease to the Salaries As-Needed (APPR 161070) budgetary appropriation accounts for Fiscal Year 2021-22 (FY22); and,
- 3) Authorize the General Manager to correct any typographical or technical errors in the proposed resolution.

Executive Summary

Throughout the fiscal year, staff monitors and reviews all accounts to ensure budgetary compliance. As part of its fiduciary duty, LACERS performed a mid-year review of expected fiscal year expenses including salaries, expenses, and outstanding invoices. This report contains the results of the review and recommendations.

Discussion

Staff completed a review of the FY22 budget and has identified an anticipated shortfall of approximately \$1,000,000 in the Salaries General account currently budgeted at \$16,670,841. Several LACERS staff retirement payouts during the fiscal year, recent union Memorandum of Understanding (MOU) provision agreements, and a high salary savings rate contributed to the expected shortfall. The needed amount exceeds the Intra-Departmental Transfer limit issued by the Office of the City Administrative Officer, therefore the Board's approval is needed to increase the FY22 Salaries General account, as well as transfer \$280,000 in excess funds from the Salaries As-Needed account, currently budgeted at \$703,718.

Contributing factors to the anticipated shortfall in Salaries General include:

- MOU cash payouts: 4.77% cash payout of the annual salary to eligible staff paid in two installments (May 4, 2022 and November 16, 2022). The first payout installment scheduled to be paid on May 4, 2022 is estimated to be \$152,000.
- Retirement Payouts: to date in FY22, there were seven LACERS staff retirements including four senior-level LACERS staff accumulating \$339,000 of retirement payments that has driven part of the increase in the Salaries General account deficit.
- Salary Savings Rate: 9%, equivalent to \$1.6M for FY22.

A portion of the Salaries General account shortfall can be offset from savings in the Salaries As-Needed account due to turnover and vacancies in As-Needed staffing.

Strategic Plan Impact Statement

This request is in alignment with LACERS' Strategic Plan goal to uphold good governance practices that affirm transparency, accountability, and fiduciary duty.

Prepared By: Chhintana Kurimoto, Management Analyst

NMG/TB/IC/CK

Attachments: 1. Proposed Resolution

**PROPOSED RESOLUTION
FISCAL YEAR 2021-22
MID-YEAR BUDGET ADJUSTMENTS**

WHEREAS, on May 25, 2021, the Board adopted LACERS' departmental budget for the fiscal year 2021-22 in the amount of \$33.4 million, including \$16.7 million for Salaries General, reflecting a 9% salary savings rate;

WHEREAS, the City had postponed raises to prevent proposed layoffs through agreements with City employee unions in Fiscal Year 2020-21, recent agreements to the MOU with unions would provide a 4.77% cash payout based on the hourly rate of April 23, 2022's payroll annualized, thereby necessitating an estimated \$152,000 in preparation of the cash payout;

WHEREAS, multiple LACERS staff have retired including several senior-level staff, which has partially contributed to the deficit;

WHEREAS, a portion of the Salaries General account shortfall can be offset from savings in the Salaries As-Needed account due to turnover and vacancies in As-Needed staffing;

WHEREAS the Board has full control over the LACERS budget pursuant to the Los Angeles City Charter;

NOW THEREFORE, BE IT RESOLVED, that the Board:

1. Approve a Supplemental Appropriation of \$720,000 to Fund 800, LACERS Administrative Budget, Salaries General (APPR 161010) for Fiscal Year 2021-22;
2. Authorize the General Manager to increase the Salaries General (APPR 161010) by an additional \$280,000 with corresponding decrease to the Salaries As-Needed (APPR 161070) budgetary appropriations accounts for Fiscal Year 2021-22;
3. Authorize the General Manager to correct any typographical or technical errors in this document.



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

MEETING: APRIL 26, 2022
ITEM: VII-B

Neil M. Guglielmo

SUBJECT: CONTRACT AWARD TO SEGAL FOR ACTUARIAL SERVICES AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Award the consulting actuary contract to Segal Consulting for a three-year term beginning August 1, 2022, not-to-exceed \$500,000 per year; and,
2. Authorize the General Manager to negotiate and execute the contract.

Executive Summary

Four qualified firms submitted proposals for consideration as LACERS' Consulting Actuary and completed the Request for Proposals (RFP) process. Segal Consulting is recommended for award of the contract due to their combined knowledge and experience, as well as the strength of their reporting methods and presentations.

The following disclosures are provided pursuant to past Board requests relating to RFP and contracts:

- RFP outreach: The opportunity was advertised in the Los Angeles Business Assistance Virtual Network, on the LACERS' website, and emailed to firms who had responded to the previous Actuarial RFP.
- Total past contract amount: Since the last RFP was issued three years ago, a total of \$917,389.67 has been expended on actuarial services with the current consultant.
- Segal Consulting has provided actuarial consulting services to LACERS since 2004.

Discussion

On January 31, 2022, LACERS released an RFP for actuarial consulting services, with proposals due by March 9, 2022. The purpose of the RFP was to secure on-going actuarial consulting services (Consulting Actuary). The RFP was advertised on the LACERS' website, on the City's contracting subscription service (Los Angeles Business Assistance Virtual Network), and emailed to actuarial firms who have expressed past interest in doing business with LACERS. Consulting Actuary responses were

received from Cheiron, Inc. (Cheiron), Segal Consulting (Segal), Milliman, and Gabriel, Roeder, Smith and Company (GRS).

For the Consulting Actuary engagement, the selected proposer will provide required technical actuarial services, including but not limited to: (1) Consulting and advising the Board as to those matters or questions of an actuarial nature, including educational sessions for the Board, recommendations to improve LACERS' funding, and reconciling LACERS' yearly data file; (2) Annual valuations of the retirement benefits and health subsidy benefits; (3) an Experience Study; (4) Asset & Liability Study of the Family Death Benefit Program; (5) Asset & Liability Study of the Larger Annuity Program; (6) Annual financial reporting disclosures including Governmental Accounting Standards Board Statement nos. 67, 68, 74, and 75; and, (7) Other annual studies relating to the cost-of-living and Risk Assessment. The engagement also includes as-needed services such as cost studies, presentations, funding policy reviews, and benefit calculations. For all routine services of a specified scope, the proposers were asked to bid a flat fee, and for ad-hoc assignments of an unspecified scope, the proposers were asked to quote hourly rates per service type.

All four Consulting Actuary proposers, Cheiron, Segal, Milliman, and GRS, meet the terms of the RFP which included a minimum level of experience, submission of requested information and forms within the required timeframe and manner requested in the RFP, and acknowledgement of acceptance of the City and LACERS' standard contracting terms, or to otherwise state substitutions for consideration by LACERS. All four firms exceeded the required minimum qualifications of providing at least five years of actuarial consulting services to other U.S. public pension fund clients similar to LACERS and having a supervising/lead actuary with at least 15 years of experience with major public employee retirement systems including at least three years of experience with California public pension funds. After clearing initial reviews, proposers were scheduled for interviews where they presented material work, shared innovations their firm leverages, and provided an overview of their approach to the services they would provide. The proposals were then evaluated and scored based on review of: (1) Professionalism in responding to the RFP; (2) Proposed Scope of Service and Methodology to meet LACERS' objectives and schedules; (3) Qualifications, Experience, and Accomplishments of the team serving on the consulting team for LACERS; and (4) Value of Cost with consideration of quality over quantity. An RFP panel of three staff members from Fiscal, Administrative, and Executive Divisions reviewed and rated the bids and administered the interviews.

The goal of the RFP is to survey the marketplace to identify what various actuarial firms are offering currently and to secure services at a reasonable cost which best fits LACERS' needs. In accordance with this review, the RFP panel is recommending award of the Consulting Actuary contract to Segal due to the strength of the consulting team based out of their San Francisco office, the depth of their experience with, and extensive knowledge of LACERS, the City's two other pension systems, as well as actuarial programs of similar size and scope of benefits. Segal has also provided excellent and thorough services to LACERS under the current Consulting Actuary contract.

Strategic Plan Impact Statement

Approving a contract with Segal conforms to LACERS' Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Alexander Lombardo, Benefits Analyst

NMG/TB/EA:al

Attachments: 1. Summary of Proposals for Actuarial Consulting Services
2. Proposed Resolution

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)
ACTUARIAL CONSULTANT RFP RECAP
LEVEL 1 REVIEW

BOARD Meeting: 4/26/22
Item VII-B
Attachment 1

RFP Requirements	Cheiron	Segal	Milliman	Gabriel, Roeder, Smith and Company (GRS)
Contact Information	Anne Harper	Paul Angelo	Nick Collier - Principal & Consulting Actuary	Dana Woolfrey - Senior Consultant
Phone	877-243-4766 x1107	415-263-8273	206-999-4531	773-733-1018
Fax				
E-mail	aharper@cheiron.us	pangelo@segalco.com	nick.collier@milliman.com	dana.woolfrey@grsconsulting.com
A. Cover Letter				
Key Personnel	Anne Harper - Principal Consulting Actuary	Paul Angelo - Principal and Lead Actuary	Nick Collier - Principal & Consulting Actuary	Dana Woolfrey - Co-lead Actuary
Phone/Cell/Fax	877-243-4766 x1107	415-263-8273	206-999-4531	773-733-1018
Email	aharper@cheiron.us	pangelo@segalco.com	nick.collier@milliman.com	dana.woolfrey@grsconsulting.com
Key Personnel	Graham Schmidt - Consulting Actuary	Todd Tauzer - Reviewing and Co-Lead Actuary - Pension	Daniel Wade - Principal & Consulting Actuary	Paul Wood - Co-lead Actuary
Phone/Cell/Fax			206-450-7540	
Email	gschmidt@cheiron.us	ttauzer@segalco.com	daniel.wade@milliman.com	paul.wood@grsconsulting.com
Additional Staff	Margaret Tempkin - Principal Consulting Actuary - Health	Andy Yeung - Supervising Actuary - Pension & Health	Craig Glyde - Principal & Consulting Actuary	Janie Shaw - Project Manager Actuary
B. Proposal Items				
1. Minimum Qualifications				
a. The firm must have at least five years of experience providing actuarial consulting services to other U.S. public pension fund clients similar to services requested in this RFP.	Yes	Yes	Yes	Yes
b. The supervising/lead actuary for the engagement must have at least 15 years of experience with major public employee retirement systems, including at least 3 years of experience with California public pension fund clients similar to LACERS in size and services, and meet the American Academy of Actuaries Qualification Standards, and have current designation as a Fellow or an Associate of the Society of Actuaries, or an equivalent credential from an organization such as the Conference of Consulting Actuaries. The supervising/lead actuary must provide direct supervision over all services provided to LACERS and be an employee of the firm regularly engaged in the business of providing actuarial services.	Yes	Yes	Yes	Yes
c. All actuaries performing the work must meet the professional qualification standards of the American Academy of Actuaries.	Yes	Yes	Yes	Yes
d. The supervising/lead actuary should be able to discuss actuarial theory, the basis for assumptions, and all other actuarial matters in language that is easily understood.	Yes	Yes	Yes	Yes
Questionnaire Responses				
Any alternatives and/or substitutions to RFP requirements	No	No	Yes, see pages 35 thru 38	No

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)
ACTUARIAL CONSULTANT RFP RECAP
LEVEL 1 REVIEW**

RFP Requirements	Cheiron	Segal	Milliman	Gabriel, Roeder, Smith and Company (GRS)
References				
1	City and County of San Francisco Employees' Retirement System	Los Angeles Department of Fire and Police Pensions	California State Teachers' Retirement System	Arapahoe County Retirement Plan
2	San Jose Federated City Employees' Retirement System and San Jose Police and Fire Department Retirement Plan	Los Angeles Water & Power Employees' Retirement Plan - Pension Plan	City of Tacoma	Adams County Retirement Plan
3	San Diego City Employees' Retirement System	Orange County Employees' Retirement System	Florida Retirement System	City of Phoenix Retirement System
4	City and County of San Francisco Postretirement Health Plan	San Diego County Employees' Retirement Association	Los Angeles County Employees' Retirement System	Employees Retirement System of Rhode Island
5	Marin County Employees' Retirement Association	Alameda County Employees' Retirement Association	Oregon Public Employees' Retirement System	Fire and Police Pension Association of Colorado
C. General Requirements and Compliance Documents				
1. Warranty/Affidavit	Yes	Yes	Yes	Yes
2. Proposer Disclosure	Yes	Yes	Yes	Yes
3. Bidder Certification	Yes	Yes	Yes	Yes
4. Bidder Contributions	Yes	Yes	Yes	Yes
5. Sexual Harassment Policy Disclosure	Yes	Yes	Yes	Yes

CONTRACT WITH SEGAL CONSULTING FOR ACTUARIAL CONSULTING SERVICES
AND POSSIBLE BOARD ACTION

PROPOSED RESOLUTION

WHEREAS, LACERS desires to engage the services of a consulting actuary to provide expert technical actuarial services, including but not limited to: (1) Consulting and advising the Board as to those matters or questions of an actuarial nature, including educational sessions for the Board, recommendations to improve LACERS' funding, and reconciling LACERS' data file; (2) Annual valuations of the retirement benefits and health subsidy benefits; (3) an Experience Study; (4) Asset & Liabilities Study of the Family Death Benefit Program and Larger Annuity Program; (5) Annual financial reporting disclosures; (6) Other annual studies relating to the cost-of-living; and, (7) Any additional reporting requirements that may become necessary during the contracted period. Also included are ad-hoc services such as cost studies, presentations, funding policy reviews, and benefit calculations;

WHEREAS, LACERS issued a Request for Proposal for Actuarial Services on January 31, 2022 and received four proposals for the consulting actuary engagement by the March 9, 2022 deadline;

WHEREAS, Segal Consulting was selected by a review panel as the best qualified firm to meet LACERS' needs;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves a contract with Segal Consulting, and authorizes the General Manager to execute the necessary documents, within the following terms, subject to City Attorney review:

CONSULTANT	Segal Consulting
TERM	August 1, 2022 to July 31, 2025
AMOUNT	\$1,500,000



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: APRIL 26, 2022

ITEM: VII-C

SUBJECT: CONTRACT EXTENSION WITH PENSIONX FOR WEBSITE MAINTENANCE AND SUPPORT SERVICES AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve a contract extension with PensionX (formerly Digital Deployment Inc.) for website maintenance and support services for LACERS.org, amending the contract term by one (1) year, and increasing the contact amount not-to-exceed \$24,000, in compliance with Los Angeles Administrative Code Section 10.5(b)(2). The total contract term will be four years, and total contract amount not-to-exceed \$232,750; and
2. Authorize the General Manager to negotiate and execute the final contract amendment.

Executive Summary

Amending the existing contract allows LACERS to continue providing uninterrupted web services to Members and continue paying the same Maintenance & Support Services cost for one (1) additional year.

Discussion

Following a competitive bid process, PensionX, then known as Digital Deployment, was awarded a three-year contract by the Board on March 12, 2019 to design the LACERS website. LACERS' new website infrastructure was completed in June 2019. However, maintenance and support services continue at a cost of \$2,000 per month. The current contract expires April 30, 2022, making it necessary to extend the contract to receive uninterrupted website maintenance and support services, which only PensionX can provide. The total amount spent with the vendor from April 1, 2019 to March 9, 2022 is \$175,750.

Under Los Angeles Administrative Code Section 10.5(b)(2), a contract extension to a firm awarded a contract through a competitive bid process may be renewed without another competitive process so long as the contract amendment does not exceed the established annual limit, currently \$169,418.

Strategic Plan Impact Statement

This request supports the LACERS Strategic Plan, Customer Service Goal, by providing ease of access to retirement information and resources.

Prepared By:

Vanessa Lopez, Benefit Analyst, Member Benefits and Services Bureau

NMG/DWN:vl

Attachment: Proposed Resolution – Contract Amendment with PensionX

CONTRACT AMENDMENT WITH
PENSIONX
FOR WEBSITE DESIGN AND SUPPORT SERVICES

PROPOSED RESOLUTION

WHEREAS, on March 12, 2019, the Board approved contracting with PENSIONX (formerly DIGITAL DEPLOYMENT INC.) for website design and support services for the contract term beginning April 1, 2019 through April 30, 2022, not to exceed \$188,750;

WHEREAS, on November 9, 2021, the contract between LACERS and PENSION X was amended to increase the contract amount not-to-exceed \$208,750;

WHEREAS, PensionX completed the website redesign in July 2019, and is the exclusive provider of website maintenance and support services to the websites it designs;

WHEREAS, it is LACERS' desire to continue providing ease of access to information and resources to its members, and as such, ongoing website maintenance and support services are required;

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to negotiate and execute a contract amendment subject to satisfactory business and legal terms; and to make any necessary clerical, typographical, or technical corrections to this document.

<u>Company Name:</u>	PENSIONX (Formerly DIGITAL DEPLOYMENT INC.)
<u>Service Provided:</u>	Website Design Website Maintenance and Support
<u>Term Dates:</u>	April 1, 2019 through April 30, 2023
<u>Total Expenditure Authority:</u>	\$232,750

April 26, 2022



REPORT TO BOARD OF ADMINISTRATION

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

MEETING: APRIL 26, 2022
ITEM: VIII - B

SUBJECT: REAL ESTATE CONSULTANT FINALIST INTERVIEW AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Award a five-year contract to Townsend Holdings LLC for real estate consulting services; and,
2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

Background

Townsend has served as LACERS' Real Estate Consultant since April 1, 2014. On August 24, 2021, the Board authorized a Real Estate Consultant RFP to test the marketplace for real estate consulting services. The search opened on September 8, 2021, and closed on November 8, 2021. Six responses were received and evaluated by staff.

At its meeting of January 11, 2022, the Committee considered staff's evaluation report and concurred with the staff recommendation to advance StepStone Group Real Estate LP and Townsend Holdings LLC (Townsend) as semi-finalists and be subject to further due diligence by staff.

On April 12, 2022, the Committee interviewed the proposed consulting team of each semi-finalist firm. Discussion topics included the firm, team, consulting philosophy, and other topics related to the scope of services pursuant to the RFP. Subsequent to the interviews, the Committee discussed each semi-finalist's capabilities and overall fit with meeting LACERS' needs and objectives; the Committee also heard staff's assessment of each firm. After deliberation, the Committee selected Townsend as the sole finalist candidate. Accordingly, the Committee recommends to the Board that Townsend be

awarded a five-year contract for real estate consulting services. Staff's semi-finalist report to the Committee and Townsend's presentation are attached as Attachments 1 and 2 for the Board's review.

Townsend's proposed consulting team will be present at the meeting of April 26, 2022, should the Board desire to conduct an interview.

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 is in line with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

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

NMG/RJ/BF/WL/EP:rm

Attachments: 1) Report to Investment Committee dated April 12, 2022
 2) Presentation by Townsend Holdings LLC
 3) Proposed Resolution



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: APRIL 12, 2022
ITEM: IV

SUBJECT: REAL ESTATE CONSULTANT SEMI-FINALIST INTERVIEWS AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee:

1. Interview StepStone Group Real Estate LP and Townsend Holdings LLC as the semi-finalist candidates for the Real Estate Consultant search; and
2. Select and recommend one or more finalists to the Board for possible interviews and consideration for hire.

Executive Summary

The Board-approved request for proposal (RFP) for a real estate consultant opened on September 8, 2021, and closed on November 8, 2021. A total of six proposals were received, all of which met the minimum qualifications and were evaluated by staff. On January 11, 2022, the Committee advanced StepStone Group Real Estate LP (Stepstone) and Townsend Holdings LLC (Townsend) as semi-finalists for further due diligence. Based on the results of staff's due diligence, staff has deemed both firms capable of providing LACERS with the scope of services pursuant to the RFP.

Discussion

Background

Townsend has served as LACERS' Real Estate Consultant since April 1, 2014. On August 24, 2021, the Board authorized a Real Estate Consultant RFP to test the marketplace for real estate consulting services. The search opened on September 8, 2021, and closed on November 8, 2021. Six responses were received and evaluated by staff.

At its meeting of January 11, 2022, the Committee considered staff's evaluation report and concurred with the staff recommendation to advance StepStone and Townsend as the semi-finalists for staff to conduct further due diligence on.

Additional Due Diligence Activities

Staff conducted due diligence meetings at the headquarters of StepStone and Townsend to confirm information provided in the RFP responses and further understand each firm's resources and capabilities. During these meetings, staff interviewed various professionals on topics including, but not limited to, overall business strategy and growth, organization and reporting structure, staffing and compensation, consulting philosophy and strategy, deal sourcing and due diligence process, risk management, compliance and controls, and technology.

Further, staff conducted reference checks on StepStone and Townsend to gain additional insights from current clients. Based on these due diligence activities, staff has deemed both semi-finalists capable of providing LACERS with the scope of services pursuant to the RFP.

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 is in line with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

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

NMG/RJ/BF/WL/EP:rm

Attachments: 1) Presentation by StepStone Group Real Estate LP
 2) Presentation by Townsend Holdings LLC



StepStone Real Estate Presentation to the Los Angeles City Employees' Retirement System Investment Committee

APRIL 12, 2022 | CONFIDENTIAL





Disclosure

This document is meant only to provide a broad overview for discussion purposes. All information provided here is subject to change. This document is for informational purposes only and does not constitute an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide advisory or other services by StepStone Group LP, StepStone Group Real Assets LP, StepStone Group Real Estate LP, StepStone Conversus LLC, Swiss Capital Alternative Investments AG and StepStone Group Europe Alternative Investments Limited or their subsidiaries or affiliates (collectively, “StepStone”) in any jurisdiction in which such offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. The information contained in this document should not be construed as financial or investment advice on any subject matter. StepStone expressly disclaims all liability in respect to actions taken based on any or all of the information in this document. This document is confidential and solely for the use of StepStone and the existing and potential clients of StepStone to whom it has been delivered, where permitted. By accepting delivery of this presentation, each recipient undertakes not to reproduce or distribute this presentation in whole or in part, nor to disclose any of its contents (except to its professional advisors), without the prior written consent of StepStone. While some information used in the presentation has been obtained from various published and unpublished sources considered to be reliable, StepStone does not guarantee its accuracy or completeness and accepts no liability for any direct or consequential losses arising from its use. Thus, all such information is subject to independent verification by prospective investors.

On September 20, 2021, StepStone Group Inc. acquired Greenspring Associates, Inc. (“Greenspring”). Upon the completion of this acquisition, the management agreement of each Greenspring vehicle was assigned to StepStone Group LP.

The presentation is being made based on the understanding that each recipient has sufficient knowledge and experience to evaluate the merits and risks of investing in private market products. All expressions of opinion are intended solely as general market commentary and do not constitute investment advice or a guarantee of returns. All expressions of opinion are as of the date of this document, are subject to change without notice and may differ from views held by other businesses of StepStone.

All valuations are based on current values calculated in accordance with StepStone’s Valuation Policies and may include both realized and unrealized investments. Due to the inherent uncertainty of valuation, the stated value may differ significantly from the value that would have been used had a ready market existed for all of the portfolio investments, and the difference could be material. The long-term value of these investments may be lesser or greater than the valuations provided.

StepStone Group LP, its affiliates and employees are not in the business of providing tax, legal or accounting advice. Any tax-related statements contained in these materials are provided for illustration purposes only and cannot be relied upon for the purpose of avoiding tax penalties. Any taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

Prospective investors should inform themselves and take appropriate advice as to any applicable legal requirements and any applicable taxation and exchange control regulations in the countries of their citizenship, residence or domicile which might be relevant to the subscription, purchase, holding, exchange, redemption or disposal of any investments. Each prospective investor is urged to discuss any prospective investment with its legal, tax and regulatory advisors in order to make an independent determination of the suitability and consequences of such an investment.

An investment involves a number of risks and there are conflicts of interest. Please refer to the risks and conflicts disclosed herein.

Each of StepStone Group LP, StepStone Group Real Assets LP, StepStone Group Real Estate LP and StepStone Conversus LLC is an investment adviser registered with the Securities and Exchange Commission (“SEC”). StepStone Group Europe LLP is authorized and regulated by the Financial Conduct Authority, firm reference number 551580. StepStone Group Europe Alternative Investments Limited (“SGEAIL”) is an SEC Registered Investment Advisor and an Alternative Investment Fund Manager authorized by the Central Bank of Ireland and Swiss Capital Alternative Investments AG (“SCAI”) is an SEC Exempt Reporting Adviser and is licensed in Switzerland as an Asset Manager for Collective Investment Schemes by the Swiss Financial Markets Authority FINMA. Such registrations do not imply a certain level of skill or training and no inference to the contrary should be made.

In relation to Switzerland only, this document may qualify as “advertising” in terms of Art. 68 of the Swiss Financial Services Act (FinSA). To the extent that financial instruments mentioned herein are offered to investors by SCAI, the prospectus/offering document and key information document (if applicable) of such financial instrument(s) can be obtained free of charge from SCAI or from the GP or investment manager of the relevant collective investment scheme(s). Further information about SCAI is available in the SCAI Information Booklet which is available from SCAI free of charge.

All data is as of March 2022 unless otherwise noted.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. ACTUAL PERFORMANCE MAY VARY.



With You Today, the Proposed Client Team



JAY MORGAN, PARTNER, CLEVELAND

Mr. Morgan is a member of the real estate team and focuses on various investment and portfolio management activities, and real estate market research.

Prior to StepStone, Mr. Morgan was with Courtland Partners where he was the consultant to several state and sovereign pension plans, director of research, portfolio manager for the fund-of-funds platform and a member of the investment committee. Before that, he was a partner and head of research at Hartland & Co.

Mr. Morgan received an MBA from Case Western Reserve University and a BS from Denison University.



THOMAS HESTER, MANAGING DIRECTOR, SAN FRANCISCO

Mr. Hester is a member of the real estate team and focuses on various investment and portfolio management activities.

Prior to StepStone, Mr. Hester was a senior vice president at Courtland Partners, Ltd., an international real estate advisory firm which integrated with StepStone Real Estate. Previously, Mr. Hester was director of accounting and financial reporting and chief compliance officer at Mesa West Capital, and CFO at Somera Capital Management, both real estate investment managers. Mr. Hester previously held principal positions at the McMahan Group and Westwood Consulting Group and was a senior manager at Kenneth Leventhal & Company/Ernst & Young. Mr. Hester is a current member of the NCREIF PREA Reporting Standards Council.

Mr. Hester received a BS from San Diego University and attended the University of California, Los Angeles, John E. Anderson Graduate School of Management.



JAMES MAINA, VICE PRESIDENT, NEW YORK

Mr. Maina is a member of the real estate team and focuses on various investment and portfolio management activities.

Prior to joining StepStone full time, Mr. Maina was an intern for the firm, supporting the real estate and investor relations teams. Before that he was a real estate financial analyst Intern at University of Virginia Foundation in Charlottesville, Virginia and an investment banking summer analyst at Akemi Capital in New York.

Mr. Maina received a BS from the University of Virginia.



Proposed Client Team Oversight Partner



MARGARET MCKNIGHT, PARTNER, SAN FRANCISCO

Ms. McKnight is a member of the real estate team and focuses on various investment and portfolio management activities.

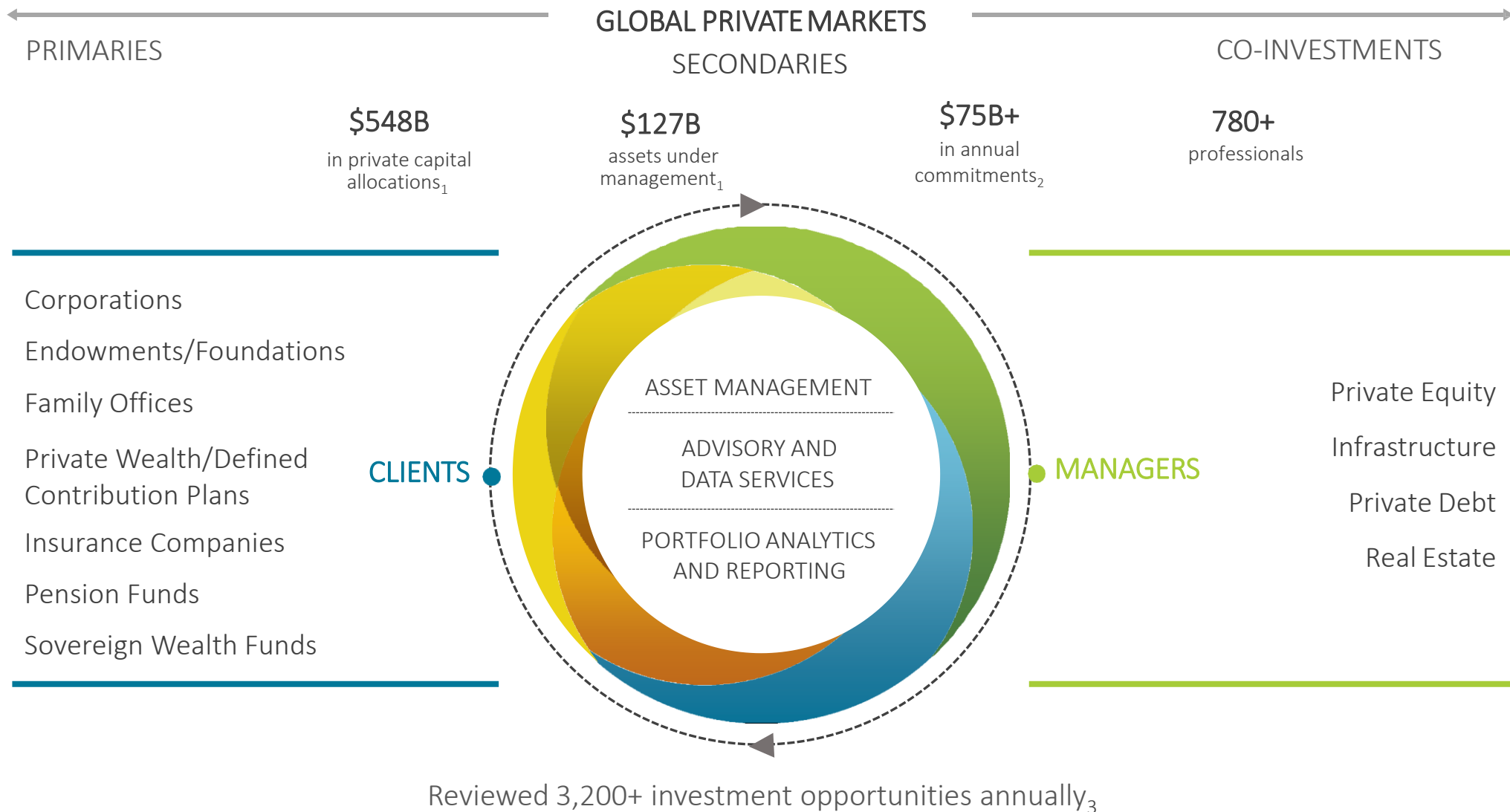
Prior to joining StepStone, Ms. McKnight spent more than a decade at Carlyle's Metropolitan Real Estate, where she served as the co-Chief Investment Officer and was the fund head for Metropolitan's Global Funds series. She was a Consultant with Cambridge Associates and held various roles with JP Morgan. Ms. McKnight sits on the Investment Committee for Sutter Health, the fifth largest US non-profit community-based healthcare provider and the Real Assets Investment Subcommittee for Swarthmore College. She recently served as a Senior Advisor to Juniper Square, focused on Capital Markets applications of their investment management software.

Ms. McKnight graduated with high honors from Swarthmore College and earned an MBA from New York University.

I. INTRODUCTION AND STEPSTONE OVERVIEW



StepStone Group (“SSG”) Has a Critical Position Within the GP & LP Ecosystem



All dollars are USD. Headcount as of January 31, 2022. Data includes Greenspring Associates metrics.

1. \$548B indicates total assets which includes \$127B in assets under management as of December 31, 2021. Reflects final data for the prior period (September 30, 2021), adjusted for net new client account activity through December 31, 2021. Does not include post-period investment valuation or cash activity.

2. StepStone approved over \$75B+ in 2021. Represents StepStone-approved investment commitments on behalf of discretionary and non-discretionary advisory clients. Excludes clientele that receive research-only, non-advisory services. Ultimate client investment commitment figures may vary following completion of final GP acceptance/closing processes.

3. Data reflecting twelve months ended June 30, 2021.



SSG Customized Solutions are a Competitive Advantage

SSG builds customized portfolios of primary **fund investments**, **co-investments** and **secondaries** which its clients and investors can access through advisory services, separate accounts and commingled investment funds



Data-Driven Investment Approach is a Competitive Advantage

SSG leverages its proprietary suite of integrated data and technology solutions

SPI

Private Markets Intelligence Database

Comprehensive access to research on all funds StepStone covers includes:

- Fund summaries
- Investment memos
- Track record analysis
- General Partner Meeting Notes

Omni

In-depth Analysis On Private Markets Portfolios

Performance and exposure analysis across portfolios, funds, and underlying investments:

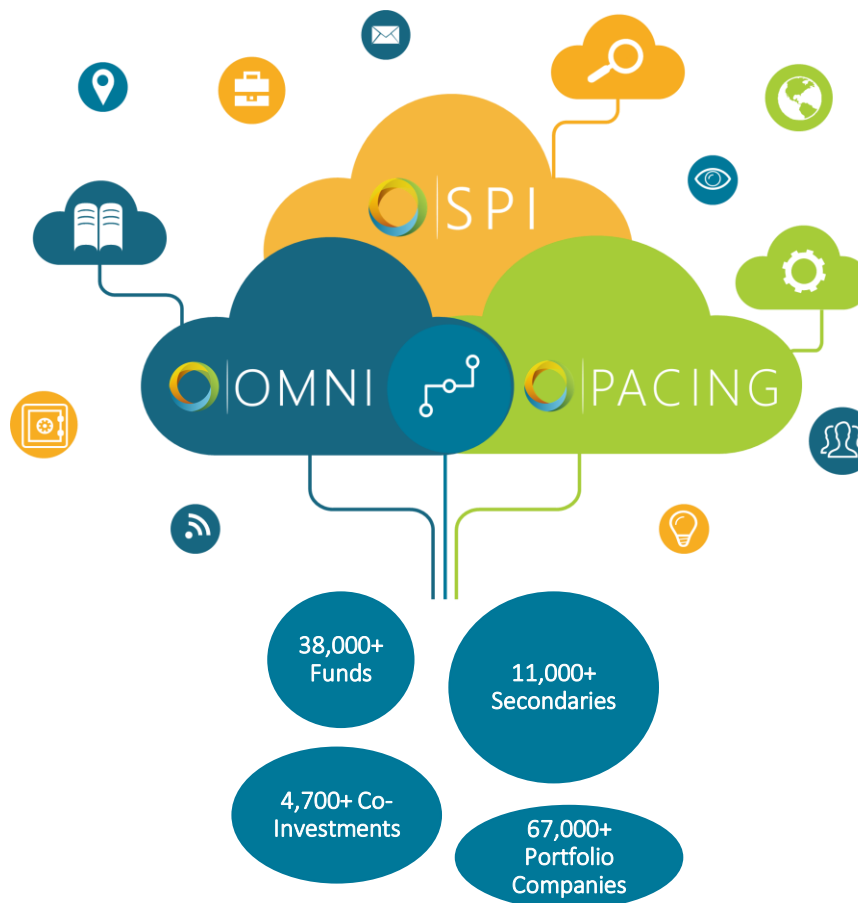
- J-curve and cash flow analysis
- Time period analysis (e.g., IRRs, time-weighted returns)
- PME analysis (e.g., KS PME, Direct Alpha, PME+)

Pacing

Portfolio Forecasting & Optimization

Forecast portfolio cash flow and determine future investment allocations to:

- Create a plan for reaching target allocation
- Anticipate liquidity needs
- Assist client with cash management and planning





The StepStone Real Estate ("SRE") Advantage

\$151B+

AUM/AUA₁

\$9B+

assets under management₁

~\$17B

approved in 2021₂

70

professionals₃



FOCUSED ON CUSTOMIZATION

Expertise in building customized solutions designed to meet clients' specific objectives



GLOBAL & LOCAL APPROACH

Dedicated investment professionals in North America, Europe, and Asia



EXPERIENCE-BASED MANAGEMENT

Senior team members have 25 years average experience across real estate products and capital structures, around the globe



ROBUST SOURCING MODEL

700+ meetings with managers in 2021; \$60B/516 secondaries and co-investments reviewed LTM₄



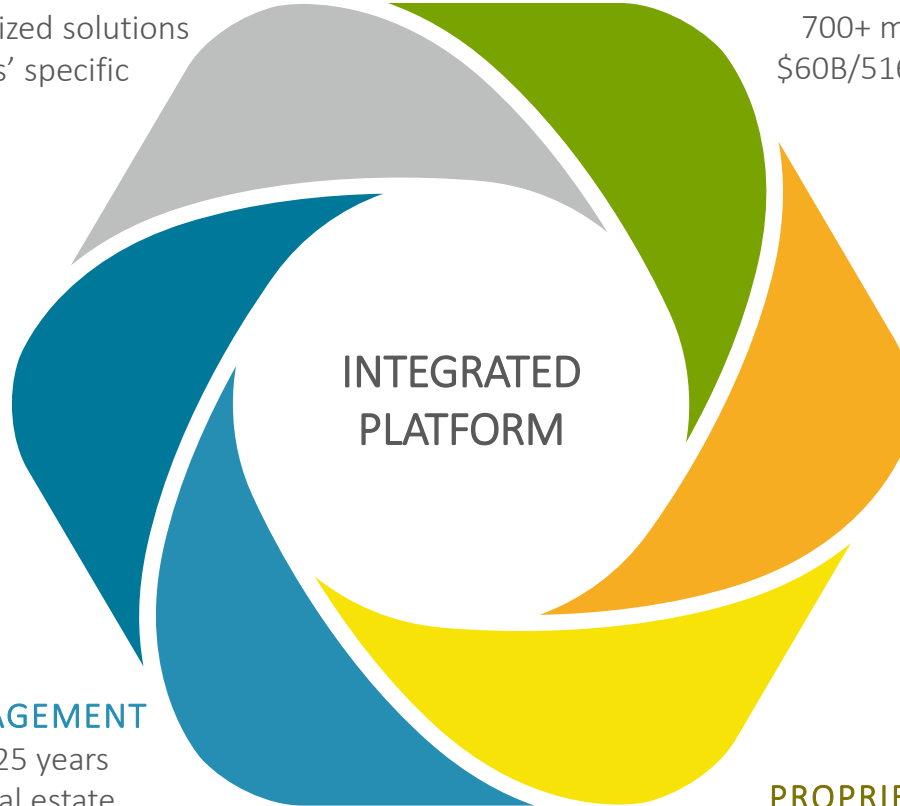
STRATEGIC PARTNER TO MANAGERS

Provide primary, secondary and co-investment capital to best-in-class managers; not being competitive results in differentiated deal flow



PROPRIETARY DATA & TECHNOLOGY

7,500+ real estate funds/3,000+ managers tracked in SPI



All dollars are USD. AUA & AUM as of December 31, 2021.

1. \$151B+ indicates total assets which includes \$9B+ in assets under management as of December 31, 2021. Reflects final data for the prior period (September 30, 2021), adjusted for net new client account activity through December 31, 2021. Does not include post-period investment valuation or cash activity. Approved figures represent StepStone-approved investment commitments on behalf of discretionary and non-discretionary advisory clients. Excludes clientele that receive research-only, non-advisory services. Ultimate client investment commitment figures may vary following completion of final GP acceptance/closing processes. Real Estate AUM / AUA includes both Real Estate equity and debt.

2. Approved amount includes approximately \$3B in Real Estate debt. Includes project-based client recommendations and Real Estate credit.

3. Includes 51 investment professionals and 19 support professionals as of February 2021.

4. Last twelve months through January 31, 2022.



Large Team Focused Solely on Real Estate Investing...

73-MEMBER TEAM: 52 INVESTMENT FOCUSED (29 AMERICAS, 19 EUROPE, 4 ASIA*)

SAN FRANCISCO | MIAMI | NEW YORK | LONDON | CHARLOTTE | CLEVELAND | CHICAGO | BEIJING | HONG KONG

20+ SUPPORT PROFESSIONALS | 300+ SHARED SERVICES

PARTNERS: 7



JEFF GILLER
Head of SRE



JOSH CLEVELAND
Partner, Head of EMEA



BRENDAN MACDONALD
Partner & COO



MARGARET MCKNIGHT



JAY MORGAN



DEV SUBHASH



JOHN WATERS
Partner, Head of Investments

RESEARCH & INVESTMENTS: 45

ALEX ABRAMS
Managing Director

FRANK FORSTER
Managing Director

TOM HESTER
Managing Director

ANDREW MITRO
Managing Director

RANDY WANG*
Managing Director

LAIA MASSAGUE
Managing Director

POOJA PATEL
Managing Director

SARA RUTLEDGE
Managing Director

ROBERT MURPHY
Principal

JEREMY GOLDBERG
Principal

ANJA RITCHIE
Principal

MARC RIVITZ
Principal

DREW IADANZA
Principal

JUSTIN THIBAUT
Principal

RICHARD LOWE
Principal

MICHAEL HUMPHREY
Director

ALEC DARBYSHIRE
Vice President

GRAY LAYDEN
Vice President

IAIN GLEN
Vice President

ALANA KARMEINSKY MOLES
Vice President

JAMES MAINA
Vice President

LEE SINGER
Vice President

COLIN DONNELLY
Vice President

SERENA MANDRILE
Senior Associate

OMAR HAMANI
Senior Associate

TOM THORPE
Senior Associate

RUQING ZHOU*
Senior Associate

VAL O'DONOGHUE
Senior Associate

SUE YU
Senior Associate

JOHN AHERN
Associate

ZIAB KABIR
Associate

AIDAN THORNTON
Associate

LYDIA COLIN
Associate

THEA DIAZ
Associate

RANDY WU
Associate

JACK WIERMAN
Associate

NICK KOSSOFF
Senior Analyst

GEORGIE SCARLES
Senior Analyst

TERRY CHAU
Analyst

OMOLARA OYEDEJI
Analyst

STEVIE GREHAN
Analyst

ANNA LEE RICCIO
Analyst

ALEX SMITH
Analyst

GARRETT WINTER
Analyst

ZINEB BENKIRANE
Analyst



...With Substantial Dedicated Support

DUBLIN | LONDON | NEW YORK | CLEVELAND | LA JOLLA | TORONTO | LUXEMBOURG

INVESTOR RELATIONS: 5

- DAMI ALADE**
Vice President
- JULIE LIMPACH**
Vice President
- SIMI OLUSOGA**
Senior Associate
- MEGHA PATEL**
Associate
- PJ BROWN**
Analyst

PORTFOLIO ANALYTICS & REPORTING: 16

- SUSAN YELIN**
Managing Director
- THOMAS REDMOND***
Director
- ANDERSON SOUZA***
Director
- KRISTEN MOORE***
Vice President
- GREG SEIFERT***
Vice President
- ANGIE TAYLOR**
Senior Associate
- MICHELLE LEINBACH**
Senior Associate
- BRANDON D'AMICO***
Associate
- SHAAN COWASJEE***
Associate
- RORY GRANT***
Associate
- KYLE LEIMBACH***
Associate
- ARIELLE GLADSTONE***
Associate
- ALEJANDRO SALCEDO***
Associate
- DUKE BECKER***
Senior Analyst
- RYAN REED***
Senior Analyst
- MATTHEW SMITH***
Senior Analyst

LEGAL & COMPLIANCE: 4

- JEREMY MATZ***
Partner, Head of Tax
- MATT LAMBERT**
Deputy SRE General Counsel
- MIGUEL IBANEZ**
Associate General Counsel
- IAN McMAHON**
Senior Tax Advisor

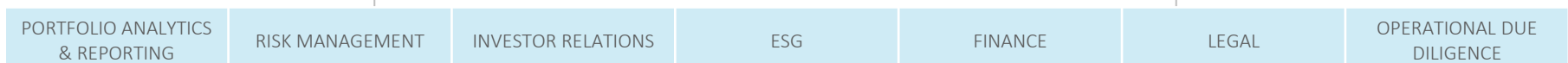
FINANCE & ADMINISTRATION: 14

- SHEILA GIBSON***
Partner, Head of Fund Accounting
- SEAN KELLY***
Managing Director, Head of Luxembourg Office
- DAN WOLNIK**
Director of Finance
- DEVIN MINKOFF***
Director
- PATRICIA KLEVE**
Controller
- RICARDO GOMEZ**
Controller
- GOKHAN BATUT**
Fund Controller
- SADMIR SIVIC**
Fund Controller
- BRITTANY BENNETT**
Senior Accounting Manager
- DAWN TANDO**
Senior Accounting Manager
- BRIAN FINTZ**
Senior Fund Accountant
- JEFF TORRESCANO**
Senior Fund Accountant
- SAKURA KOMATSU**
Senior Fund Accountant
- JOANNA HUANG***
Accountant

SUPPORT PLATFORM
300+ Professionals



INTEGRATED GLOBAL PRESENCE
Americas, EMEA, Asia, & Australia



SSG'S Commitment to Diversity & Inclusion

We believe that diversity of backgrounds and perspectives among our employees strengthens our ability to analyze, invest, communicate and deliver on our mission

52%
 total diversity of our professionals

37%
 female

29%
 diverse

57%
 total diversity of new hires in 2021 YTD

Global D&I Committee



AWARENESS & ENGAGEMENT

- Focus internally & externally:
- Educational & social events
 - StepStone Diversity & Inclusion Network (SDIN)
 - Partnerships & sponsorships with a network of organizations
 - Employee Resource Groups
 - D&I-focused Roundtables



RECRUITMENT & HIRING

- Broad recruiting outreach:
- Best practices integrated into recruitment and hiring process (e.g., diverse candidate slates)
 - Partnerships to expand and broaden recruiting pipeline
 - Unconscious bias training



RETENTION & PROMOTION

- Tools to build our team's success:
- Holistic parental leave policies & enhanced benefits
 - Sponsorship & mentorship programs
 - Company-hosted community events
 - Generous PTO for volunteering



INVESTMENT PROCESS INTEGRATION

- Continued push industry-wide:
- Diversity data captured during due diligence and post-investment at the manager- and fund-levels
 - Metrics integrated into DD questionnaires across asset classes



Cultivating and Retaining Talent

Our fund investment and advisory practice provides us with a differentiated level of transparency into the turnover and incentive compensation structures of real estate firms across the industry

STABILITY

- SRE has exceptionally low turnover relative to our competitors and other managers in the market.
 - Since SRE's inception in 2014, only four professionals at Vice President or higher have voluntarily left the firm.
-

RETENTION FACTORS & INCENTIVES

- Stability is a function of our positive and collegial culture and our competitive compensation structure.
 - Everyone has a voice and is a valuable contributor and professional resource.
 - Continuing education, conference attendance, allowances for industry functions and organizations, and active mentoring are fully supported via policy.
 - Competitive salary, generous discretionary bonus, and full benefit packages for all staff. For the senior team, one of the broadest carried interest sharing structures in the industry.
-



Foundations for a Diligent Investing Culture

SRE's integrated team and proprietary technology creates an information and sourcing advantage

ACTIVE
TEAM

SOURCING ADVANTAGE

DUE DILIGENCE EXPERTISE

\$4B+ IN DIRECTS, SECONDARIES, CO-INVESTMENTS

- Proactive calls to managers
- Outreach to bankers, brokers, advisors
- Granular, direct real estate underwriting
- Experience with all property types
- Equity, debt, preferred, hybrid structures
- US/Europe focus, + Asia/Latin America



MANAGER
RESEARCH
TEAM

\$142B+ IN TOTAL FUND COMMITMENTS

- 700+ manager meetings and ~\$17B of real estate capital commitments to 70+ funds in 2021
- Continuous interaction with LPs through fund AGMs, LPACs, industry events, etc.
- Manager capabilities/track record
- Vehicle-level diligence
- Operational, tax, legal due diligence
- Market research



OVERALL TRACK RECORD¹

19.4% GROSS / 14.8% NET IRR

SPI™ DATABASE

3,000+ MANAGERS / 7,500+ FUNDS

- Manager Track Record
- Manager Evaluations
- Market Maps

Provided for illustrative purposes only. Past performance is not necessarily indicative of future results and there can be no assurance that investments will achieve comparable results or avoid substantial losses.

1. As of September 30, 2021. Reflects all secondaries & co-investments.



SRE's Overall Track Record

	NET IRR
PRIMARY FUND INVESTMENTS	14.8%
<i>Core / Core-Plus</i>	11.8%
<i>Value-Add</i>	15.1%
<i>Opportunistic</i>	15.3%
ALL SECONDARIES & CO-INVESTMENTS (Opp/VA/Core+)	14.8%



As of September 30, 2021. Returns for fund investments and co-investments programs that have been held less than two years are not considered meaningful and have been excluded. **Past performance is not necessarily indicative of future results** and there can be no assurance that investments will achieve comparable results or avoid substantial losses. Fund investments performance reflects open-ended and closed-end funds. Includes discretionary investments only. Returns are net of fees and expenses charged by both the underlying investments and hypothetical StepStone fees. These returns are set forth solely for illustrative purposes and do not represent actual returns received by any investor in any of the investment programs represented above. Fees are available upon request. StepStone fees and expenses are based on the following assumptions:

- **Fund investments:** 25bps of net invested capital for management fee, 5bps of capital commitments for partnership expenses, and 1 basis point of capital commitments drawn down in the first cash flow quarter for organizational costs.
- **Secondaries:** 125bps on capital commitments in years 1 through 4. In year 5, management fees step down to 90% of the previous year's fee. Secondaries also include 5bps of capital commitments for partnership expenses, and 1 basis point of capital commitments drawn down in the first cash flow quarter for organizational costs, and 15.0% of paid and unrealized carry, with an 8% preferred return hurdle.
- **Co-investments:** 100bps on net committed capital for management fee, 5bps of capital commitments for partnership expenses, and 1 basis point of capital commitments drawn down in the first cash flow quarter for organizational costs. Co-investments also include 15.0% of paid and unrealized carry with an 8% preferred return hurdle.

