



LACERS

**LA CITY EMPLOYEES'
RETIREMENT SYSTEM**

**Board of Administration Agenda
REGULAR MEETING
TUESDAY, MARCH 24, 2026
10:00 A.M.
LACERS BOARDROOM
977 N. Broadway
Los Angeles, CA 90012**

President:

Annie Chao

Vice President:

Janna Sidley

Commissioners:

Thuy Huynh

Susan Liem

Thomas Moutes

Gaylord "Rusty" Roten

Sung Won Sohn

Manager-Secretary:

Todd Bouey

Executive Assistant:

Ani Ghoukassian

Legal Counsel:

City Attorney's Office Public Pensions General Counsel Division

ACCESS TO LACERS BOARD AND COMMITTEE MEETING REPORTS

IMPORTANT MESSAGES TO THE PUBLIC

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

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via YouTube streaming at the following link: [LACERS YouTube Livestream Link](#) for Board/Committee meeting audio – only accessible during meetings.

DISCLAIMER TO PARTICIPANTS

Please be advised that all LACERS Board meetings are recorded.

LACERS WEBSITE ADDRESS/LINK

www.LACERS.org

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

NOTICE TO PAID REPRESENTATIVES

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

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

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

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA
- II. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
- III. RECEIVE AND FILE ITEMS
 - A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR FEBRUARY 2026
 - B. 2025 ANNUAL REPORT ON LACERS ORGANIZATION DIVERSITY SURVEY
- IV. COMMITTEE REPORT(S)
 - A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON MARCH 10, 2026
 - B. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON MARCH 24, 2026
- V. CONSENT ITEMS
 - A. APPROVAL OF MINUTES FOR THE MEETING ON FEBRUARY 24, 2026 AND POSSIBLE BOARD ACTION
 - B. TRAVEL AUTHORITY FOR INVESTMENT OFFICER I DANIEL BECERRA TO ATTEND THE INTERNATIONAL FOUNDATION OF EMPLOYEE BENEFIT PLANS (IFEFP) PORTFOLIO CONCEPTS AND MANAGEMENT COURSE AT THE WHARTON SCHOOL; MAY 10-14, 2026; PHILADELPHIA, PENNSYLVANIA AND POSSIBLE BOARD ACTION
- VI. BOARD/DEPARTMENT ADMINISTRATION
 - A. SEGAL DETERMINATION OF MEASURE FF ASSET TRANSFER AMOUNTS FROM LACERS TO LOS ANGELES FIRE AND POLICE PENSIONS AND POSSIBLE BOARD ACTION

- B. ACTUARIAL RISK ASSESSMENT AND REVIEW OF FUNDED STATUS OF THE RETIREMENT AND HEALTH PLANS AS OF JUNE 30, 2025
 - C. APPROVAL OF CONTRACT AMENDMENT FOR THE WEBSITE VENDOR PLANETERIA AND POSSIBLE BOARD ACTION
 - D. INCOME-RELATED MONTHLY ADJUSTMENT AMOUNT (IRMAA) – ADDITIONAL INFORMATION
 - E. PRELIMINARY PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2026-27 AND POSSIBLE BOARD ACTION
- VII. INVESTMENTS
- A. CHIEF INVESTMENT OFFICER VERBAL REPORT
 - B. APPROVAL OF 1-YEAR CONTRACT WITH GRANAHAN INVESTMENT MANAGEMENT, INC. REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP GROWTH EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION
 - C. APPROVAL OF 1-YEAR CONTRACT WITH COPELAND CAPITAL MANAGEMENT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP CORE EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION
 - D. CONTINUED DISCUSSION OF PRIVATE CREDIT CONSULTING CONTRACT WITH AKSIA LLC AND POSSIBLE BOARD ACTION
- VIII. LEGAL/LITIGATION
- A. CLOSED SESSION PURSUANT TO SUBDIVISIONS (A) AND (D)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL AND POSSIBLE BOARD ACTION REGARDING PENDING LITIGATION IN THE CASE ENTITLED: INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 18 v. CITY OF LOS ANGELES ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCP02171)**
 - B. CLOSED SESSION PURSUANT TO SUBDIVISIONS (A) AND (D)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL AND POSSIBLE BOARD ACTION REGARDING PENDING LITIGATION IN THE CASE ENTITLED: THOMAS CRAWLEY v. LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCV14282)**

C. 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: ROQUE ROQUE, PETITIONER v. LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION, RESPONDENT; LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM, REAL PARTY IN INTEREST, (LOS ANGELES SUPERIOR COURT CASE NO. 25NNCP00940)

D. 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 LITIGATION IN THE CASE ENTITLED: LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM, ET AL. V. GLENN SANFORD, ET AL., (DELAWARE COURT OF CHANCERY CASE NO. 2024-0998-KSJM)

IX. OTHER BUSINESS

X. NEXT MEETING: The next Regular meeting of the Board is scheduled for April 14, 2026, at 10:00 A.M., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.

XI. ADJOURNMENT

Agenda of: Mar. 24, 2026

Item No: III-A

**MONTHLY REPORT ON SEMINARS AND CONFERENCES
ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS
(FOR THE MONTH OF FEBRUARY 2026)**

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

BOARD MEMBERS:

President Annie Chao
Vice President Janna Sidley

Commissioner Thuy Huynh
Commissioner Susan Liem
Commissioner Thomas Moutes
Commissioner Gaylord "Rusty" Roten
Commissioner Sung Won Sohn

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



REPORT TO BOARD OF ADMINISTRATION

From: Todd Bouey, General Manager

MEETING: MARCH 24, 2026

ITEM: III-B

SUBJECT: 2025 ANNUAL REPORT ON LACERS ORGANIZATION DIVERSITY SURVEY

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this report regarding the statistical findings of the Organization Diversity Survey (ODS) data collected within calendar year 2025.

Executive Summary

LACERS has prepared the Annual Report of the Emerging Investment Manager ODS in accordance with Board Manual Article III – Board Investment Policies, Section 4.0; IX (E) and (F) included as Attachment 1. In calendar year 2025, seven private markets managers submitted complete ODS responses. These responses were analyzed consistent with the anonymity provision in Section 4.0; IX (E).

Discussion

LACERS collected ODS responses using the guidelines as adopted by the Board and set forth in Board Manual Article III – Board Investment Policies, Section 4.0; IX (E). The ODS template is attached to this report as Attachment 2.

The data is secured in a password-protected folder managed by Administration Division staff and access is restricted from individuals who were part of the procurement selection process for each mandate and who might have a perceived conflict of interest. In preparing the statistical data for this report, Administration Division staff anonymized each firm's response to prevent information from being disclosed to individuals who were part of the procurement selection process.

In calendar year 2025, LACERS received a total of eleven (11) surveys. Of these surveys, four (4) were deemed "unusable" and not included in this report due to an incompatible ODS survey format or had been modified by the firms to include additional fields or categories. The inclusion of the atypical data categories would have produced varying data outcomes, potentially skewing the results by creating inconsistent and outlying data categories year after year.

The resulting seven (7) responses were collectively analyzed under the Private Market Investment Management Mandate to comply with the anonymity provision as stated by Board Manual Article III – Board Investment Policies, Section 4.0; IX (E)(7).

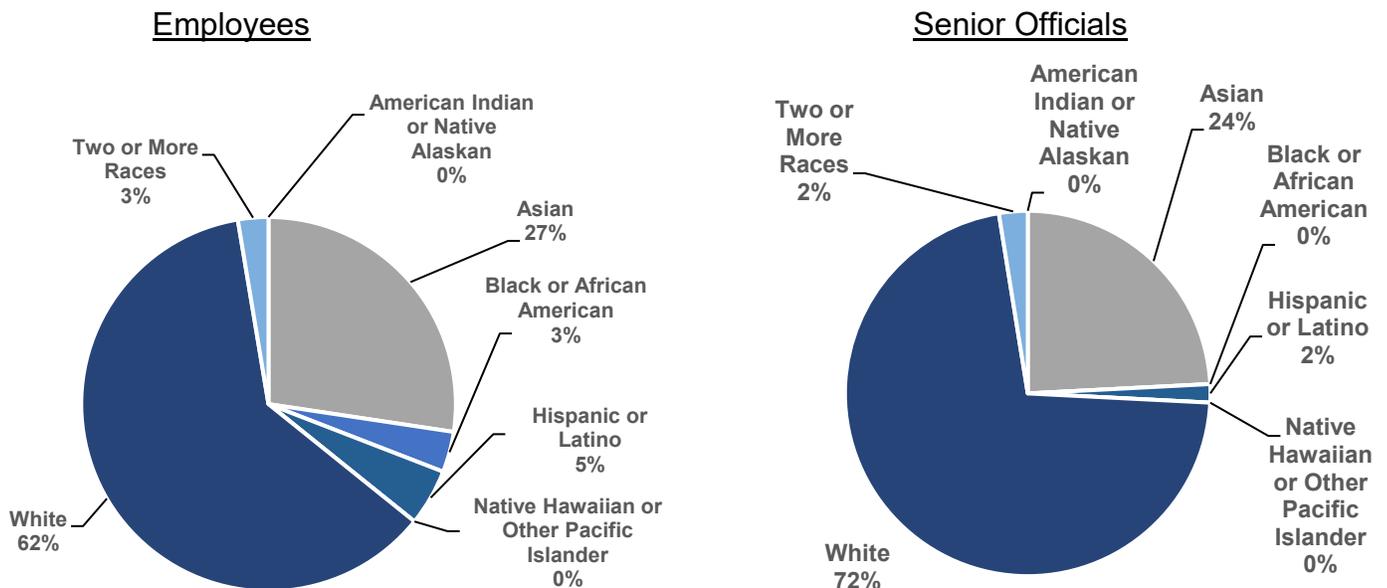
In summary, the number of surveys reflected in the data is as follows:

Private Market Investment Manager Mandate Surveys	Count
Survey responses received in Calendar Year 2025	11
- Omitted survey responses due to incompatible survey responses ¹	-4
Total	7

The pool of ODS respondents was limited for Calendar Year 2025 as no Request for Proposals or other solicitations were made during this year. Additionally, the completion of these surveys is optional for investment managers.

The following graphs represent the data collected for the average ethnic and gender diversity of their employees, executives, and ownership².

Average Ethnic Diversity (7 Surveys)

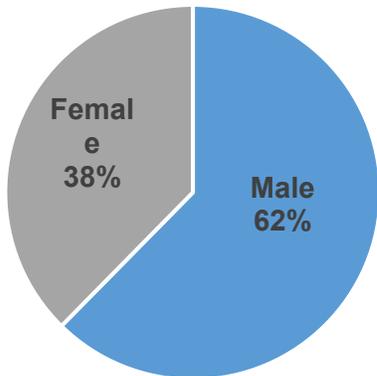


Average Gender Diversity (7 Surveys)

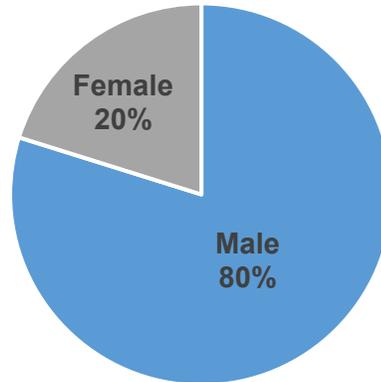
¹ Four non-ODS survey responses were received but they were excluded from this data as they did not contain the same categories.

² Average was calculated by calculating each manager's percent of each DEI category (i.e. Ethnicity, Gender). Thereafter, the percents for an individual subcategory were added up and divided by the number of surveys received. For example, LACERS would calculate ethnic composition percentages for Firm A. Thereafter, LACERS added up the percentage of Hispanic/Latino employees for Firms A, B, C, D, and E. The sum of this percentage would then be divided by five as there are five firms that responded (for the purposes of this example). The result would be the average used for the graphs.

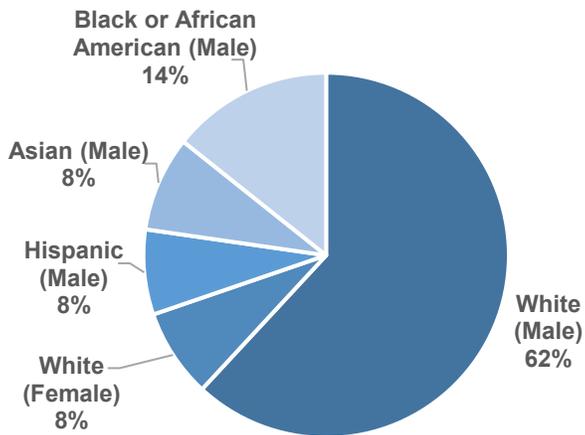
Employees



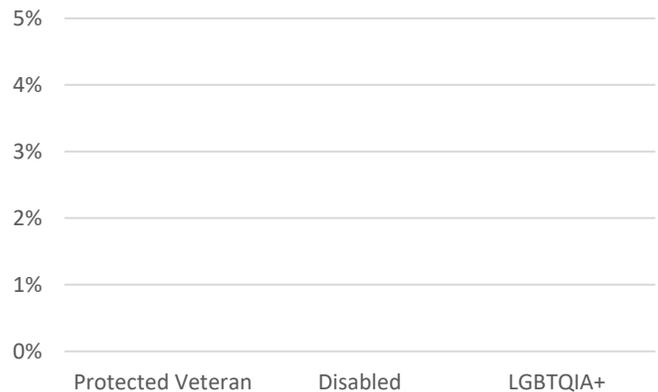
Senior Officials



Average Ownership Diversity (7 Surveys)



Average Number of Employees With Veteran/Disability/LGBTQIA+ Status (7 Surveys)



Diversity, Equity, and Inclusion (DEI) Recruitment Programs/Strategy

None of the seven firms have a written DEI Recruitment Program. However, all firms expressed their commitment to attracting, retaining, and developing a diverse workforce. This includes creating a safe and inclusive work environment and extending training and promotional opportunities broadly in the workforce.

Prepared By: Horacio Arroyo, Senior Management Analyst II

TB/EA:ha

- Attachments:
1. Organization Diversity Guidelines
 2. Organization Diversity Survey Template

Section 4 EMERGING INVESTMENT MANAGER POLICY

E. Research, Education and Outreach

The Board believes that research and education are essential components of formulating approaches and developing outreach programs to reach the broadest number of qualified investment managers to participate in LACERS investment manager searches.

To achieve this end, the Board may direct Staff to conduct research to include (but not limited to) the issuance of surveys and questionnaires, attendance at educational conferences and academically-sponsored events, and participation in discussions with industry experts and peer organizations.

The Board has identified the use of LACERS' Organization Diversity Survey (ODS) as one particular tool that can be useful in the gathering information to further LACERS' research objectives. The ODS is attached to this policy as Exhibit 1. In conducting research using the ODS, LACERS Board and Staff will adhere to the ODS Guidelines set forth below:

1. Request in an investment procurement solicitation that each participating firm complete and submit an ODS prior to the RFP submission deadline; and for private market investments, request on a best efforts basis that each general partner complete and submit an ODS prior to, or within a reasonable period following, LACERS' participation in its fund closing;
2. Direct each firm to return the completed ODS to an email address under the Administrative Services Division (ASD) of LACERS (or other designated division or unit outside the Investment Division);
3. Ensure that each ODS remains in a secured and password-protected folder known only to designated ASD staff and that an appropriate firewall be maintained to control access;
4. Examine collected ODS's once all contracts within a specific mandate have been executed;
5. Authorize the General Manager or designee to assign particular LACERS staff to review ODS's and conduct analyses of collected data once all contracts within a specific mandate have been executed;
6. Limit access to the ODS to particular individuals (Board members, General Manager, Chief Investment Officer, and other such staff as determined by the General Manager) who are part of a mandate's procurement selection process so as to avoid real or perceived conflicts of interest;
7. Protect the identity of each firm's ODS to those individuals named in ODS Guideline #6 and from public disclosure;
8. Report statistical findings of ODS's collected data within the last calendar year as part of the Annual Report of the Emerging Investment Managers reporting requirement under Section F.7 of this Policy or more frequently as directed by the Board or General Manager.

Section 4 EMERGING INVESTMENT MANAGER POLICY**F. Reporting**

Staff will report to the Board on the status of Emerging Investment Managers hired and retained on an annual calendar year basis. The annual report will include:

1. Names of Emerging Investment Manager firms hired during the calendar year.
2. Dollar amounts awarded to Emerging Managers.
3. Report of Emerging Investment Manager Goals Metrics pursuant to Section IX.B of this Policy.
4. List of all investment manager searches.
5. Staff and consultant efforts to increase the visibility of LACERS Emerging Investment Manager searches and Emerging Investment Manager representation within the total Fund portfolio.
6. Individual manager performance.
7. General trends and statistical findings of collected ODS's of the previous calendar year and other appropriate time periods.

Section 4 EMERGING INVESTMENT MANAGER POLICY – EXHIBIT 1

**Los Angeles City Employees' Retirement System
 Organization Diversity Survey (ODS)**

The ODS is used for statistical purposes and is separate and apart from the RFP selection process. The surveys are opened and examined by LACERS staff only after the contract(s) is(are) awarded for the mandate. Please refer to the LACERS Emerging Investment Manager Policy, Section E, for more information on the use of the ODS.

Organization Information

Firm Name: _____
 Address: _____
 Base of Operations (City/State/Country): _____
 This completed ODS is connected with the following RFP search (if applicable): _____
 Firm AUM in \$000,000: _____

As of Date: _____

Organization Workforce Composition

Total Number of Firm Employees: _____
 Number of U.S.-Based Employees: _____

Instructions: Provide employee count under the applicable Race/Ethnicity and Gender (columns) and under the applicable workforce category (rows). Grand total should equal total number of firm employees. For Veteran Status, Disability Status and LGBTQIA+ Status, provide employee count as classifiable under these statuses and under the applicable workforce category.

	American Indian or Native Alaskan		Asian		Black or African American		Hispanic or Latino		Native Hawaiian or Other Pacific Islander		White		Two or More Races		TOTAL		Veteran Status	Disability Status	LGBTQIA+ Status
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Protected Veteran	Disabled	LGBTQIA+
Exec / Sr Officials & Managers															0	0			
Investment Professionals															0	0			
SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Professionals - Operations, Compliance, etc.															0	0			
Professional - Sales / Marketing & Client Services															0	0			
Administrative Support, Office/Clerical															0	0			
Other Non-Professionals															0	0			
SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTALS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0		0		0		0		0		0		0		0				
	0																		

Section 4 EMERGING INVESTMENT MANAGER POLICY – EXHIBIT 1

Board of Directors Composition

Number of Directors on the Firm's Board of Directors: _____

Instructions: Provide Board Director count under the applicable Race/Ethnicity and Gender (columns). Grand total should equal total number of Directors on the Board of Directors. For Veteran Status, Disability Status and LGBTQIA+ Status, provide Director count as classifiable under these statuses.

	American Indian or Native Alaskan		Asian		Black or African American		Hispanic or Latino		Native Hawaiian or Other Pacific Islander		White		Two or More Races		TOTAL		Veteran Status	Disability Status	LGBTQIA+ Status
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Protected Veteran	Disabled	LGBTQIA+
Board Members															0	0			
TOTALS	0		0		0		0		0		0		0		0				

American Indian or Native Alaskan A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
Asian A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian Subcontinent, including, but not limited to, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand and Vietnam.
Black or African American A person having origins in any of the black racial groups of Africa.
Hispanic or Latino A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin regardless of race.
Native Hawaiian or Other Pacific Islander A person having origins in any of the peoples of Hawaii, Guam, Samoa or other Pacific Islands.
White A person having origins in any of the original peoples of Europe, the Middle East or North Africa.

Firm Ownership

Percentage of Firm Owned by Employees: _____

Instructions: Provide percentage of employee ownership under the applicable Race/Ethnicity and Gender. Grand total should equal percentage of firm owned by employees. For Veteran Status, Disability Status and LGBTQIA+ Status, provide percentage of ownership of employees as classifiable under these statuses.

	American Indian or Native Alaskan		Asian		Black or African American		Hispanic or Latino		Native Hawaiian or Other Pacific Islander		White		Two or More Races		TOTAL		Veteran Status	Disability Status	LGBTQIA+ Status
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Protected Veteran	Disabled	LGBTQIA+
Employee Ownership (Percentage)															0.00%	0.00%			
TOTALS	0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%				

Section 4 EMERGING INVESTMENT MANAGER POLICY – EXHIBIT 1

Questionnaire

Is the firm majority-owned by women, racial or ethnic minorities, or other underrepresented groups? Please identify ownership composition in the space below.

Response:

Does the firm focus recruitment of women, racial or ethnic minorities, or other underrepresented populations particularly for senior-level positions? Please discuss successes and/or challenges in the space below.

Response:

Does the firm have a written Diversity and Inclusion Recruiting Program/Strategy? (i.e. outreach, hiring, mentoring and/or scholarship programs designed to create a pipeline of minority and women professional talent to the firm or promotion of such groups to senior-level positions within the firm). If Yes, please list initiatives or actions carried out by the firm under this program/strategy in the space below.

Response:

Please provide any additional explanation to the completion of the ODS and/or the aforementioned questions in the space below.

Response:

Contact Information

Completed by: _____

Position/Title: _____

Phone Number: _____

E-mail Address: _____

Date Completed: _____

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

February 24, 2026

10:07 A.M.

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

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

I

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

II

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Todd Bouey, General Manager, advised the Board of the following items:
- ADA Compliance Update – New Board agenda format
 - Segal Staffing Update – Effective February 21, 2026, Andy Yeung is now officially retired. He is replaced by Emily Klare as the supervising pension actuary for LACERS.
 - LACERS Postemployment Health Care (115 Trust) financial statements for fiscal year end June 30, 2025 (CF# 18-0931) – Report has been transmitted to City Council and assigned to Personnel & Hiring Committee scheduled for February 27, 2026. Staff will be in attendance to discuss the report as needed.

- Benefit Operations Update: Communications and Stakeholder Relations Division – Happy Anniversary, Tier 3! It has been 10 years since Tier 3 began. This milestone means that the approximately 200 Tier 3 Members will become eligible to retire this year.
- ADA Compliance Project Update – In LACERS’ continued efforts toward an ADA compliant website, training for staff will be held on February 26th for all content creators and administrative support staff to introduce ADA requirements and accessibility tools. This training will be conducted in-person to optimize interaction and will be recorded for reference.
- Retirement Services Division Update – Income Withholding Orders Biannual Review: Under California Law, retirement systems including LACERS have a legal responsibility to enforce court-ordered child and spousal support.
- Health, Wellness, & Buyback Division: Wellness Events – Maritime Museum and Boat Tour – On January 28th, 2026, LACERS coordinated a free tour of the Port of Los Angeles. The next highly anticipated event is a tour of the Ronald Reagan Library in Simi Valley on Thursday, February 26, 2026.

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

Board Meeting on March 10, 2026:

- IRMAA Update to the Board – will be provided when the research requested by the BAC has been completed by staff.
- The Measure FF Transfer report is expected in March, presently pending completion of updated actuarial analysis by Segal to determine the final amount to be transferred from LACERS to LAFPP.

III

RECEIVE AND FILE ITEMS

- A. SEMI-ANNUAL REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING DECEMBER 31, 2025 – Rod June, Chief Investment Officer, and Vikram Jadhav, Chief Information Officer, presented and discussed this item with the Board for 21 minutes. This report was received by the Board and filed.
- B. REPORT ON THE 2025 FAMILY DEATH BENEFIT PLAN ANNUAL REPORT OF EARNINGS AUDIT – This report was received by the Board and filed.
- C. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JANUARY 2026 – This report was received by the Board and filed.
- D. FY25 PERFORMANCE UPDATE COMMUNICATIONS AND STAKEHOLDER RELATIONS DIVISION – Amelia Herrera-Robles, Public Information Director, Marilyn Hernandez, Senior Benefits Analyst I, and Tiffany Obembe, Senior Benefits Analyst I, presented and discussed this item with the Board for 11 minutes. This report was received by the Board and filed.

IV

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON FEBRUARY 10, 2026 – Commissioner Huynh stated the Committee discussed and approved the Investment Manager Contract with Principal Global Investors, LLC regarding the management of an active U.S. Mid Cap Core Equities Portfolio and Investment Manager Contract with Dimensional Fund Advisors LP regarding the management of an active non-U.S. Emerging Markets Value Equities Portfolio.

V

Commissioner Sohn moved approval of Consent Agenda Items V-A, V-B, V-C, and V-D and seconded by Commissioner Huynh, and adopted by the following vote: Ayes, Commissioners Huynh, Liem, Roten, Sohn, and President Chao -5; Nays, None.

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE MEETING ON JANUARY 27, 2026 AND POSSIBLE BOARD ACTION
- B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF ROMOLO VALLE FOR SERVICE-CONNECTED DISABILITY RETIREMENT OF 71% AND POSSIBLE BOARD ACTION – Commissioner Sohn moved approval of the following Resolution:

APPROVAL OF SERVICE-CONNECTED DISABILITY RETIREMENT BENEFIT FOR ROMOLO VALLE

RESOLUTION 260224-A

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

WHEREAS, Physicians 1, 2, and 3 examined Romolo Valle and concluded that they are unable to perform the usual and customary duties as an Airport Police 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 clear and convincing evidence demonstrates that the discharge of Romolo Valle's duties as an Airport Police Officer II is the predominant cause of the incapacity pursuant to the definition in Los Angeles Administrative Code § 4.1008.1(b) and not capable of performing the duties as an Airport Police 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 Officer's intemperance or willful misconduct;

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

C. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF SUMIT PANDYA FOR SERVICE-CONNECTED DISABILITY RETIREMENT OF 65% AND POSSIBLE BOARD ACTION – Commissioner Sohn moved approval of the following Resolution:

**APPROVAL OF SERVICE-CONNECTED DISABILITY RETIREMENT
BENEFIT FOR SUMIT PANDYA**

RESOLUTION 260224-B

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 Sumit Pandya and concluded that they are unable to perform the usual and customary duties as an Airport Police 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 clear and convincing evidence demonstrates that the discharge of Sumit Pandya's duties as an Airport Police Officer II is the predominant cause of the incapacity pursuant to the definition in Los Angeles Administrative Code § 4.1008.1(b), and they are not capable of performing the duties of an Airport Police 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 Officer's intemperance or willful misconduct;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Service-Connected Disability Retirement benefit for Sumit Pandya of 65% of the Final Average Compensation based upon the claimed disabling conditions.

D. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF MATTHEW PATRICK FOR SERVICE-CONNECTED DISABILITY RETIREMENT OF 65% AND POSSIBLE BOARD ACTION – Commissioner Sohn moved approval of the following Resolution:

**APPROVAL OF SERVICE-CONNECTED DISABILITY RETIREMENT
BENEFIT FOR MATTHEW PATRICK**

RESOLUTION 260224-C

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 Matthew Patrick and concluded that he is unable to perform the usual and customary duties as an Airport Police Officer III with the City of Los Angeles;

WHEREAS, notwithstanding, Physician 3 examined Matthew Patrick and concluded that he is able to perform the usual and customary duties as an Airport Police Officer III with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of the Board that clear and convincing evidence demonstrates that the discharge of

Matthew Patrick's duties as an Airport Police Officer III is the predominant cause of the incapacity pursuant to the definition in Los Angeles Administrative Code § 4.1008.1(b) and not capable of performing the duties as an Airport Police Officer III;

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

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Service-Connected Disability Retirement benefit for Matthew Patrick of 65% of the Final Average Compensation based upon the claimed disabling conditions.

VI

BOARD/DEPARTMENT ADMINISTRATION

A. 2026 LACERS WELL UPDATE, WORKPLAN, BUDGET AND POSSIBLE BOARD ACTION – Kristal Baldwin, Senior Benefits Analyst I, and Alejandra Zuniga, Benefits Analyst, presented and discussed this item with the Board for 15 minutes. Commissioner Sohn moved approval of the following Resolution:

2026 BUDGET FOR LACERS WELLNESS PROGRAM AND DELEGATION OF AUTHORITY TO THE GENERAL MANAGER

RESOLUTION 260224-D

WHEREAS, the Los Angeles City Employees' Retirement System (LACERS) developed the LACERS Well program to support and improve the health of Retired Members;

WHEREAS, the health plan carriers provide annual funding to the LACERS Well programs;

WHEREAS, LACERS Well has contracted with vendors to provide services and activities to help Retired Members better manage their health while minimizing long-term healthcare costs;

WHEREAS, the Calendar Year 2026 Wellness Program budget provides funds for expenditures related to wellness events;

WHEREAS, Charter Section 343(b) and Administrative Code Section 5.36, provides authority to the head of the department, the LACERS Board of Administration, to transfer between budgetary items, within limits prescribed by the City Administrative Officer;

WHEREAS, the Board is authorized to delegate to the General Manager to move funds in order to meet priorities in the most efficient and timely manner;

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

1. Approve the proposed 2026 Wellness budget;
2. Authorize and increase by \$50,000 in Fund 800, Appropriation 163040 - Contractual Services for Fiscal Year 2025-26 (FY26) for MYCA Learning (Cornerstone Training)

- to be reimbursed from the LACERS Wellness Fund; and,
3. Authorize the General Manager or designee to transfer funds between Wellness budget accounts, as necessary, within the approved 2026 Wellness budget.

Which motion was seconded by Commissioner Huynh, and adopted by the following vote: Ayes, Commissioners Huynh, Liem, Roten, Sohn, and President Chao -5; Nays, None.

- B. COST-OF-LIVING ADJUSTMENTS FOR JULY 2026 AND POSSIBLE BOARD ACTION – JoAnn Peralta, Departmental Chief Accountant IV, presented and discussed this item with the Board for two minutes. Commissioner Huynh moved approval, seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Huynh, Liem, Roten, Sohn, and President Chao -5; Nays, None.

VII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value of \$27.87 billion as of February 23, 2026; and Volatility Index at 19.84. Rod June discussed the following items:

INDUSTRY:

- a. Staff is closely monitoring news and issues for each asset class including private credit.

OPERATIONAL:

- a. Thomas Martin, Key Person on the Aksia Private Equity consultant relationship, will transition to another position in the Aksia organization and will therefore no longer be a Key Person on the LACERS account. Staff has initiated a search for a replacement Key Person and will interview three qualified candidates on behalf of the Board and bring staff's recommendation back for Board review and consideration at a future meeting.
- b. Staff seeks ways to integrate greater use of AI in the investment operation.

FUTURE AGENDA ITEMS:

- a. NEPC, LLC presentation of the Non-US Equities Asset Class restructure plan
- b. Investment manager contract renewal
- c. Listed infrastructure RFP

- B. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW FOR THE QUARTER ENDING DECEMBER 31, 2025 – Kevin Novak, Principal, and Rose Dean, Partner, presented and discussed this item with the Board for 35 minutes.
- C. APPROVAL OF 3 YEAR CONTRACT WITH PRINCIPAL GLOBAL INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. MID CAP CORE EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION – Commissioner Huynh moved approval of the following Resolution:

**CONTRACT RENEWAL
PRINCIPAL GLOBAL INVESTORS, LLC
ACTIVE U.S. MID CAP CORE EQUITIES**

PORTFOLIO MANAGEMENT

RESOLUTION 260224-E

WHEREAS, LACERS' current three-year contract term with Principal Global Investors, LLC (Principal) for management of an active U.S. mid cap core equities portfolio management expires on June 30, 2026; and,

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

WHEREAS, a contract renewal with Principal will allow the fund to maintain a diversified exposure to U.S. mid cap core equities; and,

WHEREAS, on February 24, 2026, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with Principal.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager or their designee is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

<u>Company Name:</u>	Principal Global Investors, LLC
<u>Service Provided:</u>	Active U.S. Mid Cap Core Equities Portfolio Management
<u>Effective Dates:</u>	July 1, 2026 through June 30, 2029
<u>Duration:</u>	Three years
<u>Benchmark:</u>	Russell Midcap Index
<u>Allocation as of December 31, 2025:</u>	\$421 million

Which motion was seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioners Huynh, Liem, Roten, Sohn, and President Chao -5; Nays, None.

- D. CONTINUED DISCUSSION OF PRIVATE CREDIT CONSULTING CONTRACT WITH AKSIA LLC AND POSSIBLE BOARD ACTION – Todd Bouey, General Manager, Rod June, Chief Investment Officer, and Clark Hoover, Investment Officer I, presented and discussed this item with the Board for 15 minutes. No action was taken and direction was given to bring this item back to the Board for consideration.
- E. NOTIFICATION OF COMMITMENT OF UP TO \$50 MILLION IN QUANTUM ENERGY PARTNERS IX, LP – This report was received by the Board and filed.
- F. NOTIFICATION OF COMMITMENT OF UP TO €34.3 MILLION (APPROXIMATELY \$40 MILLION) IN HG GENESIS 11 A L.P. – This report was received by the Board and filed.

- G. NOTIFICATION OF COMMITMENT OF UP TO \$50 MILLION IN OCEANSOUND PARTNERS FUND III, LP – This report was received by the Board and filed.
- H. NOTIFICATION OF COMMITMENT OF UP TO €40 MILLION (APPROXIMATELY \$50 MILLION) IN CAPVEST EQUITY PARTNERS VI A SCSP – This report was received by the Board and filed.
- I. NOTIFICATION OF COMMITMENT OF UP TO \$20 MILLION IN SQUARE NINE SPECIALTY CREDIT FUND I LP – This report was received by the Board and filed.
- J. NOTIFICATION OF COMMITMENT OF UP TO \$70 MILLION IN SOUND POINT STRATEGIC CAPITAL FUND III, LP – This report was received by the Board and filed.
- K. NOTIFICATION OF COMMITMENT OF UP TO \$100 MILLION IN BDT & MSD REAL ESTATE CREDIT OPPORTUNITY FUND III, L.P. – This report was received by the Board and filed.
- L. NOTIFICATION OF COMMITMENT OF UP TO \$50 MILLION IN WOLFF CREDIT PARTNERS IV, L.P. – This report was received by the Board and filed.

The Board did not discuss any Legal/Litigation items.

VIII

LEGAL/LITIGATION

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

IX

OTHER BUSINESS – President Chao requested a discussion on a formal policy on the discretionary COLA process.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, March 10, 2026, at 10:00 A.M., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.

XI

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the meeting at 12:20 P.M.

Annie Chao
President

Todd Bouey
Manager-Secretary



REPORT TO BOARD OF ADMINISTRATION

From: Todd Bouey, General Manager

MEETING: MARCH 24, 2026

ITEM: V – B

SUBJECT: TRAVEL AUTHORITY FOR INVESTMENT OFFICER I DANIEL BECERRA TO ATTEND THE INTERNATIONAL FOUNDATION OF EMPLOYEE BENEFIT PLANS (IFEBP) PORTFOLIO CONCEPTS AND MANAGEMENT COURSE AT THE WHARTON SCHOOL; MAY 10-14, 2026; PHILADELPHIA, PENNSYLVANIA AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Authorize the General Manager or designee to approve expenditures for Daniel Becerra, Investment Officer I to attend the International Foundation of Employee Benefit Plans (IFEBP) Portfolio Concepts and Management Course from May 11-14, 2026 (travel dates May 10-14), at The Wharton School in Philadelphia, PA.
2. Authorize the reimbursement of up to an estimated \$10,705 for reasonable expenses in connection with the conference.

Executive Summary

The Portfolio Concepts and Management program will be held in Philadelphia, PA, from May 11-14, 2026. This program will provide staff a solid foundation in the principles of Modern Portfolio Theory and equip attendees with the practical tools needed to make informed fiduciary decisions in the best interests of plan participants. Staff requests Board authorization for the General Manager or designee to approve travel expenses exceeding their standard discretionary threshold. Staff recommends that LACERS personnel attend this program to enhance their portfolio oversight capabilities.

Discussion

Daniel Becerra, Investment Officer I, has been designated to attend the IFEBP Portfolio Concepts and Management Course (“Course”) at the Wharton School. Board approval is necessary for this travel request because the estimated costs to attend the Course exceed the General Manager’s general travel

authority approval limit. Attendance at this event was approved in the Investment Division's current Fiscal Year Budget.

This particular educational course is tailored to supplement the necessary technical knowledge and skills required for an Investment Officer. This Course lays the groundwork for the core principles of portfolio theory, investment performance, and measurement. Furthermore, it offers the practical tools and experiences needed to make sound investment management decisions and effectively communicate recommendations to the Board. The curriculum strongly reinforces fundamental concepts needed for effective portfolio oversight and fiduciary accountability.

The program will be held at The Inn at Penn in Philadelphia, PA, from Monday, May 11 through Thursday, May 14, 2026. The Wharton School Portfolio Concepts and Management Course registration fee is \$6,695. The estimated total cost of registration, lodging, meals, and travel to attend the Portfolio Concepts and Management course is \$10,705. Upon return from the program, attending staff will be prepared to submit a formal conference report and present to the Board the educational findings and takeaway benefits.

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

TB:RJ:WL:JP:EC:DB

Attachments: 1. Conference Agenda
 2. Estimate of Reimbursable Expenses
 3. Proposed Resolution

Portfolio Concepts and Management

May 11–14, 2026
Philadelphia, Pennsylvania

www.ifebp.org/portfolio



The Wharton School and International Foundation Partnership

The International Foundation of Employee Benefit Plans is privileged to partner with the Wharton School of the University of Pennsylvania to provide high-quality education to employee-benefits fiduciaries.

Through this partnership, International Foundation members have the opportunity to engage with the most cited, most published faculty of all top-tier business schools. With a profound influence on global business, Wharton faculty members are the sought-after, trusted advisors of corporations and governments worldwide.



International Foundation
OF EMPLOYEE BENEFIT PLANS



Education | Research | Leadership

Portfolio Concepts and Management

May 11–14, 2026 | Philadelphia, Pennsylvania

www.ifebp.org/portfolio

Portfolio management is a complex task with numerous decisions on how to allocate money in your fund. *Portfolio Concepts and Management* provides the core principles of portfolio theory and investment performance measurement, offering practical tools and experiences to help you make reliable investment-management decisions. This program offers lecture/discussion sessions, problem-solving exercises, and small-group case-study sessions in a three-and-a-half-day format. Grow confidence in your ability to evaluate investments with a broad, fundamental understanding of investment products and practices.

Hear what past attendees have to say about the Portfolio Concepts and Management program:

“

As a trustee/fiduciary, this training will enable me to have better insights and a broader understanding of the investment strategy being used and to better evaluate the effectiveness of the investment manager/consultant.

This was an excellent class, and one of the best I have attended through the International Foundation.

The real-world approach to investment valuation was a welcome addition.

Great discussion on how historical trends in markets use risk to plan investments.

Really showed the relationship of macroeconomics and the impact on financial markets.

”

PROGRAM AT A GLANCE

Portfolio Concepts and Management

May 11–14, 2026 | Philadelphia, Pennsylvania

www.ifebp.org/portfolio

Monday, May 11 | 8:30 a.m.–5:00 p.m.

- Introduction and Overview of Financial Assets
- Fundamentals of Portfolio Theory
- Introduction to Case Study

5:00–6:00 p.m. Networking Reception

Tuesday, May 12 | 8:30 a.m.–5:30 p.m.

- Performance Evaluation
- Managing Pensions in a Risky Global Environment
- Case-Study Group Work

Wednesday, May 13 | 8:30 a.m.–5:30 p.m.

- Fundamentals of Valuation
- Macroeconomic Issues and Financial Markets
- Case-Study Group Work

Thursday, May 14 | 8:30 a.m.–12:30 p.m.

- Asset Allocation and Impacts of Risk on Return
- Case-Study Discussion

DAY ONE

Introduction and the Fundamentals of Portfolio Theory

Introduction and the Overview of Financial Assets

Making investment decisions on behalf of others can be a daunting task. Our opening session will cover the investment basics you need to know to make informed choices for your fund. Learn the differences between a bond and a stock, how bonds and stocks are evaluated, what happens to bonds when interest rates change, different types of indexes, different definitions of earnings, and more.

Fundamentals of Portfolio Theory

There is more to understanding investments than just memorizing definitions and analyzing the financial system. The "Fundamentals of Portfolio Theory" will cover time-weighted and value-weighted rates of return, the concept of efficiency, how to build portfolios for a targeted risk level, the principles of diversification, and the challenges of constructing a well-diversified portfolio.

Introduction to Case Study

An important part of the *Portfolio Concepts and Management* program is the interactive case study. At the end of Day One, you will be directed to meet with your small group to introduce yourselves and discuss the case study you will be working on for the remainder of the week.

“ Without reservation, I would recommend this program to all trustees. These few days of learning have instilled a great deal of confidence in my ability as a trustee as well as in my skill to more accurately oversee my plan's financial objectives, goals, course, and individual selections.

Adolfo Felix
Retirement Board
Vice President
Water & Power
Employee Retirement Plan
Los Angeles, California

DAY TWO

Insights Into Investment Decisions

Performance Evaluation

Having financial literacy and a clear investment policy is important for any fund, but it means little if you do not have the right people executing your vision. In “Performance Evaluation,” we will discuss the elements of manager monitoring, risk-adjusted measures, the role of different investment styles, understanding the numbers in a performance-evaluation report, using your performance-measurement tools in a practical framework, and the impact of investment policy.

Managing Pensions in a Risky Global Environment

What does our market look like right now, and should our current state of affairs affect our short-term and long-term investment decisions? This session will cover recent market trends, historical risk-and-return patterns, the capital-asset pricing model, price distortions, and how to determine the discount rate.

Case-Study Group Work

At the end of Day Two, you will be directed to meet with your small group to work on the case study.

DAY THREE

Economic Trends and Understanding the Economic System

Fundamentals of Valuation

This session delves into the core principles of time value of money, bond valuation, and stock valuation. Following the exploration of these principles, we will apply them to real-life examples, such as government and corporate bonds, as well as growth and value stocks. Participants will gain an understanding of where the intrinsic worth of assets comes from, enabling us to make more-informed investment decisions.

Macroeconomic Issues and Financial Markets

While most people are at least remotely familiar with the term *microeconomics*, where economists look at an individual household or company, *macroeconomics* studies the economic system as a whole. Understanding macroeconomics means understanding how our complex economic system operates. In this session, we will discuss the basics of price and return, monetary and fiscal policy structures and current stances, and the exchange rates and international factors.

Case-Study Group Work

At the end of Day Three, you will be directed to meet with your small group to continue working on the case study.

DAY FOUR

The Conclusion

Asset Allocation and Impacts of Risk on Return

What is the best way to implement your plan's investment strategy? In "Asset Allocation and the Impacts of Risk on Return," we will discuss the trends of pension management, typical investment policies, overall asset allocation and allocation within asset class, and rebalancing vs. reinforcing asset allocation.

Case Study

Our final session of the program will cover the issues within the case study and discuss the various answers received by the small groups. Attendance at this session is required to earn a certificate.

Participate in the entirety of the program to receive a Wharton-issued certificate of completion.

The Wharton School of the University of Pennsylvania
Program Faculty



Gordon M. Bodnar, PhD

Morris W. Offit Professor of International Finance; Director of the International Economics Program, Johns Hopkins School of Advanced International Studies (SAIS); Lecturer The Wharton School



Itamar Drechsler, PhD

Ervin Miller-Arthur M. Freedman Professor; Professor of Finance; Co-Director, Rodney L. White Center for Financial Research, The Wharton School



Geoffrey Gerber, PhD

Founder and Chief Investment Officer, Twin Capital Management



Stephan Dieckmann, PhD

Senior Lecturer of Finance, The Wharton School



A. Craig MacKinlay, PhD

Joseph P. Wargrove Professor of Finance; Academic Director, Jacobs Levy Center, The Wharton School



Olivia S. Mitchell, PhD

Professor of Business Economics and Public Policy; Professor of Insurance and Risk Management; Executive Director, Pension Research Council; Director of the Boettner Center for Pensions and Retirement Security, The Wharton School

Program Structure

Portfolio Concepts and Management is a three-and-a-half-day program that is intended for those who have some knowledge of investment concepts but limited coursework experience.

DATES

May 11–14, 2026

LOCATION

The Wharton School,
University of Pennsylvania
255 South 38th Street
Philadelphia, Pennsylvania

COST

(through March 30, 2026)
Member: US\$6,695
Nonmember: US\$7,025

(after March 30, 2026)
Member: US\$6,995
Nonmember: US\$7,325

HOTEL INFORMATION AND REGISTRATION: www.ifebp.org/portfolio

The Inn at Penn, a Hilton Hotel | Reservation Deadline: **Monday, April 20, 2026** | Rate: US\$299 single/double occupancy
Please call the hotel directly at (215) 222-0200 and mention the International Foundation to book your reservation.

Space is extremely limited for this advanced-level program to allow for extensive discussion and optimal comprehension.



International Foundation
OF EMPLOYEE BENEFIT PLANS 

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Brookfield, WI 53045

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OF EMPLOYEE BENEFIT PLANS

REGISTRATION IS NOW OPEN.

Portfolio Concepts and Management

May 11–14, 2026

Philadelphia, Pennsylvania

Space is limited. Save your spot today.
Visit www.ifebp.org/portfolio to register.



15M-226

ED2513259

CITY OF LOS ANGELES
Intra-Departmental Correspondence

DATE: March 24, 2026
TO: Accounting Section, LACERS
FROM: Daniel Becerra, Investment Officer I
SUBJECT: ESTIMATE OF REIMBURSABLE EXPENSES

Name of Attendee / Title	Daniel Becerra, Investment Officer I	
Event	Portfolio Concepts and Management Course	
Organization	International Foundation of Employee Benefit Plans (IFEBP)	
Date(s) of Event	May 11-14, 2026 (Travel Dates May 10-14, 2026)	
Location of Event	Philadelphia, PA	
Estimated Expenses:	Registration Fee (Early Bird Registration)	\$6,695
	Airfare (RT) LAX / PHL (Philadelphia, PA)	\$1,280
	Hotel: \$455.00/ Night x 4 (Including Taxes)	\$1,820
	Transportation Estimates	\$300
	Meal / Incidental Allowances: \$92 x 5 days	\$460
	Miscellaneous: (\$30 per day) x 5 days	\$150
	TOTAL ESTIMATE:	\$10,705

TRAVEL AUTHORITY
ATTENDANCE TO THE INTERNATIONAL FOUNDATION OF EMPLOYEE BENEFIT
PLANS (IFEBP)
PORTFOLIO CONCEPTS AND MANAGEMENT COURSE
MAY 10-14, 2026
PHILADELPHIA, PA

PROPOSED RESOLUTION

WHEREAS, the complexities of sound management of a public pension fund impose a continuing need for staff to attend professional and education conferences, seminars, and other educational events that will better prepare them to perform their fiduciary duties; and,

WHEREAS, the cost of attending the IFEBP Portfolio Concepts and Management Course exceeds the General Manager's general travel authority approval limit to expend;

NOW, THEREFORE, BE IT RESOLVED, that the Board approve and authorize the General Manager to expend additional funds for Investment Officer I Daniel Becerra to attend IFEBP Portfolio Concepts and Management Course at The Wharton School, University of Pennsylvania, on May 11-14, 2026 (travel dates May 10-14, 2026).

BE IT FURTHER RESOLVED, that the reimbursement of up to \$10,705 for Daniel Becerra, Investment Officer I is hereby authorized for reasonable expenses in connection with participation and will be applied to the 2025-26 Fiscal Year budget.

March 24, 2026



REPORT TO BOARD OF ADMINISTRATION

From: Todd Bouey, General Manager

MEETING: MARCH 24, 2026

ITEM: VI-A

SUBJECT: SEGAL DETERMINATION OF MEASURE FF ASSET TRANSFER AMOUNTS FROM LACERS TO LOS ANGELES FIRE AND POLICE PENSIONS AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve the transfer of \$232,782,805 in LACERS Pension assets (employer and employee contributions) to Los Angeles Fire and Police Pensions (LAFPP) in accordance with Segal's calculations for effectuating Measure FF;
2. Approve the corresponding transfer to LAFPP of \$55.0 million in LACERS Health assets, of which \$41,784,546 is allocated to the 401(h) account and \$13,228,433 is allocated to the LACERS Health Care Fund (115 Trust);
3. Authorize the LACERS General Manager to pay any supplemental amount to LAFPP to cover interest from the period of January 12 to the date of transfer of the Pension and Health assets at a 7% annual interest rate; and,
4. Upon receipt of \$1,345,200 from Los Angeles World Airports (LAWA), to refund the 236 Airport Police Officer Members who elected to transfer to LAFPP Tier 6 for the \$5,700 post-tax payments they made for the Tier 1 Enhanced LACERS benefit, approve the transfer of same amount from LACERS to LAFPP.

Executive Summary

Measure FF amended the Los Angeles City Charter to authorize the City Council to establish a process allowing LACERS Public Safety Officers who were employed on January 12, 2025, to make a one-time election to transfer into LAFPP Tier 6. The measure, approved by voters in the November 5, 2024 General Election, forms the basis for the associated cost impact and asset information for the transferring 314 Members. The total LACERS' assets to be transferred to LAFPP is \$287.8 million consisting of \$232.8 million in Pension assets and \$55.0 million in Health assets.

Additionally, LAWA will provide an up-front payment of \$1,345,200 to LACERS to cover refunds for 236 Airport Peace Officers who transferred to LAFPP Tier 6. After receipt, LACERS will remit the funds to

LAFPP to cover members' accumulated balances; \$5,700 will remain in each member's LACERS account and be used to issue the final refund in accordance with Board Rule EB-MC 2, and as reflected in Segal's transfer calculations.

Discussion

Measure FF created the authority and process for eligible Public Safety Officers to transfer their LACERS service to LAFPP Tier 6. To implement the measure, the City engaged Segal to perform all required actuarial valuations and develop the final transfer calculations as of January 11, 2026. A total of 314 Members elected to transfer, including 306 active Members and 8 inactive Members.

Segal determined the total amount of LACERS assets required to fully fund the actuarial accrued liabilities associated with transferring service. As of January 11, 2026, these assets total \$287.8 million, including \$232.8 million in pension assets and \$55.0 million in Health assets. In accordance with IRS requirements, the Health assets have been further allocated between the 401(h) Retiree Health Account and the 115 Trust. Of the total \$55.0 million, \$41,784,546 is allocated to the 401(h) account and \$13,228,433 is allocated to the 115 Trust.

Segal recommends that these amounts due to LAFPP be increased with interest at LACERS' assumed annual rate of 7.00 percent from January 12, 2026 through the final payment date.

In comparing the LACERS assets being transferred to the liabilities created at LAFPP, Segal identified a net City cost of \$122.44 million for past service as of January 11, 2026. Segal also calculated \$5.05 million in employer normal cost for future service to be earned by transferring Members from January 11 through June 30, 2026.

With the actuarial valuations and cost determinations now complete, the next steps involve executing the transfer of Pension assets, 401(h) Health assets, and 115 Trust assets from LACERS to LAFPP. Upon identification of the final payment date, Segal will assist in calculating interest-adjusted amounts. Administrative approval by the Board of Administrators, followed by coordination with LAFPP, the City Administrative Officer, and the Controller, will ensure timely and accurate completion of all transfers required under Measure FF. LACERS' Fiscal Division would be responsible for setting up the transfers, ensuring that the proper accounts and transfer mechanisms are used. LACERS' Investments Division will be responsible for raising the cash to be transferred, in a timely and prudent manner (taking into account the asset allocation and minimizing transaction costs to the extent possible).

In addition, pursuant to the Measure FF amendments to Los Angeles Administrative Code (LAAC) Section 4.1002(h), LACERS Tier 1 Enhanced Members who transfer to LAFPP Tier 6 are entitled to a refund of the personal funds they paid to receive LACERS Tier 1 Enhanced Benefits. To ensure there is no fiscal impact to LACERS, LAWA must issue an up-front payment to LACERS that covers the full cost of these refunds.

Following the January 9, 2026 deadline for this election, 236 former Tier 1 Enhanced Members became entitled to a refund. In accordance with LAAC Section 4.1002(h)(4), LACERS has requested an up-

front payment of \$1,345,200 from LAWA to cover the cost of reimbursing the 236 eligible Airport Peace Officers.

After LAWA transfers the funds to LACERS, LACERS will remit these funds to LAFPP to cover the accumulated balance in each transferring Member's account. This lump-sum transfer to LAFPP will be offset by the \$5,700 amount that will remain in each transferring Member's LACERS account. Under Board Rule EB-MC 2, the \$5,700 retained in each Member's account will be used to issue the final refund to the Member. LACERS has coordinated with Segal to ensure that this \$5,700 retention is properly reflected in the amounts included in Segal's valuation study.

Todd Tauzer of Segal will be presenting the reports detailing the asset transfers to the Board.

Prepared By: Edwin Avanesian, Chief Management Analyst

TB/EA

- Attachments:
1. City of Los Angeles Fire and Police Pension Plan (LAFPP) and Los Angeles City Employees' Retirement System (LACERS) Determination of asset transfer amounts and costs as of January 11, 2026 regarding the transfer of LACERS Sworn Peace Officers and Park Rangers into LAFPP Tier 6
 2. City of Los Angeles Fire and Police Pension Plan (LAFPP) and Los Angeles City Employees' Retirement System (LACERS) Allocation of LACERS Health Asset transfer amounts between 401(h) Account and 115 Trust as of January 11, 2026 regarding the transfer of LACERS Sworn Peace Officers and Park Rangers into LAFPP Tier 6



March 12, 2026

Mr. Joseph Salazar
 General Manager
 City of Los Angeles
 Fire and Police Pension Plan
 701 East 3rd Street, Suite 200
 Los Angeles, CA 90013

Mr. Todd Bouey
 General Manager
 Los Angeles City Employees'
 Retirement System
 977 N. Broadway
 Los Angeles, CA 90012-1728

**Re: City of Los Angeles Fire and Police Pension Plan (LAFPP) and
 Los Angeles City Employees' Retirement System (LACERS)
 Determination of asset transfer amounts and costs as of January 11, 2026 regarding
 the transfer of LACERS Sworn Peace Officers and Park Rangers into LAFPP Tier 6**

Dear Joe and Todd:

We have prepared this letter to provide the final calculation of cost associated with the implementation of the Measure FF transfer ordinance. As you know, Measure FF allowed certain members from LACERS to make an irrevocable election to transfer membership and past LACERS service to LAFPP Tier 6. We have detailed the methods and assumptions used in calculating both the net cost to the City associated with prior service as well as the net cost to the City associated with future service.

Summary of results

A summary of the assets to be transferred from LACERS to LAFPP associated with transferring past LACERS service in connection with the implementation of Measure FF is as follows:

Line Description	LACERS Assets as of January 11, 2026
Pension assets — employer	\$157.7 million
Pension assets — employee	75.1 million
Pension assets — total	\$232.8 million
Health assets	55.0 million
Total LACERS assets for transfer	\$287.8 million

A high-level summary of the net cost to the City associated with transferring membership and past service in connection with the implementation of Measure FF is as follows:

Line Description	Net Cost as of January 11, 2026	Net Cost as of March 19, 2026
Past service through January 11, 2026	\$122.4 million	\$123.9 million
Future service from January 11, 2026 through June 30, 2026	5.0 million	5.1 million
Total net cost	\$127.4 million	\$129.0 million

The net costs above have been calculated as of January 11, 2026, therefore, we recommend increasing these amounts with interest at the annual assumed rate of 7.00% from January 12, 2026 to the actual date of payment. For illustration, we have also provided the net cost to the City increased with interest to March 19, 2026.

In addition, we recommend the Board of Fire and Police Pension Commissioners adopt the following employer contribution rates. In particular, the Airport rates have been developed based on the projected payroll for all Airport members at LAFPP (i.e., the 125 active LAFPP members as of June 30, 2025 as well as the 239 members who transferred from LACERS on January 11, 2026):

Recommended Employer Contribution Rates for the 2026/2027 Fiscal Year
(% of total payroll – payable July 15, 2026)

Line Description	Airport	Park Rangers
Retirement contribution		
Employer Normal Cost	16.73%	15.41%
Payment/(credit) for UAAL/(surplus)	(0.48%)	0.00%
Administrative Expenses	1.28%	1.28%
Total Retirement contribution	17.53%	16.69%
Health Subsidy contribution		
Employer Normal Cost	5.68%	7.89%
Amortization of UAAL (Surplus)	(0.19%)	0.00%
Administrative Expenses	0.13%	0.13%
Total Health Subsidy contribution	5.62%	8.02%

Note: The number of members that are transferring into City Tier 6 and Harbor Port Police Tier 6 represent a small portion of the total payroll (after the transfer) for each of those employer groups, therefore we are not recommending any changes to the contribution rates that have already been adopted for those employer groups.

