



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING

TUESDAY, MAY 27, 2025

TIME: 10:00 A.M.

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

An opportunity for the public to address the Board in person from the Boardroom and provide comment on items of interest that are within the subject matter jurisdiction of the Board or on any agenda item will be provided at the beginning of the meeting and before consideration of items on the agenda.

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via YouTube streaming at the following link: [LACERS Livestream](https://www.youtube.com/watch?v=9348).

Disclaimer to Participants

Please be advised that all LACERS Board meetings are recorded.

LACERS Website Address/link:
www.LACERS.org

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board in advance of the meeting may be viewed by clicking on LACERS website at www.LACERS.org, at LACERS' offices, or at the scheduled meeting. In addition, if you would like a copy of a public record related to an item on the agenda, please call (213) 855-9348 or email at lacers.board@lacers.org.

President: Annie Chao
Vice President: Janna Sidley

Commissioners: Thuy Huynh
Elizabeth Lee
Gaylord "Rusty" Roten
Sung Won Sohn
Michael R. Wilkinson

Manager-Secretary: Todd Bouey

Executive Assistant: Ani Ghoukassian

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

Notice to Paid Representatives

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

Request for Services

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

Sign Language Interpreters, Communications Access Real-Time Transcription, Assisted Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, please 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 (800) 779-8328 or RTT (888) 349-3996.

Si requiere servicios de traducción, llámenos tres días (72 horas) antes de la reunión o evento al (800) 779-8328.

For additional information, please contact: Board of Administration Office at (213) 855-9348 and/or email at lacers.board@lacers.org.

[CLICK HERE TO ACCESS BOARD REPORTS](#)

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA
- II. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
- III. RECEIVE AND FILE ITEMS
 - A. [MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR APRIL 2025](#)
 - B. [COMMISSIONER JANNA SIDLEY EDUCATION EVALUATION ON HARVARD KENNEDY SCHOOL INFRASTRUCTURE FINANCING, REGULATION AND MANAGEMENT, CAMBRIDGE, MA; MAY 4-9, 2025](#)
 - C. [ANNUAL CONTRACTOR DISCLOSURE REPORT FOR THE YEAR ENDED DECEMBER 31, 2024](#)
 - D. [VACANCY, RECRUITMENT, AND RETENTION REPORTING IN ACCORDANCE WITH GOVERNMENT CODE SECTION 5302.3](#)
- IV. CONSENT ITEM(S)
 - A. [APPROVAL OF MINUTES FOR THE MEETING OF APRIL 22, 2025 AND POSSIBLE BOARD ACTION](#)
 - B. [APPROVAL OF DISABILITY RETIREMENT APPLICATION OF RAED KAILANY FOR SERVICE-CONNECTED DISABILITY RETIREMENT OF 71% AND POSSIBLE BOARD ACTION](#)
- V. COMMITTEE REPORT(S)
 - A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON MAY 13, 2025
 - B. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON MAY 27, 2025
- VI. BOARD/DEPARTMENT ADMINISTRATION
 - A. [PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2025-26 AND POSSIBLE BOARD ACTION](#)
 - B. [BINDING FIDUCIARY INSURANCE, RESPONSE TO CITY AUDIT REGARDING PURCHASING INSURANCE AS A GROUP AND POSSIBLE BOARD ACTION](#)
- VII. INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT
- B. [PRESENTATION BY TOWNSEND HOLDINGS LLC OF THE PRIVATE REAL ESTATE PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING DECEMBER 31, 2024](#)
- C. [REAL ESTATE FISCAL YEAR 2025-26 STRATEGIC PLAN AND POSSIBLE BOARD ACTION](#)
- D. [ADAPTIVE ASSET ALLOCATION POLICY AND STATUS REPORT AND POSSIBLE BOARD ACTION](#)
- E. [NOTIFICATION OF COMMITMENT OF UP TO \\$40 MILLION IN HG SATURN 4 A L.P.](#)
- F. [NOTIFICATION OF COMMITMENT OF UP TO \\$25 MILLION IN MAVIK REAL ESTATE SPECIAL OPPORTUNITIES VS2, LP](#)
- G. [NOTIFICATION OF AN ADDITIONAL COMMITMENT OF UP TO \\$10 MILLION IN MAYFIELD SELECT III, A DELAWARE LIMITED PARTNERSHIP](#)
- H. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT IN CARLYLE PROPERTY INVESTORS, L.P. AND POSSIBLE BOARD ACTION**

VIII. LEGAL/LITIGATION

- A. **CLOSED SESSION PURSUANT TO SUBDIVISIONS (A) AND (D)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL AND POSSIBLE BOARD ACTION REGARDING PENDING LITIGATION IN THE CASE ENTITLED: INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 18 v. CITY OF LOS ANGELES ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCP02171)**
- B. **CLOSED SESSION PURSUANT TO SUBDIVISIONS (A) AND (D)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL AND POSSIBLE BOARD ACTION REGARDING PENDING LITIGATION IN THE CASE ENTITLED: THOMAS CRAWLEY v. LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCV14282)**

IX. OTHER BUSINESS

- X. **NEXT MEETING:** The next Regular meeting of the Board is scheduled for Tuesday, June 10, 2025, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.

XI. ADJOURNMENT

Agenda of: May 27, 2025

Item No: III-A

**MONTHLY REPORT ON SEMINARS AND CONFERENCES
ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS
(FOR THE MONTH OF APRIL 2025)**

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

BOARD MEMBERS:

Commissioner Thuy Huynh

DATE(S) OF EVENT	SEMINAR / CONFERENCE TITLE	EVENT SPONSOR (ORGANIZATION)	LOCATION (CITY, STATE)
Apr. 28-30, 2025	Public Funds Roundtable	Institutional Investor	Los Angeles, CA

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

Name of Attendee: Janna Sidley	
Title of Conference/Seminar: Infrastructure, finance and regulation	
Location: Harvard, Kennedy School	No. of Education Hours: 35
Trustee Rating: (A-Excellent, B-Very Good, C-Good, D-Not Beneficial) A	Level: (Introductory, Intermediate, or Advanced) Intermediate
Event Sponsor: Kennedy School	Date(s) Held: May 5-9, 2025

Report for:

☒ Travel

☐ Conference/Seminar Attendance Only

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

The course was in person at the Harvard Kennedy School

II. Significant Information Gained:

I learned about the complexity of infrastructure financing. I am now much more skeptical of investing in this arena.

III. Benefits to LACERS:

As the portfolio moves to add additional infrastructure financing, I believe I'm a far better informed commissioner. I can ask more probing questions to better protect LACERS investments.

IV. Additional Comments:

I highly recommend this course.

SUBMIT TO THE LACERS COMMISSION EXECUTIVE ASSISTANT, 977 N. BROADWAY, LOS ANGELES, CA
WITHIN 30 DAYS AFTER ATTENDING THE CONFERENCE/SEMINAR



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION
From: Todd Bouey, Interim General Manager

MEETING: MAY 27, 2025
ITEM: III – C

Todd Bouey

For TB

**SUBJECT: ANNUAL CONTRACTOR DISCLOSURE COMPLIANCE REPORT FOR THE YEAR
ENDED DECEMBER 31, 2024**

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

Recommendation

That the Board receive and file the Annual Contractor Disclosure Compliance Report for the period January 1, 2024, to December 31, 2024.

Executive Summary

On August 13, 2019, the Board adopted the Contractor Disclosure Policy to:

- Provide transparency and confidence in LACERS' decision-making process and ensure that investment and procurement decisions are made solely on the merits of goods or services provided by the Contractors to LACERS; and,
- Enhance contractors' disclosure by requiring periodic reporting of conflicts of interest whether actual, potential, or perceived after the contract is awarded and during their engagement with LACERS.

This policy applies to new agreements entered into by LACERS after the adoption date of August 13, 2019, and to all existing agreements with changes or amendments in contract terms and conditions after the adoption date. Changes in contract terms and conditions include: extension of contract period; increase in contract or commitment amount; and increase in fees and compensation paid to contractors.

Exceptions to this policy include: contracts that are \$20,000 or less with no more than 1 year period; low-cost equipment maintenance agreements of \$2,000 or less; contracts with less than 3 months in duration; and piggy-backed City/State/Federal contracts.

Discussion

LACERS Internal Audit is responsible for reviewing and compiling a Board report that contains contractor-submitted information such as: campaign contributions, other contributions, gifts, list of contacts/meetings, and intermediary's information.

Based on Internal Audit's review and evaluation of contractors' disclosures, no anomalies or improprieties were found.

LACERS achieved 100% compliance from contractors. Internal Audit received all 152 requested disclosure reports for calendar year 2024, as shown in the following table.

FILING TYPE	NO. REQUIRED	NO. RECEIVED
CONTRACTOR DISCLOSURE REPORT REQUESTS	152	152

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

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

Contractors are initially given 45 days from the end of the reporting period to submit their signed reporting forms (with or without information to disclose). If no response is received, additional reminders to comply are sent by both internal audit and the respective contract administrators.

For this reporting period, including the additional time given after the original deadline, contractors had approximately three months from the end of their reporting period to submit the required disclosure reports.

Attachment 1 lists the contractors' contributions, list of contacts/meetings, gifts, and intermediary's information. Attachment 2 pertains to LACERS Contractors' Disclosure Policy.

Prepared By: Colin Tran, Internal Auditor III

TB/CT

Attachments: 1. Contractors' Disclosures Summary
 2. LACERS Contractors' Disclosure Policy

CONTRACTORS DISCLOSURES SUMMARY
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
FOR THE PERIOD JANUARY 1, 2024 TO DECEMBER 31, 2024

BOARD Meeting: 05/27/25
Item III – C
Attachment 1

OUTSTANDING DISCLOSURES					
Account Number	Vendor / Contract Name	Contract Term		Responsible Section	Reason for non-disclosure
		Start Date	Exp. Date		
N/A	None			None	N/A
CAMPAIGN CONTRIBUTIONS					
Contract Number	Vendor / Contract Name	Contract Term		Date of Contribution	Campaign Contribution Information
		Start Date	Exp. Date		
LightBay Investment Partners II	LightBay Capital	1/21/2022	Continuance	12/30/2024	Adam Stein, Partner at LightBay Capital contributed \$350.00 on 12/30/2024 to benefit the re-election campaign of Traci Park, a member of Los Angeles City Council for District 11 (the district in which Adam Stein resides).
OTHER CONTRIBUTIONS					
Contract Number	Vendor / Contract Name	Contract Term		Date of Contribution	Other Contribution Information
		Start Date	Exp. Date		
	None				None

DISCLOSED CONTACTS- 24 MONTH PERIOD PRIOR TO BOARD APPROVAL			
<i>Contract Number</i>	<i>Vendor / Contract Name</i>	<i>Contact Date</i>	<i>Contact Information</i>
RE	Westport Capital. Fund WCP NewCold III, L.P effective 12/20/2024	Multiple	<p>Peter Aronson is a Principal of Westport III GP, LLC, the general partner of WCP NewCold III GP, L.P. Peter Aronson also holds an indirect limited partnership interest in WCP NewCold III GP, L.P.</p> <p>2/8/24 - Michele Aronson (spouse of Peter Aronson) and Hydee Feldstein Soto had a telephone call. Topic was to discuss an upcoming LAPD related dinner where Jordan Kaplan, among others, was being honored.</p> <p>2/10/24 - Peter Aronson and Michele Aronson attended an LAPD related dinner where Hydee Feldstein Soto was seated at the same table. Both Peter Aronson and Michele Aronson greeted and spoke to Ms. Feldstein Soto at the dinner.</p> <p>Angela Nadler has periodically corresponded with Annie Chao, President of the LACERS Board of Administration. However, these communications were related to Ms. Chao's duties as an Investment Officer for Los Angeles Fire and Police Pensions.</p> <p>Wesport Capital communicated with Investment Officers at LACERS throughout the year through email and presentations.</p>
DISCLOSED GIFTS			
<i>Contract Number</i>	<i>Vendor / Contract Name</i>	<i>Gift Date</i>	<i>Gift Information</i>
Real Estate Consulting Services	The Townsend Group effective 01/01/2023	11/14/2024	Gift received by Felix Fels, Associate Partner, of "The Townsend Group" from the "CIM Group" in the amount of \$30.

INTERMEDIARY INFORMATION

Contract Number	Vendor / Contract Name	Intermediary Name	Compensation	Disclosure Date	Notes
PE	Arsenal Capital Partners, effective December 10, 2021	Ms. Patricia Grad is a Partner and the Head of Investor Relations of Arsenal.	Compensation are salary and discretionary bonus.	3/20/2025	Ms. Grad receives a base salary for her full time role as head of investor relations at Arsenal, and from time to time may receive a bonus. None of her compensation is related to any specific investor, including LACERS.
PE	Auldbress Partners, effective July 7, 2022	Auldbress Partners entered into a placement agreement with Aviditi Financial LLC.	Auldbress pays a compensation fee of 2% of the commitment amount.	3/18/2025	Aviditi assists with fund raising for Auldbress Partners by introducing potential investors to Auldbress partners.
RE	Cerberus Institutional Real Estate Partners V, LP, effective 09/14/2020	Greg Gordon is the Senior Managing Director of Cerberus Capital Management, LP. He is an employee of Cerberus Capital Management LP.	As an employee, Mr. Gordon receives an annual salary and discretionary bonus.	1/30/2025	Mr. Gordon helps to discuss with potential clients the opportunity to invest in Cerberus' new funds.

INTERMEDIARY INFORMATION (Cont.)

Contract Number	Vendor / Contract Name	Intermediary Name	Compensation	Disclosure Date	Notes
PE	Clearlake Capital Group, LP, effective 12/10/2019 for Fund VI and 09/17/2021 for Fund VII and 12/4/2023 for Fund VIII	Credit Suisse Private Fund Group (the PFG), acting through Credit Suisse Securities USA LLC (CS), has been engaged by Clearlake as the Company's non-exclusive advisor and non-exclusive placement agents.	CS is compensated with a non-refundable cash retainer and a scaled fee based on a percentage of certain aggregate principal amount of securities sold to certain investors.	3/6/2025	CS acted as non-exclusive advisor and non-exclusive placement agent for Fund VI and Fund VII as well as the Firm's previous funds Fund V and Opportunities Partners II.
PE	CVC Capital Partners/ CVC Capital Partners VIII, effective on May 22, 2020	Robert Squire, Zach Weiss and Dimia Fogam are employed by CVC Funding which acts as distributor of CVC Capital Partners. They help manage current and prospective investors.	Investments with LACERS may be a factor in calculating their bonuses, however this bonus is discretionary and is not charged to LACERS or the Fund.	2/26/2025	Contractor reported that they do not compensate non-CVC placement agents. Robert Squire and Dimia Fogam are their distributor's employees and are part of CVC's Investor Relations Team.
RE	GLP Capital Partners IV, effective 03/30/2021	PJT Park Hill (placement agent) operates as the alternative asset advisory and fundraising services practice group of PJT Partners, an SEC registered broker-dealer.	Paid a fee based on a percentage of interests raised.	2/28/2025	The intermediary is a placement agent utilized for all clients of GLP Partners. GCP Capital Partners IV is a closed fund, the Contractor works with the intermediary during capital raising for funds.

INTERMEDIARY INFORMATION (Cont.)

Contract Number	Vendor / Contract Name	Intermediary Name	Compensation	Disclosure Date	Notes
PE	HarbourVest Partners Co-Investment Fund VI. effective 08/31/2021	Teri Noble is an in-house employee of HarbourVest Partners, an SEC registered investment adviser.	Base salary and discretionary bonus.	3/3/2025	Teri Noble markets HarbourVest products and services to institutional investors, including LACERS.
PE	Fortress Investment Group (Fund V), contract was effective August 31, 2020	Fortress Capital Formation, LLC	Base salary and discretionary bonus.	2/13/2025	Contractor reported that it relies on its employees thru Fortress Capital Formation, LLC to sell interests in investment vehicles managed by Fortress. Fortress personnel who are dedicated to raising capital are compensated for doing so. However no payments or reimbursements are contingent upon LACERS' investing in Fortress Fund.

INTERMEDIARY INFORMATION (Cont.)

Contract Number	Vendor / Contract Name	Intermediary Name	Compensation	Disclosure Date	Notes
PE	Harvest Partners IX, effective December 15, 2021	The Credit Suisse Private Fund Group (PFG) acts as the primary placement agent for HP VIII and HP IX.	Credit Suisse is compensated with a fee based on a percentage of a certain aggregate principal amount of securities of Harvest.	3/4/2025	Credit Suisse was not directly involved in soliciting an investment from LACERS.
PE	Hellman & Friedman Capital Partners X, effective May 5, 2021	Ms. Susanna Daniels, Ms. Catie Barile and Ms. Sara Ho (Morgan) and Mr. Adam Laursen are employees or Partners of Hellman & Friedman LLC.	Compensation are salary and discretionary bonus or, in the case of a Partner, a share of the net profits of the Firm in addition to other customary benefits.	3/3/2025	None of the intermediaries is compensated nor has the firm agreed to compensate (whether on commission, contingent percentage or other similar basis) specifically in connection with any investment or potential investment by LACERS in Hellman & Friedman.

INTERMEDIARY INFORMATION (Cont.)

Contract Number	Vendor / Contract Name	Intermediary Name	Compensation	Disclosure Date	Notes
PE	KPS Capital Partners, effective October 10, 2019	The intermediary, Shavonne Correia, is a full time employee of KPS. She serves as the Head of Investor Relations & Marketing and is a registered lobbyist in the State of California.	Compensation is not based on the procurement of any investment or business with LACERS.	2/26/2025	Ms. Correia helps to discuss with potential clients the opportunity to invest in KPS funds.
PE	Lightbay Management LLC, effective January 31, 2022	UBS Securities LLC (UBS) has been engaged as the placement agent for Lightbay Investment Partners II, LP.	UBS is paid a market-based fee based on capital raised for the Fund. However, this cost is borne by the General Partner as an offset against Management fee or otherwise.	1/23/2025	UBS assists in the preparation of confidential private placement memorandum and supplements and amendments thereto together with an investor presentation describing the Company and the Fund.

INTERMEDIARY INFORMATION (Cont.)

Contract Number	Vendor / Contract Name	Intermediary Name	Compensation	Disclosure Date	Notes
RE	Northbridge Partners effective February 10, 2023	PMP is not registered as a lobbyist with the City of Los Angeles or any state or national government and is registered with the SEC and FINRA.	PMP will be paid a placement fee equal to 2.0% of the total equity committed to the Fund from new investors. A portion of the fee is paid at closing, with the remainder paid over 10 calendar quarters. All fees are paid in cash.	2/14/2025	NorthBridge has engaged Park Madison Partners ("PMP") to assist with raising capital from institutional investors.
PE	OceanSound Partners Fund, LP, contract was effective 06/02/2020	Harris Williams is a broker/dealer registered with the SEC and a member of FINRA. Their CRD#113930 and SixPoint Partners, LLC, a Placement Agent.	Subject to the customary carve-outs for certain public plans that prohibit the use or payment to placement agents, Sixpoint earns 1% on all capital commitments and/or investments accepted by the Fund.	03/07/2025	Harris Williams worked with LACERS consultant/contractor Aksia, specifically Kyson Hawkins and Charles Pender. Sixpoint provides several advisory and fundraising services and is utilized with all prospective clients, except in certain limited circumstances or for entities that prohibit payment of fees to placement agents.

INTERMEDIARY INFORMATION (Cont.)

Contract Number	Vendor / Contract Name	Intermediary Name	Compensation	Disclosure Date	Notes
Non-US Equity	State Street Global Advisors Trust Company (Multi Passive Index), effective 06/01/2021	Ms. Sonya Park is an internal employee of SSGA and not a third party placement agent or intermediary. A registered lobbyist in the State of California.	Paid a base salary plus an annual discretionary bonus.	2/18/2025	Bonus is not paid based upon activity from any one client.
PE	Technology Crossover Ventures (TCV), Fund XI was effective 10/02/2020 and Fund XII was effective 06/13/2022	Julia Novaes Roux is Partner and Head of Investor Relations at TCV.	Paid a salary and bonus from TCV and holds interests in certain investment funds, all of which is not dependent on LACERS decision to invest with TCV.	3/20/2025	No compensation is specifically allocable to time spent on LACERS investments.
PE	Silver Point Specialty Credit. Fund Silver Point Specialty Credit III was effective 11/12/2024	Matthew Chilewich is a full-time employee of Silver Point Capital, L.P. ("Silver Point").	He receives a salary and discretionary bonus. He does not receive compensation that is contingent on any investment allocation.	4/7/2025	Compensation attributable to time spent marketing to LACERS in the reporting period is approximately \$865.
RE	Westport Capital. Fund WCP NewCold III, L.P was effective 12/20/2025	Ms. Nadler is an employee of WCP operating company LLC an affiliate of the investment manager, westport capital partner II L.P.	He receives a salary and discretionary bonus. He does not receive compensation that is contingent on any investment allocation.	4/7/2025	None of the intermediaries is compensated nor has the firm agreed to compensate (whether on commission, contingent percentage or other similar basis).

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

CONTRACTOR DISCLOSURE REPORTING POLICY

A. PURPOSE

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

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

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

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

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

B. APPLICATION AND EXCLUSIONS

1. APPLICATION

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

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

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

2. EXCLUSIONS

The following contracts are excluded from this Policy:

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

C. CAMPAIGN CONTRIBUTION - PERIODIC DISCLOSURE

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

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

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

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

Los Angeles City Employees' Retirement System

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

D. OTHER CONTRIBUTIONS/PAYMENTS - PERIODIC DISCLOSURE

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

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

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

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

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

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

E. APPLICABILITY OF SECTIONS C AND D

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

Los Angeles City Employees' Retirement System

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

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

F. GIFTS - PERIODIC DISCLOSURE

1. GIFTS MADE BY CONTRACTORS

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

For each such Gift, the Contractor shall disclose:

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

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

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2. FINANCIAL INCENTIVES AND GIFTS RECEIVED BY INVESTMENT CONSULTANTS

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

For each such Gift, the Investment Consultant shall disclose:

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

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

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

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

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

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

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G. RESPONSIBILITIES

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

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

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

Los Angeles City Employees' Retirement System
Internal Audit Section
P O Box 512218
Los Angeles, CA 90051-0218
Office: 800-779-8328
Email address: Auditor@LACERS.org

The Contractor Disclosure of all contacts, monetary contributions, other financial benefits, and/or Gifts, as required pursuant to this Disclosure Policy, is due 45 calendar days after June 30th or December 31st of each year, as applicable. For any questions or to request an electronic copy of the reporting form, please email Auditor@lacers.org.

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

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

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

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

H. PENALTIES

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

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

I. NO RIGHT OF CONFIDENTIALITY

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

REVIEW

This policy shall be reviewed every 3 years.

See APPENDIX A – DEFINITIONS

ADOPTED: 8/13/19

Los Angeles City Employees' Retirement System

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

APPENDIX A – DEFINITIONS

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

Applicable City Employee

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

Appointed Official

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

Candidate

A person who has filed to run for an Elected Office

City

The City of Los Angeles

Consultant

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

Contractor

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

Contractor Disclosure

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

Elected Official or Office

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

Family Member

The spouse or domestic partner of a Contractor or Intermediary.

Financial Benefits

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

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

Gift

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

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

Intermediary

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

Investment Consultant

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

LACERS

Los Angeles City Employees' Retirement System

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The Los Angeles City Employees' Retirement System.

Officers

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

Undue Influence

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



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION
From: Todd Bouey, Interim General Manager

MEETING: MAY 27, 2025
ITEM: III-D

Todd Bouey For TB

**SUBJECT: VACANCY, RECRUITMENT, AND RETENTION REPORTING IN ACCORDANCE WITH
GOVERNMENT CODE SECTION 3502.3**

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

Recommendation

That the Board receive and file report on the status of vacancies, recruitment, and retention efforts prior to the adoption of the 2025-26 Budget of the Los Angeles City Employees' Retirement System (LACERS), in accordance with California Government Code Section 3502.3.

Executive Summary

Newly enacted California Government Code 3502.3, relating to public employment requires public agencies to present the status of vacancies, recruitment and retention efforts during a public hearing before the governing board at least once per fiscal year and must be made prior to the adoption of the final budget. Recognized employee organizations are entitled to make a presentation at the public hearing at which the public agencies present the status of vacancies, recruitment and retention efforts for positions within their bargaining unit. The Office of the City Administrative Officer recently notified LACERS about this new requirement, with this being the first year the information is being reported separately to the Board.

Discussion

Provided for the Board's review is a list of vacancies within LACERS, by Memorandum of Understanding (MOU) for each of the City's recognized employee labor organizations. This list of vacancies reflects data as of May 18, 2025, with LACERS having an average vacancy rate of approximately 11.45 percent.

Section 3502.3 states if the number of job vacancies within a single bargaining unit exceeds 20 percent of the total number of authorized positions, that the recognized employee organization may request information relating to the total number of job vacancies within the bargaining unit, total number of applicants for vacant positions within the bargaining unit, average number of days to complete the hiring process from when a position is posted, and opportunities to improve compensation and working conditions. LACERS Human Resources (HR) will be able to provide the information listed above should it be requested by recognized employee organizations that meet the vacancy rate threshold.

The following table lists the bargaining units that exceed a 20 percent vacancy rate:

Bargaining Unit	Filled	Open	Percent Vacant
MOU 08: Professional Engineering and Scientific <ul style="list-style-type: none">Programmer/Analyst III	1	2	66.67%
MOU 17: Supervisory Professional Engineering and Scientific <ul style="list-style-type: none">Senior Cyber Security Analyst II	-	1	100.00%
MOU 21: Technical <ul style="list-style-type: none">Systems Administrator II	3	1	25.00%

The main challenge that LACERS faces with employee retention is the transfer of staff to the Department of Water and Power (DWP). This is primarily due to the 5-step salary range schedule used specifically by DWP and higher compensation for comparable classifications. The remaining City workforce (non-DWP) are placed on a 12-step salary schedule.

Currently, LACERS' vacancies in the member-facing classifications have been advertised as transfer opportunities to provide existing City employees with the opportunity to move to LACERS, a semi-proprietary department, affording greater immunity from the effects of potential City layoffs. The 2025-26 Mayor's Proposed Budget called for the elimination of positions (1,647 filled), given the City's current financial challenges. At its meeting held on May 16, 2025, the Budget and Finance Committee discussed the Chief Legislative Analyst's (CLA) report on the recommended changes to the 2025-26 Proposed Budget, which included position restorations and transfers to Proprietary departments thereby reducing the total number of Citywide layoffs by 1,000, with options to reduce it even further. The 2025-26 Proposed Budget was considered by City Council on May 21, 2025. LACERS will report on the most current status at the Board meeting.

Should there be any additional information requested by the Board, LACERS HR is available to present any updates during future scheduled meetings.

Prepared By: Kevin Hirose, Senior Personnel Analyst II

TB/DWN/KH

Attachment 1: LACERS Vacancies by Bargaining Unit

LACERS Vacancies by Bargaining Unit
as of May 18, 2025

Board Meeting: 05/27/25

Item: III-D

Attachment: 1

Bargaining Unit	Authorized Positions*			
	Filled	Open	Total	Percent Vacant
MOU 00: Non-Represented - General Managers	1	-	1	0.00%
MOU 01: Administrative	46	8	54	14.81%
MOU 03: Clerical	44	3	47	6.38%
MOU 08: Professional Engineering and Scientific	1	2	3	66.67%
MOU 17: Supervisory Professional Engineering and Scientific	-	1	1	100.00%
MOU 20: Supervisory Administrative	90	9	99	9.09%
MOU 21: Technical	3	1	4	25.00%
MOU 36: Management Employees	10	2	12	16.67%
MOU 37: Executive Administrative Assistants	3	-	3	0.00%
MOU 63: Personnel Director	1	-	1	0.00%
MOU 64: Confidential Senior Personnel Analyst	2	-	2	0.00%
Total	201	26	227	
Average Vacancy Rate by MOU				11.45%

*Authorized Positions includes regular and substitute authority positions as part of the 2024-25 Adopted Budget.

* Count does not include one unfunded Cyber Security Analyst II.

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

April 22, 2025

10:04 a.m.

PRESENT:	President:	Annie Chao
	Vice President:	Janna Sidley
	Commissioners:	Thuy Huynh Elizabeth Lee Gaylord "Rusty" Roten Sung Won Sohn Michael R. Wilkinson
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Todd Bouey
	Executive Assistant:	Ani Ghoukassian

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – President Chao asked if any persons wanted to make a general public comment to which there were no public comment cards received.

II

GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Todd Bouey, Interim General Manager, advised the Board of the following items:

- City Budget
- Operational Contingency Plan on Layoffs
- City Parking and Transit Program
- Employee Transfers to DWP
- Retired Member Election
- Benefit Operations update

B. UPCOMING AGENDA ITEMS – Todd Bouey, Interim General Manager, advised the Board of the following items:

- Board Meeting on May 13, 2025: No Administrative reports at this time. Contract Amendment with QTC Disability Medical Evaluation Services.

III

RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR MARCH 2025 – This report was received by the Board and filed.

Commissioner Lee moved approval of Consent Agenda Items IV-A and IV-B and seconded by Vice President Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sohn, Wilkinson, Vice President Sidley, and President Chao -7; Nays, None.

IV

CONSENT ITEM(S)

A. APPROVAL OF MINUTES FOR THE MEETING OF MARCH 25, 2025 AND POSSIBLE BOARD ACTION

B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF MARK MOODY FOR SERVICE-CONNECTED DISABILITY RETIREMENT OF 71% AND POSSIBLE BOARD ACTION

APPROVAL OF SERVICE-CONNECTED DISABILITY RETIREMENT BENEFIT FOR MARK MOODY

RESOLUTION 250422-A

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

WHEREAS, Physicians 1, 2, and 3 examined and concluded Mark Moody is unable to perform his usual and customary duties as an Airport Police Officer III with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that the clear and convincing evidence demonstrates that the discharge of Mark Moody's duties as an Airport Police Officer III is the predominant cause of the incapacity pursuant to the definition in Los Angeles Administrative Code § 4.1008.1(b), and he is not capable of performing his duties as an Airport Police Officer III;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the Officer's intemperance or willful misconduct;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Service-Connected Disability Retirement benefit for Mark Moody of 71% of his Final Average Compensation based upon his claimed disabling conditions.

V

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON APRIL 8, 2025 – Commissioner Huynh stated the Committee approved the Private Credit Program Benchmark.

VI

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Wilkin Ly, Investment Officer III, reported on the portfolio value of \$23.6 billion as of April 21, 2025; and Volatility Index at 31. Wilkin Ly discussed the following items:
- No significant market value changes to report for China Technology, Israel, Ukraine, and Russia.
 - Tariff delay was announced on April 9th, which provided a 90-day reprieve for countries that had not retaliated against the U.S.
 - Commentary on the volatile markets: Baseline tariff of 10% remained in effect for most countries, while China faced an increase to 145% due to its retaliatory measures. The pause hopefully aims to facilitate negotiations and help level set expectations with the United States.
 - Recognition of Commissioner Sohn being named as one of the most accurate economic forecasters in the April 17, 2025 edition of the Wall Street Journal.
- B. PRESENTATION BY NEPC, LLC REGARDING ASSET ALLOCATION IMPLEMENTATION AND POSSIBLE BOARD ACTION – Kevin Novak, Principal, and Rose Dean, Partner, with NEPC LLC, presented and discussed this item with the Board for 30 minutes. This report was received by the Board and filed. No action was taken on this item.

VII

President Chao recessed the Regular meeting at 10:56 a.m. to convene in closed session.

LEGAL/LITIGATION

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(A) AND (D)(4) TO CONFER WITH AND RECEIVE ADVICE FROM LEGAL COUNSEL AND POSSIBLE BOARD ACTION REGARDING PENDING LITIGATION IN THE CASE ENTITLED LACERA V. COUNTY OF LOS ANGELES (CASE NO. S286264)**

President Chao reconvened the Regular meeting at 11:18 a.m. with nothing to report.

VIII

OTHER BUSINESS – There was no other business.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, May 13, 2025, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012.

X

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the meeting at 11:19 a.m.

Annie Chao
President

Todd Bouey
Manager-Secretary



REPORT TO BOARD OF ADMINISTRATION

From: Isaias Cantu, Chief Benefits Analyst *IC*

MEETING: MAY 27, 2025

ITEM: IV-B

SUBJECT: APPROVAL OF DISABILITY RETIREMENT APPLICATION OF RAED KAILANY FOR SERVICE-CONNECTED DISABILITY RETIREMENT OF 71% AND POSSIBLE BOARD ACTION

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

Recommendation

That it be the finding of the Board that:

1. Raed Kailany is incapable of performing the duties of a Municipal Police Officer; and,
2. There is clear and convincing evidence that demonstrates the discharge of Raed Kailany's duties as a Municipal Police Officer is the predominant cause of the incapacity; and,
3. That Raed Kailany be granted a Service-Connected Disability Retirement, with a rating of 71%, based on his claimed disabling conditions, the supporting medical evidence contained in the administrative record, which includes reports by three licensed, practicing physicians; and,
4. That Raed Kailany be permanently excluded from future re-examination.

Background

Raed Kailany (Officer) is a Municipal Police Officer in the Los Angeles Police Department with 18.21625 years of City Service. The Officer applied for a Service-Connected Disability Retirement on October 10, 2023.

The Officer's last day on active payroll was April 26, 2022. If approved, the Officer's retirement effective date will be April 27, 2022.

Accommodation

Because Physicians 1 and 2 opined the Officer could return to work with accommodations, the employing department was contacted. The department indicated it is unable to accommodate the cited restrictions.

Basis for Disability Rating Recommendation

Disability Type: Service-Connected
Percentage: 71%
Limitations: Limitations fall within the "Serious" category

Fiscal Impact

Upon approval, the Officer will receive a Service-Connected Disability Retirement allowance of approximately \$6,598.00 per month, which is equal to 71% of his Final Compensation, and a retroactive payment covering 38 months of approximately \$250,731.00.

Prepared By: Carol Rembert, Benefits Analyst, Retirement Services Division
Susann Hernandez, Sr. Benefits Analyst I, Retirement Services Division

IC/SH:cr

Attachment 1: Proposed Resolution

**APPROVAL OF SERVICE-CONNECTED DISABILITY RETIREMENT
BENEFIT FOR RAED KAILANY**

PROPOSED RESOLUTION

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

WHEREAS, Physicians 1, 2, and 3 examined and concluded Raed Kailany is unable to perform his usual and customary duties as a Municipal Police Officer with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that the clear and convincing evidence demonstrates that the discharge of Raed Kailany's duties as a Municipal Police Officer is the predominant cause of the incapacity pursuant to the definition in Los Angeles Administrative Code § 4.1008.2(b) and he is not capable of performing his duties as a Municipal Police Officer;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the Officer's intemperance or willful misconduct;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Service-Connected Disability Retirement benefit for Raed Kailany of 71% of his Final Average Compensation based upon his claimed disabling condition.



REPORT TO BOARD OF ADMINISTRATION
From: Todd Bouey, Interim General Manager

MEETING: MAY 27, 2025
ITEM: VI – A

SUBJECT: PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2025-26 AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board:

1. Adopt the Proposed Budget, Personnel, and Annual Resolutions for Fiscal Year 2025-26 (FY26); and,
2. Authorize the Interim General Manager to make technical corrections to the budget, including the update of the Final City Contribution based on the Adopted City covered payroll.

Executive Summary

The FY26 Administrative Expense Budget presented for approval is \$51.9 million, with a minor increase of \$113,015 over the March proposed Preliminary Budget (Preliminary Budget) presented to the Board on March 25, 2025, an overall increase of \$4.6 million, or 9.7%, over the prior year base budget.

The position authority count has remained the same since the last proposal to the Board: 195 regular and 33 substitute authorities. The Proposed Budget includes obligatory costs totaling approximately \$6 million, which primarily consist of increases to employee salaries and benefits.

	FY26	FY25	\$ change	% change
Personnel Services	\$ 40,472,821	\$ 35,854,473	\$ 4,618,348	12.9
Professional Services	7,177,350	6,884,989	292,361	4.2
Information Technology	2,481,074	2,851,482	(370,408)	(13.0)
Education/Training/Travel	377,285	357,595	19,690	5.5
Office Expenses	1,431,150	1,390,398	40,752	2.9

Total Administrative Expense	\$ 51,939,680	\$ 47,338,937	\$ 4,600,743	9.7
Regular Position Authorities	195	195	-	-

The FY26 City Contribution is revised to \$831.3 million based on the Mayor's Proposed Budget, a \$13.0 million decrease over the March proposed Preliminary Budget. Upon the Mayor and City Council's adoption of the Final City Budget in June, the City Contribution will be adjusted accordingly.

	FY26	FY25	\$ change	% change
City Contribution	\$ 831,266,249*	\$ 850,400,480	\$ (19,134,231)	(2.3)
Investment Management Fee & Expense	\$ 157,178,340	\$ 141,190,690	\$ 15,987,650	11.3
Administrative Expense	\$ 51,939,680	\$ 47,338,937	\$ 4,600,743	9.7

An Asterisk (*) denotes the estimated amount.

Discussion

Detailed discussion of the proposed budget is provided in the attached report. The table below summarizes changes between the Preliminary Budget and the May Proposed budget.

	FY26 May Proposed Budget	FY26 March Preliminary Budget	\$ change	% change
Personnel Services	\$ 40,472,821	\$ 40,465,821	\$ 7,000	-
Professional Services	7,177,350	7,177,350	-	-
Information Technology	2,481,074	2,445,574	35,500	1.5
Education/Training/Travel	377,285	377,285	-	-
Office Expenses	1,431,150	1,360,635	70,515	5.2
Total Administrative Expense	\$ 51,939,680	\$ 51,826,665	\$ 113,015	0.2

Highlights of changes from the Preliminary Budget to the May Proposed Budget for adoption include:

Administrative Expense Budget

- Personnel Services – net increase of \$7,000
 - Employee benefits increase due to a reduction in the retirement contribution true-up adjustments.
- Information Technology – net increase of \$35,500

- Software upgrade to the Amazon Connect Voicemail feature utilized by the Member Service Center to maintain support for product at end-of-life.
- Office Expenses – net increase of \$70,515
 - Membership Dues and Subscriptions increase for the annual membership as notified by the National Conference of Public Employee Retirement Systems and the Government Finance Officers Association.
 - Board Member Election Expense increase of \$70,000 for an upcoming Employee Member election for the fiscal year.

Prepared by the Administration Division and Budget Team: Edwin Avanesian, Andy Chiu, Chhintana Kurimoto, Lisa Li, Lin Lin, Kevin Hirose, Dianne Sunico, Marcel Nguyen, and Jo Ann Peralta. In collaboration, and with special thanks to Department senior managers for the thought and leadership that went into this budget.

TB/EA/LL/CK

Attachments: 1. LACERS Performance Budget Report for Fiscal Year 2025-26
 2. Proposed Budget, Personnel, and Annual Resolutions for Fiscal Year 2025-26

BOARD Meeting: 5/27/25

Item: VI - A

Attachment 1



LACERS PERFORMANCE BUDGET

Board Presentation of May 27, 2025

TABLE OF CONTENTS

- 01 Introduction
- 02 Budget Overview
- 03 Administrative Expenses
- 09 Annual Business Plan
- 25 Capital Expense Budget
- 26 City Contributions
- 28 Investment Management Fees
and Expenses



On June 25, 2024, LACERS adopted a new strategic plan setting the course for the future with focus on three priorities that are essential to the continued strength and sustainability of LACERS:

1. Improving the Member Experience
2. Achieving Fiscal Resiliency
3. Advancing a High Performing Workforce

Recognizing the City's financial constraints, this year's budget proposal reflects a careful balance between advancing key priorities and maintaining essential operations while aligning with our strategic plan. Funding for the coming year has been strategically allocated to sustain existing operations, with a strong focus on honing benefits delivery. Notably, with the City's agreement for additional support with the Human Resources and Payroll (HRP) system concluding in the fiscal year-end 2024-25, it is imperative that LACERS remain vigilant and proactive in identifying and resolving any issues that arise. While staffing levels will remain the same this fiscal year, there is continued commitment to investing in LACERS employees. LACERS will continue to improve new employee orientation and enhance the Learning Management System (LMS) to support and encourage career development. Otherwise, focus will remain on a number of projects and initiatives already underway including implementation of Measure FF, the City Charter amendment allowing certain peace officers to transfer their pension plan to the Los Angeles Fire and Police Pension (LAFPP) plan, as well as the actuarial experience study and audit.

The FY26 Business Plan primarily supports ongoing initiatives, including the Governance initiative, the Central Data Repository to house data and enhance reporting, and the LACERS Business Continuity Plan, so that LACERS is properly equipped and trained to continue operations under emergency circumstances. One new initiative, Workflow Process Improvements, has been added.

The budget aligns with LACERS' mission, vision, and strategic goals. LACERS is dedicated to maintaining our high standards of service to Members while advancing financially sound investments.

	FY26	FY25	CHANGE	% CHANGE
City Contribution	\$ 831,266,249	\$ 850,400,480	\$ (19,134,231)	(2.3)
Investment Management Fees & Expenses	\$ 157,178,340	\$ 141,191,690	\$ 15,987,650	11.3
Administrative Expenses	\$ 51,939,680	\$ 47,338,937	\$ 4,600,743	9.7
Health Care Fund Administrative Expense	\$ 1,033,000	\$ 1,032,000	\$ 1,000	0.1
Regular Position Authorities	195	195	0	0

BUDGET OVERVIEW

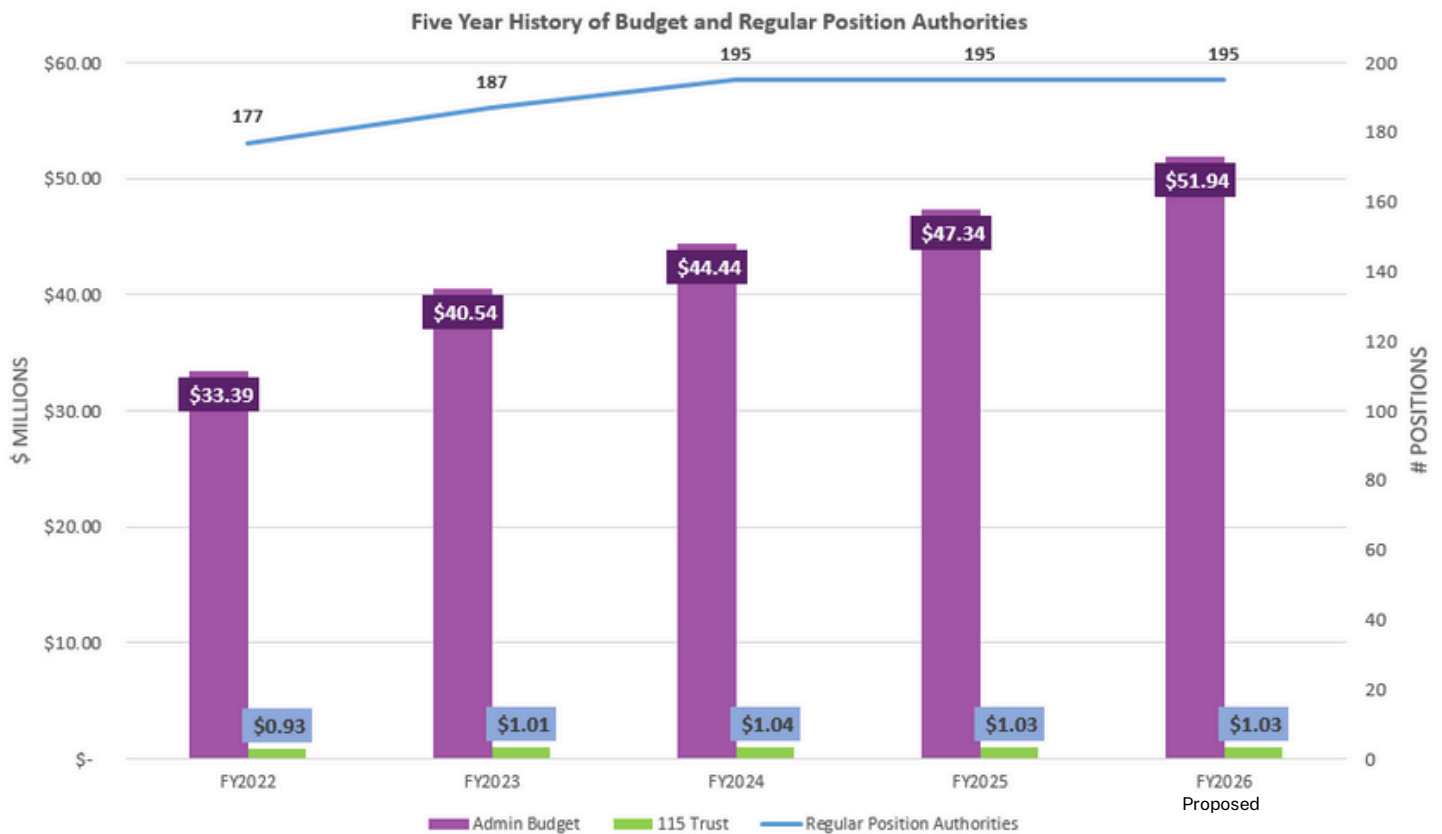
The LACERS Board approves an annual budget that estimates the cost of maintaining the Retirement System. LACERS' transmits its budget to the Mayor for inclusion in the City's proposed budget, which is due to the City Council by April 20 and finalized by June for the fiscal year beginning July 1st. The Board's approval of the Administrative and Investment Expense budget establishes the General Manager's expenditure authority for the fiscal year.

LACERS' budget is comprised of the Administrative Expense Budget, the Health Care Fund Budget ("115 Trust"), the Investment Management Fees and Expenses Budget, and the City's contribution to the LACERS Retirement Trust Fund and 115 Trust Fund. Key decisions made by the Board throughout the year will determine certain aspects of the budget. This includes the adoption of the actuarial valuation in November which sets the annual contribution rate (a percentage of City payroll) that the City will provide to LACERS to fund the retirement benefits for City employees. The Board approves asset allocations and investment contracts which set fee rates used to establish the Investment Management Fee Budget. The Board also considers programs and annual business plan initiatives to fund for the coming fiscal years reflected in the Administrative Expense Budget.

An overview of the major components of the LACERS' budget, with the Board's discretionary decisions is reflected as follows:

CITY CONTRIBUTION	=	CONTRIBUTION RATE Adopted in LACERS Valuation	x	CITY'S COVERED PAYROLL As Adopted by City Council
MEMBER CONTRIBUTIONS	=	MEMBER CONTRIBUTION RATE (currently at 11% for both Tier 1 and Tier 3)	x	MEMBER'S PENSIONABLE SALARY
INVESTMENT MANAGEMENT FEES	=	ASSET MANAGEMENT FEES Established in LACERS-Approved Investment Contracts	+	ASSUMED MARKET VALUE OF ASSETS Based on Capital Market Assumptions
ADMINISTRATIVE EXPENSE	=	OBLIGATORY CHANGES Salary Increases, Cost-of-Living Increases, Retirement & Benefit Costs, Legal Fees	+	APPROVED DISCRETIONARY CHANGES New Positions, Programs & Initiatives, Service Enhancements, Salary Savings Rate
HEALTH CARE FUND ADMINISTRATIVE EXPENSE	=	OBLIGATORY CHANGES Approved Third-Party Administrator, Audit Contract Fees	+	APPROVED DISCRETIONARY CHANGES Program Enhancements
BENEFIT PAYMENTS	=	RETIREMENT AND HEALTH BENEFITS, REFUNDS OF CONTRIBUTIONS Upon Member Request and Eligibility	+	ANNUAL RETIREE COLA, HEALTH PREMIUM SUBSIDY RATES Board Adopted and/or per statutes

ADMINISTRATIVE EXPENSE BUDGET



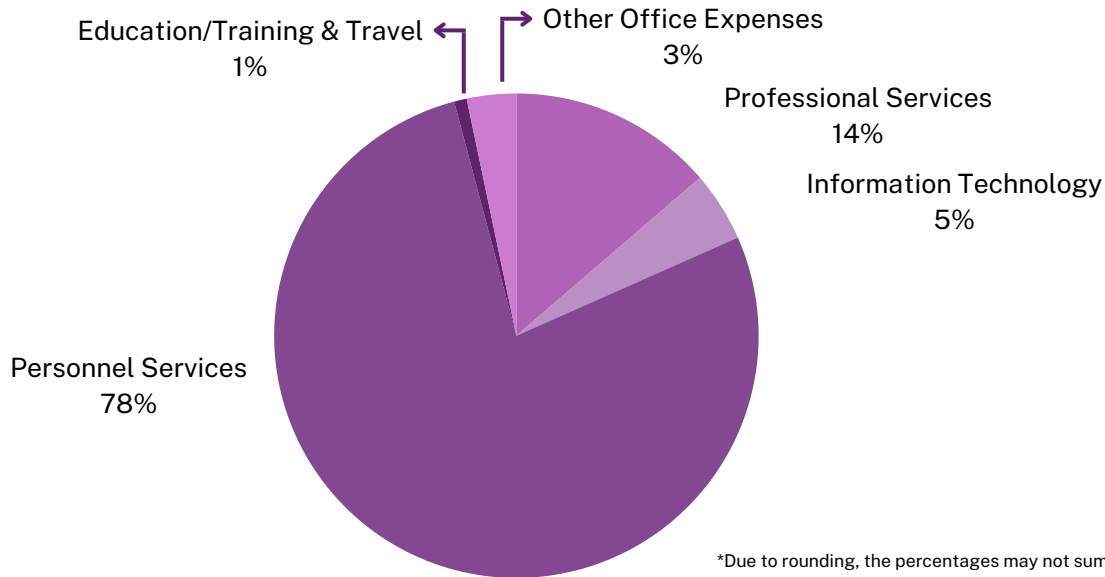
The Administrative Expense Budget of \$51.94 million reflects a net increase of \$4.60 million, or 9.7% over the FY25 base budget. Obligatory changes to the budget account for \$5.98 million in increases over the FY25 adopted budget. This includes \$0.74 million in salary rate increases and excess leave pay due to the latest labor union negotiations, \$1.1 million for cost of living adjustments, and \$2.07 million for the restoration of salary savings (See Summary of Changes table, [page 4](#)). Obligatory costs are partially offset by the adoption of an 5% salary savings rate equivalent to \$1.37 million, and \$0.6 million in one-time and various expense reductions. The Budget invests \$0.47 million in core services and three ongoing Business Plan Initiatives (BPI) and one new initiative: Governance Initiative, Central Data Repository, Business Continuity Plan, and Workflow Process Improvements (See 2025-26 Annual Business Plan, starting on [page 9](#)). Additionally, the Budget dedicates \$0.12 million to enhanced services that support organizational efficiencies.

SUMMARY OF CHANGES



Category	Item	Dollars	Positions	
			Regular	Substitute
2024-25 Adopted Budget		\$ 47,338,937	195	33
Obligatory Changes		5,982,520	-	-
	Cost-of-Living Adjustment	1,096,559	-	-
	Restoration of Salary Savings	2,065,777		
	Salary Rate Increases, Turnover, Excess Leave Pay	736,644	-	-
	Part-Time Salaries	198,871	-	-
	LACERS' Employer Share of Retirement Contributions	1,207,000	-	-
	LACERS' Share of Employee Benefits	652,669	-	-
	LACERS' Share of City Attorney and Outside Legal Counsel	25,000	-	-
Deletion of One-Time Funding		(438,816)	-	-
	Deletion of Funding for One-Time Services, Expenses, & Equipment	(438,816)	-	-
Efficiencies to Services		(1,540,877)	-	-
	Salary Savings Rate Adjustment [5%]	(1,366,107)	-	-
	Expense Account Savings	(174,770)	-	-
Continuation of Services		473,321	-	-
	Investment Program Expenses	33,250	-	-
	Benefits Administration Expenses	72,602	-	-
	General Administration & Support Expenses	367,469	-	-
New/Enhanced Services		124,595	-	-
	New Software Installation	124,595	-	-
			-	-
Total Changes		\$ 4,600,743	-	-
2025-26 Proposed Budget		\$ 51,939,680	195	33

FY26 ALLOCATION OF EXPENSES



This budget year maintains the level of Personnel resources, however obligatory personnel costs have increased mainly due to the labor union agreements increasing salaries and benefits, in addition to the reduction in the salary savings rate.

