

## ***Investment Committee Agenda***

### **REGULAR MEETING**

**TUESDAY, OCTOBER 14, 2025**

**TIME: 10:30 A.M. OR IMMEDIATELY  
FOLLOWING THE REGULAR  
BOARD MEETING**

### **MEETING LOCATION:**

LACERS Boardroom  
977 N. Broadway  
Los Angeles, California 90012

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

An opportunity for the public to address the Committee in person from the Boardroom and provide comment on items of interest that are within the subject matter jurisdiction of the Committee 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](#).

#### **Disclaimer to Participants**

Please be advised that all LACERS Committee meetings are recorded.

**LACERS Website Address/link:**  
[www.LACERS.org](http://www.LACERS.org)

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

Chair: Thuy Huynh  
Committee Member: Gaylord "Rusty" Roten  
Commissioner-Elect: Susan Liem  
Manager-Secretary: Todd Bouey  
Executive Assistant: Ani Ghoukassian  
Legal Counselor: 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](http://ethics.lacity.org/lobbying). For assistance, please contact the Ethics Commission at (213) 978-1960 or [ethics.commission@lacity.org](mailto:ethics.commission@lacity.org).

#### **Request for Services**

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

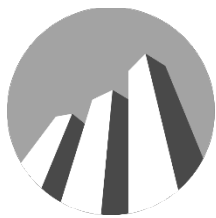
Sign Language Interpreters, Communication Access Real-Time Transcription, Assisted Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, please make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in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

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

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

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

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA
- II. [APPROVAL OF MINUTES FOR THE MEETING OF SEPTEMBER 9, 2025 AND POSSIBLE COMMITTEE ACTION](#)
- III. CHIEF INVESTMENT OFFICER VERBAL REPORT
- IV. [PRESENTATION BY NORTHERN TRUST REGARDING SECURITIES LENDING ACTIVITY REPORT FOR THE PERIOD JULY 1, 2024 TO JUNE 30, 2025](#)
- V. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER SALE OF TWO PARTICULAR, SPECIFIC REAL ESTATE INVESTMENTS AND POSSIBLE COMMITTEE ACTION**
- VI. OTHER BUSINESS
- VII. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, November 11, 2025, at 10:30 a.m., or immediately following the Board Meeting in the LACERS Boardroom at 977 N. Broadway, Los Angeles, CA 90012-1728.
- VIII. ADJOURNMENT



## ***Board of Administration Agenda***

### **SPECIAL MEETING**

**TUESDAY, OCTOBER 14, 2025**

**TIME: 10:30 A.M. OR IMMEDIATELY  
FOLLOWING THE REGULAR  
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President: Annie Chao  
Vice President: Janna Sidley

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

Commissioner-Elect: Susan Liem

Manager-Secretary: Todd Bouey

Executive Assistant: Ani Ghoukassian

Legal Counsel: City Attorney's Office  
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Counsel Division

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- VIII. ADJOURNMENT

MINUTES OF THE REGULAR MEETING  
**INVESTMENT COMMITTEE**  
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

September 9, 2025

12:24 p.m.

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PRESENT:	Presiding Officer:	Annie Chao
	Committee Member:	Gaylord "Rusty" Roten
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Todd Bouey
	Executive Assistant:	Ani Ghoukassian
	Commissioner:	Thomas Moutes
ABSENT:	Chair:	Thuy Huynh

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

Commissioner Moutes joined the Investment Committee meeting. Any votes were taken by Investment Committee members only.

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – Presiding Officer Chao asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there were no public comment cards submitted.

II

APPROVAL OF MINUTES FOR THE MEETING OF JULY 8, 2025 AND POSSIBLE COMMITTEE ACTION – Committee Member Roten moved approval, and adopted by the following vote: Ayes, Committee Members Roten, and Presiding Officer Chao -2; Nays, None.