Background

Pursuant to a report to the Board of Fire and Police Pension Commissioners from Ray Ciranna dated September 15, 2022,

Upon their graduation from an approved training academy, all new Harbor (hired on/after January 8, 2006) and Airport (hired on/after January 7, 2018) police officers became members of LAFPP. Previously, these employees were members of the Los Angeles City Employees' Retirement System (LACERS) upon hiring. In 2006-07, existing Harbor/Port Police officers were given the option to transfer from LACERS to LAFPP Tier 5 during a

one-year election period.¹ Any Harbor/Port Police who did not file an election during this one-year period remained LACERS members.

The General Services Department's Office of Public Safety ("OPS") was consolidated into the LAPD in July 2012. At that time, OPS officers were members of LACERS. These officers were able to transfer to regular LAPD police officer classifications following an abbreviated academy training period and, pursuant to Administrative Code Section 4.1002(c), were allowed to opt out of membership in LACERS to become members of LAFPP Tier 6.²

In 2017, existing Airport Police were also given the opportunity to transfer from LACERS to LAFPP Tier 6.³

Due to a variety of factors, including the ultimate cost borne by these employees to become LAFPP members, some OPS/LAPD, Harbor, and Airport police chose to remain members of LACERS rather than transfer to LAFPP.

Measure FF amended the Los Angeles City Charter (Charter) and authorized City Council to provide a process by which LACERS Peace Officers who were actively employed on January 12, 2025 could make a one-time election to transfer into LAFPP Tier 6. That measure, which was on the ballot for the November 5, 2024 General Election and was passed by the voters, is the basis for the cost impact and asset transfer information presented in this letter.

Transferring members

In January 2026, LAFPP and LACERS provided us with files that identified the group of members who made an election to transfer to LAFPP Tier 6. After discussions with both plans, we reconciled the two lists and confirmed the final population of 314 members who made an election to transfer to LAFPP Tier 6. Of those members, we note that three had not been indicated by LACERS as being eligible to transfer when preparing the prior May 12, 2025 study and were therefore not included among the 421 members in that study.

As of January 11, 2026, 306 of the transferring members were indicated as active at LACERS while the remaining 8 were indicated as inactive. We understand that the 8 inactive members had previously transferred to LAFPP Tier 6 pursuant to Charter Section 1703 and are now eligible to transfer their remaining LACERS service credit into LAFPP. A breakdown of the 314 transferring members by group and by LACERS status is shown below.

¹ Transferring employees were required to pay a \$5,700 "Transfer Contribution Payment" and only service with the Harbor Department in specific sworn classifications was transferred from LACERS to LAFPP Tier 5 upon election.

² In addition, pursuant to a March 2013 Charter amendment, in conjunction with their change in employment status, these Tier 6 members had the option to purchase their years of LACERS service credit they earned while employed in specific OPS officer classifications.

³ As a condition of their transfer from LACERS to LAFPP, transferring Airport Police were required to purchase all their past LACERS service by paying the full actuarial cost of the service being transferred, reduced by the amount of any funds transferred from LACERS to LAFPP in connection with the transferred service.

314 Members by Group and LACERS Status as of January 11, 2026

Group	Active	Inactive	Total
LAPD & Municipal Police	33	8	41
Harbor Port Police	4	0	4
Airport Department	239	0	239
Park Rangers	30	0	30
Total	306	8	314

The calculations contained herein are generally based upon the census files provided by LACERS for the June 30, 2024 and June 30, 2025 actuarial valuations. When referring to the member's "service" at LACERS, we are specifically referring to the **benefit** service as reported by LACERS in those census files.

Cost associated with past service

Attachment A details the development of the net cost to the City to transfer all past LACERS service to LAFPP for the 306 active and 8 inactive members, including the amount of assets to be transferred from LACERS to LAFPP for those members. All figures shown are calculated as of the January 11, 2026 transfer date.

The following sections describe the assumptions and methodologies used in the development of those amounts.

Asset transfer from LACERS

Based on our understanding of LAAC Section 4.2216(e), the amount of funds due to LAFPP from LACERS shall be an amount that is sufficient to cover all **funded** actuarial accrued liability (AAL)⁴ for the LACERS service to be transferred. Similar to prior studies, we have relied upon LACERS' funded ratios on a market value of assets basis to determine the funded portion of the AAL.

Calculation of asset transfer as of June 30, 2024

We first begin with the results of LACERS' June 30, 2024 actuarial valuations, including the membership data, actuarial assumptions, and methods upon which that valuation was based.

1. The AAL for the 314 members was identified separately for the Retirement and Health Plans based on the results of the June 30, 2024 valuations.
2. The funded ratios on a market value of assets basis were 72.26% and 106.33% as of June 30, 2024 for the Retirement and Health Plans, respectively.

The product of **item 1** and **item 2** results in the initial allocation of assets to cover all funded AAL for the LACERS service as of June 30, 2024.

⁴ While there was an improvement to the disability and death benefits for some of the members included in this study, no contributions have yet been paid by the employer towards those benefits. We have therefore excluded the liabilities associated with those benefits from this study.

Adjustment for the passage of time through January 11, 2026

To adjust for the passage of time from June 30, 2024, we have generally relied upon the assumptions used in the June 30, 2024 actuarial valuations with two notable exceptions:

1. The actual market return earned on LACERS' assets for the 2024/2025 fiscal year of 11.14% and 12.45%⁵ for the Retirement and Health Plans, respectively, has been reflected.
2. The estimated contributions for the period from July 1, 2025 through January 11, 2026 reflect the payroll information that was provided in the membership data for LACERS' June 30, 2025 valuations.

The initial allocation of assets as of June 30, 2024, as determined in the previous section, was increased by the following adjustments:

1. Estimated employee and employer contributions from July 1, 2024 through June 30, 2025.
 - a. Contributions were calculated based on the rates provided in our June 30, 2023 valuation and adopted by the Board for the 2024/2025 fiscal year.
 - b. The UAAL contribution rates were further adjusted to reflect the portion that is generally attributable to the UAAL for the 314 transferring members.
 - c. The above rates were applied to the projected payrolls from the June 30, 2024 valuation.
2. Interest through June 30, 2025 on the transfer amount as of June 30, 2024 and estimated contributions from **item 1**.
 - a. Calculated based on the actual market return earned on LACERS' assets for the 2024/2025 fiscal year.
3. Estimated employee and employer contributions from July 1, 2025 through January 11, 2026.
 - a. Contributions were calculated based on the rates provided in our June 30, 2024 valuation and adopted by the Board for the 2025/2026 fiscal year.
 - b. The UAAL contribution rates were further adjusted to reflect the portion that is generally attributable to the UAAL for the 314 transferring members.
 - c. The above rates were applied to the projected payrolls from the June 30, 2025 valuation, after reflecting the MOU provision for Airport and Park Rangers discussed in the *Increase in liability at LAFPP* section on the following page.
4. Interest through January 11, 2026 on the transfer amount after reflecting **item 1** and **item 2** above and estimated contributions from **item 3**.
 - a. Calculated based on LACERS' assumed investment return of 7.00% per annum.

The total amount of assets to be transferred to LAFPP as of January 11, 2026 is set equal to the amount after reflecting the above adjustments.

⁵ These returns were calculated by Segal. The corresponding actual market return for the combined LACERS' plans for the 2024/2025 fiscal year was 11.35%, as shown on page 7 of the June 30, 2025 actuarial valuation report for the LACERS Retirement Plan.

Allocation between employer and employee as of January 11, 2026

The total asset transfer as determined in the prior section was then allocated between the employer and employee.⁶

The portion allocated to the employee is based on the employee contribution account balance as of January 11, 2026, as provided by LACERS. We understand that the balances provided by LACERS have been reduced (where applicable) to reflect the refund of the \$5,700 payment made by certain members to receive enhanced benefits from LACERS.

The balance of the asset transfer was allocated to the employer.

Increase in liability at LAFPP

To calculate the impact on the liability at LAFPP resulting from the transfer, we modified our annual valuation programs to run a hypothetical valuation as of January 11, 2026, using the membership data, actuarial assumptions and plan provisions discussed below.

Membership data as of January 11, 2026

As recommended by Segal and agreed upon by LAFPP's Board, the membership data provided by LACERS for use in the June 30, 2025 actuarial valuations form the basis of our calculations.

The June 30, 2025 data from LACERS was projected by Segal to January 11, 2026 using LAFPP's actuarial assumptions. In developing the projected salaries, we reflected the MOU⁷ provision that upon the passage of Measure FF the Airport Police and Park Rangers would no longer receive the increases that were scheduled for June 2025 and June 2026. Accordingly, we excluded the across-the-board salary increase assumption of 3.0% for the first year and only included the merit and promotion increase assumptions.

Programming adjustments

We have applied the same actuarial assumptions, plan provisions, methods and models as used in LAFPP's June 30, 2025 valuations, with the following exceptions:

1. The retirement rate assumptions were adjusted to reflect the characteristics of the 306 active LACERS members and their anticipated behavior, specifically in regards to the Deferred Retirement Option Plan (DROP).
 - a. For years 1 through 6 after the transfer, the retirement rates are reduced by 95%.
 - b. For years 7 through 10 after the transfer, the retirement rates are reduced by 50% for members who were not eligible to participate in DROP 5 years ago.
 - c. The retirement rate at age 54 was reduced from 17% to 5%.

In general terms, the adjustments lower the service retirement rates, which results in more members remaining in the work force and subsequently exiting from the DROP.

⁶ If a member's contribution account balance as of January 11, 2026 was more than the allocated asset transfer for a specific member under the Retirement Plan, then the allocated amount was increased and set equal to the member's contribution balance.

⁷ For example, see MOU 65 for Airport Police and MOU 30 for Park Rangers.

Attachment D includes a sensitivity analysis which illustrates the impact of an 80% reduction in retirement rate assumptions, in lieu of the 95% described in 1.a. above.

2. Age-based early retirement reduction factors⁸ are applied when calculating the projected benefits for Park Rangers who are anticipated to retire prior to age 60 (or prior to age 55 with 30 or more years of service).

LAFPP liability as of January 11, 2026

Using the above information, we then determined the actuarial accrued liability (AAL) of the 314 members assuming they had always been active members of LAFPP. For the 8 members who previously transferred to LAFPP and are now eligible to transfer their remaining LACERS service, the AAL calculated reflecting all LACERS and LAFPP service was reduced by the AAL calculated using only LAFPP service.

The AAL in this section has been calculated on the same basis as the AAL for LAFPP's funding valuation, and thus this amount, when funded through LACERS asset transfer or other City payments, is expected to result in a transfer that is cost-neutral to LAFPP as of the transfer date.

Net cost to the City for past service as of January 11, 2026

The net cost to the City, as of January 11, 2026, to transfer all past LACERS service to LAFPP Tier 6 is equal to the increase in liability for LAFPP reduced by the amount of total assets transferred from LACERS.

There are 67 active members under the Health Plan for which the employer assets transferred from LACERS was greater than the increase in liability for LAFPP. For these members, the excess of the transferred LACERS assets over the increase in LAFPP liability helped reduce the net cost to the City by roughly \$2.5 million.

Cost associated with future service

The cost associated with earning future service under LAFPP Tier 6 is provided in *Attachment B*.

To calculate the total normal cost associated with the transferring members following the transfer date, we have relied upon the results of LAFPP's hypothetical valuation as of January 11, 2026 described in the "*Cost associated with past service*" section.

As is done in LAFPP's annual actuarial valuation, the total normal cost for the Retirement Plan has been allocated between the employee and the employer. The normal cost paid by the employee is based on a contribution rate of 11% until June 30, 2026. Thereafter, we understand the contribution rate will reduce to 10% if the transferring member has 25 or more years of service with LAFPP and was formerly a Tier 1 member of LACERS. The remainder of the normal cost is then allocated to the employer.

⁸ Based on information provided to Segal over the course of this study, it is our understanding that Park Rangers would be subject to these age-based reduction factors in order to comply with the requirements of the Internal Revenue Code.

Normal cost accrual through June 30, 2026

The historical practice at LAFPP is for employer contribution payments to be calculated based on budgeted payroll (as developed by the City) and then paid into LAFPP on or before July 15 of each fiscal year.

It is our understanding that the budgeted payroll for LAFPP's 2025/2026 fiscal year **did not** include any projected payroll for the transferring members, as the final population was not known at the time that budget was adopted. Therefore, we have included the expected accrual of employer normal cost attributable to the transferring members for the period from January 11, 2026 through June 30, 2026 in *Attachment B*. This amount has been calculated as of January 11, 2026. Note that there will be a largely offsetting credit in the end of year true-up from LACERS as they will not be in LACERS' payroll from January 11, 2026 through June 30, 2026. This credit will effectively lower the ultimate contributions required for LACERS in the 2026-2027 contribution year.

Employer contribution rates effective July 1, 2026

Attachment B also includes recommended employer contribution rates for the 2026/2027 fiscal year, after reflecting the inclusion of the transferring members.

For the transferring members from the LAPD/municipal police and the Harbor Port Police, we recommend no changes to the contribution rates that were previously adopted by the Board for the City Tier 6 members and the Harbor Tier 6 members, respectively, based on the June 30, 2025 valuations.

As the transferring members from LAWA will materially change the demographics and total payroll of the Airport Department, we recommend the Board adopt revised contribution rates to be paid on behalf of all Airport members. By adopting the revised contribution rates, the Airport Department will be able to apply the same contribution rate to all budgeted payroll.

Finally, we have also provided recommended contribution rates for the Park Rangers.

Interest accrual through payment date

As previously noted, the net cost to the City for past service and the normal cost for future service earned from January 11, 2026 to June 30, 2026, has been calculated as of January 11, 2026. We recommend these amounts be increased with interest at the assumed rate of return of 7.00% through the payment date. Segal is available to assist in this calculation if needed once a payment date has been identified.

Illustrative amortization of the net cost to the City

Attachment C provides illustrative amortization schedules over 3 and 5 years as requested by LAFPP and the participating employers. We have shown the amortization of both the total cost as well as the incremental cost above the portion of the estimate provided in our May 12, 2025 letter attributable to the 311 members included in that study who ultimately elected to transfer.

We have broken these costs down by employer group and amortized them over the total payroll of each group individually.

Statement of actuarial opinion

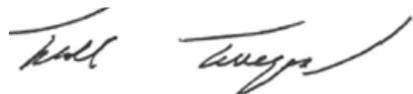
This document has been prepared for the exclusive use and benefit of LAFPP and LACERS, based upon information provided by the LAFPP and LACERS or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. This document should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plans. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.

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 actuaries.

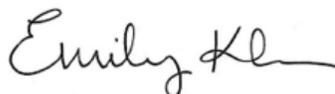
These calculations were supervised by Emily Klare, ASA, MAAA, EA and Mehdi Riazi, FSA, MAAA, FCA, EA. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions on this information.

Sincerely,



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



Emily Klare, ASA, MAAA, EA
Senior Actuary



Mehdi Riazi, FSA, MAAA, FCA, EA
Vice President and Actuary

DNA/jl
Attachment

LACERS Sworn Peace Officers Transfer Study
Development of Cost to Move Past LACERS Benefit Service to LAFPP Tier 6 as of January 11, 2026

Employer Group	Count	Pension: LAFPP Liability	Pension: LACERS Assets (Employer)	Pension: LACERS Assets (Employee)	Pension: Net Cost	Health: LAFPP Liability	Health: LACERS Assets	Health: Net Cost	Total Net Cost for the City
LAPD & Municipal Police	41	\$43,732,581	\$18,649,995	\$9,154,664	\$15,927,922	\$8,188,015	\$6,858,173	\$1,329,842	\$17,257,764
Harbor Port Police	4	6,085,700	3,190,336	1,344,023	1,551,341	810,118	839,069	0	1,551,341
Airport Department	239	283,197,533	129,854,564	61,167,952	92,175,017	50,857,521	44,630,171	6,227,350	98,402,367
Park Rangers	30	14,001,816	5,957,730	3,463,541	4,580,545	3,334,402	2,685,566	648,836	5,229,381
Total	314	\$347,017,630	\$157,652,625	\$75,130,180	\$114,234,825	\$63,190,056	\$55,012,979	\$8,206,028	\$122,440,853

Normal Cost Accrual of Future Service from January 12, 2026 through June 30, 2026
(payable January 11, 2026)

Employer Group	Pension Employer Normal Cost	Health Employer Normal Cost	Total Employer Normal Cost
LAPD & Municipal Police	\$392,000	\$125,000	\$517,000
Harbor Port Police	55,000	15,000	70,000
Airport Department	3,142,000	936,000	4,078,000
Park Rangers	256,000	133,000	389,000
Total	\$3,845,000	\$1,209,000	\$5,054,000

Recommended Employer Contribution Rates for the 2026/2027 Fiscal Year
(% of total payroll — payable July 15, 2026)

Line Description	Airport	Park Rangers
Retirement contribution		
Employer Normal Cost	16.73%	15.41%
Payment/(credit) for UAAL/(surplus)	(0.48%)	0.00%
Administrative Expenses	1.28%	1.28%
Total Retirement contribution	17.53%	16.69%
Health Subsidy contribution		
Employer Normal Cost	5.68%	7.89%
Payment/(credit) for UAAL/(surplus)	(0.19%)	0.00%
Administrative Expenses	0.13%	0.13%
Total Health Subsidy contribution	5.62%	8.02%

Illustrative Amortization of Cost for the City Associated with Transferring Past LACERS Service

Employer Group	Total City Cost as of Jan 11, 2026 (314 members)	Estimated City Cost as of June 30, 2024 (311 members)	Incremental City Cost Above June 30, 2024 Estimate	3 Year Amortization of Incremental Cost	5 Year Amortization of Incremental Cost	3 Year Amortization of Total Cost	5 Year Amortization of Total Cost
LAPD & Municipal Police	\$17,260,000	\$12,080,000	\$5,180,000	\$1,792,000 0.1% of payroll	\$1,117,000 0.1% of payroll	\$5,975,000 0.3% of payroll	\$3,721,000 0.2% of payroll
Harbor Port Police	1,550,000	1,490,000	60,000	\$21,000 0.1% of payroll	\$13,000 0.1% of payroll	\$536,000 2.3% of payroll	\$334,000 1.4% of payroll
Airport Department	98,400,000	47,830,000	50,570,000	\$17,503,000 32.6% of payroll	\$10,899,000 20.3% of payroll	\$34,057,000 63.4% of payroll	\$21,207,000 39.5% of payroll
Park Rangers	5,230,000	3,150,000	2,080,000	\$720,000 21.8% of payroll	\$448,000 13.6% of payroll	\$1,810,000 54.8% of payroll	\$1,127,000 34.2% of payroll
Total	\$122,440,000	\$64,550,000	\$57,890,000	\$20,036,000 1.0% of payroll	\$12,477,000 0.6% of payroll	\$42,378,000 2.2% of payroll	\$26,389,000 1.4% of payroll

Notes:

- This amortization exhibit is shown for illustrative purposes only.
 - Segal is available to provide additional amortization schedules upon request.
- The amortization amounts above are shown as annual beginning of year payments.
 - These payments are calculated as a “level percentage of pay”, meaning the dollar amounts increase each year with LAFPP’s assumed total payroll growth assumption (3.00% per annum).
 - This is the same form of amortization as specified in the Plan’s funding policy.
- The annual amortization payments are also shown as a percent of projected payroll for each employer group.
 - The projected payroll used includes all active LAFPP members as of June 30, 2025, as well as the transferring members for each employer group.
 - Amortization for LAPD and Municipal Police is shown as a percent of total payroll for the Fire and Police Departments.

Sensitivity in Net Cost to City Due to Reduction in Retirement Rates for Years 1 – 6 Following the Transfer

Employer Group	95% Reduction (Recommendation) Pension: Net Cost	95% Reduction (Recommendation) Health: Net Cost	95% Reduction (Recommendation) Total: Net Cost	80% Reduction (Sensitivity Run) Pension: Net Cost	80% Reduction (Sensitivity Run) Health: Net Cost	80% Reduction (Sensitivity Run) Total: Net Cost
LAPD & Municipal Police	\$15,927,922	\$1,329,842	\$17,257,764	\$16,744,343	\$1,761,265	\$18,505,608
Harbor Port Police	1,551,341	0	1,551,341	1,730,108	62,918	1,793,026
Airport Department	92,175,017	6,227,350	98,402,367	96,134,055	7,991,348	104,125,403
Park Rangers	4,580,545	648,836	5,229,381	4,790,676	785,099	5,575,775
Total	\$114,234,825	\$8,206,028	\$122,440,853	\$119,399,182	\$10,600,630	\$129,999,812



BOARD MEETING: 03/24/26

ITEM VI-A

Attachment 2

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San Francisco, CA 94105-6147
segalco.com

March 16, 2026

Mr. Joseph Salazar
General Manager
City of Los Angeles
Fire and Police Pension Plan
701 East 3rd Street, Suite 200
Los Angeles, CA 90013

Mr. Todd Bouey
General Manager
Los Angeles City Employees'
Retirement System
977 N. Broadway
Los Angeles, CA 90012-1728

**Re: City of Los Angeles Fire and Police Pension Plan (LAFPP) and
Los Angeles City Employees' Retirement System (LACERS)
Allocation of LACERS Health Asset transfer amounts between 401(h) Account and
115 Trust as of January 11, 2026 regarding the transfer of LACERS Sworn Peace
Officers and Park Rangers into LAFPP Tier 6**

Dear Joe and Todd:

In conjunction with our calculation of cost associated with implementation of the Measure FF transfer ordinance, we have calculated herein the allocation of the total LACERS health assets between the 401(h) Retiree Health Account and the IRC Section 115 Trust. As shown in Attachment A, of the \$55,012,979 in total health assets being transferred to LAFPP, \$41,784,546 has been allocated to the 401(h) account and \$13,228,433 to the 115 Trust.

Background

Starting July 15, 2019, the City's health contributions to LACERS have been deposited into an IRC Section 115 Trust, in place of the 401(h) Retiree Health Account (a sub-account established within the pension plan). For the purposes of Measure FF, we understand that compliance with Internal Revenue Code requires health dollars to be transferred from LACERS' 401(h) account to LAFPP's 401(h) account and, likewise, from LACERS' 115 Trust to LAFPP's 115 Trust.

Ordinance No. 188756 does not specify a particular method for determining the portion of the LACERS health assets that are attributable to either fund. Based on discussions with all stakeholders, and input from the City's legal counsel, both plans agreed that it was reasonable to allocate to the 115 Trust the estimated contributions made to the 115 Trust on behalf of the transferring employees, accumulated with earnings. The remaining portion of the total health transfer is then allocated to the 401(h) account.

Methods and assumptions

For each member included in the transfer study, we estimated the portion of the LACERS 115 Trust attributable to contributions made on their behalf using the following methodology:

- Annual contribution amounts were developed by taking the historical contribution rates at LACERS, for Tier 1 and Tier 3 employees separately, and multiplying them by each member's salary for the respective year.
- The contributions were accumulated to June 30, 2025, using the plan's historical returns on a market value basis, and from July 1, 2025, to January 11, 2026, using the plan's assumed investment return assumption of 7.00%.

For fiscal years prior to June 30, 2024, we estimated each person's salary history using the valuation salary scale assumption* applied retroactively to the salary provided for the June 30, 2024 LACERS health valuation. This simplification was deemed appropriate, as the primary accuracy concern is the total amount of assets transferred to LAFPP. The use of actual historical salaries was not deemed necessary for the 401(h) account versus 115 Trust allocation. The FY 2025 and FY 2026 salaries used for the health asset allocation were the same as the FY 2025 and FY 2026 salaries used to determine the City's net transfer cost in our letter dated March 12, 2026.

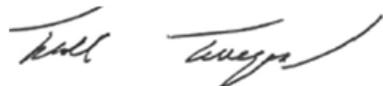
Statement of actuarial opinion

This document has been prepared for the exclusive use and benefit of LAFPP and LACERS, based upon information provided by LAFPP and LACERS or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. This document should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plans. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.

These calculations were supervised by Mehdi Riazi, FSA, MAAA, FCA, EA. We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions.

Sincerely,



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



Mehdi Riazi, FSA, MAAA, FCA, EA
Vice President and Actuary

JAC/jl
Attachment

* The salary scale assumption used is the same as disclosed in the LACERS Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2024, dated November 4, 2024.

LACERS Peace Officers Transfer Study
Health Assets Allocated between 401(h) Account and 115 Trust as of January 11, 2026

Employer Group	LACERS Health Assets Total	LACERS Health Assets 401(h) Account	LACERS Health Assets 115 Trust
LAPD & Municipal Police	\$6,858,173	\$5,384,635	\$1,473,538
Harbor Port Police	839,069	630,847	208,222
Airport Department	44,630,171	33,893,000	10,737,171
Park Rangers	2,685,566	1,876,064	809,502
Total	\$55,012,979	\$41,784,546	\$13,228,433



REPORT TO BOARD OF ADMINISTRATION

From: Todd Bouey, General Manager

MEETING: MARCH 24, 2026

ITEM: VI-B

SUBJECT: ACTUARIAL RISK ASSESSMENT AND REVIEW OF FUNDED STATUS OF THE RETIREMENT AND HEALTH PLANS AS OF JUNE 30, 2025

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this report.

Executive Summary

LACERS' consulting actuary, Segal, prepared and is presenting to the Board of Administration (Board) the LACERS Risk Assessment and Review of Funded Status of the Retirement and Health Plans as of June 30, 2025 (Actuarial Risk Assessment Report). In accordance with Actuarial Standard of Practice (ASOP) No. 51, the purpose of the Actuarial Risk Assessment Report is to assist the Board, the City Employer, Members, and other stakeholders to better understand and assess the risk profile of the Retirement System, as well as the particular risks inherent in using a fixed set of actuarial assumptions in preparing the results of the June 30, 2025 Actuarial Funding Valuations.

Discussion

This Actuarial Risk Assessment Report expands upon the Risk Assessment section reported in the June 30, 2025 Actuarial Valuation. Although ASOP 51 does not apply to Other Post-Employment Benefits, the same types of information and analysis are applicable and thus LACERS has requested inclusion of the Health Plan in this report.

This report illustrates how favorable and unfavorable economic and demographic experience have impacted the funded status, Unfunded Actuarial Accrued Liabilities (UAAL), and the employer contribution rates over the past ten years, as well as providing deterministic projections of these factors calculated on hypothetical investment experience (i.e., 14.00%, 0.00%, and the assumed 7.00% return for the current fiscal year) based on plan assets as of June 30, 2025. Segal also provides a stochastic projection of future market returns to show the range of possible changes in funded status and contribution rates for the next 20 years. Included Plan maturity measures show that over the past 10 years the Plans have become more mature as evidenced by an increase in the ratio of members in pay status (retirees and beneficiaries) to active members and by an increase in the ratios of plan assets

and liabilities to active member payroll. While there were some reversals observed primarily in the June 30, 2023–2024 valuations due to an increase in the number of actives, Segal expects the trend of increased plan maturity to continue going forward.

Based on the Government Finance Officers Association’s (GFOA) recommendation, Segal includes discussion of a “surplus management policy” which would be proactive and help guide the system in the prudent management of any potential surplus, including considerations for items such as contribution levels, risk reduction opportunities, stabilization reserves, and benefit levels.¹ Under Segal’s deterministic projections, the Retirement Plan is expected to become 100% funded in slightly over 15 years in both the baseline and favorable return scenarios. This would put the Retirement Plan “in surplus” meaning that a plan is at or ahead of its funding schedule at a specific measured point in time. Staff will work with the consulting actuary to determine the timing and approach for preserving 100% funded status once the Plan becomes fully funded, including discussion on how some non-level UAAL contribution rates that we expect in the next five to ten years (due to the pattern of recognition of the various layers of UAAL payments) could be addressed.

Todd Tauzer of Segal will be presenting the Actuarial Risk Assessment Report to the Board.

Prepared By: Edwin Avanesian, Chief Management Analyst

TB/EA

Attachments: LACERS Risk Assessment Based on the Actuarial Valuation and Review of the Retirement and Health Plans as of June 30, 2025

¹ See GFOA’s Best Practice on “Core Elements of a Funding Policy for Government Pension and OPEB Plans”

Los Angeles City Employees' Retirement System

Risk Assessment

**Based on the Actuarial Valuation and Review of the
Retirement and Health Plans as of June 30, 2025**



180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
415.263.8200
segalco.com

March 17, 2026

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 Risk Assessment based on the Actuarial Valuation and Review of the Retirement and Health Plans for the Los Angeles City Employees' Retirement System ("LACERS" or "the System") as of June 30, 2025.

This risk report has been prepared at the request of the Board of Administration to assist in administering the Plans. It includes discussion of the key risks that may have an ongoing influence on the Plans' financial health, as well as various projections of future results under different investment return scenarios together with the assumptions adopted for the June 30, 2025 valuations.

The actuarial calculations in this report were completed under the supervision of Emily Klare, ASA, MAAA, Enrolled Actuary and Mehdi Riazi, FSA, MAAA, FCA, Enrolled Actuary.

The actuarial opinions expressed in this report were prepared by Todd Tauzer, FSA, MAAA, FCA, CERA and Emily Klare, ASA, MAAA and 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Tauzer".

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

A handwritten signature in black ink, appearing to read "Emily Klare".

Emily Klare, ASA, MAAA, EA
Senior Actuary

A handwritten signature in black ink, appearing to read "Mehdi Riazi".

Mehdi Riazi, FSA, MAAA, FCA, EA
Vice President and Actuary

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Section 1: Introduction and Executive Summary

Introduction

The purpose of this report is to assist the Board of Administration, participating employers and members and other stakeholders to better understand and assess the risk profile of the System, as well as the particular risks inherent in using a fixed set of actuarial assumptions in preparing the results in our June 30, 2025 funding valuations for LACERS.

The results included in our June 30, 2025 funding valuation reports for the Retirement and Health Plans (“the Plans”) were prepared based on a specific set of economic and non-economic actuarial assumptions under the premise that future experience of LACERS would be consistent with those assumptions. While those assumptions are generally reviewed every three years (with the assumptions from the last triennial experience study adopted by the Board of Administration for use starting with the June 30, 2023 valuations), there is a risk that emerging results may differ significantly as actual experience is fluid and will not completely track current assumptions.

It is important to note that this risk assessment is based on plan assets as of June 30, 2025. The System’s funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. While it is impossible to determine the market conditions and other demographic experience of the plan in future valuations, the single year deterministic investment return scenario tests included within this report provide an illustration of the impact of short-term market fluctuations on the plan. We have also included stochastic projections within this report, and are available to prepare additional projections of potential scenarios upon request.

Actuarial standard of practice on risk assessment

The Actuarial Standards Board approved the Actuarial Standard of Practice No. 51 (ASOP 51) regarding risk assessment when performing a funding valuation and it was effective with LACERS’ June 30, 2019 actuarial valuation for benefits provided by the Retirement Plan.¹ ASOP 51 requires actuaries to identify and assess risks that “may reasonably be anticipated to significantly affect the plan’s future financial condition.” Examples of key risks listed that are particularly relevant to LACERS are asset/liability mismatch risk, investment risk, and longevity and other demographic risks. ASOP 51 also requires an actuary to consider if there is any ongoing contribution risk to the plan; however, it does not require the actuary to evaluate the ability or willingness of contributing entities to make contributions when due, nor does it require the actuary to assess the likelihood or consequences of future changes in applicable law.

¹ ASOP 51 does not apply to actuaries performing services related to other post-employment benefits; however, as the same kind of information is useful for the administration of the Health Plan, after discussions with LACERS, the System has requested Segal to include information on the Health Plan in this risk report.

Section 1: Introduction and Executive Summary

The actuary's initial assessment can be strictly a qualitative discussion about potential adverse experience and the possible effect on future results, but it may also include quantitative numerical demonstrations where informative. The actuary is also encouraged to consider a recommendation as to whether a more detailed risk assessment would be significantly beneficial for the intended user to examine particular financial risks. When making that recommendation, the actuary will consider such factors as the plan's design, risk profile, maturity, size, funded status, asset allocation, cash flow, possible insolvency and current market conditions. This report incorporates a more detailed risk assessment as agreed upon with LACERS.

Plan risk assessment

In *Section 2*, we start by discussing some of the historical factors that have caused changes in LACERS' funded status and employer contribution rates. It is important to understand how the combination of decisions and experience has led to the current financial status of the plan.

We follow this with a discussion of the most significant risk factors going forward. Based on our discussions with LACERS, we have provided a more detailed risk assessment that illustrates the impact on the funded status and employer contribution rates using relevant economic scenario tests. These tests illustrate the effect of future investment returns on the System's portfolio coming in differently from the current 7.00% annual investment return assumption used in the June 30, 2025 valuations. We have also included a projection of future results based on stochastic modeling of future investment returns for 2025/2026 and thereafter. The stochastic modeling is useful for assessing the distribution of future results based on random variations in actual investment returns each year and introduces a relative likelihood to the range of potential outcomes.

ASOP 51 also requires disclosure of plan maturity measures and other historical information that are significant to understanding the risks associated with the Retirement and Health Plans and this information is included at the end of *Section 2*.

Executive summary

Historical funded status and employer contribution rates

The following table provides a summary of financial changes to the Retirement and Health Plans combined over the last 10 valuations. In the June 30, 2016 through June 30, 2025 valuations, the unfunded actuarial accrued liability (UAAL) increased primarily as a result of the strengthening of the actuarial assumptions used in preparing the valuations (\$1.5 billion net increase) and unfavorable non-investment experience (\$0.3 billion net increase), partially offset by favorable investment experience (\$0.3 billion net decrease). The contribution rates increased due to similar experience. More details on the impact of actuarial assumption changes on the UAAL and the total aggregate employer contribution rate can be found on pages 8 and 17.

Section 1: Introduction and Executive Summary

Valuation Date	Funded Ratio Market Value Basis	UAAL Market Value Basis	Funded Ratio Actuarial Value Basis	UAAL Actuarial Value Basis	Total Aggregate Employer Contribution Rate (% of Payroll — Payable July 15)
June 30, 2016	69.0%	\$6.3 billion	72.6%	\$5.5 billion	27.13%
June 30, 2025	80.3%	\$6.2 billion	78.4%	\$6.8 billion	31.99%

Future funded status and employer contribution rates

In this report, we highlight key factors besides assumption changes that may affect the financial profile of the Plans going forward. As investment experience in the past 10 years has had a significant impact on the funded status and employer contribution rates, we have provided deterministic projections under hypothetical favorable and unfavorable future market experience so that the impact of market performance for 2025/2026 can be better understood. We have also included stochastic projections to assess the projected distribution of future results along with introducing a relative likelihood to the range of those potential outcomes.

Deterministic projections

Under the unfavorable (0.00%), baseline (7.00%), and favorable (14.00%) hypothetical market return scenarios for 2025/2026, the Plans would be expected to reach full funding in 2042, 2041, and 2038, respectively.¹ The total aggregate employer contribution rate would be expected to range from 8.3% to 8.7% of payroll at the end of the 23-year projection period under the three scenarios modeled. That employer contribution rate reflects the employer normal cost, offset by the amortization of any surplus pursuant to the Board's Actuarial Funding Policy when the Plans become fully funded. This demonstrates that the Board's funding policy effectively supports its overarching goal of ensuring the long-term, full funding of LACERS benefits.

Stochastic projections

The stochastic projection models market returns over the next 20 years by using expected return, standard deviation and other information tailored specifically to LACERS' asset portfolio. The stochastic projections in this report show there is a 50% chance that the employer contribution rates would be between 0% and 40% of payroll at the end of 10 years (with a median rate of 18% of payroll) and between 0% and 26% of payroll at the end of 20 years (with a median rate of 0% of payroll).² Furthermore, there is a 49% chance LACERS would be fully funded at the end of 10 years and a 66% chance LACERS would be fully funded at the end of

¹ The Plans are projected to reach full funding by 2042 when measured using the combined assets and liabilities of the Retirement and Health Plans. When measured separately, the Retirement Plan is projected to reach full funding in the June 30, 2042, June 30, 2041, and June 30, 2039 valuations under the unfavorable, baseline, and favorable scenarios, respectively, while the Health Plan has already reached full funding as of June 30, 2025.

² The 0% contribution rate would be attained when the actuarial surplus of the Plans, after it is amortized over 30 years, is sufficient to fully offset the normal cost.

Section 1: Introduction and Executive Summary

20 years. The stochastic projections reflects the margin of better than 50% chance of achieving the 7% investment return assumptions in our future valuations.

Surplus management considerations

It is important to note that the stochastic projections and resulting probabilities of contribution rates assume no further surplus management policies are employed. However, as the Retirement Plan nears full funding, Segal would recommend using strategies to stabilize and strengthen the Plan that would likely affect these metrics. While the Health Plan has remained fully funded since June 30, 2023, the surplus management considerations would also have value for the ongoing management of that plan.

Plan maturity measures

During the past 10 valuations, the Plans have become more mature as evidenced by an overall increase in the ratio of members in pay status (retirees and beneficiaries) to active members (as shown in *Section 2, Chart 12a* and *Chart 12b* on pages 41 and 42) and by an increase in the ratios of plan assets and liabilities to active member payroll (as shown in *Section 2, Chart 13a* and *Chart 13b* on pages 43 and 44). While there were some reversals observed primarily in the June 30, 2023–2024 valuations due to an increase in the number of actives, we expect the trend of increased plan maturity to continue going forward. This is significant for understanding the volatility of both historical and future employer contribution rates because any increase in UAAL due to unfavorable investment and non-investment experience for the relatively larger group of non-active members would have to be amortized and funded over the payroll of the relatively smaller group of active members. Put another way, as a plan grows more mature, its contribution rate becomes more sensitive to investment volatility and liability changes. As the Plans continue to mature with time, their risk profile will continue to evolve in this way and contributions will grow more sensitive to plan experience.

Section 2: Key Plan Risks

Evaluation of historical trends

Change in funded ratio and unfunded actuarial accrued liability

One common measure of LACERS' financial status is the funded ratio. This ratio compares the valuation and market value of assets to the actuarial accrued liabilities (AAL) of LACERS. The UAAL and funded ratios measured using both valuation and market value of assets are provided separately for the Retirement and Health Plans for the past 10 valuations in *Chart 1a* and *Chart 1b*, respectively. While the funded ratio on a valuation value of assets (VVA) basis for both the Retirement Plan and the Health Plan has increased over the last 10 valuations due to the VVA growing faster than the AAL, the UAAL for the Retirement Plan on the same basis has also increased while the UAAL for the Health Plan has decreased. The factors that caused the changes in the UAAL in the past 10 valuations are shown separately for the Retirement and Health Plans, in *Chart 2a* and *Chart 2c*, respectively.

The results in *Chart 2a* and *Chart 2c* show that the strengthening of the actuarial assumptions has had the most impact on the UAAL for LACERS. In particular, the impact on the combined UAAL for the Retirement and Health Plans from assumption changes reflected in the last 10 valuations are shown in the following table:

UAAL Impact from Assumption Changes
Retirement and Health Plans Combined

Valuation Date	Total UAAL Change
June 30, 2017 ¹	\$461.9 million
June 30, 2018 ¹	\$593.6 million
June 30, 2020	\$626.6 million
June 30, 2023	\$(170.3) million
Net Change	\$1,511.8 million

¹ The Board has a practice of reviewing all economic and demographic actuarial assumptions at the same time in the triennial experience study. However, the 2017 experience study was delayed one year to 2018 to allow more time for Segal to study and the Board to discuss and approve the assumptions, and a 2017 study of only the economic assumptions was completed as part of the June 30, 2017 valuations.

Section 2: Key Plan Risks

In addition to the assumption changes, *Chart 2a* also shows unfavorable non-investment experience for the Retirement Plan, which included higher than expected salary increases for continuing actives and the impact of actual contributions different from expected (including the impact of the scheduled 12-month delay in implementing the contribution rates determined in the annual valuation). For the Health Plan, *Chart 2c* shows favorable non-investment experience, which was mainly due to lower than expected premiums and medical subsidies.

Finally, *Charts 2a* and *2c* show some “negative amortization” due to the initial 30-year amortization of the combined base established June 30, 2012. Negative amortization indicates that contributions coming in are not sufficient to cover all interest on the unfunded liability balance, causing it to grow. Current assumptions and amortization policy generally will not entail negative amortization in the future. For the Health Plan, there was some additional negative amortization in past years through the operation of the amortization policy. Reductions in UAAL from favorable premium renewal and other experience gains were amortized over 15 years while increases in UAAL from assumption changes were amortized over 20 years. However, as part of the June 30, 2022 valuation, LACERS aligned the amortization periods for the recent experience gains and had them amortized over the same 20-year period used to amortize the total pre-June 30, 2021 bases.

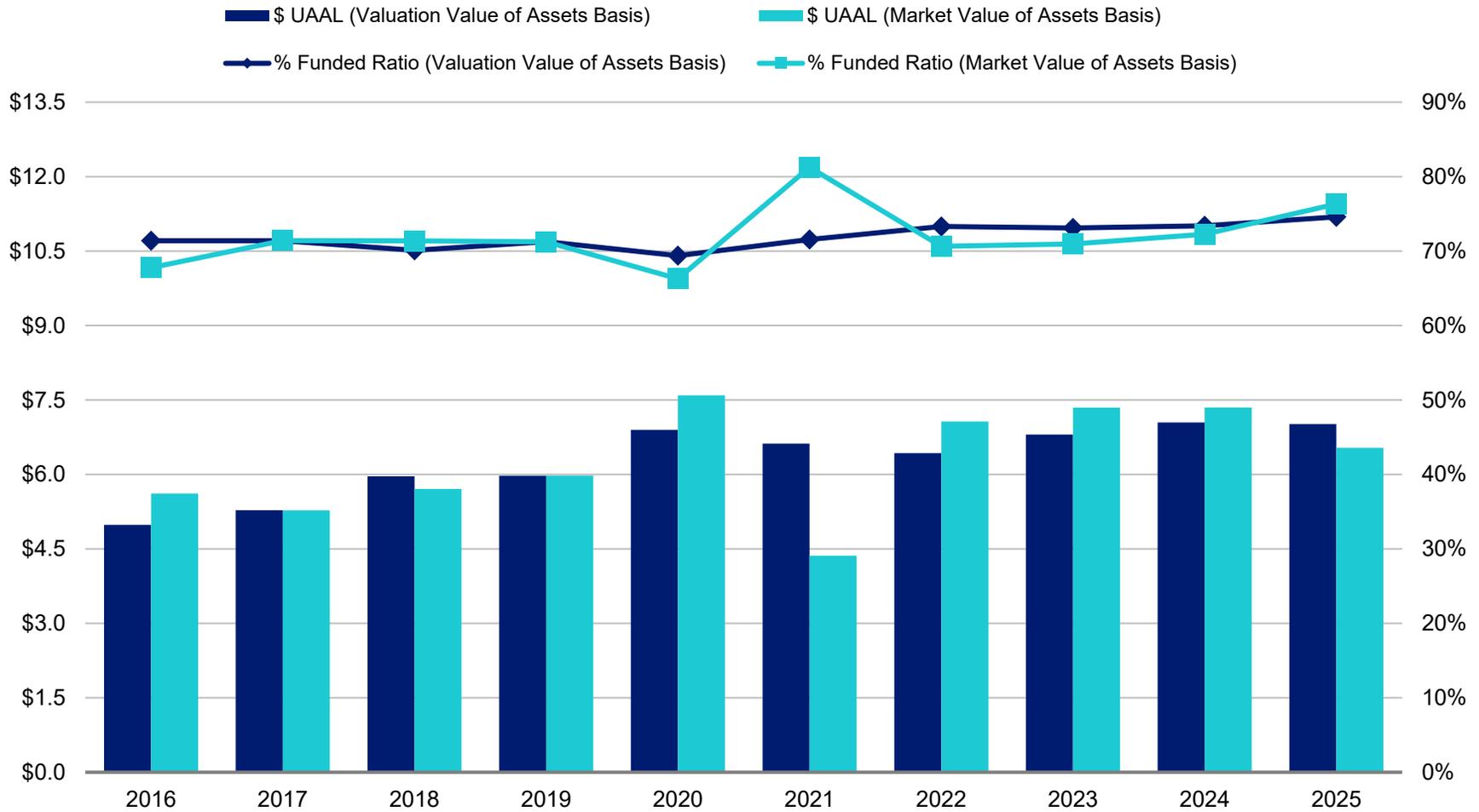
Chart 2b and *Chart 2d* display the aggregate change in unfunded liability by source over the last 10 years. In particular, they show the continued effort made by LACERS in strengthening the actuarial assumptions. *Chart 2b* also shows the strength of the System’s adopted funding policy working to reduce the unfunded liability.

It is important to note that LACERS has taken strides in risk management and resulting long-term plan sustainability. This includes strengthening of assumptions (particularly lowering the expected investment rate of return from 7.50% to 7.00% over the last 10 years and adopting amount-weighted generational mortality for the Retirement Plan) and adopting a funding policy that eliminates negative amortization and promotes intergenerational equity. While those changes have generally resulted in higher contributions in the short term, in the medium to longer term they **avoid** both deferring contributions and allowing unmanaged growth in the UAAL. We believe these actions are essential for LACERS’ fiscal health going forward. All assumptions will continue to be reviewed in future experience studies to reflect the Plans’ actual experience as well as future expectations.

Section 2: Key Plan Risks

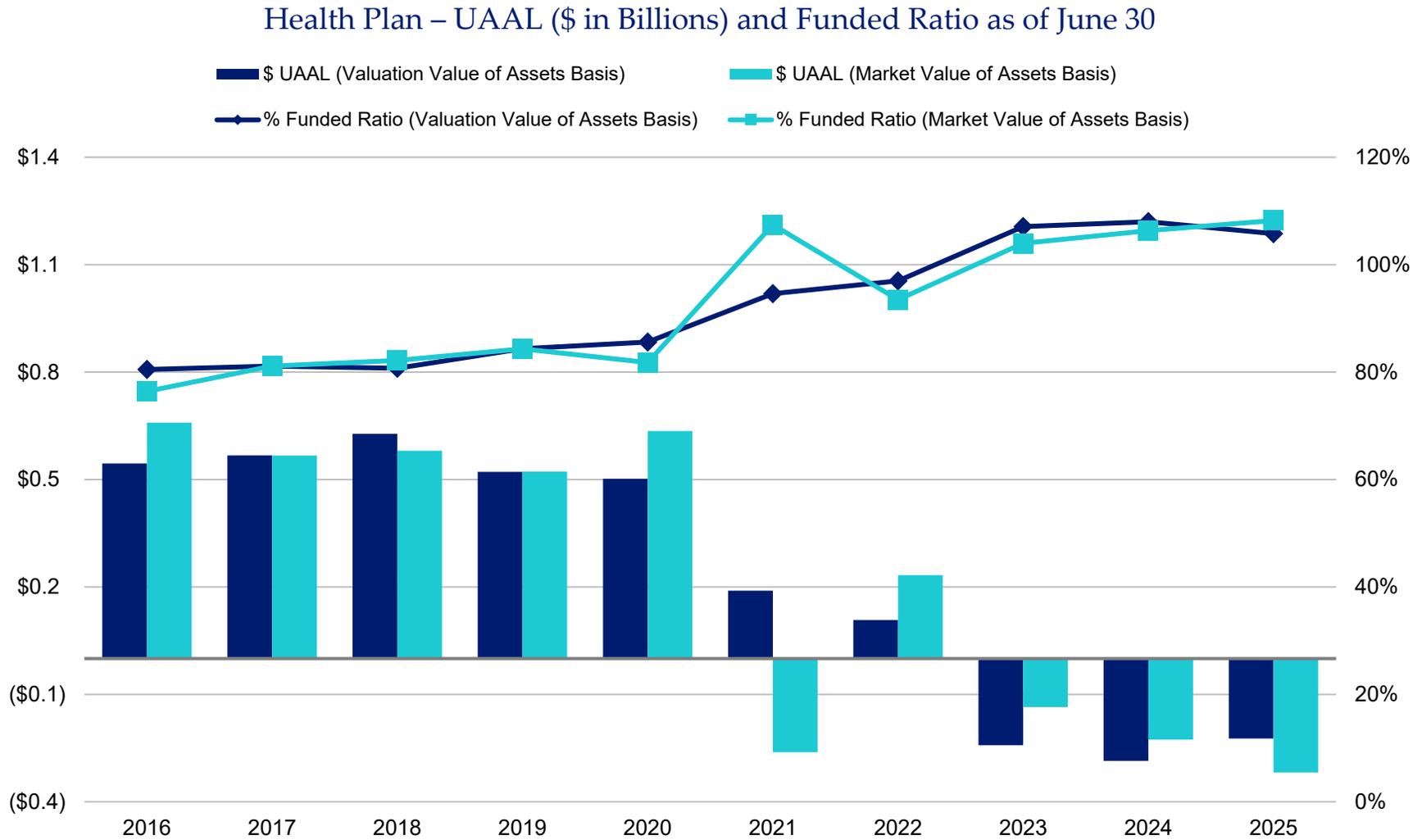
Chart 1a

Retirement Plan – UAAL (\$ in Billions) and Funded Ratio as of June 30



Section 2: Key Plan Risks

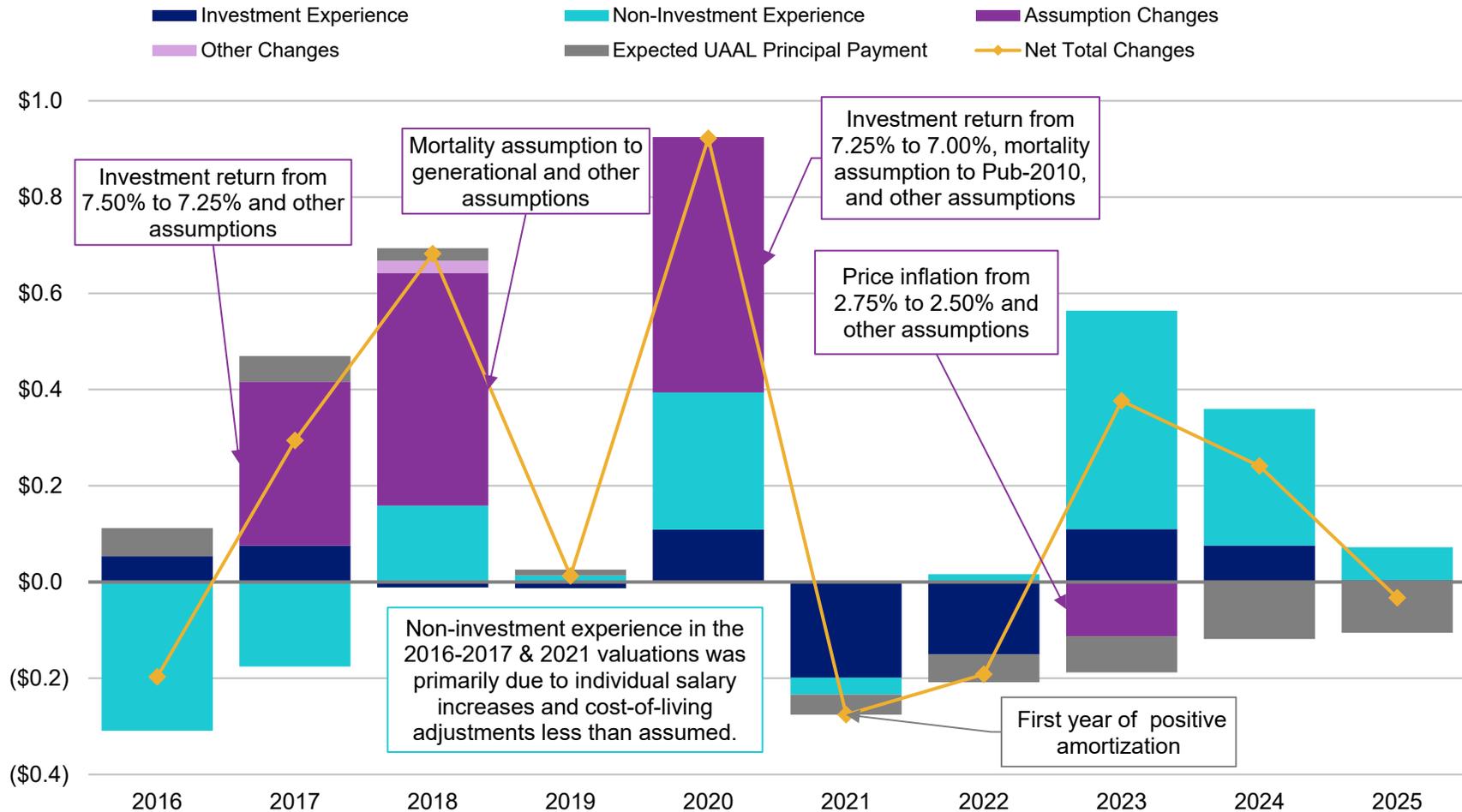
Chart 1b



Section 2: Key Plan Risks

Chart 2a

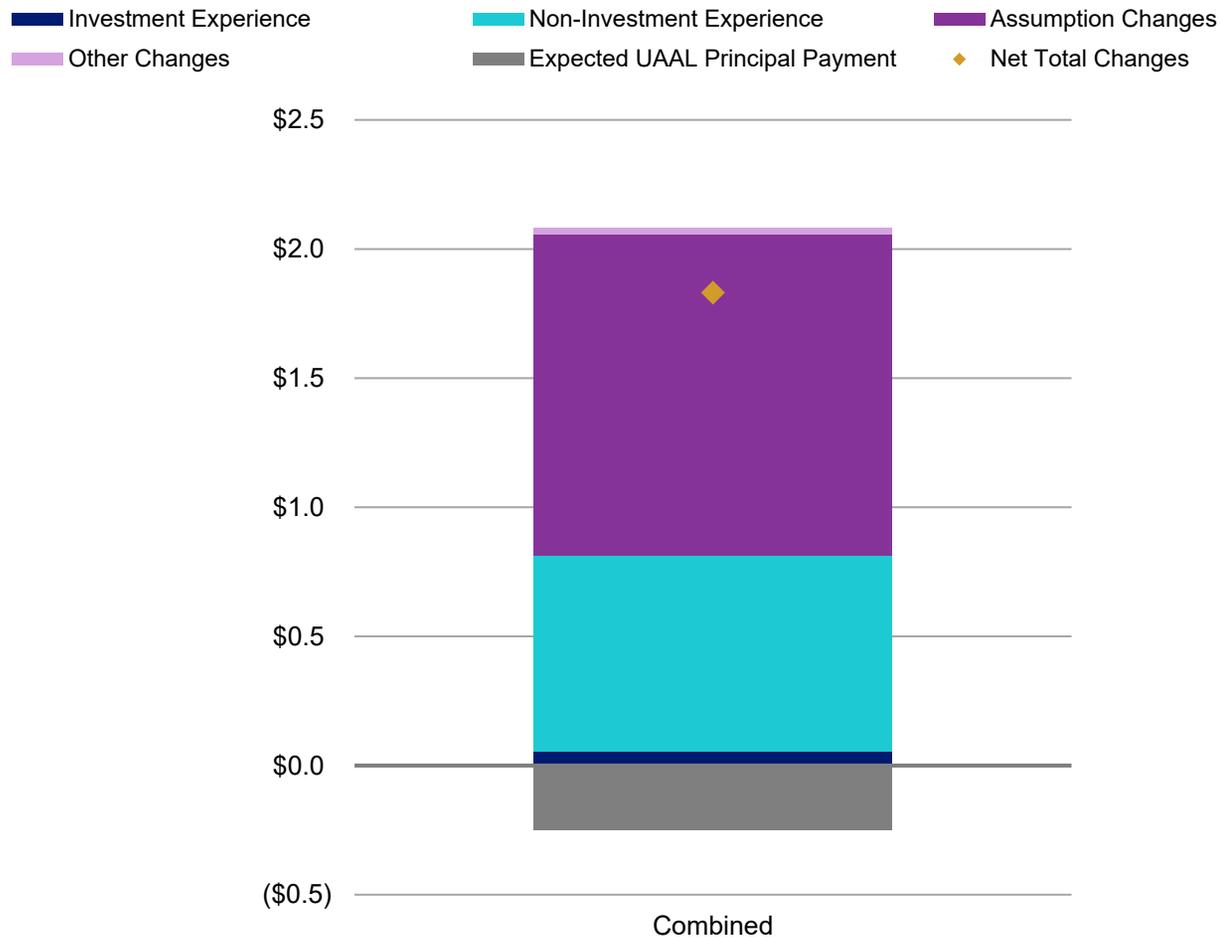
Retirement Plan – Factors that Changed UAAL for Year Ended June 30 (\$ in Billions)



Section 2: Key Plan Risks

Chart 2b

Retirement Plan – Combined Factors that Changed UAAL in the June 30, 2016 to 2025 Valuations
 (\$ in Billions)

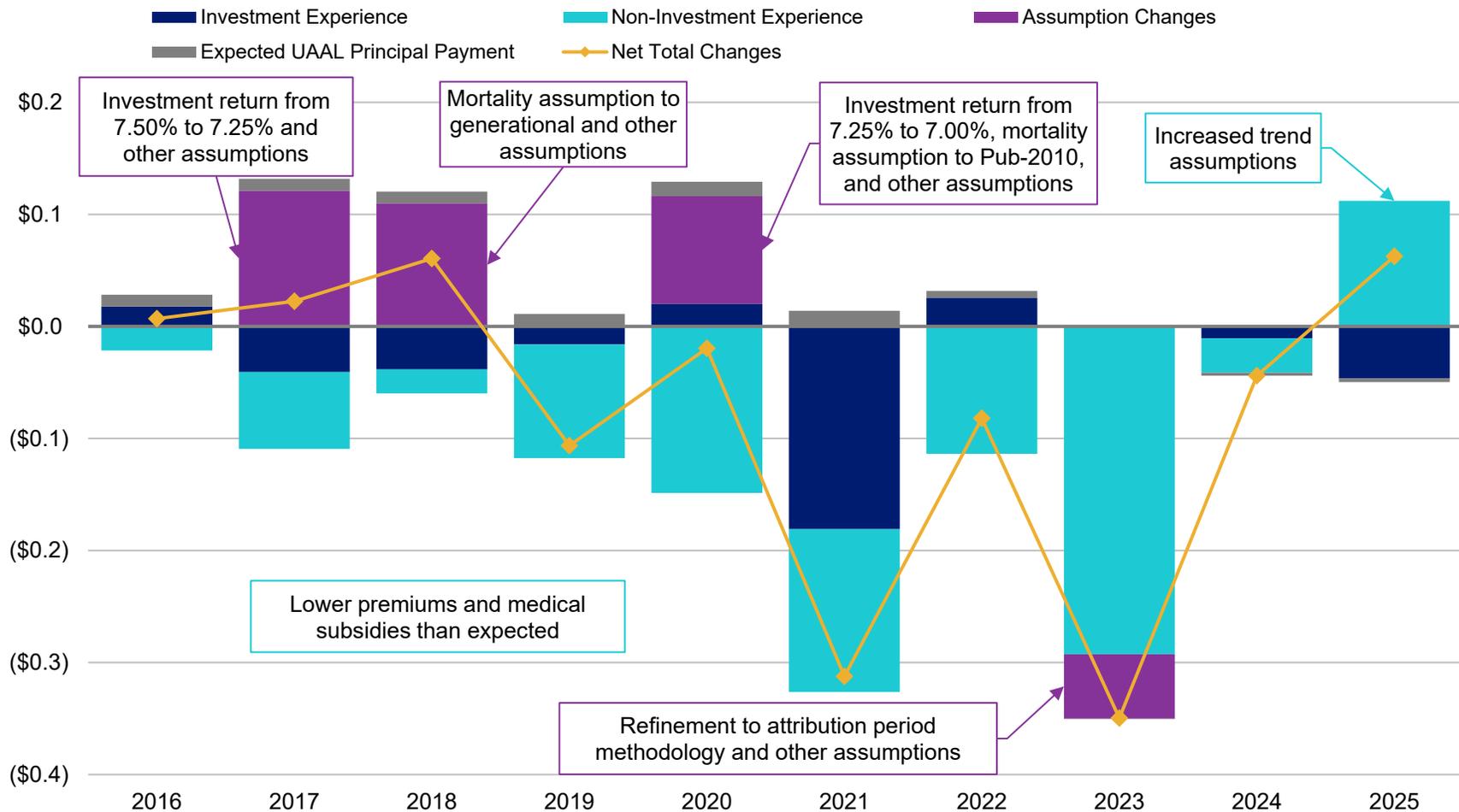


Note: This summation of UAAL changes by source does not account for the timing of when they occurred nor any resulting compounding effects. Also, the investment experience shown is investment returns after asset smoothing compared to the expected returns.

