LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Board of Administration Agenda

REGULAR MEETING **TUESDAY, OCTOBER 22, 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: Michael R. Wilkinson Commissioners: Annie Chao, Elizabeth Lee, Sandra Lee, Nilza R. Serrano, Sung Won Sohn 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 OCTOBER 8, 2019 AND POSSIBLE BOARD ACTION

III. BOARD PRESIDENT VERBAL REPORT

IV. GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS

B. UPCOMING AGENDA ITEMS

V. RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR SEPTEMBER 2019

VI. DISABILITY RETIREMENT APPLICATION(S)

A. CONSIDER THE DISABILITY RETIREMENT APPLICATION OF AZAR NEJAD AND POSSIBLE BOARD ACTION (HEARING)

B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF NICOLE LAWRENCE AND POSSIBLE BOARD ACTION

VII. INVESTMENTS

A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO LBA LOGISTICS VALUE FUND VII, L.P. AND POSSIBLE BOARD ACTION

B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO NREP NORDIC STRATEGIES FUND IV, LP SCSP AND POSSIBLE BOARD ACTION

C. CHIEF INVESTMENT OFFICER VERBAL REPORT

D. PRIVATE REAL ESTATE PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING JUNE 30, 2019

VIII. COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF OCTOBER 8, 2019

IX. BOARD/DEPARTMENT ADMINISTRATION

A. BUDGET APPROPRIATION FOR THE HUMAN RESOURCES AND PAYROLL PROJECT AND POSSIBLE BOARD ACTION

B. LEGISLATIVE UPDATE OF OCTOBER 2019

C. DESIGNATION OF EXECUTIVE OFFICER PURSUANT TO CHARTER SECTION 512 AND POSSIBLE BOARD ACTION

X. OTHER BUSINESS

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

October 8, 2019

10:09 a.m.

Agenda of: Oct. 22, 2019

Item No: II

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

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 SEPTEMBER 24, 2019 AND POSSIBLE BOARD ACTION – A motion to approve the Regular Board Meeting minutes of September 24, 2019 was moved by Commissioner Serrano, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz stated that she along with General Manager Neil M. Guglielmo and Assistant General Manager Lita Payne attended the Mayor's Annual Women Move LA Conference.

IV

GENERAL MANAGER VERBAL REPORT

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

- LACERS Employee Training and Development
- Open Enrollment
- Partnership with LA Department of Aging
- LACERS *Well* Program

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

- October 22, 2019 Board – Appropriation for Human Resources and Payroll Project
- October 22, 2019 Board – Legislative update

V

RECEIVE AND FILE ITEMS

A. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – The report was received by the Board and filed.

B. MARKETING CESSATION NOTIFICATION

C. COMMISSIONER RUIZ BOARD EDUCATION EVALUATION ON UN PRI IN PERSON 2019 CONFERENCE, PARIS, FRANCE; SEPTEMBER 10-12, 2019 – The report was received by the Board and filed.

D. COMMISSIONER CHAO BOARD EDUCATION EVALUATION ON NCPERS PUBLIC PENSION FUNDING FORUM, NEW YORK, NY; SEPTEMBER 11-13, 2019 – The report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

A. AUDIT COMMITTEE REPORT – CONTRACT AWARD TO CHEIRON, INC. FOR ACTUARIAL AUDIT ENGAGEMENT AND POSSIBLE BOARD ACTION – Wally Oyewole, Departmental Audit Manager, presented this item to the Board. Commissioner Elizabeth Lee moved approval of the following Resolution:

CONTRACT WITH CHEIRON INC.
FOR ACTUARIAL AUDIT SERVICES

<u>RESOLUTION 191008-A</u>

WHEREAS, consistent with actuarial best practice, LACERS desires to engage an actuarial firm to conduct an independent actuarial audit of LACERS incumbent Consulting Actuary, to include the following: (a) full replication audit of LACERS Retirement and Health Plan valuations; (b) a review of LACERS' most recent Experience Study for reasonableness and internal consistency; and, (c) a reconciliation and presentation of any identified significant discrepancies to the Board;

WHEREAS, on March 15, 2019, LACERS issued a Request for Proposal for actuarial consulting as well as actuarial audit services, and received audit actuary proposals from Milliman, Cheiron Inc., and Gabriel, Roeder, Smith & Company;

WHEREAS, Cheiron and Milliman ranked first and second respectively, and were presented to the Audit Committee (Committee) for interview;

WHEREAS, on September 24, 2019, the Committee interviewed Milliman and Cheiron, and selected Cheiron for audit actuary contract award;

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

FIRM: Cheiron Inc.

TERM: One-time contract to conduct actuarial audit

AMOUNT: A fixed fee of $75,000

Which motion was seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE MEETING OF OCTOBER 8, 2019 – Vice President Wilkinson stated the Committee was presented with a presentation on the Health Management Dashboards and a report from Anthem on an enrollment issue.

VII

BENEFITS ADMINISTRATION

A. WEBSITE DESIGN PREVIEW – Alex Lombardo, Management Assistant, presented the Board with an overview of the new LACERS mobile friendly website design.

President Ruiz recessed the Regular Meeting at 10:47 a.m. to convene in Closed Session.

VIII

A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF EDMOND KHAJKIAN AND POSSIBLE BOARD ACTION

B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF LUZMILA LOPEZ AND POSSIBLE BOARD ACTION

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

President Ruiz reconvened the Regular Meeting at 11:03 a.m. and announced that the Board unanimously approved the Disability Retirement Applications of Edmond Khajkian, Luzmila Lopez, and Jessica Valles.

IX

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, $18.03 Billion as of October 7, 2019. Mr. June discussed the following items:

- Staff is finishing up due diligence on the Small Cap Equities Search
- Future Board Agenda items: Several real estate opportunities and Private Equity Program 2020 Strategic Plan

President Ruiz recessed the Regular Meeting at 11:08 a.m. to convene in Closed Session.

B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER THE PURCHASE OF TWO (2) PARTICULAR, SPECIFIC INVESTMENTS AND POSSIBLE BOARD ACTION

President Ruiz reconvened the Regular Meeting at 12:20 p.m.

C. ASSET MANAGEMENT REAL ESTATE SERVICES RFQ AND POSSIBLE BOARD ACTION – Wilkin Ly, Investment Manager III, Jennifer Stevens and Felix Fells with Townsend presented this item to the Board. Commissioner Chao moved approval, seconded by Vice President Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

X

OTHER BUSINESS – Commissioner Serrano requested a Governance Committee Meeting be scheduled to discuss wording of Board Agenda items.

XI

NEXT MEETING – The next Regular meeting of the Board is scheduled for Tuesday, October 22, 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 – There being no further discussion before the Board, President Ruiz adjourned the meeting at 12:25 p.m.

Cynthia M. Ruiz
Vice President

Neil M. Guglielmo
Manager-Secretary

Agenda of:	<u>OCT. 22, 2019</u>
Item No:	<u>V-A</u>

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

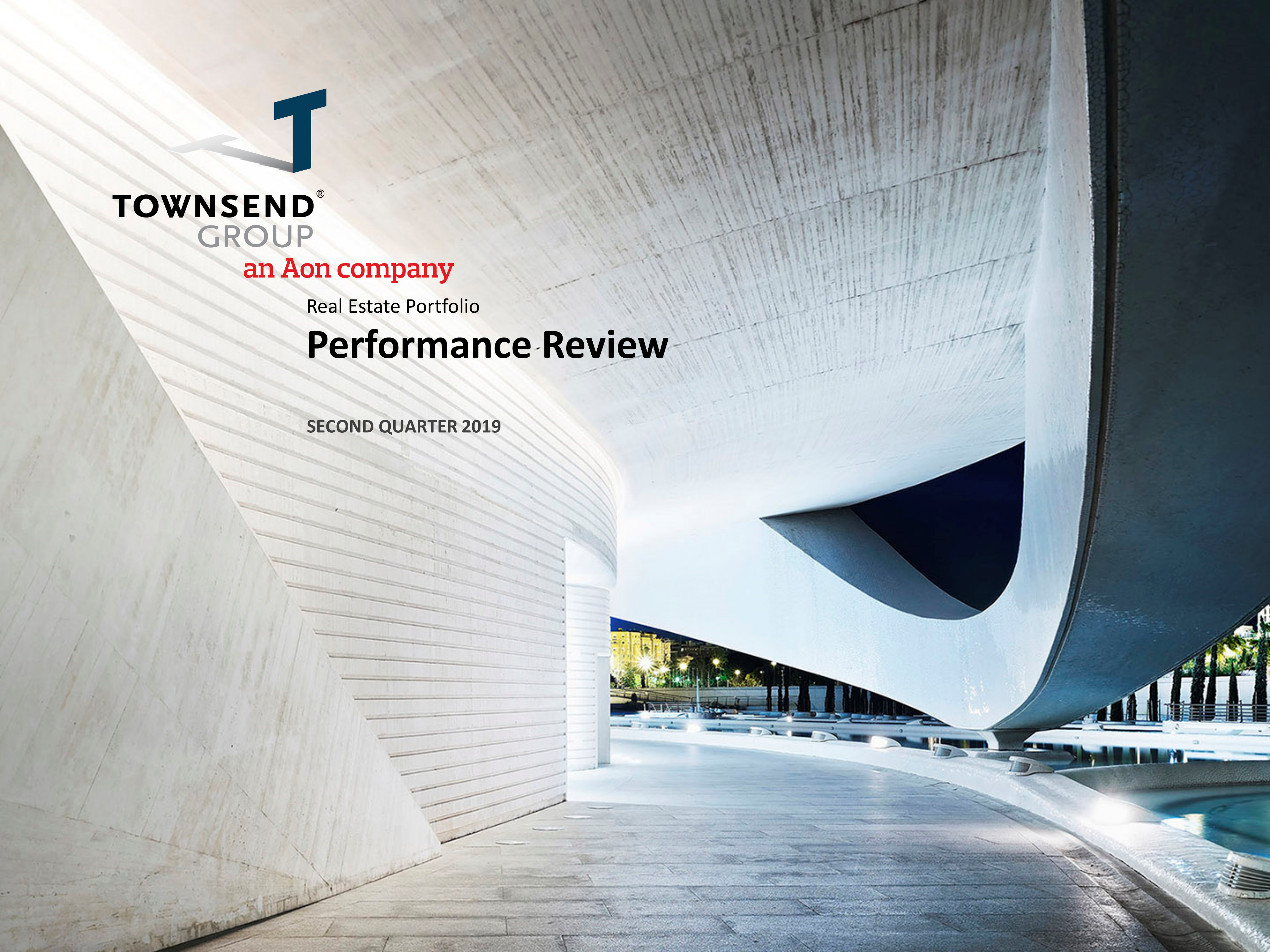
In accordance with Section V.H.2 of the approved Board Education and Travel Policy, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, seminars and conferences they attended as a LACERS representative or in the capacity of a LACERS Board Member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

<u>BOARD MEMBER:</u>

President Cynthia M. Ruiz
Vice President Michael R. Wilkinson

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

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



TOWNSEND® GROUP
an Aon company

Real Estate Portfolio

Performance Review

SECOND QUARTER 2019

Portfolio Funding Status

- The following slides provide a review of key information pertaining to the Los Angeles City Employees' Retirement System ("LACERS") Real Estate Portfolio (the "Portfolio") through June 30, 2019. A detailed performance report is also provided as **Exhibit A.**
- The System is below its 7.0% target to Real Estate as of year-end on a funded and committed basis. The target allocation was increased from 5.0% in April 2018.

	Market Value ($ millions)*	% LACERS Plan*
LACERS Total Plan Assets	17,693	
Real Estate Target	1,239	7.0%
RE Market Value:		
Core	567	
Non-Core	201	
Timber	21	
Total RE Market Value	789	4.5%
Unfunded Commitments	147	0.8%
RE Market Value & Unfunded Commitments	936	5.3%
Remaining Allocation	302	1.7%

*Figures may not add due to rounding.

Real Estate Portfolio Composition

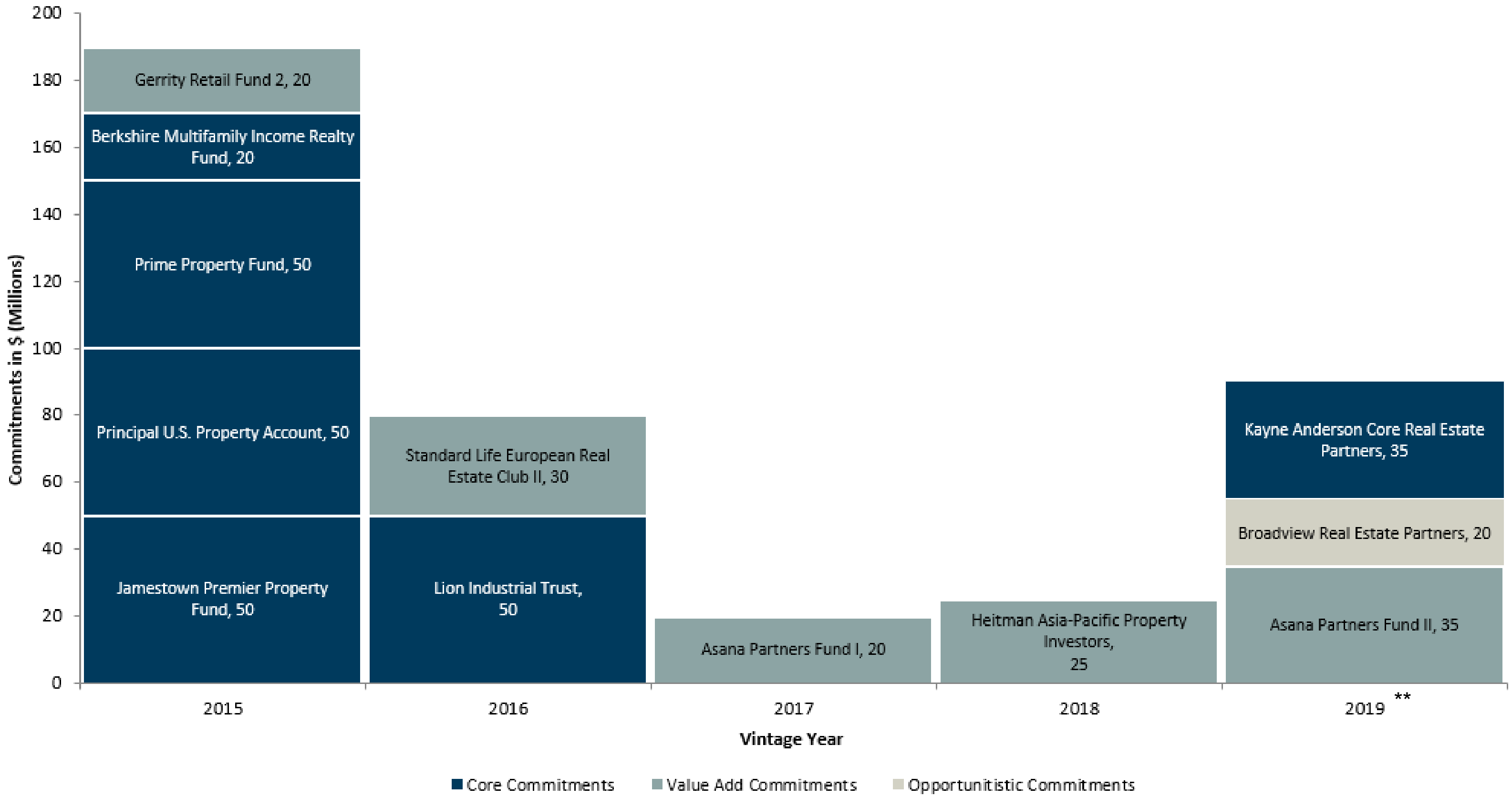
	Strategic Targets		*Portfolio Composition (06/30/2019)**	
	Target Allocation	**Tactical Range**	**Market Value**	**Market Value & Unfunded Commitments**
Core	**60%**	**40% - 80%**	**71.9%**	**64.0%**
Non-Core	**40%**	**20% - 60%**	**25.5%**	**33.8%**
Value Add Portfolio	*N/A*	*N/A*	*12.6%*	*20.5%*
Opportunistic Portfolio	*N/A*	*N/A*	*12.8%*	*13.3%*
Timber	**N/A**	**N/A**	**2.6%**	**2.2%**

- In May 2014, the Board approved the strategic targets displayed above in order to reflect a more conservative risk profile going-forward. At the time, the Portfolio had 30% exposure to Core and 70% exposure to Non-Core.
- Since 2014, in an effort to transition the Portfolio, the LACERS Board has approved $255 million in Core commitments**, which have all been fully funded to date, with the exception of Kayne Anderson Core Real Estate Fund.
- The LACERS Board approved $150 million in Non-Core investments** since 2014. These investments focused on Value Add strategies with pre-specified portfolios, embedded value and/or an element of current income.
- On a funded and committed basis, the LACERS Core and Non-Core allocations are in line with the strategic targets.
- The Core Portfolio utilizes 24.0% leverage, measured on a loan-to-value (LTV) basis, well below the 40.0% constraint.
- The Non-Core Portfolio has a 58.7% LTV ratio, well below the 75.0% constraint.

*Figures may not add due to rounding.

** As of 06/30/2019

LACERS Commitment Activity Under Townsend Advisory – Last Five Years

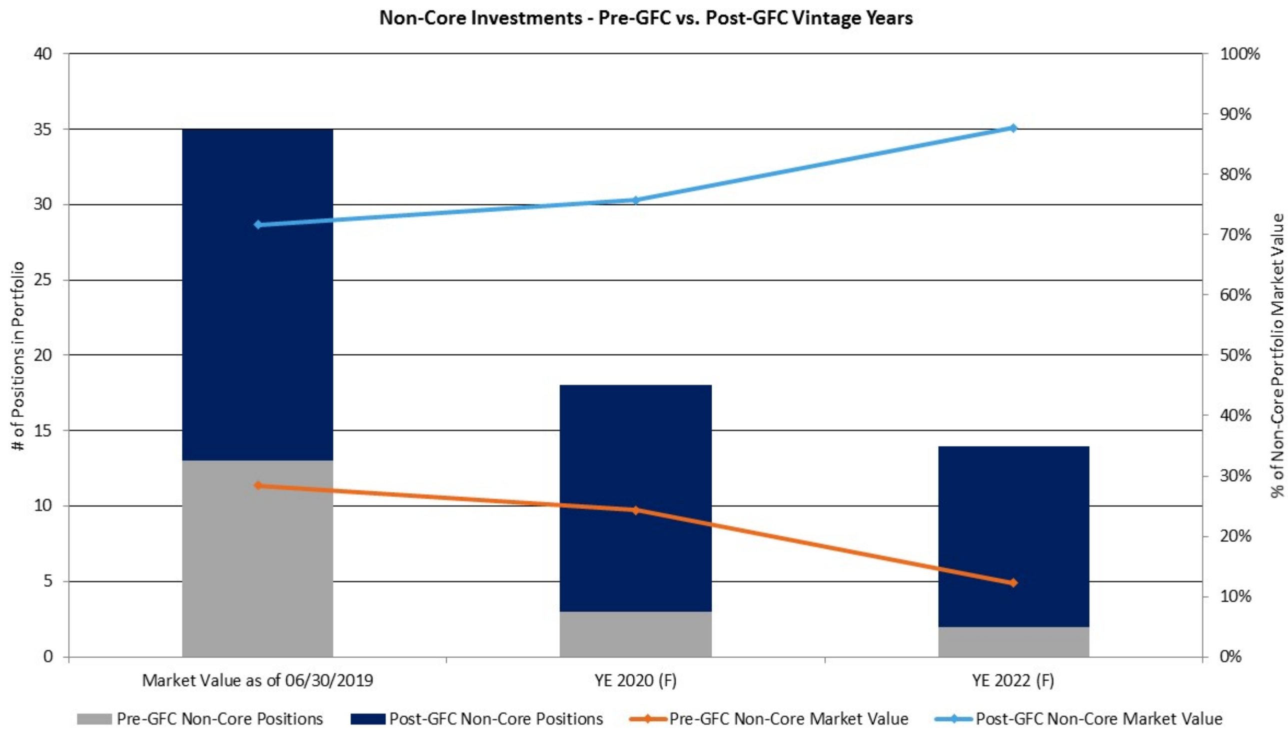


- LACERS has committed $385 million* since 2015, all of which has been Townsend-initiated activity.
- Three Non-Core commitments since 2015 (Gerrity, Asana and Broadview) met LACERS' Emerging Manager guidelines.
  - In the Core Open-End Commingled Fund (OECF) space, there are currently no managers meeting these guidelines.
- Vintage year classifications are based on LACERS' first capital call (or expected capital call), though commitments may have been approved in prior years.

*Commitment amounts as of 2Q19.

