



Board of Administration Agenda

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

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

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

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

President:	Cynthia M. Ruiz
Vice President:	Vacant
Commissioners:	Annie Chao Elizabeth Lee Sandra Lee Nilza R. Serrano Sung Won Sohn Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
Legal Counsel:	City Attorney's Office Public Pensions General Counsel Division

- I. PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION
- II. [APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF JUNE 25, 2019 AND POSSIBLE BOARD ACTION](#)
- III. BOARD PRESIDENT VERBAL REPORT
- IV. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
- V. RECEIVE AND FILE ITEMS
 - A. [BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER](#)

- B. [MARKETING CESSATION NOTIFICATION](#)
 - C. [COMMISSIONER SOHN BOARD EDUCATION EVALUATION ON MIT CERTIFICATE PROGRAM IN REAL ESTATE FINANCE AND DEVELOPMENT, CAMBRIDGE, MA; JUNE 17-21, 2019](#)
 - D. [COMMISSIONER ELIZABETH LEE BOARD EDUCATION EVALUATION ON IFEBP CERTIFICATE OF ACHIEVEMENT IN PUBLIC PLAN POLICY PENSIONS PART I AND PART II, BOSTON, MA; JUNE 18-21, 2019](#)
 - E. [LEGISLATIVE UPDATE OF JULY 2019](#)
- VI. CONSENT AGENDA
- A. [TRAVEL AUTHORITY – COMMISSIONER CYNTHIA M. RUIZ; PRINCIPLES FOR RESPONSIBLE INVESTMENT IN PERSON 2019, PARIS, FRANCE; SEPTEMBER 10-12, 2019 AND POSSIBLE BOARD ACTION](#)
- VII. BOARD/DEPARTMENT ADMINISTRATION
- A. [CONTRACT AWARD TO SEGAL CONSULTING FOR ACTUARIAL SERVICES AND POSSIBLE BOARD ACTION](#)
- VIII. INVESTMENTS
- A. CHIEF INVESTMENT OFFICER VERBAL REPORT
 - B. [PRESENTATION BY TORREYCOVE, LLC REGARDING PRIVATE EQUITY INVESTMENT MANAGEMENT](#)
- IX. DISABILITY RETIREMENT APPLICATION(S)
- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF LINDA CHEATHAM AND POSSIBLE BOARD ACTION**
- X. OTHER BUSINESS
- XI. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, July 23, 2019 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.
- XII. ADJOURNMENT

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

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

June 25, 2019

10:04 a.m.

Agenda of: July 9, 2019

Item No: II

PRESENT:	President:	Cynthia M. Ruiz
	Vice President:	(arrived at 10:50 a.m.) Elizabeth L. Greenwood
	Commissioners:	Elizabeth Lee Sandra Lee Nilza R. Serrano Michael R. Wilkinson
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
	Legal Counsel:	Anya Freedman James Napier
ABSENT:	Commissioner	Sung Won Sohn

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

I

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

II

APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF JUNE 11, 2019 AND POSSIBLE BOARD ACTION – A motion to approve the Regular Board Meeting minutes of June 11, 2019 was moved by Commissioner Serrano, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, and President Ruiz -5; Nays, None.

James Napier, Deputy City Attorney, was present during the Disability Retirement Application discussion.

Commissioner Greenwood arrived at the Regular Meeting at 10:50 a.m., during the Disability Retirement Application discussion.

III

DISABILITY RETIREMENT APPLICATION(S)

- A. CONSIDER THE RETURN TO WORK REQUEST OF RETIREE HAGOP TCHAKERIAN AND POSSIBLE BOARD ACTION (HEARING) – Anna Ingram, Management Analyst with Retirement Services Division and Hagop Tchakerian, Retiree were present and discussed this item. After hearing witness testimonies, the Board gave direction to staff and asked that this item be reintroduced at a future Board Meeting.

President Ruiz recessed the Regular Meeting at 11:40 a.m. for a break and reconvened the Regular Meeting at 11:49 a.m.

IV

BOARD PRESIDENT VERBAL REPORT – President Ruiz stated that City Council approved her reappointment to the LACERS Board for another five-year term.

V

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, discussed the following items:
- Data Sharing with Other Agencies
 - Revenue Management Commission request for expense breakdowns
 - CalPERS visit to LACERS
 - Staff representatives will be trained in emergency preparedness
 - Update on office expansion
 - Internal reorganization for FY 20
 - Updated Board Report format
 - Transparency of key statistical data
- B. UPCOMING AGENDA ITEMS – Mr. Guglielmo stated that Cyber Liability Insurance would be on an upcoming Board agenda.
- C. RECOGNITION OF SERVICE FOR COMMISSIONER ELIZABETH L. GREENWOOD – Neil M. Guglielmo, General Manager and President Ruiz recognized Vice President Greenwood’s 10-years of service on the LACERS Board.

VI

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES (MAY 2019) – The report was received by the Board and filed.
- B. COMMISSIONER RUIZ BOARD EDUCATION EVALUATION ON HISPANIC HERITAGE FOUNDATION INVESTORS FORUM, OAKLAND, CA; JUNE 6, 2019 – The report was received by the Board and filed.

VII

COMMITTEE REPORT(S)

- A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE MEETING OF JUNE 11, 2019 – Commissioner Wilkinson stated that the Committee was presented with the 2020 Health Plan Contract Renewal update.
- B. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF JUNE 11, 2019 – Commissioner Elizabeth Lee stated that the Committee approved the Investment Manager Contract termination with AJO LP and the Committee decided to table any action on the Private Credit Investment Manager Search.

VIII

BOARD/DEPARTMENT ADMINISTRATION

- A. CHIEF ACCOUNTING EMPLOYEE SIGNATURE AUTHORITY AND POSSIBLE BOARD ACTION – Commissioner Wilkinson moved approval of the following Resolution:

**CITY EMPLOYEES’ RETIREMENT SYSTEM
CHIEF ACCOUNTING EMPLOYEE
FISCAL YEAR 2019-20 AND THEREAFTER**

RESOLUTION 190625-A

WHEREAS, pursuant to the Los Angeles Administrative Code Section 21.8, each City department is required to appoint a chief accounting employee to “perform those duties imposed upon him or her by the Charter, by ordinance, or by the board.”; and

WHEREAS, the Administrative Code also allows for the authorization of designees in case the chief accounting employee is absent or unable to perform her duties;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby re-authorizes Mikyong Jang, Departmental Chief Accountant IV, to continue to serve as chief accounting employee for the Los Angeles City Employees’ Retirement System (LACERS), with all the responsibilities attendant upon that position and authorizes JoAnn Peralta, Principal Accountant I, and Lilian Buranabul, Senior Accountant I, two of Ms. Jang’s subordinate staff members to serve as designees of LACERS chief accounting employee.

Endorsed _____
Mikyong Jang
Departmental Chief Accountant IV
Chief Accounting Employee

Endorsed _____
JoAnn Peralta
Principal Accountant I

Endorsed _____
Lilian Buranabul
Senior Accountant I

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

IX

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Bryan Fujita, Chief Operating Officer, reported on the portfolio value, \$17.73 Billion as of June 24, 2019. Mr. Fujita discussed the following items:
- No notification of sexual harassment lawsuit with TCW
 - LACERS Facebook exposure is \$67.2 million
 - Future agenda items: Private Credit Investment Manager Search, Private Equity Education by TorreyCove, Investment Manager contracts up for renewal

X

DIVISION SPOTLIGHT

- A. MEMBER PROCESSING UNIT – Karen Freire, Chief Benefits Analyst and Shari Hernandez, Benefits Specialist with Retirement Services Division presented this Spotlight to the Board.

XI

OTHER BUSINESS – There was no other business

XII

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

XIII

ADJOURNMENT – There being no further discussion before the Board, President Ruiz adjourned the meeting at 12:42 p.m. in the memory of Maggie Whelan, Retired and former General Manager of Los Angeles City Personnel Department who passed away on June 6, 2019.

Cynthia M. Ruiz
President

Neil M. Guglielmo
Manager-Secretary

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM V-A

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

SERVICE RETIREMENTS

<u>Member Name</u>	<u>Service Department</u>	<u>Classification</u>
Abd Rahman, Khalid A	8 Police Dept. - Civilian	Security Officer
Adler, Doris Barbara	30 Police Dept. - Civilian	Sr Police Serv Rep
Aguilar, Anthony G	21 EWDD	Sr Project Assistant
Al Sarraf, Sermid Dean	17 PW - Engineering	Sr Systems Analyst
Allen, Richard B	32 PW - Engineering	Survey Party Chief
Alo, Tina	19 PW - Admin Div.	Accounting Clerk
Barajas, Ramon	36 Dept. of Rec. & Parks	Asst Gm Rec & Parks
Bobadilla, Fred D	31 PW - Sanitation	Env Compliance Insp
Brayboy, Elbert J	4 Dept. of Rec. & Parks	Locker Room Attendant
Burbridge, William R	30 PW - Resurf & Reconstr	Equipmnt Operator
Bushey, Craig Kenneth	20 City Attorney's Office	City Atty Investgr
Campos, Marie T	21 City Attorney's Office	Pr Clerk City Atty
Chan, Catherine W	18 Dept. of Transportation	Accounting Clerk
Chapa, Octavio	42 PW - Solid Resource	Ref Coll Truck Oper
Cho, Pazrica Morabe	9 Personnel Dept.	Physician
Cleitt, Angela C	28 Dept. of Airports	Commun Info Rep
Coons, Caesar	17 PW - St. Maint.	St Svcs Worker
Crist, Helen C	36 Harbor Dept.	Sr Mgmt Analyst
Crook, Estrelita	41 Police Dept. - Civilian	Administrative Clerk
Crutchfield, Paula E	23 Police Dept. - Civilian	Sr Administrative Clerk
Cruz, Arnold Y	30 LA Housing Dept.	Management Analyst
Curry, Maria E	30 Harbor Dept.	Sr Administrative Clerk
David, Jacquelyn M	29 PW - Sanitation	Pub Info Director
Davis, Kevin Phillip	30 PW - Solid Resource	Ref Coll Truck Oper
Donaldson, Regina Yvette	21 Dept. of Transportation	Traf Officer
Eliot, Darlene N	17 Library Dept.	Library Asst
Garcia, Alfred F	35 PW - St. Tree Div.	Irrigation Specialist
Gardner, Steven M	20 Dept. of Airports	Painter
Gonzalez, Susana	14 Dept. of Airports	Custodian Airport
Harris, Hazel R	32 Dept. of Bldg. & Safety	Management Analyst
Hawkins, Carla Yvette	28 Police Dept. - Civilian	Sr Administrative Clerk
Huang, Zhan Ling	33 PW - Contract Admin	Data Base Architect
Hughey, Uta M	34 Police Dept. - Civilian	Management Analyst
Jackson, Thomas C	12 Dept. of Rec. & Parks	Patrol Lifeguard

