



**LACERS**  
LA CITY EMPLOYEES'  
RETIREMENT SYSTEM



## *Board of Administration Agenda*

### **REGULAR MEETING**

**TUESDAY, FEBRUARY 25, 2025**

**TIME: 10:00 A.M.**

### **MEETING LOCATION:**

LACERS Boardroom  
977 N. Broadway  
Los Angeles, California 90012

#### **Important Message to the Public**

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

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via one-way audio on Council Phone by calling (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside) or (310) 547-CITY (San Pedro Area).

#### **Disclaimer to Participants**

Please be advised that all LACERS Board meetings are recorded.

#### **LACERS Website Address/link:**

[www.LACERS.org](http://www.LACERS.org)

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

|                      |   |
|----------------------|---|
| President:           | Annie Chao  |
| Vice President:      | Janna Sidley  |
| Commissioners:       | Thuy Huynh<br>Elizabeth Lee<br>Gaylord "Rusty" Roten<br>Sung Won Sohn<br>Michael R. Wilkinson |
| Manager-Secretary:   | Todd Bouey  |
| Executive Assistant: | Ani Ghoukassian   |
| Legal Counsel:       | City Attorney's Office<br>Public Pensions General<br>Counsel Division                         |

#### **Notice to Paid Representatives**

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

#### **Request for Services**

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

Sign Language Interpreters, Communications Access Real-Time Transcription, Assisted Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, please make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days notice is strongly recommended. For additional information, please contact (800) 779-8328 or RTT (888) 349-3996.

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

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

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

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA
- II. GENERAL MANAGER VERBAL REPORT
  - A. REPORT ON DEPARTMENT OPERATIONS
  - B. UPCOMING AGENDA ITEMS
  - C. RECOGNITION OF SERVICE FOR FERRALYN SNEED, LACERS CHIEF BENEFITS ANALYST
- III. RECEIVE AND FILE ITEMS
  - A. [MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JANUARY 2025](#)
  - B. [SEMI-ANNUAL REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING DECEMBER 31, 2024](#)
- IV. COMMITTEE REPORT(S)
  - A. AUDIT COMMITTEE VERBAL REPORT FOR THE MEETING ON FEBRUARY 25, 2025
- V. CONSENT ITEM(S)
  - A. [APPROVAL OF MINUTES FOR THE MEETING OF JANUARY 28, 2025 AND POSSIBLE BOARD ACTION](#)
- VI. BOARD/DEPARTMENT ADMINISTRATION
  - A. [COST-OF-LIVING ADJUSTMENT FOR JULY 2025 AND POSSIBLE BOARD ACTION](#)
- VII. INVESTMENTS
  - A. CHIEF INVESTMENT OFFICER VERBAL REPORT
  - B. [CONTRACT WITH AKSIA LLC, REPLACEMENT OF KEY PERSON AND POSSIBLE BOARD ACTION](#)
  - C. [CONTRACT WITH NEPC, LLC, REPLACEMENT OF KEY PERSON AND POSSIBLE BOARD ACTION](#)
  - D. [PRESENTATION BY NEPC, LLC, REGARDING RISK BUDGETING AND ASSET CLASS REVIEWS AND POSSIBLE BOARD ACTION](#)
  - E. [NOTIFICATION OF COMMITMENT OF UP TO \\$50 MILLION IN TPG RISE CLIMATE II, L.P.](#)

- F. [NOTIFICATION OF COMMITMENT OF UP TO \\$25 MILLION IN BIOSPRING PARTNERS FUND II, L.P.](#)
- G. [NOTIFICATION OF COMMITMENT OF UP TO \\$25 MILLION IN CENTANA GROWTH PARTNERS III, L.P.](#)
- H. [NOTIFICATION OF COMMITMENT OF UP TO €46.17 MILLION \(APPROXIMATELY \\$50 MILLION\) IN H.I.G. EUROPE MIDDLE MARKET LBO FUND II \(CAYMAN\), L.P.](#)
- I. [NOTIFICATION OF COMMITMENT OF UP TO \\$20 MILLION IN PUTNAM HILL PRIVATE CREDIT FUND \(LEVERAGED\), L.P.](#)
- J. [NOTIFICATION OF COMMITMENT OF UP TO €27.5 MILLION \(APPROXIMATELY \\$30 MILLION\) IN NORDIC CAPITAL EVO II BETA, SCSP](#)
- K. [NOTIFICATION OF COMMITMENT OF UP TO \\$70 MILLION IN 400 CAPITAL ASSET BASED ONSHORE TERM FUND IV LP](#)
- L. [NOTIFICATION OF COMMITMENT OF UP TO \\$100 MILLION IN SILVER POINT SPECIALTY CREDIT FUND III, L.P.](#)
- M. [AUTHORIZATION FOR LACERS TO JOIN STATEMENT ON DELAWARE LEGISLATION NEGATIVELY IMPACTING SHAREHOLDER RIGHTS \(DELAWARE SENATE BILL 21\) AND POSSIBLE BOARD ACTION](#)

VIII. CLOSED SESSION

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF HAGOP TCHAKERIAN AND POSSIBLE BOARD ACTION**
- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(A) AND (D)(4) TO CONFER WITH AND RECEIVE ADVICE FROM LEGAL COUNSEL REGARDING PENDING LITIGATION IN THE CASE ENTITLED LACERA V. COUNTY OF LOS ANGELES (CASE NO. S286264) AND POSSIBLE BOARD ACTION**
- C. **CLOSED SESSION PURSUANT TO SUBDIVISIONS (A) AND (D)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL AND POSSIBLE BOARD ACTION REGARDING LITIGATION IN THE CASE ENTITLED: LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM, ET AL. V. GLENN SANFORD, ET AL., (DELAWARE COURT OF CHANCERY CASE NO. 2024-0998-KSJM)**

IX. OTHER BUSINESS

- X. **NEXT MEETING:** The next Regular meeting of the Board is scheduled for Tuesday, March 11, 2025, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.

XI. ADJOURNMENT

Agenda of: Feb. 25, 2025

Item No: III-A

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

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

**BOARD MEMBERS:**

President Annie Chao  
Vice President Janna Sidley

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

| DATE(S) OF EVENT | SEMINAR / CONFERENCE TITLE | EVENT SPONSOR<br>(ORGANIZATION) | LOCATION<br>(CITY, STATE) |
|------------------|----------------------------|---------------------------------|---------------------------|
|                  | <b>NOTHING TO REPORT</b>   |                                 |                           |



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

**MEETING: FEBRUARY 25, 2025**  
**ITEM: III – B**

---

**SUBJECT: SEMI-ANNUAL REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD  
ENDING DECEMBER 31, 2024**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

---

**Recommendation**

That the Board receive and file this report.

**Executive Summary**

This semi-annual report of the business plan initiatives (BPIs) for Fiscal Year 2024-25 (FY25) presents progress on six priority initiatives during the reporting period from July to December 2024, with three continuing initiatives and three new initiatives.

**Discussion**

The Governance BPI continues with the Triennial Board Policy Review and is focused on completing the review of the remaining Board Administrative policies, including a rewrite of the Board Education and Travel Policy. Afterward, new policies as recommended by the Management Audit will be brought to the Board for consideration.

The Language Access Plan (LAP) BPI is making significant progress in enhancing language accessibility of benefits related information to LACERS Members. This includes translating the most frequently used forms into Spanish, establishing a dedicated LACERS LAP email address, and providing interpretation services in Spanish. Additionally, the development of a LACERS LAP Request monitoring board will help track the frequency and types of interpretation and translation services, along with associated costs for budgeting purposes.

Preparing LACERS staff in event of emergencies will be addressed through the Business Continuity Plan BPI, which consists of a series of various tabletop exercises designed to evaluate the resiliency of our disaster plans. While there have been some delays in the contracting process, LACERS has established a benchmark for Tabletop Exercise Consulting Services vendors and is preparing a Task Order Solicitation of services for the first tabletop exercise, which will focus on the Shelter-in-Place training.

LACERS is always exploring opportunities to enhance customer experience with one such effort the

QLess BPI, which seeks to replace the current bookings application for a more streamlined queue management system. An internal project team has been created for requirements gathering and has begun working on configuring the necessary integrations for the QLess system to meet operational needs. The anticipated launch date for this project is March 2025.

The Central Data Repository (CDR) Modernization had been in development throughout FY24 and is now officially incorporated as part of a BPI. Though delayed by the City Human Resources and Payroll system implementation, the Data Team, Systems Team, and the Chief Information Officer have come together to assess existing environments and evaluate the migration of data to a centralized cloud-based platform. Further data integrity and validation will need to be conducted once the migration has been completed before downstream data processes can be created to enable efficient data management and operations.

In the last fiscal year, the City Human Resources and Payroll (HRP) System Implementation BPI focused on parallel testing and the integration files, which handles inbound Member information and outbound deductions and service contracts. This process encountered numerous payroll errors and various other concerns before the system went live June 16, 2024. Despite the Board's support in adding extra resources totaling up to \$861,000 for external consulting services and establishing a dedicated testing environment, there are persistent issues remaining to be resolved, as well as new issues being created as the City continues to work through Phase 2 and get all current Memorandum of Understanding (MOU) requirements established in Workday. Since June, the HRP integration has seen steady improvement with fewer issues after each major update. Following is a breakdown of invoices to date totaling \$756,360 paid by or pending LACERS under the Information Technology Agency's agreement with Workday:

- WD-348485 \$31,360.00 Implement HRP Deployment/Testing Tenant from 8/1/24 to 11/30/24
- WD-349407 \$116,000.00 Staff Augmentation (2 FTE) - Training/Reports and Integration Support for July 2024
- WD-353936 \$116,000.00 Staff Augmentation (2 FTE) - Training/Reports and Integration Support for August 2024
- WD- 358106 \$116,000.00 Staff Augmentation (2 FTE) - Training/Reports and Integration Support for September 2024
- WD-362211 \$58,000 Staff Augmentation (1 FTE) - Training/Reports Support for October 2024
- WD-362212 \$58,000 Staff Augmentation (1 FTE) - Integration Support for October 2024
- WD-366650 \$29,000 Staff Augmentation (½ FTE) - Integration Support for November 2024
- WD-370707 \$58,000 Staff Augmentation (1 FTE) - Integration Support for December 2024
- Workday \$58,000 Staff Augmentation (1 FTE) - Integration Support for January 2025
- Workday \$58,000 Staff Augmentation (1 FTE) - Integration Support for February 2025
- Workday \$58,000 Staff Augmentation (1 FTE) - Integration Support for March 2025

The last planned major update made to the inbound payroll file from Workday earlier this month reincorporates a detailed retroactive pay period record, as well as addressing how Workday reports the most recently implemented compensation plans. Development of this Pay Period Adjustment record required testing numerous scenarios over multiple pay periods and will significantly improve the efficiency of the inbound transmittal process, reduce manual work for staff, and is the remaining major milestone in the development of this transmittal file (INT046). It is expected that the City will continue to make updates in Workday which will require small adjustments in this inbound file until

Phase 2 is completed, but discussions are underway to look for longer term, automated solutions.

Following are some of the significant tickets resolved by the contractor affecting INT046:

1. INC0739701 – Bilingual Bonus
2. INC0739372 – Survey License Bonus
3. INC0739386 – Self Insurance Bonus
4. INC0739418 – Watch Commander (WQ) TS Bonus
5. INC0739430 – Daily Acting Pay (U2) TS Bonus
6. INC0739456 – Base Rate Bonus Calculations
7. INC0739467 – Port Pilot Bonuses (EI + Chief)
8. INC0739679 – Overcalculated Units Worked (LD)
9. INC0739803 – Compensation Effective Dt vs Initiated Dt
10. INC0739822 – Overcalculated Units Worked (unpaid hours)
11. INC0750342 – MCDC/VCDC Bonus for \$200 bi-weekly
12. INC0750348 – Contract#5 not showing up in INT046
13. INC0739418 – Watch Commander (WQ) TS Bonus, 80 hours of pay in transmittal
14. INC0748926 – 2.75% Bilingual Bonus Hourly, 80 hours pay passed in transmittal
15. INC0739456 – Base Rate Bonus
16. INC0766626 – Correct WQ TS bonus inaccurately awarded, Include flat rate CASp bonus
17. INC0766627 – Include contracts in 2549 record when retro, roll up amounts by Contract# and pay period
18. INC0758867 - Including all LACERS deduction information via the INT046 file such that certain Retired/Terminated members are not excluded. Additionally, there has been work done to fix bonus amounts which started coming across incorrectly/differently due to previous changes
19. INC0782696 - Newly activated bonus codes NA and C0
20. INC0742801 - Ticket for LACERS Entry Date
21. INC0776952 – INT046 Failure (Delay in receiving file for 1 week)
22. INC0759416 – On demand and Regular >> reporting twice for SPC payments for both 2544 and 2549
23. INC0760426 – "ABS - FURLOUGH/UNPAID HOLIDAY - HOURLY/SALARIED - GN" - another code with overcalculated units worked
24. INC0739440 – INT046 Transmittal Integration File - Duplicated SPC Payments
25. INC0739372 – Details: "ATP - Field Engineering Aide or Surveying Assistance - Prof Land Surveyor License - Biweekly - L9" is a \$200 bonus that is not being included in the Pensionable Base calculations and is pensionable
26. INC0620277 – Details: LACERS requests that a LACERS Certification Date and the related comments fields be added onto the INT046 integration file for consumption in the pension system
27. INC0758630 – 2547 records
28. INC0762863 – Making the INT046 file more efficient, halving the run time from 4 to 2 hours

Going forward, most development work is expected to be focused on outbound integration files into HRP; INT093 for Excess Benefits and INT123 for Pay Inputs such as for Service Purchases and the Family Death Benefits Plan. Testing these files is challenging due to the refresh cycles of testing environments and the need for specific data and process states to be in place for proper testing. Along with the challenges above, the inter-departmental coordination required can pose a challenge for time-sensitive tasks, though LACERS has implemented aggressive internal deadlines to

accommodate for any potential delays. Long-term integrations support is designated to be provided by the City Information Technology Agency (ITA); however, LACERS is still discussing what to expect going forward and whether additional resources should be considered.

The following provides a brief snapshot of each BPI. See Attachment for a detailed dashboard view of each BPI.

| <b>Governance BPI - <i>on-target</i></b>  |   |
|---|---|
| <i>SET THE COURSE FOR RISK MANAGEMENT AND STRATEGIC VISION FOR THE NEXT 3 TO 5 YEARS</i>  |   |
| <b>Team Lead(s):</b> Horacio Arroyo   |   |
| <ul style="list-style-type: none"><li>• Project sponsor:</li><li>• Total FY25 project budget:</li><li>• Project duration:</li></ul> | Todd Bouey<br>None<br>July 2022 and ongoing |

| <b>Language Access Plan BPI - <i>on-target</i></b>  |   |
|---|---|
| <i>PROVIDING TIMELY AND MEANINGFUL LANGUAGE ACCESS, INCLUDING THE DEAF AND HARD OF HEARING, TO PROGRAMS, SERVICES, INFORMATION, AND PARTICIPATORY PROCESSES</i> |   |
| <b>Team Leads:</b> Lisseth Grande & Amelia Herrera-Robles   |   |
| <ul style="list-style-type: none"><li>• Project sponsor:</li><li>• Total FY25 project budget:</li><li>• Project duration:</li></ul>                             | Dale Wong-Nguyen<br>\$40,000<br>July 2022 and ongoing |

| <b>Business Continuity Plan (BCP) BPI - <i>ontarget</i></b>   |   |
|---|---|
| <i>CONTINUE TO IMPROVE AND TEST THE LACERS BUSINESS CONTINUITY PLAN</i>   |   |
| <b>Team Lead:</b> Dan Goto  |   |
| <ul style="list-style-type: none"><li>• Project sponsor:</li><li>• Total FY25 project budget:</li><li>• Project duration:</li></ul> | Todd Bouey<br>\$18,125<br>July 2024 and ongoing |

### **HRP Integrations BPI – off-target**

*GO-LIVE OF THE HUMAN RESOURCES AND PAYROLL SYSTEM WITH DEPLOYMENT OF PAYROLL FUNCTIONALITIES, INTEGRATED WITH THE PENSION SOFTWARE*

**Team Lead:** Andy Chiu

- Project sponsor: Todd Bouey
- Total FY25 project budget: \$861,000
- Project duration: July 2021 and ongoing

### **Central Data Repository (CDR) Modernization BPI - on-target**

*IMPROVING DECISION-MAKING, STREAMLINING OPERATIONS, AND ENSURING DATA SECURITY THROUGH EFFICIENT DATA MANAGEMENT, ACCESSING USER-FRIENDLY INTERFACES AND AUTOMATION TOOLS*

**Team Lead:** Andy Chiu

- Project sponsor: Todd Bouey
- Total FY25 project budget: \$125,720
- Project duration: July 2023 and ongoing

### **QLess BPI - on-target**

*REPLACE CURRENT BOOKINGS APP WITH QLESS TO STREAMLINE QUEUE MANAGEMENT*

**Team Leads:** Vikram Jadhav & Heather Ramirez

- Project sponsor: Dale Wong-Nguyen & Taneda Larios
- Total FY25 project budget: \$10,142
- Project duration: December 2024 to July 2025

Prepared By: Chhintana Kurimoto, Management Analyst

TB/EA/SS/LL/CK

Attachment: Semi-Annual Report of Business Plan Initiatives Fiscal Year 2024-25 for the reporting period ending December 31, 2024

BOARD Meeting: 02/25/25

Item: III-B

Attachment



Fiscal Year 2024-25

# BUSINESS PLAN INITIATIVES

Semi-Annual Report of Business Plan Initiatives  
for the Period Ending December 31, 2024

# TABLE OF CONTENTS

01

LACERS GOALS

02

EXECUTIVE SUMMARY DASHBOARD

03

BUSINESS PLAN INITIATIVE DASHBOARDS

03

GOVERNANCE

04

LANGUAGE ACCESS PLAN

05

QLESS IMPLEMENTATION

06

BUSINESS CONTINUITY PLAN

07

CITY HRP SYSTEM IMPLEMENTATION

08

CENTRAL DATA REPOSITORY MODERNIZATION

09

APPENDIX A - BUSINESS PLAN INITIATIVE TEMPLATE

# LACERS GOALS

## **Customer Service**

Provide outstanding customer service that meets Members' needs

---

## **Benefits Delivery**

Delivery accurate and timely Member benefits

---

## **Health & Wellness**

Improve value and minimize costs of Members' health and wellness benefits

---

## **Investments**

Optimize long-term risk adjusted returns through superior investments

---

## **Governance**

Uphold good governance practices which affirm transparency, accountability, and fiduciary duty

---

## **Organization**

Increase organizational effectiveness, efficiency, and resiliency

---

## **Workforce**

Recruit, retain, mentor, empower, and promote a high-performing workforce



# EXECUTIVE SUMMARY DASHBOARD

| INITIATIVES                              | GOALS   | STATUS | EXECUTIVE SPONSORS | INITIATIVE LEADS                       |
|--|---|--------|--------------------|--|
| 1. <b>Governance</b>                     | Governance  |        | Todd Bouey         | Horacio Arroyo                         |
| 2. <b>Language Access Plan</b>           | Customer Service, Benefits Delivery, Governance, & Organization |        | Dale Wong–Nguyen   | Amelia Herrera–Robles & Lisseth Grande |
| 3. <b>Business Continuity Plan</b>       | Workforce, Benefits Delivery, Governance, & Organization        |        | Todd Bouey         | Dan Goto                               |
| 4. <b>QLess Implementation</b>           | Customer Service  |        | Dale Wong–Nguyen   | Vikram Jadhav & Heather Ramirez        |
| 5. <b>City HRP System Implementation</b> | Organization  |        | Todd Bouey         | Sevan Simonian                         |
| 6. <b>Central Data Repository</b>        | Organization  |        | Todd Bouey         | Andy Chiu                              |

# INITIATIVE: GOVERNANCE

**PURPOSE:** TO ENSURE THAT ALL POLICIES REMAIN RELEVANT, EFFECTIVE, AND ALIGNED WITH REGULATORY REQUIREMENTS, WHICH ENABLES THE BOARD TO EFFECTIVELY GOVERN LACERS

**DIVISION(S)/SECTION:** ADMINISTRATION

**STRATEGIC GOAL(S):** GOVERNANCE

**CURRENT STATUS:** **ON-TRACK**

**REPORT MONTHS:** JULY 2024 – DECEMBER 2024

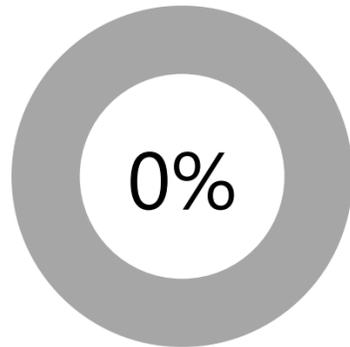
**LEAD(S):** HORACIO ARROYO

**TEAM:** EDWIN AVANESSIAN, CHHINTANA KURIMOTO, LISA LI

## BUDGET

N/A

Expense % of Budget



No budget was needed for this initiative

## KEY METRICS



## PROGRESS

- The Board has approved the revisions to the Ethical Contract Compliance Policy and the Strategic Planning Policy. Minor changes to the Presiding Officer were being vetted for adoption by the Board in February.

## CHALLENGES

- Due to competing priorities, the triennial board policy review had to be rearranged to be presented in later meetings.

## MILESTONES

|   | 1st Quarter   | 2nd Quarter  | 3rd Quarter   | 4th Quarter |
|---|---|--|---|-------------|
| Triennial Board Policy Review             | Complete review of existing Board Administrative Policies |  |   |             |
| Board Education and Travel Policy Rewrite |   | Rewrite the Board Education and Travel Policy to be more organized and clear of the responsibilities of all parties. |   |             |
| Add New Policies                          |   |  | Begin drafting new policies recommended by the Management Audit. Anticipated to be completed in FY26. |             |

## NEXT STEPS

- Vet out the remaining Board policies within the Governance Committee and bring them to the Board for adoption.
- Begin exploring alternative ways to rewrite the Board Education and Travel policy for clarity.
- Consider new policies as recommended by the Management Audit.

# INITIATIVE: LANGUAGE ACCESS PLAN (LAP)

**PURPOSE:** PROVIDE MEANINGFUL ACCESS TO ELL CONSTITUENTS

**DIVISION(S)/SECTION:** COMMUNICATIONS & STAKEHOLDER RELATIONS

**STRATEGIC GOAL(S):** CUSTOMER SERVICE, BENEFITS DELIVERY, GOVERNANCE & ORGANIZATION

**CURRENT STATUS:** **ON-TRACK**

**REPORT MONTHS:** JULY 2024- DECEMBER 2024

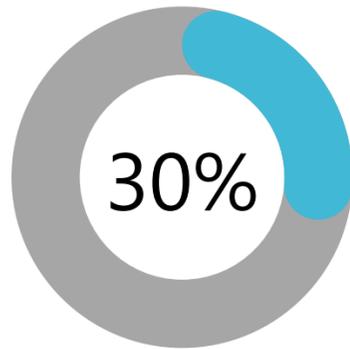
**LEAD(S):** LISSETH GRANDE, AMELIA HERRERA-ROBLES

**TEAM:** LISSETH GRANDE, AMELIA HERRERA-ROBLES, CARLOS JOVEL JR., TANEDA LARIOS

## BUDGET

\$40,000

Expense % of Budget

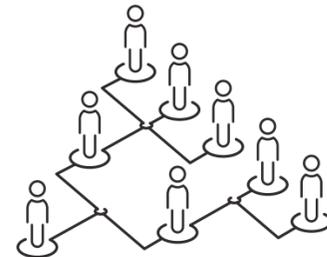


Expended: \$12,000  
Unspent: \$28,000

## KEY METRICS



- Translation of 40% of the most frequently used forms into Spanish.
- Translation of *Member-required documents* from French, Russian, and other languages into English to establish the retirement and/or continuation benefits.
- Translation of the LACERS Code of Conduct to Spanish for public display in the MSC counseling rooms.



- Membership to the Municipal Language Access Network (MLAN), a collaboration of government employees to share resources and develop best practices for the improvement of language access.
- Submission of the LAP Annual Report.

## PROGRESS

- Utilization of the LACERS LAP Request Board by member-facing units to track the frequency and type of interpretation and translation services and the fees associated to support budget reconciliation.

## CHALLENGES

- Competing department priorities diverted staff resources from this project.
- Legal accountability of internal translation of LACERS most frequently used forms.

## MILESTONES

|  | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|--|-------------|-------------|-------------|-------------|
| Modified language on agendas, print materials, and website to include interpretation services in Spanish   | ✓           |             |             |             |
| LACERS LAP Email Address   |             | ✓           |             |             |
| Second staff training for requesting interpretation and/or translation services using the Monday.com board |             |             |             |             |
| Develop procedures for how to request on demand over the phone interpretation                              |             |             |             |             |

## NEXT STEPS

- Asses and identify a timeline for the translation of the Summary Plan Description Tier 1, 3, & the Health Benefits Guide after the the English versions are revised.
- Complete a second staff training for requesting interpretation or translation services.
- Create a survey for members to rate the experience and the quality of their interpretation.