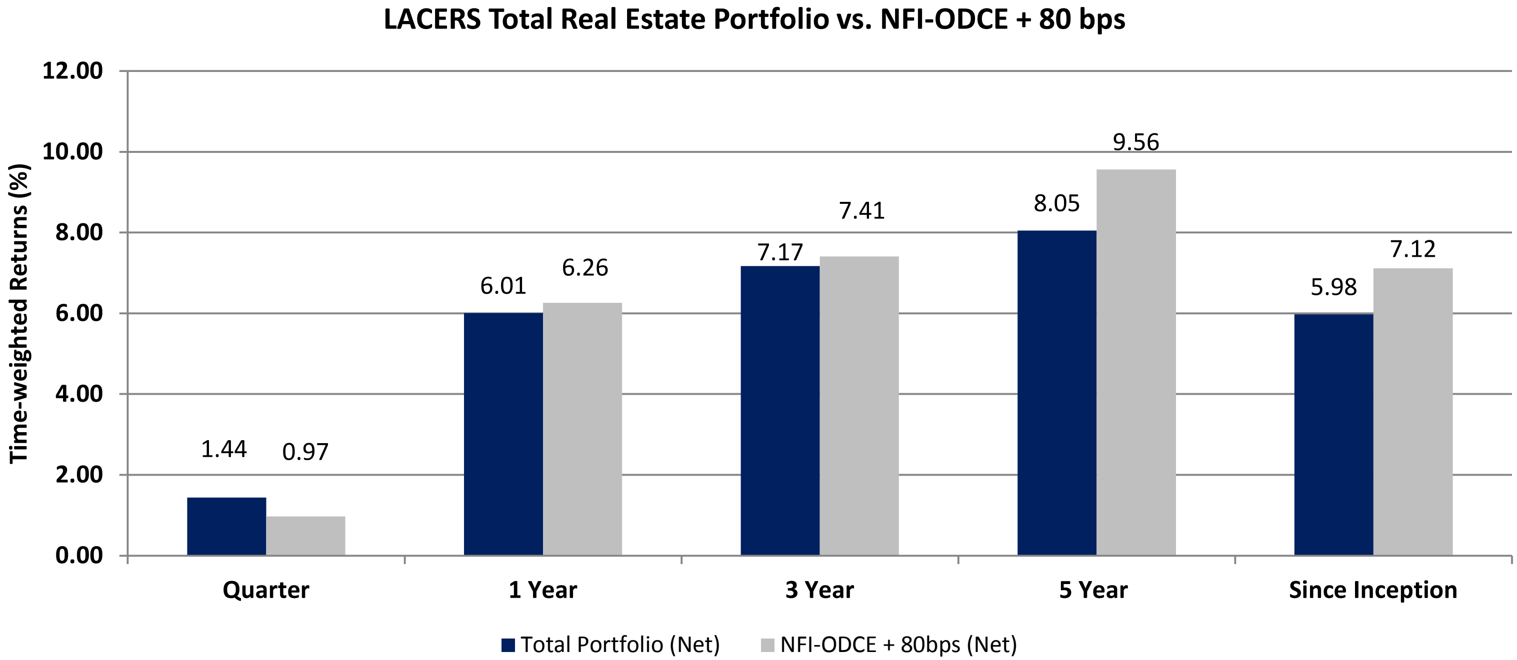
**Inclusive of investments made prior to 6/30/19.

Projected Non-Core Liquidations



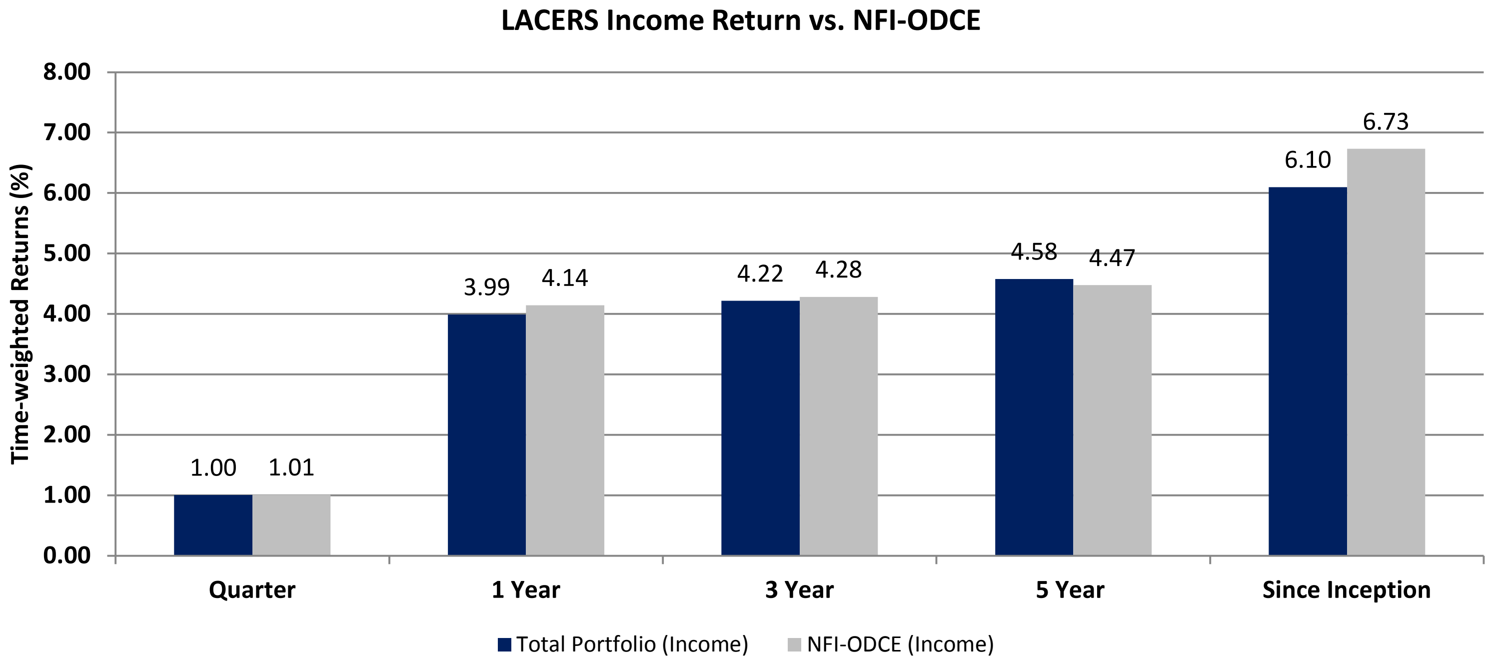
- 18 out of 35 Non-Core funds are projected to liquidate through year-end 2020. 21 Non-Core positions are expected to liquidate through year-end 2022.
- The number of Pre-Global Financial Crisis ("Pre-GFC") Non-Core positions is also projected to decrease significantly over the next few years. Only three of the Non-Core investments made before the Global Financial Crisis are projected to remain through year-end 2020 (two through year-end 2022). As of 06/30/19, there are still 13 Pre-GFC Non-Core positions in the portfolio.
- The Non-Core Portfolio, which currently consists of 28.4% Pre-GFC investments on a market value basis, is projected to be made predominantly of Post-GFC investments by year-end 2022 (87.7% of projected market value).

Total Portfolio Performance



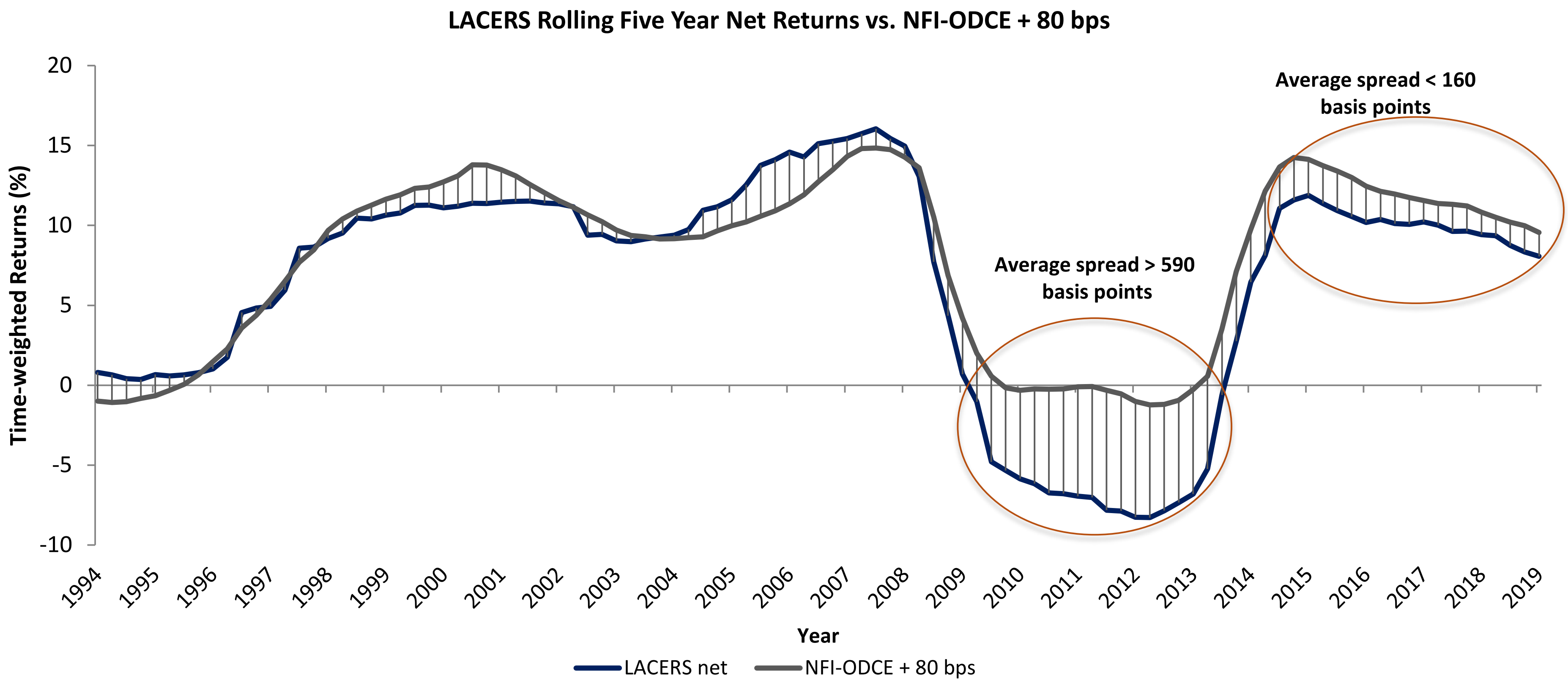
- The benchmark for the LACERS Total Real Estate Portfolio is the NCREIF Fund Index of Open-End Diversified Core Equity funds (NFI-ODCE) + 80 basis points ("bps"), measured over 5-year time periods, net of fees (defined below). LACERS has underperformed across all periods except the most recent quarter, mostly due to weak performance of Non-Core legacy funds. However, investments made since 2014 are outperforming the benchmark, as detailed on page 9.
- When the LACERS benchmark was restructured in 2014, Townsend advised the Board that it could take up to five years for outperformance to begin, given the heavy concentration in Non-Core legacy funds that were expected to underperform until liquidation.
- The NFI-ODCE is a Core index that includes Core open-end diversified funds with at least 95% of their investments in US markets. The NFI-ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical (back to 1978) and current basis (24 active vehicles), utilizing approximately 21.5% leverage.
  - The 80 basis point ("bps") premium is a reflection of the incremental return expected from Non-Core exposure in the Portfolio, which is not included in the NFI-ODCE.

Total Portfolio Income Performance



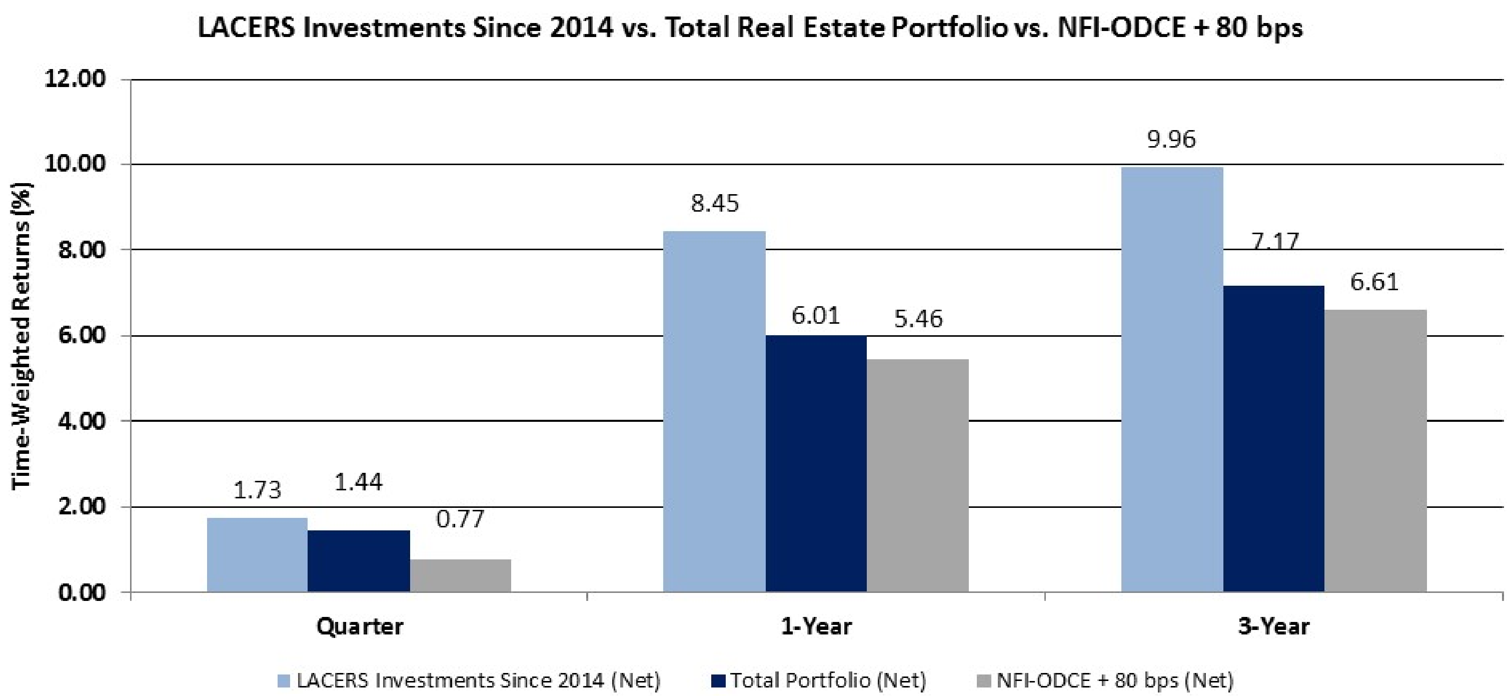
- As outlined in the Real Estate Strategic Plan, a primary objective for real estate is to generate income for the LACERS program.
- Historically, real estate has generated returns comprised primarily of income.
- The income return for the LACERS Portfolio performed above the income return of the NFI-ODCE over the 5-year period, underperforming over all other periods. Recent underperformance on an income basis is primarily attributable to poor absolute income performance in the Opportunistic portfolio.

Improving Relative Total Portfolio Performance



- The chart above displays rolling 5-year time-weighted returns for the Total LACERS Portfolio, net of fees, relative to the benchmark.
- While LACERS continues to underperform the benchmark on a rolling 5-year basis, LACERS' average spread to the benchmark is trending downwards. Performance should continue to improve as accretive investments approved since 2014 continue to fund into the Portfolio and legacy investments fully liquidate.
- Townsend also analyzed this performance trend by strategy within the LACERS Portfolio. The same trend existed by strategy but Core holdings tracked the benchmark closer than Non-Core strategies.

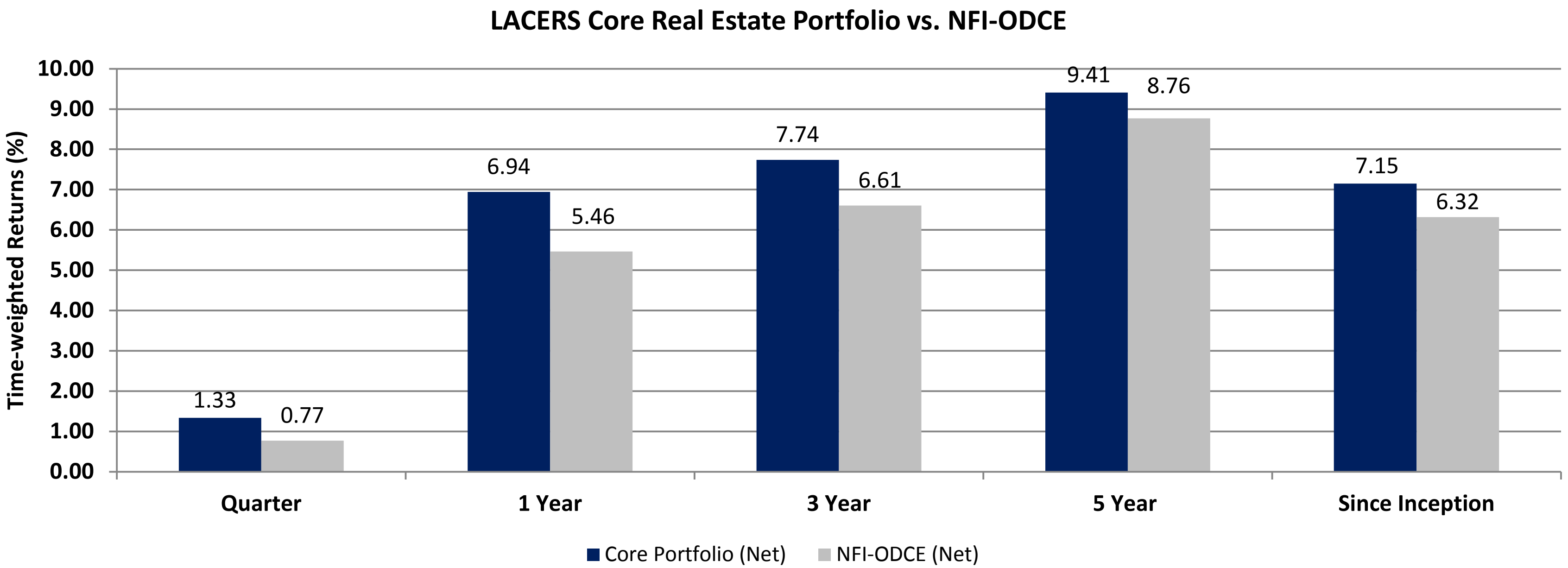
Post-GFC Investments Accretive to Performance



- Since 2014, Townsend has recommended thirteen* investments to LACERS staff and eleven (including three emerging managers) ultimately were brought forth for Board recommendation. The first of these investments to call capital was Jamestown Premier Property Fund in 3Q15. Core investments include Berkshire, Jamestown, Lion Industrial Trust, Prime, Principal, and Kayne Anderson Core. Non-Core investments include Gerrity, Standard Life, Asana I and Asana II, Heitman Asia and Broadview Real Estate Partners.
- Performance of Townsend-advised investments since 2014 exceeds performance of the Total Portfolio and the benchmark over the trailing quarter, 1-year and 3-year periods. These investments are expected to drive performance going forward.

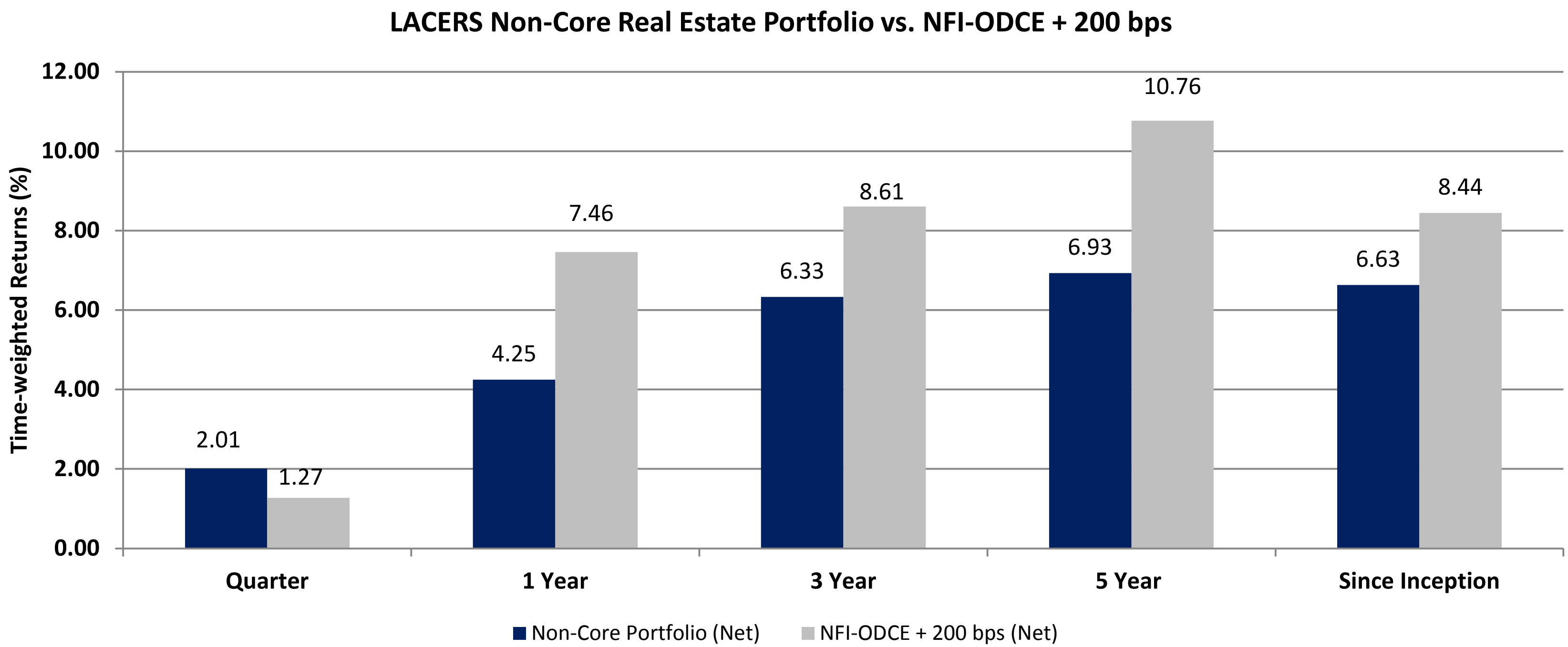
*As of 2Q19.

