LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Board of Administration Agenda

REGULAR MEETING

TUESDAY, DECEMBER 12, 2017

TIME: 10:00 A.M.

MEETING LOCATION:

LACERS Ken Spiker Boardroom
202 West First Street, Suite 500
Los Angeles, California 90012-4401

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at (213) 473-7169.

President: Jaime L. Lee
Vice President: Michael R. Wilkinson

Commissioners: Annie Chao
Elizabeth L. Greenwood
Cynthia M. Ruiz
Nilza R. Serrano
Sung Won Sohn

Manager-Secretary: Thomas Moutes

Executive Assistant: Ani Ghoukassian

Legal Counsel: City Attorney's Office
Retirement Benefits Division

I. PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION

II. CONSENT AGENDA

A. APPROVAL OF MINUTES FOR BOARD MEETING OF NOVEMBER 28, 2017 AND POSSIBLE BOARD ACTION

B. RECEIVE AND FILE – BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER

C. RECEIVE AND FILE – MARKETING CESSATION NOTIFICATION

D. RECEIVE AND FILE – EDUCATION AND TRAVEL EXPENDITURE REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2017

E. RECEIVE AND FILE – MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR NOVEMBER 2017

F. RECEIVE AND FILE – VICE PRESIDENT WILKINSON BOARD EDUCATION EVALUATION ON THE SACRS 2017 FALL CONFERENCE, NOVEMBER 14-17, 2017

G. RECEIVE AND FILE – COMMISSIONER CHAO BOARD EDUCATION EVALUATION ON THE PREA 27TH ANNUAL INSTITUTIONAL INVESTOR CONFERENCE, OCTOBER 16-18, 2017 AND SACRS 2017 FALL CONFERENCE, NOVEMBER 14-17, 2017

III. DEPARTMENT ADMINISTRATION

A. RECEIVE AND FILE – PRESENTATION OF LACERS' AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2017 BY BROWN ARMSTRONG ACCOUNTANCY CORPORATION

B. CONTRACT WITH LEVI, RAY AND SHOUP, INC. FOR BUSINESS CONTINUANCE PLANNING SERVICES FOR PENSIONGOLD VERSION 3 AND POSSIBLE BOARD ACTION

IV. INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT

B. RECEIVE AND FILE - NOTIFICATION OF COMMITMENT OF UP TO $40 MILLION IN GTCR FUND XII, L.P.

C. RECEIVE AND FILE - NOTIFICATION OF COMMITMENT OF UP TO $10 MILLION IN NMS FUND III, L.P.

D. RECEIVE AND FILE - CORRECTION OF NOTIFICATION OF COMMITMENT OF UP TO $20 MILLION IN UPFRONT VENTURES VI, L.P.

E. PRIVATE EQUITY PORTFOLIO PERFORMANCE REVIEW REPORT FOR THE PERIOD ENDING JUNE 30, 2017

F. REAL ESTATE PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING JUNE 30, 2017

G. CONTRACT WITH CEM BENCHMARKING INC. AND POSSIBLE BOARD ACTION

H. CONSENT OF ASSIGNMENT OF INSTITUTIONAL SHAREHOLDER SERVICES INC'S CONTRACT AND POSSIBLE BOARD ACTION

I. DISCLOSURE REPORT OF FEES, EXPENSES, AND CARRIED INTEREST OF ALTERNATIVE INVESTMENT VEHICLES FOR THE FISCAL YEAR ENDING JUNE 30, 2017 PURSUANT TO GOVERNMENT CODE SECTION 7514.7

V. DISABILITY RETIREMENT APPLICATION(S)

A. CONSIDER THE RETURN TO WORK REQUEST OF RETIREE ROSALYN SOILS AND POSSIBLE BOARD ACTION (HEARING)

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

VI. LEGAL/LITIGATION

A. CLOSED SESSION PURSUANT TO SUBDIVISIONS (a) AND (d)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM, LEGAL COUNSEL REGARDING PENDING LITIGATION, AND POSSIBLE BOARD ACTION. CASE: AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, ET AL. v. CITY OF LOS ANGELES, ET AL. (SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES CASE NO. BS166535)

VII. GENERAL MANAGER SEARCH/SELECTION

A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE APPOINTMENT OF A GENERAL MANAGER FOR THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM AND POSSIBLE BOARD ACTION

B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957.6 TO MEET WITH AND INSTRUCT THE BOARD'S DESIGNATED REPRESENTATIVE(S) FOR NEGOTIATION OF THE NEW GENERAL MANAGER'S SALARY AND FRINGE BENEFITS

VIII. MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS

B. UPCOMING AGENDA ITEMS

IX. OTHER BUSINESS

X. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, January 9, 2018 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XI. ADJOURNMENT

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

LACERS Ken Spiker Boardroom
202 West First Street, Fifth Floor
Los Angeles, California

November 28, 2017

10:19 a.m.

Agenda of:	**DEC. 12, 2017**
Item No:	**II-A**

PRESENT:	President:	Jaime L. Lee
	Vice President:	Michael R. Wilkinson
	Commissioners:	Annie Chao Cynthia M. Ruiz Nilza R. Serrano Sung Won Sohn
	Manager-Secretary:	Thomas Moutes
	Executive Assistant:	Ani Ghoukassian
	Legal Counsel:	Joshua Geller
ABSENT:	Commissioner:	Elizabeth L. Greenwood

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

I

PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION - President Lee asked if there were any persons who wished to speak on matters within the Board's jurisdiction, to which there was no response; no comment cards were received.

II

CONSENT AGENDA

A. APPROVAL OF MINUTES FOR BOARD MEETING OF NOVEMBER 13, 2017 AND POSSIBLE BOARD ACTION - A Motion to approve the minutes of November 13, 2017 was moved by Commissioner Serrano, seconded by Commissioner Ruiz, and adopted by the following vote: Ayes, Commissioners Chao, Ruiz, Serrano, Sohn, Vice President Wilkinson, and President Lee -6; Nays, None.

III

COMMITTEE REPORT(S)

A. AUTHORIZATION TO RELEASE HEALTH AND WELFARE CONSULTANT REQUEST FOR PROPOSAL AND POSSIBLE BOARD ACTION – Bruce Bernal, Assistant Division Manager of Health Benefits and Communications Division discussed the Health and Welfare Consultant Request for Proposal. A motion to adopt staff's recommendation was moved by Commissioner Ruiz, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Ruiz, Serrano, Sohn, Vice President Wilkinson, and President Lee -6; Nays, None.

Item V, VI, VII, and VIII taken out of order.

V

DISABILITY RETIREMENT APPLICATION(S)

A. CONSIDER THE DISABILITY RETIREMENT APPLICATION OF MICHAEL KARATSONYI AND POSSIBLE BOARD ACTION – Anna Ingram of Retirement Services Division discussed this retirement application. The Board recommended a second opinion for specialty physician one. A motion to adopt the Board's recommendation was moved by Commissioner Ruiz, seconded by Vice President Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Ruiz, Serrano, Sohn, Vice President Wilkinson, and President Lee -6; Nays, None.

VI

REAL ESTATE

A. CONTRACT AWARD TO TRAVERS CRESA FOR REAL ESTATE SERVICES AND POSSIBLE BOARD ACTION – Jim Travers, Dennis Smith, and Michael Bloes of Travers Cresa made a presentation regarding the real estate services they provide. After discussion by the Board and staff, a motion to adopt staff's recommendation was moved by Commissioner Ruiz, seconded by Vice President Wilkinson, and adopted by the following vote: Ayes, Commissioner Chao, Ruiz, Sohn, Vice President Wilkinson, and President Lee -5; Abstention, Commissioner Serrano -1; Nays, None.

President Lee adjourned the Regular Meeting at 10:58 a.m. to convene in Closed Session.

VII

LEGAL/LITIGATION

A. CLOSED SESSION PURSUANT TO SUBDIVISIONS (a) AND (d)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM, LEGAL COUNSEL REGARDING PENDING LITIGATION, AND POSSIBLE BOARD ACTION. CASE: AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, ET AL. v. CITY OF LOS ANGELES, ET AL. (SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES CASE NO. BS166535)

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B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957.6 TO MEET WITH AND INSTRUCT THE BOARD'S DESIGNATED REPRESENTATIVE(S) FOR NEGOTIATIONS OF THE NEW GENERAL MANAGER'S SALARY AND FRINGE BENEFITS

The Board reconvened at 11:00 a.m. and took a brief recess from the Regular Meeting at 11:01 a.m.

President Lee reconvened the Regular Meeting at 11:18 a.m. and announced that during Closed Session the Board conferred with legal counsel regarding item number VII-A and had no updates on the General Manager Search/Selection items.

IV

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Chief Investment Officer Rod June reported on the portfolio value, $17.06 billion as of November 27, 2017.

B. RECEIVE AND FILE – PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2017 – Carolyn Smith and Kevin Novak of NEPC, LLC made a presentation on the Portfolio Performance Review Quarter Ending September 30, 2017. There were several requests for additional information made by the Board. This Report was received by the Board and filed.

C. PRESENTATION BY NEPC, LLC REGARDING EMERGING INVESTMENT MANAGER PROGRAM – Carolyn Smith and Kevin Novak of NEPC, LLC made a presentation on the Emerging Investment Manager Program. The Board discussed the item and made several requests for additional information. This Report was received by the Board and filed.

IX

MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Tom Moutes, General Manager, discussed the the new Pension Administration System (PAS) and staff's preparation for parallel testing in January 2018 and that the LACERS *Well* Retiree Wellness Program will be presenting to the Joint Labor Management Benefits Committee. He also stated it has been announced that the 2018 Medicare Part B Premium will be $134 per month, an increase of $25 per month.

B. UPCOMING AGENDA ITEMS – Tom Moutes, General Manager, stated the LACERS Audited Financial Statements will be on the agenda in December.

X

OTHER BUSINESS – There was no other business.

XI

NEXT MEETING: The next Regular Meeting of the Board is scheduled for Tuesday, December 12, 2017, at 10:00 a.m., in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XII

ADJOURNMENT – There being no further discussion before the Board, President Lee adjourned the meeting at 1:07 p.m.

Jaime L. Lee
President

Thomas Moutes
Manager-Secretary

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM II-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

Member Name	Service	Department	Classification
Akins, Harvey	23	GSD - Fleet Services	Automotive Supervisor
Amin, Mahendra	34	PW - ENGINEERING	Civil Eng Associate
Aune, Robert	31	ITA	Commun Electrician Supv
Austria, Ariel	19	Fire Dept. - Civilian	Sr Accountant
Banales, Maria A.	17	Dept. of Airports	Custodian
Berkowitz, Jay	32	Dept. of Airports	Photographer
Bivens, Mark	33	Dept. of Transportation	Sr Traf Supv
Bomer, David	22	Police Dept. - Civilian	Municipal Police Sergeant
Brahms, Bryan	14	Dept. of Airports	Management Analyst
Brooks, Durward	31	Dept. of Transportation	Traf Officer
Brosius, James	31	PW - Resurf & Reconstr	Street Svcs Supv
Brown, Dolores	18	Personnel Dept.	Admin Clerk
Butler, Zannie	37	Police Dept. - Civilian	Admin Clerk
Calcaterra, Mark	30	Dept. of Rec. & Parks	Park Ranger
Carter, Leonard	29	GSD - Bldg. Svcs.	Roofer
Castro, Raymond	29	Dept. of Rec. & Parks	Gardener Caretaker
Chan, Ferdinand	30	PW - St. Improv Div.	Civil Engineer
Correa, Salvador	30	GSD - Fleet Services	Automotive Supervisor
Cuellar, Robert	27	PW - Solid Resource	Ref Coll Truck Opr / Oneman
Cunningham, Steven	34	PW - Solid Resource	Ref Coll Truck Opr / Oneman
Del Valle, Belkis	30	Dept. of Transportation	Sr Mgmt Analyst
Diaz, Ronald	21	LA Housing Dept.	Sr Housing Inspector
Dobashi, Mark	14	PW - Special Proj	Plumber
Enriquez, Laura	19	Dept. of Airports	Custodian
Espinoza, Lynne	13	Fire Dept. - Civilian	Sr Admin Clerk
Floyd, Donald	21	ITA	Commun Info Rep
Goldfield, Tatyana	31	PW - Sanitation	Envr Engr Assoc
Gonzalez, Edith	28	EWDD	Admin Clerk
Hermosillo, Shirley	33	Dept. of Rec. & Parks	Sr Admin Clerk
Haas, James Joseph	32	PW - Contract Admin	Sr Constr Inspector
Hoo, Karen	34	City Planning Dept.	City Planner
Huang, Lee	32	PW - Sanitation	W/Wtr Trmt Lab Mgr
Kawada Mack, Jenny	20	Fire Dept. - Civilian	Sr Admin Clerk
Kuykendall, Michael	27	Harbor Dept.	Equip Operator
Long, Kathryn	0.7	Mayor's Office	Mayoral Aide
Louie, Frances	19	LA Housing Dept.	Sr Admin Clerk

Maclean, David	30	Dept. of Bldg. & Safety	PR Inspector
Martinez, Leo	35	PW - Sanitation	Asst Dir Bur Sanitation
Martinez, Mario	33	PW - Solid Resource	Ref Coll Truck Opr / Oneman
Mc Osker, Timothy	10	Mayor's Office	Chief Of Staff Mayor
Moore, Hiawatha	16	Police Dept. - Civilian	Admin Clerk
Morimoto, Mike	11	GSD - Bldg. Fac Mgmt.	Custodian
Morones, Ralph	44	Dept. of Airports	Airport Manager
Myung, Sunmi	31	Fire Dept. - Civilian	Systems Analyst
Nicholson, William	27	PW - Resurf & Reconstr	Equip Operator
Nunez, Mary	30	Police Dept. - Civilian	Police Service Rep
Oskierko, Charles	12	PW - Sanitation	Ref Coll Truck Opr / Oneman
Palomino, Victor	20	Police Dept. - Civilian	Systems Analyst
Park, Jae H.	30	Dept. of Airports	Sign Painter
Perez, Alicia	1	Library Dept.	Messenger Clerk
Prieto, Martha	33	PW - General Office	Sr Admin Clerk
Quemada, Jeff	30	PW -Solid Resource	Ref Coll Truck Opr / Oneman
Rehberg, Robert	28	PW - Sanitation	Ref Coll Truck Opr / Oneman
Romero, Carlos	27	Office of Finance	Tax Compliance Officer
Ryan, David P.	38	ITA	Sr Commun Elect Supv
Saguanpong, Surapol	18	GSD - Fleet Services	Garage Attendant
Salazar, Hector	33	Dept. of Rec. & Parks	Rec Facility Director
Salcedo, Leonard	18	Police Dept. - Civilian	Polygraph Examiner
Sandoval, Juan	5	Dept. of Rec. & Parks	Special Prog Asst
Scranton, Wayne	30	GSD - Bldg. Fac Mgmt.	Sr Custodian
Sindayen, Angel	34	Dept. of Bldg. & Safety	Sr Build Mech Inspectr
Solis, Lilia	35	Library Dept.	Management Analyst
Takahashi, Marian	32	ITA	Systems Programmer
Taylor, Mary	22	Police Dept. - Civilian	Management Analyst
Telles, David	31	Police Dept. - Civilian	Management Analyst
Thompson, Alan	32	Dept. of Transportation	Sr Traf Supv
Tong, Dung	33	PW - Engineering	Mech Engr Assoc
Trama, Lydia	8	Dept. of Rec. & Parks	Recreation Asst.
Van Wyk, Lynda	9	Admin Clerk	Library
Vincent, Lance	32	PW - Sanitation	Sanitation Wastewater Manager
Wilson, Daniel	10	Personnel Dept.	Pr Workers Comp Analyst
Wong, Sam	22	PW - Engineering	Sr Real Estate Officer
Yen, Shan	30	ITA	Programmer/Analyst
Yip, Willis	25	PW - Engineering	Architect

DEATH BENEFIT PAYMENTS

DECEASED	BENEFICIARY/PAYEE
Alonso, Felix L. (Deceased Active)	Marilyn Bermudez Alonso for payment of the Vested Retirement Survivorship Allowance
Andrews, Harold W.	Erlinda R. Andrews for payment of the Burial Allowance
Asuncion, Thomas B.	Helen Asuncion Peig for payment of the Accrued But Unpaid Retirement Allowance Accrued But Unpaid Continuance Allowance
	Joe Tolentino Asuncion for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance Accrued But Unpaid Continuance Allowance
	Thomas T. Asuncion for payment of the Accrued But Unpaid Retirement Allowance Accrued But Unpaid Continuance Allowance
	Susan T. Asuncion for payment of the Accrued But Unpaid Retirement Allowance Accrued But Unpaid Continuance Allowance
Baca, Eleanor	Celia Bowman for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance
Bassman, Robert M.	Morey Steven Bassman for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance
Berling, William J.	Mary Jean Berling for payment of the Burial Allowance
Biles, Mary H.	Lisa Livingston Davis for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance
Bogdanovic, Dragoslav	Linda Bogdanovic for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance

Cash, Betty	Ilene Joy Garman for payment of the Accrued But Unpaid Retirement Allowance
Chavez, Dolores	Mary Grace Jaramillo Carrico for payment of the Accrued But Unpaid Retirement Allowance
Cotton, Elijah	Mona Lisa Lamb Cotton for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance
Felix, Juliet M.	Sandra Gene Pride for payment of the Accrued But Unpaid Retirement Allowance
Fisher, Terrance S.	David Edward Fisher for payment of the Accrued But Unpaid Retirement Allowance
	Teresa Shea Nickerson for payment of the Accrued But Unpaid Retirement Allowance
Frierson, Susie D.	John W. Frierson for payment of the Burial Allowance
Gabriel, Arthur J.	Carrie A. Gabriel for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance
Garcia, Jorge C.	Moyra M. Garcia for payment of the Burial Allowance
Greene, Nathaniel R.	Jacquelyn G. Howard for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance
Grieshaber, Edith K.	Karen Ann May for payment of the Accrued But Unpaid Retirement Allowance
Hansen, Joan P.	Michael Lee Hansen for payment of the Accrued But Unpaid Retirement Allowance
Hawkins, Mary Isabel	Sherrilyn Renee Condon for payment of the Accrued But Unpaid Retirement Allowance
Heard, Norma J.	Rachelle L. Heard for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance

Jacobs, Marian M.	Beretha Shirlett Jacobs for payment of the Accrued But Unpaid Retirement Allowance
Joe, Nancy W.	Dennis Chek Joe for payment of the Accrued But Unpaid Retirement Allowance
Jones, Evelyn L.	Shari L. Hernandez for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance Unused Contributions
Jones, Genice	Kamesha Twanette Jones for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance Unused Contributions
Jones, James L.	Rekesha R. Stewart for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance
Lauro, Tony G.	Tony G. and Thelma A. Lauro Trust for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance Unused Contributions
Lespron, Jo Ann M.	Maria Guadalupe Alvarez for payment of the Accrued But Unpaid Retirement Allowance
Loya, Delia S.	Cecilia O. Corder for payment of the Accrued But Unpaid Retirement Allowance
Macias, John R.	Melissa Jane Schuman for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance Unused Contributions
Mansell, Lamond	Julanda G. Morgan for payment of the Burial Allowance
Marshall, Alexis T. (Deceased Active)	Tyronda Ebony Dashiell for payment of the Accumulated Contributions
Mc Coy, Charles E.	Charles E. Mc Coy Family Trust for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance

Melvin, Ursula H.	Bruce Walter Melvin for payment of the Accrued But Unpaid Retirement Allowance
Moore, Donald F.	Mary Moore for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance
Moreno, Miguel Vicencio (Deceased Active)	Maria Moreno for payment of the Vested Retirement Survivorship Allowance
Niemans, Johanna P.	Leonard Martinus Niemans for payment of the Accrued But Unpaid Retirement Allowance
	John Cornelis Niemans for payment of the Accrued But Unpaid Retirement Allowance
Penir, Bradley J.	Lindsay Stephanie Martinez for payment of the Burial Allowance
Quinlan, Marion N.	Wayne and Natalie Quinlan Living Trust for payment of the Accrued But Unpaid Retirement Allowance
Ramirez, Maria T.	Maria Del Carmen Armenta for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance
Ramirez, Veralicia (Deceased Active)	Jose Luis Valadez Ramirez for payment of the Disability Retirement Survivorship Allowance
Roberts, Henry R.	Emmett R. Roberts for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance
Shannon, Dennis P.	Erin Jennifer Yela for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance
Shinsato, Helen T.	Wayne Tadashi Shinsato for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance
Stevens, Milton F.	Darlene A. Allande for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance

Sullivan, Shirley J.	Dawn Sullivan Fielder for payment of the Accrued But Unpaid Retirement Allowance
Teruya, Stanley S.	Carolyn Naomi Wang for payment of the Burial Allowance
Udell, Carole C.	Anna Elizabeth Udell for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance
	Gina Chatfield Pike for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance
Vega, Petra	Martha Vega Chavez for payment of the Accrued But Unpaid Retirement Allowance
Villarosa, Crisanto M.	Nelson Buenaventura Villarosa for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance
Wagner, Frank D.	Yolanda N. Wagner for payment of the Burial Allowance
Walker, Elvie	Donna Marie Walker-Blount for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance
Whatley, Lindsay Ray	Lori Ann Whatley for payment of the Burial Allowance
Willis, Furman O.	Pamela Quintus for payment of the Accrued But Unpaid Retirement Allowance Burial Allowance

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
Securing Your Tomorrows

Agenda of: DECEMBER 12, 2017

Item No: II-C

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 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.

Attachments 3 through 5 detail all other departmental contracts, and are provided for informational purposes only.

Attachments:
1) Contracts Under Consideration for Renewal
2) Active RFPs and RFQs
3) List of All Current Contracts
4) Outside Counsel Contracts
5) Contracts Less Than One Year and $20,000

ATTACHMENT 1

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM CONTRACTS LIST
FOR THE DECEMBER 12, 2017 BOARD MEETING

CONTRACTS UNDER CONSIDERATION FOR RENEWAL (MARKETING CESSATION NOTIFICATION)

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
						START	END
	INVESTMENTS						
1	Institutional Shareholder Services Inc.	Proxy Voting Analysis Services	3/1/2012	2/28/2018	Contract expires on 2/28/2018.	10/1/2017	2/28/2018
2	CenterSquare Investment Management, Inc.	Active U.S. REITs	4/1/2015	3/31/2018	Contract renewal approved by the Board on 11/7/2017; in progress.	10/1/2017	3/31/2018
3	BlackRock Institutional Trust, N.A.	Multi Passive Index	6/1/2013	5/31/2018	Contract expires on 5/31/2018.	12/1/2017	5/31/2018
4	CoreCommodity Management, LLC	Active Long-Only Commodities	6/1/2015	5/31/2018	Contract expires on 5/31/2018.	12/1/2017	5/31/2018
	HEALTH BENEFITS						
5	Anthem 2017	Medical HMO & PPO	1/1/2018	12/31/2018	Board approved on 8/22/2017; Contract under review for execution.	9/30/2017	3/31/2018
6	Kaiser 2017	Medical HMO	1/1/2018	12/31/2018	Board approved on 8/22/2017; Contract under review for execution.	9/30/2017	3/31/2018
7	SCAN 2017	Medical HMO	1/1/2018	12/31/2018	Board approved on 8/22/2017; Contract under review for execution.	9/30/2017	3/31/2018
8	UnitedHealthcare 2017	Medical HMO	1/1/2018	12/31/2018	Board approved on 8/22/2017; Contract under review for execution.	9/30/2017	3/31/2018
9	Delta Dental 2017	Dental PPO and HMO	1/1/2018	12/31/2018	Board approved on 8/22/2017; Contract under review for execution.	9/30/2017	3/31/2018

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM CONTRACTS LIST
FOR THE DECEMBER 12, 2017 BOARD MEETING

10	Anthem Blue View Vision 2017	Vision Services Contract	1/1/2018	12/31/2018	Board approved on 8/22/2017; Contract under review for execution.	9/30/2017	3/31/2018

*RESTRICTED PERIOD

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 estimated end date of the restricted period is three (3) months following the expiration date of the current contract. For investment-related contracts, the estimated end date is six (6) months following the expiration of the current contract. For health carrier contracts, the estimated end date is one (1) year following the expiration of the current contract. Estimated dates are based on contract negotiation periods from prior years.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM CONTRACTS LIST
FOR THE DECEMBER 12, 2017 BOARD MEETING

ACTIVE RFPs AND RFQs* (MARKETING CESSATION NOTIFICATION)

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES
		INVESTMENTS
1	Investment Transition Management Services	**RFP Release Date:** December 12, 2016
		Submission Deadline: February 13, 2017
		Status: Board awarded contracts to Abel Noser, LLC; BlackRock Institutional Trust Company, N.A.; Citigroup Global Markets Inc.; Loop Capital Markets LLC; Macquarie Capital (USA) Inc.; and Penserra Transition Management LLC; on August 22, 2017.
		List of Respondents: Abel Noser, LLC; BlackRock Institutional Trust Company, N.A.; Citigroup Global Markets Inc.; Loop Capital Markets LLC; Macquarie Capital (USA) Inc.; Northern Trust Investments Inc.; Pavilion Global Markets Ltd.; Penserra Transition Management LLC; Russell Investments Implementation Services, LLC; State Street Bank and Trust Company
2	Private Equity Consulting Services	**RFP Release Date:** October 30, 2017
		Submission Deadline: December 15, 2017
		Status: Awaiting responses.
3	Health and Welfare Consultant Services	**RFP Release Date:** November 29, 2017
		Submission Deadline: December 27, 2017
		Status: Awaiting responses.

* 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.

ATTACHMENT 3

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM CONTRACTS LIST
FOR THE DECEMBER 12, 2017 BOARD MEETING

LIST OF ALL CURRENT CONTRACTS

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE
		INVESTMENTS		
1	Institutional Shareholder Services Inc.	Proxy Voting Analysis Services	3/1/2012	2/28/2018
2	CenterSquare Investment Management, Inc.	Active U.S. REITs	4/1/2015	3/31/2018
3	CoreCommodity Management, LLC	Active Long-Only Commodities	6/1/2015	5/31/2018
4	BlackRock Institutional Trust, N.A.	Multi Passive Index	6/1/2013	5/31/2018
5	Neuberger Berman Fixed Income LLC	Active Core Fixed Income	7/1/2013	6/30/2018
6	Sankaty Advisors, LLC	Active U.S. Bank Loans	7/1/2015	6/30/2018
7	Portfolio Advisors, LLC	Private Equity Consulting Services	1/25/2014	7/24/2018
8	The Northern Trust Company	Master Custody Services	8/1/2015	7/31/2018
9	The Northern Trust Company	Compliance Analyst Service and/or Event Analyst Services	8/1/2015	7/31/2018
10	The Northern Trust Company	Risk Services	8/1/2015	7/31/2018
11	The Northern Trust Company	Integrated Disbursement Service	8/1/2015	7/31/2018
12	The Northern Trust Company	Private Monitor Analytical Services (Core Services)	8/1/2015	7/31/2018
13	The Northern Trust Company	Securities Lending Services	9/1/2015	7/31/2018
14	EAM Investors, LLC	Active U.S. Small Cap Growth Equities	10/1/2015	9/30/2018
15	AJO, LP	Active Large Cap Value Equities	11/1/2010	10/31/2018
16	LM Capital Group, LLC	Active Domestic Fixed Income	3/1/2011	2/28/2019
17	Robert W. Baird & Co., Inc.	Active Domestic Fixed Income	3/1/2011	2/28/2019
18	AEGON USA Investment Management, LLC	Active U.S. High Yield Fixed Income	4/1/2016	3/31/2019

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM CONTRACTS LIST
FOR THE DECEMBER 12, 2017 BOARD MEETING

LIST OF ALL CURRENT CONTRACTS

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE
19	Loomis, Sayles & Company, L.P.	Active Core Domestic Fixed Income	8/1/2011	7/31/2019
20	Barrow, Hanley, Mewhinney & Strauss, LLC	Active Non-U.S. Equities Developed Markets Value	10/1/2013	9/30/2019
21	Lazard Asset Management, LLC	Active Non-U.S. Equities Developed Markets Core	10/1/2013	9/30/2019
22	MFS Institutional Advisors, Inc.	Active Non-U.S. Equities Developed Markets Growth	10/2/2013	9/30/2019
23	Axiom International Investors, LLC	Active Growth Non-U.S. Emerging Markets Equities	1/1/2014	12/31/2019
24	Quantitative Management Associates, LLC	Active Core Non-U.S. Emerging Markets Equities	1/1/2014	12/31/2019
25	Oberweis Asset Management, Inc.	Active Non-U.S. Small Cap Equities	1/1/2014	12/31/2019
26	AQR Capital Management, LLC	Active Non-U.S. Small Cap Equities	2/1/2014	1/31/2020
27	Panagora Asset Management, Inc.	Active Domestic Small Cap Value Equity	2/1/2012	1/31/2020
28	Prudential Investment Management, Inc.	Active Emerging Market Debt	3/1/2014	2/28/2020
29	Principal Global Investors, LLC	Active U.S. Mid Cap Core Equities	7/1/2014	6/30/2020
30	Dimensional Fund Advisors, LP	Active Non-U.S. Equities Emerging Markets Value	7/1/2014	6/30/2020
31	Dimensional Fund Advisors, LP	Active U.S. Treasury Inflation Protected Securities ("TIPS")	7/1/2014	6/30/2020
32	Rhumbline Advisors	U.S. Equity Index Funds	4/1/2016	3/31/2021
33	State Street Bank and Trust Company	Multi Passive Index	6/1/2013	5/31/2021
34	Townsend Holdings LLC	Real Estate Consulting Services	4/1/2014	3/31/2022
35	State Street Global Advisors	MSCI World Ex-U.S. IMI Index	7/1/2014	6/30/2022
36	NEPC, LLC	General Pension Fund Consulting Services	7/1/2017	6/30/2022

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM CONTRACTS LIST
FOR THE DECEMBER 12, 2017 BOARD MEETING

LIST OF ALL CURRENT CONTRACTS

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE
		HEALTH BENEFITS		
37	Anthem 2017	Medical HMO & PPO	1/1/2017	12/31/2017
38	Kaiser 2017	Medical HMO	1/1/2017	12/31/2017
39	SCAN 2017	Medical HMO	1/1/2017	12/31/2017
40	UnitedHealthcare 2017	Medical HMO	1/1/2017	12/31/2017
41	Anthem Blue View Vision 2017	Vision Services Contract	1/1/2017	12/31/2017
42	Keenan & Associates	Health and Welfare Consultant	3/1/2015	2/28/2018
43	Delta Dental 2017	Dental PPO and HMO	1/1/2016	12/31/2019
		COMMUNICATIONS		
44	KES Mail	Mail and Fulfillment	7/1/2012	6/30/2018
45	California Marketing	Mail and Fulfillment	7/1/2012	6/30/2018
		RETIREMENT SERVICES		
46	Medical Support Los Angeles	Disability Services	1/1/2015	12/31/2017
47	CoventBridge	Investigative Services	9/1/2014	8/31/2018
48	Frasco Investigative Services	Investigative Services	9/1/2014	8/31/2018
49	QTC Medical Group	Disability Services	1/1/2015	12/31/2020

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM CONTRACTS LIST
FOR THE DECEMBER 12, 2017 BOARD MEETING

LIST OF ALL CURRENT CONTRACTS

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE
		SYSTEMS		
50	Levi, Ray & Shoup, Inc.	PensionGold Version 3 - Professional Services Agreement	3/1/2013	2/28/2019
51	Linea Solutions	Pension Admnistration System Consultant	6/1/2012	3/31/2019
52	Levi, Ray & Shoup, Inc.	PensionGold Version 3 - Maintenance and Support Agreement	5/24/2017	5/23/2022
53	Levi, Ray & Shoup, Inc.	PensionGold Version 2 - Maintenance, Support, and Business Continuance Services	7/1/2014	2/28/2024
54	Levi, Ray & Shoup, Inc.	Pension Gold Version 2 - License Agreement	1/27/1997	Perpetuity
55	Levi, Ray & Shoup, Inc.	PensionGold Version 3 - License Agreement	3/1/2013	Perpetuity
		INTERNAL AUDIT		
56	Brown Armstrong	External Auditing Services	6/15/2016	6/14/2018
		ADMINISTRATIVE SERVICES		
57	The Segal Company	Actuarial Consulting Services	8/1/2012	7/31/2018
58	Cortex Applied Research Inc.	Board Governance Consulting Services	6/13/2017	6/12/2020
59	Mosaic Governance Advisors, LLC	Board Governance Consulting Services	6/13/2017	6/12/2020
60	Onni Times Square, L.P.	Office Lease	8/1/2012	3/31/2023

ATTACHMENT 4

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM CONTRACTS LIST
FOR THE DECEMBER 12, 2017 BOARD MEETING

OUTSIDE COUNSEL CONTRACTS
(NON-MARKETING CESSATION NOTIFICATION)

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	DEPARTMENT MANAGING CONTRACT
1	Steptoe & Johnson, LLP	Legal Services - Litigation	3/18/2012	Termination of Litigation	LACERS
2	Kaplan Fox & Kilsheimer LLP	Legal Services - Litigation	1/26/2012	Termination of Litigation	Office of the City Attorney
3	Olson Hagel & Fishburn, LLP	Legal Services - Fiduciary Law	11/10/2014	11/9/2017	Office of the City Attorney
4	Ice Miller, LLP	Legal Services - Tax Law	6/16/2015	6/15/2018	Office of the City Attorney
5	Steptoe & Johnson, LLP	Legal Services	3/15/2016	3/14/2019	Office of the City Attorney
6	Nossaman, LLP	Legal Services - Real Estate and Alternative Investments	6/16/2016	6/15/2019	Office of the City Attorney
7	Nossaman LLP	Legal Services - Fiduciary Law	10/1/2016	9/30/2019	Office of the City Attorney

Contracts shown in red have expired terms

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM CONTRACTS LIST
FOR THE DECEMBER 12, 2017 BOARD MEETING

CONTRACTS LESS THAN ONE YEAR AND $20,000 (NON-MARKETING CESSATION NOTIFICATION)

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE
RETIREMENT SERVICES				
1	Life Status 360	Death Auditing	9/17/2009	month-to-month
COMMUNICATIONS				
2	iContact	Mass Email Distrbution Service	7/1/2014	year-to-year
3	Higher Ground	Service Center Call Recording Services	9/23/2014	year-to-year
ADMINISTRATIVE SERVICES				
4	Time Warner	Internet Service Provider	8/30/2012	month-to-month
5	MIR3	Automated Call Out System	1/17/2014	year-to-year
6	Iron Mountain	Onsite Confidential Document Shredding	7/1/2014	month-to-month
7	Agility Recovery	Business Continuity Services	10/1/2015	year-to-year

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Report to Board of Administration

From: Thomas Moutes, General Manager

Agenda of: **DECEMBER 12, 2017**

ITEM: **II-D**

SUBJECT: **EDUCATION AND TRAVEL EXPENDITURE REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2017**

Recommendation:

That the Board receive and file this report.

Discussion:

A report of Board and staff travel expenditures is provided to the Board on a quarterly basis pursuant to the Board Education and Travel Policy. The total travel expenditure for the quarter ending September 30, 2017 was $16,584.65 or 10.3% of the $161,530.00 total budget for Fiscal Year 2017-18.

	FY 2017-18 Budget	Quarter Ending 09/30/17		Year-to-Date	
		Amount	Budget %	Amount	Budget %
Board	$ 35,000.00	$ 0.00	0.0%	$ 0.00	0.0%
Staff	$ 45,080.00	$ 9,665.02	21.4%	$ 9,665.02	21.4%
Investment Administration	$ 81,450.00	$ 6,919.63	8.5%	$ 6,919.63	8.5%
Total	$161,530.00	$ 16,584.65	10.3%	$ 16,584.65	10.3%

The attached report details the travel expenses for educational conferences attended by Board Members; investment due diligence visits conducted by Investment Division staff; and educational conferences and training courses attended by LACERS staff during the Fiscal Year 2017-18. The reported costs include registration and airfare expenditures paid directly by LACERS, as well as the amount reimbursed to Board Members and staff.

This report was prepared by Mikyong Jang, Departmental Chief Accountant III.

TM:DWN:MJ:LB

Attachment: LACERS Board and Staff Education, Training, Investment Administration Related Travel Quarterly Expenditure Report

ATTACHMENT

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
BOARD MEMBERS' EDUCATION AND RELATED TRAVEL REPORT
FOR THE PERIOD JULY 1, 2017 TO SEPTEMBER 30, 2017

BOARD MEMBER	EXPENDITURES QE 09/30/17	EXPENDITURES YTD AS OF 09/30/17	ANNUAL MAX. AMT./TRUSTEE*	BALANCE TO ANNUAL MAX. LIMIT
CYNTHIA RUIZ	$ -	$ -	$ 10,000.00	$ 10,000.00
ELIZABETH GREENWOOD	-	-	10,000.00	10,000.00
JAIME LEE	-	-	10,000.00	10,000.00
MICHAEL WILKINSON	-	-	10,000.00	10,000.00
NILZA SERRANO	-	-	10,000.00	10,000.00
ANNIE CHAO	-	-	10,000.00	10,000.00
SUNG WON SOHN	-	-	10,000.00	10,000.00
TOTAL EDUCATION & TRAVEL EXP. & ANNUAL LIMIT	**$ -**	**$ -**	**$ 70,000.00**	**N/A**
TOTAL EDUCATION & TRAVEL EXPENSE BUDGET (%) **	**0.0%**	**0.0%**		

* Annual maximum education & travel limit per trustee is $10,000.
** As not all Board Members attend conferences, the total annual education & travel budget for the Board Members was approved at $35,000, to be increased if needed.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
STAFF EDUCATION AND RELATED TRAVEL EXPENDITURE REPORT
FOR THE PERIOD JULY 1, 2017 TO SEPTEMBER 30, 2017

NAME	ORGANIZATION	CONFERENCE TITLE	LOCATION	START DATE	END DATE	REGISTRATION	AIRFARE	LODGING	OTHER TRAVEL EXP.	TOTAL EXPENSE
TANZI COLE*	CALAPRS	CALAPRS ADMINISTRATIVE ROUNDTABLE	SAN JOSE, CA	09/14/17	09/15/17	$ -	$ 139.40	$ -	$ -	$ 139.40
LIN LIN	IPMA-HR	2017 IPMA-HR INTERNATIONAL TRAINING CONFERENCE AND EXPO	SAN ANTONIO, TX	09/17/17	09/20/17	499.00	370.40	700.50	249.50	1,819.40
CHARLENA FREEMAN	IPMA-HR	2017 IPMA-HR INTERNATIONAL TRAINING CONFERENCE AND EXPO	SAN ANTONIO, TX	09/17/17	09/20/17	499.00	370.40	-	219.70	1,089.10
DANIEL GOTO	DISASTER RECOVERY JOURNAL (DRJ)	DRJ FALL WORLD 2017	PHOENIX, AZ	09/17/17	09/20/17	1,075.50	234.06	398.49	276.36	1,984.41
JOHN KOONTZ	DISASTER RECOVERY JOURNAL (DRJ)	DRJ FALL WORLD 2017	PHOENIX, AZ	09/17/17	09/20/17	1,075.50	217.57	398.49	210.00	1,901.56
TANEDA LARIOS	LRS RETIREMENT SOLUTIONS	PENSIONGOLD TEAMING 2017	SPRINGFIELD, IL	09/18/17	09/21/17	-	381.96	362.73	258.64	1,003.33
LOUCIN ARTINIAN	LRS RETIREMENT SOLUTIONS	PENSIONGOLD TEAMING 2017	SPRINGFIELD, IL	09/18/17	09/21/17	-	381.96	362.73	109.00	853.69
BRIAN CHA	LRS RETIREMENT SOLUTIONS	PENSIONGOLD TEAMING 2017	SPRINGFIELD, IL	09/18/17	09/21/17	-	381.96	362.73	129.44	874.13
STAFF'S TOTAL EDUCATION & TRAVEL EXPENDITURES FOR THE 1ST QUARTER ENDING 09/30/17:						**$ 3,149.00**	**$ 2,477.71**	**$ 2,585.67**	**$ 1,452.64**	**$ 9,665.02**
STAFF'S ANNUAL BUDGET FOR EDUCATION & TRAVEL EXPENDITURES / YTD TRAVEL EXPENDITURES (AMOUNT & %):						**$45,080.00**		**$9,665.02**		**21.4%**
ANNUAL DEPT. BUDGET FOR EDUCATION & TRAVEL EXPENDITURES / STAFF YTD TRAVEL EXPENDITURES (AMOUNT & %):						**$161,530.00**		**$9,665.02**		**6.0%**

* Cancelled trip: Employee was leaving LACERS. Airfare was non-refundable.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT ADMINISTRATION AND RELATED TRAVEL EXPENDITURE REPORT
FOR THE PERIOD JULY 1, 2017 TO SEPTEMBER 30, 2017

NAME	ORGANIZATION	CONFERENCE TITLE	LOCATION	START DATE	END DATE	REGISTRATION	AIRFARE	LODGING	OTHER TRAVEL EXP.	TOTAL EXPENSE
JIMMY WANG	ILPA	ILPA INSTITUTE LEVEL 11 MODULE 1, 4, & 5	CHICAGO, IL	07/09/17	07/14/17	$ 3,897.00	$ 486.40	$ 1,080.10	$ 408.29	$ 5,871.79
RODNEY JUNE	AAAIM	2017 NATIONAL CONFERENCE	NEW YORK, NY	09/06/17	09/07/17	-	566.40	329.45	151.99	1,047.84
INVESTMENT ADMINISTRATION TRAVEL EXPENDITURES FOR THE 1ST QUARTER ENDING 09/30/17:						**$ 3,897.00**	**$ 1,052.80**	**$ 1,409.55**	**$ 560.28**	**$ 6,919.63**
INVESTMENT ADMINISTRATION ANNUAL BUDGET FOR TRAVEL EXPENDITURES / YTD TRAVEL EXPENDITURES (AMOUNT & %):						**$81,450.00**		**$6,919.63**		**8.5%**
ANNUAL DEPARTMENTAL BUDGET FOR TRAVEL EXPENDITURES / INVESTMENT ADMIN. YTD TRAVEL EXPENDITURES (AMOUNT & %):						**$161,530.00**		**$6,919.63**		**4.3%**

Agenda of:	**DEC 12 2017**
Item No:	**II-E**

MONTHLY REPORT ON SEMINARS AND CONFERENCES
ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS
(FOR THE MONTH OF NOVEMBER 2017)

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

BOARD MEMBERS:

President Jaime L. Lee
Vice President Michael R. Wilkinson

Commissioner Annie Chao
Commissioner Elizabeth L. Greenwood
Commissioner Cynthia M. Ruiz
Commissioner Nilza R. Serrano
Commissioner Sung Won Sohn

DATE(S) OF EVENT	SEMINAR / CONFERENCE TITLE	EVENT SPONSOR (ORGANIZATION)	LOCATION (CITY, STATE)
	NO SEMINARS OR CONFERENCES REPORTED		

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)
BOARD MEMBER EDUCATION EVALUATION FORM

Board Member Name:	Michael R. Wilkinson
Conference/Seminar Title	SACRS Fall Conference
Date	November 14-17, 2017
Location (City/State)	Burlingame, CA
TOTAL EDUCATION HOURS:	**13.5**
Level of complexity of the Conference/Seminar:	☐ **Introductory** ☒ **Intermediate** ☐ **Advanced** ☐ **Others:** ________________
Conference/Seminar Category:	☒ **Finance/Investments** ☒ **Benefits (Retirement/Healthcare)** ☒ **Legislative/Fiduciary Law** ☐ **Corporate Governance** ☐ **Others:** ________________

SEMINAR CONTENT
Please provide an evaluation on the quality of the conference or seminar and its relevance to you as a Board member.

1. What letter grade would you give to the overall educational value of the conference/seminar? ***Rate seminar with A (excellent), B (very good), C (good), D (not beneficial).***	A ☒ B ☐ C ☐ D ☐ Comments: Excellent conference on a wide range of pension topics.
2. Would you recommend your fellow trustees attend this conference?	Never ☐ At least Once ☐ Annually ☒ Every other year ☐ Other ☐ Comments: ________________
3. Do you feel the conference was a good use of your time?	☒ Yes ☐ No Why? Excellent speakers and very good networking opportunities for county public pension plans.
4. Are there other conferences addressing this subject area that you feel would be a better investment than this conference?	☐ Yes ☒ No Please provide the name/title of the recommended conference: ________________

Additional Comments:

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LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)
BOARD MEMBER EDUCATION EVALUATION FORM

Board Member Name:	Annie Chao
Conference/Seminar Title	PREA 27th Annual Institutional Investor Conference
Date	October 16-18, 2017
Location (City/State)	Chicago, IL
TOTAL EDUCATION HOURS:	20 Hours
Level of complexity of the Conference/Seminar:	☐ **Introductory** ☒ **Intermediate** ☐ **Advanced** ☐ **Others:** ____________
Conference/Seminar Category:	☒ **Finance/Investments** ☐ **Benefits (Retirement/Healthcare)** ☐ **Legislative/Fiduciary Law** ☐ **Corporate Governance** ☐ **Others:** ____________

SEMINAR CONTENT

Please provide an evaluation on the quality of the conference or seminar and its relevance to you as a Board member.

1. What letter grade would you give to the overall educational value of the conference/seminar? ***Rate seminar with A (excellent), B (very good), C (good), D (not beneficial).***	A ☒ B ☐ C ☐ D ☐ Comments: ____________
2. Would you recommend your fellow trustees attend this conference?	Never ☐ At least Once ☐ Annually ☒ Every other year ☐ Other ☐ Comments: ____________
3. Do you feel the conference was a good use of your time?	☒ Yes ☐ No Why? ____________
4. Are there other conferences addressing this subject area that you feel would be a better investment than this conference?	☐ Yes ☐ No Please provide the name/title of the recommended conference: ____________

Additional Comments:

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LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)
BOARD MEMBER EDUCATION EVALUATION FORM

Board Member Name:	Annie Chao
Conference/Seminar Title	SACRS 2017 Fall Conference
Date	November 14-17, 2017
Location (City/State)	Burlingame, CA
TOTAL EDUCATION HOURS:	20 Hours
Level of complexity of the Conference/Seminar:	☐ **Introductory** ☒ **Intermediate** ☐ **Advanced** ☐ **Others:** ____________
Conference/Seminar Category:	☒ **Finance/Investments** ☒ **Benefits (Retirement/Healthcare)** ☒ **Legislative/Fiduciary Law** ☐ **Corporate Governance** ☐ **Others:** ____________

SEMINAR CONTENT

Please provide an evaluation on the quality of the conference or seminar and its relevance to you as a Board member.

1. What letter grade would you give to the overall educational value of the conference/seminar? ***Rate seminar with A (excellent), B (very good), C (good), D (not beneficial).***	A ☐ B ☒ C ☐ D ☐ Comments: ____________
2. Would you recommend your fellow trustees attend this conference?	Never ☐ At least Once ☐ Annually ☐ Every other year ☒ Other ☐ Comments: ____________
3. Do you feel the conference was a good use of your time?	☒ Yes ☐ No Why? ____________
4. Are there other conferences addressing this subject area that you feel would be a better investment than this conference?	☐ Yes ☐ No Please provide the name/title of the recommended conference: ____________

Additional Comments:

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LACERS
LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

Report to Board of Administration

Agenda of: **DECEMBER 12, 2017**

From: Rahoof "Wally" Oyewole, Departmental Audit Mgr. ITEM: **III-A**

SUBJECT: **RECEIVE AND FILE – PRESENTATION OF LACERS' AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2017 BY BROWN ARMSTRONG ACCOUNTANCY CORPORATION**

Recommendation:

That the Board receive and file the audited financial statements for Fiscal Year ended June 30, 2017.

Discussion:

The auditors from Brown Armstrong Accountancy Corporation (Brown Armstrong) have completed the audit of LACERS' financial statements for the Fiscal Year ended June 30, 2017. Brown Armstrong has issued unmodified ("clean") opinion, indicating that the financial statements fairly present LACERS' fiduciary net position, and changes in fiduciary net position for the year ended June 30, 2017 in conformity with generally accepted accounting principles. The audited financial statements will be incorporated into the financial section of the Comprehensive Annual Financial Report (CAFR), which will be presented to the Board in early 2018. The Engagement Partner from Brown Armstrong will present to the Board the financial statements and the audit results.

The following are the highlights from the LACERS' financial statements as of June 30, 2017:

- LACERS' Fiduciary Net Position as of June 30, 2017 was $15.7 billion, representing an increase of approximately $1.7 billion (12.0%) over the prior fiscal year.

- Additions to the fiduciary net position during the fiscal year totaled $2.6 billion, comprising $1.9 billion in investment income, $551.0 million in City contributions and $227.5 million in Member contributions.

- Deductions from the fiduciary net position during the fiscal year for the payment of retirement and postemployment health care benefits, refunds of Member contributions, and administrative expenses totaled $948.9 million.

- LACERS' Net Pension Liability (NPL) for the Retirement Plan was $5.3 billion as of June 30, 2017. NPL is the difference between the Total Pension Liability (TPL) and the Plan Fiduciary Net Position. Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial*

Reporting for Pension Plans, requires pension plans to measure and disclose NPL in the notes to the financial statements. Compared with the previous fiscal year, the NPL decreased by $338.0 million.

- Effective for the fiscal year beginning after June 15, 2016, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, requires pension plans to also measure and disclose Net Other Postemployment Benefits (OPEB) Plan Liability in the notes to the financial statements. Similar to NPL, Net OPEB Liability (NOL) is determined on a market value basis, and is the difference between Total OPEB Liability and the Plan Fiduciary Net Position. LACERS' NOL for the Postemployment Health Care Plan was $566.9 million as of June 30, 2017, a decrease of $91.9 million from previous fiscal year.

- Based on actuarial valuations as of June 30, 2017, the funded ratios based on market values of assets, were 71.4% and 81.1% for the Retirement Plan and Postemployment Health Care Plan, respectively.

Other Reports Issued by Brown Armstrong

Other than the primary opinion report, Brown Armstrong also issued three additional reports, as required by professional standards:

1. Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance on Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards.*
    - The results of the auditors' tests did not identify any deficiencies in internal control that they consider to be material weaknesses. Their tests also disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

2. Required Communication to the Audit Committee and the Board of Administration in Accordance with Professional Standards stating that:
    - Key factors and assumptions used to estimate fair market values of investments, Net Pension Liability, and Net OPEB Liability are reasonable.
    - Unadjusted audit difference of $17.5 million in private equity investment values primarily is due to timing of private equity fair market value reporting. Management has determined that this amount is immaterial to the financial statements taken as a whole.
    - The auditors did not encounter difficulties or other matters warranting communication to the Audit Committee or the Board.

This report was prepared by Rahoof "Wally" Oyewole, Departmental Audit Manager, Internal Audit Section.

RWO

Attachments: A) Brown Armstrong Presentation Agenda
B) Brown Armstrong Reports to Audit Committee and the Board
C) LACERS' Audited Financial Statements for Fiscal Year Ended June 30, 2017

Los Angeles City Employees' Retirement System

Results of the June 30, 2017 Fiscal Year End Financial Statement Audit

Brown Armstrong

Accountancy Corporation

4200 Truxtun Avenue, Suite 300 | Bakersfield, CA 93309 | 661.324.4971 | Fax 661.324.4997

www.bacpas.com

Presented By: Rosalva Flores, CPA
Partner

Brooke Baird, CPA
Manager

BROWN ARMSTRONG

CERTIFIED PUBLIC ACCOUNTANTS

December 12, 2017

Audit Committee and Board of Administration
Los Angeles City Employees' Retirement System
202 W. First Street, Suite 500
Los Angeles, California 90012-4401

We are pleased to have the opportunity to present to you the results of our audit of the Los Angeles City Employees' Retirement System (LACERS) financial statements for the year ending June 30, 2017.

We look forward to presenting this information and addressing your questions.

Sincerely,

Rosalva Flores, Partner
Brooke Baird, Manager
Brown Armstrong Accountancy Corporation

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Agenda

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Scope of Services

- Audit of LACERS financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States
- Other communications required by professional standards including:
  - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
  - Required Communication to the Audit Committee and Board of Administration

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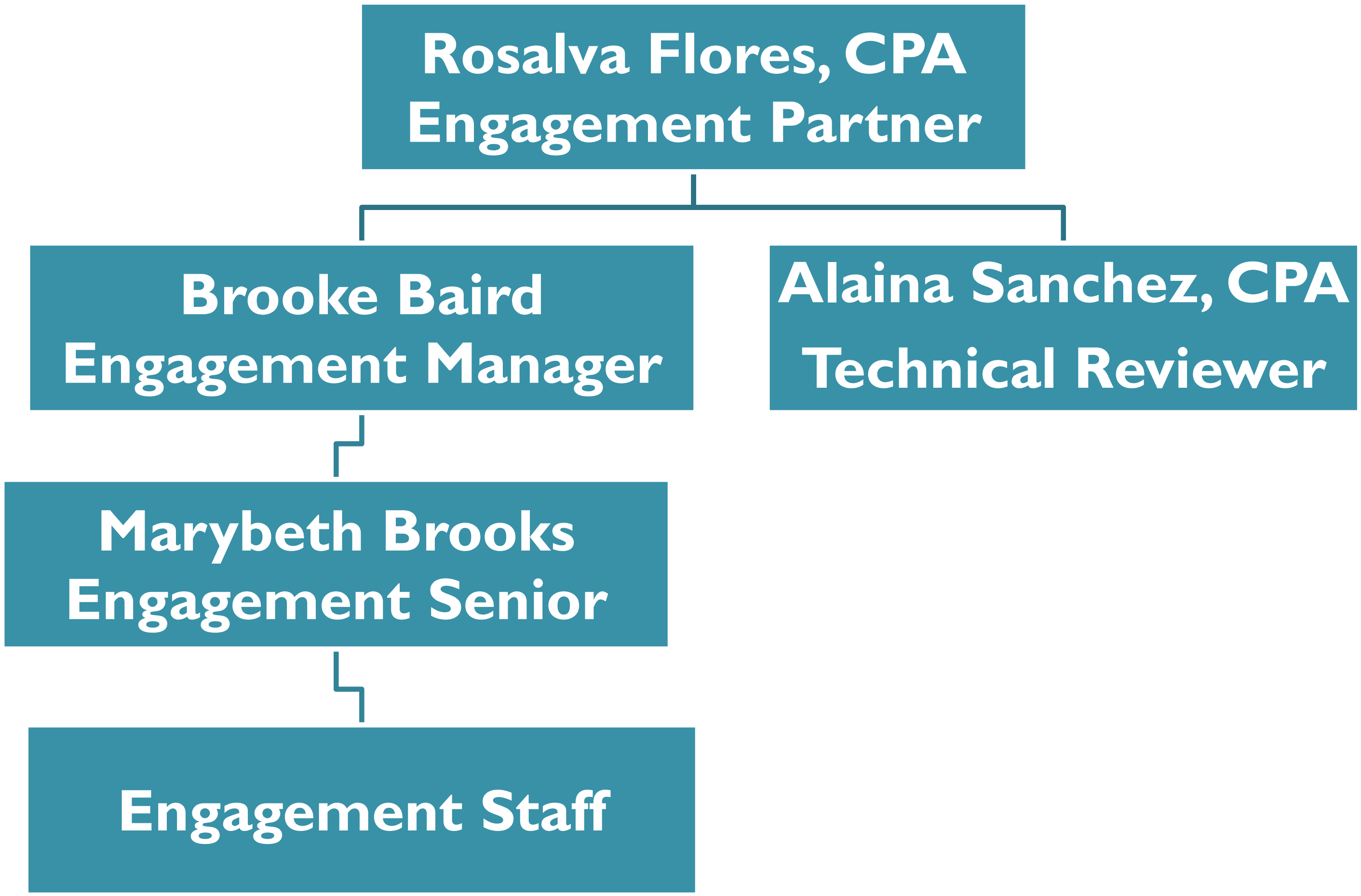
The Engagement Team



Audit by Phase

Phase I	Phase II	Phase III	Phase IV
←	Audit Planning	→	
	Interim Field Work	**Final Field Work**	**Completion**
Familiarize ourselves with operating environment	Assess internal control environment	Plan and perform substantive audit procedures	Perform completion procedures
Perform risk assessment procedures	Perform Statement on Auditing Standards (SAS) 99 (fraud evaluation) procedures	Conduct final analytical review	Draft internal control management letter comments
Determine planning materiality	Identify internal control strengths and weaknesses	Consider audit evidence sufficiency	Draft Reports
Perform preliminary analytical review	Evaluate design and implementation of selected controls	Conclude on critical accounting matters	Draft management letter
Develop Audit Plan	Test controls over financial reporting and administration		Conduct Exit Conference with management, including discussion of proposed audit adjustments, internal control and compliance findings, and management letter
Identify significant audit areas	Understand accounting and reporting activities		Issue auditor's reports and management letter
Determine nature and extent of audit procedures			
Reevaluate the progress of the audit and make any changes on audit approach and procedures, if necessary			
Confirmation of account balances			

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Audit Timeline/Critical Dates List

Items	Due Date	Status
AUDITOR to provide population request to LACERS	Wednesday, June 21, 2017	Complete
AUDITOR to provide interim information request list to LACERS	Friday, June 23, 2017	Complete
LACERS to provide AUDITOR with populations and information for interim fieldwork testing	Friday, July 14, 2017	Complete
Beginning of interim audit fieldwork at LACERS' office	Monday, July 31, 2017	Complete
Items on interim fieldwork information request lists due	Monday, July 31, 2017	Complete
LACERS to provide trial balance and statements as of 5/31/17	Monday, July 31, 2017	Complete
AUDITOR to provide templates for custodian, investment managers, legal, and actuary confirmations	Week of July 31, 2017	Complete
Expected completion of interim fieldwork	Friday, August 4, 2017	Complete
AUDITOR to provide year-end information request list	Friday, August 11, 2017	Complete

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Audit Timeline/Critical Dates List (cont.)

