



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING

TUESDAY, AUGUST 12, 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 YouTube streaming at the following link: [LACERS Livestream](https://www.youtube.com/watch?v=9333333333).

Disclaimer to Participants

Please be advised that all LACERS Board meetings are recorded.

LACERS Website Address/link:
www.LACERS.org

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

President: Annie Chao
Vice President: Janna Sidley

Commissioners: Thuy Huynh
Thomas Moutes
Gaylord "Rusty" Roten
Sung Won Sohn

Manager-Secretary: Todd Bouey

Executive Assistant: Ani Ghoukassian

Legal Counsel: City Attorney's Office
Public Pensions General
Counsel Division

Notice to Paid Representatives

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

Request for Services

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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.

[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
- III. RECEIVE AND FILE ITEMS
 - A. [BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER](#)
 - B. [ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD](#)
- IV. CONSENT ITEM(S)
 - A. [APPROVAL OF MINUTES FOR THE MEETING OF JULY 8, 2025 AND POSSIBLE BOARD ACTION](#)
 - B. [APPROVAL OF DISABILITY RETIREMENT APPLICATION OF RODNEY SPILLERS AND POSSIBLE BOARD ACTION](#)
- V. COMMITTEE REPORTS(S)
 - A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 12, 2025
- VI. BOARD/DEPARTMENT ADMINISTRATION
 - A. [LACERS 2024 ANTHEM BLUE CROSS MEDICAL, BLUE VIEW VISION, AND DELTA DENTAL PPO YEAR-END ACCOUNTING AND POSSIBLE BOARD ACTION](#)
 - B. [2026 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE BOARD ACTION](#)
 - C. [2026 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE BOARD ACTION](#)
 - D. LACERS GENERAL MANAGER SEARCH VERBAL UPDATE
- VII. INVESTMENTS
 - A. CHIEF INVESTMENT OFFICER VERBAL REPORT
 - B. [PRESENTATION BY NEPC, LLC, REGARDING CONTINUED DISCUSSION OF ASSET ALLOCATION IMPLEMENTATION AND POSSIBLE BOARD ACTION](#)
 - C. [PRI ACTION PLAN AND ESG RISK FRAMEWORK STATUS AND UPDATES AND POSSIBLE BOARD ACTION](#)

- D. [NOTIFICATION OF COMMITMENT OF UP TO €43.4 MILLION \(APPROXIMATELY \\$50 MILLION\) IN EQT EXETER EUROPE LOGISTICS VALUE FUND V \(NO. 2\) SCSP](#)

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

IX. OTHER BUSINESS

- X. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, August 26, 2025, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.

XI. ADJOURNMENT



BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM III-A

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

SERVICE RETIREMENTS

Member Name	Service	Department	Classification
Mccarthy, Michael Allen	40	GSD - Printing Revolving	Principal Clerk
Russell, Sandra Marie	40	Police Dept. - Civilian	Police Administrator
Chiaravalle, Eva Marie	38	Police Dept. - Civilian	Secretary
Madero, Blanca E	38	PW - Street Services	Street Services Investigator
Walker, Yolanda Denise	37	Police Dept. - Civilian	Senior Systems Analyst
Reed, Steven	37	PW - Sanitation	Refuse Collection Truck Op
Charles Banks, Idella M	36	Dept. of Airports	Payroll Supervisor
Ly Tran, Lam Thuc	36	LA Housing Dept.	Accounting Clerk
Brion, Maria Ruiz	35	Police Dept. - Civilian	Forensic Print Specialist
Fowler, Jacqueline Elane	35	Civil and Human Rights	Executive Admin Assistant
Abad, Nida Cacho	35	PW - Sanitation	Environ Compliance Insp
Bullard, Maury W	35	Dept. of Transportation	Signal System Electrician
Montes, Gene B	35	Housing	Rehab Const Specialist
Solis, Javier	35	Dept. of Rec. & Parks	Supt Of Operations
Dang, Hien Vinh	35	Police Dept. - Civilian	Sr Comms Electrician
Sidio, Leslie Anne	34	PW - Sanitation	WW Treatment Manager
Boyer, Frank S	31	PW - Contract Admin	Construction Inspector
Aubuchon, Dirk H	31	Police Dept. - Civilian	Director Of Police Transp
Frixione, Gina M	31	Library Dept.	Administrative Clerk
Guzman, Richard J	31	PW - Sanitation	Refuse Collection Truck Op
Bagby, Roosevelt	31	PW - Contract Admin	Chief Construction Inspector
Reyman, Leora S	30	Dept. of Airports	Civil Engineering Associate
Hobbs, Adrienne Y	30	LACERS	Benefits Specialist
Leon, Raul	30	Dept. of Rec. & Parks	Supt Of Operations
Montgomery, Jeannette	30	Dept. of Bldg. & Safety	Principal Clerk
Dabney, Justin D	30	Dept. of Airports	Airport Police Officer
Robinson, Dan	29	Dept. of Airports	Custodian
Roberson, Stefani Diahnn	29	Police Dept. - Civilian	Senior Police Services Rep
Moore, Timothy D	29	Dept. of Transportation	Signal System Supervisor
Price, Maria A	29	PW - Sanitation	Environ Compliance Insp
Balet, Nancy	28	CIFD	Senior Management Analyst

Member Name	Service	Department	Classification
Mills, Regina C	26	City Attorney's Office	Deputy City Attorney
Brown, Duane V	26	Dept. of Transportation	Traffic Officer
Edwards, Susan	26	Zoo Dept.	Animal Keeper
Alvarez, Jose	25	PW - Sanitation	WW Treatment Mechanic
Solomon, Arin	25	PW - Sanitation	WW Treatment Mechanic
Yeh, Yichun	25	City Planning Dept.	Senior Management Analyst
Gockel, Al Martin	25	Police Dept. - Civilian	Equipment Mechanic
Pizzati, Leslie L	24	Dept. of Animal Svcs.	Animal Care Technician Supv
Davis, Marshall S	24	Police Dept. - Civilian	Management Analyst
Manasyan, Hayk	24	Police Dept. - Civilian	Equipment Mechanic
Capdet, Haydee	24	City Attorney's Office	Paralegal
Yamasaki, Brian A	23	Dept. of Rec. & Parks	Sr Park Maintenance Supv
Stuen, Mark C	23	PW - Contract Admin	Senior Construction Inspector
Munson, John S	23	Dept. of Rec. & Parks	Gardener Caretaker
Couig, Susan Skelding	21	City Attorney's Office	Deputy City Attorney
Lee, Chris Namsoo	21	City Attorney's Office	Deputy City Attorney
Hung, Hsueh Shih	20	Personnel Dept.	Accounting Clerk
Mattillo, John C	20	Dept. of Bldg. & Safety	Sr Building Mechanical Insp
Norrington, Donna L	19	Police Dept. - Civilian	Principal Clerk Police
Spragin, Ronald Lee	18	Dept. of Airports	Management Analyst
Ortega, Francisco	18	Civil and Human Rights	Senior Project Coordinator
Daneri, Nick	17	Dept. of Bldg. & Safety	Senior Building Inspector
Mayeda, Stacy Toshiko	15	PW - Sanitation	Envr Engr Assoc
Akiwowo, Adetayo M	13	Dept. of Rec. & Parks	Child Care Center Dir
Davis, Michael Rico	11	PW - General Office	Member Board Of PW
Ortiz, Patricia L	10	Dept. of Rec. & Parks	Recreation Assistant
Campos, Doris E	10	Dept. of Rec. & Parks	Recreation Assistant
Curtis, Eddie James	7	Dept. of Transportation	Transport Eng Assoc
Brommer, Dennis Lee	6	Dept. of Bldg. & Safety	Electrl Inspector
Tully, Alison Jeanne	6	Dept. of Airports	Airport Guide
Phillips, Barbara	5	Personnel Dept.	Ergonomist
Gaither, Russell Albert	1	Dept. of Rec. & Parks	Lifeguard Recruit
Bowick, Stephanie Marie	0.3	City Attorney's Office	Deputy City Attorney

Approved Death Benefit Payments

Tier	Deceased	Benefit Type	Beneficiary/Payee	AA	BA	CONT	AC	UC	OTHER
Tier 1	ALLEN, DEBRA JOYCE	Deceased Active	SHAYLA SCARLETT				✓		
	ALMEIDA, LORRAINE C	Service Retirement	CYNTHIA ALMEIDA		✓				
			JAMIE N SUBIA	✓					
	ALMORE, RODNEY L	Service Retirement	ISABEL C ALMORE	✓	✓	✓			
	ALVAREZ, BARBARA A	Survivorship (Retirement)	MICHELLE A WAITE	✓					
	ANDERSON, MARVIN W	Service Retirement	AUTUMN J ANDERSON		✓				
	ANGE, CELIA T	Continuance	MICHAEL M ANGE	✓					
	ANTAL, ALEX GLENN	Service Retirement	BETH M ANTAL	✓	✓				
	ANTWINE, MICHAEL	Service Retirement	DOMINQUE D CRUZ	✓	✓			✓	
	AVALOS, LYNN	Service Retirement	REYNALDO L AVALOS	✓	✓				
	BENDIT, MAY	Continuance	ESTHER SALTZMAN	✓					
	BENJAMIN, SELMA	Service Retirement	ROBERTA BENJAMIN EDWARDS	✓	✓				
	BLANC, RHEA M	Continuance	CALVIN D BLANC	✓					
			RHEA A RAMON	✓					
	BROWN, BETTY F	Service Retirement	CHERIE ORILONISE	✓	✓				
	BROWN, DOMINIQUE R	Deceased Active	REYLINDAHL G BROWN				✓		
	CAMBRA, MAY E	Continuance	KEITH J CAMBRA	✓					
	CARPENTERO, ROLANDO T	Service Retirement	SHEILA C CALEGARI	✓	✓				
	CASHNER, TERENCE D	Service Retirement	THERESA M CASHNER	✓	✓	✓			
	CELAYA, WILLIAM M	Service Retirement	ELOISE C BROWNING	✓	✓				
	CHING, RONALD	Service Retirement	BRYAN CHING	✓	✓				
			CHARLENE PALOMA	✓	✓				

LEGEND

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

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

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

Tier	Deceased	Benefit Type	Beneficiary/Payee	AA	BA	CONT	AC	UC	OTHER
Tier 1			EVERETT CHING	✓	✓				
			GREGORY CHING	✓	✓				
			STEPHANIE ISHIOKA	✓	✓				
	CLAYBORNE, ROY C	Service Retirement	SHIRLEY A CLAYBORNE	✓	✓	✓			
	COLLINS, JANIS E	Continuance	CHARLES SMITH						DSC
			JASON COLLINS	✓					
	COOTES, ROY J	Service Retirement	SYLVIA I COOTES	✓	✓	✓			
	DANNE, TERRY D	Vested Retirement	CYNTHIA J SCHAFFER		✓				
	DELIANEDIS, DAGMAR	Continuance	KAREN GOODIN	✓					
	DERRICK, KIM H	Service Retirement	PAUL H DERRICK	✓	✓				
	DODSON, JAMES W	Service Retirement	CHAKA J DODSON	✓	✓				
	DONOHUGH, PATRICK T	Service Retirement	TIMOTHY P DONOHUGH	✓	✓				
	FARRINGTON, YUKUE	Service Retirement	MARY J KOVATCH	✓	✓				
	FEGGO, JOHN	Service Retirement	AIRES ABLES FEGGO	✓	✓			✓	
	FERMIN, CAESAR NATIVIDAD	Service Retirement	CHRISTIAN J FERMIN		✓				
	FLEMING, DARLENE M	Continuance	DEBRA D WILLIAMS	✓					
			JANET L PROCTOR	✓					
			JIMMY PROCTOR	✓					
			LARRY M WILLIAMS	✓					
	FOREST, STEPHANIE LOUISE	Service Retirement	LORELEI TRICHE	✓	✓			✓	
	FORNASON, VIVIAN K	Continuance	SHARON KOSIOR	✓					
	GALLARDO, ROSALIO	Service Retirement	RONALD C GALLARDO	✓	✓				
	GARRABRANT, RONALD SCOTT	Service Retirement	JACK H GARRABRANT	✓	✓			✓	
	GEBREHIWOT, MAKONNEN	Service Retirement	HEYWOT FASSIL	✓	✓			✓	

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Tier 1	GOMEZ, GREGORIO H	Larger Annuity	MAYRA A GOMEZ	✓					
		Service Retirement	MAYRA A GOMEZ	✓					
	GUZMAN, JOAQUIN CRUZ	Deceased Active	MARION Q GUZMAN						DRSA
	HEISEL, WILLIAM	Service Retirement	CAROL L HEISEL	✓	✓				
			CHRISTINE M HORNE	✓	✓				
			SUSAN R STRANAK	✓	✓				
	HENGEN, JUDITH A	Vested Retirement	JENNIFER LUCICH	✓	✓				
	HERRIN, RUBY J	Vested Retirement	LUCY M WINSTON	✓					
	IGE, OMOTAYO A	Service Retirement	FELICIA C IGE	✓	✓	✓			
	JACKSON, ROGERS	Service Retirement	ANTHONY J JACKSON	✓	✓				
			ROGERS JACKSON	✓	✓				
	JACKSON, WAYMAN P	Service Retirement	PHILLIP JACKSON	✓					
	JAMGOCHIAN, PAUL H	Service Retirement	MIHRAN SARKISIAN	✓	✓				
	JONES, PATRICIA	Service Retirement	EMILY A JONES	✓	✓				
	JONES, SYLVIA H	Service Retirement	JOHN B GILLON	✓	✓				
	KITCHEN, JOHN F	Service Retirement	HOLLY M ALEXANDER	✓	✓				
	KORTE, KAREN M	Continuance	KIRSTIN KORTE	✓					
	KUTSCH, DONALD E	Service Retirement	KRISTA L DANIEL	✓	✓			✓	
	LAIDONER, GAIL M	Service Retirement	JEANETTE A ROBERTSON	✓	✓				
	LARSON, JUDITH	Continuance	DAVID J LARSON	✓					
		Vested Retirement	TIMOTHY LOPEZ	✓	✓				
	LAWLER, WILLIAM H	Continuance	KRISTINA D SWAIM	✓					
	LAZZARA, DORIS J	Continuance	CHRISTINA LAZZARA	✓					
	LENARD, JOHN H	Service Retirement	EVELYN D LENARD	✓	✓				

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Tier 1	LIEBERMAN, LOIS N	Service Retirement	ELAYNE LIEBERMAN	✓	✓				
			ERIC A LIEBERMAN	✓					
			PETER LIEBERMAN	✓					
	LINDLEY, CHARLES C	Service Retirement	TINA L JOSEFF	✓	✓				
	MARFIELD, GEORGE	Disability Continuance	ROBIN HALLQUIST	✓					
	MARTIN, SHIRLEY J	Service Retirement	ONDRA L MILLER	✓	✓				
	MARTIN, WILLIAM T	Service Retirement	RENA MORAD	✓		✓			
	MAUL, MAGDALENA	Service Retirement	JAMES S MAUL		✓				
			WILHELM J MAUL		✓				
	MC MAHAN, MICHAEL A	Service Retirement	ROBIN RUSSELL SAENZ		✓			✓	
	MCCOWAN, BEVERLY D	Service Retirement	SHANNON MCCOWAN	✓					
			STANLEY B MCCOWAN	✓					
	MCGHEE, DENISE M	DRO Life Time	LATRINA BROWN						DRAA
	MCPHERSON, JAMES E	Service Retirement	SANDRA D HOWARD	✓	✓				
	MEZA, NELLY E	Continuance	ROBERT MEZA	✓					
	NISHIMURA, PETER KAZUO	Service Retirement	BELLE C NISHIMURA	✓	✓	✓			
	NORWOOD, FRED E	Service Retirement	SEAN E NORWOOD	✓	✓				
			TERI K REINHARDT		✓				
	OKOLSKI, HELENA K	Continuance	JOZEFA KREBS	✓					
	PALACIO, ANGEL R	Service Retirement	ROSALINDA V PALACIO	✓	✓	✓			
	PANENO, CARL JOSEPH	Service Retirement	CRISTINA A PANENO	✓	✓	✓			
	PERRY, PATRICIA A	Disability Retirement	APRIL D PERRY						DCNT
	PETERSON, GAIL D	Service Retirement	MYLES REED	✓					
	PORTER, WILLIE E	Service Retirement	CLARENCE LEWIS	✓					

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Tier 1			DAVID L PORTER	✓					
			MARK W PORTER	✓					
	PUSATERI, RICHARD A	Service Retirement	DOREEN M PUSATERI	✓	✓				
	REED, ALLEN	Service Retirement	ANNETTE L REED	✓	✓	✓			
	RIBAS, LUPE A	Continuance	THERESE YEPEZ	✓					DSC
	RIVERA, MARIANA M	Service Retirement	ESTATE OF MARIANA RIVERA	✓	✓				
	ROBINSON, HERBERT L	Service Retirement	MAUREEN WAIN		✓				
	ROBLES DIAZ, ESPERANZA	Continuance	ARTHUR M DIAZ	✓					
	ROH, JAE M	Service Retirement	ARRIE PARK		✓				
			CAROLYN SUMMERS		✓				
			SIRK ROH		✓				
	ROSALES, RICHARD L	Service Retirement	CONCEPCION G BARBAYANES TAVIZON	✓	✓				
	SAMPANG, LAURA M	Disability Continuance	ARNOLD SAMPANG	✓					
	SEBITS, CHRISTINE L	Service Retirement	PAMELA J SWINDELL		✓				
			TERRANCE W FILIDES		✓				
			YVONNE A CHIVINGTON		✓				
	SOLTE, SEVILLA P.	Continuance	STAN SOLTE	✓					
	STEVENSON, PAUL K	Service Retirement	DERIONTE J STEVENSON	✓	✓			✓	
			JASON B TEMPLE	✓				✓	
	STOJKOVIC, DANICA	Continuance	DRAGI STOJKOVIC	✓					
			VESNA S CAVALIERE	✓					
	TAKATA, DAVE T	Service Retirement	KYLIE TAKATA	✓	✓			✓	
			NAKAKO TAKATA	✓				✓	
	TANG, BOSCO CHUNG	Continuance	ANITA S TANG	✓					
	THOMPSON, MATTIE C	Service Retirement	VAREE PULLINS		✓				

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Tier 1	TRUJILLO, ALICIA A	Continuance	ADELINA LAVOIE	✓					DSC
			ARMANDO TRUJILLO	✓					DSC
	TRUJILLO, VENCESLADO L	Service Retirement	ADELINA LAVOIE						DSC
			ARMANDO TRUJILLO						DSC
	VALENZUELA, HELEN	Continuance	VANESSA M VALENZUELA	✓					
	VANGUNDY, LESLEE C	Continuance	SUSAN M ALLISON	✓					
	WARREN, KENNETH C	Service Retirement	ERIN K WARREN-GORDON	✓	✓				
	WATSON, JEANETTE M	Service Retirement	ARTHUR W WATSON		✓				
	WHATLEY, LUTHER B	Service Retirement	CORELLA G WHATLEY-SCOTT	✓	✓				
			GARY E WHATLEY	✓					
	WHITFIELD, FLOYD	Service Retirement	BRENDA SYKES	✓	✓				
	WONG, JANET	Service Retirement	ANDREW W WONG		✓				
			CHARLES W WONG	✓	✓				
Tier 3	BROWN, WILLIE GERARD	Deceased Active	GERARD G BROWN				✓		
	TORRES, ARTURO	Deceased Active	AMARIS R TORRES						LP

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

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

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

RESTRICTED SOURCES

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

Name	Description	Inception	Expiration	Division
CEM Benchmarking	Investment Benchmarking Services	N/A	N/A	Investments
The Northern Trust Company	Fair Value Reporting Services / Integrated Disbursements Services / Investment Risk and Analytical Services / Master Custody Services / Securities Lending Services	N/A	N/A	Investments
Baker Tilly (fka Moss Adams LLP)	External Auditing Consulting Services	N/A	N/A	Internal Audit
Milliman, Inc.	Actuarial Audit Services	N/A	N/A	Internal Audit
The Segal Company	Actuarial Consulting Services	N/A	N/A	Administration
AP Keenan	Health and Welfare Consulting Services / Ancillary Health Consulting Services	September 1, 2022	August 31, 2025	Health, Wellness, + Buybacks

LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD

ACTIVE RFPs

Description	Respondents	Inception	Expiration	Division
External Auditor	Bolton Partners, Inc. (dba Bolton), Brown Armstrong Accountancy Corporation, Cheiron Inc., Eide Bailly LLP, Gallagher Benefit Services, Inc., Insight Examinations Inc, Macias Gini & O'Connell LLP, Milliman, Inc., Moss Adams LLP, UHY LLP	November 5, 2024	December 9, 2024	Internal Audit

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

July 8, 2025

10:23 a.m.

PRESENT:	President:	Annie Chao
	Vice President:	Janna Sidley
	Commissioners:	(arrived at 11:19 a.m.) Thuy Huynh Thomas Moutes Gaylord "Rusty" Roten Sung Won Sohn
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Todd Bouey
	Executive Assistant:	Ani Ghoukassian

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – 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, Interim General Manager, advised the Board of the following items:
- Cost-of-Living Increases
 - Executive Search
 - LACERS Mural project
 - Benefit Operations Update
 - Retirement Services
 - Health, Wellness, and Buyback Division

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

- Board and BAC Meeting on July 22, 2025: Health plan premiums and Medical and Dental Subsidies

III

RECEIVE AND FILE ITEMS

- A. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.
- B. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.

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

IV

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE MEETING OF JUNE 10, 2025 AND POSSIBLE BOARD ACTION
- B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF FRANCIS ANDRADA FOR SERVICE-CONNECTED DISABILITY RETIREMENT OF 71% AND POSSIBLE BOARD ACTION

APPROVAL OF SERVICE-CONNECTED DISABILITY RETIREMENT BENEFIT FOR FRANCIS ANDRADA

RESOLUTION 250708-A

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

WHEREAS, Physicians 1, 2, and 3 examined and concluded Francis Andrada is unable to perform his usual and customary duties as an Airport Police Officer II with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that the clear and convincing evidence demonstrates that the discharge of Francis Andrada's duties as an Airport Police Officer is the predominant cause of the incapacity pursuant to the definition in Los Angeles Administrative Code § 4.1008.2(b) and he is not capable of performing his duties as an Airport Police 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 Officer's intemperance or willful misconduct;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Service-Connected disability retirement benefit for Francis Andrada of 71% of his Final Average Compensation based upon his claimed disabling condition.

V

COMMITTEE REPORT(S)

- A. AUDIT COMMITTEE VERBAL REPORT FOR THE MEETING ON JULY 8, 2025 – Commissioner Sohn stated the Committee discussed the Audit Communications for Fiscal Year Ended June 30, 2025 by External Auditor, Baker Tilly US, LLP.

VI

BOARD/DEPARTMENT ADMINISTRATION

- A. ADOPTION OF 2025 EMPLOYEE MEMBER OF THE BOARD SPECIAL ELECTION CALENDAR FOR THE UNEXPIRED TERM ENDING JUNE 30, 2028 AND POSSIBLE BOARD ACTION – Ani Ghoukassian, Commission Executive Assistant II, presented and discussed this item with the Board for two minutes. Vice President Sidley moved approval, seconded by Commissioner Moutes, and adopted by the following vote: Ayes, Commissioners Moutes, Roten, Sohn, Vice President Sidley, and President Chao -5; Nays, None.
- B. CONTRACT WITH ACCENTURE, LLP FOR WORKDAY SUPPORT SERVICES AND POSSIBLE BOARD ACTION – Edwin Avanessian, Chief Management Analyst, presented and discussed this item with the Board for three minutes. Vice President Sidley moved approval of the following Resolution:

**CONTRACT WITH ACCENTURE, LLP
FOR WORKDAY SUPPORT SERVICES**

RESOLUTION 250708-B

WHEREAS, the Board approved the Fiscal Year 2025-26 Budget which included a \$120,000 appropriation for the Human Resources Payroll (HRP) Contractual Support Services;

WHEREAS, LACERS has significantly decreased the number of data file integration exceptions from HRP to LACERS' Pension Gold system;

WHEREAS, while LACERS worked with Accenture contractors through the Information Technology Agency's contract with Workday, Inc. to fix issues since July 2024, there are still some minor issues that need to be resolved;

WHEREAS, the proposed agreement spans three months, the commitment is month-to-month and if all three months are deemed necessary, staff will identify savings in other accounts or return to the Board with a request for additional funds to cover the \$30,000 shortfall;

WHEREAS, the City's Information Technology Agency staff will take over technical support at the conclusion of Accenture, LLP's support contract.

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

1. Authorize the General Manager to negotiate and execute an agreement with Accenture, LLP (Accenture) for a term not-to-exceed three months and at a cost not-to-exceed \$150,000.
2. Authorize the General Manager to correct any clerical or typographical errors in this document.