Johnson, Maggie L	41 Library Dept.	Sr Librarian
Johnson, Steven F	30 PW - Sanitation	Ref Crew Field Instr
Jones, Jacqueline	37 Dept. of Airports	Risk Manager
Korand, Rameswari V	27 PW - Sanitation	Envrmntl Engrg Assc
Koster, Frank	13 Police Dept. - Civilian	Equipmnt Mechanic
Leon-Chatman, Annette Kaye	30 Police Dept. - Civilian	Police Service Rep
Lesseos-Lupher, Eva M	13 Personnel Dept.	Sr Admin Clerk
Lutgen, Mary K	7 Library Dept.	Librarian
Mackinnon, Paul Richard	17 PW - Contract Admin	Sr Constr Inspector
Mano, Hikari H	18 Dept. of Animal Svcs.	Veterinary Technician
Mendez, Clemente G	29 GSD - Fleet Services	Equipmnt Mechanic
Mercado, Evelyn M	30 Library Dept.	Administrative Clerk
Moffat, Alexander W	19 Dept. of Bldg. & Safety	Pr Inspector
Morales, Robert N	35 Library Dept.	Sr Mgmt Analyst
Murillo, Rosalina	9 Dept. of Transportation	Crossing Guard
Nanne, Taoufik	22 ITA	Commun Engrg Assoc
Neuman, John M	25 Police Dept. - Civilian	Police Admin
Nuno, Martha	28 Dept. of Animal Svcs.	Animal Care Tech
O Carroll, Paul M	30 PW - Contract Admin	Sr Electrcl Inspector
Oliver, Alexis E	30 Dept. of Airports	Management Analyst
Orrestad, John P	21 Dept. of Airports	Management Analyst
Palmas, Enrique	33 PW - Resurf & Reconstr	St Svcs Supvr
Parker, Robert K	33 Dept. of Rec. & Parks	Sr Gardener
Perez, Joe A	38 GSD - Bldg. Svcs.	Sr Roofer
Petrossian, Gourgen	17 Dept. of Bldg. & Safety	Build Mech Inspector
Radtke, Bruce	30 Dept. of Airports	Sr Constr Inspector
Ramos, Onesimo E	29 Dept. of Rec. & Parks	Gardener Caretaker
Richard, Lynn	15 LA Housing Dept.	Sr Systems Analyst
Rodriguez, Gino Cortez	30 PW - Sanitation	Maintenance Laborer
Romney, Marilou Polendey	37 Police Dept. - Civilian	Pr Clerk Police
Roque, Lydia	32 Dept. of Airports	Sr Administrative Clerk
Russell, Michael	17 Harbor Dept.	Financial Manager
Sandoval, Phillip M	34 Harbor Dept.	Painter
Sauer, Mary Therese	38 Office of the CAO	Ch Admin Analyst
Schram, Gary W	5 Personnel Dept.	Special Investigator
Sillman, Martha S	23 Personnel Dept.	Correctional Nurse
Smith, Kenneth Leon	15 GSD - Bldg. Svcs.	Electrician
Smith, Paul McClain	44 Council	Legislative Analyst
Stone, Leonard Eldon Ross	38 Dept. of Transportation	Signal System Electron
Sugimoto, Norman Henry	12 Police Dept. - Civilian	Photographer
Tan, Joyce A	35 Library Dept.	Administrative Clerk
Tanouye, Gary	38 Dept. of Transportation	Signal System Electron
Thomas, Clive	30 PW - Contract Admin	Sr Constr Inspector

Udtamadilok, Suvud
Waters, Charlene Ruby
White, Kathy Marie
Williams, Birdell
Williams, Sharon
Winkelman, Katrina
Wright, Richard
Yorba, Frank
Yoshinaga, Gloria E
Young, John Wayne

33 GSD - Standards
32 Dept. of Airports
12 Dept. of Transportation
8 Dept. of Transportation
31 Dept. of Airports
29 GSD - Purchasing
20 City Attorney's Office
34 Dept. of Rec. & Parks
17 City Attorney's Office
31 GSD - Materials Mgmt.

Mati Tst Engrg Assc
Sr Mgmt Analyst
Traf Officer
Crossing Guard
Commun Info Rep
Accountant
City Atty Investgtr
Equipmnt Operator
Legal Secretary
Storekeeper

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM V-A

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

Approved Death Benefit Payments

Deceased

Beneficiary/Payee

TIER 1

Aker, Philip M

Jeanine Yvonne Fetterly for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Bloom, David Michael

Carol Cristine Bloom for the payment of the
Accrued But Unpaid Disability Retirement Allowance
Burial Allowance

Brice, Linda Lou

Joe Ray Boles for the payment of the
Burial Allowance

Brown, Robert A

Laura Lynn Brown for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Caldwell, Henrietta J

Carl Vincent Caldwell for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Delianedis, John D	Lisa Knight for the payment of the Accrued But Unpaid Service Retirement Allowance
Diaz, Guadalupe	Rodolfo Serrano Padilla for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
Dion, Gregory T (Deceased Active)	Raymond Charles Dion for the payment of the Accumulated Contributions Therese Dion Stampley for the payment of the Accumulated Contributions
Dominguez, Richard J	Mariella Martinez for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Garcia, Rodolfo	Carmela Rodriguez Garcia for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Geimausaddle, Dave	Davetta Geimausaddle for the payment of the Accrued But Unpaid Continuance Allowance
Gonzalez, Julia (Deceased Active)	Maria Ramona Gonzalez for the payment of the Accumulated Contributions

Gunn, Rose M	Estate Of Rose M. Gunn for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Hughes, Duncan	Jeannette Hughes for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Jackson, Nelson	Darrell Preston Jackson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Jennings, Patricia J	Kenneth Duane Jennings for the payment of the Accrued But Unpaid Continuance Allowance
Knott, David	Doris Jean Knott for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Liberty, Jerry A	Mary Louise Liberty for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Lobbins, Jasper B	Jacqueline Bonita Lobbins for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Mamaril, Efren Litimco	Fortune Anne Mamaril for the payment of the Accrued But Unpaid Vested Retirement Allowance Unused Contributions Francis Kevin Mamaril for the payment of the Accrued But Unpaid Vested Retirement Allowance Unused Contributions
Medina Kauwe, Ann L	Lali Kai Medina Kauwe for the payment of the Accrued But Unpaid Survivorship (Retirement) Allowance Unused Contributions
Mitchell, David	Rhonda Lynn Mitchell for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Vincent Charles Mitchell for the payment of the Accrued But Unpaid Service Retirement Allowance
Moore, Lee R	Ruby Joyce Moore for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Moxley, Telesha Michele	Kierston Teress Chandler for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance Ashton Devon Hasson for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
Nihei, George Y	Ethel Nihei for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Harold Yoshimi Nihei for the payment of the Accrued But Unpaid Service Retirement Allowance

Noble, Morris
Melba Terry Noble for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Nobuhiro, Ray Satoshi
Elizabeth G Lorenzana for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Odom, Annie L
Veronica Odom-Foster for the payment of the
Accrued But Unpaid Continuance Allowance

Pallas, Donna R
Richard Mahn for the payment of the
Accrued But Unpaid Service Retirement Allowance

Points, Robert C
Sharon Kay Points for the payment of the
Accrued But Unpaid Disability Retirement Allowance
Burial Allowance

Recendez, Robert F
Marcia Lea Recendez for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Reed, Georgia M
Flora D Hodge for the payment of the
Accrued But Unpaid Continuance Allowance

Latonya Reed Dover for the payment of the
Accrued But Unpaid Continuance Allowance

Patricia Flannigan for the payment of the
Accrued But Unpaid Continuance Allowance

Rosen, Richard D	Ilana Borosh Rosen for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Scott, Billie F	James Derrick Davis for the payment of the Accrued But Unpaid Service Retirement Allowance Lavonne Frances Patrick for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Simpson, Reginald J	Reuben Val Mitchell for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Terrazas, Lilly	Christine E Terrazas for the payment of the Accrued But Unpaid Survivorship (Disability) Allowance
Toliver, Jacob C	Toliver Family Revocable Trust for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Waggoner, Thelaine	Mark Raymond Kieselhorst for the payment of the Unused Contributions Melinda Anne Varner for the payment of the Unused Contributions
Welland, Virginia G	Neal Raymond Welland for the payment of the Accrued But Unpaid Continuance Allowance

Williams, James M

Doris Lucille Williams for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

TIER 3

None



Securing Your Tomorrows

Agenda of: JULY 9, 2019

Item No: V-B

MARKETING CESSATION REPORT NOTIFICATION TO THE BOARD

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

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

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

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

CONTRACTS UNDER CONSIDERATION FOR RENEWAL

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
						START	END
INVESTMENTS							
1	Lazard Asset Management, LLC	Active Non-U.S. Equities Developed Markets Core	10/1/2013	9/30/2019	Board approved contract renewal on 6/11/19; contract negotiation in process.	5/10/2019	12/31/2019
2	MFS Institutional Advisors, Inc.	Active Non-U.S. Equities Developed Markets Growth	10/2/2013	9/30/2019	Board approved contract renewal on 6/11/19; contract negotiation in process.	5/10/2019	12/31/2019
3	Barrow, Hanley, Mewhinney & Strauss, LLC	Active Non-U.S. Equities Developed Markets Value	10/1/2013	9/30/2019	Investment Committee to consider contract on 7/9/19.	5/10/2019	12/31/2019
4	Axiom International Investors, LLC	Active Growth Non-U.S. Emerging Markets Equities	1/1/2014	12/31/2019	Investment Committee to consider contract on 7/9/19.	5/10/2019	3/31/2019
5	Oberweis Asset Management, Inc.	Active Non-U.S. Small Cap Equities	1/1/2014	12/31/2019	Investment Committee to consider contract on 7/9/19.	5/10/2019	3/31/2019
6	Panagora Asset Management, Inc.	Active Domestic Small Cap Value Equity	2/1/2012	1/31/2020	Investment Committee to consider contract on 7/9/19.	5/10/2019	3/31/2019

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

CONTRACTS UNDER CONSIDERATION FOR RENEWAL

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
						START	END
ADMINISTRATION DIVISION							
7	Cresa	Real Estate Services	Pending	Pending	Board awarded new contract on 11/28/2017; Contract under review for execution.	10/1/2017	Open
HEALTH BENEFITS ADMINISTRATION							
8	Anthem 2019	Medical HMO & PPO	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	1/1/2019	12/31/2019
9	Kaiser 2019	Medical HMO	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	1/1/2019	12/31/2019
10	SCAN 2019	Medical HMO	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	1/1/2019	12/31/2019
11	United Healthcare 2019	Medical HMO	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	1/1/2019	12/31/2019
12	Delta Dental 2019	Dental PPO and HMO	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	1/1/2019	12/31/2019

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

CONTRACTS UNDER CONSIDERATION FOR RENEWAL

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
						START	END
HEALTH BENEFITS ADMINISTRATION (CONTINUED)							
13	Anthem Blue View Vision 2019	Vision Services Contract	1/1/2019	12/31/2019	Board approved on 8/28/2018; Contract under review for execution.	1/1/2019	12/31/2019

***RESTRICTED PERIOD**

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

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

ACTIVE RFPs AND RFQs*

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES
INVESTMENTS		
1	Private Credit Mandate Search	<p>RFP Release Date: December 10, 2018</p>
		<p>Submission Deadline: January 18, 2019</p>
		<p>Status: Alcentra Limited; Bain Capital Credit, LP; Benefit Street Partners L.L.C.; Crescent Capital Group LP; Monroe Capital LLC; and THL Credit Advisors LLC approved by Investment Committee as semi-finalists for further due diligence.</p>
		<p>List of Respondents: Alcentra Limited, Barings LLC, MB Global Partners, LLC, Backcast Partners Management LLC, BlackRock, inc., CLSA Capital Partners (HK) Limited, Cross Ocean Adviser LLP, Clearwater Capital Partners (Fiera Capital Corporation), Guggenheim Partners, LLC, Goldman Sachs Asset Management, L.P., Pemberton Capital Advisors LLP, Kayne Anderson Capital Advisors, L.P., Maranon Capital, L.P., Bain Capital Credit, LP, Breakwater Management LP, Carlyle Global Credit Investment Management L.L.C., Crescent Capital Group LP, MV Credit Partners LLP, New Mountain Capital, LLC, Park Square Capital USA LLC, Tor Investment Management (Hong Kong) Limited, AlbaCore Capital LLP, Muzinich & Co., Inc., Kartesia Management S.A., Medalist Partners, LP, NXT Capital Investment Advisers, LLC, Owl Rock Capital Partners, PennantPark Investment Advisers, PIMCO Investments LLC, Deerpath Capital Management, LP, Brightwood Capital Advisors, Magnetar Capital LLC, MC Credit Partners LP, Oaktree Capital Management, L.P., THL Credit Advisors LLC, White Oak Global Advisors, LLC, Benefit Street Partners L.L.C., EntrustPermal / Blue Ocean GP LLC, Willow Tree Credit Partners LP, Monroe Capital LLC, Runway Growth Capital LLC, Stellus Capital Management, LLC</p>