Relative Performance by Strategy: Core



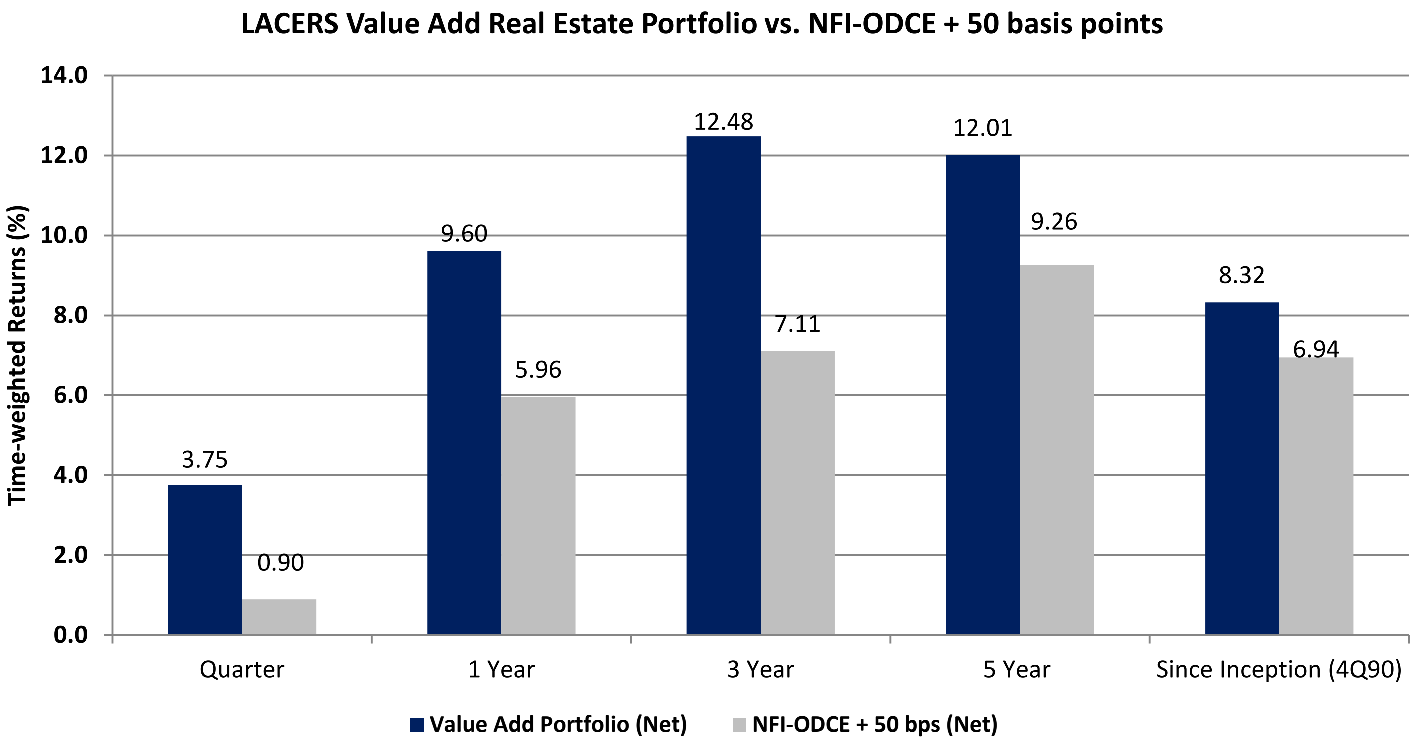
- The LACERS Core benchmark is the NFI-ODCE, measured over 5-year time periods, net of fees.
- The Core Portfolio has outperformed the benchmark over all periods.
- On an absolute return basis Kayne Anderson Core Real Estate Fund was the largest contributor to Core performance over the quarter, outperforming the NFI-ODCE by 243 bps. Lion Industrial Trust was the largest contributor on a dollar-basis, delivering a 3.0% net return.
- Berkshire, CIM VI, and CMCT lagged the NFI-ODCE, with underperformance ranging from 30 to 95 bps.
- Over the trailing year, outperformance on a dollar basis was driven by the strong returns of Lion Industrial Trust and Invesco Core Real Estate. On an absolute return basis, Lion Industrial Trust and Prime Property Fund were the strongest performers, delivering 1012 bps and 173 bps of alpha, respectively.

Relative Performance by Strategy: Non-Core



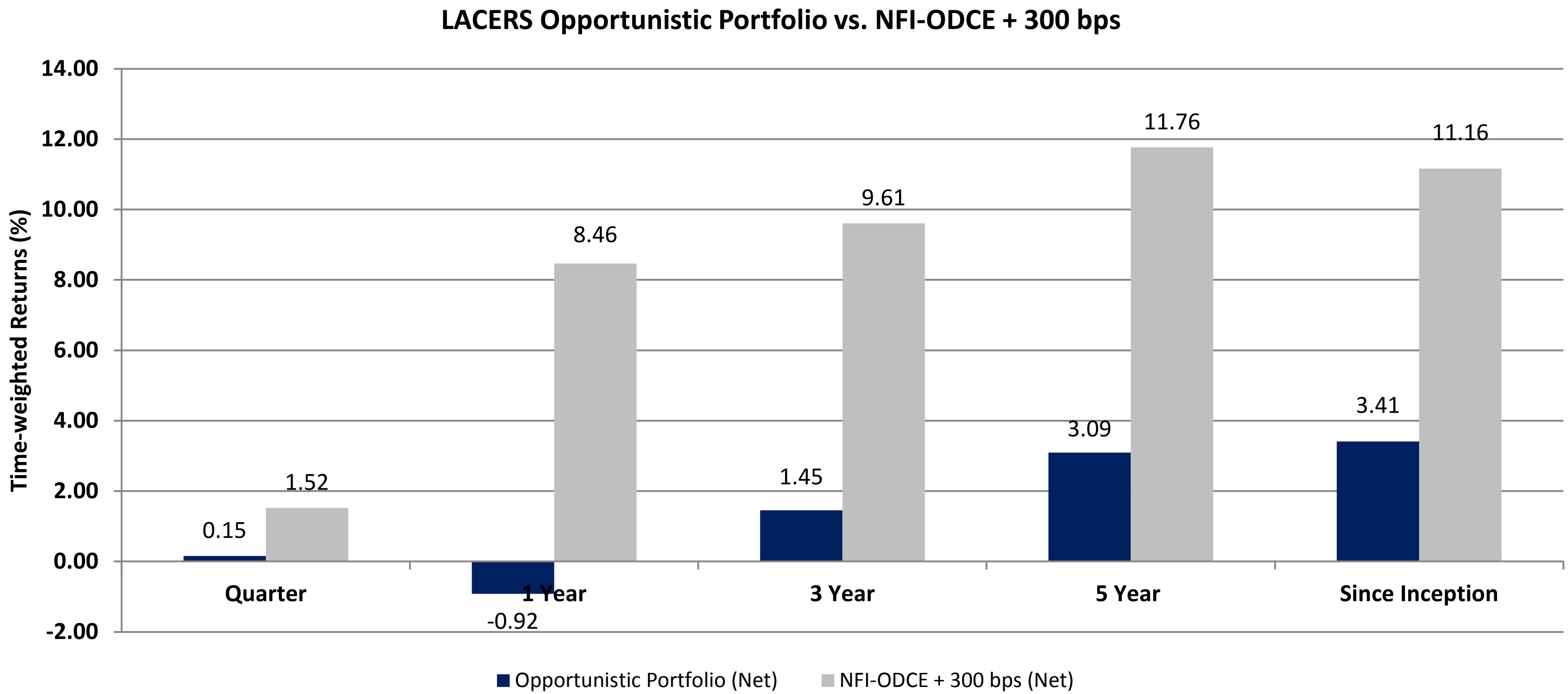
- The LACERS Non-Core benchmark is the NFI-ODCE + 200 bps, measured over 5-year time periods, net of fees. The 200 bps premium is a reflection of the incremental return expected from the additional risk inherent in Non-Core strategies.
- The Non-Core Portfolio outperformed the NFI-ODCE + 200 bps benchmark over the quarter, but underperformed over all other time periods. Underperformance over longer time periods is mostly due to Non-Core legacy funds that are due to liquidate over the next few years. As discussed on page 5, there are currently 13 Non-Core funds in the portfolio that were committed to before the Global Financial Crisis. As these funds liquidate and approved investments are funded, Non-Core portfolio performance is expected to improve.
- Outperformance over the quarter was driven by Value Added funds and in particular DRA Growth and Income Fund VII and Asana Partners Fund I, which delivered an 11.3% and 8.8% net return, respectively.
- The Value Add Portfolio has achieved strong absolute and relative annualized returns, while the Opportunistic Portfolio has been the main reason for Non-Core underperformance. Both are discussed in more detail on the following pages.

Relative Performance by Strategy: Non-Core — Value Add



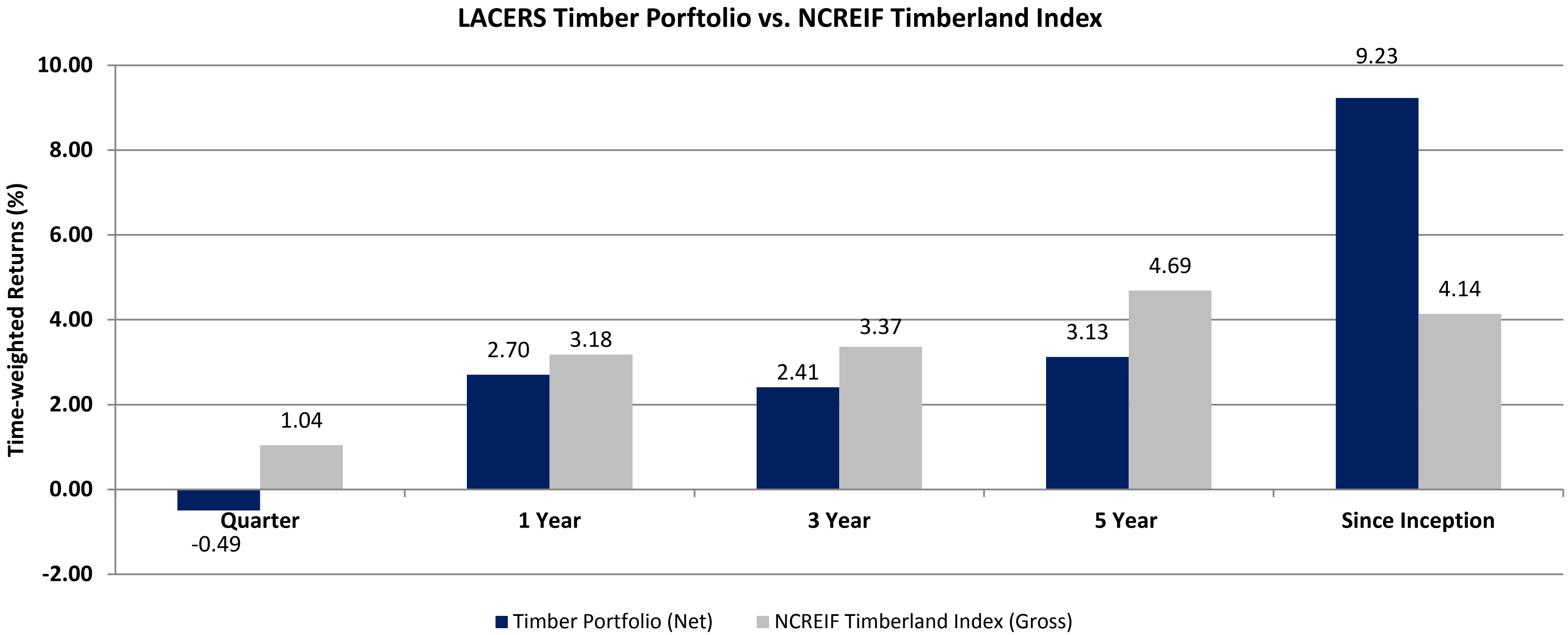
- The LACERS Value Add benchmark is the NFI-ODCE + 50 bps, measured over 5-year time periods, net of fees. The 50 bps premium is a reflection of the incremental return expected from additional risk inherent in Value Add strategies
- The Value Add Portfolio outperformed the NFI-ODCE + 50 bps benchmark over all periods, with significant outperformance over the quarter, 1-year and 3-year periods.
- Asana Partners Fund I, which outperformed its benchmark by 795 bps over the quarter, was the strongest driver of performance on a dollar-return basis, while DRA Growth and Income Fund VIII was the strongest performer on an absolute basis, outperforming the benchmark by 1039 bps.
- Over the trailing year, five out of eight active Value Add investments outperformed the benchmark.

Relative Performance by Strategy: Non-Core — Opportunistic



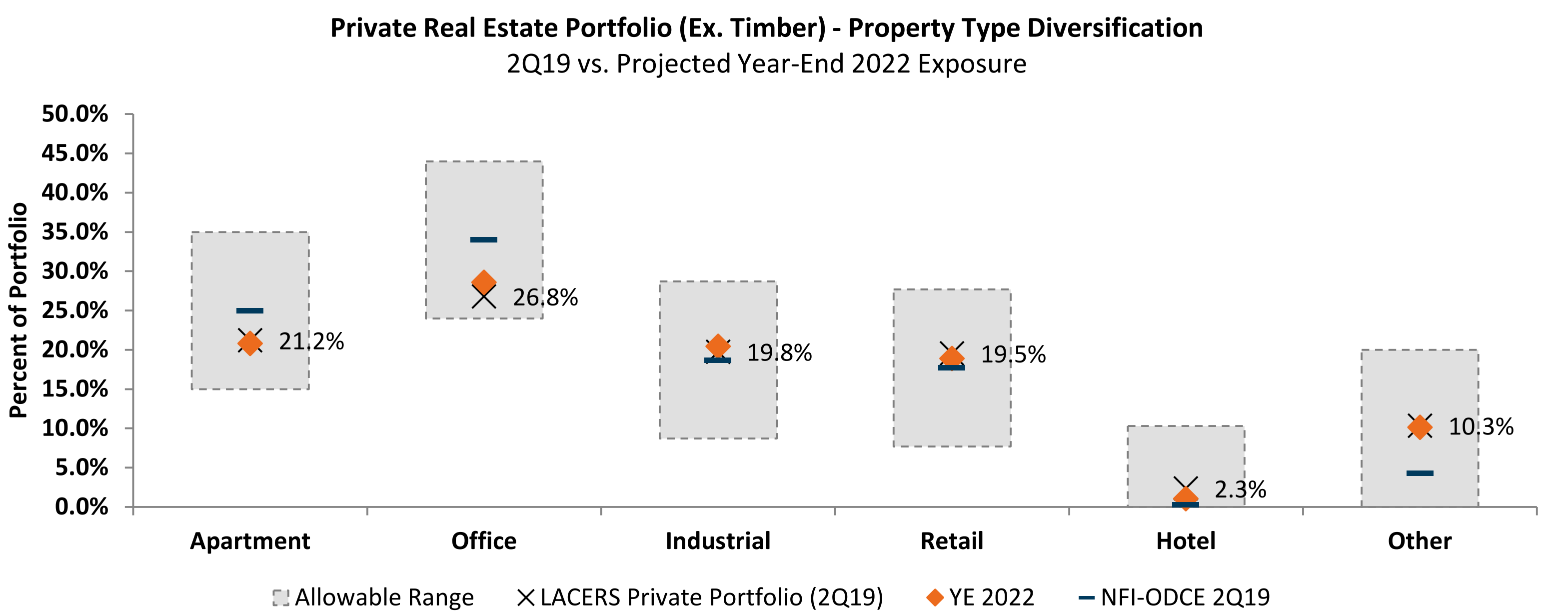
- The LACERS Opportunistic benchmark is the NFI-ODCE + 300 bps, measured over 5-year time periods, net of fees. The 300 bps premium is a reflection of the incremental return expected from additional risk inherent in Opportunistic strategies.
- The Opportunistic Portfolio underperformed the NFI-ODCE + 300 bps benchmark across all time periods. Underperformance over long time periods is mostly due to legacy funds that are due to liquidate over the next few years.
- There are currently 13 active Opportunistic funds in the portfolio that were committed to before the Global Financial Crisis. As these funds liquidate and approved investments are funded Opportunistic portfolio performance is expected to improve.
- The only outperforming Opportunistic fund over the trailing year was Bryanston Retail Opportunity Fund, delivering 1675 basis points of alpha.

Relative Performance by Strategy: Timber



- The Timber Portfolio, net of fees, underperformed its benchmark, the NCREIF Timberland Index, gross of fees, over every period except the since inception time period.
- Outperformance over the long-term is mostly related to strong performance of Hancock ForesTree V, which was fully liquidated by year-end 2015.
- The LACERS active timberland investment is Hancock Timberland IX. The Fund’s assets are located in the United States (86%, split between the South and the Northwest) and Chile (14%). The Northwest region was the strongest performing region in the NCREIF Timberland Index over the quarter.
- Income returns for timber investments tend to be infrequent and are realized through harvest. To date, there has been no meaningful income from the fund due to limited harvest activity during a period of lower timber prices. This has impacted total returns.
- Further, all assets in Hancock Timberland IX are appraised at year-end, which is why appreciation usually remains relatively flat from the first quarter through the third quarter of each year. The effect of year-end appraisals is demonstrated in the annualized returns.

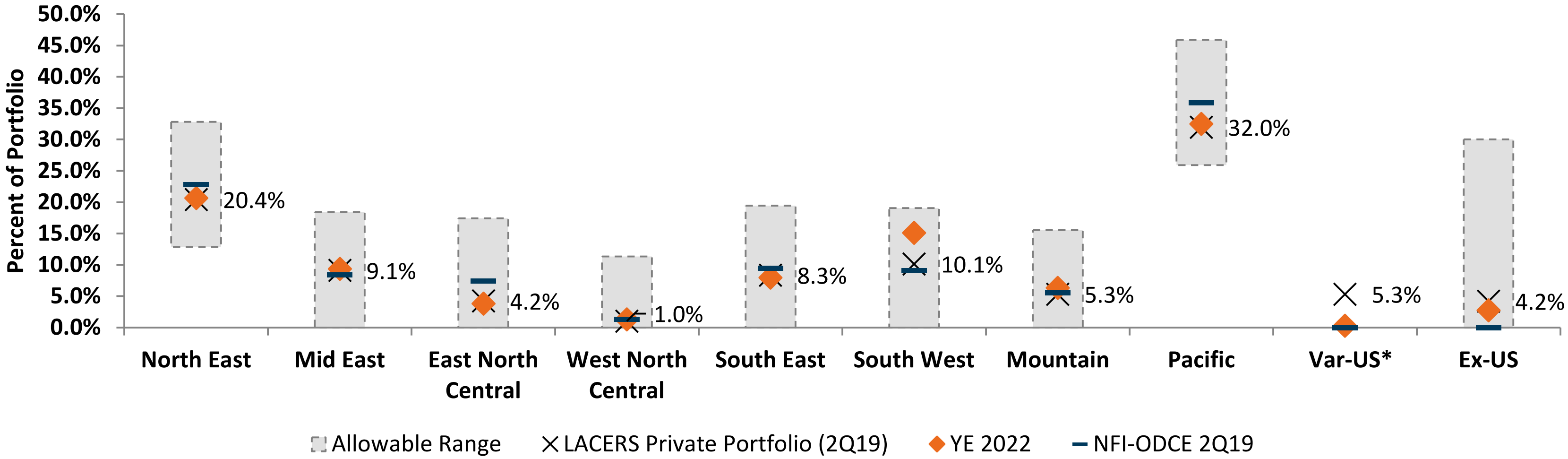
Real Estate Portfolio Diversification



- The diversification of the Private Portfolio is measured against the diversification of the NFI-ODCE ± 10.0% with up to 20.0% of the Portfolio allowed in “Other”. Currently, the “Other” category includes investments in alternative property types including Self Storage, Student Housing, Senior Housing, For Sale Residential, and Land.
- Among the “Other” property types, LACERS’ portfolio has the greatest exposure to Self-Storage (1.16%), Land (1.12%), Student Housing (0.54%), and Healthcare (0.34%)

Real Estate Portfolio Diversification

Private Real Estate Portfolio (Ex. Timber) – Geographic Diversification
2Q19 vs. Projected Year-End 2022 Exposure



- The diversification goal of the Private Portfolio is to be well diversified across the US. The only constraint is a 30.0% maximum allocation to Ex-US investments. NFI-ODCE diversification is provided as a benchmark.
- The LACERS Projected Private Portfolio (YE 2022) includes all commitments approved by the Board through 06/30/19.
- The Portfolio currently has an aggregate exposure to the Los Angeles metropolitan area of 8.0%, with a 4.2% exposure to Los Angeles City. The NFI-ODCE's exposure to the Los Angeles metropolitan area is 10.6%**.
- The 4.4% Ex-US exposure can be broken out into three large regional exposures: Asia (1.8%), Europe (1.5%), and Emerging Americas (0.6%).