III

CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, discussed the following item:

- Distribution of Investment Committee Forward Calendar.
- Distribution and review of the inaugural Public Markets Manager Watch List Report.

#### IV

INVESTMENT MANAGER CONTRACT WITH OBERWEIS ASSET MANAGEMENT, INC. REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. SMALL CAP EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION – Barbara Sandoval, Investment Officer II, presented and discussed this item with the Committee for two minutes. Committee Member Roten moved approval, and adopted by the following vote: Ayes, Committee Members Roten, and Presiding Officer Chao -2; Nays, None.

#### V

PROXY VOTING ACTIVITY REPORT FOR THE PERIOD ENDING JULY 1, 2024 TO JUNE 30, 2025 – Rod June, Chief Investment Officer, and Wendy Norman, Investment Officer I, presented and discussed this item with the Committee for 17 minutes. Presiding Officer Chao requested a report with votes that are within the LACERS Investment Policy and votes outside the LACERS Investment Policy. This report was received by the Board and filed.

#### VI

OTHER BUSINESS – Presiding Officer Chao requested staff to consider alternative ways to have a better understanding of the Proxy Voting policy.

#### VII

NEXT MEETING: The next Regular Meeting of the Investment Committee is scheduled for Tuesday, October 14, 2025, at 10:30 a.m. or immediately following the Board Meeting, in the LACERS Boardroom at 977 N. Broadway, Los Angeles, CA 90012-1728.

#### VIII

ADJOURNMENT – There being no further business before the Committee, Presiding Officer Chao adjourned the meeting at 12:58 p.m.

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Annie Chao  
Presiding Officer

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Todd Bouey  
Manager-Secretary



# Northern Trust Global Securities Lending

Prepared for: Los Angeles City Employees' Retirement System (LACERS)

Reporting Date: July 1<sup>st</sup> 2024 – June 30<sup>th</sup> 2025

**PRESENTED BY:**

**Todd Wandell**

Sr Relationship Manager  
Securities Finance

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## Biography

Todd Wandell joined the Securities Finance organization in December 2022 as Relationship Manager for US Public Funds, Foundations & Endowments and Investment Manager clients. Todd joined Northern Trust in 2011 in Investment Operations Outsourcing where he primarily handled front/back-office reconciliations and cash processing. He then transitioned over to Hedge Fund Services before moving to the Global Fund Services Client team in 2015. For seven years, Todd was an integral member of the GFS Client Services Delivery Manager Team, servicing several global, strategic investment manager clients.

Todd received a Bachelor of Science degree from the University of Illinois and a Master of Business Administration degree from Northern Illinois University.