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

ACTIVE RFPs AND RFQs*

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

ACTIVE RFPs AND RFQs*

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES
3	High Yield Fixed Income and Hybrid High Yield Fixed Income / U.S. Floating Rate Bank Loan Mandate Search	RFP Release Date: February 25, 2019
		Submission Deadline: April 12, 2019
		Status: In progress
		List of Respondents: Ares Management LLC, Arena Capital Advisors, LLC, Guggenheim Partners Investment Management, LLC, Aegon Asset Management US, MacKay Shields LLC, Post Advisory Group, LLC, Diamond Hill Capital Management, Inc., AXA Investment Managers, Pacific Asset Management, Mesirow Financial Investment Management, Inc., DDJ Capital Management, LLC, Par-Four Investment Management, LLC, PGIM Fixed Income, Beach Point Capital Management LP, KKR Credit, Barrings LLC, Eaton Vance Management, Brigade Capital Management, LP, Morgan Stanley Investment Management, Lord, Abnett & Co. LLC, BlackRock, Inc., L & S Advisors, Inc., Mellon Investments Corporation, Seix Investment Advisors LLC, Legal & General Investment Management, Principal Global, Bain Capital Credit, LP, Princeton Asset Management, LLC, Symphony Asset Management, LLC, PIMCO, The Capital Group Companies, Inc., Loomis, Sayles & Company, L.P., Credit Suisse Asset Management, LLC, J.P. Morgan Asset Management, Hotchkis and Wiley Capital Management, LLC, Northern Trust, CVC Credit Partners, LLC
CITY ATTORNEY		
4	Outside Health Law and Data Privacy Counsel	RFP Release Date: January 7, 2019
		Submission Deadline: January 28, 2019
		Status: In progress
		List of Respondents: Clark Hill PLC, Foley & Lardner LLP, Groom Law Group Chartered, Hanson Bridgett LLP, Lewis Brisbois Bisgaard & Smith LLP, Nossaman LLP, Orrick Herrington & Sutcliffe LLP, Polsinelli LLP, Reed Smith LLP
ADMINISTRATION DIVISION		
5	Actuarial Consulting Services	RFP Release Date: March 15, 2019
		Submission Deadline: May 8, 2019
		Status: In process
		List of Respondents: Cheiron, Gabriel, Roeder, Smith & Company, Milliman, The Segal Company.

ACTIVE RFPs AND RFQs*

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES
RETIREMENT SERVICES DIVISION		
6	Disability Medical Evaluations Services	RFP Release Date: March 29, 2019
		Submission Deadline: April 30, 2019
		Status: In process
		List of respondents: Genex, Mitchell MCN, National Disability Evaluations, QTC.

PROPOSAL OR REQUEST FOR QUALIFICATIONS:

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

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

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

Name of Attendee: Sung W. Sohn	
Title of Conference/Seminar: MIT Real Estate Education Program	
Location: Cambridge Mass	
Event Sponsor: MIT	Date(s) Held: June 17-21

Report for:

- Travel
 Conference/Seminar Attendance Only

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

Attend MIT Real Estate Program over a two year program totaling two weeks.

II. Significant Information Gained:

It was an incredibly valuable program including both theoretical and practical aspects of real estate investing. Aside from the lectures, there were professionals from all over the world attending. We were able to learn from one another.

III. Benefits to LACERS:

LACERS plans to invest up to \$1.25 billion in real estate. If the board approves, the limit could be lifted in the future. The investment will help LACERS to achieve the goal of 7.25 percent total return over a long period.

IV. Additional Comments:

I have attended many programs including ones at Harvard. This one was one of the best. I highly recommend it.

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

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

Name of Attendee: Elizabeth Lee	
Title of Conference/Seminar: IFEBP Certificate of Achievement in Public Plan Policy (CAPPP)	
Location: Boston, MA	
Event Sponsor: IFEBP	Date(s) Held: June 18 to 21, 2019

Report for:

Travel

Conference/Seminar Attendance Only

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

IFEBP CAPPP Pensions Parts I and II

II. Significant Information Gained:

Public pension plan fundamental concepts, legal, governance and fiduciary responsibilities, plan design, actuarial principles, and investments.

III. Benefits to LACERS:

Enhance knowledge of the role of trustees and learn various aspects of public sector plan design, policy and emerging issues.

IV. Additional Comments:

A Certificate of Achievement in Public Plan Policy will be awarded upon passing the exams.

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



REPORT TO BOARD OF ADMINISTRATION

MEETING: JULY 9, 2019

From: Neil M. Guglielmo, General Manager

ITEM: V-E

Neil M. Guglielmo

SUBJECT: LEGISLATIVE UPDATE OF JULY 2019

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this report.

Executive Summary

This report on select Federal and State Legislation affecting LACERS or public pension plans is provided on a periodic basis, as legislation of interest reach key progress milestones. The intent of this report is alert the Board to legislation that may impact LACERS, or for which the Board may want to advocate that the City take a position.

Key points of the report:

- The current watch list of legislation includes two State bills and three Federal bills for on-going monitoring. Additions to the watch list can be added at any time.
- One Federal bill, the Secure Act (HR 1994), passed the House on May 23, 2019. The City Attorney has provided an analysis of the potential impact of the bill (see body of the report).
- State Senate Bill 343 on Healthcare Data Disclosure may impact LACERS. Upon the Board's direction, LACERS' Health and Welfare Consultant is available to provide a verbal report on the bill at a future meeting.
- There is no recommendation for the Board to take a position on any specific proposed legislation at this time.

Discussion

New or updated information since the last report to the Board is indicated below.

STATE LEGISLATION

SB 343 – Healthcare Data Disclosure

This bill would eliminate provisions in health insurance rate filing requirements that permit Kaiser Permanente health plans and insurers to report medical trend assumptions in a different manner than other health plans, including reporting trends in fewer categories, and eliminates provisions in hospital OSHPD (Office of statewide Health Planning and Development) reporting requirements that permit Kaiser Permanente hospitals to report certain data as a group rather than by individual facility, and to not have to report certain financial data.

Possible Impact on LACERS: The increased transparency could affect costs or keep costs unchanged for our members. Keenan & Associates (Keenan), LACERS' Health and Welfare Consultant, states it is too early to determine the direct level of impact on LACERS without reviewing Kaiser's financial disclosures. At the Board's request, Keenan is available to provide a verbal report on the bill at a future Board meeting.

FEDERAL LEGISLATION

Employer Compliance/Reporting Issues

H.R. 1994 – Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act)

On May 23, 2019, the House of Representatives passed the SECURE Act with a vote of 417-3; the Senate is expected to also pass the bill. The Act would bring substantial changes to the U.S. retirement system including: making it easier for employers to offer 401(k)-type plans and include annuities options; increase the required minimum distribution age from 70.5 to 72 for required withdrawals from retirement plans; and remove the age limit of 70.5 for contributions to IRAs.

The House bill would also require employers to disclose to employees on 401(k) statements the amount of sustainable monthly income their balance could support; it would allow parents to withdraw as much as \$10,000 from 529 education-savings plans for repayments of some student loans; and parents could take penalty-free distributions from retirement accounts of up to \$5,000 within a year of the birth or adoption of a child to cover associated expenses.

Possible Impact on LACERS: Included below are the provisions that would affect the distribution of retirement funds such as LACERS.

- Allow penalty-free withdrawals up to \$5,000 from retirement plans within one year of the birth or adoption of a child.
- Increase the required minimum distribution age from 70.5 to age 72.
- Modification to the required minimum distribution rules. If distributions upon the employee's death are to be made to individuals other than the "eligible designated beneficiaries", the bill

requires the distributions must be made within 10 years of the employee's death. An "eligible designated beneficiary" includes a surviving spouse, a child of the employee who has not yet reached the age of majority, an individual who is disabled or chronically ill, and an individual who is not more than 10 years younger than the employee.

Strategic Plan Impact Statement

The legislative updates supports the LACERS Strategic Plan Board Governance Goal of upholding good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Chhintana Kurimoto, Management Analyst, Administration Division.

NMG/TB/DW/CK

Attachments: 1. LACERS Legislative Watch List

LACERS LEGISLATIVE WATCH LIST
 JULY 2019

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
STATEWIDE LEGISLATION							
AB 287	Voepel	<p>Public Employees' Retirement: Annual Audits Existing law requires each state and local public pension or retirement system, on and after the 90th day following the completion of the annual audit of the system, to provide a concise annual report on the investments and earnings of the system, as specified, to any member who makes a request and pays a fee, if required, for the costs incurred in preparation and dissemination of that report.</p> <p>This bill would require each state and local pension or retirement system to post a concise annual audit of the information described above on that system's internet website no later than the 90th day following the audit's completion. By imposing new duties on local retirement systems, the bill would impose a state-mandated local program.</p>	1/28/2019	2/17/19 Referred to Com. on P.E. & R.		N/A	
SB 343	Pan	<p>Health Care Data Disclosure Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care, and makes a willful violation of the act a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law generally requires a health care service plan or health insurer in the individual, small group, or large group markets to file rate information with the appropriate department, but specifies alternative information to be filed by a health care service plan or health insurer that exclusively contracts with no more than 2 medical groups.</p> <p>Existing law establishes the Office of Statewide Health Planning and Development (OSHDP) in the California Health and Human Services Agency to regulate health planning and research development. Existing law generally requires a health care facility to report specified data to OSHDP, but requires OSHDP to establish specific reporting provisions for a health facility that receives a preponderance of its revenue from associated comprehensive group practice prepayment health care service plans. Existing law authorizes hospitals to report specified financial and utilization data to OSHDP, and file cost data reports with OSHDP, on a group basis, and exempts hospitals authorized to report as a group from reporting revenue separately for each revenue center.</p> <p>This bill would eliminate alternative reporting requirements for a plan or insurer that exclusively contracts with no more than 2 medical groups or a health facility that receives a preponderance of its revenue from associated comprehensive group practice prepayment health care service plans and would instead require those entities to report information consistent with any other health care service plan, health insurer, or health facility, as appropriate. The bill would also eliminate the authorization for hospitals to report specified financial and utilization data to OSHDP, and file cost data reports with OSHDP, on a group basis, but would authorize a health facility that receives a preponderance of its revenue from associated comprehensive group practice prepayment health care service plans and that is operated as a unit of a coordinated group of health facilities under common management to report specified information for the group and not for each separately licensed health facility. Because a willful violation of the bill's requirements relative to health care service plans would be a crime, the bill would impose a state-mandated local program.</p>	2/19/2019	6/26/19 From committee: Do pass and refer to Com. on APPR. (Ayes 11. Noes 0.) (June 25). Re-referred to Com. on APPR.		N/A	