*Various U.S.

**Collected by Townsend bi-annually, as of 1Q19. Based on % NAV.

Exhibit A: Performance Flash Report

Portfolio Composition ($)								
Total Plan Assets	**Allocation**		**Market Value**		**Unfunded Commitments**		**Remaining Allocation**	
17,693,000,000	1,238,510,000	7.0%	788,943,163	4.5%	147,374,553	0.8%	302,192,284	1.7%

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
LACERS	1.8	1.4	7.2	6.0	8.6	7.2	9.5	8.1
NFI-ODCE + 80 basis points	1.2	1.0	7.2	6.3	8.4	7.4	10.6	9.6

Funding Status ($)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Core Portfolio	**1989**	**413,867,553**	**445,283,663**	**32,029,832**	**141,841,969**	**567,496,707**	**71.9**	**64.0**
Non-Core Portfolio	**1990**	**763,539,228**	**719,220,127**	**115,344,721**	**624,919,970**	**200,923,788**	**25.5**	**33.8**
Value Added Portfolio	1990	253,531,885	177,479,649	91,829,544	149,701,534	99,695,889	12.6	20.5
Opportunistic Portfolio	1996	510,007,343	541,740,475	23,515,177	475,218,434	101,227,899	12.8	13.3
Timber Portfolio	**1999**	**20,000,000**	**18,601,851**	**0**	**2,059,752**	**20,522,668**	**2.6**	**2.2**
Total Current Portfolio								
LACERS	**1989**	**1,197,406,781**	**1,183,105,641**	**147,374,553**	**768,821,691**	**788,943,163**	**100.0**	**100.0**

Funding Status ($)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Core								
Berkshire Multifamily Income Realty Fund	2015	20,000,000	20,000,000	0	2,542,427	24,366,691	3.1	2.6
CIM Commercial Trust Corporation ("CMCT")	2014	40,000,000	46,417,723	0	33,465,895	22,330,815	2.8	2.4
CIM VI (Urban REIT), LLC	2012	25,000,000	25,000,000	0	5,391,013	31,568,141	4.0	3.4
INVESCO Core Real Estate	2004	63,867,553	117,669,783	0	59,054,005	181,739,482	23.0	19.4
Jamestown Premier Property Fund	2015	50,000,000	50,920,331	0	25,147,644	39,212,915	5.0	4.2
JP Morgan Strategic Property Fund	2005	30,000,000	30,421,882	0	2,858,499	69,679,646	8.8	7.4
Kayne Anderson Core Real Estate Fund	2019	35,000,000	2,970,168	32,029,832	72,220	3,049,124	0.4	3.7
Lion Industrial Trust - 2007	2016	50,000,000	51,883,777	0	6,212,642	72,350,683	9.2	7.7
Prime Property Fund	2015	50,000,000	50,000,000	0	7,097,624	57,321,831	7.3	6.1
Principal U.S. Property Account	2015	50,000,000	50,000,000	0	0	65,877,379	8.4	7.0
Core	**1989**	**413,867,553**	**445,283,664**	**32,029,832**	**141,841,969**	**567,496,707**	**71.9**	**64.0**
Timber								
Hancock Timberland XI	2012	20,000,000	18,601,851	0	2,059,752	20,522,668	2.6	2.2
Timber	**1999**	**20,000,000**	**18,601,851**	**0**	**2,059,752**	**20,522,668**	**2.6**	**2.2**
Value Added								
Almanac Realty Securities VI	2012	25,000,000	15,475,571	0	14,735,392	6,726,551	0.9	0.7
Asana Partners Fund I	2017	20,000,000	15,610,965	4,389,035	0	20,765,006	2.6	2.7
Asana Partners Fund II		35,000,000	262,500	34,737,500	0	-121,791	0.0	3.7
Cornerstone Enhanced Mortgage Fund I	2012	25,000,000	13,436,224	11,563,777	17,238,663	70,327	0.0	1.2
DRA Growth and Income Fund VII	2011	25,000,000	26,640,000	0	42,950,043	13,657,181	1.7	1.5
DRA Growth and Income Fund VIII	2014	25,000,000	29,113,108	981,481	18,052,030	19,842,267	2.5	2.2
Gerrity Retail Fund 2	2015	20,000,000	16,857,641	3,220,213	3,524,128	17,413,441	2.2	2.2
Heitman Asia-Pacific Property Investors	2018	25,000,000	13,010,050	11,989,950	0	12,149,562	1.5	2.6
Mesa West Real Estate Income Fund III	2013	25,000,000	18,939,181	23,684,298	21,541,012	2,896,168	0.4	2.8
Standard Life Investments European Real Estate Club II	2015	28,531,885	28,134,410	1,263,290	31,660,268	6,297,177	0.8	0.8
Value Added	**1990**	**253,531,885**	**177,479,650**	**91,829,544**	**149,701,536**	**99,695,889**	**12.6**	**20.5**
Total Current Portfolio								
LACERS	**1989**	**1,197,406,781**	**1,183,105,642**	**147,374,553**	**768,821,691**	**788,943,163**	**100.0**	**100.0**

	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Opportunistic								
Apollo CPI Europe I	2006	25,533,001	22,385,238	1,691,459	11,493,929	462,514	0.1	0.2
Bristol Value II, L.P.	2012	20,000,000	22,920,181	2,090,288	10,699,878	16,690,224	2.1	2.0
Bryanston Retail Opportunity Fund	2005	10,000,000	4,271,584	5,885,919	9,569,780	4,244,664	0.5	1.1
California Smart Growth Fund IV	2006	30,000,000	31,522,663	33,153	32,810,109	3,802,187	0.5	0.4
Canyon Johnson Urban Fund II	2005	10,000,000	8,988,718	1,011,296	3,974,652	33,602	0.0	0.1
CIM Real Estate Fund III	2007	15,000,000	16,674,075	0	20,690,536	7,911,741	1.0	0.8
CityView LA Urban Fund I	2007	25,000,000	61,482,527	0	73,781,337	36,182	0.0	0.0
Colony Investors VIII	2007	30,000,000	28,963,224	1,023,167	12,378,404	550,897	0.1	0.2
DRA Growth and Income Fund VI	2007	25,000,000	16,788,945	0	27,449,518	985,156	0.1	0.1
Integrated Capital Hospitality Fund	2009	10,000,000	6,006,797	0	2,728,129	2,166,808	0.3	0.2
LaSalle Asia Fund II	2005	25,000,000	24,016,560	0	25,752,817	234,642	0.0	0.0
Latin America Investors III	2008	20,000,000	20,686,689	0	3,886,924	-530,797	-0.1	-0.1
Lone Star Fund VII	2011	15,000,000	14,075,468	924,533	24,557,560	151,074	0.0	0.1
Lone Star Real Estate Fund II	2011	15,000,000	13,291,475	1,708,525	19,978,366	618,304	0.1	0.2
RECP Fund IV, L.P.	2008	40,000,000	50,938,548	1,714,423	31,381,728	31,641,043	4.0	3.6
Southern California Smart Growth Fund	2004	10,000,000	18,836,734	547,018	18,686,955	121,759	0.0	0.1
Stockbridge Real Estate Fund II	2006	30,000,000	30,000,000	0	4,049,560	10,316,307	1.3	1.1
The Buchanan Fund V	2007	30,000,000	27,000,000	3,000,000	25,794,507	206,208	0.0	0.3
Torchlight Debt Opportunity Fund II	2007	25,000,000	24,703,453	0	22,096,295	235,268	0.0	0.0
Torchlight Debt Opportunity Fund IV	2013	24,474,342	24,483,106	0	27,461,748	7,783,424	1.0	0.8
Tuckerman Group Residential Income & Value Added Fund	2004	25,000,000	26,542,525	0	25,874,723	448,261	0.1	0.0
Walton Street Real Estate Fund V	2006	25,000,000	25,000,001	0	15,408,657	3,683,455	0.5	0.4
Walton Street Real Estate Fund VI	2009	25,000,000	22,161,966	3,885,396	24,712,322	9,434,976	1.2	1.4
Opportunistic	**1996**	**510,007,343**	**541,740,477**	**23,515,177**	**475,218,434**	**101,227,899**	**12.8**	**13.3**
Private Real Estate Portfolio Only (ex. Timber)	**1989**	**1,177,406,781**	**1,164,503,791**	**147,374,553**	**766,761,939**	**768,420,495**	**97.4**	**97.8**
Non-Core Portfolio	**1990**	**763,539,228**	**719,220,127**	**115,344,721**	**624,919,970**	**200,923,788**	**25.5**	**33.8**
Total Current Portfolio								
LACERS	**1989**	**1,197,406,781**	**1,183,105,642**	**147,374,553**	**768,821,691**	**788,943,163**	**100.0**	**100.0**

Returns (%)	Market Value ($)	Quarter				1 Year				3 Year			
		INC[2]	APP[2]	TGRS[2]	TNET[2]	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
Core													
Berkshire Multifamily Income Realty Fund	24,366,691	1.1	-0.5	0.6	0.5	4.2	-0.1	4.0	3.4	4.2	1.9	6.2	5.5
CIM Commercial Trust Corporation (“CMCT”)[1]	22,330,815	0.5	-0.7	-0.2	-0.2	3.2	-3.5	-0.3	-0.3	2.6	-0.2	2.4	2.4
CIM VI (Urban REIT), LLC	31,568,141	0.7	-0.1	0.6	0.3	3.2	5.1	8.4	7.0	3.7	1.0	4.7	3.6
INVESCO Core Real Estate	181,739,482	0.9	0.1	1.0	1.0	3.7	3.2	7.1	6.7	3.7	4.1	7.9	7.6
Jamestown Premier Property Fund	39,212,915	0.8	1.6	2.4	2.3	3.0	2.0	5.0	4.6	4.0	6.8	11.0	8.7
JP Morgan Strategic Property Fund	69,679,646	0.9	0.3	1.1	0.9	3.8	1.5	5.3	4.3	4.0	2.9	7.0	6.0
Kayne Anderson Core Real Estate Fund	3,049,124	1.5	1.9	3.4	3.3								
Lion Industrial Trust - 2007	72,350,683	1.2	2.3	3.6	3.0	5.0	12.9	18.4	15.6	5.3	11.1	16.8	14.3
Prime Property Fund	57,321,831	1.0	1.1	2.1	1.8	3.9	4.4	8.4	7.2	4.1	5.1	9.4	8.2
Principal U.S. Property Account	65,877,379	1.1	0.5	1.5	1.3	4.4	3.4	7.9	6.9	4.6	4.2	9.0	8.0
Core	**567,496,707**	**1.0**	**0.6**	**1.5**	**1.3**	**3.9**	**3.9**	**7.9**	**6.9**	**4.1**	**4.6**	**8.8**	**7.7**
Timber													
Hancock Timberland XI	20,522,668	-0.3	0.0	-0.3	-0.5	0.5	3.1	3.6	2.7	0.2	3.1	3.3	2.4
Timber	**20,522,668**	**-0.3**	**0.0**	**-0.3**	**-0.5**	**0.5**	**3.1**	**3.6**	**2.7**	**0.2**	**3.1**	**3.3**	**2.4**
Value Added													
Almanac Realty Securities VI	6,726,551	2.5	-2.4	0.1	-0.1	8.9	-12.6	-4.6	-5.3	7.9	-4.7	2.9	2.1
Asana Partners Fund I	20,765,006	0.7	10.7	11.4	8.8	1.9	27.7	29.9	22.0				
Asana Partners Fund II[3]	-121,791	N/A	N/A	N/A	N/A								
Cornerstone Enhanced Mortgage Fund I[4]	70,327	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DRA Growth and Income Fund VII	13,657,181	1.8	11.8	13.6	11.3	6.2	22.6	29.8	24.8	8.9	27.0	37.7	31.0
DRA Growth and Income Fund VIII	19,842,267	2.1	0.0	2.1	1.6	10.9	0.7	11.6	9.3	11.4	2.3	13.9	11.3
Gerrity Retail Fund 2	17,413,441	1.5	0.0	1.5	1.2	6.2	3.0	9.4	7.9	8.2	2.2	10.5	8.5
Heitman Asia-Pacific Property Investors	12,149,562	0.1	1.7	1.8	1.6	-2.0	-6.2	-8.0	-9.0				
Mesa West Real Estate Income Fund III	2,896,168	1.5	-1.8	-0.4	-0.3	14.0	-1.8	12.0	9.8	13.1	-0.6	12.5	10.0
Standard Life Investments European Real Estate Club II	6,297,177	7.3	-6.1	1.1	0.5	12.9	-9.9	2.3	1.0	5.0	5.8	11.3	10.2
Value Added	**99,695,889**	**1.9**	**3.0**	**4.9**	**3.7**	**7.1**	**5.5**	**12.9**	**9.6**	**7.4**	**7.7**	**15.5**	**12.5**
Total Portfolio													
LACERS	**788,943,163**	**1.0**	**0.8**	**1.8**	**1.4**	**4.0**	**3.2**	**7.2**	**6.0**	**4.2**	**4.2**	**8.6**	**7.2**
Indices													
NFI-ODCE (Core)		1.0	0.0	1.0	0.8	4.1	2.2	6.4	5.5	4.3	3.2	7.6	6.6
NFI-ODCE + 80 bps (Total Portfolio)				1.2	1.0			7.2	6.3			8.4	7.4
NFI-ODCE + 200 bps (Non-Core Portfolio)				1.5	1.3			8.4	7.5			9.6	8.6
NFI -ODCE + 50 bps (Value Add)				1.1	0.9			6.9	6.0			8.1	7.1
NFI -ODCE + 300 bps (Opportunistic)				1.7	1.5			9.4	8.5			10.6	9.6
NCREIF Timberland Property Index “NTI”		0.6	0.4	1.0		3.0	0.2	3.2		2.9	0.4	3.4	

* Net IRR and Equity Multiple may be missing due to hard coded data.

[1] Originally CIM IV. Data shown only reflects performance since the formation of CMCT. Combined, CIM IV/CMCT has achieved a 6.3% net IRR and 1.3x net equity multiple since inception (1Q06).

[2] INC: Income Return; APP: Appreciation Return; TGRS: Total Gross Return; TNET: Total Net Return. Please refer to Exhibit C for more detailed definitions.

[3] Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

[4] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

Returns (%)	Market Value ($)	5 Year INC	5 Year APP	5 Year TGRS	5 Year TNET	Inception INC	Inception APP	Inception TGRS	Inception TNET	TWR Calculation Inception	Net IRR*	Equity Multiple*
Core												
Berkshire Multifamily Income Realty Fund	24,366,691					4.3	2.4	6.8	6.0	1Q16	8.9	1.3
CIM Commercial Trust Corporation ("CMCT")[1]	22,330,815	3.1	0.9	4.0	4.0	3.2	1.0	4.1	4.1	1Q14	4.7	1.2
CIM VI (Urban REIT), LLC	31,568,141	3.9	4.8	8.8	7.5	3.7	5.7	9.6	8.2	3Q12	7.4	1.5
INVESCO Core Real Estate	181,739,482	3.9	6.1	10.2	9.8	5.1	3.0	8.2	7.8	4Q04	7.7	2.0
Jamestown Premier Property Fund	39,212,915					4.1	6.9	11.2	9.0	3Q15	9.2	1.3
JP Morgan Strategic Property Fund	69,679,646	4.5	4.4	9.1	8.0	5.2	2.2	7.5	6.5	4Q05	6.7	2.4
Kayne Anderson Core Real Estate Fund	3,049,124					2.8	2.7	5.5	5.2	1Q19	10.8	1.1
Lion Industrial Trust - 2007	72,350,683					5.3	10.6	16.4	13.9	1Q16	14.0	1.5
Prime Property Fund	57,321,831					4.1	5.2	9.5	8.3	1Q16	8.3	1.3
Principal U.S. Property Account	65,877,379					4.7	4.4	9.3	8.3	4Q15	8.2	1.3
Core	**567,496,707**	**4.2**	**5.9**	**10.3**	**9.4**	**6.3**	**1.6**	**8.1**	**7.1**	**1Q89**	**6.0**	**1.5**
Timber												
Hancock Timberland XI	20,522,668	-0.1	4.2	4.0	3.1	-0.3	5.6	5.2	4.4	2Q12	3.9	1.2
Timber	**20,522,668**	**-0.1**	**4.7**	**4.6**	**3.1**	**4.7**	**5.5**	**10.6**	**9.2**	**4Q99**	**9.7**	**1.7**
Value Added												
Almanac Realty Securities VI	6,726,551	7.4	1.3	8.8	7.6	8.6	3.7	12.4	10.5	1Q13	12.2	1.4
Asana Partners Fund I	20,765,006					1.3	25.8	27.3	18.6	2Q17	20.9	1.3
Asana Partners Fund II[3]	-121,791					N/A	N/A	N/A	N/A	2Q19	0.0	-0.5
Cornerstone Enhanced Mortgage Fund I[4]	70,327	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q12	9.2	1.3
DRA Growth and Income Fund VII	13,657,181	10.0	20.7	32.3	26.1	11.5	14.9	27.7	22.6	1Q12	20.9	2.1
DRA Growth and Income Fund VIII	19,842,267					12.1	1.7	14.0	11.2	4Q14	11.4	1.3
Gerrity Retail Fund 2	17,413,441					8.1	4.4	12.8	10.3	4Q15	8.8	1.2
Heitman Asia-Pacific Property Investors	12,149,562					-2.0	-6.2	-8.0	-9.0	3Q18	-11.2	0.9
Mesa West Real Estate Income Fund III	2,896,168	12.9	-0.6	12.3	9.7	12.8	-0.2	12.6	9.1	4Q13	8.6	1.3
Standard Life Investments European Real Estate Club II	6,297,177					4.5	6.6	11.5	10.4	1Q16	13.6	1.3
Value Added	**99,695,889**	**7.6**	**6.8**	**14.7**	**12.0**	**7.6**	**2.5**	**10.3**	**8.3**	**4Q90**		
Total Portfolio												
LACERS	**788,943,163**	**4.6**	**4.8**	**9.5**	**8.1**	**6.1**	**1.5**	**7.7**	**6.0**	**1Q89**		
Indices												
NFI-ODCE (Core)		4.5	5.1	9.8	8.8	6.7	0.6	7.3	6.3	1Q89		
NFI-ODCE + 80 bps (Total Portfolio)				10.6	9.6			8.1	7.1	1Q89		
NFI-ODCE + 200 bps (Non-Core Portfolio)				11.8	10.8			9.5	8.4	4Q90		
NFI -ODCE + 50 bps (Value Add)				10.3	9.3			8.0	6.9	4Q90		
NFI -ODCE + 300 bps (Opportunistic)				12.8	11.8			12.2	11.2	4Q96		
NCREIF Timberland Property Index "NTI"		2.8	1.8	4.7		3.3	0.8	4.1		4Q99		

* Net IRR and Equity Multiple may be missing due to hard coded data.

[1] Originally CIM IV. Data shown only reflects performance since the formation of CMCT. Combined, CIM IV/CMCT has achieved a 6.3% net IRR and 1.3x net equity multiple since inception (1Q06).

[2] INC: Income Return; APP: Appreciation Return; TGRS: Total Gross Return; TNET: Total Net Return. Please refer to Exhibit C for more detailed definitions.