Items	Due Date	Status
Custodian, investment managers, legal, and actuary confirmations returned to AUDITOR for emailing	Friday, August 11, 2017	Complete
Custodian, investment managers, and actuary confirmations due to AUDITOR and send 2nd Request via email	Friday, August 25, 2017	Complete
LACERS to provide AUDITOR with 6-30-17 trial balance	Thursday, September 7, 2017	Complete
Beginning of final fieldwork at LACERS' office	Monday September 11, 2017	Complete
Items on final fieldwork information request lists due	Monday September 11, 2017	Complete
Expected completion date of fieldwork	Week of September 18, 2017	Complete
Legal confirmations due to AUDITOR	Monday, September 25, 2017	Complete
Exit teleconference call with LACERS to go over results of fieldwork	Thursday, September 28, 2017	Complete
AUDITOR will provide authorization to release numbers to ACTUARY	Friday, September 29, 2017	Complete
LACERS to provide AUDITOR with draft cash and investment note/schedules	Wednesday, October 11, 2017	Complete

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Audit Timeline/Critical Dates List (cont.)

Items	Due Date	Status
AUDITOR to provide LACERS with draft financial section of CAFR	Friday, October 13, 2017	Complete
LACERS to provide AUDITOR with actuarial valuation reports	Tuesday, November 14, 2017	Complete
LACERS to provide AUDITOR with MD&A and suggested changes to draft	Wednesday, November 15, 2017	Complete
AUDITOR to provide LACERS with drafts of reports, including findings and recommendations	Friday, November 17, 2017	Complete
AUDITOR to provide soft copy of signed Audited Financial Statements (for Annual Report to State)	Monday, November 27, 2017	Complete
AUDITOR to deliver 40 bound copies of the audit report to LACERS	Tuesday, November 28, 2017	Complete
AUDITOR to present Financial Section at LACERS Board Meeting	Tuesday, December 12, 2017	
LACERS to provide AUDITOR with draft of entire CAFR	Friday, December 15, 2017	
AUDITOR will provide all recommendations, revisions, and suggestions for improvement to the CAFR	Tuesday, December 19, 2017	
LACERS to submit CAFR to GFOA (information only) - No action	Thursday, December 28, 2017	

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Significant Risk Areas

Area of Significance	Brown Armstrong's Response
Revenue recognition	•Test of controls was performed over contribution amounts as part of participant data •Substantive analytics were performed
Management override of controls	• An understanding of controls over journal entries was obtained and a detailed testing of journal entries was performed •Inquiries performed with individual involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries
Information Technology (IT)	•Walkthrough performed over General Controls •Reduced scope was performed in the current year pending implementation of the new pension administration system

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Significant Audit Areas

Area of Significance	Brown Armstrong's Response
Investments and related earnings	•Walkthrough of controls performed •High level analytics performed on investment income •Confirmation with custodian, managers, and consultants •Reviewed GASB Statement No. 72 valuation inputs •Obtained audited financial statements and SOC reports for traditional investments and valuation methodologies, appraisals, etc. for private equity and real estate
Participant data and actuary	•Walkthrough and test of controls •Confirmed with the actuary •Testing of participant data, including active and terminated members, and employer payroll •Testing of OPEB participant data including determining eligibility of benefits •GASB Statements No. 67/68 •GASB Statement No. 74
Employer and employee contributions	•Walkthrough and test of controls •High level analytics
Benefit payments	•Walkthrough and test of controls •High level analytics

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Passed Audit Adjustments

Uncorrected adjustment in private equity investments resulting from the lag in reporting due to timing of information.	**$17.5 million**

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Audit Opinions Issued

Report	Opinion or Required Communication
Report on Financial Statements (Opinion)	Unmodified
Report on Internal Control Structure and Compliance with Laws and Regulations Over Financial Reporting and on Compliance and Other Matters	No noncompliance noted No material weaknesses, significant deficiencies, or control deficiencies
Required Communication to the Audit Committee and Board of Administration in Accordance with Statement on Auditing Standards (SAS) 114	•Implementation of GASB Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* and No. 82, *Pension Issues* •Passed Audit Adjustments

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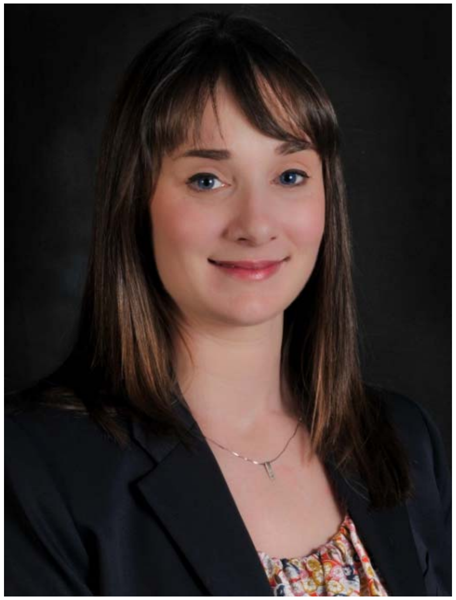
Questions?

Thank Staff

Rosalva Flores | Principal
Brown Armstrong Accountancy Corporation
4200 Truxtun Avenue, Suite 300
Bakersfield, California 93309
Tel: 661-324-4971 | Email: rflores@bacpas.com



Brooke DeCuir-Baird, CPA | Audit Manager
Brown Armstrong Accountancy Corporation
4200 Truxtun Avenue, Suite 300
Bakersfield, California 93309
T: 661-324-4971 | Email: bbaird@bacpas.com

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM
(A DEPARTMENT OF THE MUNICIPALITY OF
THE CITY OF LOS ANGELES, CALIFORNIA)

REPORT TO THE AUDIT COMMITTEE
AND BOARD OF ADMINISTRATION

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM
(A DEPARTMENT OF THE MUNICIPALITY OF
THE CITY OF LOS ANGELES, CALIFORNIA)

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BROWN
ARMSTRONG

CERTIFIED
PUBLIC
ACCOUNTANTS

BAKERSFIELD OFFICE
(MAIN OFFICE)
4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE
10 RIVER PARK PLACE
EAST SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

LAGUNA HILLS OFFICE
23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92653
TEL 949.652.5422

STOCKTON OFFICE
5250 CLAREMONT
AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Audit Committee and Board of Administration of
Los Angeles City Employees' Retirement System
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Los Angeles City Employees' Retirement System (LACERS), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively compromise LACERS' basic financial statements, and have issued our report thereon dated November 21, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LACERS' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LACERS' internal control. Accordingly, we do not express an opinion on the effectiveness of LACERS' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of LACERS' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LACERS' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LACERS' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LACERS' internal control and compliance. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 21, 2017

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CERTIFIED
PUBLIC
ACCOUNTANTS

BAKERSFIELD OFFICE
(MAIN OFFICE)
4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE
10 RIVER PARK PLACE
EAST SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

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23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92653
TEL 949.652.5422

STOCKTON OFFICE
5250 CLAREMONT
AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

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Certified Public Accountants

REQUIRED COMMUNICATION TO THE AUDIT COMMITTEE AND BOARD OF ADMINISTRATION IN ACCORDANCE WITH PROFESSIONAL STANDARDS (SAS 114)

To the Audit Committee and Board of Administration of
Los Angeles City Employees' Retirement System
Los Angeles, California

We have audited the financial statements of the Los Angeles City Employees' Retirement System (LACERS) for the fiscal year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our scope of services outline to you dated July 25, 2017. Professional standards also require that we communicate to you the following information related to our audit.

<u>Significant Audit Findings</u>

Qualitative Aspects of Accounting Practices
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by LACERS are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, in fiscal year 2017, LACERS adopted Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* and GASB Statement No. 82, *Pension Issues.* We noted no transactions entered into by LACERS during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting LACERS basic financial statements were:

- Management's estimate of the fair value of investments which is derived by various methods as explained in the notes to the basic financial statements. We evaluated the key factors and assumptions used to develop the estimate of the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

- The contribution amounts and net pension and net postemployment healthcare (OPEB) liabilities which are based on the actuarial valuations including actuarially-presumed interest rate and assumptions which involve estimates of the value of reported amounts and probabilities about the occurrence of future events far into the future. We evaluated the key factors and assumptions used to develop the contribution amounts and net pension and OPEB liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosures for deposits and investments in Note 1 – Description of LACERS and Significant Accounting Policies and Note 6 – Cash and Short-Term Investments and Investments were derived from LACERS' investment policy. Management's estimate of the fair value of investments was derived by various methods as detailed in the notes to the basic financial statements.

- Additionally, the disclosures related to the net pension and OPEB liabilities and actuarial methods and assumptions in Note 2 – Retirement Plan Description and Note 3 – Postemployment Health Care Plan Description were derived from actuarial valuations, which involved estimates of the value of reported amounts and probabilities about the occurrence of future events far into the future.

The financial statement disclosures are neutral, consistent, and clear.

Audit Management Issues
We encountered no significant difficulties in dealing with management in performing and completing our audit.

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not identify any misstatements as a result of our audit procedures. However, we did identify uncorrected adjustments in investments due to the lag in reporting of LACERS' private equity investments. The attached schedule summarizes these uncorrected adjustments of the private equity investments in the fair value reporting due to information not sufficiently timely for adjusting the financial statements. The lag in reporting has been consistent from year to year and includes four quarters. Management has determined that their effects are immaterial, both individually or in the aggregate, to the basic financial statements taken as a whole.

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations
We have requested certain representations from management that are included in the Management Representation Letter dated November 21, 2017.

Management Consultations with Other Independent Accountants
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the LACERS' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as LACERS' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters
We applied certain limited procedures to the Management Discussion and Analysis (MD&A); the Retirement Plan's Schedule of Net Pension Liability, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contribution History, and Schedule of Investment Returns; and the Postemployment Health Care Plan's Schedule of Net OPEB Liability, Schedule of Changes in Net OPEB

Liability and Related Ratios, Schedule of Contribution History, and Schedule of Investment Returns, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Administrative Expenses and Schedule of Investment Fees and Expenses, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We were not engaged to report on the introductory, investment, actuarial, and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

****

This report is intended solely for the information and use of the Audit Committee, Board of Administration, and management of LACERS, and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 21, 2017

LACERS
SUMMARY OF UNADJUSTED AUDIT DIFFERENCE
6/30/2017

	Increase in Fiduciary Net Position (in 000's)
Known Audit Difference:	
Difference from timing of private equity fair value reporting	$ 17,540
Total Unadjusted Audit Difference	$ 17,540

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
(A DEPARTMENT OF THE MUNICIPALITY OF
THE CITY OF LOS ANGELES, CALIFORNIA)

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
(A DEPARTMENT OF THE MUNICIPALITY OF THE CITY OF LOS ANGELES, CALIFORNIA)

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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BROWN
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BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Administration
Los Angeles City Employees' Retirement System
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying Retirement Plan and Postemployment Health Care Plan Statement of Fiduciary Net Position of the Los Angeles City Employees' Retirement System (LACERS), a department of the Municipality of the City of Los Angeles, California, as of June 30, 2017, and the related Retirement Plan and Postemployment Health Care Plan Statement of Changes in Fiduciary Net Position for the year then ended, and the related notes to the financial statements, which collectively comprise LACERS basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to LACERS preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LACERS internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BAKERSFIELD OFFICE
(MAIN OFFICE)
4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE
10 RIVER PARK PLACE
EAST SUITE 208
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TEL 559.476.3592

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TEL 949.652.5422

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TEL 209.451.4833

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Retirement Plan and Postemployment Health Care Plan of LACERS as of June 30, 2017, and the changes in fiduciary net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in the fiscal year of 2017, LACERS adopted Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which modified the current financial reporting of those elements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of LACERS that collectively comprise LACERS basic financial statements. The supplemental schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used in the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited LACERS June 30, 2016 financial statements, and our report dated November 21, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2017, on our consideration of LACERS internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering LACERS internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION
Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 21, 2017

MANAGEMENT’S DISCUSSION AND ANALYSIS

Financial Highlights

- The Los Angeles City Employees' Retirement System ("LACERS", or "the System") fiduciary net position as of June 30, 2017 was $15,689,570,000, an increase of $1,684,511,000 or 12.0% over the prior fiscal year.
- The total additions to the fiduciary net position of LACERS, from employer contributions made by the City of Los Angeles (the City), Member contributions, and net investment income, were $2,633,394,000, a 235.5% increase from the prior fiscal year.
- The employer contributions to the Retirement Plan represented 100% of the Actuarially Determined Contribution of employer as defined by the Governmental Accounting Standards Board (GASB) Statements No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25,* and No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*
- The employer contributions to the Postemployment Health Care Plan represented 100% of the Actuarially Determined Contribution of employer as defined by GASB Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans,* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.
- Net investment income for this fiscal year was $1,854,901,000, representing a 6,791.2% increase compared with an investment income of $26,917,000 for the previous reporting period.
- The total deduction from the fiduciary net position was $948,883,000, a 4.9% increase from the prior fiscal year, for the payment of retirement and postemployment health care benefits, refunds of Member contributions, and administrative expenses.
- The System's Net Pension Liability (NPL) for the retirement benefits was $5,277,672,000 as of June 30, 2017. NPL, an important measure required by GASB Statement No. 67 to disclose in the financial notes of a pension plan, is the difference between the Total Pension Liability (TPL) and the Plan fiduciary net position. As the Plan fiduciary net position is equal to the market value of the System's assets, NPL is determined on market value basis, and it fully reflects Plan's investment performance (13.3% rate of return, gross of fees) of this fiscal year. Compared with the previous fiscal year, the NPL decreased by $337,995,000.
- The System's Net Other Postemployment Benefits (OPEB) Plan Liability for the postemployment health care benefits was $566,944,000 as of June 30, 2017. Net OPEB Liability (NOL) is an important measure required by GASB Statement No. 74. NOL is determined on market value basis, and is the difference between the Total OPEB Liability (TOL) and the Plan fiduciary net position (market value of the System's assets). NOL reflects the Plan's investment performance (13.3% rate of return, gross of fees) for this fiscal year. As compared with the previous fiscal year, NOL decreased by $91,868,000.
- The Plan fiduciary net position as a percentage of TPL for the Retirement Plan, another required disclosure by GASB Statement No. 67, is 71.4%, which is the same as the funded ratio on market value basis reported in the actuarial valuation for the retirement benefits.
- The Plan fiduciary net position as a percentage of TOL for the Postemployment Health Care Plan, another required disclosure by GASB Statement No. 74, is 81.1%, which is the same as the funded ratio on market value basis reported in the actuarial valuation for the postemployment health care benefits.

Overview of the Financial Statements

The following discussion and analysis are intended to serve as an introduction to LACERS financial statements and the accompanying notes thereto. The required supplementary information and supplemental schedules provide additional financial data on LACERS operations.

Financial Statements

There are two financial statements presented by LACERS. The Statement of Fiduciary Net Position on page 12 gives a snapshot of the account balances at year-end and shows the amount of the fiduciary net position (the difference between the assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources) available to pay future benefits. Over time, increases or decreases in fiduciary net position may serve as a useful indicator of whether the fiduciary net position of LACERS is improving or deteriorating. The Statement of Changes in Fiduciary Net Position on page 13 provides a view of current year additions to, and deductions from, the fiduciary net position.

Overview of the Financial Statements (Continued)

Notes to the Basic Financial Statements

The notes to the basic financial statements ("Note") provide additional information that is essential for a full understanding of the data provided in the financial statements. The notes to the basic financial statements can be found on pages 14 - 35 of this report.

Required Supplementary Information

In addition to the Management's Discussion and Analysis, other required supplementary information consists of Schedule of Net Pension Liability, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contribution History, and Schedule of Investment Returns for the Retirement Plan, and Schedule of Net OPEB Liability, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contribution History, and Schedule of Investment Returns for the Postemployment Health Care Plan. These schedules and notes primarily present multi-year information as required by the applicable financial reporting standards of GASB Statements No. 67 and No. 74. This required supplementary information can be found on pages 36 - 43 of this report.

Supplemental Schedules

The supplemental schedules, including a Schedule of Administrative Expenses and a Schedule of Investment Fees and Expenses, are presented to provide additional financial information on LACERS operations for the current year. They can be found on pages 44 and 45 of this report.

Management's Discussion and Analysis

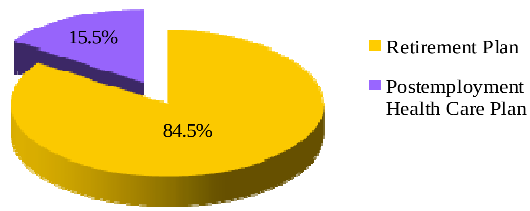
Financial Analysis

Allocation of Fiduciary Net Position

Fiduciary net position may serve as a useful indicator of a plan's financial position. The total fiduciary net position is allocated between the Retirement Plan and Postemployment Health Care Plan, as required by the existing reporting standards. The following information provides a brief description of the asset allocation between the Retirement Plan and the Postemployment Health Care Plan as of June 30, 2017 (dollars in thousands):

	Fiduciary Net Position	Percent
Retirement Plan	$ 13,250,708	84.5%
Postemployment Health Care Plan	2,438,862	15.5
Fiduciary Net Position	$ 15,689,570	100.0%

Allocation of Fiduciary Net Position



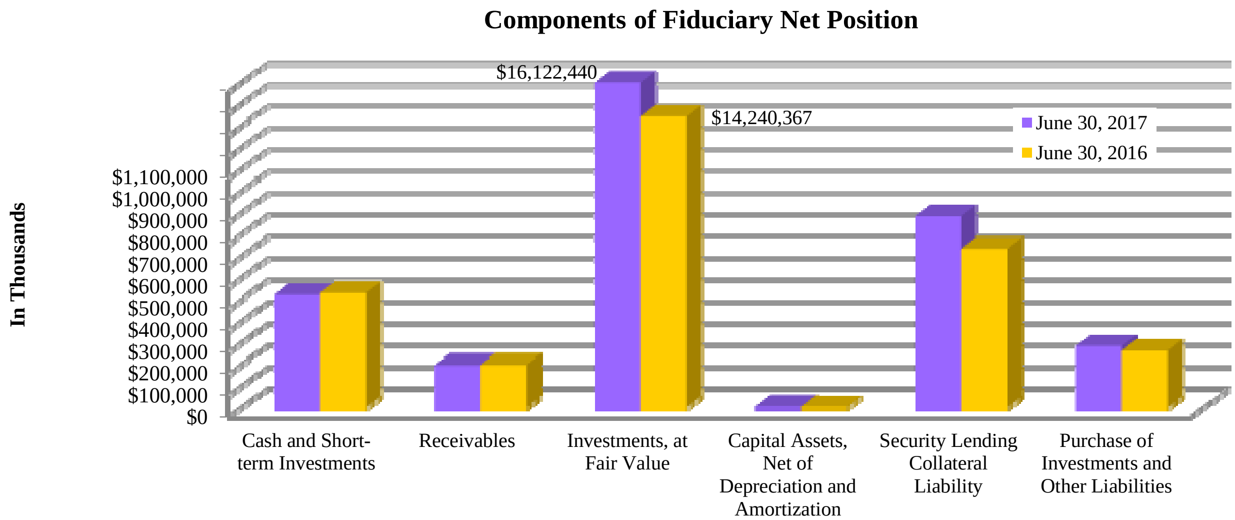
Fiduciary Net Position

The following table and graph detail the components of the fiduciary net position of LACERS as of June 30, 2017 and 2016 (dollars in thousands):

	June 30, 2017	June 30, 2016	Change	
Cash and Short-Term Investments	$ 491,514	$ 499,731	$ (8,217)	(1.6) %
Receivables	178,907	180,505	(1,598)	(0.9)
Investments, at Fair Value	16,122,440	14,240,367	1,882,073	13.2
Capital Assets, Net of Depreciation and Amortization	6,490	4,952	1,538	31.1
Total Assets	16,799,351	14,925,555	1,873,796	12.6
Securities Lending Collateral Liability	863,691	695,789	167,902	24.1
Purchase of Investments and Other Liabilities	246,090	224,707	21,383	9.5
Total Liabilities	1,109,781	920,496	189,285	20.6
Fiduciary Net Position Restricted for Pension Benefits and Postemployment Health Care Benefits	$ 15,689,570	$ 14,005,059	$ 1,684,511	12.0 %

Financial Analysis (Continued)

Fiduciary Net Position (Continued)



The majority of LACERS fiduciary net position is contained in its investment portfolio, which consists of cash and short-term investments, receivables, fixed income, equities, and other asset classes. Fiduciary net position increased by $1,684,511,000, or 12.0%, during this fiscal year.

Net Increase (Decrease) in Fiduciary Net Position

The increase in fiduciary net position during the reporting period was the net effect of factors that either added to or deducted from the fiduciary net position. The following table summarizes the changes in fiduciary net position during the report year, as compared with the prior year (dollars in thousands):

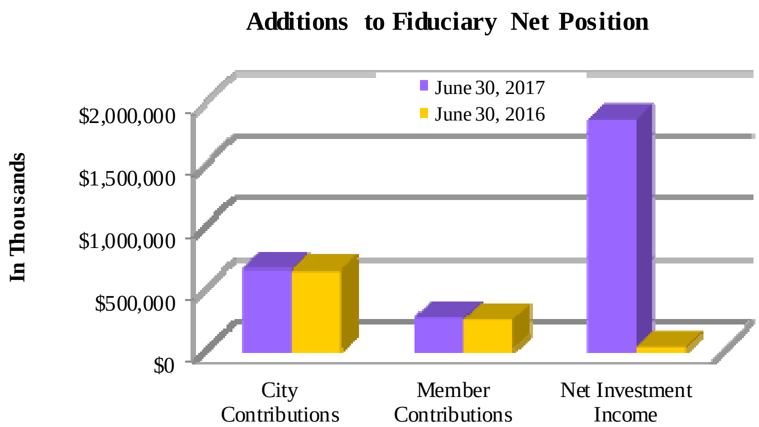
	June 30, 2017	June 30, 2016	Change	
Additions	$ 2,633,394	$ 784,949	$ 1,848,445	235.5 %
Deductions	948,883	904,650	44,233	4.9
Net Increase/(Decrease) in Fiduciary Net Position	1,684,511	(119,701)	1,804,212	1,507.3
Fiduciary Net Position, Beginning of Year	14,005,059	14,124,760	(119,701)	(0.8)
Fiduciary Net Position, End of Year	$ 15,689,570	$ 14,005,059	$ 1,684,511	12.0 %

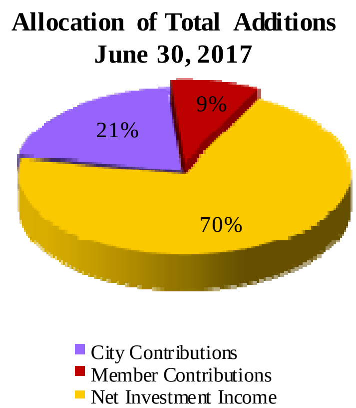
Financial Analysis (Continued)

Net Increase (Decrease) in Fiduciary Net Position – Additions to Fiduciary Net Position

The following table and graph represent the components that make up the additions to fiduciary net position for LACERS for the years ended June 30, 2017 and 2016 (dollars in thousands):

	June 30, 2017	June 30, 2016	Change
City Contributions	$ 550,961	$ 546,687	0.8 %
Member Contributions	227,532	211,345	7.7
Net Investment Income	1,854,901	26,917	6,791.2
Additions to Fiduciary Net Position	$ 2,633,394	$ 784,949	235.5 %





The additions to LACERS fiduciary net position include three main items that constitute the funding sources of LACERS benefits: City Contributions, Member Contributions, and Net Investment Income.

City contributions to the Retirement Plan, the Postemployment Health Care Plan, and the Family Death Benefit Plan were $550,961,000 during the year. The total increase of $4,274,000 (or 0.8%) over the prior fiscal year was due to a higher payroll base (approximately 5.1% increase in payroll). The total City contribution includes a true-up credit adjustment, a reduction from the advance payment of $22,341,000 to reconcile the difference of the City's contribution based on projected payroll against actual payroll. This true-up amount, which included accrued interest at 7.5%, was recognized as liability as of the end of the reporting period. After reflecting the true-up adjustment, the aggregate employer contribution rate for this fiscal year was 27.92% (22.98% for the Retirement Plan and 4.94% for the Postemployment Health Care Plan) which is 1.20% lower than the prior fiscal year at 29.12%. The actual contribution to the Retirement Plan in the amount of $453,356,000 was equal to 100% of the Actuarially Determined Contribution (ADC) of employer, as defined by GASB Statement No. 67. The actual contribution to the Postemployment Health Care Plan in the amount of $97,457,000 was equal to 100% of the Actuarially Determined Contribution of employer, as defined by GASB Statement No. 74.

Management's Discussion and Analysis

Financial Analysis (Continued)

Net Increase (Decrease) in Fiduciary Net Position – Additions to Fiduciary Net Position (Continued)

In fiscal year 2016-17, Member contributions were $227,532,000, which was $16,187,000 or 7.7% greater than the prior year. The primary cause of the increased contributions was the increase in number of Members and their salaries during the fiscal year. During this fiscal year, LACERS received a $999,000 lump sum payment of Member contributions from Los Angeles World Airport (LAWA) to settle collective bargaining issues with these Members' retroactive contributions for prior years. Although it was paid by the employer, this amount was included as Member contributions in order to comply with the requirements of GASB Statement No. 82, *Pension Issues.*

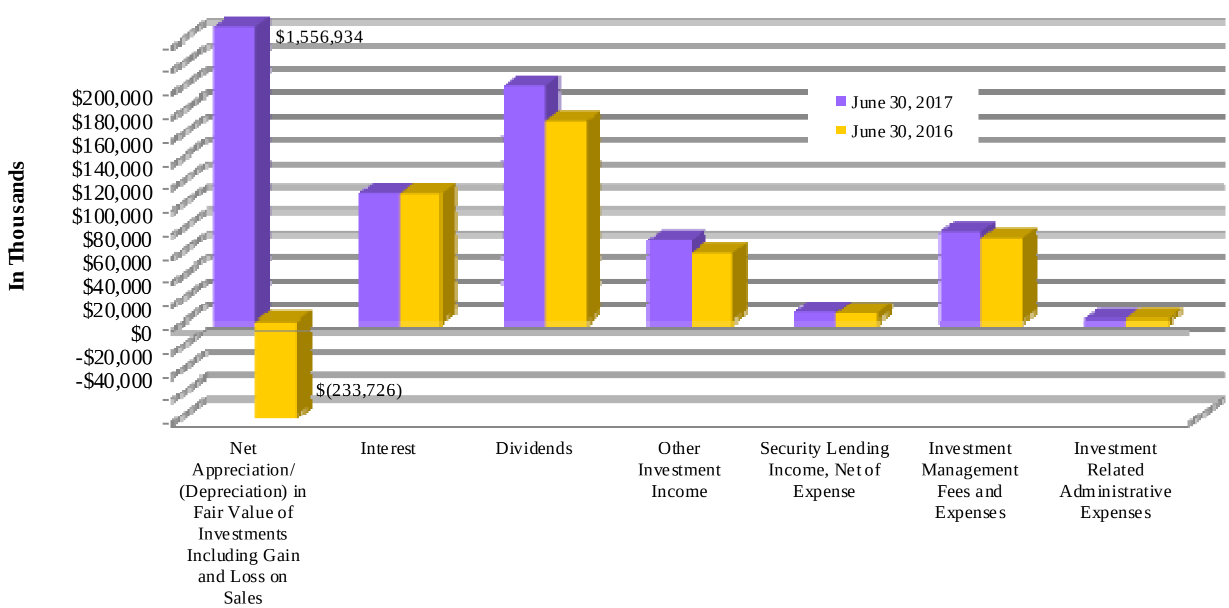
The net investment income was $1,854,901,000, which included $1,556,934,000 of net appreciation in the fair value of investments. This is discussed in more detail in the next section.

Investment Income

The following table and graph present the detail of investment income, net of investment management fees and expenses for the years ended June 30, 2017 and 2016 (dollars in thousands):

	June 30, 2017	June 30, 2016	Change
Net Appreciation/(Depreciation) in Fair Value of Investments Including Gain and Loss on Sales	$ 1,556,934	$ (233,726)	766.1 %
Interest	102,138	103,618	(1.4)
Dividends	195,794	165,432	18.4
Other Investment Income	64,037	51,479	24.4
Security Lending Income, Net of Expense	7,842	6,654	17.9
Sub-Total	1,926,745	93,457	1,961.6
Less: Investment Management Fees and Expenses	(69,969)	(64,439)	8.6
Investment Related Administrative Expenses	(1,875)	(2,101)	(10.8)
Net Investment Income	$ 1,854,901	$ 26,917	6,791.2 %

Investment Income and Expenses



Financial Analysis (Continued)

Investment Income (Continued)

The net investment income for the current fiscal year was $1,854,901,000, as compared with the income of $26,917,000 for the previous fiscal year (6,791.2% increase). The primary cause of large increase of investment income was a $1,556,934,000 of net appreciation, including gain and loss on sales, in fair value of LACERS investment assets as compared with the previous year's net realized and unrealized loss of $233,726,000, and reflected the economic and financial strength in equity markets over the reporting period. Major U.S. and non-U.S. equity indices achieved double returns during the fiscal year. The MSCI World Ex-U.S. Index, which tracks non-U.S. equities in developed markets, returned 19.5%; the MSCI Emerging Markets Index returned 23.8%. In contrast, the Russell 3000 Index, which tracks U.S. broad market equities, returned 18.5%, while Standard & Poor's 500 Index, a gauge of U.S. large capitalization equities, returned 17.9%. With the passage of Assembly Bill No. 2833 in this fiscal year, private equity and real estate funds have started to provide detailed disclosure on fees, expenses, and carried interest. The net appreciation as reported reflects a deduction for carried interest in the amount of $33,399,000 which represents a profit share that the general partners of these funds received as a compensation after the performance of the funds achieved agreed-upon return level.

Interest income derived from bonds and other fixed income securities decreased by $1,480,000 (1.4%), which was attributed primarily to a decline in the average coupon rate of LACERS fixed income portfolio.

Dividend income derived from equities increased by $30,362,000 (18.4%) due to an increase in public equity holdings relative to the previous fiscal year.

Other investment income, primarily derived from private equity and private real estate partnership investments, increased by $12,558,000 (24.4%) to $64,037,000 in the current fiscal year. This increase was attributed to higher partnership distributions in light of a robust market environment.

LACERS earns additional investment income by lending the securities to borrowers through its custodian bank. The borrowers provide cash or non-cash collateral to LACERS custodian bank. To earn income for LACERS, the custodian bank invests the cash collateral pledged by borrowers on behalf of LACERS in short-term fixed-income securities. LACERS also generates income from fees paid by borrowers that pledge non-cash collateral. In the reporting year, LACERS security lending income (net of expense) increased by $1,188,000 (17.9%) from a year ago due to higher borrower demand for securities held in the LACERS portfolio.

Investment management fees, expenses, and investment related administrative expenses increased by $5,304,000 (8.0%) from the prior year. This increase corresponded with the increase in the fair value of LACERS investments over the fiscal year.

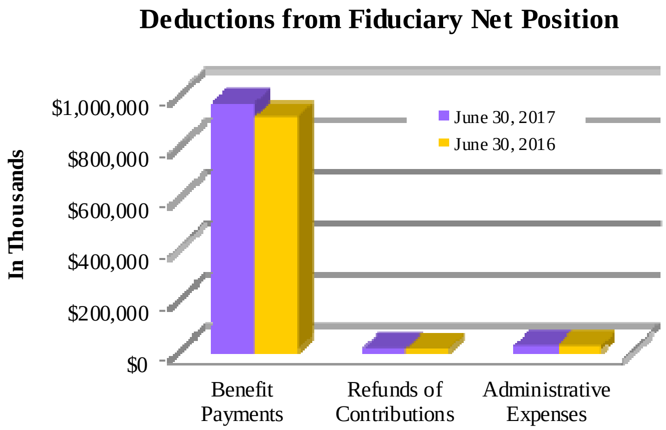
Net Increase (Decrease) in Fiduciary Net Position – Deductions from Fiduciary Net Position

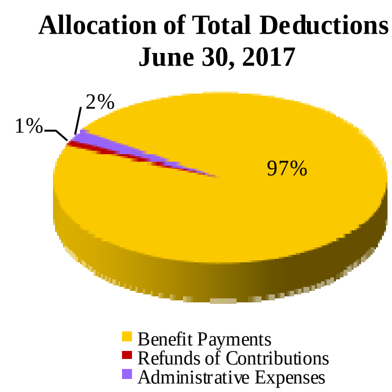
The following table and graphs provide information related to the deductions from fiduciary net position for the years ended June 30, 2017 and 2016 (dollars in thousands):

	June 30, 2017	June 30, 2016	Change
Benefit Payments	$ 918,837	$ 877,204	4.7 %
Refunds of Contributions	9,803	7,719	27.0
Administrative Expenses	20,243	19,727	2.6
Deductions from Fiduciary Net Position	$ 948,883	$ 904,650	4.9 %

Financial Analysis (Continued)

Net Increase (Decrease) in Fiduciary Net Position – Deductions from Fiduciary Net Position (Continued)





LACERS deductions from fiduciary net position in the reporting period can be summarized as Benefit Payments, Refunds of Contributions, and Administrative Expenses. These deductions represent the types of benefit delivery operations undertaken by LACERS and the costs associated with them. Total deductions increased by $44,233,000 or 4.9%.

Compared to the prior year, benefit payments increased by $41,633,000 or 4.7%. The benefit payments for the Retirement Plan increased by $31,957,000 (4.2%) mainly due to the annual cost of living adjustments (COLA) (approximately 0.9% increase on average with a maximum of 3.0%); increased number of retirees and beneficiaries; and the average retirement allowance of newly retired Members being higher than those of the deceased Members who were removed from the retirement payroll. Payments for Postemployment Health Care Plan benefits also increased by $9,676,000 (8.8%). This increase mainly driven by the higher maximum health subsidy amount at $1,737 per month (the maximum subsidy amount was $1,580 for the two previous years) based on the higher renewed medical premium rates as well as the higher Medicare Part B Reimbursement rate for calendar year 2017, and the increased in number of retired Members and their dependents eligible for medical subsidy. In addition, there was a retroactive adjustment made in the health care benefit expense in fiscal year 2016 related to a one-time defrayal of $3,718,000 by the return of excess premium stabilization reserve in the a postemployment healthcare provider which lowered the prior year expense, resulting to a higher increase in expense for this reporting year.

The refunds of Member contributions increased by $2,084,000 (27.0%) from the prior year's $7,719,000 mainly due to the increased in claims for the refunds of contributions upon Members leaving City service or their death.

LACERS administrative expenses increased by $516,000 or 2.6% from the prior year. This increase was primarily due to salary factors such as granted COLA increases, additional staff overtime costs for the implementation of the Pension Administration System software replacement project, and LACERS share of employer contributions to employee retirement and OPEB benefits.

Requests for Information

This financial report is designed to provide a general overview of LACERS finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

LACERS
Fiscal Management Section
202 W. First Street, Suite 500
Los Angeles, CA 90012-4401

BASIC FINANCIAL STATEMENTS

Statement of Fiduciary Net Position
Retirement Plan and Postemployment Health Care Plan
As of June 30, 2017 with Comparative Totals
(In Thousands)

	Retirement Plan	Postemployment Health Care Plan	2017 Total	2016 Total
Assets				
Cash and Short-Term Investments	$ 415,111	$ 76,403	$ 491,514	$ 499,731
Receivables				
Accrued Investment Income	44,573	8,204	52,777	50,163
Proceeds from Sales of Investments	95,098	17,503	112,601	102,334
Other	11,426	2,103	13,529	28,008
Total Receivables	151,097	27,810	178,907	180,505
Investments, at Fair Value				
U.S. Government Obligations	799,739	147,196	946,935	937,518
Municipal Bonds	3,615	665	4,280	1,431
Domestic Corporate Bonds	777,905	143,177	921,082	903,753
International Bonds	473,954	87,234	561,188	542,403
Other Fixed Income	733,729	135,046	868,775	856,747
Bank Loans	5,372	989	6,361	2,111
Opportunistic Debts	76,351	14,053	90,404	84,286
Domestic Stocks	3,561,155	655,449	4,216,604	3,603,882
International Stocks	4,056,464	746,613	4,803,077	3,938,201
Mortgages	329,795	60,701	390,496	406,958
Government Agencies	28,453	5,237	33,690	25,507
Derivative Instruments	1,993	367	2,360	-
Real Estate	705,075	129,773	834,848	823,132
Private Equity	1,333,256	245,393	1,578,649	1,418,649
Securities Lending Collateral	729,435	134,256	863,691	695,789
Total Investments	13,616,291	2,506,149	16,122,440	14,240,367
Capital Assets				
Furniture, Computer Hardware and Software (Net of Depreciation and Amortization)	5,481	1,009	6,490	4,952
Total Assets	14,187,980	2,611,371	16,799,351	14,925,555
Liabilities				
Accounts Payable and Accrued Expenses	31,745	5,843	37,588	38,484
Accrued Investment Expenses	9,104	1,675	10,779	11,324
Derivative Instruments	-	-	-	871
Purchases of Investments	166,988	30,735	197,723	174,028
Securities Lending Collateral	729,435	134,256	863,691	695,789
Total Liabilities	937,272	172,509	1,109,781	920,496
Fiduciary Net Position Restricted for Pension Benefits and Postemployment Health Care Benefits	**$ 13,250,708**	**$ 2,438,862**	**$ 15,689,570**	**$ 14,005,059**

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Position
Retirement Plan and Postemployment Health Care Plan
For the Fiscal Year Ended June 30, 2017 with Comparative Totals
(In Thousands)

	Retirement Plan	Postemployment Health Care Plan	2017 Total	2016 Total
Additions				
Contributions				
City Contributions	$ 453,504	$ 97,457	$ 550,961	$ 546,687
Member Contributions	227,532	-	227,532	211,345
Total Contributions	681,036	97,457	778,493	758,032
Investment Income				
Net Appreciation (Depreciation) in Fair Value of Investments, Including Gain and Loss on Sales	1,274,660	282,274	1,556,934	(233,726)
Interest	85,251	16,887	102,138	103,618
Dividends	163,423	32,371	195,794	165,432
Other Investment Income	53,450	10,587	64,037	51,479
Securities Lending Income	7,700	1,525	9,225	7,828
Less: Securities Lending Expense	(1,132)	(251)	(1,383)	(1,174)
Sub-Total	1,583,352	343,393	1,926,745	93,457
Less: Investment Management Fees and Expenses	(57,284)	(12,685)	(69,969)	(64,439)
Investment Related Administrative Expenses	(1,535)	(340)	(1,875)	(2,101)
Net Investment Income	1,524,533	330,368	1,854,901	26,917
Total Additions	2,205,569	427,825	2,633,394	784,949
Deductions				
Benefit Payments	799,221	119,616	918,837	877,204
Refunds of Contributions	9,803	-	9,803	7,719
Administrative Expenses	16,019	4,224	20,243	19,727
Total Deductions	825,043	123,840	948,883	904,650
Net Increase (Decrease) in Fiduciary Net Position	1,380,526	303,985	1,684,511	(119,701)
Fiduciary Net Position Restricted for Pension Benefits and Postemployment Health Care Benefits				
Beginning of Year	11,870,182	2,134,877	14,005,059	14,124,760
End of Year	**$ 13,250,708**	**$ 2,438,862**	**$ 15,689,570**	**$ 14,005,059**

The accompanying notes are an integral part of these financial statements.

1. Description of LACERS and Significant Accounting Policies

General Description

The Los Angeles City Employees' Retirement System ("LACERS", or "the System") is under the exclusive management and control of its Board of Administration (the Board), whose authority is granted by statute in Article XVI, Section 17 of the California State Constitution, and Article XI of the Los Angeles City Charter. The Board has seven members. Four members, one of whom shall be a retired Member of the System, shall be appointed by the Mayor subject to the approval of the City Council. Two members shall be active employee Members of the System elected by active employee Members. One shall be a retired Member of the System elected by retired Members of the System. Elected Board members serve five-year terms in office, with no term limits. The System is a Department of the Municipality of the City of Los Angeles (the City). The System's financial statements are included in the City of Los Angeles' Annual Financial Report as a pension trust fund.

The System operates a single-employer defined benefit plan (the Retirement Plan) and a Postemployment Health Care Plan. Benefits and benefit changes are established by ordinance and approved by the City Council and the Mayor. A description of each plan is located in Note 2 and Note 3 on pages 17 - 25 of this report. All Notes to the Basic Financial Statements apply to both plans unless indicated otherwise.

Members who entered the System prior to February 21, 2016 are Tier 1 Members of LACERS. On or after February 21, 2016, new Members become Members of LACERS Tier 3 (refer to Note 2 – Retirement Plan Description on pages 17 - 18, and Note 3 – Postemployment Health Care Plan Description on page 22 for each tier's eligibility requirement and benefits provided).

Basis of Accounting and Presentation

The financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (US GAAP) as outlined by the Governmental Accounting Standards Board (GASB). The financial statements are maintained on the accrual basis of accounting. Contributions from the employer and Members were recognized when due pursuant to formal commitments and contractual requirements. Benefits, refunds, and other expenses are recognized when due and payable. The accompanying financial statements include information from the prior year summarized for comparative purpose only. Such information does not include sufficient detail to constitute a presentation in accordance with US GAAP.

Investments

Investment Policies

Funds of the System are invested pursuant to the System's investment policy, established by the Board, in compliance with Article XI Section 1106(d) of the City Charter. The System has a long-term investment horizon, and utilizes an asset allocation that encompasses a strategic, long run perspective of capital markets. The System's investment portfolio is composed of domestic and international equities, domestic and international bonds, bank loans, derivative instruments, real assets, private equity, and short-term investments. During the reporting period, there were no significant investment policy changes.

As of June 30, 2017, the Board's adopted asset allocation policy was as follows:

Asset Class	Target Allocation
Domestic and International Equities	53.0%
Domestic and International Bonds	19.0
Private Equity	12.0
Real Assets	10.0
Short-Term Investments	1.0
Credit Opportunities	5.0
Total	100.0%

Fair Value of Investments

Securities traded on national or international exchanges are valued at the last reported sales price at the current exchange rates. Short-term investments, bonds, bank loans, stocks, and private equities are reported at fair value. The fair values of real estate investment funds are provided by the individual real estate fund managers based on periodic appraisals, in the form of either annual in-house appraisals or longer-term appraisals by outside professionals, in accordance with industry practice. The fair value determined as such is also reviewed and evaluated by the Board's real estate consultant. The private equity funds ("partnership investment"), which are managed by third party investment managers, are valued on a quarterly and/or annual basis at their net asset value as reported by the investment managers under US GAAP. US GAAP requires that assets be reported at fair value in accordance with Accounting Standards Codification Topic 820 – *Fair Value Measurement and Disclosures.* The fair values of derivative instruments are determined using available market

1. Description of LACERS and Significant Accounting Policies (Continued)

Investments (Continued)

information. Debt rewrites are valued based on yields currently available on comparable securities of issuers with similar credit ratings. LACERS investment strategy, as it relates to the debt portfolio, is mainly to achieve market appreciation and not to hold bonds to their maturities.

The provisions of the GASB Statement No. 72, *Fair Value Measurement and Application*, require investments to be measured at fair value as well as to classify the inputs used to determine fair value based on a three-level fair value hierarchy. This information is presented in the Note 6 on pages 31 - 33.

Investment transactions are accounted for on the date the securities are purchased or sold (trade date). Unsettled investment trades as of fiscal year-end are reported in the financial statements on an accrual basis. The corresponding proceeds due from sales are reported on the Statement of Fiduciary Net Position under Receivables and labeled as Proceeds from Sales of Investments, and amounts payable for purchases are reported under (Current) Liabilities and labeled as Purchases of Investments. Dividend income is recorded on the ex-dividend date. Interest income is reported at the stated interest rate as earned, and any premiums or discounts on debt securities are not amortized. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of LACERS pension plan investment. Realized gains and losses on investments that had been held in more than one reporting period and sold in the current period were included as a change in the fair value reported in the prior period(s) and the current period.

For the future contracts, an initial margin is required to open a position and maintain the collateral requirement until the position is closed. LACERS reports the collateral for the future contracts in the short-term investments.

Concentrations

The investment portfolio as of June 30, 2017, contained no concentration of investments in any one entity that represented 5% or more of the total investment portfolio.

Rate of Return on Investments

For the year ended June 30, 2017, the aggregate annual money-weighted rate of return on LACERS investments, net of investment expenses, was 13.03%.

The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. Separate schedules for the money-weighted rate of return for Retirement Plan and Postemployment Health Care Plan are presented in the Required Supplementary Information (RSI) on pages 39 and 43, respectively.

Receivables

As of June 30, 2017, LACERS held no long-term contracts for contributions receivable form the City.

Capital Assets

Prior to July 1, 2001, purchases of capital assets, consisting primarily of office furniture and computer equipment, were recorded and expensed in the year acquired. Effective July 1, 2001, these purchases are capitalized upon acquisition if the cost of purchase is $5,000 or more, and depreciated over five years using the straight-line method.

In order to comply with the requirements of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, certain costs for developing LACERS new Pension Administration System (PAS), a customized software solution critical to LACERS core operations, have been capitalized. This project is still in process, and the capitalized costs to date as of June 30, 2017 was $6,194,000.

Administrative Expenses

All administrative expenses are funded from LACERS fiduciary net position, which represents accumulated investment earnings and contributions from the City and the Members net of payments.

Reserves

As provided in the Los Angeles City Charter, LACERS is maintained on a reserve basis, determined in accordance with recognized actuarial methods. The Los Angeles City Charter establishes reserves for the following:

Reserves for the Retirement Plan

Member Contributions (Mandatory) – To provide for individual accounts of Members consisting of Active Member mandatory contributions to the Retirement Plan and interest credited to Members' accounts, less refunds of Members contributions and transfers to the Annuity reserve.

1. Description of LACERS and Significant Accounting Policies (Continued)

Reserves (Continued)

Reserves for the Retirement Plan (Continued)

Member Contributions (Voluntary) – To provide for individual accounts of Members participating in the larger annuity program of Active Member voluntary contributions and interest/investment return credited to Members' accounts, less refunds of Member contributions (voluntary) and transfers to the Larger Annuity reserve.

Basic Pensions – To provide for the City's guaranteed portion of retirement benefits consisting of City contributions; investment earnings (losses) including net appreciation (depreciation) in fair value of investments; less payments to retired Members.

Annuity – To provide for the Members' share of retirement benefits consisting of Members' mandatory contribution balances transferred at retirement; investment earnings (losses) excluding net appreciation (depreciation) in fair value of investments; less payments to retired Members.

Larger Annuity – To provide for the Larger Annuity benefit consisting of Members' voluntary contribution balances transferred at retirement including Internal Revenue Service (IRS) Section 457 deferred compensation and other rollovers; investment earnings (losses) including net appreciation (depreciation) in fair value of investments; less payments to participating retired Members.

Family Death Benefit Plan (FDBP) – To pay benefits under the Family Death Benefit Plan administered by LACERS consisting of Active Member voluntary contributions; matching City contributions; and investment earnings (losses) including net appreciation (depreciation) in fair value of investments; less payments to beneficiaries.

Reserve for the Postemployment Health Care Plan

To provide health care benefits for retirees consisting of City contributions; investment earnings (losses) including net appreciation (depreciation) in fair value of investments; less payments to insurance providers and reimbursements to retired Members.

Reserve balances as of June 30, 2017, were as follows (in thousands):

Reserves for the Retirement Plan		
Member Contributions:		
- Mandatory	$ 2,289,986	
- Voluntary	5,788	
Basic Pensions	10,404,730	
Annuity	485,800	
Larger Annuity	48,543	
FDBP	15,861	$13,250,708
Reserve for the Postemployment Health Care Plan		2,438,862
Total Reserves		$ 15,689,570

Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting years. Actual results could differ from those estimates.

Implementation of New GASB Pronouncements

On June 2, 2015, the GASB released two new standards: GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The new Other Postemployment Benefits (OPEB), primarily retiree health insurance, standards parallel the pension standards issued in June 2012: GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25,* and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*

In the current fiscal year, the System implemented the provisions of the GASB Statement No. 74 which requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The total OPEB liability generally is required to be determined through an actuarial valuation. The implementation of this Statement also requires various other information provided through revised and new Note disclosures and RSI which, in general, parallel those under the GASB Statement No. 67.

1. Description of LACERS and Significant Accounting Policies (Continued)

Implementation of New GASB Pronouncements (Continued)

Together, the pension and OPEB standards provide consistent and comprehensive guidance for accounting and financial reporting of benefits administered by LACERS. Significant changes include: 1) a disclosure of the annual money-weighted rate of return; 2) a disclosure of the asset allocation policy; 3) a sensitivity analysis of net OPEB liability using a discount rate that is one percentage point higher and lower than the current rate; and 4) an actuarial calculation of net OPEB liability using a healthcare cost trend rate that is one percentage point higher and lower than assumed healthcare cost trend rate, as required by the Statement No. 74. This information is presented in the Note 3 - Postemployment Health Care Plan Description on pages 22 - 25 and in RSI schedules. Statement No. 74 replaces a few reporting requirements under the previously issued GASB Statements, therefore, the schedule of funding progress under GASB Statement No. 25 is no longer included in RSI. The previously reported schedule of employer contributions for the Postemployment Health Care Plan is replaced by a schedule of contribution history in RSI.

In March 2016, GASB issued Statement No. 82, *Pension Issues*, to address certain issues that have been raised with respect to the Statements No. 67, No. 68, and No. 73 such as presentation of payroll related measures in RSI and classification of employer-paid member contributions. Key changes implemented by the System include: 1) replacing the former description of "covered-employee payroll" with "covered payroll" in the RSI schedules; and 2) classifying the payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as Plan Member contributions.

2. Retirement Plan Description

Plan Administration and Membership

LACERS administers a defined benefit pension plan that provides for service and disability retirement benefits, as well as death benefits.

The Retirement Plan covers all full-time personnel and department-certified part-time employees of the City, except for sworn employees of the Fire and Police departments, Department of Water and Power employees, elected officials who elected to participate in an alternative Defined Contribution Plan, certain Port Police officers of the Harbor, and certain Airport Peace Officers of the Airports who elected to opt out of LACERS. Upon transferring all active Tier 2 Members to Tier 1 as of February 21, 2016, Membership to Tier 1 is now closed to new entrants unless a Member meets one of the exceptions allowed in the Ordinance (No. 184134). Eligible employees hired on or after February 21, 2016 become Members of Tier 3.

As of June 30, 2017, the components of LACERS membership in both tiers (Tier 1 and Tier 3) were as follows:

Active:	
Vested	19,188
Non-vested	6,269
	25,457
Inactive:	
Non-vested	5,078
Terminated Entitled to Benefits, Not Yet Receiving Benefits	2,350
Retired	18,805
Total	51,690

Members of LACERS have a vested right to their own contributions and accumulated interest posted to their accounts. Generally, after five years of employment, Members are eligible for future retirement benefits, which increase with length of service. If a Member who has five or more years of continuous City service terminates employment, the Member has the option of receiving retirement benefits when eligible or having his or her contributions and accumulated interest refunded. Benefits are based upon age, length of service, and compensation.

Eligibility Requirement and Benefits Provided

Tier 1

Plan Members are eligible to retire with unreduced benefits if they have 10 or more years of continuous City service at age 60, or at least 30 years of City service at age 55, or with any years of City service at age 70 or older. Plan Members also are eligible to retire with age-based reduced benefits after reaching age 55 with 10 or more years of continuous City service, or at any age with 30 or more years of City service. Full (unreduced) retirement benefits are determined as 2.16% of the Member's average monthly pensionable salary during the Member's last

2. Retirement Plan Description (Continued)

Eligibility Requirement and Benefits Provided (Continued)

12 months of service, or during any other 12 consecutive months of service designated by the Member, multiplied by the Member's years of service credit. Plan Members with five years of continuous service are eligible for disability retirement, and the benefits are determined as 1/70 of the Member's final average monthly salary for each year of service or 1/3 of the Member's final average monthly salary, if greater. Upon an active Member's death, a refund of the Member's contributions and, depending on the Member's years of service, a limited pension benefit equal to 50% of monthly salary may be paid up to 12 months. Or, if such Member was eligible to retire, survivor benefits may be paid to an eligible spouse or qualified domestic partner. Upon a retired Member's death, a $2,500 funeral allowance is paid, and a modified or unmodified allowance is continued to an eligible spouse or qualified domestic partner.

Tier 3

Plan Members are eligible to retire with unreduced benefits if they have at least 10 or more years of City service at age 60 or at least 30 years of City service at age 55, provide that five years of service must be continuous. Full unreduced retirement benefits at age 60 with 10 years of City service are determined with a 1.5% retirement factor. Plan Members also are eligible to retire with an age-based reduced benefit before reaching age 60 with 30 or more years of City service with a retirement factor of 2.0%. If the Member is age 55 or older with 30 years of service at the time of retirement, his or her retirement allowance will not be subject to reduction on account of age. However, if the Member is younger than age 55 with 30 years of Service at the time of retirement, his or her retirement allowance will be reduced by the applicable early retirement reduction factor. In addition, the System also provides Tier 3 Members an enhanced retirement benefits with a 2.0% retirement factor if the Member retires at age 63 with at least 10 years of service, or a retirement factor of 2.1% if the Member retires at age 63 with 30 years of service. Tier 3 retirement benefits are determined by multiplying the Member's retirement factor (1.5% - 2.1%), with the Member's Final Average Compensation (FAC) based on the Member's pensionable salary for the last 36 months or any other 36 consecutive months designated by the Member, and by the Member's years of service credit (SC) as follows:

Age at Retirement	Required Years of Service	Retirement Benefit(1)
Under 55	30 Years	2.0% x FAC x Yrs. of SC(2)
55 and Over	30 Years	2.0% x FAC x Yrs. of SC
60 and Over	10 Years	1.5% x FAC x Yrs. of SC
63 and Over	10 Years	2.0% x FAC x Yrs. of SC
63 and Over	30 Years	2.1% x FAC x Yrs. of SC

(1) Retirement allowance may not exceed 80% of final compensation except when benefit is based solely on the annuity component funded by the Member's contributions.

(2) A reduction factor will be applied based on age at retirement.

Plan Members with five years of continuous service are eligible for disability retirement, and the benefits are determined as 1/70 of the Member's final average monthly salary for each year of service or 1/3 of the Member's final average monthly salary, if greater. Upon an active Member's death, a refund of the Member's contributions and, depending on the Member's years of service, a limited pension benefit equal to 50% of monthly salary may be paid up to 12 months. Or, if such Member was eligible to retire, survivor benefits may be paid to an eligible spouse or qualified domestic partner. Upon a retired Member's death, a $2,500 funeral allowance is paid, and a modified or unmodified allowance is continued to an eligible spouse or qualified domestic partner.

There were no Tier 3 Members who retired during this reporting period.