LACERS LEGISLATIVE WATCH LIST
 JULY 2019

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
FEDERAL LEGISLATION							
EMPLOYER COMPLIANCE/REPORTING ISSUES							
HR 1994	Neil	<p>Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE ACT) This bill modifies the requirements for employer-provided retirement plans, individual retirement accounts (IRAs), and other tax-favored savings accounts.</p> <p>With respect to employer-provided retirement plans, the bill modifies requirements regarding:</p> <ul style="list-style-type: none"> • multiple employer plans; • automatic enrollment and non-elective contributions; • tax credits for small employers that establish certain plans; • loans; • lifetime income options; • the treatment of custodial accounts upon termination of section 403(b) plans; • retirement income accounts for church-controlled organizations; • the eligibility rules for certain long-term, part-time employees; • required minimum distributions; • nondiscrimination rules; • minimum funding standards for community newspaper plans; and • Pension Benefit Guaranty Corporation premiums for CSEC plans (multiple employer plans maintained by certain charities or cooperatives). <p>The bill also includes provisions that:</p> <ul style="list-style-type: none"> • treat taxable non-tuition fellowship and stipend payments as compensation for the purpose of an IRA; • repeal the maximum age for traditional IRA contributions; • treat difficulty of care payments as compensation for determining contribution limits for retirement accounts; • allow penalty-free withdrawals from retirement plans if a child is born or adopted; • expand the purposes for which qualified tuition programs (commonly known as 529 plans) may be used; • reinstate and increase the tax exclusion for certain benefits provided to volunteer firefighters and emergency medical responders; • increase penalties for failing to file tax returns, and • require the Internal Revenue Service to share tax information with U.S. Customs Border Protection to administer the heavy vehicle use tax. 	3/29/2019	N/A	6/3/19 Received in the Senate	5/23/19 Passed	
INVESTMENT ISSUES							
		None added to the watch list at this time.					
SOCIAL SECURITY ISSUES							
HR 141	Davis	<p>Social Security Fairness Act of 2019 To amend Title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions.</p>	1/3/2019	N/A		01/31/2019 Referred to the Subcommittee on Social Security	
S 521	Brown	<p>Social Security Fairness Act To amend Title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions.</p>	2/14/2019	N/A	02/14/2019 Read twice and referred to the Committee on Finance		



LACERS
 LOS ANGELES CITY EMPLOYEES'
 RETIREMENT SYSTEM



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

MEETING: JULY 9, 2019
ITEM: VI-A

Neil M. Guglielmo

SUBJECT: TRAVEL AUTHORITY – COMMISSIONER CYNTHIA M. RUIZ; PRINCIPLES FOR RESPONSIBLE INVESTMENT IN PERSON 2019, PARIS, FRANCE; SEPTEMBER 10-12, 2019 AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board authorize Commissioner Ruiz to attend the Principles for Responsible Investment in Person 2019 in Paris, France; and authorize the reimbursement of up to \$7,500 for reasonable expenses in connection with participation.

Discussion

Commissioner Ruiz has expressed interest in attending the above-mentioned educational conference, and this Board report is prepared on her behalf. Commissioner Ruiz has been provided a copy of LACERS Board Education and Travel Policy.

Strategic Plan Impact Statement

As stipulated in the Policy, the sound management of the assets and liabilities of a trust fund imposes a continuing need for all Board Members to attend professional and educational conferences, seminars and other educational events that will better prepare them to perform their fiduciary duties

Prepared By: Ani Ghoukassian, Commissioner Executive Assistant II

NMG/ag

- Attachments: 1. Estimate of Reimbursable Expenses
 2. Proposed Resolution
 3. Tentative Schedule/Agenda

CITY OF LOS ANGELES
Intra-Departmental Correspondence

DATE: July 1, 2019
TO: Accounting Section
LACERS
FROM: Ani Ghoukassian, Commission Executive Assistant
SUBJECT: ESTIMATE OF REIMBURSABLE EXPENSES

Name of Attendee Title	CYNTHIA M. RUIZ, COMMISSIONER	
Event	PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI) IN PERSON 2019	
Organization	PRI	
Date(s) of Event	September 10-12 (Conference) September 8-13, 2019 (Travel Dates)	
Location of Event	PARIS, FRANCE	
ESTIMATED EXPENSES:	*Signatory Conf. Registration rate (€ 1450) **Non-Signatory rate (€ 1825) ***Trustee rate (€ 1170) (USD to Euros Exchange rate is 1.1221 as of 06/18/19)	\$2,047.83
	Conference Hotel: \$400/ Night x 4	\$1,600.00
	Miscellaneous: (\$30 per day) x 6 days	\$180.00
	State Department Per diem: Sept. 8 - \$131.25 Sept. 9 - \$175.00 Sept. 10 - \$131.00 Sept. 11 - \$131.00 Sept. 12 - \$131.00 Sept. 13 - \$131.25	\$830.50
	Taxi (RT) Home from/to LAX (US Dollar Conversion)	\$180.00
	Taxi (RT) CDG from/to Hotel (US Dollar Conversion)	\$107.00
	Taxi (RT) Hotel from/to Conf. (US Dollar Conversion)	\$16.00
	Airfare (RT) LAX/CDG (Paris, France)	\$2,000.00
	TOTAL ESTIMATE:	\$6,961.33

**TRAVEL AUTHORITY
PRINCIPLES FOR RESPONSIBLE INVESTMENT IN PERSON 2019
SEPTEMBER 10-12, 2019
PARIS, FRANCE**

PROPOSED RESOLUTION

WHEREAS, Board approval is required for all international travel requests and travel not included in the Approved List of Educational Seminars;

WHEREAS, the Principles for Responsible Investment (PRI) in Person 2019 in Paris, France is an international travel request, and therefore requires individual approval;

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

THEREFORE, BE IT RESOLVED, that Commissioner Ruiz is hereby authorized to attend the PRI in Person 2019 from September 10-12, 2019 in Paris, France.

BE IT FURTHER RESOLVED, that the reimbursement of up to \$7,500 is hereby authorized for reasonable expenses in connection with participation.

Board Meeting:
07/09/19
Item VI-A
Attachment 3

Draft Agenda*

TUESDAY 10 SEPTEMBER

- 07.30 - 09.00 Registration
- 09.00 - 10.30 **Signatory General Meeting**
- 10.30 - 11.00 **PRI Awards 2019**
- 11.00 - 11.40 Break
- 11.40 - 11.50 **Welcome to PRI in Person**
- 11.50 - 12.00 **Welcome from Lead Partner**
- 12.00 - 12.35 **Opening Keynote**
- 12.35 - 12.45 **Corporate-Investor SDG Dialogue**
- 12.45 - 14.00 Lunch

1A. What global policy developments mean for responsible investors

Most policy makers accept that markets are not adequately incorporating sustainability issues, in particular climate change. As such, responsible investment-related regulation is on the rise almost everywhere. This session will:

- explore policy reform in major markets, with a focus on the US, so far the non-mover 'elephant in the room';
- ask regulators how investors are helping or hindering their policy reform efforts, and what they expect from PRI signatories

1B. Boosting investor action to foster a culture of diversity and inclusion

With diversity increasingly recognised as beneficial for businesses and in turn investments, this session will identify the remaining barriers to a more diverse workforce, including:

- why investors should care about diversity, and the various strands of it;
- how investors can help to drive diversity in companies;
- how companies can help to eliminate social biases;
- the role of legislation in driving diversity.

1C. The PRI signatory journey: Getting started

Hear from signatories who recently joined the PRI, including:

- why they joined;
- their views on RI in their market;
- how they are implementing RI practices across their portfolios;
- the challenges they have encountered in this effort and how they overcame them;
- the tools and guidance they have found most helpful as they develop their RI expertise.

1D. TCFD: from reporting to using climate-related disclosures

Support for TCFD is building critical mass. Officially backing it are over 800 companies and financial institutions, six governments and, thanks to the Network for Greening the Financial System (NGFS), 36 central banks and financial supervisors. This session will:

- discuss how to interpret the quality of reporting against indicators based on TCFD;
- establish how useful disclosures are or could be in engaging with corporates and investment strategies;
- provide updated analysis on 2019 responses to the PRI climate risk indicators.

1E. The future for the PRI reporting framework

A look at the headline findings of the PRI's 10-week reporting and assessment consultation, including:

- what the main objectives of reporting and assessment should be;
- how reporting outputs can be improved;
- how outcomes and issues-based reporting fit into the Reporting Framework.

1F. Ensuring the private equity structure supports responsible investment

What are the characteristics of private equity that support ESG integration, and why aren't they being leveraged? A candid assessment of industry progress, including:

- how are industry shifts aiding the advancement of ESG integration in private equity?
- the current market challenges facing LPs with responsible investment strategies, and how they are tackling them;
- what is the fiduciary duty of private company board directors to consider ESG risks and opportunities?
- how LPs and GPs can ensure their ESG interests are aligned.

15.15 - 16.00	Break		
16.00 - 17.30	<p>2A. The role of central banks and supervisors in achieving the objectives of the 2015 Paris climate agreement</p> <p>At the Paris "One Planet Summit" in December 2017, eight central banks and supervisors established a Network of Central Banks and Supervisors for Greening the Financial System (NGFS). Since then, the NGFS has grown to 36 Members and 6 Observers, representing 5 continents. This session will ask:</p> <ul style="list-style-type: none"> • what is the role for Central Banks in the near-term regarding climate risk? • what are the implications for institutional investors? • how can investors support Central Banks in their climate mitigation activities? 	<p>2B. Session TBC</p>	<p>2C. The 10 billion people challenge: Building a sustainable global food system</p> <p>With the global food system under pressure from a burgeoning population and issues such as climate change, stakeholders are taking action and supply chains are changing. This session will consider:</p> <ul style="list-style-type: none"> • the environmental and social issues in agricultural supply chains; • the efforts by companies and investors to transform these sectors so they are fit for purpose; • the obstacles to a sustainable global food system and how to overcome them.
	<p>2D. Raising climate ambition through 2020 and beyond</p> <p>Taking stock of the Paris Agreement 2020 country pledges, this session will:</p> <ul style="list-style-type: none"> • discuss The Investor Agenda's 2019 Global Investor Statement, as well as notable investor reallocation announcements; • review Climate Action 100+ investor wins and priorities for 2020. 	<p>2E. ASSET OWNER SESSION</p> <p>The crucial role of asset owners in mobilising responsible investment</p> <p>By implementing their commitments to responsible investment with sufficient scale and depth, asset owners can accelerate the development of responsible investment through the investment chain. This session will:</p> <ul style="list-style-type: none"> • discuss how asset owners can create a multiplier effect throughout the investment market; • explore two best-practice case studies with an investment manager and a company. 	<p>2F. Artificial Intelligence and ESG: how is technology being used by hedge funds?</p> <p>PRI data shows the hedge fund sector has increasingly incorporated ESG data and factors - but the sector's approach has been to use new techniques such as Artificial Intelligence and machine learning in analysis and portfolio construction. This session will discuss:</p> <ul style="list-style-type: none"> • how technology is being used by hedge fund managers, with practical examples; • the governance and ethical issues surrounding the use of these technologies in ESG; • what tools the PRI has available for hedge funds.
18.30	Transportation to Welcome Reception		
19.00	Welcome Reception		

WEDNESDAY 11 SEPTEMBER			
08.00 - 09.00	Registration		
09.00 - 10.45	Plenary: Transitioning to a low-carbon economy		
10.45 - 11.00	Corporate-Investor SDG Dialogue		
11.00 - 11.45	Break		
11.45 - 13.00	<p>3A. The inevitable policy response to climate change: investor actions</p>	<p>3B. The role of finance in human rights: What should investors be concerned about and what can they do?</p> <p>As the investment community increasingly recognises it has a role to play in ensuring</p>	<p>3C. ESG data challenges: Getting the most out of financial information</p> <p>The TCFD has shown that there are more than 400 reporting standards just for</p>

