



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING
TUESDAY, MARCH 9, 2021
TIME: 10:00 A.M.
MEETING LOCATION:

In conformity with the Governor's Executive Order N-29-20 (March 17, 2020) and due to the concerns over COVID-19, the LACERS Board of Administration's March 9, 2021, meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to listen and or participate:

Dial: (669) 900-6833 or (253) 215-8782

Meeting ID# 856 9475 6244

Instructions for call-in participants:

- 1- Dial in and enter Meeting ID
- 2- Automatically enter virtual "Waiting Room"
- 3- Automatically enter Meeting
- 4- During Public Comment, **press *9** to raise hand
- 5- Staff will call out the last 3-digits of your phone number to make your comment

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

Disclaimer to Participants

Please be advised that all LACERS Board and Committee Meeting proceedings are audio recorded.

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

Notice to Paid Representatives

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

Request for Services

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

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, Telecommunication Relay Services (TRS), or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at **(213) 855-9348** and/or email at ani.ghokassian@lacers.org.

[**CLICK HERE TO ACCESS BOARD REPORTS**](#)

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE

AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* - **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD**

- II. [APPROVAL OF MINUTES FOR THE REGULAR MEETING OF FEBRUARY 9, 2021 AND POSSIBLE BOARD ACTION](#)
- III. BOARD PRESIDENT VERBAL REPORT
- IV. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
- V. RECEIVE AND FILE ITEMS
 - A. [MARKETING CESSATION REPORT NOTIFICATION TO THE BOARD](#)
 - B. [BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER](#)
 - C. [LEGISLATIVE UPDATE OF MARCH 2021](#)
- VI. BOARD/DEPARTMENT ADMINISTRATION
 - A. [ACTUARIAL RISK ASSESSMENT AND REVIEW OF FUNDED STATUS OF THE RETIREMENT AND HEALTH PLANS AS OF JUNE 30, 2020](#)
 - B. [977 N. BROADWAY PROJECT REPORT FOR THE QUARTER ENDING DECEMBER 31, 2020 AND POSSIBLE BOARD ACTION](#)
 - C. [COST-OF-LIVING ADJUSTMENT FOR JULY 2021 AND POSSIBLE BOARD ACTION](#)
 - D. [REQUEST FOR PROPOSAL \(RFP\) FOR PRINTING, MAILING, AND GRAPHIC DESIGN SERVICES AND POSSIBLE BOARD ACTION](#)
- VII. RETIREMENT SERVICES
 - A. [PRESENTATION ON THE SURVIVOR BENEFIT PROCESS](#)
- VIII. INVESTMENTS
 - A. CHIEF INVESTMENT OFFICER VERBAL REPORT
 - B. [CONSENT OF ASSIGNMENT OF SEGALL BRYANT & HAMILL, LLC CONTRACT AND POSSIBLE BOARD ACTION](#)
- IX. OTHER BUSINESS
- X. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, March 23, 2021 at 10:00 a.m. at LACERS, 977 N. Broadway, Suite 260, Los Angeles, CA 90012, and/or

via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to public health concerns relating to the novel coronavirus continue.

XI. ADJOURNMENT

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

In conformity with the Governor's Executive Order N-29-20 (March 17, 2020)
and due to the concerns over COVID-19, the
LACERS Board of Administration's
February 9, 2021, meeting was conducted
via telephone and/or videoconferencing.

Agenda of: Mar. 9, 2021

Item No: II

February 9, 2021

10:00 a.m.

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

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* – **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – President Ruiz asked if any persons wanted to make a general public comment to which there was no response.

II

APPROVAL OF MINUTES FOR THE REGULAR MEETING OF JANUARY 12, 2021 AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, and President Ruiz -6; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – There was no verbal report.

IV

GENERAL MANAGER VERBAL REPORT

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

- City Council Motions – CF 20-1537 and CF 20-1606
- Health Benefits – Enrollment Workload Reporting
- MSC Stats
- Retirement Application Portal
- SIP Update
- CSIP On-loan staff
- 977 Broadway Building

B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following item:

- Business Plan Initiative Mid-Year Report
- HQ Quarterly Report
- Actuarial Risk Assessment

V

RECEIVE AND FILE ITEMS

A. MARKETING CESSATION REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.

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

VI

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value of \$21.4 billion as of February 8, 2021. Mr. June discussed the following items:

- Sale of five securities resulted in a net \$5.3 million loss under Presidential Executive Order 13959

- Segall Bryant & Hamill, LLC has been placed “On watch” status for an initial one-year period because of an ownership change
- Staff is revising the Emerging Investment Manager Policy for Committee and Board consideration
- LACERS portfolio has GameStop exposure in passive strategies. Exposure is currently valued at \$805,000; was at \$1.2 million on February 2, 2021

B. PRESENTATION BY NEPC, LLC REGARDING CONTINUED DISCUSSION OF ASSET ALLOCATION AND POSSIBLE BOARD ACTION – Carolyn Smith, Partner and Chris Levell, Partner, with NEPC, LLC, presented and discussed this item with the Board for one hour. The Board took no action on this item.

VII

DISABILITY RETIREMENT APPLICATION(S)

President Ruiz recessed the Regular Meeting at 11:41 a.m. to convene in Closed Session discussion.

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

President Ruiz reconvened the Regular Meeting at 11:43 a.m. and announced that the Board unanimously approved the Disability Retirement Application of Mark Mines.

VIII

OTHER BUSINESS – Commissioner Elizabeth Lee wished everyone a Happy Lunar New Year.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, February 23, 2021, at 10:00 a.m. at LACERS, 977 N. Broadway, Suite 260, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to public health concerns relating to the novel coronavirus continue.

X

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting at 11:46 a.m.

Cynthia M. Ruiz
President

Neil M. Guglielmo
Manager-Secretary



Agenda of: MARCH 9, 2021

Item No: V-A

MARKETING CESSATION REPORT NOTIFICATION TO THE BOARD

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

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

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

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM CONTRACTS LIST
FOR THE MARCH 9, 2021 BOARD MEETING

CONTRACTS PENDING FINAL EXECUTION

NO.	VENDOR / CONSULTANT	DESCRIPTION	EXPIRING CONTRACT		MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
			START	END		START	END
ADMINISTRATIVE OPERATIONS BUREAU							
1.	Haworth Inc.	Furniture Layout Design, Delivery, Assembly, & Installation	New contract	N/A	Pending finalization.	11/9/2020	4/30/2021
2.	Unisource Solutions, Inc.	Office Furniture Delivery, Installation, Reconfiguration, Removal and Disposal	New contract	N/A	Pending finalization.	9/10/2020	4/30/2021
HEALTH BENEFITS ADMINISTRATION							
3.	Anthem 2021	Medical HMO & PPO	1/1/2021	12/31/2021	Board approved on 8/27/2019; contract renewed for 2021, pending finalization.	1/1/2021	12/31/2021
4.	Anthem Blue View Vision 2021	Vision Services Contract	1/1/2021	12/31/2021	Board approved on 8/27/2019; contract renewed for 2021, pending finalization.	1/1/2021	12/31/2021

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM CONTRACTS LIST
FOR THE MARCH 9, 2021 BOARD MEETING

CONTRACTS PENDING FINAL EXECUTION

NO.	VENDOR / CONSULTANT	DESCRIPTION	EXPIRING CONTRACT		MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
			START	END		START	END
5.	Delta Dental 2021	Dental PPO and HMO	1/1/2021	12/31/2021	Board approved on 8/27/2019; contract renewed for 2021, pending finalization.	1/1/2021	12/31/2021
6.	Kaiser 2021	Medical HMO	1/1/2021	12/31/2021	Board approved on 8/27/2019; contract renewed for 2021, pending finalization.	1/1/2021	12/31/2021
7.	SCAN 2021	Medical HMO	1/1/2021	12/31/2021	Board approved on 8/27/2019; contract renewed for 2021, pending finalization.	1/1/2021	12/31/2021
8.	United Healthcare 2021	Medical HMO	1/1/2021	12/31/2021	Board approved on 8/27/2019; contract renewed for 2021, pending finalization.	1/1/2021	12/31/2021
INVESTMENTS							
9.	State Street Global Advisors Trust Company	Multi Passive Index	6/1/2013	5/31/2021	Board approved contract renewal on 1/12/2021; contract execution in progress.	12/4/2020	8/31/2021

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM CONTRACTS LIST
FOR THE MARCH 9, 2021 BOARD MEETING

CONTRACTS PENDING FINAL EXECUTION

NO.	VENDOR / CONSULTANT	DESCRIPTION	EXPIRING CONTRACT		MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
			START	END		START	END
10.	Dimensional Fund Advisors, LP	Active U.S. Treasury Inflation Protected Securities (TIPS)	7/1/2020	6/30/2021	Investment Committee approved renewal on 2/9/2021; pending Board approval.	2/9/2021	9/30/2021

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

End Date - The end date is the date of final contract execution. This date is estimated for general contracts, investment contracts, and health carrier contracts to be three (3) months, six (6) months, and twelve (12) months, respectively, following the Board approval of contract renewal.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CONTRACTS LIST FOR THE MARCH 9, 2021 BOARD MEETING

ACTIVE RFPs AND RFQs

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES	
INVESTMENTS			
1	Core Fixed Income Mandate Search	RFP Release Date: August 19, 2019 Submission Deadline: October 4, 2019 Status: On January 26, 2021, the Board awarded contracts to: Robert W. Baird & Co., Inc., Garcia Hamilton & Associates, L.P., Income Research & Management, J.P. Morgan Asset Management, and Loomis, Sayles & Company, L.P. Negotiations in progress.	List of Respondents: Amundi Pioneer Institutional Asset Management, Inc., Baird Advisors, BlackRock, Inc., BMO Global Asset Management, Brown Brothers Harriman & Co., C.S. McKee, L. P., Calvert Research and Management (Calvert or CRM), Conning, Dimensional Fund Advisors LP, Dodge & Cox, EARNEST Partners, LLC, FIAM LLC, Galliard Capital Management, Garcia Hamilton & Associates, L.P., Goldman Sachs Asset Management L.P., Guggenheim Partners Investment Management, LLC, Income Research & Management, Integrity Fixed Income, Management, LLC, Invesco Advisers, Inc., J.P. Morgan Asset Management, Jennison Associates LLC, Lazard Asset Management LLC, LM Capital Group, LLC, Longfellow Investment Management Co., LLC, Loomis, Sayles & Company, L.P, Manulife Investment Management, MFS Institutional Advisors, Inc., Morgan Stanley Investment Management, National Investment Services, Neuberger Berman, Nuveen, LLC, Payden & Rygel, PGIM Fixed Income, Piedmont Investment Advisors, Inc., PIMCO, Princeton Asset Management, LLC, Progress Investment Management Company, LLC, Pugh Capital Management, Inc., Quadratic Capital Management LLC, Ramirez Asset Management, Schroder Investment Management North America Inc., Securian Asset Management, Inc., Segall Bryant & Hamill, Sit Investment Associates, Inc. (Sit), SLC Management, Smith Graham & Co., Investment Advisors, L.P., Sterling Capital Management LLC, T. Rowe Price Associates, Inc., TCW Group, Inc., The Capital Group Companies, Inc., Voya Investment Management (Voya IM), Wellington Management Company LLP, Wells Fargo Asset Management, Western Asset Management Company, LLC

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CONTRACTS LIST FOR THE MARCH 9, 2021 BOARD MEETING

ACTIVE RFPs AND RFQs

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES
2	Private Credit Mandate Search	<p>RFP Release Date: December 10, 2018</p> <p>Submission Deadline: January 18, 2019</p> <p>Status: On July 23, 2019, the Board awarded contracts to Alcentra Limited, Benefit Street Partners L.L.C., Crescent Capital Group LP, and Monroe Capital LLC.</p> <p>On May 26, 2020, the Board rescinded the contract award to Alcentra Limited.</p> <p>Negotiations in progress.</p> <p>List of Respondents: Alcentra Limited, Barings LLC, MB Global Partners, LLC, Backcast Partners Management LLC, BlackRock, Inc., CLSA Capital Partners (HK) Limited, Cross Ocean Adviser LLP, Clearwater Capital Partners (Fiera Capital Corporation), Guggenheim Partners, LLC, Goldman Sachs Asset Management, L.P., Pemberton Capital Advisors LLP, Kayne Anderson Capital Advisors, L.P., Maranon Capital, L.P., Bain Capital Credit, LP, Breakwater Management LP, Carlyle Global Credit Investment Management L.L.C., Crescent Capital Group LP, MV Credit Partners LLP, New Mountain Capital, LLC, Park Square Capital USA LLC, Tor Investment Management (Hong Kong) Limited, AlbaCore Capital LLP, Muzinich & Co., Inc., Kartesia Management S.A., Medalist Partners, LP, NXT Capital Investment Advisers, LLC, Owl Rock Capital Partners, PennantPark Investment Advisers, PIMCO Investments LLC, Deerpath Capital Management, LP, Brightwood Capital Advisors, Magnetar Capital LLC, MC Credit Partners LP, Oaktree Capital Management, L.P., THL Credit Advisors LLC, White Oak Global Advisors, LLC, Benefit Street Partners L.L.C., EntrustPermal / Blue Ocean GP LLC, Willow Tree Credit Partners LP, Monroe Capital LLC, Runway Growth Capital LLC, Stellus Capital Management, LLC</p>

***RESTRICTED PERIOD FOR REQUEST FOR PROPOSAL OR REQUEST FOR QUALIFICATIONS:**

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

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

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM V-B

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

SERVICE RETIREMENTS

<u>Member Name</u>	<u>Service</u>	<u>Department</u>	<u>Classification</u>
Abracia Jr, Constancio L	34	PW - Street Use	St Svc Investigator
Acuna, Dolly Dario	33	Police Dept. - Civilian	Crime & Intel Anlyst
Adams, Gregory L	34	ITA	Commun Engrg Assoc
Ajibola, W Kola	30	PW - Engineering	Civil Engrg Assoc
Apusen, Maria Quiambo	33	PW - Accounting	Sr Accountant
Astorga, Lily	31	Dept. of Rec. & Parks	Personnel Analyst
Audije, Bella	17	EWDD	Sr Auditor
Avanesian, Georgic	38	PW - Engineering	Civil Engrg Assoc
Avanesian, Haroot A	31	Cultural Affairs	Architectural Assoc
Avery, Debra	38	Police Dept. - Civilian	Ch Clerk Police
Avilez, Patricia E	35	Dept. of Animal Svcs.	Management Analyst
Barcenas, Francisco	32	PW - Resurf & Reconstr	Equipmnt Operator
Barnes, Bryce V	21	Zoo Dept.	Sr Carpenter
Barraza, Miguel	33	PW - Special Proj Constr	Sr Carpenter
Baumgarten, Janice Marie	38	Personnel Dept.	Personnel Analyst
Berriman, Clarita	20	PW - Contract Administration	Management Analyst
Blair, Bruce Michael	30	PW - Contract Administration	Sr Constr Inspector
Blair, Pamela G	19	City Attorney's Office	Paralegal
Brandon, Michael Wayne	15	Office of Finance	Tax Complnce Ofcr
Buchheit, Margaret Mary	34	Office of Finance	Tax Complnce Ofcr
Buck, Peggy	35	Controller's Office	Payroll Analyst
Bunjac, David	32	GSD - Materials Mgmt.	Pr Storekeeper
Cabrera, Jose L	30	PW - St. Lighting	Improv Assessor Supv
Caldera, Luisito S	18	LA Housing Dept.	Housing Inspector
Campise, Ronald Steve	27	Police Dept. - Civilian	Sr Photographer
Carevich, Charles J	34	GSD - Bldg. Svcs.	Elevator Mechanic
Carreon, Emelyne R	37	PW - Engineering	Sr Systems Analyst
Castro, Francisco Javier	32	ITA	Programmer/Analyst
Castro, Sally Marie	41	Mayor's Office	Mayoral Aide
Centeno, Faye C	21	Personnel Dept.	Workers Comp Analyst
Chacko, George P	30	EWDD	Sr Accountant
Chan, Joyce Fong Tsang	22	El Pueblo	Sr Accountant
Chan, Michael	34	GSD - Fleet Services	Equipmnt Mechanic
Charles, Timothy Edward	30	Police Dept. - Civilian	Pr Detention Ofcr
Cisneros, Rito H	35	ITA	Sr Commun Electrctn Supv
Clifton, Charles E	31	Police Dept. - Civilian	Management Analyst

Conaway, James	34	GSD - Fleet Services	Equipmnt Mechanic
Cornelius, Frank James	32	PW - St. Maint	St Svcs Supvr
Cruz, Juan Eduardo	35	Police Dept. - Civilian	Pr Detention Ofcr
Cullors, Paul D	32	PW - Resurf & Reconstr Div.	St Svcs Supvr
Curti, Cynthia Lynn	35	Police Dept. - Civilian	Crime & Intel Anlyst
Daniels, Ali	34	PW - Resurf & Reconstr	St Svcs Supvr
De Pedro, Trina Verceles	20	Personnel Dept.	Occupational Hlth Nurse
Di Lullo, David R	38	ITA	Commun Electrician Supv
Diaz, Mariecruz	35	LA Housing Dept.	Management Analyst
Dinh, Thuy G	38	PW - St. Lighting	St Ltg Engrg Assc
Drew, Titus	34	PW - Special Proj Constr	St Svcs Supt
Duarte, Rocky M	32	PW - St. Maint.	Equipmnt Operator
Duran, John Russell	32	PW - Resurf & Reconstr	Equipmnt Operator
Encinas, William Michael	33	Dept. of Transportation	Signal System Supvr
Fetterhoff, Earl Sumner	19	Fire Dept. - Civilian	Sr Commun Electrician
Fleming, Lemuel A	32	Police Dept. - Civilian	Pr Detention Ofcr
Forbes, William Peter	29	GSD - Fleet Services	Equipmnt Mechanic
Frampton, Jo Ann	34	PW - Street Use	St Svc Investigator
Frierson, Ira Philemon	30	Police Dept. - Civilian	Systems Analyst
Gamez, Roberto D	30	PW - Resurf & Reconstr	Equipmnt Operator
Gan, Bien O	31	Dept. of Transportation	Auditor
Garcia, Alfredo T	37	PW - Resurf & Reconstr	Asphalt Plant Supvr
Garcia, Charles V	35	LA Housing Dept.	Housing Inspector
Garin, Celeste	25	Police Dept. - Civilian	Management Analyst
Gee, Erwin Dean	30	Police Dept. - Civilian	Sr Systems Analyst
Geldres, Miguel E	34	PW - Contract Administration	Sr Constr Inspector
Gin, Patrice Sayo	37	PW - Engineering	Geo Info Systems Supervisor
Ginger, Allen	35	PW - St. Maint. - General	St Svcs Supvr
Gonzalez, Dacia E	33	Fire Dept. - Civilian	Exec Admin Asst
Gonzalez, Maria Elena	35	LA Housing Dept.	Systems Analyst
Graff, Mark E	30	PW - Contract Administration	Sr Constr Inspector
Graham, Patrick D	29	PW - Contract Administration	Sr Constr Inspector
Granados, Genaro	34	PW - Special Proj Constr	Equipmnt Operator
Gysin, Louis Clifford	25	PW - St. Maint.	St Svcs Supvr
Ha, Vinh P	31	PW - Engineering	Architectural Assoc
Harris, Phillip B	33	GSD - Fleet Services	Equipmnt Mechanic
Helfman, Judith	21	Police Dept. - Civilian	Management Analyst
Hermoso, Virgilio Mojica	17	ITA	Sr Commun Electrician
Hernandez, Uriel	33	PW - Special Proj Constr	Equipmnt Operator
Hernandez-Cuellar, Mariaelvia	21	City Planning Dept.	Graphics Supervisor
Hormozi, Katayoun Kathy	31	Fire Dept. - Civilian	Systems Programmer
Howell, Janet M	28	Police Dept. - Civilian	Management Analyst
Hrebek, Scott A	29	LA Housing Dept.	Housing Inspector
Hudson, Wanda F	31	City Attorney's Office	City Atty Admin Crd
Hull, Thomas E	30	Dept. of Airports	Custodian Supervisor

Irving, Donna Jean	15	LA Convention and Tourism	Management Analyst
Isagulian, Albert	31	Dept. of Transportation	Transp Engrg Assc
Israel, Marc A	39	Dept. of Rec. & Parks	Recreation Supervisor
Jeffers, Nancy	26	Dept. of Rec. & Parks	Management Analyst
Juatco, Manuel M	15	LA Housing Dpt.	Constr Estimator
Jun, Eun J	30	Office of Finance	Tax Auditor
Kam, Gordon Erik	32	Dept. of Transportation	Transp Engrg Assc
Kane, Anchalee Sivatranon	32	GSD - Standards	Matl Tst Engrg Assc
Kawazoe, Paul Shizuo	36	PW - Engineering	Civil Engrg Assoc
King, Marianne	18	City Planning Dept.	City Planning Assoc
Lam, Tri N	35	Dept. of Animal Svcs.	Systems Analyst
Lee, Hae Sung	30	ITA	Info System Mgr
Lee, Michael C	21	PW - Engineering	Systems Analyst
Lee, Walter A	36	GSD - Fleet Services	Mech Engrg Assc
Lerma, Graciela Cristina	30	Police Dept. - Civilian	Management Analyst
Lipton, Marc	20	Police Dept. - Civilian	Management Analyst
Lombard, Amia Romero	33	Office of Finance	Sr Accountant
Lope, Marcel R	32	Police Dept. - Civilian	Management Analyst
Lord III, Albert Edmund	16	Council	Council Aide
Loyola, Lolita J R	30	Police Dept. - Civilian	Ch Clerk Police
Lozano, Reynaldo	34	PW - Resurf & Reconstr	Equipmnt Operator
Lucena, Lito Manuel	36	Personnel Dept.	Workers Comp Analyst
Magro, Rainier	30	PW - Engineering	Survey Party Chief
Malcolm, Paul S	23	PW - Contract Administration	Sr Constr Inspector
Manosa, Carlos L	28	GSD - Fleet Services	Equipmnt Mechanic
Manrique Dorantes, Gonzalo	35	Dept. of Rec. & Parks	Pr Rec Supervisor
Marucut, Amelia D	23	EWDD	Management Analyst
May, Thomas Gregory	23	ITA	Commun Electrician Supv
Mccaleb, Cristy Anne	22	Police Dept. - Civilian	Management Analyst
Mcfaddin, Stephanie	30	PW - Street Use	Sr St Svc Invest
McGovern, Daniel R	33	PW - Resurf & Reconstr Div.	Equipmnt Operator
Meijer, Jack	20	LA Housing Dept.	Housing Inspector
Mendez, Roberto E	30	PW - Contract Administration	Constr Inspector
Militello, Martha Lucia	36	Police Dept. - Civilian	Crime & Intel Anlyst
Miller, David Eugene	13	LA Housing Dept.	Housing Inspector
Miller, Jeff D	34	PW - Contract Administration	Sr Constr Inspector
Mohamadkhani, Shahrokh	31	Dept. of Transportation	Transp Engrg Assc
Moini, Azadeh Abrishami	36	PW - Engineering	Civil Engrg Assoc
Molato, Ricardo Santos	29	Dept. of Transportation	Transp Engrg Assc
Moline, Allan I	45	Dept. of Rec. & Parks	Plumber Supervisor
Monson, Robert Craig	29	Police Dept. - Civilian	Criminalist
Monterrosa Siemens, Clarissa	13	LA Housing Dept.	Housing Inspector
Moore, Audrey Pickard	31	PW - Street Use	St Svc Investigator
Morales, Hector R	33	Police Dept. - Civilian	Personnel Analyst
Moulder, Constance Marie	22	City Attorney's Office	Paralegal

Nabong, Wilma V	21	Dept. of Transportation	Management Analyst
Ngo, Truc T	31	PW - St. Improv Div.	Environmental Spec
Nguyen, Philips	22	PW - Engineering	Geo Infor Systems Specialist
Nikceovich, Michael Mario	31	Dept. of Rec. & Parks	Electrician
Nuesca, Mark David	33	PW - Engineering	Geo Info Systems Supervisor
Oda, Robert S	35	PW - Engineering	Pr Civil Engr Draf Tec
Ogtong, Horacio Hilotina	22	Dept. of Rec. & Parks	Management Analyst
Orozco, Philip V	30	Fire Dept. - Civilian	Sr Mgmt Analyst
Pacheco, Arturo	35	PW - St. Tree Div.	Tree Surgeon Supvsvr
Pacpaco, Geraldine B	14	LA Housing Dpt.	Management Analyst
Padilla, Leopoldo	32	LA Housing Dpt.	Rehab Constr Spec
Palumbo, Joseph A	35	GSD - Fleet Services	Auto Body Repr Supvvr
Paneno, Marie Elise	31	Police Dept. - Civilian	Management Analyst
Patton, Stacy	35	PW - St. Maint. - General	St Svcs Supvr
Perez, Jody Lynn	30	Dept. of Transportation	Parking Enforce Mgr
Pham, Sinh D	31	PW - Engineering	Civil Engrg Assoc
Phaneuf, Donald H	31	Cultural Affairs	Management Analyst
Pinon, Gloria M	35	Office of the City Clerk	Management Analyst
Pizana, Jovita Gilda	37	Police Dept. - Civilian	Crime & Intel Anlyst
Quan, Robert	21	Police Dept. - Civilian	Management Analyst
Quezada, Lorenzo Rafael	25	Police Dept. - Civilian	Management Analyst
Ramirez, Lucio S	32	PW - St. Maint. - General	St Svcs Supvr
Ramirez, Oscar G	20	PW - St. Lighting	St Ltg Engrg Assc
Raval, Bhikhu Vithalbai	21	Police Dept. - Civilian	Management Analyst
Ray, Richard L	28	Dept. on Disability	Management Analyst
Reed, Cynthia La Cheryl	30	Police Dept. - Civilian	Pr Detention Ofcr
Reutita, Alex Robert	26	Police Dept. - Civilian	Forensic Prnt Spec
Rhyne, Melinda J	35	Police Dept. - Civilian	Management Analyst
Risam, Inder	31	PW - St. Improv Div.	Civil Engrg Assoc
Rivera, Edward	31	LA Housing Dept.	Housing Inspector
Rodriguez, Kenneth L	31	PW - St. Maint.	St Svcs Supvr
Rodriguez, Ronnie	22	ITA	Commun Electrician Supv
Rogers, Stanley D	28	Police Dept. - Civilian	Management Analyst
Rojas, Daisy D	31	Dept. of Aging	Management Analyst
Romero, Rolando	13	PW - Engineering	Survey Party Chief
Romero Navarro, Jose C	29	City Planning Dept.	City Planner
Rorex, Linda L	30	Police Dept. - Civilian	Personnel Analyst
Rorex, Wayne	18	Police Dept. - Civilian	Sr Mgmt Analyst
Roselius, David W	37	PW - St. Maint.	St Svcs Supvr
Ruiz, Alejandro	27	Fire Dept. - Civilian	Commun Electrician
Rutan, William A	19	GSD - Public Bldgs.	Constr Estimator
Samsing, Kathleen Denise	26	EWDD	Systems Analyst
Sanchez, Norma A	30	Police Dept. - Civilian	Systems Analyst
Sanchez, Oscar Richard	32	GSD - Bldg. Svcs.	Electrician Supv
Sanchez, Ricardo Walter	30	Dept. of Transportation	Management Analyst

Sanchez, William B	35	Dept. of Rec. & Parks	Tree Surgeon Supvrs
Schultz, Mary	14	PW - Contract Administration	Constr Inspector
Scimonetti, Priscilla	30	Police Dept. - Civilian	Management Analyst
Scott, Richard K	20	Office of the City Clerk	Sr Project Coordinator
Secor, Jeffrey L	31	GSD - Bldg. Svcs.	Carpenter Supvr
Seden, Randall S	30	Fire Dept. - Civilian	Commun Electrician
Shahbazian, Gaidzag A	29	ITA	Programmer/Analyst
Sherfey, Barbara Z	30	PW - Engineering	Civil Engrg Assoc
Shortall, Patrick K	30	PW - Special Proj Constr	St Svcs Supvr
Sibley, Mark J	32	PW - St. Lighting	Improv Assessor Supv
Simms, Antoine Pierre	32	PW - Street Use	St Svc Investigator
Siu, Larry Kwok Hung	34	Office of Finance	Tax Complnce Ofcr
Siyahian, Jerair S	21	PW - Contract Administration	Constr Inspector
Smith, Denise K	25	Police Dept. - Civilian	Management Analyst
Smith, Ellaina Y	36	Office of Finance	Tax Complnce Ofcr
Spencer, David K	37	Dept. of Transportation	Signal System Supvr
Statland, Danielle Denise	34	Police Dept. - Civilian	Crime & Intel Anlyst
Stichal, Robert Lawrence	20	Police Dept. - Civilian	Photographer
Stiles, Michael H	30	PW - St. Lighting	St Ltg Electrcn
Strouse, Terrance A	16	LA Housing Dept.	Housing Inspector
Sugay, Susan B	32	PW - Engineering	Civil Engrg Assoc
Sunico, Emma E	33	Police Dept. - Civilian	Personnel Analyst
Tapie, Harold H	34	GSD - Bldg. Svcs.	Build Repairer Supvr
Thomas, Norman David	26	Police Dept. - Civilian	Sr Photographer
Thompson, Tonya Annette	34	Police Dept. - Civilian	Management Analyst
Thorstensen, Ricky C	32	Zoo Dept.	Emergency Mgt Coord
Ubaldo, Louella Ozaeta	19	Controller's Office	Pr Accountant
Vale, Federico Villamin	26	Police Dept. - Civilian	Sr Auditor
Valenzuela, Thomas	36	PW - St. Tree Div.	Tree Surgeon Supvrs
Vasquez, Belinda C	35	Police Dept. - Civilian	Ch Clerk Police
Villanueva, Emerita Cruz	18	Police Dept. - Civilian	Personnel Analyst
Villanueva, Joaquin J	40	PW - Special Proj Constr	St Svcs Supvr
Villarreal, Joe	26	PW - St. Lighting	St Ltg Electrcn
Villegas, Filiberto	31	PW - St. Lighting	St Ltg Engrg Assc
Vocal, Alfredo S	26	EWDD	Management Analyst
Vyas, Uma V	21	Dept. of Transportation	Sr Accountant
Wake, Dennis Junji	30	PW - St. Tree Div.	Sr Park Maint Supvr
Walls, Timothy F	32	PW - Street Use	Sr St Svc Invest
Ward, Serena M	32	Dept. of Rec. & Parks	Pr Rec Supervisor
Wasco, Edward S	38	PW - St. Lighting	St Ltg Electrcn
Werling, Kelly E	33	Dept. of Rec. & Parks	Recreation Supervisor
Wesson, Herman Jason	19	Council	Council Member
Williams, Eddie	41	ITA	Info Sys Oper Mgr
Willis, James Stephen	30	PW - Contract Administration	Sr Constr Inspector
Windsor, James D	22	PW - St. Maint.	St Svcs Supvr

Wong, Lois Y	35	Police Dept. - Civilian	Personnel Analyst
Wong, Sabena	30	ITA	Management Analyst
Wright, Louis M	28	PW - St. Lighting	St Ltg Electrcn
Wu, Tom	36	Fire Dept. - Civilian	Sr Commun Electrician
Yee, Glenn Chester	30	PW - Street Use	St Svc Investigator
Yen, Chun Ming	30	Dept. of Transportation	Transp Planning Assc
Yule, James D	43	ITA	Commun Electrician
Zaldivar, Melita L	14	PW - Accounting	Sr Accountant
Zikry, Mona Hanna	37	Police Dept. - Civilian	Management Analyst

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM V-B

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

Approved Death Benefit Payments

Deceased
TIER 1
Retired

Beneficiary/Payee

Anderson, Alicia Ford

Drennita Vernnell Howlett for the payment of the
Accrued But Unpaid Continuance Allowance

Arandia, Peter L

Eleanor M Arandia for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Aubry, Cheryl T

Rorrie T Aubry for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Beasley, Inez

David A Beasley for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Bedlion, George W

George W Bedlion for the payment of the
Accrued But Unpaid Continuance Allowance

Benjamin, Donald D

Deanna L Benjamin for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Blodgett, Ilmi E	Ilmi E Blodgett Trust Dtd 7/7/2003 for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Bowers, Edward	Rutha Bowers for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Bowman, Pauline	Terry L Lample for the payment of the Accrued But Unpaid Survivorship (Retirement) Allowance
Boyd, Louise	Latonya Shack for the payment of the Accrued But Unpaid Service Retirement Allowance
Brown, Frank	Lillian G Brown for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Burks, Otis	Tami Sears for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Bustamante, Evangelina	Edgar Bustamante for the payment of the Burial Allowance Evelyn Tan for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions

Cabral, Rachel J	Monica Lopez for the payment of the Accrued But Unpaid Continuance Allowance
Calderon, Audie	Kim Patrice Ferreira for the payment of the Accrued But Unpaid Continuance Allowance
Cavanaugh, Robert H	Patricia Cavanaugh for the payment of the Accrued But Unpaid Service Retirement Allowance
Chavez, Maria A	Janie Hermila Teran for the payment of the DRO Lump Sum
Chavez, Refugio M	Evangelina Liza Delgado for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Cinque, Rene M.	Julia Cinque Land for the payment of the Accrued But Unpaid Continuance Allowance
Comrie, Keith B	Sandra Mcnutt Comrie for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Corvera, Angelo E	Kimberly A Corvera for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Delgado, Angela M	Felicia M Gonzalez for the payment of the Accrued But Unpaid Survivorship (Disability) Allowance

Doskow, Norma M	Margaret J O'leary for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance
Eckert, Helen L	Gail Lynn Pitters for the payment of the Accrued But Unpaid Disability Continuance Allowance
Funada, Cheryl K	Kerri Hikida for the payment of the Burial Allowance
Gerischer, Fred E	Steven Gerischer for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Gluskoter-Johnson, Darlene	Sande Razo for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Gomez, Henry M	Debra N Gomez Barraza for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Grigsby, Luckie T	Jacquelyn S Pernell for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance
Grisanti, Connie	Marci Ann Grisanti for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions

Hamlin, Francesca I	David Richard Hamlin for the payment of the Accrued But Unpaid Survivorship (Retirement) Allowance
Heramis, Dax C	Corazon Heramis for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Herman, Robert E	Daniel Herman for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Rosita Lanuzo Cequena for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Herring, Cynthia	Michael Marcellous Herring for the payment of the Unused Contributions
Higgins, Martin E	Patricia A. Jackson-Higgins for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Hills, Drena T	David Leonard Hills for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Hurt, Sarah	Arlene B. Hurt for the payment of the Accrued But Unpaid Continuance Allowance