II. INVESTMENT PHILOSOPHY AND CONSULTING PROCESS

Advisory Solutions

Primary commitments to funds set the foundation of a strategic asset allocation plan, which can then be enhanced with secondaries and co-investments

SOLUTIONS TAILORED TO THE SPECIFIC NEEDS OF EACH CLIENT



UNDERPINNED WITH SOPHISTICATED TECHNOLOGY SYSTEMS AND ANALYTICAL TOOLS

OMNI
Client reporting and performance measurement

- Portfolio analytics
- Performance measurement & analysis
- Monitoring & reporting

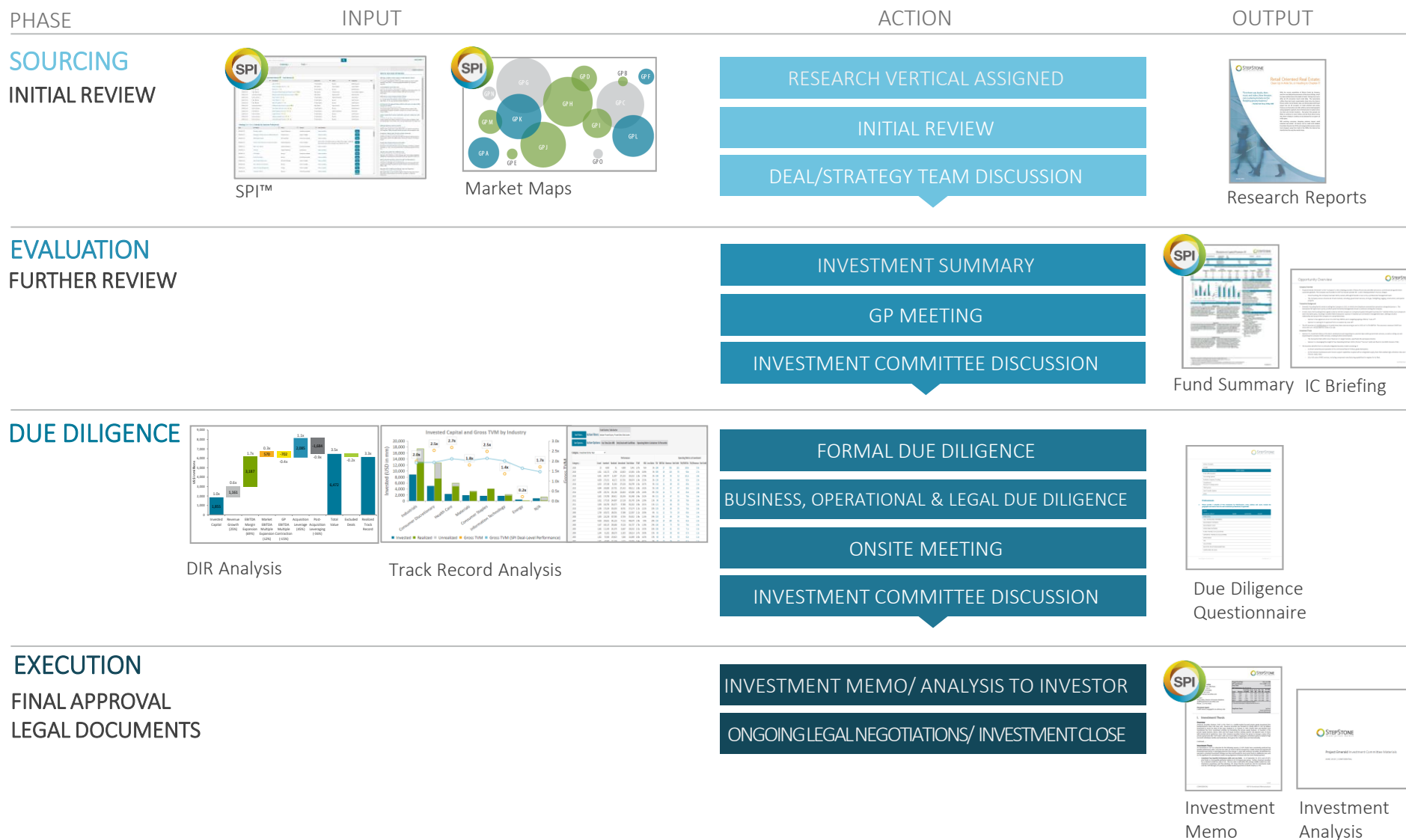


SPI
Manager / Fund research due diligence

- Performance & benchmarking
- Fund attributes & terms
- Meeting notes, fund summaries, DD reports

Investment Process Overview

StepStone's global reach, extensive research, and analysis power our investment process





Investment Due Diligence Overview

StepStone utilizes the power of its global platform, extensive research and database-enabled analysis to support our investment process

FOCUS	DESIRED ATTRIBUTES	STEPSTONE ANALYSIS
TEAM / PLATFORM	<ul style="list-style-type: none"> Length and quality of relevant experience Team cohesiveness and integrity of leadership Network: ability to source deals and add value Capacity: AUM per partner, board responsibilities 	<ul style="list-style-type: none"> Spend time getting to know firm management Extensive reference calls (on and off list) Detailed review of legacy portfolio responsibilities Gauge ability to deploy capital effectively
STRATEGY	<ul style="list-style-type: none"> Competitive advantages for attractive market opportunity Evidence of proprietary deal access Clear evidence of future sustainability Consistent investment style with ability to adapt to changing market conditions 	<ul style="list-style-type: none"> StepStone proprietary market research StepStone periodic industry reviews Extensive reference calls (on and off list)
PERFORMANCE	<ul style="list-style-type: none"> Length and attribution of track record Consistent outperformance Low loss ratio Expertise across markets, property types, deal size 	<ul style="list-style-type: none"> StepStone proprietary analysis Benchmarking Reviews of case studies
STRUCTURE	<ul style="list-style-type: none"> Appropriate legal documentation of firm and fund entities Fair and compelling economic incentives Clean record of outstanding claims and litigation 	<ul style="list-style-type: none"> StepStone thorough legal due diligence review Identify checks & balances, policies & procedures Identify “deal killers” in advance of negotiations

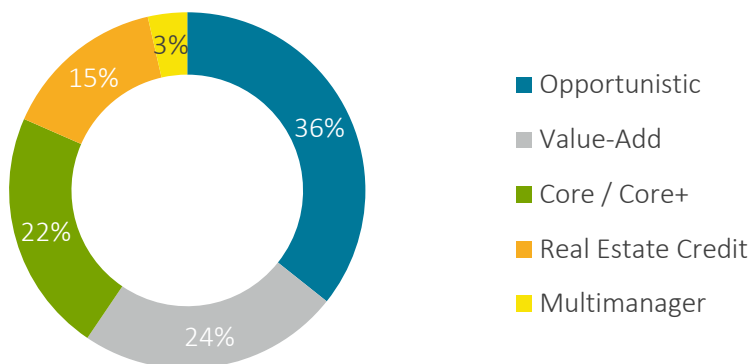
III. FUND SOURCING AND SELECTION

Significant Fund Advisory Experience Creates Differentiated Sourcing Advantages

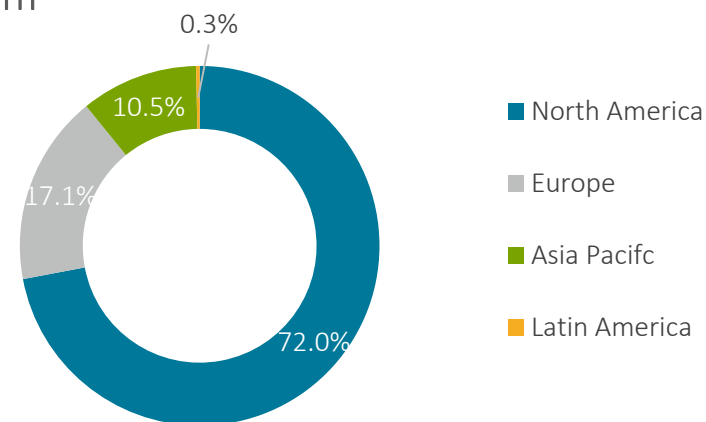


SRE has advised clients and recommended **\$138B+** client capital commitments to over 687 funds since 2000

STRATEGY

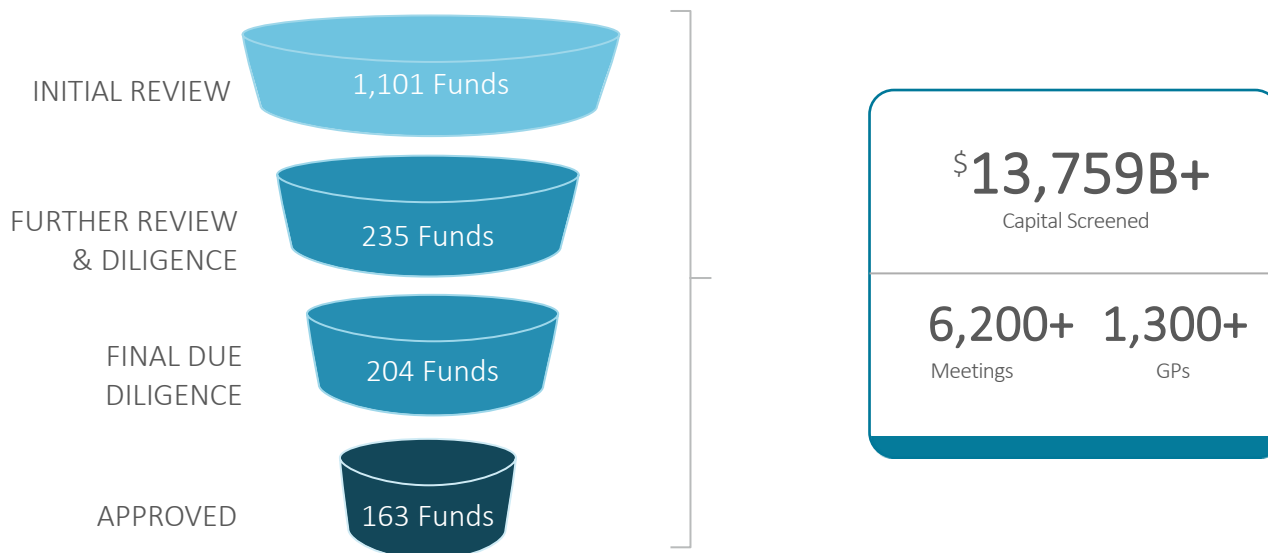


GEOGRAPHY



By amount approved. Europe includes MENA.

REAL ESTATE PRIMARY ACTIVITY (since 2018)*



All data as of September 30, 2021. Reflects total primary fund investments screened since 2000 unless otherwise noted.

*Data as of November 30, 2021. Reflects total primary fund investments screened since April 1, 2018.

Comprehensive Engagement with the GP Universe

SRE has comprehensive and global market coverage of real estate managers (large scale and small/mid-market), which provides access to high quality investment opportunities and potential fee savings

ACCESS TO FUNDS

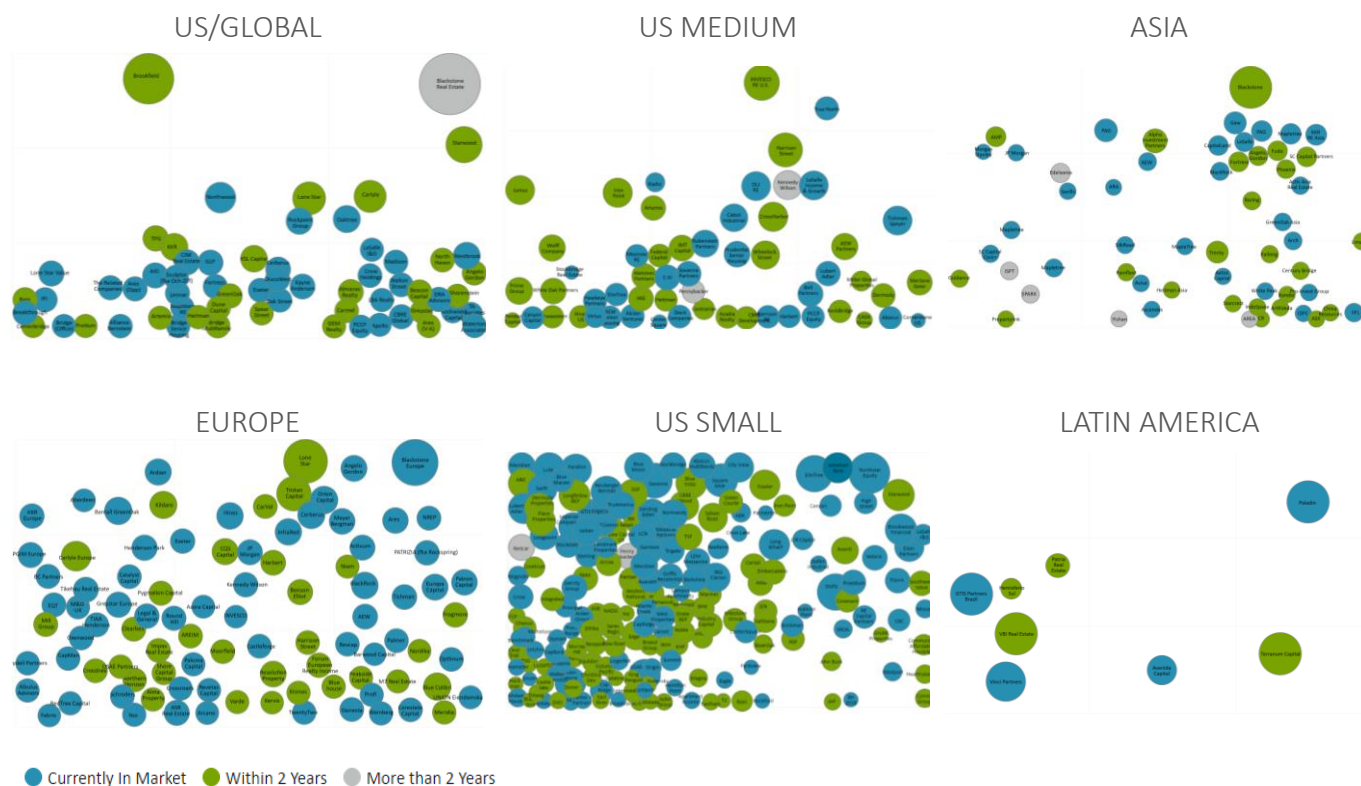
SRE's team has approved commitments to 687 funds since 2000

CAPITAL DEPLOYMENT

SRE assisted clients with approved recommendations for ~\$17B in 2021

DUE DILIGENCE

Since 2014, SRE has logged 4,600+ manager meeting notes and produced 410+ fund summaries

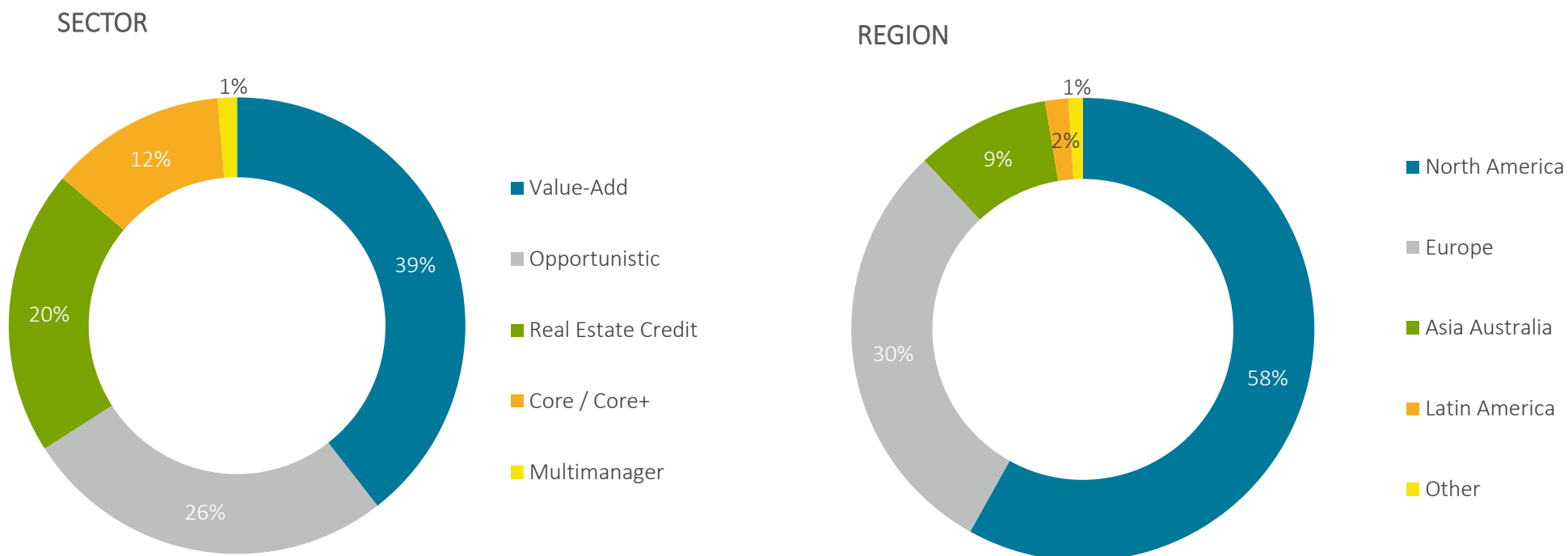


As of September 30, 2021. There can be no assurance that any or all of these funds will come to, or continue to be in, market, will be available to any particular investor, or will close as expected. StepStone has obtained the information shown above from various published and unpublished sources considered to be reliable. However, StepStone cannot guarantee its accuracy, and circumstances may change. Any potential investor should independently confirm all aspects of an offering with the general partner. Manager references are for illustrative purposes only and do not constitute investment recommendations. Size of circle denotes deployment size



SRE is Well Positioned to Help LACERS Achieve Emerging Manager Objectives

SRE has approved over **\$9.5 billion** of investments in emerging manager real estate funds. The SRE manager databases have over **300** funds raising **\$141B+** fitting LACERS' definition



As of: February 2022



StepStone Top Picks

StepStone produces a quarterly list of top picks for the coming year to help inform annual allocation plans and prioritize due diligence. Sector teams update scores based on manager coverage, discuss each fund and set recommended ratings, then IC reviews and ratifies.

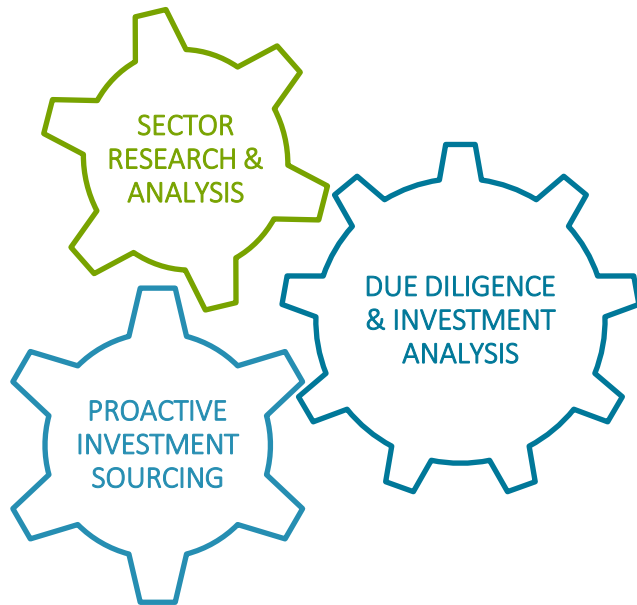
Outlined below are the criteria which StepStone real estate uses to score GPs for its top pick process. A maximum score is “3” and minimum score is “1” for all metrics. For each metric, the factors that may generate a high or low score are as follows:

ORGANIZATION		
Team	3	Large and experienced team, dedicated professionals, long tenure at the firm, low turnover
	1	Newly formed team, High turnover at senior level
Focus & Ownership	3	Senior team owner of the fund, Investment team dedicated to the specific fund/strategy
	1	Third party ownership, Investment team overseeing multiple vehicles/strategies
Competitive Advantage	3	Large RE platform (vertical integration, in-house research, sourcing, underwriting advantages), Specific expertise
	1	No competitive advantages
STRATEGY		
Market Opportunity	3	Promising markets with positive fundamental trends (demographic, structural, lack of supply)
	1	Difficult markets with oversupply, flat revenues, difficult conditions ahead
Consistency	3	GP has been focused on a specific/consistent strategy overtime
	1	GP is raising a fund focusing on a new strategy
Value Creation	3	Vertically integrated platform with proven AM capabilities, doesn't rely on operating partners
	1	No value-add activities
PERFORMANCE		
Relative to Benchmark	3	Consistently top quartile
	1	Third, fourth quartile
High Realizations and low Losses	3	Sizeable realized track record, with no investments generating a loss
	1	Meaningful loss ratios and highly unrealized track record
Track Record length and attribution	3	Long-tenured team with attribution for track record
	1	Newly created team, previous track records not fully attributable to single individuals
STRUCTURE		
Fees	3	Low fees
	1	High AM fees, acquisition fees
Other Terms	3	Above market GP commitment / preferred return
	1	Below market GP commitment / preferred return, Weak key man clause, deal by deal carry
Conflicts	3	Lack of conflicts
	1	Unclear allocation policy, presence of other vehicles competing strategy

IV. MONITORING

Real Estate Specialized Coverage

SRE’s team is organized into specialized teams to ensure comprehensive coverage of the real estate market across fund investments, secondaries and co-investments, in order to enhance sourcing and underwriting capabilities



SRE INVESTMENT TEAM MEMBER LOCATIONS



SPECIALIZED SECTOR COVERAGE

NORTH AMERICA	CORE / CORE PLUS	LARGE CAP VA / OPPORTUNISTIC	MEDIUM / SMALL CAP VA / OPPORTUNISTIC	CREDIT
EUROPE	CORE / CORE PLUS	LARGE CAP VA / OPPORTUNISTIC	MEDIUM / SMALL CAP VA / OPPORTUNISTIC	CREDIT
REST OF WORLD	ASIA	LATIN AMERICA		



StepStone Private Markets Intelligence Database (SPI)



EXTENSIVE ANALYTICS REAL ESTATE

- 7,500+ Funds
- 3,000+ General Partners



COMPREHENSIVE DATA & BENCHMARKING

- By strategy, geography & vintage year
- Updated quarterly
- Fund performance charts by quartile



INCREASED TRANSPARENCY & ACCESS

- Greater access to meeting notes, fund summaries & track record analysis
- Insights into investment processes
- Enhanced track record analysis



ENHANCED RESEARCH & INSIGHT

- Easy access to information on managers
- Extensive data for informed investment decisions
- Top Picks, GP Watchlist & customized pipelines

INFORMED INVESTMENT DECISIONS

StepStone believes its SPI Database is currently the most comprehensive private markets intelligence monitoring tool available to investors

TRADITIONAL PRIVATE MARKET CONSULTANT



STEPSTONE VIA SPI



Client Service & Reporting

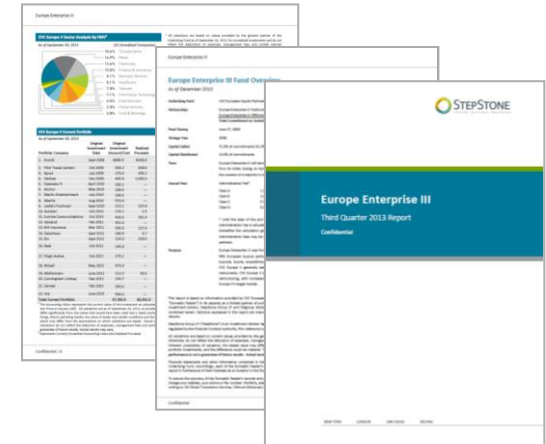
QUARTERLY REPORTING

Quarterly Reporting – Timely and Informative

- Succinct, top-level performance overview
- Current quarter cash and investment activity and quarter-lag valuations
- Overview of current environment
- Portfolio outlook
- Detailed list of portfolio investments
- Highlights of recent noteworthy investment activity, including new investments and realizations
- Fund and relative benchmark performance
- Sector analysis of current portfolio
- Schedule of capital calls/distributions since inception

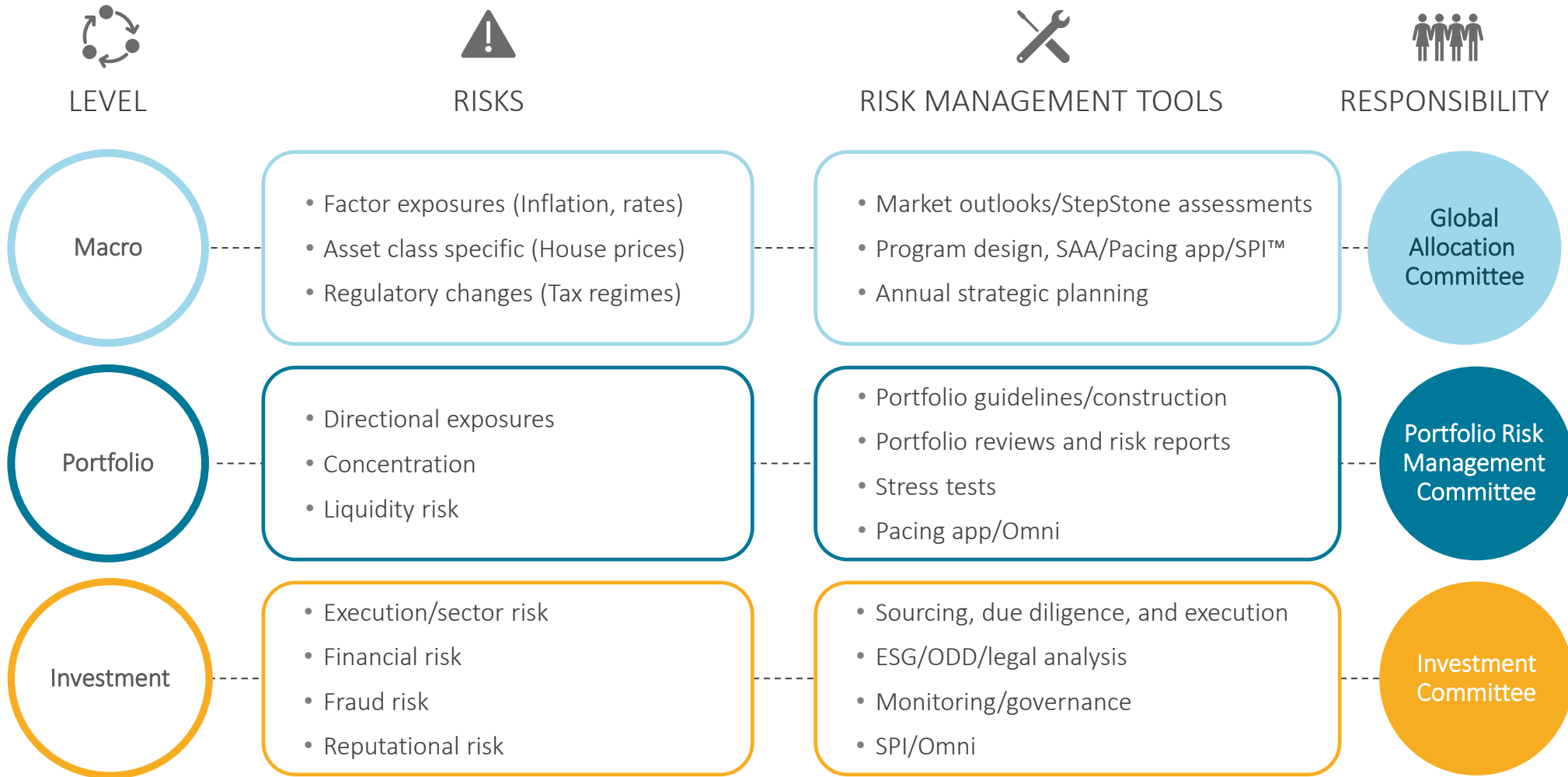
Annual Reporting – All Information in Quarterly, Plus:

- Detailed analysis of entire portfolio
- Overview and outlook on each individual underlying investment



V. RISK MANAGEMENT

Portfolio and Investment Risk Management Overview





Approach to Portfolio and Investment Risk

POLICIES & PROCESS

PEOPLE



RISK IDENTIFICATION

Risks differ by asset class & implementation for primary, secondary, co-investment, & direct

- Investment
- Market/financial
- Liquidity
- Counterparty
- Operational
- Derivatives
- ESG

- Board of Directors
- Global Allocation Committee
- Asset Class Heads
- Head of Portfolio Management
- Head of Risk Management



RISK MEASUREMENT

Requires processes, data collection, analytics, & tools

- SPI
- Omni
- ESG
- Legal
- Strategic asset allocation & pacing
- Operational due diligence

- Research
- SPAR
- Operational Due Diligence
- ESG
- Legal/Compliance
- Fund Accounting



RISK TREATMENT

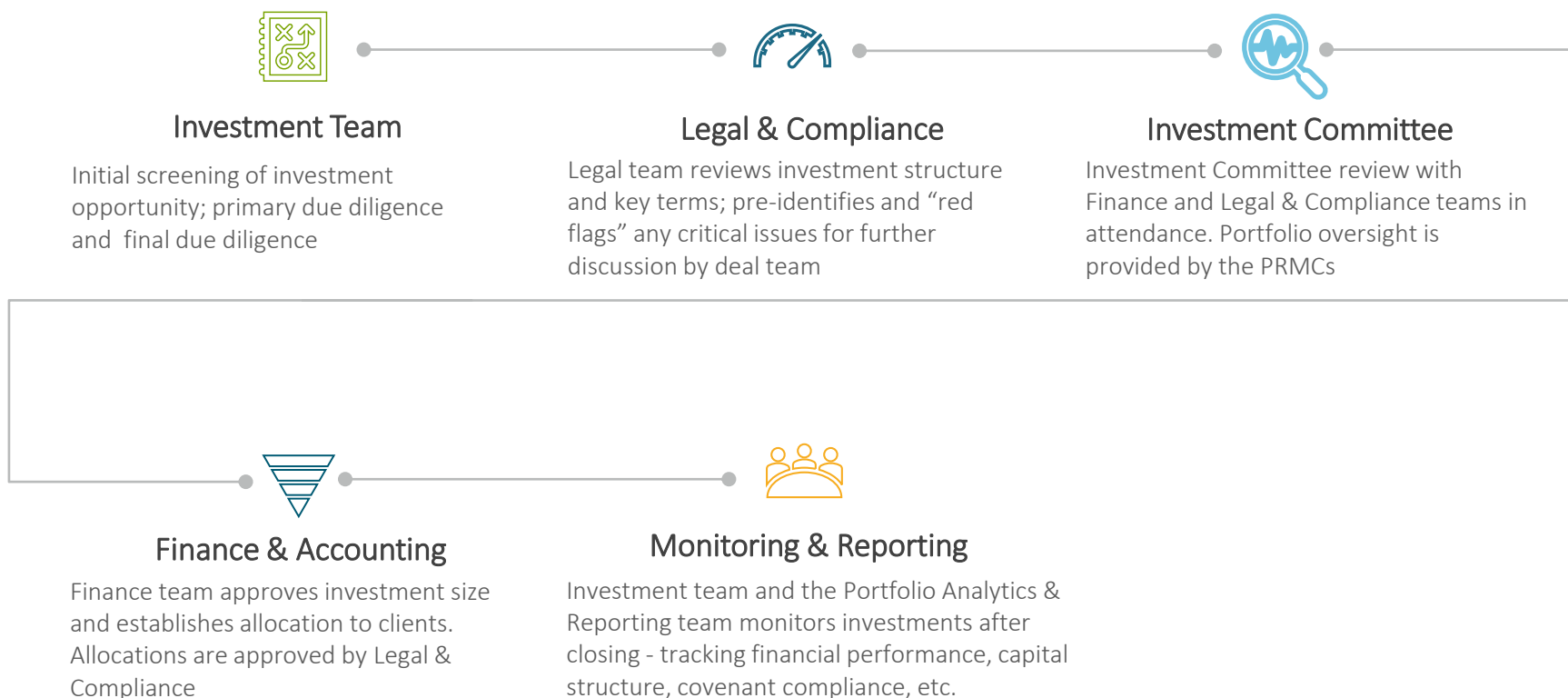
Avoid, diversify or actively manage risk, tailored by asset class & implementation

- Asset selection
- Sector/strategy selection
- Pacing/strategy selection
- Portfolio reviews/planning
- Boards/governance
- Amendments/legal

- Portfolio and Risk Management Committees
- Client Account Managers
- Vendor Due Diligence Committee

Risk Management Throughout the Process

StepStone's risk management is enacted through our rigorous, multi-step investment process





Responsible Investment (ESG) Process

RI/ESG is embedded through the entire investment process from screening to investment approval



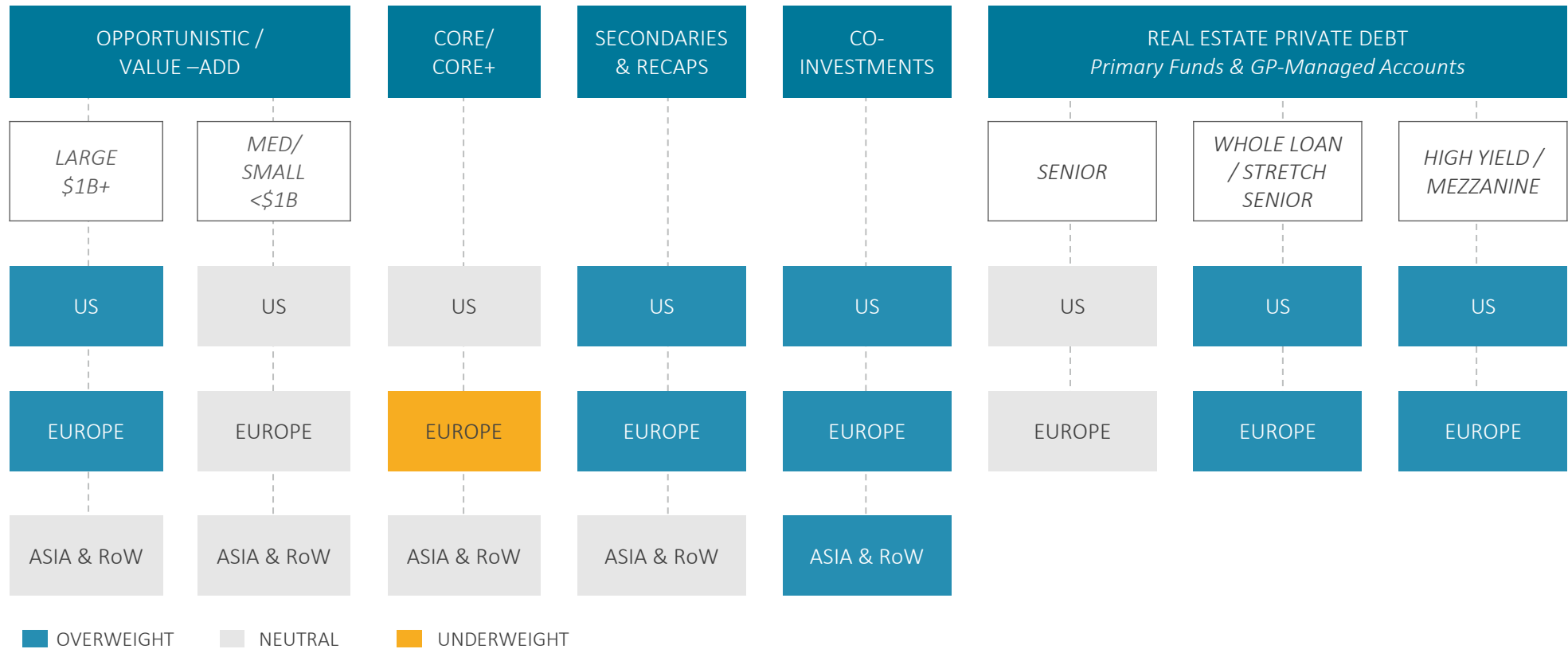
APPENDIX / SUPPLEMENTAL INFORMATION

HEAT MAP



Global Real Estate Indirect Investment Heat Map

This heat map provides a relative value assessment across the various indirect real estate investment options that are available to investors on a global basis. These recommendations are informed by our research team’s quarterly review of the primary fund market and manager universe, and our other investment activities. These recommendations inform portfolio positioning relative to defined investment guidelines and/or benchmarks



RESEARCH AND ANALYTICS

Evolving Importance of Data for Investors



BIG DATA



ARTIFICIAL
INTELLIGENCE



DATA SCIENCE



PREDICTIVE
ANALYTICS



INTERNET OF
THINGS



DATA AS A
COMMODITY



DATA
ADVANTAGE



OVERSIGHT
EXPANSION



Embedding Data in the Investment Process

Data is extracted, analyzed and leveraged across the entire investment lifecycle to deliver the investor a unique data advantage



Data Tools and Reporting

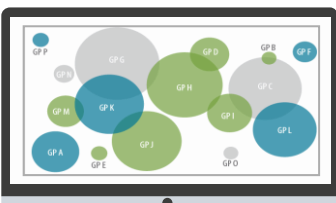
ESG Tracking



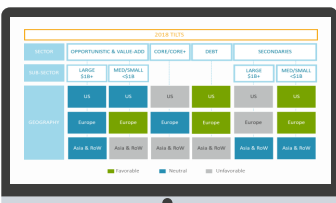
Portfolio Tracking



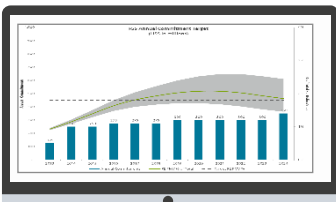
Market Map



Heat Map



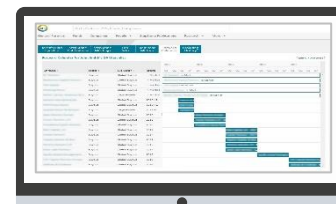
Pacing Model



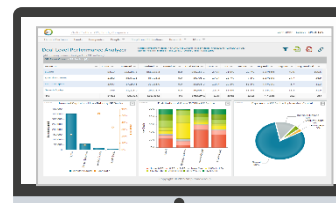
Benchmarking



GP Watchlist



Deal Level Performance Analyzer



Top Picks



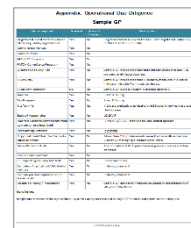
Drivers of Investment Returns



Fund Memos



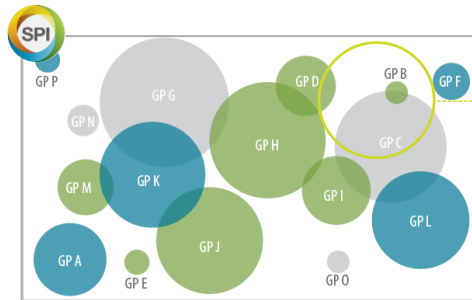
Fund Summary



Operational / Legal DD

Research & Investment Analysis Tools

MARKET MAPS



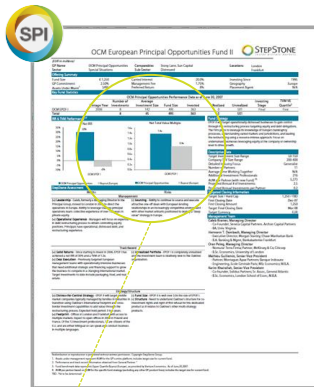
PURPOSE: For each sector StepStone tracks, there is a market map providing a clear depiction of key competitors broken out by recently closed, currently in the market, or expected in market shortly

RESEARCH REPORTS



PURPOSE: StepStone performs detailed research on industries, sectors, geographic regions and reports current and forecast market conditions to clients

FUND SUMMARY



FUND SUMMARIES INCLUDE:

- Key metrics & fund strategy
- Prior fund metrics & performance vs. benchmarks
- Detail investment target data
- Target closing information
- Risks & merits on organization, performance & strategy/structure
- Key investment professionals

PURPOSE: StepStone’s research team creates Fund Summaries on funds that are reasonable prospects for private equity portfolios

INVESTMENT MEMO



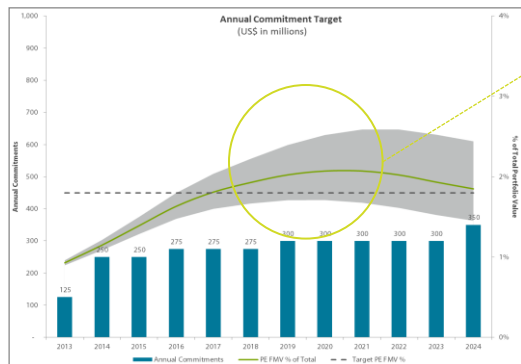
INVESTMENT MEMOS INCLUDE:

- Investment Thesis & Strategy
- Key Risk Factors
- ESG
- Performance & Fund Terms
- StepStone Assessment
- Operational Due Diligence

PURPOSE: A comprehensive review of the investment, firm, strategy, performance analysis and structure; includes detailed merits and risks of the investment

Research & Investment Analysis Tools (continued)

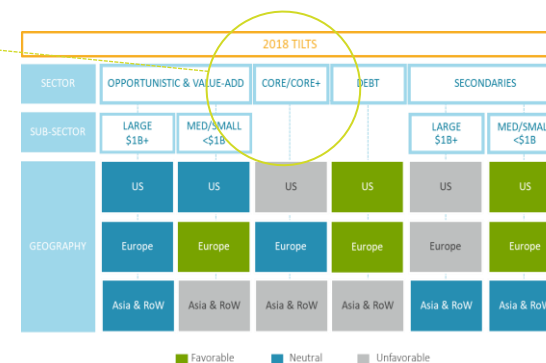
PACING MODELS



PACING MODELS: StepStone reviews the pacing strategy with its client annually in order to accommodate changes in market environment and monitor execution of long term strategy

HEAT MAPS

HEAT MAPS: StepStone's broad coverage results in valuable domain expertise that helps to identify opportunities and potential risks



DUE DILIGENCE REPORTS



OPERATIONAL DUE DILIGENCE REPORTS: StepStone's evaluation provides an overall assessment of whether the operational risks of an investment opportunity are acceptable and whether controls are generally sufficient and in line with industry standards

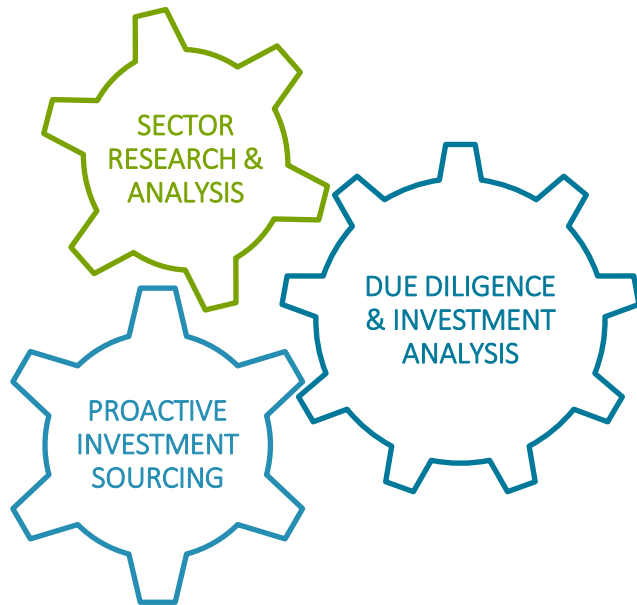
ESG INTEGRATION



ESG INTEGRATION: ESG guidelines must be adhered to and incorporated into all due diligence reports

Real Estate Specialized Coverage

SRE's team is organized into specialized teams to ensure comprehensive coverage of the real estate market across GPs, fund investments, secondaries and co-investments, in order to enhance sourcing and monitoring capabilities



SRE INVESTMENT TEAM MEMBER LOCATIONS



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TRADITIONAL PRIVATE MARKET CONSULTANT



STEPSTONE VIA SPI



PERFORMANCE REPORTING / OMNI

Client Service & Reporting

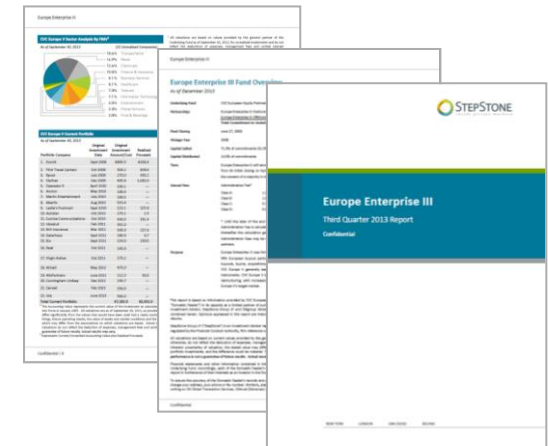
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Quarterly Reporting – Timely and Informative

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- Sector analysis of current portfolio
- Schedule of capital calls/distributions since inception

Annual Reporting – All Information in Quarterly, Plus:

- Detailed analysis of entire portfolio
- Overview and outlook on each individual underlying investment





OMNI Developed to Meet the Needs of Sophisticated Investors

Omni’s powerful analytics capabilities and interactive dashboards provide sophisticated investors valuable insights into portfolio performance and exposures



Powerful & Proven

Over 330B+ of private capital allocations across 13,000+ unique investments, and 64,000+ of underlying portfolio assets, are currently tracked, analyzed, and managed in Omni



Secure & Confidential

All data is kept confidential in StepStone’s secure cloud-based environment



Fast, Intuitive & Web-based

Fast and intuitive user interface with out-of-the-box analytical capabilities; no software installation required



In-house Support & Maintenance

Omni is built and maintained by StepStone’s Data Science & Engineering (“DSE”) team, comprising 25+ in-house software engineers and data scientists. Client support includes a dedicated Account Manager.



Fully Integrated

Omni is fully integrated with Pacing (StepStone’s portfolio forecasting tool) and SPI (StepStone’s Research database). Users can quickly create a plan for their portfolios to reach allocation targets and leverage classifications from StepStone’s global investment platform



Continuously Improved

Users benefit from ongoing platform improvements, addition of new features, and analytical capabilities

How it Works

1

Determine Data Requirements

- StepStone advises client on minimum data requirements
 - Data can be sourced from custodians, consultants or accounting systems
 - Required data typically includes daily cash flows and quarterly valuations for all investments in an electronic format
-

2

Data Collection & Management

- Client provides data to StepStone in an agreed upon format
 - StepStone standardizes the data, uploads it into Omni, and verifies upload accuracy
 - Data update frequency can be tailored to client needs
-

3

Portfolio Analytics

- Access to all of Omni's analytical capabilities via web-based platform
 - Analyze performance As of Date, by Vintage Year, Strategy, GP, etc., Point-to-Point IRRs, PME and Private Benchmarking, J-Curve analysis, and more
 - Interactive Quarterly Reports
 - Easily export analyses and all underlying data into Excel
-

+

Add-ons

- Leverage StepStone's proprietary Pacing Tool to manage allocation targets and anticipate liquidity needs
- Portfolio Company Performance and Exposure Data
- ESG / Responsible Investment Reporting
- Daily Valuation Engine (DVE) to estimate valuations prior to receiving GP reported market values
- Coming Soon: Operating Metrics

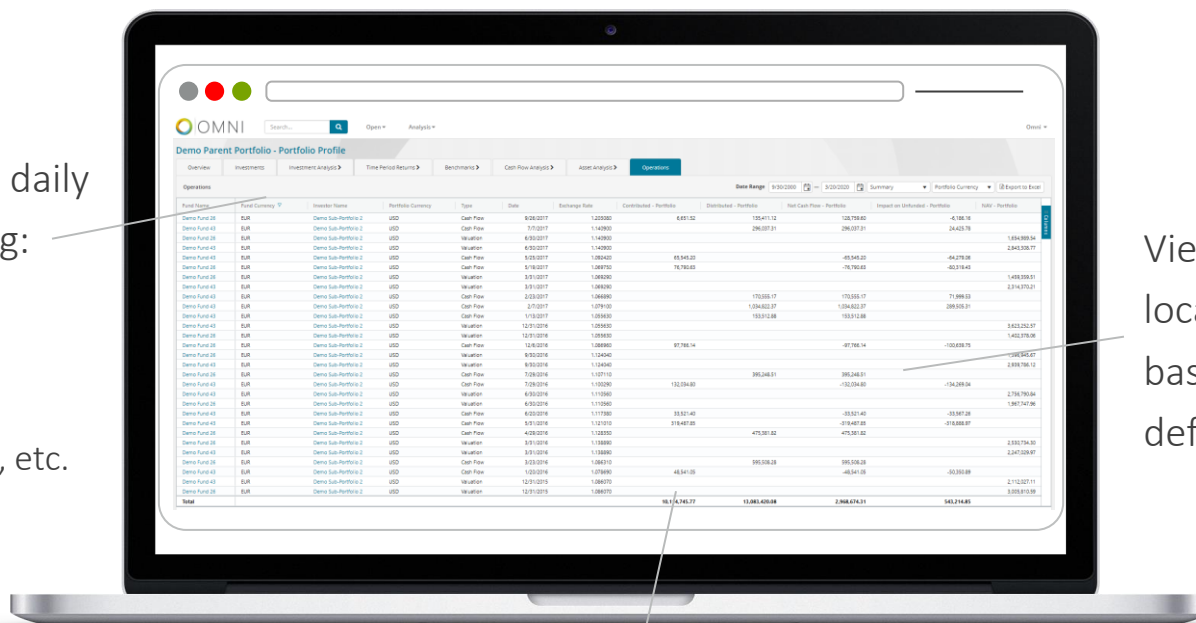


View & Analyze All Investment Operations

Access daily operation details for all of your portfolio investments, inception to-date

View, filter & export daily operations, including:

- Cash flows
- Valuations
- Commitments
- Stock distributions, etc.



View operations in fund/ local currency & portfolio/ base currency; Use Omni default* or custom FX rates

View summarized operations (e.g., called/distributed) or full detail (e.g., called for investments, mgmt. fees, expenses, distributed return of capital, gain, etc.)

*Omni default FX Rate source is Open Exchange Rates Ltd.
For illustrative purposes only and does not constitute investment recommendations.

ODD CAPABILITIES



StepStone Operational Due Diligence Team

DEDICATED ODD PROFESSIONALS



Brad Stehle
Managing Director
Shadmoor Advisors,
Unigestion, Citi
New York



Elizabeth Ferry
Director
Goldman Sachs,
Imprint Capital
La Jolla



Miriam Penney
Vice President
Natwest
Reinsurance, BZW
Dublin



Elham Watson
Vice President
CalPERS, LP Capital
Advisors
La Jolla



Mathew Hartsough
Vice President
UAW Retiree Medical
Benefits Trust, East End
Advisors, CohnReznick,
LLP.
Baltimore



Tom Stratiotis
Senior Associate
Analytical Research,
Cantor Fitzgerald
New York



Justin Woodley
Senior Associate
SS&C Technologies
New York



Kyle Kenyon
Senior Associate
Aberdeen Standard
Investments,
Cambridge Associates
New York



Rory Bradley
Senior Associate
SMT Trustees
Dublin



Chris Danko
Associate
La Jolla



Austin Reinauer
Analyst
New York

SHARED RESOURCES

FINANCE, LEGAL, COMPLIANCE, & IT



Johnny Randel
Partner, CFO
Citi, Private Equity
La Jolla / New York



Christian Frei
Head of Risk
Swiss Federal
Institute of
Technology
Zurich



Sheila Gibson
Partner
Venture Back
Office
La Jolla



Jennifer Ishiguro
Partner, Chief Legal
Officer
Toyota Financial
Services, TCF
Financial
La Jolla



Jeremy Matz
Partner, Tax
J.P. Morgan Chase
& Co.
Zurich



John McGuiness
CCO
Goldman Sachs
New York



Chris Bernadino
Managing Director,
IT
Quinn Emanuel
La Jolla

Best Practices: Industry Resources

INDUSTRY GROUPS

- StepStone participates and engages with numerous industry groups and initiatives focused on Operational Due Diligence in private markets
- StepStone ODD team members regularly attend and deliver industry training on ODD best practices

RESOURCES AVAILABLE TO INVESTORS

Although helpful, these are starting points that still require experienced professionals to be put to work effectively

- ILPA Questionnaire
- IPEV Guidelines
- AIMA Questionnaire
- SBAI Standards
- IMDDA Training

WWW.PRIVATEEQUITYVALUATION.COM



MANAGED FUNDS ASSOCIATION
The Voice of the Global Alternative Investment Industry

Due Diligence is both a **science** and an **art**; one's approach should always be, "trust, but verify"



Operational Due Diligence Principles

The details behind and the approach to ODD continually evolves, but the goal remains the same

OPERATIONAL RISK DEFINITION

- Operational risk arises from the potential for an investment to suffer losses due to inadequate internal processes, people, and systems or external events
- This can include losses arising from fraud, breach of regulation, or operational failures and errors

OPERATIONAL DUE DILIGENCE

- Our process aims to appropriately identify, measure, and assess all relevant operational risks, while remaining aware of the limitations and complexities of different asset classes
- StepStone maintains a process which includes difficult to measure areas, involves judgement, and also captures how practices match up to philosophies

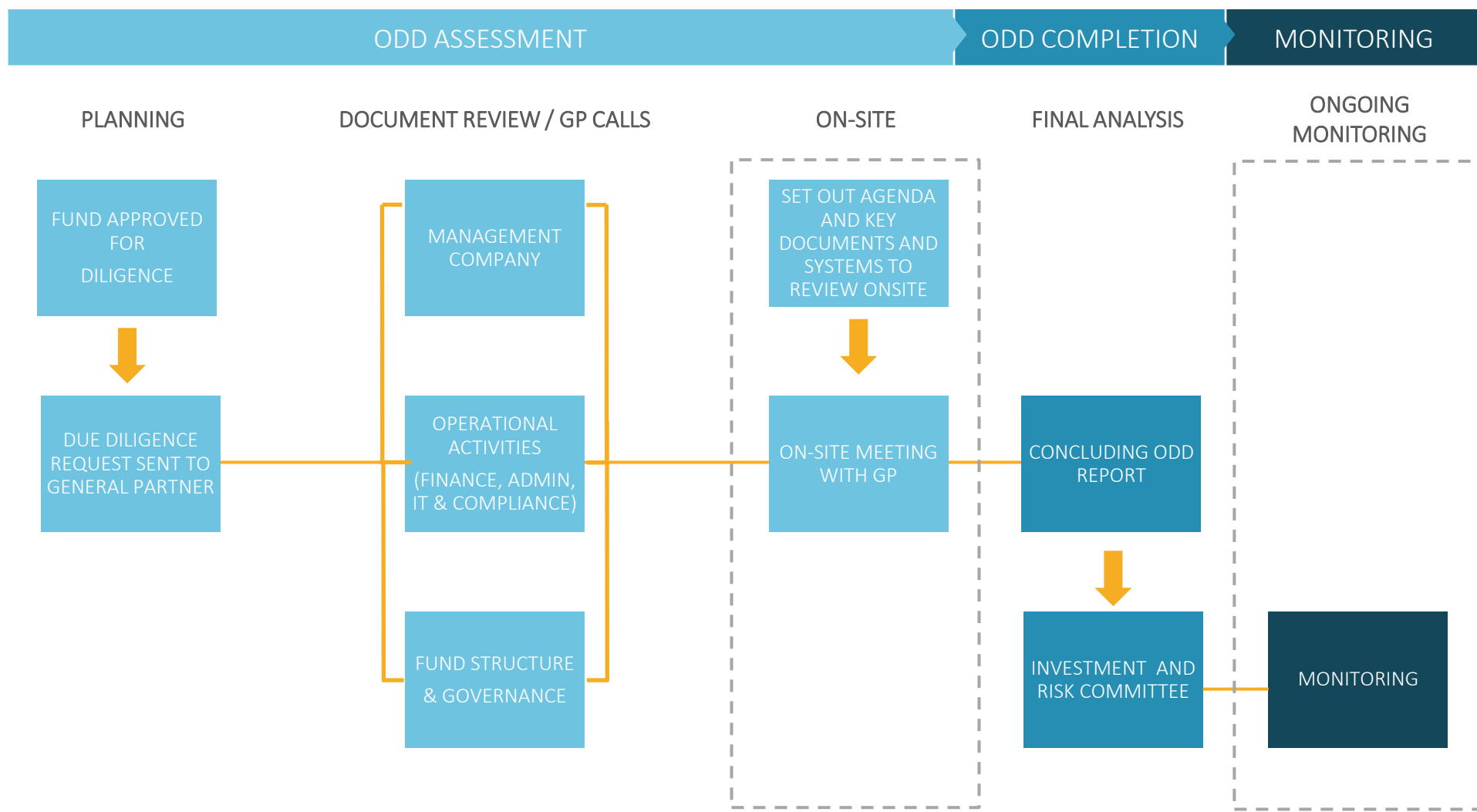
FOUR-EYES PRINCIPLE

- At the core of our assessment is the principle that dual review is essential to proper risk assessment; all work is performed by no less than two ODD analysts, to ensure a “four-eyes principle” approach
- StepStone has a competitive advantage of being able to leverage a platform of 200+ private markets professionals to gain additional perspectives on risk

ASSESSMENT & PROCESS IMPROVEMENT

- The objective of our evaluation is to provide an overall assessment of whether operational risks of an investment opportunity are acceptable and whether controls are generally sufficient and in line with industry standards
- ODD is a continuous improvement process incorporating what we consider best-in-class processes learned through our experience conducting assessments on investment managers in our role as an advisor and investor

Operational Due Diligence Process



Risk-based assessment determines if ODD team will conduct these processes. ODD does not conduct for all diligences.