		<p>that investee companies are addressing human rights issues, this session will:</p> <ul style="list-style-type: none"> • outline the relevance of human rights due diligence to investors; • explore the avenues through which investors can facilitate real-world positive impact; • discuss how investors can identify and manage potential and actual negative human rights impacts within their portfolios. 	<p>climate-related issues. For ESG in general, there are even more, which is not in the interest of either companies or investors. This session will explore:</p> <ul style="list-style-type: none"> • the need for a global, standardised and comparable ESG reporting standard; • the PRI asset owner consultation and the work of the PRI with CFA, both indicating that the quality of ESG data is now the major obstacle for responsible investment; • the high level ESG reporting principles outlined in a recent paper published by a group of 7 investor organisations.
	<p>3D. Active Ownership 2.0: Refocusing on outcomes In an age of widespread institutional greenwashing, this session will:</p> <ul style="list-style-type: none"> • present a vision for the future of active ownership, where activity is centred on achieving a sustainable financial system; • discuss the key issues raised and the implications for asset owners, managers and society at large. 	<p>3E. Integrating ESG factors in developed and emerging market sovereign debt</p> <p>Asset managers are formalising approaches to systematic ESG integration across all asset classes – and sovereign debt is no exception. The PRI's new practical guide to ESG integration in sovereign debt will form the basis of discussions on:</p> <ul style="list-style-type: none"> • integrating ESG factors at the research, security and portfolio levels; • the data sources and materiality of ESG factors in emerging and developed markets; • the role of ESG engagement for sovereign debt investors. 	<p>3F. The latest in academic research: What investors need to know</p>
13.00 - 14.15	Lunch		
14.15 - 15.30	<p>4A. Incorporating the Sustainable Development Goals into investment strategies</p> <p>The SDGs are becoming a well-known acronym in the responsible investment lexicon. But what do investors do once they have mapped their portfolios to the 17 goals? This session will:</p> <ul style="list-style-type: none"> • explore the role of institutional investors in achieving the SDGs; • give examples of how institutional investors and PRI signatories are working towards the goals. 	<p>4B. ESG and passive investments: Are they compatible?</p> <p>AUM in ESG passive strategies investments have grown rapidly in the last five years, but there is still debate over whether ESG is compatible with passive investing. This session will:</p> <ul style="list-style-type: none"> • look at the challenges – and opportunities – in considering ESG issues in passive strategies; • consider the issues relating to index construction; • cover frequently-asked questions about passive ESG strategies, with a focus on how to improve outcomes for asset owners. 	<p>4C. Acting in concert rules: Regulations in key jurisdictions</p> <p>As investors increasingly engage with companies collaboratively, rules governing market power will become more relevant. This session will:</p> <ul style="list-style-type: none"> • provide an overview of acting in concert (or concert party) regulations in markets including the US, UK and Japan; • outline what is permissible without declaration or regulatory sign off; • explain the process if a group of investors wishes to proceed with an action that may be deemed to be acting in concert.
	<p>4D. ESG metrics in executive pay: The benefits and challenges</p> <p>This session will look at how ESG factors can be integrated into executive remuneration to incentivise and reward long-term performance, including:</p>	<p>4E. Managing physical climate risk in infrastructure investments</p> <p>The impacts of climate change are no longer a distant phenomenon. 2018 was again a costly year for natural disasters in the US, Europe and Asia at \$155bn, following a record-breaking year of losses</p>	<p>4F. Investir en Afrique : opportunités et défis pour une finance durable ?</p> <p>Investing in Africa: opportunities and challenges for sustainable finance</p> <p><i>En partenariat avec Finance for Tomorrow</i></p>

	<ul style="list-style-type: none"> • whether investors should ask companies to consider ESG performance when determining executive pay; • how ESG factors can be tied to incentives. 	<p>in 2017. Together with members of the PRI Infrastructure Advisory Committee, this session will ask:</p> <ul style="list-style-type: none"> • how should investors assess the future trajectory of potential risk? • What frameworks and tools are available to assess infrastructure and help inform investor decision making? • Is there a need to look at a stressed case for physical climate risk, and if so, how could this be done? 	<p>Pour garantir une croissance africaine inclusive, résiliente et durable, le secteur financier a un rôle clé à jouer. Pour présenter différentes approches et solutions, cette table ronde confrontera les points de vue:</p> <ul style="list-style-type: none"> • d'établissements financiers publics; • d'un investisseur privé en infrastructure; • d'une place financière qui entend jouer un rôle de catalyseur sur le continent. <p><i>(delivered in French)</i></p>
15.30 - 16.15	Break		
16.15 - 17.30	<p>5A. ESG in credit risk and ratings: from disconnects to action</p> <p>Aimed at participants with an intermediate knowledge of ESG consideration in fixed income assets, this interactive session will explore:</p> <ul style="list-style-type: none"> • how ESG in credit risk analysis is evolving; • how ESG factors may affect credit evaluations and investment decisions differently; • practical case studies demonstrating the nuances of ESG assessments. 	<p>5B. Innovative investment solutions for the low-carbon transition</p> <p>While most SDG funding needs are in developing countries, investors generally have a relatively small allocation to emerging or frontier markets. This session will:</p> <ul style="list-style-type: none"> • provide an overview of why investments in emerging markets are critical to achieving the SDGs; • map investment opportunities in emerging markets; • give examples of successful SDG investments in emerging markets. 	<p>5C. Tailings in the mining sector: Opportunities for investor action</p> <p>With health and safety concerns about the management of tailings in the limelight, this session will look at how investors can proactively identify ESG gaps in the mining sector. In this session, we will:</p> <ul style="list-style-type: none"> • discuss how to address the fact that the full extent of ESG risks posed by tailings dams in the mining sector is unknown; • explore how new technologies are impacting business models and improving safety standards, as well as opening new income streams; • identify other gaps in governance practices that investors should consider.
	<p>5D. ASSET OWNER SESSION</p> <p>Choosing an asset manager and building the relationship</p> <p>There is no one-size-fits-all approach to selecting, appointing and monitoring asset managers. To help investors ensure that ESG mandates are met, this session will cover:</p> <ul style="list-style-type: none"> • how asset owners should approach the task of selecting asset managers that can fulfil their ESG mandate; • how to ask the right questions to detect and cut through greenwashing; • how asset owners can get more out of this relationship in terms of ESG service provision. 	<p>5E. Realising the SDGs: investment opportunities in emerging markets</p>	<p>5F. Finance responsable et formation : quels enjeux et solutions pour les investisseurs institutionnels et détenteurs d'actifs</p> <p>Responsible finance and education: what are the challenges and solutions for Francophone asset owners?</p> <p><i>En partenariat avec Swiss Sustainable Finance</i></p> <p>Ce panel échangera sur le besoin de l'accès à l'information des investisseurs institutionnels francophones, notamment:</p> <ul style="list-style-type: none"> • Compréhension du rôle des investisseurs dans les marchés financiers • Comment définir une stratégie d'investissement ESG cohérente ? • Comment mettre en place la structure adéquate pour implémenter la stratégie ESG ? <p><i>(delivered in French)</i></p>
18.30	Transportation to Dinner (subject to confirmation of attendance)		
19.00	Networking Dinner (subject to confirmation of attendance)		

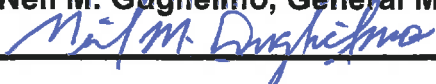
THURSDAY 12 SEPTEMBER

08.30 - 09.00	Registration
09.00 - 10.15	<p>6A. Identifying and measuring impact in public markets</p> <p>The Impact Management Project defines impact as "a change in an important positive or negative outcome for people or the planet." Focusing on public markets, this session will:</p> <ul style="list-style-type: none"> clarify the impact of companies and investors, using Impact Management Project's three categories of impact and investor contribution; highlight the tools asset owners can use to decipher the extent to which an investment product is impactful; outline global consensus on how to measure, manage and report impact. <p>6B. Ensuring an inclusive and sustainable low-carbon transition</p> <p>The shift to a resilient, low-carbon economy will boost prosperity and be a net driver of job creation. However, there will be transitional challenges for workers, communities and countries if this shift is not inclusive and sustainable. In this session we will discuss:</p> <ul style="list-style-type: none"> what a just transition means in practice, focusing on the extractives, power and transport sectors; how investors can help to ensure that the transition is inclusive and fair; and how the outlook for a just transition differs across industries. <p>6C. Plastic and the circular economy: Connecting the value chain</p> <p>The plastic value chain is extremely complex and changes to the system cannot be made by one player alone. Hosted by members of the PRI Plastic Investor Working Group, this session will explore:</p> <ul style="list-style-type: none"> the complexities of the plastic value chain and how it can work with the circular economy vision; the risks and opportunities at different stages of the plastic packaging value chain for companies and investors; how to effect positive changes across the plastic value chain. <p>6D. Strategic asset allocation's big challenges: Plugging the SDG and climate finance gap</p> <p>This session will consider how global themes such as the energy transition, climate-related risk and the SDGs can be incorporated into SAA decisions. Specific areas of focus will include:</p> <ul style="list-style-type: none"> whether the SDGs can provide a framework for integrating ESG issues into SAA; the role of institutional investors in financing the SDGs and the goals of the Paris Agreement; how this can be done without sacrificing long-term returns. <p>6E. The EU taxonomy: What is it, and how should it be used?</p> <p>The taxonomy proposes a list of economic activities that are considered environmentally sustainable for investment purposes. This session will:</p> <ul style="list-style-type: none"> outline what the taxonomy is, and the methodology used to determine it; discuss how the taxonomy can be applied to service lines, and what to do next; explore test cases on using the taxonomy in practice. <p><i>This session will be held under Chatham House rules.</i></p> <p>6F. Devoir de vigilance et chaîne d'approvisionnement : enjeux pour les investisseurs responsables</p> <p>Duty of care and the supply chain: issues for responsible investors</p> <p><i>En partenariat avec le Forum pour l'Investissement Responsable</i></p> <p>La France s'est doté d'une loi pionnière en matière de RSE : la loi sur le devoir de vigilance. Le premier exercice a montré que les entreprises découvrent le risk management de leur filière d'approvisionnement. Pour les investisseurs le sujet est clé car une partie majoritaire des risques qui pèsent sur les grandes entreprises proviennent précisément de leur chaîne d'approvisionnement. Pour éclairer sur ce thème, le FIR a publié en juin 2019 un Cahier sur ce thème.</p> <p><i>(delivered in French)</i></p>
10.15 - 11.00	Break
11.00 - 11.15	Corporate-Investor SDG Dialogue
11.15 - 12.45	Plenary: The role of finance in addressing social issues
12.45 - 13.00	Closing remarks
13.00 - 13.30	'Grab and go' lunch
13.30	Close of conference

* Agenda is subject to change

REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager



MEETING: JULY 9, 2019

ITEM: VII – A

SUBJECT: CONTRACT AWARD TO SEGAL CONSULTING 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, 2019, not-to-exceed \$500,000 per year;
2. Authorize the General Manager to negotiate and execute the contract; and,
3. Request the Audit Committee to report back to the Board with a recommendation for award of the audit actuary contract.

Executive Summary

Three well-qualified firms submitted proposals for consideration as LACERS' Consulting Actuary. Segal Consulting is recommended for award of the contract due to the strength of the consulting team based out of the San Francisco office, the depth of their experience with, and knowledge of, actuarial programs similar to, and including, LACERS.

The following disclosures are provided pursuant to past Board requests relating to Requests for Proposal (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 seven years ago, a total of \$2.37 million has been expended on actuarial services with the current consultant.

Discussion

On February 26, 2019, the Board approved the release of an RFP for actuarial services. The purpose of the RFP was to secure actuarial services under two contracts: one contract for on-going actuarial consulting and services (Consulting Actuary), and one contract to conduct a one-time actuarial audit

(Actuarial Auditor). The engagement as LACERS' Consulting Actuary would provide regular and ad-hoc actuarial services, while the Actuarial Auditor would provide a one-time audit of our last actuarial valuation and experience study. The RFP was released on March 15, 2019, with proposals due on May 8, 2019. 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 three firms: Milliman, Cheiron, Inc. (Cheiron), and Segal Consulting (Segal). Actuarial Auditor responses were received from three firms: Milliman, Cheiron, and Gabriel Roder, Smith.

For the Consulting Actuary engagement, the selected proposer will provide expert technical actuarial services, included 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 & Liability Study of the Family Death Benefit Program; (5) Annual financial reporting disclosures including Governmental Accounting Standards Board Statement Nos. 67, 68, 74, and 75; and, (6) Other annual studies relating to the cost-of-living, and six-year illustrations requested by the City Administrative Officer. 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 three Consulting Actuary proposers, Milliman, Cheiron, and Segal, 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 three 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. The proposals were then evaluated and scored based on review of: (1) Qualifications, Experience, and Accomplishments; (2) Proposed Scope of Services; (3) Value of Cost; and (4) Professionalism, including an examination of their sample reports, and calls to their listed references. An RFP panel of three management staff from Executive, Administrative, and Audit Divisions reviewed and rated the bids.