Section 2: Key Plan Risks

Chart 2c

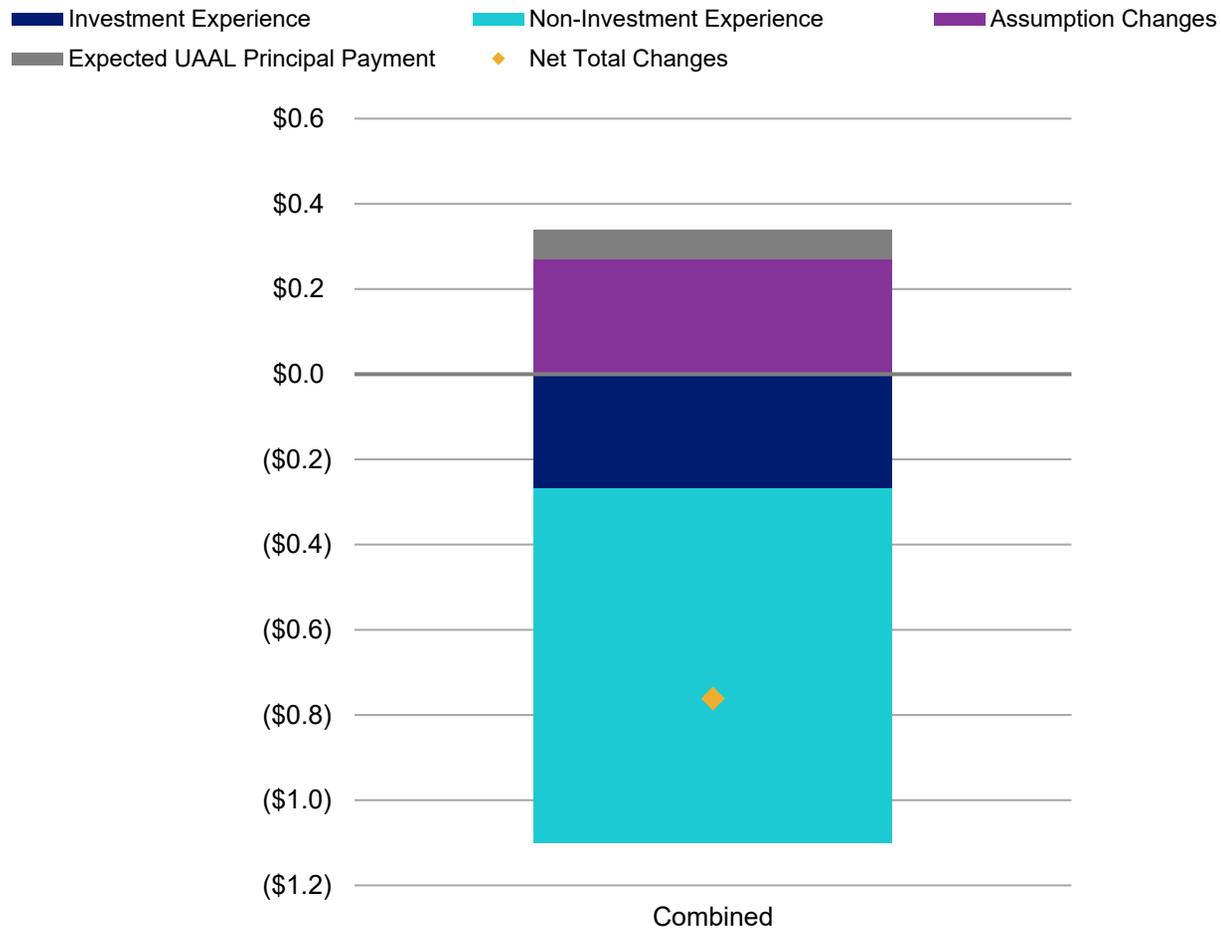
Health Plan – Factors that Changed UAAL for Year Ended June 30 (\$ in Billions)



Section 2: Key Plan Risks

Chart 2d

Health Plan – Combined Factors that Changed UAAL in the June 30, 2016 to 2025 Valuations
 (\$ in Billions)



Note: This summation of UAAL changes by source does not account for the timing of when they occurred nor any resulting compounding effects. Also, the investment experience shown is investment returns after asset smoothing compared to the expected returns.

Section 2: Key Plan Risks

Employer contribution rates

The total (normal cost plus UAAL payment) employer contribution rates determined in the June 30, 2016 to June 30, 2025 valuations for the Retirement and Health Plans are provided in *Chart 3a* and *Chart 3b*, respectively.¹ These charts show that the employer normal cost rates for the Retirement and Health Plans have stayed relatively flat since the June 30, 2016 valuation. For the Retirement Plan, the UAAL rate generally increased between the June 30, 2016 and the June 30, 2025 valuations primarily due to changes in actuarial assumptions. While there have also been increases in the normal cost rates due to the changes in actuarial assumptions, those increases were offset to some degree by the plan changes – with the introduction of Tier 3 – as new members have been enrolled in the lower cost benefit tier since February 21, 2016. Furthermore, beginning with the June 30, 2012 valuation, an additional employee contribution (either 2% or 4%, becoming 4% for all affected employees effective January 1, 2013) was implemented by the City for certain bargaining groups and for all non-represented employees.² For the Health Plan, the UAAL rate decreased between the June 30, 2016 and the June 30, 2025 valuations and has been negative since June 30, 2023 as that Plan has become fully funded starting with that valuation. The primary sources of the decrease include health related assumption changes and other actuarial experience (primarily favorable premium and subsidy changes).

The factors that caused the changes in the total employer contribution rates for the Retirement and Health Plans are provided in *Chart 4a* and *Chart 4b*, respectively.

For the Retirement Plan, *Chart 4a* shows that the changes in the expected investment return, mortality tables and other assumptions have had the most impact on increasing the UAAL contribution rates for the City.

For the Health Plan, *Chart 4b* shows that the non-investment experience (primarily medical premiums and subsidies lower than projected, but which also includes the impact of the annual review and adjustment of the medical trend assumptions) has had the most impact on decreasing the employer contribution rates for the Plan, offset somewhat by changes in the expected investment return, mortality tables and other actuarial assumptions. There is also a rate reduction in each of the June 30, 2023 through 2025 valuations due to the amortization of the surplus over 30 years.

¹ There are separate contribution rates determined in the valuation for each tier. The aggregate contribution rates shown herein have been calculated based on an average of those rates weighted by the payrolls of the active members reported in those valuations.

² As of the June 30, 2012 valuation, roughly 95% of active members were required to pay an additional member contribution rate. By the June 30, 2020 valuation, all active members were paying an additional member contribution rate (which was increased to 4.5% for less than 1% of active members).

Section 2: Key Plan Risks

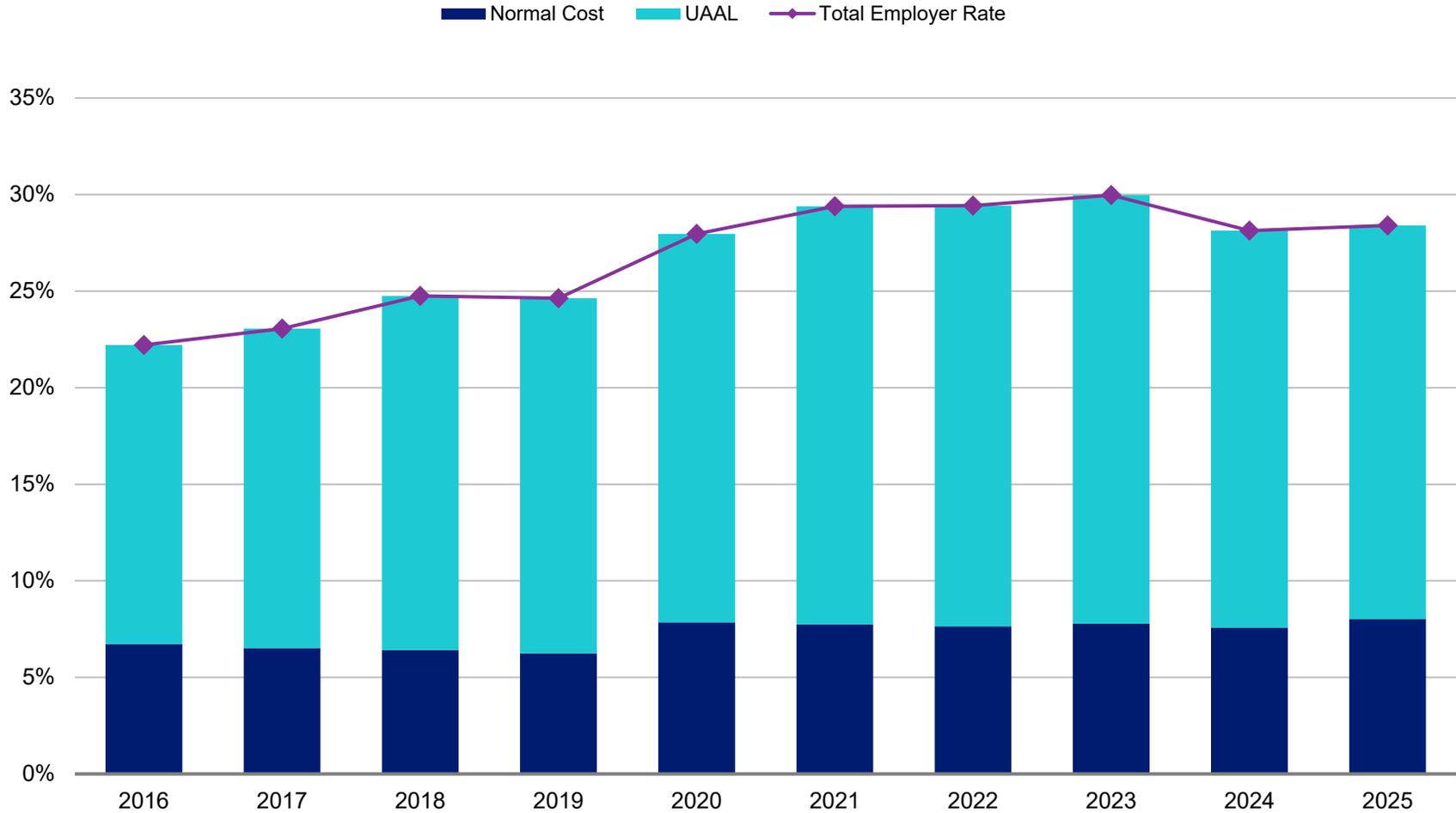
Employer Contribution Rate Impact from Assumption Changes *Retirement and Health Plans Combined*

Valuation Date	Total Aggregate Employer Contribution Rate Change
June 30, 2017	2.0% of payroll
June 30, 2018	2.1% of payroll
June 30, 2020	3.9% of payroll
June 30, 2023	0.7% of payroll
Net Change	8.7% of payroll

Section 2: Key Plan Risks

Chart 3a

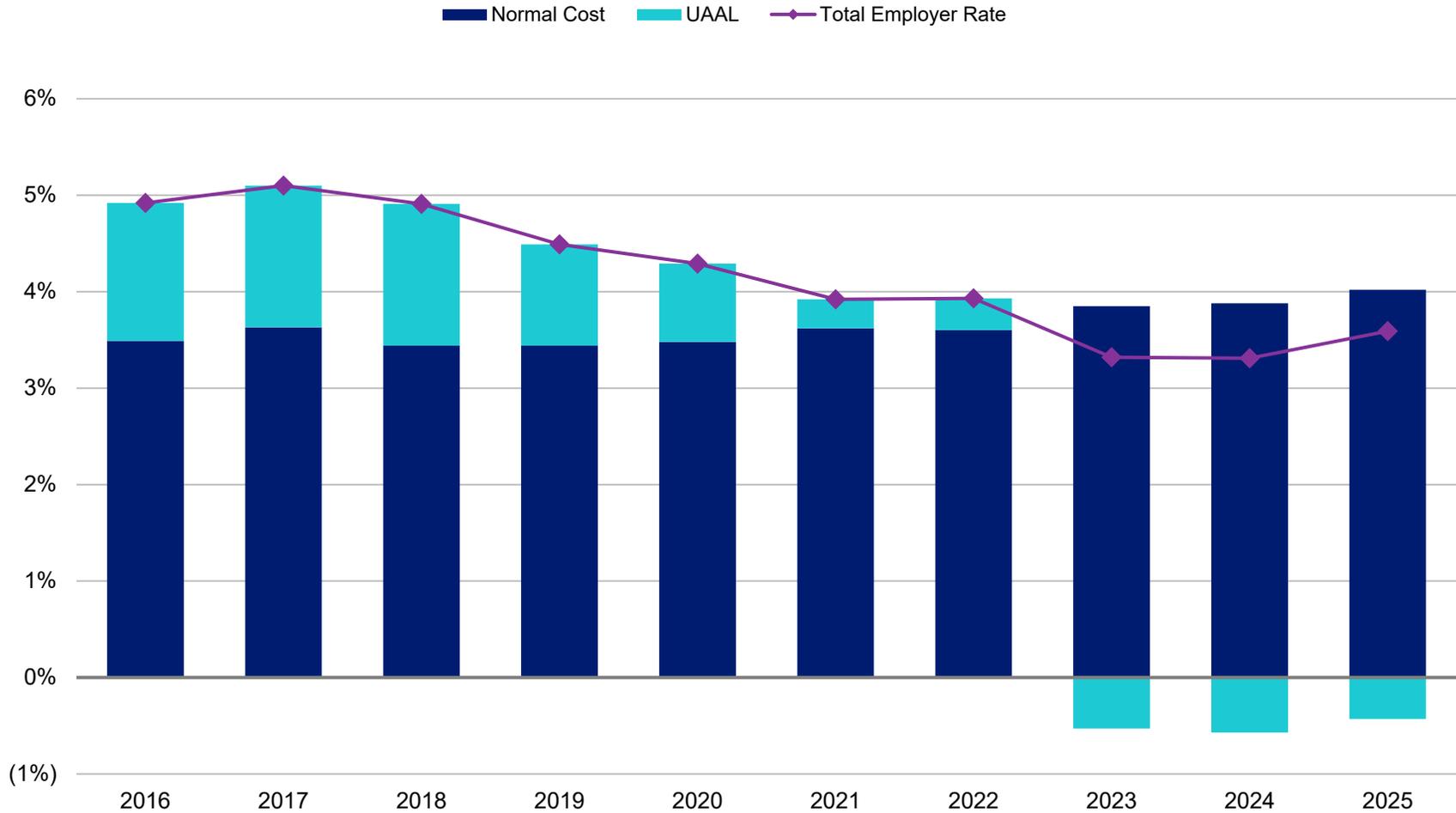
Retirement Plan – Employer Contribution Rates Calculated as of June 30
(% of Payroll – Payable July 15)



Section 2: Key Plan Risks

Chart 3b

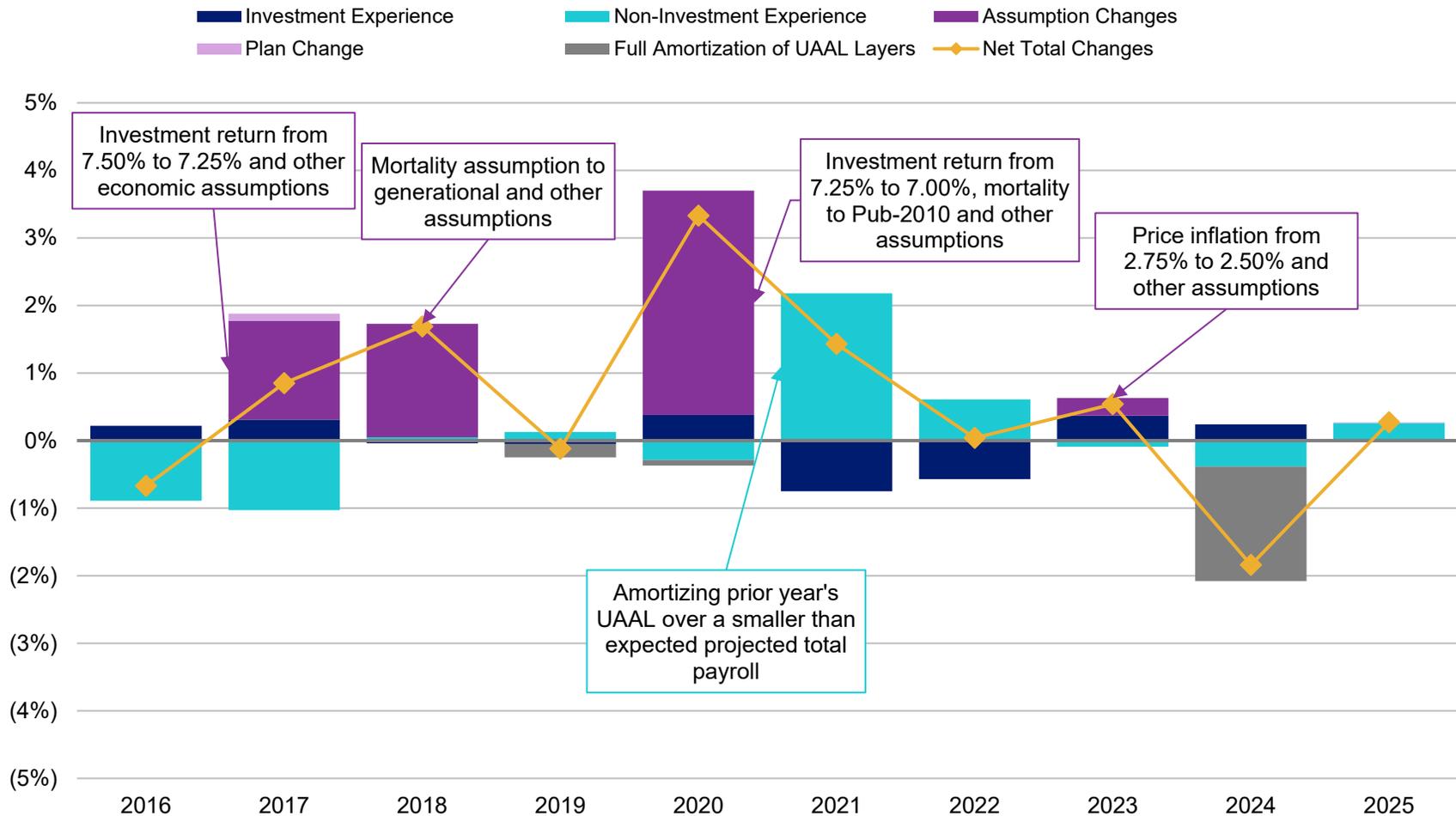
Health Plan – Employer Contribution Rates Calculated as of June 30
 (% of Payroll – Payable July 15)



Section 2: Key Plan Risks

Chart 4a

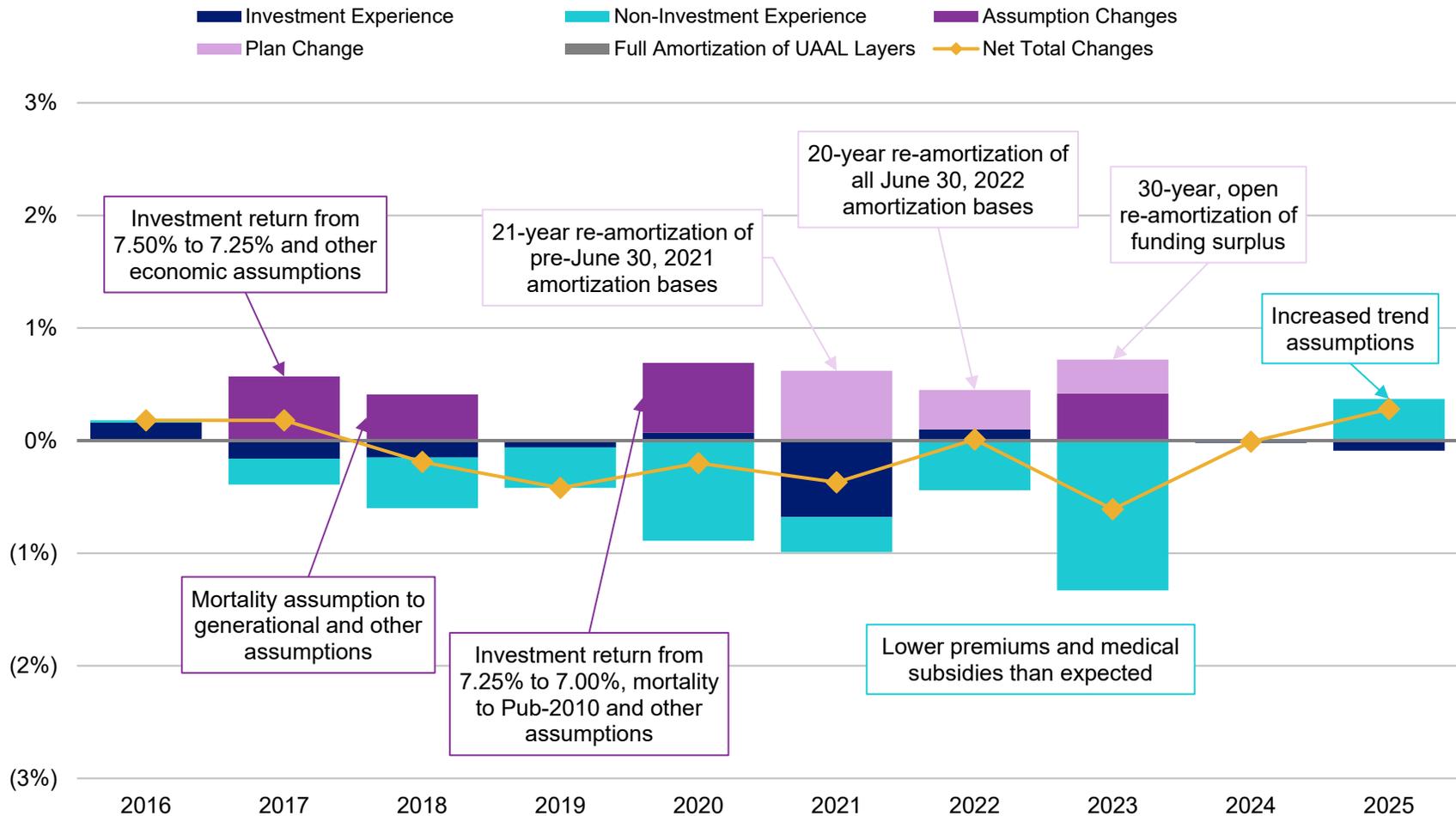
Retirement Plan – Factors that Affected Employer Contribution Rates Calculated as of June 30
 (% of Payroll – Payable July 15)



Section 2: Key Plan Risks

Chart 4b

Health Plan – Factors that Affected Employer Contribution Rates Calculated as of June 30
 (% of Payroll – Payable July 15)



Section 2: Key Plan Risks

Assessment of primary risk factors going forward

As discussed under the evaluation of historical trends section, the funded status and employer contribution rates have changed mainly due to changes in actuarial assumptions, investment experience, and non-investment experience in the last 10 valuations.

In general, we anticipate the following risk factors to have an ongoing influence on those metrics in our future valuations:

- **Asset/liability mismatch risk** – the potential that future plan experience does not affect asset and liability values in the same way, causing them to diverge.

The most significant asset/liability mismatch risk to LACERS is investment risk, as defined below. In fact, investment risk has the potential to impact asset/liability mismatch in two ways. The first mismatch is evident in annual valuations; when asset values deviate from assumptions, those changes are typically independent from liability changes. The second mismatch can be caused when systemic asset deviations from assumptions may signal the need for an assumption change, which causes liability values and contribution rates to move in the opposite direction from any change in the expected experience of asset growth rates.

Asset/liability mismatch can also be caused by longevity and other demographic assumption risks, which affect liabilities but have no impact on asset levels. These risks are also discussed below.

It may be informative to use the asset volatility and liability volatility ratios and associated contribution rate impacts provided in the following plan maturity measures section when discussing with the City the effect of unfavorable or favorable actuarial experience on the assets and the liabilities of LACERS.

- **Investment risk** – the potential that future market returns will be different from the current expected 7.00% annual return assumption.

The investment return assumption is a long-term, deterministic assumption for valuation purposes even though in reality market experience can be quite volatile in any given year. We have included deterministic scenario tests later in this section so that LACERS can better understand the risk associated with earning either more or less than the assumed rate.

The Board has a policy of reviewing the investment return and other actuarial assumptions generally every three years, with the next triennial experience study (recommending assumptions for the June 30, 2026 actuarial valuations) scheduled to be performed in 2026.

- **Longevity and other demographic risks** – the potential that mortality or other demographic experience will be different than expected.

For the Retirement Plan, the move to using generational amount-weighted mortality tables that reflect data from public sector retirement plans was first effective for the June 30, 2020 valuations. (For the Health Plan, we are using generational, headcount-weighted mortality tables.) As can be observed from *Chart 2a*, *Chart 2c*, *Chart 4a*, and *Chart 4b*, there has been an overall

Section 2: Key Plan Risks

favorable impact on the UAAL and employer contribution rates due to non-investment experience for the Retirement and Health Plans combined in the last 10 valuations. Future mortality risks should be further mitigated by the updated tables.

- **Contribution risk** – the potential that actual future contributions will be different from expected future contributions.

ASOP 51 does not require the actuary to evaluate the ability or willingness of the plan sponsor or other contributing entities to make contributions to the plan when due. However, it does require the actuary to consider the potential for actual contributions deviating from expected in the future. The City has a well-established practice of making the ADC determined in the annual actuarial valuations, based on the Board of Administration's Actuarial Funding Policy. As a result, in practice LACERS has essentially no contribution risk.

Furthermore, when ADCs determined in accordance with the LACERS Actuarial Funding Policy are made in the future by the City (and contributions required by the Administrative Code are made by the employees), it is anticipated that the System would have enough assets to provide all future benefits promised to the current members enrolled in the System, if all of the actuarial assumptions used in the valuation are met.

ASOP 51 also lists interest rate risk as an example of a potential risk to consider. However, the valuations of the Plans' liabilities are not linked directly to market interest rates, so the resulting interest rate risk exposure is minimal.

Scenario tests

Since the funded ratio, UAAL and the employer contribution rates have fluctuated as a result of deviations in investment experience in the last 10 valuations, in this section we have examined this risk for LACERS using projections under a deterministic and stochastic approach.

Deterministic projections

To measure such risk, we have included scenario tests to study the change in the UAAL and employer contribution rates if LACERS were to earn a market return higher or lower than the assumed rate of 7.00% in the fiscal year following the June 30, 2025 valuations. In *Chart 5*, *Chart 6* and *Chart 7*, we show the total aggregate employer contribution rates, funded ratios, and UAAL, respectively, for the Retirement and Health Plans combined, assuming the System's portfolio market return in 2025/2026 will be as follows:

- Scenario 1: 0.00% market return for 2025/2026
- Scenario 2: 7.00% market return for 2025/2026 (baseline)
- Scenario 3: 14.00% market return for 2025/2026

Section 2: Key Plan Risks

All other assumptions used in the projections can be found in *Appendix A*, including the assumption that the System will earn the assumed 7.00% market return per year beginning July 1, 2026 under all three scenarios.

Detailed employer contribution rates, funded ratios and UAAL have been developed for each of the Retirement and Health Plans and in total under each of the three Scenarios. Those results are shown over a 23-year period and can be found in *Appendix B*.¹

The following table summarizes the projected total aggregate employer contribution rate changes for the Plans, relative to the total aggregate employer contribution rate of 31.99% in the June 30, 2025 valuations, in the next valuations (i.e., June 30, 2026) as well as in the June 30, 2032 valuations when all of the investment gains and losses are fully recognized in the actuarial value of assets. These results assume no further assumption changes, method changes or experience that differs significantly from the assumptions.

Total Aggregate Employer Contribution Rate Change

Valuation Date	0.00% Return for 2025/2026	7.00% Return for 2025/2026	14.00% Return for 2025/2026
June 30, 2026	+0.0% of payroll	-0.7% of payroll	-1.4% of payroll
June 30, 2032	+5.3% of payroll	-0.6% of payroll	-6.5% of payroll

Under the unfavorable (0.00%), baseline (7.00%), and favorable (14.00%) hypothetical market return scenarios for 2025/2026, the Plans would be expected to reach full funding in in 2042, 2041, and 2038, respectively.² The total aggregate employer contribution rate would be expected to range from 8.3% to 8.7% of payroll at the end of the 23-year projection period under the three scenarios modeled. That employer contribution rate reflects the employer normal cost, offset by the amortization of any surplus pursuant to the Board’s Actuarial Funding Policy when the Plans become fully funded. This shows that the Board’s funding policy is very effective in achieving the general policy goal of achieving the long-term full funding of the costs of the benefits paid by LACERS.

While we have not assigned a probability on the 2025/2026 market return coming in at these rates, the Board and other stakeholders monitoring LACERS can use these results to interpolate in order to estimate the funded status and employer contribution rates for the June 30, 2026 and next several valuations as the actual investment experience for the 2025/2026 year becomes available. Additionally, comparable experience in upcoming future years is likely to have a similar impact on the System absent any significant plan or assumption changes.

¹ Generally speaking, under LACERS’ seven-year asset smoothing period and 15-year amortization policy for gains/losses, it would take 23 years before any investment gains/losses are fully amortized in the valuations.

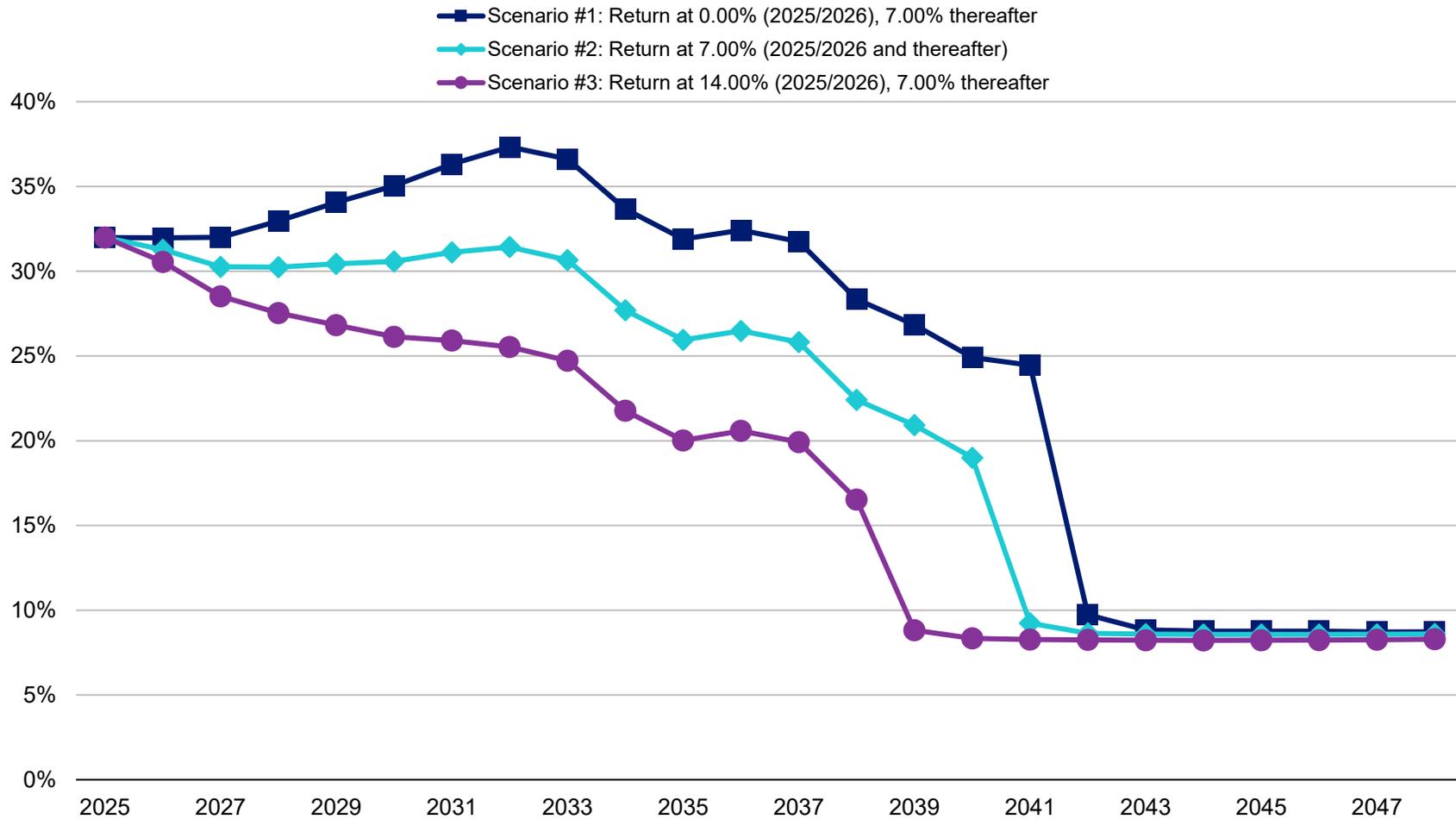
² The Plans are projected to reach full funding by 2042 when measured using the combined assets and liabilities of the Retirement and Health Plans. When measured separately, the Retirement Plan is projected to reach full funding in the June 30, 2042, June 30, 2041, and June 30, 2039 valuations under the unfavorable, baseline, and favorable scenarios, respectively, while the Health Plan has already reached full funding as of June 30, 2025.

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Chart 5

Retirement and Health Plans (Total Plan)

Projected Employer Contribution Rates Under Hypothetical Market Return Scenarios for 2025/2026
(% of Payroll – Payable July 15)

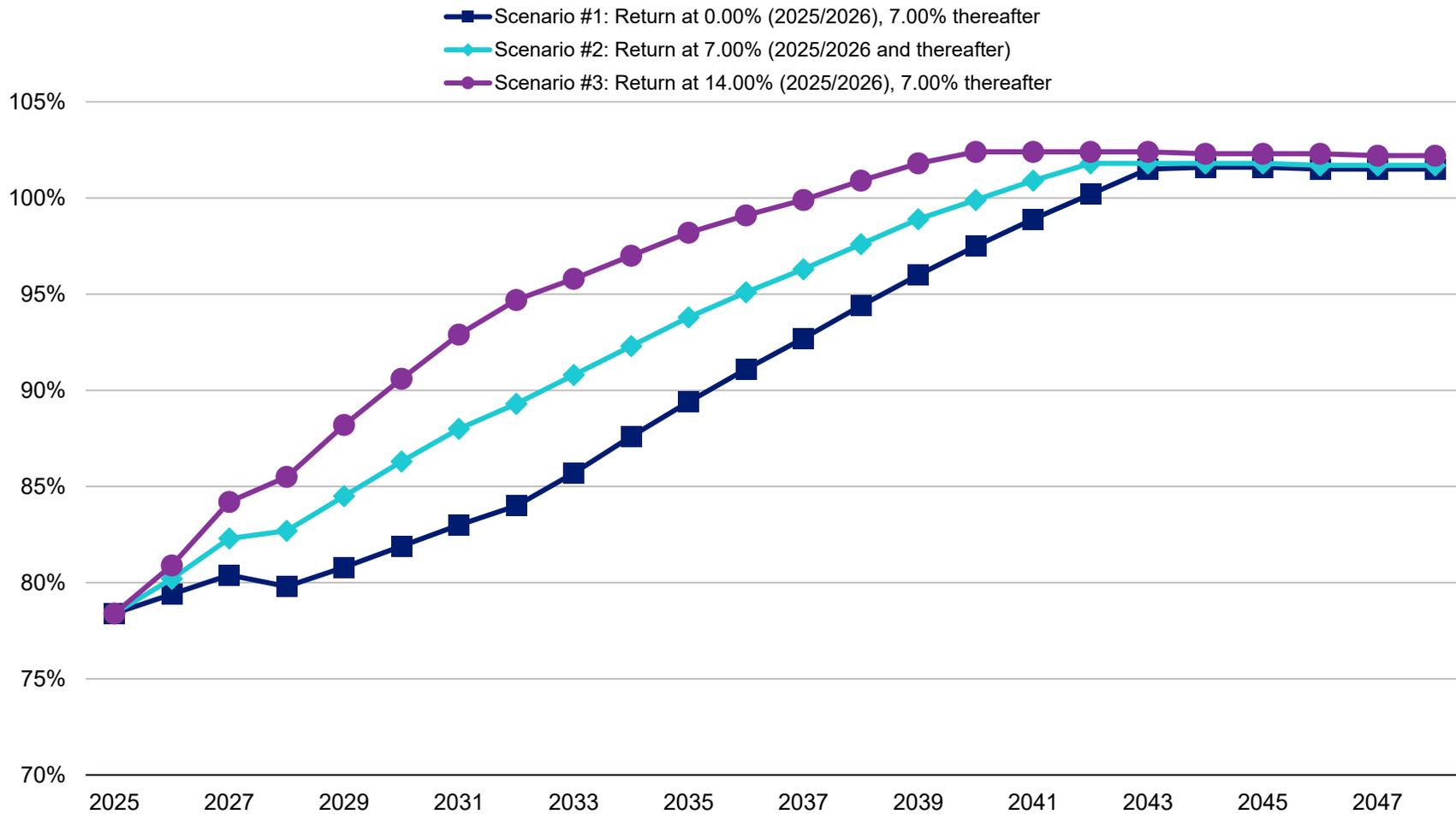


Section 2: Key Plan Risks

Chart 6

Retirement and Health Plans (Total Plan)

Projected Funded Ratios Under Hypothetical Market Return Scenarios for 2025/2026
(Valuation Value of Assets Basis)

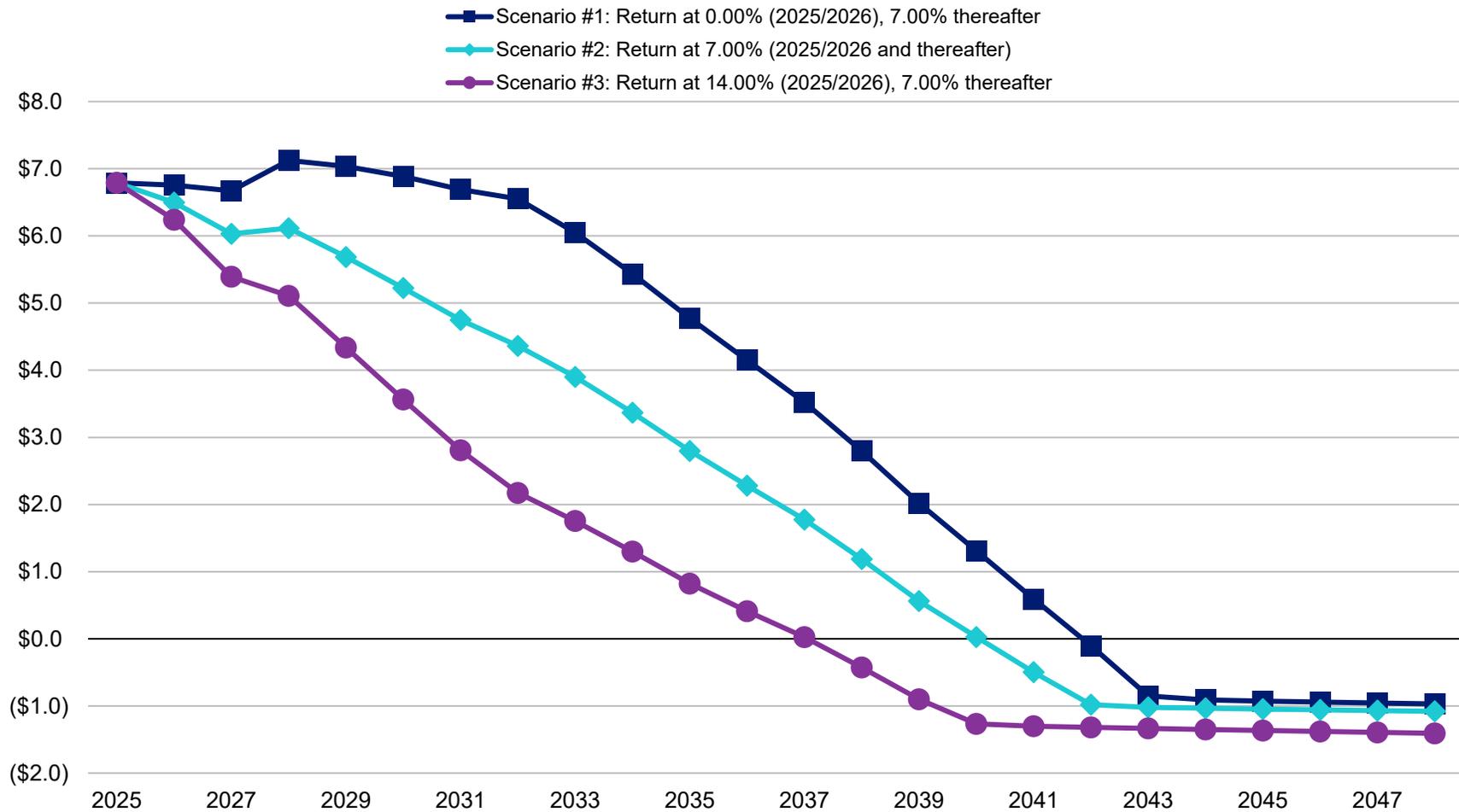


Section 2: Key Plan Risks

Chart 7

Retirement and Health Plans (Total Plan)

Projected UAAL Under Hypothetical Market Return Scenarios for 2025/2026
(Valuation Value of Assets Basis – \$ in Billions)



Section 2: Key Plan Risks

Stochastic projection

Based on our discussions with LACERS, we have also been directed to supplement the deterministic scenario tests with an additional analysis that shows the range of possible changes in funded status and contribution rates under a statistical distribution of potential market returns for 20 years following the June 30, 2025 valuation. We have accomplished the stochastic modeling of future market returns by using the expected return, standard deviation and other information about LACERS' asset portfolio as provided in *Appendix A* of this report, assuming no future assumption or method changes to the plan.

In *Chart 8*, we summarize the compounded rate of return of LACERS' investment portfolio over the next 20 years based on performing 10,000 trial outcomes of future market returns. In *Chart 9*, *Chart 10* and *Chart 11*, we show the projected funded ratios, UAAL, and total aggregate employer contribution rates, respectively, for the Retirement and Health Plans combined, based on those trials.

At the end of 20 years, there is a 50% chance that the annual return of LACERS' investment portfolio would average between 5.8% and 9.9%, the funded ratio would be between 91% and 157% and the corresponding UAAL would be between \$5.4 billion and a surplus (or a negative UAAL) of \$34.0 billion.^{1,2}

The funded ratio on an actuarial value of assets basis for the Retirement and Health Plans combined is about 78.4% as of June 30, 2025 compared to 77.5% as of June 30, 2024. There is a 49% chance LACERS would be fully funded at the end of 10 years and a 66% chance LACERS would be fully funded at the end of 20 years. The probabilities that the funded ratio would fall below 50%, 60% or 70% at any point in the next 20 years as projected in the current analysis as of June 30, 2025 and the prior analysis as of June 30, 2024 are as follows:

Probability of Various Funded Ratios

Line Description	Below 50%	Below 60%	Below 70%
Current (6/30/2025) Analysis Probability	2%	8%	23%
Prior (6/30/2024) Analysis Probability	2%	10%	28%

The total employer contribution rate is about 32% of payroll based on the June 30, 2025 valuation, as compared to about 31% in the June 30, 2024 valuation. Stochastic modeling can help assess the range and relative likelihood of potential future contribution rates. At the end of 10 years (i.e., the June 30, 2035 valuation), there is a 50% chance that the employer contribution rates would be between 0% and 40% of payroll (with a median rate of 18% of payroll). At the end of 20 years (i.e., the June 30, 2045 valuation),

¹ This is based on the 25th to the 75th percentile results.

² Based only on policies that are in place as of today.

Section 2: Key Plan Risks

there is a 50% chance that the employer contribution rates would be between 0% and 26% of payroll (with a median rate of 0% of payroll). The probabilities that the total employer contribution rate would increase at least by 5%, 10% or 15% of payroll at any point in the next 20 years as projected in the current analysis as of June 30, 2025 and the prior analysis as of June 30, 2024 are as follows:

Probability of Total Employer Rate Increases

Line Description	5% of Payroll (to 37% of Payroll)	10% of Payroll (to 42% of Payroll)	15% of Payroll (to 47% of Payroll)
Current (6/30/2025) Analysis Probability	49%	40%	32%
Prior (6/30/2024) Analysis Probability	54%	45%	37%

Finally, stochastic modeling can help assess the potential impact of investment experience on contribution volatility in any given year. The probabilities that the total employer contribution rate would spike by 2%, 4% or 6% of payroll in any single year during the next 20 years as projected in the current analysis as of June 30, 2025 and the prior analysis as of June 30, 2024 are as follows:

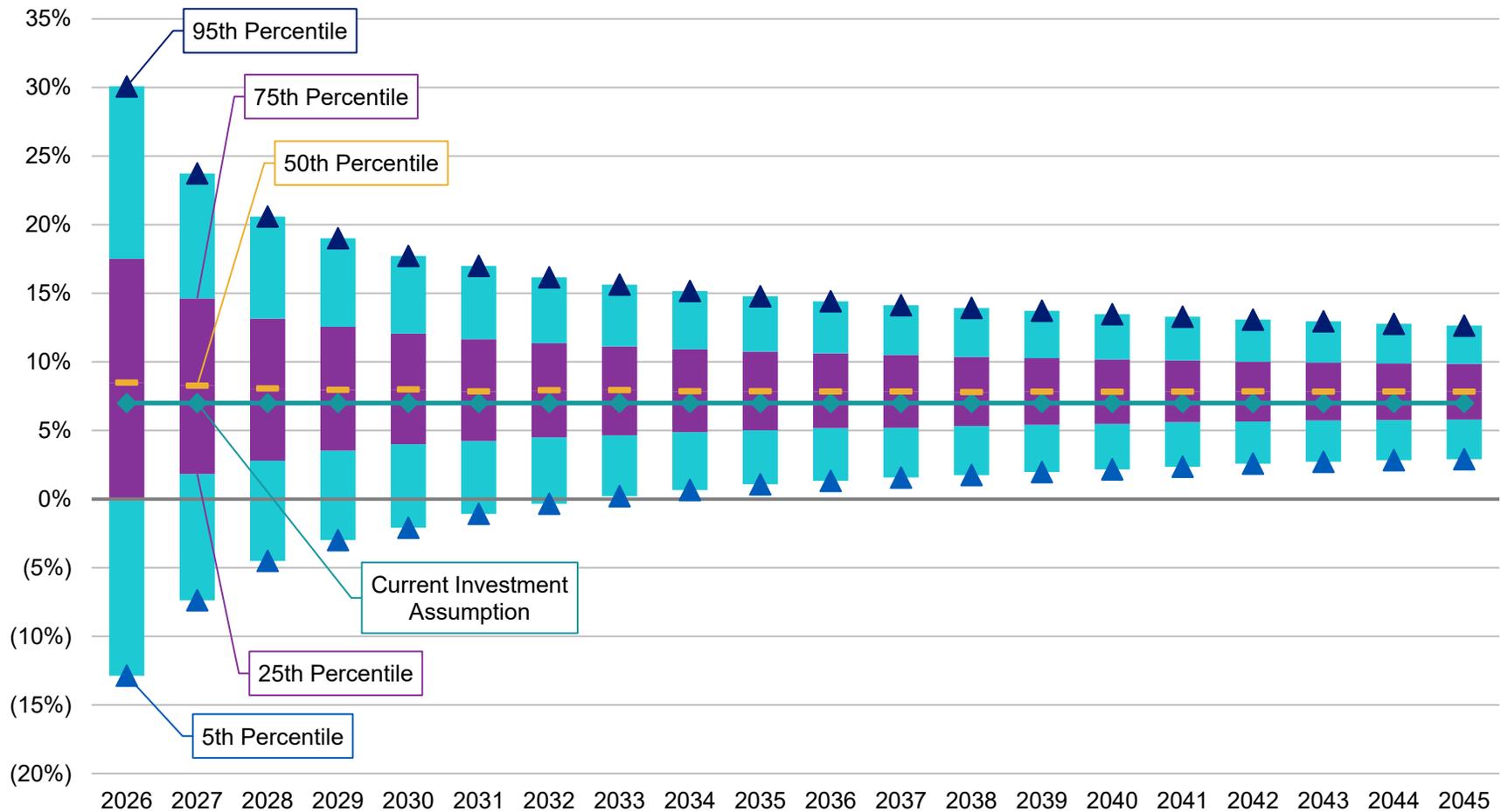
Probability of Total Employer Rate Spike in a Single Year

	2% of Payroll	4% of Payroll	6% of Payroll
Current (6/30/2025) Analysis Probability	21%	10%	4%
Prior (6/30/2024) Analysis Probability	22%	10%	4%

Section 2: Key Plan Risks

Chart 8

Projected Compounded Investment Return for Plan Years Ending June 30



A corresponding table of results can be found on the next page.

Section 2: Key Plan Risks

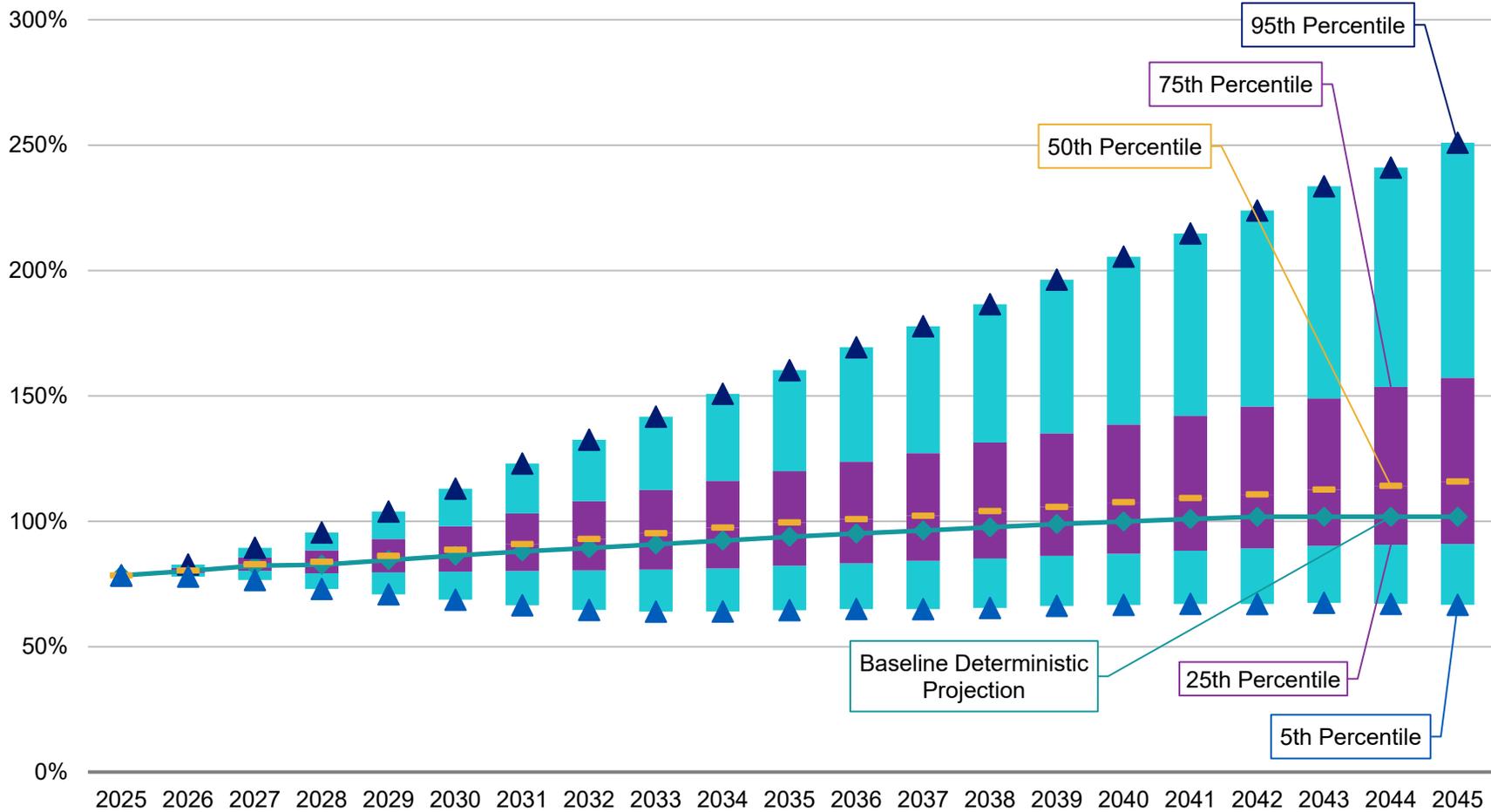
Projected Compounded Investment Return for Plan Years Ending June 30

Year	Current Assumption	5 th Percentile	25 th Percentile	50 th Percentile	75 th Percentile	95 th Percentile
2026	7.0%	-12.9%	-0.1%	8.5%	17.5%	30.1%
2027	7.0%	-7.4%	1.8%	8.3%	14.6%	23.7%
2028	7.0%	-4.5%	2.8%	8.1%	13.2%	20.6%
2029	7.0%	-3.0%	3.5%	8.0%	12.6%	19.0%
2030	7.0%	-2.1%	4.0%	8.0%	12.1%	17.7%
2031	7.0%	-1.1%	4.2%	7.8%	11.7%	17.0%
2032	7.0%	-0.3%	4.5%	7.9%	11.4%	16.2%
2033	7.0%	0.2%	4.7%	7.9%	11.1%	15.6%
2034	7.0%	0.7%	4.9%	7.9%	10.9%	15.2%
2035	7.0%	1.1%	5.0%	7.9%	10.8%	14.8%
2036	7.0%	1.3%	5.2%	7.8%	10.6%	14.4%
2037	7.0%	1.6%	5.2%	7.8%	10.5%	14.1%
2038	7.0%	1.8%	5.3%	7.8%	10.4%	13.9%
2039	7.0%	2.0%	5.4%	7.8%	10.3%	13.7%
2040	7.0%	2.2%	5.5%	7.8%	10.2%	13.5%
2041	7.0%	2.4%	5.6%	7.8%	10.1%	13.3%
2042	7.0%	2.6%	5.7%	7.8%	10.0%	13.1%
2043	7.0%	2.7%	5.7%	7.8%	10.0%	13.0%
2044	7.0%	2.8%	5.8%	7.8%	9.9%	12.8%
2045	7.0%	2.9%	5.8%	7.8%	9.9%	12.6%

Section 2: Key Plan Risks

Chart 9

Projected Funded Ratios
(Valuation Value of Assets Basis)



A corresponding table of results can be found on the next page.