In the five major categories of expenses, Personnel Services account for 78% of the FY26 budget (+12.9% total expense year-over-year (YOY)). Professional Services comprise 13.8% of the budget (+4.2% total expense YOY) followed by Office Expenses at 2.8% of the budget (-2.9% total expense YOY). Information Technology is 4.8% of the budget (-13% total expense YOY), and finally, Education/Training and Travel are 0.7% of the budget (+5.5% total expense YOY).

The Administrative Budget Detail includes the following notable items:

- Salary increases by \$2.7 million (+10.9% YOY) and Employee Benefits increase by \$1.8 million (+18.0% YOY). Although position totals have remained the same, the increase in Employee Benefits coincide with the increase in filled positions and corresponding salaries. In addition, the decrease in the salary savings rate from 8% in FY25 to 5% in FY26 has attributed to the increase in salaries. A salary savings rate of \$1.37 million (5%) is applied to account for vacancies.
- Actuarial Services increase by \$307,000 (+75.0% YOY) due to the exploration of alternatives for the Larger Annuity Plan and a Triennial Experience Study. Furthermore, the City has increased utilization of actuarial services contracted under LACERS.
- Computer Hardware increases by \$55,100 (+16.1% YOY) for phase two of the laptop replacement program as current equipment is reaching end of life, which increases the risk of breakdowns. The new hardware will ensure compatibility with latest applications and mitigates downtime.
- Other Computer Consulting decreases by \$530,487 (-65.3% YOY) with the conclusion of the Accenture agreement for additional HRP contractual support coupled with the closure of other implementation projects, such as the new budgeting software.
- Printing and Binding increases by \$25,000 (+20.9% YOY) as a result of printing Health Benefit Guides to assist Members in understanding their rights and resources to healthcare. This increase also factors in the costs of printing these guides in Spanish as well.
- Board Member Election Expense increases by \$8,400 (13.6% YOY) for an upcoming Employee Member election for the fiscal year.

FY26 ALLOCATION OF EXPENSES

- Furniture and Other Equipment decreases by 54,500 (-38.5% YOY) since all necessary furnishings have already been completed now that LACERS has fully settled into its new headquarters for two years.
- Membership Dues & Subscriptions increase by \$55,950 (+43.7% YOY) to expand staff engagement with the Learning Management System for employee development. Additionally, Conferences & Travel increases by \$24,815 (+11.2% YOY) to further promote professional training and growth.

Additional items to note include:

- The budget for the 115 Trust Administrative Expense is shown in the table following the Administrative Expense Budget. The 115 Trust Fund was established in 2018 to better manage future costs and avoid future tax consequences for LACERS' health and welfare benefits. The 115 Trust Budget pays for administrative expenses, including third-party fees charged for the administration of Self-Funded Dental and Vision benefit claims, audit fees, legal counsel costs, and the Fund's share in LACERS' overall administrative expenses. The Proposed 115 Trust Budget for direct administrative expenses of \$1,033,000 represents an increase of \$1,000 (0.1% YOY).
- This budget invests in maintaining the continuation of 33 substitute authority positions. The purpose of and justifications for these positions begin on [page 8](#).
- The budget funds programs currently underway including the core programs in Benefit Administration, Investment Administration, and General Administration and Support, as well as continuing three initiatives in the FY26 Business Plan including the Governance initiative centered on implementing new Board Administrative policies, Central Data Repository initiative, Business Continuity Plan, plus a new Workflow Process Improvement initiative.

Detail of Administrative Expenses

	City Account Number	FY2025-26 Proposed Budget	FY2024-25 Adopted Budget	Budget \$ Change	Budget % Change
FUND 800: ADMINISTRATIVE EXPENSE BUDGET					
Personnel Services					
601	Salaries	101	\$ 27,829,048	\$ 25,097,304	\$ 2,731,744 10.9%
602	Overtime	109	486,604	459,669	26,935 5.9%
605	Employee Benefits	175	12,157,169	10,297,500	1,859,669 18.1%
Personnel Services Total		\$ 40,472,821	\$ 35,854,473	\$ 4,618,348	12.9%
Professional Services					
611	Actuarial Service	304	\$ 717,500	\$ 410,000	\$ 307,500 75.0%
612	Audit Services	304	187,500	200,500	(13,000) -6.5%
613	Legal Services	304	1,391,586	1,381,586	10,000 0.7%
614	Disability Services	304	200,000	200,000	- 0.0%
615	Other Consulting	304	3,655,764	3,642,903	12,861 0.4%
616	Benefit Payroll Processing Servs.	304	325,000	300,000	25,000 8.3%
617	Retiree Health Adm. Consultant	304	700,000	750,000	(50,000) -6.7%
Professional Services Total		\$ 7,177,350	\$ 6,884,989	\$ 292,361	4.2%
Information Technology					
622	Pension Adm. System Vendor	304	\$ 571,102	\$ 542,750	\$ 28,352 5.2%
623	Computer Hardware	730	398,200	343,100	55,100 16.1%
624	Computer Software	601	\$ 772,970	751,843	21,127 2.8%
625	Computer Maint. & Support	601	456,789	401,289	55,500 13.8%
626	Other Computer Consulting	304	282,013	812,500	(530,487) -65.3%
Information Technology Total		\$ 2,481,074	\$ 2,851,482	\$ (370,408)	-13.0%
Training & Related Travel					
604	Employee Development	601	\$ 129,920	\$ 135,045	\$ (5,125) -3.8%
634	Conferences & Travel	213	247,365	222,550	24,815 11.2%
Training & Related Travel Total		\$ 377,285	\$ 357,595	\$ 19,690	5.5%
Office Expenses					
606	Transportation Expenses	331	\$ 170,500	\$ 172,000	\$ (1,500) -0.9%
631	Printing and Binding	212	144,500	119,500	25,000 20.9%
632	Postage	601	200,052	195,950	4,102 2.1%
633	Telephone and Utilities	601	80,100	72,600	7,500 10.3%
635	Office Space	304	126,000	120,000	6,000 5.0%
636	Office Equipment Services	304	60,000	60,000	- 0.0%
651	Petty Cash	601	6,000	6,000	- 0.0%
652	Board Member Election Expense	601	70,000	61,600	8,400 13.6%
653	Furniture and Other Equipment	730	87,000	141,500	(54,500) -38.5%
655	Other Office Expense	601	165,060	175,260	(10,200) -5.8%
656	Membership Dues & Subscriptions	601	\$ 183,938	127,988	55,950 43.7%
658	Promotional Supplies	601	8,000	8,000	- 0.0%
659	Insurance Expense	304	130,000	130,000	- 0.0%
Office Expenses Total		\$ 1,431,150	\$ 1,390,398	\$ 40,752	2.9%
TOTAL ADMINISTRATIVE EXPENSE BUDGET		\$ 51,939,680	\$ 47,338,937	\$ 4,600,743	9.7%
FUND 871: 115 TRUST EXPENSE BUDGET					
612	Audit and Consulting CPA	304	10,000	10,000	- 0.0%
613	Legal	304	10,000	10,000	- 0.0%
660	Self-Funded Insurance Admin Fee	304	1,013,000	1,012,000	1,000 0.1%
TOTAL 115 TRUST EXPENSE BUDGET		\$ 1,033,000	\$ 1,032,000	\$ 1,000	0.1%

SUMMARY OF CHANGES IN PERSONNEL



This table provides a look at the distribution and movement of personnel in the department among its business units. Total positions remained unchanged for FY26.

DIVISION/SECTION	2024-25 Adopted Budget Regular Authorities	Proposed Changes				2025-26 Proposed Budget Regular Authorities	2025-26 Proposed Substitute Authorities		
		Add/Delete	Transfers	Regularize Substitute Authorities	New		Cont.	New	Total
Executive	6					6			
Investments	14					14			
Human Resources	6					6			
Internal Audit	3					3			
Retirement Services	55					55	2		2
Health, Wellness, and Buyback	39					39	13		13
Communications & Stakeholder Relations	21					21	4		4
Member Stewardship Section	5					5	7		7
Administration	15					15	2		2
Fiscal Management	15					15	3		3
Systems	13					13	1		1
Systems Operations Support	3					3	1		1
TOTAL	195					195	33		33

*FY26 Total positions = 228 (195 regular + 33 substitute authorities)

ANNUAL BUSINESS PLAN FOR FY 2025-26



Department Programs	Annual Work Plan and Business Plan Initiatives for FY26
INVESTMENT ADMINISTRATION Positions: 14 Regular Admin Budget: \$3.0M	<ul style="list-style-type: none"> • Expanding Environmental, Social, and Governance Investment Policy Implementation • Broadening Emerging Managers program • Development of LACERS' internal Risk Management Committee • Implementation of updated asset allocation • CEM Benchmarking Study
BENEFITS ADMINISTRATION Positions: 115 Regular 19 Substitute Authorities Admin Budget: \$18.6M	<ul style="list-style-type: none"> • Respond to 62,000 Member inquiries to the Member Service Center • Deliver more than 52 mass communication pieces • Hold 96 seminars and events for Members • Counsel and retire 1,000 Members • Counsel and process 1,000 death benefits • Perform reviews of 3,200 legal documents related to Member caseload • Ballot Measure FF - Public Safety Officer Transfer Implementation • Carry out an Alive and Well Audit to verify and update benefit recipient demographic information • Administer retiree health benefits for LACERS Retired Members, Survivors, and their eligible dependents • Continue to actively respond to health benefits-related claims, issues, and feedback • Expand LACERS Well in-person activity program • Maintain a consistent 5-month processing time for service buybacks • Increase Member accessibility through the Language Access Plan • Redesign of the Summary Plan Description for Tier 1 and Tier 3 Members • Workflow Process Improvements Initiative
GENERAL ADMINISTRATION AND SUPPORT Positions: 66 Regular 14 Substitute Authorities Admin Budget: \$21.9M	<ul style="list-style-type: none"> • Governance Initiative <ul style="list-style-type: none"> ◦ Develop and Implement New Board Policies • Workforce Diversity, Equity, and Inclusion Initiatives <ul style="list-style-type: none"> ◦ Fellowship Program ◦ Learning Management System • Central Data Repository Initiative • Business Plan Continuity Initiative • Strengthening Cybersecurity • Capital Plan • General Ledger Software Implementation • Phase Two - Laptop Replacement Program

BENEFITS ADMINISTRATION OPERATIONS

The Benefits Administration Operations provides services to a total of 61,384 Members inclusive of education and outreach relating to their LACERS retirement and retiree health benefits; counseling and calculation of their retiree benefits; and enrollment and administration of their retiree health insurance and subsidies. Administration of the program also involves ensuring statutory, regulatory, and legal compliance with various local, state, and federal statutes; and advising plan sponsors on benefit plan design considerations. Benefits administration is primarily provided by three divisions totaling 134 full-time employees representing 59% of the employees of the department:

- Communications and Stakeholder Relations (CSRD)
- Health, Wellness, and Buyback (HWABD)
- Retirement Services (RSD)

The proposed budget for the benefits administration program seeks to achieve the following:

ENHANCE MEMBER SERVICES, CUSTOMER SATISFACTION, AND STAKEHOLDER ENGAGEMENT

ENGAGEMENT WITH MEMBERS AND STAKEHOLDERS

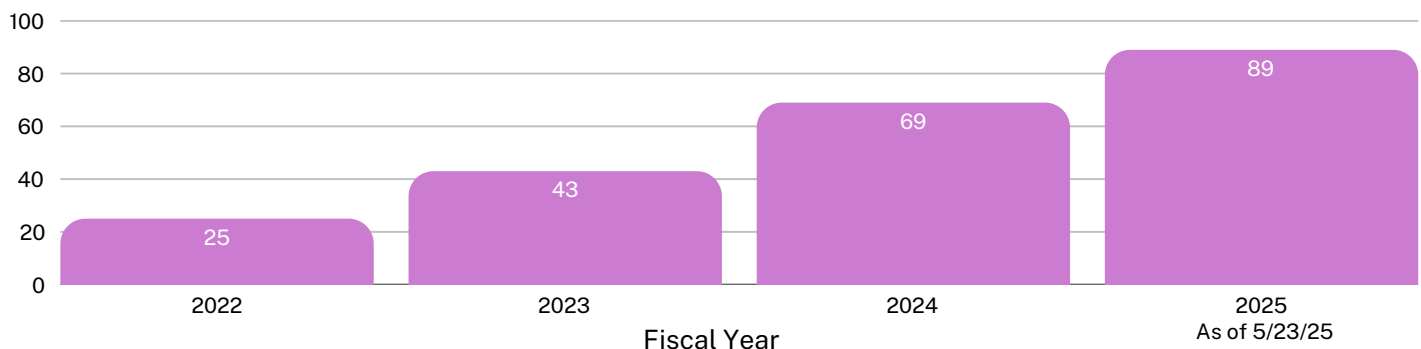
Over the past several years, CSRD led the department's Language Access Plan (LAP) to ensure the accessibility of translated materials and services. Currently, 31 Key Member forms and documents have been translated into Spanish, improving accessibility. The translation of materials will continue to be an ongoing effort through FY26 and beyond.

CSRD has been focusing on a "Non-Desk Campaign" to reach Active Members who would not normally receive retirement information from LACERS due to work out in the field. In the past year, offsite presentations increased 60% from the previous year with 69 total presentations in the field. Additionally, attendance at Retirement Seminars increased by 9%, with 2,897 Members served.

In March 2025, CSRD successfully implemented a new queue management system, QLess, to enhance the Member experience and streamline operations. Goals in FY26 include increasing Member participation in surveys by 10% and raising Member satisfaction scores by at least 5% based on surveys received after the conclusion of each appointment handled through QLess. FY26 continues to monitor the progress of the system's post-implementation and address any concerns.

In FY26, CSRD will continue the four substitute authority positions, deliver quality service to Members, and explore innovative solutions to resolve Member pain points.

GROWTH IN OFFSITE SEMINARS



SERVICE LEVEL ENHANCEMENT

FY26 CONTINUING SUBAUTHORITIES

- 1 Benefits Analyst, CSRD
- 2 Benefits Specialists, CSRD
- 1 Development and Marketing Director, CSRD

Total: 4

PERFORMANCE OBJECTIVES

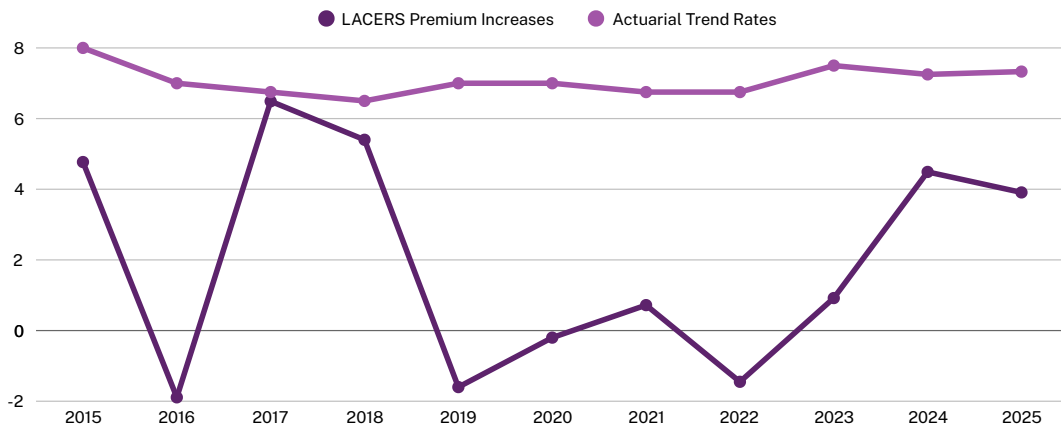
The continuation of these staff will:

- Achieve a 5% increase in offsite seminars
- Achieve an annual average of 95% satisfaction from a minimum of 500 Customer Service survey results
- Facilitate the growth of LACERS' media to enhance Member engagement

ENHANCE BENEFIT DELIVERY AND HEALTH & WELLNESS

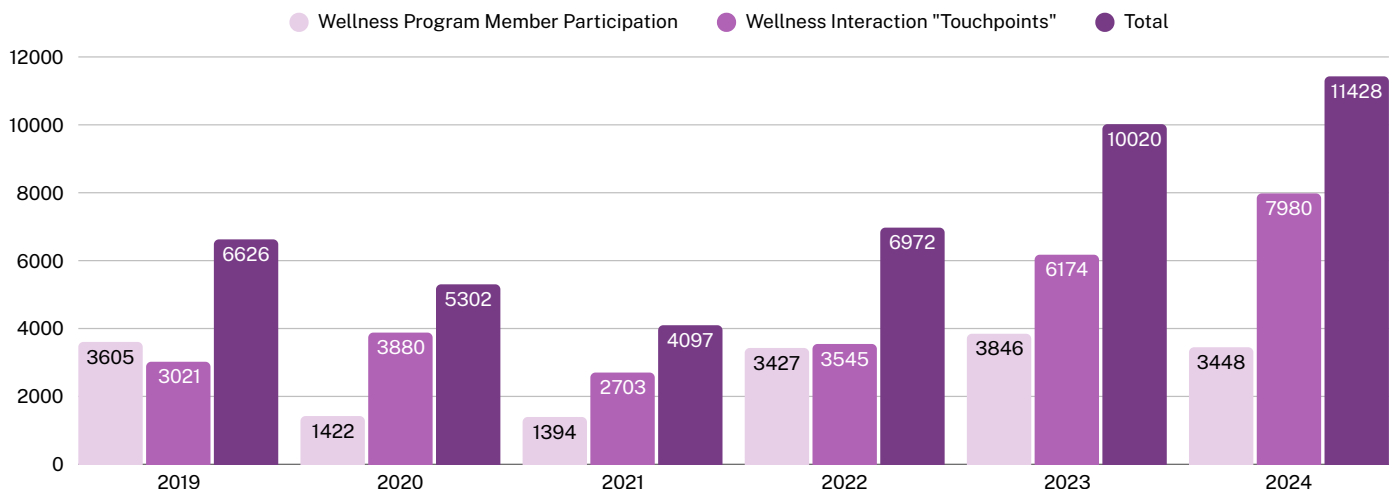
IMPROVE THE VALUE AND MINIMIZE COSTS OF MEMBER HEALTH AND WELLNESS BENEFITS

HWABD is responsible for delivering retiree health benefits and has consistently provided healthcare premiums below the actuarial assumed medical trend rate. For the most recent three-year average (2023-2025), LACERS medical trend rate was at 3.91% versus the actuarial assumed medical trend rate at 7.33%. Additionally, by self-funding the vision and dental Preferred Provider Organization (PPO) plans, surplus premium funds are retained by LACERS to be applied towards future premium increases. For FY25, the projected vision surplus is \$198,000, and the dental surplus is \$600,000. LACERS' Board of Administration has approved the use of the surplus, currently at \$3.1 million, if necessary, to cover premium deficits rather than increasing the 2025 premiums. The renewal of existing substitute authority positions within the Health section will ensure the strategic goal of benefits delivery is consistently satisfied.



EXPANSION OF RETIREE WELLNESS PROGRAM

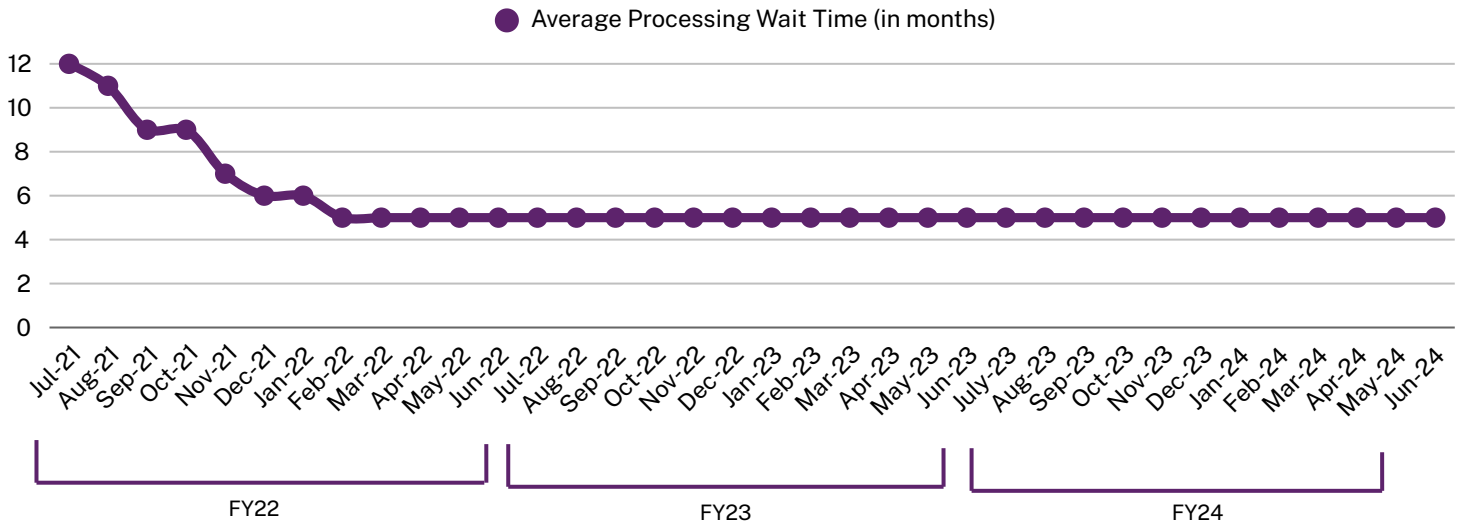
The long-term goal of the LACERS Well program is to help reduce medical plan costs by promoting physical and mental activities, resources, and educational initiatives focused on preventive care. Since the return of in-person activities and events in 2023, LACERS has experienced over a 12% increase in total participation and interaction between 2023 and 2024. In fiscal years 2025 and 2026, LACERS plans to further expand its in-person event program. The continuation of the Senior Project Coordinator and the Administrative Clerk substitute authority positions will facilitate partnership development and enhance program participation and member satisfaction rates.



FY26 BUSINESS PLAN BENEFITS ADMINISTRATION

TIMELY SERVICE PURCHASES FOR ACTIVE MEMBERS

Active members may purchase other government or past City service to increase their retirement allowance. The Service Processing Section (SPS) handles these requests and has maintained an average processing time of five months since FY21 with the added positions. The continuation of the existing substitute authority positions has proven beneficial in maintaining the average processing wait time while eliminating the number of aging cases (i.e., 6 months or longer) to a minimum.



SERVICE LEVEL ENHANCEMENT

FY26 CONTINUING SUBAUTHORITIES

- 3 Benefits Specialists, Health Section
- 4 Benefits Analysts , Health Section
- 2 Senior Benefits Analyst, Health Section
- 1 Senior Project Coordinator, Wellness Program
- 1 Administrative Clerk, Wellness Program
- 1 Senior Benefits Analyst, SPS
- 1 Benefits Specialist, SPS

TOTAL: 13

PERFORMANCE OBJECTIVES

The continuation of these staff will:

- Timely enrollment of Retired Members, Survivors, and their eligible dependents in their chosen LACERS health and dental plans
- Provide counseling to new Retirees and Survivors, and those aging in to Medicare
- Review and resolve monthly medical, dental, and vision plan memberships and premium discrepancies
- Review and process of medical expense reimbursements for Medical Premium Reimbursement Program (MPRP) participants who live outside the plan coverage areas
- Achieve higher participation rates at LACERS Well events, whether in-person or virtual
- Eliminate aging cases associated with processing service buyback

OPTIMIZING OPERATIONAL EFFICIENCY

PROCESS IMPROVEMENTS IN RETIREMENT SERVICES

Retirement Services Division's (RSD) central mission is to deliver retirement benefits accurately, efficiently, and timely. In FY26, in addition to continuing operational improvements, RSD will focus on several key projects: 1) Complete the Domestic Alive and Well Audit, 2) Implement Measure FF, and 3) Continue the Knowledge Transfer Initiative.

On a triennial basis, LACERS conducts a Domestic Alive and Well Audit to verify our Members above age 80 and residing in the United States are receiving their benefits. This best practice protects the LACERS plan from benefits continuing to be paid after a Member's death to persons who are not entitled to the benefit. This project began in January 2025, with over 70% of contacted Members responding in 60 days, however additional outreach and investigation of the outstanding Members will continue into FY26.

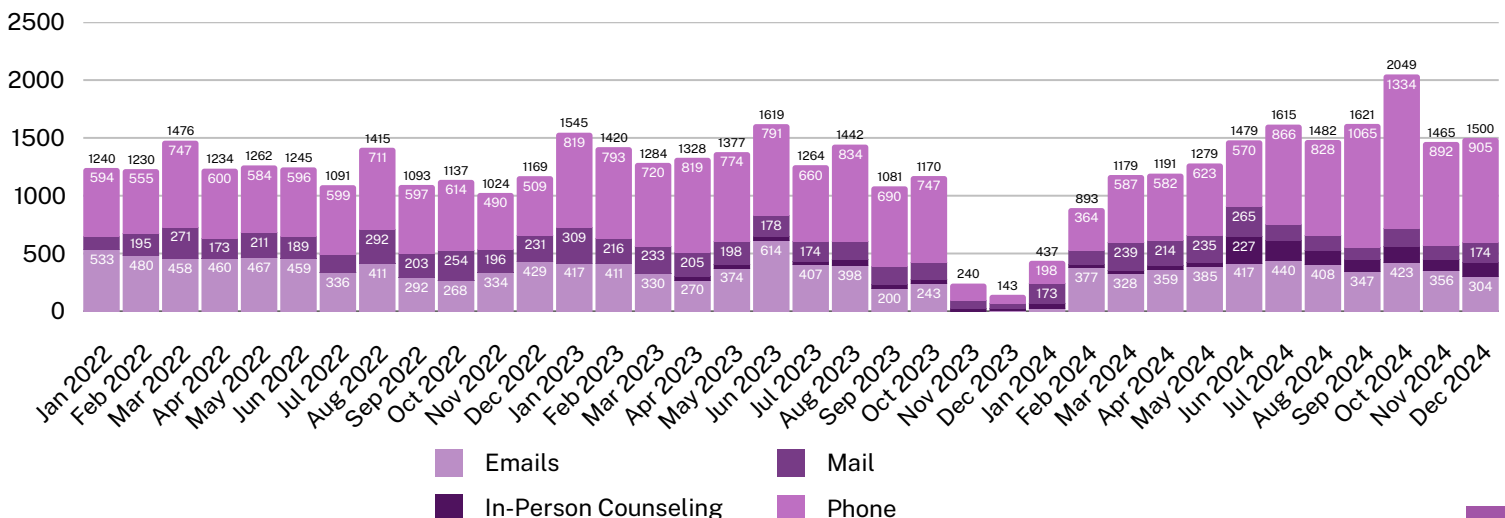
Voters in November 2024 passed ballot measure FF to allow certain peace officers to individually elect to transfer their LACERS pension to the City's sister pension system for sworn personnel, the Los Angeles Fire and Police Pensions (LAFPP). Implementation of the resulting ordinance continues in FY26 including mandatory counseling by LACERS and LAFPP of all eligible peace officers; completion of outstanding service purchases at LACERS; refunds of certain payments made previously by participants; and the transfer of employee and employer contributions to LAFPP are required to complete this project.

The City workforce continues to lose valuable institutional knowledge to retirements. Succession planning, particularly in the specialized area of LACERS benefits administration is critical to ensuring we meet our mandate to deliver timely and accurate benefits. RSD's continuing Knowledge Transfer Initiative (KTI) organizes its institutional knowledge into accessible information that is searchable and easily summarized leveraging Artificial Intelligence (AI). The goal of the KTI is creation of a foundational level of expertise for every RSD staff. This ensures the accurate practice of RSD procedures, the reduction in processing time for retirement applications and payroll, and protection against fraud.

The continuation of two Benefit Specialists substitute authority positions in the Performance Review Unit will ensure RSD is able to assess unit or division performance so that solutions can be implemented to correct deficiencies and resources deployed effectively to ensure RSD as a whole is operating at optimal efficiency and effectiveness and remains on target in meeting strategic goals.

MEMBER CONTACTS (BY MEDIUM)

CALENDAR YEARS 2022-2024





SERVICE LEVEL ENHANCEMENT

FY26 CONTINUING SUBAUTHORITIES	PERFORMANCE OBJECTIVES
<ul style="list-style-type: none">2 Benefits Specialists, Performance Review Unit <p>Total: 2</p>	<p>The continuation of these staff will:</p> <ul style="list-style-type: none">Provide the internal quality assurance check for how RSD delivers benefitsProvide centralized coordination of scheduled projects, both special and annualThrough their audit function, review divisional procedures and workflows for operational efficiency and effectiveness to ensure the timely delivery of benefitsProvide coordination and the resolution of outstanding and returned check issuesManage and process member documentation from the International and Domestic Alive and Well Audits to verify and update benefit recipient demographic information and coordinate distribution of the documentation for legal review and/or investigation if necessaryAssist in the development of the Knowledge Transfer System archive for usage in onboarding and educating staff

INVESTMENT OPERATIONS

The Investment Division is responsible for the management of a \$24 billion investment portfolio. LACERS' primary investment objective is to maximize the return of the portfolio at a prudent level of risk to meet the obligations of the System. The Investment Division's project-based workload is largely driven by the Asset Allocation Policy, subject to Board approval, that provides direction in portfolio diversification to allow for prudent risk-taking.

The proposed budget for the investment program seeks to achieve the following:

OPTIMIZE LONG-TERM RISK-ADJUSTED RETURNS THROUGH SUPERIOR INVESTMENTS

EMPHASIS ON ONGOING EFFORTS

In December 2024, the Board approved changes to the Asset Allocation Policy based on the results of the triennial asset allocation study completed in FY24. These changes included restructuring the broad asset class weightings aimed to achieve: 1) Align more closely with current global market opportunities as shown by changes in benchmarks, and 2) Simplify the structure by combining several sub-asset classes into broader categories, allowing for more flexible weighting. Implementation of the new Asset Allocation Policy will begin in early 2025 and will be discussed with the Board. Until then, the Investment Division will continue to follow the previous asset allocation policy until June 30, 2025. The new allocation is expected to take effect no earlier than July 1, 2025.

Risk management has been a cornerstone of the Investment Program for the past ten years due to the various investment and operational risks associated with managing the System's assets. In FY26, the Investment Division plans to explore the implementation of a formalized risk management program. This program will include additional tools for the Risk Officer to evaluate and assess risks at both the asset class and manager levels, supplementing the current focus on macroeconomic factor risk assessment. To enhance the professionalism of the Risk Management Program, the Division has joined the Institutional Society of Risk Professionals (ISRP) to collaborate with peers on best practices in risk management and further develop LACERS' Risk Management Program.

The Investment Division is committed to supporting corporate governance practices that enhance and promote diversity, equity, and inclusion (DEI) both externally (through its investment managers, consultants, and vendors) and internally (through personnel practices) in accordance with policy. To further support external DEI initiatives, LACERS actively participates in the Investment Diversity Advisory Council (IDAC). This organization, established in 2022, is composed of asset allocators, investment managers, investment consultants, academics, and professional advocacy groups. IDAC works to maximize talent in hiring organizations by encouraging the employment of diverse candidate firms and individuals within the investment and financial services industry.

ASSET ALLOCATION VS. POLICY

As of September 30, 2024

	Current (\$)	Policy (%)	Current (%)	Differences* (%)	Policy Range (%)	Within Range
■ U.S. Equity	5,360,114,944	20.5	21.5	1.0	14.0 - 25.0	Yes
■ Non-US Equity	6,388,395,380	25.5	25.6	0.1	19.5 - 31.5	Yes
■ Core Fixed Income	3,362,791,137	12.8	13.5	0.7	11.8 - 18.3	Yes
■ Opportunistic Credit	2,259,844,265	10.8	9.1	-1.7	5.5 - 13.5	Yes
■ Private Equity	4,494,298,777	17.0	18.0	1.0	0.0 - 100.0	Yes
■ Real Assets	2,791,296,581	12.5	11.2	-1.3	5.5 - 16.5	Yes
■ Cash	272,761,338	1.0	1.1	0.1	0.0 - 2.0	Yes
Total	24,929,502,422	100.0	100.0	0.0		



SERVICE LEVEL ENHANCEMENT

PERFORMANCE OBJECTIVES

- In FY26, the Investment Division will continue to expand and develop the following programs:
 - Investment Program - Asset Allocation
 - ESG Program
 - DEI Initiatives
 - Emerging Manager Program
 - Risk Management Program



GENERAL ADMINISTRATION OPERATIONS

General Administration consists of seven (7) divisions/sections working in concert under Executive management to ensure that LACERS' programs and business run efficiently and effectively. The divisions/sections are listed below:

- Administration
- Fiscal Management
- Human Resources
- Internal Audit
- Member Stewardship
- Systems
- Systems Operations Support

The FY26 proposed staffing for General Administration maintains the existing administrative support for LACERS operations with enhancements to business processes.

This year's proposed budget seeks to achieve the following objectives:

INCREASE ORGANIZATIONAL EFFECTIVENESS AND EFFICIENCY


STRENGTHENING FACILITY OPERATIONS

The Administration Division oversees the facility services for the LACERS headquarters and is continuously making necessary improvements to support the department's operational needs. In response to an ever-evolving environment, it is crucial to improve the building's security to better safeguard LACERS' space and its occupants. In FY25, the Administration Division employed additional safety measures as recommended by prior LAPD security assessments, which includes training a select pool of LACERS staff, security, and property management personnel in operating security systems and installing additional security cameras in common areas. LACERS will continue into year two of implementing emergency tabletop exercises to promote operational resiliency against disasters. Additionally, the Administration Division aims to enhance the server room backup power design to ensure continuous operation and protection of critical IT infrastructure during power interruptions.

OPTIMIZING PERFORMANCE WITH TECH-ENABLED SOLUTIONS

The Systems Division (Systems) manages all facets of Information Technology (IT) functions of LACERS to ensure that all systems and technological infrastructures are secured and effective. In FY25, Systems initiated the laptop and mobile phone replacement, which is anticipated to be closed out in FY26. Conjointly, a Mobile Device Management (MDM) solution, which provides administrative features to remotely manage employee devices, will be deployed alongside the new phones. This will improve the organization's cyber posture, as recommended by the cyber vendor.

Building on the success of Virtual Desktop Infrastructure and Backup and Recover Infrastructure designs over the past two fiscal years, Systems aims to expand storage and automate back up processes for virtualized machines and setup cloud infrastructure alongside with security in protecting proprietary data against external threats in FY26. Systems will also resume Security Information and Event Management (SIEM) activities, a security program which enhances the monitoring and reviewing of security alerts, in protecting the organization from substantial malicious attacks. Continuation of a Cybersecurity Analyst substitute authority will assist in protecting the organization from cyber threats and ensure the security of digital infrastructure.



Additionally, Systems will be working with various other sections to deploy new technology solutions; one of which includes replacing the Fiscal Division's General Ledger System. The Fiscal Division's current system is reaching the end of its lifespan as Microsoft has announced it will end product support in the coming years. Continuation of an Accountant and two Benefit Specialist substitute authorities will support these efforts while ensuring proper accounting and oversight of LACERS' financial operations are upheld. Another new solution is the deployment of the Administration Division's new budget software which has its infrastructure and integrations built out in FY25 and will make its official launch in FY26. Continuation of a Management Analyst substitute authority will support the development and ongoing maintenance of the new software. Finally, the Systems Division will continue its collaboration with the Data Office to advance the Central Data Repository initiative to build out a single source of truth that will streamline data management and enhance better decision-making and efficiency across the organization. Continuation of a Systems analyst substitute authority will provide essential support to the development and sustained upkeep of the repository.

DELIVER ACCURATE AND TIMELY MEMBER BENEFITS

MEMBER BENEFIT PLATFORMS

The Member Stewardship Section (MSS) is responsible for overseeing active Members of the Plan, which includes enrolling new Members, collecting contributions, adjusting service credit/salary as needed, and resolving any issues passed by the data transmittal file between HRP and LACERS' Pension Administration System (PAS). MSS staff have worked tirelessly with their HRP counterparts to support LACERS operations thereby ensuring the delivery of accurate and timely Member benefits. While MSS staff have made significant progress in addressing errors impacting benefits administration, it is important for staff to remain vigilant while continuing to resolve new issues and improve upon the data exchange processes in the next fiscal year. Continuation of the Benefit Analyst, Benefit Specialist, and Accounting Clerk substitute authorities will aid in resolving a higher frequency of errors, which has become a consistent challenge as changes in HRP often lead to issues in PAS.

The Systems Operation Support (SOS) Unit is responsible for the PAS and the Member Portal (MyLACERS), which include releasing system updates and fixes. Due to the high priority of the HRP project, SOS staff recommended updates to PAS to ensure the system's compatibility with HRP. However, as HRP issues have become considerably more manageable, the SOS team is now able to refocus its efforts on releasing updates aimed at improving the Member experience. In FY25, phase one of the MyLACERS enhancement project was initiated, which will allow retired Members and payees to directly update stored addresses and phone numbers within the PAS. This functionality was scheduled to be delivered in March 2025 for testing. Phase 2 is scheduled to commence in FY26 and will expand the Member self-update functionality to include direct deposit and withholding updates.

EMPOWER AND PROMOTE A HIGH-PERFORMING WORKFORCE

EMPLOYEE JOURNEY

The Human Resources Unit (HRU) manages various employee-related functions to support individuals throughout their entire employment journey at LACERS. As LACERS staff has fully settled into the new building, HRU aims to revamp the New Employee Orientation experience that goes beyond day one and will include a first month check-in to ensure successful integration into the organization, a better understanding of their roles, and departmental policies. Additionally, in support of LACERS' strategic goal of empowering and promoting a high-performing workforce, HRU will also be spearheading the development of the Learning Management System (LMS), which is a platform housing various topics comprised of educational and employee development content, department-wide and Division specific training, and other ambassador training that goes beyond the initial employee orientation.



SERVICE LEVEL ENHANCEMENT

FY26 CONTINUING SUBAUTHORITIES	PERFORMANCE OBJECTIVES
<ul style="list-style-type: none">• 1 Management Analyst, Administration• 1 Systems Analyst, Administration• 1 Cybersecurity Analyst II, Systems• 1 Accounting Clerk, SOS• 2 Accounting Clerk, MSS• 2 Benefits Analyst, MSS• 3 Benefits Specialist, MSS• 1 Accountant, Fiscal Management• 2 Benefits Specialist, Fiscal Management <p>Total: 14</p>	<p>Continuation of these staff will:</p> <ul style="list-style-type: none">• Contribute to project success through facilitation, driving involvement, and ensuring completion of existing business operations• Resolve exceptions from the HRP system in a timely manner and reduce the backlog of contribution collection• Support the framework buildout for the Central Data Repository• Perform and implement necessary cybersecurity controls to safeguard LACERS data

ADVANCES THE STRATEGIC PLAN GOALS OF BOARD GOVERNANCE AND ORGANIZATION EFFICIENCY AND EFFECTIVENESS

FY25 BUDGET REQUEST		
	Expense	Positions
Total Request	\$0	



PURPOSE

LACERS launched its new Strategic Plan in June 2024, setting the organization's direction for the next three to five years with new goal areas. The completion of the triennial board policy is expected by the end of the fiscal year. In FY25, initial discussions will continue regarding the implementation of new Board policies in response to the latest City Management Audit. FY26 will focus on advancing these discussions and implementing the new policies as determined by the Board.

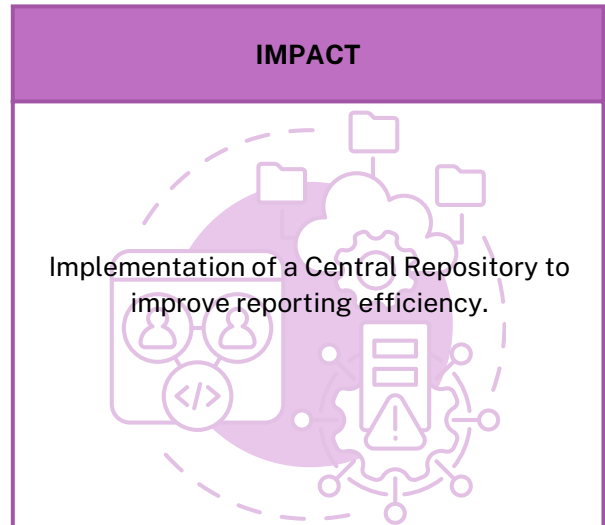
DELIVERABLES

- Consideration and Implementation of New Board Policies as recommended in the City's 2022 Management Audit

FY26 BUSINESS PLAN INITIATIVES CENTRAL DATA REPOSITORY - YEAR 3

ADVANCES THE STRATEGIC PLAN GOAL OF ORGANIZATION EFFICIENCY AND EFFECTIVENESS

FY25 BUDGET REQUEST		
	Expense	Positions
Total Request	\$63,480	
Azure Open AI		
Microsoft Copilot		
Power App/Power BI Expansion		



PURPOSE

Over the past two fiscal years, the Central Data Repository (CDR) business plan initiative, though interrupted by HRP, has made significant progress in evaluating existing data environments and established the foundation of a cloud-based single source of truth. The Data and Systems teams are thoroughly performing data risk assessments and ensuring that the security settings are in compliance with industry standards. In FY26, these efforts will be continued with a focus on data validation and reconciliation as well as begin training for staff use.

DELIVERABLES

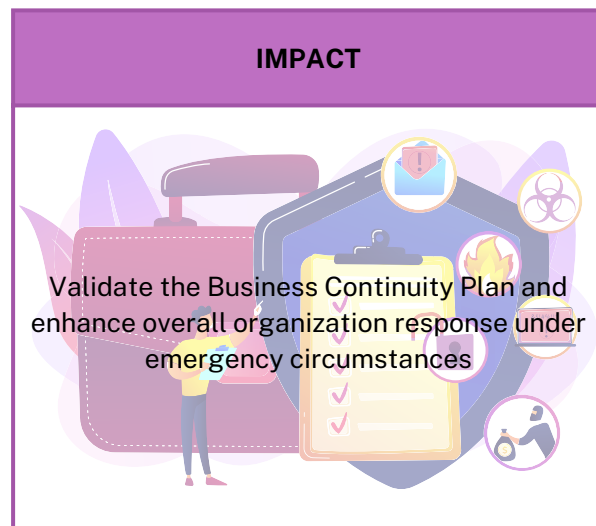
- Development of a robust CDR environment
- Data Quality and Security Testing

FY26 BUSINESS PLAN INITIATIVES

BUSINESS CONTINUITY PLAN - YEAR 3

ADVANCES THE STRATEGIC PLAN GOAL OF ORGANIZATION EFFICIENCY AND EFFECTIVENESS

FY25 BUDGET REQUEST		
	Expense	Positions
Total Request	\$75,000	
Table Top Exercises	\$75,000	



PURPOSE

This Business Continuity Plan (BCP) business plan initiative consists of a series of tabletop exercises to evaluate the comprehensiveness of disaster plans while also increasing employee readiness and awareness of their roles and responsibilities under an emergency circumstance, which instills a culture of preparedness within the organization. In FY26, LACERS seeks to carry out a Cybersecurity tabletop to better respond to cyber threats and attacks from both a technology and a business perspective. Additional efforts to improve employee readiness involves transitioning to a new mass communication platform, conduct more frequent emergency-related trainings, and other technological improvements to LACERS' infrastructure to minimize operational disruptions.

DELIVERABLES

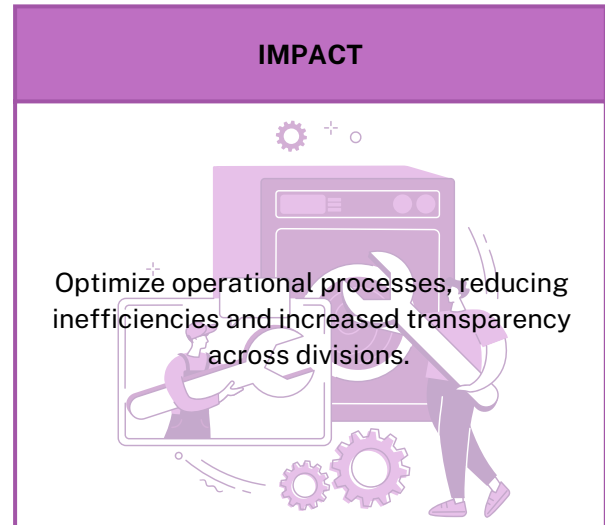
- Completion of one tabletop exercise

FY26 BUSINESS PLAN INITIATIVES

WORKFLOW PROCESS IMPROVEMENTS

ADVANCES THE STRATEGIC PLAN GOAL OF ORGANIZATION EFFICIENCY AND EFFECTIVENESS AND BENEFITS DELIVERY

FY25 BUDGET REQUEST		
	Expense	Positions
Total Request	\$0	



PURPOSE

The Workflow Process Improvements business plan initiative plays a crucial role in laying the groundwork for the future developments of pension administration system upgrades and business intelligence. Currently, LACERS has multiple touch points within respective workflow processes, hindering efficiency. Therefore, an operations subcommittee, consisting of managers from various divisions, has been created to assess existing processes and identify areas for improvement from point of intake through task completion. In FY26, this BPI will aim to conduct a peer benchmark study, a full audit of gaps within our technology stack, a re-alignment plan for work processes, and an information management plan to assist in the development of a multi-year technology enhancement strategy that will ensure organizational efficiency and effectiveness in benefits delivery and administration that is future proofed.

DELIVERABLES

- Assessment of existing workflows
- Peer benchmark study
- Audit of forms, existing work processes, and technology gaps
- Extended action plan on operation upgrades

CAPITAL EXPENSE BUDGET



LACERS has established a 10-Year Capital Plan that ensures proactive planning of capital expenditures and establishes spending priorities and overall capital improvement goals.

This year's plan continues with routine improvements with additional areas of focus on the parking garage and implementation of an asset management system.

For FY26, LACERS proposes the following work be funded as part of the 10-Year Capital Plan:

FY26 CAPITAL PLAN BUDGET REQUEST - YEAR 4

Category	Property Component	Expense
Parking Garage	<u>Carbon Monoxide (CO) Monitor</u> : Installation of a CO Monitor for each parking garage level. Scope includes Air Balance Report for the mechanical system, engineering drawings for the ventilation system, and integration with the Building Management System (BMS).	\$259,900
Equipment	<u>Asset Tracking</u> : Tag essential Capital and Non-Capital equipment, furniture, and electronics throughout the property. <u>Server Room Power</u> : Upgrade the existing backup power design with a larger Uninterruptible Power Supply (UPS). <u>Other Building Improvements</u> : Miscellaneous exterior building improvements.	\$220,000
	TOTAL	\$479,900



	FY26	FY25	% CHANGE
Total	\$ 831,266,249	\$ 850,400,480	(2.3)
Retirement and Health Benefits	866,285,738	931,932,464	(7.0)
True-up Adjustment	(36,516,489)*	(82,919,984)	(56.0)
Family Death Benefit Plan	37,000	35,000	5.7
Excess Benefit Plan	1,368,000	1,272,000	7.5
Limited Term Retirement Plan	92,000	81,000	13.6

An Asterisk (*) denotes estimated amount. FY25 contribution true-up adjustment will be updated upon the availability of the actual covered payroll up to pay period ending April 16, 2025.

The City contributes funding for four plans administered by LACERS: Retirement and Health Benefits, the Excess Benefit Plan, the Family Death Benefit Plan, and the Limited Term Retirement Plan.

City contribution rates toward retirement and health benefits for LACERS Members are set by the Board upon adoption of the annual actuarial valuations. Stated in the form of a percentage of covered payroll, the amount of the City's contribution is determined on the final covered payroll adopted in the City's budget. The final covered payroll will be determined in June once the City and proprietary departments budget gets adopted. As of now, FY26 City Contribution is based on the City's FY25 final budget covered payroll of \$1.64 billion for Tier 1 Members and rate of 32.65%; and a covered payroll of \$1.13 billion and rate of 29.37% for Tier 3 Members. A credit adjustment of \$36,516,489 is applied toward the FY26 contribution to LACERS. This credit amount represents a true-up of the FY25 contribution -- the difference between the contributions paid on July 15, 2024 based on the budgeted covered payroll amount and the actual payroll toward the end of the Fiscal Year. The City is also required by statute to make employer contributions for the Family Death Benefit Plan, the Excess Benefit Plan, and the Limited Term Retirement Plan.

Family Death Benefit Plan

Approximately 1,944 Active Members are opted into the Family Death Benefit Plan which provides an additional benefit to qualifying surviving minor children, or widow/widower over age 60 if the Member dies while an active City employee. The City's contribution to the Family Death Benefit is equivalent to a match of the Member's contribution of \$1.50 per month for FY26. This monthly amount is established pursuant to a biennial study of the full actuarial costs of the benefit as required by the Los Angeles Administrative Code.



Excess Benefit Plan

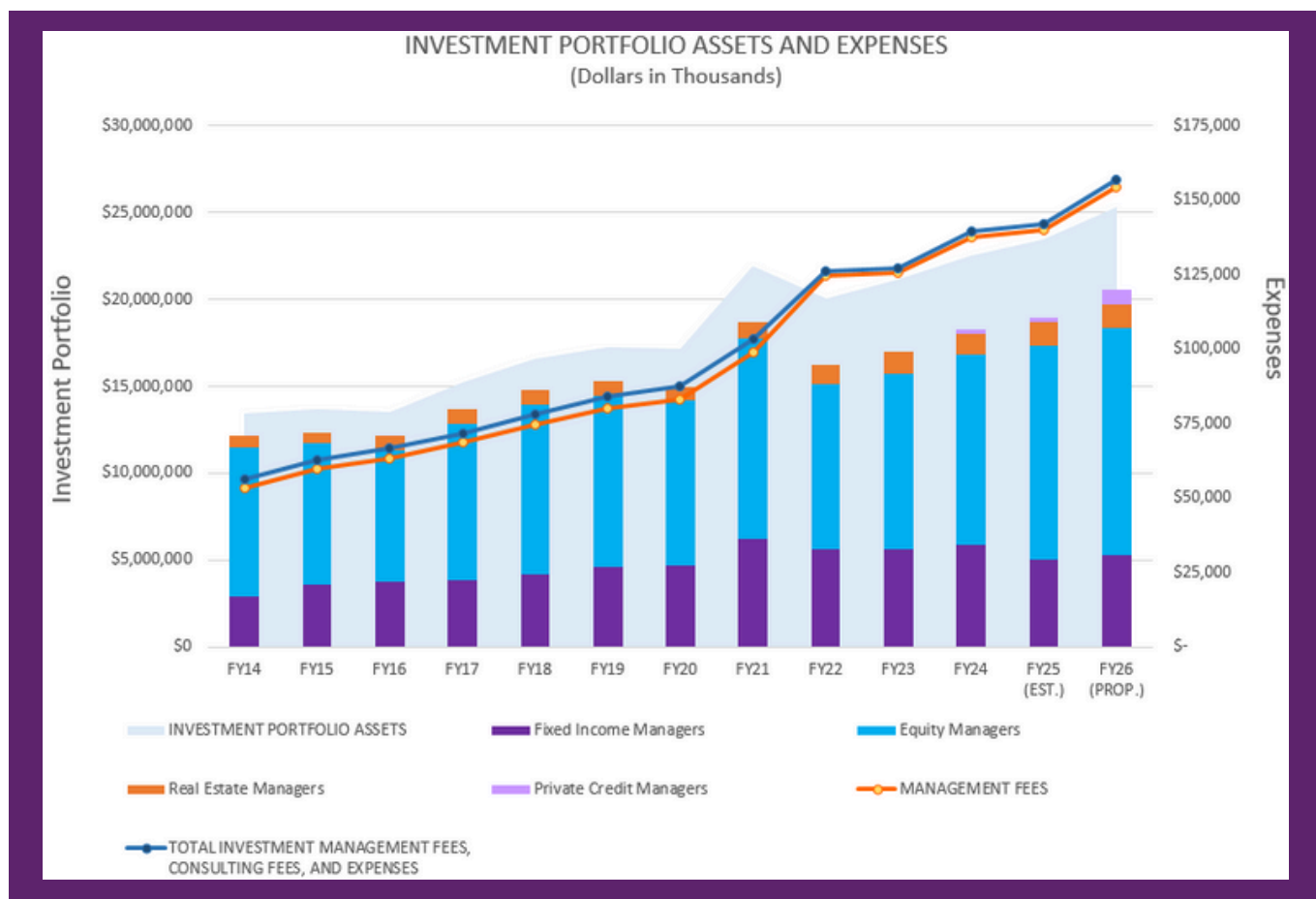
The Excess Benefit Plan was established separate from the LACERS Trust Fund, to pay retirement benefit amounts in excess of the benefit limits established by the Internal Revenue Code (IRC), currently \$280,000¹ for 2025. In 2025, there are 43 LACERS Members who receive their monthly LACERS' retirement benefit up to the limit allowable by the IRC, and the remainder of their benefit is paid separately by City funds. The City's cost of this program is the projected amount of the benefits that will be paid from the City's account for FY26, plus reasonable administrative expenses.

