LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Board of Administration Agenda

REGULAR MEETING

TUESDAY, JANUARY 24, 2023

TIME: 10:00 A.M.

MEETING LOCATION:

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Board of Administration's January 24, 2023 meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to listen and or participate:
Dial: (669) 254-5252 or (669) 216-1590
Meeting ID# 161 522 1921

Instructions for call-in participants:

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

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

LACERS Website Address/link:
www.LACERS.org

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

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

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

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

CLICK HERE TO ACCESS BOARD REPORTS

I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* - **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD**

II. BOARD PRESIDENT VERBAL REPORT

III. GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS

B. UPCOMING AGENDA ITEMS

IV. RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR DECEMBER 2022

B. ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AND POPULAR ANNUAL FINANCIAL REPORT (PAFR) FOR FISCAL YEAR ENDED JUNE 30, 2022

V. COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON JANUARY 10, 2023

B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON JANUARY 24, 2023

VI. CONSENT ITEM(S)

A. FINDINGS TO CONTINUE TELECONFERENCE MEETINGS AND DETERMINATION THAT COVID-19 STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF MEMBERS TO MEET SAFELY IN PERSON AND POSSIBLE BOARD ACTION

VII. BOARD/DEPARTMENT ADMINISTRATION

A. TRAVEL AUTHORITY – COMMISSIONER SUNG WON SOHN; 95TH INTERNATIONAL ATLANTIC ECONOMIC CONFERENCE, ROME, ITALY; MARCH 22-25, 2023 AND POSSIBLE BOARD ACTION

B. ADOPTION OF 2023 EMPLOYEE MEMBER OF THE BOARD ELECTION CALENDAR AND POSSIBLE BOARD ACTION

C. APPROVAL OF A ONE-YEAR CONTRACT TO EXPERIENCE INSTITUTE, LLC FOR MIXED MEDIA DEI FELLOWSHIP PROGRAM CONSULTING SERVICES AND POSSIBLE BOARD ACTION

VIII. INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS

B. PRESENTATION BY TOWNSEND HOLDINGS LLC OF THE PRIVATE REAL ESTATE PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING JUNE 30, 2022

C. INVESTMENT MANAGER CONTRACT WITH PRINCIPAL GLOBAL INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. MID CAP CORE EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION

D. INVESTMENT MANAGER CONTRACT WITH DIMENSIONAL FUND ADVISORS LP REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS VALUE EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION

IX. DISABILITY RETIREMENT APPLICATION(S)

A. CONSIDERATION OF DISABILITY RETIREMENT APPLICATION FOR TIP WHITING AND POSSIBLE BOARD ACTION

X. OTHER BUSINESS

XI. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, February 14, 2023 at 10:00 a.m. at LACERS, 202 West 1st Street, Suite 500, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to public health concerns relating to the novel coronavirus continue.

XII. ADJOURNMENT

Agenda of:	JAN. 24, 2023
Item No:	IV-A

MONTHLY REPORT ON SEMINARS AND CONFERENCES ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS (FOR THE MONTH OF DECEMBER 2022)

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

BOARD MEMBERS:

President Nilza R. Serrano
Vice President Elizabeth Lee

Commissioner Annie Chao
Commissioner Thuy Huynh
Commissioner Janna Sidley
Commissioner Sung Won Sohn
Commissioner Michael R. Wilkinson

DATE(S) OF EVENT	SEMINAR / CONFERENCE TITLE	EVENT SPONSOR (ORGANIZATION)	LOCATION (CITY, STATE)
	NOTHING TO REPORT		

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

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

MEETING: JANUARY 24, 2023
ITEM: IV - B

SUBJECT: **ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AND POPULAR ANNUAL FINANCIAL REPORT (PAFR) FOR FISCAL YEAR ENDED JUNE 30, 2022**

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

Recommendation

That the Board receive and file the attached reports.

Executive Summary

Each year, LACERS publishes an Annual Comprehensive Financial Report (ACFR) that contains the System's audited financial statements, investment performance results, and review of actuarial valuations. The ACFR provides a look back at the fiscal year just ended regarding LACERS' operations and financial condition.

Designed to supplement the ACFR, a Popular Annual Financial Report (PAFR) presents financial information in a short, condensed and easily understood manner. It communicates selected financial information to a broader audience and those who may need or desire a less detailed overview of LACERS' financial activities.

Discussion

Annual Comprehensive Financial Report (ACFR)

Financial information of interest, as well as a summary of the year's accomplishments, are found in the General Manager's *Letter of Transmittal* in the *Introduction Section*. This is followed by *Financial Section* which includes financial highlights and analysis in narrative format titled *Management's Discussion and Analysis*, LACERS' audited financial statements, as well as the External Auditor's opinion. These Financial Statements will be transmitted to the City subsequent to the presentation of this item to the Board, as is done annually in accordance with the 115 Trust Fund agreement between the Board and the City. The remaining three sections are *Investment* which discusses the investment results and activities; *Actuarial* which includes the condensed actuarial valuations; and *Statistical* which provides historical information.

The ACFR is prepared in accordance with the requirements of the Government Finance Officers Association (GFOA) and has been submitted for consideration in the GFOA's Achievement for Excellence in Financial Reporting Award. The award which LACERS has received annually for the last 23 years, recognizes individual governments that succeed in demonstrating a spirit of transparency and full disclosures in their ACFRs.

Popular Annual Financial Report (PAFR)

The PAFR presents information extracted from the ACFR in a readily accessible format and easily understandable to the general public and other interested parties without a background in public finance. Selected financial information such as LACERS Fiduciary Net Position, funded ratios, investment allocation and performance, and trends in Membership and benefit payments are presented in an easy-to-follow format in the PAFR.

The web-based version of the document, developed with Members' experience in mind, has embedded features to make the report more user-friendly. Staff believes the interactive version provides the true form of how the document is intended to be viewed by interested LACERS Members and the general public. Staff plans to distribute the PAFR to our Members via email blast and newsletters, as well as posting the link on LACERS' social media accounts.

LACERS has been a recipient of GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting since 2019. The PAFR award recognizes an individual government based on an evaluation of the information presented, reader appeal, understandability, distribution, and PAFR's creativity and usefulness. The 2022 PAFR was submitted to the GFOA for PAFR award consideration.

<u>Prepared By:</u> Jo Ann Peralta, Departmental Chief Accountant III

NMG:TB:JP

Attachments: 1. Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2022
2. Popular Annual Financial Report for Fiscal Year Ended June 30, 2022

BOARD Meeting: 01/24/23
Item : IV - B
Attachment 1

85

LACERS

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
A Component Unit of the City of Los Angeles, California

ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2022

2022

Los Angeles City Employees' Retirement System

A Component Unit of the City of Los Angeles, California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

Issued by
Neil M. Guglielmo
General Manager

PO Box 512218
Los Angeles, CA 90051-0218
www.LACERS.org

Table of Contents

Table of Contents (Continued)

Table of Contents (Continued)

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Introduction

LACERS

Celebrating 85 Years

LA CITY EMPLOYEES' RETIREMENT SYSTEM

P.O. Box 512218
Los Angeles, CA
90051-0218

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

www.LACERS.org
lacers.services@lacers.org

December 15, 2022

LETTER OF TRANSMITTAL

Dear Members of the Board:

We are pleased to present the Los Angeles City Employees' Retirement System (LACERS, or the System) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022, the System's 85th year of operation. This report is intended to provide a comprehensive review of our financial condition at conclusion of the fiscal year including the System's audited financial statements, investment performance results, and actuarial valuations for retirement and health benefit plans.

LACERS History, Participants, and Services

In 1937, the Los Angeles City Charter established LACERS as a retirement trust fund for the purpose of providing the civilian employees of the City of Los Angeles (the City), a defined benefit retirement plan inclusive of service retirements, disability retirements, and survivor benefits. In 1999, LACERS began administering the retiree health insurance program. All regular, full-time, and certified part-time City employees are eligible for LACERS benefits except employees of the Department of Water and Power, and sworn personnel who are members of the Los Angeles Fire and Police Pensions. Today, approximately 25,000 Active Members and over 22,000 Retired Members and beneficiaries count on LACERS to provide a lifetime of retirement benefits.

Two years ago, LACERS had approximately 27,500 Active Members and 20,400 Retired Members and beneficiaries. Among other reasons for this shift in the number of Active Members versus Retired Members and beneficiaries, is the COVID-19 pandemic which caused the City to offer a Separation Incentive Program (SIP) to its employees in order to reduce its financial risk. The SIP offered retirement eligible employees a non-pensionable financial incentive to retire and did not impact retirement benefits. Over a two-year period, in addition to normal retirements, LACERS retired 1,785 SIP participants, concluding with the completion of the Port of Los Angeles SIP in December 2021.

Governance

Board of Administration

The LACERS Board of Administration (Board), consists of four Commissioners appointed by the Mayor and three Commissioners elected by the Members. Commissioners Thuy T. Huynh and Janna Sidley were appointed by the Mayor for a five-year term (replacing Commissioner Sandra Lee whose term ended June 30, 2022) and a two-year term (completing the term of departed Commissioner Cynthia Ruiz) respectively beginning August 5, 2022. The Board sets general policy and adopts rules and regulations necessary to operate LACERS. Among other duties, the Board directs investment strategy and policy for the System's assets, determines the health insurance carriers and health subsidy levels for retired employees, and approves Members' retirement applications, including applications for disability retirements. In July 2022, the City issued its Charter-mandated Management Audit report of LACERS covering the time period of 2013 through 2021, including investment performance, asset allocation, administrative expense, actuarial methods and assumptions, best practices and policies, and governance and fiduciary responsibilities. The Management Audit found that LACERS is generally operating in an efficient and effective manner and highlighted many positive aspects relating to LACERS operations.

Strategic Plan

LACERS' mission is *to protect and grow our trust fund and to ensure the sustainable delivery of ethical, reliable, and efficient retirement services to our Members*. To help achieve this, LACERS' Strategic Plan is focused on the following seven goals:

1. Provide Outstanding Customer Service
2. Deliver Accurate and Timely Member Benefits
3. Improve Value and Minimize Costs of Members' Health and Wellness Benefits
4. Optimize Long-Term Risk-Adjusted Investment Returns
5. Uphold Good Governance Practices which Affirm Transparency, Accountability, and Fiduciary Duty
6. Increase Organizational Effectiveness, Efficiency and Resiliency
7. Recruit, Retain, Mentor, Empower, and Promote a High-Performing Workforce

Environmental, Social, and Governance Priorities for the Health of the Organization

The recognition of the importance of Environmental, Social and Governance (ESG) risk factors and Diversity, Equity and Inclusion in investments and the workplace has grown for LACERS under the direction of the Board, becoming organizational priorities.

Diversity, Equity and Inclusion in the Workplace

LACERS has embarked upon a Diversity, Equity, and Inclusion (DEI) initiative designed to open dialogue between staff and management on mutual needs. This effort focuses on instilling a high development culture – one that values the growth of individuals. Through the DEI initiative, LACERS intends to address the needs of all employees, clearly express the direction of the organization, and create pathways for growth into positions of leadership for all employees across the organization equally. As LACERS builds up its workforce, the DEI effort will further extend DEI principles to the Membership.

Environmental, Social, and Governance Factors in Investing

LACERS Board approved its first ESG Risk Framework that outlines how ESG risk factors will be integrated into LACERS investment program for the current and following fiscal years. In addition, LACERS Board approved amendments to its Proxy Voting Policy that addressed particular voting positions specific to, and support of, ESG issues including:

a. Lack of Women Representation on Corporate Boards
b. Gender, Race, or Ethnicity Pay Gap
c. Reports on Employee Diversity
d. Social & Environmental Issues

LACERS drafted a Responsible Investment Policy, which includes an ESG belief statement, defines broad goals and focused objectives, how ESG will be integrated into LACERS investment process, and monitoring and reporting requirements. The Responsible Investment Policy is designed to align with the broader mission and goals of the United Nations Principles for Responsible (PRI) Investing through support of its six PRI principles.

LACERS also enhanced outreach efforts to emerging managers that have potential to add value to the LACERS portfolio but would otherwise not be identified through the standard search process. One example of this effort was the launch of LACERS Emerging Manager Symposium, a semi-annual event for emerging investment managers interested in learning about LACERS Emerging Manager program, meeting LACERS staff and investment consultants, and understanding LACERS manager search and selection process.