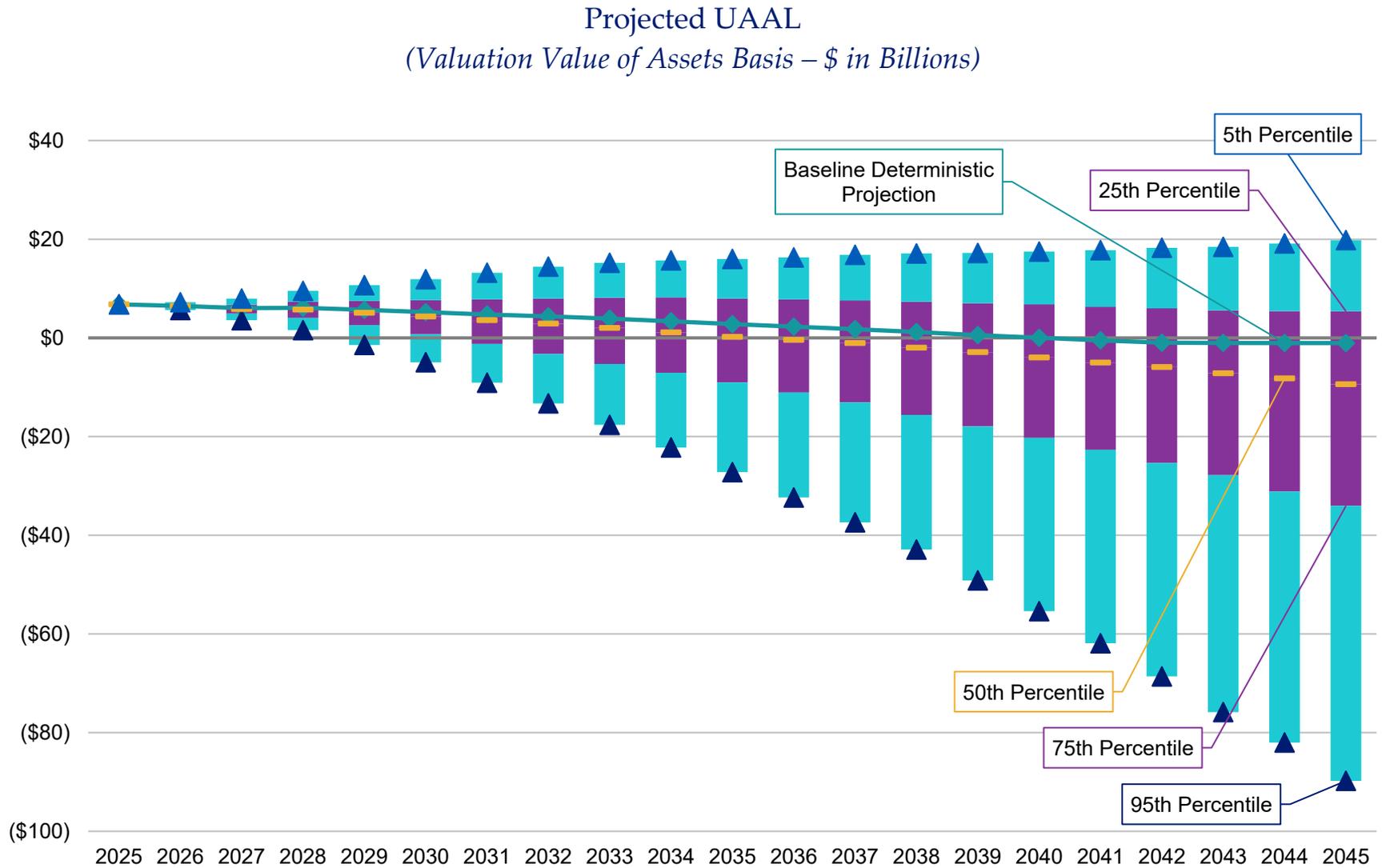
Section 2: Key Plan Risks

Projected Funded Ratios (Valuation Value of Assets Basis)

Year	Baseline Deterministic Projection	5 th Percentile	25 th Percentile	50 th Percentile	75 th Percentile	95 th Percentile
2025	78.4%	78.4%	78.4%	78.4%	78.4%	78.4%
2026	80.2%	77.9%	79.4%	80.3%	81.3%	82.7%
2027	82.3%	76.6%	80.2%	82.8%	85.5%	89.4%
2028	82.7%	73.0%	79.3%	83.8%	88.4%	95.5%
2029	84.5%	70.8%	79.6%	86.2%	93.0%	103.9%
2030	86.3%	68.7%	79.9%	88.6%	98.0%	113.0%
2031	88.0%	66.5%	80.2%	90.9%	103.1%	123.0%
2032	89.3%	64.6%	80.4%	92.9%	108.0%	132.5%
2033	90.8%	64.0%	80.7%	95.2%	112.5%	141.7%
2034	92.3%	64.0%	81.2%	97.5%	116.2%	150.8%
2035	93.8%	64.6%	82.3%	99.5%	120.0%	160.3%
2036	95.1%	65.0%	83.2%	100.9%	123.8%	169.4%
2037	96.3%	65.0%	84.2%	102.2%	127.2%	177.8%
2038	97.6%	65.4%	85.2%	104.0%	131.5%	186.6%
2039	98.9%	66.3%	86.2%	105.7%	135.1%	196.3%
2040	99.9%	66.6%	87.0%	107.6%	138.6%	205.5%
2041	100.9%	67.0%	88.3%	109.3%	142.1%	214.8%
2042	101.8%	67.0%	89.2%	110.7%	145.8%	223.9%
2043	101.8%	67.5%	90.2%	112.6%	149.0%	233.6%
2044	101.8%	67.1%	90.6%	114.1%	153.6%	241.1%
2045	101.8%	66.7%	90.9%	115.8%	157.2%	251.0%

Section 2: Key Plan Risks

Chart 10



A corresponding table of results can be found on the next page.

Section 2: Key Plan Risks

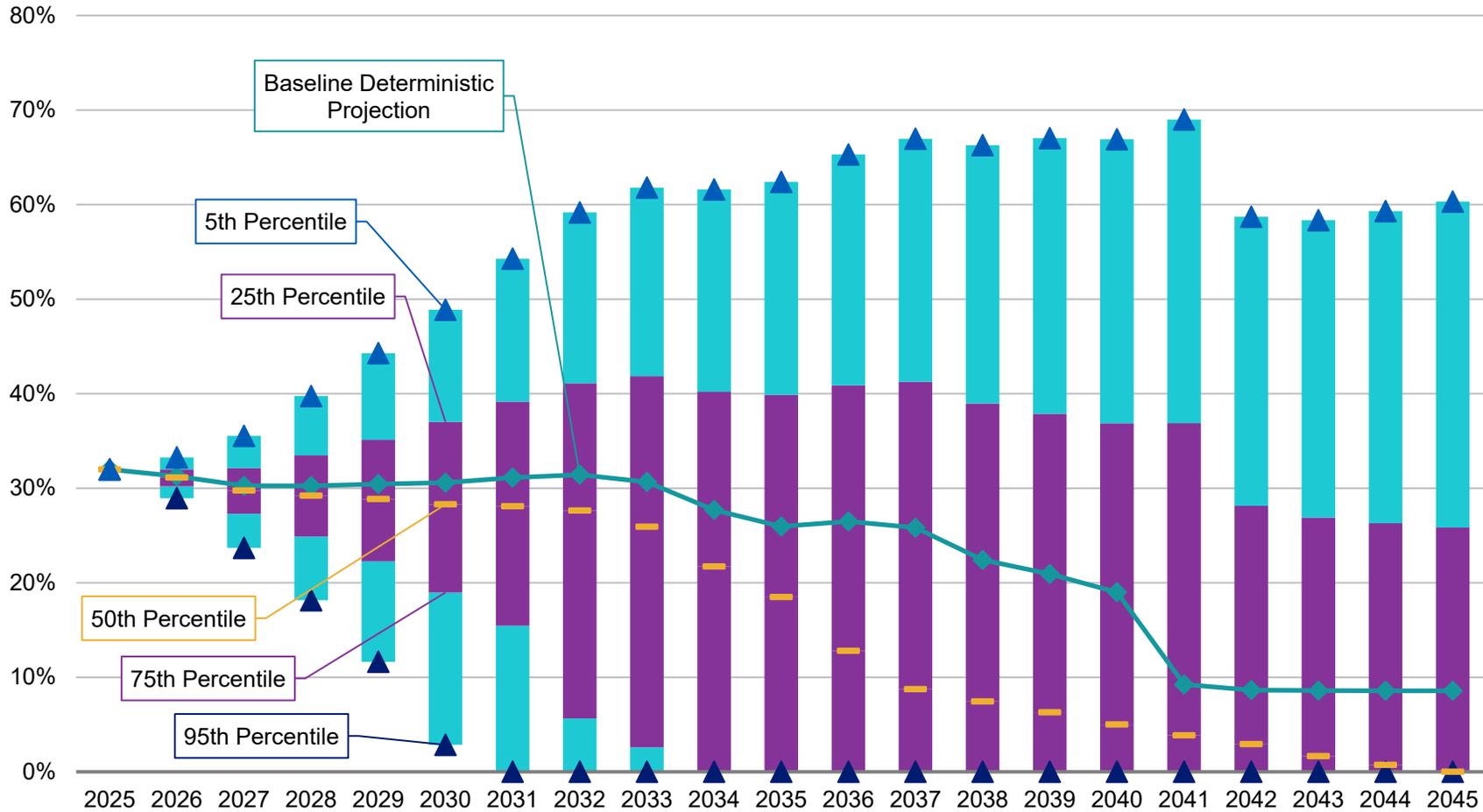
Projected UAAL (Valuation Value of Assets Basis – \$ in Billions)

Year	Baseline Deterministic Projection	5 th Percentile	25 th Percentile	50 th Percentile	75 th Percentile	95 th Percentile
2025	\$6.8	\$6.8	\$6.8	\$6.8	\$6.8	\$6.8
2026	6.5	7.2	6.8	6.4	6.1	5.7
2027	6.0	8.0	6.7	5.8	4.9	3.6
2028	6.1	9.5	7.3	5.7	4.1	1.6
2029	5.7	10.7	7.5	5.1	2.6	-1.4
2030	5.2	11.9	7.6	4.3	0.8	-4.9
2031	4.7	13.2	7.8	3.6	-1.2	-9.1
2032	4.4	14.4	8.0	2.9	-3.3	-13.3
2033	3.9	15.2	8.1	2.0	-5.3	-17.6
2034	3.4	15.7	8.2	1.1	-7.1	-22.2
2035	2.8	16.0	8.0	0.2	-9.0	-27.2
2036	2.3	16.3	7.8	-0.4	-11.1	-32.3
2037	1.8	16.8	7.6	-1.1	-13.1	-37.4
2038	1.2	17.1	7.3	-2.0	-15.6	-42.9
2039	0.6	17.2	7.0	-2.9	-17.9	-49.1
2040	0.0	17.5	6.8	-4.0	-20.3	-55.4
2041	-0.5	17.8	6.3	-5.0	-22.7	-61.9
2042	-1.0	18.3	6.0	-5.9	-25.4	-68.6
2043	-1.0	18.5	5.6	-7.2	-27.8	-75.8
2044	-1.0	19.1	5.4	-8.2	-31.1	-82.0
2045	-1.0	19.8	5.4	-9.4	-34.0	-89.8

Section 2: Key Plan Risks

Chart 11

Projected Employer Contribution Rates (% of Payroll)



A corresponding table of results can be found on the next page.

Section 2: Key Plan Risks

Projected Employer Contribution Rates (% of Payroll)

Year	Baseline Deterministic Projection	5 th Percentile	25 th Percentile	50 th Percentile	75 th Percentile	95 th Percentile
2025	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%
2026	31.3%	33.3%	32.0%	31.1%	30.2%	28.9%
2027	30.3%	35.5%	32.1%	29.8%	27.3%	23.7%
2028	30.2%	39.7%	33.5%	29.2%	24.9%	18.2%
2029	30.4%	44.3%	35.1%	28.9%	22.3%	11.6%
2030	30.6%	48.9%	37.0%	28.3%	19.0%	2.9%
2031	31.1%	54.3%	39.2%	28.1%	15.5%	0.0%
2032	31.4%	59.2%	41.1%	27.6%	5.6%	0.0%
2033	30.7%	61.8%	41.9%	25.9%	2.6%	0.0%
2034	27.7%	61.6%	40.2%	21.7%	0.1%	0.0%
2035	26.0%	62.4%	39.9%	18.5%	0.0%	0.0%
2036	26.5%	65.3%	40.9%	12.8%	0.0%	0.0%
2037	25.8%	67.0%	41.3%	8.7%	0.0%	0.0%
2038	22.4%	66.3%	39.0%	7.4%	0.0%	0.0%
2039	20.9%	67.0%	37.9%	6.3%	0.0%	0.0%
2040	19.0%	66.9%	36.9%	5.0%	0.0%	0.0%
2041	9.2%	69.0%	36.9%	3.9%	0.0%	0.0%
2042	8.6%	58.7%	28.1%	2.9%	0.0%	0.0%
2043	8.6%	58.3%	26.9%	1.7%	0.0%	0.0%
2044	8.6%	59.3%	26.3%	0.7%	0.0%	0.0%
2045	8.6%	60.3%	25.8%	0.0%	0.0%	0.0%

Section 2: Key Plan Risks

Surplus management considerations

Under the deterministic projections discussed earlier in this report and as shown in *Appendix B*, the Retirement Plan is expected to become 100% funded in about 15 years under the baseline and favorable return scenarios, which would put the Retirement Plan “in surplus.” It is important to keep in mind that in an actuarial funding context, surplus differs from the common dictionary definition of “an amount left over after all requirements are met” and instead means that a plan is at or ahead of its funding schedule at a specific measured point in time. In other words, surplus indicates that current assets are sufficient to currently cover all costs associated with members’ past service.

As favorable investment and/or other actuarial experience might cause the Retirement Plan to become fully funded sooner, the Board could begin to have discussions in the next few years on how to preserve its 100% funded status once it becomes fully funded. Such discussion might also include discussion on how some non-level UAAL contribution rates that we expect in the next five to ten years (due to the pattern of recognition of the various layers of UAAL payments) could be addressed.

The Government Finance Officers Association (GFOA) recommends that every public plan’s funding policy include a specific section on surplus, described as a “surplus management policy.”¹ This surplus management policy would be “a proactive policy that helps guide the system in the prudent management of potential surplus, including considerations for items such as contribution levels, risk reduction opportunities, stabilization reserves and benefit levels.” LACERS’ funding policy does anticipate the possibility of surplus and requires any surplus to be amortized over a rolling 30-year period, which is considered an industry model practice.² In addition to the amortization of surplus, the following considerations are recommended by the GFOA:

- Consider current actuarial assumptions and the level of risk inherent in those assumptions.
- Evaluate possible risk reduction strategies, including the risk-reward tradeoff in the current asset portfolio, along with the plan’s current funding policies.
- Consider how to mitigate contribution rate volatility in surplus, including buffers above 100% funded before amortizing surplus as a credit, and mechanisms such as smoothing in contribution rate reductions related to surplus.
- Work with the employer to ensure an understanding of what surplus is (and is not) and establish clear guard rails around acceptable conditions for possible benefit enhancements, especially permanent ones.

Generally, Segal agrees that reaching 100% funded is an ideal opportunity to consider contribution volatility mitigation and other risk mitigation strategies and is available to work with the Board on any surplus management considerations that may be desired. And

¹ See GFOA’s Best Practice on “Core Elements of a Funding Policy for Governmental Pension and OPEB Plans”

² See the Conference of Consulting Actuaries’ white paper on “Actuarial Funding Policies and Practices for Public Pension Plans.”

Section 2: Key Plan Risks

while the Health Plan is already in surplus, there could be additional considerations for how to stabilize and maintain that position through similar surplus management considerations.

We understand according to our reading of the Financial Policies for the City of Los Angeles that “during those fiscal years when LACERS is over-funded (greater than 100% funded) and therefore the total annual required contribution, as adopted by the Board, is less than the amount required to fund the normal cost of retirement and health benefits for employees, the City will limit the extent to which it will recognize these savings (negative unfunded actuarial accrued liability) in the budget. Specifically, the amount budgeted for retirement and health contributions will be no less than the amount derived by reducing the normal cost contribution rate to 90 percent. An adopted contribution rate that would allow the City to contribute an amount less than 90 percent of the normal cost shall trigger this provision that prohibits the City from using these savings to fund the City’s ongoing service and program costs. Any savings or reduction in funding calculated due to the incremental contribution rate below the 90 percent threshold will only be budgeted to pay down unfunded pension or healthcare costs for retirees or, in the event that all such costs are fully funded, as an appropriation to the Budget Stabilization Fund.

This policy would only be triggered when the system has a total negative unfunded actuarial accrued liability (UAAL) that would cause the actual contribution rate to be below the 90 percent threshold of the normal cost amount. When the total UAAL is positive, the City will continue to fully fund both the normal cost and UAAL as required by the City Charter.”

Section 2: Key Plan Risks

Plan maturity measures that affect primary risks

The annual actuarial valuations consider the number and demographic characteristics of covered members, including active members and non-active members (inactive members, retirees and beneficiaries). Over the past 10 valuations, LACERS has become more mature as indicated by the continued increase in the ratio of non-active to active members covered by the Retirement and Health Plans as shown in *Chart 12a* and *Chart 12b*, respectively. These charts also show the ratio of members in pay status (retirees and beneficiaries) to active members. This ratio excludes the inactive members who have relatively smaller liabilities. The increase in the ratios is significant because any increase in UAAL due to unfavorable future investment and non-investment experience for a plan with a relatively larger group of non-active members would have to be amortized and funded using the payroll of a relatively smaller group of active members.

Another indicator of a more mature plan is relatively large amounts of assets and/or liabilities compared to active member payroll, which leads to increasing volatility in the level of required contributions. The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll, provides an indication of contribution sensitivity to changes in the current level of assets and is detailed for the Retirement and Health Plans in *Chart 13a* and *Chart 13b*, respectively. The Liability Volatility Ratio (LVR), which is equal to the actuarial accrued liability divided by payroll, provides an indication of the contribution sensitivity to changes in the current level of liability and is also detailed for the Retirement and Health Plans in *Chart 13a* and *Chart 13b*, respectively. Over time, the AVR should approach the LVR because when a plan is fully funded the assets will equal the liabilities. As such, the LVR also indicates the long-term contribution sensitivity to the asset volatility, as the plan approaches full funding.

For the Retirement Plan, the AVR was 7.3 as of June 30, 2025. This means that a 1% asset gain or loss in 2025/2026 (relative to the assumed investment return) would amount to 7.3% of one year’s payroll. Based on LACERS’ policy to amortize actuarial experience over 15 years when the Plan has an unfunded liability, this 1% asset gain (or loss) would result in a 0.6% of payroll decrease (or increase) in the required contribution rate. Similarly, the LVR was 9.6 as of June 30, 2025, so a 1% liability gain (or loss) would amount to 9.6% of one year’s payroll and would result in a 0.8% of payroll decrease (or increase) in the required contribution rate.

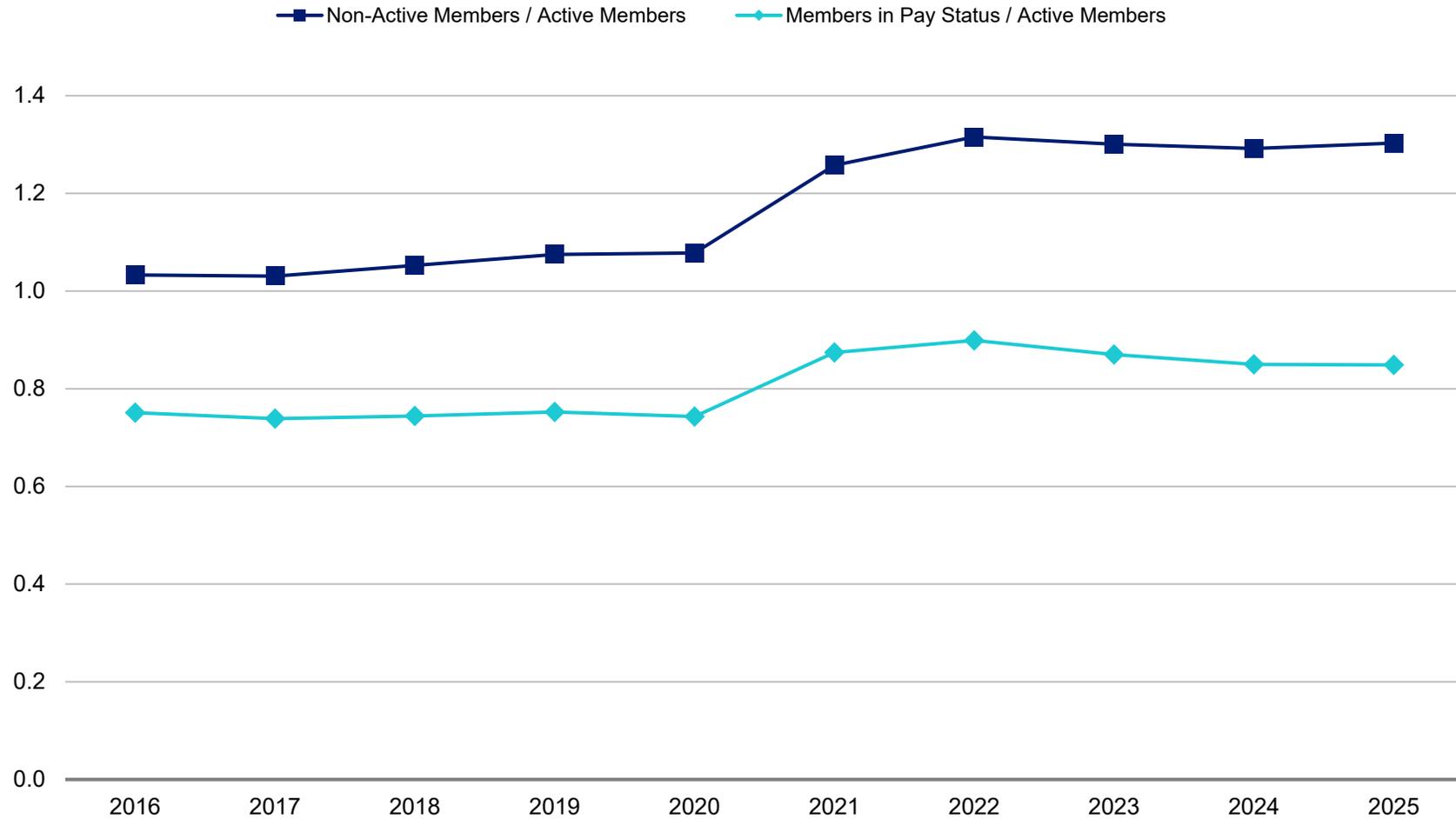
It is also informative to note that the AVR and LVR for the Retirement Plan are significantly higher than for the Health Plan. This means that both investment volatility and assumption changes will have a greater impact on the contribution rates of the Retirement Plan than on the contribution rates of the Health Plan. This is illustrated in the following table:

Plan	AVR	10% Investment Loss Compares to	LVR	10% Liability Change Compares to
Retirement Plan	7.3	73% of payroll	9.6	96% of payroll
Health Plan	1.5	15% of payroll	1.3	13% of payroll
Combined	8.8	88% of payroll	10.9	109% of payroll

Section 2: Key Plan Risks

Chart 12a

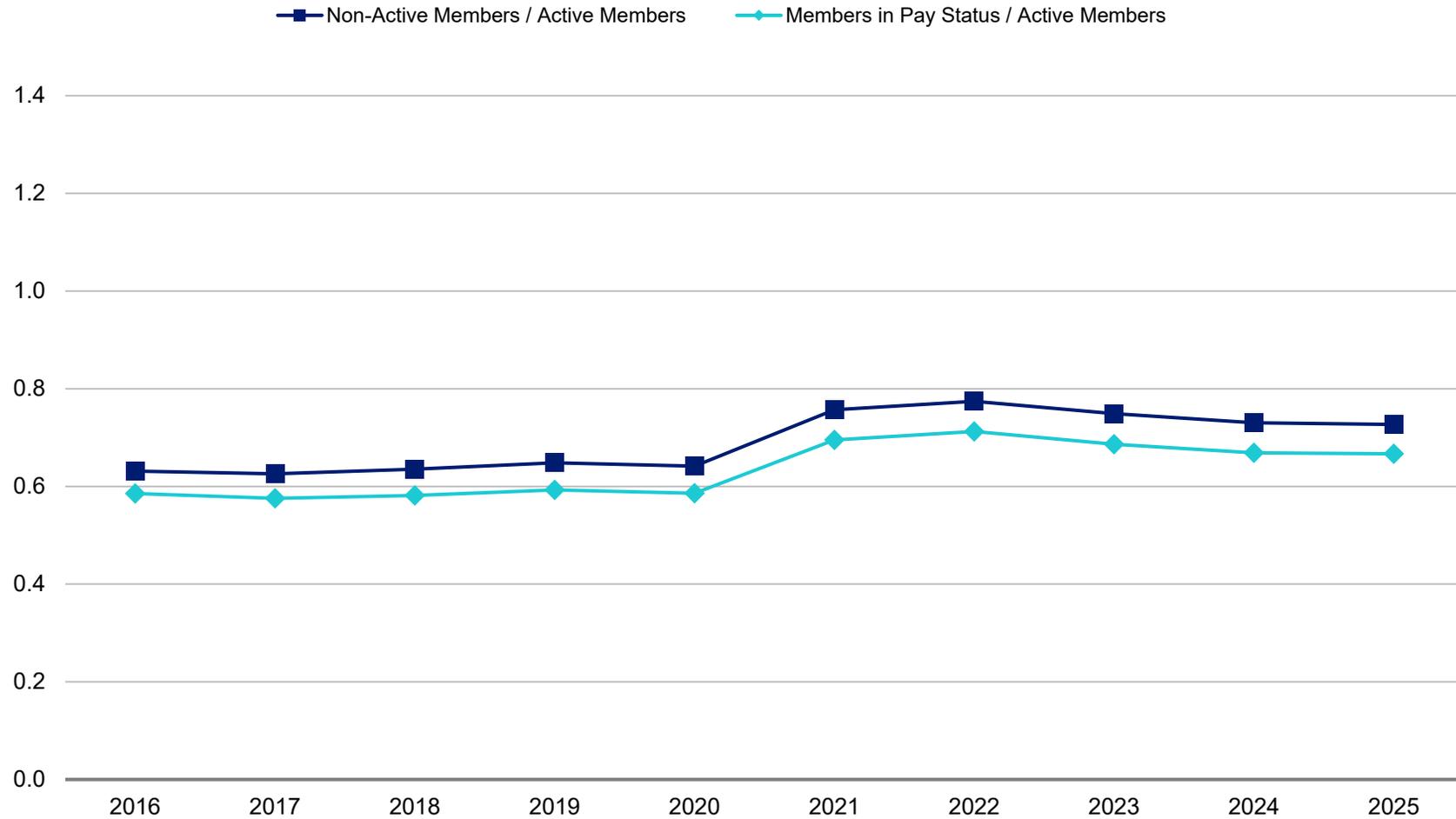
Retirement Plan – Ratio of Inactive, Retirees and Beneficiaries (Non-Active) to Active Members and Ratio of Retirees and Beneficiaries (Pay Status) to Active Members as of June 30



Section 2: Key Plan Risks

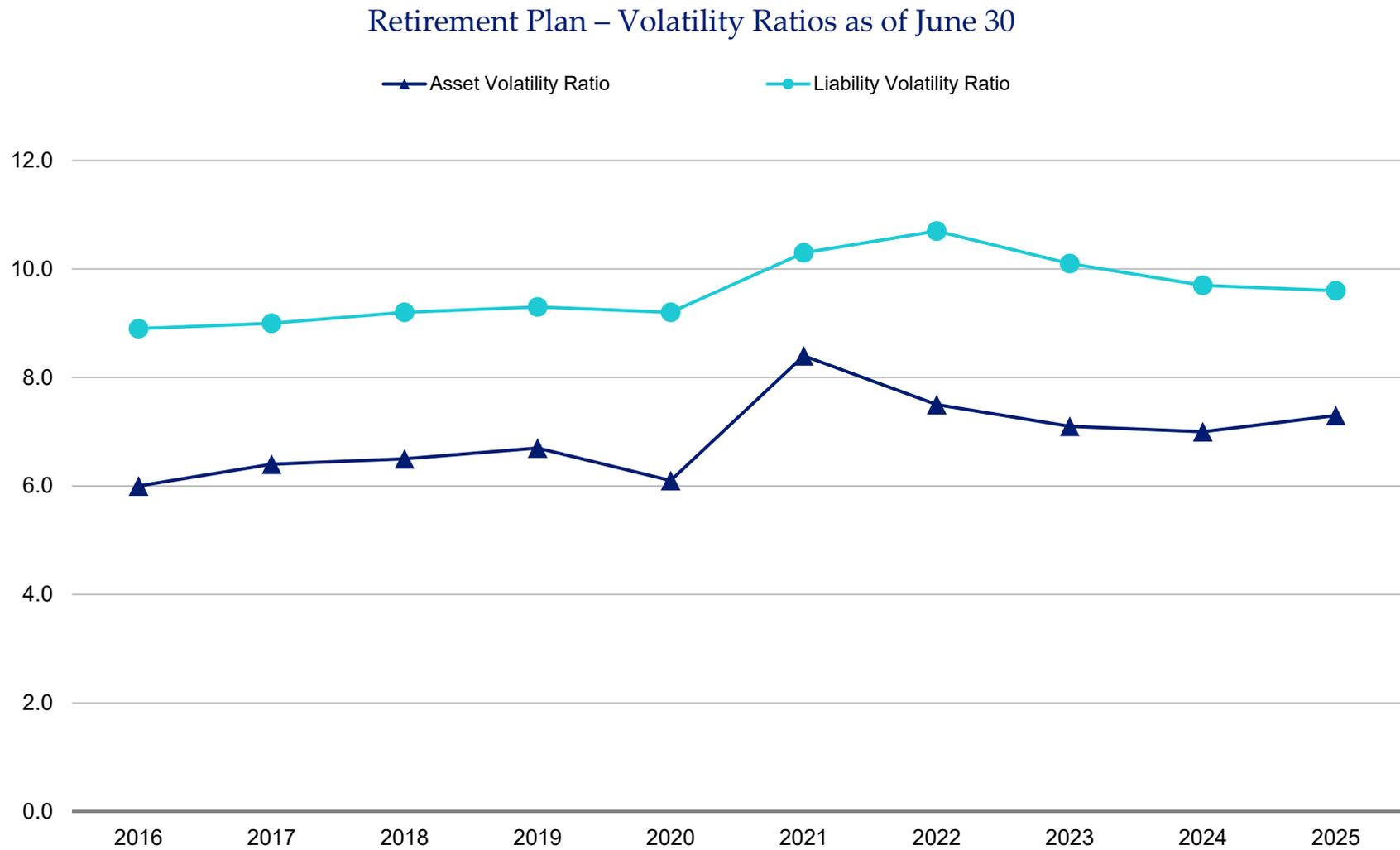
Chart 12b

Health Plan – Ratio of Inactive, Retirees and Beneficiaries (Non-Active) to Active Members and Ratio of Retirees and Beneficiaries (Pay Status) to Active Members as of June 30



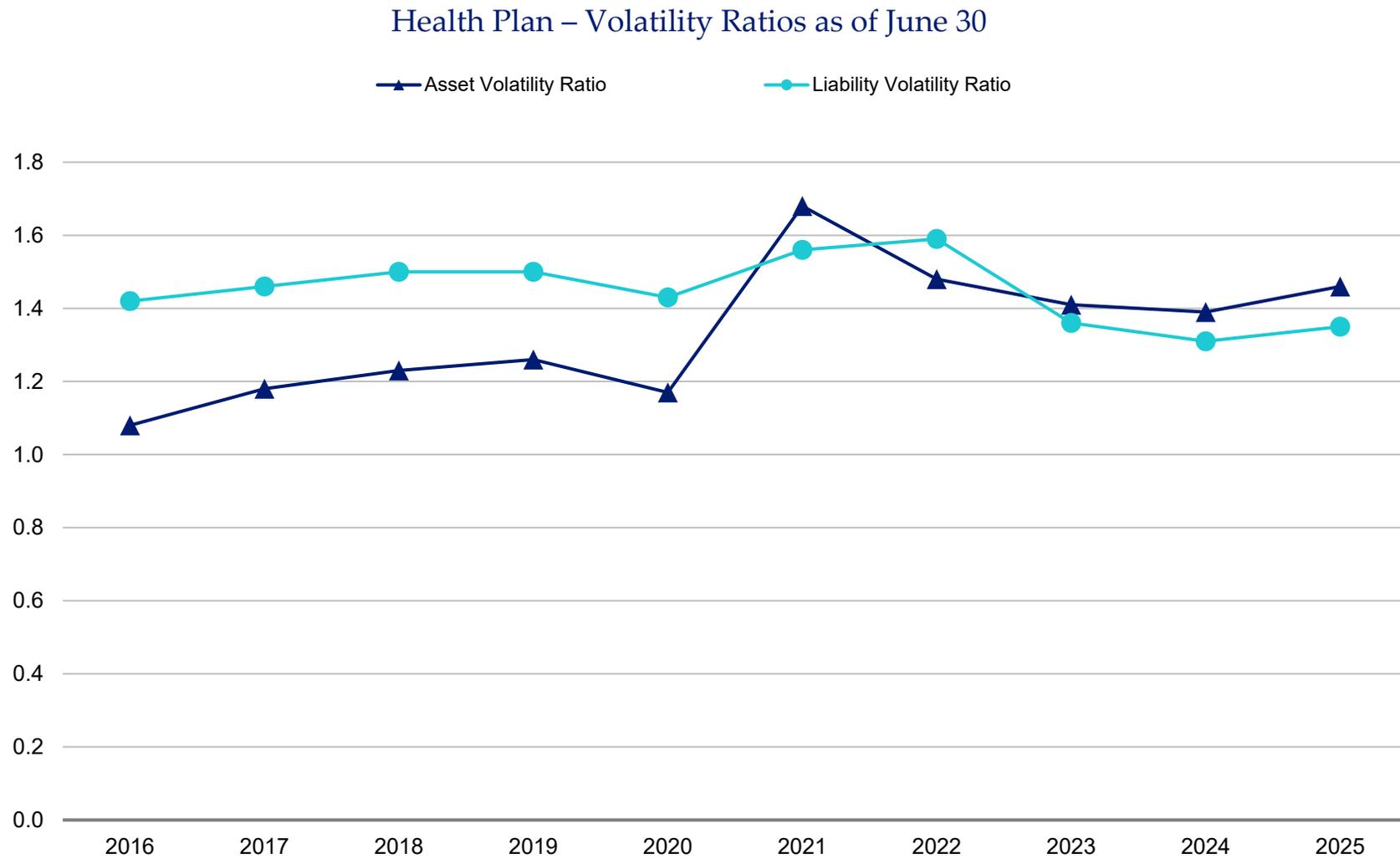
Section 2: Key Plan Risks

Chart 13a



Section 2: Key Plan Risks

Chart 13b



Appendix A: Actuarial Assumptions & Methods

The projections do not reflect any impact of Measure FF that allowed certain LACERS active members to transfer to LAFPP in January 2026. The effect of that transfer will first be included in the June 30, 2026 valuations for LACERS and subsequently reflected in the projections for the Risk Assessment as of the same date.

Unless otherwise noted, the results included in this report have been prepared based on the assumptions and methods used in preparing the June 30, 2025 actuarial valuations.

Deterministic projection

The deterministic projections are based on the following assumptions and methods applied in the June 30, 2025 actuarial valuations:

- Non-economic assumptions will remain unchanged.
- Retirement benefit formulas will remain unchanged.
- Los Angeles Charter and Administrative Code will remain unchanged.
- UAAL amortization method will remain unchanged (i.e., 15-year layers for actuarial gains/losses, 20-year layers for assumption or method changes, 15-year layers for plan amendments, 30-year layers for actuarial surplus, and level percent of pay).
- Economic assumptions will remain unchanged, including the annual 7.00% investment earnings and 3.00% active payroll growth assumptions.
- Deferred investment gains and losses will be recognized over a seven-year period.
- Annual benefit payments for the open group are assumed to increase by 4.50% and 5.50% for the Retirement and Health Plans, respectively. These assumptions have been developed by analyzing the increase in the actual benefit payments over the last 5 to 10 years, combined with the projected benefit payments for the next 5 to 10 years based on the actuarial assumptions. Furthermore, the two-year period from July 1, 2020 to June 30, 2022 has been excluded from the analysis for the Retirement Plan to try to remove the effects of the 2020 City Separation Incentive Program.
- All other actuarial assumptions used in the June 30, 2025 actuarial valuations will be realized.

Appendix A: Actuarial Assumptions & Methods

Stochastic projection

In addition to the assumptions and methods used in the deterministic projection, the following assumptions and parameters are used in projecting LACERS' investment portfolio over the next 20 years based on performing 10,000 trial outcomes of future market returns.

Target asset allocation

The stochastic projections reflect the target asset allocation provided by LACERS at the last triennial experience study and used by Segal to set the investment return assumption of 7.00%. That target asset allocation is as follows:

Asset Class	Target Allocation
Large Cap U.S. Equity	15.00%
Small/Mid Cap U.S. Equity	6.00%
Developed International Large Cap Equity	15.00%
Developed International Small Cap Equity	3.00%
Emerging Markets Equity	6.67%
Core Bonds	11.25%
High Yield Bonds	1.50%
Bank Loans	1.50%
TIPS	3.60%
Emerging Market External Debt	2.00%
Emerging Market Local Currency Debt	2.00%
Real Estate – Core	4.20%
Cash & Equivalents	1.00%
Private Equity	16.00%
Private Credit (Private Debt)	5.75%
Emerging Market Small-Cap Equity	1.33%
REIT	1.40%
Real Estate – Non-Core	2.80%
Total	100.00%

Appendix A: Actuarial Assumptions & Methods

Simulation of future returns

In preparing the 10,000 trial outcomes of future market returns, we performed simulations using assumptions regarding the 20-year arithmetic returns, standard deviations and correlation matrix that were found in the 2025 survey prepared by Horizon Actuarial Services. We used the assumptions that were closest to the asset classes found in LACERS' investment portfolio.

A summary of the 20-year arithmetic returns, standard deviations and correlation matrix for each of the different asset classes used in the modeling is as follows:¹

20-Year Arithmetic Return and Standard Deviation

Asset Class	20-Year Arithmetic Return	Standard Deviation
US Equity – Large Cap	8.29%	16.54%
US Equity – Small/Mid Cap	9.35%	20.44%
Non-US Equity – Developed	8.96%	18.20%
Non-US Equity – Emerging	10.63%	23.43%
US Corporate Bonds – Core	5.28%	6.22%
US Corporate Bonds – High Yield	6.82%	9.77%
Non-US Debt – Emerging	6.87%	10.62%
US Treasuries (Cash Equivalents)	3.61%	1.47%
TIPS (Inflation-Protected)	4.61%	6.04%
Real Estate	7.59%	16.24%
Private Equity	12.14%	22.18%
Private Debt	8.71%	11.75%

¹ While the 2025 Horizon Survey included responses from 41 investment advisors, including LACERS' investment advisor at NEPC, only 27 investment advisors provided long-term (e.g. 20-year) capital market assumptions. These returns are gross of inflation and before any adjustment for administrative and investment expenses. The returns shown were further adjusted by Segal to reflect the difference between the annual inflation assumption used in the actuarial valuation, 2.50%, and the annual inflation assumption based on the Horizon Survey of 2.41%, as well as an adjustment to reflect the LACERS-specific administrative expense assumption of 0.16%.

Appendix A: Actuarial Assumptions & Methods

Correlation Matrix

Asset Class	1	2	3	4	5	6	7	8	9	10	11	12
1. US Equity – Large Cap	1.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2. US Equity – Small/Mid Cap	0.89	1.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3. Non-US Equity – Developed	0.82	0.77	1.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4. Non-US Equity – Emerging	0.71	0.67	0.80	1.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5. US Corporate Bonds – Core	0.32	0.28	0.32	0.29	1.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6. US Corporate Bonds – High Yield	0.68	0.68	0.66	0.63	0.53	1.00	N/A	N/A	N/A	N/A	N/A	N/A
7. Non-US Debt – Emerging	0.54	0.51	0.57	0.63	0.60	0.67	1.00	N/A	N/A	N/A	N/A	N/A
8. US Treasuries (Cash Equivalents)	(0.01)	(0.04)	0.00	0.00	0.19	(0.00)	0.10	1.00	N/A	N/A	N/A	N/A
9. TIPS (Inflation-Protected)	0.18	0.14	0.19	0.20	0.66	0.34	0.43	0.22	1.00	N/A	N/A	N/A
10. Real Estate	0.55	0.55	0.48	0.42	0.27	0.47	0.39	0.03	0.24	1.00	N/A	N/A
11. Private Equity	0.76	0.74	0.68	0.64	0.21	0.57	0.45	(0.04)	0.12	0.48	1.00	N/A
12. Private Debt	0.58	0.58	0.57	0.54	0.22	0.68	0.44	(0.04)	0.11	0.41	0.63	1.00

Other considerations

This risk report has been prepared for the exclusive use and benefit of LACERS, based upon information provided by LACERS and LACERS’ other service providers or otherwise made available to Segal at the time this document was created. The results presented in this report are intended to provide insight into key plan risks that can inform financial preparation and future decision making. However, Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. The modeling projections are intended to serve as illustrations of future financial outcomes that are based on the information available to us at the time the modeling is undertaken and completed, and the agreed-upon assumptions and methodologies described herein. Emerging results may differ significantly if the actual experience proves to be different from these assumptions or if alternative methodologies are used. Actual experience may differ due to such variables as demographic experience, the economy, stock market performance and the regulatory environment.

Appendix A: Actuarial Assumptions & Methods

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, 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.

This risk assessment should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plans. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. LACERS is encouraged to discuss any issues raised with LACERS' legal, tax and other advisors before taking, or refraining from taking, any action.

Appendix B: Detailed Scenario Test

The following pages contain 23-year illustrations of City contributions, funded ratios and unfunded actuarial accrued liabilities for each of the Retirement and Health Plans, as well as for the two plans combined.

In addition to the assumptions outlined in *Appendix A* of this report, we have used the following market return assumptions to model three hypothetical market return scenarios:

- Scenario 1: Assumed market return of 0.00% for fiscal year 2025/2026, 7.00% market return per year thereafter
- Scenario 2: Assumed market return of 7.00% for fiscal year 2025/2026, 7.00% market return per year thereafter
- Scenario 3: Assumed market return of 14.00% for fiscal year 2025/2026, 7.00% market return per year thereafter

While we have not assigned a probability on the 2025/2026 market return coming in at these rates, the City can use these results to interpolate in order to estimate the funded status and employer contribution rates for the June 30, 2026 and next several valuations as the actual investment experience for the 2025/2026 year becomes available. Additionally, comparable experience in upcoming future years is likely to have a similar impact on the System absent any significant plan or assumption changes.

Appendix B: Detailed Scenario Test

Scenario 1: Assumed market return of 0.00% for 2025/26, 7.00% thereafter

Illustration of UAAL, Funded Ratio and City Contributions
(Contributions Payable July 15 – \$ in Thousands)

Retirement Plan Only

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Payment	Total Rate	Contribution Amount	Incremental Change
2024	\$7,046,942	73.4%	2026	\$2,868,029	7.58%	20.55%	28.13%	\$806,776	N/A
2025	7,013,981	74.6%	2027	2,954,069	8.03% ¹	20.37%	28.40%	838,956	\$32,180
2026	6,956,425	75.7%	2028	3,042,692	7.73%	20.59%	28.32%	861,690	22,734
2027	6,860,560	76.9%	2029	3,133,972	7.53%	20.78%	28.31%	887,228	25,538
2028	7,208,116	76.6%	2030	3,227,991	7.33%	21.74%	29.07%	938,377	51,149
2029	7,098,185	77.8%	2031	3,324,831	7.15%	22.97%	30.12%	1,001,439	63,062
2030	6,929,970	79.0%	2032	3,424,576	6.97%	24.08%	31.05%	1,063,331	61,892
2031	6,711,292	80.4%	2033	3,527,313	6.81%	25.47%	32.28%	1,138,617	75,286
2032	6,526,489	81.5%	2034	3,633,133	6.65%	26.53%	33.18%	1,205,473	66,856
2033	6,019,784	83.5%	2035	3,742,127	6.49%	25.96%	32.45%	1,214,320	8,847
2034	5,407,494	85.6%	2036	3,854,391	6.34%	23.13%	29.47%	1,135,889	(78,431)
2035	4,744,559	87.8%	2037	3,970,022	6.20%	21.49%	27.69%	1,099,299	(36,590)
2036	4,120,276	89.7%	2038	4,089,123	6.07%	22.13%	28.20%	1,153,133	53,834
2037	3,494,541	91.5%	2039	4,211,797	5.97%	21.54%	27.51%	1,158,665	5,532
2038	2,770,017	93.5%	2040	4,338,151	5.86%	18.22%	24.08%	1,044,627	(114,038)
2039	1,992,289	95.4%	2041	4,468,295	5.77%	16.79%	22.56%	1,008,047	(36,580)
2040	1,285,081	97.1%	2042	4,602,344	5.68%	14.93%	20.61%	948,543	(59,504)
2041	571,338	98.8%	2043	4,740,414	5.61%	14.54%	20.15%	955,193	6,650
2042	(124,390)	100.3%	2044	4,882,627	5.54%	-0.13%	5.41%	264,150	(691,043)
2043	(870,602)	101.8%	2045	5,029,106	5.49%	-0.98%	4.51%	226,813	(37,337)
2044	(926,319)	101.9%	2046	5,179,979	5.44%	-1.01%	4.43%	229,473	2,660
2045	(940,579)	101.9%	2047	5,335,378	5.41%	-1.00%	4.41%	235,290	5,817
2046	(951,548)	101.9%	2048	5,495,439	5.37%	-0.98%	4.39%	241,250	5,960
2047	(962,780)	101.9%	2049	5,660,303	5.34%	-0.96%	4.38%	247,921	6,671
2048	(973,725)	101.9%	2050	5,830,112	5.31%	-0.94%	4.37%	254,776	6,855

¹ The increase in the employer Normal Cost rate for FY 2027 reflects the sunsetting of the 1% ERIP Cost Obligation by June 30, 2026 for the Tier 1 and Tier 1 Enhanced members.

Appendix B: Detailed Scenario Test

Health Plan Only

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Payment	Total Rate	Contribution Amount	Incremental Change
2024	\$(285,811)	108.0%	2026	\$2,868,029	3.89%	-0.58%	3.31%	\$94,932	N/A
2025	(223,295)	105.8%	2027	2,954,069	4.02%	-0.43%	3.59%	106,051	\$11,119
2026	(201,535)	105.0%	2028	3,042,692	4.02%	-0.37%	3.65%	111,058	5,007
2027	(189,777)	104.4%	2029	3,133,972	4.03%	-0.34%	3.69%	115,644	4,586
2028	(84,253)	101.9%	2030	3,227,991	4.04%	-0.15%	3.89%	125,569	9,925
2029	(62,393)	101.3%	2031	3,324,831	4.05%	-0.11%	3.94%	130,998	5,429
2030	(44,631)	100.9%	2032	3,424,576	4.06%	-0.07%	3.99%	136,641	5,643
2031	(21,302)	100.4%	2033	3,527,313	4.07%	-0.03%	4.04%	142,503	5,862
2032	25,061	99.5%	2034	3,633,133	4.09%	0.06%	4.15%	150,775	8,272
2033	28,609	99.5%	2035	3,742,127	4.10%	0.07%	4.17%	156,047	5,272
2034	28,779	99.5%	2036	3,854,391	4.12%	0.07%	4.19%	161,499	5,452
2035	28,711	99.6%	2037	3,970,022	4.14%	0.07%	4.21%	167,138	5,639
2036	28,361	99.6%	2038	4,089,123	4.15%	0.07%	4.22%	172,561	5,423
2037	27,681	99.6%	2039	4,211,797	4.17%	0.07%	4.24%	178,580	6,019
2038	27,155	99.6%	2040	4,338,151	4.18%	0.08%	4.26%	184,805	6,225
2039	26,363	99.7%	2041	4,468,295	4.19%	0.09%	4.28%	191,243	6,438
2040	25,358	99.7%	2042	4,602,344	4.21%	0.09%	4.30%	197,901	6,658
2041	23,924	99.7%	2043	4,740,414	4.22%	0.09%	4.31%	204,312	6,411
2042	21,731	99.8%	2044	4,882,627	4.23%	0.09%	4.32%	210,929	6,617
2043	19,265	99.8%	2045	5,029,106	4.24%	0.09%	4.33%	217,760	6,831
2044	16,465	99.8%	2046	5,179,979	4.26%	0.08%	4.34%	224,811	7,051
2045	13,404	99.9%	2047	5,335,378	4.27%	0.09%	4.36%	232,622	7,811
2046	10,419	99.9%	2048	5,495,439	4.29%	0.09%	4.38%	240,700	8,078
2047	7,214	99.9%	2049	5,660,303	4.31%	0.03%	4.34%	245,657	4,957
2048	3,805	100.0%	2050	5,830,112	4.34%	0.02%	4.36%	254,193	8,536

Appendix B: Detailed Scenario Test

Retirement and Health Plans Combined

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Payment	Total Rate	Contribution Amount	Incremental Change
2024	\$6,761,131	77.5%	2026	\$2,868,029	11.47%	19.97%	31.44%	\$901,708	N/A
2025	6,790,686	78.4%	2027	2,954,069	12.05%	19.94%	31.99%	945,007	\$43,299
2026	6,754,890	79.4%	2028	3,042,692	11.75%	20.22%	31.97%	972,748	27,741
2027	6,670,783	80.4%	2029	3,133,972	11.56%	20.44%	32.00%	1,002,872	30,124
2028	7,123,863	79.8%	2030	3,227,991	11.37%	21.59%	32.96%	1,063,946	61,074
2029	7,035,792	80.8%	2031	3,324,831	11.20%	22.86%	34.06%	1,132,437	68,491
2030	6,885,339	81.9%	2032	3,424,576	11.03%	24.01%	35.04%	1,199,972	67,535
2031	6,689,990	83.0%	2033	3,527,313	10.88%	25.44%	36.32%	1,281,120	81,148
2032	6,551,551	84.0%	2034	3,633,133	10.74%	26.59%	37.33%	1,356,248	75,128
2033	6,048,393	85.7%	2035	3,742,127	10.59%	26.03%	36.62%	1,370,367	14,119
2034	5,436,274	87.6%	2036	3,854,391	10.46%	23.20%	33.66%	1,297,388	(72,979)
2035	4,773,269	89.4%	2037	3,970,022	10.34%	21.56%	31.90%	1,266,437	(30,951)
2036	4,148,636	91.1%	2038	4,089,123	10.22%	22.20%	32.42%	1,325,694	59,257
2037	3,522,223	92.7%	2039	4,211,797	10.14%	21.61%	31.75%	1,337,245	11,551
2038	2,797,171	94.4%	2040	4,338,151	10.04%	18.30%	28.34%	1,229,432	(107,813)
2039	2,018,653	96.0%	2041	4,468,295	9.96%	16.88%	26.84%	1,199,290	(30,142)
2040	1,310,439	97.5%	2042	4,602,344	9.89%	15.02%	24.91%	1,146,444	(52,846)
2041	595,261	98.9%	2043	4,740,414	9.83%	14.63%	24.46%	1,159,505	13,061
2042	(102,659)	100.2%	2044	4,882,627	9.77%	-0.04%	9.73%	475,079	(684,426)
2043	(851,336)	101.5%	2045	5,029,106	9.73%	-0.89%	8.84%	444,573	(30,506)
2044	(909,855)	101.6%	2046	5,179,979	9.70%	-0.93%	8.77%	454,284	9,711
2045	(927,175)	101.6%	2047	5,335,378	9.68%	-0.91%	8.77%	467,912	13,628
2046	(941,128)	101.5%	2048	5,495,439	9.66%	-0.89%	8.77%	481,950	14,038
2047	(955,566)	101.5%	2049	5,660,303	9.65%	-0.93%	8.72%	493,578	11,628
2048	(969,920)	101.5%	2050	5,830,112	9.65%	-0.92%	8.73%	508,969	15,391

Note: Results may not add due to rounding.

Appendix B: Detailed Scenario Test

Scenario 2: Assumed market return of 7.00% for 2025/26, 7.00% thereafter

Illustration of UAAL, Funded Ratio and City Contributions

(Contributions Payable July 15 – \$ in Thousands)

Retirement Plan Only

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Payment	Total Rate	Contribution Amount	Incremental Change
2024	\$7,046,942	73.4%	2026	\$2,868,029	7.58%	20.55%	28.13%	\$806,776	N/A
2025	7,013,981	74.6%	2027	2,954,069	8.03% ¹	20.37%	28.40%	838,956	\$32,180
2026	6,741,501	76.5%	2028	3,042,692	7.73%	19.97%	27.70%	842,826	3,870
2027	6,325,399	78.7%	2029	3,133,972	7.53%	19.23%	26.76%	838,651	(4,175)
2028	6,365,531	79.4%	2030	3,227,991	7.33%	19.31%	26.64%	859,937	21,286
2029	5,973,159	81.3%	2031	3,324,831	7.15%	19.73%	26.88%	893,715	33,778
2030	5,549,719	83.2%	2032	3,424,576	6.97%	20.09%	27.06%	926,690	32,975
2031	5,104,320	85.1%	2033	3,527,313	6.81%	20.81%	27.62%	974,244	47,554
2032	4,722,900	86.6%	2034	3,633,133	6.65%	21.25%	27.90%	1,013,644	39,400
2033	4,265,444	88.3%	2035	3,742,127	6.49%	20.62%	27.11%	1,014,491	847
2034	3,735,220	90.1%	2036	3,854,391	6.34%	17.78%	24.12%	929,679	(84,812)
2035	3,168,642	91.8%	2037	3,970,022	6.20%	16.14%	22.34%	886,903	(42,776)
2036	2,654,277	93.4%	2038	4,089,123	6.07%	16.78%	22.85%	934,365	47,462
2037	2,152,337	94.8%	2039	4,211,797	5.97%	16.19%	22.16%	933,334	(1,031)
2038	1,567,065	96.3%	2040	4,338,151	5.86%	12.86%	18.72%	812,102	(121,232)
2039	945,334	97.8%	2041	4,468,295	5.77%	11.44%	17.21%	768,994	(43,108)
2040	412,712	99.1%	2042	4,602,344	5.68%	9.58%	15.26%	702,318	(66,676)
2041	(106,788)	100.2%	2043	4,740,414	5.61%	-0.13%	5.48%	259,775	(442,543)
2042	(587,508)	101.3%	2044	4,882,627	5.54%	-0.68%	4.86%	237,296	(22,479)
2043	(624,069)	101.3%	2045	5,029,106	5.49%	-0.70%	4.79%	240,894	3,598
2044	(634,317)	101.3%	2046	5,179,979	5.44%	-0.69%	4.75%	246,049	5,155
2045	(643,204)	101.3%	2047	5,335,378	5.41%	-0.68%	4.73%	252,363	6,314
2046	(651,093)	101.3%	2048	5,495,439	5.37%	-0.67%	4.70%	258,286	5,923
2047	(659,561)	101.3%	2049	5,660,303	5.34%	-0.66%	4.68%	264,902	6,616
2048	(667,509)	101.3%	2050	5,830,112	5.31%	-0.65%	4.66%	271,683	6,781

¹ The increase in the employer Normal Cost rate for FY 2027 reflects the sunsetting of the 1% ERIP Cost Obligation by June 30, 2026 for the Tier 1 and Tier 1 Enhanced members.