Cost of Living Adjustment

Retirement allowances are indexed annually for inflation. The Board has authority to determine, no later than May 1st of each year, the average annual percentage change in the Consumer Price Index (CPI) for the purpose of providing a Cost of Living Adjustment (COLA) to the benefits of eligible Members and beneficiaries in July. The adjustment is based on the prior year's change of Los Angeles area CPI subject to a maximum of 3.0% for Tier 1 Members or 2.0% for Tier 3 Members. For Tier 1 Members, the COLA percentage greater than 3.0% is banked for future use.

Employer Contributions

The Los Angeles City Charter Sections 1158 and 1160 provide for periodic actuarially-determined employer contribution rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits

2. Retirement Plan Description (Continued)

Employer Contributions (Continued)

when due. For the year ended June 30, 2017, the actuarially-determined contribution of the employer to the Retirement Plan by the City was 22.88% of covered payroll, based on the June 30, 2015 actuarial valuation. Upon closing the fiscal year 2016-17, LACERS re-calculated employer contributions using actual payroll incurred during the fiscal year which was smaller than projected covered payroll used by the City to make the advance payment at the beginning of the fiscal year. As a result, employer contributions received for the Retirement Plan were $18,921,000 more, and it was credited to the employer toward employer contribution for fiscal year 2017-18. Based on actual payroll, the effective rate of employer contribution for Retirement Plan was 22.98%.

Member Contributions

Tier 1

The current contribution rate for Tier 1 Members is 11% of their pensionable salary including: 1) a 1% increase in the Member contribution rate pursuant to 2009 Early Retirement Incentive Program (ERIP) ordinance for all employees for a period of 15 years (or until the ERIP Cost obligation is fully recovered, whichever comes first); and 2) 4% additional contributions in exchange for a vested right to future increases in the maximum retiree medical subsidy pursuant to a 2011 City Council ordinance. As of June 30, 2017, all active Tier 1 Members are now paying additional contributions, and are not subject to the retiree medical subsidy cap.

Tier 3

The contribution rate for Tier 3 Members is 11% of their pensionable salary including 4% additional contributions in exchange for a vested right to future increases in the maximum retiree medical subsidy. Unlike Tier 1, Tier 3 Members do not pay ERIP contribution, therefore, Tier 3 Members’ contribution rate will not drop down when Tier 1 Members cease to pay the 1% ERIP contribution.

2. Retirement Plan Description (Continued)

Net Pension Liability

In calculating the Plan's net pension liability, the total pension liability and the Plan fiduciary net position exclude amounts associated with Family Death and Larger Annuity Benefits. As of June 30, 2017, the components of the net pension liability were as follows (in thousands):

Total Pension Liability	$ 18,458,188
Plan Fiduciary Net Position [(1)]	(13,180,516)
Plan's Net Pension Liability	$ 5,277,672
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.4%

(1) Plan fiduciary net position was $13,250,708,000 as of June 30, 2017 without excluding amounts associated with Family Death, and Larger Annuity Benefits.

Significant Assumptions

Projections of benefits for financial reporting purposes are based on the types of benefits provided to active, inactive, and retired Members at the time of each valuation, including expected future COLAs. The attribution method and significant assumptions used in the valuation year of June 30, 2017, are summarized below:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Method – assuming a closed group (individual basis).
Amortization Method	Level Percent of Payroll
Actuarial Assumptions:	
Date of Experience Study	June 30, 2014 (July 1, 2011 through June 30, 2014)
Long-Term Expected Rate of Return	7.25%, net of pension plan investment expenses, including inflation assumption at 3.00%.
Inflation	3.00%
Real Across-the-Board Salary Increase	0.50%
Projected Salary Increases	Ranges from 3.90% to 10.00% based on years of service, including inflation assumption at 3.00% and the real across-the-board salary increase assumption of 0.50%.
Annual COLAs	3.0% maximum for Tier 1 and 2.0% maximum for Tier 3
Mortality Table for Retirees and Beneficiaries	RP-2000 Combined Healthy Mortality Table, projected with Scale BB to 2020, set back one year for males and no set back for females.
Mortality Table for Disabled Retirees	RP-2000 Combined Healthy Mortality Table, projected with Scale BB to 2020, set forward seven years for males and set forward eight years for females.
Percent Married / Domestic Partner	76% of male participants; 50% of female participants are assumed to be married or have a qualified domestic partner.
Spouse Age Difference	Male retirees are assumed to be four years older than their female spouses. Female retirees are assumed to be two years younger than their male spouses.

2. Retirement Plan Description (Continued)

Net Pension Liability (Continued)

Discount Rate

The discount rates used to measure the total pension liability were 7.25% and 7.50% as of June 30, 2017 and June 30, 2016, respectively. Both rates are long-term expected rate of return on the System's investments.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized as follows:

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	19.0%	5.6%
U.S. Small Cap Equity	5.0	6.5
Developed Int'l Equity	19.0	7.1
Developed Int'l Small Cap Equity	3.0	7.3
Emerging Market Equity	7.0	9.4
Core Bonds	19.0	1.1
Private Real Estate	5.0	4.4
Public Real Assets	5.0	3.4
Private Equity	12.0	9.0
Credit Opportunities	5.0	3.8
Cash	1.0	(0.1)
Total	100.0%	

The projection of cash flows used to determine the discount rate assumed plan Member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially-determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan Members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan Members and beneficiaries, as well as projected contributions from future plan Members, are not included.

Based on those assumptions, LACERS fiduciary net position was projected to be available to make "all" projected future benefit payments for current plan Members. Therefore, in accordance with the GASB Statement No. 67, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both June 30, 2017 and June 30, 2016.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of LACERS as of June 30, 2017, calculated using the discount rate of 7.25%, as well as what LACERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate (dollar in thousands):

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
$7,722,365	$5,277,672	$3,243,284

3. Postemployment Health Care Plan Description

Plan Administration and Membership

LACERS administers, and provides postemployment healthcare benefits to eligible retirees and their eligible spouses/domestic partners who participate in the Retirement Plan regardless of their membership tiers. These benefits consist of subsidies which may also apply to the coverage of other eligible dependent(s).

As of June 30, 2017, the components of Membership, excluding non-participating retirees and surviving spouses of LACERS postemployment healthcare benefits were as follows:

Retired Members/Surviving Spouses(1)	14,652
Vested terminated Members entitled to, but not yet receiving benefits(2)	1,280
Active Members	25,457
Total	41,389

(1) Total participants including married dependents and dependent children currently receiving benefits are 19,539.

(2) Includes terminated Members due a refund of employee contributions.

Eligibility Requirement and Benefits Provided

To be eligible for LACERS postemployment healthcare benefits, Member must: 1) be at least age 55; 2) have at least 10 whole years of service with LACERS; and 3) be enrolled in a System-sponsored medical or dental plan or are a participant in the Medical Premium Reimbursement Program (MPRP). Retirees and surviving spouses/domestic partners can choose from the health plans that are available, which include medical, dental, and vision benefits, or participate in the MPRP if he/she resides in an area not covered by the available medical plans. Retirees and surviving spouses/domestic partners receive medical subsidies based on service years and service credit. The dental subsidies are provided to the retirees only, based on service years and service credit.

The maximum subsidies are set annually by the Board. Effective February 21, 2016, healthcare benefit eligibility requirements have changed Members who have periods of part-time service. Such Members are now eligible to participate in the LACERS retiree medical programs with a 10 whole years of service, even if some or all of that service was part-time, provided that the Member meets the eligibility requirements. Both Tier 1 and Tier 3 Members will be eligible for 40% of maximum medical plan premium subsidy for 1 – 10 whole years of service credit, and eligible Members earn 4% per year of service credit for their annual medical subsidy accrual after 10 years of service. Eligible spouses/domestic partners of Plan Members are entitled to the System's postemployment health care benefits after the retired Member's death. During the 2011 fiscal year, the City adopted an ordinance ("Subsidy Cap Ordinance") to limit the maximum medical subsidy at $1,190 for those Members who retire on or after July 1, 2011; however, Members who at any time prior to retirement made additional contributions are exempted from the subsidy cap and obtain a vested right to future increases in the maximum medical subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and Part B premium. As of June 30, 2017, all active Tier 1 and Tier 3 Members were making the additional contributions, and therefore will not be subject to the medical subsidy cap (refer to Member Contributions of Note 2 – Retirement Plan Description on page 19).

Employer Contributions

The Los Angeles City Charter Sections 1158 and 1160 require periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. The required contribution rate for the Postemployment Health Care Plan for the fiscal year ended June 30, 2017, was 4.74% of covered payroll, determined by the June 30, 2015 actuarial valuation.

Upon closing the fiscal year 2016-17, LACERS re-calculated employer contributions using actual payroll incurred during the fiscal year which was smaller than projected covered payroll used by the City to make the advance payment at the beginning of the fiscal year. As a result, employer contributions for Postemployment Plan were overpaid by $3,420,000, and the overpayment was returned to the employer as a credit toward employer contribution for fiscal year 2017-18. Based on the actual payroll, the effective rate of employer contribution for Postemployment Health Care Plan was 4.94%.

3. Postemployment Health Care Plan Description (Continued)

Net OPEB Liability

As of June 30, 2017, the components of the net OPEB liability were as follows (in thousands):

Total OPEB Liability	$ 3,005,806
Plan Fiduciary Net Position	(2,438,862)
Plan's Net OPEB Liability	$ 566,944
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	81.1%

Significant Assumptions

The total OPEB liability as of June 30, 2017 was determined by actuarial valuation as of June 30, 2017. The attribution method and significant assumptions used to measure the total OPEB liability, including assumptions about inflation, and healthcare cost trend rates in the valuation year of June 30, 2017, are summarized below:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Cost Method – level percent of salary.
Amortization Method:	Level Percent of Payroll – assuming a 3.50% increase in total covered payroll.
Actuarial Assumptions:	
Date of Experience Study	June 30, 2014 (July 1, 2011 through June 30, 2014)
Long-Term Expected Rate of Return	7.25%, net of OPEB plan investment expenses, including inflation assumption at 3.00%
Inflation	3.00%
Salary Increase	Range from 10.00% to 3.90% based on years of service, including inflation assumption at 3.00%
Spouse Age Difference	Male retirees are assumed to be four years older than their female spouses. Female retirees are assumed to be two years younger than their male spouses.
Mortality Table for Retirees and Beneficiaries	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set back one year for males and no set back for females.
Mortality Table for Disabled Retirees	RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set forward seven years for males and set forward eight years for females.
Marital Status	60% of male and 30% of female retirees who receive a subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage.
Spouse Age Difference	Male retirees are assumed to be four years older than their female spouses. Female retirees are assumed to be two years younger than their male spouses.
Surviving Spouse Coverage	With regard to Members who are currently alive, 100% of eligible spouses or domestic partners are assumed to elect continued health coverage after the Member's death.
Participation	50% of inactive Members are assumed to receive a subsidy for a City approved health carrier.
	100% of retirees becoming eligible for Medicare are assumed to be covered by both Parts A and B.

3. Postemployment Health Care Plan Description (Continued)

Net OPEB Liability (Continued)

Significant Assumptions (Continued)

Health Care Cost Trend Rates

Medical Premium Trend Rates to be applied in the following fiscal years, to all health plans. Trend Rate is to be applied to the premium for shown fiscal year to calculate next fiscal year's projected premium.

Medical Premium Trend Rates to be applied to fiscal year 2017-2018 and later years are:

First Fiscal Year (July 1, 2017 through June 30, 2018)		
Carrier	Under Age 65	Age 65 & Over
Kaiser HMO	5.16%	5.72%
Anthem Blue Cross HMO	7.18%	N/A
Anthem Blue Cross PPO	7.23%	6.85%
UHC Medicare HMO	N/A	5.74%

Fiscal Year 2018 - 2019 and later	
Fiscal Year	Trend (Approx.)
2018 - 2019	6.87%
2019 - 2020	6.62%
2020 - 2021	6.37%
2021 - 2022	6.12%
2022 - 2023	5.87%
2023 - 2024	5.62%
2024 - 2025	5.37%
2025 - 2026	5.12%
2026 - 2027	4.87%
2027 - 2028	4.62%
2028 and later	4.50%

Dental Premium Trend to be applied is 4.50% for all years.

Medicare Part B Premium Trend for the 2017-18 fiscal year will be calculated based on the actual increase in premium from 2017 to 2018. 4.50% for years following the 2018 calendar year.

3. Postemployment Health Care Plan Description (Continued)

Net OPEB Liability (Continued)

Discount Rate

The discount rates used to measure the total OPEB liability were 7.25% and 7.50% as of June 30, 2017 and June 30, 2016, respectively. Both rates are long-term expected rate of return on the System's investments.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized as follows:

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	19.0%	5.6%
U.S. Small Cap Equity	5.0	6.5
Developed Int'l Equity	19.0	7.1
Developed Int'l Small Cap Equity	3.0	7.3
Emerging Market Equity	7.0	9.4
Core Bonds	19.0	1.1
Private Real Estate	5.0	4.4
Public Real Assets	5.0	3.4
Private Equity	12.0	9.0
Credit Opportunities	5.0	3.8
Cash	1.0	(0.1)
Total	100.0%	

The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially-determined contribution rates. For this purpose, employer contributions are intended only to fund the benefits of current plan Members and their beneficiaries.

Based on those assumptions, LACERS fiduciary net position was projected to be available to make "all" projected future benefit payments for current plan Members and their beneficiaries. Therefore, in accordance with the GASB Statement No. 74, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability as of both June 30, 2017 and June 30, 2016.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of LACERS as of June 30, 2017, calculated using the discount rate of 7.25%, as well as what LACERS net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate (dollar in thousands):

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
$ 973,450	$ 566,944	$ 229,418

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of LACERS as of June 30, 2017, as well as what LACERS net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates (dollar in thousands):

1% Decrease	Current Healthcare Cost Trend Rates(1)	1% Increase
$ 176,653	$ 566,944	$1,072,553

(1) Current healthcare cost trend rates: 6.87% graded down to 4.50% over 10 years for Non-Medicare medical plan costs; 6.37% graded down to 4.50% over eight years for Medicare medical plan costs; and 4.50% for all years for Dental and Medicare part B subsidy cost.

4. Contributions Required and Contributions Made

LACERS switched to the Entry Age cost method beginning from the June 30, 2012 actuarial valuation to determine the required annual contribution amount for the Retirement Plan and the Postemployment Health Care Plan. The required annual contribution amount is composed of two components: normal cost which is the cost of the portion of the benefit that is allocated to a given year, and the payment to amortize the Underfunded Actuarial Accrued Liability (UAAL) which is the difference between LACERS actuarial liabilities and actuarial assets. The components of the UAAL are amortized as a level percent of pay. Based on LACERS funding policy, increases or decreases in the UAAL due to assumption changes are amortized over 20 years, except that health cost trend and premium assumption changes are amortized over 15 years. Plan changes and experience gains and losses are amortized over 15 years, subject to adjustments to comply with GASB requirements on maximum amortization period of 30 years for all layers combined. The amortization periods are "closed" as each layer of the UAAL is systematically amortized over a "fixed" period.

The total contributions to LACERS for the year ended June 30, 2017, in the amount of $778,493,000 ($681,036,000 for the Retirement Plan and $97,457,000 for the Postemployment Health Care Plan), consisted of the following (in thousands):

	Retirement Plan	Postemployment Health Care Plan
City Contributions:		
Required Contributions	$ 453,356	$ 97,457
FDBP	148	-
Total City Contributions	453,504	97,457
Member Contributions	227,532	-
Total Contributions	$ 681,036	$ 97,457

The City contributions made for the Retirement Plan under the Required Contributions category in the amount of $453,356,000 were equal to 100% of the actuarially determined contribution of the employer. The City contributions made for the Postemployment Health Care Plan, in the amount of $97,457,000, represents 100% of the actuarially determined contribution of the employer as defined by GASB Statement No. 74. Member contributions in the amount of $227,532,000 were made toward the Retirement Plan and the voluntary Family Death Benefit Plan.

5. Historical Trend Information

Historical trend information, designed to provide information about LACERS progress made in accumulating sufficient assets to pay benefits when due, is presented on pages 36 - 39 for the Retirement Plan and pages 40 - 43 for the Postemployment Health Care Plan.

6. Cash and Short-Term Investments and Investments

The Board has the responsibility for the investment of LACERS funds, and should discharge its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims, as prescribed by Article XI Section 1106(c) of the City Charter.

LACERS considers investments with a maturity of 12 months or less to be short-term investments. The carrying value of cash and short-term investments at June 30, 2017, on the Retirement Plan and Postemployment Health Care Plan included approximately $3,179,000 held in LACERS general operating accounts with the City Treasurer and short-term investments funds (STIF) of $488,335,000 for a total of $491,514,000. The amounts held by the City Treasurer are pooled with the monies of other City agencies and invested by the City Treasurer's office. These assets are not individually identifiable. At June 30, 2017, short-term investments included collective STIF of $81,898,000, international STIF of $164,960,000, and future contracts initial margin and collaterals of $241,477,000.

6. Cash and Short-Term Investments and Investments (Continued)

The fair value of derivative instruments, including equity index, commodity, currency, and interest rate future contracts, currency forward contracts and options, and rights and warrants, are recorded in the Statement of Fiduciary Net Position with a net positive value of $2,360,000. The changes in fair value of the derivative instruments during the fiscal year are recorded in the Statement of Changes in Fiduciary Net Position as Investment Income. LACERS enters into derivative contracts for investment purposes and to manage risks associated with its investment portfolio. For financial reporting purposes, all of LACERS derivatives for the current and previous fiscal years are classified as investment derivatives.

The notional amount and the fair value of derivative instruments as of June 30, 2017, are as follows (in thousands):

Derivative Type	Notional Amount	Fair Value	Change in Fair Value
Future Contracts -			
Commodities	$ 145,947	$ 2,161	$ 2,960
Equity Index	15,223	(132)	(290)
Foreign Exchange	(860)	1	(17)
Interest Rate	18,931	8	40
Currency Forward			
Contracts	199,880	(61)	364
Currency Options	N/A	269	269
Right / Warrants	N/A	114	(95)
Total Value		$ 2,360	$ 3,231

Credit Risk – Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. LACERS seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the fund at an acceptable level of risk within this asset class. The credit quality ratings of investments in fixed income securities by Standard and Poor's (S&P), a nationally-recognized statistical rating organization as of June 30, 2017, are as follows (dollars in thousands):

S & P Ratings	Fair Value	Percentage
AAA	$ 84,940	3.02 %
AA	1,261,933	44.79
A	175,455	6.23
BBB	552,946	19.63
BB	255,499	9.07
B	329,887	11.71
CCC	34,999	1.24
CC	2,560	0.09
D	628	0.02
Not Rated	118,436	4.20
	2,817,283	100.00%
U.S. Government Guaranteed Securities(1)	1,005,936	
Total Fixed Income Securities	$ 3,823,219	

(1) Consists of U.S. Government Bonds and GNMA Mortgage-Backed Securities which had the AA+ rating.

Credit Risk – Derivatives

Derivatives are subject to credit risk that the counterparty to a contract will default. LACERS is exposed to credit risk on reported assets of the investment derivatives that are traded over the counter. The credit risk of exchange traded derivatives for future contracts is considered minimal because the exchange clearing house is the counterparty and guarantees the performance.

LACERS permits investment managers, under the terms of individual guidelines, to use derivative instruments as set forth in each manager's investment guidelines to control portfolio risk. It is the responsibility of these investment managers to actively monitor counterparties on their financial safety and ensure compliance with the investment restrictions. LACERS has no general investment policy with respect to netting arrangements or collateral requirements. However, these individual investment managers have set up the arrangements with the counterparties to net off the positive and negative contracts with the same counterparty in case of the counterparty's default.

6. Cash and Short-Term Investments and Investments (Continued)

Credit Risk – Derivatives (Continued)

As of June 30, 2017, without respect to netting arrangements, LACERS maximum loss on derivative instruments subject to credit risk, namely currency forward contracts, is $1,882,000. All counterparties of these investment derivatives had the credit rating of "A" assigned by the Standard & Poor's.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a financial institution's failure of depository financial institution, LACERS would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. As of June 30, 2017, LACERS has exposure to such risk in the amount of $16,553,000 or 0.29% of the fair value of total international investments. The amount represents non-invested cash denominated in foreign currencies, managed by 12 different investment managers, and held outside of LACERS custodial bank. LACERS policy requires each individual publicly traded equities investment manager to hold no more than 10% of their portfolios in the form of cash. LACERS is in compliance with the policy.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, LACERS would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are not insured, are not registered in LACERS name, and are held by the counterparty, or the counterparty's trust department or agent but not in LACERS name. As of June 30, 2017, LACERS investments were not exposed to custodial credit risk because all securities were registered in the name of the System.

Concentration of Credit Risk

The investment portfolio as of June 30, 2017, contained no concentration of investments in any one entity that represented 5% or more of the total investment portfolio.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. One of the ways LACERS manages its exposure to interest rate risk is by requiring the fixed income investment managers to maintain their portfolio effective duration within a specified range of the BC U.S. High Yield 2% Capped Index, the BC Intermediate Government Credit Index, the BC Aggregate Bond Index, or the J.P. Morgan EMBI Global Diversified Index, depending on the Board's mandates. The effective duration is a measure, in years, of interest-rate sensitivity in debt investments. The longer the effective duration, the greater the sensitivity to interest rate changes. Information about the sensitivity of the fair values of LACERS investments to market interest rate fluctuations as of June 30, 2017 is provided by the following table that shows the weighted average effective duration of LACERS fixed income securities by investment type (dollars in thousands):

Investment Type	Fair Value	Weighted Average Duration (in Years)
Asset-Backed Securities	$ 80,037	1.33
Bank Loans	6,360	0.21
Commercial Mortgage-Backed Securities	33,405	4.95
Corporate Bonds	1,149,635	5.46
Government Agencies	83,032	3.92
Government Bonds	601,803	7.45
Government Mortgage-Backed Securities	357,091	3.90
Index Linked Government Bonds	542,308	7.70
Municipal/Provincial Bonds	9,387	5.25
Non-Government Backed Collateralized Mortgage Obligations (C.M.O.s)	974	2.70
Opportunistic Debts	90,404	0.30
Other Fixed Income (Funds)	868,775	6.02
Derivative Instruments	8	N/A
Total Fixed Income Securities	$ 3,823,219	

6. Cash and Short-Term Investments and Investments (Continued)

Highly-Sensitive Investments

Highly-sensitive investments are certain debt investments whose terms may cause their fair value to be highly-sensitive to market interest rate changes. Terms include embedded options, coupon multipliers, benchmark indexes, and reset dates. LACERS asset-backed investments have embedded prepayment options that will typically cause prepayments by the obligees of the underlying investments when interest rates fall. Prepayments eliminate the stream of future interest payments and, therefore, diminish the fair value of the asset-backed investment. The following table shows the fair value of LACERS asset-backed investments by investment type (in thousands):

Investment Type	Fair Value
Asset-Backed Securities	$ 80,037
Commercial Mortgage-Backed Securities	33,405
Government Agencies	83,032
Government Mortgage-Backed Securities	357,091
Non-Government Backed C.M.O.s	974
Total Asset-Backed Investments	$ 554,539

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. LACERS Asset Allocation policy sets a target of 29% of the total portfolio for non-U.S. investments in equities. In addition, fixed income, real estate, and private equity managers may hold non-U.S. investments depending on their individual mandates. Forward currency contracts are permitted primarily to reduce the foreign currency risk.

6. Cash and Short-Term Investments and Investments (Continued)

Foreign Currency Risk (Continued)

LACERS non-U.S. currency investment holdings as of June 30, 2017, which represent 28.7% of the fair value of total investments, are as follows (in thousands):

Foreign Currency Type	Cash and Adjustments to Cash	Equity	Fixed Income	Derivative Instruments	Other Investments	Total Fair Value in USD
Argentine peso	$ 2,727	$ -	$ -	$ 10	$ -	$ 2,737
Australian dollar	210	159,408	-	(30)	-	159,588
Brazilian real	3,264	78,576	248	-	-	82,088
British pound sterling	1,051	662,047	-	(15)	1,251	664,334
Canadian dollar	482	180,372	-	(9)	-	180,845
Chilean peso	(3,135)	8,142	-	19	-	5,026
Chinese yuan renminbi	-	-	-	(92)	-	(92)
Colombian peso	(871)	3,427	-	76	-	2,632
Czech koruna	2,144	1,888	-	(92)	-	3,940
Danish krone	93	57,679	-	-	-	57,772
Egyptian pound	-	2,370	-	-	-	2,370
Euro	(5,814)	1,097,130	3,711	(458)	91,658	1,186,227
Hong Kong dollar	1,159	304,171	-	(10)	-	305,320
Hungarian forint	3,296	5,746	-	(37)	-	9,005
Indian rupee	7,749	117,630	-	3	-	125,382
Indonesian rupiah	3,293	31,473	833	-	-	35,599
Israeli new shekel	(477)	12,805	-	(55)	-	12,273
Japanese yen	(1,603)	740,585	-	15	-	738,997
Malaysian ringgit	110	36,844	-	1	-	36,955
Mexican peso	4,729	36,690	586	(8)	-	41,997
New Taiwan dollar	(6,230)	131,275	-	81	-	125,126
New Zealand dollar	150	10,853	-	-	-	11,003
Norwegian krone	133	32,831	-	-	-	32,964
Peruvian nuevo sol	1,201	-	-	-	-	1,201
Philippine peso	16	16,755	-	37	-	16,808
Polish zloty	2,015	17,638	-	(7)	-	19,646
Qatari rial	-	1,275	-	-	-	1,275
Russian ruble	1,900	9,958	-	41	-	11,899
Singapore dollar	(3,841)	62,241	-	(13)	-	58,387
South African rand	(2,644)	66,900	-	(119)	-	64,137
South Korean won	(1,898)	189,533	-	42	-	187,677
Swedish krona	17	102,467	-	-	-	102,484
Swiss franc	127	281,316	-	-	-	281,443
Thai baht	(801)	32,536	-	(9)	-	31,726
Turkish lira	3,384	25,468	-	-	-	28,852
United Arab Emirates dirham	-	4,949	-	-	-	4,949
Total Investments Held in Foreign Currency	$ 11,936	$ 4,522,978	$ 5,378	$ (629)	$ 92,909	$ 4,632,572

Notes to the Basic Financial Statements

6. Cash and Short-Term Investments and Investments (Continued)

Fair Value Measurements

LACERS follows GASB Statement No. 72 (GASB 72), *Fair Value Measurements and Application*. GASB 72 addresses accounting and financial reporting issues related to fair value measurements and disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in either a government's principal or the most advantageous market at the measurement date.

The System's investments are measured and reported within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Inputs to the valuation include: 1) quoted prices for similar assets or liabilities in active markets; 2) quoted prices for identical or similar assets or liabilities in markets that are not active; 3) inputs other than quoted prices that are observable for the asset or liability; and 4) market-corroborated inputs.

Level 3 inputs are unobservable inputs for an asset or liability where there are little market activities. The inputs into the determination of fair value are based upon the best information in the circumstances and may require management judgment or estimation.

Schedule of Investments by Fair Value Hierarchy
Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 or 3 of the fair value hierarchy are valued using a matrix pricing technique based on the availability of the market price, the pricing source and type, and the country of incorporation of the securities. The hierarchy levels are determined based on the level of corroborative information obtained from other market sources to assert that the prices provided represent observable data.

Private equity funds classified in Level 3 of the fair value hierarchy are valued based on the availability of market price of the underlying assets, and using either a discounted cash flow or Comparable Company Analysis with internal assumptions. Real estate funds classified in Level 2 or 3 of the fair value hierarchy are valued based on periodic appraisals in accordance with industry practice.

The exchange traded Future Contracts classified in Level 1 of the fair value hierarchy are valued using a daily settlement when available or as a daily mark to market. The Foreign Exchange Contracts classified in Level 2 of the fair value hierarchy are valued using independent pricing services including London Close mid-evaluation, WM/Reuters Company, Bloomberg, and Thomson Reuters.

Certain investments which do not have a readily determinable fair value have been valued at Net Asset Value (NAV) per share (or its equivalent) provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with GAAP requirements. These investments are not categorized within the fair value hierarchy but disclosed in the schedule of Investments Measured at the NAV.

6. Cash and Short-Term Investments and Investments (Continued)

Fair Value Measurements (Continued)

Schedule of Investments by Fair Value Hierarchy (Continued)

The System has the following recurring fair value measurements as of June 30, 2017 (in thousands):

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Debt securities:				
Government Bonds	$ 1,144,110	$ -	$ 1,144,110	$ -
Government Agencies	83,032	-	83,032	-
Municipal/Provincial Bonds	9,387	-	9,387	-
Corporate Bonds	1,230,646	-	1,229,736	910
Bank Loans	6,360	-	6,360	-
Government Mortgage Bonds	357,091	-	357,091	-
Commercial Mortgage Bonds	33,405	-	33,405	-
Opportunistic Debts	13,137	-	-	13,137
Total Debt Securities	2,877,168	-	2,863,121	14,047
Equity Securities:				
Common Stock:				
Basic Industries	1,136,592	1,136,525	24	43
Capital Goods Industries	521,794	521,378	-	416
Consumer & Services	2,101,328	2,099,630	-	1,698
Energy	695,279	695,235	-	44
Financial Services	1,635,198	1,634,971	-	227
Health Care	993,986	993,876	-	110
Information Technology	1,458,829	1,458,747	-	82
Real Estate	408,299	408,243	-	56
Miscellaneous	6,869	6,049	-	820
Total Common Stock	8,958,174	8,954,654	24	3,496
Preferred Stock	48,331	48,269	-	62
Stapled Securities	13,177	13,177	-	-
Total Equity Securities	9,019,682	9,016,100	24	3,558
Private Equity Funds	176,700	-	-	176,700
Real Estate Funds	117,025	-	115,288	1,737
Securities Lending Collateral	863,691	-	863,691	-
Total Investments by Fair Value Level	13,054,266	$ 9,016,100	$ 3,842,124	$ 196,042
Investments measured at the Net Asset Value (NAV):				
Common Fund Assets	868,775			
Private Equity Funds	1,401,949			
Real Estate Funds	717,823			
Opportunistic Debts	77,267			
Total Investments measured at the NAV	3,065,814			
Total Investments measured at Fair Value(1)	$ 16,120,080			
Investment Derivative Instruments:				
Future Contracts (liabilities)	$ 2,038	$ 2,038	$ -	$ -
Foreign Exchange Contracts (liabilities)	(61)	-	(61)	-
Rights/Warrants	383	92	270	21
Total Investment Derivative Instruments	$ 2,360	$ 2,130	$ 209	$ 21

(1) Excluded investment derivative instruments of $2,360,000 which is shown separately.

6. Cash and Short-Term Investments and Investments (Continued)

Fair Value Measurements (Continued)

Investments measured at the NAV: (in thousands)	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Fund Assets [1]	$ 868,775	$ -	Daily	2 days
Private Equity Funds [2]	1,401,949	794,500	N/A	N/A
Real Estate Funds [3]	717,823	51,419	Daily, Quarterly	1-90 days
Opportunistic Debts [4]	77,267	-	Monthly	30 days
Total Investments measured at the NAV	$ 3,065,814	$ 845,919		

(1) Common fund assets - This investment type includes one fund that primarily invest in U.S. bonds. The fair value of the investment has been determined using a practical expedient based on the investments' NAV per share (or its equivalent). This investment can be redeemed daily, with a two-day advance redemption notice period.

(2) Private equity funds - This investment type includes 181 closed-end commingled private equity funds that invest primarily in securities of privately held U.S. and non-U.S. companies. The fair value of these investments has been determined using a practical expedient based on the investments' NAV per share (or its equivalent). These investments are not redeemable. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as the underlying assets are liquidated by the fund managers. It is expected that the underlying assets of these funds will be liquidated over the next one to 13 years, depending on the vintage year of each fund.

(3) Real estate funds - This investment type includes 30 commingled real estate funds that invest primarily in U.S. commercial real estate. The fair value of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). Seven investments, representing approximately 63.9% of the value of this investment type, are in open-end funds, which may be redeemed according to terms specific to each fund. Redemptions generally are subject to the funds' available cash and redemption queues. There is no intention to redeem any of these seven investments in the near future. Twenty-three investments, representing approximately 36.1% of the value this investment type, are in closed-end funds and are not redeemable. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as underlying assets are liquidated by the fund managers. It is expected that the underlying assets of these funds will be liquidated over the next one to 12 years, depending on the vintage year of each fund.

(4) Opportunistic debts - This investment type includes two commingled funds: one that invests primarily in senior loans of non-investment grade companies (senior loan fund) and another one invests primarily in the securities and obligations of companies experiencing operational or financial distress (distressed investment fund). The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). The senior loan fund, representing approximately 99% of the value of this investment type, can be redeemed monthly. The distressed investment fund, representing approximately 1% of the value of this investment type, is being dissolved and is no longer making new underlying investments. Distributions from this fund will be received as underlying investments are liquidated by the fund manager. It is expected that this fund will be liquidated fully over the next three years.

7. Securities Lending Agreement

Under authority granted by the City Charter, LACERS has entered into various short-term arrangements with its custodian to lend securities to various brokers. There are no restrictions on the amount of securities that may be lent, and the custodian determines which lenders' accounts to lend securities from by using an impartial sequential system that matches loan requests with various lenders' accounts. All lenders are deemed to have relatively equal opportunity to profit from the lending of securities. Therefore, should a collateral deficiency occur beyond the custodian's responsibilities, the deficiency is allocated pro rata among all lenders.

Minimum collateralization is 102% of the fair value of the borrowed U.S. securities and 105% for international securities. Collateral consists of cash, government and corporate securities, and commercial bank obligations. Cash collateral is invested in a separate account comprised of money market or high quality short-term investments. It is the responsibility of the custodian to monitor the collateralization on a daily basis. If the collateral is below the minimum collateralization level, additional collateral will be requested from the borrower to meet the requirement. Collateral requested each morning is required to be received on the same day. If the borrower fails to deliver additional collateral, the custodian would notify the borrower that they are in default under the securities lending agreement. If the borrower does not provide the necessary collateral after receiving notification, the legal agreement allows the custodian to close the contract with the borrower and buy-in the securities on behalf of LACERS.

The borrower has all incidents of ownership with respect to borrowed securities and collateral, including the right to vote and transfer or loan borrowed securities to others. LACERS is entitled to receive all distributions, which are made by the issuer of the borrowed securities, directly from the borrower. Under the agreement, the custodian will indemnify LACERS as a result of the custodian's failure to: 1) make a reasoned determination of the creditworthiness of a potential borrower before lending and, during the term of the loan or loans, the borrower files a petition of bankruptcy or similar action; 2) demand adequate collateral; or 3) otherwise maintain the securities lending program in compliance with the Federal Financial Institutions Examination Council Supervisory Policy on Securities Lending.

These agreements provide for the return of the securities and revenue determined by the type of collateral received. The cash collateral values of securities on loan to brokers are shown at their fair values on the Statement of Fiduciary Net Position.

As of June 30, 2017, LACERS had no losses on securities lending transactions resulting from default of a borrower or lending agent. Due to the nature of the securities lending program and the custodian bank's collateralization of loans at amounts greater than the fair value of the loaned securities, it is deemed that there were no material credit risks to LACERS as defined in GASB Statement No. 28 and GASB Statement No. 40 by its participation in the securities lending program. However, similar to any other investment portfolio, there is risk associated with investing cash collateral in securities. The value of the invested collateral may fall below the value of the cash collateral pledged by the borrowers, and may impair LACERS ability to return cash collateral to the borrowers upon the redemption of loans. In this event, LACERS would be required to make up the deficiency in collateral and would incur a loss.

All securities loans can be terminated on demand by either LACERS or the borrower. Because of this nature, their duration did not generally match the duration of the investment made with the cash collateral. LACERS cannot pledge or sell non-cash collateral unless the borrower defaults.

The following table represents the fair value of securities on loan and cash/non-cash collateral received as of June 30, 2017 (in thousands):

Securities on Loan	Fair Value of Securities on Loan	Cash/Non-Cash Collateral Received
U.S. Government and Agency Securities	$ 533,337	$ 546,167
Domestic Corporate Fixed Income Securities	203,295	207,557
International Fixed Income Securities	54,818	57,508
Domestic Stocks	488,897	500,547
International Stocks	394,786	419,925
Total	$ 1,675,133	$ 1,731,704

7. Securities Lending Agreement (Continued)

As of June 30, 2017, the fair value of the securities on loan was $1,675,133,000. The fair value of associated collateral was $1,731,704,000 ($863,691,000 of cash collateral and $868,013,000 of non-cash collateral). Non-cash collateral, which LACERS does not have the ability to sell unless the borrower defaults, is not reported in the Statement of Fiduciary Net Position. LACERS income and expenses related to securities lending were $9,225,000 and $1,383,000, respectively, for the year ended June 30, 2017.

8. Future and Forward Contracts

LACERS uses derivative financial instruments, primarily to manage portfolio risk. Future and forward contracts are marked to market and are recorded in the Statement of Fiduciary Net Position at fair value. Future contracts have little credit risk, as organized exchanges are the guarantors. Forward agreements are subject to the creditworthiness of the counterparties, which are principally large financial institutions (refer to Note 6 – Credit Risk - Derivatives on pages 27 and 28).

As of June 30, 2017, LACERS had outstanding commodities, equity index, and interest rate future contracts with an aggregate notional amount of $180,101,000, and foreign exchange future contract with a negative notional amount of $860,000 due to its short position. In addition, at June 30, 2017, LACERS had outstanding forward purchase commitments with a notional amount of $199,880,000 and offsetting forward sales commitments with notional amounts of $199,880,000, which expire through April 2018. LACERS maintains margin collateral on the positions with brokers, consisting of cash and U.S. Treasury Bills. The total collateral margin was $241,477,000 as of June 30, 2017.

9. Commitments and Contingencies

As of June 30, 2017, LACERS was committed to future purchases of real estate and private equity investments at an aggregate cost of approximately $1,186,080,000 including agreements for acquisition not yet initiated.

The Patient Protection and Affordable Care Act (PPACA) of 2010 contains a provision that would impose a 40% excise tax on the annual value of health plan costs that exceed certain dollar thresholds beginning in 2020. If there is no change in the law or LACERS plan provisions between now and 2020, and if the current medical cost trend stays substantially the same during the same period, some of LACERS postemployment health care benefits will be subject to the excise tax in 2020 and thereafter. Recently released GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* require the inclusion of the excise tax in the liability. The Statement No. 75 is effective for fiscal years beginning after June 15, 2017 for employer reporting. The impact of potential excise tax imposed by the Affordable Care Act and related statutes on certain health plans in calculating the contribution rates for the employer have been reflected in the valuation for fiscal year June 30, 2017. The inclusion of this excise tax increased the employer's contribution rate by 0.30% of pay.

10. Subsequent Events

Date of Management's Review

The potential for subsequent events was evaluated through November 21, 2017, which was the date of management's review.

Establishment of Enhanced Benefits for Airport Peace Officers

In November 2016, voters approved a ballot measure resulting in approximately 500 sworn Airport peace officers provided an election to opt-out of the LACERS Plan and transfer to the Los Angeles Fire and Police Pension (LAFPP) Plan as Tier 6 Members.

On March 28, 2017, the City Council adopted an ordinance (No. 184853) to amend the Los Angeles Administrative Code authorizing certain sworn Airport Peace Officers (APO) at LACERS to elect to transfer into Tier 6 of LAFPP Plan or to remain in LACERS Plan. All new APO hired after that date would be enrolled in LAFPP Tier 6. Under the ordinance, APO Members who elect to remain in LACERS would be Tier 1 Members, and be eligible for enhanced benefits including more favorable disability benefits, death benefits, and a higher retirement factor of 2.30% (versus 2.16% for all other Tier 1 Members), contingent upon mandatory additional contribution payment of $5,700 per remaining Member to LACERS. The enhanced benefits will not be effective until January 7, 2018.

As of November 21, 2017, there is no complete information available how many of APO Members will remain in LACERS Plan. The final count will be available by January 7, 2018 after all affected Members file an irrevocable written election. However, it is anticipated that a large number of these Members will stay with the LACERS Plan.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Retirement Plan

The schedules included in the Required Supplementary Information for the Retirement Plan are intended to show information for 10 years. However, the following schedules do not have a full 10-year trend, and therefore, Los Angeles City Employees' Retirement System (LACERS, or the System) presented information only for those years for which information is available:

1) Schedule of Net Pension Liability
2) Schedule of Changes in Net Pension Liability and Related Ratios
3) Schedule of Investment Returns

Additional years will be displayed in the future as they become available.

Schedule of Net Pension Liability [1]
(Dollars in Thousands)

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Total Pension Liability	$ 18,458,188	$ 17,424,996	$ 16,909,996	$ 16,248,853	$ 14,881,663
Plan Fiduciary Net Position	(13,180,516)	(11,809,329)	(11,920,570)	(11,791,079)	(10,154,486)
Plan's Net Pension Liability	$ 5,277,672	$ 5,615,667	$ 4,989,426	$ 4,457,774	$ 4,727,177
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	71.4%	67.8%	70.5%	72.6%	68.2%

(1) In calculating the Plan's net pension liability, the total pension liability and the Plan fiduciary net position exclude amounts associated with Family Death, and Larger Annuity Benefits.

Note to Schedule:

Refer to the note to the Schedule of Changes in Net Pension Liability and Related Ratios.

Schedule of Changes in Net Pension Liability and Related Ratios [1]
(Dollars in Thousands)

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Total Pension Liability					
Service cost	$ 340,759	$ 322,574	$ 322,380	$ 317,185	$ 312,372
Interest	1,302,278	1,263,556	1,215,151	1,149,966	1,112,561
Changes of benefit terms	-	-	-	-	-
Differences of expected and actual experience	(146,474)	(300,813)	(135,821)	(164,247)	(235,829)
Changes of assumptions	340,718	-	-	785,439	-
Benefit payments, including refunds of Member contributions	(804,089)	(770,317)	(740,567)	(721,153)	(701,400)
Net change in total pension liability	1,033,192	515,000	661,143	1,367,190	487,704
Total pension liability-beginning	17,424,996	16,909,996	16,248,853	14,881,663	14,393,959
Total pension liability-ending (a)	$ 18,458,188	$ 17,424,996	$ 16,909,996	$ 16,248,853	$ 14,881,663
Plan fiduciary net position					
Contributions-employer	$ 453,356	$ 440,546	$ 381,141	$ 357,649	$ 346,181
Contributions-Member	221,829	206,377	202,463	203,975	197,722
Net investment income	1,517,545	29,358	306,980	1,810,782	1,268,939
Benefit Payments, including refunds of Member contributions	(804,089)	(770,318)	(740,567)	(721,153)	(701,400)
Administrative expense	(17,454)	(17,204)	(15,860)	(12,372)	(13,281)
Other (Transfer to Larger Annuity Reserve) [2]	-	-	(4,666)	(2,288)	(2,514)
Net change in Plan fiduciary net position	1,371,187	(111,241)	129,491	1,636,593	1,095,647
Plan fiduciary net position-beginning	11,809,329	11,920,570	11,791,079	10,154,486	9,058,839
Plan fiduciary net position-ending (b)	$ 13,180,516	$ 11,809,329	$ 11,920,570	$ 11,791,079	$ 10,154,486
Plan's net pension liability-ending (a)-(b)	$ 5,277,672	$ 5,615,667	$ 4,989,426	$ 4,457,774	$ 4,727,177
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	71.4%	67.8%	70.5%	72.6%	68.2%
Covered payroll	$ 1,973,049	$ 1,876,946	$ 1,835,637	$ 1,802,931	$ 1,736,113
Plan's net pension liability as a percentage of covered payroll	267.5%	299.2%	271.8%	247.3%	272.3%

(1) In calculating the Plan's net pension liability, the total pension liability and the Plan fiduciary net position exclude amounts associated with Family Death, and Larger Annuity Benefits.

(2) On July 1, 2015, the System segregated Members' voluntary larger annuity contributions into the (non-pension related) Reserve for Larger Annuity Contributions pursuant to a suggestion made by actuarial consultant. The Reserve balance for Larger Annuity Contributions as of June 30, 2015 was $5,200,000.

Note to Schedule:

Changes of Assumptions: The June 30, 2014 calculations reflected various assumption changes based on the triennial experience study for the period from July 1, 2011 through June 30, 2014. The increase of total pension liability for fiscal years ended on June 30, 2014 primarily is due to the lowered assumed investment rate of return from 7.75% to 7.50%, and longer assumed life expectancies for Members and beneficiaries while June 30, 2017 increase primarily is due to the lowered assumed investment rate of return from 7.50% to 7.25%.

Schedule of Contribution History
(Dollars in Thousands)

Fiscal Year	Actuarially Determined Contributions (ADC)	Contributions in Relation to ADC	Contribution Deficiency	Covered Payroll	Contributions as a Percentage of Covered Payroll
2008	$288,119	$288,119	$ -	$1,741,850	16.5%
2009	274,555	274,555	-	1,832,796	15.0
2010	258,643	258,643	-	1,827,864	14.2
2011	303,561	303,561	-	1,678,059	18.1
2012	308,540	308,540	-	1,715,197	18.0
2013	346,181	346,181	-	1,736,113	19.9
2014	357,649	357,649	-	1,802,931	19.8
2015	381,141	381,141	-	1,835,637	20.8
2016	440,546	440,546	-	1,876,946	23.5
2017	453,356	453,356	-	1,973,049	23.0

Notes to Schedule:

Valuation Date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method: Entry Age Actuarial Cost Method (individual basis).

Amortization Method: Level Percent of Payroll.

Amortization Period: Multiple layers – closed amortization period.
Actuarial gains/losses are amortized over 15 years. Assumption or method changes are amortized over 20 years. Plan changes, including the 2009 Early Retirement Incentive Program (ERIP), are amortized over 15 years. Future ERIPs will be amortized over five years. Any actuarial surplus is amortized over 30 years. The existing layers on June 30, 2012, except those arising from the 2009 ERIP and the two Governmental Accounting Standards Board (GASB) Statements No. 25/27 layers, were combined and amortized over 30 years.

Asset Valuation Method: Fair value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets. An Ad Hoc change was made in 2014 to combine the unrecognized returns and losses of prior years as of June 30, 2013 into one layer and recognize it evenly over six years from fiscal year 2013-14 through fiscal year 2018-19.

Actuarial Assumptions:

Investment Rate of Return: 7.25%, net of pension plan investment expenses, including inflation assumption at 3.00%.

Inflation: 3.00%

Real Across-the-Board Salary Increase: 0.50%

Schedule of Contribution History (Continued)

Notes to Schedule (Continued)

Methods and Assumptions Used to Determine Contribution Rates (Continued)

Projected Salary Increases[(1)]	Ranges from 3.90% to 10.00% based on years of service.
Cost of Living Adjustment[(2)]	Tier 1: 3.0% Tier 3: 2.0%
Mortality	Healthy: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set back one year for males and with no set back for females.

(1) Includes inflation at 3.00% as of June 30, 2017, plus across-the-board salary increase of 0.50% plus merit and promotional increases.

(2) Actual increases are contingent upon Consumer Price Index (CPI) increases with a 3.0% maximum for Tier 1 and a 2.0% maximum for Tier 3.

Schedule of Investment Returns

	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Annual money-weighted rate of return, net of investment expenses	12.6%	0.2%	2.6%	18.2%

Note to Schedule:

The rates of investment returns for the fiscal years 2015 and 2016 were much lower compared to the fiscal year 2014 or 2017. It reflected the impact of divergent and volatile global markets on LACERS investment portfolio over the reporting periods.

Required Supplementary Information
Postemployment Health Care Plan

The schedules included in the Required Supplementary Information for the Postemployment Health Care Plan are intended to show information for 10 years. However, the following schedules do not have a full 10-year trend, and therefore, Los Angeles City Employees' Retirement System (LACERS, or the System) presented information only for those years for which information is available:

1) Schedule of Net OPEB Liability
2) Schedule of Changes in Net OPEB Liability and Related Ratios
3) Schedule of Investment Returns

Additional years will be displayed in the future as they become available.

Schedule of Net OPEB Liability
(Dollars in Thousands)

	June 30, 2017	June 30, 2016
Total OPEB Liability	$ 3,005,806	$ 2,793,689
Plan Fiduciary Net Position	(2,438,862)	(2,134,877)
Plan's Net OPEB Liability	$ 566,944	$ 658,812
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	81.1%	76.4%

Note to Schedule:

Refer to the note to the Schedule of Changes in Net OPEB Liability and Related Ratios.

Schedule of Changes in Net OPEB Liability and Related Ratios
(Dollars in Thousands)

	June 30, 2017	June 30, 2016
Total OPEB Liability		
Service cost	$ 68,385	$ 62,360
Interest	210,170	199,078
Changes of benefit terms	-	17,215
Differences between expected and actual experience	7,216	(22,013)
Changes of assumptions	45,962	-
Benefit payments	(119,616)	(109,940)
Net change in total OPEB liability	212,117	146,700
Total OPEB liability- beginning	2,793,689	2,646,989
Total OPEB liability- ending (a)	$ 3,005,806	$ 2,793,689
Plan fiduciary net position		
Contributions- employer	$ 97,457	$ 105,983
Net investment income (loss)	330,708	(344)
Benefit Payments	(119,616)	(109,940)
Administrative expense	(4,564)	(4,528)
Net change in Plan fiduciary net position	303,985	(8,829)
Plan fiduciary net position - beginning	2,134,877	2,143,706
Plan fiduciary net position - ending (b)	$ 2,438,862	$ 2,134,877
Plan's net OPEB liability - ending (a)-(b)	$ 566,944	$ 658,812
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)	81.1%	76.4%
Covered payroll	$ 1,973,049	$ 1,876,946
Plan's net OPEB liability as a percentage of covered payroll	28.7%	35.1%

Note to Schedule:

Changes of Assumptions: The OPEB liability from the changes of assumptions for fiscal year ended on June 30, 2017 primarily is due to the lowered assumed investment rate of return, from 7.50% to 7.25%.

Schedule of Contribution History
(Dollars in Thousands)

Fiscal Year	Actuarially Determined Contributions (ADC)	Contributions in Relation to ADC	Contribution Deficiency	Covered Payroll	Contributions as a Percentage of Covered Payroll
2008	$108,848	$108,848	$ -	$1,741,850	6.3%
2009	95,122	95,122	-	1,832,796	5.2
2010	96,511	96,511	-	1,827,864	5.3
2011	107,396	107,396	-	1,678,059	6.4
2012	115,209	115,209	-	1,715,197	6.7
2013	72,916	72,916	-	1,736,113	4.2
2014	97,841	97,841	-	1,802,931	5.4
2015	100,467	100,467	-	1,835,637	5.5
2016	105,983	105,983	-	1,876,946	5.7
2017	97,457	97,457	-	1,973,049	4.9

Notes to Schedule:

Valuation Date — Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method — Entry Age Actuarial Cost Method (level percent of payroll).

Amortization Method — Level Percent of Payroll.

Amortization Period — Multiple layers – closed amortization period.
Actuarial gains/losses are amortized over 15 years. Assumption or method changes are amortized over 20 years. Plan changes, including the 2009 Early Retirement Incentive Program (ERIP), are amortized over 15 years. Future ERIPs will be amortized over five years. Any actuarial surplus is amortized over 30 years. The existing layers on June 30, 2012, except those arising from the 2009 ERIP and the two Governmental Accounting Standards Board (GASB) Statements No. 25/27 layers, were combined and amortized over 30 years.

Asset Valuation Method — Fair value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets. An Ad Hoc change was made in 2014 to combine the unrecognized returns and losses of prior years as of June 30, 2013 into one layer and recognize it evenly over six years from fiscal year 2013-14 through fiscal year 2018-19.

Actuarial Assumptions:

Investment Rate of Return — 7.25%, net of OPEB plan investment expenses, including inflation assumption at 3.00%.

Inflation — 3.00%

Real Across-the-Board Salary Increase — 0.50%

Schedule of Contribution History (Continued)

Notes to Schedule (Continued)

Methods and Assumptions Used to Determine Contribution Rates (Continued)

Projected Salary Increases[(1)]	Ranges from 3.90% to 10.00% based on years of service.
Mortality	Healthy: RP-2000 Combined Healthy Mortality Table projected with Scale BB to 2020, set back one year for males and with no set back for females.

(1) Includes inflation at 3.00% as of June 30, 2017, plus across-the-board salary increase of 0.50% plus merit and promotional increases.

Schedule of Investment Returns

	Fiscal Year 2017
Annual money-weighted rate of return, net of investment expenses	15.2%

Note to Schedule:

The required disclosure about factors that significantly affect trends in the rate of return is not provided this year because the money-weighted rate of return is calculated for the current fiscal year only.

SUPPLEMENTAL SCHEDULES

Schedule of Administrative Expenses
For the Year Ended June 30, 2017
(In Thousands)

	Retirement Plan	Postemployment Health Care Plan	Total
Personnel Services:			
Salaries	$ 9,240	$ 2,046	$ 11,286
Employee Development and Benefits	3,778	837	4,615
Total Personnel Services	13,018	2,883	15,901
Professional Services:			
Actuarial	188	42	230
Audit	76	17	93
Legal Counsel	620	137	757
Disability Evaluation Services	131	29	160
Retirees’ Health Admin Consulting	-	677	677
Benefit Payroll Processing	182	40	222
Total Professional Services	1,197	942	2,139
Information Technology:			
Computer Hardware and Software	385	85	470
Computer Maintenance and Support	141	31	172
Total Information Technology	526	116	642
Leases:			
Office Space	779	173	952
Office Equipment	37	8	45
Total Leases	816	181	997
Other Expenses:			
Fiduciary Insurance	1	1	2
Educational and Due Diligence Travel	38	8	46
Office Expenses	272	60	332
Depreciation	151	33	184
Total Other Expenses	462	102	564
Total Administrative Expenses	$ 16,019	$ 4,224	$ 20,243

Schedule of Investment Fees and Expenses
For the Year Ended June 30, 2017
(In Thousands)

	Assets Under Management	Fees and Expenses
Retirement Plan		
Investment Management Fees:		
Fixed Income Managers	$ 3,228,920	$ 4,740
Equity Managers	7,619,605	17,814
Subtotal Investment Management Fees	10,848,525	22,554
Other Investment Fees and Expenses:		
Private Equity Consulting Fees	N/A	655
Real Estate Consulting Fees	N/A	176
Other Consulting Fees	N/A	353
Investment Related Administrative Expenses	N/A	1,535
Subtotal Other Investment Fees and Expenses	N/A	2,719
Postemployment Health Care Plan		
Investment Management Fees:		
Fixed Income Managers	594,299	1,050
Equity Managers	1,402,428	3,945
Subtotal Investment Management Fees	1,996,727	4,995
Other Investment Fees and Expenses:		
Private Equity Consulting Fees	N/A	145
Real Estate Consulting Fees	N/A	39
Other Consulting Fees	N/A	78
Investment Related Administrative Expenses	N/A	340
Subtotal Other Investment Fees and Expenses	N/A	602
Total Investment Fees and Expenses excluding Private Equity and Real Estate	$ 12,845,252	$ 30,870
Private Equity Managers' Fees and Expenses:		
Retirement Plan	$ 1,333,256	$ 26,065
Postemployment Health Care Plan	245,393	5,772
Total Private Equity Managers' Fees and Expenses	$ 1,578,649	$ 31,837
Real Estate Managers' Fees and Expenses:		
Retirement Plan	$ 705,075	$ 7,481
Postemployment Health Care Plan	129,773	1,656
Total Real Estate Managers' Fees and Expenses	$ 834,848	$ 9,137
Total Assets Under Management and Fees and Expenses	$ 15,258,749(1)	$ 71,844(2)

(1) Excluding Security Lending Collateral assets of $863,691,000. Total Investments including Security Lending Collateral was $16,122,440,000.

(2) Included Investment Management Fees and Expenses of $69,969,000 and Investment Related Administrative Expenses of $1,875,000.

LACERS

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Report to Board of Administration

City Payroll

From: Thomas Moutes, General Manager

Agenda of: **DECEMBER 12, 2017**

ITEM: **III-B**

SUBJECT: **CONTRACT WITH LEVI, RAY AND SHOUP, INC. FOR BUSINESS CONTINUANCE PLANNING SERVICES FOR PENSIONGOLD VERSION 3 AND POSSIBLE BOARD ACTION**

Recommendation:

That the Board:

1) Find that Levi, Ray and Shoup (LRS) is a sole source provider to LACERS for Business Continuance Planning (BCP) services so long as LACERS utilizes LRS' proprietary software, PensionGold Version 3; and
2) Approve a one year contract with LRS to provide BCP services, renewed annually unless terminated pursuant to the terms of the contract, not to exceed $20,000 per year except in the event of a LACERS disruptive event; and
3) In the event of a disruptive event, delegate authority to the General Manager to expend the necessary amount for the BCP services to ensure timely benefit payments to Members, and report emergency expenditures to the Board at the following Board meeting; and
4) Delegate authority to the General Manager to negotiate and execute the contract for the initial and subsequent terms.