# INITIATIVE: QLESS IMPLEMENTATION

**PURPOSE:** REPLACE CURRENT BOOKINGS APP WITH QLESS TO STREAMLINE QUEUE MANAGEMENT

**DIVISION(S)/SECTION:** COMMUNICATIONS & STAKEHOLDER RELATIONS DIVISION

**STRATEGIC GOAL(S):** CUSTOMER SERVICE

**CURRENT STATUS:** **ON-TRACK**

**REPORT MONTHS:** JULY 2024-DECEMBER 2024

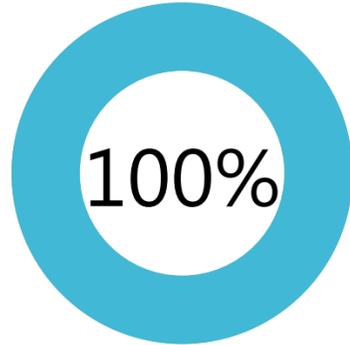
**LEAD(S):** VIKRAM JADHAV & HEATHER RAMIREZ

**TEAM:** MARILYN HERNANDEZ

## BUDGET

\$10,142

Expense % of Budget



Expended: \$10,141.86

Unspent: \$0

## KEY METRICS



Reduce average wait times by 25% in first 3 months of deployment



Increase in Member satisfaction scores by at least 20% based on post-implementation surveys.



100% adoption rate of system by staff within the first 2 months and 100% completed appointments



Regular utilization of QLess analytics and reporting tools to drive decisions within the first quarter.



Identification and resolution of 95% of initial technical issues within the first three months.

## PROGRESS

- Conducted a kickoff meeting to align stakeholders and gather requirements. Primary intentions are to enhance customer experience and increase operational efficiency.
- A project team was created to drive the configuration of the system to ensure all stakeholders are accounted for.

## CHALLENGES

- Configuring system to include black-out days from LACERS' office hours. This will prevent Members from making appointments on days LACERS' office is closed.
- IT resources for integration and testing. Due to competing priorities, staffing resources may result in delays.

## MILESTONES

|   | 1st Quarter                                     | 2nd Quarter   | 3rd Quarter  | 4th Quarter |
|---|---|---|--|-------------|
| Project Planning and Requirements Gathering | Kickoff meeting to identify scope and timeline. |   |  |             |
| System Procurement and Development          |   | Procured the Qless System and began configuring the system to meet operational needs. |  |             |
| Soft Launch                                 |   |   | Soft Launch of the QLess system is anticipated to be March 2025  |             |
| Training and Testing                        |   |   | Conduct testing and address any bugs found. Provide comprehensive training for staff and execute a pilot program to validate the system in real-world scenarios. |             |

## NEXT STEPS

- Perform quality checks to ensure all parts of the system are ready for deployment.
- Train end-users and supply training manuals to deliver a seamless transition of customer service to Members.
- Notifying Members of the new system and begin deployment.

**INITIATIVE: BUSINESS CONTINUITY PLAN**

**PURPOSE:** TRAIN STAFF AND CONDUCT ANNUAL TABLETOP EXERCISES

**DIVISION(S)/SECTION:** ADMINISTRATION/ASO

**STRATEGIC GOAL(S):** ORGANIZATION, GOVERNANCE, WORKFORCE, BENEFITS DELIVERY

**CURRENT STATUS:** **ON-TRACK**

**REPORT MONTHS:** JULY 2024 – DECEMBER 2024

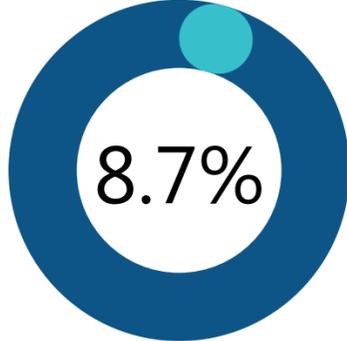
**LEAD(S):** DAN GOTO

**TEAM:** KRISTEN SZANTO, EDWIN AVANESSIAN

**BUDGET**

**\$73,487**

Expense % of Budget



\$6,400 has been spent to-date

**KEY METRICS**

|   |   |
|---|---|
| <b>17</b> senior staff trained on their annual role in updating the Department Emergency Plan and the BCP                                 | <b>23</b> staff trained on Situational Awareness by the LAPD (Run, Hide, Fight) |
| <b>24</b> employees completed intensive training with the Stairway Evacuation Chair   | <b>19</b> employees with current training on First Aid, CPR, and AED            |
| Conducted and broadcasted Emergency Response and Floor Warden Trainings, training <b>102</b> people to step in as emergency response team | <b>116</b> employees participated in evacuation drills                          |



**PROGRESS**

- Conducted DEP/BCP revision training PowerPoint for 17 senior staff
- Selected 5 vendors from the Tabletop Exercise Consulting Services RFQ
- Conducted situational awareness trainings with LAPD
- Completed annual evacuation drill

**CHALLENGES**

- Delay in selection of qualified vendors for tabletop exercise bench
- Competing projects/tasks in emergency preparedness
- Contracting delays due to various contractors
- Time needed to develop the scenario/scope
- Onboarding new training platform

**MILESTONES**

|  | 1st Quarter  | 2nd Quarter   | 3rd Quarter  | 4th Quarter  |
|--|--|---|--|--|
| Conduct Benchmark Survey                   | Training on BCP for staff, development of exercise |   | Develop survey for tabletop exercise participants  | Re-survey BCP participants on understanding of BCP operations  |
| BCP and Emergency Preparedness Trainings   | LAPD Training on situational awareness             | <ul style="list-style-type: none"> <li>• Develop BCP training PowerPoint</li> <li>• Conduct evacuation drill</li> </ul> | <ul style="list-style-type: none"> <li>• Conduct BCP training</li> <li>• Launch new training platform</li> </ul> | First Aid and AED trainings  |
| Conduct Shelter-in-Place Tabletop Exercise | Evaluate RFP submissions                           | Select vendor bench   | <ul style="list-style-type: none"> <li>• Develop exercise scope</li> <li>• Select vendor for scenario</li> </ul> | <ul style="list-style-type: none"> <li>• Conduct tabletop</li> <li>• Review After-Action reports</li> <li>• Conduct post-exercise scenario with staff</li> </ul> |

**NEXT STEPS**

- Develop Task Order Solicitation (TOS) for Shelter-in-Place exercise by the end of March
- Finalize survey to establish BCP understanding baseline
- Select tabletop vendor

# INITIATIVE: HUMAN RESOURCES & PAYROLL (HRP) INTEGRATIONS

**PURPOSE:** IMPROVE HRP INTEGRATIONS TO PROMOTE AUTOMATION

**DIVISION(S)/SECTION:** MEMBER STEWARDSHIP SECTION

**STRATEGIC GOAL(S):** BENEFITS DELIVERY, CUSTOMER SERVICE, AND ORGANIZATION

**CURRENT STATUS:** **OFF - TRACK**

**REPORT MONTHS:** JULY 2024 - DECEMBER 2024

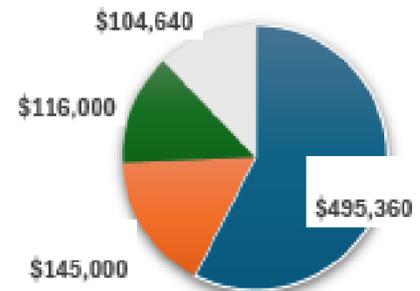
**LEAD(S):** SEVAN SIMONIAN

**TEAM:** THOMAS MA, LAUREN MCCALL, ANDY CHIU

## BUDGET

**\$861,000**  
CURRENTLY USED -  
**\$757,000**

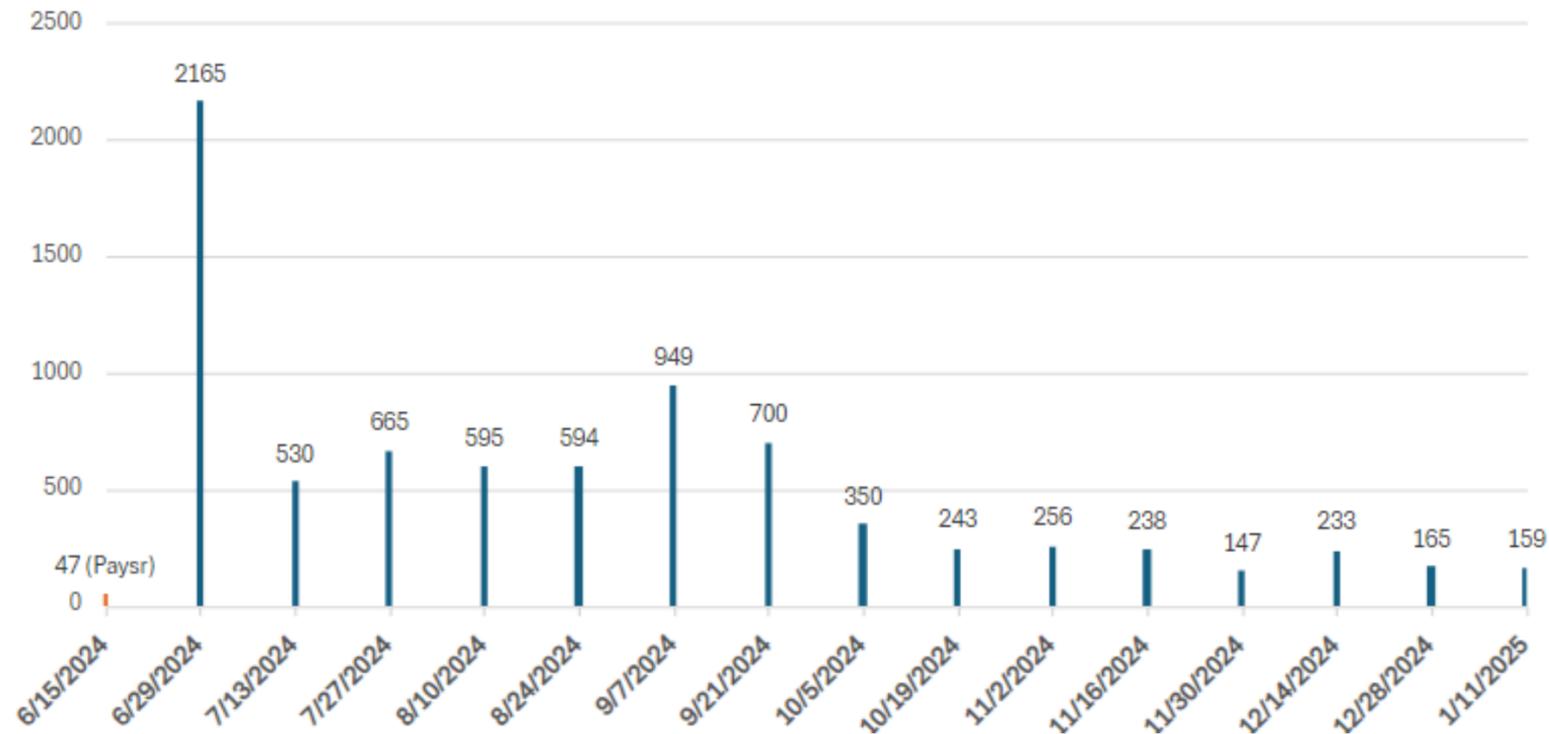
### WORKDAY CONTRACT/TESTING



■ Jul-Oct 2024    ■ Nov 2024-Jan 2025  
■ Feb-Mar 2025    ■ Unused Budget

## KEY METRICS

Total Exceptions per Pay Period Transmittal



## PROGRESS

- Improvements have been made to the INT046 file and to the Pension Administration System to adjust to the change from PaySr to Workday.
- This has significantly brought down the number of exceptions since go-live. An update/refresh is needed for the INT123 File to incorporate cancellations and or updates to elected amount(s). INT093 file is being generated to correct issues with the ROTL population.

## CHALLENGES

- Challenges include vigorous testing that is required to ensure changes do not have a negative impact on other areas.
- Additionally, inter-departmental coordination is needed and timing can be longer than expected.

## MILESTONES

| HRP Milestones  | 1st Quarter  | 2nd Quarter   | 3rd Quarter | 4th Quarter |
|---|--|---|-------------|-------------|
| Changes/Improvements to our Pension Administration System |  | Automating certain aspects of our Pension Administration System to reduce manual fixes and workarounds. SOS tickets created for tracking and visibility.  |             |             |
| Updates/Corrections to Integration files                  | Working with Accenture and Workday contractors to update the integration files. Adding 2547 record type, updating compensation plans, and ensuring member information is being reported via the INT046 file, INT123 testing/updates. INT093 development. |   |             |             |
| Procedure and Enrollment Updates                          |  | Procedures must be created and updated to reflect the needs/requirements of the new payroll system, Workday. Enrollment issues within Workday resulting in new employees eligible for membership not being enrolled or enrolled timely. |             |             |

## NEXT STEPS

- Continue to communicate any issues to ITA, Accenture, LRS, and the LACERS HRP Support Team.
- SNOW and SOS tickets will be created to request and highlight changes that are needed.
- Continue to monitor changes made and the impacts to our System.

# INITIATIVE: CENTRAL DATA REPOSITORY (CDR) MODERNIZATION

**PURPOSE:** TO ENHANCE ORGANIZATIONAL EFFECTIVENESS, EFFICIENCY, AND RESILIENCY BY IMPROVING DECISION-MAKING, STREAMLINING OPERATIONS, AND ENSURING DATA SECURITY  
**DIVISION(S)/SECTION:** ADMINISTRATION/PROJECT MANAGEMENT OFFICE/DATA UNIT  
**STRATEGIC GOAL(S):** ORGANIZATIONAL EFFICIENCY AND RESILIENCY

**CURRENT STATUS:** **ON-TRACK**

**REPORT MONTHS:** JULY 2024 – DECEMBER 2024

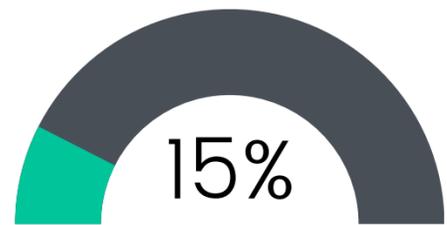
**LEAD(S):** ANDY CHIU

**TEAM:** VIKRAM JADHAV, THOMAS MA

## BUDGET

**\$125,720**

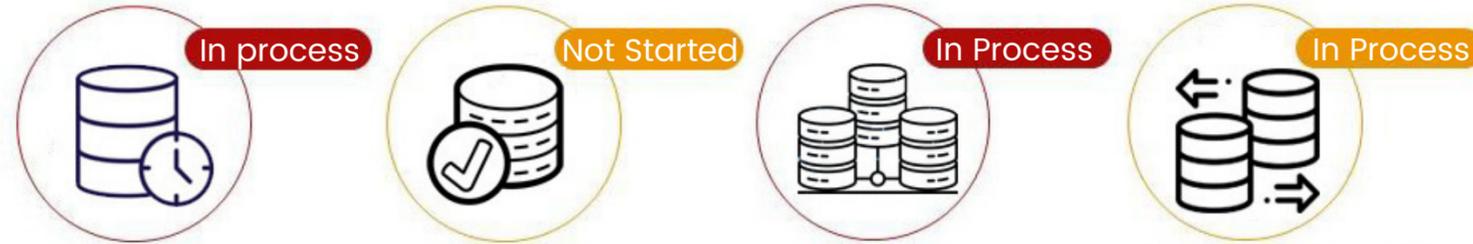
## Expense % of Budget



Expense: \$19,624

Unspent: \$106,096

## KEY METRICS



### Performance

Measure the scalability and storage performance through disk space efficiency and concurrent use

### Security and Compliance

Completeness of technical documentation for developed applications

### Data Integrity and Accuracy

Data is consistent across sources and data corruption incidents are measured

### Integration

Integration into the five business critical databases in use at LACERS

**\*\*Percent completion of the above categories will be completed upon an operational audit in FY 25/26**

## PROGRESS

- The Data Team partnered with the Chief Information Officer to showcase how the Central Repository can improve efficiency and productivity in retiree benefits. We will prioritize discussions regarding the decommissioning of existing SharePoint sites and the transition to a more robust cloud platform.

## CHALLENGES

- The increasing adoption of cloud environments introduces significant data security risks. A critical gap in comprehensive knowledge of managing these risks can hinder security initiatives and even deter application deployments.
- Ongoing defects in the Workday application continue to prevent accurate data loading into our Central Repository.

## MILESTONES

|   | 1st Quarter                    | 2nd Quarter                                    | 3rd Quarter   | 4th Quarter                                   |
|---|--------------------------------|--|---|---|
| Risk Management policies/procedures         | Assess data risk               | Assess data risk/Analyze existing environments | Internal Review addressing risk management strategies | Document systematic risk policy and procedure |
| Data Integrity Review                       | Evaluate Data Migrated         | Evaluate Data Migrated                         | Data Validity Reconciliation                          | Data Validity Reconciliation                  |
| Migrate Sharepoint BIR and Tracking reports | Evaluate Reports for Migration | Evaluate Reports for Migration                 | Deploy apps and Tracking Reports                      | Deploy apps and Tracking Reports              |
| Staff Training Timelines                    | Evaluate Training Material     | Prepare Demos to supervisors and managers      | Prepare written procedures                            | Formal Staff Training                         |

## NEXT STEPS

Our immediate next steps are to:

- Prioritize data risk assessments for cloud environments, including comprehensive review of cloud security settings to ensure compliance with leading industry standards.
- Continue monitoring HRP data and promptly resolve any defects affecting data usability.
- Develop efficient downstream data processes to improve data transfer efficiency.

**INITIATIVE: [NAME OF BUSINESS PLAN INITIATIVE]**

**PURPOSE:** [BRIEF DESCRIPTION]

**DIVISION(S)/SECTION:** [DIVISION NAME/SECTION UNIT]

**STRATEGIC GOAL(S):** [ASSOCIATED STRATEGIC GOAL AREAS]

|                     |
|---------------------|
| COMPLETED           |
| ON-TRACK            |
| OFF-TRACK           |
| INTERVENTION NEEDED |

**CURRENT STATUS:** **ON-TRACK**

**REPORT MONTHS:** [REPORTING MONTHS AND YEAR]

**LEAD(S):** [FIRST AND LAST NAMES]

**TEAM:** [FIRST AND LAST NAMES]

**BUDGET**

**KEY METRICS**

[PROVIDE MEASUREMENTS OF SUCCESSFUL IMPLEMENTATION]

**PROGRESS**

- [Part of narrative. What are the next steps in advancing the BPI?]

**CHALLENGES**

- [Part of narrative. What are the next steps in advancing the BPI?]

**MILESTONES**

|                | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|----------------|-------------|-------------|-------------|-------------|
| [Milestone #1] |             |             |             |             |
| [Milestone #2] |             |             |             |             |
| [Milestone #3] |             |             |             |             |
| [Milestone #4] |             |             |             |             |

**NEXT STEPS**

- [Part of narrative. What are the next steps in advancing the BPI?]

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

January 28, 2025

10:02 a.m.

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

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

I

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

II

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Todd Bouey, Acting General Manager, advised the Board of the following items:
  - Wellness-Check Calls for Members in Wildfire Affected Area
  - Disaster Service Worker Activation
  - 1099-R
  - Benefit Operations Update
- B. UPCOMING AGENDA ITEMS – There were no items discussed.

- C. RECOGNITION OF SERVICE FOR MARIA MELANI REJUSO, LACERS DEPARTMENTAL AUDIT MANAGER – Todd Bouey, Acting General Manager, and the Commissioners recognized Maria Melani Rejuso for her service to LACERS and the City of Los Angeles.

III

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR DECEMBER 2024 – This report was received by the Board and filed.
- B. LEGISLATIVE UPDATE FOR JANUARY 2025 – This report was received by the Board and filed.
- C. ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AND POPULAR ANNUAL FINANCIAL REPORT (PAFR) FOR FISCAL YEAR ENDED JUNE 30, 2024 – Todd Bouey, Acting General Manager, recognized LACERS Fiscal Division on preparing this report. This report was received by the Board and filed.

IV

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON JANUARY 14, 2025 – Commissioner Lee stated the Committee approved the Private Credit Program 2025 Strategic Plan. The Committee was also presented with the Real Estate Investment Policy Amendments.
- B. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON JANUARY 28, 2025 – Commissioner Wilkinson stated the Committee approved the Triennial Board Policy Review: Presiding Officers Amendments to Article Section 3.4 and Triennial Board Policy Review: Article II, Section 4.2 Member Solicitation and Distribution Policy.

Vice President Sidley moved approval of Consent Agenda Items V-A and V-B and seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Lee, Sohn, Wilkinson, Vice President Sidley, and President Chao -5; Nays, None.

V

CONSENT ITEM(S)

- A. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF ALLEN ANDERSON AND POSSIBLE BOARD ACTION

**APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR ALLEN ANDERSON**

**RESOLUTION 250128-A**

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

WHEREAS, Physicians 1 and 2 examined and concluded Allen Anderson is unable to perform his usual and customary duties as a Security Officer with the City of Los Angeles;

WHEREAS, notwithstanding, Physician 3 examined and concluded Allen Anderson is able to perform his usual and customary duties as a Security Officer with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that Allen Anderson is incapacitated pursuant to the definition in Los Angeles Administrative Code §4.1008(b) and not capable of performing his duties as a Security Officer;

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

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

**B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF TIMOTHY GRIFFIN AND POSSIBLE BOARD ACTION**

**APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR TIMOTHY GRIFFIN**

**RESOLUTION 250128-B**

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

WHEREAS, Physicians 1, 2, and 3 examined and concluded Timothy Griffin is unable to perform his usual and customary duties as a Roofer with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that Timothy Griffin is incapacitated pursuant to the definition in Los Angeles Administrative Code §4.1008(b) and not capable of performing his duties as a Roofer;

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

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for Timothy Griffin based upon his claimed disabling conditions.

VI

**BOARD/DEPARTMENT ADMINISTRATION**

**A. CITY HUMAN RESOURCES PAYROLL SYSTEM POST-IMPLEMENTATION SUPPORT SUPPLEMENTAL BUDGET REQUEST AND POSSIBLE BOARD ACTION – Sevan Simonian,**

Senior Benefits Analyst, presented and discussed this item with the Board for 26 minutes. Vice President Sidley moved approval of the following Resolution:

## **HUMAN RESOURCES PROJECT SUPPLEMENTAL BUDGET REQUEST**

### **RESOLUTION 250128-C**

WHEREAS, the Board approved the Fiscal Year 2024-2025 Budget which included a \$600,000 appropriation for Human Resources Payroll (HRP) Contractual Support Services;

WHEREAS, the Board approved an additional \$145,000 on November 12, 2024 for extending the HRP Contractual Support Services through January 31, 2025;

WHEREAS, LACERS is requesting an additional \$116,000 as part of this request, and with this the Board will have authorized a total of \$861,000 in HRP contractual support services for this fiscal year through March 31, 2025 via piggybacking off the Information Technology Agency's Workday contract authority;

WHEREAS, these costs and the delivery of payroll information to LACERS are ultimately the responsibility of the City as employer;

WHEREAS, LACERS has worked with the Accenture contractor to fix issues since July, there are still outstanding issues that need to be resolved;

WHEREAS, LACERS has programmed the compensation plans in Workday into the pension administration system, the City is activating, depreciating, and changing compensation plans in Workday regularly requiring programmatic adjustments to the integration file to ensure all data is captured accurately; and,

WHEREAS, while LACERS has decreased the number of exceptions from over 2,000 to less than 200, there is a need to shift the record type from account adjustment to pay period adjustment on the integration file to automate some work;

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

1. Approve the appropriation increase of \$116,000 for HRP Contractual Support by increasing Appropriation 163040 – Contractual Service for Fiscal Year 2024-25; and,
2. Authorize the General Manager to correct any clerical or typographical errors in this document.

Which motion was seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Lee, Sohn, Wilkinson, Vice President Sidley, and President Chao -5; Nays, None.

B. GENERAL MANAGER RECRUITMENT PROCESS AND POSSIBLE BOARD ACTION – Lin Lin, Personnel Director, and Kevin Hirose, Senior Personnel Analyst II, presented and discussed this item with the Board for 34 minutes. Vice President Sidley moved approval of staff's recommendations and delegated authority to select the executive search firm to the Ad Hoc Committee, seconded by Commissioner Lee, and adopted by the following vote: Ayes, Commissioners Lee, Sohn, Wilkinson, Vice President Sidley, and President Chao -5; Nays, None.