Appendix B: Detailed Scenario Test

Health Plan Only

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Payment	Total Rate	Contribution Amount	Incremental Change
2024	\$(285,811)	108.0%	2026	\$2,868,029	3.89%	-0.58%	3.31%	\$94,932	N/A
2025	(223,295)	105.8%	2027	2,954,069	4.02%	-0.43%	3.59%	106,051	\$11,119
2026	(243,444)	106.0%	2028	3,042,692	4.02%	-0.45%	3.57%	108,624	2,573
2027	(294,131)	106.9%	2029	3,133,972	4.03%	-0.53%	3.50%	109,689	1,065
2028	(249,885)	105.5%	2030	3,227,991	4.04%	-0.44%	3.60%	116,208	6,519
2029	(286,893)	106.1%	2031	3,324,831	4.05%	-0.49%	3.56%	118,364	2,156
2030	(325,539)	106.5%	2032	3,424,576	4.06%	-0.54%	3.52%	120,545	2,181
2031	(356,132)	106.8%	2033	3,527,313	4.07%	-0.57%	3.50%	123,456	2,911
2032	(360,828)	106.6%	2034	3,633,133	4.09%	-0.56%	3.53%	128,250	4,794
2033	(363,911)	106.3%	2035	3,742,127	4.10%	-0.55%	3.55%	132,846	4,596
2034	(367,116)	106.1%	2036	3,854,391	4.12%	-0.54%	3.58%	137,987	5,141
2035	(370,072)	105.9%	2037	3,970,022	4.14%	-0.53%	3.61%	143,318	5,331
2036	(373,179)	105.6%	2038	4,089,123	4.15%	-0.52%	3.63%	148,435	5,117
2037	(376,478)	105.5%	2039	4,211,797	4.17%	-0.51%	3.66%	154,152	5,717
2038	(379,482)	105.3%	2040	4,338,151	4.18%	-0.49%	3.69%	160,078	5,926
2039	(382,599)	105.1%	2041	4,468,295	4.19%	-0.48%	3.71%	165,774	5,696
2040	(385,774)	104.9%	2042	4,602,344	4.21%	-0.47%	3.74%	172,128	6,354
2041	(388,735)	104.7%	2043	4,740,414	4.22%	-0.46%	3.76%	178,240	6,112
2042	(392,236)	104.6%	2044	4,882,627	4.23%	-0.45%	3.78%	184,563	6,323
2043	(395,782)	104.5%	2045	5,029,106	4.24%	-0.44%	3.80%	191,106	6,543
2044	(399,424)	104.3%	2046	5,179,979	4.26%	-0.44%	3.82%	197,875	6,769
2045	(403,077)	104.2%	2047	5,335,378	4.27%	-0.43%	3.84%	204,879	7,004
2046	(406,394)	104.1%	2048	5,495,439	4.29%	-0.42%	3.87%	212,674	7,795
2047	(409,090)	104.0%	2049	5,660,303	4.31%	-0.41%	3.90%	220,752	8,078
2048	(411,652)	103.8%	2050	5,830,112	4.34%	-0.40%	3.94%	229,706	8,954

Appendix B: Detailed Scenario Test

Retirement and Health Plans Combined

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Payment	Total Rate	Contribution Amount	Incremental Change
2024	\$6,761,131	77.5%	2026	\$2,868,029	11.47%	19.97%	31.44%	\$901,708	N/A
2025	6,790,686	78.4%	2027	2,954,069	12.05%	19.94%	31.99%	945,007	\$43,299
2026	6,498,057	80.2%	2028	3,042,692	11.75%	19.52%	31.27%	951,450	6,443
2027	6,031,268	82.3%	2029	3,133,972	11.56%	18.70%	30.26%	948,340	(3,110)
2028	6,115,646	82.7%	2030	3,227,991	11.37%	18.87%	30.24%	976,145	27,805
2029	5,686,266	84.5%	2031	3,324,831	11.20%	19.24%	30.44%	1,012,079	35,934
2030	5,224,180	86.3%	2032	3,424,576	11.03%	19.55%	30.58%	1,047,235	35,156
2031	4,748,188	88.0%	2033	3,527,313	10.88%	20.24%	31.12%	1,097,700	50,465
2032	4,362,072	89.3%	2034	3,633,133	10.74%	20.69%	31.43%	1,141,894	44,194
2033	3,901,533	90.8%	2035	3,742,127	10.59%	20.07%	30.66%	1,147,337	5,443
2034	3,368,104	92.3%	2036	3,854,391	10.46%	17.24%	27.70%	1,067,666	(79,671)
2035	2,798,570	93.8%	2037	3,970,022	10.34%	15.61%	25.95%	1,030,221	(37,445)
2036	2,281,098	95.1%	2038	4,089,123	10.22%	16.26%	26.48%	1,082,800	52,579
2037	1,775,859	96.3%	2039	4,211,797	10.14%	15.68%	25.82%	1,087,486	4,686
2038	1,187,583	97.6%	2040	4,338,151	10.04%	12.37%	22.41%	972,180	(115,306)
2039	562,735	98.9%	2041	4,468,295	9.96%	10.96%	20.92%	934,768	(37,412)
2040	26,939	99.9%	2042	4,602,344	9.89%	9.11%	19.00%	874,446	(60,322)
2041	(495,522)	100.9%	2043	4,740,414	9.83%	-0.59%	9.24%	438,015	(436,431)
2042	(979,744)	101.8%	2044	4,882,627	9.77%	-1.13%	8.64%	421,859	(16,156)
2043	(1,019,851)	101.8%	2045	5,029,106	9.73%	-1.14%	8.59%	432,000	10,141
2044	(1,033,741)	101.8%	2046	5,179,979	9.70%	-1.13%	8.57%	443,924	11,924
2045	(1,046,281)	101.8%	2047	5,335,378	9.68%	-1.11%	8.57%	457,242	13,318
2046	(1,057,487)	101.7%	2048	5,495,439	9.66%	-1.09%	8.57%	470,960	13,718
2047	(1,068,651)	101.7%	2049	5,660,303	9.65%	-1.07%	8.58%	485,654	14,694
2048	(1,079,161)	101.7%	2050	5,830,112	9.65%	-1.05%	8.60%	501,389	15,735

Note: Results may not add due to rounding.

Appendix B: Detailed Scenario Test

Scenario 3: Assumed market return of 14.00% for 2025/26, 7.00% thereafter

Illustration of UAAL, Funded Ratio and City Contributions

(Contributions Payable July 15 – \$ in Thousands)

Retirement Plan Only

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Payment	Total Rate	Contribution Amount	Incremental Change
2024	\$7,046,942	73.4%	2026	\$2,868,029	7.58%	20.55%	28.13%	\$806,776	N/A
2025	7,013,981	74.6%	2027	2,954,069	8.03% ¹	20.37%	28.40%	838,956	\$32,180
2026	6,526,577	77.2%	2028	3,042,692	7.73%	19.33%	27.06%	823,352	(15,604)
2027	5,790,238	80.5%	2029	3,133,972	7.53%	17.68%	25.21%	790,074	(33,278)
2028	5,523,273	82.1%	2030	3,227,991	7.33%	16.89%	24.22%	781,820	(8,254)
2029	4,848,816	84.8%	2031	3,324,831	7.15%	16.49%	23.64%	785,990	4,170
2030	4,170,200	87.4%	2032	3,424,576	6.97%	16.10%	23.07%	790,050	4,060
2031	3,498,131	89.8%	2033	3,527,313	6.81%	16.14%	22.95%	809,518	19,468
2032	2,919,781	91.7%	2034	3,633,133	6.65%	15.95%	22.60%	821,088	11,570
2033	2,511,609	93.1%	2035	3,742,127	6.49%	15.27%	21.76%	814,287	(6,801)
2034	2,063,873	94.5%	2036	3,854,391	6.34%	12.43%	18.77%	723,469	(90,818)
2035	1,593,719	95.9%	2037	3,970,022	6.20%	10.79%	16.99%	674,507	(48,962)
2036	1,188,929	97.0%	2038	4,089,123	6.07%	11.44%	17.51%	716,005	41,498
2037	811,254	98.0%	2039	4,211,797	5.97%	10.84%	16.81%	708,003	(8,002)
2038	365,312	99.1%	2040	4,338,151	5.86%	7.52%	13.38%	580,445	(127,558)
2039	(99,887)	100.2%	2041	4,468,295	5.77%	-0.14%	5.63%	251,565	(328,880)
2040	(458,266)	101.0%	2042	4,602,344	5.68%	-0.56%	5.12%	235,640	(15,925)
2041	(486,998)	101.1%	2043	4,740,414	5.61%	-0.59%	5.02%	237,969	2,329
2042	(496,465)	101.1%	2044	4,882,627	5.54%	-0.57%	4.97%	242,667	4,698
2043	(503,828)	101.1%	2045	5,029,106	5.49%	-0.57%	4.92%	247,432	4,765
2044	(511,406)	101.1%	2046	5,179,979	5.44%	-0.56%	4.88%	252,783	5,351
2045	(518,685)	101.0%	2047	5,335,378	5.41%	-0.55%	4.86%	259,299	6,516
2046	(525,063)	101.0%	2048	5,495,439	5.37%	-0.54%	4.83%	265,430	6,131
2047	(532,131)	101.0%	2049	5,660,303	5.34%	-0.53%	4.81%	272,261	6,831
2048	(538,803)	101.0%	2050	5,830,112	5.31%	-0.52%	4.79%	279,262	7,001

¹ The increase in the employer Normal Cost rate for FY 2027 reflects the sunsetting of the 1% ERIP Cost Obligation by June 30, 2026 for the Tier 1 and Tier 1 Enhanced members.

Appendix B: Detailed Scenario Test

Health Plan Only

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Payment	Total Rate	Contribution Amount	Incremental Change
2024	\$(285,811)	108.0%	2026	\$2,868,029	3.89%	-0.58%	3.31%	\$94,932	N/A
2025	(223,295)	105.8%	2027	2,954,069	4.02%	-0.43%	3.59%	106,051	\$11,119
2026	(285,354)	107.0%	2028	3,042,692	4.02%	-0.53%	3.49%	106,190	139
2027	(398,486)	109.3%	2029	3,133,972	4.03%	-0.72%	3.31%	103,734	(2,456)
2028	(415,518)	109.2%	2030	3,227,991	4.04%	-0.73%	3.31%	106,847	3,113
2029	(511,392)	110.8%	2031	3,324,831	4.05%	-0.87%	3.18%	105,730	(1,117)
2030	(606,448)	112.2%	2032	3,424,576	4.06%	-1.00%	3.06%	104,792	(938)
2031	(690,962)	113.2%	2033	3,527,313	4.07%	-1.11%	2.96%	104,408	(384)
2032	(747,084)	113.6%	2034	3,633,133	4.09%	-1.16%	2.93%	106,451	2,043
2033	(756,824)	113.1%	2035	3,742,127	4.10%	-1.14%	2.96%	110,767	4,316
2034	(764,208)	112.7%	2036	3,854,391	4.12%	-1.12%	3.00%	115,632	4,865
2035	(771,336)	112.2%	2037	3,970,022	4.14%	-1.11%	3.03%	120,292	4,660
2036	(778,611)	111.8%	2038	4,089,123	4.15%	-1.08%	3.07%	125,536	5,244
2037	(785,653)	111.4%	2039	4,211,797	4.17%	-1.06%	3.11%	130,987	5,451
2038	(792,797)	111.0%	2040	4,338,151	4.18%	-1.03%	3.15%	136,652	5,665
2039	(800,060)	110.6%	2041	4,468,295	4.19%	-1.00%	3.19%	142,539	5,887
2040	(807,391)	110.3%	2042	4,602,344	4.21%	-0.99%	3.22%	148,195	5,656
2041	(815,003)	109.9%	2043	4,740,414	4.22%	-0.97%	3.25%	154,063	5,868
2042	(822,736)	109.6%	2044	4,882,627	4.23%	-0.95%	3.28%	160,150	6,087
2043	(830,549)	109.3%	2045	5,029,106	4.24%	-0.93%	3.31%	166,463	6,313
2044	(838,502)	109.1%	2046	5,179,979	4.26%	-0.92%	3.34%	173,011	6,548
2045	(846,523)	108.8%	2047	5,335,378	4.27%	-0.90%	3.37%	179,802	6,791
2046	(854,277)	108.6%	2048	5,495,439	4.29%	-0.88%	3.41%	187,394	7,592
2047	(861,493)	108.3%	2049	5,660,303	4.31%	-0.86%	3.45%	195,280	7,886
2048	(868,674)	108.1%	2050	5,830,112	4.34%	-0.84%	3.50%	204,054	8,774

Appendix B: Detailed Scenario Test

Retirement and Health Plans Combined

Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Payment	Total Rate	Contribution Amount	Incremental Change
2024	\$6,761,131	77.5%	2026	\$2,868,029	11.47%	19.97%	31.44%	\$901,708	N/A
2025	6,790,686	78.4%	2027	2,954,069	12.05%	19.94%	31.99%	945,007	\$43,299
2026	6,241,223	80.9%	2028	3,042,692	11.75%	18.80%	30.55%	929,542	(15,465)
2027	5,391,752	84.2%	2029	3,133,972	11.56%	16.96%	28.52%	893,808	(35,734)
2028	5,107,755	85.5%	2030	3,227,991	11.37%	16.16%	27.53%	888,667	(5,141)
2029	4,337,424	88.2%	2031	3,324,831	11.20%	15.62%	26.82%	891,720	3,053
2030	3,563,753	90.6%	2032	3,424,576	11.03%	15.10%	26.13%	894,842	3,122
2031	2,807,169	92.9%	2033	3,527,313	10.88%	15.03%	25.91%	913,926	19,084
2032	2,172,698	94.7%	2034	3,633,133	10.74%	14.79%	25.53%	927,539	13,613
2033	1,754,784	95.8%	2035	3,742,127	10.59%	14.13%	24.72%	925,054	(2,485)
2034	1,299,666	97.0%	2036	3,854,391	10.46%	11.31%	21.77%	839,101	(85,953)
2035	822,383	98.2%	2037	3,970,022	10.34%	9.68%	20.02%	794,799	(44,302)
2036	410,318	99.1%	2038	4,089,123	10.22%	10.36%	20.58%	841,541	46,742
2037	25,601	99.9%	2039	4,211,797	10.14%	9.78%	19.92%	838,990	(2,551)
2038	(427,484)	100.9%	2040	4,338,151	10.04%	6.49%	16.53%	717,097	(121,893)
2039	(899,947)	101.8%	2041	4,468,295	9.96%	-1.14%	8.82%	394,104	(322,993)
2040	(1,265,656)	102.4%	2042	4,602,344	9.89%	-1.55%	8.34%	383,835	(10,269)
2041	(1,302,001)	102.4%	2043	4,740,414	9.83%	-1.56%	8.27%	392,032	8,197
2042	(1,319,201)	102.4%	2044	4,882,627	9.77%	-1.52%	8.25%	402,817	10,785
2043	(1,334,377)	102.4%	2045	5,029,106	9.73%	-1.50%	8.23%	413,895	11,078
2044	(1,349,909)	102.3%	2046	5,179,979	9.70%	-1.48%	8.22%	425,794	11,899
2045	(1,365,208)	102.3%	2047	5,335,378	9.68%	-1.45%	8.23%	439,101	13,307
2046	(1,379,340)	102.3%	2048	5,495,439	9.66%	-1.42%	8.24%	452,824	13,723
2047	(1,393,624)	102.2%	2049	5,660,303	9.65%	-1.39%	8.26%	467,541	14,717
2048	(1,407,477)	102.2%	2050	5,830,112	9.65%	-1.36%	8.29%	483,316	15,775

Note: Results may not add due to rounding.

Appendix C: Definition of Pension Terms

The following list defines certain technical terms as they relate to LACERS for the convenience of the reader:

Term	Definition
Actuarial accrued liability for actives	The equivalent of the accumulated normal costs allocated to the years before the valuation date.
Actuarial accrued liability for retirees and beneficiaries	Single-sum present value of the lifetime benefits expected to be paid to the existing retirees and beneficiaries. This sum takes account of life expectancies appropriate to the ages of the annuitants and the interest that the sum is expected to earn before it is entirely paid out in benefits.
Actuarial value of assets	The value of the Plan's assets that is equal to the market value of assets less unrecognized returns. Unrecognized returns are equal to the difference between the actual market return and the expected return on the market value and are recognized over a seven-year period per LACERS' funding policy.
Employer normal cost	The portion of the normal cost to be paid by the employer. This is equal to the normal cost less expected member contributions.
Funded ratio	The ratio of the actuarial value of assets to the actuarial accrued liability. Plans sometimes also calculate a market funded ratio, using the market value of assets, rather than the actuarial value of assets.
Generational mortality	A generational mortality table provides dynamic projections of mortality experience for each cohort of current and future retirees. For example, the mortality rate for someone who is 65 next year will be slightly less than for someone who is 65 this year. In general, using generational mortality anticipates increases in the cost of the Plan over time as participants' life expectancies are projected to increase. This is in contrast to updating a static mortality assumption with each experience study as we had proposed in experience studies prior to 2019.
Normal cost	The amount of contributions required to fund the portion of the level cost of the member's projected retirement benefit that is allocated to the current year of service.
Unfunded actuarial accrued liability	The excess of the actuarial accrued liability over the actuarial value of assets. This value may be negative, in which case it may be expressed as a negative unfunded actuarial accrued liability, also called the funding surplus or an overfunded actuarial accrued liability.
Valuation value of assets	The portion of the total actuarial value of assets allocated to either the Retirement or Health Plans.

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REPORT TO BOARD OF ADMINISTRATION

From: Todd Bouey, General Manager

MEETING: MARCH 24, 2026

ITEM: VI-C

SUBJECT: APPROVAL OF CONTRACT AMENDMENT FOR THE WEBSITE VENDOR PLANETERIA AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve a contract amendment with Planeteria Media LLC to increase the contract amount by \$20,000, for a total contract amount not to exceed \$348,750, to purchase DocAccess.com services; and
2. Authorize the General Manager to negotiate and execute the contract amendment, subject to City Attorney approval as to form.

Executive Summary

LACERS must meet Web Content Accessibility Guidelines (WCAG) 2.1 Level AA Digital Accessibility Standards, a federal rule that established technical standards state and local governments must follow to meet their existing Title II Americans with Disabilities Act (ADA) requirements for websites and mobile applications by April 24, 2026.

To ensure that LACERS documents remain fully accessible to individuals with disabilities and to mitigate associated legal and financial risks, the acquisition of professional remediation services is required. LACERS recommends amending the contract with Planeteria Media LLC, our current website vendor, to incorporate their automated document remediation platform, DocAccess.com, which provides a cost-effective, immediately available solution.

Discussion

The current LACERS website contains more than 808 PDFs totaling approximately 35,000 pages. Manual remediation of these documents would cost \$245,000 at \$7 a page, is time-consuming, and may cause backlogs for time-sensitive document postings. To address these challenges, staff evaluated three accessibility solutions—Adobe, Allyant, and DocAccess. Through this assessment, staff identified that a fully automated remediation solution for the same volume of content would cost approximately \$16,800 annually (at \$0.04 per page per month).

Planeteria Media LLC offers this automated remediation capability through its DocAccess.com platform. DocAccess.com ensures WCAG 2.1 Level AA compliance, and its technical architecture and security model are confirmed to meet internal security standards and integrate seamlessly with existing systems.

It is recommended that Contract Amendment 7 with Planeteria Media LLC, LACERS' existing website vendor since 2019, increase the contract ceiling by \$20,000 and add DocAccess.com services to facilitate LACERS meeting the WCAG 2.1 compliance deadline.

LACERS is currently drafting a Request for Proposal (RFP) to seek qualified vendors to provide website design, technical support, and maintenance services that comply with WCAG 2.1 Level AA.

Prepared By: Nathan Herkelrath, Benefits Analyst, Communications and Stakeholder Relations Division

TB/DW:nh

Attachment: 1- Proposed Resolution

CONTRACT AMENDMENT WITH
PLANETERIA MEDIA LLC
FOR WEBSITE DESIGN AND SUPPORT SERVICES

PROPOSED RESOLUTION

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

WHEREAS, PLANETERIA MEDIA LLC completed the website redesign in March 2020 and is the exclusive provider of website and maintenance and support services to the websites it designs;

WHEREAS, annual contract extensions for maintenance and support services were executed on November 15, 2021, May 27, 2022, July 5, 2023, April 8, 2024, March 17, 2025, and January 21, 2026, increasing the contract amount to \$328,750;

WHEREAS, LACERS must meet Web Content Accessibility Guidelines (WCAG) 2.1 Level AA requirements for all public-facing documents by April 24, 2026 and desires to use an automated remediation service; and

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to negotiate and execute a contract amendment with PLANETERIA MEDIA LLC to add DocAccess.com services, and increase the contract ceiling by \$20,000, and to make any necessary clerical, typographical, or technical corrections to this document.

<u>Company Name:</u>	PLANETERIA MEDIA LLC (Formerly DIGITAL DEPLOYMENT INC.)
<u>Service Provided:</u>	Website Design Website Maintenance and Support Accessibility Services
<u>Term Dates:</u>	April 1, 2019 through April 30, 2027
<u>Total Expenditure Authority:</u>	\$348,750

March 24, 2026



REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee
Thomas Moutes, Chair
Janna Sidley
Sung Won Sohn

MEETING: MARCH 24, 2026
ITEM: VI-D

SUBJECT: INCOME-RELATED MONTHLY ADJUSTMENT AMOUNT (IRMAA) – ADDITIONAL INFORMATION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receives and files this report.

Discussion

At the March 10, 2026, Benefits Administration Committee (BAC) meeting, staff presented additional information about the Medicare Part B reimbursement program and income-related monthly adjustment amount (IRMAA¹) as described in the attached Committee report (Attachment). Staff provided additional analysis in three areas as requested by the Committee:

- Benchmarking against other retirement systems that reimburse IRMAA, including their rationale and any actuarial cost studies.

Each of the three reviewed systems (New York City, LADWP, CalPERS) reimburses Medicare Part B IRMAA under pre-existing administrative language. Because the language already permitted reimbursement, none of the three implemented new actuarial cost studies when IRMAA was introduced.

- Evaluation of IRMAA inflation trends.

¹ IRMAA is a surcharge on top of the basic/standard Medicare premium rates for Part B and Part D if a person's modified adjusted gross income for the two years prior is above annual thresholds determined by the Centers for Medicare & Medicaid Services (CMS).

Medicare Part B premiums and IRMAA have been adjusted annually and are expected to outpace the maximum Cost of Living Adjustments for Retired LACERS Members.

The Committee was also provided with a summary of the actuarial cost study conducted on June 13, 2023, to provide the cost of providing basic Part B premium reimbursement to the retirees with only Part B coverage, and the cost of providing IRMAA reimbursements using LACERS Members' retirement income. The Committee discussed the need for an updated cost study.

- Comparison of Medicare plan costs versus non-Medicare plan costs.

Keenan & Associates performed a premium analysis across LACERS' Medicare plans for Retiree-Only and Retiree-Plus-One tiers, excluding combination rates that mix Medicare and non-Medicare members. The analysis indicates that the Centers for Medicare & Medicaid Services (CMS) offsets approximately 77% of the total costs.

The Committee discussed the report and recommended further discussion with the Board of Administration on moving this effort forward, including:

1. Conducting an updated Actuarial Cost Study - The Committee discussed the need to conduct an updated actuarial cost study to include making available the under-65 maximum subsidy surplus for IRMAA reimbursements.
2. Reviewing the City's amendment of the Administrative Code relating to Medicare Part B "Basic" Reimbursement - The City Administrative Code was amended to limit Medicare Part B reimbursement to the "basic" rate, whereas other pension funds took no action, effectively allowing for IRMAA reimbursements. Is there a legal argument to support or oppose this prior action of the City?

Prepared By: James Kawashima, Senior Benefits Analyst II, Health, Wellness, and Buybacks Division

TB/DWN/KF/jk

Attachment: March 10, 2026, Benefits Administration Committee Report



BOARD MEETING: 03-24-2026
Item VI-D
Attachment 1



REPORT TO BENEFITS ADMINISTRATION COMMITTEE

MEETING: MARCH 10, 2026

From: Todd Bouey, General Manager

ITEM: III

Todd Bouey for TB

SUBJECT: INCOME-RELATED MONTHLY ADJUSTMENT AMOUNT (IRMAA) - ADDITIONAL INFORMATION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee receives and files this report.

Executive Summary

At the December 9, 2025, Benefits Administration Committee (BAC) meeting, a historical overview of the Medicare Part B reimbursement program and income-related monthly adjustment amount (IRMAA¹) was presented to the Benefits Administration Committee. Staff discussed the changes to the Los Angeles Administrative Code (LAAC) since the Medicare Part B Reimbursement Program for LACERS Retired Members was established in 1983. The Committee requested additional analysis in three areas:

- Benchmarking against other retirement systems that reimburse IRMAA, including their rationale and any actuarial cost studies.
- Evaluation of IRMAA inflation trends.
- Comparison of Medicare plan costs versus non-Medicare plan costs.

This report provides the requested research and analysis.

Discussion

LACERS continued the research and analysis of IRMAA-related information sought by the BAC. Three retirement systems that reimburse IRMAA were contacted to determine whether actuarial cost studies were conducted when they began reimbursing IRMAA. Analysis of the inflationary increases of IRMAA was also conducted. Lastly, a review of the costs of LACERS Medicare Plans and non-Medicare Plans was prepared by LACERS Health Plan consultant, Keenan & Associates.

Other Retirement Systems

¹ IRMAA is a surcharge on top of the basic/standard Medicare premium rates for Part B and Part D if a person's modified adjusted gross income for the two years prior is above annual thresholds determined by the Centers for Medicare & Medicaid Services (CMS).

The information listed below indicates that although the three retirement plans reimburse IRMAA, no statutory or policy changes were made to allow such reimbursements, as the applicable authoritative language already permitted them. Therefore, no additional actuarial studies were conducted.

New York City

New York City (NYC) reimburses the full Medicare Part B and IRMAA premiums, but not Part D IRMAA or penalties, to Medicare-eligible retirees and their spouses as set by the New York City Administrative Code. The NYC Administrative Code, which was amended prior to IRMAA, states that “the City shall reimburse covered employees in an amount equal to one hundred percent of the Medicare Part-B premium rate applicable to that year”. No changes to the language have been made, as this would require a modification of the City Charter and would need to be approved by the New York City Council and all unions; therefore, no actuarial study was conducted.

Los Angeles Department of Water and Power (LADWP)

The Los Angeles Department of Water and Power provides the health benefits for its active and retired employees. The Medicare Part B reimbursement program was effective before IRMAA was introduced. LADWP provides Medicare Part B reimbursement, including IRMAA, to eligible Members only if the subsidy towards the cost of the health care plan equals or exceeds the cost of the health care plan premium plus the Medicare Part B premium. No changes have since been made to the Administrative Code; therefore, no additional actuarial study was conducted.

California Public Employees’ Retirement System (CalPERS)

The CalPERS Health Benefits Program is governed by the Public Employees’ Medical and Hospital Care Act (PEMHCA). Under PEMHCA Section 22879, State of California and California State University annuitants and their eligible dependents may receive reimbursement for Medicare Part B premiums, excluding any penalties. Annuitants who have retired from public agencies are not eligible for this CalPERS reimbursement.

Government Code 22879 was added to PEMHCA in 1977, well before IRMAA provisions were adopted by the Social Security Administration (SSA). The language of Government Code 22879 requires that the State reimburse Medicare Part B premiums, so CalPERS was required to include IRMAA reimbursements when they were added to Medicare Part B premiums in 2007; therefore, no additional actuarial study was conducted. CalPERS submits annual financial information to the Department of Finance and the State Controller’s Office, which includes, among other items, the cost of Medicare standard and IRMAA premium reimbursements.

Inflationary Increases

IRMAA

The IRMAA premiums and income brackets were first introduced in 2007 and have been adjusted annually since then. The IRMAA premiums are based on the true cost of Medicare Part B, as actuarially determined by the Centers for Medicare and Medicaid Services (CMS). For example, a Member with the basic Medicare Part B premiums pays for 25% of the cost, while a Member with a Level 5 IRMAA

pays for 85% of the cost of Medicare Part B. IRMAA brackets are adjusted based on the percentage of increase in the Consumer Price Index for all urban consumers (United States city average). In 2019, an additional IRMAA income bracket was added.

The 2026 IRMAA Income Brackets for an individual are displayed in the table below:

2026 Individual Modified Adjusted Gross Income	2026 IRMAA	2026 Total Medicare Part B Premium and IRMAA
< \$109,000	\$0.00	\$202.90
\$109,000 – \$137,000	\$81.20	\$284.10
\$137,000 – \$171,000	\$202.90	\$405.80
\$171,000 – \$205,000	\$324.60	\$527.50
\$205,000 – \$500,000	\$446.30	\$649.20
< \$500,000	\$487.00	\$689.90

The Medicare Part B Basic Premium and IRMAA annual increases have been outpacing the maximum Cost of Living Adjustment of 3% for Tier 1 and 2% for Tier 3. The following table shows the Medicare Part B Basic premium and maximum IRMAA amounts in 2007, when IRMAA was introduced, and the current 2026 amounts:

	2007	2026	% Increase	Avg. Annual % Increase
Basic Part B	\$93.50	\$202.90	117.0%	6.2%
Highest IRMAA	\$161.40	\$689.90	327.4%	17.2%

The Medicare Part B Basic Premium and IRMAA amounts are expected to continue increasing through 2034. According to the 2025 Social Security and Medicare Boards of Trustees Annual Report, the 2034 Medicare Part B Basic Premium is estimated at \$347.50, an increase of \$144.60 or 71.3% from the 2026 premium. The highest 2034 IRMAA premium is estimated at \$1,181.50, an increase of \$491.60 or 71.3% from 2026.

IRMAA Impact Analysis of City of Los Angeles Salaries and Retirement Allowance

LACERS' review of City of Los Angeles employee classifications and corresponding 2007, 2012, and 2026 salaries shows a clear upward trend in the number of Members whose compensation levels place them at risk of IRMAA assessments, even when considering only their highest salary with 30 years of Service Credit.

- 2007 (IRMAA implementation year): Employees earning \$123,000+.
Impact: Approximately 184 classifications and 572 Members, primarily General Managers and Assistant General Managers.
- 2012 (addition of "basic" to the LAAC): Employees earning \$131,000+.
Impact: Approximately 205 classifications and 678 Members, expanding to include Chiefs and Engineers.

- 2025 (current projection): Employees earning \$165,000+. Impact: Approximately 410 classifications and 2,235 Members, now encompassing Senior Analysts and Manager-level staff.

While IRMAA is based on total taxable income, including sources beyond salary, the salary-only analysis indicates that regular compensation growth alone has significantly increased the number of LACERS Members subject to IRMAA. This trend suggests continued expansion of the affected population absent policy or structural changes.

Costs of Medicare Plans

LACERS engaged its Health Consultant, Keenan & Associates, to evaluate the relative cost of Medicare coverage compared to LACERS’ Medicare plan premiums. Keenan conducted a premium analysis across all Medicare plans for both Retiree-Only and Retiree-Plus-One tiers, adjusting each plan for the estimated Medicare cost. Combination rates that include both Medicare and non-Medicare Members were excluded from the review.

The analysis indicates that the total estimated cost of coverage for Retiree-Only and Retiree-Plus-One, which covers approximately 10,165 Members, is \$19.6 million per month. Of this amount, the Centers for Medicare and Medicaid Services (CMS) is estimated to pay \$15.0 million on behalf of LACERS Retired Members. This reflects an approximate 77% cost offset attributable to CMS. Consequently, LACERS’ Medicare plan premiums account for only 23% of the total Medicare cost, underscoring the significant financial advantage of Medicare enrollment within the LACERS health program.

Cost Study Results

On June 13, 2023, an actuarial cost study for the reimbursement of the basic Part B premium and IRMAA was conducted and presented to the Board. The actuarial cost study parameters were to provide the cost of providing the basic Part B premium reimbursement to Retirees with Part B-only coverage, and the cost of providing reimbursement for each of the five IRMAA bracket levels based on LACERS’ census data as of the valuation ending June 30, 2022.

The study used the Members’ retirement income from LACERS’ defined benefit plan, as opposed to the Members’ Modified Adjusted Gross Income (MAGI), since LACERS does not have access to Retired Members’ MAGI.

The costs of adding the reimbursements are described in the following table.

June 2023 Actuarial Cost Study for Part B-Only Reimbursement and IRMAA

Type of Reimbursement	Estimated Cost
IRMAA only	\$54.2 million increase in the Unfunded Actuarial Accrued Liability (UAAL) and \$5.8 million increase in the Actuarially Determined Contribution (ADC)

Part B-Only Member* reimbursement	\$36.6 million in UAAL and \$3.1 increase in ADC
Combined IRMAA and Part-B only	\$90.8 million in UAAL and \$8.9 million increase in ADC

*Members employed prior to April 1, 1986.

Conclusion

The research confirms that other systems reimbursing IRMAA did so under existing statutory authority and did not conduct cost studies. IRMAA costs have increased substantially since 2007 and are projected to continue rising at rates that exceed LACERS' COLA provisions. Actuarial analysis indicates that expanding reimbursement to include IRMAA and/or Part B-only coverage would materially increase both UAAL and ADC.

Additional information about IRMAA that were previously presented to the Board can be found in the following reports:

1. June 13, 2023 – Board Administration Item X - B – Presentation of the Cost of Medicare Part B Premium and Income-Related Adjustment Amount:
https://www.lacERS.org/sites/main/files/file-attachments/board_agenda_combined_63.pdf?1686248657
2. September 26, 2023 – Board of Administration Report Item VIII – D IRMAA and Medicare Part B Only Reimbursement Member Feedback:
https://www.lacERS.org/sites/main/files/file-attachments/board_agenda_09.26.23_-_combined.pdf?1695316403
3. December 9, 2025 – Benefits Administration Committee Report Item III Historical Overview of the Medicare Part B Reimbursement Program and IRMAA
https://www.lacERS.org/sites/main/files/file-attachments/bac_agenda_20251209_combined.pdf?1764872440

Prepared By: James Kawashima, Senior Benefits Analyst II, and Karen Freire, Chief Benefits Analyst, Health, Wellness, and Buyback Division

TB/DWN/KF/jk

Attachment: Keenan Report - 2026 Healthcare Plan, Medicare versus Non-Medicare Comparative Analysis



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

BAC Meeting: 03/10/26
Item: III
Attachment: 1



LACERS

Benefits Administration Committee

2026 Healthcare Plan Medicare vs. Non-Medicare Comparative Analysis

March 10, 2026

Presented by: Bordan Darm, Vice President

LACERS Medicare vs. Non-Medicare Comparative Analysis

LACERS' retirees undergo an adjustment when they move from commercial / under 65 (U65) coverage to Medicare coverage

- Once eligible for coverage, retirees must:
 - Enroll with Medicare (timely to avoid penalties)
 - Pay for Medicare Part B basic (\$202.90 monthly in 2026)
 - Choose a LACERS' sponsored Medicare health plan
- Additional requirements:
 - Members who are assessed Income-Related Adjustment Amount (IRMAA) for Medicare Part B and Medicare Part D must pay for the additional assessment to remain in LACERS plans.
 - Members who were employed on or after April 1, 1986 will include Medicare Part A and Members who were employed prior will only receive Medicare Part B, unless enrolled with a spouse with Medicare Part A. LACERS provides for Medicare Part A equivalent under the commercial plans approved by Medicare.
- Many of the LACERS' sponsored Medicare health plans offer enhanced benefits that are not available to LACERS' retirees under the commercial U65 coverage.
- Differences in cost and plan design create disparity between LACERS' coverage for U65 retirees and Medicare retirees.

This report is illustrative and contains general Medicare plan information that may not be included in LACERS plan. It outlines the differential in pricing

Key Observations

- **Medicare Advantage and Supplement Plans:** MA, MAPD, and Supplement plans have the most comprehensive benefits covering 75% to nearly 100% of the plan cost
- **Medicare vs Non-Medicare Estimated Values:** Medicare plans are slightly richer than Non-Medicare plans (~10%+)
- **Medicare vs Non-Medicare Rates:** Once the CMS reimbursement component is factored in (adjusted for star rating differentials), Medicare and Non-Medicare rates are generally comparable with the Non-Medicare rates slightly higher
 - The higher rates may be attributed to CMS utilizing Medicare pricing compared to the commercial carriers' provider discounting contracts
- **Variable Costs:** Once a retiree is Medicare eligible, there are additional cost for retirees such as Part B basic premium (which is indexed from income 2 years prior, IRMAA), Part D costs and premium cost for retirees with less than 13-20 years of service credits (depending on the plan enrolled).



Estimated Value of Commercial (U65) and Medicare Coverage

Estimated Value of Medicare Coverage

Coverage Type	Estimated Value	Evidence Basis	Notes
Medicare Part A	≈65–70%	Cost-sharing structure with large deductibles & coinsurance	
Medicare Part B	≈80%	Statutory 80/20 coinsurance after deductible	Clear and consistent
Medicare Advantage (Part C)	≈75–95%+	Must cover Parts A & B; Maximum Out-of-Pocket (MOOP)	Often richer coverage than Medicare Part A & B
Medigap Supplements	≈90–100%	Covers the 20% coinsurance and most gaps in Parts A & B	Boosts estimated value for Medicare Part A & B coverage; minimizes out-of-pocket costs

The value of each plan is based on a tier reference (Bronze 60%, Silver 70%, Gold 80%, and Platinum 90%)

Percentages are based on the level of coverage provided by the carrier. A 90% means the individual will need to pay 10% of cost

Medicare Coverage – Part A

Medicare Part A

- Medicare Part A (hospital insurance) does not have an officially published actuarial value like ACA marketplace plans. However, its cost-sharing structure allows us to be characterized as:
- Part A has large deductibles and per-period coinsurance (e.g., \$1,736 deductible¹ and daily coinsurance beginning on day 61 of a stay for 2026).
- Despite high deductibles, it covers the majority of inpatient hospital costs once those cost-sharing thresholds are met.
- Part A's estimated value is moderate, typically in the mid-60% to low-70% range, because beneficiaries still face significant exposure via deductibles and coinsurance.

Part A Benefit Features	2026 Amount	Details / Conditions
Inpatient (IP) hospital deductible ¹	\$1,736	Applies to the first 60 days
Daily IP hospital coinsurance (days 61–90)	\$434 per day	Applies after the 60-day deductible
Daily hospital coinsurance (lifetime reserve days, days 91–150)	\$868 per day	Up to 60 lifetime reserve days; afterwards, patient pays all costs.
Skilled Nursing Facility (SNF) coinsurance (days 21–100)	\$217 per day	\$0 cost for First 20 days, after qualifying 3-day IP stay.

¹ These deductibles are general deductibles and are not applicable to the LACERS plan

Medicare Coverage – Part B

Medicare Part B

- Medicare doesn't publish a formal actuarial value for Part B,
- Its statutory cost-sharing makes the estimated value clear:
 - After meeting the deductible,
 - Medicare Part B pays 80% of Medicare-approved charges
 - The beneficiary pays 20% of Medicare-approved charges
 - Part B effectively has an estimated value of ~80%

Part B Benefit Features	2026 Amount	Details / Conditions
Annual Deductible	\$283 ¹	Must be paid before benefits are covered
Coinsurance	Beneficiary pays 20% ²	After deductible
Covered Services: Physician visits, outpatient hospital, durable medical equipment, preventive care, lab tests	Medicare Pays 80%	After deductible

¹ Only applicable to LACERS Medicare Supplement Plan

² This is for general benefits, the 20% is not paid by Members in LACERS Plan

Medicare Coverage – Medigap Supplement

Medigap Supplement Plans

- Medigap plans are standardized and significantly increase the estimated value by filling Medicare’s deductibles and coinsurance.
- Medigap plans are designed specifically to cover the 20% coinsurance from Part B, Part A deductibles, and other gaps.
- Some Medigap plans (e.g., Plan G, Plan N) cover nearly all patient cost-sharing.
- Medigap plans typically bring the estimated value to 90–100%, depending on the plan:
 - Plan G: nearly 100% estimated value except for the Part B deductible.
 - Plan N: slightly lower estimated value because of copays but still ~90–95%+ effective coverage.

Medigap Supplement Benefit Features	Details / Conditions
Standardized nationwide	Benefits identical across insurers for each plan letter (A–N).
Covers costs Original Medicare doesn't	Helps pay deductibles, coinsurance, copayments.
Guaranteed renewable	As long as premiums are paid, coverage continues annually.
Foreign travel emergency	Many plans cover 80% of approved emergency costs abroad.

Medicare Advantage (MA) Coverage – Part C

Benefit Feature	2026 Details
Basic Coverage Requirement	Must cover all services provided under Medicare Part A and Part B.
Prescription Drug Coverage (Part D)	Most MA plans include integrated drug coverage (MA-PD).
Extra Supplemental Benefits	Most plans offer vision, dental, and hearing benefits ; some provide OTC allowances, transportation, meals, and remote access technology. <u>Please note:</u> These are all generic and not all applicable to LACERS' Plans. For example, only LACERS Anthem Preferred PPO offers OTC allowance.
Out-of-Pocket Maximum (MOOP)	Mandatory annual limit on out-of-pocket costs for Part A/B services; typical 2026 range: \$3,000–\$9,200 for in-network services.
Cost-Sharing	Plans may apply copays and coinsurance , such as \$20 primary care visit or 20% coinsurance for hospital stays (varies by plan).
Plan Types Available	LACERS currently offers HMO and PPO plans . Other Medicare plans types are available outside of LACERS, such as PFFS (Private Fee-for-Service) and SNP (Special Needs Plans)

Additional 2026 Enhancements

New **supplemental benefit expansions** focused on preventive care.

- Most MA plan designs have an estimated value between 75%–97% dependent on benefits
- CMS does not publish an explicit actuarial value for MA plans

Medicare Prescription Drug Coverage - Part D

Medicare Part D – Prescription Drug Coverage

1. **Annual Out-of-Pocket Maximum (OOP):** \$2,100 on all prescription drug spending. After OOP plan pays 100% of drug costs for the year.
2. **Annual Part D Deductible:** Maximum \$615 deductible for 2026 (plans may charge less). Annual Part D deductible is not applicable to LACERS.
3. **Coverage gap (doughnut-hole) eliminated in 2025:** Plans must provide consistent cost-sharing throughout the year.
4. **Prescription Payment Plan (Monthly Smoothing):** Enrollees may spread out-of-pocket drug costs over the year in predictable monthly payments rather than paying full costs upfront. Does not reduce total cost but improves affordability and cash-flow.
5. **Free Recommended Vaccines:** All ACIP-recommended vaccines are free under Part D: no deductible, no copayment, and no coinsurance.
6. **Manufacturer Price Discounts / Drug Price Negotiation for 2026:** includes Medicare drug price negotiation, leading to reduced prices for certain high-cost drugs. Manufacturer discount programs that reduce beneficiary costs earlier in the year.
7. **Standard Cost-Sharing Structure (After Deductible):** Exact copays/coinsurance can vary by plan:
 - Typically includes tier-based copays or coinsurance (e.g., low copays for generics, higher for specialty drugs)
 - Members progress through a) Deductible, b) Initial coverage (copays/coinsurance), and c) Catastrophic coverage (\$2,100 OOP cap)
8. **Coverage Options:** Part D coverage is available in two ways:
 - Stand-alone Prescription Drug Plan (PDP) – used with Medicare PART A & B.
 - Medicare Advantage with drug coverage (MA-PD) – integrated medical + drug coverage.



Benefit Design and Estimated Values

Estimated Value of LACERS' Benefit Plans

Commercial (U65) Plans

- LACERS offers three plans to retirees under age 65; 1) Anthem PPO, 2) Anthem HMO, and 3) Kaiser HMO.

Medicare Plans

- LACERS offers four carriers and seven plans to eligible retirees (1 Medicare Supplement plan and 5 Medicare Advantage plans)

Estimated Values

- Based on the benefit design information shown in the chart, Keenan estimated the value of each plan based on the tier reference (Bronze 60%, Silver 70%, Gold 80%, and Platinum 90%)
- Percentages are based on the level of coverage provided by the carrier. A 90% means the individual will need to pay 10% of cost
- The U65 plans scored in a range from 78% to 92%, while the Medicare plans scored in a value range from 85% to 99%.

LACERS	Anthem (U65)	Anthem (U65)	Kaiser (U65)	Anthem	Anthem	Kaiser	SCAN	UHC
In-Network Benefits	PPO	HMO	HMO	Medicare Advantage PPO	Medicare Supplement	Senior Advantage HMO	Medicare Advantage HMO	Medicare Advantage HMO
Estimated Value	≈ 78%–80%	≈ 88%–92%	≈ 88%–91%	≈ 94–99%	≈ 92–97%	≈ 90%–95%	≈ 89%–93%	≈ 85%–90%
Note: Medicare Plans include Medicare Coverage	Upper Silver, Low Gold	Upper Gold, Low Platinum	Upper Gold, Low Platinum	Platinum Range	Middle Platinum	Middle to Low Platinum	Upper Gold, Low Platinum	Upper Gold, Low Platinum
Calendar Year Deductible								
Individual	\$750	\$0	\$0	\$0	\$283	\$0	\$0	\$0
Family	\$1,500	\$0	\$0	\$0	Not applicable	\$0	\$0	\$0
Aggregate / Embedded	Embedded	Aggregate	Aggregate	Aggregate	Embedded	Aggregate	Aggregate	Aggregate
Coinsurance	90%	100%	100%	100%	20% Anthem 80% Medicare	100%	100%	100%
Annual Out-of-Pocket Maximum					Deductible Excluded			
Individual	\$5,000	\$500	\$500	\$0	Not applicable	\$500	\$3,400	\$6,700
Family	Not applicable	\$1,500	\$1,500	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Aggregate / Embedded	Embedded	Aggregate	Aggregate	Aggregate	Embedded	Embedded	Embedded	Embedded
Office Visit	Before Deductible				After Deductible			
Primary Care Physician	\$20	\$20	\$20	\$0	20%/80%	\$15	\$10	\$15
Specialist	\$20	\$20	\$20	\$0	20%/80%	\$15	\$10	\$15
Urgent Care	\$20	\$20	\$20	\$0	20%/80%	\$15	\$10	\$15
Emergency Room	Deductible and Coinsurance	\$100	\$100	\$0	20%/80%	\$50	\$50	\$50
Prescription Drug								
Generic	\$10	\$10	\$15	\$0-\$5	\$0-\$5	\$15	\$5-\$10	\$10
Brand-Formulary	\$30	\$30	\$35	\$25	\$25	\$15	\$20	\$20
Brand Non-Formulary	\$50	\$50	Not Applicable	\$50	\$50	Not Applicable	\$20	\$50

Premium Comparison Adjusted for Medicare (CMS) Payments

- Keenan conducted a monthly premium comparison by plan for both the Retiree only and Retiree + 1 dependent tiers. Medicare plans were adjusted for the estimated cost of Medicare for each plan. Combination rates involving U65 (U) and Medicare (M) members were not evaluated.
- When viewed with the CMS values, the premiums between U65 and Medicare eligible retirees are more in line.
- Notable difference is Medicare rates are non-negotiable compared to Commercial rates are subject to provider negotiations.
- Please note: Amounts shown were calculated based on the 2026 averages for California adjusted for star ratings and other factors. Actual data is confidential and proprietary to each carrier.

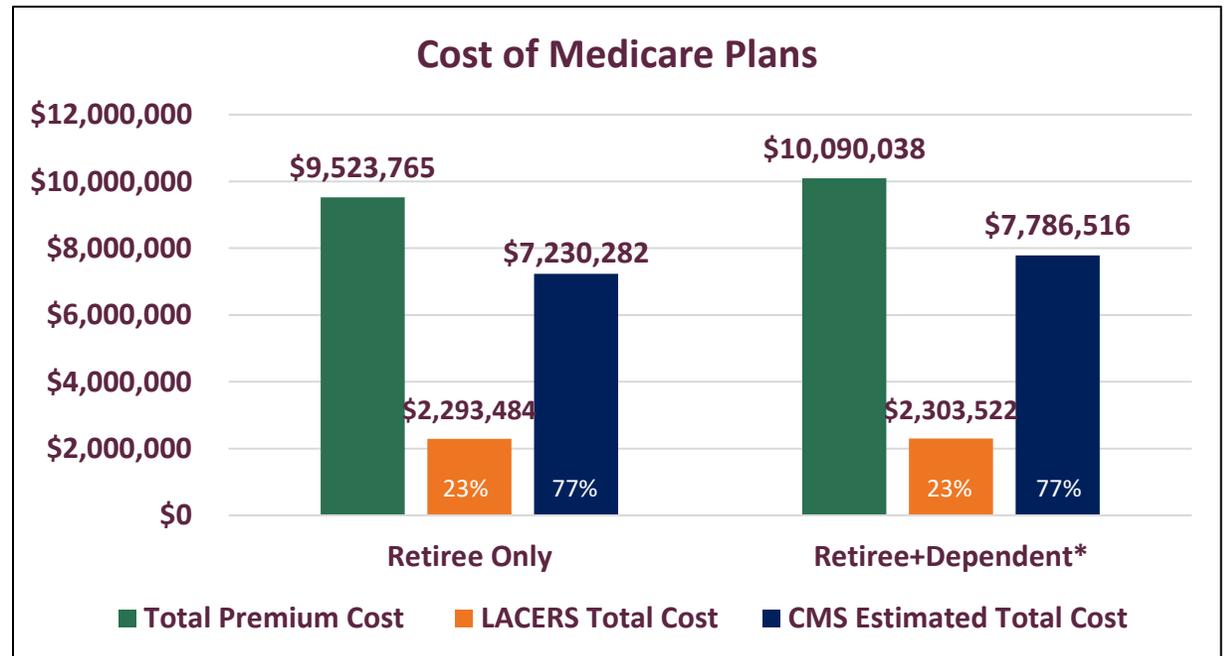
LACERS Premium Comparison Adjusted for Medicare Coverage	< age 65 or with Medicare Part B only			w/ Medicare Part A & B						
	Anthem PPO (US)	Kaiser HMO	Anthem HMO	Anthem PPO Medicare Advantage	Anthem Medicare Supplement Plan	Kaiser HMO Senior Advantage	SCAN HMO Medicare Advantage	UHC CA HMO Medicare Advantage	UHC AZ HMO Medicare Advantage	UHC NV HMO Medicare Advantage
Estimated Value	≈ 78%–80%	≈ 88%–92%	≈ 88%–91%	≈ 94–99%	≈ 92–97%	≈ 90%–95%	≈ 89%–93%	≈ 85%–90%	≈ 85%–90%	≈ 85%–90%
Retiree Only	U	U	U	M	M	M	M	M	M	M
Monthly Premiums	\$ 1,874.52	\$ 1,161.91	\$ 1,496.99	\$ 440.13	\$ 633.04	\$ 263.98	\$ 226.93	\$ 364.61	\$ 397.08	\$ 297.40
CMS Estimated Value	\$ -	\$ -	\$ -	\$ 1,092.96	\$ 923.33	\$ 1,103.52	\$ 1,103.52	\$ 1,087.68	\$ 1,087.68	\$ 1,087.68
Total Value	\$ 1,874.52	\$ 1,161.91	\$ 1,496.99	\$ 1,533.09	\$ 1,556.37	\$ 1,367.50	\$ 1,330.45	\$ 1,452.29	\$ 1,484.76	\$ 1,385.08
Retiree +1 Dependent	UU	UU	UU	MM	MM	MM	MM	MM	MM	MM
Monthly Premiums	\$ 3,744.01	\$ 2,323.82	\$ 2,988.95	\$ 875.23	\$ 1,261.13	\$ 527.96	\$ 448.83	\$ 724.19	\$ 789.13	\$ 589.77
CMS Estimated Value	\$ -	\$ -	\$ -	\$ 2,185.92	\$ 1,846.66	\$ 2,207.04	\$ 2,207.04	\$ 2,175.36	\$ 2,175.36	\$ 2,175.36
Total Value	\$ 3,744.01	\$ 2,323.82	\$ 2,988.95	\$ 3,061.15	\$ 3,107.79	\$ 2,735.00	\$ 2,655.87	\$ 2,899.55	\$ 2,964.49	\$ 2,765.13

Costs of Medicare Plans

- Keenan conducted a premium analysis across all Medicare plans for both Retiree Only and Retiree Plus One tiers, adjusting each plan for the estimated Medicare cost. Combination rates include both Medicare and non-Medicare members were excluded from the review*.
- Total estimated cost of coverage for retirees and dependents is \$19.6 million. Centers for Medicare and Medicaid Services (CMS) is estimated to pay \$15.0 million on behalf of 10,165 LACERS members or approximate 77% cost offset attributable to CMS. Consequently, LACERS' Medicare plan premiums represent only 23% of the total Medicare cost, a significant financial advantage of Medicare enrollment in LACERS' health program.

** Population in this analysis does not include 1,582 Survivors, 618 Retirees in Dual-care plan, and 127 Retirees with more than one dependent*

	Retiree Only	Retiree + Dependent*	Total
Total Premium Cost	\$9,523,765	\$10,090,038	\$19,613,804
LACERS Total Cost	\$2,293,484	\$2,303,522	\$4,597,006
CMS Est Total Cost	\$7,230,282	\$7,786,516	\$15,016,798
Total Est Savings	\$7,230,282	\$7,786,516	\$15,016,798



CMS Required Monthly Premium for Parts A, B, and D

CMS (Medicare) Premium requirements

- If retirees register timely for Part A, no premiums are required (otherwise penalties may apply)
- 2026 Part B Basic premium is \$202.90 for all individuals
- If an individual has an adjusted gross income greater than \$109,000, IRMAA applies (additional premiums are required for Parts B and D)
- Relief for retirees with low adjusted gross income is available through a variety of programs.

Modified Adjusted Gross Income for Retirees Filing Federal Tax Returns*				Part B Basic Premium	Part B IRMAA** Premium	Part D IRMAA Premium	Total CMS Monthly Premium
Individual/Separate Tax Return		Joint Tax Return					
\$ Range >:	\$ Range to <=:	\$ Range >:	\$ Range to <=:				
\$ -	\$ 109,000	\$ -	\$ 218,000	\$202.90	\$0.00	\$0.00	\$202.90
\$ 109,000	\$ 137,000	\$ 218,000	\$ 274,000	\$202.90	\$81.20	\$14.50	\$298.60
\$ 137,000	\$ 171,000	\$ 274,000	\$ 342,000	\$202.90	\$202.90	\$37.50	\$443.30
\$ 171,000	\$ 205,000	\$ 342,000	\$ 410,000	\$202.90	\$324.60	\$60.40	\$587.90
\$ 205,000	\$ 500,000	\$ 410,000	\$ 750,000	\$202.90	\$446.30	\$83.30	\$732.50
\$ 500,000	> \$500,000	\$ 750,000	>\$750,000	\$202.90	\$487.00	\$91.00	\$780.90

* Two-year lag on tax filing (2024 basis for 2026 Part B Cost), ** IRMAA - Income-related monthly adjustment amount

General Assumptions

- Analysis is based on most common enrollment for Retiree only and Retiree + Dependent tiers (UU and MM only, UM or MU were not analyzed)
- Additionally, 3-party tiers (family) and survivor coverage were not analyzed
- CMS data is based on 2025 average CMS reporting adjusted by 5.6% indexed for 2026 (source: CMS), plan design, and geographic factors.