Limited Term Retirement Plan (LTRP)

The LTRP provides elected officials, who serve four-year terms, the option of participating in a defined contribution plan until they have completed the five years of City service needed to vest in the defined benefit plan. The City provides a contribution to LTRP Members at the same rate as the employer contribution to the LACERS defined benefit plan. There are currently two LTRP Members in the plan.

¹ This represents the unadjusted Excess Benefit limit. The individual limit must be adjusted based on the age of the Member at retirement, years of City service, service purchases, and calculated on a single-life annuity basis.

INVESTMENT MANAGEMENT FEES AND EXPENSES



In the past ten-year period, overall fees have increased along with the increase in portfolio value.

The Investment Management Fees are largely asset-based fees established in the respective contracts with investment managers hired by LACERS. Investment consulting fees are flat fees paid to LACERS' General Fund consultant, Private Equity consultant, and Real Estate consultant. Other expenses include research and services which support administration of the investment program.

	FY26	FY25	\$ CHANGE	% CHANGE
Total	\$ 157,178,340	\$ 141,190,690	\$ 15,987,650	11.3
Investment Management Fees	154,507,909	138,413,685	16,094,224	11.6
Investment Consulting Fees	2,401,700	2,549,500	(147,800)	(5.8)
Other Investment Expenses	268,731	227,505	41,266	18.1

INVESTMENT MANAGEMENT FEES AND EXPENSES



Investment Fee Rate Overview

The FY26 proposed Investment Management Fees & Expenses Budget is \$157.2 million, an increase of \$16.0 million or 11.3% from the FY25 budget that includes the following:

- \$2.2M increase in Fixed Income and Equity
- \$3.0M increase from Private Credit
- \$10.9M increase for Private Equity and Real Estate

Generally, Investment management fee increases are a function of the following factors:

- Change in the fair value of Investments
- Asset Allocation Policy and the respective weights of asset classes
- Investment management fee structures that vary by asset class

The FY26 proposed investment management fees and expenses budget is based on an estimated fair value of investments of \$26.1 billion as of June 30, 2026, a 7.4% increase from the FY 2025 estimated fair value of investments at \$24.3 billion. The estimate assumes an average 6.5% increase in assets based on NEPC's 10-year return assumption for each asset class, as of 12/31/2024.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED BUDGET AND PERSONNEL RESOLUTIONS

Fiscal Year 2025 - 26

Presented May 27, 2025

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LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

COMBINED STATEMENT OF RECEIPTS AND EXPENDITURES³

Actual 2023-24	Adopted Budget 2024-25	Estimated 2024-25 ¹		Budget Appropriation 2025-26 ²
RECEIPTS				
\$ 812,997,608	\$ 850,400,480	\$ 849,137,613	City Contributions (see Schedule 1).....	\$ 831,266,249
279,588,578	308,460,000	322,239,000	Member Contributions.....	338,351,000
47,547	35,000	44,000	Family Death Benefit Plan Member Contributions.....	37,000
12,934,341	13,314,000	13,703,000	Self-Funded Insurance Premium.....	14,145,000
2,125,051	1,596,500	1,081,000	Member Insurance Premium Reserve.....	900,000
526,769,335	573,710,000	521,242,000	Earnings on Investments.....	536,879,000
390,947,695	-	1,114,385,000	Gain on Sale of Investments.....	--
<u>\$ 2,025,410,155</u>	<u>\$ 1,747,515,980</u>	<u>\$ 2,821,831,613</u>	Total Receipts.....	<u>\$ 1,721,578,249</u>
EXPENDITURES				
\$ 1,262,372,293	\$ 1,412,000,000	\$ 1,368,000,000	Retirement Allowances.....	\$ 1,477,440,000
867,241	880,000	820,000	Family Death Benefit Plan Allowance.....	820,000
137,986,554	175,840,000	169,000,000	Retired Medical & Dental Subsidy.....	179,140,000
20,598,908	23,441,000	22,500,000	Retired Medicare Part B Reimbursements.....	25,153,000
11,575,628	13,800,000	12,200,000	Self-Funded Insurance Claims.....	13,701,000
10,888,131	15,620,000	14,500,000	Refund of Member Contributions.....	15,950,000
2,713,480	3,740,000	2,157,000	Refund of Deceased Retired Accum. Contributions.....	2,373,000
37,945,187	47,338,937	45,573,497	Administrative Expense	51,939,680
929,393	1,012,000	1,000,000	Self-Funded Insurance Administrative Fee.....	1,013,000
139,991,543	141,190,690	142,292,052	Investment Management Fees and Expenses.....	157,178,340
<u>\$ 1,625,868,358</u>	<u>\$ 1,834,862,627</u>	<u>\$ 1,778,042,549</u>	Total Expenditures.....	<u>\$ 1,924,708,020</u>
399,541,797	(87,346,647)	1,043,789,064	Increase (Decrease) in Fund Balance.....	(203,129,771)
<u>\$ 2,025,410,155</u>	<u>\$ 1,747,515,980</u>	<u>\$ 2,821,831,613</u>	Total Expenditures and Increase (Decrease) in Fund Balance	<u>\$ 1,721,578,249</u>

1. The City Contributions amount for the FY 2024-25 Estimate was based on the City's final covered payroll of \$2,813,198,694 and included the application of a net credit adjustment for FY 2023-24 of \$82,919,984 deducted from FY 2024-25 contribution payment. The credit adjustment represents a true-up of the FY 2023-24 City contribution.

2. The City Contributions budgeted amount for FY 2025-26 is based on the FY 2025-26 City's proposed budget covered payroll with a total amount of \$2,766,381,247 and includes an estimated credit adjustment of \$36,516,489 for the true-up of FY 2024-25 contributions which will be deducted from the FY 2025-26 contribution payment. The City Contribution budget amount will be finalized upon the receipt of adopted City covered payroll information from the City for FY 2025-26

3. The above Statement contains LACERS combined Receipts and Expenditures including the 115 Trust.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

DETAIL OF RECEIPTS AND EXPENDITURES 115 TRUST FUND

Actual 2023-24	Adopted Budget 2024-25	Estimated 2024-25		Appropriation 2025-26
RECEIPTS				
\$ 98,608,393	\$ 84,198,568	\$ 84,040,301	City Contributions (see Schedule 1).....	\$ 88,004,801
12,934,341	13,314,000	13,703,000	Self-Funded Insurance Premium.....	14,145,000
2,125,051	1,596,500	1,081,000	Member Insurance Premium Reserve.....	900,000
12,565,041	17,446,000	17,738,000	Earnings on Investments.....	22,585,000
12,071,683	--	37,924,000	Gain on Sale of Investments.....	--
<u>\$ 138,304,509</u>	<u>\$ 116,555,068</u>	<u>\$ 154,486,301</u>	Total Receipts.....	<u>\$ 125,634,801</u>
EXPENDITURES				
\$ 12,080,581	\$ 13,800,000	\$ 12,200,000	Self-Funded Insurance Claims.....	\$ 13,701,000
929,393	1,012,000	1,000,000	Self-Funded Insurance Administrative Fee.....	1,013,000
-	20,000	-	Administrative Expense	
1,303,389	1,642,466	1,551,000	Contracts.....	20,000
4,312,883	4,898,735	4,842,000	Share of Department Adm. Expenses.....	2,185,000
<u>\$ 18,626,246</u>	<u>\$ 21,373,201</u>	<u>\$ 19,593,000</u>	Investment Management Expense.....	6,612,000
			Total Expenditures.....	<u>\$ 23,531,000</u>
119,678,263	95,181,867	134,893,301	Increase in Fund Balance.....	102,103,801
<u>\$ 138,304,509</u>	<u>\$ 116,555,068</u>	<u>\$ 154,486,301</u>	Total Expenditures and Increase in Fund Balance.....	<u>\$ 125,634,801</u>

Note: All 115 Trust Receipts and Expenditures above are included in the LACERS Combined STATEMENT OF RECEIPTS AND EXPENDITURES on page 2.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

SCHEDULE 1 -- CITY CONTRIBUTIONS

ACTUARIAL REQUIREMENTS

To fund the liabilities of the System for future service as required in Article XI Section 1158 and 1160 of the City Charter in accordance with the actuarial valuation of those liabilities as of June 30, 2024 as follows:

	Health (115 TR)	Retirement	Total
Tier 1 32.65% of \$1,640,230,739 total actuarial salary of Tier 1 members for fiscal year 2025-26. ¹	\$ 53,307,499	\$ 482,227,836	\$ 535,535,335
Tier 3 29.37% of \$1,126,150,508 total actuarial salary of Tier 3 members for fiscal year 2025-26. ¹	38,289,116	292,461,287	330,750,403
Subtotal	\$ 91,596,615	\$ 774,689,123	\$ 866,285,738
Family Death Benefit Plan (FDBP) To match the estimated total amount contributed by Family Death Benefit Plan members in accordance with the provisions of Section 4.1090 of the Administrative Code.		37,000	37,000
Excess Benefit Plan Fund (EBP) To fund retirement benefits in excess of the limits set by Internal Revenue Code Section 415 (b) in accordance with the provisions of Section 4.1800 of the Administrative Code.		1,368,000	1,368,000
Limited Term Retirement Plan Fund (LTRP) To fund the Defined Contribution Plan for elected City officials in accordance with the provisions of Section 4.1850 of the Administrative Code.		92,000	92,000
Total City Contributions	\$ 91,596,615	\$ 776,186,123	\$ 867,782,738
True-up Adjustment: Credit of difference in City contributions for FY 2024-25 based on estimated covered payroll on July 15, 2024 and actual covered payroll up to March 8, 2025.	(3,591,814)	(32,924,675)	(36,516,489)
Total City Contributions After True Up	\$ 88,004,801	\$ 743,261,448	\$ 831,266,249

City Contributions by Funding Source:

	Total Covered Payroll	Contributions						
		Tier 1 (32.65%)	Tier 3 (29.37%)	Shared Cost for FDBP/EBP/LTP	Tier 1 True-Up	Tier 3 True-Up	FY25 True-Up Adjustments	Total
General Fund (TRAN)	\$ 2,237,183,184	\$ 421,579,273	\$ 275,119,840	\$ 1,210,630	\$ (8,554,214)	\$ (8,647,599)	\$ (17,201,813)	\$ 680,707,930
Airports	375,827,551	79,927,418	41,390,304	203,375	(6,909,743)	(8,351,308)	(15,261,051)	106,260,046
Harbor	111,202,866	25,652,167	9,442,458	60,176	(3,021,814)	(393,237)	(3,415,051)	31,739,750
LACERS	25,700,446	4,563,101	3,412,821	13,908	(589,348)	408,748	(180,600)	7,809,230
LAFPP	16,467,200	3,813,376	1,384,980	8,911	(319,498)	(138,476)	(457,974)	4,749,293
Total	\$ 2,766,381,247	\$ 535,535,335	\$ 330,750,403	\$ 1,497,000	\$ (19,394,617)	\$ (17,121,872)	\$ (36,516,489)	\$ 831,266,249

¹Total payroll is based on City's Proposed Budget FY 2025-26 covered payroll as of April 16, 2025 and will be updated once the FY 2025-26 final covered payroll is provided by the City

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

SCHEDULE 2 -- ADMINISTRATIVE EXPENSE

Expenditures 2023-24	Adopted Budget 2024-25	Estimated Expenditures 2024-25		Budget Appropriation 2025-26
SALARIES				
\$ 20,125,557	\$ 23,903,024	\$ 23,793,206	General	\$ 26,525,753
565,668	1,194,280	681,707	As Needed	1,303,295
392,396	459,669	455,957	Overtime	486,604
<u>\$ 21,083,621</u>	<u>\$ 25,556,973</u>	<u>\$ 24,930,871</u>	Total Salaries	<u>\$ 28,315,652</u>
EXPENSE				
\$ 55,544	\$ 119,500	\$ 70,582	Printing and Binding	\$ 144,500
119,235	222,550	175,014	Travel	247,365
9,250,220	10,297,500	10,289,369	Employee Benefits	12,157,169
6,351	172,000	10,838	Transportation Expense	170,500
6,017,818	8,550,239	7,848,635	Contracts	8,346,465
1,120,108	1,935,575	1,795,391	Office and Administrative	2,072,829
<u>\$ 16,569,277</u>	<u>\$ 21,297,364</u>	<u>\$ 20,189,828</u>	Total Expense	<u>\$ 23,138,828</u>
EQUIPMENT				
\$ 292,289	\$ 484,600	\$ 452,798		\$ 485,200
<u>\$ 292,289</u>	<u>\$ 484,600</u>	<u>\$ 452,798</u>	Total Equipment	<u>\$ 485,200</u>
<u>\$ 37,945,187</u>	<u>\$ 47,338,937</u>	<u>\$ 45,573,497</u>	Total Administrative Expense	<u>\$ 51,939,680</u>

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT MANAGEMENT FEES AND EXPENSES: FY 2025-26

	ADOPTED BUDGET FY 2024-25	ESTIMATED EXPENSE FY 2024-25	PROPOSED BUDGET FY 2025-26
1 Baird Advisors	\$ 714,583	\$ 691,615	\$ 709,515
2 Loomis Sayles	857,845	848,456	872,616
3 State Street (Fixed Income Index)	150,179	117,789	118,609
4 Garcia Hamilton & Associates	490,789	451,700	484,430
5 Income Research & Management	581,090	575,394	595,715
6 JP Morgan	622,302	603,502	619,196
7 Bain Capital (formerly Sankaty)	996,962	1,023,619	1,074,698
8 Prudential (LAC99)	1,666,318	1,661,400	1,750,853
9 DDJ Capital	1,333,597	1,379,600	1,449,694
10 Loomis Sayles	1,299,734	1,342,702	1,434,632
11 Wellington	2,351,020	2,346,292	2,471,852
12 Granahan	843,130	981,916	1,168,607
13 EAM Investors	454,796	524,811	576,973
14 Principal Global	1,309,503	1,448,879	1,589,187
15 Rhumblin (S&P 500)	168,830	179,217	191,725
16 Rhumblin (Russell 2000)	15,039	18,873	23,027
17 Rhumblin (Russell 2000 Value)	6,105	6,399	6,892
18 Copeland Cap Mgmt	1,257,585	1,301,742	1,365,207
19 Segall	716,904	774,501	840,496
20 Axiom International	1,622,763	1,816,006	1,899,545
21 Barrow, Hanley, Mewhinney & Strauss	3,006,871	2,496,751	2,607,087
22 Dimensional Fund Advisor (Emerging Mkt)	2,063,288	2,212,020	2,271,123
23 Lazard Asset Management	2,705,419	2,527,665	2,640,101
24 MFS Institutional Advisors	2,459,934	2,387,469	2,550,908
25 Oberweis Asset Management	2,557,330	2,666,231	2,810,170
26 State Street Global (Non-US Index)	354,340	370,432	393,632
27 State Street EMG Mkt C	226,798	224,284	220,201
28 State Street EAFE SC	121,023	120,200	127,100
29 Wasatch	2,414,796	2,493,490	2,484,243
30 Centersquare (REITS)	2,005,876	2,106,154	2,253,480
31 Dimensional Fund Advisor (TIPS)	412,302	377,718	389,713
32 Real Estate Managers	18,823,517	18,546,426	19,551,273
33 Private Equity Managers	75,280,431	77,078,846	85,433,139
34 Private Credit Managers	8,522,686	8,164,309	11,532,270
Subtotal - Investment Managers Fee	\$ 138,413,685	\$ 139,866,408	\$ 154,507,909
35 General Fund Consulting	\$ 480,000	\$ 480,000	\$ 480,000
36 Private Equity Consulting	860,000	857,378	895,000
37 Private Credit Consulting	325,000	325,000	325,000
38 Real Estate Consulting	221,500	219,300	223,700
39 Real Estate & Private Equity Legal Consulting	560,000	300,275	375,000
40 Northern Trust	103,000	23,000	103,000
Subtotal - Investment Consulting Fee	\$ 2,549,500	\$ 2,204,953	\$ 2,401,700
41 Bloomberg Financial Services	\$ 30,420	\$ 30,420	\$ 30,420
42 Tax Accounting Services	70,000	62,960	65,000
43 Institutional Shareholder Services	71,910	71,910	71,910
44 Pitchbook Subscription	25,500	25,500	26,500
45 Pacific Center for Asset Management	10,000	10,000	10,000
46 Cambridge Associates Private Equity Benchmark License	5,175	5,500	5,500
47 CEM Benchmark	-	-	45,000
48 MSCI ESG Research Software	14,500	14,401	14,401
Subtotal - Other Investment Expense	\$ 227,505	\$ 220,691	\$ 268,731
Total Investment Management Fees and Expenses	\$ 141,190,690	\$ 142,292,052	\$ 157,178,340

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED PERSONNEL RESOLUTION

FISCAL YEAR 2025-26

WHEREAS, the Board of Administration of the Los Angeles City Employees' Retirement System has the responsibility and authority to establish the number and types of positions to be utilized by the Los Angeles City Employees' Retirement System;

NOW, THEREFORE, BE IT RESOLVED, that:

1. Effective July 1, 2025, the positions listed in the attached schedule of Positions and Salaries are hereby authorized within the Los Angeles City Employees' Retirement System. The class code numbers, classifications, and salaries as set forth herein are hereby determined to be appropriate in accordance with existing City laws and ordinances, and applicable Memoranda of Understanding, as appropriate. Further, the employment of the designated number of persons in each code and classification as set forth herein is hereby authorized.
2. Memoranda of Understanding approved by the City Council shall be considered to be incorporated into this Resolution where appropriate. Salaries established under approved Memoranda of Understanding shall apply to all classes of employees therein noted. The provisions of each of the Memoranda of Understanding shall take precedence over any conflicting provision contained in this Resolution, but only for those employees in classes to which the Memoranda of Understanding apply.
3. Upon approval of the General Manager, substitute authority positions may be filled using any class approved and established by the Board of Civil Service Commissioners. This approval shall specify the period during which the position shall be filled.
4. Upon approval of the General Manager, persons may be employed in any class approved and established by the Board of Civil Service Commissioners in-lieu of a vacant position if the in-lieu employment is consistent with City policies and procedures for such employment.
5. The General Manager shall have the authority to correct any clerical or typographical errors in this document.

May 27, 2025

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
POSITIONS AND SALARIES: FY 2025-26**

(a) Regular Positions

FY25	FY26	Change	MOU	Class Code	Class Title	Salary Range
3	3	0	1	1513	ACCOUNTANT	\$ 76,316 - \$ 111,541
14	14	0	3	1223	ACCOUNTING CLERK	\$ 61,282 - \$ 89,554
10	10	0	3	1358	ADMINISTRATIVE CLERK	\$ 52,513 - \$ 68,883
2	2	0	36	9414	ASST GM LACERS	\$ 194,372 - \$ 284,177
29	29	0	1	9108	BENEFITS ANALYST	\$ 92,853 - \$ 135,762
35	35	0	20	1203	BENEFITS SPECIALIST	\$ 70,345 - \$ 102,855
3	3	0	36	9151	CH BENEFITS ANALYST	\$ 153,948 - \$ 225,086
1	1	0	36	9147	CH INVESTMENT OFCR	\$ 268,746 - \$ 392,941
1	1	0	36	9182	CH MANAGEMENT ANALYST	\$ 153,948 - \$ 225,086
1	1	0	1	9734-2	COMMISSION EXEC ASST II	\$ 89,116 - \$ 130,333
1	1	0	36	1610	DEPARTMENTAL AUDIT MGR	\$ 153,948 - \$ 225,086
1	1	0	36	1593-4	DEPT CHIEF ACCT IV	\$ 153,948 - \$ 225,086
2	2	0	37	1117-2	EXEC ADMIN ASST II	\$ 75,878 - \$ 110,935
1	1	0	37	1117-3	EXEC ADMIN ASST III	\$ 81,369 - \$ 118,953
1	1	0	20	1555-2	FISCAL SYSTEMS SPEC II	\$ 130,396 - \$ 190,655
1	1	0	0	9150	GM-LACERS	\$ 218,049 - \$ 386,488
1	1	0	36	1409-2	INFO SYSTEM MGR II	\$ 153,948 - \$ 225,086
1	1	0	1	1625-3	INTERNAL AUDITOR III	\$ 105,298 - \$ 153,948
1	1	0	1	1625-4	INTERNAL AUDITOR IV	\$ 130,396 - \$ 190,655
3	3	0	20	9146-1	INVESTMENT OFFICER I	\$ 121,208 - \$ 177,209
5	5	0	20	9146-2	INVESTMENT OFFICER II	\$ 151,025 - \$ 220,764
2	2	0	20	9146-3	INVESTMENT OFFICER III	\$ 189,841 - \$ 277,558
6	6	0	1	9184	MANAGEMENT ANALYST	\$ 89,116 - \$ 130,333
1	1	0	20	1170	PAYROLL SUPERVISOR	\$ 86,088 - \$ 125,844
1	1	0	20	1129	PERS RECORDS SUPV	\$ 74,980 - \$ 109,641
1	1	0	1	1731	PERSONNEL ANALYST	\$ 89,116 - \$ 130,333
1	1	0	63	1714-2	PERSONNEL DIR II	\$ 148,770 - \$ 217,486
0	0	0	20	1525-1	PR ACCOUNTANT I	\$ 103,982 - \$ 152,006
2	2	0	20	1525-2	PR ACCOUNTANT II	\$ 109,559 - \$ 160,275
1	1	0	20	1201	PRINCIPAL CLERK	\$ 70,345 - \$ 102,855
2	2	0	8	1431-3	PROGRAMMER/ANALYST III	\$ 94,774 - \$ 138,581
1	1	0	8	1431-5	PROGRAMMER/ANALYST V	\$ 110,580 - \$ 161,632
1	1	0	36	1800-1	PUB INFO DIRECTOR I	\$ 108,534 - \$ 158,667
13	13	0	20	9109-1	SENIOR BENEFITS ANALYST I	\$ 114,088 - \$ 166,831
7	7	0	20	9109-2	SENIOR BENEFITS ANALYST II	\$ 141,170 - \$ 206,399
2	2	0	20	1523-1	SR ACCOUNTANT I	\$ 89,074 - \$ 130,229
3	3	0	20	1523-2	SR ACCOUNTANT II	\$ 96,549 - \$ 141,149
20	20	0	3	1368	SR ADMINISTRATIVE CLERK	\$ 58,026 - \$ 84,835
1	1	0	17	1445-2	SR CYBER SECURITY ANALYST II	\$ 153,948 - \$ 225,086
2	2	0	20	9171-1	SR MGMT ANALYST I	\$ 109,641 - \$ 160,296
1	1	0	20	9171-2	SR MGMT ANALYST II	\$ 135,762 - \$ 198,485
1	1	0	64	9167-O	SR PERSONNEL ANALYST I	\$ 108,012 - \$ 157,915
1	1	0	64	9167-T	SR PERSONNEL ANALYST II	\$ 133,653 - \$ 195,416
1	1	0	20	1597-1	SR SYSTEMS ANALYST I	\$ 109,641 - \$ 160,296
1	1	0	20	1597-2	SR SYSTEMS ANALYST II	\$ 135,762 - \$ 198,485
2	2	0	1	1596	SYSTEMS ANALYST	\$ 110,748 - \$ 130,333
1	1	0	21	1455-1	SYSTEMS ADMINISTRATOR I	\$ 137,474 - \$ 161,757
2	2	0	21	1455-2	SYSTEMS ADMINISTRATOR II	\$ 119,016 - \$ 173,993
1	1	0	21	1455-3	SYSTEMS ADMINISTRATOR III	\$ 128,934 - \$ 188,526
195	195	0				

(b) To be Employed As Needed in Such Numbers as Required:

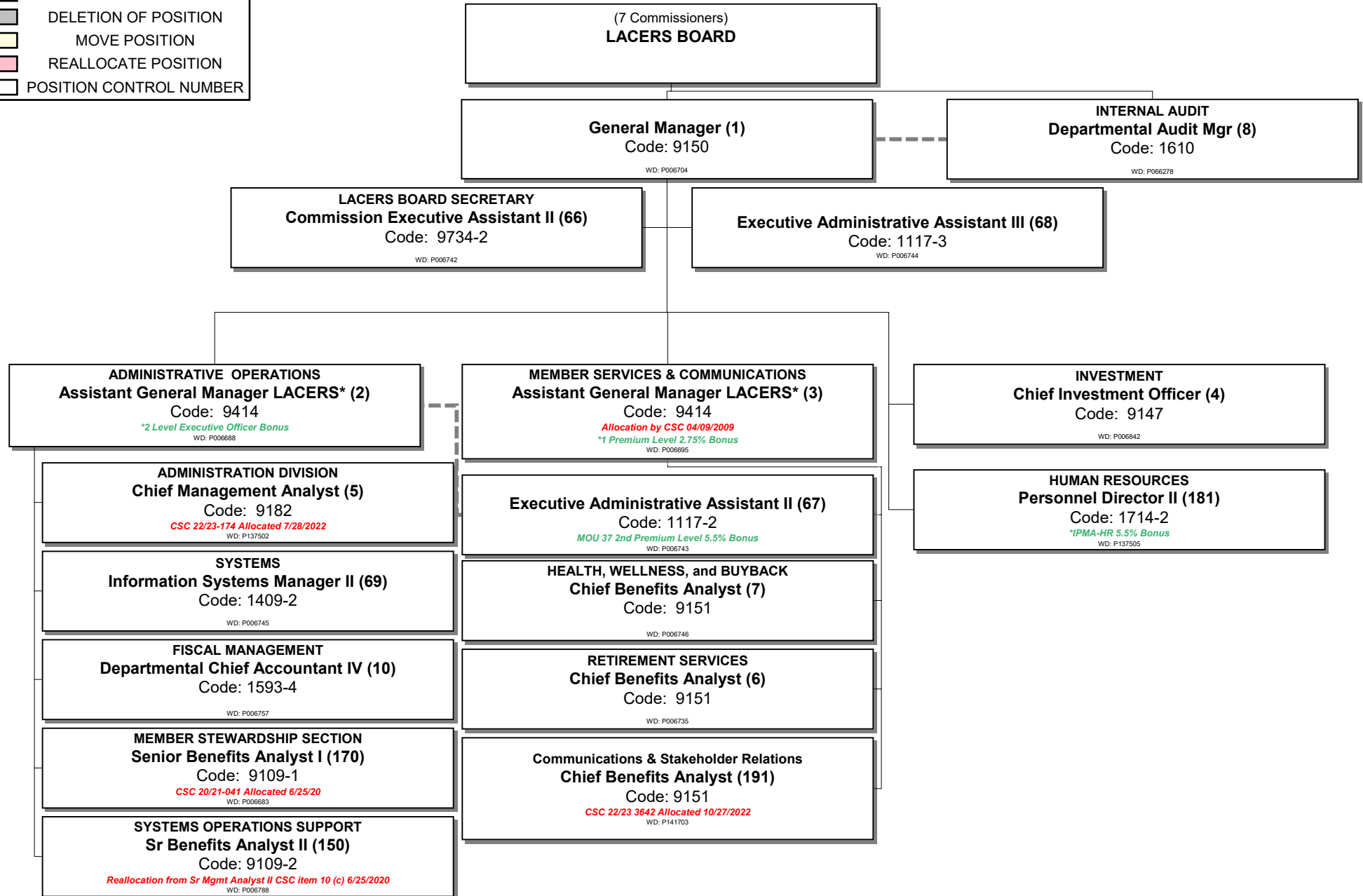
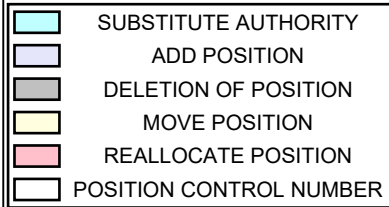
Class Code	Class Title	Class Code	Class Title
1133	RETIREMENT RELIEF WORKER	1119	PAYROLL SUPERVISOR
1358	ADMINISTRATIVE CLERK	1234	ACCOUNTING RECORDS SUPERVISOR
1501	STUDENT WORKER	1502	STUDENT PROFESSIONAL WORKER
1523-2	SENIOR ACCOUNTANT II	9108	BENEFITS ANALYST
1535-1	ADMINISTRATIVE INTERN I	1596	SYSTEMS ANALYST
1535-2	ADMINISTRATIVE INTERN II	9184	MANAGEMENT ANALYST
1538	SR PROJECT COORDINATOR	1203	BENEFITS SPECIALIST
9109-1	SR BENEFITS ANALYST		

FY25	FY26	Change	MOU	Class Code	Class Title	Salary Range
7	7	0	N/A	0101-2	COMMISSIONER	\$50 PER MEETING
7	7	0				

LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2025/2026

ATTACHMENT 2 - EXHIBIT 8
ORGANIZATION CHART
-9-









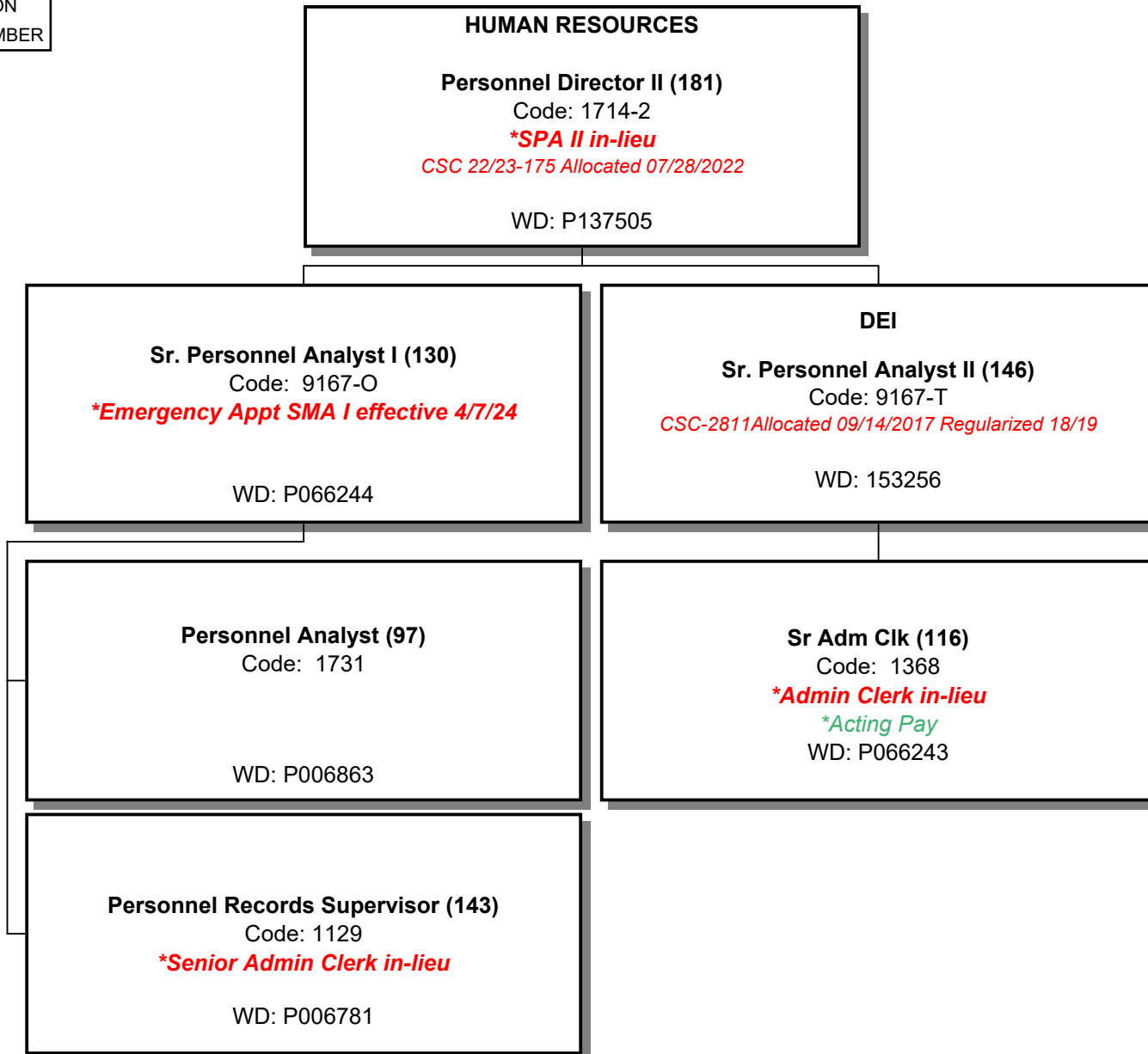
UPDATED 5/27/2025

LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2025/2026

ATTACHMENT 2 - EXHIBIT 8
ORGANIZATION CHART
-10-

	SUBSTITUTE AUTHORITY
	ADD POSITION
	DELETION OF POSITION
	MOVE POSITION
	REALLOCATE POSITION
	POSITION CONTROL NUMBER









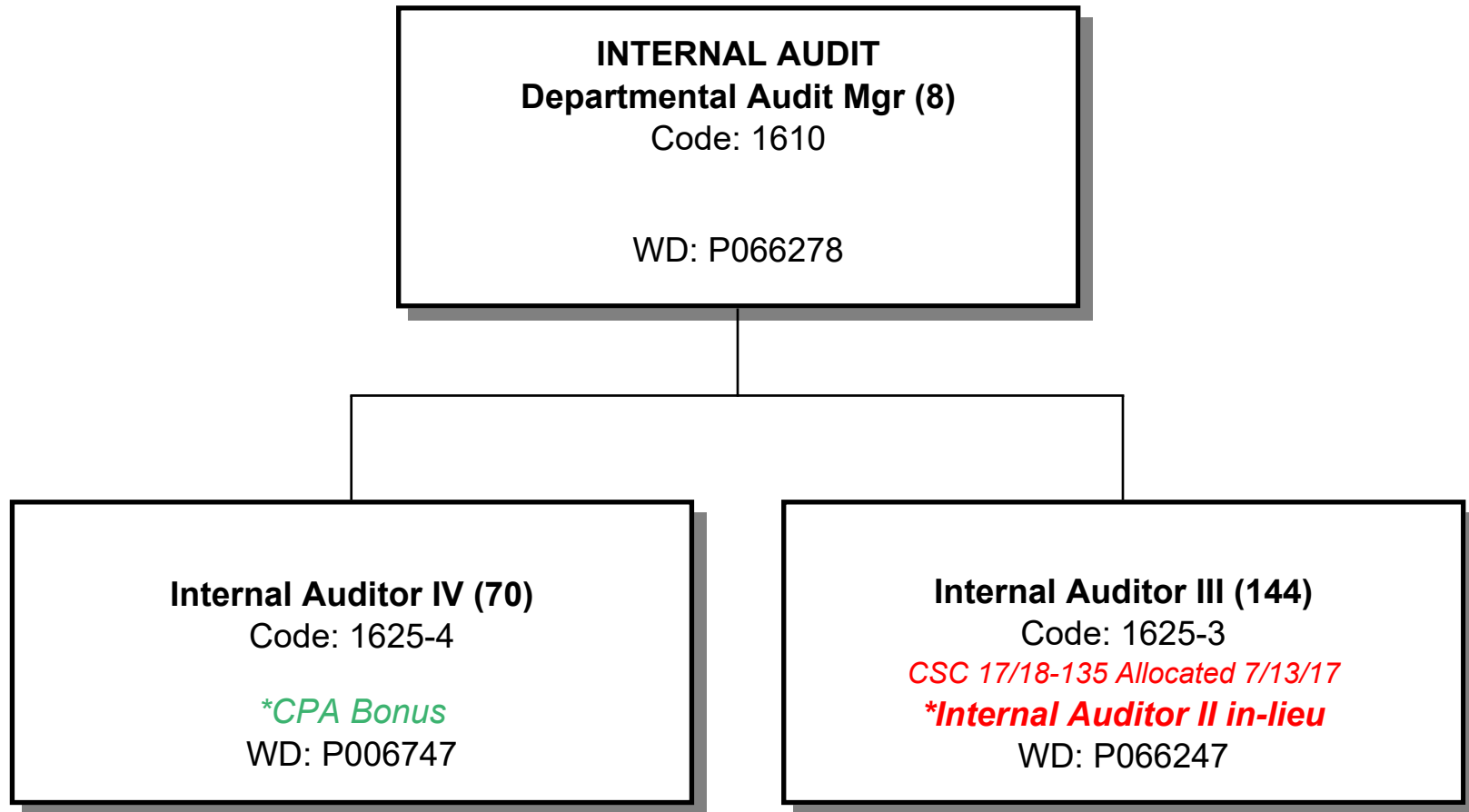
UPDATED 5/27/2025

LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2025/2026

ATTACHMENT 2 - EXHIBIT 8
ORGANIZATION CHART
-11-

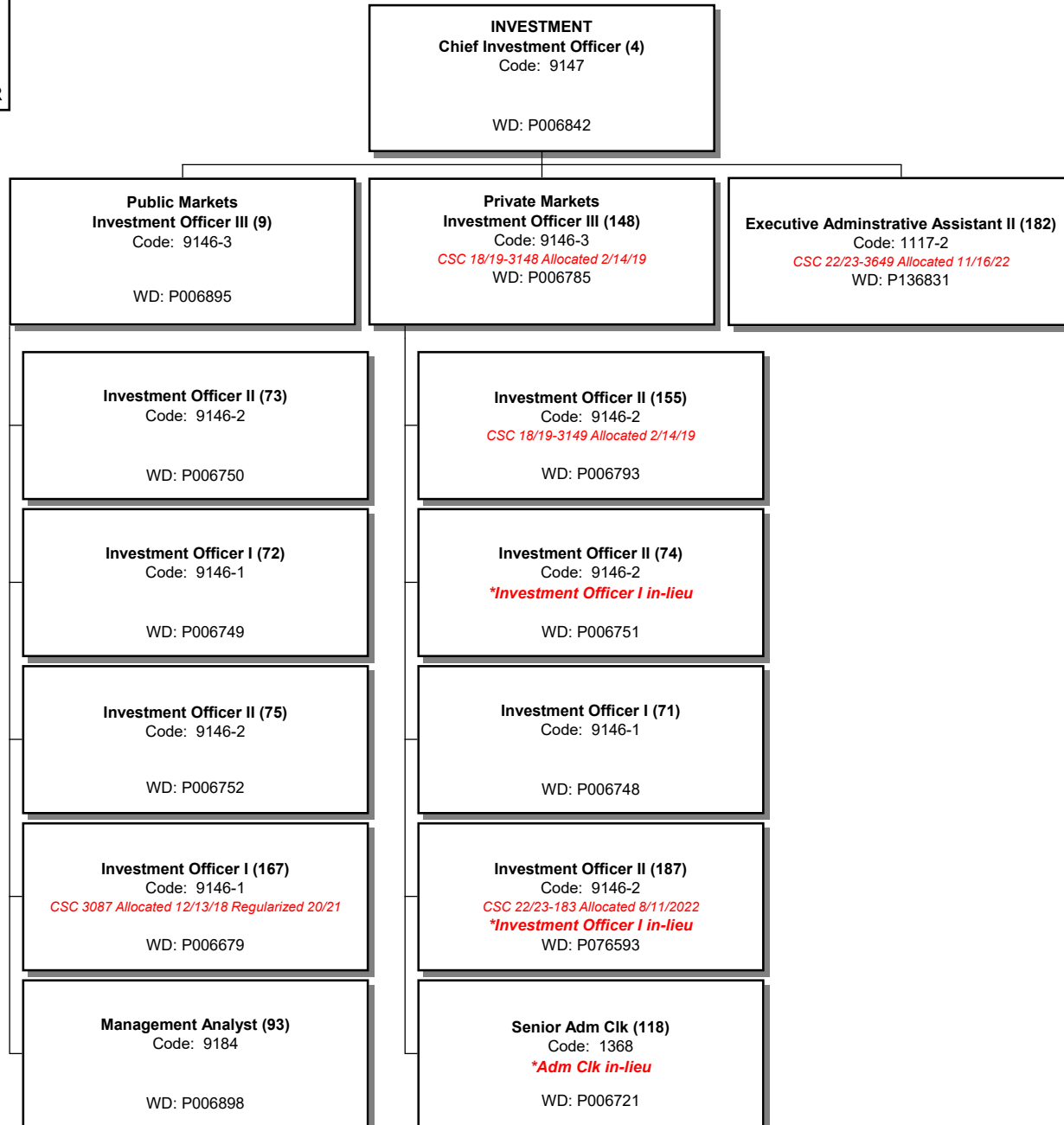
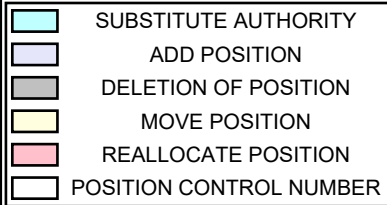
	SUBSTITUTE AUTHORITY
	ADD POSITION
	DELETION OF POSITION
	MOVE POSITION
	REALLOCATE POSITION
	POSITION CONTROL NUMBER



LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2025/2026

ATTACHMENT 2 - EXHIBIT 8
ORGANIZATION CHART
-12-

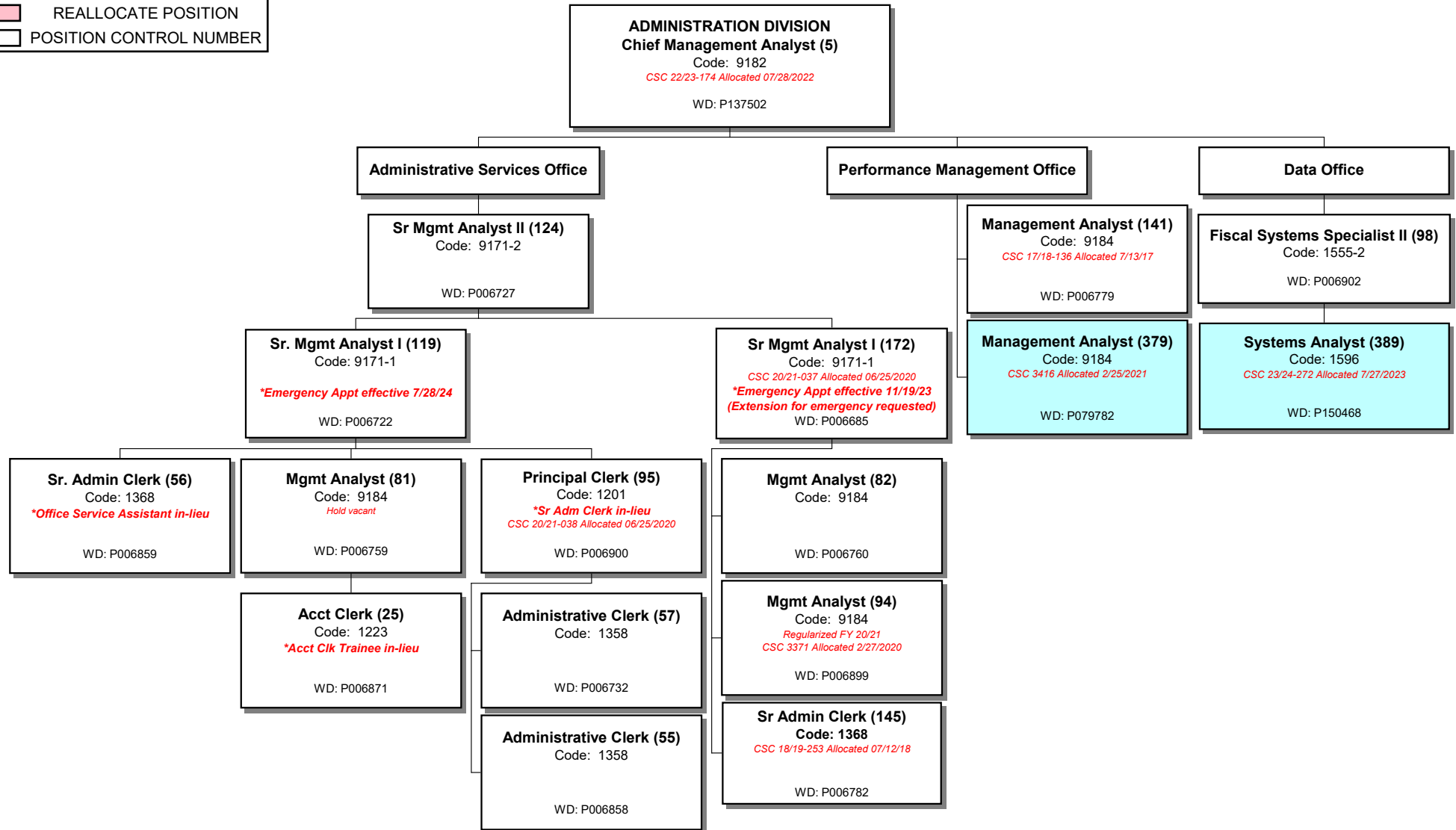
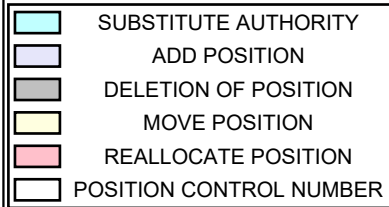


UPDATED 5/27/2025

LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2025/2026

ATTACHMENT 2 - EXHIBIT 8
ORGANIZATION CHART
-13-

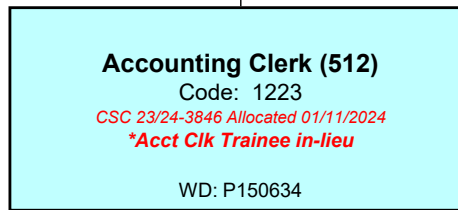
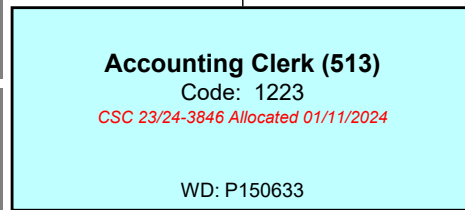
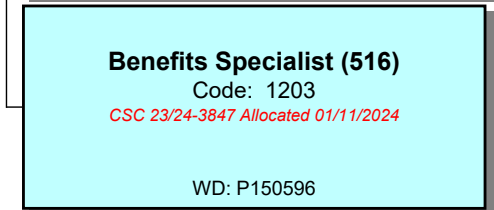
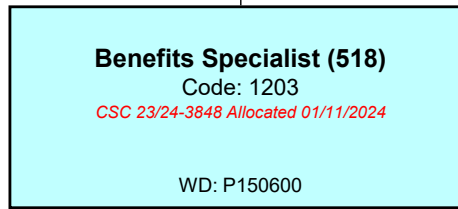
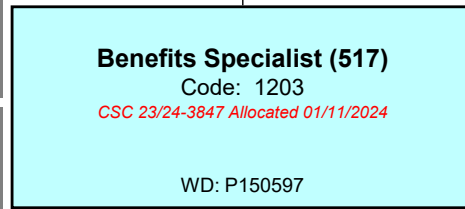
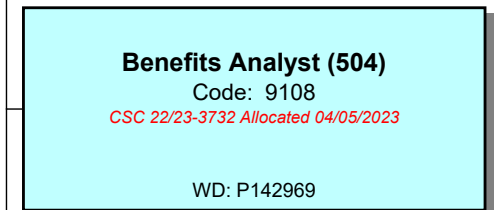
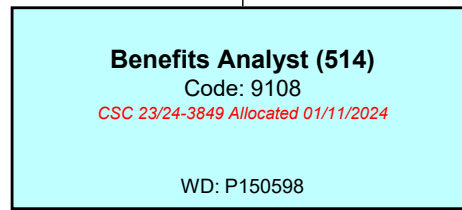
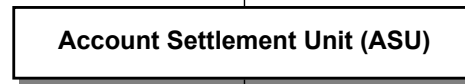
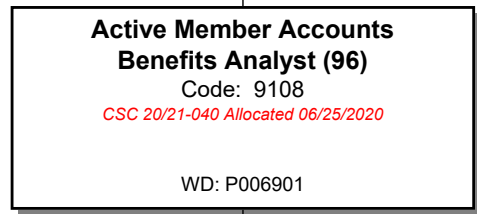
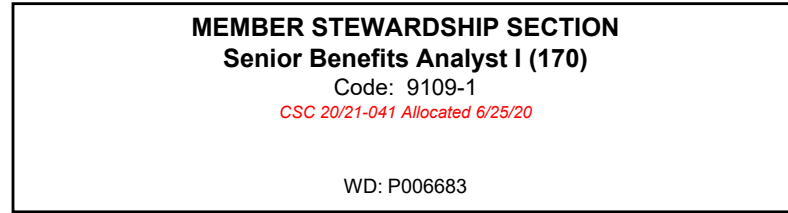
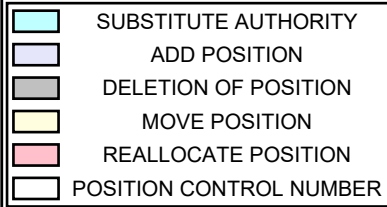


UPDATED 5/27/2025

LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2025/2026

ATTACHMENT 2 - EXHIBIT 8
ORGANIZATION CHART
-14-

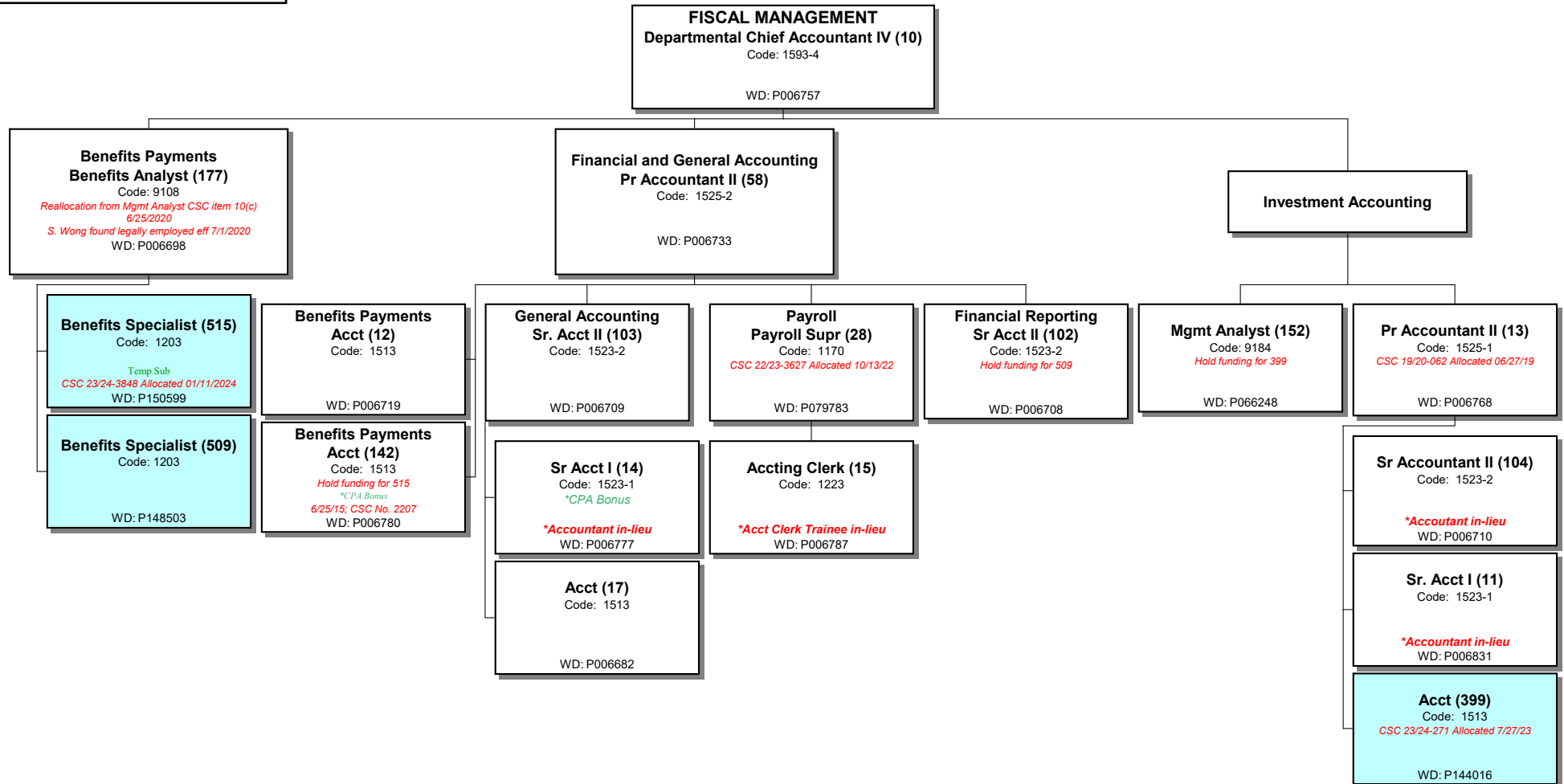
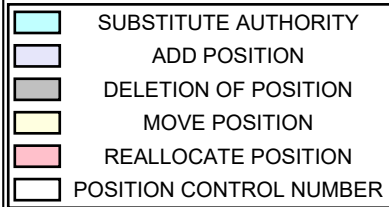