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, who ranked first, followed by Cheiron, then Milliman Segal is recommended for award of the contract due to the strength of the consulting team based out of their San Francisco office, the depth of their experience with, and knowledge of, actuarial programs similar to, and including, LACERS. Further, Segal has provided good service to LACERS under the current Consulting Actuary contract.

A summary of the proposals are attached for reference.

Board approval of staff's recommendations will trigger review of three additional proposals for an Actuarial Auditor. Actuarial audits are an actuarial standard of practice, which is also promoted by the Governmental Financial Officers Association, to provide an independent review of the soundness of actuarial methods used by an incumbent actuary who has provided service for five years or more.

Strategic Plan Impact Statement

Approving a contract with Segal conforms to LACERS' Organization Goal of increasing organizational effectiveness, efficiency, and resiliency.

Prepared By: Dale Wong-Nguyen, Chief Benefits Analyst

NMG/TB/DWN

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

RFP Requirements	Cheiron	Milliman	Segal
Contact Information	101 SW Main Street, Suite 1602 Portland, OR 97204	1301 Fifth Ave, Suite 3800 Seattle, WA 98101	180 Howard St, Ste 1100 San Francisco, CA 94105
Phone	877-243-4766 x1113	206-624-7940	415-263-8200
Fax		206-624-3485	415-263-8290
E-mail	bhallmark@cheiron.us		paangelo@segalco.com
A. Cover Letter	Yes	Yes	Yes
Key Personnel	William Hallmark	Daniel Wade (Co-lead)	Paul Angelo
Phone/Cell/Fax	877-243-4766 x1113	206-624-7940	(p) 415-263-8273 (f) 415-263-8290
Email	bhallmark@cheiron.us		paangelo@segalco.com
Key Personnel	Graham Schmidt (Co-lead Pension)	Nick Collier (Co-lead)	Andy Yeung
Phone/Cell/Fax	877-243-4766 x1113	206-624-7940	(p) 415-263-8263 (f) 415-263-8290
Email			ayeung@segalco.com
Additional Staff	James Summers (Health), Margaret Tempkin (Health), Robert Busey (Project Manager)	Craig Glyde (Supporting Actuary), Mark Olliman (peer review)	Dirk Adamsen, John Calcagno, Melissa Krumholz, Thomas Bergman, David Holland, Vivian Caruso, Melanie Walker
B. Proposal Items			
1. Minimum Qualifications			
a. Five years of experience providing actuarial consulting services to other U.S. public pension fund clients	Company incorporated in Delaware in 2002	Actuarial consulting services to US Pension funds since 1947. 20+ years providing OPEB valuations and consulting	15 years with LACERS, provided references to demonstrate this qualification
b. The lead actuary must have at least 15 years experience with major public employee retirement systems, OR designation as a Fellow in the Society of Actuaries. The lead actuary must be an employee of the firm regularly engaged in the business of providing actuarial services.	Bill Hallmark; 31 years; ASA, FCA, MAAA, EA; Graham Schmidt, 20 years, FSA, MAAA	Daniel Wade: 20+ years, FSA, EA, MAAAA Nick Collier: 20+ years, ASA, EA, MAAA	Paul Angelo, 35 years design, valuation, administration of DB plans; FSA, MAA, FCA, EA; Andy Yeung, 25 years; ASA, MAA, FCA, EA
Questionnaire Responses			
Any alternatives and/or substitutions	None	Revised wording of PSC-2 - Applicable Law, Interpretation and Enforcement, PSC-19 - Intellectual Property Indemnification, PSC-21 - Ownership and License, PSC-22 - Data Protection, PSC-30 - Access and Accommodations, PSC-37 - Restrictions of Campaign Contributions and Fundraising in City Elections, PSC-43 - Confidentiality, as well as added additional provisions. Also revising insurance requirements, Confidentiality and Non-Disclosure of Member Information wording revisions.	None
Provide five references from public pension fund clients			
1	City & County of San Francisco ERS	CALSTRS	Los Angeles Department of Fire and Police Pensions
2	San Jose Federated City Employees' Retirement System and San Jose Police & Fire Dept Ret. Plan	Florida RS	Los Angeles Water and Power Employees' Retirement Plan
3	San Diego City ERS	Oregon PERS	San Diego County Employees' Retirement Association
4	City & County of San Francisco Postretirement Health Plan	LACERA	Orange County Employees Retirement System

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

RFP Requirements	Chelron	Miliman	Segal
5	Marin County ERS	Texas Co & District Ret Sys.	Alameda CERA
Name and office location of the primary individual(s) who would be responsible for our account	William Hallmark, James Summers Portland, OR	Daniel Wade, Nick Colier Seattle, WA	Paul Angelo, Andy Yeung San Francisco, CA
C. General Requirements and Compliance Documents			
1. Warranty/Affidavit	Yes	Yes	Yes
2. Proposer Disclosure	Yes	Yes	Yes
3. Bidder Certification	Yes	Yes	Yes
4. Bidder Contributions	Yes	Yes	Yes

**CONTRACT WITH SEGAL CONSULTING
FOR ACTUARIAL CONSULTING SERVICES**

PROPOSED RESOLUTION

WHEREAS, LACERS desires to engage the services of a consulting actuary to provide expert technical actuarial services, included 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 & Liability Study of the Family Death Benefit Program; (5) Annual financial reporting disclosures; and, (6) Other annual studies relating to the cost-of-living, and six-year illustrations requested by the City Administrative Officer. 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 March 15, 2019 and received three proposals for the consulting actuary engagement by the May 8, 2019 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, and authorizes the General Manager to execute the necessary documents, within the following terms, subject to City Attorney review:

CONSULANT	Segal Consulting
TERM	August 1, 2019 to July 31, 2022
AMOUNT	\$1,500,000

July 9, 2019



CALIFORNIA

10180 Barnes Canyon Road
Suite 200
San Diego, CA 92121

MASSACHUSETTS

222 Rosewood Drive
3rd Floor
Danvers, MA 01923

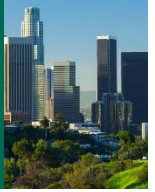
LACERS Private Equity Education





Agenda

- Private Equity - Secondary Market
- Private Equity - Co-Investments
- Private Equity – Benchmarking
- Conclusion - Potential Next Steps

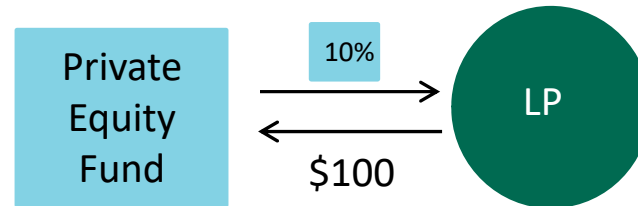


- Private equity investments are illiquid investments where investor capital is typically tied up for 10+ years
- An investor's situation and strategic focus may change over time, often times creating a need for early liquidity

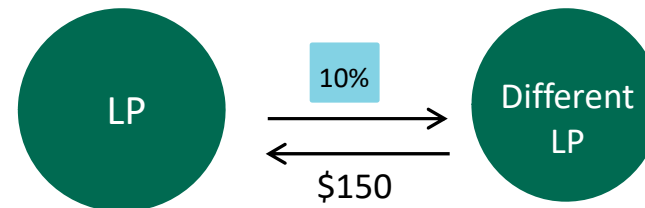
WHAT IS A SECONDARY TRANSACTION?

- A Secondary Transaction allows an investor to sell their individual limited partnership interest in a fund that includes:
 - The Net Asset Value ("NAV") of underlying investments (as of a specific date)
 - Assumption of any Unfunded Commitments (including management fees)
- A seller can sell individual fund interests or a portfolio of fund interests

Initial Fund Commitment ("Primary"):



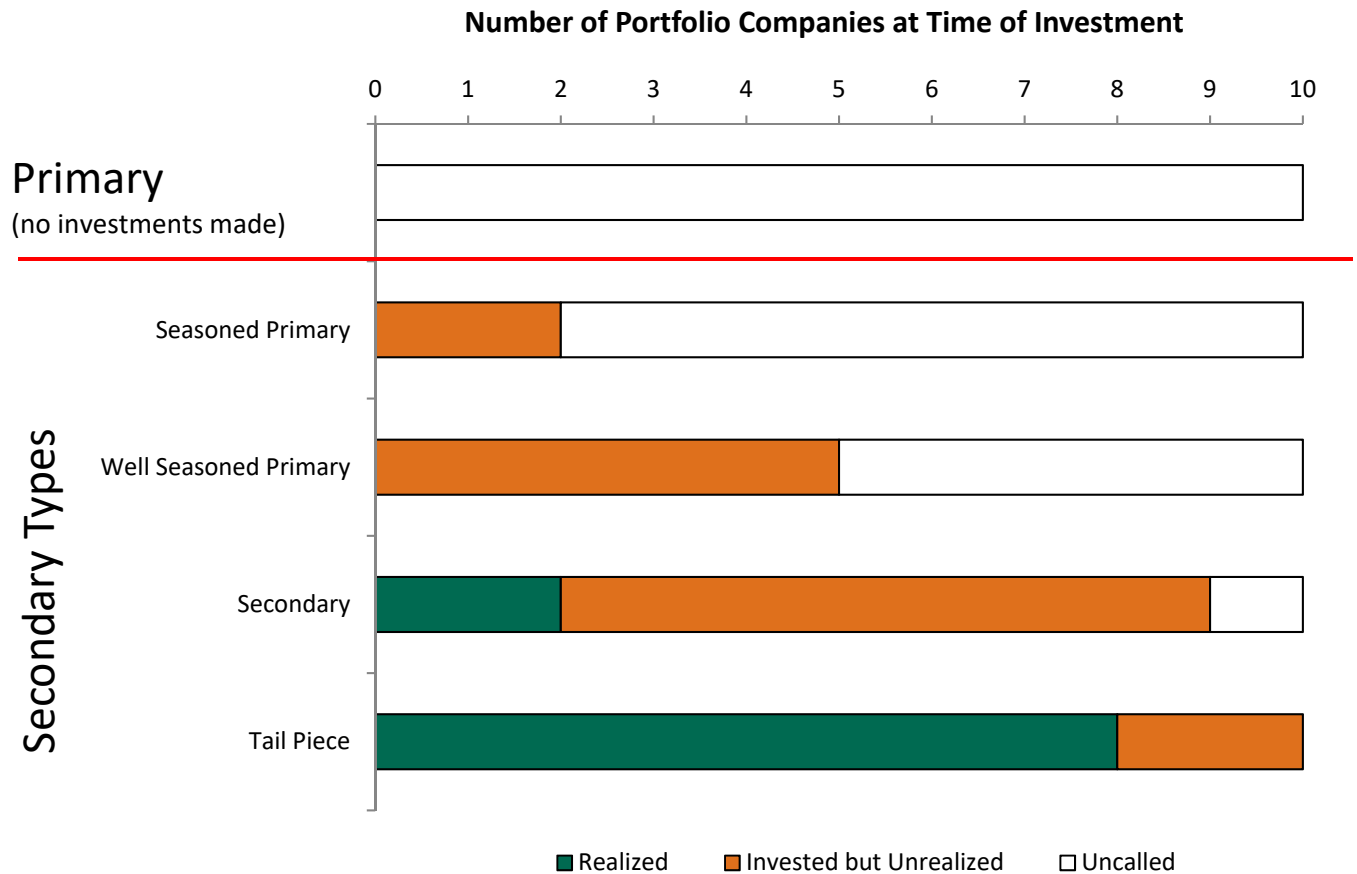
At Some Time In The Future ("Secondary Transaction"):



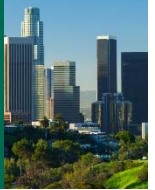


- For all secondary transactions, proceeds go to the selling limited partner and the buyer receives an existing limited-partner interest
- No new capital is raised for investments

FUND INTERESTS OF ALL MATURITIES CAN BE BOUGHT AND SOLD



PRIVATE EQUITY: SECONDARY MARKET



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

WHY DO LIMITED PARTNERS SELL THEIR FUND INTERESTS?