[3] Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

[4] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

TOWNSEND® GROUP
an Aon company

Returns (%)	Market Value ($)	Quarter				1 Year				3 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
Opportunistic													
Apollo CPI Europe I [1]	462,514	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bristol Value II, L.P.	16,690,224	-0.2	0.0	-0.2	-0.6	-0.4	5.5	5.0	3.5	1.5	9.2	10.9	9.1
Bryanston Retail Opportunity Fund	4,244,664	0.0	0.0	0.0	-0.1	0.0	25.7	25.7	25.2	-0.1	-1.8	-1.9	-2.3
California Smart Growth Fund IV	3,802,187	0.1	6.8	6.9	6.9	0.4	2.8	3.2	3.2	2.6	3.9	6.6	6.1
Canyon Johnson Urban Fund II[1]	33,602	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CIM Real Estate Fund III[12]	7,911,741	1.8	-0.6	1.2	0.9	1.1	2.8	3.9	2.5	6.2	-0.5	6.2	4.7
CityView LA Urban Fund I[1]	36,182	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Colony Investors VIII[12]	550,897	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DRA Growth and Income Fund VI[1]	985,156	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Integrated Capital Hospitality Fund	2,166,808	2.8	0.0	2.8	2.2	-19.7	-20.8	-40.6	-41.9	-14.6	-18.0	-33.1	-34.2
LaSalle Asia Fund II [1]	234,642	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Latin America Investors III[13]	-530,797	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lone Star Fund VII [1]	151,074	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lone Star Real Estate Fund II[1]	618,304	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
RECP Fund IV, L.P.	31,641,043	0.3	0.1	0.4	0.3	2.2	2.3	4.5	4.2	2.1	6.1	8.3	7.1
Southern California Smart Growth Fund[1]	121,759	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Stockbridge Real Estate Fund II	10,316,307	0.5	-1.9	-1.4	-1.5	1.4	-1.9	-0.5	-0.9	0.9	7.4	8.4	7.8
The Buchanan Fund V[1]	206,208	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Torchlight Debt Opportunity Fund II[1]	235,268	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Torchlight Debt Opportunity Fund IV	7,783,424	1.7	-0.7	1.0	1.2	6.8	-1.9	4.8	5.4	8.7	5.4	14.5	10.8
Tuckerman Group Residential Income & Value Added Fund [1]	448,261	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Walton Street Real Estate Fund V	3,683,455	-1.0	-3.2	-4.2	-4.3	0.6	-16.1	-15.5	-16.0	2.6	-8.2	-5.8	-6.5
Walton Street Real Estate Fund VI	9,434,976	0.4	-0.5	-0.1	-0.4	4.5	-3.9	0.5	-0.5	3.5	-0.3	3.2	2.0
Opportunistic	**101,227,899**	**0.7**	**-0.3**	**0.4**	**0.2**	**2.2**	**-2.1**	**0.0**	**-0.9**	**2.8**	**0.1**	**3.0**	**1.5**
Private Real Estate Portfolio Only (ex. Timber)	**768,420,495**	**1.0**	**0.8**	**1.8**	**1.5**	**4.1**	**3.2**	**7.3**	**6.1**	**4.3**	**4.3**	**8.7**	**7.3**
Non-Core Portfolio	**200,923,788**	**1.3**	**1.3**	**2.6**	**2.0**	**4.6**	**1.5**	**6.1**	**4.2**	**4.8**	**3.5**	**8.4**	**6.3**
Total Portfolio													
LACERS	**788,943,163**	**1.0**	**0.8**	**1.8**	**1.4**	**4.0**	**3.2**	**7.2**	**6.0**	**4.2**	**4.2**	**8.6**	**7.2**
Indices													
NFI-ODCE (Core)		1.0	0.0	1.0	0.8	4.1	2.2	6.4	5.5	4.3	3.2	7.6	6.6
NFI-ODCE + 80 bps (Total Portfolio)				1.2	1.0			7.2	6.3			8.4	7.4
NFI-ODCE + 200 bps (Non-Core Portfolio)				1.5	1.3			8.4	7.5			9.6	8.6
NFI -ODCE + 50 bps (Value Add)				1.1	0.9			6.9	6.0			8.1	7.1
NFI -ODCE + 300 bps (Opportunistic)				1.7	1.5			9.4	8.5			10.6	9.6
NCREIF Timberland Property Index "NTI"		0.6	0.4	1.0		3.0	0.2	3.2		2.9	0.4	3.4	

* Net IRR and Equity Multiple may be missing due to hard coded data.

[1] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[2] Broken time-weighted return since inception

Returns (%)	Market Value ($)	5 Year				Inception				TWR Calculation Inception	Net IRR*	Equity Multiple*
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
Opportunistic												
Apollo CPI Europe I [1]	462,514	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q06	-9.4	0.5
Bristol Value II, L.P.	16,690,224	2.0	8.5	10.6	8.8	2.7	10.5	13.4	11.6	1Q13	8.8	1.2
Bryanston Retail Opportunity Fund	4,244,664	0.2	19.2	19.5	18.8	7.2	22.2	28.9	25.6	2Q05	79.7	3.2
California Smart Growth Fund IV	3,802,187	3.2	7.3	10.7	9.9	2.3	0.1	2.3	0.2	1Q07	2.4	1.2
Canyon Johnson Urban Fund II[1]	33,602	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3Q05	-10.5	0.4
CIM Real Estate Fund III[1,2]	7,911,741	6.0	-0.3	6.9	5.5	N/A	N/A	N/A	N/A	1Q08	10.1	1.7
CityView LA Urban Fund I[1]	36,182	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3Q07	11.8	1.2
Colony Investors VIII[1,2]	550,897	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q07	-11.7	0.4
DRA Growth and Income Fund VI[1]	985,156	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2Q08	10.8	1.7
Integrated Capital Hospitality Fund	2,166,808	-8.6	-10.3	-20.3	-21.3	1.9	-1.8	-2.9	-4.8	3Q11	-4.6	0.8
LaSalle Asia Fund II [1]	234,642	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q05	1.8	1.1
Latin America Investors III[1,3]	-530,797	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1Q09	0.0	0.2
Lone Star Fund VII [1]	151,074	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3Q11	50.2	1.8
Lone Star Real Estate Fund II[1]	618,304	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3Q11	26.6	1.5
RECP Fund IV, L.P.	31,641,043	2.2	5.6	7.9	6.5	N/A	N/A	N/A	N/A	4Q08	3.9	1.2
Southern California Smart Growth Fund[1]	121,759	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1Q05	0.0	1.0
Stockbridge Real Estate Fund II	10,316,307	0.0	4.4	4.4	3.6	-8.9	-9.1	-17.0	-19.3	4Q06	-7.2	0.5
The Buchanan Fund V[1]	206,208	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3Q07	-0.6	1.0
Torchlight Debt Opportunity Fund II[1]	235,268	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1Q08	-1.3	0.9
Torchlight Debt Opportunity Fund IV	7,783,424	8.8	3.6	12.7	9.9	9.3	3.3	12.8	10.0	4Q13	10.3	1.4
Tuckerman Group Residential Income & Value Added Fund [1]	448,261	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q04	-0.1	1.0
Walton Street Real Estate Fund V	3,683,455	3.0	-2.5	0.5	-0.6	2.3	-2.4	-0.2	-1.9	4Q06	-3.0	0.8
Walton Street Real Estate Fund VI	9,434,976	3.3	2.1	5.4	4.3	-8.9	14.0	2.4	-2.3	3Q09	8.9	1.5
Opportunistic	**101,227,899**	**3.5**	**1.3**	**4.8**	**3.1**	**4.2**	**2.7**	**6.9**	**3.4**	**4Q96**	**2.0**	**1.1**
Private Real Estate Portfolio Only (ex. Timber)	**768,420,495**	**4.7**	**4.8**	**9.6**	**8.2**	**6.1**	**1.5**	**7.6**	**5.9**	**1Q89**		
Non-Core Portfolio	**200,923,788**	**5.2**	**3.7**	**9.0**	**6.9**	**6.5**	**2.6**	**9.1**	**6.6**	**4Q90**		
Total Portfolio												
LACERS	**788,943,163**	**4.6**	**4.8**	**9.5**	**8.1**	**6.1**	**1.5**	**7.7**	**6.0**	**1Q89**		
Indices												
NFI-ODCE (Core)		4.5	5.1	9.8	8.8	6.7	0.6	7.3	6.3	1Q89		
NFI-ODCE + 80 bps (Total Portfolio)				10.6	9.6			8.1	7.1	1Q89		
NFI-ODCE + 200 bps (Non-Core Portfolio)				11.8	10.8			9.5	8.4	4Q90		
NFI -ODCE + 50 bps (Value Add)				10.3	9.3			8.0	6.9	4Q90		
NFI -ODCE + 300 bps (Opportunistic)				12.8	11.8			12.2	11.2	4Q96		
NCREIF Timberland Property Index “NTI”		2.8	1.8	4.7		3.3	0.8	4.1		4Q99		

* Net IRR and Equity Multiple may be missing due to hard coded data.

[1] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[2] Broken time-weighted return since inception

Returns (%)	Market Value ($)	2019		2018		2017		2016		2015		2014	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core													
Berkshire Multifamily Income Realty Fund	24,366,691	1.8	1.4	6.2	5.6	5.4	4.7	10.4	9.5				
CIM Commercial Trust Corporation (“CMCT”)	22,330,815	2.8	2.8	-0.6	-0.6	2.8	2.8	3.3	3.3	5.0	5.0	9.7	9.7
CIM VI (Urban REIT), LLC	31,568,141	0.6	-0.1	10.4	8.9	5.2	3.7	2.6	2.4	13.4	11.0	15.0	13.5
INVESCO Core Real Estate	181,739,482	2.2	2.0	9.4	9.0	8.4	8.0	9.2	8.9	14.7	14.3	12.4	11.9
Jamestown Premier Property Fund	39,212,915	2.1	1.9	9.7	7.7	18.0	14.2	6.7	5.4	8.5	7.0		
JP Morgan Strategic Property Fund	69,679,646	1.6	1.1	8.0	7.0	7.2	6.2	8.4	7.3	15.2	14.1	11.1	10.1
Kayne Anderson Core Real Estate Fund	3,049,124	5.5	5.2										
Lion Industrial Trust - 2007	72,350,683	8.9	7.5	18.7	15.9	14.4	12.3	14.9	12.8				
Prime Property Fund	57,321,831	3.7	3.1	9.1	8.0	9.9	8.8	10.4	9.2				
Principal U.S. Property Account	65,877,379	3.5	3.0	9.1	8.1	9.1	8.1	10.1	9.0	3.0	2.8		
Core	**567,496,707**	**3.1**	**2.7**	**9.8**	**8.7**	**9.2**	**8.1**	**8.7**	**7.9**	**13.4**	**12.7**	**11.8**	**11.3**
Timber													
Hancock Timberland XI	20,522,668	0.1	-0.3	3.9	2.9	2.1	1.2	3.5	2.6	5.4	4.6	5.2	4.6
Timber	**20,522,668**	**0.1**	**-0.3**	**3.9**	**2.9**	**2.1**	**1.2**	**3.5**	**2.6**	**5.4**	**4.5**	**8.1**	**4.5**
Value Added													
Almanac Realty Securities VI	6,726,551	-3.3	-3.6	2.0	1.3	0.4	-0.3	15.2	14.3	23.5	21.2	15.2	12.8
Asana Partners Fund I	20,765,006	15.4	11.7	26.4	18.7	18.1	10.8						
Asana Partners Fund II[1]	-121,791	N/A	N/A										
Cornerstone Enhanced Mortgage Fund I[2]	70,327	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DRA Growth and Income Fund VII	13,657,181	16.1	13.0	45.3	37.5	33.0	27.5	35.2	28.8	22.9	16.2	20.3	17.7
DRA Growth and Income Fund VIII	19,842,267	4.4	3.5	14.1	11.3	14.2	11.7	14.7	11.8	16.0	12.9	2.7	2.1
Gerrity Retail Fund 2	17,413,441	3.1	2.4	12.4	10.6	9.8	7.6	21.4	17.7	1.7	0.6		
Heitman Asia-Pacific Property Investors	12,149,562	-3.5	-4.0	-4.7	-5.2								
Mesa West Real Estate Income Fund III	2,896,168	3.1	2.7	15.8	12.8	12.6	10.1	11.2	8.8	13.0	10.2	13.3	8.7
Standard Life Investments European Real Estate Club II	6,297,177	3.2	2.4	-2.0	-2.7	33.8	32.6	8.1	7.1				
Value Added	**99,695,889**	**6.4**	**4.6**	**14.1**	**11.0**	**18.5**	**15.9**	**14.6**	**12.1**	**14.5**	**11.7**	**12.6**	**10.9**
Total Portfolio													
LACERS	**788,943,163**	**3.2**	**2.6**	**8.4**	**7.0**	**10.0**	**8.6**	**8.1**	**6.8**	**11.2**	**9.5**	**13.7**	**11.8**
Indices													
NFI-ODCE (Core)		2.4	2.0	8.3	7.4	7.6	6.7	8.8	7.8	15.0	14.0	12.5	11.5
NFI-ODCE + 80 bps (Total Portfolio)		3.2	2.8	9.1	8.2	8.4	7.5	9.6	8.6	15.8	14.8	13.3	12.3
NFI-ODCE + 200 bps (Non-Core Portfolio)		4.4	4.0	10.3	9.4	9.6	8.7	10.8	9.8	17.0	16.0	14.5	13.5
NFI-ODCE + 50 bps (Value Add)		2.9	2.5	8.8	7.9	8.1	7.2	9.3	8.3	15.5	14.5	13.0	12.0
NFI-ODCE + 300 bps (Opportunistic)		5.4	5.0	11.3	10.4	10.6	9.7	11.8	10.8	18.0	17.0	15.5	14.5
NCREIF Timberland Index (Timber)		1.2		3.4		3.6		2.7		5.0		10.5	

[1] Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.
[2] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

Returns (%)	Market Value ($)	2013		2012		2011		2010		2009		2008		2007	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core															
Berkshire Multifamily Income Realty Fund	24,366,691														
CIM Commercial Trust Corporation ("CMCT")	22,330,815														
CIM VI (Urban REIT), LLC	31,568,141	6.8	5.4	13.8	13.1										
INVESCO Core Real Estate	181,739,482	14.3	13.8	8.7	8.2	16.9	16.4	16.7	16.1	-32.2	-32.6	-4.6	-5.0	13.6	13.1
Jamestown Premier Property Fund	39,212,915														
JP Morgan Strategic Property Fund	69,679,646	15.9	14.8	12.1	11.0	15.9	14.8	14.1	13.0	-26.5	-27.4	-8.1	-9.0	16.6	15.6
Kayne Anderson Core Real Estate Fund	3,049,124														
Lion Industrial Trust - 2007	72,350,683														
Prime Property Fund	57,321,831														
Principal U.S. Property Account	65,877,379														
Core	**567,496,707**	**13.3**	**12.5**	**9.6**	**8.9**	**15.6**	**14.8**	**16.1**	**15.2**	**-26.4**	**-27.1**	**-4.9**	**-5.6**	**14.4**	**13.6**
Timber															
Hancock Timberland XI	20,522,668	9.9	8.9	8.1	7.6										
Timber	**20,522,668**	**20.9**	**17.8**	**9.9**	**8.9**	**3.9**	**4.2**	**2.9**	**2.7**	**-7.4**	**-5.5**	**7.6**	**6.5**	**22.1**	**17.3**
Value Added															
Almanac Realty Securities VI	6,726,551	31.6	26.1												
Asana Partners Fund I	20,765,006														
Asana Partners Fund II[1]	-121,791														
Cornerstone Enhanced Mortgage Fund I[2]	70,327	N/A	N/A	N/A	N/A										
DRA Growth and Income Fund VII	13,657,181	18.7	15.5	17.6	14.3										
DRA Growth and Income Fund VIII	19,842,267														
Gerrity Retail Fund 2	17,413,441														
Heitman Asia-Pacific Property Investors	12,149,562														
Mesa West Real Estate Income Fund III	2,896,168	3.2	-0.6												
Standard Life Investments European Real Estate Club II	6,297,177														
Value Added	**99,695,889**	**9.5**	**7.9**	**17.1**	**15.6**	**18.3**	**16.2**	**4.1**	**1.8**	**-38.5**	**-39.4**	**-20.7**	**-20.0**	**17.8**	**15.2**
Total Portfolio															
LACERS	**788,943,163**	**13.5**	**11.4**	**12.8**	**11.0**	**12.6**	**10.8**	**13.0**	**10.3**	**-34.4**	**-35.9**	**-22.5**	**-23.6**	**14.5**	**11.3**
Indices															
NFI-ODCE (Core)		13.9	12.9	10.9	9.8	16.0	15.0	16.4	15.3	-29.8	-30.4	-10.0	-10.7	16.0	14.8
NFI-ODCE + 80 bps (Total Portfolio)		14.7	13.7	11.7	10.6	16.8	15.8	17.2	16.1	-29.0	-29.6	-9.2	-9.9	16.8	15.6
NFI-ODCE + 200 bps (Non-Core Portfolio)		15.9	14.9	12.9	11.8	18.0	17.0	18.4	17.3	-27.8	-28.4	-8.0	-8.7	18.0	16.8
NFI-ODCE + 50 bps (Value Add)		14.4	13.4	11.4	10.3	16.5	15.5	16.9	15.8	-29.3	-29.9	-9.5	-10.2	16.5	15.3
NFI-ODCE + 300 bps (Opportunistic)		16.9	15.9	13.9	12.8	19.0	18.0	19.4	18.3	-26.8	-27.4	-7.0	-7.7	19.0	17.8
NCREIF Timberland Index (Timber)		9.7		7.8		1.6		-0.1		-4.7		9.5		18.4	

[1] Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

[2] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

Returns (%)	Market Value ($)	2019		2018		2017		2016		2015		2014	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Opportunistic													
Apollo CPI Europe I [1]	462,514	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bristol Value II, L.P.	16,690,224	-0.4	-1.1	6.7	5.1	17.1	15.3	11.0	9.1	8.2	6.1	12.4	10.6
Bryanston Retail Opportunity Fund	4,244,664	0.0	-0.2	23.5	22.9	-22.1	-22.4	-2.5	-2.8	144.0	142.1	7.3	5.8
California Smart Growth Fund IV	3,802,187	10.5	10.5	-6.1	-6.1	14.3	12.8	5.9	5.4	20.3	19.2	17.9	16.2
Canyon Johnson Urban Fund II [1]	33,602	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CIM Real Estate Fund III	7,911,741	1.4	0.8	5.9	4.5	8.0	6.4	5.4	4.0	8.3	7.1	11.0	9.8
CityView LA Urban Fund I [1]	36,182	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Colony Investors VIII [1]	550,897	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DRA Growth and Income Fund VI	985,156	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Integrated Capital Hospitality Fund	2,166,808	-0.8	-2.0	-42.7	-43.7	-17.6	-18.7	-34.0	-34.6	-14.6	-15.2	28.2	27.2
LaSalle Asia Fund II [1]	234,642	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Latin America Investors III [2]	-530,797	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lone Star Fund VII [1]	151,074	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lone Star Real Estate Fund II [1]	618,304	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
RECP Fund IV, L.P.	31,641,043	1.3	1.2	2.1	1.6	14.6	12.4	6.9	5.3	8.3	6.2	6.4	4.6
Southern California Smart Growth Fund [1]	121,759	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Stockbridge Real Estate Fund II	10,316,307	-0.4	-0.6	0.6	0.2	21.2	20.6	-4.7	-5.5	3.9	2.6	24.4	22.8
The Buchanan Fund V [1]	206,208	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Torchlight Debt Opportunity Fund II [1]	235,268	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Torchlight Debt Opportunity Fund IV	7,783,424	2.2	2.5	14.8	10.7	15.2	11.3	11.8	9.8	12.0	9.8	13.9	10.4
Tuckerman Group Residential Income & Value Added Fund [1]	448,261	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Walton Street Real Estate Fund V	3,683,455	-3.6	-3.9	-16.6	-17.1	4.5	3.5	2.1	0.7	11.9	10.4	13.2	11.7
Walton Street Real Estate Fund VI	9,434,976	1.4	0.9	4.2	3.1	9.2	7.9	-5.4	-6.6	13.5	12.2	14.8	13.4
Opportunistic	**101,227,899**	**1.0**	**0.6**	**-1.0**	**-2.4**	**7.5**	**5.8**	**2.8**	**1.3**	**7.2**	**5.3**	**15.7**	**12.9**
Private Real Estate Portfolio Only (ex. Timber)	**768,420,495**	**3.3**	**2.6**	**8.6**	**7.1**	**10.2**	**8.8**	**8.2**	**6.9**	**11.3**	**9.6**	**13.8**	**12.0**
Non-Core Portfolio	**200,923,788**	**3.7**	**2.7**	**5.9**	**3.7**	**12.0**	**10.0**	**7.5**	**5.6**	**9.8**	**7.6**	**14.7**	**12.2**
Total Portfolio													
LACERS	**788,943,163**	**3.2**	**2.6**	**8.4**	**7.0**	**10.0**	**8.6**	**8.1**	**6.8**	**11.2**	**9.5**	**13.7**	**11.8**
Indices													
NFI-ODCE (Core)		2.4	2.0	8.3	7.4	7.6	6.7	8.8	7.8	15.0	14.0	12.5	11.5
NFI-ODCE + 80 bps (Total Portfolio)		3.2	2.8	9.1	8.2	8.4	7.5	9.6	8.6	15.8	14.8	13.3	12.3
NFI-ODCE + 200 bps (Non-Core Portfolio)		4.4	4.0	10.3	9.4	9.6	8.7	10.8	9.8	17.0	16.0	14.5	13.5
NFI-ODCE + 50 bps (Value Add)		2.9	2.5	8.8	7.9	8.1	7.2	9.3	8.3	15.5	14.5	13.0	12.0
NFI-ODCE + 300 bps (Opportunistic)		5.4	5.0	11.3	10.4	10.6	9.7	11.8	10.8	18.0	17.0	15.5	14.5
NCREIF Timberland Index (Timber)		1.2		3.4		3.6		2.7		5.0		10.5	