Funding Status and Progress

Actuarial assumptions are used in the actuarial valuation process for measuring the liabilities of the plan and the contribution requirements of the plan sponsor. While the City Charter requires that an actuarial experience study be completed every five years, the typical timeframe between experience studies for LACERS has been three years. LACERS' last experience study for the period of July 1, 2016 to June 30, 2019, was completed in 2020 with the Board adopting several assumption changes, including a reduction in the inflation assumption from 3.00% to 2.75% and a corresponding reduction in the investment return assumption from 7.25% to 7.00%. The Board also updated mortality tables to Public

Retirements Plan Mortality Tables based on public sector pension plan experience. The next actuarial experience study is anticipated to be completed in 2023.

Annual actuarial valuations are performed by LACERS' consulting actuary to determine the actuarial accrued liability arisen from the benefits promised by the City, among other things. Such liability is expected to be met by LACERS' assets accumulated through City contributions, Member contributions, and investment returns. The funding status, commonly expressed by the term "funded ratio," is calculated by dividing the plan assets, based either on actuarial (smoothed) value or fair value, by the actuarial accrued liabilities. The funded ratio is a snapshot of the relative status of LACERS' assets and liabilities at the end of each reporting year. Determined annually in the actuarial valuation, it reflects changes that affect the assets and liabilities during the reporting year due to investment performance, change in demographics, assumptions, benefit terms, and other factors. Funded ratios are useful when they are looked at over several years to determine trends, and should be viewed in light of the economic situation at each time point. If the ratio is less than 100%, indicating an underfunding condition, then the underfunded portion is paid for by the City systematically over a period no longer than 20 years pursuant to LACERS' funding policy, which targets a funding status of 100% in the long run.

In the June 30, 2022 actuarial valuation, the combined funded ratio, based on the valuation value of assets, for the Retirement Plan and the Postemployment Health Care Plan increased by 1.8% year-over-year to 76.4%. Individually, the funded ratio, on the same actuarial basis, for the Retirement Plan increased from 71.6% to 73.3%; and for the Postemployment Health Care Plan, the ratio increased from 94.6% to 97.0%. The overall increase in the funded ratio coincides with a decrease of the Unfunded Actuarial Accrued Liabilities by 4.0% primarily as a result of greater than expected investment return (after asset smoothing) and lower than expected salary increases for continuing active members. The investment experience represented a System gain as the actuarial value return for all plans combined for June 30, 2022 was 7.62%, which exceeded the assumed rate of return of 7.00%.

Investment Summary

The System established its investment policies in accordance with Section 1106 of the Charter of the City of Los Angeles for the systematic administration of LACERS. The investment policies are designed to achieve the best risk-adjusted investment returns. The System's assets are managed on a total return basis in compliance with the investment policies to produce a total portfolio, long-term, real (above inflation), positive return above the asset allocation policy benchmark on a net-of-fee basis. Consequently, prudent risk-taking is warranted within the context of the overall portfolio diversification. The Board implements its risk management policy by monitoring the portfolio's compliance through the adoption of investment policies, guidelines, and procedures for determining the strategic management of investment risk, while allowing sufficient flexibility in capturing investment opportunities, as they may occur, and establishing reasonable risk parameters to ensure prudence and care in the management of the System's assets.

The portfolio consists of investments in U.S. and non-U.S. equities, fixed income, private equity, private real estate, public real assets, and short-term investments. The System's total portfolio, including cash and investments at fair value, was valued at $20.56 billion as of June 30, 2022, a decrease of $2 billion (8.7%) compared to the prior fiscal year. The portfolio posted a gross of fees return of -6.86% over a one-year period. The total fund outperformed its policy benchmark by 2.11% gross of fees return.

In fiscal year 2021-22, the Board adopted interim asset allocation policy targets to transition the portfolio to the long-term strategic asset allocation policy targets adopted by the Board in the prior fiscal year. This transition is anticipated to occur over a five-year time period to provide sufficient time to align private markets asset classes, which have a higher degree of illiquidity than public markets asset classes, with long-term policy targets.

The annualized investment returns in detail are presented in the Investment Results on page 82 of the Investment Section. The detail of investment income and loss can be found on pages 24-25 of the Financial Section. Other investment related information is summarized in the Investment Section of this report.

Financial Reporting

The financial statements included within this report are the responsibility of LACERS' management and have been prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP) as promulgated or adopted by the Governmental Accounting Standards Board (GASB). A system of internal controls is designed, implemented, and maintained by management, as a means to protect System assets, and to assure the integrity of LACERS' financial statements. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. Management is confident that its system of internal control, with oversight from LACERS Audit Committee, in tandem with internal audit staff, as well as the annual engagement of an independent external auditing firm to render an opinion on LACERS' financial statements, provide the requisite level of due diligence expected from a governmental pension system. This position is supported by our external auditor, Moss Adams, which has audited and expressed an unmodified opinion that LACERS' basic financial statements are free of material misstatement, presented fairly, and in conformity with US GAAP.

Awards and Acknowledgements

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to LACERS for its ACFR for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both US GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that this report for the fiscal year ended June 30, 2022, will again meet the requirements of the Certificate of Achievement Program and we are submitting it to the GFOA for consideration of an annual award.

PPCC Standards Award

The Public Pension Coordinating Council presented its Public Pension Standards Award For Funding and Administration to LACERS in recognition of compliance with professional standards for plan funding and administration for the fiscal year ended June 30, 2022. To receive this honor, LACERS was assessed to have met the standards in six key areas: Comprehensive Benefit Program, Actuarial Valuation, Independent Audit, Investments, Member Communications, and Funding Adequacy.

Acknowledgements

Lastly, I would like to acknowledge the professional and dedicated staff of the Fiscal Management Division of LACERS for the preparation of this report. I would also like to express appreciation for the leadership and commitment of the LACERS Commissioners, as well as all of LACERS' staff, as we navigate a global pandemic and continue to achieve high standards of performance and reporting. Lastly, I would also like to thank our external auditor, Moss Adams, and our consulting actuary, Segal, for their professional assistance in the preparation of this report.

Respectfully Submitted,

Neil M. Guglielmo

NEIL M. GUGLIELMO
General Manager

JO ANN PERALTA
Chief Accountant

Board of Administration
For the Fiscal Year Ended June 30, 2022

Cynthia M. Ruiz
President
(From July 2021 to May 2022)
Appointed by the Mayor

Sung Won Sohn
Vice President
Appointed by the Mayor

Annie Chao
Member
Elected by Active Members

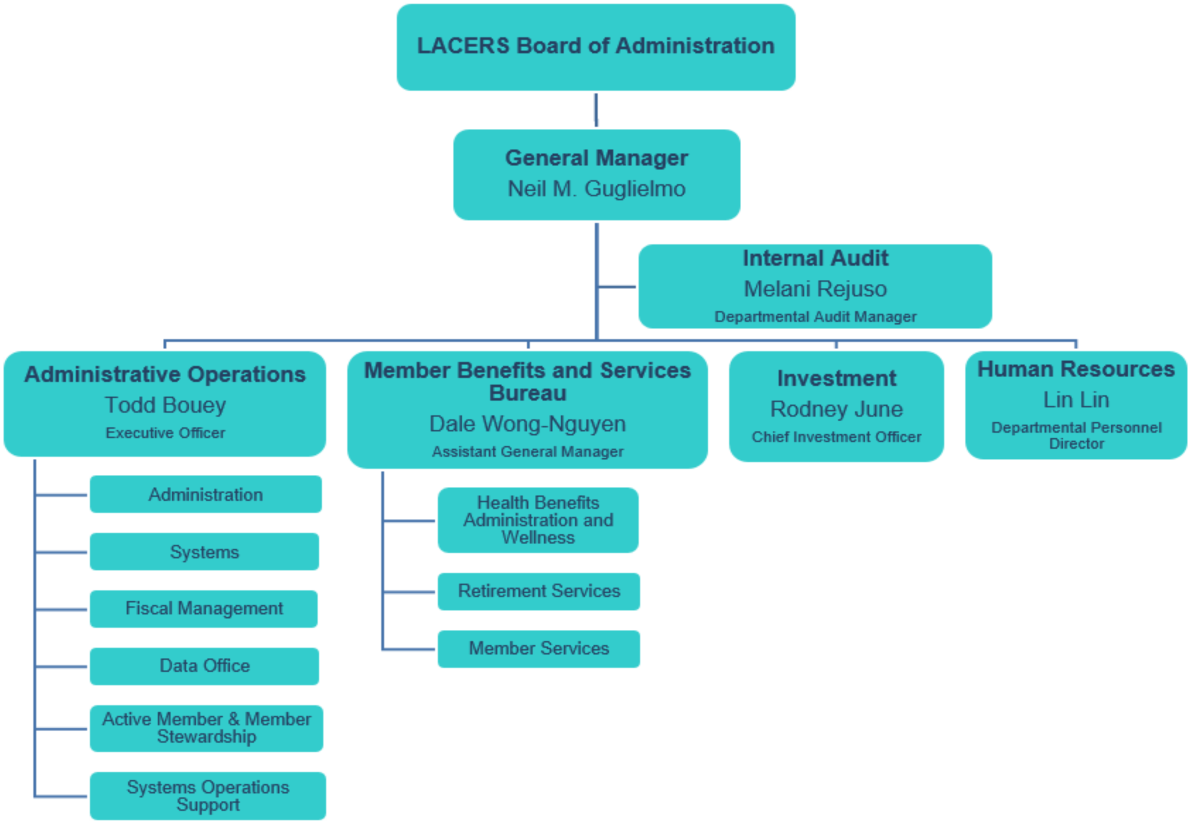
Elizabeth Lee
Member
Elected by Active Members

Sandra Lee
Member
Appointed by the Mayor

Nilza R. Serrano
Member
Appointed by the Mayor

Michael R. Wilkinson
Member
Elected by Retired Members

Organization Chart
As of June 30, 2022



Professional Consultants

Actuary

Segal Consulting

Independent Auditor

Moss Adams LLP

Investment Consultants

Aksia TorreyCove Capital Partners, LLC
NEPC, LLC
Townsend Holdings, LLC

Health & Welfare Consultant

Keenan & Associates

Legal/Fiduciary Counsel

Danning, Gill, Israel & Krasnoff, LLP
Ice Miller, LLP
Kutak Rock, LLP
Morgan, Lewis & Bockius, LLP
Nossaman, LLP
Reed Smith, LLP

Pension Administration System

Levi, Ray & Shoup, Inc.

Strategic Planning Consultants

Institutional Shareholder Services, Inc.

Note: Schedules of Fees and Commissions, Schedule of Investment Summary and List of Investment Advisors, Custodian and Other Consultants who provided services to LACERS, can be found in the Investment Section on pages 89, 90 and 91 - 93, respectively.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Los Angeles City Employees' Retirement System
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

AWARDED 23 CONSECUTIVE YEARS SINCE 1999

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2022

Presented to

Los Angeles City Employees' Retirement System (LACERS)

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

Alan H. Winkle
Program Administrator

AWARDED CONSECUTIVELY SINCE 2013

Financial

Report of Independent Auditors

The Board of Administration
Los Angeles City Employees' Retirement System

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying total columns of the retirement plan and the postemployment health care plan in the statements of fiduciary net position of Los Angeles City Employees' Retirement System (LACERS), a department of the Municipality of the City of Los Angeles, California, as of June 30, 2022, and the related total columns of the retirement plan and the postemployment health care plan in the statements of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective total columns of the fiduciary net position of the retirement plan and the postemployment health care plan of Los Angeles City Employees' Retirement System as of June 30, 2022, and the related total columns of the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LACERS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1, the financial statements of LACERS present the fiduciary net position and changes in fiduciary net position of the Municipality of the City of Los Angeles, California, that are attributable to the transactions of LACERS. The financial statements do not present fairly the financial position of the entire Municipality of the City of Los Angeles, California, as of June 30, 2022 and 2021, the changes in its financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 1 to the financial statements, LACERS adopted Government Accounting Standards Board Statement No. 87 *Leases* during the year ended June 30, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LACERS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Prior-Year Comparative Information

We have previously audited LACER's 2021 financial statements, and we expressed unmodified opinions on the respective total columns of the retirement plan and the postemployment health care plan in our report dated December 1, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis; the retirement plan's schedule of net pension liability, schedule of changes in net pension liability and related ratios, schedule of contribution history, and schedule of investment returns; and the postemployment health care plan's schedule of net OPEB liability, schedule of changes in net OPEB liability and related ratios, schedule of contribution history, and schedule of investment returns (collectively, the required supplementary information) be presented to supplement the basic financial statements.