Which motion was seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Moutes, Roten, Sohn, 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 \$25.23 billion as of July 7, 2025; and Volatility Index at 16. Rod June discussed the following items:

- VALUATION:
 - a. 1 year unaudited return ending 6/30/25 was 11.10% gross of fees, 10.91% net of fees
- INDUSTRY COMMENTARY:
 - a. Texas floods and real estate exposure – LACERS has no exposures in the flood areas
- GLOBAL ISSUES:
 - a. Ukraine exposure is down approximately 16% from a month ago; current market valuation is \$6.8 million.
- OPERATIONAL:
 - a. City Contribution – Staff has developed a plan to deploy the approximate \$849 million in accordance with the Board-approved asset allocation interim targets, rebalancing policy, and near-term liquidity requirements.
- FUTURE AGENDA ITEMS:
 - a. Real Estate Policy Amendments
 - b. Annual Emerging Manager Report
 - c. Continued discussion of the Asset Allocation Implementation Plan
- ANNOUNCEMENTS:
 - a. Introduction of Addison Cha, Summer intern from Girls Who Invest

Commissioner Huynh joined the meeting at 11:19 a.m.

- B. PRESENTATION BY NEPC, LLC REGARDING CONTINUED DISCUSSION OF ASSET CLASS RANGES AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, Kevin Novak, Principal, and Rose Dean, Partner, with NEPC LLC, presented and discussed this item with the Board for 39 minutes. Vice President Sidley moved approval, seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Huynh, Moutes, Roten, Sohn, Vice President Sidley, and President Chao -6; Nays, None.
- C. CONTRACT WITH TOWNSEND HOLDINGS LLC, REPLACEMENT OF KEY PERSON AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, Jessica Chumak, Investment Officer I, and Rob Kochis, Managing Director, with Townsend Holdings LLC, presented and discussed this item with the Board for five minutes. Vice President Sidley moved approval, seconded by Commissioner Moutes, and adopted by the following vote: Ayes, Commissioners Huynh, Moutes, Roten, Sohn, Vice President Sidley, and President Chao -6; Nays, None.
- D. NOTIFICATION OF COMMITMENT OF UP TO \$85 MILLION IN CARLYLE PROPERTY INVESTORS, L.P. – This report was received by the Board and filed.

President Chao recessed the Regular meeting at 11:31 a.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 CASES 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 12:00 p.m. with nothing to report.

IX

OTHER BUSINESS – There was no other business.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, July 22, 2025, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012.

XI

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the meeting at 12:01 p.m.

Annie Chao
President

Todd Bouey
Manager-Secretary



REPORT TO BOARD OF ADMINISTRATION

From: Isaias Cantú, Chief Benefits Analyst *IC*

MEETING: AUGUST 12, 2025

ITEM: IV-B

SUBJECT: **APPROVAL OF DISABILITY RETIREMENT APPLICATION OF RODNEY SPILLERS AND POSSIBLE BOARD ACTION**

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

Recommendation

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

Background

Rodney Spillers (Applicant) is a Refuse Collection Truck Operator II in the Department of Public Works - Sanitation, with 7.47825 years of City Service. The Applicant applied for disability retirement on June 7, 2024.

The Applicant's last day on active payroll was December 11, 2023. If approved, the Applicant's retirement effective date will be December 12, 2023.

Accommodation

Because Physicians 1 and 2 opined the Applicant is disabled with no form of accommodation that would allow the Applicant to return to work, no inquiries were made with the employing department.

Fiscal Impact

Upon approval, the Applicant would receive a disability allowance of approximately \$2,428.00 per month, and a retroactive payment covering approximately 21 months of approximately \$50,988.00.

Prepared By: Rachelle Ramiento, Benefits Specialist, Retirement Services Division
Carol Rembert, Benefits Analyst, Retirement Services Division
Susann Hernandez, Sr. Benefits Analyst I, Retirement Services Division

IC:SH:cr:rr

Attachment 1: Proposed Resolution

APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR RODNEY SPILLERS

PROPOSED RESOLUTION

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

WHEREAS, Physicians 1, 2, and 3 examined and concluded Rodney Spillers is unable to perform his usual and customary duties as a Refuse Collection Truck Operator II with the City of Los Angeles;

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

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

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



REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee
Vacant, Chair
Thuy Huynh
Sung Won Sohn

MEETING: AUGUST 12, 2025
ITEM: VI - A

SUBJECT: LACERS 2024 ANTHEM BLUE CROSS MEDICAL, BLUE VIEW VISION, AND DELTA DENTAL PPO YEAR-END ACCOUNTING AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board:

1. Select Anthem renewal option 1 to reduce the rate increase to 9.0% plus a 3% Retro-funding arrangement plus a minimum \$1,700,000 Claims Stabilization Fund (CSF) balance for 2026;
2. Provide \$523,428 from the 115 Trust to the CSF for a balance of \$1,700,000;
3. Approve the 2024 Year-End Accounting for the Anthem Blue Cross (Anthem) medical plan;
4. Approve the 2024 Year-End Accounting for the self-funded Anthem Blue View Vision (Blue View Vision) plan; and,
5. Approve the 2024 Year-End Accounting for the self-funded Delta Dental PPO plan.

Discussion

At the August 12, 2025, Benefits Administration Committee meeting preceding the Board meeting, staff presented recommendations regarding the year-end accounting for Anthem Blue Cross medical plans, Blue View Vision, and Delta Dental PPO as described in the attached Committee report. Should the Committee approve the staff's recommendation, this report on the Year-End Accounting will move forward to the Board for approval.

LACERS' Year-End Accounting results for the plan year ending 2024 are:

- Anthem medical plans' adjusted deficits amounted to \$629,999 and will be subtracted from the interest amount of \$71,985 and the Claim Stabilization Fund (CSF).
- The Anthem Blue View Vision, for plan year 2024, budgeted premium exceeded total cost, creating a surplus position of \$218,890.

- The self-funded Delta Dental PPO plan ended 2024 with a premium surplus of \$335,966.

For future reporting, LACERS has asked the carriers to include in their report any refunds of premiums paid or credits for a plan year as required by the Affordable Care Act (ACA) Medical Loss Ratio (MLR), Contract Performance Guarantees, Medicare Part D Pharmacy Credit, or others. The ACA MLR sets a minimum requirement of 85% of premiums collected to be spent on healthcare services or activities to enhance healthcare quality. If the plan spends less than 85%, then the difference is refunded to the plan sponsor, i.e., LACERS. This will assist LACERS with future reconciliation of accounts regarding funds owed to LACERS.

Prepared By: Maria Macias, Benefits Analyst, Health, Wellness and Buyback Division

TB/DWN/KF/JK/MD/mm

Attachments: 1. August 12, 2025, Benefits Administration Committee Report
 2. Proposed Resolution



REPORT TO BENEFITS ADMINISTRATION COMMITTEE
From: Todd Bouey, Interim General Manager

MEETING: AUGUST 12, 2025
ITEM: III

SUBJECT: LACERS 2024 ANTHEM BLUE CROSS MEDICAL, BLUE VIEW VISION, AND DELTA DENTAL PPO YEAR-END ACCOUNTING AND POSSIBLE COMMITTEE ACTION

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

Recommendation

That the Committee forward a recommendation to the Board to:

1. Select Anthem renewal option 1 to reduce the rate increase to 9.0%, with a 3% retro-funding arrangement and a minimum \$1,700,000 Claims Stabilization Fund (CSF) balance for 2026;
2. Provide \$523,428 from the 115 Trust to the CSF for a balance of \$1,700,000;
3. Approve the 2024 Year-End Accounting for the Anthem Blue Cross (Anthem) medical plan;
4. Approve the 2024 Year-End Accounting for the self-funded Anthem Blue View Vision (Blue View Vision) plan; and,
5. Approve the 2024 Year-End Accounting for the self-funded Delta Dental PPO plan.

Executive Summary

LACERS requires its health plans that are dividend-eligible, participating experience-rated, or self-funded¹ to provide year-end accounting (YEA) reports to reconcile the actual annual costs with the premium amount paid by LACERS and its Members. The YEA indicates a surplus or deficit from total premium payments, claims costs, and administrative expenses for a Plan Year. The YEA results for the Plan Year 2024 are:

- Anthem Medical Plans' adjusted deficits amounted to \$629,999. This amount will be subtracted from the earned interest amount of \$71,985 and the Claim Stabilization Fund (CSF).
- The Anthem Blue View Vision's budgeted premium exceeded total cost, thus creating a surplus position of \$218,890.
- The self-funded Delta Dental PPO plan ended 2024 with a premium surplus of \$335,966.

¹ In participating experience-rated plans, dividends or rate credits are paid at the end of each policy year equal to the excess of premiums collected over claims incurred and administrative and other charges made according to the insurer's formulas, where the premium charged is based on the projection of future claims from past experience. A self-funded plan is one in which the employer assumes the risk for providing health care benefits and is responsible for paying claims.

For future reporting, LACERS has asked the carriers to include in their report any refund of premiums paid or credit for a plan year required by the Affordable Care Act (ACA) Medical Loss Ratio (MLR), Contract Performance Guarantees, Medicare Part D Pharmacy Credit, and others. The ACA MLR sets a minimum requirement of 85% of premiums collected to be spent on healthcare services or activities to enhance healthcare quality. If the plan spends less than 85%, then the difference is refunded to the plan sponsor, i.e., LACERS. This will assist LACERS with future reconciliation of accounts regarding funds owed to LACERS.

Discussion

Anthem Blue Cross Medical Plans

LACERS has experience-rated participating contracts with Anthem for its under-65 and Medicare Part B-only Commercial HMO plan, under-65 and Medicare Part B-only Commercial PPO plan, and Anthem Life & Health Medicare (Medicare Supplement) plan (which was brought back in Plan Year 2024 and is part of this YEA report).

LACERS’ Health and Welfare Consultant, Keenan & Associates (Keenan), reviewed Anthem’s YEA for 2024 (Attachment 1). All YEA takes place at least six months after the end of the plan year, December 31, 2024. Highlights of Keenan’s findings (rounded to the nearest dollar) include:

Total Premium Paid	\$42,132,827
Claims/Expenses	(\$42,762,825)
Deficit	(\$629,999)
Interest	\$71,985
Decrease to CSF	(\$558,013)
2024 Year-End CSF Balance	\$ 1,176,572

Any deficits that may be found in the YEA are funded by LACERS’ Claims Stabilization Fund (CSF)² held by Anthem. Anthem determines the required funding level at the beginning of each plan year, and the recommended amount is added to the YEA report. For 2025, Anthem required the CSF balance to be increased from \$1,176,572 to \$1,700,000, a difference of \$523,428. This difference will be provided by LACERS’ 115 Trust reserves.

Anthem provided three options to pay the 2026 preliminary premium renewal increase of 12.17% and the CSF funding level increase. All three options require a transfer of funds from the LACERS 115 Trust to meet the minimum requirement and a retro-funding arrangement for a lower premium rate increase. In a retro-funding arrangement, LACERS will need to fund any accumulated deficits where premiums

² The CSF is held in an interest-earning account based on the 12-month Effective Federal Funds Rate (EFFR) Index. The EFFR Index is a benchmark interest rate at which commercial banks borrow and lend their excess reserves to each other overnight in the federal funds market.

collected are not sufficient to cover the claims and expenses. The retro-funding arrangement deficit would be invoiced with the 2026 Anthem Year-End Accounting.

:

- Option 1 – Reduce the rate increase to 9.0% plus a 3% Retro-funding arrangement plus a minimum \$1,700,000 CSF balance for 2026
- Option 2 - Reduce the rate increase to 7.0% plus a 5% Retro-funding arrangement plus a minimum \$1,700,000 CSF balance for 2026
- Option 3 - Reduce the rate increase to 5.0% plus a 5% Retro-funding arrangement plus a minimum \$2,700,000 CSF balance for 2026

A 9% or \$154.02 increase to the 2026 Anthem PPO monthly one-party premium will have a greater impact on the 1,204 Members enrolled in Anthem PPO compared to a 7% (\$119.80) increase or a 5% (\$85.57) increase. As the monthly amount deducted from the Member's retirement allowance is based on the Member's years of Service Credit and the number of dependents covered, the impact on Members varies based on their situation. Approximately 78% of the Members enrolled in the Anthem PPO plan currently have no premium deduction, so a premium increase is unlikely to impact them. Members who are covering a dependent or in the dual care plan (at least one person is enrolled in Medicare A&B, and at least one person does not have Medicare or Part B only) will see a monthly deduction increase.

Anthem PPO Monthly Deduction	# of Members	% of Members
\$0 - \$499	960	79.7%
\$500 - \$999	49	4.0%
\$1,000 - \$1,499	121	10.1%
\$1,500 - \$1,999	62	5.2%
\$2,000 or more	12	1.0%

Option 1 is recommended as it does not increase the CSF and requires a lower retro-funding arrangement. Any increase to the CSF requires transferring funds from the LACERS 115 Trust reserve. The amount in the CSF held by Anthem will earn interest based on the ERRF Index instead of the higher returns from LACERS fund investments. The higher rate increase of 9% will have an impact on the Member's premium for 2026, but it is in line with the 8.8% three-year average premium increase. The lower retro-funding arrangement helps preserve the 115 Trust reserve in case the claims are higher than the premiums in 2026. Option 1 provides for a balance between a lower premium amount for Members and reducing the extra use of the 115 Trust reserve, without increasing the CSF amount.

Blue View Vision

Blue View Vision became self-funded effective January 1, 2022. The Blue View Vision premiums are paid to LACERS from the 401(h) account, and together with the Members' premium deductions, are deposited into the 115 Trust Fund account. LACERS is responsible for paying all related provider claims and administration fees from the 115 Trust Fund account. When premiums exceed claims cost, LACERS retains the surplus premium dollars in the 115 Trust Fund account; however, when premiums

are not sufficient to cover all claims cost, the deficit must be resolved by LACERS and paid from the 115 Trust Fund.

LACERS pays Blue View Vision an administration fee to process the claims, and LACERS is invoiced for the claims cost each month.

On an annual basis, Keenan reviews the claims and conducts a year-end accounting. Keenan performed a year-end accounting of the self-funded Blue View Vision plan for 2024 (Attachment 2). The budgeted premium exceeded the total cost, creating a surplus position of \$218,890.

Total Premiums Paid	\$910,852
Claims/Expenses	<u>\$691,962</u>
2024 Year-End Balance	\$218,890

Blue View Vision premium surpluses are held in LACERS' 115 Trust Fund account, which complies with the premium reserve funding policy of maintaining a minimum balance of 15% of the experience-rated refunding or self-funded health plan's projected premium cost for the coming year.

Delta Dental PPO

Delta Dental PPO has been self-funded since Plan Year 2019. The Delta Dental PPO premiums are paid to LACERS from the 401(h) account, and together with the Members' premium deductions, are deposited into the 115 Trust Fund account. LACERS is responsible for paying all related provider claims and administration fees from the 115 Trust Fund account. When premiums exceed claims costs, LACERS retains the surplus premium dollars in the 115 Trust Fund account; however, when premiums are not sufficient to cover all claims costs, the deficit must be resolved by LACERS and paid from the 115 Trust Fund account.

LACERS pays Delta Dental PPO an administration fee to process the claims, and they invoice LACERS for the claims cost each month.

On an annual basis, Keenan reviews the claims and conducts a year-end accounting. Keenan performed a year-end accounting of the self-funded Delta Dental PPO plan for 2024 (Attachment 3). The budgeted premium exceeded the total cost, creating a surplus position of \$335,966:

Total Premiums Paid	\$12,148,516
Claims/Expenses	<u>\$11,812,550</u>
2024 Year-End Balance	\$ 335,966

Delta Dental PPO premium surpluses are held in LACERS' 115 Trust Fund account and comply with the premium reserve funding policy to maintain a minimum balance of 15% of the experience-rated refunding or self-funded health plan's projected premium cost for the coming year.

Prepared By: Maria Macias, Benefits Analyst, Health, Wellness and Buyback Division

TB/DWN/KF/JK/MLD/mm

Attachments: 1. Keenan Report - 2024 Anthem Year-End Accounting
2. Keenan Report - 2024 Blue View Vision Year-End Accounting
3. Keenan Report - 2024 Delta Dental Year-End Accounting



BAC Meeting: 8/12/25
Item: III
Attachment: 1

Los Angeles City Employees' Retirement System 2024 Anthem Year-End Accounting August 12, 2025

Respectfully Submitted by:
Bordan Darm, Lead Consultant
Jillian Turner, Technical Consultant / Underwriter

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Executive Summary

- The 2024 plan year produced a Year-End Accounting (YEA) deficit of \$629,999
- Anthem's Claim Stabilization Reserve (CSR) is now funded at \$1,176,572 as of 12/31/2024
 - from \$1,734,584 on December 31, 2023
 - a decrease of **(\$558,013)**
 - \$71,985 from interest based on the 12-month Effective Federal Funds Rate (EFFR)Index
 - Minus **(\$629,999)** from 2024 YEA deficit
- The 12/31/2024 CSR balance is \$1,176,572; the funding requirement is \$523,428
 - LACERS entered a 3% retro-funding arrangement with Anthem for the 2025 plan year (renewal option 2). The renewal was reduced from 11% to 8% rate adjustment. Under this option LACERS may receive an invoice with the 2025 year-end accounting for the full deficit position (up to 3.0%). Amounts above the 3.0% would be taken from the CSR.
- LACERS has been provided three renewal options tied to CSR funding:
 - **Option 1** - Reduce rate action to 9.0% plus a 3% Retro-funding arrangement plus a minimum \$1.7M CSR balance for 2026 policy year
 - **Option 2** - Reduce rate action to 7.0% plus a 5% Retro-funding arrangement plus a minimum \$1.7M CSR balance for 2026 policy year
 - **Option 3** - Reduce rate action to 5.0% plus a 5% Retro-funding arrangement plus a minimum \$2.7M CSR balance for 2026 policy year

2024 Anthem Accounting Summary

- The YEA provides LACERS with the difference between total costs incurred for the policy period and the respective premium remitted. The balance is expressed as a surplus or deficit position.
- The Claims Stabilization Fund (CSF) is set and held by Anthem and funded by LACERS. It is used to fund any deficit of a given policy period.
- With the 2019 YEA, the Premium Stabilization Reserve (PSR) held by Anthem was discontinued and all surplus funds have been returned to LACERS.
 - The purpose of the Premium Stabilization Reserve (PSR) fund was to build reserves from the surplus of each policy period after meeting the funding requirement in the CSF, and to provide additional security should a period's deficit be greater than the CSF.
 - LACERS determined interest on the PSR would be better managed by LACERS.

Policy Year	2018	2019	2020	2021	2022	2023	2024
YEA	\$1,114,664	\$2,366,139	\$2,255,347	\$2,426,892	\$3,334,641	(\$38,346)	(\$629,999)
Surplus/(Deficit)	surplus	surplus	surplus	surplus	surplus	deficit	deficit
% of Premium	2.00%	4.23%	4.13%	3.70%	9.07%	-0.10%	-1.50%
Ending CSF	\$1,405,423	\$1,452,172	\$1,515,734	\$1,675,806	\$1,700,000	\$1,734,584	\$1,176,572
\$ Adjustment*	\$154,309	\$46,749	\$63,562	\$160,072	\$24,194	\$34,584	(\$558,013)
% Adjustment*	12.30%	3.22%	4.19%	9.55%	1.42%	1.99%	-47.43%
PSR w/YEA	\$11,956,924	\$0	\$0	\$0	\$0	\$0	\$0
\$ Adjustment	(\$4,497,714)	(\$11,956,924)	\$0	\$0	\$0	\$0	\$0

* From Previous Year

2024 Claims Stabilization Fund (CSF)

CSF Accounting	2018	2019	2020	2021	2022	2023	2024
1/1 CSF Balance	\$1,251,114	\$1,405,423	\$1,452,172	\$1,515,734	\$3,947,165	\$1,700,000	\$1,734,585
Interest Earned	\$34,507	\$33,382	\$11,184	\$4,540	\$133,232	\$72,930	\$71,985
Interest Yield	2.76%	2.38%	0.77%	0.30%	3.38%	4.29%	4.15%
YEA Fund Transfer	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surplus Transfer*	\$119,802	\$13,367	\$52,378	\$155,532	\$0	(\$38,346)	(\$629,999)
12/31 CSF Balance	\$1,405,423	\$1,452,172	\$1,515,734	\$1,675,806	\$4,080,398	\$1,734,584	\$1,176,572

*Previous to 2020 known as PSR Fund Transfer

- The January 1, 2024, beginning balance was \$1,734,585.
- The \$71,985 Interest Yield is based on 12-month EFFR Index
- 2024 interest yield was at 4.15%.

Annual Accounting

Case No. C22357

January 1, 2024 through December 31, 2024

2024 Anthem Financial Accounting Summary By Plan

	<u>HMO</u>	<u>PPO</u>	<u>Medicare Supplement</u>	<u>Medicare D</u>	<u>Total</u>
Income Reported	\$18,024,172	\$23,727,207	\$381,580	(\$132)	\$42,132,827
CMS Revenue (Medicare D)	\$0	\$0	\$0	\$0	\$0
Total Income Received	\$18,024,172	\$23,727,207	\$381,580	(\$132)	\$42,132,827
Paid Claims	\$12,244,997	\$23,552,569	\$385,572	\$0	\$36,183,138
+ Ending Reserve	\$1,177,856	\$2,227,297	\$66,118	\$0	\$3,471,271
- Beginning Reserve	(\$858,175)	(\$1,902,406)	\$0	\$380	(\$2,760,201)
+ Large Claim Charge	\$1,107,206	\$2,098,640	\$0	\$0	\$3,205,846
- Large Claim Credit	(\$2,224,265)	(\$3,181,073)	\$0	\$0	(\$5,405,338)
Incurred Claims	\$11,447,618	\$22,795,027	\$451,690	\$380	\$34,694,715
Retention	\$604,860	\$837,081	\$64,190	\$0	\$1,506,131
HMC Programs	\$4,440	\$5,639	\$658	\$0	\$10,737
Silver Sneakers Program	\$99,778	\$108,280	\$13,189	\$0	\$221,247
Premium Tax	\$0	\$182,812	\$0	\$0	\$182,812
ACA Insurer Fee	\$0	\$0	\$0	\$0	\$0
Capitation Expenses	\$6,137,676	\$0	\$0	\$0	\$6,137,676
Consortium Fees	\$0	\$7,888	\$0	\$0	\$7,888
SB510 Settlement Claims	\$0	\$0	\$0	\$0	\$0
Part D Credit Final Settlement ReOpening - 2019	\$0	\$0	\$0	\$1,618	\$1,618
Total Expense	\$18,294,373	\$23,936,728	\$529,727	\$1,998	\$42,762,825
Expense Ratio	101.50%	100.88%	138.82%	0.00%	101.50%
Accumulated Surplus/(Deficit) at December 31, 2024	(\$270,201)	(\$209,521)	(\$148,147)	(\$2,130)	(\$629,999)
Amount Allocated to Claims Stabilization Fund	\$0	\$0	\$0	\$0	\$0
Ending Surplus/(Deficit)	(\$270,201)	(\$209,521)	(\$148,147)	(\$2,130)	(\$629,999)

31-Jul-2025

2024 Anthem Claim Stabilization Fund Accounting Summary

LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM

Claims Stabilization Fund

Case No. C22357

January 1, 2024 through December 31, 2024

Claims Stabilization Fund as of January 1, 2024	\$1,734,585
Interest Earned based on average of the 12-month EFFR	\$71,985
Amount of Deficit Deducted from the Stabilization Fund	(\$629,999)
Claims Stabilization Fund at December 31, 2024	\$1,176,572

Note: Required Minimum Fund Level as of January 1, 2025 is \$3,033,564. 2026.

**Per renewal released in July 2024, minimum CSR requirement will be \$1.7M*

2024 Anthem Accounting Summary - Accounting History

	2018	2019	2020	2021	2022	2023	2024
Annual Amount							
Total Income	\$55,132,694	\$55,927,235	\$54,664,982	\$65,618,714	\$36,755,305	\$39,027,692	\$42,132,827
Total Expenses	\$54,018,030	\$53,561,096	\$52,409,635	\$63,191,822	\$33,420,663	\$39,066,037	\$42,762,825
Surplus / (Deficit)	\$1,114,664	\$2,366,139	\$2,255,347	\$2,426,892	\$3,334,641	(\$38,346)	(\$629,999)
Expense Ratio	97.98%	95.77%	95.87%	96.30%	90.93%	100.10%	101.50%
Contracts	4,930	4,920	5,149	5,505	2,088	2,032	2,130
Per Retiree Per Month Amount							
Total Income	\$931.93	\$947.34	\$884.79	\$993.33	\$1,466.81	\$1,600.35	\$1,648.07
Total Expenses	\$913.08	\$907.26	\$848.29	\$956.60	\$1,333.73	\$1,601.92	\$1,672.71
Surplus / (Deficit)	\$18.84	\$40.08	\$36.50	\$36.74	\$133.08	(\$1.57)	(\$24.64)

Acknowledgement

Keenan & Associates would like to thank Ms. Karen Freire and the LACERS Health Benefits Administration staff for providing the necessary data and engaging in this year end accounting process. Their cooperation and guidance have been extremely valuable.