Jackson, Marion	Napoloen Jerome Jackson for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
Johnson, Lawrence	Magline Betts for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Joyce, Patricia	Jacqueline L Joyce for the payment of the Accrued But Unpaid Survivorship (Disability) Allowance Jimmie Lee Joyce for the payment of the Accrued But Unpaid Survivorship (Disability) Allowance
Kapel, James R	Patricia Lynn Fisher for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Kendrick, Robert L	Ruby M Kendrick for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Kwan, Agnes H	Anthony H Kwan for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Benjamin H Kwan for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Regina Kwan Peterson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Laliberte, Raymond	Lorenzo R Laliberte for the payment of the Burial Allowance

Lewis, Betty S

Kathy Bradley for the payment of the
Accrued But Unpaid Continuance Allowance

Lynda Lewis Johnson for the payment of the
Accrued But Unpaid Continuance Allowance

Sandra Lewis Cooper for the payment of the
Accrued But Unpaid Continuance Allowance

Li, Bangjie

Li Li for the payment of the
Accrued But Unpaid Vested Retirement Allowance
Burial Allowance

Lona, Esther M

Kristie Marie Morris for the payment of the
Accrued But Unpaid Service Retirement Allowance

Melissa Ann Gutierrez for the payment of the
Accrued But Unpaid Service Retirement Allowance

Loss, Lawrence

Gary S Loss for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Louie, Helen May

Brian R Louie for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Marci L Louie for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Lubag, Reynaldo A

Eleanor Lubag for the payment of the
Accrued But Unpaid Disability Retirement Allowance
Burial Allowance

Maples, George Stephen	Cheryl Darlene Maples for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Marko, Theodore T	Evelyn E Marko for the payment of the Accrued But Unpaid Larger Annuity Allowance Accrued But Unpaid Service Retirement Allowance Burial Allowance
Matthews, David H	Gloria Ann Matthews for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Maverakis, Tessie M	Paula Butler for the payment of the Accrued But Unpaid Continuance Allowance
Mc Kinney, Dorothy C	Cheryl L Murphy for the payment of the Accrued But Unpaid Continuance Allowance
Metzler, Janet	David T. Metzler for the payment of the Burial Allowance
Morales, Hortensia G.	Cynthia Ann Hernandez for the payment of the Accrued But Unpaid Continuance Allowance
Morgan, Eddie M	Larry H Morgan for the payment of the Accrued But Unpaid Continuance Allowance Michael L Morgan for the payment of the Accrued But Unpaid Continuance Allowance

Newkirk, Melanee E Michael L. Deveaux for the payment of the
Accrued But Unpaid Larger Annuity Allowance
Accrued But Unpaid Service Retirement Allowance
Unused Contributions

Pagan, Jeannett W Chantae Pagan for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance
Unused Contributions

Payne, Lorraine M Harold T Payne for the payment of the
Accrued But Unpaid Continuance Allowance

Harry Christopher Payne for the payment of the
Accrued But Unpaid Continuance Allowance

Larry James Payne for the payment of the
Accrued But Unpaid Continuance Allowance

Penn, George Frank Penn for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Peshkin, Grace H Steven Nakada for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Valerie Nakada for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Pleins, Donald E Luanne Stockwell for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Potts, Viola	Joyce Jackson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Pulver, Betty L	Cathy Irene Flaugher for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Rackerby, Jordan T	Monique Michelle Mateljan for the payment of the Burial Allowance
Ramirez, Jose	Carlos F Ramirez for the payment of the Accrued But Unpaid Service Retirement Allowance
Renteria, Concepcion	Lawrence Renteria for the payment of the Accrued But Unpaid Continuance Allowance
Roberts, Syble	John K Roberts for the payment of the Accrued But Unpaid Continuance Allowance
Roth, Dennis L	Susan C Roth for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Scott, Kathleen L	Kenneth R Duzy for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Session, Willie C Willie Crawford Session for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Shepherd, Eric Louis Myra A Shepherd for the payment of the
Accrued But Unpaid Vested Retirement Allowance
Burial Allowance

Simpson, Pamela Latrice Renita Lewis for the payment of the
Burial Allowance

Spiva, Bonita Karyn L Lewis for the payment of the
Accrued But Unpaid Continuance Allowance

Michael W Spiva for the payment of the
Accrued But Unpaid Continuance Allowance

Stott, Geoffrey L Melody C Stott for the payment of the
Accrued But Unpaid Service Retirement Allowance

Sweet, Diane Louise 2005 Diane Sweet Living Trust for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Taron, Lois C Lisa M Taron for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Tillman, Fred L	Charise Tillman for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
	Charron L Tillman for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
	Paris L Tillman for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
Ude, Thomas Uche	Chisom Ude for the payment of the Accrued But Unpaid Service Retirement Allowance Unused Contributions
	Ikechukwu Ude for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions
	Obiamaka O Ude for the payment of the Accrued But Unpaid Service Retirement Allowance Unused Contributions
Valdez, Raymond D	Dorrie P Perrin for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Vanderloop, John H	Dixie A Vanderloop for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Vangundy, Roy L	Leslee C Vangundy for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Villescas, Arthur R	Saundra Villescas for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Walton, Herman	Kiara Millet for the payment of the Burial Allowance Tanya Dioum for the payment of the Burial Allowance Willa M Walton for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Way, Eric B	Stephanie Alyse Way for the payment of the Accrued But Unpaid Vested Retirement Allowance Unused Contributions
Williams, Diana J	Patti Ann Detamore for the payment of the Accrued But Unpaid Continuance Allowance Accrued But Unpaid Service Retirement Allowance Burial Allowance Westley A Detamore for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Wirch, Douglas A	Rosie G Wirch for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Wong, Wayne	Elaine I Wong for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Wyatt, Harold S

Diane Wyatt for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Yedinak, Ralph A

Rita E Yedinak for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Yu, Young Mo

Yong Jae Yu for the payment of the
Accrued But Unpaid Service Retirement Allowance
Unused Contributions

TIER 3
NONE

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM V-B

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

Approved Death Benefit Payments

Deceased

TIER 1

Active

Beneficiary/Payee

Barahona, Santos S
(Deceased Active)

Claudia Beatris Valle for the payment of the
Accumulated Contributions

Covington, Jennifer Lynn
(Deceased Active)

Alvin L Covington for the payment of the
Limited Pension

Cuevas, Lourdes V
(Deceased Active)

Joel Valiente Ochoa for the payment of the
Disability Retirement Survivorship Allowance

Dion, Gregory T
(Deceased Active)

Christopher Louis Dion for the payment of the
Accumulated Contributions

Hollyfield, Jeffrey B
(Deceased Active)

Angela L Nolen for the payment of the
Disability Retirement Survivorship Allowance

Miramontez, Daniel Loera
(Deceased Active)

Celina Marie Reyes for the payment of the
Accumulated Contributions

Jannie Murillo for the payment of the
Accumulated Contributions

Oshon, Melford W
(Deceased Active)

Gladys Mae Shorts-Oshon for the payment of the
Accumulated Contributions
Limited Pension

Pinon, Jaime Ray
(Deceased Active)

Ruby Rowley for the payment of the
Accumulated Contributions

Torres, Pedro A
(Deceased Active)

Jose Luis Torres Sarceno for the payment of the
Accumulated Contributions

Wickham, James Scott
(Deceased Active)

Justin T Wickham for the payment of the
FDBP Student Allowance

TIER 3
NONE

Disclaimer: The names of members who are deceased may appear more than once due to multiple beneficiaries being paid at different times.



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

MEETING: MARCH 9, 2021
ITEM: V – C

Neil M. Guglielmo

SUBJECT: LEGISLATIVE UPDATE OF MARCH 2021

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this report.

Executive Summary

The COVID-19 pandemic dominated State and Federal legislation pertinent to LACERS in 2020 and will most likely continue to influence legislation in 2021. This report provides an update of bills that staff monitored during 2020 and includes legislation of interest for 2021 that the National Conference on Public Employee Retirement Systems (“NCPERS”) is monitoring.

The updated Legislative Watch List is attached. Of all the proposed bills, only one State bill was passed by the Legislature and signed by Governor Newsom and one Federal bill was passed and signed by the President into law. Three City Council proposals have been added to the Watch List. One State bill, A.B. 2473 – Public Investment Fund, failed to move forward and has been removed from the Watch List.

At this time, it is not recommended for the Board to take a position on any specific proposed legislation.

Discussion

BILLS PASSED INTO LAW

The following bills have passed into law and will be removed from the future Legislative Watch List. Staff will work with respective consultants and legal counsel toward operational and legal compliance, as necessary.

S.B. 852 – Health Care: Prescription Drugs

This bill was signed into law on September 28, 2020 and requires the California Health and Human Services Agency (CHHSA) to enter into partnerships with drug companies to produce or distribute generic prescription drugs, including insulin. This bill would help lower the cost of prescription drugs and increase access to specific generic prescription drugs.

Impact on LACERS: No impact at this time. The CHHSA will provide a research and analysis report of the program to the Legislature by July 1, 2022. LACERS will continue to monitor the program for any direct impacts.

H.R. 133 – Consolidated Appropriations Act, 2021

This bill was signed into Law on December 27, 2020 as part of a year-end spending bill that includes additional COVID-19 relief and a spending package to fund the federal government through the end of the Fiscal Year 2021.

Impact on LACERS: A provision for favorable tax treatment for certain qualified Disaster Related Distributions is optional with applicability to the Larger Annuity Plan if elected by the Plan Sponsor. The City Attorney Retirement Benefits Office is available to discuss further as desired.

BILLS AND/OR CITY PROPOSALS ADDED TO THE WATCH LIST

The following are City proposals of interest which were recently identified. There are currently no State or Federal bills added at this time.

C.F. 20-1537 – First Responders / Public Safety Officers / COVID-19 Pandemic / Disability Retirement Benefits / LACERS Public Safety Tier 1 Enhancement Benefits Provision

On February 10, 2021, the City Council directed the City Administrative Officer (CAO) to report back on the provision of disability retirement benefits for eighty-three public safety officers under the Los Angeles City Employees' Retirement System's (LACERS) Public Safety Tier 1 Enhanced Benefits, essentially extending the same disability retirement benefits as other peace officers.

Status: Report from the City Administrative Officer is pending.

C.F. 19-1577 – (LACERS) Investments / Climate Transition Risk Framework / Climate-Change Watch List

On December 2, 2020, the City Council requested the LACERS Board, with the assistance of the CAO, to report in six months with recommendations on the feasibility of developing a Climate Transition Risk Framework to identify investments in fossil fuel companies that pose an environmental and financial risk, a plan to divest from uncooperative fossil fuel companies, as well as develop a watch list of LACERS investments in tobacco and firearm companies, among others that City Council may designate.

Status: LACERS is preparing a report and will provide updates to the Board prior to submitting any formal report to the City Council.

C.F. 20-1606 – City Healthcare Costs Reduction / Current Employees and Retirees

On February 22, 2021, the City's Budget and Finance Committee approved a motion presented by the City's Personnel, Audits, and Animal Welfare Committee that may affect LACERS and the retirement healthcare benefits provided to our Members. The motion directs the CAO, LACERS, Los Angeles Fire and Police Pensions (LAFPP), the Personnel Department and the City's labor partners to report to the Executive

Employee Relations Committee and appropriate Council Committees with viable options and recommendations to reduce City healthcare costs for current employees and retirees.

Status: City Council review and adoption is pending. LACERS will collaborate with the aforementioned departments and groups and will provide updates to the Board prior to submitting any formal report to the City Council.

LEGISLATIVE TOPICS OF INTEREST FOR 2021

As the 117th United States Congress convened on January 3, 2021, commencing a new legislative session, NCPERS January's webcast discussed legislation they will be monitoring in 2021. Prior bills that have not passed in the prior congressional session may be reintroduced again in 2021. LACERS will continue to monitor these topics and any relevant legislation impacting LACERS as the legislative session progresses.

INFORMATIONAL

The following bills did not pass or did not move forward in the prior congressional legislative session and will be removed from the Legislative Watch List.

- A.B. 2473 – Public Investment Fund
- H.R. 3848 – Stop Wall Street Looting Act of 2019
- S. 141 – Social Security Fairness Act of 2019
- S. 521 – Social Security Fairness Act
- H.R. 5529 – Social Security Equity Act of 2019
- S. 2543 – Prescription Drug Pricing Reduction Act (PDPRA) of 2019
- H.R. 1384 – Medicare for All Act of 2019
- H.R. 3 – Lower Drug Costs Now Act 2019

Strategic Plan Impact Statement

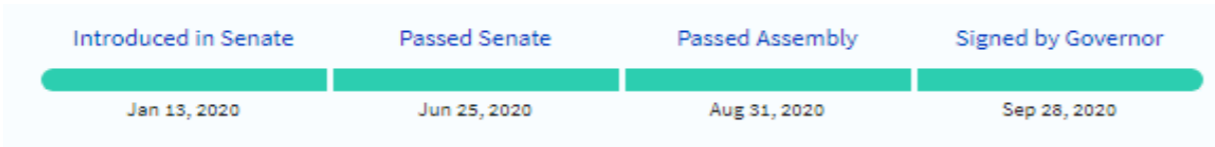
The Board's action on this item aligns with the Strategic Plan Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Chhintana Kurimoto, Management Analyst, Administration Division

NMG/TB/DW/CK

Attachment: LACERS Legislative Watch List

LACERS LEGISLATIVE WATCH LIST
MARCH 2021

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			Final Status
				Assembly	Senate	House	
STATEWIDE LEGISLATION							
SB 852	Pan	<p>Health Care: Prescription Drugs</p> <p>This bill requires the California Health and Human Services Agency (CHHSA) to enter into partnerships, in consultation with other state departments as necessary to, among other things, increase patient access to affordable drugs. The bill requires CHHSA to enter into partnerships to produce or distribute generic prescription drugs and at least one form of insulin, provided that a viable pathway for manufacturing a more affordable form of insulin exists at a price that results in savings. The bill, subject to appropriation by the Legislature, requires CHHSA to submit a report to the Legislature on or before July 1, 2023, that, among other things, assesses the feasibility and advantages of directly manufacturing generic prescription drugs and selling generic prescription drugs at a fair price. The bill requires CHHSA to report to the Legislature on or before July 1, 2022, a description of the status of the drugs targeted for manufacture and an analysis of how CHHSA's activities have impacted competition, access, and costs for those drugs. The bill exempts all nonpublic information and documents relating to this program from disclosure under the California Public Records Act in order to protect proprietary, confidential information regarding manufacturer or distribution costs and drug pricing, utilization, and rebates. The bill states that its provisions are severable.</p> <p>Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.</p> <p>Impact to LACERS: No impact at this time. The CHHSA will provide a research and analysis report on the program to the Legislature by July 1, 2022. LACERS will continue to monitor for any direct impact.</p> <p>https://www.latimes.com/california/story/2020-09-01/california-may-dive-into-generic-drug-market</p> 	1/13/2020	<p>6/25/20 In Assembly. Read first time. Held at Desk.</p> <p>8/31/20 Read third time. Passed. (Ayes 66. Noes 7.) Ordered to the Senate.</p>	<p>9/28/20 Approved by the Governor.</p> <p>Chaptered by Secretary of State. Chapter 207, Statutes of 2020.</p>	N/A	9/28/20 Passed into law

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BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
FEDERAL LEGISLATION							
EMPLOYER COMPLIANCE/REPORTING ISSUES							
HR 133	Cuellar	<p>Consolidated Appropriations Act, 2021 This bill includes a \$900 billion COVID-19 relief package and a \$1.4 trillion government spending package for funding the federal government through Fiscal Year 2021.</p> <p>*See bill for more details</p> <p>Impact to LACERS: The Disaster Related Distributions and Loan Relief provisions are optional plan provisions which may be enacted at the discretion of the plan sponsor.</p>	1/3/2019		<p>1/15/20 Passed/ agreed</p> <p>12/21/20 Resolving differences --</p> <p>Senate actions: Senate agreed, having achieved 60 votes in the affirmative, to the House amendment to the Senate amendment to H.R. 133 by Yea-Nay Vote. 92 - 6</p>	<p>12/21/2020 Resolving differences --</p> <p>House actions: On motion that the House agree with an amendment to the Senate amendment Agreed to without objection.</p>	<p>12/27/20 Became Public Law No: 116- 260</p> <p>Signed by the President</p>

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BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
INVESTMENT ISSUES							
HR 3848	Pocan	<p>Stop Wall Street Looting Act of 2019 To require the Securities and Exchange Commission to issue rules requiring private funds to publicly disclose certain information, and for other purposes.</p> <p>This bill includes the following topics: Title I - Corporate Responsibility Title II - Anti-Looting Title III - Protecting Workers When Companies Go Bankrupt Title IV - Closing The Carried Interest Loophole Title V - Investor Protection And Market Transparency Title VI - Restrictions On Securitizing Risky Corporate Debt Title VII - Miscellaneous</p> <p>Impact to LACERS: Failed to move forward in the prior legislative session. This bill will be removed from the next watch list.</p> <p>Status: Died in a previous Congress.</p> <p>News Article(s): •https://www.warren.senate.gov/newsroom/press-releases/warren-baldwin-brown-pocan-jayapal-colleagues-unveil-bold-legislation-to-fundamentally-reform-the-private-equity-industry</p> <p>Introduced → Passed House → Passed Senate → To President → Became Law</p>	7/18/2019	N/A		8/12/19 Referred to the Subcommittee on Antitrust, Commercial, and Administrative Law	
SOCIAL SECURITY ISSUES							
S 141	Davis	<p>Social Security Fairness Act of 2019 To amend Title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions.</p> <p>Impact to LACERS: Failed to move forward in the prior legislative session. This bill will be removed from the next watch list.</p> <p>Status: Died in a previous Congress.</p> <p>Introduced → Passed Senate → Passed House → To President → Became Law</p>	1/3/2019	N/A		1/31/2019 Referred to the Subcommittee on Social Security	
S 521	Brown	<p>Social Security Fairness Act To amend Title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions.</p> <p>Impact to LACERS: Failed to move forward in the prior legislative session. This bill will be removed from the next watch list.</p> <p>Status: Died in a previous Congress.</p> <p>Introduced → Passed Senate → Passed House → To President → Became Law</p>	2/14/2019	N/A	2/14/2019 Read twice and referred to the Committee on Finance		

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BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
HR 5529	Smith	<p>Social Security Equity Act of 2019 To amend title II of the Social Security Act to expand the exception to the windfall elimination provision based on years of coverage.</p> <p>Impact to LACERS: Failed to move forward in the prior legislative session. This bill will be removed from the next watch list.</p> <p>Status: Died in a previous Congress.</p> <p>Introduced → Passed Senate → Passed House → To President → Became Law</p>	12/19/2019	N/A		12/19/19 Referred to the House on Ways and Means	
MEDICAL/HEALTH ISSUES							
S 2543	Grassley	<p>Prescription Drug Pricing Reduction Act (PDPRA) of 2019 To amend titles XI, XVIII, and XIX of the Social Security Act to lower prescription drug prices in the Medicare and Medicaid programs, to improve transparency related to pharmaceutical prices and transactions, to lower patients' out-of-pocket costs, and to ensure accountability to taxpayers, and for other purposes.</p> <p>Impact to LACERS: Failed to move forward in the prior legislative session. This bill will be removed from the next watch list."</p> <p>Status: Died in a previous Congress.</p> <p>Introduced → Passed Senate → Passed House → To President → Became Law</p>	9/25/2019		9/25/19 Placed on Senate Legislative Calendar under General Orders. Calendar No. 225		
HR 1384	Jayapal	<p>Medicare for All Act of 2019 This bill establishes a national health insurance program that is administered by the Department of Health and Human Services (HHS).</p> <p>Among other requirements, the program must (1) cover all U.S. residents; (2) provide for automatic enrollment of individuals upon birth or residency in the United States; and (3) cover items and services that are medically necessary or appropriate to maintain health or to diagnose, treat, or rehabilitate a health condition, including hospital services, prescription drugs, mental health and substance abuse treatment, dental and vision services, and long-term care.</p> <p>The bill prohibits cost-sharing (e.g., deductibles, coinsurance, and copayments) and other charges for covered services. Additionally, private health insurers and employers may only offer coverage that is supplemental to, and not duplicative of, benefits provided under the program.</p> <p>Health insurance exchanges and specified federal health programs terminate upon program implementation. However, the program does not affect coverage provided through the Department of Veterans Affairs or the Indian Health Service.</p> <p>The bill also establishes a series of implementing provisions relating to (1) health care provider participation; (2) HHS administration; and (3) payments and costs, including the requirement that HHS negotiate prices for prescription drugs.</p> <p>Individuals who are age 18 or younger, age 55 or older, or already enrolled in Medicare may enroll in the program starting one year after enactment of this bill; other individuals may buy into the program at this time. The program must be fully implemented two years after enactment.</p> <p>Impact on LACERS: Failed to move forward in the prior legislative session. This bill will be removed from the next watch list.</p> <p>Status: Died in a previous Congress.</p> <p>Introduced → Passed House → Passed Senate → To President → Became Law</p>	2/27/2019	N/A	12/10/2019 Subcommittee Hearings Held.		

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BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
HR 3	Pallone	<p>Lower Drug Costs Now Act 2019 This bill establishes several programs and requirements relating to the prices of prescription drugs.</p> <p>In particular, the bill requires the Centers for Medicare & Medicaid Services (CMS) to negotiate prices for certain drugs (current law prohibits the CMS from doing so). Specifically, the CMS must negotiate maximum prices for (1) insulin products; and (2) at least 25 single source, brand name drugs that do not have generic competition and that are among the 125 drugs that account for the greatest national spending or the 125 drugs that account for the greatest spending under the Medicare prescription drug benefit and Medicare Advantage (MA). The negotiated prices must be offered under Medicare and MA, and may also be offered under private health insurance unless the insurer opts out.</p> <p>The negotiated maximum price may not exceed (1) 120% of the average price in Australia, Canada, France, Germany, Japan, and the United Kingdom; or (2) if such information is not available, 85% of the U.S. average manufacturer price. Drug manufacturers that fail to comply with the bill's negotiation requirements are subject to civil and tax penalties.</p> <p>The bill also makes a series of additional changes to Medicare prescription drug coverage and pricing. Among other things, the bill (1) requires drug manufacturers to issue rebates to the CMS for covered drugs that cost \$100 or more and for which the average manufacturer price increases faster than inflation; and (2) reduces the annual out-of-pocket spending threshold, and eliminates beneficiary cost-sharing above this threshold, under the Medicare prescription drug benefit.</p> <p>Impact on LACERS: Failed to move forward in the prior legislative session. This bill will be removed from the next watch list.</p> <p>Status: Died in a previous Congress.</p>	9/19/2019	N/A	9/08/2020 Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 521.	12/12/19 Passed/agreed to in House: On passage Passed by the Yeas and Nays: 230 - 192	



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COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
CITY OF LOS ANGELES					
20-1537	Koretz	First Responders / Public Safety Officers / COVID-19 Pandemic / Disability Retirement Benefits / LACERS Public Safety Tier 1 Enhancement Benefits Provision Motion: Direct the City Administrative Officer (CAO) report in 60 days in regard to providing disability retirement benefits for the aforementioned 83 public safety officers under the LACERS Public Safety Tier 1 Enhanced Benefits provision for the following groups: a. 24 LAPD Officers (General Fund) b. 27 Municipal Police Officers (General Fund) c. 24 Park Rangers (General Fund) d. Eight Port Police Officers (Proprietary Fund)	11/24/2020	2/10/2021 Motion adopted. CAO report back is pending.	2/10/2021
20-1606	Blumenfield - Bonin - et al.)	City Healthcare Costs Reduction / Current Employees and Retirees Motion: Request in consultation with the Los Angeles City Employees' Retirement System (LACERS), Los Angeles Fire and Police Pensions (LAFPP), the Personnel Department and the City's labor partners, be directed to report to the Executive Employee Relations Committee and appropriate Council Committees with viable options and recommendations to reduce City healthcare costs for current employees and retirees, consistent with existing legal requirements, City commitments and considerations of equity.	12/15/2020	2/22/2020 Budget and Finance Committee approved items. Report back is pending. LACERS will work with the relevant departments and groups to report back.	
19-1577	Blumenfield - Bonin - et al.)	Los Angeles City Employees' Retirement System (LACERS) Investments / Climate Transition Risk Framework / Climate-Change Watch List Motion: Request that the Board of the Los Angeles City Employees' Retirement System (LACERS), with the assistance of the City Administrative Officer (CAO), report in six months with the following: a. Recommendations on the feasibility for the LACERS Board to adopt a similar Climate Transition Risk Framework to San Francisco Employees' Retirement System to identify investments in fossil fuel companies that pose an environmental and financial risk. b. Options to create a climate-change watch list that will report the riskiest investments in fossil fuel companies and develop a strategy to engage with the respective companies to reduce their oil and gas reserves and increase their efforts to move towards renewables and address climate change. c. A plan to divest from uncooperative fossil fuel companies and appropriately reinvest capital. d. A watch list to identify other LACERS investments such as in tobacco and firearm companies that contradict the City Council official positions and goal to provide a healthy and secure future for Angelenos.	12/11/2019	12/2/2020 Motion adopted. LACERS and CAO report back is pending.	12/2/2020

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COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
20-0943	Cedillo	<p>Women and Minority Owned Businesses / City Bid Incentives</p> <p>Motion: The City of Los Angeles regularly offers up contracts for competitive bids by the private sector for a number of goods and services. Over the years, the City has worked to make this process as equitable as possible, and tried to incentivize women- and minority-owned businesses to bid on City contracts. However, despite the City's efforts, there is a perception that bigger entities win City contracts, and that smaller women- and minority-owned businesses are at a disadvantage when competing for the City's business. This is despite many of these women- and minority-owned businesses being located in the City, and owned and operated by City residents.</p> <p>As the City navigates its way through the ongoing COVID-19 pandemic and the resulting economic downturn, and seeks to address calls for greater racial justice and social equity for all Americans, it should also look at ways to further incentivize women- and minority-owned businesses to bid on City contracts and do more to ensure that qualified businesses are awarded these contracts. Not only would this help the City become more equitable, but it would ensure that dollars spent on contracts for essential services stay in the community.</p> <p>I MOVE that the Council Action of September 8, 2020, relative to encouraging and incentivizing women- and minority-owned businesses to bid on City contracts, and steps the City can take to ensure qualified women- and minority-owned businesses are awarded contracts with the City (CF No. 20-0943), BE AMENDED to instruct the City Administrative Officer, with the assistance of the Department of General Services, Economic Workforce Development Department, the Bureau of Contract Administration and the Chief Procurement Officer, to report with information identifying all City contracting opportunities available over the last two years for women- and minority-owned businesses; the number of these businesses that participated in the process; the number of women- and minority-owned businesses that were awarded a contract; and on City programs available to promote the inclusion of women- and minority-owned businesses in City contracting.</p>	7/29/2020	<p>10/27/20 Amended Motion adopted. Report back to Council is pending.</p> <p>10/20/20 Motion Amended from Council Action on 9/8/20.</p>	10/27/2020



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: MARCH 9, 2021
ITEM: VI – A

Neil M. Guglielmo

**SUBJECT: ACTUARIAL RISK ASSESSMENT AND REVIEW OF FUNDED STATUS OF THE
RETIREMENT AND HEALTH PLANS AS OF JUNE 30, 2020**

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, 2020 (Actuarial Risk Assessment Report). 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, 2020 Actuarial Funding Valuations.

This is the second year that Segal is assessing and disclosing risk associated with measuring pension obligations and determining pension plan contributions pursuant to Actuarial Standard of Practice (ASOP) No. 51, inclusive of both the Retirement and the Health Plans. This Actuarial Risk Assessment Report expands upon the Risk Assessment section reported in the June 30, 2020 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' Management 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, and the employer contribution rates over the past ten years, as well as provides deterministic projections of these factors based on hypothetical investment experience (i.e., 14.50%, 0.00%, and the assumed 7.25%) at June 30, 2020. The Board's decisions on the Actuarial assumptions and the Actuarial Funding Policy impact these factors. In addition to the deterministic scenario tests of past reports, Segal has included 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. The Board considered and adopted Actuarial assumptions

changes in May 2020, included with the presentation of the Actuarial Experience Study for 2017-2019. The Actuarial Funding Policy, last revised in 2014, is also slated for review in the summer of 2021. Segal and staff will bring forth funding policy recommendations following the completion of this review.

Strategic Plan Impact Statement

This report and review conforms to LACERS' Strategic Plan Goal 5, Governance, to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Andy Yeung and Paul Angelo from Segal will present the Risk Assessment report to the Board.

Prepared By: Edwin Avanesian, Senior Benefits Analyst II

NG/TB/EA

Attachments: 1. LACERS Risk Assessment Including Review of Funded Status of the Retirement and Health Plans as of June 30, 2020
2. Status of Cheiron Audit Recommendations in Review of the Actuarial Risk Assessment

BOARD Meeting: 03/09/21
Item VI - A
Attachment 1

Los Angeles City Employees' Retirement System

Risk Assessment

**Including Review of Funded Status of the
Retirement and Health Plans as of June 30, 2020**

February 26, 2021

Paul Angelo, FSA, MAAA, FCA, EA

Andy Yeung, ASA, MAAA, FCA, EA

Todd Tauzer, FSA, MAAA, FCA, CERA

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Section 1: Introduction and Executive Summary

Introduction

The purpose of this report is to assist the Board of Administration,¹ participating employers and members and other stakeholders to better understand and assess the risk profile of the Los Angeles City Employees' Retirement System (LACERS), as well as the particular risks inherent in using a fixed set of actuarial assumptions in preparing the results in our June 30, 2020 funding valuations for LACERS.

The results included in our June 30, 2020 funding valuation reports for the Retirement and Health Plans were prepared based on a fixed 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, 2020 valuation), there is a risk that emerging results may differ significantly as actual experience is fluid and will not completely track current assumptions.

The results included throughout this report do not reflect the impact of any phase-in of the cost from the adoption of new actuarial assumptions with the June 30, 2020 actuarial valuations. That is, the full cost of the new actuarial assumptions is reflected in this report. Segal is available to provide additional analysis on the effects of a phase-in if any such phase-in is approved by the Board.²

It is important to note that this risk assessment is based on plan assets as of June 30, 2020. Due to the COVID-19 pandemic, market conditions have changed significantly since the onset of the Public Health Emergency. The Plan'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. Moreover, this risk assessment does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after June 30, 2020. While it is impossible to determine how the pandemic will affect market conditions and other demographic experience of the plan in future valuations, the single year investment return scenario test included within this report provides an illustration of the impact of short term market fluctuations on the plan. Additionally, Segal is available to prepare other projections of selected potential outcome scenarios upon request.

¹ This risk report has been prepared at the request of the Board of Administration to assist in administering the Fund. This risk report may not otherwise be copied or reproduced in any form without the consent of the Board of Administration and may only be provided to other parties in its entirety, unless expressly authorized by Segal. The measurements shown in this risk report may not be applicable for other purposes.

² We understand that while a preliminary request to consider the phase-in has been made by the City, the City is still preparing its budget and the outcome of that budget preparation might influence its decision to make a final request for the Board to consider and allow for the phase-in.

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.³ 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. The Standard 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 particular 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.

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 in order to examine particular financial risks. When making that recommendation, the actuary will take into account 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. Even though we have not included a numerical analysis of all the risk factors, based on our discussions with LACERS we have illustrated 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, 2020 valuations. We have also included a projection of future results based on a stochastic modeling of future investment returns for 2020/2021 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 for the range of potential outcomes.

³ ASOP 51 does not actually 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.

The Standard 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 in this report.

Executive Summary

Historical Funded Status and Employer Contribution Rates

The following table provides a summary of financial changes to the Retirement and Health Plans over the last 10 valuations by showing the beginning and ending year results over that period. The full set of results for each of the 10 years is provided in *Appendix D*.

The unfunded actuarial accrued liability (UAAL)⁴ and contribution rates⁵ increased primarily as a result of the strengthening of the actuarial assumptions used in preparing the valuations and unfavorable investment experience that were offset to some degree by favorable non-investment experience.

Valuation Date	Market Value Basis		Valuation Value Basis		Total (Aggregate) Employer Contribution Rate (% of Payroll – Contributions Received on July 15)
	Funded Status	UAAL	Funded Status	UAAL	
June 30, 2011	69.4%	\$4.7B	73.2%	\$4.1B	24.14%
June 30, 2020	68.4%	\$8.2B	71.6%	\$7.4B	32.25%

Future Funded Status and Employer Contribution Rates

In this report, we highlight key factors 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 also provided deterministic projections (using select scenarios for illustration) under hypothetical unfavorable and favorable future market experience so that the impact of market performance can be better understood.

The total (aggregate) employer contribution rate is 32.25% of total payroll in the June 30, 2020 valuations. Using a deterministic projection, this report shows the effect of either unfavorable (0.00%) or favorable (14.00%) hypothetical market returns for 2020/2021 on key valuation results. In particular, the changes in the total employer contribution rate

⁴ For example, the UAAL increased by \$422.0 million in the June 30 2011 valuations, \$920.7 million in the June 30, 2014 valuations, \$461.9 million in the June 30, 2017 valuations, \$593.6 million in the June 30, 2018 valuations, and \$626.6 million in the June 30, 2020 valuations (for a total of \$3.0B), as a result of the assumptions adopted by the Board following the economic assumptions study and the experience studies over the last ten years.

⁵ For example, the increase in the employer's total rate (normal cost plus UAAL) was 1.37% in the June 30, 2011 valuations, 3.20% in the June 30, 2014 valuations, 2.03% in the June 30, 2017 valuations, 2.09% in the June 30, 2018 valuations, and 3.94% in the June 30, 2020 valuations (for a total of 12.63%), as a result of the assumptions adopted by the Board following the economic assumptions study and the experience studies over the last ten years.

(relative to the June 30, 2020 valuation aggregate employer contribution rate of 32.25%) in the June 30, 2021 valuation and in the June 30, 2027 valuation (when all the investment gains or losses are fully recognized at the end of the seven-year asset smoothing period) are as shown in the following table:⁶

Contribution Rate Change	2020/2021 Single Plan-Year Investment Return		
	0.00%	7.00% (Baseline)	14.00%
June 30, 2021	+1.3% of payroll	+0.7% of payroll	+0.1% of payroll
June 30, 2027	+6.4% of payroll	+1.2% of payroll	-3.9% of payroll

As of June 30, 2020, the longest-duration amortization base is 22 years, and will be fully amortized on June 30, 2042. We note that under the unfavorable (0.00%) hypothetical market return scenario for 2020/2021, the last portion of the resulting deferred investment loss under the seven-year asset smoothing method will be recognized in the June 30, 2027 valuations and paid off in 15 years on June 30, 2042, which is the same year the 22-year base will be fully amortized. This implies that regardless of the hypothetical market return scenario for 2020/2021, the System is projected to reach full funding at the end of 22 years and the total employer contribution rate is projected to approach about 9% of payroll on June 30, 2042.