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

Supplemental Schedules

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Los Angeles City Employees' Retirement System's basic financial statements. The schedule of administrative expenses and schedule of investment fees and expenses (collectively, the supplemental schedules) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

The introductory, investment, actuarial, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of LACERS. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Moss Adams LLP

El Segundo, California
December 5, 2022

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Los Angeles City Employees' Retirement System (LACERS), we are pleased to provide this overview and analysis of the financial activities of LACERS for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information included in our letter of transmittal in the Introductory Section of LACERS Annual Comprehensive Financial Report.

Financial Highlights

- The Los Angeles City Employees' Retirement System (LACERS or the System) fiduciary net position as of June 30, 2022 was $20,454,104,000, a decrease of $2,351,216,000 or 10.3% year-over-year.

- The total additions to the fiduciary net position of LACERS are from employer contributions made by the City of Los Angeles (the City), Member contributions, self-funded insurance premium, Members' portion of premium reserve, building lease and other income, and net investment income (loss). This fiscal year, net investment loss of $1,916,529,000 was incurred, representing a 136.2% decrease from prior fiscal year's investment income of $5,288,787,000. This resulted in a net decrease of $973,225,000 in fiduciary net position, a 115.6% decrease from the prior fiscal year's total additions of $6,218,960,000.

- The employer contributions to the Retirement Plan represented 100% of the Actuarially Determined Contribution of the employer as defined by the Governmental Accounting Standards Board (GASB) Statements No. 67*, Financial Reporting for Pension Plans,* and No. 68, *Accounting and Financial Reporting for Pensions.*

- The employer contributions to the Postemployment Health Care Plan represented 100% of the Actuarially Determined Contribution of the employer as defined by GASB Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans,* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

- The total deductions from the fiduciary net position were $1,377,991,000, a 7.9% increase year-over-year, for the payment of retirement and postemployment health care benefits, refunds of Member contributions, and administrative expenses.

- The System's Net Pension Liability (NPL) for the Retirement Plan was $7,065,660,000 as of June 30, 2022. NPL, a measure required by GASB Statement No. 67 to disclose in the financial notes of a pension plan, is the difference between the Total Pension Liability (TPL) and the plan fiduciary net position. As the plan fiduciary net position is equal to the fair value of the plan's assets, NPL is determined on a fair value basis. Compared with the previous fiscal year, the NPL increased by $2,701,903,000.

- The System's Net Other Postemployment Benefits (OPEB) Plan Liability for the postemployment health care benefits was $232,925,000 as of June 30, 2022. Net OPEB Liability is a measure required by GASB Statement No. 74. Net OPEB Liability is determined on a fair value basis and is the difference between the Total OPEB Liability (TOL) and the plan fiduciary net position. As compared with the previous fiscal year, the Net OPEB Liability increased by $494,499,000.

- The plan fiduciary net position as a percentage of TPL for the Retirement Plan, another required disclosure of GASB Statement No. 67, was 70.7%, which is the same as the funded ratio on a fair value basis reported in the actuarial valuation for the retirement benefits.

- The plan fiduciary net position as a percentage of TOL for the Postemployment Health Care Plan, another required disclosure of GASB Statement No. 74, was 93.5%, which is the same as the funded ratio on a fair value basis reported in the actuarial valuation for the postemployment health care benefits.

Overview of the Financial Statements

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

Financial Statements

There are two financial statements presented by LACERS. The Statement of Fiduciary Net Position on page 30 gives a snapshot of the account balances at year-end and shows the amount of the fiduciary net position (the difference between the assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources) available to pay future benefits. Over time, increases or decreases in fiduciary net position may serve as a useful indicator of whether the fiduciary net position of LACERS is improving or deteriorating. The Statement of Changes in Fiduciary Net Position on page 31 provides a view of current year additions to, and deductions from, the fiduciary net position.

Notes to the Basic Financial Statements

The notes to the basic financial statements (Notes) provide additional information that is essential for a full understanding of the data provided in the financial statements. The notes to the basic financial statements can be found on pages 32 – 57 of this report.

Required Supplementary Information

In addition to the Management's Discussion and Analysis, other required supplementary information consists of the Schedule of Net Pension Liability, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contribution History, and Schedule of Investment Returns (Losses) for the Retirement Plan, and the Schedule of Net OPEB (Asset) Liability, Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios, Schedule of Contribution History, and Schedule of Investment Returns (Losses) for the Postemployment Health Care Plan. These schedules and notes primarily present multi-year information as required by the applicable financial reporting standards of GASB Statements No. 67 and No. 74. This required supplementary information can be found on pages 60 - 71 of this report.

Supplemental Schedules

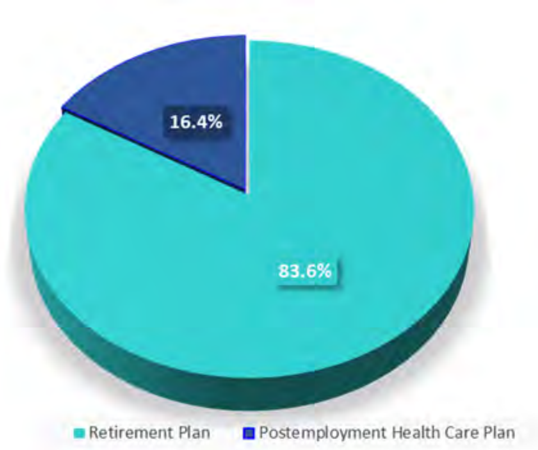
The supplemental schedules, including a Schedule of Administrative Expenses and a Schedule of Investment Fees and Expenses, are presented to provide additional financial information on LACERS operations for the current year. These can be found on pages 74 and 75 of this report.

Financial Analysis

Allocation of Fiduciary Net Position

Fiduciary net position may serve as a useful indicator of a plan's financial position. The total fiduciary net position is allocated between the Retirement Plan and Postemployment Health Care Plan, as required by the existing reporting standards. The following information provides a brief description of the asset allocation between the Retirement Plan and the Postemployment Health Care Plan as of June 30, 2022 (dollars in thousands):

	Fiduciary Net Position	Percent
Retirement Plan	$ 17,106,333	83.6%
Postemployment Health Care Plan	3,347,771	16.4
Fiduciary Net Position	$ 20,454,104	100.0%



Fiduciary Net Position

The following table and graph detail the components of the fiduciary net position of LACERS as of June 30, 2022 and 2021 (dollars in thousands):

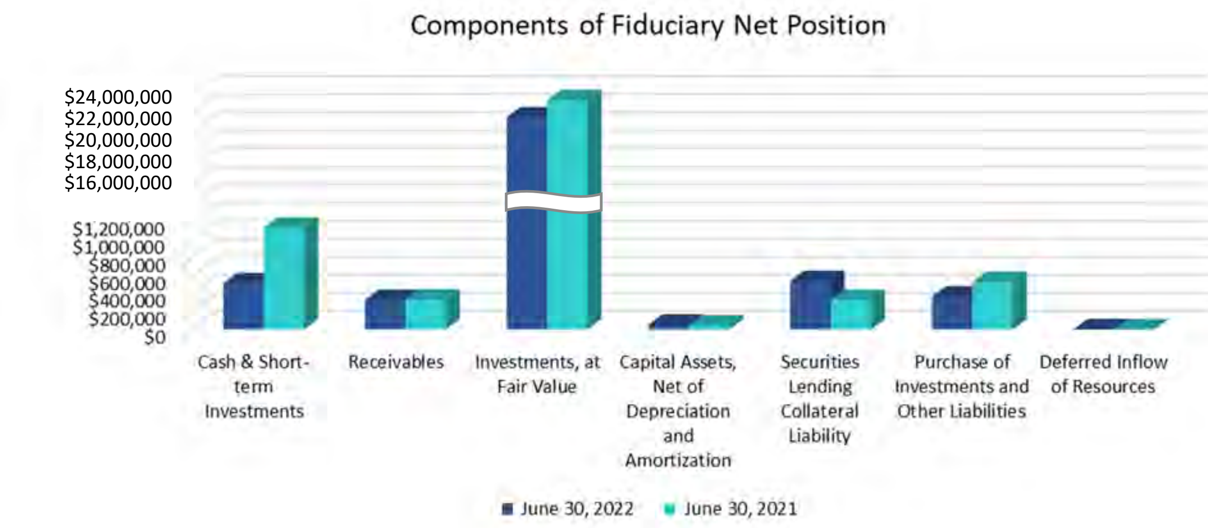
	June 30, 2022	June 30, 2021[1]	Change	
Cash and Short-Term Investments	$ 428,387	$ 1,075,484	$ (647,097)	(60.2) %
Receivables	225,716	231,340	(5,624)	(2.4)
Investments, at Fair Value	20,576,788	22,235,243	(1,658,455)	(7.5)
Capital Assets, Net of Depreciation and Amortization	53,305	44,475	8,830	19.9
Total Assets	21,284,196	23,586,542	(2,302,346)	(9.8)
Securities Lending Collateral Liability	515,988	275,940	240,048	87.0
Purchase of Investments and Other Liabilities	313,533	504,684	(191,151)	(37.9)
Total Liabilities	829,521	780,624	48,897	6.3
Deferred Inflow of Resources	571	598	(27)	(4.5)
Fiduciary Net Position Restricted for Pension Benefits and Postemployment Health Care Benefits	$ 20,454,104	$ 22,805,320	$ (2,351,216)	(10.3) %

[1]Some amounts were restated due to the implementation of GASB Statement 87 *Leases,* effective in fiscal year ending June 30, 2022 (see Notes on page 35).

Management's Discussion and Analysis

Financial Analysis (Continued)

Fiduciary Net Position (Continued)



The majority of LACERS fiduciary net position is contained in its investment portfolio, which consists of cash and short-term investments, receivables, fixed income, equities, real estate, private equity and other asset classes. Fiduciary net position decreased by $2,351,216,000 or 10.3%, during this fiscal year.

Net Increase (Decrease) in Fiduciary Net Position

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

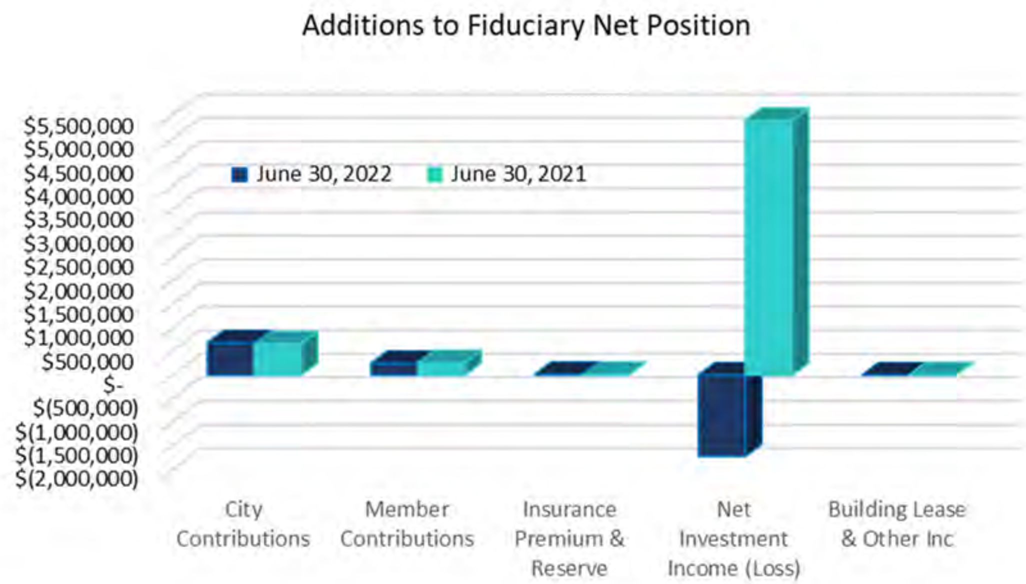
	June 30, 2022	June 30, 2021	Change	
Additions	$ (973,225)	$ 6,218,960	$ (7,192,185)	(115.6) %
Deductions	1,377,991	1,276,944	101,047	7.9
Net Increase (Decrease) in Fiduciary Net Position	(2,351,216)	4,942,016	(7,293,232)	(147.6)
Prior Period Adjustment	-	(20)	20	100.0
Fiduciary Net Position Beginning of Year	22,805,320	17,863,324	4,941,996	27.7
End of Year	$ 20,454,104	$ 22,805,320	$ (2,351,216)	(10.3) %

Financial Analysis (Continued)

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

The following table and graph represent the components that make up the additions to fiduciary net position for LACERS for the fiscal years ended June 30, 2022 and 2021 (dollars in thousands):

	June 30, 2022	June 30, 2021	Change
City Contributions	$ 682,928	$ 658,408	3.7 %
Member Contributions	245,879	259,285	(5.2)
Health Insurance Premium and Reserve	14,460	11,843	22.1
Net Investment Income (Loss)	(1,916,529)	5,288,787	(136.2)
Building Lease & Other Income	37	637	(94.2)
Additions to Fiduciary Net Position	$ (973,225)	$ 6,218,960	(115.6) %



The additions to LACERS fiduciary net position that primarily constitute the funding sources of LACERS benefits are City Contributions, Member Contributions, Health Insurance Premium and Reserve, and Net Investment Income (Loss). This fiscal year, total additions resulted in a decrease or reduction of $973,225,000 in Fiduciary Net Position, primarily due to the net investment loss of $1,916,529,000, a 136.2% decrease from the prior year net investment income of $5,288,787,000. This will be discussed in more detail in the next section.