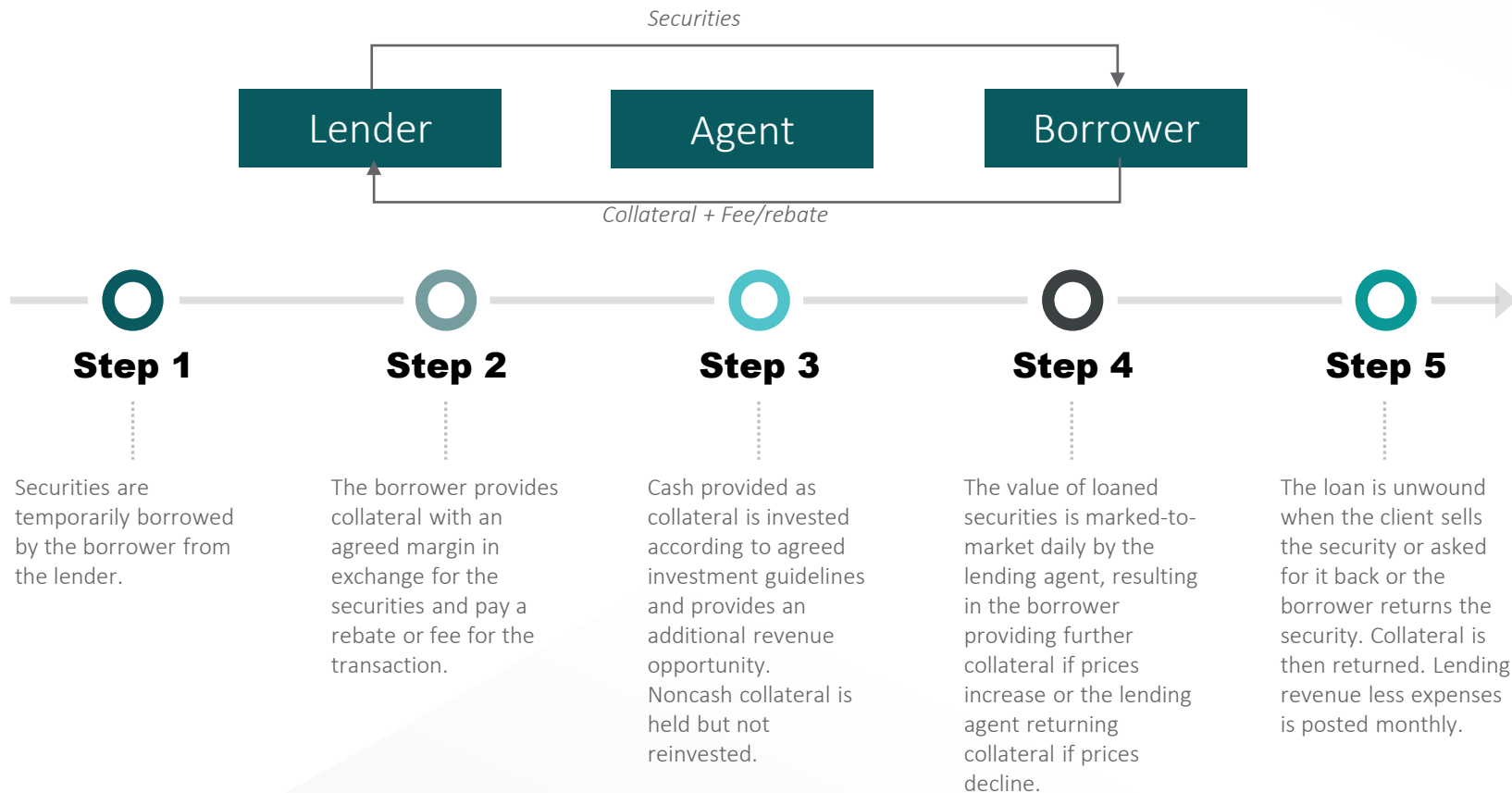


**Todd Wandell**

*Vice President, Sr Relationship  
Manager, Securities Finance,  
Asset Servicing*

# Securities Lending Defined

Securities transferred on a temporary basis from a lender to a borrower with the latter obliged to return the securities either on demand or at the end of a specific period.



## PARTIES TO A LOAN:

**Lender (LACERS)** - beneficial owner of the securities

**Borrower** - to whom the assets are being lent, usually a broker-dealer

**Lending Agent (Northern Trust)** - the party negotiating and facilitating the loan

**Re-investment manager** - portfolio manager/team who invests the cash collateral

# How Revenue is Generated

Example: Northern Trust lends \$25 million of US Equity

## Non-Cash Loan

The \$25 million market value loan is for 30 days collateralized by a US Treasury.

1	Receive non-cash collateral valued at <b>\$25,500,000</b> (102%)	
2	Fee charged to borrower on the value of the loan (20 bps)	\$4,167
3	Gross revenue (gross spread 20 bps) credited to client monthly	\$4,167
4	Monthly lender's fee (@ 20%)	<u>\$833</u>
5	<b>Net client earnings</b>	<b>\$3,333</b>

## Cash Loan

The \$25 million market value loan is for 30 days collateralized with cash (OBFR at 5.30%).