## VII

### INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value of \$24.434 billion as of January 25, 2025; and Volatility Index at 16.8 as of January 28, 2025. Rod June discussed the following items:

#### INDUSTRY:

- a. Strong sell-off of technology on January 27, 2025
- b. Nvidia declined 17% on January 27, 2025; LACERS holds approximately \$210 million of Nvidia in a passively managed account as of close of January 27, 2025

#### OPERATIONAL:

- a. No reported losses due to any exposure LACERS may have had in the local L.A. burn areas

#### GLOBAL ISSUES:

- a. No Material Changes in valuations of China, China Tech, Ukraine, and Israel

#### MISCELLANEOUS:

- a. LACERS is a member of the Advisory Board of the Kroner Center for Financial Research (KCFR)
- b. CIO attended the annual January KCFR meeting held at UC San Diego on January 24, 2025
- c. Current Research Topics: 1. ESG Benchmarks; 2. Private Market Fund Risk-Adjusted Returns; and 3. Risk within Public Pensions Plans

#### FUTURE AGENDA ITEMS:

- a. Key Person Assignment and amendment to the NEPC and Aksia Private Equity Contracts
- b. Asset Allocation Implementation and Risk Budgeting
- c. Private Market Fund Notifications

#### ANNOUNCEMENTS:

- a. Introduction of Alex Becerra, LACERS Intern

- B. PRESENTATION BY AKSIA LLC OF THE PRIVATE CREDIT PROGRAM 2025 STRATEGIC PLAN AND POSSIBLE BOARD ACTION – Ellen Chen, Investment Officer III, Trevor Jackson, Managing Director, and Mike Krems, Partner, with Aksia LLC, presented and discussed this item with the Board for 43 minutes. Commissioner Lee moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Lee, Sohn, Wilkinson, Vice President Sidley, and President Chao -5; Nays, None.

President Chao recessed the meeting at 12:34 p.m. for a break and readjoined the meeting at 12:40 p.m. to convene in Closed Session.

## VIII

### LEGAL/LITIGATION

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

President Chao reconvened the Regular meeting at 12:56 p.m.

X

OTHER BUSINESS – There was no other business.

XI

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, February 11, 2025, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012.

XII

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 12:59 p.m. and Commissioners Lee, Sohn, and President Chao recognized the Lunar New Year.

---

Annie Chao  
President

---

Todd Bouey  
Manager-Secretary



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

**MEETING: FEBRUARY 25, 2025**  
**ITEM: VI-A**

---

**SUBJECT: COST-OF-LIVING ADJUSTMENT FOR JULY 2025 AND POSSIBLE BOARD ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

---

**Recommendation**

That the Board:

1. Adopt a 3% cost-of-living-adjustment with excess 0.3% banked for Tier 1 and Tier 1 Enhanced Members, and a 2% cost-of-living adjustment for Tier 3 Members, as detailed in the attached schedule prepared by LACERS' consulting actuary, to be effective July 1, 2025; and,
2. Authorize the Board President to sign and transmit a letter to the Los Angeles City Council ("Council") requesting consideration of granting a 2.6% discretionary cost-of-living adjustment increase for retired Members.

**Executive Summary**

On July 1 of each year, eligible retired Members and beneficiaries may receive a cost-of-living adjustment (COLA) to their benefits in accordance with the Los Angeles Administrative Code (LAAC). The COLA is based on the average annual percentage change in the Consumer Price Index (CPI) for the Los Angeles area for the previous calendar year and is subject to the limitations in the LAAC § 4.1022 for Tier 1 and § 4.1080.17 for Tier 3. According to the Federal Bureau of Labor Statistics, the annual average CPI for Los Angeles area increased 3.3% in 2024. However, due to LAAC limitations, Tier 1 and Tier 1 Enhanced will receive 3% COLA with excess 0.3% banked, while Tier 3 will receive 2% COLA with no bank effective July 1, 2025.

If the Council finds that the COLA is inadequate "in light of the movement of the [CPI], [Council] may grant [an] additional, but discretionary cost of living adjustment," which based on ordinance would be an additional 2.6%.

**Discussion**

In any given year, Tier 1 and Tier 1 Enhanced Members are eligible for a maximum increase of 3% COLA (LAAC § 4.1022 for Tier 1). In addition, Tier 1 and Tier 1 Enhanced participants are entitled to receive and accumulate the excess (known as "Excess COLA") whenever the CPI change is greater than the maximum limit of 3% in any year. Based on the 3.3% CPI increase for 2024, Tier 1 and Tier 1

Enhanced participants will receive the maximum 3% increase, with the remaining excess COLA of 0.3% (i.e., 3.3%-3.0%) banked for future use. Since Tier 3 COLA benefit is capped at 2.0% (LAAC § 4.1080.17) and there is no banked benefit, Tier 3 participants will receive 2% COLA effective July 1, 2025.

The COLA benefits effective July 1, 2025 are summarized in the table below, and are further detailed in the attached letter from LACERS' consulting actuary.

| <b>Membership</b>  | <b>Initial Retirement Date</b> | <b>COLA Limitation</b><br>(LAAC § 4.1022 & § 4.1080.17)   | <b>COLA Effective July 1, 2025</b>     |
|--|--------------------------------|---|--|
| Tier 1 and Tier 1 Enhanced participants and beneficiaries  | On or before July 1, 2024      | <ul style="list-style-type: none"> <li>• 3.0% maximum increase</li> <li>• Excess COLA will be banked (i.e., added to existing accumulated COLA balance, see attached schedule).</li> </ul>            | 3%                                     |
| Tier 1 and Tier 1 Enhanced participants and beneficiaries with less than one full year of retirement | July 2, 2024 to June 30, 2025  | <ul style="list-style-type: none"> <li>• Prorated COLA increase of 1/12th for each full month of retirement</li> <li>• Excess will not be banked for less than one full year of retirement</li> </ul> | 1/12th of 3.0% each full month retired |
| Tier 3 participants and beneficiaries  | On or before July 1, 2024      | <ul style="list-style-type: none"> <li>• 2% maximum increase</li> <li>• No COLA Bank</li> </ul>   | 2%                                     |
| Tier 3 participants and beneficiaries with less than one full year of retirement                     | July 2, 2024 to June 30, 2025  | <ul style="list-style-type: none"> <li>• Prorated COLA increase of 1/12th for each full month of retirement</li> <li>• No COLA Bank</li> </ul>  | 1/12th of 2.0% each full month retired |

### Discretionary COLA

On April 14, 2023, the Board sent a letter to the Mayor and Council requesting that the City grant LACERS Members and their Beneficiaries a discretionary COLA of an additional 2.6% in addition to the granted 3.0% COLA. Having been no formal action taken on this request, a subsequent request was sent to the Council on May 15, 2024 reflecting an updated discretionary COLA calculation of 2.85% on top of the granted 3.0% COLA. No formal action has been taken on this request. These requests were intended to assist those on fixed income by addressing the past three years of excess increase in the Consumer Price Index. It is recommended that the Board send another request to Council for consideration of a discretionary COLA of 2.6%.

Council has the authority to determine the adequacy of COLAs and may grant an additional but discretionary COLA for Tier 1 and Tier 3 in accordance with LAAC § 4.1023 and LAAC § 4.1080.17(c), respectively. Members, especially those who have been retired for longer periods of time, can

experience significantly diminished buying power in high inflation environments. Council has previously provided three discretionary adjustments: 7.00% in 1982, 1.25% in 1986, and 1.60% in 1989 (Council File No. 99-1158). In 2002, Council granted a discretionary COLA for Members with a retirement date before June 30, 1984 (Council File No. 01-2343). The purpose of this one-time COLA was to reduce all excess COLA banks to no more than 25.3% (Ordinance No. 174419). Any banked amount that exceeded 25.3% was paid to Members. Although this method of applying the discretionary COLA is not as currently prescribed by City Code, Council has discretion in determining how a discretionary COLA is awarded as it is enacted through adoption of an ordinance. Since 2002, Council has not granted any discretionary COLAs based on staff research.

Prepared By: Jo Ann Peralta, Departmental Chief Accountant IV

TB:EA:JP

Attachments: 1. Segal Letter dated January 23, 2025 with COLA schedule  
2. Draft Board Letter to the City Council for Consideration of a Discretionary Cost-of Living Adjustment



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

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

**Via Email**

January 23, 2025

Board Meeting: 2/25/25  
Item: VI-A  
Attachment: 1

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

**Re: Los Angeles City Employees' Retirement System (LACERS)  
Cost-of-living bank as of July 1, 2025**

Dear Neil:

We have prepared a schedule showing the accumulated banked benefits for the System's retirees and beneficiaries reflecting the cost-of-living adjustments as of July 1, 2025.

The annual average CPI increased from 321.583 in 2023 to 332.194 in 2024, an increase of 3.3% (rounded to the nearest one-tenth of one percent). This figure was determined by using the Consumer Price Index (CPI) for all Urban Consumers in the Los Angeles-Long Beach-Anaheim Area, as published by the Bureau of Labor Statistics.

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

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

- Column 1 Accumulated Banked Benefits as of July 1, 2024. This data was obtained from a similar schedule we prepared last year.
- Column 2 Actual average CPI increase of 3.3%.
- Column 3 Cost-of-living increase granted as of July 1, 2025, for a full year of retirement.
- Column 4 Accumulated Banked Benefits as of July 1, 2025.  
(Column (1) + Column (2) - Column (3), but limited to no less than 0%)<sup>2</sup>

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

<sup>2</sup> Note that for initial retirement dates of 07/01/2024 to 06/30/2025, the July 1, 2025 Accumulated Banked Benefits in Column (4) of Exhibit 1 is instead shown as 0.000%. Not establishing a July 1, 2025 COLA bank for this range of initial retirement dates is consistent with our understanding of the Administrative Code that requires retirement for the entire fiscal year for an initial COLA bank to be established.

As shown in Exhibit 1, the cost-of-living increase as of July 1, 2025 for Tier 1 and Tier 1 Enhanced participants with an initial retirement date on or before June 30, 2024 is the full 3.0% maximum increase permitted by the Administrative Code. The difference between 3.3% and 3.0%, or 0.3%, will increase the accumulated bank for each of these participants for future COLA increases.

For Tier 1 and Tier 1 Enhanced participants with an initial retirement date between July 1, 2024 and June 30, 2025, the full cost-of-living increase as of July 1, 2025 will be 3.0% but COLA benefits for partial year retirements will be pro-rated. The accumulated bank for these participants will be 0% as of July 1, 2025.<sup>1</sup>

For Tier 3 participants, the cost-of-living increase as of July 1, 2025 will be 2.0% regardless of retirement date as shown in Exhibit 2.<sup>2</sup>

Please give us a call if you have any questions.

Sincerely,



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

JT/bbf  
Attachments

cc: Edwin Avanesian  
Todd Bouey

<sup>1</sup> Except for July 1, 2024 retirees, whose accumulated banks as of July 1, 2025 will be 0.3%.

<sup>2</sup> COLA benefits for partial year retirements between July 1, 2024 and June 30, 2025 are pro-rated.

# Los Angeles City Employees' Retirement System Cost-of-Living Increases and Accumulated Banked Benefits as of July 1, 2025

Tier 1 and Tier 1 Enhanced Participants  
(Maximum Annual COLA of 3%)

| Initial Retirement Date               | July 1, 2024<br>Accumulated<br>Banked Benefits<br>(1) | Increase in<br>Annual<br>Average CPI <sup>1</sup><br>(2) | COLA <sup>2</sup><br>(3) | July 1, 2025<br>Accumulated<br>Banked Benefits<br>(4) |
|---------------------------------------|---|--|--------------------------|---|
| On or Before 07/01/1978               | 20.200%   | 3.300%   | 3.000%                   | 20.500%   |
| 07/02/1978 to 07/01/1979              | 15.950%   | 3.300%   | 3.000%                   | 16.250%   |
| 07/02/1979 to 08/01/1979              | 11.344%   | 3.300%   | 3.000%                   | 11.644%   |
| 08/02/1979 to 09/01/1979              | 11.539%   | 3.300%   | 3.000%                   | 11.839%   |
| 09/02/1979 to 10/01/1979              | 11.733%   | 3.300%   | 3.000%                   | 12.033%   |
| 10/02/1979 to 11/01/1979              | 11.928%   | 3.300%   | 3.000%                   | 12.228%   |
| 11/02/1979 to 12/01/1979              | 12.122%   | 3.300%   | 3.000%                   | 12.422%   |
| 12/02/1979 to 01/01/1980              | 12.317%   | 3.300%   | 3.000%                   | 12.617%   |
| 01/02/1980 to 02/01/1980              | 12.511%   | 3.300%   | 3.000%                   | 12.811%   |
| 02/02/1980 to 03/01/1980              | 12.706%   | 3.300%   | 3.000%                   | 13.006%   |
| 03/02/1980 to 04/01/1980              | 12.900%   | 3.300%   | 3.000%                   | 13.200%   |
| 04/02/1980 to 05/01/1980              | 13.094%   | 3.300%   | 3.000%                   | 13.394%   |
| 05/02/1980 to 06/01/1980              | 13.289%   | 3.300%   | 3.000%                   | 13.589%   |
| 06/02/1980 to 07/01/1980              | 13.483%   | 3.300%   | 3.000%                   | 13.783%   |
| 07/02/1980 to 06/30/2018              | 5.700%  | 3.300%   | 3.000%                   | 6.000%  |
| 07/01/2018 to 06/30/2021              | 5.700%  | 3.300%   | 3.000%                   | 6.000%  |
| 07/01/2021 to 06/30/2022              | 4.900%  | 3.300%   | 3.000%                   | 5.200%  |
| 07/01/2022 to 06/30/2023              | 0.500%  | 3.300%   | 3.000%                   | 0.800%  |
| 07/01/2023 to 06/30/2024              | 0.000%  | 3.300%   | 3.000%                   | 0.300%  |
| 07/01/2024 <sup>3</sup> to 06/30/2025 |   | 3.300%   | 3.000%                   | 0.000%  |

<sup>1</sup> Based on ratio of 2024 annual average CPI to 2023 annual average CPI for the Los Angeles - Long Beach - Anaheim Area.

<sup>2</sup> COLA benefits for partial year retirements are pro-rated.

<sup>3</sup> Only those retirees (or continuing survivors) whose benefits commenced on July 1 and continued through June 30 receive a COLA bank in years of excess CPI. For initial retirement dates starting July 1, 2018 and later, the COLA bank for a July 1 retiree (or continuing survivor) is shown on the row above that retiree's (or continuing survivor's) retirement date. For example, the July 1, 2024 COLA bank for a July 1, 2018 retiree (or continuing survivor) is 5.700% (i.e., from the 07/02/1980 to 06/30/2018 row) and such retiree (or continuing survivor) would receive a July 1, 2025 COLA of 3.000%. The July 1, 2025 COLA bank for such retiree (or continuing survivor) would be increased to 6.000%.

# Los Angeles City Employees' Retirement System Cost-of-Living Increases as of July 1, 2025

Tier 3 Participants  
(Maximum Annual COLA of 2%)

| <b>Initial Retirement Date</b> | <b>Increase in Annual<br/>Average CPI<sup>1</sup><br/>(1)</b> | <b>COLA<sup>2</sup><br/>(2)</b> |
|--------------------------------|---|---------------------------------|
| On or Before 06/30/2025        | 3.300%  | 2.000%                          |

<sup>1</sup> Based on ratio of 2024 annual average CPI to 2023 annual average CPI for the Los Angeles - Long Beach - Anaheim Area.

<sup>2</sup> COLA benefits for partial year retirements are pro-rated.



February 25, 2025

Los Angeles City Council  
c/o City Clerk  
200 N. Spring Street  
Room 395, City Hall  
Mail Stop #160

BOARD Meeting: 2/25/25  
Item: V-A  
Attachment: 2

**LA CITY EMPLOYEES' RETIREMENT SYSTEM**

977 N. Broadway  
Los Angeles, CA  
90012-1728

(800) 779-8328  
RTT: (888) 349-3996

[www.LACERS.org](http://www.LACERS.org)  
[lacers.services@lacers.org](mailto:lacers.services@lacers.org)

**DISCRETIONARY COST-OF-LIVING ADJUSTMENT FOR RETIRED LACERS MEMBERS AND THEIR BENEFICIARIES**

Honorable City Council Members:

The LACERS Board of Administration (Board) adopted the attached report recommending that the City Council (Council) grant a discretionary cost-of-living-adjustment (COLA) increase to eligible retired LACERS' Members. On April 14, 2023 and on May 15, 2024, the Board sent forth similar requests to Council<sup>1</sup>; however, no action has been taken and now updated figures are being presented for 2025.

Although it is the City Administrative Officer's duty to prepare appropriate reports and recommendations for Council to make findings as to the adequacy of annual COLAs,<sup>2</sup> the Board respectfully requests that Council grant a discretionary COLA to address the 7.4%, 3.5%, and 3.3% increases in the Annual Consumer Price Index (CPI) for 2022, 2023, and 2024 which exceed the Tier 1 COLA limit of 3%.<sup>3</sup> This increase could affect more than 22,700 LACERS Members that have retirement dates on or before June 30, 2024.<sup>4</sup>

Council has granted discretionary COLAs to LACERS Participants in the past.<sup>5</sup> In 2002, Council granted a discretionary COLA for Participants with a retirement date before June 30, 1984.<sup>6</sup> The purpose of this one-time COLA was to reduce all excess COLA banks to no more than 25.3%.<sup>7</sup> Any banked amount that exceeded 25.3% was paid to Participants. Since then, Council has not granted any discretionary COLAs.

To help retired LACERS Members cope with the past four years of high inflation, the Board recommends that Council grant a 2.6% discretionary COLA which is half of the difference between the CPI and awarded COLAs for the last three fiscal years.

Sincerely,

ANNIE CHAO, President  
LACERS Board of Administration  
TB/EA

**KAREN BASS**

*Mayor of the City of Los Angeles*

**LACERS BOARD OF ADMINISTRATION**

Annie Chao, *President*  
Janna Sidley, *Vice President*  
Thuy Huynh  
Elizabeth Lee  
Gaylord "Rusty" Roten  
Sung Won Sohn  
Michael R. Wilkinson

**LACERS EXECUTIVE STAFF**

Neil M. Guglielmo  
*General Manager*  
Todd Bouey  
*Executive Officer*  
Dale Wong-Nguyen  
*Assistant General Manager*  
Rodney June  
*Chief Investment Officer*

---

<sup>1</sup> Council File # 23-0418  
<sup>2</sup> LAAC § 4.1023(e) and LAAC § 4.1080.17(c)(vii)  
<sup>3</sup> LAAC § 4.0123(c)(1)  
<sup>4</sup> Based on LACERS' latest actuarial valuation  
<sup>5</sup> 7% in 1982, 1.25% in 1986, and 1.6% in 1989 (Council File # 99-1158)  
<sup>6</sup> Council File # 01-2343  
<sup>7</sup> Ordinance # 174419

Attachments

1. Discretionary Cost-of-Living Adjustment for July 2025 and Possible Board Action
2. Segal Letter dated January 23, 2025 with COLA schedule

c: Sharon Tso, Chief Legislative Analyst  
Todd Bouey, LACERS  
Dale Wong Nguyen, LACERS  
Carolyn Webb de Macias, Chief of Staff, Mayor's Office  
Matthew Hale, Deputy Mayor of Finance, Mayor's Office  
Matthew Szabo, City Administrative Officer  
Janelle Irving, Finance Specialist IV, City Administrative Officer  
Sharon Tso, Chief Legislative Analyst Karen Kalfayan, Executive Officer, Chief Legislative Analyst



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

**MEETING: FEBRUARY 25, 2025**  
**ITEM: VII – B**

**SUBJECT: CONTRACT WITH AKSIA LLC, REPLACEMENT OF KEY PERSON AND POSSIBLE BOARD ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Board:

1. Approve Trevor Jackson to be named a Key Person with LACERS' Private Equity Consultant, Aksia LLC.
2. Authorize the Acting General Manager or his designee to approve and execute necessary documents, subject to satisfactory business and legal terms.

**Discussion**

Staff informed the Board at the meeting of January 14, 2025, that Jeff Goldberger, a Key Person since the inception of the consultant relationship, departed from Aksia LLC (Aksia) at the end of 2024. Aksia has served as LACERS' Private Equity Consultant since July 25, 2018. The contract between LACERS and Aksia contains a Key Persons provision under Section 2 of the contract. Within this provision, it currently names four Key Persons: Thomas Martin, Trevor Jackson, Jeff Goldberger, and Heidi Poon. On June 27, 2023, when Aksia was approved for a contract renewal, the Key Persons provision under Section 2 of the contract was amended to include Trevor Jackson. However, the contract provides that any replacement of a Key Person shall be conducted according to a specific Key Person replacement process. As such, the Board was also informed that staff would conduct a Key Person evaluation process that would consist of interviewing at least three seasoned Aksia staff consultants appropriate to fill the role of Key Person. Upon conclusion of that process, staff would return to a future Board meeting with their recommendations.

Staff recently completed the evaluation process of the three proposed Aksia staff consultants. Based upon its findings that included a review of consultant experience, academic and professional credentials, and fit with LACERS' specific functional needs as well as complementary fit with Thomas Martin and Heidi Poon, staff recommends Trevor Jackson as a Key Person to the Aksia contract. Staff is prepared to discuss with the Board the factors that it considered in recommending Trevor Jackson,

who will also be present at the Board meeting to highlight his qualifications and respond to questions from the Board.

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

TB/RJ/WL/EC/EP:jp

Attachment: 1. Biography of Trevor Jackson

## Trevor Jackson

### Managing Director, Aksia LLC

Trevor is a Managing Director on the Pan-Alts team in the Americas and has over 25 years of investment experience working with multi-asset investment portfolios, including alternative and traditional asset classes. He is responsible for alternative investment programs in the Americas and focuses on portfolio construction and manager selection, providing customized investment recommendations and regular portfolio updates across alternative investment programs.

Prior to joining Aksia in 2021, Trevor was a Senior Consultant at AndCo Consulting, where he was responsible for working with institutional clients on the development, implementation, monitoring of multi-asset, multi-strategy investment portfolios. This included the development of private market portfolio allocations from the initial portfolio asset allocation decisions to investment portfolio pacing models to manager selection/sourcing and ongoing oversight. Before that, Trevor spent over 17 years working at various investment firms including as a Senior Consultant at Summit Strategies Group, Senior Client Manager at Wilshire Associates, and Manager of Investments at Harris myCFO, a Bank of Montreal/Harris Bank subsidiary. Prior to that, Trevor was an equity analyst at a financial news start-up in Silicon Valley and held other media/technology positions. He currently serves on the Affiliate Committee for the State Association of County Retirement Systems (SACRS).

Trevor graduated from the University of California, Berkeley with a BA in International Relations, Economic Structure and Development in Asia and Latin America.



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

**MEETING: FEBRUARY 25, 2025**  
**ITEM: VII – C**

*T. Bouey*

**SUBJECT: CONTRACT WITH NEPC, LLC, REPLACEMENT OF KEY PERSON AND POSSIBLE BOARD ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Board:

1. Approve DeAnna Ingram Jones as a replacement to the named Key Persons with LACERS' General Fund Consultant, NEPC, LLC.
2. Authorize the Acting General Manager or his designee to approve and execute necessary documents, subject to satisfactory business and legal terms.

**Discussion**

NEPC, LLC (NEPC) has served as LACERS' General Fund Consultant since July 1, 2017. The contract between LACERS and NEPC contains a Key Persons provision under Section 2 of the contract. Within this provision, it currently names three Key Persons: Kevin Novak, Rose Dean, and Christian McCormick. Further, the contract provides that any replacement of a Key Person shall be conducted according to a specific Key Person replacement process.

At the Board meeting of November 12, 2024, Christian McCormick was approved as a replacement to the named Key Persons assigned to LACERS' relationship. Staff had brought forward the recommendation to add Christian McCormick due to the retirement of Carolyn Smith, the previously named lead consultant. In December 2024, staff was informed by NEPC that Christian McCormick was leaving the organization. Subsequently, the Board was informed on January 14, 2025, of Christian McCormick's departure from NEPC and that staff would seek to find a replacement Key Person pursuant to said contract provision. Staff proposed a replacement Key Person evaluation process that would consist of staff interviewing at least three seasoned NEPC staff consultants. Upon conclusion of the process, staff would return to a future Board meeting with their recommendations.

Staff recently completed the evaluation process of three proposed NEPC staff consultants. Based upon its findings that included a review of consultant experience, academic and professional credentials, and

fit with LACERS' specific functional needs as well as complementary fit with Kevin Novak and Rose Dean, staff recommends DeAnna Ingram Jones as a Key Person to the NEPC contract. Staff is prepared to discuss with the Board the factors that it considered in recommending DeAnna Ingram Jones, who will also be present to highlight her qualifications and respond to questions from the Board.

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

TB/RJ/WL/BS:jp

Attachment:           1. Biography of DeAnna Ingram Jones

## **DEANNA INGRAM JONES, SENIOR CONSULTANT**

DeAnna Ingram Jones is a Senior Consultant with NEPC and has almost 20 years of experience in the financial services industry. In her current role, DeAnna works closely with NEPC's Public Fund and Endowment & Foundations clients. Her expertise spans a broad spectrum of investment areas including manager research, asset allocation and managing complex technical projects, enabling her to provide comprehensive portfolio management services tailored to her clients' needs.

Prior to joining NEPC in 2015 as a Senior Analyst, DeAnna was the Vice President of Community Investments for BMO Harris Bank, where she managed the bank's Community Reinvestment Act (CRA) portfolio, which primarily consisted of CDFI, private real estate and private market investments. She was an analyst with Chicago Teachers' Pension Fund.