UPDATED 5/27/2025

LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2025/2026

ATTACHMENT 2 - EXHIBIT 8
ORGANIZATION CHART
-15-









UPDATED 5/27/2025

LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2025/2026

ATTACHMENT 2 - EXHIBIT 8
ORGANIZATION CHART
-16-

	SUBSTITUTE AUTHORITY
	ADD POSITION
	DELETION OF POSITION
	MOVE POSITION
	REALLOCATE POSITION
	POSITION CONTROL NUMBER

SYSTEMS OPERATIONS SUPPORT

Sr Benefits Analyst II (150)

Code: 9109-2

Reallocation from Sr Mgmt Analyst II CSC item 10 (c) 6/25/2020

L. McCall found legally employed eff 7/1/2020

WD: P006788

Sr Benefits Analyst I (166)

Code: 9109-1

B. Cha transitioned from emergency SBAI to regular eff. 7/3/22

Reallocation from Mgmt Analyst CSC item 10 (c) 6/25/2020

WD: P006678

Benefits Analyst (80)

Code: 9108

WD: P006758

Accounting Clerk (519)

Code: 1223

CSC 23/24-3893 Allocated 4/25/2024

**Acct Clk Trainee in-lieu*

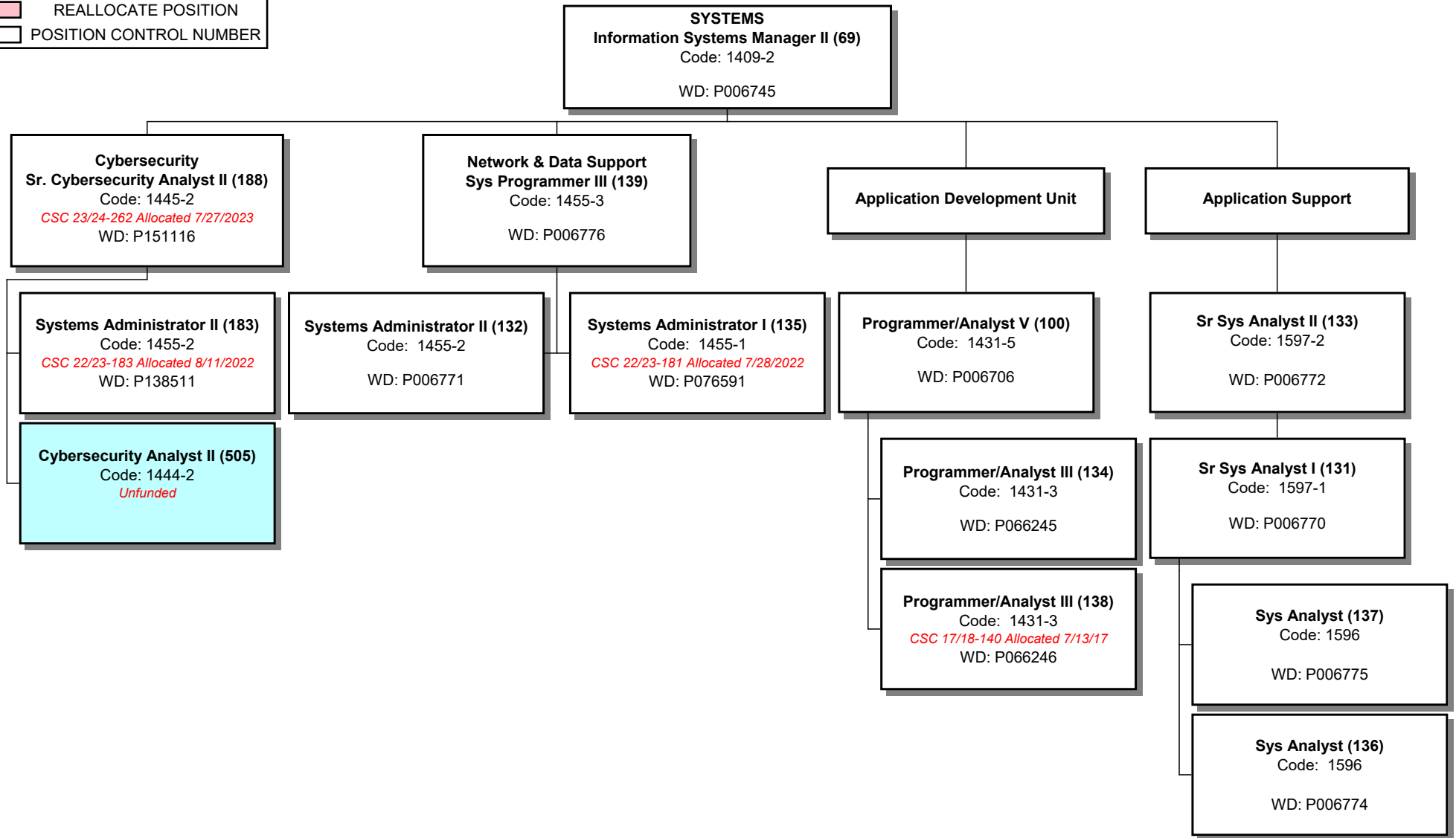
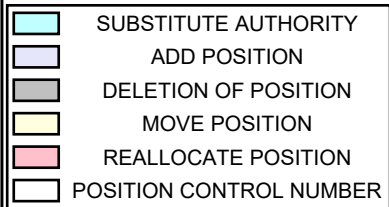
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UPDATED 5/27/2025

LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2025/2026

ATTACHMENT 2 - EXHIBIT 8
ORGANIZATION CHART
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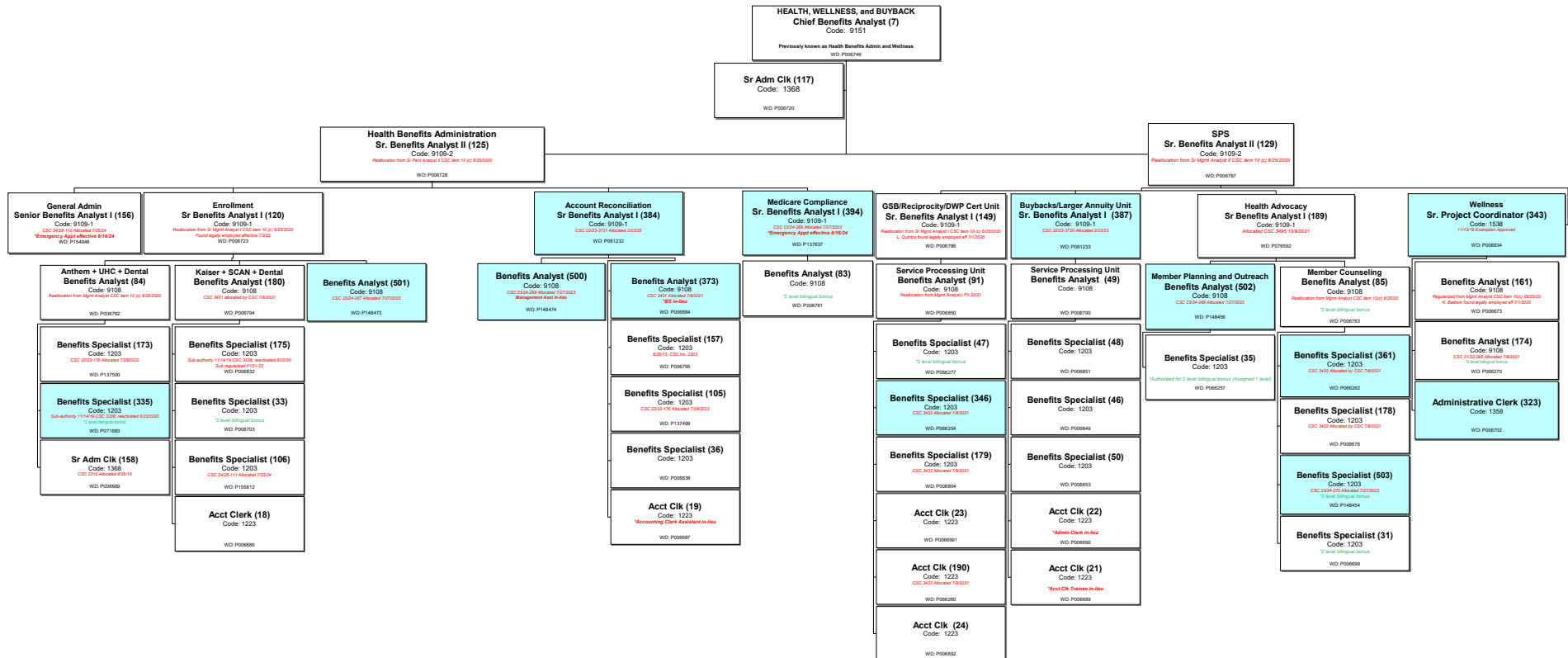
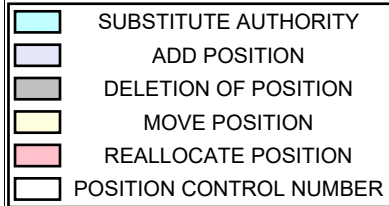


UPDATED 5/27/2025

LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2025/2026

ATTACHMENT 2 - EXHIBIT 8
ORGANIZATION CHART
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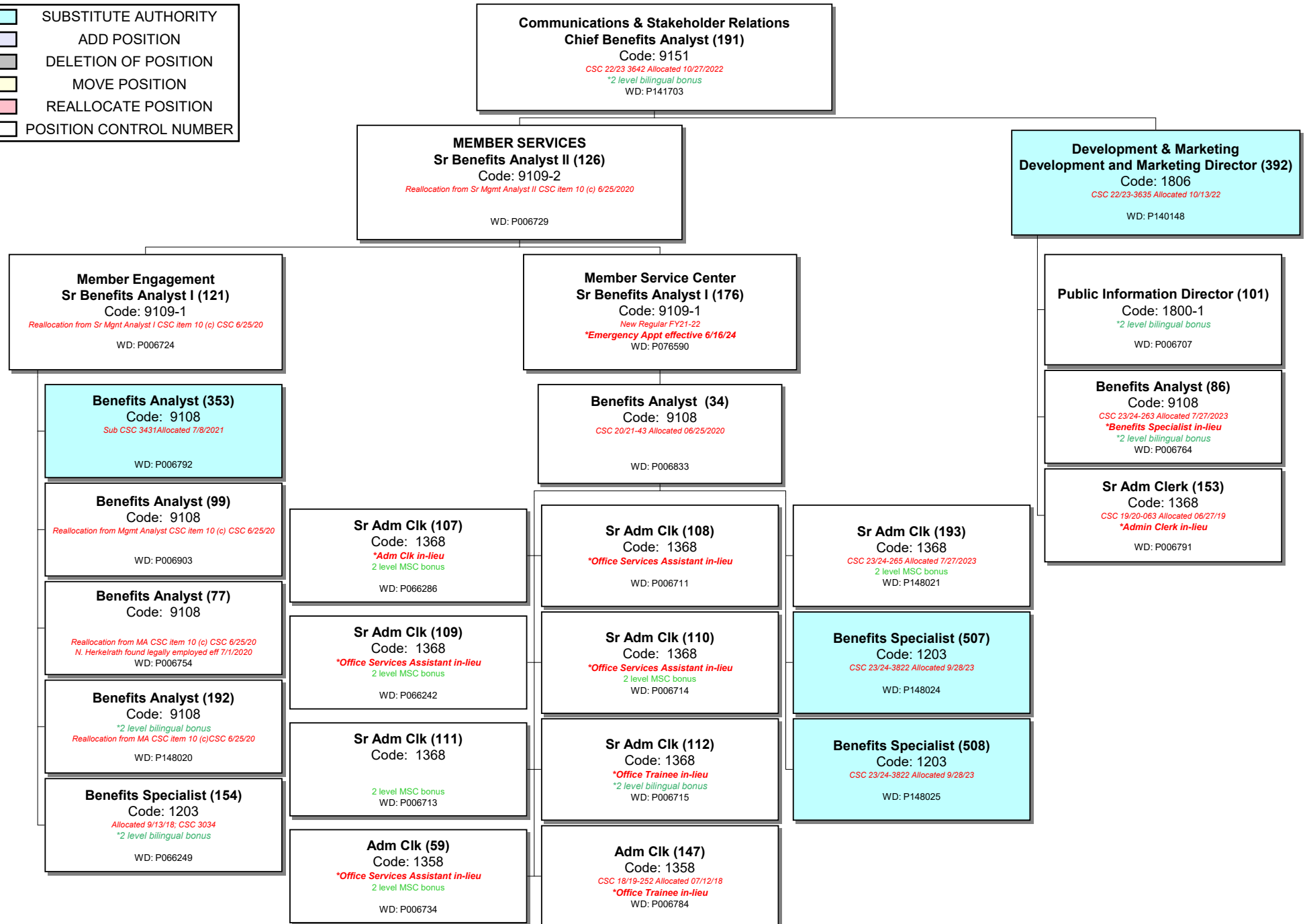
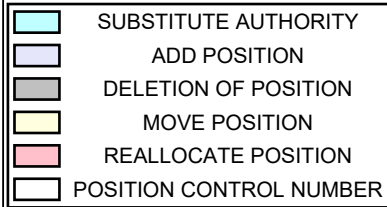


UPDATED 5/27/2025

LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2025/2026

ATTACHMENT 2 - EXHIBIT 8
ORGANIZATION CHART
-19-

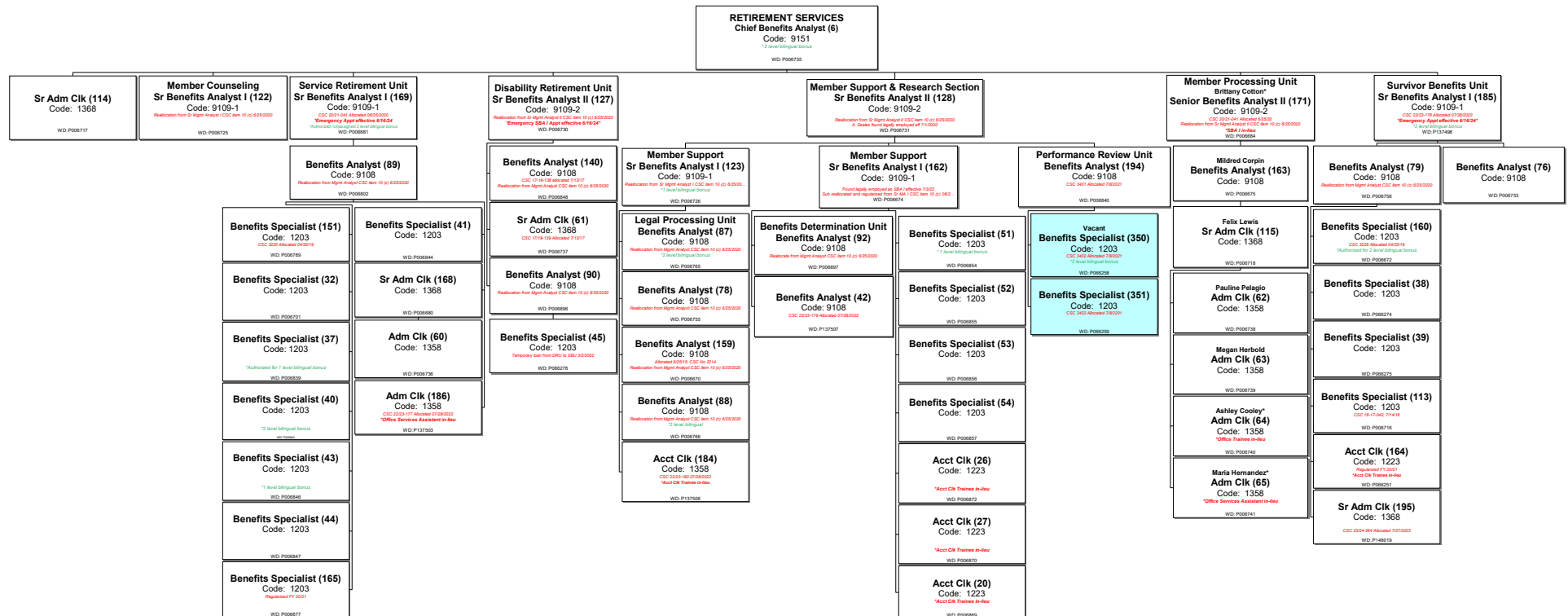
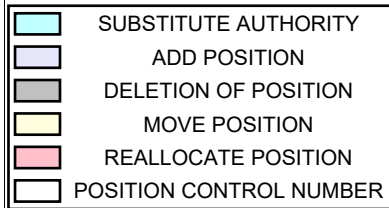


UPDATED 5/27/2025

LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2025/2026

ATTACHMENT 2 - EXHIBIT 8
ORGANIZATION CHART
-20-



UPDATED 5/27/2025

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED RESOLUTION

DELEGATION OF AUTHORITY TO THE GENERAL MANAGER
TO APPROVE TRANSFERS BETWEEN APPROPRIATION ACCOUNTS
FOR FISCAL YEAR 2025-26

WHEREAS, the Fiscal Year 2025-26 Budget aims to limit budget overages and ensure appropriations are conservatively budgeted, greater flexibility to move funds between appropriation accounts will help manage expenditures within budgeted funds;

WHEREAS, Charter Section 343(b) and Administrative Code Section 5.36, provides authority to the head of the department, the LACERS Board of Administration, to transfer between budget appropriation accounts, within limits prescribed by the City Administrative Officer, the most current at \$67,865 in Fiscal Year 2024-25;

WHEREAS, on March 25, 2025, the Board has approved the 2025-26 Budget and desires that the General Manager have the flexibility to move funds between appropriation accounts in order to meet priorities in the most efficient and timely manner;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby delegates authority to the General Manager to transfer between budget appropriation accounts not to exceed the City thresholds.

May 27, 2025

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED RESOLUTION

AUTHORIZATION FOR
DEPARTMENTAL EXEMPLARY STAFF RECOGNITION PROGRAM
FISCAL YEAR 2025-26

WHEREAS, on March 11, 2003, the Board established a departmental Exemplary Staff Recognition Program to provide a framework for team building and recognition throughout the Department;

WHEREAS, the Board continues the program in order to recognize employees for their efforts, and to identify role models who communicate the standards established through our guiding principles, inclusive in promoting teambuilding, employee engagement, and motivational activities;

WHEREAS, funds for program-related expenditures during the 2025-26 Fiscal Year have been included in the Fiscal Year 2025-26 Departmental budget in order to continue the program; and

WHEREAS, the Controller's Office requires an annual Board Resolution confirming the establishment of the program in order to process future payments of related expenses;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby confirms the ongoing establishment of the LACERS Exemplary Staff Recognition Program, and authorizes program-related expenditures for Fiscal Year 2025-26 not to exceed \$5,000.

May 27, 2025

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED RESOLUTION

AUTHORIZATION FOR
LACERS DEPARTMENTAL PARKING PROGRAM
FISCAL YEAR 2025-26

WHEREAS, on November 8, 2022, the Board established a Departmental Parking Program for full-time LACERS staff, which provides complimentary parking at LACERS Headquarters Building at 977 N. Broadway, Los Angeles, CA 90012 and adjacent parking;

WHEREAS, in consultation with City Attorney, the LACERS Board has the authority to determine whether or not it is prudent to provide complimentary parking for employees at LACERS Headquarters Building and, if it decides to do so, to set rates for parking at the Headquarters Building;

WHEREAS, the organizational benefits of complimentary parking are applicable to not only LACERS full-time staff, but also part-time staff and Public Pensions General Counsel staff, and thus complimentary parking is proposed to be extended to include all of these aforementioned groups;

WHEREAS, funds for program-related expenditures during the 2025-26 Fiscal Year have been included in the Departmental budget under the Property Management - Operations expense budget in order to continue the program;

WHEREAS, the demand for parking exceeds supply at LACERS Headquarters Building, additional parking can be obtained by entering into a contract with a nearby parking lot in Chinatown at a monthly rate of \$70 per parking spot as well as an allowance for individual daily rate parking validations as needed;

WHEREAS, providing complimentary parking to all LACERS and Public Pensions General Counsel employees at LACERS Headquarters still represents savings in excess of \$100,000 versus the expenses generated from the parking at the LA Times building;

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

1. Hereby confirms the continuation of the LACERS Departmental Parking Program, and authorizes program-related expenditures for Fiscal Year 2025-26 not to exceed \$30,000;
2. Authorize the General Manager to work with the property management firm for the LACERS Headquarters Building to rent up to 30 parking spots annually and/or enter into an agreement for validated parking in the Chinatown area; and,
3. Authorize the General Manager to negotiate and execute any contracts required to implement the parking program.

May 27, 2025

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED RESOLUTION

AUTHORIZATION FOR
DEPARTMENTAL TRANSIT BENEFITS PROGRAM
FISCAL YEAR 2025-26

WHEREAS, on May 23, 2023, the Board authorized implementation of a Departmental Transit Subsidy Reimbursement Program for eligible LACERS staff, which provides a subsidy of up to \$50 a month to LACERS staff who commute from home to work via public transit (bus, train, or rail) or by walking or biking;

WHEREAS, LACERS headquarters building at 977 N. Broadway was incorporated under the City's Special Memorandum of Understanding on City Employee Parking and Commute Options (Special Parking MOU) effective March 1, 2024;

WHEREAS, LACERS intends to allow employees to concurrently utilize the complimentary parking benefit and the Transit Benefits Program;

WHEREAS, LACERS discussed with the City to allow continuing participation of LACERS staff in the Special Parking MOU while maintaining complimentary parking benefits, resulting discussions suggests that the optimal solution is for LACERS to establish a separate departmental administrated Transit Benefits Program with commuters;

WHEREAS, funds for program-related expenditures during the 2025-26 Fiscal Year have been included in the 2025-26 Departmental budget in order to establish this program;

WHEREAS, LACERS will provide an increase from \$50 to \$100 a month for the transit subsidy reimbursement to match the Special Parking MOU's transit subsidy reimbursement amount of \$100 a month;

WHEREAS, eligible LACERS staff are required to submit documentation and valid proof(s) of purchases or commute method within specified time frames; and,

WHEREAS, LACERS proposes that transit subsidies would be an incentive that could not only help to retain LACERS staff but could also attract other City employees who work in and around the Civic Center and reduce any current and future parking burdens to the building;

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

1. Hereby confirms the continuation of the LACERS Transit Benefits Program, and authorizes program-related expenditures for Fiscal Year 2025-26 not to exceed \$162,000;
2. Authorize the General Manager to establish a monthly transit subsidy per eligible employee;
3. Authorize the General Manager to establish the program requirements, policies and procedures as necessary within the framework of this authorizing Resolution; and,
4. Authorize the General Manager to negotiate and execute any contracts or agreements required to implement the Departmental Transit Benefits Program.

May 27, 2025



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION
From: Todd Bouey, Interim General Manager

MEETING: MAY 27, 2025
ITEM: VI-B

SUBJECT: BINDING FIDUCIARY INSURANCE, RESPONSE TO CITY AUDIT REGARDING PURCHASING INSURANCE AS A GROUP AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board:

1. Authorize staff to continue procuring separate insurance coverage for LACERS through its insurance broker; and,
2. Consider three proposed fiduciary insurance coverage options and direct staff to procure the coverage the Board deems appropriate.

Executive Summary

In the City's latest Management Audit Report of LACERS, the City recommended that LACERS consider a group purchase of management liability insurance through a common broker. The recommendation proposes that LACERS and Los Angeles Fire and Police Pensions (LAFPP) could contact markets as a group and obtain cheaper insurance rates. Recently, LACERS happened to contract with the same broker servicing LAFPP.

During a subsequent meeting, the Board recommended that LACERS consider obtaining insurance through the City Administrative Officer's Risk Management Division. Despite staff's efforts, the City's Risk Management Division was unable to meet LACERS needs for obtaining insurance.

Staff consulted with Segal Select (Segal), LACERS current insurance broker, to discuss group purchase and pooling, as well as to analyze current coverage and help develop a new strategy for fiduciary insurance given that this coverage has not been evaluated for some time. In response, Segal proposed the following three options for Fiduciary Insurance:

1. Procuring Full Fiduciary Insurance
2. Procuring Side A Insurance
3. Procuring a combination of both Full Fiduciary and Side A Insurance

This report will explain the benefits and costs for each of these options for consideration by the Board.

Discussion

In its July 2022 Management Audit Report, the City recommended that LACERS and LAFPP contact insurance carriers through one broker to obtain lower rates for coverage. Recently, LACERS and LAFPP have the same insurance broker, Segal; however, staff does not recommend immediately pursuing group purchase of insurance as any savings is unlikely to be significant and annual renewals are currently underway. Additionally staff looked at obtaining property insurance from the CAO's Risk Management office, but again staff's position is that procurement through LACERS broker is preferred. Aside from the question of whether to pursue group insurance with or through other City departments, Segal has provided options for obtaining fiduciary insurance coverage which staff feels is important to revisit in terms of coverage and limits. This report will discuss each of these recommendations and options.

Purchasing Insurance as a Group with LAFPP

Both LACERS current and former broker provided that carriers determine rates based on their underwriting criteria including asset size, board governance, claim history, and overall financial portfolio. Any rates reductions as a result of group purchasing will be contingent on the underwriting guidelines set by the insurance carriers.

Since LACERS and LAFPP are distinct entities with different portfolios, different Boards, and different payout histories, purchasing insurance as a group may not result in actual costs savings as suggested by the Management Audit Report. Purchasing insurance as a group would require instruction to staff of both LACERS and LAFPP. The Board may instruct staff to look further into group purchase of insurance, but proceeding is also contingent on LAFPP's Board. In the near term though at least, staff respectfully requests to proceed with upcoming annual renewals so as not to result in any coverage lapse.

Separate from group purchasing, pooling insurance or obtaining one policy for both LACERS and LAFPP is not advisable since the disadvantages outweigh the potential advantages. First off, carriers have to take into account the individual risks for each entity based on distinct underwriting criteria which may result in higher required coverage limits at higher costs. When one entity seeks coverage for a claim, the other entity may be left without coverage if limits have been exhausted. Pooling insurance may allow access to overall higher coverage limits from carriers in addition to permitting splitting the cost of premiums. These advantages are hindered by access to coverage for claims where one entity may end up with no coverage at all. Furthermore, the covered entities would not be able to sue one another and seek coverage since most policies would not allow for lawsuits between the insureds.

Obtaining Insurance from the City

When initially purchasing the 977 N. Broadway building (LACERS HQ), staff reached out to the City's Risk Management Office. Despite repeated attempts, staff were unable to receive timely quotes for

property insurance. Consequently, LACERS obtained property insurance utilizing the services of an insurance broker.

Contact with Risk Management commenced on February 1, 2021. LACERS faced a March 13, 2021 deadline to bind insurance and after comparing available costs and coverage, Executive Management decided to procure insurance through private insurance instead of through the City's Risk Management. Although coverage limits were higher at \$1 Billion for property damage, these limits were shared with all other City buildings. In addition, the deductibles for coverage were \$100,000 which is higher than the insurance coverage LACERS ultimately obtained. It was otherwise difficult to compare the City's coverage as exclusions and sub-limits were not provided.

In early 2024, as discussed at the Board, LACERS reached out again to Risk Management to obtain quotes for insurance. The Risk Manager acknowledged our initial email and requested documentation to assist with obtaining quotes. Staff provided the requested documents and followed up weeks later only to learn that the Risk Manager had retired. Once staff were put in contact with the Risk Manager's successor, he assigned staff to assist with LACERS request for City-provided insurance. Staff again provided necessary documents, but did not hear back from CAO Risk Management staff despite follow-ups. Since insurance policies were set to lapse absent renewal, hence staff worked with LACERS insurance broker to renew policies.

Given the challenges of coordination with other departments, differences in needs, timing, characteristics, and the questionable benefit of group purchasing for a distinct entity, staff recommends that LACERS continue to procure insurance individually through a contracted broker.

Fiduciary Insurance Options

LACERS current fiduciary liability coverage consists of a Side A policy with a limit of \$10 Million. Given that LACERS has maintained the same basic policy and limits for some time, staff felt it was prudent to revisit this coverage. Segal, LACERS current insurance broker, provided fiduciary insurance options for consideration. In its quotes, Segal identified Full Fiduciary, Side A, and New Excess Side A over Full Fiduciary Insurance options for LACERS with varying coverage limits. Last year, LACERS paid \$38,450 for its current Side A policy that is set to expire on June 23, 2025.

Benchmarking with Peer Groups

According to Segal's proprietary fiduciary insurance benchmarking data, similar sized funds typically purchase an average of a little over \$47 Million in coverage with a combination of Full Fiduciary and Side A policies while the median is \$40 Million. Side A policies cover the personal liability of just the Plan Fiduciaries; in this case the Commissioners and General Manager. There is no coverage for the Plan or other staff and attorneys under this type of policy. In other words, the City and LACERS are responsible to defend against any and all legal claims that are not covered under the Side A coverage. Full Fiduciary Insurance typically provides coverage to both the Plan and the Plan Fiduciaries.

Full Fiduciary Insurance

Full Fiduciary Insurance provides broad coverage to the Plan and Plan Fiduciaries (Commissioners) against allegations of breach of fiduciary duty and administrative errors. This type of insurance provides payment of defense fees and associated costs for the following types of claims subject to sub-limits and retention (this is not an exhaustive list):

1. Breaches of fiduciary duty
2. Administrative errors and omissions
3. Benefits overpayments
4. Failure to comply with certain provisions of Employee Retirement Income Security Act
5. Health Insurance Portability and Accountability violations

As previously indicated, LACERS currently does not have Full Fiduciary Insurance coverage; only Side A so only Plan Fiduciaries are covered. Segal provides three options for obtaining Full Fiduciary coverage:

1. \$10 Million limit in coverage for \$160,409
2. \$15 Million limit in coverage for \$195,164
3. \$25 Million limit in coverage for \$258,909 (this option is comprised of the \$15 Million policy above in addition to a \$10 Million excess policy)

Side A Insurance

Side A Insurance policies typically cover the personal liability of just the Plan Fiduciaries when they are not indemnified and held harmless by LACERS or any other insurance policy. In other words, this type of insurance is often seen as a safety measure that provides coverage for conduct outside the normal course and scope of trustees responsibilities. Moreover, Side A Insurance excludes coverage for deliberately fraudulent or criminal activities. Under the current paradigm, LACERS is responsible for defending Commissioners against claims when they are conducting their duties as fiduciaries. Side A insurance covers Plan Fiduciaries' personal liability and does not provide any coverage to LACERS as an organization.

Segal provides two options for Side A Insurance Coverage:

1. Primary Side A - \$10 Million limit in coverage for \$38,350. This is comparable coverage to the prior year's purchase, but the Waiver of Recourse Premium increases to \$175 or \$25 per Commissioner from \$100 or \$15 per Commissioner.
2. Side A Excess – another \$10 Million limit in coverage for an additional \$27,400. If the Board chooses to purchase Side A and Side A Excess insurance, the overall coverage limit will be \$20 Million at a cost of \$65,750.

New Side A over Full Fiduciary Insurance

To provide the broadest coverage to the Plan and its Commissioners, Segal provides a new Side A Excess over Full Fiduciary Insurance option at an overall cost of \$288,909 and is comprised of the following:

1. New Excess Full Fiduciary - \$25 Million limit in coverage for \$258,909 (this option is comprised of the \$15 Million policy above in addition to a \$10 Million excess policy)
2. Side A Excess - \$10 Million limit for \$30,000

It is requested the Board consider these options and advise staff on how to proceed with fiduciary insurance procurement. Segal is also available for any questions.

Prepared By: Edwin Avanesian, Chief Management Analyst

TB/EA

Attachments: 1. Governmental Side A Insurance Quote
 2. Public Sector Fiduciary Liability Coverage Article



Los Angeles City Employees' Retirement System

Governmental Side A Insurance

Policy No. [REDACTED]

April 30, 2025

Memorandum

To: Edwin Avanesian, Chief Management Analyst
Los Angeles City Employees' Retirement System

From: Anna Bell
Vice President – West Region

Date: April 30, 2025

Re: **Governmental Side A Insurance**
Los Angeles City Employees' Retirement System
Policy No. [REDACTED]

Thank you for the opportunity to provide quotations for this year's renewal of Governmental Side-A insurance in addition to several alternative program options. Various carriers were approached and we obtained quotations from the incumbent carrier, [REDACTED], in addition to alternative carriers, [REDACTED].

We can support renewing coverage with incumbent carrier based on the same broad scope and continuity of coverage along with flat renewal premium, which is competitive for the Side A coverage afforded in the current market.

We are also supportive of consideration for alternative program option with Side A excess included over new Full Fiduciary Liability due to heightened claims environment in the market space that is specifically more litigious in this venue.

Carrier	Premium	Limit of Liability	Retention	Response
[REDACTED] (Primary Side A)	\$38,350	\$10-million	\$0	Incumbent Side A Program Option 1 Key decision variables: same broad scope and continuity of coverage, flat renewal premium which is competitive for the coverage afforded in the current market.
[REDACTED] (New Excess)	\$27,400	\$10-million	\$10-million Primary [REDACTED] Side A Policy	New Higher Excess Options Key decision variables: Higher total available limits.
[REDACTED] (New Excess)	\$17,500 +	\$5-million (Total Program \$25-million)	\$20-million Underlying Policies	

	\$909.68 Surplus Line Taxes & Fees (Total Program \$83,250 + Surplus Line Taxes & Fees)			██████: Non-Admitted policy, additional Surplus Line Taxes & Fees apply
██████ (New Primary Full Fiduciary)	\$160,409	\$10-million	\$50,000	New Full Fiduciary Option 2 Key decision variables: broad scope of full Fiduciary Liability coverage and matched continuity to the current Side A policy.
██████ (New Primary Full Fiduciary)	\$195,164	\$15-million	\$50,000	New Full Fiduciary Program Option 3 Key decision variables: broad scope of full Fiduciary Liability coverage and matched continuity to the current Side A policy.
██████ (New Excess Full Fiduciary)	\$63,745 (Total Program \$258,909)	\$10-million (Total Program \$25-million)	\$15-million Primary ██████ Full Fiduciary Policy	New Higher Excess Option Higher total available limits inclusive of various dropdown sublimits of coverage.
██████ (New Side A Excess over Full Fiduciary)	\$30,000 (Total Program \$288,909)	\$10-million	\$25-million Underlying ██████ Full Fiduciary Policies	New Side A Excess over Full Fiduciary Program Option 4 Key decision variables: Higher total available limits

In addition, the following carriers were approached, below find their responses:

Carriers	Market Response
████████████████████	Full Fiduciary indication 10 x 15 for \$100,000+
██████	Full Fiduciary indication 10 x 25 for \$60,000
████████████████	Full Fiduciary indication \$5-million limit with \$100,000 retention for \$200,000+
████████████████	Declined, due to venue, class of business.
████████████████████████████████	Declined, cannot compete

	Pending underwriter review
--	----------------------------

Additional information is available in the attached sections. If you would like samples of any quoted policy forms or endorsements, please let us know.

Please provide binding instructions at your earliest convenience, but no later than June 20, 2025. Binding instructions or subjectivities received after this date may result in changes or withdrawal of the quoted terms. Please note that insurance coverage cannot be bound or changed via email, voicemail, text or fax unless confirmed in writing by a licensed broker.

By sending us binding instructions, you consent to electronic delivery of any other documents required to be provided or disseminated by Segal to you under this agreement or applicable law, rule or regulation.

If you have any questions, please contact our client team:

- Broker

Dennis Yuen
Senior Broker
628.399.0494
CA license: 0L88236
dyuen@segalco.com

- Lead Regional Consultant:

Anna Bell, RPLU, CPLP, CLCS, CRIS
Vice President, West Region
415.263.8242
CA license: 0F63549
abell@segalco.com

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Premium and Coverage Summary*

Side A Primary

(Program Option 1)

Description	Expiring Terms	Renewal Option for
Policy Summary		
Policy Period	06/23/2024 – 06/23/2025	06/23/2025 – 06/23/2026
Admitted Status	Admitted	Admitted
Limit of Liability	\$10-million	\$10-million
Basic Premium	\$38,350	\$38,350
Waiver of Recourse Premium	\$100	\$175
Retention	\$0	\$0
Coverages/Endorsements		
Claim includes non-monetary relief	✓	✓
Conduct Exclusion – Final Adjudication language	✓	✓
Coverage for Error, Omission, Act, Misstatement, Misleading Statement, or Breach of Duty	✓	✓
Duty to Defend Coverage	✓	✓
Extradition Coverage	✓	✓
Enhanced Defense Expenses Endorsement	✓	✓
	\$100,000 each claim Defense Expenses	\$100,000 each claim Defense Expenses
Investigation Coverage	✓	✓
Limited Interview Coverage	✓	✓
No Insured vs. Insured Exclusion	✓	✓
Non-Rescindable	✓	✓
Outside Capacity Coverage	✓	✓
Pending & Prior Litigation Exclusion	✓	✓
	03/23/2013	03/23/2013
Punitive Damages	✓	✓
Severability Coverage	✓	✓
Spousal Coverage/ Domestic Partner Coverage	✓	✓

* These policy summaries are not an exhaustive list and are not legal interpretations of coverage. Insurance policies are legal contracts that counsel should review.

Side A New Excess

(Program Option 1)

Description	New Excess Option for [REDACTED]
Policy Summary	
Policy Period	06/23/2025 – 06/23/2026
Admitted Status	Admitted
Limit of Liability	\$10-million
Basic Premium	\$27,400
Total Program Premium	\$65,750
Total Program Limit of Liability	\$20-million
Waiver of Recourse Premium	\$175
Retention	\$10-million Primary [REDACTED] Side A Policy
Coverages/Endorsements	
Follow Primary Form	✓
Pending & Prior Litigation Exclusion	Policy Inception

Side A New Higher Excess

(Program Option 1)

Description	New Higher Excess Option for [REDACTED]
Policy Summary	
Policy Period	06/23/2025 – 06/23/2026
Limit of Liability	\$5-million
Basic Premium	\$17,500
Admitted Status	Non-Admitted
Surplus Line Taxes & Fees	\$909.68
Total Program Premium	\$83,250 + Surplus Line Taxes & Fees
Total Program Limit of Liability	\$25-million
Waiver of Recourse Premium	\$175
Retention	\$20-million Underlying [REDACTED] and [REDACTED] Side A Policies
Coverages/Endorsements	
Follow Primary Form	✓
Pending & Prior Litigation Exclusion	Policy Inception
Specific Litigation/Event Exclusion	✓ Thomas Crawley litigation; IBEW Local 18 v. City of Los Angeles matter; Gyl Elliot, Graciela Briceno matter
Trade and Economic Sanctions Exclusion	✓

New Primary Full Fiduciary

(Program Option 2 and 3)

Description	New Primary Option Full Fiduciary for [REDACTED]	
Policy Summary		
Policy Period	06/23/2025 – 06/23/2026	
Limit of Liability	\$10-million	\$15-million
Basic Premium	\$160,409 (Option 2)	\$195,164 (Option 3)
Waiver of Recourse Premium	\$175	
Retention	\$50,000	
Coverages/Endorsements		
502(c) Penalty Coverage	✓ \$250,000 sublimit	
502(l) & (i) Coverages	✓	
Administrative Errors & Omissions	✓	
COBRA Penalties	✓ \$250,000 sublimit, \$0 retention	
Conduct Exclusions – Final Adjudication	✓	
Duty to Defend	✓	
Encore/Segal Fiduciary Amendatory	✓	
First Party Benefit Overpayment Coverage	✓ \$100,000 sublimit for miscalculations	
Full Allocation of Claim Expenses	✓	
Guaranteed Renewal Endorsement	✓	
HIPAA Fines/Penalties	✓	
IRC 4975 Tax Coverage	✓	
IRC 4976 Tax Coverage	✓	
Managed Care E&O Coverage	✓	
Mental Health Parity Penalties	✓ \$250,000 sublimit, \$0 retention	
Miscellaneous Regulatory Penalty Coverage	✓ \$250,000 sublimit, \$0 retention	
No Hammer/Settlement Clause	✓	
Non-Cancellable Except for non Payment	✓	
Non-Fiduciary Defense	✓	
Penalty Box Endorsement	✓ \$250,000 sublimit	

Description	New Primary Option Full Fiduciary for [REDACTED]
Pending and Prior Litigation Exclusion	✓ 03/23/2013
PPA Penalties	✓ Included in 502(c) sublimit
PPACA Fines/Penalties	✓
Pre-Claim Investigation Coverage	✓ Any "federal, state, or local law enforcement or governmental authority"
Prior Notice Exclusion	✓
Section 203 Bipartisan Act Penalty Coverage	✓
Recovery of Limits of Liability Endorsement	✓
Selection of Defense Counsel	✓
Settlor/Plan Sponsor Coverage	✓
Severability Coverage	✓
Spousal Coverage	✓
State Amendatory Inconsistency Endorsement	✓
Surcharge/Equitable Relief Coverage	✓
Umbrella Penalty Endorsement	✓ \$250,000 sublimit excess over all quoted penalty sublimits
Voluntary Settlement Program	✓ \$250,000 sublimit One Reinstatement

New Excess Full Fiduciary

(Program Option 3)

Description	New Excess Option for [REDACTED]
Policy Summary	
Policy Period	06/23/2025 – 06/23/2026
Admitted Status	Admitted
Limit of Liability	\$10-million
Basic Premium	\$63,745
Total Program Premium	\$258,909
Total Program Limit of Liability	\$25-million
Waiver of Recourse Premium	\$175
Retention	\$15-million Primary [REDACTED] Full Fiduciary Policy
Coverages/Endorsements	
Follow Primary Form	✓
Pending & Prior Litigation Exclusion	Policy Inception
Benefit Overpayment	✓ \$100,000 dropdown
COBRA Penalties	✓ \$250,000 dropdown
Non-Fiduciary Defense	✓ \$10-million dropdown
Voluntary Compliance	✓ \$250,000 dropdown
ERISA 502 (c)	✓ \$250,000 dropdown
ERISA Section 502 (a)(3)	✓ \$10-million dropdown
HIPAA / HITECH	✓ \$10-million dropdown
Mental Health Parity Penalties	✓ \$250,000 dropdown
PPACA	✓ \$10-million dropdown
Section 4975	✓ \$10-million dropdown

Side A New Excess over Full Fiduciary

(Program Option 4)

Description	New Side A Excess over Full Fiduciary Option for [REDACTED]
Policy Summary	
Policy Period	06/23/2025 – 06/23/2026
Admitted Status	Admitted
Limit of Liability	\$10-million
Basic Premium	\$30,000
Total Program Premium	\$288,909
Waiver of Recourse Premium	\$175
Retention	\$25-million Primary [REDACTED] and [REDACTED] Full Fiduciary Policies
Coverages/Endorsements	
Follow Primary Form	✓
Pending & Prior Litigation Exclusion	Policy Inception

Policy Analyses

Limit of liability

The incumbent Side A carrier, [REDACTED], quoted the same \$10-million limit of liability as expiring. New higher excess Side A options of \$10-million limit from [REDACTED] and \$5-million from [REDACTED] consist of Program Option 1.

We have also secured several alternative program options for consideration.

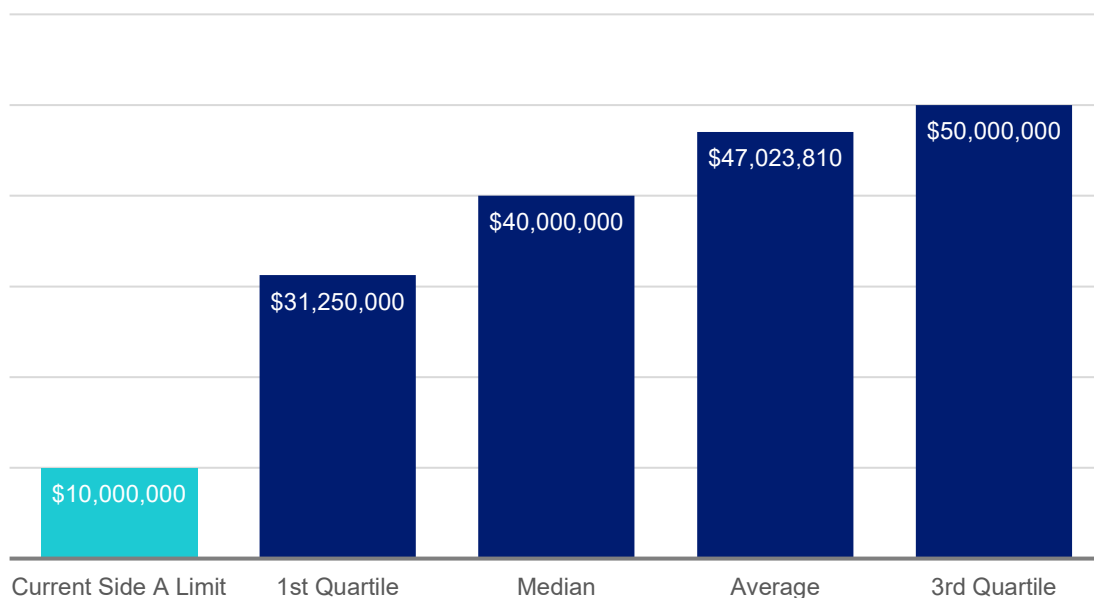
[REDACTED] additionally quoted new \$10-million and \$15-million limit Full Fiduciary Liability options. New excess Full Fiduciary limit of \$10-million from [REDACTED] over [REDACTED] \$15-million primary make up Program Option 3.

New higher Side A excess limit of \$10-million from [REDACTED] over Program Option 3 gives rise to Program Option 4, which is supportable based on the System's current size in addition to continued heightened claims environment in the California venue.

Additional higher limits may be available upon request.

Our proprietary Fiduciary Liability insurance benchmarking data illustrates below what limits similar sized funds typically purchase.

Peer Group = Assets Greater Than \$2-Billion



Premium

For the expiring \$10-million Side A limit, [REDACTED] quoted a flat renewal premium. All carriers quoted competitively for the respective coverage afforded.

[REDACTED] option is provided through [REDACTED], a wholesale excess lines broker working with Segal to obtain quotes which are all Non-Admitted carriers and Surplus Line Taxes and Fees apply accordingly that would increase the total amount due.

Scope of coverage

At this renewal, [REDACTED] continues to provide the same broad scope of coverage as the expiring Side A policy. The various alternative program options may potentially enhance the current Side A coverage or expands to Full Fiduciary Liability in addition to Side A excess over Full Fiduciary Liability depending on what the Board will elect at this renewal.

Side A policy typically covers the personal liability of just the Plan Fiduciaries. Full Fiduciary Liability policy typically provides coverage to both the Plan and the Plan Fiduciaries. Side A excess over Full Fiduciary Liability policy can be purchased in conjunction to provide additional protection for Plan Fiduciaries.

Continuity of coverage

Continuity is a concept addressing the scope of coverage provided by a renewal policy from the incumbent carrier or a new policy from a new carrier. When a claim is made the policy in force will determine whether coverage is provided. When renewing coverage with the incumbent or moving coverage to a new carrier, the insured should determine whether the renewal (or new) policy will provide at least the same scope of coverage as the expiring policy. In particular, a new carrier may wish to limit coverage in some fashion.

To maintain continuity, review any additional policy exclusions, new Pending & Prior Litigation dates, and/or new Prior Acts dates.

Subjectivities

This section summarizes the additional information the carrier will require to bind coverage.



There are no additional subjectivities required at this time.



Completed [REDACTED] warranty for higher limits;

Terrorism Policyholder Disclosure Statement signed and currently dated (only if Insured rejects TRIA coverage)

Surplus Line Affidavit - TBD



There are no additional subjectivities required at this time.



Services and Compensation Disclosure

Segal acknowledges that it is a “covered service provider” within the meaning of Section 408(b)(2) of ERISA when providing Services and will disclose any fees and other compensation it receives in accordance with the requirements of with ERISA Section 408(b)(2). Upon request, Segal will provide an annual statement describing the indirect compensation it received in the previous plan year. The insured agrees and acknowledges that it has received a copy of this Agreement for review reasonably in advance of entering into this Agreement and that the designation of Segal as a service provider, and any other transactions contemplated by this Agreement, are consistent with and permissible under the plan documents.

A copy of Segal’s firm-wide ERISA Section 408(b)(2) fee disclosure is available at <http://www.segalco.com/disclosure-of-compensation>.

NY Regulation 194

A copy of Segal’s firm-wide NY Regulation 194 disclosure is available at <http://www.segalco.com/disclosure-of-compensation>.

FATCA

The Foreign Account Tax Compliance Act (FATCA) requires the notification of certain financial accounts to the United States Internal Revenue Service. Segal does not provide tax advice so please contact your tax consultant for your obligation regarding to FATCA.

Supplemental Information & Disclosures

While many insurance policies may follow a similar format, substantial differences exist between carriers. Segal recommends Insureds familiarize themselves with the policy's basic coverage features, especially those that require action on their part, and that legal counsel review all insurance policies.

Notice of incident, claim or circumstances

Please carefully review any incident reporting instructions. Failure to timely and properly report a claim may jeopardize coverage for expenses or claims. In addition, you should retain copies of all insurance policies and coverage documents as well as incident reporting instructions after termination of the policies because in some cases you may need to report an incident after termination of a policy.

Disclosure in an application does not meet these terms and conditions. All regulatory audits or investigations should be treated as a claim and noticed to the insurance carrier as soon as the first written communication from a regulatory agency is received.

Notice must be in accordance with the policy's terms and conditions and must be sent to a designated address. All electronic claim notifications to be processed by Segal must be sent to claims@segalco.com. Please copy your broker team on any notification, but Segal is not responsible for the processing of any electronic claim notification if it is not addressed to claims@segalco.com.

Extended reporting period

Should consideration be made to move coverage from one carrier to another, or there is a material change in terms and conditions, the Insured may also consider purchasing an Extended Reporting Period (ERP), commonly known as "Tail Coverage." An ERP provides the Insured additional time to report claims or circumstances that occurred up to the date of the policy's expiration. This coverage is available for an additional premium and period to be determined by the carrier. Some policies may also offer an automatic ERP for no additional premium. Please review your policy for specific terms and conditions.

Insured's obligation to notify the insurer

In addition to an obligation to notice the insurer of any claim or circumstance as soon as practicable, the policy will, or may, obligate the Insured to provide notice to the insurer in other instances.

Insurance carrier ratings

Insurance brokers rely on financial rating services such as A.M Best and Standard & Poor's. All financial ratings are subject to periodic review and therefore, it is important to obtain ratings from each service. If you need information about the financial statements of any of the insurance companies being proposed so you can make your own assessment of the financial strength of the companies being offered in this proposal, please contact us.

Both A.M. Best and Standard & Poor's websites can provide the publicly available information collected to enable you to make an informed decision to accept or reject a particular carrier. To learn more, please visit them at www.ambest.com and www.spglobal.com.

Proposal advisory

This quote memo is a summary of coverage forms, limits of insurance, endorsements and other terms and conditions of the carrier quotations. Please review quotes and policies with legal counsel for specific terms, conditions, limitations, exclusions or the calculation of premiums that will govern in the event of a loss.

This quote memo does not amend, or otherwise affect, the provisions of coverage of any resulting insurance policy issued by any insurance company to you. It is your responsibility to check the policy or policies being purchased for accuracy.

This proposal is not a representation that coverage does or does not exist for any particular claim or loss under any policy. Coverage depends on the applicable provisions of the actual policy issued, the facts and circumstances involved in each claim or loss, and any applicable law.