Questions and Answers



BAC Meeting: 8/12/25
Item: III
Attachment: 2

Los Angeles City Employees' Retirement System 2024 Vision Year End Accounting August 12, 2025

Respectfully Submitted by:
Bordan Darm, Lead Consultant
Jillian Turner, Technical Consultant / Underwriter

Executive Summary

- LACERS self-funded its vision plan effective January 1, 2022
- Through 12/31/2023, LACERS had a surplus position of \$444,974
- Through 12/31/2024, LACERS is now at a surplus position of \$663,864
- For the 2024 Plan Year:
 - Average Monthly Enrollment was 7,260
 - Budgeted Premium was \$910,852
 - Administration was \$58,397
 - Paid Claims were \$633,564
 - The Loss Ratio for the year was 76.0%, which created an additional surplus of \$218,890
- The Year-End accountings were prepared by Keenan based on information provided by Anthem Blue View Vision. LACERS' auditing team may have more accurate numbers based on fluctuations in enrollment or other debits and credits

2024 Anthem Vision Accounting Summary

Date	Paid Amount	Administration	Total Expenses	Subscribers	Estimated Premium	Surplus / Deficit	Total Cost Loss Ratio
Jan-23	\$53,789	\$4,735	\$58,524	7,067	\$73,883	\$15,359	79.2%
Feb-23	\$31,881	\$4,742	\$36,623	7,077	\$73,997	\$37,374	49.5%
Mar-23	\$53,549	\$4,745	\$58,294	7,082	\$74,036	\$15,743	78.7%
Apr-23	\$49,327	\$4,748	\$54,075	7,086	\$74,092	\$20,017	73.0%
May-23	\$58,415	\$4,758	\$63,172	7,101	\$74,245	\$11,073	85.1%
Jun-23	\$44,405	\$4,757	\$49,162	7,100	\$74,232	\$25,070	66.2%
Jul-23	\$59,734	\$4,760	\$64,494	7,105	\$74,286	\$9,792	86.8%
Aug-23	\$47,432	\$4,770	\$52,202	7,119	\$74,441	\$22,239	70.1%
Sep-23	\$49,850	\$4,779	\$54,629	7,133	\$74,570	\$19,941	73.3%
Oct-23	\$63,623	\$4,780	\$68,403	7,134	\$74,594	\$6,191	91.7%
Nov-23	\$38,218	\$4,776	\$42,995	7,129	\$74,530	\$31,535	57.7%
Dec-23	\$62,947	\$4,774	\$67,721	7,126	\$74,513	\$6,792	90.9%
Jan-24	\$65,018	\$4,815	\$69,833	7,187	\$75,136	\$5,303	92.9%
Feb-24	\$36,906	\$4,826	\$41,732	7,203	\$75,313	\$33,581	55.4%
Mar-24	\$42,442	\$4,838	\$47,280	7,222	\$75,508	\$28,227	62.6%
Apr-24	\$57,718	\$4,843	\$62,561	7,223	\$75,517	\$12,956	82.8%
May-24	\$50,864	\$4,847	\$55,711	7,229	\$75,590	\$19,879	73.7%
Jun-24	\$49,278	\$4,865	\$54,143	7,256	\$75,866	\$21,723	71.4%
Jul-24	\$52,394	\$4,883	\$57,277	7,283	\$76,156	\$18,879	75.2%
Aug-24	\$39,739	\$4,888	\$44,627	7,291	\$76,237	\$31,610	58.5%
Sep-24	\$67,757	\$4,888	\$72,645	7,291	\$76,237	\$3,592	95.3%
Oct-24	\$52,740	\$4,897	\$57,637	7,304	\$76,358	\$18,721	75.5%
Nov-24	\$53,614	\$4,902	\$58,516	7,311	\$76,440	\$17,925	76.6%
Dec-24	\$65,094	\$4,905	\$69,999	7,316	\$76,494	\$6,495	91.5%

2022 Plan Year	\$596,944	\$56,049	\$652,993	6,971	\$876,842	\$223,849	74.5%
2023 Plan Year	\$613,170	\$57,124	\$670,293	7,105	\$891,418	\$221,125	75.2%
2024 Plan Year	\$633,564	\$58,397	\$691,961	7,260	\$910,852	\$218,890	76.0%

Acknowledgement

Keenan & Associates would like to thank Ms. Karen Freire, and the LACERS Health Benefits Administration staff for providing the necessary data and engaging in this year-end accounting process. Their cooperation and guidance have been extremely valuable.

Questions and Answers



BAC Meeting: 8/12/25
Item: III
Attachment: 3

Los Angeles City Employees' Retirement System 2024 Delta Dental Year End Accounting August 12, 2025

Respectfully Submitted by:
Bordan Darm, Lead Consultant
Jillian Turner, Technical Consultant / Underwriter

Executive Summary

- LACERS self-funded its dental plan effective January 1, 2019
- Through 12/31/2023, LACERS had a surplus position of \$3,185,928
- Through 12/31/2024, LACERS is now at a surplus position of \$3,521,894
- For the 2024 Plan Year:
 - Average Monthly Enrollment was 14,366
 - Budgeted Premium was \$12,148,516
 - Administration was \$879,127
 - Paid Claims were \$10,933,423
 - The Loss Ratio for the year was 97.2%, which created an additional surplus of \$335,966
- The Year-End accountings were prepared by Keenan based on information provided by Delta Dental. LACERS' auditing team may have more accurate numbers based on fluctuations in enrollment or other debits and credits.

2024 Delta Dental Accounting Summary

Date	Number of Claims	Paid Amount	Administration	Total Expenses	Total Primary Enrollees	Estimated Premium	Surplus / Deficit	Total Cost Loss Ratio
Jan-23	3,323	\$745,582	\$72,185	\$817,767	14,161	\$1,004,385	\$186,618	81.4%
Feb-23	4,410	\$969,407	\$72,221	\$1,041,628	14,164	\$1,004,573	-\$37,055	103.7%
Mar-23	5,108	\$1,171,507	\$72,359	\$1,243,866	14,171	\$1,004,600	-\$239,266	123.8%
Apr-23	3,963	\$888,418	\$72,104	\$960,522	14,150	\$1,003,038	\$42,516	95.8%
May-23	3,934	\$824,968	\$72,114	\$897,082	14,138	\$1,001,450	\$104,368	89.6%
Jun-23	4,836	\$1,047,390	\$72,058	\$1,119,447	14,130	\$1,000,392	-\$119,055	111.9%
Jul-23	3,400	\$737,598	\$72,027	\$809,626	14,130	\$999,658	\$190,032	81.0%
Aug-23	4,998	\$1,014,120	\$72,206	\$1,086,326	14,167	\$1,001,988	-\$84,338	108.4%
Sep-23	3,662	\$750,572	\$72,384	\$822,956	14,185	\$1,002,477	\$179,521	82.1%
Oct-23	4,016	\$792,776	\$72,420	\$865,196	14,191	\$1,002,106	\$136,910	86.3%
Nov-23	4,692	\$923,962	\$72,379	\$996,341	14,187	\$1,001,218	\$4,877	99.5%
Dec-23	3,945	\$776,058	\$72,216	\$848,274	14,165	\$998,922	\$150,648	84.9%
Jan-24	3,686	\$828,459	\$72,833	\$901,292	14,289	\$1,009,299	\$108,007	89.3%
Feb-24	4,980	\$1,179,720	\$73,001	\$1,252,721	14,315	\$1,011,077	-\$241,644	123.9%
Mar-24	4,375	\$954,169	\$73,022	\$1,027,191	14,317	\$1,010,642	-\$16,549	101.6%
Apr-24	4,125	\$938,520	\$73,103	\$1,011,624	14,339	\$1,011,828	\$204	100.0%
May-24	5,060	\$1,081,869	\$73,098	\$1,154,968	14,334	\$1,010,653	-\$144,315	114.3%
Jun-24	4,060	\$889,967	\$73,216	\$963,182	14,363	\$1,012,313	\$49,131	95.1%
Jul-24	3,776	\$775,628	\$73,420	\$849,048	14,386	\$1,013,490	\$164,442	83.8%
Aug-24	4,908	\$1,002,371	\$73,425	\$1,075,795	14,400	\$1,014,071	-\$61,724	106.1%
Sep-24	3,707	\$758,349	\$73,450	\$831,799	14,397	\$1,013,551	\$181,752	82.1%
Oct-24	4,854	\$975,961	\$73,496	\$1,049,457	14,420	\$1,014,818	-\$34,639	103.4%
Nov-24	3,669	\$711,133	\$73,506	\$784,639	14,419	\$1,013,907	\$229,268	77.4%
Dec-24	3,966	\$837,277	\$73,557	\$910,834	14,410	\$1,012,869	\$102,035	89.9%
<i>2021 Plan Year</i>	<i>43,617</i>	<i>\$8,904,931</i>	<i>\$826,904</i>	<i>\$9,731,835</i>	<i>13,518</i>	<i>\$11,540,244</i>	<i>\$1,808,410</i>	<i>84.3%</i>
<i>2022 Plan Year</i>	<i>47,980</i>	<i>\$10,176,822</i>	<i>\$855,039</i>	<i>\$11,031,862</i>	<i>13,970</i>	<i>\$11,893,603</i>	<i>\$861,741</i>	<i>92.8%</i>
<i>2023 Plan Year</i>	<i>50,287</i>	<i>\$10,642,358</i>	<i>\$866,673</i>	<i>\$11,509,031</i>	<i>14,162</i>	<i>\$12,024,809</i>	<i>\$515,778</i>	<i>95.7%</i>
<i>2024 Plan Year</i>	<i>51,166</i>	<i>\$10,933,423</i>	<i>\$879,127</i>	<i>\$11,812,550</i>	<i>14,366</i>	<i>\$12,148,516</i>	<i>\$335,966</i>	<i>97.2%</i>

Acknowledgement

Keenan & Associates would like to thank Ms. Karen Freire, and the LACERS Health Benefits Administration staff for providing the necessary data and engaging in this year-end accounting process. Their cooperation and guidance have been extremely valuable.

Questions and Answers

**LACERS 2024 ANTHEM BLUE CROSS MEDICAL, BLUE VIEW VISION, AND
DELTA DENTAL PPO YEAR-END ACCOUNTING**

PROPOSED RESOLUTION

WHEREAS the Los Angeles Administrative Code establishes that the Los Angeles City Employees' Retirement System (LACERS) provides health and welfare programs for retired employees and their eligible dependents;

WHEREAS the LACERS' vision and dental PPO plans are self-funded and the premiums and claims are reviewed every year for any premium surplus to be held in the LACERS' 115 Trust Fund;

WHEREAS LACERS contracts with Anthem Blue Cross (Anthem) for its under-65 and Medicare Part B only Commercial HMO plan, under-65 and Medicare Part B only Commercial PPO plan, and Anthem Life & Health Medicare (Medicare Supplement) plan. These contracts are experience-rated, dividend-eligible participating contracts, which means that at the end of each plan year, an accounting is performed to review and compare Anthem's actual annual costs with the annual premium amount paid by LACERS and its Members;

WHEREAS, if the year-end accounting results in a deficit of premium funds, LACERS must pay Anthem the shortfall; if the accounting results in a surplus, those funds may be returned to LACERS;

WHEREAS the 2024 Anthem year-end accounting shows an adjusted premium deficit of \$629,999;

WHEREAS the 2024 premium deficit of \$629,999 will be subtracted from the interest amount of \$71,985 earned in 2024, the remaining \$558,013 was subtracted from the Claims Stabilization Fund for 2024, and no excess premiums were returned to LACERS; and,

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

1. Select Anthem renewal option 1 to reduce the rate increase to 9.0% plus a 3% Retro-funding arrangement plus a minimum \$1,700,000 Claims Stabilization Fund (CSF) balance for 2026;
2. Provide \$523,428 from the 115 Trust to the CSF for a balance of \$1,700,000;
3. Approve the 2024 Year-End Accounting for the Anthem Blue Cross (Anthem) medical plan;
4. Approve the 2024 Year-End Accounting for the self-funded Anthem Blue View Vision (Blue View Vision) plan; and,
5. Approve the 2024 Year-End Accounting for the self-funded Delta Dental PPO plan.

August 12, 2025



REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee
Vacant, Chair
Thuy Huynh
Sung Won Sohn

MEETING: AUGUST 12, 2025
ITEM: VI - B

SUBJECT: 2026 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board:

1. Approve the 9% Anthem Blue Cross PPO premium increase, with a 3% retro-funding arrangement;
2. Approve the proposed 2026 contract premium renewals for LACERS medical, dental, and vision plans, allowing for minor premium adjustments;
3. Authorize the General Manager to negotiate and approve the final UnitedHealthcare (UHC) carrier premium changes and to utilize the 115 Trust to smooth the UHC Member premium increase; and,
4. Authorize the General Manager to make premium adjustments within the limitations established in the Los Angeles Administrative Code, as necessitated by updates or information received after this report.

Executive Summary

At the August 12, 2025, Benefits Administration Committee meeting preceding the Board meeting, staff and Keenan & Associates (Keenan), LACERS' Health and Welfare Consultant, will have presented recommendations regarding the proposed 2026 medical plan premium rates as detailed in the attached committee report. Should the Committee approve staff's recommendation, this report on the proposed 2026 medical plan premium rates will move forward to the Board for approval.

Prepared By: Tenah Johnson-Taylor, Senior Benefits Analyst I, Health, Wellness, and Buyback Division

TB/DWN/KF/JK/MD/tj

Attachments: 1. August 12, 2025, Benefits Administration Committee Report
2. Proposed Resolution
3. LACERS Historical Medical Cost Increases Through 2026



LACERS

LA CITY EMPLOYEES'
RETIREMENT SYSTEM

Board Meeting: 8/12/25

Item: VI-B

Attachment: 1



REPORT TO BENEFITS ADMINISTRATION COMMITTEE

From: Todd Bouey, Interim General Manager

MEETING: AUGUST 12, 2025

ITEM: IV

SUBJECT: **2026 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee forward a recommendation to the Board to:

1. Approve the 9% Anthem Blue Cross PPO premium increase, with a 3% retro-funding arrangement;
2. Approve the proposed 2026 contract premium renewals for LACERS medical, dental, and vision plans, allowing for minor premium adjustments;
3. Authorize the General Manager to negotiate and approve the final UnitedHealthcare (UHC) carrier premium changes and to utilize the 115 Trust to smooth the UHC Member premium increase; and,
4. Authorize the General Manager to make premium adjustments within the limitations established in the Los Angeles Administrative Code, as necessitated by updates or information received after this report.

Executive Summary

Recommendations for the health plan contract renewals have resulted in overall 2026 health plan (medical, dental, and vision) premium costs increasing by approximately \$12.5 million, or 7.35%, from \$170.7 million in 2025 to \$183.2 million.

The proposed 2026 carrier premium changes for LACERS medical, dental, and vision plans are as follows, with the one-party increase listed; the other coverage level increases are in Attachment 1:

- Anthem Blue Cross HMO: 9.00%, \$122.85
- Anthem Blue Cross PPO: 9.00%, \$154.02
- Anthem Blue Cross Life and Health Medicare Plan (Medicare Supplement): 9.00%, \$51.52
- Anthem Blue Cross Medicare Preferred (PPO) Plan 10.61%, \$41.34
- Kaiser Permanente HMO: 3.99%, \$44.63
- Kaiser Permanente Senior Advantage HMO: 7.69%, \$18.86
- SCAN Health Plan Medicare Advantage HMO: 2.81%, \$5.90
- UnitedHealthcare Medicare Advantage HMO: 39.08%, \$88.34
- Delta Dental HMO: 0.00%

- Delta Dental PPO: 2.67%, \$1.36
- Anthem Blue View Vision: 0.00%

Discussion

As part of the annual process, LACERS' Health and Welfare Consultant, Keenan & Associates (Keenan), released a Request for Renewal, requesting premium renewal data from LACERS' medical plan carriers: Kaiser Permanente (Kaiser), Anthem Blue Cross (Anthem), UnitedHealthcare (UHC) and Senior Care Action Network (SCAN).

2026 Medical Plan Renewal Summary

For the Kaiser HMO, Anthem HMO, Anthem PPO, Anthem Medicare Supplement, Anthem Medicare Preferred (PPO), UHC, and SCAN programs, no changes to benefits were requested for 2026. The Over-the-Counter benefit was requested to be added to the Kaiser Senior Advantage plan. However, Kaiser is in the process of changing vendors so that the benefit is not available until 2027. The 2026 preliminary medical premiums were estimated to increase by \$14.6 million or 9.31%, from \$156.8 million to \$171.4 million. After negotiations with Keenan, the 2026 medical premium cost was reduced to \$169.0 million, an increase of approximately \$12.2 million or 7.80% from the 2025 medical premium cost. A breakdown of premium cost changes by carrier from 2025 to 2026 is included in the attached Keenan report.

UHC Plan Renewal Increase

UHC proposed an average plan increase of 39.08% (\$88.34) per enrollee (Member and/or dependent); 42.67% (\$125.00) for California, 32.22% (\$80.00) for Nevada, and 16.76% (\$60.00) for Arizona. This is the second year that UHC has had the highest proposed renewal increase for the LACERS Medicare Advantage HMO plans. For 2025, UHC had an average plan increase of 45.91%; 47.81% (\$94.80) for California, 48.78% (\$81.40) for Nevada, and 30.06% (\$82.73) for Arizona.

UHC rates increased significantly, mainly due to LACERS' UHC membership dropping below 1,000 enrollees, resulting in UHC underwriting premiums based on community-rated experience (all UHC clients) versus experience-rated (LACERS membership only). In addition, UHC does not qualify for financial incentives offered by the Centers for Medicare and Medicaid Services (CMS) for Medicare Advantage plans that reduce the cost burden and expand benefits for Medicare Advantage beneficiaries. Both Kaiser and SCAN qualify for financial incentives based on CMS' quality of care factors, helping to keep their increases lower.

Additional analysis is being conducted by LACERS to determine the possibility of smoothing the premiums again using the 115 Trust funds. For 2025, the General Manager, with the Board's authorization, smoothed the 2025 premium increase by splitting the increase equally between the Members and LACERS, utilizing the 115 Trust. Due to the tight renewal timeline (UHC proposed premiums received July 18, 2025) that impacts Open Enrollment and annual actuarial valuation, it is recommended that the General Manager be authorized to further negotiate and approve the final UHC carrier premium changes and to utilize the 115 Trust to smooth the UHC Member premium increase. If the premium increase is not split equally as in 2025, then the Members' average premium would

increase 62.04%, \$123.96 (39.08%, \$88.34 plus the 2025 buydown of 22.96%, \$35.62). The buydown represents 50% of the 2025 premium increase that LACERS paid from the 115 Trust. The buydown is then included in the following year's Members' premiums. The UHC-CA one-party premium increase would be \$152.27, as it had the largest increase for both 2025 and 2026. A detailed breakdown by state and coverage level is in Attachment 2.

Anthem PPO Premium Increase

Anthem initially proposed a 12.17% (\$208.27) increase for the PPO plan in 2026. Keenan negotiated with Anthem to provide a lower premium at either a 9% (\$154.02) increase, a 7% (\$119.80) increase, or a 5% (\$85.57) increase (e.g., see page 7 of Attachment 1). At the 12.17% increase, LACERS would not be held responsible for covering any premium deficits on Anthem's side. However, Members will have a higher monthly premium cost and monthly deduction, depending on their eligible subsidy amount and the number of dependents covered on the plan. At the 9% increase, LACERS would be responsible for the deficit should the claims' amount exceed the total premiums paid and the Members will have a lower premium increase. Additionally, any balance owed to Anthem will come from the Claims Stabilization Fund after the completion of the 2026 Year-End Accounting. The other two options also lower the Members' premiums but leave LACERS with a greater deficit risk. Therefore, the 9% increase is recommended as this will lower premiums for Members enrolled in the Anthem PPO plan, and reduce LACERS' deficit risk.

Delta Dental Renewal

The Delta Dental PPO has been self-funded by LACERS beginning on January 1, 2019. A review of the premiums and claims shows the projected dental plan costs will be greater than current premiums, and the underwriting determined that a premium adjustment of 2.67% (\$1.36) with a 2.50% margin, or a 0.34% (\$0.17) without a margin, should cover the projected costs. The 2025 renewal projected that the premiums and claims would be greater than current premiums by 4.91%. The Board adopted the recommendation to not increase the 2025 premiums and to use the reserves in the 115 Trust to cover any deficit. It is recommended that the premiums increase 2.67%, i.e., one party from \$51.16 to \$52.52, for 2026 to increase the reserve level. The premium has not increased since 2019.

The 2025 DeltaCare USA (HMO) premium is guaranteed through 2027 and will not change for 2026. Overall, the 2026 dental plan costs are estimated to increase by \$326,730, or 2.51% to \$13.3 million.

Anthem Blue View Vision Renewal

The Anthem Blue View Vision has been self-funded by LACERS beginning on January 1, 2022. Based on a review of the premiums and claims, the vision plan is operating at a surplus, and the underwriting determined the plan could withstand a premium decrease of 7.60% (\$0.69) with a 2.5% margin, or a 9.71% (\$0.89) without a margin. It is recommended that the premium not change for 2026 to allow the plan to continue building its reserve. In 2026, Keenan projects that \$89,430 will be added to LACERS'

reserves. Anthem Blue View Vision will contribute a separate \$10,000 to the wellness program from Anthem Medical.

Wellness Funding

The carriers will continue to fund the LACERS wellness program and provide a total of \$298,500. Kaiser's funding of \$150,000, Anthem's funding of \$100,000, Anthem Blue View Vision's funding of \$10,000, SCAN's funding of \$20,000, UHC's funding of \$8,500, and Delta Dental's funding of \$10,000 remain at the same level as in 2025.

Delegation to the General Manager

Occasionally, premiums are subject to change slightly after Board approval due to receipt of updated data. Staff recommends that the Board allow for any minor premium adjustments, within the parameters established in the Los Angeles Administrative Code, to be delegated to the General Manager for authorization.

Staff and Keenan will be present to discuss the 2026 health plan renewal process and answer the Committee's questions.

Prepared By: Tenah Johnson-Taylor, Senior Benefits Analyst I, Health, Wellness and Buyback Division

TB/DWN/KF/JK/MLD/tj

Attachments: 1. Keenan Report – 2026 Health Plan Renewal Final Report
2. UHC 2026 Plan Renewal Premium Deduction Comparison



BAC Meeting: 08/12/25
Item: IV
Attachment 1

Los Angeles City Employees' Retirement System

2026 Health Plan Renewal Report

August 12, 2025

Respectfully Submitted by:
Bordan Darm, Lead Consultant
Jillian Turner, Technical Consultant / Underwriter

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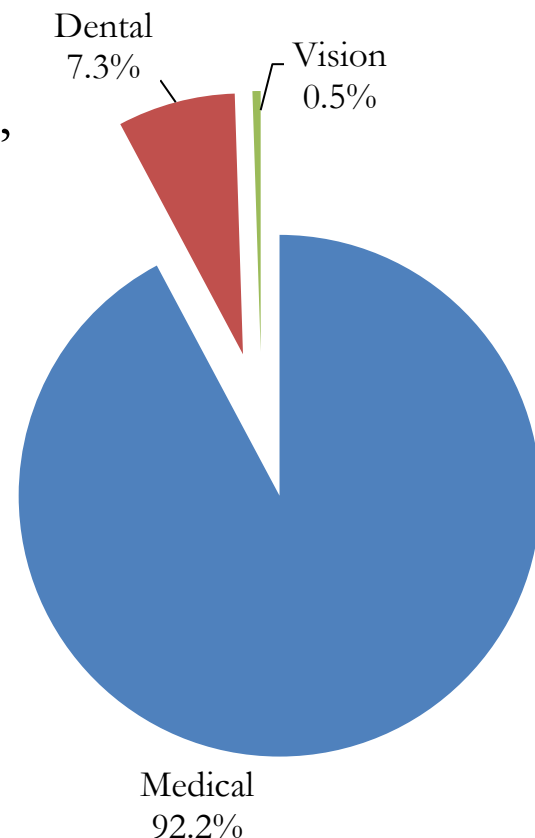
Introduction

- This report presents Los Angeles City Employees' Retirement System's (LACERS) 2026 final health plan renewals.
- Anthem Blue Cross (Anthem), Kaiser Permanente (Kaiser), SCAN and UnitedHealthcare (UHC) have provided medical plan renewals.
- The Delta DHMO plan rates will remain unchanged for 2026.
- The Delta Dental PPO plan has been self-funded since 2019; the administration fee remains unchanged for 2026.
- Anthem Blue View Vision has been self-funded since 2022; the vision administration fee remains unchanged for 2026.
- Data provided by the carriers included plan designs, rates, and enrollment.
- Please note that 2026 carrier rate renewal percentages are shown rounded to two decimal spaces. Actual 2026 proposed carrier rates may reflect a percentage variance but round to the same two-decimal percentage.