Deeply committed to fostering equity and inclusion within the financial services industry, DeAnna has spoken on several panels discussing ways to increase diversity within financial services. She also serves as Co-Chair of NEPC's Diverse Manager Committee (DMC), which aims to identify highly qualified diverse investment firms that meet the unique goals, risk parameters, and financial objectives of NEPC's clients. She is also a member of NEPC's Asset Allocation Committees.

DeAnna serves as the Chair of the Board and Investment Committee Chair for T.A.S.C, Inc and is the President of the Chicago Chapter of the National Association of Securities Professionals ("NASP"). She also serves on the board of Lawrence Hall, national board for NASP and a member of the Consultant Roundtable for the Investment Diversity Advisory Council ("IDAC"). For her philanthropic endeavors, DeAnna was named as one of Crain's Chicago Business's Notable Nonprofit Board Leaders for 2024.



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

**MEETING: FEBRUARY 25, 2025**  
**ITEM: VII – D**

**SUBJECT: PRESENTATION BY NEPC, LLC, REGARDING RISK BUDGETING AND ASSET CLASS REVIEWS AND POSSIBLE BOARD ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Board consider the Asset Class Risk Budget Review as presented by NEPC, LLC, engage in appropriate discussion and deliberation, and approve the following: 1) new asset class risk budgets; 2) new manager structures and allocations; 3) update of benchmarks to reflect asset allocation changes.

**Discussion**

On February 13, 2024, the Board heard a presentation from Carolyn Smith and Kevin Novak of NEPC, LLC (NEPC), LACERS' General Consultant, regarding information contained in an Asset Allocation presentation, which was developed by NEPC with input from staff. This presentation provided an overview of the asset liability framework, key market themes, and the current macroeconomic backdrop.

On March 12, 2024, the Board continued their discussion with staff and NEPC to consider current capital market assumptions, comparison of specific asset allocation mixes in light of plan liabilities, and asset class characteristics and behaviors. Additionally, on April 9, 2024, and May 14, 2024, the Board received presentations from NEPC on infrastructure investments in terms of their risk and return profile, diversification benefits, and implementation considerations. Infrastructure is being considered by the Board for possible inclusion in the Asset Allocation Policy.

On August 27, 2024, NEPC presented funded ratio, cash flows, and contribution projections using deterministic and stochastic models as well as several asset allocation mixes for consideration.

On September 24, 2024, NEPC received feedback from the Board in regards to creating a blended mix of asset classes, which involved changes to public equities, credit opportunities, fixed income, and real assets. The Board requested that NEPC return with additional asset mixes to review.

On December 10, 2024, the Board approved the Blended Mix that provided enhancements to the expected return, risk, and Sharpe Ratio compared to the current policy.

Staff and NEPC are seeking the Board's approval for the following: 1) new asset class risk budgets; 2) new manager structures and allocations; 3) update of benchmarks to reflect asset allocation changes. Subsequently, staff will review and update the investment policy to accommodate the asset allocation changes and seek the Board's approval of manager RFP searches at a future meeting.

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

TB/RJ/WL/EC:jp

Attachment: 1. Asset Class Risk Budget Review Presentation by NEPC



# ASSET CLASS RISK BUDGET REVIEW

LOS ANGELES CITY EMPLOYEES'  
RETIREMENT SYSTEM

FEBRUARY 25, 2025



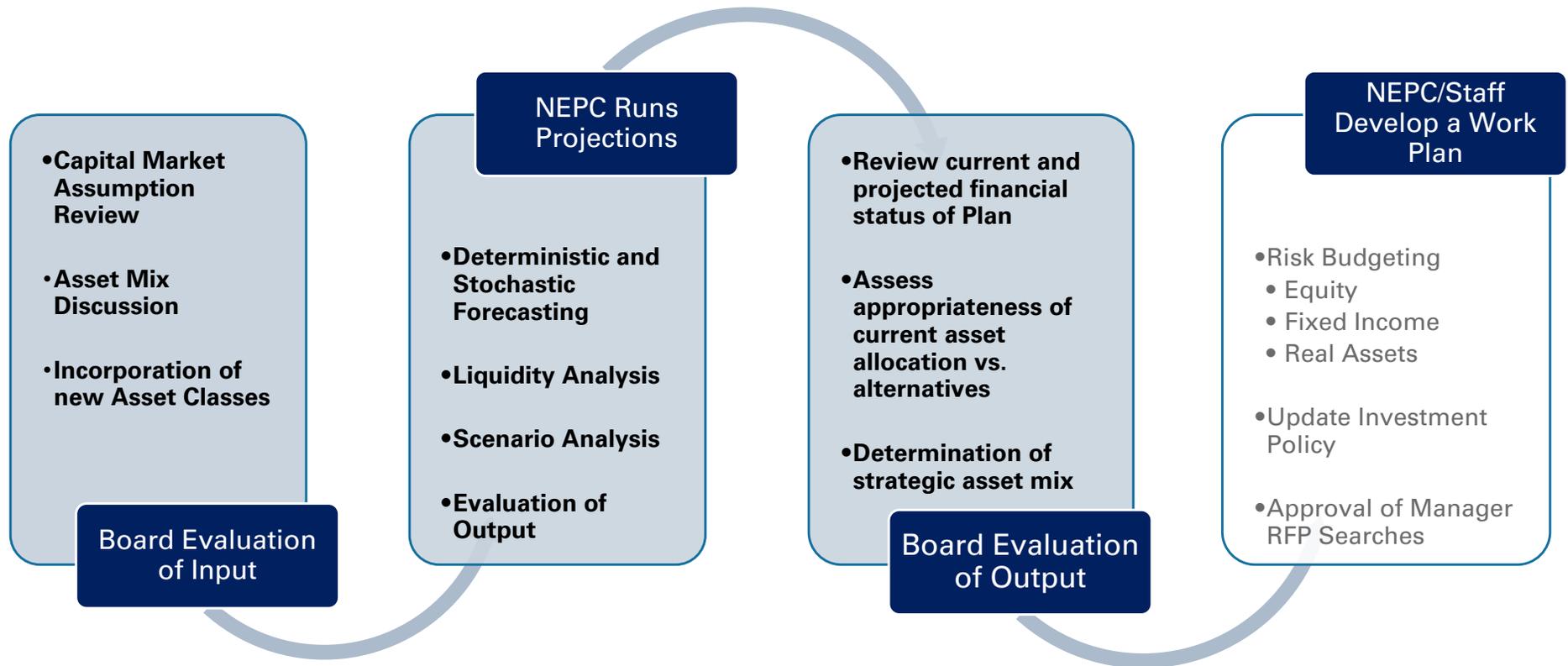
# TABLE OF CONTENTS

- Summary and Recommendations
- Domestic Equity Risk Budget
- Non-US Equity Risk Budget
- Core Fixed Income Risk Budget
- Credit Opportunities Risk Budget
- Public Real Assets Risk Budget

# SUMMARY AND RECOMMENDATIONS



# ASSET ALLOCATION TIMELINE



## Work Plan Detailed Timeline

- Q1 2025: Risk Budgeting
- Q2 – Q3 2025: Update Investment Policy
- Q2 – Q4 2025: Conduct Searches

# ACTIVE RISK BUDGETING PROCESS

- **Evaluate newly approved asset class betas versus current structure and evaluate new active risk profiles, manager allocations and benchmarks**
- **“Down-stream” from the strategic asset allocation process, the active risk budgeting framework is one tool used to understand current asset class structure against current asset class benchmarks**
- **Evaluating active risk efficiency:**
  - Use NEPC 10-year forward-looking excess return expectations for betas and active investment manager excess return
  - Use alpha correlations of portfolios to understand active risk diversification benefits
  - Efficient frontier of portfolio mixes are based on optimal information ratios at a given level of active risk

Note: The active risk budgeting process takes into account forward looking expectations based wholly or in part on historical outcomes and should only be used as a broad guardrail for setting investment program structures



# SUMMARY AND RECOMMENDATIONS

- **Seeking Board approval for:**
  - New risk budget
  - Manager structure and allocations
  - New benchmarks to reflect asset allocation changes
  
- **Risk budget changes due to new asset allocation, reconfiguration at asset class level and recognition of market volatility**

| Asset Class          | Current Risk Budget | Proposed Risk Budget | Difference | Comments   |
|----------------------|---------------------|----------------------|------------|--|
| Domestic Equities    | 1.25%               | 1.25%                | 0.0%       |  |
| Non-US Equities      | 1.75%               | 1.25%                | -0.5%      | Simplify structure and increase use of passive investment strategies.                  |
| Core Fixed Income    | 1.75%               | 0.75%                | -1.0%      | Proposed risk budget influenced by actual experience of current managers.              |
| Credit Opportunities | 3.50%               | 1.50%                | -2.0%      | Prior risk budget was artificially increased to account for private credit allocation. |
| Real Assets          | 1.25%               | 1.50%                | +0.25%     | Addition of Public Infrastructure.   |

# CREDIT OPPORTUNITIES BENCHMARK

- **As a result of the newly approved strategic asset allocation policy, the high yield portion of the Credit Opportunities asset class was increased**
  
- **The current Credit Opportunities benchmark includes Private Credit**
  - Recommendation: remove Private Credit from the Credit Opportunities benchmark
    - Private Credit allocation is expanding beyond senior secured lending and deserves a separate distinction within LACERS private markets allocation

| Index  | Current Benchmark Weightings | Proposed Benchmark Weightings |
|--|------------------------------|-------------------------------|
| Bloomberg Barclays US High Yield 2% Issuer Cap   | 11.8%                        | 28.6%                         |
| Credit Suisse Leveraged Loan Index   | 11.8%                        | 28.6%                         |
| ½ JP Morgan Emerging Markets Bond Index – Global Diversified + ½ JP Morgan Government Bond Index – Emerging Markets Global Diversified | 31.4%                        | 42.8%                         |
| Credit Suisse Leveraged Loan Index (One Quarter Lagged)  | 45.0%                        | 0.0%                          |

# REAL ASSETS BENCHMARK

- **The asset class benchmark for Real Assets should now reflect the addition of Infrastructure**
  - Recommended index is S&P Global Infrastructure
    - Additional benchmark information provided later in this presentation

| Index   | Current Benchmark Weightings | Proposed Benchmark Weightings |
|---|------------------------------|-------------------------------|
| Bloomberg Barclays US TIPS Index  | 30.0%                        | 21.2%                         |
| FTSE National Association of Real Estate Investment Trusts All REIT Index | 11.7%                        | 8.2%                          |
| Real Estate Blended Index   | 58.3%                        | 41.2%                         |
| S&P Global Infrastructure Index   | 0.0%                         | 29.4%                         |

Real Estate Blended Benchmark: July 1, 2014 – Current NCREIF ODCE + 0.80%; July 1, 2014 – June 30, 2014 NCREIF Property Index Lagged + 1%; October 1, 1994 – June 30, 2012 NCREIF Property Index Lagged

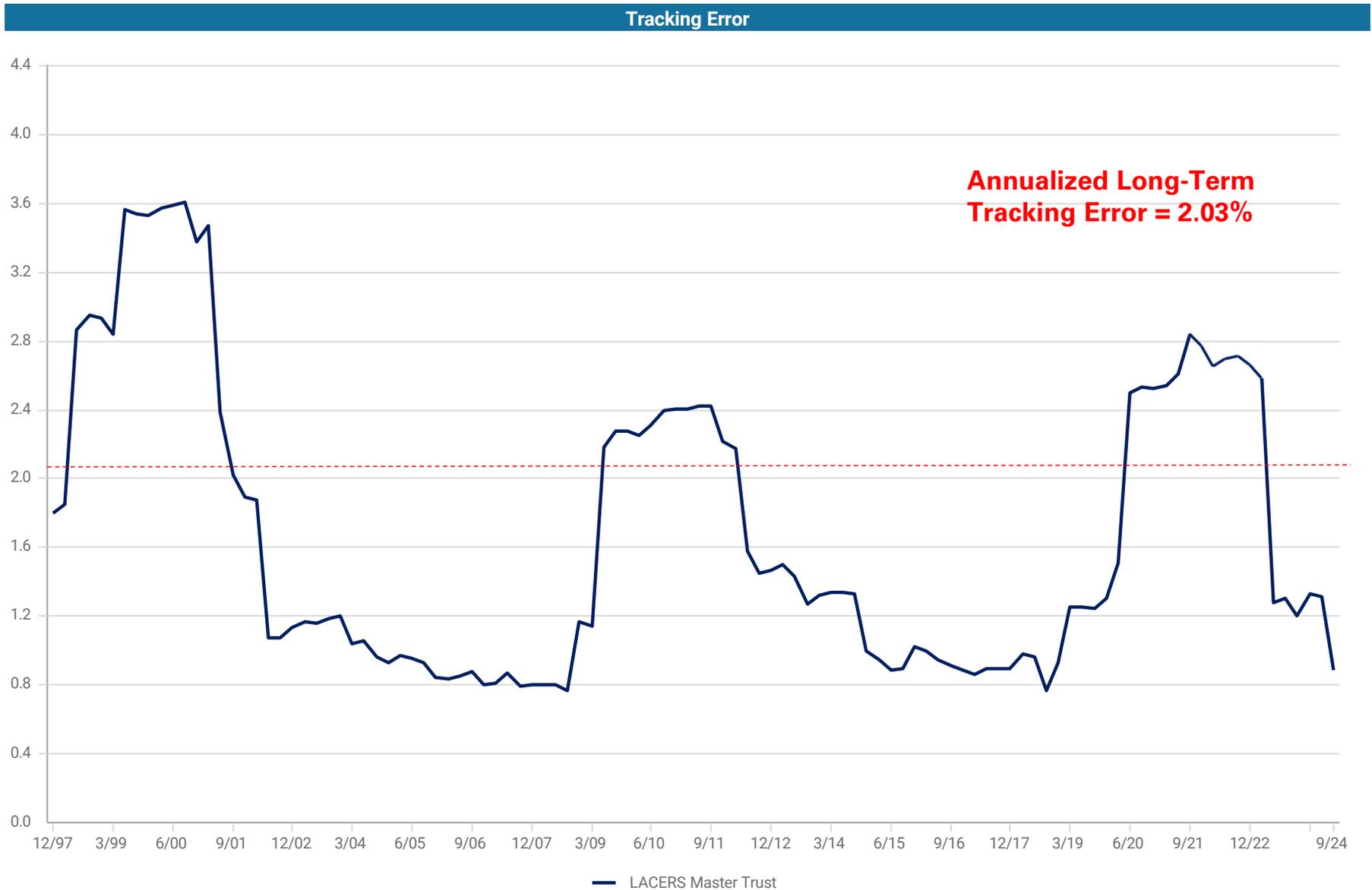


# PUBLIC REAL ASSETS BENCHMARK

- **Given the approved strategic policy allocation, we recommend a change to the Public Real Assets benchmark to include Infrastructure**

| Index  | Current Benchmark Weightings | Proposed Benchmark Weightings |
|--|------------------------------|-------------------------------|
| Bloomberg Barclays US TIPS Index   | 72.0%                        | 36.0%                         |
| FTSE National Association of Real Estate Investments Trusts All REIT Index | 28.0%                        | 14.0%                         |
| S&P Global Infrastructure Index  | 0.0%                         | 50.0%                         |

# TOTAL FUND TRACKING ERROR



As of 9/30/2024

# PUBLIC EQUITY VIEW



# 2025 MARKETABLE EQUITY THEMES

## NAVIGATING A NARROW U.S. MARKET

- Index concentration remains a risk and may continue to be for some time
- Preferred implementation (U.S. Large Cap): passive implementation and/or a quantitative manager and/or extension strategies

## U.S. SMALL CAPS REMAIN ALPHA RICH

- ~35% of the Russell 2000 is unprofitable companies which amplifies the dispersion of outcomes within the assets class providing a strong opportunity set for active management
- Preferred implementation: active approach with a quality focus to hedge against the downside risk in the asset class

## GLOBAL EQUITY

- The persistently high dispersion of returns across countries globally as well as geopolitical environment further support the case for active management within global equity markets
- Preferred implementation: A flexible equity approach complimented by alpha rich allocations

## A PLAYBOOK FOR EMERGING MARKETS

- While risks persist in the emerging markets, it remains too large for investors to ignore
- Preferred implementation: active approach within emerging markets; Investors should also consider complementing with emerging markets small cap

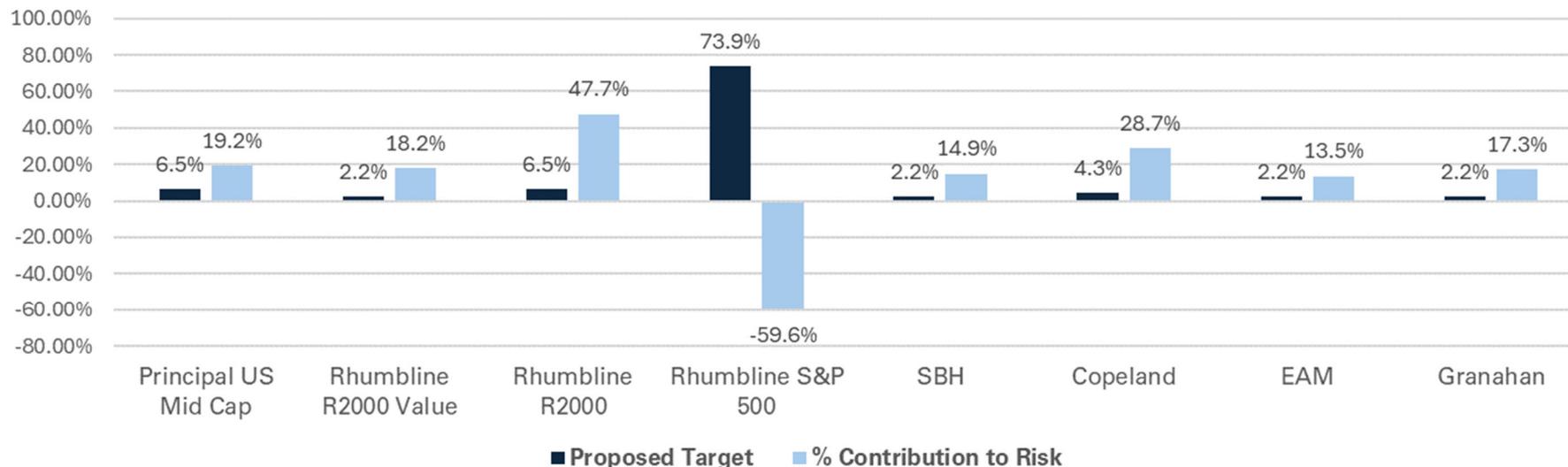
# DOMESTIC EQUITY

## Risk Budgeting

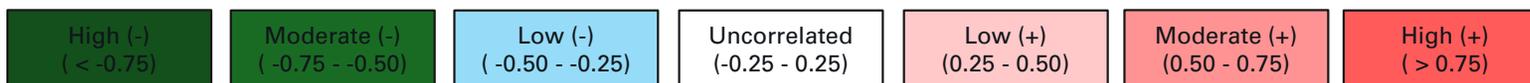


# ACTIVE RISK BUDGET & ALPHA CORRELATIONS

## Excess Risk Contribution



| Alpha Correlations   | Principal US Mid Cap | Rhumblin R2000 Value | Rhumblin R2000 | Rhumblin S&P 500 | SBH  | Copeland | EAM  | Granahan |
|----------------------|----------------------|----------------------|----------------|------------------|------|----------|------|----------|
| Principal US Mid Cap | 1.00                 |                      |                |                  |      |          |      |          |
| Rhumblin R2000 Value | 0.12                 | 1.00                 |                |                  |      |          |      |          |
| Rhumblin R2000       | 0.20                 | 0.92                 | 1.00           |                  |      |          |      |          |
| Rhumblin S&P 500     | -0.32                | -0.75                | -0.90          | 1.00             |      |          |      |          |
| SBH                  | 0.15                 | 0.82                 | 0.75           | -0.60            | 1.00 |          |      |          |
| Copeland             | 0.30                 | 0.79                 | 0.74           | -0.55            | 0.68 | 1.00     |      |          |
| EAM                  | 0.20                 | 0.40                 | 0.64           | -0.69            | 0.33 | 0.35     | 1.00 |          |
| Granahan             | 0.30                 | 0.30                 | 0.57           | -0.70            | 0.23 | 0.23     | 0.66 | 1.00     |



Benchmark: Russell 3000 index.

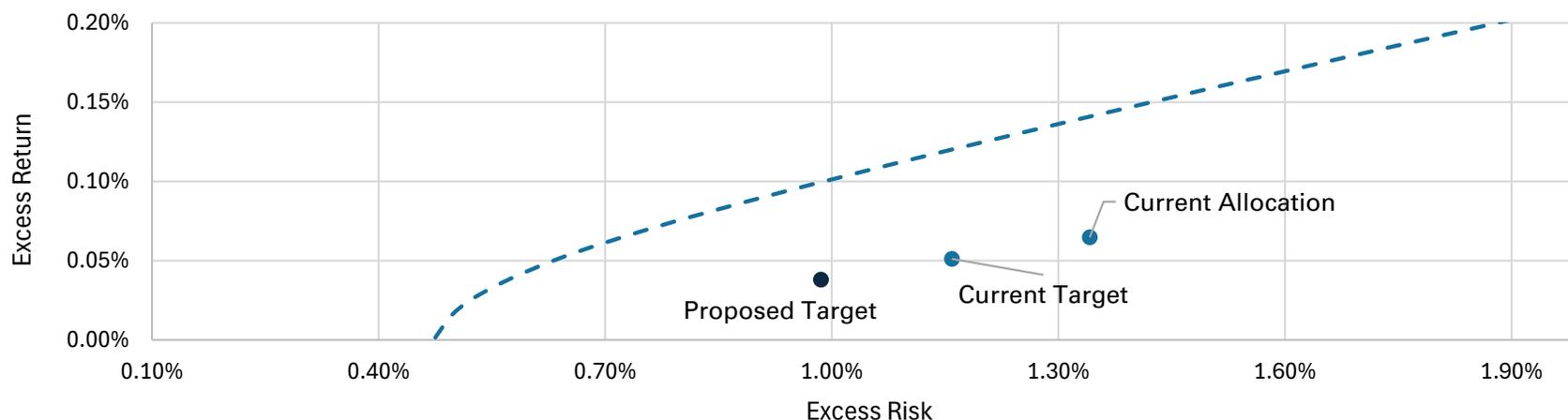
All Risk/Return statistics calculated from 8/31/2014 through 8/31/2024.



# RISK BUDGET FRONTIER

| Portfolio              | Current Allocation | Expected Excess Return (%) | Tracking Error (%) | Current Allocation Excess Risk Contribution (%) | Current Target | Current Target Excess Risk Contribution (%) | Proposed Target | Proposed Target Excess Risk Contribution (%) |
|------------------------|--------------------|----------------------------|--------------------|---|----------------|---|-----------------|--|
| Principal US Mid Cap   | 7.65%              | 0.50%                      | 5.80%              | 16.40%  | 7.14%          | 17.90%                                      | 6.52%           | 19.20%                                       |
| Rhumblin R2000 Value   | 2.49%              | 0.75%                      | 11.21%             | 16.70%  | 2.38%          | 17.80%                                      | 2.17%           | 18.20%                                       |
| Rhumblin R2000         | 8.15%              | 0.10%                      | 9.46%              | 48.40%  | 7.14%          | 47.20%                                      | 6.52%           | 47.70%                                       |
| Rhumblin S&P 500       | 69.05%             | -0.10%                     | 1.40%              | -49.40%   | 71.44%         | -55.40%                                     | 73.91%          | -59.60%                                      |
| SBH                    | 2.51%              | 0.50%                      | 9.58%              | 13.30%  | 2.38%          | 14.30%                                      | 2.17%           | 14.90%                                       |
| Copeland               | 5.52%              | 0.50%                      | 7.62%              | 27.10%  | 4.76%          | 26.80%                                      | 4.35%           | 28.70%                                       |
| EAM                    | 1.97%              | 0.10%                      | 11.47%             | 9.70%   | 2.38%          | 13.60%                                      | 2.17%           | 13.50%                                       |
| Granahan               | 2.66%              | 1.00%                      | 16.65%             | 17.80%  | 2.38%          | 17.80%                                      | 2.17%           | 17.30%                                       |
| Expected Excess Return | 0.06%              |                            |                    |   | 0.05%          |   | 0.04%           |  |
| Expected Excess Risk   | 1.34%              |                            |                    |   | 1.16%          |   | 0.99%           |  |
| Information Ratio      | 0.05               |                            |                    |   | 0.04           |   | 0.04            |  |

Risk Budget Frontier



Benchmark: Russell 3000 index.

All Risk/Return statistics calculated from 8/31/2014 through 8/31/2024.

Expected excess return is derived from respective forward-looking assumptions.