You, the proposed Insured, represent and warrant that the information provided by you in connection with the application for insurance is complete and accurate through the later of the date that (1) coverage is bound or (2) coverage becomes effective. You agree to immediately notify Segal, in writing, if any of the information included in the application changes between the date the application for quotation/insurance coverage is submitted and the later of (1) the date of the quotation or the date coverage is bound or (2) the effective date of coverage. You understand and acknowledge that the quoting insurance carriers may reserve the right to withdraw or amend any outstanding quotations based upon such changes and that Segal will not have any liability whatsoever for the decisions of any quoting insurance carriers based on any such changes.



Your Organization May Need a Range of Insurance Coverage

Type of Insurance	Protection
Fiduciary liability coverage	Allegations of breach of fiduciary duty and administrative errors
Cyber liability coverage	Data incidents, breach events, ransomware or malware attacks and social engineering fraud at your organization or at one of your vendors
Employment practices liability	Allegations of harassment or discrimination in employment made by an employee or a third party (non-employee)
Fidelity bond (mandated by ERISA or LMRDA)	Losses related to employee to fraud, dishonesty, and/or third-party crime
Crime coverage	Losses related to theft and forgery, such as fraudulent electronic funds transfer coverage, manipulation of computer systems, including by employees and third-party losses, such as social engineering fraud
Educators' liability coverage	Allegations of improper or insufficient training or hiring practices including libel, slander, plagiarism and trademark/copyright violations
Directors' and officers' or union liability coverage	Allegations of malpractice (wrongful errors and omissions, fair representation or personal injury) against a board of directors or union officers, respectively
Employed lawyers coverage	Allegations of legal malpractice by in-house attorneys and legal assistants, including when "moonlighting" and providing pro bono legal services
Medical professional coverage	Allegations of wrongful medical professional practices and services including exposures to HIPAA proceedings
Errors and omissions (E&O) or managed care E&O coverage	Protection for acts of your professional services specifically tailored to meet the client services provided
Media insurance	Coverage for traditional electronic and print media as well as coverage crafted for social media, including defamation and copyright infringement
Student accident	Injury of students, volunteers or other participants in formal instruction or training programs
Travel accident coverage	Accidental death and dismemberment during business travel or available to students learning on the job
Workplace violence/active shooter coverage	Indemnify for specific expenses, business interruption and third-party legal liability for a covered event
Business property coverage	Structural damage to owned, leased or rented property from fire, vandalism or theft
Business personal property coverage	Office equipment resulting from a covered loss on or off premises
Business income/extra expense coverage	Forced closure due to direct physical loss or damage to premises resulting from a covered cause of loss
Business liability coverage	Business found legally responsible for causing injuries or damages to third parties
Business auto coverage	Owned or leased vehicles used for business purposes
Non-owned auto coverage	Employees using their personal vehicles for business purposes
Hired auto coverage	Autos leased, hired or borrowed by employees in the short term for business purposes

Type of Insurance	Protection
Umbrella liability coverage	Liability coverage in excess of primary liability policies including customized coverage
Flood and earthquake coverage	Property damage from a flood resulting from hurricanes, tropical storms and heavy rains as well as natural disasters such as earthquakes
Equipment breakdown coverage	Equipment failure due to a breakdown
Employee tools and equipment coverage	Tools and equipment used for training or business
Event cancellation	Unforeseen losses related to hosting cancelled or postponed covered events to protect your investment





In These Litigious Times, Having the Right Fiduciary Liability Protection Matters

While this insurance is more important than ever, obtaining reasonable coverage for a fair premium can be increasingly difficult.

As a public sector plan sponsor, you know fiduciary liability insurance is a prudent way to protect the plan, its fiduciaries and employees against risk associated with lawsuits alleging a breach of fiduciary duty. It's also useful when there are administrative errors or omissions when indemnification or sovereign immunity isn't available or there are gaps in those protections under state laws. While a governmental side-A policy generally provides excess coverage above other insurance policies, fiduciary liability insurance provides a greater level of protection.

Various operational issues can expose plan trustees to litigation. Examples include actuarial/investment assumptions, asset-allocation decisions, fees, benefit formulas, funding levels, plan governance, failure to meet statutory requirements, strategic partnerships and scandals. Although public sector plan trustees are exempt from ERISA, they may face increased liability risk if they're subject to statutes that "mirror" ERISA as well as to trusts and/or common law. And, depending upon the state, public sector plan fiduciaries may be subject to a "faithful-performance" standard that's higher than ERISA's "prudent-man" standard.

Over the past several years, there's been an uptick in lawsuits alleging excessive fees. Consequently, fiduciary liability claims continue to rise.

At the same time, as underwriters evaluate the frequency and severity of their losses, many insurers have instituted stricter underwriting requirements. Those changes are making it harder to obtain or renew a policy or apply for an increase in limits.

When did you last review your coverage?

Litigation tends to be costly, risking organizational assets, fiduciaries' and employees' personal assets or both. That's why ensuring you have a broad scope of coverage with reasonable limits and a competitive premium is critical.

Understanding what coverage terms apply for your benefit plan fund matters because policy terms can vary by the type of benefit plan.

When reviewing your current coverage, be sure to consider these aspects:



Scope

Does your policy provide a broad range of coverages pertinent to the types of loss you could experience as a plan sponsor?



Limits

When was the last time you reviewed your coverage limit? A regular review will ensure your limit is aligned with current risk factors.



Services

Does your carrier offer services and resources to help reduce the risk of a loss? If you experience a loss, are you confident your claim will be handled efficiently?

Get experienced advice on the fiduciary liability insurance policy that's right for your organization

You're interested in coverage that your plan needs. We'll work with you to identify which insurers can best meet those needs.

In addition, we'll guide you through the application and underwriting process. It's an opportunity to identify risk as well as design and negotiate the most favorable policy terms and conditions at the most reasonable price.

To learn more about our insurance brokerage services and/or to request a complimentary assessment of your current insurance coverage, please get in touch with us.

Contact



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Real Estate Portfolio Performance Review

Fourth Quarter 2024

LACERS Real Estate Program Overview

(Data as of December 31, 2024)



- 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 December 31, 2024. A detailed performance report is also provided as **Exhibit A**.
- LACERS is below its 7.0% target allocation to Real Estate as of quarter-end on a funded basis, but unfunded commitments will bring the exposure towards the target over the near-term.

	Market Value (\$ millions)*	% LACERS Plan*
LACERS Total Plan Assets	\$24,061	
Real Estate Target	\$1,684	7.0%
RE Market Value:		
Core	\$759	
Non-Core	\$513	
Timber	\$20	
Total RE Market Value	\$1,293	5.4%
Unfunded Commitments	\$338	1.4%

*Figures may not add due to rounding. Values may not tie to Northern Trust due to timing differences.

LACERS Real Estate Program Overview (continued)

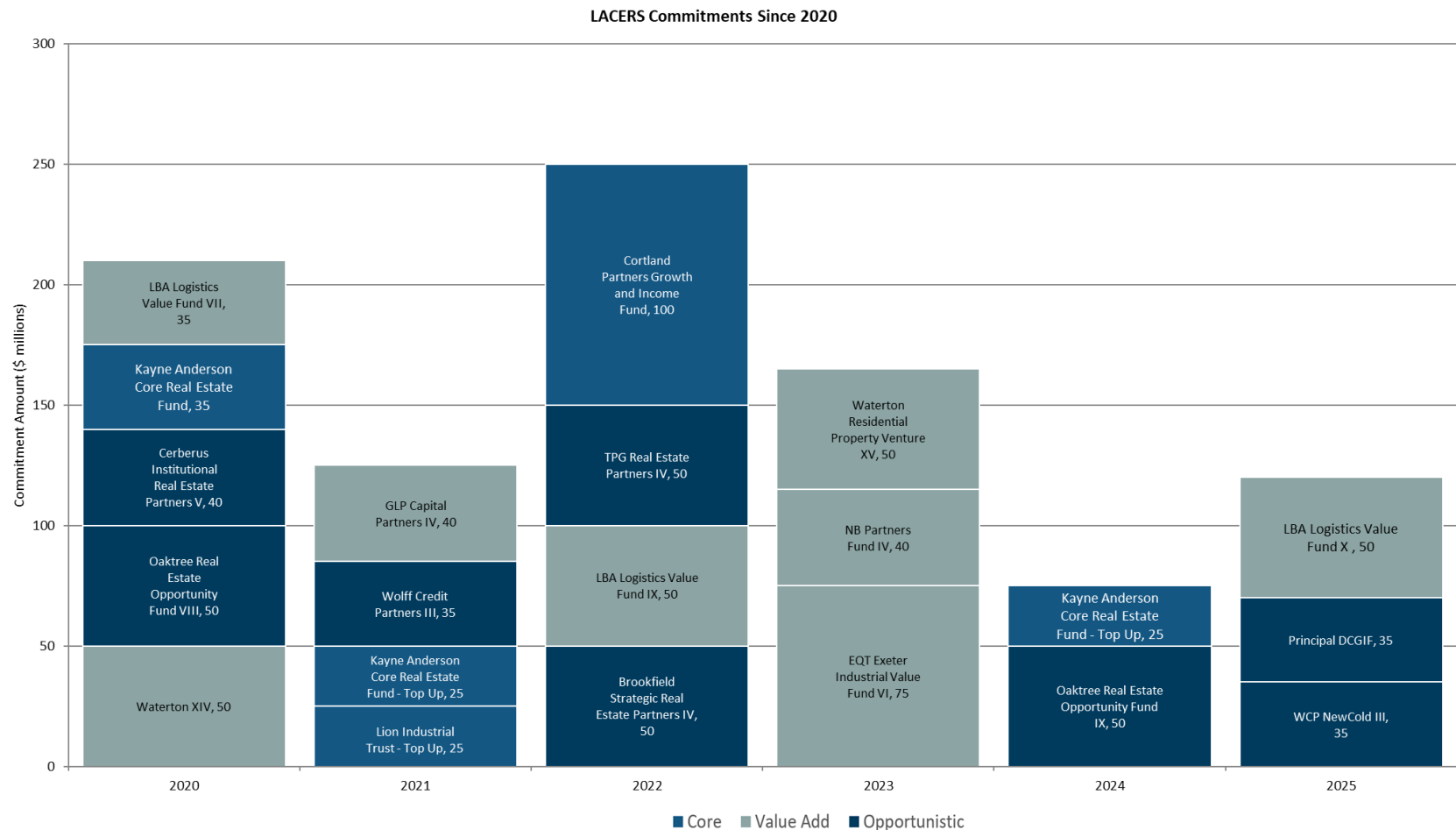


	Strategic Targets		Portfolio Composition (12/31/2024)*	
	Target Allocation	Tactical Range	Market Value	Projected 3-Year
Core	60%	40% - 80%	58.7%	57.0%
Non-Core	40%	20% - 60%	39.7%	42.4%
Value Add Portfolio	N/A	N/A	25.0%	
Opportunistic Portfolio	N/A	N/A	14.7%	
Timber	N/A	N/A	1.5%	0.5%

- The portfolio composition by risk profile is in line with the target allocation.
- Non-Core exposure has increased over recent years and is now in line with its target.
- The Core Portfolio utilizes 35.8% leverage, measured on a loan-to-value (LTV) basis, below the 40.0% constraint.
- The Non-Core Portfolio utilizes 48.4% leverage, well below the 75.0% constraint.

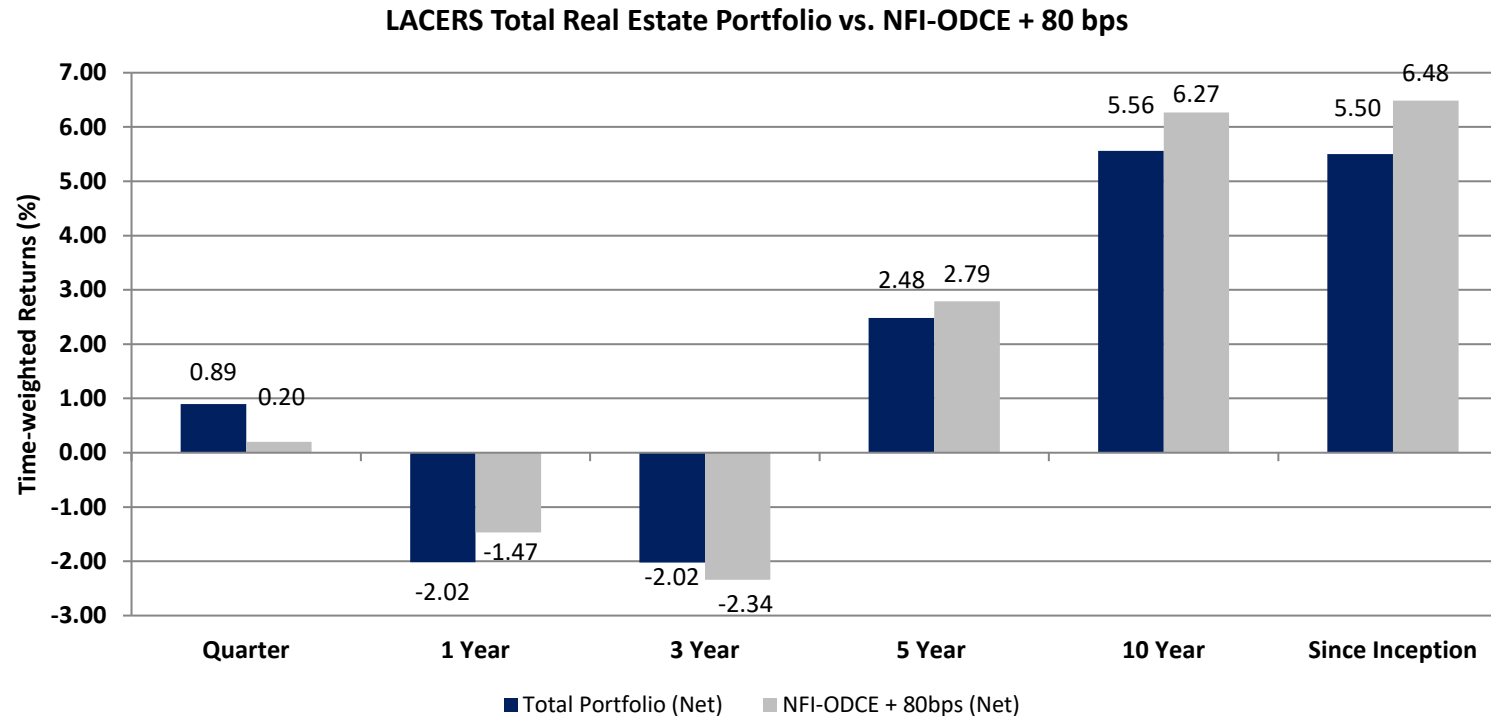
*Figures may not add due to rounding.

LACERS Commitment History



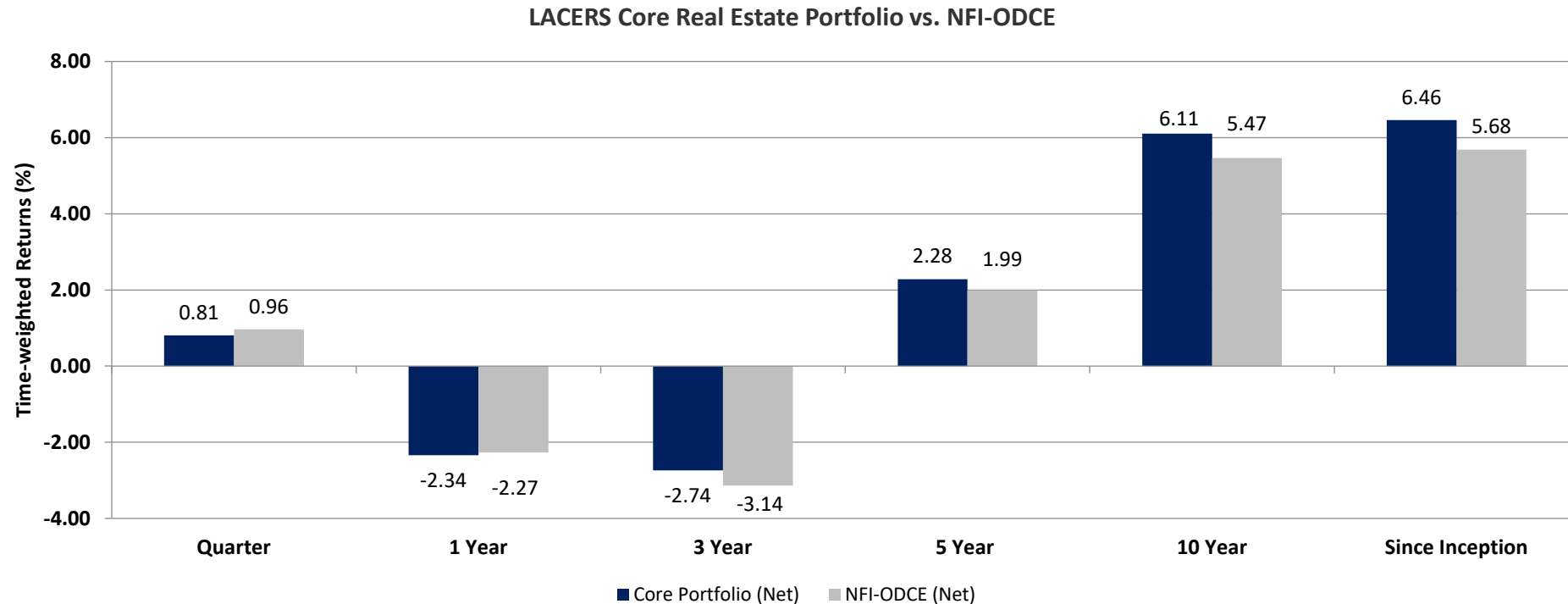
- LACERS has committed \$1.35 billion since 2014 while under advisement of Townsend.
- Four Non-Core commitments since 2015 (Gerrity II, Asana I, Broadview, and NB Partners Fund IV) met LACERS’ Emerging Manager guidelines at the time of commitment.
- Vintage year classifications are based on LACERS’ first capital call (or expected capital call), though commitments may have been approved in prior years.

Total Portfolio Performance



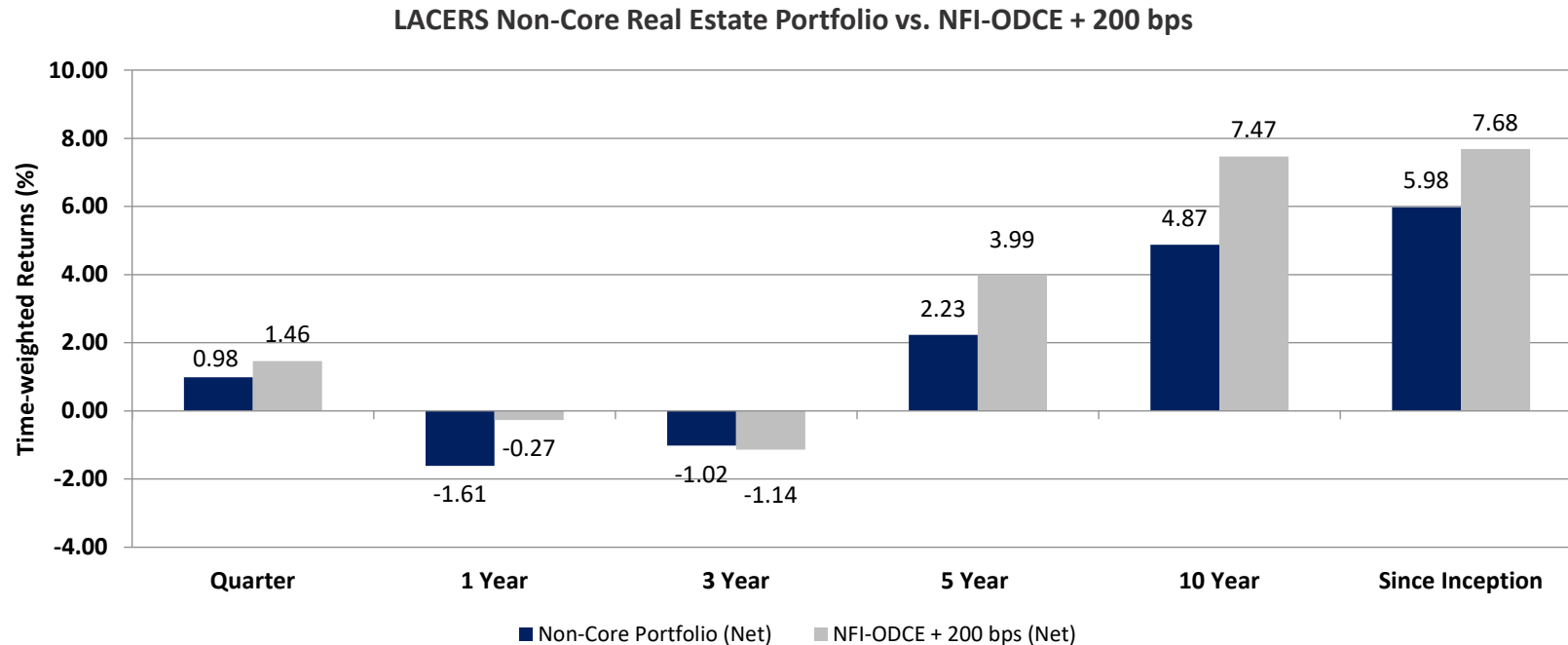
- The benchmark for the LACERS Total Real Estate Portfolio is the NCREIF Fund Index of Open-End Diversified Core Equity funds (NFI-ODCE) + 80 basis points (“bps”), measured over 5-year time periods, net of fees (defined below).
- LACERS outperformed the benchmark over the quarter and 3-year period but underperformed over the 1-year, 5-year, 10-year and since inception periods.
- 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 (25 active vehicles), utilizing approximately 26.8% 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.

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 time periods except most recently during the quarter and the trailing year.
- Kayne Anderson Core Real Estate Fund (2018) led out performance over the trailing year, followed by Berkshire Multifamily Income Realty Fund and Prime Property Fund. Jamestown was the strongest performer in the most recent quarter, generating a net return of 6.3%.
- Cortland Partners Growth and Income Fund (2022) was the weakest performer over the quarter producing a net return of -1.1%. CIM VI was the weakest trailing year performer generating a net return of -23.7%.

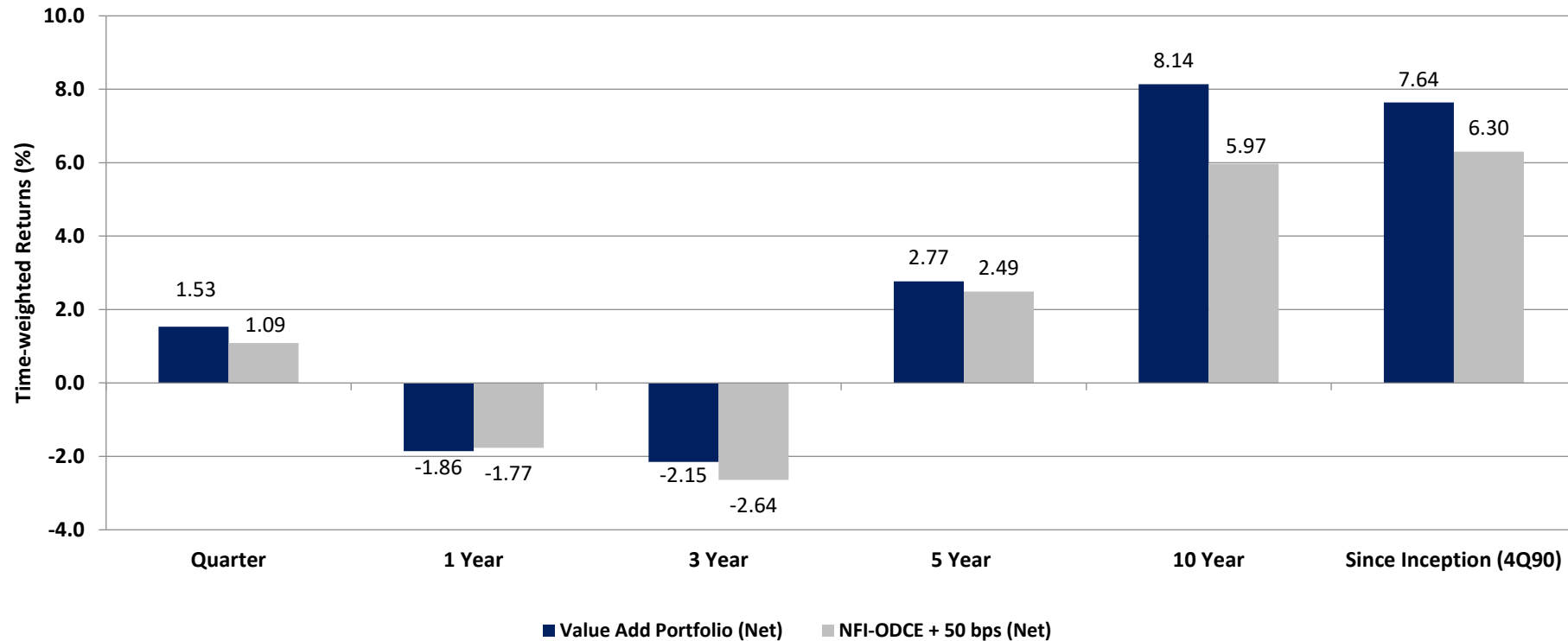
Relative Performance by Strategy: Non-Core



- 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 underperformed the NFI-ODCE + 200 bps over all time periods except for the 3-year period.
- The Value Add Portfolio has achieved strong relative annualized returns. Opportunistic Portfolio performance has been mixed, with strong performance over the last few years but underperformance over the long-term. Both are discussed in more detail on the following pages.

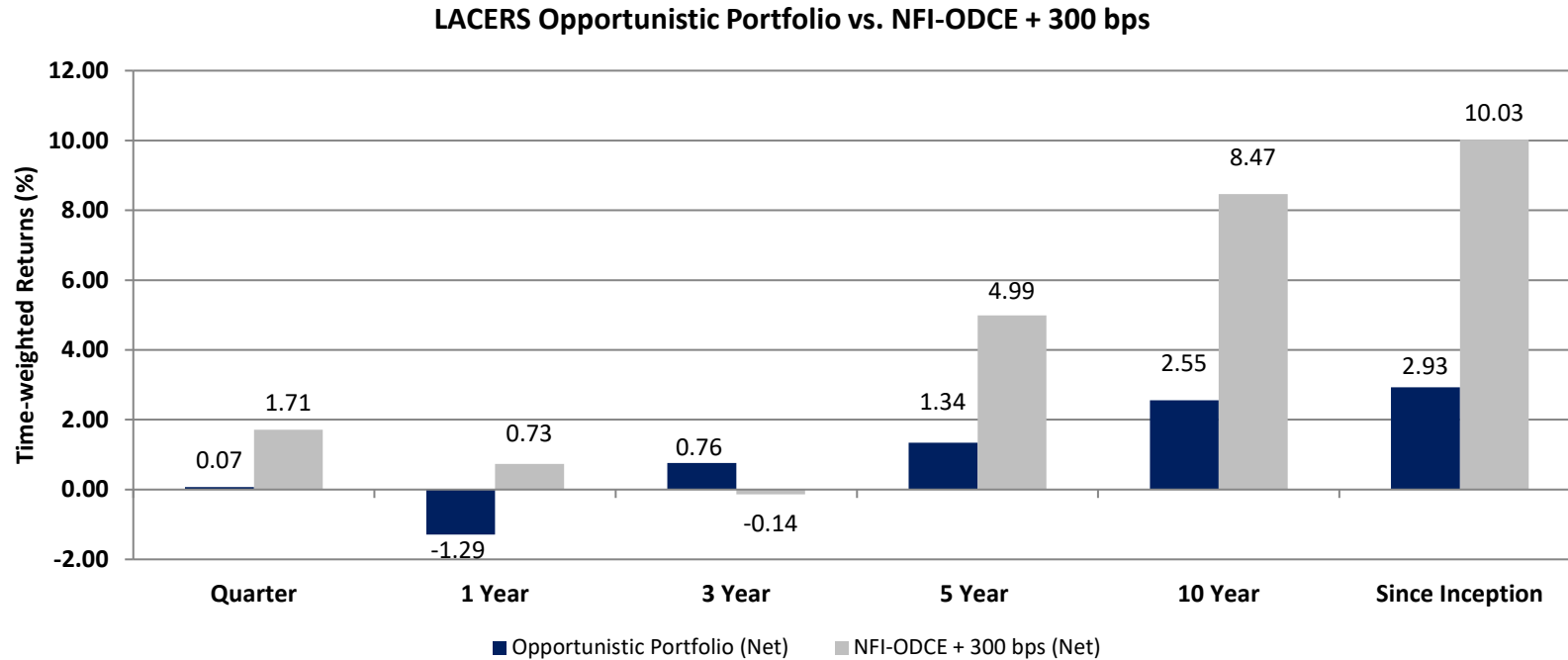
Relative Performance by Strategy: Non-Core — Value Add

LACERS Value Add Real Estate Portfolio vs. NFI-ODCE + 50 basis points



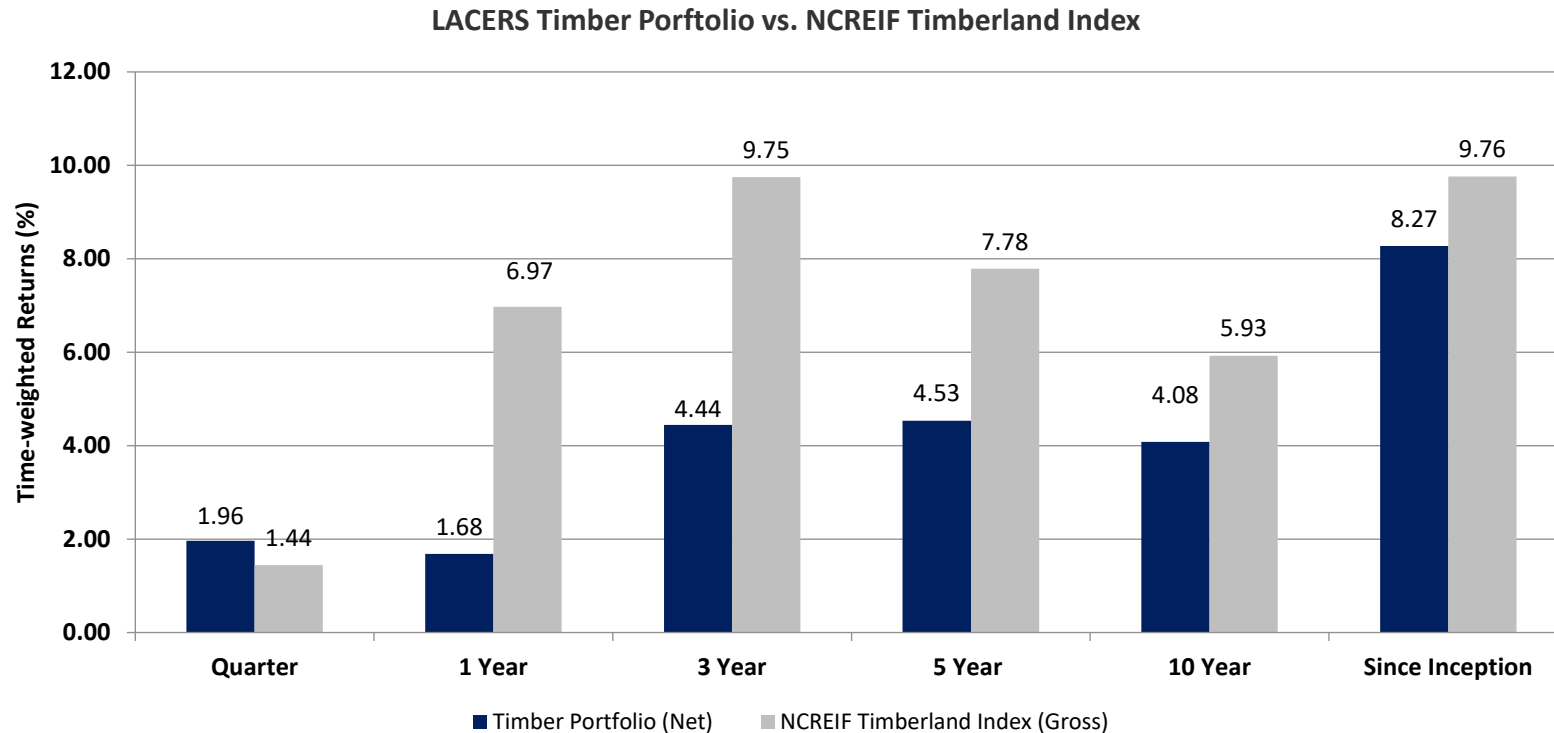
- The LACERS Value Add benchmark is the NFI-ODCE + 50 bps, measured over 5-year time periods, net of fees. The 50 bps premium is a reflection of the incremental return expected from additional risk inherent in Value Add strategies.
- The Value Add Portfolio outperformed the NFI-ODCE + 50 bps benchmark over all time periods except for the previous year.
- Asana Partners Fund I and NB Partners Fund IV LP led the way for the Value-Add portfolio, both generating the same strong net returns over the trailing year of 5.7% net.
- Over the medium term, outperformance has been driven by Asana Partners Fund I, LBA Logistics Value Fund VII, and GLP Capital Partners IV.

Relative Performance by Strategy: Non-Core — Opportunistic



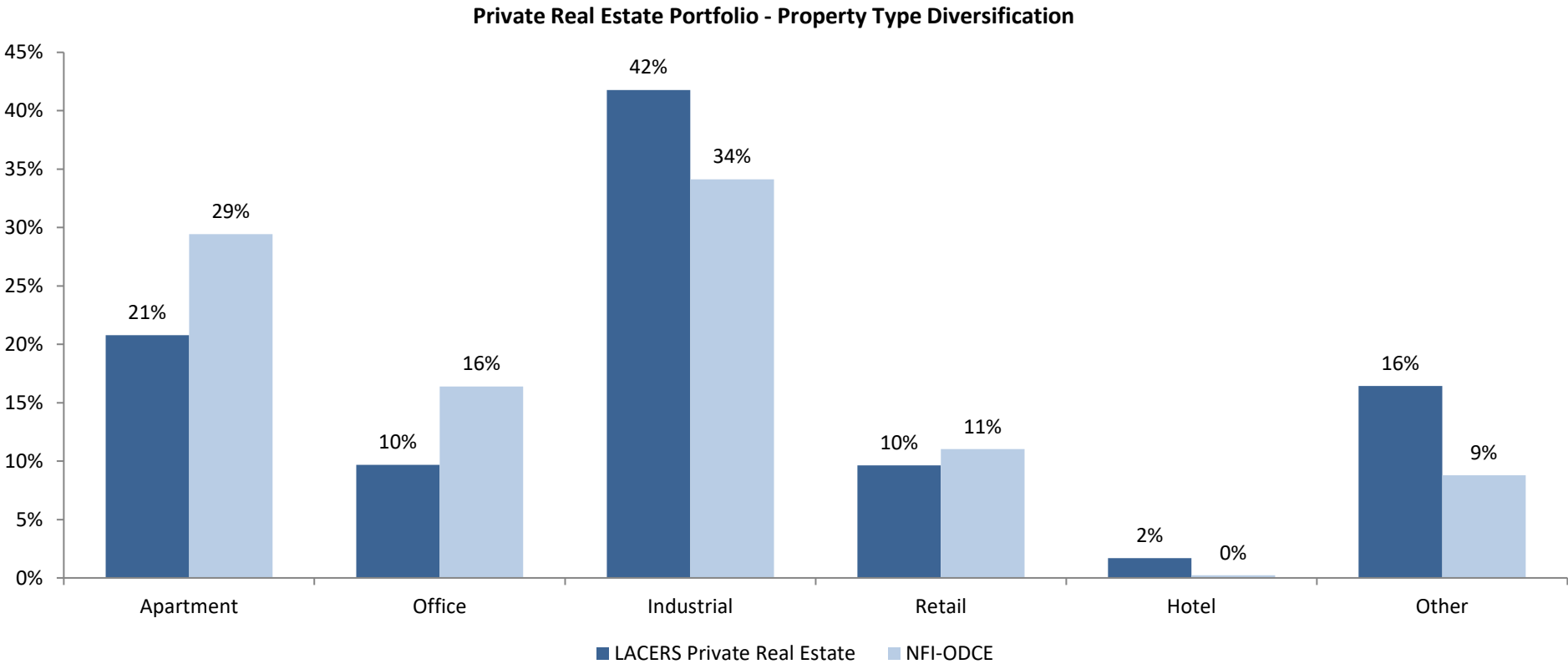
- The LACERS Opportunistic benchmark is the NFI-ODCE + 300 bps, measured over 5-year time periods, net of fees. The 300 bps premium is a reflection of the incremental return expected from additional risk inherent in Opportunistic strategies.
- The Opportunistic Portfolio outperformed the NFI-ODCE + 300 bps over the 3-years period, but underperformed over other periods.
- Oaktree Real Estate Opportunities Fund VIII was the weakest performer over the quarter, while CIM Real Estate Fund III was the weakest performer over the trailing year.
- Wolff Credit Partners II, TPG Real Estate Partners IV and Broadview Real Estate Partners Fund have all been positive contributors to performance over the trailing year and quarter.

Relative Performance by Strategy: Timber



- The Timber Portfolio, net of fees, outperformed its benchmark, the NCREIF Timberland Index, gross of fees, during the last quarter, but has underperformed otherwise.
- LACERS' only current timberland investment is Hancock Timberland XI. The Fund's assets are located in the United States (split between the South and the Northwest) and Chile (7.32%).
- 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.

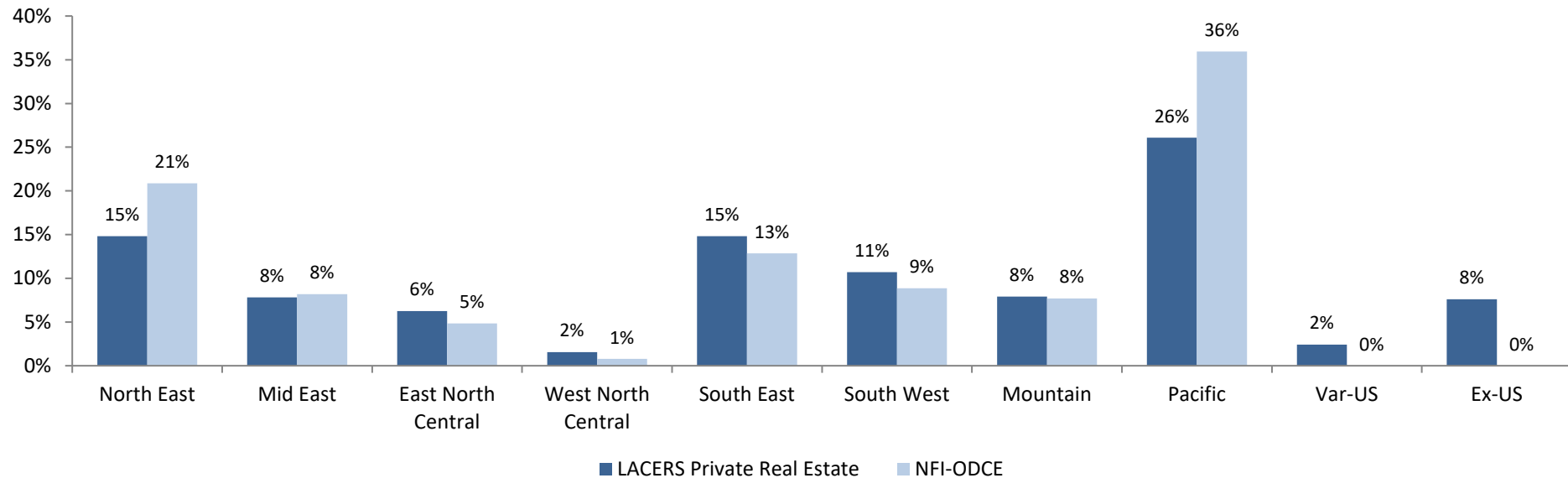
Real Estate Portfolio Diversification



- The diversification of the Private Real Estate Portfolio is measured against the diversification of the NFI-ODCE $\pm 10.0\%$. Currently, the “Other” category includes investments in alternative property types including Medical Office, Self Storage, Student Housing, Senior Housing, For Sale Residential, and Land.
- Among the “Other” property types, LACERS’ portfolio has the greatest exposure to Medical Office (5.0%), Self-Storage (1.8%), Senior Housing (1.7%) and Student Housing (1.6%). Other smaller exposures include Cold Storage, Land, Data Centers and Entertainment.

Real Estate Portfolio Diversification

Private Real Estate Portfolio - Geographic Diversification



- The diversification goal of the Private Real Estate 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 Portfolio currently has an aggregate exposure to the Los Angeles metropolitan area of approximately 10.7%, with approximately 4% exposure to Los Angeles City. The NFI-ODCE's exposure to the Los Angeles metropolitan area is approximately 11.8%.
- The Ex-US exposure is composed primarily of two large regional exposures: Europe (5.4%), Asia (1.5%).

*Var-US includes any investments that are not directly tied to specific regions, such as real estate debt investments through Torchlight or entity-level investments through Almanac.

Exhibit A: Performance Flash Report

Board Meeting: 5/27/25
Item VII-B



Portfolio Composition (\$)							
Total Plan Assets	Target Allocation		Market Value		Unfunded Commitments		Remaining Allocation
\$24,060,539,314	1,684,237,752	7.0%	1,292,545,682	5.4%	337,746,652	1.4%	54,276,939 0.2%

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
LACERS	1.2	0.9	-1.1	-2.0	-0.9	-2.0	3.9	2.5
NFI-ODCE + 80 basis points	1.4	1.2	-0.6	-1.5	-1.5	-2.3	3.7	2.8

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Core Portfolio	1989	548,867,553	662,976,304	0	227,032,074	759,240,285	58.7	46.6
Non-Core Portfolio	1990	1,170,445,271	826,220,771	336,348,503	390,906,835	513,550,065	39.7	52.1
Value Added Portfolio	1990	525,437,928	377,781,894	153,168,240	96,459,520	323,331,536	25.0	29.2
Opportunistic Portfolio	1996	645,007,343	448,438,874	183,180,263	294,447,315	190,218,526	14.7	22.9
Timber Portfolio	1999	20,000,000	18,601,851	1,398,149	8,068,981	19,755,332	1.5	1.3
LACERS	1989	1,739,312,824	1,507,798,924	337,746,652	626,007,891	1,292,545,682	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	18,516,207	11,720,644	0.9	0.7
CIM VI (Urban REIT), LLC	2012	25,000,000	25,000,000	0	19,440,768	8,933,910	0.7	0.5
Cortland Partners Growth and Income Fund	2022	100,000,000	106,219,052	0	6,570,740	68,610,416	5.3	4.2
INVESCO Core Real Estate	2004	63,867,553	140,717,761	0	94,937,348	186,770,898	14.4	11.5
Jamestown Premier Property Fund	2015	50,000,000	51,879,019	0	28,003,235	12,842,107	1.0	0.8
JP Morgan Strategic Property Fund	2005	30,000,000	30,421,882	0	2,860,571	73,446,533	5.7	4.5
Kayne Anderson Core Real Estate Fund	2019	85,000,000	92,788,101	0	12,357,233	94,086,726	7.3	5.8
Lion Industrial Trust - 2007	2016	75,000,000	89,363,169	0	23,657,990	162,315,045	12.6	10.0
Prime Property Fund	2015	50,000,000	56,587,320	0	20,687,981	64,163,648	5.0	3.9
Principal U.S. Property Account	2015	50,000,000	50,000,000	0	0	76,350,358	5.9	4.7
Total Core	1989	548,867,553	662,976,304	0	227,032,073	759,240,285	58.7	46.6
Timber								
Hancock Timberland XI	2012	20,000,000	18,601,851	1,398,149	8,068,981	19,755,332	1.5	1.3
Total Timber	1999	20,000,000	18,601,851	1,398,149	8,068,981	19,755,332	1.5	1.3
Value Added								
Almanac Realty Securities VI	2012	25,000,000	15,475,571	0	17,184,560	2,351,896	0.2	0.1
Asana Partners Fund I	2017	20,000,000	18,301,629	2,015,220	7,681,663	26,375,144	2.0	1.7
Asana Partners Fund II	2019	35,000,000	30,931,250	4,068,750	0	33,430,229	2.6	2.3
DRA Growth and Income Fund VIII	2014	25,000,000	29,576,071	518,518	31,479,571	2,852,372	0.2	0.2
EQT Exeter Industrial Value Fund VI	2023	75,000,000	30,000,000	45,000,000	0	31,719,156	2.5	4.7
Gerrity Retail Fund 2	2015	20,000,000	20,077,854	0	11,095,692	12,167,567	0.9	0.7
GLP Capital Partners IV	2021	40,000,000	35,255,134	13,282,134	12,876,918	31,523,013	2.4	2.7
Heitman Asia-Pacific Property Investors	2018	25,000,000	23,713,315	2,300,785	9,944,649	11,931,248	0.9	0.9
LBA Logistics Value Fund IX	2022	50,000,000	39,739,590	10,256,410	0	38,414,829	3.0	3.0
LBA Logistics Value Fund VII	2020	35,000,000	31,338,360	3,661,640	5,558,435	40,133,402	3.1	2.7
NB Partners Fund IV LP	2023	40,000,000	18,620,568	21,886,055	589,849	17,385,596	1.3	2.4
NREP Nordic Strategies Fund IV	2019	35,437,928	25,606,787	9,324,494	0	23,560,510	1.8	2.0
Waterton Residential Property Venture XIV, L.P.	2020	50,000,000	46,754,042	3,245,958	32,432	39,270,847	3.0	2.6
Waterton Residential Property Venture XV	2023	50,000,000	12,391,724	37,608,276	15,751	12,215,728	0.9	3.1
Total Value Added	1990	525,437,928	377,781,895	153,168,240	96,459,520	323,331,537	25.0	29.2
LACERS								
	1989	1,739,312,824	1,507,798,924	337,746,652	626,007,890	1,292,545,682	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 (%)
Opportunistic								
Apollo CPI Europe I	2006	25,533,001	22,385,238	1,539,807	11,762,746	206,957	0.0	0.1
Bristol Value II, L.P.	2012	20,000,000	25,491,739	0	25,622,793	8,904,062	0.7	0.5
Broadview Real Estate Partners Fund, L.P.	2019	20,000,000	14,132,369	5,599,390	5,634,460	12,603,526	1.0	1.1
Brookfield Strategic Real Estate Partners IV	2022	50,000,000	37,092,359	16,797,432	3,889,792	36,657,294	2.8	3.3
Bryanston Retail Opportunity Fund	2005	10,000,000	4,271,584	0	20,085,329	0	0.0	0.0
California Smart Growth Fund IV	2006	30,000,000	31,522,663	33,153	38,422,919	59,351	0.0	0.0
Cerberus Institutional Real Estate Partners V	2020	40,000,000	30,510,727	10,141,449	652,175	40,859,697	3.2	3.1
CIM Real Estate Fund III	2007	15,000,000	16,674,075	0	21,301,769	3,094,784	0.2	0.2
Latin America Investors III	2008	20,000,000	20,686,689	0	3,886,924	-3,335,703	-0.3	-0.2
Lone Star Real Estate Fund II	2011	15,000,000	13,291,475	0	20,586,004	21,368	0.0	0.0
Oaktree Real Estate Opportunities Fund VIII L.P.	2021	50,000,000	40,174,118	13,500,000	5,022,538	36,492,171	2.8	3.1
Oaktree Real Estate Opportunities Fund IX L.P.	2023	50,000,000	0	50,000,000	0	0	0.0	3.1
Principal Data Center Growth & Income Fund, LP	2024	35,000,000	0	35,000,000	0	0	0.0	2.1
RECP Fund IV, L.P.	2008	40,000,000	53,279,662	750,435	40,866,755	11,009,732	0.9	0.7
Stockbridge Real Estate Fund II	2006	30,000,000	30,000,000	0	13,779,370	390,920	0.0	0.0
Torchlight Debt Opportunity Fund IV	2013	24,474,342	24,483,106	0	32,784,486	928,305	0.1	0.1
TPG Real Estate Partners IV	2022	50,000,000	15,423,262	34,576,738	170,817	13,921,101	1.1	3.0
Walton Street Real Estate Fund V	2006	25,000,000	25,000,001	0	17,350,398	453,768	0.0	0.0
Walton Street Real Estate Fund VI	2009	25,000,000	22,161,966	609,663	27,215,461	8,673,719	0.7	0.6
WCP NewCold III, LP (Secondary)	2024	35,000,000	0	0	0	0	0.0	0.0
Wolff Credit Partners III, LP	2022	35,000,000	21,857,843	14,632,196	5,412,579	19,277,476	1.5	2.1
Total Opportunistic	1996	645,007,343	448,438,876	183,180,263	294,447,315	190,218,528	14.7	22.9
Private Real Estate Portfolio Only (ex. Timber)	1989	1,719,312,824	1,489,197,075	336,348,503	617,938,908	1,272,790,350	98.5	98.7
Non-Core Portfolio	1990	1,170,445,271	826,220,771	336,348,503	390,906,835	513,550,065	39.7	52.1

Returns (%)	Market Value (\$)	Quarter				1 Year				3 Year			
		INC ¹	APP ¹	TGRS ¹	TNET ¹	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
Core													
Berkshire Multifamily Income Realty Fund	11,720,644	0.9	1.5	2.4	2.2	4.0	-2.9	1.0	0.2	3.6	-8.2	-4.8	-5.6
CIM VI (Urban REIT), LLC	8,933,910	0.9	-1.8	-0.8	-1.1	2.2	-24.6	-22.8	-23.7	2.1	-17.1	-15.4	-16.3
Cortland Partners Growth and Income Fund	68,610,416	0.7	-2.7	-2.0	-2.2	2.5	-3.5	-1.1	-2.0	0.0	0.0	0.0	0.0
INVESCO Core Real Estate	186,770,898	0.8	-0.7	0.1	0.0	3.5	-8.7	-5.5	-5.9	3.3	-6.8	-3.7	-4.0
Jamestown Premier Property Fund	12,842,107	0.1	6.3	6.4	6.3	-0.1	-9.7	-9.9	-10.4	1.5	-28.0	-26.8	-27.2
JP Morgan Strategic Property Fund	73,446,533	1.0	0.8	1.8	1.5	3.9	-5.5	-1.7	-2.7	3.4	-7.4	-4.1	-5.0
Kayne Anderson Core Real Estate Fund	94,086,726	1.4	0.3	1.7	1.6	5.7	-0.6	5.0	4.3	5.2	-1.3	3.8	3.2
Lion Industrial Trust - 2007	162,315,045	0.9	1.3	2.2	1.9	3.9	-4.0	-0.2	-0.3	3.5	2.8	6.4	5.4
Prime Property Fund	64,163,648	1.0	-0.2	0.7	0.5	4.0	-3.6	0.3	-0.8	3.7	-2.8	0.9	-0.3
Principal U.S. Property Account	76,350,358	1.1	0.2	1.3	1.1	4.5	-5.5	-1.1	-1.9	4.1	-6.2	-2.2	-3.0
Total Core	759,240,285	0.9	0.1	1.0	0.8	3.9	-5.5	-1.8	-2.3	3.5	-5.4	-2.0	-2.7
Timber													
Hancock Timberland XI	19,755,332	0.2	2.0	2.2	2.0	0.2	2.5	2.6	1.7	0.5	4.8	5.4	4.4
Timber	19,755,332	0.2	2.0	2.2	2.0	0.2	2.5	2.6	1.7	0.5	4.8	5.4	4.4
Value Added													
Almanac Realty Securities VI	2,351,896	-0.1	-3.8	-3.9	-4.2	-0.4	-10.2	-10.6	-11.9	0.1	-9.9	-9.8	-10.9
Asana Partners Fund I	26,375,144	0.1	1.4	1.6	2.1	0.7	-0.7	0.0	5.7	1.6	-0.5	1.1	3.3
Asana Partners Fund II	33,430,229	-0.5	0.6	0.1	-0.2	-1.5	-6.4	-7.8	-8.8	-1.0	-2.2	-3.2	-2.7
DRA Growth and Income Fund VIII	2,852,372	0.1	-0.4	-0.3	-0.8	2.6	-29.1	-27.1	-29.0	-0.6	-24.6	-25.2	-26.8
EQT Exeter Industrial Value Fund VI, L.P.	31,719,156	-0.3	17.3	17.0	13.9								
Gerrity Retail Fund 2	12,167,567	0.1	3.0	3.1	2.7	2.3	3.0	5.4	3.9	3.7	-2.7	1.0	-0.4
GLP Capital Partners IV	31,523,013	0.2	0.2	0.5	1.1	0.9	-3.8	-3.0	-2.2	1.5	1.3	2.8	2.2
Heitman Asia-Pacific Property Investors	11,931,248	0.0	-10.4	-10.4	-10.6	0.2	-18.4	-18.2	-19.0	1.8	-10.3	-8.6	-9.4
LBA Logistics Value Fund IX	38,414,829	-0.1	1.5	1.4	1.9	-1.5	5.4	3.9	2.8				
LBA Logistics Value Fund VII	40,133,402	-0.2	3.9	3.7	2.6	1.0	3.4	4.5	2.8	2.1	3.1	5.2	3.9
NB Partners Fund IV LP	17,385,596	0.0	1.1	1.1	0.7	-2.3	13.3	10.8	5.7				
NREP Nordic Strategies Fund IV	23,560,510	-1.6	0.8	-0.8	-1.3	-2.7	1.9	-0.8	-2.9	-2.4	-2.7	-4.9	-7.6
Waterton Residential Property Venture XIV, L.P.	39,270,847	-0.5	1.3	0.9	0.4	1.0	-9.3	-8.3	-9.9	0.6	-4.4	-3.9	-5.5
Waterton Residential Property Venture XV	12,215,728	0.2	3.5	3.7	2.2								
Total Value Added	323,331,537	-0.2	2.2	2.0	1.5	0.0	-0.7	-0.6	-1.9	0.6	-1.3	-0.7	-2.1
Total Portfolio ³													
LACERS	1,292,545,682	0.7	0.5	1.2	0.9	2.6	-3.6	-1.1	-2.0	2.8	-3.6	-0.9	-2.0
Indices													
NFI-ODCE (Core)		1.0	0.1	1.2	1.0	4.1	-5.4	-1.4	-2.3	3.7	-5.9	-2.3	-3.1
NFI-ODCE + 80 bps (Total Portfolio)				1.4	1.2			-0.6	-1.5			-1.5	-2.3
NFI-ODCE + 200 bps (Non-Core Portfolio)				1.7	1.5			0.6	-0.3			-0.3	-1.1
NFI -ODCE + 50 bps (Value Add)				1.3	1.1			-0.9	-1.8			-1.8	-2.6
NFI -ODCE + 300 bps (Opportunistic)				1.9	1.7			1.6	0.7			0.7	-0.1
NCREIF Timberland Property Index “NTI”		0.4	1.0	1.4		1.9	5.0	7.0		2.5	7.1	9.7	

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

¹ INC: Income Return; APP: Appreciation Return; TGRS: Total Gross Return; TNET: Total Net Return. Please refer to Exhibit C for more detailed definitions.

