



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

- 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. [ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD](#)
 - B. [BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER](#)
 - C. [GASB 68 AND GASB 75 VALUATIONS BASED ON JUNE 30, 2024 MEASUREMENT DATE FOR EMPLOYER REPORTING AS OF JUNE 30, 2025](#)
 - D. [NOTIFICATION OF CERTIFIED RESULTS OF THE EMPLOYEE-MEMBER OF THE BOARD OF ADMINISTRATION SPECIAL ELECTION FOR THE UNEXPIRED TERM ENDING JUNE 30, 2028](#)
- IV. CONSENT ITEM(S)
 - A. [APPROVAL OF MINUTES FOR THE MEETING OF SEPTEMBER 9, 2025 AND POSSIBLE BOARD ACTION](#)
 - B. [APPROVAL OF DISABILITY RETIREMENT APPLICATION OF RENE CASTRO AND POSSIBLE BOARD ACTION](#)
 - C. [APPROVAL OF DISABILITY RETIREMENT APPLICATION OF DEANDRE SPENCER AND POSSIBLE BOARD ACTION](#)
- V. BOARD/DEPARTMENT ADMINISTRATION
 - A. [BOARD POLICY REVIEW: BUDGET APPROVAL POLICY AND POSSIBLE BOARD ACTION](#)
 - B. [CHARTER CHANGE OPPORTUNITIES FOR CONSIDERATION IN THE CITY OF LOS ANGELES CHARTER REFORM AND POSSIBLE BOARD ACTION](#)
 - C. LACERS HUMAN RESOURCES VERBAL REPORT ON GENERAL MANAGER INTERIM AND PERMANENT APPOINTMENT
- VI. INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT
- B. [PRESENTATION BY AKSIA LLC REGARDING PRIVATE EQUITY SECONDARY OPPORTUNITIES](#)
- C. [INFRASTRUCTURE INVESTMENTS IMPLEMENTATION, RISK CONSIDERATIONS AND POSSIBLE BOARD ACTION](#)

VII. 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: THOMAS CRAWLEY v. LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCV14282)**
- 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: INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 18 v. CITY OF LOS ANGELES ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCP02171)**

VIII. OTHER BUSINESS

- IX. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, October 28, 2025, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.
- X. ADJOURNMENT

**LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

RESTRICTED SOURCES

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

Name	Description	Inception	Expiration	Division
CEM Benchmarking	Investment Benchmarking Services	N/A	N/A	Investments
Baker Tilly (fka Moss Adams LLP)	External Auditing Consulting Services	N/A	N/A	Internal Audit
Cheiron, Inc.	Actuarial Audit Services	N/A	N/A	Internal Audit
AP Keenan	Health and Welfare Consulting Services / Ancillary Health Consulting Services	September 1, 2022	August 31, 2025	Health, Wellness, + Buybacks
TruView BSI, LLC	Investigative Services	October 1, 2021	September 30, 2025	Retirement Services
Frasco, Inc.	Investigative Services	October 1, 2021	September 30, 2025	Retirement Services
Agility Recovery	Business Continuity Services	September 20, 2021	September 19, 2025	Administration

**LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

ACTIVE RFPs

Description	Respondents	Inception	Expiration	Division
Property Management Services	Bell Properties, Inc., Cushman & Wakefield, Dow Property Group, Inc., EBS Asset Management Inc, Simon Shamoulia, SoCal Premier Property Management	July 28, 2025	September 5, 2025	Administration



BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM III-B

Benefit payments have been approved by the General Manager under the authority delegated by the Board of Administration (Board Rule GMA 1 adopted June 14, 2016):

SERVICE RETIREMENTS

Member Name	Service	Department	Classification
Reed, Jon F	40	PW - Sanitation	Refuse Collection Supervisor
Jackson, Vincent Edward	40	Dept. of Transportation	Equipment Repair Supervisor
Gonzalez Fong, Renee L	37	Dept. of Airports	Chief Management Analyst
Howard, Jennifer Arlene	37	Dept. of Airports	Senior Administrative Clerk
Simmons, Carmel May R	36	Fire & Police Pensions	Senior Benefits Analyst
Hall, Eugene	36	City Attorney's Office	Deputy City Attorney
Delgadillo, David	36	Dept. of Transportation	Communications Info Rep
Premdas, Neville Alwyn	35	PW - Contract Admin	Construction Inspector
Verral, Douglas N	35	Dept. of Bldg. & Safety	Senior Electrical Inspector
Dominguez, Cecile Sibal	35	PW - Sanitation	Ch Env Compliance Inspector
Espino, Esperanza M	35	Office of the CAO	Exec Admin Assistant
Mireles, Leticia	34	Police Dept. - Civilian	Secretary
Sherman, Greg E	34	Dept. of Airports	Security Officer
Peer, Megan Louise	34	Police Dept. - Civilian	Police Service Rep
Hawkins, James A	33	PW - St. Maint.	St Services Superintendent
Bethea, Celeste L	32	Police Dept. - Civilian	Senior Administrative Clerk
Callies, Jack Anthony	30	GSD - Mail/Msngr Svcs.	Delivery Driver
Lopez, Priscilla M	30	Fire Dept. - Civilian	Administrative Clerk
Nguyen, Dat Phuc Tien	30	Dept. of Transportation	Transp Engineering Associate
Gordon, George	30	Police Dept. - Civilian	Police Service Rep
Garner, T Denisia	30	ITA	Communications Info Rep
Panagiotou, Panagiotis P	30	City Attorney's Office	Deputy City Attorney
Lopez, Ramil Ceraos	28	ITA	Sr Commun Engineer
Duong, Laura Dinh	28	Dept. of Bldg. & Safety	Struct Eng Associate
Santos, Sergio I	27	GSD - Bldg. Fac Mgmt.	Custodian
Gray, Cheryl D	27	Dept. of Rec. & Parks	Recreation Supervisor
Mendoza, Germain L	27	LA Housing Dept.	Chief Inspector
Song, Wayne H	26	City Attorney's Office	Assistant City Attorney
Gutierrez De La Torre, Jose	26	Dept. of Rec. & Parks	Gardener Caretaker
De Luna, Emilio	25	Dept. of Rec. & Parks	Constr and Maint Supvr
Crawford, Brenda D	25	Dept. of Airports	Management Aide

Member Name	Service	Department	Classification
Huang, Jack C	25	Fire & Police Pensions	Systems Analyst
De Leon, Guillermo E	25	GSD - Fleet Services	Equipment Mechanic
Jennings, David C	25	Dept. of Bldg. & Safety	Sr Safety Engineer Elevators
Legrand, Peter Robert	25	PW - Contract Admin	Senior Construction Inspector
Ramirez, Grace Fernandez	25	Fire Dept. - Civilian	Accounting Clerk
Cruces, Vincent Mark	25	Dept. of Transportation	Signal System Supervisor
Mondragon, Salvador	25	Police Dept. - Civilian	Equine Keeper
Chen, Felice	24	LA Housing Dpt.	Finance Development Officer
Feigenbaum, Rita P	24	Dept. of Airports	Accounting Clerk
Mattoon, Nancy G	24	Library Dept.	Librarian
Chavez, Eddie H	24	PW - Resurf & Reconstr	Motor Sweeper Operator
Zakaryan, Magdalena	23	LA Housing Dept.	Director Of Housing
Stone, William Todd	23	Dept. of Airports	Carpenter
Gladney, Frank	22	Library Dept.	Librarian
Lopez, Jose A	22	Dept. of Airports	Security Officer
Monge, Jose A	22	Dept. of Airports	Custodian - Airport
Lacey, Timur	22	ITA	Communications Electrician
Valdez, Dana Diana	22	Dept. of Rec. & Parks	Community Program Director
Lopez, Sergio	21	PW - Special Proj Constr	Cement Finisher
Scott, Anthony D	21	Personnel Dept.	Administrative Clerk
Jaffe, Frances B	20	Library Dept.	Senior Librarian
Meyer, Shawn E	20	Dept. of Airports	Maintenance Laborer
Guerrero, Teresa S	19	Fire & Police Pensions	Senior Systems Analyst
Popoch, John Edward A	19	Council	Council Aide
Rodriguez, Richard L	18	Dept. of Rec. & Parks	Painter
Jones, Maggie L	17	Dept. of Transportation	Crossing Guard
Reodica, Maria Victoria	17	Dept. of Airports	Senior Management Analyst
Fon, Jeffrey S	16	PW - Resurf & Reconstr	Maint & Constr Helper
Jordan, Joseph Terrell	15	Library Dept.	Delivery Driver
Oleary, Darlene M	14	Dept. of Rec. & Parks	Recreation Assistant
Corti, Mark Anthony	13	PW - St. Maint.	Equip Operator
Ferrari, Mark Alan	12	Dept. of Bldg. & Safety	Senior Building Inspector
Arrechea, Donna	12	ITA	311 Director
Frias, Angel F	11	Dept. of Animal Svcs.	Animal Control Off
Rosmundo, Marta A	11	Dept. of Rec. & Parks	Special Program Assistant
Feigin, Silvia	10	PW - St. Lighting	Sr Admin Clerk
Tavera, Carlos Augusto	10	GSD - Fleet Services	Automotive Dispatchr
Aoki, David Yuji	8	PW - Sanitation	Env Compliance Inspector



Member Name	Service	Department	Classification
Lowrance, Diana M	8	City Planning Dept.	City Planner
Egan, Audrey	6	City Attorney's Office	Deputy City Attorney
Sagmit, Ronald Rey	5	Police Dept. - Civilian	Criminalist
Lee, Jennifer Dawn	4	City Attorney's Office	Deputy City Attorney
Gary, Guy James	1.5	Dept. of Rec. & Parks	Seasonal Pool Mgr

Approved Death Benefit Payments

Tier	Deceased	Benefit Type	Beneficiary/Payee	AA	BA	CONT	AC	UC	OTHER
Tier 1	ALDERETE, RAMONA V	Continuance	LUIS V ALDERETE	✓					
	ARMOUDJIAN, ARPINEH	Continuance	AROUSIAG M ARMOUDJIAN	✓					
	BAPTIST, DORLA L	Service Retirement	CHARLES EVANS	✓	✓			✓	
			GILBERT PITTS	✓				✓	
			SHEENA EVANS	✓	✓			✓	
	BROSCIOUS, WALTER J.	Service Retirement	ST JUDES CATHOLIC CHURC		✓				
	CANCINO, LOUISE C	Service Retirement	AMADO LEE	✓	✓				
			CARLOS LEE	✓	✓				
			MARCO LEE	✓	✓				
			RICARDO LEE	✓	✓				
			SANDRA L PRIETO	✓	✓				
	CASE, BARBARA R	Vested Retirement	BRIAN SMITH	✓	✓				
			TRACI SMITH	✓	✓				
	CEBALLOS, JOE	Service Retirement	DENISE CEBALLOS	✓	✓				
			MICHAEL J CEBALLOS	✓	✓				
			VICTOR F CEBALLOS	✓	✓				
	CHAPMAN, MARION A	Service Retirement	CANDICE CHAPMAN		✓				
			MONICA CHAPMAN		✓				
	CHERRY, PAULA V	Service Retirement	LEORIA JAMES CONWAY	✓	✓				
	CHEUNG, SUSAN F	Service Retirement	CLEMENT CHEUNG	✓	✓				

LEGEND

AA - Accrued but Unpaid Allowance
CONT - Continuance Allowance
DRAA - DRO Accrued but Unpaid Allowance
FDBP - Family Death Benefit Plan Child
FDBP3 - Family Death Benefit Plan Disabled
LP - Limited Pension
UC - Unused Contributions

AC - Accumulated Contributions
DB - Death Benefit
DRSA - Survivorship (Disability) Allowance
FDBP1 - Family Death Benefit Plan Student
LAC - Larger Annuity Continuance Allowance
SCDR - Survivor Contributions Death Refund
VRSA - Survivorship (Vested) Allowance

BA - Burial Allowance
DCNT - Disability Continuance Allowance
DSC - Death Subsidy Credit
FDBP2 - Family Death Benefit Plan Survivor
LADR - Larger Annuity Death Refund
SRSA - Survivorship (Retirement) Allowance

Tier	Deceased	Benefit Type	Beneficiary/Payee	AA	BA	CONT	AC	UC	OTHER
Tier 1	CLAY, JACK STARNES	Service Retirement	NAMSOOK LEE	✓	✓				
	CUNNINGHAM, CHERYL LYNNE	DRO Life Time	KELLEN CUNNINGHAM						DRAA
	DANIELS, HERBERT S.	Continuance	ROBIN DANIELS	✓					
			VALERIE DANIELS	✓					
	DEBASE, SAMMIE	Service Retirement	JEFFERY L DEBASE	✓	✓				
	DELGADILLO, ROBERT	Service Retirement	BRYANT DELGADILLO	✓					
			MELISSA DELGADILLO PUTNINS	✓	✓				
	DOLYNIUK, OREST L	Vested Retirement	OREST Y DOLYNIUK		✓				
	EDWARDS, BRENETTA	Service Retirement	LEKISIA D RATHER	✓	✓			✓	
			WILL T HARPER IV	✓	✓			✓	
	FANIEL, JO E	Service Retirement	KEVIN FANIEL	✓	✓				
	FAWEHINMI, CHARLES A	Deceased Active	BLESSING FAWEHINMI				✓		
	FERGUSON, ALTON K	Service Retirement	CYNDI D FERGUSON		✓				
	FERNANDEZ, ISABEL Z	Service Retirement	JOE A FERNANDEZ	✓	✓				
	FORNASON, VIVIAN K	Continuance	PATRICIA A BARRY	✓					
	FOX, ANGELA MARIA	Service Retirement	ROBERT FOX	✓	✓				
	FRIEZE, JAMES R	Service Retirement	CHERI L FRIEZE	✓	✓	✓			
	FUJII, RUSSEL MOICHI	Deceased Active	BRIAN K FUJII				✓		
	GARCIA, CHARLES M	Service Retirement	VIRGINIA L GARCIA	✓	✓	✓			
	GARCIA, ELSA	Service Retirement	DIANA M GARCIA		✓				
	GOMEZ, GREGORIO H	Larger Annuity	FRANKLIN-SEQUEIRA GOMEZ	✓					
			MARTIN GOMEZ	✓					
		Service Retirement	FRANKLIN-SEQUEIRA GOMEZ	✓					

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Tier 1			MARTIN GOMEZ	✓					
	GONZALES, DOLORES N	Continuance	ANGIE FINK	✓					
	GRANT, CAMILLE L	Survivorship (Retirement)	CYNTHIA GRANT-ROSS	✓					
	GRANT, LEE	Disability Retirement	JODY GRANT-GRAY	✓	✓				
			JOSHUA GRANT	✓	✓				
	HAAS, JAMES JOSEPH	Service Retirement	LILITH M HAAS	✓	✓	✓			
	HAMILTON, MADELINE D	Continuance	ERIN HAMILTON MCGARRY	✓					
			MICHAEL S HAMILTON	✓					
	HEINZ, JESSICA F	Service Retirement	JERRY A BLOCK	✓	✓	✓			
	HEISEL, WILLIAM	Service Retirement	RICHARD W HEISEL	✓	✓				
	HIGHT, BENJAMIN JAMES	Vested Retirement	AKILI D HIGHT	✓					
	IGE, KATHLEEN J	Larger Annuity Continuance	EMILE Y IGE						
	IWAMIYA, JOHN	Service Retirement	MARION S TANI	✓	✓				
	JACKSON, GLORIA D	Continuance	MARILYN D JACKSON	✓					
			Michelle D Jackson	✓					
	JACKSON, ILENE	Survivorship (Retirement)	ILENE R JACKSON REVOCABLE TRUST	✓					
	JEFFERSON, SHERRIE L	Continuance	MARCY L LAVALLEY	✓					
	KASIELKE, SUSAN MICHELE	Service Retirement	SANDRA L BYLAND	✓	✓				
	KIM, JUN M	Service Retirement	ALVIN KIM		✓				
	KIM, SYLVIA C	Service Retirement	JENNIFER G KIM	✓	✓				

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Tier 1			STEVEN J KIM	✓	✓				
	KING, ROBERT G	Service Retirement	ROBERT A KING	✓	✓				
			YOLANDA KING-MARTINEZ	✓	✓				
	LARSON, JUDITH	Vested Retirement	THERESA FOX	✓	✓				
	LEATHERMAN, DOUGLAS	Service Retirement	LISA R MISRAJE	✓					
	LEWIN-HARRIS, MARILYN	Continuance	SANDRA B VILLA-HENDRICKSON	✓					
			WENDY J WILLIAMS	✓					
	LEWIS, WANDA ELIZABETH	DRO Life Time	DEBRA A DUDLEY						DRAA
	MARTIN, WILLIAM T	Service Retirement	MAX W MARTIN GAVRON		✓				
	MCCALL, DONALD C	Service Retirement	SHIRLEY MCCALL		✓				
	MCKENZIE, HARRY F	Disability Retirement	ALOMA A WESTBY	✓					
	MEALEY, ROSA L	Continuance	HAROLD W MEALEY	✓					
			SHARON D MEALEY-STONE	✓					
	MELLINGER, LINDA J	Continuance	ROLYNDA M MELLINGER	✓					
	MELNICK, JAY R	Disability Retirement	LISA MARMON	✓	✓				
	MILLARD, ROBERT H	Service Retirement	CAROLYN T MILLARD	✓	✓	✓			
	MIRICH, BERTHA P	Service Retirement	LEROY D EPPRIGHT	✓	✓				
	MONTELEONE, JOHN L	Service Retirement	CAMILLE MONTELEONE	✓	✓				
	MORA, HERIBERTO A	Disability Retirement	OLIVIA MORA	✓	✓				DCNT
	MYLES, WILLIE C	Service Retirement	ERIC T MYLES	✓	✓				
			IAN S MYLES		✓				
	PANENO, CARL JOSEPH	DRO Life Time	CRISTINA A PANENO						
	PARADA, LESLIE G	Service Retirement	DANIEL PARADA	✓	✓				

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Tier 1	PATRON, RENE A	Continuance	RENE AND SUSAN PATRON FAMILY TRUST	✓					
	PEARSON, EDITH H	Continuance	HEIDI PEARSON JORDAN	✓					
	PINCHUK, JUDITH G	Continuance	EVAN M PINCHUK	✓					
	PRAGER, MOLLY	Continuance	DAVID S BARRY	✓					
	RASCO, JANE A	Service Retirement	DEBORAH POTTS MCINTOSH	✓	✓				
	RAVONA, ZISSA M	Vested Retirement	JOY ANAJOVICH	✓	✓				
	REAGAN, ROBERT G	Continuance	KATHLEEN R BETTS	✓					
		Service Retirement	REAGAN FAMILY TRUST	✓	✓				
	REED, CLYDE D	Service Retirement	ELIZABETH R REED	✓	✓	✓			
	RESCINETO, DOMINIC C	Service Retirement	LAURA MENDEZ	✓	✓				
	REYES, EVA	Continuance	MERCY VILLALBA	✓					
	ROBLES DIAZ, ESPERANZA	Continuance	KATHLEEN DURAN	✓					
	ROMO, SAMUEL	Deceased Active	MARIA C ROMO MUNOZ						VRSA
	SAK, EDWARD P	Deceased Active	THE ESTATE OF EDWARD P SAK				✓		
	SALINAS, LORRAINE	Continuance	VIVIAN Y HOUSMAN	✓					
			LORRAINE A SCHUSTER	✓					
			PATRICIA L LEE	✓					
	SAMPANG, LAURA M	Disability Continuance	VILMA ESTRADA	✓					
	SAN DIEGO, MARTE B	Service Retirement	FE A SAN DIEGO	✓	✓	✓			
	SANDERS, ANGELINE	Service Retirement	GEORGE KENNEDY JR	✓	✓			✓	
			LACOUR HARRISON	✓	✓			✓	
	SANTOS, ALFREDO B	Service Retirement	JOSEPHINE A SANTOS	✓	✓	✓			
	SAULS, WILLIE R	Continuance	SHARON L SAULS	✓					

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Tier 1		Service Retirement	SHARON L SAULS	✓	✓				
	SCOTT, PAUL FREDERICK	Service Retirement	BRENDA L DOWELL-SCOTT	✓	✓	✓			LAC
	SEPULVEDA, JOHN J	Service Retirement	ALICE SEPULVEDA	✓	✓	✓			
	SHAW, PATTI COLLEEN	Larger Annuity	JASON SHAW						
		Service Retirement	JASON SHAW		✓				
	SPEARS, ADDIE	Continuance	CLIFTON L SPEARS	✓					
			ROLAND K SPEARS	✓					
	STICH, RAYMOND L	Service Retirement	CHRISTINE M STICH	✓	✓				
	SUAREZ, LOUIS A	Service Retirement	LYDIA H SUAREZ	✓	✓				
	THOMPSON, MATTIE C	Service Retirement	SEAN D HECTOR	✓	✓				
	VALDEZ, OTILIA R	Continuance	BLANCA E DELEON	✓					
		Vested Retirement	BLANCA E DELEON	✓	✓			✓	
			LETICIA SILVA		✓				
	VEGA, PIERRE	Deceased Active	GLORIA K VEGA						SRSA
	VOLLAIRE, ARTHUR RICHARD	Service Retirement	RICHARD D VOLLAIRE	✓	✓				
	WEBB, SHEILA L	Service Retirement	ZSA-RHYA G KELLY	✓				✓	
	WEBB, SUSIE L	Continuance	QUENTELL E WEBB	✓					
	WIDRIG, PAUL	Service Retirement	DAVID A WIDRIG	✓	✓				
			DIANE GOMES	✓					
	WILLIAMS, TOMMY D	Service Retirement	FREDDIE J WILLIAMS	✓					
			MARY G WILLIAMS	✓	✓				
	WINDSOR, DIANE MARIE	Service Retirement	JAIME J GARZA	✓	✓				
			JOSE A GARZA	✓	✓				

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Tier	Deceased	Benefit Type	Beneficiary/Payee	AA	BA	CONT	AC	UC	OTHER
Tier 1	WRIGHT, HELEN L	Service Retirement	DEIADRA A KELLY		✓				
	YEOMANS, DONALD A	Service Retirement	AMY L RAY	✓	✓				
	YOUNG, SCOTT DAYTON	Service Retirement	MARILYN AINSWORTH	✓	✓				
Tier 3	KAMM, ROBERT GERALD	Disability Retirement	ELI CAROLINA ARGUETA	✓	✓				DCNT

LEGEND

AA - Accrued but Unpaid Allowance
CONT - Continuance Allowance
DRAA - DRO Accrued but Unpaid Allowance
FDBP - Family Death Benefit Plan Child
FDBP3 - Family Death Benefit Plan Disabled
LP - Limited Pension
UC - Unused Contributions

AC - Accumulated Contributions
DB - Death Benefit
DRSA - Survivorship (Disability) Allowance
FDBP1 - Family Death Benefit Plan Student
LAC - Larger Annuity Continuance Allowance
SCDR - Survivor Contributions Death Refund
VRSA - Survivorship (Vested) Allowance

BA - Burial Allowance
DCNT - Disability Continuance Allowance
DSC - Death Subsidy Credit
FDBP2 - Family Death Benefit Plan Survivor
LADR - Larger Annuity Death Refund
SRSA - Survivorship (Retirement) Allowance



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: OCTOBER 14, 2025
ITEM: III-C

**SUBJECT: GASB 68 AND 75 ACTUARIAL VALUATIONS BASED ON JUNE 30, 2024
MEASUREMENT DATE FOR EMPLOYER REPORTING AS OF JUNE 30, 2025**

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

Recommendation

That the Board receive and file the attached Governmental Accounting Standards Board (GASB) Statement 68 and GASB Statement 75 Actuarial Valuations for Employer Reporting as of June 30, 2025 (Attachments 1 and 2).

Executive Summary

The Governmental Accounting Standards Board (GASB) requires pension plan sponsors to report certain pension information in their financial statements. The attached valuation reports, prepared by LACERS' independent actuary, Segal, based on June 30, 2024, LACERS actuarial valuations, provide the necessary pension information allocated to the City, Department of Airports, and Harbor Department for reporting in their respective financial statements as of June 30, 2025. LACERS' external auditor, Baker Tilly, has conducted audit procedures and issued unmodified opinions on the allocation schedules presented in the GASB 68 and GASB 75 valuation reports (Attachment 3).

Discussion

The GASB issued accounting standards for the financial reporting of pension liabilities for governmental pension plans and their sponsors in 2012 and 2015. GASB Statement No. 67 (GASB 67) and GASB Statement No. 74 (GASB 74) pertain to the financial reporting requirements of the plan (LACERS) for its pension benefits and other post-employment benefits (OPEB), while GASB Statement No. 68 (GASB 68) and GASB Statement No. 75 (GASB 75) are financial reporting requirements of the plan sponsor (the City) for the LACERS pension benefits and OPEB. Segal presented the GASB 67 and GASB 74 valuations to the Board on November 12, 2024, along with the annual retirement and health actuarial valuations as of June 30, 2024.

The attached GASB 68 and GASB 75 valuations were prepared by Segal to provide the proportional share of net pension liability and net OPEB liability, along with other information required to be disclosed

in the June 30, 2025, financial statements for the City, Department of Airports, and Harbor Department. Key findings from the Segal valuation reports, based on the June 30, 2024, measurement date, include:

- The Net Pension Liability (NPL¹), which is the difference between the Total Pension Liability (TPL) and the Retirement Plan Fiduciary Net Position, remained nearly the same, from \$7.346 billion to \$7.348 billion. The change was due to higher-than-expected salary increases for active members and contributions that were lower than expected, resulting from reduced contribution rates and actual payroll being less than projected. The shortfall was mostly offset by a market value return of 8.29%, which exceeded the assumed rate of 7.00%. The \$7.348 billion NPL is allocated based on retirement contributions to LACERS and will be reflected in the plan sponsors' Statement of Net Position/Balance Sheet as of June 30, 2025, as follows:

City	Airports	Harbor	Total
\$ 6,255,625,843	\$ 828,692,820	\$ 264,162,553	\$ 7,348,481,216

- The Net OPEB Liability (NOL²), which is the difference between the Total OPEB Liability (TOL) and the OPEB Plan Fiduciary Net Position, decreased from a surplus of (\$135.30) million to (\$226.02) million. This change was mainly due to lower-than-expected 2025 premiums, underlying claims estimates, subsidy levels, and a market value return of about 9.09%, higher than the 7.00% assumed investment return. These factors were partially offset by higher healthcare trend assumptions. The (\$226.02) million Net OPEB Asset is also allocated based on OPEB contributions to LACERS and will be reflected in the plan sponsors' Statement of Net Position/Balance Sheet as of June 30, 2025, as follows.

City	Airports	Harbor	Total
\$ (194,323,384)	\$ (23,719,881)	\$ (7,973,895)	\$ (226,017,160)

Prepared By: Jo Ann Peralta, Departmental Chief Accountant IV

TB/EA/JP

Attachments:

- 1 GASB 68 Actuarial Valuation for June 30, 2025 Employer Reporting Issued by Segal
- 2 GASB 75 Actuarial Valuation for June 30, 2025 Employer Reporting Issued by Segal
- 3 Baker Tilly's Independent Auditors' Reports

^{1, 2} NPL/NOL - The Plan Fiduciary Net Position is equal to the market value of plan assets and, therefore, the NPL/NOL measure is very similar to the Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis. The NPL/NOL reflects all investment gains and losses as of the measurement date. This differs from the UAAL calculated on an actuarial value of assets basis in the funding valuation, which reflects investment gains and losses over a seven-year period. NPL/NOL amounts were reported in LACERS' June 30, 2024, financial statements as a note disclosure, pursuant to GASB 67 and GASB 74.

Board Meeting: 10/14/25
Item: III-C
Attachment: 1

Los Angeles City Employees' Retirement System (LACERS)

**Governmental Accounting Standards Board
Statement No. 68 (GASB 68) Actuarial Valuation of
Retirement Benefits as of June 30, 2024 for Employer
Reporting as of June 30, 2025**

This valuation report should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan.

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Segal



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T 415.263.8200

June 12, 2025

Board of Administration
Los Angeles City Employees' Retirement System
977 N. Broadway
Los Angeles, CA 90012-1728

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 68 (GASB 68) Actuarial Valuation based on a June 30, 2024 measurement date for employer reporting as of June 30, 2025. It contains various information that will need to be disclosed in order for the three employer categories in LACERS (i.e., the City, Airports, and Harbor) to comply with GASB 68. Please refer to the funding Actuarial Valuation and Review of Pension (or Retirement) Benefits as of June 30, 2024 for the data, assumptions, and plan of benefits underlying these calculations.

This report was prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board of Administration (the Board), based upon information provided by the staff of the Plan and the Plan's other service providers.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

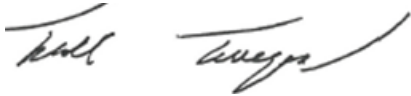
The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the Plan and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

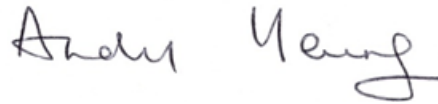
We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal



Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary



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



Emily Klare, ASA, MAAA, EA
Senior Actuary

BTS/jl

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statement No. 68 (GASB 68) as of June 30, 2024 for employer reporting as of June 30, 2025. The results used in preparing this GASB 68 report are comparable to those used in preparing the Governmental Accounting Standards Board Statement No. 67 (GASB 67) report for the Plan based on a reporting date and a measurement date as of June 30, 2024. This report is based on:

- The benefit provisions of the Pension (or Retirement) Plan, as administered by the Board of Administration;¹
- The characteristics of covered active, inactive, and retired members and beneficiaries as of June 30, 2024, provided by LACERS;
- The assets of the Plan as of June 30, 2024, provided by LACERS;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2024 funding valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the June 30, 2024 funding valuation.

General observations on a GASB 68 actuarial valuation

1. The Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, they do not apply to contribution amounts for pension funding purposes. Employers and plans should continue to develop and adopt funding policies under current practices.
2. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as LACERS uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is determined on the same basis as LACERS' actuarial accrued liability (AAL) measure for funding. We note that the same is true for the service cost for financial reporting shown in this report and the normal cost component of the annual plan cost for funding.
3. The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan Fiduciary Net Position (FNP). The Plan FNP is equal to the fair value of assets and therefore, the NPL measure is very similar to the unfunded actuarial accrued liability (UAAL) calculated on a market value basis.

¹ Please refer to page 16 of this report for additional discussion regarding Plan Provisions not included in the TPL calculation in this valuation.

Section 1: Actuarial Valuation Summary

Highlights of the valuation

1. The reporting date for the employer is June 30, 2025 and the NPL was measured as of June 30, 2024. The TPL was determined based upon the actuarial valuation as of June 30, 2024 and the Plan FNP was also valued as of the measurement date.
2. The NPL stayed approximately level from \$7.346 billion as of June 30, 2023 to \$7.348 billion as of June 30, 2024 primarily due to (a) higher than expected salary increases for continuing active members (a loss of about \$215.2 million), (b) actual contributions less than expected due to the scheduled one-year delay in implementing contribution rates and the actual payroll lower than projected (a loss of about \$41.4 million), offset almost entirely by (c) the return on the market value of retirement plan assets of 8.29%¹ during fiscal year 2023-2024 that was more than the assumption of 7.00% used in the June 30, 2023 valuation (a gain of about \$234.6 million). Changes in these values during the last two fiscal years can be found in *Section 2, Exhibit 3 – Schedule of changes in Net Pension Liability* on page 21.
3. There was a decrease in the total employer pension expense from \$986.2 million calculated last year to \$975.5 million calculated this year. The primary causes of the decrease were an increase in the projected earnings on plan investments and amortization experience. In particular, an investment loss base from 2019 became fully recognized and an investment gain base was added for 2024. These causes were offset somewhat by an increase in the service cost and interest on the Total Pension Liability.
4. The discount rate used to measure the TPL and NPL as of June 30, 2024 was 7.00% following the same assumption used by LACERS in the actuarial funding valuation as of June 30, 2024. The detailed calculations used in the derivation of the 7.00% discount rate can be found in *Section 3, Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.
5. The NPLs for the three employer categories in LACERS (i.e., the City, Airports, and Harbor) as of June 30, 2024 are allocated based on the actual employer contributions made during 2023/2024. The steps we used for the allocation are as follows:
 - a. First calculate the ratio of the employer category's contributions to the total contributions.
 - b. Then multiply this ratio by the NPL to determine the employer category's proportionate share of the NPL. The NPL allocation can be found in *Section 2, Exhibit 5 – Determination of proportionate share* on page 26.
6. Results shown in this report exclude any employer contributions made after the measurement date of June 30, 2024. The employer should consult with their auditor to determine the deferred outflow that should be created for these contributions.

¹ For the June 30, 2024 valuation, the investment return calculated for the Retirement Plan was 8.29% (net of investment expenses only) which is lower than the 9.09% investment return calculated for the OPEB Plan. (We note that for the June 30, 2023 valuation, the investment return calculated for the Retirement Plan was 7.35% while the investment return for the OPEB Plan was 8.05%.) Both of these returns have been calculated by Segal on a dollar-weighted basis taking into account the beginning of year assets, contributions, and benefit cash flows made during the year. In backing into a rate of return using actual investment income and investment expense as provided by LACERS, we sometimes could come up with a different return for the two Plans if: (a) the timing of the actual cash flows (especially the benefit payments) are different from what we assumed and/or (b) the actual income and expense allocated are different when compared to the proportion of the assets in the two Plans.

Section 1: Actuarial Valuation Summary

Summary of key valuation results¹

Line Description	Current Year		Prior Year	
Reporting and Measurement Dates				
Reporting date for employer under GASB 68 ²	June 30, 2025		June 30, 2024	
Measurement date for employer under GASB 68	June 30, 2024		June 30, 2023	
Disclosure elements				
Service cost ³	\$461,843,826		\$412,247,235	
Total Pension Liability	26,492,518,234		25,299,537,118	
Plan Fiduciary Net Position	19,144,037,018		17,953,292,567	
Net Pension Liability	7,348,481,216		7,346,244,551	
Pension expense	975,518,133		986,220,574	
Schedule of contributions				
Actuarially determined contributions	\$714,338,215		\$669,391,196	
Actual contributions	714,338,215		669,391,196	
Contribution deficiency / (excess)	0		0	
Demographic data				
Number of retired members and beneficiaries	22,763		22,510	
Number of inactive members ⁴	11,839		11,148	
Number of active members	26,782		25,875	
Key assumptions				
Investment rate of return	7.00%		7.00%	
Inflation rate	2.50%		2.50%	
“Across-the-board” salary increase	0.50%		0.50%	
Projected salary increases ⁵	9.00% to 4.00%		9.00% to 4.00%	
Cost-of-living adjustments	Tier 1:	2.75%	Tier 1:	2.75%
	Tier 3:	2.00%	Tier 3:	2.00%

¹ The assets and liabilities throughout this report are for the Retirement Plan only, and exclude amounts for the Health, Family Death Benefit and Larger Annuity Plans.

² The reporting date and measurement date for the Plan are June 30, 2024 and June 30, 2023 for the current and prior years, respectively.

³ The service cost is based on the previous year's valuation, meaning the June 30, 2024 and June 30, 2023 measurement date values are based on the valuations as of June 30, 2023 and June 30, 2022, respectively. The June 30, 2024 service cost has been calculated using the assumptions shown in the Prior Year column, while the June 30, 2023 service cost has been calculated using the assumptions from the June 30, 2022 valuation. Please refer to the note on the next page for the assumptions used for the June 30, 2023 service cost.

⁴ Includes inactive members due a refund of member contributions.

⁵ Includes inflation at 2.50% plus "across-the-board" salary increase of 0.50%, plus merit and promotion increases that vary by service.

Section 1: Actuarial Valuation Summary

Note to footnote 3 from prior page

The June 30, 2023 service cost has been calculated using the following assumptions as of June 30, 2022:

- Investment rate of return: 7.00%
- Inflation rate: 2.75%
- “Across-the-board” salary increase: 0.50%
- Projected salary increases: 9.95% to 4.25%
 - Projected salary increases include inflation at 2.75% plus “across-the-board” increase of 0.50% plus merit and promotion increases that vary by service.
- Cost-of-living adjustments:

Tier 1:	2.75%
Tier 3:	2.00%

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Member information	An actuarial valuation for a plan is based on data provided to the actuary by LACERS. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Financial information	This valuation is based on the fair value of assets as of the valuation date, as provided by LACERS.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan members for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of members in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments (if any). The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Actuarial models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the Board. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date — it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measures, except where otherwise noted.
- If LACERS is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by LACERS upon delivery and review. LACERS should notify Segal immediately of any questions or concerns about the final content.