Discussion:

As part of LACERS' emergency management plan, our critical Member data and transactions are replicated so that if there is some disruption which causes LACERS data to be inaccessible or corrupted, there are contingency plans in place. LRS provides business continuance services for the current PensionGold Version 2. When PensionGold Version 3 (PGV3) becomes our system of record on March 1, 2018, these services will be needed. The proposed contract for BCP services provides daily backup of transactions which occurred in the PGV3 system for that day, and monthly backup of the full database. It includes the development and set-up of the protocols between LACERS and LRS in the event of a disruptive event; annual testing of these plans; and if and when necessary, the devolution of duties to LRS to process our benefit payroll, and related transactions for the period of the disruptive event.

The fees under this contract are $1,030 per month with an annual increase not to exceed 3%, which is a discount from our current BCP contract. If there is a disruptive event, additional services will be billed on a time and materials basis at $150 per hour, also a discounted rate from our current contract.

Strategic Plan Impact Statement:

In accordance with the Strategic Initiative that calls for "Accurate and timely delivery of member benefits," the proposed contract will ensure continuity of the main line of business software to enable the continued delivery of retirement benefits.

This report was prepared by Dale Wong-Nguyen, Administrative Services Division

TM:LH:DWN

Attachment: Proposed Resolution

ATTACHMENT

CONTRACT WITH
LEVI, RAY AND SHOUP, INC.
FOR PENSIONGOLD VERSION 3
BUSINESS CONTINUANCE PLANNING SERVICES

PROPOSED RESOLUTION

WHEREAS, LACERS' Business Continuity Plan includes data replication of Members' data essential for the payment of benefits, as well as a plan to devolve the critical benefit payment and related functions to Levi, Ray, and Shoup (LRS) in the event that LACERS operations are disrupted and the benefit payroll cannot be competed in-house; and

WHEREAS, on March 1, 2018 LACERS will implement a new pension administration system known as PensionGold Version 3, a proprietary software of LRS, which has been customized for LACERS in order to provide a more comprehensive and integrated solution for managing both active Member accounts and benefit payments to retired Members and beneficiaries; and

WHEREAS, LRS has demonstrated their capability through similar support for PensionGold Version 2 inclusive of secure and reliable backup of LACERS data, and the ability to generate LACERS' benefit payments using the jointly established disruptive event protocol; and

WHEREAS, the parties agree to enter a contract for LRS to provide data backup and to jointly develop a disruptive event protocol for PensionGold Version 3;

BE IT RESOLVED, that the General Manager is hereby authorized to negotiate, approve, and execute a contract, subject to satisfactory business and legal terms, and substantially consistent with the following terms:

Company Name:	LEVI, RAY AND SHOUP, INC.
Service Provided:	PensionGold Version 3 Business Continuance Planning Services
Effective Dates:	Exact dates to be determined, but no later than the date PensionGold Version 3 becomes the system of record.
Duration:	Initial one year term with automatic annual renewals for the duration of LACERS' use of the proprietary PensionGold Version 3 software, unless terminated pursuant to contact provisions.
Contract Maximum:	$20,000 per year for Business Continuance Planning Services, excluding necessary expenditures upon LACERS declaration of a disruptive event.

December 12, 2017

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Report to Board of Administration

Agenda of: **DECEMBER 12, 2017**

From: Thomas Moutes, General Manager ITEM: **IV-B**

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $40 MILLION IN GTCR FUND XII, L.P.**

Recommendation:

That the Board receive and file this notice.

Discussion:

Consultant Recommendation
Portfolio Advisors, LLC (Portfolio Advisors), LACERS' Private Equity Consultant, recommended a commitment of up to $40 million in GTCR Fund XII, L.P. (the Fund), a middle market buyout strategy managed by GTCR, LLC (GTCR or the GP). Fund management and incentive fees are comparable to similar strategies and the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Investments 2017 Strategic Plan adopted by the Board on January 10, 2017.

Background
Founded in 1980, GTCR is led by a group of 11 Managing Partners including: Mark Anderson, Craig Bondy, James Bonnetti, Philip Canfield, Aaron Cohen, Sean Cunningham, Benjamin Daverman, David Donnini, Lawrence Fey, Constantine Mihas, and Collin Roche. The GP employs a growth-oriented buy-and-build strategy in the middle market. The Managing Partners are further supported by three Principals, 11 Vice Presidents, six Senior Associates and 12 Associates, along with several operations and support professionals. The firm is based in Chicago.

GTCR is an existing general partner relationship for LACERS. LACERS previously committed to the following GTCR funds:

Fund Name	Vintage Year	Commitment Size	Net Internal Rate of Return[1,2]
GTCR Fund VI, L.P.	1998	$10.00 million	-3.80%
GTCR Fund VII, L.P.	2000	$18.75 million	21.96%
GTCR Fund VII/A, L.P.	2000	$6.25 million	78.85%
GTCR Fund VIII, L.P.	2003	$20.00 million	22.65%
GTCR Fund IX, L.P.	2006	$15.00 million	13.56%

Investment Thesis
The Fund will focus on investing in U.S.-domiciled, middle market companies within the healthcare, information, financial, and business services sectors. GTCR seeks businesses within these sectors that have sufficient scale, infrastructure, customer base, and strategic position to serve as platforms for further add-on acquisitions. The GP adds value by assisting portfolio companies with strategy development, executive recruiting, mergers and acquisitions, and capital structure management.

Placement Agent
The GP does not outsource its fundraising and does not use placement agents.

Staff Recommendation
Staff concurred with Portfolio Advisors' recommendation. The commitment has been consummated pursuant to the LACERS Discretion in a Box Policy; no Board action is required.

Strategic Plan Impact Statement
Investment in GTCR Fund XII, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the strategic objectives contained in the LACERS Private Equity Investments 2017 Strategic Plan, which is expected to help LACERS achieve satisfactory long-term risk adjusted investment returns (Goal IV).

This report was prepared by Jimmy Wang, Investment Officer I, Investment Division.

RJ:BF:WL:JW:ag

Attachments: A) Portfolio Advisors Investment Report
B) Workforce Composition – Email Correspondence
C) Discretion in a Box

[1]Performance as of June 30, 2017
[2]Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s).

ATTACHMENT A

PORTFOLIO ADVISORS LLC

GTCR Fund XII, L.P.

December 2017

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

FINAL INVESTMENT REPORT

Fund Information

General Partner:	GTCR, LLC
Fund:	GTCR XII, L.P.
Firm Inception:	1980
Strategy:	Buyout
Sub-Strategy:	Middle Market
Geography:	United States
Team:	43 Professionals
Senior Partners:	Mark Anderson, Craig Bondy, James Bonnetti, Philip Canfield, Aaron Cohen, Sean Cunningham, Benjamin Daverman, David Donnini, Lawrence Fey, Constantine Mihas, Collin Roche
Location:	Chicago, IL
Industries:	Healthcare Services, Information Services and Technology, Financial Services and Technology, Growth Business Services
Recommendation:	Up to $40 million

Investment Highlights

- Successful Long-Term Track Record
- Experienced, Stable Team
- Differentiated, Value-Oriented Investment Approach

GTCR Fund XII, L.P.

- Firm and Organization Background
  - Founded in 1980, GTCR continues to employ a growth-oriented buy-and-build strategy in the middle market of the United States
  - The investment team is led by eleven Managing Directors who are supported by three Principals, eleven Vice Presidents, six Senior Associate and twelve Associates
- Investment Strategy
  - Seek businesses within the core middle market with sufficient scale, infrastructure, customer base and strategic position to serve as attractive and leverage-able platforms for future growth
  - Focus on four industry sectors with common attributes:
    - Healthcare services
    - Information services and technology
    - Financial services and technology
    - Business services

      Common attributes:
    - Large and growing sectors well in excess of GDP
    - Stable non-cyclical and defensible businesses
    - High free cash flow generation
    - Low capital intensity
    - GTCR track record of successful outcomes
  - Investment approach and process driven by "The Leaders Strategy"
    - Form partnerships with exceptional management prior to the acquisitions of operating companies
    - Enhance research-based investment thesis through cultivated executive relationships in core sectors
    - Make control investments as the sole or lead financial investor and bring in new senior management leadership

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ATTACHMENT B

GTCR's response to LACERS Diversity Questionnaire:

"Please note that GTCR does not compile, track or disclose information with respect to its employees' self-identification with respect to gender or ethnicity, so we are unable to provide the information requested in the "Total Composition of Work Force" disclosure."

Discretion in a Box

	Role of Board	Role of Staff	Role of Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Annually review, provide input, and adopt investment policies, procedures, guidelines, allocation targets, ranges, and other assumptions.	• With Private Equity Consultant and General Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• With staff and General Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Selection	• Review investment analysis reports. • Interview and approve investments in new management groups of amounts greater than $25 million prior to investment. • Interview and approve investments in follow-on partnerships of amounts greater than $40 million prior to investment. • May refer investments to Private Equity Consultant and staff for preliminary screening. Such referrals are to be considered only for the purpose of enlarging the candidate pool, and are not to be considered to be a Board endorsement or request for differentiated consideration.	• May refer investments to Private Equity Consultant for preliminary screening. Such referrals are to be considered only for the purpose of enlarging the candidate pool, and are not to be considered to be a staff endorsement or request for differentiated consideration. • Conduct meetings with potential new investments prior to recommending to the Board, if practical. • In conjunction with Private Equity Consultant, invest up to $25 million for new partnerships, and up to $40 million for follow-on funds without Board approval. If staff opposes, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over $25 million in new partnerships, or over $40 million in follow-on funds. • Execute agreements.	• Conduct extensive analysis and due diligence on investments. • Recommend for Board approval investments over $25 million for new managers, or over $40 million in follow-on funds. • With staff concurrence, approve investment of up to $25 million for new partnerships, and up to $40 million in follow-on funds. • Provide investment analysis report for each new investment. • Communicate with staff regarding potential opportunities undergoing extensive analysis and due diligence. • Coordinate meetings between staff, Board, and general partner upon request. • Negotiate legal documents.
Investment Monitoring	• Review quarterly, annual, and other periodic monitoring reports.	• Review quarterly, annual and other periodic monitoring reports prepared by Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and distributions. • Review Private Equity Consultant's recommendations on amendments. • Execute amendments to agreements.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments to staff for approval. • Provide quarterly, annual, and other periodic monitoring reports.

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Report to Board of Administration

Agenda of: **DECEMBER 12, 2017**

From: Thomas Moutes, General Manager ITEM: **IV-C**

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $10 MILLION IN NMS FUND III, L.P.**

Recommendation:

That the Board receive and file this notice.

Discussion:

Consultant Recommendation
Portfolio Advisors, LLC (Portfolio Advisors), LACERS' Private Equity Consultant, recommended a commitment of up to $10 million in NMS Fund III, L.P. (the Fund), a middle market buyout strategy managed by New MainStream Capital (NMS or the GP). Fund management and incentive fees are comparable to similar strategies and the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Investments 2017 Strategic Plan adopted by the Board on January 10, 2017.

Background
NMS was founded in 2010 and is led by Managing Partners Martin Chavez and Kevin Jordan, former Managing Directors in the Urban Investment Group of Goldman Sachs' Merchant Banking Division. The Managing Partners are supported by two Partners, one Principal, and two Associates. The GP is based in New York City and has an office in Dallas.

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

Investment Thesis
The Fund will focus on making control investments in North American-domiciled lower middle market companies within the healthcare services and business services sectors. Specifically, NMS seeks portfolio companies with low capital expenditure requirements, limited technology risks, and non-cyclical cash flows that are well positioned for strong growth and free cash flow generation. The GP provides portfolio companies with strategic guidance and repositioning, operational support and enhancements, and assistance with executive staffing.

Placement Agent
The GP does not outsource its fundraising and does not use placement agents.
Staff Recommendation

Staff concurred with Portfolio Advisors' recommendation. The commitment has been consummated pursuant to the LACERS Discretion in a Box Policy; no Board action is required.

Strategic Plan Impact Statement
Investment in NMS Fund III, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the strategic objectives contained in the LACERS Private Equity Investments 2017 Strategic Plan, which is expected to help LACERS achieve satisfactory long-term risk adjusted investment returns (Goal IV).

This report was prepared by Jimmy Wang, Investment Officer I, Investment Division.

RJ:BF:WL:JW:ag

Attachments: A) Portfolio Advisors Investment Report
B) Workforce Composition
C) Discretion in a Box

ATTACHMENT A

PORTFOLIO ADVISORS LLC

NMS Fund III, L.P.

December 2017

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

FINAL INVESTMENT REPORT

Fund Information

General Partner:	New MainStream Capital
Fund:	NMS Fund III, L.P.
Firm Inception:	2010
Strategy:	Buyout
Sub-Strategy:	Middle Market
Geography:	United States
Team:	2 Officials & Managers, 5 Professionals, and 2 Office/Clerical
Senior Partners:	Martin Chavez, Kevin Jordan
Location:	New York, NY; Dallas, TX
Industries:	Investments in Healthcare Services and Business Services Industries
Recommendation:	Up to $10.0 million

Investment Highlights

- Experienced, Cohesive Team
- Strong Realized Performance of NMS I
- Established Sector-Focused Strategy within the Lower Middle Market

NMS Fund III, L.P.

- Firm and Organization Background
  - Founded in 2010, the Firm continues to make strategic equity investments in lower middle market companies operating in the healthcare services and business services industries
  - The Firm is led by co-founders Martin Chavez and Kevin Jordan, who have worked together for over 13 years and are supported by two Partners, one Principal, and two Associates
- Investment Strategy
  - Focus on making control or joint control investments in lower middle market companies
  - Identify companies in the healthcare and business services industries with the following risk attributes:
    - Low capital expenditure requirements
    - Limited technological obsolescence risk
    - Low exposure to aggressive competition
    - Independence from recessionary or commodity business cycles
  - Seek to acquire, at attractive valuations, companies that have:
    - Strong underlying growth characteristics
    - High operating margins with strong free cash flows
    - An experienced management team focused on generating growth
    - Market share leadership or opportunities for sector consolidations
  - Make seven to nine platform investments ranging from $10 million to $50 million in companies with enterprise values of $150 million or less
  - Negotiate deals in which the company owner and management roll a substantial stake over, aligning interests and taking pressure off price discussion

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ATTACHMENT B

Vendor **NMS Fund III, LP** Date Completed: **September 14, 2017**
Address **77 Water Street, Suite 2602, New York, NY 10005**

Category

TOTAL COMPOSITION OF WORK FORCE

Occupation	**African American Full Time**	**Hispanic Full Time**	**Asian or Pacific Islander Full Time**	**American Indian/ Alaskan Native Full Time**	**Caucasian (Non Hispanic) Full Time**	**Total Employees Full Time**	**Percent (%) Minority Full Time**	**Gender Male Full Time**	**Gender Female Full Time**
Officials & Managers	0	1	0	0	1	**2**	**50.00%**	2	0
Professionals	0	1	0	0	4	**5**	**20.00%**	5	0
Technicians	0	0	0	0	0	**0**	**0.00%**	0	0
Sales Workers	0	0	0	0	0	**0**	**0.00%**	0	0
Office/Clerical	0	0	1	0	1	**2**	**50.00%**	0	2
Semi-Skilled	0	0	0	0	0	**0**	**0.00%**	0	0
Unskilled	0	0	0	0	0	**0**	**0.00%**	0	0
Service Workers	0	0	0	0	0	**0**	**0.00%**	0	0
Other	0	0	0	0	0	**0**	**0.00%**	0	0
Total	**0**	**2**	**1**	**0**	**6**	**9**	**33.33%**	**7**	**2**

Discretion in a Box

	Role of Board	Role of Staff	Role of Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Annually review, provide input, and adopt investment policies, procedures, guidelines, allocation targets, ranges, and other assumptions.	• With Private Equity Consultant and General Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• With staff and General Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Selection	• Review investment analysis reports. • Interview and approve investments in new management groups of amounts greater than $25 million prior to investment. • Interview and approve investments in follow-on partnerships of amounts greater than $40 million prior to investment. • May refer investments to Private Equity Consultant and staff for preliminary screening. Such referrals are to be considered only for the purpose of enlarging the candidate pool, and are not to be considered to be a Board endorsement or request for differentiated consideration.	• May refer investments to Private Equity Consultant for preliminary screening. Such referrals are to be considered only for the purpose of enlarging the candidate pool, and are not to be considered to be a staff endorsement or request for differentiated consideration. • Conduct meetings with potential new investments prior to recommending to the Board, if practical. • In conjunction with Private Equity Consultant, invest up to $25 million for new partnerships, and up to $40 million for follow-on funds without Board approval. If staff opposes, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over $25 million in new partnerships, or over $40 million in follow-on funds. • Execute agreements.	• Conduct extensive analysis and due diligence on investments. • Recommend for Board approval investments over $25 million for new managers, or over $40 million in follow-on funds. • With staff concurrence, approve investment of up to $25 million for new partnerships, and up to $40 million in follow-on funds. • Provide investment analysis report for each new investment. • Communicate with staff regarding potential opportunities undergoing extensive analysis and due diligence. • Coordinate meetings between staff, Board, and general partner upon request. • Negotiate legal documents.
Investment Monitoring	• Review quarterly, annual, and other periodic monitoring reports.	• Review quarterly, annual and other periodic monitoring reports prepared by Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and distributions. • Review Private Equity Consultant's recommendations on amendments. • Execute amendments to agreements.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments to staff for approval. • Provide quarterly, annual, and other periodic monitoring reports.

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Report to Board of Administration

Agenda of: **DECEMBER 12, 2017**

From: Thomas Moutes, General Manager ITEM: **IV-D**

SUBJECT: **CORRECTION OF NOTIFICATION OF COMMITMENT OF UP TO $20 MILLION IN UPFRONT VENTURES VI, L.P.**

Recommendation:

That the Board receive and file this notice.

Discussion:

Background
On July 25, 2017, the Board received a notification of commitment of up to $15 million to Upfront Ventures VI, L.P. (the Fund). This notification amends the commitment amount from $15 million to $20 million.

During the initial discussions with staff, Portfolio Advisors, LLC, LACERS' Private Equity Consultant (Consultant), recommended a $20 million commitment to the Fund. Staff reviewed the opportunity and determined that a commitment between $15 million to $20 million would be appropriate. When the Board memo was presented, staff believed that the GP had extended a $15 million commitment to LACERS; however it was determined later that the GP awarded a $20 million commitment. Consultant and staff agree that a $20 million commitment maintains the appropriate asset allocation mix for private equity and venture capital commitments for calendar year 2017, and the commitment adheres to the objectives stated in the Private Equity Investments 2017 Strategic Plan.

Staff Recommendation
Staff concurred with Portfolio Advisors' recommendation. The commitment has been consummated pursuant to the LACERS Discretion in a Box Policy; no Board action is required.

Strategic Plan Impact Statement
Investment in Upfront Ventures VI, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the strategic objectives contained in the LACERS Private Equity Investments 2017 Strategic Plan, which is expected to help LACERS achieve satisfactory long-term risk adjusted investment returns (Goal IV).

This report was prepared by Jimmy Wang, Investment Officer I, Investment Division.

RJ:BF:WL:JW:ag

Attachment: Upfront Ventures VI, L.P. Board Notification dated July 25, 2017

LACERS
LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

Report to Board of Administration

Agenda of: **JULY 25, 2017**

From: Thomas Moutes, General Manager ITEM: **V-D**

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $15 MILLION IN UPFRONT VENTURES VI, L.P.**

Recommendation:

That the Board receive and file this notice.

Discussion:

Consultant Recommendation
Portfolio Advisors, LLC (Portfolio Advisors), LACERS' Private Equity Consultant, recommended a commitment of up to $15 million in Upfront Ventures VI, L.P. (the Fund), a venture capital strategy managed by Upfront Ventures (Upfront or the GP). Fund management and incentive fees are comparable to similar strategies and the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Investments 2017 Strategic Plan adopted by the Board on January 10, 2017.

Background
Upfront (formerly known as GRP Partners) was founded in 1996 and is led by Managing Partners Yves Sisteron and Mark Suster. Prior to cofounding the firm in 1996, Mr. Yves managed investments for Fourcar B.V., a division of Carrefour S.A., the second largest retailer in the world. Mr. Suster joined the firm in 2007 after working with Upfront for nearly eight years as a two-time entrepreneur. The Managing Partners are joined by four Partners: Greg Bettinelli, Kara Nortman, Kobie Fuller, and Kevin Zhang. The GP employs a total of 19 professionals and is headquartered in Santa Monica. Upfront is a new general partner relationship for LACERS.

Investment Thesis
Upfront invests in early-stage technology companies in the media, commerce, and communications sectors that are located primarily in Southern California. The GP typically makes seed and series A round investments to back experienced management teams and promising first-time entrepreneurs. Upfront leverages its industry network and expertise to assist portfolio companies with strategy, recruitment, and execution.

Placement Agent
The GP does not outsource its fundraising and does not use placement agents.

Staff Recommendation

Staff concurred with Portfolio Advisors' recommendation. The commitment has been consummated pursuant to the LACERS Discretion in a Box Policy; no Board action is required.

Strategic Plan Impact Statement

Investment in Upfront Ventures VI, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the strategic objectives contained in the LACERS Private Equity Investments 2017 Strategic Plan, which is expected to help LACERS achieve satisfactory long-term risk adjusted investment returns (Goal IV).

This report was prepared by Jimmy Wang, Investment Officer I, Investment Division.

RJ:BF:WL:JW:ag

Attachments: A) Portfolio Advisors Investment Report
B) Workforce Composition
C) Discretion in a Box

ATTACHMENT

PORTFOLIO ADVISORS LLC

Upfront Ventures VI, L.P.

July 2017

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

FINAL INVESTMENT REPORT

Fund Information

General Partner:	Upfront Ventures
Fund:	Upfront Ventures VI, L.P.
Firm Inception:	1996
Strategy:	Venture Capital
Sub-Strategy:	Early-Stage
Geography:	United States
Team:	7 Officials & Managers, 5 Professionals, 3 Technicians, and 4 Office/Clerical
Senior Partners:	Mark Suster, Yves Sisteron
Location:	Santa Monica, CA
Industries:	Investments in Content, Commerce and Communications Companies
Recommendation:	Up to $15.0 million

Investment Highlights

- Strong Investment Performance
- Continued Development of the Upfront Team
- Differentiated Positioning/Reputation in the Southern California Venture Capital Sector

UPFRONT VENTURES VI, L.P.

- Firm and Organization Background
  - Founded in 1996, the Firm's mission has been to help entrepreneurs build large transformative businesses
  - The Firm is led by co-founder Yves Sisteron and Mark Suster, who have worked together since 1999 and formally at Upfront for the last ten years
    - The Managing Partners are supported by four additional partners, who bring significant operating, entrepreneurial and investment experience to Upfront from well-known venture capital firms and operating roles
- Investment Strategy
  - Focus on early-stage investing in content, commerce and communications companies, primarily located in Southern California
  - Make investments in 30 - 35 portfolio companies, which equates to an average of 10-12 investments into new companies per year over a three year period
  - Continue investing in seed or A round investments and opportunistically commit to B round investments
  - Leverage network to find best local talent, taking advantage of Los Angeles' media market in attracting entrepreneurship
  - Back experienced management teams and promising first-time entrepreneurs who hold the attributes of tenacity, detail orientation, market insight that comes from past direct experience, competitiveness, perseverance and a record of accomplishment
  - Maintain disciplined approach to portfolio management with an active, hands-on role on the board of directors leveraging its domain expertise to help broaden the reach of the entrepreneur

DISCLOSURE STATEMENT

GENERAL DISCLAIMER

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. THE PAST PERFORMANCE PRESENTED IN THIS DOCUMENT REFLECTS THE PARTICULAR OBJECTIVES AND CONSTRAINTS OF PORTFOLIO ADVISORS' ADVISORY CLIENTS AND/OR MANAGED FUNDS OF FUNDS AT DIFFERENT POINTS IN TIME AND IS BASED ON THE ACTUAL HISTORICAL PERFORMANCE OF THE PRIVATE EQUITY FUNDS, CO-INVESTMENTS OR ANY OTHER INVESTMENTS, AS APPLICABLE (COLLECTIVELY OR INDIVIDUALLY, AS THE CONTEXT REQUIRES, "INVESTMENTS"), COMMITTED TO ON THEIR BEHALF. NO REPRESENTATION IS MADE THAT THE INVESTMENTS WOULD HAVE BEEN SELECTED FOR ANY PORTFOLIO ADVISORS-SPONSORED FUND DURING THE PERIOD SHOWN OR THAT THE PERFORMANCE OF ANY PORTFOLIO ADVISORS-SPONSORED FUND WOULD HAVE BEEN THE SAME OR SIMILAR TO THE PERFORMANCE REFLECTED. PORTFOLIO ADVISORS-SPONSORED FUNDS MAKE INVESTMENTS IN DIFFERENT ECONOMIC CONDITIONS THAN THOSE PREVAILING IN THE PAST AND IN DIFFERENT INVESTMENTS THAN THOSE REFLECTED IN THE PERFORMANCE RECORD(S) SHOWN HEREIN. ADDITIONALLY, THE PERFORMANCE DESCRIBED HEREIN REFLECTS THE PERFORMANCE OF CERTAIN INVESTMENTS OVER A LIMITED PERIOD OF TIME AND DOES NOT NECESSARILY REFLECT ANY SUCH INVESTMENTS' PERFORMANCE IN DIFFERENT MARKET CYCLES. THE PERFORMANCE RECORD(S) SHOWN HEREIN WERE COMPILED, AND REFLECT CERTAIN SUBJECTIVE ASSUMPTIONS AND JUDGMENTS, BY PORTFOLIO ADVISORS. IT HAS NOT BEEN AUDITED OR REVIEWED BY ANY INDEPENDENT PARTY FOR ACCURACY OR REASONABLENESS. PROSPECTIVE INVESTORS SHOULD UNDERSTAND THAT THE USE OF DIFFERENT UNDERLYING ASSUMPTIONS AND JUDGMENTS, AND COMPARISONS TO DIFFERENT INFORMATION, COULD RESULT IN MATERIAL DIFFERENCES FROM THE PERFORMANCE RECORD(S) HEREIN. ADDITIONAL INFORMATION CAN BE PROVIDED BY PORTFOLIO ADVISORS UPON REQUEST.

GENERAL DISCLOSURE

THE SUMMARY DESCRIPTION OF ANY PORTFOLIO ADVISORS-SPONSORED FUND (EACH, THE "FUND") INCLUDED HEREIN, AND ANY OTHER MATERIALS PROVIDED TO YOU, ARE INTENDED ONLY FOR DISCUSSION PURPOSES AND ARE NOT INTENDED AS AN OFFER TO BUY OR A SOLICITATION OF AN OFFER TO BUY OR SELL WITH RESPECT TO THE PURCHASE OR SALE OF ANY SECURITY AND SHOULD NOT BE RELIED UPON BY YOU IN EVALUATING THE MERITS OF INVESTING IN ANY SECURITIES. THESE MATERIALS ARE NOT INTENDED FOR DISTRIBUTION TO, OR USE BY, ANY PERSON OR ENTITY IN ANY JURISDICTION OR COUNTRY WHERE SUCH DISTRIBUTION OR USE IS CONTRARY TO LOCAL LAW OR REGULATION.

THIS SUMMARY IS NOT INTENDED TO BE COMPLETE AND THE DESCRIPTION OF THE TERMS OF ANY FUND HEREIN IS QUALIFIED IN ITS ENTIRETY BY THE TERMS CONTAINED IN SUCH FUND'S CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM, PARTNERSHIP AGREEMENT AND SUBSCRIPTION AGREEMENT (THE "FUND DOCUMENTS") SIMILARLY, ANY SUMMARIES OF PORTFOLIO ADVISORS' POLICIES ARE QUALIFIED IN THEIR ENTIRETY BY THE TERMS OF THE ACTUAL POLICIES. MATERIAL ASPECTS OF THE DESCRIPTIONS CONTAINED HEREIN MAY CHANGE AT ANY TIME AND IF YOU EXPRESS AN INTEREST IN INVESTING IN THE FUND YOU WILL BE PROVIDED WITH A COPY OF THE FUND DOCUMENTS. YOU MUST REVIEW THE FUND DOCUMENTS AND RISK FACTORS DISCLOSED IN THE FUND DOCUMENTS PRIOR TO MAKING A DECISION TO INVEST. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THE FUND DOCUMENTS IN MAKING YOUR DECISION TO INVEST.

THE INFORMATION HEREIN IS NOT INTENDED TO PROVIDE, AND SHOULD NOT BE RELIED UPON FOR, ACCOUNTING, LEGAL OR TAX ADVICE OR INVESTMENT RECOMMENDATIONS. YOU SHOULD CONSULT YOUR TAX, LEGAL, ACCOUNTING OR OTHER ADVISORS ABOUT THE MATTERS DISCUSSED HEREIN.

THE FUND WILL NOT REGISTER AS INVESTMENT COMPANIES UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "COMPANY ACT") IN RELIANCE UPON THE EXEMPTION UNDER SECTION 3(C)(7) THEREUNDER, AND, ACCORDINGLY, THE PROVISIONS OF THE COMPANY ACT WILL NOT BE APPLICABLE TO THE FUND.

AN INVESTMENT IN THE FUND WILL BE SUITABLE ONLY FOR CERTAIN SOPHISTICATED INVESTORS WHO HAVE NO NEED FOR IMMEDIATE LIQUIDITY IN THEIR INVESTMENT. SUCH AN INVESTMENT WILL PROVIDE LIMITED LIQUIDITY BECAUSE INTERESTS IN THE FUND WILL NOT BE FREELY TRANSFERABLE AND MAY GENERALLY NOT BE WITHDRAWN. THERE WILL BE NO PUBLIC OR SECONDARY MARKET FOR INTERESTS IN THE FUND, AND IT IS NOT EXPECTED THAT A PUBLIC OR SECONDARY MARKET WILL DEVELOP.

DISCLOSURE STATEMENT (CONTINUED)

INVESTING IN FINANCIAL MARKETS INVOLVES A SUBSTANTIAL DEGREE OF RISK. THERE CAN BE NO ASSURANCE THAT THE FUND'S INVESTMENT OBJECTIVES OR ANY OF THE FUND'S (OR ITS SECTORS' AND SUB-SECTORS', IF ANY) INVESTMENT OBJECTIVES WILL BE ACHIEVED OR THAT THERE WILL BE A RETURN OF CAPITAL. INVESTMENT LOSSES MAY OCCUR WITH RESPECT TO ANY INVESTMENT IN THE FUND AND INVESTORS COULD LOSE SOME OR ALL OF THEIR INVESTMENT. NOTHING HEREIN IS INTENDED TO IMPLY THAT AN INVESTMENT IN THE FUND OR THE FUND'S INVESTMENT STRATEGIES MAY BE CONSIDERED "CONSERVATIVE," "SAFE," "RISK FREE" OR "RISK AVERSE." NO REGULATORY AUTHORITY HAS PASSED UPON OR ENDORSED THIS SUMMARY OR THE MERITS OF AN INVESTMENT IN THE FUND.

DISTRIBUTION OF THIS INFORMATION TO ANY PERSON OTHER THAN THE PERSON TO WHOM THIS INFORMATION WAS ORIGINALLY DELIVERED AND TO SUCH PERSON'S ADVISORS IS UNAUTHORIZED AND ANY REPRODUCTION OF THESE MATERIALS, IN WHOLE OR IN PART, OR THE DISCLOSURE OF ANY OF THE CONTENTS, WITHOUT THE PRIOR CONSENT OF PORTFOLIO ADVISORS, LLC. IN EACH SUCH INSTANCE IS PROHIBITED. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, EACH RECIPIENT OF THIS SUMMARY (AND EACH EMPLOYEE, REPRESENTATIVE OR AGENT OF SUCH RECIPIENT) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF (I) THE FUND AND (II) ANY OF ITS TRANSACTIONS, AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE.

CERTAIN INFORMATION CONTAINED HEREIN CONSTITUTES FORWARD-LOOKING STATEMENTS. DUE TO VARIOUS UNCERTAINTIES AND ACTUAL EVENTS, INCLUDING THOSE DISCUSSED HEREIN AND IN THE FUND DOCUMENTS, ACTUAL RESULTS OR PERFORMANCE OF THE FUND MAY DIFFER MATERIALLY FROM THOSE REFLECTED OR CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. AS A RESULT, INVESTORS SHOULD NOT RELY ON SUCH FORWARD-LOOKING STATEMENTS IN MAKING THEIR INVESTMENT DECISIONS. ANY TARGET OBJECTIVES ARE GOALS ONLY, ARE NOT PROJECTIONS OR PREDICTIONS AND ARE PRESENTED SOLELY FOR YOUR INFORMATION. NO ASSURANCE IS GIVEN THAT THE FUND WILL ACHIEVE ITS INVESTMENT OBJECTIVES.

EXAMPLES OF INVESTMENTS DESCRIBED HEREIN DO NOT NECESSARILY REPRESENT ALL OR ANY OF THE INVESTMENTS THAT WILL BE MADE BY THE FUND. IT MAY NOT BE ASSUMED THAT ANY INVESTMENTS DESCRIBED HEREIN WOULD BE PROFITABLE IF IMPLEMENTED. INVESTMENT ALLOCATIONS MAY BE CHANGED OR MODIFIED AT ANY TIME WITHOUT NOTICE TO YOU AT THE SOLE DISCRETION OF PORTFOLIO ADVISORS, LLC. THE INFORMATION HEREIN MAY NOT BE RELIED ON IN MAKING ANY INVESTMENT DECISION. INVESTMENT DECISIONS MAY ONL Y BE MADE IN RELIANCE UPON THE INFORMATION SET FORTH IN THE FUND DOCUMENTS.

IF THE RECIPIENT OF THIS DOCUMENT IS OR BECOMES SUBJECT TO: (I) SECTION 552(A) OF TITLE 5 OF THE UNITED STATES CODE (COMMONLY KNOWN AS THE "FREEDOM OF INFORMATION ACT") OR ANY PUBLIC DISCLOSURE LAW, RULE OR REGULATION OF ANY GOVERNMENTAL OR NON-GOVERNMENTAL ENTITY THAT COULD REQUIRE SIMILAR OR BROADER PUBLIC DISCLOSURE OF CONFIDENTIAL INFORMATION PROVIDED TO SUCH RECIPIENT; (II) ANY PUBLIC DISCLOSURE LAW, RULE OR REGULATION OF ANY PUBLIC COMPANY THAT COULD REQUIRE SIMILAR OR BROADER PUBLIC DISCLOSURE OF CONFIDENTIAL INFORMATION PROVIDED TO SUCH RECIPIENT; OR (III) ANY PUBLIC DISCLOSURE LAW, RULE OR REGULATION OF ANY PENSION FUND (OR SIMILAR ENTITY) THAT COULD REQUIRE SIMILAR OR BROADER PUBLIC DISCLOSURE OF CONFIDENTIAL INFORMATION PROVIDED TO SUCH RECIPIENT (COLLECTIVELY, ALL SUCH LAWS, RULES OR REGULATIONS, "FOIA"), THEN, TO THE EXTENT THAT ANY SUCH RECIPIENT RECEIVES A REQUEST FOR PUBLIC DISCLOSURE OF THIS DOCUMENT, SUCH RECIPIENT AGREES THAT: (I) IT SHALL USE ITS BEST EFFORTS TO (X) PROMPTLY NOTIFY PORTFOLIO ADVISORS OF SUCH DISCLOSURE REQUEST AND PROMPTLY PROVIDE PORTFOLIO ADVISORS WITH A COPY OF SUCH DISCLOSURE REQUEST OR A DETAILED SUMMARY OF THE INFORMATION BEING REQUESTED, (Y) INFORM PORTFOLIO ADVISORS OF THE TIMING FOR RESPONDING TO SUCH DISCLOSURE REQUEST, (Z) CONSULT WITH PORTFOLIO ADVISORS REGARDING THE RESPONSE TO SUCH PUBLIC DISCLOSURE REQUEST, INCLUDING PORTFOLIO ADVISORS' CONSIDERATION OF WHETHER SUCH DISCLOSURE IS IN THE BEST INTEREST OF THE FUND AND, TO THE FULLEST EXTENT PERMITTED BY LAW, WHETHER ALL OR ANY PART OF THIS DOCUMENT MAY BE WITHHELD FROM SUCH PUBLIC DISCLOSURE REQUEST.

NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED, REVIEWED OR APPROVED BY THE UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES.

BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THIS DISCLOSURE STATEMENT, SPECIFICALLY THAT THE INFORMATION CONTAINED HEREIN IS HIGHLY CONFIDENTIAL AND THAT YOU SHALL NOT DISCLOSE OR CAUSE TO BE DISCLOSED ANY SUCH INFORMATION WITHOUT THE PRIOR WRITTEN CONSENT OF PORTFOLIO ADVISORS, LLC.

ATTACHMENT

Vendor Upfront Ventures
Address 1314 7th Street
Santa Monica, CA 90401

Date Completed: April 27, 2017

Category **Private Equity - Venture Capital**

TOTAL COMPOSITION OF WORK FORCE

Occupation	African American Full Time	Hispanic Full Time	Asian or Pacific Islander Full Time	American Indian/ Alaskan Native Full Time	Caucasian (Non Hispanic) Full Time	Total Employees Full Time	Percent (%) Minority Full Time	Gender Male Full Time	Gender Female Full Time
Officials & Managers	1	0	1	0	5	**7**	**28.57%**	6	1
Professionals	0	0	1	0	4	**5**	**20.00%**	2	3
Technicians	0	0	2	0	1	**3**	**66.67%**	2	1
Sales Workers	0	0	0	0	0	**0**	**N/A**	0	0
Office/Clerical	0	1	1	0	2	**4**	**50.00%**	0	4
Semi-Skilled	0	0	0	0	0	**0**	**N/A**	0	0
Unskilled	0	0	0	0	0	**0**	**N/A**	0	0
Service Workers	0	0	0	0	0	**0**	**N/A**	0	0
Other	0	0	0	0	0	**0**	**N/A**	0	0
Total	**1**	**1**	**5**	**0**	**12**	**19**	**36.84%**	**10**	**9**

Discretion in a Box

	Role of Board	Role of Staff	Role of Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Annually review, provide input, and adopt investment policies, procedures, guidelines, allocation targets, ranges, and other assumptions.	• With Private Equity Consultant and General Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• With staff and General Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
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Investment Monitoring	• Review quarterly, annual, and other periodic monitoring reports.	• Review quarterly, annual and other periodic monitoring reports prepared by Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and distributions. • Review Private Equity Consultant's recommendations on amendments. • Execute amendments to agreements.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments to staff for approval. • Provide quarterly, annual, and other periodic monitoring reports.

PORTFOLIO ADVISORS LLC

Private Equity Portfolio Performance Report

June 30, 2017

LACERS

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Agenda

- Advisory Mandate Timeline
- Portfolio Performance Review (as of June 30, 2017)
- Appendix
- Disclosure Statement

Advisory Mandate Timeline

Advisory Mandate – 2014 to 2017

- Portfolio Advisors was awarded the mandate to advise LACERS on its Private Equity Program in December 2013. Portfolio Advisors was selected because of its focus on customization, access to sponsors raising smaller, difficult to access funds with higher return potential and its ability to access and maintain existing relationships with top tier sponsors
- 2014 Highlights
  - LACERS approved/closed on $350 million of commitments to 18 new funds during the year
    - $20 million (~6% of total) of the commitments were made to 2 funds raised by Emerging Managers
  - 49% of the total commitments was allocated to Buyout funds, 21% to Special Situations funds[1] and 30% to Growth Equity/Venture Capital funds
  - 11 new managers overseeing 11 funds (61% of total) were added during the year. 17 of the 18 funds were oversubscribed
- 2015 Highlights
  - LACERS approved/closed on a total of $310 million of commitments to 16 new funds during the year
    - $40 million (~13% of total) of the commitments were made to 4 funds raised by Emerging Managers
  - 42% of the total commitments was allocated to Buyout funds, 42% to Special Situations funds[1] and 16% to Growth Equity/Venture Capital funds
  - 11 new managers overseeing 11 funds (69% of total) were added during the year. 15 of the 16 funds were oversubscribed
- 2016 Highlights
  - LACERS approved/closed on a total of $327.4 million of commitments to 19 new funds
    - $17.5 million (~5.3% of total) of the commitments were made to 2 funds raised by Emerging Managers
  - 66% of the total commitments was allocated to Buyout funds, 12% to Special Situations funds[1] and 22% to Growth Equity/Venture Capital funds
  - 8 new managers overseeing 8 funds (42% of total) were added during the year. 17 funds that completed fundraising were oversubscribed

1) Special Situations includes the following: Distressed Debt, Mezzanine & Secondaries

Advisory Mandate – 2014 to 2017 (continued)

- 2017 Highlights[1]
  - LACERS approved/closed on a total of $311.8 million of commitments to 15 new funds
    - $30.0 million (~9.6% of total) of the commitments were made to three funds raised by Emerging Managers
  - 47% of the total commitments was allocated to Buyout funds, 29% to Special Situations funds[2] and 24% to Growth Equity/Venture Capital funds
  - 7 new managers overseeing 7 funds (47% of total) were added during the year. 10 funds that completed fundraising were oversubscribed
- Comments/Key Statistics

  Since the inception of the advisory contract in January 2014,
  - LACERS has approved / closed on commitments totaling $1,299.2 million to 68 funds
  - Thirty seven of the 68 fund commitments were made to sponsors that LACERS did not have an existing relationship (54% of number of funds and 46% of committed $'s)
  - 95.2% of the commitments were made to difficult to access, oversubscribed funds
  - 8.3% of the commitments were made to Emerging Manager funds
  - Average partnership size was $2,582.5 million. This figure compares to an average partnership size during the 2005 through 2013 period of $4,903.0 million
  - Twenty seven of the 68 fund commitments (40%) were invested alongside PA Sponsored Funds
  - Sixty four of the 68 fund commitments (94%) were alongside PA clients

1) As of 11/30/17
2) Special Situations includes the following: Distressed Debt, Mezzanine & Secondaries

Portfolio Performance Review

As of June 30, 2017

Highlights

- **Portfolio**
  - Aggregate Portfolio is comprised of $4,051.8 million of commitments to 238 partnerships managed by 120 different sponsors since inception
  - During the first half of 2017, $241.8 million of commitments to 11 new partnerships were added to the Aggregate Portfolio. This compares to:
    - $327 million of commitments to 19 new partnerships during 2016
    - $310 million of commitments to 16 new partnerships during 2015
    - $350 million of commitments to 18 new partnerships during 2014
    - $325 million of commitments to 12 new partnerships during 2013
  - Aggregate Portfolio's ARV [1] was $1,618.0 million, approximately 10.3% of total Plan assets (exposure target of 12%)
- **Performance**
  - Aggregate Portfolio, led by the performance of the Core Portfolio, was generating a net IRR since inception of 11.0% and a 1.51x total return multiple on invested capital
  - From a one, three, five, and ten-year perspective, LACERS' Aggregate Portfolio lagged the cash flow weighted *Russell 3000 Index +300 bps* benchmark as a result of strong stock market performance over the last few years. However, the more relevant inception-to-date net IRR has outperformed the benchmark by 50 bps.
- **Diversification**
  - Aggregate Portfolio is well diversified across geographies, sectors and vintage years and has exposure to multiple industries and over 2,500 companies
- **Cash Flows**
  - Distributions outpaced contributions (positive net cash flow) in 2011, 2012, 2013, 2014, 2015 and 1H 2017
  - In 2016, contributions outpaced distributions (negative net cash flow)

1) ARV - Adjusted Reported Value. Represents reported value as most recently reported by the General Partners, adjusted for net contribution and distribution activity

Aggregate Portfolio Summary

- In early 2012, LACERS increased its private equity exposure target from 9% to 12%. As of June 30, 2017, the Aggregate Portfolio's ARV[1] was $1,618.0 million, approximately 10.3% of total Plan assets

Aggregate Portfolio Private Equity Exposure Summary	
$'s in millions	
Total Plan Market Value	$15,709.0
Private Equity Exposure Target (%)	12% ± 3%
Private Equity Exposure Target ($)	$1,885.1
Current Private Equity Exposure (%)	10.3%
ARV[1]	$1,618.0

1) ARV - Adjusted Reported Value. Represents reported value as most recently reported by the General Partners, adjusted for net contribution and distribution activity

Aggregate Portfolio Summary (continued)

- LACERS has committed $4,051.8 million to 238 partnerships managed by 120 sponsors since the inception of its private equity program in 1995
- Contributions to and distributions from the Aggregate Portfolio since inception totaled $2,984.1 million and $2,884.4 million, respectively
- Aggregate Portfolio has performed well with a Return Multiple[1] of 1.51x and a Net IRR since inception of 11.0%
- Portfolio generated year over year positive net cash flow of $50.0 million

Aggregate Portfolio Snapshot
$'s in millions

Portfolio Since Inception	6/30/17	6/30/16	Net Change
Partnerships	238	221	17
Active	177	169	8
Inactive[2]	61	52	9
Sponsors	120	114	6
Commitments	$4,051.8	$3,724.7	$327.1
Contributions	$2,984.1	$2,746.3	$237.8
Remaining Commitments	$1,110.0	$1,017.9	$92.1
Distributions	$2,884.4	$2,596.6	$287.8
ARV[3]	$1,618.0	$1,459.0	$159.0
Total Value[4]	$4,502.4	$4,055.6	$446.8
Return Multiple[1]	1.51x	1.48x	0.03x
Net IRR Since Inception	11.0%	10.8%	0.2%

1) Return Multiple: (Cumulative Distributions + ARV[3]) / Cumulative Contributions (including fees outside of commitment)
2) Portfolio Advisors considers a fund inactive if it is older than 12-years (10-year term plus two 1-year extensions) and its ARV[3] is less than 5% of an investor's original commitment to the fund. A fund that is less than 12-years old and has an ARV[3] that is less than 5% of an investor's original commitment may also be considered inactive upon individual examination (excludes non-mature funds with vintage years 2015, 2016 & 2017)
3) ARV - Adjusted Reported Value. Represents reported value as most recently reported by the General Partners, adjusted for net contribution and distribution activity
4) Total Value: Cumulative Distributions + ARV[3]

Core & Specialized Portfolio Summaries

- Core Portfolio accounts for 95% of the total commitments and 95% of total market value ("ARV")[1] in the Aggregate Portfolio
- Core Portfolio performance increased and Specialized Portfolio performance was flat year over year
  - Core Portfolio Net IRR was up 20 bps; Specialized Portfolio Net IRR remained flat
- Distributions outpaced contributions in the Core and Specialized Portfolios

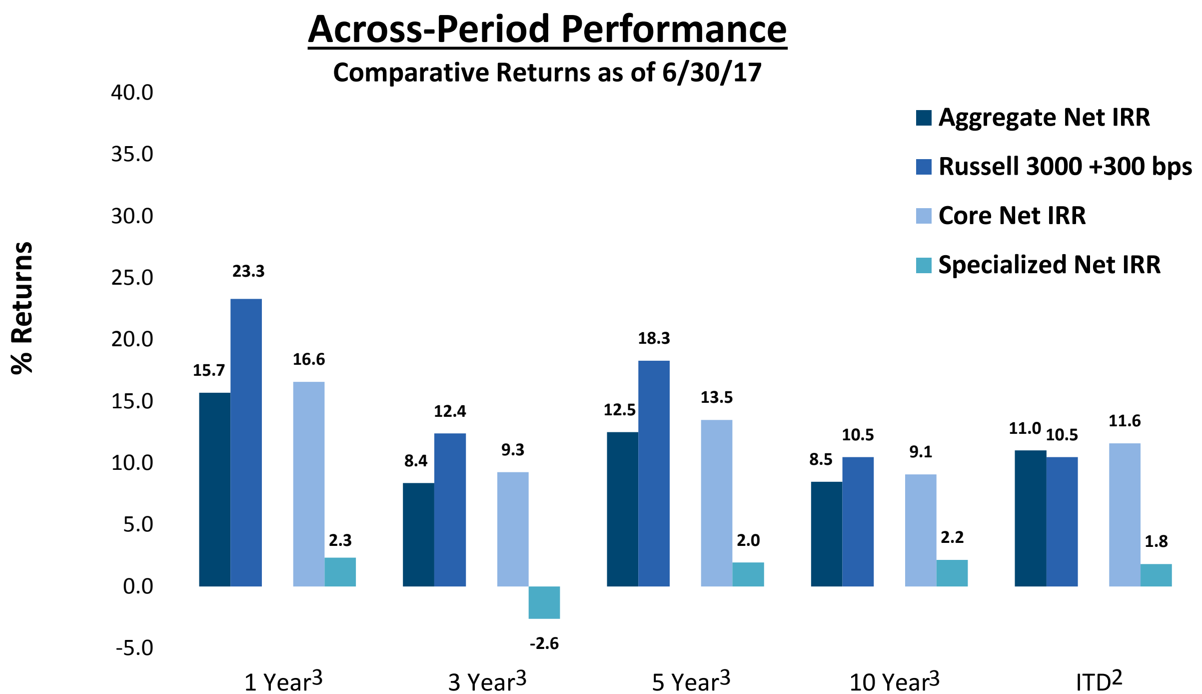
Core Portfolio Snapshot $'s in millions			
Portfolio Since Inception	**6/30/17**	**6/30/16**	**Net Change**
Partnerships	215	198	17
Active	159	150	9
Inactive[2]	56	48	8
Sponsors	105	99	6
Commitments	$3,860.5	$3,533.4	$327.1
Contributions	$2,798.0	$2,563.8	$234.2
Remaining Commitments	$1,103.5	$1,008.7	$94.8
Distributions	$2,760.0	$2,488.0	$272.0
ARV[1]	$1,537.7	$1,368.1	$169.6
Total Value[3]	$4,297.7	$3,856.1	$441.6
Return Multiple[4]	1.54x	1.51x	0.03x
Net IRR Since Inception	11.6%	11.4%	0.2%

Specialized Portfolio Snapshot $'s in millions			
Portfolio Since Inception	**6/30/17**	**6/30/16**	**Net Change**
Partnerships	23	23	0
Active	18	19	(1)
Inactive[2]	5	4	1
Sponsors	21	21	0
Commitments	$191.3	$191.3	$0.0
Contributions	$186.0	$182.5	$3.5
Remaining Commitments	$6.5	$9.2	($2.7)
Distributions	$124.4	$108.6	$15.8
ARV[1]	$80.3	$90.9	($10.6)
Total Value[3]	$204.7	$199.5	5.2
Return Multiple[4]	1.10x	1.10x	0.00x
Net IRR Since Inception	1.8%	1.8%	0.0%

1) ARV - Adjusted Reported Value. Represents reported value as most recently reported by the General Partners, adjusted for net contribution and distribution activity
2) Portfolio Advisors considers a fund inactive if it is older than 12-years (10-year term plus two 1-year extensions) and its ARV[1] is less than 5% of an investor's original commitment to the fund. A fund that is less than 12-years old and has an ARV[1] that is less than 5% of an investor's original commitment may also be considered inactive upon individual examination (excludes non-mature funds with vintage years 2015, 2016 & 2017)
3) Total Value: Cumulative Distributions + ARV[1]
4) Return Multiple: (Cumulative Distributions + ARV[1]) / Cumulative Contributions (including fees outside of commitment)

Comparative Returns

- From a one, three, five and ten-year perspective, LACERS' Aggregate Portfolio lagged the cash flow weighted *Russell 3000 Index +300 bps* benchmark.[1] However, the more relevant inception-to-date net IRR has outperformed the benchmark by 50 bps.