Next Steps

- Should LACERS want to model any cost disparities or aggregated cost impacts LACERS will need to provide a census including:
 - Retiree tenure
 - Benefit level identifier (Tier 1 or 3, survivor benefits, etc.)
 - Dependent tier election (U, UU, UUU, M, MM, MMM, or any combination)
 - Coverage elected
 - Current medical and dental subsidies



Appendix

Los Angeles City Employees' Retirement System (LACERS) Estimated Medicare Cost Analysis

Retiree Only * Premium Type	Anthem Adv PPO	Anthem Supplement	Kaiser Adv HMO	SCAN Adv HMO	UHC Adv HMO - CA	UHC Adv HMO- AZ	UHC Adv HMO - NV
LACERS Premiums	\$440.13	\$633.04	\$263.98	\$226.93	\$364.61	\$397.08	\$297.40
CMS Estimated	\$1,092.96	\$923.33	\$1,103.52	\$1,103.52	\$1,087.68	\$1,087.68	\$1,087.68
Total Value	\$1,533.09	\$1,556.37	\$1,367.50	\$1,330.45	\$1,452.29	\$1,484.76	\$1,385.08
Retiree 1 Party	2,647	185	3,311	228	183	19	38
Total Cost	\$4,058,089.23	\$287,928.45	\$4,527,792.50	\$303,342.60	\$265,769.07	\$28,210.44	\$52,633.04
LACERS Cost	\$1,165,024.11	\$117,112.40	\$874,037.78	\$51,740.04	\$66,723.63	\$7,544.52	\$11,301.20
CMS Estimated Cost	\$2,893,065.12	\$170,816.05	\$3,653,754.72	\$251,602.56	\$199,045.44	\$20,665.92	\$41,331.84
Estimated Savings	\$2,893,065.12	\$170,816.05	\$3,653,754.72	\$251,602.56	\$199,045.44	\$20,665.92	\$41,331.84

Total Cost \$9,523,765.33
LACERS Total Cost \$2,293,483.68
CMS Estimated Total Cost \$7,230,281.65
Total Estimated Savings \$7,230,281.65

Retiree + Dependent* Premium Type	Anthem Adv PPO	Anthem Supplement	Kaiser Adv HMO	SCAN Adv HMO	UHC Adv HMO - CA	UHC Adv HMO- AZ	UHC Adv HMO - NV
LACERS Premiums	\$875.23	\$1,261.13	\$527.96	\$448.83	\$724.19	\$789.13	\$589.77
CMS Estimated	\$2,185.92	\$1,846.66	\$2,207.04	\$2,207.04	\$2,175.36	\$2,175.36	\$2,175.36
Total Value	\$3,061.15	\$3,107.79	\$2,735.00	\$2,655.87	\$2,899.55	\$2,964.49	\$2,765.13
Retiree 2 Party	985	83	2,087	191	163	23	22
Total Cost	\$3,015,232.75	\$257,946.57	\$5,707,945.00	\$507,271.17	\$472,626.65	\$68,183.27	\$60,832.86
LACERS Cost	\$862,101.55	\$104,673.79	\$1,101,852.52	\$85,726.53	\$118,042.97	\$18,149.99	\$12,974.94
CMS Estimated Cost	\$2,153,131.20	\$153,272.78	\$4,606,092.48	\$421,544.64	\$354,583.68	\$50,033.28	\$47,857.92
Estimated Savings	\$2,153,131.20	\$153,272.78	\$4,606,092.48	\$421,544.64	\$354,583.68	\$50,033.28	\$47,857.92

Total Cost \$10,090,038.27
LACERS Total Cost \$2,303,522.29
CMS Estimated Total Cost \$7,786,515.98
Total Estimated Savings \$7,786,515.98

**Total Cost for Retiree-Only and
 Retiree-plus-dependent =** \$19,613,803.60
Total Estimated Savings = \$15,016,797.63

* Population in this analysis does not include 1,582 Survivors, 618 Retirees in a Dual-care plan, and 127 Retirees with more than one dependent



REPORT TO BOARD OF ADMINISTRATION

From: Todd Bouey, General Manager

MEETING: MARCH 24, 2026

ITEM: VI – E

SUBJECT: PRELIMINARY PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2026-27 AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Provide input to the Preliminary Proposed Budget for Fiscal Year 2026-27;
2. Instruct staff to submit the Proposed Budget schedules to the City Administrative Officer and the Mayor’s Office for inclusion in the Mayor’s 2026-27 Proposed Budget; and,
3. Authorize the General Manager to make technical corrections to the Proposed Budget schedules as necessary.

Executive Summary

The Department’s Preliminary Budget is provided to the Board in March for discussion of the annual business plan for the coming fiscal year and the resources requested to maintain operations and carry out these projects. Input from the Board is incorporated into the final Proposed Budget and presented to the Board for adoption in May. This Preliminary Proposed Budget continues to invest in the department’s key priorities to improve the Member experience, strengthen fiscal resiliency, and develop and sustain a high-performing workforce.

The Preliminary Proposed Budget for Administrative Expenses reflects obligatory increases in Personnel Services from labor negotiations and related costs, with significant increases in the Information Technology and Office Expenses categories, largely driven by the upcoming website renewal request for proposal with accessibility upgrades under Web Content Accessibility Guidelines (WCAG) 2.1AA standards, and increased fiduciary insurance coverage.

Transmitted herein are the Fiscal Year 2026-27 (FY27) Performance Budget Report and budget schedules that will be submitted for incorporation in the Mayor’s Proposed Budget. The Budget Schedules include LACERS’ Statement of Receipts and Expenditures and schedules detailing the City Contribution, Investment Management Fee Expense, Administrative Expense, 115 Trust Expense, and Regular Position Authorities for FY27. A summary of changes in these budget areas is reflected in the following table.

	FY27	FY26	\$ change	% change
City Contribution	\$ 890,533,618*	\$ 831,266,249	\$ 59,267,369	7.1
Investment Management Fee & Expense	\$ 173,621,030	\$ 157,178,340	\$ 16,442,690	10.5
Administrative Expense	\$ 54,321,714	\$ 51,939,680	\$ 2,382,034	4.6
Regular Position Authorities	199	195	-	2.0

An Asterisk (*) denotes estimated amount.

Discussion

A detailed discussion of the Preliminary Proposed Budget is provided in the attached Performance Budget Report. Below are key highlights of the report.

City Contribution

The FY27 City Contribution is estimated at \$890.5 million or approximately \$59.3 million more than last year's contribution (\$831.3 million), using the City's FY26 budgeted adopted salaries and after accounting for the estimated true-up. The current calculated true-up adjustment is just an estimate due to timing factors. Additionally, with elections occurring this year, the Limited Term Retirement Plan (LTRP) contribution amount is based on current enrollment, and midyear adjustments may be required if LTRP enrollment increases. The final proposed budget in May will reflect the salaries from the Mayor's Proposed Budget and the proper true-up adjustment amount. Further discussion of the City contribution is found on pages 25 and 26 of Attachment 1 and is summarized below. Final City Contributions will be calculated once the City has adopted its FY27 budget.

	FY27	FY26	\$ change	% change
Tier 1 (33.63% for FY27)	\$ 565,377,454	\$ 535,535,335	\$ 29,842,119	5.6
Tier 3 (29.50% for FY27)	344,748,405	330,750,403	13,998,002	4.2
True-up Adjustment	(21,311,241)	(36,516,489)	15,205,248	(41.6)
Family Death Benefit Plan	30,000	37,000	(7,000)	(18.9)
Excess Benefit Plan	1,608,000	1,368,000	240,000	17.5
Limited Term Retirement Plan	81,000	92,000	(11,000)	(12.0)
Total City Contributions	\$ 890,533,618*	\$ 831,266,249	\$ 59,267,369	7.1

An Asterisk (*) denotes estimated amount.

Administrative Expense Budget

The Administrative Expense Budget of \$54.3 million is \$2.4 million, or 4.6% higher than the Fiscal Year 2025-26 (FY26) Adopted Budget and includes obligatory costs totaling approximately \$3.5 million, which primarily consists of increases to employee salaries and benefits. These obligatory costs are partially offset by the

elimination of one-time funding and efficiencies to services, including 5% salary savings totaling approximately \$1.1 million in reductions.

Further discussion of the Administrative Expense Budget is found on pages 3 through 8 of Attachment 1 and is summarized below.

	FY27	FY26	\$ change	% change
Personnel Services	\$ 42,050,094	\$ 40,472,821	\$ 1,577,273	3.9
Professional Services	7,516,412	7,177,350	339,062	4.7
Information Technology	2,775,822	2,481,074	294,748	11.9
Education/Training/Travel	395,260	377,285	17,975	4.8
Office Expenses	1,584,126	1,431,150	152,976	10.7
Total Administrative Expense	\$ 54,321,714	\$ 51,939,680	\$ 2,382,034	4.6

- Proposed salaries of \$29.2 million include a \$1.4 million or 5% increase from FY26 in part due to labor union negotiations that include cost-of-living (COLA) adjustments, increased leave payouts, and increased bilingual bonuses for most bargaining units. A proposed 5% salary savings provides an offset of -\$1.4 million. In addition, one new regular position and three regularized substitute authority positions are requested for FY27, increasing the personnel authority from 195 to 199 positions. One new substitute authority position is also requested.
 - 1 new regular position and 1 new substitute authority in the Communications and Stakeholder Relations Division (CSR D)
 - 2 regularized substitute authority positions in Health, Wellness, and Buyback Division (HWABD)
 - 1 regularized substitute authority position in Systems Operations Support (SOS)
- LACERS Headquarters operating expenses are estimated at \$3.0 million, a 5% increase over the current year, driven primarily by scheduled maintenance and repairs, additional security coverage, and annual contractual adjustments. Significant capital improvements are not anticipated during the fiscal year, as most major upgrades have already been completed under the first half of the 10-year capital plan. As a result, capital expenses are proposed at \$325,000, a 32.3% decrease from the current year, reflecting completion of multiple building improvements, including the installation of the carbon monoxide monitor in the parking garage and the server room uninterruptible power supply (UPS) upgrades.
- Since the current LACERS website was built in 2020, and with the upcoming requirement to meet WCAG 2.1 AA accessibility standards, this is an ideal time for LACERS to pursue a full website redesign that is compliant, modern, and aligned with current technology standards. For FY27, a budget of \$250,000 has been requested to contract with a vendor selected through a Request for Proposal (RFP) process. During this transition, the existing website contract has been extended for an additional year to ensure continuity of service.

- Insurance costs have increased by 212% due to expanded coverage. Fiduciary insurance increased by \$255,000 to secure both Full Fiduciary and Side A coverage. Together, this approach ensures that the Plan remains resilient and positioned to navigate future uncertainties with confidence.
- Recently, many software vendors have shifted from perpetual licensing models to subscription-based licenses. After its most recent acquisition, licensing costs for the server virtualization and cloud infrastructure platform increased significantly, resulting in a 705% increase from \$11,800 to \$95,000. Furthermore, additional licenses for Adobe Acrobat are being requested to ensure that content creators across the organization will be able to produce ADA-compliant web content, and enhanced Box licenses are being requested to enable all staff in the organization to access its AI capabilities so they can utilize these tools in their daily work and allow office-wide AI-driven workflows and document management.

Position Change Summary

	2025-26 Adopted Budget	Proposed Changes			2026-27 Proposed Budget	2025-26 Proposed Substitute Authorities		
	Regular Authorities	Add/Delete	Regularize Substitute Authorities	New	Regular Authorities	Cont.	New	Total
TOTAL	195	1	3	0	199	30	1	31

*FY26: Currently 28 vacant positions. (26 regular and 2 substitute authority positions).

Supported by the aforementioned funding and positions, the LACERS FY27 Business Plan includes continuing Business Plan Initiatives for Governance, Business Continuity Plan (BCP), LACERS Artificial Intelligence Enablement, Information Management and Workflow Redesign, and two new initiatives, Open Enrollment System (OES), and New Employee Orientation Integration (NEOI).

Investment Management Fees and Expenses

The FY27 Investment Management Fees and Expenses are estimated at \$173.6 million, \$16.4 million more than the FY26 Adopted Budget and \$17.0 million more than anticipated FY26 expenses. Estimated fees are based on anticipated investment portfolio growth and additional fund commitments expected to be made during FY27 to the Private Credit, Private Equity and Real Estate, Fixed Income and Equity, and the new Infrastructure Managers asset classes. Further discussion of the Investment Management Fees and Expenses is found on page 27 and 28, Attachment 1 and Attachment 2 on page 6, and is summarized as follows:

- The Investment Management Fees are estimated for FY27 by projecting the future market value of portfolio assets and applying the management fee rates reflected in the contracts with individual managers.
- The Investment Management Fee and Expenses schedule reflects adjustments for timing of the investment.

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

TB/EALL/CK

Attachments:

1. LACERS Performance Budget Report for Fiscal Year 2026-27
2. Proposed Budget, Personnel, and Annual Resolutions for Fiscal Year 2026-27



FY2026-27 Performance Budget

Board Presentation of March 24, 2026



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Introduction

LACERS has approached its budget in recent years with care, mindful of the City's financial limitations. This discipline has created opportunities to implement internal improvements that enhance service delivery without significant new investments. Over the past fiscal year, LACERS launched several technological efforts to strengthen staff capabilities and improve the Member experience. Funding in the coming year will build on these efforts, focusing on data-informed results and enhanced accessibility for Members. In anticipation of the Web Content Accessibility Guidelines (WCAG) 2.1 AA compliance deadline of April 24, 2026, LACERS has begun procuring Americans with Disabilities Act (ADA) remediation services. Beyond compliance, these efforts reflect LACERS' commitment to providing equitable access and support for all Members. This also positions the organization to be well-prepared to respond to emerging operational and technological needs.

In parallel, LACERS has begun reviewing its staffing structure to identify opportunities for improved operational alignment and efficiency. Early steps include regularization of long-term substitute positions and a refinement of as-needed usage to better support operational needs. Together, these efforts modernize operations, reinforce internal strengths, and set the stage for continued excellence in service delivery.

The FY27 Business Plan reflects ongoing initiatives, including Governance to implement new policies recommended by the Management Audit; Artificial Intelligence (AI) Enablement to create a unified framework, leveraged by Gen AI tools, to manage and access information; LACERS Business Continuity Plan, to evaluate the resilience of LACERS' disaster plans; and Information Management and Workflow Redesign to reevaluate and optimize benefit workflows.

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

	FY27	FY26	CHANGE	% CHANGE
City Contribution	\$ 890,533,618	\$ 831,266,249	\$ 59,267,369	7.1
Investment Management Fees & Expenses	\$ 173,621,030	\$ 157,178,340	\$ 16,442,691	10.5
Administrative Expenses	\$ 54,321,714	\$ 51,939,680	\$ 2,382,034	4.6
Health Care Fund Administrative Expense	\$ 1,031,000	\$ 1,033,000	\$ (2,000)	(0.2)
Regular Position Authorities	199	195	4	2.0

Budget Overview

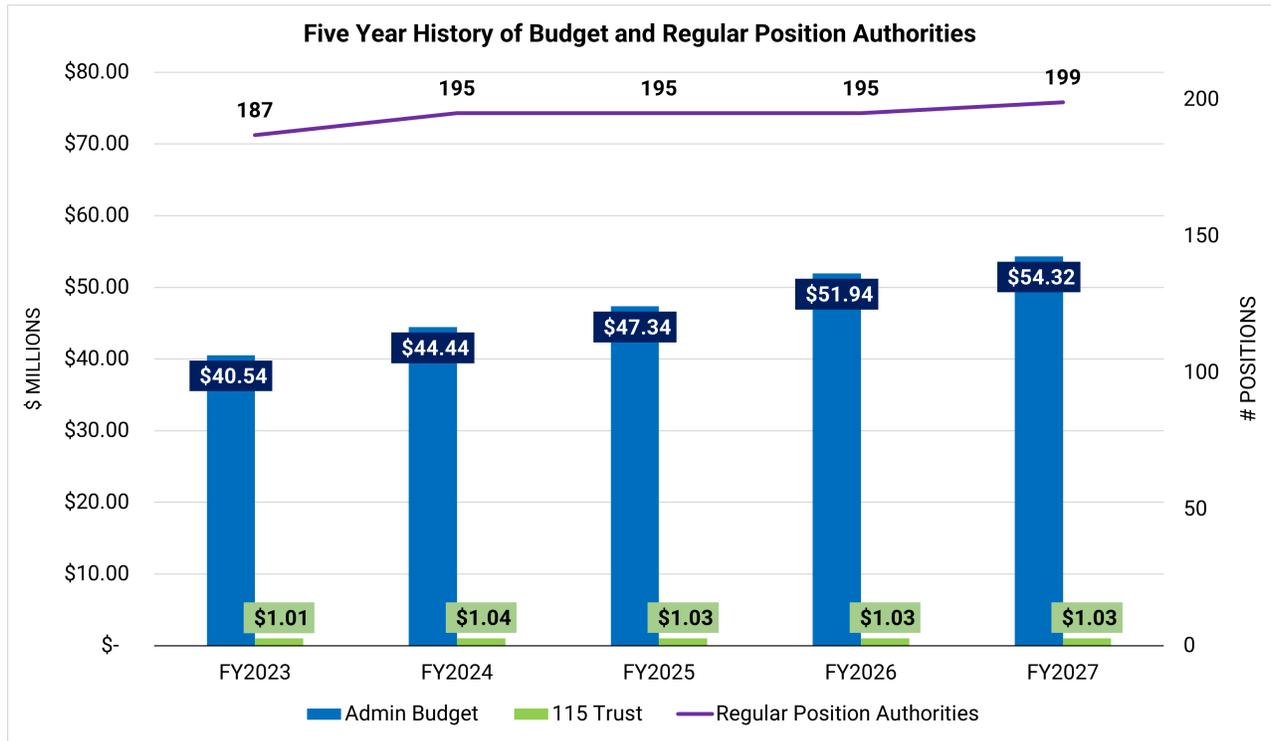
The LACERS Board approves an annual budget which estimates the cost of maintaining the Retirement System. LACERS' budget is transmitted to the Mayor for inclusion in the City's proposed budget, which is due to City Council by April 20 and finalized by June for the fiscal year beginning July 1st. The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

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

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

CITY CONTRIBUTION	=	CONTRIBUTION RATE Adopted in LACERS Valuation	x	CITY'S COVERED PAYROLL As Adopted by City Council
MEMBER CONTRIBUTIONS	=	MEMBER CONTRIBUTION RATE (Currently at 10% for Tier 1 and 11% for Tier 3)	x	MEMBER'S PENSIONABLE SALARY
INVESTMENT MANAGEMENT FEES	=	ASSET MANAGEMENT FEES Established in LACERS-Approved Investment Contracts	x	ASSUMED MARKET VALUE OF ASSETS Based on Capital Market Assumptions
ADMINISTRATIVE EXPENSE	=	OBLIGATORY CHANGES Salary Increases, Cost-of-Living Increases, Employer Retirement Contributions, Legal Fees	+	APPROVED DISCRETIONARY CHANGES New Positions, Programs & Initiatives, Service Enhancements, Salary Savings Rate
HEALTHCARE FUND ADMINISTRATIVE EXPENSE	=	OBLIGATORY CHANGES Approved Third-Party Administrator, Audit Contract Fees	+	APPROVED DISCRETIONARY CHANGES Program Enhancements
BENEFIT PAYMENTS	=	RETIREMENT AND HEALTH BENEFITS, & REFUNDS OF CONTRIBUTIONS Upon Member Request and Eligibility	+	ANNUAL RETIREE COLA, HEALTH PREMIUM SUBSIDY RATES Board Adopted and/or Per Statutes

Administrative Expense Budget

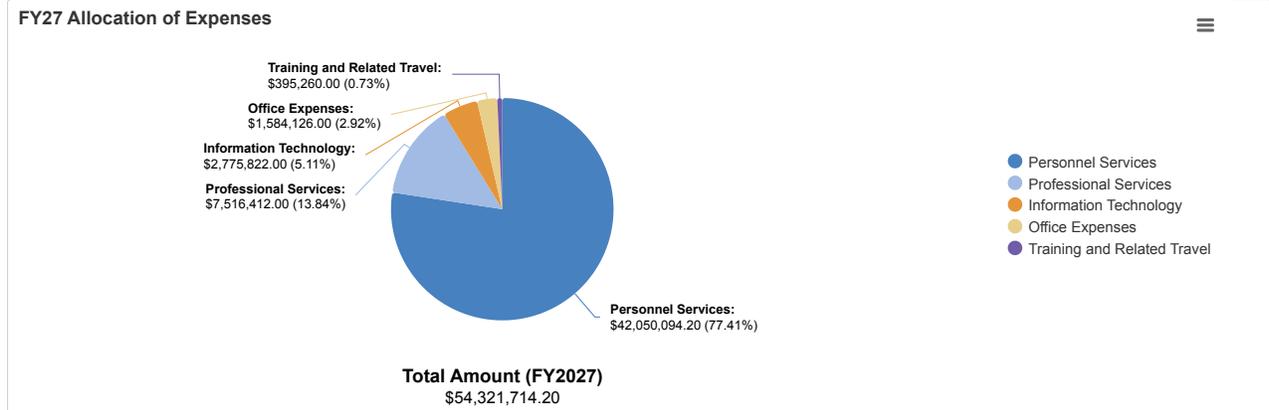


The Administrative Expense Budget of \$54.32 million reflects a net increase of \$2.38 million, or 4.6% over the FY26 base budget. Obligatory changes to the budget account for \$3.70 million in increases over the FY26 adopted budget. This includes \$0.46 million in salary rate increases and excess leave pay in the most recent employee MOUs, \$1.34 million for cost-of-living adjustments, and \$1.37 million for the restoration of salary savings. Obligatory costs are partially offset by the adoption of a 5% salary savings rate equivalent to \$1.45 million, and \$1.03 million in one-time and various expense reductions. The Budget invests \$1.04 million in core services and four ongoing Business Plan Initiatives (BPI): Governance Initiative, Business Continuity Plan, Artificial Intelligence Enablement Initiative, Information Management and Workflow Redesign Initiative, plus two new initiatives: Digital Accessibility Enhancement Initiative and New Employee Success and Integration Initiative (See 2026-27 Annual Business Plan). Additionally, the Budget dedicates \$0.31 million to enhanced services that support organizational efficiencies.

Summary of Changes

Category Item	Dollars	Positions	
		Regular	Substitute
2025-26 Adopted Budget	51,939,680	195	33
Obligatory Changes	3,507,385	-	-
Cost-of-Living Adjustment	1,338,133	-	-
Restoration of Salary Savings	1,366,107	-	-
Salary Rate Increases, Turnover, Excess Leave Pay	460,171	-	-
Part-Time Salaries	(368,019)	-	-
LACERS' Employer Share of Retirement Contributions	(193,000)	-	-
LACERS' Share of Employee Benefits	394,841	-	-
LACERS' Share of City Attorney and Outside Legal Counsel	509,152	-	-
Deletion of One-Time Funding	(844,400)	-	-
Deletion of Funding for One-Time Services, Expenses, & Equipment	(844,400)	-	-
Efficiencies to Services	(1,629,596)	-	-
Salary Savings Rate Adjustment [5%]	(1,445,291)	-	-
Expense Account Savings	(184,305)	-	-
Continuation of Services	1,035,965	-	-
Investment Program Expenses	18,461	-	-
Benefits Administration Expenses	98,950	3	(1)
General Administration & Support Expenses	918,554	1	(1)
New/Enhanced Services	312,680	-	-
ADA Website Modernization & Document Remediation	282,680	-	-
Enterprise AI Enhancement	30,000	-	-
Total Changes	2,382,034	4	(2)
2026-27 Proposed Budget	54,321,714	199	31

FY27 Allocation of Expenses



This fiscal year's budget increases in several areas, notably within the obligatory costs, driven mainly by increases in salaries and benefit costs pursuant to labor union contracts.

In the five major expense categories, Personnel Services account for 77.3% of the FY27 budget (+4% year-over-year (YOY) in total expenses). Professional Services comprise 13.8% of the budget (+5% total expense YOY) followed Information Technology at 5.1% of the budget (+12% total expense YOY), Office Expenses at 2.9% of the budget (+11% total expense YOY), and finally, Education/Training and Travel are 0.7% of the budget (+5% total expense YOY).

The Administrative Budget Detail includes the following notable items:

- Salary increases by \$1.35 million (+5% YOY) and Employee Benefits increases by \$201,841 (+2% YOY). The increase in Employee Benefits coincides with the increase in requested positions and corresponding salaries. A salary savings rate of \$1.45 million (5%) is applied to account for vacancies.
- Actuarial Services decreases by \$135,000 (-19% YOY) with the completion of the Triennial Experience Study and the Asset Liabilities Biennial Study of FDBP in FY26. The Actuarial Audit spans FY26 - FY27 with all necessary resources accounted for in the prior fiscal year, eliminating the need for FY27 funding.
- Insurance Expense increases by \$275,000 (+212% YOY) for the Fiduciary full coverage and Side A Insurance.
- Outside Computer Consulting increases by \$174,667 (+62% YOY) mainly due to the website renewal for a request for proposal and updated requirements for Web Content Accessibility Guidelines (WCAG) 2.1 AA standards.
- Furniture and Other Equipment decreases by \$52,000 (-60% YOY) since all necessary furnishings have already been completed.
- Legal Services increases by \$474,152 (+34%) mainly for City Attorney salaries and benefits, including filling the vacant Deputy City Attorney III position.
- Computer Software increases by \$140,240 (+18%) mainly for upgrades in the cloud backup and archival technology, and other computer software licenses increase.
- Computer Maintenance and Support increases by \$75,510 (+17% YOY) due to the Amazon voicemail solution implementation and the upgraded licenses for Box.com, which features access to intelligent content workflows, enhanced document security, and more Box AI capabilities.

- Computer Hardware decreases by \$115,000 (-29% YOY) with the completion of the laptop replacement program.

Additional items to note include:

The budget for the 115 Trust Administrative Expense is shown in the table following the Administrative Expense Budget. The 115 Trust Fund was established in 2018 to better manage future costs and avoid future tax consequences for LACERS' health and welfare benefits. The 115 Trust Budget pays for administrative expenses, including third-party fees charged for the administration of Self-Funded Dental and Vision benefit claims, audit fees, legal counsel costs, and the Fund's share in LACERS' overall administrative expenses. The Proposed 115 Trust Budget for direct administrative expenses of \$1,021,000 represents an increase of \$8,000 (+1% YOY).

The Administrative budget continues funding for 31 substitute authority positions. The budget funds programs currently underway, including the core programs in Benefit Administration, Investment Administration, and General Administration and Support, as well as continuing four initiatives in the FY27 Business Plan, including the Governance initiative centered on implementing new Board Administrative policies, Business Continuity Plan initiative, Artificial Intelligence Enablement initiative, and Information Management and Workflow Redesign initiative.

Detail of Administrative Expenses

FY27 Detail of Administrative Expenses

ADMINISTRATIVE EXPENSES				
	FY2026-27 Proposed Budget	FY2025-26 Adopted Budget	Budget \$ Change	Budget % Change
Expenses				
800 - CITY EMPLOYEES RETIREMENT				
Personnel Services				
601 - SALARIES	\$29,180,150	\$27,829,048	\$1,351,102	5%
602 - OVERTIME	\$510,934	\$486,604	\$24,330	5%
605 - EMPLOYEE BENEFITS	\$12,359,010	\$12,157,169	\$201,841	2%
PERSONNEL SERVICES TOTAL	\$42,050,094	\$40,472,821	\$1,577,273	4%
Professional Services				
611 - ACTUARIAL	\$582,500	\$717,500	-\$135,000	-19%
612 - AUDIT & CONSULTING CPA	\$187,500	\$187,500	\$0	0%
613 - LEGAL	\$1,865,738	\$1,391,586	\$474,152	34%
614 - DISABILITY	\$200,000	\$200,000	\$0	0%
615 - OTHER CONSULTING & PROF. SVCS	\$3,655,674	\$3,655,764	-\$90	0%
616 - BENEFIT PAYROLL PROCESSING	\$325,000	\$325,000	\$0	0%
617 - RETIRED HEALTH ADMIN. CONSULTING	\$700,000	\$700,000	\$0	0%
PROFESSIONAL SERVICES TOTAL	\$7,516,412	\$7,177,350	\$339,062	5%
Information Technology				
621 - CITY COMPUTER CENTER - ITA	\$0	\$0	\$0	-
622 - PENSION ADMINISTRATION SYSTEM	\$590,433	\$571,102	\$19,331	3%
623 - COMPUTER HARDWARE	\$283,200	\$398,200	-\$115,000	-29%
624 - COMPUTER SOFTWARE	\$913,210	\$772,970	\$140,240	18%
625 - COMPUTER MAINTENANCE & SUPPORT	\$532,299	\$456,789	\$75,510	17%
626 - OUTSIDE COMPUTER CONSULTING	\$456,680	\$282,013	\$174,667	62%
INFORMATION TECHNOLOGY TOTAL	\$2,775,822	\$2,481,074	\$294,748	12%
Training and Related Travel				
604 - EMPLOYEE DEVELOPMENT	\$131,920	\$129,920	\$2,000	2%
634 - EDUCATION & RELATED TRAVEL	\$263,340	\$247,365	\$15,975	6%
TRAINING AND RELATED TRAVEL TOTAL	\$395,260	\$377,285	\$17,975	5%
Office Expenses				
606 - TRANSPORTATION EXPENSE	\$170,500	\$170,500	\$0	0%
631 - PRINTING	\$149,000	\$144,500	\$4,500	3%
632 - POSTAGE AND MAILING	\$209,452	\$200,052	\$9,400	5%
633 - TELEPHONE & UTILITIES	\$80,100	\$80,100	\$0	0%
635 - OFFICE SPACE	\$130,000	\$126,000	\$4,000	3%
636 - OFFICE EQUIPMENT	\$60,000	\$60,000	\$0	0%

ADMINISTRATIVE EXPENSES				
	FY2026-27 Proposed Budget	FY2025-26 Adopted Budget	Budget \$ Change	Budget % Change
651 - PETTY CASH PURCHASES	\$6,000	\$6,000	\$0	0%
652 - BOARD MEMBER ELECTION COST	\$0	\$70,000	-\$70,000	-100%
653 - PURCHASE: FURNITURE, OTHER EQUIPMENT	\$35,000	\$87,000	-\$52,000	-60%
655 - OTHER OFFICE EXPENSES	\$147,980	\$165,060	-\$17,080	-10%
656 - MEMBERSHIP DUES & SUBSCRIPTIONS	\$183,094	\$183,938	-\$844	0%
658 - PROMOTIONAL SUPPLIES	\$8,000	\$8,000	\$0	0%
659 - INSURANCE EXPENSE	\$405,000	\$130,000	\$275,000	212%
657 - PRE-RETIREMENT SEMINAR	\$0	\$0	\$0	-
OFFICE EXPENSES TOTAL	\$1,584,126	\$1,431,150	\$152,976	11%
800 - CITY EMPLOYEES RETIREMENT TOTAL	\$54,321,714	\$51,939,680	\$2,382,034	5%
871 - LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM HEALTH CARE FUND				
Professional Services				
612 - AUDIT & CONSULTING CPA	\$10,000	\$10,000	\$0	0%
613 - LEGAL	\$0	\$10,000	-\$10,000	-100%
PROFESSIONAL SERVICES TOTAL	\$10,000	\$20,000	-\$10,000	-50%
Office Expenses				
655 - OTHER OFFICE EXPENSES	-	\$0	\$0	-
OFFICE EXPENSES TOTAL	-	\$0	\$0	-
Self Funded Expenses				
660 - SELF FUNDED INS ADMINISTRATIVE FEE	\$1,021,000	\$1,013,000	\$8,000	1%
SELF FUNDED EXPENSES TOTAL	\$1,021,000	\$1,013,000	\$8,000	1%
871 - LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM HEALTH CARE FUND TOTAL	\$1,031,000	\$1,033,000	-\$2,000	0%
EXPENSES TOTAL	\$55,352,714	\$52,972,680	\$2,380,034	4%

Summary of Changes in Personnel

Division/Section	FY2025-26	Proposed Changes				FY2026-27	FY2026-27		
	Adopted Budget					Proposed Budget	Proposed Substitute Authorities		
	Regular Authorities	Add/Delete	Transfers	Regularizations	New	Regular Authorities	Cont.	New	Total
Executive	6		2			8			
Investments	14					14			
Human Resources	6					6			
Internal Audit	3					3			
Retirement Services	55					55	2		2
Health, Wellness, and Buyback	39			2		41	11		11
Communications & Stakeholder Relations	21		-2		1	20	4	1	5
Member Stewardship Section	5					5	7		7
Administration	15					15	2		2
Fiscal Management	15					15	3		3
Systems	13					13	1		1
Systems Operations Support	3			1		4			
TOTAL	195					199	30		31

Annual Business Plan for FY 2026-27

Department Programs	Annual Work Plan and Business Plan Initiatives for FY27
<p>INVESTMENT ADMINISTRATION Positions: 14 Regular Admin Budget: \$3.2M</p>	<ul style="list-style-type: none"> • Environmental, Social, and Governance Investment • Policy Implementation • Broadening Emerging Managers program • Implementation of a formalized Risk Management Program
<p>BENEFITS ADMINISTRATION Positions: 116 Regular 17 Substitute Authorities Admin Budget: \$20.1M</p>	<ul style="list-style-type: none"> • Unclaimed Benefits Project • Deferred Vested Notification Project • Implement Amazon Voicemail Upgrade • Implement new LACERS website with WCAG 2.1 AA compliance standards • Develop LACERS New Employee Orientation Project • Implement Online Counseling Support via Cornerstone Training Platform • Expand LACERS Well in-person activity program: Health Fair Event, Fitness activities, and the Empowered Caregiver monthly webinar series • Maintain a consistent 5-month processing time for service buybacks • Management Information and Workflow Redesign Initiative • Benefits Administration Operations Restructuring Plan • Digital Accessibility Enhancement Initiative
<p>GENERAL ADMINISTRATION AND SUPPORT Positions: 69 Regular 14 Substitute Authorities Admin Budget: \$22.7M</p>	<ul style="list-style-type: none"> • Transition to 1099-R Electronic Filing • Complete and replace the Financial/General Ledger Application Software • Develop and Implement New Board Policies • Replace MIR3 Emergency notification system to SingleWire platform • LACERS Artificial Intelligence Enablement Initiative • Business Plan Continuity Initiative • Strengthening Cybersecurity • Capital Plan

Benefits Administration

FY27 BUSINESS PLAN

Benefits Administration Operations

The Benefits Administration Operations provides services to over 62,000 Retirees and Beneficiaries, Active Members, and Inactive Members inclusive of education and outreach relating to their LACERS retirement and retiree health benefits; counseling and calculation of their retiree benefits; and enrollment and administration of their retiree health insurance and subsidies. Administration of the program also involves ensuring statutory, regulatory, and legal compliance with various local, state, and federal statutes; and advising plan sponsors on benefit plan design considerations. Benefits administration is primarily provided by three divisions totaling 136 full-time employees representing 59% of the employees of the department:

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

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

Strengthen Member Experience and Elevate Service Excellence

Building a More Accessible and Connected Member Experience

CSRD continues to support organizational initiatives that drive excellence, efficiency, innovation, communication, and equity access across LACERS. Over the past several fiscal years, CSRD has advanced multiple initiatives to strengthen Member Service delivery. In FY25, these efforts resulted in a 92% Member satisfaction rate and over 56,000 Member inquiries addressed. Additionally, the QLess system introduced in late FY25, added a new service channel by enabling Members to schedule phone appointments. Although implemented toward the end of the fiscal year, it quickly gained traction, with FY26 already seeing 790 scheduled phone appointments to date.

Building on this momentum, CSRD will continue to advance digital enhancements in FY27 to further elevate the Member experience. This includes upgrading to the latest version of the contact center service to strengthen data security and optimize call routing and queue management for more seamless Member interactions. Concurrently, CSRD will be leading a comprehensive website redesign centered on improved accessibility and ADA compliance to better serve LACERS' Membership.

Given the WCAG 2.1 AA compliance deadline of April 24, 2026, significant and sustained effort is necessary to meet and maintain these standards. To support these expanded responsibilities, the addition of one regular authority Senior Benefits Analyst I and one substitute authority Benefits Analyst is being proposed to implement and ensure ongoing compliance and operational effectiveness. Three substitute authorities will be continued to deliver quality service to Members and explore innovative solutions to resolve Member pain points.

Guiding Members with Expertise

LACERS will reevaluate the classifications and duties of Contact Center staff to ensure the best fit. This is part of an ongoing assessment of staffing structures aimed at enhancing operational efficiency,

which will result in more first contact resolution. LACERS goal will be to enhance our ability to deliver professional, knowledgeable, and reliable support.

Stability in Health Services and Broader Wellness Impact

Sustaining Health Services While Building Future Readiness

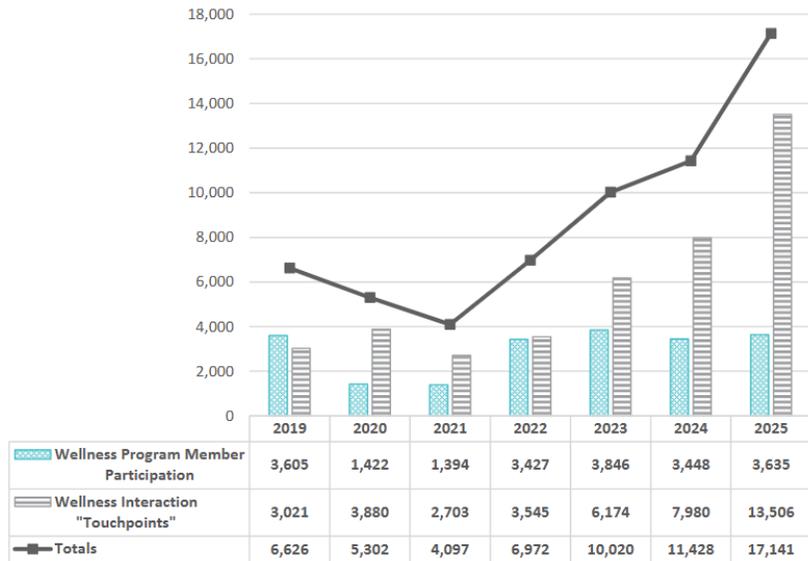
The Health, Wellness, and Buyback Division (HWABD) consistently and reliably delivers retiree health benefits. As the department evaluates opportunities to enhance service delivery, the HWABD is focused on sustaining its current operations while seeking ways to augment existing service levels. One key effort underway is the development of an online training module using the City's online training portal. This training will equip Members considering retirement with a clear understanding of their retiree health benefits, including eligibility requirements, health insurance plan options, available subsidies, Medicare coordination requirements, and enrollment timelines. By standardizing this information and offering it in a modern, accessible format, HWABD ensures consistent messaging and strengthens the department's approach to pre-retirement education.

In FY27, HWABD will also support several of the department's larger initiatives intended to modernize operations and strengthen Member service. These efforts include updating and developing operational procedures, reviewing and refining workflows, and participating in form digitization and redesign efforts to ensure ongoing WCAG compliance. The renewal of existing substitute authority positions within the Health and Buyback section will ensure the operational needs are consistently met while preparing for future improvements once broader organizational upgrades are in place.

Growing Wellness Outreach for Greater Impact

The LACERS Well program was developed to encourage lifelong health practices among retired Members that may reduce future health costs. In 2025, the Wellness program expanded its reach by offering 91 webinars and seminars, representing a 16.7% increase from the prior year, and by supporting more than 176 Champion-led activities. As the program transitions into 2026, it will expand its services to continue to meet Members' evolving needs. A major component of this expansion is the newly established partnership with the nationwide Alzheimer's Association to roll out the Empowered Caregiver Series, which will offer monthly educational resources for Members supporting loved ones with Alzheimer's. Wellness initiatives will also be further strengthened through Health Plan Carrier collaborations through a Health Fair with biometric screenings available for 200 attendees and a variety of health and fitness activities, such as aquatic aerobics, tai-chi classes, museum tours, and nature walks. Continuation of three substitute authorities will ensure effective oversight and program quality.

Wellness Participation and Touchpoints



Strengthening the Retirement Process

Improving the Retirement Experience for Members

RSD is committed to delivering a better Member experience through operational improvements that can be achieved within current resource limits. In FY26, RSD launched a Retirement Orientation pilot program to streamline the retirement process and reduce the need for individualized counseling sessions. The pilot produced strong results, achieving an 84% attendance rate and 56% application-submission rate among participants. Based on this success, the program is expected to transition into a regularly occurring offering delivered twice per month. Further refinements will be made within existing resources in FY27, including enhancements to presentation content and logistics, increased promotion of the retirement application portal, and exploration of digital alternatives to currently used paper forms. Additionally, in FY27, RSD will carry out a series of mailing projects, including the Alive and Well Audit for Members residing internationally, deferred vested notifications, and unclaimed benefits notifications. These efforts are intended to proactively inform Members and their beneficiaries of the benefits for which they may be eligible. Continuation of the Benefits Specialist substitute authorities ensures consistent coverage for all assigned duties.

Investment Operations

The Investment Division manages a \$27 billion portfolio for LACERS. Its main goal is to earn strong long-term returns while keeping risk at a reasonable level so the System can meet its financial commitments. The portfolio is invested with a long-term, total-return approach. Although protecting capital is important, the System recognizes that taking some investment risk is necessary to achieve higher returns. Therefore, it supports prudent risk-taking as part of a diversified investment strategy guided by the Asset Allocation Policy.

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

Optimize Long-term Risk-Adjusted Return Through Superior Investments

Ongoing Development and Expansion

The Board approved updates to the Asset Allocation Policy in FY25, with the new structures and manager-level implementations scheduled to begin in late FY26 and extend into FY27. These adjustments better align the portfolio's asset class weightings with the global equity market opportunity set and introduce LACERS' first dedicated allocation to infrastructure at a 5% target. As this new program is established, investment fees are expected to rise due to the search for and selection of specialized infrastructure investment managers. In addition to the new asset allocation changes, the Investment division will continue to advance several ongoing strategic initiatives, including the Environmental, Social, and Governance (ESG) program, the Emerging Investment Manager Program (EMP), and the Risk Management Program.

Under the ESG program, staff will continue evaluating potential ESG-focused investment strategies, monitoring the portfolio for ESG-related risks, and engaging with like-minded institutional investors to incorporate industry best practices. Through the EMP, LACERS remains committed to hiring and retaining smaller investment first that can contribute to portfolio performance. In alignment with the Emerging Investment Manager Policy, staff will maintain strong outreach and networking efforts to increase exposure from current 5.4% toward the 10% aspirational growth, building upon the 40 basis point growth achieved in the prior year. Lastly, the Risk Management Program will continue its disciplined monthly reviews of potential investment and operational risks that may materially affect the portfolio. Membership in the Institutional Society of Risk Professionals further enhances the staff's ability to refine and strengthen the program through continuous learning and the application of industry best practices.

General Administration

FY27 BUSINESS PLAN

General Administration Operations

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

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

The FY27 proposed staffing for General Administration maintains the existing administrative support for LACERS operations with enhancements to business processes.

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

Enhancing Operational Excellence Through Modern, Efficient System Upgrades

Advancing Headquarters Support Functions

The Administration Division manages all facility-related operations at LACERS headquarters and steadily implements improvements to better support the department's operations. One of the key efforts underway is the transition of mail services from the longstanding P.O. Box to the headquarters building. This transition is expected to be completed in FY27, will consolidate all incoming mail to a single location, reducing the likelihood of misplaced mail and minimizing staff-time previously required for off-site mail collection.

In addition, recognizing the importance of preparedness in an evolving environment, the Administration Division will continue to conduct tabletop exercise to ensure that staff remain equipped to maintain operations during emergency situations. To further strengthen emergency readiness, the division will also finalize the implementation and deployment of a new safety and notification system designed to enable rapid communication with staff during emergencies or other critical events.

Pension System Updates in Response to Operational Changes

The Fiscal Management Division (Fiscal) oversees all accounting functions and provides comprehensive financial oversight for LACERS. Its core role is to ensure that all financial and tax reporting is accurate, timely, and compliant with applicable standards and regulations. In FY26, Fiscal introduced new procedures and reporting practices to meet recently issued Governmental Accounting Standards Board (GASB) requirements and updated Internal Revenue Service (IRS) filing and tax reporting rules.

Going into FY27, Fiscal will continue to refine and streamline financial processes by leveraging the new financial application implemented in FY26. A major focus will be preparing for the IRS decision to retire the FIRE system and transitioning to the Information Return Intake System (IRIS) for electronic filing of 1099-R forms for the 2027 filing cycle. This transition is a complex effort requiring close collaboration with the Systems Operations Support (SOS), Systems, and Data Unit teams, as it involves new system integrations and configuration updates within the Pension Administration System (PAS).

Additional updates to the PAS are also required, and these efforts will be led by the SOS team, which oversees all aspects of PAS functionality. Following the implementation of the Measure FF ordinance in FY26, which allowed eligible peace officers to transfer their LACERS pension to the City's sister pension system for sworn personnel, related development work will continue into FY27. To support this transition, the PAS will need further modifications affecting disability and active death benefits, workflows, survivor benefit tracking, taxability rules, and associated correspondence.

Beyond these Measure FF related updates, further PAS enhancements may be necessary to improve the processing of integration files received from the City's payroll system. This is driven by an increased frequency of retroactive adjustments, the introduction of new bonus codes, and the need to process additional emergency checks. These efforts will be carried out in close collaboration with the Member Stewardship Section, which oversees active Members of the Plan, to ensure system accuracy and prevent any issues that could disrupt benefit continuation.

Phase 2 of the MyLACERS self-service enhancements is also expected to begin in FY27. This phase will expand online capabilities by allowing Members to update their tax withholding information directly within the portal. LACERS will work closely with the system vendor to evaluate and integrate appropriate third party verification and security tools. This due diligence will help ensure the robustness and safety of the self-service platform before advancing to subsequent phases of the project. This effort will also be led by the SOS team, given their role in overseeing and maintaining all components of the PAS and its integrated platforms. Regularization of the Accounting Clerk substitute authority will help ensure that the team can consistently meet all PAS-related needs, particularly as the increased workload resulting from the City's payroll system continues to become permanent.

Building a Resilient and Secure Infrastructure

Strengthening AI Security with Cloud Backup Optimization

The Systems division oversees all aspects of LACERS' information technology (IT) environment. In FY26, the division refreshed core computing hardware, including laptops and mobile devices, to equip staff with the latest security updates and performance capacity to operate the several AI platforms approved for organizational use. In FY27, Systems will prioritize the implementation of strengthened security controls and policies in response to the deployment of these AI tools, ensuring that staff can use these technologies safely and responsibly. These protective measures include enhanced safeguards for personally identifiable information (PII), data loss prevention rules, external sharing restrictions, and expanded centralized compliance monitoring.

In tandem, Systems will also implement AI-driven endpoint protection solution that offers proactive monitoring, automated threat detection, and rapid response capabilities across both on-premise and cloud-based environments. Additionally, cloud-based backup technologies for the on-premises environment will be further optimized to incorporate scalable archival capabilities. This improvement will streamline and strengthen the foundation required for future disaster recovery initiatives. Collectively, these efforts position LACERS for greater scalability, improved operational efficiency, and a significantly enhanced security posture in the years ahead.

Supporting Every Step of the Employee Journey

Delivering Comprehensive Employee Support

The Human Resources (HR) division plays a central role in supporting employees throughout their entire employment lifecycle. HR partners closely with other City departments on key functions such as recruitment, retention, compliance with mandatory Citywide trainings, and oversight of employee relations requirements. Over the years, HR has continued to enhance the overall employee experience by education staff of their benefits and providing valuable resources through targeted training opportunities.

In FY27, HR will continue advancing these efforts by developing additional custom training courses that emphasize both foundational knowledge and continued employee development. These trainings will extend beyond initial new-hire orientation and will be integrated into the Learning Management System to strengthen effective use of internal resources. This approach aims to ensure that employees are equipped with accurate information, clear guidance, and ongoing support at every stage of their journey at LACERS.

Contractual Services Schedule

These service contracts expected to be active in FY27 are those funded by the Administrative Budget, and do not include Investment related contracts. The contract amount is cumulative for the term of the contract.

Category	Description	Expiration	Contract Amount
Actuarial Services	Actuarial Consulting Services	7/31/2028	1,500,000
Benefit Administration Services	Ancillary Health Consulting Services	8/31/2026	1,500,000
	Disability Medical Evaluation Services	6/30/2028	600,000
	Health and Welfare Consulting Services	12/31/2027	500,000
	Investigative Services	9/30/2026	210,000
	Investigative Services	9/30/2028	210,000
	NEW - LAP Advisory Services	TBD	TBD
	NEW - LTRP Advisory Services	TBD	TBD
	NEW - Website Design, Maintenance, and Support Services	TBD	TBD
	Older Adult Education and Seminar Services	12/31/2027	75,000
	Technology Education Services	12/31/2027	75,000
	Wellness Program Fitness Services	12/31/2027	75,000

Creative Design, Web, Video, Print & Mailing Services	Graphic Design, Website, & Videography Services	6/30/2027	150,000
	Printing & Mailing Services	7/31/2027	180,000
	Videography Services	6/30/2027	45,000
	Website Design, Maintenance, and Support Services	4/30/2027	256,750
Facilities Management Services	Armed Guard Services	6/30/2026	130,000
	Property Management Services	5/1/2029	660,684
General Administration Services	Business Continuity Services	11/19/2026	12,000
	External Auditing Consulting Services	6/30/2028	393,000
	Tabletop Exercise Consulting Services	1/31/2028	150,000
		2/29/2028	75,000
Translation, Interpretation, & Transcription Services	5/31/2027	75,000	
Insurance Services	Insurance Broker Services	12/31/2027	288,909

Legal Services	Health Law, Data Privacy, and Cybersecurity Counsel	11/30/2026	30,000
	Legal Services - Fiduciary Law	12/31/2027	150,000
		12/31/2027	300,000
	Legal Services - Litigation	8/28/2027	250,000
	Legal Services - Outside Investment & Real Estate Counsel	12/31/2027	700,000
	Outside Fiduciary, Conflict, Health Law, Data Privacy, and Cybersecurity Counsel	11/30/2026	30,000
	Outside Investment & Real Estate Counsel	12/31/2027	700,000
	Pension Administration System	PensionGold Version 3 - Maintenance and Support Agreement	2/28/2029

Business Plan Initiatives

GOVERNANCE - YEAR 5

RESOURCES

No budget is needed for this initiative. The initiative will be completed using existing staff resources and Board collaboration.

PURPOSE

In FY26, LACERS completed the Triennial Board Policy Review and began work on implementing the new policies recommended by the Management Audits. However, when the Charter Reform Committee launches its proposal-solicitation process, the Governance initiative shifted focus to incorporate this effort. This pivot ensured that LACERS could submit proposals aimed at improving organizational operations. As a result, implementation of the new policies was delayed. In FY27, the remaining policies will be finalized to complete a comprehensive Board Manual that reflects the Board's fiduciary duties and aligns with industry best standards.

DELIVERABLES

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

BUSINESS CONTINUITY PLAN - YEAR 4

RESOURCES

A budget request of \$75,000 is included for FY27 to support the implementation of tabletop exercises. Consultants will be engaged from our existing pre-qualified bench.

PURPOSE

The Business Continuity Plan (BCP) strengthens LACERS' disaster readiness by using tabletop exercises to uncover gaps in existing procedures. In FY26, LACERS completed its first exercise, Shelter-In-Place, which guided staff on how to respond when staying indoors is the safest option. Building on this foundation, LACERS will introduce a new tabletop exercise in FY27 to further validate all components of the disaster plan. Additionally, the resulting emergency preparedness training will be incorporated into the Learning Management System, ensuring staff have continued access to these critical resources.

DELIVERABLES

- Completion of annual tabletop exercise
- Integration of emergency preparedness trainings into Learning Management System
- Annual review and update of the BCP

LACERS ARTIFICIAL INTELLIGENCE (AI) ENABLEMENT - YEAR 4

RESOURCES

\$62K is being requested in the FY27 budget to upgrade to enhanced licenses that allow AI features to be enabled within the system.

PURPOSE

This business plan initiative was previously known as Central Data Repository, which focused on assessing existing data environments for redevelopment into a cloud-based single source of truth. It has since been rebranded as the LACERS Artificial Intelligence (AI) Enablement initiative to reflect a broader, more integrated approach to enterprise information, leveraging authorized GenAI tools to establish a unified framework for utilizing information across the organization. In FY27, the initiative aims to develop business critical reports within the new cloud environment and continue integrating AI-supported tools into daily operations so staff can become increasingly familiar and proficient with them.

DELIVERABLES

- Establishment of standards and guidelines for AI and content management
- Development and release of the first set of reports within the new cloud environment
- Phased roll out of AI-supported processes based on pilot outcomes

INFORMATION MANAGEMENT AND WORKFLOW REDESIGN - YEAR 2

RESOURCES

The initiative will be supported through existing internal staff resources, and therefore no budget allocation is needed at this time.

PURPOSE

The Information Management and Workflow Redesign initiative provides the essential groundwork for establishing requirements for a new pension administration system by reassessing current workflows and creating a realignment plan to improve organizational structure. This effort ensures that future technology investments are based on streamlined, well-defined processes. In FY27, staff will continue evaluating workflows across the remaining divisions so that, upon completion, we will have a comprehensive review of all units and a clear understanding of the organization's full operational landscape.

DELIVERABLES

- Process maps for all divisions
- Peer benchmark study
- Enterprise realignment plan

DIGITAL HEALTH TRANSFORMATION - YEAR 1

RESOURCES

No budget is required at this time, as staff are currently in the exploration phase and are completing the work internally.

PURPOSE

The health enrollment process is central to the administration of LACERS' health benefits. However, the current approach is highly labor intensive, relying on paper forms, manual processing, and workflows that must align closely with payroll deadlines. To address these challenges, the Digital Health

Enrollment Transformation initiative will explore how an online enrollment system (OES) can be developed to streamline and modernize the process for both Members and LACERS staff. This initiative is expected to span multiple years, as successful implementation will require comprehensive research, planning, and testing for system rollout. In FY27, LACERS will begin researching the requirements, options, and foundational process changes needed to support an OES while updating internal procedures that may shape the system's specifications and functionality.

DELIVERABLES

- Completion of initial research on OES requirements, capabilities, and industry best standards
- Mapping of current health enrollment workflows
- Updated internal procedures

NEW EMPLOYEE SUCCESS AND INTEGRATION - YEAR 1

RESOURCES

A Benefits Analyst substitute authority is being requested for CSRD to provide additional oversight for this initiative and to support web compliance activities.

PURPOSE

When new employees join LACERS, their onboarding experience outside of the mandatory Human Resources (HR) processes can vary significantly. Approaches range from structured to informal and are often affected by staff workload and availability, which can leave gaps in a new employee's understanding of benefits and performance expectations. To address these inconsistencies and strengthen workforce preparedness, the New Employee Success and Integration initiative aims to establish a centralized, standardized onboarding framework. This effort will ensure that every new employee receives a consistent introduction to LACERS, reinforcing foundational benefit knowledge and performance standards. In turn, this enhanced onboarding process supports employee development and promotes the high-quality service delivery that LACERS Members expect. In FY27, this initiative will define the foundation of a consistent onboarding model, equipped with content outlines, timelines, and culture.

DELIVERABLES

- Standardized onboarding framework outlining goals, scope, and required onboarding components
- Assessment of current onboarding practices to identify gaps
- Template for division-specific onboarding guides

Capital Expense Budget

LACERS has established a 10-Year Capital Plan that ensures proactive planning of capital expenditures and establishes spending priorities and overall capital improvement goals. This year's plan continues with routine improvements with additional areas of focus on building mechanical upgrades and equipment improvements.

For FY27, LACERS proposes the following work be funded as part of the 10-Year Capital Plan:

Capital Expenditures	Description	Amounts
Building Mechanical	<p>HVAC Pan Moisture Sensors: Install heat pump pan moisture sensors to prevent water leaks, mold growth, and property damage over employee workspaces. These sensors would integrate with the Building Management System (BMS).</p> <p>VFD Upgrades & Differential Pressure Integration: Add two Variable Frequency Drives (VFDs) to improve reliability and efficiency of the HVAC condenser water system. Benefits include reduced energy use, extend the life of components, minimize leaks, and BMS integration.</p>	\$155,000
Equipment	<p>Asset Tagging: Tag essential Capital and Non-Capital equipment, furniture, and electronics throughout the property for improved tracking and management.</p> <p>Natural Gas Generator: Replacement the aging natural gas generator that was existing when the building was purchased. This equipment provides redundant power to the server room.</p> <p>Other Building Improvements: Miscellaneous exterior building improvements.</p>	\$170,000
Total		\$325,000

City Contributions

	FY27	FY26	% Change
Total	\$ 890,533,618	\$ 831,266,249	7.1
Retirement and Health Benefits	910,125,859	866,285,738	5.1
True-up Adjustment	(21,311,241)*	(36,516,489)	(41.6)
Family Death Benefit Plan	30,000	37,000	(18.9)
Excess Benefit Plan	1,608,000	1,368,000	17.5
Limited Term Retirement Plan	81,000	92,000	(12.0)

An Asterisk () denotes estimated amount. FY26 contribution true-up adjustment will be updated upon the availability of the actual payroll up to pay period ending April 16, 2026.