StepStone Operational Due Diligence Report

ITEMS REQUIRED	RATING	DESCRIPTION
Fund Operations		Summation: It appears that the Firm's fund operations appear to be in line with industry standards, however StepStone notes that the engagement of a third-party fund administrator would elevate the Firm's fund operations to a best practice standard.
Back-Office Team	●	<ul style="list-style-type: none"> - BBP (Bracket Buster Partners"), the investment manager, has a team of approximately 115 professionals that serve in the back-office function, including approximately 40 employees on the Finance and Accounting Team. - The back-office is led by Kyle Guy, CFO of Private Equity and his senior staff including Mamadi Diakite (Controller, Private Equity Finance), Braxton Key (Director, Valuation & Strategic Analysis), Ty Jerome (Director, Taxation) and De'Andre Hunter (Director, GP Finance). - StepStone notes that the members managing the back-office function appear to be qualified.
Front Office/Accounting Systems	●	<ul style="list-style-type: none"> - The Firm utilizes Investran to generate financial statements and limited partner allocations and track the fund's portfolio investment detail. - Waterfall calculations are currently completed in Excel however BBP is in the process of implementing a new system to automate the Firm's waterfall calculations. - The Firm also utilizes iLevel Solutions to store portfolio company level financial data and valuation information used for internal analytics and limited partner reporting.
Fund Administrator	●	<ul style="list-style-type: none"> - BBP performs fund administration internally however noted that it is open to considering the engagement of a third-party fund administrator, which StepStone would view as best practice.
Reconciliations	●	<ul style="list-style-type: none"> - Bank activities are monitored via real time access to Bank of America's CashPro online portal. - Cash reconciliations are prepared monthly by Fund Accounting Associates who do not have wire approval authority. - Cash reconciliations are reviewed and approved monthly by a Senior Associate and/or Manager. - Positions are reconciled on a quarterly basis as a component of the valuations process and independently verified by the auditors on an annual basis.
Capital Call/Distribution Process	●	<ul style="list-style-type: none"> - The CFO meets with the Tax Director weekly to review all completed cash activity and to discuss potential capital calls and distributions. - Investor allocations are prepared in Investran and manual recalculations are performed for independent validation. - The waterfall calculation and supporting documentation is reviewed by Fund Accounting Managers and Controllers. - Capital call and distribution notices are sent to investors via Sungard IDX. - Details contained within the Firm's Capital call and distribution notices are in line with industry standards.

Compliance		Summation: It appears that the Firm has compliance policies and procedures in place that are in line with industry standards.
Compliance Team	●	- The General Counsel & Chief Compliance Officer is supported by a Deputy General Counsel and two Associate General Counsels and three additional professionals.
Compliance Systems	●	<ul style="list-style-type: none"> - The Firm uses the ComplySci compliance system to distribute its updated compliance manual to employees on an annual basis and maintains records for compliance attestations and for logging activities related to such topics as outside affiliations, gifts and entertainment, personal trading and political contributions. - Kroll is utilized by the Compliance Department for AML checks on new investors and for an annual review of existing investors.
Regulatory Registrations	●	<ul style="list-style-type: none"> - SEC: Bracket Buster Partners L.L.C. (CRD# 77 / SEC# 85-OT) effective 1/01/1905 - FCA: Tony Bennett LLP (035-3) effective 1/01/1905
Compliance Manual	●	- StepStone viewed the Firm's Compliance Manual last revised as of February 2018. The manual is in line with industry standards.

Considerations & Mitigating Factors

Self-Administration

There is no independent administrator for Virginia Bracket Buster Fund MMXIX L.P. with the role being performed by the Bracket Buster Partners internal fund administration team. The Firm uses the Investran and PeopleSoft systems for Fund Administration. StepStone consider this as "self-administration" whereas the engagement of a third-party fund administrator would elevate the Firm's fund operations to a best practice standard.

MITIGATING FACTOR:

Experience of the back-office team: The experience of the back-office team and the length of time that the senior members of the back-office team have been at BBP together with the good controls, good processes and good systems that they have in place provides StepStone with enough level of comfort.

Cyber & Information Technology

Both, Riparian and BFML (the "Investment Manager" or "Barak") do not perform intrusion/penetration testing or phishing testing. Additionally, the Firm does not require dual authentication for employees to log in to computers and company systems.

MITIGATING FACTOR:

IT Policies Adopted: BFM and Riparian have developed a Cyber Risk Policy and a Disaster Recovery Plan that are internally tested annually. The latest BCP/DR test occurred in Q3 2018 and uncovered no material deficiencies. Barak and Riparian are planning to implement external checks on their IT infrastructure starting in 2019, including penetration testing.

AML Risk

Strategy attracts a high risk of failure to comply with AML and OFAC sanctions. In addition, there is a risk of trade-based money laundering (lack of information on goods traded and method of transportation). Although the Managers take reasonable steps to alleviate this risk, the risk remains, and ensuing litigation may result in deferred payment.

Scoring Key

● Acceptable	● Acceptable with risk	● Unacceptable	● Information unavailable
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Operational Due Diligence Technology

SPI™

- Searchable database
- Benchmark legal terms
- ODD checklist items
- Project Management

STEPSTONE INVESTOR PORTAL

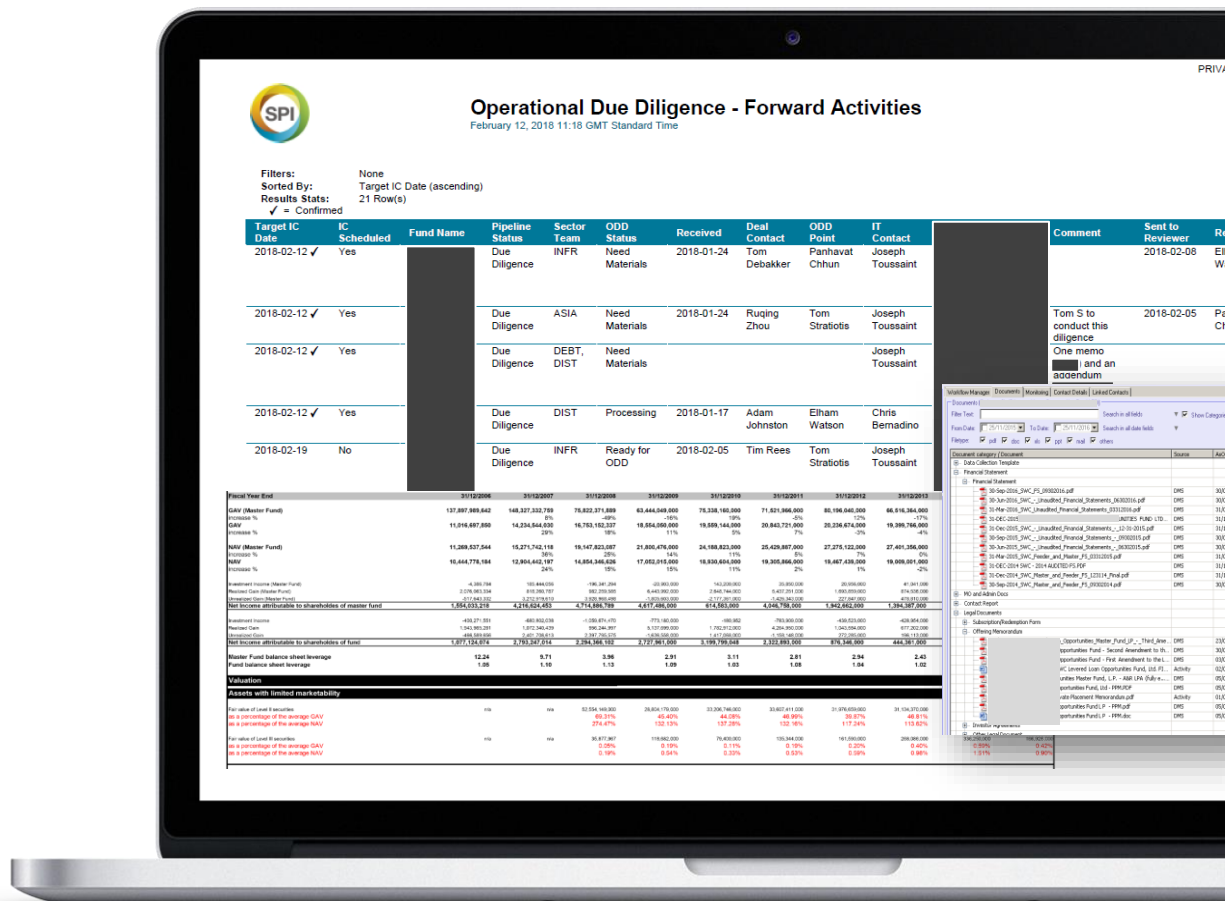
- Storage of documents
- Client access available 24/7

INTERNAL SYSTEMS

- Workflow capabilities & status tracking
- Document centralization
- Data management
- Ongoing monitoring

DILIGENCEVAULT

- Digitalized Due Diligence Questionnaire
- Efficient report generator
- Secure audit trail environment
- Ongoing monitoring tool and scheduler
- Digitalized Form ADV module



RESPONSIBLE INVESTING (ESG)

Responsible Investment Process

RI/ESG is embedded through the entire investment process from screening to investment approval

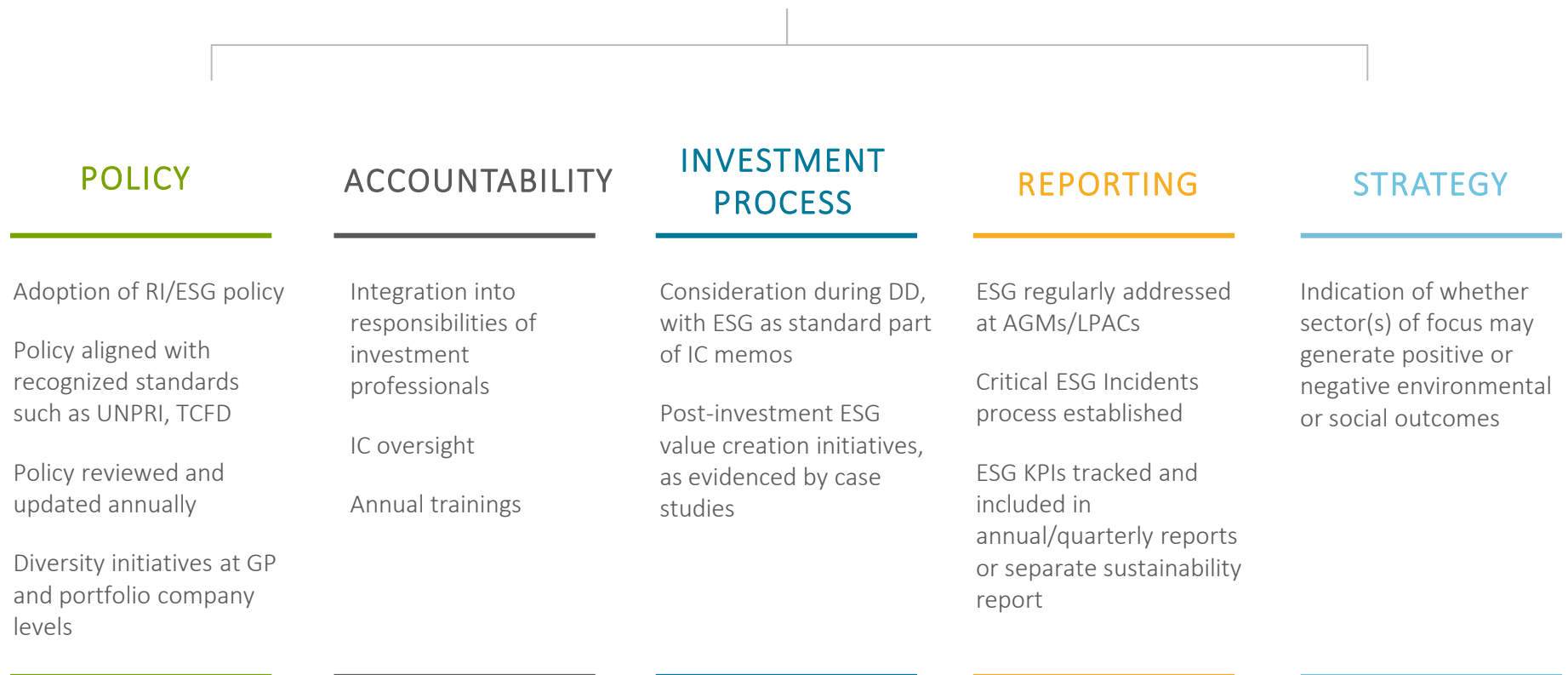




RI Scores in Primary Due Diligence

For primary investments, the due diligence team awards the GP an RI score from 1-4. Scoring aids in peer group analysis as well as monitoring GP progress over time

KEY SCORING AREAS



Selected ESG Case Studies: Overview



RI Policy creation

- Helped newly established European real estate GP develop an official ESG policy prior to making investment
- Engaged with GP to implement a ‘conflicts of interest’ policy to align incentives of board members
- Encouraged and supported a GP to become UNPRI signator



Identification of ESG opportunities

- Invested in water cooler company benefiting from shift from bottled water to filtration POU systems
- Invested in software technology company with “employee first” culture, and strong focus on Inclusion – which is regarded as a competitive advantage in the sector
- Invested in an industrials company forging turbines that resulted in higher energy efficiency



Integration into value creation plans

- Engaged with GP and company management on environmental risks; included in value creation plan senior hire dedicated to environmental impact and workplace safety
- Hired advisor to identify historical management changes as root cause of master tenant’s mediocre rating; monitored improvement post-investment following hire of Chief Nursing Officer
- Drove adoption of emissions measurement and targeting (carbon footprinting) in agriculture investment resulting in further operational efficiency



Support of ESG initiatives expected to add value at exit

- As a condition for selling residential site which was to be redeveloped; we required the development of alternative accommodation for residents that would be required to relocate. Involved extensive community and council engagement
- Supported drinks bottler in increasing use of recycled material despite rise in polyethylene terephthalate (PET) prices
- Supported the development of a dedicated water treatment plant and water efficiency measures in airport investment

TECHNOLOGY



Information Technology Team



Christopher Bernadino
Managing Director
La Jolla



Kevin Shah
Sr. Systems Administrator
La Jolla



Joseph Toussaint
Sr. Network Engineer
New York



John White
Desktop Support Manager
Dublin



David Herrera
Information Sec Eng
La Jolla



Vinay Bharadwaj
Systems Administrator
London



Arturo Ibarra
Systems Analyst II
La Jolla



Kingsley Lasbrey
Systems Analyst II
New York



David Lawrence
Systems Analyst II
La Jolla



Don Ogboi
Analyst
Zurich

Business Continuity/Disaster Recovery Plan

Internal Recovery

- Critical systems backed-up daily
- Data centers in California, Oregon, and Virginia
- Offsite storage of data
- Multiple ISPs at all sites

External Recovery

- Storage of backup data and systems
- Cross-site data replication
- Remote access
- Phone availability

Third-Party Service Providers

- Alternate Business Location
- Operating Procedures during significant business interruption
- Communication with employees and use of Prepara, Inc.
- Extended office outages
- Communications with third parties

Additional Areas

- Loss of key personnel
- Annual review of BC/DR Plan
- VPN/remote access constantly tested
- StepStone review of third-party service providers' BC/DR Plan

Our plan seeks to recover core business procedures internally, and guard against large scale disasters causing significant business interruption





Risks and Other Considerations

Risks Associated with Investments. Identifying attractive investment opportunities and the right underlying fund managers is difficult and involves a high degree of uncertainty. There is no assurance that the investments will be profitable and there is a substantial risk that losses and expenses will exceed income and gains.

Restrictions on Transfer and Withdrawal; Illiquidity of Interests; Interests Not Registered. The investment is highly illiquid and subject to transfer restrictions and should only be acquired by an investor able to commit its funds for a significant period of time and to bear the risk inherent in such investment, with no certainty of return. Interests in the investment have not been and will not be registered under the laws of any jurisdiction. Investment has not been recommended by any securities commission or regulatory authority. Furthermore, the aforementioned authorities have not confirmed the accuracy or determined the adequacy of this document.

Limited Diversification of Investments. The investment opportunity does not have fixed guidelines for diversification and may make a limited number of investments.

Reliance on Third Parties. StepStone will require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, brokers, custodians, consultants and other agents and failure by any of these third parties to perform their duties could have a material adverse effect on the investment.

Reliance on Managers. The investment will be highly dependent on the capabilities of the managers.

Risk Associated with Portfolio Companies. The environment in which the investors directly or indirectly invests will sometimes involve a high degree of business and financial risk. StepStone generally will not seek control over the management of the portfolio companies in which investments are made, and the success of each investment generally will depend on the ability and success of the management of the portfolio company.

Uncertainty Due to Public Health Crisis. A public health crisis, such as the recent outbreak of the COVID-19 global pandemic, can have unpredictable and adverse impacts on global, national and local economies, which can, in turn, negatively impact StepStone and its investment performance. Disruptions to commercial activity (such as the imposition of quarantines or travel restrictions) or, more generally, a failure to contain or effectively manage a public health crisis, have the ability to adversely impact the businesses of StepStone's investments. In addition, such disruptions can negatively impact the ability of StepStone's personnel to effectively identify, monitor, operate and dispose of investments. Finally, the outbreak of COVID-19 has contributed to, and could continue to contribute to, extreme volatility in financial markets. Such volatility could adversely affect StepStone's ability to raise funds, find financing or identify potential purchasers of its investments, all of which could have material and adverse impact on StepStone's performance. The impact of a public health crisis such as COVID-19 (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict and presents material uncertainty and risk with respect to StepStone's performance.

Taxation. An investment involves numerous tax risks. Please consult with your independent tax advisor.

Conflicts of Interest. Conflicts of interest may arise between StepStone and investors. Certain potential conflicts of interest are described below; however, they are by no means exhaustive. There can be no assurance that any particular conflict of interest will be resolved in favor of an investor.

Allocation of Investment Opportunities. StepStone currently makes investments, and in the future will make investments, for separate accounts having overlapping investment objectives. In making investments for separate accounts, these accounts may be in competition for investment opportunities.

Existing Relationships. StepStone and its principals have long-term relationships with many private equity managers. StepStone clients may seek to invest in the pooled investment vehicles and/or the portfolio companies managed by those managers.

Carried Interest. In those instances where StepStone and/or the underlying portfolio fund managers receive carried interest over and above their basic management fees, receipt of carried interest could create an incentive for StepStone and the portfolio fund managers to make investments that are riskier or more speculative than would otherwise be the case. StepStone does not receive any carried interest with respect to advice provided to, or investments made on behalf, of its advisory clients.

Other Activities. Employees of StepStone are not required to devote all of their time to the investment and may spend a substantial portion of their time on matters other than the investment.

Material, Non-Public Information. From time to time, StepStone may come into possession of material, non-public information that would limit their ability to buy and sell investments.



Real Estate Consultant Search Semi-Finalist Presentation to
Los Angeles City Employees' Retirement System

PROPRIETARY & CONFIDENTIAL
April 2022



LACERS Consulting Team



Chae Hong, Partner

Chae Hong is a Partner in the Townsend Group's Advisory practice and based in San Francisco. He leads real estate consulting relationships for a select number of retainer and project clients.

He joined the predecessor firm (Aon) in 2010 and has over 20 years of real estate industry experience. His experience includes real estate market research, manager research, direct property underwriting, and has consulted or advised on over \$10 billion of institutional real estate. Mr. Hong has also sourced and performed due diligence on core, value added, and opportunistic real estate opportunities both domestically and internationally. He has held senior positions with notable firms such as Callan Associates, Cliffwater and RREEF.

He holds a BA and MBA degree from the University of California, Los Angeles.

Industry Experience: 23 years

Aon/Townsend Tenure: 12 years



Felix Fels, Associate Partner

Felix Fels joined Townsend in 2015 and currently works as an Associate Partner in San Francisco. Mr. Fels is involved in portfolio management for \$1.5 billion of discretionary real estate assets under management and investment advisory for clients totaling \$30 billion of real estate allocations. His responsibilities include strategic and investment planning, portfolio management, investment due diligence and execution, portfolio analytics and performance reporting. Mr. Fels was temporarily based out of Townsend's London office to assist with European investment efforts and client relationships before returning to Townsend's San Francisco office.

Prior to joining Townsend in 2015, Mr. Fels interned for IDS Real Estate Group in Los Angeles and DWS Group in Frankfurt, Germany, where he assisted with macro research and portfolio management of multi-asset strategies.

Mr. Fels graduated magna cum laude with a BA in Economics from Occidental College, where he managed part of the college's endowment in an equities and fixed income portfolio for two years.

Industry Experience: 7 years

Townsend Tenure: 7 years



Jamari Omene-Smith, Analyst

Jamari Omene-Smith joined The Townsend Group in July 2021 as an Analyst within the Advisory Group. Jamari's responsibilities include portfolio analytics, investment recommendations and performance monitoring for Townsend's West Coast clients.

Prior to joining Townsend in 2021, Mr. Omene-Smith worked in the Fixed Income team as an Analyst for Ellwood Associates as part of their Advisory division.

Mr. Omene-Smith holds a BA in Economics from the University of Illinois Urbana-Champaign.

Industry Experience: 4 years

Townsend Tenure: <1 year



Global Real Estate Investment Platform

GLOBAL REAL ASSETS PLATFORM

\$137.9B AUA | **\$21.6B** AUM | **6** offices | **119** Professionals | **35** Years Real Assets Experience

REAL ESTATE INVESTMENT & ADVISORY PLATFORMS

- Diverse institutional client base spanning \$137.9 billion of Advised Assets and \$21.6 billion of AUM
- Comprehensive global experience across sectors, regions and strategies
- Leveraging Aon’s global network to further enhance scale and influence

INFORMATION ADVANTAGE

- Leveraging 350+ annual manager meetings, 3,000+ client RE positions, and 100+ fund Advisory Board seats

FRIENDLY, NON-COMPETITIVE CAPITAL PARTNER

- Viewed strategically by partners and managers

DEAL SOURCING ADVANTAGE

- Direct deal sourcing from over 500+ groups
- Highly selective of global opportunities
- Ability to pivot globally without “footprint bias”
- Seek to leverage scale and influence for attractive deal terms





The Townsend Group: Platform Overview

\$137.9 B OF AA & \$21.6B OF AUM ACROSS 108 CLIENT MANDATES⁵

119 PROFESSIONALS ACROSS 6 OFFICES

	ADVISORY SOLUTIONS	INVESTMENT MANAGEMENT SOLUTIONS		
		Separately Managed Accounts (Global Diversified)	TREA Strategy (Global Non-Core)	Core-Plus Strategy (U.S. Core)
Inception	1986	1996	2007	2010
Strategy	Custom	Custom	Global Non-Core	U.S. Core-Plus
AUM / AUA	\$144.6B	\$15.9B ³	\$3.7B ²	\$677.6 MM ²
S.I. Net Return	NA	NA	15.9% ¹	12.5% ⁴
# Mandates	41	51	11	1*

With respect to primary fund investments in pooled funds, Townsend attempts to secure a sufficient amount of allocation to satisfy the demand of all interested client portfolios. In most cases, where client portfolio demand for a pooled fund exceeds the available allocation, Townsend's clients are generally subject to allocation determinations that are made by the manager of the fund. As a result, Townsend generally does not make allocation decisions with respect to pooled fund investments unless a unique opportunity is oversubscribed, and/or the underlying manager will not make the allocation decision. In such an event, generally all eligible clients would have their allocations cut back proportionally based on the portfolio managers' original target indication of interest.

¹Net IRR is the net return earned by an investor over a particular time frame, including the performance of both realized and unrealized investments, at fair value.

²Reflects committed capital as of 3Q21 in USD.

³Managed Solution AUM

TREA Strategy (Global Non-Core) returns, AUM are as of 3Q21; Core-Plus Strategy (U.S. Core) returns, AUM are as of 3Q21, Separate Account AUM is as of 1Q21. The value of unrealized investments is subject to change.

⁴Since Inception Net Time Weighted Return

The number of unique clients would be less than the number of mandates as a single client could participate in multiple strategies. Time periods noted may differ, however the dates shown represent most recent data available.

⁵As of September 30, 2021, Townsend had assets under management of approximately \$21.6 billion; and provided advisory services to clients who had real estate/real asset allocations exceeding \$137.9 billion. Please refer to back pages for additional disclosures and definitions. Employee numbers as of February 2022.

Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results.

*A second strategy designed specifically for ERISA investors was launched on December 3, 2018, with total commitments of \$208.5 million and a since inception net time weighted return of 21.1%.

Customized Investment Solutions

A CORE SET OF INVESTMENT SKILLS USED TO CREATE CUSTOM REAL ASSET SOLUTIONS



Commitment to Diversity and Mentorship

Townsend is committed to creating an inclusive and diverse culture where everyone has opportunities for growth and development

- Examples of organizations we have supported and worked with:
 - The Toigo Foundation
 - SEO
 - United Cerebral Palsy
- In active discussions with a program providing mentorship and teaching financial literacy to students from underserved communities

Continue to leverage and incorporate Aon's initiatives regarding diversity, equity and inclusion

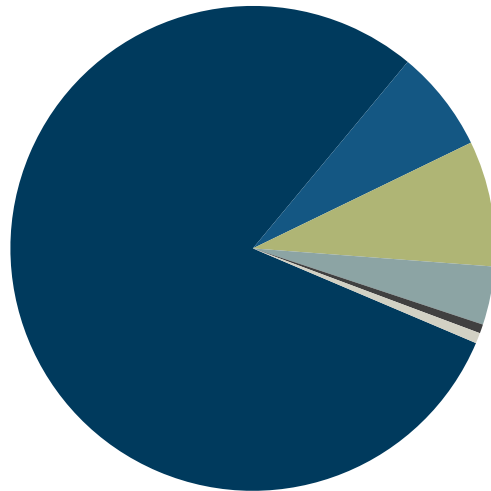
- Aon Board of Directors formed Inclusion and Diversity sub-committee to oversee company-wide D&I strategy, initiatives, policies, practices and progress
- Received score of 100% for fourteen consecutive years on Human Rights Campaign Foundation's 2020 Corporate Equality Index
- Required inclusion and diversity training for all people leaders
- Aon CEO Greg Case Recognized as Top Ally on INvolve OUTstanding LGBT+ Ally Executives List



Advisory Solutions Overview

DEDICATED CONSULTANT WITH \$137.9B IN ADVISED ASSETS

ADVISED ASSETS AS OF 3Q21 \$137.9 B



- Public Pension 80%
- Private Pension 7%
- Sovereign Wealth Fund 8%
- Superannuation Fund 4%
- HNW <1%
- Foundation/Endowment <1%

TOWNSEND REPRESENTATIVE CLIENTS

- Pensioenfonds UWV
- New York State Common Retirement Fund
- American Electric Power
- Large U.S. Corporate Plan*
- University of California
- Children’s Hospital of Philadelphia
- Australian Superannuation Plan*

* Contract requires confidentiality



Townsend Global Capital Scale and Influence

MORE THAN \$202.2 BILLION OF CAPITAL INVESTED OR COMMITTED SINCE 2004



Source: The Townsend Group. Data as of 3Q21.

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Townsend Investment Advantage – Platform

A GLOBAL PLATFORM | INFORMATION AND ACCESS | EXTENSIVE DEAL SOURCING NETWORK | TIMELY EXECUTION

Access to Specialized Global Opportunities

- A robust pipeline across Americas, Europe, and Asia

Enhanced Governance and Control

- Negotiating key deal terms, advocating for investors

Mitigating the J-Curve

- Seek embedded value and high cash-on-call returns

Attractive Fee Terms (see example)

- Negotiations lead to improvement in gross-to-net spread
- Operator focus helps to eliminate double promote

Investment Track Record

- Creating investment value over time

Townsend Client Fee Negotiations – Recent Examples	Example I	Example II
Fund Fee for \$25 million investor	1.50%	1.75%
Townsend Negotiated Asset Management Fee	1.15%	1.10%
Total Fee Savings	.35%	.65%
Townsend Client Annual Fee Savings (\$25 M Investor)	\$87,500	\$162,500
Townsend Client Cumulative Fee Savings (\$25 M Investor; 8 Year Fund Life)	\$700,000	\$1,300,000

Source: Townsend

Townsend’s views are as of this date of this publication and may be changed or modified at any time without notice. Not all funds will offer discounts as the one portrayed. The example shown is for illustrative purposes only. Actual results and developments may differ materially from those expressed or implied herein. Please see back pages for additional important disclosures.



Townsend's Real Estate Philosophy and Approach

PHILOSOPHY

- Develop highly customized investment solutions for each client depending on client's needs and goals
- Investment decisions should be supported by sound theory and empirical evidence
- Investment policy and asset allocation are the primary determinants of long-term performance
- Risks within an investment program should be well understood and measured
- Investors that maintain a long-term perspective have an advantage over others

APPROACH

- Partner with clients. Operate as an extension of staff to understand evolving needs
- Consultatively arrive at an appropriate long-term strategy by understanding client's asset class goals and risk tolerances
- Construct a real estate portfolio using target allocations that are aligned with Townsend's best ideas and our client's policy guidelines
- Provide ongoing education and policy review

Townsend Execution

RESEARCH, STRATEGY, FUND SELECTION AND MONITORING



Informed Perspective



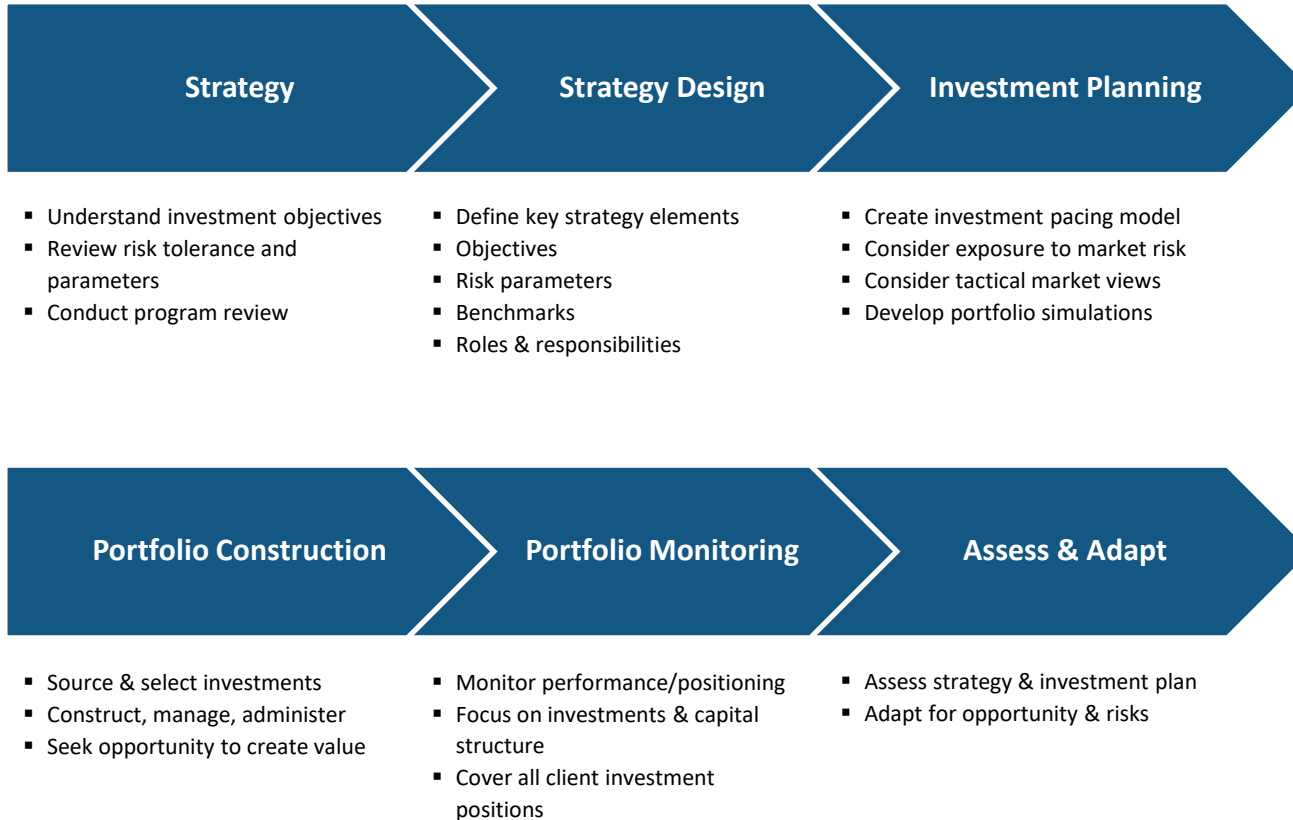
A GLOBAL INVESTMENT THESIS INFORMS RESEARCH, SELECTION AND PORTFOLIO CONSTRUCTION



Strategic and Investment Planning



CONSTRUCT AND MANAGE A CUSTOM REAL ASSET INVESTMENT PROGRAM



Townsend Regional and Sector Specialists



North America

Jay Long
John Schaefer
Scott Booth
Tony Pietro
Dan O'Connell
Jose Calderon

Scott Miller
Chris Cunningham
Adam Orlansky
Zane Hemming
Dan Ryder
Khalil Clements

Europe

Morgan Angus
Laurie Woolmer
Oliver Hamilton
Lawrence Thomas
Myles Grover
Will Thompson
Mayte Aragon

Nick Duff
David Dix
George Fenton
Saran Satefanen
Vuong Ngo
James Kipling
Stavroula Tsakalakou

Latin America

Mike Golubic
Chris Cunningham
Nima Edalatjavid

Public Markets

Prashant Tewari

Special Situations Investing

John Schaefer
Min Lim
Jeff Barone
Adam Orlansky
Tod Akovic
Henry Chia
Brian Booth
Paul Sohn

Scott Miller
Laurie Woolmer
Patrick Callam
Nicola King
James Kipling
Dilon Glasko
Mayte Aragon

Infrastructure

Mike Golubic
Karen Rode
Iftikhar Ahmed
Morgan Angus
Nick Duff

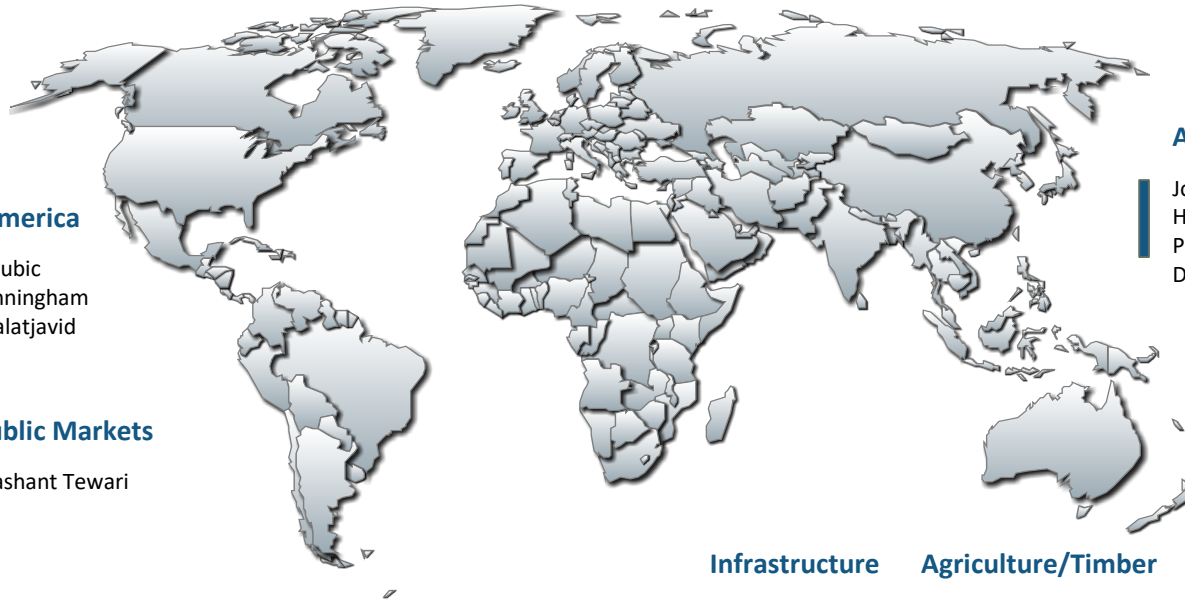
Agriculture/Timber

Chris Cunningham
Kevin Rivchun
Prashant Tewari
Nima Edalatjavid

Asia Pacific

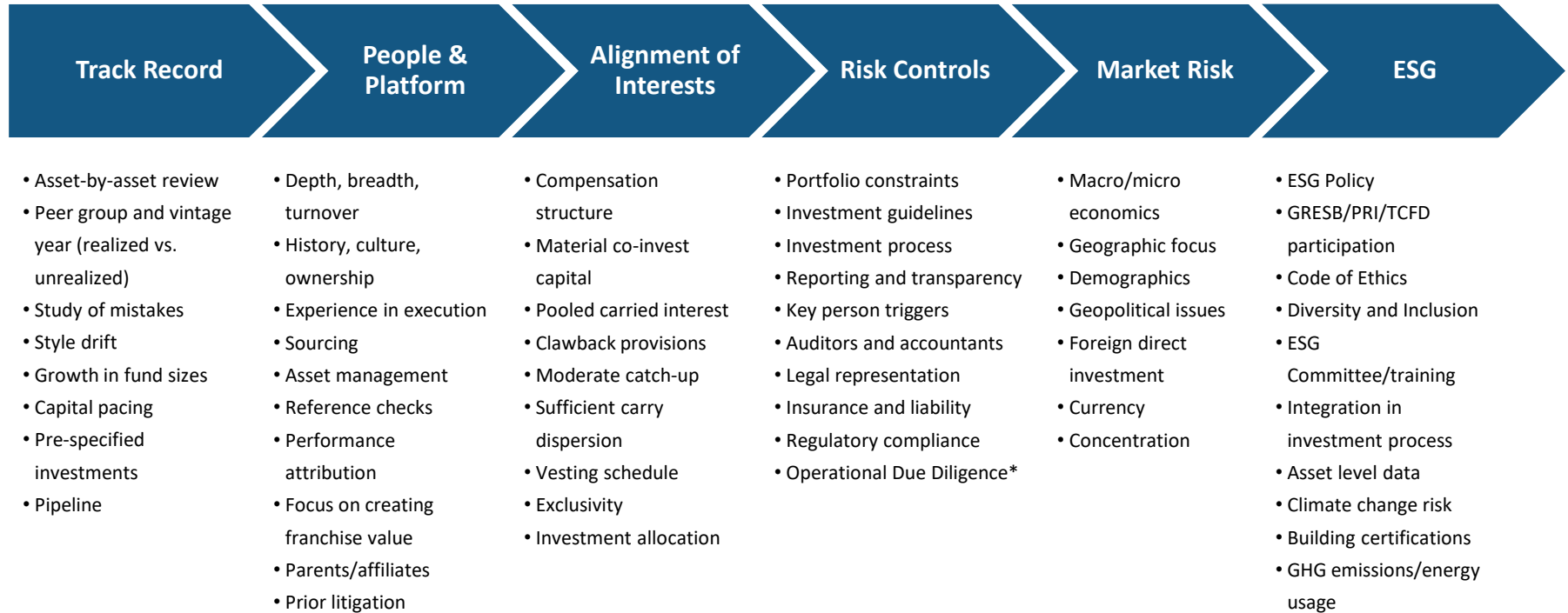
Joseph Tang
Henry Chia
Phillip Yim
Don Shin

Min Lim
Gordon Yu
Suzy Ji
Paul Sohn



Due Diligence and Underwriting

RIGOROUS, SYSTEMATIC ANALYSIS YIELDS BETTER CLIENT OUTCOMES



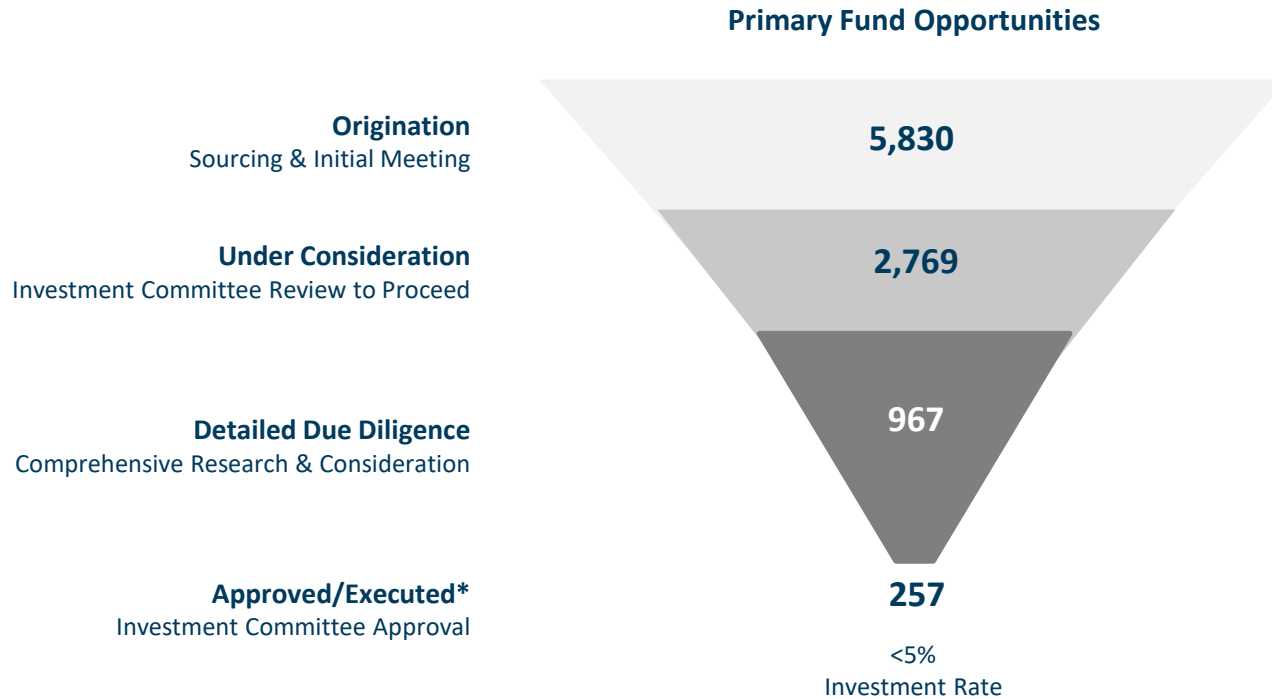
*Operational due diligence is conducted by Aon’s fully independent Operational Risk Solutions and Analytics (“ORSA”) group. Townsend’s views are as of the date of this publication and may be changed or modified at any time and without notice.

Townsend Due Diligence & Underwriting Process



DISCIPLINED SELECTION DRIVES VALUE IN FUND AND DIRECT INVESTING

Robust Pipeline | Specialized Deal Access And Sourcing



*Includes discretionary best ideas approvals. Non-discretionary client specific approvals are not included.

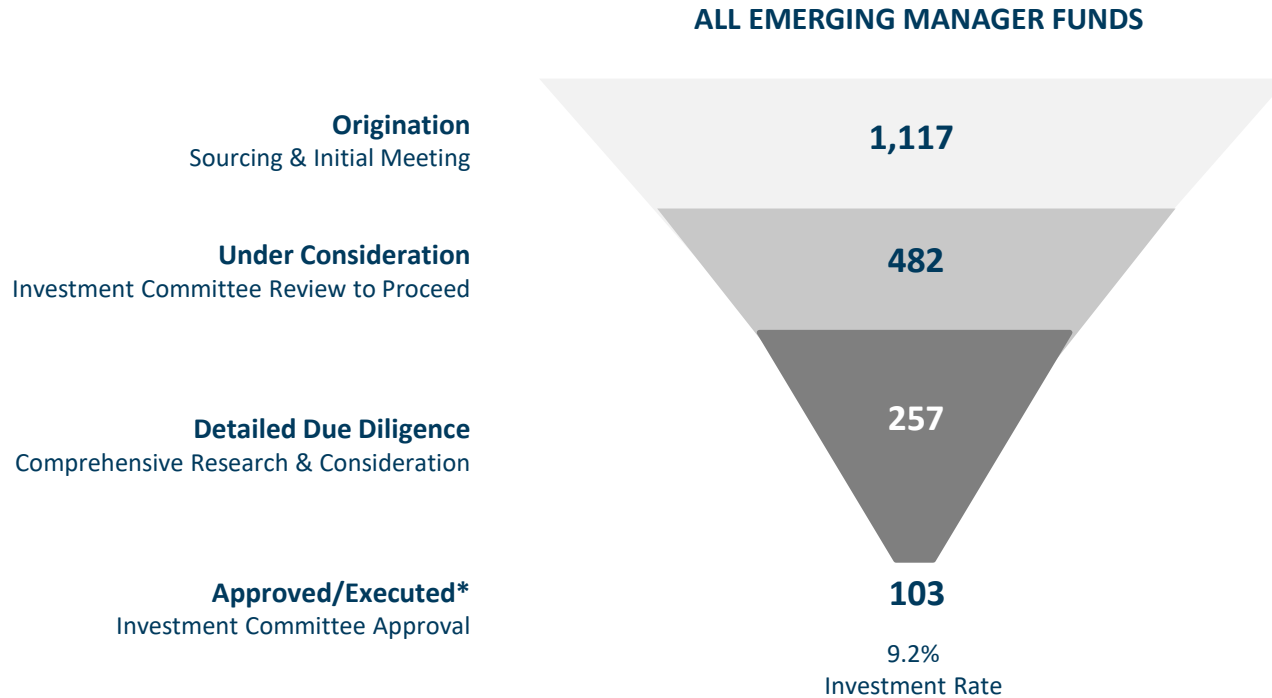
Source: The Townsend Group. Data from 2007-3Q21

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Townsend Emerging Manager Execution - Due Diligence Selectivity

DISCIPLINED SELECTION DRIVES VALUE IN FUND AND DIRECT INVESTING

Robust Pipeline | Specialized Deal Access And Sourcing

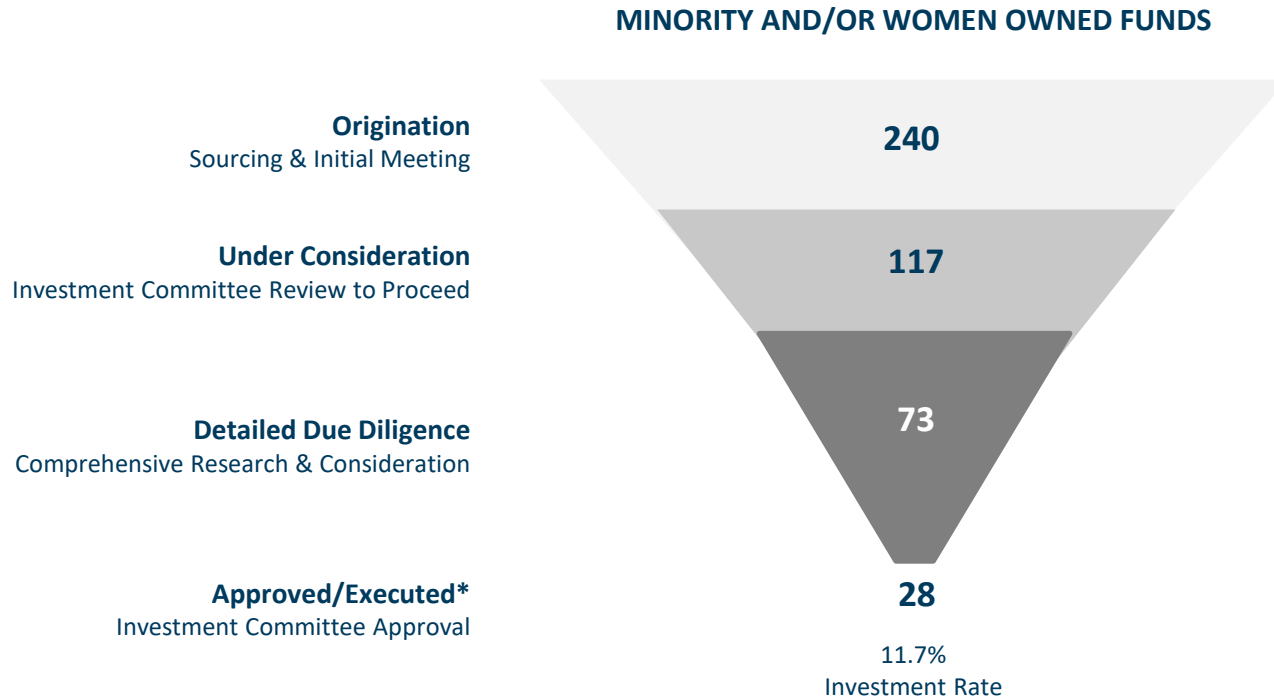




Townsend Emerging Manager Execution - Due Diligence Selectivity

DISCIPLINED SELECTION DRIVES VALUE IN FUND AND DIRECT INVESTING

Robust Pipeline | Specialized Deal Access And Sourcing



Data from 1Q11-1Q21. Source: Townsend.

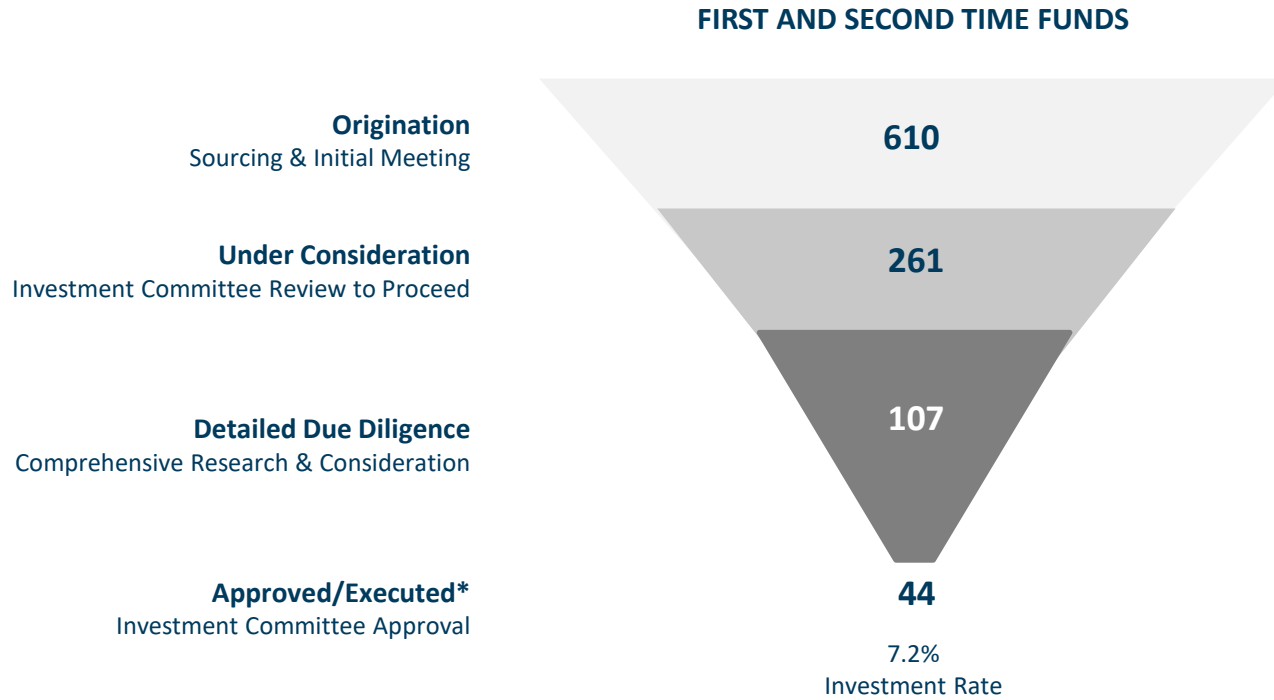
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Townsend Emerging Manager Execution - Due Diligence Selectivity



DISCIPLINED SELECTION DRIVES VALUE IN FUND AND DIRECT INVESTING

Robust Pipeline | Specialized Deal Access And Sourcing



Data from 1Q11-1Q21. Source: Townsend.