City contributions to the Retirement Plan, the Postemployment Health Care Plan, and the Family Death Benefit Plan were $682,928,000 during the fiscal year. The total contributions increased by $24,520,000 or 3.7% higher than the prior fiscal year, mainly due to the higher contribution rates, notwithstanding, a slightly lower payroll base (approximately 5.35% decrease in payroll) for the reporting year. The total City contributions include a $75,194,000 true-up credit adjustment, a reduction from the City's contribution payment, to reconcile the difference of the City's contributions based on projected payroll against actual payroll. This true-up amount, which includes accrued interest at 7.00%, was recognized as liability as of the end of the reporting period. After reflecting the true-up adjustment, the aggregate employer contribution rate for this fiscal year was 31.69% (27.44% for the Retirement Plan and 4.25% for the Postemployment Health Care Plan), which is 2.78% higher than the prior fiscal year at 28.91%. Actual contribution of $591,234,000 to the Retirement Plan was equal to 100% of the Actuarially Determined Contribution (ADC) of the employer, as defined by GASB Statement No. 67. Actual contribution of $91,623,000 to the Postemployment Health Care Plan was equal to 100% of the ADC, as defined by GASB Statement No. 74.

Financial Analysis (Continued)

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

In fiscal year 2021-22, Member contributions were $245,879,000, which was $13,406,000 or 5.2% lower than the prior fiscal year. The decrease in Member contributions was due primarily to the decrease in the number of Members (and corresponding salaries), fully realizing the result of the Separation Incentive Programs (SIP) implemented by the City and the Los Angeles World Airports (LAWA) completed in the prior fiscal year as well as SIP implemented by the Harbor department completed during the current fiscal year.

LACERS Postemployment Health Care 115 Trust fund recognized revenue of $13,280,000 representing monthly dental insurance premium under the Delta Dental PPO and Anthem Vision self-funded plan and $1,180,000 of Member's portion from health insurance premium reserve.

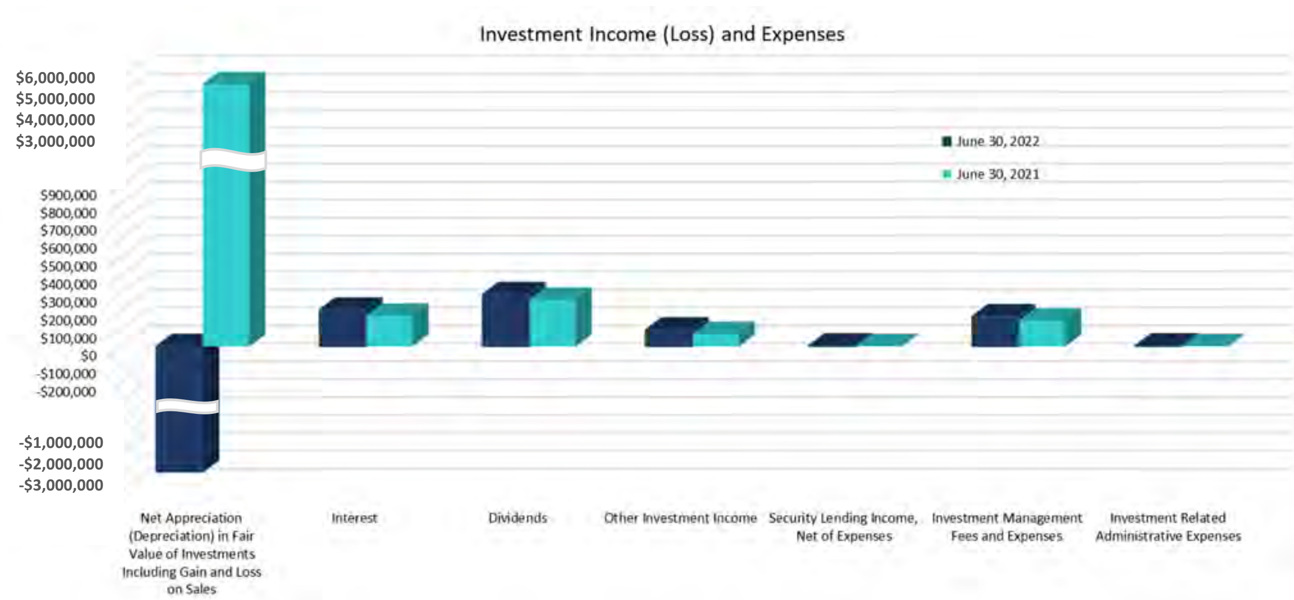
The net investment loss of $1,916,529,000 was mainly due to the $2,245,698,000 net depreciation in the fair value of investments, which will be discussed in the next section.

Investment Income (Loss)

The following table and graph present the detail of investment income (loss), net of investment management fees and expenses for the fiscal years ended June 30, 2022 and 2021 (dollars in thousands)

	June 30, 2022	June 30, 2021	Change
Net Appreciation (Depreciation) in Fair Value of Investments, Including Gain and Loss on Sales	$ (2,245,698)	$ 5,013,637	(144.8) %
Interest	152,971	122,453	24.9
Dividends	229,455	201,809	13.7
Other Investment Income	72,597	50,802	42.9
Securities Lending Income, Net of Expense	3,891	3,566	9.1
Sub-Total	(1,786,784)	5,392,267	(133.1)
Less: Investment Management Fees and Expenses	(126,174)	(100,225)	25.9
Investment Related Administrative Expenses	(3,571)	(3,255)	9.7
Net Investment Income (Loss)	$ (1,916,529)	$ 5,288,787	(136.2) %

Investment Income (Loss) (Continued)



The net investment loss for the current fiscal year was $1,916,529,000, as compared with the income of $5,288,787,000 for the previous fiscal year. This decrease was due primarily to a net depreciation in the fair value of investments of $2,245,698,000, compared with the previous fiscal year's increase of $5,013,637,000. This decrease in the fair value of investments is attributed to a decline in the public equity markets following robust returns in the previous fiscal year and increasing interest rates due to mounting inflationary pressures. The Russell 3000 Index, which tracks U.S. broad market equities, returned -13.9% compared with 44.2% for the previous year. The MSCI All Country World ex-U.S. Index, which tracks non-U.S. equities in developed and emerging markets, returned -19.4% compared with 35.7% for the previous year. Fixed income markets, as represented by the Bloomberg U.S. Aggregate Bond Index, experienced a drop in performance during the current fiscal year, returning -10.3% compared with -0.3% for the previous year.

Interest income derived from fixed income securities increased by 24.9%, or $30,518,000. The average coupon rate of LACERS' fixed income portfolio increased as the Federal Reserve took action to address inflation by increasing the fed funds rate. Dividend income derived from public equities increased by 13.7% or $27,646,000 as some public companies resumed dividends that had been suspended during the COVID-19 pandemic.

Other investment income, primarily derived from private equity and private real estate partnership investments, increased by 42.9%, or $21,795,000 as private equity managers made distributions in the process of winding down mature funds.

LACERS earns additional investment income by lending its securities to borrowers through its custodian bank. To earn income for LACERS, the custodian bank invests cash collateral pledged by borrowers on behalf of LACERS in short-term fixed income securities. LACERS also generates income from fees paid by borrowers that pledge non-cash collateral. In the current fiscal year, securities lending income (net of expense) increased by 9.1%, or $325,000 from a year ago.

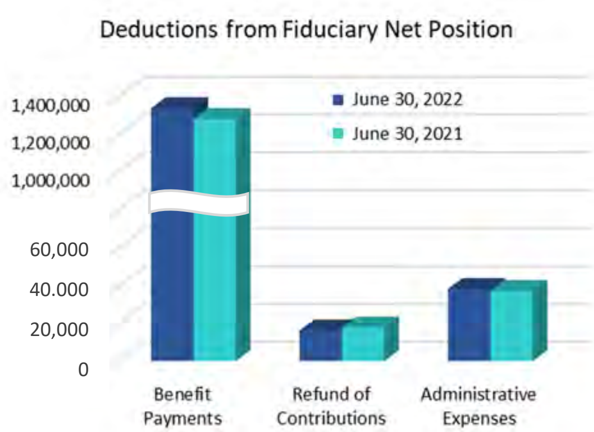
Total investment management fees, expenses, and investment related administrative expenses increased by 25.4% or $26,265,000, from the prior year. This increase corresponded with an increase in LACERS' exposure to private equity and private real estate, which is consistent with LACERS' current target asset allocation and strategic plan to increase returns.

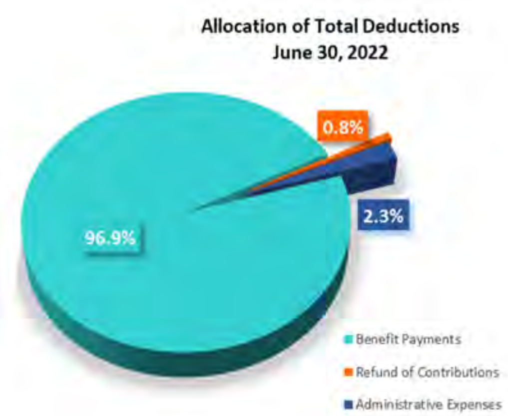
Financial Analysis (Continued)

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

The following table and graphs provide information related to the deductions from fiduciary net position for the fiscal years ended June 30, 2022 and 2021 (dollars in thousands):

	June 30, 2022	June 30, 2021	Change
Benefit Payments	$ 1,335,124	$ 1,228,276	8.7%
Refunds of Contributions	11,630	17,584	(33.9)
Administrative Expenses	31,237	31,084	0.5
Deductions from Fiduciary Net Position	$ 1,377,991	$ 1,276,944	7.9%





LACERS' deductions from fiduciary net position in this reporting period can be summarized as Benefit Payments, Refunds of Contributions, and Administrative Expenses. These deductions represent the types of benefit delivery operations undertaken by LACERS and the costs associated with them. Total deductions increased by $101,047,000 or 7.9% from the prior fiscal year.

Compared to the prior fiscal year, benefit payments increased by $106,848,000 or 8.7%. The benefit payments for the Retirement Plan increased by $96,089,000 or 9.0% mainly due to the annual cost of living adjustments (COLA) (approximately 3.0% increase on average); full year impact of the City and LAWA SIP completed during the prior year fiscal year and Harbor SIP that was completed in the current fiscal year which significantly increased the number of retirees and beneficiaries; and higher average retirement allowance of newly retired Members as compared to those of the deceased Members who were removed from the retirement payroll. Payments for Postemployment Health Care Plan benefits increased by $10,759,000 or 6.7%. This increase was mainly due to the increase in healthcare cost due to the significant increase in number of retirees and their dependents eligible for medical subsidy, mainly due to SIP; higher medical subsidy rates effective January 1, 2022; increased reimbursement of Medicare Part B premium mainly due to medical premium reimbursement rates increased; as well as significant increase in dental benefit claims paid for the Self-Funded Plan.

The Refunds of Member contributions decreased by $5,954,000 or 33.9% from the prior fiscal year's $17,584,000, mainly due to higher survivor contributions refunds resulted from SIP retirements in the prior fiscal year as compared to the current fiscal year and decrease in contribution refunds upon Members leaving the City service in the reporting year.

Financial Analysis (Continued)

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

LACERS' administrative expenses slightly increased by $153,000 or 0.5% from the prior fiscal year. Decreases in salary and overtime cost were offset to some degree by the increased employee benefit resulted from the increase in retirement contributions; IT related expenses were lower this year compared to last year when telecommuting and SIP related equipment purchases were made. While professional services and contractual fees slightly increased this fiscal year for legal, audit, actuarial, retired health consulting services as well the self-funded insurance administrative fee and fiduciary insurance expense.