1) With the exception of the hypothetical final cash flow, the cash weighted return for the Russell 3000 + 300 bps index assumes the same inception to date net cash flow stream that was used in calculating the returns for the Aggregate Portfolio. The hypothetical final cash flow/valuation at 6/30/2017 reflects the amount of appreciation or depreciation that the index experienced from inception to date

2) "ITD Net IRR": Inception-to-Date Net Internal Rate of Return as of 6/30/2017

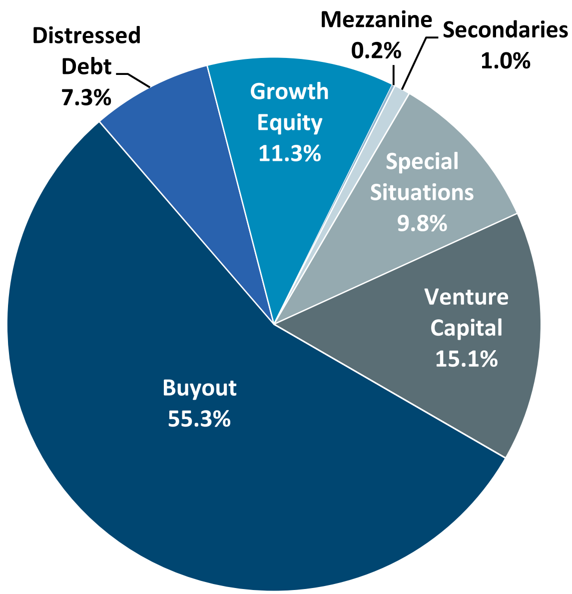
3) 1-, 3-, 5- and 10- year IRRs ("Across Period" returns) are calculated using the previous periods ending value as the calculations' initial cash inflow. The across period IRR represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero

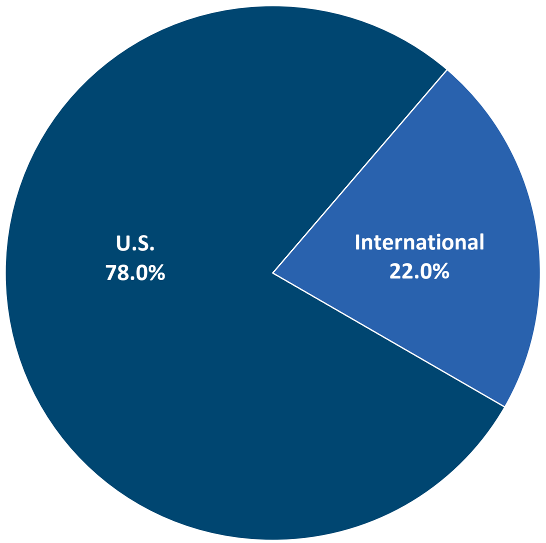
Portfolio Diversification

- Aggregate Portfolio is well diversified across geographies, sectors and vintage years and has exposure to over 2,500 companies operating in multiple industries

All Charts are based on Reported Value[1]

As of June 30, 2017





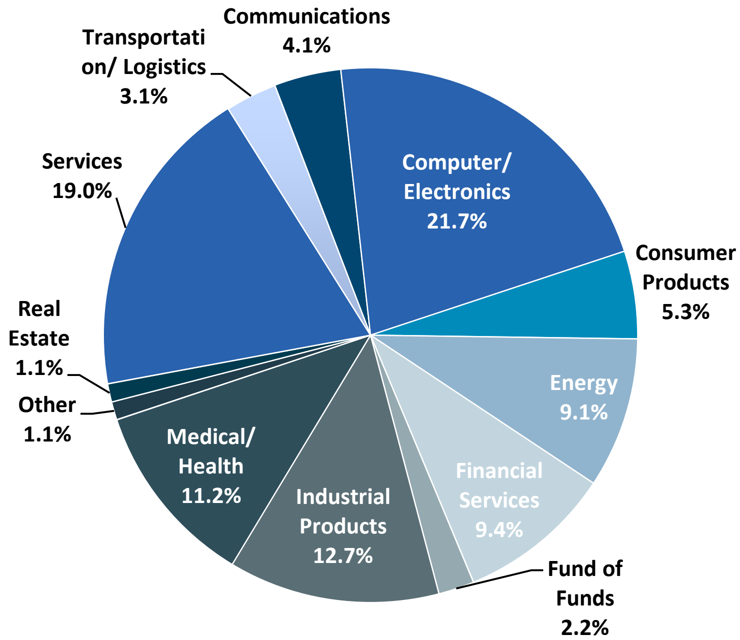
1) Reported Value: Represents reported value as most recently reported by the General Partners

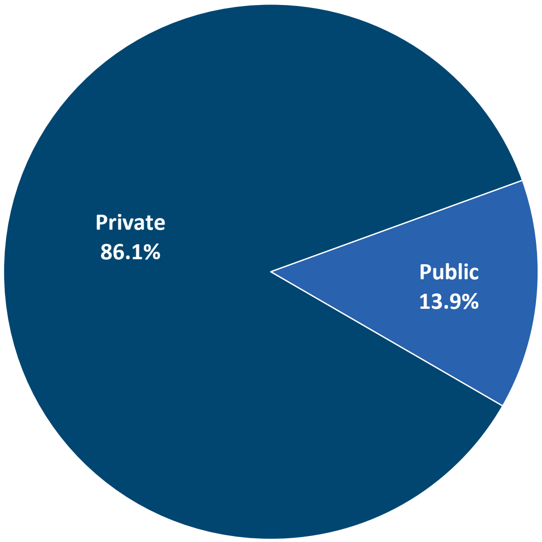
Portfolio Diversification (continued)

- Aggregate Portfolio has 86% exposure to private companies with the balance in public companies

All Charts are based on Reported Value [1]

As of June 30, 2017





1) Reported Value: Represents reported value as most recently reported by the General Partners

Sector Performance[1]

- The Buyout Sector, the Aggregate Portfolio's largest exposure at 55.3%, has performed well with a net IRR since inception of 12.8%
- The Venture Capital Sector, the Aggregate Portfolio's second largest exposure at 15.1%, has generated a net IRR since inception of 7.2%
- Distressed Debt, the Aggregate Portfolio's fifth largest exposure at 7.4%, has performed well with a net IRR since inception of 11.0%

Sector	Commitments	% of Total Commitments	ARV[2]	% of Total Reported Value	Return Multiple[3]	Net IRR
$'s in millions						
Buyout	$2,351.8	58.1%	$895.0	55.3%	1.62x	12.7%
Growth Equity	$326.3	8.1%	$183.1	11.3%	1.30x	5.6%
Venture Capital	$520.2	12.8%	$244.6	15.1%	1.39x	7.2%
Special Situations	$445.0	11.0%	$158.0	9.7%	1.24x	9.4%
Distressed Debt	$358.5	8.8%	$118.9	7.4%	1.39x	11.0%
Mezzanine	$25.0	0.6%	$2.7	0.2%	1.17x	3.9%
Secondaries	$25.0	0.6%	$15.6	1.0%	1.48x	15.7%
Total Portfolio	**$4,051.8**	**100%**	**$1,618.0**	**100%**	**1.51x**	**11.0%**

1) All data as of 6/30/2017
2) ARV - Adjusted Reported Value. Represents reported value as most recently reported by the General Partners, adjusted for net contribution and distribution activity
3) Return Multiple: (Cumulative Distributions + ARV[2]) / Cumulative Contributions (including fees outside of commitment)

Performance by Sub-Strategy[1]

Investment Strategy	Capital Committed	Paid-In Capital	Percentage Called	Capital Distributed	Percentage Distributed	Adjusted Reported Value[2]	Net IRR
$'s in millions							
Buyout	$2,351.8	$1,827.7	78%	$2,059.4	88%	$895.0	12.7%
Mega	$493.5	$446.9	91%	$501.8	102%	$197.2	10.1%
Large	$682.1	$532.5	78%	$642.9	94%	$229.0	13.4%
Mid	$922.6	$622.8	68%	$701.9	76%	$376.4	16.9%
Small	$253.6	$225.5	89%	$212.8	84%	$92.4	6.8%
Distressed Debt	$358.5	$251.7	70%	$232.0	65%	$118.9	11.0%
Control	$71.2	$52.5	74%	$39.1	55%	$32.6	9.5%
Multi-Strategy	$45.9	$28.2	61%	$18.1	39%	$23.6	15.4%
Non-control	$241.4	$171.0	71%	$174.8	72%	$62.7	10.9%
Growth Equity	$326.3	$248.1	76%	$139.0	43%	$183.1	5.6%
Mezzanine	$25.0	$23.0	92%	$24.1	96%	$2.7	3.9%
Secondaries	$25.0	$17.8	71%	$10.7	43%	$15.6	15.7%
Special Situations	$445.0	$219.5	49%	$114.3	26%	$158.0	9.4%
Control	$30.0	$6.0	20%	$0.1	0%	$6.3	5.8%
Special Situations	$415.0	$213.5	51%	$114.2	28%	$151.7	9.4%
Venture Capital	$520.2	$396.2	76%	$304.8	59%	$244.5	7.2%
Early Stage	$117.8	$79.2	67%	$85.0	72%	$73.0	30.1%
Late Stage	$99.0	$74.7	76%	$28.6	29%	$45.3	(0.2%)
Multi-Stage	$303.4	$242.3	80%	$191.2	63%	$126.2	5.6%
Total Portfolio	**$4,051.8**	**$2,984.1**	**74%**	**$2,884.4**	**71%**	**$1,618.0**	**11.0%**

1) All data as of 6/30/2017
2) Adjusted Reported Value: Represents reported value as most recently reported by the General Partners, adjusted for net contribution and distribution activity

Performance by Sub-Sector Strategy[1]

Investment Strategy	1 Year IRR	3 Year IRR	5 Year IRR	10 Year IRR	ITD IRR
Buyout	16.3%	9.0%	13.4%	8.7%	12.7%
Mega	25.5%	7.6%	15.1%	9.3%	10.1%
Large	13.5%	9.2%	14.9%	6.5%	13.4%
Mid	13.6%	11.3%	13.8%	11.1%	16.9%
Small	14.1%	5.3%	5.4%	5.8%	6.8%
Distressed Debt	19.4%	6.2%	9.8%	9.4%	11.0%
Control	5.9%	3.9%	8.7%	9.5%	9.5%
Multi-Strategy	41.8%	14.4%	15.4%	15.4%	15.4%
Non-control	17.0%	4.1%	8.4%	8.5%	10.9%
Growth Equity	15.9%	11.5%	12.1%	9.4%	5.6%
Mezzanine	-27.3%	-14.5%	0.3%	3.8%	3.9%
Secondaries	17.8%	10.0%	14.7%	15.7%	15.7%
Special Situations	23.2%	6.1%	10.4%	9.6%	9.4%
Control	27.4%	5.8%	5.8%	5.8%	5.8%
Special Situations	23.1%	6.1%	10.5%	9.7%	9.4%
Venture Capital	8.2%	6.5%	11.5%	6.8%	7.2%
Early Stage	15.3%	8.7%	21.0%	18.6%	30.1%
Late Stage	5.1%	0.0%	-1.1%	0.1%	-0.2%
Multi-Stage	5.3%	7.5%	10.8%	4.7%	5.6%
Total Portfolio	**15.7%**	**8.4%**	**12.5%**	**8.5%**	**11.0%**

1) All data as of 6/30/2017

Vintage Year Performance

- Aggregate Portfolio performance exceeded the *Cambridge Associates Benchmark* median returns for 16 of the 20 reported vintage years and exceeded the top quartile returns for 3 of the 20 reported vintage years

Vintage Year	Commitments	% of Total	ARV[1]	% of Total	Return Multiple[2]	Net IRR[3]	Median Benchmark[4]	Top Quartile Benchmark[4]
				$'s in millions				
1995	$15.0	0%	$0.0	0%	2.18x	17.7%	14.8%	35.4%
1996	$59.7	2%	$0.0	0%	1.96x	15.8%	10.1%	26.8%
1997	$26.0	2%	$0.0	0%	2.25x	25.3%	11.9%	26.9%
1998	$59.5	1%	$0.9	0%	1.38x	5.7%	7.8%	16.5%
1999	$196.7	5%	$2.2	0%	1.24x	4.2%	1.5%	11.4%
2000	$155.5	4%	$9.6	1%	1.75x	13.3%	3.7%	12.7%
2001	$53.3	1%	$2.5	0%	1.76x	16.2%	10.4%	20.5%
2002	$27.9	1%	$0.0	0%	1.79x	10.1%	11.6%	23.5%
2003	$97.6	2%	$10.4	1%	1.98x	18.8%	9.9%	18.1%
2004	$154.1	4%	$33.2	2%	1.84x	14.7%	7.7%	14.2%
2005	$188.6	5%	$27.5	2%	1.54x	8.1%	7.1%	11.7%
2006	$301.2	7%	$84.9	5%	1.29x	4.5%	7.5%	11.8%
2007	$249.3	6%	$109.3	7%	1.72x	12.4%	9.3%	13.5%
2008	$261.2	6%	$136.0	8%	1.69x	13.8%	9.3%	15.8%
2009	$33.0	1%	$24.2	2%	1.70x	15.7%	12.8%	19.4%
2010	$205.0	5%	$102.2	6%	1.36x	10.0%	12.1%	17.2%
2011	$221.3	5%	$241.0	15%	1.61x	16.3%	11.3%	18.9%
2012	$205.9	5%	$186.0	12%	1.54x	17.7%	11.4%	18.1%
2013	$300.0	7%	$216.0	13%	1.29x	12.7%	10.9%	17.4%
2014	$255.0	6%	$195.0	12%	1.20x	11.0%	10.9%	19.2%
2015	$323.6	8%	$164.0	10%	NM	NM	NM	NM
2016	$352.3	9%	$71.9	4%	NM	NM	NM	NM
2017	$310.0	8%	$1.2	0%	NM	NM	NM	NM
Total Portfolio	**$4,051.8**	**100%**	**$1,618.0**	**100%**	**1.51x**	**11.0%**	**8.7%**	**16.4%**

1) ARV - Adjusted Reported Value. Represents reported value as most recently reported by the General Partners, adjusted for net contribution and distribution activity
2) Return Multiple: (Cumulative Distributions + ARV[1]) / Cumulative Contributions (including fees outside of commitment)
3) Net IRR Since Inception as of 6/30/17
4) Cambridge Associates All Private Equity median and top quartile benchmarks as of 6/30/17

Vintage Year Performance[1]

- The following table groups vintage years of the LACERS Aggregate Portfolio into "Mature" (1995-2006), "Maturing" (2007-2011) and "Developing" (2012-2017)

Vintage Years	LTM Contributions	ITD Contributions	LTM Distributions	ITD Distributions	ARV[2]	1 Year IRR	3 Year IRR	5 Year IRR	10 Year IRR	Return Multiple as of 6/30/16	Return Multiple as of 6/30/17	ITD IRR as of 6/30/16	ITD IRR as of 6/30/17
	$'s in millions												
Mature (1995-2006)	$1.4	$1,323.2	$76.1	$1,917.0	$171.2	4.7%	(0.5%)	7.9%	4.9%	1.57x	1.58x	10.2%	10.2%
Maturing (2007-2011)	$17.0	$901.3	$132.1	$842.5	$612.7	15.6%	8.8%	14.9%	13.2%	1.54x	1.63x	13.0%	13.1%
Developing (2012-2017)	$219.4	$759.6	$79.6	$124.9	$834.1	19.2%	13.8%	13.8%	13.7%	1.16x	1.27x	11.0%	13.7%
Total Portfolio	**$237.8**	**$2,984.1**	**$287.8**	**$2,884.4**	**$1,618.0**	**15.7%**	**8.4%**	**12.5%**	**8.5%**	**1.48x**	**1.51x**	**10.8%**	**11.0%**

1) All data presented as of 6/30/17, unless otherwise stated.
2) ARV – Adjusted Reported Value: Represents reported value as most recently reported by the General Partners, adjusted for net contribution and distribution activity through June 30, 2017

Five Largest Sponsors by Total Exposure

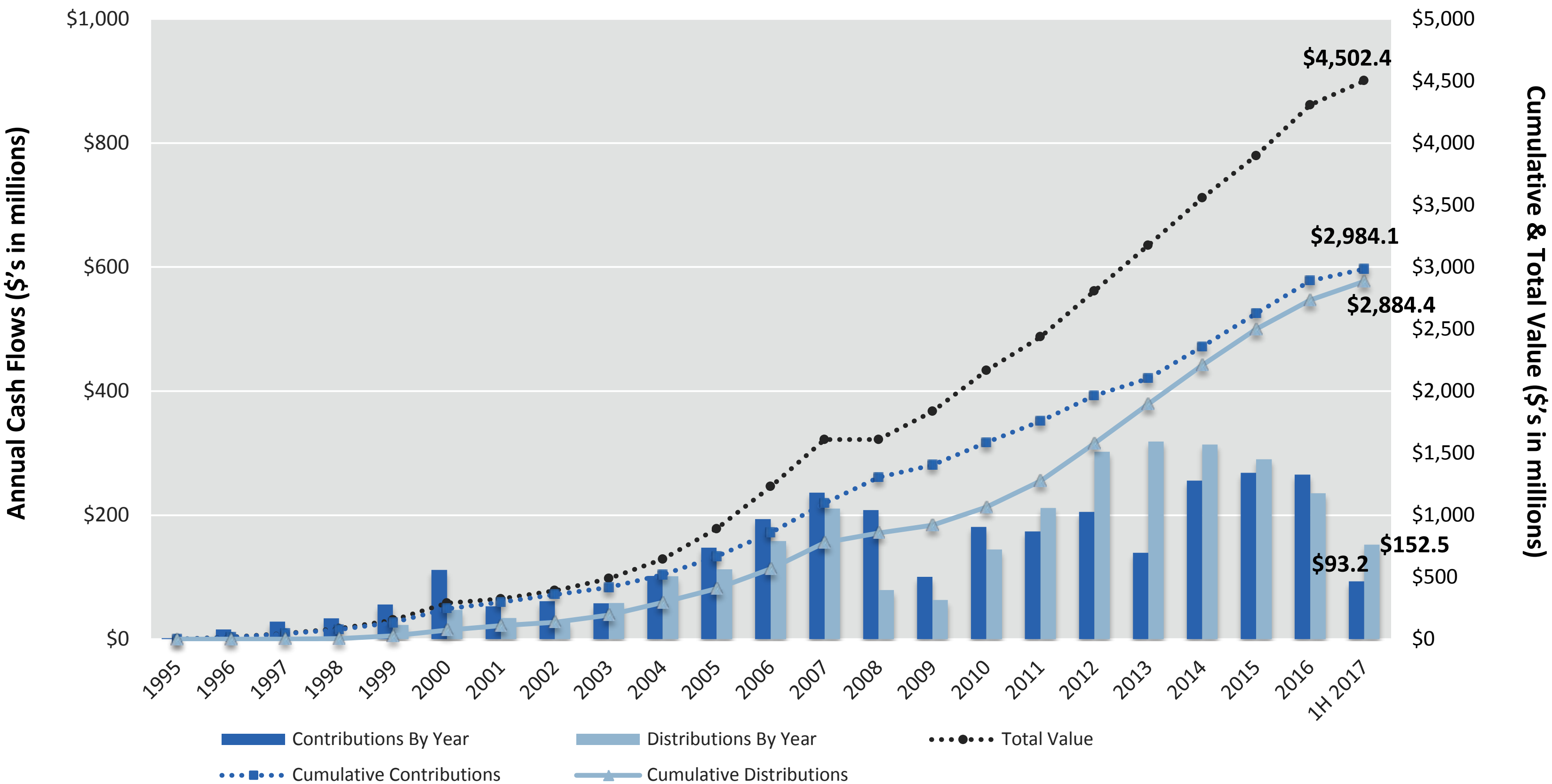
- Top five sponsors by total exposure account for 15% of the Aggregate Portfolio's total commitments and 18% of the total exposure[1]

Five Largest Sponsors by Total Exposure[1] $'s in millions							
Sponsor	# of Funds	Total Commitments	% of Total	Total Exposure[1]	% of Total	Return Multiple[2]	Net IRR[3]
Vista Equity Partners	6	$145.0	4%	$145.9	5%	1.73x	22.7%
EnCap Investments	4	$120.0	3%	$108.3	4%	1.19x	9.2%
Texas Pacific Group	7	$155.9	4%	$93.6	3%	1.87x	16.5%
Advent International Corporation	3	$85.0	2%	$83.3	3%	1.72x	18.5%
Polaris Venture Partners	4	$65.0	2%	$69.8	3%	1.44x	11.0%
	24	$570.9	15%	$500.9	18%	1.68x	16.9%

1) Total Exposure is equal to the reported value as most recently reported by the General Partners plus remaining commitment
2) Return Multiple: (Cumulative Distributions + Reported Value) / Cumulative Contributions (including fees outside of commitment)
3) Net IRR Since Inception as of 6/30/2017

Aggregate Portfolio Cash Flow Summary

- Cumulative contributions and distributions totaled $2,984.1 million and $2,884.4 million, respectively
- Aggregate Portfolio's total value is $4,502.4 million as of June 30, 2017



Annual Net Cash Flow Summary

- 2015 marked the fifth consecutive year in which the Aggregate Portfolio's distributions outpaced contributions (positive net cash flow)
- In 2016, the Portfolio reverted back to negative net cash flow likely due to the increase in the exposure target and commitment pace from 2013 through 2016
- Portfolio has a positive cash flow profile through 1H 2017

	Contributions	Distributions	Net Cash Flow
	$'s in millions		
1995	($1.5)	$0.0	($1.5)
1996	($15.8)	$0.1	($15.7)
1997	($28.3)	$0.9	($27.4)
1998	($33.6)	$3.3	($30.3)
1999	($55.9)	$22.7	($33.2)
2000	($111.8)	$47.3	($64.5)
2001	($52.8)	$34.2	($18.6)
2002	($61.2)	$28.0	($33.2)
2003	($57.7)	$58.4	$0.7
2004	($101.7)	$101.2	($0.5)
2005	($147.2)	$112.7	($34.5)
2006	($193.3)	$157.9	($35.4)
2007	($236.1)	$210.5	($25.6)
2008	($208.2)	$79.2	($129.0)
2009	($100.6)	$63.1	($37.5)
2010	($180.2)	$144.0	($36.2)
2011	($172.4)	$210.4	$38.0
2012	($205.1)	$301.9	$96.8
2013	($139.1)	$318.3	$179.2
2014	($255.6)	$313.8	$58.2
2015	($267.6)	$289.0	$21.4
2016	($265.2)	$235.3	($29.9)
1H 2017	($93.2)	$152.5	$59.3
Total Portfolio	**($2,984.1)**	**$2,884.4**	**($99.7)**

Appendix

Core Portfolio Summary as of 6/30/17

Investment Name	Vintage Year	Investment Strategy	Capital Commitment	Paid-In Capital	Capital Distributions	Reported Value[1]	Net IRR[2]	PA Advised	Quartile[3,4]
1315 Capital Fund I	2015	Growth Equity	$10,000,000	$3,950,000	$0	$3,622,603	-9.4%	Yes	NM
ABRY Advanced Securities III, LP	2014	Special Situations	$20,000,000	$7,782,099	$0	$10,330,763	13.7%	Yes	2nd
ABRY Heritage Partners, LP	2016	Buyout - Mid	$10,000,000	$1,394,305	$0	$1,498,356	10.6%	Yes	NM
ABRY Partners VIII, LP	2015	Buyout - Large	$25,000,000	$18,614,106	$0	$19,630,663	3.7%	Yes	NM
ABRY Senior Equity V, LP	2016	Special Situations	$10,000,000	$642,167	$0	$624,333	-9.3%	Yes	NM
ACON Equity Partners III, LP	2012	Buyout - Mid	$20,000,000	$15,384,793	$880,509	$19,660,858	10.0%	No	3rd
ACON-Bastion Partners II, LP	2006	Buyout - Small	$5,000,000	$4,721,150	$7,999,467	$818,514	13.5%	No	1st
Advent International Global Private Equity VII-B LP	2012	Buyout - Large	$30,000,000	$27,000,000	$9,000,028	$32,412,381	17.2%	No	2nd
Advent International GPE VI-A, L.P.	2008	Buyout - Large	$20,000,000	$20,000,000	$29,837,576	$12,370,662	18.0%	No	1st
Advent International GPE VIII-B-2	2016	Buyout - Mid	$35,000,000	$8,190,000	$2,400,000	$8,733,768	207.6%	Yes	NM
AION Capital Partners Ltd.	2012	Special Situations	$20,000,000	$10,116,970	$2,284,739	$7,252,513	-3.5%	No	4th
Alchemy Investment Plan	1999	Buyout - Small	$38,194,245	$40,196,637	$48,415,787	$1,477,872	5.5%	No	2nd
American Securities VII	2015	Buyout - Large	$25,000,000	$8,714,568	$0	$5,939,419	-61.6%	Yes	NM
Angeles Equity Partners I	2016	Special Situations - Control	$10,000,000	$1,052,788	$83,784	$827,900	-6.2%	Yes	NM
Apollo Investment Fund IV, LP	1998	Buyout - Large	$5,000,000	$4,989,241	$8,320,973	$8,222	8.5%	No	2nd
Apollo Investment Fund VI, LP	2005	Buyout - Mega	$15,000,000	$14,372,999	$19,509,585	$4,842,952	9.0%	No	2nd
Apollo Investment Fund VII, LP	2008	Buyout - Mega	$20,000,000	$16,949,586	$29,770,713	$5,019,170	23.8%	No	1st
Apollo Investment Fund VIII, LP	2013	Buyout - Mega	$40,000,000	$23,822,873	$1,706,468	$27,795,391	14.2%	No	2nd
Ascribe Opportunities Fund II, L.P.	2010	Distressed Debt - Control	$20,000,000	$16,909,832	$11,780,707	$12,486,013	9.0%	No	3rd
Ascribe Opportunities Fund III, L.P.	2013	Distressed Debt - Multi	$30,000,000	$12,522,576	$7,952,215	$12,075,149	24.1%	No	1st
Astorg VI, SLP (EUR)	2016	Buyout - Mid	$24,793,681	$7,321,798	$0	$7,458,123	5.0%	Yes	NM
Austin Ventures VII, LP	1999	Venture Capital - Multi	$17,000,000	$17,000,000	$13,537,839	$167,772	-2.8%	No	3rd
Austin Ventures VIII, LP	2001	Venture Capital - Multi	$8,300,000	$8,300,000	$13,367,650	$412,610	7.0%	No	3rd
Avenue Europe Special Situations Fund II, L.P.	2011	Dist. Debt - Non-Control	$28,323,908	$28,305,005	$20,522,708	$11,211,283	3.4%	No	4th
Avenue Special Situations IV, LP	2006	Dist. Debt - Non-Control	$10,000,000	$10,000,000	$13,815,357	$37,816	8.3%	No	2nd

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Investment Name	Vintage Year	Investment Strategy	Capital Commitment	Paid-In Capital	Capital Distributions	Reported Value[1]	Net IRR[2]	PA Advised	Quartile[3,4]
Avenue Special Situations V, LP	2007	Dist. Debt - Non-Control	$10,000,000	$9,950,262	$13,312,819	$12,718	11.5%	No	2nd
Bain Capital Asia III, LP	2016	Buyout - Mid	$15,000,000	$2,550,000	$0	$2,897,105	29.1%	Yes	NM
Bain Double Impact Fund, LP	2016	Buyout - Mid	$10,000,000	$1,411,133	$0	$1,304,085	-11.0%	Yes	NM
Baring Asia Private Equity Fund VI, LP	2015	Buyout - Large	$25,000,000	$11,408,265	$37,613	$13,284,546	14.1%	Yes	NM
BC European Capital IX, LP	2011	Buyout - Mega	$17,970,135	$17,506,322	$8,016,178	$18,356,109	15.2%	No	2nd
BC European X, LP	2017	Buyout - Large	$30,281,550	$0	$0	$0	0.0%	Yes	NM
BDCM Opportunity Fund IV	2015	Distressed Debt - Control	$25,000,000	$12,936,221	$196,683	$13,281,206	4.6%	Yes	NM
Blackstone Capital Partners V, LP	2006	Buyout - Mega	$19,718,296	$19,252,664	$29,924,989	$2,331,323	8.0%	No	2nd
Blackstone Capital Partners VI, LP	2011	Buyout - Mega	$20,000,000	$17,765,533	$6,556,404	$18,601,007	12.5%	No	2nd
Blackstone Energy Partners	2011	Buyout - Mid	$25,000,000	$23,263,402	$7,311,687	$25,986,163	12.8%	No	2nd
Blue Sea Capital Fund I	2013	Buyout - Small	$10,000,000	$4,247,693	$0	$5,324,057	13.1%	Yes	2nd
Brentwood Associates Private Equity VI, L.P.	2017	Buyout - Mid	$25,000,000	$0	$0	$0	0.0%	Yes	NM
Cardinal Health III, LP	2006	Venture Capital - Early	$15,000,000	$15,000,000	$3,956,316	$19,437,912	7.5%	No	2nd
Carlyle Partners IV, LP	2005	Buyout - Mega	$20,000,000	$19,631,268	$39,330,180	$534,662	13.1%	No	1st
Carlyle Partners V, LP	2007	Buyout - Mega	$30,000,000	$26,543,010	$39,126,425	$10,253,832	13.8%	No	1st
CenterGate Capital Partners I	2016	Buyout - Mid	$10,000,000	$735,465	$62,277	$432,575	-13.4%	Yes	NM
CGW Southeast Partners III, LP	1996	Buyout - Small	$8,680,144	$8,680,144	$14,736,448	$0	9.2%	No	3rd
CGW Southeast Partners IV, LP	1999	Buyout - Small	$10,000,000	$8,707,914	$13,398,877	$0	8.3%	No	2nd
Charterhouse Capital IX, L.P.	2009	Buyout - Large	$18,043,660	$16,812,386	$18,400,983	$4,641,291	11.5%	No	3rd
Charterhouse Capital Partners VIII, L.P.	2006	Buyout - Large	$19,704,563	$19,659,009	$18,827,486	$24,094	-0.7%	No	4th
Chisholm Partners IV, LP	1999	Buyout - Small	$9,000,000	$8,841,055	$9,376,669	$0	0.7%	No	3rd
CHS Private Equity V, LP	2005	Buyout - Mid	$20,000,000	$20,145,530	$35,144,773	$189,756	9.8%	No	2nd
Coller International Partners VI, LP	2011	Secondaries	$25,000,000	$17,834,136	$10,737,065	$15,645,285	15.7%	No	2nd
CVC Capital Partners VII L.P.	2017	Buyout - Large	$27,196,260	$0	$0	$0	0.0%	Yes	NM
CVC European Equity Partners I, LP	1996	Buyout - Mid	$10,000,000	$9,686,071	$24,345,254	$0	23.4%	No	2nd

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CVC European Equity Partners II, L.P.	1998	Buyout - Large	$9,218,055	$9,212,371	$22,076,376	$0	19.1%	No	1st
CVC European Equity Partners III, LP	2001	Buyout - Large	$15,000,000	$14,324,324	$41,619,578	$405,210	41.4%	No	1st
CVC European Equity Partners IV, L.P. (EUR)	2005	Buyout - Mega	$25,872,750	$23,185,412	$45,260,131	$1,608,997	16.8%	No	1st
CVC European Equity Partners V, LP (EUR)	2008	Buyout - Mega	$18,760,482	$18,312,046	$23,803,110	$9,653,103	15.7%	No	2nd
DEFY Partners I, LP	2016	Venture Capital - Early	$10,000,000	$0	$0	$0	0.0%	Yes	NM
DFJ Growth 2013, L.P.	2013	Growth Equity	$25,000,000	$22,501,311	$0	$27,123,115	8.9%	Yes	3rd
DFJ Growth III	2017	Growth Equity	$15,000,000	$615,000	$0	$526,344	-84.6%	Yes	NM
Draper Fisher Jurvetson Fund XII, LP	2016	Venture Capital - Early	$10,000,000	$2,275,000	$0	$2,274,308	-0.1%	Yes	NM
EIG Energy Fund XVI	2013	Special Situations	$25,000,000	$15,412,306	$2,938,364	$14,977,325	8.7%	No	3rd
EnCap Energy Capital Fund VIII, LP	2010	Special Situations	$15,000,000	$13,746,702	$5,824,482	$6,640,456	-3.4%	No	4th
EnCap Energy Capital Fund X, L.P.	2015	Special Situations	$35,000,000	$16,029,712	$2,575,633	$15,776,197	17.9%	Yes	NM
EnCap Energy Capital Fund XI, L.P.	2017	Special Situations	$40,000,000	$0	$0	$0	0.0%	Yes	NM
EnCap Energy IX	2013	Special Situations	$30,000,000	$24,428,990	$13,556,606	$20,089,655	16.9%	No	2nd
Energy Capital Partners II-A, LP	2010	Special Situations	$20,000,000	$14,642,865	$15,078,897	$10,080,723	14.2%	No	2nd
Energy Capital Partners III-A, LP	2014	Special Situations	$40,000,000	$22,689,401	$2,970,297	$22,228,827	8.1%	No	3rd
Enhanced Equity Fund II, L.P.	2010	Buyout - Small	$10,000,000	$9,570,165	$4,772,714	$147,938	-27.5%	No	4th
Enhanced Equity Fund, L.P.	2006	Buyout - Small	$10,000,000	$10,000,000	$10,268,274	$107,844	0.6%	No	4th
Essex Woodlands Health Ventures IV, LP	1998	Venture Capital - Early	$4,000,000	$4,000,000	$4,959,470	$923,701	7.9%	No	2nd
Essex Woodlands Health Ventures V, LP	2000	Venture Capital - Multi	$10,000,000	$10,000,000	$10,591,086	$2,721,493	5.5%	No	2nd
Essex Woodlands Health Ventures VI, LP	2004	Venture Capital - Multi	$15,000,000	$14,587,500	$7,756,532	$10,952,447	3.2%	No	3rd
FIMI Opportunity V	2012	Buyout - Small	$20,000,000	$17,586,200	$3,028,505	$27,233,000	25.9%	No	1st
First Reserve Fund X, LP	2004	Buyout - Mid	$20,000,000	$20,000,000	$36,485,800	$85,066	30.8%	No	1st
First Reserve Fund XI, LP	2006	Buyout - Mega	$30,000,000	$30,000,000	$19,462,197	$2,149,261	-7.6%	No	4th
First Reserve Fund XII, LP	2008	Buyout - Mega	$25,000,000	$25,417,087	$10,360,135	$7,112,478	-8.7%	No	4th
Gilde Buyout Partners V, LP	2015	Buyout - Mid	$26,089,371	$4,796,758	$0	$4,031,439	-28.2%	Yes	NM

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Glendon Opportunities Fund II, L.P.	2017	Dist. Debt - Non-Control	$40,000,000	$0	$0	$0	0.0%	Yes	NM
Glendon Opportunities Fund, L.P.	2014	Dist. Debt - Non-Control	$20,000,000	$12,990,996	$0	$15,595,337	8.1%	Yes	3rd
Golder, Thoma, Cressey, Rauner Fund V LP	1997	Buyout - Mid	$10,000,000	$10,000,000	$18,226,074	$0	11.0%	No	3rd
Green Equity Investors V, LP	2007	Buyout - Large	$20,000,000	$18,268,906	$27,278,041	$12,494,545	19.3%	No	1st
Green Equity Investors VI, LP	2012	Buyout - Large	$20,000,000	$18,299,901	$3,729,901	$21,100,336	13.4%	No	2nd
Green Equity Investors VII, LP	2016	Buyout - Large	$25,000,000	$2,557,999	$0	$2,418,652	-73.6%	Yes	NM
GTCR Fund IX, LP	2006	Buyout - Mid	$15,000,000	$14,282,987	$23,829,121	$1,296,171	13.6%	No	1st
GTCR Fund VI, LP	1998	Buyout - Mid	$10,000,000	$10,000,000	$8,890,791	$0	-3.8%	No	4th
GTCR Fund VII, LP	2000	Buyout - Mid	$18,750,000	$18,609,375	$43,841,047	$0	22.0%	No	1st
GTCR Fund VII/A, LP	2000	Buyout - Mid	$6,250,000	$4,140,625	$11,565,815	$0	78.9%	No	1st
GTCR Fund VIII, LP	2003	Buyout - Mid	$20,000,000	$18,520,960	$30,595,343	$1,450,044	22.7%	No	1st
Halifax Capital Partners II, LP	2005	Buyout - Small	$10,000,000	$8,031,999	$10,578,604	$2,836,206	11.5%	No	2nd
Harvest Partners VII, LP	2016	Buyout - Mid	$20,000,000	$6,092,254	$0	$5,491,554	-37.8%	Yes	NM
Hellman & Friedman Capital Partners V, LP	2004	Buyout - Large	$10,463,972	$9,931,388	$26,463,533	$211,102	27.9%	No	1st
Hellman & Friedman Capital Partners VI, LP	2007	Buyout - Mega	$20,000,000	$19,343,593	$31,455,893	$4,778,134	13.3%	No	2nd
Hellman & Friedman Capital Partners VII, LP	2011	Buyout - Mega	$20,000,000	$18,964,295	$8,822,836	$28,804,000	23.7%	No	1st
Hellman & Friedman Capital Partners VIII, LP	2016	Buyout - Mega	$20,000,000	$1,027,585	$25,358	$1,503,155	85.9%	Yes	NM
High Road Capital Partners II	2013	Buyout - Small	$25,000,000	$10,337,310	$0	$13,295,074	10.8%	No	3rd
Highbridge Principal Strategies Senior Loan Fund II	2010	Special Situations	$50,000,000	$40,883,273	$47,651,965	$0	8.0%	No	3rd
Hony Capital Fund V, L.P.	2011	Buyout - Mid	$25,000,000	$24,283,740	$0	$31,993,913	9.9%	No	3rd
Incline Equity Partners IV, LP	2017	Buyout - Mid	$10,000,000	$0	$0	$0	0.0%	Yes	NM
Insight Venture Partners IX, LP	2015	Venture Capital - Late	$25,000,000	$16,620,088	$665,072	$19,398,963	15.4%	Yes	NM
Insight Venture Partners VIII, LP	2013	Growth Equity	$20,000,000	$19,270,074	$1,949,326	$25,322,180	11.9%	No	2nd
Institutional Venture Partners XV, LP	2015	Venture Capital - Late	$20,000,000	$10,400,000	$1,134,277	$9,619,177	3.2%	Yes	NM
InterWest Partners VI, LLC	1996	Venture Capital - Early	$5,000,000	$5,000,000	$14,858,749	$0	48.9%	No	1st

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J.H. Whitney IV, LP	1999	Growth Equity	$22,448,463	$22,448,463	$9,404,162	$0	-11.0%	No	4th
J.H. Whitney VI, LP	2005	Buyout - Small	$15,000,000	$14,859,266	$12,136,192	$2,050,893	-0.9%	No	4th
J.H. Whitney VII, LP	2010	Buyout - Small	$25,000,000	$22,752,029	$10,127,089	$22,150,117	11.0%	No	3rd
Kelso Investment Associates VI, LP	1998	Buyout - Mid	$4,309,418	$4,309,418	$5,982,794	$0	9.3%	No	2nd
Kelso Investment Associates VII, LP	2004	Buyout - Mid	$18,000,000	$17,120,087	$29,027,380	$435,903	12.6%	No	2nd
Kelso Investment Associates VIII, LP	2007	Buyout - Large	$20,000,000	$18,819,601	$14,120,343	$11,372,379	7.4%	No	3rd
Khosla Ventures IV, L.P.	2011	Venture Capital - Early	$20,000,000	$19,340,000	$1,911,824	$31,853,717	17.6%	No	2nd
KKR 1996 Fund LP	1996	Buyout - Mega	$25,000,000	$26,194,438	$46,838,314	$0	13.2%	No	2nd
KKR 2006 Fund, LP	2006	Buyout - Mega	$30,000,000	$30,278,300	$36,732,140	$14,301,449	8.9%	No	2nd
KKR European Fund II	2005	Buyout - Large	$15,000,000	$15,540,529	$20,861,162	$199,174	4.7%	No	3rd
KPS Special Situations IV	2013	Buyout - Mid	$25,000,000	$2,763,904	$2,345,887	$2,232,840	29.4%	No	1st
Levine Leichtman Capital Partners III, LP	2003	Buyout - Small	$20,000,000	$21,392,254	$30,530,668	$2,913,588	10.1%	No	2nd
Levine Leichtman Capital Partners IV, LP	2008	Buyout - Mid	$20,000,000	$15,173,500	$25,059,007	$5,392,163	19.5%	No	1st
Levine Leichtman V	2013	Buyout - Mid	$30,000,000	$22,872,930	$2,589,358	$25,828,034	10.8%	No	3rd
Lindsay Goldberg & Bessemer II, LP	2006	Buyout - Large	$20,000,000	$18,631,199	$24,190,170	$2,510,676	7.1%	No	3rd
Lindsay Goldberg III, LP	2008	Buyout - Large	$20,000,000	$18,939,957	$14,441,387	$10,938,909	8.6%	No	3rd
Longitude Venture Partners III, LP	2016	Venture Capital - Multi	$10,000,000	$317,099	$0	$173,591	-73.9%	Yes	NM
Madison Dearborn Capital Partners III, LP	1999	Buyout - Large	$16,000,000	$16,000,000	$24,398,778	$0	8.6%	No	2nd
Madison Dearborn Capital Partners IV, LP	2000	Buyout - Large	$25,000,000	$25,174,337	$46,606,001	$2,385,442	14.4%	No	1st
Menlo Ventures IX, LP	2001	Venture Capital - Multi	$20,000,000	$20,000,000	$18,386,197	$1,683,664	0.1%	No	4th
Menlo Ventures VII, LP	1997	Venture Capital - Multi	$5,000,000	$5,000,000	$23,552,033	$0	136.0%	No	1st
Menlo Ventures VIII, LP	1999	Venture Capital - Multi	$18,000,000	$18,000,000	$8,980,234	$0	-9.0%	No	4th
Nautic Partners V, LP	2000	Buyout - Mid	$15,000,000	$14,425,522	$29,558,440	$1,041,500	17.2%	No	1st
New Enterprise Associates 15, LP	2015	Venture Capital - Multi	$20,000,000	$13,200,000	$0	$16,626,735	21.3%	Yes	NM
New Enterprise Associates 16, LP	2017	Venture Capital - Multi	$25,000,000	$750,000	$0	$691,670	-62.2%	Yes	NM

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New Enterprise Associates XIII, LP	2009	Venture Capital - Multi	$15,000,000	$14,475,000	$10,707,760	$19,546,428	18.6%	No	2nd
New Mountain Partners III, LP	2007	Buyout - Large	$20,000,000	$18,538,547	$20,447,128	$16,413,916	13.9%	No	1st
New Water Capital Partners, L.P.	2015	Special Situations - Control	$10,000,000	$3,405,229	$0	$3,119,312	-15.5%	Yes	NM
Newbridge Asia IV, LP	2005	Growth Equity	$10,000,000	$9,866,795	$20,777,008	$948,793	16.8%	No	1st
NGP Natural Resources XI, LP	2014	Special Situations	$25,000,000	$13,964,889	$1,863,785	$15,657,298	26.9%	Yes	1st
Nordic Capital V, L.P.	2004	Buyout - Mid	$14,043,460	$14,297,565	$41,610,066	$1,016,589	21.0%	No	1st
Oak HC / FT Partners, L.P.	2014	Venture Capital - Late	$10,000,000	$6,961,965	$536,333	$8,125,232	15.4%	Yes	2nd
Oak HC/FT Partners II, L.P.	2017	Venture Capital - Late	$10,000,000	$0	$0	$0	0.0%	Yes	NM
Oak Investment Partners XII, LP	2006	Growth Equity	$15,000,000	$15,000,000	$10,581,752	$4,735,164	0.4%	No	4th
Oaktree Opportunities Fund X	2015	Dist. Debt - Non-Control	$7,500,000	$2,250,000	$92,949	$2,968,020	29.2%	Yes	NM
Oaktree Opportunities Fund Xb, LP	2017	Dist. Debt - Non-Control	$17,500,000	$0	$0	$0	0.0%	Yes	NM
OCM Opportunities Fund II, LP	1997	Dist. Debt - Non-Control	$11,000,000	$11,000,000	$16,628,641	$0	8.5%	No	3rd
OCM Opportunities Fund III, LP	1999	Dist. Debt - Non-Control	$10,000,000	$10,000,000	$15,068,827	$1,785	11.9%	No	1st
OCM Opportunities Fund V, LP	2004	Dist. Debt - Non-Control	$7,100,000	$7,100,000	$11,525,170	$168,150	14.1%	No	2nd
OCM Opportunities Fund VII, LP	2007	Dist. Debt - Non-Control	$10,000,000	$10,000,000	$12,922,263	$903,942	7.5%	No	3rd
OCM Opportunities Fund VIIb, LP	2008	Dist. Debt - Non-Control	$9,000,000	$9,000,000	$14,764,849	$750,700	16.7%	No	1st
OCM Opportunities Fund, LP	1996	Dist. Debt - Non-Control	$11,000,000	$10,972,896	$18,030,431	$0	10.3%	No	2nd
OCM Opportunities IV, LP	2001	Dist. Debt - Non-Control	$10,000,000	$10,000,000	$16,501,691	$1,912	28.6%	No	1st
Olympus Growth Fund IV, LP	2003	Buyout - Small	$7,700,000	$7,660,045	$11,805,711	$42,286	8.6%	No	3rd
Onex Partners, LP	2003	Buyout - Mid	$20,000,000	$18,992,045	$54,401,638	$2,752,560	38.5%	No	1st
Palladium Equity Partners IV, LP	2012	Buyout - Mid	$25,000,000	$16,866,112	$1,482,771	$18,467,494	9.4%	Yes	3rd
Palladium Equity Partners V, LP	2017	Buyout - Mid	$25,000,000	$0	$0	$0	0.0%	Yes	NM
Permira Europe III (EUR), LP	2004	Buyout - Large	$21,506,160	$21,506,160	$36,653,469	$231,388	26.0%	No	1st
Permira Europe IV (EUR), LP	2006	Buyout - Mega	$14,922,127	$14,664,448	$20,280,139	$3,266,254	8.7%	No	2nd
Pharos Capital Partners II-A, LP	2005	Buyout - Small	$5,000,000	$5,000,000	$3,013,016	$3,037,222	3.2%	No	3rd

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Core Portfolio Summary as of 6/30/17

Investment Name	Vintage Year	Investment Strategy	Capital Commitment	Paid-In Capital	Capital Distributions	Reported Value[1]	Net IRR[2]	PA Advised	Quartile[3,4]
Platinum Equity Capital Partners III, LP	2012	Buyout - Mid	$25,000,000	$19,778,533	$17,350,211	$18,946,279	37.9%	No	1st
Platinum Equity Capital Partners IV, LP	2016	Special Situations	$15,000,000	$1,459,258	$158,539	$1,769,055	242.0%	Yes	NM
Polaris Venture Partners V, LP	2006	Venture Capital - Multi	$15,000,000	$14,700,000	$11,191,368	$11,772,624	8.1%	No	2nd
Polaris Venture Partners VI, LP	2010	Venture Capital - Multi	$15,000,000	$13,125,000	$2,854,037	$20,005,397	20.7%	No	1st
Polaris Venture Partners VII, LP	2014	Venture Capital - Multi	$25,000,000	$16,812,500	$1,409,074	$17,844,502	9.8%	Yes	3rd
Polaris Venture Partners VIII, LP	2016	Venture Capital - Multi	$10,000,000	$1,200,000	$0	$1,041,035	-32.9%	Yes	NM
Providence Debt Fund III, LP	2013	Dist. Debt - Non-Control	$30,000,000	$29,220,656	$4,181,730	$31,090,668	10.3%	No	3rd
Providence Equity Partners V, LP	2005	Buyout - Large	$18,000,000	$16,411,833	$19,277,226	$2,472,109	4.0%	No	3rd
Providence Equity Partners VI, LP	2007	Buyout - Mega	$30,000,000	$28,426,263	$26,802,162	$14,717,276	6.5%	No	3rd
Providence TMT Debt Opportunity Fund II, LP	2010	Distressed Debt - Control	$20,000,000	$16,556,900	$21,383,282	$4,540,871	10.7%	No	3rd
Richland Ventures III, LP	1999	Venture Capital - Late	$18,000,000	$18,000,000	$15,261,276	$0	-3.0%	No	3rd
Searchlight Capital Partners II, L.P.	2015	Special Situations	$25,000,000	$6,964,191	$2,911	$8,829,017	22.0%	Yes	NM
Spark Capital Growth Fund II, LP	2017	Growth Equity	$15,000,000	$0	$0	$0	0.0%	Yes	NM
Spark Capital Growth Fund, L.P.	2014	Growth Equity	$10,000,000	$9,450,000	$0	$9,574,172	0.9%	Yes	4th
Spark Capital I, LP	2005	Venture Capital - Early	$9,000,000	$8,820,000	$11,937,038	$866,280	8.9%	No	2nd
Spark Capital II, LP	2008	Venture Capital - Early	$9,750,000	$9,750,000	$34,636,671	$3,528,373	51.6%	No	1st
Spark Capital III, LP	2011	Venture Capital - Early	$10,000,000	$10,000,000	$11,369,636	$10,586,216	31.2%	No	1st
Spire Capital Partners III, LP	2014	Buyout - Small	$10,000,000	$6,048,000	$306,039	$5,725,040	-0.2%	Yes	4th
SSG Capital Partners II, LP	2012	Distressed Debt - Multi	$15,914,286	$15,669,600	$10,129,287	$11,515,741	11.1%	No	3rd
StepStone Secondary Opportunities Fund III, LP	2016	Special Siutations	$25,000,000	$5,511,922	$7,104	$6,365,246	19.1%	Yes	NM
Stripes Growth Partners III, LP	2015	Growth Equity	$10,000,000	$7,104,114	$0	$7,880,683	8.3%	Yes	NM
Stripes Growth Partners IV, LP	2017	Growth Equity	$10,000,000	$0	$0	$0	0.0%	Yes	NM
Sunstone Partners I, L.P.	2016	Buyout - Mid	$7,500,000	$542,758	$0	$368,460	-31.5%	Yes	NM
TA X, LP	2006	Growth Equity	$6,000,000	$6,186,689	$7,791,689	$214,756	5.2%	No	3rd
TA XI, LP	2010	Growth Equity	$20,000,000	$19,650,000	$19,171,119	$17,714,655	20.3%	No	1st

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4) Not Material "NM"

Core Portfolio Summary as of 6/30/17

Investment Name	Vintage Year	Investment Strategy	Capital Commitment	Paid-In Capital	Capital Distributions	Reported Value[1]	Net IRR[2]	PA Advised	Quartile[3,4]
TA XII-A, LP	2015	Buyout - Mid	$25,000,000	$7,687,500	$562,500	$8,149,500	19.7%	Yes	NM
TCV IX, LP	2016	Growth Equity	$10,000,000	$960,000	$0	$964,301	3.1%	Yes	NM
TCV VIII, LP	2014	Growth Equity	$30,000,000	$24,066,410	$1,418,038	$27,532,943	10.8%	No	3rd
TCW/Crescent Mezzanine Partners IV, LP	2006	Mezzanine	$10,000,000	$8,712,805	$9,784,463	$94,082	2.7%	No	3rd
TCW/Crescent Mezzanine Partners V, LP	2008	Mezzanine	$10,000,000	$9,286,605	$11,339,697	$1,272,318	10.0%	No	2nd
Technology Crossover Ventures V, LP	2004	Venture Capital - Multi	$19,500,000	$19,334,250	$28,453,009	$6,238,677	10.7%	No	2nd
Technology Crossover Ventures VII, LP	2008	Growth Equity	$20,000,000	$19,680,000	$29,881,097	$18,453,158	22.9%	No	1st
The Resolute Fund, LP	2002	Buyout - Mid	$20,000,000	$18,978,049	$48,184,287	$34,832	17.0%	No	2nd
Thoma Bravo Fund XII, L.P.	2016	Buyout - Mid	$25,000,000	$10,125,100	$1,795	$10,136,080	0.2%	Yes	NM
Thoma Bravo Special Opportunities Fund II	2015	Buyout - Mid	$10,000,000	$9,874,789	$0	$11,846,543	11.9%	Yes	NM
Thoma Bravo XI	2014	Buyout - Mid	$15,000,000	$14,915,896	$0	$19,292,594	14.0%	Yes	2nd
Thoma Cressey Fund VI, LP	1998	Buyout - Small	$5,000,000	$4,845,000	$4,995,064	$0	0.4%	No	3rd
Thomas H. Lee Equity Fund V, LP	2000	Buyout - Large	$15,000,000	$15,260,867	$26,333,190	$0	14.2%	No	1st
Tibbar Holdings, LLC (FKA TH Lee IV)	1998	Buyout - Large	$7,000,000	$6,314,197	$5,484,109	$0	-2.6%	No	4th
TPG Growth II, LP	2011	Buyout - Mid	$30,000,000	$25,821,842	$9,826,610	$47,937,614	26.7%	No	1st
TPG Partners III, LP	1999	Buyout - Large	$21,458,107	$22,442,286	$56,345,709	$281,121	24.6%	No	1st
TPG Partners IV, LP	2003	Buyout - Large	$23,256,237	$27,436,973	$51,409,301	$2,525,501	15.5%	No	2nd
TPG Partners V, LP	2006	Buyout - Mega	$28,726,546	$31,415,182	$34,086,024	$9,284,221	5.2%	No	3rd
TPG Partners VI, LP	2008	Buyout - Mega	$22,500,000	$23,863,728	$23,933,264	$12,289,818	11.3%	No	2nd
TPG Star, LP	2007	Buyout - Mid	$20,000,000	$21,133,903	$22,703,053	$10,323,859	10.6%	No	2nd
Trident Capital Fund V, LP (LACERS Secondary)	2003	Venture Capital - Multi	$3,781,680	$3,374,683	$5,782,106	$625,214	12.1%	No	2nd
Trident Capital Fund VI, LP	2004	Venture Capital - Multi	$8,500,000	$8,500,000	$4,619,106	$5,800,152	2.6%	No	3rd
Trident Capital Fund-V, LP	2000	Venture Capital - Multi	$10,587,999	$10,627,045	$15,788,148	$1,750,481	7.7%	No	2nd
Upfront VI, LP	2017	Venture Capital - Early	$20,000,000	$0	$0	$0	0.0%	Yes	NM
VantagePoint Venture Partners IV (Q), LP	2000	Venture Capital - Multi	$15,000,000	$15,000,000	$12,975,768	$1,397,686	-0.6%	No	3rd

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Core Portfolio Summary as of 6/30/17

Investment Name	Vintage Year	Investment Strategy	Capital Commitment	Paid-In Capital	Capital Distributions	Reported Value[1]	Net IRR[2]	PA Advised	Quartile[3,4]
Vestar Capital Partners IV, LP	1999	Buyout - Mid	$16,603,214	$16,585,106	$29,244,882	$230,171	13.5%	No	1st
Vista Equity Fund IV	2012	Buyout - Mid	$30,000,000	$25,906,040	$23,175,953	$29,391,721	19.8%	No	1st
Vista Equity Fund V	2014	Buyout - Large	$40,000,000	$32,524,069	$14,741	$40,738,643	11.4%	Yes	2nd
Vista Equity Fund VI, LP	2016	Buyout - Large	$30,000,000	$14,321,186	$71,898	$14,080,011	-1.9%	Yes	NM
Vista Equity Partners Fund III, LP	2007	Buyout - Mid	$25,000,000	$23,520,128	$53,772,426	$11,254,245	27.4%	No	1st
Vista Foundation Fund II, LP	2013	Buyout - Small	$10,000,000	$9,019,345	$0	$10,877,094	8.7%	No	3rd
Vista Foundation Fund III, LP	2016	Buyout - Mid	$10,000,000	$1,728,526	$6,776	$1,496,404	-24.5%	Yes	NM
Welsh, Carson, Anderson & Stowe IX, LP	2000	Buyout - Large	$15,000,000	$14,850,000	$24,680,230	$0	11.1%	No	2nd
Welsh, Carson, Anderson & Stowe VII, LP	1995	Buyout - Large	$15,000,000	$15,000,000	$32,633,357	$0	17.7%	No	2nd
Welsh, Carson, Anderson & Stowe VIII, LP	1998	Buyout - Large	$15,000,000	$15,000,000	$19,322,526	$0	3.1%	No	3rd
Weston Presidio Capital IV, LP	2000	Growth Equity	$15,000,000	$14,764,721	$16,893,220	$323,374	2.8%	No	3rd
Weston Presidio Capital IV, LP (LACERS Secondary)	2003	Growth Equity	$2,826,000	$2,772,810	$3,425,526	$65,548	5.1%	No	3rd
Whitney V, LP	2000	Buyout - Mid	$9,957,358	$11,558,159	$22,375,756	$0	23.1%	No	1st
Wynnchurch Capital Partners IV, L.P.	2014	Special Situations - Control	$10,000,000	$1,585,562	$0	$2,374,421	35.1%	Yes	1st
Yucaipa American Alliance Fund II, LP	2008	Buyout - Mid	$20,000,000	$20,000,936	$8,877,990	$22,580,158	8.3%	No	3rd
Total Portfolio			**$3,860,502,127**	**$2,798,017,918**	**$2,760,032,139**	**$1,537,658,131**	**11.6%**		

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Specialized Portfolio Summary as of 6/30/17

Investment Name	Vintage Year	Investment Strategy	Focus	Capital Commitment	Paid-In Capital	Capital Distributions	Reported Value[1]	Net IRR[2]	Quartile[3]
Angeleno Investors III, LP	2010	Venture Capital	Energy/Clean Tech	$10,000,000	$9,569,271	$704,010	$8,477,214	-1.3%	4th
Ares Special Situations Fund, LP	2008	Distressed Debt	Distressed Debt	$10,000,000	$10,166,166	$17,496,825	$0	13.1%	2nd
Carpenter Community BancFund-A, LP	2008	Growth Equity	Community Banks	$10,000,000	$9,667,309	$8,138,042	$8,335,094	8.7%	3rd
Craton Equity Investors I, L.P.	2006	Growth Equity	Clean Tech	$10,000,000	$9,973,980	$1,067,621	$1,401,686	-19.5%	4th
DFJ Element, L.P.	2006	Venture Capital	Clean Tech	$8,000,000	$7,846,106	$2,829,351	$2,258,560	-5.8%	4th
DFJ Frontier Fund II, L.P.	2007	Venture Capital	Clean Tech	$5,000,000	$5,002,783	$1,342,314	$3,558,260	-0.4%	4th
Element Partners II, LP	2008	Venture Capital	Underserved California	$10,000,000	$9,051,465	$944,427	$9,284,689	2.4%	4th
NGEN II	2005	Venture Capital	Clean Tech: Materials	$7,750,702	$7,750,702	$499,810	$0	-55.5%	4th
NGEN III	2008	Venture Capital	Clean Tech: Materials	$10,000,000	$10,241,535	$771,193	$6,746,489	-6.6%	4th
Nogales Investors Fund II, LP	2006	Buyout	Lower Middle Market	$4,100,000	$3,595,200	$0	$421,375	-24.9%	4th
Palladium Equity Partners III, LP	2004	Buyout	Hispanic-oriented	$10,000,000	$9,869,605	$13,961,146	$4,609,249	12.3%	2nd
Reliant Equity Partners	2002	Buyout	Minority Focused	$7,920,417	$8,008,449	$55,772	$0	-100.0%	4th
Rustic Canyon/Fontis Partners, LP	2006	Growth Equity	Underserved Markets	$5,000,000	$3,671,248	$1,927,182	$826,372	-4.7%	4th
Saybrook Corporate Opportunity Fund, LP	2008	Distressed Debt	Distressed Debt	$6,192,813	$6,158,451	$5,736,681	$2,297,422	8.3%	3rd
Sector Performance Fund, LP	2007	Buyout	Energy, Food & Media	$9,297,735	$9,502,443	$8,466,553	$0	-2.9%	4th
Spire Capital Partners II, LP	2007	Buyout	BIMC Sectors	$10,000,000	$9,025,654	$17,590,490	$56,625	15.5%	1st
St. Cloud Capital Partners II, LP	2007	Mezzanine	Lower Middle Market	$5,000,000	$4,989,085	$2,954,388	$1,368,278	-3.5%	4th
Starvest Partners II, LP	2007	Venture Capital	Later Stage	$5,000,000	$4,922,712	$992,133	$3,604,237	-1.3%	4th
StepStone Pioneer Capital I, LP	2004	Special Situations	Small end of market	$10,000,000	$9,751,776	$10,051,850	$3,455,952	5.8%	3rd
StepStone Pioneer Capital II, LP	2006	Special Situations	Small end of market	$10,000,000	$9,421,683	$9,300,507	$7,565,543	9.0%	2nd
Sterling Venture Partners II, LP	2005	Venture Capital	Expansion Stage	$8,000,000	$8,006,256	$6,245,352	$3,889,511	3.9%	3rd
Vicente Capital Partners Growth Equity Fund, LP (FKA KH Growth Equity)	2007	Growth Equity	Later Stage	$10,000,000	$9,848,533	$5,895,229	$8,181,231	7.7%	3rd
Yucaipa American Alliance Fund I, LP	2005	Buyout	Upper-Middle Market	$10,000,000	$10,000,000	$7,435,017	$3,958,550	2.6%	3rd
Total Portfolio				**$191,261,667**	**$186,040,410**	**$124,405,894**	**$80,296,337**	**1.8%**	

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Disclosure Statement

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Disclosure Statement (continued)

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NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED, REVIEWED OR APPROVED BY THE UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES.