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Townsend Emerging Manager Capabilities - Invested Capital

CLIENT CAPITAL INVESTED OR COMMITTED TO REAL ESTATE/REAL ASSETS SINCE 2004



Emerging Manager Sourcing Process

Townsend focuses on identifying emerging managers during its sourcing and monitoring process.

- Network and establish new relationships through regular sourcing channels, outreach and conference attendance
- Involvement in real estate and other professional organizations (such as Toigo, NASP, NAST, REEC, NAA, ULI and ICSC)
- Seek new opportunities that align with Townsend's View of the World
- Uncover experienced niche operating partners interested in raising third-party capital
- Oversight and management of dedicated Emerging Manager programs across the firm
- Maintain active pipeline of Emerging Manager candidates
- Share insights into "Best Practices" from ongoing oversight of over 3,000 client fund positions and continuous due diligence with emerging managers
- Actively vet new owner/operators as potential Emerging Manager candidates
- Townsend's parent company Aon engages in additional emerging manager efforts across other asset classes
- Aon is also a founding member of the Institutional Investor Diversity Cooperative (IIDC) and a member of The Diversity Project

Real Asset ESG Considerations

Townsend And ESG

- Townsend is committed to engaging with the industry at large on sustainability initiatives to understand how they may impact real estate performance at the investment and portfolio level. Townsend became an early signatory to the UN Principles of Responsible Investment (PRI) in 2010 and was an active Advisory Board member to the Global Real Estate Sustainability Benchmark (GRESB), fulfilling an initial five-year term in 2019. In 2016, Townsend's efforts were recognized by GRESB and the US Green Building Council when Townsend was awarded the GRESB Investor Leadership award.
- In 2018, Townsend's Real Asset ESG Team joined forces with the broader Responsible Investment team at Aon. In 2019, Aon & Townsend completed a joint submission to the PRI for the 2018 reporting period, which will continue going forward. Going forward, Townsend's PRI Signatory responsibilities will be completed under Aon Hewitt and Townsend will maintain its relationship with GRESB. Townsend's team is led by Jay Long and includes other professionals from Townsend's global offices. The team focuses on the incorporation of ESG in the due diligence and client reporting process. The team also participates in ESG industry events and organizes periodic internal education sessions.
- Townsend has taken steps to integrate analysis of ESG issues into its due diligence efforts and to use its relationships and indirect ownership positions to engage in dialogue with the entities in which our clients invest. All employees of the firm are responsible for raising the awareness ESG issues in real estate by asking questions throughout the due diligence process and sharing findings with others.

SCREENING AND DUE DILIGENCE ACTIVITIES

- Identify issues relating to ESG prior to making commitments (incorporated via Townsend's standard DDQ and OECF questionnaire).
 - Government and regulatory policy
 - Social and industrial relations issues
 - Environmental performance variables
 - Health and Safety issues (Infrastructure)
- Procure due diligence from experts where these risks have potential to impact value.
- Establish an upfront governance and reporting framework to enable ongoing monitoring of ESG issues after an investment is made.

INVESTMENT OVERSIGHT

- Monitor and manage ESG factors for the duration of investment
- Use of governance rights to actively engage with management on important issues that may impact performance.
- Townsend implemented a report and rating system for several clients interested in understanding how investment managers are incorporating ESG into their real estate portfolio investments; for these clients we typically carry out an annual ESG audit .
- For client portfolio assessment, there are tools available to Townsend employees and Townsend clients through Townsend's relationship with GRESB.

LACERS Portfolio Overview



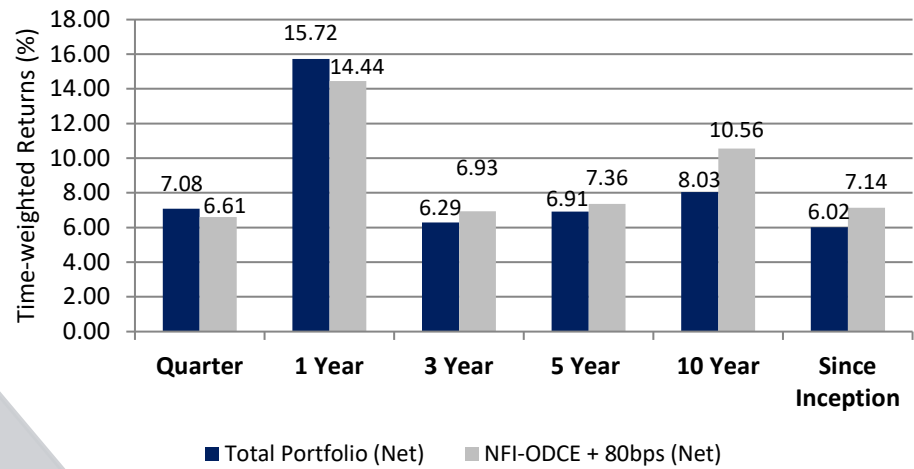


LACERS Real Estate Portfolio Overview

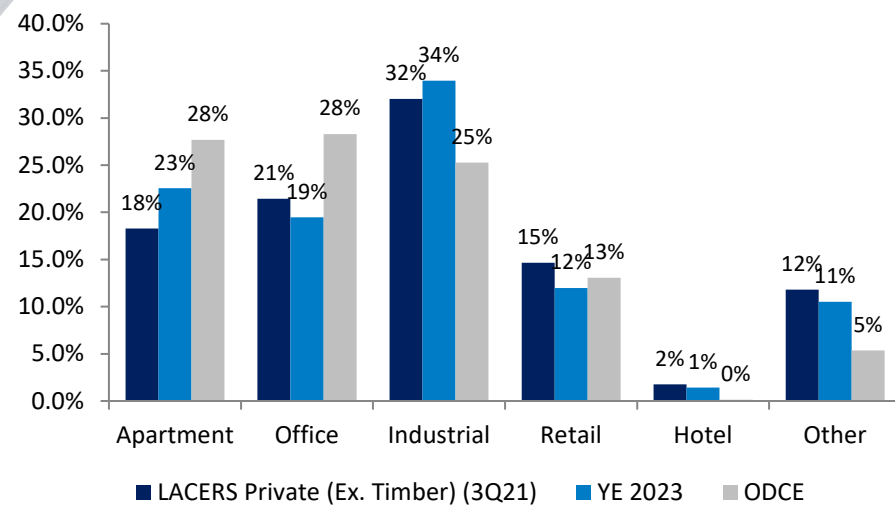
LACERS Real Estate Portfolio is well-positioned:

- \$1bn program with 35 partner managers and 43 investment accounts
- Focus on established specialists where possible
- Below target allocation but with significant dry powder
- Improving relative performance
- Well-positioned by property type
- Significant fee savings boosting net returns

LACERS Total Real Estate Portfolio vs. NFI-ODCE + 80 bps
As of 9/30/21



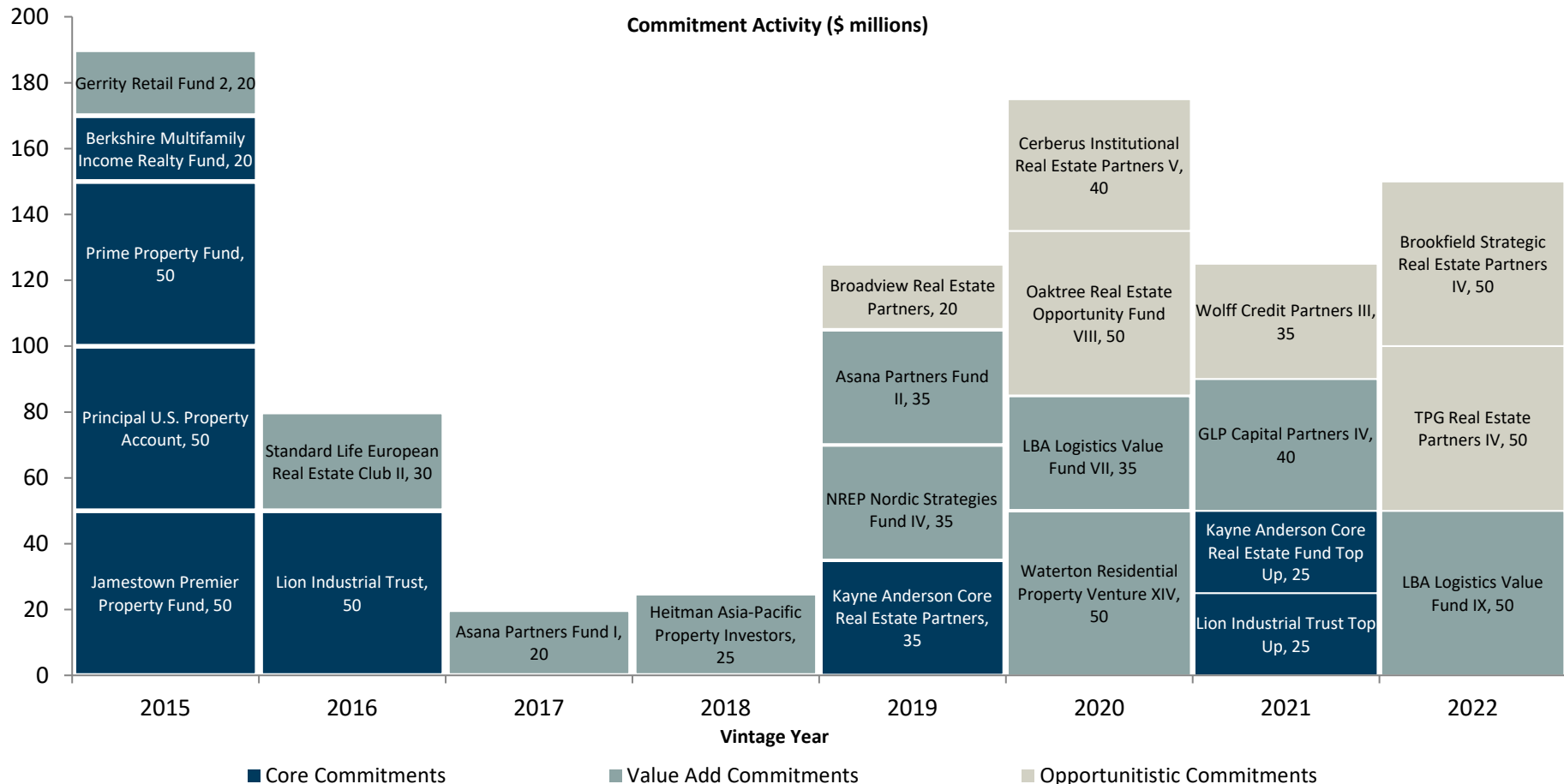
Private Real Estate Exposure - Property Type Diversification
Private Portfolio (Ex. Timber) as of 9/30/21



Source: The Townsend Group. Data as of September 30, 2021. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results.



LACERS Investments Since 2014 Repositioned Portfolio



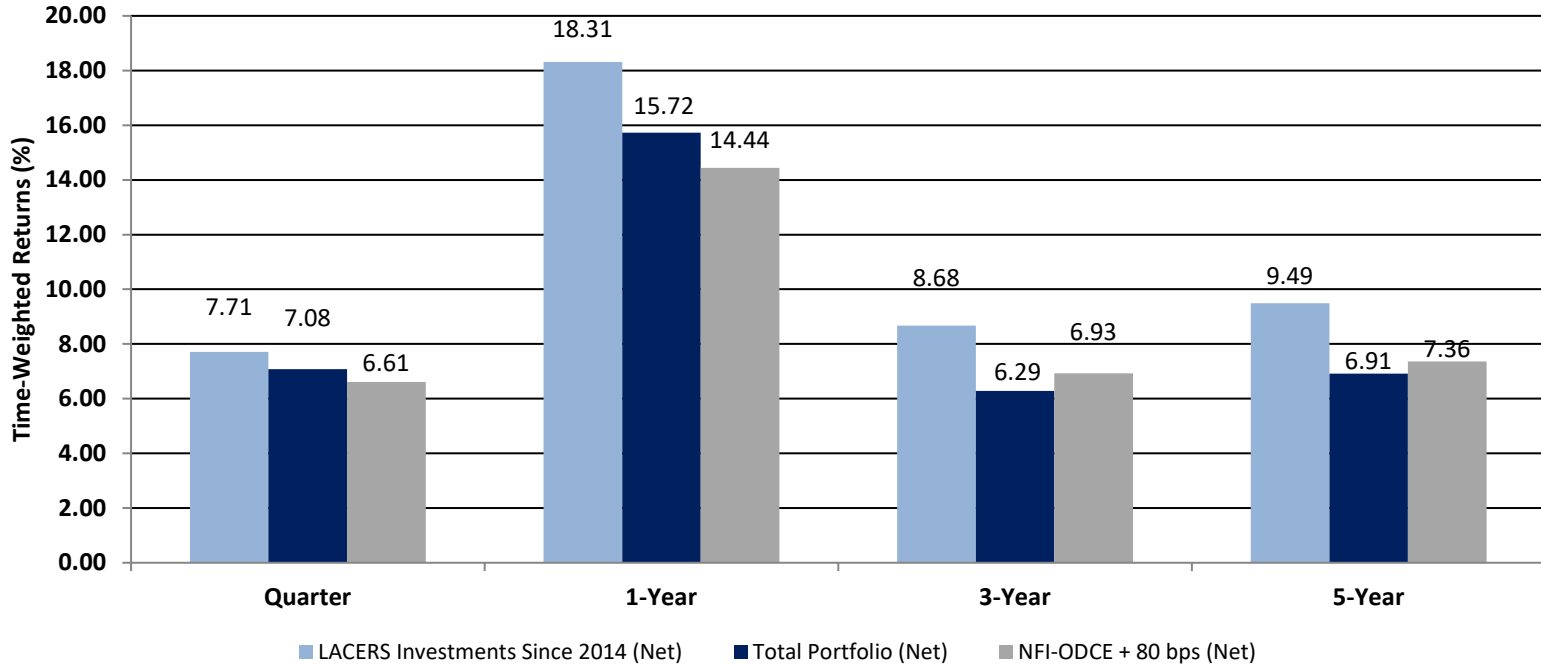
- Improved Diversification of the Core Portfolio by adding six funds including sector specialists to a Core Portfolio previously consisting of only two open-end funds: Invesco Core Real Estate and JP Morgan Strategic Property Fund.
- Added vertically-integrated specialist operators to the Non-Core Portfolio in combination with a few larger diversified “anchor” positions
 - 4 of 16 Non-Core commitments (25%) were made to funds sponsored by emerging managers

Source: The Townsend Group. Data as of September 30, 2021. Townsend’s views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results.

Strong Performance of LACERS Investments Made Since 2014



LACERS Investments Since 2014 vs. Total Real Estate Portfolio vs. NFI-ODCE + 80 bps
As of 9/30/21



- Investments recommended since the contract start date in 2014 have consistently outperformed the Total Portfolio and the LACERS benchmark

Recent Portfolio Initiatives

Increased industrial exposure from underweight to significant overweight.

Increased Core exposure from ~30% in 2014 to 69% in 2021 to add more stability to portfolio. Core investments have outperformed benchmark over 1-year, 3-year and 5-year periods as shown on previous slide.

Identified and recommended established specialist managers in industrial, multifamily, healthcare and retail.

Identified and recommended four emerging manager funds, of which three are outperforming the benchmark.

Negotiated fee savings and enhanced net returns.

Townsend-Negotiated Real Estate Fee Savings for LACERS



Approximate Annual Fee Savings from Townsend Affiliation

Based on NAVs and Commitment Amounts as of 9/30/21*



*Assumes fully-funded commitment for funds currently in the investment period and NAV for all other funds.

Source: The Townsend Group. Data as of September 30, 2021. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results.

Why Townsend?



Senior Level, Tenured Client Team with 30+ Years of Experience

Deep Experience with Public Plans

Depth and Breadth of Practitioner Real Estate Experience

Customized Solutions; Holistic View Across the Portfolio

An Extension of your Staff

Scale Leads to Favorable Fund Terms for Clients

Global Platform With Offices in North America, Europe and Asia

Disclosures





Disclosures

This presentation (the “Presentation”) is being furnished on a confidential basis to a limited number of sophisticated individuals meeting the definition of a Qualified Purchaser under the Investment Advisors Act of 1940 for informational and discussion purposes only and does not constitute an offer to sell or a solicitation of an offer to purchase any security.

This document has been prepared solely for informational purposes and is not to be construed as investment advice or an offer or solicitation for the purchase or sale of any financial instrument. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of preparation, The Townsend Group makes no representation that it is accurate or complete. Some information contained herein has been obtained from third-party sources that are believed to be reliable. The Townsend Group makes no representations as to the accuracy or the completeness of such information and has no obligation to revise or update any statement herein for any reason. Any opinions are subject to change without notice and may differ or be contrary to opinions expressed by other divisions of The Townsend Group as a result of using different assumptions and criteria. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

Statements contained in this Presentation that are not historical facts and are based on current expectations, estimates, projections, opinions and beliefs of the general partner of the Fund and upon materials provided by underlying investment funds, which are not independently verified by the general partner. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Additionally, this Presentation contains “forward-looking statements.” Actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

Material market or economic conditions may have had an effect on the results portrayed.

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There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results.

Townsend is a wholly owned, indirect subsidiary of Aon plc.

Disclosures and Definitions

GENERAL DISCLOSURES

There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results. Investing involves risk, including possible loss of principal.

Returns reflect the equal-weighted returns calculated during the periods indicated. Note: If including Core, this is value-weighted. In addition, the valuations reflect various assumptions, including assumptions of actual unrealized value existing in such investments at the time of valuation. As a result of portfolio customization/blending and other factors, actual investments made for your account may differ substantially from the investments of portfolios comprising any indices or composites presented.

Due to the customized nature of Townsend's client portfolios, the performance stated may be considered "hypothetical" as it does not reflect the experience of individual client portfolios, but rather aggregate client positions in the stated investment strategy.

NON REGULATORY ASSETS UNDER MANAGEMENT

As of September 30, 2021, Townsend had assets under management of approximately \$21.6 billion. When calculating assets under management, Townsend aggregates net asset values and unfunded commitments on a quarterly basis. Townsend relies on third parties to provide asset valuations, which typically takes in excess of 90 days after the quarter end. Therefore, assets under management have been calculated using September 30, 2021 figures where available but may also include June 30, 2021 figures. Assets under management are calculated quarterly and includes discretionary assets under management and non-discretionary client assets where the client's contractual arrangement provides the client with the ability to opt out of or into particular transactions, or provides other ancillary control rights over investment decision-making (a/k/a "quasi-discretionary"). Regulatory AUM is calculated annually and can be made available upon request.

ADVISED ASSETS

As of September 30, 2021, Townsend provided advisory services to clients who had real estate/real asset allocations exceeding \$137.9 billion. Advised assets includes real estate and real asset allocation as reported by our clients for whom Townsend provides multiple advisory services—including strategic and underwriting advice for the entire portfolio. Advised assets are based on totals reported by each client to Townsend or derived from publicly available information. Advised assets are calculated quarterly. Select clients report less frequently than quarterly in which case we roll forward prior quarter totals

TREA STRATEGIES (NON-CORE) employ a global non-core multi strategy approach with 50% or more of the investments invested in non primary fund investments such as co-investments, joint ventures, secondaries and clubs. Strategies are diversified by geography, sector, property type, manager and vintage year.

CORE-PLUS STRATEGIES (CORE) employ a global core/core plus multi strategy approach investing in primary funds, joint ventures, co-investments, secondaries, direct investments, debt strategies and REITs. Strategies are diversified by geography, sector, property type, manager and vintage year.

SEPARATE ACCOUNTS includes all Townsend active discretionary accounts which invest in a variety of investment styles and structures.

The NFI-ODCE Index is a capitalization-weighted, gross of fees, time-weighted return index with an inception date of 1/1/1978. Published reports may also contain equal-weighted and net of fees information. Open-end funds are generally defined as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests, thereby providing a degree of potential investment liquidity. The term Diversified Core Equity style typically reflects lower risk investment strategies utilizing low leverage and generally represented by equity ownership positions in stable U.S. operating properties (as defined herein). The NFI-ODCE is a quasi-managed index based on the periodic review by the Index Policy Committee ("IPC") of the index's criteria thresholds.

Disclosures

TREA STRATEGIES

Townsend's TREA Strategies (Non-Core) employ a global non-core multi strategy approach with 50% or more of the investments invested in non primary fund investments such as co-investments, joint ventures, secondaries and clubs. Strategies are diversified by geography, sector, property type, manager and vintage year.

Global Opportunistic Strategy:

Townsend's 2007 vintage TREA Program was comprised of one closed end single limited partner vehicle (U.S. Public Pension Fund-of-One).

Global Value-Add Strategy:

Townsend's 2007 vintage TREA Program was comprised of one closed end single limited partner vehicle (U.S. Public Pension Fund-of-One).

Townsend's 2008-10-11 vintage TREA Program was comprised of one closed end single limited partner vehicle (Asian Pension Fund-of-One) and two commingled funds (HNW and Small Institution Fund (White Label)).

Townsend's 2012 vintage TREA Program was comprised of one closed end single limited partner vehicle (Asian Pension Fund-of-One) and one commingled fund (Townsend Real Estate Alpha Fund, L.P.).

Townsend's 2015 vintage TREA Program was comprised of one closed end single limited partner vehicle (Asian Pension Fund-of-One) and one commingled fund (Townsend Real Estate Alpha Fund II, L.P.).

Townsend's 2018 vintage TREA Program was comprised of one closed end single limited partner vehicle (Asian Pension Fund-of-One) and one commingled fund (Townsend Real Estate Alpha Fund III, L.P.).

Note: Investment level net IRR's and equity multiples are reported. Net IRR is the net return earned by an investor over a particular time frame, including the performance of both realized and unrealized investments, at fair value. The Net IRR is based upon daily investor level cash flows, current quarter net asset value as hypothetical liquidation mark, and is after the deduction of fees. Investment performance data is reported to Townsend on a quarterly basis by the underlying investment manager. The value of unrealized investments is subject to change.

Net Investment Multiple: Based upon daily investor level cash flows. Calculated as $([\text{Since Inception Distributions} + \text{Since Inception Withdrawals} + \text{Net Asset Value}]) / \text{Paid in Capital}$.

The Townsend Group's Investment Committee (IC) collaboratively makes all strategic investment decisions affecting Townsend's client portfolios.



Real Estate Consultant Search Finalist Presentation to
Los Angeles City Employees' Retirement System

PROPRIETARY & CONFIDENTIAL
April 2022

LACERS Consulting Team



Chae Hong, Partner

Chae Hong is a Partner in the Townsend Group's Advisory practice and based in San Francisco. He leads real estate consulting relationships for a select number of retainer and project clients.

He joined the predecessor firm (Aon) in 2010 and has over 20 years of real estate industry experience. His experience includes real estate market research, manager research, direct property underwriting, and has consulted or advised on over \$10 billion of institutional real estate. Mr. Hong has also sourced and performed due diligence on core, value added, and opportunistic real estate opportunities both domestically and internationally. He has held senior positions with notable firms such as Callan Associates, Cliffwater and RREEF.

He holds a BA and MBA degree from the University of California, Los Angeles.

Industry Experience: 23 years

Aon/Townsend Tenure: 12 years



Felix Fels, Associate Partner

Felix Fels joined Townsend in 2015 and currently works as an Associate Partner in San Francisco. Mr. Fels is involved in portfolio management for \$1.5 billion of discretionary real estate assets under management and investment advisory for clients totaling \$30 billion of real estate allocations. His responsibilities include strategic and investment planning, portfolio management, investment due diligence and execution, portfolio analytics and performance reporting. Mr. Fels was temporarily based out of Townsend's London office to assist with European investment efforts and client relationships before returning to Townsend's San Francisco office.

Prior to joining Townsend in 2015, Mr. Fels interned for IDS Real Estate Group in Los Angeles and DWS Group in Frankfurt, Germany, where he assisted with macro research and portfolio management of multi-asset strategies.

Mr. Fels graduated magna cum laude with a BA in Economics from Occidental College, where he managed part of the college's endowment in an equities and fixed income portfolio for two years.

Industry Experience: 7 years

Townsend Tenure: 7 years



Jamari Omene-Smith, Analyst

Jamari Omene-Smith joined The Townsend Group in July 2021 as an Analyst within the Advisory Group. Jamari's responsibilities include portfolio analytics, investment recommendations and performance monitoring for Townsend's West Coast clients.

Prior to joining Townsend in 2021, Mr. Omene-Smith worked in the Fixed Income team as an Analyst for Ellwood Associates as part of their Advisory division.

Mr. Omene-Smith holds a BA in Economics from the University of Illinois Urbana-Champaign.

Industry Experience: 4 years

Townsend Tenure: <1 year

Global Real Estate Investment Platform



GLOBAL REAL ASSETS PLATFORM

\$137.9B AUA | **\$21.6B** AUM | **6** offices | **119** Professionals | **35** Years Real Assets Experience

REAL ESTATE INVESTMENT & ADVISORY PLATFORMS

- Diverse institutional client base spanning \$137.9 billion of Advised Assets and \$21.6 billion of AUM
- Comprehensive global experience across sectors, regions and strategies
- Leveraging Aon’s global network to further enhance scale and influence

INFORMATION ADVANTAGE

- Leveraging 350+ annual manager meetings, 3,000+ client RE positions, and 100+ fund Advisory Board seats

FRIENDLY, NON-COMPETITIVE CAPITAL PARTNER

- Viewed strategically by partners and managers

DEAL SOURCING ADVANTAGE

- Direct deal sourcing from over 500+ groups
- Highly selective of global opportunities
- Ability to pivot globally without “footprint bias”
- Seek to leverage scale and influence for attractive deal terms



The Townsend Group: Platform Overview

\$137.9 B OF AA & \$21.6B OF AUM ACROSS 108 CLIENT MANDATES⁵

119 PROFESSIONALS ACROSS 6 OFFICES

	ADVISORY SOLUTIONS	INVESTMENT MANAGEMENT SOLUTIONS		
		Separately Managed Accounts (Global Diversified)	TREA Strategy (Global Non-Core)	Core-Plus Strategy (U.S. Core)
Inception	1986	1996	2007	2010
Strategy	Custom	Custom	Global Non-Core	U.S. Core-Plus
AUM / AUA	\$137.9B	\$15.9B ³	\$3.7B ²	\$677.6 MM ²
S.I. Net Return	NA	NA	15.9% ¹	12.5% ⁴
# Mandates	41	51	11	1*

With respect to primary fund investments in pooled funds, Townsend attempts to secure a sufficient amount of allocation to satisfy the demand of all interested client portfolios. In most cases, where client portfolio demand for a pooled fund exceeds the available allocation, Townsend's clients are generally subject to allocation determinations that are made by the manager of the fund. As a result, Townsend generally does not make allocation decisions with respect to pooled fund investments unless a unique opportunity is oversubscribed, and/or the underlying manager will not make the allocation decision. In such an event, generally all eligible clients would have their allocations cut back proportionally based on the portfolio managers' original target indication of interest.

¹Net IRR is the net return earned by an investor over a particular time frame, including the performance of both realized and unrealized investments, at fair value.

²Reflects committed capital as of 3Q21 in USD.

³Managed Solution AUM

TREA Strategy (Global Non-Core) returns, AUM are as of 3Q21; Core-Plus Strategy (U.S. Core) returns, AUM are as of 3Q21, Separate Account AUM is as of 1Q21. The value of unrealized investments is subject to change.

⁴Since Inception Net Time Weighted Return

The number of unique clients would be less than the number of mandates as a single client could participate in multiple strategies. Time periods noted may differ, however the dates shown represent most recent data available.

⁵As of September 30, 2021, Townsend had assets under management of approximately \$21.6 billion; and provided advisory services to clients who had real estate/real asset allocations exceeding \$137.9 billion. Please refer to back pages for additional disclosures and definitions. Employee numbers as of February 2022.

Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results.

*A second strategy designed specifically for ERISA investors was launched on December 3, 2018, with total commitments of \$208.5 million and a since inception net time weighted return of 21.1%.

Customized Investment Solutions



A CORE SET OF INVESTMENT SKILLS USED TO CREATE CUSTOM REAL ASSET SOLUTIONS



Townsend Global Investment Platform



COMPREHENSIVE GLOBAL REAL ASSET COVERAGE WITH DEEP REGIONAL AND SECTOR EXPERTISE



¹ Senior Advisor to The Townsend Group

*Individual may support both client and research functions or other responsibilities on an ongoing basis.

Commitment to Diversity and Mentorship

Townsend is committed to creating an inclusive and diverse culture where everyone has opportunities for growth and development

- Examples of organizations we have supported and worked with:
 - The Toigo Foundation
 - SEO
 - United Cerebral Palsy
- In active discussions with a program providing mentorship and teaching financial literacy to students from underserved communities

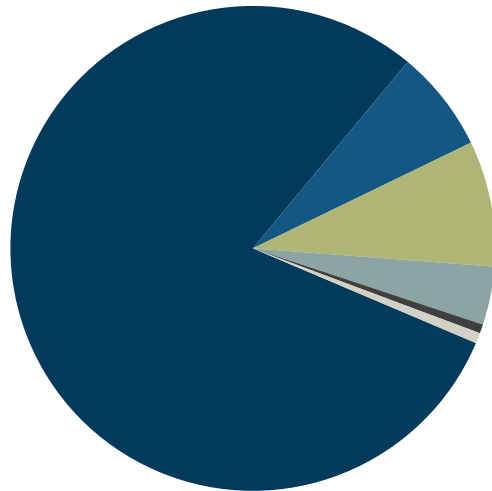
Continue to leverage and incorporate Aon's initiatives regarding diversity, equity and inclusion

- Aon Board of Directors formed Inclusion and Diversity sub-committee to oversee company-wide D&I strategy, initiatives, policies, practices and progress
- Received score of 100% for fourteen consecutive years on Human Rights Campaign Foundation's 2020 Corporate Equality Index
- Required inclusion and diversity training for all people leaders
- Aon CEO Greg Case Recognized as Top Ally on INvolve OUTstanding LGBT+ Ally Executives List

Advisory Solutions Overview

DEDICATED CONSULTANT WITH \$137.9B IN ADVISED ASSETS

ADVISED ASSETS AS OF 3Q21 \$137.9 B



- Public Pension 80%
- Private Pension 7%
- Sovereign Wealth Fund 8%
- Superannuation Fund 4%
- HNW <1%
- Foundation/Endowment <1%

TOWNSEND REPRESENTATIVE CLIENTS

Pensioenfonds UWV

New York State Common Retirement Fund

American Electric Power

Large U.S. Corporate Plan*

University of California

Children's Hospital of Philadelphia

Australian Superannuation Plan*

** Contract requires confidentiality*

Townsend Global Capital Scale and Influence

MORE THAN \$202.2 BILLION OF CAPITAL INVESTED OR COMMITTED SINCE 2004



Source: The Townsend Group. Data as of 3Q21.

Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Actual results and developments may differ materially from those expressed or implied herein. Past performance is not indicative of future results.

Townsend Investment Advantage – Platform

A GLOBAL PLATFORM | INFORMATION AND ACCESS | EXTENSIVE DEAL SOURCING NETWORK | TIMELY EXECUTION

Access to Specialized Global Opportunities

- A robust pipeline across Americas, Europe, and Asia

Enhanced Governance and Control

- Negotiating key deal terms, advocating for investors

Mitigating the J-Curve

- Seek embedded value and high cash-on-call returns

Attractive Fee Terms (see example)

- Negotiations lead to improvement in gross-to-net spread
- Operator focus helps to eliminate double promote

Investment Track Record

- Creating investment value over time

Townsend Client Fee Negotiations – Recent Examples	Example I	Example II
Fund Fee for \$25 million investor	1.50%	1.75%
Townsend Negotiated Asset Management Fee	1.15%	1.10%
Total Fee Savings	.35%	.65%
Townsend Client Annual Fee Savings (\$25 M Investor)	\$87,500	\$162,500
Townsend Client Cumulative Fee Savings (\$25 M Investor; 8 Year Fund Life)	\$700,000	\$1,300,000

Townsend's Real Estate Philosophy and Approach

PHILOSOPHY

- Develop highly customized investment solutions for each client depending on client's needs and goals
- Investment decisions should be supported by sound theory and empirical evidence
- Investment policy and asset allocation are the primary determinants of long-term performance
- Risks within an investment program should be well understood and measured
- Investors that maintain a long-term perspective have an advantage over others

APPROACH

- Partner with clients. Operate as an extension of staff to understand evolving needs
- Consultatively arrive at an appropriate long-term strategy by understanding client's asset class goals and risk tolerances
- Construct a real estate portfolio using target allocations that are aligned with Townsend's best ideas and our client's policy guidelines
- Provide ongoing education and policy review

Townsend Execution

RESEARCH, STRATEGY, FUND SELECTION AND MONITORING



Informed Perspective



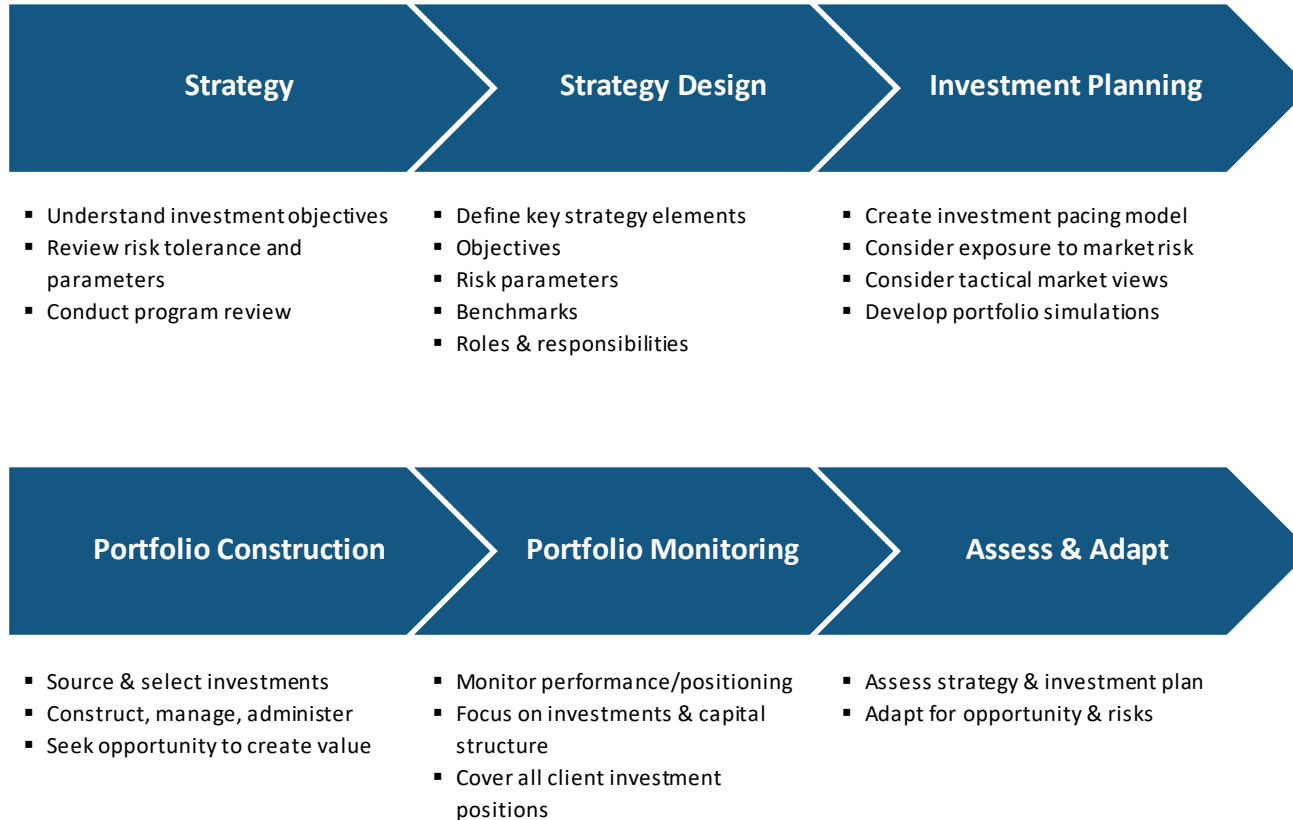
A GLOBAL INVESTMENT THESIS INFORMS RESEARCH, SELECTION AND PORTFOLIO CONSTRUCTION



Strategic and Investment Planning



CONSTRUCT AND MANAGE A CUSTOM REAL ASSET INVESTMENT PROGRAM



Townsend Regional and Sector Specialists

North America

Jay Long
John Schaefer
Scott Booth
Tony Pietro
Dan O'Connell
Jose Calderon

Scott Miller
Chris Cunningham
Adam Orlansky
Zane Hemming
Dan Ryder
Khalil Clements

Europe

Morgan Angus
Laurie Woolmer
Oliver Hamilton
Lawrence Thomas
Myles Grover
Will Thompson
Mayte Aragon

Nick Duff
David Dix
George Fenton
Saran Satefanen
Vuong Ngo
James Kipling
Stavroula Tsakalakou

Latin America

Mike Golubic
Chris Cunningham
Nima Edalatjavid

Asia Pacific

Joseph Tang
Henry Chia
Phillip Yim
Don Shin

Min Lim
Gordon Yu
Suzy Ji
Paul Sohn

Public Markets

Prashant Tewari

Special Situations Investing

John Schaefer
Min Lim
Jeff Barone
Adam Orlansky
Tod Akovic
Henry Chia
Brian Booth
Paul Sohn

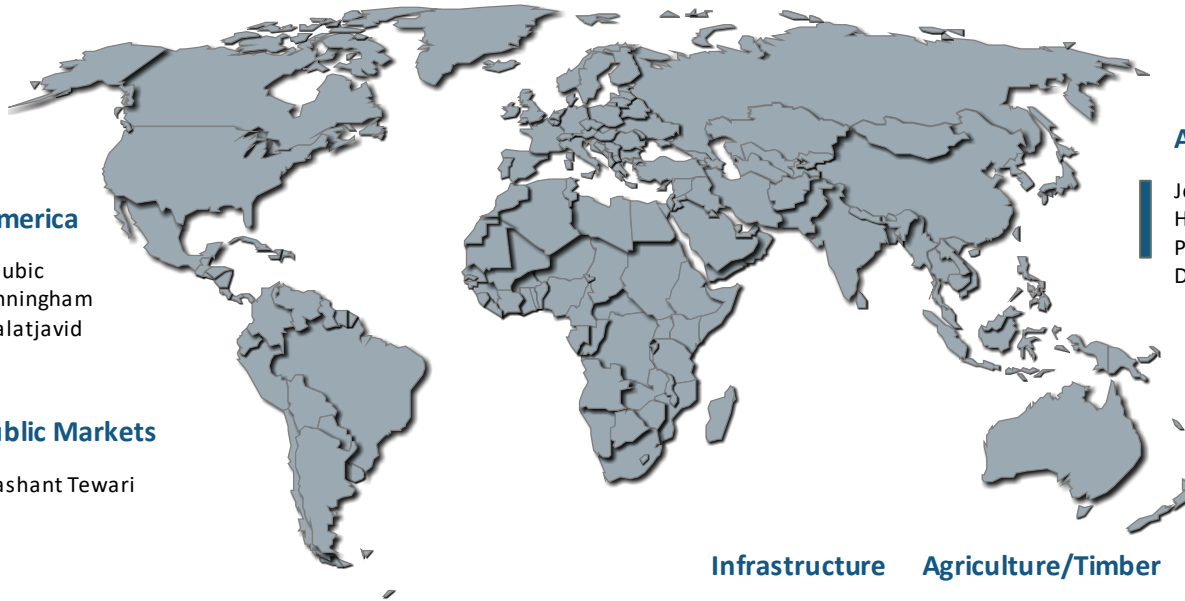
Scott Miller
Laurie Woolmer
Patrick Callam
Nicola King
James Kipling
Dilon Glasko
Mayte Aragon

Infrastructure

Mike Golubic
Karen Rode
Iftikhar Ahmed
Morgan Angus
Nick Duff

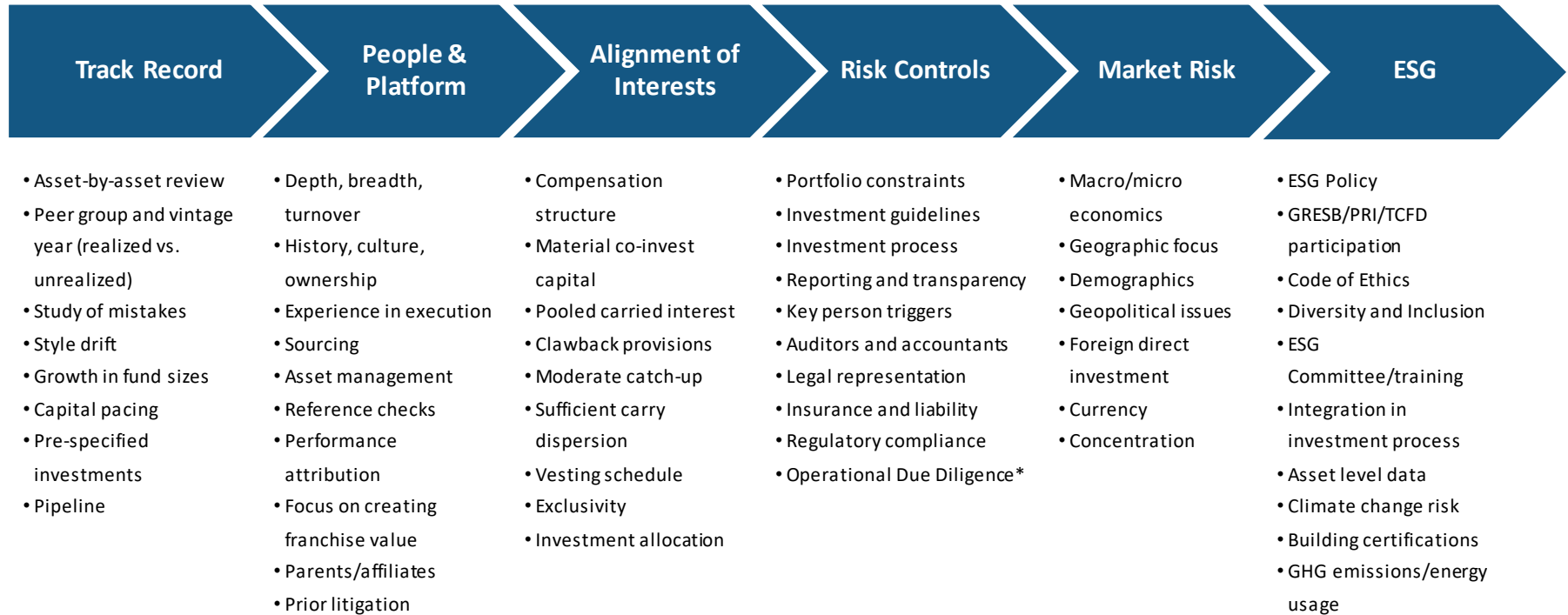
Agriculture/Timber

Chris Cunningham
Kevin Rivchun
Prashant Tewari
Nima Edalatjavid



Due Diligence and Underwriting

RIGOROUS, SYSTEMATIC ANALYSIS YIELDS BETTER CLIENT OUTCOMES



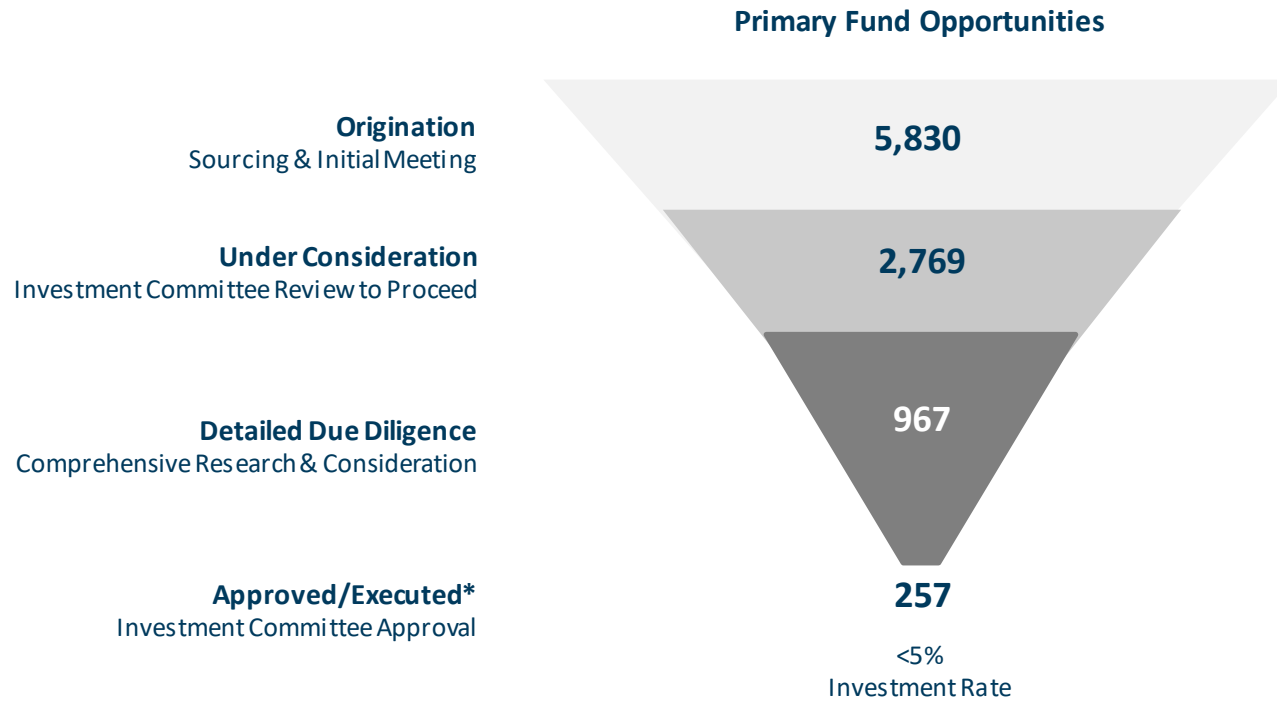
*Operational due diligence is conducted by Aon’s fully independent Operational Risk Solutions and Analytics (“ORSA”) group. Townsend’s views are as of the date of this publication and may be changed or modified at any time and without notice.

Townsend Due Diligence & Underwriting Process



DISCIPLINED SELECTION DRIVES VALUE IN FUND AND DIRECT INVESTING

Robust Pipeline | Specialized Deal Access And Sourcing



*Includes discretionary best ideas approvals. Non-discretionary client specific approvals are not included.

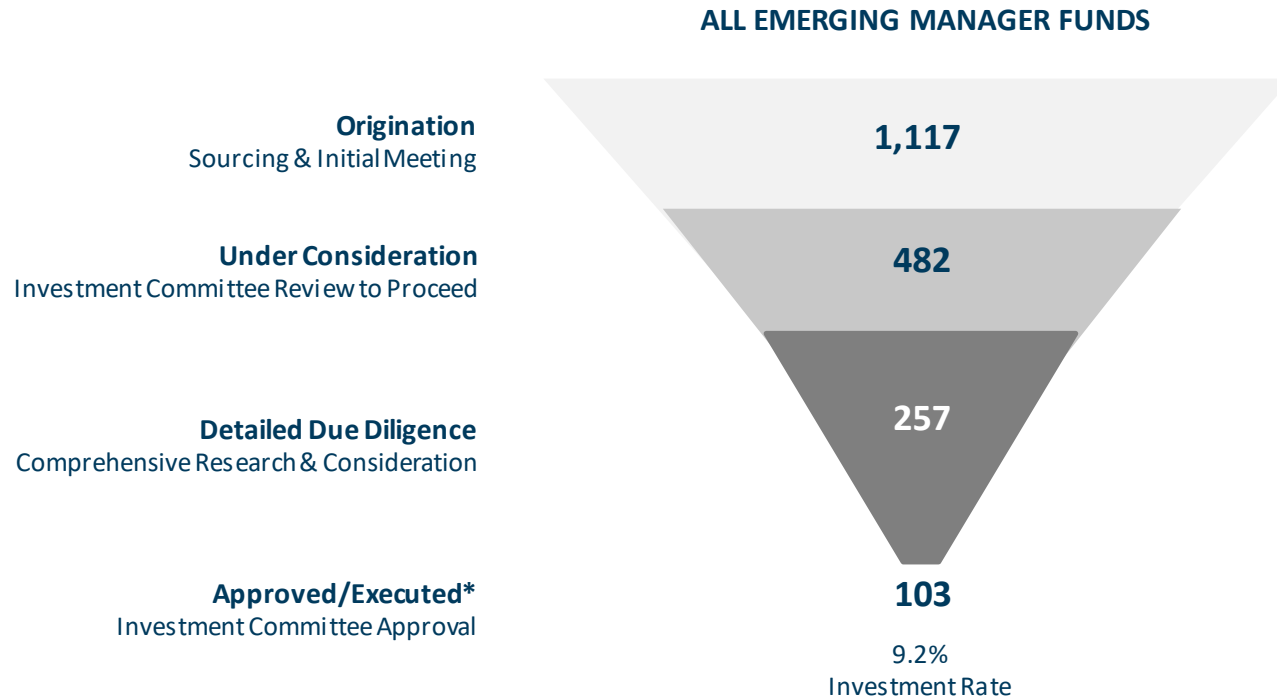
Source: The Townsend Group. Data from 2007-3Q21

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Townsend Emerging Manager Execution - Due Diligence Selectivity

DISCIPLINED SELECTION DRIVES VALUE IN FUND AND DIRECT INVESTING

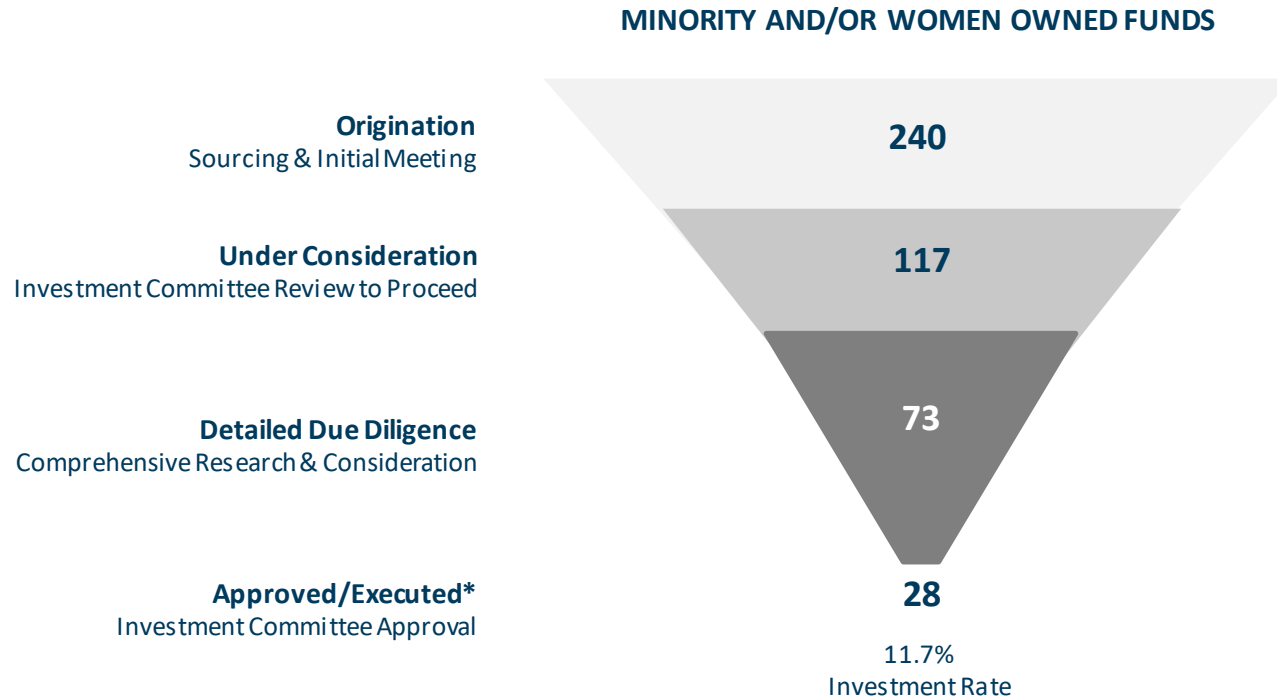
Robust Pipeline | Specialized Deal Access And Sourcing



Townsend Emerging Manager Execution - Due Diligence Selectivity

DISCIPLINED SELECTION DRIVES VALUE IN FUND AND DIRECT INVESTING

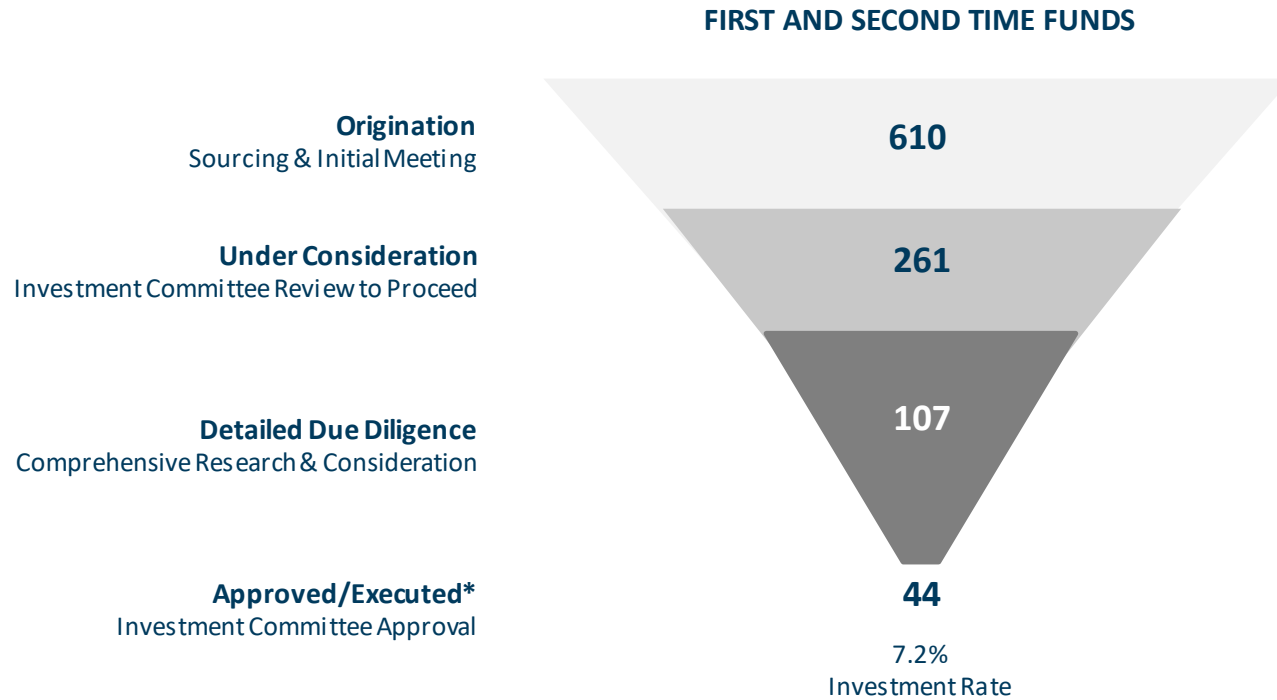
Robust Pipeline | Specialized Deal Access And Sourcing



Townsend Emerging Manager Execution - Due Diligence Selectivity

DISCIPLINED SELECTION DRIVES VALUE IN FUND AND DIRECT INVESTING

Robust Pipeline | Specialized Deal Access And Sourcing



Townsend Emerging Manager Capabilities - Invested Capital



CLIENT CAPITAL INVESTED OR COMMITTED TO REAL ESTATE/REAL ASSETS SINCE 2004



Emerging Manager Sourcing Process

Townsend focuses on identifying emerging managers during its sourcing and monitoring process.