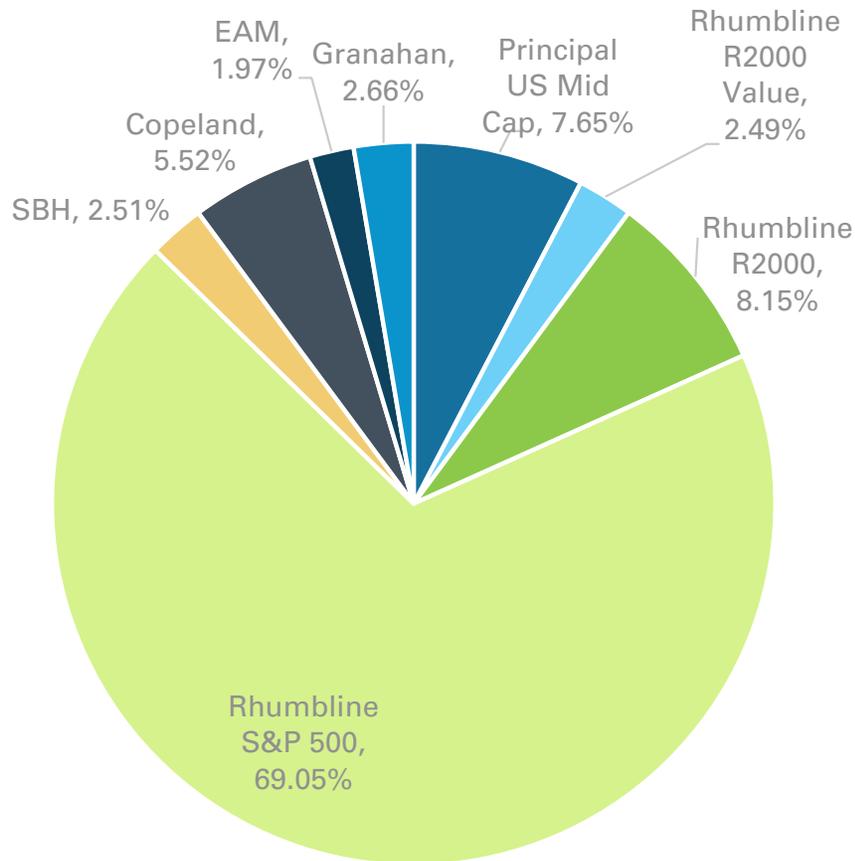
Current Allocation as of 9/30/2024.



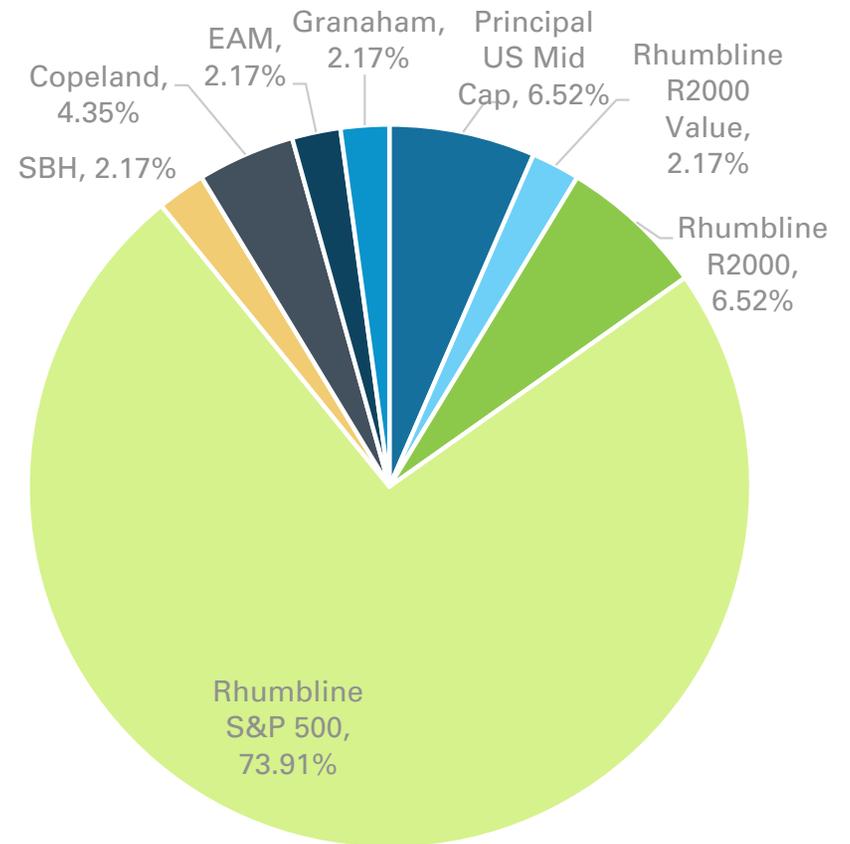
# DOMESTIC EQUITY MANAGER WEIGHTS

## CURRENT VS. PROPOSED

### Current



### Proposed



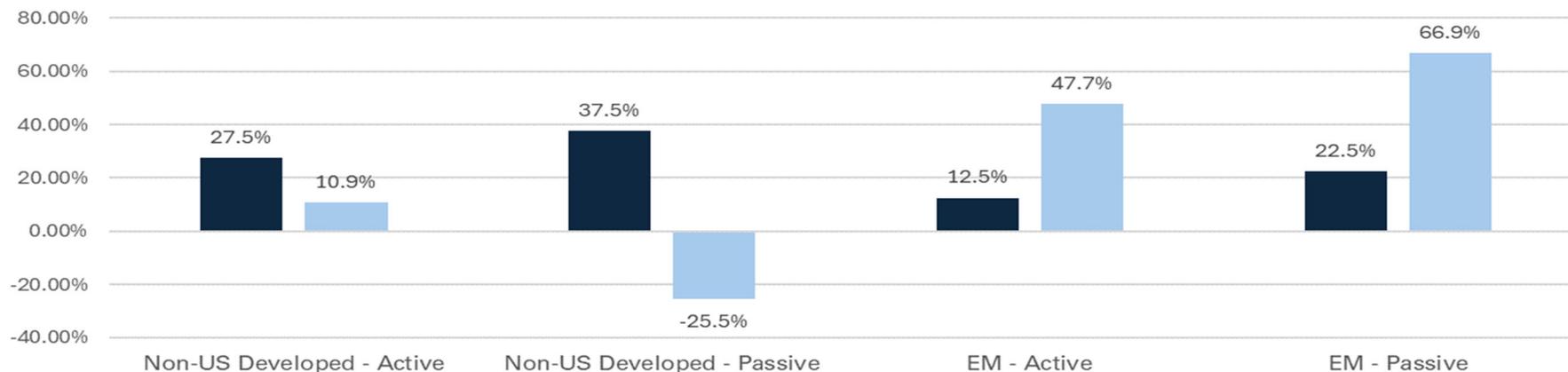
# NON-US EQUITY

## Risk Budgeting



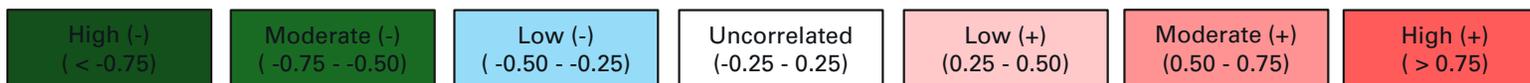
# ACTIVE RISK BUDGET & ALPHA CORRELATIONS

## Excess Risk Contribution



■ Recommended Allocation ■ % Contribution to Risk

| Alpha Correlations  | Axiom EM | Barrow Hanley Intl | DFA EM | Lazard Intl | MFS Intl | Oberweis Intl | SSGA EAFE Small Cap | SSGA World ex USA | SSGA MSCI EM | Wasatch EM |
|---------------------|----------|--------------------|--------|-------------|----------|---------------|---------------------|-------------------|--------------|------------|
| Axiom EM            | 1.00     |                    |        |             |          |               |                     |                   |              |            |
| Barrow Hanley Intl  | -0.49    | 1.00               |        |             |          |               |                     |                   |              |            |
| DFA EM              | 0.55     | -0.06              | 1.00   |             |          |               |                     |                   |              |            |
| Lazard Intl         | -0.41    | 0.15               | -0.52  | 1.00        |          |               |                     |                   |              |            |
| MFS Intl            | -0.32    | -0.20              | -0.57  | 0.46        | 1.00     |               |                     |                   |              |            |
| Oberweis Intl       | -0.01    | -0.04              | -0.36  | 0.39        | 0.25     | 1.00          |                     |                   |              |            |
| SSGA EAFE Small Cap | -0.39    | 0.20               | -0.39  | 0.42        | 0.22     | 0.69          | 1.00                |                   |              |            |
| SSGA World ex USA   | -0.82    | 0.38               | -0.71  | 0.59        | 0.44     | 0.41          | 0.66                | 1.00              |              |            |
| SSGA MSCI EM        | 0.84     | -0.35              | 0.78   | -0.56       | -0.48    | -0.26         | -0.49               | -0.95             | 1.00         |            |
| Wasatch EM          | 0.45     | -0.37              | 0.20   | 0.00        | -0.01    | 0.32          | 0.09                | -0.21             | 0.27         | 1.00       |



Benchmark: MSCI AC World ex USA.

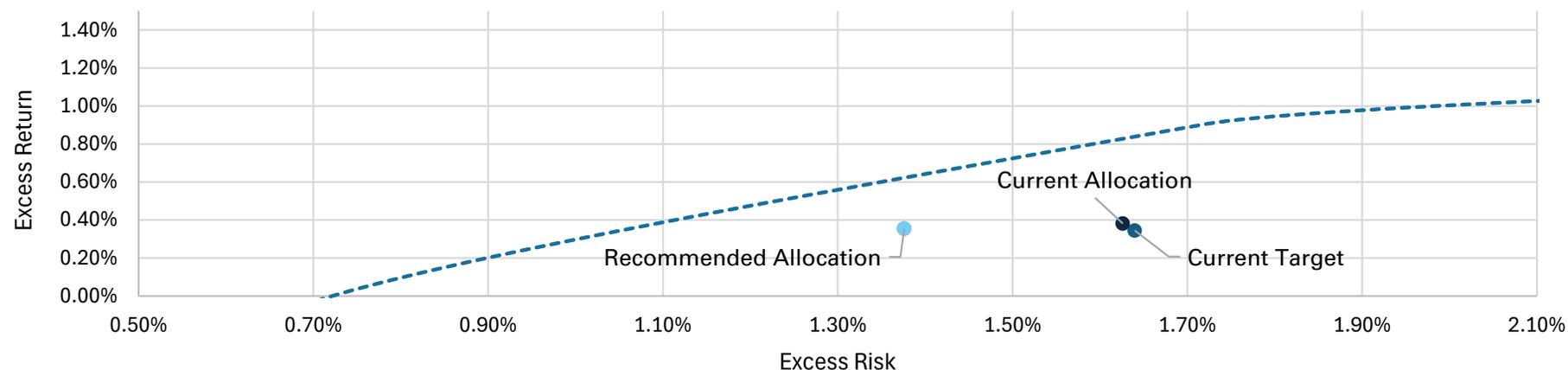
All Risk/Return statistics calculated from 8/31/2014 through 9/30/2024.



# RISK BUDGET FRONTIER

| Portfolio              | Current Allocation | Expected Excess Return (%) | Tracking Error (%) | Current Allocation Excess Risk Contribution (%) | Recommended Allocation | Recommended Allocation Excess Risk Contribution (%) |
|------------------------|--------------------|----------------------------|--------------------|---|------------------------|---|
| Axiom EM               | 5.22%              | 1.50%                      | 8.37%              | 6.60%   | TBD                    | TBD   |
| Barrow Hanley Intl     | 9.35%              | 0.50%                      | 6.36%              | 3.10%   | 9.50%                  | 0.90%   |
| DFA EM                 | 9.87%              | 1.50%                      | 8.26%              | 9.60%   | 8.00%                  | 27.30%  |
| Lazard Intl            | 9.39%              | 0.50%                      | 4.57%              | 9.10%   | TBD                    | TBD   |
| MFS Intl               | 10.62%             | 0.75%                      | 4.94%              | 4.00%   | 13.50%                 | -3.10%  |
| Oberweis Intl          | 5.86%              | 1.00%                      | 10.61%             | 26.30%  | 4.50%                  | 13.10%  |
| SSGA EAFE Small Cap    | 5.08%              | -0.70%                     | 5.32%              | 8.60%   | TBD                    | TBD   |
| SSGA World ex USA      | 28.97%             | -1.00%                     | 2.78%              | 4.70%   | 37.50%                 | -25.50%   |
| SSGA MSCI EM           | 9.96%              | 1.50%                      | 7.70%              | 4.70%   | 22.50%                 | 66.90%  |
| Wasatch EM             | 5.67%              | 1.75%                      | 10.79%             | 23.30%  | 4.50%                  | 20.40%  |
| Expected Excess Return | 0.38%              |                            |                    |   | 0.36%                  |   |
| Expected Excess Risk   | 1.63%              |                            |                    |   | 1.38%                  |   |
| Information Ratio      | 0.23               |                            |                    |   | 0.26                   |   |

## Risk Budget Frontier



Benchmark: MSCI AC World ex USA.

All Risk/Return statistics calculated from 8/31/2014 through 9/30/2024.

Expected excess return is derived from respective forward-looking assumptions.

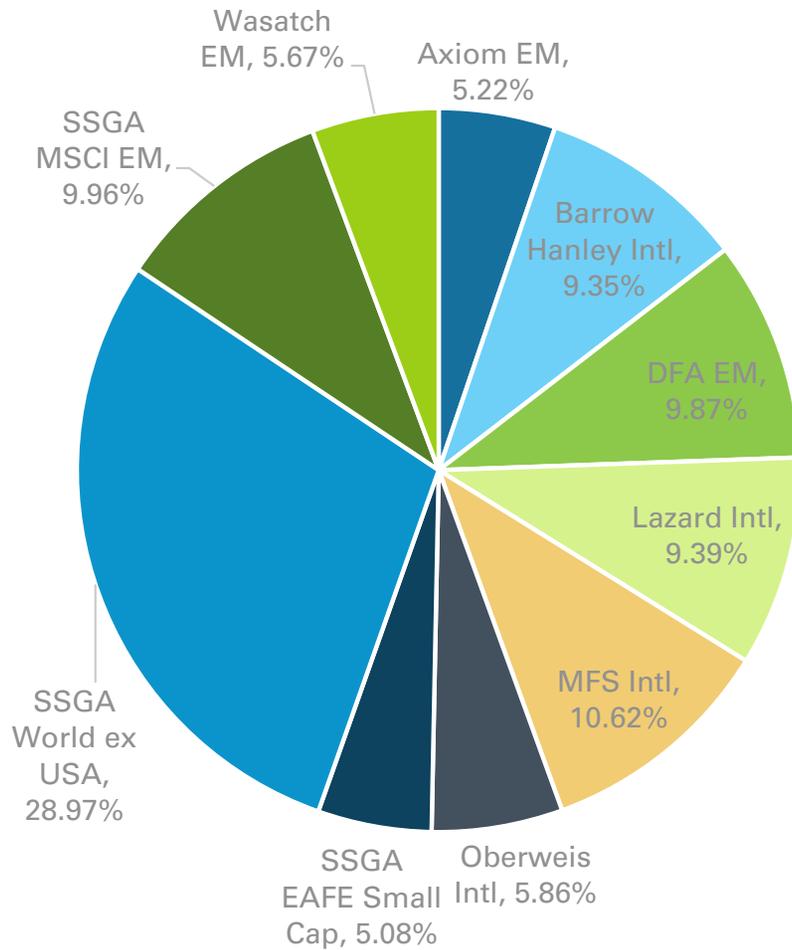
Current Allocation as of 9/30/2024.



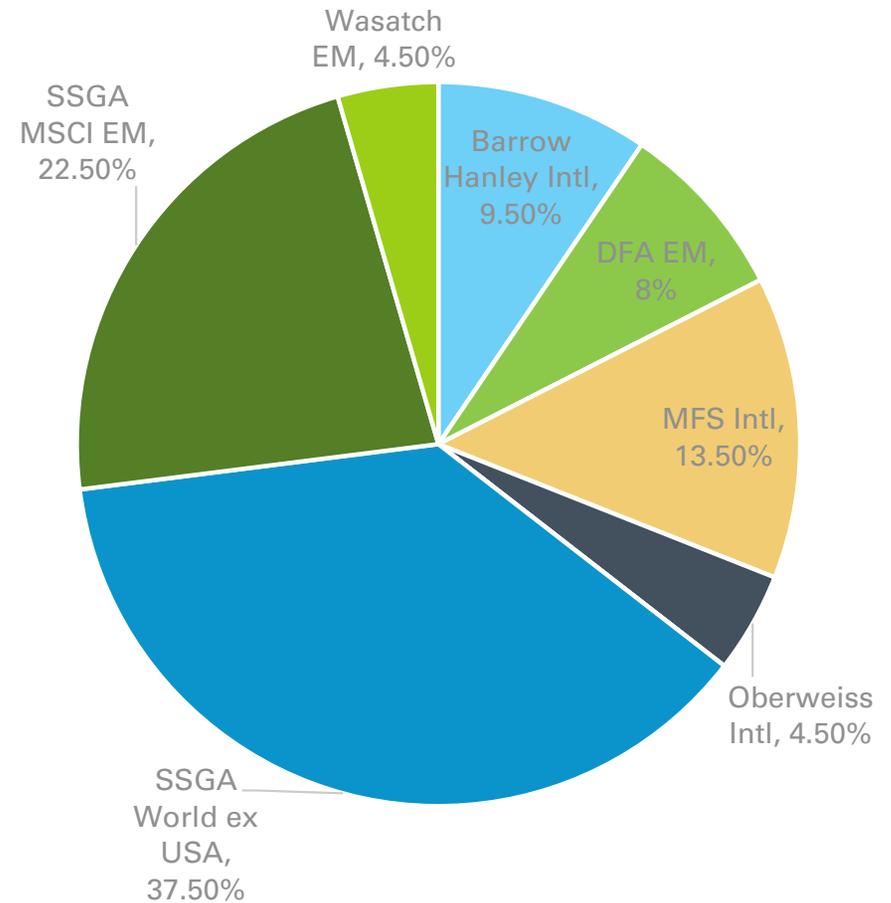
# NON-US EQUITY MANAGER WEIGHTS

## CURRENT VS. RECOMMENDED

### Current



### Recommended



Axiom, Lazard, SSGA EAFE Small Cap allocations are TBD in the Recommended Allocation



# FIXED INCOME VIEW



# PUBLIC MARKET FIXED INCOME

## NEPC STRATEGIC VIEWS

We recommend investors **create distinct strategic asset allocation targets for safe-haven, high-quality, and return-seeking fixed income**

We favor an active manager approach to return-seeking fixed income, including within **U.S. high yield corporates, bank loans and emerging markets debt**

Preferred implementation within **EMD is a blended approach to moderate volatility** while allowing for tactical rotation across EMD sectors

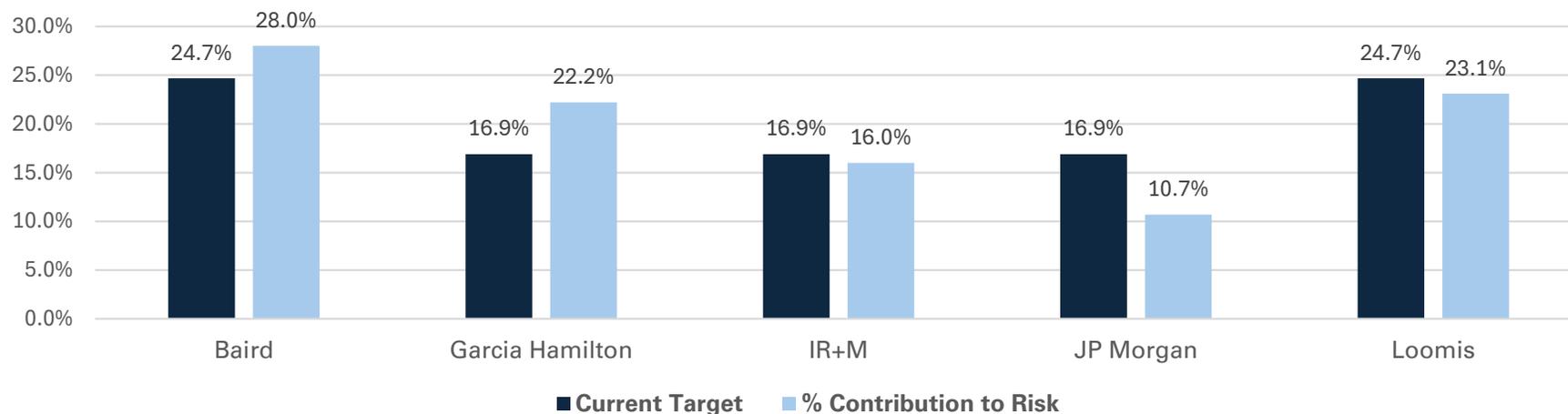
# CORE FIXED INCOME

Risk Budgeting

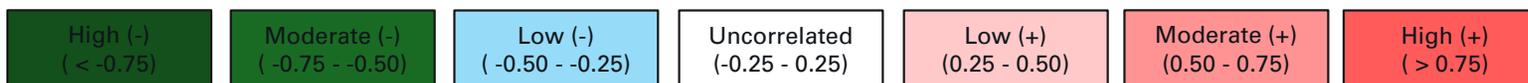


# ACTIVE RISK BUDGET & ALPHA CORRELATIONS

## Excess Risk Contribution



| Alpha Correlations | Baird | Loomis | IR&M | Garcia Hamilton | JP Morgan |
|--------------------|-------|--------|------|-----------------|-----------|
| Baird              | 1.00  |        |      |                 |           |
| Loomis             | 0.36  | 1.00   |      |                 |           |
| IR&M               | 0.85  | 0.43   | 1.00 |                 |           |
| Garcia Hamilton    | 0.23  | -0.16  | 0.24 | 1.00            |           |
| JP Morgan          | 0.45  | -0.02  | 0.51 | 0.08            | 1.00      |



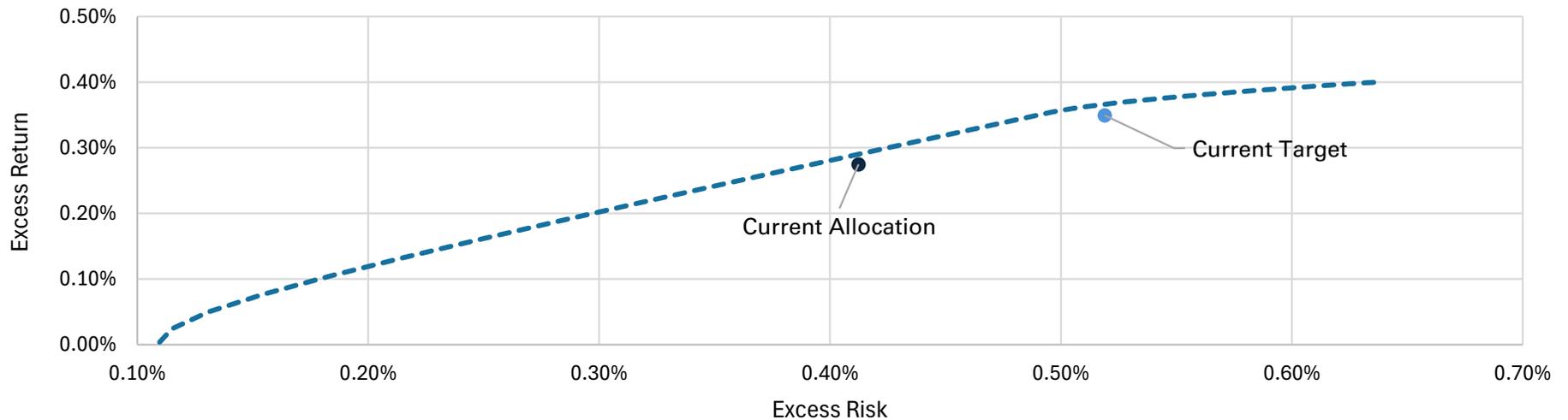
Benchmark: Bloomberg US Aggregate Bond Index.  
All Risk/Return statistics calculated from 8/31/2014 through 8/31/2024.