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TOWNSEND GROUP

Real Estate Portfolio

Performance Review

SECOND QUARTER 2017

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Portfolio Funding Status

- The following slides provide a review of key information pertaining to the Los Angeles City Employees' Retirement System ("LACERS") Real Estate Portfolio (the "Portfolio") through June 30, 2017. A detailed performance report is also provided as **Exhibit A.**
- The System is above its 5.0% target to Real Estate, but is expected to come in line with its target over the next two years as non-core legacy funds liquidate from the Portfolio.

	Market Value ($ millions)*	% LACERS Plan*
LACERS Total Plan Assets	**15,709**	
Real Estate Target	**785**	**5.0%**
RE Market Value:		
Core	*518*	
Non-Core	*302*	
Timber	*21*	
Total RE Market Value	**841**	**5.4%**
Unfunded Commitments	92	0.6%
RE Market Value & Unfunded Commitments	**932**	**5.9%**
Remaining Allocation	**(147)**	**(0.9%)**

*Figures may not add due to rounding.

Real Estate Portfolio Composition

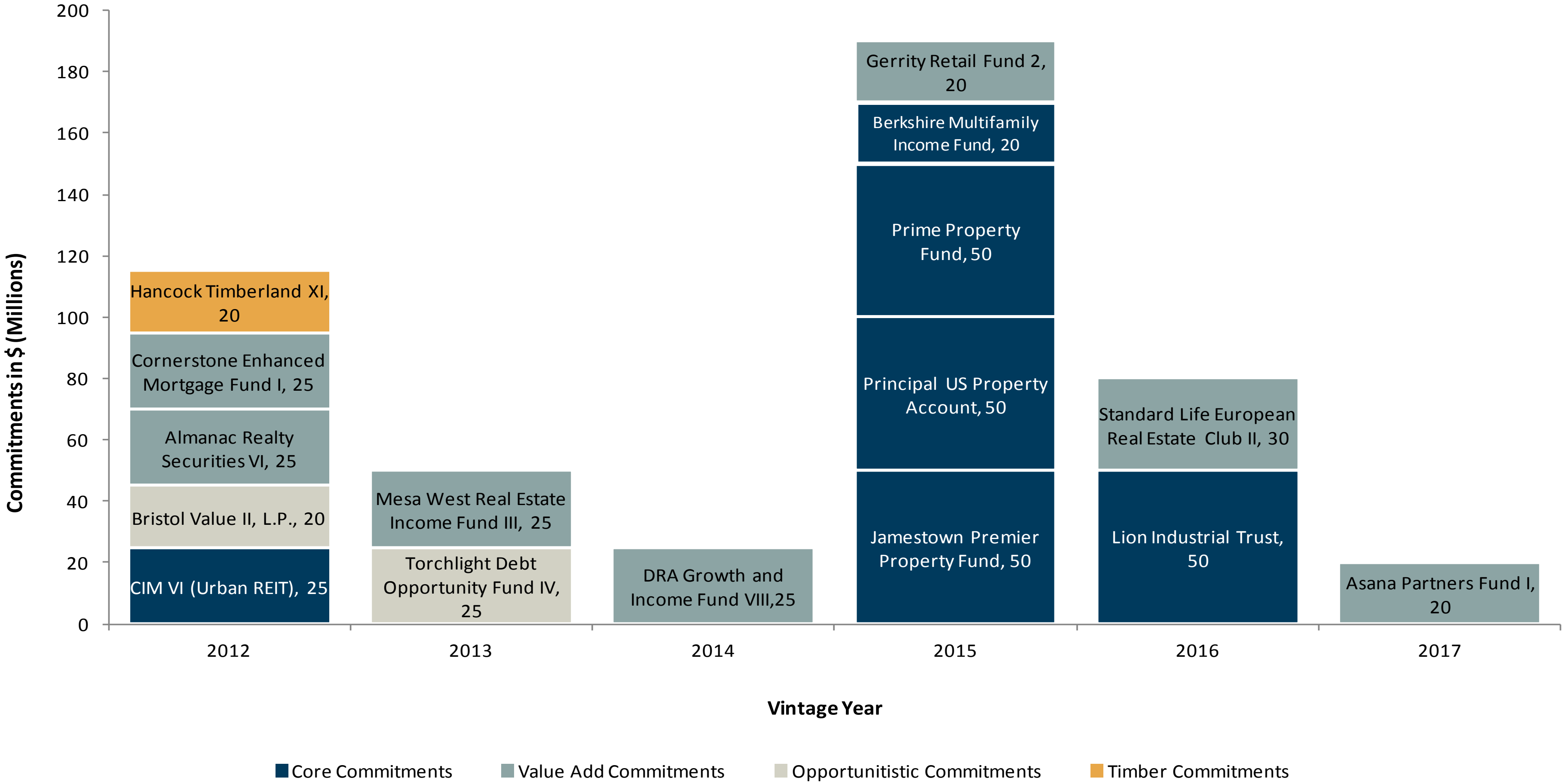
TOWNSEND® GROUP

	Strategic Targets		*Portfolio Composition (6/30/2017)**	
	Target Allocation	Tactical Range	Market Value	Market Value & Unfunded Commitments
Core	**60%**	**40% - 80%**	**61.6%**	**55.6%**
Non-Core	**40%**	**20% - 60%**	**35.9%**	**42.2%**
Value Add Portfolio	*N/A*	*N/A*	*16.0%*	*20.4%*
Opportunistic Portfolio	*N/A*	*N/A*	*19.9%*	*21.8%*
Timber	**N/A**	**N/A**	**2.5%**	**2.2%**

- In May 2014, the Board approved the strategic targets displayed above in order to reflect a more conservative risk profile going-forward. At the time, the Portfolio had 30% exposure to Core and 70% exposure to Non-Core.
- Since that time, and in an effort to transition the Portfolio, the LACERS Board has approved $220 million in Core commitments, which have all been funded to date.
- The LACERS Board approved $70 million in Non-Core investments since 2014. These investments focused on Value Add strategies with pre-specified portfolios, embedded value and/or an element of current income.
- On a funded and committed basis, the LACERS Core and Non-Core allocations are in line with the strategic targets. Core exposure is expected to increase as Non-Core investments continue to liquidate and recent Core commitments become fully invested.
- The Core Portfolio utilizes 29.2% leverage, measured on a loan-to-value (LTV) basis, well below the 40.0% constraint.
- The Non-Core Portfolio has a 44.6% LTV ratio, well below the 75.0% constraint.

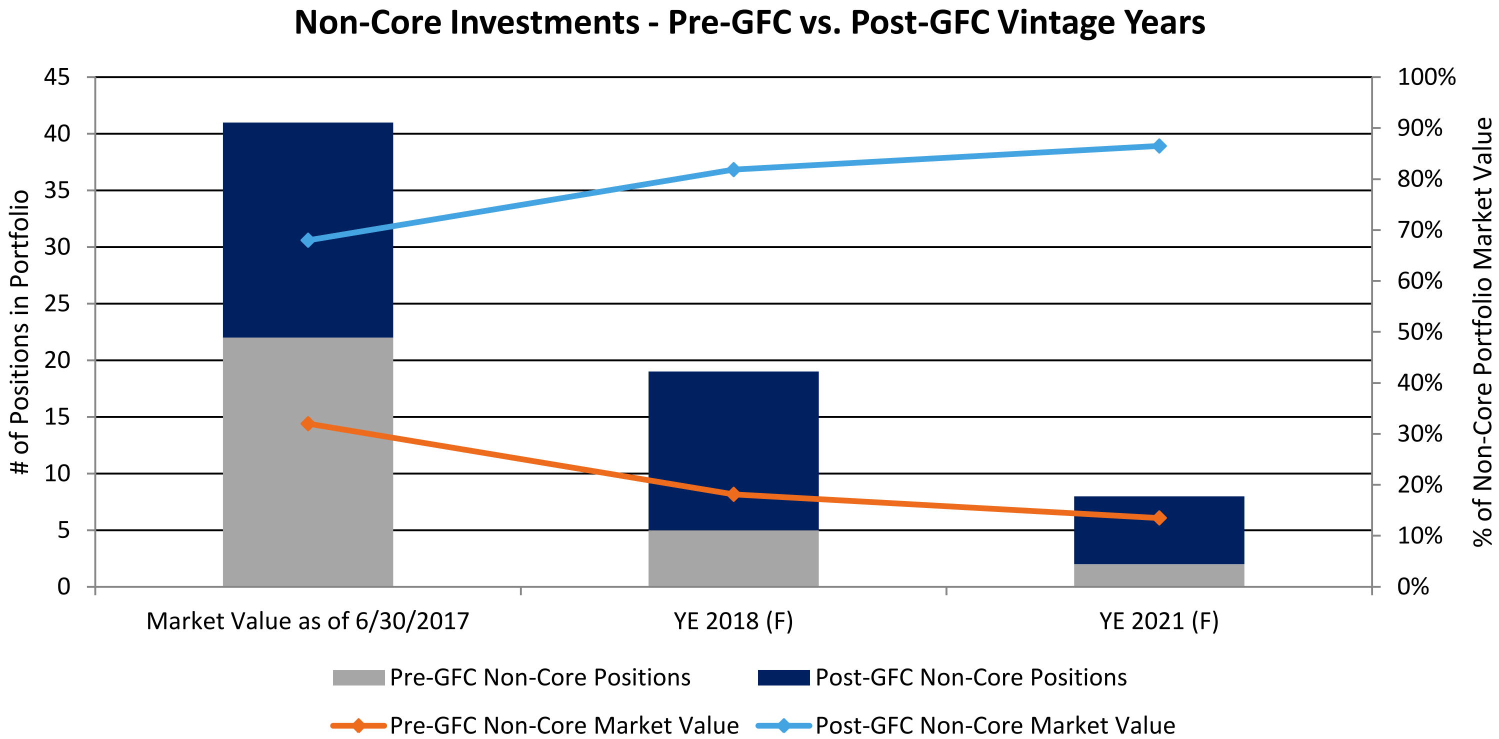
*Figures may not add due to rounding.

Commitments Since 2012



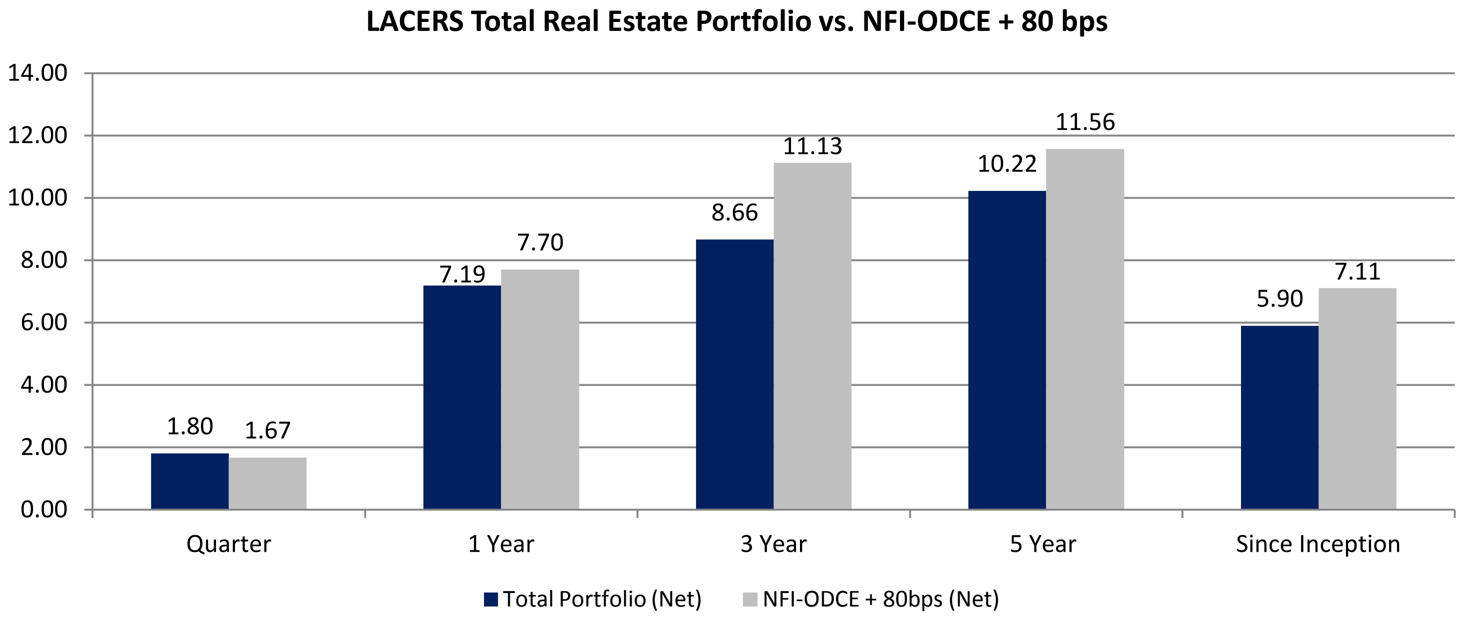
- LACERS has committed $480 million since 2012, of which $290 million (~60%) have been Townsend-initiated activities since 2015.
- 57% of Non-Core commitments since 2015 (Gerrity and Asana) met LACERS Emerging Manager guidelines. In the Core OECF space, there are currently no managers meeting these guidelines.
- Vintage year classifications are based on LACERS' first capital call (or expected capital call), though commitments may have been approved in prior years.

Projected Non-Core Liquidations



- 22 out of 41 Non-Core funds are projected to liquidate through year-end 2018, and 33 through year-end 2021.
- The number of Pre-Global Financial Crisis ("Pre-GFC") Non-Core positions is also projected to decrease significantly over the next two years. Only five of the Non-Core investments made before the Global Financial Crisis are projected to remain through year-end 2018 (two through year-end 2021). As of 6/30/17, there are still twenty-two Pre-GFC Non-Core positions in the portfolio.
- The Non-Core Portfolio, which currently consists of 32% Pre-GFC investments on a market value basis, is projected to be made up of mostly Post-GFC investments by year-end 2018 (82% of projected market value).

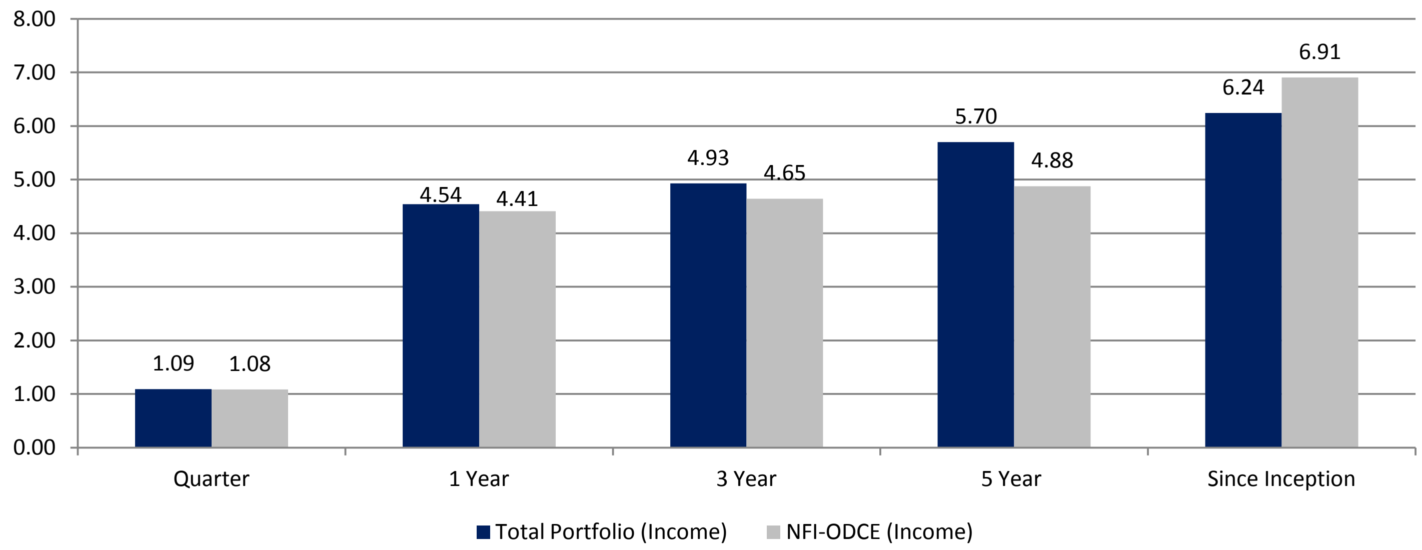
Total Portfolio Performance



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

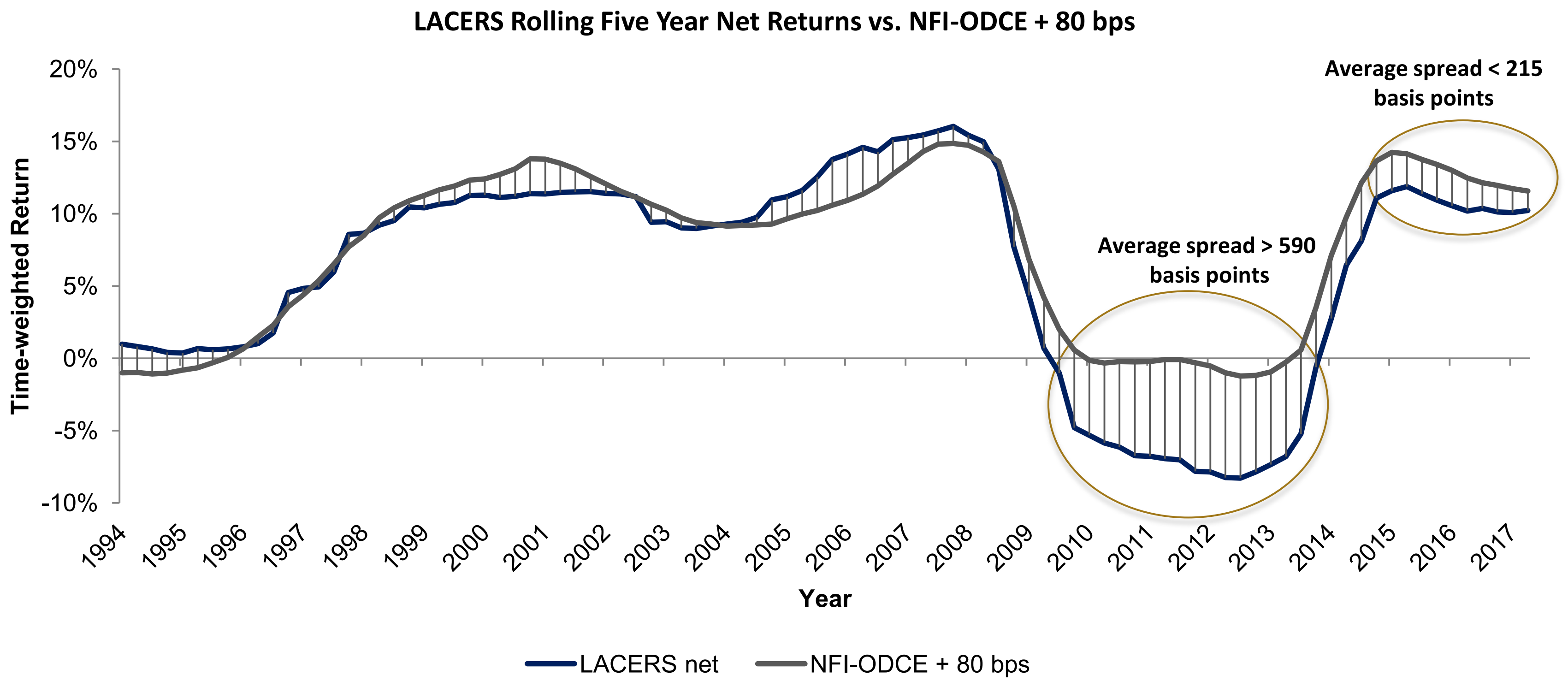
Total Portfolio Income Performance

LACERS Income Return vs. NFI-ODCE



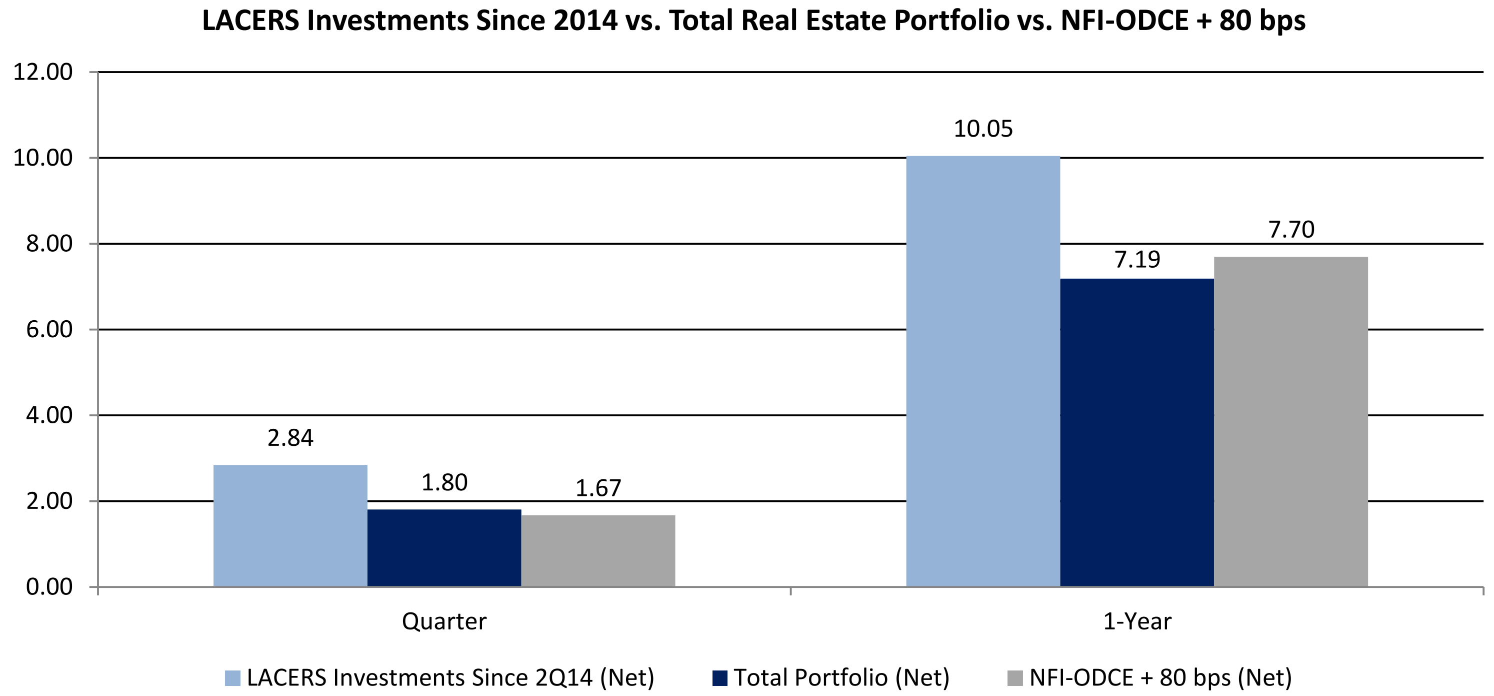
- As outlined in the Real Estate Strategic Plan, a primary objective for real estate is to generate income for the LACERS program.
- Historically, real estate has generated returns comprised primarily of income.
- The income return for the LACERS Portfolio has outperformed the income return of the NFI-ODCE across all time periods with the exception of the Since Inception time period. Recent outperformance on an income basis is attributable to Townsend-advised Core investments made since 2014, which are positioned to achieve a predominant portion of their returns through income.

Improving Relative Total Portfolio Performance



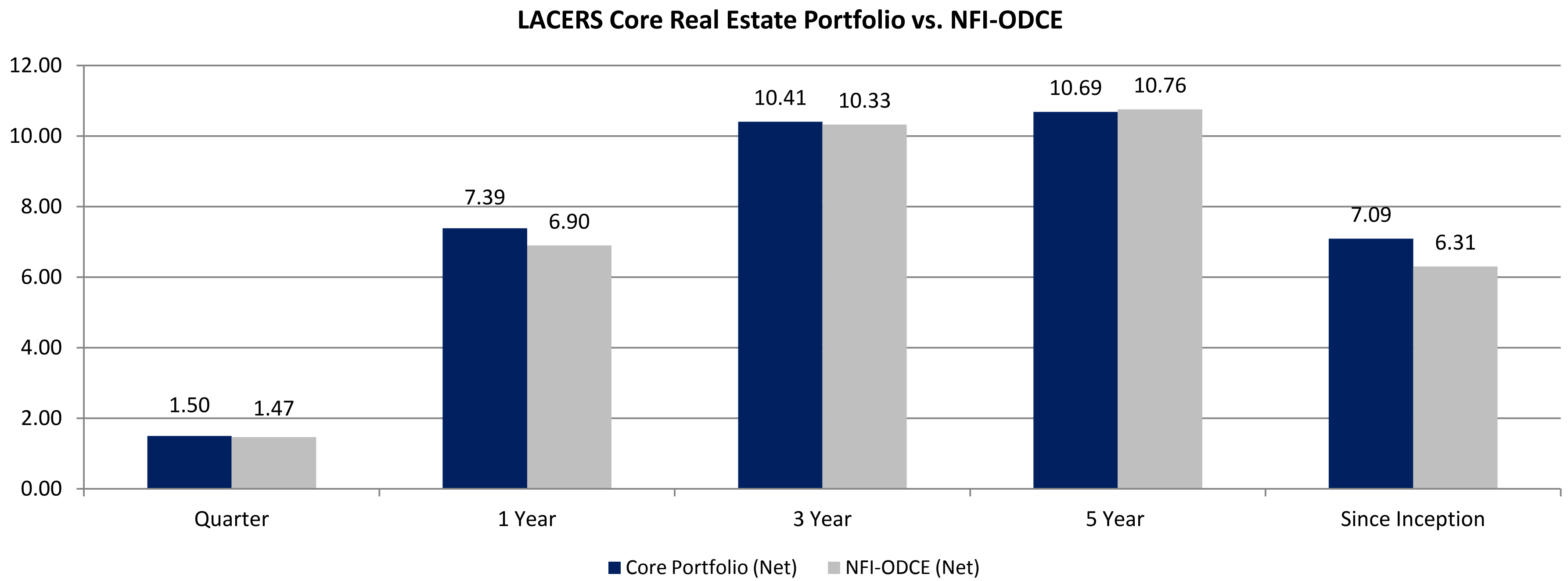
- The chart above displays rolling five year time-weighted returns for the Total LACERS Portfolio, net of fees, relative to the benchmark.
- While LACERS continues to underperform the benchmark, performance should improve as accretive investments approved in recent years fund into the Portfolio and legacy investments fully liquidate. The number of positions in the Portfolio is projected to decline by roughly 30% through year-end 2018.
- Townsend also analyzed this performance trend by strategy within the LACERS Portfolio. The same trend existed by strategy but Core holdings tracked the benchmark closer than Non-Core strategies.

Townsend-advised Post-GFC Investments Accretive to Performance



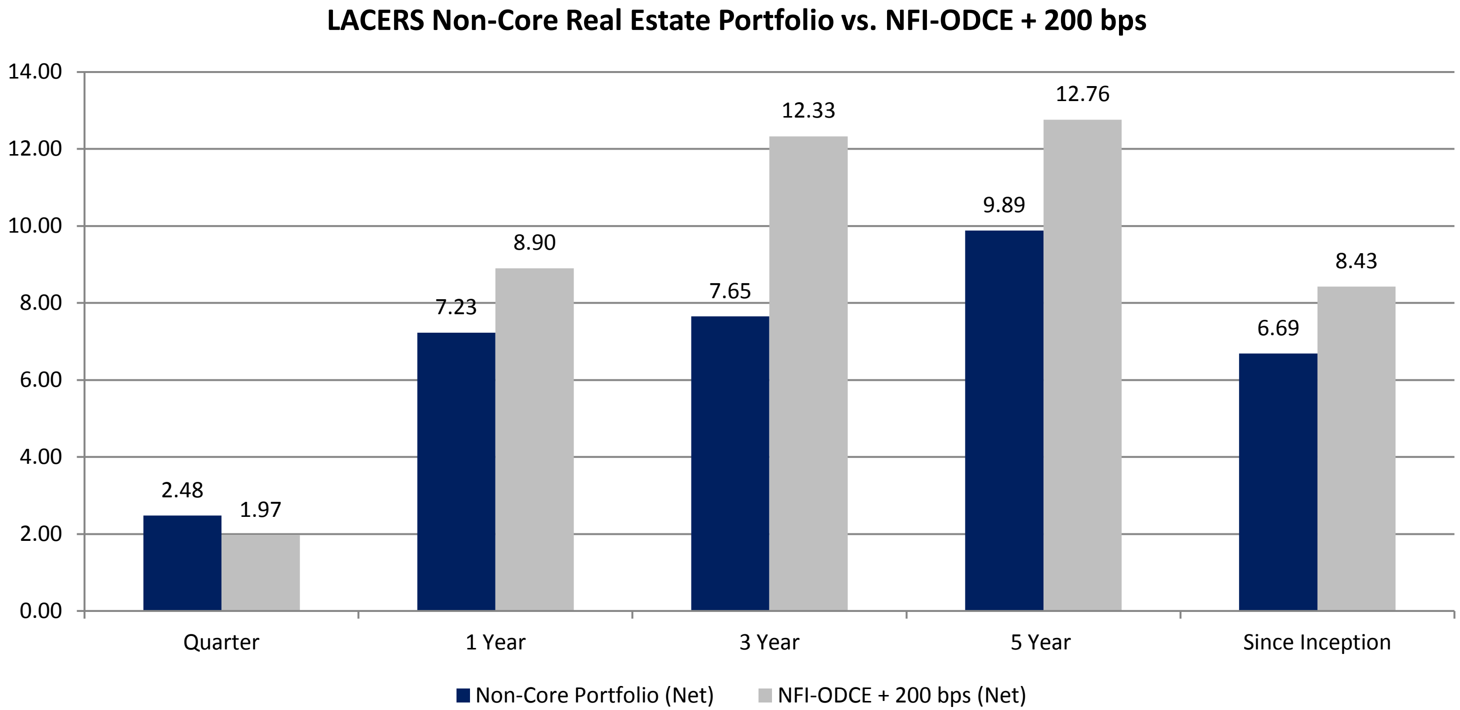
- Since 2014, Townsend has recommended ten investments to LACERS staff and nine (including two emerging managers) ultimately were brought forth to the Board for recommendation. Eight of these Townsend-advised investments have called capital to-date and are included in performance figures throughout the report. Core investments include Berkshire, Jamestown, Lion Industrial Trust, Prime, and Principal. Non-Core investments include Gerrity, Standard Life, and Asana.
- Performance of Townsend-advised investments since 2014 exceeds performance of the Total Portfolio and the benchmark over the trailing year and these investments are expected to drive performance going forward.

Relative Performance by Strategy: Core



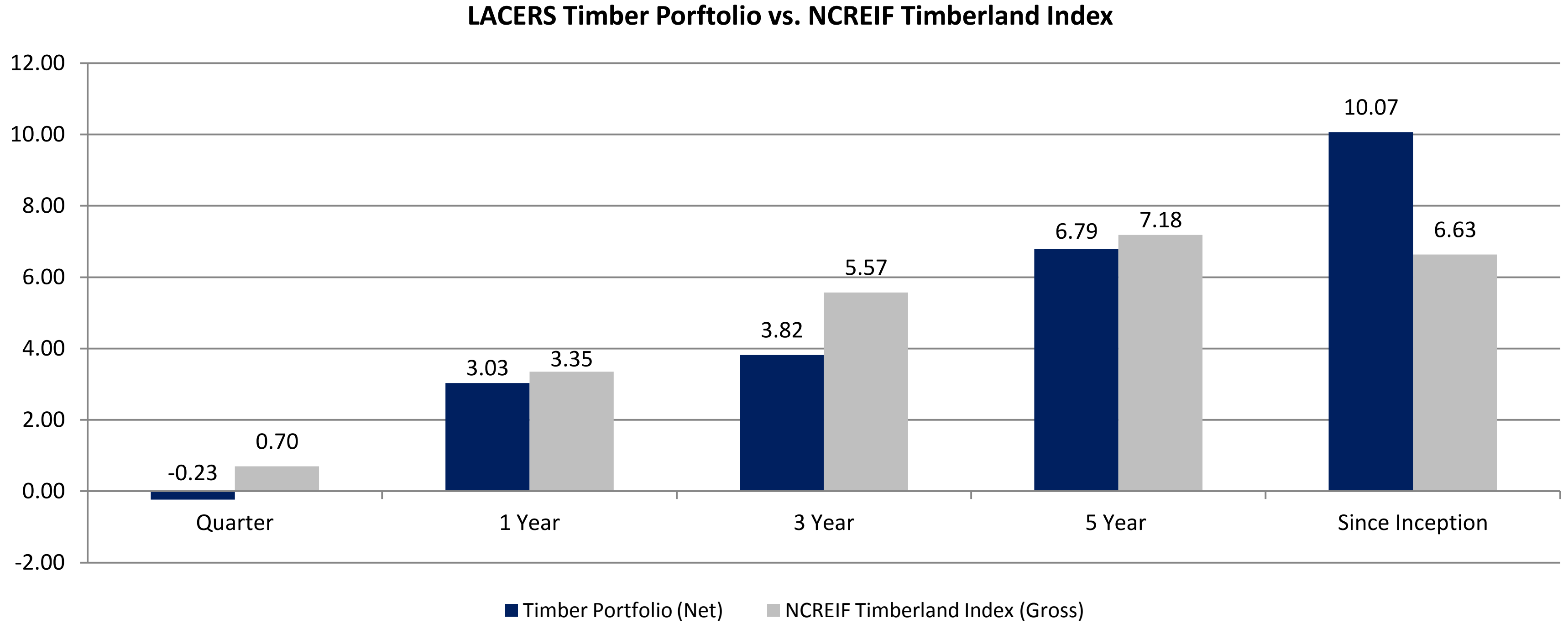
- The LACERS Core benchmark is the NFI-ODCE, measured over five year time periods, net of fees.
- The Core Portfolio slightly underperformed the benchmark over the five-year period, but outperformed over all other displayed time periods.
- During the Second Quarter, Lion Industrial Trust drove performance, outperforming the NFI-ODCE by 170 bps respectively.
- CMCT was the largest detractor of Core performance over the Quarter, underperforming the NFI-ODCE by 500 bps.
- Townsend-advised investments approved by the LACERS Board in 2015 are positioned to outperform the NFI-ODCE with a predominant portion of return coming through income. Over the most recent Quarter, four of these investments (Jamestown, Lion Industrial Trust, Prime Property Fund and Principal U.S. Property Account) outperformed the NFI-ODCE.

Relative Performance by Strategy: Non-Core



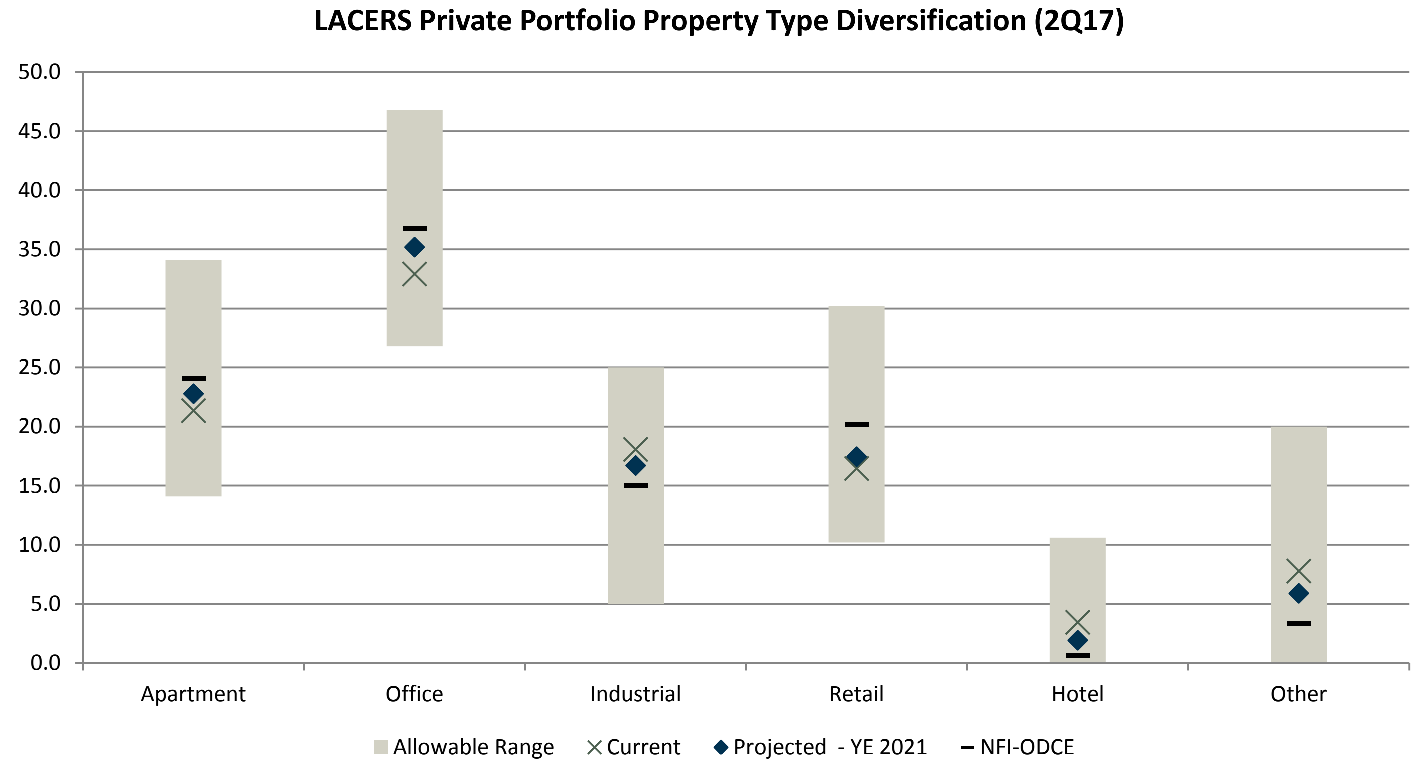
- The LACERS Non-Core benchmark is the NFI-ODCE + 200 bps, measured over five year time periods, net of fees. The 200 bps premium is a reflection of the incremental return expected from additional risk inherent in Non-Core strategies.
- The Non-Core Portfolio outperformed the NFI-ODCE + 200 bps benchmark over the most recent Quarter. Underperformance over long time periods is mostly due to Non-Core legacy funds that are due to liquidate over the next few years. As discussed on page 5, there are currently twenty-two Non-Core funds in the portfolio that were committed to before the Global Financial Crisis. As these funds liquidate and approved investments are funded, Non-Core portfolio performance is expected to improve.

Relative Performance by Strategy: Timber



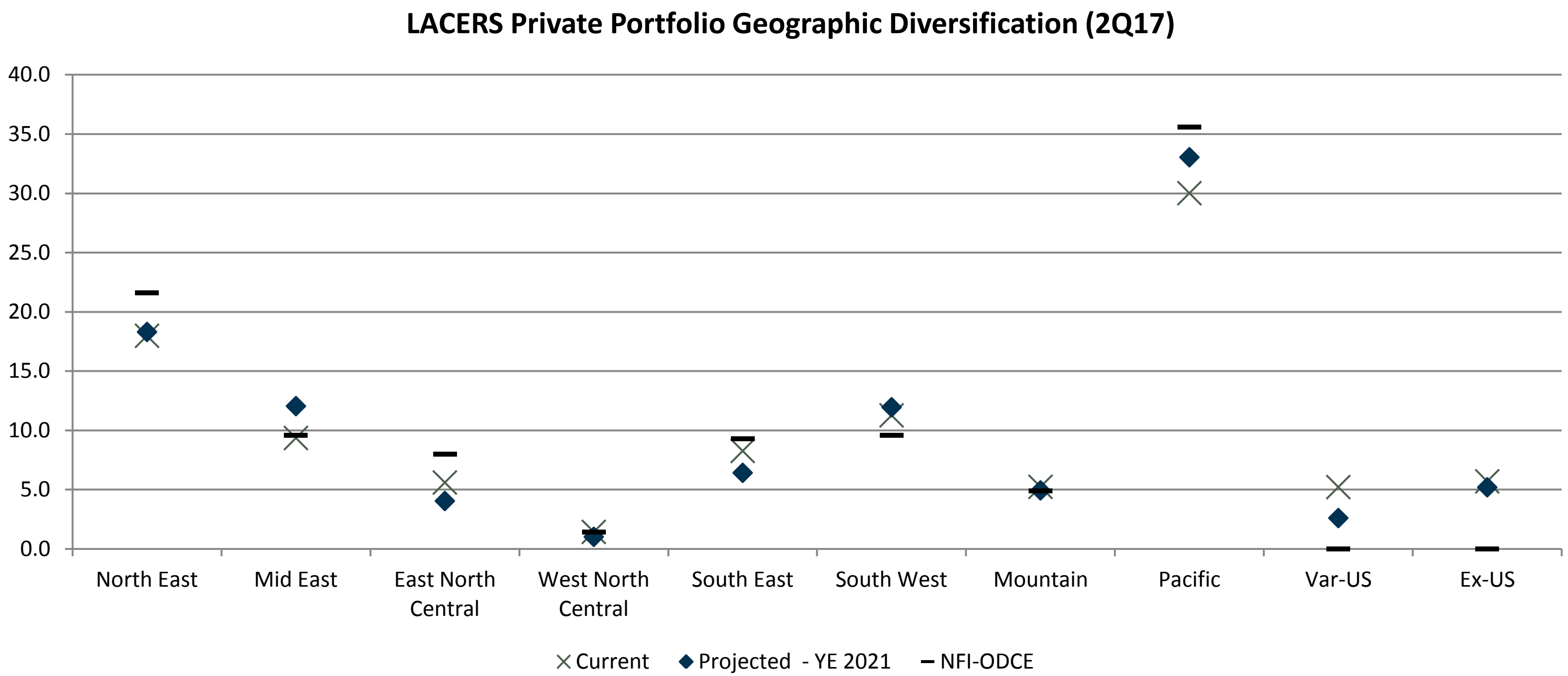
- The Timber Portfolio, net of fees, underperformed its benchmark, the NCREIF Timberland Index, gross of fees, in recent years but outperformed since inception.
- The LACERS active timberland investment is Hancock Timberland IX. The Fund's assets are located in the United States (87%, split between the South and the Northwest) and Chile (13%). The Northwest region was the strongest performing region in the NCREIF Timberland Index over the Quarter.
- All assets in Hancock Timberland IX are appraised at year-end, which is why appreciation usually remains relatively flat from the First Quarter through the Third Quarter of each year. The effect of year-end appraisals is demonstrated in the strong annualized returns since inception, which are driven by appreciation.

Real Estate Portfolio Diversification



- The diversification of the Private Portfolio is measured against the diversification of the NFI-ODCE ± 10.0% with up to 20.0% of the Portfolio allowed in "Other". Currently, the "Other" category includes investments in alternative property types including Self Storage, Student Housing, Senior Housing, For Sale Residential, and Land.

Real Estate Portfolio Diversification



- The diversification goal of the Private Portfolio is to be well diversified across the US. The only constraint is a 30.0% maximum allocation to Ex-US investments. NFI-ODCE diversification is provided as a benchmark.
- The LACERS Projected Private Portfolio (YE 2021) includes all commitments approved by the Board.
- The Portfolio currently has an aggregate exposure to the Los Angeles metropolitan area of 9.4%, with a 5.0% exposure to Los Angeles City. The NFI-ODCE's exposure to the Los Angeles metropolitan area is 10.2%*.
- During the Quarter, the LACERS Board approved a $25 million commitment to Heitman Asia-Pacific Property Investors. This investment will offset other liquidating ex-US investments.
- The 5.7% Ex-US exposure can be broken out into Europe (3.1%), Asia (1.2%), Emerging Americas (0.6%) and Other.

*Collected by Townsend bi-annually, as of 1Q17. Based on % NAV.

Exhibit A: Performance Flash Report

Portfolio Composition ($)								
Total Plan Assets	Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
15,708,981,023	785,449,051	5.0%	840,582,631	5.4%	91,722,870	0.6%	-146,856,450	-0.9%

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
LACERS	2.1	1.8	8.6	7.2	10.2	10.2	11.9	10.2
NFI-ODCE + 80 basis points	1.9	1.7	8.7	7.7	12.1	11.1	12.6	11.6

Funding Status ($)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments
Core Portfolio	**1989**	**378,867,553**	**429,136,216**	**0**	**92,501,233**	**518,119,093**	**61.6**	**55.6**
Non-Core Portfolio	**1990**	**943,407,806**	**927,583,499**	**91,722,870**	**640,196,955**	**301,698,373**	**35.9**	**42.2**
Value Added Portfolio	1990	293,531,885	247,346,735	56,177,424	139,319,807	134,326,088	16.0	20.4
Opportunistic Portfolio	1996	649,875,921	680,236,764	35,545,446	500,877,148	167,372,285	19.9	21.8
Timber Portfolio	**1999**	**20,000,000**	**18,601,851**	**0**	**954,579**	**20,765,165**	**2.5**	**2.2**
Total Current Portfolio								
LACERS	**1989**	**1,342,275,359**	**1,375,321,566**	**91,722,870**	**733,652,767**	**840,582,631**	**100.0**	**100.0**

Funding Status ($)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments
Core								
Berkshire Multifamily Income Realty Fund	2015	20,000,000	20,000,000	0	918,001	23,632,834	2.8	2.5
CIM Commercial Trust Corporation ("CMCT")	2014	40,000,000	46,417,723	0	25,514,467	28,408,235	3.4	3.0
CIM VI (Urban REIT), LLC	2012	25,000,000	25,000,000	0	3,517,285	30,338,695	3.6	3.3
INVESCO Core Real Estate	2004	63,867,553	106,412,012	0	47,512,405	157,960,561	18.8	16.9
Jamestown Premier Property Fund	2015	50,000,000	50,399,573	0	7,070,680	47,976,285	5.7	5.1
JP Morgan Strategic Property Fund	2005	30,000,000	30,421,882	0	2,858,499	62,505,821	7.4	6.7
Lion Industrial Trust - 2007	2016	50,000,000	50,485,026	0	2,372,257	57,040,678	6.8	6.1
Prime Property Fund	2015	50,000,000	50,000,000	0	2,737,639	53,326,823	6.3	5.7
Principal U.S. Property Account	2015	50,000,000	50,000,000	0	0	56,929,161	6.8	6.1
Core	**1989**	**378,867,553**	**429,136,216**	**0**	**92,501,233**	**518,119,093**	**61.6**	**55.6**
Timber								
Hancock Timberland XI	2012	20,000,000	18,601,851	0	954,579	20,765,165	2.5	2.2
Timber	**1999**	**20,000,000**	**18,601,851**	**0**	**954,579**	**20,765,165**	**2.5**	**2.2**
Value Added								
Almanac Realty Securities VI	2012	25,000,000	15,475,571	3,750,000	11,565,394	10,308,109	1.2	1.5
Asana Partners Fund I	2016	20,000,000	5,411,739	14,588,261	0	5,546,392	0.7	2.2
CBRE Strategic Partners IV	2005	25,000,000	25,000,000	0	957,592	863,837	0.1	0.1
Cornerstone Enhanced Mortgage Fund I	2012	25,000,000	13,436,224	11,563,777	11,739,272	5,293,850	0.6	1.8
DRA Growth and Income Fund VII	2011	25,000,000	26,015,000	740,000	22,085,198	23,989,985	2.9	2.7
DRA Growth and Income Fund VIII	2014	25,000,000	27,594,589	2,500,000	9,043,234	22,959,550	2.7	2.7
Gerrity Retail Fund 2	2015	20,000,000	12,658,322	7,419,532	1,147,740	13,052,554	1.6	2.2
JP Morgan Alternative Property Fund	2006	25,000,000	25,000,000	0	18,465,738	222,274	0.0	0.0
Mesa West Real Estate Income Fund III	2013	25,000,000	18,939,181	10,726,626	7,735,718	15,052,355	1.8	2.8
RREEF America REIT III - 1410	2005	15,000,000	18,301,718	0	14,831,888	143,747	0.0	0.0
Standard Life Investments European Real Estate Club II	2015	28,531,885	28,134,410	1,269,208	0	33,088,694	3.9	3.7
The Realty Associates Fund IX, L.P.	2010	15,000,000	15,000,000	0	21,469,619	2,589,138	0.3	0.3
Urdang Value Added Fund II	2008	20,000,000	16,379,981	3,620,020	20,278,414	1,215,603	0.1	0.5
Value Added	**1990**	**293,531,885**	**247,346,735**	**56,177,424**	**139,319,807**	**134,326,088**	**16.0**	**20.4**
Total Current Portfolio								
LACERS	**1989**	**1,342,275,359**	**1,375,321,566**	**91,722,870**	**733,652,767**	**840,582,631**	**100.0**	**100.0**

Funding Status ($)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments
Opportunistic								
Apollo CPI Europe I	2006	25,533,001	22,385,238	1,699,383	10,838,349	1,254,384	0.1	0.3
Bristol Value II, L.P.	2012	20,000,000	16,440,182	9,590,131	8,151,148	10,595,436	1.3	2.2
Bryanston Retail Opportunity Fund	2005	10,000,000	4,271,584	5,885,919	9,401,748	4,605,157	0.5	1.1
California Smart Growth Fund IV	2006	30,000,000	31,448,081	33,153	28,320,411	7,981,531	0.9	0.9
Canyon Johnson Urban Fund II	2005	10,000,000	8,988,718	1,011,296	3,974,652	30,025	0.0	0.1
CBRE Strategic Partners UK Fund III	2007	29,868,578	25,901,670	0	3,829,166	223,268	0.0	0.0
CIM Real Estate Fund III	2007	15,000,000	16,763,475	0	18,697,698	9,343,947	1.1	1.0
CityView LA Urban Fund I	2007	25,000,000	61,459,547	2,294,481	71,353,042	2,388,177	0.3	0.5
Colony Investors VIII	2007	30,000,000	28,963,224	1,023,200	10,615,056	2,263,655	0.3	0.4
DRA Growth and Income Fund VI	2007	25,000,000	16,788,945	0	25,811,936	2,556,755	0.3	0.3
Genesis Workforce Housing Fund II	2006	20,000,000	19,999,316	0	28,921,170	140,284	0.0	0.0
Integrated Capital Hospitality Fund	2009	10,000,000	6,006,797	798,641	2,728,129	4,965,373	0.6	0.6
LaSalle Asia Fund II	2005	25,000,000	24,016,560	0	25,752,817	214,240	0.0	0.0
Latin America Investors III	2008	20,000,000	20,686,689	0	3,886,924	6,285,451	0.7	0.7
Lone Star Fund VII	2011	15,000,000	14,075,468	924,533	24,117,072	968,295	0.1	0.2
Lone Star Real Estate Fund II	2011	15,000,000	13,291,475	1,708,525	18,271,952	2,381,482	0.3	0.4
Lowe Hospitality Investment Partners	2004	25,000,000	36,431,477	0	20,924,886	74,814	0.0	0.0
MacFarlane Urban Real Estate Fund II	2008	40,000,000	40,679,342	1	9,827,220	1,061,647	0.1	0.1
RECP Fund IV, L.P.	2008	40,000,000	48,498,910	3,622,574	21,471,613	34,757,049	4.1	4.1
Southern California Smart Growth Fund	2004	10,000,000	18,836,734	68,213	16,800,333	1,104,802	0.1	0.1
Stockbridge Real Estate Fund II	2006	30,000,000	30,000,000	0	4,049,560	9,540,582	1.1	1.0
The Buchanan Fund V	2007	30,000,000	27,000,000	3,000,000	22,340,980	3,588,793	0.4	0.7
Torchlight Debt Opportunity Fund II	2007	25,000,000	24,703,453	0	13,427,194	8,516,479	1.0	0.9
Torchlight Debt Opportunity Fund III	2009	25,000,000	24,890,796	0	34,854,116	2,909,961	0.3	0.3
Torchlight Debt Opportunity Fund IV	2013	24,474,342	24,483,106	0	8,714,344	23,494,264	2.8	2.5
Tuckerman Group Residential Income & Value Added Fund	2004	25,000,000	26,064,010	0	18,744,046	7,759,067	0.9	0.8
Walton Street Real Estate Fund V	2006	25,000,000	25,000,001	0	13,059,776	7,092,540	0.8	0.8
Walton Street Real Estate Fund VI	2009	25,000,000	22,161,966	3,885,396	21,991,810	11,274,827	1.3	1.6
Opportunistic	**1996**	**649,875,921**	**680,236,764**	**35,545,446**	**500,877,148**	**167,372,285**	**19.9**	**21.8**
Private Portfolio	**1989**	**1,322,275,359**	**1,356,719,715**	**91,722,870**	**732,698,188**	**819,817,466**	**97.5**	**97.8**
Non-Core Portfolio	**1990**	**943,407,806**	**927,583,499**	**91,722,870**	**640,196,955**	**301,698,373**	**35.9**	**42.2**
Total Current Portfolio								
LACERS	**1989**	**1,342,275,359**	**1,375,321,566**	**91,722,870**	**733,652,767**	**840,582,631**	**100.0**	**100.0**

Returns (%)	Market Value ($)	Quarter				1 Year				3 Year			
		INC[2]	APP[2]	TGRS[2]	TNET[2]	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
Core													
Berkshire Multifamily Income Realty Fund	23,632,834	0.8	0.1	1.0	0.8	4.2	3.0	7.3	6.6				
CIM Commercial Trust Corporation ("CMCT") [1]	28,408,235	0.4	-3.9	-3.5	-3.5	2.4	-2.4	-0.1	-0.1	3.3	1.0	4.3	4.3
CIM VI (Urban REIT), LLC	30,338,695	0.9	0.5	1.4	1.2	3.9	-2.7	1.1	0.7	4.2	6.0	10.4	9.0
INVESCO Core Real Estate	157,960,561	0.9	0.9	1.9	1.8	3.8	4.6	8.5	8.2	4.1	7.6	11.9	11.5
Jamestown Premier Property Fund	47,976,285	1.2	1.3	2.5	2.0	4.6	3.7	8.4	6.6				
JP Morgan Strategic Property Fund	62,505,821	1.0	0.5	1.6	1.3	4.3	3.5	7.9	6.9	4.9	5.6	10.8	9.7
Lion Industrial Trust - 2007	57,040,678	1.3	2.5	3.8	3.2	5.4	9.8	15.6	13.3				
Prime Property Fund	53,326,823	1.0	1.5	2.5	2.2	4.3	5.8	10.3	9.1				
Principal U.S. Property Account	56,929,161	1.2	1.2	2.3	2.1	4.8	4.8	9.8	8.8				
Core	**518,119,093**	**1.0**	**0.7**	**1.7**	**1.5**	**4.2**	**4.0**	**8.3**	**7.4**	**4.3**	**6.6**	**11.2**	**10.4**
Timber													
Hancock Timberland XI	20,765,165	0.0	0.0	0.0	-0.2	-0.3	4.2	3.9	3.0	-0.5	5.2	4.7	3.8
Timber	**20,765,165**	**0.0**	**0.0**	**0.0**	**-0.2**	**-0.3**	**4.2**	**3.9**	**3.0**	**-0.5**	**6.2**	**5.6**	**3.8**
Value Added													
Almanac Realty Securities VI	10,308,109	1.7	-0.3	1.4	1.3	7.2	5.8	13.4	12.6	6.8	9.3	16.6	15.0
Asana Partners Fund I	5,546,392	0.9	1.2	2.1	0.1								
CBRE Strategic Partners IV [3]	863,837												
Cornerstone Enhanced Mortgage Fund I	5,293,850	0.0	0.0	0.0	0.0	7.1	0.0	7.1	6.0	9.6	-0.2	9.3	7.9
DRA Growth and Income Fund VII	23,989,985	2.4	5.9	8.3	6.9	9.9	21.7	33.1	26.9	11.1	15.0	27.3	21.6
DRA Growth and Income Fund VIII	22,959,550	3.5	0.0	3.5	2.9	12.8	2.9	16.0	13.0				
Gerrity Retail Fund 2	13,052,554	2.2	0.0	2.2	1.6	10.3	0.4	10.8	8.2				
JP Morgan Alternative Property Fund [3]	222,274												
Mesa West Real Estate Income Fund III	15,052,355	2.5	0.0	2.5	2.0	11.6	0.1	11.7	9.0	12.3	-0.4	11.9	9.2
RREEF America REIT III - 1410 [3]	143,747												
Standard Life Investments European Real Estate Club II	33,088,694	-0.5	9.9	9.5	9.2	0.7	16.3	17.1	16.0				
The Realty Associates Fund IX, L.P.	2,589,138	1.8	-1.7	0.1	0.0	7.6	-4.9	2.4	1.8	7.6	3.4	11.2	8.9
Urdang Value Added Fund II	1,215,603	-0.1	-13.6	-13.7	-13.7	2.0	-13.0	-11.3	-11.3	4.2	-8.3	-4.4	-4.5
Value Added	**134,326,088**	**1.7**	**3.0**	**4.7**	**4.1**	**8.1**	**7.5**	**16.0**	**13.4**	**7.9**	**6.2**	**14.5**	**12.0**
Total Portfolio													
LACERS	**840,582,631**	**1.1**	**1.1**	**2.1**	**1.8**	**4.5**	**3.9**	**8.6**	**7.2**	**4.9**	**5.0**	**10.2**	**8.7**
Indices													
NFI-ODCE (Core)		1.1	0.6	1.7	1.5	4.4	3.3	7.9	6.9	4.6	6.5	11.3	10.3
NFI-ODCE + 80 bps (Total Portfolio)				1.9	1.7			8.7	7.7			12.1	11.1
NFI-ODCE + 200 bps (Non-Core Portfolio)				2.2	2.0			9.9	8.9			13.3	12.3
NFI -ODCE + 50 bps (Value Add)				1.8	1.6			8.4	7.4			11.8	10.8
NFI -ODCE + 300 bps (Opportunistic)				2.4	2.2			10.9	9.9			14.3	13.3
NCREIF Timberland Property Index "NTI"		0.6	0.1	0.7		2.6	0.7	3.4		2.7	2.8	5.6	

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

[1] Originally CIM IV. Data shown only reflects performance since the formation of CMCT. Combined, CIM IV/CMCT has achieved a 6.2% net IRR nad 1.3x net equity multiple since inception (1Q06).