[1] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[2] Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

Returns (%)	Market Value ($)	2013		2012		2011		2010		2009		2008		2007	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Opportunistic															
Apollo CPI Europe I [1]	462,514	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bristol Value II, L.P.	16,690,224	35.0	33.0												
Bryanston Retail Opportunity Fund	4,244,664	50.5	47.5	40.1	37.2	-4.3	-7.2	20.9	18.3	12.8	10.2	73.9	69.4	-43.1	-45.5
California Smart Growth Fund IV	3,802,187	13.1	11.6	19.9	18.3	26.7	24.6	20.1	17.0	-34.6	-38.0	-46.3	-48.6	3.0	-2.5
Canyon Johnson Urban Fund II [1]	33,602	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CIM Real Estate Fund III	7,911,741	11.1	9.9	20.8	19.4	21.8	19.8	15.3	-13.8	-53.5	-83.5	-117.3	-113.8		
CityView LA Urban Fund I [1]	36,182	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Colony Investors VIII [1]	550,897	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DRA Growth and Income Fund VI	985,156	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Integrated Capital Hospitality Fund	2,166,808	12.1	11.0	96.8	87.9	6.0	2.6								
LaSalle Asia Fund II [1]	234,642	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Latin America Investors III [2]	-530,797	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A				
Lone Star Fund VII [1]	151,074	N/A	N/A	N/A	N/A	N/A	N/A								
Lone Star Real Estate Fund II [1]	618,304	N/A	N/A	N/A	N/A	N/A	N/A								
RECP Fund IV, L.P.	31,641,043	8.5	6.7	23.4	21.1	2.4	-1.4	12.5	4.3	-45.6	-54.8	-40.0	-40.0		
Southern California Smart Growth Fund [1]	121,759	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Stockbridge Real Estate Fund II	10,316,307	46.5	43.7	3.2	0.7	7.2	4.2	21.8	16.8	-86.3	-86.8	-83.4	-84.0	-27.9	-31.9
The Buchanan Fund V [1]	206,208	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Torchlight Debt Opportunity Fund II [1]	235,268	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Torchlight Debt Opportunity Fund IV	7,783,424	3.6	3.0												
Tuckerman Group Residential Income & Value Added Fund [1]	448,261	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Walton Street Real Estate Fund V	3,683,455	12.9	11.2	9.5	7.8	10.1	8.0	48.0	44.0	-27.8	-31.1	-47.7	-48.7	10.3	8.6
Walton Street Real Estate Fund VI	9,434,976	16.0	14.3	12.1	10.4	14.3	12.3	173.3	162.1	-78.1	-84.0				
Opportunistic	**101,227,899**	**15.3**	**12.2**	**12.5**	**10.1**	**8.8**	**6.5**	**17.1**	**12.6**	**-39.0**	**-41.6**	**-36.6**	**-39.2**	**10.6**	**4.5**
Private Real Estate Portfolio Only (ex. Timber)	**768,420,495**	**13.4**	**11.3**	**12.8**	**11.1**	**12.8**	**10.9**	**13.3**	**10.5**	**-35.1**	**-36.7**	**-23.1**	**-24.3**	**14.3**	**11.1**
Non-Core Portfolio	**200,923,788**	**13.6**	**10.9**	**14.0**	**11.9**	**11.9**	**9.6**	**12.2**	**8.5**	**-38.8**	**-40.7**	**-30.0**	**-31.3**	**14.2**	**9.9**
Total Portfolio															
LACERS	**788,943,163**	**13.5**	**11.4**	**12.8**	**11.0**	**12.6**	**10.8**	**13.0**	**10.3**	**-34.4**	**-35.9**	**-22.5**	**-23.6**	**14.5**	**11.3**
Indices															
NFI-ODCE (Core)		13.9	12.9	10.9	9.8	16.0	15.0	16.4	15.3	-29.8	-30.4	-10.0	-10.7	16.0	14.8
NFI-ODCE + 80 bps (Total Portfolio)		14.7	13.7	11.7	10.6	16.8	15.8	17.2	16.1	-29.0	-29.6	-9.2	-9.9	16.8	15.6
NFI-ODCE + 200 bps (Non-Core Portfolio)		15.9	14.9	12.9	11.8	18.0	17.0	18.4	17.3	-27.8	-28.4	-8.0	-8.7	18.0	16.8
NFI-ODCE + 50 bps (Value Add)		14.4	13.4	11.4	10.3	16.5	15.5	16.9	15.8	-29.3	-29.9	-9.5	-10.2	16.5	15.3
NFI-ODCE + 300 bps (Opportunistic)		16.9	15.9	13.9	12.8	19.0	18.0	19.4	18.3	-26.8	-27.4	-7.0	-7.7	19.0	17.8
NCREIF Timberland Index (Timber)		9.7		7.8		1.6		-0.1		-4.7		9.5		18.4	

[1] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[2] Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

Quarterly Cash Flow Activity ($)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Core									
Berkshire Multifamily Income Realty Fund	24,426,492	0	174,015	0	271,415	44,378	-112,823	24,366,691	38.8
CIM Commercial Trust Corporation (“CMCT”)	22,472,591	0	101,750	0	114,766	0	-154,792	22,330,815	10.7
CIM VI (Urban REIT), LLC	31,722,970	0	234,216	0	229,475	104,531	-45,557	31,568,141	0.0
INVESCO Core Real Estate	180,034,554	1,579,155	1,605,936	0	1,653,473	156,883	235,119	181,739,482	24.8
Jamestown Premier Property Fund	38,512,541	57,769	239,374	0	302,156	26,966	606,789	39,212,915	39.7
JP Morgan Strategic Property Fund	69,058,911	0	0	0	605,106	171,331	186,959	69,679,646	23.4
Kayne Anderson Core Real Estate Fund	2,988,472	0	35690	0	43,405	4,247	57,184	3,049,124	46.8
Lion Industrial Trust - 2007	70,586,301	150,814	526,673	0	875,006	372,378	1,637,614	72,350,683	29.9
Prime Property Fund	56,846,563	0	559,281	0	552,302	166,591	648,838	57,321,831	17.2
Principal U.S. Property Account	65,030,846	0	0	0	708,245	154,870	293,159	65,877,379	17.6
Core	**561,680,241**	**1,787,738**	**3,476,935**	**0**	**5,355,349**	**1,202,175**	**3,352,490**	**567,496,707**	**24.0**
Timber									
Hancock Timberland XI	20,673,461	0	48,579	0	-54,785	47,429	0	20,522,668	0.0
Timber	**20,673,461**	**0**	**48,579**	**0**	**-54,785**	**47,429**	**0**	**20,522,668**	**0.0**
Value Added									
Almanac Realty Securities VI	6,781,846	0	0	48,837	166,816	12,591	-160,683	6,726,551	47.8
Asana Partners Fund I	19,077,147	0	0	0	126,604	488,804	2,050,060	20,765,006	46.6
Asana Partners Fund II	-256,619	262,500	0	0	-18,811	109,375	515	-121,791	0.0
Cornerstone Enhanced Mortgage Fund I	71,434	0	0	0	-1,384	-277	0	70,327	0.0
DRA Growth and Income Fund VII	14,443,862	0	404,218	1,806,595	230,656	298,482	1,491,958	13,657,181	68.0
DRA Growth and Income Fund VIII	20,287,199	0	336,106	430,693	413,762	89,871	-2,024	19,842,267	66.9
Gerrity Retail Fund 2	17,493,511	0	288,252	0	265,801	57,619	0	17,413,441	56.8
Heitman Asia-Pacific Property Investors	9,269,934	2,701,601	0	0	7,797	23,904	194,133	12,149,562	49.0
Mesa West Real Estate Income Fund III	4,095,367	0	27,120	1,162,868	48,804	-2,571	-60,586	2,896,168	69.7
Standard Life Investments European Real Estate Club II	11,147,879	0	0	4,890,611	629,270	59,096	-530,265	6,297,177	52.3
Value Added	**102,411,560**	**2,964,101**	**1,055,696**	**8,339,604**	**1,869,315**	**1,136,894**	**2,983,108**	**99,695,889**	**58.7**
Total Portfolio									
LACERS	**792,263,183**	**6,119,561**	**11,569,223**	**9,146,431**	**7,878,710**	**2,594,241**	**5,991,606**	**788,943,163**	**33.4**

Quarterly Cash Flow Activity ($)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Opportunistic									
Apollo CPI Europe I	457,771	0	0	0	-1,528	0	6,271	462,514	0.0
Bristol Value II, L.P.	15,674,032	1,106,793	0	0	-32,680	57,921	0	16,690,224	40.1
Bryanston Retail Opportunity Fund	4,248,672	0	0	0	-77	3,931	0	4,244,664	61.9
California Smart Growth Fund IV	3,556,711	0	0	0	5,173	0	240,303	3,802,187	0.0
Canyon Johnson Urban Fund II	34,106	0	0	0	-504	0	0	33,602	0.0
CIM Real Estate Fund III	7,840,957	0	0	0	144,607	27,200	-46,623	7,911,741	32.8
CityView LA Urban Fund I	39,573	0	0	0	-3,391	0	0	36,182	0.0
Colony Investors VIII	595,097	0	0	0	853	0	-45,053	550,897	0.0
DRA Growth and Income Fund VI	1,886,929	0	136,913	806,827	41,967	7,406	7,406	985,156	59.0
Integrated Capital Hospitality Fund	2,120,243	0	0	0	59,286	12,721	0	2,166,808	36.0
LaSalle Asia Fund II	234,199	0	0	0	443	0	0	234,642	0.0
Latin America Investors III	-327,806	0	0	0	-3,661	48,522	-150,808	-530,797	20.4
Lone Star Fund VII	152,479	0	0	0	-14,527	-1,661	11,461	151,074	60.6
Lone Star Real Estate Fund II	602,986	0	0	0	-23,727	1,359	40,404	618,304	39.8
RECP Fund IV, L.P.	35,929,906	260,929	4,639,677	0	86,999	27,442	30,328	31,641,043	40.1
Southern California Smart Growth Fund	255,597	0	365,472	0	231,634	0	0	121,759	0.0
Stockbridge Real Estate Fund II	10,469,959	0	0	0	53,586	8,712	-198,526	10,316,307	48.5
The Buchanan Fund V	211,848	0	0	0	-1,478	0	-4,162	206,208	0.0
Torchlight Debt Opportunity Fund II	221,215	0	0	0	18,872	0	-4,819	235,268	0.0
Torchlight Debt Opportunity Fund IV	8,751,143	0	1,063,764	0	139,359	-16,712	-60,026	7,783,424	27.9
Tuckerman Group Residential Income & Value Added Fund	440,323	0	0	0	8,416	478	0	448,261	0.0
Walton Street Real Estate Fund V	3,849,394	0	0	0	-39,333	5,295	-121,311	3,683,455	61.8
Walton Street Real Estate Fund VI	10,252,587	0	782,187	0	38,542	25,129	-48,837	9,434,976	53.1
Opportunistic	**107,497,921**	**1,367,722**	**6,988,013**	**806,827**	**708,831**	**207,743**	**-343,992**	**101,227,899**	**42.7**
Private Real Estate Portfolio Only (ex. Timber)	**771,589,722**	**6,119,561**	**11,520,644**	**9,146,431**	**7,933,495**	**2,546,812**	**5,991,606**	**768,420,495**	**34.0**
Non-Core Portfolio	**209,909,481**	**4,331,823**	**8,043,709**	**9,146,431**	**2,578,146**	**1,344,637**	**2,639,116**	**200,923,788**	**51.9**
Total Portfolio									
LACERS	**792,263,183**	**6,119,561**	**11,569,223**	**9,146,431**	**7,878,710**	**2,594,241**	**5,991,606**	**788,943,163**	**33.4**

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Core						
Berkshire Multifamily Income Realty Fund	100.0	-	-	-	-	-
CIM Commercial Trust Corporation (“CMCT”)	-	-	-	-	-	-
CIM VI (Urban REIT), LLC	60.0	26.5	-	13.5	-	-
INVESCO Core Real Estate	29.7	33.5	16.6	18.0	-	2.3
Jamestown Premier Property Fund	-	65.1	-	26.1	-	8.8
JP Morgan Strategic Property Fund	22.1	37.3	14.2	24.8	-	1.6
Kayne Anderson Core Real Estate Fund	-	-	-	-	-	100.0
Lion Industrial Trust - 2007	-	-	100.0	-	-	-
Prime Property Fund	24.8	32.1	20.4	12.8	-	10.0
Principal U.S. Property Account	15.7	39.6	22.1	15.1	-	7.5
Core	**25.2**	**30.3**	**25.4**	**15.0**	**-**	**4.1**
Timber						
Hancock Timberland XI	-	-	-	-	-	100.0
Timber	**-**	**-**	**-**	**-**	**-**	**100.0**
Value Added						
Almanac Realty Securities VI	28.3	-	-	-	69.0	2.7
Asana Partners Fund I	-	-	-	100.0	-	-
Asana Partners Fund II	-	-	-	60.7	-	39.3
Cornerstone Enhanced Mortgage Fund I	-	-	-	-	-	-
DRA Growth and Income Fund VII	49.3	17.3	-	33.4	-	-
DRA Growth and Income Fund VIII	7.4	31.7	9.6	51.3	-	-
Gerrity Retail Fund 2	-	-	-	100.0	-	-
Heitman Asia-Pacific Property Investors	-	49.6	-	24.9	-	25.5
Mesa West Real Estate Income Fund III	37.2	-	-	-	62.8	-
Standard Life Investments European Real Estate Club II	-	100.0	-	-	-	-
Value Added	**11.2**	**21.0**	**1.9**	**56.1**	**6.5**	**3.3**
Total Portfolio						
LACERS	**20.6**	**26.1**	**19.2**	**19.0**	**2.3**	**12.7**
Indices						
NFI-ODCE	**25.0**	**34.0**	**18.7**	**17.7**	**0.3**	**4.3**

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Opportunistic						
Apollo CPI Europe I	-	-	-	-	-	-
Bristol Value II, L.P.	12.1	56.6	-	-	-	31.3
Bryanston Retail Opportunity Fund	-	-	-	100.0	-	-
California Smart Growth Fund IV	-	-	54.4	0.8	-	44.7
Canyon Johnson Urban Fund II	-	-	-	-	-	-
CIM Real Estate Fund III	11.5	14.6	-	9.3	16.4	48.1
CityView LA Urban Fund I	-	-	-	-	-	-
Colony Investors VIII	-	-	-	-	-	100.0
DRA Growth and Income Fund VI	-	40.3	-	59.7	-	-
Integrated Capital Hospitality Fund	-	-	-	-	100.0	-
LaSalle Asia Fund II	-	-	-	-	-	-
Latin America Investors III	-	19.3	-	-	-	80.7
Lone Star Fund VII	-	-	-	-	-	100.0
Lone Star Real Estate Fund II	-	33.2	-	7.0	-	59.8
RECP Fund IV, L.P.	16.5	4.1	12.8	-	15.3	51.3
Southern California Smart Growth Fund	-	-	100.0	-	-	-
Stockbridge Real Estate Fund II	-	-	-	-	-	100.0
The Buchanan Fund V	-	-	-	-	-	-
Torchlight Debt Opportunity Fund II	100.0	-	-	-	-	-
Torchlight Debt Opportunity Fund IV	14.7	16.3	6.8	28.4	20.8	13.1
Tuckerman Group Residential Income & Value Added Fund	-	-	-	-	-	100.0
Walton Street Real Estate Fund V	-	-	-	2.6	18.4	78.9
Walton Street Real Estate Fund VI	3.3	-0.9	-	0.4	4.6	92.5
Opportunistic	**9.8**	**13.6**	**6.7**	**7.9**	**10.9**	**51.1**
Private Real Estate Portfolio Only (ex. Timber)	**21.2**	**26.8**	**19.8**	**19.5**	**2.3**	**10.3**
Non-Core Portfolio	**10.5**	**17.3**	**4.3**	**31.9**	**8.7**	**27.3**
Total Portfolio						
LACERS	**20.6**	**26.1**	**19.2**	**19.0**	**2.3**	**12.7**
Indices						
NFI-ODCE	**25.0**	**34.0**	**18.7**	**17.7**	**0.3**	**4.3**

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
Core										
Berkshire Multifamily Income Realty Fund	5.8	8.3	10.6	3.5	25.0	11.7	7.7	27.3	-	-
CIM Commercial Trust Corporation ("CMCT")	-	-	-	-	-	-	-	-	100.0	-
CIM VI (Urban REIT), LLC	55.1	13.2	-	-	-	18.9	-	12.7	-	-
INVESCO Core Real Estate	20.9	6.7	2.2	0.8	2.5	13.9	9.8	43.2	-	-
Jamestown Premier Property Fund	34.9	34.8	-	-	2.6	-	-	27.8	-	-
JP Morgan Strategic Property Fund	22.7	3.9	4.2	0.1	5.8	14.5	3.3	42.6	3.0	-
Kayne Anderson Core Real Estate Fund	1.4	7.5	5.8	7.4	23.0	34.7	11.5	8.8	-	-
Lion Industrial Trust - 2007	20.9	2.0	7.7	2.0	14.7	14.4	5.9	32.5	-	-
Prime Property Fund	23.1	7.5	8.8	1.7	12.2	8.4	5.1	33.3	-	-
Principal U.S. Property Account	17.3	8.8	2.9	1.9	8.7	13.9	11.9	34.7	-	-
Core	**22.2**	**8.2**	**3.9**	**1.1**	**7.0**	**12.3**	**6.6**	**34.4**	**4.3**	**-**
Timber										
Hancock Timberland XI	-	-	-	-	-	-	-	21.4	64.6	14.0
Timber	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**21.4**	**64.6**	**14.0**
Value Added										
Almanac Realty Securities VI	-	-	-	-	-	-	-	-	100.0	-
Asana Partners Fund I	9.8	40.5	-	-	20.9	22.4	-	6.4	-	-
Asana Partners Fund II	29.8	63.9	-	-	-	-	6.2	-	-	-
Cornerstone Enhanced Mortgage Fund I	-	-	-	-	-	-	-	-	100.0	-
DRA Growth and Income Fund VII	-	17.2	6.0	2.6	37.0	2.1	4.7	30.5	-	-
DRA Growth and Income Fund VIII	5.2	5.4	38.5	4.8	20.8	9.3	2.5	13.5	-	-
Gerrity Retail Fund 2	-	-	-	-	-	-	-	100.0	-	-
Heitman Asia-Pacific Property Investors	-	-	-	-	-	-	-	-	-	100.0
Mesa West Real Estate Income Fund III	37.2	62.8	-	-	-	-	-	-	-	-
Standard Life Investments European Real Estate Club II	-	-	-	-	-	-	-	-	-	100.0
Value Added	**4.1**	**13.6**	**8.5**	**1.3**	**13.6**	**6.8**	**1.1**	**25.7**	**6.8**	**18.5**
Total Portfolio										
LACERS	**19.9**	**8.9**	**4.1**	**1.0**	**8.1**	**9.9**	**5.2**	**31.7**	**6.9**	**4.4**
Indices										
NFI-ODCE	**22.8**	**8.4**	**7.4**	**1.3**	**9.4**	**9.1**	**5.5**	**35.9**	**-**	**-**

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
Opportunistic										
Apollo CPI Europe I	-	-	-	-	-	-	-	-	100.0	-
Bristol Value II, L.P.	51.3	-	-	-	40.8	-	7.6	0.2	-	-
Bryanston Retail Opportunity Fund	16.6	0.0	9.8	0.2	1.5	11.9	13.5	46.5	-	-
California Smart Growth Fund IV	-	-	-	-	-	-	-	100.0	-	-
Canyon Johnson Urban Fund II	-	-	-	-	-	-	-	-	100.0	-
CIM Real Estate Fund III	21.6	-	13.2	-	40.6	-	4.5	20.1	-	-
CityView LA Urban Fund I	-	-	-	-	-	-	-	-	100.0	-
Colony Investors VIII	0.5	-	-	-	-	-	-	87.2	7.4	4.8
DRA Growth and Income Fund VI	5.2	-	-	-	35.1	-	59.7	-	-	-
Integrated Capital Hospitality Fund	-	85.4	-	-	-	14.6	-	-	-	-
LaSalle Asia Fund II	-	-	-	-	-	-	-	-	100.0	-
Latin America Investors III	-	-	-	-	-	-	-	-	-	100.0
Lone Star Fund VII	-	20.7	-	-	55.1	4.6	-	-	19.7	-
Lone Star Real Estate Fund II	-	-	-	-	-	-	-	-	93.0	7.0
RECP Fund IV, L.P.	25.4	20.0	-	-	-	1.2	0.0	16.6	-	36.8
Southern California Smart Growth Fund	-	-	-	-	-	-	-	100.0	-	-
Stockbridge Real Estate Fund II	-	-	-	-	-	-	-	100.0	-	-
The Buchanan Fund V	-	-	-	-	-	-	-	-	100.0	-
Torchlight Debt Opportunity Fund II	-	-	-	-	-	-	-	-	100.0	-
Torchlight Debt Opportunity Fund IV	-	-	-	-	-	-	-	-	100.0	-
Tuckerman Group Residential Income & Value Added Fund	100.0	-	-	-	-	-	-	-	-	-
Walton Street Real Estate Fund V	-	22.4	-	-	4.7	-	1.6	15.7	-	55.5
Walton Street Real Estate Fund VI	78.0	9.6	3.1	1.5	2.4	2.5	-5.4	3.0	-	5.5
Opportunistic	**26.5**	**9.8**	**1.7**	**0.1**	**10.8**	**1.4**	**2.3**	**24.1**	**9.5**	**13.6**
Private Real Estate Portfolio Only (ex. Timber)	**20.4**	**9.1**	**4.2**	**1.0**	**8.3**	**10.1**	**5.3**	**32.0**	**5.3**	**4.2**
Non-Core Portfolio	**15.4**	**11.7**	**5.1**	**0.7**	**12.2**	**4.1**	**1.7**	**24.9**	**8.2**	**16.0**
Total Portfolio										
LACERS	**19.9**	**8.9**	**4.1**	**1.0**	**8.1**	**9.9**	**5.2**	**31.7**	**6.9**	**4.4**
Indices										
NFI-ODCE	**22.8**	**8.4**	**7.4**	**1.3**	**9.4**	**9.1**	**5.5**	**35.9**	**-**	**-**

Advisory Disclosures and Definitions

Disclosure
Trade Secret and Confidential.