Using a stochastic projection that models market return over the next 20 years by using expected return, standard deviation and other information about LACERS' asset portfolio,⁷ there is a 50% chance that the employer contribution rates would be between 10% and 46% of payroll at the end of 10 years and between 0% and 39% of payroll at the end of 20 years. Furthermore, there is a 25% chance LACERS would be fully funded at the end of 10 years and 57% chance LACERS would be fully funded at the end of 20 years.

For Tier 1 and Tier 1 Enhanced, these projections reflect that effective July 1, 2026, member contribution rates will be reduced by 1% of payroll (pursuant to ERIP Ordinance No. 180926), and the employer's normal cost rate for Tier 1 and Tier 1 Enhanced will therefore increase by 1% of payroll. (The increase in the employer's total normal cost rate effective July 1, 2026 when expressed as a percentage of payroll for all Tiers combined, including the payroll of Tier 3 members, is projected at about 0.50% of payroll.) The inclusion of this shift in normal cost is a refinement in our projections for the June 30, 2020 Risk Report.

⁶ Assuming no further assumption changes, method changes or experience that differs significantly from assumptions.

⁷ For the stochastic modeling, we have used the expected return, standard deviation and other information about LACERS' asset portfolio that we used in developing the 7.00% expected investment return assumption we recommended to the Board for the June 30, 2020 valuations. This modeling assumes no further assumption changes, method changes or non-investment experience that differs significantly from assumptions.

Plan Maturity Measures

During the past 10 valuations, 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 (as shown in Section 2, Charts 12a and 12b on pages 33 and 34) and by an increase in the ratios of plan assets and liabilities to active member payroll (as shown in Section 2, Charts 9a and 9b on pages 35 and 36). We expect these trends 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 and active members would have to be amortized and funded over the payroll of the relatively smaller group of only 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, its risk profile will continue to evolve in this way and contributions will grow more sensitive to plan experience.

Section 2: Key Plan Risks on Funded Status, Unfunded Actuarial Accrued Liabilities, and Employer Contribution Rates

Evaluation of Historical Trends – Retirement and Health Plans

Funded Status and UAAL

One common measure of LACERS' financial status is the funded ratio. This ratio compares the valuation⁸ and market value of assets to the actuarial accrued liabilities (AAL)⁹ of LACERS. After accounting for contributions made at the Actuarially Determined Contribution (ADC) amount, the overall level of funding of LACERS has remained relatively level as a result of favorable non-investment experience, offset by the change in actuarial funding method, the strengthening of the actuarial assumptions, and unfavorable investment experience. The funded ratios and UAAL are provided separately for the Retirement and Health Plans for the past 10 valuations from June 30, 2011 to 2020 measured using both valuation and market value of assets in *Charts 1a* and *1b*, respectively.

The factors that caused the changes in the UAAL for the past 10 valuations from June 30, 2011 to 2020 are provided separately for the Retirement and Health Plans in *Charts 2a* and *2b*, respectively.¹⁰ The results in *Charts 2a* and *2b* show that the reductions in the investment return assumption in the June 30, 2011, 2014, 2017, and 2020¹¹ valuations, together with the changes in the mortality tables and other assumptions from the four triennial experience studies recommending assumptions used in the June 30, 2011, 2014, 2018, and 2020¹⁰ valuations, have had the most impact on the UAAL for LACERS,¹² followed by the investment experience, especially during 2009 to 2013.

⁸ The valuation value of assets is the portion of the total actuarial value of assets allocated for the Retirement and Health Plans. The actuarial value of assets is equal to the market value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a seven-year period.

⁹ For the actives, the actuarial accrued liability is the value of the accumulated normal costs allocated to the years before the valuation date. For the pensioners, beneficiaries and inactive vested members, the actuarial accrued liability is the single-sum present value of the lifetime benefit expected to be paid to those members.

¹⁰ For the Health Plan, *Chart 2b* shows changes only for the past seven valuations, from June 30, 2014 to 2020, because detailed information regarding the change in UAAL is not readily available in Segal's valuation reports from June 30, 2011 to 2013.

¹¹ The Board has a practice of reviewing the investment return and other actuarial assumptions at the same time in the triennial experience study. However, the full (economic and demographic) 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.

¹² For example, for the Retirement and Health Plans combined, the UAAL increased by \$422.0 million in the June 30 2011 valuations, \$920.7 million in the June 30, 2014 valuations, \$461.9 million in the June 30, 2017 valuations, \$593.6 million in the June 30, 2018 valuations, and \$626.6 million in the June 30, 2020 valuations (for a total of \$3.0B), as a result of the assumptions adopted by the Board following the economic assumptions study and the experience studies over the last ten years.

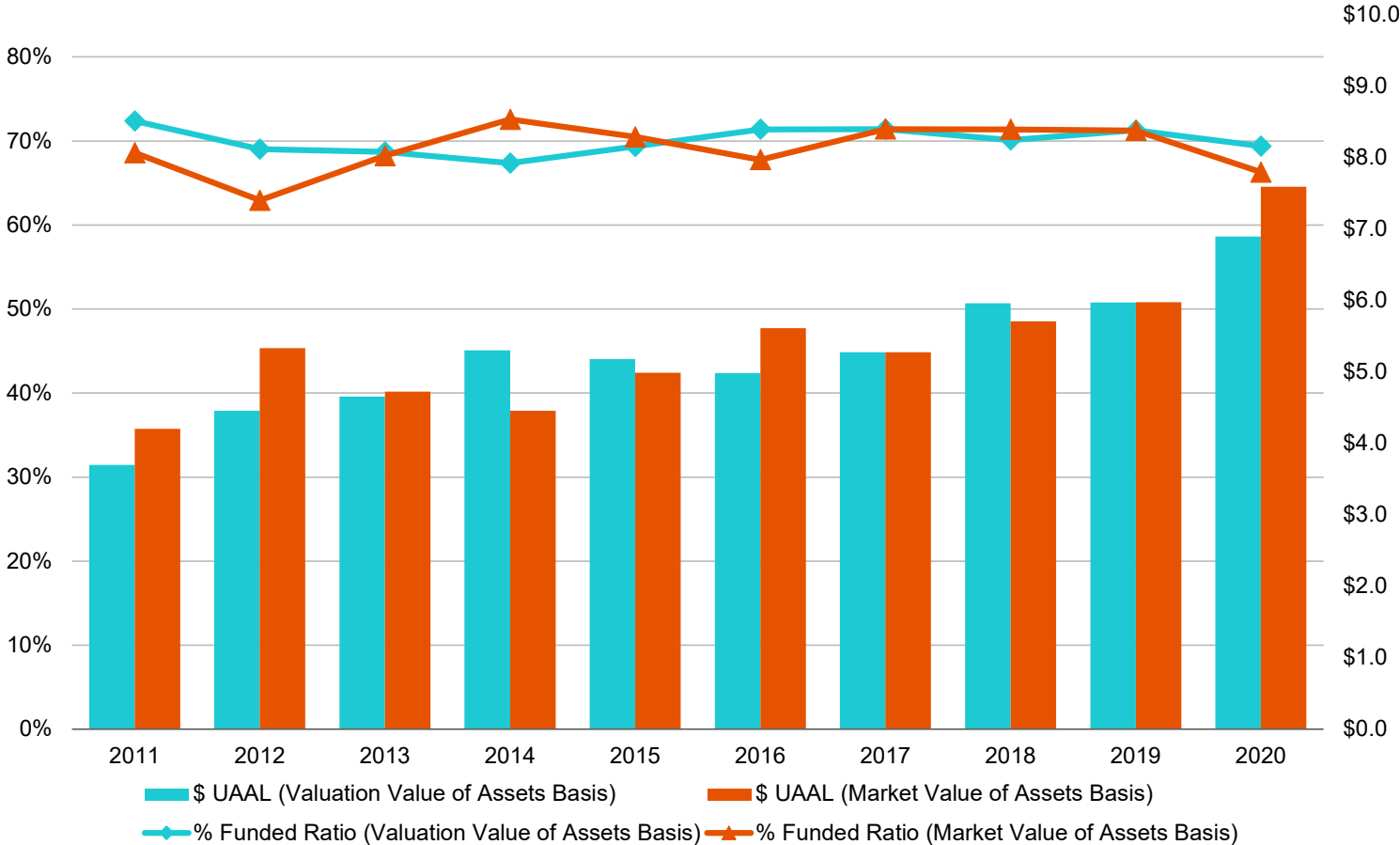
Charts 2a and *2b* also show that the unfavorable investment experience was offset to some extent by favorable non-investment experience. The non-investment experience included lower than expected COLAs granted to retirees and beneficiaries, and lower than expected salary increases for continuing actives. The non-investment experience also included the scheduled 12-month delay in implementing the contribution rates determined in the annual valuation.

Finally, *Charts 2a* and *2b* show some “negative amortization” due to the initial 30-year amortization of the combined base established June 30, 2012. The negative amortization from the combined base is expected to continue through June 30, 2022. Current assumptions and amortization policy generally will not entail negative amortization in the future.

It is important to note that LACERS has strengthened the assumptions over time, particularly lowering the expected investment rate of return, utilizing a generational mortality assumption, and adopting a funding policy that controls future negative amortization. These changes may result in higher contributions in the short term, but in the medium to longer term avoid both deferring contributions and allowing unmanaged growth in the UAAL. We believe these actions are essential for LACERS’ fiscal health going forward.

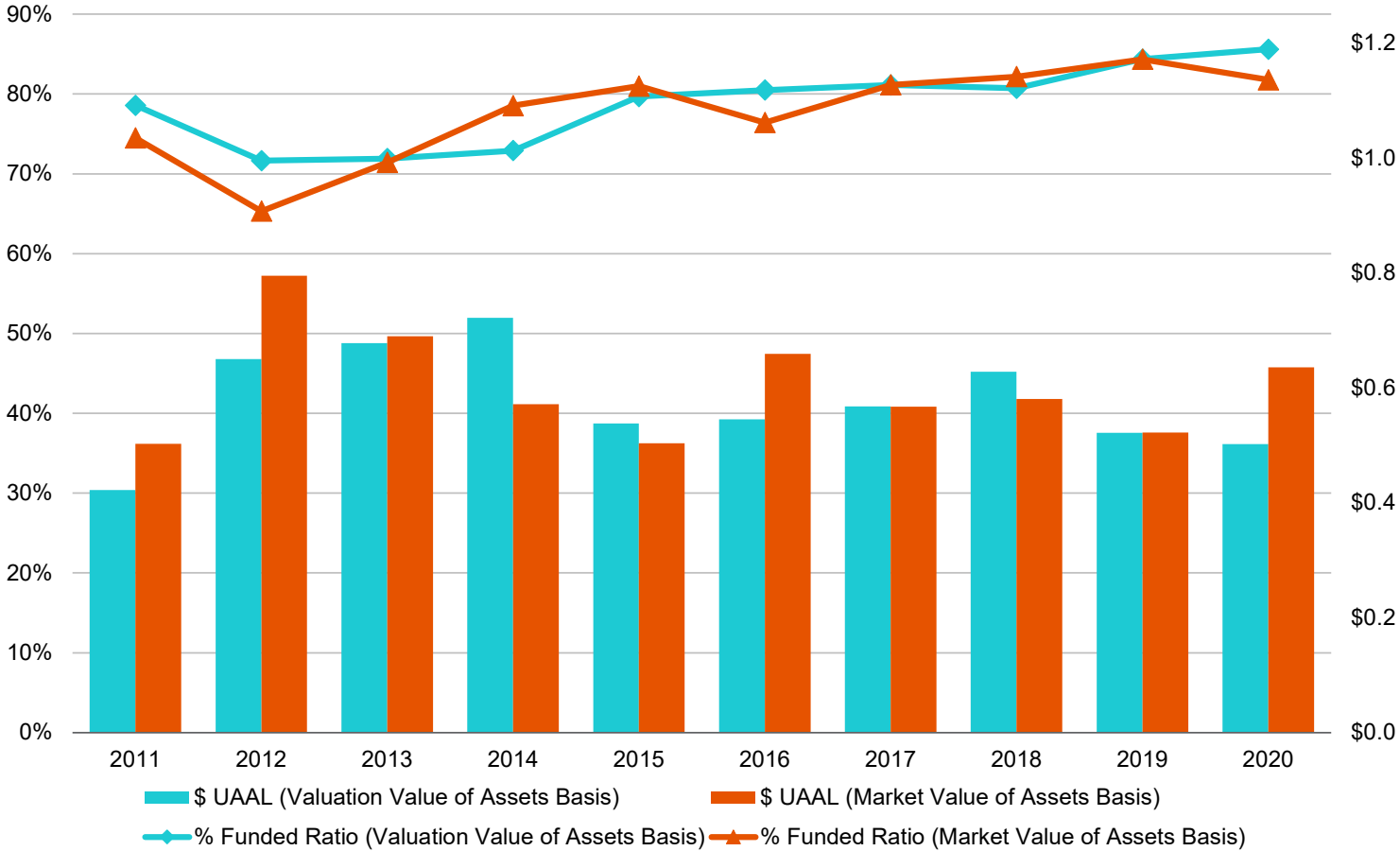
RETIREMENT PLAN

Funded Ratio (Percentages) and Dollar UAAL (\$ Billions)
in June 30, 2011 to 2020 Valuations



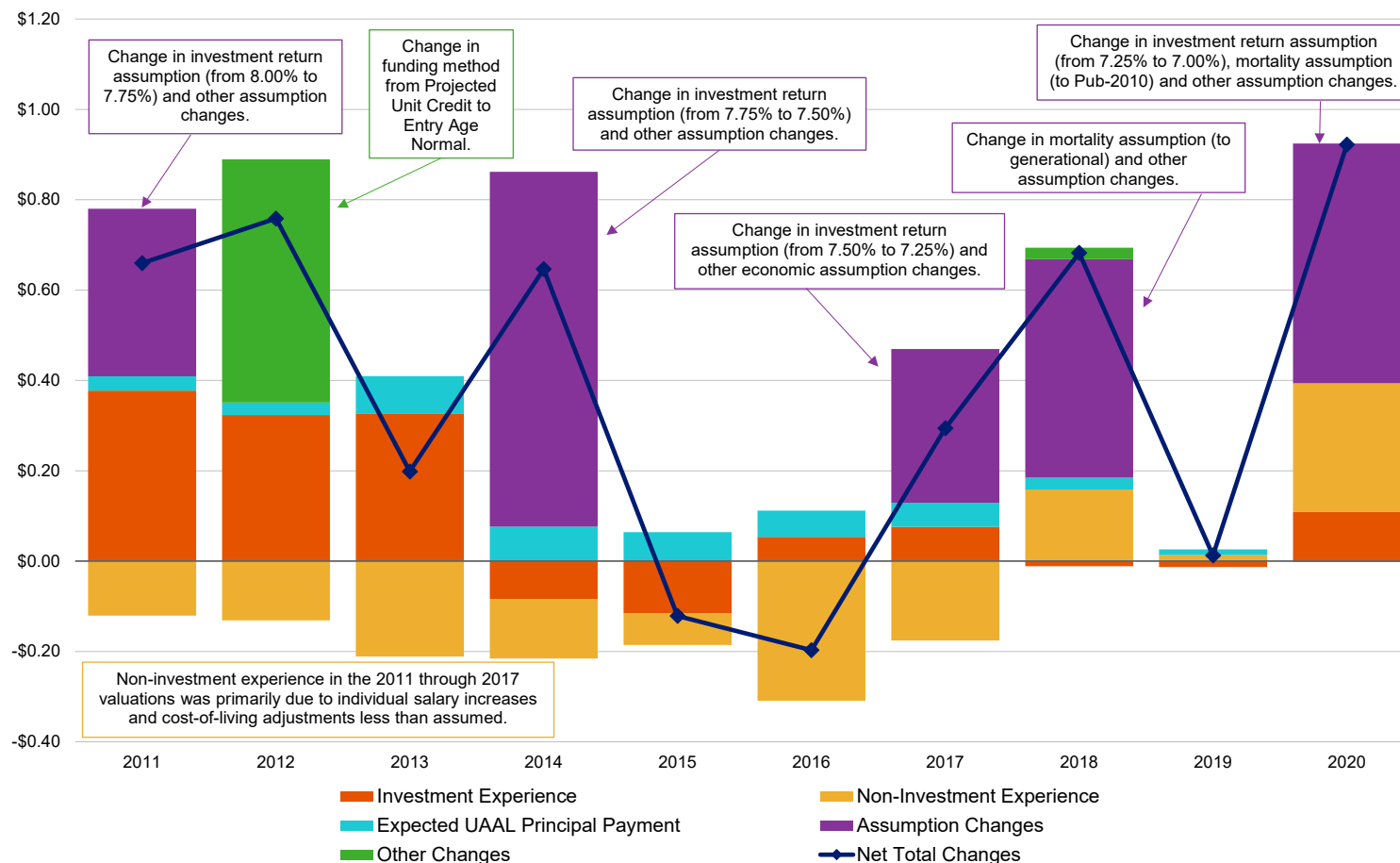
HEALTH PLAN

Funded Ratio (Percentages) and Dollar UAAL (\$ Billions) in June 30, 2011 to 2020 Valuations



RETIREMENT PLAN

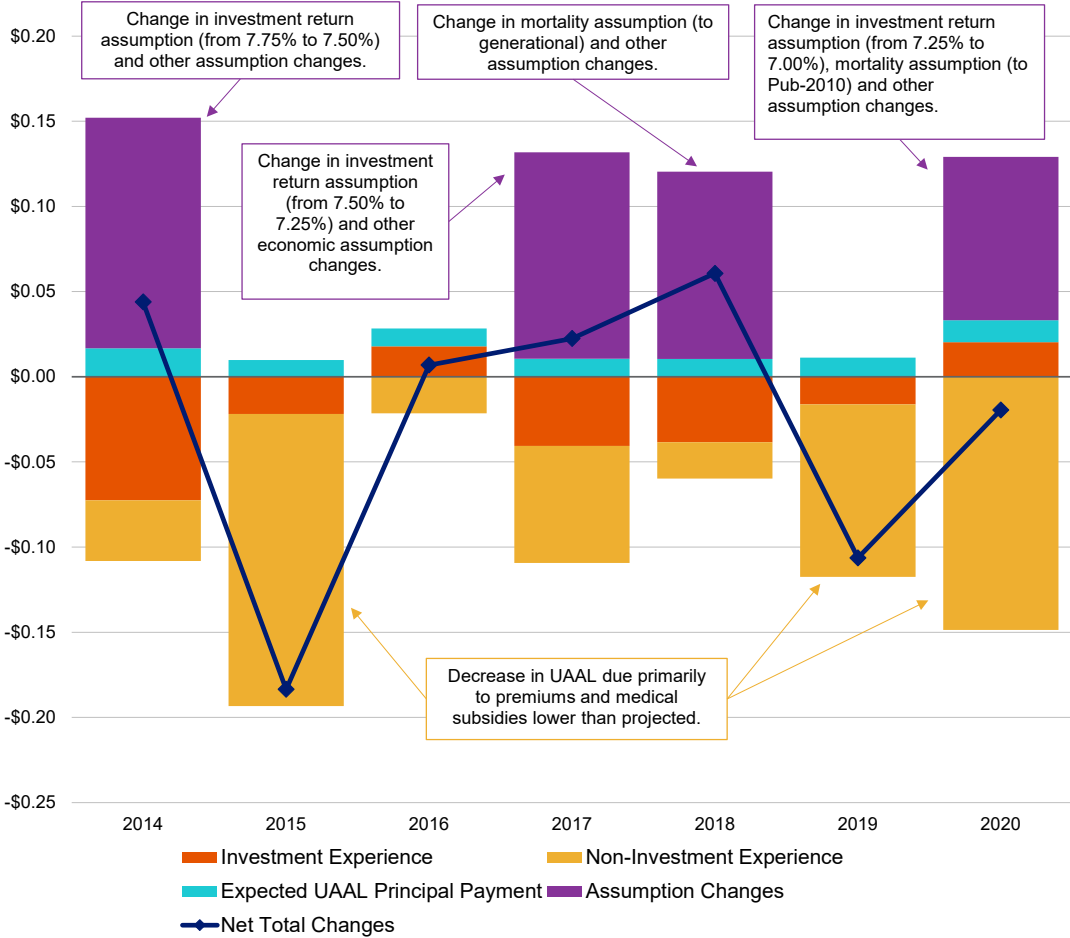
Factors that Changed UAAL in June 30, 2011 to 2020 Valuations (\$ Billions)



Note: The primary source of investment losses starting in the June 30, 2009 valuation is the Great Recession, which was recognized in the valuation value of assets over several years.

HEALTH PLAN

Factors that Changed UAAL in June 30, 2014 to 2020 Valuations (\$ Billions)



Employer Contribution Rates

The total (normal cost¹³ plus UAAL payment) employer contribution rates determined in the June 30, 2011 to 2020 valuations for the Retirement and Health Plans are provided in *Charts 3a* and *3b*, respectively, and the factors that caused the changes in the total aggregate employer rates¹⁴ for the Retirement and Health Plans are provided in *Charts 4a* and *4b*, respectively.

The aggregate employer normal cost rates for the Retirement and Health Plans as shown in *Charts 3a* and *3b* have stayed relatively flat since the June 30, 2011 valuation. For the Retirement Plan, the UAAL rate generally increased between the June 30, 2011 and the June 30, 2020 valuations primarily due to unfavorable investment experience and changes in actuarial assumptions. While there have also been increases in the normal cost rates due to the changes in the 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.¹⁵ For the Health Plan, the UAAL rate generally decreased between the June 30, 2011 and the June 30, 2020 valuations. A primary source of the decrease reflected in the June 30, 2011 valuation was a freeze in the medical subsidy for non-retired members who were not contributing. Other sources of decreases include health related assumption changes, and other actuarial experience (primarily medical premiums and subsidies lower than projected).

For the Retirement Plan, *Chart 4a* shows that the changes in the investment return, mortality table and other assumptions have had the most impact on increasing the UAAL contribution rates¹⁶ for the City. The next greatest impact was from the investment experience during 2011 to 2020. Favorable non-investment experience and additional required member contributions have partially offset the contribution rate increases.

For the Health Plan, *Chart 4b* shows that the non-investment experience¹⁷ (primarily medical premiums and subsidies lower than projected) has had the most impact on decreasing the UAAL contribution rates¹⁶ for the City, offset somewhat from changes in the investment return, mortality tables and other assumptions.

¹³ The normal cost is 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.

¹⁴ There are separate contribution rates determined in the valuation for Tier 1 and Tier 3 (previously Tier 2, through the June 30, 2015 valuation). The aggregate contribution rates have been calculated based on an average of those rates weighted by the payrolls of the active members reported in those valuations.

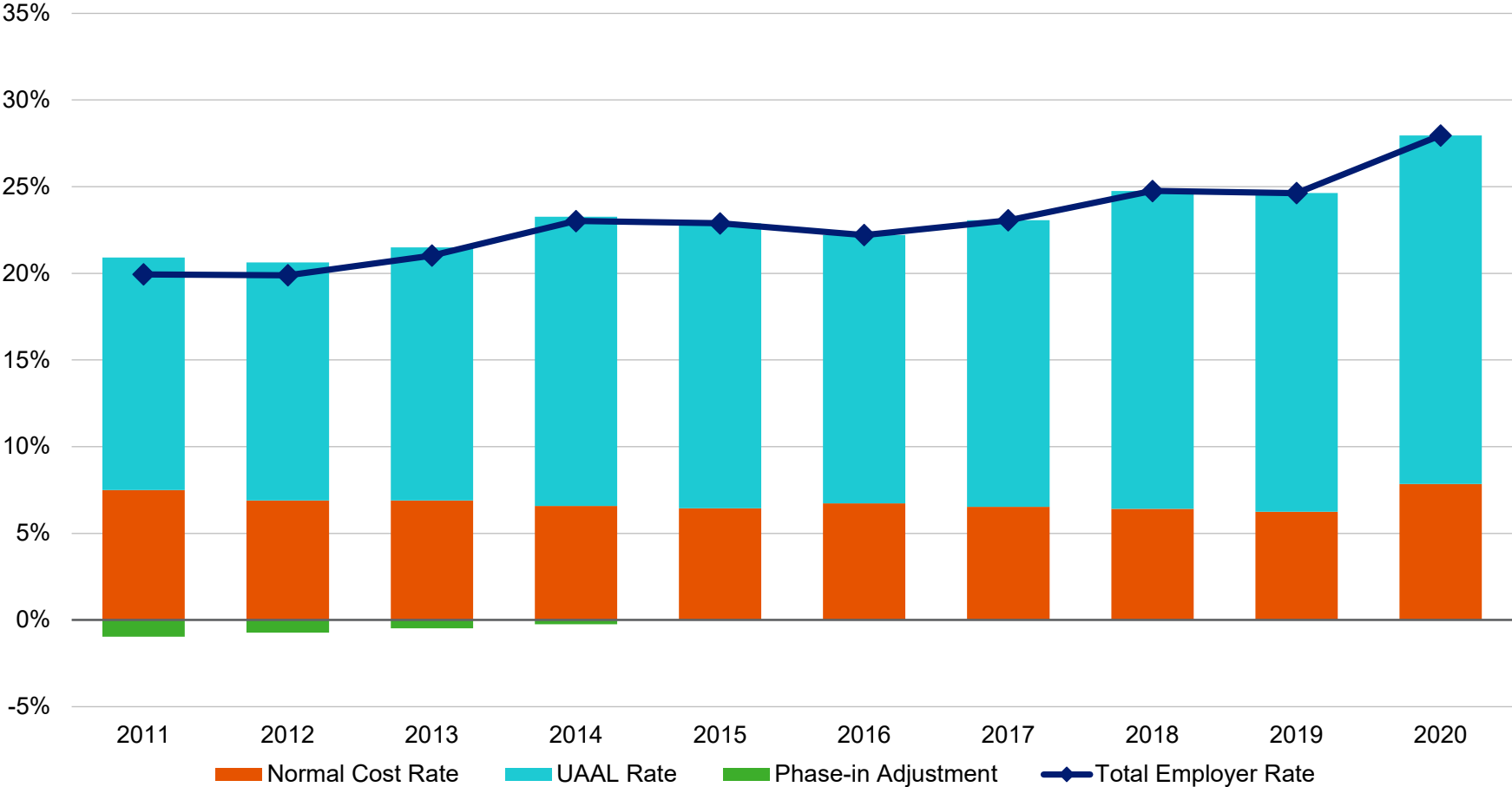
¹⁵ As of the June 30, 2012 valuation, roughly 95% of active members were required to pay an additional member contribution rate. By the June 30, 2020 valuation, all active members were paying an additional member contribution rate (which was increased to 4.5% for less than 1% of active members).

¹⁶ For example, for the Retirement and Health Plans combined, the increase in the employer's total rate (normal cost plus UAAL) was 1.37% in the June 30, 2011 valuations, 3.20% in the June 30, 2014 valuations, 2.03% in the June 30, 2017 valuations, 2.09% in the June 30, 2018 valuations, and 3.94% in the June 30, 2020 valuations (for a total of 12.63%), as a result of the assumptions adopted by the Board following the economic assumptions study and the experience studies over the last ten years.

¹⁷ Includes the impact of the annual review and adjustment of the medical trend assumptions.

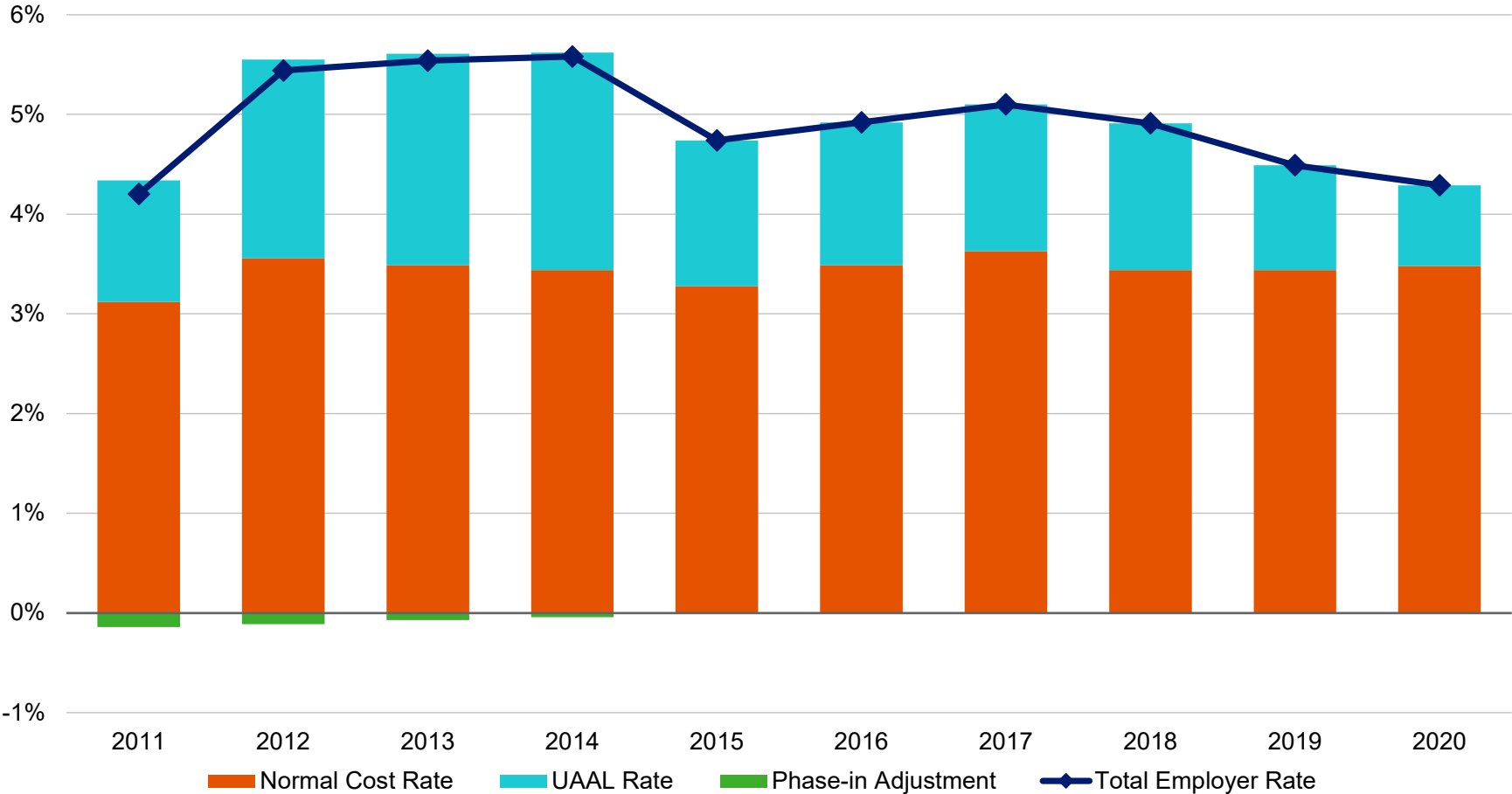
RETIREMENT PLAN

Employer Contribution Rates in June 30, 2011 to 2020 Valuations
(% of Payroll – Contributions Received on July 15)



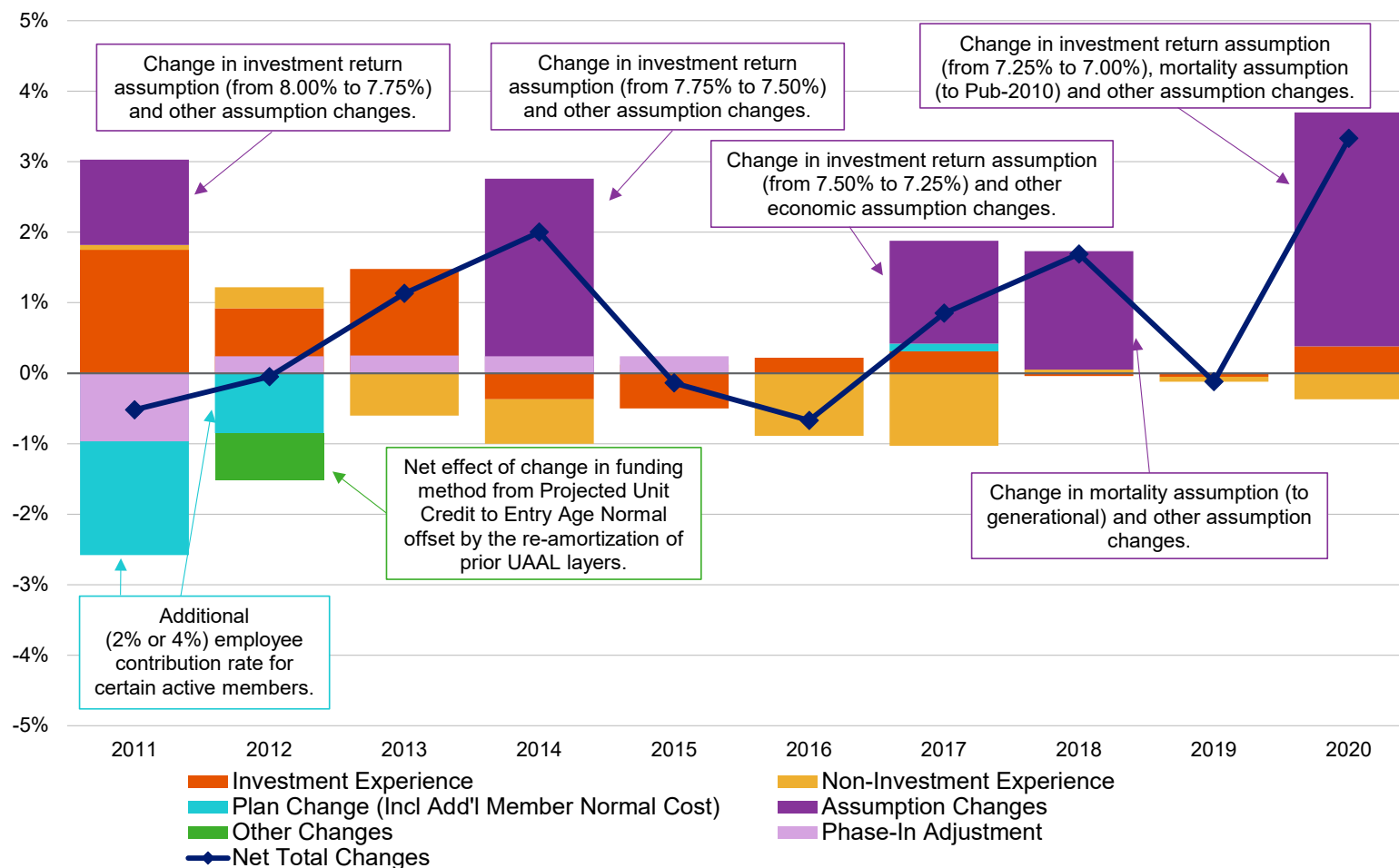
HEALTH PLAN

Employer Contribution Rates in June 30, 2011 to 2020 Valuations
(% of Payroll – Contributions Received on July 15)



RETIREMENT PLAN

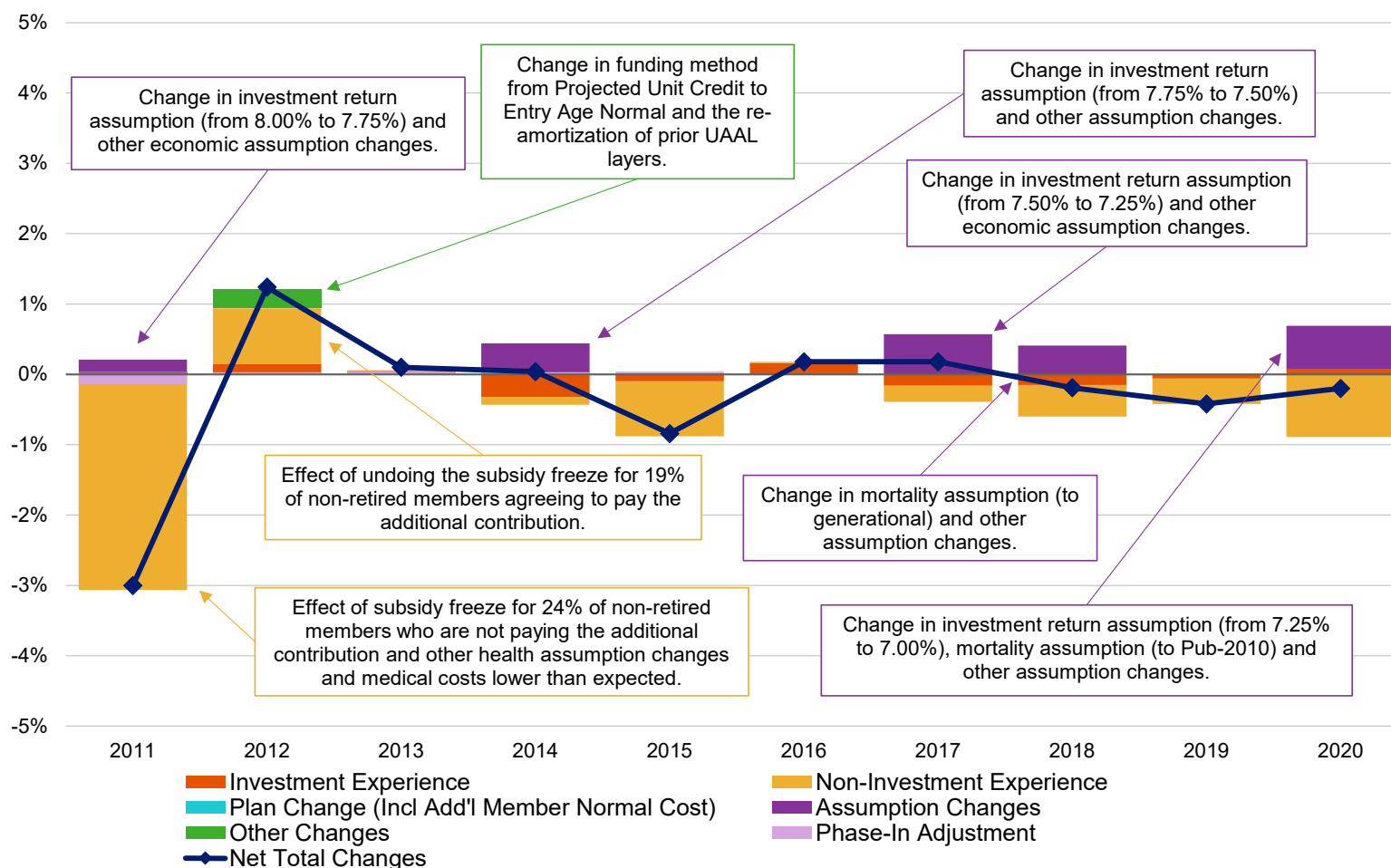
Factors that Affected Employer Contribution Rates in June 30, 2011 to 2020 Valuations (% of Payroll – Contributions Received on July 15)



Note: The primary source of investment losses starting in the June 30, 2009 valuation is the Great Recession, which was recognized in the valuation value of assets over several years.