1	Receive cash collateral valued at <b>\$25,500,000</b> (102%)	
2	Cash collateral invested in a collateral pool at yield of 5.50%	\$116,875
3	Rebate paid to borrower at rate of 5.20%	\$(110,500)
4	Gross Revenue (gross spread 30 bps)	\$6,375
5	Monthly lender's fee (@ 20%)	<u>\$1,275</u>
6	<b>Net client earnings</b>	<b>\$5,100</b>

# Global Securities Lending

Designed to enhance the return of an overall investment program without interfering with the investment strategy.

*We strive to extract the highest amount of intrinsic value from each loan, while mitigating risk for the benefit of our clients.*



## WHO WE ARE

A core business within Northern Trust and an industry leader in terms of size, scale and innovation.

420

CLIENTS FROM 31 COUNTRIES

\$1.80T

OF LENDABLE SECURITIES\*

\$192B

OF LOANS OUTSTANDING\*

64

APPROVED BORROWERS AT PARENT LEVEL

## WHAT WE DO

- Cash Management
- Risk Management
- Customized participation and collateral selection
- Lend in 35 countries and 42 markets worldwide Equity & Fixed Income markets
- 24-hour trading
  - Supported by our single, multi-currency proprietary platform
  - Locations in Hong Kong, London, Toronto, Sydney and Chicago

## WHO WE SERVE

Corporations

Endowments and Foundations

Public Funds

Mutual Funds

Insurance

Government

Taft Hartley

\*Average for June 2025. \*\*CSD Central Security Depository.

# Managing Risk

Risk management is instrumental to our program

## BORROWER

Borrower defaults and collateral is not sufficient to cover

### Mitigating factors:

- Credit review of borrowers
- Over-collateralization / Daily marking
- Indemnification
- Risk Analysis tools



## INTEREST RATE

Loan rebate rate exceeds earnings on cash collateral investments

### Mitigating factors:

- Weekly gap analysis
- Shared risk
- Stress testing of portfolio

## TRADE SETTLEMENT

Fund sells securities and borrower doesn't return in time for trade to settle

### Mitigating factors:

- Timely communication
- Automated reallocations
- Trade settlement protection



## CASH COLLATERAL REINVESTMENT

Cash collateral investment becomes impaired or decreases value

### Mitigating factors:

- Client approved guidelines
- Dedicated team of fixed income research analysts
- Daily automated compliance

# Securities Lending Demand Trends

As we enter 2H 2025, persistently volatility in market prices, stubborn inflation, prolonged higher interest rates and continued geopolitical uncertainty will drive demand dynamics. Overall, 2Q2025 securities lending revenue was up 22%\* YOY, reacting favorably to extended market volatility, but fees remain tight.

## Borrower Demand Trends

**Leverage, capital and balance sheet constraints for borrowers driving differentiation between collateral sets, trades and jurisdictions for lenders**

Equities		Fixed Income	
( + ) fluctuating equity valuations	( + ) Shift away from HF long bias	( + ) High Bond Yields	( + ) Volatility along the curve driving specials
( + ) EM demand e.g. Saudi, Korea	( + ) Reduced PB Internalization	( + ) Elevated demand for HQLA vs Equity	( - ) Compression in XCCY Spreads
( + ) Sector specific demand e.g. EV and AI	( - ) Avg Fees remain low	( + ) EM assets impacted by US policy	( + ) HY corporate bonds well sought

Impact to specific clients will vary based on portfolio composition and lending parameters

## What does this mean for Lenders?

- ✓ Mobilize GC assets to maintain returns
- ✓ Collateral Flexibility
- ✓ Engagement on stock and term opportunities
- ✓ Borrower diversification
- ✓ Optimisation of assets
- ✓ Understanding capital and risk protection