Executive Summary

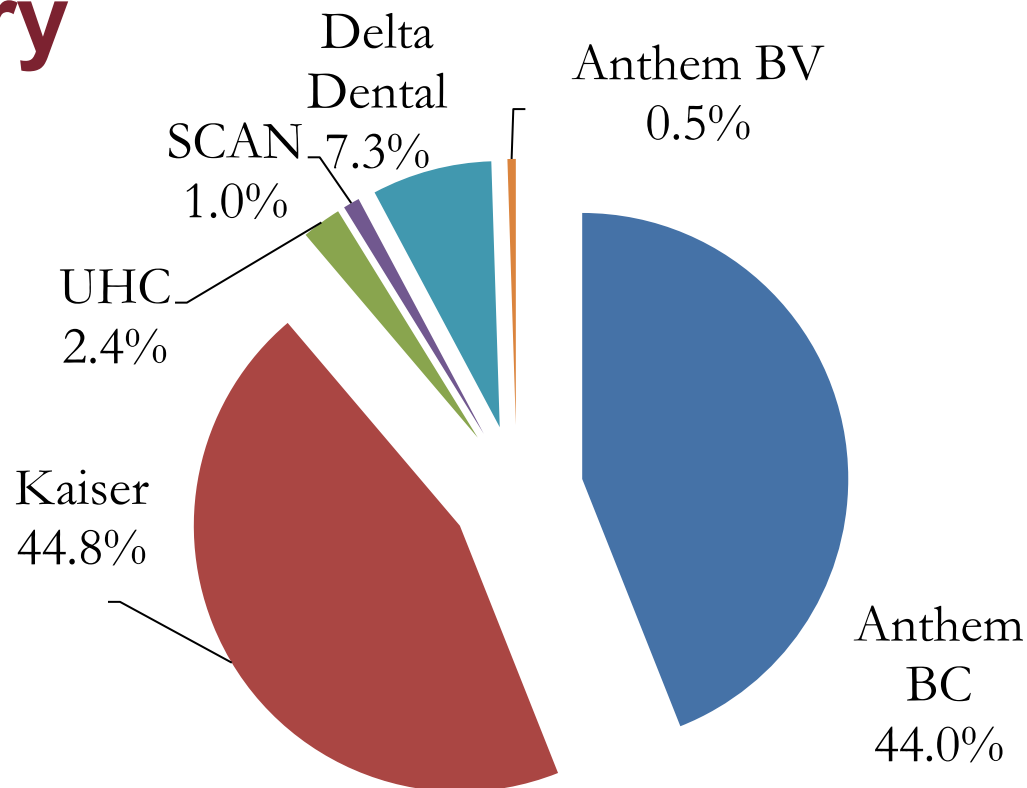
- The 2026 final renewal for the LACERS Health and Welfare Program requires an increase in cost of **\$12,552,181** or **7.35%**, from \$170,737,828 to \$183,290,010.
- The 2026 LACERS final premium adjustments are as follows:
 - Medical premiums: **\$12,225,451** or **7.80%**,
 - Dental premiums: **\$326,730** or **2.51%**, and
 - Vision premiums: **\$0** or **0.00%**
 - Total premium adjustment: **\$12,552,181** or **7.35%**
- The final renewal is \$2,595,964 less than the preliminary renewal.
- Out of LACERS' total premium: Medical represents **92.2%**, Dental **7.3%**, and Vision **0.5%**.



Overall Final Renewal	Current Enrollment	2025 Premium	2026 Renewal - Final Premium	\$ Change	% Change	Negotiated Savings
Medical	21,497	\$156,776,365	\$169,001,817	\$12,225,451	7.80%	\$2,436,168
Dental	17,573	\$13,036,440	\$13,363,171	\$326,730	2.51%	\$0
Vision	7,376	\$925,022	\$925,022	\$0	0.00%	\$0
GRAND TOTAL	46,446	\$170,737,828	\$183,290,010	\$12,552,181	7.35%	\$2,436,168

Executive Summary

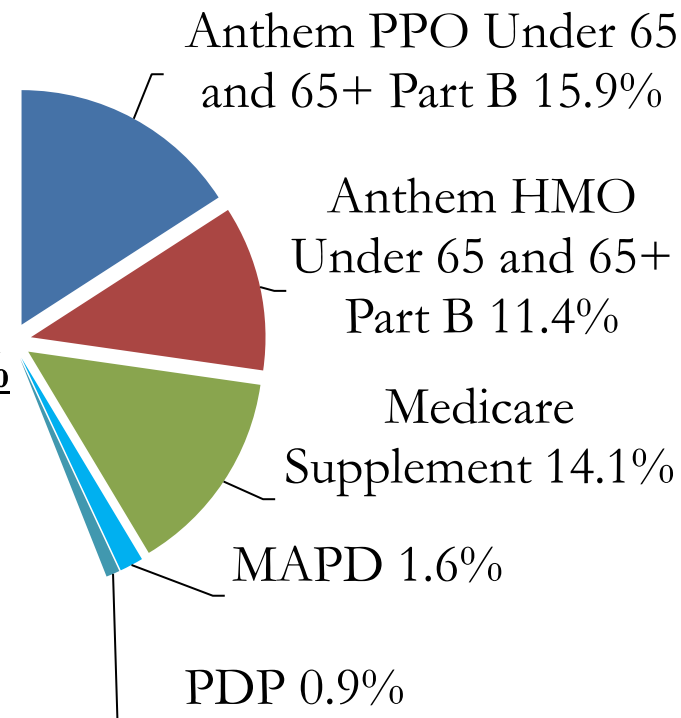
- The 2026 LACERS final renewal cost change by carrier is as follows:
 - Anthem: **\$6,756,278** or **9.15%**
 - Kaiser: **\$4,179,136** or **5.36%**
 - UHC: **\$1,239,840** or **39.08%**
 - SCAN: **\$50,197** or **2.81%**
 - Delta Dental: **\$326,730** or **2.51%**
 - Anthem Blue View: **\$0** or **0.00%**
- Kaiser and Anthem comprise 88.8% of the total cost.



Carrier	Current	2025		2026 Renewal - Final		Negotiated
Final Renewal	Enrollment	Premium	Premium	\$ Change	% Change	Savings
Anthem	8,040	\$73,864,218	\$80,620,496	\$6,756,278	9.15%	\$1,474,683
Kaiser	11,849	\$77,953,161	\$82,132,297	\$4,179,136	5.36%	\$961,485
UnitedHealthcare	899	\$3,172,306	\$4,412,146	\$1,239,840	39.08%	\$0
SCAN	709	\$1,786,680	\$1,836,877	\$50,197	2.81%	\$0
Delta Dental	17,573	\$13,036,440	\$13,363,171	\$326,730	2.51%	\$0
Anthem Blue View	7,376	\$925,022	\$925,022	\$0	0.00%	\$0
GRAND TOTAL	46,446	\$170,737,828	\$183,290,010	\$12,552,181	7.35%	\$2,436,168

Anthem Blue Cross Renewal

- Anthem Blue Cross comprises **44.0%** of LACERS' premium costs.
- Anthem proposes the following rate adjustments:
 - PPO Under 65 / 65+ Part B: **\$2,402,362** or **9.00%**
 - HMO Under 65 / 65+ Part B: **\$1,723,635** or **9.00%**
 - Medicare Advantage (MAPD): **\$2,486,849** or **10.61%**
 - PDP (Rx Only): **\$0** or **0.00%**
 - Medicare Supplement Coverage: **\$143,432** or **9.00%**
 - An overall change of **\$6,756,278** or **9.15%**
- Keenan successfully negotiated the Anthem renewal down by \$1,474,683
- Other considerations: \$100,000 wellness rate load



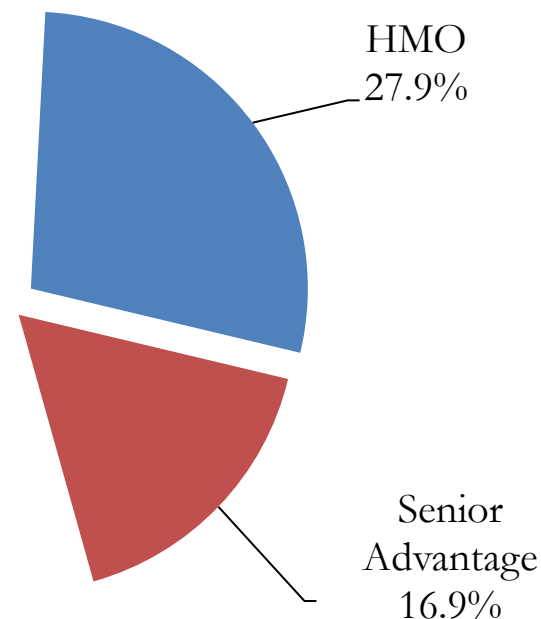
Anthem Final Renewal	Current Enrollment	2025 Premium	2026 Renewal - Final Premium	\$ Change	% Change	Negotiated Savings
PPO Under 65 and 65+ Part B	1,129	\$26,693,094	\$29,095,457	\$2,402,362	9.00%	(\$443,125)
HMO Under 65 and 65+ Part B	830	\$19,151,496	\$20,875,131	\$1,723,635	9.00%	\$1,991,879
MAPD (Medical and Rx)	5,013	\$23,439,785	\$25,926,634	\$2,486,849	10.61%	\$0
PDP (Rx Only)	836	\$2,986,225	\$2,986,225	\$0	0.00%	\$0
Medicare Supplement	232	\$1,593,617	\$1,737,049	\$143,432	9.00%	(\$74,071)
Total	8,040	\$73,864,218	\$80,620,496	\$6,756,278	9.15%	\$1,474,683

Anthem Renewal Options

- Anthem provided three PPO renewal options from the preliminary renewal of **12.17%**:
 - **Option 1** - Reduce rate action to 9.0% plus a 3% Retro-funding arrangement plus a minimum \$1.7M Claim Stabilization Reserve (CSR) balance for 2026 policy year
 - The 12/31/24 CSR balance is \$1,176,572; the funding requirement is \$523,428
 - **Option 2** - Reduce rate action to 7.0% plus a 5% Retro-funding arrangement plus a minimum \$1.7M CSR balance for 2026 policy year
 - The 12/31/24 CSR balance is \$1,176,572; the funding requirement is \$523,428
 - **Option 3** - Reduce rate action to 5.0% plus a 5% Retro-funding arrangement plus a minimum \$2.7M CSR balance for 2026 policy year
 - The 12/31/24 CSR balance is \$1,176,572; the funding requirement is \$1,523,428
- A Retro-funding arrangement means
 1. Anthem will invoice LACERS at a lower rate for 2026 (based on selected option)
 2. After the 2026 plan year, any accumulated deficit position needs to be funded
 3. To cover the deficit, the retro arrangement is applied first
 4. If required, the CSR is applied secondarily to the deficit
 5. The Retro arrangement deficit would be invoiced with the 2026 financial year-end accounting

Kaiser Permanente Renewal

- Kaiser comprises **44.8%** of LACERS' premium costs.
- Kaiser requested the following rate adjustments:
 - HMO Under 65: **\$1,963,690** or **3.99%**
 - Senior Advantage: **\$2,215,446** or **7.69%**
 - For an overall increase of **\$4,179,136** or **5.36%**
 - Keenan successfully negotiated the Kaiser renewal down by \$961,485
- Other considerations:
 - \$150,000 rate load in the Pre-65 rates for the wellness program.
 - OnePass is Kaiser's new fitness program replacing the Active & Fit and Silver & Fit program



Kaiser Final Renewal	Current Enrollment	2025 Premium	2026 Renewal - Final Premium	\$ Change	% Change	Negotiated Savings
HMO Under 65	2,060	\$49,159,405	\$51,123,095	\$1,963,690	3.99%	\$873,384
Senior Advantage	9,789	\$28,793,756	\$31,009,203	\$2,215,446	7.69%	\$88,101
Total	11,849	\$77,953,161	\$82,132,297	\$4,179,136	5.36%	\$961,485

UnitedHealthcare Renewal

- UHC comprises **2.4%** of LACERS' premium costs.
- UnitedHealthcare Medicare Advantage HMO is available to retired Members with Medicare Parts A and B.
- UHC provides coverage in California, Arizona, and Nevada.
- UHC proposes the following rate adjustments:
 - CA – **42.67%** or **\$1,098,000**
 - NV – **32.22%** or **\$86,400**
 - AZ – **16.76%** or **\$55,440**
- The 2026 overall renewal increase of 39.08% comes one year later after a 2025 overall renewal increase of 45.91%
- Other considerations: Wellness program contribution \$8,500

UHC - CA
Medicare
Advantage
2.0%


UHC - AZ
Medicare
Advantage
0.2%

UHC - NV
Medicare
Advantage
0.2%

UnitedHealthcare Final Renewal	Current Enrollment	2025 Premium	2026 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
CA Medicare Advantage	732	\$2,573,448	\$3,671,448	\$1,098,000	42.67%	\$0
NV Medicare Advantage	90	\$268,121	\$354,521	\$86,400	32.22%	\$0
AZ Medicare Advantage	77	\$330,737	\$386,177	\$55,440	16.76%	\$0
Total	899	\$3,172,306	\$4,412,146	\$1,239,840	39.08%	\$0

SCAN Renewal

- SCAN comprises **1.0%** of LACERS' premium costs.
- SCAN Medicare Advantage HMO is available to retired Members with Medicare Parts A and B.
- SCAN requested the following rate adjustments:
 - Medicare Advantage: **\$50,197** or **2.81%** increase
 - This is the first request for a renewal increase since 2017.
- Other considerations: Wellness program contribution of \$20,000

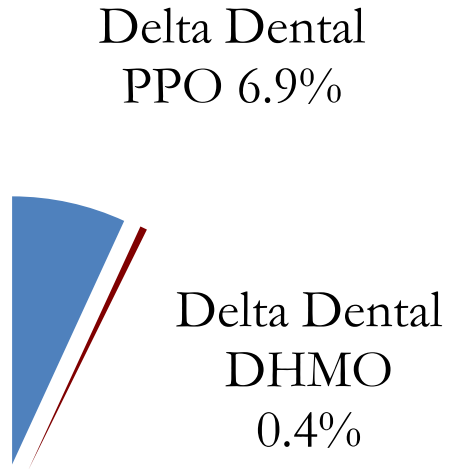


SCAN
1.0%

SCAN Final Renewal	Current Enrollment	2025 Premium	2026 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Medicare Advantage	709	\$1,786,680	\$1,836,877	\$50,197	2.81%	\$0

Delta Dental Renewal

- LACERS’ Delta Dental PPO and DHMO are currently in guarantee:
 - PPO fee guarantee is through 2027 with a 5.0% rate cap for 2028 and 2029.
 - DHMO rate guarantee is through 2027 with a 5.0% rate cap for 2028 and 2029.
- Delta Dental PPO and DHMO are available to all retired Members.
- Delta Dental comprises **7.3%** of LACERS’ premium costs.
- LACERS started self-funding the Delta Dental PPO in 2019.
- The self-funded PPO underwriting shows a rate adjustment of 2.67% (with 2.50% margin) and 0.34% (without margin).
- Other considerations: Wellness program contribution of \$10,000



Delta Dental Final Renewal	Current Enrollment	2025 Premium	2026 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
PPO	14,494	\$12,254,272	\$12,581,003	\$326,730	2.67%	\$0
DHMO	3,079	\$782,168	\$782,168	\$0	0.00%	\$0
Total	17,573	\$13,036,440	\$13,363,171	\$326,730	2.51%	\$0

Delta Dental Self-Funded Renewal

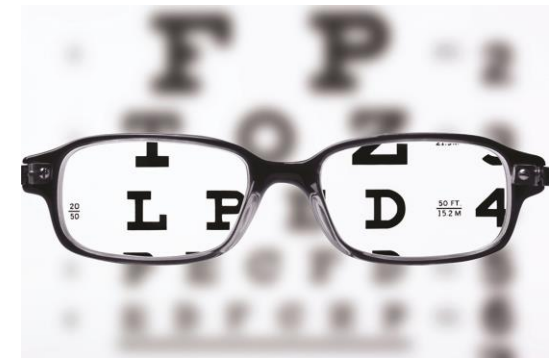
- 2026 will be the eighth year of self-funding the PPO dental plan
- The 2026 underwriting shows that projected costs are expected to be slightly more than the current premium
- The underwriting for 2026 shows a rate increase of:
 - 0.34% (without margin) or,
 - 2.67% with 2.50% margin.
- LACERS may want to consider the 2.67% renewal with margin to increase the reserve level

LACERS		
LACERS - Self-Funded Dental Renewal		
Effective from January 1, 2026 through December 31, 2026		
Experience Data from July 1, 2024 through June 30, 2025		
1	Paid Claims (7/1/2024 - 6/30/2025)	\$10,977,521
2	Covered Subscribers	173,783
3	Paid Claims/EE/Month	\$63.17
4	Trend Factor	2.5% 1.038
5	Expected Paid Claims (1/1/2026 - 12/31/2026)	\$65.55
6	Administration	\$5.10
7	Calculated Funding Level Without Margin	\$70.65
8	Current Average Funding Level	\$70.41
9	Calculated Funding Action Without Margin = (7)/(8) - 1	0.34%
10	Recommended Margin = Margin % x (5)	2.5% \$1.64
11	Calculated Funding Level With Margin = (7)+(10)	\$72.29
12	Current Average Funding Level = (8)	\$70.41
13	Calculated Funding Action With Margin = (11)/(12) - 1	2.67%

Anthem Blue View Vision Renewal

- LACERS' Vision program is currently in fee guarantee through December 31, 2028
- Anthem Blue View Vision is available to retired Members enrolled in Anthem, SCAN, and UHC
- Anthem Blue View comprises **0.5%** of LACERS' premium costs
- Anthem Blue View moved to self-funded for 2022
- 2026 will be LACERS Anthem Blue View vision coverage's fifth year of self-funding
- Keenan recommends holding rates **\$0** or **0.0%** for 2026.
- Other considerations: Wellness program contribution of \$10,000 (separate from Anthem medical)

Anthem Blue
View 0.5%



Anthem Blue View Final Renewal	Current Enrollment	2025 Premium	2026 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Vision	7,376	\$925,022	\$925,022	\$0	0.00%	\$0

Anthem Blue View Self-funded Renewal

- The 2026 underwriting shows that projected costs are expected to be less than the current premium.
- The Vision administration fee will remain unchanged for 2026.
- Underwriting for 2025 shows a rate decrease of:
 - -9.71% (without margin)
 - -7.60% with 2.5% margin
- Keenan recommends a rate pass for 2026 to allow the Vision plan to continue building its reserve.
- By holding rates for 2026 it is projected that LACERS will add \$89,430 to reserves.

LACERS		
LACERS - Self-Funded Vision Renewal		
Effective from January 1, 2026 through December 31, 2026		
Experience Data from July 1, 2024 through June 30, 2025		
1	Paid Claims (7/1/2024 - 6/30/2025)	\$722,428
2	Covered Subscribers	88,050
3	Incurred Claims/EE/Month	\$8.20
4	Trend Factor	5.0% 1.0759
5	Expected Paid Claims (1/1/2026 - 12/31/2026)	\$8.83
6	Administration	\$0.61
7	Calculated Funding Level Without Margin	\$9.44
8	Current Average Funding Level	\$10.46
9	Calculated Funding Action Without Margin = (7)/(8) - 1	-9.71%
10	Recommended Margin = Margin % x (5)	2.5% \$0.22
11	Calculated Funding Level With Margin = (7)+(10)	\$9.66
12	Current Average Funding Level = (8)	\$10.46
13	Calculated Funding Action With Margin = (11)/(12) - 1	-7.60%

LACERS 2026 Renewal Projection

All Coverage MEDICAL	Current Enrollment	2025 Premium	2026 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Anthem*						
PPO Under 65 and 65+ Part B	1,129	\$26,693,094	\$29,095,457	\$2,402,362	9.00%	(\$443,125)
HMO Under 65 and 65+ Part B	830	\$19,151,496	\$20,875,131	\$1,723,635	9.00%	\$1,991,879
MAPD (Medical and Rx)	5,013	\$23,439,785	\$25,926,634	\$2,486,849	10.61%	\$0
PDP (Rx Only)	836	\$2,986,225	\$2,986,225	\$0	0.00%	\$0
Medicare Supplement	232	\$1,593,617	\$1,737,049	\$143,432	9.00%	(\$74,071)
Total Anthem	8,040	\$73,864,218	\$80,620,496	\$6,756,278	9.15%	\$1,474,683
Kaiser						
HMO Under 65	2,060	\$49,159,405	\$51,123,095	\$1,963,690	3.99%	\$873,384
Senior Advantage	9,789	\$28,793,756	\$31,009,203	\$2,215,446	7.69%	\$88,101
Total Kaiser	11,849	\$77,953,161	\$82,132,297	\$4,179,136	5.36%	\$961,485
UnitedHealthcare						
CA Medicare Advantage	732	\$2,573,448	\$3,671,448	\$1,098,000	42.67%	\$0
NV Medicare Advantage	90	\$268,121	\$354,521	\$86,400	32.22%	\$0
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Total UnitedHealthcare	899	\$3,172,306	\$4,412,146	\$1,239,840	39.08%	\$0
SCAN						
Medicare Advantage	709	\$1,786,680	\$1,836,877	\$50,197	2.81%	\$0
Total SCAN	709	\$1,786,680	\$1,836,877	\$50,197	2.81%	\$0
Medical Total	21,497	\$156,776,365	\$169,001,817	\$12,225,451	7.80%	\$2,436,168
DENTAL						
Delta Dental PPO (self-funded)	14,494	\$12,254,272	\$12,581,003	\$326,730	2.67%	\$0
Delta Dental HMO	3,079	\$782,168	\$782,168	\$0	0.00%	\$0
Dental Total	17,573	\$13,036,440	\$13,363,171	\$326,730	2.51%	\$0
VISION						
Anthem Blue View (self-funded)	7,376	\$925,022	\$925,022	\$0	0.00%	\$0
Vision Total	7,376	\$925,022	\$925,022	\$0	0.00%	\$0
GRAND TOTAL		\$170,737,828	\$183,290,010	\$12,552,181	7.35%	\$2,436,168

* Anthem 2026 Final Renewal figures assume selection of Option 1 on slide 7.

2026 Proposed Renewal Action:

It is recommended LACERS maintain its multi-year strategy to smooth member renewals by holding member rates where possible. This enables LACERS to build reserves to better serve retirees.

2026 Proposed Carrier Rate Renewals and Member Rates:

- **Anthem** – Carrier rates: HMO and PPO +9.00% (Option 1), Medicare Supplemental plan +9.00%, Medicare Advantage plan +10.61%, and the PDP (Rx only) +0.00%; for all plans, carrier rates equal member rates.
- **Kaiser** – Carrier rates: 3.99% increase; member rates equal carrier rates.
- **KPSA** – Carrier rates: 7.69% increase; member rates equal carrier rates.
- **UHC** – Still in negotiation; initial carrier rates: +39.08%; member rates equal carrier rates.
- **SCAN** – Carrier rates: 2.81% increase; member rates remain unchanged resulting in LACERS accumulating 1.00% of the carrier rates for reserves.
- **Delta Dental** – Carrier rates and member rates to increase for DPPO only: 2.67%; DHMO carrier rates and member rates remain unchanged.
- **Anthem Blue View Vision** - Carrier rates and member rates to remain unchanged.

2026 State and Federal Mandates

Anthem, Kaiser, UHC, and SCAN were asked to provide Federal and State mandates that impact the LACERS renewals.

California State Mandate

Treatment for infertility and fertility services California (CA) Senate Bill (SB) 729: Effective for plans renewing on or after July 1, 2025, SB 729. Mandates coverage of the diagnosis and treatment of infertility and fertility services. Coverage must include up to 3 completed oocyte retrievals with unlimited embryo transfers.

Update: The CA State Budget signed June 30, 2025, includes trailer bill, AB 116 which delays the implementation of SB 729 to January 1, 2026.

Centers for Medicare & Medicaid Services (CMS) Mandates (Federal)

CMS Two-Midnight Rule: is a Medicare guideline that helps determine whether a hospital stay should be billed as an inpatient stay (Medicare Part A) or an outpatient stay (Medicare Part B). It generally suggests that if a physician expects a patient to need hospital care spanning at least two midnights, the stay is likely appropriate for inpatient admission and Part A payment.

- Medical trend as providers see observation stays turn to inpatient stays
- 2026 Renewal Cost impact to LACERS Medicare Advantage Plan: \$16.34 PMPM (Anthem)

2026 Federal Mandates

CMS (Federal) Mandates

CMS Utilization Management (UM) Rule: Aims to improve care access and transparency within Medicare Advantage (MA) plans. Specifically, the rule impacts the following areas:

- **Prior Authorization:** should only be used to confirm diagnoses, medical necessity, and the presence of required documentation.
- **Continuity of Care:** plans must provide a minimum 90-day transition period without requiring prior authorization for beneficiaries in care during a qualified change in plans.
- **Utilization Management Committee:** MA plans are required to establish a UM Committee that annually reviews policies. The committee must include an expert in health equity.
- **Health Equity:** Mandates an annual health equity analysis by the UM Committee, examining the impact of prior authorization on enrollees with social risk factors.
- 2026 Renewal Cost impact to LACERS Medicare Advantage Plan: \$15.00 PMPM (Anthem)

CMS Rx Risk Score Mechanism (change): an increase in the Rx MAPD risk score normalization factor decreases reimbursement rates for plan sponsors. Specifically, a reduction in non-low-income Rx risk score decreases the CMS direct subsidy for Part D.

- 2026 Renewal Cost impact to LACERS Medicare Advantage Plan: \$10.00 PMPM (Anthem), \$20-\$40 PMPM (UHC)

GLP-1 Drugs: CMS limits access to GLP-1 drugs for weight loss. CMS clarifies that anti-obesity medications (AOMs) are covered under Medicare Part D, with expanded FDA-approved indications beyond weight loss such as for reducing cardiovascular risk, and diabetic conditions.