- Network and establish new relationships through regular sourcing channels, outreach and conference attendance
- Involvement in real estate and other professional organizations (such as Toigo, NASP, NAST, REEC, NAA, ULI and ICSC)
- Seek new opportunities that align with Townsend's View of the World
- Uncover experienced niche operating partners interested in raising third-party capital
- Oversight and management of dedicated Emerging Manager programs across the firm
- Maintain active pipeline of Emerging Manager candidates
- Share insights into "Best Practices" from ongoing oversight of over 3,000 client fund positions and continuous due diligence with emerging managers
- Actively vet new owner/operators as potential Emerging Manager candidates
- Townsend's parent company Aon engages in additional emerging manager efforts across other asset classes
- Aon is also a founding member of the Institutional Investor Diversity Cooperative (IIDC) and a member of The Diversity Project

Real Asset ESG Considerations

Townsend And ESG

- Townsend is committed to engaging with the industry at large on sustainability initiatives to understand how they may impact real estate performance at the investment and portfolio level. Townsend became an early signatory to the UN Principles of Responsible Investment (PRI) in 2010 and was an active Advisory Board member to the Global Real Estate Sustainability Benchmark (GRESB), fulfilling an initial five-year term in 2019. In 2016, Townsend's efforts were recognized by GRESB and the US Green Building Council when Townsend was awarded the GRESB Investor Leadership award.
- In 2018, Townsend's Real Asset ESG Team joined forces with the broader Responsible Investment team at Aon. In 2019, Aon & Townsend completed a joint submission to the PRI for the 2018 reporting period, which will continue going forward. Going forward, Townsend's PRI Signatory responsibilities will be completed under Aon Hewitt and Townsend will maintain its relationship with GRESB. Townsend's team is led by Jay Long and includes other professionals from Townsend's global offices. The team focuses on the incorporation of ESG in the due diligence and client reporting process. The team also participates in ESG industry events and organizes periodic internal education sessions.
- Townsend has taken steps to integrate analysis of ESG issues into its due diligence efforts and to use its relationships and indirect ownership positions to engage in dialogue with the entities in which our clients invest. All employees of the firm are responsible for raising the awareness ESG issues in real estate by asking questions throughout the due diligence process and sharing findings with others.

SCREENING AND DUE DILIGENCE ACTIVITIES

- Identify issues relating to ESG prior to making commitments (incorporated via Townsend's standard DDQ and OECF questionnaire).
 - Government and regulatory policy
 - Social and industrial relations issues
 - Environmental performance variables
 - Health and Safety issues (Infrastructure)
- Procure due diligence from experts where these risks have potential to impact value.
- Establish an upfront governance and reporting framework to enable ongoing monitoring of ESG issues after an investment is made.

INVESTMENT OVERSIGHT

- Monitor and manage ESG factors for the duration of investment
- Use of governance rights to actively engage with management on important issues that may impact performance.
- Townsend implemented a report and rating system for several clients interested in understanding how investment managers are incorporating ESG into their real estate portfolio investments; for these clients we typically carry out an annual ESG audit.
- For client portfolio assessment, there are tools available to Townsend employees and Townsend clients through Townsend's relationship with GRESB.

LACERS Portfolio Overview



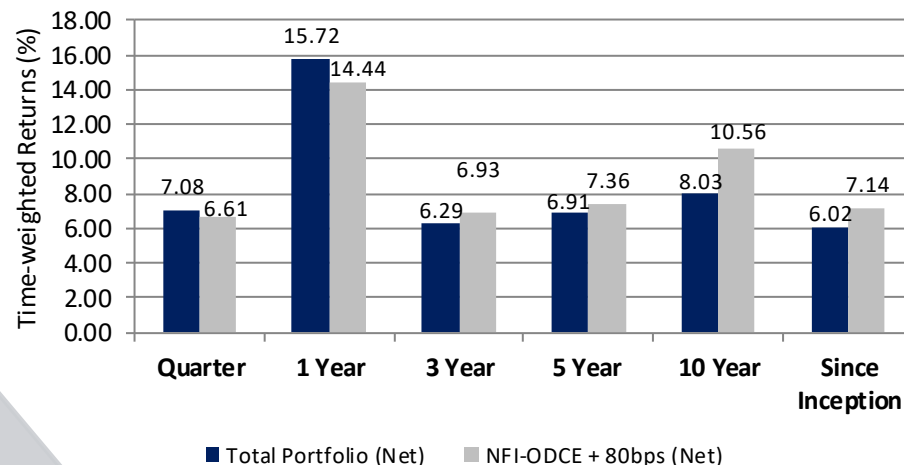
LACERS Real Estate Portfolio Overview

LACERS Real Estate Portfolio is well-positioned:

- \$1bn program with 35 partner managers and 43 investment accounts
- Focus on established specialists where possible
- Below target allocation but with significant dry powder
- Improving relative performance
- Well-positioned by property type
- Significant fee savings boosting net returns

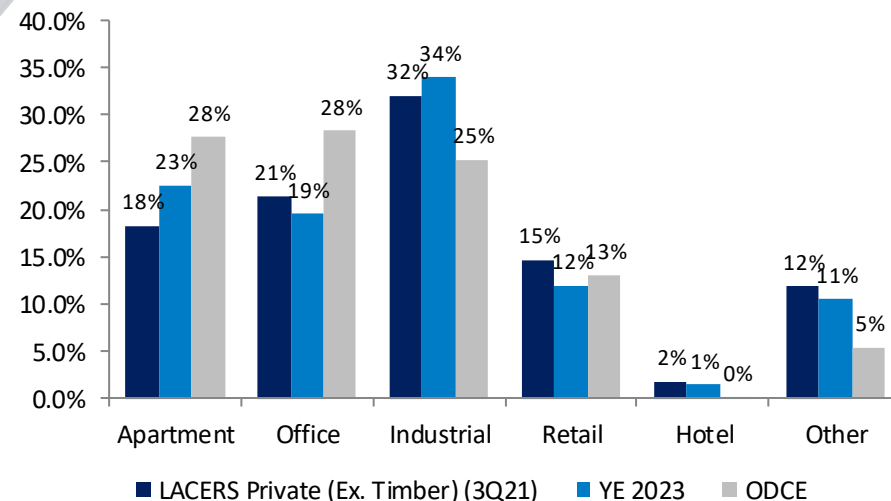
LACERS Total Real Estate Portfolio vs. NFI-ODCE + 80 bps

As of 9/30/21

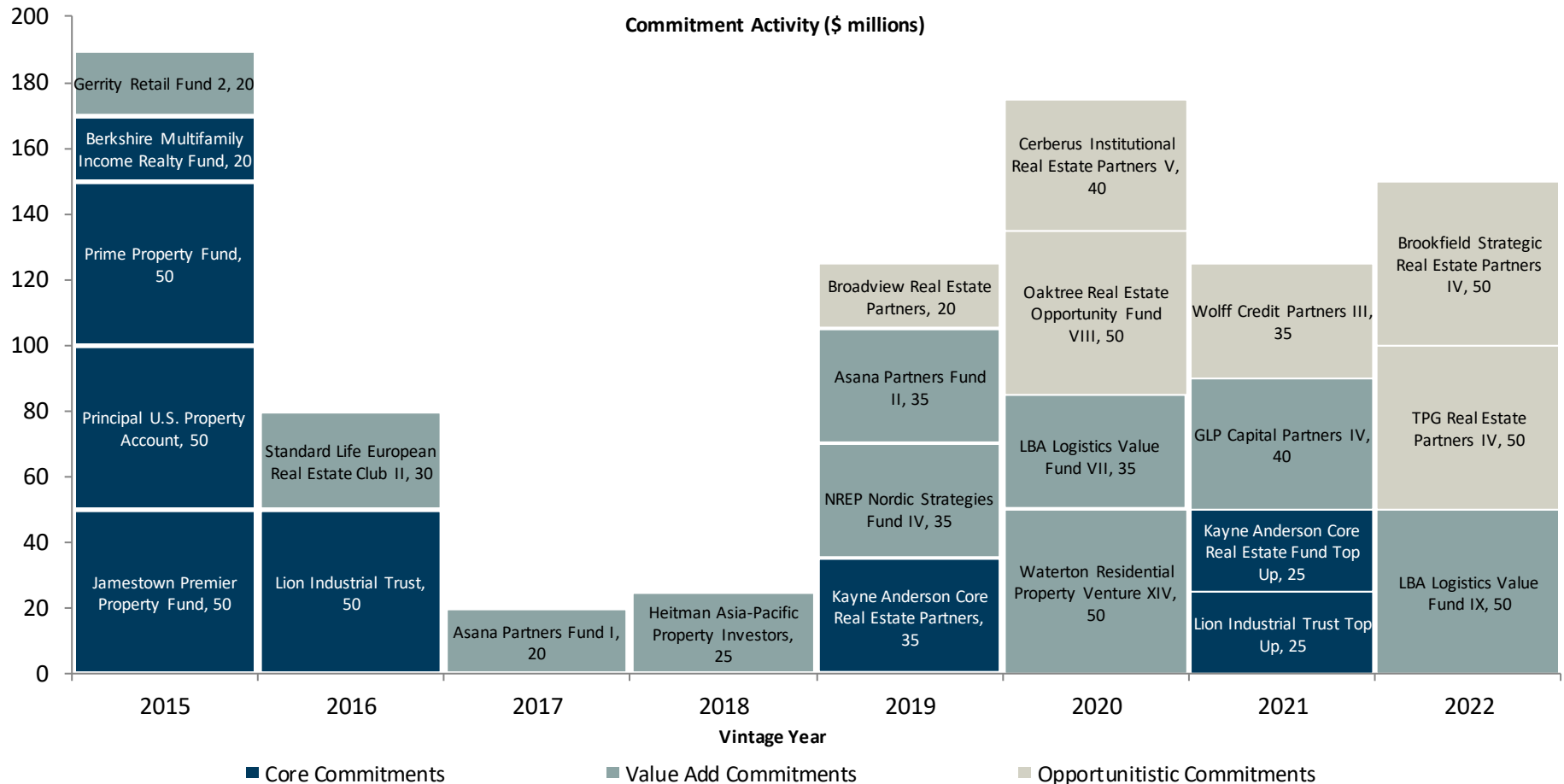


Private Real Estate Exposure - Property Type Diversification

Private Portfolio (Ex. Timber) as of 9/30/21



LACERS Investments Since 2014 Repositioned Portfolio

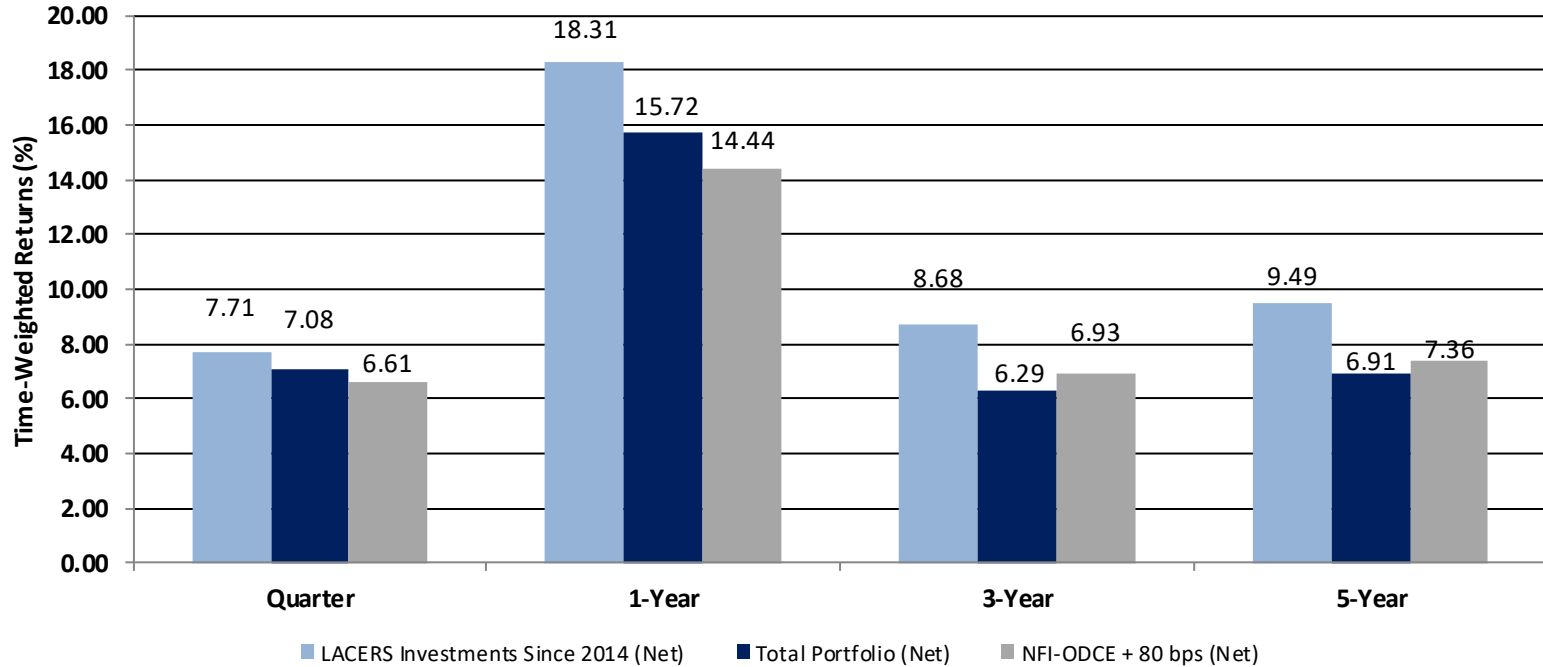


- Improved Diversification of the Core Portfolio by adding six funds including sector specialists to a Core Portfolio previously consisting of only two open-end funds: Invesco Core Real Estate and JP Morgan Strategic Property Fund.
- Added vertically-integrated specialist operators to the Non-Core Portfolio in combination with a few larger diversified “anchor” positions
 - 4 of 16 Non-Core commitments (25%) were made to funds sponsored by emerging managers

Strong Performance of LACERS Investments Made Since 2014



LACERS Investments Since 2014 vs. Total Real Estate Portfolio vs. NFI-ODCE + 80 bps
As of 9/30/21



- Investments recommended since the contract start date in 2014 have consistently outperformed the Total Portfolio and the LACERS benchmark

Recent Portfolio Initiatives

Increased industrial exposure from underweight to significant overweight.

Increased Core exposure from ~30% in 2014 to 69% in 2021 to add more stability to portfolio. Core investments have outperformed benchmark over 1-year, 3-year and 5-year periods as shown on previous slide.

Identified and recommended established specialist managers in industrial, multifamily, healthcare and retail.

Identified and recommended four emerging manager funds, of which three are outperforming the benchmark.

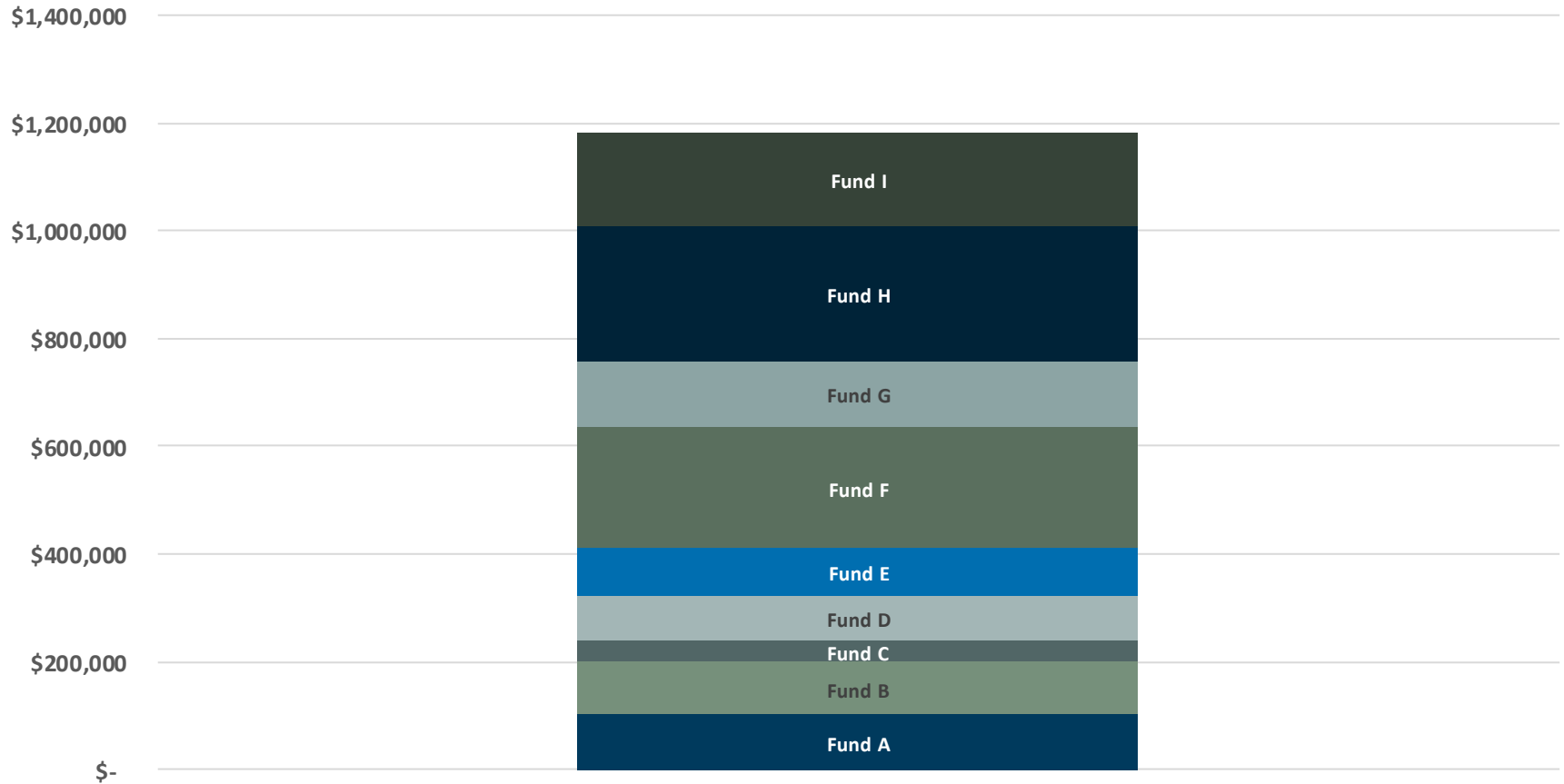
Negotiated fee savings and enhanced net returns.

Townsend-Negotiated Real Estate Fee Savings for LACERS



Approximate Annual Fee Savings from Townsend Affiliation

Based on NAVs and Commitment Amounts as of 9/30/21*



*Assumes fully-funded commitment for funds currently in the investment period and NAV for all other funds.

Source: The Townsend Group. Data as of September 30, 2021. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results.

Why Townsend?



Senior Level, Tenured Client Team with 30+ Years of Experience

Deep Experience with Public Plans

Depth and Breadth of Practitioner Real Estate Experience

Customized Solutions; Holistic View Across the Portfolio

An Extension of your Staff

Scale Leads to Favorable Fund Terms for Clients

Global Platform With Offices in North America, Europe and Asia

Disclosures



Disclosures



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Material market or economic conditions may have had an effect on the results portrayed.

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There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results.

Townsend is a wholly owned, indirect subsidiary of Aon plc.

Disclosures and Definitions

GENERAL DISCLOSURES

There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results. Investing involves risk, including possible loss of principal.

Returns reflect the equal-weighted returns calculated during the periods indicated. Note: If including Core, this is value-weighted. In addition, the valuations reflect various assumptions, including assumptions of actual unrealized value existing in such investments at the time of valuation. As a result of portfolio customization/blending and other factors, actual investments made for your account may differ substantially from the investments of portfolios comprising any indices or composites presented.

Due to the customized nature of Townsend's client portfolios, the performance stated may be considered "hypothetical" as it does not reflect the experience of individual client portfolios, but rather aggregate client positions in the stated investment strategy.

NON REGULATORY ASSETS UNDER MANAGEMENT

As of September 30, 2021, Townsend had assets under management of approximately \$21.6 billion. When calculating assets under management, Townsend aggregates net asset values and unfunded commitments on a quarterly basis. Townsend relies on third parties to provide asset valuations, which typically takes in excess of 90 days after the quarter end. Therefore, assets under management have been calculated using September 30, 2021 figures where available but may also include June 30, 2021 figures. Assets under management are calculated quarterly and includes discretionary assets under management and non-discretionary client assets where the client's contractual arrangement provides the client with the ability to opt out of or into particular transactions, or provides other ancillary control rights over investment decision-making (a/k/a "quasi-discretionary"). Regulatory AUM is calculated annually and can be made available upon request.

ADVISED ASSETS

As of September 30, 2021, Townsend provided advisory services to clients who had real estate/real asset allocations exceeding \$137.9 billion. Advised assets includes real estate and real asset allocation as reported by our clients for whom Townsend provides multiple advisory services—including strategic and underwriting advice for the entire portfolio. Advised assets are based on totals reported by each client to Townsend or derived from publicly available information. Advised assets are calculated quarterly. Select clients report less frequently than quarterly in which case we roll forward prior quarter totals

TREA STRATEGIES (NON-CORE) employ a global non-core multi strategy approach with 50% or more of the investments invested in non primary fund investments such as co-investments, joint ventures, secondaries and clubs. Strategies are diversified by geography, sector, property type, manager and vintage year.

CORE-PLUS STRATEGIES (CORE) employ a global core/core plus multi strategy approach investing in primary funds, joint ventures, co-investments, secondaries, direct investments, debt strategies and REITs. Strategies are diversified by geography, sector, property type, manager and vintage year.

SEPARATE ACCOUNTS includes all Townsend active discretionary accounts which invest in a variety of investment styles and structures.

The NFI-ODCE Index is a capitalization-weighted, gross of fees, time-weighted return index with an inception date of 1/1/1978. Published reports may also contain equal-weighted and net of fees information. Open-end funds are generally defined as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests, thereby providing a degree of potential investment liquidity. The term Diversified Core Equity style typically reflects lower risk investment strategies utilizing low leverage and generally represented by equity ownership positions in stable U.S. operating properties (as defined herein). The NFI-ODCE is a quasi-managed index based on the periodic review by the Index Policy Committee ("IPC") of the index's criteria thresholds.

Disclosures



TREA STRATEGIES

Townsend's TREA Strategies (Non-Core) employ a global non-core multi strategy approach with 50% or more of the investments invested in non primary fund investments such as co-investments, joint ventures, secondaries and clubs. Strategies are diversified by geography, sector, property type, manager and vintage year.

Global Opportunistic Strategy:

Townsend's 2007 vintage TREA Program was comprised of one closed end single limited partner vehicle (U.S. Public Pension Fund-of-One).

Global Value-Add Strategy:

Townsend's 2007 vintage TREA Program was comprised of one closed end single limited partner vehicle (U.S. Public Pension Fund-of-One).

Townsend's 2008-10-11 vintage TREA Program was comprised of one closed end single limited partner vehicle (Asian Pension Fund-of-One) and two commingled funds (HNW and Small Institution Fund (White Label)).

Townsend's 2012 vintage TREA Program was comprised of one closed end single limited partner vehicle (Asian Pension Fund-of-One) and one commingled fund (Townsend Real Estate Alpha Fund, L.P.).

Townsend's 2015 vintage TREA Program was comprised of one closed end single limited partner vehicle (Asian Pension Fund-of-One) and one commingled fund (Townsend Real Estate Alpha Fund II, L.P.).

Townsend's 2018 vintage TREA Program was comprised of one closed end single limited partner vehicle (Asian Pension Fund-of-One) and one commingled fund (Townsend Real Estate Alpha Fund III, L.P.).

Note: Investment level net IRR's and equity multiples are reported. Net IRR is the net return earned by an investor over a particular time frame, including the performance of both realized and unrealized investments, at fair value. The Net IRR is based upon daily investor level cash flows, current quarter net asset value as hypothetical liquidation mark, and is after the deduction of fees. Investment performance data is reported to Townsend on a quarterly basis by the underlying investment manager. The value of unrealized investments is subject to change.

Net Investment Multiple: Based upon daily investor level cash flows. Calculated as $(\text{Since Inception Distributions} + \text{Since Inception Withdrawals} + \text{Net Asset Value}) / \text{Paid in Capital}$.

The Townsend Group's Investment Committee (IC) collaboratively makes all strategic investment decisions affecting Townsend's client portfolios.

CONTRACT FOR
TOWNSEND HOLDINGS LLC
REAL ESTATE CONSULTING SERVICES

PROPOSED RESOLUTION

WHEREAS, on August 24, 2021, the Board authorized a Request for Proposal for Real Estate Consulting Services; and,

WHEREAS, on January 11, 2022, the Investment Committee approved Townsend Holdings LLC and StepStone Group Real Estate LP as semi-finalist candidates; and,

WHEREAS, staff conducted due diligence on the two semi-finalist candidates; and,

WHEREAS, on April 12, 2022, the Investment Committee interviewed the semi-finalist candidates to understand the capabilities of each firm and subsequently recommended Townsend Holdings LLC to the Board for consideration for hire; and,

WHEREAS, on April 26, 2022, the Board approved the Investment Committee's recommendation for a five-year contract with Townsend Holdings LLC.

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:

<u>Company Name:</u>	Townsend Holdings LLC
<u>Service Provided:</u>	Real Estate Consulting Services
<u>Effective Dates:</u>	July 1, 2022 through June 30, 2027
<u>Duration:</u>	Five years
<u>Fee:</u>	Year 1 – \$225,000 Year 2 – \$225,000 Year 3 – \$225,000 Year 4 – \$225,000 Year 5 – \$225,000

April 26, 2022



REPORT TO BOARD OF ADMINISTRATION

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

MEETING: APRIL 26, 2022
ITEM: VIII - C

SUBJECT: INVESTMENT MANAGER CONTRACT WITH OBERWEIS ASSET MANAGEMENT, INC. REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. SMALL CAP EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve a three-year contract renewal with Oberweis Asset Management, Inc. for management of an active non-U.S. small cap equities portfolio.
2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On April 12, 2022, the Committee considered the attached staff report (Attachment 1) recommending a three-year contract renewal with Oberweis Asset Management, Inc. (Oberweis). The Board hired Oberweis through the 2013 Active Non-U.S. Small Cap Equities manager search and authorized a three-year contract on August 13, 2013. The contract became effective on January 1, 2014; the current contract term expires on December 31, 2022. LACERS' portfolio was valued at \$275 million as of March 31, 2022. Since inception, LACERS has paid Oberweis a total of \$11.4 million in investment management fees. Oberweis is currently in compliance with the LACERS Manager Monitoring Policy. Following a presentation of the report by staff, the Committee concurred with the recommendation.

Strategic Plan Impact Statement

A contract renewal with Oberweis will allow the fund to maintain a diversified exposure to non-U.S. small cap equities 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:rm

Attachments: 1. Investment Committee Recommendation Report dated April 12, 2022
 2. Proposed Resolution



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

MEETING: APRIL 12, 2022
ITEM: V

Neil M. Guglielmo

SUBJECT: INVESTMENT MANAGER CONTRACT WITH OBERWEIS ASSET MANAGEMENT, INC. REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. SMALL CAP EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION

ACTION: **CLOSED:** **CONSENT:** **RECEIVE & FILE:**

Recommendation

That the Committee recommend to the Board a three-year contract renewal with Oberweis Asset Management, Inc. for management of an active non-U.S. small cap equities portfolio.

Executive Summary

Oberweis Asset Management, Inc. (Oberweis) has managed an active non-U.S. small cap equities portfolio for LACERS since January 2014. At the time of hire, the firm qualified as an emerging investment manager. LACERS' portfolio was valued at \$274 million as of February 28, 2022. The strategy has outperformed its benchmark since inception and 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

Oberweis has managed an active non-U.S. small cap equities portfolio for LACERS since January 2014, and is benchmarked against the MSCI EAFE Small Cap Index. Oberweis employs a growth-biased, fundamental research-based approach to investing. The manager seeks companies that have reasonable valuations and the potential for revenue and earnings growth resulting from innovations in products or technology. The strategy is managed by Ralf Scherschmidt (21 years of experience), Lead Portfolio Manager, who is supported by Jeff Papp (18 years of experience), Assistant Portfolio Manager. In addition, the strategy has three senior analysts: Charles Wilson (24 years of experience), Charles Hill-Wood (21 years of experience), and Yanru Hsu (18 years of experience). LACERS' portfolio was valued at \$274 million as of February 28, 2022.

Oberweis was hired through the 2013 Active Non-U.S. Small Cap Equities Mandate search, and a three-year contract was authorized by the Board on August 13, 2013. The contract became effective on January 1, 2014 and was renewed for three-year terms on September 27, 2016 and July 23, 2019;

the current contract expires on December 31, 2022. Oberweis representatives, Jeff Papp and Brian Lee, most recently presented a portfolio review to the Committee on November 9, 2021.

Organization

Oberweis is 100% owned by its founding professionals and key employees. It is headquartered in Lisle, Illinois with investment professionals based in New York City, Hong Kong, and the United Kingdom. Oberweis has a total of 32 employees and 14 investment professionals. At the time LACERS hired Oberweis, the firm qualified as an emerging investment manager pursuant to the LACERS Emerging Investment Manager Policy. The firm’s total assets under management have grown to over \$3.4 billion, with \$2.9 billion in the non-U.S. small cap equities strategy, as of February 28, 2022.

Due Diligence

Oberweis’ organizational structure, key personnel, investment philosophy, strategy, and process have not changed over the contract period.

Performance

As of February 28, 2022, Oberweis has outperformed the benchmark over the 2-year, 3-year, 5-year, and since inception periods, as presented in the table below. Oberweis is in compliance with the LACERS Manager Monitoring Policy.

Annualized Performance as of 2/28/22 (Net-of-Fees)						
	3-Month	1-Year	2-Year	3-Year	5-Year	Since Inception*
Oberweis	-15.96	-13.04	25.45	15.81	12.52	8.66
MSCI EAFE Small Cap Index	-4.50	-1.48	13.69	8.59	7.86	6.12
<i>% of Excess Return</i>	<i>-11.46</i>	<i>-11.56</i>	<i>11.76</i>	<i>7.22</i>	<i>4.66</i>	<i>2.54</i>

*Performance inception date: January 1, 2014

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	1/1/14-12/31/14
Oberweis	3.92	64.55	25.64	-23.77	41.49	-4.97	15.73	-6.90
MSCI EAFE Small Cap Index	10.10	12.35	24.96	-17.89	33.01	2.18	9.59	-6.32
<i>% of Excess Return</i>	<i>-6.18</i>	<i>52.20</i>	<i>0.68</i>	<i>-5.88</i>	<i>8.48</i>	<i>-7.15</i>	<i>6.14</i>	<i>-0.58</i>

Fees

LACERS pays Oberweis an effective fee of 84 basis points (0.84%), which is approximately \$2.3 million annually based on the value of LACERS' assets as of February 28, 2022. This fee ranks in the 58th percentile of fees charged by similar managers in the eVestment database (i.e., 58% of like-managers have higher fees). Since inception, LACERS has paid Oberweis a total of \$11.4 million in investment management fees as of December 31, 2021.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

Strategic Plan Impact Statement

A contract renewal with Oberweis Asset Management, Inc. will allow the fund to maintain a diversified exposure to the non-U.S. developed market equities, 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 are 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

Attachment: 1. Consultant Recommendation – NEPC, LLC



To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: March 31, 2022

Subject: Oberweis Asset Management, Inc. - Contract Renewal

Recommendation

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

Background

OAM was hired into the Non-U.S. Equity asset class on January 1, 2014 to provide the Plan with public equity exposure across small capitalization international developed countries/markets. The portfolio's strategy is benchmarked against the MSCI EAFE Small Cap Index and has a performance inception date of February 1, 2014. As of February 28, 2022, OAM managed \$274.3 million, or 1.2% of the LACERS Trust's assets. The performance objective is to outperform the MSCI EAFE Small Cap Index, net of fees, annualized over a full market cycle (normally three-to-five years). The account is currently in good standing with the LACERS' manager monitoring policy.

OAM is an independent investment management firm founded in 1989 by James D. Oberweis. The firm is headquartered in suburban Chicago, with investment professionals based in Chicago, New York, Hong Kong, and the United Kingdom. In 1995, James W. Oberweis joined his father at OAM. In 1996, the firm added two new strategies, the Micro-Cap and Small-Cap Opportunities strategies. In 2001, James W. Oberweis became President of OAM, shortly before James D. Oberweis retired from the business in early 2002. In 2005, the firm expanded internationally by building out an Asia-focused team and launched the China Opportunities strategy. The firm is approximately 75% owned by employees and 25% owned by the Oberweis family. As of December 31, 2022, OAM had \$4.098 billion in assets under management.

The investment team is made up of Ralf Scherschmidt, Portfolio Manager, Jeff Papp, CFA, Assistant Portfolio Manager, Yanru Hsu, CFA, Senior Analyst, Charles Wilson, Senior Analyst, and Charlie Hill-Wood, Senior Analyst. These five members of the investment team are all generalists, although different experience has fostered some degree of specialization. Ralf Scherschmidt leads the team and maintains final decision rights. Research and due diligence responsibilities are primarily allocated by Ralf Scherschmidt. Research duties may be allocated based on time availability, and recent sector experience and industry experience. They have a diverse team from various countries, diverse cultures, and different native languages such as Japanese, German, and Chinese representing the underlying markets in which they invest.

The strategy's philosophy finds its foundation in behavioral finance. The investment team seeks to exploit two primary sources of alpha. First, post earnings announcement drift where OAM observes that on average it takes 9-12 months for analysts to adjust their forecasts after a positive

earnings announcement. This allows the team to conduct fundamental research on those small market cap stocks that are at an inflection point for future earnings. The team is attracted to companies experiencing earnings growth relative to analyst expectations. The result is a portfolio that profiles between core and growth. They believe that understanding changes in fundamentals, earnings, cash flows and company net present values in advance of broad market digestion has a proven empirically supported alpha opportunity. Second, is driven by limited research coverage and readily available public information on companies in which they invest.

The investable universe generally consists of all foreign companies (including ADRs) between \$300 million and \$5 billion in capitalization. They do not screen on growth or value metrics. The strategy focuses on earnings growth and earnings revisions to highlight positive transformations in business fundamentals and earnings trends early on. The ideal company has high competitive barriers, such as patents and/or new technologies. In many circumstances, investors do not immediately fully understand the full implications of such rapid transformations. They are looking for companies whose earnings power has been underestimated by the analyst community. Once they have identified candidates whose prospects are potentially misunderstood, they begin the fundamental research process. Next OAM interviews company management and gathers and analyzes third party industry reports and white papers. Importantly, they will talk to independent sources in the industry along the value chain, be it competitors, suppliers, customers, or other industry participants. They review a company's cash flow statement, income statement and balance sheet, and variables such as free cash flow generation, interest coverage ratios and debt balances. The portfolio is created based on highest conviction 50-100 stocks. Ralf Scherschmidt is the final decision maker. OAM will perform factor exposure and cross-correlation analysis on the holdings to ensure diversification across country and sector. They utilize Empirical Research Partners' and Northfield Information Services' extensive risk analysis and portfolio optimization services.

Performance

Referring to Exhibit 1, since inception of the OAM portfolio calculated as of February 1, 2014, the strategy has outperformed the MSCI EAFE Small Cap Index by 2.9%, returning 9.4%, net of fees. Over the past five-year period ended February 28, 2022, the portfolio has outperformed its benchmark by 4.6% returning 12.5%. Ended December 31, 2021, the portfolio outperformed its benchmark by 3.8% returning 11.4% since inception and ranked in the 1st percentile in its peer universe. Over the past five-year period ended December 31, 2021, the OAM has outperformed its benchmark by 7.3% returning 18.3% and ranked in the 4th percentile in its peer universe. In the one-year period ended December 31, 2021, the portfolio underperformed the index by 6.2% and ranked in the 86th percentile in its peer universe. Underperformance in the short-run (trailing one-year) ended December 31, 2021, was driven by stock selection and OAM's fundamentals-based strategy. Many of the portfolio's holdings experienced a contraction in multiples in 2021 which is a reversal of fortune when compared to the multiple expansion the portfolio experienced in 2020. This multiple contraction outweighed the underlying earnings growth story across the portfolio.

Fees

The portfolio has an asset-based fee of 0.83% (83 basis points) annually. This fee ranks in the 58th percentile among its peers in the eVestment EAFE Small Cap Universe. In other words, 58% of the in the peer universe has a lower fee than the LACERS account.



Conclusion

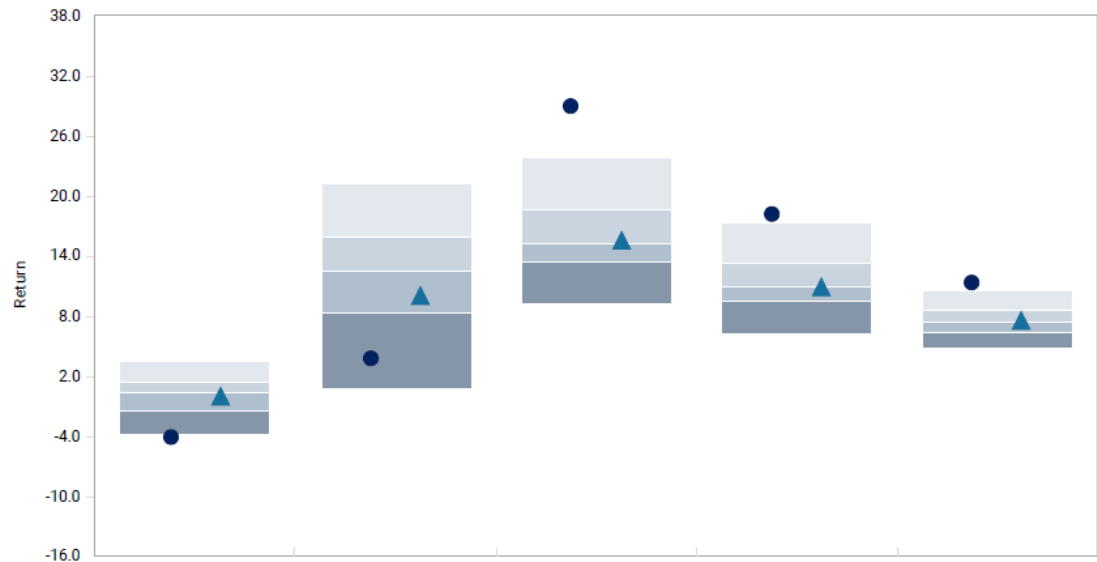
OAM has performed well against its benchmark since inception and over longer-periods of time. The strategy is prone to periods of underperformance over the short-run and this can be observed in the performance evaluation over the past year. We believe in the long-term efficacy of a strategy that focuses on understanding business fundamentals and executing this type of strategy within a less efficient area of capital markets (like small cap) can lead to excess returns. NEPC recommends a contract extension for a period of three years from the period of contract expiry.

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

Exhibit 1: Performance Summary Net of Fees Ended February 28, 2022

	Market Value	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Inception	Inception Date
Oberweis Asset Mgmt	274,261,003	-5.6	-17.2	-13.0	15.8	12.5	9.4	Feb-14
MSCI EAFE Small Cap (Net)		<u>-1.3</u>	<u>-8.5</u>	<u>-1.5</u>	<u>8.6</u>	<u>7.9</u>	<u>6.5</u>	
Over/Under		-4.3	-8.7	-11.5	7.2	4.6	2.9	

Exhibit 2: Performance Summary Net of Fees Ended December 31, 2021



	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Inception (%)
● Oberweis Asset Mgmt	-4.0 (97)	3.9 (86)	29.0 (1)	18.3 (4)	11.4 (1)
▲ MSCI EAFE Small Cap (Net)	0.1 (59)	10.1 (65)	15.6 (48)	11.0 (49)	7.6 (49)
5th Percentile	3.6	21.4	24.0	17.4	10.5
1st Quartile	1.5	16.0	18.7	13.3	8.7
Median	0.3	12.6	15.4	11.0	7.4
3rd Quartile	-1.4	8.3	13.5	9.5	6.4
95th Percentile	-3.7	0.8	9.3	6.4	4.9
Population	73	73	67	63	43



CONTRACT RENEWAL
OBERWEIS ASSET MANAGEMENT, INC.
ACTIVE NON-U.S. SMALL CAP EQUITIES
PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current three-year contract term with Oberweis Asset Management, Inc. (Oberweis) for active non-U.S. small cap equities portfolio management expires on December 31, 2022; and,

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

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

WHEREAS, on April 26, 2022, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with Oberweis.

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:

<u>Company Name:</u>	Oberweis Asset Management, Inc.
<u>Service Provided:</u>	Active Non-U.S. Small Cap Equities Portfolio Management
<u>Effective Dates:</u>	January 1, 2023 through December 31, 2025
<u>Duration:</u>	Three years
<u>Benchmark:</u>	MSCI EAFE Small Cap Index
<u>Allocation as of March 31, 2022:</u>	\$275 million

April 26, 2022



REPORT TO BOARD OF ADMINISTRATION

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

MEETING: APRIL 26, 2022
ITEM: VIII - D

SUBJECT: DISCUSSION OF PROPOSED AMENDMENTS TO LACERS PROXY VOTING POLICY AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board approve the proposed amendments to the LACERS Proxy Voting Policy.

Discussion

On April 12, 2022, the Committee considered and discussed several revisions to the LACERS Proxy Voting Policy (Policy) recommended by staff and arising from a routine review of the Policy. Staff, with the assistance of Institutional Shareholder Services (ISS), LACERS' proxy voting agent, conducted a gap analysis between the Policy and the ISS 2022 benchmark policy, leading to the proposed amendments described in the attached report to the Committee (Attachment 1).

The Committee concurred with all proposed revisions and requested further revisions to the following proxy issues:

1. No. 1.14 – Lack of Women Representation on Corporate Boards
Addition of a statement to the voting rationale that encourages companies to have at least one diverse woman director who identifies as a member of an underrepresented group. (Highlighted in yellow on page 4 of Attachment 2)
2. No. 8.8 – Gender, Race, or Ethnicity Pay Gap and Wage Theft
Addition of a statement to the voting rationale that supports the reporting of policies and practices that protect employees, particularly tipped workers, against wage theft. (Highlighted in yellow on page 19 of Attachment 2)

Upon the Board's approval of the amendments to the Policy, staff may make additional minor administrative edits to be incorporated in the final version.

Strategic Plan Impact Statement

Review and amendment of the LACERS Proxy Voting Policy aligns with the Strategic Plan Goals to optimize long-term risk adjusted investment returns (Goal IV) and uphold good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V).

Prepared By: Ellen Chen, ESG Risk Officer and Investment Officer I, Investment Division

NMG/RJ/BF/EC:rm

Attachments: 1. Governance Committee Report dated April 12, 2022
2. Proxy Voting Policy – Proposed Revisions (Redlined Version)
3. Proxy Voting Policy – Proposed Revisions (Clean Version)



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

MEETING: APRIL 12, 2022
ITEM: III

Neil M. Guglielmo

SUBJECT: DISCUSSION OF PROPOSED AMENDMENTS TO LACERS PROXY VOTING POLICY AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee consider and provide comments regarding the proposed amendments to the LACERS Proxy Voting Policy.

Executive Summary

As good corporate governance practices are widely believed to increase shareholder value, LACERS Proxy Voting Policy (Policy) requires Board-review of the Policy on a routine basis. For the 2022 policy review, staff proposes several revisions, based on an analysis conducted with the assistance of Institutional Shareholder Services (ISS), LACERS' proxy voting agent.

Discussion

The Policy was first adopted in 1985 to vote company proxies in a manner that promotes good corporate governance practices with the intent of protecting shareholder value. The Policy is routinely reviewed by the Board, Committee, and staff to ensure it addresses matters pertinent to LACERS in the current market environment. The Policy was last reviewed and revised by the Board on September 8, 2020.

Under the purview of staff, ISS conducted a gap analysis between the Policy and the ISS 2022 benchmark proxy policy, which is updated annually to address evolving shareholder views. The gap analysis indicated several important issues that are not currently addressed by the Policy. Accordingly, staff recommends adding or revising the following items:

1. **Frequency of Policy Review**
Staff proposes a revision that clarifies that the Board will review the Policy every two years or more frequently as needed. (Page 1 of Attachment 1)
2. **No. 1.14 – Lack of Women Representation on Corporate Boards (Revision)**
Staff proposes revising this item to apply to all public companies, not only those included in the Russell 3000 or S&P 1500 indices. (Page 4 of Attachment 1)

3. No. 1.16 – Climate Accountability (Addition)
Staff proposes that LACERS generally support voting against incumbent directors where research has determined that the company is not taking minimum steps needed to understand, assess, and mitigate climate change risk related to the company. (Page 5 of Attachment 1)
4. No. 1.17 – Common Stock Capital Structure with Unequal Voting Rights (Addition)
Staff proposes that LACERS generally abstain from voting or vote against board directors if the company employs a common stock structure with unequal voting rights. (Page 5 of Attachment 1)
5. No. 8.9 – Prepare Report/Promote Equal Employment Opportunity Commission Related Activities (Revision)
Staff proposes retitling and expanding the existing item currently titled “8.9 Reports on Employee Diversity” to reflect various shareholder proposals pertaining to equal employment and non-discrimination. (Page 19 of Attachment 1)
6. No. 8.10 – Management Climate-Related Proposals (Addition)
Staff proposes that LACERS generally support management proposals to approve the company’s climate transition action plan, taking into account the completeness and rigor of the plan. (Page 19 of Attachment 1)
7. No. 8.11 – Racial Equity and/or Civil Rights Audit (Addition)
Staff proposes that LACERS support shareholder proposals that ask a company to conduct an independent racial equity and/or civil rights audit. (Page 20 of Attachment 1)
8. No. 8.12 – Climate Change / Greenhouse Gas (GHG) Emissions (Addition)
Staff proposes that LACERS generally support shareholder proposals that request that the company disclose a report providing its greenhouse gas emissions level and reduction targets. (Page 20 of Attachment 1)

In addition, staff recommends administrative changes to the Policy as follows:

1. Section 8 Social & Environmental
Staff proposes removing the existing item titled “8.10 All Other ESG Issues” as the procedure for voting issues not addressed by the Policy is described in Section 9. Issues Not Addressed by Policy. (Page 20 of Attachment 1)
2. Section 9. Issues Not Addressed by Policy
Staff proposes removing the reference to “Corporate Governance Actions Protocol” as that policy was superseded with the approval of the Responsible Investment Policy on January 11, 2022. Staff also proposes replacing the “Corporate Governance Actions Protocol” language with similar language to delegate authority to vote on substantive, time-sensitive proxy issues not addressed by the Policy to the General Manager, Chief Investment Officer, Board President, and Governance Committee Chair. (Page 21 of Attachment 1)

Other minor formatting and grammar edits have been made throughout the Policy. Staff requests that the Committee provide comments to the proposed revised Policy. Subsequently, staff will incorporate the Committee's feedback with the intent of finalizing the Policy for Board adoption at a future meeting.

Strategic Plan Impact Statement

Revising the Proxy Policy will assist LACERS with optimizing long-term risk adjusted investment returns (Goal IV); upholding good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V); and maximizing organizational effectiveness and efficiency (Goal VI).

Prepared By: Ellen Chen, ESG Risk Officer and Investment Officer I, Investment Division

NMG/RJ/BF/EC:rm

- Attachments:
1. Proxy Voting Policy – Proposed Revisions (Redline Version)
 2. Proxy Voting Policy – Proposed Revisions (Clean Version)

Section 9 PROXY VOTING POLICY

XIV. PROXY VOTING POLICY

A. Introduction

As good corporate governance practices are widely believed to increase shareholder value, public retirement systems across the country are becoming more active in encouraging good corporate governance practices among companies in which they own stock.

As such the core objectives of LACERS Proxy Policy are:

1. Manage proxy voting rights with the same care, skill, diligence and prudence as is exercised in managing other assets.
2. Exercise proxy voting rights in the sole interest of the System's members and beneficiaries in accordance with all applicable statutes consistent with the Board proxy policy.
3. Provide a framework for voting shares responsibly and in a well-reasoned manner.
4. Align the interests of shareowners and corporate management to build long-term sustainable growth in shareholder value for the benefit of the System.

These primary objectives shall be considered whenever the Board and/or ~~Corporate~~ Governance Committee considers policy, reviews proxy voting issues, recommends corporate governance investment activities, or takes other corporate governance-related actions.

B. Statement of Purpose

The Board has formulated this policy to provide a guideline for proxy voting. This policy is set forth in the best interest of LACERS investment program to support sound corporate governance practices that maximize shareholder value.

All applications of this policy are executed by an outside proxy voting agent. The policy will be reviewed on a ~~bi-annual~~ basis, or more frequently as needed. The proxy voting agent provides quarterly voting reports summarizing all votes cast during that time period. These reports are reviewed for compliance with the proxy voting policy.

Section 9 PROXY VOTING POLICY

1. BOARD OF DIRECTORS

Electing directors is the single most important stock ownership right that shareholders can exercise. Shareholders can promote healthy corporate governance practices and influence long-term shareholder value by electing directors who share shareholder views. In evaluating proxy items related to a company's board, director accountability, independence and competence are of prime importance to ensure that directors are fit for the role and best able to serve shareholders' interests.