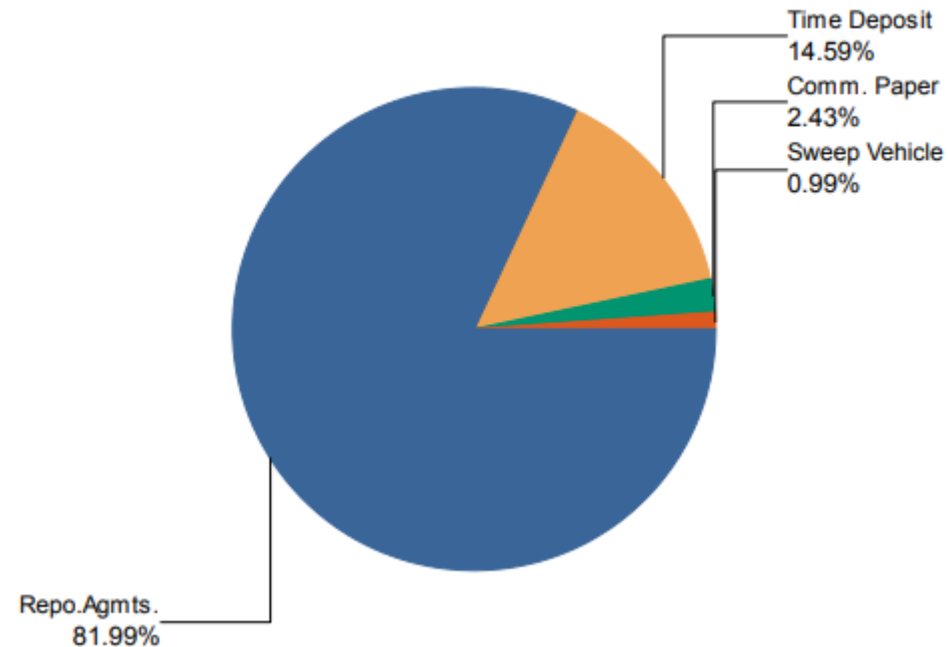
# Investment Profile: LACERS Custom Cash Collateral Fund

June 30, 2025

## LACERSCF - LACERS Custom Fund - USD

Characteristics		
Total Book Value (in USD)	205,629,751	
Weighted Average Maturity (Interest Reset Date)	1 Days	
Weighted Average Maturity (Maturity Date)	1 Days	
Average Equivalent Quality Rating	A1+	
Total Number of Issues	18	
Quality Distribution	Percentage	
A1+ (SHORT TERM)	93.67%	
A1 (SHORT TERM)	5.35%	
Cash Equiv (LONG TERM)	.99%	
Maturity Breakdown Distribution	Interest Reset	Maturity Date
Overnight	100.00%	100.00%
Industry/Sector Distribution	Percentage	
Banking Ind.	18.01%	
Broker/Dealer	81.99%	