Section 2: GASB 68 Information

General information about the pension plan

Plan administration

The Los Angeles City Employees' Retirement System (LACERS) was established by City Charter in 1937. LACERS is a single employer public employee retirement system whose main function is to provide retirement benefits to the civilian employees of the City of Los Angeles.

Under the provisions of the City Charter, the Board of Administration (the "Board") has the responsibility and authority to administer the Plan and to invest its assets. The Board members serve as trustees and must act in the exclusive interest of the Plan's members and beneficiaries. The Board has seven members:

- Four members (one of whom shall be a retired member of the System) shall be appointed by the Mayor subject to the approval of the Council;
- Two members shall be active employee members of the System elected by the active employee members; and
- One shall be a retired member of the System elected by the retired members of the System.

Plan membership

At June 30, 2024, pension plan membership consisted of the following:

Membership	Count
Retired members and beneficiaries	22,763
Inactive members ¹	11,839
Active members	26,782
Total	61,384

¹ Includes inactive members due a refund of member contributions.

Section 2: GASB 68 Information

Benefits provided¹

LACERS provides service retirement, disability, death and survivor benefits to eligible retirees and beneficiaries. Employees of the City become members of LACERS on the first day of employment in a position with the City in which the employee is not excluded from membership.

Members employed prior to July 1, 2013 are designated as Tier 1. All Tier 2 employees who became members between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016. All Tier 1 Airport Peace Officers (including certain fire fighters) appointed to their positions before January 7, 2018 who elected to remain at LACERS after January 6, 2018, and who paid their mandatory additional contribution of \$5,700 to LACERS before January 8, 2019, or prior to their retirement date, whichever was earlier, are designated as Tier 1 Enhanced. *[A member of Tier 1 of the Retirement System who while a City employee and on their retirement date, which shall occur on or after March 25, 2022, was employed by the Police Department, Harbor Department, or Recreation and Parks Department as a peace officer as defined in California Penal Code Section 830.1 or Section 830.31 is designated as a sworn Public Safety Officer (PSO) member. Sworn PSO members shall also include those who elected not to make a one-time lump sum payment of \$5,700 on or before January 8, 2019 in exchange for the enhanced benefits provided by Section 4.1007(a), 4.1008.1 and 4.1010.1 as set forth in Section 4.1002(e)(2).]* Those employed on or after February 21, 2016 are designated as Tier 3 (unless a specific exception applies to the employee, providing a right to Tier 1 status).

The retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit, and tier.

Pension benefits are calculated based on the highest average salary earned during a 12-month period (including base salary plus regularly assigned pensionable bonuses or premium pay) for Tier 1 and Tier 1 Enhanced and on the highest average salary earned during a 36-month period (limited to base salary and any items of compensation that are designated as pension based) for Tier 3. *[For purposes of calculating the pre-retirement death and disability benefits for sworn PSO members, except for the service retirement component of such benefits for current Tier 3 members, final average compensation is the equivalent of monthly average salary of the highest continuous 12 months (one year) and includes base salary plus regularly assigned pensionable bonuses or premium pay. For purposes of calculating the service retirement component of the disability benefits for current Tier 3 sworn PSO members, final average compensation is the equivalent of monthly average salary of the highest continuous 36 months (three years) and is limited to base salary and any items of compensation that are designated as pension based.]* The IRC Section 401(a)(17) compensation limit applies to all employees who began membership in LACERS after June 30, 1996.

¹ As noted on page 16, the City has previously approved enhanced pre-retirement death and disability benefits for certain sworn Public Safety Officers if those members continue their participation at LACERS, although we have not included those enhanced benefits in this valuation. (We understand the enhanced benefits are based on an Ordinance #187923 effective date of July 9, 2023, with a benefit retroactive date of March 25, 2022.) The enhanced benefits will be reflected in the next GASB 68 valuation as of June 30, 2025. For documentation purposes, we have included in this subsection the previously approved enhanced benefits for PSO members, which are noted in bracketed italics.

Section 2: GASB 68 Information

The maximum monthly retirement allowance is 100% of the final average monthly compensation for Tier 1 and Tier 1 Enhanced and is 80% of the final average monthly compensation for Tier 3 (except when the benefit is based solely on the annuity component funded by the member's contributions).

The member may elect an unmodified retirement allowance or choose an optional retirement allowance (the unmodified option provides the highest monthly benefit). For Tier 1 and Tier 3, the unmodified option provides a 50% continuance to an eligible surviving spouse or domestic partner. For Tier 1 Enhanced *[and PSO members]*, the unmodified option provides an 80% continuance to an eligible surviving spouse or domestic partner for members who retired for a service-connected disability and a 70% continuance for members who retired for service or for a nonservice-connected disability. The optional retirement allowances require a reduction in the unmodified option amount in order to allow the member the ability to provide various benefits to a surviving spouse, domestic partner, or named beneficiary.

LACERS provides annual cost-of-living adjustments (COLAs) to all retirees. The cost-of-living adjustments are made each July 1 based on the percentage change in the annual average Consumer Price Index for the Los Angeles-Long Beach-Anaheim Area - All Items for All Urban Consumers. It is capped at 3.0% for Tier 1 and Tier 1 Enhanced, and at 2.0% for Tier 3.

Tier 1 and Tier 1 Enhanced member benefits

Tier 1 and Tier 1 Enhanced members are eligible to retire for service with a normal retirement benefit once they attain the age of 70, or the age of 60 with 10 or more years of continuous City service, or the age of 55 with 30 or more years of City service. Under the Tier 1 formula, the monthly service retirement allowance at normal retirement age is 2.16% of final average monthly compensation per year of service credit. Under the Tier 1 Enhanced formula, the monthly service retirement allowance at normal retirement age is 2.30% of final average monthly compensation per year of service credit.

Reduced retirement allowances are available for early retirement for Tier 1 and Tier 1 Enhanced members reaching age 55 with 10 or more years of continuous City service, or with 30 or more years of City service at any age. The Tier 1 and Tier 1 Enhanced early retirement reduction factors, for retirement below age 60, are as follows:

Age	Factor	Age	Factor
45	0.6250	53	0.8650
46	0.6550	54	0.8950
47	0.6850	55	0.9250
48	0.7150	56	0.9400
49	0.7450	57	0.9550
50	0.7750	58	0.9700
51	0.8050	59	0.9850
52	0.8350	60	1.0000

Section 2: GASB 68 Information

Tier 1 members are eligible to retire for disability once they have 5 or more years of continuous service. Tier 1 Enhanced members *[and PSO members]* are eligible to retire for service-connected disability without a service requirement, and once they have 5 or more years of continuous service for a nonservice-connected disability.

Tier 3 member benefits

Tier 3 members are eligible to retire for service with a normal retirement benefit at 1.50% of final average monthly compensation per year of service credit once they attain the age of 60 with 10 years of service (but with less than 30 years of service), including 5 years of continuous City service, or at 2.00% of final average monthly compensation per year of service credit once they attain the age of 60 with 30 years of service, including 5 years of continuous City service.

Tier 3 members are eligible to retire with an enhanced retirement benefit at 2.00% of final average monthly compensation per year of service credit once they attain the age of 63 with 10 years of service (but with less than 30 years of service), including 5 years of continuous City service, or at 2.10% of final average monthly compensation per year of service credit once they attain the age of 63 with 30 years of service, including 5 years of continuous City service.

Reduced retirement allowances are available for early retirement for Tier 3 members prior to reaching age 60 with 30 years of service, including 5 years of continuous City service. The Tier 3 early retirement reduction factors, for retirement below age 60, are as follows:

Age	Factor	Age	Factor
45	0.6250	51	0.8050
46	0.6550	52	0.8350
47	0.6850	53	0.8650
48	0.7150	54	0.8950
49	0.7450	55-60	1.0000
50	0.7750		

Tier 3 members are eligible to retire for disability once they have 5 or more years of continuous service.

Contributions

The City of Los Angeles contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Administration. Employer contribution rates are adopted annually based upon recommendations received from LACERS' actuary

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after the completion of the annual actuarial valuation. The combined employer contribution rate as of June 30, 2024 was 29.03% of compensation.¹

All members are required to make contributions to LACERS regardless of the tier in which they are included. Currently, all Tier 1 members contribute at 11.0% or 11.5% of compensation, and all Tier 1 Enhanced and Tier 3 members contribute at 11.0% of compensation.

¹ Based on the June 30, 2022 funding valuation which established funding requirements for fiscal year 2023/2024. The schedule of contributions in Section 2 of this report provides details on how this rate was calculated.

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Exhibit 1 – Net Pension Liability

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	June 30, 2024	June 30, 2023
Components of the Net Pension Liability		
Total Pension Liability	\$26,492,518,234	\$25,299,537,118
Plan Fiduciary Net Position	(19,144,037,018)	(17,953,292,567)
Net Pension Liability (Surplus)	\$7,348,481,216	\$7,346,244,551
Plan Fiduciary Net Position as a percentage of the Total Pension Liability ¹	72.26%	70.96%

The NPL for the Plan in this valuation was measured as of June 30, 2024. The Plan FNP was valued as of the measurement date and the TPL was determined based upon the results of the actuarial valuation as of June 30, 2024.

Plan provisions

The plan provisions used in the measurement of the NPL as of June 30, 2024 are the same as those used in LACERS' actuarial funding valuation as of June 30, 2024. We understand that there is a ballot measure approved by the voters allowing certain LACERS active members to be transferred to the Los Angeles Fire and Police Pension Plan so that those members would receive Safety benefits available under that Plan. However, as that measure has not been implemented as of the date of preparation of this report, we have not reflected the impact of the transfer in this report. Furthermore, even though the City has previously approved enhanced pre-retirement death and disability benefits for the above members if those members continue their participation at LACERS, we have not included in this valuation the cost of providing such enhanced benefits (estimated at \$429 thousand in actuarial accrued liability based on an actuarial study prepared as of June 30, 2021). We will update both of these plan provision items in our TPL calculations accordingly in our next GASB 68 valuation as of June 30, 2025.

¹ These funded percentages are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.

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Actuarial assumptions

The TPL as of June 30, 2024 uses the same actuarial assumptions as the actuarial funding valuation as of June 30, 2024. The actuarial assumptions used in that funding valuation were based on the results of an experience study for the period July 1, 2019 through June 30, 2022. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Assumption Type	Assumption
Investment rate of return	7.00%, net of pension plan investment expense and including inflation
Inflation rate	2.50%
“Across-the-board” salary increase	0.50%
Projected salary increases	9.00% to 4.00% The above salary increases vary by service and include inflation and “across-the-board” salary increase.
Cost-of-living adjustments	Tier 1: 2.75% Tier 3: 2.00% For Tier 1 members who have COLA banks, we assume they receive up to 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Other assumptions	See analysis of actuarial experience during the period July 1, 2019 through June 30, 2022.

Detailed information regarding all actuarial assumptions can be found in the June 30, 2024 Actuarial Valuation and Review of Retirement Benefits.

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Exhibit 2 – Discount rate

Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments¹ was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023 including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning with June 30, 2023, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class (after deducting inflation and applicable investment management expenses), are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the actuarial funding valuation as of June 30, 2024. This information will be subject to change every three years based on the results of an actuarial experience study.

¹ Note that the investment return assumption for funding purposes was developed net of both investment and administrative expenses; however, the same investment return assumption was used for financial reporting purposes, where it is considered gross of administrative expenses. This results in an increase in the margin for adverse deviation when using that investment return assumption for financial reporting.

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Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return ¹
Large cap U.S. equity	15.00%	6.00%
Small/mid cap U.S. equity	6.00%	6.65%
Developed international large cap equity	15.00%	7.01%
Developed international small cap equity	3.00%	7.34%
Emerging markets equity	6.67%	8.80%
Core bonds	11.25%	1.97%
High yield bonds	1.50%	4.63%
Bank loans	1.50%	4.07%
TIPS	3.60%	1.77%
Emerging market external debt	2.00%	4.72%
Emerging market local currency debt	2.00%	4.53%
Real estate – core	4.20%	3.86%
Cash and equivalents	1.00%	0.63%
Private equity	16.00%	9.84%
Private credit (private debt)	5.75%	6.47%
Emerging market small-cap equity	1.33%	11.10%
REIT	1.40%	6.80%
Real estate – non core	2.80%	5.40%
Total	100.00%	6.27%

Discount rate

The discount rate used to measure the TPL was 7.00% as of June 30, 2024.

¹ Arithmetic real rates of return are net of inflation.

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The projection of cash flows used to determine the discount rate assumes plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially determined contribution rates.¹ Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan FNP was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of June 30, 2024.

Discount rate sensitivity

The following presents the NPL of LACERS as of June 30, 2024, calculated using the current discount rate of 7.00%, as well as what LACERS' NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

Employer Category	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
City	\$9,208,642,029	\$6,255,625,843	\$3,813,603,265
Airports	1,219,883,625	828,692,820	505,194,160
Harbor	388,862,514	264,162,553	161,040,830
Total for all Employer Categories	\$10,817,388,168	\$7,348,481,216	\$4,479,838,255

¹ For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included.

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Exhibit 3 – Schedule of changes in Net Pension Liability

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	June 30, 2024	June 30, 2023
Total Pension Liability		
Service cost	\$461,843,826	\$412,247,235
Interest	1,758,841,808	1,671,683,353
Change of benefit terms	0	0
Differences between expected and actual experience	242,434,296	469,171,461
Changes of assumptions	0	(112,700,660)
Benefit payments, including refunds of member contributions	(1,270,138,814)	(1,219,615,574)
Net change in Total Pension Liability	\$1,192,981,116	\$1,220,785,815
Total Pension Liability — beginning	25,299,537,118	24,078,751,303
Total Pension Liability — ending	\$26,492,518,234	\$25,299,537,118
Plan Fiduciary Net Position		
Contributions — employer	\$714,338,215	\$669,391,196
Contributions — member	275,717,240	257,967,487
Net investment income ¹	1,503,281,316	1,261,073,040
Benefit payments, including refunds of member contributions	(1,270,138,814)	(1,219,615,574)
Administrative expense	(32,453,506)	(28,614,645)
Net change in Plan Fiduciary Net Position	\$1,190,744,451	\$940,201,504
Plan Fiduciary Net Position — beginning	17,953,292,567	17,013,091,063
Plan Fiduciary Net Position — ending	\$19,144,037,018	\$17,953,292,567
Net Pension Liability		
Net Pension Liability — ending	\$7,348,481,216	\$7,346,244,551
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	72.26%	70.96%
Covered payroll ²	\$2,460,394,012	\$2,307,335,751
Net Pension Liability as percentage of covered payroll	298.67%	318.39%

¹ Includes building lease and other income.

² Covered payroll represents payroll on which contributions to the pension plan are based.

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Exhibit 4 – Schedule of employer contributions

Total for All Employer Categories

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll ¹	Contributions as a Percentage of Covered Payroll
2015	\$381,140,923	\$381,140,923	\$0	\$1,835,637,409	20.76%
2016	440,546,011	440,546,011	0	1,876,946,179	23.47%
2017	453,356,059	453,356,059	0	1,973,048,633	22.98%
2018	450,195,254	450,195,254	0	2,057,565,478	21.88%
2019	478,716,953	478,716,953	0	2,108,171,088	22.71%
2020	553,118,173	553,118,173	0	2,271,038,575	24.36%
2021	554,855,906	554,855,906	0	2,276,768,292	24.37%
2022	591,234,354	591,234,354	0	2,155,005,471	27.44%
2023	669,391,196	669,391,196	0	2,307,335,751	29.01%
2024	714,338,215	714,338,215	0	2,460,394,012	29.03%

See accompanying notes to this schedule on the next page.

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

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Methods and assumptions used to establish the actuarially determined contribution for the year ended June 30, 2024

Valuation date

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (the June 30, 2022 valuation sets the rates for the 2023-2024 fiscal year).

Actuarial cost method

Entry Age Cost Method (individual basis)

Amortization method

Level percent of payroll

Remaining amortization period

Multiple layers, closed amortization periods. Actuarial gains/losses are amortized over 15 years. Assumption or method changes are amortized over 20 years. Plan changes, including the 2009 ERIP, are amortized over 15 years. Future ERIPs will be amortized over 5 years. Actuarial surplus is amortized over 30 years. The existing layers on June 30, 2012, except those arising from the 2009 ERIP and the two (at that time) GASB 25/27 layers, were combined and amortized over 30 years.

Asset valuation method

The actuarial value of assets is equal to the market value (or fair value) of assets less unrecognized returns from each of the last seven years. The unrecognized return each year is equal to the difference between the actual and expected returns on the market value of assets, recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.

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Actuarial assumptions

The actuarially determined contribution for the year ended June 30, 2024 is based on the results of LACERS' June 30, 2022 Actuarial Valuation and Review of Retirement Benefits. The actuarial assumptions used in that valuation are as follows:

Assumption Type	Assumptions Used in the June 30, 2022 Valuation
Investment rate of return	7.00%, net of administrative and investment expense, including inflation
Inflation rate	2.75%
"Across-the-board" salary increase	0.50%
Projected salary increases	9.95% to 4.25% The above salary increases vary by service and include inflation and "across-the-board" salary increase.
Cost-of-living adjustments	Tier 1: 2.75% Tier 3: 2.00% For Tier 1 members who have COLA banks, we assume they receive up to 3.00% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Mortality:	Healthy: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2019.
Other assumptions	Same as those used in the funding actuarial valuation as of June 30, 2022.

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Exhibit 5 – Determination of proportionate share

Actual Employer Contributions by Employer Category July 1, 2022 to June 30, 2023

Employer Category	Contributions	Percentage ¹
City	\$565,872,715	84.536%
Airports	78,716,791	11.759%
Harbor	24,801,690	3.705%
Total for all Employer Categories	\$669,391,196	100.000%

Allocation of June 30, 2023 Net Pension Liability (NPL)

Employer Category	NPL	Percentage
City	\$6,210,179,300	84.536%
Airports	863,878,701	11.759%
Harbor	272,186,550	3.705%
Total for all Employer Categories	\$7,346,244,551	100.000%

Notes

1. Based on the July 1, 2022 through June 30, 2023 employer contributions as provided by LACERS.
2. The Net Pension Liability is the Total Pension Liability minus the Plan Fiduciary Net Position (plan assets).
3. The employer's share of the total NPL is the ratio of the employer's contributions to the Plan's total employer contributions.

¹ The unrounded percentages are used in the allocation of the NPL amongst employers.

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Actual Employer Contributions by Employer Category July 1, 2023 to June 30, 2024

Employer Category	Contributions	Percentage ¹
City	\$608,102,881	85.128%
Airports	80,556,367	11.277%
Harbor	25,678,967	3.595%
Total for all Employer Categories	\$714,338,215	100.000%

Allocation of June 30, 2024 Net Pension Liability (NPL)

Employer Category	NPL	Percentage
City	\$6,255,625,843	85.128%
Airports	828,692,820	11.277%
Harbor	264,162,553	3.595%
Total for all Employer Categories	\$7,348,481,216	100.000%

Notes

1. Based on the July 1, 2023 through June 30, 2024 employer contributions as provided by LACERS.
2. The Net Pension Liability is the Total Pension Liability minus the Plan Fiduciary Net Position (plan assets).
3. The employer's share of the total NPL is the ratio of the employer's contributions to the Plan's total employer contributions.

¹ The unrounded percentages are used in the allocation of the NPL amongst employers.

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Notes:

For purposes of the above results, the reporting date for the employer under GASB 68 is June 30, 2025. The reporting date and measurement date for the Plan under GASB 67 are June 30, 2024. Consistent with the provisions of GASB 68, the assets and liabilities measured as of June 30, 2024 are **not** adjusted or rolled forward to the June 30, 2025 reporting date. Other results, such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

The following items are allocated based on the corresponding proportionate share:

1. Net Pension Liability
2. Service cost
3. Interest on the Total Pension Liability
4. Benefit changes
5. Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability
6. Expensed portion of current-period changes of assumptions or other inputs
7. Member contributions
8. Projected earnings on plan investments
9. Expensed portion of current-period differences between actual and projected earnings on plan investments
10. Administrative expense
11. Recognition of beginning of year deferred outflows of resources as pension expense
12. Recognition of beginning of year deferred inflows of resources as pension expense

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Exhibit 6 – Pension expense

Total for All Employer Categories

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	June 30, 2024	June 30, 2023
Components of Pension Expense		
Service cost	\$461,843,826	\$412,247,235
Interest on the Total Pension Liability	1,758,841,808	1,671,683,353
Expensed portion of current-period changes in proportion ¹	0	0
Benefit changes	0	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	50,507,145	99,823,715
Expensed portion of current-period changes of assumptions or other inputs	0	(23,978,864)
Member contributions	(275,717,240)	(257,967,487)
Projected earnings on plan investments	(1,268,710,040)	(1,201,162,172)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(46,914,255)	(11,982,174)
Administrative expense	32,453,506	28,614,645
Other expense	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	996,646,515	975,399,164
Recognition of beginning of year deferred inflows of resources as pension expense	(733,433,132)	(706,456,841)
Net amortization of deferred amounts from changes in proportion ¹	0	0
Pension expense	\$975,518,133	\$986,220,574

¹ Includes differences between employer's contributions and proportionate share of contributions, if any.

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City

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	June 30, 2024	June 30, 2023
Components of Pension Expense		
Service cost	\$393,159,088	\$348,494,966
Interest on the Total Pension Liability	1,497,269,428	1,413,164,683
Expensed portion of current-period changes in proportion ¹	7,995,936	11,420,039
Benefit changes	0	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	42,995,797	84,386,405
Expensed portion of current-period changes of assumptions or other inputs	0	(20,270,635)
Member contributions	(234,712,976)	(218,073,920)
Projected earnings on plan investments	(1,080,029,340)	(1,015,407,588)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(39,937,236)	(10,129,182)
Administrative expense	27,627,068	24,189,513
Other expense	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	848,426,704	824,557,862
Recognition of beginning of year deferred inflows of resources as pension expense	(624,358,030)	(597,206,317)
Net amortization of deferred amounts from changes in proportion ¹	24,211,466	14,161,598
Pension expense	\$862,647,905	\$859,287,424

¹Includes differences between employer's contributions and proportionate share of contributions, if any.

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Airports

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	June 30, 2024	June 30, 2023
Components of Pension Expense		
Service cost	\$52,082,419	\$48,478,049
Interest on the Total Pension Liability	198,345,690	196,580,938
Expensed portion of current-period changes in proportion ¹	(6,507,683)	(9,850,836)
Benefit changes	0	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	5,695,722	11,738,730
Expensed portion of current-period changes of assumptions or other inputs	0	(2,819,785)
Member contributions	(31,092,805)	(30,335,584)
Projected earnings on plan investments	(143,073,224)	(141,250,187)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(5,290,550)	(1,409,039)
Administrative expense	3,659,802	3,364,928
Other expense	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	112,392,450	114,701,676
Recognition of beginning of year deferred inflows of resources as pension expense	(82,709,713)	(83,075,511)
Net amortization of deferred amounts from changes in proportion ¹	(24,262,803)	(14,697,848)
Pension expense	\$79,239,305	\$91,425,531

¹ Includes differences between employer's contributions and proportionate share of contributions, if any.

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Harbor

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	June 30, 2024	June 30, 2023
Components of Pension Expense		
Service cost	\$16,602,319	\$15,274,220
Interest on the Total Pension Liability	63,226,690	61,937,732
Expensed portion of current-period changes in proportion ¹	(1,488,253)	(1,569,203)
Benefit changes	0	0
Expensed portion of current-period difference between expected and actual experience in the Total Pension Liability	1,815,626	3,698,580
Expensed portion of current-period changes of assumptions or other inputs	0	(888,444)
Member contributions	(9,911,459)	(9,557,983)
Projected earnings on plan investments	(45,607,476)	(44,504,397)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(1,686,469)	(443,953)
Administrative expense	1,166,636	1,060,204
Other expense	0	0
Recognition of beginning of year deferred outflows of resources as pension expense	35,827,361	36,139,626
Recognition of beginning of year deferred inflows of resources as pension expense	(26,365,389)	(26,175,013)
Net amortization of deferred amounts from changes in proportion ¹	51,337	536,250
Pension expense	\$33,630,923	\$35,507,619

¹ Includes differences between employer's contributions and proportionate share of contributions, if any.

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Notes:

In determining the pension expense:

- Any differences between projected and actual investment earnings on pension plan investments are recognized over a period of five years beginning with the year in which they occur.
- Current period differences between expected and actual experience as well as changes of assumptions or other inputs (if any) are recognized over the average expected remaining service lives of all employees, calculated as of the beginning of the measurement period.
- Prior period differences between expected and actual experience as well as changes of assumptions or other inputs continue to be recognized based on the average expected remaining service lives of all employees calculated based on their respective measurement dates.
- Current-period plan changes are recognized immediately.

In addition, there have been changes in each employer category's proportionate share of the collective NPL during the measurement period ended June 30, 2024. The net effect of that change on the employer category's proportionate share of the collective NPL and collective deferred outflows and deferred inflows of resources, as well as any differences between actual employer contributions¹ and the proportionate share of employer contributions, are recognized as follows:

- Current period changes in proportion and differences between employer's contributions and proportionate share of contributions are recognized over the average expected remaining service lives of all employees, calculated as of the beginning of the measurement period.
- Prior period changes in proportion and differences between employer's contributions and proportionate share of contributions continue to be recognized based on the average expected remaining service lives of all employees calculated based on their respective measurement dates.

The average of the expected remaining service lives of all employees that are provided with pensions through LACERS is 4.80 years determined as of June 30, 2023 (the beginning of the measurement period ended June 30, 2024). The average expected remaining service lives of all employees was determined by:

- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employees, nonactive and retired members.

¹ Actual employer contributions are reported to us by LACERS for each active employer category.

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Exhibit 7 – Deferred outflows and deferred inflows of resources

Total for All Employer Categories

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	June 30, 2024	June 30, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$73,737,576	\$69,769,812
Changes of assumptions or other inputs	0	105,293,189
Net difference between projected and actual earnings on Pension Plan investments (if any)	279,496,048	539,449,062
Difference between actual and expected experience in the Total Pension Liability	461,451,182	430,490,422
Total Deferred Outflows	\$814,684,806	\$1,145,002,485
Deferred Inflows of Resources		
Changes in proportion ¹	\$73,737,576	\$69,769,812
Changes of assumptions or other inputs	64,742,932	88,721,796
Net difference between actual and projected earnings on Pension Plan investments (if any)	0	0
Difference between expected and actual experience in the Total Pension Liability	64,241,074	115,604,400
Total Deferred Inflows	\$202,721,582	\$274,096,008
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
2025	N/A	\$263,213,383
2026	\$(55,412,348)	(59,005,238)
2027	629,181,997	625,589,107
2028	44,702,115	41,109,225
2029	(6,508,540)	0
2030	0	0
Thereafter	0	0

¹ Includes differences between employer's contributions and proportionate share of contributions, if any.

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City

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	June 30, 2024	June 30, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$71,408,926	\$65,235,836
Changes of assumptions or other inputs	0	89,010,048
Net difference between projected and actual earnings on Pension Plan investments (if any)	237,929,805	456,025,576
Difference between actual and expected experience in the Total Pension Liability	392,824,838	363,916,922
Total Deferred Outflows	\$702,163,569	\$974,188,382
Deferred Inflows of Resources		
Changes in proportion ¹	\$0	\$0
Changes of assumptions or other inputs	55,114,458	75,001,351
Net difference between actual and projected earnings on Pension Plan investments (if any)	0	0
Difference between expected and actual experience in the Total Pension Liability	54,687,236	97,726,675
Total Deferred Inflows	\$109,801,694	\$172,728,026
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
2025	N/A	\$246,720,027
2026	\$(18,177,005)	(28,881,767)
2027	555,638,690	540,876,214
2028	54,044,041	42,745,882
2029	856,149	0
2030	0	0
Thereafter	0	0

¹ Includes differences between employer's contributions and proportionate share of contributions, if any.

Section 2: GASB 68 Information

Airports

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	June 30, 2024	June 30, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$81,330	\$125,772
Changes of assumptions or other inputs	0	12,381,911
Net difference between projected and actual earnings on Pension Plan investments (if any)	31,518,944	63,436,297
Difference between actual and expected experience in the Total Pension Liability	52,038,138	50,623,350
Total Deferred Outflows	\$83,638,412	\$126,567,330
Deferred Inflows of Resources		
Changes in proportion ¹	\$63,234,488	\$62,812,537
Changes of assumptions or other inputs	7,301,101	10,433,204
Net difference between actual and projected earnings on Pension Plan investments (if any)	0	0
Difference between expected and actual experience in the Total Pension Liability	7,244,506	13,594,453
Total Deferred Inflows	\$77,780,095	\$86,840,194
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
2025	N/A	\$6,689,670
2026	\$(34,012,998)	(28,195,127)
2027	54,173,615	63,293,953
2028	(8,362,181)	(2,061,360)
2029	(5,940,119)	0
2030	0	0
Thereafter	0	0

¹ Includes differences between employer's contributions and proportionate share of contributions, if any.

Section 2: GASB 68 Information

Harbor

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	June 30, 2024	June 30, 2023
Deferred Outflows of Resources		
Changes in proportion ¹	\$2,247,320	\$4,408,204
Changes of assumptions or other inputs	0	3,901,230
Net difference between projected and actual earnings on Pension Plan investments (if any)	10,047,299	19,987,189
Difference between actual and expected experience in the Total Pension Liability	16,588,206	15,950,150
Total Deferred Outflows	\$28,882,825	\$44,246,773
Deferred Inflows of Resources		
Changes in proportion ¹	\$10,503,088	\$6,957,275
Changes of assumptions or other inputs	2,327,373	3,287,241
Net difference between actual and projected earnings on Pension Plan investments (if any)	0	0
Difference between expected and actual experience in the Total Pension Liability	2,309,332	4,283,272
Total Deferred Inflows	\$15,139,793	\$14,527,788
Recognition of Deferred Outflows/(Inflows) by Reporting Date for Employer		
2025	N/A	\$9,803,686
2026	\$(3,222,345)	(1,928,344)
2027	19,369,692	21,418,940
2028	(979,745)	424,703
2029	(1,424,570)	0
2030	0	0
Thereafter	0	0

¹ Includes differences between employer's contributions and proportionate share of contributions, if any.

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Exhibit 8 – Reconciliation of Net Pension Liability

Total for All Employer Categories

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	June 30, 2024	June 30, 2023
Components of Net Pension Liability		
Beginning Net Pension Liability	\$7,346,244,551	\$7,065,660,240
• Pension expense	975,518,133	986,220,574
• Employer contributions	(714,338,215)	(669,391,196)
• New net deferred outflows/(inflows)	4,270,130	232,697,256
• Change in allocation of prior deferred outflows/(inflows)	0	0
• New net deferred flows due to change in proportion ¹	0	0
• Recognition of prior deferred outflows/(inflows)	(263,213,383)	(268,942,323)
• Recognition of prior deferred flows due to change in proportion ¹	0	0
Ending Net Pension Liability	\$7,348,481,216	\$7,346,244,551

¹ Includes differences between employer contributions and proportionate share of contributions, if any.

Section 2: GASB 68 Information

City

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	June 30, 2024	June 30, 2023
Components of Net Pension Liability		
Beginning Net Pension Liability	\$6,210,179,300	\$5,911,405,738
• Pension expense	862,647,905	859,287,424
• Employer contributions	(608,102,881)	(565,872,715)
• New net deferred outflows/(inflows)	3,635,084	196,711,622
• Change in allocation of prior deferred outflows/(inflows)	5,162,019	7,906,234
• New net deferred flows due to change in proportion ¹	30,384,556	42,254,140
• Recognition of prior deferred outflows/(inflows)	(224,068,674)	(227,351,545)
• Recognition of prior deferred flows due to change in proportion ¹	(24,211,466)	(14,161,598)
Ending Net Pension Liability	\$6,255,625,843	\$6,210,179,300

¹ Includes differences between employer contributions and proportionate share of contributions, if any.

Section 2: GASB 68 Information

Airports

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	June 30, 2024	June 30, 2023
Components of Net Pension Liability		
Beginning Net Pension Liability	\$863,878,701	\$884,002,284
• Pension expense	79,239,305	91,425,531
• Employer contributions	(80,556,367)	(78,716,791)
• New net deferred outflows/(inflows)	481,543	27,363,941
• Change in allocation of prior deferred outflows/(inflows)	(4,201,232)	(6,819,856)
• New net deferred flows due to change in proportion ¹	(24,729,196)	(36,448,091)
• Recognition of prior deferred outflows/(inflows)	(29,682,737)	(31,626,165)
• Recognition of prior deferred flows due to change in proportion ¹	24,262,803	14,697,848
Ending Net Pension Liability	\$828,692,820	\$863,878,701

¹ Includes differences between employer contributions and proportionate share of contributions, if any.

Section 2: GASB 68 Information

Harbor

Line Description	Current Year	Prior Year
Reporting and Measurement Dates		
Reporting date for employer under GASB 68	June 30, 2025	June 30, 2024
Measurement date for employer under GASB 68	June 30, 2024	June 30, 2023
Components of Net Pension Liability		
Beginning Net Pension Liability	\$272,186,550	\$270,252,218
• Pension expense	33,630,923	35,507,619
• Employer contributions	(25,678,967)	(24,801,690)
• New net deferred outflows/(inflows)	153,503	8,621,693
• Change in allocation of prior deferred outflows/(inflows)	(960,787)	(1,086,378)
• New net deferred flows due to change in proportion ¹	(5,655,360)	(5,806,049)
• Recognition of prior deferred outflows/(inflows)	(9,461,972)	(9,964,613)
• Recognition of prior deferred flows due to change in proportion ¹	(51,337)	(536,250)
Ending Net Pension Liability	\$264,162,553	\$272,186,550

¹ Includes differences between employer contributions and proportionate share of contributions, if any.

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Exhibit 9 – Schedule of proportionate share of Net Pension Liability

Total for All Employer Categories

Reporting Date for Employer as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
2016	100.000%	\$4,989,426,361	\$1,835,637,409	271.81%	70.49%
2017	100.000%	5,615,666,914	1,876,946,179	299.19%	67.77%
2018	100.000%	5,277,672,228	1,973,048,633	267.49%	71.41%
2019	100.000%	5,709,348,530	2,057,565,478	277.48%	71.37%
2020	100.000%	5,977,828,302	2,108,171,088	283.56%	71.25%
2021	100.000%	7,594,790,995	2,271,038,575	334.42%	66.29%
2022	100.000%	4,363,756,854	2,276,768,292	191.66%	81.26%
2023	100.000%	7,065,660,240	2,155,005,471	327.87%	70.66%
2024	100.000%	7,346,244,551	2,307,335,751	318.39%	70.96%
2025	100.000%	7,348,481,216	2,460,394,012	298.67%	72.26%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GASB 68 Information

City

Reporting Date for Employer as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
2016	81.869%	\$4,084,786,762	\$1,504,659,940	271.48%	70.49%
2017	82.271%	4,620,035,451	1,540,925,299	299.82%	67.77%
2018	82.423%	4,350,001,537	1,625,808,930	267.56%	71.41%
2019	82.473%	4,708,641,301	1,701,304,099	276.77%	71.37%
2020	82.591%	4,937,107,456	1,749,621,444	282.18%	71.25%
2021	82.876%	6,294,231,550	1,895,552,279	332.05%	66.29%
2022	83.640%	3,649,863,961	1,918,677,086	190.23%	81.26%
2023	83.664%	5,911,405,738	1,818,039,081	325.15%	70.66%
2024	84.536%	6,210,179,300	1,964,398,935	316.14%	70.96%
2025	85.128%	6,255,625,843	2,107,400,045	296.84%	72.26%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

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Airports

Reporting Date for Employer as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
2016	13.979%	\$697,482,231	\$255,014,220	273.51%	70.49%
2017	13.789%	774,356,211	260,929,145	296.77%	67.77%
2018	13.700%	723,062,142	271,035,342	266.78%	71.41%
2019	13.754%	785,272,253	278,681,843	281.78%	71.37%
2020	13.717%	819,996,210	280,595,646	292.23%	71.25%
2021	13.450%	1,021,523,208	292,405,953	349.35%	66.29%
2022	12.508%	545,803,106	270,630,444	201.68%	81.26%
2023	12.511%	884,002,284	255,761,313	345.64%	70.66%
2024	11.759%	863,878,701	258,018,846	334.81%	70.96%
2025	11.277%	828,692,820	264,680,483	313.09%	72.26%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GASB 68 Information

Harbor

Reporting Date for Employer as of June 30	Proportion of NPL	Proportionate Share of NPL	Covered Payroll ¹	Proportionate Share of NPL as a Percentage of Covered Payroll	Plan FNP as a Percentage of TPL
2016	4.152%	\$207,157,368	\$75,963,249	272.71%	70.49%
2017	3.940%	221,275,252	75,091,735	294.67%	67.77%
2018	3.877%	204,608,549	76,204,361	268.50%	71.41%
2019	3.773%	215,434,976	77,579,536	277.70%	71.37%
2020	3.692%	220,724,636	77,953,998	283.15%	71.25%
2021	3.674%	279,036,237	83,080,343	335.86%	66.29%
2022	3.852%	168,089,787	87,460,762	192.19%	81.26%
2023	3.825%	270,252,218	81,205,077	332.80%	70.66%
2024	3.705%	272,186,550	84,917,970	320.53%	70.96%
2025	3.595%	264,162,553	88,313,484	299.12%	72.26%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

Section 2: GASB 68 Information

Exhibit 10 – Schedule of recognition of changes in Net Pension Liability

The following tables present the increase/(decrease) in pension expense due to various changes in Net Pension Liability.