Requests for Information

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

LACERS
Fiscal Management Division
PO Box 512218
Los Angeles, CA 90051-0218

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BASIC FINANCIAL STATEMENTS

Statement of Fiduciary Net Position
Retirement Plan and Postemployment Health Care Plan
As of June 30, 2022, with Comparative Totals
(In Thousands)

	Retirement Plan			Postemployment Health Care Plan			TOTAL FUND	
	Pension	FDBP & LA	Total	401(h)	115 Trust	Total	2022	2021
Assets								
Cash and Short-Term Investments	$ 356,319	$ 1,953	$ 358,272	$ 62,352	$ 7,763	$ 70,115	$ 428,387	$ 1,075,484
Receivables								
Accrued Investment Income	66,279	363	66,642	11,598	1,444	13,042	79,684	70,733
Proceeds from Sales of Investments	112,430	616	113,046	19,673	2,450	22,123	135,169	150,900
Other	9,035	50	9,085	519	1,259	1,778	10,863	9,707
Total Receivables	187,744	1,029	188,773	31,790	5,153	36,943	225,716	231,340
Investments, at Fair Value								
US Government Obligations	1,554,894	8,522	1,563,416	272,088	33,878	305,966	1,869,382	2,155,811
Municipal Bonds	12,397	68	12,465	2,169	270	2,439	14,904	12,075
Domestic Corporate Bonds	762,921	4,181	767,102	133,502	16,623	150,125	917,227	1,026,969
International Bonds	801,218	4,391	805,609	140,204	17,457	157,661	963,270	1,165,195
Other Fixed Income	663,933	3,639	667,572	116,180	14,466	130,646	798,218	1,104,497
Bank Loans	73,170	401	73,571	12,804	1,594	14,398	87,969	87,541
Opportunistic Debts	296,821	1,627	298,448	51,941	6,467	58,408	356,856	254,091
Domestic Stocks	4,336,885	23,769	4,360,654	758,903	94,493	853,396	5,214,050	6,077,976
International Stocks	3,566,718	19,548	3,586,266	624,133	77,712	701,845	4,288,111	5,423,627
Mortgages	480,410	2,633	483,043	84,066	10,467	94,533	577,576	451,539
Government Agencies	9,410	51	9,461	1,647	205	1,852	11,313	902
Derivative Instruments	(1,041)	(6)	(1,047)	(182)	(23)	(205)	(1,252)	2,942
Real Estate	965,833	5,293	971,126	169,009	21,044	190,053	1,161,179	899,656
Private Equity	3,162,384	17,332	3,179,716	553,379	68,902	622,281	3,801,997	3,296,482
Security Lending Collateral	429,183	2,352	431,535	75,102	9,351	84,453	515,988	275,940
Total Investments	17,115,136	93,801	17,208,937	2,994,945	372,906	3,367,851	20,576,788	22,235,243
Capital Assets								
Land	3,346	18	3,364	586	73	659	4,023	4,023
Building	33,746	185	33,931	5,905	735	6,640	40,571	30,741
Furniture, Computer Hardware & Software (Net of Depreciation and Amortization)	7,246	40	7,286	1,267	158	1,425	8,711	9,711
Total Capital Assets	44,338	243	44,581	7,758	966	8,724	53,305	44,475
Total Assets	**17,703,537**	**97,026**	**17,800,563**	**3,096,845**	**386,788**	**3,483,633**	**21,284,196**	**23,586,542**
Liabilities								
Accounts Payable and Accrued Expenses	(73,893)	(405)	(74,298)	(2,061)	(12,479)	(14,540)	(88,838)	(59,315)
Accrued Investment Expense	(16,621)	(91)	(16,712)	(2,908)	(362)	(3,270)	(19,982)	(13,765)
Purchases of Investments	(170,274)	(933)	(171,207)	(29,796)	(3,710)	(33,506)	(204,713)	(431,604)
Security Lending Collateral	(429,183)	(2,352)	(431,535)	(75,102)	(9,351)	(84,453)	(515,988)	(275,940)
Total Liabilities	**(689,971)**	**(3,781)**	**(693,752)**	**(109,867)**	**(25,902)**	**(135,769)**	**(829,521)**	**(780,624)**
Deferred Inflow of Resources	**(475)**	**(3)**	**(478)**	**(83)**	**(10)**	**(93)**	**(571)**	**(598)**
Net Position Restricted For Pensions	17,013,091	93,242	17,106,333				**17,106,333**	19,023,672
Net Position Restricted For Postemployment Health Care Benefits				2,986,895	360,876	3,347,771	**3,347,771**	3,781,648
Total Fiduciary Net Position	**$ 17,013,091**	**$ 93,242**	**$ 17,106,333**	**$ 2,986,895**	**$360,876**	**$ 3,347,771**	**$ 20,454,104**	**$ 22,805,320**

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

Statement of Changes in Fiduciary Net Position
Retirement Plan and Postemployment Health Care Plan
For the Fiscal Year Ended June 30, 2022, with Comparative Totals
(In Thousands)

	Retirement Plan			Postemployment Health Care Plan			TOTAL FUND	
	Pension	FDB & LA	Total	401(h)	115 Trust	Total	2022	2021
Additions								
Contributions								
City Contributions	$ 591,234	$ 71	$ 591,305	$ -	$ 91,623	$ 91,623	$ 682,928	$ 658,408
Member Contributions	241,876	4,003	245,879	-	-	-	245,879	259,285
Total Contributions	833,110	4,074	837,184	-	91,623	91,623	928,807	917,693
Self Funded Insurance Premium	-	-	-	-	13,280	13,280	13,280	10,924
Health Insurance Premium Reserve	-	-	-	-	1,180	1,180	1,180	919
Investment Income (Loss)								
Net Appreciation (Depreciation) in Fair Value of Investments, Including Gain and Loss on Sales	(1,817,911)	(10,528)	(1,828,439)	(372,922)	(44,337)	(417,259)	(2,245,698)	5,013,637
Interest	125,845	437	126,282	23,853	2,836	26,689	152,971	122,453
Dividends	188,767	655	189,422	35,779	4,254	40,033	229,455	201,809
Other Investment Income	59,724	207	59,931	11,320	1,346	12,666	72,597	50,802
Security Lending Income	3,766	13	3,779	713	85	798	4,577	4,194
Less: Security Lending Expense	(555)	(3)	(558)	(114)	(14)	(128)	(686)	(628)
Sub-total	(1,440,364)	(9,219)	(1,449,583)	(301,371)	(35,830)	(337,201)	(1,786,784)	5,392,267
Less: Investment Management Fees and Expenses	(102,139)	(592)	(102,731)	(20,952)	(2,491)	(23,443)	(126,174)	(100,225)
Investment Related Administrative Expenses	(2,891)	(17)	(2,908)	(593)	(70)	(663)	(3,571)	(3,255)
Net Investment Income (Loss)	(1,545,394)	(9,828)	(1,555,222)	(322,916)	(38,391)	(361,307)	(1,916,529)	5,288,787
Building Lease and Other Income	30	-	30	6	1	7	37	637
Total Additions	**(712,254)**	**(5,754)**	**(718,008)**	**(322,910)**	**67,693**	**(255,217)**	**(973,225)**	**6,218,960**
Deductions								
Benefit Payments	(1,157,297)	(6,122)	(1,163,419)	(161,628)	(10,077)	(171,705)	(1,335,124)	(1,228,276)
Refunds of Contributions	(11,336)	(294)	(11,630)	-	-	-	(11,630)	(17,584)
Administrative Expenses	(24,142)	(140)	(24,282)	(5,434)	(1,521)	(6,955)	(31,237)	(31,084)
Total Deductions	**(1,192,775)**	**(6,556)**	**(1,199,331)**	**(167,062)**	**(11,598)**	**(178,660)**	**(1,377,991)**	**(1,276,944)**
Net Increase (Decrease) in Fiduciary Net Position	(1,905,029)	(12,310)	(1,917,339)	(489,972)	56,095	(433,877)	(2,351,216)	4,942,016
Prior Period Adjustments	(16)		(16)	(3)	(1)	(4)	-	(20)
Fiduciary Net Position Restricted for Pension and Postemployment Health Care Benefits								
Beginning of year	18,918,136	105,552	19,023,688	3,476,870	304,782	3,781,652	22,805,320	17,863,324
End of year	**$17,013,091**	**$ 93,242**	**$17,106,333**	**$2,986,895**	**$360,876**	**$3,347,771**	**$20,454,104**	**$22,805,320**

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

Notes to the Basic Financial Statements

1. Description of LACERS and Significant Accounting Policies

General Description

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

The System operates a single-employer defined benefit plan (the Retirement Plan) and a single-employer Postemployment Health Care Plan. Benefits and benefit changes are established by ordinance and approved by the City Council and the Mayor. A description of each plan is located in Note 2 and Note 3 on pages 37 - 47 of this report. All Notes to the Basic Financial Statements apply to both plans unless indicated otherwise.

Basis of Accounting and Presentation

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

Investments

Investment policies

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

As of June 30, 2022, the Board's target asset allocation policy was as follows:

Asset Class	Target Allocation
Domestic and International Equities	47.00%
Domestic and International Bonds	11.25
Private Equity	16.00
Real Assets	12.00
Short-Term Investments	1.00
Credit Opportunities	12.75
Total	100.00%

Fair Value of Investments

Securities traded on national or international exchanges are valued at the last reported sales price at the current exchange rates. Short-term investments, bonds, bank loans, stocks, and private equities are reported at fair value. The fair values of real estate investment funds are provided by the individual real estate fund managers based on periodic appraisals, in the form of either annual in-house appraisals or longer-term appraisals by outside professionals, in accordance with industry practice. The fair value determined as such is also reviewed and evaluated by the Board's real estate consultant. The private equity funds ("partnership investment"), which are managed by third party investment managers, are valued on a quarterly and/or annual basis at their net asset value as reported by the investment managers under US GAAP. US GAAP requires that assets be reported at fair value in accordance with GASB Statement No. 72 – *Fair Value Measurement and Application.* The fair values of derivative instruments are determined using available market information.

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

Investments (Continued)

Fair Value of Investments (Continued)

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

The provisions of the GASB Statement No. 72, *Fair Value Measurement and Application*, require investments to be measured at fair value as well as to classify the inputs used to determine fair value based on a three-level fair value hierarchy.

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

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

Concentrations

The investment portfolio as of June 30, 2022, contained no concentration of investments in any one entity that represented 5% or more of the total investment portfolio.

Rate of Return on Investments

For the fiscal year ended June 30, 2022, the aggregate annual money-weighted rate of return for the Retirement Plan and the Postemployment Health Care Plan on LACERS investments, net of investment expenses, was -8.34%. The money-weighted rate of return is a measure of the performance of an investment calculated by finding the rate of return that will set the present values of all cash flows equal to the value of the initial investment. It expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. Separate schedules for the money-weighted rate of return for Retirement Plan and Postemployment Health Care Plan are presented in the Required Supplementary Information (RSI).

Receivables

As of June 30, 2022, LACERS held no long-term contracts for contributions receivable from the City.

Capital Assets

Purchases of capital assets are capitalized upon acquisition if the cost of purchase was $5,000 or more and depreciated over five years using the straight-line method.

Certain costs to develop LACERS Pension Administration System (PAS), a customized software solution critical to LACERS core operations was capitalized in accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The total capitalized cost of $9,413,000 is being amortized starting March 1, 2018, over 15 years using the straight-line method.

On October 9, 2019, LACERS Board approved the purchase of a commercial office building and underground parking structure located at 977 N. Broadway in Los Angeles, California to serve as LACERS future headquarters building. The purchase was settled at $33,750,000 on October 23, 2019. The purchase price was allocated to Land valued at $4,023,000 and Building valued at $29,727,000, based on the assessment performed on the fair value of acquired assets. Acquisition costs of $236,000 were also capitalized as part of the building cost.

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

Capital Assets (Continued)

In addition, as of June 30, 2022, LACERS has capitalized $10,608,000 of subsequent building improvements, of which $9,830,000 were incurred during the fiscal year. Major capital improvements are still in progress to prepare the building for occupancy. The project has been impacted by the ongoing supply-chain delays for construction materials and supplies. Once the building is put into use, the System will begin to record depreciation expense.

LACERS recognizes intangible right-to-use lease assets in accordance with GASB 87, using the rates implicit in the lease agreements to calculate the present value of lease payments. The System includes lease extensions in the lease term if, after considering relevant economic factors, it is reasonably certain to be exercised. LACERS has not recognized lease assets for leases with terms of 12 months or less.

Administrative Expenses

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

Reserves

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

Reserves for the Retirement Plan

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

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

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

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

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

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

Reserves for the Postemployment Health Care Plan

401(h) Account- To provide health care benefits for retirees consisting of City contributions received until fiscal year 2019; investment earnings (losses) including net appreciation (depreciation) in fair value of investments; less payments to insurance providers, including payment to the 115 Trust fund for the self-funded insurance premium and Members' portion of insurance premium reserve.