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

³ Excludes Integrated Capital Hospitality Fund, which did not provide data as of 12/31/2024.

Returns (%)	Market Value (\$)	5 Year				Inception				TWR Calculation Inception	Net IRR*	Equity Multiple*
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
Core												
Berkshire Multifamily Income Realty Fund	11,720,644	3.5	-1.5	2.0	1.2	3.9	0.2	4.1	3.3	1Q16	6.4	1.5
CIM VI (Urban REIT), LLC	8,933,910	2.2	-12.5	-10.6	-11.7	3.1	-2.0	1.0	-0.2	3Q12	1.5	1.1
Cortland Partners Growth and Income Fund	68,610,416	0.0	0.0	0.0	0.0	2.5	-14.9	-12.8	-13.6	3Q22	-14.5	0.7
INVESCO Core Real Estate	186,770,898	3.4	-2.1	1.3	0.9	4.7	1.8	6.5	6.1	4Q04	6.1	2.0
Jamestown Premier Property Fund	12,842,107	1.8	-20.3	-18.7	-19.1	2.7	-8.7	-6.1	-7.2	3Q15	-5.3	0.8
JP Morgan Strategic Property Fund	73,446,533	3.5	-1.9	1.6	0.6	4.7	1.1	5.9	4.9	4Q05	5.1	2.5
Kayne Anderson Core Real Estate Fund	94,086,726	5.1	0.6	5.7	5.1	5.1	1.2	6.3	5.7	1Q19	4.8	1.1
Lion Industrial Trust - 2007	162,315,045	3.9	11.3	15.5	13.1	4.5	10.9	15.8	13.4	1Q16	12.7	2.1
Prime Property Fund	64,163,648	3.7	1.4	5.2	4.1	3.9	3.0	6.9	5.8	1Q16	6.0	1.5
Principal U.S. Property Account	76,350,358	4.1	-0.8	3.3	2.4	4.4	1.5	5.9	4.9	4Q15	4.8	1.5
Total Core	759,240,285	3.6	-0.4	3.2	2.3	5.9	1.4	7.4	6.5	1Q89	5.0	1.4
Timber												
Hancock Timberland XI	19,755,332	0.6	4.8	5.5	4.5	0.1	5.4	5.5	4.6	2Q12	4.4	1.5
Timber	19,755,332	0.6	4.8	5.5	4.5	3.8	5.4	9.5	8.3	4Q99	9.0	1.9
Value Added												
Almanac Realty Securities VI	2,351,896	0.5	-10.8	-10.2	-11.3	5.3	-3.2	1.9	0.5	1Q13	7.6	1.3
Asana Partners Fund I	26,375,144	2.4	4.1	6.6	6.7	2.1	11.1	13.3	10.8	2Q17	11.0	1.9
Asana Partners Fund II	33,430,229	-1.6	1.0	-1.1	-5.6	-2.8	4.1	0.9	-5.1	4Q19	2.6	1.1
DRA Growth and Income Fund VIII	2,852,372	2.6	-16.4	-14.3	-15.6	7.2	-7.5	-0.9	-2.8	4Q14	4.6	1.2
EQT Exeter Industrial Value Fund VI, L.P.	31,719,156					-2.0	27.6	25.2	12.0	1Q24	11.1	1.1
Gerrity Retail Fund 2	12,167,567	4.6	-4.9	-0.4	-1.8	6.1	-0.9	5.1	3.4	4Q15	2.5	1.2
GLP Capital Partners IV	31,523,013	0.0	0.0	0.0	0.0	2.5	14.7	17.4	14.2	3Q21	10.4	1.3
Heitman Asia-Pacific Property Investors	11,931,248	2.1	-5.4	-3.4	-4.2	2.0	-4.7	-2.8	-3.6	3Q18	-2.1	0.9
LBA Logistics Value Fund IX	38,414,829					-2.7	1.7	-1.1	-4.7	2Q22	-2.3	1.0
LBA Logistics Value Fund VII	40,133,402					2.7	14.7	17.6	15.5	4Q20	11.5	1.5
NB Partners Fund IV LP	17,385,596					-5.0	10.4	5.1	-1.9	2Q23	-4.4	1.0
NREP Nordic Strategies Fund IV	23,560,510					-13.3	20.8	6.6		1Q20	-3.3	0.9
Waterton Residential Property Venture XIV, L.P.	39,270,847					0.4	13.7	14.2	8.3	1Q21	-7.5	0.8
Waterton Residential Property Venture XV	12,215,728					2.4	22.7	25.4	12.1	1Q24	-2.3	1.0
Total Value Added	323,331,537	1.6	3.9	5.6	2.8	6.7	3.0	9.8	7.6	4Q90	6.8	1.2
Total Portfolio ³												
LACERS	1,292,545,682	3.0	0.9	3.9	2.5	5.6	1.5	7.1	5.5	1Q89		
Indices												
NFI-ODCE (Core)		3.8	-0.9	2.9	2.0	6.3	0.4	6.7	5.7	1Q89		
NFI-ODCE + 80 bps (Total Portfolio)				3.7	2.8			7.5	6.5	1Q89		
NFI-ODCE + 200 bps (Non-Core Portfolio)				4.9	4.0			8.8	7.8	4Q90		
NFI -ODCE + 50 bps (Value Add)				3.4	2.5			7.3	6.3	4Q90		
NFI -ODCE + 300 bps (Opportunistic)				5.9	5.0			11.0	10.0	4Q96		
NCREIF Timberland Property Index “NTI”		2.7	5.0	7.8		4.3	5.3	9.8		4Q99		

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

¹ INC: Income Return; APP: Appreciation Return; TGRS: Total Gross Return; TNET: Total Net Return. Please refer to Exhibit C for more detailed definitions.

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

³ Excludes Integrated Capital Hospitality Fund, which did not provide data as of 12/31/2024.

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	206,957	-0.3	-7.0	-7.3	-7.3	-0.8	-6.2	-6.9	-6.9				
Bristol Value II, L.P.	8,904,062	0.1	-1.4	-1.3	-1.3	2.1	-14.6	-12.8	-12.8	3.9	-6.0	-2.3	-3.1
Broadview Real Estate Partners Fund, L.P. ²	12,603,526	1.0	4.8	5.8	4.7	0.1	23.2	23.4	18.9	-0.7	16.2	15.4	11.8
Brookfield Strategic Real Estate Partners IV	36,657,294	0.0	3.4	3.4	2.9	-0.2	6.8	6.6	4.6				
Bryanston Retail Opportunity Fund ¹	0	110.5	-110.8	-0.3	-0.3	99.2	-110.8	-5.3	-4.5				
California Smart Growth Fund IV ¹	59,351	-3.4	0.0	-3.4	-3.4	-7.6	0.0	-7.6	-7.6				
Cerberus Institutional Real Estate Partners V	40,859,697	0.0	1.4	1.3	0.9	-0.5	7.1	6.6	4.3	-0.9	15.0	14.0	9.7
CIM Real Estate Fund III ²	3,094,784	30.3	-30.0	0.3	0.3	28.8	-50.5	-30.2	-31.1	7.4	-27.7	-20.0	-21.2
Latin America Investors III ¹	-3,335,703	2.2	0.0	2.2	2.5	8.1	-3.6	4.3	6.2				
Lone Star Real Estate Fund II ¹	21,368												
Oaktree Real Estate Opportunities Fund VIII L.P.	36,492,171	0.3	-8.3	-8.0	-8.4	-2.4	-5.6	-7.8	-7.4				
RECP Fund IV, L.P.	11,009,732	2.0	2.1	4.1	4.1	5.7	-26.7	-22.2	-22.2	2.8	-20.1	-17.6	-17.6
Stockbridge Real Estate Fund II ¹	390,920	6.7	0.0	6.7	6.7	11.7	0.0	11.7	11.7				
Torchlight Debt Opportunity Fund IV	928,305	-0.2	-1.2	-1.3	-2.1	-0.4	-27.4	-27.7	-29.5	1.9	-25.0	-23.5	-26.3
TPG Real Estate Partners IV	13,921,101	-0.5	7.6	7.1	5.6	-4.4	31.8	26.3	14.6				
Walton Street Real Estate Fund V ¹	453,768												
Walton Street Real Estate Fund VI	8,673,719	2.4	-3.5	-1.0	-1.1	10.3	-12.2	-2.8	-3.0	10.7	-6.0	4.2	4.0
WCP NewCold III, LP (Secondary)													
Wolff Credit Partners III, LP	19,277,476	3.4	0.2	3.6	2.9	13.9	1.0	14.9	10.6				
Total Opportunistic	190,218,528	1.2	-0.6	0.6	0.1	1.9	-1.3	0.5	-1.3	3.0	0.6	3.6	0.8
Private Real Estate Portfolio Only (ex. Timber) ³	1,272,790,350	0.7	0.5	1.2	0.9	2.7	-3.7	-1.2	-2.1	2.8	-3.7	-1.0	-2.1
Non-Core Portfolio	513,550,065	0.3	1.1	1.4	1.0	0.7	-0.9	-0.2	-1.6	1.5	-0.6	1.0	-1.0
Total Portfolio ³													
LACERS	1,292,545,682	0.7	0.5	1.2	0.9	2.6	-3.6	-1.1	-2.0	2.8	-3.6	-0.9	-2.0
Indices													
NFI-ODCE (Core)		1.0	0.1	1.2	1.0	4.1	-5.4	-1.4	-2.3	3.7	-5.9	-2.3	-3.1
NFI-ODCE + 80 bps (Total Portfolio)				0.2	0.2			-0.6	-1.5			-1.5	-2.3
NFI -ODCE + 50 bps (Value Add)				1.3	1.1			-0.9	-1.8			-1.8	-2.6
NFI -ODCE + 300 bps (Opportunistic)				1.9	1.7			1.6	0.7			0.7	-0.1
NCREIF Timberland Property Index "NTI"		0.4	1.0	1.4		1.9	5.0	7.0		2.5	7.1	9.7	

* 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

³ Excludes Integrated Capital Hospitality Fund, which did not provide data as of 12/31/2024.

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	206,957									4Q06	-8.9	0.5
Bristol Value II, L.P.	8,904,062	3.8	0.0	3.7	2.8	3.1	6.3	9.5	8.0	1Q13	7.1	1.4
Broadview Real Estate Partners Fund, L.P. ²	12,603,526					-3.6	117.4			4Q19	12.7	1.3
Brookfield Strategic Real Estate Partners IV	36,657,294					0.2	8.1	8.3	5.5	4Q22	5.8	1.1
Bryanston Retail Opportunity Fund ¹	0									2Q05	79.6	4.7
California Smart Growth Fund IV ¹	59,351									1Q07	3.0	1.2
Cerberus Institutional Real Estate Partners V	40,859,697					-1.8	21.9	19.9	13.0	1Q21	10.6	1.4
CIM Real Estate Fund III ²	3,094,784	3.7	-18.5	-14.0	-15.3	-5.2				1Q08	6.8	1.5
Latin America Investors III ¹	-3,335,703									1Q09	0.0	0.0
Lone Star Real Estate Fund II ¹	21,368									3Q11	26.3	1.6
Oaktree Real Estate Opportunities Fund VIII L.P.	36,492,171					2.6	0.2	2.9	0.4	4Q21	2.1	1.0
RECP Fund IV, L.P.	11,009,732	2.5	-16.1	-13.8	-13.9	3.1	-9.0	-6.2	-8.6	4Q08	-0.4	1.0
Stockbridge Real Estate Fund II ¹	390,920									4Q06	-6.7	0.5
Torchlight Debt Opportunity Fund IV	928,305	1.9	-17.0	-15.3	-16.1	5.8	-7.0	-1.6	-3.0	4Q13	8.4	1.4
TPG Real Estate Partners IV	13,921,101					-16.1	7.6	-10.6	-33.4	1Q23	-9.8	0.9
Walton Street Real Estate Fund V ¹	453,768									4Q06	-3.7	0.7
Walton Street Real Estate Fund VI	8,673,719	8.9	-4.5	4.1	3.6	-3.1	7.1	2.9	-0.3	3Q09	7.9	1.6
WCP NewCold III, LP (Secondary)												
Wolff Credit Partners III, LP	19,277,476					45.1	0.3	45.6	24.5	2Q22	11.1	1.1
Total Opportunistic	190,218,528	2.5	1.4	3.9	1.3	3.8	2.4	6.2	2.9	4Q96	1.9	1.1
Private Real Estate Portfolio Only (ex. Timber) ³	1,272,790,350	3.0	0.8	3.9	2.5	5.6	1.4	7.1	5.4	1Q89		
Non-Core Portfolio	513,550,065	1.9	3.0	4.9	2.2	5.7	2.7	8.5	6.0	4Q90		
Total Portfolio ³												
LACERS	1,292,545,682	3.0	0.9	3.9	2.5	5.6	1.5	7.1	5.5	1Q89		
Indices												
NFI-ODCE (Core)		3.8	-0.9	2.9	2.0	6.3	0.4	6.7	5.7	1Q89		
NFI-ODCE + 80 bps (Total Portfolio)				3.7	2.8			7.5	6.5	1Q89		
NFI -ODCE + 50 bps (Value Add)				3.4	2.5			7.3	6.3	4Q90		
NFI -ODCE + 300 bps (Opportunistic)				5.9	5.0			11.0	10.0	4Q96		
NCREIF Timberland Property Index "NTI"		2.7	5.0	7.8		4.3	5.3	9.8		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

³ Excludes Integrated Capital Hospitality Fund, which did not provide data as of 12/31/2024.

Returns (%)	Market Value (\$)	2024		2023		2022		2021		2020		2019		2018	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core															
Berkshire Multifamily Income Realty Fund	11,720,644	1.0	0.2	-23.1	-23.6	10.9	9.9	25.7	24.9	1.9	1.0	5.0	4.2	6.2	5.6
CIM VI (Urban REIT), LLC	8,933,910	-22.8	-23.7	-18.8	-19.7	-3.3	-4.5	-0.7	-2.0	-5.0	-6.3	5.3	3.9	10.4	8.9
Cortland Partners Growth and Income Fund	68,610,416	-1.1	-2.0	-24.6	-25.4	-4.7	-5.1								
INVESCO Core Real Estate	186,770,898	-5.5	-5.9	-12.2	-12.5	7.7	7.3	21.1	20.7	-1.6	-1.9	6.6	6.2	9.4	9.0
Jamestown Premier Property Fund	12,842,107	-9.9	-10.4	-50.7	-51.0	-11.7	-12.1	-0.5	-1.1	-9.3	-9.4	3.0	2.4	9.7	7.7
JP Morgan Strategic Property Fund	73,446,533	-1.7	-2.7	-14.3	-15.2	4.6	3.7	20.9	19.8	1.4	0.4	4.4	3.4	8.0	7.0
Kayne Anderson Core Real Estate Fund	94,086,726	5.0	4.3	-1.9	-2.6	8.7	8.0	13.2	12.8	4.0	3.5	9.6	9.0		
Lion Industrial Trust - 2007	162,315,045	-0.2	-0.3	-3.9	-3.5	25.7	21.6	49.7	41.5	13.7	11.6	16.5	13.9	18.7	15.9
Prime Property Fund	64,163,648	0.3	-0.8	-4.7	-5.8	7.4	6.1	22.9	21.5	2.1	1.3	7.4	6.2	9.1	8.0
Principal U.S. Property Account	76,350,358	-1.1	-1.9	-10.0	-10.7	5.1	4.2	23.7	22.6	1.6	0.6	7.0	6.0	9.1	8.1
Total Core	759,240,285	-1.8	-2.3	-12.2	-12.6	9.0	7.8	23.0	21.2	1.2	0.4	7.2	6.3	9.8	8.7
Timber															
Hancock Timberland XI	19,755,332	2.6	1.7	5.7	4.7	8.0	7.0	10.9	9.9	0.6	-0.3	4.9	3.9	3.9	2.9
Total Timber	19,755,332	2.6	1.7	5.7	4.7	8.0	7.0	10.9	9.9	0.6	-0.3	4.9	3.9	3.9	2.9
Value Added															
Almanac Realty Securities VI	2,351,896	-10.6	-11.9	-17.9	-18.8	-0.1	-1.2	17.2	15.9	-32.1	-32.9	-2.5	-3.2	2.0	1.3
Asana Partners Fund I	26,375,144	0.0	5.7	-3.9	-1.0	7.4	5.2	53.1	35.3	-13.0	-7.1	28.7	21.3	26.4	18.7
Asana Partners Fund II	33,430,229	-7.8	-8.8	-3.4	0.3	1.8	0.7	63.7	49.9	-36.4	-45.7	11.1	1.5		
DRA Growth and Income Fund VIII	2,852,372	-27.1	-29.0	-42.0	-43.9	-1.1	-1.5	32.7	31.9	-16.6	-17.1	11.0	8.6	14.1	11.3
EQT Exeter Industrial Value Fund VI, L.P.	31,719,156	25.2	12.0												
Gerrity Retail Fund 2	12,167,567	5.4	3.9	-8.3	-9.5	6.6	5.2	7.4	5.9	-11.5	-12.7	6.7	5.3	12.4	10.6
GLP Capital Partners IV	31,523,013	-3.0	-2.2	-1.6	-3.7	13.7	13.3	61.4	49.0						
Heitman Asia-Pacific Property Investors	11,931,248	-18.2	-19.0	-6.5	-7.3	-0.3	-1.1	4.7	4.0	5.2	4.3	4.1	3.3	-4.7	-5.2
LBA Logistics Value Fund IX	38,414,829	3.9	2.8	-4.8	-8.0	-1.9	-7.3								
LBA Logistics Value Fund VII	40,133,402	4.5	2.8	2.0	1.2	9.2	7.7	52.3	48.5	12.4	11.0				
NB Partners Fund IV LP	17,385,596	10.8	5.7	-1.6	-8.6										
NREP Nordic Strategies Fund IV	23,560,510	-0.8	-2.9	-13.8	-13.2	0.6	-6.4	30.9	10.3	22.1	-121.4				
Waterton Residential Property Venture XIV, L.P.	39,270,847	-8.3	-9.9	-15.9	-16.3	15.3	11.7	91.3	63.1						
Waterton Residential Property Venture XV	12,215,728	25.4	12.1												
Total Value Added	323,331,537	-0.6	-1.9	-7.3	-8.5	6.4	4.3	40.6	31.2	-4.8	-6.8	18.9	13.9	14.1	11.0
Total Portfolio ²															
LACERS	1,292,545,682	-1.1	-2.0	-9.3	-10.1	8.5	6.8	25.3	22.4	-0.8	-1.8	7.6	6.2	8.4	7.0
Indices															
NFI-ODCE (Core)		-1.4	-2.3	-12.0	-12.7	7.5	6.5	22.2	21.0	1.2	0.3	5.3	4.4	8.3	7.4
NFI-ODCE + 80 bps (Total Portfolio)		-0.6	-1.5	-11.2	-11.9	8.3	7.3	23.0	21.8	2.0	1.1	6.1	5.2	9.1	8.2
NFI-ODCE + 200 bps (Non-Core Portfolio)		0.6	-0.3	-10.0	-10.7	9.5	8.5	24.2	23.0	3.2	2.3	7.3	6.4	10.3	9.4
NFI-ODCE + 50 bps (Value Add)		-0.9	-1.8	-11.5	-12.2	8.0	7.0	22.7	21.5	1.7	0.8	5.8	4.9	8.8	7.9
NFI-ODCE + 300 bps (Opportunistic)		1.6	0.7	-9.0	-9.7	10.5	9.5	25.2	24.0	4.2	3.3	8.3	7.4	11.3	10.4
NCREIF Timberland Index (Timber)		7.0		9.5		12.9		9.2		0.8		1.3		3.4	

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

² Excludes Integrated Capital Hospitality Fund, which did not provide data as of 12/31/24.

Returns (%)	Market Value (\$)	2017		2016		2015		2014		2013	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core											
Berkshire Multifamily Income Realty Fund	11,720,644	5.4	4.7	10.4	9.5						
CIM VI (Urban REIT), LLC	8,933,910	5.2	3.7	2.6	2.4	13.4	11.0	15.0	13.5	6.8	5.4
Cortland Partners Growth and Income Fund	68,610,416										
INVESCO Core Real Estate	186,770,898	8.4	8.0	9.2	8.9	14.7	14.3	12.4	11.9	14.3	13.8
Jamestown Premier Property Fund	12,842,107	18.0	14.2	6.7	5.4	8.5	7.0				
JP Morgan Strategic Property Fund	73,446,533	7.2	6.2	8.4	7.3	15.2	14.1	11.1	10.1	15.9	14.8
Kayne Anderson Core Real Estate Fund	94,086,726										
Lion Industrial Trust - 2007	162,315,045	14.4	12.3	14.9	12.8						
Prime Property Fund	64,163,648	9.9	8.8	10.4	9.2						
Principal U.S. Property Account	76,350,358	9.1	8.1	10.1	9.0	3.0	2.8				
Total Core	759,240,285	9.2	8.1	8.7	7.9	13.4	12.7	11.8	11.3	13.3	12.5
Timber											
Hancock Timberland XI	19,755,332	2.1	1.2	3.5	2.6	5.4	4.6	5.2	4.6	9.9	8.9
Total Timber	19,755,332	2.1	1.2	3.5	2.6	5.4	4.5	8.1	4.5	20.9	17.8
Value Added											
Almanac Realty Securities VI	2,351,896	0.4	-0.3	15.2	14.3	23.5	21.2	15.2	12.8	31.6	26.1
Asana Partners Fund I	26,375,144	18.1	10.8								
Asana Partners Fund II	33,430,229										
DRA Growth and Income Fund VIII	2,852,372	14.2	11.7	14.7	11.8	16.0	12.9	2.7	2.1		
EQT Exeter Industrial Value Fund VI, L.P.	31,719,156										
Gerrity Retail Fund 2	12,167,567	9.8	7.6	21.4	17.7	1.7	0.6				
GLP Capital Partners IV	31,523,013										
Heitman Asia-Pacific Property Investors	11,931,248										
LBA Logistics Value Fund IX	38,414,829										
LBA Logistics Value Fund VII	40,133,402										
NB Partners Fund IV LP	17,385,596										
NREP Nordic Strategies Fund IV	23,560,510										
Waterton Residential Property Venture XIV, L.P.	39,270,847										
Waterton Residential Property Venture XV	12,215,728										
Total Value Added	323,331,537	18.6	15.9	14.6	12.1	14.5	11.7	12.6	10.9	9.5	7.9
Total Portfolio ²											
LACERS	1,292,545,682	10.0	8.6	8.1	6.8	11.2	9.5	13.7	11.8	13.5	11.4
Indices											
NFI-ODCE (Core)		7.6	6.7	8.8	7.8	15.0	14.0	12.5	11.5	13.9	12.9
NFI-ODCE + 80 bps (Total Portfolio)		8.4	7.5	9.6	8.6	15.8	14.8	13.3	12.3	14.7	13.7
NFI-ODCE + 200 bps (Non-Core Portfolio)		9.6	8.7	10.8	9.8	17.0	16.0	14.5	13.5	15.9	14.9
NFI-ODCE + 50 bps (Value Add)		8.1	7.2	9.3	8.3	15.5	14.5	13.0	12.0	14.4	13.4
NFI-ODCE + 300 bps (Opportunistic)		10.6	9.7	11.8	10.8	18.0	17.0	15.5	14.5	16.9	15.9
NCREIF Timberland Index (Timber)		3.6		2.7		5.0		10.5		9.7	

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

² Excludes Integrated Capital Hospitality Fund, which did not provide data as of 12/31/24.

Returns (%)	Market Value (\$)	2024		2023		2022		2021		2020		2019		2018	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Opportunistic															
Apollo CPI Europe I ¹	206,957	-6.9	-6.9	1.7	1.7	-1.9	-1.9	-8.3	-8.3	17.2	17.2	1.6	1.6	-23.0	-23.2
Bristol Value II, L.P.	8,904,062	-12.8	-12.8	-2.4	-2.5	9.6	7.1	16.9	15.9	10.1	8.7	8.5	6.9	6.7	5.1
Broadview Real Estate Partners Fund, L.P.	12,603,526	23.4	18.9	9.8	8.2	13.4	8.8	60.3	40.2	82.4	35.2	-158.5	-158.5		
Brookfield Strategic Real Estate Partners IV	36,657,294	6.6	4.6	4.7	3.3	7.1	4.5								
Bryanston Retail Opportunity Fund ¹	0	-5.3	-4.5	-7.7	-7.7	-7.2	-6.9	74.3	74.0	51.2	50.8	18.3	17.9	23.5	22.9
California Smart Growth Fund IV ¹	59,351	-7.6	-7.6	-5.4	-5.4	32.9	32.9	26.4	26.4	10.1	10.1	28.3	28.3	-6.1	-6.1
Cerberus Institutional Real Estate Partners V	40,859,697	6.6	4.3	12.0	8.2	24.0	17.1	39.5	23.4						
CIM Real Estate Fund III	3,094,784	-30.2	-31.1	-24.9	-26.1	-2.5	-3.9	11.0	9.0	-17.2	-18.5	0.3	-1.1	5.9	4.5
Latin America Investors III ¹	-3,335,703	4.3	6.2	13.2	18.9	53.3	66.8	-54.1	-46.9	82.9	95.8	658.1	945.0	-99.0	-103.0
Lone Star Real Estate Fund II ¹	21,368	11.5	7.1	97.7	75.9	269.2	161.8	6.4	-11.4	-16.7	-7.5	10.1	10.4	-2.9	-1.0
Oaktree Real Estate Opportunities Fund VIII	36,492,171	-7.8	-7.4	5.5	2.8	4.7	0.5	7.8	5.8						
RECP Fund IV, L.P.	11,009,732	-22.2	-22.2	-15.9	-15.9	-14.6	-14.6	10.4	12.9	-23.0	-25.1	2.3	2.1	2.1	1.6
Stockbridge Real Estate Fund II ¹	390,920	11.7	11.7	-0.8	-0.8	19.8	19.6	16.0	15.3	-6.2	-6.6	-4.6	-5.0	0.6	0.2
Torchlight Debt Opportunity Fund IV	928,305	-27.7	-29.5	-27.3	-38.5	-14.7	-7.6	10.7	7.9	-12.3	-4.0	-2.2	1.5	14.8	10.7
TPG Real Estate Partners IV	13,921,101	26.3	14.6	-36.7	-61.3										
Walton Street Real Estate Fund V ¹	453,768	-9.1	-9.1	-8.0	-8.0	-28.1	-28.1	-10.3	-10.3	-8.7	-8.7	-17.9	-18.1	-16.6	-17.1
Walton Street Real Estate Fund VI	8,673,719	-2.8	-3.0	1.7	1.5	14.7	14.3	19.8	19.2	-10.0	-11.0	2.0	1.0	4.2	3.1
Wolff Credit Partners III, LP	19,277,476	14.9	10.6	20.5	10.4	102.8	49.5								
Total Opportunistic	190,218,528	0.5	-1.3	2.1	-0.7	8.4	4.3	22.7	19.8	-11.2	-12.8	0.1	-0.8	-1.1	-2.5
Private Real Estate Portfolio Only (ex. Timber) ²	1,272,790,350	-1.2	-2.1	-9.5	-10.3	8.5	6.8	25.8	22.7	-0.8	-1.9	7.7	6.3	8.6	7.1
Non-Core Portfolio	513,550,065	-0.2	-1.6	-3.8	-5.5	7.1	4.3	33.7	26.9	-7.6	-9.3	9.0	6.2	5.8	3.7
Total Portfolio ²															
LACERS	1,292,545,682	-1.1	-2.0	-9.3	-10.1	8.5	6.8	25.3	22.4	-0.8	-1.8	7.6	6.2	8.4	7.0
Indices															
NFI-ODCE (Core)		-1.4	-2.3	-12.0	-12.7	7.5	6.5	22.2	21.0	1.2	0.3	5.3	4.4	8.3	7.4
NFI-ODCE + 80 bps (Total Portfolio)		-0.6	-1.5	-11.2	-11.9	8.3	7.3	23.0	21.8	2.0	1.1	6.1	5.2	9.1	8.2
NFI-ODCE + 200 bps (Non-Core Portfolio)		0.6	-0.3	-10.0	-10.7	9.5	8.5	24.2	23.0	3.2	2.3	7.3	6.4	10.3	9.4
NFI-ODCE + 50 bps (Value Add)		-0.9	-1.8	-11.5	-12.2	8.0	7.0	22.7	21.5	1.7	0.8	5.8	4.9	8.8	7.9
NFI-ODCE + 300 bps (Opportunistic)		1.6	0.7	-9.0	-9.7	10.5	9.5	25.2	24.0	4.2	3.3	8.3	7.4	11.3	10.4
NCREIF Timberland Index (Timber)		7.0		9.5	0.0	12.9		9.2		0.8		1.3		3.4	

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

² Excludes Integrated Capital Hospitality Fund, which did not provide data as of 12/31/24.

Returns (%)	Market Value (\$)	2017		2016		2015		2014		2013	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Opportunistic											
Apollo CPI Europe I ¹	206,957	10.4	10.4	-0.3	-0.4	-16.0	-16.4	-0.8	-1.5	0.7	0.1
Bristol Value II, L.P.	8,904,062	17.1	15.3	11.0	9.1	8.2	6.1	12.4	10.6	35.0	33.0
Broadview Real Estate Partners Fund, L.P.	12,603,526										
Brookfield Strategic Real Estate Partners IV	36,657,294										
Bryanston Retail Opportunity Fund ¹	0	-22.1	-22.4	-2.5	-2.8	144.0	142.1	7.3	5.8	50.5	47.5
California Smart Growth Fund IV ¹	59,351	14.3	12.8	5.9	5.4	20.3	19.2	17.9	16.2	13.1	11.6
Cerberus Institutional Real Estate Partners V	40,859,697										
CIM Real Estate Fund III	3,094,784	8.0	6.4	5.4	4.0	8.3	7.1	11.0	9.8	11.1	9.9
Latin America Investors III ¹	-3,335,703	-21.9	-24.6	-4.9	-6.9	-30.3	-32.8	0.4	-4.6	-17.9	-22.4
Lone Star Real Estate Fund II ¹	21,368	-0.7	5.4	16.4	13.8	42.5	32.9	58.3	44.7	30.5	22.3
Oaktree Real Estate Opportunities Fund VIII	36,492,171										
RECP Fund IV, L.P.	11,009,732	14.6	12.4	6.9	5.3	8.3	6.2	6.4	4.6	8.5	6.7
Stockbridge Real Estate Fund II ¹	390,920	21.2	20.6	-4.7	-5.5	3.9	2.6	24.4	22.8	46.5	43.7
Torchlight Debt Opportunity Fund IV	928,305	15.2	11.3	11.8	9.8	12.0	9.8	13.9	10.4	3.6	3.0
TPG Real Estate Partners IV	13,921,101										
Walton Street Real Estate Fund V ¹	453,768	4.5	3.5	2.1	0.7	11.9	10.4	13.2	11.7	12.9	11.2
Walton Street Real Estate Fund VI	8,673,719	9.2	7.9	-5.4	-6.6	13.5	12.2	14.8	13.4	16.0	14.3
Wolff Credit Partners III, LP	19,277,476										
Total Opportunistic	190,218,528	7.5	5.8	2.8	1.3	7.2	5.3	15.7	12.9	15.3	12.2
Private Real Estate Portfolio Only (ex. Timber) ²	1,272,790,350	10.2	8.8	8.2	6.9	11.3	9.6	13.8	12.0	13.4	11.3
Non-Core Portfolio	513,550,065	12.1	10.0	7.5	5.6	9.8	7.6	14.7	12.2	13.6	10.9
Total Portfolio ²											
LACERS	1,292,545,682	10.0	8.6	8.1	6.8	11.2	9.5	13.7	11.8	13.5	11.4
Indices											
NFI-ODCE (Core)		7.6	6.7	8.8	7.8	15.0	14.0	12.5	11.5	13.9	12.9
NFI-ODCE + 80 bps (Total Portfolio)		8.4	7.5	9.6	8.6	15.8	14.8	13.3	12.3	14.7	13.7
NFI-ODCE + 200 bps (Non-Core Portfolio)		9.6	8.7	10.8	9.8	17.0	16.0	14.5	13.5	15.9	14.9
NFI-ODCE + 50 bps (Value Add)		8.1	7.2	9.3	8.3	15.5	14.5	13.0	12.0	14.4	13.4
NFI-ODCE + 300 bps (Opportunistic)		10.6	9.7	11.8	10.8	18.0	17.0	15.5	14.5	16.9	15.9
NCREIF Timberland Index (Timber)		3.6		2.7		5.0		10.5		9.7	

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

² Excludes Integrated Capital Hospitality Fund, which did not provide data as of 12/31/24.

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	12,119,657	0	54,382	615,494	104,857	17,531	183,537	11,720,644	47.7
CIM VI (Urban REIT), LLC	9,068,257	0	34,575	0	83,635	23,291	-160,116	8,933,910	0.0
Cortland Partners Growth and Income Fund	70,180,716	349,952	351,688	0	487,559	170,276	-1,885,847	68,610,416	54.7
INVESCO Core Real Estate	188,081,336	182,069	1,418,119	0	1,511,630	182,069	-1,403,949	186,770,898	30.6
Jamestown Premier Property Fund	12,089,768	17,701	27,091	0	13,923	17,701	765,507	12,842,107	63.1
JP Morgan Strategic Property Fund	72,336,337	0	159	0	699,682	163,958	574,631	73,446,533	29.7
Kayne Anderson Core Real Estate Fund	92,621,857	1,053,143	1,053,143	0	1,308,758	153,785	309,896	94,086,726	37.9
Lion Industrial Trust - 2007	159,237,872	928,711	928,711	0	1,480,486	450,283	2,046,970	162,315,045	34.9
Prime Property Fund	63,818,508	628,664	628,664	0	611,549	124,569	-141,841	64,163,648	25.9
Principal U.S. Property Account	75,519,000	0	0	0	825,428	152,537	158,468	76,350,358	26.8
Total Core	755,073,309	3,160,241	4,496,533	615,494	7,127,507	1,456,000	447,256	759,240,285	35.8
Timber									
Hancock Timberland XI	19,613,305	0	242,895	0	40,046	45,968	390,844	19,755,332	0.0
Total Timber	19,613,305	0	242,895	0	40,046	45,968	390,844	19,755,332	0.0
Value Added									
Almanac Realty Securities VI	2,455,988	0	0	0	-2,504	9,133	-92,455	2,351,896	0.0
Asana Partners Fund I	27,412,646	0	1,600,000	0	30,474	-139,101	392,923	26,375,144	41.0
Asana Partners Fund II	33,500,586	0	0	0	-164,745	94,878	189,267	33,430,229	45.9
DRA Growth and Income Fund VIII	2,876,558	0	0	0	2,814	15,450	-11,550	2,852,372	45.0
EQT Exeter Industrial Value Fund VI, L.P.	17,270,855	11,250,000	0	0	-74,794	717,007	3,990,102	31,719,156	58.3
Gerrity Retail Fund 2	15,213,467	0	3,379,195	0	7,777	48,555	374,073	12,167,567	56.7
GLP Capital Partners IV	31,259,912	0	76,515	0	73,389	-191,641	74,586	31,523,013	52.1
Heitman Asia-Pacific Property Investors	13,170,115	166,504	2,216	0	-3,902	29,731	-1,369,522	11,931,248	55.0
LBA Logistics Value Fund IX	33,883,273	3,842,154	0	0	-36,542	-172,500	553,444	38,414,829	47.3
LBA Logistics Value Fund VII	41,736,769	0	2,639,020	0	-64,446	418,607	1,518,707	40,133,402	39.4
NB Partners Fund IV LP	13,053,235	4,219,383	0	0	-1,792	82,813	197,583	17,385,596	43.7
NREP Nordic Strategies Fund IV	22,754,552	1,113,304	0	0	-371,876	112,272	176,801	23,560,510	54.0
Waterton Residential Property Venture XIV, L.P.	38,895,792	201,446	0	0	-180,185	168,782	522,576	39,270,847	61.0
Waterton Residential Property Venture XV	6,064,870	5,924,236	0	985	25,185	156,250	358,672	12,215,728	69.4
Total Value Added	299,548,616	26,717,027	7,696,945	985	-761,146	1,350,234	6,875,206	323,331,537	48.9
Total Portfolio									
LACERS	1,261,401,451	38,957,406	17,413,821	1,802,675	8,642,867	3,796,428	6,556,881	1,292,545,682	41.2

Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Opportunistic									
Apollo CPI Europe I	223,169	0	0	0	-559	0	-15,653	206,957	0.0
Bristol Value II, L.P.	9,484,864	0	160,574	297,331	13,967	0	-136,864	8,904,062	0.0
Broadview Real Estate Partners Fund, L.P.	13,210,558	964,330	2,139,079	0	122,307	132,389	577,799	12,603,526	0.0
Brookfield Strategic Real Estate Partners IV	34,757,627	976,071	57,048	36,865	-6,623	164,745	1,188,877	36,657,294	56.0
Bryanston Retail Opportunity Fund	56,159	0	0	56,100	25,002	0	-25,061	0	0.0
California Smart Growth Fund IV	61,419	0	0	0	-2,068	0	0	59,351	0.0
Cerberus Institutional Real Estate Partners V	40,501,119	0	0	0	-19,692	178,635	556,905	40,859,697	62.0
CIM Real Estate Fund III	3,084,155	0	0	0	935,703	0	-925,074	3,094,784	45.8
Latin America Investors III	-3,255,428	0	0	0	-71,044	10,274	1,043	-3,335,703	57.0
Lone Star Real Estate Fund II	18,938	0	0	0	3,406	976	0	21,368	0.0
Oaktree Real Estate Opportunities Fund VIII L.P.	37,194,281	2,500,000	62,500	0	103,451	122,862	-3,120,199	36,492,171	0.0
RECP Fund IV, L.P.	10,620,040	0	46,370	0	211,806	0	224,256	11,009,732	58.3
Stockbridge Real Estate Fund II	366,273	0	0	0	24,647	0	0	390,920	0.0
Torchlight Debt Opportunity Fund IV	947,915	0	0	0	-1,677	6,903	-11,030	928,305	0.0
TPG Real Estate Partners IV	11,275,172	2,134,835	170,817	0	-63,052	184,754	929,717	13,921,101	74.7
Walton Street Real Estate Fund V	484,845	0	0	0	88,406	0	-119,483	453,768	0.0
Walton Street Real Estate Fund VI	9,571,156	0	0	795,900	230,582	4,060	-328,059	8,673,719	35.9
Wolff Credit Partners III, LP	18,563,961	2,504,902	2,341,060	0	641,896	138,626	46,402	19,277,476	0.0
Total Opportunistic	187,166,223	9,080,138	4,977,448	1,186,196	2,236,460	944,224	-1,156,425	190,218,528	47.6
Private Real Estate Portfolio Only (ex. Timber)	1,241,788,148	38,957,406	17,170,926	1,802,675	8,602,822	3,750,458	6,166,037	1,272,790,350	41.6
Non-Core Portfolio	486,714,838	35,797,165	12,674,394	1,187,181	1,475,313	2,294,458	5,718,781	513,550,065	48.4
Total Portfolio									
LACERS	1,261,401,451	38,957,406	17,413,821	1,802,675	8,642,867	3,796,428	6,556,881	1,292,545,682	41.2

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Core						
Berkshire Multifamily Income Realty Fund	100.0	-	-	-	-	-
CIM VI (Urban REIT), LLC	15.0	61.3	-	23.7	-	-
Cortland Partners Growth and Income Fund	100.0	-	-	-	-	-
INVESCO Core Real Estate	21.6	15.0	34.7	14.0	-	14.7
Jamestown Premier Property Fund	-	46.1	-	34.3	-	19.6
JP Morgan Strategic Property Fund	28.2	16.6	32.8	20.1	-	2.3
Kayne Anderson Core Real Estate Fund	-	-	-	-	-	100.0
Lion Industrial Trust - 2007	-	-	100.0	-	-	-
Prime Property Fund	26.6	14.8	32.4	9.0	-	17.2
Principal U.S. Property Account	26.8	15.2	38.6	10.7	-	8.6
Total Core	23.7	9.6	39.7	8.1	-	18.9
Timber						
Hancock Timberland XI	-	-	-	-	-	100.0
Timber	-	-	-	-	-	100.0
Value Added						
Almanac Realty Securities VI	44.4	-	-	-	55.6	-
Asana Partners Fund I	1.7	23.7	-	74.2	-	0.4
Asana Partners Fund II	0.7	37.4	-	59.3	-	2.6
DRA Growth and Income Fund VIII	-	61.7	-	38.3	-	-
EQT Exeter Industrial Value Fund VI, L.P.	-	-	100.0	-	-	-
Gerrity Retail Fund 2	-	-	-	100.0	-	-
GLP Capital Partners IV	-	-	100.0	-	-	-
Heitman Asia-Pacific Property Investors	-	49.1	-	15.1	-	35.8
LBA Logistics Value Fund IX	-	-	92.0	-	-	8.0
LBA Logistics Value Fund VII	-	-	93.3	-	-	6.7
NB Partners Fund IV LP	-	-	100.0	-	-	-
NREP Nordic Strategies Fund IV	38.2	3.9	30.9	3.6	5.1	18.3
Waterton Residential Property Venture XIV, L.P.	96.9	-	-	-	-	3.1
Waterton Residential Property Venture XV	84.5	-	-	-	-	15.5
Total Value Added	18.3	8.4	49.7	17.1	0.8	5.7
Total Portfolio						
Los Angeles City Employees' Retirement System	21.6	9.7	39.2	9.6	1.8	18.0
Indices						
NFI-ODCE*	29.4	16.4	34.1	11.0	0.2	8.8

*NCREIF changed the basis of diversification for the NFI-ODCE from Net Real Estate Assets to Gross Real Estate Assets effective 1Q2020.

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Opportunistic						
Apollo CPI Europe I	-	-	-	-	-	-
Bristol Value II, L.P.	-	100.0	-	-	-	-
Broadview Real Estate Partners Fund, L.P.	-	-	10.3	-	-	89.7
Brookfield Strategic Real Estate Partners IV	23.3	31.3	25.8	-	6.3	13.3
Bryanston Retail Opportunity Fund	-	-	-	-	-	-
California Smart Growth Fund IV	-	-	100.0	-	-	-
Cerberus Institutional Real Estate Partners V	-	0.2	46.8	0.0	13.3	39.7
CIM Real Estate Fund III	-	35.4	-	4.5	35.4	24.8
Latin America Investors III	-	-	-	-	-	100.0
Lone Star Real Estate Fund II	-	-	-	-	-	100.0
Oaktree Real Estate Opportunities Fund VIII L.P.	27.0	9.9	31.0	17.0	13.5	1.6
RECP Fund IV, L.P.	10.5	-	-	-	66.1	23.4
Stockbridge Real Estate Fund II	-	-	-	-	-	-
Torchlight Debt Opportunity Fund IV	-	-	-	-	-	100.0
TPG Real Estate Partners IV	5.8	5.4	23.6	2.8	2.1	60.3
Walton Street Real Estate Fund V	-	-	-	-	-	100.0
Walton Street Real Estate Fund VI	-	-	-	2.8	-	97.2
Wolff Credit Partners III, LP	100.0	-	-	-	-	-
Total Opportunistic	20.9	13.7	23.5	3.7	11.2	27.0
Private Real Estate Portfolio Only (ex. Timber)	20.8	9.7	41.8	9.6	1.7	16.4
Non-Core Portfolio	17.3	10.1	39.4	13.3	4.5	15.4
Total Portfolio						
Los Angeles City Employees' Retirement System	20.5	9.2	41.7	9.0	1.6	18.0
Indices						
NFI-ODCE*	29.4	16.4	34.1	11.0	0.2	8.8

*NCREIF changed the basis of diversification for the NFI-ODCE from Net Real Estate Assets to Gross Real Estate Assets effective 1Q2020.

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	8.1	5.3	12.3	-	11.6	27.8	-	34.9	-	-
CIM VI (Urban REIT), LLC	59.9	15.0	-	-	-	-	-	25.1	-	-
Cortland Partners Growth and Income Fund	-	14.1	5.3	1.4	42.5	15.6	21.2	-	-	-
INVESCO Core Real Estate	15.7	5.1	0.2	0.1	5.1	13.7	12.2	48.0	-	-
Jamestown Premier Property Fund	24.1	26.2	-	-	9.7	-	-	40.0	-	-
JP Morgan Strategic Property Fund	12.8	6.9	1.6	0.2	6.7	9.6	4.7	57.4	-	-
Kayne Anderson Core Real Estate Fund	10.4	10.2	13.5	6.3	33.6	14.6	7.2	4.1	-	-
Lion Industrial Trust - 2007	17.6	3.7	5.3	0.7	14.7	14.3	7.9	35.7	-	-
Prime Property Fund	29.6	5.4	8.5	0.8	14.5	8.4	6.7	26.0	-	-
Principal U.S. Property Account	9.4	9.8	1.8	1.6	12.1	17.3	15.2	32.8	-	-
Total Core	14.9	7.4	4.6	1.3	15.8	13.4	10.1	32.5	-	-
Timber										
Hancock Timberland XI	-	-	-	-	-	-	-	23.3	69.4	7.3
Total Timber	-	-	-	-	-	-	-	23.3	69.4	7.3
Value Added										
Almanac Realty Securities VI	13.8	-	-	18.4	8.5	59.3	-	-	-	-
Asana Partners Fund I	7.4	38.0	-	-	24.4	26.4	-	3.8	-	-
Asana Partners Fund II	18.9	17.2	-	7.7	18.3	7.3	21.8	8.9	-	-
DRA Growth and Income Fund VIII	31.7	19.4	31.9	-	16.9	-	-	-	-	-
EQT Exeter Industrial Value Fund VI, L.P.	10.1	4.6	10.7	9.3	21.8	17.0	10.6	15.9	-	-
Gerrity Retail Fund 2	-	-	-	-	-	-	-	100.0	-	-
GLP Capital Partners IV	30.5	3.4	3.9	-	7.1	7.9	-	47.1	-	-
Heitman Asia-Pacific Property Investors	-	-	-	-	-	-	-	-	-	100.0
LBA Logistics Value Fund IX	8.6	22.3	8.0	-	33.4	8.0	3.7	16.0	-	-
LBA Logistics Value Fund VII	12.9	13.3	9.5	1.6	20.6	10.0	8.7	23.4	-	-
NB Partners Fund IV LP	70.5	18.3	-	-	11.2	-	-	-	-	-
NREP Nordic Strategies Fund IV	-	-	-	-	-	-	-	-	-	100.0
Waterton Residential Property Venture XIV, L.P.	5.4	-	13.4	-	26.4	8.4	6.9	39.4	-	-
Waterton Residential Property Venture XV	23.9	-	22.5	-	29.5	-	-	24.2	-	-
Total Value Added	14.5	11.6	5.7	2.1	17.9	9.3	5.9	21.6	-	11.4
Total Portfolio										
LACERS	14.6	7.7	6.2	1.5	14.6	10.5	7.8	26.0	3.4	7.6
Indices										
NFI-ODCE*	20.9	8.2	4.9	0.8	12.8	8.9	7.7	35.9	-	-

*NCREIF changed the basis of diversification for the NFI-ODCE from Net Real Estate Assets to Gross Real Estate Assets effective 1Q2020.

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.	59.5	-	-	-	40.5	-	-	-	-	-
Broadview Real Estate Partners Fund, L.P.	6.2	3.6	90.2	-	-	-	-	-	-	-
Brookfield Strategic Real Estate Partners IV	12.4	6.1	3.1	1.1	4.8	6.0	1.4	14.7	-	50.3
Bryanston Retail Opportunity Fund	-	-	-	-	-	-	-	-	100.0	-
California Smart Growth Fund IV	-	-	-	-	-	-	-	100.0	-	-
Cerberus Institutional Real Estate Partners V	-	-	-	-	5.2	-	7.2	2.2	45.0	40.5
CIM Real Estate Fund III	28.1	-	4.5	-	19.2	12.8	-	35.5	-	-
Latin America Investors III	-	-	-	-	-	-	-	-	-	100.0
Lone Star Real Estate Fund II	-	-	-	-	-	-	-	-	100.0	-
Oaktree Real Estate Opportunities Fund VIII L.P.	-	5.2	-	-	2.5	-	1.8	18.8	28.8	42.9
RECP Fund IV, L.P.	21.6	17.2	-	-	-	-	-	0.5	-	60.6
Stockbridge Real Estate Fund II	-	-	-	-	-	-	-	-	100.0	-
Torchlight Debt Opportunity Fund IV	-	-	-	-	-	-	-	-	100.0	-
TPG Real Estate Partners IV	33.3	-	-	6.8	12.7	1.6	-	2.9	-	42.7
Walton Street Real Estate Fund V	-	-	-	-	-	-	-	-	-	100.0
Walton Street Real Estate Fund VI	97.7	-	-	2.3	-	-	-	-	-	-
Wolff Credit Partners III, LP	9.1	-	72.0	7.5	-	5.3	6.0	-	-	-
Total Opportunistic	15.1	3.4	13.9	1.6	5.7	2.0	2.8	7.8	16.0	31.7
Private Real Estate Portfolio Only (ex. Timber)	14.8	7.8	6.3	1.5	14.8	10.7	7.9	26.1	2.4	7.6
Non-Core Portfolio	14.7	8.5	8.8	1.9	13.3	6.6	4.7	16.3	6.1	19.1
Total Portfolio										
LACERS	14.6	7.7	6.2	1.5	14.6	10.5	7.8	26.0	3.4	7.6
Indices										
NFI-ODCE*	20.9	8.2	4.9	0.8	12.8	8.9	7.7	35.9	-	-

*NCREIF changed the basis of diversification for the NFI-ODCE from Net Real Estate Assets to Gross Real Estate Assets effective 1Q2020.

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 directly¹ from the investment managers via a secure data collection site.