Differences between Expected and Actual Experience on Total Pension Liability *Recognition by Reporting Date for Employer as of June 30*

Reporting Date for Employer as of June 30	Total Change	Recognition Period	2024	2025	2026	2027	2028	2029	Thereafter
2019 ¹	\$144,224,403	5.24	\$6,605,698	\$0	\$0	\$0	\$0	\$0	\$0
2020 ¹	(46,035,243)	4.97	(8,984,747)	0	0	0	0	0	0
2021 ¹	308,183,796	4.99	61,760,280	61,142,676	0	0	0	0	0
2022 ¹	(189,821,814)	5.04	(37,663,058)	(37,663,058)	(37,663,058)	(1,506,524)	0	0	0
2023 ¹	(66,172,296)	4.83	(13,700,268)	(13,700,268)	(13,700,268)	(11,371,224)	0	0	0
2024	469,171,461	4.70	99,823,715	99,823,715	99,823,715	99,823,715	69,876,601	0	0
2025	242,434,296	4.80	N/A	50,507,145	50,507,145	50,507,145	50,507,145	40,405,716	0
Total	N/A	N/A	\$107,841,620	\$160,110,210	\$98,967,534	\$137,453,112	\$120,383,746	\$40,405,716	\$0

As described in *Section 2, Exhibit 6 – Pension expense*, for the current period, the average of the expected remaining service lives of all employees that are provided with pensions through LACERS (active and inactive members) determined as of June 30, 2023 (the beginning of the measurement period ending June 30, 2024) is 4.80 years.

¹ The amortization amounts prior to June 30, 2024 have been omitted from this schedule. These amounts can be found in prior years' GASB 68 reports.

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Assumption Changes or Other Inputs *Recognition by Reporting Date for Employer as of June 30*

Reporting Date for Employer as of June 30	Total Change	Recognition Period	2024	2025	2026	2027	2028	2029	Thereafter
2019 ¹	\$483,717,164	5.24	\$22,154,984	\$0	\$0	\$0	\$0	\$0	\$0
2020 ¹	0	4.97	0	0	0	0	0	0	0
2021 ¹	530,720,225	4.99	106,356,759	105,293,189	0	0	0	0	0
2022 ¹	0	5.04	0	0	0	0	0	0	0
2023 ¹	0	4.83	0	0	0	0	0	0	0
2024	(112,700,600)	4.70	(23,978,864)	(23,978,864)	(23,978,864)	(23,978,864)	(16,785,204)	0	0
2025	0	4.80	N/A	0	0	0	0	0	0
Total	N/A	N/A	\$104,532,879	\$81,314,325	\$(23,978,864)	\$(23,978,864)	\$(16,785,204)	\$0	\$0

As described in *Section 2, Exhibit 6 – Pension expense*, for the current period, the average of the expected remaining service lives of all employees that are provided with pensions through LACERS (active and inactive members) determined as of June 30, 2023 (the beginning of the measurement period ending June 30, 2024) is 4.80 years.

¹ The amortization amounts prior to June 30, 2024 have been omitted from this schedule. These amounts can be found in prior years' GASB 68 reports.

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Differences between Projected and Actual Earnings on Pension Plan Investments *Recognition by Reporting Date for Employer as of June 30*

Reporting Date for Employer as of June 30	Total Change	Recognition Period	2024	2025	2026	2027	2028	2029	Thereafter
2019 ¹	\$(280,142,210)	5.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2020 ¹	240,672,541	5.00	48,134,509	0	0	0	0	0	0
2021 ¹	778,913,781	5.00	155,782,756	155,782,757	0	0	0	0	0
2022 ¹	(3,230,543,839)	5.00	(646,108,768)	(646,108,768)	(646,108,767)	0	0	0	0
2023 ¹	2,873,020,890	5.00	574,604,178	574,604,178	574,604,178	574,604,178	0	0	0
2024	(59,910,868)	5.00	(11,982,174)	(11,982,174)	(11,982,174)	(11,982,174)	(11,982,172)	0	0
2025	(234,571,276)	5.00	N/A	(46,914,255)	(46,914,255)	(46,914,255)	(46,914,255)	(46,914,256)	0
Total	N/A	N/A	\$120,430,501	\$25,381,738	\$(130,401,018)	\$515,707,749	\$(58,896,427)	\$(46,914,256)	\$0

The differences between projected and actual earnings on pension plan investments are recognized over a five-year period per Paragraph 33b. of GASB 68.

¹ The amortization amounts prior to June 30, 2024 have been omitted from this schedule. These amounts can be found in prior years' GASB 68 reports

Section 2: GASB 68 Information

Total Increase (Decrease) in Pension Expense *Recognition by Reporting Date for Employer as of June 30*

Reporting Date for Employer as of June 30	Total Change	Recognition Period	2024	2025	2026	2027	2028	2029	Thereafter
2019 ¹	\$347,799,357	N/A	\$28,760,682	\$0	\$0	\$0	\$0	\$0	\$0
2020 ¹	194,637,298	N/A	39,149,762	0	0	0	0	0	0
2021 ¹	1,617,817,802	N/A	323,899,795	322,218,622	0	0	0	0	0
2022 ¹	(3,420,365,653)	N/A	(683,771,826)	(683,771,826)	(683,771,825)	(1,506,524)	0	0	0
2023 ¹	2,806,848,594	N/A	560,903,910	560,903,910	560,903,910	563,232,954	0	0	0
2024	296,559,933	N/A	63,862,677	63,862,677	63,862,677	63,862,677	41,109,225	0	0
2025	7,863,020	N/A	N/A	3,592,890	3,592,890	3,592,890	3,592,890	(6,508,540)	0
Total	N/A	N/A	\$332,805,000	\$266,806,273	\$(55,412,348)	\$629,181,997	\$44,702,115	\$(6,508,540)	\$0

¹ The amortization amounts prior to June 30, 2024 have been omitted from this schedule. These amounts can be found in prior years' GASB 68 reports.

Section 2: GASB 68 Information

Exhibit 11 – Schedule of recognition of changes in proportionate share

In addition to the amounts shown in *Section 2, Exhibit 10 – Schedule of recognition of changes in Net Pension Liability*, there are changes in each employer's proportionate share of the total NPL during the measurement period ending on June 30, 2024.

The net effect of the change in the employer's proportionate share of the collective NPL and collective deferred outflows of resources and deferred inflows of resources along with the difference between the actual employer contributions and the proportionate share of the employer contributions is recognized over the average of the expected remaining service lives of all employees that are provided with pensions through LACERS as shown earlier.

The scheduled increase/(decrease) in pension expense due to the change in proportion and difference in employer contributions during the measurement period ending June 30, 2024 is shown in the following table, with the corresponding amount for the measurement periods ending each June 30 beginning in 2018 shown on the following pages. While these amounts are different for each employer category, they sum to zero over the entire LACERS.

Change in Proportion and Difference in Employer Contributions for the Year Ended June 30, 2024

Recognition by Reporting Date for Employer as of June 30

Employer Category	Total Change to be Recognized	Recognition Period	2025	2026	2027	2028	2029	2030
City	\$38,380,492	4.80	\$7,995,936	\$7,995,936	\$7,995,936	\$7,995,936	\$6,396,748	\$0
Airports	(31,236,879)	4.80	(6,507,683)	(6,507,683)	(6,507,683)	(6,507,683)	(5,206,147)	0
Harbor	(7,143,613)	4.80	(1,488,253)	(1,488,253)	(1,488,253)	(1,488,253)	(1,190,601)	0
Total	\$0	N/A	\$0	\$0	\$0	\$0	\$0	\$0

Change in Proportion and Difference in Employer Contributions for the Year Ended June 30, 2023

Recognition by Reporting Date for Employer as of June 30

Employer Category	Total Change to be Recognized	Recognition Period	2024	2025	2026	2027	2028	2029
City	\$53,674,179	4.70	\$11,420,039	\$11,420,039	\$11,420,039	\$11,420,039	\$7,994,023	\$0
Airports	(46,298,927)	4.70	(9,850,836)	(9,850,836)	(9,850,836)	(9,850,836)	(6,895,583)	0
Harbor	(7,375,252)	4.70	(1,569,203)	(1,569,203)	(1,569,203)	(1,569,203)	(1,098,440)	0
Total	\$0	N/A	\$0	\$0	\$0	\$0	\$0	\$0

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Change in Proportion and Difference in Employer Contributions for the Year Ended June 30, 2022 *Recognition by Reporting Date for Employer as of June 30*

Employer Category	Total Change to be Recognized	Recognition Period	2023	2024	2025	2026	2027	2028
City	\$1,397,671	4.83	\$289,373	\$289,373	\$289,373	\$289,373	\$240,179	\$0
Airports	214,656	4.83	44,442	44,442	44,442	44,442	36,888	0
Harbor	(1,612,327)	4.83	(333,815)	(333,815)	(333,815)	(333,815)	(277,067)	0
Total	\$0	N/A	\$0	\$0	\$0	\$0	\$0	\$0

Change in Proportion and Difference in Employer Contributions for the Year Ended June 30, 2021 *Recognition by Reporting Date for Employer as of June 30*

Employer Category	Total Change to be Recognized	Recognition Period	2022	2023	2024	2025	2026	2027
City	\$46,817,325	5.04	\$9,289,152	\$9,289,152	\$9,289,152	\$9,289,152	\$9,289,152	\$371,565
Airports	(57,708,181)	5.04	(11,450,036)	(11,450,036)	(11,450,036)	(11,450,036)	(11,450,036)	(458,001)
Harbor	10,890,856	5.04	2,160,884	2,160,884	2,160,884	2,160,884	2,160,884	86,436
Total	\$0	N/A	\$0	\$0	\$0	\$0	\$0	\$0

Change in Proportion and Difference in Employer Contributions for the Year Ended June 30, 2020 *Recognition by Reporting Date for Employer as of June 30*

Employer Category	Total Change to be Recognized	Recognition Period	2021	2022	2023	2024	2025	2026
City	\$16,194,330	4.99	\$3,245,357	\$3,245,357	\$3,245,357	\$3,245,357	\$3,212,902	\$0
Airports	(15,153,337)	4.99	(3,036,741)	(3,036,741)	(3,036,741)	(3,036,741)	(3,006,373)	0
Harbor	(1,040,993)	4.99	(208,616)	(208,616)	(208,616)	(208,616)	(206,529)	0
Total	\$0	N/A	\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GASB 68 Information

Change in Proportion and Difference in Employer Contributions for the Year Ended June 30, 2019 *Recognition by Reporting Date for Employer as of June 30*

Employer Category	Total Change to be Recognized	Recognition Period	2020	2021	2022	2023	2024	2025
City	\$6,255,065	4.97	\$1,258,565	\$1,258,565	\$1,258,565	\$1,258,565	\$1,220,805	\$0
Airports	(1,956,330)	4.97	(393,628)	(393,628)	(393,628)	(393,628)	(381,818)	0
Harbor	(4,298,735)	4.97	(864,937)	(864,937)	(864,937)	(864,937)	(838,987)	0
Total	\$0	N/A	\$0	\$0	\$0	\$0	\$0	\$0

Change in Proportion and Difference in Employer Contributions for the Year Ended June 30, 2018 *Recognition by Reporting Date for Employer as of June 30*

Employer Category	Total Change to be Recognized	Recognition Period	2019	2020	2021	2022	2023	2024
City	\$2,552,476	5.24	\$487,113	\$487,113	\$487,113	\$487,113	\$487,113	\$116,911
Airports	2,757,695	5.24	526,278	526,278	526,278	526,278	526,278	126,305
Harbor	(5,310,171)	5.24	(1,013,391)	(1,013,391)	(1,013,391)	(1,013,391)	(1,013,391)	(243,216)
Total	\$0	N/A	\$0	\$0	\$0	\$0	\$0	\$0

Section 3: Actuarial Valuation Basis

The following presents the actuarial assumptions and methods used in the June 30, 2024 measurement date for employer reporting as of June 30, 2025.

Actuarial assumptions

Rationale for assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2019 through June 30, 2022 Actuarial Experience Study dated June 21, 2023. Unless otherwise noted, all actuarial assumptions and methods shown below apply to both Tier 1 and Tier 3 members. These assumptions have been adopted by the Board.

Net investment return

7.00%; net of investment expenses.

Employee contribution crediting rate

Based on average of 5-year Treasury note rate. An assumption of 2.50% is used to approximate that crediting rate in this valuation.

Cost-of-Living Adjustment (COLA)

Retiree COLA increases of 2.75% per year for Tier 1 and 2.00% per year for Tier 3. For Tier 1 members with COLA banks, withdrawals from the bank are assumed to increase the retiree COLA up to 3.00% per year until their COLA banks are exhausted.

Payroll growth

Inflation of 2.50% per year plus real “across the board” salary increases of 0.50% per year, used to amortize the UAAL as a level percentage of payroll.

Increase in Internal Revenue Code Section 401(a)(17) compensation limit

Increase of 2.50% per year from the valuation date.

Section 3: Actuarial Valuation Basis

Salary increases

The annual rate of compensation increase includes:

- Inflation at 2.50%, plus
- “Across-the-board” salary increase of 0.50% per year, plus
- Merit and promotion increase based on years of service:

Merit and Promotion Increases (%)

Years of Service	Rate
Less than 1	6.00
1–2	5.90
2–3	5.40
3–4	4.20
4–5	3.50
5–6	2.80
6–7	2.50
7–8	2.10
8–9	1.80
9–10	1.60
10–11	1.50
11–12	1.40
12–13	1.30
13–14	1.20
14–15	1.10
15 and over	1.00

Section 3: Actuarial Valuation Basis

Post-retirement mortality rates

The Pub-2010 mortality tables and adjustments as shown below reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Healthy

Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Disabled

Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiary

- **Beneficiaries not currently in pay status**
 - Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
- **Beneficiaries currently in pay status**
 - Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and increased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Pre-retirement mortality rates

Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Section 3: Actuarial Valuation Basis

Pre-Retirement Mortality Rates (%) — Before Generational Projection from 2010

Age	Male	Female
20	0.04	0.01
25	0.03	0.01
30	0.03	0.01
35	0.05	0.02
40	0.06	0.04
45	0.09	0.06
50	0.14	0.08
55	0.21	0.12
60	0.30	0.19
65	0.45	0.30

Generational projections beyond the base year (2010) are not reflected in the above mortality rates.

For Tier 1 Enhanced, 100% of pre-retirement death benefits are assumed to be service-connected.

Section 3: Actuarial Valuation Basis

Disability incidence

Disability Incidence Rates (%)

Age	Rate
25	0.01
30	0.02
35	0.03
40	0.05
45	0.10
50	0.14
55	0.15
60	0.16
65	0.20

For Tier 1 Enhanced, 90% of disability retirements are assumed to be service-connected with service-connected disability benefits based on years of service, as follows:

Service-connected Disability Benefits

Years of Service	Benefit
Less than 20	55% of Final Average Monthly Compensation
20–30	65% of Final Average Monthly Compensation
More than 30	75% of Final Average Monthly Compensation

For Tier 1 Enhanced, 10% of disability retirements are assumed to be nonservice-connected with nonservice-connected disability benefits equal to 40% of Final Average Monthly Compensation.

Section 3: Actuarial Valuation Basis

Termination

Termination Rates (%)

Years of Service	Rate
Less than 1	10.50
1–2	10.00
2–3	9.00
3–4	7.75
4–5	6.25
5–6	5.25
6–7	5.00
7–8	4.75
8–9	4.50
9–10	4.25
10–11	4.00
11–12	3.75
12–13	3.50
13–14	3.00
14–15	2.75
15 and over	2.50

No termination is assumed after a member is eligible for retirement (as long as a retirement rate is present).

Section 3: Actuarial Valuation Basis

Retirement rates

Retirement Rates (%)

Age	Tier 1: Non-55/30	Tier 1: 55/30	Tier 1 Enhanced: Non-55/30	Tier 1 Enhanced: 55/30	Tier 3: Non-55/30	Tier 3: 55/30
50	5.0	0.0	6.0	0.0	5.0	0.0
51	3.0	0.0	5.0	0.0	3.0	0.0
52	3.0	0.0	5.0	0.0	3.0	0.0
53	3.0	0.0	5.0	0.0	3.0	0.0
54	18.0	0.0	18.0	0.0	17.0	0.0
55	6.0	27.0	10.0	30.0	0.0 ¹	26.0
56	6.0	18.0	10.0	22.0	0.0 ¹	17.0
57	6.0	18.0	10.0	22.0	0.0 ¹	17.0
58	6.0	18.0	10.0	22.0	0.0 ¹	17.0
59	6.0	18.0	10.0	22.0	0.0 ¹	17.0
60	9.0	18.0	11.0	22.0	8.0	17.0
61	9.0	18.0	11.0	22.0	8.0	17.0
62	9.0	18.0	11.0	22.0	8.0	17.0
63	9.0	18.0	11.0	22.0	8.0	17.0
64	9.0	18.0	11.0	22.0	8.0	17.0
65	16.0	21.0	20.0	26.0	15.0	20.0
66	16.0	21.0	20.0	26.0	15.0	20.0
67	16.0	21.0	20.0	26.0	15.0	20.0
68	16.0	21.0	20.0	26.0	15.0	20.0
69	16.0	21.0	20.0	26.0	15.0	20.0
70 and over	100.0	100.0	100.0	100.0	100.0	100.0

¹ Not eligible to retire under the provisions of the Tier 3 plan at these ages with less than 30 years of service. If a member has at least 30 years of service at these ages, they would be subject to the "55/30" rates.

Section 3: Actuarial Valuation Basis

Retirement age and benefit for inactive members

Pension benefit paid at the later of age 60 or the current attained age for members retiring from deferred status and at the later of age 59 and the current attained age for members retiring from reciprocal status. For reciprocals, 4.00% compensation increases per annum.

Other reciprocal service

5% of future inactive members will work at a reciprocal system.

Service

Benefit service is used for benefit calculation purposes. For eligibility determination purposes, employment service is used for currently active members and vesting service is used for currently inactive members.

Future benefit accruals

1.0 year of service credit per year.

Unknown data for members

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.

Form of payment

All active and inactive Tier 1 and Tier 3 members who are assumed to be married or with domestic partners at retirement are assumed to elect the 50% Joint and Survivor Cash Refund Annuity. For Tier 1 Enhanced, the continuance percentage is 70% for service retirement and nonservice-connected disability, and 80% for service-connected disability. Those members who are assumed to be un-married or without domestic partners are assumed to elect the Single Cash Refund Annuity.

Percent married/domestic partner

For all active and inactive members, 76% of male participants and 52% of female participants are assumed to be married or with domestic partner at pre-retirement death or retirement.

Section 3: Actuarial Valuation Basis

Age and gender of spouse

For all active and inactive members, male members are assumed to have a female spouse who is 3 years younger than the member and female members are assumed to have a male spouse who is 2 years older than the member.

Actuarial methods

Actuarial cost method

Entry Age Cost Method, level percent of salary. Entry age is calculated as age on the valuation date minus years of benefit service rounded down to the number of completed years. Both the normal cost and the actuarial accrued liability are calculated on an individual basis.

Expected remaining service lives

The average of the expected service lives of all employees is determined by:

1. Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
2. Setting the remaining service life to zero for each nonactive or retired member.
3. Dividing the sum of the above amounts by the total number of active, nonactive and retired members.

Justification for change in actuarial assumptions or methods

There have been no changes in actuarial assumptions or methods since the prior valuation.

Appendix A: Projection of Plan Fiduciary Net Position

Projection of Plan Fiduciary Net Position for use in the Calculation of Discount Rate
as of June 30, 2024 (\$ in millions)

Year Beginning July 1	Beginning Plan Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Administrative Expenses (d)	Investment Earnings (e)	Ending Plan Fiduciary Net Position (a) + (b) – (c) – (d) + (e)
2023	\$17,953	\$990	\$1,270	\$32	\$1,503	\$19,144
2024	19,144	1,044	1,486	35	1,317	19,985
2025	19,985	1,059	1,466	36	1,378	20,920
2026	20,920	1,071	1,532	38	1,441	21,861
2027	21,861	1,073	1,600	40	1,504	22,799
2028	22,799	1,102	1,665	41	1,568	23,763
2029	23,763	1,139	1,733	43	1,634	24,761
2030	24,761	1,173	1,808	45	1,702	25,783
2031	25,783	1,221	1,883	47	1,772	26,847
2032	26,847	1,247	1,961	49	1,845	27,929
2050	34,248	211	2,895	62	2,290	33,792
2051	33,792	200 ¹	2,919	61	2,256	33,269
2052	33,269	189 ¹	2,940	60	2,218	32,676
2053	32,676	177 ¹	2,956	59	2,176	32,014
2116	1	0 ^{1,2}	1	0	0	1
2117	1	0 ^{1,2}	0 ²	0	0	0
2118	0	0 ^{1,2}	0 ²	0	0	0
2119	0	0 ^{1,2}	0 ²	0	0	0
2120	0	0 ^{1,2}	0 ²	0	0	0
2121	0	0 ^{1,2}	0 ²	0	0	0
2122	0	0 ^{1,2}	0 ²	0	0	0

Note that in preparing the above projections, we have not taken into consideration the one-year delay between the date of the contribution rate calculation and the implementation.

¹ Mainly attributable to employer contributions to fund each year's annual administrative expenses.

² Less than \$1 million, when rounded.

Appendix A: Projection of Plan Fiduciary Net Position

Notes

1. Amounts may not total exactly due to rounding.
2. Amounts shown in the year beginning July 1, 2023 row are actual amounts, based on the unaudited financial statements provided by LACERS.
3. Various years have been omitted from this table.
4. **Column (a):** None of the Plan FNP amounts shown have been adjusted for the time value of money.
5. **Column (b):** Projected total contributions include member and employer normal cost contributions based on closed group projections (based on covered active members as of June 30, 2024); plus employer contributions to the UAAL, plus employer contributions to fund each year's annual administrative expenses reflecting a 15-year amortization schedule. Contributions are assumed to occur halfway through the year, on average.
6. **Column (c):** Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive and retired members and beneficiaries as of June 30, 2024. The projected benefit payments reflect the cost-of-living increase assumptions used in the June 30, 2024 funding valuation report. Benefit payments are assumed to occur halfway through the year, on average.
7. **Column (d):** Projected administrative expenses are calculated as approximately 0.18% of the beginning Plan FNP. The 0.18% was based on the actual fiscal year 2023-2024 administrative expenses as a percentage of the beginning Plan FNP as of July 1, 2023. Administrative expenses are assumed to occur halfway through the year, on average.
8. **Column (e):** Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum and reflect the assumed timing of cashflows, as noted above.
9. As illustrated in this appendix, the Plan FNP was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected "cross-over date" when projected benefits are **not** covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the TPL as of June 30, 2024 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

Appendix B: Definition of Terms

Definitions of certain terms as they are used in GASB Statement No. 68. The terms may have different meanings in other contexts.

Term	Definition
Active employees	Individuals employed at the end of the reporting or measurement period, as applicable.
Actual contributions	Cash contributions recognized as additions to the Plan Fiduciary Net Position.
Actuarial present value of projected benefit payments	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial valuation	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial valuation date	The date as of which an actuarial valuation is performed.
Actuarially determined contribution	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Ad hoc cost-of-living adjustments (Ad Hoc COLAs)	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad hoc postemployment benefit changes	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Agent employer	An employer whose employees are provided with pensions through an agent multiple-employer defined benefit pension plan.
Agent multiple-employer defined benefit pension plan (agent pension plan)	A multiple-employer defined benefit pension plan in which pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
Automatic cost-of-living adjustments (Automatic COLAs)	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Automatic postemployment benefit changes	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Appendix B: Definition of Terms

Term	Definition
Closed period	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.
Collective deferred outflows of resources and deferred inflows of resources related to pensions	Deferred outflows of resources and deferred inflows of resources related to pensions arising from certain changes in the collective Net Pension Liability.
Collective Net Pension Liability	The Net Pension Liability for benefits provided through (1) a cost-sharing pension plan or (2) a single-employer or agent pension plan in circumstances in which there is a special funding situation.
Collective pension expense	Pension expense arising from certain changes in the collective Net Pension Liability.
Contributions	Additions to the Plan Fiduciary Net Position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.
Cost-of-living adjustments	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-sharing employer	An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan.
Cost-sharing multiple employer defined benefit pension plan (Cost-sharing pension plan)	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered payroll	Payroll on which contributions to the pension plan are based.
Deferred retirement option program (DROP)	A program that permits an employee to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the pensions that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit pension plan until the end of the DROP period.
Defined benefit pension plans	Pension plans that are used to provide defined benefit pensions.
Defined benefit pensions	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of GASB Statement No. 68.)
Defined contribution pension plans	Pension plans that are used to provide defined contribution pensions.

Appendix B: Definition of Terms

Term	Definition
Defined contribution pensions	<p>Pensions having terms that:</p> <ol style="list-style-type: none"> 1. Provide an individual account for each employee; 2. Define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and 3. Provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.
Discount rate	<p>The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:</p> <ol style="list-style-type: none"> 1. The actuarial present value of benefit payments projected to be made in future periods in which: <ol style="list-style-type: none"> a. The amount of the Plan Fiduciary Net Position is projected (under the requirements of GASB Statement No. 68) to be greater than the benefit payments that are projected to be made in that period, and b. Pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in 1., calculated using the municipal bond rate.
Entry age actuarial cost method	<p>A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.</p>
Inactive employees	<p>Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.</p>
Measurement period	<p>The period between the prior and the current measurement dates.</p>
Multiple-employer defined benefit pension plan	<p>A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.</p>
Net Pension Liability (NPL)	<p>The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.</p>

Appendix B: Definition of Terms

Term	Definition
Non-employer contributing entities	Entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities.
Other postemployment benefits	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension plans	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan members	Individuals that are covered under the terms of a pension plan. Plan members generally include: <ol style="list-style-type: none"> 1. Employees in active service (active plan members), and 2. Terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment	The period after employment.
Postemployment benefit changes	Adjustments to the pension of an inactive employee.
Postemployment healthcare benefits	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected benefit payments	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public employee retirement system	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real rate of return	The rate of return on an investment after adjustment to eliminate inflation.
Service costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single employer	An employer whose employees are provided with pensions through a single-employer defined benefit pension plan.
Single-employer defined benefit pension plan (Single-employer pension plan)	A defined benefit pension plan that is used to provide pensions to employees of only one employer.

Appendix B: Definition of Terms

Term	Definition
Special funding situations	<p>Circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either of the following conditions exists:</p> <ol style="list-style-type: none">1. The amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the pensions.2. The non-employer entity is the only entity with a legal obligation to make contributions directly to a pension plan.
Termination benefits	<p>Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.</p>
Total Pension Liability (TPL)	<p>The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB Statement No. 68.</p>

5938935v7/05806.008

Board Meeting: 10/14/25
Item: III-C
Attachment: 2

Los Angeles City Employees' Retirement System (LACERS)

**Governmental Accounting Standards Board (GASB) Statement No. 75
Actuarial Valuation and Review of Other Postemployment Benefits (OPEB)
measured as of June 30, 2024
For Employer Reporting as of June 30, 2025**

This valuation report should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan.

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May 13, 2025

Board of Administration
Los Angeles City Employees' Retirement System
977 N. Broadway
Los Angeles, CA 90012-1728

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 75 (GASB 75) Actuarial Valuation based on a June 30, 2024 measurement date for employer reporting as of June 30, 2025. It contains various information that will need to be disclosed in order for the three employer categories in LACERS (i.e., the City, Airports, and Harbor) to comply with GASB 75.

This report has been prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist the sponsors in preparing their financial report for their liabilities associated with the LACERS Other Postemployment Benefits (OPEB) plan. The census and financial information on which our calculations were based was provided by LACERS. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Andy Yeung ASA, MAAA, FCA, EA and Mehdi Riazi, FSA, MAAA, FCA, EA. The health care trend and other related medical assumptions have been reviewed by Mary P. Kirby, FSA, MAAA, FCA. We are members of the American Academy of Actuaries and we collectively meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the Plan and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

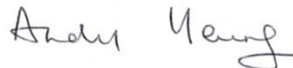
Segal



Todd Tauzer, FSA, MAAA, FCA, CERA
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Section 1: Actuarial Valuation Summary

Purpose and basis

This report presents the results of our actuarial valuation of the Los Angeles City Employees' Retirement System ("LACERS") OPEB plan based on June 30, 2024 measurement date for employer reporting as of June 30, 2025, required by Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. This valuation is based on:

- The benefit provisions of the OPEB Plan, as administered by the Board of Administration;
- The characteristics of covered active members, inactive vested members, and retired members and surviving spouses as of June 30, 2024, provided by LACERS;
- The assets of the Plan as of June 30, 2024, provided by LACERS;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other (health and non-health) actuarial assumptions, regarding employee terminations, retirement, death, health care trend and enrollment, etc. that the Board has adopted for the June 30, 2024 valuation.

General observations on GASB 75 actuarial valuation

1. The Governmental Accounting Standards Board (GASB) rules only define OPEB liability and expense for financial reporting purposes, and do not apply to contribution amounts for OPEB funding purposes. Employers and plans still develop and adopt funding policies under current practices.
2. When measuring OPEB liability, GASB uses the same actuarial cost method (Entry Age) and, for benefits that are being fully funded on an actuarial basis, the same expected return on Plan assets as used for funding. This means that the Total OPEB Liability (TOL) measure for financial reporting shown in this report is determined on the same basis as the Actuarial Accrued Liability (AAL) measure for funding. We note that the same is true for the Normal Cost component of the annual plan cost for funding and financial reporting.
3. The Net OPEB Liability (NOL) is equal to the difference between the TOL and the Plan Fiduciary Net Position. The Plan Fiduciary Net Position is equal to the fair value of assets and therefore, the NOL measure is the same as the Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis. The NOL reflects all investment gains and losses as of the

Section 1: Actuarial Valuation Summary

measurement date. This is different from the UAAL calculated on an actuarial value of assets basis in the funding valuation that reflects investment gains and losses over a seven-year period.

Highlights of the valuation

1. For this report, the reporting dates for the employer are June 30, 2025 and 2024. The Net OPEB Liability (NOL) was measured as of June 30, 2024 and 2023, and determined based upon the results of the actuarial valuations as of June 30, 2024 and 2023, respectively. The Plan Fiduciary Net Position (plan assets) and the Total OPEB Liability (TOL) were valued as of the measurement dates. Consistent with the provisions of GASB 75, the assets and liabilities measured as of June 30, 2024 and 2023 were not adjusted or rolled forward to the June 30, 2025 and 2024 reporting dates, respectively.
2. The NOL has decreased from a surplus of \$(135.3) million as of June 30, 2023 to a surplus of \$(226.0) million as of June 30, 2024. The NOL decrease was mainly due to the overall 2025 premiums, underlying claims estimates and subsidy levels being lower than expected, contributions made by the City, and investment gain from actual returns of about 9.09% (compared to the expected investment rate return of 7.00%). These reductions in NOL were partially offset by the impact of updating the healthcare trend assumptions. The updates to the trend assumptions were mainly due to higher trend expectations for prescription drugs and Part B premium increases.
3. There was a decrease in the total employer OPEB expense from \$(1.8) million, an OPEB income, calculated last year to an OPEB income of \$(43.7) million calculated this year. The decrease was driven by a combination of (1) the new amortization bases related to this year's favorable investment and demographic experience, (2) the expiration of amortization bases related to prior deferred outflows, and (3) a larger credit from projected earnings on beginning of year plan investments. A breakdown of the OPEB expenses for this year and last year can be found in *Section 2, OPEB Expense* on page 31.
4. The investment return calculated for the OPEB Plan was 9.09% (net of investment expenses only). This is higher than the 8.29% investment return calculated for the Retirement Plan.¹ Both of these returns have been calculated by Segal on a dollar-weighted basis taking into account the beginning of year assets, contributions, and benefit cash flows made during the year. In backing into a rate of return using actual investment income and investment expense as provided by LACERS, we sometimes could come up with a different return for the two Plans if: (a) the timing of the actual cash flows (especially the benefit payments) are different from what we assumed and/or (b) the actual income and expense allocated are different when compared to the proportion of the assets in the two Plans.
5. The discount rates used in the valuations for financial disclosure purposes as of June 30, 2024 and 2023 are the assumed investment returns on Plan assets (i.e. 7.00% for the funding valuations as of the same dates). As contributions that are required

¹ We note that for the June 30, 2023 valuation, the investment return calculated for the OPEB Plan was 8.05% while the investment return calculated for the Retirement plan was 7.35%.

Section 1: Actuarial Valuation Summary

to be made by the City to amortize the Unfunded Actuarial Accrued Liability in the funding valuation are determined on an actuarial basis, the future Actuarially Determined Contributions and current Plan assets, when projected in accordance with the method prescribed by GASB 75, are expected to be sufficient to make all benefit payments to current members.

6. The NOLs for the three employer categories in LACERS (i.e., the City, Airports, and Harbor) as of June 30, 2023 and June 30, 2024 are allocated based on the actual employer contributions made during 2022/2023 and 2023/2024, respectively.
7. Results shown in this report exclude any employer contributions made after the measurement date of June 30, 2024. Employers should consult with their auditors to determine any deferred outflow that should be created for these contributions.

Section 1: Actuarial Valuation Summary

Summary of key valuation results¹

Valuation Result	Current	Prior
Reporting date for employer under GASB 75	June 30, 2025 ²	June 30, 2024 ³
Measurement date	June 30, 2024	June 30, 2023
Disclosure elements for fiscal year ending June 30:		
Total OPEB Liability	\$3,570,147,657	\$3,405,088,528
Plan Fiduciary Net Position (Assets)	3,796,164,817	3,540,386,112
Net OPEB Liability	(226,017,160)	(135,297,584)
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	106.33%	103.97%
OPEB expense	(43,678,612)	(1,782,984)
Service cost at beginning of year ⁴	96,467,041	81,027,749
Schedule of contributions for fiscal year ending June 30:		
Actuarially Determined Contributions	\$97,093,393	\$90,580,892
Actual contributions	97,093,393	90,580,892
Contribution deficiency / (excess)	0	0
Demographic data for plan year ending June 30:		
Number of retired members or beneficiaries currently receiving benefits ⁵	17,909	17,759
Number of vested terminated members entitled to but not yet receiving benefits	1,651	1,617
Number of retired members and surviving spouses entitled but not yet eligible for health benefits	113	132
Number of active members	26,782	25,875

¹ The assets and liabilities throughout this report are for the OPEB Plan only, and exclude amounts for the Retirement, Family Death benefit and Larger Annuity Plans.

² The reporting date and measurement date for the Plan are June 30, 2024.

³ The reporting date and measurement date for the Plan are June 30, 2023.

⁴ The service cost is based on the previous year's valuation, meaning the June 30, 2024 and 2023 measurement date values are based on the valuations as of June 30, 2023 and June 30, 2022, respectively.

⁵ The total number of participants, including married dependents, receiving benefits is 23,769 as of June 30, 2024 and 23,696 as of June 30, 2023.