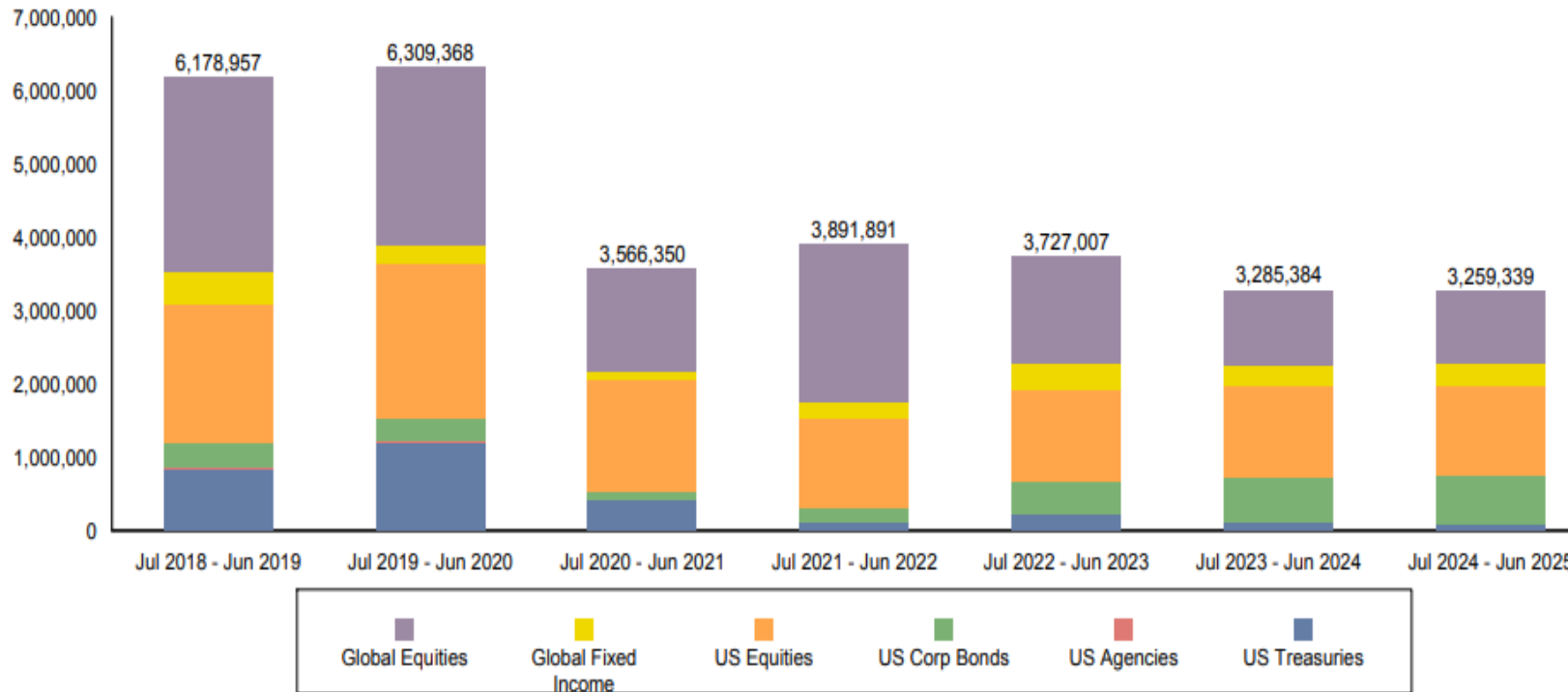
## Cash Collateral Asset Class Breakdown



NOTE: This information was created using the best unaudited data available to us and may not be completely reliable, accurate, or timely. Data is prepared on a settled basis, which may differ from traded basis data on the Cash Collateral Holdings report. "Traded Basis" reflects pending trades.

## Historical Earnings Summary – 7 Years

### Net Earnings



#### Notes:

- Los Angeles City Employees' Retirement System (LACERS) has historically received 85% of the total revenue and Northern Trust receiving 15%.
- Fee split has since been amended to 80% / 20% as of the new lending agreement effective August 1<sup>st</sup>, 2025.
- Cash collateral guidelines were adjusted to be more conservative (as compared to previous in-place guidelines) in March 2020. This, together with softer demand for borrowing equities drives the declining trend in revenue demonstrated here and on slide 13.
- Equities are accepted as collateral against equities loans only.