# RISK BUDGET FRONTIER

| Portfolio              | Current Allocation | Expected Excess Return (%) | Tracking Error (%) | Current Allocation Excess Risk Contribution (%) | Current Target | Current Target Excess Risk Contribution (%) |
|------------------------|--------------------|----------------------------|--------------------|---|----------------|---|
| Baird                  | 19.53%             | 0.40%                      | 0.70%              | 28.40%  | 24.67%         | 28.00%                                      |
| Loomis Sayles          | 19.99%             | 0.40%                      | 0.89%              | 24.80%  | 24.67%         | 23.10%                                      |
| IR&M                   | 14.10%             | 0.30%                      | 0.57%              | 17.10%  | 16.89%         | 16.00%                                      |
| Garcia Hamilton        | 11.38%             | 0.30%                      | 1.34%              | 16.70%  | 16.89%         | 22.20%                                      |
| JP Morgan              | 13.38%             | 0.30%                      | 0.67%              | 10.90%  | 16.89%         | 10.70%                                      |
| SSGA                   | 21.62%             | 0.00%                      | 0.11%              | 2.10%   |                |   |
| Expected Excess Return | 0.27%              |                            |                    |   | 0.35%          |   |
| Expected Excess Risk   | 0.41%              |                            |                    |   | 0.52%          |   |
| Information Ratio      | 0.67               |                            |                    |   | 0.67           |   |

**Risk Budget Frontier**



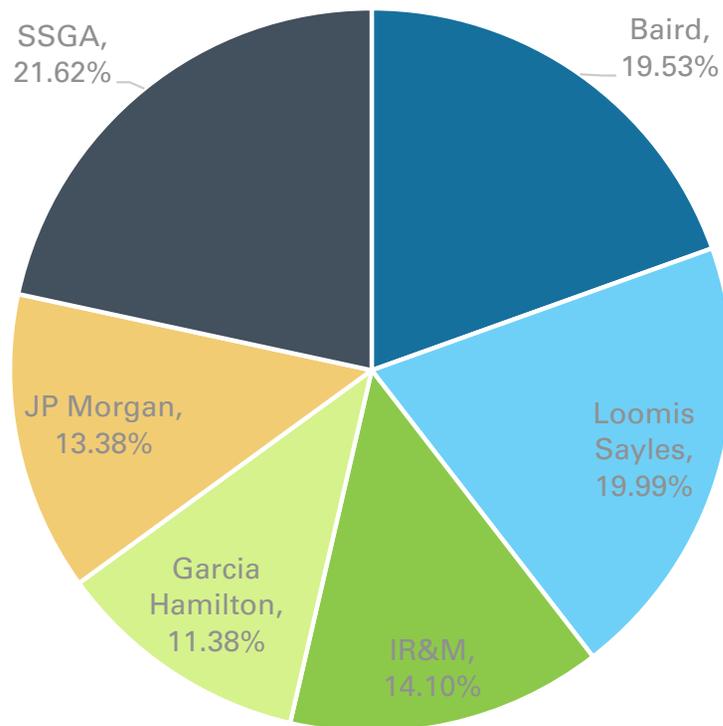
Benchmark: Bloomberg US Aggregate Bond Index.  
 All Risk/Return statistics calculated from 8/31/2014 through 8/31/2024.  
 Expected excess return is derived from respective forward-looking assumptions.  
 Current Allocation as of 9/30/2024.



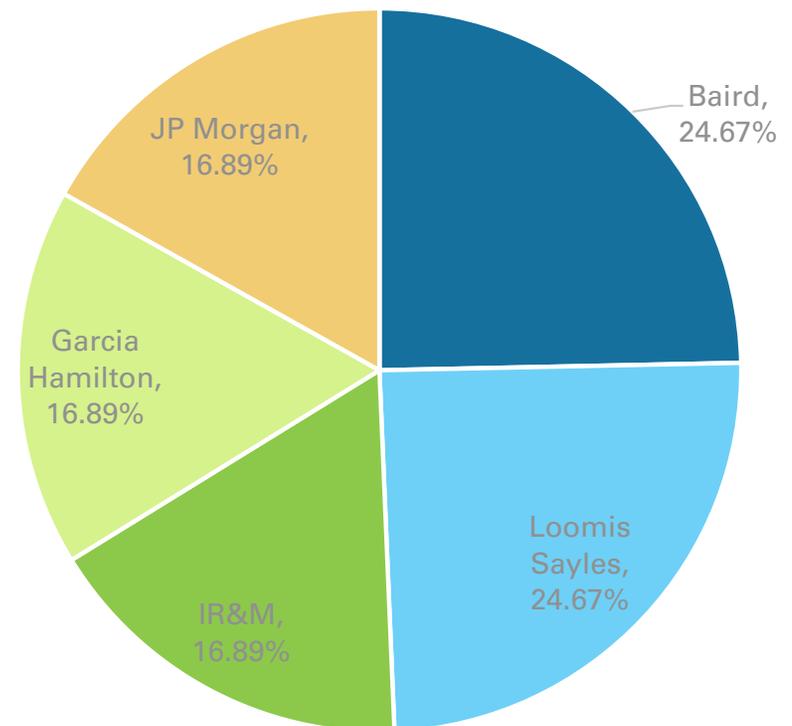
# CORE FIXED INCOME MANAGER WEIGHTS

## CURRENT VS. TARGET – NO CHANGES RECOMMENDED

Current



Target

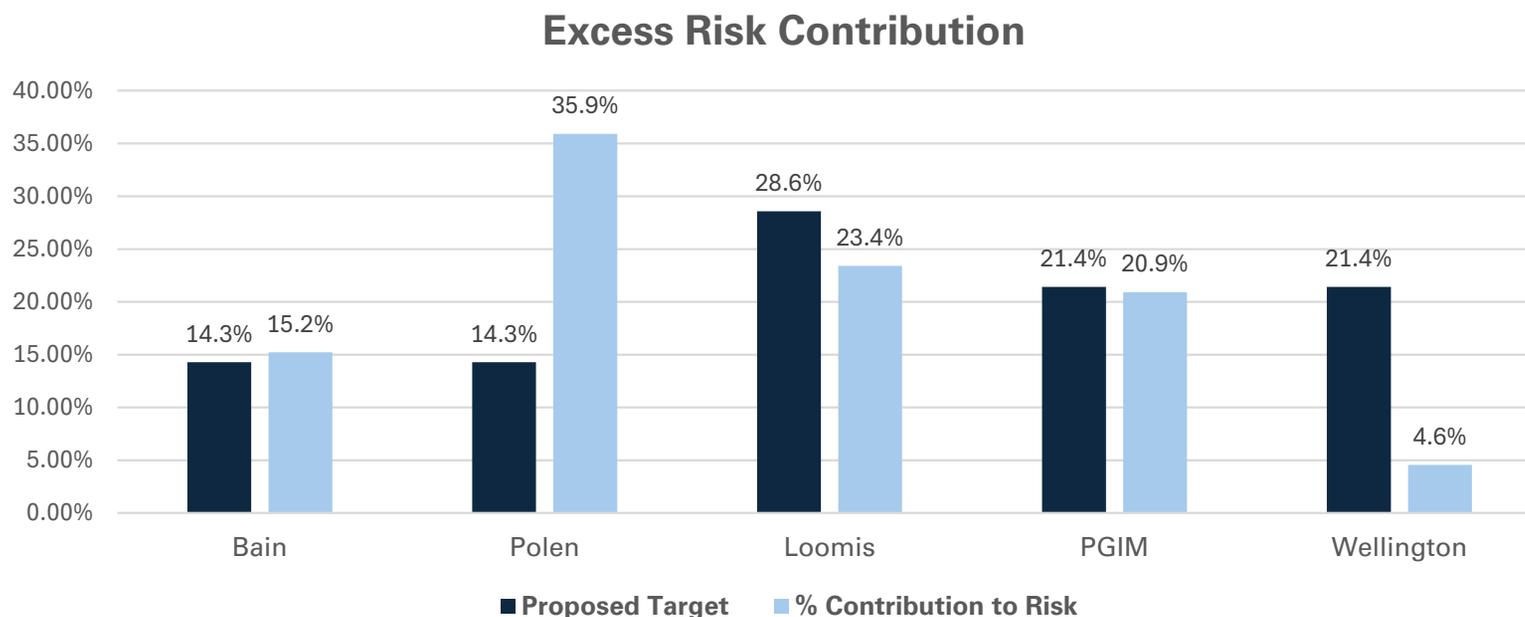


# CREDIT OPPORTUNITIES

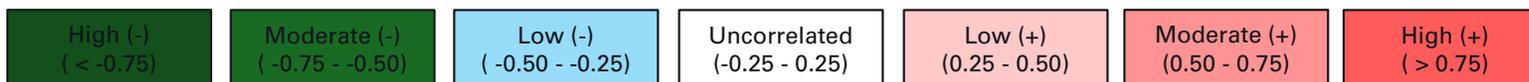
Risk Budgeting



# ACTIVE RISK BUDGET & ALPHA CORRELATIONS



| Excess Return Correlations | Bain  | Polen | Loomis | PGIM | Wellington |
|----------------------------|-------|-------|--------|------|------------|
| Bain                       | 1.00  |       |        |      |            |
| Polen                      | 0.68  | 1.00  |        |      |            |
| Loomis                     | 0.08  | 0.33  | 1.00   |      |            |
| PGIM                       | -0.75 | -0.49 | -0.42  | 1.00 |            |
| Wellington                 | -0.85 | -0.67 | -0.43  | 0.89 | 1.00       |



Benchmark: 21.425% JPM EMBI Global Diversified, 21.425% JPM GBI-EM Global Diversified, 35.72% BBgBarc US High Yield 2% Issuer Cap, 21.44% S&P UBS Leveraged Loan Index.

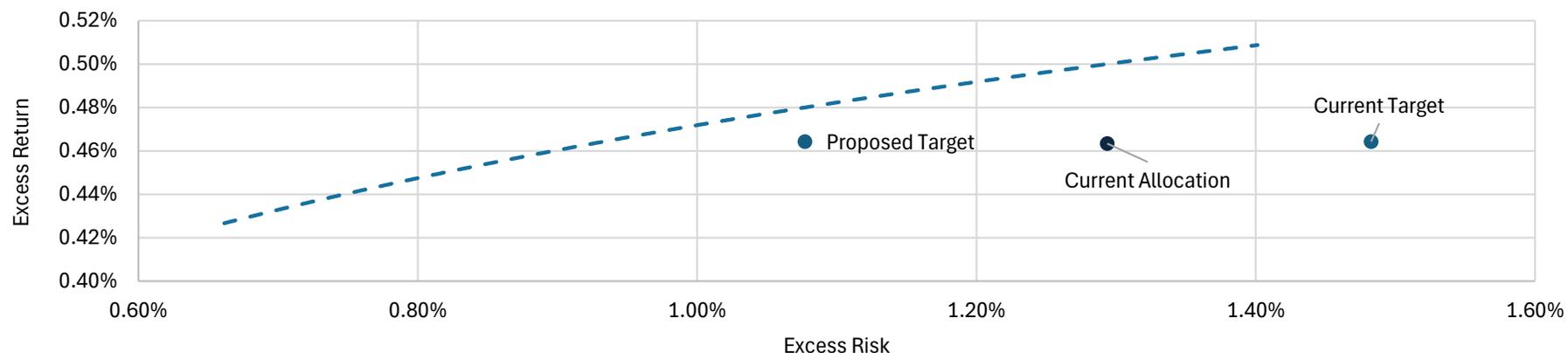
All Risk/Return statistics calculated from 9/30/2014 through 9/30/2024.



# RISK BUDGET FRONTIER

| Portfolio              | Current Allocation | Expected Excess Return (%) | Tracking Error (%) | Current Allocation Excess Risk Contribution (%) | Current Target | Current Target Excess Risk Contribution (%) | Proposed Target Allocation (%) | Proposed Target Excess Risk Contribution (%) |
|------------------------|--------------------|----------------------------|--------------------|---|----------------|---|--------------------------------|--|
| Bain                   | 14.65%             | 0.25%                      | 4.36%              | 0.04%   | 14.29%         | -4.14%                                      | 14.29%                         | 15.22%                                       |
| Polen                  | 13.91%             | 0.50%                      | 4.14%              | 9.68%   | 14.29%         | 1.63%                                       | 14.29%                         | 35.90%                                       |
| Loomis                 | 19.10%             | 0.50%                      | 3.04%              | -18.38%   | 14.29%         | -18.13%                                     | 28.58%                         | 23.41%                                       |
| PGIM                   | 26.46%             | 0.50%                      | 4.60%              | 64.10%  | 28.57%         | 68.27%                                      | 21.42%                         | 20.92%                                       |
| Wellington             | 25.88%             | 0.50%                      | 3.81%              | 44.57%  | 28.57%         | 52.36%                                      | 21.42%                         | 4.55%  |
| Expected Excess Return | 0.46%              |                            |                    |   | 0.46%          |   | 0.46%                          |  |
| Expected Excess Risk   | 1.29%              |                            |                    |   | 1.48%          |   | 1.08%                          |  |
| Information Ratio      | 0.36               |                            |                    |   | 0.31           |   | 0.43                           |  |

Risk Budget Frontier



Benchmark: 21.425% JPM EMBI Global Diversified, 21.425% JPM GBI-EM Global Diversified, 35.72% BBgBarc US High Yield 2% Issuer Cap, 21.44% S&P UBS Leveraged Loan Index.

All Risk/Return statistics calculated from 9/30/2014 through 9/30/2024.

Current Allocation as of 9/30/2024.

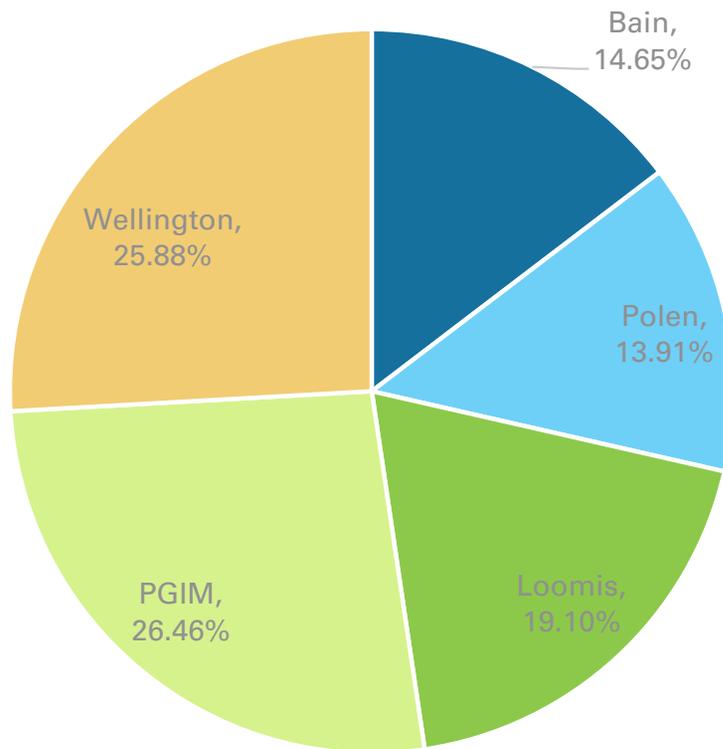
Expected excess return is derived from respective forward-looking assumptions.



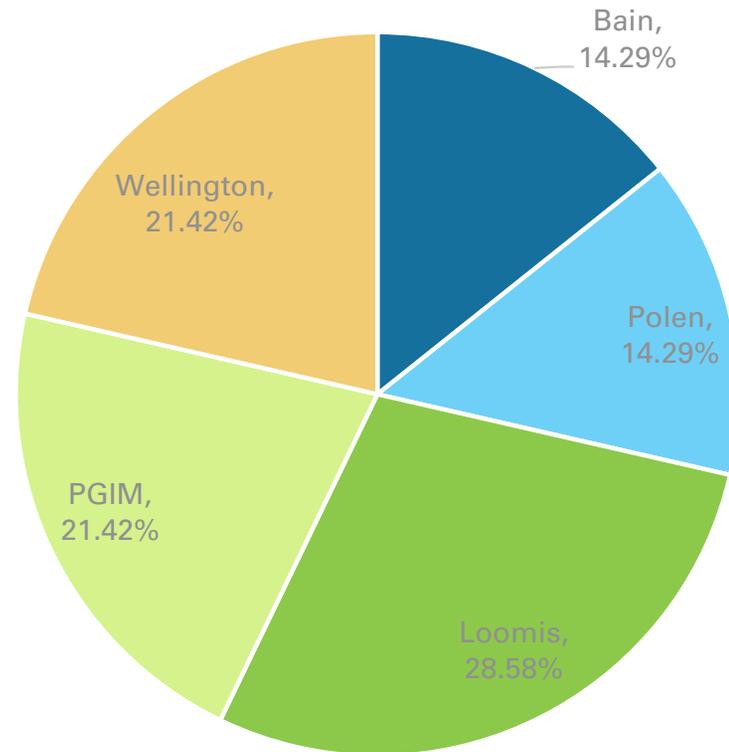
# CREDIT OPPORTUNITIES MANAGER WEIGHTS

## CURRENT VS. PROPOSED

### Current



### Proposed



# PUBLIC REAL ASSET VIEW



# PUBLIC REAL ASSETS

## NEPC STRATEGIC VIEWS

Real assets provide **exposure to inflation-sensitive asset classes and offer diversification benefits** to the portfolio

We recommend a strategic target comprising a **blend of various liquid real assets strategies**

We encourage **sizing strategic targets based on the inflation sensitivity risks** associated with an investor's long-term objectives

**Diversification benefits of real assets improve with greater levels of interest rate and inflation volatility** disrupting stock-bond correlations

# PUBLIC REAL ASSETS

## Risk Budgeting



# LISTED INFRASTRUCTURE BENCHMARKS

|                                   | FTSE Global Infrastructure Core 50/50 Index   | DJ Brookfield Global Infrastructure Index  | S&P Global Infrastructure Index  |
|-----------------------------------|---|--|--|
| <b>Number of Constituents</b>     | 274   | 100  | 76   |
| <b>Market Capitalization</b>      | \$2.8 Trillion  | \$4.3 Trillion   | \$3.1 Trillion   |
| <b>Geographic Diversification</b> | United States: 61%<br>Canada: 10.7%<br>APAC: 13.2%<br>Europe: 15%<br>Other: 2.1%  | United States: 50.8%<br>Canada: 17.4%<br>APAC: 8%<br>Europe: 21.5%<br>Other: 2%  | United States: 42.2%<br>Canada: 8.5%<br>APAC: 19.2%<br>Europe: 22.3%<br>Other: 7.2%  |
| <b>Top 10 Constituent Weights</b> | 29.6%   | 44.5%  | 37.1%  |
| <b>Benefits</b>                   | <ul style="list-style-type: none"> <li>- Global Diversification</li> <li>- Low Historical Volatility</li> <li>- Low Top 10 Constituents Weight</li> <li>- Largest number of underlying constituent companies</li> </ul> | <ul style="list-style-type: none"> <li>- Broad Global Diversification</li> <li>- Very low Historical Volatility</li> <li>- ESG and Carbon Emissions Reporting</li> </ul> | <ul style="list-style-type: none"> <li>- Global Diversification</li> <li>- Fairly even Sector Diversification (40.4% Utilities, 38.3% Industrials, 21.3% Energy)</li> <li>- Geographic Variation (Over 50% in non-US)</li> </ul> |
| <b>Considerations</b>             | <ul style="list-style-type: none"> <li>- High US Exposure (61%)</li> <li>- High Utilities Exposure (50%)</li> </ul>   | <ul style="list-style-type: none"> <li>- High Top 10 Constituents Weight with no Individual Company Cap</li> <li>- High North American Concentration (~70%)</li> </ul>   | <ul style="list-style-type: none"> <li>- Smallest Number of Constituents</li> <li>- Historically Higher Volatility</li> <li>- High Top 10 Constituents Weight</li> </ul>   |



Source: S&P Global, LSEG Note: All Data as of October 31, 2024

# TRAILING RETURNS & CORRELATIONS

|   | 3 Month | 6 Month | 1 Year | 3 Year | 5 Year | 7 Year | 10 Year |
|---|---------|---------|--------|--------|--------|--------|---------|
| DJ Brookfield Global Infrastructure Index   | 14.33%  | 13.92%  | 27.22% | 5.99%  | 5.09%  | 5.66%  | 5.16%   |
| S&P Global Infrastructure Index             | 13.19%  | 15.83%  | 29.68% | 8.60%  | 5.97%  | 5.54%  | 5.38%   |
| FTSE Global Infrastructure Core 50 50 Index | 13.59%  | 14.42%  | 28.81% | 6.71%  | 5.25%  | 6.19%  | 6.36%   |
| S&P 500                                     | 5.89%   | 10.42%  | 36.35% | 11.91% | 15.98% | 14.50% | 13.38%  |

| Total Return Correlations                   | S&P Global Infrastructure Index | FTSE Global Infrastructure Core 50/50 Index | DJ Brookfield Global Infrastructure Index | S&P 500 |
|---|---------------------------------|---|---|---------|
| S&P Global Infrastructure Index             | 1.00                            | 0.96  | 0.95                                      | 0.77    |
| FTSE Global Infrastructure Core 50/50 Index | 0.96                            | 1.00  | 0.97                                      | 0.76    |
| DJ Brookfield Global Infrastructure Index   | 0.95                            | 0.97  | 1.00                                      | 0.77    |
| S&P 500                                     | 0.77                            | 0.76  | 0.77                                      | 1.00    |

|                        |                                  |                             |                                |                          |                               |                       |
|------------------------|----------------------------------|-----------------------------|--------------------------------|--------------------------|-------------------------------|-----------------------|
| High (-)<br>( < -0.75) | Moderate (-)<br>( -0.75 - -0.50) | Low (-)<br>( -0.50 - -0.25) | Uncorrelated<br>(-0.25 - 0.25) | Low (+)<br>(0.25 - 0.50) | Moderate (+)<br>(0.50 - 0.75) | High (+)<br>( > 0.75) |
|------------------------|----------------------------------|-----------------------------|--------------------------------|--------------------------|-------------------------------|-----------------------|

Indices are reported Net.

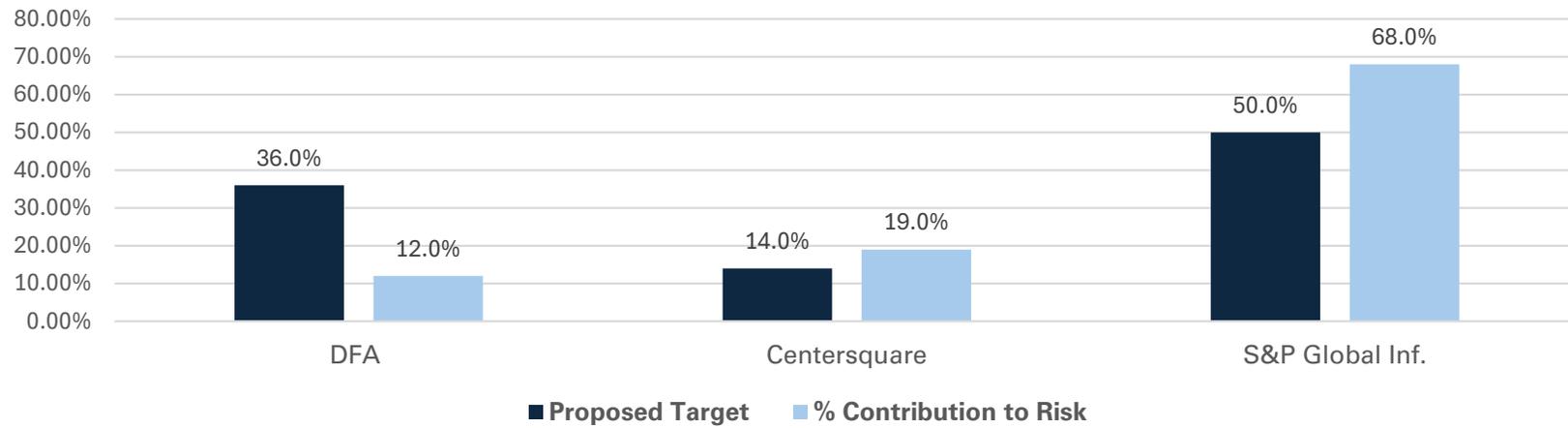
All Risk/Return statistics calculated from 8/31/2014 through 9/30/2024.

Correlations reflect total return correlations.

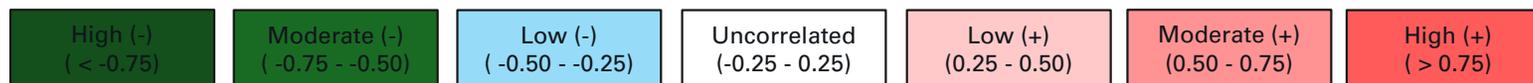


# ACTIVE RISK BUDGET & ALPHA CORRELATIONS

Total Risk Contribution



| Excess Return Correlations | DFA   | Centersquare | S&P Global Inf. |
|----------------------------|-------|--------------|-----------------|
| DFA                        | 1.00  | -0.38        | -0.91           |
| Centersquare               | -0.38 | 1.00         | -0.02           |
| S&P Global Inf.            | -0.91 | -0.02        | 1.00            |



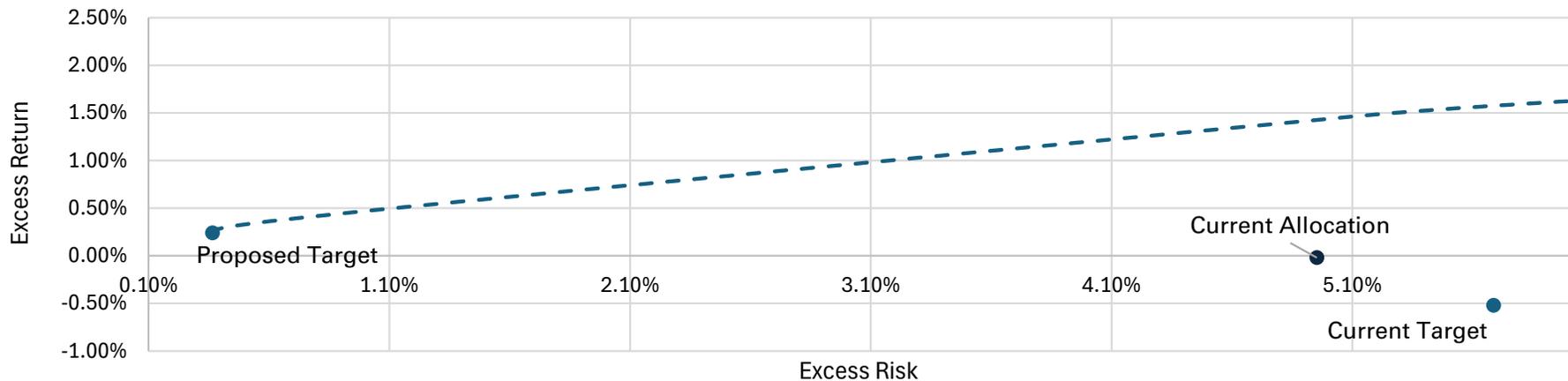
Benchmark: 36% Bloomberg US TIPS, 14% FTSE NAREIT All Equity REITS, 50% S&P Global Infrastructure (Net).  
 All Risk/Return statistics calculated from 9/30/2015 through 9/30/2024.