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

City contribution rates toward retirement and health benefits for LACERS Members are set by the Board upon adoption of the annual actuarial valuations. Stated in the form of a percentage of covered payroll, the amount of the City's contribution is determined on the final covered payroll adopted in the City's budget. The final covered payroll will be determined in June once the City and proprietary departments budget gets adopted. As of now, FY27 City Contribution is based on the City's FY26 final budget covered payroll of \$1.68 billion for Tier 1 Members and rate of 33.63%; and a covered payroll of \$1.17 billion and rate of 29.50% for Tier 3 Members. A credit adjustment of \$21,311,241 is applied toward the FY27 contribution to LACERS. This credit amount represents a true-up of the FY26 contribution -- the difference between the contributions paid on July 15, 2025, based on the budgeted covered payroll amount and the actual payroll toward the end of the Fiscal Year. The City is also required by statute to make employer contributions for the Family Death Benefit Plan, the Excess Benefit Plan, and the Limited Term Retirement Plan.

Family Death Benefit Plan

Approximately 1,998 Active Members are opted into the Family Death Benefit Plan which provides an additional benefit to qualifying surviving minor children, or widow/widower over age 60 if the Member dies while an active City employee. The City's contribution to the Family Death Benefit is equivalent to a match of the Member's contribution of \$1.50 per month for FY27. This monthly amount is established pursuant to a biennial study of the full actuarial costs of the benefit as required by the Los Angeles Administrative Code.

Excess Benefit Plan

The Excess Benefit Plan was established separate from the LACERS Trust Fund, to pay retirement benefit amounts in excess of the benefit limits established by the Internal Revenue Code (IRC), currently \$290,000¹ for 2026. In 2026, there are 45 LACERS Members who receive their monthly LACERS'

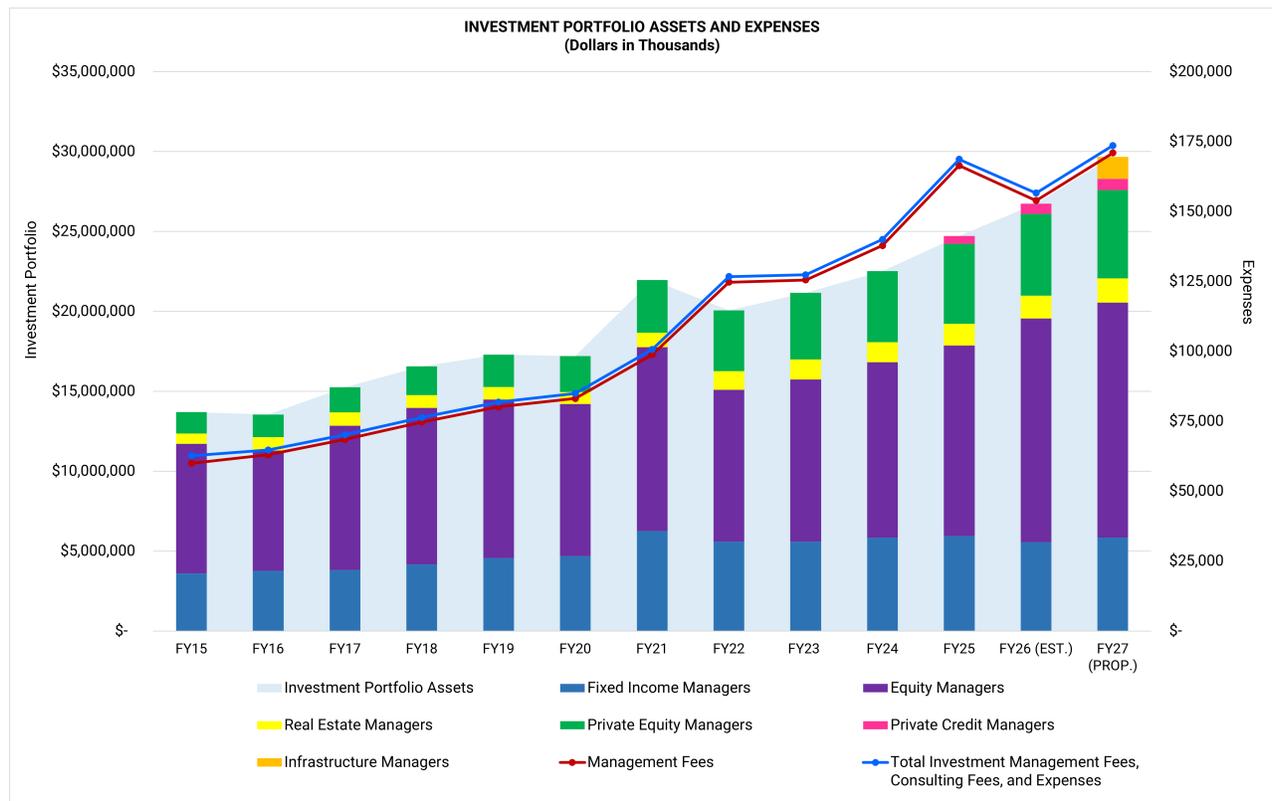
retirement benefit up to the limit allowable by the IRC, and the remainder of their benefit is paid separately by City funds. The City's cost of this program is the projected amount of the benefits that will be paid from the City's account for FY27, plus reasonable administrative expenses.

Limited Term Retirement Plan (LTRP)

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

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

Investment Management Fees and Expenses



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

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

Investment Fee Rate Overview

The FY27 proposed Investment Management Fees & Expenses Budget is \$173.6 million, an increase of \$16.4 million or 10.5% from the FY26 budget that includes the following:

- \$1.6 million increase from Fixed Income and Equity
- \$0.9 million increase from Private Credit
- \$13.0 million increase from Private Equity and Real Estate
- \$1.4 million increase from new Infrastructure fund commitments estimated to be \$1.4B

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

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

The FY27 proposed investment management fees and expenses budget is based on an estimated fair value of investments of \$30.0 billion as of June 30, 2027, a 10.8% increase from the FY 2026 estimated fair value of investments at \$27.1 billion. The estimate assumes an average increase in the market value of assets based on NEPC's 10-year return assumption for each asset class, as of 12/31/25.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

**PROPOSED BUDGET
AND
PERSONNEL RESOLUTIONS**

Fiscal Year 2026 - 27

Presented March 24, 2026

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LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

COMBINED STATEMENT OF RECEIPTS AND EXPENDITURES³

Actual 2024-25	Adopted Budget 2025-26	Estimated 2025-26¹		Budget Appropriation 2026-27²
RECEIPTS				
\$ 895,541,108	\$ 831,266,249	\$ 857,111,673	City Contributions (see Schedule 1).....	\$ 890,533,618
306,724,567	338,351,000	322,400,000	Member Contributions.....	338,520,000
40,133	37,000	39,000	Family Death Benefit Plan Member Contributions.....	30,000
13,127,429	14,145,000	13,595,000	Self-Funded Insurance Premium.....	14,145,000
1,082,466	900,000	410,000	Member Insurance Premium Reserve.....	318,000
566,619,060	536,879,000	584,000,000	Earnings on Investments.....	601,520,000
963,478,828	-	992,000,000	Gain on Sale of Investments.....	--
<u>\$ 2,746,613,592</u>	<u>\$ 1,721,578,249</u>	<u>\$ 2,769,555,673</u>	Total Receipts.....	<u>\$ 1,845,066,618</u>
EXPENDITURES				
\$ 1,317,935,960	\$ 1,477,440,000	\$ 1,433,000,000	Retirement Allowances.....	\$ 1,547,640,000
770,725	820,000	830,000	Family Death Benefit Plan Allowance.....	830,000
150,816,616	179,140,000	174,100,000	Retired Medical & Dental Subsidy.....	188,028,000
22,521,303	25,153,000	24,600,000	Retired Medicare Part B Reimbursements.....	27,452,000
11,954,798	13,701,000	12,500,000	Self-Funded Insurance Claims.....	13,925,000
13,475,469	15,950,000	17,200,000	Refund of Member Contributions.....	18,920,000
2,291,537	2,373,000	2,995,000	Refund of Deceased Retired Accum. Contributions.....	3,295,000
44,644,609	51,939,680	48,999,000	Administrative Expense	54,321,714
942,569	1,013,000	1,000,000	Self-Funded Insurance Administrative Fee.....	1,021,000
169,010,363	157,178,340	156,616,415	Investment Management Fees and Expenses.....	173,621,030
<u>\$ 1,734,363,949</u>	<u>\$ 1,924,708,020</u>	<u>\$ 1,871,840,415</u>	Total Expenditures.....	<u>\$ 2,029,053,744</u>
1,012,249,643	(203,129,771)	897,715,258	Increase (Decrease) in Fund Balance.....	(183,987,126)
<u>\$ 2,746,613,592</u>	<u>\$ 1,721,578,249</u>	<u>\$ 2,769,555,673</u>	Total Expenditures and Increase (Decrease) in Fund Balance	<u>\$ 1,845,066,618</u>

1. The City Contributions amount for the FY 2025-26 Estimate was based on the City's final covered payroll of \$2,849,808,612 and included the application of a net credit adjustment for FY 2024-25 of \$36,516,489 deducted from FY 2025-26 contribution payment. The credit adjustment represents a true-up of the FY 2024-25 City contribution.

2. The City Contributions budgeted amount for FY 2026-27 is based on the FY 2025-26 City's final covered payroll with a total amount of \$2,849,808,612 and includes an estimated credit adjustment of \$21,311,241 for the true-up of FY 2025-26 contributions, which will be deducted from the FY 2026-27 contribution payment. The City Contribution budget amount will be finalized upon the receipt of City's covered payroll information from the City's adopted budget for FY 2026-27.

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

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

**DETAIL OF RECEIPTS AND EXPENDITURES
115 TRUST FUND**

Actual 2024-25	Adopted Budget 2025-26	Estimated 2026-27		Appropriation 2026-27
RECEIPTS				
\$ 90,168,079	\$ 88,004,801	\$ 94,371,737	City Contributions (see Schedule 1).....	\$ 99,970,670
13,127,429	14,145,000	13,595,000	Self-Funded Insurance Premium.....	14,145,000
1,082,466	900,000	410,000	Member Insurance Premium Reserve.....	318,000
15,710,940	22,585,000	26,382,000	Earnings on Investments.....	34,038,000
34,746,900	--	44,813,000	Gain on Sale of Investments.....	--
<u>\$ 154,835,814</u>	<u>\$ 125,634,801</u>	<u>\$ 179,571,737</u>	Total Receipts.....	<u>\$ 148,471,670</u>
EXPENDITURES				
\$ 12,721,968	\$ 13,701,000	\$ 12,500,000	Self-Funded Insurance Claims.....	\$ 13,925,000
942,569	1,013,000	1,000,000	Self-Funded Insurance Administrative Fee.....	1,021,000
-	20,000	-	Administrative Expense	
1,795,990	2,185,000	2,213,000	Contracts.....	10,000
6,070,572	6,612,000	7,075,000	Share of Department Adm. Expenses.....	3,074,000
<u>\$ 21,531,099</u>	<u>\$ 23,531,000</u>	<u>\$ 22,788,000</u>	Investment Management Expense.....	<u>9,825,000</u>
			Total Expenditures.....	<u>\$ 27,855,000</u>
<u>133,304,715</u>	<u>102,103,801</u>	<u>156,783,737</u>	Increase in Fund Balance.....	<u>120,616,670</u>
<u>\$ 154,835,814</u>	<u>\$ 125,634,801</u>	<u>\$ 179,571,737</u>	Total Expenditures and Increase in Fund Balance.....	<u>\$ 148,471,670</u>

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

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

SCHEDULE 1 -- CITY CONTRIBUTIONS

ACTUARIAL REQUIREMENTS

To fund the liabilities of the System for future service as required in Article XI Section 1158 and 1160 of the City Charter in accordance with the actuarial valuation of those liabilities as of June 30, 2025 as follows:

	Health (115 TR)	Retirement	Total
Tier 1 33.63% of \$1,681,169,947 total actuarial salary of Tier 1 members for fiscal year 2026-27. ¹	\$ 58,672,831	\$ 506,704,623	\$ 565,377,454
Tier 3 29.50% of \$1,168,638,665 total actuarial salary of Tier 3 members for fiscal year 2026-27. ¹	43,590,223	301,158,182	344,748,405
Subtotal	<u>\$ 102,263,054</u>	<u>\$ 807,862,805</u>	<u>\$ 910,125,859</u>
Family Death Benefit Plan (FDBP) To match the estimated total amount contributed by Family Death Benefit Plan members in accordance with the provisions of Section 4.1090 of the Administrative Code.		30,000	30,000
Excess Benefit Plan Fund (EBP) To fund retirement benefits in excess of the limits set by Internal Revenue Code Section 415 (b) in accordance with the provisions of Section 4.1800 of the Administrative Code.		1,608,000	1,608,000
Limited Term Retirement Plan Fund (LTRP) To fund the Defined Contribution Plan for elected City officials in accordance with the provisions of Section 4.1850 of the Administrative Code.		81,000	81,000
Total City Contributions	<u>\$ 102,263,054</u>	<u>\$ 809,581,805</u>	<u>\$ 911,844,859</u>
True-up Adjustment: Credit of difference in City contributions for FY 2025-26 based on estimated covered payroll on July 15, 2025 and actual covered payroll up to February 7, 2026. ²	<u>(2,292,384)</u>	<u>(19,018,857)</u>	<u>(21,311,241)</u>
Total City Contributions After True Up	<u>\$ 99,970,670</u>	<u>\$ 790,562,948</u>	<u>\$ 890,533,618</u>

City Contributions by Funding Source:

	Total Covered Payroll	Contributions						Total
		Tier 1 (33.63%)	Tier 3 (29.50%)	Shared Cost for FDBP/EBP/LTP	Tier 1 True-Up	Tier 3 True-Up	FY26 True-Up Adjustments	
General Fund (TRAN)	\$ 2,309,075,717	\$ 448,117,707	\$ 285,221,650	\$ 1,392,831	\$ 3,942,162	\$ 4,533,254	\$ 8,475,416	\$ 743,207,604
Airports	377,930,217	79,930,580	44,457,331	227,967	(8,641,467)	(13,605,157)	(22,246,624)	102,369,254
Harbor	120,254,032	28,568,268	10,256,346	72,537	(5,434,518)	(798,585)	(6,233,103)	32,664,048
LACERS	25,700,446	4,699,335	3,427,975	15,502	(352,568)	(627,528)	(980,096)	7,162,716
LAFFP	16,848,200	4,061,564	1,385,103	10,163	(365,821)	38,987	(326,834)	5,129,996
Total	<u>\$ 2,849,808,612</u>	<u>\$ 565,377,454</u>	<u>\$ 344,748,405</u>	<u>\$ 1,719,000</u>	<u>\$ (10,852,212)</u>	<u>\$ (10,459,029)</u>	<u>\$ (21,311,241)</u>	<u>\$ 890,533,618</u>

¹Total payroll is based on City's Final Covered payroll of FY 2025-26 and will be updated once the FY 2026-27 covered payroll is provided by the City.

²FY 2025-26 contribution true-up adjustment will be updated upon the availability of actual covered payroll up to pay period ending March 7, 2026.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

SCHEDULE 2 -- ADMINISTRATIVE EXPENSE

Expenditures 2024-25	Adopted Budget 2025-26	Estimated Expenditures 2025-26		Budget Appropriation 2026-27
SALARIES				
\$ 23,716,199	\$ 26,525,753	\$ 25,292,000	General	\$ 28,198,110
635,864	1,303,295	546,000	As Needed	982,040
490,294	486,604	480,000	Overtime	510,934
<u>\$ 24,842,357</u>	<u>\$ 28,315,652</u>	<u>\$ 26,318,000</u>	Total Salaries	<u>\$ 29,691,084</u>
EXPENSE				
\$ 78,485	\$ 144,500	\$ 136,000	Printing and Binding	\$ 149,000
98,895	247,365	239,000	Travel	263,340
11,076,549	12,157,169	12,094,000	Employee Benefits	12,359,010
6,306	170,500	11,000	Transportation Expense	170,500
6,826,737	8,346,465	7,751,000	Contracts	9,158,525
1,298,009	2,072,829	1,973,000	Office and Administrative	2,212,055
<u>\$ 19,384,981</u>	<u>\$ 23,138,828</u>	<u>\$ 22,204,000</u>	Total Expense	<u>\$ 24,312,430</u>
EQUIPMENT				
\$ 417,271	\$ 485,200	\$ 477,000		\$ 318,200
<u>\$ 417,271</u>	<u>\$ 485,200</u>	<u>\$ 477,000</u>	Total Equipment	<u>\$ 318,200</u>
<u>\$ 44,644,609</u>	<u>\$ 51,939,680</u>	<u>\$ 48,999,000</u>	Total Administrative Expense	<u>\$ 54,321,714</u>

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT MANAGEMENT FEES AND EXPENSES: FY 2026-27**

	ADOPTED BUDGET FY 2025-26	ESTIMATED EXPENSE FY 2025-26	PROPOSED BUDGET FY 2026-27
1 Baird Advisors	\$ 709,515	\$ 710,010	\$ 729,760
2 Loomis Sayles	872,616	888,950	915,536
3 State Street (Fixed Income Index)	118,609	131,010	145,647
4 Garcia Hamilton & Associates	484,430	449,573	483,376
5 Income Research & Management	595,715	609,548	632,067
6 JP Morgan	619,196	620,031	636,821
7 Bain Capital (formerly Sankaty)	1,074,698	1,072,302	1,113,654
8 Prudential (LAC99)	1,750,853	1,862,834	1,975,390
9 DDJ Capital	1,449,694	1,449,539	1,500,518
10 Loomis Sayles	1,434,632	1,466,409	1,539,605
11 Wellington	2,471,852	2,583,771	2,736,696
12 Granahan	1,168,607	1,185,985	1,145,571
13 EAM Investors	576,973	554,335	623,452
14 Principal Global	1,589,187	1,546,706	1,558,138
15 Rhumblin (S&P 500)	191,725	213,125	240,217
16 Rhumblin (Russell 2000)	23,027	22,796	24,860
17 Rhumblin (Russell 2000 Value)	6,892	6,769	7,408
18 Copeland Cap Mgmt	1,365,207	1,279,298	1,323,825
19 Segall	840,496	835,369	905,737
20 Axiom International	1,899,545	-	-
21 Barrow, Hanley, Mewhinney & Strauss	2,607,087	3,053,784	3,268,278
22 Dimensional Fund Advisor (Emerging Mkt)	2,271,123	2,642,156	2,886,760
23 Lazard Asset Management	2,640,101	2,353,447	2,367,808
24 MFS Institutional Advisors	2,550,908	2,722,418	2,820,430
25 Oberweis Asset Management	2,810,170	3,261,012	3,393,329
26 State Street Global (Non-US Index)	393,632	322,557	341,839
27 State Street EMG Mkt C	220,201	261,043	287,595
28 State Street EAFE SC	127,100	150,437	160,921
29 Wasatch	2,484,243	2,573,145	2,677,994
30 Centersquare (REITS)	2,253,480	2,226,179	2,292,800
31 Dimensional Fund Advisor (TIPS)	389,713	398,558	410,660
32 Real Estate Managers	19,551,273	20,732,011	22,324,132
33 Private Equity Managers	85,433,139	86,356,599	95,652,826
34 Private Credit Managers	11,532,270	9,364,104	12,436,927
35 Infrastructure Managers	-	-	1,375,000
Subtotal - Investment Managers Fee	\$ 154,507,909	\$ 153,905,809	\$ 170,935,580
36 General Fund Consulting	\$ 480,000	\$ 480,000	\$ 504,000
37 Private Equity Consulting	895,000	892,755	930,000
38 Private Credit Consulting	325,000	331,250	352,500
39 Real Estate Consulting	223,700	225,950	230,450
40 Real Estate & Private Equity Legal Consulting	375,000	376,000	383,000
41 Northern Trust	103,000	103,000	23,000
Subtotal - Investment Consulting Fee	\$ 2,401,700	\$ 2,408,955	\$ 2,422,950
42 Bloomberg Financial Services	\$ 30,420	\$ 31,980	\$ 32,000
43 Tax Accounting Services	65,000	96,590	75,000
44 Institutional Shareholder Services	71,910	71,910	72,000
45 Pitchbook Subscription	26,500	26,502	27,600
46 Pacific Center for Asset Management	10,000	10,000	10,000
47 Cambridge Associates Private Equity Benchmark License	5,500	4,620	5,800
48 CEM Benchmark	45,000	45,000	-
49 MSCI ESG Research Software	14,401	15,049	15,100
50 Investment Risk Management Software Platform	-	-	25,000
Subtotal - Other Investment Expense	\$ 268,731	\$ 301,651	\$ 262,500
Total Investment Management Fees and Expenses	\$ 157,178,340	\$ 156,616,415	\$ 173,621,030

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED PERSONNEL RESOLUTION
FISCAL YEAR 2026-27

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

NOW, THEREFORE, BE IT RESOLVED, that:

1. Effective July 1, 2026, the positions listed in the attached schedule of Positions and Salaries are hereby authorized within the Los Angeles City Employees' Retirement System. The class code numbers, classifications, and salaries as set forth herein are hereby determined to be appropriate in accordance with existing City laws and ordinances, and applicable Memoranda of Understanding, as appropriate. Further, the employment of the designated number of persons in each code and classification as set forth herein is hereby authorized.
2. Memoranda of Understanding approved by the City Council shall be considered to be incorporated into this Resolution where appropriate. Salaries established under approved Memoranda of Understanding shall apply to all classes of employees therein noted. The provisions of each of the Memoranda of Understanding shall take precedence over any conflicting provision contained in this Resolution, but only for those employees in classes to which the Memoranda of Understanding apply.
3. Upon approval of the General Manager, substitute authority positions may be filled using any class approved and established by the Board of Civil Service Commissioners. This approval shall specify the period during which the position shall be filled.
4. Upon approval of the General Manager, persons may be employed in any class approved and established by the Board of Civil Service Commissioners in-lieu of a vacant position if the in-lieu employment is consistent with City policies and procedures for such employment.
5. The General Manager shall have the authority to correct any clerical or typographical errors in this document.

March 24, 2026

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
POSITIONS AND SALARIES: FY 2026-27**

(a) Regular Positions

FY26	FY27	Change	MOU	Class Code	Class Title	Salary Range
3	3	0	1	1513-0	ACCOUNTANT	\$ 80,179 - \$ 117,179
14	15	1	3	1223-0	ACCOUNTING CLERK	\$ 63,705 - \$ 93,146
10	10	0	3	1358-0	ADMINISTRATIVE CLERK	\$ 54,622 - \$ 71,639
2	2	0	36	9414-0	ASST GM LACERS	\$ 202,139 - \$ 295,556
29	30	1	1	9108-0	BENEFITS ANALYST	\$ 97,572 - \$ 142,673
35	36	1	20	1203-0	BENEFITS SPECIALIST	\$ 73,915 - \$ 108,075
3	3	0	36	9151-0	CH BENEFITS ANALYST	\$ 160,108 - \$ 234,086
1	1	0	36	9147-0	CH INVESTMENT OFCR	\$ 279,541 - \$ 408,663
1	1	0	36	9182-0	CH MANAGEMENT ANALYST	\$ 160,108 - \$ 234,086
1	1	0	1	9734-2	COMMISSION EXEC ASST II	\$ 93,709 - \$ 137,015
1	1	0	36	1610-0	DEPARTMENTAL AUDIT MGR	\$ 160,108 - \$ 234,086
1	1	0	36	1593-4	DEPT CHIEF ACCT IV	\$ 160,108 - \$ 234,086
2	2	0	37	1117-2	EXEC ADMIN ASST II	\$ 78,906 - \$ 115,383
1	1	0	37	1117-3	EXEC ADMIN ASST III	\$ 84,627 - \$ 123,735
1	1	0	20	1555-2	FISCAL SYSTEMS SPEC II	\$ 137,035 - \$ 200,323
1	1	0	0	9150-0	GM-LACERS	\$ 240,662 - \$ 426,557
1	1	0	36	1409-2	INFO SYSTEM MGR II	\$ 160,108 - \$ 234,086
1	1	0	1	1625-3	INTERNAL AUDITOR III	\$ 110,643 - \$ 161,757
1	1	0	1	1625-4	INTERNAL AUDITOR IV	\$ 137,035 - \$ 200,323
3	3	0	20	9146-1	INVESTMENT OFFICER I	\$ 127,368 - \$ 186,208
5	5	0	20	9146-2	INVESTMENT OFFICER II	\$ 158,646 - \$ 231,935
2	2	0	20	9146-3	INVESTMENT OFFICER III	\$ 199,467 - \$ 291,610
6	6	0	1	9184-0	MANAGEMENT ANALYST	\$ 93,709 - \$ 137,015
1	1	0	20	1170-0	PAYROLL SUPERVISOR	\$ 90,452 - \$ 132,254
1	1	0	20	1129-0	PERS RECORDS SUPV	\$ 78,780 - \$ 115,195
1	1	0	1	1731-0	PERSONNEL ANALYST	\$ 93,709 - \$ 137,015
1	1	0	63	1714-2	PERSONNEL DIR II	\$ 154,721 - \$ 226,214
0	0	0	20	1525-1	PR ACCOUNTANT I	\$ 109,244 - \$ 159,711
2	2	0	20	1525-2	PR ACCOUNTANT II	\$ 115,174 - \$ 168,376
1	1	0	20	1201-0	PRINCIPAL CLERK	\$ 73,915 - \$ 108,075
2	2	0	8	1431-3	PROGRAMMER/ANALYST III	\$ 98,574 - \$ 144,114
1	1	0	8	1431-5	PROGRAMMER/ANALYST V	\$ 114,986 - \$ 168,147
1	1	0	36	1800-1	PUB INFO DIRECTOR I	\$ 112,877 - \$ 165,015
13	14	1	20	9109-1	SENIOR BENEFITS ANALYST I	\$ 119,956 - \$ 175,371
7	7	0	20	9109-2	SENIOR BENEFITS ANALYST II	\$ 148,332 - \$ 216,881
2	2	0	20	1523-1	SR ACCOUNTANT I	\$ 93,584 - \$ 136,806
3	3	0	20	1523-2	SR ACCOUNTANT II	\$ 101,435 - \$ 148,311
20	20	0	3	1368-0	SR ADMINISTRATIVE CLERK	\$ 60,322 - \$ 88,239
1	1	0	17	1445-2	SR CYBER SECURITY ANALYST II	\$ 160,108 - \$ 234,086
2	2	0	20	9171-1	SR MGMT ANALYST I	\$ 115,195 - \$ 168,418
1	1	0	20	9171-2	SR MGMT ANALYST II	\$ 142,673 - \$ 208,549
1	1	0	64	9167-O	SR PERSONNEL ANALYST I	\$ 112,334 - \$ 164,242
1	1	0	64	9167-T	SR PERSONNEL ANALYST II	\$ 139,019 - \$ 203,246
1	1	0	20	1597-1	SR SYSTEMS ANALYST I	\$ 115,195 - \$ 168,418
1	1	0	20	1597-2	SR SYSTEMS ANALYST II	\$ 142,673 - \$ 208,549
2	2	0	1	1596-0	SYSTEMS ANALYST	\$ 116,427 - \$ 137,015
1	1	0	21	1455-1	SYSTEMS ADMINISTRATOR I	\$ 144,469 - \$ 169,984
2	2	0	21	1455-2	SYSTEMS ADMINISTRATOR II	\$ 125,050 - \$ 182,804
1	1	0	21	1455-3	SYSTEMS ADMINISTRATOR III	\$ 135,490 - \$ 198,068
<u>195</u>	<u>199</u>	<u>4</u>				

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

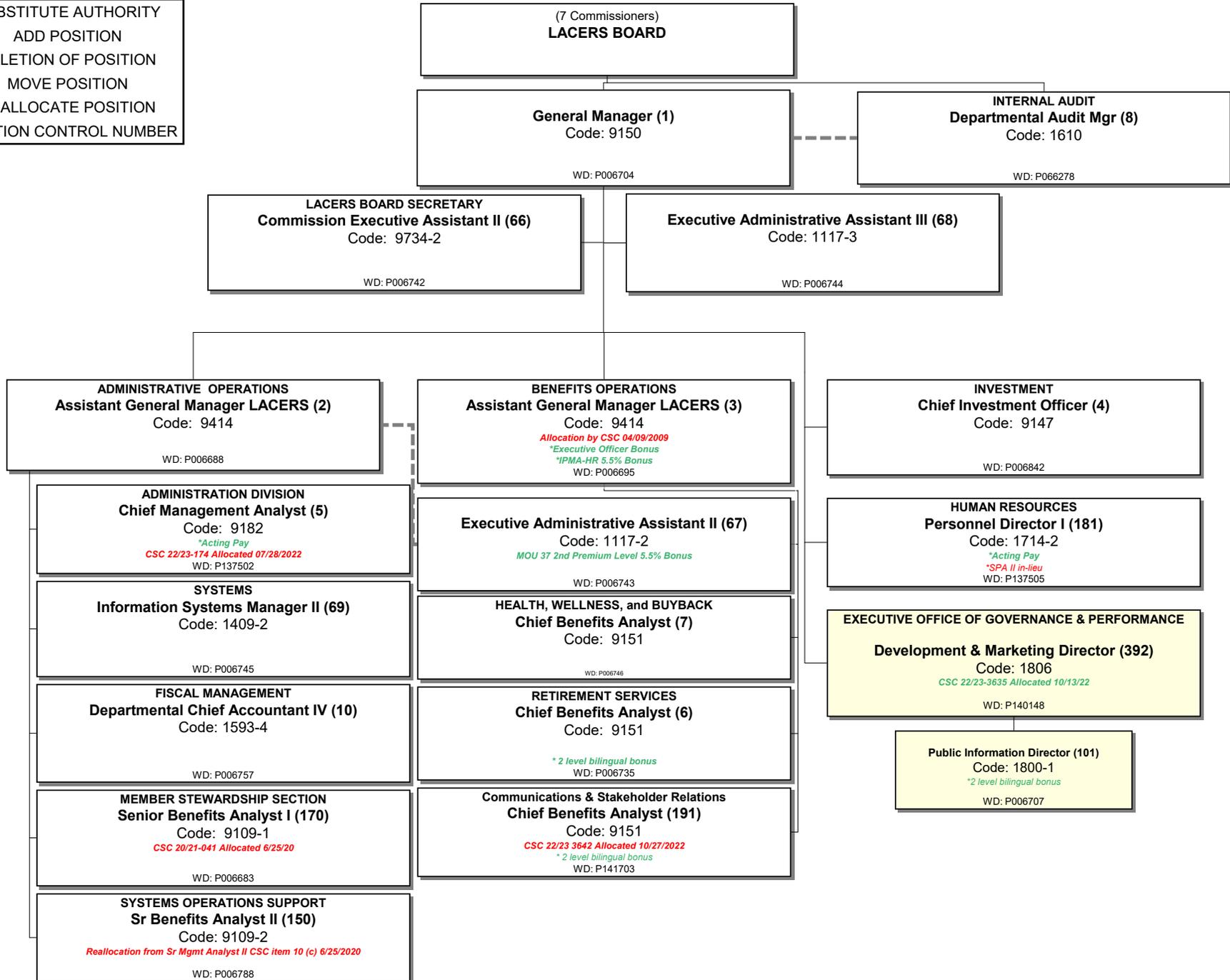
Class Code	Class Title	Class Code	Class Title
1133	RETIREMENT RELIEF WORKER	1119	PAYROLL SUPERVISOR
1358	ADMINISTRATIVE CLERK	1234	ACCOUNTING RECORDS SUPERVISOR
1501	STUDENT WORKER	1502	STUDENT PROFESSIONAL WORKER
1523-2	SENIOR ACCOUNTANT II	9108	BENEFITS ANALYST
1535-1	ADMINISTRATIVE INTERN I	1596	SYSTEMS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

FY26	FY27	Change	MOU	Class Code	Class Title	Salary Range
<u>7</u>	<u>7</u>	<u>0</u>	N/A	0101-2	COMMISSIONER	\$50 PER MEETING
7	7	0				

LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2026/2027

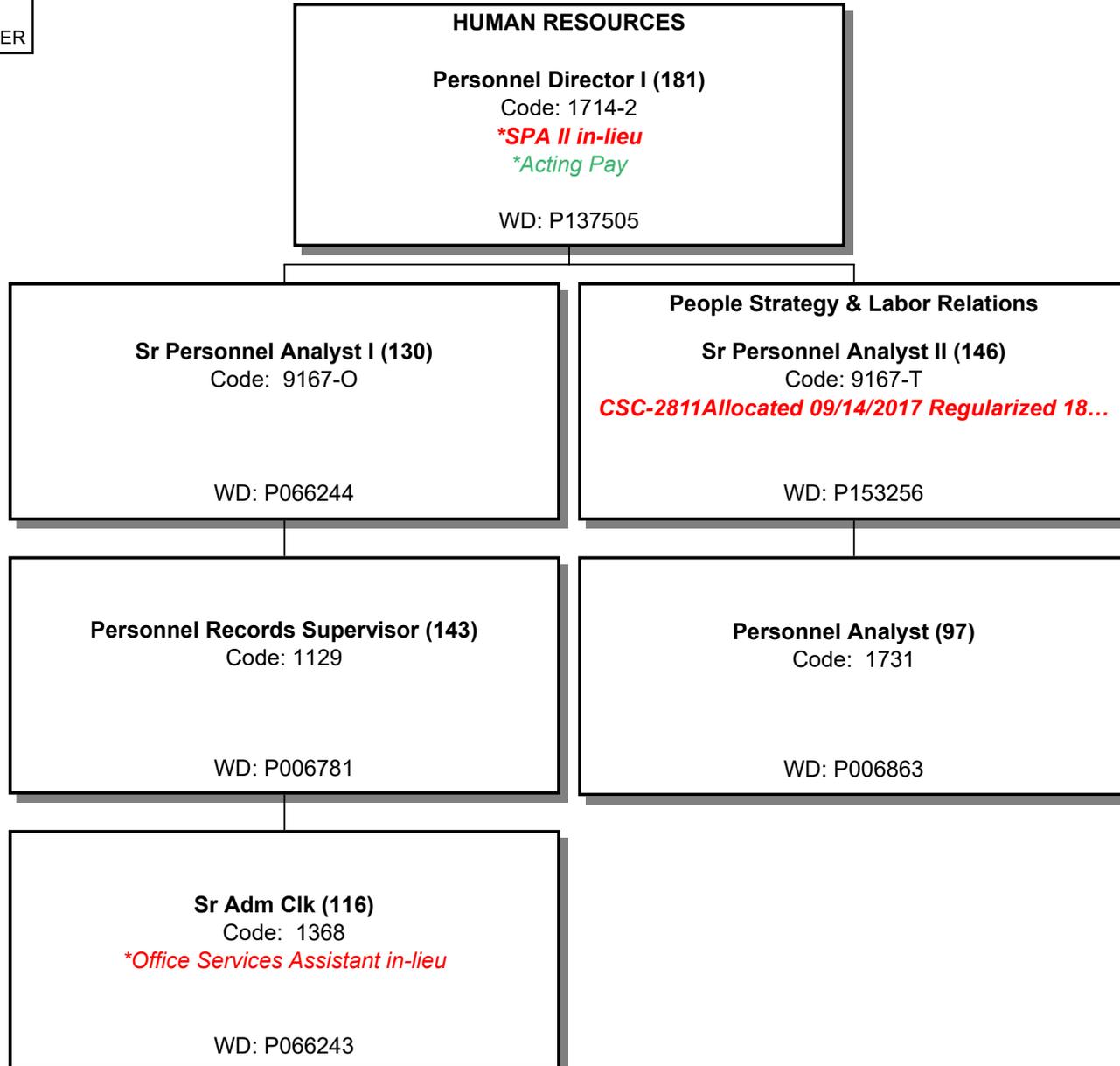
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	ADD POSITION
	DELETION OF POSITION
	MOVE POSITION
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	POSITION CONTROL NUMBER



LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2026/2027

- SUBSTITUTE AUTHORITY
- ADD POSITION
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- MOVE POSITION
- REALLOCATE POSITION
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LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2026/2027

	SUBSTITUTE AUTHORITY
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	MOVE POSITION
	REALLOCATE POSITION
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INTERNAL AUDIT
Vacant
Departmental Audit Mgr (8)
Code: 1610

WD: P066278

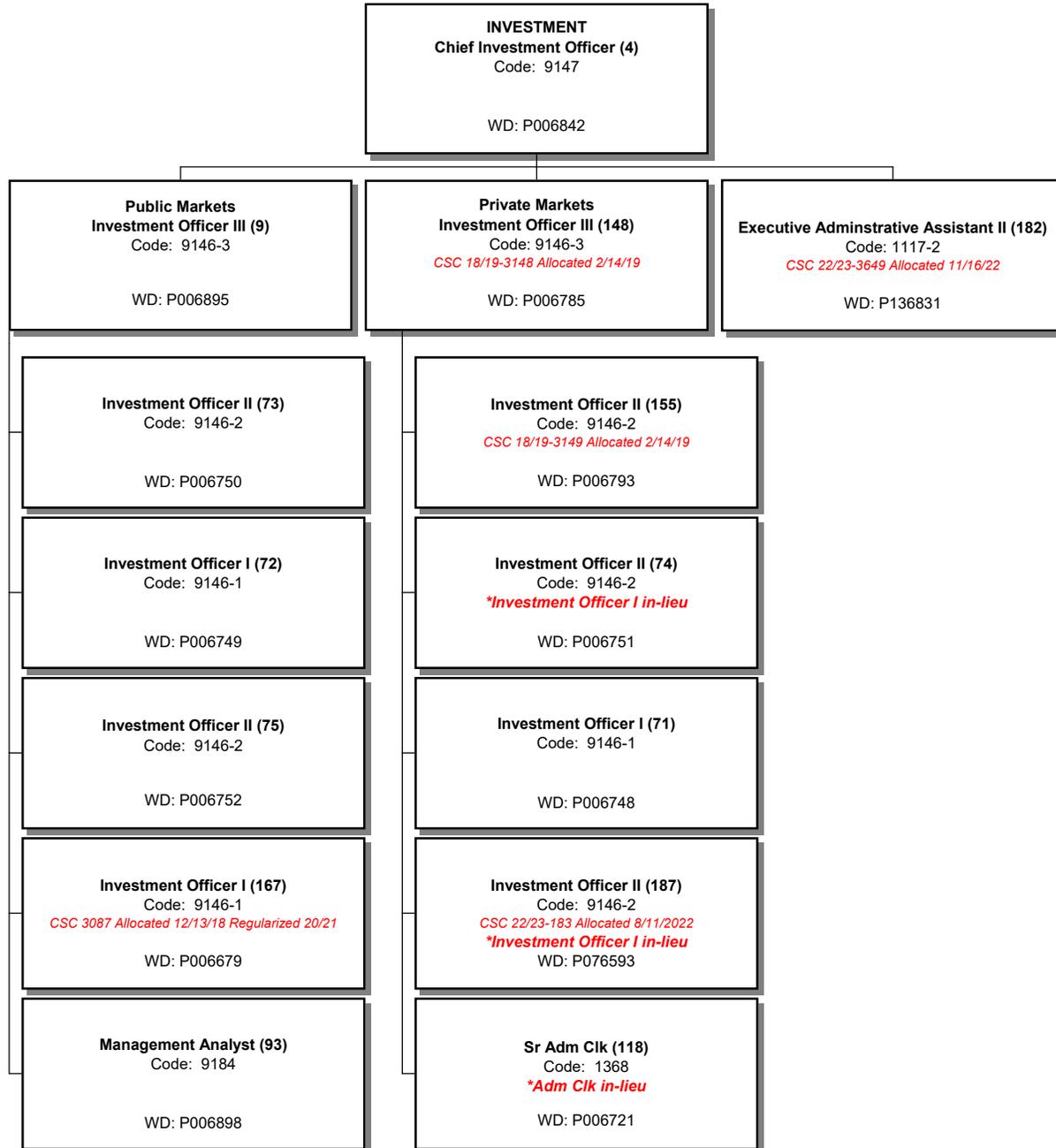
Internal Auditor IV (70)
Code: 1625-4
***Internal Auditor III in-lieu**
**CPA Bonus*
** Acting Pay*
WD: P006747

Internal Auditor III (144)
Code: 1625-3
CSC 17/18-135 Allocated 7/13/17
***Internal Auditor II in-lieu**
**CPA Bonus*
WD: P066247

LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2026/2027

	SUBSTITUTE AUTHORITY
	ADD POSITION
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	POSITION CONTROL NUMBER

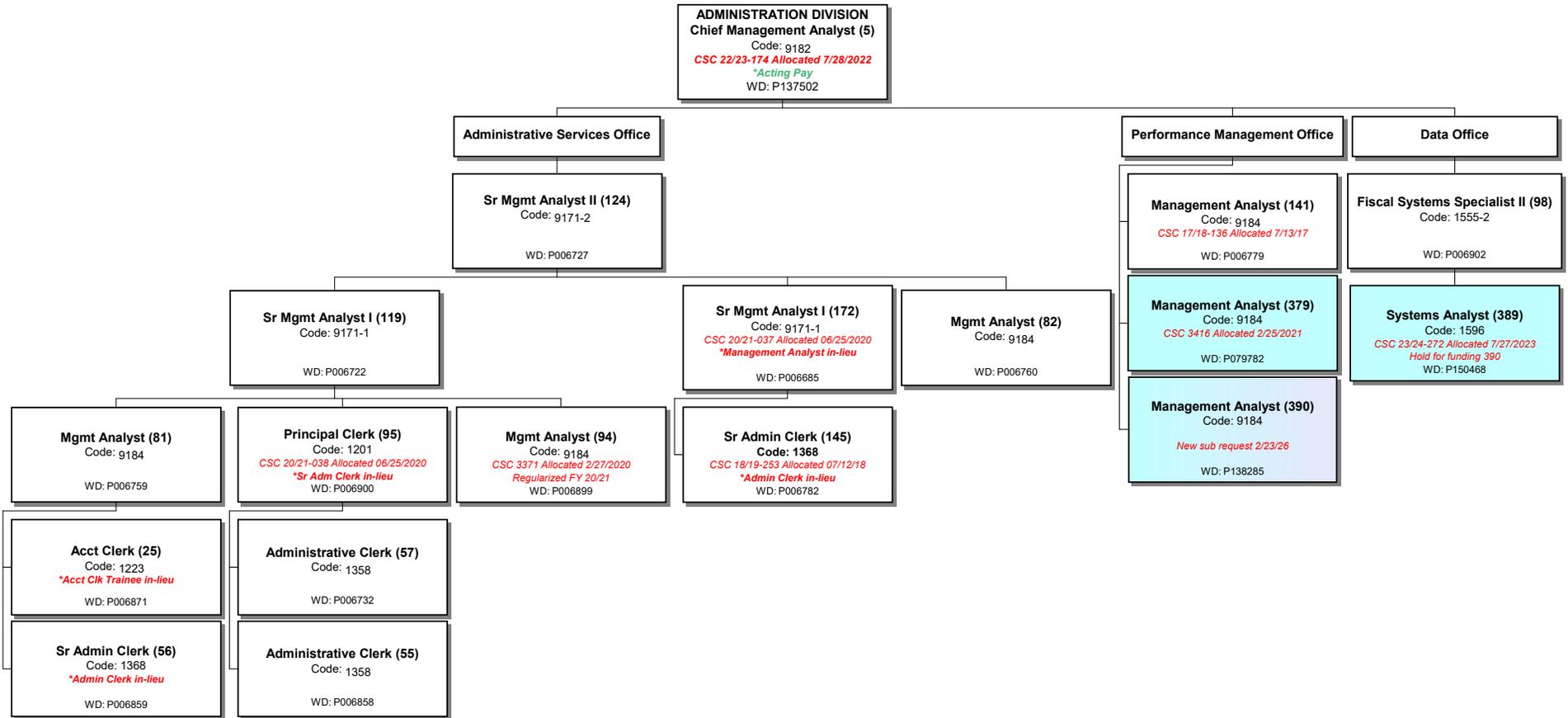


UPDATED 3/24/2026

LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2026/2027

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LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2026/2027

	SUBSTITUTE AUTHORITY
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	POSITION CONTROL NUMBER

MEMBER STEWARDSHIP SECTION
Senior Benefits Analyst I (170)
 Code: 9109-1
CSC 20/21-041 Allocated 6/25/20
 WD: P006683

**Active Member Accounts
Benefits Analyst (96)**
 Code: 9108
CSC 20/21-040 Allocated 06/25/2020
 WD: P006901

Account Settlement Unit (ASU)

Benefits Specialist (518)
 Code: 1203
CSC 23/24-3848 Allocated 01/11/2024
 WD: P150600

Benefits Specialist (517)
 Code: 1203
CSC 23/24-3847 Allocated 01/11/2024
 WD: P150597

Benefits Analyst (514)
 Code: 9108
CSC 23/24-3849 Allocated 01/11/2024
**Benefits Specialist in-lieu*
 WD: P150598

Benefits Specialist (29)
 Code: 1203
 WD: P006694

Accounting Clerk (512)
 Code: 1223
CSC 23/24-3846 Allocated 01/11/2024
**Acct Clk Assistant in-lieu*
 WD: P150634

Accounting Clerk (513)
 Code: 1223
CSC 23/24-3846 Allocated 01/11/2024
 WD: P150633

Benefits Analyst (504)
 Code: 9108
CSC 22/23-3732 Allocated 04/05/2023
 WD: P142969

Benefits Specialist (16)
 Code: 1203
CSC 19/20-060 Allocated 06/27/19
 WD: P006671

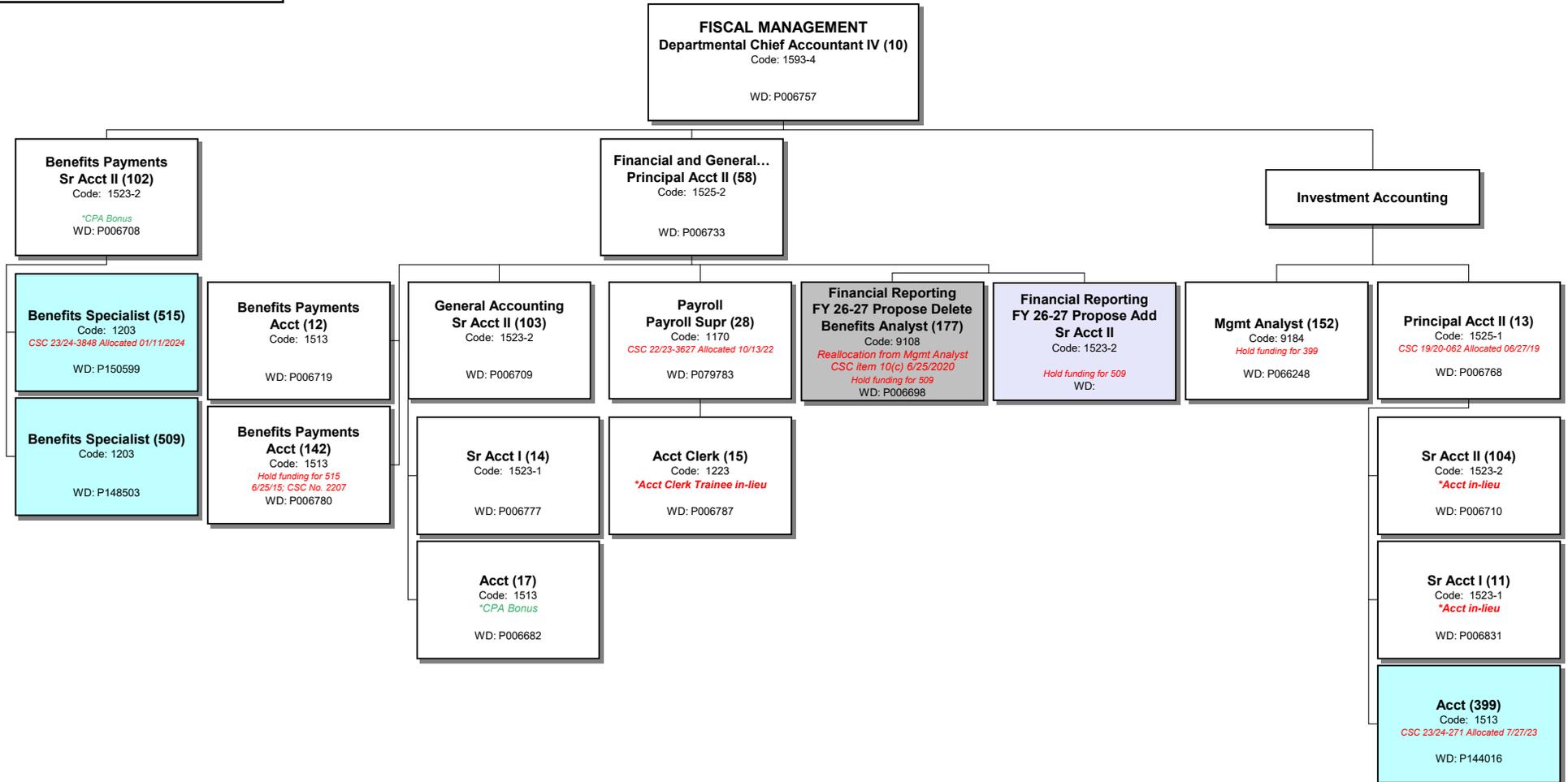
Benefits Specialist (30)
 Code: 1203
 WD: P006696

Benefits Specialist (516)
 Code: 1203
CSC 23/24-3847 Allocated 01/11/2024
 WD: P150596

LACERS

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LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2026/2027

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SYSTEMS OPERATIONS SUPPORT
Sr Benefits Analyst II (150)
Code: 9109-2
Reallocation from Sr Mgmt Analyst II CSC item 10 (c) 6/25/20...
WD: P006788

Sr Benefits Analyst I (166)
Code: 9109-1
Reallocation from Mgmt Analyst CSC item 10 (c) 6/25/2020
WD: P006678

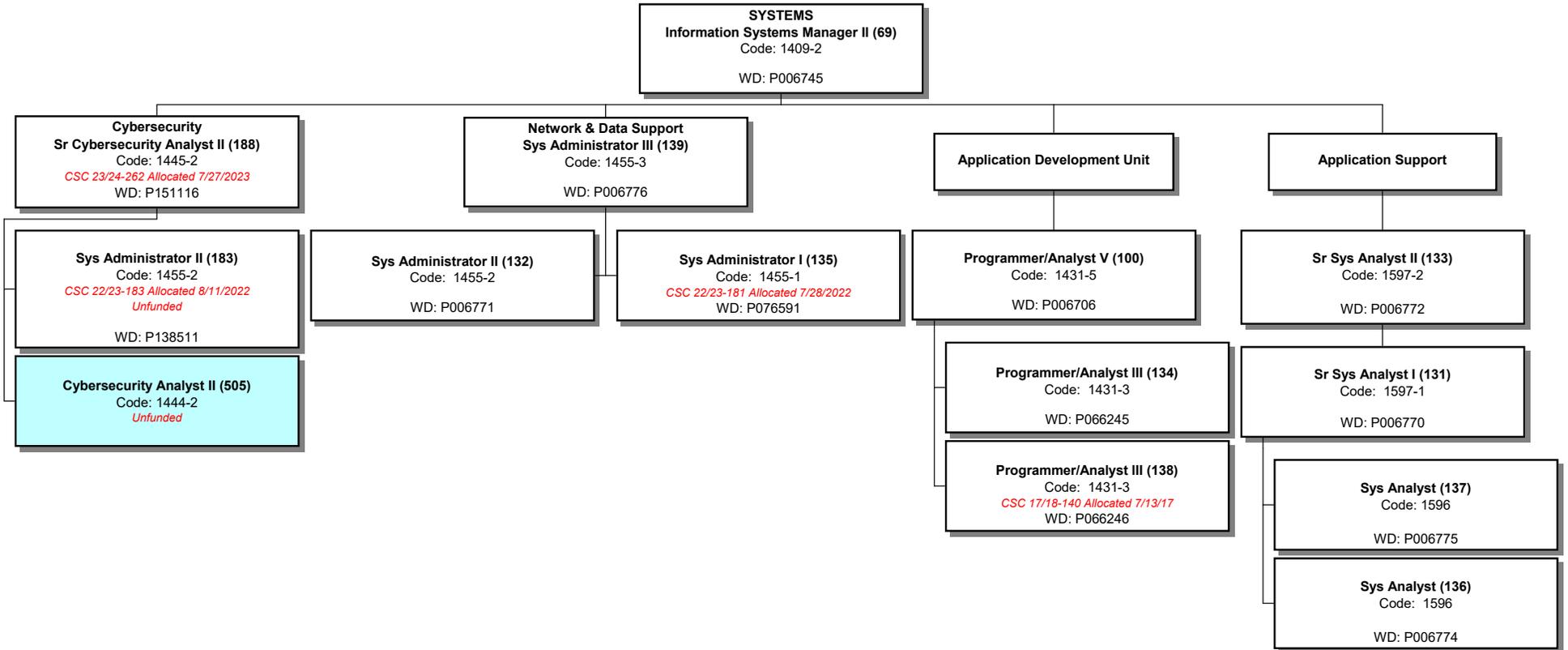
Benefits Analyst (80)
Code: 9108
WD: P006758

FY 26-27 Propose to Regularize
Accounting Clerk (519)
Code: 1223
CSC 23/24-3893 Allocated 4/25/2024
**Acct Clk Trainee in-lieu*
WD: P152242

LACERS

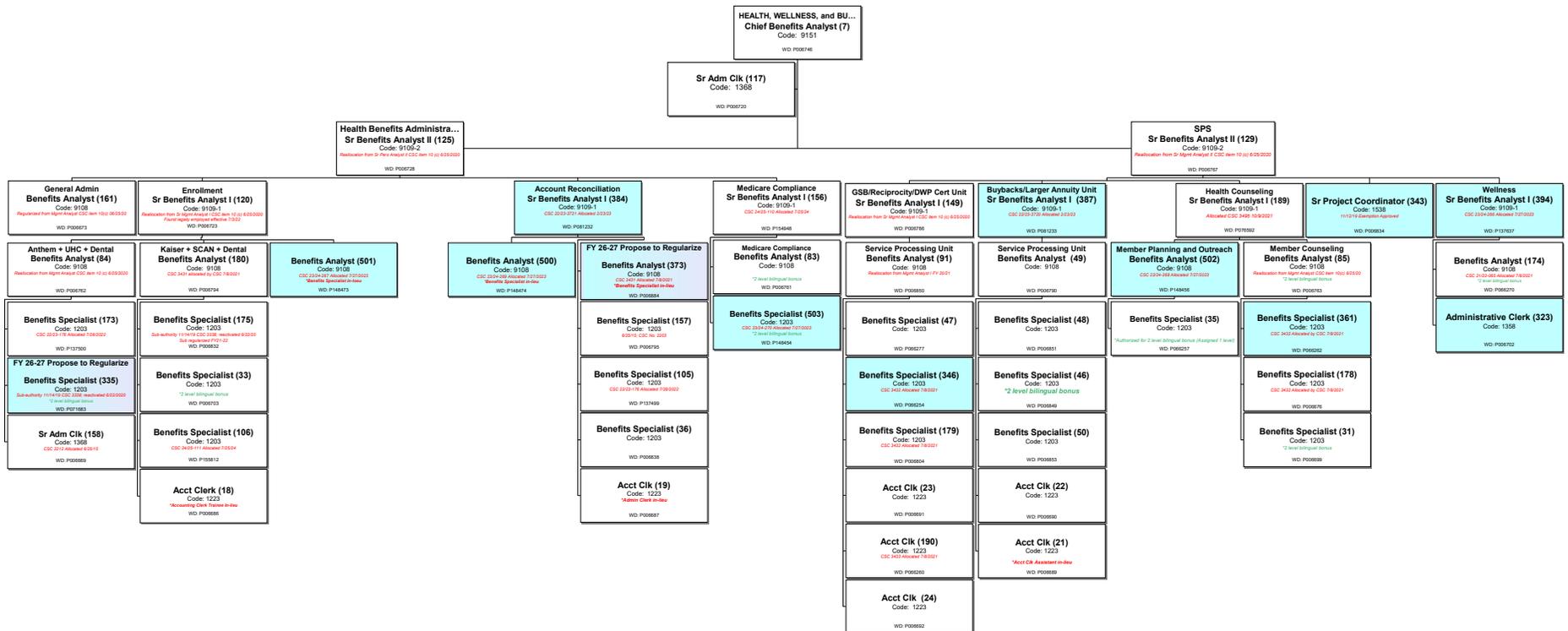
CONCEPTUAL ORGANIZATIONAL CHART FY 2026/2027

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LACERS CONCEPTUAL ORGANIZATIONAL CHART FY 2026/2027

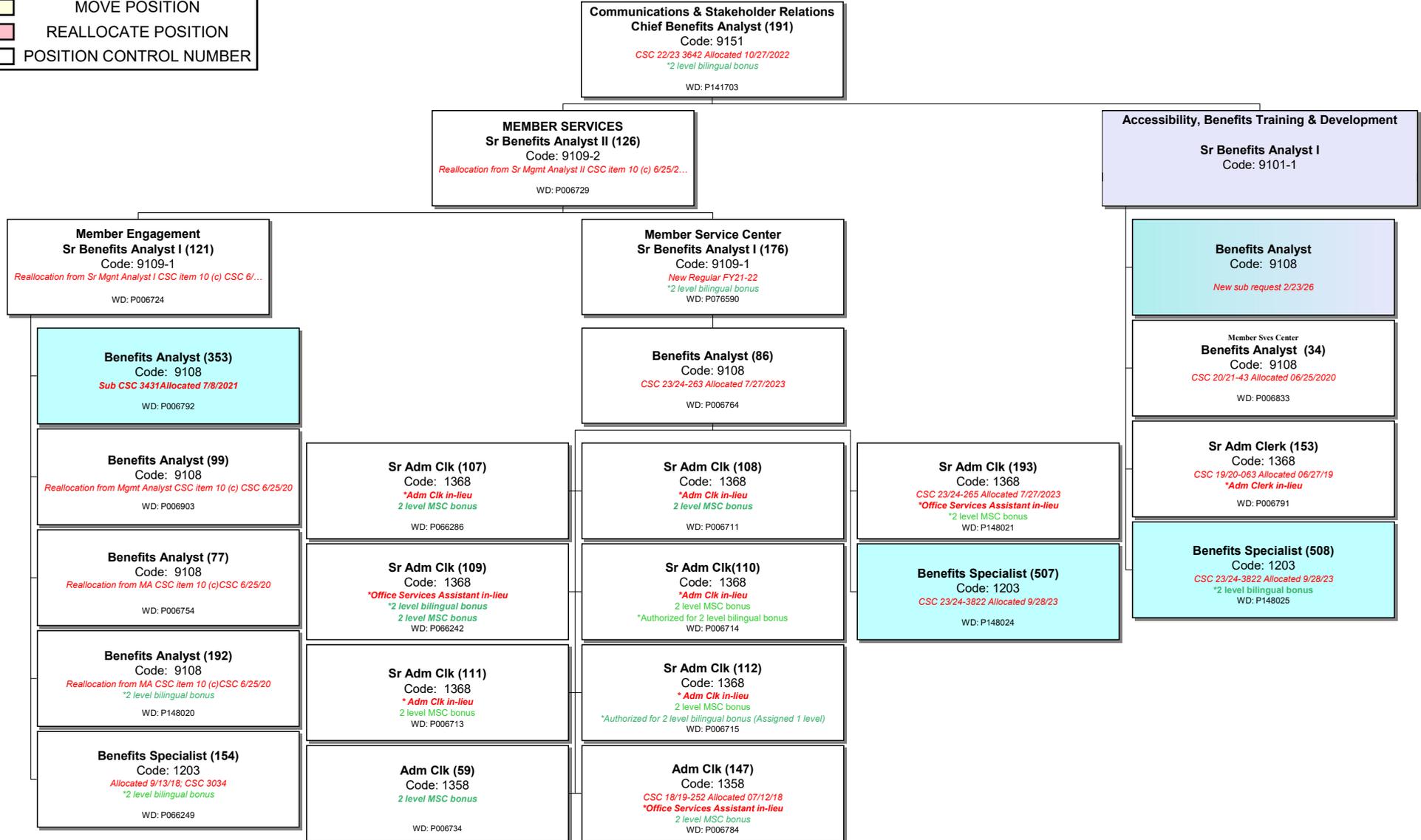
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LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2026/2027

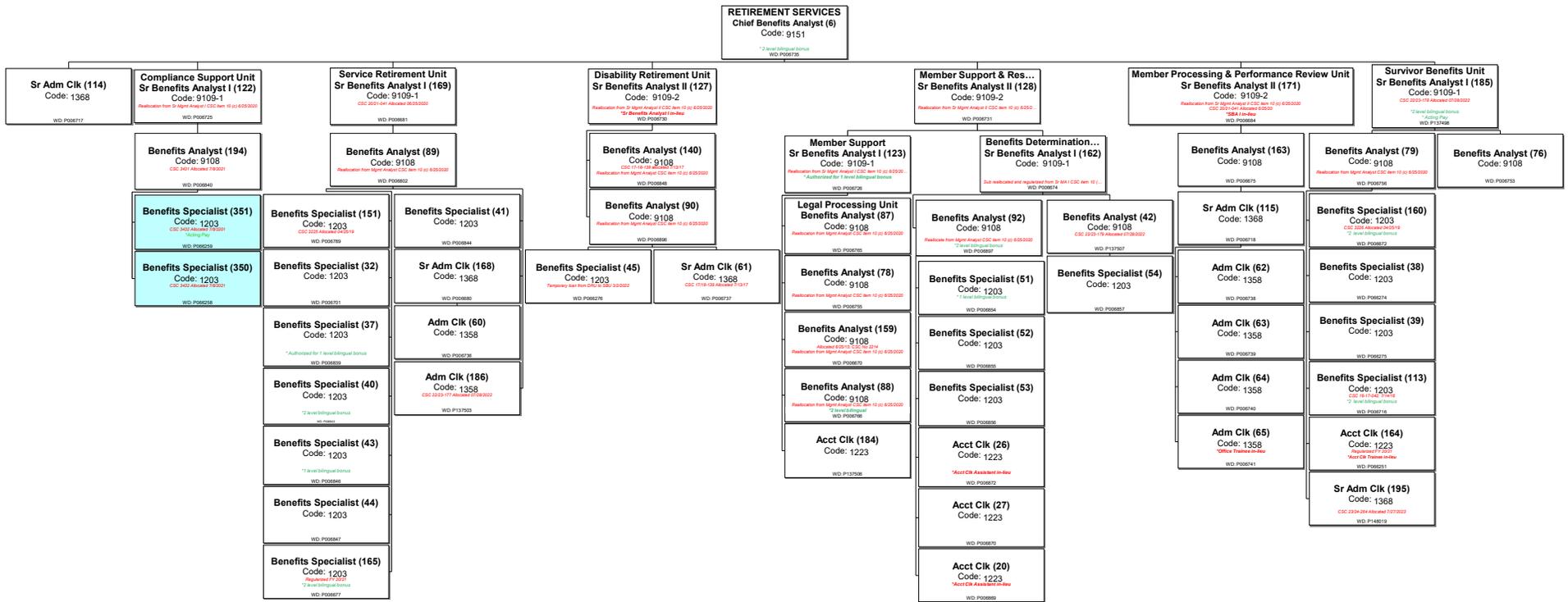
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LACERS

CONCEPTUAL ORGANIZATIONAL CHART FY 2026/2027

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LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED RESOLUTION

DELEGATION OF AUTHORITY TO THE GENERAL MANAGER
TO APPROVE TRANSFERS BETWEEN APPROPRIATION ACCOUNTS
FOR FISCAL YEAR 2026-27

WHEREAS, the Fiscal Year 2026-27 Budget aims to limit budget overages and ensure appropriations are conservatively budgeted, greater flexibility to move funds between appropriation accounts will help manage expenditures within budgeted funds;

WHEREAS, Charter Section 343(b) and Administrative Code Section 5.36, provides authority to the head of the department, the LACERS Board of Administration, to transfer between budget appropriation accounts, within limits prescribed by the City Administrative Officer, the most current at \$70,046 in Fiscal Year 2025-26;

WHEREAS, on March 24, 2026, the Board has approved the 2026-27 Budget and desires that the General Manager have the flexibility to move funds between appropriation accounts in order to meet priorities in the most efficient and timely manner;

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

March 24, 2026

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED RESOLUTION

AUTHORIZATION FOR
DEPARTMENTAL EXEMPLARY STAFF RECOGNITION PROGRAM
FISCAL YEAR 2026-27

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

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

WHEREAS, funds for program-related expenditures during the 2026-27 Fiscal Year have been included in the Fiscal Year 2026-27 Departmental budget in order to continue the program; and

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

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby confirms the ongoing establishment of the LACERS Exemplary Staff Recognition Program, and authorizes program-related expenditures for Fiscal Year 2026-27 not to exceed \$5,000.