\$35,541,763

GROSS REVENUE

\$30,218,294

NET REVENUE

USD Cash, US Treasuries  
and Agencies, OECD Debt  
and Equities

COLLATERAL ACCEPTANCE

Lending Limit and Limited  
Acceptance of Equities  
Collateral

RESTRICTIONS

# PERFORMANCE SCORECARD

July 1<sup>st</sup> 2024 – June 30<sup>th</sup> 2025

Security Type	Market Value ( USD )		% on Loan	Gross	On Loan	Gross BP	Net
	Avg. on Loan	Avg. Available		Earnings ( USD )	Spread (bp)	Return (bp) *	Earnings ( USD )
US Treasuries	110,715,799	1,727,305,585	6.4%	126,964	11.3	0.7	107,936
US Agencies	0	72,379,692	0.0%	0	0.0	0.0	0
US Corp Bonds	96,867,319	914,460,847	10.6%	750,735	76.4	8.1	638,188
US Equities	532,571,617	5,548,657,475	9.6%	1,440,911	26.7	2.6	1,225,283
Global Fixed Income	90,723,559	1,032,631,152	8.8%	342,973	37.3	3.3	291,563
Global Equities	279,015,782	3,977,451,287	7.0%	1,171,985	41.4	2.9	996,368
<b>Total</b>	<b>1,109,894,076</b>	<b>13,272,886,038</b>	<b>8.4%</b>	<b>3,833,567</b>	<b>34.1</b>	<b>2.8</b>	<b>3,259,339</b>

July 1<sup>st</sup> 2025 – August 30<sup>th</sup> 2025 (2 months)

Security Type	Market Value ( USD )		% on Loan	Gross	On Loan	Gross BP	Net
	Avg. on Loan	Avg. Available		Earnings ( USD )	Spread (bp)	Return (bp) *	Earnings ( USD )
US Treasuries	120,080,710	1,796,235,827	6.7%	31,962	15.5	1.0	26,225
US Agencies	0	79,909,591	0.0%	0	0.0	0.0	0
US Corp Bonds	71,545,730	949,821,614	7.5%	74,766	60.7	4.6	61,850
US Equities	629,005,036	6,206,834,243	10.1%	399,415	36.9	3.7	329,067
Global Fixed Income	60,103,124	1,073,787,184	5.6%	42,091	40.7	2.3	34,780
Global Equities	296,689,430	4,112,989,722	7.2%	214,407	42.0	3.0	176,620
<b>Total</b>	<b>1,177,424,030</b>	<b>14,219,578,181</b>	<b>8.3%</b>	<b>762,641</b>	<b>37.6</b>	<b>3.1</b>	<b>628,541</b>

# PERFORMANCE SCORECARD: DATE RANGE COMPARISON

Security Type	Market Value ( USD )		% on Loan	Gross Earnings ( USD )	On Loan Spread (bp)	Gross BP Return (bp) *	Net Earnings ( USD )
	Avg. on Loan	Avg. Available					
From July, 2024 to June, 2025							
US Treasuries	110,715,799	1,727,305,585	6.4%	126,964	11.3	0.7	107,936
US Agencies	0	72,379,692	0.0%	0	0.0	0.0	0
US Corp Bonds	96,867,319	914,460,847	10.6%	750,735	76.4	8.1	638,188
US Equities	532,571,617	5,548,657,475	9.6%	1,440,911	26.7	2.6	1,225,283
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Total	1,109,894,076	13,272,886,038	8.4%	3,833,567	34.1	2.8	3,259,339
From July, 2023 to June, 2024							
US Treasuries	114,844,451	1,713,954,873	6.7%	150,598	12.9	0.9	128,026
US Agencies	26,670	71,680,291	0.0%	54	19.9	0.0	46
US Corp Bonds	103,173,464	881,614,096	11.7%	702,500	67.0	7.8	597,194
US Equities	503,301,340	4,785,070,697	10.5%	1,460,913	28.6	3.0	1,242,208
Global Fixed Income	82,756,202	974,607,786	8.5%	344,604	41.0	3.5	292,943
Global Equities	228,527,827	3,800,008,910	6.0%	1,205,664	51.9	3.1	1,024,967
Total	1,032,629,953	12,226,936,654	8.4%	3,864,332	36.8	3.1	3,285,384
Variance							
US Treasuries	-4,128,651	13,350,712	-0.3%	-23,634	-1.6	-0.1	-20,090
US Agencies	-26,670	699,401	0.0%	-54	-19.9	0.0	-46
US Corp Bonds	-6,306,145	32,846,751	-1.1%	48,235	9.5	0.3	40,994
US Equities	29,270,277	763,586,778	-0.9%	-20,002	-1.9	-0.4	-16,925
Global Fixed Income	7,967,357	58,023,366	0.3%	-1,631	-3.7	-0.2	-1,379
Global Equities	50,487,955	177,442,377	1.0%	-33,679	-10.5	-0.2	-28,599
Total	77,264,122	1,045,949,384	-0.1%	-30,765	-2.7	-0.3	-26,045