# RISK BUDGET FRONTIER

| Portfolio              | Current Allocation | Expected Excess Return (%) | Tracking Error (%) | Current Allocation Excess Risk Contribution (%) | Prior Target | Prior Target Excess Risk Contribution (%) | Proposed Target Allocation (%) | Proposed Target Excess Risk Contribution (%) |
|------------------------|--------------------|----------------------------|--------------------|---|--------------|---|--------------------------------|--|
| DFA - TIPS             | 57.71%             | -1.50%                     | 8.55%              | 69.60%  | 72.00%       | 98.60%                                    | 36.00%                         | 228.30%                                      |
| Centersquare - REITS   | 42.29%             | 2.00%                      | 9.08%              | 30.40%  | 28.00%       | 1.40%                                     | 14.00%                         | 14.10%                                       |
| S&P Global Inf.        | 0.00%              | 1.00%                      | 5.57%              |   | 0.00%        |   | 50.00%                         | -142.30%                                     |
| Expected Excess Return | -0.02%             |                            |                    |   | -0.52%       |   | 0.24%                          |  |
| Expected Excess Risk   | 4.95%              |                            |                    |   | 5.69%        |   | 0.37%                          |  |
| Information Ratio      | 0.00               |                            |                    |   | -0.09        |   | 0.66                           |  |

**Risk Budget Frontier**



Benchmark: 36% Bloomberg US TIPS, 14% FTSE NAREIT All Equity REITS, 50% S&P Global Infrastructure (Net).

All Risk/Return statistics calculated from 9/30/2015 through 9/30/2024.

Current Allocation as of 9/30/2024.

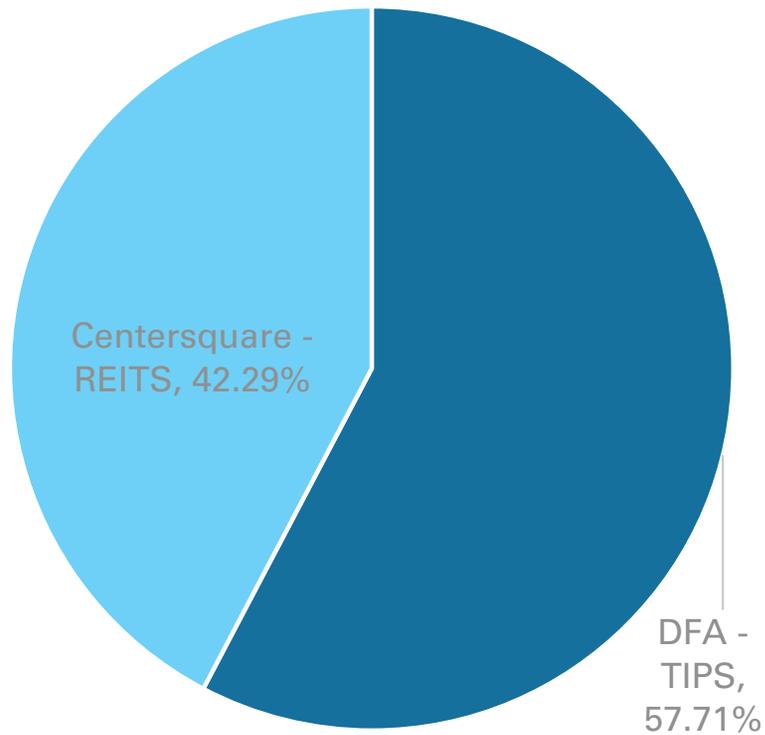
Expected excess return is derived from respective forward-looking assumptions.



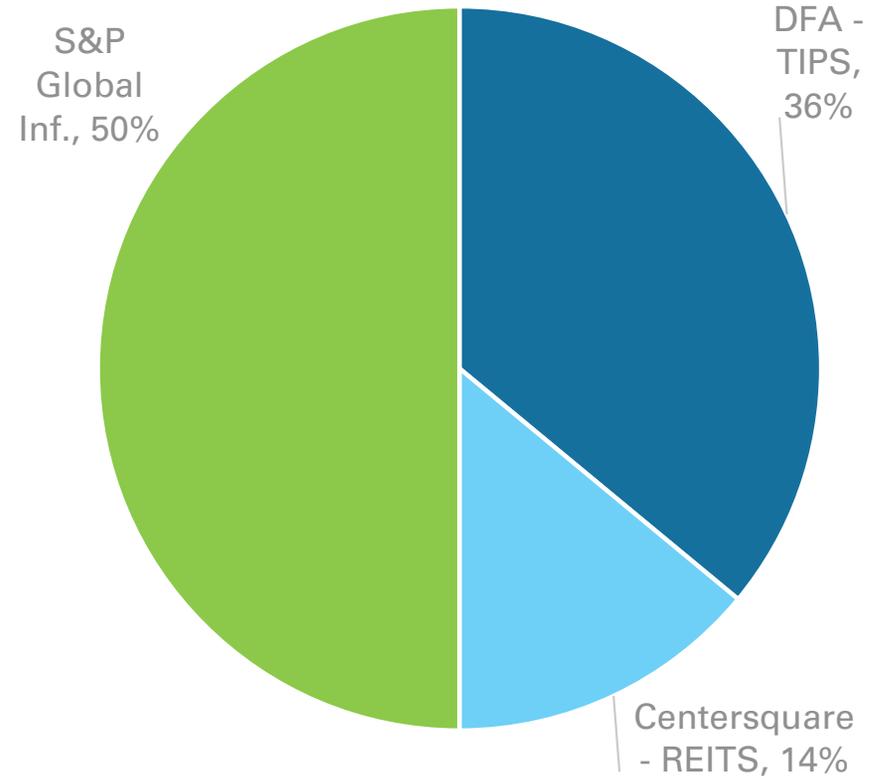
# PUBLIC REAL ASSETS MANAGER WEIGHTS

CURRENT VS. PROPOSED

Current



Proposed



# APPENDIX



# NEPC DISCLOSURES

Past performance is no guarantee of future results.

All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

Some of the information presented herein has been obtained from external sources NEPC believes to be reliable. While NEPC has exercised reasonable professional care in preparing this content, we cannot guarantee the accuracy of all source information contained within.

The opinions presented herein represent the good faith views of NEPC as of the publication date and are subject to change at any time.

This presentation contains summary information regarding the investment management approaches described herein but is not a complete description of the investment objectives, portfolio management and research that supports these approaches. This analysis does not constitute a recommendation to implement any of the aforementioned approaches.



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

**MEETING: FEBRUARY 25, 2025**  
**ITEM: VII – E**

**SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$50 MILLION IN TPG RISE CLIMATE II, L.P.**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Board receive and file this notice of the commitment of up to \$50 million in TPG Rise Climate II, L.P.

**Executive Summary**

TPG Rise Climate II, L.P. will focus on growth equity investments in climate-related companies with an emphasis on energy transition, sustainable materials, and carbon solutions.

**Discussion**

*Consultant Recommendation*

Aksia LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to \$50 million in TPG Rise Climate II, L.P. (the Fund), a growth equity strategy managed by TPG (TPG or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interest. This recommendation is consistent with the Private Equity Program 2025 Strategic Plan adopted by the Board on January 14, 2025.

*Background*

TPG is a global alternative asset firm founded in 1992 with over \$246 billion of assets under management. TPG has investment platforms across a wide range of asset classes and strategies, including private equity, growth equity, impact investing, real estate, credit, and market solutions. TPG has approximately 1,800 employees and 300 active portfolio companies headquartered across 30 countries. TPG Founding Partner and Executive Chairman Jim Coulter is Managing Partner of TPG Rise Climate and former U.S. Treasury Secretary Hank Paulson serves as TPG Rise Climate's Executive Chairman.

TPG is an existing general partner relationship for LACERS. LACERS previously committed to seven private equity funds and one real estate fund managed by the GP.

| <b>Fund</b>            | <b>Vintage Year</b> | <b>Commitment Amount</b> | <b>Net IRR<sup>1,2</sup></b> |
|------------------------|---------------------|--------------------------|------------------------------|
| TPG Partners III, L.P. | 1999                | \$25 million             | 24.4%                        |
| TPG Partners IV, L.P.  | 2003                | \$25 million             | 15.2%                        |
| TPG Partners V, L.P.   | 2006                | \$30 million             | 4.8%                         |
| TPG Partners VI, L.P.  | 2008                | \$22.5 million           | 9.4%                         |
| TPG STAR, L.P.         | 2006                | \$20 million             | 6.0%                         |
| TPG Growth II, L.P.    | 2011                | \$30 million             | 16.9%                        |
| TPG Rise Climate, L.P. | 2021                | \$50 million             | 19.8%                        |

***Investment Thesis***

TPG Rise Climate will be managed under the Firm’s Rise program, which was launched in 2016 as an extension of the TPG Growth platform to focus on growth equity investments in companies with a social impact. The Fund will take a broad sector approach, ranging from growth equity to value-added infrastructure, and will focus on energy transition and green mobility, sustainable fuels and sustainable materials, and carbon solutions.

***Placement Agent***

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

***Staff Recommendation***

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

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

TB/RJ/WL/EC/DB:jp

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

<sup>1</sup>Performance as of June 30, 2024

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

Aksia LLC

TPG Rise Climate II, L.P.  
Investment Notification



[www.aksia.com](http://www.aksia.com)

## TPG Rise Climate II, L.P.

|                          |   |
|--------------------------|---|
| <b>General Partner</b>   | • TPG Capital Advisors LLC  |
| <b>Fund</b>              | • TPG Rise Climate II, L.P.   |
| <b>Firm Founded</b>      | • 1992  |
| <b>Strategy</b>          | • Global Growth Equity  |
| <b>Sub-Strategy</b>      | • Growth Equity, Global Growth Equity   |
| <b>Geography</b>         | • Global (Focus on North America)   |
| <b>Team</b>              | • 500+  |
| <b>Senior Partners</b>   | • Jim Coulter, Edward Beckley, Maya Chorenge, Stephen Ellis, Jonathan Garfinkel, Jon Winkelried, Marc Mezvinsky   |
| <b>Office Locations</b>  | • New York, Chicago, Fort Worth, Los Angeles, San Francisco, Washington D.C., Hong Kong, Seoul, Singapore, Beijing, Mumbai, Shanghai, Tokyo, Abu Dhabi, Dubai, London, Amsterdam, Frankfurt, Milan, Luxembourg, Melbourne, Sydney |
| <b>Industries</b>        | • Clean electrons, Clean molecules and materials, and Negative emissions  |
| <b>Target Fund Size</b>  | • \$8.0 billion (\$10.0 billion cap)  |
| <b>LACERS Commitment</b> | • \$50.0 million  |

### Investment Highlights

- Experienced senior team that has worked together for over 11 years across a variety of sectors and geographies.
- Sector-focused teams to drive industry knowledge, development of themes and investment theses, and deepen network for unique deal flow.
- The Firm will maintain the flexibility to pursue growth equity, growth buyouts, and structured equity transactions on an opportunistic basis (approximately 15.0% of the Fund), across both developed and developing markets.

## TPG Rise Climate II, L.P.

---

### Firm and Background

- TPG (the "Firm", the "GP") was originally founded as Texas Pacific Group in 1992 by David Bonderman, James Coulter, and William Price.
- The Firm has developed six investment platforms — Capital, Growth, Impact, Angelo Gordon, Real Estate and Market Solutions. Each platform comprises a range of complementary products that invest across TPG's target sectors.
- On January 18, 2022, TPG Inc. completed an initial public offering.

### Investment Strategy

- The Firm's Rise program was launched in 2016 as an extension of the TPG Growth platform to focus on growth equity investments in companies with positive social impact via a sector-agnostic approach.
- TPG Rise Climate II will build on the thematic focus areas in the climate solutions sector, defined as investments where a substantial majority of revenues come from low-carbon business lines.
- The Fund pursues opportunities in five climate sub-sectors: energy transition, green mobility, sustainable fuels, sustainable materials & products and carbon solutions.
- The Fund is expected to be diversified across deal type, sector, and geography with a core focus on developed markets (specifically North America and Europe) and a decreased focus (approximately 10% of invested capital) to the Global South.
  - TPG Rise Climate's Global South Initiative will deploy capital to companies headquartered in non-OECD regions, including India, Southeast Asia, the Middle East, and Africa.

**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.**

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

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

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

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

## Section 5 PRIVATE EQUITY INVESTMENT POLICY

## F. Roles and Responsibilities

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

**Section 5 PRIVATE EQUITY INVESTMENT POLICY**

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



**LACERS**  
LA CITY EMPLOYEES'  
RETIREMENT SYSTEM



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

**MEETING: FEBRUARY 25, 2025**  
**ITEM: VII – F**

---

**SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$25 MILLION IN BIOSPRING PARTNERS FUND II, L.P.**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

---

### **Recommendation**

That the Board receive and file this notice of the commitment of up to \$25 million in Biospring Partners Fund II, L.P.

### **Executive Summary**

Biospring Partners Fund II, L.P. focuses on growth-stage investments in life sciences technology companies.

### **Discussion**

#### *Consultant Recommendation*

Aksia LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to \$25 million in Biospring Partners Fund II, L.P. (the Fund), a growth equity strategy managed by Biospring Partners (the GP or Biospring). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2025 Strategic Plan adopted by the Board on January 14, 2025.

#### *Background*

Biospring was founded in 2020 by Michelle Detwiler and Jennifer Lum. Michelle Detwiler was previously a Managing Director at General Atlantic and co-founder of Longwood Fund, leading multiple investments in life sciences platforms, in addition to earning both an M.D. and PhD. Jennifer Lum has operating experience in technology companies, having been a founder or early member of multiple companies that have successfully raised venture capital. The GP has ten investment professionals and is headquartered in New York City.

Biospring is an existing general partner relationship with LACERS and meets the criteria as an Emerging Investment Manager pursuant to the LACERS Emerging Investment Manager Policy. LACERS previously committed \$20 million to Biospring Partners Fund, L.P. (2020 vintage), which has earned a net internal rate of return (IRR) of 13.4%<sup>1, 2</sup>.

### *Investment Thesis*

Biospring targets growth-stage life sciences technology companies that have validated product-market fit demonstrated by growing revenue. Biospring seeks to identify businesses with high barriers to entry (including intellectual property rights), proven management teams, and a well-defined business plan. Target companies offer services, tools, and software to businesses in the pharmaceutical, biotechnology, and academia sectors. Exit strategies include initial public offerings and sales to financial institutions or strategic partners, such as other private equity firms or large enterprise firms.

### *Placement Agent*

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

### *Staff Recommendation*

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

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

TB/RJ/WL/EC/DB:jp

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

<sup>1</sup> Performance as of June 30, 2024

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

Aksia LLC

Biospring Partners Fund II, L.P.  
Investment Notification



[www.aksia.com](http://www.aksia.com)

## Biospring Partners Fund II, L.P.

|                   |  |
|-------------------|--|
|                   |  |
| General Partner   | • Biospring Management Partners LP     |
| Fund              | • Biospring Partners Fund II, L.P.     |
| Firm Founded      | • 2020                                 |
| Strategy          | • North American Growth Equity         |
| Sub-Strategy      | • Growth Equity                        |
| Geography         | • North America                        |
| Team              | • <10                                  |
| Senior Partners   | • Michelle Detwiler and Jennifer Lum   |
| Office Locations  | • New York                             |
| Industries        | • Pharma services, Tools, and Software |
| Target Fund Size  | • \$350.0 million                      |
| LACERS Commitment | • \$25.0 million                       |

## Investment Highlights

- The Firm holds a unique position in the market, operating as a specialist life science investment firm.
- Biospring’s sector focus allows the Firm to develop long-term investment themes which inform sourcing efforts and investment activity. Biospring will target companies across the Firm’s sub-sectors of focus: pharma services, tools, and software.
  - The Fund intends to focus on pharma services companies while limiting exposure to software investments (<15% of invested capital).

## Biospring Partners Fund II, L.P.

---

### Firm and Background

- Biospring Partners is a New York based growth equity firm established in 2020 by Michelle Detwiler and Jennifer Lum to invest in companies at the intersection of life science and technology.
- The co-founders have complementary backgrounds, with Detwiler having an M.D./PhD as well as prior life science investment experience and Lum having prior experience as an entrepreneur and operator. Given Biospring's focus on pharma services, Aksia expects Detwiler to be the main driver of performance for Fund II.

### Investment Strategy

- Biospring Partners Fund II will pursue a similar investment strategy as its predecessor fund, investing in growth-stage B2B companies at the intersection of life science and technology primarily located in the United States.
- The Firm will not invest in companies whose business model depends on a particular therapeutic modality.
- Biospring will target companies across pharma services, tools, and software sub-sectors.
  - Pharma services and tools investments must have positive EBITDA margins at investment.
  - Investments in tools will likely have \$10-20 million in revenue.
  - Software businesses must have greater than \$10 million in annually recurring revenue but will not necessarily be profitable. The Firm will not invest more than 15% of the Fund in software businesses (up to two deals).

**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.**

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

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

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

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

## Section 5 PRIVATE EQUITY INVESTMENT POLICY

## F. Roles and Responsibilities

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

## Section 5 PRIVATE EQUITY INVESTMENT POLICY

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



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

**MEETING: FEBRUARY 25, 2025**  
**ITEM: VII – G**

**SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$25 MILLION IN CENTANA GROWTH PARTNERS III, L.P.**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Board receive and file this notice of the commitment of up to \$25 million in Centana Growth Partners III, L.P.

**Executive Summary**

Centana Growth Partners III, L.P. will focus on North American growth equity companies in the financial services, fintech, and enterprise technology industries.

**Discussion**

*Consultant Recommendation*

Aksia LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to \$25 million in Centana Growth Partners III, L.P. (the Fund), a growth equity strategy managed by Centana Management LLC (Centana or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2025 Strategic Plan adopted by the Board on January 14, 2025.

*Background*

Centana was founded in 2015 by Eric Byunn, Ben Cukier, and Steven Swain. Prior to founding Centana, Eric and Ben worked together as Partners at FTV Capital and pursued a similar growth equity strategy. Steven joined the pair as COO, with over 25 years of experience building and advising financial services companies. The GP has offices in Palo Alto, New York City, and San Francisco.

Centana 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's strategy will be to target growth-stage companies in the financial services ecosystem across financial services, fintech, and enterprise technology used in financial services. The Fund will target

B2B companies that are growing greater than 50% year-over-year with revenues ranging from \$10 to \$15 million. The Fund will primarily pursue minority deals but will remain active by investing as the lead or co-lead investor and taking board seats in all investments. The Fund is expected to make between 20-25 investments throughout the life of the Fund. Historically, Centana has invested approximately 80% of capital in the U.S. and the remainder in Canada.

*Placement Agent*

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

*Staff Recommendation*

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

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

TB/RJ/WL/EC/EP:jp

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

Aksia LLC

Centana Growth Partners Fund III, L.P.  
Investment Notification



[www.aksia.com](http://www.aksia.com)

## Centana Growth Partners Fund III, L.P.

|                   |   |
|-------------------|---|
|                   |   |
| General Partner   | • Centana Management LLC  |
| Fund              | • Centana Growth Partners Fund III, L.P.  |
| Firm Founded      | • 2015  |
| Strategy          | • North American Growth Equity  |
| Sub-Strategy      | • Growth Equity   |
| Geography         | • North America   |
| Team              | • 15  |
| Senior Partners   | • Eric Byunn, Ben Cukier, Steven Swain, Matt Alfieri, and Sarah Kim                 |
| Office Locations  | • Palo Alto, San Francisco, and New York City                                       |
| Industries        | • Financial Services, fintech, and enterprise technology used in financial services |
| Target Fund Size  | • \$600.0 million (hard cap)  |
| LACERS Commitment | • \$25.0 million  |

## Investment Highlights

- The Firm holds a unique position as one of a few institutional grade managers specializing in lower mid market growth-stage investments in the financial services ecosystem.
- Centana aims to have a consistent deployment pace with each Partner completing five to six deals per year.
- Centana effectively leverages the team’s expertise to develop robust investment theses and source quality companies.

## Centana Growth Partners Fund III, L.P.

---

### Firm and Background

- Centana Growth Partners was established in 2015 by Eric Byunn, Ben Cukier, and Steven Swain to invest in growth equity companies in the financial services ecosystem.
- Prior to founding Centana, Byunn and Cukier pursued a similar strategy at FTV Capital (“FTV”) until FTV began to pursue larger transactions, leading the pair to break off in order to remain at the lower end of the market.
- Swain is an experienced operator who has over 25 years building and advising financial services companies and is focused on managing the Firm’s operations as COO.

### Investment Strategy

- The Fund will continue the strategy of its predecessor funds, targeting growth-stage companies in the financial services eco-system across financial services, fintech, and enterprise technology used in financial services.
- The Fund will typically target B2B companies growing >50% YoY with \$10-15 million in revenue.
- Though Centana will primarily pursue minority deals, the Firm remains actively engaged, investing as the lead or co-lead investor and taking a board position in all investments.
- Centana has historically invested ~80% of capital in the U.S. with the remaining capital deployed in Canada; the Firm does not actively target Canadian investments but has developed a network through prior transactions.

**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.**

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

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

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

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

## Section 5 PRIVATE EQUITY INVESTMENT POLICY

## F. Roles and Responsibilities

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

## Section 5 PRIVATE EQUITY INVESTMENT POLICY

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



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

**MEETING: FEBRUARY 25, 2025**  
**ITEM: VII – H**

---

**SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO €46.17 MILLION (APPROXIMATELY \$50 MILLION) IN H.I.G. EUROPE MIDDLE MARKET LBO FUND II (CAYMAN), L.P.**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

---

### **Recommendation**

That the Board receive and file this notice of the commitment of up to €46.17 million (approximately \$50 million) in H.I.G. Europe Middle Market LBO Fund II (Cayman), L.P.

### **Executive Summary**

H.I.G. Europe Middle Market LBO Fund II (Cayman), L.P. will seek to acquire controlling stakes in underperforming and undervalued middle-market companies across diverse sectors.

### **Discussion**

#### *Consultant Recommendation*

Aksia LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to \$50 million equating to a commitment of up to €46.17 million in H.I.G. Europe Middle Market LBO Fund II (Cayman), L.P. (the Fund), a European buyout strategy managed by H.I.G. Capital LLC (the GP or H.I.G.). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2025 Strategic Plan adopted by the Board on January 14, 2025.

#### *Background*

H.I.G. was founded in 1993 by Sami Mnaymneh and Tony Tamer to focus on middle market companies in need of operational and/or financial improvement. Prior to forming H.I.G., Mr. Mnaymneh worked for Morgan Stanley & Co. in mergers and acquisitions, and Mr. Tamer was a partner at Bain & Company, providing consulting services to clients related to cost reduction, productivity improvement, and acquisition and divestiture activities. The GP has 19 global offices and a team of over 500 investment professionals.

H.I.G. Capital is an existing general partner relationship with LACERS and previously committed €40.8 million to H.I.G. Europe Middle Market LBO Fund, L.P. (2020 vintage), which has earned a net internal rate of return (IRR) of 28.7%<sup>1,2</sup>.

### *Investment Thesis*

The Fund targets control investments in 15-25 stressed European middle-market companies, primarily headquartered in the U.K., Germany, and Italy. The fund focuses on sectors such as Business Services, Consumer & Retail, Healthcare, Industrials, Technology, Media, and Telecommunications. With a focus on operational improvements, the fund seeks companies with EBITDA between €35 million and €150 million, requiring equity investments between €100 million and €250 million. Transactions include founder or sponsor buyouts, take-privates, carve-outs, and recapitalizations.