HEALTH PLAN

Factors that Affected Employer Contribution Rates
in June 30, 2011 to 2020 Valuations
(% of Payroll – Contributions Received on July 15)



Assessment of Primary Risk Factors Going Forward

As discussed in the Evaluation of Historical Trends section, in the 2011 to 2020 valuations the funded ratios and the employer contribution rates have changed mainly as a result of changes in actuarial assumptions, investment experience, and non-investment experience.

In general, we anticipate the following risk factors to have an ongoing influence on those financial 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 essentially 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 the experience of the asset values.

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 less or more than the assumed rate.

The Board has a policy of reviewing the investment return and the other actuarial assumptions generally every three years, the next triennial experience study (recommending assumptions for the June 30, 2023 actuarial valuations) is scheduled to be performed in 2023.

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

For the Retirement Plan, the change in the merit and promotion salary increase assumption was the most significant change to the non-economic assumptions in the last experience study conducted before the June 30, 2020 valuation. As can be observed from *Charts 2a, 2b, 4a, and 4b*, there had been relatively small unfavorable impact on the UAAL and employer contribution rates due to non-investment related experience relative to the assumptions used in the last 10 valuations.

- 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 particular ability or willingness of the plan sponsor or other contributing entity to make contributions to the plan when due. However, it does require the actuary to consider the potential for and impact of 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.

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

Note that other events that could affect costs going forward, such as future plan changes, are not included herein.

Scenario Tests: Deterministic Projections

Because the funded ratio, UAAL and the employer contribution rates have fluctuated as a result of deviation in investment experience in the last 10 valuations, we have examined the risk for LACERS associated with earning either lower or higher than the assumed rate of 7.00% in future valuations using projections under a deterministic approach.

To measure such risk, we have included scenario tests to study the change in the UAAL and contribution rates if LACERS were to earn a market return lower or higher than 7.00% in the next year following the June 30, 2020 valuations. In *Charts 5, 6 and 7*, we show the aggregate employer contribution rates, funded ratios, and UAAL respectively assuming that the System's portfolio market return in 2020/2021 will be as follows:

Scenario 1: 0.00%
Scenario 2: 7.00% (baseline)
Scenario 3: 14.00%.

In the past, LACERS allowed us to assist the City in their budgeting process by providing a 6-year illustration of the financial position of LACERS assuming the System was to earn the assumed rate of investment return in all future years. The detailed employer contribution rates, funded ratios and UAAL developed for each of the Retirement and Health Plans, and in total, under the baseline Scenario 2, are provided in *Appendix C* of this report for this reason. However, in preparing the illustration for this risk report, we have included results beyond 6 years to illustrate an aspect of the operation of the current funding policy for the Health Plan. Specifically, we note that for the Health Plan, the UAAL contribution rate is expected to drop in the 2024 to 2028 valuations even though there would still be an increase in the total UAAL amount in those years. This is the result of having experience gains that emerged in prior valuations¹⁸ amortized over shorter periods (i.e., 15 years) than the period used for the combined UAAL base from the 2012 valuation (i.e., 22 years). As we previously pointed out in last year's Risk Report, the Board could make an adjustment to its funding policy so as to smooth out these projected changes in the employer's rate. Based on a recent follow-up discussion with LACERS' staff, we will bring that topic back for further discussion with the Board before the June 30, 2021 valuations.

The following table summarizes for the Retirement and Health Plans the resulting aggregate contribution changes (relative to the June 30, 2020 valuation aggregate employer contribution rate of 32.25%) in the immediately next valuation as well as in June 30, 2027 valuations when all of the investment gains and losses are fully recognized in the (smoothed) actuarial value of assets.

¹⁸This anomaly will be exacerbated under Scenario 3 with a 14.00% return for 2020/2021 and we have leveled out the UAAL contribution rates for those years when the total UAAL contribution rate would have become negative [credit].

Contribution Rate Change	2020/2021 Single Plan-Year Investment Return		
	0.00%	7.00% (Baseline)	14.00%
June 30, 2021	+1.3% of payroll	+0.7% of payroll	+0.1% of payroll
June 30, 2027	+6.4% of payroll	+1.2% of payroll	-3.9% of payroll

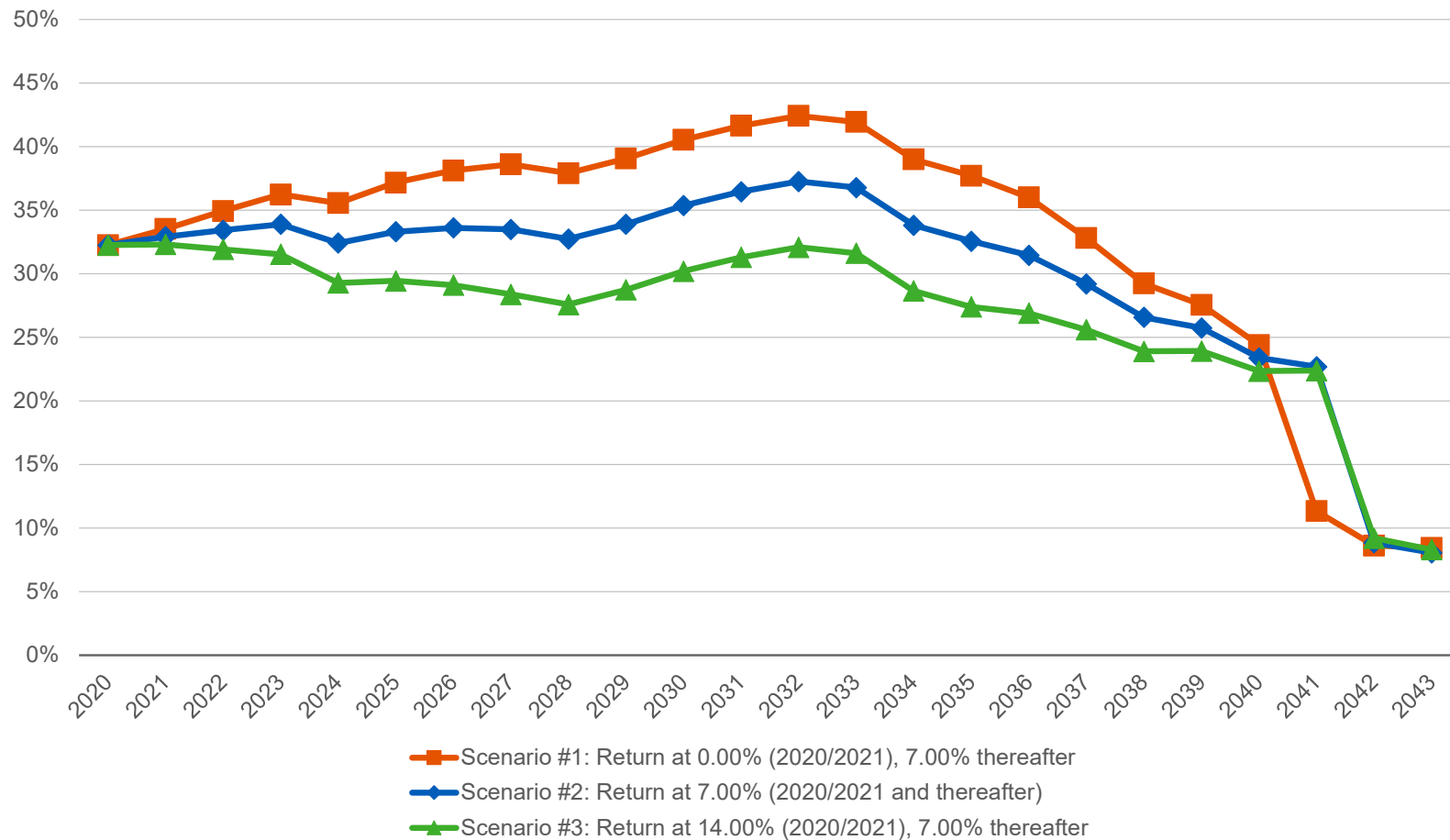
As of June 30, 2020, the longest-duration amortization base is 22 years, and will be fully amortized on June 30, 2042. We note that under the unfavorable (0.00%) hypothetical market return scenario for 2020/2021, the last portion of the resulting deferred investment loss under the seven-year asset smoothing method will be recognized in the June 30, 2027 valuations and paid off in 15 years on June 30, 2042, which is the same year the 22-year base will be fully amortized. This implies that regardless of the hypothetical market return scenario for 2020/2021, the System is projected to reach full funding at the end of 22 years and the total employer contribution rate is projected to approach about 9% of payroll on June 30, 2042.¹⁹

While we have not assigned a probability on the 2020/2021 market return coming in at these rates, the Board and other stakeholders monitoring LACERS can interpolate between these scenarios to estimate the funded status and employer contribution rates for the June 30, 2021 and next several valuations as the actual investment experience for the 2020/2021 year becomes available throughout the year. Additionally, comparable experience in upcoming future years is likely to have a similar impact on the System absent any significant plan or assumption changes.

For Tier 1 and Tier 1 Enhanced, projections reflect that effective July 1, 2026, member contribution rates will be reduced by 1% of payroll (pursuant to ERIP Ordinance No. 180926), and the employer's normal cost rate for Tier 1 and Tier 1 Enhanced will therefore increase by 1% of payroll. (The increase in the employer's total normal cost rate effective July 1, 2026 when expressed as a percentage of payroll for all Tiers combined, including the payroll of Tier 3 members, is projected at about 0.50% of payroll.) The inclusion of this shift in normal cost is a refinement in our projections for the June 30, 2020 Risk Report.

¹⁹ Assuming no further assumption changes, method changes or experience that differs significantly from assumptions.

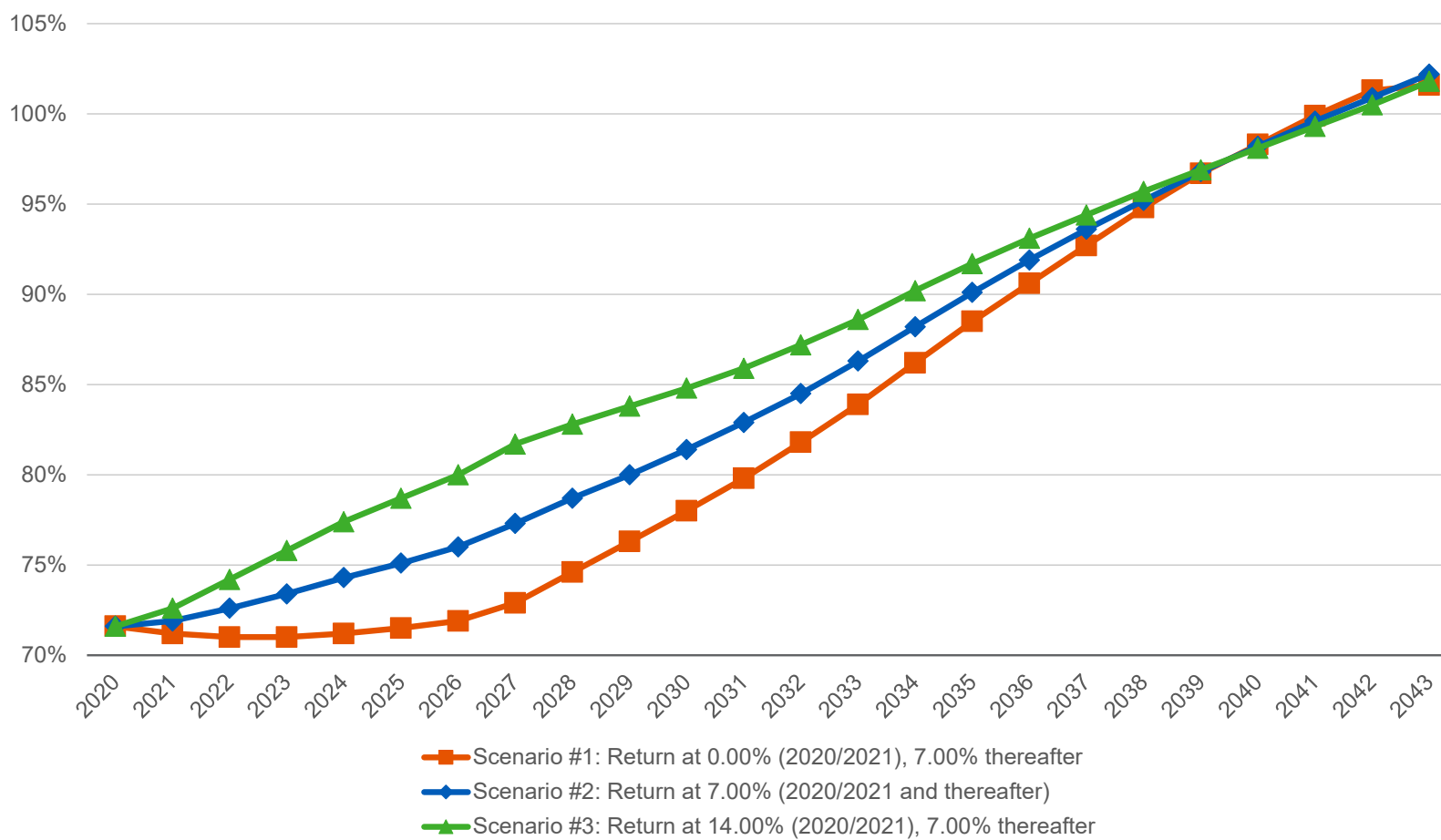
RETIREMENT AND HEALTH PLANS
Projected Employer Contribution Rates
Under Three Hypothetical Market Return Scenarios for 2020/2021
for the June 30, 2020 to 2043 Valuations (% of Payroll – Contributions Received on July 15)



Note: The contribution rates under all scenarios would be expected to approach 9% (the projected aggregate Normal Cost rate) on June 30, 2042 when the final amortization base is fully recognized in 22 years.

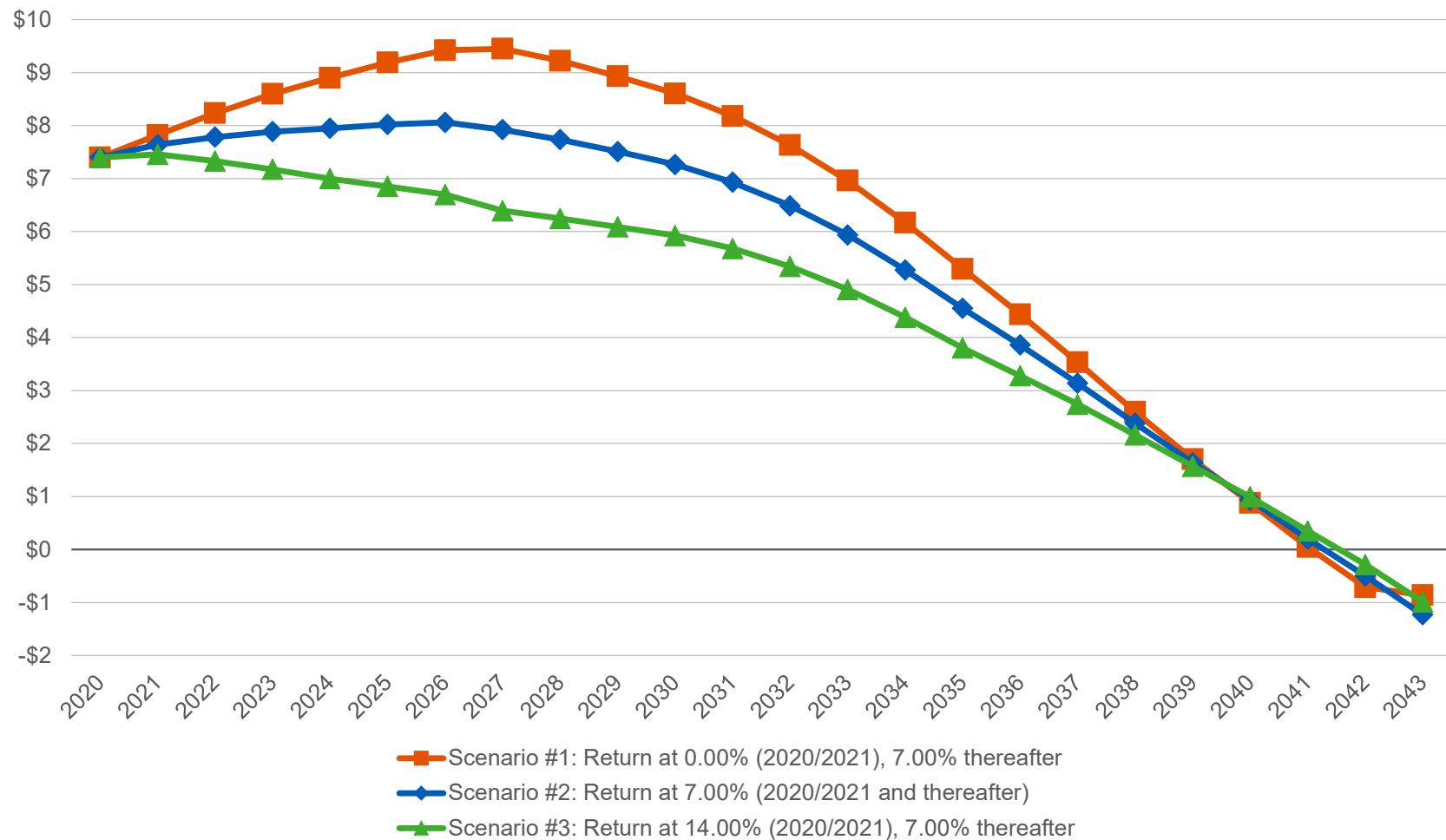
RETIREMENT AND HEALTH PLANS

Projected Funded Ratios (on Valuation Value of Assets)
Under Three Hypothetical Market Return Scenarios for 2020/2021
for the June 30, 2020 to 2043 Valuations



RETIREMENT AND HEALTH PLANS

Projected UAAL (on Valuation Value of Assets)
Under Three Hypothetical Market Return Scenarios for 2020/2021
for the June 30, 2020 to 2043 Valuations (\$ Billions)



Stochastic Projection

Based on our discussions with LACERS, we have also been directed to supplement the deterministic scenario tests with a stochastic 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, 2020 valuations. We have performed the stochastic modeling of future market returns using the expected return, standard deviation and other information about LACERS' asset portfolio²⁰ as provided in the Appendix of this report, assuming no future assumption or method changes to the plan.

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

At the end of 20 years, there is a 50% chance²¹ that the annual return of LACERS' investment portfolio would average between 5.8% and 9.5%, the funded ratio would be between 87% and 132% and the corresponding UAAL would be between \$6.8 billion and a surplus (or a negative UAAL) of \$16.8 billion.

On an Actuarial (Smoothed) Value of Assets basis, the funded ratio for the Retirement and Health Plans combined is about 71.6% as of the June 30, 2020 valuation. There is a 25% chance LACERS would be fully funded at the end of 10 years and a 57% chance LACERS would be fully funded at the end of 20 years. The probabilities that the funded ratio would fall below 70%, 60% or 50% at any point in the next 20 years are as follows:

	Funded Ratio		
	Below 70%	Below 60%	Below 50%
Probability	45%	14%	2%

The total employer contribution rate is about 32% of payroll based on the June 30, 2020 valuations. 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, 2030 valuation), there is a 50% chance that the employer contribution rates would be between 10% and 46% of payroll. At the end of 20 years (i.e., the June 30, 2040 valuation), there is a 50% chance that the employer contribution

²⁰For the stochastic modeling, we have used the expected return, standard deviation and other information about LACERS' asset portfolio that we applied in developing the 7.00% expected investment return assumption we recommended to the Board for the June 30, 2020 valuations. This modeling assumes no further assumption changes, method changes or non-investment experience that differs significantly from assumptions.

²¹This is based on the 25th to the 75th percentile results.

rates would be between 0% and 39% 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 are as follows:

Total Employer Rate Increases by at least

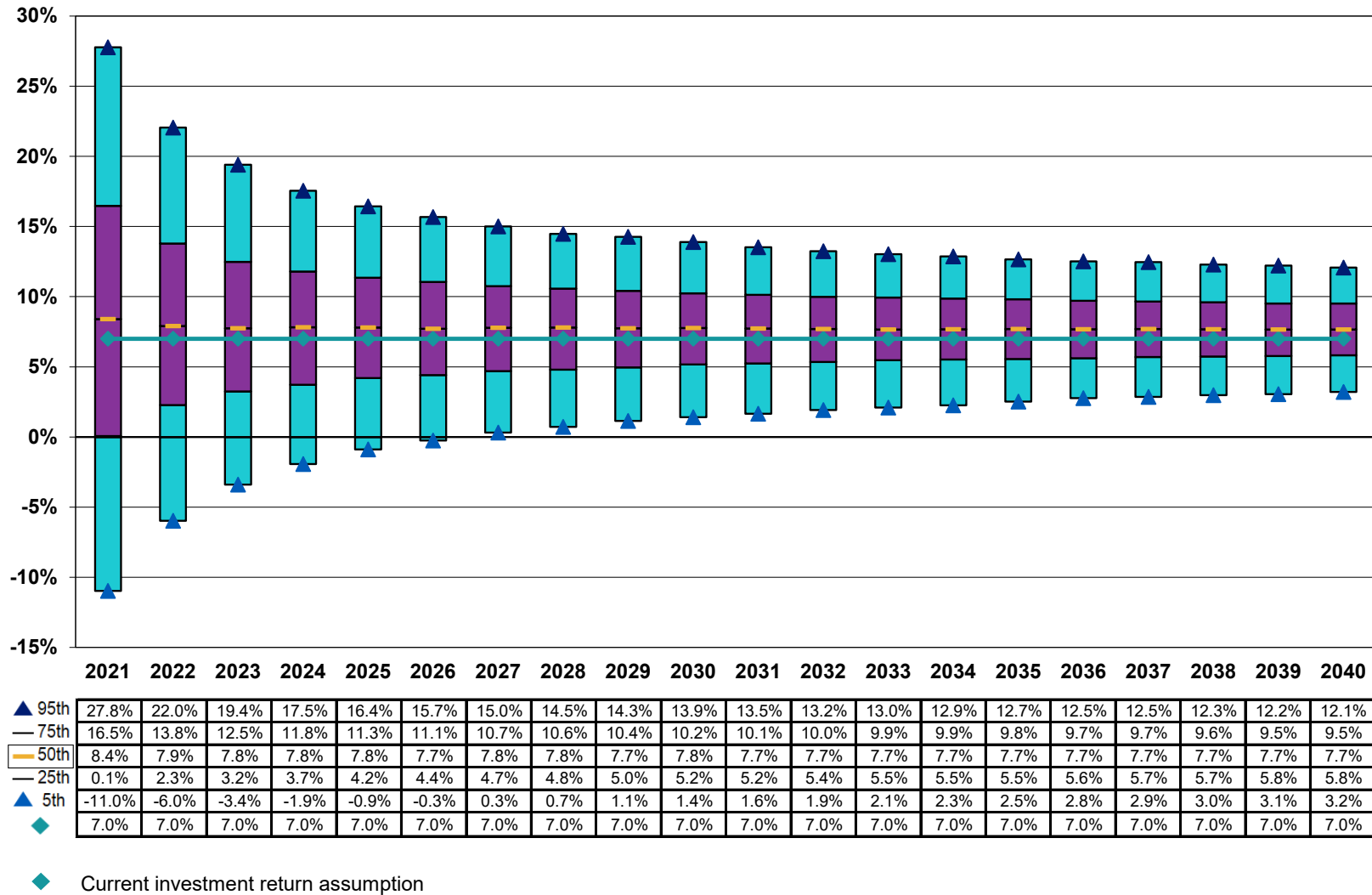
	5% of Payroll (to 37% of Payroll)	10% of Payroll (to 42% of Payroll)	15% of Payroll (to 47% of Payroll)
Probability	59%	47%	38%

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 are as follows:

Total Employer Rate Spike in a Single Year by

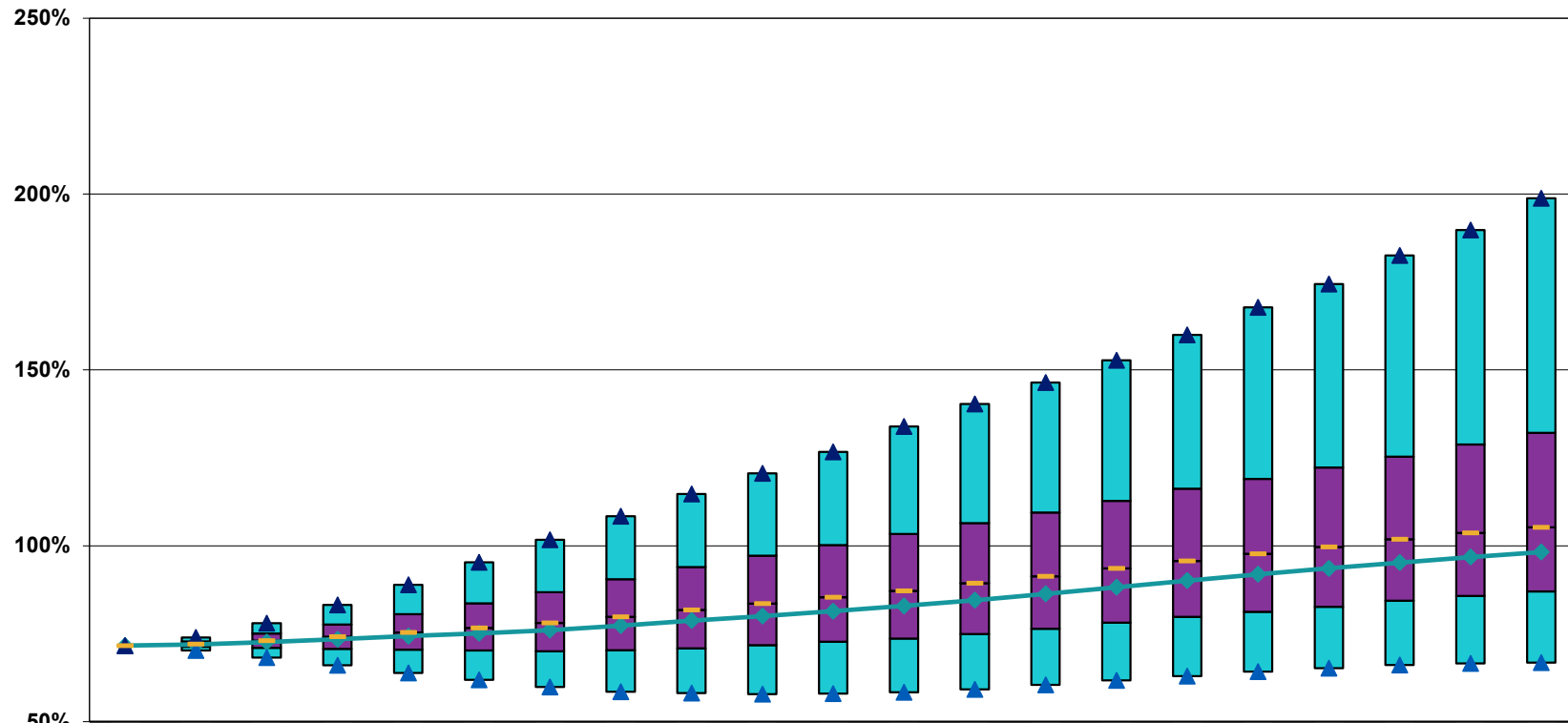
	2% of Payroll	4% of Payroll	6% of Payroll
Probability	21%	8%	3%

Projected Cumulative Investment Return for Plan Years Ending June 30



Note: In our triennial experience study for the June 30, 2020 valuations we estimated that over a 15-year period there would be a 59% likelihood that the future average geometric return would meet or exceed the 7.00% investment return assumption. The above results are consistent with that observation.