No.	Issue	LACERS Position	Rationale
1.1	ELECTION OF DIRECTORS IN UNCONTESTED ELECTIONS	LACERS supports company management in principle VOTING AGENT'S DISCRETION	It is prudent to vote for the prescribed full slate of directors as long as the slate of directors will conduct themselves in the best interest of the shareholders. Director nominees should be evaluated based on accountability, responsiveness to shareholders, independence from company management, and competence and performance.
1.2	BOARD INDEPENDENCE	FOR	At a minimum, a majority of the board should consist of directors who are independent. Corporate boards should strive to obtain board composition made up of a substantial majority (at least two-thirds) of independent directors.
1.3	MAJORITY THRESHOLD VOTING FOR THE ELECTION OF DIRECTORS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Under a plurality system, a board-backed nominee in an uncontested election needs to receive only a single affirmative vote to claim his or her seat in the boardroom. Even if holders of a substantial majority of the votes cast "withhold" support, the director nominee wins the seat. Under the majority vote standard, a director nominee must receive support from holders of a majority of the votes cast in order to be elected (or re-elected) to the board. In contested elections where there are more nominees than seats, a carve-out provision for plurality should exist.
1.4	SEPARATE CHAIR AND CEO	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A CEO who also heads a board is less accountable than one who must answer to an independent chairman as well as fellow directors. However, there could be times when it makes sense for one person to wear two hats. On balance, there appears to be more gained and less lost from separating the two jobs at major companies. The Board generally favors the separation of the chairman and CEO. However, the Board believes it may be in the best interests of a corporation and the shareholders to have one person fulfilling both positions in smaller companies.

Section 9 PROXY VOTING POLICY

No.	Issue	LACERS Position	Rationale
1.5	LIMITING BOARD SIZE	FOR	Proposals that allow management to increase or decrease the size of the board at its own discretion are often used by companies as a takeover defense. Shareholders should support management proposals to fix the size of the board at a specific number of directors, thereby preventing management (when facing a proxy contest) from increasing the size of the board without shareholder approval.
1.6	COMMITTEE INDEPENDENCE	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	The key board committees – audit, compensation, and nominating committees – should be composed exclusively of independent directors if they currently do not meet that standard. The company's board (not the CEO) should appoint the committee chairs and members. Committees should be able to select their own service providers to assist them in decision making.
1.7	DIRECTOR QUALIFICATIONS AND RESTRICTIONS Requires directors to own a minimum amount of stock; impose tenure limits; establishing a minimum or maximum age requirement	AGAINST	Establishing a minimum amount of stock ownership could preclude very qualified candidates from sitting on the board. Tenure limits and age restrictions could force out experienced and knowledgeable board members.
1.8	LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS	CASE-BY-CASE VOTING AGENT'S DISCRETION	This indemnifies corporate officers and directors against personal liability suits as a result of their official status. This indemnification is necessary to attract and keep the best-qualified individuals. However, officers' and directors' liability should not be limited or fully indemnified for acts that are serious violations of fiduciary obligations such as gross negligence or intentional misconduct.
1.9	OBLIGATION OF BOARDS TO ACT ON SHAREHOLDER PROPOSALS RECEIVING MAJORITY SUPPORT To ensure that the voices of the owners of the firm are heard.	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Boards are responsible for ensuring that the voices of the owners of the firm are heard. If the majority of shareholders have indicated they desire a particular governance change, the board should support the proposal in question.
1.10	DIRECTOR REMOVAL BY SHAREHOLDERS	FOR	Shareholders should have the right to remove directors or fill director vacancies. Lack of such a policy could allow management to protect themselves from various shareholder initiatives.

Section 9 PROXY VOTING POLICY

No.	Issue	LACERS Position	Rationale
1.11	SHAREHOLDER ADVISORY COMMITTEES	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	It is often difficult for directors to communicate to and hear from shareholders, because shareholders tend to be numerous, unidentified, dispersed, and silent. This proposal establishes committees of shareholders to make communication easier and more effective. However, establishment of such committees can be time consuming and expensive. The Board prefers the establishment of such committees where there is no other available mechanism to communicate with the company boards.
1.12	PROXY CONTESTS	CASE-BY-CASE VOTING AGENT'S DISCRETION	A proxy contest is a strategy that involves using shareholders' proxy votes to replace the existing members of a company's board of directors. By removing existing board members, the person or company launching the proxy contest can establish a new board of directors that is better aligned with their objectives. Proxy contests should be examined on a case-by-case basis considering factors such as the company's performance relative to peers, strategy of incumbents vs. dissidents, experience of director candidates, current management's track record, etc.
1.13	REIMBURSEMENT OF PROXY SOLICITATION EXPENSES	CASE-BY-CASE VOTING AGENT'S DISCRETION	Most expenditures incurred by incumbents in a proxy contest are paid by the company. In contrast, dissidents are generally reimbursed only for proxy solicitation expenses, if they gain control of the company. Dissidents who have only gained partial representation may also be reimbursed in cases where the board and a majority of shareholders approve. In successful proxy contests, new management will often seek shareholder approval for the use of company funds to reimburse themselves for the costs of proxy solicitation.
1.14	LACK OF WOMEN REPRESENTATION ON CORPORATE BOARDS	CASE-BY-CASE LACERS supports this issue in principle VOTING AGENT'S DISCRETION	LACERS supports the election of women directors to corporate boards. For companies in the Russell 3000 or S&P 1500 indices, g Generally vote against or withhold from the chair of the nominating committee (or other directors on a case-by-case basis) at companies where there are no women on the company's board. An exception will be made if there was a women on the company's board at the preceding annual meeting and the board makes a firm commitment to add one or more women directors within a year.

Section 9 PROXY VOTING POLICY

<u>No.</u>	<u>Issue</u>	<u>LACERS Position</u>	<u>Rationale</u>
1.15	DIRECTOR ATTENDANCE AT BOARD AND COMMITTEE MEETINGS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Absent compelling, publicly disclosed reasons, directors who attend fewer than 75 percent of board and board-committee meetings for two consecutive years should not be renominated. Companies should disclose individual director attendance figures for board and committee meetings.
1.16	<u>CLIMATE ACCOUNTABILITY</u>	<u>CASE-BY-CASE</u> <u>VOTING AGENT'S DISCRETION</u>	<u>For companies that are significant greenhouse gas (GHG) emitters, as identified by the Climate Action 100+ Focus Group list, LACERS generally will vote against incumbent directors in cases where Agent's research has determined that the company is not taking minimum steps needed to understand, assess, and mitigate risk related to climate change to the company (i.e. detailed disclosure of climate-related risks as established by the Task Force on Climate-related Financial Disclosures [TCFD]). LACERS generally will support directors that support climate accountability.</u>
1.17	<u>COMMON STOCK CAPITAL STRUCTURE WITH UNEQUAL VOTING RIGHTS</u>	<u>CASE-BY-CASE</u> <u>VOTING AGENT'S DISCRETION</u>	<u>Generally abstain from voting or vote against directors, committee members, or the entire board (except new nominees, who should be considered case-by-base), if the company employs a common stock structure with unequal voting rights.</u>

Section 9 PROXY VOTING POLICY

2. AUDIT-RELATED

Shareholders must rely on company-produced financial statements to assess company performance and the values of their investments. External auditors play an important role by certifying the integrity of these financial reports provided to shareholders. To ensure that an external auditor is acting in shareholders' best interest, the auditor must be independent, objective, and free of potential conflicts of interest.

No.	Issue	LACERS Position	Rationale
2.1	RATIFYING AUDITORS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	The Board generally supports a company's choice of audit firms unless an auditor has a financial interest in or association with the company and is therefore not independent; there is reason to believe that the independent auditor has rendered an inaccurate opinion of the company's financial position; or fees are excessive as defined by ISS (Non-audit fee > audit fees + audit related fees + tax compliance/preparation fees).
2.2	LIMITING NON-AUDIT SERVICES BY AUDITORS	FOR	Auditor independence may be impaired if an auditor provides both audit-related and non-audit related services to a company and generates significant revenue from these non-audit services. The Board believes that a company should have policies in place to limit non-audit services and prevent conflicts of interest.
2.3	ROTATION OF AUDITORS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A long-standing relationship between a company and an audit firm may compromise auditor independence for various reasons including an auditor's closeness to client management, lack of attention to detail due to staleness and redundancy, and eagerness to please the client. Enron and Anderson is a prime example of this situation. The Board believes it may be prudent to rotate auditors every 5 to 7 years.
2.4	ELECTION OF THE AUDIT COMMITTEE Section 404 of the Sarbanes-Oxley Act requires that companies document and assess the effectiveness of their internal controls. The Audit Committee should be comprised of the independent directors	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Companies with significant material weaknesses identified in the Section 404 disclosures potentially have ineffective internal financial reporting controls, which may lead to inaccurate financial statements, hampering shareholder's ability to make informed investment decisions, and may lead to the destruction in public confidence and shareholder value. The Audit Committee is ultimately responsible for the integrity and reliability of the company's financial information, and its system of internal controls, and should be held accountable.

Section 9 PROXY VOTING POLICY

3. COMPENSATION

The Board endorses executive compensation plans that align management and shareholders' interest. Executive pay programs should be fair, competitive, reasonable, and appropriate. Pay-for-performance plans should be a central tenet of executive compensation and plans should be designed with the intent of increasing long-term shareholder value. Executives should not be incentivized to take excessive risks that could threaten long-term corporate viability and shareholder value.

No.	Issue	LACERS Position	Rationale
3.1	EXECUTIVE COMPENSATION APPROVED BY THE BOARD OF DIRECTORS	FOR	While some corporations allow compensation issues to be left to management, it is more prudent to have a compensation committee, composed of independent directors, approve, on an annual basis, executive compensation, including the right to receive any bonus, severance or other extraordinary payment. If a company does not have a compensation committee, then executive compensation should be approved by a majority vote of independent directors. The Board normally prefers to support the company's recommendation of executive compensation issues.
3.2	INDEPENDENT COMPENSATION CONSULTANT	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A company's board and/or compensation committee should have the power to hire an independent consultant – separate from the compensation consultants working with corporate management – to assist with executive compensation issues to avoid conflicts of interest. Disclosure should be provided about the company's, board's, and/or compensation committee's use of compensation consultants, such as company name, business relationship(s) and fees paid.
3.3	PAY FOR PERFORMANCE	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A significant portion of an executive's pay should be tied to performance over time through the use of short and long-term performance-based incentives to align management and shareholders' interests. From a shareholders' perspective, performance is gauged by the company's stock performance over time. The attainment of executives' incentive goals should ultimately translate into superior shareholder returns in the long-term. Standard stock options and time-vested restricted stock are not considered performance-based since general market volatility alone can increase their value.
3.4	ADVISORY VOTES ON COMPENSATION (SAY ON PAY) – SHAREHOLDER PROPOSALS	FOR	A non-binding "say on pay" vote would encourage the board's compensation committee to be more careful about doling out unduly rich rewards that promote excessive risk-taking. It also would be a quick and effective way for a board to gauge whether shareowners think the company's compensation practices are in their best interests.

Section 9 PROXY VOTING POLICY

No.	Issue	LACERS Position	Rationale
3.5	ADVISORY VOTES ON COMPENSATION (SAY ON PAY) – MANAGEMENT PROPOSALS	CASE-BY-CASE VOTING AGENT'S DISCRETION	<p>The advent of "say on pay" votes for shareholders in the U.S. is providing a new communication mechanism and impetus for constructive engagement between shareholders and managers/directors on pay issues.</p> <p>In general, the management say on pay (MSOP) ballot item is the primary focus of voting on executive pay practices -- dissatisfaction with compensation practices can be expressed by voting against MSOP rather than withholding or voting against the compensation committee.</p>
3.6	SAY ON PAY BALLOT FREQUENCY	FOR	<p>The Board supports an annual MSOP for many of the same reasons it supports annual director elections rather than a classified board structure: because it provides the highest level of accountability and direct communication by enabling the MSOP vote to correspond to the information presented in the accompanying proxy statement for the annual shareholders' meeting. Having MSOP votes only every two or three years, potentially covering all actions occurring between the votes, would make it difficult to create meaningful and coherent communication that the votes are intended to provide.</p>
3.7	STOCK OPTION PLANS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	<p>Stock options align the interests of management with the interests of shareholders. The Board prefers that options should be issued at or above fair market value. There should be no re-pricing of underwater options (stock options with little or no value due to poor performance), nor should there be a replenishment feature (automatic increases in the shares available for grant each year). Management must monitor the amount of dilution that stock options create. The total cost of the stock option plan should be reasonable relative to peer companies. The Board normally supports the use of stock options as a part of executive and management compensation.</p>
3.8	HOLDING PERIOD FOR EQUITY COMPENSATION AWARDS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	<p>Executives should be required to hold a substantial portion of their equity awards, including shares received from option exercises, while they are employed at a company or even into retirement. Equity compensation awards are intended to align management interests with those of shareholders, and allowing executives to sell or hedge these shares while they are employees of the company undermines this purpose.</p>
3.9	EXCLUDING PENSION FUND INCOME	FOR	<p>Earnings generated by a pension plan should not be included for executive compensation purposes.</p>

Section 9 PROXY VOTING POLICY

No.	Issue	LACERS Position	Rationale
3.10	CLAWBACK OF INCENTIVE PAY	FOR	A company should recoup incentive payments made to executives and former executives if it is determined that the incentives were calculated from erroneous data, such as fraudulent or misstated financial results, and these incentive payments would not have been earned if correctly calculated.
3.11	GOLDEN PARACHUTES Golden parachutes are compensation arrangements that pay corporate managers after they leave their positions.	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	Golden parachutes can have a number of positive results: they can reduce management resistance to change, they help attract and retain competent talent, and they provide appropriate severance. Excessive golden parachutes not offered to other employees can damage their morale and can have a dilutive effect on shareholder wealth. A general rule is that the parachute should not exceed three times base salary. The Board is opposed to the payment of excessive executive compensation. Therefore, golden parachute agreements should be submitted to shareholders for ratification.
3.12	CHANGE OF CONTROL TRIGGERING UNJUSTIFIED ACCRUAL OF BENEFITS	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	A change of control event should not result in an acceleration of vesting of all unvested stock options or lapsing of vesting/performance requirements on restricted stock/performance shares, unless there is a loss of employment or substantial change in job duties for an executive.
3.13	GOLDEN COFFINS	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	Golden coffins are death-benefit packages awarded to the heirs of high ranking executives who die during employment with a company. Benefits awarded can include, but are not limited to, unearned salary and bonuses, accelerated stock options and perquisites. The Board is against excessive executive compensation, but recognizes that offering golden coffin benefits may be necessary to attract top talent.
3.14	SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS (SERPS)	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	SERPs are executive-only retirement plans designed as a supplement to employee-wide plans. These plans may be structured to contain special provisions not offered in employee-wide plans such as above market interest rates and excess service credits. Incentive compensation may also be used in calculating retirement benefits, resulting in better benefit formulas than employee-wide plans and increased costs to the company. The Board supports SERPs if these plans do not contain excessive benefits beyond what is offered under employee-wide plans.
3.15	PROPOSALS TO LIMIT EXECUTIVE COMPENSATION OR OTHER BENEFITS	AGAINST	Executive pay should not have a blanket limit such as being capped at a specified multiple of other workers' pay. There should not be an absolute limit to retirement benefits, nor a mandate that stipulates that there be salary reductions based on corporate performance.

Section 9 PROXY VOTING POLICY

No.	Issue	LACERS Position	Rationale
3.16	DIRECTOR COMPENSATION	LACERS supports company management in principle VOTING AGENT'S DISCRETION	This is normally automatically approved unless the program is exceptional or abusive. Directors should be compensated with a mix of cash and stock, with the majority, but not all, of the compensation in stock to align their interests with shareholders. There should be no blanket limits on directors' compensation, but pay should be commensurate with expected duties and experience. The Board normally prefers to support company management's decision. The Board prefers that compensation issues be decided by a majority vote of the independent directors.
3.17	NON-EMPLOYEE DIRECTOR RETIREMENT BENEFITS	AGAINST	Since non-employee directors are elected representatives of shareholders and not company employees, they should not be offered retirement benefits, such as defined benefit plans or deferred stock awards, nor should they be entitled to special post-retirement perquisites.
3.18	DISCLOSURE OF EXECUTIVE COMPENSATION	FOR	The Board supports shareholder proposals seeking additional disclosure of executive compensation.
3.19	EMPLOYEE STOCK OWNERSHIP PROGRAMS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	On one hand, ESOPs have the potential for motivating and rewarding employees. On the other hand, there is concern about their use as management entrenchment devices and their potential dilutive effects on existing shareholder value. The Board believes that future purchasers must bear the same risk as current shareholders. Employee wealth obtained through stock ownership should be tied to shareholder value. The Board prefers no retroactive compensation. The Board supports the use of ESOPs.
3.20	401(K) EMPLOYEE BENEFIT PLANS	FOR	A 401(k) plan provides a highly visible benefit to employees that can be used to attract and retain quality personnel. The Board supports proposals to implement a 401(k) savings plan for employees.
3.21	OMNIBUS BUDGET RECONCILIATION ACT (OBRA) OF 1993 - RELATED COMPENSATION PROPOSALS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	IRS Section 162(m) of OBRA, prohibits a company from deducting more than \$1 million of an executive's compensation for tax purposes unless certain prescribed actions are taken to link compensation to performance such as establishment of performance goals by a compensation committee of outside directors and shareholder approval of the compensation plan. The Board generally supports proposals to approve new compensation plans or amend existing compensation plans to comply with Section 162(m) if the company can obtain tax benefits and increase shareholder value, and the plans do not result in excessive executive compensation.

Section 9 PROXY VOTING POLICY

4. SHAREHOLDER RIGHTS & TAKEOVER DEFENSES

Companies should feature shareholder rights in their corporate governance principles to allow shareholders the opportunity to participate directly in monitoring management. A 2003 study by the National Bureau of Economic Research found that “firms with weaker shareholder rights earned significantly lower returns, were valued lower, had poor operating performance, and engaged in greater capital expenditure and takeover activity.”

No.	Issue	LACERS Position	Rationale
4.1	ACCESS TO PROXY PROCESS	FOR	Access proposals allow shareholders who own a significant number of shares to access management's proxy material to evaluate and propose voting recommendations on proxy proposals and director nominees, and to nominate their own candidates to the board. These proposals are based on the belief that shareholder access rights provide for increased corporate accountability and healthy communication.
4.2	ADVANCE NOTICE REQUIREMENTS	LACERS supports this issue in principle. VOTING AGENT'S DISCRETION	Advance notice bylaws, holding requirements, disclosure rules and any other company imposed regulations on the ability of shareholders to solicit proxies beyond those required by law should not be so onerous as to deny sufficient time or otherwise make it impractical for shareholders to submit nominations or proposals and distribute supporting proxy materials.
4.3	CLASSIFIED BOARDS AND STAGGERED BOARDS A structure for a board of directors in which a portion of the directors serve for different term lengths.	LACERS opposes this issue in principle. VOTING AGENT'S DISCRETION	Although shareholders need some form of protection from hostile takeover attempts, and boards need tools and leverage in order to negotiate effectively with potential acquirers, a classified board tips the balance of power too much toward incumbent management at the price of potentially ignoring shareholder interests.
4.4	CONFIDENTIAL VOTING A shareholder's voting position is kept confidential.	FOR	Shareholders over whom management have some power (for example, employee shareholders, money managers who stand to gain or lose company business, banks, insurance companies and companies with interlocking boards) may be deterred from voting against management if they know their votes will become known to management. Companies that can discover who is voting in which way prior to the meeting also have an advantage not enjoyed by any shareholder supporting or opposing any issue on the ballot, and in targeting those shareholders who vote against management and pressuring them to change their votes.

Section 9 PROXY VOTING POLICY

No.	Issue	LACERS Position	Rationale
4.5	CUMULATIVE VOTING Allows each shareholder to take the voting rights he or she has with respect to director candidates and accumulates them to vote for only one director, or for a smaller number of directors.	FOR	Cumulative voting enhances shareholders' abilities to elect a single director or a small number of directors, thus increasing their ability to have a voice on the board even when they lack the voting power to affect change-in-control or other major decisions. Some fear that allowing cumulative voting can allow or encourage disruptive or predatory shareholders.
4.6	SHAREHOLDER'S RIGHT TO ACT INDEPENDENTLY OF MANAGEMENT -- CALLING SPECIAL MEETINGS AND ACTING BY WRITTEN CONSENT	FOR	These include giving shareholders the ability to call a special meeting of shareholders without management's consent, and the ability to act by written consent (saving the costs and difficulties of holding a meeting). Most corporations support the retention, restoration, or creation of these rights. Shareholders need realistic mechanisms to protect their interests in situations where their interests are not aligned with management interest.
4.7	SUPERMAJORITY PROVISIONS Voting majority that is higher than those set by state law.	AGAINST	Sets a level of approval for specified actions that is higher than the minimum set by state law. These requirements often exceed the level of shareholder participation at a meeting, making action that requires a supermajority all but impossible.
4.8	LINKED (BUNDLED) PROPOSALS Combining more than one proposal.	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	Linked proposals often include "sweeteners" to entice shareholders to vote for a proposal (that includes other items) that may not be in the shareholders' best interest. The Board normally opposes linked proposals where one or more of the linked proposals is in opposition to the Board's proxy position.
4.9	VOTES TO ABSTAIN MEANS A CASTED VOTE	FOR	Counting abstained votes in the total pool of all votes cast.
4.10	BROKER VOTING RESTRICTIONS	FOR	Broker non-votes and abstentions should be counted only for purposes of a quorum.
4.11	FAIR PRICING	FOR	Fair price provisions prevent two-tier tender offers in which a buyer offers a premium price for only enough shares to obtain a controlling interest. It is unfair to pay some shareholders (those that did not tender in the first group) less than other shareholders.
4.12	GREEN MAIL Greenmail is the practice of shareholders accumulating a large block of stock in a company, then selling the stock back to the company at an above market price in exchange for agreeing not to attempt to take control for a lengthy period of time.	AGAINST	A vote of the holders of a majority of the outstanding shares of common stock, regardless of class, shall be required to approve any corporate decision related to the finances of a company which will have a material effect upon the financial position of the company and the position of the company's shareholders.

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No.	Issue	LACERS Position	Rationale
4.13	<p>POISON PILLS</p> <p>A method used by boards, which prevent anyone from acquiring a large portion of the company stock for a corporate takeover.</p>	<p>LACERS opposes this issue in principle</p> <p>VOTING AGENT'S DISCRETION</p>	<p>Poison pills can consist of a wide variety of provisions adopted by boards without shareholder approval, designed to make it financially unattractive – indeed, often financially devastating – for a shareholder to purchase more than a small percentage of the company's stock, often by triggering the creation of a large number of new stocks or warrants that dilute the offending shareholder's interest to the point of making it virtually valueless. The Board is normally opposed to the use of poison pills.</p>
4.14	<p>NET OPERATING LOSS (NOL) POISON PILLS</p> <p>See 4.13 for poison pill definition.</p>	<p>CASE-BY-CASE</p> <p>VOTING AGENT'S DISCRETION</p>	<p>NOLs may be used to reduce future income tax payments and have become valuable assets to many corporations. If a corporation experiences an ownership change as defined by Section 382 of the tax code, then its ability to use a pre-change NOL in a post-change period could be substantially limited or delayed. NOL pills are adopted as a takeover deterrent to preserve the tax benefit of NOLs.</p>
4.15	<p>POISON PILLS – ALLOW FOR SHAREHOLDER VOTE</p>	<p>FOR</p>	<p>Since poison pills ultimately impact the wealth of shareholders, the Board supports voting measures that allow for the shareholders to vote on matters pertaining to the use of poison pills.</p>
4.16	<p>RE-INCORPORATION</p>	<p>LACERS supports company management in principle</p> <p>VOTING AGENT'S DISCRETION</p>	<p>Corporations may wish to reincorporate in another state to take advantage of favorable corporate law, while providing maximized shareholder values and operational flexibility. On the other hand, reincorporation laws of other states could be such as to limit shareholder rights or reduce shareholder wealth. The Board normally supports company management's decisions on re-incorporation matters.</p>
4.17	<p>STATE ANTI-TAKEOVER LAWS</p>	<p>CASE-BY-CASE</p> <p>VOTING AGENT'S DISCRETION</p>	<p>State anti-takeover laws seek to deter hostile takeover attempts of state-based corporations with the intent of keeping target companies locally based and preserving jobs. These laws may also complicate friendly mergers and impose great costs and delays on shareholders and stakeholders in the corporation. Most state anti-takeover provisions allow companies to "opt in" or "opt out" of coverage via shareholder vote.</p>
4.18	<p>TARGETED SHARE PLACEMENTS</p> <p>Placing stock in the hands of friendly investors</p>	<p>LACERS supports company management in principle</p> <p>VOTING AGENT'S DISCRETION</p>	<p>Targeted share placements (or "White Squire" placements) occur when a company puts large blocks of stock or convertible securities into the hands of a friendly investor or group of investors. This is often an inexpensive method of raising cash for a company. The Board prefers that company management seeks authorization before establishing a targeted share placement but supports this corporate action.</p>

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5. CAPITAL STRUCTURE

Corporate financing decisions can have a significant impact on shareholder value, particularly when these decisions may result in common share dilution. As a result, shareholders must analyze all management proposals to modify capital structure to determine whether these financing decisions are in their best interests.

No.	Issue	LACERS Position	Rationale
5.1	INCREASES IN THE NUMBER OF AUTHORIZED SHARES OF STOCK	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Companies need the flexibility of issuing additional shares for stock splits, stock dividends, financings, acquisitions, employee benefit plans and general corporate purposes. The Board prefers that increases should not exceed three times the number of existing outstanding shares and that the company specify a purpose for the proposed increase.
5.2	ONE SHARE, ONE VOTE Each share of common stock, regardless of its class, shall be entitled to vote in proportion to its relative share of the total common stock equity of the corporation.	FOR	The right to vote is inviolate and may not be abridged by any circumstances or by any action of any person. Each share of common stock, regardless of its class, shall be treated equally in proportion to its relative share in the total common stock equity of the corporation, with respect to any dividend, distribution, redemption, tender or exchange offer. In matters reserved for shareholder action, procedural fairness and full disclosure are required.
5.3	PAR VALUE ADJUSTMENT OF COMMON STOCK	FOR	In extraordinary cases when a stock price falls below its par value, a company wishing to issue additional stock would be unable to do so without reducing par value. Companies may also propose reductions in par value to conform to state legislative changes in the required minimum level of par value.
5.4	PREEMPTIVE RIGHTS Provides current stockholders an option to maintain their relative ownership position.	AGAINST	Preemptive rights require a company issuing new shares to offer them to their existing shareholders first, in proportion to their existing holdings. This gives current shareholders the ability to maintain their relative equity position as a shareholder. Preemptive rights generally have limited importance, given the increase in the size and liquidity of the secondary market and their potential for abuse.
5.5	DEBT RESTRUCTURING	CASE-BY-CASE VOTING AGENT'S DISCRETION	As part of a debt restructuring plan, a company may propose to increase and issue common and/or preferred shares. These proposals should be evaluated considering dilution to existing shareholders, potential changes in company control, the company's current financial position, terms of the offer, whether bankruptcy is imminent and alternatives.

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No.	Issue	LACERS Position	Rationale
5.6	CONVERSION OF SECURITIES	CASE-BY-CASE VOTING AGENT'S DISCRETION	Proposals to convert securities, such as converting preferred stock to common shares, should be evaluated based on the dilution to existing shareholders, the conversion price relative to market value, financial issues, control issues, termination penalties, and conflicts of interest.
5.7	SHARE REPURCHASES Corporations buy back a portion of the outstanding shares.	FOR	The Board normally favors of share repurchase plans if the company boards feel that the stock is undervalued or there is a legitimate corporate purpose.
5.8	REVERSE STOCK SPLITS	FOR ONLY IF THE NUMBER OF AUTHORIZED SHARES IS PROPORTIONATELY REDUCED. OTHERWISE, VOTING AGENT'S DISCRETION.	A reverse stock split reduces the number of shares owned and increases the share price proportionately. A reverse stock split has no effect on the value of what shareholders own. Companies often reverse split their stock when they believe the price of their stock is too low to attract investors to buy their stock or to avoid being delisted. If the number of authorized shares is not proportionately reduced with a reverse stock split, then LACERS treats these proposals as a request to increase authorized shares.
5.9	BLANK CHECK PREFERRED STOCK Blank check preferred stock is authorized stock over which the board has complete discretion to set voting rights, dividend rates, and redemption and conversion privileges.	AGAINST	There is the potential for abusing this kind of stock by the board. Although some guidelines note that blank check preferred stock gives management great flexibility, and this might be valuable and in the corporate interest, in general it is felt that this kind of flexibility, free of shareholder control, is insufficient justification for the creation of this type of stock.

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6. CORPORATE RESTRUCTURINGS

Corporate restructurings, such as mergers and leveraged buyouts, can have a major effect on shareholder value. Many of these transactions require shareholder approval and must be examined carefully to determine whether they are in the best financial interests of the shareholders.

No.	Issue	LACERS Position	Rationale
6.1	ASSET SALES	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Asset sales should be evaluated based on the impact on the balance sheet/working capital, value received for the asset, and potential elimination of inefficiencies. The Board generally supports management decisions to sell assets.
6.2	GOING PRIVATE TRANSACTIONS (LEVERAGED BUYOUTS AND MINORITY SQUEEZEOUTS)	CASE-BY-CASE VOTING AGENT'S DISCRETION	Going private transactions such as leveraged buyouts and minority squeezeouts should be evaluated on a case-by-case basis taking into account the following: offer price and imbedded premium, fairness opinion, how the deal was negotiated, conflicts of interest, other alternatives/offers considered, and the risk to shareholders if the attempt to take the company private fails.
6.3	LIQUIDATIONS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Liquidation proposals are generally bad news for long-term investors. They usually occur after a prolonged period of declines in earnings and share prices. However, liquidation may be an attractive option if the sale of the firm's assets on a piece-meal basis can be accomplished at a higher-than-market price. Liquidation proposals should be evaluated based on management's efforts to pursue other alternatives, appraised value of assets, the compensation plan for executives managing the liquidation, and the likelihood of bankruptcy if the liquidation proposal is not approved.
6.4	MERGERS AND ACQUISITIONS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Case-by-case votes are recommended on mergers or acquisitions since the circumstances by which they arise are unique. The Board supports the company management's decision on mergers and acquisitions when such decision is based upon the findings of a thorough due diligence process and is in the best interest of the shareholders.
6.5	SPIN-OFFS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Corporations may seek to streamline their operations by spinning off less productive or unrelated subsidiary businesses. The spun-off companies are expected to be worth more as independent entities than as parts of a larger business. Spin-offs are evaluated case-by-case depending on the tax and regulatory advantages, planned use of sale proceeds, managerial incentives, valuation of spinoff, fairness opinion, benefits to the parent company, conflicts of interest, corporate governance changes, and changes in the capital structure.

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7. MISCELLANEOUS CORPORATE GOVERNANCE			
No.	Issue	LACERS Position	Rationale
7.1	ANNUAL MEETING DATE & LOCATION	LACERS supports company management in principle VOTING AGENT'S DISCRETION	Mandatory rotation of the annual meeting would not significantly increase stockholders' access to management since there are convenient alternatives available to interested stockholders. It would decrease the company's flexibility without a material benefit to stockholders. The Board normally supports company management's decision on this issue.
7.2	CORPORATE NAME CHANGE	FOR	A company may seek a name change to better portray its strategic image or re-brand itself. The Board supports company management's decision on this issue.
7.3	CORPORATION CHARTER & BYLAW AMENDMENTS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Charters and bylaws should not be amended without shareholder approval unless the changes are of a housekeeping nature such as minor corrections or updates.

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8. SOCIAL & ENVIRONMENTAL

On April 9, 2019, the Board of Administration approved becoming a signatory of the Principles for Responsible Investing ("PRI"), a policy of global best practices for environmental, social, and governance ("ESG") investing. LACERS officially became a PRI signatory on September 3, 2019. LACERS current proxy voting agent, Institutional Shareholder Services, ("ISS"), is a signatory to the PRI and incorporates them into its proxy analysis process. Therefore, when considering how to vote on most ESG proposals, investment staff relies on the research expertise and voting recommendations of ISS.

No.	Issue	LACERS Position	Rationale
8.1	DIVERSIFICATION OF BOARDS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Women and minorities have played major and responsible roles not only in government, higher education, law and medicine, but also in communications, electronics, and finance. The Board normally prefers to support diversification on company boards. However, the Board recognizes that such a mandate carried out without regard to the selection of the most highly qualified candidates might not be in the best interest of these companies.
8.2	CORPORATE BOARD MEMBERS SHOULD WEIGH SOCIO-ECONOMIC, LEGAL AND FINANCIAL FACTORS WHEN EVALUATING TAKEOVER BIDS	CASE-BY-CASE BASIS VOTING AGENT'S DISCRETION	While broad social and environmental issues are of concern to everyone, institutional shareholders acting as representatives of their beneficiaries must consider, specifically, the impact of the proposal on the target company. A decision on whether to support or oppose such proposals shall focus on the financial aspects of social and environmental proposals. If a proposal would have a negative impact on the company's financial position or adversely affect important operations, LACERS would oppose the resolution. Conversely, if a proposal would have a clear and beneficial impact on the company's finances or operations, LACERS would support the proposal.
8.3	INDEPENDENT REVIEW OF COMPANY OR PLANT OPERATIONS	AGAINST	An independent review of company or plant operations which will be provided at company expense to the shareholders to consider the cost of and alternatives to the present or proposed projects on the primary operation. This process would be costly and time-consuming.
8.4	DISCLOSURE OF OFFICERS, DIRECTORS AND INVOLVED OUTSIDERS' GOVERNMENTAL AFFILIATIONS	AGAINST	Miscellaneous issues include disclosures of lists of officers, directors and involved outsiders who have served in any governmental capacity during the previous five years. In addition, disclosure includes the lists of law firms employed by the companies, rundowns on fees and the revelation as to whether any elected or appointed official have partnership interest in the retained law firms. To the extent that potential conflicts of interest cannot be controlled by corporate procedures, professional ethics, and law, these disclosures will make no difference.

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No.	Issue	LACERS Position	Rationale
8.5	CORPORATE AFFIRMATION OF ITS NON-COERCIVE POLITICAL PRACTICES	AGAINST	This affirmation is intended to ensure that the corporation avoids a number of coercive political practices such as distribution of contribution cards in favor of one political party. Since these practices are illegal, the issue is moot.
8.6	LIMITING CORPORATE PHILANTHROPY	AGAINST	These proposals place restrictions and additional reporting obligations upon management's right to make corporate contributions to charitable, educational, community or related organizations. Most companies give money to charity. Because most companies must compete, those that do not contribute to charity risk damaging their good names.
8.7	STAKEHOLDERS' INTEREST BEFORE OR EQUAL WITH SHAREHOLDERS' INTEREST	ABSTAIN	Stakeholders include customers, suppliers, employees, communities, creditors and shareholders. Stakeholders are important to the success of the corporation and therefore the interests of each must be considered by directors and management. However, boards should not put the non-shareholder/stakeholder interests ahead of or on an equal footing with shareholders in terms of the corporation's ultimate purpose.
8.8	GENDER, RACE, OR ETHNICITY PAY GAP	FOR	Companies should provide reports on its pay data categorized by gender, race, or ethnicity and reports on a company's policies and goals to reduce any gender, race, or ethnicity pay gaps.
8.9	PREPARE REPORT/PROMOTE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC) RELATED ACTIVITIES REPORTS ON EMPLOYEE DIVERSITY	FOR	<p>1) Shareholder proposals calling for action on equal employment opportunity and non-discrimination.</p> <p>2) Shareholder proposals requesting non-discrimination in salary, wages, and all benefits.</p> <p>3) Shareholder proposals calling for legal and regulatory compliance and public reporting related to non-discrimination, affirmative action, workplace health and safety, and labor policies and practices that affect long-term corporate performance.</p> <p>4) Shareholder proposals that ask the company to report on its diversity and/or affirmative action programs. Companies should provide diversity reports identifying employees according to their gender and race in each of the nine Equal Employment Opportunity Commission (EEOC) defined job categories.</p>
8.10	MANAGEMENT CLIMATE-RELATED PROPOSALS	CASE BY CASE VOTING AGENT'S DISCRETION	Vote case-by-case on management proposals that request shareholders to approve the company's climate transition action plan, taking into account the completeness and rigor of the plan.

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<u>8.11</u>	<u>RACIAL EQUITY AND/OR CIVIL RIGHTS AUDIT</u>	<u>FOR</u>	<u>Vote for proposals asking a company to conduct an independent racial equity and/or civil rights audit to understand the company's policies, process, or framework for addressing racial inequity and discrimination.</u>
<u>No.</u>	<u>Issue</u>	<u>LACERS Position</u>	<u>Rationale</u>
<u>8.12</u>	<u>CLIMATE CHANGE / GREENHOUSE GAS (GHG) EMISSIONS</u>	<u>LACERS supports this issue in principle</u> <u>VOTING AGENT'S DISCRETION</u>	<u>Vote for shareholder proposals that request the company to disclose a report providing its greenhouse gas (GHG) emissions levels and reduction targets and/or its upcoming/approved climate transition action plan and provide shareholders the opportunity to express approval or disapproval of its GHG emissions plan.</u>
10	ALL OTHER ESG ISSUES	VOTING AGENT'S DISCRETION	Investment staff relies on the research expertise and voting recommendations of ISS for other ESG issues not addressed by this policy

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9. ISSUES NOT ADDRESSED BY POLICY

For proxy issues not addressed by this policy that are market specific, operational or administrative in nature, and likely non-substantive in terms of impact, LACERS gives ISS discretion to vote these items.

Substantive issues not covered by this policy and which may potentially have a significant economic impact for LACERS shall be handled accordingly:

- 1) ISS shall alert investment staff of substantive proxy issues not covered by policy as soon as practicable;
- 2) Investment staff and/or the General Manager ~~make~~ shall determine whether the item requires Governance Committee ("Committee") and/or Board of Administration ("Board") consideration;
- 3) If the issue does not require Committee and Board consideration, then staff will vote the issue based on available research;
- 4) If the issue requires Committee and Board consideration, then the item will be prepared and presented to the Committee and Board for consideration. Following Committee and Board action, staff will then have the issue voted accordingly.
- 5) If time constraints prevent a formal gathering of the Committee and Board, then the Board delegates specific authority to the General Manager (GM), the Chief Investment Officer (CIO), the LACERS Board President, and Governance Committee Chair to consider the item. If the GM, CIO, Board President, and Governance Committee Chair unanimously support a voting position, staff shall vote the issue accordingly and the CIO shall report the action to the Board at its next meeting. If unanimous support for a voting position is not achieved, LACERS will abstain from voting on the item.

~~LACERS Board approved Corporate Governance Actions Protocol, as reprinted below, shall apply and staff will then have the issue voted accordingly.~~

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XIV. PROXY VOTING POLICY

A. Introduction

As good corporate governance practices are widely believed to increase shareholder value, public retirement systems across the country are becoming more active in encouraging good corporate governance practices among companies in which they own stock.

As such the core objectives of LACERS Proxy Policy are:

1. Manage proxy voting rights with the same care, skill, diligence and prudence as is exercised in managing other assets.
2. Exercise proxy voting rights in the sole interest of the System's members and beneficiaries in accordance with all applicable statutes consistent with the Board proxy policy.
3. Provide a framework for voting shares responsibly and in a well-reasoned manner.
4. Align the interests of shareowners and corporate management to build long-term sustainable growth in shareholder value for the benefit of the System.

These primary objectives shall be considered whenever the Board and/or Governance Committee considers policy, reviews proxy voting issues, recommends corporate governance investment activities, or takes other corporate governance-related actions.

B. Statement of Purpose

The Board has formulated this policy to provide a guideline for proxy voting. This policy is set forth in the best interest of LACERS investment program to support sound corporate governance practices that maximize shareholder value.

All applications of this policy are executed by an outside proxy voting agent. The policy will be reviewed on a biennial basis, or more frequently as needed. The proxy voting agent provides quarterly voting reports summarizing all votes cast during that time period. These reports are reviewed for compliance with the proxy voting policy.

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1. BOARD OF DIRECTORS

Electing directors is the single most important stock ownership right that shareholders can exercise. Shareholders can promote healthy corporate governance practices and influence long-term shareholder value by electing directors who share shareholder views. In evaluating proxy items related to a company's board, director accountability, independence and competence are of prime importance to ensure that directors are fit for the role and best able to serve shareholders' interests.

No.	Issue	LACERS Position	Rationale
1.1	ELECTION OF DIRECTORS IN UNCONTESTED ELECTIONS	LACERS supports company management in principle VOTING AGENT'S DISCRETION	It is prudent to vote for the prescribed full slate of directors as long as the slate of directors will conduct themselves in the best interest of the shareholders. Director nominees should be evaluated based on accountability, responsiveness to shareholders, independence from company management, and competence and performance.
1.2	BOARD INDEPENDENCE	FOR	At a minimum, a majority of the board should consist of directors who are independent. Corporate boards should strive to obtain board composition made up of a substantial majority (at least two-thirds) of independent directors.
1.3	MAJORITY THRESHOLD VOTING FOR THE ELECTION OF DIRECTORS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Under a plurality system, a board-backed nominee in an uncontested election needs to receive only a single affirmative vote to claim his or her seat in the boardroom. Even if holders of a substantial majority of the votes cast "withhold" support, the director nominee wins the seat. Under the majority vote standard, a director nominee must receive support from holders of a majority of the votes cast in order to be elected (or re-elected) to the board. In contested elections where there are more nominees than seats, a carve-out provision for plurality should exist.
1.4	SEPARATE CHAIR AND CEO	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A CEO who also heads a board is less accountable than one who must answer to an independent chairman as well as fellow directors. However, there could be times when it makes sense for one person to wear two hats. On balance, there appears to be more gained and less lost from separating the two jobs at major companies. The Board generally favors the separation of the chairman and CEO. However, the Board believes it may be in the best interests of a corporation and the shareholders to have one person fulfilling both positions in smaller companies.

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No.	Issue	LACERS Position	Rationale
1.5	LIMITING BOARD SIZE	FOR	Proposals that allow management to increase or decrease the size of the board at its own discretion are often used by companies as a takeover defense. Shareholders should support management proposals to fix the size of the board at a specific number of directors, thereby preventing management (when facing a proxy contest) from increasing the size of the board without shareholder approval.
1.6	COMMITTEE INDEPENDENCE	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	The key board committees – audit, compensation, and nominating committees – should be composed exclusively of independent directors if they currently do not meet that standard. The company's board (not the CEO) should appoint the committee chairs and members. Committees should be able to select their own service providers to assist them in decision making.
1.7	DIRECTOR QUALIFICATIONS AND RESTRICTIONS Requires directors to own a minimum amount of stock; impose tenure limits; establishing a minimum or maximum age requirement	AGAINST	Establishing a minimum amount of stock ownership could preclude very qualified candidates from sitting on the board. Tenure limits and age restrictions could force out experienced and knowledgeable board members.
1.8	LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS	CASE-BY-CASE VOTING AGENT'S DISCRETION	This indemnifies corporate officers and directors against personal liability suits as a result of their official status. This indemnification is necessary to attract and keep the best-qualified individuals. However, officers' and directors' liability should not be limited or fully indemnified for acts that are serious violations of fiduciary obligations such as gross negligence or intentional misconduct.
1.9	OBLIGATION OF BOARDS TO ACT ON SHAREHOLDER PROPOSALS RECEIVING MAJORITY SUPPORT To ensure that the voices of the owners of the firm are heard.	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Boards are responsible for ensuring that the voices of the owners of the firm are heard. If the majority of shareholders have indicated they desire a particular governance change, the board should support the proposal in question.
1.10	DIRECTOR REMOVAL BY SHAREHOLDERS	FOR	Shareholders should have the right to remove directors or fill director vacancies. Lack of such a policy could allow management to protect themselves from various shareholder initiatives.

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No.	Issue	LACERS Position	Rationale
1.11	SHAREHOLDER ADVISORY COMMITTEES	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	It is often difficult for directors to communicate to and hear from shareholders, because shareholders tend to be numerous, unidentified, dispersed, and silent. This proposal establishes committees of shareholders to make communication easier and more effective. However, establishment of such committees can be time consuming and expensive. The Board prefers the establishment of such committees where there is no other available mechanism to communicate with the company boards.
1.12	PROXY CONTESTS	CASE-BY-CASE VOTING AGENT'S DISCRETION	A proxy contest is a strategy that involves using shareholders' proxy votes to replace the existing members of a company's board of directors. By removing existing board members, the person or company launching the proxy contest can establish a new board of directors that is better aligned with their objectives. Proxy contests should be examined on a case-by-case basis considering factors such as the company's performance relative to peers, strategy of incumbents vs. dissidents, experience of director candidates, current management's track record, etc.
1.13	REIMBURSEMENT OF PROXY SOLICITATION EXPENSES	CASE-BY-CASE VOTING AGENT'S DISCRETION	Most expenditures incurred by incumbents in a proxy contest are paid by the company. In contrast, dissidents are generally reimbursed only for proxy solicitation expenses, if they gain control of the company. Dissidents who have only gained partial representation may also be reimbursed in cases where the board and a majority of shareholders approve. In successful proxy contests, new management will often seek shareholder approval for the use of company funds to reimburse themselves for the costs of proxy solicitation.
1.14	LACK OF WOMEN REPRESENTATION ON CORPORATE BOARDS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	LACERS supports the election of women directors to corporate boards. Generally vote against or withhold from the chair of the nominating committee (or other directors on a case-by-case basis) at companies where there are no women on the company's board. An exception will be made if there was a women on the company's board at the preceding annual meeting and the board makes a firm commitment to add one or more women directors within a year.

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No.	Issue	LACERS Position	Rationale
1.15	DIRECTOR ATTENDANCE AT BOARD AND COMMITTEE MEETINGS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Absent compelling, publicly disclosed reasons, directors who attend fewer than 75 percent of board and board-committee meetings for two consecutive years should not be renominated. Companies should disclose individual director attendance figures for board and committee meetings.
1.16	CLIMATE ACCOUNTABILITY	CASE-BY-CASE VOTING AGENT'S DISCRETION	For companies that are significant greenhouse gas (GHG) emitters, as identified by the Climate Action 100+ Focus Group list, LACERS generally will vote against incumbent directors in cases where Agent's research has determined that the company is not taking minimum steps needed to understand, assess, and mitigate risk related to climate change to the company (i.e. detailed disclosure of climate-related risks as established by the Task Force on Climate-related Financial Disclosures [TCFD]). LACERS generally will support directors that support climate accountability.
1.17	COMMON STOCK CAPITAL STRUCTURE WITH UNEQUAL VOTING RIGHTS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Generally abstain from voting or vote against directors, committee members, or the entire board (except new nominees, who should be considered case-by-base), if the company employs a common stock structure with unequal voting rights.

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2. AUDIT-RELATED

Shareholders must rely on company-produced financial statements to assess company performance and the values of their investments. External auditors play an important role by certifying the integrity of these financial reports provided to shareholders. To ensure that an external auditor is acting in shareholders' best interest, the auditor must be independent, objective, and free of potential conflicts of interest.

No.	Issue	LACERS Position	Rationale
2.1	RATIFYING AUDITORS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	The Board generally supports a company's choice of audit firms unless an auditor has a financial interest in or association with the company and is therefore not independent; there is reason to believe that the independent auditor has rendered an inaccurate opinion of the company's financial position; or fees are excessive as defined by ISS (Non-audit fee > audit fees + audit related fees + tax compliance/preparation fees).
2.2	LIMITING NON-AUDIT SERVICES BY AUDITORS	FOR	Auditor independence may be impaired if an auditor provides both audit-related and non-audit related services to a company and generates significant revenue from these non-audit services. The Board believes that a company should have policies in place to limit non-audit services and prevent conflicts of interest.
2.3	ROTATION OF AUDITORS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A long-standing relationship between a company and an audit firm may compromise auditor independence for various reasons including an auditor's closeness to client management, lack of attention to detail due to staleness and redundancy, and eagerness to please the client. Enron and Anderson is a prime example of this situation. The Board believes it may be prudent to rotate auditors every 5 to 7 years.
2.4	ELECTION OF THE AUDIT COMMITTEE Section 404 of the Sarbanes-Oxley Act requires that companies document and assess the effectiveness of their internal controls. The Audit Committee should be comprised of the independent directors	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Companies with significant material weaknesses identified in the Section 404 disclosures potentially have ineffective internal financial reporting controls, which may lead to inaccurate financial statements, hampering shareholder's ability to make informed investment decisions, and may lead to the destruction in public confidence and shareholder value. The Audit Committee is ultimately responsible for the integrity and reliability of the company's financial information, and its system of internal controls, and should be held accountable.

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3. COMPENSATION

The Board endorses executive compensation plans that align management and shareholders' interest. Executive pay programs should be fair, competitive, reasonable, and appropriate. Pay-for-performance plans should be a central tenet of executive compensation and plans should be designed with the intent of increasing long-term shareholder value. Executives should not be incentivized to take excessive risks that could threaten long-term corporate viability and shareholder value.

No.	Issue	LACERS Position	Rationale
3.1	EXECUTIVE COMPENSATION APPROVED BY THE BOARD OF DIRECTORS	FOR	While some corporations allow compensation issues to be left to management, it is more prudent to have a compensation committee, composed of independent directors, approve, on an annual basis, executive compensation, including the right to receive any bonus, severance or other extraordinary payment. If a company does not have a compensation committee, then executive compensation should be approved by a majority vote of independent directors. The Board normally prefers to support the company's recommendation of executive compensation issues.
3.2	INDEPENDENT COMPENSATION CONSULTANT	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A company's board and/or compensation committee should have the power to hire an independent consultant – separate from the compensation consultants working with corporate management – to assist with executive compensation issues to avoid conflicts of interest. Disclosure should be provided about the company's, board's, and/or compensation committee's use of compensation consultants, such as company name, business relationship(s) and fees paid.
3.3	PAY FOR PERFORMANCE	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A significant portion of an executive's pay should be tied to performance over time through the use of short and long-term performance-based incentives to align management and shareholders' interests. From a shareholders' perspective, performance is gauged by the company's stock performance over time. The attainment of executives' incentive goals should ultimately translate into superior shareholder returns in the long-term. Standard stock options and time-vested restricted stock are not considered performance-based since general market volatility alone can increase their value.
3.4	ADVISORY VOTES ON COMPENSATION (SAY ON PAY) – SHAREHOLDER PROPOSALS	FOR	A non-binding "say on pay" vote would encourage the board's compensation committee to be more careful about doling out unduly rich rewards that promote excessive risk-taking. It also would be a quick and effective way for a board to gauge whether shareowners think the company's compensation practices are in their best interests.

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No.	Issue	LACERS Position	Rationale
3.5	ADVISORY VOTES ON COMPENSATION (SAY ON PAY) – MANAGEMENT PROPOSALS	CASE-BY-CASE VOTING AGENT'S DISCRETION	<p>The advent of "say on pay" votes for shareholders in the U.S. is providing a new communication mechanism and impetus for constructive engagement between shareholders and managers/directors on pay issues.</p> <p>In general, the management say on pay (MSOP) ballot item is the primary focus of voting on executive pay practices -- dissatisfaction with compensation practices can be expressed by voting against MSOP rather than withholding or voting against the compensation committee.</p>
3.6	SAY ON PAY BALLOT FREQUENCY	FOR	<p>The Board supports an annual MSOP for many of the same reasons it supports annual director elections rather than a classified board structure: because it provides the highest level of accountability and direct communication by enabling the MSOP vote to correspond to the information presented in the accompanying proxy statement for the annual shareholders' meeting. Having MSOP votes only every two or three years, potentially covering all actions occurring between the votes, would make it difficult to create meaningful and coherent communication that the votes are intended to provide.</p>
3.7	STOCK OPTION PLANS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	<p>Stock options align the interests of management with the interests of shareholders. The Board prefers that options should be issued at or above fair market value. There should be no re-pricing of underwater options (stock options with little or no value due to poor performance), nor should there be a replenishment feature (automatic increases in the shares available for grant each year). Management must monitor the amount of dilution that stock options create. The total cost of the stock option plan should be reasonable relative to peer companies. The Board normally supports the use of stock options as a part of executive and management compensation.</p>
3.8	HOLDING PERIOD FOR EQUITY COMPENSATION AWARDS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	<p>Executives should be required to hold a substantial portion of their equity awards, including shares received from option exercises, while they are employed at a company or even into retirement. Equity compensation awards are intended to align management interests with those of shareholders, and allowing executives to sell or hedge these shares while they are employees of the company undermines this purpose.</p>
3.9	EXCLUDING PENSION FUND INCOME	FOR	<p>Earnings generated by a pension plan should not be included for executive compensation purposes.</p>

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No.	Issue	LACERS Position	Rationale
3.10	CLAWBACK OF INCENTIVE PAY	FOR	A company should recoup incentive payments made to executives and former executives if it is determined that the incentives were calculated from erroneous data, such as fraudulent or misstated financial results, and these incentive payments would not have been earned if correctly calculated.
3.11	GOLDEN PARACHUTES Golden parachutes are compensation arrangements that pay corporate managers after they leave their positions.	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	Golden parachutes can have a number of positive results: they can reduce management resistance to change, they help attract and retain competent talent, and they provide appropriate severance. Excessive golden parachutes not offered to other employees can damage their morale and can have a dilutive effect on shareholder wealth. A general rule is that the parachute should not exceed three times base salary. The Board is opposed to the payment of excessive executive compensation. Therefore, golden parachute agreements should be submitted to shareholders for ratification.
3.12	CHANGE OF CONTROL TRIGGERING UNJUSTIFIED ACCRUAL OF BENEFITS	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	A change of control event should not result in an acceleration of vesting of all unvested stock options or lapsing of vesting/performance requirements on restricted stock/performance shares, unless there is a loss of employment or substantial change in job duties for an executive.
3.13	GOLDEN COFFINS	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	Golden coffins are death-benefit packages awarded to the heirs of high ranking executives who die during employment with a company. Benefits awarded can include, but are not limited to, unearned salary and bonuses, accelerated stock options and perquisites. The Board is against excessive executive compensation, but recognizes that offering golden coffin benefits may be necessary to attract top talent.
3.14	SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS (SERPS)	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	SERPs are executive-only retirement plans designed as a supplement to employee-wide plans. These plans may be structured to contain special provisions not offered in employee-wide plans such as above market interest rates and excess service credits. Incentive compensation may also be used in calculating retirement benefits, resulting in better benefit formulas than employee-wide plans and increased costs to the company. The Board supports SERPs if these plans do not contain excessive benefits beyond what is offered under employee-wide plans.
3.15	PROPOSALS TO LIMIT EXECUTIVE COMPENSATION OR OTHER BENEFITS	AGAINST	Executive pay should not have a blanket limit such as being capped at a specified multiple of other workers' pay. There should not be an absolute limit to retirement benefits, nor a mandate that stipulates that there be salary reductions based on corporate performance.