### *Placement Agent*

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

### *Staff Recommendation*

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

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

TB/RJ/WL/EC/DB:jp

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

<sup>1</sup> Performance as of June 30, 2024

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

Aksia LLC

H.I.G. Europe Middle Market LBO Fund II  
(Cayman), L.P.  
Investment Notification



[www.aksia.com](http://www.aksia.com)

## H.I.G. Europe Middle Market LBO Fund II (Cayman), L.P.

|                   |  |
|-------------------|--|
|                   |  |
| General Partner   | • H.I.G Capital LLC  |
| Fund              | • H.I.G. Europe Middle Market LBO Fund II (Cayman), L.P.                                     |
| Firm Founded      | • 1993   |
| Strategy          | • European Buyouts   |
| Sub-Strategy      | • Middle Market Buyouts  |
| Geography         | • Europe   |
| Team              | • 545 investment professionals of which 26 are dedicated to European Middle Market           |
| Senior Partners   | • Sami Mnaymneh, Anthony Tamer, Markus Noe-Nordberg, and Wolfgang Biedermann                 |
| Office Locations  | • Miami, Florida; London, U.K.; Hamburg, Germany; Madrid, Spain; Milan, Italy; Paris, France |
| Industries        | • Business Services, Consumer & Retail, Healthcare, Industrials, and TMT.                    |
| Target Fund Size  | • €3.0 billion   |
| LACERS Commitment | • €46.17 million   |

### Investment Highlights

- H.I.G. as an established private equity firm with a strong reputation and performance in the middle market and lower middle market.
- The Firm focuses on executing complex transactions such as corporate carve-outs of non-core assets, failed sales processes, underperforming businesses, and publicly traded companies that face liquidity constraints or are undervalued. This niche specialization offers a competitive advantage in deal origination and management recruitment, enabling the Firm to create value and generate returns irrespective of the stage of economic cycle.

## H.I.G. Europe Middle Market LBO Fund II (Cayman), L.P.

---

### Firm and Background

- H.I.G. was founded in 1993 by Sami Mnaymneh and Tony Tamer to invest in lower middle market companies in need of operational and/or financial improvement.
- Prior to founding H.I.G., Mnaymneh was a Managing Director at The Blackstone Group and Tamer was a Partner at Bain & Company.
- H.I.G. raised its first fund in 1994 and has since developed around the success of its flagship lower middle market private equity funds by launching adjacent private equity strategies and expanding into additional geographies and asset classes including additional private equity, credit, and real assets platforms across the United States, Europe, and Latin America.

### Investment Strategy

- The Fund will target control investments in undermanaged, underperforming middle market companies across sectors that include Business Services, Consumer & Retail, Healthcare, Industrials, and TMT.
- Transactions will consist of a wide variety of transactions including founder or sponsor buyouts, take-privates, carve-outs, and recapitalizations.
- The Firm will seek to create a portfolio of 15-25 European middle market companies (EBITDA between €35 million and €150 million) located in Western Europe.
  - Target businesses will primarily be headquartered in the U.K., Germany, and Italy.

**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.**

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

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

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

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

## Section 5 PRIVATE EQUITY INVESTMENT POLICY

## F. Roles and Responsibilities

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

## Section 5 PRIVATE EQUITY INVESTMENT POLICY

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



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

**MEETING: FEBRUARY 25, 2025**  
**ITEM: VII – I**

---

**SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$20 MILLION IN PUTNAM HILL PRIVATE CREDIT FUND (LEVERAGED), L.P.**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

---

### **Recommendation**

That the Board receive and file this notice of the commitment of up to \$20 million in Putnam Hill Private Credit Fund (Leveraged), L.P.

### **Executive Summary**

Putnam Hill Private Credit Fund (Leveraged), L.P. will focus on senior loans to sponsor-backed middle-market companies located in the United States.

### **Discussion**

#### *Consultant Recommendation*

Aksia LLC, LACERS' Private Credit Consultant, recommended a commitment of up to \$20 million in Putnam Hill Private Credit Fund (Leveraged), L.P. (the Fund), a direct lending strategy managed by Putnam Hill Capital Partners LP (Putnam Hill or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Credit Program 2025 Strategic Plan adopted by the Board on January 28, 2025.

#### *Background*

Putnam Hill Capital Partners LP is a private credit manager founded in 2022 by Tim Coffey, Peter Dancy, David Mader, and David Frost. Prior to founding Putnam Hill, Coffey and Dancy worked together at the Bank of Ireland, where in 2005 they launched a direct lending strategy to U.S. sponsor-backed middle market businesses. They subsequently worked together at Annaly Middle Market Lending and in a joint venture with private equity firm Littlejohn Partners. The firm is based in Greenwich, CT.

Putnam Hill 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 primarily pursue direct lending investments in sponsor-backed middle market companies located in the United States. The loans will be senior secured debt including first lien, unitranche, and second lien. The strategy will focus on two themes: government spending and counter-cyclicality. As such, targeted companies are expected to include sectors such as aerospace and national security, healthcare, limited government contracting, security services, technology, specialty manufacturing, non-discretionary consumer products, and business services. The Fund typically makes loans to companies with \$10 million to \$100 million of EBITDA.

*Placement Agent*

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

*Staff Recommendation*

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

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

TB/RJ/WL/EC/CH:jp

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

Aksia LLC

Putnam Hill Private Credit Fund  
(Leveraged), L.P.  
Investment Notification



[www.aksia.com](http://www.aksia.com)

## Putnam Hill Private Credit Fund (Leveraged), L.P.

|                          |   |
|--------------------------|---|
| <b>General Partner</b>   | • Putnam Hill Capital Partners LP   |
| <b>Fund</b>              | • Putnam Hill Private Credit Fund (Leveraged), L.P.   |
| <b>Firm Founded</b>      | • 2022  |
| <b>Strategy</b>          | • U.S. Direct Lending   |
| <b>Sub-Strategy</b>      | • U.S. Senior Lending   |
| <b>Geography</b>         | • North America   |
| <b>Team</b>              | • 6   |
| <b>Senior Partners</b>   | • Tim Coffey, Peter Dancy, David Mader, David Frost   |
| <b>Office Locations</b>  | • Connecticut, United States  |
| <b>Industries</b>        | • Aerospace & defense, healthcare, government contracting, security services, technology, specialty manufacturing, non-discretionary consumer products, business services |
| <b>Target Fund Size</b>  | • \$500.0 million   |
| <b>LACERS Commitment</b> | • \$20.0 million  |

### Investment Highlights

- Experienced senior team that has worked together for over 15 years with a consistent track record of senior lending including limited losses.
- Relatively focused and thematic approach investing across 8 targeted sectors where the team has meaningful experience and relationships, including government facing sectors such as aerospace & national security, security services, and government contracting that other lenders with less expertise may avoid.
- No legacy portfolio which enables the team to focus solely on new deals. As part of the JV, Putnam Hill has access to the Littlejohn private equity and opportunistic credit teams in the event a position must be restructured.

## Putnam Hill Private Credit Fund (Leveraged), L.P.

---

### Firm and Background

- Putnam Hill was founded in 2022 by Tim Coffey, Peter Dancy, David Mader and David Frost. The Firm is currently fundraising for its inaugural fund as a new Firm, Putnam Hill Private Credit Fund.
- Although this is the first under the Putnam Hill brand, the Fund will be the Partner's third iteration of their longstanding strategy of lending to U.S. sponsor-backed middle-market businesses.
- Prior to founding Putnam Hill, the founding partners previously managed Annaly Middle Market Lending, whose track record spans from November 2010 through March 2022. AMML was a wholly owned subsidiary of Annaly Capital Management, Inc., a publicly listed mortgage REIT.
- Putnam Hill is jointly owned by Tim Coffey, Peter Dancy, David Frost, David Mader and senior principals of Littlejohn & Co.

### Investment Strategy

- Putnam Hill's strategy is built around investing in counter-cyclical businesses and companies which are exposed to the government either as a direct buyer or via regulatory oversight.
- Sector focus includes Aerospace & National Security, Healthcare, Limited Government Contracting, Security Services, Specialty Manufacturing, Non-discretionary Consumer Products, Business Services, and Technology / Software / IT Services.
- The strategy primarily invests in senior loans to private equity sponsor-backed companies and is expected to have zero overlap with Littlejohn's equity platform.
- The typical borrower size is expected to be between \$10-100 million of EBITDA, primarily in North America.
- The Fund intends to build a portfolio of 25-30 primarily first lien positions with an average position size of roughly \$20 million.

**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.**

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

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

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

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

ARTICLE III. BOARD INVESTMENT POLICIES

**Section 5 PRIVATE CREDIT INVESTMENT POLICY**

**F. Roles and Responsibilities**

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

ARTICLE III. BOARD INVESTMENT POLICIES

**Section 5 PRIVATE CREDIT INVESTMENT POLICY**

Roles and Responsibilities continued

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



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

**MEETING: FEBRUARY 25, 2025**  
**ITEM: VII – J**

---

**SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO €27.5 MILLION (APPROXIMATELY \$30 MILLION) IN NORDIC CAPITAL EVO II BETA, SCSP**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

---

### **Recommendation**

That the Board receive and file this notice of the commitment of up to €27.5 million (approximately \$30 million) in Nordic Capital Evo II Beta, SCSp.

### **Executive Summary**

Nordic Capital Evo II Beta, SCSp. will focus on middle market buyouts in Europe within the healthcare, financial services, payments technology, and industrial technology sectors.

### **Discussion**

#### *Consultant Recommendation*

Aksia LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to \$30 million equating to a commitment of up to €27.5 million in Nordic Capital Evo II Beta, SCSp (the Fund), a European middle market buyout strategy managed by Nordic Capital Limited (Nordic or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2025 Strategic Plan adopted by the Board on January 14, 2025.

#### *Background*

Nordic was founded in 1989 by Robert Andreen and Morgan Olsson to pursue buyout investments in Sweden. The firm is led by Managing Partner Kristoffer Melinder with the support of 18 other Partners. Nordic Capital has approximately 230 employees working from 10 offices located in Stockholm (headquarters), Copenhagen, Frankfurt, Helsinki, Jersey, London, Luxembourg, New York, Oslo, and Seoul. The firm has €31 billion in assets under management.

LACERS has an existing general partner relationship with Nordic Capital and previously committed to the following funds:

| Fund                   | Vintage Year | Commitment <sup>1</sup> | Net IRR <sup>2,3</sup> |
|------------------------|--------------|-------------------------|------------------------|
| Nordic Capital V       | 2003         | \$14 million            | 20.8%                  |
| Nordic Capital Fund XI | 2022         | \$47.7 million          | n.m.*                  |

\*n.m. – not meaningful

### *Investment Thesis*

The Fund will focus on the same sectors as the Flagship strategy, which includes healthcare, financial services, payments technology, and industrial technology. The Fund will pursue buyouts across Northern Europe, with the GP's long standing presence in the region serving as an advantage over other regional investors. Although the Fund will mainly focus on Northern Europe, 20% of commitments may be invested outside of Europe. The Fund will look for opportunities in operational improvements, strategic repositioning, and international expansion.

### *Placement Agent*

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

### *Staff Recommendation*

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

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

TB/RJ/WL/EC/EP:jp

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

<sup>1</sup> Commitment amounts were converted to USD from EUR

<sup>2</sup> Performance as of June 30, 2024

<sup>3</sup> 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.

Aksia LLC

# Nordic Capital Evo II Beta, SCSp Investment Notification



[www.aksia.com](http://www.aksia.com)

## Nordic Capital Evo II Beta, SCSp

|                   |   |
|-------------------|---|
|                   |   |
| General Partner   | • Nordic Capital Limited  |
| Fund              | • Nordic Capital Evo II Beta, SCSp  |
| Firm Founded      | • 1989  |
| Strategy          | • European Buyouts  |
| Sub-Strategy      | • Middle Market Buyouts   |
| Geography         | • Europe  |
| Team              | • 230   |
| Senior Partners   | • Kristoffer Melinder, Klass Tikkanen, Robert Furuholm, Joakim Lundvall, and Jonas Agnblad      |
| Office Locations  | • Stockholm, Copenhagen, Helsinki, London, Oslo, Frankfurt, New York, Luxembourg, Jersey, Seoul |
| Industries        | • Healthcare, Technology & Payments, Financial Services, and Industrial Tech                    |
| Target Fund Size  | • €1.4 billion  |
| LACERS Commitment | • €27.5 million   |

## Investment Highlights

- Nordic Capital has been active since 1990 and has built a strong reputation within the private equity industry, particularly within the Nordic region.
- Evolution is targeting the same sectors as the Flagship strategy – sectors in which the Firm has built up its knowledge, reputation and network.
- The Evolution platform benefits from the Firm’s long-standing presence in Northern Europe, an advantage over other regional investors without such deep resources.

## Nordic Capital Evo II Beta, SCSp

---

### Firm and Background

- Nordic Capital was established in 1989 by Co-Founders Robert Andreen and Morgan Olsson, as a joint venture between Svenska Handelsbanken and Skandia Life Insurance, to pursue buyout investments in Sweden.
- Over the years, Nordic Capital became an independent partnership, started raising capital from institutional investors outside of Sweden, and expanded into the Nordic region, the U.K., Germany, and the U.S.
- In November 2019, Ottawa Avenue Private Capital acquired a passive 15% minority equity stake in the Firm's management company and carried interest vehicles.
- The Evolution strategy was established in 2021, and the platform represents a continuation of the Firm's buyout strategy with a focus on growth buyouts of smaller companies.

### Investment Strategy

- The Fund will pursue growth buyouts across Northern Europe, with equity investments in the range of €50 million and €200 million (€250 million including co-investment) into businesses with enterprise values of €100 million to €400-500 million.
- Target sectors are Healthcare, Technology & Payments, Financial Services, and Industrial Tech.
- The Firm will also participate in secondaries where the underlying company is strong and can be acquired at an attractive price.
- The Fund is expected to focus solely on Northern Europe, although up to 20% of commitments may be invested outside of Europe.

**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.**

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

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

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

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

## Section 5 PRIVATE EQUITY INVESTMENT POLICY

## F. Roles and Responsibilities

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

## Section 5 PRIVATE EQUITY INVESTMENT POLICY

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



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

**MEETING: FEBRUARY 25, 2025**  
**ITEM: VII – K**

**SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$70 MILLION IN 400 CAPITAL ASSET  
BASED ONSHORE TERM FUND IV LP**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Board receive and file this notice of the commitment of up to \$70 million in 400 Capital Asset Based Onshore Term Fund IV LP.

**Executive Summary**

400 Capital Asset Based Onshore Term Fund IV LP will focus on opportunistic structured credit across liquid and private markets for U.S. and European companies.

**Discussion**

*Consultant Recommendation*

Aksia LLC, LACERS' Private Credit Consultant, recommended a commitment of up to \$70 million in 400 Capital Asset Based Onshore Term Fund IV LP (the Fund), a structured credit strategy managed by 400 Capital Management LLC (400 Capital or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Credit Program 2025 Strategic Plan adopted by the Board on January 28, 2025.

*Background*

400 Capital is an investment management firm that focuses on structured credit. Chris Hentemann currently serves as the Managing Partner and Chief Investment Officer. Mr. Hentemann founded the firm in 2008 after previously serving as the Head of Global Structured Products at Banc of America Securities. As of January 1, 2025, the GP has 69 professionals stationed across offices in New York City and London, with approximately \$7.4 billion in assets under management.

400 Capital is a new general partner relationship for LACERS.

*Investment Thesis*

The 400 Capital Asset Based Onshore Term Fund IV is comprised of four strategic verticals: U.S. Bank and Government-Sponsored Enterprises Risk Transfer, Specialty Finance, European Bank Deleveraging, and Dislocated Markets. The geographic focus of the fund is primarily the U.S. and Europe, with Europe not expected to exceed 30% exposure at any time, though there is no limit to U.S. exposure. The strategy has four sectors of focus: Residential, Commercial, Specialty Finance, and European Markets. Seniority of the investments will tend to be senior and/or subordinated with structured transactions generally mezzanine or subordinated.

*Placement Agent*

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

*Staff Recommendation*

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

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

TB/RJ/WL/EC/CH:jp

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

Aksia LLC

400 Capital Asset Based Onshore Term  
Fund IV LP  
Investment Notification



[www.aksia.com](http://www.aksia.com)

## 400 Capital Asset Based Onshore Term Fund IV LP

|                   |   |
|-------------------|---|
|                   |   |
| General Partner   | • 400 Capital Management LLC  |
| Fund              | • 400 Capital Asset Based Onshore Term Fund IV LP   |
| Firm Founded      | • 2008  |
| Strategy          | • Opportunistic Structured Credit   |
| Sub-Strategy      | • Structured Credit Multi-Sector  |
| Geography         | • Global  |
| Team              | • 63  |
| Senior Partners   | • Chris Schiavone, Alex Cha, Todd Leih  |
| Office Locations  | • New York, London  |
| Industries        | • Consumer Asset Backed, Residential Real Estate, Commercial Real Estate, Commercial Asset Backed |
| Target Fund Size  | • \$1.0 billion (\$1.2 billion hard cap)  |
| LACERS Commitment | • \$70.0 million  |

### Investment Highlights

- The Fund addresses a broad opportunity in structured credit across liquid markets and privately originated credit.
- 400 Capital Management features a large investment team with individuals offering sector-level expertise and strong diligence capabilities.
- The Fund has become increasingly diversified in its approach and deployment over time, though tactical tilts are expected to remain integral to the strategy. Stress in the commercial real estate market is expected to provide opportunities for fresh capital pools, and the manager’s experience in real estate credit is well-aligned for a multi-year opportunity set.

## 400 Capital Asset Based Onshore Term Fund IV LP

---

### Firm and Background

- 400 Capital Management is a structured credit focused investment management firm founded by Chris Hentemann in 2008 after ending his 11-year tenure at Bank of America Securities, most recently as Head of Global Structured Products.
- The Firm initially launched its flagship hedge fund, the Credit Opportunities Fund, in 2009.
- The Asset Based Term Fund (“ABTF”) series was introduced in 2017 with an inaugural drawdown fund. ABTF has since evolved in size and scope and represents the primary vehicles for private credit investing at 400 Capital Management.

### Investment Strategy

- Asset Based Term Fund IV invests in newly originated and secondary credit markets across three core strategies: Lending Solutions, Structured Credit, and Credit Opportunities.
  - Lending Solutions and Structured Credit focus on newly originated credit, with the former geared more heavily toward niche, private opportunities and the latter on transferring credit risk of newly originated or seasoned assets.
  - Credit Opportunities is a more flexible category that targets secondary market acquisitions of dislocated loans or securities.
- 400 Capital Management sources investments through a variety of channels, including joint venture partners for select end-markets.

**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.**

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

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

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

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

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE CREDIT INVESTMENT POLICY

F. Roles and Responsibilities

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

ARTICLE III. BOARD INVESTMENT POLICIES

**Section 5 PRIVATE CREDIT INVESTMENT POLICY**

Roles and Responsibilities continued

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



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

**MEETING: FEBRUARY 25, 2025**  
**ITEM: VII – L**

**SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$100 MILLION IN SILVER POINT SPECIALTY CREDIT FUND III, L.P.**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Board receive and file this notice of the commitment of up to \$100 million in Silver Point Specialty Credit Fund III LP.

**Executive Summary**

Silver Point Specialty Credit Fund III, L.P. will focus on special situations lending with companies primarily in North America.

**Discussion**

*Consultant Recommendation*

Aksia LLC (Aksia), LACERS' Private Credit Consultant, recommended a commitment of up to \$100 million in Silver Point Specialty Credit Fund III, L.P. (the Fund) managed by Silver Point Capital L.P. (Silver Point or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Credit Program 2025 Strategic Plan adopted by the Board on January 28, 2025.

*Background*

Silver Point was established in 2002 by Edward Mulé and Robert O'Shea to capitalize on credit and special situations investment opportunities. Prior to founding Silver Point, Mr. Mulé and O'Shea spearheaded the development and management of credit and distressed businesses within Goldman Sachs, including a special situations lending initiative. Today, they manage approximately \$16 billion in committed and invested capital across a diversified portfolio, encompassing a flagship hedge fund, a distressed closed-end fund, two specialty credit funds, and separately managed accounts.

Silver Point is a new general partner relationship for LACERS.

*Investment Thesis*

This Fund pursues a diversified special situations lending strategy focused on middle-market companies facing unique capital challenges. Investment areas include specialty lending in less competitive sectors, capital solutions for urgent financing needs, and opportunistic secondary purchases of undervalued loans. The fund primarily targets U.S.-based companies with some international exposure, focusing on first-lien senior secured debt through both primary originations and secondary market acquisitions. This approach allows for flexible capital deployment across a range of distressed and opportunistic situations, seeking to generate positive risk-adjusted returns.

*Placement Agent*

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

*Staff Recommendation*

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

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

TB/RJ/WL/EC/DB:jp

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

Aksia LLC

Silver Point Specialty Credit Fund III, L.P.  
Investment Notification



[www.aksia.com](http://www.aksia.com)

## Silver Point Specialty Credit Fund III, L.P.

|                   |  |
|-------------------|--|
|                   |  |
| General Partner   | • Silver Point Capital LP  |
| Fund              | • Silver Point Specialty Credit Fund III, L.P.                         |
| Firm Founded      | • 2002   |
| Strategy          | • U.S. Direct Lending  |
| Sub-Strategy      | • U.S. Opportunistic Lending   |
| Geography         | • North America  |
| Team              | • 190  |
| Senior Partners   | • Edward Mulé, Michael Gatto, Anthony DiNello                          |
| Office Locations  | • Greenwich, Chicago, Palo Alto  |
| Industries        | • Cyclical businesses within energy, transportation, industrials, etc. |
| Target Fund Size  | • \$4.0 billion (\$5.0 billion hard cap)                               |
| LACERS Commitment | • \$100.0 million  |

## Investment Highlights

- The Fund maintains the ability to pivot across different opportunity sets given market conditions and will originate both sponsored and non-sponsored credit.
- Banks have experienced significant difficulty placing paper in the BSL market, which could open opportunities for Silver Point to step in and provide bilateral private solutions or originate transactions at flex pricing.
- Silver Point has a history of investing in special situations, stressed and distressed opportunities across several cycles and boasts impressive in-house restructuring expertise.

# Silver Point Specialty Credit Fund III, L.P.

---

## Firm and Background

- Silver Point is a distressed and specialty lending firm whose founders, Edward Mulé and Robert O’Shea, left Goldman Sachs to start their own hedge fund in 2003.
- The Firm manages capital across its credit platform, including a flagship hedge fund, a distressed closed-end fund, and its Specialty Credit fund series.

## Investment Strategy

- Fund III will seek opportunities in special situation lending, targeting companies with complex capital structures, in out-of-favor industries, with non-traditional collateral, undergoing corporate changes, and/or requiring some type of bridge financing.
- The four target areas of focus include:
  - Specialty Lending (25-40%): Loans to middle market companies primarily focused on less competitive and more complex and/or non-sponsored deals.
  - Capital Solutions (30-40%): Loans to middle market companies that are more opportunistic in nature (inclusive of rescue financings), often requiring quicker execution and/or pre-existing relationships, that allow the GP to drive stronger credit protections and greater economic terms.
  - Asset-Based Lending (5-15%): Loans collateralized by hard assets, often real estate, typically requiring speed and certainty of execution. The GP will target bridge loan originations across different property types with significant equity/sponsor involvement.
  - Secondary Purchases (5-25%): Mispriced secondary opportunities, including performing secured bank loans purchased at a material discount to par and/or hung syndication deals for which the Fund may be able to increase pricing, tighten documentation, and take an outsized allocation. The Fund will target pull-to-par credits as opposed to those expected to enter a restructuring or bankruptcy process.

**PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.**

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

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

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

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

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE CREDIT INVESTMENT POLICY

F. Roles and Responsibilities

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

ARTICLE III. BOARD INVESTMENT POLICIES

**Section 5 PRIVATE CREDIT INVESTMENT POLICY**

Roles and Responsibilities continued

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

## VII.M. Sign-on Statement re Delaware Legislation Negatively Impacting Shareholder Rights

The undersigned collectively manage billions of dollars invested in Delaware corporations on behalf of our beneficiaries. These investments are a major part of our beneficiaries' pensions. We are writing to express our opposition to the package of proposed legislative amendments that will protect disloyal fiduciaries from any real threat of stockholder litigation in Delaware.

The proposed legislation will encourage value-destroying behavior and place our beneficiaries' investments at great risk. For over a century, the Delaware Courts carefully and fairly maintained balance between protecting the rights of public stockholders, while allowing well-meaning directors and officers to manage the affairs of companies.

The proposed legislation would destroy that balance, hamstringing the Delaware judiciary in its critical role as a cross-check of fiduciary overreach. This is no accident, as the proposed legislation was drafted by lawyers representing billionaire controlling stockholders who the Delaware Courts found to have breached their fiduciary duties. These interests do not like being held to account and thus have asked the Delaware Legislature to gut stockholder protections. It should not do so. These amendments will cause a substantial wealth transfer from our beneficiaries, and millions of normal stockholders nationwide, to misbehaving fiduciaries.

We understand that the supposed need for these amendments is that controlling stockholders are threatening to leave Delaware because of the complaints of a handful of disgruntled litigants. To be clear, we would not support reincorporation to a jurisdiction with lesser protections for investors, such as Nevada, and we will consider voting against directors who propose such reincorporation in order to diminish the rights of their shareholders. If Delaware feels compelled to make changes in response to threats, those changes must be measured and not destroy decades of careful precedent.