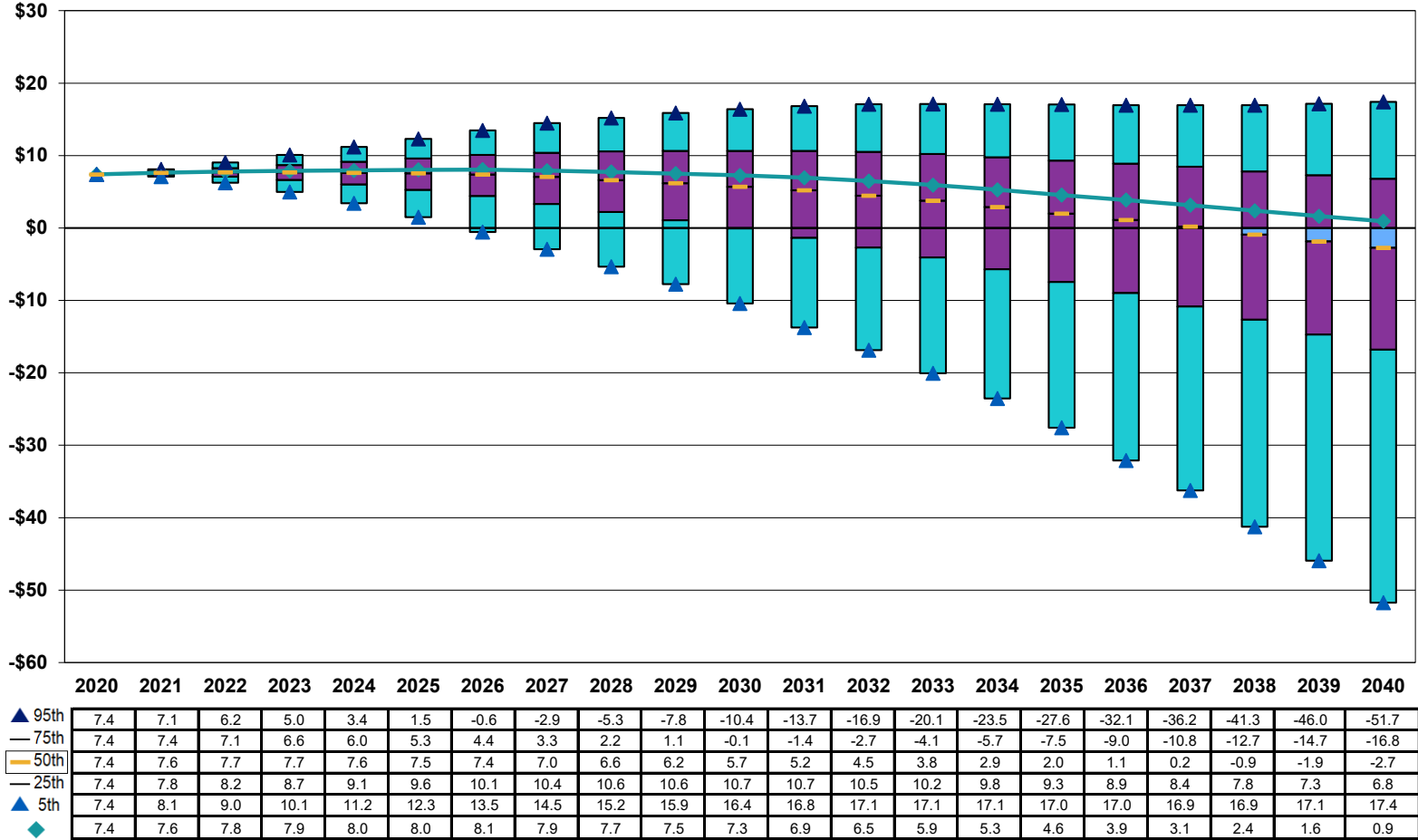
Projected Funded Ratios (on Actuarial Value of Assets Basis)



	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
▲ 95th	71.6%	73.9%	78.0%	83.2%	88.9%	95.3%	101.7%	108.4%	114.7%	120.6%	126.7%	134.0%	140.3%	146.4%	152.8%	159.9%	167.8%	174.4%	182.6%	189.8%	198.8%
— 75th	71.6%	72.8%	75.0%	77.6%	80.6%	83.7%	86.8%	90.5%	93.9%	97.2%	100.2%	103.4%	106.4%	109.4%	112.8%	116.2%	119.0%	122.3%	125.3%	128.8%	132.1%
— 50th	71.6%	72.0%	73.0%	74.1%	75.4%	76.6%	78.0%	79.8%	81.8%	83.5%	85.4%	87.1%	89.3%	91.3%	93.5%	95.7%	97.7%	99.6%	101.9%	103.6%	105.2%
— 25th	71.6%	71.2%	71.0%	70.7%	70.5%	70.2%	70.0%	70.3%	70.8%	71.7%	72.7%	73.6%	74.9%	76.4%	78.1%	79.8%	81.2%	82.6%	84.4%	85.8%	87.0%
▲ 5th	71.6%	70.2%	68.2%	66.0%	63.8%	61.8%	59.9%	58.5%	58.1%	57.8%	58.0%	58.3%	59.1%	60.4%	61.7%	62.9%	64.2%	65.2%	66.1%	66.5%	66.7%
◆	71.6%	71.9%	72.6%	73.4%	74.3%	75.1%	76.0%	77.3%	78.7%	80.0%	81.4%	82.9%	84.5%	86.3%	88.2%	90.1%	91.9%	93.6%	95.2%	96.8%	98.2%

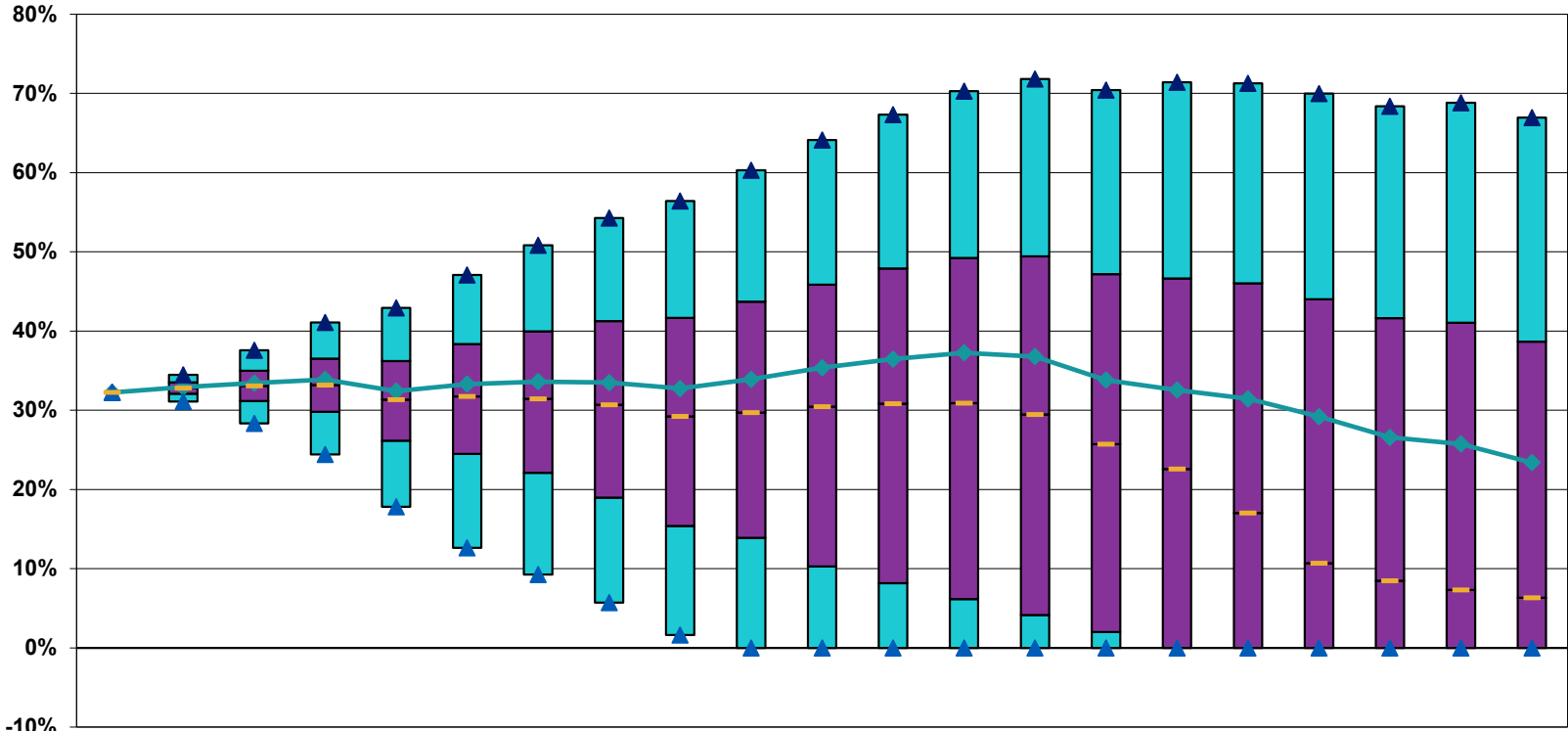
◆ Baseline deterministic projection

Projected UAAL (on Actuarial Value of Assets Basis)



◆ Baseline deterministic projection

Projected Employer Contribution Rates



	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
▲ 95th	32.3%	31.1%	28.4%	24.4%	17.8%	12.6%	9.2%	5.7%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
— 75th	32.3%	32.1%	31.2%	29.8%	26.2%	24.5%	22.1%	19.0%	15.4%	13.9%	10.3%	8.2%	6.2%	4.2%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
— 50th	32.3%	32.8%	33.1%	33.2%	31.3%	31.8%	31.4%	30.7%	29.2%	29.7%	30.5%	30.8%	30.9%	29.5%	25.7%	22.6%	17.0%	10.7%	8.5%	7.3%	6.3%
— 25th	32.3%	33.5%	35.0%	36.5%	36.2%	38.3%	40.0%	41.2%	41.7%	43.7%	45.9%	47.9%	49.2%	49.4%	47.2%	46.6%	46.0%	44.0%	41.6%	41.0%	38.7%
▲ 5th	32.3%	34.5%	37.6%	41.1%	42.9%	47.1%	50.8%	54.3%	56.4%	60.3%	64.1%	67.3%	70.3%	71.8%	70.4%	71.4%	71.3%	70.0%	68.4%	68.8%	67.0%
◆	32.3%	32.9%	33.4%	33.9%	32.4%	33.3%	33.6%	33.5%	32.7%	33.9%	35.4%	36.5%	37.3%	36.8%	33.8%	32.6%	31.5%	29.2%	26.6%	25.7%	23.4%

◆ Baseline deterministic projection

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 vested, retirees and beneficiaries). In the past 10 valuations from June 30, 2011 to 2020, LACERS has become more mature, indicated by the continued increase in the ratio of non-active to active members covered by the Retirement and Health Plans as shown in *Charts 12a* and *12b*, respectively. The Charts also show the ratio of members in pay status (retirees and beneficiaries) to active members. This ratio excludes the inactive vested 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 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.

Besides the ratio of members in pay status to 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 *Charts 13a* and *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 *Charts 13a* and *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.

In particular, the Retirement Plan's AVR was 6.1 as of June 30, 2020. This means that a 1% asset gain or loss in 2020/2021 (relative to the assumed investment return) would amount to 6.1% of one year's payroll. Similarly, the Retirement Plan's LVR was 9.2 as of June 30, 2020, so a 1% liability gain or loss in 2020/2021 would amount to 9.2% of one year's payroll. Based on LACERS' policy to amortize actuarial experience over a period of 15 years, there would be a 0.5% of payroll decrease or increase in the required contribution rate for each 1% asset gain or loss, respectively, and a 0.8% of payroll decrease or increase in the required contribution rate for each 1% liability gain or loss, respectively, for the Retirement Plan.

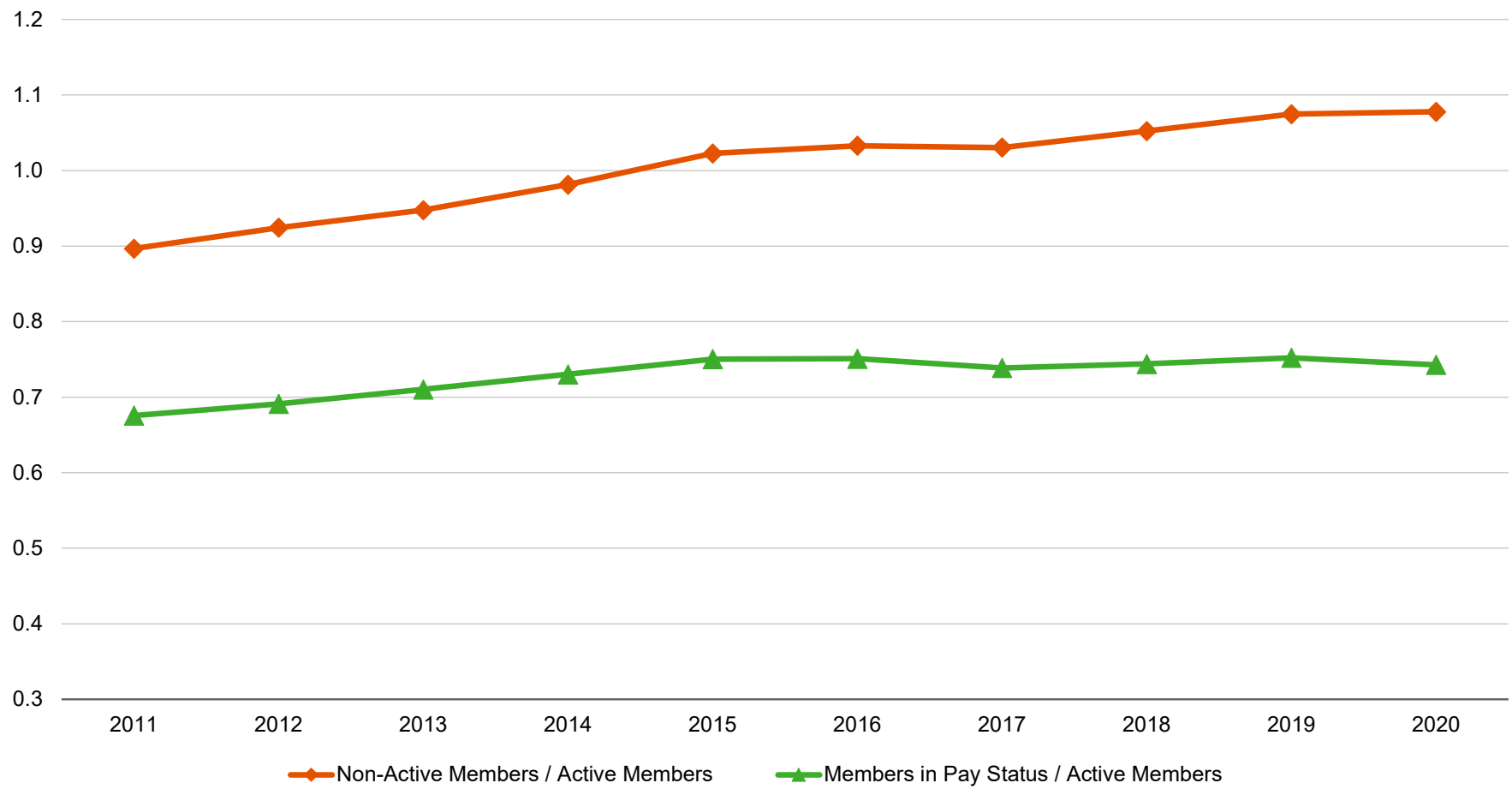
It is also informative to note that the AVR and LVR for the Retirement Plan are significantly higher than for the Health Plan. This means that both investment volatility and assumption changes will have a greater impact on the contribution rates of the Retirement Plan than on the contribution rates of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

June 30, 2020

Plan	AVR	10% Investment Loss Compares to	LVR	10% Liability Change Compares to
Retirement Plan	6.1	61% of payroll	9.2	92% of payroll
Health Plan	1.2	12% of payroll	1.4	14% of payroll
Combined	7.3	73% of payroll	10.6	106% of payroll

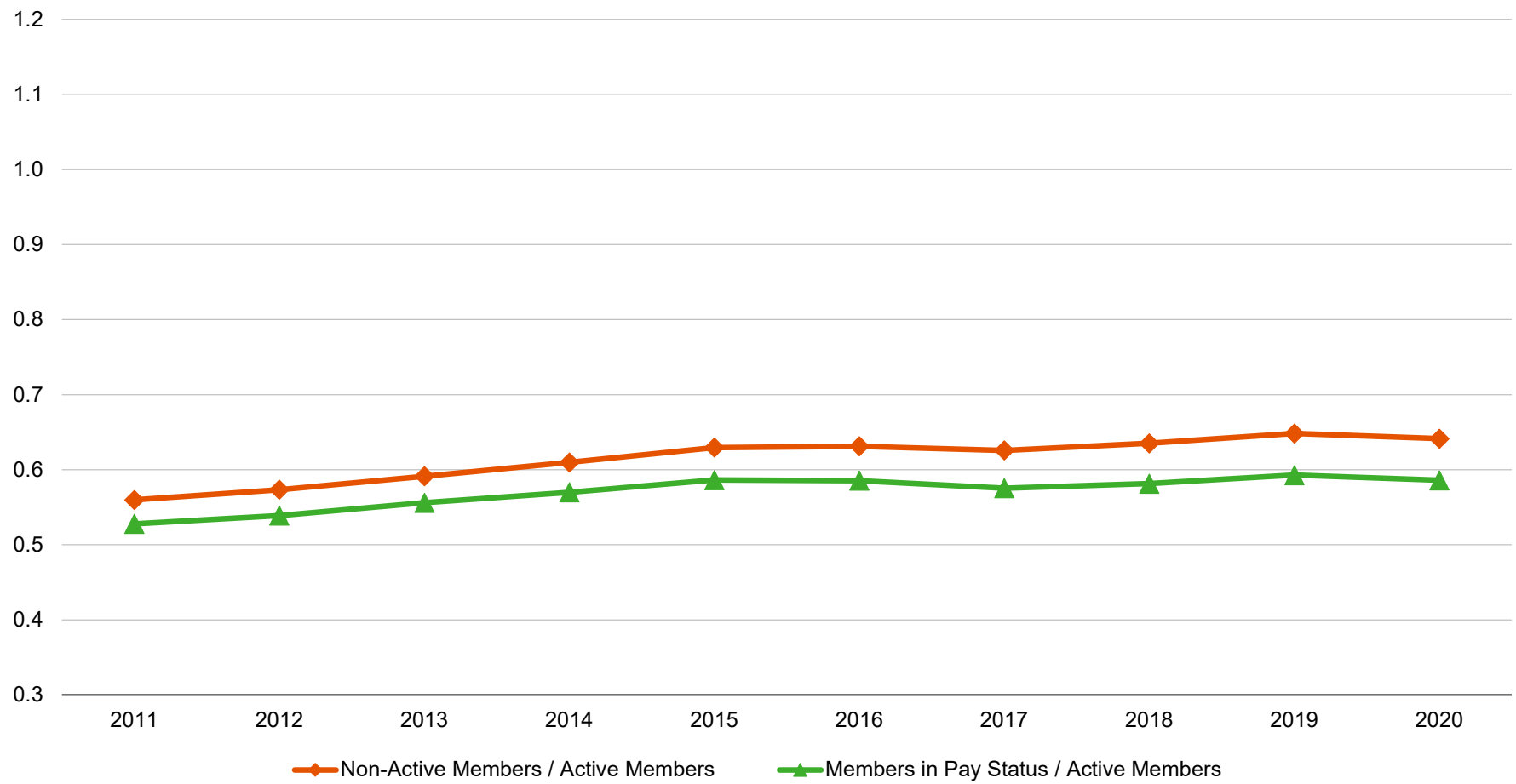
RETIREMENT PLAN

Ratios of Members in Pay-Status (Retirees and Beneficiaries) to Active Members & Non-Active Members (Inactive Vested, Retirees and Beneficiaries) to Active Members in June 30, 2011 to 2020 Valuations



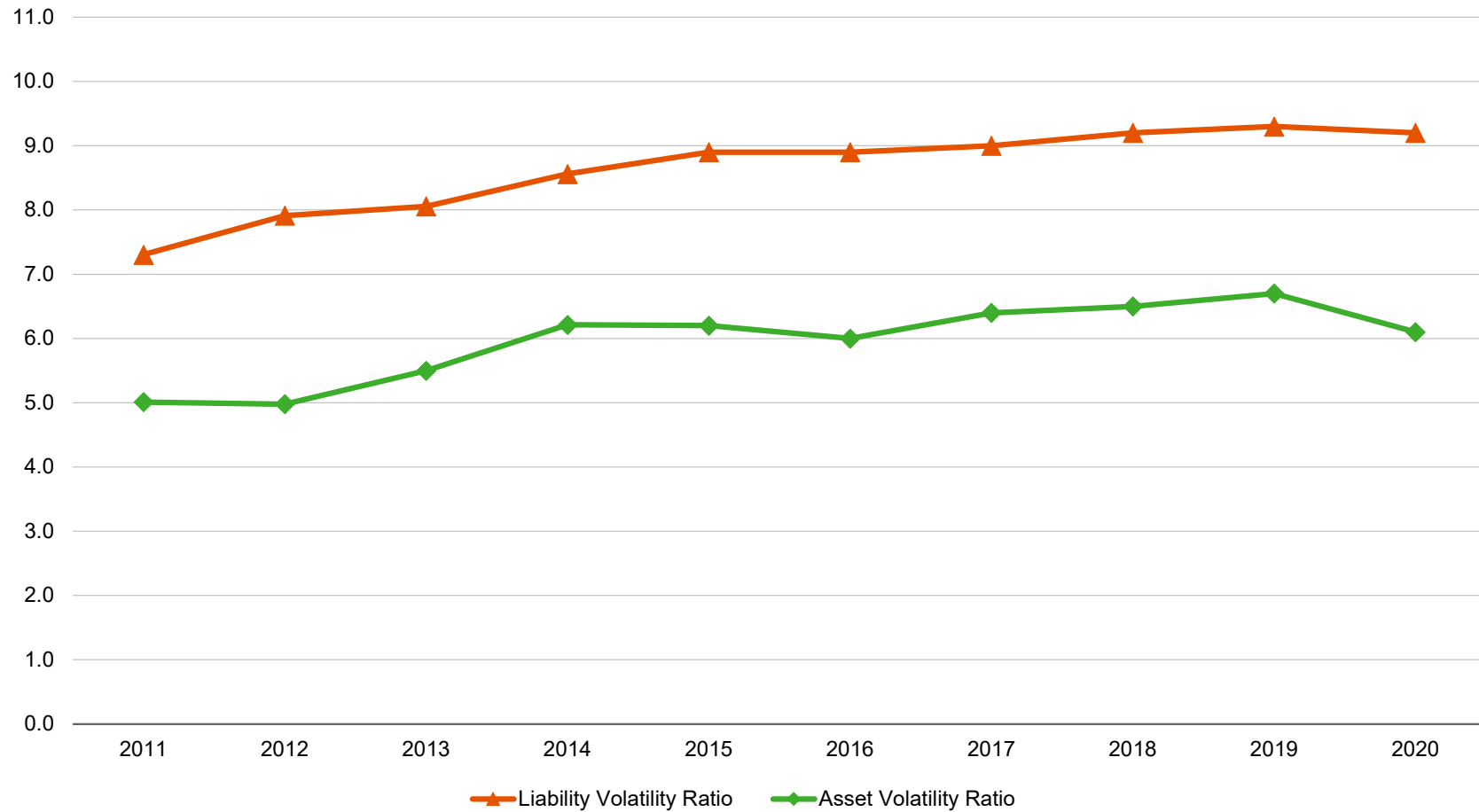
HEALTH PLAN

Ratios of Members in Pay-Status (Retirees and Beneficiaries) to Active Members & Non-Active Members (Inactive Vested, Retirees and Beneficiaries) to Active Members in June 30, 2011 to 2020 Valuations



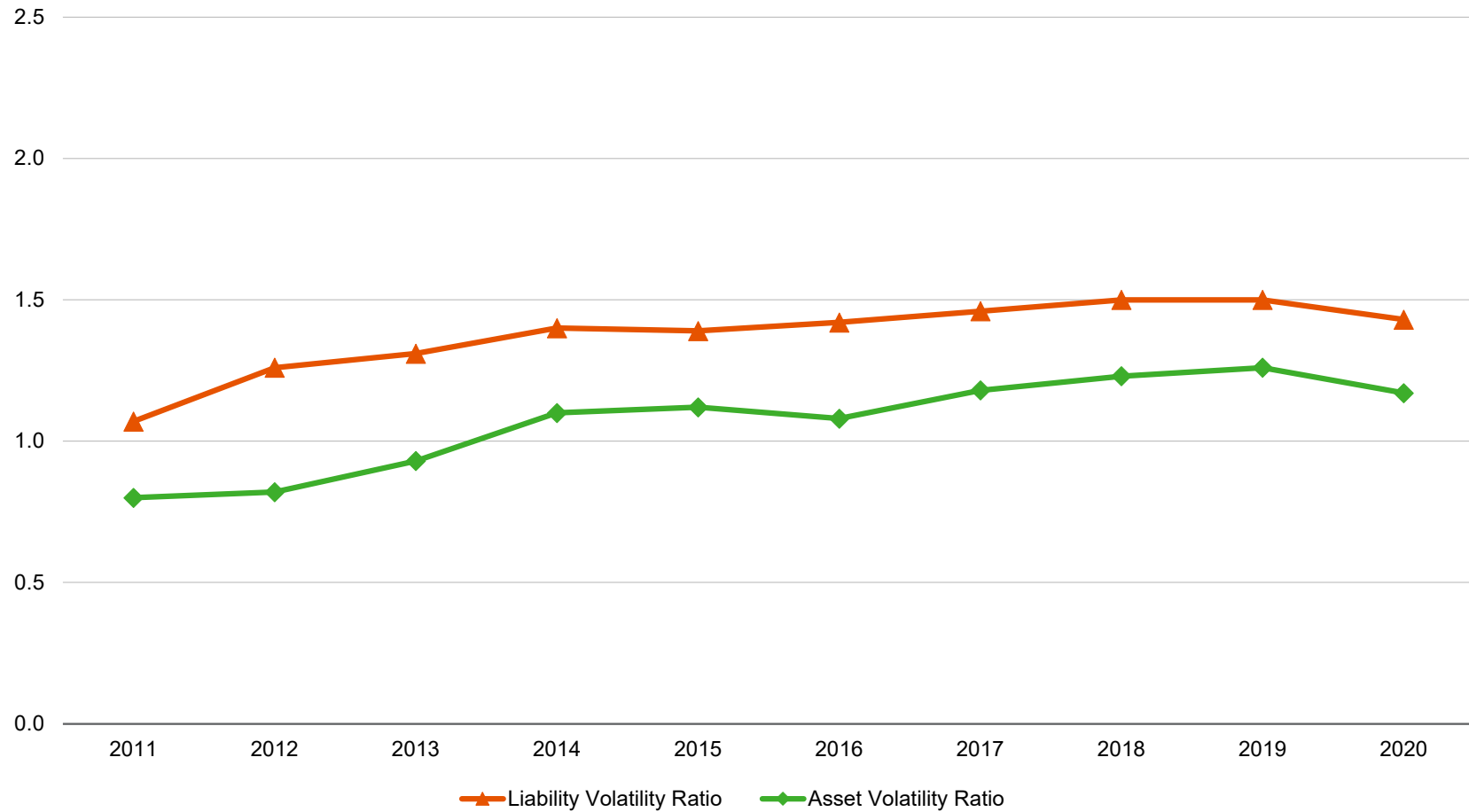
RETIREMENT PLAN

Volatility Ratios in June 30, 2011 to 2020 Valuations



HEALTH PLAN

Volatility Ratios in June 30, 2011 to 2020 Valuations



Appendix: Actuarial Assumptions & Methods, Actuarial Certification, and Detailed Scenario Test Results

Actuarial Assumptions & Methods

Unless otherwise noted, the results included in this report have been prepared based on the assumptions and methods used in preparing the June 30, 2020 valuations.

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. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Deterministic Projection

In addition, we have prepared the deterministic projection using the following assumptions and methods applied in the June 30, 2020 actuarial valuation:

- 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, 30-year layers for actuarial surplus, and level percent of pay).
- Economic assumptions will remain unchanged, including the annual 7.00% investment earnings and 3.25% active payroll growth assumptions.
- Deferred investment gains and losses will be recognized over a seven-year period.
- In estimating the benefit payments for the open group, we have assumed that the annual payments will increase by 5.5% and 6% for the Retirement and Health Plans, respectively. These assumptions have been developed by

analyzing the increase in the actual benefit payments over the last five years, combined with the projected benefit payments based on the actuarial assumptions described herein for the next five years

- All other actuarial assumptions used in the June 30, 2020 actuarial valuation will be realized.

Stochastic Projection

Besides the assumptions and methods discussed above for the deterministic projection, the following additional assumptions or 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 target asset allocation is based on that provided by LACERS at the last triennial experience study and used by Segal to set the investment return assumption of 7.00% that was applied in the June 30, 2020 valuations. That target asset allocation is as follows:

Asset Class	Target Allocation
Large Cap U.S. Equity	15.01%
Small/Mid Cap U.S. Equity	3.99%
Developed International Large Cap Equity	17.01%
Developed International Small Cap Equity	2.97%
Emerging International Large Cap Equity	5.67%
Emerging International Small Cap Equity	1.35%
Core Bonds	13.75%
High Yield Bonds	2.00%
Bank Loans	2.00%
TIPS	4.00%
Emerging Market Debt (External)	2.25%
Emerging Market Debt (Local)	2.25%
Core Real Estate	4.20%
Non-Core Real Estate	2.80%
Cash	1.00%
Commodities	1.00%
Private Equity	14.00%
Private Credit/Debt	3.75%
REITS	<u>1.00%</u>
Total	100.00%

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 2019 survey prepared by Horizon Actuarial Services.²² We used the assumptions that were closest to the asset classes found in LACERS' investment portfolio. These assumptions are the same as those used in the stochastic simulation in the last triennial experience study dated June 17, 2020.

A summary of the 20-year arithmetic returns,^{23,24} standard deviations and correlation matrix for each of the different asset classes used in the modeling is as follows:

Asset Class	20-Year Arithmetic Return	Standard Deviation	Correlation Matrix																
			1	2	3	4	5	6	7	8	9	10	11	12	13				
1 Large Cap U.S. Equity	8.34%	16.17%	1	1.00															
2 Small/Mid Cap U.S. Equity	9.52%	20.15%	2	0.86	1.00														
3 Developed International Equity	9.30%	18.23%	3	0.83	0.74	1.00													
4 Emerging International Equity	11.67%	24.73%	4	0.72	0.67	0.78	1.00												
5 Core Bonds	4.46%	5.47%	5	0.15	0.07	0.17	0.17	1.00											
6 High Yield Bonds, Bank Loans	6.38%	10.06%	6	0.13	0.07	0.14	0.13	0.84	1.00										
7 Emerging Market Debt	6.76%	11.31%	7	0.51	0.47	0.54	0.64	0.45	0.35	1.00									
8 US Treasuries, Cash	3.07%	2.31%	8	(0.06)	(0.07)	(0.05)	(0.03)	0.23	0.17	0.07	1.00								
9 TIPS	3.69%	6.11%	9	0.04	0.01	0.08	0.14	0.68	0.52	0.35	0.24	1.00							
10 Real Estate, REITS	7.94%	15.03%	10	0.48	0.49	0.46	0.41	0.16	0.15	0.33	0.03	0.15	1.00						
11 Commodities	6.29%	17.66%	11	0.31	0.30	0.38	0.42	0.10	0.04	0.31	0.02	0.22	0.27	1.00					
12 Private Equity	12.82%	22.05%	12	0.75	0.70	0.70	0.63	0.05	0.07	0.39	(0.06)	-	0.43	0.32	1.00				
13 Private Credit/Private Debt	8.57%	11.62%	13	0.40	0.39	0.41	0.41	0.21	0.30	0.43	0.01	0.14	0.30	0.22	0.47	1.00			

Other Considerations

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, we emphasize that deterministic and stochastic projections, by their nature, are not a guarantee of future results. 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.

²² That survey included responses from 34 investment advisors, including LACERS' investment advisor at NEPC.

²³ Note that only 16 investment advisors provided long-term (e.g. 20-year) capital market assumptions in the survey.

²⁴ These returns are gross of inflation and before any adjustment for administrative expenses. The annual inflation assumption based on the Horizon Survey was 2.29%. The annual adjustment for administrative expenses was 0.15%.

Actuarial Certification

The actuarial calculations in this report were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary and Thomas Bergman, ASA, MAAA, Enrolled Actuary.

The actuarial opinions expressed in this report were prepared by Paul Angelo, FSA, MAAA, FCA, Enrolled Actuary, Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary, and Todd Tauzer, FSA, MAAA, FCA, CERA. 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.



Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary



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



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

Detailed Scenario Test Results – Under Scenario 2 (Assuming 7.00% Market Return for 2020/2021)

RETIREMENT PLAN

Projection of UAAL, Funded Ratio and City Contributions
(Contributions Received on July 15)
(\$ In Thousands)

June 30 of Valuation Year			City Contributions (July 15)						
Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Amortization	Total Rate	Contribution Amount	Incremental Increase
2019	\$ 5,974,857	71.3%	2021	\$ 2,445,017	6.25%	18.38%	24.63%	\$ 602,208	
2020	\$ 6,897,093	69.4%	2022	\$ 2,524,480	7.85%	20.11%	27.96%	\$ 705,845	\$ 103,637
2021	\$ 7,099,496	69.8%	2023	\$ 2,606,525	7.55%	20.93%	28.48%	\$ 742,338	\$ 36,493
2022	\$ 7,196,149	70.7%	2024	\$ 2,691,237	7.39%	21.46%	28.85%	\$ 776,422	\$ 34,084
2023	\$ 7,255,170	71.6%	2025	\$ 2,778,702	7.24%	21.94%	29.18%	\$ 810,825	\$ 34,403
2024	\$ 7,277,081	72.7%	2026	\$ 2,869,010	7.09%	20.79%	27.88%	\$ 799,880	\$ (10,945)
2025	\$ 7,300,225	73.6%	2027	\$ 2,962,253	7.49%	21.18%	28.67%	\$ 849,278	\$ 49,398
2026	\$ 7,293,285	74.6%	2028	\$ 3,058,526	7.32%	21.55%	28.87%	\$ 882,997	\$ 33,719
2027	\$ 7,130,272	76.1%	2029	\$ 3,157,928	7.14%	21.57%	28.71%	\$ 906,641	\$ 23,644
2028	\$ 6,921,523	77.6%	2030	\$ 3,260,561	6.97%	21.04%	28.01%	\$ 913,283	\$ 6,642
2029	\$ 6,674,481	79.2%	2031	\$ 3,366,529	6.81%	21.91%	28.72%	\$ 966,867	\$ 53,584
2030	\$ 6,405,558	80.7%	2032	\$ 3,475,942	6.66%	22.74%	29.40%	\$ 1,021,927	\$ 55,060
2031	\$ 6,062,547	82.3%	2033	\$ 3,588,910	6.49%	23.83%	30.32%	\$ 1,088,157	\$ 66,230
2032	\$ 5,638,564	84.1%	2034	\$ 3,705,549	6.37%	24.30%	30.67%	\$ 1,136,492	\$ 48,335
2033	\$ 5,117,009	86.0%	2035	\$ 3,825,980	6.23%	23.68%	29.91%	\$ 1,144,351	\$ 7,859
2034	\$ 4,510,531	88.0%	2036	\$ 3,950,324	6.11%	20.86%	26.97%	\$ 1,065,402	\$ (78,949)
2035	\$ 3,856,040	90.0%	2037	\$ 4,078,710	6.01%	19.24%	25.25%	\$ 1,029,874	\$ (35,528)
2036	\$ 3,242,976	91.8%	2038	\$ 4,211,268	5.92%	18.27%	24.19%	\$ 1,018,706	\$ (11,168)
2037	\$ 2,629,437	93.5%	2039	\$ 4,348,134	5.82%	16.59%	22.41%	\$ 974,417	\$ (44,289)
2038	\$ 1,989,342	95.2%	2040	\$ 4,489,448	5.75%	14.49%	20.24%	\$ 908,664	\$ (65,753)
2039	\$ 1,356,282	96.8%	2041	\$ 4,635,355	5.66%	13.86%	19.52%	\$ 904,821	\$ (3,843)
2040	\$ 754,205	98.3%	2042	\$ 4,786,004	5.60%	11.92%	17.52%	\$ 838,508	\$ (66,313)
2041	\$ 119,073	99.7%	2043	\$ 4,941,549	5.55%	11.37%	16.92%	\$ 836,110	\$ (2,398)
2042	\$ (483,017)	101.1%	2044	\$ 5,102,150	5.49%	-0.52%	4.97%	\$ 253,577	\$ (582,533)
2043	\$ (1,118,540)	102.5%	2045	\$ 5,267,970	5.45%	-1.17%	4.28%	\$ 225,469	\$ (28,108)

Detailed Scenario Test Results – Under Scenario 2 (Assuming 7.00% Market Return for 2020/2021)

HEALTH PLAN

Projection of UAAL, Funded Ratio and City Contributions
(Contributions Received on July 15)
(\$ In Thousands)

June 30 of Valuation Year			City Contributions (July 15)						
Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Amortization	Total Rate	Contribution Amount	Incremental Increase
2019	\$ 521,637	84.4%	2021	\$ 2,445,017	3.44%	1.05%	4.49%	\$ 109,781	
2020	\$ 502,107	85.6%	2022	\$ 2,524,480	3.48%	0.81%	4.29%	\$ 108,300	\$ (1,481)
2021	\$ 541,034	85.3%	2023	\$ 2,606,525	3.54%	0.89%	4.43%	\$ 115,469	\$ 7,169
2022	\$ 587,037	84.9%	2024	\$ 2,691,237	3.57%	1.00%	4.57%	\$ 122,990	\$ 7,521
2023	\$ 631,161	84.6%	2025	\$ 2,778,702	3.60%	1.10%	4.70%	\$ 130,599	\$ 7,609
2024	\$ 673,106	84.4%	2026	\$ 2,869,010	3.63%	0.90%	4.53%	\$ 129,966	\$ (633)
2025	\$ 720,632	84.2%	2027	\$ 2,962,253	3.65%	0.98%	4.63%	\$ 137,152	\$ 7,186
2026	\$ 767,743	84.0%	2028	\$ 3,058,526	3.68%	1.05%	4.73%	\$ 144,668	\$ 7,516
2027	\$ 791,429	84.4%	2029	\$ 3,157,928	3.71%	1.06%	4.77%	\$ 150,633	\$ 5,965
2028	\$ 813,260	84.7%	2030	\$ 3,260,561	3.73%	0.99%	4.72%	\$ 153,898	\$ 3,265
2029	\$ 834,840	85.1%	2031	\$ 3,366,529	3.74%	1.43%	5.17%	\$ 174,050	\$ 20,152
2030	\$ 859,063	85.4%	2032	\$ 3,475,942	3.76%	2.20%	5.96%	\$ 207,166	\$ 33,116
2031	\$ 868,228	86.0%	2033	\$ 3,588,910	3.77%	2.36%	6.13%	\$ 220,000	\$ 12,834
2032	\$ 847,949	86.9%	2034	\$ 3,705,549	3.79%	2.79%	6.58%	\$ 243,825	\$ 23,825
2033	\$ 817,672	88.0%	2035	\$ 3,825,980	3.80%	3.06%	6.86%	\$ 262,462	\$ 18,637
2034	\$ 765,102	89.3%	2036	\$ 3,950,324	3.81%	3.03%	6.84%	\$ 270,202	\$ 7,740
2035	\$ 694,398	90.7%	2037	\$ 4,078,710	3.83%	3.47%	7.30%	\$ 297,746	\$ 27,544
2036	\$ 616,077	92.1%	2038	\$ 4,211,268	3.83%	3.43%	7.26%	\$ 305,738	\$ 7,992
2037	\$ 508,544	93.8%	2039	\$ 4,348,134	3.85%	2.94%	6.79%	\$ 295,238	\$ (10,500)
2038	\$ 390,846	95.4%	2040	\$ 4,489,448	3.86%	2.47%	6.33%	\$ 284,182	\$ (11,056)
2039	\$ 282,270	96.8%	2041	\$ 4,635,355	3.87%	2.34%	6.21%	\$ 287,856	\$ 3,674
2040	\$ 184,185	98.0%	2042	\$ 4,786,004	3.88%	1.98%	5.86%	\$ 280,460	\$ (7,396)
2041	\$ 81,755	99.2%	2043	\$ 4,941,549	3.88%	1.88%	5.76%	\$ 284,633	\$ 4,173
2042	\$ (13,329)	100.1%	2044	\$ 5,102,150	3.88%	-0.01%	3.87%	\$ 197,453	\$ (87,180)
2043	\$ (112,831)	101.1%	2045	\$ 5,267,970	3.89%	-0.12%	3.77%	\$ 198,602	\$ 1,149

Detailed Scenario Test Results – Under Scenario 2 (Assuming 7.00% Market Return for 2020/2021)

RETIREMENT AND HEALTH PLANS

Projection of UAAL, Funded Ratio and City Contributions
(Contributions Received on July 15)
(\$ In Thousands)

June 30 of Valuation Year			City Contributions (July 15)						
Valuation Year	UAAL	Funded Ratio	Fiscal Year End	Fiscal Year Pay	Normal Cost	UAAL Amortization	Total Rate	Contribution Amount	Incremental Increase
2019	\$ 6,496,493	73.1%	2021	\$ 2,445,017	9.69%	19.43%	29.12%	\$ 711,989	
2020	\$ 7,399,200	71.6%	2022	\$ 2,524,480	11.33%	20.92%	32.25%	\$ 814,145	\$ 102,156
2021	\$ 7,640,530	71.9%	2023	\$ 2,606,525	11.09%	21.82%	32.91%	\$ 857,807	\$ 43,662
2022	\$ 7,783,186	72.6%	2024	\$ 2,691,237	10.96%	22.46%	33.42%	\$ 899,412	\$ 41,605
2023	\$ 7,886,331	73.4%	2025	\$ 2,778,702	10.84%	23.04%	33.88%	\$ 941,424	\$ 42,012
2024	\$ 7,950,187	74.3%	2026	\$ 2,869,010	10.72%	21.69%	32.41%	\$ 929,846	\$ (11,578)
2025	\$ 8,020,857	75.1%	2027	\$ 2,962,253	11.14%	22.16%	33.30%	\$ 986,430	\$ 56,584
2026	\$ 8,061,028	76.0%	2028	\$ 3,058,526	11.00%	22.60%	33.60%	\$ 1,027,665	\$ 41,235
2027	\$ 7,921,702	77.3%	2029	\$ 3,157,928	10.85%	22.63%	33.48%	\$ 1,057,274	\$ 29,609
2028	\$ 7,734,784	78.7%	2030	\$ 3,260,561	10.70%	22.03%	32.73%	\$ 1,067,181	\$ 9,907
2029	\$ 7,509,321	80.0%	2031	\$ 3,366,529	10.55%	23.34%	33.89%	\$ 1,140,917	\$ 73,736
2030	\$ 7,264,621	81.4%	2032	\$ 3,475,942	10.42%	24.94%	35.36%	\$ 1,229,093	\$ 88,176
2031	\$ 6,930,775	82.9%	2033	\$ 3,588,910	10.26%	26.19%	36.45%	\$ 1,308,157	\$ 79,064
2032	\$ 6,486,513	84.5%	2034	\$ 3,705,549	10.16%	27.09%	37.25%	\$ 1,380,317	\$ 72,160
2033	\$ 5,934,680	86.3%	2035	\$ 3,825,980	10.03%	26.74%	36.77%	\$ 1,406,813	\$ 26,496
2034	\$ 5,275,633	88.2%	2036	\$ 3,950,324	9.92%	23.89%	33.81%	\$ 1,335,604	\$ (71,209)
2035	\$ 4,550,437	90.1%	2037	\$ 4,078,710	9.84%	22.71%	32.55%	\$ 1,327,620	\$ (7,984)
2036	\$ 3,859,053	91.9%	2038	\$ 4,211,268	9.75%	21.70%	31.45%	\$ 1,324,444	\$ (3,176)
2037	\$ 3,137,982	93.6%	2039	\$ 4,348,134	9.67%	19.53%	29.20%	\$ 1,269,655	\$ (54,789)
2038	\$ 2,380,188	95.2%	2040	\$ 4,489,448	9.61%	16.96%	26.57%	\$ 1,192,846	\$ (76,809)
2039	\$ 1,638,552	96.8%	2041	\$ 4,635,355	9.53%	16.20%	25.73%	\$ 1,192,677	\$ (169)
2040	\$ 938,390	98.2%	2042	\$ 4,786,004	9.48%	13.90%	23.38%	\$ 1,118,968	\$ (73,709)
2041	\$ 200,828	99.6%	2043	\$ 4,941,549	9.43%	13.25%	22.68%	\$ 1,120,743	\$ 1,775
2042	\$ (496,346)	100.9%	2044	\$ 5,102,150	9.37%	-0.53%	8.84%	\$ 451,030	\$ (669,713)
2043	\$ (1,231,371)	102.2%	2045	\$ 5,267,970	9.34%	-1.29%	8.05%	\$ 424,071	\$ (26,959)

Historical Funded Status, UAAL, and Employer Contribution Rates

RETIREMENT AND HEALTH PLANS

Valuation Date	Market Value Basis		Valuation Value Basis		Total (Aggregate) Employer Contribution Rate (% of Payroll – Contributions Received on July 15) ⁽¹⁾
	Funded Status	UAAL	Funded Status	UAAL	
June 30, 2011	69.4%	\$4.7B	73.2%	\$4.1B	24.14%
June 30, 2012	63.3%	\$6.1B	69.4%	\$5.1B	25.33%
June 30, 2013	68.7%	\$5.4B	69.1%	\$5.3B	26.56%
June 30, 2014	73.4%	\$5.0B	68.1%	\$6.0B	28.60%
June 30, 2015	71.9%	\$5.5B	70.7%	\$5.7B	27.62%
June 30, 2016	69.0%	\$6.3B	72.6%	\$5.5B	27.13%
June 30, 2017	72.8%	\$5.8B	72.8%	\$5.8B	28.16%
June 30, 2018	72.9%	\$6.3B	71.6%	\$6.6B	29.66%
June 30, 2019	73.1%	\$6.5B	73.1%	\$6.5B	29.12%
June 30, 2020	68.4%	\$8.2B	71.6%	\$7.4B	32.25%

⁽¹⁾ For the June 30, 2011 – 2014 valuation dates, the rates shown are with adjustment for the five-year phase-in of the increase in the employer contribution rates due to assumption changes from the 2011 experience study. The rates without adjustment for those years were 25.25%, 26.17%, 27.11%, and 28.88%, respectively.

**CHEIRON AUDIT
RECOMMENDATIONS IN REVIEW OF THE ACTUARIAL RISK ASSESSMENT**

Cheiron Recommendations	Audit Report Page	Disposition of Recommendation
<p><i>Projections:</i> Cheiron believes that the report would be significantly improved and more useful to readers if it contained projections of future employer contributions, the projected UAL (including the phasing-in of deferred gains and losses), and funded ratios. Also, the dynamics of Tier 3 in reducing the employer contribution rate should be of interest to stakeholders. At a minimum, these projections should be based on all assumptions being met.</p>	22	<p>Based on Segal’s experience with similar retirement systems and consistent with LACERS’ past practice and direction, we have included projections of the employer contribution rate and funded status in a stand-alone Segal work product. Specifically, starting with the June 30, 2019 valuation, some of the sample information provided and cited in Cheiron’s audit report has already been included in our Risk Report prepared for LACERS. Based on request made by the Board and subsequent discussions with LACERS staff, the Risk Report as of June 30, 2020 has been expanded to include projection of future results based on a stochastic modeling of future investment returns for 2020/2021 and thereafter.</p>
<p><i>Projections:</i> Deterministic projections. Cheiron notes that these types of projections are included in LACERS’s Risk Assessment report dated February 19, 2020, they suggest that including these types of projections in the valuation report would provide a benefit to the reader by enabling them to have complete information without having to review a second report.</p>	22	<p>As for where and how such risk assessments should be made available to LACERS and its stakeholders, we do not agree with Cheiron’s practice of including such extensive risk modeling in the basic actuarial valuation report. For a complex system such as LACERS with many stakeholders looking for different information about the Retirement and Health Plans, we find it more effective to present the funding valuation and the risk assessments in separate reports. The funding valuation determines current funded status and recommends contribution rate requirements based on a point-in-time measure of the assets and the liabilities. In contrast, Segal’s Risk Report presents first a detailed review of past experience, followed by assessments and illustrations of potential future experience. Even though these more detailed risk assessments are a relatively new work product, we have already found having a separate report and a separate presentation has led to deeper and more focused discussions of risk than if this information was bundled with the regular actuarial valuation.</p>
<p><i>Risk Disclosures:</i> Section 3.4 of ASOP No. 51, several methods – including scenario testing, stress testing, sensitivity testing, and stochastic modeling – are suggested for the actuary to use for assessing risks that have been identified. Segal’s Risk Assessment Report only includes two scenario projections, reflecting scenarios where FYE 2020 investment returns are 0% or 14.50%, instead of the assumed 7.25%. Cheiron suggests that Segal consider expanding the disclosures included in their Risk Assessment Report, and have provided some suggested examples in a supplementary document provided to Staff.</p>	24	<p>Based on request made by the Board and subsequent discussions with LACERS staff, the Risk Report as of June 30, 2020 has been expanded to include projection of future results based on a stochastic modeling of future investment returns for 2020/2021 and thereafter.</p>



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: MARCH 9, 2021
ITEM: VI – B

Neil M. Guglielmo

SUBJECT: 977 N. BROADWAY PROJECT REPORT FOR THE QUARTER ENDING DECEMBER 31, 2020 AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board authorize the General Manager to select property damage and earthquake insurance policies and negotiate and execute the necessary documents, subject to satisfactory business and legal terms.

Executive Summary

The progress report on the 977 N. Broadway building project for the quarter ending December 31, 2020 will be presented and discussed.

Discussion

LACERS' Asset Manager Invesco has advised that the present and anticipated future needs for the 977 N. Broadway building support the transition of oversight for the project to a hands-on project management team, to drive the headquarters buildout and other capital improvement work. This recommendation is designed to establish an efficient and agile project team, streamlining communications and accountability as the project enters its most active phase. This recommendation also positions LACERS for meeting ongoing property management needs and is expected to realize some cost savings.

Invesco is in the process of identifying consultants to fulfill necessary responsibilities under the new model. The real estate firm Cushman and Wakefield (CW) was selected to provide project management services following a request for proposal. As CW has been providing property management services to oversee daily operations at 977, Invesco recognized an opportunity to consolidate services under one master contract with CW. Our Asset Manager will continue negotiations with CW, and potentially other consultants, and provide LACERS a cost-benefit analysis for this change. If the analysis shows favorable financial and operational benefits, it is expected that all contracts held by Invesco on LACERS behalf, will be assigned to LACERS. This transition allows LACERS to move sooner to a property

management model that best supports LACERS future and continuing role as building owner and tenant.

Presently, LACERS' property damage and earthquake insurance policies are contracted through Invesco and expire March 31, 2021. LACERS engaged an insurance broker and the City's Risk Management group to secure policy quotes. Preliminary quotes are favorable, providing comparable property and earthquake coverage to the ones currently in place . As quotes continue to come in, and to ensure that the insurance coverage does not lapse, it is recommended that the Board authorize the General Manager to select, negotiate, and execute necessary insurance documents.

Strategic Plan Impact Statement

The Headquarters Move Project seeks to enhance the Strategic Plan Goal of responsible Board Governance.

Prepared By: Isaias Cantu, Senior Management Analyst II

NMG/TB/DWN/IC

- Attachments:
1. 977 N. Broadway Project Report for the Quarter Ending December 31, 2020
 2. Proposed Resolution - Delegation of Authority to the General Manager to Bind Insurance Policies for 977 North Broadway



BOARD Meeting: 03/09/21
Item: VI - B
Attachment 1

977 N. BROADWAY PROJECT REPORT FOR THE QUARTER ENDING DECEMBER 31, 2020

For Los Angeles City Employees' Retirement System



TABLE OF CONTENTS

- Executive Summary
- Asset Manager Summary
- Capital Projects Summary
- Property Status Summary



The Headquarters Move Project has been delayed for two months as cost estimates on the initial design undergo modification to meet the budget.

Project Timetable

- ❖ LACERS occupancy of the building is projected for the end of the 3rd Quarter of FY21-22. The original timetable for the 977 N Broadway Project is included in this report.

Budget

- ❖ LACERS has spent 3% of the YTD available capital budget for the 977 N Broadway Project. Expenditures have largely been for design documents as capital building improvements have not yet commenced.

Completed Milestones

- ❖ The space plan and initial architectural design were completed.
- ❖ A professional Cost Estimator provided costs for the design and cost saving options.
- ❖ Cushman & Wakefield has been selected to provide Project Management services.

In Progress

- ❖ Work on roof replacement, curtain wall repair, seismic upgrades, emergency generator replacement, and IT modernization continues.
- ❖ Invesco is negotiating the termination of the final tenant lease for Suite 220.



Risk Mitigation

- ❖ HOK and LACERS are comparing costs covered by the original scope of work and subsequent modifications and change orders.
- ❖ Based on the Cost Estimator's feedback, the design of the building is being studied to reduce construction cost. Additional work assessing cost savings will be performed with the Project Manager.



ASSET MANAGER SUMMARY

Cost Control

- ❖ Invesco's evaluation of the onsite Building Engineering services yielded cost saving opportunities through revision of the scope of services and replacement with a lower cost provider.
- ❖ Invesco has coordinated the sale of the furniture left on the 5th Floor by McCarthy Partners when they vacated. If a buyer had not been identified, the cost estimate provided by the General Services Department for removal of the furniture was between \$50,000 to \$60,000 plus the cost of a vendor to disassemble the furniture.

Contractor Selection

A Request for Proposal for Project Management Services has concluded. Four established firms submitted proposals; three firms were interviewed. The LACERS Headquarters Team, Invesco, and Pacshore concurred on the selection of Cushman & Wakefield (CW) as offering the best fit for this project. Currently, CW is reviewing project details, budget data, and value engineering/project savings opportunities.

Tenant Lease Termination

Invesco is working with the tenant to establish a Lease Termination Agreement and relocation strategies.



ORIGINAL TIMETABLE



LACERS Team Project Schedule 10/13/20	October					November																								
	Week 26					Week 27					Week 28				Week 29				Week 30				Week 31							
	26	27	28	29	30	2	3	4	5	6	9	10	11	12	13	16	17	18	19	20	23	24	25	26	27	30	1	2	3	4
3.0 Space Planning and Schematic Design																														
Prepare Space Plan Drafts																														
Review Plans with LACERS																														
LACERS Internal review																														
Revise Space Plans																														
Review Plans with LACERS																														
Revise Space Plans																														
Review Revised Plans with LACERS and Sign-Off																														
Prepare Schematic Design Draft																														
Present Schematic Design Draft																														
Revise Schematic Design																														
Review Schematic Design																														
LACERS Internal review																														
Revise Schematic Design																														
Present Final Schematic Design to LACERS for Approval																														

Activities	December														January																									
	Week 32					Week 33					Week 34				Week 35				Week 36					Week 37					Week 38				Week 39							
	4	7	8	9	10	11	14	15	16	17	18	21	22	23	24	25	28	29	30	31	1	4	5	6	7	8	11	12	13	14	15	18	19	20	21	22	25	26	27	28
4.0 Design Development																																								
Prepare Design Development Draft																																								
Present Design Development to LACERS																																								
Revise Design Development Draft																																								
Review Design Development with LACERS																																								
LACERS Internal review																																								
Revise Design Development Draft																																								
Present Final Design Development to LACERS for Approval																																								

ORIGINAL TIMETABLE



LACERS Team Project Schedule 10/13/20	February														March														April																																							
Activities	Week 40				Week 41				Week 42				Week 43				Week 44				Week 45				Week 46				Week 47				Week 48				Week 49				Week 50				Week 51																							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23														
5.0 Construction Documentation																																																																				
Prepare CDs																																																																				
6.0 Plan Check/Bid																																																																				
Plan Check Submittal																																																																				
CD Page Turn																																																																				

Activities	May							June							July							August							September							October																																																							
	Week 52	Week 53	Week 54	Week 55	Week 56	Week 57	Week 58	Week 59	Week 60	Week 61	Week 62	Week 63	Week 64	Week 65	Week 66	Week 67	Week 68	Week 69	Week 70	Week 71	Week 72	Week 73	Week 74	Week 75	Week 76	Week 77	Week 78	Week 79	Week 80	Week 81	Week 82	Week 83	Week 84	Week 85	Week 86	Week 87	Week 88	Week 89	Week 90	Week 91	Week 92																																																		
7.0 Construction Administration																																																																																											
Construction Phase 1																																																																																											
Construction Phase 2																																																																																											
8.0 Post Construction (LEED/WELL)																																																																																											

FINANCIAL OVERVIEW



977 N Broadway
From Date: 12/31/2020

Owner:	LACERS	Director:	Lillian Lainez / Lillian.Lainez@cushwake.com
Invesco Client:		General Manager:	Linda Enamorado / linda.enamorado@cushwake.com
Invesco Asset Manager:	Kristina Lewison	Accounting Contact:	Lauren Williams / lauren.williams@cushwake.com
Prop. Management Company:	Cushman and Wakefield	Leasing:	

Financial Overview Year-to-Date Amounts included should agree to the YTD Budget Comparison Report. COMMENT: Adjust headers for FY Assets.

	2020/2021 Actuals	2020/2021 Budget	2020/2021 Actuals vs. 2020/2021 Budget \$ Variance	2020/2021 Actuals vs. 2019/2020 Budget % Variance	2020/2021 Actuals vs. 2020/2021 Budget Variance Comments 10% and \$5,000 OR 1% of Budgeted NOI
Income	\$ 547,526.55	\$ 483,020.52	\$ 64,506.03	13.35%	Base rent collection includes termination fee for McCarthy lease.
Operating Expenses	\$ 576,213.83	\$ 667,784.43	\$ 91,570.60	13.71%	Favorable variance: Expenses incurred are lower than budgeted due to reduction in service levels resulting from a reduction in occupancy levels.
Net Operating Income	\$ (28,687.28)	\$ (184,763.91)	\$ 156,076.63	84.47%	Favorable variance: Reduction of expenses resulting in a lower NOI than budgeted.
Debt Service	\$ -	\$ -	\$ -	0.00%	
Advisory Fees	\$ -	\$ -	\$ -	0.00%	
Ownership Expenses	\$ -	\$ -	\$ -	0.00%	
Federal Tax Expense	\$ -	\$ -	\$ -	0.00%	
Capital	\$ 333,330.83	\$ 12,716,634.50	\$ 12,383,303.67	97.38%	Favorable variance: Capital Building Improvements for LACERS HQ occupancy not yet commenced.
Net Cash Flow	\$ (362,018.11)	\$ (12,901,398.41)	\$ 12,539,380.30	97.19%	

BUDGET COMPARISONS – pg. 1



Budget Comparisons 977 N. Broadway / From Date: 12/31/2020

		PTD Actual	PTD Budget	Variance	% Var	YTD Explanation: \$5,000 and 10% OR 1% of Budgeted NOI to be explained
						Unfavorable variance: McCarthy (\$118,033) and S&E Gourment (\$18,172).
5010-0000	Base Rent Income	192,095.39	328,300.50	-136,205.11	-41.49	
5020-0000	Rent Concessions / Incentives	-39,627.31	0.00	-39,627.31	N/A	Unfavorable variance: S&E Gourment rent concessions per termination agreement (\$27,259) and Allies rent concession for 8/20 (\$12,368)
	Base Rent	152,468.08	328,300.50	-175,832.42	-53.56	
5070-0000	CAM Reimbursement - Current Year	41,091.00	143,020.02	-101,929.02	-71.27	Unfavorable variance: McCarthy (\$82,180) and S&E Gourment (\$19,749.02)
	CAM Reimbursement	41,091.00	143,020.02	-101,929.02	-71.27	
5082-0000	Utility Reimbursement	3,900.00	0.00	3,900.00	N/A	Favorable variance: AT&T Roof - utility reimbursement
	Utility Reimbursement	3,900.00	0.00	3,900.00	N/A	
5290-0000	Cancellation / Termination Fees	346,978.26	0.00	346,978.26	N/A	
5310-0000	Parking Income - Monthly	0.00	11,700.00	-11,700.00	-100.00	
	Other Receipts	346,978.26	11,700.00	335,278.26	2,865.63	
5334-0000	Interest Income - Other	881.41	0.00	881.41	N/A	
	Interest Income	881.41	0.00	881.41	N/A	
5012-0000	Amort of Acq'd Leases-Above/Below Market	8,573.52	0.00	8,573.52	N/A	Invesco Amortization entry. Not Budgeted.
	Amort of Acq'd Leases-Above/Below Market	8,573.52	0.00	8,573.52	N/A	
5013-0000	Straight Line Rent Adjustment	-6,365.72	0.00	-6,365.72	N/A	Invesco Straight-line rent adjustment. Not budgeted.
	Straight Line Rent Adjustment	-6,365.72	0.00	-6,365.72	N/A	
	Total Income	547,526.55	483,020.52	64,506.03	13.35	
7000-0000	Property Manager Salary	0.00	0.00	0.00	N/A	
7025-0000	Maintenance Supervisor Salary	77,595.00	62,790.00	-14,805.00	-23.58	Unfavorable variance: Additional engineering cost for extra hours outside the contract billed in 10/2020 & 12/2020.
	Payroll	77,595.00	62,790.00	-14,805.00	-23.58	
7205-0000	Telephone	14,232.23	14,400.00	167.77	1.17	
7230-0000	Office Supplies	1,965.00	1,500.00	-465.00	-31.00	Unfavorable variance: Additional office supplies for management office
7235-0000	Postage	0.00	100.00	100.00	100.00	
7250-0000	Training	350.00	0.00	-350.00	N/A	
7265-0000	Furniture Rental	0.00	0.00	0.00	N/A	Unfavorable variance: Expense should be allocated to 8451-0000.
7274-0000	Computer Equipment Repairs and Fees	759.99	1,080.00	320.01	29.63	
7308-0000	Other Professional Fees	0.00	1,200.00	1,200.00	100.00	
7320-0000	Governmental License / Fees	2,462.40	600.00	-1,862.40	-310.40	Unfavorable variance: AQMD Ownership transfer fees not budgeted during this period.
7325-0000	Bank Charges	892.72	150.00	-742.72	-495.15	Unfavorable variance: Higher bank fees than projected.
7330-0000	Miscellaneous General	0.00	0.00	0.00	N/A	
	General & Administrative	20,662.34	19,030.00	-1,632.34	-8.58	
7380-0000	Management Fees	90,000.00	90,000.00	0.00	0.00	
	Management Fees	90,000.00	90,000.00	0.00	0.00	

BUDGET COMPARISONS – pg. 2



Budget Comparisons Cont... 977 N. Broadway / From Date: 12/31/2020

		PTD Actual	PTD Budget	Variance	% Var	YTD Explanation: \$5,000 and 10% OR 1% of Budgeted NOI to be explained
						Favorable variance: Parking services temporarily suspended due to COVID19.
7401-0000	Garage/Parking Lot - Equipment	166.19	2,400.00	2,233.81	93.08	
7430-0000	Garage Operations Expense	5,948.65	44,766.00	38,817.35	86.71	Favorable variance: Parking services temporarily suspended due to COVID19.
	Garage Expenses	6,114.84	47,166.00	41,051.16	87.04	
7600-0000	Landscaping	780.00	780.00	0.00	0.00	
7680-0000	Landscaping R&M - Exterior	0.00	0.00	0.00	N/A	
	Landscaping	780.00	780.00	0.00	0.00	
7800-0000	Plumbing	0.00	2,400.00	2,400.00	100.00	Favorable variance: Plumbing contingency not used during this period.
7805-0000	Fire Extinguisher Recharge	0.00	600.00	600.00	100.00	Favorable variance: FLS contingency not used during this period.
7809-0000	Water Treatment	3,995.22	4,116.00	120.78	2.93	
7810-0000	Electrical	3,163.22	1,000.00	-2,163.22	-216.32	Unfavorable variance: Additional electrical outlet installed in the 2nd floor community kitchen, not anticipated.
7816-0000	HVAC Contracted - Interior	2,109.77	12,000.00	9,890.23	82.42	Favorable variance: Lower HVAC cost than anticipated for this period due to lower occupancy in the building. (COVID19)
7824-0000	Supplies	763.05	2,550.00	1,786.95	70.08	
7828-0000	Painting	0.00	2,000.00	2,000.00	100.00	
7839-0000	Repairs / Labor	1,436.44	18,600.00	17,163.56	92.28	Favorable variance: Contingency for disfencting the buidling \$8.6K and other repairs contingencies \$9K not used.
7845-0000	Exterminating	780.00	750.00	-30.00	-4.00	
7850-0000	Elevator/Escalator Maint Contract	3,930.20	4,050.00	119.80	2.96	
7851-0000	Elevator/Escalator R&M	3,152.00	1,200.00	-1,952.00	-162.67	Unfavorable variance: Purchase of new elevator pads to protect elevator during
7853-0000	Elevator Inspection Fees	0.00	600.00	600.00	100.00	
7870-0000	Parking Lot Sweeping	630.00	480.00	-150.00	-31.25	
7897-0000	Locks & Keys	353.50	1,200.00	846.50	70.54	
	Repair & Maintenance	20,313.40	51,546.00	31,232.60	60.59	
7900-0000	Janitorial Contract	6,322.88	19,816.86	13,493.98	68.09	Favorable variance: Re-classing of janitorial cost to correct GL code
7910-0000	Cleaning Supplies	1,200.51	3,000.00	1,799.49	59.98	Favorable variance: Lower cleaning supplies used during this period due to lower occupanc
7930-0000	Trash Removal	1,752.75	4,800.00	3,047.25	63.48	Favorable variance: Lower trash removal cost than projected as a result of change in
7940-0000	Window Washing	0.00	0.00	0.00	N/A	
7945-0000	Janitorial - Other	29,844.22	11,916.00	-17,928.22	-150.46	Unfavorable variance: Re-classing of janitorial cost to correct GL code
	Janitorial	39,120.36	39,532.86	412.50	1.04	

BUDGET COMPARISONS – pg. 3



Budget Comparisons Cont... 977 N. Broadway / From Date: 12/31/2020

		PTD Actual	PTD Budget	Variance	% Var	YTD Explanation: \$5,000 and 10% OR 1% of Budgeted NOI to be explained
8000-0000	Security Fire Alarm Monitor	480.00	480.00	0.00	0.00	
8001-0000	Security - Guard Service	100,726.10	99,692.84	-1,033.26	-1.04	
8002-0000	Security - Equipment	2,640.00	0.00	-2,640.00	N/A	Favorable variance: Contingencies for security equipment not used during this period.
8020-0000	Fire Alarm & Sprinkler	6,579.79	6,000.00	-579.79	-9.66	
	Security	110,425.89	106,172.84	-4,253.05	-4.01	
8110-0000	Electricity - Common Area	55,266.01	53,175.00	-2,091.01	-3.93	Unfavorable variance: Higher consumption for this period due to weather conditions.
8130-0000	Gas - Common Area	505.49	620.00	114.51	18.47	
8141-0000	Water - Building	2,761.50	3,050.00	288.50	9.46	
8149-0000	Water and Sewer	1,491.60	768.00	-723.60	-94.22	Unfavorable variance: Water & sewer cost higher than projected.
	Utilities	60,024.60	57,613.00	-2,411.60	-4.19	
8203-0000	Ins Prem - General Liability	58,873.02	96,661.98	37,788.96	39.09	Favorable variance: Insurance cost less than anticipated. Policy secured directly by Ownership. (LACERS)
	Insurance	58,873.02	96,661.98	37,788.96	39.09	
8310-0000	Property Taxes	20,820.20	85,611.75	64,791.55	75.68	RE-class of Non-Refundable Tax Expense (Invesco). Building is classified as tax-exempt.
	Real Estate & Other Taxes	20,820.20	85,611.75	64,791.55	75.68	
8403-0000	Accounting Auditing Tax Prep - Landlord	-250.00	1,880.00	2,130.00	113.30	
8451-0000	Miscellaneous - Landlord	71,866.86	9,000.00	-62,866.86	-698.52	LACERS non-reimbursable expenses: Presidio Phase I equipment costs (\$26.9K), furniture rental (\$9.4K), internet services (\$2.8K), 2nd security access equipment (\$10.1K), PacShore – parking charges reimb. (\$11K); signage (\$1.1K)
	Nonreimbursable Expenses	71,616.86	10,880.00	-60,736.86	-558.24	
	Total Expenses	576,346.51	667,784.43	91,437.92	13.69	
	NOI/(NOL)	-28,819.96	-184,763.91	155,943.95	84.40	
9150-0000	Advisory Fees	0.00	0.00	0.00	N/A	
	Advisory & Other Fees	0.00	0.00	0.00	N/A	
	Net Income/(Loss) From Operations	-28,819.96	-184,763.91	155,943.95	84.40	

BUDGET COMPARISONS – pg. 4



Budget Comparisons Cont... 977 N. Broadway / From Date: 12/31/2020

YTD Explanation: \$5,000 and 10% OR 1% of Budgeted NOI to be explained

	PTD Actual	PTD Budget	Variance	% Var		
9205-0000	Depreciation Expense	-630,978.05	0.00	-630,978.05	N/A	Monthly depreciation entry.
9206-0000	Amortization Expense	-806,524.41	0.00	-806,524.41	N/A	Monthly amortization entry.
	Depreciation & Amortization	-1,437,502.46	0.00	-1,437,502.46	N/A	
	Net Income/(Net Loss)	-1,466,322.42	-184,763.91	-1,281,558.51	-693.62	
						Favorable Variance: Building improvements expenses not yet incurred; Soft cost contracts executed and work for design and construction drawings is in progress.
1441-0000	Building Improvements	333,330.83	12,716,634.50	12,383,303.67	97.38	SOFT COST: \$1.8 million
						HARD COST: \$10.8 million
	Other Capital	333,330.83	12,716,634.50	12,383,303.67	97.38	
	Total Capital Expenditures	333,330.83	12,716,634.50	12,383,303.67	97.38	
	NI/(NL) from Operations Less Cap-Ex	-362,150.79	-12,901,398.41	12,539,247.62	97.19	

Tenant Improvements

Two Cost-Estimators were engaged to analyze the costs of the preliminary architectural design and propose various build out options and cost-saving modifications to the architectural plans, furniture, and capital expenditures (roof, fan coils, exterior work). HOK is preparing modifications to the design, inclusive of technology, security, and furniture.

The tenant improvement consulting team (HOK, ARC Engineering, Invesco, Pacshore) worked closely with the LACERS team to finalize the program requirements and develop the first phase of Schematic Design. During the Schematic Design, concerns about costs to construct were identified. The decision was made to engage a cost estimator (MGAC Consulting) and a general contractor (Corporate Contractors) to provide rough order of magnitude (ROM) pricing support. The ROM pricing exercise was completed and recommendations on how to value engineer the Schematic Design and reallocate capital funds were presented to LACERS leadership. LACERS and the consulting team continue to work through the recommendations to finalize the Schematic Design and proceed to the next phase of work (Design Development).

Exterior Renovation / Ground Floor Improvements

HOK, PacShore, Invesco, LACERS, and Wiss, Janney, Elstner Associates, Inc. (WJE) continue to discuss scope development that will be used to provide pricing for the exterior and ground floor improvements.

The consulting team (HOK, WJE, Invesco, Pacshore) continued to refine the potential exterior renovation design options in conjunction with the value engineering exercise for the tenant improvement scope of work. Recommendations on how best to proceed with the exterior renovation and ground floor improvements are in discussion with LACERS leadership.

Curtain Wall / Roof Project

WJE completed their investigation of the curtain wall and roof system. WJE presented their roof report findings and options to replace along with ROM pricing for cost options. LACERS has selected the preferred option for the roof.