2026 Carrier Changes

Anthem Medicare Advantage:

- Continuous Glucose Monitors preferred brands change to Freestyle & Dexcom
- Abbott replacing LifeScan for preferred diabetic testing supplies
- Access2Care will merge under Medicare Transportation Management, Inc. (MTM)

UHC Medicare Advantage, 2026 Emergency Response System (PERS) by Lifeline:

- Effective December 31, 2025, we will be discontinuing the PERS benefit with Lifeline.
- Starting January 1, 2026, retirees will have the option to convert to private pay and continue their services with Lifeline at a discounted rate.
 - Alternatively, retirees may elect to discontinue their services, in which case Lifeline will deactivate their devices during the first week of January 2026.

Appendix

Anthem PPO Rates

Anthem		Carrier Rates			Member Rate			Amount Retained by LACERS	
U65 and 65+ Part B PPO - Refunding		2025	2026	% Change	2025	2026	% Change	2025	2026
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,711.36	\$1,865.38	9.00%	\$1,711.36	\$1,865.38	9.00%	\$0.00	\$0.00
Retiree and One Dependent									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$3,422.71	\$3,730.76	9.00%	\$3,422.71	\$3,730.76	9.00%	\$0.00	\$0.00
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$1,711.36	\$1,865.38	9.00%	\$1,711.36	\$1,865.38	9.00%	\$0.00	\$0.00
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$1,711.36	\$1,865.38	9.00%	\$1,711.36	\$1,865.38	9.00%	\$0.00	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65 or > 65 with Part B of Medicare	\$4,021.69	\$4,383.65	9.00%	\$4,021.69	\$4,383.65	9.00%	\$0.00	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$2,310.34	\$2,518.27	9.00%	\$2,310.34	\$2,518.27	9.00%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$2,310.34	\$2,518.27	9.00%	\$2,310.34	\$2,518.27	9.00%	\$0.00	\$0.00
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare (One or more Children)	\$598.98	\$652.89	9.00%	\$598.98	\$652.89	9.00%	\$0.00	\$0.00

Note: 2026 renewal increase is rounded to 9.00% by Anthem. Actual 2026 renewal increase calculation carried out to four decimal spaces is: U = 8.9999% (+\$0.00), UU = 9.00002% (+\$0.01), and UUU = 9.0002% (+\$0.01).

Anthem HMO Rates

Anthem HMO - Refunding (Assumes Current Plan with Traditional HMO Network)		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2025	2026	% Change	2025	2026	% Change	2025	2026
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,365.00	\$1,487.85	9.00%	\$1,365.00	\$1,487.85	9.00%	\$0.00	\$0.00
Retiree and One Dependent									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$2,730.00	\$2,975.70	9.00%	\$2,730.00	\$2,975.70	9.00%	\$0.00	\$0.00
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$1,365.00	\$1,487.85	9.00%	\$1,365.00	\$1,487.85	9.00%	\$0.00	\$0.00
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$1,365.00	\$1,487.85	9.00%	\$1,365.00	\$1,487.85	9.00%	\$0.00	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65 or > 65 with Part B of Medicare	\$3,549.00	\$3,868.41	9.00%	\$3,549.00	\$3,868.41	9.00%	\$0.00	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$2,184.00	\$2,380.56	9.00%	\$2,184.00	\$2,380.56	9.00%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$2,184.00	\$2,380.56	9.00%	\$2,184.00	\$2,380.56	9.00%	\$0.00	\$0.00
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare (One or more Children)	\$819.00	\$892.71	9.00%	\$819.00	\$892.71	9.00%	\$0.00	\$0.00

Note: 2026 renewal increase is rounded to 9.00% by Anthem. Actual 2026 renewal increase calculation carried out to four decimal spaces have the same cost impact / rates.

Anthem Medicare Supplement

Anthem Medicare Supplement Plan - Refunding		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2025	2026	% Change	2025	2026	% Change	2025	2026
Retiree Only									
M	Retiree > 65 with both Parts A & B of Medicare	\$572.42	\$623.94	9.00%	\$572.42	\$623.94	9.00%	\$0.00	\$0.00
Retiree and One Dependent									
UM	Retiree < 65 & Dependent > 65 with both Parts A & B of Medicare	\$572.42	\$623.94	9.00%	\$572.42	\$623.94	9.00%	\$0.00	\$0.00
MU	Retiree > 65 with both Parts A & B of Medicare & Dependent < 65	\$572.42	\$623.94	9.00%	\$572.42	\$623.94	9.00%	\$0.00	\$0.00
MM	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$1,144.84	\$1,247.88	9.00%	\$1,144.84	\$1,247.88	9.00%	\$0.00	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$572.42	\$623.94	9.00%	\$572.42	\$623.94	9.00%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$572.42	\$623.94	9.00%	\$572.42	\$623.94	9.00%	\$0.00	\$0.00
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,144.84	\$1,247.88	9.00%	\$1,144.84	\$1,247.88	9.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,717.26	\$1,871.82	9.00%	\$1,717.26	\$1,871.82	9.00%	\$0.00	\$0.00

Note: 2026 renewal increase is rounded to 9.00% by Anthem. Actual 2026 renewal increase calculation carried out to four decimal spaces only varies for MMM 9.0004% (+\$0.01).

Anthem Medicare Advantage

Anthem Medicare Advantage Plan		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2025	2026	% Change	2025	2026	% Change	2025	2026
Retiree Only									
M	Retiree > 65 with both Parts A & B of Medicare	\$389.65	\$430.99	10.61%	\$426.12	\$430.99	1.14%	\$36.47	\$0.00
Retiree and One Dependent									
UM	Retiree < 65 & Dependent > 65 with both Parts A & B of Medicare	\$389.65	\$430.99	10.61%	\$426.12	\$430.99	1.14%	\$36.47	\$0.00
MU	Retiree > 65 with both Parts A & B of Medicare & Dependent < 65	\$389.65	\$430.99	10.61%	\$426.12	\$430.99	1.14%	\$36.47	\$0.00
MM	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$779.30	\$861.98	10.61%	\$852.24	\$861.98	1.14%	\$72.94	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$389.65	\$430.99	10.61%	\$426.12	\$430.99	1.14%	\$36.47	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$389.65	\$430.99	10.61%	\$426.12	\$430.99	1.14%	\$36.47	\$0.00
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$779.30	\$861.98	10.61%	\$852.24	\$861.98	1.14%	\$72.94	\$0.00
MMM	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,168.95	\$1,292.97	10.61%	\$1,278.36	\$1,292.97	1.14%	\$109.41	\$0.00

Note: 2026 renewal increase is rounded to 10.61% by Anthem. Actual 2026 renewal increase calculation carried out to four decimal spaces varies for all Medicare Advantage rates (10.6095%) but only impacts the MMM 10.0095% rate by +\$0.01.

Kaiser Rates

Kaiser HMO		Carrier Rates			Member Rates			Amount Retained by	
		2025	2026	% Change	2025	2026	% Change	2025	2026
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,117.28	\$1,161.91	3.99%	\$1,117.28	\$1,161.91	3.99%	\$0.00	\$0.00
M	Retiree with Medicare	\$245.12	\$263.98	7.69%	\$262.47	\$263.98	0.58%	\$17.35	\$0.00
Retiree and One Dependent									
UU	Retiree & Dependent both < 65	\$2,234.56	\$2,323.82	3.99%	\$2,234.56	\$2,323.82	3.99%	\$0.00	\$0.00
UM	Retiree < 65 & Dependent with both Parts A&B of Medicare	\$1,362.40	\$1,425.89	4.66%	\$1,362.40	\$1,425.89	4.66%	\$0.00	\$0.00
MU	Retiree > 65 with both Parts A&B of Medicare & Dependent < 65	\$1,362.40	\$1,425.89	4.66%	\$1,362.40	\$1,425.89	4.66%	\$0.00	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$490.24	\$527.96	7.69%	\$524.94	\$527.96	0.58%	\$34.70	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65	\$2,904.92	\$3,020.96	3.99%	\$2,904.92	\$3,020.96	3.99%	\$0.00	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both Parts A&B of Medicare, & Dependents without Medicare	\$2,032.76	\$2,123.03	4.44%	\$2,032.76	\$2,123.03	4.44%	\$0.00	\$0.00
MUU	Retiree > 65 with both Parts A&B of Medicare & Dependents without Medicare	\$2,032.76	\$2,123.03	4.44%	\$2,032.76	\$2,123.03	4.44%	\$0.00	\$0.00
MMU	Retiree & One Dependent > 65 with both Parts A&B of Medicare & One+ Dependent w/out Medicare	\$1,160.60	\$1,225.10	5.56%	\$1,160.60	\$1,225.10	5.56%	\$0.00	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$735.36	\$791.94	7.69%	\$787.41	\$791.94	0.58%	\$52.05	\$0.00

Note: 2026 renewal increase is rounded to 3.99% by Kaiser. Actual 2026 renewal increase calculation carried out to four decimal spaces is: U = 3.9945% (+\$0.05), UU = 3.9945% (+\$0.10), and UUU = 3.9946% (+\$0.13). KPSA M = 7.6942% (+\$0.01).

UHC Rates

UHC HMO MAPD with RX		Carrier Rates			Member Rates			Amount Retained by LACERS	
		2025	2026	% Change	2025	2026	% Change	2025	2026
California									
M	Retiree with Medicare	\$292.97	\$417.97	42.67%	\$292.97	\$417.97	42.67%	\$0.00	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$585.94	\$835.94	42.67%	\$585.94	\$835.94	42.67%	\$0.00	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$878.91	\$1,253.91	42.67%	\$878.91	\$1,253.91	42.67%	\$0.00	\$0.00
Nevada									
M	Retiree with Medicare	\$248.26	\$328.26	32.22%	\$248.26	\$328.26	32.22%	\$0.00	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$496.52	\$656.52	32.22%	\$496.52	\$656.52	32.22%	\$0.00	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$744.78	\$984.78	32.22%	\$744.78	\$984.78	32.22%	\$0.00	\$0.00
Arizona									
M	Retiree with Medicare	\$357.94	\$417.94	16.76%	\$357.94	\$417.94	16.76%	\$0.00	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$715.88	\$835.88	16.76%	\$715.88	\$835.88	16.76%	\$0.00	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$1,073.82	\$1,253.82	16.76%	\$1,073.82	\$1,253.82	16.76%	\$0.00	\$0.00

Note: 2026 renewal increase is rounded to 42.67% CA, 32.22% NV, and 16.76% AZ by UHC. Actual 2026 renewal increase calculation carried out to four decimal spaces is: CA M = 42.6665% (+\$0.01), NV M = 32.2243% (-\$0.01), and AZ = M 16.7626% (-\$0.01).

SCAN Rates

SCAN		Carrier Rates			Member Rates			Amount Retained by LACERS	
HMO		2025	2026	% Change	2025	2026	% Change	2025	2026
M	Retiree with Medicare	\$210.00	\$215.90	2.81%	\$217.79	\$217.79	0.00%	\$7.79	\$1.89
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$420.00	\$431.80	2.81%	\$435.58	\$435.58	0.00%	\$15.58	\$3.78
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$630.00	\$647.70	2.81%	\$653.37	\$653.37	0.00%	\$23.37	\$5.67

Note: 2026 renewal increase is rounded to 2.81% by SCAN. Actual 2026 renewal increase calculation carried out to four decimal spaces is: M = 2.8095% (no \$0.00 difference).

Delta Dental Rates

Delta Dental Dental		Carrier Rates			Member Rates			Amount Retained by	
		2025	2026	% Change	2025	2026	% Change	2025	2026
Dental Self-funded PPO									
	Dental ASO Fee PRPM	\$5.10	\$5.10	0.00%					
M	Retiree	\$51.16	\$52.52	2.67%	\$51.16	\$52.52	2.67%	\$0.00	\$0.00
MM	Retiree & Dependent	\$101.45	\$104.16	2.67%	\$101.45	\$104.16	2.67%	\$0.00	\$0.00
MMM	Retiree & Two Dependents	\$146.56	\$150.47	2.67%	\$146.56	\$150.47	2.67%	\$0.00	\$0.00
DHMO									
M	Retiree	\$15.70	\$15.70	0.00%	\$15.70	\$15.70	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent	\$29.31	\$29.31	0.00%	\$29.31	\$29.31	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents	\$33.89	\$33.89	0.00%	\$33.89	\$33.89	0.00%	\$0.00	\$0.00

Anthem Blue View Vision Rates

Anthem Blue View Vision		Carrier Rates			Member Rates			Amount Retained by LACERS	
Vision		2025	2026	% Change	2025	2026	% Change	2025	2026
Vision Self-funded		Self-Funded Fee & Equivalent Rates							
	Vision ASO Fee PRPM	\$0.61	\$0.61	0.00%					
M	Retiree	\$9.14	\$9.14	0.00%	\$9.14	\$9.14	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent	\$13.25	\$13.25	0.00%	\$13.25	\$13.25	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents	\$23.67	\$23.67	0.00%	\$23.67	\$23.67	0.00%	\$0.00	\$0.00

Delta Dental – PPO Experience

Date	Number of Claims	Paid Amount	Administration	Total Expenses	Total Primary Enrollees	Estimated Premium	Surplus / Deficit	Total Cost Loss Ratio
Jul-23	3,400	\$737,598	\$72,027	\$809,626	14,130	\$999,658	\$190,032	81.0%
Aug-23	4,998	\$1,014,120	\$72,206	\$1,086,326	14,167	\$1,001,988	-\$84,338	108.4%
Sep-23	3,662	\$750,572	\$72,384	\$822,956	14,185	\$1,002,477	\$179,521	82.1%
Oct-23	4,016	\$792,776	\$72,420	\$865,196	14,191	\$1,002,106	\$136,910	86.3%
Nov-23	4,692	\$923,962	\$72,379	\$996,341	14,187	\$1,001,218	\$4,877	99.5%
Dec-23	3,945	\$776,058	\$72,216	\$848,274	14,165	\$998,922	\$150,648	84.9%
Jan-24	3,686	\$828,459	\$72,833	\$901,292	14,289	\$1,009,299	\$108,007	89.3%
Feb-24	4,980	\$1,179,720	\$73,001	\$1,252,721	14,315	\$1,011,077	-\$241,644	123.9%
Mar-24	4,375	\$954,169	\$73,022	\$1,027,191	14,317	\$1,010,642	-\$16,549	101.6%
Apr-24	4,125	\$938,520	\$73,103	\$1,011,624	14,339	\$1,011,828	\$204	100.0%
May-24	5,060	\$1,081,869	\$73,098	\$1,154,968	14,334	\$1,010,653	-\$144,315	114.3%
Jun-24	4,060	\$889,967	\$73,216	\$963,182	14,363	\$1,012,313	\$49,131	95.1%
Jul-24	3,776	\$775,628	\$73,420	\$849,048	14,386	\$1,013,490	\$164,442	83.8%
Aug-24	4,908	\$1,002,371	\$73,425	\$1,075,795	14,400	\$1,014,071	-\$61,724	106.1%
Sep-24	3,707	\$758,349	\$73,450	\$831,799	14,397	\$1,013,551	\$181,752	82.1%
Oct-24	4,854	\$975,961	\$73,496	\$1,049,457	14,420	\$1,014,818	-\$34,639	103.4%
Nov-24	3,669	\$711,133	\$73,506	\$784,639	14,419	\$1,013,907	\$229,268	77.4%
Dec-24	3,966	\$837,277	\$73,557	\$910,834	14,410	\$1,012,869	\$102,035	89.9%
Jan-25	4,175	\$961,897	\$74,144	\$1,036,041	14,548	\$1,024,956	-\$11,085	101.1%
Feb-25	4,235	\$996,750	\$74,108	\$1,070,858	14,551	\$1,024,723	-\$46,135	104.5%
Mar-25	4,326	\$965,974	\$74,174	\$1,040,149	14,563	\$1,025,437	-\$14,711	101.4%
Apr-25	4,182	\$963,704	\$74,404	\$1,038,108	14,556	\$1,024,954	-\$13,153	101.3%
May-25	5,178	\$1,157,698	\$74,363	\$1,232,061	14,572	\$1,026,814	-\$205,248	120.0%
Jun-25	4,077	\$870,779	\$74,399	\$945,178	14,561	\$1,026,688	\$81,510	92.1%
Total	4,252	\$21,845,311	\$1,758,351	\$23,603,664	14,365	\$24,308,458	\$704,795	97.1%

Prior 12	4,250	\$10,867,790	\$871,905	\$11,739,697	14,249	\$12,072,181	\$332,484	97.2%
Current 12	4,281	\$10,977,521	\$886,446	\$11,863,967	14,270	\$12,236,277	\$372,311	97.0%

Anthem Blue View Vision – Experience

Date	Paid Amount	Administration	Total Expenses	Susbscribers	Estimated Premium	Surplus / Deficit	Total Cost Loss Ratio
Jul-23	\$59,734	\$4,760	\$64,494	7,105	\$74,286	\$9,792	86.8%
Aug-23	\$47,432	\$4,770	\$52,202	7,119	\$74,441	\$22,239	70.1%
Sep-23	\$49,850	\$4,779	\$54,629	7,133	\$74,570	\$19,941	73.3%
Oct-23	\$63,623	\$4,780	\$68,403	7,134	\$74,594	\$6,191	91.7%
Nov-23	\$38,218	\$4,776	\$42,995	7,129	\$74,530	\$31,535	57.7%
Dec-23	\$62,947	\$4,774	\$67,721	7,126	\$74,513	\$6,792	90.9%
Jan-24	\$65,018	\$4,815	\$69,833	7,187	\$75,136	\$5,303	92.9%
Feb-24	\$36,906	\$4,826	\$41,732	7,203	\$75,313	\$33,581	55.4%
Mar-24	\$42,442	\$4,838	\$47,280	7,222	\$75,508	\$28,227	62.6%
Apr-24	\$57,718	\$4,843	\$62,561	7,223	\$75,517	\$12,956	82.8%
May-24	\$50,864	\$4,847	\$55,711	7,229	\$75,590	\$19,879	73.7%
Jun-24	\$49,278	\$4,865	\$54,143	7,256	\$75,866	\$21,723	71.4%
Jul-24	\$52,394	\$4,883	\$57,277	7,283	\$76,156	\$18,879	75.2%
Aug-24	\$39,739	\$4,888	\$44,627	7,291	\$76,237	\$31,610	58.5%
Sep-24	\$67,757	\$4,888	\$72,645	7,291	\$76,237	\$3,592	95.3%
Oct-24	\$52,740	\$4,897	\$57,637	7,304	\$76,358	\$18,721	75.5%
Nov-24	\$53,614	\$4,902	\$58,516	7,311	\$76,440	\$17,925	76.6%
Dec-24	\$65,094	\$4,905	\$69,999	7,316	\$76,494	\$6,495	91.5%
Jan-25	\$53,533	\$4,482	\$58,015	7,348	\$76,834	\$18,819	75.5%
Feb-25	\$65,260	\$4,486	\$69,746	7,354	\$76,883	\$7,137	90.7%
Mar-25	\$72,204	\$4,491	\$76,695	7,363	\$76,988	\$292	99.6%
Apr-25	\$68,651	\$4,498	\$73,149	7,373	\$77,087	\$3,939	94.9%
May-25	\$63,660	\$4,511	\$68,171	7,395	\$77,313	\$9,142	88.2%
Jun-25	\$67,782	\$4,527	\$72,309	7,421	\$77,594	\$5,285	93.2%
Total	\$1,346,459	\$114,032	\$1,460,491	7,255	\$1,820,485	\$359,994	80.2%

Prior 12	\$624,031	\$57,674	\$681,704	7,172	\$899,863	\$218,159	75.8%
Current 12	\$722,428	\$56,359	\$778,787	7,338	\$920,622	\$141,835	84.6%

Acknowledgement

Keenan & Associates would like to thank Ms. Karen Freire and the LACERS Health Benefits Administration staff for providing the necessary data and engaging in this renewal process. Their cooperation and guidance have been extremely valuable.

Questions and Answers

UnitedHealthcare - CA																
RETIREEES		DEDUCTION			DIFFERENCE			SURVIVORS		DEDUCTION			DIFFERENCE			
ServCrdt	1pty count	2025 Mbr prem	2026 Full prem	2026 prem split 50/50	Deduction increase w/Full prem	Deduction Increase w/split prem		ServCrdt	1pty count	2025 Mbr prem	2026 with Full prem	2026 with 50/50 prem split	Deduction increase w/Full prem	Deduction Increase w/split prem		
10-14ys	33	68.71	106.78	91.15	38.07	22.44		10-14ys	11	68.71	106.78	91.15	38.07	22.44		
15-19yrs	34	27.48	42.71	36.46	15.23	8.98		15-19yrs	6	27.48	42.71	36.46	15.23	8.98		
20+	125	0	0	0	0	0		20+	74	0	0	0	0	0		
								UnitedHealthcare - CA with Anthem HMO (Dualcare)								
RETIREEES		DEDUCTION			DIFFERENCE			RETIREEES		DEDUCTION			DIFFERENCE			
ServCrdt	2pty Ret & Dep A&B count	2025 Mbr prem	2026 Full prem	2026 prem split 50/50	Deduction increase w/Full prem	Deduction Increase w/split prem		ServCrdt	2pty - Ret AB, Dep<65 count	2025 Mbr prem	2026 Full prem	2026 with 50/50 prem split	Deduction increase w/Full prem	Deduction Increase w/split prem		
10-14ys	10	338.52	528.86	450.73	190.34	112.21		16yr	1	1286.84	1490.71	1484.39	203.87	197.55		
15yr	6	280.28	464.79	396.04	184.51	115.76		21yrs*	1	795.64	966.45	966.36	170.81	170.72		
16yrs	2	187.54	420.83	352.01	233.29	164.47		25+*	34	424.67	581.21	581.11	156.54	156.44		
17yrs	5	94.8	324.52	255.7	229.72	160.9										
18 yr	4	27.48	228.21	159.39	200.73	131.91		* At 20+yrs Retiree UHC premium fully subsidized, deduction is for Dependent(s)								
19yrr	5	27.48	131.9	63.07	104.42	35.59										
20+	157	0	0		0	0										
UnitedHealthcare - NV																
RETIREEES		DEDUCTION			DIFFERENCE			SURVIVORS		DEDUCTION			DIFFERENCE			
ServCrdt	1pty count	2025 Mbr prem	2026 Full prem	2026 prem split 50/50	Deduction increase w/Full prem	Deduction Increase w/split prem		ServCrdt	1pty count	2025 Mbr prem	2026 Full prem	2026 with 50/50 prem split	Deduction increase w/Full prem	Deduction Increase w/split prem		
10-14ys	6	59.33	84.35	74.35	25.02	15.02		10-14ys	0	59.33	84.35	74.35	25.02	15.02		
15-19yrs	7	23.73	33.74	29.74	10.01	6.01		15-19yrs	2	23.73	33.74	29.74	10.01	6.01		
20+	28	0	0	0	0	0		20+	3	0	0	0	0	0		
UnitedHealthcare - NV																

RETIREEES		DEDUCTION			DIFFERENCE										
ServCrd	2pty Ret & Dep A&B count	2025 Mbr prem	2026 Full prem	2026 prem split 50/50	Deduction increase w/Full prem	Deduction Increase w/split prem									
10-14ys	0	291.64	416.72	366.72	125.08	75.08									
15yr	1	239.03	366.11	278.08	127.08	39.05									
20+ys	18	0	0	0	0	0									
UnitedHealthcare - AZ															
RETIREEES		DEDUCTION			DIFFERENCE			SURVIVORS		DEDUCTION			DIFFERENCE		
ServCrd	1pty count	2025 Mbr p	2026 Full prem	2026 prem split 50/50	Deduction increase w/Full prem	Deduction Increase w/split prem		ServCrd	1pty count	2025 Mbr prem	2026 Full prem	2026 prem split 50/50	Deduction increase w/Full prem	Deduction Increase w/split prem	
10-14ys	4	86.14	106.77	99.27	20.63	13.13		10-14ys	0	86.14	106.77	99.27	20.63	13.13	
15-19ys	4	34.46	42.71	39.71	8.25	5.25		15-19ys	4	34.46	42.71	39.71	8.25	5.25	
20+	9	0	0	0	0	0		20+	9	0	0	0	0	0	
RETIREEES		DEDUCTION			DIFFERENCE										
ServCrd	2pty Ret & Dep A&B count	2025	2026 Full prem	2026 prem split 50/50	Deduction increase w/Full prem	Deduction Increase w/split prem									
10-14ys	2	425.69	528.82	491.32	103.13	65.63									
15yr	1	357	464.76	431.76	107.76	74.76									
20+ys	3	0	0	0	0	0									

Note: Dualcare is not available in NV and AZ

ATTACHMENT 2

2026 HEALTH PLAN CONTRACT RENEWALS

PROPOSED RESOLUTION

WHEREAS, under Chapter 11 of the Los Angeles Administrative Code (LAAC), the Board of Administration (Board) of the Los Angeles City Employees' Retirement System (LACERS) has the authority to administer the health and welfare program and shall contract for suitable plans to be made available to eligible retirees, their eligible dependents, and their qualified survivors;

WHEREAS, during the annual health plan renewal process, LACERS staff and health plan consultant received the preliminary medical premium rates from the carriers and after thorough reviews and negotiations, recommends the Board accept the plan year 2026 medical, dental, and vision premium rates commencing on January 1, 2026, through December 31, 2026;

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

1. Approve the 9% Anthem Blue Cross PPO premium increase, with a 3% retro-funding arrangement;
2. Approve the proposed 2026 contract premium renewals for LACERS medical, dental, and vision plans, allowing for minor premium adjustments;
3. Authorize the General Manager to negotiate and approve the final UnitedHealthcare (UHC) carrier premium changes and to utilize the 115 Trust to smooth the UHC Member premium increase; and,
4. Authorize the General Manager to make premium adjustments within the limitations established in the Los Angeles Administrative Code, as necessitated by updates or information received after this report.