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

Reserves (Continued)

115 Trust Account – This Health Care fund is currently limited to pay the benefit claims from LACERS self-funded insurance plans, but ultimately will fund all health care benefits for retirees upon depletion of the existing 401(h) account reserve. The 115 Trust account currently consists of City Contributions received starting fiscal year 2020, self-funded insurance plan premiums and prepayments; certain retired Members' health insurance premium deductions; investment earnings (losses) including net appreciation (depreciation) in fair value of investments; less payments of the self-funded insurance plan claims and related third party administration fees; and certain direct and allocated administrative expenses.

Reserve balances as of June 30, 2022, were as follows (in thousands):

Reserve for the Retirement Plan		
Member Contributions		
Mandatory	2,597,602	
Voluntary	8,289	
Basic Pensions	13,603,010	
Annuity	812,479	
Larger Annuity	67,030	
FDBP	17,923	17,106,333
Reserve for the Postemployment Health Care Plan		
401(h) Account	2,986,895	
115 Trust Account	360,876	3,347,771
Total		**$ 20,454,104**

Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting years. Changes in economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ from those estimates materially.

Comparative Totals

The basic financial statements include certain prior year summarized comparative data in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with LACERS' financial statements for the year ended June 30, 2021, from which the summarized data were derived.

Restatement of financial statements for Fiscal Year ended June 30, 2021

LACERS implemented GASB Statement No. 87 related to lease accounting (for leases previously recorded as operating leases) effective for fiscal year ended June 30, 2022. However, since the System presents two-year comparative financial statements, LACERS restated fiscal year ended June 30, 2021 financial statements. Lease transactions for two affected leases previously recorded during fiscal year ending June 30, 2021 were reversed and restated as they would have been recorded under GASB 87. The restatements resulted in a total of $20,000 decrease in the balance of LACERS Fiduciary Net Position, as of June 30, 2021.

Risk and Uncertainty That May Impact Financial Operations and Performance

The global economic activity and financial markets continue to be impacted by global supply-chain disruptions and a surge in inflation. These issues have resulted in increased financial market volatility and performance. It is currently unclear how measures being taken to address inflation and supply-chain issues both globally and in the United States would impact future market performance.

Additionally, the total pension liabilities, net pension liabilities, total OPEB and Net OPEB (asset) liability disclosed in Notes 2 and 3 to the Basic Financial Statements are measured based on certain assumptions, including the long-term rate of return on investments, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions described in this section, it is at least reasonably possible that changes in these estimates and assumptions in the near term may have material impact on the financial statements.

LACERS Board and management continue to closely monitor the financial market. LACERS' investment strategy is to maintain a well-diversified portfolio to mitigate the risk of market uncertainty.

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

Adoption of New Accounting Pronouncements

GASB Statement No. 87, *Leases*. This requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement takes effect starting with fiscal year ending June 30, 2022. LACERS implemented this statement during fiscal year ended June 30, 2022.

Implementation Guide No. 2019-3, *Leases*. The requirements of this Implementation Guide provide further clarification on Statement 87 implementation issues and takes effect for financial statements starting with the fiscal year ending June 30, 2022. LACERS implemented this guide during fiscal year ended June 30, 2022.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this Statement takes effect starting with the fiscal year that ends December 31, 2021. This Statement has no material impact on LACERS financial statements.

GASB Statement No. 92, *Omnibus 2020*. The requirements of this Statement takes effect for financial statements starting with the fiscal year ending June 30, 2022. This Statement has no material impact on LACERS financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The requirement in paragraph 11b will take effect for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 takes effect for financial statements starting with the fiscal year ending June 30, 2022. This Statement has no material impact on LACERS financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements of this Statement takes effect for financial statements starting with the fiscal year that ends June 30, 2022. This Statement has no material impact on LACERS' financial statements.

GASB Statement No. 98*, The Annual Comprehensive Financial Report.* The requirement in paragraph 11b takes effect for reporting periods ending after December 31, 2021. LACERS implemented this Statement during fiscal year ended June 30, 2021.

Recent GASB Pronouncements for Future Adoption

LACERS is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

1. Statement No. 91, *Conduit Debt Obligations*. The requirements of this Statement provides a single method of reporting conduit debt obligation, and will take effect for financial statements starting with the fiscal year ending June 30, 2023.
2. Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will take effect starting with the fiscal year ending June 30, 2023.
3. Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement will take effect starting with the fiscal year that ends June 30, 2023.
4. Statement No. 99, *Omnibus 2022.* The requirement related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The remaining requirements are effective for fiscal years beginning after June 15, 2023.
5. Statement No. 100, *Accounting Changes and Errors Correction- an amendment of GASB Statement No. 62*. The requirements of this Statement will take effect for fiscal years starting after June 15, 2023.
6. Statement No. 101, *Compensated Absences*. The requirements of this Statement will take effect for fiscal years starting after December 15, 2023.

2. Retirement Plan Description

Plan Administration and Membership

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

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

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

As of June 30, 2022, the components of LACERS membership in both tiers (Tier 1 and Tier 3) were as follows:

Active:	
Vested	17,312
Non-vested	7,605
	24,917
Inactive:	
Non-vested	7,790
Terminated Entitled to Benefits, Not Yet Receiving Benefits	2,589
Retired	22,399
Total	57,695

Eligibility Requirement and Benefits Provided

Tier 1

Plan Members are eligible to retire with unreduced benefits if they have 10 or more years of continuous City service at age 60, or at least 30 years of City service at age 55, or with any years of City service at age 70 or older. Plan Members also are eligible to retire with age-based reduced benefits after reaching age 55 with 10 or more years of continuous City service, or at any age with 30 or more years of City service. Full (unreduced) retirement benefits are determined as 2.16% of the Member's average monthly pensionable salary during the Member's last 12 months of service, or during any other 12 consecutive months of service designated by the Member, multiplied by the Member's years of service credit.

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

Tier 1 – Enhanced Benefits

On March 28, 2017, the City Council adopted an ordinance (No. 184853) to amend the Los Angeles Administrative Code (LAAC) authorizing certain sworn Airport Peace Officers (APO) at LACERS to elect to transfer into Tier 6 of LAFPP Plan or to remain in LACERS Plan with enhanced benefits. All new APO hired after that date would be enrolled in LAFPP Tier 6. Under the ordinance, APO Members who elect to remain in LACERS would be Tier 1 Members and be eligible for enhanced benefits including more favorable disability benefits, death benefits, and a higher retirement factor of 2.30% (versus 2.16% for all other Tier 1 Members), contingent upon a mandatory additional contribution payment of $5,700 required by LAAC Section 4.1002(e)(2) to LACERS before January 8, 2019, or prior to the Member's retirement date, whichever is earlier. Among 503 APO Members who elected to remain Members of LACERS on January 7, 2018, 469 APO Members, inclusive of 43 APO Members who retired with the enhanced benefits, paid their mandatory additional contribution.

2. Retirement Plan Description (Continued)

Eligibility Requirement and Benefits Provided (Continued)

Tier 3

Plan Members are eligible to retire with unreduced benefits if they have at least 10 or more years of City service at age 60 or at least 30 years of City service at age 55, provided that five years of service must be continuous. Full unreduced retirement benefits at age 60 with 10 years of City service are determined with a 1.5% retirement factor. Plan Members also are eligible to retire with an age-based reduced benefit before reaching age 60 with 30 or more years of City service with a retirement factor of 2.0%. If the Member is age 55 or older with 30 years of service at the time of retirement, his or her retirement allowance will not be subject to reduction on account of age. However, if the Member is younger than age 55 with 30 years of service at the time of retirement, his or her retirement allowance will be reduced by the applicable early retirement reduction factor. In addition, the System also provides Tier 3 Members enhanced retirement benefits with a 2.0% retirement factor if the Member retires at age 63 with at least 10 years of service, or a retirement factor of 2.1% if the Member retires at age 63 with 30 years of service.

Tier 3 retirement benefits are determined by multiplying the Member's retirement factor (1.5% - 2.1%), with the Member's Final Average Compensation (FAC) based on the Member's pensionable salary for the last 36 months or any other 36 consecutive months designated by the Member, and by the Member's years of service credit (SC) as follows:

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

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

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

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

Cost of Living Adjustment

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

Employer Contributions

The Los Angeles City Charter Sections 1158 and 1160 provide for periodic actuarially-determined employer contribution rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. For the fiscal year ended June 30, 2022, the actuarially-determined aggregate employer contribution rate to the Retirement Plan by the City was 27.96% (28.64% for Tier 1 and 25.43% for Tier 3) of projected payroll, based on the June 30, 2020 actuarial valuation.

Upon closing the fiscal year 2021-22, LACERS re-calculated the employer contribution rate using actual payroll incurred during the fiscal year, which was smaller than projected covered payroll used by the City to make the advance payment on July 15, 2021. As a result, employer contributions received for the Retirement Plan were $65,370,000 more than required, and this amount was credited towards employer contributions for fiscal year 2022-23. Based on actual payroll, the effective rate of employer contribution for Retirement Plan was 27.44% for fiscal year 2021-22.

2. Retirement Plan Description (Continued)

Member Contributions

Tier 1 and Tier 1 Enhanced

The current contribution rate for Tier 1 and Tier 1 Enhanced Members is 11% of their pensionable salary including a 1% increase in the Member contribution rate pursuant to 2009 Early Retirement Incentive Program (ERIP) ordinance for all employees for a period of 15 years (or until the ERIP Cost obligation is fully recovered, whichever comes first). Contribution rates for Tier 1 and Tier 1 Enhanced Members is expected to decrease by 1% once ERIP obligation is met.

Tier 3

The contribution rate for Tier 3 Members is 11% of their pensionable salary. Unlike Tier 1, Tier 3 Members do not pay ERIP contribution, therefore, Tier 3 Members' contribution rate will not drop down when Tier 1 Members cease to pay the 1% ERIP contribution.

2. Retirement Plan Description (Continued)

Net Pension Liability

As of June 30, 2022, the components of the net pension liability were as follows (in thousands):

Total Pension Liability	$ 24,078,751
Less Plan Fiduciary Net Position	(17,013,091)
Plan's Net Pension Liability	$ 7,065,660
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	70.7%

Significant Assumptions

Projections of benefits for financial reporting purposes are based on the types of benefits provided to active, inactive, and retired Members at the time of each valuation, including expected future COLAs. The attribution method and significant assumptions used in the valuation year of June 30, 2022, are summarized below:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Cost Method (individual basis).
Amortization Method	Level Percent of Payroll
Actuarial Assumptions:	
Date of Experience Study	June 30, 2019 (July 1, 2016 through June 30, 2019)
Long-Term Expected Rate of Return	7.00%
Inflation	2.75%
Real Across-the-Board Salary Increase	0.50%
Projected Salary Increases	Ranges from 4.25% to 9.95% based on years of service, including inflation assumption at 2.75%, real across-the-board salary increase assumption of 0.50% plus merit and promotion increases.
Annual COLAs	2.75% maximum for Tier 1 and 2.00% maximum for Tier 3.
Mortality Table for Healthy Retirees	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2019.
Mortality Table for Disabled Retirees	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 10% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019.
Mortality Table for Beneficiaries	Pub-2010 Contingent Survivor Amount-Weighted Above Median Mortality Tables with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.
Percent Married / Domestic Partner	76% of male participants and 52% of female participants are assumed to be married or have a qualified domestic partner.
Spouse Age Difference	Male retirees are assumed to be three years older than their female spouses. Female retirees are assumed to be two years younger than their male spouses.

2. Retirement Plan Description (Continued)

Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and June 30, 2021.

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

Based on those assumptions, the retirement plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability as of both June 30, 2022 and June 30, 2021.

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, are summarized in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption that was used in the actuarial valuation as of June 30, 2022. This information is subject to change every three years based on the actuarial experience study. The last experience study was for July 1, 2016 through June 30, 2019. The next experience study will be conducted in fiscal year 2022-23.