During WJE's investigation of the curtain wall, a sample of the precast panels at the corners and crown of the building was analyzed for potentially containing asbestos. Independent lab results confirmed asbestos containing material (ACM). A recommendation was made by Invesco and Pacshore to engage an environmental consultant (Targus Environmental) to provide further sampling and analysis of the exterior finish materials at the property. Targus was onsite the first week of January to conduct sampling. They have since prepared a report that has been submitted to WJE. WJE's is preparing the final Curtain Wall report including recommendations for how LACERS can safely address the ACM.

Fan Coil

Corporate Contractors (CC), our construction contractor, inspected the building and provided feedback regarding necessary mechanical improvements including the need to upgrade the HVAC system fan coils on all of the 2nd and 5th floors and part of the 4th floor. CC estimated that the charge for performing this upgrade would add between \$20 and \$30 per square foot to the overall cost for the respective floors. The deciding factors for the final cost would be whether the existing fan coils were in a condition to be reused and whether the change to the floor's layout would require that the fan coils be moved.

Assuming all fan coils are in condition to be reused, the cost for moving the fan coils would increase the cost of the work by \$20 per square foot. If the fan coils cannot be reused and new units must be purchased and moved, the cost of the work on the floor would increase by \$30 per square foot.

In order to determine whether the fan coils need replacing, CC must access and perform an inspection of all units.

CAPITAL EXPENSE – pg. 1



Capital Expense Summary

977 North Broadway

December 31, 2020

Capital Expenditure (Place in order of balance sheet account #)	YTD Actual	YTD Budget	Variance	% Complete	Expected Completion Date	Comments (Explain WHY there is a difference between the actual and the original expectation)
Building Improvements						
LACERS Build Out	86,522	10,788,001	10,701,479	1%	Jan-21	Capital Buildng Improvements for LACERS HQ occupancy not yet commenced.
LACERS Soft Costs	204,809	1,804,884	1,600,075	0%	Jan-21	Design docs, contract rework
Construction Mgmt Fees	42,000	123,750	81,750	0%	Jan-21	Construction Management Fees for PacShore
<i>Subtotal - Major Repairs - Building Improvements</i>	<i>333,331</i>	<i>12,716,635</i>	<i>12,383,304</i>	<i>3%</i>		
Major Repairs - Land						
<i>Subtotal - Major Repairs - Land</i>	<i>-</i>	<i>-</i>	<i>-</i>			
Major Repairs - Roof						
<i>Subtotal - Major Repairs - Roof</i>	<i>-</i>	<i>-</i>	<i>-</i>			
Major Repairs - Parking						
<i>Subtotal - Major Repairs - Parking</i>	<i>-</i>	<i>-</i>	<i>-</i>			
Major Repairs - HVAC						
<i>Subtotal - Major Repairs - HVAC</i>	<i>-</i>	<i>-</i>	<i>-</i>			
Tenant Improvements						
<i>Subtotal - Tenant Improvements</i>	<i>-</i>	<i>-</i>	<i>-</i>			
Lease Commissions						
<i>Subtotal - Lease Commissions</i>	<i>-</i>	<i>-</i>	<i>-</i>			
Capitalized Legal Costs						
<i>Subtotal - Capitalized Legal Costs</i>	<i>-</i>	<i>-</i>	<i>-</i>			
Total Capital Expenditures	333,331	12,716,635	12,383,304			

CAPITAL EXPENSE – pg. 2



977 N Broadway – Capital Expense Reforecast From Date: 12/31/2020

Capital Expenditure	Annual Budget	Actual Jul	Actual Aug	Actual Sep	Actual Oct	Actual Nov	Actual Dec	TOTAL	Next Year	Variance to Annual Budget
Building Improvements 1441-0000										
LACERS Build Out	10,788,001	-			38,587.98	47,934		86,522		10,701,479 ¥
LACERS Soft Costs	1,804,884	21,619			160,329	11,305	11,557	204,809		1,600,075 Δ
Construction Mgmt Fees	123,750	7,000	7,000	7,000	7,000	7,000	7,000	42,000		81,750 ‡
Monthly Subtotal - Building Improvements	12,716,635	28,619	7,000	7,000	205,917	66,239	18,557	333,331	-	12,383,304
Quarterly Subtotal - Building Improvements	12,716,635			42,619			290,712	333,331	-	12,383,304
Major Repairs - Land 1442-0000										
Monthly Subtotal - Major Repairs - Land	-	-	-	-	-	-	-	-	-	-
Quarterly Subtotal - Major Repairs - Land	-			-			-	-	-	-
Major Repairs - Roof 1444-0000										
Monthly Subtotal - Major Repairs - Roof	-	-	-	-	-	-	-	-	-	-
Quarterly Subtotal - Major Repairs - Roof	-			-			-	-	-	-
Major Repairs - Parking 1445-0000										
Monthly Subtotal - Major Repairs - Parking	-	-	-	-	-	-	-	-	-	-
Quarterly Subtotal - Major Repairs - Parking	-			-			-	-	-	-
Tenant Improvements 1455-0000										
Monthly Subtotal - Tenant Improvements	-	-	-	-	-	-	-	-	-	-
Quarterly Subtotal - Tenant Improvements	-			-			-	-	-	-
Major Repairs - HVAC 1446-0000										
Monthly Subtotal - Major Repairs - HVAC	-	-	-	-	-	-	-	-	-	-
Quarterly Subtotal - Major Repairs - HVAC	-			-			-	-	-	-
Total Monthly Capital Expenditures	12,716,635	28,619	7,000	7,000	205,917	66,239	18,557	333,331	-	12,383,304
Total Quarterly Capital Expenditures	12,716,635			42,619			290,712	333,331	-	12,383,304

COMMENTS ¥ - Capital building improvements for LACERS HQ occupancy not yet commenced
 Δ - Consultant and architect/design documents
 ‡ - Construction management fee for Pacshore

Property Daily Operations

- Muir Chase (Plumbing) is working to complete the Annual Backflow Testing. The test checks to make sure that the drinking water is not being contaminated by dirty water infiltrating the water supply.
- Executed a contract with Allied Reliability to complete the Annual Infrared Inspection. The inspection scans all accessible exterior areas and roof to locate areas with defective insulation.
- Working with Pacshore Engineering to finalize the three required bids for the fire pump replacement.

General Updates

- CW Project & Development Services has been awarded the 3rd Party Construction Administration Contract for all upcoming capital projects.
- Property management and Engineering Team continue to work with soft cost consultants coordinating site visits.
- Alexis Bautista, Assistant Property Manager, is on-site on a part-time schedule.

Tenant/Vacancy Report

- Suite 220 and AT&T (Roof) leases are still active and rent payments are received as required per their corresponding leases.
- Vacant spaces are in good and clean condition.



MONTHLY LEASING SUMMARY



Monthly Leasing Summary

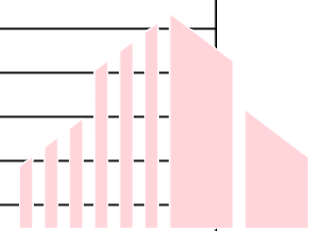
977 N. Broadway / From Date: 12/31/2020

Percentage Leased and Occupied

Property Net Rentable Area	64,585
Total Square Feet Leased	11,213
Percentage Leased	17.36%
Total Square Feet Occupied	11,213
Percentage Square Feet Occupied	17.36%

Vacancy

Suite / Unit #	RSF	Time Vacant	Market Rate	Leasing Assumption (start date, term, asking rate, concession, TI allowance, broker bonus, locator bonus, if applicable)
Suite 200	2,517			LACERS projected to occupy 3 rd Quarter of FY21-22
Suite 300	2,787			LACERS projected to occupy 3 rd Quarter of FY21-22
Suite 320	3,543			LACERS projected to occupy 3 rd Quarter of FY21-22
Suite 340	3,051			LACERS projected to occupy 3 rd Quarter of FY21-22
Suite 360	4,313			LACERS projected to occupy 3 rd Quarter of FY21-22
Suite 400	3,971			LACERS projected to occupy 3 rd Quarter of FY21-22
Suite 420	2,360			LACERS projected to occupy 3 rd Quarter of FY21-22
Suite 440	3,049			LACERS projected to occupy 3 rd Quarter of FY21-22
Suite 460	4,313			LACERS projected to occupy 3 rd Quarter of FY21-22
Suite 500	13,697			LACERS projected to occupy 3 rd Quarter of FY21-22
Suite A - Ground Floor	1,019			LACERS projected to occupy 3 rd Quarter of FY21-22
Suite B - Ground Floor	3,697			LACERS projected to occupy 3 rd Quarter of FY21-22
Suite C - Ground Floor	3,531			LACERS projected to occupy 3 rd Quarter of FY21-22
Suite D - Ground Floor	578			LACERS projected to occupy 3 rd Quarter of FY21-22
Suite E - Ground Floor	946			LACERS projected to occupy 3 rd Quarter of FY21-22
Total	53,372	82.64%		



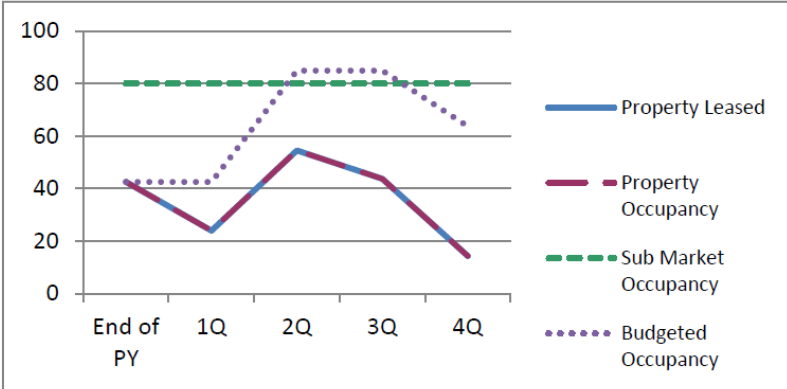
CUSHMAN & WAKEFIELD

MARKET COMPARISON



977 N Broadway
From Date: 12/31/2020

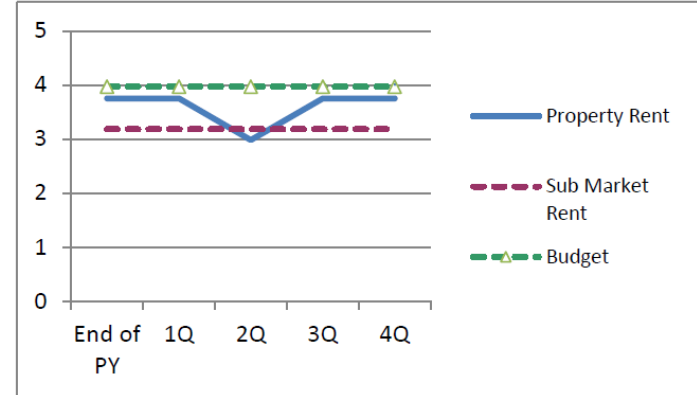
Property Occupancy versus Submarket Occupancy



*include comments if applicable

Significant Market/Submarket Activity

Property Rent versus Market Rent



*include comments if applicable

Tenant Issues

Tenant Issues:

*There are no Tenant Issues to report on at this time.

A/R Analysis:

*AT&T has submitted payment for their outstanding balance of \$3,752.00.

*Allies for Every Child has submitted payment for their outstanding balance of \$12,368.2.

Legal Issues:

*No legal issues to report at this time.

LEGEND

A/R - Accounts Receivable

PY - Previous Year

Q - Quarter



RENT ROLL – pg. 1



Rent Roll – Lease Charges 977 N. Broadway / From Date: 12/31/2020

Unit(s)	Lease	Lease	Lease	Lease	Security	Letter of Credit Amount	Amendment	Unit(s)	Area	Area	Term	Amendment	Amendment	Charge	Charge From	Charge To
	Type	Type	From	To	Deposit		Type		Label			From	To	Code		
o880001 - 977 Broadway, Los Angeles																
220	Allies for Every Child	Office	8/1/2019	9/30/2022	39,319.80		0.00 Original Lease	220	GLA	3,692.00	38.00	8/1/2019	9/30/2022	nbr	8/1/2020	7/31/2021
Total																
240	LACERS	Office	4/1/2019		0.00		0.00 Original Lease	240	GLA	3,154.00		4/1/2019		nbr	4/1/2019	
Total																
260	LACERS	Office	4/1/2019		0.00		0.00 Original Lease	260	GLA	4,367.00		4/1/2019				
Total																
ROOF-A	AT&T Wireless	Office	12/1/2018	11/30/2023	5,100.00		0.00 Original Lease	ROOF-A	GLA	0.00	60.00	12/1/2018	11/30/2023	nur	12/1/2018	11/30/2023
								ROOF-A	GLA	0.00				nbr	12/1/2020	11/30/2021
Total																
Total					44,419.80		0.00									

Summary by Charge Code	Amount
	0.00
nbr	15,550.90
nur	650.00
Total	16,200.90

Grand Total 44,419.80 0.00

Unit(s)	Lease	Monthly Amount	Mgmt Fee	Gross Amount	Amt. per Area	Annualized Gross Amount	Amt per Area
o880001 - 977 Broadway, Los Angeles							
220	Allies for Every Child	12,368.20	0.00	12,368.20	3.35	148,418.40	40.20
Total		12,368.20	0.00	12,368.20		148,418.40	
240	LACERS	0.00	0.00	0.00	0.00	0.00	0.00
Total		0.00	0.00	0.00		0.00	
260	LACERS	0.00	0.00	0.00	0.00	0.00	0.00
Total		0.00	0.00	0.00		0.00	
ROOF-A	AT&T Wireless	650.00	0.00	650.00	0.00	7,800.00	0.00
		3,182.70	0.00	3,182.70	0.00	38,192.40	0.00
Total		3,832.70	0.00	3,832.70		45,992.40	
Total		16,200.90	0.00	16,200.90		194,410.80	

Summary by Charge Code

nbr
nur
Total

Grand Total 16,200.90 0.00 16,200.90 194,410.80



CUSHMAN & WAKEFIELD

RENT ROLL – pg. 2



Rent Roll – Lease Charges 977 N. Broadway / From Date: 12/31/2020

Rent total per Rent Roll	15,550.90
Base Rent per General Ledger account #5010-0000	<u>15,550.90</u>
CAM total per Rent Roll	
CAM per General Ledger account #5070-0000	<u>-</u>
Real Estate Tax Reimb total per Rent Roll	-
Real Estate Tax reimb per General Ledger account #5060-0000	<u>-</u>
Property Insurance Reimb total per Rent Roll	-
Property Insurance reimb per General Ledger account #5055-0000	<u>-</u>
Parking Income per Rent Roll	-
Parking Income per General Ledger account 5310-0000	<u>-</u>
Utility Reimbursement per Rent Roll	650.00
Utility Reimbursement per General Ledger account 5082-0000	<u>650.00</u>
Security Deposits total per Rent Roll	44,419.80
Security Deposits per General Ledger account #2100-0000	<u>70,848.30</u>
Timing difference S&E Gourmet Cuts, Inc. moved out 10/31/20 and will be refunded \$26,428.50 next month.	



STACKING PLAN – pg. 1



Stacking Plan
977 N. Broadway / From Date: 12/31/2020

Floor	RSF	RSF Leased	% Leased	STACKING PLAN					Market Rent
ROOF-A	0	0	0%	AT&T Wireless 11/30/23					
5	13,697	0	0%	Vacant Suite 500 13,697sf					
4	13,693	0	0%	Vacant Suite 400 3,971sf	Vacant Suite 420 2,360sf	Vacant Suite 440 3,049sf	Vacant Suite 460 4,313sf		
3	13,694	0	0%	Vacant Suite 300 2,787sf	Vacant Suite 320 3,543sf	Vacant Suite 340 3,051sf	Vacant Suite 360 4,313sf		
2	13,730	11,213	82%	Vacant Suite 200 2,517sf	Allies for Every Child Suite 220 3,692sf 9/30/22	LACERS 240 3,154sf	LACERS Suite 260 4,367sf	\$53	
1	9,771	0	0%	Vacant Suite A 1,019sf	Vacant Suite B 3,697sf	Vacant Suite C 3,531sf	Vacant Suite D 578sf	Vacant Suite E 946sf	
	64,585	11,213	17%						



STACKING PLAN – pg. 2



Stacking Plan

977 N. Broadway / From Date: 12/31/2020

	Expiration Details								
	Expiring RSF	% of Total NRA	Cumulative	% of Office NRA	Weighted In-place Rent	Weighted Market Rent	Net Gain	Annualized Revenue Gain	Valuation: At Current Implied Yield
Vacant	53,372	82.6%	53,372	82.6%	\$ -	\$ -	\$0.00	\$0	\$0
2019	-	0.0%	53,372	82.6%	\$ -	\$ -	\$0.00	\$0	\$0
2020	-	0.0%	53,372	82.6%	\$ -	\$ -	\$0.00	\$0	\$0
2021	-	0.0%	53,372	82.6%	\$ -	\$ -	\$0.00	\$0	\$0
2022	11,213	17.4%	64,585	100.0%	\$ 40.22	\$ -	(\$40.22)	(\$450,987)	(\$5,305,728)
2023	-	0.0%	64,585	100.0%	\$ -	\$ -	\$0.00	\$0	\$0
2024	-	0.0%	64,585	100.0%	\$ -	\$ -	\$0.00	\$0	\$0
2025	-	0.0%	64,585	100.0%	\$ -	\$ -	\$0.00	\$0	\$0
2026	-	0.0%	64,585	100.0%	\$ -	\$ -	\$0.00	\$0	\$0
2027	-	0.0%	64,585	100.0%	\$ -	\$ -	\$0.00	\$0	\$0
2028+	-	0.0%	64,585	100.0%	\$ -	\$ -	\$0.00	\$0	\$0
Total Office	64,585	100.0%						(\$450,987)	(\$5,305,728)
Storage / Misc.	-	0.0%							
TOTALS	64,585	100.0%							



977 N BROADWAY



LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

202 W. FIRST STREET, SUITE 500
LOS ANGELES, CA 90012
(800) 779-8328 / RTT: (888) 349-3996
LACERS.ORG



DELEGATION OF AUTHORITY TO THE GENERAL MANAGER
TO BIND INSURANCE POLICIES FOR
977 NORTH BROADWAY

PROPOSED RESOLUTION

WHEREAS, in October 2019, the LACERS Board of Administration authorized and completed the purchase of 977 N. Broadway, Los Angeles, CA 90012;

WHEREAS, the Board has directed LACERS to prepare the building for occupancy as the new headquarters for LACERS and allotted a budget for these purposes;

WHEREAS, 977 N. Broadway is transitioning to a new property management model as the headquarters project prepares to enter the construction phase and LACERS Asset Manager Invesco has advised that the present policies for property damage and earthquake insurance will terminate on March 30, 2021;

WHEREAS, LACERS has requested insurance broker Alliant Insurance Services to recommend insurance coverage and solicit insurance quotes for property damage and earthquake policies; concurrently LACERS has enlisted the advice and assistance of the City Risk Manager, who is also soliciting insurance proposals through the City's insurance broker;

WHEREAS, time is of the essence and to ensure that insurance policies do not lapse, the Board desires to assign the General Manager to select insurance coverage for 977 North Broadway;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes the General Manager to select, negotiate, and execute the necessary documents to purchase a property damage policy and an earthquake insurance policy subject to satisfactory business and legal terms, and make any necessary clerical, typographical, or technical corrections to this document. Further the General Manager is requested to provide a verbal report of key policy terms after binding the policy.

March 9, 2021



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

MEETING: MARCH 9, 2021
ITEM: VI-C

Neil M. Guglielmo

SUBJECT: COST-OF-LIVING ADJUSTMENT FOR JULY 2021 AND POSSIBLE BOARD ACTION.

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board adopt a cost-of-living-adjustment for Tier 1 and Tier 1 Enhanced Members, and Tier 3 Members, as indicated in the Table below and detailed in the attached schedule prepared by LACERS' consulting actuary, to be effective July 1, 2021.

Executive Summary

On July 1 of each year, eligible retired Members and beneficiaries may receive a cost-of-living adjustment (COLA) to their benefits, determined in accordance with the Los Angeles Administrative Code (LAAC). The COLA is based on the average annual percentage change in the Consumer Price Index (CPI) for the Los Angeles area for the previous calendar year. Based on the 1.6% change in CPI for calendar year 2020, retirees and beneficiaries are entitled to COLA of at least 1.6%, effective July 1, 2021. However, as discussed below, Tier 1 and Tier 1 Enhanced participants with accumulated banked COLA balances will receive increased COLA to a maximum of 3%.

Discussion

In any given year, Tier 1 and Tier 1 Enhanced Members are eligible for a maximum increase of 3% COLA (LAAC § 4.1022 for Tier 1)¹. In addition, Tier 1 and Tier 1 Enhanced participants are entitled to receive and accumulate the excess amount (known as "Excess COLA") whenever the CPI change is greater than the maximum limit of 3% in any year. In years when the CPI changes are less than 3.0% (like 2020), the accumulated banked benefit is applied towards achieving the 3.0% maximum increase. Pursuant to LAAC § 4.1080.17, Tier 3 COLA benefit is capped at 2.0% and there is no banked benefit.

Effective July 1, 2021, retirees are entitled to a minimum COLA of 1.6% based on the change in CPI for calendar year 2020. However, for Tier 1 and Tier 1 Enhanced participants who have excess banked COLA, a drawdown from their accumulated balances will be used to increase their COLA to a maximum

¹ Tier 1 Enhanced Members are Tier 1 Airport Peace Officers (including certain fire fighters) appointed to their positions before January 7, 2018 who elected to remain in Tier 1 with LACERS after January 6, 2018.

of 3%, as indicated in the table below. Since Tier 3 participants do not have Excess COLA bank, COLA for Tier 3 participants will be 1.6%.

The COLA benefits effective July 1, 2021, are summarized as follows, and are further detailed in the attached letter from LACERS' consulting actuary.

Membership	Initial Retirement Date	Excess Banked COLA Availability	COLA Effective July 1, 2021
Tier 1 and Tier 1 Enhanced participants and beneficiaries	On or before July 1, 1980	<ul style="list-style-type: none"> Yes, 1.4% of available banked COLA (i.e., the difference between 3.0% and 1.6%), will be applied towards a maximum increase of 3%. Accumulated banked COLA will be reduced by 1.4% (See attached schedule). 	3.0%
	July 2, 1980 to June 30, 2018	<ul style="list-style-type: none"> Yes, 0.9% remaining banked COLA will be applied to increase July 2021 COLA to 2.5%. Accumulated banked COLA is reduced to zero. 	2.5%
	July 1, 2018 to June 30, 2019	<ul style="list-style-type: none"> Yes, 0.1% remaining banked COLA will be applied to increase July 2021 COLA to 1.7%. Accumulated banked COLA is reduced to zero. 	1.7%
	July 1, 2019 to June 30, 2020	<ul style="list-style-type: none"> No banked COLA available 	1.6%
Tier 1 and Tier 1 Enhanced participants and beneficiaries with less than one full year of retirement	July 1, 2020 to June 30, 2021	<ul style="list-style-type: none"> No banked COLA available Prorated COLA increase of 1/12th for each full month of retirement 	1/12th of 1.6% each full month retired
Tier 3 participants and beneficiaries	On or before June 30, 2020	<ul style="list-style-type: none"> No COLA Bank 	1.6%
Tier 3 participants and beneficiaries with less than one full year of retirement	July 1, 2020 to June 30, 2021	<ul style="list-style-type: none"> No COLA Bank Prorated COLA increase of 1/12th for each full month of retirement 	1/12th of 1.6% each full month retired

Strategic Alignment

The Board's action on this item aligns with the Benefit Delivery Goal by ensuring accurate payment of benefits in accordance with plan documents codified in the Los Angeles Administrative Code.

Prepared By: Rahoof "Wally" Oyewole, Departmental Chief Accountant IV

NG/TB/RO

Attachment 1: Segal Letter Dated January 21, 2021 with COLA schedule



Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary
T 415.263.8283
ayeung@segalco.com

BOARD: 03/09/21
Item VI - C
Attachment 1

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

January 21, 2021

Mr. Neil Guglielmo
General Manager
Los Angeles City Employees' Retirement System
P.O. Box 512218
Los Angeles, CA 90051-0218

**Re: Los Angeles City Employees' Retirement System (LACERS)
Cost-of-Living Bank as of July 1, 2021**

Dear Neil:

We have prepared a schedule showing the accumulated banked benefits for the System's retirees and beneficiaries reflecting the cost-of-living adjustments as of July 1, 2021.

The annual average CPI increased from 274.114 in 2019 to 278.567 in 2020, an increase of 1.6% (rounded to the nearest one-tenth of one percent). This figure was determined by using the Consumer Price Index (CPI) for all Urban Consumers in the Los Angeles-Long Beach-Anaheim Area.

Note that participants with membership dates on and after February 21, 2016 were placed in Tier 3, unless the participant qualified for Tier 1 membership. Participants in Tier 3 are entitled to a maximum of 2% COLA provision after retirement (instead of a maximum of 3% COLA provision for Tier 1 and Tier 1 Enhanced¹). In addition, excess COLA will not be banked under the Tier 3 provision and all Tier 3 retirees and beneficiaries will receive the same COLA regardless of retirement date.

The schedule in Exhibit A contains four columns for Tier 1 and Tier 1 Enhanced participants:

- Column 1.** Accumulated Banked Benefits as of July 1, 2020. This data was obtained from a similar schedule we prepared last year.
- Column 2.** Actual average CPI increase of 1.6%.
- Column 3.** Cost-of-living increase granted as of July 1, 2021, for a full year of retirement.
- Column 4.** Accumulated Banked Benefits as of July 1, 2021.
(Column (1) + Column (2) - Column (3), but limited to no less than 0%)

¹ Tier 1 Enhanced is for all Tier 1 Airport Peace Officers (including certain fire fighters) appointed to their positions before January 7, 2018 who elected to remain at LACERS after January 6, 2018, and who paid their mandatory additional contribution of \$5,700 to LACERS before January 8, 2019, or prior to their retirement date, whichever was earlier.

As shown in Exhibit A, the cost-of-living increase as of July 1, 2021 for Tier 1 and Tier 1 Enhanced participants with an initial retirement date on or before July 1, 1980 is the full 3.0% maximum increase permitted by the Administrative Code. The difference between 1.6% and 3.0%, or -1.4%, will lower the accumulated bank for each of these participants for future COLA increases.

For Tier 1 and Tier 1 Enhanced participants with an initial retirement date between July 2, 1980 and June 30, 2018, and for those who retired on July 1, 2018, the cost-of-living increase as of July 1, 2021 will be 2.5% and the accumulated bank for these participants will be reduced to 0% as of July 1, 2021.

For Tier 1 and Tier 1 Enhanced participants with an initial retirement date between July 2, 2018 and June 30, 2019, and for those who retired on July 1, 2019, the cost-of-living increase as of July 1, 2021 will be 1.7% and the accumulated bank for these participants will be reduced to 0% as of July 1, 2021.

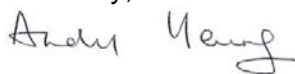
For Tier 1 and Tier 1 Enhanced participants with an initial retirement date between July 2, 2019 and June 30, 2020, the cost-of-living increase as of July 1, 2021 will be 1.6% and the accumulated bank for these participants will remain at 0% as of July 1, 2021.

For Tier 1 and Tier 1 Enhanced participants with an initial retirement date between July 1, 2020 and June 30, 2021, the full cost-of-living increase as of July 1, 2021 will be 1.6% but COLA benefits for partial year retirements will be pro-rated. The accumulated bank for these participants will be 0% as of July 1, 2021.

For Tier 3 participants, the cost-of-living increase as of July 1, 2021 will be 1.6% regardless of retirement date as shown in Exhibit B.

Please give us a call if you have any questions.

Sincerely,



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

OH/hy
Attachment

cc: Edwin Avanesian
Todd Bouey
Lita Payne

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
COST-OF-LIVING INCREASES AND ACCUMULATED BANKED BENEFITS
As of July 1, 2021**

**Exhibit A
Tier 1 and Tier 1 Enhanced Participants**

Initial Retirement Date	July 1, 2020 Accumulated Banked Benefits (1)	Increase in the Annual Average CPI (2)	COLA* (3)	July 1, 2021 Accumulated Banked Benefits (4)
On or Before 07/01/1978	15.900%	1.600%	3.000%	14.500%
07/02/1978 to 07/01/1979	11.650%	1.600%	3.000%	10.250%
07/02/1979 to 08/01/1979	7.044%	1.600%	3.000%	5.644%
08/02/1979 to 09/01/1979	7.239%	1.600%	3.000%	5.839%
09/02/1979 to 10/01/1979	7.433%	1.600%	3.000%	6.033%
10/02/1979 to 11/01/1979	7.628%	1.600%	3.000%	6.228%
11/02/1979 to 12/01/1979	7.822%	1.600%	3.000%	6.422%
12/02/1979 to 01/01/1980	8.017%	1.600%	3.000%	6.617%
01/02/1980 to 02/01/1980	8.211%	1.600%	3.000%	6.811%
02/02/1980 to 03/01/1980	8.406%	1.600%	3.000%	7.006%
03/02/1980 to 04/01/1980	8.600%	1.600%	3.000%	7.200%
04/02/1980 to 05/01/1980	8.794%	1.600%	3.000%	7.394%
05/02/1980 to 06/01/1980	8.989%	1.600%	3.000%	7.589%
06/02/1980 to 07/01/1980	9.183%	1.600%	3.000%	7.783%
07/02/1980 to 06/30/2018	0.900%	1.600%	2.500%	0.000%
07/01/2018 to 06/30/2019	0.100%	1.600%	1.700%	0.000%
07/01/2019 to 06/30/2020	0.000%	1.600%	1.600%	0.000%
07/01/2020 ** to 06/30/2021		1.600%	1.600%	0.000%

* COLA benefits for partial year retirements are pro-rated.

** Only those retirees (or continuing survivors) whose benefits commenced on July 1 and continued through June 30 receive a COLA bank in years of excess CPI. For initial retirement dates starting July 1, 2018 and later, the COLA bank for a July 1 retiree (or continuing survivor) is shown on the row above. For example, the July 1, 2020 COLA bank for a July 1, 2018 retiree (or continuing survivor) is 0.900% and such retiree (or continuing survivor) would receive a July 1, 2021 COLA of 2.500%. The July 1, 2021 COLA bank for such retiree (or continuing survivor) would be reduced to 0.000%.

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
COST-OF-LIVING INCREASES
As of July 1, 2021**

**Exhibit B
Tier 3 Participants**

	Increase in the Annual Average CPI	COLA*
All Tier 3 Participants Retired on or before 06/30/2021	1.600%	1.600%

* COLA benefits for partial year retirements are pro-rated.



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

MEETING: MARCH 9, 2021
ITEM: VI – D

Neil M. Guglielmo

SUBJECT: REQUEST FOR PROPOSAL (RFP) FOR PRINTING, MAILING, AND GRAPHIC DESIGN SERVICES AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board approve the release of a RFP for Printing, Mailing, and Graphic Design Services, substantially in the form attached.

Executive Summary

On March 23, 2018, the Board approved the release of a RFP for Printing, Mailing, and Graphic Design Services. Contracts were executed with the three successful bidders: California Marketing Inc., Imagine That Design Studio, and Kes Mail Inc., for a term of three years commencing July 1, 2018 and ending on June 30, 2021. The contract was awarded in the amount of \$90,000 annually for a total contract amount of \$270,000. The contract terms ends on June 30, 2021.

Discussion

In anticipation of the continued need for print, mail and graphic design services, staff has prepared a RFP to identify vendors that can fulfill these services. The selected vendors will be responsible for the completion of the following tasks:

- 1) Production of printed materials.
- 2) Materials preparation, such as fulfilling mailers that include several pieces or preparing mailers for handling by the City's Mailing Services Unit or the United States Postal Service.
- 3) Processing data, such as address cleansing and customer segmentation.
- 4) Website services, such as the generation of content, photography, and design elements.
- 5) Graphic design services, including mapping, digital or traditional renderings, technical illustrations, digital animations, 3D modeling, print and production design, production coordination, signage, and project collateral (banners, brochures, posters, presentations, cards and other promotional items). Services must be provided at a level consistent with professional graphic design standards.

Staff is proposing to release the RFP on Wednesday, March 10, 2021, with proposals due from interested vendors on April 13, 2021.

Staff anticipates presenting the selected vendor(s) to the Board on May 25, 2021.

The draft RFP is attached for the Board's review and approval.

Strategic Plan Impact Statement

This RFP aligns with Strategic Plan Goal 1(b), Customer Service: To Increase outreach to educate Members about their benefits, retirement planning, and the wellness program. Vendors awarded this contract will assist LACERS in providing retirement information to Active and Retired Members via a diverse array of platforms in line with established professional standards for communication and presentation.

Prepared By: Taneda K. Larios, Sr. Benefits Analyst II

NMG/LP:tkl

Attachments: 1. Request for Proposals Printing, Mailing and Graphic Design



**REQUEST FOR PROPOSAL (RFP)
FOR
PRINTING, MAILING, AND GRAPHIC DESIGN
RFP NO. 4211**

Release Date:	Wednesday, March 10, 2021	
Proposal Due Date:	Tuesday, April 13, 2021, 3:00 P.M. PST At: LACERS 202 W. First St, Suite 500 Los Angeles, CA 90012-4401	RFP Administrator: Dan Goto , RFP Administrator Los Angeles City Employees' Retirement System E-mail: daniel.goto@lacers.org Phone: (213) 855-9631 Fax: (213) 473-7297
All questions must be submitted in writing no later than:	Tuesday, March 30, 2021, 3:00 P.M. PST Submit questions to the RFP Administrator. Any questions and all answers will be posted on the LACERS website: http://www.lacers.org/aboutlacers/request-for-proposals/index.html	
Official RFP Notices/Addendums:	To ensure that no firm is provided an advantage over another, all requirements are specified in this RFP. Any changes to the requirements will be posted as an addendum to the RFP on the LACERS website: http://www.lacers.org/aboutlacers/request-for-proposals/index.html . Proposers are solely responsible for monitoring this website and adhering to RFP addendums.	
Prohibited Communications:	From the RFP release date until a contract for these services is fully executed, firms are prohibited from communicating with Board members or staff, other than the RFP Administrator, concerning this RFP or the resulting contract. Any communications could be considered attempts to lobby or market services, and is therefore prohibited by LACERS' Marketing Cessation Policy. Firms will be disqualified from contract consideration if the prohibition is not honored.	

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I. INTRODUCTION

The Los Angeles City Employees' Retirement System ("LACERS" or the "Plan") is a department of the City of Los Angeles, California, established in 1937 under Article XI of the City Charter. LACERS is under the exclusive management and control of the Board of Administration (the "Board"), which has sole authority for the administration of benefits and investment of the assets of the fund. The Board administers a defined benefit retirement plan and post-employment healthcare plan for approximately 55,000 members, comprised of approximately 27,000 active employees, 8,000 inactive employees, and 20,000 retired Members and beneficiaries of the City of Los Angeles.