Manage Portfolio Exposure Proactively

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

Refocus on Best GPs

- Increase exposure to core relationships
- Exit poorly performing managers

Lock In Returns

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

Increase Liquidity

- Immediate liquidity rather than orderly sell down of portfolio

Reduce Administrative Burden

- Reduce the number of GP relationships that must be managed

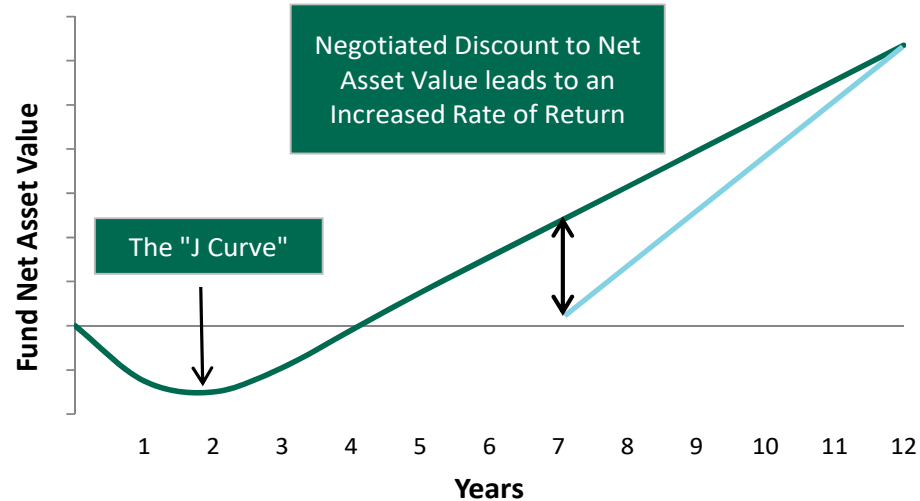
PRIVATE EQUITY: SECONDARY MARKET

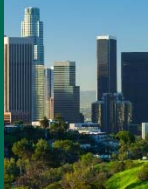


- Secondaries generally exhibit less upside return potential as well as less volatility

WHY DO INVESTORS PURCHASE FUND INTERESTS?

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

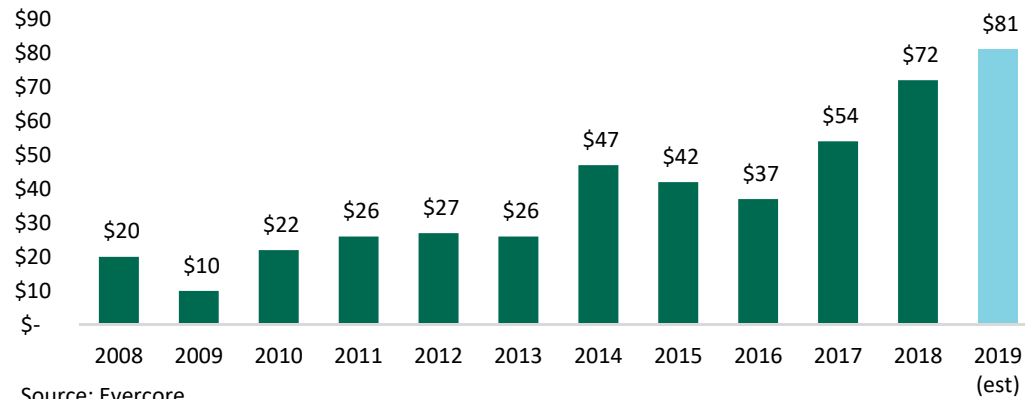




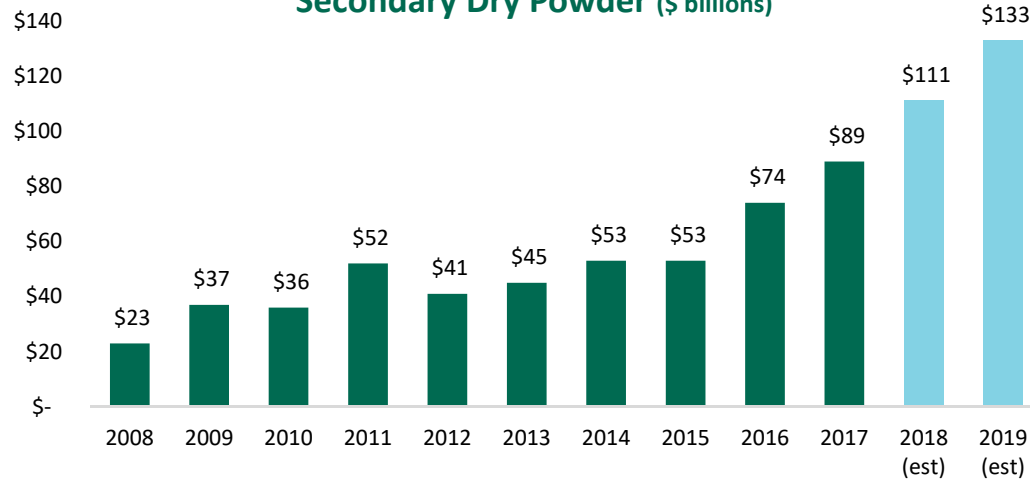
- Dry powder represents the amount of capital raised in excess of the capital deployed and committed capital on the sidelines waiting to be spent
- Despite increasing deal volumes in the secondary market, dry powder remains at all time highs

WHAT DOES THE ACTIVITY LEVEL IN THE SECONDARY MARKET LOOK LIKE?

Secondary Deal Volume (\$ billions)



Secondary Dry Powder (\$ billions)

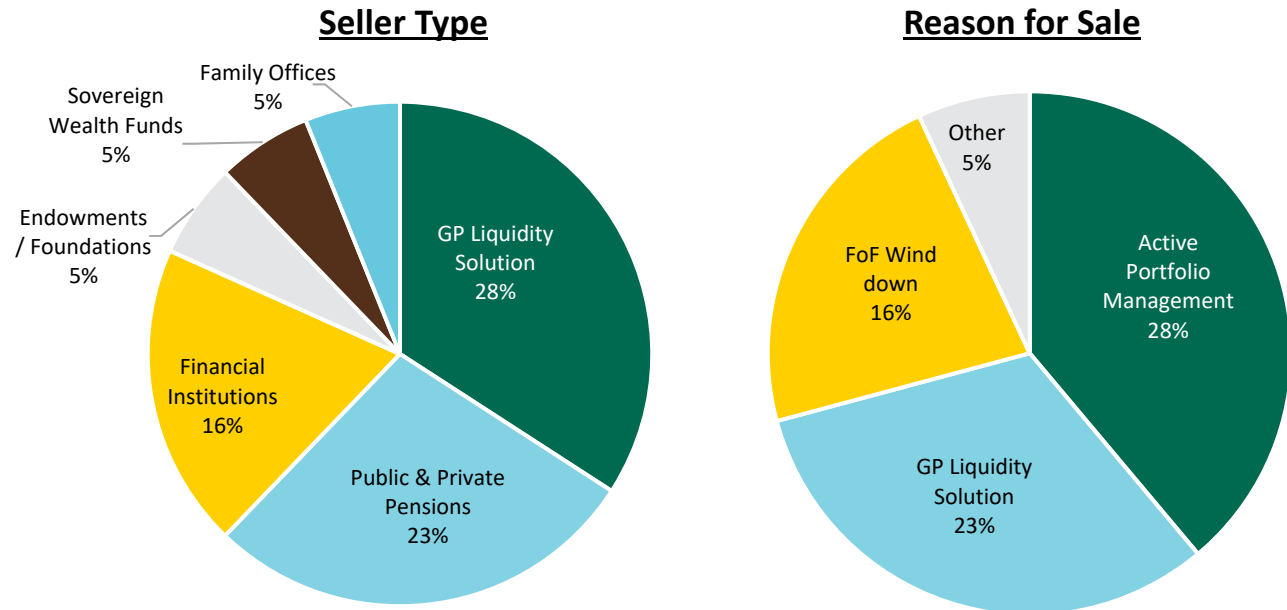


PRIVATE EQUITY: SECONDARY MARKET

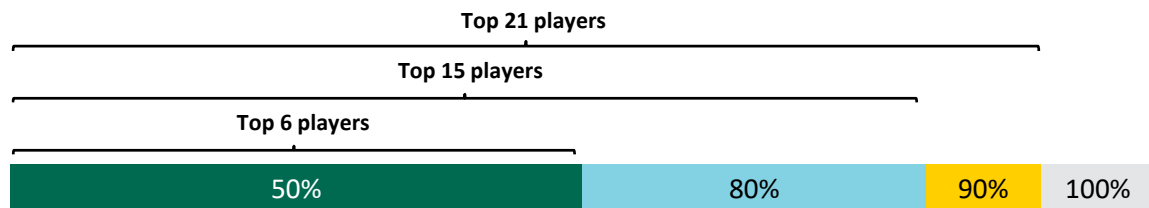


- Increasingly, secondary transactions are being driven by “active portfolio management” rather than a true need for liquidity
- “Dry Powder” is capital that has been raised by funds but has yet to be invested
- Leading secondary buyers include: Ardian, Lexington, Coller, Strategic Partners, Goldman Sachs, HarbourVest

WHO ARE THE SELLERS OF THEIR FUND INTERESTS TODAY AND WHY?



Secondary “Dry Powder”

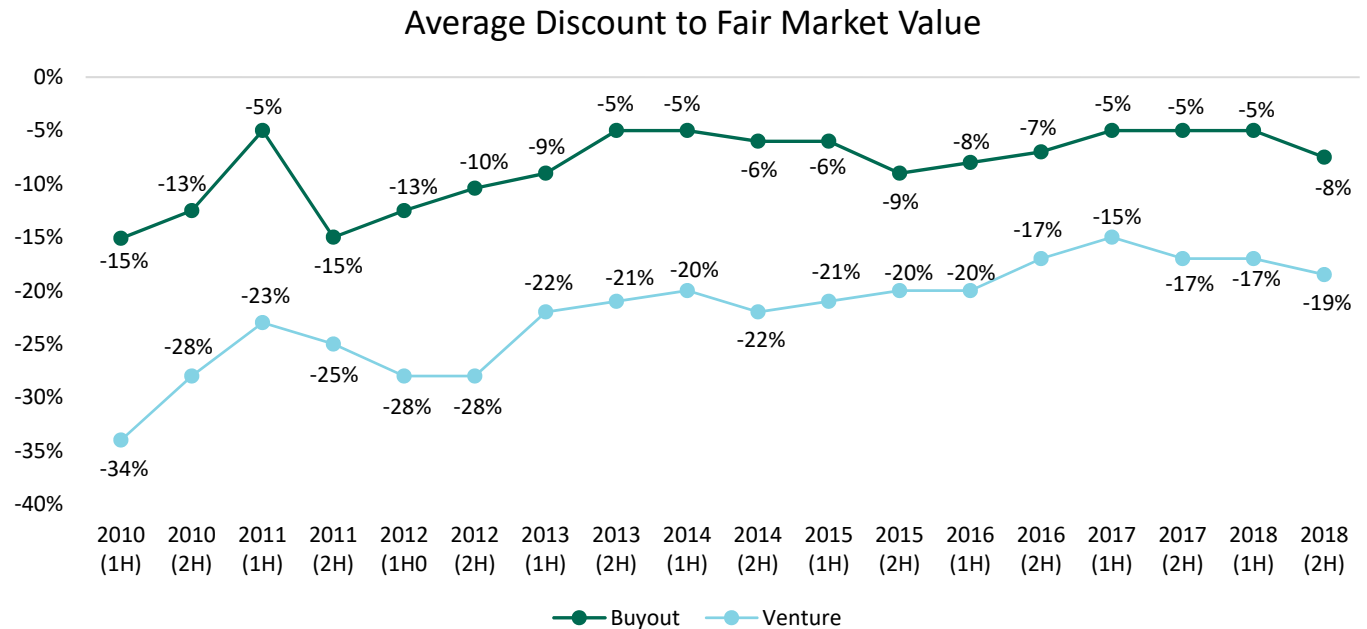


Sources: Evercore Secondary Market Survey, Preqin (as of 12/31/18)



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

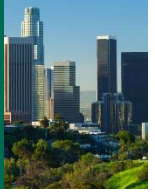
SECONDARY INTERESTS ARE TYPICALLY PURCHASED AT A DISCOUNT:



Source: Evercore, Ardian

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

PRIVATE EQUITY: SECONDARY MARKET



GENERAL CONSIDERATIONS AND COSTS OF A SECONDARY PORTFOLIO SALE:

Benefits

- Secondary sales are a useful tool to rebalance exposures and optimize the portfolio from a Return on Equity (“ROE”) standpoint.
 - The ROE is not static over the life of a private equity fund.
 - An optimal portfolio reduces exposure to low ROE opportunities and increases exposure to higher ROE opportunities (considering risk related to ROE as well).
 - Even successful investments, as measured by IRR, can be strong candidates for sale consideration if their recent incremental return is not satisfactory.
- Portfolio sales are a useful tool to manage legacy relationships in an effort to manage staff’s time and resources.