March 24, 2026

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED RESOLUTION

AUTHORIZATION FOR
LACERS DEPARTMENTAL PARKING PROGRAM
FISCAL YEAR 2026-27

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

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

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

WHEREAS, funds for program-related expenditures during the 2026-27 Fiscal Year have been included in the Departmental budget under the Property Management - Operations expense budget in order to continue the program;

WHEREAS, the demand for parking exceeds supply at LACERS Headquarters Building, additional parking can be obtained by entering into a contract with a nearby parking lot in Chinatown at a monthly rate of \$85 per parking spot as well as an allowance for individual daily rate parking validations as needed;

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

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

1. Hereby confirms the continuation of the LACERS Departmental Parking Program, and authorizes program-related expenditures for Fiscal Year 2026-27 not to exceed \$30,000;
2. Authorize the General Manager to work with the property management firm for the LACERS Headquarters Building to rent up to 30 parking spots annually and/or enter into an agreement for validated parking in the Chinatown area; and,
3. Authorize the General Manager to negotiate and execute any contracts required to implement the parking program.

March 24, 2026

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

PROPOSED RESOLUTION

AUTHORIZATION FOR
DEPARTMENTAL TRANSIT BENEFITS PROGRAM
FISCAL YEAR 2026-27

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

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

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

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

WHEREAS, funds for program-related expenditures during the 2026-27 Fiscal Year have been included in the 2026-27 Departmental budget in order to establish this program;

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

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

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

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

1. Hereby confirms the continuation of the LACERS Transit Benefits Program, and authorizes program-related expenditures for Fiscal Year 2026-27 not to exceed \$162,000;
2. Authorize the General Manager to establish a monthly transit subsidy per eligible employee;
3. Authorize the General Manager to establish the program requirements, policies and procedures as necessary within the framework of this authorizing Resolution; and,
4. Authorize the General Manager to negotiate and execute any contracts or agreements required to implement the Departmental Transit Benefits Program.

March 24, 2026



REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee

Thuy Huynh, Chair
Susan Liem
Gaylord "Rusty" Roten

MEETING: MARCH 24, 2026

ITEM: VII – B

SUBJECT: APPROVAL OF 1-YEAR CONTRACT WITH GRANAHAN INVESTMENT MANAGEMENT, INC. REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP GROWTH EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve a one-year contract renewal with Granahan Investment Management, Inc. for management of an active U.S. small cap growth equities portfolio.
2. Authorize the General Manager or designee to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On March 10, 2026, the Committee considered the attached staff report (Attachment 1) recommending a one-year contract renewal with Granahan Investment Management, Inc. (Granahan). The Board hired Granahan through the 2019-2020 Active U.S. Small Cap Equities manager search process and authorized a three-year contract on January 28, 2020; the contract became effective on August 1, 2020. The Board authorized a three-year contract renewal on March 28, 2023. The current contract expires on July 31, 2026. Granahan is currently in compliance with the LACERS Manager Monitoring Policy.

Staff provided a review of the organization, investment strategy, and performance. Following the discussion, the Committee concurred with the staff recommendation.

Prepared By: Barbara Sandoval, Investment Officer II, Investment Division

TB:RJ:WL:RM:BS

Attachments: 1. Investment Committee Recommendation Report dated March 10, 2026
2. Proposed Resolution



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

Board Meeting: 03/24/26
ITEM VII - B
Attachment 1



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

MEETING: MARCH 10, 2026
ITEM: IV

T. Bouey

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

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee recommend to the Board a one-year contract renewal with Granahan Investment Management, Inc. for management of an active U.S. small cap growth equities portfolio.

Executive Summary

Granahan Investment Management, Inc. (Granahan) has managed an active U.S. small cap growth equities portfolio for LACERS since September 2020. LACERS' portfolio was valued at approximately \$160.8 million as of January 31, 2026. Granahan is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a one-year contract renewal.

Discussion

Background

Granahan manages an active U.S. small cap growth equities portfolio for LACERS benchmarked to the Russell 2000 Growth Index. Granahan's fundamental, bottom-up research process seeks to identify secular small cap companies that are positioned to grow consistently and significantly over the next five to seven years. The strategy emphasizes a concentrated portfolio of approximately 40 stocks of companies that have large market opportunities, favorable competitive landscapes, products or services with attractive value-propositions, effective management teams, and strong financial conditions with potential to expand margins. Drew Beja serves as the lead Portfolio Manager and has 43 years of investment experience. Mr. Beja collaborates with the six other portfolio managers/analysts.

The Board hired Granahan through the 2019-2020 Active U.S. Small Cap Equities manager search process and authorized a three-year contract on January 28, 2020; the contract became effective on August 1, 2020. The Board authorized a three-year contract renewal on March 28, 2023. The current contract expires on July 31, 2026. At the time of hire, Granahan qualified as an Emerging Investment Manager pursuant to the LACERS Emerging Investment Manager Policy. LACERS' portfolio was valued at approximately \$160.8 million as of January 31, 2026.

Organization

Granahan was founded in 1985 and headquartered in Waltham, Massachusetts. As of December 31, 2025, Granahan managed approximately \$2.7 billion in total assets, with \$1.2 billion in the small cap equities strategy. The firm has 20 employees and is majority owned by its employees with a minority interest held by Kudu Investment Management.

Due Diligence

Staff conducts routine due diligence of the manager and last conducted an on-site visit in January 2026. Based upon these due diligence activities as well as staff's and NEPC's continuous monitoring, staff and NEPC continue to deem Granahan capable of managing assets for LACERS. Granahan's investment philosophy, strategy, and process have not changed materially over the contract period.

When the Board hired Granahan in January 2020, the firm was wholly owned by employees. In November 2021, Granahan sold a minority interest to Kudu Investment Management. Currently, 76% of the firm's equity continues to be held by Granahan employees and is broadly distributed. As the majority stake holder, Granahan maintains control over its business operations and investment processes.

Performance

As of December 31, 2025, Granahan underperformed its benchmark, net-of-fees, in all time periods as presented in the table below.

Annualized Performance as of 12/31/2025 (Net-of-Fees)					
	3-Month	1-Year	3-Year	5-Year	Since Inception ¹
Granahan	-10.18	2.38	12.26	-0.67	5.55
Russell 2000 Growth Index	1.22	13.01	15.59	3.18	8.24
<i>% of Excess Return</i>	<i>-11.40</i>	<i>-10.63</i>	<i>-3.33</i>	<i>-3.85</i>	<i>-2.69</i>

¹Performance inception date: 9/30/2020. Strategy was funded after contract inception date of 8/1/2020.

The strategy's underperformance relative to the benchmark since inception is largely driven by market uncertainty and volatility as well as significant style headwinds. Granahan's strategy has experienced a larger decline than the benchmark due to the portfolio's bias toward longer duration stocks, challenges with exposures in the consumer discretionary sector, and lack of exposure to biotechnology sector. Granahan is in compliance with the LACERS Manager Monitoring Policy (Policy). Staff and NEPC recommend renewing Granahan's contract for a one-year period and will continue to monitor the manager and strategy pursuant to the Policy.

Calendar year performance is presented in the table below as supplemental information.

Calendar Year Performance as of 12/31/2025 (Net-of-Fees)						
	2025	2024	2023	2022	2021	9/30/2020-12/31/2020
Granahan	2.38	24.83	10.68	-31.38	-0.40	37.35
Russell 2000 Growth Index	13.01	15.15	18.66	-26.36	2.83	29.61
<i>% of Excess Return</i>	<i>-10.63</i>	<i>9.68</i>	<i>-7.98</i>	<i>-5.02</i>	<i>-3.23</i>	<i>7.74</i>

Fees

LACERS pays Granahan an effective fee of 70 basis points (0.70%), which is approximately \$1.2 million annually based on the value of LACERS' assets as January 31, 2026. This fee ranks in the 25th percentile among its peers in the eVestment U.S. Small Cap Growth Universe (i.e., 75% of like-managers have higher fees). From contract inception on August 1, 2020 to December 31, 2025, LACERS has paid Granahan a total of \$4.5 million in investment fees.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

Prepared By: Barbara Sandoval, Investment Officer II, Investment Division

TB:RJ:WL:RM:BS

Attachment: 1. Consultant Recommendation – NEPC



To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: March 10, 2026

Subject: Granahan Investment Management – Small Cap Focused Growth Contract Renewal

Recommendation

NEPC recommends that Los Angeles City Employees' Retirement System (LACERS) renew the contract with Granahan Investment Management (Granahan) for a period of one year from the date of contract expiry.

Background

Granahan was funded on October 1, 2020 to provide active investment management within the growth U.S. equity small cap segment. As of December 31, 2025, Granahan managed \$159.9 million or 0.6% of Plan assets. The performance objective is to outperform the Russell 2000 Growth Index, net of fees, annualized over a full market cycle (normally three-to-five years). The account is currently in good standing based on LACERS' Manager Monitoring Policy, but performance tends to be volatile given their investment approach.

Granahan was founded in 1985 and is headquartered in Waltham, Massachusetts. The firm is 76% employee-owned with the remainder held by Kudu Investment Management. Kudu Investment Management has been a passive minority partner since November 2021. Kudu is an independent provider of permanent capital solutions to asset managers and is backed by capital partner White Mountain Insurance Group.

The Small Cap Focused Growth portfolio is managed by Andrew Beja. Mr. Beja collaborates with others on the Granahan team to discuss ideas (both companies and stocks) but has sole responsibility and is accountable for all research and portfolio construction of the Focused Growth product at Granahan. Jane White (Technology), David Rose (Generalist), Jennifer Pawloski (Technology), Jeff Harrison (Generalist), Richard Watson (Generalist) and Chris Martin (Generalist) support Mr. Beja in an Analyst capacity.

The strategy is based on bottom-up fundamental research that looks for sustainable growth companies positioned to grow at 15%+ for many years. Granahan invests in growth companies that they like to call "Desert Island" companies. These are companies that the firm feels are great businesses with strong investment moats. Portfolios are typically constructed with concentration in sectors that exhibit strong secular growth companies (i.e., Technology Services, Business Services, Consumer and Producer Durables). The portfolio is concentrated and aims to hold 30-45 companies which have sustainable 15% earnings growth potential and attractive risk/reward characteristics.

Performance

In Exhibits 1 and 2, since inception ending December 31, 2025, the portfolio has underperformed its benchmark by 2.7% and ranked in the 72nd percentile of a universe of small cap growth managers. Over the past five years, ended December 31, 2025, the portfolio underperformed its benchmark by 3.9% and ranked in the 82nd percentile in its peer group. In the past year, ended December 31, 2025, the portfolio underperformed its benchmark by 10.6% and ranked in the 80th percentile.

In 2025, both allocation and security selection decisions detracted from performance. An underweight positioning to health care stocks versus the benchmark hurt the portfolio's performance for the year. The lack of exposure to biotech, in particular, had a large negative impact on performance. Negative security selection within health care also hurt performance. Altogether, health care explains roughly one-third of the year's underperformance. Security selection within the technology and industrials sectors was another reason for the year's underperformance, explaining most of the remaining underperformance for the year.

The investment philosophy of this strategy typically results in a highly concentrated, high tracking error portfolio that may result in over- or under-exposure to sectors that are not in favor by the market. The manager does not feel the need to invest in every sector and does not try to time sector bets. This may result in periods where the portfolio holdings will be heavily out of favor by investors. Over the past five calendar years since the October 2020 inception, this strategy has underperformed the benchmark for four of those calendar years. 2024 represented a year of outperformance relative to the benchmark. The manager views the portfolio holdings as attractive in aggregate, with solid fundamentals that have not been rewarded by the market, leading to a positive outlook from a valuation perspective over the next 12-36 months.

Fees

The portfolio has an asset-based fee of 0.70% annually. This fee ranks in the 25th percentile among its peers in the eVestment U.S. Small Cap Growth universe. In other words, 75% of the products included in the peer universe have a higher fee than the LACERS account.

Conclusion

Granahan has underperformed its benchmark on a trailing period basis, including since inception. With its concentration in names and sectors, the portfolio can face significant headwinds when its holdings are out of favor. The portfolio has underperformed the benchmark in 2021, 2022, 2023, and 2025. The strategy remains on NEPC's focus list. We recommend a one-year contract renewal while we monitor Granahan's ability to improve performance results.

Exhibit 1: Performance Comparison Net of Fees as of December 31, 2025

*Since inception performance calculated by NEPC begins with the first full month of performance for the investment manager; partial month performance is not included.

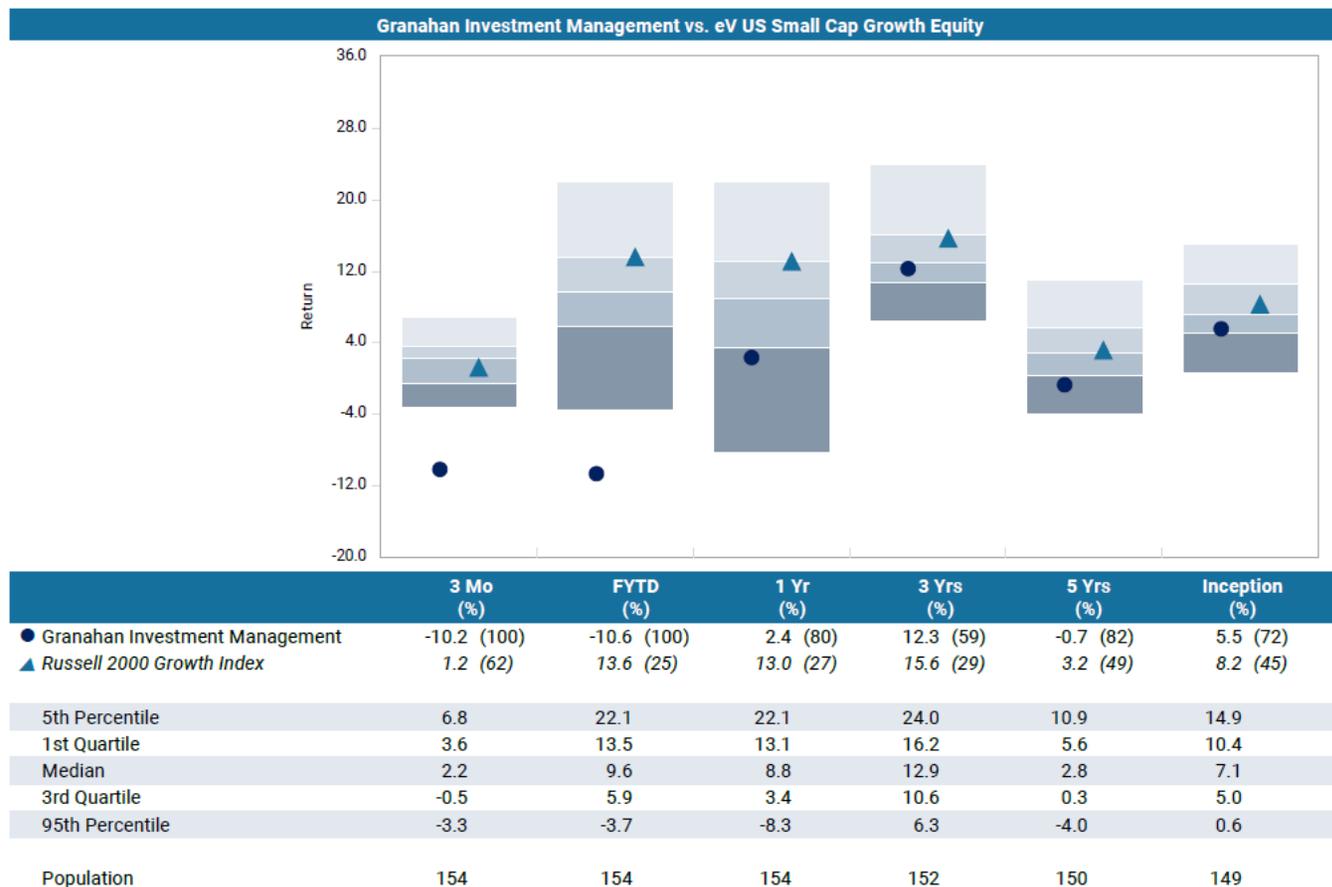
	Market Value (\$)	3 Months	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Granahan Investment Management	159,903,240	-10.2	-10.6	2.4	12.3	-0.7	5.6	Oct-20
Russell 2000 Growth Index		1.2	13.6	13.0	15.6	3.2	8.2	
Over/Under		-11.4	-24.2	-10.6	-3.3	-3.9	-2.7	





Exhibit 2: Universe Performance Comparison Net of Fees as of December 31, 2025

*Since inception performance calculated by NEPC begins with the first full month of performance for the investment manager; partial month performance is not included.



CONTRACT RENEWAL
GRANAHAN INVESTMENT MANAGEMENT, INC.
ACTIVE U.S. SMALL CAP GROWTH EQUITIES
PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS current three-year contract term with Granahan Investment Management, Inc. (Granahan) for management of an active U.S. small cap growth equities portfolio management expires on July 31, 2026; and,

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

WHEREAS, a contract renewal with Granahan will allow the fund to maintain a diversified exposure to U.S. small cap growth equities; and,

WHEREAS, on March 24, 2026, the Board approved the Investment Committee's recommendation to approve a one-year contract renewal with Granahan.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager or designee is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

<u>Company Name:</u>	Granahan Investment Management, Inc.
<u>Service Provided:</u>	Active U.S. Small Cap Growth Equities Portfolio Management
<u>Effective Dates:</u>	August 1, 2026 through July 31, 2027
<u>Duration:</u>	One year
<u>Benchmark:</u>	Russell 2000 Growth Index
<u>Allocation as of January 31, 2026:</u>	\$160.8 million

March 24, 2026



REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee
Thuy Huynh, Chair
Susan Liem
Gaylord "Rusty" Roten

MEETING: MARCH 24, 2026
ITEM: VII – C

SUBJECT: APPROVAL OF 1-YEAR CONTRACT WITH COPELAND CAPITAL MANAGEMENT, LLC, REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP CORE EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve a one-year contract renewal with Copeland Capital Management, LLC for management of an active U.S. small cap core equities portfolio.
2. Authorize the General Manager or designee to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On March 10, 2026, the Committee considered the attached staff report (Attachment 1) recommending a one-year contract renewal with Copeland Capital Management, LLC (Copeland) for management of an active U.S. small cap core equities portfolio. The Board hired Copeland through the 2019-2020 Active U.S. Small Cap Equities manager search process and authorized a three-year contract on January 28, 2020; the contract became effective on August 1, 2020. The Board authorized a three-year contract renewal on February 28, 2023. The current contract expires on July 31, 2026. Copeland is currently on watch status since March 2025 for underperformance.

Staff provided a review of the organization, investment strategy, and performance. Following the discussion, the Committee concurred with the staff recommendation.

Prepared By: Barbara Sandoval, Investment Officer II, Investment Division

TB:RJ:WL:RM:BS

Attachments: 1. Investment Committee Recommendation Report dated March 10, 2026
2. Proposed Resolution



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

Board Meeting: 03/24/26
ITEM VII - C
Attachment 1



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

MEETING: MARCH 10, 2026
ITEM: V

SUBJECT: INVESTMENT MANAGER CONTRACT WITH COPELAND CAPITAL MANAGEMENT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP CORE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee recommend to the Board a one-year contract renewal with Copeland Capital Management, LLC for management of an active U.S. small cap core equities portfolio.

Executive Summary

Copeland Capital Management, LLC (Copeland) has managed an active U.S. small cap core equities portfolio for LACERS since September 2020. LACERS' portfolio was valued at approximately \$297.3 million as of January 31, 2026. Copeland is currently on watch status since March 2025 due to underperformance. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a one-year contract renewal.

Discussion

Background

Copeland manages an active U.S. small cap core equities portfolio for LACERS benchmarked to the Russell 2000 Index. Copeland's small cap strategy is founded on the belief that stocks with sustainable dividend growth consistently outperform the market with less risk. Copeland believes that companies that raise their dividends annually are run by corporate management teams with superior capital allocation skills relative to companies which do not have a commitment to growing their dividend yield. Copeland's research shows that its strategy's incidental avoidance of corporate capital allocation mistakes reduces stock specific downside and volatility exposure.

The strategy is managed by a five-person team headed by Lead Portfolio Manager Mark Giovannello, who also serves as the firm's Chief Investment Officer. The investment team has depth of experience, with four of the five members approaching three decades each in the investment profession. There has been no turnover within the investment team since the inception of the strategy in 2009.

The Board hired Copeland through the 2019-2020 Active U.S. Small Cap Equities manager search process and authorized a three-year contract on January 28, 2020; the contract became effective on

August 1, 2020. The Board authorized a three-year contract renewal on February 28, 2023. The current contract expires on July 31, 2026. LACERS' portfolio was valued at approximately \$297.3 million as of January 31, 2026.

Organization

Copeland was founded in 2005 and headquartered in Conshohocken, Pennsylvania. The firm has 30 employees and is 100% employee-owned; equity is shared broadly across the organization with the investment team holding the most significant ownership percentages. As of December 31, 2025, Copeland managed approximately \$7.8 billion in total assets, with \$3.6 billion in the small cap equities strategy.

Due Diligence

Staff conducts routine due diligence of the manager and last conducted an onsite meeting at Copeland's headquarters in January 2026. Based upon these due diligence activities as well as staff's and NEPC's continuous monitoring, staff and NEPC continue to deem Copeland capable of managing assets for LACERS. Copeland's organization, investment philosophy, strategy, and process have not changed materially over the contract period.

Performance

As of December 31, 2025, Copeland slightly outperformed its benchmark, net-of-fees, over the 5-year period and underperformed on all other time periods as presented in the table below. The strategy has underperformed in the current market where lower quality, unprofitable small cap stocks have outperformed the index.

Annualized Performance as of 12/31/2025 (Net-of-Fees)					
	3-Month	1-Year	3-Year	5-Year	Since Inception ¹
Copeland	-2.43	-1.04	7.39	6.34	9.97
Russell 2000 Index	2.19	12.81	13.73	6.09	11.44
<i>% of Excess Return</i>	-4.62	-13.85	-6.34	0.25	-1.47

¹Performance inception date: 9/30/2020. Strategy was funded after contract inception date of 8/1/2020.

Calendar year performance is presented in the table below as supplemental information.

Calendar Year Performance as of 12/31/2025 (Net-of-Fees)						
	2025	2024	2023	2022	2021	9/30/2020-12/31/2020
Copeland	-1.04	4.55	19.69	-13.06	26.31	21.12
Russell 2000 Index	12.81	11.54	16.93	-20.44	14.82	31.37
<i>% of Excess Return</i>	-13.85	-6.99	2.76	7.38	11.49	-10.25

Copeland is currently on watch status since March 2025 for underperformance.

Fees

LACERS pays Copeland an effective fee of 46 basis points (0.46%), which is approximately \$1.3 million annually based on the value of LACERS' assets as January 31, 2026. This fee ranks in the 13th percentile among its peers in the eVestment U.S. Small Cap Core Universe (i.e., 87% of like-managers have higher fees). From contract inception on August 1, 2020 to December 31, 2025, LACERS has paid Copeland a total of \$6.1 million in investment fees.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

Prepared By: Barbara Sandoval, Investment Officer II, Investment Division

TB:RJ:WL:RM:BS

Attachment: 1. Consultant Recommendation – NEPC



To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: March 10, 2026

Subject: Copeland Capital Management, LLC – Small Cap Dividend Growth Equity Contract Renewal

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) renew the contract with Copeland Capital Management, LLC ('Copeland') for a period of one year from the date of contract expiry. The one year extension reflects the fact that Copeland remains on watch status per LACERS performance criteria.

Background

Copeland was funded on September 30, 2020 to provide active investment management within the core U.S. equity small cap segment. As of December 31, 2025, Copeland managed \$279.3 million, or 1.0% of Plan assets. The performance objective is to outperform the Russell 2000 Index, net of fees, annualized over a full market cycle (normally three-to-five years). The account was placed on watch on March 19, 2025 based on LACERS' Manager Monitoring Policy.

Copeland was founded in 2005 by Eric Brown in Wellesley, Massachusetts and today is headquartered in Conshohocken, Pennsylvania. The firm is 100% employee owned and was founded to invest capital based upon a dividend growth investment philosophy. The firm's clients include corporate pension plans, educational and religious endowments, charitable foundations, health care institutions, municipalities and high net worth individuals. The firm seeks to have broad based ownership with 21 out of 31 total employees having ownership in the firm. Everyone working on investment teams are owners of the firm. The firm has also never lost an investment professional. As of December 31, 2025, the firm's total assets under management was \$7.77 billion with a total of \$3.63 billion managed in the Small Cap Dividend Growth Equity product.

The investment team has a collaborative, team-based investment process. Each team member is a portfolio manager with analyst responsibilities for their own sectors. Mark Govanniello covers Health Care, Energy, and Materials. Dave McGonigle covers Financials and Consumer Discretionary. Jeffrey Walkenhorst covers Technology, Telecom, Consumer Staples, and REITs. Eric Brown covers Utilities and MLPs. John Cummings covers Industrials. These five individuals are named portfolio managers on the Small Cap Dividend Growth strategy, but Mark Giovanniello is the lead portfolio manager on the Small Cap Dividend Growth, Smid Cap Dividend Growth, and Mid Cap Dividend Growth. Mark Giovanniello is also the firm's Chief Investment Officer (CIO). Mark has final decision-making authority for the strategy. Decisions among the team are collaborative with the largest weightings in the portfolio going to the highest conviction names.

Copeland focuses on dividend growth, not dividend level, given their belief that companies with sustainable dividend growth are more likely to outperform the market and with less risk. The firm only invests in companies that exhibit consistent dividend growth and are believed to be able to

continue to increase their dividends over time. The firm screens and ranks eligible stocks using a fundamental ranking system. Their initial universe consists of companies that have increased their dividends with market capitalizations between \$250 million and \$4 billion. The Small Cap Dividend Growth product requires 80% or more of their companies to have 3-years of dividend growth. The research team will perform further fundamental analysis on companies that pass and rank favorably in their screen. Fundamental analysis focuses on identifying companies with strong competitive advantages and are believed to have the ability to steadily increase their dividend over time. Examples of competitive advantages include low cost versus differentiation strategies, scale, market share, pricing power, network effects, brands, and high return on invested capital (ROIC).

Performance

Referring to Exhibits 1 and 2, since inception ending December 31, 2025, the portfolio has underperformed its benchmark by 1.5% and ranked in the 69th percentile in its peer group of U.S. small cap investment managers. Over the past five years, ended December 31, 2025, the portfolio outperformed its benchmark by 0.3% and ranked in the 62nd percentile in its peer group. In the past year, ended December 31, 2025, the portfolio underperformed its benchmark by 13.9% and ranked in the 87th percentile in its peer group. Over the past year, the portfolio underperformed its benchmark primarily due to stock selection. Health care, industrials, and financial services stocks were the largest detractors.

Copeland's strategy has endured shorter-term periods of underperformance that have dragged down calendar year relative performance. Their focus on sustainable dividend growth stocks has hurt the strategy's performance in an environment where lower quality, unprofitable small cap stocks have outperformed the index, such as in 2025 when biotech stocks experienced a significant reversal in performance. These unprofitable stocks, which represent ~40% of companies in the Russell 2000 Index, are not the types of stocks that Copeland will own. The strategy's portfolio holdings have been raising dividends in recent periods so the team views their current portfolio as fundamentally strong whereas the index is seeing both earnings growth and dividend growth declining. The team believes that similar environments have been seen in the past, such as in 2021 when SPACs and meme stocks rallied; however, most eventually crash in subsequent years. The nature of the current market rally in small cap is more extreme than the team would like and, unfortunately, the strategy is enduring a historically challenged period of relative performance. On the positive side, the portfolio today is historically cheap relative to the index, trading at an approximate 35% relative discount to the index on P/E.

Fees

The portfolio has an asset-based fee of 0.46% annually. This fee ranks in the 13th percentile among its peers in the eVestment U.S. Small Cap Core universe. In other words, 87% of the products included in the peer universe have a higher fee than the LACERS account.



Conclusion

Copeland has underperformed its benchmark index over the shorter-term and since being funded on September 30, 2020. The team at Copeland has been stable. NEPC believes their investment philosophy of focusing on profitable, dividend growth companies provides diversification and can benefit the Plan over the long run as market sentiment shifts. The strategy is lower beta than the market and tends to participate in up markets while historically providing solid downside protection. NEPC recommends a one-year contract renewal given the current watch status and to see how the strategy performs when market dynamics shift.

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

Exhibit 1: Performance Comparison Net of Fees as of December 31, 2025

*Since inception performance calculated by NEPC begins with the first full month of performance for the investment manager; partial month performance is not included.

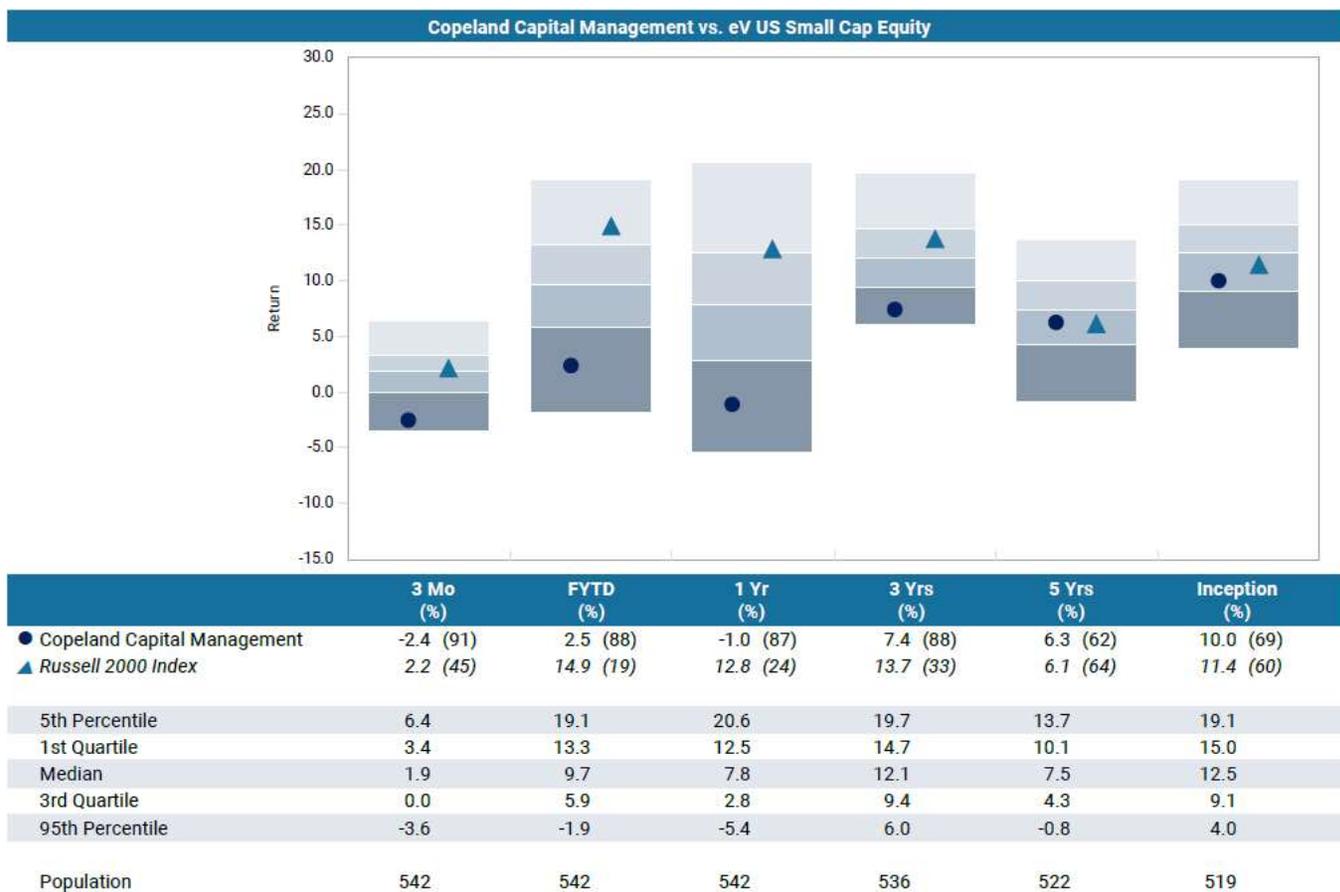
	Market Value (\$)	3 Months	FYTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Copeland Capital Management	279,300,474	-2.4	2.5	-1.0	7.4	6.3	10.0	Oct-20
Russell 2000 Index		2.2	14.9	12.8	13.7	6.1	11.4	
Over/Under		-4.6	-12.4	-13.9	-6.4	0.3	-1.5	





Exhibit 2: Universe Performance Comparison Net of Fees as of December 31, 2025

*Since inception performance calculated by NEPC begins with the first full month of performance for the investment manager; partial month performance is not included.



CONTRACT RENEWAL
COPELAND CAPITAL MANAGEMENT, LLC
ACTIVE U.S. SMALL CAP CORE EQUITIES
PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current one-year contract term with Copeland Capital Management, LLC (Copeland) for management of an active U.S. small cap core equities portfolio management expires on July 31, 2026; and,

WHEREAS, Copeland is on watch status for underperformance; and,

WHEREAS, a contract renewal with Copeland will allow the fund to maintain a diversified exposure to U.S. small cap core equities; and,

WHEREAS, on March 24, 2026, the Board approved the Investment Committee's recommendation to approve a one-year contract renewal with Copeland.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager or designee is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

<u>Company Name:</u>	Copeland Capital Management, LLC
<u>Service Provided:</u>	Active U.S. Small Cap Core Equities Portfolio Management
<u>Effective Dates:</u>	August 1, 2026 through July 31, 2027
<u>Duration:</u>	One year
<u>Benchmark:</u>	Russell 2000 Index
<u>Allocation as of January 31, 2026:</u>	\$297.3 million

March 24, 2026



REPORT TO BOARD OF ADMINISTRATION

From: Todd Bouey, General Manager

MEETING: MARCH 24, 2026

ITEM: VII – D

SUBJECT: CONTINUED DISCUSSION OF PRIVATE CREDIT CONSULTING CONTRACT WITH AKSIA LLC AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve a three-year contract renewal with Aksia LLC (Aksia) for private credit consulting services.
2. Authorize the General Manager or their designee to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On February 24, 2026, the Board considered the attached staff report (Attachment 1) recommending a five-year contract renewal with Aksia for private credit consulting services. The current contract with Aksia became effective on April 1, 2023, and expires on March 31, 2026. Since inception, LACERS has paid a total of \$975,000 in private credit consulting fees to Aksia (\$325,000 annually over three years). The Board requested that staff continue fee negotiations with Aksia.

In response, Aksia submitted to Staff the revised fee schedule below for a three-year contract renewal at a rate of \$325,000 for the first year and beginning on the first anniversary of the contract's effective date, the Annual Fee shall be increased by the percentage increase in the Consumer Price Index for All Urban Consumers – US City Average, All Items (CPI-U) for the preceding year (April to March). The increase is capped at a maximum increase of 3.5% per year and is compounded annually from the effective date.

Contract Year	Annual Fee	Maximum Fee
Year 1	\$325,000	\$325,000
Year 2	\$325,000 * (1+ CPI-U)	\$336,375
Year 3	Year 2 Annual Fee * (1+ CPI-U)	\$348,148

Historical CPI-U rates for the last 5 years have averaged 4.4%.

Period Ending	1 Year% CPI-U Change
3/31/2025	2.4%
3/31/2024	3.5%
3/31/2023	5.0%
3/31/2022	8.5%
3/31/2021	2.6%

Staff remains satisfied with the quality and level of services provided by Aksia as LACERS continues to develop a private credit program and recommend that the contract be renewed. LACERS is currently in the third year building out the private credit program. Investment staff have worked closely with Aksia on investment policy, portfolio construction, and manager selection. During the partnership with Aksia, LACERS has made commitments of roughly \$1.5 billion to 20 investment managers to build a diversified foundational portfolio of funds offering strategies including direct lending, real estate credit, opportunistic credit, capital solutions, co-investments, asset backed lending, specialty finance, and special situations. The Private Credit portfolio has outperformed the benchmark in the 1-year; 3-year; and since inception time periods as of June 30, 2025.

Should the Board decide not to accept Staff recommendation, the Board may opt to extend the contract for a limited period of time and direct Staff to issue a competitive bid process for Private Credit Consulting services.

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

TB:RJ:WL:RM:EC:CH

Attachments: 1. Report to Board dated February 24, 2026
2. Proposed Resolution



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

Board Meeting: 03/24/26
ITEM VII - D
Attachment 1



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

MEETING: FEBRUARY 24, 2026
ITEM: VII - D

SUBJECT: CONTINUED DISCUSSION OF PRIVATE CREDIT CONSULTING CONTRACT WITH AKSIA LLC AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve a five-year contract renewal with Aksia LLC for private credit consulting services.
2. Authorize the General Manager or their designee to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On January 27, 2026, the Board considered the attached staff report (Attachment 1) recommending a five-year contract renewal with Aksia LLC (Aksia) for private credit consulting services. The current contract with Aksia became effective on April 1, 2023, and expires on March 31, 2026. Since inception, LACERS has paid a total of \$975,000 in private credit consulting fees to Aksia (\$325,000 annually over three years).

Staff expressed to the Board its satisfaction with the quality and level of services provided by Aksia as LACERS continues to develop a private credit program. Aksia provides deep resources in private credit. These include a global footprint of eight offices (New York, San Diego, London, Chicago, Tokyo, Hong Kong, Dubai and Athens), an experienced research staff of 26 professionals dedicated to private credit research, 55 independent operational due diligence team members, and access to a large pool of private credit general partners (1,400 funds with full due diligence as of December 31, 2025).

LACERS also directly benefits from Aksia's size and scale in the form of aggregation discounts that Aksia negotiates from investment managers. Based on the lower management fees for investments in LACERS' portfolio, staff estimates fee savings of at least \$2.25 million over the lifetime of those funds.

At the meeting held on January 27, 2026, the Board inquired about the proposed increases in the fee schedule and the annual \$75,000 increase in private credit consulting fees should LACERS no longer

engage Aksia as its private equity consultant. The Board asked Staff to engage Aksia in further discussions on these two points.

In response, Aksia submitted to Staff the revised fee schedule below, which in total is \$80,000 less than the proposal presented to the Board on January 27, 2026, and \$100,000 less than the initial proposal presented to the Investment Committee on January 13, 2026. Aksia also removed the annual private credit consulting fee increase should LACERS no longer engage Aksia as its private equity consultant.

Year	Fee	% Increase
1	\$350,000	7.7%
2	\$360,000	2.9%
3	\$370,000	2.8%
4	\$380,000	2.7%
5	\$390,000	2.6%
Total	\$1,850,000	

This contract is for a discretionary mandate which requires higher consultant professional liability and is all-inclusive for any additional due diligence requested by staff (including evaluations of funds outside the consultant's focus placement list). Staff conducted additional outside due diligence by canvassing private credit consultant fees paid by other public pension plans and is prepared to discuss these findings with the Board.

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

TB:RJ:WL:EC:RM:CH

Attachments: 1. Report to Board dated January 27, 2026
2. Proposed Resolution



REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee

Thuy T. Huynh, Chair
Gaylord "Rusty" Roten
Susan Liem

MEETING: JANUARY 27, 2026

ITEM: VII - D

SUBJECT: PRIVATE CREDIT CONSULTING CONTRACT WITH AKSIA LLC AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve a five-year contract renewal with Aksia LLC for private credit consulting services.
2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On January 13, 2026, the Committee considered the attached staff report (Attachment 1) recommending a five-year contract renewal with Aksia LLC (Aksia) for private credit consulting services. The current contract with Aksia became effective on April 1, 2023, and expires on March 31, 2026. Since inception, LACERS has paid a total of \$975,000 in private credit consulting fees to Aksia (\$325,000 annually over three years).

Staff discussed Aksia's consulting service and expressed satisfaction with the quality and level of service provided by Aksia as LACERS continues to develop a private credit program. The Committee inquired about the increase in the proposed fee schedule and asked Staff to engage Aksia in further discussions on this point. In response, Aksia submitted the revised fee schedule below, which is \$20,000 less than the proposal presented to the Committee. The Committee concurred with staff's recommendation for a five-year contract renewal, subject to review and approval of a revised fee schedule.

Year	Fee	% Increase
1	\$360,000	10.8%
2	\$370,000	2.8%
3	\$385,000	4.1%
4	\$400,000	3.9%
5	\$415,000	3.8%
Total	\$1,930,000	

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

TB:RJ:WL:EC:RM:CH

- Attachments: 1. Report to Investment Committee dated January 13, 2026
 2. Proposed Resolution



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

Board Meeting: 01/27/26
ITEM VII-D
Attachment 1



REPORT TO INVESTMENT COMMITTEE
From: Todd Bouey, General Manager

MEETING: JANUARY 13, 2026
ITEM: V

SUBJECT: PRIVATE CREDIT CONSULTING CONTRACT WITH AKSIA LLC AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Investment Committee recommend to the Board a five-year contract renewal with Aksia LLC for private credit consulting services.

Executive Summary

Aksia LLC (Aksia) has served as LACERS private credit consultant since April 1, 2023; the current contract expires on March 31, 2026. Since inception of the contract, Aksia has provided value-added consulting services to LACERS; their investment recommendations have been developed thoughtfully based on a solid understanding of LACERS’ objectives and Investment Policy. Staff is satisfied with Aksia’s services and recommend a five-year contract renewal for private credit consulting services.

Discussion

Background

Aksia provides private credit consulting services to LACERS. The Board hired Aksia through the 2021-2022 Private Credit Consultant search process and authorized a three-year contract with Aksia on October 25, 2022. The contract became effective on April 1, 2023, and expires on March 31, 2026. Since inception, LACERS has paid a total of \$975,000 in private credit consulting fees to Aksia.

Organization

Aksia is an alternative asset specialist investment consulting firm and is 100% employee owned. The firm was founded in 2006 and has eight global offices including New York (headquarters), San Diego, Chicago, London, Tokyo, Hong Kong, Dubai, and Athens. Aksia has more than 450 employees including 180 investment professionals, 56 operational due diligence professionals, and 47 risk management professionals.¹ Aksia advises on over \$395 billion in client assets under supervision.²

¹ Number of professionals as of November 30, 2025.

² As of September 30, 2025. Assets under supervision includes \$362.4 billion of assets under advisory (“AUA”) and \$33.2 billion in assets under management (“AUM”). AUA is the sum of NAV and unfunded commitments of advisory clients’ underlying investments. AUM is the sum of NAV, unfunded commitments of investment management clients’ underlying investments, and amounts committed to Aksia-managed vehicles but not yet committed to underlying investments. AUA & AUM are assets advised/managed by Aksia and tracked by Aksia’s client operations team; does not include assets of research clients or of clients for which Aksia does not track assets. AUM includes all accounts where Aksia is investment manager and provides continuous and regular supervisory or management services.

Primary Consulting Team Assigned to LACERS

LACERS' primary consulting team currently consists of three individuals: Trevor Jackson, Managing Director, Pan-Alts, and LACERS' primary relationship manager; Rahul Desai, CFA, Director, Private Credit; and Melisa Zarate, Senior Associate, Pan-Alts.

Members of the consulting team bring deep private market experience and specializations around manager sourcing and selection, industry and manager research, operational due diligence, and portfolio construction. Collectively, they help guide LACERS long-term private credit strategy and program.

Consulting Approach and Accomplishments

Aksia's consulting approach is research-driven and centered on building a customized portfolio for LACERS, providing performance focused solutions to optimize LACERS' risk-adjusted returns. Since being hired, Aksia has provided value-added services to LACERS including:

- Underwriting and recommending \$1.46 billion in new commitments to 22 funds, including approximately \$115 million in commitments to 5 emerging manager funds³
- Advising on numerous contract amendments for existing LACERS managers
- Preparing and presenting the annual strategic plan and pacing studies
- Assisting with LACERS' Investment Policy review and developing new policies
- Providing Board and staff with investment education on topics such as private credit portfolio construction and manager due diligence
- Participating in LACERS initiatives such as the Emerging Manager Symposium and Networking Forum

Aksia's recommendations and deliverables have been developed thoughtfully based on a solid understanding of LACERS' objectives and Investment Policy. Based on the high quality of services that Aksia has provided to LACERS, staff recommends a five-year contract renewal with Aksia.

Fees

The current contract with Aksia, which spans from April 1, 2023 to March 30, 2026, specifies the following fee structure:

Year	Fee
1	\$325,000
2	\$325,000
3	\$325,000
Total	\$975,000

For the next five-year contract term, Aksia has proposed a fee structure which reflects adjustments for current and projected inflation, additional staffing resources, as well as the increased size and complexity of LACERS' private credit program. The proposed fee schedule includes escalations each

³ As of December 31, 2025

year, starting from the current annual fee of \$325,000:

Year	Fee	% Increase
1	\$360,000	10.8%
2	\$375,000	4.2%
3	\$390,000	4.0%
4	\$400,000	2.6%
5	\$425,000	6.3%
Total	\$1,950,000	

Aksia also currently provides Private Equity Consulting Services to LACERS under a separate contract. In the renewal proposal submitted to LACERS, Aksia points out that the coordinated delivery of both private equity and private credit creates synergies which are reflected in the current pricing. For the proposed contract renewal, Aksia states that if LACERS terminates the Private Equity mandate during the proposed Private Credit contract term, Private Credit Consulting Services will be subject to an additional annual fee of \$75,000, effective from the termination date of the Private Equity mandate.

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

TB:RJ:WL:RM:EC:CH

CONTRACT RENEWAL
AKSIA LLC
PRIVATE CREDIT CONSULTING SERVICES

PROPOSED RESOLUTION

WHEREAS, LACERS' current five-year contract with Aksia LLC (Aksia) for private credit consulting services expires on March 31, 2026; and,

WHEREAS, Aksia has provided a satisfactory level of service in meeting LACERS' needs and objectives; and,

WHEREAS, on January 27, 2026, the Board approved the Investment Committee's recommendation for a five-year contract renewal with Aksia.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute the contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name:	Aksia LLC
Services Provided:	Private Credit Consulting Services
Effective Dates:	April 1, 2026 through March 31, 2031
Duration:	Five years
Fee:	Year 1 - \$360,000
	Year 2 - \$370,000
	Year 3 - \$385,000
	Year 4 - \$400,000
	Year 5 - \$415,000

January 27, 2026

CONTRACT RENEWAL
AKSIA CA LLC
PRIVATE CREDIT CONSULTING SERVICES

PROPOSED RESOLUTION

WHEREAS, LACERS' current three-year contract with Aksia LLC (Aksia) for private credit consulting services expires on March 31, 2026; and,

WHEREAS, Aksia has provided a satisfactory level of service in meeting LACERS' needs and objectives; and,

WHEREAS, on February 24, 2026, the Board approved the Investment Committee's recommendation for a five-year contract renewal with Aksia.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute the contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name:	Aksia LLC
Services Provided:	Private Credit Consulting Services
Effective Dates:	April 1, 2026 through March 31, 2031
Duration:	Five years
Fee:	Year 1 - \$350,000
	Year 2 - \$360,000
	Year 3 - \$370,000
	Year 4 - \$380,000
	Year 5 - \$390,000

February 24, 2026

CONTRACT RENEWAL
AKSIA LLC
PRIVATE CREDIT CONSULTING SERVICES

PROPOSED RESOLUTION

WHEREAS, LACERS' current three-year contract with Aksia LLC (Aksia) for private credit consulting services expires on March 31, 2026; and,

WHEREAS, Aksia has provided a satisfactory level of service in meeting LACERS' needs and objectives; and,

WHEREAS, on March 24, 2026, the Board approved the Investment Committee's recommendation for a renewal with Aksia.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager or designee is hereby authorized to approve and execute the contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name: Aksia LLC

Services Provided: Private Credit Consulting Services

Effective Dates: April 1, 2026 through March 31, 2029

Duration: Three years

Fee: Year 1 - \$325,000

Year 2 - \$325,000 + Annual Inflation Adjustment (Consumer Price Index for All Urban Consumers, CPI-U)

Year 3 - Year 2 Fee + Annual Inflation Adjustment (CPI-U)

CPI-U annual inflation adjustment is capped at 3.5% per year

March 24, 2026