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	15.01%	5.54%
U.S. Small Cap Equity	3.99	6.25
Developed Int'l Large Cap Equity	17.01	6.61
Developed Int'l Small Cap Equity	2.97	6.90
Emerging Int'l Large Cap Equity	5.67	8.74
Emerging Int'l Small Cap Equity	1.35	10.63
Core Bonds	13.75	1.19
High Yield Bonds	2.00	3.14
Bank Loans	2.00	3.70
Emerging Market Debt (External)	2.25	3.55
Emerging Market Debt (Local)	2.25	4.75
Private Credit/Debt	3.75	6.00
Core Real Estate	4.20	4.60
Real Estate Investment Trust (REIT)	1.00	5.98
Treasury Inflation Protected Securities (TIPS)	4.00	0.86
Commodities	1.00	3.33
Non-Core Real Assets	2.80	5.76
Private Equity	14.00	8.97
Cash	1.00	0.03
Total	**100.00%**	**5.50%**

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

The following presents the net pension liability of LACERS as of June 30, 2022, calculated using the discount rate of 7.00%, as well as what LACERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (dollar in thousands):

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
$10,242,711	$7,065,660	$4,436,332

3. Postemployment Health Care Plan Description

Plan Administration and Membership

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

As of June 30, 2022, the components of Membership, excluding non-participating retirees and surviving spouses of LACERS postemployment healthcare benefits were as follows:

Retired Members/Surviving Spouses (1)	17,753
Vested terminated Members entitled to, but not yet receiving benefits (2)	1,537
Retired Members and surviving spouses not yet eligible for health benefits	139
Active Members	24,917
Total	44,346

(1) Total participants including married dependents and dependent children currently receiving benefits are 23,798.
(2) Includes terminated Members due a refund of employee contributions.

On November 9, 2018, the City Council approved Ordinance No. 185829 to amend Article 1 of Chapter 11, Division 4 of the Los Angeles Administrative Code to establish the LACERS Health Care Fund (115 Trust Account) for the sole purpose of funding the retiree healthcare benefits for eligible LACERS retirees and beneficiaries as well as to help stabilize premium rates over time.

The City and the Board of LACERS entered into a written trust agreement for the LACERS Health Care Fund which shall provide an alternative funding mechanism, in addition to or in lieu of the existing 401(h) account described in LAAC Section 4.1102 for funding benefits under the health and welfare programs. The LACERS Health Care Fund is intended to qualify for federal tax exemption under Section 115 of the Internal Revenue Code. Because health benefits paid out of the LACERS Health Care Fund are not required to be subordinate to the Plan retirement benefits, the LACERS Health Care Fund would not become taxable if the Plan health benefits surpass the 25% threshold. Second, the LACERS Health Care Fund gives LACERS more flexibility to invest premium surpluses to provide for smoothing should healthcare premiums increased considerably in the future. Currently, the Health Care Coverage Account (401(h) account) cannot receive full refunds of excess premiums from insurance providers. However, the LACERS Health Care Fund can receive full premium surplus refunds from insurance providers; therefore, the System can invest these funds at a higher rate of return than the insurance providers' reserve account interest rate.

Eligibility Requirement and Benefits Provided

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

The maximum subsidies are set annually by the Board. Effective February 21, 2016, healthcare benefit eligibility requirements have changed for the Members who have periods of part-time service. Such Members are now eligible to participate in the LACERS retiree medical programs with 10 whole years of service, even if some or all that service was part-time, provided that the Member meets the eligibility requirements. Both Tier 1 and Tier 3 Members will be eligible for 40% of maximum medical plan premium subsidy for 1 – 10 whole years of service credit, and eligible Members earn 4% per year of service credit for their annual medical subsidy accrual after 10 years of service. Eligible spouses/domestic partners of Plan Members are entitled to the System's postemployment healthcare benefits after the retired Member's death.

During the 2011 fiscal year, the City adopted an ordinance ("Subsidy Cap Ordinance") to limit the maximum medical subsidy at $1,190 for those Members who retire on or after July 1, 2011; however, Members who at any time prior to retirement made additional contributions are exempted from the subsidy cap and obtain a vested right to future increases in the maximum medical subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and Part B premium. As of June 30, 2022, all active Tier 1 and Tier 3 Members were making the additional contributions, and therefore will not be subject to the medical subsidy cap.

3. Postemployment Health Care Plan Description (Continued)

Employer Contributions

The Los Angeles City Charter Sections 1158 and 1160 require periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. The actuarially determined aggregate contribution rate for the Postemployment Health Care Plan for the fiscal year ended June 30, 2022, was 4.29% (4.17% for Tier 1 and 4.73% for Tier 3) of projected payroll, based on the June 30, 2020 actuarial valuation.

Upon closing the fiscal year 2021-22, LACERS re-calculated employer contribution rate using actual payroll incurred during the fiscal year which was smaller than projected covered payroll used by the City to make the advance payment on July 15, 2021. As a result, employer contributions for Postemployment Health Care Plan were $9,824,000 more than required, and this amount was credited towards employer contribution for fiscal year 2022-23. Based on actual payroll, the effective rate of employer contribution for Postemployment Health Care Plan was 4.25% for fiscal year 2021-22.

3. Postemployment Health Care Plan Description (Continued)

Net OPEB Liability

As of June 30, 2022, the components of the net OPEB liability were as follows (in thousands):

Total OPEB Liability	$ 3,580,696
Less: Plan Fiduciary Net Position	(3,347,771)
Plan's Net OPEB Liability	$ 232,925
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	93.5%

Significant Assumptions

The total OPEB liability as of June 30, 2022 was determined by actuarial valuation as of June 30, 2022. The attribution method and significant assumptions used to measure the total OPEB liability, including assumptions about inflation, and healthcare cost trend rates in the valuation year of June 30, 2022, are summarized below:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Cost Method – level percent of salary.
Amortization Method:	Level Percent of Payroll – assuming a 3.25% increase in total covered payroll.
Actuarial Assumptions:	
Date of Experience Study	June 30, 2019 (July 1, 2016 through June 30, 2019)
Long-Term Expected Rate of Return	7.00%
Inflation	2.75%
Salary Increase	Range from 4.25% to 9.95% based on years of service, including inflation assumption at 2.75%, real across-the-board salary increase assumption of 0.50% plus merit and promotion increases.
Mortality Table for Retirees	Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2019.
Mortality Table for Disabled Retirees	Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables with rates increased by 10% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019.
Mortality Table for Beneficiaries	Pub-2010 Contingent Survivor Headcount-Weighted Above Median Mortality Tables with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.
Marital Status	60% of male and 35% of female retirees who receive a subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage.
Spouse Age Difference	Male retirees are assumed to be four years older than their female spouses. Female retirees are assumed to be two years younger than their male spouses.
Surviving Spouse Coverage	With regard to Members who are currently alive, 100% of eligible spouses or domestic partners are assumed to elect continued health coverage after the Member's death.

3. Postemployment Health Care Plan Description (Continued)

Net OPEB Liability (Continued)

Significant Assumptions (Continued)

Healthcare Cost Trend Rates

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

Medical Premium Trend Rates to be applied to fiscal year 2022-2023 and later years are:

First Fiscal Year (July 1, 2022 through June 30, 2023)		
Carrier	**Under Age 65**	**Age 65 & Over**
Kaiser HMO	5.81%	3.25%
Anthem Blue Cross HMO	8.29%	N/A
Anthem Blue Cross PPO	8.29%	3.25%
UHC Medicare HMO	N/A	3.98%

Approximate Trend Rate (%) Fiscal Year 2022 - 2023 and later		
Fiscal Year	**Non-Medicare**	**Medicare**
2023 - 2024	7.12%	6.37%
2024 - 2025	6.87%	6.12%
2025 - 2026	6.62%	5.87%
2026 - 2027	6.37%	5.62%
2027 - 2028	6.12%	5.37%
2028 - 2029	5.87%	5.12%
2029 - 2030	5.62%	4.87%
2030 - 2031	5.37%	4.62%
2031 - 2032	5.12%	4.50%
2032 - 2033	4.87%	4.50%
2033 - 2034	4.62%	4.50%
2034 and later	4.50%	4.50%

Dental Premium Trend to be applied is 3.00% for all years.

Medicare Part B Premium Trend is 4.50% for all years.

3. Postemployment Health Care Plan Description (Continued)

Net OPEB Liability (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022 and June 30, 2021.

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

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan Members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of June 30, 2022 and June 30, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, are summarized in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption for the actuarial valuation as of June 30, 2022. This information is subject to change every three years based on the actuarial experience study. The last experience study was for July 1, 2016 through June 30, 2019. The next experience study will be conducted in fiscal year 2022-23.

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	15.01%	5.54%
U.S. Small Cap Equity	3.99	6.25
Developed Int'l Large Cap Equity	17.01	6.61
Developed Int'l Small Cap Equity	2.97	6.90
Emerging Int'l Large Cap Equity	5.67	8.74
Emerging Int'l Small Cap Equity	1.35	10.63
Core Bonds	13.75	1.19
High Yield Bonds	2.00	3.14
Bank Loans	2.00	3.70
Emerging Market Debt (External)	2.25	3.55
Emerging Market Debt (Local)	2.25	4.75
Private Credit/Debt	3.75	6.00
Core Real Estate	4.20	4.60
Real Estate Investment Trust (REIT)	1.00	5.98
Treasury Inflation Protected Securities (TIPS)	4.00	0.86
Commodities	1.00	3.33
Non-Core Real Assets	2.80	5.76
Private Equity	14.00	8.97
Cash	1.00	0.03
Total	**100.00%**	**5.50%**

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

The following presents the net OPEB liability of LACERS as of June 30, 2022, calculated using the discount rate of 7.00%, as well as what LACERS net OPEB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (dollar in thousands):

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
$ 733,798	$ 232,925	$ (177,730)

3. Postemployment Health Care Plan Description (Continued)

Net OPEB Liability (Continued)

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

The following presents the net OPEB liability of LACERS as of June 30, 2022, calculated using the healthcare cost trend rates as well as what LACERS net OPEB (asset) liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current rates (dollar in thousands):

1% Decrease	Current Healthcare Cost Trend Rates[1]	1% Increase
($ 215,968)	$ 232,925	$ 792,250

[1] Current healthcare cost trend rates: 7.12% graded down to 4.50% over 11 years for Non-Medicare medical plan costs, and 6.37% graded down to 4.50% over 8 years for Medicare medical plan costs. 3.00% for all years for Dental and 4.50% for all years for Medicare Part B subsidy cost.

4. Contributions Required and Contributions Made

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

The total contributions to LACERS for the fiscal year ended June 30, 2022, in the amount of $928,807,000 ($837,184,000 for the Retirement Plan and $91,623,000 for the Postemployment Health Care Plan), consisted of the following (in thousands):

	Retirement Plan	Postemployment Health Care Plan
City Contributions:		
Initial Contributions [1]	$ 656,604	$ 101,447
True-up Adjustments [2]	(65,370)	(9,824)
Required Contributions	591,234	91,623
FDBP	71	-
Total City Contributions	591,305	91,623
Member Contributions	245,879	-
Total Contributions	**$ 837,184**	**$ 91,623**

(1) The initial City contributions made on July 15, 2021 were based on applying actuarially-determined contributions rates to projected payroll for the fiscal year.
(2) At the end of the fiscal year, LACERS recalculated required contributions based on actual payroll, resulting in these true-up adjustments.

The City contributions made for the Retirement Plan under the Required Contributions category in the amount of $591,234,000 were equal to 100% of the actuarially determined contribution of the employer as defined by GASB Statement No. 67. The City contributions made for the Postemployment Health Care Plan, in the amount of $91,623,000, represents 100% of the actuarially determined contribution of the employer as defined by GASB Statement No. 74. Member contributions in the amount of $245,879,000 were made toward the Retirement Plan, the voluntary Larger Annuity Plan and Family Death Benefit Plan.

5. Historical Trend Information

Historical trend information, designed to provide information about LACERS progress made in accumulating sufficient assets to pay benefits when due, is presented on pages 60 - 65 for the Retirement Plan and pages 66 - 71 for the Postemployment Health Care Plan.

6. Cash and Short-Term Investments and Investments

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

LACERS considers investments with a maturity of 12 months or less to be short-term investments. The carrying value of cash and short-term investments at June 30, 2022, for the Retirement Plan and Postemployment Health Care Plan included approximately $4,191,000 held in LACERS general operating accounts with the City Treasurer and short-term investments funds (STIF) of $424,196,000 for a total of $428,387,000. The amounts held by the City Treasurer are pooled with the monies of other City agencies and invested by the City Treasurer's office. These assets are not individually identifiable. At June 30, 2022, short-term investments included collective STIF of $140,193,000, international STIF of $194,115,000, and future contracts initial margin and collaterals of $89,888,000.

The fair value of derivative instruments, including equity index, commodity, currency, and interest rate future contracts, currency forward contracts and options, rights and warrants and swaps, are recorded in the Statement of Fiduciary Net Position with a net negative value of $1,252,000. The changes in fair value of the derivative instruments during the fiscal year are recorded in the Statement of Changes in Fiduciary Net Position as Investment Income (Loss). LACERS enters into derivative contracts for investment purposes and to manage risks associated with its investment portfolio. For financial reporting purposes, all of LACERS derivatives for the current and previous fiscal years are classified as investment derivatives.