# PERFORMANCE SCORECARD: TOP TEN EARNING SECURITIES

## Top 10 Earning Securities

Security Name	CUSIP	Average Lendable	Utilisation	Average On Loan	Average Spread	Net Earnings
LAOPU GOLD CO LTD		1,118,292	63.2%	707,003	3,534.88	215,380
PVTPL REAL HERO MERGER SUB 2 INC 6.25%	75602BAA7	3,134,434	53.0%	1,661,692	360.56	51,634
PVTPL GRAFTECH FINANCE INC 4.625%	384311AC0	424,493	94.1%	399,389	1,277.51	43,971
PVTPL GRAFTECH FIN INC 4.625% DUE	384311AA4	505,776	99.4%	502,567	990.24	42,889
PVTPL SCIH SALT HLDGS INC 6.625% DUE	78433BAB4	3,951,575	26.1%	1,030,182	464.76	41,262
DISH DBS CORP 7.75% DUE 07-01-2026	25470XAY1	1,037,748	74.7%	775,602	568.17	37,978
CAMTEK LTD COM STK	M20791105	5,927,522	62.6%	3,709,479	107.76	34,449
BIOMARIN PHARMACEUTICAL INC SR SUB NT	09061GAK7	793,237	93.6%	742,765	453.49	29,030
NUSCALE PWR CORP COM	67079K100	591,508	84.2%	497,790	647.00	27,757
PVTPL OSCAR ACQUISITIONCO LLC & OSCAR	687785AB1	5,220,640	16.4%	858,220	371.87	27,505
<b>Total</b>		<b>22,705,224</b>	<b>47.9%</b>	<b>10,884,689</b>	<b>588.30</b>	<b>551,855</b>
<b>Grand Total</b>		<b>13,272,886,041</b>	<b>8.4%</b>	<b>1,109,894,079</b>	<b>34.07</b>	<b>3,259,339</b>

# Potential Program Enhancements

Align risk profile with standard program parameters and protect loan volumes

1

## Amend Cash Collateral Reinvestment Guidelines

- Duration Guidelines - increase the permissible holding period for individual securities to align with established standard guidelines
- Eligible Security Types - reintroduce Asset-Backed Commercial Paper (“ABCP”) as an allowable investment vehicle within the portfolio
- Foreign Bank Exposure - Accept obligations issued by foreign commercial banks only if the issuing entity is domiciled in a country with a sovereign credit rating of A+ or higher
- Repo Exposure - raise the maximum allowable percentage of the Fund’s total assets that may be invested in repurchase agreements with a single counterparty from 15% to 25%

2

## Raising/Lifting of Limits on Loan to Borrowers

- Increase the maximum allowable value of Borrowed Securities to a single Borrower (including affiliated entities) from the current 20% threshold to a higher limit, enhancing flexibility in borrower engagement.
- Expanded loan volumes to qualified borrowers generate incremental lending revenue
- No change to existing borrower default indemnification; current protections remain in place

3

## Omnibus Pledge

- International borrowers seek to reduce capital costs, making Omnibus Pledge structure attractive
- Clients approving this model may protect or increase their general collateral utilization (impacts may vary by portfolio and borrower approvals)
- No change to existing borrower default indemnification; current protections remain in place
- No additional risk for clients compared to Title Transfer

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