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No.	Issue	LACERS Position	Rationale
3.16	DIRECTOR COMPENSATION	LACERS supports company management in principle VOTING AGENT'S DISCRETION	This is normally automatically approved unless the program is exceptional or abusive. Directors should be compensated with a mix of cash and stock, with the majority, but not all, of the compensation in stock to align their interests with shareholders. There should be no blanket limits on directors' compensation, but pay should be commensurate with expected duties and experience. The Board normally prefers to support company management's decision. The Board prefers that compensation issues be decided by a majority vote of the independent directors.
3.17	NON-EMPLOYEE DIRECTOR RETIREMENT BENEFITS	AGAINST	Since non-employee directors are elected representatives of shareholders and not company employees, they should not be offered retirement benefits, such as defined benefit plans or deferred stock awards, nor should they be entitled to special post-retirement perquisites.
3.18	DISCLOSURE OF EXECUTIVE COMPENSATION	FOR	The Board supports shareholder proposals seeking additional disclosure of executive compensation.
3.19	EMPLOYEE STOCK OWNERSHIP PROGRAMS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	On one hand, ESOPs have the potential for motivating and rewarding employees. On the other hand, there is concern about their use as management entrenchment devices and their potential dilutive effects on existing shareholder value. The Board believes that future purchasers must bear the same risk as current shareholders. Employee wealth obtained through stock ownership should be tied to shareholder value. The Board prefers no retroactive compensation. The Board supports the use of ESOPs.
3.20	401(K) EMPLOYEE BENEFIT PLANS	FOR	A 401(k) plan provides a highly visible benefit to employees that can be used to attract and retain quality personnel. The Board supports proposals to implement a 401(k) savings plan for employees.
3.21	OMNIBUS BUDGET RECONCILIATION ACT (OBRA) OF 1993 - RELATED COMPENSATION PROPOSALS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	IRS Section 162(m) of OBRA, prohibits a company from deducting more than \$1 million of an executive's compensation for tax purposes unless certain prescribed actions are taken to link compensation to performance such as establishment of performance goals by a compensation committee of outside directors and shareholder approval of the compensation plan. The Board generally supports proposals to approve new compensation plans or amend existing compensation plans to comply with Section 162(m) if the company can obtain tax benefits and increase shareholder value, and the plans do not result in excessive executive compensation.

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4. SHAREHOLDER RIGHTS & TAKEOVER DEFENSES

Companies should feature shareholder rights in their corporate governance principles to allow shareholders the opportunity to participate directly in monitoring management. A 2003 study by the National Bureau of Economic Research found that “firms with weaker shareholder rights earned significantly lower returns, were valued lower, had poor operating performance, and engaged in greater capital expenditure and takeover activity.”

No.	Issue	LACERS Position	Rationale
4.1	ACCESS TO PROXY PROCESS	FOR	Access proposals allow shareholders who own a significant number of shares to access management's proxy material to evaluate and propose voting recommendations on proxy proposals and director nominees, and to nominate their own candidates to the board. These proposals are based on the belief that shareholder access rights provide for increased corporate accountability and healthy communication.
4.2	ADVANCE NOTICE REQUIREMENTS	LACERS supports this issue in principle. VOTING AGENT'S DISCRETION	Advance notice bylaws, holding requirements, disclosure rules and any other company imposed regulations on the ability of shareholders to solicit proxies beyond those required by law should not be so onerous as to deny sufficient time or otherwise make it impractical for shareholders to submit nominations or proposals and distribute supporting proxy materials.
4.3	CLASSIFIED BOARDS AND STAGGERED BOARDS A structure for a board of directors in which a portion of the directors serve for different term lengths.	LACERS opposes this issue in principle. VOTING AGENT'S DISCRETION	Although shareholders need some form of protection from hostile takeover attempts, and boards need tools and leverage in order to negotiate effectively with potential acquirers, a classified board tips the balance of power too much toward incumbent management at the price of potentially ignoring shareholder interests.
4.4	CONFIDENTIAL VOTING A shareholder's voting position is kept confidential.	FOR	Shareholders over whom management have some power (for example, employee shareholders, money managers who stand to gain or lose company business, banks, insurance companies and companies with interlocking boards) may be deterred from voting against management if they know their votes will become known to management. Companies that can discover who is voting in which way prior to the meeting also have an advantage not enjoyed by any shareholder supporting or opposing any issue on the ballot, and in targeting those shareholders who vote against management and pressuring them to change their votes.

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No.	Issue	LACERS Position	Rationale
4.5	CUMULATIVE VOTING Allows each shareholder to take the voting rights he or she has with respect to director candidates and accumulates them to vote for only one director, or for a smaller number of directors.	FOR	Cumulative voting enhances shareholders' abilities to elect a single director or a small number of directors, thus increasing their ability to have a voice on the board even when they lack the voting power to affect change-in-control or other major decisions. Some fear that allowing cumulative voting can allow or encourage disruptive or predatory shareholders.
4.6	SHAREHOLDER'S RIGHT TO ACT INDEPENDENTLY OF MANAGEMENT -- CALLING SPECIAL MEETINGS AND ACTING BY WRITTEN CONSENT	FOR	These include giving shareholders the ability to call a special meeting of shareholders without management's consent, and the ability to act by written consent (saving the costs and difficulties of holding a meeting). Most corporations support the retention, restoration, or creation of these rights. Shareholders need realistic mechanisms to protect their interests in situations where their interests are not aligned with management interest.
4.7	SUPERMAJORITY PROVISIONS Voting majority that is higher than those set by state law.	AGAINST	Sets a level of approval for specified actions that is higher than the minimum set by state law. These requirements often exceed the level of shareholder participation at a meeting, making action that requires a supermajority all but impossible.
4.8	LINKED (BUNDLED) PROPOSALS Combining more than one proposal.	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	Linked proposals often include "sweeteners" to entice shareholders to vote for a proposal (that includes other items) that may not be in the shareholders' best interest. The Board normally opposes linked proposals where one or more of the linked proposals is in opposition to the Board's proxy position.
4.9	VOTES TO ABSTAIN MEANS A CASTED VOTE	FOR	Counting abstained votes in the total pool of all votes cast.
4.10	BROKER VOTING RESTRICTIONS	FOR	Broker non-votes and abstentions should be counted only for purposes of a quorum.
4.11	FAIR PRICING	FOR	Fair price provisions prevent two-tier tender offers in which a buyer offers a premium price for only enough shares to obtain a controlling interest. It is unfair to pay some shareholders (those that did not tender in the first group) less than other shareholders.
4.12	GREEN MAIL Greenmail is the practice of shareholders accumulating a large block of stock in a company, then selling the stock back to the company at an above market price in exchange for agreeing not to attempt to take control for a lengthy period of time.	AGAINST	A vote of the holders of a majority of the outstanding shares of common stock, regardless of class, shall be required to approve any corporate decision related to the finances of a company which will have a material effect upon the financial position of the company and the position of the company's shareholders.

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No.	Issue	LACERS Position	Rationale
4.13	<p>POISON PILLS</p> <p>A method used by boards, which prevent anyone from acquiring a large portion of the company stock for a corporate takeover.</p>	<p>LACERS opposes this issue in principle</p> <p>VOTING AGENT'S DISCRETION</p>	<p>Poison pills can consist of a wide variety of provisions adopted by boards without shareholder approval, designed to make it financially unattractive – indeed, often financially devastating – for a shareholder to purchase more than a small percentage of the company's stock, often by triggering the creation of a large number of new stocks or warrants that dilute the offending shareholder's interest to the point of making it virtually valueless. The Board is normally opposed to the use of poison pills.</p>
4.14	<p>NET OPERATING LOSS (NOL) POISON PILLS</p> <p>See 4.13 for poison pill definition.</p>	<p>CASE-BY-CASE</p> <p>VOTING AGENT'S DISCRETION</p>	<p>NOLs may be used to reduce future income tax payments and have become valuable assets to many corporations. If a corporation experiences an ownership change as defined by Section 382 of the tax code, then its ability to use a pre-change NOL in a post-change period could be substantially limited or delayed. NOL pills are adopted as a takeover deterrent to preserve the tax benefit of NOLs.</p>
4.15	<p>POISON PILLS – ALLOW FOR SHAREHOLDER VOTE</p>	<p>FOR</p>	<p>Since poison pills ultimately impact the wealth of shareholders, the Board supports voting measures that allow for the shareholders to vote on matters pertaining to the use of poison pills.</p>
4.16	<p>RE-INCORPORATION</p>	<p>LACERS supports company management in principle</p> <p>VOTING AGENT'S DISCRETION</p>	<p>Corporations may wish to reincorporate in another state to take advantage of favorable corporate law, while providing maximized shareholder values and operational flexibility. On the other hand, reincorporation laws of other states could be such as to limit shareholder rights or reduce shareholder wealth. The Board normally supports company management's decisions on re-incorporation matters.</p>
4.17	<p>STATE ANTI-TAKEOVER LAWS</p>	<p>CASE-BY-CASE</p> <p>VOTING AGENT'S DISCRETION</p>	<p>State anti-takeover laws seek to deter hostile takeover attempts of state-based corporations with the intent of keeping target companies locally based and preserving jobs. These laws may also complicate friendly mergers and impose great costs and delays on shareholders and stakeholders in the corporation. Most state anti-takeover provisions allow companies to "opt in" or "opt out" of coverage via shareholder vote.</p>
4.18	<p>TARGETED SHARE PLACEMENTS</p> <p>Placing stock in the hands of friendly investors</p>	<p>LACERS supports company management in principle</p> <p>VOTING AGENT'S DISCRETION</p>	<p>Targeted share placements (or "White Squire" placements) occur when a company puts large blocks of stock or convertible securities into the hands of a friendly investor or group of investors. This is often an inexpensive method of raising cash for a company. The Board prefers that company management seeks authorization before establishing a targeted share placement but supports this corporate action.</p>

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5. CAPITAL STRUCTURE

Corporate financing decisions can have a significant impact on shareholder value, particularly when these decisions may result in common share dilution. As a result, shareholders must analyze all management proposals to modify capital structure to determine whether these financing decisions are in their best interests.

No.	Issue	LACERS Position	Rationale
5.1	INCREASES IN THE NUMBER OF AUTHORIZED SHARES OF STOCK	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Companies need the flexibility of issuing additional shares for stock splits, stock dividends, financings, acquisitions, employee benefit plans and general corporate purposes. The Board prefers that increases should not exceed three times the number of existing outstanding shares and that the company specify a purpose for the proposed increase.
5.2	ONE SHARE, ONE VOTE Each share of common stock, regardless of its class, shall be entitled to vote in proportion to its relative share of the total common stock equity of the corporation.	FOR	The right to vote is inviolate and may not be abridged by any circumstances or by any action of any person. Each share of common stock, regardless of its class, shall be treated equally in proportion to its relative share in the total common stock equity of the corporation, with respect to any dividend, distribution, redemption, tender or exchange offer. In matters reserved for shareholder action, procedural fairness and full disclosure are required.
5.3	PAR VALUE ADJUSTMENT OF COMMON STOCK	FOR	In extraordinary cases when a stock price falls below its par value, a company wishing to issue additional stock would be unable to do so without reducing par value. Companies may also propose reductions in par value to conform to state legislative changes in the required minimum level of par value.
5.4	PREEMPTIVE RIGHTS Provides current stockholders an option to maintain their relative ownership position.	AGAINST	Preemptive rights require a company issuing new shares to offer them to their existing shareholders first, in proportion to their existing holdings. This gives current shareholders the ability to maintain their relative equity position as a shareholder. Preemptive rights generally have limited importance, given the increase in the size and liquidity of the secondary market and their potential for abuse.
5.5	DEBT RESTRUCTURING	CASE-BY-CASE VOTING AGENT'S DISCRETION	As part of a debt restructuring plan, a company may propose to increase and issue common and/or preferred shares. These proposals should be evaluated considering dilution to existing shareholders, potential changes in company control, the company's current financial position, terms of the offer, whether bankruptcy is imminent and alternatives.

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No.	Issue	LACERS Position	Rationale
5.6	CONVERSION OF SECURITIES	CASE-BY-CASE VOTING AGENT'S DISCRETION	Proposals to convert securities, such as converting preferred stock to common shares, should be evaluated based on the dilution to existing shareholders, the conversion price relative to market value, financial issues, control issues, termination penalties, and conflicts of interest.
5.7	SHARE REPURCHASES Corporations buy back a portion of the outstanding shares.	FOR	The Board normally favors of share repurchase plans if the company boards feel that the stock is undervalued or there is a legitimate corporate purpose.
5.8	REVERSE STOCK SPLITS	FOR ONLY IF THE NUMBER OF AUTHORIZED SHARES IS PROPORTIONATELY REDUCED. OTHERWISE, VOTING AGENT'S DISCRETION.	A reverse stock split reduces the number of shares owned and increases the share price proportionately. A reverse stock split has no effect on the value of what shareholders own. Companies often reverse split their stock when they believe the price of their stock is too low to attract investors to buy their stock or to avoid being delisted. If the number of authorized shares is not proportionately reduced with a reverse stock split, then LACERS treats these proposals as a request to increase authorized shares.
5.9	BLANK CHECK PREFERRED STOCK Blank check preferred stock is authorized stock over which the board has complete discretion to set voting rights, dividend rates, and redemption and conversion privileges.	AGAINST	There is the potential for abusing this kind of stock by the board. Although some guidelines note that blank check preferred stock gives management great flexibility, and this might be valuable and in the corporate interest, in general it is felt that this kind of flexibility, free of shareholder control, is insufficient justification for the creation of this type of stock.

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6. CORPORATE RESTRUCTURINGS

Corporate restructurings, such as mergers and leveraged buyouts, can have a major effect on shareholder value. Many of these transactions require shareholder approval and must be examined carefully to determine whether they are in the best financial interests of the shareholders.

No.	Issue	LACERS Position	Rationale
6.1	ASSET SALES	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Asset sales should be evaluated based on the impact on the balance sheet/working capital, value received for the asset, and potential elimination of inefficiencies. The Board generally supports management decisions to sell assets.
6.2	GOING PRIVATE TRANSACTIONS (LEVERAGED BUYOUTS AND MINORITY SQUEEZEOUTS)	CASE-BY-CASE VOTING AGENT'S DISCRETION	Going private transactions such as leveraged buyouts and minority squeezeouts should be evaluated on a case-by-case basis taking into account the following: offer price and imbedded premium, fairness opinion, how the deal was negotiated, conflicts of interest, other alternatives/offers considered, and the risk to shareholders if the attempt to take the company private fails.
6.3	LIQUIDATIONS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Liquidation proposals are generally bad news for long-term investors. They usually occur after a prolonged period of declines in earnings and share prices. However, liquidation may be an attractive option if the sale of the firm's assets on a piece-meal basis can be accomplished at a higher-than-market price. Liquidation proposals should be evaluated based on management's efforts to pursue other alternatives, appraised value of assets, the compensation plan for executives managing the liquidation, and the likelihood of bankruptcy if the liquidation proposal is not approved.
6.4	MERGERS AND ACQUISITIONS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Case-by-case votes are recommended on mergers or acquisitions since the circumstances by which they arise are unique. The Board supports the company management's decision on mergers and acquisitions when such decision is based upon the findings of a thorough due diligence process and is in the best interest of the shareholders.
6.5	SPIN-OFFS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Corporations may seek to streamline their operations by spinning off less productive or unrelated subsidiary businesses. The spun-off companies are expected to be worth more as independent entities than as parts of a larger business. Spin-offs are evaluated case-by-case depending on the tax and regulatory advantages, planned use of sale proceeds, managerial incentives, valuation of spinoff, fairness opinion, benefits to the parent company, conflicts of interest, corporate governance changes, and changes in the capital structure.

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7. MISCELLANEOUS CORPORATE GOVERNANCE			
No.	Issue	LACERS Position	Rationale
7.1	ANNUAL MEETING DATE & LOCATION	LACERS supports company management in principle VOTING AGENT'S DISCRETION	Mandatory rotation of the annual meeting would not significantly increase stockholders' access to management since there are convenient alternatives available to interested stockholders. It would decrease the company's flexibility without a material benefit to stockholders. The Board normally supports company management's decision on this issue.
7.2	CORPORATE NAME CHANGE	FOR	A company may seek a name change to better portray its strategic image or re-brand itself. The Board supports company management's decision on this issue.
7.3	CORPORATION CHARTER & BYLAW AMENDMENTS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Charters and bylaws should not be amended without shareholder approval unless the changes are of a housekeeping nature such as minor corrections or updates.

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8. SOCIAL & ENVIRONMENTAL

On April 9, 2019, the Board of Administration approved becoming a signatory of the Principles for Responsible Investing ("PRI"), a policy of global best practices for environmental, social, and governance ("ESG") investing. LACERS officially became a PRI signatory on September 3, 2019. LACERS current proxy voting agent, Institutional Shareholder Services, ("ISS"), is a signatory to the PRI and incorporates them into its proxy analysis process. Therefore, when considering how to vote on most ESG proposals, investment staff relies on the research expertise and voting recommendations of ISS.

No.	Issue	LACERS Position	Rationale
8.1	DIVERSIFICATION OF BOARDS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Women and minorities have played major and responsible roles not only in government, higher education, law and medicine, but also in communications, electronics, and finance. The Board normally prefers to support diversification on company boards. However, the Board recognizes that such a mandate carried out without regard to the selection of the most highly qualified candidates might not be in the best interest of these companies.
8.2	CORPORATE BOARD MEMBERS SHOULD WEIGH SOCIO-ECONOMIC, LEGAL AND FINANCIAL FACTORS WHEN EVALUATING TAKEOVER BIDS	CASE-BY-CASE BASIS VOTING AGENT'S DISCRETION	While broad social and environmental issues are of concern to everyone, institutional shareholders acting as representatives of their beneficiaries must consider, specifically, the impact of the proposal on the target company. A decision on whether to support or oppose such proposals shall focus on the financial aspects of social and environmental proposals. If a proposal would have a negative impact on the company's financial position or adversely affect important operations, LACERS would oppose the resolution. Conversely, if a proposal would have a clear and beneficial impact on the company's finances or operations, LACERS would support the proposal.
8.3	INDEPENDENT REVIEW OF COMPANY OR PLANT OPERATIONS	AGAINST	An independent review of company or plant operations which will be provided at company expense to the shareholders to consider the cost of and alternatives to the present or proposed projects on the primary operation. This process would be costly and time-consuming.
8.4	DISCLOSURE OF OFFICERS, DIRECTORS AND INVOLVED OUTSIDERS' GOVERNMENTAL AFFILIATIONS	AGAINST	Miscellaneous issues include disclosures of lists of officers, directors and involved outsiders who have served in any governmental capacity during the previous five years. In addition, disclosure includes the lists of law firms employed by the companies, rundowns on fees and the revelation as to whether any elected or appointed official have partnership interest in the retained law firms. To the extent that potential conflicts of interest cannot be controlled by corporate procedures, professional ethics, and law, these disclosures will make no difference.

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No.	Issue	LACERS Position	Rationale
8.5	CORPORATE AFFIRMATION OF ITS NON-COERCIVE POLITICAL PRACTICES	AGAINST	This affirmation is intended to ensure that the corporation avoids a number of coercive political practices such as distribution of contribution cards in favor of one political party. Since these practices are illegal, the issue is moot.
8.6	LIMITING CORPORATE PHILANTHROPY	AGAINST	These proposals place restrictions and additional reporting obligations upon management's right to make corporate contributions to charitable, educational, community or related organizations. Most companies give money to charity. Because most companies must compete, those that do not contribute to charity risk damaging their good names.
8.7	STAKEHOLDERS' INTEREST BEFORE OR EQUAL WITH SHAREHOLDERS' INTEREST	ABSTAIN	Stakeholders include customers, suppliers, employees, communities, creditors and shareholders. Stakeholders are important to the success of the corporation and therefore the interests of each must be considered by directors and management. However, boards should not put the non-shareholder/stakeholder interests ahead of or on an equal footing with shareholders in terms of the corporation's ultimate purpose.
8.8	GENDER, RACE, OR ETHNICITY PAY GAP	FOR	Companies should provide reports on its pay data categorized by gender, race, or ethnicity and reports on a company's policies and goals to reduce any gender, race, or ethnicity pay gaps.
8.9	PREPARE REPORT/PROMOTE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC) RELATED ACTIVITIES	FOR	<p>1) Shareholder proposals calling for action on equal employment opportunity and non-discrimination.</p> <p>2) Shareholder proposals requesting non-discrimination in salary, wages, and all benefits.</p> <p>3) Shareholder proposals calling for legal and regulatory compliance and public reporting related to non-discrimination, affirmative action, workplace health and safety, and labor policies and practices that affect long-term corporate performance.</p> <p>4) Shareholder proposals that ask the company to report on its diversity and/or affirmative action programs.</p>
8.10	MANAGEMENT CLIMATE-RELATED PROPOSALS	CASE BY CASE VOTING AGENT'S DISCRETION	Vote case-by-case on management proposals that request shareholders to approve the company's climate transition action plan, taking into account the completeness and rigor of the plan.
8.11	RACIAL EQUITY AND/OR CIVIL RIGHTS AUDIT	FOR	Vote for proposals asking a company to conduct an independent racial equity and/or civil rights audit to understand the company's policies, process, or framework for addressing racial inequity and discrimination.

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No.	Issue	LACERS Position	Rationale
8.12	CLIMATE CHANGE / GREENHOUSE GAS (GHG) EMISSIONS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Vote for shareholder proposals that request the company to disclose a report providing its greenhouse gas (GHG) emissions levels and reduction targets and/or its upcoming/approved climate transition action plan and provide shareholders the opportunity to express approval or disapproval of its GHG emissions plan.

9. ISSUES NOT ADDRESSED BY POLICY

For proxy issues not addressed by this policy that are market specific, operational or administrative in nature, and likely non-substantive in terms of impact, LACERS gives ISS discretion to vote these items.

Substantive issues not covered by this policy and which may potentially have a significant economic impact for LACERS shall be handled accordingly:

- 1) ISS shall alert investment staff of substantive proxy issues not covered by policy as soon as practicable;
- 2) Investment staff and/or the General Manager shall determine whether the item requires Governance Committee ("Committee") and/or Board of Administration ("Board") consideration;
- 3) If the issue does not require Committee and Board consideration, then staff will vote the issue based on available research;
- 4) If the issue requires Committee and Board consideration, then the item will be prepared and presented to the Committee and Board for consideration. Following Committee and Board action, staff will then have the issue voted accordingly.
- 5) If time constraints prevent a formal gathering of the Committee and Board, then the Board delegates specific authority to the General Manager (GM), the Chief Investment Officer (CIO), the LACERS Board President, and Governance Committee Chair to consider the item. If the GM, CIO, Board President, and Governance Committee Chair unanimously support a voting position, staff shall vote the issue accordingly and the CIO shall report the action to the Board at its next meeting. If unanimous support for a voting position is not achieved, LACERS will abstain from voting on the item.

Section 9 PROXY VOTING POLICY

XIV. PROXY VOTING POLICY

A. Introduction

As good corporate governance practices are widely believed to increase shareholder value, public retirement systems across the country are becoming more active in encouraging good corporate governance practices among companies in which they own stock.

As such the core objectives of LACERS Proxy Policy are:

1. Manage proxy voting rights with the same care, skill, diligence and prudence as is exercised in managing other assets.
2. Exercise proxy voting rights in the sole interest of the System's members and beneficiaries in accordance with all applicable statutes consistent with the Board proxy policy.
3. Provide a framework for voting shares responsibly and in a well-reasoned manner.
4. Align the interests of shareowners and corporate management to build long-term sustainable growth in shareholder value for the benefit of the System.

These primary objectives shall be considered whenever the Board and/or ~~Corporate~~ Governance Committee considers policy, reviews proxy voting issues, recommends corporate governance investment activities, or takes other corporate governance-related actions.

B. Statement of Purpose

The Board has formulated this policy to provide a guideline for proxy voting. This policy is set forth in the best interest of LACERS investment program to support sound corporate governance practices that maximize shareholder value.

All applications of this policy are executed by an outside proxy voting agent. The policy will be reviewed on a ~~bi-annual~~ basis, or more frequently as needed. The proxy voting agent provides quarterly voting reports summarizing all votes cast during that time period. These reports are reviewed for compliance with the proxy voting policy.

Section 9 PROXY VOTING POLICY

1. BOARD OF DIRECTORS

Electing directors is the single most important stock ownership right that shareholders can exercise. Shareholders can promote healthy corporate governance practices and influence long-term shareholder value by electing directors who share shareholder views. In evaluating proxy items related to a company's board, director accountability, independence and competence are of prime importance to ensure that directors are fit for the role and best able to serve shareholders' interests.

No.	Issue	LACERS Position	Rationale
1.1	ELECTION OF DIRECTORS IN UNCONTESTED ELECTIONS	LACERS supports company management in principle VOTING AGENT'S DISCRETION	It is prudent to vote for the prescribed full slate of directors as long as the slate of directors will conduct themselves in the best interest of the shareholders. Director nominees should be evaluated based on accountability, responsiveness to shareholders, independence from company management, and competence and performance.
1.2	BOARD INDEPENDENCE	FOR	At a minimum, a majority of the board should consist of directors who are independent. Corporate boards should strive to obtain board composition made up of a substantial majority (at least two-thirds) of independent directors.
1.3	MAJORITY THRESHOLD VOTING FOR THE ELECTION OF DIRECTORS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Under a plurality system, a board-backed nominee in an uncontested election needs to receive only a single affirmative vote to claim his or her seat in the boardroom. Even if holders of a substantial majority of the votes cast "withhold" support, the director nominee wins the seat. Under the majority vote standard, a director nominee must receive support from holders of a majority of the votes cast in order to be elected (or re-elected) to the board. In contested elections where there are more nominees than seats, a carve-out provision for plurality should exist.
1.4	SEPARATE CHAIR AND CEO	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A CEO who also heads a board is less accountable than one who must answer to an independent chairman as well as fellow directors. However, there could be times when it makes sense for one person to wear two hats. On balance, there appears to be more gained and less lost from separating the two jobs at major companies. The Board generally favors the separation of the chairman and CEO. However, the Board believes it may be in the best interests of a corporation and the shareholders to have one person fulfilling both positions in smaller companies.

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No.	Issue	LACERS Position	Rationale
1.5	LIMITING BOARD SIZE	FOR	Proposals that allow management to increase or decrease the size of the board at its own discretion are often used by companies as a takeover defense. Shareholders should support management proposals to fix the size of the board at a specific number of directors, thereby preventing management (when facing a proxy contest) from increasing the size of the board without shareholder approval.
1.6	COMMITTEE INDEPENDENCE	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	The key board committees – audit, compensation, and nominating committees – should be composed exclusively of independent directors if they currently do not meet that standard. The company's board (not the CEO) should appoint the committee chairs and members. Committees should be able to select their own service providers to assist them in decision making.
1.7	DIRECTOR QUALIFICATIONS AND RESTRICTIONS Requires directors to own a minimum amount of stock; impose tenure limits; establishing a minimum or maximum age requirement	AGAINST	Establishing a minimum amount of stock ownership could preclude very qualified candidates from sitting on the board. Tenure limits and age restrictions could force out experienced and knowledgeable board members.
1.8	LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS	CASE-BY-CASE VOTING AGENT'S DISCRETION	This indemnifies corporate officers and directors against personal liability suits as a result of their official status. This indemnification is necessary to attract and keep the best-qualified individuals. However, officers' and directors' liability should not be limited or fully indemnified for acts that are serious violations of fiduciary obligations such as gross negligence or intentional misconduct.
1.9	OBLIGATION OF BOARDS TO ACT ON SHAREHOLDER PROPOSALS RECEIVING MAJORITY SUPPORT To ensure that the voices of the owners of the firm are heard.	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Boards are responsible for ensuring that the voices of the owners of the firm are heard. If the majority of shareholders have indicated they desire a particular governance change, the board should support the proposal in question.
1.10	DIRECTOR REMOVAL BY SHAREHOLDERS	FOR	Shareholders should have the right to remove directors or fill director vacancies. Lack of such a policy could allow management to protect themselves from various shareholder initiatives.

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No.	Issue	LACERS Position	Rationale
1.11	SHAREHOLDER ADVISORY COMMITTEES	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	It is often difficult for directors to communicate to and hear from shareholders, because shareholders tend to be numerous, unidentified, dispersed, and silent. This proposal establishes committees of shareholders to make communication easier and more effective. However, establishment of such committees can be time consuming and expensive. The Board prefers the establishment of such committees where there is no other available mechanism to communicate with the company boards.
1.12	PROXY CONTESTS	CASE-BY-CASE VOTING AGENT'S DISCRETION	A proxy contest is a strategy that involves using shareholders' proxy votes to replace the existing members of a company's board of directors. By removing existing board members, the person or company launching the proxy contest can establish a new board of directors that is better aligned with their objectives. Proxy contests should be examined on a case-by-case basis considering factors such as the company's performance relative to peers, strategy of incumbents vs. dissidents, experience of director candidates, current management's track record, etc.
1.13	REIMBURSEMENT OF PROXY SOLICITATION EXPENSES	CASE-BY-CASE VOTING AGENT'S DISCRETION	Most expenditures incurred by incumbents in a proxy contest are paid by the company. In contrast, dissidents are generally reimbursed only for proxy solicitation expenses, if they gain control of the company. Dissidents who have only gained partial representation may also be reimbursed in cases where the board and a majority of shareholders approve. In successful proxy contests, new management will often seek shareholder approval for the use of company funds to reimburse themselves for the costs of proxy solicitation.
1.14	LACK OF WOMEN REPRESENTATION ON CORPORATE BOARDS	CASE-BY-CASE <u>LACERS supports this issue in principle</u> VOTING AGENT'S DISCRETION	LACERS supports the election of women directors to corporate boards. <u>LACERS encourages companies to have at least one diverse woman director who identifies as a member of an underrepresented group.</u> For companies in the Russell 3000 or S&P 1500 indices, g Generally vote against or withhold from the chair of the nominating committee (or other directors on a case-by-case basis) at companies where there are no women on the company's board. <u>An exception will be made if there was a woman on the company's board at the preceding annual meeting and the board makes a firm commitment to add one or more women directors within a year.</u>

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<u>No.</u>	<u>Issue</u>	<u>LACERS Position</u>	<u>Rationale</u>
1.15	DIRECTOR ATTENDANCE AT BOARD AND COMMITTEE MEETINGS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Absent compelling, publicly disclosed reasons, directors who attend fewer than 75 percent of board and board-committee meetings for two consecutive years should not be renominated. Companies should disclose individual director attendance figures for board and committee meetings.
<u>1.16</u>	<u>CLIMATE ACCOUNTABILITY</u>	<u>CASE-BY-CASE</u> <u>VOTING AGENT'S DISCRETION</u>	<u>For companies that are significant greenhouse gas (GHG) emitters, as identified by the Climate Action 100+ Focus Group list, LACERS generally will vote against incumbent directors in cases where Agent's research has determined that the company is not taking minimum steps needed to understand, assess, and mitigate risk related to climate change to the company (i.e. detailed disclosure of climate-related risks as established by the Task Force on Climate-related Financial Disclosures [TCFD]). LACERS generally will support directors that support climate accountability.</u>
<u>1.17</u>	<u>COMMON STOCK CAPITAL STRUCTURE WITH UNEQUAL VOTING RIGHTS</u>	<u>CASE-BY-CASE</u> <u>VOTING AGENT'S DISCRETION</u>	<u>Generally abstain from voting or vote against directors, committee members, or the entire board (except new nominees, who should be considered case-by-base), if the company employs a common stock structure with unequal voting rights.</u>

¹Including but not limited to individuals identifying as Black or African American, Hispanic or Latinx, Asian, Native American or Alaska Native, Native Hawaiian or Pacific Islander; individuals identifying as LGBTQIA+; individuals with disabilities; and veterans, ~~unless the company has provided a firm commitment, with measurable goals, to achieve gender diversity by the following year.~~

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2. AUDIT-RELATED

Shareholders must rely on company-produced financial statements to assess company performance and the values of their investments. External auditors play an important role by certifying the integrity of these financial reports provided to shareholders. To ensure that an external auditor is acting in shareholders' best interest, the auditor must be independent, objective, and free of potential conflicts of interest.

No.	Issue	LACERS Position	Rationale
2.1	RATIFYING AUDITORS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	The Board generally supports a company's choice of audit firms unless an auditor has a financial interest in or association with the company and is therefore not independent; there is reason to believe that the independent auditor has rendered an inaccurate opinion of the company's financial position; or fees are excessive as defined by ISS (Non-audit fee > audit fees + audit related fees + tax compliance/preparation fees).
2.2	LIMITING NON-AUDIT SERVICES BY AUDITORS	FOR	Auditor independence may be impaired if an auditor provides both audit-related and non-audit related services to a company and generates significant revenue from these non-audit services. The Board believes that a company should have policies in place to limit non-audit services and prevent conflicts of interest.
2.3	ROTATION OF AUDITORS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A long-standing relationship between a company and an audit firm may compromise auditor independence for various reasons including an auditor's closeness to client management, lack of attention to detail due to staleness and redundancy, and eagerness to please the client. Enron and Anderson is a prime example of this situation. The Board believes it may be prudent to rotate auditors every 5 to 7 years.
2.4	ELECTION OF THE AUDIT COMMITTEE Section 404 of the Sarbanes-Oxley Act requires that companies document and assess the effectiveness of their internal controls. The Audit Committee should be comprised of the independent directors	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Companies with significant material weaknesses identified in the Section 404 disclosures potentially have ineffective internal financial reporting controls, which may lead to inaccurate financial statements, hampering shareholder's ability to make informed investment decisions, and may lead to the destruction in public confidence and shareholder value. The Audit Committee is ultimately responsible for the integrity and reliability of the company's financial information, and its system of internal controls, and should be held accountable.

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3. COMPENSATION

The Board endorses executive compensation plans that align management and shareholders' interest. Executive pay programs should be fair, competitive, reasonable, and appropriate. Pay-for-performance plans should be a central tenet of executive compensation and plans should be designed with the intent of increasing long-term shareholder value. Executives should not be incentivized to take excessive risks that could threaten long-term corporate viability and shareholder value.

No.	Issue	LACERS Position	Rationale
3.1	EXECUTIVE COMPENSATION APPROVED BY THE BOARD OF DIRECTORS	FOR	While some corporations allow compensation issues to be left to management, it is more prudent to have a compensation committee, composed of independent directors, approve, on an annual basis, executive compensation, including the right to receive any bonus, severance or other extraordinary payment. If a company does not have a compensation committee, then executive compensation should be approved by a majority vote of independent directors. The Board normally prefers to support the company's recommendation of executive compensation issues.
3.2	INDEPENDENT COMPENSATION CONSULTANT	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A company's board and/or compensation committee should have the power to hire an independent consultant – separate from the compensation consultants working with corporate management – to assist with executive compensation issues to avoid conflicts of interest. Disclosure should be provided about the company's, board's, and/or compensation committee's use of compensation consultants, such as company name, business relationship(s) and fees paid.
3.3	PAY FOR PERFORMANCE	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A significant portion of an executive's pay should be tied to performance over time through the use of short and long-term performance-based incentives to align management and shareholders' interests. From a shareholders' perspective, performance is gauged by the company's stock performance over time. The attainment of executives' incentive goals should ultimately translate into superior shareholder returns in the long-term. Standard stock options and time-vested restricted stock are not considered performance-based since general market volatility alone can increase their value.
3.4	ADVISORY VOTES ON COMPENSATION (SAY ON PAY) – SHAREHOLDER PROPOSALS	FOR	A non-binding "say on pay" vote would encourage the board's compensation committee to be more careful about doling out unduly rich rewards that promote excessive risk-taking. It also would be a quick and effective way for a board to gauge whether shareowners think the company's compensation practices are in their best interests.

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No.	Issue	LACERS Position	Rationale
3.5	ADVISORY VOTES ON COMPENSATION (SAY ON PAY) – MANAGEMENT PROPOSALS	CASE-BY-CASE VOTING AGENT'S DISCRETION	<p>The advent of "say on pay" votes for shareholders in the U.S. is providing a new communication mechanism and impetus for constructive engagement between shareholders and managers/directors on pay issues.</p> <p>In general, the management say on pay (MSOP) ballot item is the primary focus of voting on executive pay practices -- dissatisfaction with compensation practices can be expressed by voting against MSOP rather than withholding or voting against the compensation committee.</p>
3.6	SAY ON PAY BALLOT FREQUENCY	FOR	<p>The Board supports an annual MSOP for many of the same reasons it supports annual director elections rather than a classified board structure: because it provides the highest level of accountability and direct communication by enabling the MSOP vote to correspond to the information presented in the accompanying proxy statement for the annual shareholders' meeting. Having MSOP votes only every two or three years, potentially covering all actions occurring between the votes, would make it difficult to create meaningful and coherent communication that the votes are intended to provide.</p>
3.7	STOCK OPTION PLANS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	<p>Stock options align the interests of management with the interests of shareholders. The Board prefers that options should be issued at or above fair market value. There should be no re-pricing of underwater options (stock options with little or no value due to poor performance), nor should there be a replenishment feature (automatic increases in the shares available for grant each year). Management must monitor the amount of dilution that stock options create. The total cost of the stock option plan should be reasonable relative to peer companies. The Board normally supports the use of stock options as a part of executive and management compensation.</p>
3.8	HOLDING PERIOD FOR EQUITY COMPENSATION AWARDS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	<p>Executives should be required to hold a substantial portion of their equity awards, including shares received from option exercises, while they are employed at a company or even into retirement. Equity compensation awards are intended to align management interests with those of shareholders, and allowing executives to sell or hedge these shares while they are employees of the company undermines this purpose.</p>
3.9	EXCLUDING PENSION FUND INCOME	FOR	<p>Earnings generated by a pension plan should not be included for executive compensation purposes.</p>

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No.	Issue	LACERS Position	Rationale
3.10	CLAWBACK OF INCENTIVE PAY	FOR	A company should recoup incentive payments made to executives and former executives if it is determined that the incentives were calculated from erroneous data, such as fraudulent or misstated financial results, and these incentive payments would not have been earned if correctly calculated.
3.11	GOLDEN PARACHUTES Golden parachutes are compensation arrangements that pay corporate managers after they leave their positions.	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	Golden parachutes can have a number of positive results: they can reduce management resistance to change, they help attract and retain competent talent, and they provide appropriate severance. Excessive golden parachutes not offered to other employees can damage their morale and can have a dilutive effect on shareholder wealth. A general rule is that the parachute should not exceed three times base salary. The Board is opposed to the payment of excessive executive compensation. Therefore, golden parachute agreements should be submitted to shareholders for ratification.
3.12	CHANGE OF CONTROL TRIGGERING UNJUSTIFIED ACCRUAL OF BENEFITS	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	A change of control event should not result in an acceleration of vesting of all unvested stock options or lapsing of vesting/performance requirements on restricted stock/performance shares, unless there is a loss of employment or substantial change in job duties for an executive.
3.13	GOLDEN COFFINS	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	Golden coffins are death-benefit packages awarded to the heirs of high ranking executives who die during employment with a company. Benefits awarded can include, but are not limited to, unearned salary and bonuses, accelerated stock options and perquisites. The Board is against excessive executive compensation, but recognizes that offering golden coffin benefits may be necessary to attract top talent.
3.14	SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS (SERPS)	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	SERPs are executive-only retirement plans designed as a supplement to employee-wide plans. These plans may be structured to contain special provisions not offered in employee-wide plans such as above market interest rates and excess service credits. Incentive compensation may also be used in calculating retirement benefits, resulting in better benefit formulas than employee-wide plans and increased costs to the company. The Board supports SERPs if these plans do not contain excessive benefits beyond what is offered under employee-wide plans.
3.15	PROPOSALS TO LIMIT EXECUTIVE COMPENSATION OR OTHER BENEFITS	AGAINST	Executive pay should not have a blanket limit such as being capped at a specified multiple of other workers' pay. There should not be an absolute limit to retirement benefits, nor a mandate that stipulates that there be salary reductions based on corporate performance.

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No.	Issue	LACERS Position	Rationale
3.16	DIRECTOR COMPENSATION	LACERS supports company management in principle VOTING AGENT'S DISCRETION	This is normally automatically approved unless the program is exceptional or abusive. Directors should be compensated with a mix of cash and stock, with the majority, but not all, of the compensation in stock to align their interests with shareholders. There should be no blanket limits on directors' compensation, but pay should be commensurate with expected duties and experience. The Board normally prefers to support company management's decision. The Board prefers that compensation issues be decided by a majority vote of the independent directors.
3.17	NON-EMPLOYEE DIRECTOR RETIREMENT BENEFITS	AGAINST	Since non-employee directors are elected representatives of shareholders and not company employees, they should not be offered retirement benefits, such as defined benefit plans or deferred stock awards, nor should they be entitled to special post-retirement perquisites.
3.18	DISCLOSURE OF EXECUTIVE COMPENSATION	FOR	The Board supports shareholder proposals seeking additional disclosure of executive compensation.
3.19	EMPLOYEE STOCK OWNERSHIP PROGRAMS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	On one hand, ESOPs have the potential for motivating and rewarding employees. On the other hand, there is concern about their use as management entrenchment devices and their potential dilutive effects on existing shareholder value. The Board believes that future purchasers must bear the same risk as current shareholders. Employee wealth obtained through stock ownership should be tied to shareholder value. The Board prefers no retroactive compensation. The Board supports the use of ESOPs.
3.20	401(K) EMPLOYEE BENEFIT PLANS	FOR	A 401(k) plan provides a highly visible benefit to employees that can be used to attract and retain quality personnel. The Board supports proposals to implement a 401(k) savings plan for employees.
3.21	OMNIBUS BUDGET RECONCILIATION ACT (OBRA) OF 1993 - RELATED COMPENSATION PROPOSALS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	IRS Section 162(m) of OBRA, prohibits a company from deducting more than \$1 million of an executive's compensation for tax purposes unless certain prescribed actions are taken to link compensation to performance such as establishment of performance goals by a compensation committee of outside directors and shareholder approval of the compensation plan. The Board generally supports proposals to approve new compensation plans or amend existing compensation plans to comply with Section 162(m) if the company can obtain tax benefits and increase shareholder value, and the plans do not result in excessive executive compensation.

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4. SHAREHOLDER RIGHTS & TAKEOVER DEFENSES

Companies should feature shareholder rights in their corporate governance principles to allow shareholders the opportunity to participate directly in monitoring management. A 2003 study by the National Bureau of Economic Research found that “firms with weaker shareholder rights earned significantly lower returns, were valued lower, had poor operating performance, and engaged in greater capital expenditure and takeover activity.”

No.	Issue	LACERS Position	Rationale
4.1	ACCESS TO PROXY PROCESS	FOR	Access proposals allow shareholders who own a significant number of shares to access management's proxy material to evaluate and propose voting recommendations on proxy proposals and director nominees, and to nominate their own candidates to the board. These proposals are based on the belief that shareholder access rights provide for increased corporate accountability and healthy communication.
4.2	ADVANCE NOTICE REQUIREMENTS	LACERS supports this issue in principle. VOTING AGENT'S DISCRETION	Advance notice bylaws, holding requirements, disclosure rules and any other company imposed regulations on the ability of shareholders to solicit proxies beyond those required by law should not be so onerous as to deny sufficient time or otherwise make it impractical for shareholders to submit nominations or proposals and distribute supporting proxy materials.
4.3	CLASSIFIED BOARDS AND STAGGERED BOARDS A structure for a board of directors in which a portion of the directors serve for different term lengths.	LACERS opposes this issue in principle. VOTING AGENT'S DISCRETION	Although shareholders need some form of protection from hostile takeover attempts, and boards need tools and leverage in order to negotiate effectively with potential acquirers, a classified board tips the balance of power too much toward incumbent management at the price of potentially ignoring shareholder interests.
4.4	CONFIDENTIAL VOTING A shareholder's voting position is kept confidential.	FOR	Shareholders over whom management have some power (for example, employee shareholders, money managers who stand to gain or lose company business, banks, insurance companies and companies with interlocking boards) may be deterred from voting against management if they know their votes will become known to management. Companies that can discover who is voting in which way prior to the meeting also have an advantage not enjoyed by any shareholder supporting or opposing any issue on the ballot, and in targeting those shareholders who vote against management and pressuring them to change their votes.

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No.	Issue	LACERS Position	Rationale
4.5	<p>CUMULATIVE VOTING</p> <p>Allows each shareholder to take the voting rights he or she has with respect to director candidates and accumulates them to vote for only one director, or for a smaller number of directors.</p>	FOR	Cumulative voting enhances shareholders' abilities to elect a single director or a small number of directors, thus increasing their ability to have a voice on the board even when they lack the voting power to affect change-in-control or other major decisions. Some fear that allowing cumulative voting can allow or encourage disruptive or predatory shareholders.
4.6	<p>SHAREHOLDER'S RIGHT TO ACT INDEPENDENTLY OF MANAGEMENT -- CALLING SPECIAL MEETINGS AND ACTING BY WRITTEN CONSENT</p>	FOR	These include giving shareholders the ability to call a special meeting of shareholders without management's consent, and the ability to act by written consent (saving the costs and difficulties of holding a meeting). Most corporations support the retention, restoration, or creation of these rights. Shareholders need realistic mechanisms to protect their interests in situations where their interests are not aligned with management interest.
4.7	<p>SUPERMAJORITY PROVISIONS</p> <p>Voting majority that is higher than those set by state law.</p>	AGAINST	Sets a level of approval for specified actions that is higher than the minimum set by state law. These requirements often exceed the level of shareholder participation at a meeting, making action that requires a supermajority all but impossible.
4.8	<p>LINKED (BUNDLED) PROPOSALS</p> <p>Combining more than one proposal.</p>	<p>LACERS opposes this issue in principle</p> <p>VOTING AGENT'S DISCRETION</p>	Linked proposals often include "sweeteners" to entice shareholders to vote for a proposal (that includes other items) that may not be in the shareholders' best interest. The Board normally opposes linked proposals where one or more of the linked proposals is in opposition to the Board's proxy position.
4.9	<p>VOTES TO ABSTAIN MEANS A CASTED VOTE</p>	FOR	Counting abstained votes in the total pool of all votes cast.
4.10	<p>BROKER VOTING RESTRICTIONS</p>	FOR	Broker non-votes and abstentions should be counted only for purposes of a quorum.
4.11	<p>FAIR PRICING</p>	FOR	Fair price provisions prevent two-tier tender offers in which a buyer offers a premium price for only enough shares to obtain a controlling interest. It is unfair to pay some shareholders (those that did not tender in the first group) less than other shareholders.
4.12	<p>GREEN MAIL</p> <p>Greenmail is the practice of shareholders accumulating a large block of stock in a company, then selling the stock back to the company at an above market price in exchange for agreeing not to attempt to take control for a lengthy period of time.</p>	AGAINST	A vote of the holders of a majority of the outstanding shares of common stock, regardless of class, shall be required to approve any corporate decision related to the finances of a company which will have a material effect upon the financial position of the company and the position of the company's shareholders.

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No.	Issue	LACERS Position	Rationale
4.13	<p>POISON PILLS</p> <p>A method used by boards, which prevent anyone from acquiring a large portion of the company stock for a corporate takeover.</p>	<p>LACERS opposes this issue in principle</p> <p>VOTING AGENT'S DISCRETION</p>	<p>Poison pills can consist of a wide variety of provisions adopted by boards without shareholder approval, designed to make it financially unattractive – indeed, often financially devastating – for a shareholder to purchase more than a small percentage of the company's stock, often by triggering the creation of a large number of new stocks or warrants that dilute the offending shareholder's interest to the point of making it virtually valueless. The Board is normally opposed to the use of poison pills.</p>
4.14	<p>NET OPERATING LOSS (NOL) POISON PILLS</p> <p>See 4.13 for poison pill definition.</p>	<p>CASE-BY-CASE</p> <p>VOTING AGENT'S DISCRETION</p>	<p>NOLs may be used to reduce future income tax payments and have become valuable assets to many corporations. If a corporation experiences an ownership change as defined by Section 382 of the tax code, then its ability to use a pre-change NOL in a post-change period could be substantially limited or delayed. NOL pills are adopted as a takeover deterrent to preserve the tax benefit of NOLs.</p>
4.15	<p>POISON PILLS – ALLOW FOR SHAREHOLDER VOTE</p>	<p>FOR</p>	<p>Since poison pills ultimately impact the wealth of shareholders, the Board supports voting measures that allow for the shareholders to vote on matters pertaining to the use of poison pills.</p>
4.16	<p>RE-INCORPORATION</p>	<p>LACERS supports company management in principle</p> <p>VOTING AGENT'S DISCRETION</p>	<p>Corporations may wish to reincorporate in another state to take advantage of favorable corporate law, while providing maximized shareholder values and operational flexibility. On the other hand, reincorporation laws of other states could be such as to limit shareholder rights or reduce shareholder wealth. The Board normally supports company management's decisions on re-incorporation matters.</p>
4.17	<p>STATE ANTI-TAKEOVER LAWS</p>	<p>CASE-BY-CASE</p> <p>VOTING AGENT'S DISCRETION</p>	<p>State anti-takeover laws seek to deter hostile takeover attempts of state-based corporations with the intent of keeping target companies locally based and preserving jobs. These laws may also complicate friendly mergers and impose great costs and delays on shareholders and stakeholders in the corporation. Most state anti-takeover provisions allow companies to "opt in" or "opt out" of coverage via shareholder vote.</p>
4.18	<p>TARGETED SHARE PLACEMENTS</p> <p>Placing stock in the hands of friendly investors</p>	<p>LACERS supports company management in principle</p> <p>VOTING AGENT'S DISCRETION</p>	<p>Targeted share placements (or "White Squire" placements) occur when a company puts large blocks of stock or convertible securities into the hands of a friendly investor or group of investors. This is often an inexpensive method of raising cash for a company. The Board prefers that company management seeks authorization before establishing a targeted share placement but supports this corporate action.</p>

Section 9 PROXY VOTING POLICY

5. CAPITAL STRUCTURE

Corporate financing decisions can have a significant impact on shareholder value, particularly when these decisions may result in common share dilution. As a result, shareholders must analyze all management proposals to modify capital structure to determine whether these financing decisions are in their best interests.

No.	Issue	LACERS Position	Rationale
5.1	INCREASES IN THE NUMBER OF AUTHORIZED SHARES OF STOCK	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Companies need the flexibility of issuing additional shares for stock splits, stock dividends, financings, acquisitions, employee benefit plans and general corporate purposes. The Board prefers that increases should not exceed three times the number of existing outstanding shares and that the company specify a purpose for the proposed increase.
5.2	ONE SHARE, ONE VOTE Each share of common stock, regardless of its class, shall be entitled to vote in proportion to its relative share of the total common stock equity of the corporation.	FOR	The right to vote is inviolate and may not be abridged by any circumstances or by any action of any person. Each share of common stock, regardless of its class, shall be treated equally in proportion to its relative share in the total common stock equity of the corporation, with respect to any dividend, distribution, redemption, tender or exchange offer. In matters reserved for shareholder action, procedural fairness and full disclosure are required.
5.3	PAR VALUE ADJUSTMENT OF COMMON STOCK	FOR	In extraordinary cases when a stock price falls below its par value, a company wishing to issue additional stock would be unable to do so without reducing par value. Companies may also propose reductions in par value to conform to state legislative changes in the required minimum level of par value.
5.4	PREEMPTIVE RIGHTS Provides current stockholders an option to maintain their relative ownership position.	AGAINST	Preemptive rights require a company issuing new shares to offer them to their existing shareholders first, in proportion to their existing holdings. This gives current shareholders the ability to maintain their relative equity position as a shareholder. Preemptive rights generally have limited importance, given the increase in the size and liquidity of the secondary market and their potential for abuse.
5.5	DEBT RESTRUCTURING	CASE-BY-CASE VOTING AGENT'S DISCRETION	As part of a debt restructuring plan, a company may propose to increase and issue common and/or preferred shares. These proposals should be evaluated considering dilution to existing shareholders, potential changes in company control, the company's current financial position, terms of the offer, whether bankruptcy is imminent and alternatives.