Past performance is not indicative of future results.

Investing involves risk, including the possible loss of principal.

Returns are presented on a time weighted basis and shown both gross and net of underlying third party fees and expenses and may include income, appreciation and/or other earnings. In addition, investment level Net IRR's and equity multiples are reported.

The Townsend Group, on behalf of its client base, collects quarterly limited partner/client level performance data based upon inputs from the underlying investment managers. Data collection is for purposes of calculating investment level performance as well as aggregating and reporting client level total portfolio performance. Quarterly limited partner/client level performance data is collected directly[1] from the investment managers via a secure data collection site.

[1]In select instances where underlying investment managers have ceased reporting limited partner/client level performance data directly to The Townsend Group via a secure data collection site, The Townsend Group may choose to input performance data on behalf of its client based upon the investment managers quarterly capital account statements which are supplied to The Townsend Group and the client alike.

Benchmarks
The potential universe of available real asset benchmarks are infinite. Any one benchmark, or combination thereof, may be utilized on a gross or net of fees basis with or without basis point premiums attached. These benchmarks may also utilize a blended composition with varying weighting methodologies, including market weighted and static weighted approaches.

Exhibit B: Real Estate Market Update

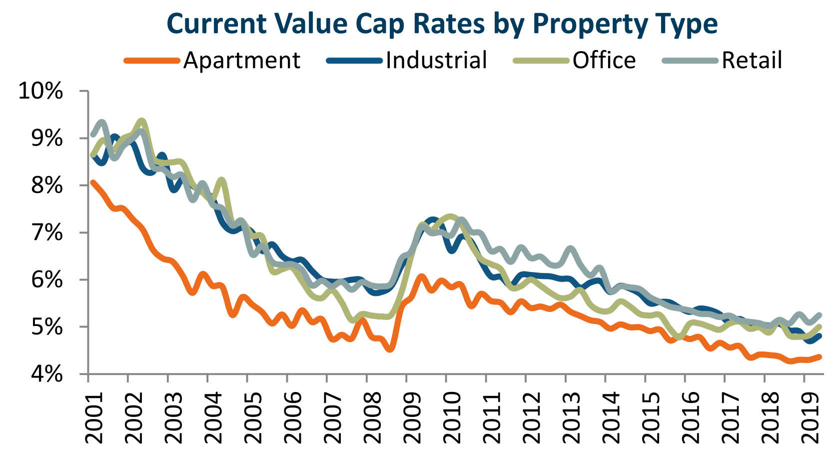
United States Real Estate Market Update (2Q19)

TOWNSEND® GROUP
an Aon company

General

- The S&P 500 produced a gross total return of 4.3% during the quarter. The MSCI US REIT index produced a return of 1.3%. Consumer Sentiment remained flat at 98.2, but rose subsequent to quarter-end.

- Macro indicators for U.S. real estate continue to be positive; GDP grew at an annualized rate of 2.3% in the second quarter and headline CPI rose by 1.8% YoY, below the Fed's 2% target. As of quarter-end, the economy has now experienced 105 consecutive months of job growth. The Federal Reserve has paused its tightening of monetary policy, and cut the effective federal funds rate, which was 2.13% at quarter-end.



Source: NCREIF

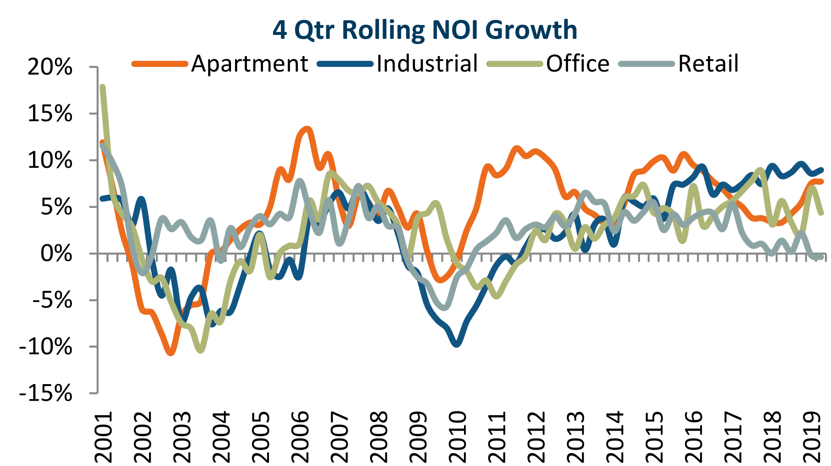
Commercial Real Estate

- Private real estate market carrying values remained flat over the quarter. Transaction cap rates (5.3%) compressed 5 bps during the quarter, while current valuation cap rates expanded across property sectors, apartments (+6 bps), industrial (+11 bps), office (+18 bps), and retail (+16 bps) .

- NOI growth by sector continued to deviate during the quarter, with the industrial and apartments sector continuing to outpace the other traditional property types. While the industrial sector has faced increasing supply, it continues to benefit from outsized demand tailwinds (e-commerce and economic growth). On the other hand, retail experienced negative 40 bps of NOI growth during the quarter.

- In the second quarter of 2019, $23 bn of aggregate capital was raised by real estate funds. In 2018, private equity real estate funds raised $236 bn which is an increase of 9% YoY. However, transaction volume declined during the 1st quarter by 18% year over year to $28 bn.

- 10-year treasury bond yields dropped 40 bps to 2.0% during the quarter, and, subsequent to quarter-end, have dropped further to 1.7%. A combination of expansionary fiscal policy and tightening monetary policy have led to increasing short-term interest rates and an inversion of the yield curve.



Source: NCREIF

Sources: Bureau of Economic Analysis, U.S. Census Bureau, Federal Reserve Board, NCREIF, Cushman and Wakefield, Real Capital Analytics, Bloomberg LP., Preqin, University of Michigan, Green Street

United States Property Matrix (2Q19)

TOWNSEND GROUP
an Aon company

INDUSTRIAL

- In 2Q19, industrial properties were the highest returning sector at 3.4% and outperformed the NPI by 191 bps.
- Transaction volumes reached $19.1 billion in the second quarter of the year, a 4.0% year-over-year decrease. Individual asset sales were up 13.6% year-over-year, while portfolio sales drove the decline in year-over-year volume (-31.5%).
- The industrial sector continued to experience steady NOI growth of 8.9% over the past year, increasing from the prior periods TTM growth of 8.6% in 1Q19. Market rent growth is expected to decelerate compared to the recent phenomenal pace, but still remains strong.
- Vacancy declined 40 bps to 3.1%, close to all-time historic lows. E-commerce continues to drive demand.
- Industrial cap rates compressed approximately 12 bps from a year ago, to 4.8%. Industrial fundamentals still top all property sectors.

MULTIFAMILY

- The apartment sector delivered a 1.4% return during the quarter, underperforming the NPI by 9 bps.
- Transaction volume in the second quarter of 2019 reached $45.6 billion, an increase of 25.3% year-over-year. This volume continues to make multifamily the most actively traded sector for the eighth straight quarter.
- Cap rates increased to 4.4%, expanding 9 bps year-over-year. Robust job growth and improving wages have supported healthy operating fundamentals.
- Steady demand for the sector continues to keep occupancy above 94.3%, over a 1.0% increase from a year ago. Delayed deliveries from construction labor bottlenecks have created a gap between permitting activity and starts volume.

OFFICE

- The office sector returned 1.7% in 2Q19, 15 bps above the NPI return over the period.
- Transaction volumes increased by 36.4% year-over-year in Q2. Annual sales volumes equaled $39.5 billion for the quarter. Single asset transactions accounted for 77% of volume.
- Occupancy growth within the office sector has improved, increasing 1.0% year-over-year. Office continues to be the highest vacancy property type at close to 9.8%.
- NOI growth of 4.4% in the last year is a positive as the sector continues to benefit from positive job growth. Sun Belt and tech-oriented West Coast office fundamentals are healthiest.
- Office cap rates compressed slightly from a year ago to approximately 4.8% in the second quarter. Office-using job growth is positive, though decelerating as expected.

RETAIL

- As of 2Q19, the retail sector delivered a quarterly return of -0.1%, performing 162 bps below the NPI.
- Transaction volumes totaled $16.9 billion in the second quarter, down 22.7% year-over-year.
- Cap rates have expanded approximately 25 bps within the sector over the last year. Strong fundamental headwinds continue to effect the retail landscape.
- NOI growth has been negative for five consecutive quarters. NOI has declined 40 bps over the past year. Retail is expected to continue to suffer from the shift towards e-commerce.
- Retail vacancy rates declined 74 bps over the past year to 6.8%. Many big box stores have closed as the need for retail space shrinks, translating to a negative outlook for rent growth.

Sources: Real Capital Analytics, Green Street, US Census Bureau, NCREIF

Global Real Estate Market Update (2Q19)

TOWNSEND® GROUP
an Aon company

- Global investment activity during the second quarter of 2019 continues to slow, and YoY transaction activity has decreased.

- Geopolitical uncertainty and its potential impacts on the global real estate markets has remained a principal concern for investors. However, global commercial real estate is still positioned to steadily perform in 2019. Despite compressing yields, broad decreases in risk-free rates has increased the value of real estate yields. Capital values and rents are expected to increase during the year. However, full-year global investment volumes are expected to decline by 5-10%, especially in the office and retail sectors.

Global Total Commercial Real Estate Volume - 2018 - 2019

$ US Billions	Q1 2019	Q1 2018	% Change Q1 19 - Q1 18	Full Year Ending 1Q19	Full Year Ending 1Q18	% Change Full Year
Americas	92	106	-13%	505	447	13%
EMEA	50	78	-36%	327	371	-12%
Asia Pacific	168	216	-22%	815	895	-9%
Total	310	400	-22%	1646	1713	-4%

Source: Real Capital Analytics, Inc., Q1' 19

- In the second quarter, investment volumes in the Americas to decline YoY, led by the U.S., Brazil, and Mexico.

- Asia-Pacific cross-border investment activity slightly decreased in the second quarter. Despite this, Asia-Pacific has shown the best first-half of the year performance on record. This growth was driven by robust activity in China and Singapore.

- In EMEA, the decline in investment volume is largely attributable to uncertainty over Brexit in the UK and ongoing structural changes in the retail sector.

- In the office sector, leasing activity continued to increase through the second quarter of 2019. The U.S office market continued to perform well, driven by demand from the technology and co-working industries. Europe's net absorption outperformed the 10 year average, led by performance in Madrid. In Asia Pacific's office market gross leasing volumes witnessed a 30% year-over year decline due to limited availability of space, economic uncertainty and trade tensions. Globally, aggregate rental growth for prime office locations is expected to stay positive in 2019 and office vacancy is expected to continue to fall.

- In the retail sector, the U.S. net absorption declined by 45% YoY in the second quarter. Strengthening labor markets and wage growth in Europe has positively impacted consumer spending, and retailers continue to focus on rightsizing their store portfolios. Asia Pacific retailers are focusing their efforts on providing unique products and targeting niche consumer segments. Australia is experiencing challenging retailer market pressures and rising incentives leading to modest rental growth.

- The multifamily market in the U.S. has continued to see growth in demand and declines in vacancy rates. There has been an increase in construction activity which is likely to lead to some near-term supply headwinds. Investment activity in European multifamily markets was lower due to rent control regulation leading to investor caution.

- The global industrial market continued to perform well during the quarter, with vacancy rates in the U.S. and Asia Pacific at all-time lows, as demand continues to be robust. U.S. rental rates are excepted to increase, driven by robust leasing momentum. Demand has been strong in the European logistics market as well, however, a slight deceleration in the rate of growth suggests the sector may be entering a stage of stabilization.

Global Outlook - GDP (Real) Growth % pa, 2019-2021

	2019	2020	2021
Global	**3.3**	**3.3**	**3.1**
Asia Pacific	**4.6**	**4.6**	**4.7**
Australia	2.2	2.6	2.6
China	6.3	6.0	5.9
India	7.0	7.2	7.3
Japan	0.6	0.5	0.9
North America	**2.5**	**1.9**	**1.9**
US	2.6	1.9	1.9
MENA*	**2.9**	**3.0**	**-**
European Union	**1.5**	**1.6**	**1.5**
France	1.3	1.4	1.5
Germany	0.9	1.4	1.4
UK	1.3	1.4	1.6

*Middle East North Africa

Source: Bloomberg

Note: 2021 projections are not yet available for certain regions

Sources: Jones Lang LaSalle Research, Real Capital Analytics, Inc.

Exhibit C: Glossary

Cash Flow Statement

TOWNSEND® GROUP
an Aon company

Beginning Market Value:	**Value of real estate, cash and other holdings from prior period end.**
Contributions:	Cash funded to the investment for acquisition and capital items (i.e., initial investment cost or significant capital improvements).
Distributions:	Actual cash returned from the investment, representing distributions of income from operations.
Withdrawals:	Cash returned from the investment, representing returns of capital or net sales proceeds.
Ending Market Value:	The value of an investment as determined by actual sales dollars invested and withdrawn plus the effects of appreciation and reinvestment; market value is equal to the ending cumulative balance of the cash flow statement (NAV).
Unfunded Commitments:	Capital allocated to managers which remains to be called for investment. Amounts are as reported by managers.
Remaining Allocation	The difference between the ending market value + the unfunded commitments and the target allocation. This figure represents dollars available for allocation.

Style Groups

The Style Groups consist of returns from commingled funds with similar risk/return investment strategies. Investor portfolios/investments are compared to comparable style groupings.	
Core:	Direct investments in operating, fully leased, office, retail, industrial, or multifamily properties using little or no leverage (normally less than 30%).
Value-Added:	Core returning investments that take on moderate additional risk from one or more of the following sources: leasing, re-development, exposure to non-traditional property types, the use of leverage (typically between 40% and 65%).
Opportunistic:	Investments that take on additional risk in order to achieve a higher return. Typical sources of risks are: development, land investing, operating company investing, international exposure, high leverage (typically between 50% and 65% or higher), distressed properties.

Indices

TOWNSEND® GROUP
an Aon company

Stylized Index:	**Weights the various style group participants so as to be comparable to the investor portfolio holdings for each period.**
Open-End Diversified Core Equity Index (“ODCE”):	A core index that includes only open-end diversified core strategy funds with at least 95% of their investments in U.S. markets. The ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical and current basis (16 active vehicles). The ODCE Index is capitalization-weighted and is reported gross and net of fees. Measurement is time-weighted and includes leverage.
NCREIF Timberland Index (“NTI”):	National Index comprised of a large pool of individual timber properties owned by institutions for investment purposes.
NCREIF Property Index (“NPI”):	National Property Index comprised of core equity real estate assets owned by institutions.

Performance

Income Return ("INC"):	**Net operating income net of debt service before deduction of capital items (e.g., roof replacement, renovations, etc.)**
Appreciation Return ("APP"):	Increase or decrease in investment's value based on internal or third party appraisal, recognition of capital expenditures which did not add value or uncollectible accrued income, or realized gain or loss from sales.
Total Gross Return ("TGRS"):	The sum of the income return and appreciation return before adjusting for fees paid to and/or accrued by the manager.
Total Net Return ("TNET"):	Total gross return less Advisor fees reported. All fees are requested (asset management, accrued incentives, paid incentives). No fee data is verified. May not include any fees paid directly by the investor as opposed to those paid from cash flows.
Inception Returns[1]:	The total net return for an investment or portfolio over the period of time the client has funds invested. Total portfolio Inception Returns may include returns from investments no longer held in the current portfolio.
Net IRR:	IRR after advisory fees, incentive and promote. This includes actual cash flows and a reversion representing the LP Net Assets at market value as of the period end reporting date.
Equity Multiple:	The ratio of Total Value to Paid-in-Capital (TVPIC). It represents the Total Return of the investment to the original investment not taking into consideration the time invested. Total Value is computed by adding the Residual Value and Distributions. It is calculated net of all investment advisory and incentive fees and promote.

[1] Portfolio level returns include historical returns of managers no longer with assets under management.
All returns are calculated on a time-weighted basis.

TOWNSEND GROUP
an Aon company

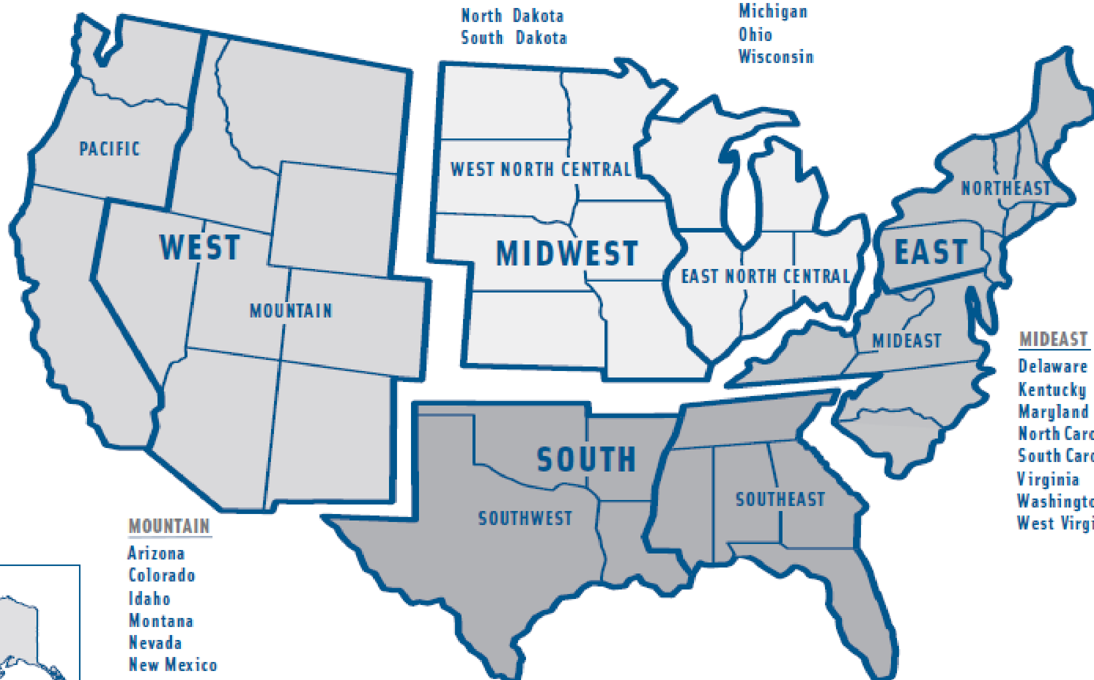
GEOGRAPHIC REGIONS and DIVISIONS

PACIFIC
Alaska
California
Hawaii
Oregon
Washington

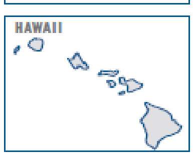
WEST NO. CENTRAL
Iowa
Kansas
Minnesota
Missouri
Nebraska
North Dakota
South Dakota

EAST NO. CENTRAL
Illinois
Indiana
Michigan
Ohio
Wisconsin

NORTHEAST
Connecticut
Maine
Massachusetts
New Hampshire
New Jersey
New York
Pennsylvania
Rhode Island
Vermont



MIDEAST
Delaware
Kentucky
Maryland
North Carolina
South Carolina
Virginia
Washington, DC
West Virginia



MOUNTAIN
Arizona
Colorado
Idaho
Montana
Nevada
New Mexico
Utah
Wyoming

SOUTHWEST
Arkansas
Louisiana
Oklahoma
Texas

SOUTHEAST
Alabama
Florida
Georgia
Mississippi
Tennessee

NCREIF

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

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

Neil M. Guglielmo

MEETING: OCTOBER 22, 2019
ITEM: IX-A

SUBJECT: **BUDGET APPROPRIATION FOR HUMAN RESOURCES AND PAYROLL PROJECT AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board:

1. Approve a Fiscal Year End (FYE) 2020 budget expenditure of $31,332 to be funded from savings in the Office and Administration Expense appropriation (Account No. 166010) to cover LACERS' portion of the first-year costs of the City's new Human Resources and Payroll System; and,
2. Delegate authority to the Chief Accounting Employee to increase the budget appropriation by $31,332 if the surplus in the Office and Administration Expense appropriation is insufficient through June 30, 2020.