Section 1: Actuarial Valuation Summary

Valuation Result	Current	Prior
Key assumptions as of June 30		
Discount rate	7.00%	7.00%
Health care premium trend rates		
<ul style="list-style-type: none"> Non-Medicare medical plans 	Actual premium increase in first year, then graded from 7.37% to ultimate 4.50% over 12 years	Actual premium increase in first year, then graded from 7.12% to ultimate 4.50% over 11 years
<ul style="list-style-type: none"> Medicare medical plans 	Actual premium increase in first year, then 3.76%, then graded from 6.87% to ultimate 4.50% over 10 years	Actual premium increase in first year, then graded from 6.37% to ultimate 4.50% over 8 years
<ul style="list-style-type: none"> Dental 	Actual premium increase in first year, then 3.00%	Actual premium increase in first year, then 3.00%
<ul style="list-style-type: none"> Medicare Part B 	Actual premium increase in the first year then 6.20% for the following 9 years, then graded down to ultimate 4.50% over 6 years	Actual premium increase in first year, then 4.50%

Note to footnote 4 from prior page

The June 30, 2023 service cost has been calculated using the following assumptions as of June 30, 2022:

- Discount Rate: 7.00%
- Health care premium trend rates
 - Non-Medicare medical plan Actual premium increase in first year, then graded from 7.12% to ultimate 4.50% over 11 years
 - Medicare medical plan Actual premium increase in first year, then graded from 6.37% to ultimate 4.50% over 8 years
 - Dental 3.00%
 - Medicare Part B 4.50%

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to defining future uncertain obligations of a postretirement health plan. As such, it will never forecast the precise future stream of benefit payments. It is an estimated forecast – the actual cost of the plan will be determined by the benefits and expenses paid, not by the actuarial valuation.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for LACERS to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by LACERS. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	This valuation is based on the market value of assets as of the measurement date, as provided by LACERS.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Section 1: Actuarial Valuation Summary

Input Item	Description
Models	<p>Segal accounting results are based on proprietary actuarial modeling software. The accounting valuation models generate a comprehensive set of liability and cost calculations that are presented to meet accounting standards and client requirements. Our Actuarial Technology and Systems unit, comprising both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.</p> <p>The blended discount rate used for calculating Total OPEB Liability is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of Fiduciary Net Position and the discounting of benefits is part of the model.</p> <p>Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.</p>

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared for use by LACERS. It includes information for compliance with accounting standards and for the plan's auditor. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- If LACERS is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- Sections of this report include actuarial results that are not rounded, but that does not imply precision.
- Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results.

Section 1: Actuarial Valuation Summary

- Segal does not provide investment, legal, accounting, or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by LACERS upon delivery and review. LACERS should notify Segal immediately of any questions or concerns about the final content.

Section 2: GASB 75 Information

General information about the OPEB plan

Plan administration

The Los Angeles City Employees' Retirement System (LACERS) was established by City Charter in 1937. LACERS is a single employer public employee retirement system whose main function is to provide retirement benefits to the civilian employees of the City of Los Angeles.

Under the provisions of the City Charter, the Board of Administration (the "Board") has the responsibility and authority to administer the Plan and to invest its assets. The Board members serve as trustees and must act in the exclusive interest of the Plan's members and surviving spouses. The Board has seven members:

- Four members (one of whom shall be a retired member of the System) shall be appointed by the Mayor subject to the approval of the Council;
- Two members shall be active employee members of the System elected by the active employee members;
- One shall be a retired member of the System elected by the retired members of the System.

Plan membership

At June 30, 2024, OPEB plan membership consisted of the following:

Membership	Count
Retired members or surviving spouses currently receiving benefits ¹	17,909
Vested terminated members entitled to, but not yet receiving benefits	1,651
Retired members and surviving spouses entitled but not yet eligible for health benefits	113
Active members	26,782
Total	46,455

¹ The total number of participants, including married dependents, receiving benefits is 23,769.

Section 2: GASB 75 Information

Benefits provided.

LACERS provides benefits to eligible retirees and beneficiaries under the following terms and conditions.

Membership Eligibility:

Tier 1 (§4.1002(a))

All employees who became members of the System before July 1, 2013, and certain employees who became members of the System on or after July 1, 2013. In addition, pursuant to Ordinance No. 184134, all Tier 2 employees who became members of the System between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016.

Tier 3 (§4.1080.2(a))

All employees who became members of the System on or after February 21, 2016, except as provided otherwise in Section 4.1080.2(b) of the Los Angeles Administrative Code.

Benefit Eligibility:

Tier 1 (§4.1111(a)) and Tier 3 (§4.1126(a))

Retired age 55 or older with at least 10 years of service (including deferred vested members who terminate employment and receive a retirement benefit from LACERS), or if retirement date is between October 2, 1996, and September 30, 1999 at age 50 or older with at least 30 years of service. Benefits are also payable to spouses, domestic partners, or other qualified dependents while the retiree is alive. Please note that the health subsidy is not payable to a service or disabled retiree before the member reaches age 55.

Medical Subsidy for members not subject to Cap:

Under Age 65 or Over Age 65 Without Medicare Part A

Tier 1 (§4.1111(d)) and Tier 3 (§4.1126(c))

The System will pay 4% of the maximum health subsidy (limited to actual premium) for each year of Service Credit, up to 100% of the maximum health subsidy. As of July 1, 2024, the maximum health subsidy is \$2,187.58 per month and will be \$2,318.58 per month as of January 1, 2025. This amount includes coverage of dependent premium costs.

Section 2: GASB 75 Information

Over Age 65 and Enrolled in Both Medicare Parts A and B

Tier 1 (§4.1111(e)) and Tier 3 (§4.1126(d))

For retirees, a maximum health subsidy shall be paid in the amount of the single-party monthly premium of the approved Medicare supplemental or coordinated plan in which the retiree is enrolled, subject to the following vesting schedule:

Completed Years of Service	Vested Percentage
10 – 14	75%
15 – 19	90%
20+	100%

Subsidy Cap for Tier 1:

(§4.1111(b))

As of the June 30, 2011 valuation, the retiree health benefits program was changed to cap the medical subsidy for non-retired members who do not contribute an additional 4.00% or 4.50% of employee contributions to the Pension Plan.

The capped subsidy is different for Medicare and non-Medicare retirees.

The cap applies to the medical subsidy limits at the 2011 calendar year level.

The cap does not apply to the dental subsidy or the Medicare Part B premium reimbursement.

Dental Subsidy for members:

Tier 1 (§4.1111(b)) and Tier 3 (§4.1129(b))

The System will pay 4.00% of the maximum dental subsidy (limited to actual premium) for each year of Service Credit, up to 100% of the maximum dental subsidy. As of July 1, 2024, the maximum dental subsidy is \$42.93 per month and will remain unchanged for calendar year 2025.

There is no subsidy available to dental plan dependents or surviving spouses/domestic partners. There is also no reimbursement for dental plans not sponsored by the System.

Section 2: GASB 75 Information

Dependents:

Tier 1 (§4.1111(e)(4)) and Tier 3 (§4.1126(d)(4))

An additional amount is added for coverage of dependents which shall not exceed the amount provided to a retiree not enrolled in Medicare Parts A and B and covered by the same medical plan with the same years of service credit. The combined member and dependent subsidy shall not exceed the actual premium. This refers to dependents of retired members with Medicare Parts A and B. It does not apply to those without Medicare or Part B only.

Medicare Part B Reimbursement for members:

Tier 1 (§4.1113) and Tier 3 (§4.1128)

If a Retiree is eligible for a health subsidy, covered by both Medicare Parts A and B, and enrolled in a LACERS' medical plan or participates in the LACERS Retiree Medical Premium Reimbursement Program, LACERS will reimburse the retiree the basic Medicare Part B premium. LACERS does not reimburse survivors or dependents any part of their Medicare Part B premium.

Surviving Spouse Medical Subsidy:

Tier 1 (§4.1115) and Tier 3 (§4.1129.1)

The surviving spouse or domestic partner will be entitled to a health subsidy based on the member's years of service and the surviving dependent's eligibility for Medicare.

Under Age 65 or Over Age 65 Without Medicare Part A

The maximum health subsidy available for survivors is the lowest cost plan available (currently Kaiser) single-party premium (\$1,051.78 as of July 1, 2024 and will be \$1,117.28 per month as of January 1, 2025).

Over Age 65 and Enrolled in Both Medicare Parts A and B

For survivors, a maximum health subsidy limited to the single-party monthly premium of the plan in which the survivor is enrolled, is provided subject to the following vesting schedule:

Section 2: GASB 75 Information

Completed Years of Service	Vested Percentage
10–14	75%
15–19	90%
20+	100%

Note that a new Tier 1 Enhanced Plan providing a higher retirement benefit was adopted pursuant to Ordinance No. 184853. However, other than Segal applying higher retirement rate assumptions to anticipate somewhat earlier retirement, there are no differences between the retiree health benefits paid by LACERS to those members.

Section 2: GASB 75 Information

Net OPEB Liability

Component	Current	Prior
Reporting and Measurement Dates		
Reporting Date for Employer under GASB 75	June 30, 2025	June 30, 2024
Measurement Date	June 30, 2024	June 30, 2023
Components of the Total OPEB Liability		
Total OPEB Liability	\$3,570,147,657	\$3,405,088,528
Plan Fiduciary Net Position	(3,796,164,817)	(3,540,386,112)
Net OPEB Liability	\$(226,017,160)	\$(135,297,584)
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	106.33%	103.97%

The NOL was measured as of June 30, 2024 and 2023. The Plan Fiduciary Net Position was valued as of the measurement date, while the TOL was determined from actuarial valuations as of June 30, 2024 and 2023, respectively.

Plan provisions

The plan provisions used in the measurement of the NOL as of June 30, 2024 and 2023 are the same as those used in the LACERS funding valuations as of June 30, 2024 and 2023, respectively. We understand that there is a ballot measure approved by the voters allowing certain LACERS active members to be transferred to the Los Angeles Fire and Police Pension Plan so that those members would receive Safety benefits available under that Plan. However, as that measure has not been implemented as of the date of preparation of this report, we have not reflected the impact of the transfer in this report.

Actuarial assumptions

The TOL as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2024. The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an experience study for the period from July 1, 2019 through June 30, 2022 dated June 21, 2023 and retiree health assumptions letter dated September 18, 2024. They are the same as the assumptions used in the June 30, 2024 funding actuarial valuation for LACERS. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Section 2: GASB 75 Information

Assumption Type	Assumption
Inflation	2.50%
Salary increases	Ranges from 9.00% to 4.00% based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense and including inflation
Healthcare cost trend rates	
Non-Medicare medical plan	Actual premium increase in first year, then graded from 7.37% to ultimate 4.50% over 12 years
Medicare medical plan	Actual premium increase in first year, then 3.76% and then graded from 6.87% to ultimate 4.50% over 10 years
Dental/Vision	Actual premium increase in first year, then 3.00%
Medicare Part B	Actual premium increase in the first year then 6.20% for the following 9 years, then graded down to ultimate 4.50% over 6 years
Other assumptions	Same as those used in the June 30, 2024 funding valuation

Section 2: GASB 75 Information

Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2024, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2024 including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning with June 30, 2023, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation and applicable investment management expenses) are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2024 actuarial valuation. This information will change every three years based on the actuarial experience study.

Section 2: GASB 75 Information

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	15.00%	6.00%
Small/Mid Cap U.S. Equity	6.00%	6.65%
Developed International Large Cap Equity	15.00%	7.01%
Developed International Small Cap Equity	3.00%	7.34%
Emerging Markets Equity	6.67%	8.80%
Core Bonds	11.25%	1.97%
High Yield Bonds	1.50%	4.63%
Bank Loans	1.50%	4.07%
TIPS	3.60%	1.77%
Emerging Market External Debt	2.00%	4.72%
Emerging Market Local Currency Debt	2.00%	4.53%
Real Estate - Core	4.20%	3.86%
Cash & Equivalents	1.00%	0.63%
Private Equity	16.00%	9.84%
Private Credit (Private Debt)	5.75%	6.47%
Emerging Market Small-Cap Equity	1.33%	11.10%
REIT	1.40%	6.80%
Real Estate – Non Core	2.80%	5.40%
Total	100.00%	6.27%

A 7.00% discount rate was used to measure the TOL as of June 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the OPEB Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of both June 30, 2024 and June 30, 2023.

Section 2: GASB 75 Information

Sensitivity

The following presents the NOL of LACERS as well as what the NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate. Also, shown is the NOL as if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates.

Employer	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City	\$218,344,898	\$(194,323,384)	\$(535,265,721)
Airports	26,652,044	(23,719,881)	(65,336,657)
Harbor	8,959,597	(7,973,895)	(21,964,174)
Total for all Employer Categories	\$253,956,539	\$(226,017,160)	\$(622,566,552)

Employer	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates ¹	1% Increase in Health Care Cost Trend Rates
City	\$(569,230,801)	\$(194,323,384)	\$269,456,713
Airports	(69,482,569)	(23,719,881)	32,890,955
Harbor	(23,357,902)	(7,973,895)	11,056,927
Total for all Employer Categories	\$(662,071,272)	\$(226,017,160)	\$313,404,595

¹ Current trend rates: Actual premium increase in first year then 7.37% graded down to 4.50% over 12 years for Non-Medicare medical plan costs and actual premium increase in first year, then 3.76% and then graded from 6.87% to ultimate 4.50% over 10 years for Medicare medical plan costs. Actual premium increase in first year, then 3.00% thereafter for Dental. Actual premium increase in the first year then 6.20% for the following 9 years, then graded down to ultimate 4.50% over 6 years for Medicare Part B subsidy cost.

Section 2: GASB 75 Information

Schedule of changes in Net OPEB Liability

Components of the Net OPEB Liability	Current	Prior
Reporting and measurement dates		
Reporting date for employer under GASB 75	June 30, 2025	June 30, 2024
Measurement date	June 30, 2024	June 30, 2023
Total OPEB Liability		
Service cost ¹	\$96,467,041	\$81,027,749
Interest	239,772,144	250,837,724
Change of benefit terms	0	0
Differences between expected and actual experience	(38,374,265)	(12,047,528)
Changes of assumptions	22,295,905	(336,074,645)
Benefit payments, including refunds of member contributions	(155,101,696)	(159,351,060)
Net change in Total OPEB Liability	\$165,059,129	\$(175,607,760)
Total OPEB Liability – beginning	3,405,088,528	3,580,696,288
Total OPEB Liability – ending	\$3,570,147,657	\$3,405,088,528
Plan Fiduciary Net Position		
Contributions – employer	\$97,093,393	\$90,580,892
Contributions – employee	0	0
Net investment income ²	322,657,796	269,610,945
Benefit payments, including refunds of member contributions	(155,101,696)	(159,351,060)
Administrative expense	(8,870,788)	(8,226,015)
Net change in Plan Fiduciary Net Position	\$255,778,705	\$192,614,762
Plan Fiduciary Net Position – beginning	3,540,386,112	3,347,771,350
Plan Fiduciary Net Position – ending	\$3,796,164,817	\$3,540,386,112
Net OPEB Liability		
Net OPEB Liability – ending	\$(226,017,160)	\$(135,297,584)
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	106.33%	103.97%
Covered payroll ³	\$2,460,394,012	\$2,307,335,751
Plan Net OPEB Liability as percentage of covered payroll	-9.19%	-5.86%

¹ The service cost is based on the previous year's valuation, meaning the June 30, 2024 and 2023 measurement date values are based on the valuations as of June 30, 2023 and June 30, 2022, respectively.

² Includes building lease and other income.

³ Covered payroll is the payroll on which contributions to an OPEB plan are based.

Section 2: GASB 75 Information

Notes to Schedule:

Benefit changes: None.

Assumption changes: Updates were made to the valuation year starting costs and future trend rates. These changes increased the Total OPEB Liability.

Section 2: GASB 75 Information

Schedule of employer contributions – last ten fiscal years

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll ¹	Contributions as a Percentage of Covered Payroll
2015	\$100,466,945	\$100,466,945	\$0	\$1,835,637,409	5.47%
2016	105,983,112	105,983,112	0	1,876,946,179	5.65%
2017	97,457,455	97,457,455	0	1,973,048,633	4.94%
2018	100,909,010	100,909,010	0	2,057,565,478	4.90%
2019	107,926,949	107,926,949	0	2,108,171,088	5.12%
2020	112,136,429	112,136,429	0	2,271,038,575	4.94%
2021	103,454,114	103,454,114	0	2,276,768,292	4.54%
2022	91,622,720	91,622,720	0	2,155,005,471	4.25%
2023	90,580,892	90,580,892	0	2,307,335,751	3.93%
2024	97,093,393	97,093,393	0	2,460,394,012	3.95%

See accompanying notes to this schedule on next page.

¹ Covered payroll is the payroll on which contributions to an OPEB plan are based.

Section 2: GASB 75 Information

Methods and assumptions used to establish the actuarially determined contribution for year ended June 30, 2024

Valuation date

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported (the June 30, 2022 valuation sets the rates for the 2023–2024 fiscal year).

Actuarial cost method

Entry Age Cost Method (individual basis)

Amortization method

Level percent of payroll

Remaining amortization period

Multiple layers, closed amortization periods. The unfunded actuarial accrued liability as of June 30, 2020 is amortized over a fixed period of 21 years beginning June 30, 2021. Assumption changes resulting from the triennial experience study will be amortized over 20 years. Health trend and premium assumption changes, plan changes, and gains and losses will be amortized over 15 years. Any actuarial surplus is amortized over 30 years on an open (non-decreasing) basis.

Asset valuation method

Market value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets.

Section 2: GASB 75 Information

Actuarial assumptions

The actuarially determined contribution for the year ended June 30, 2024 is based on the results of LACERS' June 30, 2022 Actuarial Valuation of Other Postemployment Benefits.

Assumption Type	Assumptions Used in the June 30, 2022 Valuation
Investment rate of return	7.00%, net of administrative and investment expenses, including inflation
Inflation rate	2.75%
Real across-the-board salary increase	0.50%
Projected salary increases ¹	Ranges from 9.95% to 4.25% based on years of service, including inflation
Healthcare cost trend rates	
Non-Medicare medical plan	Actual premium increase in first year and then 7.12% graded to ultimate 4.50% over 11 years
Medicare medical plan	Actual premium increase in first year and then 6.37% graded to ultimate 4.50% over 8 years
Dental/Vision	3.00%
Medicare Part B	4.50%
Other assumptions	Same as those used in the June 30, 2022 funding valuation

¹ Includes inflation at 2.75% plus across the board salary increases of 0.50% plus merit and promotional increases.

Section 2: GASB 75 Information

Determination of proportionate share

Actual Employer Contributions by Employer Category July 1, 2022 to June 30, 2023

Employer	Contributions	Percentage ¹
City	\$77,345,321	85.388%
Airports	9,948,619	10.983%
Harbor	3,286,952	3.629%
Total for all Employers	\$90,580,892	100.000%

Allocation of June 30, 2023 Net OPEB Liability (NOL)

Employer	Contributions	Percentage
City	\$(115,528,064)	85.388%
Airports	(14,859,912)	10.983%
Harbor	(4,909,608)	3.629%
Total for all Employers	\$(135,297,584)	100.000%

Notes:

1. Based on the July 1, 2022 through June 30, 2023 employer contributions as provided by LACERS.
2. The Net OPEB Liability is the Total OPEB Liability minus the Plan Fiduciary Net Position (plan assets).
3. The NOL is allocated based on the actual contributions from each employer category. The steps used for the allocation are as follows:
 - a. First calculate the ratio of the contributions from the employer category to the total contributions.
 - b. Then multiply this ratio by the NOL to determine the employer category's proportionate share of the NOL.

¹ The unrounded percentages are used in the allocation of the NOL amongst employers.

Section 2: GASB 75 Information

Actual Employer Contributions by Employer Category July 1, 2023 to June 30, 2024

Employer	Contributions	Percentage ¹
City	\$83,478,248	85.977%
Airports	10,189,686	10.495%
Harbor	3,425,459	3.528%
Total for all Employers	\$97,093,393	100.000%

Allocation of June 30, 2024 Net OPEB Liability (NOL)

Employer	Contributions	Percentage
City	\$(194,323,384)	85.977%
Airports	(23,719,881)	10.495%
Harbor	(7,973,895)	3.528%
Total for all Employers	\$(226,017,160)	100.000%

Notes:

1. Based on the July 1, 2023 through June 30, 2024 employer contributions as provided by LACERS.
2. The Net OPEB Liability is the Total OPEB Liability minus the Plan Fiduciary Net Position (plan assets).
3. The NOL is allocated based on the actual contributions from each employer category. The steps used for the allocation are as follows:
 - a. First calculate the ratio of the contributions from the employer category to the total contributions.
 - b. Then multiply this ratio by the NOL to determine the employer category's proportionate share of the NOL.

¹ The unrounded percentages are used in the allocation of the NOL amongst employers.

Section 2: GASB 75 Information

For purposes of the above results, the reporting date for the employer under GASB 75 is June 30, 2025. The reporting date and measurement date for the Plan under GASB 74 are June 30, 2024. Consistent with the provisions of GASB 75, the assets and liabilities measured as of June 30, 2024 are not adjusted or rolled forward to the June 30, 2025 reporting date. Other results, such as the total deferred inflows and outflows would also be allocated based on the same proportionate shares determined above.

The following items are allocated based on the corresponding employer allocation percentage or proportionate share shown above within each tier.

1. Net OPEB Liability
2. Service cost
3. Interest on the Total OPEB Liability
4. Expensed portion of current-period benefit changes
5. Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability
6. Expensed portion of current-period changes of assumptions or other inputs
7. Member contributions
8. Projected earnings on plan investments
9. Expensed portion of current-period differences between actual and projected earnings on plan investments
10. Administrative expense
11. Recognition of beginning of year deferred outflows of resources as OPEB expense
12. Recognition of beginning of year deferred inflows of resources as OPEB expense

Section 2: GASB 75 Information

OPEB expense

Total for all employer categories

Components of OPEB expense	Current	Prior
Reporting and Measurement Dates		
Reporting date for employer under GASB 75	June 30, 2025	June 30, 2024
Measurement date	June 30, 2024	June 30, 2023
Components of OPEB Expense		
Service cost	\$96,467,041	\$81,027,749
Interest on the Total OPEB Liability	239,772,144	250,837,724
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
Current-period benefit changes	0	0
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	(6,100,837)	(1,971,772)
Expensed portion of current-period changes of assumptions or other inputs	3,544,659	(55,004,034)
Member contributions	0	0
Projected earnings on plan investments	(248,601,339)	(234,555,265)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(14,811,293)	(7,011,136)
Administrative expense	8,870,788	8,226,015
Other	0	0
Recognition of beginning of year deferred outflows of resources as OPEB expense	184,173,750	200,213,326
Recognition of beginning of year deferred inflows of resources as OPEB expense	(306,993,525)	(243,545,591)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	0	0
OPEB expense	\$(43,678,612)	\$(1,782,984)

Section 2: GASB 75 Information

City

Components of OPEB expense	Current	Prior
Reporting and Measurement Dates		
Reporting date for employer under GASB 75	June 30, 2025	June 30, 2024
Measurement date	June 30, 2024	June 30, 2023
Components of OPEB Expense		
Service cost	\$82,939,728	\$69,188,071
Interest on the Total OPEB Liability	206,149,542	214,185,617
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	254,209	572,872
Current-period benefit changes	0	0
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	(5,245,333)	(1,683,659)
Expensed portion of current-period changes of assumptions or other inputs	3,047,601	(46,966,910)
Member contributions	0	0
Projected earnings on plan investments	(213,740,643)	(200,282,331)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(12,734,345)	(5,986,678)
Administrative expense	7,626,861	7,024,040
Other	0	0
Recognition of beginning of year deferred outflows of resources as OPEB expense	158,347,561	170,958,396
Recognition of beginning of year deferred inflows of resources as OPEB expense	(263,944,649)	(207,959,002)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	2,395,721	2,058,798
OPEB expense	\$(34,903,747)	\$1,109,214

Section 2: GASB 75 Information

Airports

Components of OPEB expense	Current	Prior
Reporting and Measurement Dates		
Reporting date for employer under GASB 75	June 30, 2025	June 30, 2024
Measurement date	June 30, 2024	June 30, 2023
Components of OPEB Expense		
Service cost	\$10,123,952	\$8,899,385
Interest on the Total OPEB Liability	25,163,431	27,549,839
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(210,740)	(489,527)
Current-period benefit changes	0	0
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	(640,266)	(216,563)
Expensed portion of current-period changes of assumptions or other inputs	372,002	(6,041,166)
Member contributions	0	0
Projected earnings on plan investments	(26,090,030)	(25,761,515)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(1,554,405)	(770,042)
Administrative expense	930,965	903,474
Other	0	0
Recognition of beginning of year deferred outflows of resources as OPEB expense	19,328,531	21,989,694
Recognition of beginning of year deferred inflows of resources as OPEB expense	(32,218,131)	(26,748,934)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(2,262,428)	(1,921,947)
OPEB expense	\$(7,057,119)	\$(2,607,302)

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Harbor

Components of OPEB expense	Current	Prior
Reporting and Measurement Dates		
Reporting date for employer under GASB 75	June 30, 2025	June 30, 2024
Measurement date	June 30, 2024	June 30, 2023
Components of OPEB Expense		
Service cost	\$3,403,361	\$2,940,293
Interest on the Total OPEB Liability	8,459,171	9,102,268
Expensed portion of current-period changes in proportion and differences between employer's contributions and proportionate share of contributions	(43,469)	(83,345)
Current-period benefit changes	0	0
Expensed portion of current-period difference between expected and actual experience in the Total OPEB Liability	(215,238)	(71,550)
Expensed portion of current-period changes of assumptions or other inputs	125,056	(1,995,958)
Member contributions	0	0
Projected earnings on plan investments	(8,770,666)	(8,511,419)
Expensed portion of current-period differences between projected and actual earnings on plan investments	(522,543)	(254,416)
Administrative expense	312,962	298,501
Other	0	0
Recognition of beginning of year deferred outflows of resources as OPEB expense	6,497,658	7,265,236
Recognition of beginning of year deferred inflows of resources as OPEB expense	(10,830,745)	(8,837,655)
Net amortization of deferred amounts from changes in proportion and differences between employer's contributions and proportionate share of contributions	(133,293)	(136,851)
OPEB expense	\$(1,717,746)	\$(284,896)

Section 2: GASB 75 Information

Deferred outflows of resources and deferred inflows of resources

Total for all employer categories

Deferred outflows and inflows	Current	Prior
Reporting and Measurement Dates		
Reporting Date for Employer under GASB 75	June 30, 2025	June 30, 2024
Measurement Date	June 30, 2024	June 30, 2023
Deferred Outflows of Resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$7,030,468	\$8,382,953
Changes of assumptions or other inputs	39,237,046	48,650,401
Net difference between projected and actual earnings on OPEB plan investments	13,517,328	63,584,615
Difference between expected and actual experience in the Total OPEB Liability	3,949,440	5,630,054
Total Deferred Outflows of Resources	\$63,734,282	\$126,248,023
Deferred Inflows of Resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$7,030,468	\$8,382,953
Changes of assumptions or other inputs	340,934,858	438,539,436
Net difference between actual and projected earnings on OPEB plan investments	0	0
Difference between expected and actual experience in the Total OPEB Liability	72,418,086	86,027,193
Total Deferred Inflows of Resources	\$420,383,412	\$532,949,582
Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:		
Reporting Date for Employer under GASB 75 Year Ended June 30:		
2025	N/A	\$(122,819,775)
2026	\$(163,402,056)	(146,034,587)
2027	1,164,944	18,532,413
2028	(107,292,861)	(89,925,392)
2029	(77,554,350)	(60,186,881)
2030	(8,823,515)	(6,267,337)
Thereafter	(741,292)	0

¹ Calculated in accordance with Paragraphs 64 and 65 of GASB 75.

Section 2: GASB 75 Information

	City	
	Deferred outflows and inflows	
	Current	Prior
Reporting and Measurement Dates		
Reporting Date for Employer under GASB 75	June 30, 2025	June 30, 2024
Measurement Date	June 30, 2024	June 30, 2023
Deferred Outflows of Resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$6,419,419	\$7,539,404
Changes of assumptions or other inputs	33,734,941	41,541,663
Net difference between projected and actual earnings on OPEB plan investments	11,621,830	54,293,708
Difference between expected and actual experience in the Total OPEB Liability	3,395,621	4,807,399
Total Deferred Outflows of Resources	\$55,171,811	\$108,182,174
Deferred Inflows of Resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$219,515	\$288,545
Changes of assumptions or other inputs	293,126,481	374,460,581
Net difference between actual and projected earnings on OPEB plan investments	0	0
Difference between expected and actual experience in the Total OPEB Liability	62,263,093	73,457,003
Total Deferred Inflows of Resources	\$355,609,089	\$448,206,129
Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:		
Reporting Date for Employer under GASB 75 Year Ended June 30:		
	2025	N/A
	2026	\$(102,477,776)
	2027	\$(138,304,035)
	2028	2,750,118
	2029	17,318,801
	2030	(91,186,291)
	Thereafter	(75,978,629)
		(65,864,456)
		(50,831,999)
		(7,268,993)
		(5,288,546)
		0

¹ Calculated in accordance with Paragraphs 64 and 65 of GASB 75.

Section 2: GASB 75 Information

Airports

Deferred outflows and inflows	Current	Prior
Reporting and Measurement Dates		
Reporting Date for Employer under GASB 75	June 30, 2025	June 30, 2024
Measurement Date	June 30, 2024	June 30, 2023
Deferred Outflows of Resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$247,780	\$325,698
Changes of assumptions or other inputs	4,117,821	5,343,338
Net difference between projected and actual earnings on OPEB plan investments	1,418,606	6,983,582
Difference between expected and actual experience in the Total OPEB Liability	414,483	618,354
Total Deferred Outflows of Resources	\$6,198,690	\$13,270,972
Deferred Inflows of Resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$6,144,549	\$7,370,083
Changes of assumptions or other inputs	35,780,181	48,165,365
Net difference between actual and projected earnings on OPEB plan investments	0	0
Difference between expected and actual experience in the Total OPEB Liability	7,600,080	9,448,480
Total Deferred Inflows of Resources	\$49,524,810	\$64,983,928
Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:		
Reporting Date for Employer under GASB 75 Year Ended June 30:		
2025	N/A	\$(15,751,886)
2026	\$(19,295,545)	(17,975,378)
2027	(1,636,038)	487,883
2028	(12,239,676)	(10,645,469)
2029	(8,825,358)	(7,085,906)
2030	(1,190,594)	(742,200)
Thereafter	(138,909)	0

¹ Calculated in accordance with Paragraphs 64 and 65 of GASB 75.

Section 2: GASB 75 Information

Harbor

Deferred outflows and inflows	Current	Prior
Reporting and Measurement Dates		
Reporting Date for Employer under GASB 75	June 30, 2025	June 30, 2024
Measurement Date	June 30, 2024	June 30, 2023
Deferred Outflows of Resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$363,269	\$517,851
Changes of assumptions or other inputs	1,384,284	1,765,400
Net difference between projected and actual earnings on OPEB plan investments	476,892	2,307,325
Difference between expected and actual experience in the Total OPEB Liability	139,336	204,301
Total Deferred Outflows of Resources	\$2,363,781	\$4,794,877
Deferred Inflows of Resources		
Changes in proportion and differences between employer's contributions and proportionate share of contributions ¹	\$666,404	\$724,325
Changes of assumptions or other inputs	12,028,196	15,913,490
Net difference between actual and projected earnings on OPEB plan investments	0	0
Difference between expected and actual experience in the Total OPEB Liability	2,554,913	3,121,710
Total Deferred Inflows of Resources	\$15,249,513	\$19,759,525
Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:		
Reporting Date for Employer under GASB 75 Year Ended June 30:		
2025	N/A	\$(4,590,113)
2026	\$(5,802,476)	(5,293,403)
2027	50,864	725,729
2028	(3,866,894)	(3,301,294)
2029	(2,864,536)	(2,268,976)
2030	(363,928)	(236,591)
Thereafter	(38,762)	0

¹ Calculated in accordance with Paragraphs 64 and 65 of GASB 75.

Section 2: GASB 75 Information

There are changes in each employer's proportionate share of the total Net OPEB Liability (NOL) during the measurement period ended June 30, 2024. The net effect of the change on the employer's proportionate share of the collective NOL and collective deferred outflows of resources and deferred inflows of resources is recognized over the average of the expected remaining service lives of all employees that are provided with benefits through LACERS which is 6.29 years¹ determined as of June 30, 2023 (the beginning of the measurement period ending June 30, 2024).

In addition, the difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended June 30, 2024 is recognized over the same period.

The average of the expected service lives of all employees is determined by:

- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

¹ The remaining service lives of all employees of 6.29 years used here for GASB 75 is different from the 4.80 years used for GASB 68 because the number of payees (with 0 years of expected remaining service lives) receiving health benefits under the Plan is less than the number of payees receiving pension benefits.

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Schedule of proportionate share of the Net OPEB Liability

Total for all employers

Reporting Date for Employer under GASB 75 as of June 30	Proportion of the Net OPEB Liability	Proportionate Share of Net OPEB Liability	Covered Payroll ¹	Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	100.000%	\$658,811,838	\$1,876,946,179	35.10%	76.42%
2018	100.000%	566,944,384	1,973,048,633	28.73%	81.14%
2019	100.000%	580,456,232	2,057,565,478	28.21%	82.18%
2020	100.000%	522,200,681	2,108,171,088	24.77%	84.34%
2021	100.000%	635,325,858	2,271,038,575	27.98%	81.78%
2022	100.000%	(261,573,609)	2,276,768,292	(11.49)%	107.43%
2023	100.000%	232,924,938	2,155,005,471	10.81%	93.49%
2024	100.000%	(135,297,584)	2,307,335,751	(5.86)%	103.97%
2025	100.000%	(226,017,160)	2,460,394,012	(9.19)%	106.33%

¹ Covered payroll is defined as the payroll on which contributions to a OPEB plan are based.

Section 2: GASB 75 Information

Reporting Date for Employer under GASB 75 as of June 30	Proportion of the Net OPEB Liability	Proportionate Share of Net OPEB Liability	City		
			Covered Payroll ¹	Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	82.227%	\$541,721,269	\$1,540,925,299	35.16%	76.42%
2018	82.454%	467,468,218	1,625,808,930	28.75%	81.14%
2019	82.753%	480,346,441	1,701,304,099	28.23%	82.18%
2020	83.129%	434,101,068	1,749,621,444	24.81%	84.34%
2021	83.615%	531,226,775	1,895,552,279	28.02%	81.78%
2022	84.523%	(221,088,863)	1,918,677,086	(11.52)%	107.43%
2023	84.426%	196,648,975	1,818,039,081	10.82%	93.49%
2024	85.388%	(115,528,064)	1,964,398,935	(5.88)%	103.97%
2025	85.977%	(194,323,384)	2,107,400,045	(9.22)%	106.33%

¹ Covered payroll is defined as the payroll on which contributions to a OPEB plan are based.

Section 2: GASB 75 Information

Airports

Reporting Date for Employer under GASB 75 as of June 30	Proportion of the Net OPEB Liability	Proportionate Share of Net OPEB Liability	Covered Payroll ¹	Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	13.826%	\$91,088,903	\$260,929,145	34.91%	76.42%
2018	13.681%	77,566,434	271,035,342	28.62%	81.14%
2019	13.494%	78,324,326	278,681,843	28.11%	82.18%
2020	13.216%	69,014,460	280,595,646	24.60%	84.34%
2021	12.766%	81,105,566	292,405,953	27.74%	81.78%
2022	11.696%	(30,594,149)	270,630,444	(11.30)%	107.43%
2023	11.805%	27,497,635	255,761,313	10.75%	93.49%
2024	10.983%	(14,859,912)	258,018,846	(5.76)%	103.97%
2025	10.495%	(23,719,881)	264,680,483	(8.96)%	106.33%

¹ Covered payroll is defined as the payroll on which contributions to a OPEB plan are based.

Section 2: GASB 75 Information

Harbor

Reporting Date for Employer under GASB 75 as of June 30	Proportion of the Net OPEB Liability	Proportionate Share of Net OPEB Liability	Covered Payroll ¹	Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	3.947%	\$26,001,666	\$75,091,735	34.63%	76.42%
2018	3.865%	21,909,732	76,204,361	28.75%	81.14%
2019	3.753%	21,785,465	77,579,536	28.08%	82.18%
2020	3.655%	19,085,153	77,953,998	24.48%	84.34%
2021	3.619%	22,993,517	83,080,343	27.68%	81.78%
2022	3.781%	(9,890,597)	87,460,762	(11.31)%	107.43%
2023	3.769%	8,778,328	81,205,077	10.81%	93.49%
2024	3.629%	(4,909,608)	84,917,970	(5.78)%	103.97%
2025	3.528%	(7,973,895)	88,313,484	(9.03)%	106.33%

¹ Covered payroll is defined as the payroll on which contributions to a OPEB plan are based.