2026 CALIFORNIA MEDICAL PLAN PREMIUM RATES					
Medicare Status	Anthem Blue Cross PPO / Med Sup PPO	Anthem Blue Cross PPO / Passive PPO Med Adv	Kaiser Permanente HMO / Senior Advantage	Anthem Blue Cross HMO / UnitedHealthcare Med Adv HMO	Anthem Blue Cross / Senior Care Action Network (SCAN)
Single-Party Plan – Retiree Only					
U	\$1,865.38	\$1,865.38	\$1,161.91	\$1,487.85	\$1,487.85
M	\$623.94	\$430.99	\$263.98	\$417.97	\$217.79
Two-Party Plan – Retiree and One Dependent					
UU	\$3,730.76	\$3,730.76	\$2,323.82	\$2,975.70	\$2,975.70
UM	\$2,489.32	\$2,296.37	\$1,425.89	\$1,905.82	\$1,705.64
MU	\$2,498.32	\$2,296.37	\$1,425.89	\$1,905.82	\$1,705.64
MM	\$1,247.88	\$861.98	\$527.96	\$835.94	\$435.58
Family Plan – Retiree and Family					
UUU	\$4,383.65	\$4,383.65	\$3,020.96	\$3,868.41	\$3,868.41
UMU	\$3,142.21	\$2,949.26	\$2,123.03	\$2,798.53	\$2,598.35
MUU	\$3,142.21	\$2,949.26	\$2,123.03	\$2,798.53	\$2,598.35
MMU	\$1,900.77	\$1,514.87	\$1,225.10	\$1,728.65	\$1,328.29

MMM	\$1,871.82	\$1,292.97	\$791.94	\$1,253.91	\$653.37
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2026 UNITED HEALTHCARE MEDICARE ADVANTAGE HMO NON-CALIFORNIA PREMIUM RATES		
Medicare Status	Arizona	Nevada
Single-Party Plan – Retiree Only		
U	N/A	N/A
M	\$417.94	\$328.26
Two-Party Plan – Retiree and One Dependent		
UU	N/A	N/A
UM	N/A	N/A
MU	N/A	N/A
MM	\$835.88	\$656.52
Family Plan – Retiree and Family		
UUU	N/A	N/A
UMU	N/A	N/A
MUU	N/A	N/A
MMU	N/A	N/A
MMM	\$1,253.82	\$984.78

2026 DENTAL PLAN PREMIUM RATES		
Dental Tiers	Delta Dental PPO Self-Funded	DeltaCare USA HMO
Retiree	\$52.52	\$15.70
Retiree + 1 Dependent	\$104.16	\$29.31
Retiree + Family	\$150.47	\$33.89

2026 VISION PLAN PREMIUM RATES	
Tiers	Anthem Blue View Vision Self-Funded
Retiree	\$9.14
Retiree + 1 Dependent	\$13.25
Retiree + Family	\$23.67

LACERS HISTORICAL MEDICAL COST CHANGES THROUGH 2026

Board Meeting: 08/12/25

Item: VI-B

Attachment 3

Medical Plan	1999	2000	2001	2002	2003	2004
Kaiser Senior Advantage					51.35%	59.34%
Anthem Medicare Supplement/ LPPO / Med. Adv. Passive PPO					0.10%	15.40%
UnitedHealthcare -CA MAPD					72.87%	7.81%
Kaiser HMO		47.48%	4.49%	7.62%	17.71%	1.72%
Anthem PPO					-12.16%	5.92%
Aggregate Medical Cost Change				17.00%	16.10%	18.20%
Assumed Actuarial Trend Rate	8.13%	7.88%	7.63%	8.13%	7.88%	7.63%

Medical Plan	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Kaiser Senior Advantage	-20.11%	-27.61%	6.43%	6.50%	3.69%	8.71%	-0.19%	2.70%	2.47%	5.32%	4.03%	-1.90%	6.60%	4.90%
Anthem Medicare Supplement/ LPPO / Med. Adv. Passive PPO	5.00%	-11.20%	14.00%	11.90%	6.80%	1.30%	9.40%	-11.80%	7.10%	8.90%	6.30%	-6.90%	3.80%	7.30%
UnitedHealthcare -CA MAPD	-4.00%	-19.24%	-6.64%	3.00%	13.40%	11.75%	11.40%	10.88%	0.00%	0.00%	3.00%	3.00%	1.70%	5.00%
SCAN HMO		-2.00%	22.90%	0.00%	0.00%	-9.40%	0.00%	-0.50%	0.00%	16.30%	0.00%	0.00%	3.90%	0.00%
Kaiser HMO	6.97%	5.17%	7.34%	3.95%	9.60%	0.28%	5.92%	-0.17%	14.84%	7.06%	7.95%	-5.06%	10.50%	3.30%
Anthem HMO	0.00%	2.78%	15.88%	2.19%	6.50%	11.80%	11.81%	6.00%	3.00%	11.70%	8.40%	9.42%	-2.00%	7.40%
Anthem PPO	-10.47%	2.89%	19.98%	4.97%	6.80%	5.32%	7.91%	0.00%	7.50%	6.92%	-5.66%	0.00%	10.30%	7.50%
Aggregate Medical Premium Cost Change	-5.21%	-6.22%	12.47%	5.71%	7.08%	4.47%	6.16%	0.23%	7.92%	7.44%	4.77%	-1.89%	6.49%	5.40%
Assumed Actuarial Trend Rate	9.63%	12.00%	12.00%	12.00%	9.00%	9.00%	9.00%	10.00%	9.00%	8.50%	8.00%	7.00%	6.75%	6.50%

Medical Plan	2019	2020	2021	2022	2023	2024	2025	2026	10-Yr Avg, Incl 2025	Historic Avg
Kaiser Senior Advantage	2.03%	-2.91%	-6.25%	-0.50%	-9.22%	9.61%	5.84%	7.69%	1.78%	4.94%
Anthem Medicare Supplement/ LPPO / Med. Adv. Passive PPO	2.63%	1.37%	2.65%	-25.28%	0.00%	-14.31%	9.50%	10.61%	-0.17%	2.27%
Anthem Medicare Supplement							6.00%	9.00%	7.50%	7.50%
UnitedHealthcare - CA MAPD	-5.56%	7.52%	0.54%	1.50%	1.47%	-28.88%	47.81%	42.67%	7.38%	7.54%
SCAN HMO	0.00%	0.00%	0.00%	-3.00%	0.00%	-16.67%	0.00%	2.81%	-1.30%	0.68%
Kaiser HMO	-2.70%	-2.08%	3.37%	7.10%	4.32%	14.41%	3.99%	3.99%	4.62%	7.00%
Anthem HMO	-9.66%	9.15%	2.91%	-0.05%	9.50%	8.90%	8.00%	9.00%	4.32%	6.03%
Anthem PPO	-2.44%	0.31%	2.85%	4.58%	9.50%	8.90%	8.00%	9.00%	5.85%	4.10%
Aggregate Medical Premium Cost Change	-1.60%	-0.20%	0.72%	-1.45%	0.92%	4.49%	6.97%	7.80%	2.95%	4.95%
Assumed Actuarial Trend Rate	7.00%	7.00%	6.75%	6.75%	7.50%	7.25%	7.25%	7.50%	7.03%	8.31%

2005 to 2011: Anthem Medicare Supplement

2011 to 2012: Anthem LPPO Medicare Preferred PPO

2014 to 2021: Anthem Medicare Supplement

2022 to 2023: Anthem Medicare Advantage Passive PPO

2024: Anthem Medicare Supplement along with Medicare Advantage Passive PPO

2024: The Kaiser 2-party under-65 rate increased by 14.4%, exceeding the Board's Discretionary subsidy authority. A buydown of the rate increase was approved. The rate increase was split into 12% to allow the Board to set the Discretionary subsidy and 2.4% to be paid from the 115 Trust. Therefore, the Member's Kaiser 2-party rate and subsidy reflected in 2024 publications are 12%.

2025: The Kaiser 2-party under age 65 rate increased by 3.99%, compounded with the addition of 2.4% by the plan year 2024 buydown. Therefore, the Member's Kaiser 2-party rate increase reflected in 2025 publications is 6.2%.

2025: The UHC-CA rate increased by 52.88%. Negotiations were approved to continue after the increase. The UHC-CA increase was lowered from the 52.88% reflected on the August 2024 chart to the 47.81% reflected on the August 2025 chart. In addition, a buydown of the rate increase was approved. The rate was split 50/50 between Members and the 115 Trust. Therefore, the Member's UHC-CA rate and subsidy reflected in 2025 publications is 23.91%.

2026: The UHC-CA rate increased by 42.67%. After the board adopts the current rates, it is recommended that negotiations continue with another possible buydown of the increase.



REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee

Vacant, Chair
Thuy Huynh
Sung Won Sohn

MEETING: AUGUST 12, 2025

ITEM: VI – C

SUBJECT: 2026 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board approve the following maximum 2026 subsidy and reimbursement amounts:

1. A maximum medical plan premium subsidy of \$2,407.84 per month for Tier 1 Discretionary and Vested Retired Members under Age 65 or enrolled in Medicare Part B only;
2. A maximum reimbursement of \$2,407.84 per month for Tier 1 Discretionary and Vested Retired members under Age 65 or with Medicare Part B only, enrolled in the Medical Premium Reimbursement Program;
3. A maximum reimbursement of \$633.08 per month for Tier 1 Discretionary and Vested and Tier 3 Retired Members, with Medicare Parts A and B, and enrolled in the Medical Premium Reimbursement Program;
4. A maximum dental subsidy of \$42.93 for Tier 1 and Tier 3 Retired Members; and
5. Authorize the General Manager to make subsidy and reimbursement adjustments within the limitations established in the Los Angeles Administrative Code, as necessitated by updates or information received after this report.

Discussion

At the August 12, 2025, Benefits Administration Committee meeting preceding the Board meeting, staff presented recommendations regarding the proposed 2026 maximum subsidies and reimbursements as described in the attached Committee report (Attachment 1). Should the Committee approve staff's recommendation, this report on the proposed 2026 maximum subsidies and reimbursements will move forward to the Board for approval.

If the Board approves the Committee's recommendations, LACERS total 2026 medical subsidy, dental subsidy, and reimbursement amounts will increase by approximately 3.99%.

Occasionally, premiums and therefore subsidies are subject to change slightly after Board approval due to receipt of updated data. Staff recommends that the Board allow for any subsidy and reimbursement adjustments within the parameters established in the Los Angeles Administrative Code, to be delegated to the General Manager for authorization.

Prepared By: Rainbow Sun, Senior Benefits Analyst I, Health, Wellness, and Buyback Division

TB/DWN/KF/JK/MLD:rs

Attachments: 1. August 12, 2025 Benefits Administration Committee Report
2. Proposed Resolution



REPORT TO BENEFITS ADMINISTRATION COMMITTEE
From: Todd Bouey, Interim General Manager

MEETING: AUGUST 12, 2025
ITEM: V

SUBJECT: 2026 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE COMMITTEE ACTION

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

Recommendation

That the Committee forward a recommendation to the Board to approve the following:

1. A maximum medical plan premium subsidy of \$2,407.84 per month for Tier 1 Discretionary and Vested Retired Members under Age 65 or enrolled in Medicare Part B only;
2. A maximum reimbursement of \$2,407.84 per month for Tier 1 Discretionary and Vested Retired Members under Age 65 or with Medicare Part B only, enrolled in the Medical Premium Reimbursement Program;
3. A maximum reimbursement of \$633.08 per month for Tier 1 Discretionary and Vested and Tier 3 Retired Members, with Medicare Parts A and B, enrolled in the Medical Premium Reimbursement Program;
4. A maximum dental subsidy of \$42.93 for Tier 1 and Tier 3 Retired Members; and
5. Authorize the General Manager to make subsidy and reimbursement adjustments within the limitations established in the Los Angeles Administrative Code, as necessitated by updates or information received after this report.

Executive Summary

LACERS provides a variety of health benefits to Retired Members in the form of subsidies and reimbursements. The Los Angeles Administrative Code (LAAC) § 4.1101 authorizes the Board to administer the health and welfare programs for LACERS Retired Members. On an annual basis, the Board sets the maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts, while five other subsidies are established by ordinance based on the respective LAAC provisions as shown on the following chart.

Benefit Type	Tier 1 Retired Before July 1, 2011, “Discretionary”	Tier 1 Retired After July 1, 2011, “Vested”	Tier 1 Retired After July 1, 2011, “Capped”	Tier 3
Retiree Medical Subsidy, Under Age 65 or Medicare Part B Only – LAAC § 4.1111(b), 4.1111(c), 4.1126(b)	Board Resolution	Board Resolution	Ordinance	Ordinance
Retiree Medical Subsidy, Medicare Parts A and B – LAAC § 4.1111(e), 4.1126(d)	Ordinance	Ordinance	Ordinance	Ordinance
Retiree MPRP Reimbursement, Under Age 65 or Medicare Part B Only – LAAC § 4.1112(b), 4.1127(b)	Board Resolution	Board Resolution	Ordinance	Ordinance
Retiree MPRP Reimbursement, Medicare Parts A and B – LAAC § 4.1112(d), 4.1127(d)	Board Resolution	Board Resolution	Ordinance	Board Resolution
Retiree Dental Subsidy – LAAC § 4.1114(a), 4.1129(a)	Board Resolution	Board Resolution	Board Resolution	Board Resolution
Survivor Medical Subsidy, Under Age 65 or Medicare Part B Only – LAAC § 4.1115(b)(3), 4.1115(e), 4.1129.1(b)(3)	Ordinance	Ordinance	Ordinance	Ordinance
Survivor Medical Subsidy, Medicare Parts A and B – LAAC § 4.1115(c), 4.1129.1(c)	Ordinance	Ordinance	Ordinance	Ordinance
Survivor MPRP Reimbursement, Under Age 65 or Medicare Part B Only – LAAC § 4.1112(g), 4.1127(g)	Ordinance	Ordinance	Ordinance	Ordinance
Survivor MPRP Reimbursement, Medicare Parts A and B – LAAC § 4.1112(g), 4.1127(g)	Ordinance	Ordinance	Ordinance	Ordinance

The 2026 recommended maximum retiree health subsidies and MPRP meet the LAAC requirements and are detailed in the discussion below.

Discussion

Retiree Medical Subsidy, Under Age 65 or Medicare Part B Only (LAAC § 4.1111(b), 4.1111(c), 4.1126(b))

- Tier 1 Vested Retired Members Under Age 65 or Enrolled in Medicare Part B Only

LAAC Authority: The increases in the maximum plan subsidy to Vested Members shall be provided at an amount not less than the increase in the Kaiser two-party non-Medicare Part A and B premium.

Limitations:

- 1) The 2026 Kaiser non-Medicare two-party plan premium increases by \$89.26 or 3.99%, from \$2,234.56 to \$2,323.82.

Recommendation: That the maximum subsidy be increased from \$2,318.58 to \$2,407.84 (\$2,318.58 + \$89.26, or 3.85%).

- Tier 1 Discretionary Retired Members Under Age 65 or Enrolled in Medicare Part B Only

LAAC Authority: The Board has the option to apply the Vested Retired Members subsidy increase to Discretionary Retired Members (LAAC § 4.1111 (b)) so long as any increase does not exceed the dollar increase in the Kaiser non-Medicare two-party plan premium and the three-year average percentage increase does not exceed the average assumed medical trend rates for the same period.

Limitations:

- 1) The 2026 Kaiser non-Medicare two-party plan premium increases by \$89.26 or 3.99%, from \$2,234.56 to \$2,323.82.
- 2) The three-year 2026 Assumed Actuarial Medical Trend Rate (AAMTR) assumption is 7.33% and the maximum increase for 2026 is 4.5%. With the 3.85% subsidy increase, the three-year average is below the actuarial medical trend rate limit.

Recommendation: To be the same as Vested Retired Members above. The maximum subsidy be increased from \$2,318.58 to \$2,407.84 (\$2,318.58 + \$89.26, or 3.85%).

Medical Premium Reimbursement Program (MPRP) Reimbursements

The MPRP is available to Retired Members and Survivors who live outside of California or within California but outside of a LACERS HMO zip code service area. In order to participate, Members enroll in an individual plan and submit proof of premium payment to LACERS. LACERS reimburses premium costs up to the Member's subsidy amount on a quarterly basis. The recommended maximum MPRP Reimbursement amounts are as follows:

- *Tier 1 Discretionary and Vested Retired Members Under Age 65 or Enrolled in Medicare Part B Only (LAAC § 4.1112(b), 4.1127(b))*

LAAC Authority: The maximum MPRP reimbursement amounts are set similar to the medical subsidies, pursuant to LAAC § 4.1112 and 4.1127.

Recommended Subsidy: It is recommended that the same maximum subsidy be applied toward MPRP reimbursements at \$2,407.84. This will provide Retired Members and Survivors who are

unable to access a LACERS HMO the same amount of subsidy dollars to apply toward non-LACERS medical coverage.

- *Tier 1 Discretionary and Vested Retired Members and Tier 3 Retired Members Enrolled in Medicare Parts A and B*

LAAC Authority: Increase to the maximum reimbursement amount may not exceed the one-party premium of LACERS' highest-cost Medicare plan.

Recommended Subsidy: In 2026, the monthly premium for LACERS' highest-cost single-party Medicare Parts A and B medical plan, the Anthem Blue Cross Life & Health Medicare Plan (Medicare Supplement) will be \$633.08. Staff recommend that the maximum reimbursement for MPRP participants enrolled in Medicare Parts A and B be set at \$633.08.

Overall Member Impact

The chart below shows the average medical subsidy paid by LACERS and the monthly allowance premium deduction amounts paid by Tier 1 Members in 2025 as compared to the 2026 recommendations.

Tier 1 Member Status	2026 Estimated Population	<u>Tier 1 – 2025 Subsidy</u> \$2,318.58		<u>Tier 1 – 2026 Subsidy</u> \$2,407.84	
		Avg. Monthly Subsidy	Avg. Monthly Deduction	Avg. Monthly Subsidy	Avg. Monthly Deduction
Non-Medicare Retiree	4,582	\$1,471.24	\$97.77	\$1,527.88	\$146.10
Non-Medicare Survivor	208	\$846.59	\$158.17	\$880.37	\$184.12
Medicare Retiree	10,661	\$474.07	\$41.16	\$491.36	\$75.99
Medicare Survivor	1,591	\$313.87	\$11.67	\$324.11	\$34.45
Total Subscribers	17,042	\$732.43	\$55.06	\$759.18	\$92.28

Dental Plan Premium Subsidy (LAAC § 4.1114 and 4.1129)

The recommended maximum dental plan premium subsidy amount is as follows:

LAAC Authority: The Retired Member maximum dental plan premium subsidy cannot exceed the maximum dental plan premium subsidy for Active Members.

Recommended Subsidy: The maximum dental plan subsidy for Active Members of LACERS for plan year 2026 is estimated to remain at \$42.93 per month. It is recommended that the maximum dental subsidy for Tier 1 and Tier 3 Retired Members be set at \$42.93. The maximum subsidy

for Active Members has not been approved by the City. Therefore, delegating authority to the General Manager is necessary, in case an adjustment is made in the future.

Prepared By: Rainbow Sun, Senior Benefits Analyst I, Health, Wellness, and Buyback Division

TB/DWN/KF/JK/MLD:rs

Attachments: 1. Maximum Subsidy and Reimbursement Amounts Established by Ordinance
2. LACERS Medical Plan Premium Subsidy for Tier 1 Discretionary Retired Members
3. LACERS Historical Medical Subsidy Costs

Maximum Subsidy and Reimbursement Amounts Established by Ordinance

The Los Angeles Administrative Code (LAAC) Division 4, Chapter 11, provides the Board the authority to set the maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts. Other subsidies and reimbursements do not require Board action as they are established by ordinance and codified in the LAAC:

- *Maximum Medical Plan Premium Subsidies and MPRP Reimbursement Amounts for Tier 1 Capped Retired Members and their Survivors*

All medical benefit amounts for these Members and their Survivors are capped at 2011 amounts. The medical subsidy that may be used toward premium costs of covering a dependent is also capped.

- *Maximum Medical Plan Premium Subsidies for Tier 1 Discretionary and Vested, and Tier 3 Retired Members, Enrolled in Medicare Parts A and B*

The maximum subsidy is based on the single-party premium of the LACERS plan in which the Retired Member is enrolled.

- *Maximum Medical Plan Premium Subsidy and MPRP Reimbursement Amount for Tier 3 Retired Members Under Age 65 or Enrolled in Medicare Part B Only*

The maximum subsidy and reimbursement amount is based on the Kaiser two-party non-Medicare plan premium.

- *Survivor Medical Plan Premium Subsidies and MPRP Reimbursement Amounts for Tier 1 and Tier 3 Retired Members*

A Survivor's subsidy amount is based on the Retired Member's years of Service Credit.

- *Survivors Under Age 65 or Enrolled in Medicare Part B Only* – The maximum Survivor subsidy is equal to the single-party premium of the lowest-cost non-Medicare plan. The lowest-cost LACERS non-Medicare plan is the Kaiser Permanente HMO.
- *Survivors Enrolled in Medicare Parts A and B* – The maximum subsidy is set to the single-party premium of the LACERS plan in which the Survivor is enrolled.

**LACERS MEDICAL PLAN PREMIUM SUBSIDY
FOR TIER 1 DISCRETIONARY RETIRED MEMBERS**

The LACERS Board has the authority, as established by the Los Angeles Administrative Code (LAAC) Section 4.1112(b), to increase the maximum medical plan premium subsidy by the amount of the increase in the Kaiser Permanente HMO (non-Medicare) two-party premium. If the three-year average increase in the subsidy is greater than the three-year average assumed actuarial medical trend rate for the same period, then the increase must be approved by the City Council. City Council may set the increase at any other amount.

For 2026, the Kaiser Permanente HMO (non-Medicare) two-party premium will increase by \$89.26 or 3.99%. The 2026 maximum medical plan premium subsidy increase to \$2,407.84 does not exceed the LAAC limitation, as the three-year average increase of 7.12% is lower than the three-year average assumed actuarial medical trend rate of 7.33%. The table below shows how much the Board may increase the 2026 maximum subsidy before hitting the cap imposed by the three-year average of assumed actuarial medical trend rates.

	Assumed Actuarial Medical Trend Rate*	% Increase	Max. Medical Subsidy Amt. (Cap)
2026	7.50%	4.5%**	\$2,422.92**
2025	7.25%	6.0%	\$2,318.58
2024	7.25%	11.5%	\$2,197.58
3-yr Average	7.33%	7.33%	

*The assumed actuarial medical trend rates for the coming years may be adjusted during each valuation and may alter the information contained in these tables.

**For the 2026 plan year, the LACERS Board could approve a subsidy increase of up to 4.5% without requiring City Council approval.