Costs

- The transaction will require a significant time commitment from staff and the process can last for several months. Furthermore, the LACERS Board needs to review and approve the sale process, which will add to the time commitment.
- The eventual sale price will likely be at a discount to recent fair market value.
- Secondary sales usually involve an intermediary to help market the portfolio and coordinate the transaction; these services have a fee related to them.

PRIVATE EQUITY: SECONDARY MARKET



- LACERS’ portfolio contains a relatively high number of GP relationships and a significant proportion of these relationships are considered non-core going forward
- For LACERS, a portfolio sale would exacerbate the private equity underweight relative to the 14.0% target

LACERS’ SPECIFIC CONSIDERATIONS FOR A PORTFOLIO SALE:

Factors	Impact on Discount	LACERS’ Portfolio
Size	<ul style="list-style-type: none"> • A larger portfolio sale will attract a larger universe of buyers which should translate into a lower discount 	<ul style="list-style-type: none"> • LACERS has a portfolio of adequate size to attract a relatively large universe of buyers
GP Quality	<ul style="list-style-type: none"> • Higher quality GP’s trade at smaller discounts • Often sellers are forced to combine higher quality GP’s with lower quality GP’s to improve bundled pricing 	<ul style="list-style-type: none"> • LACERS has a number of high-quality relationships that can augment a portfolio sale that includes a large number of non-core relationships
Strategy	<ul style="list-style-type: none"> • Buyout and Growth-focused funds tend to trade for smaller discounts • Venture funds typically trade at larger discounts 	<ul style="list-style-type: none"> • LACERS has relatively large exposure to Venture funds • LACERS also has a good mix of Buyout and Growth funds
Maturity	<ul style="list-style-type: none"> • Very old funds tend to trade at steeper discounts • Newer funds tend to trade closer to par 	<ul style="list-style-type: none"> • LACERS has a large number of non-core relationships that are approaching or have exceeded their 10-year terms • However, the bulk of the NAV is in vintage years from 2011 to 2016
Other	<ul style="list-style-type: none"> • North America and Europe tend to have lower discounts than funds focused on other geographies 	<ul style="list-style-type: none"> • LACERS portfolio is largely made up of U.S. and Europe-focused firms

PRIVATE EQUITY: CO-INVESTMENTS



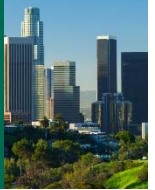
- A co-investment is an equity investment alongside a private equity fund directly into a portfolio company

CO-INVESTMENTS – AN ILLUSTRATIVE EXAMPLE:

Capital Source	Capital Structure
Banks/Senior Lenders	➔ Senior Secured Debt
Mezzanine Lenders	➔ Subordinated Debt
Private Equity Funds	➔ Equity
Limited Partners	➔ Co-Investment

Co-investments
Equity investments made alongside a private equity fund. Participation is through an invitation from the sponsoring firm.

PRIVATE EQUITY: CO-INVESTMENTS



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

WHY DO GENERAL PARTNERS OFFER CO-INVESTMENTS?

Flexibility

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

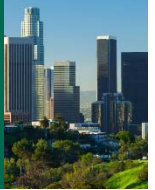
Risk Management

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

Incentive for Limited Partners

- GPs use co-investments to reward existing investors and to establish relationships with prospective fund investors.

PRIVATE EQUITY: CO-INVESTMENTS



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

WHY DO LIMITED PARTNERS PURSUE CO-INVESTMENTS?

Economic Incentives

- Direct co-investments are often done on a no-fee, no-carry basis or a reduced-fee basis
- Indirect co-investments can often be accessed at lower fees than traditional private equity funds

Ability to Manage Portfolio Exposure Proactively

- Allows for greater control over the pace of investment
- Allows for greater control of vintage year exposure
- Allows for greater control over geographic and sector exposures

Increased Appeal as a Limited Partner

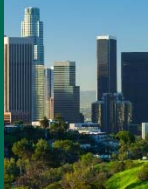
- Co-investments help bridge a “gap” for General Partners, allowing them to pursue larger investments while maintaining diversification at the fund-level.
- Providing co-investments may help with primary fund access

Ancillary Due Diligence Benefits

- Co-investing alongside a firm is excellent due diligence on that firm’s processes, investment insights and execution.

Helps Alleviate J-Curve Effects

- There is effectively no j-curve effect for co-investments, which helps mitigate the j-curve of the broader portfolio.

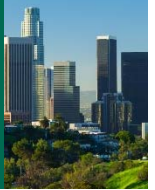


THE FINANCIAL BENEFITS OF CO-INVESTMENTS:

Illustrative Example:

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

PRIVATE EQUITY: CO-INVESTMENTS



- Co-investors are contractually obligated to sell their securities at the same time that the fund sells its securities. Holding periods are, on average, three to five years.

SOME IMPORTANT STRUCTURAL QUALITIES OF CO-INVESTMENTS:

- Co-investors generally participate in the same securities as the private equity fund, on either a “no-fee and no-carry,” or reduced-fee basis.
- Co-investments are generally passive. In most cases, once a co-investment is made you do not have a “sell decision.” You are contractually obligated to sell your securities at the same time that the fund sells its securities.
- Holding periods are, on average, three to five years.
- If co-investing alongside a firm with which you have made a fund commitment, you will have exposure to a company in two ways, as part of the fund and directly through the co-investment.
- Co-investors generally can exercise independent voting rights with regard to their shares.
- Co-investors will often be able to negotiate board observer rights or information rights to help monitor their investments.

PRIVATE EQUITY: CO-INVESTMENTS



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

THE BIGGEST CHALLENGES OF CO-INVESTMENTS:

- Generating deal flow requires active and ongoing communication with General Partners of the desire to co-invest.
- The speed of execution required to co-invest can vary significantly (from two weeks to two months), which requires a deep and flexible investment team. It also depends on the LACERS Board approval process and the amount of discretion staff has in making co-investment decisions.
- Assessing the attractiveness of a co-investment opportunity requires primary investment experience and the ability to review and stress test financial models, speak with company management, and synthesize third-party consultant reports.
- Assessing the firm's capabilities and deal fit requires due diligence on the fund manager with regard to industry expertise and overall capabilities.
- For some investors, the shorter timeline for investment review, consideration, and approval can be incompatible with the timeline required for co-investment deals.
- The direct exposure to an investment increases the risk potential for adverse selection issues and strategy drift.

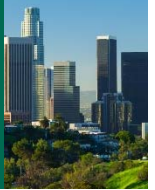
PRIVATE EQUITY: CO-INVESTMENTS



- For investors that can't pursue an internal co-investment program, there are a variety of options for outsourced solutions

THE DIFFERENT WAYS LIMITED PARTNERS CAN APPROACH CO-INVESTING:

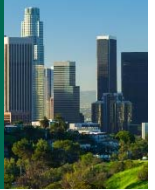
	Internal Program	Stapled Co-Investment "Sleeve"	Outsourced Solution
Benefits	<ul style="list-style-type: none"> • Low cost • Highly customizable • Concentrates exposure with high conviction managers • Drives in-depth knowledge of managers 	<ul style="list-style-type: none"> • Low cost • Concentrates exposure with high-conviction managers 	<ul style="list-style-type: none"> • Ability to deploy capital quickly • Moderately customizable
Drawbacks	<ul style="list-style-type: none"> • Time intensive • Takes time to build a diversified portfolio 	<ul style="list-style-type: none"> • Not customizable • Potential for adverse selection 	<ul style="list-style-type: none"> • Reintroduction of fee and carry
Challenges	<ul style="list-style-type: none"> • Generating deal flow • Speed of execution • Approval process • Ongoing monitoring 	<ul style="list-style-type: none"> • Generating deal flow 	<ul style="list-style-type: none"> • General Partner selection



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

BENCHMARKING A PRIVATE EQUITY PORTFOLIO:

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



PROPERTIES OF AN IDEAL BENCHMARK:

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















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

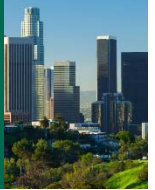
Source: Section 5 of "Evaluating Portfolio Performance", by Bailey, CFA, Richards, CFA, and Tierney, 2014 CFA Curriculum, Level 3, Volume 6, Reading 34. "Managing Investment Portfolios: A Dynamic Process", Third Edition, John L. Maginn, CFA, Donald L. Tuttle, CFA, Jerald E. Pinto, CFA, and Dennis W.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

PRIVATE EQUITY: BENCHMARKING



PUBLIC INDICES VERSUS PRIVATE BENCHMARKS AS A BENCHMARK FOR PRIVATE EQUITY

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

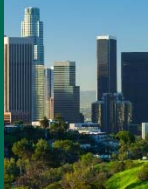


- Not all private benchmarks are created equally, and a careful review of the available benchmarks is warranted

WHICH PRIVATE BENCHMARKS ARE AVAILABLE AND HOW TO CHOOSE ONE

- There are currently five leading private equity benchmarking services:
 - **Cambridge**
 - **Preqin**
 - **State Street**
 - **ILPA**
 - **Burgiss / Private IQ**
- The primary factors to consider when deciding which private benchmark is best suited:
 - Total number of funds contained in the benchmark
 - Vintage years available for benchmarking
 - Average number of funds per vintage year
 - Ability to customize
 - Number of return measures available
 - Underlying source of the information
 - Potential biases such as survivorship bias or the use of fund-level lines of credit

CONCLUSION: POTENTIAL NEXT STEPS



- Supplementing the existing benchmark with a private equity-specific benchmark can be done in relatively short order
- A secondary sale and the implementation of a co-investment program are longer-term initiatives

Secondaries

- Consultant and staff conduct a portfolio review to establish “core” relationships vs. “non-core” relationships
- Consultant and staff solicit non-binding bids from several third parties for a hypothetical portfolio sale

Co-investments

- Consultant and staff evaluate the various ways to increase exposure to co-investments and the feasibility of implementation
- Consultant and staff develop and propose investment processes and procedures
- Potential outcomes include: (i) increase staff, (ii) expand consulting relationship, or (iii) engage a third party

Benchmarking

- Consultant and staff evaluate in greater detail the pros and cons of the various private equity specific benchmarks
- Work with general consultant to formalize and adopt the use of a complimentary private equity-specific benchmark