Section 2: GASB 75 Information

Schedule of reconciliation of Net OPEB Liability

Total for all employers

Item	Current	Prior
Reporting and measurement dates		
Reporting date for employer under GASB 75	June 30, 2025	June 30, 2024
Measurement date	June 30, 2024	June 30, 2023
Net OPEB Liability		
Beginning Net OPEB Liability	\$(135,297,584)	\$232,924,938
• OPEB expense	(43,678,612)	(1,782,984)
• Employer contributions	(97,093,393)	(90,580,892)
• New net deferred inflows/outflows	(72,767,346)	(319,190,911)
• Change in allocation of prior deferred inflows/outflows	0	0
• New net deferred inflows/outflows due to change in proportion	0	0
• Recognition of prior deferred inflows/outflows	122,819,775	43,332,265
• Recognition of prior deferred inflows/outflows due to change in proportion	0	0
Ending Net OPEB Liability	\$(226,017,160)	\$(135,297,584)

Section 2: GASB 75 Information

City

Item	Current	Prior
Reporting and measurement dates		
Reporting date for employer under GASB 75	June 30, 2025	June 30, 2024
Measurement date	June 30, 2024	June 30, 2023
Net OPEB Liability		
Beginning Net OPEB Liability	\$(115,528,064)	\$196,648,975
• OPEB expense	(34,903,747)	1,109,214
• Employer contributions	(83,478,248)	(77,345,321)
• New net deferred inflows/outflows	(62,563,378)	(272,551,119)
• Change in allocation of prior deferred inflows/outflows	(2,396,080)	(1,258,996)
• New net deferred inflows/outflows due to change in proportion	1,344,766	2,927,375
• Recognition of prior deferred inflows/outflows	105,597,088	37,000,606
• Recognition of prior deferred inflows/outflows due to change in proportion	(2,395,721)	(2,058,798)
Ending Net OPEB Liability	\$(194,323,384)	\$(115,528,064)

Section 2: GASB 75 Information

Airports

Item	Current	Prior
Reporting and measurement dates		
Reporting date for employer under GASB 75	June 30, 2025	June 30, 2024
Measurement date	June 30, 2024	June 30, 2023
Net OPEB Liability		
Beginning Net OPEB Liability	\$(14,859,912)	\$27,497,635
• OPEB expense	(7,057,119)	(2,607,302)
• Employer contributions	(10,189,686)	(9,948,619)
• New net deferred inflows/outflows	(7,636,733)	(35,057,159)
• Change in allocation of prior deferred inflows/outflows	1,986,353	1,075,831
• New net deferred inflows/outflows due to change in proportion	(1,114,812)	(2,501,485)
• Recognition of prior deferred inflows/outflows	12,889,600	4,759,240
• Recognition of prior deferred inflows/outflows due to change in proportion	2,262,428	1,921,947
Ending Net OPEB Liability	\$(23,719,881)	\$(14,859,912)

Section 2: GASB 75 Information

Harbor

Item	Current	Prior
Reporting and measurement dates		
Reporting date for employer under GASB 75	June 30, 2025	June 30, 2024
Measurement date	June 30, 2024	June 30, 2023
Net OPEB Liability		
Beginning Net OPEB Liability	\$(4,909,608)	\$8,778,328
• OPEB expense	(1,717,746)	(284,896)
• Employer contributions	(3,425,459)	(3,286,952)
• New net deferred inflows/outflows	(2,567,235)	(11,582,633)
• Change in allocation of prior deferred inflows/outflows	409,727	183,165
• New net deferred inflows/outflows due to change in proportion	(229,954)	(425,890)
• Recognition of prior deferred inflows/outflows	4,333,087	1,572,419
• Recognition of prior deferred inflows/outflows due to change in proportion	133,293	136,851
Ending Net OPEB Liability	\$(7,973,895)	\$(4,909,608)

Section 2: GASB 75 Information

Schedule of recognition of change in Total Net OPEB Liability

Increase (Decrease) in OPEB Expense Arising from the Recognition of the
Effects of Differences between Expected and Actual Experience on Total OPEB Liability

Reporting Date for Employer under GASB 75 Year Ended June 30	Differences between Expected and Actual Experience	Recognition Period (Years)	2024	2025	2026	2027	2028	2029	2030	Thereafter
2018	\$19,666,471	6.39	\$1,200,301	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019	(7,321,481)	6.52	(1,122,927)	(583,919)	0	0	0	0	0	0
2020	(134,052,778)	6.21	(21,586,599)	(21,586,599)	(4,533,184)	0	0	0	0	0
2021	(135,719,690)	6.26	(21,680,462)	(21,680,462)	(21,680,462)	(5,636,918)	0	0	0	0
2022	10,671,896	6.35	1,680,614	1,680,614	1,680,614	1,680,614	588,212	0	0	0
2023	(369,459)	6.18	(59,783)	(59,783)	(59,783)	(59,783)	(59,783)	(10,761)	0	0
2024	(12,047,528)	6.11	(1,971,772)	(1,971,772)	(1,971,772)	(1,971,772)	(1,971,772)	(1,971,772)	(216,896)	0
2025	(38,374,265)	6.29	N/A	(6,100,837)	(6,100,837)	(6,100,837)	(6,100,837)	(6,100,837)	(6,100,837)	(1,769,243)
Total			\$(43,540,628)	\$(50,302,758)	\$(32,665,424)	\$(12,088,696)	\$(7,544,180)	\$(8,083,370)	\$(6,317,733)	\$(1,769,243)

As described in *Section 2, Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources*, the average of the expected remaining service lives of all employees that are provided with OPEB through LACERS (active and inactive employees) determined as of July 1, 2023 (the beginning of the measurement period ending June 30, 2024) is 6.29 years.

The amortization amounts prior to June 30, 2024 have been omitted from this Schedule. Those amounts can be found in prior years' GASB 75 reports.

Section 2: GASB 75 Information

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of Assumption Changes

Reporting Date for Employer under GASB 75 Year Ended June 30	Assumption Changes	Recognition Period (Years)	2024	2025	2026	2027	2028	2029	2030	Thereafter
2018	\$33,511,927	6.39	\$2,045,329	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019	92,177,641	6.52	14,137,675	7,351,591	0	0	0	0	0	0
2020	33,939,702	6.21	5,465,330	5,465,330	1,147,722	0	0	0	0	0
2021	96,076,478	6.26	15,347,680	15,347,680	15,347,680	3,990,398	0	0	0	0
2022	(157,613,496)	6.35	(24,821,023)	(24,821,023)	(24,821,023)	(24,821,023)	(8,687,358)	0	0	0
2023	(109,877,440)	6.18	(17,779,521)	(17,779,521)	(17,779,521)	(17,779,521)	(17,779,521)	(3,200,314)	0	0
2024	(336,074,645)	6.11	(55,004,034)	(55,004,034)	(55,004,034)	(55,004,034)	(55,004,034)	(55,004,034)	(6,050,441)	0
2025	22,295,905	6.29	N/A	3,544,659	3,544,659	3,544,659	3,544,659	3,544,659	3,544,659	1,027,951
Total			\$(60,608,564)	\$(65,895,318)	\$(77,564,517)	\$(90,069,521)	\$(77,926,254)	\$(54,659,689)	\$(2,505,782)	\$1,027,951

As described in *Section 2, Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources*, the average of the expected remaining service lives of all employees that are provided with OPEB through LACERS (active and inactive employees) determined as of July 1, 2023 (the beginning of the measurement period ending June 30, 2024) is 6.29 years.

The amortization amounts prior to June 30, 2024 have been omitted from this Schedule. Those amounts can be found in prior years' GASB 75 reports.

Section 2: GASB 75 Information

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of Differences between Projected and Actual Earnings on OPEB Plan Investments

Reporting Date for Employer under GASB 75 Year Ended June 30	Differences between Projected and Actual Earnings	Recognition Period (Years)	2024	2025	2026	2027	2028	2029	2030	Thereafter
2018	\$(168,243,825)	5.00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019	(90,364,893)	5.00	0	0	0	0	0	0	0	0
2020	30,039,319	5.00	6,007,863	0	0	0	0	0	0	0
2021	145,914,731	5.00	29,182,946	29,182,947	0	0	0	0	0	0
2022	(782,476,379)	5.00	(156,495,276)	(156,495,276)	(156,495,276)	0	0	0	0	0
2023	625,727,938	5.00	125,145,588	125,145,588	125,145,588	125,145,588	0	0	0	0
2024	(35,055,680)	5.00	(7,011,136)	(7,011,136)	(7,011,136)	(7,011,136)	(7,011,136)	0	0	0
2025	(74,056,457)	5.00	N/A	(14,811,293)	(14,811,291)	(14,811,291)	(14,811,291)	(14,811,291)	0	0
Total			\$(3,170,015)	\$(23,989,170)	\$(53,172,115)	\$103,323,161	\$(21,822,427)	\$(14,811,291)	\$0	\$0

The difference between projected and actual earnings on OPEB plan investments are recognized over a five-year period per Paragraph 43b. of GASB 75.

The amortization amounts prior to June 30, 2024 have been omitted from this Schedule. Those amounts can be found in prior years' GASB 75 reports.

Section 2: GASB 75 Information

Total Increase (Decrease) in OPEB Expense

Reporting Date for Employer under GASB 75 Year Ended June 30	Total Increase (Decrease) in OPEB Expense	2024	2025	2026	2027	2028	2029	2030	Thereafter
2018	\$(115,065,427)	\$3,245,630	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2019	(5,508,733)	13,014,748	6,767,672	0	0	0	0	0	0
2020	(70,073,757)	(10,113,406)	(16,121,269)	(3,385,462)	0	0	0	0	0
2021	106,271,519	22,850,164	22,850,165	(6,332,782)	(1,646,520)	0	0	0	0
2022	(929,417,979)	(179,635,685)	(179,635,685)	(179,635,685)	(23,140,409)	(8,099,146)	0	0	0
2023	515,481,039	107,306,284	107,306,284	107,306,284	107,306,284	(17,839,304)	(3,211,075)	0	0
2024	(383,177,853)	(63,986,942)	(63,986,942)	(63,986,942)	(63,986,942)	(63,986,942)	(56,975,806)	(6,267,337)	0
2025	(90,134,817)	N/A	(17,367,471)	(17,367,469)	(17,367,469)	(17,367,469)	(17,367,469)	(2,556,178)	(741,292)
Total		\$(107,319,207)	\$(140,187,246)	\$(163,402,056)	\$1,164,944	\$(107,292,861)	\$(77,554,350)	\$(8,823,515)	\$(741,292)

The amortization amounts prior to June 30, 2024 have been omitted from this Schedule. Those amounts can be found in prior years' GASB 75 reports.

Section 2: GASB 75 Information

Allocation of changes in Total Net OPEB Liability

In addition to the amounts shown in *Section 2, Schedule of Recognition of Changes in Total Net OPEB Liability*, there are changes in each entity's proportionate share of the total Net OPEB Liability (NOL) during the measurement period ending on June 30, 2024. The net effect of the change on the entity's proportionate share of the collective NOL and collective deferred outflows of resources and deferred inflows of resources is also recognized over the average of the expected remaining service lives of all employees shown previously. The differences between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ending on June 30, 2024 are recognized over the same period. These amounts are shown below. While these amounts are different for each entity, they sum to zero for the entire Plan.

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2025

Employer	Total Change to be Recognized	Recognition Period (Years)	2025	2026	2027	2028	2029	2030	2031
City	\$1,598,975	6.29	\$254,209	\$254,209	\$254,209	\$254,209	\$254,209	\$254,209	\$73,721
Airports	(1,325,552)	6.29	(210,740)	(210,740)	(210,740)	(210,740)	(210,740)	(210,740)	(61,112)
Harbor	(273,423)	6.29	(43,469)	(43,469)	(43,469)	(43,469)	(43,469)	(43,469)	(12,609)
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2024

Employer	Total Change to be Recognized	Recognition Period (Years)	2024	2025	2026	2027	2028	2029	2030
City	\$3,500,247	6.11	\$572,872	\$572,872	\$572,872	\$572,872	\$572,872	\$572,872	\$63,015
Airports	(2,991,012)	6.11	(489,527)	(489,527)	(489,527)	(489,527)	(489,527)	(489,527)	(53,850)
Harbor	(509,235)	6.11	(83,345)	(83,345)	(83,345)	(83,345)	(83,345)	(83,345)	(9,165)
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GASB 75 Information

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2023

Employer	Total Change to be Recognized	Recognition Period (Years)	2023	2024	2025	2026	2027	2028	2029
City	\$(426,605)	6.18	\$(69,030)	\$(69,030)	\$(69,030)	\$(69,030)	\$(69,030)	\$(69,030)	\$(12,425)
Airports	481,534	6.18	77,918	77,918	77,918	77,918	77,918	77,918	14,026
Harbor	(54,929)	6.18	(8,888)	(8,888)	(8,888)	(8,888)	(8,888)	(8,888)	(1,601)
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2022

Employer	Total Change to be Recognized	Recognition Period (Years)	2022	2023	2024	2025	2026	2027	2028
City	\$5,499,652	6.35	\$866,087	\$866,087	\$866,087	\$866,087	\$866,087	\$866,087	\$303,130
Airports	(6,481,249)	6.35	(1,020,669)	(1,020,669)	(1,020,669)	(1,020,669)	(1,020,669)	(1,020,669)	(357,235)
Harbor	981,597	6.35	154,582	154,582	154,582	154,582	154,582	154,582	54,105
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2021

Employer	Total Change to be Recognized	Recognition Period (Years)	2021	2022	2023	2024	2025	2026	2027
City	\$2,994,931	6.26	\$478,423	\$478,423	\$478,423	\$478,423	\$478,423	\$478,423	\$124,393
Airports	(2,775,498)	6.26	(443,370)	(443,370)	(443,370)	(443,370)	(443,370)	(443,370)	(115,278)
Harbor	(219,433)	6.26	(35,053)	(35,053)	(35,053)	(35,053)	(35,053)	(35,053)	(9,115)
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

Section 2: GASB 75 Information

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2020

Employer	Total Change to be Recognized	Recognition Period (Years)	2020	2021	2022	2023	2024	2025	2026
City	\$2,425,804	6.21	\$390,629	\$390,629	\$390,629	\$390,629	\$390,629	\$390,629	\$82,030
Airports	(1,790,760)	6.21	(288,367)	(288,367)	(288,367)	(288,367)	(288,367)	(288,367)	(60,558)
Harbor	(635,044)	6.21	(102,262)	(102,262)	(102,262)	(102,262)	(102,262)	(102,262)	(21,472)
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2019

Employer	Total Change to be Recognized	Recognition Period (Years)	2019	2020	2021	2022	2023	2024	2025
City	\$1,965,296	6.52	\$301,426	\$301,426	\$301,426	\$301,426	\$301,426	\$301,426	\$156,740
Airports	(1,233,967)	6.52	(189,259)	(189,259)	(189,259)	(189,259)	(189,259)	(189,259)	(98,413)
Harbor	(731,329)	6.52	(112,167)	(112,167)	(112,167)	(112,167)	(112,167)	(112,167)	(58,327)
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

Increase (Decrease) in OPEB Expense Arising from the Recognition of the Effects of the Change in Proportion and Change in Employer Contributions for the Year Ended June 30, 2018

Employer	Total Change to be Recognized	Recognition Period (Years)	2018	2019	2020	2021	2022	2023	2024
City	\$1,495,323	6.39	\$234,010	\$234,010	\$234,010	\$234,010	\$234,010	\$234,010	\$91,263
Airports	(953,634)	6.39	(149,239)	(149,239)	(149,239)	(149,239)	(149,239)	(149,239)	(58,200)
Harbor	(541,689)	6.39	(84,771)	(84,771)	(84,771)	(84,771)	(84,771)	(84,771)	(33,063)
Total	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0

Section 3: Supporting Information

The following presents the actuarial assumptions, methods and models used in the June 30, 2024 measurement date for employer reporting as of June 30, 2025.

Exhibit A: Actuarial assumptions and actuarial cost method

Rationale for assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2019 through June 30, 2022 Actuarial Experience Study dated June 21, 2023 and retiree health assumptions letter dated September 18, 2024. Unless otherwise noted, all actuarial assumptions and methods shown below apply to both Tier 1 and Tier 3 members. These assumptions have been adopted by the Board.

Economic assumptions

Net investment return

7.00%, net of OPEB Plan investment expense.

Payroll growth

Inflation of 2.50% per year plus “across the board” real salary increases of 0.50% per year, used to amortize the Unfunded Actuarial Accrued Liability as a level percentage of payroll.

Section 3: Supporting Information

Salary increases

The annual rate of compensation increase includes:

- Inflation at 2.50%, plus
- “Across the board” salary increases of 0.50% per year, plus
- The following merit and promotion increases:

Years of Service	Rate (%)
Less than 1	6.00
1–2	5.90
2–3	5.40
3–4	4.20
4–5	3.50
5–6	2.80
6–7	2.50
7–8	2.10
8–9	1.80
9–10	1.60
10–11	1.50
11–12	1.40
12–13	1.30
13–14	1.20
14–15	1.10
15 & Over	1.00

Section 3: Supporting Information

Demographic Assumptions

Mortality rates — post-retirement

Healthy

Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table (separate tables for males and females), with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Disabled

Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table (separate tables for males and females), with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiary

Not in Pay Status as of Valuation: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table (separate tables for males and females), with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

In Pay Status as of Valuation: Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table (separate tables for males and females), with rates increased by 5% for males and increased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

The Pub-2010 mortality tables and adjustments as shown above reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Section 3: Supporting Information

Mortality rates — pre-retirement

Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Table (separate tables for males and females), with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Age	Male Rate (%)	Female Rate (%)
20	0.04	0.02
25	0.04	0.02
30	0.05	0.03
35	0.08	0.04
40	0.10	0.05
45	0.11	0.06
50	0.14	0.08
55	0.21	0.13
60	0.33	0.20
65	0.46	0.29

Generational projections to the valuation date for each age reflected in the above mortality rates.

For Tier 1 Enhanced, 100% of pre-retirement death benefits are assumed to be service-connected.

Disability incidence

Age	Rate (%)
25	0.01
30	0.02
35	0.03
40	0.05
45	0.10
50	0.14
55	0.15
60	0.16
65	0.20

Section 3: Supporting Information

Termination

Years of Service	Rate (%)
Less than 1	10.50%
1 – 2	10.00%
2 – 3	9.00%
3 – 4	7.75%
4 – 5	6.25%
5 – 6	5.25%
6 – 7	5.00%
7 – 8	4.75%
8 – 9	4.50%
9 – 10	4.25%
10 – 11	4.00%
11 – 12	3.75%
12 – 13	3.50%
13 – 14	3.00%
14 – 15	2.75%
15 and over	2.50%

No termination is assumed after a member is eligible for retirement (as long as a retirement rate is present).

Section 3: Supporting Information

Retirement rates (%)

Age	Tier 1: Non-55/30	Tier 1: 55/30	Tier 1 Enhanced: Non-55/30	Tier 1 Enhanced: 55/30	Tier 3: Non-55/30	Tier 3: 55/30
50	5.0	0.0	6.0	0.0	5.0	0.0
51	3.0	0.0	5.0	0.0	3.0	0.0
52	3.0	0.0	5.0	0.0	3.0	0.0
53	3.0	0.0	5.0	0.0	3.0	0.0
54	18.0	0.0	18.0	0.0	17.0	0.0
55	6.0	27.0	10.0	30.0	0.0 ¹	26.0
56	6.0	18.0	10.0	22.0	0.0 ¹	17.0
57	6.0	18.0	10.0	22.0	0.0 ¹	17.0
58	6.0	18.0	10.0	22.0	0.0 ¹	17.0
59	6.0	18.0	10.0	22.0	0.0 ¹	17.0
60	9.0	18.0	11.0	22.0	8.0	17.0
61	9.0	18.0	11.0	22.0	8.0	17.0
62	9.0	18.0	11.0	22.0	8.0	17.0
63	9.0	18.0	11.0	22.0	8.0	17.0
64	9.0	18.0	11.0	22.0	8.0	17.0
65	16.0	21.0	20.0	26.0	15.0	20.0
66	16.0	21.0	20.0	26.0	15.0	20.0
67	16.0	21.0	20.0	26.0	15.0	20.0
68	16.0	21.0	20.0	26.0	15.0	20.0
69	16.0	21.0	20.0	26.0	15.0	20.0
70 and over	100.0	100.0	100.0	100.0	100.0	100.0

Retirement age and benefit for inactive vested members

Assume retiree health benefit will be paid at the later of age 59 or the current attained age.

¹ Not eligible to retire under the provisions of the Tier 3 plan at these ages with less than 30 years of service. If a member has at least 30 years of service at these ages, they would be subject to the "55/30" rates.

Section 3: Supporting Information

Future benefit accruals

1.0 year of service credit per year.

Service

Employment service is used for eligibility determination purposes. Benefit service is used for benefit calculation purposes.

Unknown data for members

Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.

Retiree Health Assumptions

Per capita cost development

The assumed costs on a composite basis are the future costs of providing postemployment health care benefits at each age. To determine the assumed costs on a composite basis, historical premiums are reviewed and adjusted for increases in the cost of health care services.

Per capita cost development – maximum dental subsidy

Carrier	Election Percent (%)	Monthly 2024/2025 Fiscal Year Subsidy
Delta Dental PPO	82.1	\$42.93
DeltaCare USA	17.9	15.40

Section 3: Supporting Information

Per capita cost development – Medicare Part B premium subsidy

Category	Single Monthly Premium
Actual monthly premium for calendar year 2024	\$174.70
Projected monthly premium for calendar year 2025 ¹	185.53
Projected average monthly premium for plan year 2024/2025	180.12

LACERS will not reimburse Medicare Part B premiums for Spouse/Domestic Partners, unless they are LACERS retired Members with Medicare Parts A and B enrolled as a dependent in a LACERS medical plan. This valuation does not reflect Medicare Part B reimbursement for any (married or surviving) spouse/domestic partners enrolled in Medicare Parts A and B.

For retirees age 65 and over on the valuation date, we valued the Medicare Part B premium subsidy for those reported in the data with Medicare Part B premium. For current and future retirees under age 65, we will assume 100% of those electing a medical subsidy will be eligible for the Medicare Part B premium subsidy.

¹ Based on calendar year 2024 premium adjusted to 2025 by assumed trend rate of 6.20%.

Section 3: Supporting Information

Per capita cost development – medical subsidy

Tier 1 members not subject to medical subsidy cap and all Tier 3 members.

Participant under age 65 or not eligible for Medicare A&B

2024–2025 Fiscal Year Carrier	Observed & Assumed Election Rate (%) ¹	Single Party Monthly Premium	Single Party Maximum Subsidy	Single Party Subsidy	Married/With Domestic Partner Monthly Premium	Married/With Domestic Partner Maximum Subsidy	Married/With Domestic Partner Subsidy	Eligible Survivor Monthly Premium	Eligible Survivor Maximum Subsidy	Eligible Survivor Subsidy
Kaiser HMO	60.2	\$1,084.53	\$2,253.08	\$1,084.53	\$2,169.06	\$2,253.08	\$2,169.06	\$1,084.53	\$1,084.53	\$1,084.53
Anthem Blue Cross PPO	22.2	1,657.12	2,253.08	1,657.12	3,309.20	2,253.08	2,253.08	1,657.12	1,084.53	1,084.53
Anthem Blue Cross HMO	17.6	1,323.59	2,253.08	1,323.59	2,642.14	2,253.08	2,253.08	1,323.59	1,084.53	1,084.53

Participant eligible for Medicare A&B

2024–2025 Fiscal Year Carrier	Observed & Assumed Election Rate (%) ¹	Single Party Monthly Premium	Single Party Maximum Subsidy	Single Party Subsidy	Married/With Domestic Partner Monthly Premium	Married/With Domestic Partner Maximum Subsidy	Married/With Domestic Partner Subsidy	Eligible Survivor Monthly Premium	Eligible Survivor Maximum Subsidy	Eligible Survivor Subsidy
Kaiser Senior Advantage HMO	55.9	\$262.47	\$262.47	\$262.47	\$524.94	\$524.94	\$524.94	\$262.47	\$262.47	\$262.47
Anthem Medicare Preferred (PPO)	34.4	435.26	435.26	435.26	865.49	865.49	865.49	435.26	435.26	435.26
UHC California Medicare Advantage Plan	5.5	261.20	261.20	261.20	517.37	517.37	517.37	261.20	261.20	261.20
SCAN Medicare Advantage Plan	4.2	226.93	226.93	226.93	448.83	448.83	448.83	226.93	226.93	226.93

The monthly premiums provided above include vision premiums and are the plan's member rates, which do not necessarily equal the rates charged by the carriers. Differences between member rates and carrier rates are due to LACERS' premium rate stabilization policies and are expected to be short-term. For valuation purposes, the retirees with UHC Medicare Advantage HMO for Arizona and Nevada (1.1% of total enrollment) are assumed to have the same costs as the UHC California MAPD plan. Similarly, the retirees

¹ The observed election percentages are based on raw census data as of June 30, 2024.

Section 3: Supporting Information

electing the Anthem Medicare Supplement Plan (1.1% of total enrollment) are included with the Anthem Blue Cross PPO grouping. These grouping simplifications have a de-minimis impact on the valuation results.

Per capita cost development – medical subsidy

Tier 1 Subject to Retiree Medical Subsidy Cap.

Tier 1 members who are subject to the retiree medical subsidy cap will have monthly health insurance subsidy maximums capped at the levels in effect at July 1, 2011, as shown in the table below. We understand that no active members are subject to the cap but that some inactive members may be subject to the cap.

Retiree Plan	Single Party	Married/With Domestic Partner	Eligible Survivor
Under 65 – All Plans	\$1,190.00	\$1,190.00	\$593.62
Over 65			
• Kaiser Senior Advantage	\$203.27	\$308.74	\$203.27
• Anthem Medicare Preferred (PPO)	435.26	478.43	435.26
• UHC California Medicare Adv. HMO	219.09	219.09 ¹	219.09
• SCAN Medicare Advantage Plan	223.88	223.88 ¹	223.88

Per capita cost development – medical subsidy

Per capita costs were based on the premiums for the valuation year. Actuarial factors were applied to the premiums to estimate individual retiree and spouse costs by age and by gender in accordance with ASOP 6.

Health care cost subsidy trend rates

Trend rates are applied to average premiums for the respective fiscal year to calculate the following fiscal year's projected premiums. The first fiscal year is July 1, 2024 through June 30, 2025 and reflects actual 2025 calendar year premiums.

¹ The reason the subsidy is only at the single-party amount is that there is no excess subsidy to cover a dependent.

Section 3: Supporting Information

Fiscal Year	Anthem Blue Cross PPO, Under Age 65	Anthem Preferred PPO Medicare Advantage	Kaiser HMO, Under Age 65	Kaiser Senior Advantage	Anthem Blue Cross HMO, Under 65	UHC CA Medicare Advantage	SCAN
2024–2025	7.72%	0.25%	6.88%	0.25%	7.71%	10.20%	0.25%

The fiscal year trend rates are based on the following calendar year trend rates:

Fiscal Year	Approximate Trend Rate (%) Non-Medicare	Approximate Trend Rate (%) Medicare	Calendar Year	Trend Applied to Calculate Following Year Premium Rate (%) Non-Medicare	Trend Applied to Calculate Following Year Premium Rate (%) Medicare	Trend Applied to Calculate Following Year Premium Rate (%) Medicare Part B
2025–2026	7.37%	3.76%	2025	7.50 ¹	0.50 ²	6.20
2026–2027	7.12%	6.87%	2026	7.25	7.00	6.20
2027–2028	6.87%	6.62%	2027	7.00	6.75	6.20
2028–2029	6.62%	6.37%	2028	6.75	6.50	6.20
2029–2030	6.37%	6.12%	2029	6.50	6.25	6.20
2030–2031	6.12%	5.87%	2030	6.25	6.00	6.20
2031–2032	5.87%	5.62%	2031	6.00	5.75	6.20
2032–2033	5.62%	5.37%	2032	5.75	5.50	6.20
2033–2034	5.37%	5.12%	2033	5.50	5.25	6.20
2034–2035	5.12%	4.87%	2034	5.25	5.00	5.75
2035–2036	4.87%	4.62%	2035	5.00	4.75	5.50
2036–2037	4.62%	4.50%	2036	4.75	4.50	5.25
2037–2038	4.50%	4.50%	2037	4.50	4.50	5.00
2038–2039	4.50%	4.50%	2038	4.50	4.50	4.75
2039 and later	4.50%	4.50%	2039	4.50	4.50	4.50

¹ For example, the 7.50% assumption, when applied to the 2025 non-Medicare medical premiums would provide the projected 2026 non-Medicare medical premiums. This trend would also be applied to the maximum medical subsidy, based on the non-Medicare Kaiser premium.

² On average, the carrier rates for the Medicare plans are roughly 7.30% lower than the member rates. The estimated 0.50% increase to the member rates for calendar year 2025 is based on an assumed 7.80% increase to the carrier rates. Because member premium rates are used for valuation purposes, the trend assumption anticipates the change in the member rate.

Section 3: Supporting Information

Delta Dental PPO Premium Trend	1.50%, then 3.00% thereafter
Deltacare Premium Trend:	3.48%, then 3.00% thereafter

Spouse/domestic partner coverage

For all active and inactive members, 60% of male participants and 35% of female participants who receive a retiree health subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage. Of these covered spouses/domestic partners, 100% are assumed to continue coverage if the retiree predeceases the spouse/domestic partner.

Male retirees are assumed to be 4 years older than their female spouses/domestic partners. Female retirees are assumed to be 2 years younger than their male spouses/domestic partners.

Participation

Retiree Medical and Dental Coverage Participation:

Service Range (Years)	Percent Covered (%)
10–14	60
15–19	80
20–24	90
25 and over	95

For deferred vested members, we assume an election percent of 50% of these rates.

Health care reform

The valuation does not reflect the potential impact of any future changes due to prior or pending legislations.

Administrative expenses

No administrative expenses were valued separately from the premium costs.

Plan design

Development of plan liabilities was based on the substantive plan of benefits in effect as described in Section 2.

Section 3: Supporting Information

Actuarial cost method

Entry Age Actuarial Cost Method, level percent of salary. Entry age is calculated as age on the valuation date minus years of employment service. Both the normal cost and the actuarial accrued liability are calculated on an individual basis.

Expected remaining service lives

The average of the expected service lives of all employees is determined by:

- Calculating each active employee's expected remaining service life as the present value of \$1 per year of future service at zero percent interest.
- Setting the remaining service life to zero for each nonactive or retired member.
- Dividing the sum of the above amounts by the total number of active employee, nonactive and retired members.

Assumption changes:

Per capita costs and associated trend assumptions were updated to reflect 2025 calendar year premiums/subsidies and updated trend assumptions for 2026 and after.

Section 3: Supporting Information

Appendix A: Definition of terms

Definitions of certain terms as they are used in Statement 75. The terms may have different meanings in other contexts.

Term	Definition
Actuarially Determined Contribution:	A target or recommended contribution to an OPEB plan for the reporting period based on the most recent measurement available.
Assumptions or actuarial assumptions:	The estimates on which the cost of the Plan is calculated including: <ul style="list-style-type: none">a. Investment return — the rate of investment yield that the Plan will earn over the long-term future;b. Mortality rates — the death rates of employees and retirees; life expectancy is based on these rates;c. Retirement rates — the rate or probability of retirement at a given age;d. Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Covered payroll:	The payroll of the employees that are provided OPEB benefits
Discount rate:	The single rate of return, that when applied to all projected benefit payments results in an actuarial present value that is the sum of the following: <ul style="list-style-type: none">a. the actuarial present value of projected benefit payments projected to be funded by plan assets using a long term rate of return, andb. the actuarial present value of projected benefit payments that are not included in (a) using a yield or index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher
Entry age actuarial cost method:	An actuarial cost method where the present value of the projected benefits for an individual is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age
Health care cost trend rates:	The rate of change in per capita health costs over time
Net OPEB Liability:	The Total OPEB Liability less the Plan Fiduciary Net Position
Plan Fiduciary Net Position:	Market Value of Assets
Real rate of return:	The rate of return on an investment after removing inflation
Service cost:	The amount of contributions required to fund the benefit allocated to the current year of service.
Total OPEB Liability:	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement No. 75.
Valuation date:	The date at which the actuarial valuation is performed

5928714v4/05806.010

Board Meeting: 10/14/25

Item: III-C

Attachment: 3

Report of Independent Auditors and
Schedules of Employer Allocations
and Pension Amounts by Employer

**Los Angeles City Employees' Retirement
System Retirement Plan**

June 30, 2024
(For Employer Reporting as of June 30, 2025)

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Report of Independent Auditors

The Board of Administration
Los Angeles City Employees' Retirement System Retirement Plan

Report on the Audit of the Schedules

Opinion

We have audited the schedule of employer allocations and the total for all employers of the columns titled net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense (specified column totals) included in the accompanying schedule of pension amounts by employer of Los Angeles City Employees' Retirement System Retirement Plan (the Plan) as of and for the year ended June 30, 2024, and the related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer allocations as of June 30, 2024, and the totals for all participating Los Angeles City Employees' Retirement System Retirement Plan employers of the columns titled net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense as of and for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of the schedules in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Los Angeles City Employees' Retirement System as of and for the year ended June 30, 2024, and our report thereon dated December 12, 2024, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the management, members of the Board of Administration, and the Plan's participating employers and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly US, LLP

El Segundo, California
September 30, 2025

Schedules

**Los Angeles City Employees' Retirement
System Retirement Plan
Schedule of Employer Allocations
As of and for the Year Ended June 30, 2024**

<u>Employer</u>	<u>Total Employer Contributions</u>	<u>Employer Allocation Percentage</u>
City	\$ 608,102,881	85.128%
Airports	80,556,367	11.277%
Harbor	<u>25,678,967</u>	<u>3.595%</u>
	<u>\$ 714,338,215</u>	<u>100.000%</u>

See accompanying notes.

**Los Angeles City Employees' Retirement
System Retirement Plan
Schedule of Pension Amounts by Employer
As of and for the Year Ended June 30, 2024**

Employer	Deferred Outflows of Resources					Deferred Inflows of Resources				Pension Expense		
	Net Pension Liability	Difference Between Expected and Actual Experience	Net Difference Between Expected and Actual Investment Experience	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Difference Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contribution and Proportionate Share of Contributions	Net Pension Expense
City	\$ 6,255,625,843	\$ 392,824,838	\$ 237,929,805	\$ 71,408,926	\$ 702,163,569	\$ 54,687,236	\$ 55,114,458	\$ -	\$ 109,801,694	\$ 830,440,503	\$ 32,207,402	\$ 862,647,905
Airports	828,692,820	52,038,138	31,518,944	81,330	83,638,412	7,244,506	7,301,101	63,234,488	77,780,095	110,009,791	(30,770,486)	79,239,305
Harbor	264,162,553	16,588,206	10,047,299	2,247,320	28,882,825	2,309,332	2,327,373	10,503,088	15,139,793	35,067,839	(1,436,916)	33,630,923
	<u>\$ 7,348,481,216</u>	<u>\$ 461,451,182</u>	<u>\$ 279,496,048</u>	<u>\$ 73,737,576</u>	<u>\$ 814,684,806</u>	<u>\$ 64,241,074</u>	<u>\$ 64,742,932</u>	<u>\$ 73,737,576</u>	<u>\$ 202,721,582</u>	<u>\$ 975,518,133</u>	<u>\$ -</u>	<u>\$ 975,518,133</u>

See accompanying notes.

Los Angeles City Employees' Retirement System Retirement Plan Notes to Schedules

Note 1 – Plan Description

The Los Angeles City Employees' Retirement System (LACERS) is under the exclusive management and control of its board of administration (the Board), whose authority is granted by statute in Article XVI, Section 17 of the California State Constitution, and Article XI of the Los Angeles City Charter. LACERS is a component unit of the Municipality of the City of Los Angeles (the City). LACERS financial statements are included in the City's annual comprehensive financial report as a pension trust fund.

The Los Angeles City Employees' Retirement System Retirement Plan (the Plan) is a single employer defined benefit retirement plan administered by LACERS that provides for service and disability retirement benefits, as well as death benefits. Changes to the benefit terms require approval by the City Council.