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No.	Issue	LACERS Position	Rationale
5.6	CONVERSION OF SECURITIES	CASE-BY-CASE VOTING AGENT'S DISCRETION	Proposals to convert securities, such as converting preferred stock to common shares, should be evaluated based on the dilution to existing shareholders, the conversion price relative to market value, financial issues, control issues, termination penalties, and conflicts of interest.
5.7	SHARE REPURCHASES Corporations buy back a portion of the outstanding shares.	FOR	The Board normally favors of share repurchase plans if the company boards feel that the stock is undervalued or there is a legitimate corporate purpose.
5.8	REVERSE STOCK SPLITS	FOR ONLY IF THE NUMBER OF AUTHORIZED SHARES IS PROPORTIONATELY REDUCED. OTHERWISE, VOTING AGENT'S DISCRETION.	A reverse stock split reduces the number of shares owned and increases the share price proportionately. A reverse stock split has no effect on the value of what shareholders own. Companies often reverse split their stock when they believe the price of their stock is too low to attract investors to buy their stock or to avoid being delisted. If the number of authorized shares is not proportionately reduced with a reverse stock split, then LACERS treats these proposals as a request to increase authorized shares.
5.9	BLANK CHECK PREFERRED STOCK Blank check preferred stock is authorized stock over which the board has complete discretion to set voting rights, dividend rates, and redemption and conversion privileges.	AGAINST	There is the potential for abusing this kind of stock by the board. Although some guidelines note that blank check preferred stock gives management great flexibility, and this might be valuable and in the corporate interest, in general it is felt that this kind of flexibility, free of shareholder control, is insufficient justification for the creation of this type of stock.

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6. CORPORATE RESTRUCTURINGS

Corporate restructurings, such as mergers and leveraged buyouts, can have a major effect on shareholder value. Many of these transactions require shareholder approval and must be examined carefully to determine whether they are in the best financial interests of the shareholders.

No.	Issue	LACERS Position	Rationale
6.1	ASSET SALES	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Asset sales should be evaluated based on the impact on the balance sheet/working capital, value received for the asset, and potential elimination of inefficiencies. The Board generally supports management decisions to sell assets.
6.2	GOING PRIVATE TRANSACTIONS (LEVERAGED BUYOUTS AND MINORITY SQUEEZEOUTS)	CASE-BY-CASE VOTING AGENT'S DISCRETION	Going private transactions such as leveraged buyouts and minority squeezeouts should be evaluated on a case-by-case basis taking into account the following: offer price and imbedded premium, fairness opinion, how the deal was negotiated, conflicts of interest, other alternatives/offers considered, and the risk to shareholders if the attempt to take the company private fails.
6.3	LIQUIDATIONS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Liquidation proposals are generally bad news for long-term investors. They usually occur after a prolonged period of declines in earnings and share prices. However, liquidation may be an attractive option if the sale of the firm's assets on a piece-meal basis can be accomplished at a higher-than-market price. Liquidation proposals should be evaluated based on management's efforts to pursue other alternatives, appraised value of assets, the compensation plan for executives managing the liquidation, and the likelihood of bankruptcy if the liquidation proposal is not approved.
6.4	MERGERS AND ACQUISITIONS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Case-by-case votes are recommended on mergers or acquisitions since the circumstances by which they arise are unique. The Board supports the company management's decision on mergers and acquisitions when such decision is based upon the findings of a thorough due diligence process and is in the best interest of the shareholders.
6.5	SPIN-OFFS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Corporations may seek to streamline their operations by spinning off less productive or unrelated subsidiary businesses. The spun-off companies are expected to be worth more as independent entities than as parts of a larger business. Spin-offs are evaluated case-by-case depending on the tax and regulatory advantages, planned use of sale proceeds, managerial incentives, valuation of spinoff, fairness opinion, benefits to the parent company, conflicts of interest, corporate governance changes, and changes in the capital structure.

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7. MISCELLANEOUS CORPORATE GOVERNANCE			
No.	Issue	LACERS Position	Rationale
7.1	ANNUAL MEETING DATE & LOCATION	LACERS supports company management in principle VOTING AGENT'S DISCRETION	Mandatory rotation of the annual meeting would not significantly increase stockholders' access to management since there are convenient alternatives available to interested stockholders. It would decrease the company's flexibility without a material benefit to stockholders. The Board normally supports company management's decision on this issue.
7.2	CORPORATE NAME CHANGE	FOR	A company may seek a name change to better portray its strategic image or re-brand itself. The Board supports company management's decision on this issue.
7.3	CORPORATION CHARTER & BYLAW AMENDMENTS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Charters and bylaws should not be amended without shareholder approval unless the changes are of a housekeeping nature such as minor corrections or updates.

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8. SOCIAL & ENVIRONMENTAL

On April 9, 2019, the Board of Administration approved becoming a signatory of the Principles for Responsible Investing ("PRI"), a policy of global best practices for environmental, social, and governance ("ESG") investing. LACERS officially became a PRI signatory on September 3, 2019. LACERS current proxy voting agent, Institutional Shareholder Services, ("ISS"), is a signatory to the PRI and incorporates them into its proxy analysis process. Therefore, when considering how to vote on most ESG proposals, investment staff relies on the research expertise and voting recommendations of ISS.

No.	Issue	LACERS Position	Rationale
8.1	DIVERSIFICATION OF BOARDS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Women and minorities have played major and responsible roles not only in government, higher education, law and medicine, but also in communications, electronics, and finance. The Board normally prefers to support diversification on company boards. However, the Board recognizes that such a mandate carried out without regard to the selection of the most highly qualified candidates might not be in the best interest of these companies.
8.2	CORPORATE BOARD MEMBERS SHOULD WEIGH SOCIO-ECONOMIC, LEGAL AND FINANCIAL FACTORS WHEN EVALUATING TAKEOVER BIDS	CASE-BY-CASE BASIS VOTING AGENT'S DISCRETION	While broad social and environmental issues are of concern to everyone, institutional shareholders acting as representatives of their beneficiaries must consider, specifically, the impact of the proposal on the target company. A decision on whether to support or oppose such proposals shall focus on the financial aspects of social and environmental proposals. If a proposal would have a negative impact on the company's financial position or adversely affect important operations, LACERS would oppose the resolution. Conversely, if a proposal would have a clear and beneficial impact on the company's finances or operations, LACERS would support the proposal.
8.3	INDEPENDENT REVIEW OF COMPANY OR PLANT OPERATIONS	AGAINST	An independent review of company or plant operations which will be provided at company expense to the shareholders to consider the cost of and alternatives to the present or proposed projects on the primary operation. This process would be costly and time-consuming.
8.4	DISCLOSURE OF OFFICERS, DIRECTORS AND INVOLVED OUTSIDERS' GOVERNMENTAL AFFILIATIONS	AGAINST	Miscellaneous issues include disclosures of lists of officers, directors and involved outsiders who have served in any governmental capacity during the previous five years. In addition, disclosure includes the lists of law firms employed by the companies, rundowns on fees and the revelation as to whether any elected or appointed official have partnership interest in the retained law firms. To the extent that potential conflicts of interest cannot be controlled by corporate procedures, professional ethics, and law, these disclosures will make no difference.

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No.	Issue	LACERS Position	Rationale
8.5	CORPORATE AFFIRMATION OF ITS NON-COERCIVE POLITICAL PRACTICES	AGAINST	This affirmation is intended to ensure that the corporation avoids a number of coercive political practices such as distribution of contribution cards in favor of one political party. Since these practices are illegal, the issue is moot.
8.6	LIMITING CORPORATE PHILANTHROPY	AGAINST	These proposals place restrictions and additional reporting obligations upon management's right to make corporate contributions to charitable, educational, community or related organizations. Most companies give money to charity. Because most companies must compete, those that do not contribute to charity risk damaging their good names.
8.7	STAKEHOLDERS' INTEREST BEFORE OR EQUAL WITH SHAREHOLDERS' INTEREST	ABSTAIN	Stakeholders include customers, suppliers, employees, communities, creditors and shareholders. Stakeholders are important to the success of the corporation and therefore the interests of each must be considered by directors and management. However, boards should not put the non-shareholder/stakeholder interests ahead of or on an equal footing with shareholders in terms of the corporation's ultimate purpose.
8.8	GENDER, RACE, OR ETHNICITY PAY GAP AND WAGE THEFT	FOR	Companies should provide reports on its pay data categorized by gender, race, or ethnicity and reports on a company's policies and goals to reduce any gender, race, or ethnicity pay gaps. Companies should also provide reports on a company's policies and practices that protect employees, particularly tipped workers, against various forms of wage theft.
8.9	<u>PREPARE REPORT/PROMOTE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC) RELATED ACTIVITIES</u> REPORTS ON EMPLOYEE DIVERSITY	FOR	<p><u>1) Shareholder proposals calling for action on equal employment opportunity and non-discrimination.</u></p> <p><u>2) Shareholder proposals requesting non-discrimination in salary, wages, and all benefits.</u></p> <p><u>3) Shareholder proposals calling for legal and regulatory compliance and public reporting related to non-discrimination, affirmative action, workplace health and safety, and labor policies and practices that affect long-term corporate performance.</u></p> <p><u>4) Shareholder proposals that ask the company to report on its diversity and/or affirmative action programs.</u> Companies should provide diversity reports identifying employees according to their gender and race in each of the nine Equal Employment Opportunity Commission (EEOC) defined job categories.</p>

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<u>8.10</u>	<u>MANAGEMENT CLIMATE-RELATED PROPOSALS</u>	<u>CASE BY CASE</u> <u>VOTING AGENT'S DISCRETION</u>	<u>Vote case-by-case on management proposals that request shareholders to approve the company's climate transition action plan, taking into account the completeness and rigor of the plan.</u>
<u>No.</u>	<u>Issue</u>	<u>LACERS Position</u>	<u>Rationale</u>
<u>8.11</u>	<u>RACIAL EQUITY AND/OR CIVIL RIGHTS AUDIT</u>	<u>FOR</u>	<u>Vote for proposals asking a company to conduct an independent racial equity and/or civil rights audit to understand the company's policies, process, or framework for addressing racial inequity and discrimination.</u>
<u>8.12</u>	<u>CLIMATE CHANGE / GREENHOUSE GAS (GHG) EMISSIONS</u>	<u>LACERS supports this issue in principle</u> <u>VOTING AGENT'S DISCRETION</u>	<u>Vote for shareholder proposals that request the company to disclose a report providing its greenhouse gas (GHG) emissions levels and reduction targets and/or its upcoming/approved climate transition action plan and provide shareholders the opportunity to express approval or disapproval of its GHG emissions plan.</u>
<u>10</u>	<u>ALL OTHER ESG ISSUES</u>	<u>VOTING AGENT'S DISCRETION</u>	<u>Investment staff relies on the research expertise and voting recommendations of ISS for other ESG issues not addressed by this policy</u>

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9. ISSUES NOT ADDRESSED BY POLICY

For proxy issues not addressed by this policy that are market specific, operational or administrative in nature, and likely non-substantive in terms of impact, LACERS gives ISS discretion to vote these items.

Substantive issues not covered by this policy and which may potentially have a significant economic impact for LACERS shall be handled accordingly:

- 1) ISS shall alert investment staff of substantive proxy issues s not covered by policy as soon as practicable;
- 2) Investment staff and/or the General Manager ~~make~~ shall determine whether the item requires Governance Committee ("Committee") and/or Board of Administration ("Board") consideration;
- 3) If the issue does not require Committee and Board consideration, then staff will vote the issue based on available research;
- 4) If the issue requires Committee and Board consideration, then the item will be prepared and presented to the Committee and Board for consideration. Following Committee and Board action, staff will then have the issue voted accordingly.
- 5) If time constraints prevent a formal gathering of the Committee and Board, then [the Board delegates specific authority to the General Manager \(GM\), the Chief Investment Officer \(CIO\), the LACERS Board President, and Governance Committee Chair to consider the item. If the GM, CIO, Board President, and Governance Committee Chair unanimously support a voting position, staff shall vote the issue accordingly and the CIO shall report the action to the Board at its next meeting. If unanimous support for a voting position is not achieved, LACERS will abstain from voting on the item.](#)

~~LACERS Board approved Corporate Governance Actions Protocol, as reprinted below, shall apply and staff will then have the issue voted accordingly.~~

Section 9 PROXY VOTING POLICY

XIV. PROXY VOTING POLICY

A. Introduction

As good corporate governance practices are widely believed to increase shareholder value, public retirement systems across the country are becoming more active in encouraging good corporate governance practices among companies in which they own stock.

As such the core objectives of LACERS Proxy Policy are:

1. Manage proxy voting rights with the same care, skill, diligence and prudence as is exercised in managing other assets.
2. Exercise proxy voting rights in the sole interest of the System's members and beneficiaries in accordance with all applicable statutes consistent with the Board proxy policy.
3. Provide a framework for voting shares responsibly and in a well-reasoned manner.
4. Align the interests of shareowners and corporate management to build long-term sustainable growth in shareholder value for the benefit of the System.

These primary objectives shall be considered whenever the Board and/or Governance Committee considers policy, reviews proxy voting issues, recommends corporate governance investment activities, or takes other corporate governance-related actions.

B. Statement of Purpose

The Board has formulated this policy to provide a guideline for proxy voting. This policy is set forth in the best interest of LACERS investment program to support sound corporate governance practices that maximize shareholder value.

All applications of this policy are executed by an outside proxy voting agent. The policy will be reviewed on a biennial basis, or more frequently as needed. The proxy voting agent provides quarterly voting reports summarizing all votes cast during that time period. These reports are reviewed for compliance with the proxy voting policy.

Section 9 PROXY VOTING POLICY

1. BOARD OF DIRECTORS

Electing directors is the single most important stock ownership right that shareholders can exercise. Shareholders can promote healthy corporate governance practices and influence long-term shareholder value by electing directors who share shareholder views. In evaluating proxy items related to a company's board, director accountability, independence and competence are of prime importance to ensure that directors are fit for the role and best able to serve shareholders' interests.

No.	Issue	LACERS Position	Rationale
1.1	ELECTION OF DIRECTORS IN UNCONTESTED ELECTIONS	LACERS supports company management in principle VOTING AGENT'S DISCRETION	It is prudent to vote for the prescribed full slate of directors as long as the slate of directors will conduct themselves in the best interest of the shareholders. Director nominees should be evaluated based on accountability, responsiveness to shareholders, independence from company management, and competence and performance.
1.2	BOARD INDEPENDENCE	FOR	At a minimum, a majority of the board should consist of directors who are independent. Corporate boards should strive to obtain board composition made up of a substantial majority (at least two-thirds) of independent directors.
1.3	MAJORITY THRESHOLD VOTING FOR THE ELECTION OF DIRECTORS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Under a plurality system, a board-backed nominee in an uncontested election needs to receive only a single affirmative vote to claim his or her seat in the boardroom. Even if holders of a substantial majority of the votes cast "withhold" support, the director nominee wins the seat. Under the majority vote standard, a director nominee must receive support from holders of a majority of the votes cast in order to be elected (or re-elected) to the board. In contested elections where there are more nominees than seats, a carve-out provision for plurality should exist.
1.4	SEPARATE CHAIR AND CEO	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A CEO who also heads a board is less accountable than one who must answer to an independent chairman as well as fellow directors. However, there could be times when it makes sense for one person to wear two hats. On balance, there appears to be more gained and less lost from separating the two jobs at major companies. The Board generally favors the separation of the chairman and CEO. However, the Board believes it may be in the best interests of a corporation and the shareholders to have one person fulfilling both positions in smaller companies.

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No.	Issue	LACERS Position	Rationale
1.5	LIMITING BOARD SIZE	FOR	Proposals that allow management to increase or decrease the size of the board at its own discretion are often used by companies as a takeover defense. Shareholders should support management proposals to fix the size of the board at a specific number of directors, thereby preventing management (when facing a proxy contest) from increasing the size of the board without shareholder approval.
1.6	COMMITTEE INDEPENDENCE	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	The key board committees – audit, compensation, and nominating committees – should be composed exclusively of independent directors if they currently do not meet that standard. The company's board (not the CEO) should appoint the committee chairs and members. Committees should be able to select their own service providers to assist them in decision making.
1.7	DIRECTOR QUALIFICATIONS AND RESTRICTIONS Requires directors to own a minimum amount of stock; impose tenure limits; establishing a minimum or maximum age requirement	AGAINST	Establishing a minimum amount of stock ownership could preclude very qualified candidates from sitting on the board. Tenure limits and age restrictions could force out experienced and knowledgeable board members.
1.8	LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS	CASE-BY-CASE VOTING AGENT'S DISCRETION	This indemnifies corporate officers and directors against personal liability suits as a result of their official status. This indemnification is necessary to attract and keep the best-qualified individuals. However, officers' and directors' liability should not be limited or fully indemnified for acts that are serious violations of fiduciary obligations such as gross negligence or intentional misconduct.
1.9	OBLIGATION OF BOARDS TO ACT ON SHAREHOLDER PROPOSALS RECEIVING MAJORITY SUPPORT To ensure that the voices of the owners of the firm are heard.	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Boards are responsible for ensuring that the voices of the owners of the firm are heard. If the majority of shareholders have indicated they desire a particular governance change, the board should support the proposal in question.
1.10	DIRECTOR REMOVAL BY SHAREHOLDERS	FOR	Shareholders should have the right to remove directors or fill director vacancies. Lack of such a policy could allow management to protect themselves from various shareholder initiatives.

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No.	Issue	LACERS Position	Rationale
1.11	SHAREHOLDER ADVISORY COMMITTEES	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	It is often difficult for directors to communicate to and hear from shareholders, because shareholders tend to be numerous, unidentified, dispersed, and silent. This proposal establishes committees of shareholders to make communication easier and more effective. However, establishment of such committees can be time consuming and expensive. The Board prefers the establishment of such committees where there is no other available mechanism to communicate with the company boards.
1.12	PROXY CONTESTS	CASE-BY-CASE VOTING AGENT'S DISCRETION	A proxy contest is a strategy that involves using shareholders' proxy votes to replace the existing members of a company's board of directors. By removing existing board members, the person or company launching the proxy contest can establish a new board of directors that is better aligned with their objectives. Proxy contests should be examined on a case-by-case basis considering factors such as the company's performance relative to peers, strategy of incumbents vs. dissidents, experience of director candidates, current management's track record, etc.
1.13	REIMBURSEMENT OF PROXY SOLICITATION EXPENSES	CASE-BY-CASE VOTING AGENT'S DISCRETION	Most expenditures incurred by incumbents in a proxy contest are paid by the company. In contrast, dissidents are generally reimbursed only for proxy solicitation expenses, if they gain control of the company. Dissidents who have only gained partial representation may also be reimbursed in cases where the board and a majority of shareholders approve. In successful proxy contests, new management will often seek shareholder approval for the use of company funds to reimburse themselves for the costs of proxy solicitation.
1.14	LACK OF WOMEN REPRESENTATION ON CORPORATE BOARDS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	LACERS supports the election of women directors to corporate boards. LACERS encourages companies to have at least one diverse woman director who identifies as a member of an underrepresented group. ¹ Generally vote against or withhold from the chair of the nominating committee (or other directors on a case-by-case basis) at companies where there are no women on the company's board. An exception will be made if there was a woman on the company's board at the preceding annual meeting and the board makes a firm commitment to add one or more women directors within a year. ¹ Including but not limited to individuals identifying as Black or African American, Hispanic or Latinx, Asian, Native American or Alaska Native, Native Hawaiian or Pacific Islander; individuals identifying as LGBTQIA+; individuals with disabilities; and veterans.

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No.	Issue	LACERS Position	Rationale
1.15	DIRECTOR ATTENDANCE AT BOARD AND COMMITTEE MEETINGS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Absent compelling, publicly disclosed reasons, directors who attend fewer than 75 percent of board and board-committee meetings for two consecutive years should not be renominated. Companies should disclose individual director attendance figures for board and committee meetings.
1.16	CLIMATE ACCOUNTABILITY	CASE-BY-CASE VOTING AGENT'S DISCRETION	For companies that are significant greenhouse gas (GHG) emitters, as identified by the Climate Action 100+ Focus Group list, LACERS generally will vote against incumbent directors in cases where Agent's research has determined that the company is not taking minimum steps needed to understand, assess, and mitigate risk related to climate change to the company (i.e. detailed disclosure of climate-related risks as established by the Task Force on Climate-related Financial Disclosures [TCFD]). LACERS generally will support directors that support climate accountability.
1.17	COMMON STOCK CAPITAL STRUCTURE WITH UNEQUAL VOTING RIGHTS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Generally abstain from voting or vote against directors, committee members, or the entire board (except new nominees, who should be considered case-by-base), if the company employs a common stock structure with unequal voting rights.

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2. AUDIT-RELATED

Shareholders must rely on company-produced financial statements to assess company performance and the values of their investments. External auditors play an important role by certifying the integrity of these financial reports provided to shareholders. To ensure that an external auditor is acting in shareholders' best interest, the auditor must be independent, objective, and free of potential conflicts of interest.

No.	Issue	LACERS Position	Rationale
2.1	RATIFYING AUDITORS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	The Board generally supports a company's choice of audit firms unless an auditor has a financial interest in or association with the company and is therefore not independent; there is reason to believe that the independent auditor has rendered an inaccurate opinion of the company's financial position; or fees are excessive as defined by ISS (Non-audit fee > audit fees + audit related fees + tax compliance/preparation fees).
2.2	LIMITING NON-AUDIT SERVICES BY AUDITORS	FOR	Auditor independence may be impaired if an auditor provides both audit-related and non-audit related services to a company and generates significant revenue from these non-audit services. The Board believes that a company should have policies in place to limit non-audit services and prevent conflicts of interest.
2.3	ROTATION OF AUDITORS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A long-standing relationship between a company and an audit firm may compromise auditor independence for various reasons including an auditor's closeness to client management, lack of attention to detail due to staleness and redundancy, and eagerness to please the client. Enron and Anderson is a prime example of this situation. The Board believes it may be prudent to rotate auditors every 5 to 7 years.
2.4	ELECTION OF THE AUDIT COMMITTEE Section 404 of the Sarbanes-Oxley Act requires that companies document and assess the effectiveness of their internal controls. The Audit Committee should be comprised of the independent directors	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Companies with significant material weaknesses identified in the Section 404 disclosures potentially have ineffective internal financial reporting controls, which may lead to inaccurate financial statements, hampering shareholder's ability to make informed investment decisions, and may lead to the destruction in public confidence and shareholder value. The Audit Committee is ultimately responsible for the integrity and reliability of the company's financial information, and its system of internal controls, and should be held accountable.

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3. COMPENSATION

The Board endorses executive compensation plans that align management and shareholders' interest. Executive pay programs should be fair, competitive, reasonable, and appropriate. Pay-for-performance plans should be a central tenet of executive compensation and plans should be designed with the intent of increasing long-term shareholder value. Executives should not be incentivized to take excessive risks that could threaten long-term corporate viability and shareholder value.

No.	Issue	LACERS Position	Rationale
3.1	EXECUTIVE COMPENSATION APPROVED BY THE BOARD OF DIRECTORS	FOR	While some corporations allow compensation issues to be left to management, it is more prudent to have a compensation committee, composed of independent directors, approve, on an annual basis, executive compensation, including the right to receive any bonus, severance or other extraordinary payment. If a company does not have a compensation committee, then executive compensation should be approved by a majority vote of independent directors. The Board normally prefers to support the company's recommendation of executive compensation issues.
3.2	INDEPENDENT COMPENSATION CONSULTANT	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A company's board and/or compensation committee should have the power to hire an independent consultant – separate from the compensation consultants working with corporate management – to assist with executive compensation issues to avoid conflicts of interest. Disclosure should be provided about the company's, board's, and/or compensation committee's use of compensation consultants, such as company name, business relationship(s) and fees paid.
3.3	PAY FOR PERFORMANCE	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	A significant portion of an executive's pay should be tied to performance over time through the use of short and long-term performance-based incentives to align management and shareholders' interests. From a shareholders' perspective, performance is gauged by the company's stock performance over time. The attainment of executives' incentive goals should ultimately translate into superior shareholder returns in the long-term. Standard stock options and time-vested restricted stock are not considered performance-based since general market volatility alone can increase their value.
3.4	ADVISORY VOTES ON COMPENSATION (SAY ON PAY) – SHAREHOLDER PROPOSALS	FOR	A non-binding "say on pay" vote would encourage the board's compensation committee to be more careful about doling out unduly rich rewards that promote excessive risk-taking. It also would be a quick and effective way for a board to gauge whether shareowners think the company's compensation practices are in their best interests.

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No.	Issue	LACERS Position	Rationale
3.5	ADVISORY VOTES ON COMPENSATION (SAY ON PAY) – MANAGEMENT PROPOSALS	CASE-BY-CASE VOTING AGENT'S DISCRETION	<p>The advent of "say on pay" votes for shareholders in the U.S. is providing a new communication mechanism and impetus for constructive engagement between shareholders and managers/directors on pay issues.</p> <p>In general, the management say on pay (MSOP) ballot item is the primary focus of voting on executive pay practices -- dissatisfaction with compensation practices can be expressed by voting against MSOP rather than withholding or voting against the compensation committee.</p>
3.6	SAY ON PAY BALLOT FREQUENCY	FOR	<p>The Board supports an annual MSOP for many of the same reasons it supports annual director elections rather than a classified board structure: because it provides the highest level of accountability and direct communication by enabling the MSOP vote to correspond to the information presented in the accompanying proxy statement for the annual shareholders' meeting. Having MSOP votes only every two or three years, potentially covering all actions occurring between the votes, would make it difficult to create meaningful and coherent communication that the votes are intended to provide.</p>
3.7	STOCK OPTION PLANS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	<p>Stock options align the interests of management with the interests of shareholders. The Board prefers that options should be issued at or above fair market value. There should be no re-pricing of underwater options (stock options with little or no value due to poor performance), nor should there be a replenishment feature (automatic increases in the shares available for grant each year). Management must monitor the amount of dilution that stock options create. The total cost of the stock option plan should be reasonable relative to peer companies. The Board normally supports the use of stock options as a part of executive and management compensation.</p>
3.8	HOLDING PERIOD FOR EQUITY COMPENSATION AWARDS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	<p>Executives should be required to hold a substantial portion of their equity awards, including shares received from option exercises, while they are employed at a company or even into retirement. Equity compensation awards are intended to align management interests with those of shareholders, and allowing executives to sell or hedge these shares while they are employees of the company undermines this purpose.</p>
3.9	EXCLUDING PENSION FUND INCOME	FOR	<p>Earnings generated by a pension plan should not be included for executive compensation purposes.</p>

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No.	Issue	LACERS Position	Rationale
3.10	CLAWBACK OF INCENTIVE PAY	FOR	A company should recoup incentive payments made to executives and former executives if it is determined that the incentives were calculated from erroneous data, such as fraudulent or misstated financial results, and these incentive payments would not have been earned if correctly calculated.
3.11	GOLDEN PARACHUTES Golden parachutes are compensation arrangements that pay corporate managers after they leave their positions.	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	Golden parachutes can have a number of positive results: they can reduce management resistance to change, they help attract and retain competent talent, and they provide appropriate severance. Excessive golden parachutes not offered to other employees can damage their morale and can have a dilutive effect on shareholder wealth. A general rule is that the parachute should not exceed three times base salary. The Board is opposed to the payment of excessive executive compensation. Therefore, golden parachute agreements should be submitted to shareholders for ratification.
3.12	CHANGE OF CONTROL TRIGGERING UNJUSTIFIED ACCRUAL OF BENEFITS	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	A change of control event should not result in an acceleration of vesting of all unvested stock options or lapsing of vesting/performance requirements on restricted stock/performance shares, unless there is a loss of employment or substantial change in job duties for an executive.
3.13	GOLDEN COFFINS	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	Golden coffins are death-benefit packages awarded to the heirs of high ranking executives who die during employment with a company. Benefits awarded can include, but are not limited to, unearned salary and bonuses, accelerated stock options and perquisites. The Board is against excessive executive compensation, but recognizes that offering golden coffin benefits may be necessary to attract top talent.
3.14	SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS (SERPS)	LACERS opposes this issue in principle VOTING AGENT'S DISCRETION	SERPs are executive-only retirement plans designed as a supplement to employee-wide plans. These plans may be structured to contain special provisions not offered in employee-wide plans such as above market interest rates and excess service credits. Incentive compensation may also be used in calculating retirement benefits, resulting in better benefit formulas than employee-wide plans and increased costs to the company. The Board supports SERPs if these plans do not contain excessive benefits beyond what is offered under employee-wide plans.
3.15	PROPOSALS TO LIMIT EXECUTIVE COMPENSATION OR OTHER BENEFITS	AGAINST	Executive pay should not have a blanket limit such as being capped at a specified multiple of other workers' pay. There should not be an absolute limit to retirement benefits, nor a mandate that stipulates that there be salary reductions based on corporate performance.

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No.	Issue	LACERS Position	Rationale
3.16	DIRECTOR COMPENSATION	LACERS supports company management in principle VOTING AGENT'S DISCRETION	This is normally automatically approved unless the program is exceptional or abusive. Directors should be compensated with a mix of cash and stock, with the majority, but not all, of the compensation in stock to align their interests with shareholders. There should be no blanket limits on directors' compensation, but pay should be commensurate with expected duties and experience. The Board normally prefers to support company management's decision. The Board prefers that compensation issues be decided by a majority vote of the independent directors.
3.17	NON-EMPLOYEE DIRECTOR RETIREMENT BENEFITS	AGAINST	Since non-employee directors are elected representatives of shareholders and not company employees, they should not be offered retirement benefits, such as defined benefit plans or deferred stock awards, nor should they be entitled to special post-retirement perquisites.
3.18	DISCLOSURE OF EXECUTIVE COMPENSATION	FOR	The Board supports shareholder proposals seeking additional disclosure of executive compensation.
3.19	EMPLOYEE STOCK OWNERSHIP PROGRAMS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	On one hand, ESOPs have the potential for motivating and rewarding employees. On the other hand, there is concern about their use as management entrenchment devices and their potential dilutive effects on existing shareholder value. The Board believes that future purchasers must bear the same risk as current shareholders. Employee wealth obtained through stock ownership should be tied to shareholder value. The Board prefers no retroactive compensation. The Board supports the use of ESOPs.
3.20	401(K) EMPLOYEE BENEFIT PLANS	FOR	A 401(k) plan provides a highly visible benefit to employees that can be used to attract and retain quality personnel. The Board supports proposals to implement a 401(k) savings plan for employees.
3.21	OMNIBUS BUDGET RECONCILIATION ACT (OBRA) OF 1993 - RELATED COMPENSATION PROPOSALS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	IRS Section 162(m) of OBRA, prohibits a company from deducting more than \$1 million of an executive's compensation for tax purposes unless certain prescribed actions are taken to link compensation to performance such as establishment of performance goals by a compensation committee of outside directors and shareholder approval of the compensation plan. The Board generally supports proposals to approve new compensation plans or amend existing compensation plans to comply with Section 162(m) if the company can obtain tax benefits and increase shareholder value, and the plans do not result in excessive executive compensation.

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4. SHAREHOLDER RIGHTS & TAKEOVER DEFENSES

Companies should feature shareholder rights in their corporate governance principles to allow shareholders the opportunity to participate directly in monitoring management. A 2003 study by the National Bureau of Economic Research found that “firms with weaker shareholder rights earned significantly lower returns, were valued lower, had poor operating performance, and engaged in greater capital expenditure and takeover activity.”

No.	Issue	LACERS Position	Rationale
4.1	ACCESS TO PROXY PROCESS	FOR	Access proposals allow shareholders who own a significant number of shares to access management's proxy material to evaluate and propose voting recommendations on proxy proposals and director nominees, and to nominate their own candidates to the board. These proposals are based on the belief that shareholder access rights provide for increased corporate accountability and healthy communication.
4.2	ADVANCE NOTICE REQUIREMENTS	LACERS supports this issue in principle. VOTING AGENT'S DISCRETION	Advance notice bylaws, holding requirements, disclosure rules and any other company imposed regulations on the ability of shareholders to solicit proxies beyond those required by law should not be so onerous as to deny sufficient time or otherwise make it impractical for shareholders to submit nominations or proposals and distribute supporting proxy materials.
4.3	CLASSIFIED BOARDS AND STAGGERED BOARDS A structure for a board of directors in which a portion of the directors serve for different term lengths.	LACERS opposes this issue in principle. VOTING AGENT'S DISCRETION	Although shareholders need some form of protection from hostile takeover attempts, and boards need tools and leverage in order to negotiate effectively with potential acquirers, a classified board tips the balance of power too much toward incumbent management at the price of potentially ignoring shareholder interests.
4.4	CONFIDENTIAL VOTING A shareholder's voting position is kept confidential.	FOR	Shareholders over whom management have some power (for example, employee shareholders, money managers who stand to gain or lose company business, banks, insurance companies and companies with interlocking boards) may be deterred from voting against management if they know their votes will become known to management. Companies that can discover who is voting in which way prior to the meeting also have an advantage not enjoyed by any shareholder supporting or opposing any issue on the ballot, and in targeting those shareholders who vote against management and pressuring them to change their votes.

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No.	Issue	LACERS Position	Rationale
4.5	<p>CUMULATIVE VOTING</p> <p>Allows each shareholder to take the voting rights he or she has with respect to director candidates and accumulates them to vote for only one director, or for a smaller number of directors.</p>	FOR	Cumulative voting enhances shareholders' abilities to elect a single director or a small number of directors, thus increasing their ability to have a voice on the board even when they lack the voting power to affect change-in-control or other major decisions. Some fear that allowing cumulative voting can allow or encourage disruptive or predatory shareholders.
4.6	<p>SHAREHOLDER'S RIGHT TO ACT INDEPENDENTLY OF MANAGEMENT -- CALLING SPECIAL MEETINGS AND ACTING BY WRITTEN CONSENT</p>	FOR	These include giving shareholders the ability to call a special meeting of shareholders without management's consent, and the ability to act by written consent (saving the costs and difficulties of holding a meeting). Most corporations support the retention, restoration, or creation of these rights. Shareholders need realistic mechanisms to protect their interests in situations where their interests are not aligned with management interest.
4.7	<p>SUPERMAJORITY PROVISIONS</p> <p>Voting majority that is higher than those set by state law.</p>	AGAINST	Sets a level of approval for specified actions that is higher than the minimum set by state law. These requirements often exceed the level of shareholder participation at a meeting, making action that requires a supermajority all but impossible.
4.8	<p>LINKED (BUNDLED) PROPOSALS</p> <p>Combining more than one proposal.</p>	<p>LACERS opposes this issue in principle</p> <p>VOTING AGENT'S DISCRETION</p>	Linked proposals often include "sweeteners" to entice shareholders to vote for a proposal (that includes other items) that may not be in the shareholders' best interest. The Board normally opposes linked proposals where one or more of the linked proposals is in opposition to the Board's proxy position.
4.9	<p>VOTES TO ABSTAIN MEANS A CASTED VOTE</p>	FOR	Counting abstained votes in the total pool of all votes cast.
4.10	<p>BROKER VOTING RESTRICTIONS</p>	FOR	Broker non-votes and abstentions should be counted only for purposes of a quorum.
4.11	<p>FAIR PRICING</p>	FOR	Fair price provisions prevent two-tier tender offers in which a buyer offers a premium price for only enough shares to obtain a controlling interest. It is unfair to pay some shareholders (those that did not tender in the first group) less than other shareholders.
4.12	<p>GREEN MAIL</p> <p>Greenmail is the practice of shareholders accumulating a large block of stock in a company, then selling the stock back to the company at an above market price in exchange for agreeing not to attempt to take control for a lengthy period of time.</p>	AGAINST	A vote of the holders of a majority of the outstanding shares of common stock, regardless of class, shall be required to approve any corporate decision related to the finances of a company which will have a material effect upon the financial position of the company and the position of the company's shareholders.

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No.	Issue	LACERS Position	Rationale
4.13	<p>POISON PILLS</p> <p>A method used by boards, which prevent anyone from acquiring a large portion of the company stock for a corporate takeover.</p>	<p>LACERS opposes this issue in principle</p> <p>VOTING AGENT'S DISCRETION</p>	<p>Poison pills can consist of a wide variety of provisions adopted by boards without shareholder approval, designed to make it financially unattractive – indeed, often financially devastating – for a shareholder to purchase more than a small percentage of the company's stock, often by triggering the creation of a large number of new stocks or warrants that dilute the offending shareholder's interest to the point of making it virtually valueless. The Board is normally opposed to the use of poison pills.</p>
4.14	<p>NET OPERATING LOSS (NOL) POISON PILLS</p> <p>See 4.13 for poison pill definition.</p>	<p>CASE-BY-CASE</p> <p>VOTING AGENT'S DISCRETION</p>	<p>NOLs may be used to reduce future income tax payments and have become valuable assets to many corporations. If a corporation experiences an ownership change as defined by Section 382 of the tax code, then its ability to use a pre-change NOL in a post-change period could be substantially limited or delayed. NOL pills are adopted as a takeover deterrent to preserve the tax benefit of NOLs.</p>
4.15	<p>POISON PILLS – ALLOW FOR SHAREHOLDER VOTE</p>	<p>FOR</p>	<p>Since poison pills ultimately impact the wealth of shareholders, the Board supports voting measures that allow for the shareholders to vote on matters pertaining to the use of poison pills.</p>
4.16	<p>RE-INCORPORATION</p>	<p>LACERS supports company management in principle</p> <p>VOTING AGENT'S DISCRETION</p>	<p>Corporations may wish to reincorporate in another state to take advantage of favorable corporate law, while providing maximized shareholder values and operational flexibility. On the other hand, reincorporation laws of other states could be such as to limit shareholder rights or reduce shareholder wealth. The Board normally supports company management's decisions on re-incorporation matters.</p>
4.17	<p>STATE ANTI-TAKEOVER LAWS</p>	<p>CASE-BY-CASE</p> <p>VOTING AGENT'S DISCRETION</p>	<p>State anti-takeover laws seek to deter hostile takeover attempts of state-based corporations with the intent of keeping target companies locally based and preserving jobs. These laws may also complicate friendly mergers and impose great costs and delays on shareholders and stakeholders in the corporation. Most state anti-takeover provisions allow companies to "opt in" or "opt out" of coverage via shareholder vote.</p>
4.18	<p>TARGETED SHARE PLACEMENTS</p> <p>Placing stock in the hands of friendly investors</p>	<p>LACERS supports company management in principle</p> <p>VOTING AGENT'S DISCRETION</p>	<p>Targeted share placements (or "White Squire" placements) occur when a company puts large blocks of stock or convertible securities into the hands of a friendly investor or group of investors. This is often an inexpensive method of raising cash for a company. The Board prefers that company management seeks authorization before establishing a targeted share placement but supports this corporate action.</p>

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5. CAPITAL STRUCTURE

Corporate financing decisions can have a significant impact on shareholder value, particularly when these decisions may result in common share dilution. As a result, shareholders must analyze all management proposals to modify capital structure to determine whether these financing decisions are in their best interests.

No.	Issue	LACERS Position	Rationale
5.1	INCREASES IN THE NUMBER OF AUTHORIZED SHARES OF STOCK	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Companies need the flexibility of issuing additional shares for stock splits, stock dividends, financings, acquisitions, employee benefit plans and general corporate purposes. The Board prefers that increases should not exceed three times the number of existing outstanding shares and that the company specify a purpose for the proposed increase.
5.2	ONE SHARE, ONE VOTE Each share of common stock, regardless of its class, shall be entitled to vote in proportion to its relative share of the total common stock equity of the corporation.	FOR	The right to vote is inviolate and may not be abridged by any circumstances or by any action of any person. Each share of common stock, regardless of its class, shall be treated equally in proportion to its relative share in the total common stock equity of the corporation, with respect to any dividend, distribution, redemption, tender or exchange offer. In matters reserved for shareholder action, procedural fairness and full disclosure are required.
5.3	PAR VALUE ADJUSTMENT OF COMMON STOCK	FOR	In extraordinary cases when a stock price falls below its par value, a company wishing to issue additional stock would be unable to do so without reducing par value. Companies may also propose reductions in par value to conform to state legislative changes in the required minimum level of par value.
5.4	PREEMPTIVE RIGHTS Provides current stockholders an option to maintain their relative ownership position.	AGAINST	Preemptive rights require a company issuing new shares to offer them to their existing shareholders first, in proportion to their existing holdings. This gives current shareholders the ability to maintain their relative equity position as a shareholder. Preemptive rights generally have limited importance, given the increase in the size and liquidity of the secondary market and their potential for abuse.
5.5	DEBT RESTRUCTURING	CASE-BY-CASE VOTING AGENT'S DISCRETION	As part of a debt restructuring plan, a company may propose to increase and issue common and/or preferred shares. These proposals should be evaluated considering dilution to existing shareholders, potential changes in company control, the company's current financial position, terms of the offer, whether bankruptcy is imminent and alternatives.

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No.	Issue	LACERS Position	Rationale
5.6	CONVERSION OF SECURITIES	CASE-BY-CASE VOTING AGENT'S DISCRETION	Proposals to convert securities, such as converting preferred stock to common shares, should be evaluated based on the dilution to existing shareholders, the conversion price relative to market value, financial issues, control issues, termination penalties, and conflicts of interest.
5.7	SHARE REPURCHASES Corporations buy back a portion of the outstanding shares.	FOR	The Board normally favors of share repurchase plans if the company boards feel that the stock is undervalued or there is a legitimate corporate purpose.
5.8	REVERSE STOCK SPLITS	FOR ONLY IF THE NUMBER OF AUTHORIZED SHARES IS PROPORTIONATELY REDUCED. OTHERWISE, VOTING AGENT'S DISCRETION.	A reverse stock split reduces the number of shares owned and increases the share price proportionately. A reverse stock split has no effect on the value of what shareholders own. Companies often reverse split their stock when they believe the price of their stock is too low to attract investors to buy their stock or to avoid being delisted. If the number of authorized shares is not proportionately reduced with a reverse stock split, then LACERS treats these proposals as a request to increase authorized shares.
5.9	BLANK CHECK PREFERRED STOCK Blank check preferred stock is authorized stock over which the board has complete discretion to set voting rights, dividend rates, and redemption and conversion privileges.	AGAINST	There is the potential for abusing this kind of stock by the board. Although some guidelines note that blank check preferred stock gives management great flexibility, and this might be valuable and in the corporate interest, in general it is felt that this kind of flexibility, free of shareholder control, is insufficient justification for the creation of this type of stock.

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6. CORPORATE RESTRUCTURINGS

Corporate restructurings, such as mergers and leveraged buyouts, can have a major effect on shareholder value. Many of these transactions require shareholder approval and must be examined carefully to determine whether they are in the best financial interests of the shareholders.

No.	Issue	LACERS Position	Rationale
6.1	ASSET SALES	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Asset sales should be evaluated based on the impact on the balance sheet/working capital, value received for the asset, and potential elimination of inefficiencies. The Board generally supports management decisions to sell assets.
6.2	GOING PRIVATE TRANSACTIONS (LEVERAGED BUYOUTS AND MINORITY SQUEEZEOUTS)	CASE-BY-CASE VOTING AGENT'S DISCRETION	Going private transactions such as leveraged buyouts and minority squeezeouts should be evaluated on a case-by-case basis taking into account the following: offer price and imbedded premium, fairness opinion, how the deal was negotiated, conflicts of interest, other alternatives/offers considered, and the risk to shareholders if the attempt to take the company private fails.
6.3	LIQUIDATIONS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Liquidation proposals are generally bad news for long-term investors. They usually occur after a prolonged period of declines in earnings and share prices. However, liquidation may be an attractive option if the sale of the firm's assets on a piece-meal basis can be accomplished at a higher-than-market price. Liquidation proposals should be evaluated based on management's efforts to pursue other alternatives, appraised value of assets, the compensation plan for executives managing the liquidation, and the likelihood of bankruptcy if the liquidation proposal is not approved.
6.4	MERGERS AND ACQUISITIONS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Case-by-case votes are recommended on mergers or acquisitions since the circumstances by which they arise are unique. The Board supports the company management's decision on mergers and acquisitions when such decision is based upon the findings of a thorough due diligence process and is in the best interest of the shareholders.
6.5	SPIN-OFFS	CASE-BY-CASE VOTING AGENT'S DISCRETION	Corporations may seek to streamline their operations by spinning off less productive or unrelated subsidiary businesses. The spun-off companies are expected to be worth more as independent entities than as parts of a larger business. Spin-offs are evaluated case-by-case depending on the tax and regulatory advantages, planned use of sale proceeds, managerial incentives, valuation of spinoff, fairness opinion, benefits to the parent company, conflicts of interest, corporate governance changes, and changes in the capital structure.

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7. MISCELLANEOUS CORPORATE GOVERNANCE			
No.	Issue	LACERS Position	Rationale
7.1	ANNUAL MEETING DATE & LOCATION	LACERS supports company management in principle VOTING AGENT'S DISCRETION	Mandatory rotation of the annual meeting would not significantly increase stockholders' access to management since there are convenient alternatives available to interested stockholders. It would decrease the company's flexibility without a material benefit to stockholders. The Board normally supports company management's decision on this issue.
7.2	CORPORATE NAME CHANGE	FOR	A company may seek a name change to better portray its strategic image or re-brand itself. The Board supports company management's decision on this issue.
7.3	CORPORATION CHARTER & BYLAW AMENDMENTS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Charters and bylaws should not be amended without shareholder approval unless the changes are of a housekeeping nature such as minor corrections or updates.

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8. SOCIAL & ENVIRONMENTAL

On April 9, 2019, the Board of Administration approved becoming a signatory of the Principles for Responsible Investing ("PRI"), a policy of global best practices for environmental, social, and governance ("ESG") investing. LACERS officially became a PRI signatory on September 3, 2019. LACERS current proxy voting agent, Institutional Shareholder Services, ("ISS"), is a signatory to the PRI and incorporates them into its proxy analysis process. Therefore, when considering how to vote on most ESG proposals, investment staff relies on the research expertise and voting recommendations of ISS.

No.	Issue	LACERS Position	Rationale
8.1	DIVERSIFICATION OF BOARDS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Women and minorities have played major and responsible roles not only in government, higher education, law and medicine, but also in communications, electronics, and finance. The Board normally prefers to support diversification on company boards. However, the Board recognizes that such a mandate carried out without regard to the selection of the most highly qualified candidates might not be in the best interest of these companies.
8.2	CORPORATE BOARD MEMBERS SHOULD WEIGH SOCIO-ECONOMIC, LEGAL AND FINANCIAL FACTORS WHEN EVALUATING TAKEOVER BIDS	CASE-BY-CASE BASIS VOTING AGENT'S DISCRETION	While broad social and environmental issues are of concern to everyone, institutional shareholders acting as representatives of their beneficiaries must consider, specifically, the impact of the proposal on the target company. A decision on whether to support or oppose such proposals shall focus on the financial aspects of social and environmental proposals. If a proposal would have a negative impact on the company's financial position or adversely affect important operations, LACERS would oppose the resolution. Conversely, if a proposal would have a clear and beneficial impact on the company's finances or operations, LACERS would support the proposal.
8.3	INDEPENDENT REVIEW OF COMPANY OR PLANT OPERATIONS	AGAINST	An independent review of company or plant operations which will be provided at company expense to the shareholders to consider the cost of and alternatives to the present or proposed projects on the primary operation. This process would be costly and time-consuming.
8.4	DISCLOSURE OF OFFICERS, DIRECTORS AND INVOLVED OUTSIDERS' GOVERNMENTAL AFFILIATIONS	AGAINST	Miscellaneous issues include disclosures of lists of officers, directors and involved outsiders who have served in any governmental capacity during the previous five years. In addition, disclosure includes the lists of law firms employed by the companies, rundowns on fees and the revelation as to whether any elected or appointed official have partnership interest in the retained law firms. To the extent that potential conflicts of interest cannot be controlled by corporate procedures, professional ethics, and law, these disclosures will make no difference.

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No.	Issue	LACERS Position	Rationale
8.5	CORPORATE AFFIRMATION OF ITS NON-COERCIVE POLITICAL PRACTICES	AGAINST	This affirmation is intended to ensure that the corporation avoids a number of coercive political practices such as distribution of contribution cards in favor of one political party. Since these practices are illegal, the issue is moot.
8.6	LIMITING CORPORATE PHILANTHROPY	AGAINST	These proposals place restrictions and additional reporting obligations upon management's right to make corporate contributions to charitable, educational, community or related organizations. Most companies give money to charity. Because most companies must compete, those that do not contribute to charity risk damaging their good names.
8.7	STAKEHOLDERS' INTEREST BEFORE OR EQUAL WITH SHAREHOLDERS' INTEREST	ABSTAIN	Stakeholders include customers, suppliers, employees, communities, creditors and shareholders. Stakeholders are important to the success of the corporation and therefore the interests of each must be considered by directors and management. However, boards should not put the non-shareholder/stakeholder interests ahead of or on an equal footing with shareholders in terms of the corporation's ultimate purpose.
8.8	GENDER, RACE, OR ETHNICITY PAY GAP AND WAGE THEFT	FOR	Companies should provide reports on its pay data categorized by gender, race, or ethnicity and reports on a company's policies and goals to reduce any gender, race, or ethnicity pay gaps. Companies should also provide reports on a company's policies and practices that protect employees, particularly tipped workers, against various forms of wage theft.
8.9	PREPARE REPORT/PROMOTE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC) RELATED ACTIVITIES	FOR	<p>1) Shareholder proposals calling for action on equal employment opportunity and non-discrimination.</p> <p>2) Shareholder proposals requesting non-discrimination in salary, wages, and all benefits.</p> <p>3) Shareholder proposals calling for legal and regulatory compliance and public reporting related to non-discrimination, affirmative action, workplace health and safety, and labor policies and practices that affect long-term corporate performance.</p> <p>4) Shareholder proposals that ask the company to report on its diversity and/or affirmative action programs.</p>
8.10	MANAGEMENT CLIMATE-RELATED PROPOSALS	CASE BY CASE VOTING AGENT'S DISCRETION	Vote case-by-case on management proposals that request shareholders to approve the company's climate transition action plan, taking into account the completeness and rigor of the plan.

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No.	Issue	LACERS Position	Rationale
8.11	RACIAL EQUITY AND/OR CIVIL RIGHTS AUDIT	FOR	Vote for proposals asking a company to conduct an independent racial equity and/or civil rights audit to understand the company's policies, process, or framework for addressing racial inequity and discrimination.
8.12	CLIMATE CHANGE / GREENHOUSE GAS (GHG) EMISSIONS	LACERS supports this issue in principle VOTING AGENT'S DISCRETION	Vote for shareholder proposals that request the company to disclose a report providing its greenhouse gas (GHG) emissions levels and reduction targets and/or its upcoming/approved climate transition action plan and provide shareholders the opportunity to express approval or disapproval of its GHG emissions plan.

Section 9 PROXY VOTING POLICY**9. ISSUES NOT ADDRESSED BY POLICY**

For proxy issues not addressed by this policy that are market specific, operational or administrative in nature, and likely non-substantive in terms of impact, LACERS gives ISS discretion to vote these items.

Substantive issues not covered by this policy and which may potentially have a significant economic impact for LACERS shall be handled accordingly:

- 1) ISS shall alert investment staff of substantive proxy issues not covered by policy as soon as practicable;
- 2) Investment staff and/or the General Manager shall determine whether the item requires Governance Committee ("Committee") and/or Board of Administration ("Board") consideration;
- 3) If the issue does not require Committee and Board consideration, then staff will vote the issue based on available research;
- 4) If the issue requires Committee and Board consideration, then the item will be prepared and presented to the Committee and Board for consideration. Following Committee and Board action, staff will then have the issue voted accordingly.
- 5) If time constraints prevent a formal gathering of the Committee and Board, then the Board delegates specific authority to the General Manager (GM), the Chief Investment Officer (CIO), the LACERS Board President, and Governance Committee Chair to consider the item. If the GM, CIO, Board President, and Governance Committee Chair unanimously support a voting position, staff shall vote the issue accordingly and the CIO shall report the action to the Board at its next meeting. If unanimous support for a voting position is not achieved, LACERS will abstain from voting on the item.