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

[3] Liquidating investment.

Returns (%)	Market Value ($)	5 Year				Inception				TWR Calculation Inception	Net IRR*	Equity Multiple*
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
Core												
Berkshire Multifamily Income Realty Fund	23,632,834					4.3	3.8	8.3	7.4	1Q16	13.6	1.2
CIM Commercial Trust Corporation ("CMCT") [1]	28,408,235					3.4	1.0	4.4	4.4	1Q14	4.8	1.2
CIM VI (Urban REIT), LLC	30,338,695	3.8	6.8	10.8	9.4	3.8	6.8	10.8	9.4	3Q12	8.4	1.4
INVESCO Core Real Estate	157,960,561	4.4	7.4	12.0	11.6	5.4	2.8	8.3	7.8	4Q04	7.8	1.9
Jamestown Premier Property Fund	47,976,285					4.6	5.4	10.2	8.3	3Q15	7.3	1.1
JP Morgan Strategic Property Fund	62,505,821	5.0	6.8	12.1	11.1	5.4	2.2	7.7	6.7	4Q05	6.9	2.1
Lion Industrial Trust - 2007	57,040,678					5.6	9.0	14.9	12.8	1Q16	12.9	1.2
Prime Property Fund	53,326,823					4.3	5.7	10.2	9.0	1Q16	9.0	1.1
Principal U.S. Property Account	56,929,161					4.9	5.1	10.2	9.1	4Q15	9.1	1.1
Core	**518,119,093**	**4.5**	**6.7**	**11.4**	**10.7**	**6.5**	**1.4**	**8.0**	**7.1**	**1Q89**	**5.7**	**1.4**
Timber												
Hancock Timberland XI	20,765,165	-0.7	7.1	6.4	5.6	-0.6	6.8	6.1	5.3	2Q12	4.9	1.2
Timber	**20,765,165**	**5.8**	**2.3**	**8.7**	**6.8**	**5.2**	**5.9**	**11.5**	**10.1**	**4Q99**	**10.4**	**1.7**
Value Added												
Almanac Realty Securities VI	10,308,109					8.7	10.2	19.5	17.0	1Q13	16.7	1.4
Asana Partners Fund I	5,546,392					0.9	1.2	2.1	0.1	2Q17	12.7	1.0
CBRE Strategic Partners IV [3]	863,837									1Q06	-25.9	0.1
Cornerstone Enhanced Mortgage Fund I	5,293,850					11.5	1.4	13.1	11.3	4Q12	9.3	1.3
DRA Growth and Income Fund VII	23,989,985	12.7	10.2	23.9	19.2	12.6	10.0	23.5	19.0	1Q12	19.0	1.8
DRA Growth and Income Fund VIII	22,959,550					13.1	1.5	14.7	11.8	4Q14	12.2	1.2
Gerrity Retail Fund 2	13,052,554					9.3	5.9	15.6	12.2	4Q15	9.1	1.1
JP Morgan Alternative Property Fund [3]	222,274									1Q06	-4.3	0.7
Mesa West Real Estate Income Fund III	15,052,355					12.2	0.2	12.4	8.4	4Q13	8.0	1.2
RREEF America REIT III - 1410 [3]	143,747									1Q06	-2.7	0.8
Standard Life Investments European Real Estate Club II	33,088,694					0.9	14.7	15.7	14.6	1Q16	16.9	1.2
The Realty Associates Fund IX, L.P.	2,589,138	7.5	4.3	12.1	9.6	7.1	5.2	12.6	10.3	3Q10	10.5	1.6
Urdang Value Added Fund II	1,215,603	4.9	-2.2	2.6	2.2	4.4	-2.6	1.7	0.2	2Q08	6.1	1.3
Value Added	**134,326,088**	**7.9**	**5.7**	**14.0**	**11.9**	**7.7**	**2.2**	**9.9**	**8.1**	**4Q90**		
Total Portfolio												
LACERS	**840,582,631**	**5.7**	**6.0**	**11.9**	**10.2**	**6.2**	**1.3**	**7.6**	**5.9**	**1Q89**		
Indices												
NFI-ODCE (Core)		4.9	6.7	11.8	10.8	6.9	0.4	7.3	6.3	1Q89		
NFI-ODCE + 80 bps (Total Portfolio)				12.6	11.6			8.1	7.1	1Q89		
NFI-ODCE + 200 bps (Non-Core Portfolio)				13.8	12.8			9.5	8.4	4Q90		
NFI -ODCE + 50 bps (Value Add)				12.3	11.3			8.0	6.9	4Q90		
NFI -ODCE + 300 bps (Opportunistic)				14.8	13.8			12.3	11.3	4Q96		
NCREIF Timberland Property Index "NTI"		2.7	4.4	7.2		3.3	3.2	6.6		4Q99		

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

[1] Originally CIM IV. Data shown only reflects performance since the formation of CMCT. Combined, CIM IV/CMCT has achieved a 6.2% net IRR nad 1.3x net equity multiple since inception (1Q06).

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

[3] Liquidating investment.

Returns (%)	Market Value ($)	Quarter INC	Quarter APP	Quarter TGRS	Quarter TNET	1 Year INC	1 Year APP	1 Year TGRS	1 Year TNET	3 Year INC	3 Year APP	3 Year TGRS	3 Year TNET
Opportunistic													
Apollo CPI Europe I	1,254,384	-0.2	9.1	8.8	8.8	-0.7	8.0	7.3	7.1	-0.2	-5.7	-5.9	-6.2
Bristol Value II, L.P.	10,595,436	0.8	0.0	0.9	0.5	3.3	7.7	11.2	9.4	2.9	7.5	10.6	8.6
Bryanston Retail Opportunity Fund	4,605,157	0.0	-0.2	-0.2	-0.3	-0.1	-1.9	-2.0	-2.4	0.3	35.7	36.2	35.3
California Smart Growth Fund IV	7,981,531	2.6	2.3	4.9	4.9	6.5	6.5	13.3	13.1	4.9	10.6	15.8	15.0
Canyon Johnson Urban Fund II [2]	30,025												
CBRE Strategic Partners UK Fund III [2]	223,268												
CIM Real Estate Fund III [1]	9,343,947	0.2	3.3	3.5	3.1	13.1	-5.8	7.4	5.8	8.1	-1.9	7.8	6.5
CityView LA Urban Fund I	2,388,177	-1.2	3.3	2.1	1.5	1.6	1.8	3.5	1.3	14.2	0.0	15.4	13.5
Colony Investors VIII	2,263,655	0.6	-1.6	-0.9	-1.2	1.7	-2.4	-0.8	-1.8	1.7	-9.9	-8.3	-10.1
DRA Growth and Income Fund VI	2,556,755	0.8	0.8	1.6	1.1	6.2	-2.3	3.8	2.0	5.1	17.5	23.2	15.9
Genesis Workforce Housing Fund II [2]	140,284												
Integrated Capital Hospitality Fund	4,965,373	2.2	0.0	2.2	1.9	-14.5	-18.6	-33.9	-34.6	-4.3	-5.0	-10.8	-11.6
LaSalle Asia Fund II [2]	214,240												
Latin America Investors III	6,285,451	-1.3	-2.2	-3.5	-4.3	-3.4	-9.0	-12.1	-14.0	-2.9	-13.0	-15.5	-18.6
Lone Star Fund VII	968,295												
Lone Star Real Estate Fund II	2,381,482	2.2	-3.5	-1.3	-0.7	5.6	2.8	8.5	12.6	6.0	23.4	30.4	26.0
Lowe Hospitality Investment Partners [2]	74,814												
MacFarlane Urban Real Estate Fund II [1]	1,061,647	-0.2	0.0	-0.2	-0.2	-1.6	7.2	5.5	2.0	-3.8	9.9	6.0	1.6
RECP Fund IV, L.P.	34,757,049	0.5	2.5	3.0	2.4	1.2	9.8	11.0	8.8	1.9	6.5	8.5	6.6
Southern California Smart Growth Fund [1]	1,104,802	-0.7	0.0	-0.7	-0.7	13.7	0.0	13.7	13.7	20.0	6.0	27.2	25.9
Stockbridge Real Estate Fund II	9,540,582	0.0	1.4	1.4	1.2	0.8	16.1	16.9	16.0	-0.7	5.2	4.5	3.4
The Buchanan Fund V	3,588,793	0.1	1.4	1.5	1.3	3.2	6.9	10.4	9.2	3.3	8.3	11.8	10.6
Torchlight Debt Opportunity Fund II	8,516,479	0.1	-0.2	-0.1	-0.1	4.4	-5.7	-1.6	-1.9	4.4	2.0	6.4	6.0
Torchlight Debt Opportunity Fund III	2,909,961	2.1	2.9	4.9	3.7	13.0	5.1	19.0	14.2	12.2	13.7	27.0	20.1
Torchlight Debt Opportunity Fund IV	23,494,264	2.3	2.1	4.4	3.1	10.3	8.3	19.2	13.6	9.3	3.4	12.9	10.3
Tuckerman Group Residential Income & Value Added Fund	7,759,067	1.4	-6.6	-5.2	-5.4	5.6	-15.5	-10.6	-11.4	5.5	-6.0	-0.8	-1.8
Walton Street Real Estate Fund V	7,092,540	4.0	-3.1	0.9	0.5	5.4	-4.0	1.2	-0.2	4.2	3.0	7.4	6.0
Walton Street Real Estate Fund VI	11,274,827	1.6	0.6	2.2	1.9	2.8	-3.8	-1.2	-2.4	2.9	2.5	5.5	4.2
Opportunistic	**167,372,285**	**1.1**	**0.8**	**1.8**	**1.3**	**3.8**	**1.4**	**5.2**	**3.3**	**4.2**	**2.4**	**6.7**	**4.9**
Private Portfolio	**819,817,466**	**1.1**	**1.1**	**2.2**	**1.9**	**4.7**	**3.9**	**8.7**	**7.3**	**5.0**	**5.0**	**10.3**	**8.8**
Non-Core Portfolio	**301,698,373**	**1.3**	**1.7**	**3.0**	**2.5**	**5.5**	**3.8**	**9.4**	**7.2**	**5.6**	**3.9**	**9.8**	**7.6**
Total Portfolio													
LACERS	**840,582,631**	**1.1**	**1.1**	**2.1**	**1.8**	**4.5**	**3.9**	**8.6**	**7.2**	**4.9**	**5.0**	**10.2**	**8.7**
Indices													
NFI-ODCE (Core)		1.1	0.6	1.7	1.5	4.4	3.3	7.9	6.9	4.6	6.5	11.3	10.3
NFI-ODCE + 80 bps (Total Portfolio)				1.9	1.7			8.7	7.7			12.1	11.1
NFI-ODCE + 200 bps (Non-Core Portfolio)				2.2	2.0			9.9	8.9			13.3	12.3
NFI -ODCE + 50 bps (Value Add)				1.8	1.6			8.4	7.4			11.8	10.8
NFI -ODCE + 300 bps (Opportunistic)				2.4	2.2			10.9	9.9			14.3	13.3
NCREIF Timberland Property Index "NTI"		0.6	0.1	0.7		2.6	0.7	3.4		2.7	2.8	5.6	

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

Returns (%)	Market Value ($)	5 Year				Inception				TWR Calculation Inception	Net IRR*	Equity Multiple*
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
Opportunistic												
Apollo CPI Europe I	1,254,384	0.4	1.4	1.8	1.3	0.4	-4.6	-4.1	-6.2	4Q06	-9.3	0.5
Bristol Value II, L.P.	10,595,436					3.7	10.7	14.7	12.8	1Q13	8.8	1.1
Bryanston Retail Opportunity Fund	4,605,157	3.7	32.9	37.3	35.7	8.4	26.7	34.7	30.9	2Q05	79.8	3.3
California Smart Growth Fund IV	7,981,531	3.8	11.2	15.3	14.2	2.6	-0.4	2.1	-0.3	1Q07	2.4	1.2
Canyon Johnson Urban Fund II [2]	30,025									3Q05	-10.5	0.4
CBRE Strategic Partners UK Fund III [2]	223,268					-0.1	0.1	0.0	-0.1	3Q07	-24.7	0.2
CIM Real Estate Fund III [1]	9,343,947	6.2	4.6	12.1	10.8	-9.9	12.0	1.7	-13.8	1Q09	10.6	1.7
CityView LA Urban Fund I	2,388,177	22.2	1.7	24.1	22.1	4.3	0.7	4.9	-17.8	3Q07	11.8	1.2
Colony Investors VIII	2,263,655	1.5	1.9	3.5	1.3	0.2	-20.4	-20.2	-23.4	4Q07	-12.1	0.4
DRA Growth and Income Fund VI	2,556,755	6.2	12.8	19.5	14.2	8.6	4.5	13.5	8.8	2Q08	11.0	1.7
Genesis Workforce Housing Fund II [2]	140,284									2Q07	8.7	1.5
Integrated Capital Hospitality Fund	4,965,373	8.1	4.6	9.7	8.5	8.2	4.1	9.8	7.6	3Q11	6.5	1.3
LaSalle Asia Fund II [2]	214,240									4Q05	1.7	1.1
Latin America Investors III	6,285,451	-2.7	-17.6	-20.0	-23.5	-3.4	-8.1	-11.4	-15.2	1Q09	-17.1	0.5
Lone Star Fund VII	968,295									3Q11	50.7	1.8
Lone Star Real Estate Fund II	2,381,482	9.9	20.8	32.5	26.0	11.1	25.5	38.6	30.1	3Q11	27.5	1.6
Lowe Hospitality Investment Partners [2]	74,814									3Q04	-17.6	0.6
MacFarlane Urban Real Estate Fund II [1]	1,061,647	-3.7	8.6	5.4	1.1	-14.4	9.1	-5.5	-11.5	2Q10	-16.8	0.3
RECP Fund IV, L.P.	34,757,049	1.7	9.1	10.9	9.0	3.6	-8.2	-4.9	-9.1	4Q08	3.3	1.2
Southern California Smart Growth Fund [1]	1,104,802	5.8	8.6	14.7	13.0	2.7	6.2	7.8	6.9	1Q06	-1.8	1.0
Stockbridge Real Estate Fund II	9,540,582	-3.5	19.2	15.2	13.7	-10.6	-11.2	-20.5	-23.0	4Q06	-9.0	0.5
The Buchanan Fund V	3,588,793	3.7	10.6	14.7	13.5	-2.3	1.4	-0.9	-2.7	3Q07	-0.7	1.0
Torchlight Debt Opportunity Fund II	8,516,479	5.1	6.1	11.4	10.7	13.4	-9.7	3.2	1.4	1Q08	-1.7	0.9
Torchlight Debt Opportunity Fund III	2,909,961	12.9	20.1	34.8	24.9	12.2	14.2	27.6	19.7	3Q09	13.7	1.5
Torchlight Debt Opportunity Fund IV	23,494,264					10.0	2.9	13.1	10.3	4Q13	10.1	1.3
Tuckerman Group Residential Income & Value Added Fund	7,759,067	4.8	2.2	7.1	5.9	0.8	2.2	3.5	1.4	4Q04	0.2	1.0
Walton Street Real Estate Fund V	7,092,540	3.9	5.6	9.7	8.2	2.5	-0.8	1.6	-0.4	4Q06	-2.5	0.8
Walton Street Real Estate Fund VI	11,274,827	3.2	6.5	9.8	8.4	-11.9	17.4	1.7	-3.8	3Q09	9.3	1.5
Opportunistic	**167,372,285**	**5.4**	**5.1**	**10.7**	**8.4**	**4.4**	**3.0**	**7.4**	**3.7**	**4Q96**		
Private Portfolio	**819,817,466**	**5.7**	**6.1**	**12.0**	**10.3**	**6.2**	**1.2**	**7.5**	**5.8**	**1Q89**		
Non-Core Portfolio	**301,698,373**	**6.3**	**5.5**	**12.1**	**9.9**	**6.6**	**2.5**	**9.2**	**6.7**	**4Q90**		
Total Portfolio												
LACERS	**840,582,631**	**5.7**	**6.0**	**11.9**	**10.2**	**6.2**	**1.3**	**7.6**	**5.9**	**1Q89**		
Indices												
NFI-ODCE (Core)		4.9	6.7	11.8	10.8	6.9	0.4	7.3	6.3	1Q89		
NFI-ODCE + 80 bps (Total Portfolio)				12.6	11.6			8.1	7.1	1Q89		
NFI-ODCE + 200 bps (Non-Core Portfolio)				13.8	12.8			9.5	8.4	4Q90		
NFI -ODCE + 50 bps (Value Add)				12.3	11.3			8.0	6.9	4Q90		
NFI -ODCE + 300 bps (Opportunistic)				14.8	13.8			12.3	11.3	4Q96		
NCREIF Timberland Property Index "NTI"		2.7	4.4	7.2		3.3	3.2	6.6		4Q99		

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

Returns (%)	Market Value ($)	2017 (YTD)		2016		2015		2014		2013		2012	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core													
Berkshire Multifamily Income Realty Fund	23,632,834	2.0	1.7	10.4	9.5								
CIM Commercial Trust Corporation ("CMCT")	28,408,235	-2.2	-2.2	3.3	3.3	5.0	5.0	9.7	9.7				
CIM VI (Urban REIT), LLC	30,338,695	2.8	2.1	2.6	2.4	13.4	11.0	15.0	13.5	6.8	5.4	13.8	13.1
INVESCO Core Real Estate	157,960,561	4.5	4.3	9.2	8.9	14.7	14.3	12.4	11.9	14.3	13.8	8.7	8.2
Jamestown Premier Property Fund	47,976,285	4.9	4.0	6.7	5.4	8.5	7.0						
JP Morgan Strategic Property Fund	62,505,821	3.5	3.0	8.4	7.3	15.2	14.1	11.1	10.1	15.9	14.8	12.1	11.0
Lion Industrial Trust - 2007	57,040,678	7.2	6.2	14.9	12.8								
Prime Property Fund	53,326,823	4.8	4.2	10.4	9.2								
Principal U.S. Property Account	56,929,161	4.5	4.0	10.1	9.0	3.0	2.8						
Core	**518,119,093**	**4.0**	**3.5**	**8.7**	**7.9**	**13.4**	**12.7**	**11.8**	**11.3**	**13.3**	**12.5**	**9.6**	**8.9**
Timber													
Hancock Timberland XI	20,765,165	0.1	-0.4	3.5	2.6	5.4	4.6	5.2	4.6	9.9	8.9	8.1	7.6
Timber	**20,765,165**	**0.1**	**-0.4**	**3.5**	**2.6**	**5.4**	**4.5**	**8.1**	**4.5**	**20.9**	**17.8**	**9.9**	**8.9**
Value Added													
Almanac Realty Securities VI	10,308,109	3.2	2.8	15.2	14.3	23.5	21.2	15.2	12.8	31.6	26.1		
Asana Partners Fund I	5,546,392	2.1	0.1										
CBRE Strategic Partners IV	863,837												
Cornerstone Enhanced Mortgage Fund I	5,293,850	1.9	1.6	10.9	9.2	11.1	9.4	5.5	5.0	20.0	16.4	12.8	12.3
DRA Growth and Income Fund VII	23,989,985	14.5	11.9	35.2	28.8	22.9	16.2	20.3	17.7	18.7	15.5	17.6	14.3
DRA Growth and Income Fund VIII	22,959,550	6.8	5.4	14.7	11.8	16.0	12.9	2.7	2.1				
Gerrity Retail Fund 2	13,052,554	4.4	3.3	21.4	17.7	1.7	0.6						
JP Morgan Alternative Property Fund	222,274												
Mesa West Real Estate Income Fund III*	15,052,355	5.5	4.4	11.2	8.8	13.0	10.2	13.3	8.7	3.2	-0.6		
RREEF America REIT III - 1410	143,747												
Standard Life Investments European Real Estate Club II	33,088,694	15.1	14.6	8.1	7.1								
The Realty Associates Fund IX, L.P.	2,589,138	-0.4	-0.4	8.2	6.6	18.2	14.6	18.5	14.3	11.0	8.7	11.3	9.4
Urdang Value Added Fund II	1,215,603	-12.3	-12.3	-4.5	-4.5	1.7	1.5	7.4	6.8	12.2	11.5	18.8	17.7
Value Added	**134,326,088**	**8.4**	**7.2**	**14.6**	**12.1**	**14.5**	**11.7**	**12.6**	**10.9**	**9.5**	**7.9**	**17.1**	**15.6**
Total Portfolio													
LACERS	**840,582,631**	**4.4**	**3.8**	**8.1**	**6.8**	**11.2**	**9.5**	**13.7**	**11.9**	**13.5**	**11.4**	**12.8**	**11.0**
Indices													
NFI-ODCE (Core)		3.5	3.0	8.8	7.8	15.0	14.0	12.5	11.5	13.9	12.9	10.9	9.8
NFI-ODCE + 80 bps (Total Portfolio)		3.9	3.4	9.6	8.6	15.8	14.8	13.3	12.3	14.7	13.7	11.7	10.6
NFI-ODCE + 200 bps (Non-Core Portfolio)		4.5	4.0	10.8	9.8	17.0	16.0	14.5	13.5	15.9	14.9	12.9	11.8
NFI-ODCE + 50 bps (Value Add)		3.8	3.3	9.3	8.3	15.5	14.5	13.0	12.0	14.4	13.4	11.4	10.3
NFI-ODCE + 300 bps (Opportunistic)		5.0	4.5	11.8	10.8	18.0	17.0	15.5	14.5	16.9	15.9	13.9	12.8
NCREIF Timberland Index (Timber)		1.5		2.7		5.0		10.5		9.7		7.8	

Returns (%)	Market Value ($)	2011		2010		2009		2008		2007		2006		2005	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core															
Berkshire Multifamily Income Realty Fund	23,632,834														
CIM Commercial Trust Corporation (“CMCT”)	28,408,235														
CIM VI (Urban REIT), LLC	30,338,695														
INVESCO Core Real Estate	157,960,561	16.9	16.4	16.7	16.1	-32.2	-32.6	-4.6	-5.0	13.6	13.1	19.2	18.6	20.8	20.2
Jamestown Premier Property Fund	47,976,285														
JP Morgan Strategic Property Fund	62,505,821	15.9	14.8	14.1	13.0	-26.5	-27.4	-8.1	-9.0	16.6	15.6	16.6	15.5	5.3	5.3
Lion Industrial Trust - 2007	57,040,678														
Prime Property Fund	53,326,823														
Principal U.S. Property Account	56,929,161														
Core	**518,119,093**	**15.6**	**14.8**	**16.1**	**15.2**	**-26.4**	**-27.1**	**-4.9**	**-5.6**	**14.4**	**13.6**	**17.7**	**16.9**	**21.2**	**20.7**
Timber															
Hancock Timberland XI	20,765,165														
Timber	**20,765,165**	**3.9**	**4.2**	**2.9**	**2.7**	**-7.4**	**-5.5**	**7.6**	**6.5**	**22.1**	**17.3**	**24.8**	**22.5**	**26.8**	**23.0**
Value Added															
Almanac Realty Securities VI	10,308,109														
Asana Partners Fund I	5,546,392														
CBRE Strategic Partners IV	863,837														
Cornerstone Enhanced Mortgage Fund I	5,293,850														
DRA Growth and Income Fund VII	23,989,985														
DRA Growth and Income Fund VIII	22,959,550														
Gerrity Retail Fund 2	13,052,554														
JP Morgan Alternative Property Fund	222,274														
Mesa West Real Estate Income Fund III*	15,052,355														
RREEF America REIT III - 1410	143,747														
Standard Life Investments European Real Estate Club II	33,088,694														
The Realty Associates Fund IX, L.P.	2,589,138	14.3	13.0	7.5	6.5										
Urdang Value Added Fund II	1,215,603	27.5	26.2	37.0	33.3	-37.3	-40.0	-12.4	-15.2						
Value Added	**134,326,088**	**18.3**	**16.2**	**4.1**	**1.8**	**-38.5**	**-39.4**	**-20.7**	**-20.0**	**17.8**	**15.2**	**15.3**	**12.9**	**26.0**	**23.1**
Total Portfolio															
LACERS	**840,582,631**	**12.6**	**10.8**	**13.0**	**10.3**	**-34.4**	**-35.9**	**-22.5**	**-23.6**	**14.5**	**11.3**	**20.2**	**17.4**	**25.4**	**22.3**
Indices															
NFI-ODCE (Core)		16.0	15.0	16.4	15.3	-29.8	-30.4	-10.0	-10.7	16.0	14.8	16.3	15.3	21.4	20.2
NFI-ODCE + 80 bps (Total Portfolio)		16.8	15.8	17.2	16.1	-29.0	-29.6	-9.2	-9.9	16.8	15.6	17.1	16.1	22.2	21.0
NFI-ODCE + 200 bps (Non-Core Portfolio)		18.0	17.0	18.4	17.3	-27.8	-28.4	-8.0	-8.7	18.0	16.8	18.3	17.3	23.4	22.2
NFI-ODCE + 50 bps (Value Add)		16.5	15.5	16.9	15.8	-29.3	-29.9	-9.5	-10.2	16.5	15.3	16.8	15.8	21.9	20.7
NFI-ODCE + 300 bps (Opportunistic)		19.0	18.0	19.4	18.3	-26.8	-27.4	-7.0	-7.7	19.0	17.8	19.3	18.3	24.4	23.2
NCREIF Timberland Index (Timber)		1.6		-0.1		-4.7		9.5		18.4		13.7		19.4	

Returns (%)	Market Value ($)	2017 (YTD)		2016		2015		2014		2013		2012	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Opportunistic													
Apollo CPI Europe I	1,254,384	9.9	9.8	-0.3	-0.4	-16.0	-16.4	-0.8	-1.5	0.7	0.1	20.3	19.5
Bristol Value II, L.P.	10,595,436	1.7	0.9	11.0	9.1	8.2	6.1	12.4	10.6	35.0	33.0		
Bryanston Retail Opportunity Fund	4,605,157	-0.2	-0.4	-2.5	-2.8	144.0	142.1	7.3	5.8	50.5	47.5	40.1	37.2
California Smart Growth Fund IV	7,981,531	10.9	10.9	5.9	5.4	20.3	19.2	17.9	16.2	13.1	11.6	19.9	18.3
Canyon Johnson Urban Fund II	30,025												
CBRE Strategic Partners UK Fund III	223,268												
CIM Real Estate Fund III	9,343,947	4.2	3.4	5.4	4.0	8.3	7.1	11.0	9.8	11.1	9.9	20.8	19.4
CityView LA Urban Fund I	2,388,177	0.0	-1.3	7.7	5.8	32.2	30.5	81.4	79.3	10.2	8.3	7.8	5.9
Colony Investors VIII	2,263,655	2.4	2.0	-13.9	-15.0	-3.3	-6.0	-8.7	-10.9	45.6	42.0	14.4	10.9
DRA Growth and Income Fund VI	2,556,755	-2.9	-3.1	11.3	8.3	27.4	21.1	49.0	32.7	17.6	15.1	4.3	2.1
Genesis Workforce Housing Fund II	140,284												
Integrated Capital Hospitality Fund	4,965,373	3.5	2.9	-34.0	-34.6	-14.6	-15.2	28.2	27.2	12.1	11.0	96.8	87.9
LaSalle Asia Fund II	214,240												
Latin America Investors III	6,285,451	-0.4	-2.1	-4.9	-6.9	-30.3	-32.8	0.4	-4.6	-17.9	-22.4	-60.0	-62.6
Lone Star Fund VII	968,295												
Lone Star Real Estate Fund II	2,381,482	1.7	6.1	16.4	13.8	42.5	32.9	58.3	44.7	30.5	22.3	40.2	30.6
Lowe Hospitality Investment Partners	74,814												
MacFarlane Urban Real Estate Fund II	1,061,647	2.8	1.8	9.1	4.1	8.9	3.9	-25.0	-28.5	-16.5	-19.2	61.7	53.6
RECP Fund IV, L.P.	34,757,049	3.6	2.4	6.9	5.3	8.3	6.2	6.4	4.6	8.5	6.7	23.4	21.1
Southern California Smart Growth Fund	1,104,802	-1.9	-1.9	58.8	57.8	21.0	19.2	21.8	19.3	14.9	11.4	-33.5	-33.6
Stockbridge Real Estate Fund II	9,540,582	11.5	11.1	-4.7	-5.5	3.9	2.6	24.4	22.8	46.5	43.7	3.2	0.7
The Buchanan Fund V	3,588,793	2.6	2.1	20.1	18.8	2.1	0.9	19.2	17.8	22.4	21.2	10.2	9.2
Torchlight Debt Opportunity Fund II	8,516,479	1.8	1.7	-2.3	-2.6	15.7	15.2	6.7	6.0	24.6	23.5	24.5	23.1
Torchlight Debt Opportunity Fund III	2,909,961	5.3	3.8	14.2	10.4	33.6	25.4	92.7	65.6	33.8	20.3	17.7	15.2
Torchlight Debt Opportunity Fund IV	23,494,264	7.4	5.5	11.8	9.8	12.0	9.8	13.9	10.4	3.6	3.0		
Tuckerman Group Residential Income & Value Added Fund	7,759,067	-11.0	-11.4	2.4	1.5	5.7	4.5	5.7	4.5	33.9	31.8	6.5	4.5
Walton Street Real Estate Fund V	7,092,540	1.6	0.9	2.1	0.7	11.9	10.4	13.2	11.7	12.9	11.2	9.5	7.8
Walton Street Real Estate Fund VI	11,274,827	3.8	3.2	-5.4	-6.6	13.5	12.2	14.8	13.4	16.0	14.3	12.1	10.4
Opportunistic	**167,372,285**	**3.4**	**2.6**	**2.9**	**1.4**	**7.2**	**5.3**	**15.7**	**12.9**	**15.3**	**12.3**	**12.5**	**10.1**
Private Portfolio	**819,817,466**	**4.5**	**3.9**	**8.2**	**6.9**	**11.3**	**9.6**	**13.8**	**12.0**	**13.4**	**11.4**	**12.8**	**11.1**
Non-Core Portfolio	**301,698,373**	**5.5**	**4.5**	**7.5**	**5.6**	**9.8**	**7.6**	**14.7**	**12.3**	**13.6**	**11.0**	**14.0**	**11.9**
Total Portfolio													
LACERS	**840,582,631**	**4.4**	**3.8**	**8.1**	**6.8**	**11.2**	**9.5**	**13.7**	**11.9**	**13.5**	**11.4**	**12.8**	**11.0**
Indices													
NFI-ODCE (Core)		3.5	3.0	8.8	7.8	15.0	14.0	12.5	11.5	13.9	12.9	10.9	9.8
NFI-ODCE + 80 bps (Total Portfolio)		3.9	3.4	9.6	8.6	15.8	14.8	13.3	12.3	14.7	13.7	11.7	10.6
NFI-ODCE + 200 bps (Non-Core Portfolio)		4.5	4.0	10.8	9.8	17.0	16.0	14.5	13.5	15.9	14.9	12.9	11.8
NFI-ODCE + 50 bps (Value Add)		3.8	3.3	9.3	8.3	15.5	14.5	13.0	12.0	14.4	13.4	11.4	10.3
NFI-ODCE + 300 bps (Opportunistic)		5.0	4.5	11.8	10.8	18.0	17.0	15.5	14.5	16.9	15.9	13.9	12.8
NCREIF Timberland Index (Timber)		1.5		2.7		5.0		10.5		9.7		7.8	

Returns (%)	Market Value ($)	2011		2010		2009		2008		2007		2006		2005	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Opportunistic															
Apollo CPI Europe I	1,254,384	-6.1	-6.8	-31.1	-33.8	8.9	4.9	-41.4	-43.5	17.4	11.0	18.5	14.7		
Bristol Value II, L.P.	10,595,436														
Bryanston Retail Opportunity Fund	4,605,157	-4.3	-7.2	20.9	18.3	12.8	10.2	73.9	69.4	-43.1	-45.5	112.8	98.1	161.3	143.3
California Smart Growth Fund IV	7,981,531	26.7	24.6	20.1	17.0	-34.6	-38.0	-46.3	-48.6	3.0	-2.5				
Canyon Johnson Urban Fund II	30,025														
CBRE Strategic Partners UK Fund III	223,268														
CIM Real Estate Fund III	9,343,947	21.8	19.8	15.3	-13.8	-53.5	-83.5	-117.3	-113.8						
CityView LA Urban Fund I	2,388,177	3.9	2.1	-0.1	-32.6	-9.9	-49.6	-35.1	-72.3	-13.0	-47.7				
Colony Investors VIII	2,263,655	-27.2	-29.2	24.6	20.3	-11.9	-19.0	-90.8	-91.6	15.9	12.2				
DRA Growth and Income Fund VI	2,556,755	32.6	29.1	15.9	11.1	-10.2	-14.7	-6.9	-10.3						
Genesis Workforce Housing Fund II	140,284														
Integrated Capital Hospitality Fund	4,965,373	6.0	2.6												
LaSalle Asia Fund II	214,240														
Latin America Investors III	6,285,451	-32.5	-34.9	20.8	15.3	100.5	93.8								
Lone Star Fund VII	968,295														
Lone Star Real Estate Fund II	2,381,482	45.3	30.8												
Lowe Hospitality Investment Partners	74,814														
MacFarlane Urban Real Estate Fund II	1,061,647	-5.4	-9.8	-95.2	-93.8	-110.0	-109.6	14.4	0.0						
RECP Fund IV, L.P.	34,757,049	2.4	-1.4	12.5	4.3	-45.6	-54.8	-40.0	-40.0						
Southern California Smart Growth Fund	1,104,802	-5.3	-5.4	-7.5	-7.7	-40.5	-40.6	-19.2	-19.3	75.6	75.3	82.2	81.0	-212.5	-216.2
Stockbridge Real Estate Fund II	9,540,582	7.2	4.2	21.8	16.8	-86.3	-86.8	-83.4	-84.0	-27.9	-31.9	91.0	80.1		
The Buchanan Fund V	3,588,793	10.4	9.4	8.1	6.3	-45.9	-48.2	-30.5	-33.0	1.1	-1.1				
Torchlight Debt Opportunity Fund II	8,516,479	23.7	22.0	41.4	36.1	29.9	23.6	-68.7	-69.7						
Torchlight Debt Opportunity Fund III	2,909,961	1.2	1.0	12.7	2.8	26.4	22.7								
Torchlight Debt Opportunity Fund IV	23,494,264														
Tuckerman Group Residential Income & Value Added Fund	7,759,067	10.4	7.8	27.6	23.6	-43.7	-45.7	-13.5	-15.4	9.6	7.1	15.8	13.0	22.7	20.2
Walton Street Real Estate Fund V	7,092,540	10.1	8.0	48.0	44.0	-27.8	-31.1	-47.7	-48.7	10.3	8.6	7.2	6.6		
Walton Street Real Estate Fund VI	11,274,827	14.3	12.3	173.3	162.1	-78.1	-84.0								
Opportunistic	**167,372,285**	**8.8**	**6.5**	**17.1**	**12.6**	**-39.0**	**-41.6**	**-36.6**	**-39.2**	**10.6**	**4.6**	**31.4**	**24.5**	**32.0**	**25.2**
Private Portfolio	**819,817,466**	**12.8**	**10.9**	**13.3**	**10.5**	**-35.1**	**-36.7**	**-23.1**	**-24.3**	**14.3**	**11.1**	**20.1**	**17.2**	**25.4**	**22.3**
Non-Core Portfolio	**301,698,373**	**11.9**	**9.6**	**12.2**	**8.5**	**-38.8**	**-40.7**	**-30.0**	**-31.3**	**14.2**	**10.0**	**21.1**	**17.1**	**28.9**	**24.2**
Total Portfolio															
LACERS	**840,582,631**	**12.6**	**10.8**	**13.0**	**10.3**	**-34.4**	**-35.9**	**-22.5**	**-23.6**	**14.5**	**11.3**	**20.2**	**17.4**	**25.4**	**22.3**
Indices															
NFI-ODCE (Core)		16.0	15.0	16.4	15.3	-29.8	-30.4	-10.0	-10.7	16.0	14.8	16.3	15.3	21.4	20.2
NFI-ODCE + 80 bps (Total Portfolio)		16.8	15.8	17.2	16.1	-29.0	-29.6	-9.2	-9.9	16.8	15.6	17.1	16.1	22.2	21.0
NFI-ODCE + 200 bps (Non-Core Portfolio)		18.0	17.0	18.4	17.3	-27.8	-28.4	-8.0	-8.7	18.0	16.8	18.3	17.3	23.4	22.2
NFI-ODCE + 50 bps (Value Add)		16.5	15.5	16.9	15.8	-29.3	-29.9	-9.5	-10.2	16.5	15.3	16.8	15.8	21.9	20.7
NFI-ODCE + 300 bps (Opportunistic)		19.0	18.0	19.4	18.3	-26.8	-27.4	-7.0	-7.7	19.0	17.8	19.3	18.3	24.4	23.2
NCREIF Timberland Index (Timber)		1.6		-0.1		-4.7		9.5		18.4		13.7		19.4	

Quarterly Cash Flow Activity ($)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Core									
Berkshire Multifamily Income Realty Fund	23,609,054	0	164,023	0	197,467	38,194	28,530	23,632,834	47.0
CIM Commercial Trust Corporation ("CMCT")	42,980,720	0	155,864	13,011,264	156,041	0	-1,561,398	28,408,235	39.0
CIM VI (Urban REIT), LLC	30,204,693	0	234,216	0	276,312	57,054	148,960	30,338,695	26.7
INVESCO Core Real Estate	155,184,133	1,277,294	1,302,104	0	1,456,127	136,881	1,481,992	157,960,561	26.4
Jamestown Premier Property Fund	47,454,845	71,182	496,502	0	586,535	260,923	621,148	47,976,285	37.3
JP Morgan Strategic Property Fund	61,687,429	0	0	0	640,180	150,537	328,748	62,505,821	25.1
Lion Industrial Trust - 2007	55,591,857	112,905	460,539	0	721,355	293,713	1,368,813	57,040,678	34.5
Prime Property Fund	52,671,081	0	520,191	0	551,528	150,112	774,517	53,326,823	18.1
Principal U.S. Property Account	55,772,755	0	0	0	647,354	133,219	642,271	56,929,161	21.6
Core	**525,156,567**	**1,461,381**	**3,333,439**	**13,011,264**	**5,232,899**	**1,220,633**	**3,833,581**	**518,119,093**	**29.2**
Timber									
Hancock Timberland XI	20,984,327	0	170,027	0	-3,859	45,271	-5	20,765,165	0.0
Timber	**20,984,327**	**0**	**170,027**	**0**	**-3,859**	**45,271**	**-5**	**20,765,165**	**0.0**
Value Added									
Almanac Realty Securities VI	10,453,542	156,987	168,603	264,837	181,777	18,910	-31,847	10,308,109	40.0
Asana Partners Fund I	3,142,445	2,400,000	0	0	31,557	67,500	39,890	5,546,392	56.6
CBRE Strategic Partners IV	863,493	0	0	0	343	0	0	863,837	0.0
Cornerstone Enhanced Mortgage Fund I	5,293,850	0	0	0	0	0	0	5,293,850	0.0
DRA Growth and Income Fund VII	22,912,814	0	465,387	18,063	553,648	331,244	1,338,217	23,989,985	63.4
DRA Growth and Income Fund VIII	22,764,134	851,852	569,491	731,037	783,257	142,157	2,992	22,959,550	64.0
Gerrity Retail Fund 2	13,004,922	202,752	369,005	0	282,636	68,750	0	13,052,554	59.8
JP Morgan Alternative Property Fund	219,665	0	0	0	-2,127	0	4,736	222,274	70.7
Mesa West Real Estate Income Fund III	14,980,774	0	231,567	0	377,762	74,614	0	15,052,355	60.3
RREEF America REIT III - 1410	148,680	0	0	0	-4,297	636	0	143,747	0.0
Standard Life Investments European Real Estate Club II	24,724,449	5,945,354	0	0	-128,580	70,465	2,617,936	33,088,694	37.4
The Realty Associates Fund IX, L.P.	9,827,800	0	7,237,008	0	67,512	5,490	-63,676	2,589,138	41.3
Urdang Value Added Fund II	1,408,352	0	0	0	-1,206	0	-191,543	1,215,603	67.0
Value Added	**129,744,920**	**9,556,945**	**9,041,061**	**1,013,937**	**2,142,282**	**779,766**	**3,716,705**	**134,326,088**	**52.9**
Total Portfolio									
LACERS	**860,962,792**	**11,673,385**	**26,206,740**	**21,057,099**	**9,222,137**	**2,887,164**	**8,875,319**	**840,582,631**	**35.7**

Quarterly Cash Flow Activity ($)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Opportunistic									
Apollo CPI Europe I	1,152,587	0	0	0	-2,658	0	104,455	1,254,384	100.0
Bristol Value II, L.P.	11,478,522	446,987	1,377,649	0	89,273	44,566	2,869	10,595,436	39.8
Bryanston Retail Opportunity Fund	4,618,899	0	0	0	-1,025	4,229	-8,488	4,605,157	66.3
California Smart Growth Fund IV	11,838,602	0	0	4,284,555	227,263	0	200,221	7,981,531	16.0
Canyon Johnson Urban Fund II	88,422	0	0	58,333	-64	0	0	30,025	0.0
CBRE Strategic Partners UK Fund III	210,961	0	0	0	4,265	0	8,042	223,268	0.0
CIM Real Estate Fund III	13,315,417	0	4,289,655	0	21,907	46,558	342,836	9,343,947	19.4
CityView LA Urban Fund I	3,111,698	15,295	775,833	0	-28,891	15,295	81,204	2,388,177	0.0
Colony Investors VIII	2,718,655	0	0	423,700	16,500	6,500	-41,300	2,263,655	0.0
DRA Growth and Income Fund VI	4,540,132	0	2,026,654	0	30,931	19,565	31,911	2,556,755	65.8
Genesis Workforce Housing Fund II	140,604	0	0	0	-320	0	0	140,284	0.0
Integrated Capital Hospitality Fund	4,871,698	0	0	0	109,265	15,590	0	4,965,373	46.5
LaSalle Asia Fund II	214,966	0	0	0	-2,218	0	1,492	214,240	0.0
Latin America Investors III	6,566,044	0	0	0	-86,112	50,327	-144,154	6,285,451	26.3
Lone Star Fund VII	1,167,183	0	144,251	0	3,367	-13,998	-72,001	968,295	68.9
Lone Star Real Estate Fund II	2,762,078	0	304,410	57,362	56,253	-14,476	-89,554	2,381,482	19.8
Lowe Hospitality Investment Partners	87,798	0	0	0	-12,984	0	0	74,814	0.0
MacFarlane Urban Real Estate Fund II	1,064,289	0	0	0	-2,643	0	0	1,061,647	0.0
RECP Fund IV, L.P.	33,745,843	192,777	0	0	168,292	192,777	842,914	34,757,049	29.6
Southern California Smart Growth Fund	1,112,268	0	0	0	-7,466	0	0	1,104,802	68.9
Stockbridge Real Estate Fund II	9,429,387	0	0	0	-2,992	18,187	132,374	9,540,582	61.2
The Buchanan Fund V	3,543,357	0	0	0	5,101	8,614	48,949	3,588,793	21.9
Torchlight Debt Opportunity Fund II	8,528,048	0	0	0	11,573	5,683	-17,459	8,516,479	22.4
Torchlight Debt Opportunity Fund III	3,558,113	0	780,909	0	74,142	42,456	101,071	2,909,961	0.0
Torchlight Debt Opportunity Fund IV	26,676,092	0	3,962,852	0	578,591	319,813	522,246	23,494,264	5.5
Tuckerman Group Residential Income & Value Added Fund	8,205,180	0	0	0	114,880	19,020	-541,973	7,759,067	58.2
Walton Street Real Estate Fund V	9,260,966	0	0	2,207,948	312,522	27,866	-245,134	7,092,540	48.9
Walton Street Real Estate Fund VI	11,069,169	0	0	0	174,063	32,922	64,517	11,274,827	56.3
Opportunistic	**185,076,978**	**655,059**	**13,662,213**	**7,031,898**	**1,850,815**	**841,494**	**1,325,038**	**167,372,285**	**37.8**
Private Portfolio	**839,978,465**	**11,673,385**	**26,036,713**	**21,057,099**	**9,225,996**	**2,841,893**	**8,875,324**	**819,817,466**	**36.3**
Non-Core Portfolio	**314,821,898**	**10,212,004**	**22,703,274**	**8,045,835**	**3,993,097**	**1,621,260**	**5,041,743**	**301,698,373**	**45.6**
Total Portfolio									
LACERS	**860,962,792**	**11,673,385**	**26,206,740**	**21,057,099**	**9,222,137**	**2,887,164**	**8,875,319**	**840,582,631**	**35.7**

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Core						
Berkshire Multifamily Income Realty Fund	100.0	-	-	-	-	-
CIM Commercial Trust Corporation ("CMCT")	6.8	80.6	-	-	9.2	3.4
CIM VI (Urban REIT), LLC	58.8	27.2	-	14.0	-	-
INVESCO Core Real Estate	30.8	34.2	14.4	20.5	-	-
Jamestown Premier Property Fund	-	66.8	-	19.9	-	13.3
JP Morgan Strategic Property Fund	20.1	42.5	10.6	26.1	-	0.7
Lion Industrial Trust - 2007	-	-	100.0	-	-	-
Prime Property Fund	25.1	31.9	14.1	16.7	-	12.2
Principal U.S. Property Account	11.5	44.4	19.9	16.8	1.3	6.0
Core	**24.1**	**34.1**	**23.1**	**15.1**	**0.6**	**3.0**
Timber						
Hancock Timberland XI	-	-	-	-	-	100.0
Timber	**-**	**-**	**-**	**-**	**-**	**100.0**
Value Added						
Almanac Realty Securities VI	27.5	11.3	0.9	7.8	46.9	5.6
Asana Partners Fund I	-	-	-	100.0	-	-
CBRE Strategic Partners IV	-	100	-	-	-	-
Cornerstone Enhanced Mortgage Fund I	-	-	-	-	-	-
DRA Growth and Income Fund VII	25.9	26.9	34.7	12.5	-	-
DRA Growth and Income Fund VIII	11.1	28.0	10.5	50.3	-	-
Gerrity Retail Fund 2	-	-	-	100.0	-	-
JP Morgan Alternative Property Fund	-	-	-	-	-	-
Mesa West Real Estate Income Fund III	18.9	70.4	-	2.1	8.5	-
RREEF America REIT III - 1410	-	-	-	-	-	-
Standard Life Investments European Real Estate Club II	-	49.5	37.3	13.2	-	-
The Realty Associates Fund IX, L.P.	14.1	72.5	-	13.4	-	-
Urdang Value Added Fund II	5.6	94.0	0.4	-	-	-
Value Added	**11.1**	**33.4**	**17.3**	**29.0**	**4.6**	**0.4**
Total Portfolio						
LACERS	**20.2**	**29.7**	**17.6**	**15.5**	**3.3**	**10.7**
Indices						
NFI-ODCE	**24.1**	**36.8**	**15.0**	**20.2**	**0.6**	**3.3**

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Opportunistic						
Apollo CPI Europe I	-	-	-	-	-	-
Bristol Value II, L.P.	15.3	51.6	20.5	12.7	-	-
Bryanston Retail Opportunity Fund	-	-	-	100.0	-	-
California Smart Growth Fund IV	53.9	-	27.5	0.3	-	18.2
Canyon Johnson Urban Fund II	-	-	-	100.0	-	-
CBRE Strategic Partners UK Fund III	-	-	-	-	-	-
CIM Real Estate Fund III	20.1	3.9	-	13.3	7.1	55.6
CityView LA Urban Fund I	100.0	-	-	-	-	-
Colony Investors VIII	-	-	-	0.6	0.1	99.4
DRA Growth and Income Fund VI	-	37.9	-	62.1	-	-
Genesis Workforce Housing Fund II	-	-	-	-	-	-
Integrated Capital Hospitality Fund	-	-	-	-	100.0	-
LaSalle Asia Fund II	-	-	-	-	-	-
Latin America Investors III	-	9.8	-	-	-	90.2
Lone Star Fund VII	-	-	-	-	-	100.0
Lone Star Real Estate Fund II	-	43.4	0.3	3.3	13.8	39.1
Lowe Hospitality Investment Partners	-	-	-	-	-	-
MacFarlane Urban Real Estate Fund II	-	-	-	-	-	-
RECP Fund IV, L.P.	22.3	8.4	4.2	-	10.5	54.6
Southern California Smart Growth Fund	-	-	100.0	-	-	-
Stockbridge Real Estate Fund II	-	70.6	-	-	-	29.4
The Buchanan Fund V	85.2	14.8	-	-	-	-
Torchlight Debt Opportunity Fund II	1.0	89.6	6.7	2.4	0.1	0.2
Torchlight Debt Opportunity Fund III	11.0	55.1	3.0	20.9	5.0	4.9
Torchlight Debt Opportunity Fund IV	25.8	15.0	11.4	19.8	20.0	8.1
Tuckerman Group Residential Income & Value Added Fund	100.0	-	-	-	-	-
Walton Street Real Estate Fund V	-	-	-	2.3	38.4	59.3
Walton Street Real Estate Fund VI	4.2	12.4	-	6.4	10.0	67.1
Opportunistic	**20.6**	**20.1**	**5.1**	**9.9**	**11.6**	**32.7**
Private Portfolio	**21.3**	**32.9**	**18.1**	**16.5**	**3.4**	**7.8**
Non-Core Portfolio	**16.3**	**26.1**	**10.5**	**18.4**	**8.5**	**18.3**
Total Portfolio						
LACERS	**20.2**	**29.7**	**17.6**	**15.5**	**3.3**	**10.7**
Indices						
NFI-ODCE	**24.1**	**36.8**	**15.0**	**20.2**	**0.6**	**3.3**

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
Core										
Berkshire Multifamily Income Realty Fund	5.8	9.8	11.5	-	26.2	16.2	8.6	22.0	-	-
CIM Commercial Trust Corporation ("CMCT")	4.7	36.7	-	-	-	8.6	-	49.9	-	-
CIM VI (Urban REIT), LLC	48.8	11.8	-	-	-	21.9	-	17.4	-	-
INVESCO Core Real Estate	16.2	9.1	3.7	1.3	2.7	14.1	10.8	42.1	-	-
Jamestown Premier Property Fund	47.3	21.6	-	-	2.4	-	-	28.7	-	-
JP Morgan Strategic Property Fund	23.1	7.8	4.6	0.1	6.1	16.8	2.9	38.7	-	-
Lion Industrial Trust - 2007	18.8	2.3	7.4	2.5	15.1	16.5	3.2	34.3	-	-
Prime Property Fund	21.2	8.6	9.2	2.0	12.6	8.8	3.4	34.2	-	-
Principal U.S. Property Account	15.3	8.1	4.9	2.0	9.2	15.5	9.3	35.8	-	-
Core	**21.0**	**10.5**	**4.7**	**1.2**	**7.2**	**13.4**	**5.9**	**36.2**	-	-
Timber										
Hancock Timberland XI	-	-	-	-	-	-	-	21.6	64.9	13.5
Timber	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**21.6**	**64.9**	**13.5**
Value Added										
Almanac Realty Securities VI	-	-	-	-	-	-	-	-	100.0	-
Asana Partners Fund I	-	62.5	-	-	15.7	21.8	-	-	-	-
CBRE Strategic Partners IV	-	-	-	-	100.0	-	-	-	-	-
Cornerstone Enhanced Mortgage Fund I	-	-	-	-	-	-	-	-	-	-
DRA Growth and Income Fund VII	-	6.7	2.3	10.6	17.5	29.8	6.8	26.4	-	-
DRA Growth and Income Fund VIII	3.7	11.1	29.7	11.1	18.0	11.7	1.7	13.0	-	-
Gerrity Retail Fund 2	-	-	-	-	-	-	-	100.0	-	-
JP Morgan Alternative Property Fund	-	-	-	-	-	-	-	-	-	-
Mesa West Real Estate Income Fund III	19.7	-	23.0	0.9	12.7	13.0	12.7	17.9	-	-
RREEF America REIT III - 1410	-	-	-	-	-	-	-	-	-	-
Standard Life Investments European Real Estate Club II	-	-	-	-	-	-	-	-	-	100.0
The Realty Associates Fund IX, L.P.	-	11.6	14.1	-	15.2	10.3	8.2	40.7	-	-
Urdang Value Added Fund II	0.4	5.6	-	-	-	94.0	-	-	-	-
Value Added	**2.8**	**6.0**	**8.3**	**3.9**	**9.2**	**10.7**	**3.1**	**19.4**	**11.9**	**24.6**
Total Portfolio										
LACERS	**17.0**	**8.7**	**4.6**	**1.4**	**7.6**	**10.3**	**4.6**	**29.1**	**10.2**	**6.5**
Indices										
NFI-ODCE	**21.6**	**9.6**	**8.0**	**1.4**	**9.3**	**9.6**	**4.9**	**35.6**	**-**	**-**

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
Opportunistic										
Apollo CPI Europe I	-	-	-	-	-	-	-	-	-	-
Bristol Value II, L.P.	38.8	-	-	-	52.3	-	8.8	-	-	-
Bryanston Retail Opportunity Fund	18.8	0.0	10.6	0.2	1.9	12.7	14.7	41.1	-	-
California Smart Growth Fund IV	-	-	-	-	-	-	-	100.0	-	-
Canyon Johnson Urban Fund II	100.0	-	-	-	-	-	-	-	-	-
CBRE Strategic Partners UK Fund III	-	-	-	-	-	-	-	-	-	-
CIM Real Estate Fund III	37.6	2.3	17.0	-	19.0	0.1	3.4	20.2	-	0.3
CityView LA Urban Fund I	-	-	-	-	-	-	-	100.0	-	-
Colony Investors VIII	0.0	-	-	-	-	-	-	15.7	-	84.3
DRA Growth and Income Fund VI	-	-	-	6.8	37.9	-	55.3	-	-	-
Genesis Workforce Housing Fund II	-	-	-	-	-	-	-	-	-	-
Integrated Capital Hospitality Fund	-	51.9	-	-	36.8	11.3	-	-	-	-
LaSalle Asia Fund II	-	-	-	-	-	-	-	-	-	-
Latin America Investors III	-	-	-	-	-	-	-	-	-	100.0
Lone Star Fund VII	-	10.4	-	-	27.6	2.3	-	-	59.2	0.5
Lone Star Real Estate Fund II	-	-	-	-	-	-	-	-	86.5	13.5
Lowe Hospitality Investment Partners	-	-	-	-	-	-	-	-	-	-
MacFarlane Urban Real Estate Fund II	-	-	-	-	-	-	-	-	-	-
RECP Fund IV, L.P.	30.8	20.7	-	-	-	1.0	0.1	22.0	-	25.4
Southern California Smart Growth Fund	-	-	-	-	-	-	-	100.0	-	-
Stockbridge Real Estate Fund II	-	-	-	-	-	-	-	100.0	-	-
The Buchanan Fund V	-	-	-	-	-	85.2	-	14.8	-	-
Torchlight Debt Opportunity Fund II	-	-	-	-	-	-	-	-	100.0	-
Torchlight Debt Opportunity Fund III	-	-	-	-	-	-	-	-	100.0	-
Torchlight Debt Opportunity Fund IV	-	-	-	-	-	-	-	-	100.0	-
Tuckerman Group Residential Income & Value Added Fund	100.0	-	-	-	-	-	-	-	-	-
Walton Street Real Estate Fund V	-	9.6	2.4	-	32.0	-	15.1	8.8	-	32.0
Walton Street Real Estate Fund VI	41.3	10.9	9.3	1.2	8.5	8.6	0.9	14.6	-	4.6
Opportunistic	**19.9**	**7.6**	**2.5**	**0.2**	**9.3**	**3.2**	**3.0**	**19.5**	**22.9**	**12.0**
Private Portfolio	**18.0**	**9.4**	**5.6**	**1.4**	**8.3**	**11.3**	**5.2**	**30.0**	**5.2**	**5.7**
Non-Core Portfolio	**12.3**	**6.9**	**5.1**	**1.8**	**9.3**	**6.5**	**3.0**	**19.5**	**18.0**	**17.6**
Total Portfolio										
LACERS	**17.0**	**8.7**	**4.6**	**1.4**	**7.6**	**10.3**	**4.6**	**29.1**	**10.2**	**6.5**
Indices										
NFI-ODCE	**21.6**	**9.6**	**8.0**	**1.4**	**9.3**	**9.6**	**4.9**	**35.6**	**-**	**-**

Advisory Disclosures and Definitions

Disclosure

Trade Secret and Confidential.