The Plan covers all full-time personnel and department-certified part-time employees of the City, except for sworn employees of the fire and police departments, Department of Water and Power employees, elected officials who elected to participate in an alternative defined contribution plan, certain port police officers of the Harbor Department, and certain airport peace officers who elected to opt out of the Plan.

As of June 30, 2024, the Plan's membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	22,763
Terminated vested members not receiving benefits	11,839
Active members	<u>26,782</u>
	<u><u>61,384</u></u>

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The schedules are presented in accordance with the standards issued by the Governmental Accounting Standards Board (GASB), which is the standard setting body for establishing accounting principles generally accepted in the United States of America for governmental entities. As prescribed by GASB, the schedules are reported using the economic resources measurement focus and the accrual basis of accounting.

Employer and member contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory and contractual requirements that coincide with the period in which employee services are performed. Deductions from the Plan's assets are recorded when corresponding liabilities are incurred, regardless of when paid. Benefits and refunds are recognized when due and are payable in accordance with LACERS policy.

For purposes of measuring net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of the Plan and additions to and deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Los Angeles City Employees' Retirement System Retirement Plan Notes to Schedules

Employer contributions – LACERS funding policy under Article XI Sections 1158 and 1160 of the City Charter provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. Based on actual payroll, the effective rate for the Plan was 29.03% during the year ended June 30, 2024.

Employer allocations – For the presentation of the schedule of employer allocations and schedule of pension amounts by employer (collectively, the Schedules), the City has requested the allocation of pension amounts among three individual entities: City, Airports, and Harbor (the Employers). The Schedules present amounts that are elements of the financial statements of the Plan or of the Employers. The Schedules do not purport to be a complete presentation of the financial position or changes in financial position of LACERS or the Employers.

The Employers are required to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of each employer's contribution to the LACERS total employer contributions during the measurement period from July 1, 2023 through June 30, 2024.

Use of estimates – The preparation of the Schedules in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

Note 3 – Net Pension Liability

The actuarial valuation and measurement of the net pension liability and other pension amounts was performed by the Plan's independent actuary as of June 30, 2024. The components of the Plan's net pension liability are summarized as follows:

Total pension liability	\$ 26,492,518,234
Plan fiduciary net position	<u>(19,144,037,018)</u>
Employers' net pension liability	<u><u>\$ 7,348,481,216</u></u>
Plan fiduciary net position as a percentage of the total pension liability	72.26%

Los Angeles City Employees' Retirement System Retirement Plan Notes to Schedules

Note 4 – Actuarial Assumptions

The total pension liability was determined based on the June 30, 2024, actuarial valuation using the following actuarial assumptions:

Valuation Date	June 30, 2024
Investment Rate of Return	7.00%, including inflation and net of expenses
Projected Salary Increases	4.00% to 9.00%, including inflation, based on years of service
Inflation	2.50%
Cost-of-Living Adjustments	Tier 1: 2.75%, Tier 3: 2.00%, Actual increases are contingent upon Consumer Price Index (CPI) increases with a 3.00% maximum for Tier 1 and a 2.00% maximum for Tier 3. For Tier 1 members with a sufficient COLA bank, withdrawals from the bank can be made to increase the retiree COLA up to 3% per year.
Mortality	<p>Healthy: Pub-2010 General Healthy Retiree Amount-Weighted Above Median Mortality Tables (separate tables for males and females), with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.</p> <p>Disabled: Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.</p>

For pre-retirement mortality, withdrawal rates, disability rates, and service retirement rates, the rates vary by age, gender, and/or service.

Los Angeles City Employees' Retirement System Retirement Plan Notes to Schedules

Long-term expected rate of return by asset class – The long-term expected rate of return on retirement plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses (investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. This portfolio return is further adjusted to an expected geometric real rate of return for the portfolio. The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation) are shown in the following table. These values are after deducting applicable investment management expenses. This information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2024, actuarial valuation.

Investment Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
U.S. large cap equity	15.00%	6.00%
U.S. small/mid cap equity	6.00%	6.65%
Developed international large cap equity	15.00%	7.01%
Developed international small cap equity	3.00%	7.34%
Emerging markets equity	6.67%	8.80%
Core bonds	11.25%	1.97%
High yield bond	1.50%	4.63%
Bank loan	1.50%	4.07%
TIPS	3.60%	1.77%
Emerging market debt (external)	2.00%	4.72%
Emerging market debt (local)	2.00%	4.53%
Core real estate	4.20%	3.86%
Cash and cash equivalents	1.00%	0.63%
Private equity	16.00%	9.84%
Private credit/debt	5.75%	6.47%
Emerging market small-cap equity	1.33%	11.10%
REIT	1.40%	6.80%
Non-core real estate	2.80%	5.40%
	<u>100.00%</u>	

Los Angeles City Employees' Retirement System Retirement Plan Notes to Schedules

Discount rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future members and their beneficiaries, as well as projected contributions from future members, are not included. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

Sensitivity of the net pension liability – The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability as of June 30, 2024	<u>\$ 10,817,388,168</u>	<u>\$ 7,348,481,216</u>	<u>\$ 4,479,838,255</u>

The Employers should multiply their employer allocation percentage by these amounts to calculate their portion of the sensitivity amounts.

Note 5 – Pension Expense

The collective pension expense includes changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources for the current period. Components of pension expense for the year ended June 30, 2024 are summarized as follows:


Service cost	\$ 461,843,826
Interest on the total pension liability	1,758,841,808
Expensed portion of current period difference between actual and expected experience	50,507,145
Member contributions	(275,717,240)
Expected return on investments	(1,268,710,040)
Expensed portion of current period difference between actual and expected return on investments	(46,914,255)
Administrative expenses	32,453,506
Recognition of beginning of year deferred balances	<u>263,213,383</u>
Net pension expense	<u>\$ 975,518,133</u>

Los Angeles City Employees' Retirement System Retirement Plan Notes to Schedules

Note 6 – Average Remaining Service Life

Changes arising from differences between expected and actual experience and from changes in actual assumptions are recognized in net pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). These differences are considered on a pooled basis, rather than an individual basis, in order to reflect the expected remaining service life of the entire pool of employees, with the understanding that inactive employees have no remaining service period. As of June 30, 2024, the average of the expected remaining service lives of all employees as calculated by the Plan's independent actuaries was 4.80 years.

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Report of Independent Auditors and
Schedules of Employer Allocations
and OPEB Amounts by Employer

**Los Angeles City Employees' Retirement System
Postemployment Health Care Plan**

June 30, 2024
(For Employer Reporting as of June 30, 2025)

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Report of Independent Auditors

The Board of Administration

Los Angeles City Employees' Retirement System Postemployment Health Care Plan

Report on the Audit of the Schedules

Opinion

We have audited the schedule of employer allocations and the total for all employers of the columns titled net OPEB asset, total deferred outflows of resources, total deferred inflows of resources, and net OPEB expense (income) (specified column totals) included in the accompanying schedule of OPEB amounts by employer of the Los Angeles City Employees' Retirement System Postemployment Health Care Plan (the Plan) as of and for the year ended June 30, 2024, and the related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer allocations as of June 30, 2024, and the totals for all Los Angeles City Employees' Retirement System Postemployment Health Care Plan employers of the columns titled net OPEB asset, total deferred outflows of resources, total deferred inflows of resources, and net OPEB expense (income) as of and for the year ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedules

Management is responsible for the preparation and fair presentation of the schedules in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedules.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedules.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Los Angeles City Employees' Retirement System as of and for the year ended June 30, 2024, and our report thereon dated December 12, 2024, expressed an unmodified opinion on those financial statements.

Restriction on Use

Our report is intended solely for the information and use of the management, members of the Board of Administration, and the Plan's participating employers and their auditors, and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly US, LLP

El Segundo, California
September 30, 2025

Schedules

Los Angeles City Employees' Retirement System
Postemployment Health Care Plan
Schedule of Employer Allocations
As of and for the Year Ended June 30, 2024

<u>Employer</u>	<u>Total Employer Contributions</u>	<u>Employer Allocation Percentage</u>
City	\$ 83,478,248	85.977%
Airports	10,189,686	10.495%
Harbor	<u>3,425,459</u>	<u>3.528%</u>
	<u>\$ 97,093,393</u>	<u>100.000%</u>

See accompanying notes.

Los Angeles City Employees' Retirement System
Postemployment Health Care Plan
Schedule of OPEB Amounts by Employer
As of and for the Year Ended June 30, 2024

Employer	Deferred Outflows of Resources						Deferred Inflows of Resources				OPEB (Income) Expense		
	Net OPEB Asset	Differences Between Expected and Actual Experience	Changes of Assumptions	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Plan OPEB (Income) Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer's Contribution and Proportionate Share of Contributions	
												Contribution and Proportionate Share of Contributions	Net OPEB (Income) Expense
City	\$ (194,323,384)	\$ 3,395,621	\$ 33,734,941	\$ 11,621,830	\$ 6,419,419	\$ 55,171,811	\$ 62,263,093	\$ 293,126,481	\$ 219,515	\$ 355,609,089	\$ (37,553,677)	\$ 2,649,930	\$ (34,903,747)
Airports	(23,719,881)	414,483	4,117,821	1,418,606	247,780	6,198,690	7,600,080	35,780,181	6,144,549	49,524,810	(4,583,951)	(2,473,168)	(7,057,119)
Harbor	(7,973,895)	139,336	1,384,284	476,892	363,269	2,363,781	2,554,913	12,028,196	666,404	15,249,513	(1,540,984)	(176,762)	(1,717,746)
	<u>\$ (226,017,160)</u>	<u>\$ 3,949,440</u>	<u>\$ 39,237,046</u>	<u>\$ 13,517,328</u>	<u>\$ 7,030,468</u>	<u>\$ 63,734,282</u>	<u>\$ 72,418,086</u>	<u>\$ 340,934,858</u>	<u>\$ 7,030,468</u>	<u>\$ 420,383,412</u>	<u>\$ (43,678,612)</u>	<u>\$ -</u>	<u>\$ (43,678,612)</u>

See accompanying notes.

Los Angeles City Employees' Retirement System

Postemployment Health Care Plan

Notes to Schedules

Note 1 – Plan Description

The Los Angeles City Employees' Retirement System (LACERS) is under the exclusive management and control of its board of administration (the Board), whose authority is granted by statute in Article XVI, Section 17 of the California State Constitution, and Article XI of the Los Angeles City Charter. LACERS is a component unit of the Municipality of the City of Los Angeles (the City). LACERS financial statements are included in the City's annual comprehensive financial report as a pension trust fund.

The Los Angeles City Employees' Retirement System Postemployment Health Care Plan (the Plan) is a plan within the single employer defined benefit retirement plan administered by LACERS. The Plan provides other postemployment health care benefits (OPEB) to eligible retirees and their eligible spouses or domestic partners. Changes to the benefit terms require approval by the City Council.

The Plan covers all personnel who participate in the LACERS defined benefit retirement plan regardless of their membership tier. Eligibility in the Plan requires the member 1) be at least age 55; 2) have at least ten complete years of service with LACERS; and 3) be enrolled in a system-sponsored medical or dental plan or be a participant in the Medical Premium Reimbursement Program (MPRP). The health care plans available include medical, dental, and vision benefits, or participation in the MPRP if the member resides in an area not covered by the available medical plans.

As of June 30, 2024, the Plan's membership consisted of the following:

Retirees or surviving spouses currently receiving benefits	17,909
Terminated vested members not receiving benefits	1,651
Retired members and surviving spouses entitled but not yet eligible for health benefits	113
Active members	<u>26,782</u>
	<u><u>46,455</u></u>

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The schedules are presented in accordance with the standards issued by the Governmental Accounting Standards Board (GASB), which is the standard setting body for establishing accounting principles generally accepted in the United States of America for governmental entities. As prescribed by GASB, the schedules are reported using the economic resources measurement focus and the accrual basis of accounting.

Employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory and contractual requirements that coincide with the period in which employee services are performed. Deductions from the Plan's assets are recorded when corresponding liabilities are incurred, regardless of when paid. Benefits are recognized when due and are payable in accordance with LACERS policy.

Los Angeles City Employees' Retirement System

Postemployment Health Care Plan

Notes to Schedules

For purposes of measuring net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense, information about the fiduciary net position of the Plan and additions to and deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Employer contributions – LACERS funding policy under Article XI Sections 1158 and 1160 of the City Charter provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. Based on actual payroll, the effective rate for the Plan was 3.95% during the year ended June 30, 2024.

Employer allocations – For the presentation of the schedule of employer allocations and schedule of OPEB amounts by employer (collectively, the Schedules), the City has requested the allocation of pension amounts among three individual entities: City, Airports, and Harbor (the Employers). The Schedules present amounts that are elements of the financial statements of the Plan or of the Employers. The Schedules do not purport to be a complete presentation of the financial position or changes in financial position of LACERS or the Employers.

The Employers are required to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of OPEB amounts by employer are based on the ratio of each employer's contribution to the LACERS total employer contributions during the measurement period from July 1, 2023 through June 30, 2024.

Use of estimates – The preparation of the Schedules in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

Note 3 – Net OPEB Asset

The actuarial measurement of the net OPEB asset and other OPEB amounts was performed by LACERS' independent actuary as of June 30, 2024. The components of the Plan's net OPEB asset as of June 30, 2024, are summarized as follows:

Total OPEB liability	\$ 3,570,147,657
Plan fiduciary net position	<u>(3,796,164,817)</u>
Employers' net OPEB asset	<u>\$ (226,017,160)</u>
Plan fiduciary net position as a percentage of total OPEB liability	106.33%

Los Angeles City Employees' Retirement System

Postemployment Health Care Plan

Notes to Schedules

Note 4 – Actuarial Assumptions

The total OPEB asset was determined based on the June 30, 2024, actuarial valuation using the following actuarial assumptions:

Valuation date	June 30, 2024
Investment rate of return	7.00%, including inflation and net of expenses
Projected salary increases	4.00% to 9.00%, including inflation, based on years of service
Inflation	2.50%
Medical cost trend rates	7.37% graded down to 4.5% over 12 years for Non-Medicare Medical Plan; 3.76% graded from 6.87% to 4.5% over 10 years for Medicare Medical Plan; 4.5% over 6 years for Medicare Part B; and 3.00% for Dental/Vision.
Mortality	<p>Healthy retirees: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 10% for males and projected generationally with two-dimensional mortality improvement scale MP-2021.</p> <p>Disabled retirees: Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.</p>

For pre-retirement mortality, withdrawal rates, disability rates, and service retirement rates, the rates vary by age, gender, and/or service.

Los Angeles City Employees' Retirement System

Postemployment Health Care Plan

Notes to Schedules

Long-term expected rate of return by asset class – The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2024, any applicable investment management expense) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2024, including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation) are shown in the following table. These values are after deducting applicable investment management expense. This information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2024, actuarial valuation.

Investment Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
U.S. large cap equity	15.00%	6.00%
U.S. small/mid cap equity	6.00%	6.65%
Developed international large cap equity	15.00%	7.01%
Developed international small cap equity	3.00%	7.34%
Emerging markets equity	6.67%	8.80%
Core bonds	11.25%	1.97%
High yield bond	1.50%	4.63%
Bank loan	1.50%	4.07%
TIPS	3.60%	1.77%
Emerging market debt (external)	2.00%	4.72%
Emerging market debt (local)	2.00%	4.53%
Core real estate	4.20%	3.86%
Cash and cash equivalents	1.00%	0.63%
Private equity	16.00%	9.84%
Private credit/debt	5.75%	6.47%
Emerging markets small-cap equity	1.33%	11.10%
REIT	1.40%	6.80%
Non-core real estate	2.80%	5.40%
	<u>100.00%</u>	

Discount rate – The discount rate used to measure the total OPEB asset was 7% as of June 30, 2024. As contributions that are required to be made by the City to amortize the unfunded actuarial accrued liability in the funding valuation are determined on an actuarial basis, the future actuarially determined contributions and current plan assets, when projected in accordance with the method prescribed by GASB Statement No. 74, are expected to be sufficient to make all benefit payments to current members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total OPEB asset as of June 30, 2024.

Los Angeles City Employees' Retirement System

Postemployment Health Care Plan

Notes to Schedules

Sensitivity of the net OPEB asset – The following presents the net OPEB asset, calculated using the discount rate of 7.00%, as well as what the net OPEB (asset) liability would be if it were calculated using a discount rate that is 1-percent lower (6.00%) or 1-percent higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB (Asset) Liability as of June 30, 2024	\$ 253,956,539	\$ (226,017,160)	\$ (622,566,552)

The following presents the net OPEB (asset) liability, calculated using the current health trend rates as of June 30, 2024, as well as what the net OPEB (asset) liability would be if it were calculated using a health cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the health cost trend rates used:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB (Asset) Liability as of June 30, 2024	\$ (662,071,272)	\$ (226,017,160)	\$ 313,404,595

The Employers should multiply their employer allocation percentage by the amounts to calculate their portion of the sensitivity amounts.

Note 5 – OPEB Income

The collective OPEB income includes changes in the collective net OPEB asset, projected earnings on the Plan's investments, and the amortization of deferred outflows of resources for the current period. Components of OPEB income for the year ended June 30, 2024 are summarized as follows:

Service cost	\$ 96,467,041
Interest on the total pension liability	239,772,144
Expensed portion of current period changes of assumptions or other inputs	3,544,659
Expensed portion of current period difference between actual and expected experience	(6,100,837)
Expected return on investments	(248,601,339)
Expensed portion of current period difference between actual and expected return on investments	(14,811,293)
Administrative expenses	8,870,788
Other expense	-
Recognition of beginning of year deferred balances	(122,819,775)
Net OPEB income	\$ (43,678,612)

Los Angeles City Employees' Retirement System
Postemployment Health Care Plan
Notes to Schedules

Note 6 – Average Remaining Service Life

Changes arising from differences between expected and actual experience and from changes in actual assumptions are recognized in net OPEB income over the average remaining service life of all employees provided with benefits through the Plan. These differences are considered on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees, with the understanding that inactive employees have no remaining service period. As of June 30, 2024, the average of the expected remaining service lives of all employees as calculated by the Plan's independent actuaries was 6.29 years.

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LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: OCTOBER 14, 2025
ITEM: III - D

SUBJECT: NOTIFICATION OF CERTIFIED RESULTS OF THE EMPLOYEE-MEMBER OF THE BOARD OF ADMINISTRATION ELECTION FOR THE UNEXPIRED TERM ENDING JUNE 30, 2028

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

Recommendation

That the Board receive and file the certified results of the Employee-Member of the Board of Administration Election for the unexpired term ending June 30, 2028.

Discussion

On October 2, 2025, the Office of the City Clerk submitted the attached Letter of Certification of the results of the election on September 26, 2025. The results indicate that Susan Liem received 54.69% of the 1,408 votes cast. Arrangements will be made for the elected member, Susan Liem, to be officially sworn in.

Prepared By: Ani Ghoukassian, Commission Executive Assistant II

Attachment: 1. Letter of Certification from the Office of the City Clerk

PATRICE Y. LATTIMORE
CITY CLERK

RUBEN VIRAMONTES
EXECUTIVE OFFICER

Board Mtg: 10/14/25
Item: III-D
Attachment

City of Los Angeles CALIFORNIA



KAREN BASS
MAYOR

OFFICE OF THE
CITY CLERK

**Elections and Business
Improvement District Division**
555 Ramirez Street, Space 300
Los Angeles, CA 90012
Election: (213) 978-0444
Election FAX: (213) 978-0376
BIDs: (213) 275-3373

JINNY PAK
DIVISION MANAGER
clerk.lacity.gov

October 2, 2025



Members of the Board of Administration
Los Angeles City Employees' Retirement System
977 N. Broadway
Los Angeles, CA 90012-175

Honorable Board Members:

Transmitted herewith are the certified results of ballots cast in the Special Election for the Employee-Member of the Board of Administration of the Los Angeles City Employees' Retirement System (LACERS) held on September 26, 2025.

If you have any questions, please contact Galina Hayrapetyan of the Election Division at (213) 978-0444. Thank you.

Sincerely,

Signed with ClerkSign

Oct 02, 2025 3:03PM 

For
Patrice Y. Lattimore
City Clerk

Attachments

AN EQUAL EMPLOYMENT OPPORTUNITY EMPLOYER

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) SS

I, PATRICE Y. LATTIMORE, City Clerk of the City of Los Angeles, hereby certify to the Members of the Board of Administration that I have canvassed the returns for the Special Election for the Employee-Member of the Board of Administration of the Los Angeles City Employees' Retirement System held on September 26, 2025, and certify the attached canvass of returns to be a true, correct and complete canvass of the returns of said election.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal this
2nd day of October 2025.

Sincerely,

Signed with ClerkSign



Oct 02, 2025 3:03PM



For
PATRICE Y. LATTIMORE
City Clerk

Attachment

**CITY OF LOS ANGELES
OFFICE OF THE CITY CLERK - ELECTION DIVISION**

**SPECIAL ELECTION FOR THE EMPLOYEE-MEMBER OF THE BOARD OF ADMINISTRATION OF THE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)**

Election Date - September 26, 2025

SUMMARY OF OFFICIAL TALLY RESULTS

CANDIDATE	VOTES CAST	PERCENT
ANGELA RAGUSA	307	21.80%
CHRISTIAN BLESZINSKI	155	11.01%
SUSAN LIEM	770	54.69%
SANDRA MENDOZA	168	11.93%
NO VOTES	0	0.00%
OVER VOTES	5	0.36%
WRITE-IN CANDIDATES	3	0.21%
TOTAL VOTES CAST	1,408	

TOTAL BALLOTS MAILED	28,053
TOTAL BALLOTS CAST	1,457
TOTAL CHALLENGED	49
TOTAL VOTES CAST	1,408
VOTER TURNOUT (<i>TOTAL BALLOTS CAST/TOTAL BALLOTS MAILED</i>)	5.19%

Signed with ClerkSign



Oct 02, 2025 3:03PM



Jinny Pak, Division Manager
Election Division

10/02/2025

Date

**CITY OF LOS ANGELES
OFFICE OF THE CITY CLERK - ELECTION DIVISION**

**Special Election for the Employee-Member of the Board of Administration of the
Los Angeles City Employees' Retirement System (LACERS)**

September 26, 2025

SUMMARY OF CHALLENGES

TYPES OF CHALLENGES UPON VERIFICATION/TALLY	QUANTITY
Identification Envelope without information	13
Identification Envelope without SSN	22
Identification Envelope with wrong SSN	2
Ballot without Identification Envelope	4
Identification Envelope without Address	1
Name and SSN not found on Roster	3
Identification Envelope without Signature	2
Members no longer eligible	2
TOTAL	49

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

September 9, 2025

10:06 a.m.

PRESENT:	President:	Annie Chao
	Vice President:	Janna Sidley
	Commissioners:	Thomas Moutes Gaylord "Rusty" Roten Sung Won Sohn
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Todd Bouey
	Executive Assistant:	Ani Ghoukassian
ABSENT:	Commissioner:	Thuy Huynh

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 was one public comment card received by Valentina Dabos, member of the public, who made a comment with respect to LACERS investments in Thoma Bravo.

II

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Todd Bouey, Interim General Manager, advised the Board of the following items:
- General Manager Interim Appointment and Confirmation
 - Special Election for the Office of Employee-Member of the Board of Administration
 - Workplace Violence Prevention Training
 - Layoff Coordination
 - Alive and Well Project Update

- 2026 Open Enrollment from October 15, 2025 to November 17, 2025

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

Board Meeting on September 23, 2025:

- FY26 Budget Appropriation for Vehicle reimbursed from the Wellness Budget
- Assumptions for the June 30, 2025 retiree health actuarial valuation

Governance Committee on September 23, 2025:

- Budget approval policy
- Compensation policy

III

RECEIVE AND FILE ITEMS

- A. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.
- B. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.
- C. EDUCATION AND TRAVEL EXPENDITURE REPORT FOR THE QUARTER ENDING JUNE 30, 2025 – This report was received by the Board and filed.

IV

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE MEETING OF AUGUST 12, 2025 AND POSSIBLE BOARD ACTION – Commissioner Roten moved approval, seconded by Vice President Sidley, and adopted by the following vote: Ayes, Commissioners Moutes, Roten, Sohn, Vice President Sidley, and President Chao -5; Nays, None.
- B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF ISAIAS BARBOSA AND POSSIBLE BOARD ACTION – Carol Rembert, Benefits Analyst, presented and discussed this item with the Board for ten minutes. Vice President Sidley moved to table this item for a future Board meeting, seconded by Commissioner Moutes, and adopted by the following vote: Ayes, Commissioners Moutes, Roten, Sohn, Vice President Sidley, and President Chao -5; Nays, None.

V

BOARD/DEPARTMENT ADMINISTRATION

- A. TRIENNIAL BOARD POLICY REVIEW: ARTICLE II, SECTION 1.2 BOARD EDUCATION AND TRAVEL POLICY AND POSSIBLE BOARD ACTION – Horacio Arroyo, Senior Management Analyst II, presented and discussed this item with the Board. President Chao requested that staff rewrite the lodging options in the Travel Policy to better promote the sponsored hotel conference option before other lodging options are considered. Vice President Sidley moved approval to include President Chao’s request, seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Roten, Sohn, Vice President Sidley, and President Chao - 4; Nays, Commissioner Moutes -1.
- B. BOARD POLICY REVIEW: CONTRACT RENEWAL POLICY AND POSSIBLE BOARD ACTION – Horacio Arroyo, Senior Management Analyst II, presented and discussed this item with the Board. Vice President Sidley moved approval, seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Moutes, Roten, Sohn, Vice President Sidley, and President Chao -5; Nays, None.
- C. CHARTER CHANGE OPPORTUNITIES FOR CONSIDERATION IN THE CITY OF LOS ANGELES CHARTER REFORM AND POSSIBLE BOARD ACTION – Lisa Li, Management Analyst, presented and discussed this item with the Board. President Chao requested staff to review the Charter for opportunities at equity with other City pension systems relating to IRMAA subsidies/reimbursements and identify any recommendations as to Charter changes. Commissioner Moutes additionally requested staff to look at past Board action defining Medicare Part B Reimbursement and report back on that history. Vice President Sidley moved approval, seconded by Commissioner Moutes, and adopted by the following vote: Ayes, Commissioners Moutes, Roten, Sohn, Vice President Sidley, and President Chao -5; Nays, None. Commissioner Moutes moved to bring back all other items on the report, seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Moutes, Roten, Sohn, and President Chao -4; Nays, Vice President Sidley -1.

VI

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value of \$26.76 billion as of September 8, 2025; and Volatility Index at 15.45. Rod June discussed the following items:

GLOBAL ISSUES:

- Russian bonds have risen 34% since August 22, 2025, Total Value is approximately \$435,000.

OPERATIONAL:

- a. Investment Committee will review a Manager Watch List Report for their comments.
- b. Managers Removed from Watch List as of August 31, 2025:
 - Loomis Sayle & Co – High Yield Fixed Income
 - Oberweis – Non-US Small Cap
 - SSGA – Emerging Markets Index

EMERGING MANAGERS:

- CIO attending the Investment Diversity Advisory Council Conference, September 24-25, 2025.

FUTURE AGENDA ITEMS:

- a. Total Fund Portfolio Performance Review by NEPC for the period ending June 30, 2025.
- b. Investment Manager Contract being discussed at the Investment Committee meeting today.

VII

President Chao recessed the Regular meeting at 10:53 a.m. to convene in closed session.

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: THOMAS CRAWLEY v. LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCV14282)**
- 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: INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 18 v. CITY OF LOS ANGELES ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCP02171)**

President Chao reconvened the Regular meeting at 12:02 p.m. with nothing to report.

VIII

OTHER BUSINESS – Vice President Sidley requested City Attorney to advise on Disability Claim for Isaías Barbosa at a future meeting. Commissioner Moutes asked for a status report on the City Attorney office vacancy.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, September 23, 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 12:04 p.m.

Annie Chao

President

Todd Bouey
Manager-Secretary



REPORT TO BOARD OF ADMINISTRATION
From: Isaias Cantú, Chief Benefits Analyst

MEETING: OCTOBER 14, 2025
ITEM: IV-B

SUBJECT: APPROVAL OF DISABILITY RETIREMENT APPLICATION OF RENE CASTRO AND POSSIBLE BOARD ACTION

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

Recommendation

That pursuant to Los Angeles Administrative Code § 4.1008(b), the Board approve the disability retirement application for Rene Castro based on his claimed disabling condition and the supporting medical evidence contained in the administrative record, which includes reports by three licensed, practicing physicians.

Background

Rene Castro (Applicant) is an Airport Guide I in the Department of Airports with 21.82115 years of City Service. The Applicant applied for disability retirement on July 17, 2024, 10 months outside of the normal filing period, but the application was accepted due to the Applicant's open Workers' Compensation claim.

The Applicant's last day on active payroll was October 1, 2022. If approved, the Applicant's retirement effective date would be October 2, 2022.

Accommodation

Because Physician 1 opined the Applicant is disabled with no form of accommodation that would allow the Applicant to return to work, no inquiries were made with the employing department.

Fiscal Impact

Upon approval, the Applicant would receive a disability retirement allowance of approximately \$1,347.00 per month, and a retroactive payment covering 37 months of approximately \$49,839.00.

Prepared By: Rachelle Ramiento, Benefits Specialist, Retirement Services Division
Carol Rembert, Benefits Analyst, Retirement Services Division
Claudia Batres-Flores, Sr. Benefits Analyst I, Retirement Services Division

IC/CBF:cr:rr

Attachments: Attachment 1: Proposed Resolution

APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR RENE CASTRO

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 Rene Castro is unable to perform his usual and customary duties as an Airport Guide I 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 Rene Castro is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing his duties as an Airport Guide I;

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 applicant's intemperance or willful misconduct; and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for Rene Castro based upon his claimed disabling condition.



REPORT TO BOARD OF ADMINISTRATION

From: Isaias Cantú, Chief Benefits Analyst

A handwritten signature in black ink, appearing to be "IC", written over the printed name.

MEETING: OCTOBER 14, 2025

ITEM: IV-C

SUBJECT: APPROVAL OF DISABILITY RETIREMENT APPLICATION OF DEANDRE SPENCER AND POSSIBLE BOARD ACTION

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

Recommendation

That pursuant to Los Angeles Administrative Code § 4.1008(b), the Board approve the disability retirement application for DeAndre Spencer based on his claimed disabling condition and the supporting medical evidence contained in the administrative record, which includes reports by three licensed practicing physicians.

Background

DeAndre Spencer (Applicant) is a Traffic Officer II in the Department of Transportation with 16.72060 years of City Service. The Applicant applied for disability retirement on June 28, 2024.

The Applicant's last day on active payroll was July 1, 2023. If approved, the Applicant's retirement effective date would be July 2, 2023.

Accommodation

Because Physician 1 opined the Applicant is disabled with no form of accommodation that would allow the Applicant to return to work, no inquiries were made with the employing department.

Fiscal Impact

Upon approval, the Applicant would receive a disability retirement allowance of approximately \$2,179.00 per month, and a retroactive payment covering 28 months of approximately \$61,012.00.

Prepared By: Rachelle Ramiento, Benefits Specialist, Retirement Services Division
Carol Rembert, Benefits Analyst, Retirement Services Division
Claudia Batres-Flores, Sr. Benefits Analyst I, Retirement Services Division

IC/CBR:cr:rr

Attachments: Attachment 1. Proposed Resolution

APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR DEANDRE SPENCER

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 and 2 examined and concluded DeAndre Spencer is unable to perform his usual and customary duties as a Traffic Officer II with the City of Los Angeles;

WHEREAS, notwithstanding, Physician 3 examined and concluded DeAndre Spencer is able to perform his usual and customary duties as a Traffic Officer II 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 DeAndre Spencer is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing his duties as a Traffic Officer II;

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 applicant's intemperance or willful misconduct; and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for DeAndre Spencer based upon his claimed disabling condition.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Governance Committee

Jann Sidley, Chair
Thuy Huynh
Tom Moutes

MEETING: OCTOBER 14, 2025

ITEM: V-A

SUBJECT: BOARD POLICY REVIEW: BUDGET APPROVAL POLICY AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board adopt the proposed Budget Approval Policy as reviewed and approved by the Governance Committee (Committee) on September 23, 2025.

Executive Summary

The 2022 Management Audit recommended that LACERS consider adopting additional policies aligned with industry best practices, including developing a Budget Approval Policy. Staff now presents the proposed Budget Approval Policy to the Board for its consideration.

Discussion

On September 23, 2025, the Committee reviewed the policy draft and recommended its adoption by the Board. This draft policy formalizes the procedures for budget approvals, amendments, and transfers by the Board, including delegating authority to the General Manager to move funds between appropriation accounts. Upon Board approval, staff will incorporate the policy into Article II—Board Administrative Policies as Section 3.3 of the Board Manual and subject to triennial review.

Prepared By: Chhintana Kurimoto, Management Analyst

TB/EA/LL/CK:ck

Attachment: 1. Report to Governance Committee Dated September 23, 2025



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

BOARD Meeting: 10/14/25
Item V-A
Attachment 1



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

MEETING: September 23, 2025
ITEM: III

SUBJECT: BOARD POLICY REVIEW: BUDGET APPROVAL POLICY AND POSSIBLE COMMITTEE ACTION

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

Recommendation

That the Governance Committee (Committee):

1. Review and approve the Budget Approval Policy; and,
2. Upon Committee approval, send the policy document to the Board of Administration (Board) for final review and adoption.

Executive Summary

The 2022 Management Audit recognized LACERS for adhering to best practices through the adoption of a Board Governance Manual. The audit found that LACERS' existing policies largely align with industry standards and reflect the practices expected of a well-governed public fund. However, it is also recommended that LACERS consider adopting additional policies aligned with industry best practices, including the development of a Budget Approval Policy.

Once approved by the Board, the Budget Approval Policy would be added as a new entry in the Board Governance Manual under Article II – Board Administrative Policies.

Discussion

The Los Angeles City Charter, Section 1106, provides the Board the sole and exclusive responsibility to administer its system, including the authority to defray the expenses of administering the retirement system. Staff recommends approval of this policy document, which formalizes the procedures for budget approvals, amendments, and transfers by the Board, including delegating authority to the General Manager to move funds between appropriation accounts. This policy supports the Board's role in ensuring financial transparency and accountability, while ensuring that the budget reflects the overall strategic direction and advances the organization's long-term goals. With the Committee's approval, the Budget Approval Policy (Attachment 1) will be incorporated into Article II – Board Administrative Policies as Section 3.3 of the Board Manual and subject to triennial review.

Prepared By: Chhintana Kurimoto, Management Analyst

TB/EA/LL/CK

Attachment: 1. Article II, Section 3.3 Budget Approval Policy Draft

Section 3.0 FINANCIAL, ACTUARIAL, AUDIT ADMINISTRATION

3.3 BUDGET APPROVAL POLICY

Purpose

Consistent with Article XVI, Section 17 of the California Constitution and pursuant to the Los Angeles City Charter, Section 1106, the Board has the sole and exclusive responsibility to administer its system, including the authority to defray the expenses of administering the retirement system. In accordance with the Los Angeles Administrative Code, Section 1160, the Board is required to prepare and transmit an annual budget to the Mayor and Controller. The LACERS budget is comprised of the Administrative Expense Budget, the Health Care Fund Administrative Expense 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. The Board also approves the personnel and annual resolutions (included within the budget schedules) that accompany the annual budget and are submitted to the Mayor for inclusion in the City's proposed and adopted budget.

This policy establishes the process for approving and amending the annual budget by the Board.

I. Guidelines

A. General Provisions

1. The Board is responsible for:
 - a. Adopting the annual budget, personnel, and annual resolutions.
 - b. Approving the asset allocations and investment contracts, which set fee rates used to establish the Investment Management Fee Budget.
 - c. Adopting 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.
 - d. Considering programs and Annual Business Plan initiatives to fund the upcoming fiscal year reflected in the Administrative Budget.
 - e. Approving budget amendments to the Adopted Budget amount.
2. The General Manager is responsible for:
 - a. Preparing and presenting the proposed annual budget.
 - b. Transmitting the annual budget, personnel, and annual resolutions for inclusion in the Mayor's Proposed Budget, which is due to the City Council by April 20th, and final Adopted Budget by June for the fiscal year beginning July 1st.