¹In 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

Board Meeting: 5/27/25
Item VII-B



Global Economic Conditions

Growth Outlook Remains Positive

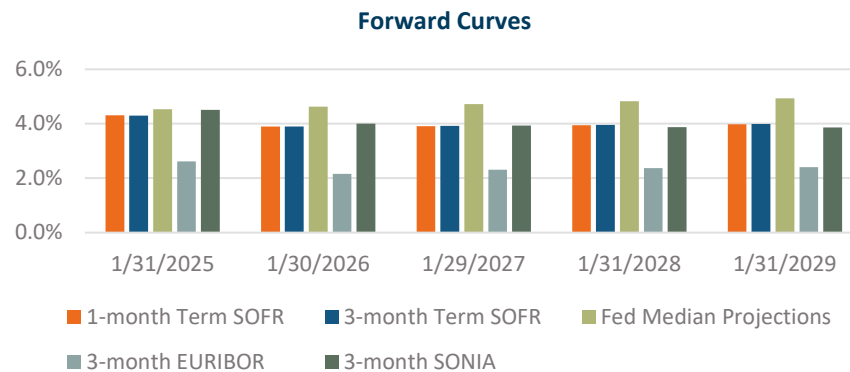
Economic Growth Outlook

GDP growth remains positive

Real GDP Forecasts (YoY%)				
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Asia Pacific	4.5	4.5	4.0	3.9
Selected Markets				
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Australia	2.1	1.1	2.0	2.4

Forward Curves

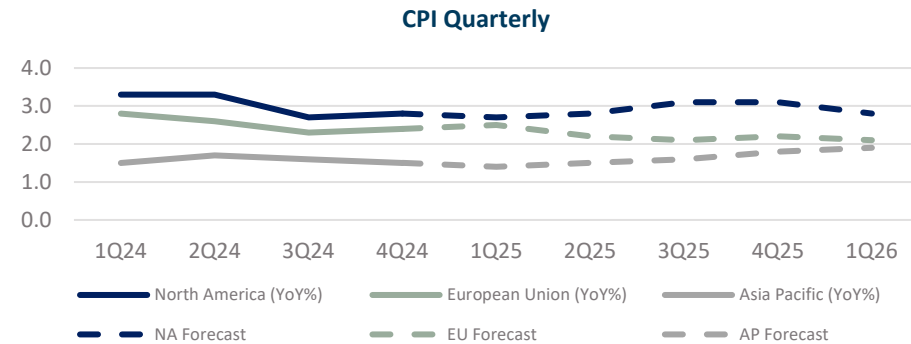
Curves indicating decline in rates



Source: Bloomberg (April 2025), Chatham Financial (February 2025).

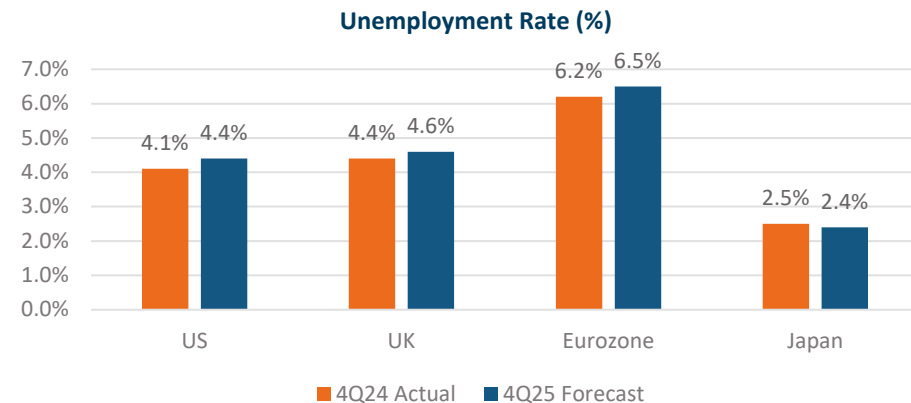
Consumer Price Index

Inflation is projected to stabilize



Unemployment

Unemployment rates remains low

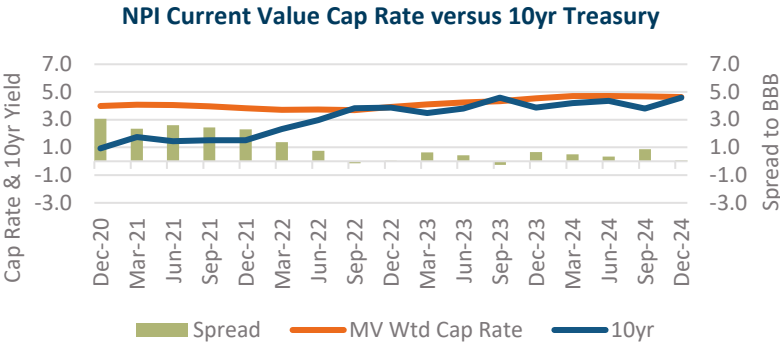


US Real Estate Market Conditions

Real Estate Spreads and Supply Declining

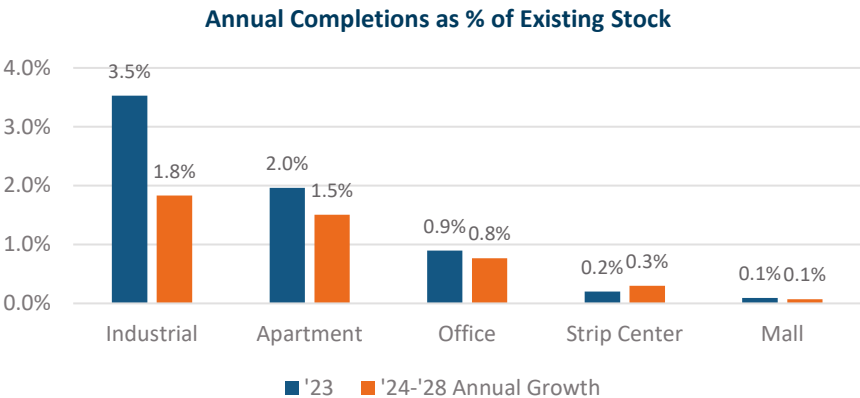
Private Real Estate Spreads

Private Real Estate Valuations have narrowed the spread towards 10yr Treasury



Supply Growth

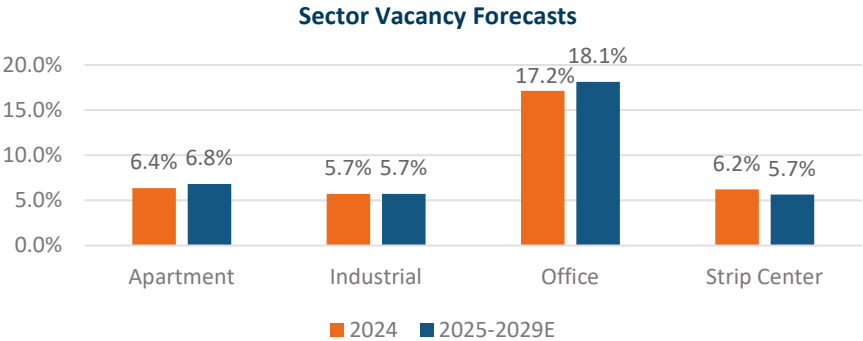
Supply is forecasted to moderate across major property types



Source: NCREIF, St. Louis Fed, Green Street (December 2024).

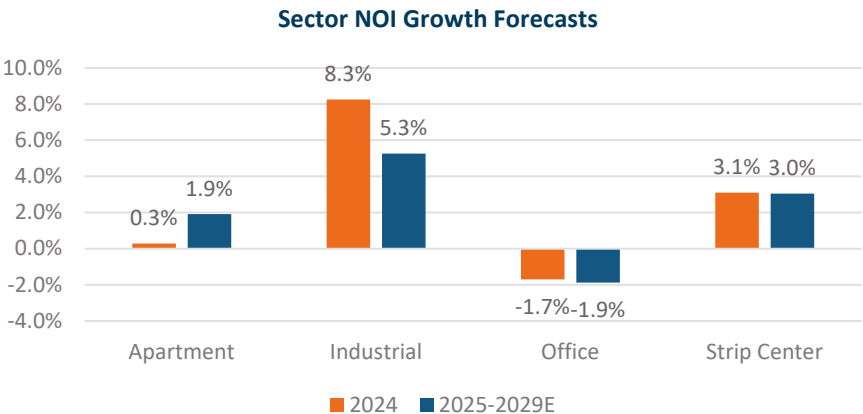
Real Estate Vacancy

Vacancy remains elevated in Office



NOI Growth

NOI growth remains strong in Industrial, while Apartment is forecasted to increase with supply decline

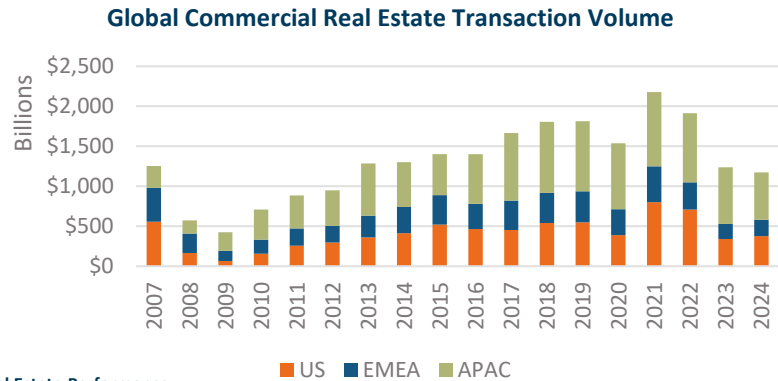


Global Real Estate Market Conditions

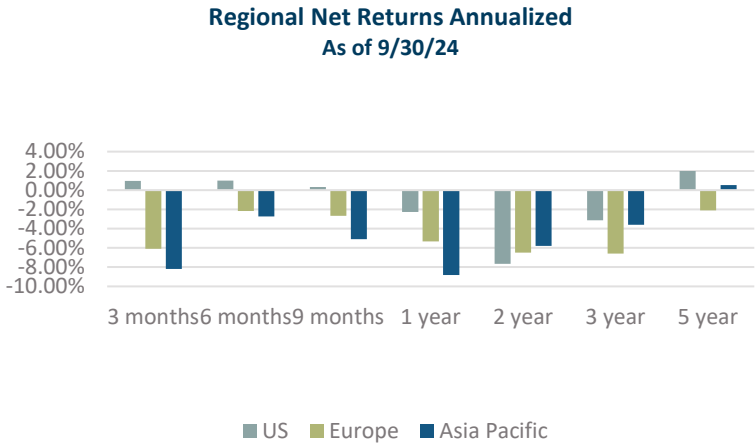


Valuations Nearing Bottom

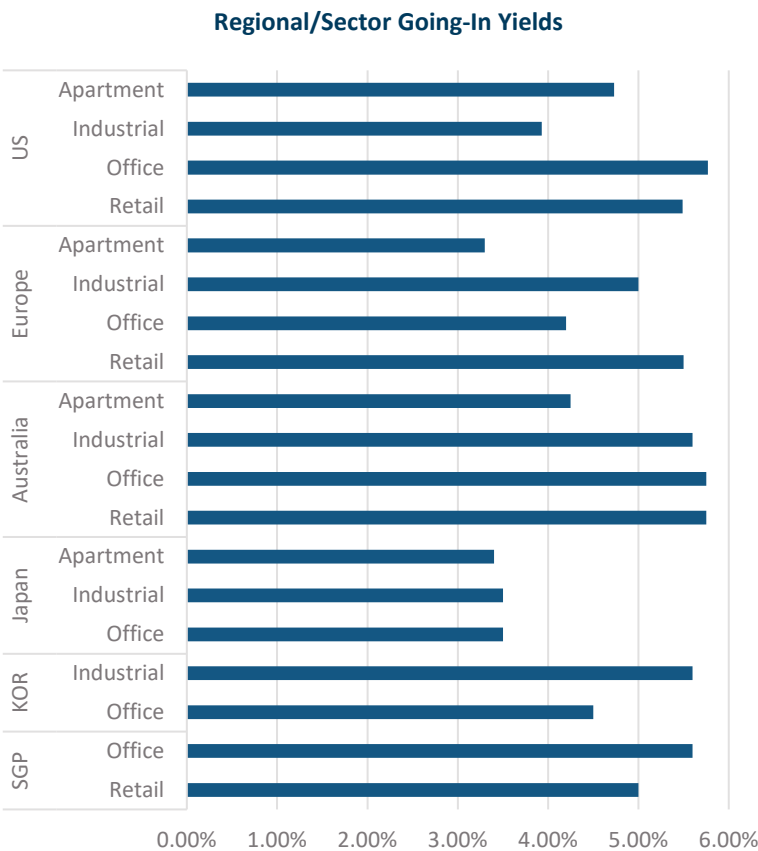
Global Commercial Real Estate Transactions
Transaction volume muted in 2024 as interest rates remain elevated



Real Estate Performance
Real estate valuations nearing bottom as mid-2024 performance flat to slightly positive



Real Estate Valuations
Global Valuations (December 2024)



Source: MSCI Real Assets (February 2025). NCREIF, INREV Global Real Estate Fund Index (GREFI), Townsend Group (December 2024).

Exhibit C: Glossary



Cash Flow Statement

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

<p>The Style Groups consist of returns from commingled funds with similar risk/return investment strategies. Investor portfolios/investments are compared to comparable style groupings.</p>	
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

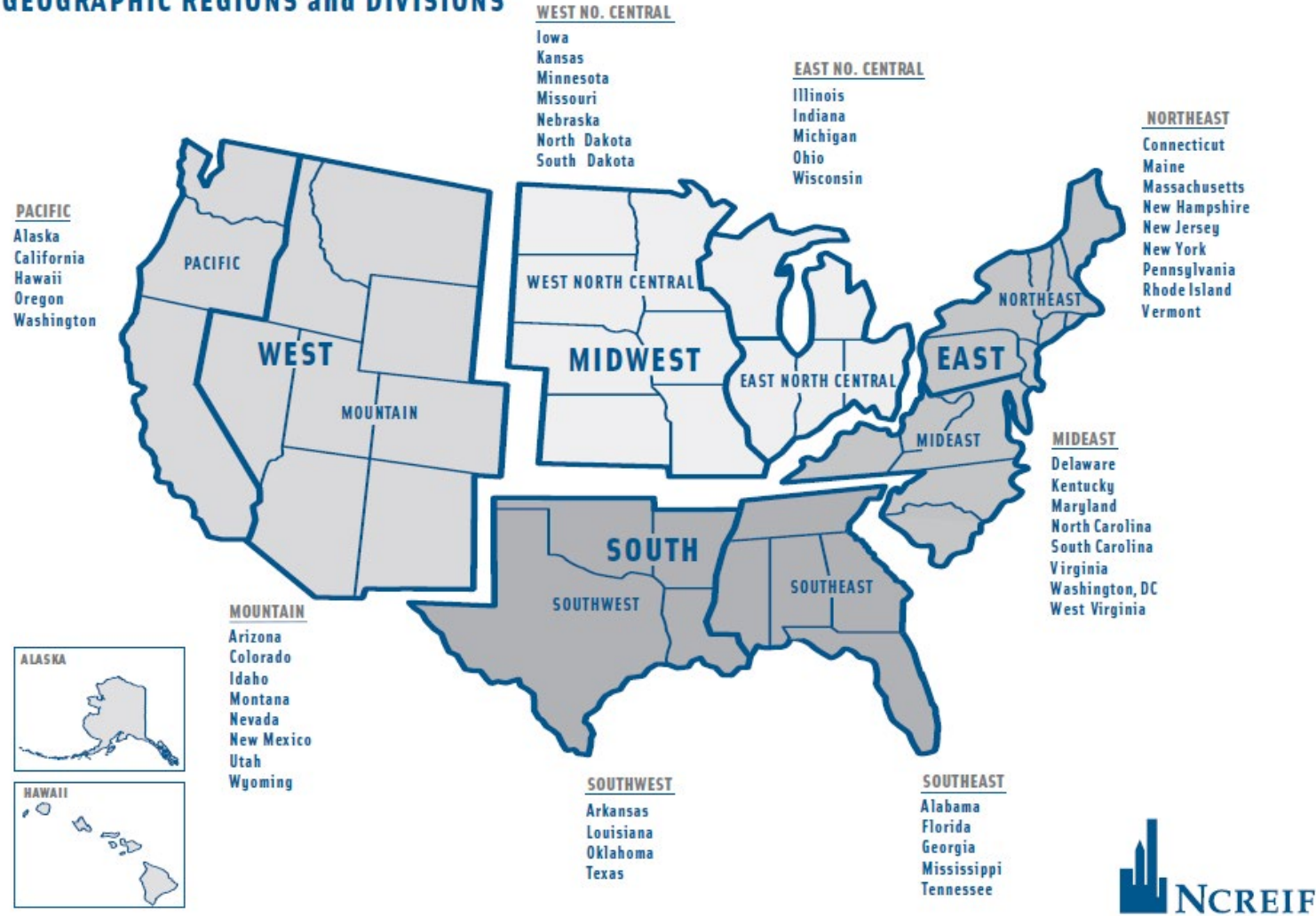
Stylized Index:	Weights the various style group participants so as to be comparable to the investor portfolio holdings for each period.
Open-End Diversified Core Equity Index (“ODCE”):	A core index that includes only open-end diversified core strategy funds with at least 95% of their investments in U.S. 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 (25 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.

GEOGRAPHIC REGIONS and DIVISIONS





LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee

Elizabeth Lee, Chair
Thuy Huynh
Gaylord "Rusty" Roten

MEETING: MAY 27, 2025

ITEM: VII – C

SUBJECT: REAL ESTATE FISCAL YEAR 2025-26 STRATEGIC PLAN AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board adopt the Real Estate Fiscal Year 2025-26 Strategic Plan.

Discussion

On May 13, 2025, the Committee considered the attached report regarding the Real Estate Fiscal Year 2025-26 Strategic Plan. The Committee heard a presentation from Felix Fels and Haya Daawi of The Townsend Group (Townsend), LACERS' Real Estate Consultant. The plan, developed by Townsend with input from staff, establishes strategic objectives and investment plan recommendations for the Fiscal Year 2025-26. During the presentation, Townsend provided an overview of the core and non-core commitments and real estate property types under consideration. Based on this discussion, the Committee concurred with the staff recommendation to adopt the plan. Townsend will be present at the Board meeting of May 27, 2025, should the Board desire to hear a presentation of the plan.

Prepared By: Jessica Chumak, Investment Officer I, Investment Division

TB/RJ/WL/EC/JC:jp

Attachment: 1. Investment Committee Recommendation Report dated May 13, 2025



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO INVESTMENT COMMITTEE
From: Todd Bouey, Interim General Manager

MEETING: MAY 13, 2025
ITEM: IV

SUBJECT: REAL ESTATE FISCAL YEAR 2025-26 STRATEGIC PLAN AND POSSIBLE COMMITTEE ACTION

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

Recommendation

That the Committee recommend to the Board the adoption of the Real Estate Fiscal Year 2025-26 Strategic Plan.

Discussion

The Townsend Group (Townsend), LACERS' Real Estate Consultant, with input from staff, has developed the proposed Real Estate Fiscal Year 2025-26 Strategic Plan, which considers strategic objectives and investment plan recommendations for the next fiscal year. Staff has reviewed the plan and recommends its adoption. Townsend will present the proposed plan.

Prepared By: Jessica Chumak, Investment Officer I, Investment Division

TB/RJ/WL/EC/JC:jp

Attachments: 1. Executive Summary – The Townsend Group
2. Proposed Real Estate Strategic Plan – The Townsend Group



MEMORANDUM

TO: The Board of Los Angeles City Employees' Retirement System

DATE: May 2025

SUBJECT: Real Estate Strategic & Investment Plan for Fiscal Year 2025-2026 – Executive Summary

FROM: The Townsend Group

Executive Summary

The purpose of this report is to review the Los Angeles City Employees' Retirement System ("LACERS" or the "System") Real Estate Strategic Plan ("Strategic Plan") and outline the corresponding Real Estate Investment Plan ("Investment Plan"). The Investment Plan includes actions which will help LACERS to capitalize on current market opportunities while still meeting the guidelines set forth in the proposed Strategic Plan.

Since being re-engaged by the LACERS Board in 2014 to serve as its real estate consultant, Townsend has worked with LACERS Staff to deploy \$405 million of investments into Core funds and \$870 million into tactical Non-Core funds.

The LACERS Program has a 7.0% allocation target (with an allowable range of $\pm 2.0\%$), which was increased from 5% in a 2018 asset allocation study and maintained in the 2021 and 2024 asset allocation studies. As of December 31, 2024, the market value of the portfolio was \$1.67 billion on a funded basis (5.4% of Total Plan Assets).

FY 2025-2026 Investment Recommendations

LACERS will need to continue to deploy capital to reach its 7.0% allocation target over the coming years. Townsend recommends the following 2025-2026 Goals to LACERS for consideration:

LACERS Annual Investment Plan FY 2025-2026	
Core Capital	Up to \$100 M
Non-Core Capital	Up to \$200 M
Total Annual Commitments	Up to \$300 M



2025 Outlook

- The highly unpredictable political and economic environment in the U.S. and globally creates many risks for investors.
- Due to heightened uncertainty and a wide range of possible economic outcomes, Townsend recommends cautiously evaluating new investments in the near-term until more information can be gathered and the effect on the economy, real estate markets and other asset classes can be better assessed.
- Comments on the potential impact from tariffs and updated views by real estate sector are summarized in the attached Investment Plan.

Core Portfolio Goals

- Commit up to \$100 million to Core/Core Plus funds.
- New investments will be evaluated with caution in light of potential impacts on valuations from tariff and macro uncertainty. Take a measured approach to identifying the most effective deployment avenues, including:
 - Exploring secondary market opportunities with existing top-performing managers if available at a discount to current valuation.
 - Participating in newly launched blind pool core open-end funds that are focused on acquiring high-quality assets at attractive valuations.
 - Targeting specialist managers offering exposure to niche strategies not currently represented in the LACERS portfolio.
- Turn off Dividend Reinvestment Plan (“DRIP”) for JP Morgan Strategic Property Fund.
- Continue to evaluate existing core open-end positions and identify opportunities to rebalance the portfolio. This includes optimizing fee structures, increasing exposure to high-performing managers, and aligning investments with desired property types to enhance overall portfolio performance.

Non-Core Portfolio Goals

- Commit up to \$200 million to Non-Core funds.
 - Focus on opportunities that complement the existing portfolio, thematic investments with proven specialist managers and alternative specialty sectors with growth potential.



- Take advantage of capital market themes
 - Consider investments in secondaries and recapitalizations to take advantage of capital market dislocation.
- Prioritize investments in high-conviction sectors
 - Focus on expanding exposure to niche sectors such as data centers, industrial outdoor storage (IOS), build-to-rent, cold storage, and manufactured housing.
- Continue to invest in favorable sectors with long-term growth potential like residential and industrial.
- Identify opportunities to reduce fees and enhance net returns.
- Continue to evaluate Emerging Managers that are an appropriate fit for LACERS' portfolio, without compromising returns.

END OF INVESTMENT RECOMMENDATIONS



Annual Real Estate Investment Plan

May 2025

01 Real Estate Market Update

Caution – Heightened Uncertainty

- The highly unpredictable political and economic environment in the U.S. and globally creates many risks for investors
- Due to heightened uncertainty and a wide range of possible economic outcomes, Townsend recommends cautiously evaluating new investments in the near-term until more information can be gathered and the effect on the economy, real estate markets and other asset classes can be better assessed
- While this document outlines medium and long-term views on real estate markets and sectors, those views are rapidly evolving and make forming a definitive investment plan very difficult
- Recommended capital amounts in this plan are based on long-term policy targets, and must be re-evaluated throughout the fiscal year as more information becomes available

The U.S. Administration, Early Observations

Policies are nominally pro-U.S. growth, deregulatory, anti-immigration, and net inflationary. But the impact is uncertain

Overall

- The new administration's policies are nominally pro-U.S. growth, deregulatory, anti-immigration, and net inflationary.
- Many factors - including but not limited to the competence of policy implementation, domestic responses, international business and government reactions / retaliation, non-US economic performance - will determine the path of U.S. GDP growth, inflation, and interest rates.
- Currently, U.S. economists are predicting a slight increase in U.S. GDP in 2025, then steady growth with declining government bond yields. However, it is possibly too early to identify if any individual factors will drive the outcomes away from the middling consensus.

Tariffs

- The significant increase in tariffs will increase the cost of imported goods and likely change the structure of the domestic supply chain.
- Logistics assets catering to international trade may be adversely affected while those with a more domestic focus may benefit.
- The inflationary impact of tariffs will drive up development costs while supporting the value of standing assets.
- If tariffs are used primarily as a bargaining tool rather than for revenue generation the impacts are more unpredictable, but the overall effect will be increased uncertainty and reduced confidence.

Pro-Business, Small Government

- Opportunity Zones were a favoured strategy in the first term and are likely to be used again. If extended this will support activity in the identified areas.
- Contemplating privatisation of government sponsored enterprises. Privatising Fannie Mae and Freddie Mac could remove the implicit government guarantee that comes with their loans. This could lead to higher and more volatile mortgage rates for single family homes.
- Downsizing the Federal Government workforce will reduce government demand for office space, partially offset by mandatory 5 days in office.

Immigration

- Tightening immigration policy will reduce labour availability and increase construction costs. This should support the value of standing assets at the expense of development assets.
- Lower immigration and related policies should reduce housing demand. The impact in the short term is likely to be concentrated in less expensive rental units in some larger cities.

Deregulation

- Trump previously abolished many regulations impeding development and sought to reduce bureaucratic hurdles for businesses.
- For CRE, regulatory rollbacks and streamlining the permitting process have facilitated faster project approvals and reduced development costs.
- Zoning and permitting is mostly a local and state matter, but federal policy can impact through regulatory oversight and imposition of environmental standards. A general loosening may reduce development timelines and costs.
- Rollbacks of environmental regulations, including those related to wetlands and air quality, have reduced compliance costs for developers, encouraging more development.

Source: Townsend Group (February 2025)

Global Economic Conditions

Growth Outlook Remains Positive

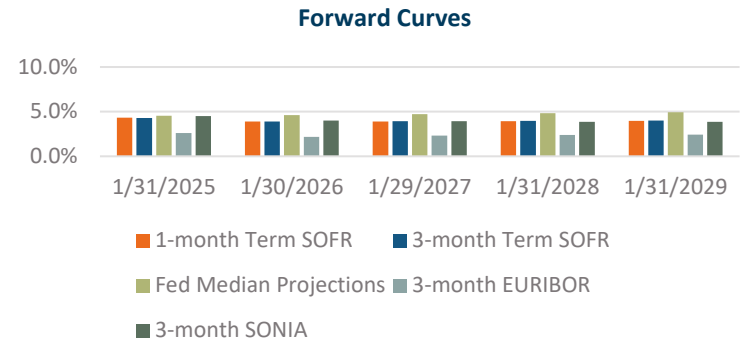
Economic Growth Outlook

GDP growth remains positive

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Forward Curves

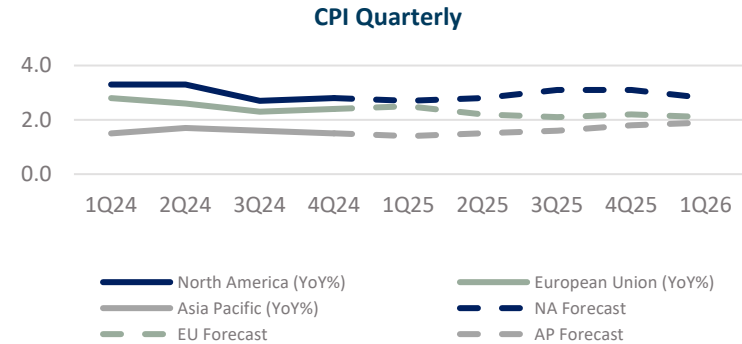
Curves indicating decline in rates



Source: Bloomberg (April 2025), Chatham Financial (February 2025).

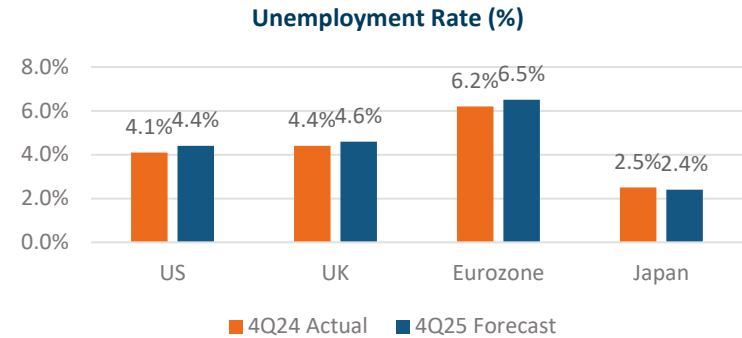
Consumer Price Index

Inflation is projected to stabilize



Unemployment

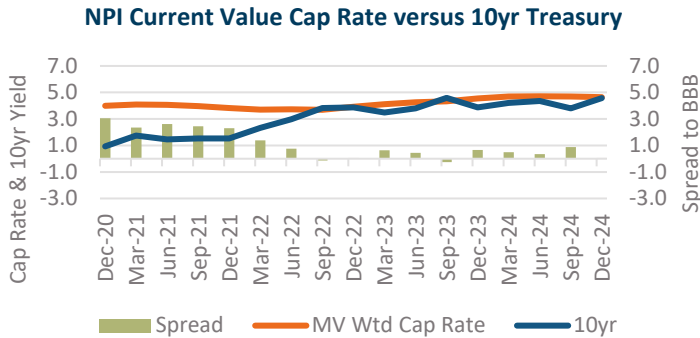
Unemployment rates remains low



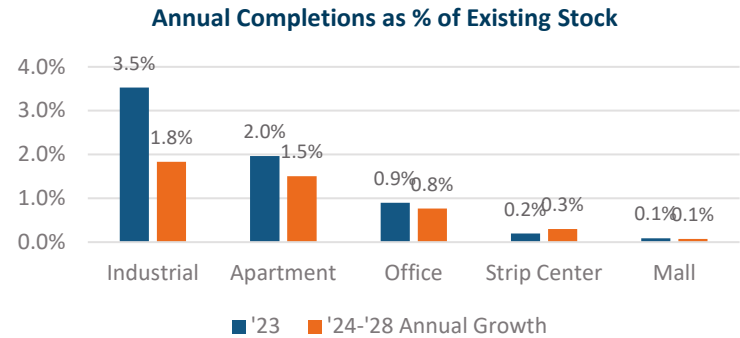
US Real Estate Market Conditions

Real Estate Spreads and Supply Declining

Private Real Estate Spreads
Private Real Estate Valuations have narrowed the spread towards 10yr Treasury

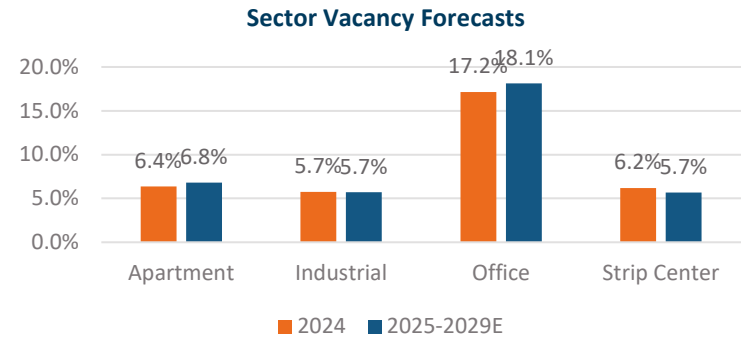


Supply Growth
Supply is forecasted to moderate across major property types

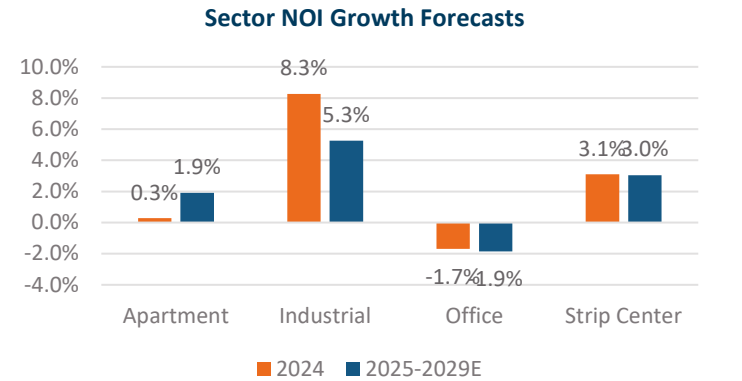


Source: NCREIF, St. Louis Fed, Green Street (December 2024).

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Vacancy remains elevated in Office



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NOI growth remains strong in Industrial, while Apartment is forecasted to increase with supply decline

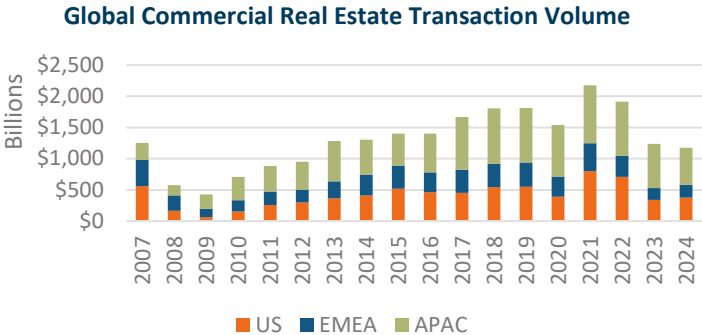


Global Real Estate Market Conditions

Valuations Nearing Bottom

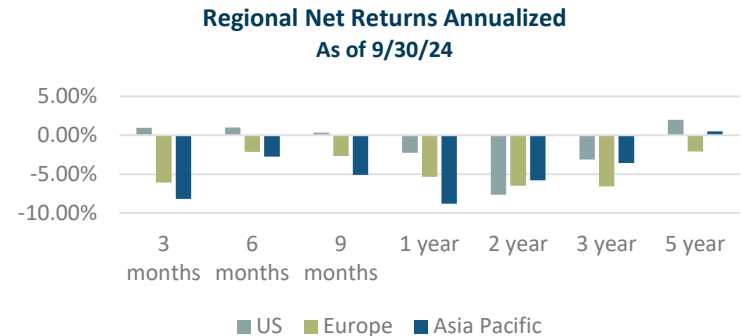
Global Commercial Real Estate Transactions

Transaction volume muted in 2024 as interest rates remain elevated



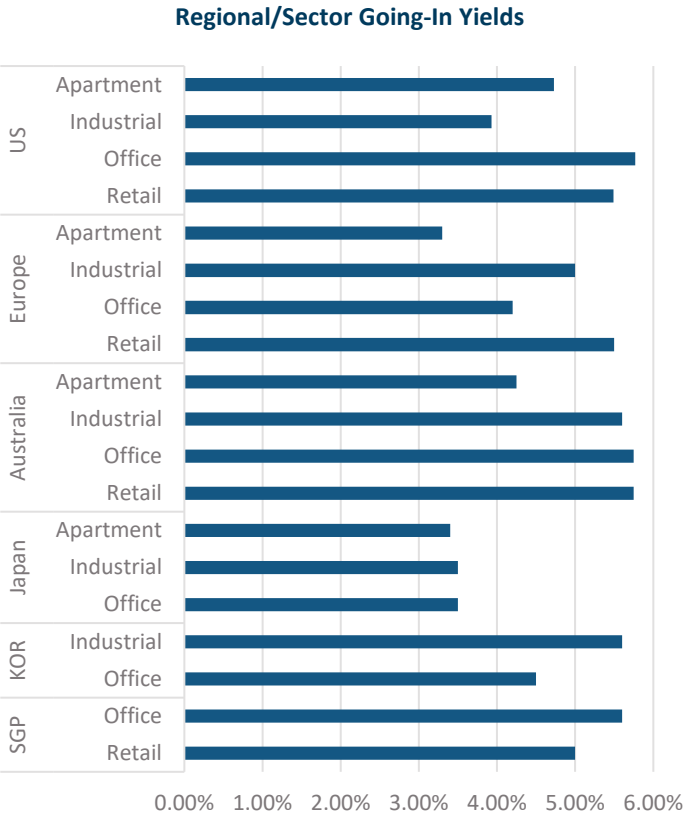
Real Estate Performance

Real estate valuations nearing bottom as mid-2024 performance flat to slightly positive



Real Estate Valuations

Global Valuations (December 2024)



Source: MSCI Real Assets (February 2025). NCREIF, INREV Global Real Estate Fund Index (GREFI), Townsend Group (December 2024).

Impact of Tariffs and Immigration Control on Real Estate

Board Meeting: 5/27/25
Item VII-C
Attachment 1

IC Meeting: 5/13/25
Item IV
Attachment 2

TOWNSEND
GROUP

- Recent tariff and immigration policies have introduced uncertainty into the real estate market. While these measures create short-term challenges, such as economic slowdown and hiring freezes, they could offer longer-term benefits to the sector

Short-term Effects

- Uncertainty in consumer sentiment leading to negative impact on retail sector
- Hiring freezes adding pressure on office sector
- Slowdown in rent growth in residential sector
- Mixed impacts on industrial sector

Supply Constraints & Rent Growth

- Supply constraints are anticipated to worsen due to
 - Demand uncertainty
 - Higher input costs
 - Increased cost of debt
 - Limited availability of debt
- Supporting medium-term rent growth & asset values

Higher Replacement Value

- Boost in value of existing assets over medium to long term
- Increase in replacement cost supporting core/core-plus asset values
- Strategies like secondaries and GP-staking benefit from this dynamic

Attractive Entry Point

- Foreign investors cautious on US investing
- Domestic investors worry about liquidity
- Short-term value declines creating opportunity to acquire core assets at discount

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

Sector Preferences

- Assuming a short-term downturn and a gradual rebound, select sectors are still well-positioned for growth



Housing- Short-term demand may vary, but national housing shortages continue to support strong medium-term fundamentals



Industrial- Demand remains strong but import-reliant U.S. markets face challenges. Growth anticipated in U.S. manufacturing and inland hubs, European import markets, and non-China export regions



Office- Structural challenges continue, with hiring freezes and lease hesitancy weighing on the sector



Retail- Retail investment require caution. However, well-located, necessity-based neighbourhood centers offer value-accretive opportunities



Data Centers- Accelerating AI demand supports long-term strength. Short-term valuation dips may offer strategic entry opportunities, though development plans should factor in sensitivity to rising input costs



Other Alternatives- such as senior housing, outdoor storage, cold storage, and medical offices- may present compelling opportunities

02 Executive Summary

Executive Summary

LACERS Annual Investment Plan 2025 – 2026 – Total new Commitments of up to \$300 million

Private Real Estate Portfolio

Core Portfolio – Up to \$100M

- Commit capital to new and existing core and/or core plus funds to manage the core exposure and adjust for return and risk purposes.
- Evaluate the existing core open-end positions to focus on optimizing performance and boosting returns.

Non-Core Portfolio - Up to \$200M

- Selectively commit capital to several new investments at amounts ranging between \$50 million and \$75 million.
 - Consider smaller commitment amounts for highly concentrated funds, niche strategies, or small fundraises as per LACERS sizing policies.

03

LACERS Real Estate Program Overview

LACERS Real Estate Program Overview

(Data as of December 31, 2024)

	Market Value (\$ millions)*	% LACERS Plan*
LACERS Total Plan Assets	\$24,065	
Real Estate Target	\$1,685	7.0%
RE Market Value:		
Core	\$759	
Non-Core	\$513	
Timber	\$20	
Total RE Market Value	\$1,293	5.4%
Unfunded Commitments	\$338	1.4%

*Figures may not add due to rounding. Values may not tie to Northern Trust due to timing differences.

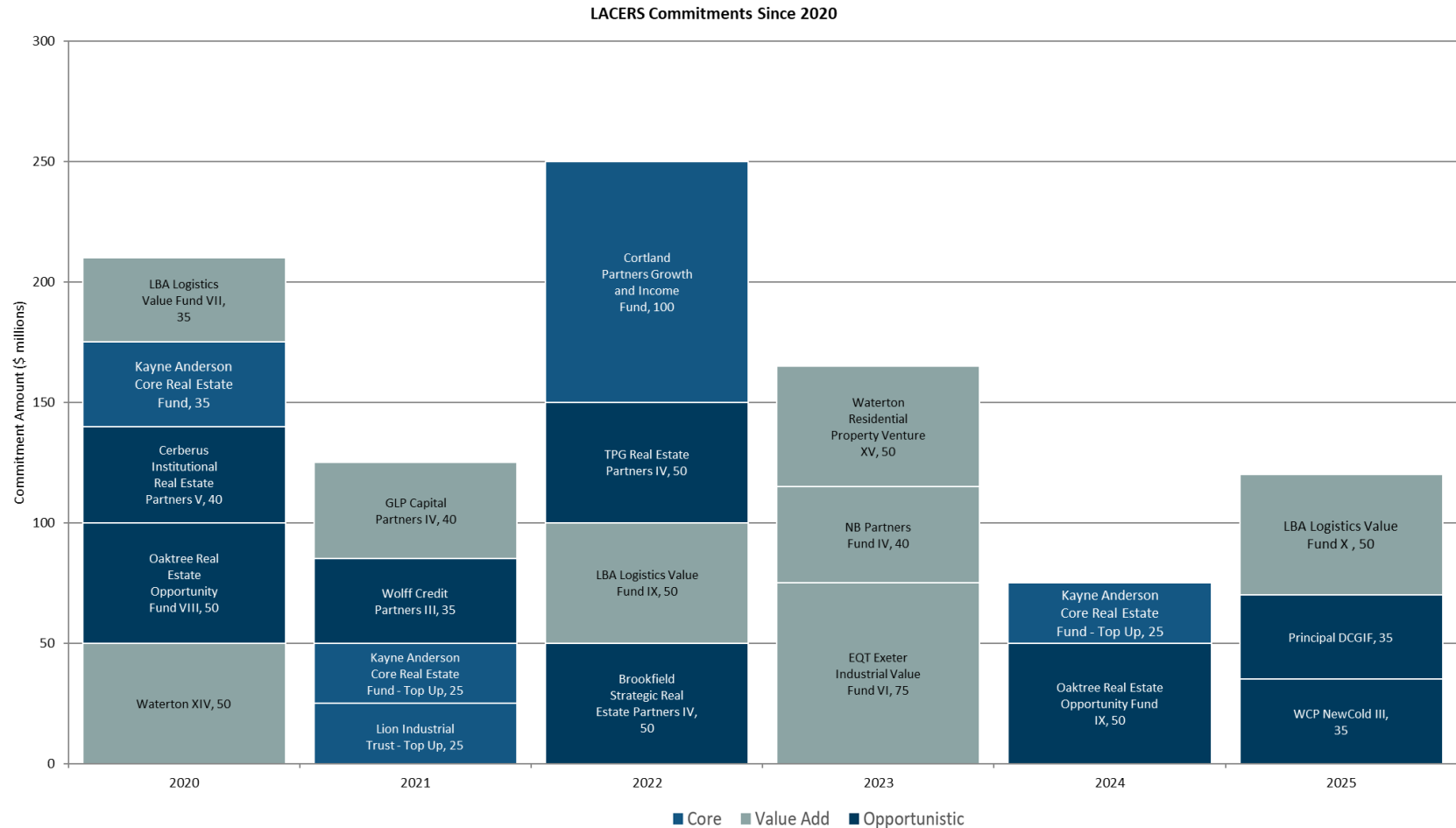
LACERS Real Estate Program Overview (continued)

	Strategic Targets		Portfolio Composition (12/31/2024)*	
	Target Allocation	Tactical Range	Market Value	Projected 3-Year
Core	60%	40% - 80%	58.7%	57.0%
Non-Core	40%	20% - 60%	39.7%	42.4%
Value Add Portfolio	N/A	N/A	25.0%	
Opportunistic Portfolio	N/A	N/A	14.7%	
Timber	N/A	N/A	1.5%	0.5%

As of 12/31/24 LACERS is in line with its Core and Non-Core target allocation and within the respective tactical ranges. Unfunded commitments will maintain the exposures to the targets over the long-term.

*Figures may not add due to rounding.

LACERS Commitment History



- LACERS has committed \$1.35 billion since 2014 while under advisement of Townsend.
- Four Non-Core commitments since 2015 (Gerrity II, Asana I, Asana II, Broadview, and NB Partners Fund IV) met LACERS’ Emerging Manager guidelines at the time of commitment.
- Vintage year classifications are based on LACERS’ first capital call (or expected capital call), though commitments may have been approved in prior years.

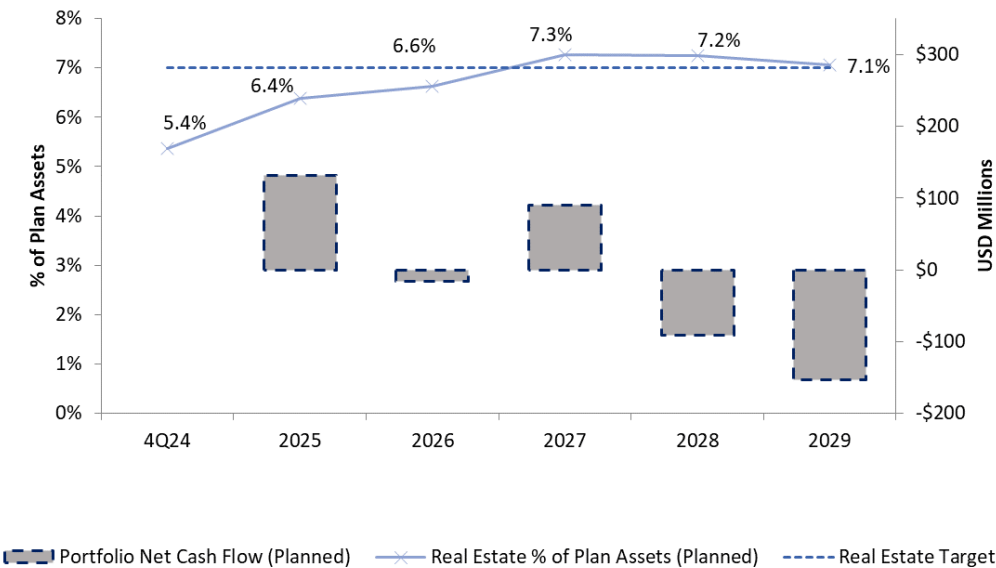
04

LACERS 2025-2026 Investment Plan

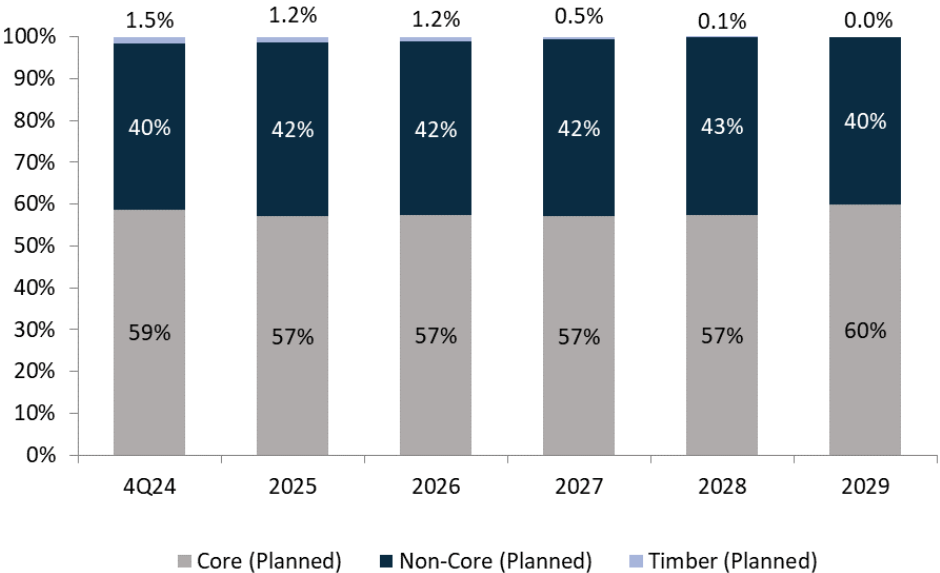
LACERS Real Estate Portfolio Projections

- To build future private portfolio projections for LACERS, Townsend collected forecasted capital calls and distributions from all managers in LACERS’ portfolio.
- The ‘Planned’ Real Estate Portfolio below includes new commitments needed to reach the target allocation and the 60% Core / 40% Non-Core target.
- The real estate portfolio is funded at approximately 5.4% of total plan assets below the 7.0% target allocation. Over the next few years, the real estate portfolio is expected to gradually move towards to the target allocation.

Real Estate % of Total Plan Assets (All Planned Commitments)



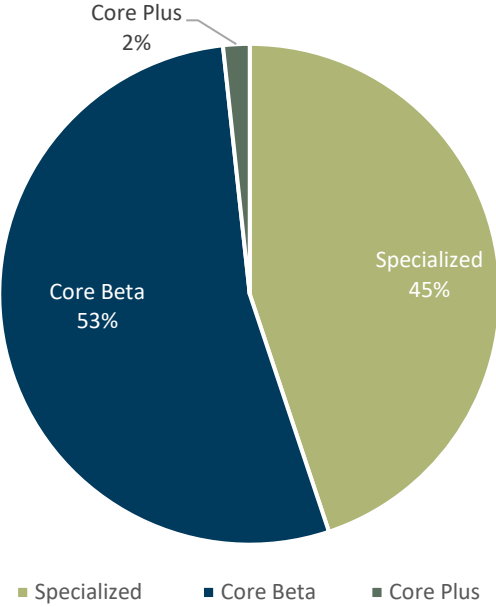
Risk Sector Allocation Change



LACERS 2025-2026 Investment Plan – Core Portfolio

- **Commit up to \$100 million to Core/Core Plus funds.**
 - Consider up to \$100M in commitments to core/core plus positions during the fiscal year. New investments will be evaluated with caution in light of potential impacts on valuations from tariff and macro uncertainty. Take a measured approach to identifying the most effective deployment avenues, including:
 - Exploring secondary market opportunities with existing top-performing managers if available at a discount to current valuation.
 - Participating in newly launched blind pool core open-end funds that are focused on acquiring high-quality assets at attractive valuations.
 - Targeting specialist managers offering exposure to niche strategies not currently represented in the LACERS portfolio.
- **Turn off Dividend Reinvestment Plan (“DRIP”) for JP Morgan Strategic Property Fund.**
- **Continue to evaluate existing core open-end positions and identify opportunities to rebalance the portfolio. This includes optimizing fee structures, increasing exposure to high-performing managers, and aligning investments with desired property types to enhance overall portfolio performance.**

Current Core Portfolio*



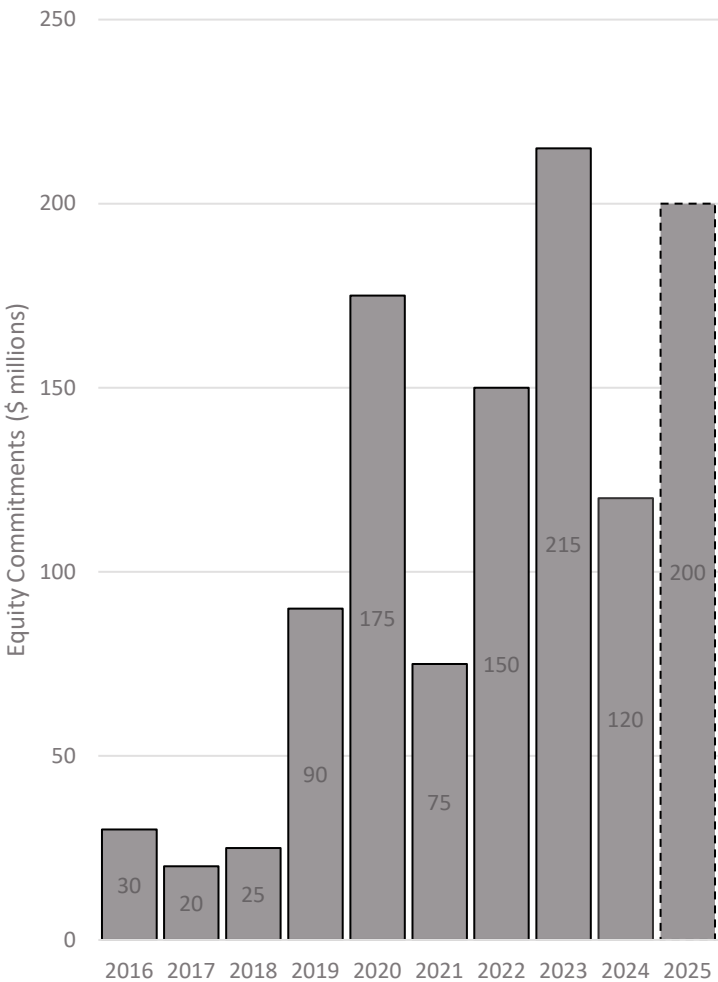
*Core Beta refers to funds larger, diversified funds that track closer to NFI-ODCE through access to primary gateway markets and property types.
Core Plus refers to funds with a combination of higher leverage and/or larger non-core pipelines in order to enhance returns.
Core Specialized refers to funds that specialize in one sector or funds that specialize in sectors outside of the primary NFI-ODCE sectors.