Past performance is not indicative of future results.

Investing involves risk, including the possible loss of principal.

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

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

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

Benchmarks

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

Footnotes to Returns (2) Tab

[1] 'Broken' TWR – In a series of quarterly returns for an investment line item, a single quarter of significant volatility and/or temporary negative market value will 'break' the time weighted calculation and period returns (including since inception) must start anew in a subsequent quarter. Depending upon the timing of the break, TWRs may never accurately reflect performance of the investment line item. Line item data continues to be reflected in the sub-portfolio and portfolio totals, however for the individual line item, the internal rate of return ("IRR") becomes a more appropriate data point for evaluation.

[2] Liquidating investment.

Exhibit B: Real Estate Market Update

United States Real Estate Market Update (2Q17)

General

- The S&P 500 produced a gross total return of 3.1% during the Quarter, as market have continued to rally to new heights. Likewise, the MSCI US REIT index produced a more moderate return of 1.7%. Consumer Sentiment cooled off during the Quarter, with a final value of 95.1 in June, but remains elevated. US 10 year treasury bond yields compressed an additional 8 bps, from March 31 to June 30, to 2.3%.

- Macro indicators for U.S. real estate surpassed expectation, GDP growth for the 2nd quarter was revised up to an annualized rate of 3.0%, beating the 2.7% expected. With the conclusion of June, the economy has now experienced 81 consecutive months of job growth. Furthermore, headline inflation remained healthy at 1.9%, just shy of the fed's 2% target. The Federal reserve did not raises rates as initially expected, and now the futures market implied probabilities indicate that another rate hike is not likely until 2018.

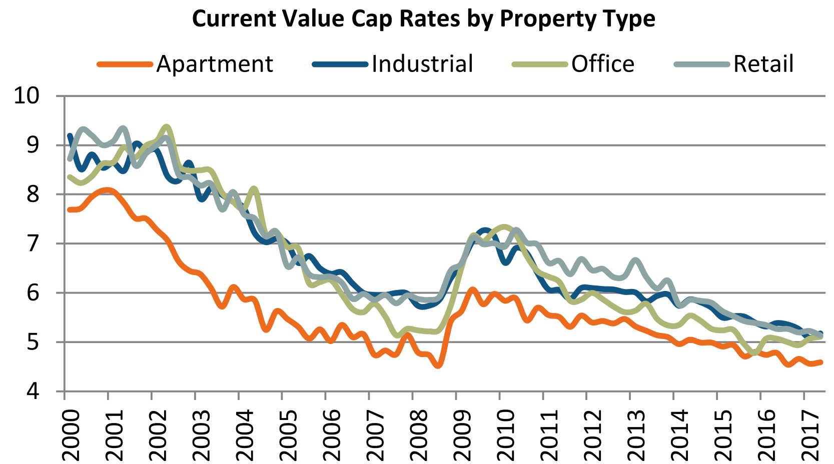
Commercial Real Estate

- In 2016, $124.1bn of aggregate capital was raised by US real estate funds. During the 1st half of 2017, an additional $56.3bn of capital was raised which represents a decline of 10% compared to the 1st half of 2016. Continuing on trend since 2012, 2017 (YTD) has witnessed the largest average fund size at $449m thus far.

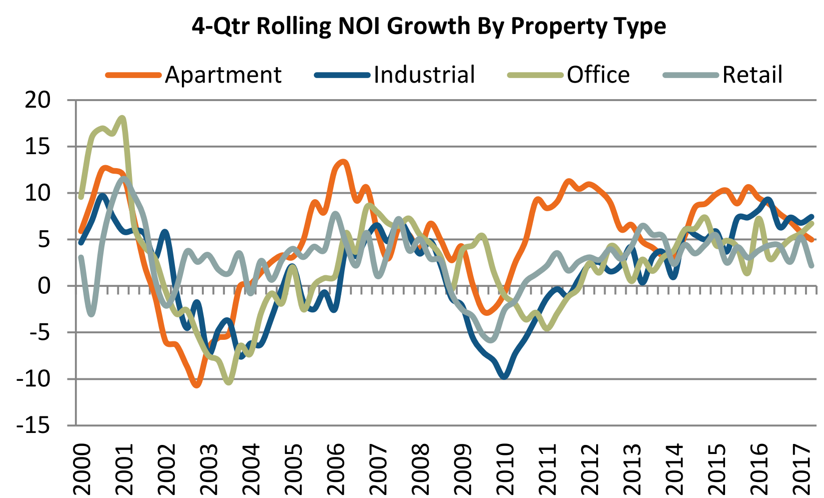
- According to RCA, deal volume dropped 8% during the 1st half of 2017 in the US compared to 2016, although capital markets remains healthy at this point. NOI Growth remains positive for all major property types tracked in the NPI, even retail despite recent negative headlines.

- Transaction cap rates (6.06%) on average remained flat during the 2nd Quarter of 2017. Multifamily, industrial and office witnessed less than 10 bps of expansion, while retail experienced 9 bps of compression.

- 10 year treasury bond yields compressed an additional 10 bps to 2.3% during the quarter and, subsequent to quarter end, have continued to decline. It appears now the pro-growth political agenda the market expected will be more difficult to achieve than initially implied by the markets reaction.



Source: NCREIF



Source: NCREIF

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

United States Property Matrix (2Q17)

TOWNSEND® GROUP

INDUSTRIAL

- As of 2Q17, Industrial properties returned 3.1% and outperformed the NPI by 132 bps.
- During the quarter, net absorption was exceeded by new deliveries for the first time in seven years. However, net deliveries still lags net absorption for the first half of the year.
- A lack of investment opportunities persists, driving a continued increase in investor demand for secondary and tertiary markets. Tertiary market activity has increased 36.2% since 2014.
- First half volumes totaled $23.8 billion, amounting to 245.0 million sqft of activity, representing year-over-year growth of 20.7%.
- The 50 bps vacancy rate decrease over the past 12 moths has lead to an historical low of 5.2%. A lack of supply continues to increase rental rates, reaching an all-time high of $5.35 psf equating to 12-month rental rate growth of 9.2% .

MULTIFAMILY

- Sales volume totaled $30.5 billion in the second quarter, compared to the $24.8 billion the prior quarter. First half sales are down 22.3% from 2016's record setting pace of activity.
- Investors continue to shift their focus to untapped submarkets with limited exposure to construction. This shift has caused garden-style transactions to represent 70.6% of year-to-date activity, the highest level since 2009.
- Declines in primary markets transactions continues to elevate the liquidity in secondary and tertiary markets. Secondary markets comprised a two-decade record 44.6% of first half transactions.
- Annual rent growth in the second quarter was 2.5%. The pace of rent growth has now declined 190 bps year-over-year, with concessions increasing alongside recent deliveries.
- The apartment sector delivered a 1.5% return during the Quarter, underperforming the NPI by 30 bps.

OFFICE

- The Office sector returned 1.6% in 2Q17, 16 bps below the NPI.
- Year-to-date absorption in the office sector has totaled 9.9 million sqft, marking 29 consecutive quarters of positive absorption.
- Construction volumes held steady at 108.8 million sqft, remaining near the cycle high. Development and financing markets have begun to pull back, with construction starts now below the long-term quarterly average of 11.1 million sqft.
- With the market realizing increased new deliveries, year-over-year Class A vacancy has increased approximately 50 bps. The increase in deliveries has not impacted rent growth, which is up 3.2% over the past 12 months.
- Volumes recovered modestly this quarter, falling just 3.6% year-over-year, reaching $31.5 billion. The first have of 2017 has still seen an 11.9% year-over-year decline. Investor selectivity in the market lead to a forecasted volume decline of 10.0% from 2016 levels.

RETAIL

- First half retail sales volumes declined 18.7% at midyear to $27.0 billion in transactions. Investors are returning to strong gateway markets to place capital with less risk, given the uncertainty surrounding retail.
- Transactions over $1.0 billion accounted for 31.7% of retail volume in the first half of 2017, the highest level since 2014.
- Outside of power center vacancy softening by 62 bps year-over-year, all other retail product are experiencing vacancy declines with a 20 bps reduction over the past 12 months.
- Institutional retail investment declined 67.1% year-over-year. Private sources of capital increasingly represent a potential opportunity to divest, if sellers are willing to meet these buyers' pricing expectations.
- As of 2Q17, the retail sector delivered a quarterly return of 1.5%, performing 23 bps below the NPI.

Sources: Real Capital Analytics, Bloomberg LP, Green Street, US Census Bureau, NCREIF, Jones Lang LaSalle, REIS, Cushman and Wakefield

Global Real Estate Market Update (2Q17)

TOWNSEND® GROUP

Global

- Global investment activity remained stable during 2Q 2017 totaling $153 billion, unchanged from 2Q 2016 levels. Existing political tension and uncertainties continued into the second quarter, but global markets were largely unaffected and commercial real estate investments continue to be accretive. London maintained its top global investment position, followed by New York and Los Angeles in second and third place, respectively.

Direct Commercial Real Estate Investment - Regional Volumes, 2016 - 2017

$ US Billions	Q1 2017	Q2 2017	% Change Q1 17 - Q2 17	Q2 2016	% Change Q2 16 - Q2 17	H1 2016	H1 2017	% Change H1 16 - H1 17
Americas	58	64	10%	69	-7%	130	122	-6%
EMEA	56	58	4%	56	4%	106	114	8%
Asia Pacific	29	31	7%	28	11%	54	61	13%
Total	143	153	7%	153	0%	290	297	2%

Source: Jones Lang LaSalle, Juy 2017

Europe

- European investment increased 4% y/y in 2Q 2017 to $58 billion. While France saw a 45% decline y/y, this was compensated for by a strong 8% annual increase by Germany. The U.K. performed well, with $18 billion in Q2, or an increase of 18% y/y. Southern Europe posted a 58% y/y jump, with Spain and Italy being the significant contributors. Further, Greece had a large increase in investment volumes with $400M in 2Q 2017 as compared to $38 million in 2Q 2016. Central and Eastern Europe was down 5% y/y, mostly due to a 28% decrease by Poland. However, Russia saw a major $1 billion hike in investment volumes resulting in a 285% y/y increase. The Nordics saw a 6% y/y increase in activity.

Global Outlook - GDP (Real) Growth % pa, 2016-2018

	2016	2017	2018
Global	**3.1**	**3.5**	**3.7**
Asia Pacific	**5.5**	**5.4**	**5.3**
Australia	2.5	2.5	2.4
China	6.7	6.6	6.1
India	7.9	6.9	7.5
Japan	1.0	1.4	1.3
North America	**0.8**	**1.9**	**2.5**
US	1.6	2.2	2.7
MENA*	**3.2**	**2.5**	**3.7**
European Union	**2.0**	**2.2**	**1.9**
France	1.1	1.6	1.7
Germany	1.8	2.0	1.6
UK	1.8	1.7	1.5

*Middle East North Africa

Source: Jones Lang LaSalle (Oxford Economics), July 2017

Asia

- Asia Pacific investment for 1H 2017 increased 13% from 1H 2016, coming in at $60.7 billion. China was the strongest contributor with $12.4 billion of investment volumes, or a 36% y/y increase, but activity also increased in South Korea and Japan and remained stable in Australia, Singapore, and Hong Kong. Domestic buyers dominated the Japanese market by making up 30% of total transactions, and a significant portion of demand in Australia came from offshore capital sources. Cross border investments accounted for 30% of total transaction volumes.

Sources: Jones Lang LaSalle Research, Bloomberg LP

Exhibit C: Glossary

Cash Flow Statement

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

Style Groups

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

Indices

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

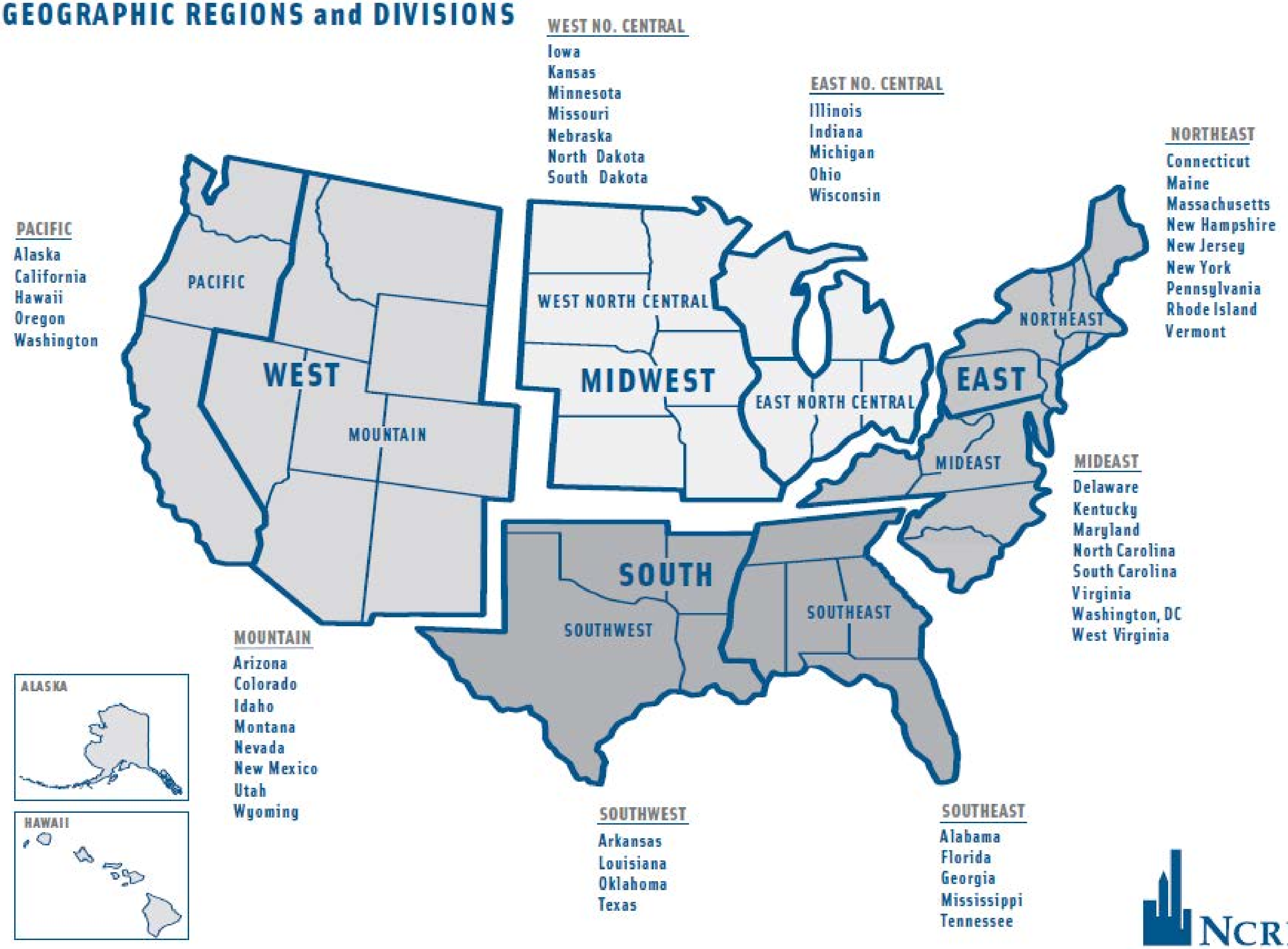
Performance

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

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

TOWNSEND® GROUP

GEOGRAPHIC REGIONS and DIVISIONS



NCREIF

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Report to Board of Administration

Agenda of: **DECEMBER 12, 2017**

From: Thomas Moutes, General Manager

ITEM: **IV-G**

SUBJECT: **CONTRACT WITH CEM BENCHMARKING INC. AND POSSIBLE BOARD ACTION**

Recommendation:

That the Board:

1) Make a determination, under City Charter Section 1022, that work under the proposed contract is performed more feasibly by independent contractors rather than by City employees;
2) Find that pursuant to City Charter Section 371(e)(10), the use of competitive bidding would be undesirable or impractical;
3) Approve payment of a one-time fee of $30,000 for CEM Benchmarking Inc. to perform an objective cost and performance benchmarking analysis of the LACERS portfolio; and,
4) Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion:

Background

CEM Benchmarking Inc. (CEM) specializes in providing cost and performance benchmarking information to institutional investors such as public and private pension funds, endowments and foundations, and sovereign wealth funds. Since 1990, CEM has maintained a database of investment management and administration costs and investment performance for a global universe of funds that currently consists of over 350 funds, representing $7 trillion in assets. CEM updates this database on an annual basis by issuing comprehensive surveys to its universe of funds. LACERS participates in this free survey each year.

Utilizing its database, CEM will perform a customized benchmarking study of LACERS at a cost of $30,000. CEM will provide a detailed report of investment performance, risk, and costs compared to a peer group of funds, similar in size and characteristics to LACERS, and to CEM's universe of funds. The information contained in this report would assist the Board and staff with managing LACERS' costs and performance, provide trend and research insights to support decision making, and promote fund governance. LACERS previously paid for CEM's benchmarking study from 2002 to 2008 and for 2013.

Staff has canvassed the market and was unable to find any other qualified firms that provide these services.

Should the Board approve this contract, CEM will present the results of this benchmarking study to the Board during the first quarter of 2018. The Board previously approved $30,000 in the budget in anticipation of commissioning this study.

Strategic Plan Impact Statement
Participation in the CEM benchmarking study will provide LACERS with a comparative analysis of investment management and administration services costs and performance to improve decision making. This is consistent with Goal IV (achieve satisfactory long-term risk adjusted investment returns) and Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

This report was prepared by Wilkin Ly, Investment Officer II, Investment Division.

RJ:BF:WL:ag

Attachments: A) Proposed Resolution
B) Workforce Composition

ATTACHMENT A

CONTRACT FOR
CEM BENCHMARKING INC.
COST COMPARISON AND ANALYSIS SERVICES

PROPOSED RESOLUTION

WHEREAS, the CEM Benchmarking Inc. (CEM) study will provide LACERS with an objective analysis of investment management and administration services costs and investment performance and risk;

WHEREAS, LACERS staff lacks the expertise necessary to perform this work;

WHEREAS, CEM has expertise in this area that is unique and cannot be acquired through any other service provider;

WHEREAS, the one-time fee of $30,000 covers the cost of the benchmarking study;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves payment of a one-time fee of $30,000 with CEM to perform an objective cost and performance benchmarking analysis of the LACERS portfolio; and, authorizes the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Company Name:	CEM Benchmarking Inc.
Service Provided:	Cost Comparison and Analysis Services
Duration:	One-time occurrence

December 12, 2017

ATTACHMENT B

Vendor: CEM Benchmarking, Inc.
Address: 372 Bay Street, Suite 1000
Toronto, Ontario, Canada
M5H 2W9

Date Completed: December 1, 2017

TOTAL COMPOSITION OF WORK FORCE									
Occupation	**African American Full Time**	**Hispanic Full Time**	**Asian or Pacific Islander Full Time**	**American Indian/ Alaskan Native Full Time**	**Caucasian (Non Hispanic) Full Time**	**Total Employees Full Time**	**Percent (%) Minority Full Time**	**Gender Full Time Male**	**Gender Full Time Female**
Officials & Managers	0	0	1	0	4	**5**	**20.00%**	4	1
Professionals	0	0	1	0	7	**8**	**12.50%**	4	4
Technicians	1	0	6	0	7	**14**	**50.00%**	10	4
Sales Workers	0	0	0	0	2	**2**	**0.00%**	2	0
Office/Clerical	0	0	0	0	1	**1**	**0.00%**	0	1
Semi-Skilled	0	0	0	0	0	**0**	**0.00%**	0	0
Unskilled	0	0	0	0	0	**0**	**0.00%**	0	0
Service Workers	0	0	0	0	0	**0**	**0.00%**	0	0
Other	0	0	0	0	0	**0**	**0.00%**	0	0
Total	**1**	**0**	**8**	**0**	**21**	**30**	**30.00%**	**20**	**10**

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Report to Board of Administration

Agenda of: **DECEMBER 12, 2017**

From: Thomas Moutes, General Manager

ITEM: **IV-H**

SUBJECT: **CONSENT OF ASSIGNMENT OF INSTITUTIONAL SHAREHOLDER SERVICES INC.'S CONTRACT AND POSSIBLE BOARD ACTION**

Recommendation:

That the Board consent to the assignment of Institutional Shareholder Services Inc.'s proxy voting services contract; and, authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion:

Background

Since 1985, LACERS has contracted with Institutional Shareholder Services Inc. (ISS) for proxy voting services for LACERS' U.S. and non-U.S. public equity holdings. Services include:

- Research reports and analyses on shareholder meetings, with vote recommendations on each agenda item;
- Management of proxy guidelines and implementation of custom vote recommendations according to LACERS' Proxy Voting Policy; and,
- An electronic platform for voting proxy ballots.

In a letter dated September 7, 2017, ISS confirmed that it had entered into an acquisition agreement with Genstar Capital (Genstar). Genstar is a private equity firm that targets investments in the financial services, software, industrial technology, and healthcare industries. Under the agreement, Genstar acquired a majority interest in ISS effective October 27, 2017.

Under the Investment Advisers Act of 1940, a change in control of an investment advisory firm is deemed to be an "assignment" that requires written consent of the client. The change in ownership is also a triggering event within LACERS' contract with ISS, and therefore requires the Board's approval for the assignment of the contract.

Due Diligence

ISS has assured staff that there will be no changes to ISS's current management team, team assigned to LACERS, or scope of services provided to LACERS. In addition, since this is an assignment of an existing contract, all terms of LACERS' current contract, including the termination provision, remain intact. Staff believes that this acquisition will not adversely affect ISS's quality of service for the duration of the contract period.

General Fund Consultant Recommendation
NEPC, LLC, LACERS' General Fund Consultant, concurs with this recommendation.

Strategic Plan Impact Statement
A contract with Institutional Shareholder Services Inc. is consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

This report was prepared by Wilkin Ly, Investment Officer II, Investment Division.

RJ:BF:WL:ag

Attachment: Press Release on Acquisition of Institutional Shareholder Services Inc.

ATTACHMENT

Genstar Capital, in Partnership with Management, Announces Acquisition of Institutional Shareholder Services from Vestar Capital Partners

San Francisco-based Private Equity Firm to Help Facilitate Continued Growth

NEW YORK & SAN FRANCISCO (September 7, 2017) – Institutional Shareholder Services Inc. (ISS), a leading provider of corporate governance and responsible investment solutions to financial market participants, today announced that Genstar Capital has entered into a definitive agreement to acquire ISS from Vestar Capital Partners for $720 million.

The transaction is expected to close by early fourth quarter, subject to customary closing conditions.

ISS will continue to operate independently once the transaction is completed and the current ISS executive leadership team will remain in place.

"The ISS leadership team and I are extremely pleased to partner and collaborate with Genstar, whose deep experience and successful track record working with industry-leading firms such as ours, will help us further accelerate the growth of our product and service offerings for the benefit of clients," said ISS President & CEO Gary Retelny. "ISS has the right partner in Genstar to remain sharply focused on our long-standing commitment to provide market-leading expertise, innovation, and service in the area of global corporate governance.

"We thank Vestar Capital Partners for their commitment to ISS and its clients around the globe over the past three years. It has been a tremendously successful partnership," Mr. Retelny said.

"Our partnership with Gary Retelny and the ISS management team has been extremely productive and highly successful, including the completion of five acquisitions, which significantly broadened its products and services," said Rob Rosner, co-president of Vestar. "We are proud of how ISS has expanded its business over the past several years and strengthened its global position as the leading authority in corporate governance."

Genstar Capital Managing Director Tony Salewski welcomed the addition of ISS to the Genstar family of portfolio companies, reflecting its approach of backing strong management teams by investing in leading businesses that provide critical tools and services to the financial services community.

"While maintaining its status as the premier governance provider, ISS has expanded significantly over the past three years, exhibiting a deep commitment to its clients by building a robust infrastructure and continuing to develop a world-class suite of ESG solutions," said Salewski. "We are excited to back Gary and his team in building on this progress through both organic and acquisition growth initiatives globally."

ISS currently has more than 1,000 employees operating across 19 global offices in 13 countries. Its approximately 3,000 clients include many of the world's-leading institutional investors who rely on ISS' objective and impartial proxy research and data to vote portfolio holdings, as well as public companies focused on governance risk mitigation as a shareholder-value enhancing measure.

Simpson Thacher & Bartlett LLP acted as legal advisor to ISS and Vestar Capital Partners on the transaction, Willkie Farr & Gallagher LLP to Genstar Capital, and Davis Polk & Wardwell LLP to ISS' management.

Report to Board of Administration

Agenda of: **DECEMBER 12, 2017**

From: Thomas Moutes, General Manager ITEM: **IV-I**

SUBJECT: **DISCLOSURE REPORT OF FEES, EXPENSES, AND CARRIED INTEREST OF ALTERNATIVE INVESTMENT VEHICLES FOR THE FISCAL YEAR ENDING JUNE 30, 2017 PURSUANT TO GOVERNMENT CODE SECTION 7514.7**

Recommendation:

That the Board receive and file this report.

Discussion:

Background
California Government Code Section 7514.7 (enacted into law by the passage of Assembly Bill 2833) requires LACERS to obtain and disclose specific fee, expense, and other information relating to alternative investment vehicles within the LACERS investment portfolio. The disclosure must be made at least annually at a meeting open to the public. The law defines an alternative investment vehicle as a private equity fund, venture fund, hedge fund, or absolute return fund; LACERS considers private real estate funds to fall within the scope of the alternative investment vehicles definition. Pursuant to Section 7514.7, alternative investment vehicles must provide the following information for public disclosure by LACERS:

1. The fees and expenses that LACERS pays directly to the alternative investment vehicle, the management company or related parties.

2. LACERS' pro rata share of fees and expenses not included in (1) that are paid from the alternative investment vehicle to the management company or related parties.

3. LACERS' pro rata share of carried interest distributed by the alternative investment vehicle to the management company or related parties.

4. LACERS' pro rata share of aggregate fees and expenses paid by all of the portfolio companies held by the alternative investment vehicle to the fund manager or related parties.

5. The gross and net internal rate of return of the fund, since inception.

6. Any additional information described in the California Public Records Act [Government Code Section 6254.26 (b)]:

    i. The name, address, and vintage year of each alternative investment vehicle.
    ii. The dollar amount of the commitment made by LACERS to each alternative investment vehicle since inception.
    iii. The dollar amount of cash contributions made by LACERS to each alternative investment vehicle since inception.
    iv. The dollar amount, on a fiscal year-end basis, of cash distributions received by LACERS from each alternative investment vehicle.
    v. The dollar amount, on a fiscal year-end basis, of cash distributions received by LACERS plus remaining value of partnership assets attributable to LACERS investment in each alternative investment vehicle.
    vi. The net internal rate of return of each alternative investment vehicle since inception.
    vii. The investment multiple of each alternative investment vehicle since inception.
    viii. The dollar amount of the total management fees and costs paid on an annual fiscal year-end basis, by LACERS to each alternative investment vehicle.
    ix. The dollar amount of cash profit received by LACERS from each alternative investment vehicle on a fiscal year-end basis.

The law applies mandatorily to funds committed to on and after January 1, 2017. Through the fiscal year ending June 30, 2017, 11 private equity funds and zero real estate funds within the LACERS portfolio were required by contract to comply with Section 7514.7.

The law is voluntary for funds committed to prior to January 1, 2017, and for which no new capital commitments have been made (pre-2017 funds), subject to LACERS using reasonable effort to acquire the information. Staff issued letters to all pre-2017 private equity funds (227 funds) and real estate funds (51 funds) requesting information in accordance with Section 7514.7. Of these funds, 48 private equity funds and 16 real estate funds provided the data.

The attached report contains LACERS alternative investments disclosures for the fiscal year ending June 30, 2017, pursuant to Section 7514.7.

This report was prepared by Bryan Fujita, Chief Operating Officer, Investment Division.

RJ:BF:ag

Attachments: A) Mandatory Disclosure Report for Private Equity Funds
B) Mandatory Disclosure Report for Real Estate Funds
C) Voluntary Disclosure Report for Private Equity Funds
D) Voluntary Disclosure Report for Real Estate Funds

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CA GOVERNMENT CODE §7514.7 DISCLOSURE REPORT FOR ALTERNATIVE INVESTMENT VEHICLES
FOR FISCAL YEAR ENDING JUNE 30, 2017

MANDATORY DISCLOSURE BY FUNDS COMMITTED TO ON OR AFTER JANUARY 1, 2017
PRIVATE EQUITY FUNDS

Fund	Address	Vintage Year	Fees and expenses paid directly Fiscal Year End	Fees and expenses paid from the Fund Fiscal Year End	Carried interest paid Fiscal Year End	Fees and expenses paid by all portfolio companies Fiscal Year End	$ Commitment	$ Contributions Since Inception	$ Remaining Value of LACERS Investment	$ Distributions Fiscal Year End	$ Distributions + Remaining Value of Partnership Fiscal Year End	$ Profit (Realized Gain/Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
ABRY Senior Equity Fund V, LP	111 Huntington Ave 29th Floor Boston, MA 02199	2017	84,955	-	-	-	10,000,000	642,167	624,333	-	624,333	(10,437)	26.2%	-9.3%	1.0
Brentwood Associates Private Equity VI, LP	11150 Santa Monica Blvd Suite 1200 Los Angeles, CA 90025	2017	-	-	-	-	25,000,000	-	-	-	-	-	0.0%	0.0%	-
CVC Capital Partners VII, LP	111 Strand London, England WCZR 0AG	2017	-	-	-	-	27,196,260	-	-	-	-	-	0.0%	0.0%	-
DEFY Partners I, LP	3340 Hillview Ave Palo Alto, CA 94304	2017	-	-	-	-	10,000,000	-	-	-	-	-	0.0%	0.0%	-
EnCap Energy Capital Fund XI, LP	1100 Louisiana Street Suite 3150 Houston, TX 77002	2017	-	-	-	-	40,000,000	-	-	-	-	-	0.0%	0.0%	-
Glendon Opportunities Fund II, LP	1620 26th Street, 2000N Santa Monica, CA 90404	2017	-	-	-	-	40,000,000	-	-	-	-	-	0.0%	0.0%	-
New Enterprise Associates 16, LP	5425 Wisconsin Ave Suite 800 Chevy Chase, MD 20815	2017	-	26,048	-	-	25,000,000	750,000	691,670	-	691,670	(209)	-48.9%	-62.2%	0.9
Oak HC/FT Partners II, LP	Three Pickwick Plaza Suite 302 Greenwich, CT 06830	2017	-	-	-	-	10,000,000	-	-	-	-	-	0.0%	0.0%	-
Palladium Equity Partners V, LP	1270 Avenue of the Americas, Suite 2200 New York, NY 10020	2017	-	-	-	-	25,000,000	-	-	-	-	-	0.0%	0.0%	-
Stripes Growth Partners IV, LP	402 West 13th Street New York, NY 10014	2017	-	-	-	-	10,000,000	-	-	-	-	-	0.0%	0.0%	-
Upfront VI, LP	1314 7th Street Santa Monica, CA 90401	2017	-	-	-	-	20,000,000	-	-	-	-	-	0.0%	0.0%	-

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CA GOVERNMENT CODE §7514.7 DISCLOSURE REPORT FOR ALTERNATIVE INVESTMENT VEHICLES
FOR FISCAL YEAR ENDING JUNE 30, 2017

MANDATORY DISCLOSURE BY FUNDS COMMITTED TO ON OR AFTER JANUARY 1, 2017
PRIVATE REAL ESTATE FUNDS

Fund	Address	Vintage Year	Fees and expenses paid directly Fiscal Year End	Fees and expenses paid from the Fund Fiscal Year End	Carried interest paid Fiscal Year End	Fees and expenses paid by all portfolio companies Fiscal Year End	$ Commitment	$ Contributions Since Inception	$ Remaining Value of LACERS Investment	$ Distributions Fiscal Year End	$ Distributions + Remaining Value of Partnership Fiscal Year End	$ Profit (Realized Gain/Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
None															

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CA GOVERNMENT CODE §7514.7 DISCLOSURE REPORT FOR ALTERNATIVE INVESTMENT VEHICLES
FOR FISCAL YEAR ENDING JUNE 30, 2017

VOLUNTARY DISCLOSURE BY FUNDS COMMITTED TO PRIOR TO JANUARY 1, 2017
PRIVATE EQUITY FUNDS

Fund	Address	Vintage Year	Fees and expenses paid directly Fiscal Year End	Fees and expenses paid from the Fund Fiscal Year End	Carried interest paid Fiscal Year End	Fees and expenses paid by all portfolio companies Fiscal Year End	$ Commitment	$ Contributions Since Inception	$ Remaining Value of LACERS Investment	$ Distributions Fiscal Year End	$ Distributions + Remaining Value of Partnership Fiscal Year End	$ Profit (Realized Gain/Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
ACON Equity Partners III, LP	1133 Connecticut Ave NW Suite 500 Washington, DC 20036	2012	239,981	-	-	82,428	20,000,000	15,384,793	19,660,858	302,061	19,962,919	9,614	NA	10.0%	1.4
Acon-Bastion Partners II, LP	1133 Connecticut Ave NW Suite 500 Washington, DC 20036	2006	13,518	-	88,596	4,880	5,000,000	4,721,150	818,514	728,446	1,546,960	478,781	NA	13.5%	1.9
Advent International GPE VII-B, LP	75 State Street Boston, MA 02109	2012	341,109	-	-	54,258	30,000,000	27,000,000	32,412,381	4,995,000	37,407,381	4,107,836	28.0%	17.2%	1.5
Advent International GPE VIII-B-2	75 State Street Boston, MA 02109	2016	702,189	-	-	285	35,000,000	8,190,000	8,733,768	2,400,000	11,133,768	61,795	43.0%	207.6%	1.4
American Securities VII	299 Park Avenue 34th Floor New York, NY 10171	2015	657,463	NA	NA	NA	25,000,000	8,714,568	5,939,419	-	5,939,419	NA	31.5%	-61.6%	0.7
Angeles Equity Partners I	11661 San Vicente Blvd Suite 808 Los Angeles, CA 90049	2016	141,708	-	-	60,278	10,000,000	1,052,788	827,900	83,784	911,684	-	NA	-6.2%	0.9
Apollo Investment Fund VI, LP	1 Manhattanville Road Suite 201 Purchase, NY 10577	2005	27,213	-	-	8,133	15,000,000	14,372,999	4,842,952	224,427	5,067,379	92,102	12.0%	9.0%	1.7
Apollo Investment Fund VII, LP	1 Manhattanville Road Suite 201 Purchase, NY 10577	2008	43,529	-	127,596	15,851	20,000,000	16,949,586	5,019,170	1,400,091	6,419,261	1,025,674	34.0%	23.8%	2.1
Apollo Investment Fund VIII, LP	1 Manhattanville Road Suite 201 Purchase, NY 10577	2013	368,124	-	37,764	226,753	40,000,000	23,822,873	27,795,391	1,705,922	29,501,313	201,468	26.0%	14.2%	1.2
BC European X, LP	650 Madison Avenue New York, NY 10022	2017	167,290	-	-	-	28,238,400	-	-	-	-	-	NA	0.0%	-
Blue Sea Capital Fund I	240 Royal Palm Way Floor 2 Palm Beach, FL 33480	2013	79,537	4,134	-	55,688	10,000,000	4,247,693	5,324,057	-	5,324,057	-	NA	13.1%	1.3
CenterGate Capital Partners I	2700 Via Fortuna Suite 145 Austin, TX 78746	2015	109,185	-	-	-	10,000,000	735,465	432,575	62,277	494,852	-	NA	-13.4%	0.7

Note: Report excludes funds that are not required to comply with Section 7514.7 and have opted not to provide such information upon LACERS request.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CA GOVERNMENT CODE §7514.7 DISCLOSURE REPORT FOR ALTERNATIVE INVESTMENT VEHICLES
FOR FISCAL YEAR ENDING JUNE 30, 2017

VOLUNTARY DISCLOSURE BY FUNDS COMMITTED TO PRIOR TO JANUARY 1, 2017
PRIVATE EQUITY FUNDS

Fund	Address	Vintage Year	Fees and expenses paid directly Fiscal Year End	Fees and expenses paid from the Fund Fiscal Year End	Carried interest paid Fiscal Year End	Fees and expenses paid by all portfolio companies Fiscal Year End	$ Commitment	$ Contributions Since Inception	$ Remaining Value of LACERS Investment	$ Distributions Fiscal Year End	$ Distributions + Remaining Value of Partnership Fiscal Year End	$ Profit (Realized Gain/Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
Craton Equity Investors I, LP	8750 Wilshire Blvd Suite 250 Beverly Hills, CA 90211	2006	82,136	-	-	-	10,000,000	9,973,980	1,401,686	307,174	1,708,860	(217,943)	NA	-19.5%	0.3
DFJ Growth 2013, LP	2882 Sand Hill Road Suite 150 Menlo Park, CA 94025	2013	613,693	-	-	-	25,000,000	22,501,311	27,123,115	-	27,123,115	-	NA	8.9%	1.2
DFJ Growth III	2882 Sand Hill Road Suite 150 Menlo Park, CA 94025	2017	70,810	-	-	-	15,000,000	615,000	526,344	-	526,344	-	NA	-84.6%	0.9
Draper, Fisher & Jurvetson Fund XII, LP	2882 Sand Hill Road Suite 150 Menlo Park, CA 94025	2014	268,102	NA	NA	NA	10,000,000	2,275,000	2,274,308	-	2,274,308	-	NA	-0.1%	1.0
EIG Energy Fund XVI	1700 Pennsylvania Ave NW Suite 800 Washington, DC 20006	2013	399,077	-	-	-	25,000,000	15,412,306	14,977,325	1,787,465	16,764,790	292,829	13.7%	8.7%	1.3
EnCap Energy Capital Fund VIII, LP	1100 Louisiana Street Suite 3150 Houston, TX 77002	2010	147,503	-	-	-	15,000,000	13,746,702	6,640,456	2,221,482	8,861,938	(1,195,261)	-0.5%	-3.4%	0.9
EnCap Energy Capital Fund X, LP	1100 Louisiana Street Suite 3150 Houston, TX 77002	2015	528,150	-	-	-	35,000,000	16,029,712	15,776,197	2,575,633	18,351,830	3,059,845	33.4%	17.9%	1.1
EnCap Energy IX	1100 Louisiana Street Suite 3150 Houston, TX 77002	2013	336,325	-	-	-	30,000,000	24,428,990	20,089,655	10,975,454	31,065,109	9,550,303	24.7%	16.9%	1.4
First Reserve Fund XI, LP	One Lafayette Place Greenwich, CT 06830	2006	42,367	-	-	885	30,000,000	30,000,000	2,149,261	1,108,035	3,257,296	(6,431,764)	NA	-7.6%	0.7
First Reserve Fund XII, LP	One Lafayette Place Greenwich, CT 06830	2008	152,169	-	-	1,677	25,000,000	25,417,087	7,112,478	252,885	7,365,363	(4,183,239)	NA	-8.7%	0.8
Gilde Buyout Partners V, LP	2-8, avenue Charles de Gaulle, L-1653 Luxembourg R.C.S. Luxembourg: B 198.047	2016	392,948	-	-	-	26,084,371	4,796,758	4,031,439	-	4,031,439	-	NA	-28.2%	0.8
Glendon Opportunities Fund, LP	1620 26th Street, 2000N Santa Monica, CA 90404	2014	314,000	NA	1,000	NA	20,000,000	12,990,996	15,595,337	-	15,595,337	-	10.4%	8.1%	1.2

Note: Report excludes funds that are not required to comply with Section 7514.7 and have opted not to provide such information upon LACERS request.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CA GOVERNMENT CODE §7514.7 DISCLOSURE REPORT FOR ALTERNATIVE INVESTMENT VEHICLES
FOR FISCAL YEAR ENDING JUNE 30, 2017

VOLUNTARY DISCLOSURE BY FUNDS COMMITTED TO PRIOR TO JANUARY 1, 2017
PRIVATE EQUITY FUNDS

Fund	Address	Vintage Year	Fees and expenses paid directly Fiscal Year End	Fees and expenses paid from the Fund Fiscal Year End	Carried interest paid Fiscal Year End	Fees and expenses paid by all portfolio companies Fiscal Year End	$ Commitment	$ Contributions Since Inception	$ Remaining Value of LACERS Investment	$ Distributions Fiscal Year End	$ Distributions + Remaining Value of Partnership Fiscal Year End	$ Profit (Realized Gain/Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
Incline Equity Partners IV, LP	625 Liberty Ave EQT Plaza Suite 340 Pittsburgh, PA 15222	2017	58,861	-	-	-	10,000,000	-	-	-	-	-	NA	0.0%	-
Oak HC/FT Partners, LP	Three Pickwick Plaza Suite 302 Greenwich, CT 06830	2014	233,194	-	-	-	10,000,000	6,961,965	8,125,232	536,333	8,661,565	190,903	NA	15.4%	1.2
Oak Investment Partners XII, LP	901 Main Ave Suite 600 Norwalk, CT 06851	2006	135,046	-	-	-	15,000,000	15,000,000	4,735,164	266,463	5,001,627	135,836	NA	0.4%	1.0
Oaktree Opportunities Fund X, LP	333 South Grand Ave 28th Floor Los Angeles, CA 90071	2015	235,183	NA	-	NA	7,500,000	2,250,000	2,968,020	92,949	3,060,969	567,208	NA	29.2%	1.4
Oaktree Opportunities Fund Xb, LP	333 South Grand Ave 28th Floor Los Angeles, CA 90071	2016	-	-	-	-	17,500,000	-	-	-	-	-	0.0%	0.0%	-
Permira Europe III (EUR), LP	PO Box No 503 Trafaigar Court Les Banques St. Peter Port, Guernsey GY1 6DJ	2004	4,635	-	115,868	163	21,506,160	21,506,160	231,388	524,774	756,162	(917,465)	NA	26.0%	1.7
Permira Europe IV (EUR), LP	PO Box No 503 Trafaigar Court Les Banques St. Peter Port, Guernsey GY1 6DJ	2006	9,018	-	1,433,711	3,822	14,922,127	14,664,448	3,266,254	2,890,830	6,157,084	762,826	NA	8.7%	1.6
Searchlight Capital Partners II, LP	745 Fifth Ave New York, NY 10151	2015	510,640	-	-	37,258	25,000,000	6,964,191	8,829,017	-	8,829,017	-	NA	22.0%	1.3
StarVest Partners II, L.P.	750 Lexington Ave New York, NY 10022	2007	46,025	-	-	-	5,000,000	4,922,712	3,604,237	817,448	4,421,685	681,197	NA	-1.3%	0.9
StepStone Pioneer Capital I, LP	4275 Executive Square Suite 500 La Jolla, CA 92037	2004	23,513	-	-	-	10,000,000	9,751,776	3,455,952	429,160	3,885,112	341,995	NA	5.8%	1.4
StepStone Pioneer Capital II, LP	4275 Executive Square Suite 500 La Jolla, CA 92037	2006	36,584	-	-	-	10,000,000	9,421,683	7,565,543	2,162,896	9,728,439	1,529,415	NA	9.0%	1.8

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LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CA GOVERNMENT CODE §7514.7 DISCLOSURE REPORT FOR ALTERNATIVE INVESTMENT VEHICLES
FOR FISCAL YEAR ENDING JUNE 30, 2017

VOLUNTARY DISCLOSURE BY FUNDS COMMITTED TO PRIOR TO JANUARY 1, 2017
PRIVATE EQUITY FUNDS

Fund	Address	Vintage Year	Fees and expenses paid directly Fiscal Year End	Fees and expenses paid from the Fund Fiscal Year End	Carried interest paid Fiscal Year End	Fees and expenses paid by all portfolio companies Fiscal Year End	$ Commitment	$ Contributions Since Inception	$ Remaining Value of LACERS Investment	$ Distributions Fiscal Year End	$ Distributions + Remaining Value of Partnership Fiscal Year End	$ Profit (Realized Gain/Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
StepStone Secondary Opportunities Fd III	4275 Executive Square Suite 500 La Jolla, CA 92037	2016	519,692	-	-	-	25,000,000	5,511,922	6,365,246	7,104	6,372,350	150,317	NA	19.1%	1.2
TA X, LP	200 Clarendon Street 56th Floor Boston, MA 02116	2006	-	-	84,857	-	6,000,000	6,186,689	214,756	645,000	859,756	NA	10.3%	5.2%	1.3
TA XI, LP	200 Clarendon Street 56th Floor Boston, MA 02116	2010	-	320,810	908,664	1,235	20,000,000	19,650,000	17,714,655	5,671,119	23,385,774	NA	30.4%	20.3%	1.9
TA XII-A, LP	200 Clarendon Street 56th Floor Boston, MA 02116	2015	-	301,561	-	-	25,000,000	7,687,500	8,149,500	562,500	8,712,000	NA	42.9%	19.7%	1.1
Thoma Bravo Fund XII, LP	300 N. LaSalle Street Suite 4350 Chicago, IL 60654	2016	329,864	NA	-	103,517	25,000,000	10,125,100	10,136,080	1,795	10,137,875	-	NA	0.2%	1.0
Thoma Bravo Special Opportunities Fund II	300 N. LaSalle Street Suite 4350 Chicago, IL 60654	2015	3,911	NA	-	48,867	10,000,000	9,874,789	11,846,543	-	11,846,543	-	NA	11.9%	1.2
Thoma Bravo XI	300 N. LaSalle Street Suite 4350 Chicago, IL 60654	2014	60,896	NA	-	221,780	15,000,000	14,915,896	19,292,594	-	19,292,594	-	NA	14.0%	1.3
TPG Growth II, LP	301 Commerce Street Suite 3300 Fort Worth, TX 76102	2011	483,192	NA	-	NA	30,000,000	25,821,842	47,937,614	8,560,465	56,498,079	5,621,852	NA	26.7%	2.2
TPG Partners III, LP	301 Commerce Street Suite 3300 Fort Worth, TX 76102	1999	2,051	NA	-	NA	21,458,107	22,442,286	281,121	-	281,121	(276,500)	NA	24.6%	2.5
TPG Partners IV, LP	301 Commerce Street Suite 3300 Fort Worth, TX 76102	2003	8,170	NA	443,857	NA	23,256,237	27,436,973	2,525,501	1,837,776	4,363,277	994,373	NA	15.5%	2.0
TPG Partners V, LP	301 Commerce Street Suite 3300 Fort Worth, TX 76102	2006	54,399	NA	-	NA	28,726,546	31,415,182	9,284,221	4,170,355	13,454,576	1,909,035	NA	5.2%	1.4
TPG Partners VI, LP	301 Commerce Street Suite 3300 Fort Worth, TX 76102	2008	107,294	NA	426,410	NA	22,500,000	23,863,728	12,289,818	4,639,303	16,929,121	2,545,806	NA	11.3%	1.5

Note: Report excludes funds that are not required to comply with Section 7514.7 and have opted not to provide such information upon LACERS request.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CA GOVERNMENT CODE §7514.7 DISCLOSURE REPORT FOR ALTERNATIVE INVESTMENT VEHICLES
FOR FISCAL YEAR ENDING JUNE 30, 2017

VOLUNTARY DISCLOSURE BY FUNDS COMMITTED TO PRIOR TO JANUARY 1, 2017
PRIVATE EQUITY FUNDS

Fund	Address	Vintage Year	Fees and expenses paid directly Fiscal Year End	Fees and expenses paid from the Fund Fiscal Year End	Carried interest paid Fiscal Year End	Fees and expenses paid by all portfolio companies Fiscal Year End	$ Commitment	$ Contributions Since Inception	$ Remaining Value of LACERS Investment	$ Distributions Fiscal Year End	$ Distributions + Remaining Value of Partnership Fiscal Year End	$ Profit (Realized Gain/Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
TPG Star, LP	301 Commerce Street Suite 3300 Fort Worth, TX 76102	2007	445,120	NA	-	NA	20,000,000	21,133,903	10,323,859	1,329,320	11,653,179	272,586	NA	10.6%	1.6

Note: Report excludes funds that are not required to comply with Section 7514.7 and have opted not to provide such information upon LACERS request.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CA GOVERNMENT CODE §7514.7 DISCLOSURE REPORT FOR ALTERNATIVE INVESTMENT VEHICLES
FOR FISCAL YEAR ENDING JUNE 30, 2017

VOLUNTARY DISCLOSURE BY FUNDS COMMITTED TO PRIOR TO JANUARY 1, 2017
PRIVATE REAL ESTATE FUNDS

Fund	Address	Vintage Year	Fees and expenses paid directly by LACERS Fiscal Year End	Fees and expenses paid from the Fund Fiscal Year End	Carried interest paid Fiscal Year End	Fees and expenses paid by all portfolio companies Fiscal Year End	$ Commitment	$ Contributions Since Inception	$ Remaining Value of LACERS Investment	$ Distributions Fiscal Year End	$ Distributions + Remaining Value of Partnership Fiscal Year End	$ Profit (Realized Gain/Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
Almanac Realty Securities VI, LP	1140 Ave of the Americas 17th Floor New York, NY 10036	2012	86,595	-	87,540	-	25,000,000	15,475,571	10,308,109	2,089,016	12,397,125	159,544	NA	16.7%	1.4
Asana Partners Fund I, LP	1616 Camden Road Suite 210 Charlotte, NC 28203	2016	427,337	NA	NA	NA	20,000,000	5,411,739	5,546,392	-	5,546,392	(24,141)	NA	12.7%	1.0
Berkshire Multifamily Income Realty Fund	601 California Street Suite 1750 San Francisco, CA 94108	2015	1,036,849	-	24,439	108,833	20,000,000	20,000,000	23,632,834	675,686	24,308,520	-	NA	13.6%	1.2
California Smart Growth Fund IV, LP	10100 Santa Monica Blvd Suite 1000 Los Angeles, CA 90067	2006	10,212	-	-	-	30,000,000	31,448,081	7,981,531	6,142,910	14,124,441	341,818	NA	2.4%	1.2
CIM Fund III, LP	6922 Hollywood Blvd 9th Floor Los Angeles, CA 90028	2007	381,300	-	-	-	15,000,000	16,763,475	9,343,947	6,912,836	16,256,783	2,513,215	NA	10.6%	1.7
CIM Urban REIT, LLC	6922 Hollywood Blvd 9th Floor Los Angeles, CA 90028	2014	725,142	-	-	-	40,000,000	46,417,723	28,408,235	20,857,742	49,265,977	3,056,573	NA	4.8%	1.2
CIM VI-I (Urban REIT), LLC	6922 Hollywood Blvd 9th Floor Los Angeles, CA 90028	2012	428,542	-	-	257	25,000,000	25,000,000	30,338,695	936,864	31,275,559	-	NA	8.4%	1.4
CityView LA Urban Land Fund I, LP	10877 Wilshire Blvd 12th Floor Los Angeles, CA 90024	2007	205,752	-	-	-	25,000,000	61,459,547	2,388,177	-	2,388,177	2,475,647	NA	11.8%	1.2
Jamestown Premier Property Fund, LP	675 Ponce de Leon Av NE 7th Floor Atlanta, GA 30308	2015	1,534,851	11,325	563,199	308,293	50,000,000	50,399,573	47,976,285	5,599,551	53,575,836	(291,842)	NA	7.3%	1.1
JP Morgan Alternative Property Fund II	270 Park Avenue New York, NY 10017	2006	586,263	-	-	-	25,000,000	25,000,000	222,274	29,175	251,449	341,172	NA	-4.3%	0.7
Prime Property Fund, LLC	1585 Broadway 37th Floor New York, NY 10036	2015	572,930	-	-	-	50,000,000	50,000,000	53,326,823	2,044,682	55,371,505	-	NA	9.0%	1.1
Principal U.S. Property Separate Account	711 High Street Des Moines, IA 50392	2015	572,420	-	-	-	50,000,000	50,000,000	56,929,161	-	56,929,161	NA	NA	9.1%	1.1

Note: Report excludes funds that are not required to comply with Section 7514.7 and have opted not to provide such information upon LACERS request.

ATTACHMENT D

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CA GOVERNMENT CODE §7514.7 DISCLOSURE REPORT FOR ALTERNATIVE INVESTMENT VEHICLES
FOR FISCAL YEAR ENDING JUNE 30, 2017

VOLUNTARY DISCLOSURE BY FUNDS COMMITTED TO PRIOR TO JANUARY 1, 2017
PRIVATE REAL ESTATE FUNDS

Fund	Address	Vintage Year	Fees and expenses paid directly by LACERS Fiscal Year End	Fees and expenses paid from the Fund Fiscal Year End	Carried interest paid Fiscal Year End	Fees and expenses paid by all portfolio companies Fiscal Year End	$ Commitment	$ Contributions Since Inception	$ Remaining Value of LACERS Investment	$ Distributions Fiscal Year End	$ Distributions + Remaining Value of Partnership Fiscal Year End	$ Profit (Realized Gain/Loss) Fiscal Year End	Gross Internal Rate of Return Since Inception	Net Internal Rate of Return Since Inception	Investment Multiple Since Inception
Southern California Smart Growth Fund I	10100 Santa Monica Blvd Suite 1000 Los Angeles, CA 90067	2004	-	-	-	-	10,000,000	18,836,734	1,104,802	577,629	1,682,431	-	NA	-1.8%	1.0
The Buchanan Fund V, LLC	3501 Jamboree Rd Suite 4200 Newport Beach, CA 92660	2006	48,022	3,012	-	-	30,000,000	27,000,000	3,588,793	727,091	4,315,884	-	NA	-0.7%	1.0
Tuckerman Residential Income & Value Added Fund, LLC	4 International Drive Suite 230 Rye Brook, NY 10573	2004	76,289	-	-	-	25,000,000	26,064,010	7,759,067	-	7,759,067	NA	NA	0.2%	1.0
Walton Street Real Estate Fund V, LP	900 North Michigan Ave Suite 1900 Chicago, IL 60611	2006	132,502	-	-	-	25,000,000	25,000,001	7,092,540	4,087,052	11,179,592	NA	NA	-2.5%	0.8

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