LACERS HISTORICAL TIER 1 MEDICAL SUBSIDY COSTS

BAC Meeting: 08/12/25
Item V
Attachment 3

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Maximum Monthly Medical Subsidy	\$508.00	\$702.00	\$702.00	\$751.00	\$872.00	\$883.00	\$883.00	\$928.00	\$983.00	\$1,022.00	\$1,120.00	\$1,123.00
Dollar Increase - Maximum Subsidy		\$194.00	\$0.00	\$49.00	\$121.00	\$11.00	\$0.00	\$45.00	\$55.00	\$39.00	\$98.00	\$3.00
% Increase - Maximum Subsidy		38.2%	0.0%	7.0%	16.1%	1.3%	0.0%	5.1%	5.9%	4.0%	9.6%	0.3%
Kaiser 2-Party	\$409.84	\$604.44	\$631.56	\$679.68	\$800.08	\$813.87	\$870.56	\$915.14	\$982.74	\$1,021.54	\$1,119.58	\$1,122.74
Dollar Increase - Kaiser 2-Party		\$194.60	\$27.12	\$48.12	\$120.40	\$13.79	\$56.69	\$44.58	\$67.60	\$38.80	\$98.04	\$3.16
% Increase - Kaiser 2-Party		47.5%	4.5%	7.6%	17.7%	1.7%	7.0%	5.1%	7.4%	3.9%	9.6%	0.3%
Aggregate Medical Premium Increase				17.0%	16.1%	18.2%	-5.2%	-5.2%	12.5%	5.7%	7.1%	4.5%
% Premium Cost Subsidized	88.9%	91.0%	88.4%	90.8%	93.9%	92.0%	92.4%	92.4%	91.1%	91.6%	92.5%	91.8%

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Maximum Monthly Medical Subsidy	\$1,190.00	\$1,190.00	\$1,367.00	\$1,464.00	\$1,580.08	\$1,580.08	\$1,736.88	\$1,790.80	\$1,790.80	\$1,790.80	\$1,790.80	\$1,884.50	\$1,962.20	\$2,187.58	\$2,318.58	\$2,407.84
Dollar Increase - Maximum Subsidy	\$67.00	\$0.00	\$177.00	\$97.00	\$116.08	\$0.00	\$156.80	\$53.92	\$0.00	\$0.00	\$0.00	\$93.70	\$77.70	\$225.38	\$131.00	\$89.26
% Increase - Maximum Subsidy	6.0%	0.0%	14.9%	7.1%	7.9%	0.0%	9.9%	3.1%	0.0%	0.0%	0.0%	5.2%	4.1%	11.5%	6.0%	3.8%
Kaiser 2-Party	\$1,189.22	\$1,187.24	\$1,363.44	\$1,459.66	\$1,575.74	\$1,496.06	\$1,652.86	\$1,706.78	\$1,660.88	\$1,626.28	\$1,681.07	\$1,800.48	\$1,878.18	\$2,103.56	\$2,234.56	\$2,323.82
Dollar Increase - Kaiser 2-Party	\$66.48	(\$1.98)	\$176.20	\$96.22	\$116.08	(\$79.68)	\$156.80	\$53.92	(\$45.90)	(\$34.60)	\$54.79	\$119.41	\$77.70	\$225.38	\$131.00	\$89.26
% Increase - Kaiser 2-Party	5.9%	-0.2%	14.8%	7.1%	8.0%	-5.1%	10.5%	3.3%	-2.7%	-2.1%	3.4%	7.1%	4.3%	12.0%	6.2%	4.0%
Aggregate Medical Premium Increase	6.2%	0.2%	7.9%	7.4%	4.8%	-1.9%	6.5%	5.4%	-1.6%	-0.2%	0.7%	-1.5%	0.9%	4.6%	6.3%	7.4%
% Premium Cost Subsidized	91.3%	90.9%	92.7%	92.5%	94.0%	94.0%	94.3%	93.7%	94.2%	93.8%	93.4%	93.7%	92.4%	92.4%	92.7%	92.6%

- Beginning in 2019, LACERS published premiums may have two components, the Carrier premium and a 115 Trust component. This chart only reflects the Carrier premium.
- In plan year 2024, the Kaiser 2-party under 65 rate increases by 14.4%, which exceeds the 12.2% Assumed Actuarial Medical Trend Rate (AAMTR) increase. The recommended increase is bought down using the 115 Trust, up to 12%, below the limit. Therefore, the Kaiser 2-party rate and subsidy reflected in 2024 is 12%.
- In plan year 2025, the Kaiser 2-party under 65 rate increases by 3.99% compounded with addition of the 2.4% by the plan year 2024 buydown. Therefore, the Kaiser 2-party rate increase reflected in 2025 is 6.2%

LACERS HISTORICAL TIER 3 MEDICAL SUBSIDY COSTS

BAC Meeting: 08/12/25
Item V
Attachment 3

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Maximum Monthly Medical Subsidy	\$1,496.06	\$1,652.86	\$1,706.78	\$1,660.88	\$1,626.28	\$1,681.07	\$1,800.48	\$1,878.18	\$2,103.56	\$2,234.56	\$2,323.82
Dollar Increase - Maximum Subsidy		\$156.80	\$53.92	(\$45.90)	(\$34.60)	\$54.79	\$119.41	\$77.70	\$225.38	\$131.00	\$89.26
% Increase - Maximum Subsidy		10.5%	3.3%	-2.7%	-2.1%	3.4%	7.1%	4.3%	12.0%	6.2%	4.0%
Kaiser 2-Party	\$1,496.06	\$1,652.86	\$1,706.78	\$1,660.88	\$1,626.28	\$1,681.07	\$1,800.48	\$1,878.18	\$2,103.56	\$2,234.56	\$2,323.82
Dollar Increase - Kaiser 2-Party		\$156.80	\$53.92	(\$45.90)	(\$34.60)	\$54.79	\$119.41	\$77.70	\$225.38	\$131.00	\$89.26
% Increase - Kaiser 2-Party		10.5%	3.3%	-2.7%	-2.1%	3.4%	7.1%	4.3%	12.0%	6.2%	4.0%
Aggregate Medical Premium Increase	-1.9%	6.5%	5.4%	-1.6%	-0.2%	0.7%	-1.5%	0.9%	4.6%	6.3%	7.4%
% Premium Cost Subsidized	94.0%	94.3%	93.7%	94.2%	93.8%	93.4%	93.7%	92.4%	92.4%	92.7%	92.6%

Tier 3 became effective February 21, 2016. Maximum subsidy is Kaiser's premium per Ordinance.

- Beginning in 2019, LACERS published premiums may have two components, the Carrier premium and a 115 Trust component. This chart only reflects the Carrier premium.
- In plan year 2024, the Kaiser 2-party under 65 rate increases by 14.4%, which exceeds the 12.2% Assumed Actuarial Trend Rate (AATR) increase. The recommended increase is bought down using the 115 Trust, up to 12%, below the limit. Therefore, the Kaiser 2-party rate and subsidy reflected in 2024 is 12%.
- In plan year 2025, the Kaiser 2-party under 65 rate increases by 3.99% compounded with addition of the 2.4% by the plan year 2024 buydown. Therefore, the Kaiser 2-party rate increase reflected in 2025 is 6.2%

**MAXIMUM HEALTH PLAN SUBSIDIES AND REIMBURSEMENT AMOUNTS
FOR PLAN YEAR 2026**

PROPOSED RESOLUTION

WHEREAS, the Los Angeles Administrative Code establishes that the Los Angeles City Employees' Retirement System (LACERS) provides health and welfare programs for retired employees and their eligible dependents;

WHEREAS, the Los Angeles Administrative Code (LAAC) § 4.1111(b) provides that by resolution, the Board of Administration may change the maximum monthly medical subsidy for eligible Tier 1 retirees who retired before July 1, 2011, so long as any increase does not exceed the dollar increase in the Kaiser two-party non-Medicare plan premium and the average percentage increase for the first year of the increase and the preceding two years does not exceed the average assumed actuarial medical trend rate for the same period;

WHEREAS, the LAAC § 4.1111(c) provides that by resolution, the Board of Administration shall, for Tier 1 retirees who at any time prior to retirement made additional contributions to LACERS as provided in LAAC § 4.1003(c), set the increase in the maximum medical plan premium subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Parts A and B premium;

WHEREAS, the LAAC § 4.1112(b) and 4.1112(d) provides that by resolution, the Board of Administration may increase the monthly reimbursement maximum of eligible retirees participating in the Medical Premium Reimbursement Program;

WHEREAS, the LAAC § 4.1112(a) provides the Board of Administration may, in its discretion, decrease or increase the maximum retiree dental plan subsidy to reflect changes in the dental plan subsidy provided to active City of Los Angeles employees;

WHEREAS, on August 12, 2025, the 2026 health benefit subsidies and reimbursements were presented to the Benefits Administration Committee;

WHEREAS, on August 12, 2025, the Board of Administration approved the 2026 health benefit subsidies and reimbursements;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration hereby adopts the following 2026 health benefit subsidies and reimbursements; and authorizes the General Manager to make subsidy and reimbursement adjustments within the limitations established in the Los Angeles Administrative Code, as necessitated by updates or information received after the report:

Benefit Type	Tier 1, Retired Before July 1, 2011, “Discretionary”	Tier 1, Retired On or After July 1, 2011, “Vested”	Tier 3
Retiree Medical Subsidy, <65/Medicare Part B	\$2,407.84	\$2,407.84	\$2,323.82
Retiree MPRP Reimbursement, <65/Medicare Part B	\$2,407.84	\$2,407.84	\$2,323.82
Retiree MPRP Reimbursement, Medicare Parts A and B	\$633.08	\$633.08	\$633.08
Retiree Dental Subsidy	\$42.93	\$42.93	\$42.93



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: AUGUST 12, 2025
ITEM: VII - B

SUBJECT: PRESENTATION BY NEPC, LLC REGARDING CONTINUED DISCUSSION OF ASSET ALLOCATION IMPLEMENTATION AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board receive and file the Asset Allocation Implementation Update as presented by NEPC, LLC.

Discussion

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

NEPC, LLC, LACERS' General Consultant, will present the Asset Allocation Implementation Update that provides a revised roadmap of the activities that will occur throughout the next several months to effectuate the asset allocation policy decision approved by the Board on December 10, 2024. As outlined in the matrix of the attachment, the presentation consists of the following topics: implementation update, restructuring of Non-U.S. Equity, determination of infrastructure implementation, reduction in Emerging Markets Debt, increase in U.S. Equity, reduction in Core Fixed Income, and proposed LACERS implementation workplan. The sequential steps of the update will be phased in from September 2025 to mid-2026 subject to existing investment policies and/or specific staff recommendations to be approved by the Board later in the calendar year. Staff will continue to keep the Board apprised of the status of these activities.

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

TB:RJ:JP:WL

Attachment: 1. Asset Allocation Implementation Update Presentation by NEPC



IMPLEMENTATION UPDATE

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

AUGUST 12, 2025

IMPLEMENTATION UPDATE

- **In April 2025, NEPC presented a workplan, summarizing the key activities needed to implement the approved asset allocation**
 - Workplan intended to be fluid and subject to change based on progress made
- **To date, the following activities have been completed/approved:**
 - Interim asset class policy targets approved by the Board on 6/10/2025
 - Interim asset class policy ranges approved by the Board on 7/8/2025
 - Modifications to the Investment Policy Statement (IPS)
- **Next steps:**
 - Restructure Non-US Equity allocation
 - Determine Infrastructure implementation
 - Reduction in Emerging Markets Debt
 - Increase US Equity exposure
 - Reduction in Core Fixed Income

RESTRUCTURE NON-US EQUITY

- **Evaluate existing managers**
 - Historical alpha, volatility and watch status
 - Risk budget impact
- **Assess benefit of adding new strategy(s) and/or expanding mandate of existing manager(s)**
 - Maximize diversification and alpha potential
- **Recommend streamlined manager lineup**
 - Driven by the decrease in the overall target allocation to the asset class
 - Includes recommendations to retain/terminate existing managers
- **If appropriate, Staff to develop RFI/RFP criteria for new and/or expanded mandate(s)**
 - Bring for IC / Board approval

DETERMINE INFRASTRUCTURE IMPLEMENTATION

- **Plan short-term and longer-term implementation options**
 - Industry analysis and perspective on peer implementation approach
 - Options for efficient short-term exposure to the asset class
 - Active and/or passive options will be explored for public infrastructure
 - Longer term path to optimize exposure across public and private implementation options
 - Private infrastructure requires the hiring of an infrastructure consultant, which will require an RFP
- **Staff to develop RFP criteria for search process following Board approval of implementation approach**
 - Bring for IC / Board approval
- **Staff and NEPC to conduct RFP search process, which includes:**
 - Finalizing and publicly posting RFP
 - Screening, evaluating and scoring of proposals received
 - Onsite due diligence visits to semi-finalist/finalist firms
 - Finalist presentations to the Board
- **Staff and NEPC to proceed with implementation**

REDUCTION IN EMERGING MARKETS DEBT

- **Board approved reducing the long-term policy target to emerging markets debt by 1% (to 3%) and increasing the policy target to high yield/bank loans by 1% (to 4%)**
- **The current interim policy closely matches the actual allocation of 4% emerging markets debt and 4% high yield/bank loans**
 - Interim policy calls for a gradual shift to the long-term policy over a 2-year period (50bps shift by 7/1/2026 and another 50bps shift by 7/1/2027)
- **Given the actual high yield/bank loan allocation is already at the long-term target, there is no need to rebalance into this asset class from an operational perspective**
- **Therefore, the gradual reduction in emerging markets debt can be achieved through ongoing cash raise exercises conducted by Staff to cover benefit payments/expenses over time**

INCREASE IN US EQUITY

- **Board approved increasing the long-term policy target to US equity to 23%**
- **The current interim policy (21%) closely matches the actual allocation**
 - Interim policy calls for a gradual shift to the long-term policy as the private equity allocation decreases to target over a multi-year period
- **Therefore, there is no need to rebalance into US equities at this time**
 - Staff will monitor the reduction in private equity and rebalance into US equities, as appropriate

REDUCTION IN CORE FIXED INCOME

- **Board approved reducing the long-term policy target to core fixed income to 10.25%**
- **The current interim policy (13%) closely matches the actual allocation**
 - Interim policy calls for a gradual shift down to the long-term policy as the private credit allocation increases to target over a multi-year period
- **Therefore, the gradual reduction in core fixed income can be achieved through ongoing cash raise exercises conducted by Staff to cover benefit payments/expenses and private credit capital calls over time**

PROPOSED LACERS IMPLEMENTATION WORKPLAN

Asset Class Implementation	Activity	Deliverable	Board Presentation Timing
Restructure Non-US Equity	<ul style="list-style-type: none"> Evaluate existing managers Assess benefit of adding new strategy(s) and/or expanding mandate of existing manager(s) 	<ul style="list-style-type: none"> Review of performance; Portfolio Construction Analysis 	September / October
	<ul style="list-style-type: none"> Recommend streamlined manager lineup 	<ul style="list-style-type: none"> Portfolio Line-up Recommendation 	November
	<ul style="list-style-type: none"> Conduct RFI/RFP, if appropriate 	<ul style="list-style-type: none"> RFI/RFP Draft 	Early 2026
Infrastructure Implementation	<ul style="list-style-type: none"> Plan short-term and longer-term implementation options 	<ul style="list-style-type: none"> Industry analysis Public markets implementation options 	September / October
	<ul style="list-style-type: none"> Staff to develop RFP criteria for search process following Board approval of implementation approach 	<ul style="list-style-type: none"> RFP Draft 	November / December
	<ul style="list-style-type: none"> Staff and NEPC to conduct RFP search process, which includes: 	<ul style="list-style-type: none"> Finalized RFP 	Early 2026
Reduction in EMD	<ul style="list-style-type: none"> Ongoing rebalancing to reach target 	<ul style="list-style-type: none"> Update as needed 	Ongoing through July 2026
Increase in US Equity	<ul style="list-style-type: none"> Ongoing rebalancing to reach target 	<ul style="list-style-type: none"> Update as needed 	Ongoing
Reduction in Core Fixed Income	<ul style="list-style-type: none"> Ongoing rebalancing to reach target 	<ul style="list-style-type: none"> Update as needed 	Ongoing



Refer to pages 3-7 for Activity Detail

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.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: AUGUST 12, 2025
ITEM: VII - C

SUBJECT: PRI ACTION PLAN AND ESG RISK FRAMEWORK STATUS AND UPDATES AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board adopt the updated Principles for Responsible Investment (PRI) Action Plan and the updated ESG Risk Framework.

Executive Summary

As a signatory of the PRI, LACERS has committed to incorporate environmental, social, and governance (ESG) factors into investment decisions and the investment process. An annual review of the PRI Action Plan (PRI Plan) and ESG Risk Framework Action Plan demonstrates LACERS' support of and commitment to ESG and the six Principles for Responsible Investment.

Discussion

On April 9, 2019, the Board of Administration approved becoming a signatory of the PRI; LACERS officially became a PRI signatory on September 3, 2019.

Responsible investing incorporates ESG factors into investment decisions and the investment process to better manage risks and generate sustainable, long-term outperformance. As a signatory, LACERS has agreed to consider ESG factors by abiding by the PRI. The six PRI are:

- **Principle One:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle Two:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle Three:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle Four:** We will promote acceptance and implementation of the Principles within the investment industry.

- **Principle Five:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle Six:** We will each report on our activities and progress towards implementing the Principles.

As a signatory, LACERS is expected to meet several minimum responsibilities, including:

1. Adopting a responsible investment policy that covers at least 50% of assets under management;
2. Assigning staff to implement the responsible investment policy;
3. Having the backing of senior-level management;
4. Developing accountability mechanisms;
5. Completing the PRI annual report; and,
6. Submitting an annual signatory fee.

To ensure that LACERS continues to progress and continually develop its responsible investment program, staff developed an operational PRI Plan that was initially adopted by the Board on November 19, 2019, and reviewed annually by the Board. The PRI Plan outlines several administrative, operational, and policy initiatives that LACERS may pursue over the next two years. The PRI Plan is also color-coded to designate specific initiatives and recurring activities that are: 1) policy considerations; 2) operational; 3) research questions or discussions; and 4) collaborative or promotional. The Plan is not an exhaustive list of ESG initiatives that LACERS could pursue, but a feasible set of initiatives that will allow LACERS to maintain a commitment to PRI.

On April 27, 2021, Board approved the LACERS ESG Risk Framework (Framework) as a response to the Los Angeles City Council's approved motion (C.F. 19-1577) requesting the Board to provide a report addressing certain climate risks. The Framework includes a Framework Action Plan (Framework Plan), an operational plan similar to the PRI Plan, that highlights administrative, operational, and policy initiatives that LACERS may pursue over the next two years to ensure that the LACERS Investment Program is mindful of ESG risks.

The PRI Plan and Framework Plan are updated annually near fiscal year end to reflect progress against specific objectives, disclosure of new ESG information and issues, and changes in Board priorities. The updated PRI Plan (Attachment 1) and updated Framework Plan (Attachment 2) reflect a continuation of the existing plans.

During Fiscal Year 2024-2025, LACERS accomplished the following key responsibilities:

1. Hosted the inaugural Emerging Manager Networking Forum jointly with Los Angeles Fire and Police Pension on November 14, 2024;
2. Continued to monitor LACERS' active managers' engagement efforts;
3. Enhanced efforts to promote LACERS' ESG Program, including participation on eight ESG panels at various investment conferences;
4. Attended 22 investment conferences that had one or more agenda topics devoted to ESG, and spent 46 hours working on ESG-related projects; and

5. Continued to develop analytics and metrics from MSCI's ESG Manager software to evaluate the carbon footprint of the LACERS investment portfolio.

Staff will continue to work on Fiscal Year 2025-2026 key responsibilities and initiatives outlined in both document plans and will return to the Board with an updated PRI Plan and updated Framework Plan in the first quarter of Fiscal Year 2026-2027.

Prepared By: Ellen Chen, Director of Private Markets and ESG Risk Officer, Investment Officer III,
Investment Division
Daniel Becerra, Investment Officer I, Investment Division

TB:RJ:WL:RM:EC:DB

Attachments: 1. PRI Action Plan as of August 12, 2025
 2. ESG Risk Framework and Action Plan as of August 12, 2025

PRI Action Plan	FY 2025-26				FY2026-27			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Administrative Priorities	PRI Action Plan Status and ESG Risk Framework Action Plan Update to Board		Revise Action Plans as Needed		PRI Action Plan Status and ESG Risk Framework Action Plan Update to Board		Revise Action Plans as Needed	
	Evaluate Climate Transition Impact and Present Options to Board							
	Streamline PRI Tracking and Reporting Sytem							
	Attend PRI Conference				Attend PRI Conference			
Principle One:	We will incorporate ESG issues into investment analysis and decision-making processes							
Update Investment Policy			Review and Revise RI Policy as Needed					
	Work With Consultant to Determine How to Evaluate Effectiveness of ESG Strategies and Fiscal Impact							
Manager Selection Processes	Explore ESG Criteria for Future Manager and Fund Evaluation							
	Implement ESG Questions during Search Process, Due Diligence of Prospective and Incumbent Managers							
ESG / Impact Fund Investment	Discuss Integration of ESG and Responsible Investment Policy with Asset Allocation and Risk Budgeting Framework							
	Research Active & Passive ESG Investment Strategies for Possible Inclusion in Asset Allocation							
Principle Two:	We will be active owners and incorporate ESG issues into our ownership policies and procedures							
Proxy Voting Guidelines	Provide Annual Proxy Voting Report to Board	Evaluate Proxy Voting Guidelines and Amend Policy to align with Responsible Investment Policy			Provide Annual Proxy Voting Report to Board			
Corporate Engagement	Engage in Shareholder Advocacy and Collaborate on Specific Shareholder Issues and Proposals							
	Partner with ESG-Related Organizations and Actively Contribute and Participate Within Those Organizations							
	Engagement on ESG Issues and Assess Exposure Risks Based on Board Priorities and Responsible Investment Policy							
Principle Three:	We will seek appropriate disclosure on ESG issues by the entities in which we invest							
Streamline ESG evaluation of investments	Track and Monitor ESG Exposure							
	Request Investment Managers to Report ESG Activity on a Periodic Basis							
Track ESG data of Private Market Investments	Encourage GPs to Adopt ESG Decision-Making Framework							
	Explore Options for Understanding ESG Impacts of Current and Future Private Market Exposures							
	Consider ESG Disclosure in Side Letter Agreements							
Principles Four & Five:	We will promote acceptance and implementation of the Principles within the investment industry & We will work together to enhance our effectiveness in implementing the Principles							
Participate in ESG/RI Trade Associations	Attend PRI, ESG, RI Workshops and Events							
	Participate in ESG-Focused Advocacy Organizations and Explore Leadership Roles							
Participate in governance and policy discussions	Educate Peer Plans, Local Officials, and Members About LACERS RI Policy							
	Collaborate with Partner ESG Organizations on Evolving ESG Issues and Policies							
Principle Six:	We will report on our activities and progress towards implementing the Principles							
Annual PRI Reporting	Complete PRI Report	Prepare for PRI Reporting			Complete PRI Report	Prepare for PRI Reporting		
	Monitor Tracking of PRI-Aligned ESG Efforts							
Create accountability measures for ESG reporting	Research and Implement Best Practices for ESG Data Management and Validation							

ESG RISK FRAMEWORK

As an evolving responsible investor, the Los Angeles City Employees' Retirement System (LACERS), recognizes that environmental, social, and governance (ESG) risk factors can impact portfolio performance. LACERS' ESG Risk Framework is designed as a comprehensive, integrated approach to considering and addressing ESG risk factors within the LACERS Investment Program with an emphasis on guidance and implementation activities and initiatives at the operational level.

The Framework presents a methodical process and step-based approach around five key priority points:

1. Investment Policy and ESG Governance
2. Integration of the Principles for Responsible Investment (PRI)
3. ESG Risk Exposures
4. ESG-Focused Investing
5. ESG Risk Framework Action Plan

Priority 1 – Investment Policy and ESG Governance¹

The Framework shall be designed and implemented according to LACERS' Investment Policy.

I. LACERS Investment Policy

The Investment Policy guides the investment management of plan assets. It is a living document that is regularly reviewed and updated to address emerging risks, new market opportunities, and changes to laws and regulations. The Investment Policy includes several focused sub-policies that address specific investment considerations. The sub-policies named below are most closely linked to LACERS' ESG Risk Framework.

A. Responsible Investment (RI) Policy

The RI policy is LACERS' master policy framework that addresses ESG issues that are consistent with the Board's fiduciary standards and the overarching Investment Policy. The primary purpose of this policy is to outline various forms of ESG risk and to identify strategic paths and actions that can add long-term value to LACERS investments.

B. Proxy Voting Policy

The Proxy Voting Policy provides LACERS' position and rationale for shareholder votes regarding ESG issues. As good corporate governance practices are widely

¹ Detailed information regarding the policies mentioned in Priority 1 can be found in the LACERS Investment Policy located at the following link: https://www.lacERS.org/sites/main/files/file-attachments/iii_investment_policy_statement.pdf?1671043639

believed to increase shareholder value, public retirement systems across the country are becoming more active in encouraging good corporate governance practices among companies in which they own stock. If the Proxy Voting Policy is silent on an issue, LACERS defers to the recommendation of the System's proxy voting agent and relies on the agent's research expertise.

C. Emerging Investment Manager Policy

The objective of the Emerging Investment Manager Policy is to identify investment firms with the potential to add value to the LACERS investment portfolio that would otherwise not be identified by the standard LACERS investment manager search process. While these managers may not have as fully formalized ESG processes, LACERS' investment with such managers along with appropriate oversight of the portfolio will assist in formalizing and improving risk management for all key risks, including ESG risk factors.

Priority 2 – Integration of Principles for Responsible Investment (PRI)

LACERS became a PRI signatory on September 3, 2019, making a commitment to incorporate ESG risk factors into its decision-making process. LACERS has a duty to act in the best long-term interests of its plan beneficiaries. To ensure that LACERS continues to progress and further evolve its ESG program, an inaugural operational PRI Action Plan (Plan) was reviewed and approved by the Board on November 12, 2019 and is revised and approved annually. The Plan outlines administrative, operational, policy considerations, research initiatives, and collaborations that support the six PRI principles over a rolling two-year forward calendar.

Implementation of ESG under the PRI structure does not end with LACERS alone; LACERS is taking a multi-faceted approach to responsible investment through coordination with its investment partners. Many of LACERS' investment managers and investment consultants are also PRI signatories; these managers are also actively working to improve their identification and management of ESG risks in order to enhance portfolio returns. By leveraging its relationships with firms that are PRI signatories, LACERS is able to magnify its ESG impact more efficiently and effectively across a wider portion of its Investment Program.

Priority 3 – ESG Risk Exposures

LACERS' Investment Program is managed according to industry best-practices, which is articulated in its Investment Policy. LACERS believes that considering and managing ESG risk factors is consistent with its fiduciary duties. Exposures to certain industry

sectors or portions of industry sectors may expose LACERS to risk factors that are inadequately valued or misaligned with LACERS current policies.