B. Proposed Budget Presentation

1. The General Manager will present to the Board a proposed administrative expense budget for the upcoming fiscal year that supports the organizational goals and initiatives aligned with the Annual Business Plan and LACERS' Strategic Plan.
2. The proposed annual budget will be comprised of the following components:
 - a. Administrative Expense Budget – consists of five broad expenditure categories
 - Personnel Services (Salaries, Overtime, Employee Benefits)
 - Professional Services

Section 3.0 FINANCIAL, ACTUARIAL, AUDIT ADMINISTRATION

- Information Technology
 - Education/Training and Travel
 - Office Expenses
 - b. Health Care Fund Administrative Expense Budget ("115" Trust) – self-insured health care fund for retiree medical, dental, and vision benefits
 - c. Investment Management Fees and Expenses
 - d. City Contribution to the LACERS Retirement Trust Fund and 115 Trust Fund
3. Personnel and Annual Resolutions accompanying the annual budget may include the following documents, but are not limited to:
- a. Positions and Salaries
 - b. Organization Chart
 - c. Delegation of Authority to the General Manager to Approve Transfers between Appropriation Accounts
 - d. Authorization for LACERS Departmental Exemplary Staff Recognition Program
 - e. Other resolutions delegating authority to the Board or General Manager

II. Adoption, Amendment, Transfers, and Reporting

- A. The preliminary proposed annual budget will be presented to the Board no later than March 31st of each year.
- B. The final proposed annual budget will be adopted and approved by the Board no later than May 31st of each year.
- C. When unexpected budgetary expenses are projected or arise, the General Manager may request that the Board amend the current fiscal year's budget by providing justification for the amendment, expected impact, and the cost of the amendment for the remainder of the budget year.
- D. Charter Section 343(b) and Administrative Code, Section 5.36 authorizes the Board to transfer funds between budget appropriation accounts within the limits prescribed by the City Administrative Officer for the most current fiscal year. The Board approves and delegates authority to the General Manager to move funds between appropriation accounts to help manage expenditures efficiently and promptly.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: OCTOBER 14, 2025
ITEM: V – B

SUBJECT: CHARTER CHANGE OPPORTUNITIES FOR CONSIDERATION IN THE CITY OF LOS ANGELES CHARTER REFORM AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board:

1. Consider the proposed LACERS-related City Charter changes outlined in this report and direct staff to submit for Charter reform; and,
2. Direct staff to work with City Attorney to review the City Charter to identify any legal barriers that may prevent the City Council from adopting an ordinance to permit reimbursement of Medicare Income-Related Monthly Adjustment Amount (IRMAA) expenses.

Executive Summary

At the September 9, 2025 Board Meeting, the Board directed staff to conduct further review of the City Charter to identify areas that will enhance equity in Benefit provisions--particularly in response to Member concerns regarding IRMAA--and to consider other potential changes that could benefit LACERS through the application of governance best practices. Following that directive, staff is now returning to the Board with one additional Charter reform proposal. However, following an in-depth discussion within the Benefits Administration team, staff have concluded that any meaningful resolution of the IRMAA concerns necessitates changes to the Administrative Code, as the City Charter does not govern the specific provisions.

Discussion

On August 26, 2025, the Governance Committee endorsed the following five Charter reform proposals for review and action by the Board:

1. Grant LACERS the authority to determine its own staff hiring and compensation.
2. Allow LACERS to set the frequency and timing of its Board meetings.
3. Clarify language in Charter Section 1164 to be in line with the 2023 interpretation.
4. Require actuarial studies for pension system ballot initiatives.
5. Grant the Board independent authority to select its chief executive (i.e., General Manager).

Additional Proposal to Consider Granting LACERS the Authority to Select Its Own Legal Counsel

Following the September 9, 2025 Board Meeting, staff identified another area for potential Charter amendment; namely, granting LACERS the authority to select its own legal counsel to improve governance authority and enact enabling legislation.

Charter Section 1106 states, in part:

Consistent with Article XVI, Section 17 of the California Constitution, and any successor constitutional provision, and subject to the limitations set forth elsewhere in the Charter concerning anything other than pension and retirement system administration and control over system investments, each pension and retirement board of the City shall:

(a) Administration of the Pension or Retirement System. Have sole and exclusive responsibility to administer its system for the following purposes:

- (1) to provide benefits to system participants and their beneficiaries and to assure prompt delivery of those benefits and related services;*
- (2) to minimize City contributions; and*
- (3) to defray the reasonable expenses of administering the system.*

The duty to system participants and their beneficiaries shall take precedence over any other duty.

Charter Section 271(b) states, in part, “The City Attorney shall be the legal advisor to the City, and to all City boards, departments, officers, and entities.”

Pursuant to Charter Section 271(b), LACERS is required to rely on the City Attorney’s Office as its designated General Counsel, thus lacking the legal authority to select external legal counsel. While the City Attorney’s Office has established a team of lawyers that provides service exclusively to the City’s three retirement systems, if conflicts were to arise between retirement systems, the legal team may be limited in how they can advocate for LACERS’ position. A change in this authority would offer LACERS more accessible legal resources while minimizing delays or conflicts that may arise due to the City Attorney’s broader obligations to other departments. This proposal was also previously brought up in 2006 for the Board’s consideration when another Charter reform was underway. However, records show that the Board did not approve moving this forward but rather referred it for further discussion. The 2013 LACERS Management Audit also highlighted this as a key recommendation.

IRMAA Reimbursement Considerations

Additionally, pursuant to the Board’s request, staff reviewed Article XI Pension and Retirement System of the City Charter, which outlines the general provisions governing the City’s three retirement systems, to determine whether changes could be made to address IRMAA-related concerns that were brought up by Members and Stakeholders two years ago. Staff found that Article XI provides a structural framework but does not address benefit programs, health plan coverage, or IRMAA reimbursements.

Therefore, staff concluded that pursuing changes through the Charter would be unlikely to yield meaningful results, since the detailed provisions governing such benefits are established in the Los Angeles Administrative Code.

While the Administrative Code presents the clearest path forward, staff requests that the Board direct them to work with the City Attorney's office to further review the City Charter to confirm that no legal barriers exist that would prevent an ordinance from being adopted to allow for Medicare IRMAA reimbursements. The Board had previously sent a request to the City Council to consider a benefit enhancement to allow for IRMAA reimbursements; however, no notable action has followed. LACERS staff is preparing a report back to the Benefits Administration Committee with a review of the legislative history and analysis of the financial impacts on Members at the onset of IRMAAs in comparison to the present day. The report will outline an educational campaign for Members to help them plan for this in retirement and an informational campaign for stakeholders on this significant issue impacting current and future LACERS Retirees.

Prepared By: Lisa Li, Management Analyst

TB/DW/EA/CK/LL:ll

Attachments: 1. Report to Board of Administration dated September 9, 2025



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

BOARD Meeting: 10/14/25
Item: V-B
Attachment: 1



REPORT TO BOARD OF ADMINISTRATION

From: Governance Committee

Janna Sidley, Chair
Thuy Huynh
Tom Moutes

MEETING: SEPTEMBER 9, 2025

ITEM: V-C

SUBJECT: CHARTER CHANGE OPPORTUNITIES FOR CONSIDERATION IN THE CITY OF LOS ANGELES CHARTER REFORM AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board take the following action as recommended by the Governance Committee (Committee):

1. Consider the proposed LACERS-related City Charter changes outlined in this report and direct staff on submitting for Charter reform.

Executive Summary

Ordinance No. 188303 was passed in 2024 to establish a Charter Reform Commission (Commission) to evaluate the City of Los Angeles Charter (Charter), including specific matters referred by the City Council (Council). On August 4, 2025, the Commission submitted an Outreach and Engagement Plan to the Council, launching efforts to gather reform proposals from City departments. LACERS proposes changes to the Charter sections governing the provisions of Boards and Commissions, retirement system and benefit structures, and staff employment.

On August 26, 2025, the Committee reviewed and considered five LACERS-related Charter reform proposals identified and presented by staff. The Committee approved the staff report to proceed to the full Board for its consideration, with most items included; however, one proposal did not receive majority approval. The Committee also added a new proposal brought forward by Commissioner Moutes which has been included for Board consideration.

Discussion

The Committee has endorsed the following five Charter reform proposals for review and action by the Board:

1. The authority for LACERS to determine its own staff hiring and compensation.
2. The authority for LACERS to determine its own frequency and timing of its Board meetings.
3. Clarifying language in Charter Section 1164 to be in line with the 2023 interpretation.
4. Requirements for actuarial study on pension system initiatives.
5. The independent authority for the Board to select its chief executive (i.e. General Manager).

Originally highlighted in the City's 2013 Management Audit of LACERS, Commissioner Moutes recommended that the fifth proposal be included for consideration. In its report, the City Auditor indicated that all Boards in LACERS' peer group had independent authority to select their chief executive, with only one exception. Best practices recommend that the governing body of a retirement system select its chief executive to uphold fiduciary integrity and support operational stability.

The Committee did not advance the proposal focused on establishing provisions for removing appointed Board Members for cause due to a lack of majority support. Currently, appointed Board Members may be removed mid-year by the Mayor without Council confirmation. In the City's 2013 Management Audit of LACERS, the auditor recommended a Charter amendment to limit such removals for cause pertaining to fiduciary responsibilities.

Prepared By: Lisa Li, Management Analyst

TB/EA/CK/LL

Attachments: 1. Report to Governance Committee Dated August 26, 2025



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

BOARD Meeting: 09/09/25

Item: V - C

Attachment: 1



REPORT TO GOVERNANCE COMMITTEE

From: Todd Bouey, Interim General Manager

MEETING: AUGUST 26, 2025

ITEM: V

SUBJECT: CHARTER CHANGE OPPORTUNITIES FOR CONSIDERATION IN THE CITY OF LOS ANGELES CHARTER REFORM AND POSSIBLE COMMITTEE ACTION

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

Recommendation

That the Governance Committee (Committee):

1. Consider the potential LACERS-related changes to the City Charter contained in this report; and,
2. Direct Staff to submit selected proposals to the Board for final consideration regarding its response to Charter reform.

Executive Summary

In 2024, Ordinance No. 188303 was adopted, establishing the Charter Reform Commission to review the entire City Charter and specific issues and provisions referred by the City Council. On August 4, 2025, the Charter Reform Commission developed and transmitted to the City Council an Outreach and Engagement Plan, setting in motion a structured process for soliciting Charter reform proposals from City Departments. City Charter sections governing the provisions of Boards and Commissions, retirement system and benefit structures, and staff employment were the primary areas of concern for LACERS' proposed changes.

Discussion

Guided by the Management Audits, staff have identified three areas where changes to the Charter may be considered according to the City's own auditor. These proposed revisions are intended to exhibit best governance practices that will allow LACERS to operate effectively and efficiently.

1. The authority for LACERS to determine its own staff hiring and compensation

Charter Section 1000 states:

The provisions of this Article [Article X Employment Provisions] shall apply to all employees of the City, except for those specifically exempted in Section 1001.

At present, LACERS operates under this provision and is subject to the City's classifications of positions and salary structure. While this structure ensures consistency across departments, it hinders LACERS' recruiting and retention efforts due to its unique fiduciary and operational needs. The lack of an independent salary compensation structure poses a potential problem with professional and investment staff salaries not keeping up with the market. Other public pension funds have been granted authority by their respective legislatures to have independence over their staff hiring and compensation to ensure those plans are properly managed.

2. The authority for LACERS to determine its own frequency and timing of its board meetings

Charter Section 503(b) states:

Meetings. Each board shall hold a regular meeting at least twice a month. All meetings shall be in a municipal or other facility open to the public.

Currently, LACERS' regular board meetings are held twice a month on the second and fourth Tuesdays. The Management Audit report states this frequency is unusual compared to current best practices and creates a significant time and resource burden for both Board members and staff. In the 2022 Management Audit, Board members indicated there was no need to reduce the number of meetings, which may incur longer meeting days due to meeting less often. Amending the City Charter to allow the LACERS Board of Administration to set its own meeting schedule would enable more flexibility to adopt modern governance practices, improve efficiency, and lessen administrative burdens, while still maintaining the option for frequent meetings if necessary.

3. Board Member removal for cause

Charter Section 502(d) states:

Removal. Members of a board or commission, other than the City Ethics Commission and the Police Commission, who are appointed by the Mayor subject to approval by the Council, may be removed by the Mayor without Council confirmation. Members of the Police Commission may be removed by the Mayor, but a removed member may, within ten calendar days of the removal, appeal the action to the Council. Within ten Council meeting days of receipt of the appeal, the Council may reinstate the commissioner by a two-thirds vote of the Council. Failure of the Council to reinstate the commissioner during this time period shall constitute a denial of the appeal. Action on an appeal shall be by an action separate from the approval of the appointment of a successor to the removed member. Members of the City Ethics Commission may be removed in accordance with Section 700. Members of the Independent Redistricting Commission may be removed in accordance with Section 483.

Pursuant to this Charter section, the Mayor has the authority to remove Board Members mid-term without Council confirmation, which may be disruptive to Board and staff operations. While it is appropriate for the plan sponsor to have the authority to remove Board Members prior to the end of their term, it should only be for cause relating to the Commissioner's fiduciary responsibilities. This revision will prevent abrupt changes that may harm investment oversight or organizational strategy.

In addition to the Management Audits, staff have identified two additional areas where LACERS-related changes to the Charter have been previously brought to the Board or Council for consideration. The first area, pertaining to Charter Section 1164, was previously brought to the Board in 2006 for consideration when another Charter reform was underway (Attachment 1). The item was approved by the Board for submission to the City Administrative Office for incorporation into the Charter reform initiative. Note that this 2006 report also included consideration of the authority for LACERS to select its own legal counsel; however, records indicate that the Board did not approve moving this forward, rather referred for further discussion.

The other instance was a motion brought to Council in 2013 that concerns changes to the City's retirement benefits through the initiative process. No substantive actions resulted at the time for both items, so staff are now reintroducing these items for the Committee's current review and direction.

1. Clarifying language in Charter Section 1164 to be in line with the 2023 interpretation

Charter Section 1164(a) states:

Prohibition. No person who shall have been retired from the service and employment of the City pursuant to the provisions of this System shall thereafter be paid for any service rendered as an officer or employee of the City, except for service rendered as an election officer, as an officer elected by the electors of the City, or as a Retired Member of the Board of Administration.

Section 1164 provides exceptions to the prohibition mentioned above, including temporary service not to exceed 120 days in a fiscal year, service as an election employee not to exceed 120 days in a calendar year, and retired Members who have been appointed to a Board or Commission receiving attendance fees. Other than these exceptions, retired LACERS Members are precluded from City employment. In 2023, to resolve an ambiguity in this Charter section, the administrative interpretation was revised to clarify that the term "officer or employee of the City" is limited to positions covered by LACERS, consistent with the provision's placement in the part of the Charter that applies specifically to LACERS, the historical distinction between how employees of LACERS-covered departments versus other departments covered by LAFPP and WPERP were referenced in the Charter, and the Board's obligation to resolve ambiguous plan provisions in favor of members. Accordingly, staff propose to amend the Charter section to clarify the ambiguity, specifically align its language with the latest administrative interpretation, and to prevent operational uncertainty in the future.

2. Requirements for actuary study on pension system initiatives

Draft Charter Section 1121.

Prior to the City Attorney providing a title and summary pursuant to Section 451(a) for any proposed changes to City employee retirement benefits pursuant to the initiative process whether by ordinance or Charter amendment, each affected pension system shall complete an actuarial study delineating the cost and or savings of proposed changes to the affected pension system. The study shall be completed by the affected pension system's contract actuary and shall use existing system actuarial assumptions and actuarial data to the greatest extent possible. The proponents of the initiative shall pay for such studies in accordance with the terms and conditions of the existing contract between the affected pension system and the actuary,

and prior to the actuary beginning such studies. Such studies shall include a fiscal summary of the proposed changes. This fiscal summary shall be included in the petition for such proposed changes, so that voters reviewing the petition have information on the costs and or savings of proposed changes.

Charter Section 1168(b) states, in part, “As a further condition to the final adoption of benefit modifications, it shall be required that the Council be advised in writing by an enrolled actuary as to the cost of benefit increases.”

Charter Section 1168(b) requires Council to be advised in writing by an enrolled actuary as to cost-benefit increases; however, this requirement is not extended to pension reform measures within the initiative process. In 2013, Council File 13-1300-S4 was made with a motion to amend the Charter to require actuary studies to be included with proposals to change any of the City’s retirement benefits through the initiative process. The proposed Charter language at that time is provided above with the intention of promoting transparency to the public to uphold the financial integrity of the City and its retirement systems.

Prepared By: Lisa Li, Management Analyst

TB/CK/LL

Attachments: 1. Potential LACERS-Related Changes to the City Charter Board Report dated July 25, 2006
2. Council File: 13-1300-S4 Motion

LACERS

Los Angeles City Employees' Retirement System



Report to Board of Administration

From: Robert Aguillo, Jr., General Manager

Agenda of: **JULY 25, 2006**

ITEM: **IX-A**

SUBJECT: POTENTIAL LACERS-RELATED CHANGES TO THE CITY CHARTER

Recommendation:

That the Board consider the potential LACERS-related changes to the City Charter contained in this report and direct staff regarding its response to the Mayor and City Administrative Officer.

Discussion:

On July 7, 2006, LACERS received a memorandum (attached) from City Administrative Officer (CAO) William T Fujioka. That memo solicits proposed changes to the Los Angeles City Charter for potential inclusion on the March 6, 2007 ballot and sets a July, 31, 2006 date for proposed Charter changes to be submitted to the Mayor and CAO.

Staff has identified three areas where changes to the Charter may be desirable:

1. Employment by the City of a Retired Member of LACERS

Charter Section 1164(a) states:

Prohibition. No person who shall have been retired from the service and employment of the City pursuant to the provisions of this System (LACERS) shall thereafter be paid for any service rendered as an officer or employee of the City, except for service rendered as an election officer, as an officer elected by the electors of the City, or as a Retired Member of the Board of Administration.

Section 1164 provides a couple of exceptions to the prohibition mentioned above including temporary service not to exceed 90 days in a fiscal year, service as an election employee not to exceed 120 days in a calendar year, and retired members who have been appointed to a board or commission and who receive attendance fees.

Other than in the exceptional situations listed above, retired LACERS members are precluded from City employment. This preclusion exists despite the fact that retired members of the City's Fire and Police Pension System and the Water and Power Employees' Retirement Plan are allowed to work in LACERS-covered employment after their retirements from their respective City retirement systems.

Not only is the preclusion of further City employment for retired LACERS members inconsistent with the provisions of the other retirement systems in the City, but also is potentially inefficient, especially in light of the term limits for elected City officials, who may desire to bring retired members with valuable institutional knowledge back to City employment for more than just a very limited period of time. Currently, if a member retires from LACERS, he/she is ineligible to be hired back into City service even if the Mayor or a department head believes he/she would be the best person for a position.

2. The Authority for LACERS to Select Its Own Outside Legal Counsel

Charter Section 275 states:

“Upon recommendation of a board enumerated in Section 272(c) (which included LACERS), and the written consent of the City Attorney, the City may contract with attorneys outside of the City Attorney’s Office to assist the City Attorney in providing legal services to that department. The City may otherwise contract with outside legal counsel to assist the City Attorney in the discharge of his or her duties under the Charter only upon written approval of the Council and City Attorney, and consistent with budgetary appropriations.”

Currently, pursuant to this Charter section LACERS participates when asked by the City Attorney when selecting outside fiduciary, tax, and investment counsel for LACERS. This has proven to be an inefficient methodology as evidenced by the recent period of several months during which LACERS was without needed outside counsel. If LACERS had the authority to select its own outside legal counsel, such gaps in necessary services would not occur. In order to fully carryout its fiduciary responsibilities, most pensions funds select their own outside counsel which provides them with more control and transparency of the selection process.

3. The Authority for LACERS to Select Its Own Inside Legal Counsel

Charter Section 1106 states, in part,

“Consistent with Article XVI, Section 17 of the California Constitution, and any successor constitutional provision, and subject to the limitations set forth elsewhere in the Charter concerning anything other than pension and retirement system administration and control over system investments, each pension and retirement board of the City shall:

(a) Administration of the Pension or Retirement System. Have sole and exclusive responsibility to administer its system for the following purposes:

- (1) to provide benefits to system participants and their beneficiaries and to assure prompt delivery of those benefits and related services;
- (2) to minimize City contributions; and
- (3) to defray the reasonable expenses of administering the system.

The duty to system participants and their beneficiaries shall take precedence over any other duty.”

Charter Section 271(b) states, in part, “The City Attorney shall be the legal advisor to the City, and to all City boards, departments, officers, and entities.”

Charter Section 274 states, in part, “The City Attorney may appoint assistants, deputies, clerks and other persons as the Council shall prescribe by ordinance.”

Charter Sections 271(b) and 274 could be perceived to be inconsistent with the Board's responsibilities as delineated in Charter Section 1106. Without a mechanism to help ensure the alignment of interests in administering the System, the present authority regarding the hiring of legal counsel may create a less effective environment for such administration than would otherwise be possible. A change in this authority would allow for more effective in-house legal resources that would be available to the Board and staff and would minimize competing priorities by the City Attorney's Office.

RA:TM:kv

Attachment

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: July 7, 2006

To: HEADS OF ALL DEPARTMENTS

From: William T Fujioka, City Administrative Officer

Subject: **PROPOSED CHARTER CHANGES**

WTF
by m +

The next Citywide election will be held on March 6, 2007. This election provides an opportunity to present proposed Charter changes to the voters which can improve City government by making our operations more efficient and more effective. If you have any suggested Charter changes, please submit the following information:

- Proposed Charter revision (cite specific Charter section and proposed language change/addition/deletion);
- A brief description of the operational benefits or efficiencies to be gained from the proposed change;
- A brief description of any issues or concerns that might be raised as a result of the proposed change;
- A listing of affected agencies, constituents groups, etc.;
- Related Charter changes should be grouped together

Proposed Charter changes are to be sent to both the Mayor's Office and the City Administrative Officer, as follows:

Karen Sisson, Deputy Mayor
Office of the Mayor

City Administrative Officer
Attention: Ellen Sandt, Assistant City Administrative Officer

You are directed to submit your proposed Charter changes no later than July 31, 2006. The Mayor's Office, with the assistance of the CAO, will review the proposed Charter changes and may contact you for additional information. A consolidated list of recommended Charter changes will be submitted to the City Council in late August for consideration to be included on the March 2007 ballot.

Please contact Ellen Sandt in the Office of the City Administrative Officer at (213) 485-6637 if you have any questions or need additional information.

AV:EFS:ar

u/exec/sandt/2006/efs1.doc

13-1300-54

MOTION**RULES, ELECTIONS & INTERGOVERNMENTAL RELATIONS****JAN 9 2013**

Whenever the City Council changes pension benefits, the City Charter requires that the Council be advised in writing by an enrolled actuary as to the cost of benefit increases. The State Government Code also requires local employers to obtain an actuary report whenever a local agency modifies benefits. Obtaining a report from a qualified actuary is an important part of the process to change pension plans. Given the complexity of pension financing and the importance of understanding how changes will impact government finances, it is understandable why these laws are necessary. When the City Charter and the State Government Code provisions were written, they did not contemplate that the initiative process would allow a pension reform measure to move forward without a financial analysis to identify the long and short term impacts of a proposal.

When initiatives are proposed, there are compelling government interests to require that pension change proposals be accompanied by a study of the changes from a qualified actuary. Future taxpayers are impacted adversely if pension systems are not properly funded. Such studies will help preserve the fiscal integrity of the pension systems and the City. The proponents of the initiative will be held to the same standard as the City when it considers making pension changes, and the cost for the studies is small in light of the overall costs to fund an initiative, while the return in value to taxpayers, the pension systems, and the City is very large.

Actuarial studies and ensuing analyses are an integral part of running and maintaining a healthy pension system. Every year the City pension systems conduct actuary valuations and every three years go through in depth studies of economic and non-economic experience. These credentials make affected pension systems ideal for conducting studies of proposed pension changes, including: choosing the actuary, using established assumptions to perform the studies and approving the final report. Such studies should include a fiscal summary that would be a part of the petition that voters would be asked to sign.

I THEREFORE MOVE that the City Attorney be directed to draft a resolution for a proposed Charter Amendment to be placed on an election ballot to require that actuary studies be included with proposals to change any of the City's retirement benefits through the initiative process, as early as the May 2013 ballot.. Proposed draft Charter language to accomplish this is attached.

PRESENTED BY:

Herb J. Wesson, Jr.
HERB J. WESSON, JR.

Councilmember, 10th District

SECONDED BY:

*Paul Keenan**Paul Keenan**But Paul**LePR*

JAN 9 2013

*ERP***ORIGINAL**

Sec. 1121. Requirements for Actuary Study on Pension System Initiatives.

Prior to the City Attorney providing a title and summary pursuant to Section 451(a) for any proposed changes to City employee retirement benefits pursuant to the initiative process whether by ordinance or Charter amendment, each affected pension system shall complete an actuarial study delineating the cost and or savings of proposed changes to the affected pension system. The study shall be completed by the affected pension system's contract actuary and shall use existing system actuarial assumptions and actuarial data to the greatest extent possible. The proponents of the initiative shall pay for such studies in accordance with the terms and conditions of the existing contract between the affected pension system and the actuary, and prior to the actuary beginning such studies. Such studies shall include a fiscal summary of the proposed changes. This fiscal summary shall be included in the petition for such proposed changes, so that voters reviewing the petition have information on the costs and or savings of proposed changes.

Los Angeles City Employees' Retirement System

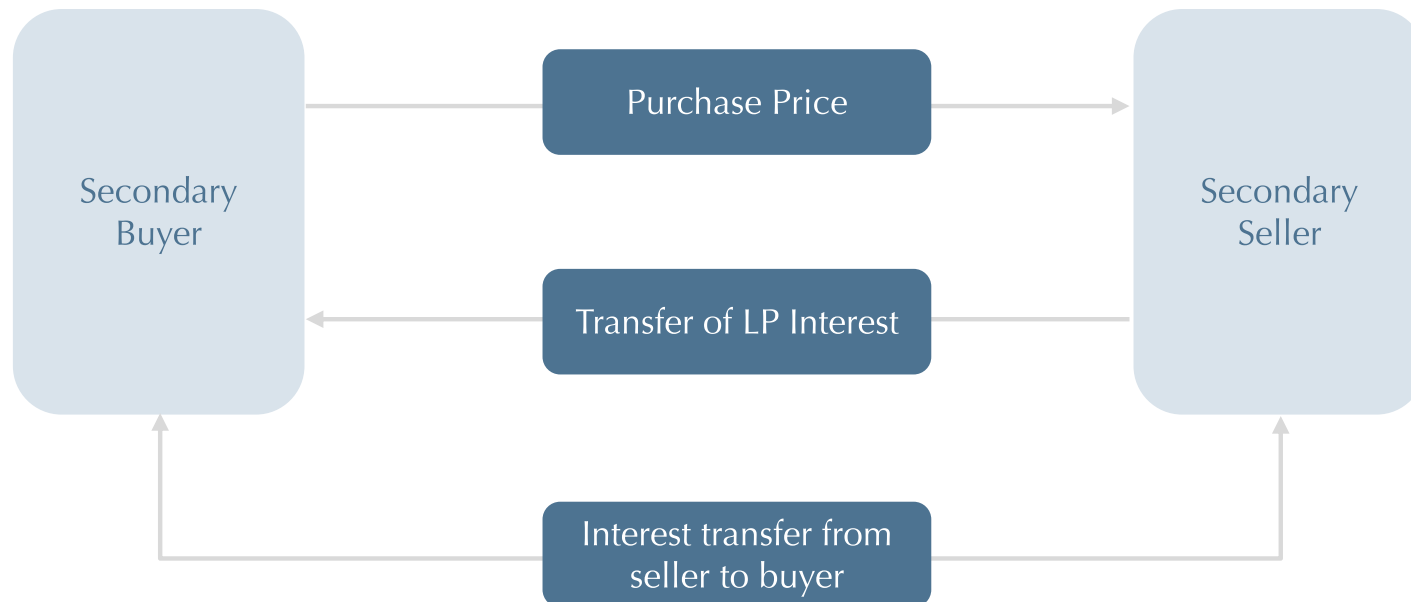
Private Equity Secondaries Education
October 2025



What Are Private Equity Secondaries?

Definition:

Private equity secondaries are when investors buy and sell existing stakes in private equity funds (or portfolios of companies), instead of investing in a brand-new fund.



Key Takeaways:



Secondaries = buying existing private equity investments



Provide liquidity and portfolio management tools



Growing market within private equity

What Drives Secondary Transactions?

Limited Partners "LPs"

General Partners "GPs"

Market Dynamics

- Portfolio rebalancing
 - Capital market volatility
 - Performance goals
 - Liquidity objectives
 - Allocation objectives
- Securing capital for new investment activity to maximize value
 - Providing additional time for assets
 - Realign firm incentives
 - Provide liquidity options to LPs

Current Trends

- Secondary sales have become more common, and the volume growth is expected to continue
 - LPs seeking to free up capital to re-invest in the current environment
 - LPs seeking liquidity in a low distribution environment
- High-quality managers have entered the secondary market
 - GPs are looking to the secondary market with continuation vehicles to hold on to star assets longer while offering LPs liquidity
 - GPs providing tender offers as a way to return capital to LPs and raise capital through stapled deals

Types of Secondaries Transactions

Transaction Type	Description
LP Led	LP pursues the exit of one or more funds it owns
Continuation Fund (GP Led)	GP rolls one or more assets from an older fund into a new vehicle, allowing existing LPs to cash out or roll over
Tender offer (GP Led)	GP facilitates new investors to buy out existing LP interests in a fund
Fund Restructuring (GP Led)	The terms of an older fund are restructured to extend its life or alter economic terms
Direct Secondaries	Purchase of stakes in private companies directly from existing shareholders
Structured Secondaries	Designed with preferred equity, deferral, milestones, etc. to tailor risk/return

LP Secondary Liquidity Options



Cash Sale

- Portfolio sale or mosaic
- No residual interest retained
- No exposure to future upside / downside of funds
- Cash received at close of transaction



Deferred Sale

- Portfolio sale or mosaic
- No residual interest retained
- No exposure to future upside / downside of funds
- Cash at a predetermined time after close
 - Market often sees 50% of capital paid at close and 50% paid 12 months later



Preferred Equity

- Transfer fund into vehicle
- Buyer receives “preferred” distributions until predetermined thresholds are met
- Upside sharing between the seller and buyer

Why LPs Sell Fund Interests



LPs often use the secondary market as a tool to exit PE fund positions to realign PE portfolios and/or to meet specific liquidity goals.

Benefits to Sellers

Rebalance PE Portfolio:

- Realign sub-asset class exposure, underlying geographic or industry exposure
- Reduce vintage year risk
- Tail-end divestment – clean up portfolios with excessive tail-end funds
- Proactively manage exposure to regulatory, strategic or other unexpected changes
- Exit poorly performing or non-core managers
- Reduce the number of GP relationships that must be managed

Meet Liquidity Objectives:

- Capture returns achieved through existing portfolios
- Redeploy capital into more productive assets
- Immediate liquidity rather than orderly sell down of portfolio
- Meet contingent or recurring cash needs such as loan repayments, capital calls on other LP interests, pension benefit obligations, or other plan liabilities

Why GPs Use the Secondary Market



Secondaries can be a tool for GPs to unlock liquidity, while resetting alignment and continuing to hold its best assets.

Benefits to Sellers

Liquidity Solution for Existing LPs:

- Traditional model: LPs usually wait 10+ years for full realization of a PE Fund
- Problem: Some LPs may want liquidity earlier
- Solution via GP led secondary: GPs can offer existing LPs an option for liquidity (tools include single or multi asset vehicles, tender offers, strip sales, etc.)

Extend the Holding Period for High-Conviction Assets:

- Enable GPs to hold “trophy assets” that they believe have significant upside
- Instead of selling to another sponsor (and losing the upside), the GP can roll these assets into a continuation fund funded by secondary capital
- This allows GPs to stay invested in high performing company and LPs to choose whether to cash out or roll into the new structure

Alignment of Interests:

- Secondary buyers provide fresh capital and often structure deals to keep GP incentives strong (e.g., resetting carry, fees).
- This helps align interests between the GP, new investors, and rolling LPs.

What Makes Secondaries Attractive?



Compared with primary fund investments, secondaries can offer compelling returns and less uncertainty through increased visibility into the underlying assets and the ability to purchase at a discount. Secondary transactions allow the investor to enter a fund in its harvesting period, shortening the time to liquidity.

Why Do Investors Acquire Secondaries?

Attractive Returns:

- Opportunity to buy assets at a discount to Net Asset Value (“NAV”).
- Investments in identified, underwritable assets mitigates blind pool risk and can drive returns.
- Maturing assets may provide visibility on potential exits.

Helps Mitigate J-Curve:

- If purchased at a discount, value creation could be immediate.
- Acquisitions typically occur when a primary portfolio is substantially funded and generating liquidity.
- Focuses on shorter duration investments.

Additive Portfolio Construction:

- Ability to manage portfolio diversification by manager, vintage, strategy, geography, etc.
- Gain access to funds that are closed to new investors via buying an existing LP interest.

What Makes Secondaries Challenging?



Similar to co-investments, secondaries can be challenging to execute for investors given the need to source deals, make rapid investment decisions and close quickly.

Why Are Some Limited Partners Not Able To Acquire Secondaries?

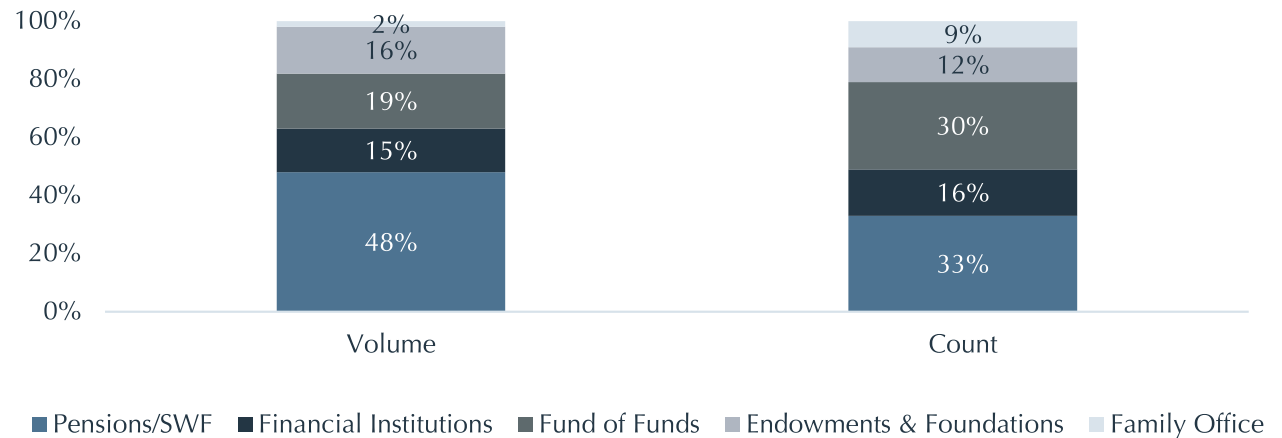
There are a few perceived issues to LPs:

- The need to move quickly (often a 2 to 4 week window)
 - Constrained resources
 - Limited investment staff
 - Lack of secondary experience
 - Governance – approval and legal processes
- Lack of information – without a strong relationship with the underlying manager, fund docs may be the only source of information on the underlying assets
- Need to actively source secondary opportunities
- Can subject the LP to other fees, such as closing fees, legal and transaction expenses, advisory fees, among others

How Big is the Secondaries Market?