Currently, LACERS produces many different types of outreach materials for both its Active and Retired Members across both traditional print and web-based platforms, such as LACERS.org and LACERS' YouTube Channel. These outreach materials include, but are not limited to:

- Newsletters
- Graphic Design
- Benefits Guides
- Brochures
- Flyers
- Tax Information – 1099Rs
- Signage
- Posters
- Seminar Materials
- Postcards
- Annual Financial Report
- Printed Educational Materials
- Website Content
- Photography

LACERS seeks to select a qualified firm or firms to provide printing, mailing, website, and/or graphic design services in the production of the above mentioned products and activities, on an as-needed basis.

This RFP details the requirements needed by LACERS and instructs interested firms on the application and selection process. All firms meeting the minimum qualifications outlined in Section II of this RFP are invited to submit a Statement of Qualifications.

To better fulfill LACERS' needs, more than one firm may be selected as a result of this RFP. As specific projects are identified, LACERS will assign the project to the firm with the best fit of experience for the specified project.

II. MINIMUM QUALIFICATIONS

Firms must clearly demonstrate meeting the minimum qualifications for their Request for Proposal to be considered.

- The respondent must have at least five (5) years of experience with printing and mailing services, website services, and/or graphic design to be considered as a qualified candidate for the purposes of this RFP. Experience is to include at least three (3) years offering the aforementioned services to agencies similar in size and functionality to LACERS.
- The respondent must answer all questions included in this RFP in their entirety, as well as complete responses to the Questionnaire.

III. SCOPE OF SERVICES

- A. Firms that are added to LACERS list of qualified contractors at the end of the RFP process must be able to provide one or more of the following:
- 1) Production of printed materials.
 - 2) Materials preparation, such as fulfilling mailers that include several pieces or preparing mailers for handling by the City's Mailing Services Unit or the United States Postal Service.
 - 3) Processing data, such as address cleansing and customer segmentation.
 - 4) Website services, such as the generation of content, photography, and design elements.
 - 5) Graphic design services, including mapping, digital or traditional renderings, technical illustrations, digital animations, 3D modeling, print and production design, production coordination, signage, and project collateral (banners, brochures, posters, presentations, cards and other promotional items). Services must be provided at a level consistent with professional graphic design standards.
- B. Selected firms must be able to fully communicate and display projects electronically for LACERS' review. Selected firms must supply LACERS with digital copies of all completed projects for LACERS records and/or online distribution (for example, a final PDF version of a brochure).
- C. Each project must be handled individually in an agreed upon manner via an initial creative brief, including estimates that define the services, associated costs, and project parameters, including timelines for completion. Full-service firms may receive only one portion of a project depending on LACERS needs. For example, a firm that handles both printing and mailing may only handle the mailing aspect of a project, and the printing phase may be turned over to another firm or the City's print shop.
- D. All material becomes property of LACERS.
- E. Firm shall meet and communicate with LACERS staff regularly and upon request.

- F. If no more than one submission is received in response to this solicitation, LACERS reserves the right to classify this procurement a failed competition and either re-compete the procurement or enter into a sole source agreement with the sole respondent.
- G. LACERS reserves the right to select more than one party to provide these services.
- H. The firm is expected to perform/handle the following general duties:
- 1) Treat all LACERS' information as confidential as defined in the Confidentiality & Non-Disclosure of Member Information Policy. This applies to all data created, gathered, generated, or acquired within the scope of the contract. The Contractor shall notify LACERS immediately if there are any breaches to the confidentiality of LACERS confidential information. The breach of this agreement is subject to cancellation of contract and the contractor being held liable for damages.
 - 2) Maintain confidentiality of any information resulting from this engagement except with written consent from the General Manager of LACERS or designee, prior to the release of any such information. This includes, but is not limited to, press releases, research, reports, and any publicity given to the Contractor for work provided under the resulting contract. LACERS shall be credited as the sponsoring agency.
 - 3) Refer all requests, reports, and all other communication that use LACERS' database through the General Manager or appointed designee.
 - 4) Notify LACERS immediately of any anticipated changes in personnel assigned under the terms of this engagement. The Contractor shall submit resumes of any proposed replacement personnel and obtain written approval from LACERS for any change in the personnel assigned to the work.
 - 5) In accordance with LACERS Contractor Disclosure Reporting Policy, notify LACERS staff in writing in the event that any conflict of interest or possible conflict of interest is discovered regarding the provision of services.

IV. CONTENT OF RESPONSE

Response to the information requested below is required to be considered responsive to the RFP. Proposers are encouraged to submit a practical and sustainable proposal. The proposal is requested in the following order, to be tabbed accordingly:

A. INTRODUCTION

- A. **Title Page** - The title page must clearly state "Proposal for Print, Mail, and Graphic Design" along with vendor's name, address, and contact information.
- B. **Table of Contents**
- C. **Cover Letter**
 - 1) The cover letter shall have the following statement:
"This proposal is genuine, and not sham or collusive, nor made in the interest or on behalf of any person not named therein; the proposer has not directly or indirectly

induced or solicited any other proposer to put in a sham bid, or any other person, firm or corporation to refrain from submitting a proposal, and the proposer has not in any manner sought by collusion to secure for themselves an advantage over any other proposer.”

- 2) The legal business name, address, telephone number, website URL, and business status (Individual, limited liability partnership, corporation, etc.) of the firm.
- 3) The person or persons authorized to represent the proposer in negotiations with LACERS with respect to the RFP and any subsequently awarded contract. Provide the representative’s name, title, address, telephone number, e-mail address and any limitation of authority for the person named.
- 4) If the firm is proposing any alternatives/conditions to requirements detailed within the RFP, an explanation of the alternatives offered/conditions placed shall be detailed within this cover. LACERS reserves to right to reject proposals where the alternative/conditions are not acceptable.
- 5) The cover letter is to be signed by a person or persons authorized to bind the proposer to all provisions of the RFP, any subsequent changes to the RFP, and to the contract if an award is made (If the respondent is a partnership, the response must be signed by a general partner in the name of the partnership. If the respondent is a corporation, the response must be signed on behalf of the corporation by two authorized officers [a Chairman of the Board, President or Vice-President, and a Secretary, Treasurer or Chief Financial Officer] or an officer authorized by the Board of Directors to execute such documents on behalf of the corporation.).

B. QUALIFICATIONS AND EXPERIENCE

Please provide a thorough answer immediately following each question. If attachments are provided in response to a question, indicate in the answer the specific tab and/or pages that respond to the question.

- 1) Provide a brief introduction of your firm’s history, products and services offered, the firm’s primary business activity, and clients served. Additionally, identify affiliated companies of the firm and what differentiates you from your competition.
- 2) Identify the licenses, credentials/designations, affiliations, special knowledge, qualifications, expertise or awards held by your firm and its key managers. Briefly describe how this translates to the service to be provided to LACERS.
- 3) References
 - a. Provide a list of clients in the last five years. Include scope of work, dates of contract, contract amount, contact person, and telephone number.
 - b. Provide a list of all other current clients with whom you are providing services. Include name of client, contact person, address and telephone number.
- 4) Sample Work

Sample work is required for each service of expertise that your firm wishes to be considered for in this RFP. For example, if you wish to be considered for printing and graphic design services, you must submit (3) samples of your print work and (3) samples of your graphic design work for a total of (6) samples being submitted.

- a. Print services providers: Provide (3) physical samples of publications that your company has created for comparable clients in the last three years. Include information with each sample, indicating the number of copies produced and the timeframe to completion.
- b. Graphics design and website services providers: Provide (3) physical and/or digital samples of publications/websites that your company has created content or site assets for comparable clients in the last three years. Digital samples must be in easily accessible file types, i.e. PDF, GIF, JPEG, etc.
- c. Mailing and fulfillment services providers: Provide (3) physical samples of fulfillment jobs that your company has completed for comparable clients in the last three years. Include information with each sample indicating the number of copies produced, the timeframe, and general information about the project (number of pieces included in each mailer, complexity, etc.).

General Questions about the Firm

- 5) Indicate your legal business name, address, telephone number, website URL, and legal entity type (individual, limited liability partnership, corporation, etc.).
- 6) Indicate the person(s) authorized to represent the firm in negotiations with LACERS with respect to the RFP and a subsequently awarded agreement, including contact names, titles, telephone and fax numbers, and e-mail addresses.
- 7) Provide a brief history of the firm and the year the firm was founded.
- 8) Provide a list of all the major services provided by your firm even if they are not specific to the scope of services being requested by this RFP.
- 9) What, if any, experience do you have with application development? Is application development something your firm has the capability of doing if it is currently not your firm's expertise?
- 10) Provide links to your firm's social media presence (i.e. Facebook, Twitter, Instagram, etc.) and or samples of social media support you have provided to previous or current clients, if applicable.
- 11) Provide an organizational chart indicating roles of all individuals involved in the project. Include a curriculum vitae/biography for each team member, including the hourly rates proposed to be charged to LACERS for each team member. What experience does the team have working together?
- 12) Are ownership changes planned or anticipated at this time?
- 13) Describe the turnover in key professional personnel in the last five years. Do you anticipate that any of the team members proposed to work with LACERS will leave the firm in the next five years?
- 14) What incentives are provided to attract and retain top quality employees at your firm?
- 15) What skills, qualities, and experiences do you look for in hiring employees?
- 16) Are there distinguishing features of your firm over other firms?
- 17) Disclose the nature of any past, present, or pending relationship with any LACERS Board Member, consultant, or staff. How have you reviewed this potential engagement for conflict of interest? Were there any conflicts, potential conflicts, or other issues that could raise a reasonable appearance of a conflict of interest?

- 18) Does your firm have other lines of business other than printing, mailing, website and or graphic design services? Please describe them.
- 19) Please indicate your experience with major disruption(s) of your business and how they impacted your clients. Please provide a copy of your Business Continuity Plan (BCP). If you do not have a formal BCP, indicate what contingencies your firm has made to address potential disruptions to client services in the event of a natural or man-made disaster, or pandemic.

Questions Concerning Your Statement of Qualifications

- 20) Is your firm requesting any alternatives and/or substitutions to the LACERS standard RFP and contracting provisions? See General Conditions (Appendix A) and the Standard Provisions for City Contracts (Appendix B). LACERS reserves the right to determine if the alternatives/substitutions are acceptable.
- 21) Does your firm have a sexual harassment policy? Please describe the policy and summarize any pending or anticipated litigation against the firm, its employees, or partners, involving allegations of sexual harassment or sexual misconduct.

C. PROPOSED FEE SCHEDULE

Provide a fee schedule, with full breakdown of costs associated with all printing, mailing, website and/or graphic design services. Once a firm has been selected, negotiations of the fee(s) may become necessary. In no case will the negotiations result in a fee that is higher than the fee contained in the proposal.

- 1) Provide a fee schedule, with full breakdown of costs associated with all production, design, mailing, and printing work.
- 2) Provide an hourly fee schedule by professional classification, if any.
- 3) The prices proposed within the submission must be valid from the date of the submission through the end of the contract and must include any/all costs expected to be paid by LACERS.
- 4) Provide a schedule of incidental fees that are commonly charged in your industry (delivery fees, materials storage, etc.).

V. PROPOSAL SUBMISSION & EVALUATION

A. PROPOSAL SUBMISSION INSTRUCTIONS

- 1) Deadline for submission and the location for submission are located on the cover sheet of this RFP. There are two methods for submitting your proposal either by mail or email. **Electronic submissions are preferred.**
- 2) **Mail Submissions:** The complete proposal package shall be placed in a sealed package clearly labeled with the name of the firm, and "Proposal for Printing, Mailing, Website, and Graphic Design RFP" and the copy number (i.e. "Original," "Copy 1 of 3," "Copy 2 of 3," or "Copy 3 of 3").

Please provide one (1) spiral-bound original and three (3) hard copies

- 3) **Electronic Submissions:** The complete proposal package shall be clearly labeled with the name of the firm, and "Proposal for Printing, Mailing, Website, and Graphic Design RFP."
- 4) If you elect to submit your proposal package electronically, please provide one copy of your entire proposal in PDF format, inclusive of any work samples, exhibits, and other required forms, with file naming format: "LACERS 2021 PMWG Design RFP." Submit your proposal via email to daniel.goto@lacers.org
- 5) **If your proposal contains any trade secrets or other proprietary, confidential information that the proposer claims is exempt from disclosure under the California Public Records Act, then you must submit separately one (1) redacted copy of the proposal in addition to the original version.**

Note: Proposers selected to make presentations to the Board/Committee may be required to submit 10 additional hard copies of their responses.

- 6) Candidates who mail their proposals should allow adequate mail delivery time to ensure timely receipt of the proposals. Late proposals will not be considered for review. LACERS reserves the right to determine the timelines of all proposals submitted. At the day and time appointed, all timely submitted proposals will be opened and the name of the Proposers announced. No other information about the proposals will be made public until such time as a recommendation concerning proposals is made to the Board
- 7) Please direct comments and questions to the RFP Administrator indicated on the cover page of this RFP. All contact regarding this RFP or any matter relating thereto must be in writing and may be mailed, e-mailed or faxed to the administrator listed on the cover page.

B. EVALUATION OF PROPOSALS

- 1) The selected proposer must successfully pass all the following levels of review:
 - a. Level I – Administrative Responsiveness

LACERS will conduct a preliminary evaluation of all proposals submitted by the deadline to determine compliance with proposal requirements and mandatory document submissions. Firm's proposal must demonstrate its responsiveness to the administrative requirements outlined in the RFP. Firm's ability to adhere to LACERS' standard contract provisions will also be considered.

- b. Level II – Review of Qualifications, Experience, & References

Proposer must demonstrate it meets the minimum qualifications and must demonstrate a positive record as a responsible contractor through due diligence reviews conducted by LACERS.

- c. Level III – Proposed Services and Compensation ("Proposal")

Firm's proposed plan of services, and fees for providing the required services are evaluated and ranked by the evaluation panel. Interviews may also be conducted by panel.

Criteria	Possible Weight
<p>Professionalism</p> <p>Proposer demonstrated professionalism in the response to the RFP, such as: RFP presentation, well-written summary of the important features of the RFP, etc.</p>	15
<p>Proposed Scope of Services Description and Methodology</p> <p>Firm demonstrates strong understanding of services needed by LACERS.</p> <p>Firm meets all service requirements for printing, mailing, website, and/or graphic design.</p>	30
<p>Qualifications, Experience, and Accomplishments</p> <p>Demonstration of expertise in printing, mailing, website, and or graphic design services based on sample work provided in content of response to this RFP; demonstration of being able to meet deadlines and turn around projects within an agreed upon time frame including rushed deadlines; strength of favorable references during reference verification process.</p>	35
<p>Value of Cost</p> <p>The evaluation of the relative cost and value for each firm based upon its submission of the proposed fee schedule by phase and proposed services. This evaluation will also consider cost on a qualitative basis, not necessarily on a quantitative basis. LACERS expects the cost proposal to include details of all costs associated with the scope of services contained in this RFP.</p>	20
Total	100

2) Tentative Schedule

This schedule indicates estimated dates for the RFP process. LACERS reserves the right to adjust this schedule when appropriate.

Date	Event
March 10, 2021	Ad Posting
April 13, 2021	Deadline to Submit Proposals
May 25, 2021	Vendor Selection by Board of Administration

July 1, 2021

Contract Takes Effect

VI. GENERAL CONDITIONS AND COMPLIANCE DOCUMENTS

Proposers are to submit required documents specified in the General Conditions and Compliance Documents (Appendix A). The General Conditions also indicate several standard contracting provisions and requirements of every City of Los Angeles contract. You are encouraged to read the documents thoroughly as they may result in additional expense to your firm, such as certain insurance requirements and a Los Angeles Business Tax Registration Certificate. This RFP is for a new contract. Previous document submittals and/or waivers do not apply. New forms must be completed and processed.

LACERS reserves the right to withdraw this RFP at any time without prior notice and to reject any and all responses to this RFP. The rejection of any or all Requests for Proposal shall not render LACERS liable for costs or damages.

Processing Survivor Benefits



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

SURVIVOR BENEFIT UNIT QUICK STATS

Average Caseload Per SBU Counselor
(151)

Average Number of Deaths Per Month
Active (8) Retired (44)

Annual Number of deaths
2018 (819) 2019 (759) 2020 (921)

Average Number of Days to Process a Claim

- Active Survivorship - (112)
- Active Refunds - (121)
- Lump Sum - (111)
- Continuance - (30)

Average Number of Days it Takes the Primary Beneficiary to Provide Required Documents and Return the Benefit Claim Forms

Active Survivorship - (73)
Active Refunds - (94)
Retired - (48)

Average Number of Cases Requiring a Search Letter - (18)

Number of Days Before LACERS Contacts Primary Beneficiary

- 3 to 7 days

HOW IS LACERS NOTIFIED OF A MEMBER'S DEATH?



- Family Member
- Death Audit Report
- A Friend
- Employing Department
- City Personnel Department
- Other Public Agency

WHAT HAPPENS AFTER LACERS IS NOTIFIED? ACTIVE DEATH



- Research Member records to obtain:
 - Beneficiary information, then
 - Contact Beneficiary(ies) to confirm name, address, relationship etc.
 - Counsel Beneficiary on the process and request required documents
 - Generate Option Package and Benefit Application

WHAT HAPPENS AFTER LACERS IS NOTIFIED? RETIREE DEATH

- Research Member file records
- Verify Continuance
- Terminate Member benefit
- Determine overpayment, if any
- Contact Beneficiary(ies)
 - Confirm name, address, relationship etc.
 - Explain benefit and process
- Affidavit and Claim documents
- Provide Health contact information, if applicable
- Set up Continuance benefit and pay lump sum beneficiaries



LACERS

**LA CITY EMPLOYEES'
RETIREMENT SYSTEM**

Where to Find Information on Survivor Benefits? (Member and Beneficiary)

**Call LACERS at (800) 779-8328 or visit the LACERS website at
www.lacers.org**

Available Online at [Lacers.org](https://lacers.org) Under Survivor Benefits

Reporting a Death

Who To Contact

Please contact our main office upon the death of any City employee, former employee or any person receiving a LACERS monthly retirement Allowance, Continuance, or Survivorship.

The person may have been a:

- Retired City Employee
- Surviving Spouse of a Retired City Employee
- Surviving Domestic Partner of a Retired City Employee
- Any other Dependent receiving a monthly benefit

What You Need

When reporting a death, please be prepared to provide the following:

- 1.Full name of the deceased
- 2.Social Security Number
- 3.Date of death



Available Online at [Lacers.org](https://lacers.org) Under Survivor Benefits

Claiming Your Survivor Benefits

Once a death report has been submitted, LACERS' staff will contact the deceased Member's listed beneficiaries to gather additional information and discuss benefit options.

Additional Organizations You May Want to Contact

Benefits may be available with the following organizations:

[Social Security Administration](#) – (800) 772-1213 • (800) 325-0778 TTY

[U.S. Department of Veteran Affairs](#) – (800) 827-1000

[City of Los Angeles Deferred Compensation Program](#) – (888) 457-9460 • (888) 466-0381

[City Employees Club of Los Angeles](#) – (800) 464-0452

[All City Employees Benefits Service Association](#) – (213) 485-2485

[Los Angeles Federal Credit Union](#) – (213) 484-8640 • (877) MY LAFUCU (695-2328)



Survivor Benefits Overview

Watch later Share



Survivor Benefits Active & Retiree Benefits

MORE VIDEOS

**This presentation is intended to provide a summary of the benefits established by the Los Angeles City Charter, Los Angeles Administrative Code, and LACERS Board Rules (referred to as the Plan provisions). In the event of discrepancies in this presentation the Plan provisions will govern at all times.*

0:22 / 6:00

YouTube

Questions



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: MARCH 9, 2021
ITEM: VIII – B

Neil M. Guglielmo

SUBJECT: CONSENT OF ASSIGNMENT OF SEGALL BRYANT & HAMILL, LLC CONTRACT AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Consent to the assignment of the contract with Segall Bryant & Hamill, LLC for management of an active U.S. small cap value equities portfolio.
2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Executive Summary

Segall Bryant & Hamill, LLC (SBH) has entered into an acquisition agreement to become a wholly owned subsidiary of CI Financial Corp. (CI Financial), a Canadian publicly traded global asset and wealth management advisory services company. Under the Investment Advisers Act of 1940 and pursuant to LACERS' contract with SBH, this change in control of the firm is deemed to be a contract assignment (a legal transfer of the obligations and benefits of a contract to another party) and requires Board approval.

Discussion

SBH was recently hired through the 2019-2020 Active U.S. Small Cap Equities Mandate search and has managed an active U.S. small cap value equities portfolio for LACERS since September 30, 2020. The Board authorized a three-year contract with SBH on January 28, 2020; the contract became effective on August 1, 2020 and expires on July 31, 2023. SBH manages approximately \$103 million of LACERS' assets as of February 28, 2021.

On January 25, 2021, SBH publicly announced an agreement to be acquired by CI Financial (TSX: CIX; NYSE: CIXX), a Canadian publicly traded global asset and wealth management advisory services company; SBH will become a wholly owned subsidiary of CI Financial once the acquisition is finalized.

CI Financial currently has asset management and wealth management businesses in Canada and the U.S., and manages approximately US\$182 billion in client assets.

The acquisition is part of CI Financial's new strategic direction to enhance its asset management business and expand its presence in the U.S. market. Additionally, it provides an exit for Thoma Bravo, a private equity firm that holds a 47% ownership stake in SBH (partners of SBH hold a 53% ownership stake). The acquisition is expected to be completed in the second quarter of 2021 subject to regulatory and other customary approvals. Under the Investment Advisers Act of 1940, a change in control of an investment advisory firm is deemed to be a contract assignment (a legal transfer of the obligations and benefits of a contract to another party) that requires written consent of the client. The change in ownership is also a triggering event within LACERS' contract with SBH, and therefore requires the Board's approval for the assignment of the contract.

Due Diligence

Staff conducted due diligence on this matter and has determined that there will be no changes to SBH's current management team, portfolio management team, or investment strategy. SBH will retain its brand autonomy and continue to operate independently. The transaction will be executed in cash and CI Financial stock. Partners at SBH will receive multi-year earnouts and incentive compensation to remain with the firm. SBH will retain all current employment agreements and maintain current compensation structures; no layoffs are anticipated.

Due to the pending ownership change, SBH was placed on "On Watch" status as of February 9, 2021, pursuant to the LACERS Manager Monitoring Policy. However, staff believes that this acquisition will not adversely affect SBH's quality of service or investment strategy for the duration of the contract period.

Staff and NEPC, LLC, (NEPC), LACERS' General Fund Consultant, recommend consenting to the assignment of the SBH contract. All terms of LACERS' current contract with SBH, including the termination provision, will remain intact upon assignment.

Strategic Alignment

A continued relationship with SBH will allow the fund to maintain a diversified exposure to the U.S. small cap equities markets, which aligns with the Strategic Plan Goal to optimize long-term risk adjusted investment returns (Goal IV).

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

NMG/RJ/BF/BS:jp

Attachments: 1. Consultant Recommendation – NEPC
 2. SBH Client Consent Form
 3. Press Release on Change in Ownership of SBH
 4. Proposed Resolution



To: Los Angeles City Employees' Retirement System Board of Administration
From: NEPC, LLC
Date: March 9, 2021
Subject: Segall Bryant & Hamill, LLC

Recommendation

CI Financial Corp., a global asset management and wealth management advisory services company based in Toronto Canada, announced they will acquire Segall Bryant & Hamill, LLC ('SBH'). SBH will become a wholly owned subsidiary of the firm once the acquisition is finalized, which is expected in the second quarter of 2021.

When there is change in control at an investment advisor registered under the Investment Advisors Act of 1940, the investment advisor is required to notify and receive consent from each of their clients. We have had several conversations with SBH since the announcement of their ownership change. We do not believe that there will be a material change with the individuals managing your portfolio or a change to their investment process. We are recommending that LACERS approve the assignment of the contract.

Background

Most of CI Financial Corp.'s business is based in Canada and the acquisition of SBH provides the asset management firm an opportunity to enter the US asset management space without starting from scratch. This is part of CI Financial Corp.'s new strategic direction to "modernize" their asset management business and to expand their wealth management platform. Prior to this announced transaction, CI Financial Corp. pursued their modernization goal by building strategic partnerships with investment firms like DoubleLine and Adams Street. Additionally, CI Financial expanded their wealth management platform by acquiring majority stakes in two RIAs, Surevest Wealth Management (2019) and One Capital Management (2020).

Currently, SBH is 47% owned by Thoma Bravo (a private equity firm) in their Thoma Bravo Fund X. The remaining 53% ownership is shared among partners throughout the SBH organization. Thoma Bravo has been an equity holder of SBH since 2014 when it purchased Doherty Financial Group's stake in SBH. The recently announced transaction with CI Financial will be executed with part cash and part CI Financial Corp. stock. Partners at SBH will also receive compensation from the transaction in the form of multi-year earnouts that should provide incentive to remain with the firm. CI Financial Corp. is an advocate for equity ownership at the firm. Therefore, going forward, a portion of the bonus pool at SBH will take the form of CI Financial Corp. stock, with rolling 2-year lockups. SBH will retain all current employment agreements and maintain current compensation structures following the acquisition. No initial layoffs are expected as a result of the transaction.



Thoma Bravo's ownership has been a consideration for investors for quite some time as their exit plan was unknown. SBH stated that they did not want to become part of a bank or insurance company. They also believed that a new private equity owner was not ideal and thought a wealth management company, like CI Financial, would be the most appropriate solution for the firm's future.

NEPC is comfortable with this announced acquisition, but understands that there are still many unknowns at this time. Given that a new owner removes the uncertainty around Thoma Bravo's exit, we are constructive on the transaction. However, we remain cautious and will closely monitor the firm through the acquisition.



February 4, 2021

Barbara Sandoval

Dear Barbara Sandoval,

This notice is to inform you that on January 25, 2021, CI Financial Corp., through a wholly-owned subsidiary ("CI Financial") entered into a definitive agreement to acquire 100% of the business of Segall Bryant & Hamill, LLC (the "Company" and such transaction, the "Transaction"). Under applicable securities laws, the Transaction will be deemed to result in the "assignment" of your investment advisory agreement with the Company (the "Assignment").

Please note, however, that the Transaction and the Assignment will not affect your relationship with your independent financial advisor, where your investments are held, the nature of the investment services that you currently receive or the terms of your investment advisory agreement (including the identity of the Segall Bryant & Hamill, LLC counterparty), and that in connection with the Transaction, each of our managing principals will remain in their current capacities and will continue to serve you following the Transaction. For further details regarding the Transaction, please refer to the press release at this [link](#).

Your consent is required for the Assignment. In order to consent to the Assignment, please sign below and return the executed acknowledgement to Segall Bryant & Hamill, LLC, 540 West Madison Street, Suite 1900 Chicago, IL 60661, or by portable document format (PDF) or photograph to consents@sbhic.com, in either case by March 19, 2021. If you do not consent to the Assignment, please notify us on or before March 19, 2021.

NOTE: If you are a holder of shares of the Segall Bryant & Hamill Mutual Funds, you will separately receive a proxy statement and form of proxy, and your approval will be requested for a new advisory contract between the applicable fund(s) and Segall Bryant & Hamill. We ask that you review such proxy materials and promptly respond to that request for approval.

We value your business and look forward to continuing to serve your investment needs.

Sincerely,

A handwritten signature in black ink, appearing to read 'Philip L. Hildebrandt'.

Philip L. Hildebrandt
Principal, Chief Executive Officer

Consent:

I hereby provide my consent to assign all accounts over which I have authority in accordance with the terms of my signed advisory agreement(s). I understand and acknowledge that this assignment will ensure that Segall Bryant & Hamill, LLC continues to manage my account(s).

Neil M. Guglielmo

Client's Name

Date

Client's Signature

50011033 - LACERS

CI Financial Kickstarts 2021 with Acquisition of Chicago-based Segall Bryant & Hamill, a Leading High-Net-Worth RIA and Institutional Asset Manager with US\$23 Billion in Assets

***Acquisition continues ambitious cross-border growth initiative
and will boost CI's total assets to C\$261 billion***

TORONTO and CHICAGO (January 25, 2021) – [CI Financial Corp.](#) (“CI”) (TSX: CIX; NYSE: CIXX), a diversified global asset and wealth management company, and [Segall Bryant & Hamill, LLC](#) (“SBH”) today announced an agreement under which CI will acquire SBH, a leading high-net-worth-focused registered investment advisor and multi-office institutional investment management firm headquartered in Chicago.

The addition of SBH, once completed, is expected to double CI’s total U.S.-based assets to US\$46.1 billion¹ and demonstrates the firm’s commitment to continued cross-border growth and unwavering belief in the importance of financial advice, planning and investment management.

SBH is both a registered investment advisor (“RIA”) and an institutional asset manager. On a stand-alone basis, SBH’s US\$6.0 billion² wealth management platform is CI’s largest U.S. acquisition to date by asset size. CI is also excited to build on the strong momentum of SBH’s institutional platform, which offers a broad array of both traditional and alternative investment strategies.

“Acquiring Segall Bryant & Hamill is a major step forward as we continue our U.S. expansion,” said Kurt MacAlpine, CI Chief Executive Officer. “SBH has built an incredible business and formed a committed team that embodies the characteristics we look for in our acquisitions. SBH has also displayed a proven ability to adapt to changing market dynamics to deliver a consistently superior level of client service and investment performance through deep fundamental research. I am pleased to announce that the SBH team will remain intact and be a key driver of CI’s growth in the U.S.”

With US\$23.1 billion^{2,3} in assets on its platform and 122 employees, SBH serves a broad array of wealth management, intermediary and institutional clients from offices in Chicago, Denver, Philadelphia, St. Louis and Naples, Florida. Since its founding in 1994, SBH has specialized in providing strong risk-adjusted returns across multiple asset classes to deliver clients customized portfolio solutions and an exceptional client experience.

“The interests of our clients have been at the center of every strategic decision we have made since the firm’s founding over 25 years ago,” said Philip Hildebrandt, Chief Executive Officer of SBH. “Our clients will benefit from the synergies that result when like-minded organizations leverage their talents and resources to enhance the client experience. CI is a strong strategic partner for SBH, providing the capital resources of a large, global investment firm while allowing us to retain our client-centric approach. We are excited to become part of the growing CI family of companies.”

With this acquisition, CI has established a significant presence in U.S. wealth management, both in asset size and

geographic reach. It marks CI's 14th U.S. acquisition (including acquisitions by CI-affiliated RIAs) since January 2020. Following the completion of the SBH transaction, CI's total North American wealth management assets are expected to be approximately US\$82 billion (C\$104 billion) and total assets are expected to reach approximately US\$205 billion (C\$261 billion).¹

Cambridge International Partners served as the exclusive financial advisor to SBH. This transaction is expected to close in the second quarter of 2021, subject to regulatory, stock exchange and other customary closing conditions. Financial terms of this transaction were not disclosed.

About Segall Bryant & Hamill

Segall Bryant & Hamill, LLC is an independent investment firm headquartered in Chicago, with offices in Denver, Philadelphia, St. Louis, and Naples, Florida. The firm was established in 1994 and had over US\$23 billion³ in assets under management/assets under advisement as at December 31, 2020. SBH offers a range of investment strategies and customized solutions for institutional, advisor and wealth management clients, including domestic, international and global equity, fixed income and alternatives.

About CI Financial

CI Financial Corp. is an independent company offering global asset management and wealth management advisory services. CI managed and advised on approximately C\$231 billion (US\$182 billion) in client assets as at December 31, 2020. CI's primary asset management businesses are CI Global Asset Management (CI Investments Inc.) and GSFM Pty Ltd., and it operates in Canadian wealth management through Assante Wealth Management (Canada) Ltd., CI Private Counsel LP, Aligned Capital Partners Inc., CI Direct Investing (WealthBar Financial Services Inc.), and CI Investment Services Inc.

CI's U.S. wealth management businesses consist of Balasa Dinverno Foltz LLC, Bowling Portfolio Management LLC, The Cabana Group, LLC, Congress Wealth Management, LLC, Doyle Wealth Management, LLC, One Capital Management, LLC, The Roosevelt Investment Group, LLC, RGT Wealth Advisors, LLC, Stavis & Cohen Private Wealth, LLC and Surevest LLC.

CI is listed on the Toronto Stock Exchange under CIX and on the New York Stock Exchange under CIXX.

¹ Based on reported assets for SBH and CI as at December 31, 2020.

² As at December 31, 2020.

³ Model UMA assets of approximately US\$209 million are included in the AUA portion of the AUM/AUA total.

This press release contains forward-looking statements concerning anticipated future events, results, circumstances, performance or expectations with respect to CI Financial Corp. ("CI") and its products and services, including its business operations, strategy and financial performance and condition. Forward-looking statements are typically identified by words such as "believe", "expect", "foresee", "forecast", "anticipate", "intend", "estimate", "goal", "plan" and "project" and similar references to future periods, or conditional verbs such as "will", "may", "should", "could" or "would". These statements are not historical facts but instead represent management beliefs regarding future events, many of which by their nature are inherently uncertain and beyond management's control. Although management believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, such statements involve risks and uncertainties. The material factors and assumptions applied in reaching the conclusions contained in these forward-looking statements

include that the acquisition of SBH will be completed and its asset levels will remain stable, the investment fund industry will remain stable and that interest rates will remain relatively stable. Factors that could cause actual results to differ materially from expectations include, among other things, general economic and market conditions, including interest and foreign exchange rates, global financial markets, changes in government regulations or in tax laws, industry competition, technological developments and other factors described or discussed in CI's disclosure materials filed with applicable securities regulatory authorities from time to time. The foregoing list is not exhaustive and the reader is cautioned to consider these and other factors carefully and not to place undue reliance on forward-looking statements. Other than as specifically required by applicable law, CI undertakes no obligation to update or alter any forward-looking statement after the date on which it is made, whether to reflect new information, future events or otherwise.

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CONSENT TO ASSIGN CONTRACT WITH
SEGALL BRYANT & HAMILL, LLC

PROPOSED RESOLUTION

WHEREAS, LACERS has an existing contract with Segall Bryant & Hamill, LLC (SBH) for management of an active U.S. small cap value equities portfolio; and,

WHEREAS, SBH has entered into an acquisition agreement with CI Financial Corp. (CI Financial), a Canadian publicly traded global asset and wealth management advisory services company; and,

WHEREAS, SBH will become a wholly owned subsidiary of CI Financial; and,

WHEREAS, under the Investment Advisers Act of 1940 and pursuant to LACERS' contract with SBH, the change in control of SBH is deemed to be a contract assignment that requires written consent of the Board; and,

WHEREAS, staff has conducted appropriate due diligence on the acquisition of SBH.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby consents to the assignment of LACERS' existing contract with SBH to CI Financial; and, authorizes the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

March 9, 2021