LACERS has identified a number of risk exposures through its RI Policy and Proxy Voting Policy that can be segregated along E, S, and G categories (see expanded versions of these policies at https://www.lacers.org/sites/main/files/file-attachments/iii_investment_policy_statement.pdf?1671043639).

Environmental Risk Factors: include quality of air and water, climate change, and land protections.

Social Risk Factors: include human rights, civil liberties, respect for political rights, discrimination, and workers' rights.

Governance Risk Factors: include (but not limited to) boards, audit, compensation, shareholder rights and takeover defenses, capital structure, corporate restructuring, social and environmental issues.

LACERS reviews its Proxy Voting Policy on a biennial basis to ensure that its voting positions are aligned with the goals and objectives of its RI Policy.

I. Responsibilities of Managing ESG Risk Factors

ESG risk factors must be managed continually and professionally in order to realize appropriate risk mitigation in an effective and resource-efficient manner. The following table provides for a delegation of responsibilities to support ESG risk factor management.

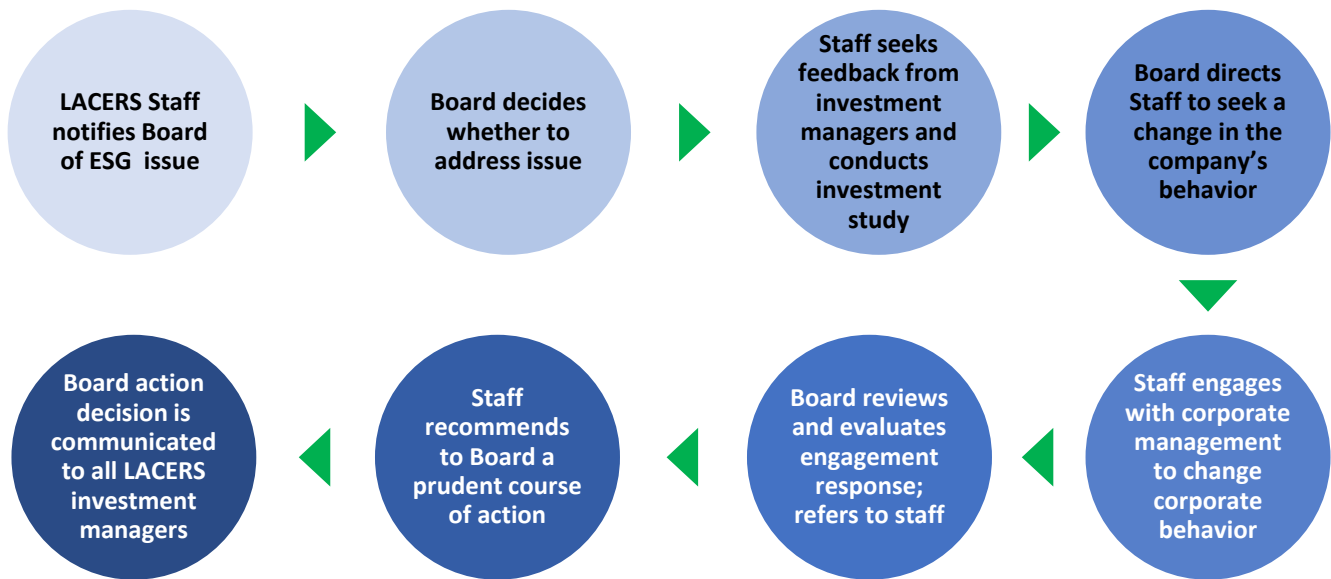
Board	Staff	Consultant	Bank Custodian
<p>Develop appropriate policies to ensure that ESG risk factors and investment opportunities are appropriately considered as part of the LACERS' investment processes</p> <p>Review ESG status reports and provide further direction to staff</p> <p>Consider staff-recommended actions to address ESG risk factors that cannot be mitigated through existing delegated authority</p>	<p>Integrate ESG risk factors within current policy frameworks</p> <p>Communicate with investment consultants and investment managers regarding compliance with Responsible Investment Policy and PRI Action Plan</p> <p>Consider use of watch lists to assist with identification of high-level risk factor companies</p>	<p>Provide ESG education to the Board and staff</p> <p>Furnish research reports, customized reports, and other tools to understand current trends in ESG</p> <p>Provide methodology to rank external investment managers during a procurement solicitation</p>	<p>Place rules and parameters in place to capture and flag risky assets held in the Fund's portfolio</p> <p>Help implement a watch list and security identification for risky assets</p> <p>Provide options on reports available for ESG related alerts</p>

II. ESG Risk Mitigation Process

Some ESG risk factors can be addressed and mitigated using a variety of policy, management, and Framework tools. Other ESG risk factors may require Board

intervention and guidance, especially in situations regarding heightened levels of corporate engagement or other issues that are not addressable by existing delegated authority. The diagram below summarizes an eight step process.

Summarized Process for Identifying and Mitigating ESG Risks²



III. Previous Divestment and Engagement Actions

LACERS has previously engaged with companies and investment managers that have been identified as being misaligned with LACERS' Investment Policy according to the aforementioned ESG risk mitigation process. Engagement activities with companies and other misaligned organizations have primarily been realized through a combination of heightened communication with companies, collaboration with like-minded investors, or presentations to the Board.

IV. Climate Transition

LACERS recognizes that a structured and methodical approach to climate transition is an important acknowledgment to a significant risk factor that could impact long-term risk-adjusted performance returns and financial sustainability. LACERS will evaluate its climate transition decisions upon five non-mutually exclusive actions:

A. Engagement – This action focuses on specific actions requested by LACERS of individual companies related to their governance; or advocating specific actions with government agencies to develop appropriate regulatory policies that support climate transition initiatives or positions.

² A detailed description of the process can be found on pages 91-93 of the LACERS Investment Policy. https://www.lacers.org/sites/main/files/file-attachments/iii_investment_policy_statement.pdf?1671043639

B. Collaboration – This action leverages the collective knowledge, experiences, clout, and asset base of like-minded investors to effectuate climate transition with specific companies or groups of similar companies. This path may be used in conjunction with engagement efforts to create a multi-pronged front of like-minded shareholders with a common climate transition cause and desired outcome.

C. Research – This action distinguishes facts from unproven beliefs, to answer questions related to the impact of ESG risk factors and climate transition, and integrates such facts and findings into discussions and deliberations that help facilitate Board investment decisions.

D. Strategic Asset Transition Initiatives - This action identifies specific investment strategies, mandates, or programs that facilitate LACERS' ability to effectuate change in its investment portfolio through asset transition based primarily on economic considerations, which may include tilts away from certain investment exposures, adding attractive opportunities that support ESG investment objectives, and/or exclusion of certain asset types from future investment.

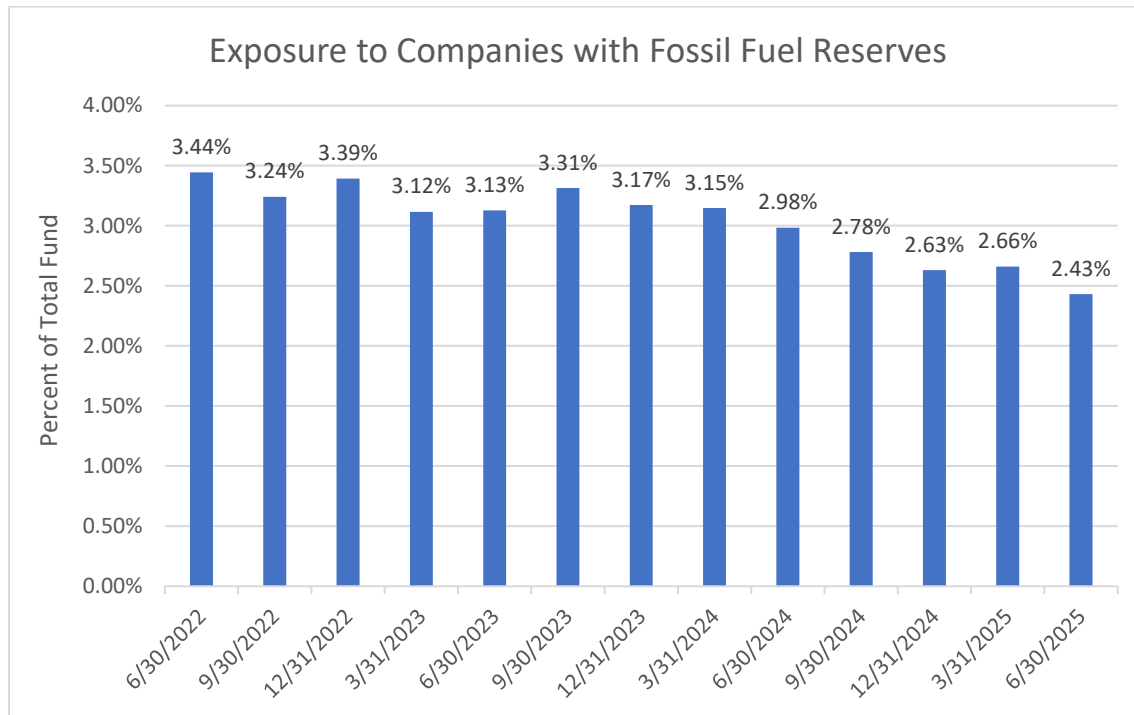
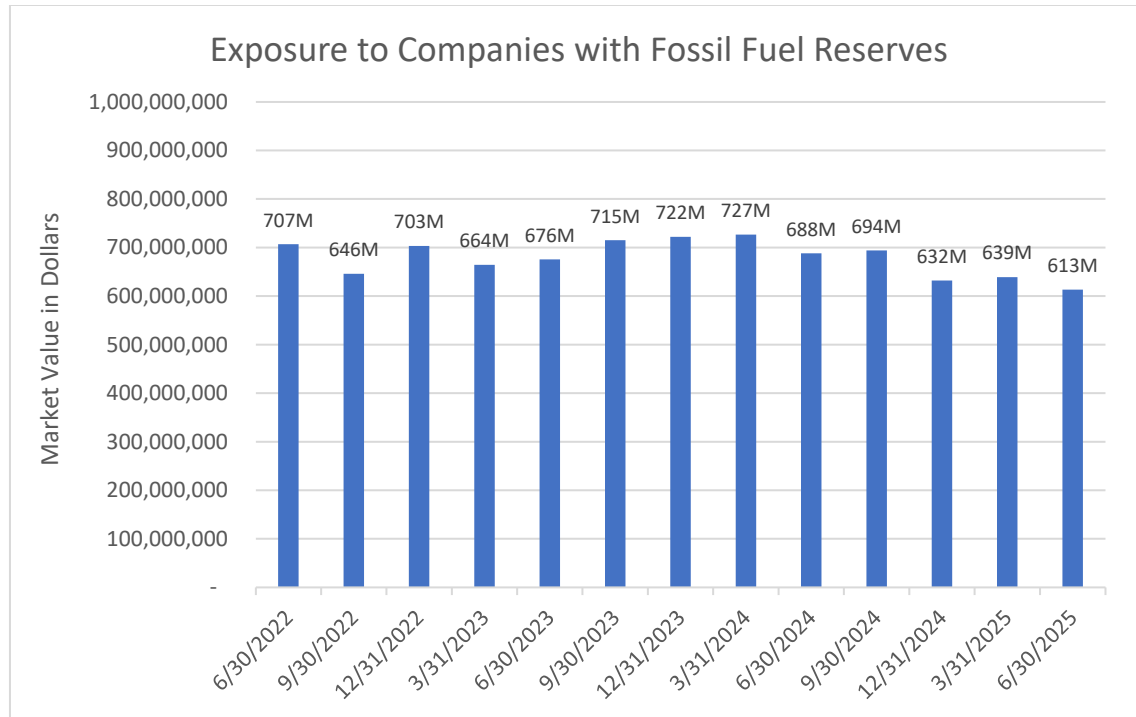
E. Responsible Investment Oversight and Periodic Reporting – Oversight and reporting keep the Board and staff apprised of progress and challenges facing the implementation and ongoing management of LACERS' ESG integration and responsible investing actions including corporate engagement and climate transition.

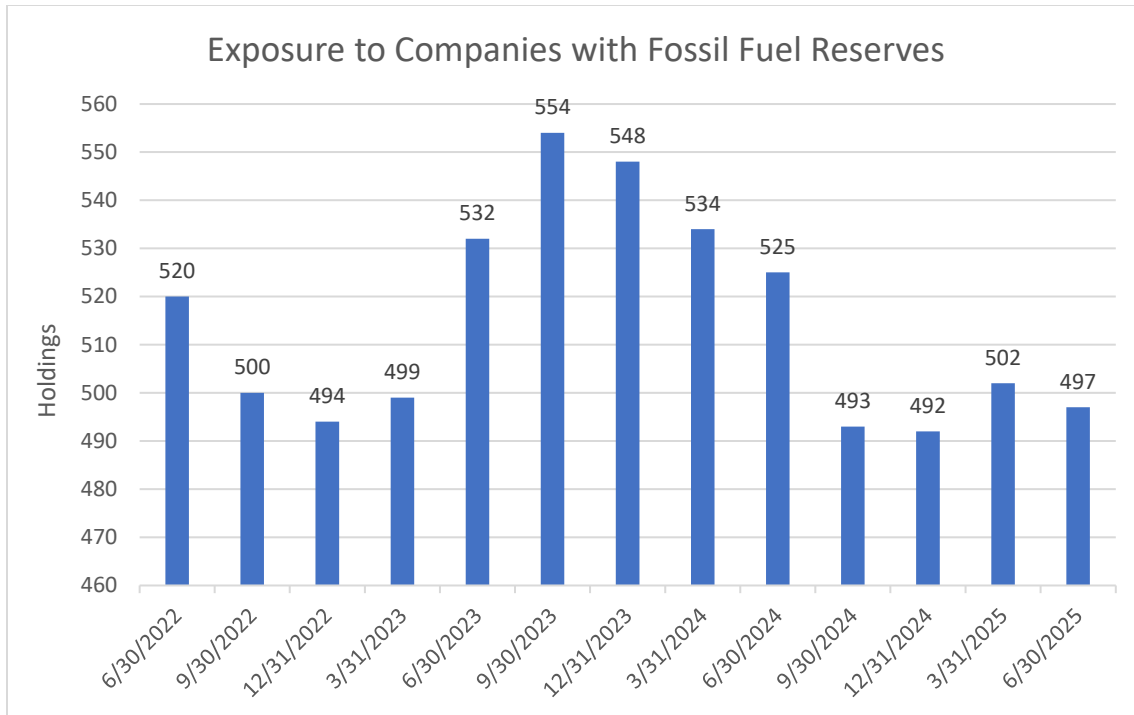
V. Fossil Fuel Exposure

LACERS recognizes that fossil fuel is a weakening segment of the energy industry whose growth prospects are in decline. LACERS believes that its limited holdings of fossil fuel companies (defined as companies with fossil fuel reserves) would be an appropriate starting point for corporate engagement as outlined in the aforementioned Climate Transition section.

A. LACERS Exposure and Historical Performance

As of June 30, 2025, the LACERS investment portfolio held 497 publicly traded companies that have fossil fuel reserves; these holdings represented approximately \$613.2 million (\$312.7 million in active funds and \$300.5 million in passive funds) in total market value, or approximately 2.43% (1.24% in active funds and 1.19% in passive funds) of the total investment portfolio.





B. Fossil Fuel Exposure Assessment

Staff, working with LACERS' investment consultant, will routinely assess on a quarterly basis the LACERS investment portfolio for holdings of publicly traded companies that have fossil fuel reserves, evaluate the financial risks stemming from such investments, and then engage with such companies that pose the greatest risk to LACERS investment portfolio. LACERS will also discuss with its actively-managed investment managers what plans are in place to transition fossil fuel holdings within the LACERS portfolio. Depending on the proposed actions of these investment managers, LACERS will determine an appropriate course of action based on its fiduciary responsibilities and provision of the Responsible Investment Policy.

Priority 4 – ESG-Focused Investing

LACERS believes that any consideration of a climate-based asset transition is in fact a two sided transaction – a replacement of one asset or set of assets traded for another asset or set of assets. LACERS may find it economically desirable to increase its ESG exposure to either offset questionable holdings or non ESG-related assets with one or more ESG-sensitive investment mandates or approaches, as described below.

I. Active Approaches to ESG

A key component of sustainable investing is active engagement with investee companies with the aim of encouraging and persuading companies to improve their ESG practices in order to provide better outcomes for all stakeholders. Additionally, active investment

management permits the investor to establish various criteria to include (but not limited to) the number of holdings, style preferences, weightings, and capitalization parameters.

In active sustainable fixed-income investing the argument is broadly the same. While debt investors do not own shares in companies, they often provide the primary or only source of capital to a company in the private sector, and even for certain countries. This gives active fixed income investors a better chance of effecting positive change.

II. Passive Approaches to ESG

Passive investment management is a rules-based approach that seeks to replicate the risk-return characteristics of a market index such as the S&P 500 and does not involve discretionary investment decisions. Staff recommends that full-replication passive strategies be exempt from security name exclusion due to portfolio management complexity and cost factors.

III. ESG-Focused Strategies

ESG-focused strategies refer to any investment strategy that makes ESG considerations an important factor when deciding whether or not to invest. LACERS, together with its investment consultants, will consider the appropriateness of such strategies through an economic risk lens and the financial impact on the LACERS Investment Program. Examples of such strategies may include portfolios that certify to standards such as sustainability, climate-focused, or ESG.

IV. Green Technology

LACERS has the ability to back venture capital managers who seek to place capital in carbon-reduction technologies, renewable energy, and other sustainability investment endeavors.

V. Emerging Investment Manager Program

Emerging investment managers refer to investment managers who have formed new investment management firms. Such managers are expected to meet the same rigorous investment criteria and standards such as a verifiable history of generating outsized performance, experienced senior investment team, proven and repeatable investment process, etc. LACERS will take into account other risk factors such as smaller staffing sizes, limited transaction sourcing, number of portfolio realizations, and access to capital raising networks.

Priority 5 - ESG Risk Framework Action Plan

LACERS has initiated several actions over the past several decades that reflect sensitivity towards ESG concerns and issues. In 2019, LACERS became an official signatory to the PRI. As a result of that signatory status, LACERS has developed investment manager selection questionnaires and due diligence checklists to more fully engage with prospective investment managers and those currently under contract.

In 2021, LACERS appointed an ESG Risk Officer to spearhead ESG priorities and to ensure a coordinated implementation of ESG risk factors among LACERS investment staff, investment managers, bank custodian, and other support vendors. This undertaking requires a carefully constructed plan to navigate a myriad of significant and material initiatives and practices to help achieve full implementation of ESG. LACERS will rely on its Framework to guide and facilitate the implementation and management of ESG within its Investment Program. The ESG Risk Framework Action Plans are presented on the following pages.

LACERS Fiscal Year 2025-26 ESG Risk Framework Action Plan

Board-Level Priorities	Staff-Level Priorities		
	Policy and Programs	Operational	ESG Collaboration
Review and approve as needed the LACERS Responsible Investment Policy	Review LACERS Responsible Investment Policy and include updates; present to Board for review and approval	Incorporate ESG Risk Factors into the investment manager selection process including RFP questionnaires, scoring of proposals, due diligence, and monitoring	Collaborate with partner ESG organizations including PRI and Kroner Center for Financial Research at the University of California at San Diego
Review and approve proposed changes to ESG Risk Framework Action Plan	Review ESG Risk Framework Action Plan and include updates; present to Board for review and approval	Develop specific Responsible Investment Statements for each asset class and Responsible Investment Guidelines for each LACERS investment manager, as appropriate	
Review and approve modifications to the Proxy Voting Policy	Review Proxy Voting Policy; propose modifications for Committee and Board review and approval	Work towards determining the effectiveness of ESG-focused investing to include (but not limited to) index strategies ex-fossil fuels and actively-managed investment strategies that pursue renewable energy sources and/or reduce reliance on thermal coal and thermal coal-related businesses	Actively participate in ESG industry events
Support partnership with organizations and entities that are aligned with LACERS beliefs regarding responsible investment, sustainability, and ESG risk factors	Update PRI Action Plan	Explore third-party watch lists of companies that are deemed by the Board to be misaligned with LACERS Responsible Investment Policy or other Board directives including exposure to thermal coal	Engage in shareholder advocacy and collaborate on specific shareholder issues and proposals as needed
Consider engagements with companies to effectuate company-level climate transition using LACERS' influence and clout as a multi-billion dollar asset owner		Track and monitor exposure to investment holdings that may be misaligned with LACERS Responsible Investment Policy	Collaborate with members of the Los Angeles Diversity & Inclusion Roundtable
Support greater transparency and reporting around ESG corporate reporting		Request investment managers to report ESG activity as provided in LACERS Responsible Investment Policy and PRI reporting requirements; encourage private markets general partners to adopt ESG decision-making frameworks	
Support greater corporate reporting transparency on ESG risk factors		Monitor shareholder and governance issues	
Support greater corporate board diversity		Track proxy votes	

LACERS Fiscal Year 2026-27 ESG Risk Framework Action Plan

Board-Level Priorities	Staff-Level Priorities		
	Policy and Programs	Operational	ESG Collaboration
<p>Review and approve updates to LACERS ESG Risk Framework</p> <p>Review and approve proposed changes to LACERS Responsible Investment Policy</p> <p>Continue to support and seek new partnership with organizations and entities that are aligned with LACERS beliefs regarding responsible investment, sustainability, and ESG risk factors</p> <p>Continue to engage with companies to effectuate company-level climate transition</p> <p>Advocate for continued support of ESG investment factors and transparency around corporate ESG reporting</p>	<p>Provide ESG Risk Framework and PRI Action Plan progress reports to the Board</p> <p>Revise ESG Action Plan based on ESG Consultant and staff recommendations</p> <p>Review LACERS Responsible Investment Policy; recommend possible changes</p> <p>Consider the appropriateness of ESG-focused investing to include (but not limited to) index strategies ex-fossil fuels and actively-managed investment strategies that pursue renewable energy sources and/or reduced reliance on thermal coal and thermal coal-related businesses</p> <p>Consider including climate transition provisions in LACERS Responsible Investment Policy</p> <p>Consider the application of Diversity, Equity & Inclusion factors in the LACERS Investment Program</p>	<p>Continue to track and monitor exposure to investment holdings that may be misaligned with LACERS Responsible Investment Policy</p> <p>Continue to request investment managers to report ESG activity as provided in LACERS Responsible Investment Policy and PRI reporting requirements</p> <p>Collect and monitor ESG reports issued by LACERS active private equity and real estate managers and for any new partnerships going forward</p> <p>Ensure ESG risk factors are considered in the investment philosophy and process for LACERS' actively managed investment mandates</p> <p>Continue to explore impact investment strategies including, but not limited to ESG-focused index strategies and actively-managed investment strategies that pursue renewable energy sources and/or reduce reliance on coal and coal-related businesses</p> <p>Work with consultant to determine how to evaluate effectiveness of ESG strategies and fiscal impact</p> <p>Continue to track proxy votes</p> <p>Explore measurement approaches to determine ESG impact on the investment portfolio</p>	<p>Continue to collaborate with partner organizations including PRI and Kroner Center for Financial Research at the University of California at San Diego</p> <p>Continue to actively participate in ESG industry events</p> <p>Continue to engage with other PRI signatories and like-minded organizations that support ESG issues</p> <p>Collaborate with members of the Los Angeles Diversity & Inclusion Roundtable</p>



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: AUGUST 12, 2025
ITEM: VII - D

SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO €43.4 MILLION (APPROXIMATELY \$50 MILLION) IN EQT EXETER EUROPE LOGISTICS VALUE FUND V (NO. 2) SCSP

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

Recommendation

That the Board receive and file this notice of commitment of up to €43.4 million (approximately \$50 million) in EQT Exeter Europe Logistics Value Fund V (No. 2) SCSp.

Discussion

On June 24, 2025, the Board, in closed session pursuant to Government Code Section 54956.81, approved a commitment of up to €43.4 million (approximately \$50 million) in the following private real estate fund: EQT Exeter Europe Logistics Value Fund V (No. 2) SCSp. Board vote: Ayes 7 (Commissioners Thuy Huynh, Elizabeth Lee, Gaylord "Rusty" Roten, Sung Won Sohn, Michael Wilkinson, Vice President Janna Sidley, and President Annie Chao); and Nays, none. The investment closed on August 1, 2025.

Prepared By: Ellen Chen, Director of Private Markets and ESG Risk Officer, Investment Officer III, Investment Division

TB:RJ:WL:RM:EC

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Board Mtg: 08/12/25
Item: VIII-C

MEMORANDUM

To: Board of Administration, Los Angeles City Employees' Retirement System

From: Joshua Geller, Supervising Attorney *jmg*

Date: August 12, 2025

Re: Amendment to Litigation Services Contract with Kutak Rock LLP

CC: Todd Bouey, Interim General Manager

RECOMMENDATIONS

Pursuant to the discussion during the City Attorney's closed session briefing regarding *International Brotherhood of Electrical Workers, Local 18 v. City of Los Angeles*, Case No. 24STCP02171, we recommend that the Board:

1. Approve an amendment to contract number C-147004 to increase the expenditure limit by \$150,000 for a total contract amount of \$250,000; and
2. Authorize the Interim General Manager to execute such contract amendments on behalf of the Board, subject to the City Attorney's approval as to form.

JMG:np