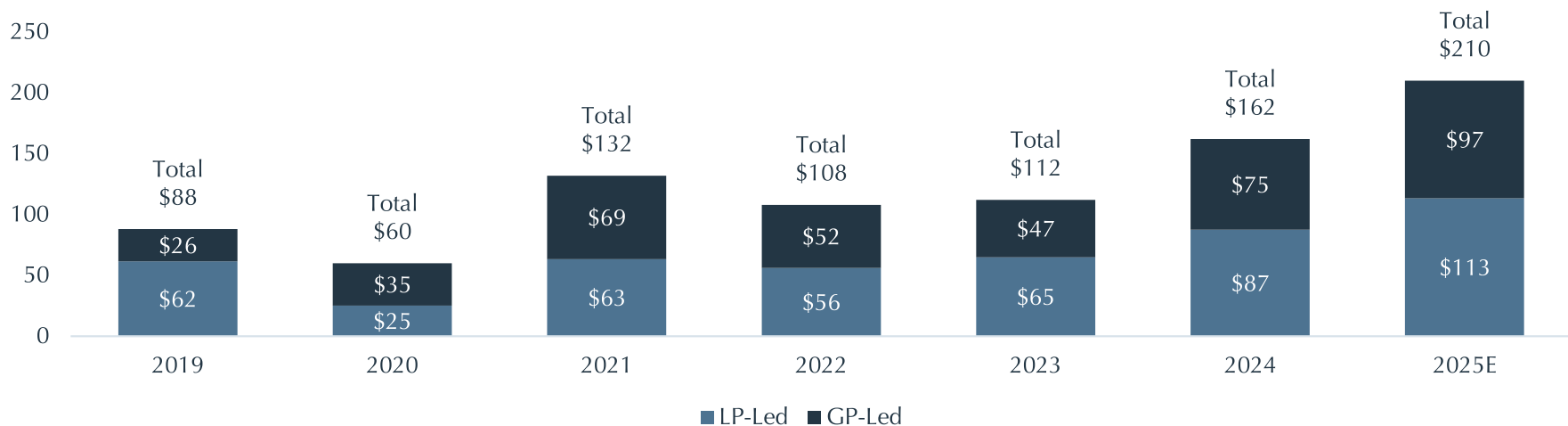
- The secondary market continues to grow, reaching over \$103 billion of transaction volume in 1H 2025
- The GP led market has accounted for approximately half of the volume since 2021
- Buyout continues account for a majority of the transaction volume, however, venture and growth has increase as bid ask spreads have narrowed

LP Portfolio Transactions by Seller Type



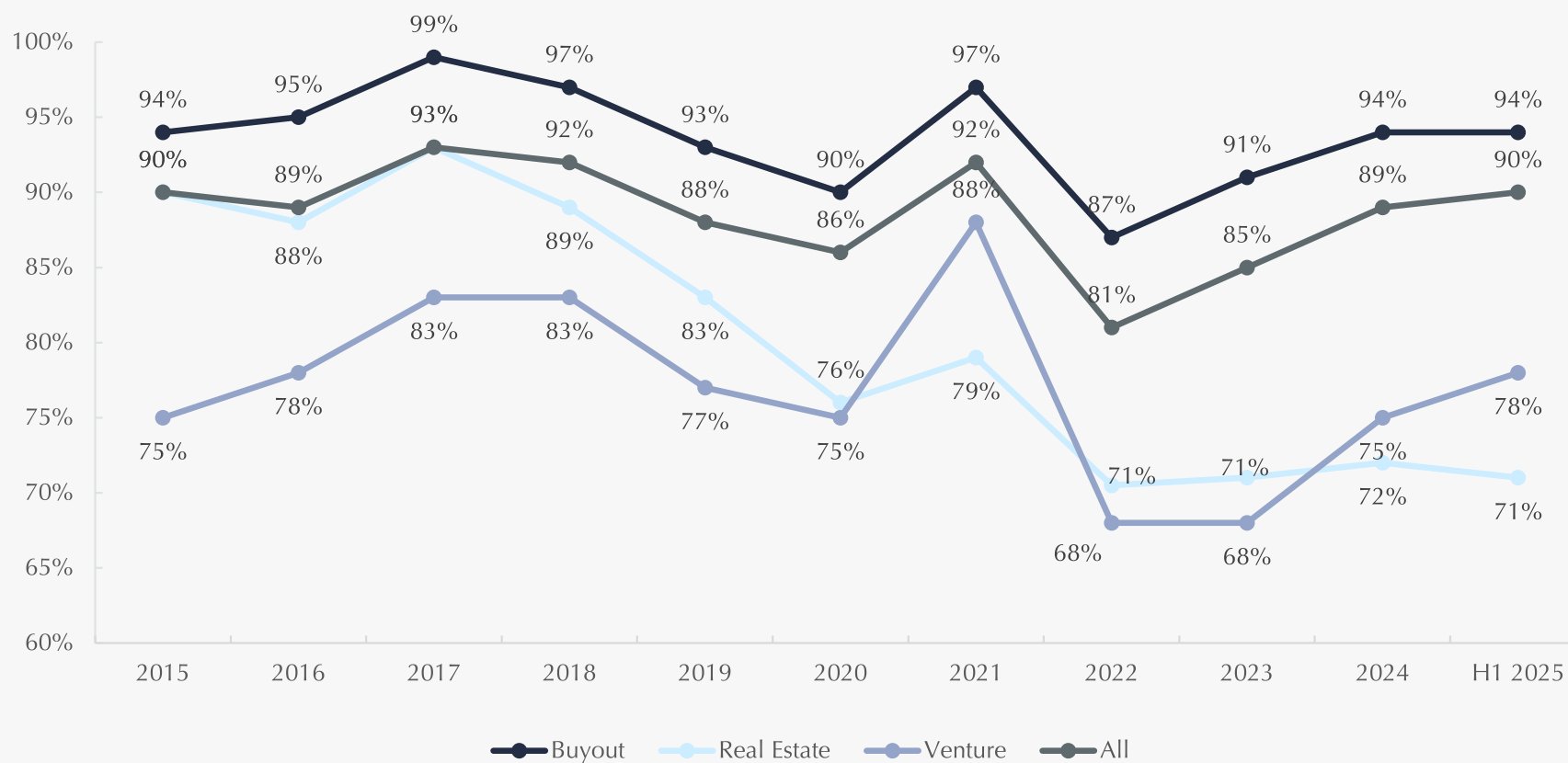
\$ in billions

Annual Transaction Volume



Secondary transactions are generally completed at a discount to NAV

Historical Secondary Pricing (% of NAV)

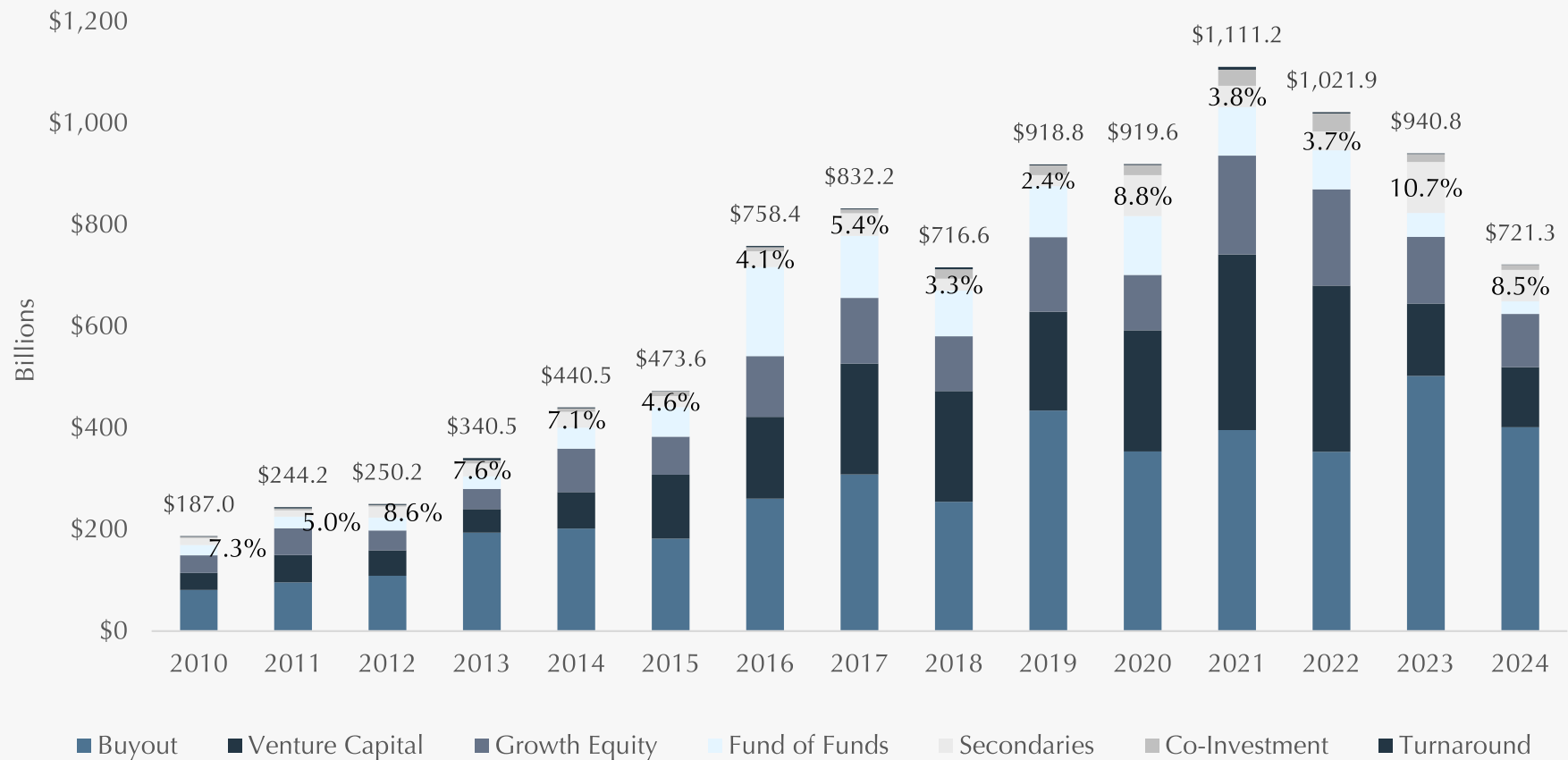


LP Selling Process

The top five secondary funds closed in 2024 account for over 58% of the capital raised.

In 2024, Secondary funds accounted for 8.5% of total Private Equity capital raised.

Fundraising- Global PE



Transaction Process Overview

	Advisor Selection	Pre-Marketing	Bid Review / Execution	Transfer & Closing
Key Components	<ul style="list-style-type: none"> Identify preferred assets for sale Meet with brokers to understand their approach to the market Contract and price negotiations 	<ul style="list-style-type: none"> Identify market demand and tailor portfolio Create sale process documentation and marketing materials GP Communication Data room LPA Review Buyer Pre Screen 	<ul style="list-style-type: none"> Typically, a 2 round process Reach out to preapproved buyer universe Evaluate bids and identify executable transactions Final negotiations with competitive buyers Purchase sale agreement 	<ul style="list-style-type: none"> Purchase sale agreement Transfer documents Coordinate closing/wire processes, document execution and release of signature pages
Client Involvement	High	Low	Medium	Medium/low
Time	3 Weeks	3 Weeks	4-6 Weeks	4-6 Weeks

Disclaimers

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LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: OCTOBER 14, 2025
ITEM: VI - C

**SUBJECT: INFRASTRUCTURE INVESTMENTS IMPLEMENTATION, RISK CONSIDERATIONS
AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board review and approve the Infrastructure Implementation Plan as presented by NEPC, LLC.

Discussion

At its meeting of December 10, 2024, the Board adopted a new target asset allocation policy. The new asset allocation policy created the addition of an Infrastructure allocation; made slight modifications to the fixed income targets; increased the target to U.S. equities; and decreased the target to non-U.S. equities. On February 25, 2025, the Board approved asset class risk budgets to manage and control the market volatility of active management within various asset classes. On June 10, 2025, the Board approved the interim policy targets, which allowed for a gradual migration of actual asset class market weightings to the new policy targets in a controlled manner through Fiscal Year 2028. On July 8, 2025, the Board approved the interim asset class policy ranges, which established upper and lower bands that are intended to maintain the actual asset allocation close to the asset allocation policy targets and within risk budget tolerances.

NEPC, LLC, LACERS' General Consultant, will present the Infrastructure Implementation Plan that provides a roadmap of the activities that will occur throughout the next several months to effectuate the asset allocation policy decision to initiate a 5% allocation to infrastructure. As outlined in the attachment, the presentation consists of the following topics: timeline of RFP and review processes, benchmark composition and investable universe, rationale for actively and passively managed strategies, and analysis of historical returns. The steps for launching this mandate will be phased in from October 2025 to 2026 subject to existing investment policies and/or specific staff recommendations to be approved by the Board later in the calendar year. Staff will continue to keep the Board apprised of the status of these activities.

Prepared By: Wilkin Ly, CAIA, Deputy Chief Investment Officer, Investment Division

TB:RJ:EC:WL

Attachment: 1. Infrastructure Implementation Plan Presentation by NEPC



INFRASTRUCTURE REVIEW

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

OCTOBER 14, 2025


EXECUTIVE SUMMARY

- **In December 2024, the Board approved a dedicated 5% allocation to infrastructure.**
 - Infrastructure assets offer inflation sensitivity, diversification relative to traditional markets, and stable cash flows
- **NEPC is recommending a core satellite structure of 60% passively managed global listed infrastructure and 40% actively managed global listed infrastructure.**
 - **The listed allocation is intended to provide an immediate, diversified exposure to infrastructure. As the infrastructure portfolio matures the listed allocation can serve as a liquidity source for the private infrastructure allocation.**
 - The structural preparation for investing in private typically requires several months before committing to private infrastructure, this listed infrastructure allocation allows immediate access to the asset class.
 - Private infrastructure is a callable structure, these commitments are “callable” by the fund manager over time as investment opportunities arise.
 - **The decision to add a private infrastructure allocation will be evaluated based on market opportunities, LACERS’ portfolio needs and Board direction.**
 - If market conditions or plan objectives change, the Board may opt to maintain a listed-only allocation.

EXECUTIVE SUMMARY (CONTINUED)

- **Role of Passive Allocation, beta exposure**
 - Broad, beta exposure that is cost effective
- **Role of the Active Allocation, provides access to exposures outside the index, enables inflation and rate sensitivity tilts, and allows for regional and sector overweights when fundamentals are favorable.**
 - **Diversification:** Access to active exposures that are outside of the index's composition
 - **Inflation and rate sensitivity:** Active managers can tilt toward assets with inflation pass-through or adjust duration exposure as macro conditions shift
 - **Regional and sector tilts:** Ability to overweight underrepresented geographies or subsectors (e.g., towers, renewables) when fundamentals are favorable
 - **Style Bias:** The index has a value tilt; an active manager can help balance the structural value bias of the index

INFRASTRUCTURE IMPLEMENTATION PLAN

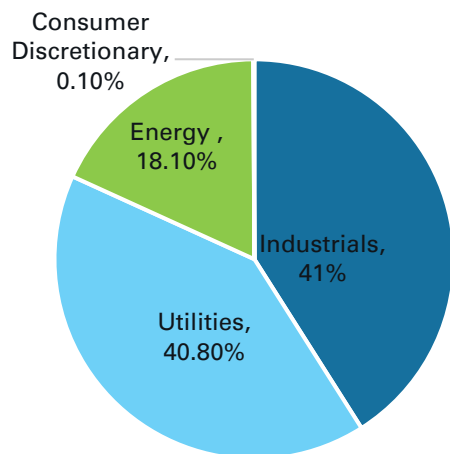
	October 2025	Review and approval of implementation plan		<ul style="list-style-type: none"> • Board review and approval of implementation plan for the listed infrastructure implementation plan
	November 2025 – January 2026	Conduct investment manager RFP search for listed infrastructure manager(s)		<ul style="list-style-type: none"> • Issue public RFP for listed infrastructure managers • Staff will partner with NEPC in the evaluation and scoring of proposals received
	January 2026 – March 2026	Award new investment manager(s) mandate for listed infrastructure manager(s)		<ul style="list-style-type: none"> • Staff/NEPC make recommendations for listed infrastructure manager(s) • Presentation to the Board by selected finalist firm
	March 2026	New manager onboarding and funding for listed infrastructure manager(s)		<ul style="list-style-type: none"> • Staff/NEPC will report to the Board once onboarding and funding is completed
	2026 and Beyond	Ongoing review of the infrastructure portfolio and reconsider the private infrastructure portfolio		<ul style="list-style-type: none"> • Pacing Plans • Education and Market Analysis

S&P GLOBAL INFRASTRUCTURE COMPOSITION

Index Composition

Constituents	75 largest global publicly listed infrastructure companies
Diversification	Energy capped at 20%; Transportation/Utilities capped at 40%; 15 names must come from emerging market, across all sectors Individual names are capped at 5%
Rebalancing	Semi-annually in March and September
Inception Date	February 2007

Sector Allocation



Country Allocation

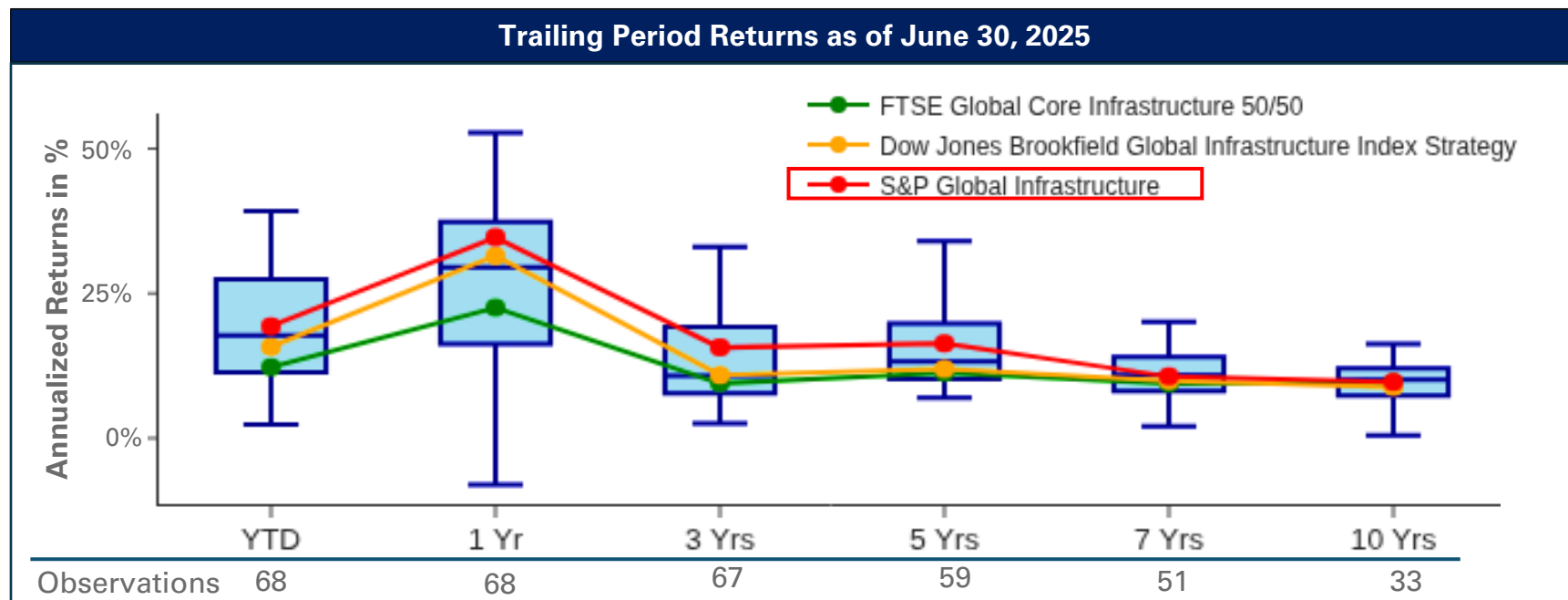
Norway	0.20%
Luxembourg	0.20%
Brazil	0.80%
Japan	1.20%
Singapore	1.40%
United Kingdom	2.10%
Germany	2.40%
Switzerland	2.40%
Italy	2.80%
New Zealand	3.20%
China	4.70%
France	5.90%
Canada	7.60%
Mexico	7.90%
Spain	8.50%
Australia	8.80%
United States	39.70%

INFRASTRUCTURE UNIVERSE

- **There are 79 listed infrastructure strategies in the eVestment database**
 - 73 active strategies; 4 passive strategies; 2 enhanced index strategies
- **S&P Global Infrastructure index was the most widely used index (25 strategies)**
 - 17 are benchmarked to the FTSE Global Core 50/50
 - 8 funds are benchmarked to the Dow Jones Brookfield Global Index
 - 18 strategies used custom indices
- **Active universe is diversified by strategy**
 - 33 core
 - 14 growth
 - 21 value

ACTIVE VS PASSIVE ANALYSIS

- Over the 1-5 year periods, the S&P Global Infrastructure Index has delivered upper-quartile returns versus the listed infrastructure universe
- Dispersion Shows Opportunity: A wide range of manager returns, especially over 1-, 3-, and 5-year periods, shows high-quality active managers can outpace the index, justifying an active allocation.
 - This supports a blended active/passive implementation approach



Notes: Data provided by eVestment and not independently verified by NEPC

RETURN ANALYSIS

INFRASTRUCTURE UNIVERSE

Time Period	S&P Global Infrastructure Index (%)	Min (%)	1 st Quartile (%)	Median (%)	3 rd Quartile (%)	Max (%)	Number of Observations
YTD	15.48	1.85	11.50	14.18	18.81	31.38	68
1 Yr	27.75	-6.40	19.50	23.58	25.78	42.16	68
3 Yrs	12.51	2.00	7.60	8.60	11.70	26.41	67
5 Yrs	13.12	5.56	9.00	10.56	12.09	27.22	59
7 Yrs	8.51	1.68	8.12	8.72	9.62	16.06	51
10 Yrs	7.74	0.38	7.72	8.11	8.57	12.98	33

Combining passive (for cost efficiency and stability) with active (return seeking and diversifying) helps balance risk and return across market cycles.

INDEX RETURNS

Trailing Period Returns as of June 30, 2025

Index	YTD	1 Yr	3 Yrs	5 Yrs
S&P Global Infrastructure Index	15.5	27.8	12.5	13.1
Dow Jones Brookfield Global Infrastructure	12.6	25.2	8.7	9.6
FTSE Global Core Infrastructure 50/50	9.8	18.0	7.6	9.0

Calendar Returns

	2019	2020	2021	2022	2023	2024
S&P Global Infrastructure Index	27.0	-5.8	11.9	-0.2	6.8	15.1
Dow Jones Brookfield Global Infrastructure	29.6	-6.2	20.5	-5.7	5.4	10.7
FTSE Global Core Infrastructure 50/50	26.1	-3.3	15.7	-4.2	3.1	10.5

The S&P Global Infrastructure index consistently outpaced other broad infrastructure indices over multiple periods

APPENDIX

INFRASTRUCTURE OVERVIEW

- **Infrastructure assets are generally defined as physical facilities or networks that provide essential goods or services to a broad range of users**
 - Infrastructure assets may be owned privately or through publicly traded securities
- **Infrastructure assets may generate a return through a combination of current income and/or capital appreciation**
- **Characteristics of Infrastructure Assets**
 - Long duration assets with stable cash flows typically tied to inflation
 - Monopolistic or quasi-monopolistic assets with significant barriers to entry
 - Operate in regulated environments
 - Capital intensive assets with high replacement costs
- **Large infrastructure investable universe**
 - Over \$97 trillion of global infrastructure investment required by 2040
 - Over \$950 billion of total capital raised for private infrastructure funds over the last decade
 - Publicly traded infrastructure equities account for over 350 companies globally, with a combined market cap of approximately \$4 trillion
- **Investments can be made across the asset lifecycle**
 - Greenfield, brownfield, and operating assets

INFRASTRUCTURE SUB-SECTORS



Transportation

Toll Roads

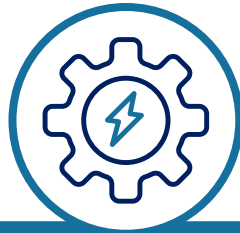
Bridges

Tunnels

Airports

Seaports

Rail



Energy & Utilities

Renewable Power

Electricity Generation

Water & Waste

Electricity Transmission

Oil & Gas Pipelines



Communication

Wireless Towers

Fiber Networks

Data Centers



Social

Education Facilities

Healthcare Facilities

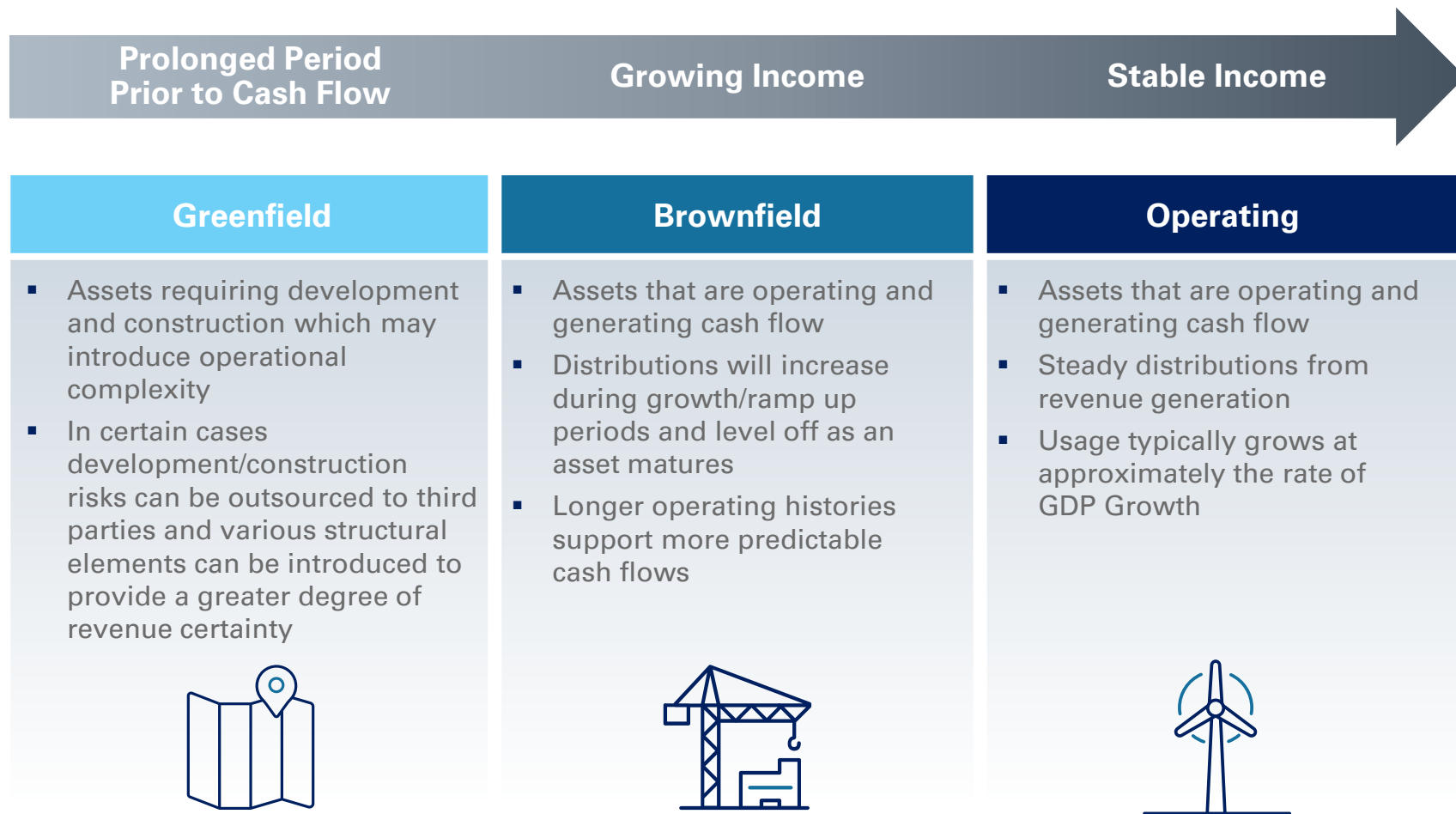
Courthouses

INFRASTRUCTURE SUB-SECTORS

Sector	Asset Focus	Typical Returns	Typical Revenue Structure	GDP Sensitivity?
Transportation	<ul style="list-style-type: none"> ▪ Toll Roads ▪ Bridges ▪ Tunnels ▪ Airports ▪ Seaports ▪ Rail 	11-15%	Concession	Yes
Energy and Utilities	<ul style="list-style-type: none"> ▪ Renewable Power ▪ Electricity Generation ▪ Water & Waste ▪ Electricity Transmission ▪ Oil & Gas Pipelines 	8-12%	Regulated / Contracted	Somewhat
Communication	<ul style="list-style-type: none"> ▪ Wireless Towers ▪ Fiber Networks ▪ Data Centers 	10-14%	Contracted	No
Social	<ul style="list-style-type: none"> ▪ Education Facilities ▪ Healthcare Facilities ▪ Courthouses 	8-12%	Concession	No

Note: "Typical returns" are illustrative examples only, actual target or realized returns may vary for all sectors. Returns are based on net of fee assumptions.

INFRASTRUCTURE LIFECYCLE



GOALS OF INFRASTRUCTURE ALLOCATION

Income

Stabilized assets generate predictable cash flows meaning a significant percentage of returns can be generated from cash distributions

Inflation Protection

Inflation-linked cash flows provide natural hedge to rising liabilities

Diversification

Low correlation to other asset classes

Downside Protection

Attractive total return potential with lower volatility generates attractive risk-adjusted returns and serves as downside protection

PORTFOLIO FIT

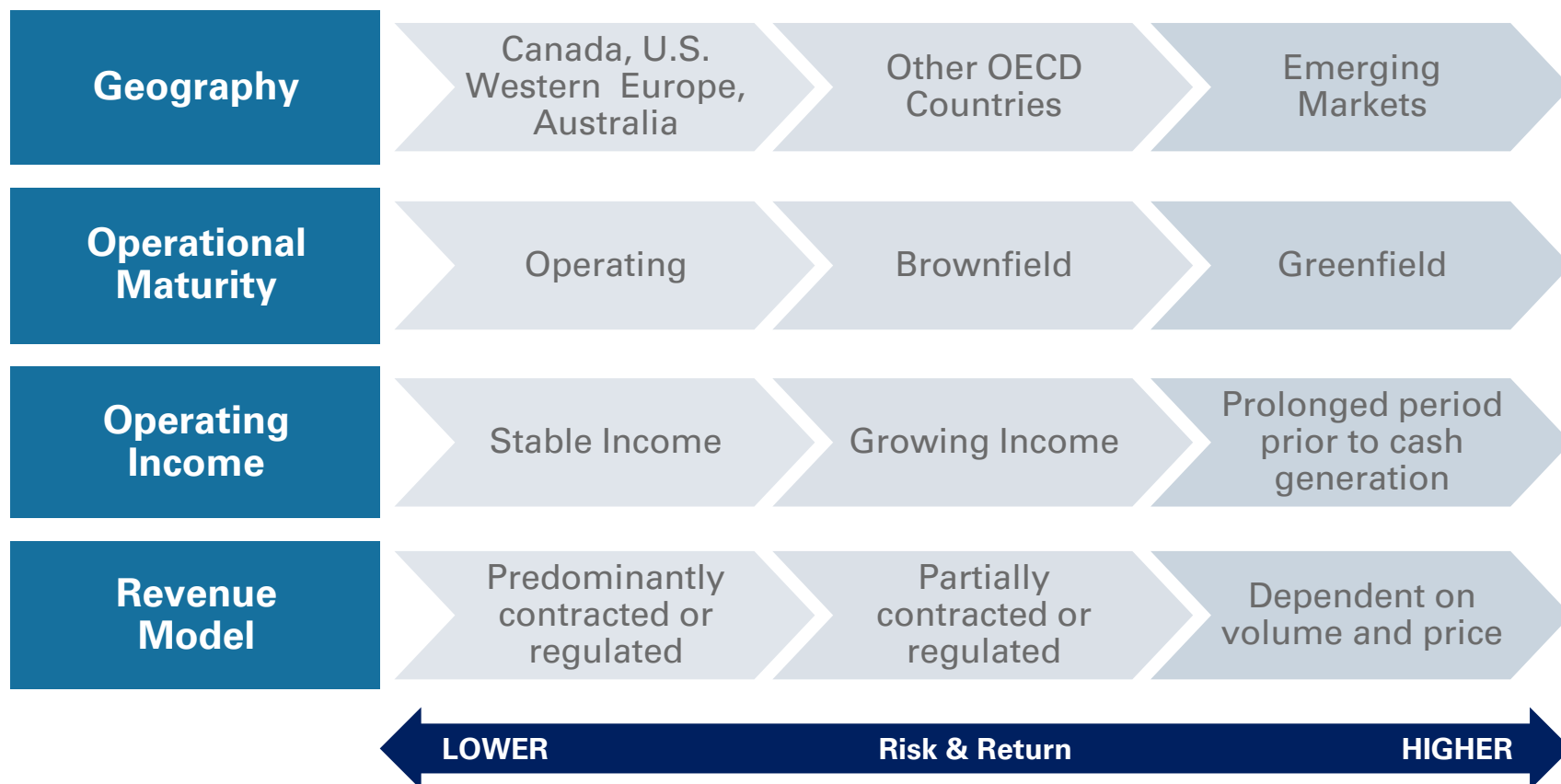
- **Infrastructure investments fit into an overall portfolio as a standalone allocation or as part of a broader allocation**
 - Real Assets
 - Real Estate
 - Private Equity
 - Private Credit
- **Infrastructure can share characteristics with other asset classes, most commonly private equity and real estate**
 - Similarities to private equity:
 - Complex corporate structures
 - Driven by value creation at the portfolio company level (not always at the asset level)
 - Similarities to real estate:
 - Predictable cashflows
 - Inflation-linked
 - Asset location as a key consideration or advantage

CONSIDERATIONS

- **Infrastructure is not a “one size fits all” asset class; the mix of various risk/return strategies should be customized based on client objectives**
- **In constructing an infrastructure portfolio there are several key considerations that impact the allocation, including:**
 - Plan investment policy
 - Plan inflation sensitivity
 - Allocation to illiquid alternatives
 - Liquidity requirements of plan
 - Existing infrastructure investments
- **A global infrastructure investment strategy may benefit from diversification as various regions are at different points in an economic cycle**
 - Global managers tend to be large platforms with investment professionals around the world while non-U.S. managers may be more localized in a particular region or country
- **However, there are some considerations of investing in infrastructure outside of the U.S.:**
 - Currency risk
 - Geopolitical risk
 - Market liquidity risk
 - Limited inflation hedge

RISK & RETURN FACTORS

- There are several factors to consider when assessing the overall risk and return of an infrastructure investment



CASH FLOW & INFLATION PROTECTION

- **Infrastructure investments generate cash flows with a positive sensitivity to changes in inflation**
 - Revenues can be more or less predictable based on the asset's business model
- **The long lives of infrastructure assets should provide a hedge against inflation**
- **Contractual price escalators or concessions with price inflation-indexed escalators allow income to adjust with inflation**

	MORE PREDICTABLE			LESS PREDICTABLE	
Type	Regulated	Contracted	Concession (Availability Model)	Concession (Tolling Model)	Merchant
Description	Subject to government regulation, increases for monopolistic assets	Long-term providing pricing protection	Government grants exclusive right to operate an asset and provides fixed "availability payments" regardless of usage	Government grants exclusive right to operate an asset, but revenues are a function of patronage or asset usage	Highly dependent on market pricing
Asset Type	<ul style="list-style-type: none"> ▪ Electricity and Gas Distribution & Transmission ▪ Water & Wastewater 	<ul style="list-style-type: none"> ▪ Power Generation ▪ Data infrastructure ▪ Midstream Networks ▪ Energy Storage 	<ul style="list-style-type: none"> ▪ Roads ▪ Bridges ▪ Tunnels ▪ Mass Transit ▪ Social Infrastructure 	<ul style="list-style-type: none"> ▪ Toll Roads ▪ Bridges ▪ Tunnels ▪ Airports 	<ul style="list-style-type: none"> ▪ Uncontracted Generation ▪ Energy (E&P)
Inflation Linkage	Often includes CPI-based price adjustments and expense pass-throughs	Often includes CPI-based price adjustments	Often includes CPI-based price adjustments to availability payments adjustments	Often includes CPI-based toll adjustment; GDP sensitive assets are inherently hedged	Subject to ability to pass along price increases

ALTERNATIVE INVESTMENT DISCLOSURES

It is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds and private equity:

1. Performance can be volatile and investors could lose all or a substantial portion of their investment
2. Leverage and other speculative practices may increase the risk of loss
3. Past performance may be revised due to the revaluation of investments
4. These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms
5. A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value
6. These funds are not subject to the same regulatory requirements as registered investment vehicles
7. Managers may not be required to provide periodic pricing or valuation information to investors
8. These funds may have complex tax structures and delays in distributing important tax information
9. These funds often charge high fees
10. Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy

NEPC DISCLOSURES

Past performance is no guarantee of future results.

All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

Some of the information presented herein has been obtained from external sources NEPC believes to be reliable. While NEPC has exercised reasonable professional care in preparing this content, we cannot guarantee the accuracy of all source information contained within.

The opinions presented herein represent the good faith views of NEPC as of the publication date and are subject to change at any time.

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