LACERS 2025-2026 Investment Plan – Non-Core Portfolio



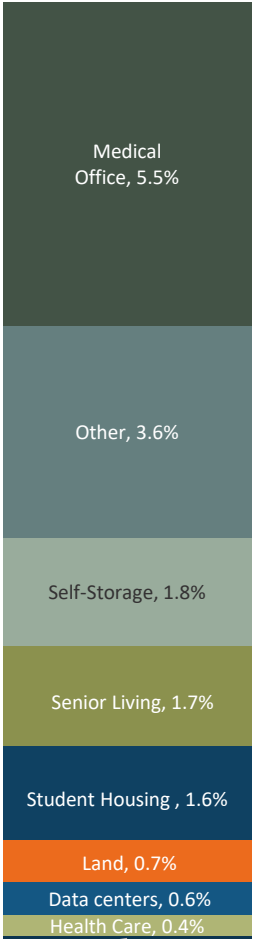
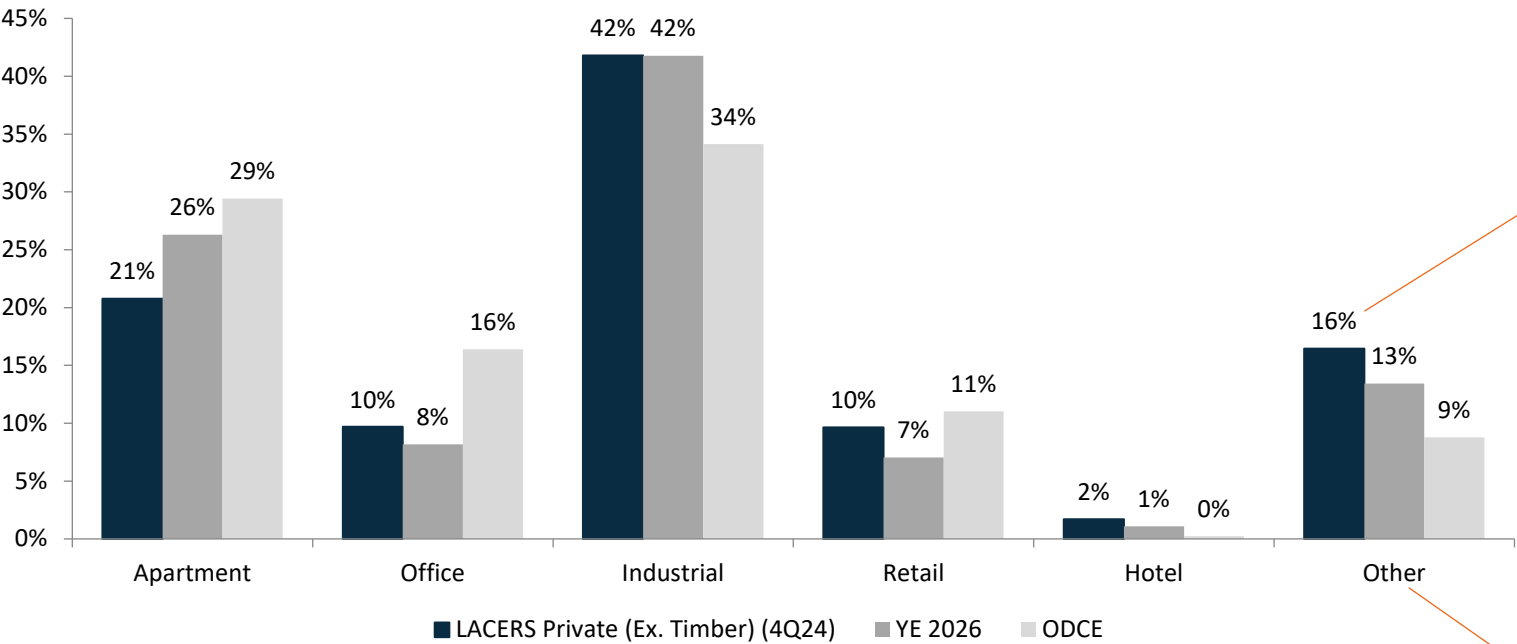
- **Commit up to \$200 million to Non-Core funds.**
 - Target up to \$200 million new commitments to attractive opportunities. Focus on opportunities that complement the existing portfolio, thematic investments with proven specialist managers and alternative specialty sectors with growth potential.
 - Take advantage of capital market themes
 - Consider investments in secondaries and recapitalizations to take advantage of capital market dislocation.
 - Prioritize investments in high-conviction sectors
 - Focus on expanding exposure to niche sectors such as data centers, industrial outdoor storage (IOS), build-to-rent, cold storage, and manufactured housing.
 - Continue to invest in favorable sectors with long-term growth potential like residential and industrial.
 - Identify opportunities to reduce fees and enhance net returns.
 - Continue to evaluate Emerging Managers that are an appropriate fit for LACERS’ portfolio, without compromising returns.

Non-Core Commitments by Vintage Year*



LACERS Diversification Projections

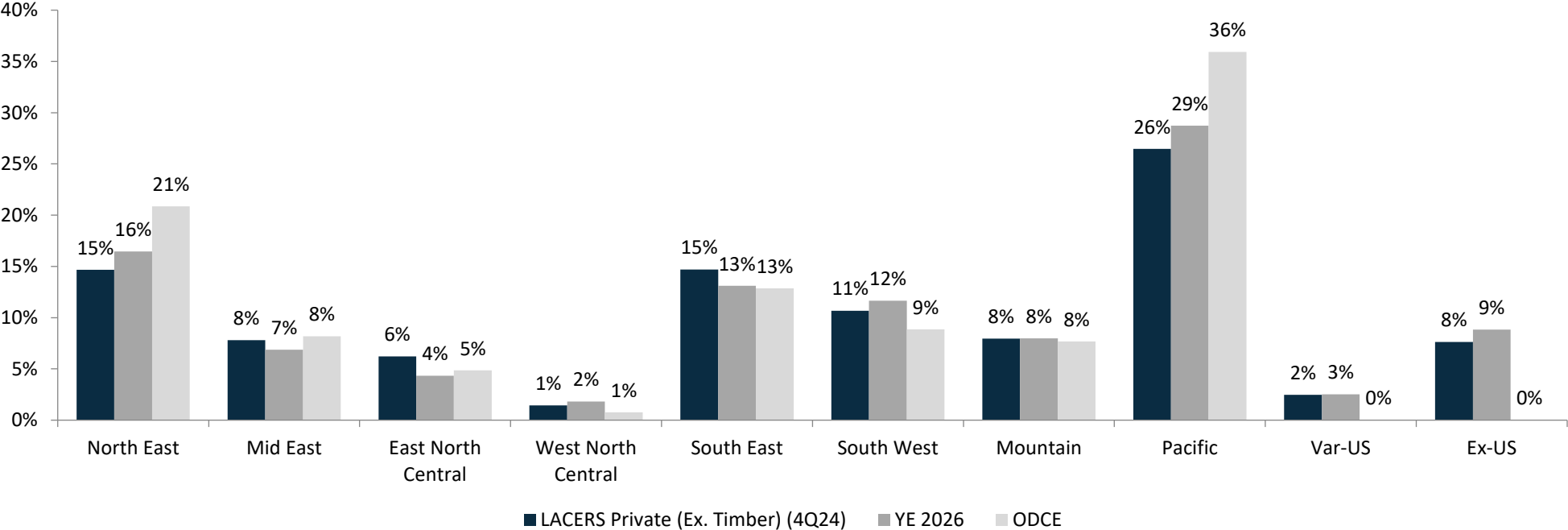
Private Real Estate Exposure - Property Type Diversification
Private Portfolio (Ex. Timber)



*'Other' reflects properties that do not fit into the traditional classifications (apartment, industrial, office, retail), such as medical office, senior housing, self-storage, student housing, and other property types.

LACERS Diversification Projections

LACERS Projected Geographic Diversification
Private Portfolio (Ex. Timber)



*'Other' reflects properties that do not fit into the traditional classifications (apartment, industrial, office, retail), such as medical office, senior housing, self-storage, student housing, and other property types.

05 Sourcing and Deal Flow

Manager Sourcing and Due Diligence

Core and Core Plus Fund Sourcing and Selection

- Townsend’s dedicated open-end fund team reviews and monitors the open-end universe on a monthly and quarterly basis.
- Townsend also evaluates Core closed-end funds, though fewer exist.
- Comprehensive review, evaluation and selection process:
 - Sourcing and evaluation of new fund launches,
 - Quarterly data collection and analysis,
 - On-site meetings and quarterly reviews,
 - Advisory board participation,
 - Ongoing platform assessment,
 - Continual due diligence.

Manager Sourcing and Due Diligence

Non-Core Fund Sourcing and Selection

- In addition to the work completed for open-end commingled funds (evaluation process outlined on the previous page), Townsend is continuously analyzing the universe of Non-Core closed-end funds available for investment.
- Detailed due diligence follows a three-phase due diligence process:
 - Sourcing and evaluation of new fund launches.
 - On-site due diligence meetings.
 - Evaluation of investment characteristics includes, but is not limited to the following:
 - *Executive Summary*: Strategy Overview, Comparative Advantages, Potential Issues and Concerns.
 - *Strategy*: Overview, Leverage, Investment Guidelines, Pipeline.
 - *Sponsor*: Organizational Background/History, Turnover, Compensation, and Retention.
 - *Investment Process*: Overview, Investment Committee, Affiliate Transactions, Limited Partner Advisory Committee, Exclusivity and Allocations, Valuations.
 - *Fund Structure*: Key Terms, Fees and Distributions, Analysis of Fees.
 - *Performance*: Detailed Summary of Prior Vehicles, Vintage Year Comparison, Dispersion of Returns, Investment Highlights.
- Ongoing due diligence includes fund coverage, investment monitoring, reporting, advisory board representation and client advocacy.

Manager Sourcing and Due Diligence

Emerging Manager Sourcing

- **Townsend focuses on identifying emerging managers during its sourcing and monitoring process.**
 - Network and establish new relationships through regular sourcing channels, outreach and conference attendance.
 - Seek new and unique opportunities that align with Townsend View of the World.
 - Uncover experienced niche operating partners interested in raising third-party capital.
 - Oversight and management of dedicated Emerging Manager programs across the firm.
 - Maintain active pipeline of Emerging Manager candidates.
 - Actively vetting new owner/operators as potential Emerging Manager candidates.

LACERS Emerging Manager Efforts

- **Majority of Emerging Manager opportunity set is in the Non-Core segment:**
 - 2015: A \$20 million commitment to Gerrity Retail Fund 2 was approved by the Board.
 - 2016: A \$20 million commitment to Asana Partners I was approved by the Board.
 - 2018: A \$35 million commitment to Asana Partners II was approved by the Board.
 - 2019: A \$20 million commitment to Broadview Real Estate Partners was approved by the Board.
 - 2023: A \$40 million commitment to NB Partners Fund IV was approved by the Board.
 - 2025: Due diligence on one additional emerging manager is in process and commitment is under consideration for 2025.



REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee

Elizabeth Lee, Chair
Gaylord "Rusty" Roten
Thuy T. Huynh

MEETING: MAY 27, 2025

ITEM: VII – D

SUBJECT: ADAPTIVE ASSET ALLOCATION POLICY AND STATUS REPORT AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board renew the Adaptive Asset Allocation Plan for Fiscal Year 2025-2026.

Executive Summary

This report provides an annual update on adaptive rebalancing pursuant to the LACERS Rebalancing Policy and Adaptive Asset Allocation Plan (AAP) under Sections V.G and V.H of the Investment Policy Manual. No adaptive rebalances have been initiated through April of fiscal year 2024-2025. The Committee recommends renewal of the AAP in its current form for fiscal year 2025-2026. The Committee has noted that staff will review the policy to consider potential revisions that provide greater flexibility for implementing adaptive rebalancing.

Discussion

The LACERS Rebalancing Policy and AAP (Sections V.G and V.H of the Investment Policy Manual) authorize staff to conduct adaptive rebalancing. The AAP, initially adopted by the Board on May 28, 2019, and revised on October 26, 2021, addresses the goals and objectives of adaptive asset allocation, roles and responsibilities of parties involved, decision-making and implementation framework, and reporting requirements. Pursuant to Section VII of the AAP, the CIO must provide an annual report to the Investment Committee of all adaptive rebalances initiated in the current fiscal year and provide recommendations to modify, continue, or cease the AAP.

On May 13, 2025, the Committee reviewed the attached AAP status update and renewal recommendation report and discussed the report with staff. For the period through April of fiscal year 2024-2025, staff reported that no opportunities to invoke the AAP had been identified, and no adaptive rebalances had been undertaken. Staff noted that the portfolio's asset allocation has remained close to the Board-adopted policy targets, primarily due to ongoing cash management activities needed to meet monthly operational liquidity requirements. As a result, asset class allocations have stayed below

the 70% trigger threshold necessary to implement the AAAP as defined in Section VI of the policy. Given the limited opportunities for adaptive rebalancing since the AAAP's adoption in 2019, staff will review the policy and consider proposing revisions to allow greater flexibility for implementing an adaptive rebalance, pending further analysis. After discussing the report with staff, the Committee agreed with the recommendation to renew the AAAP in its current form for fiscal year 2025-2026.

Prepared By: James Wang, Investment Officer I, Investment Division

TB/RJ/WL/JW:rm

Attachment: 1. May 13, 2025 Investment Committee Report



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO INVESTMENT COMMITTEE
From: Todd Bouey, Interim General Manager

MEETING: MAY 13, 2025
ITEM: V

SUBJECT: ADAPTIVE ASSET ALLOCATION POLICY AND STATUS REPORT AND POSSIBLE COMMITTEE ACTION

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

Recommendation

That the Committee recommend to the Board a renewal of the Adaptive Asset Allocation Plan for Fiscal Year 2025-2026.

Executive Summary

This report offers an annual update on adaptive rebalancing in accordance with the LACERS Rebalancing Policy and the Adaptive Asset Allocation Plan (AAP), as outlined in Sections V.G and V.H of the Investment Policy Manual. No adaptive rebalances have been implemented through April of the 2024-2025 fiscal year. Staff recommends renewing the AAP for the 2025-2026 fiscal year.

Discussion

The LACERS Rebalancing Policy and AAP, as outlined in Sections V.G and V.H of the Investment Policy Manual, authorize staff to carry out adaptive rebalancing. Originally adopted by the Board on May 28, 2019, and subsequently revised on October 26, 2021, the AAP details the objectives of adaptive asset allocation, defines the roles and responsibilities of involved parties, establishes the decision-making and implementation framework, and sets forth reporting requirements.

In accordance with Section VII of the AAP, the CIO is required to present an annual report to the Investment Committee summarizing all adaptive rebalances conducted during the current fiscal year and to provide recommendations regarding the continuation, modification, or discontinuation of the AAP. Through April of the 2024-2025 fiscal year, staff has not activated the AAP in light of volatile economic and market conditions. Accordingly, there is no AAP activity to report.

Staff has observed that the application of the AAP continues to be limited by routine management of operational cash flows and portfolio liquidity. Staff intends to revisit the AAP rebalancing guidelines later in the calendar year with the general investment consultant, NEPC, LLC, and bring any proposed changes to the Committee for review under a separate report. Until such proposed changes are initiated, staff will continue to monitor market conditions and the investment portfolio for potential opportunities to implement adaptive rebalancing and recommends renewing the AAP in its current form for the 2025-2026 fiscal year.

This report has been reviewed by LACERS' Internal Auditor in accordance with Section II of the AAAP.

Prepared By: James Wang, Investment Officer I, Investment Division

TB/RJ/WL/JW:jp

Attachment: 1. Rebalancing Policy and Adaptive Asset Allocation Plan

G. Rebalancing

The investment portfolio shall, on an ongoing basis in accordance with market fluctuations, be rebalanced to remain within the range of targeted allocations and distributions among investment advisors. The Board has a long-term investment horizon and utilizes an asset allocation that encompasses a strategic, long-run perspective of capital markets. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of the System's investment performance.

Rebalancing is not primarily intended to be used for tactical asset allocation. The Board will not attempt to time the rise or fall of the investment markets by moving away from long-term targets because (1) market timing may result in lower returns than buy-and-hold strategies; (2) there is little or no evidence that one can consistently and accurately predict market timing opportunities; and (3) rebalancing too often may result in excessive transaction costs. However, the Board may authorize staff to rebalance assets within or among asset classes without breaching Board-established asset allocation policy threshold bands. Such rebalancing would be subject to an annually approved Adaptive Asset Allocation Plan (AAP) in order to enhance incremental performance, protect portfolio value, or improve the risk-return profile of the portfolio. The Board will consider the approval of a new AAP or renewal of an existing AAP within three months prior to the start of each fiscal year. The approved AAP will be effective on July 1 of each year. Should the Board choose not to renew an AAP, the existing AAP may continue to be implemented; however, new AAP positions may not be introduced until a continuance of the existing AAP or new AAP is approved by the Board.

The Board delegates the responsibility of rebalancing to the Chief Investment Officer, who will seek the concurrence of the General Fund Consultant. Rebalancing generally will occur when the market values of asset classes (e.g., equities, fixed income, etc.) or sub-asset classes (e.g., large cap value, emerging markets, etc.) exceed their respective thresholds as established by the Board's approved asset allocation and asset class risk budgets.

The portfolio will be monitored daily, but reviewed by senior investment staff (i.e., Chief Investment Officer or Chief Operating Officer) at the beginning of each month to determine the need to rebalance asset classes or sub-asset classes within approved policy bands. Rebalancing will be conducted in a timely manner, taking into consideration associated costs and operational circumstances and market conditions. Rebalancing will be accomplished by using routine cash flows, such as contributions and benefit payments, by reallocating assets across asset classes, investment mandates, and investment managers.

Asset classes temporarily may remain outside of their ranges due to operational and implementation circumstances to include, but not limited to, illiquidity that prevents immediate rebalancing of certain asset classes such as private equity and private real estate; potential asset shifts pending in the portfolio over the next 12 months such as hiring/termination of a manager(s); an asset allocation review of the entire portfolio; or a structural review of a given asset class.

The Chief Investment Officer shall inform the Board in a timely manner of all rebalancing activity.

H. Adaptive Asset Allocation Plan

TABLE OF CONTENTS

- I. Purpose and Scope
- II. Roles and Responsibilities
- III. Terminology
- IV. Adaptive Asset Allocation Considerations
- V. Implementation
- VI. Risk Management Guidelines
- VII. Annual Review of the Adaptive Asset Allocation Plan
- VIII. Appendix

I. Purpose and Scope

The Adaptive Asset Allocation Plan (AAAP) is an addendum to Section I.V.G of the Investment Policy.

On February 12, 2019, the Board of Administration (“Board”) of the Los Angeles City Employees’ Retirement System (LACERS) approved revisions to the Investment Policy, which included a revision to the Rebalancing Policy (Section I.V.G). Specifically, a provision was added for Tactical Asset Allocation (TAA). Under the TAA section, staff is authorized to initiate tactical rebalancing pursuant to the Tactical Asset Allocation Plan (TAAP).

On October 26, 2021, the Board approved renaming TAA to Adaptive Asset Allocation (AAA) and the TAAP to the Adaptive Asset Allocation Plan (AAAP).

The Board believes that LACERS Total Fund (Total Fund) is best managed when additional tools are available for staff to address a dynamic and rapidly changing investment market. Adaptive Asset Allocation, pursuant to the Rebalancing Policy and procedures found in the AAAP, is designed to supplement and complement the Rebalancing Policy by adding flexibility to rebalancing decisions within a prudent, decision-making framework based on market and/or internal operational conditions. Rebalancing decisions—strategic and tactical—will be based on the principles of prudence, care, and risk mitigation.

More specifically, the AAAP provides additional approaches to the rebalancing of asset classes within established asset class policy target ranges. Rebalancing under the AAAP must achieve at least one of the following objectives: 1) Enhance Total Fund value; 2) Protect Total Fund value; or 3) Enhance the risk/return profile of the Total Fund pursuant to the Asset Allocation Policy and Risk Budget.

II. Roles and Responsibilities

The Board of Administration

The Board authorizes, provides oversight, and approves amendments to the AAAP. The Board delegates to staff the implementation of AAA within the adopted Rebalancing Policy, Asset Allocation Policy, and Risk Budget. The Board will review and approve the AAAP on or before July 1 of each year.

Investment Committee

The Investment Committee reviews AAAP status reports if applicable, conducts an annual performance evaluation of the AAAP, and recommends amendments to the Board.

Chief Investment Officer

The Chief Investment Officer (CIO) is responsible for the implementation of an Adaptive Asset Allocation rebalancing pursuant to the AAAP. The CIO will review recommendations from staff and the General Fund Consultant to determine if an Adaptive Rebalance is appropriate. The CIO is also responsible for unwinding any previously-initiated Adaptive Actions as may be necessary. The CIO along with staff is responsible for observing economic and market indicators, assessing internal operational conditions, and working with the General Fund Consultant (and seeking advisement of other Investment Consultants under contract as may be necessary) to seek concurrence with an Adaptive Action Proposal. The CIO will apprise the Board within 30 days of initiating an Adaptive Rebalance.

General Fund Consultant

The General Fund Consultant reviews the CIO's proposed Adaptive Action, and either concurs, amends, or disagrees with the proposed decision within seven business days of presentation of the Adaptive Rebalance Proposal.

Internal Auditor

The Internal Auditor shall review the CIO's annual AAAP report, as provided in Section VII of this plan, prior to presenting the report to the Investment Committee.

III. Terminology

Adaptive Factors – External landscape observations that include economic, market, and valuation factors plus internal operational factors, all of which are to be considered when developing an Adaptive Rebalance Proposal (see Appendix A).

Adaptive Objectives – The driving force that underpins justification for an Adaptive Rebalance. Objectives may include: 1) Enhance Total Fund value; 2) Protect Total Fund value; and 3) Enhance the Risk/Return Profile of the Total Fund.

Adaptive Rebalance Proposal – A written Adaptive Rebalance plan to address one specific Adaptive Asset Allocation (AAA) Rebalance project. The Adaptive Rebalance Proposal shall consider the provisions found in AAAP Sections IV, V, VI, and VII.

Adaptive Rebalance – One or more individual tactical movements of capital between or among asset classes to achieve one or more Adaptive Objectives. An Adaptive Rebalance may take one to 12 months to implement; up to an additional 12 months may be provided if an Adaptive Reversal is included in an Adaptive Rebalance Proposal.

Adaptive Action – One specific, individual movement of capital that adjusts asset holdings due to movements of cash, in-kind asset transfers, or use of derivatives. Derivatives may be used as an alternative to cash or in-kind asset transfers to obtain the equivalent changes

Adaptive Asset Allocation Policy

in exposure(s), if derivatives are expected to produce more favorable economic and/or risk enhancements. Derivatives may not be used as a form of leverage.

Adaptive Reversal – An optional component of an Adaptive Rebalance Proposal, an Adaptive Reversal is a specific and time-bound plan to partially or fully unwind an Adaptive Rebalance once economic or market conditions, or internal operations, stabilize. An Adaptive Reversal can be an integral component of an Adaptive Rebalance Proposal and may take up to 12 additional months to achieve full implementation.

IV. Adaptive Asset Allocation Considerations

LACERS is a long-term strategic investor and implements the Asset Allocation Policy. AAA allows LACERS flexibility to adjust exposures to established asset classes to achieve one of several aforementioned AAA Objectives. AAA Factors that are considered when contemplating an Adaptive Rebalance include (but are not restricted to): stage of the economic cycle; abrupt or trending market or capital dislocations; excessive or deep under valuations of specific or broad asset types within the Total Fund or in the market; and internal operational factors.

V. Implementation

Implementation of an Adaptive Action will comply with the following procedures, as they may apply:

1. External Landscape Evaluation – Economic market outlook, including economic indicators, monetary and fiscal policies, geo-political events, Federal Reserve Bank actions, interest rates, inflation, etc.
2. Internal Operational Evaluation – Actual asset allocation of the Total Fund compared to policy targets, asset class movements and trends, portfolio valuations, operational cash, future, pending, or existing RFP manager searches and hiring of investment managers, pending investment manager terminations, market and economic landscape commentary or information from investment managers, and compliance with existing Investment Policy
3. General Fund Consultant Discussion and Concurrence (and discussion with other contracted Investment Consultants as warranted)
4. Written Adaptive Rebalance Proposal should include the following decision considerations (as appropriate):
 - a. External Landscape and Internal Operational Evaluations;
 - b. Projected Impact on Asset Allocation and Asset Classes;
 - c. Projected Impact on Total Fund addressing Adaptive Objectives:
 - i. Enhancement to Total Fund Value; and/or
 - ii. Protection of Total Fund Value; and/or
 - iii. Enhanced Risk/Return Profile and Compliance to Risk Budget
 - d. Projected Quantitative Outcomes including measurable Performance and Risk Metric improvements and Capital Preservation amounts;
 - e. Financial Considerations - Funds directly impacted by an Adaptive Rebalance; Proposed Implementation Timing and Transactional Costs; Benchmark to evaluate performance; Monitoring Schedule
 - f. Adaptive Reversal (Partial or Full) as needed

5. Implementation of Adaptive Action pursuant to the written Adaptive Rebalance Proposal and AAAP Risk Management Guidelines.
6. Report to the Board within 30 days of initiating a Adaptive Rebalance
7. Quarterly Status Reporting of Adaptive Rebalancing implementation
8. Internal Monthly Rebalancing and Compliance Staff Reviews per the Rebalancing Policy (Section I.V.G of the LACERS Investment Policy)
9. Annual Investment Committee Review of AAAP based on CIO Report as provided in Section VII of this plan
10. Annual Board Renewal, Modification, or Repeal of AAAP based on Investment Committee Report as provided in Section VII of this plan

VI. Risk Management Guidelines

The following guidelines are designed to help the CIO manage the implementation of the AAA Policy within a prudent risk-management framework.

1. An Adaptive Rebalance may be initiated when the actual market value weighting of an asset class exceeds 70% of the range from its target weighting to its established bands.
2. An Adaptive Rebalance Proposal shall not exceed 50% of the excess valuation that is over- or under-weight to its policy target at the time the decision to rebalance is made.
3. An Adaptive Rebalance should be completed within 12-24 months of initiation, except in the case of a partial or full reversal of the original Adaptive Rebalance, which may extend the Adaptive Rebalance up to an additional 12 months.
4. An Adaptive Rebalance may be suspended after the first Adaptive Action is completed if such single Adaptive Action or subsequent Adaptive Actions achieves the Adaptive Objective(s) within the Adaptive Rebalance Proposal pursuant to an Adaptive Rebalancing Proposal.
5. An Adaptive Rebalance Proposal may be modified or suspended by the CIO upon the concurrence of the General Fund Consultant if market conditions or other external landscape factors change or strategic asset class rebalances are necessary that disrupt the orderly implementation of the Adaptive Rebalance Proposal, or when internal operations such as liquidity needs would have a material impact on the Adaptive Rebalance Proposal such that the Adaptive Objectives are no longer achievable within the established Adaptive Rebalance Proposal timeframe due to material changes in the original market assumptions, operational factors, or risk levels.
6. A specific Adaptive Rebalance should not be initiated if it will cause another asset class to breach its regular Asset Allocation policy upper or lower rebalance threshold.
7. The General Fund Consultant must concur with the Adaptive Rebalance Proposal prior to initiation.

VII. Annual Review of the AAAP

Annual AAAP Review by the Investment Committee

The CIO will prepare an annual report of all Adaptive Rebalance Proposals that were initiated in the current fiscal year, the current status of Adaptive Rebalances and Adaptive

Actions, and the projected and actual impact of the Adaptive Rebalance(s) including (but not restricted to) performance, capital preservation, and/or risk factors. Staff may also include recommendations to modify, continue or cease the AAAP. The Annual AAAP Review will be presented to the Investment Committee no later than the month of April of each year.

The Investment Committee will determine if the AAAP requires any modifications including repeal. The Investment Committee recommendations will be then sent to the Board of Administration for approval.

Annual AAAP Approval or Repeal by the Board of Administration

The Board of Administration shall review and approve, modify, or repeal the AAAP prior to the beginning of each Fiscal Year.

If the AAAP is repealed, staff may not enter any new Adaptive Rebalances; except Adaptive Reversals that were contemplated in the Adaptive Rebalance Proposal may be implemented according to the implementation sequence of the Adaptive Actions.

VIII. APPENDIX

External Landscape and Internal Operational Considerations

- a. *Economic Cycle Consideration* - An Adaptive Action may be appropriate based on the economic cycle, as illustrated below:

Early Stage Phase - The early stage of the economic cycle is characterized by recovering growth in the gross domestic product (GDP), profit margins, and consumer confidence. Credit and inflation in the economy are typically flat while interest rates start to rise. Stocks tend to be trading at more attractive levels compared to longer term historical averages.

Early to Mid-Cycle Stage Phase - During the early and mid-cycle phases, equities have the potential to outperform. AAA may attempt to take advantage of expansion stages by shifting exposure to public equities and reducing exposures to core fixed income assets.

Later and Recession Stage Phases - During late and recession stages, equities have potential to underperform risk-off assets. AAA may attempt to protect the Total Fund by reducing public equities and increasing fixed income assets.

- b. *Market Stages Consideration*

The economy oscillates between stages of expansion (early and middle stages) and contraction (late and recession stages). The early stage of the economic cycle is characterized by recovering growth in the gross domestic product (GDP), profit margins, and consumer confidence. Credit and inflation in the economy are typically flat while interest rates start to rise. Stocks tend to be trading at more attractive levels compared to longer term historical averages.

During the mid-cycle period of the economic cycle, the economy generally experiences expansion in GDP, credit growth, profit margins, and consumer confidence. Interest rates and inflation are typically stable during this period. Stocks tend to recover to levels in-line with long term average valuations.

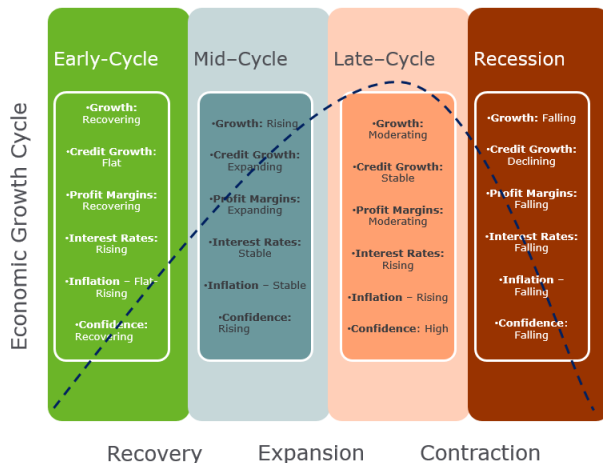
In the late-cycle period of the economic cycle, the economy typically experiences moderation in GDP growth, profit margins, and credit expansion. Consumer confidence is high and both interest rates and inflation are on the rise. Stocks trade at the higher band of long term averages while volatility tends to be higher than the earlier parts of the cycle.

Finally, during the recession stage of the economic cycle, excesses are purged from the system. GDP, credit, profit margins, interest rates, inflation and consumer confidence are all falling. During this phase of the market, volatility in the stock market increases dramatically while prices tend to fall to below average valuations.

c. *Assessment of Market Conditions*

Staff will evaluate and assess if the market is Early-Cycle, Mid-Cycle, Late-Cycle or in a Recession on a quarterly basis.

This assessment will be based on the factors listed in the chart below.



*chart provided by NEPC, LLC

d. *Economic and Market Risk Assessment*

Staff will address one or more of the economic, financial, and market indicators.

- Growth: Year-over-year growth in GDP
- Credit Growth: Year-over-year growth in total credit
- Profit Margins: Corporate profit margins
- Interest Rates: Short, Long, Yield Curve
- Inflation: Consumer Price Index
- Confidence Levels: Consumer Sentiment Index
- Additional factors such as commodity and currency trends, unemployment statistics, building permits, sales, and manufacturing statistics.

e. Asset Valuations

Staff will address the relevant market valuation indicators to include (but not restricted to):

- Current to Long-Term Historical Valuations reflected in Price to Earnings, Price to Book, and Dividend Yields
- Interest rate spreads, duration
- Growth versus Value

f. Internal Operational Considerations

Staff will evaluate factors to include (but not restricted to):

- Benefits and Consequences of initiating an Adaptive Action versus strategic rebalancing against asset allocation upper and lower policy target thresholds
- Liquidity Impact

I. Evaluation of Policy

The Investment Policy Statement shall be reviewed by the Board at least annually, with the assistance of the Staff and investment consultant(s), and revised as necessary.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION
From: Todd Bouey, Interim General Manager

MEETING: MAY 27, 2025
ITEM: VII – E

Todd Bouey for TB

SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN HG SATURN 4 A L.P.

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

Recommendation

That the Board receive and file this notice of the commitment of up to \$40 million in Hg Saturn 4 A L.P.

Executive Summary

Hg Saturn 4 A L.P. will focus on making large-cap investments in software and technology-enabled services in Europe.

Discussion

Consultant Recommendation

Aksia LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to \$40 million in Hg Saturn 4 A L.P. (the Fund), a buyout strategy managed by Hg Capital (the Firm or Hg). Fund management and incentive fees are comparable to similar strategies and the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2025 Strategic Plan adopted by the Board on January 14, 2025.

Background

Hg spun out from the private equity division of Mercury Asset Management, which was part of Merrill Lynch Investment Managers in 2000. The firm is led by its three senior managing partners, Nic Humphries, Justin Von Simson, and Matthew Brockman. Prior to joining Hg, Mr. Humphries was at Barclays Private Equity, Mr. Von Simson was at Goldman Sachs, and Mr. Brockman was at Apax Partners.

The firm has more than \$85 billion in assets under management and approximately 145 investment professionals with offices in London (headquarters), Munich, New York, Paris, Singapore, and San Francisco.

Hg is an existing general partner relationship with LACERS, with previous commitments to the following funds:

Fund	Vintage Year	Commitment	Net IRR ^{1 2}
Hg Genesis 10 A L.P.	2022	\$39.2 million	19.5%
Hg Saturn 3 A L.P.	2022	\$40 million	15.3%
Hg Genesis 9 A L.P.	2020	\$19.3 million	20.0%
Hg Saturn 2 A L.P.	2020	\$20 million	20.9%

Investment Thesis

Hg will target large-cap software and technology-enabled service companies domiciled primarily in Europe. Targeted companies provide mission critical software or services using a subscription or repeat revenue model. Transactions typically will take the form of leveraged buyouts, carve-outs, and privatizations. Hg focuses on value creation through organic revenue growth. Exit strategies include initial public offerings and sales to financial institutions or strategic partners, such as other private equity firms or large enterprise firms.

Placement Agent

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

Staff Recommendation

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

Prepared By: Daniel Becerra, Investment Officer I, Investment Division

TB/RJ/WL/EC/DB:jp

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

¹ Performance as of June 30, 2024

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

Aksia LLC

Hg Saturn 4 A L.P. Investment Notification



www.aksia.com

Hg Saturn 4 A L.P.

General Partner	• Hg Capital
Fund	• Hg Saturn 4 A L.P.
Firm Founded	• 1990
Strategy	• European Buyouts
Sub-Strategy	• Mega Cap Buyouts
Geography	• Europe
Team	• 145 investment professionals
Senior Partners	• Steven Batchelor, Jean-Baptiste Brian, Matthew Brockman, Alan Cline, Nicholas Humphries, David Issott and Justin von Simson
Office Locations	• London, Munich, New York, San Francisco, Paris
Industries	• Tax & Accounting, ERP & Payroll, Legal & Regulatory, Compliance, Automation & Engineering, Technology Services, Healthcare IT, Fintech, and Insurance.
Target Fund Size	• \$12.0 billion
LACERS Commitment	• \$40.0 million

Investment Highlights

- Hg is an established private equity firm with a strong reputation as a software investor across all segments of the market, with Saturn focused large and mega cap investments.
- This software specialization is particularly attractive in Europe given the various linguistic and regulatory barriers present across the Firm's target regions.
- The team is arranged around eight specialist sub-sectors within software and services – termed “clusters” by Hg. The cluster teams have developed deep specialist knowledges within their respective subsectors, strong relationships across the market and within prospective target companies.

Hg Saturn 4 A L.P.

Firm and Background

- Hg began as Mercury Private Equity (“MPE”), the private equity arm of Mercury Asset Management.
- Ian Armitage began overseeing MPE in 1990 and negotiated independence in December 2000 under the new moniker, HgCapital.
- Armitage transitioned from CEO to Chairman in 2007, and Nic Humphries, Hg’s Head of TMT at the time, was promoted to CEO and Managing Partner.
- Beginning with the Firm’s sixth fund in 2009, Hg narrowed its scope to focus primarily on software and services companies in Northern Europe.

Investment Strategy

- The Fund will pursue large software and services businesses with enterprise values of \$1.5 billion or more and equity valuations in excess of \$700 million.
 - Within software and services, Hg is focused on eight end-market clusters: Tax & Accounting, ERP & Payroll, Legal & Regulatory, Compliance, Automation & Engineering, Technology Services, Healthcare IT, Fintech, and Insurance.
- Targeted businesses for the Saturn funds will likely have a global or Pan-European customer base rather than a single country.
- The Fund will seek to construct a portfolio of 8-10 investments, with investments expected to be held for three to five years.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

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

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

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

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

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	<ul style="list-style-type: none"> • Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges. 	<ul style="list-style-type: none"> • In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board. 	<ul style="list-style-type: none"> • Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	<ul style="list-style-type: none"> • Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports. 	<ul style="list-style-type: none"> • Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board. 	<ul style="list-style-type: none"> • Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	<ul style="list-style-type: none"> Review investment analysis reports. Review and approve investments in partnerships of amounts greater than \$150 million prior to investment. Review and approve direct co-investment opportunities that exceed \$50 million. Review and approve the sale of any one existing partnership fund on the secondary market exceeding \$50 million in Fair Market Value. Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure. 	<ul style="list-style-type: none"> Refer investments and forward to Private Equity Consultant for preliminary screening. Conduct meetings with prospective or existing general partners representing new investment opportunities. Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. In conjunction with Private Equity Consultant, invest up to and including \$150 million in partnerships without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over \$150 million. In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including \$50 million. In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including \$50 million in Fair Market Value. General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. Ensure review of relevant fund documents by the City Attorney and/or external legal counsel. 	<ul style="list-style-type: none"> Conduct appropriate analysis and due diligence on investments. Prepare investment reports for Board consideration on investments exceeding \$150 million. With Staff concurrence, approve investments of up to and including \$150 million. With Staff concurrence, approve direct co-investment opportunities up to and including \$50 million. Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding \$50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. Coordinate meetings with general partners at the request of Staff. Advise on and negotiate investment terms.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION
From: Todd Bouey, Interim General Manager

MEETING: MAY 27, 2025
ITEM: VII – F

Todd Bouey
for TB

**SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$25 MILLION IN MAVIK REAL ESTATE
SPECIAL OPPORTUNITIES VS2, LP**

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

Recommendation

That the Board receive and file this notice of the commitment of up to \$25 million in Mavik Real Estate Special Opportunities VS2, LP.

Executive Summary

Mavik Real Estate Special Opportunities VS2, LP will target opportunistic private credit real estate opportunities in the United States.

Discussion

Consultant Recommendation

Aksia LLC (Aksia), LACERS' Private Credit Consultant, recommended a commitment of up to \$25 million in Mavik Real Estate Special Opportunities VS2, LP. (the Fund), an opportunistic real estate credit strategy managed by Mavik Capital Management L.P. (Mavik or the Firm). Fund management and incentive fees are comparable to similar strategies; the Firm will invest alongside limited partners, providing alignment of interests. Fund management and incentive fees are comparable to similar strategies. This recommendation is consistent with the Private Credit Program 2025 Strategic Plan adopted by the Board on January 28, 2025.

Background

Mavik Capital Management is a New York-based opportunistic real estate debt manager focusing on special situations in the U.S. middle market. Since its inception, Mavik has deployed over \$3 billion in capital and realized more than 119 investments. The Firm has 31 employees.

Mavik was originally known as Terra Capital Partners (Terra), which started in 2004 and managed a variety of fund and REIT vehicles. In 2018, Mr. Vik Uppal led the acquisition of Terra and subsequently became Chief Executive Officer and Chief Investment Officer of the Firm. Mr. Uppal previously served as Co-Head of U.S. Real Estate at Mount Kellett Capital Management before stints as Managing Director within the Fortress Investment Group real estate platform and Head of Real Estate at Axar

Capital Management, where he focused on opportunistic and value-add commercial real estate debt and equity investments.

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

Investment Thesis

The strategy for this fund will target event-driven and special situations investments across the capital structure with an emphasis on structured investments with asymmetric return profiles, strong margin of safety, and multiple paths to repayment. Mavik focuses on middle market opportunities, with typical deal sizes of \$10 million to \$50 million. Investments are generally expected to include some combination of capital structure stress, sponsor liquidity challenges, time sensitivity, rescue financing, or discounted acquisition pricing. Investment activity is expected to feature directly originated deals, although the Fund also has the flexibility to pursue secondary acquisitions of performing and non-performing notes.

Placement Agent

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

Staff Recommendation

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

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

TB/RJ/WL/EC/CH:jp

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

Aksia LLC

MAVIK REAL ESTATE SPECIAL
OPPORTUNITIES VS2, LP
Investment Notification



www.aksia.com

MAVIK REAL ESTATE SPECIAL OPPORTUNITIES VS2, LP

General Partner	• Mavik Capital Management LP
Fund	• MAVIK REAL ESTATE SPECIAL OPPORTUNITIES VS2, LP
Firm Founded	• 2009
Strategy	• Real Estate Distressed
Sub-Strategy	• Real Estate Distressed
Geography	• North America
Team	• 31
Senior Partners	• Vik Uppal, Dan Cooperman, Sarah Schwarzschild
Office Locations	• New York
Industries	• Commercial real estate
Target Fund Size	• \$515.0 million
LACERS Commitment	• \$25.0 million

Investment Highlights

- Mavik Capital Management is a New York-based opportunistic real estate debt manager focusing on special situations in the U.S. middle market.
- The Fund is well positioned to capitalize on CRE market disruption and liquidity stresses.
- The senior team has developed a large network of borrowers and operators over their investment careers, which should benefit sourcing outside of traditional brokered processes. Through its REIT, Mavik has built up a sizable borrower relationship network which should provide a natural sourcing funnel for repeat sponsors in need of liquidity or complex structuring elsewhere in their portfolios.

MAVIK REAL ESTATE SPECIAL OPPORTUNITIES VS2, LP

Firm and Background

- The GP was originally known as Terra Capital Partners (“Terra”), which started in 2004 and managed a variety of fund and REIT vehicles. In 2018, Vik Uppal led the acquisition of Terra, which provided a succession plan for Terra's original founders. Vik was appointed as CIO while the bulk of the Terra investment team remained in place.
- Vik previously served as Co-Head of US Real Estate at Mount Kellett before stints as Managing Director within the Fortress real estate platform and Head of Real Estate at Axar Capital Management, where he focused on opportunistic and value add CRE debt and equity investments.
- As of June 2024, Vik was the largest owner (>80%) of Mavik while Blackstone owned a minority stake through its Strategic Partners series.

Investment Strategy

- The Fund will target U.S. real estate special situations opportunities, with an emphasis on highly structured investments and current yield.
- The Fund intends to invest in stressed, distressed and special situations investments, including first mortgage loans, mezzanine loans, preferred equity and structured equity investments.
- Investment activity is expected to feature directly originated deals, although the Fund also has the flexibility to pursue secondary acquisitions of performing and non-performing notes.
- Mavik focuses on middle market opportunities, with typical deal sizes of \$10-50 million.

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

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE CREDIT INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Credit Consultant
Strategy/Policy	<ul style="list-style-type: none"> • Select Private Credit Consultant. • Approve asset class funding level. • Review and approve the Private Credit Annual Strategic Plan which includes allocation targets and ranges. 	<ul style="list-style-type: none"> • In consultation with Private Credit Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board. 	<ul style="list-style-type: none"> • Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	<ul style="list-style-type: none"> • Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports. 	<ul style="list-style-type: none"> • Review quarterly, annual and other periodic monitoring reports prepared by the Private Credit Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Credit Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private credit fund investment(s). • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board. 	<ul style="list-style-type: none"> • Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE CREDIT INVESTMENT POLICY

Roles and Responsibilities continued

	Role of the Board	Role of Staff	Role of the Private Credit Consultant
Investment Selection	<ul style="list-style-type: none"> Review investment analysis reports. Review and approve investments in partnerships of amounts greater than \$150 million prior to investment. Review and approve the sale of any one existing partnership fund on the secondary market greater than \$50 million in Fair Market Value. Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure. 	<ul style="list-style-type: none"> Refer investments and forward to Private Credit Consultant for preliminary screening. Conduct meetings with prospective or existing general partners representing new investment opportunities. Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. In conjunction with Private Credit Consultant, invest up to and including \$150 million in partnerships without Board approval. In conjunction with Private Credit Consultant, make recommendations to Board for approval for investments greater than \$150 million. In conjunction with Private Credit Consultant, review and concur with approval of sale of existing partnership funds on the secondary market up to and including \$50 million in Fair Market Value. General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. Ensure review of relevant fund documents by the City Attorney and/or external legal counsel. 	<ul style="list-style-type: none"> Conduct appropriate analysis and due diligence on investments. Prepare investment reports for Board consideration on investments greater than \$150 million. Propose investments of up to and including \$150 million for Staff concurrence. Present recommendations to Staff pertaining to the sale of existing partnership funds on the secondary market greater than \$50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. Coordinate meetings with general partners at the request of Staff. Advise on and negotiate investment terms.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION
From: Todd Bouey, Interim General Manager

MEETING: MAY 27, 2025
ITEM: VII – G

Todd Bouey for TB

SUBJECT: NOTIFICATION OF AN ADDITIONAL COMMITMENT OF UP TO \$10 MILLION IN MAYFIELD SELECT III, A DELAWARE LIMITED PARTNERSHIP

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

Recommendation

That the Board receive and file this notice of an additional commitment of up to \$10 million in Mayfield Select III, a Delaware Limited Partnership.

Executive Summary

Mayfield Select III, a Delaware Limited Partnership, will focus on late-stage and follow-on venture capital investments in enterprise software, consumer, semiconductor, and human and planetary health companies located in the United States.

Discussion

Consultant Recommendation

Aksia LLC (Aksia), LACERS' Private Equity Consultant, recommended an additional commitment of up to \$10 million in Mayfield Select III, a Delaware Limited Partnership (Select III), a venture capital fund managed by Mayfield Fund (Mayfield or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interest. This recommendation is consistent with the Private Equity Program 2025 Strategic Plan adopted by the Board on January 14, 2025.

Background

Mayfield is one of the oldest Silicon Valley venture capital firms, founded in 1969 by Thomas Davis, Jr. to focus on early-stage investments in technology companies in the United States. Select III is led by Navin Chaddha, Rajeev Batra, Ursheet Parikh, and Tejas Maniar. Mayfield operates from a single office in Menlo Park, California, with 15 investment professionals and \$3 billion under management.

Mayfield is an existing general partner relationship for LACERS. LACERS previously committed \$5 million in 2023 to Select III and this additional \$10 million commitment brings LACERS' total commitment to \$15 million in this particular fund. LACERS also committed \$5 million in 2023 to Mayfield

XVII, a Delaware Limited Partnership (Mayfield XVII), which is their flagship fund. Performance for both Select III and Mayfield XVII are not meaningful at this point in time.

Investment Thesis

Select III will focus on a combination of new investments, which are outside the Mayfield XVII flagship fund's mandate and follow-on investments in Mayfield's existing portfolio companies. Mayfield invests in early-stage enterprise software, consumer, semiconductor, and human and planetary health companies located in the United States and Canada. Over its long history, Mayfield has invested in 550 companies, leading to 120 initial public offerings and 225 mergers and acquisitions. Mayfield adds value to portfolio companies by providing support in the key areas of talent, marketing, and business development.

Placement Agent

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

Staff Recommendation

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

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

TB/RJ/WL/EC/EP:jp

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

Aksia LLC

Mayfield Select III, a Delaware Limited
Partnership
Additional Investment Notification



www.aksia.com

Mayfield Select III, a Delaware Limited Partnership

General Partner	• Mayfield Fund L.L.C.
Fund	• Mayfield Select III, a Delaware Limited Partnership
Firm Founded	• 1969
Strategy	• Venture Capital
Sub-Strategy	• Late-Stage VC
Geography	• North America
Team	• 15+
Senior Partners	• Navin Chaddha, Rajeev Batra, Ursheet Parikh, and Tejas Maniar
Office Locations	• Menlo Park
Industries	• Primarily information technology and biology companies
Target Fund Size	• \$475.0 million
LACERS Commitment	• \$10.0 million additional commitment (LACERS total commitment \$15 million)

Investment Highlights

- Mayfield has emerged as a top tier venture capital firm as a result of its strong track record and evolution of the team.
- The Firm's five Senior Partners have an average tenure at Mayfield of 10 years, while Chaddha and Batra have invested alongside each other at Mayfield since 2007.
- The Firm has developed a team with unique experience and domain expertise within the targeted strategies that set the Firm apart from other venture firms.
- Mayfield Select Fund I and Fund II have generated strong returns since inception.

Mayfield Select III, a Delaware Limited Partnership

Firm and Background

- Mayfield, one of the oldest US venture capital firms, was founded in 1969 by Thomas Davis, Jr. to focus on early-stage investments. Since inception, the Firm has gone through multiple leadership changes and is currently led by the fourth generation of management.
- In 2016, the Firm launched its Select platform which is a follow-on vehicle for existing portfolio companies and new investments that may not fit the flagship mandate.
- The Select funds will be led by Navin Chadha, who is supported by three Directors, Rajeev Batra, Ursheet Parikh, and Tejas Maniar. Collectively, the four senior investment professionals make up the General Partner for the Fund.
- The investment team is further supported by a group of junior investment professionals, a portfolio service team, as well as finance, legal, and operations professionals.

Investment Strategy

- The Fund will provide Mayfield the opportunity to increase exposure to investments in Mayfield's existing portfolio companies, or companies in which the Firm has a high conviction but are outside the flagship fund's mandate.
- It's expected that the Fund will be allocated 50.0% to existing portfolio companies and 50.0% to new investments. Generally, investments in the Fund will be in companies with \$3.0 million to \$7.0 million in revenue, raising capital in Series A+, Series B, and Series C rounds.
- It is anticipated that Mayfield will invest the Fund over a 3 to 4-year period across 15 to 18 companies.
- Mayfield plans to continue to take board seats in most of the companies, play an active role as coach to founders, and leverage its portfolio services team to increase the impact of the portfolio.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

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

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

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	<ul style="list-style-type: none"> • Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges. 	<ul style="list-style-type: none"> • In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board. 	<ul style="list-style-type: none"> • Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	<ul style="list-style-type: none"> • Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports. 	<ul style="list-style-type: none"> • Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board. 	<ul style="list-style-type: none"> • Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	<ul style="list-style-type: none"> Review investment analysis reports. Review and approve investments in partnerships of amounts greater than \$150 million prior to investment. Review and approve direct co-investment opportunities that exceed \$50 million. Review and approve the sale of any one existing partnership fund on the secondary market exceeding \$50 million in Fair Market Value. Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure. 	<ul style="list-style-type: none"> Refer investments and forward to Private Equity Consultant for preliminary screening. Conduct meetings with prospective or existing general partners representing new investment opportunities. Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. In conjunction with Private Equity Consultant, invest up to and including \$150 million in partnerships without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over \$150 million. In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including \$50 million. In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including \$50 million in Fair Market Value. General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. Ensure review of relevant fund documents by the City Attorney and/or external legal counsel. 	<ul style="list-style-type: none"> Conduct appropriate analysis and due diligence on investments. Prepare investment reports for Board consideration on investments exceeding \$150 million. With Staff concurrence, approve investments of up to and including \$150 million. With Staff concurrence, approve direct co-investment opportunities up to and including \$50 million. Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding \$50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. Coordinate meetings with general partners at the request of Staff. Advise on and negotiate investment terms.