Executive Summary

The City is replacing its current payroll system, PaySR, with the Human Resources and Payroll (HRP) System. All user departments, including LACERS, are requested by the City to contribute toward the cost of the project. Funding in the amount of $31,332 is needed to cover LACERS' FYE 2020 share of the replacement cost. The current LACERS' budget does not include an appropriation for this expense.

Discussion

The HRP will replace the City's 20-year-old payroll system, PaySR, with an updated and sustainable citywide system. The new HRP system is anticipated to provide enhanced security, greater extensibility, and continuous innovation and enhancements at a lower cost as well as reduce the City's system maintenance expenses. LACERS utilizes the City's payroll system to perform personnel, accounting, retirement, and active member account related work, contributing to the accurate and timely delivery of Member benefits.

The total cost for the HRP Project is estimated to be $25 million. As part of the 2019-20 City Adopted Budget, the Mayor and Council approved a cost allocation strategy for the project across all City departments that utilize the current PaySR system for payroll and personnel purposes in accordance to the number of authorized positions in each of the participating departments. Since LACERS represents 0.35 percent of the total authorized City positions, the City billed LACERS 0.35 percent of the $9.0 million identified for the first-year costs of the project, which equates to $31,332. This expense was not included in LACERS' current budget because the department's share of the HRP project cost was not communicated by the City during the 2019-20 Budget adoption process.

Strategic Plan Impact Statement

The request for funding for the HRP Project conforms to the Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty. Additionally, the HRP system supports the Strategic Plan Benefit Delivery Goal of providing accurate and timely delivery of Member benefits.

Prepared By: Edeliza Fang, Senior Management Analyst II

Attachment: Proposed Resolution

NG:TB:DWN:EF

BOARD Meeting: 10/22/19 Item IX – A Attachment

BUDGET APPROPRIATION
FOR HUMAN RESOURCES AND PAYROLL PROJECT

PROPOSED RESOLUTION

WHEREAS, the City of Los Angeles is replacing its current payroll system, PaySR, with the Human Resources and Payroll (HRP) system;

WHEREAS, LACERS utilizes the City's payroll system to perform personnel, accounting, retirement, and active member account related work, contributing to the accurate and timely delivery of Member benefits;

WHEREAS, the City requests user departments to subsidize the cost of replacing the new system;

WHEREAS, the calculated cost is proportional, based on the staff count of each participating department;

WHEREAS, LACERS' share of the first-year costs to replace the PaySR system is $31,332;

WHEREAS, LACERS' FYE 2020 budget does not include an appropriation for this expense because the amount was unknown at the time of the budget process;

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

1. Approve a FYE 2020 budget expenditure to be funded from savings in the Office and Administration Expense appropriation (Account No. 166010) to cover LACERS' portion of the first-year costs related to the HRP project in the amount of $31,332; and,

2. Delegate authority to the Chief Accounting Employee to increase the budget appropriation by $31,332 if the surplus in the Office and Administration Expense appropriation is insufficient through June 30, 2020.

October 22, 2019

LACERS
LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

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

Neil M. Guglielmo

MEETING: OCTOBER 22, 2019
ITEM: IX-B

SUBJECT: **LEGISLATIVE UPDATE OF OCTOBER 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 to 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 four State bills and six Federal bills for on-going monitoring. Additions to the watch list can be added at any time.
- Recap of Health Legislative Bills:
    - SB 343 on Healthcare Data Disclosure passed into law on September 5, 2019
    - H.R. 748 repeals the excise tax ("Cadillac Tax") which would impose a 40% tax on high-cost employer-sponsored health care coverage
    - State Assembly Bill 290 on Health Care Service Plans and Health Insurance and Third-Party Payments
- H.R. 3848 Stop Wall Street Looting Act of 2019 requires the Securities and Exchange Commission to issue rules requiring private funds to publicly disclose certain information, and for other purposes.
- There is no recommendation for the Board to take a position on any specific proposed legislation at this time.

Discussion

Health Bills

On September 10, 2019, Keenan & Associates (Keenan), LACERS' Health and Welfare Consultant provided a verbal report on three Health bills. Below is a brief summary of those bills.

SB 343 – Healthcare Data Disclosure

On September 5, 2019, the Governor approved the bill into law that would update health care price transparency and disclosure requirements for Kaiser Permanente. The bill will be effective January 1, 2020.

Possible Impact on LACERS: The increased transparency could affect health care costs or keep costs unchanged. Keenan & Associates (Keenan), LACERS' Health and Welfare Consultant states that with Kaiser's disclosure requirements, they hope to see true costs for care in geographical areas and not based on a health care system's competitive position in those areas.

AB 290 – Health Care Service Plans and Health Insurance: Third Party Payments

On October 13, 2019, the Governor approved the bill into law. This bill seeks to restrict dialysis and rehabilitation provider profits and limit the use of third-party payers. The bill would also require providers to disclose to health care plans which patients are receiving premium assistance from third-party payers.

This bill would prohibit a chronic dialysis clinic from steering, directing, or advising a patient regarding any specific coverage program option or health care service plan contract. The bill would require a chronic dialysis clinic to post a notice requiring questions about Medicare coverage for patients with end stage renal disease to be directed to the Health Insurance Counseling and Advocacy Program.

Possible Impact on LACERS: Passage of the bill could possibly increase health care costs if dialysis companies threaten to close down if they are not receiving the same level of compensation from insurance companies, therefore the supply of dialysis care would decrease and patients would need to seek emergency medical treatment at a higher cost. LACERS is monitoring this bill as it may affect an increase in health care premiums.

H.R. 748 – Middle Class Health Benefits Tax Repeal Act of 2019 ("Cadillac Tax")

On July 17, 2019, the House of Representatives passed H.R. 748 with a vote of 419-6 and is currently in the Senate for review. This bill repeals the excise tax, also known as the "Cadillac Tax" which would impose a 40% tax on high-cost employer-sponsored health care coverage for which there is an excess benefit. The "Cadillac Tax" was part of the Affordable Care Act's 2010 health law that was supposed to take effect in 2018, but implementation has been delayed on several occasions. It is currently scheduled to be enacted in 2022.

Possible Impact on LACERS: Imposition of the tax will increase LACERS' medical premium and impact a couple of LACERS' Health Plans. Keenan states that LACERS will have to pay the excise tax or limit the benefits to meet under the threshold. However, Keenan believes the tax will either be repealed or delayed for further investigation.

New or Updated Bills

New or updated information since the last report to the Board is indicated below and added to the Legislative Watch List.

H.R. 3848 – Stop Wall Street Looting Act of 2019

This bill was introduced on July 18, 2019 and seeks to implement new rules for private equity firms that would prevent them from enriching themselves by charging high management and consulting fees and passing on their debts to the companies they buy. This bill would also require private equity firms to publicly disclose certain financial information including identity of entities with interest in a fund, the performance of portfolio companies, fees and payments collected by the private equity firm, and the performance of previous funds. Both the House and Senate versions of the bill have been referred to various committees, and there has been no activity on either bill since August 12, 2019.

Possible Impact on LACERS: Passage of the bill may result in the following:

- Less opportunity for private equity investment;
- Higher fees, should managers attempt to transfer their increased risk to limited partners through fee increases, or should the shrinking private equity market further increase private equity firms' bargaining power;
- Disclosure of previously non-public information regarding LACERS' investment in ongoing private equity funds, though this information would be reported by fund managers, not LACERS;
- Limited ability to negotiate LACERS-specific deal terms that are statutorily required; and,
- Ensure fund managers owe LACERS a fiduciary duty.

Strategic Plan Impact Statement

The legislative update 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
OCTOBER 2019

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS Assembly	Senate	House	Final Status
		STATEWIDE LEGISLATION					
SB 30	Wiener	**Domestic Partnership** Existing law defines domestic partnership as two adults who have chosen to share one another's lives in an intimate and committed relationship of mutual caring. Existing law specifies requirements for entering into a domestic partnership, including that the domestic partners be either of the same sex or of the opposite sex and over 62 years of age. This bill would remove the requirement that persons be of the same sex or of the opposite sex and over 62 years of age in order to enter into a domestic partnership. Existing law imposes a $23 charge on persons filing domestic partner registrations to fund the development and support of a lesbian, gay, bisexual, and transgender curriculum for training workshops on domestic violence and for the support of a grant program to promote healthy nonviolentrelationships in the lesbian, gay, bisexual, and transgender community. Existing law exempts from this charge persons of opposite sexes filing a domestic partnership registration when one or both of the persons meet the eligibility criteria for federal old-age insurance benefits. This bill would expand the exemption from paying the charge to all persons filing a domestic partner registration when one or both of the domestic partners is 62 years of age or older. Existing law requires the Secretary of State to prepare forms entitled "Declaration of Domestic Partnership" and "Notice of Termination of Domestic Partnership" and to distribute those forms to each county clerk and make them available to the public at the office of the Secretary of State and each county clerk. This bill would delete the requirement that the forms be available at the office of each county clerk and, instead,require that the Secretary of State make the forms available at the office of the Secretary of State or on the Secretary of State's internet website. The bill would require the instructions to the "Declaration of Domestic Partnership" form and the internet website to include an explanation that registered domestic partners have the same rights, protections, and benefits, and are subject to the same responsibilities, obligations, and duties under law as are granted to and imposed upon spouses and an explanation of how to terminate a registered domestic partnership. This bill would also make various technical and conforming changes.	12/3/2018	7/1/19 Passed	7/5/19 Passed	N/A	7/30/19 Approved by the Governor. Chaptered by Secretary of State. Chapter 135, Statutes of 2019
AB 287	Voepel	**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. 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.	1/28/2019	2/07/19 Referred to Com. on P.E. & R.		N/A	

LACERS LEGISLATIVE WATCH LIST
OCTOBER 2019

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
AB 290	Wood	**Health Care Service Plans and Health Insurance: Third-Party Payments** This bill would require a health care service plan or an insurer that provides a policy of health insurance to accept payments from specified third-party entities, including an Indian tribe or a local, state, or federal government program. The bill would also require a financially interested entity, as defined, other than those entities, that is making a third-party premium payment to provide that assistance in a specified manner and to perform other related duties, including disclosing to the plan or the insurer the name of the enrollee or insured, as applicable, for each plan or policy on whose behalf a third-party premium payment will be made. The bill would require each plan or insurer to provide to the appropriate department information regarding premium payments by financially interested entities and reimbursement for services to providers, and would set forth standards governing the reimbursement of financially interested providers, including, but not limited to, chronic dialysis clinics, that meet certain criteria. Commencing January 1, 2022, the bill would require reimbursement to contracted providers to be the higher of the Medicare reimbursement rate or the rate determined pursuant to an independent dispute resolution process, as established by the bill, if either party seeks a rate determination pursuant to that process, and would require reimbursement for noncontracted providers to be governed by the terms and conditions of the health care service plan contract or health insurance policy, or the rate determined pursuant to the dispute resolution process, as prescribed. The reimbursement rates and dispute resolution process established by the bill would not apply to reimbursement for an enrollee or insured on behalf of whom a financially interested provider was already making premium payments to a health care service plan or insurer on or before October 1, 2019, except under specified circumstances. The bill would not alter existing obligations and requirements applicable to a health care service plan or health insurer relating to offering, marketing, selling, and issuing a health benefit plan, and cancellation or nonrenewal, as specified. The bill would specify that its requirements do not supersede or modify any privacy and information security requirements and protections in federal and state law regarding protected health information or personally identifiable information. The bill would declare that an enrollee's or insured's loss of coverage due to a financially interested entity's failure to pay premiums on a timely basis would be deemed a triggering event to allow for special enrollment, requiring a health care service plan or health insurer to allow an individual to enroll in or change individual health benefit plans, as specified. This bill would prohibit a chronic dialysis clinic from steering, directing, or advising a patient regarding any specific coverage program option or health care service plan contract. The bill would require a chronic dialysis clinic to post a notice requiring questions about Medicare coverage for patients with end stage renal disease to be directed to the Health Insurance Counseling and Advocacy Program, as specified. This bill would make certain of its provisions operative, for specified financially interested entities, on July 1, 2020, or upon a finding by the United States Department of Health and Human Services Office of Inspector General that compliance by the financially interested entities with those provisions does not violate federal law, as specified.	1/28/2019	9/09/2019 Passed	9/10/19 Passed	N/A	10/13/19 Approved by the Governor. Chaptered by Secretary of State - Chapter 862, Statutes of 2019.

LACERS LEGISLATIVE WATCH LIST
OCTOBER 2019

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
SB 343	Pan	**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 also provides for the regulation of health insurers by the Department of Insurance. These provisions govern, among other things, procedures by health care service plans and insurers with respect to premium payments. This bill would require a health care service plan or an insurer that provides a policy of health insurance to accept payments from specified third-party entities, including an Indian tribe or a local, state, or federal government program. The bill would also require a financially interested entity, as defined, other than those entities, that is making a third-party premium payment to provide that assistance in a specified manner and to perform other related duties, including disclosing to the plan or the insurer the name of the enrollee or insured, as applicable, for each plan or policy on whose behalf a third-party premium payment will be made. The bill would require each plan or insurer to provide to the appropriate department information regarding premium payments by financially interested entities and reimbursement for services to providers, and would set forth standards governing the reimbursement of financially interested providers, including, but not limited to, chronic dialysis clinics, that meet certain criteria. Commencing January 1, 2022, the bill would require reimbursement to contracted providers to be the higher of the Medicare reimbursement rate or the rate determined pursuant to an independent dispute resolution process, as established by the bill, if either party seeks a rate determination pursuant to that process, and would require reimbursement for noncontracted providers to be governed by the terms and conditions of the health care service plan contract or health insurance policy, or the rate determined pursuant to the dispute resolution process, as prescribed. The reimbursement rates and dispute resolution process established by the bill would not apply to reimbursement for an enrollee or insured on behalf of whom a financially interested provider was already making premium payments to a health care service plan or insurer on or before October 1, 2019, except under specified circumstances. The bill would not alter existing obligations and requirements applicable to a health care service plan or health insurer relating to offering, marketing, selling, and issuing a health benefit plan, and cancellation or nonrenewal, as specified. The bill would specify that its requirements do not supersede or modify any privacy and information security requirements and protections in federal and state law regarding protected health information or personally identifiable information. The bill would declare that an enrollee's or insured's loss of coverage due to a financially interested entity's failure to pay premiums on a timely basis would be deemed a triggering event to allow for special enrollment, requiring a health care service plan or health insurer to allow an individual to enroll in or change individual health benefit plans, as specified.	2/19/2019	8/22/19 Passed	9/5/19 Passed	N/A	9/5/19 Approved by the Governor. Chaptered by Secretary of State. Chapter 247, Statutes of 2019

LACERS LEGISLATIVE WATCH LIST
OCTOBER 2019

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS Assembly	Senate	House	Final Status
		FEDERAL LEGISLATION					
		EMPLOYER COMPLIANCE/REPORTING ISSUES					
HR 1994	Neil	**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. **With respect to employer-provided retirement plans, the bill modifies requirements regarding:** • 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). **The bill also includes provisions that:** • 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					
HR 3848	Pocan	**Stop Wall Street Looting Act of 2019** To require the Securities and Exchange Commission to issue rules requiring private funds to publicly disclose certain information, and for other purposes. This bill includes the following topics: Title I - Corporate Responspibility Title II - Anti-Looting Title III - Protecting Workers When Companies Go Bankrupt Title IV - Closing The Carried Interest Loophole Title V - Investor Protection And Market Transparency Title VI - Restrictions On Securitizing Risky Corporate Debt	7/18/2019	N/A		8/12/19 Referred to the Subcommittee on Antitrust, Commercial, and Administrative Law	
		SOCIAL SECURITY ISSUES					
HR 141	Davis	**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.	1/3/2019	N/A		1/31/2019 Referred to the Subcommittee on Social Security	

LACERS LEGISLATIVE WATCH LIST
OCTOBER 2019

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
S 521	Brown	**Social Security Fairness Act** To amend Title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions.	2/14/2019	N/A	2/14/2019 Read twice and referred to the Committee on Finance		
		MEDICAL/HEALTH ISSUES					
HR 748	Courtney	**Middle Class Health Benefits Tax Repeal Act of 2019 ("Cadillac Tax")** (Sec. 2) This bill repeals the excise tax on employer-sponsored health care coverage for which there is an excess benefit (high-cost plans). The repeal applies to taxable years beginning after December 31, 2019. (Under current law, the tax is scheduled to take effect in 2022.) (Sec. 3) This section exempts the budgetary effects of this bill from the Pay-As-You-Go (PAYGO) scorecards maintained under the Statutory Pay-As-You-Go Act of 2010 or by the Senate under the FY2018 congressional budget resolution.	1/24/2019	N/A	7/22/2019 Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 157.	7/17/2019 Passed	
S 2543	Grassley	**Prescription Drug Pricing Reduction Act (PDPRA) of 2019** To amend titles XI, XVIII, and XIX of the Social Security Act to lower prescription drug prices in the Medicare and Medicaid programs, to improve transparency related to pharmaceutical prices and transactions, to lower patients' out-of-pocket costs, and to ensure accountability to taxpayers, and for other purposes.	9/25/2019		9/25/19 Placed on Senate Legislative Calendar under General Orders. Calendar No. 225		

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

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

Neil M. Guglielmo

MEETING: OCTOBER 22, 2019
ITEM: IX-C

SUBJECT: **DESIGNATION OF EXECUTIVE OFFICER TO CARRY OUT ALL DUTIES OF GENERAL MANAGER DURING GENERAL MANAGER'S TEMPORARY ABSENCE AND POSSIBLE BOARD ACTION**

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

Recommendation

The Board designate the LACERS Executive Officer to act with the full authority of the General Manager during the General Manager's temporary absence from November 4, 2019 through the earlier of the General Manager's return to full time service with LACERS or May 4, 2020.

Discussion

The General Manager (GM) will be temporarily absent beginning November 4, 2019, with an estimated return to full time service expected on or before May 4, 2020. As authorized under the Los Angeles City Charter (LACC) Section 509, the GM is responsible for administration of the affairs of the department. To avoid any impairment to the administration of the Plan, Member services or other operations, it is recommended that the Board, with authority under LACC Section 512, designate a qualified employee to act with the full authority of the GM during this period of temporary absence.

As the Executive Officer has considerable, direct experience with administration of the Plan and Plan Benefits and demonstrated both the ability and willingness to carry out the duties of the GM, it is therefore recommended that the Board designate the Executive Officer to act with all the authority of the GM during this period. Approval of this recommendation supports LACERS' continued progress on its FY 2019/20 goals, while minimizing disruptions to critical operations and Member services.

Strategic Plan Impact Statement

Designation of the Executive Officer to act with the full authority of the GM during the GM's temporary absence is consistent with the Board's governance goal to "uphold good governance practices which affirm transparency, accountability, and fiduciary duty."

Prepared By: Erin Knight, Executive Administrative Assistant

NMG/AF:ek

Attachments: 1. Resolution

BOARD Meeting: 10/22/19
Item: IX-C
Attachment: 1

DESIGNATION OF EXECUTIVE OFFICER TO CARRY OUT ALL DUTIES OF GENERAL MANAGER DURING GENERAL MANAGER'S TEMPORARY ABSENCE

PROPOSED RESOLUTION

WHEREAS, the LACERS Board of Administration (the Board) is the appointing authority for the LACERS General Manager under Los Angeles City Charter (LACC) Section 1108(b); and

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

WHEREAS, the General Manager shall be temporarily absent and unable to act from from November 4, 2019 through the estimated return date of May 4, 2020; and

WHEREAS, in consideration of the best interests of the department, the General Manager has requested that the Board, pursuant to its authority under LACC Section 512, designate a qualified employee to act with the full authority of the General Manager during this temporary absence; and

WHEREAS, the Board has determined that the Executive Officer has demonstrated the experience and ability to carry out these duties.

NOW, THEREFORE, BE IT RESOLVED that the Board, hereby designates the Executive Officer to act with all the authority of the General Manager during the General Manager's temporary absence from November 4, 2019 through the earlier of the General Manager's return to full time service with LACERS or May 4, 2020.