The notional amount and the fair value of derivative instruments as of June 30, 2022, are as follows (in thousands):

Derivative Type	Notional Amount	Fair Value	Change in Fair Value
Future Contracts -			
Commodities	$ -	$ -	$ -
Equity Index	17,077	(237)	(150)
Foreign Exchange	-	-	-
Interest Rate	(14,668)	(36)	301
Currency Forward Contracts	665,164	(858)	(4,002)
Currency Options	N/A	(19)	119
Right / Warrants	N/A	46	(23)
Swaps–Interest Rate	N/A	(2,615)	(1,865)
Swaps–Credit Contracts	N/A	2,467	1,427
Total Value		$ (1,252)	$ (4,193)

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

Credit Risk – Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. LACERS seeks to maintain a diversified portfolio of fixed income instruments to obtain the highest total return for the fund at an acceptable level of risk within this asset class. The credit quality ratings of investments in fixed income securities by Standard and Poor's (S&P), a nationally-recognized statistical rating organization, as of June 30, 2022, are as follows (dollars in thousands):

S & P Ratings	Fair Value	Percentage
AAA	$ 48,364	1.50 %
AA+	3,747	0.12
AA	817,732	25.33
AA-	32,764	1.01
A+	38,285	1.19
A	51,504	1.60
A-	176,409	5.47
BBB+	234,557	7.27
BBB	213,410	6.61
BBB-	161,562	5.01
BB+	76,921	2.38
BB	77,844	2.41
BB-	150,785	4.67
B+	52,807	1.64
B	285,612	8.85
B-	75,205	2.33
CCC+	88,473	2.74
CCC	73,745	2.28
CCC-	41	0.00
CC	1,903	0.06
C	30	0.00
D	4,566	0.14
Not Rated	561,381	17.39
	$ 3,227,647	100.00%
U.S. Government Guaranteed Securities[(1)]	$ 2,369,070	
Total Fixed Income Securities	$ **5,596,717**	

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

Credit Risk – Derivatives

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

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

As of June 30, 2022, without respect to netting arrangements, LACERS maximum income on derivative instruments subject to credit risk, namely currency forward contracts, is $6,299,000. All counterparties of these investment derivatives had the credit rating of "A" or "AA" assigned by S&P.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a financial institution's failure of depository financial institution, LACERS would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. As of June 30, 2022, LACERS has exposure to such risk in the amount of $30,311,000 or 0.5% of the fair value of total international investments. The amount represents non-invested cash denominated in foreign currencies, managed by 17 different investment managers, and held outside of LACERS custodial bank. LACERS policy requires each individual publicly traded equities investment manager to hold no more than 10% of their portfolios in the form of cash. LACERS is in compliance with the policy.

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

Custodial Credit Risk (Continued)

Investment securities are exposed to custodial credit risk if the securities are not insured, are not registered in LACERS name, and are held by the counterparty, or the counterparty's trust department or agent but not in LACERS name. As of June 30, 2022, LACERS investments were not exposed to custodial credit risk because all securities were registered in the name of the System.

Concentration of Credit Risk

The investment portfolio as of June 30, 2022, contained no concentration of investments in any one entity that represented 5% or more of the total investment portfolio.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. One of the ways LACERS manages its exposure to interest rate risk is by requiring the fixed income investment managers to maintain their portfolio effective duration within a specified range of the BC U.S. High Yield 2% Capped Index, the BC Intermediate Government Credit Index, the BC Aggregate Bond Index, or the J.P. Morgan EMBI Global Diversified Index, depending on the Board's mandates. The effective duration is a measure, in years, of interest-rate sensitivity in debt investments. The longer the effective duration, the greater the sensitivity to interest rate changes. Information about the sensitivity of the fair values of LACERS investments to market interest rate fluctuations as of June 30, 2022 is provided by the following table that shows the weighted average effective duration of LACERS fixed income securities by investment type (dollars in thousands):

Investment Type	Fair Value	Weighted Average Duration (in Years)
Asset-Backed Securities	$ 74,558	3.09
Bank Loans	87,969	-0.04
Commercial Mortgage-Backed Securities	93,878	3.31
Corporate Bonds	1,164,983	5.92
Government Agencies	55,642	7.48
Government Bonds	1,366,280	7.52
Government Mortgage-Backed Securities	483,698	6.98
Index Linked Government Bonds	1,070,101	4.63
Municipal/Provincial Bonds	16,078	5.91
Non-Government Backed Collateralized Mortgage Obligations (C.M.O.s)	28,455	4.94
Opportunistic Debts	356,858	0.30
Other Fixed Income (Funds)	798,218	6.43
Derivative Instruments	(36)	0.00
Total Fixed Income Securities	**$ 5,596,682**	

Highly-Sensitive Investments

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

Investment Type	Fair Value
Asset-Backed Securities	$ 74,558
Commercial Mortgage-Backed Securities	93,878
Government Agencies	55,642
Government Mortgage-Backed Securities	483,698
Non-Government Backed C.M.O.s	28,455
Total Asset-Backed Investments	**$ 736,231**

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

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. LACERS Asset Allocation policy sets a target of 23% of the total portfolio for non-U.S. investments in equities. In addition, fixed income, real estate, and private equity managers may hold non-U.S. investments depending on their individual mandates. Forward currency contracts are permitted primarily to reduce the foreign currency risk.

LACERS non-U.S. currency investment holdings as of June 30, 2022, which represent 22.95% of the fair value of total investments, are as follows (in thousands):

Foreign Currency Type	Cash and Adjustments to Cash	Equity	Fixed Income	Derivatives Instruments	Other Investments	Total Fair Value in USD
Australian dollar	(2,763)	152,106	-	240	-	149,583
Brazilian real	28,716	44,491	29,934	(2,730)	(2,846)	97,565
British pound sterling	518	514,210	-	(47)	-	514,681
Canadian dollar	(1,976)	312,616	-	13	-	310,653
Chilean peso	864	1,714	8,001	158	-	10,737
Chinese yuan renminbi	(20,255)	82,910	25,780	(322)	84	88,197
Colombian peso	4,521	479	17,724	300	157	23,181
Czech koruna	8,281	492	17,816	(547)	(525)	25,517
Danish krone	2	72,246	-	-	-	72,248
Egyptian pound	1,512	2,571	919	-	-	5,002
Euro	(25,396)	993,620	46,146	1,332	263,651	1,279,353
Hong Kong dollar	590	291,394	-	(4)	-	291,980
Hungarian forint	(1,092)	709	13,274	676	351	13,918
Indian rupee	(3,335)	163,362	-	41	-	160,068
Indonesian rupiah	(1,667)	29,479	37,216	169	-	65,197
Israeli new shekel	(25,879)	33,255	-	870	-	8,246
Japanese yen	1,143	565,548	-	(15)	-	566,676
Malaysian ringgit	10,235	14,072	29,931	(96)	(98)	54,044
Mexican peso	14,846	50,064	36,212	(1,028)	(1,014)	99,080
New Romanian Leu	8,572	-	3,943	2	-	12,517
New Taiwan dollar	(31,116)	155,857	-	275	-	125,016
New Zealand dollar	(2,150)	4,841	-	81	-	2,772
Norwegian krone	20	29,653	-	-	-	29,673
Peruvian nuevo sol	5,891	-	13,175	12	-	19,078
Philippine peso	15,297	5,806	0	0	-	21,103
Polish zloty	21,561	3,928	19,441	1,772	1,680	48,382
Qatari riyal	2	3,553	-	-	-	3,555
Russian ruble	1,063	-	4,529	-	-	5,592
Singapore dollar	4,494	57,641	0	-	-	62,135
South African rand	(14,252)	35,357	49,747	525	(300)	71,077
South Korean won	(13,053)	94,002	-	180	(13)	81,116
Swedish krona	42	108,050	-	-	-	108,092
Swiss franc	34	246,065	-	-	-	246,099
Thai baht	(7,279)	28,383	13,180	331	(91)	34,524
Turkish lira	450	2,263	804	3	-	3,520
United Arab Emirates dirham	9	11,207	-	-	-	11,216
Total Investments Held in Foreign Currency	**$ (21,550)**	**$ 4,111,944**	**$ 367,772**	**$ 2,191**	**$ 261,036**	**$ 4,721,393**

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

Fair Value Measurements

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

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

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

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

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

Schedule of Investments by Fair Value Hierarchy

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

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

Real estate funds classified in Level 3 of the fair value hierarchy are valued based on periodic appraisals in accordance with industry practice, or other valuation methods and techniques including models.

The System's remaining investments not categorized under the fair value hierarchy, such as private equity partnerships, real estate comingled funds and other investments which do not have a readily determinable fair value have been valued at the Net Asset Value (NAV). NAV is calculated and used as a practical expedient to estimate fair value of LACERS' interest, unless it is probable that all or a portion of the investments will be sold for an amount different from the NAV. As of June 30, 2022, LACERS had no specific plans to sell investments at amounts different from NAV. These investments are disclosed in the Investments Measured at the NAV on page 54.

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

Fair Value Measurements (Continued)

Schedule of Investments by Fair Value Hierarchy (Continued)

The System has the following recurring fair value measurements as of June 30, 2022 (in thousands):

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Debt securities:				
Government Bonds	$ 2,436,382	$ -	$ 2,436,167	$ 215
Government Agencies	55,642	-	55,642	-
Municipal/Provincial Bonds	16,078	-	16,078	-
Corporate Bonds	1,267,995	-	1,261,678	6,317
Bank Loans	87,969	-	87,969	-
Government Mortgage Bonds	483,698	-	483,698	-
Commercial Mortgage Bonds	93,878	-	93,878	-
Opportunistic Debts	62,264	-	-	62,264
Funds – Fixed Income ETF	1,858	1,858	-	-
Total Debt Securities	4,505,764	1,858	4,435,110	68,796
Equity Securities:				
Common Stock:				
Basic Industries	1,178,770	1,178,725	29	16
Capital Goods Industries	451,754	451,483	4	267
Consumer & Services	2,093,401	2,092,008	112	1,281
Energy	674,879	674,604	-	275
Financial Services	1,348,108	1,347,891	39	178
Health Care	984,124	984,124	-	-
Information Technology	1,435,686	1,435,436	-	250
Real Estate	717,838	717,490	-	348
Other Funds - Common Stock	562,541	-	562,541	-
Miscellaneous	18,186	15,463	68	2,655
Total Common Stock	9,465,287	8,897,224	562,793	5,270
Preferred Stock	27,031	24,254	2,777	-
Stapled Securities	9,503	9,503	-	-
Convertible Equity	339	339	-	-
Total Equity Securities	9,502,160	8,931,320	565,570	5,270
Real Estate Funds	228,900	-	-	228,900
Total Investments by Fair Value Level	$ 14,236,824	$ 8,933,178	$ 5,000,680	$ 302,966
Investments Measured at the NAV:				
Common Fund Assets	$ 796,360			
Private Equity Funds	3,801,996			
Real Estate Funds	932,279			
Opportunistic Debts	294,593			
Total Investments Measured at the NAV	5,825,228			
Total Investments Measured at Fair Value(1)	$ 20,062,052			
Investment Derivative Instruments:				
Future Contracts (liabilities)	$ (273)	$ (273)	$ -	$ -
Foreign Exchange Contracts (liabilities)	(858)	-	(858)	-
Rights/Warrants/Options/Swaps	(121)	(110)	(19)	8
Total Investment Derivative Instruments	$ (1,252)	$ (383)	$ (877)	$ 8

(1) Excluded $(1,252,000) of investment derivative instruments (shown separately) and $515,988,000 of securities lending collateral.

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

Fair Value Measurements (Continued)

Investments Measured at the NAV:
(in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common Fund Assets [1]	$ 796,360	$ -	Daily	2 days
Private Equity Funds [2]	3,801,996	1,765,448	N/A	N/A
Real Estate Funds [3]	932,279	50,837	Daily, Quarterly	1-90 days
Opportunistic Debts [4]	294,593	-	Monthly	30 days
Total Investments Measured at the NAV	$ 5,825,228	$ 1,816,285		

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

(2) Private equity funds - This investment type includes 314 closed-end commingled private equity funds that invest primarily in securities of privately held U.S. and non-U.S. companies. The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). These investments are not redeemable. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as the underlying assets are liquidated by the fund managers. It is expected that the underlying assets of these funds will be liquidated over the next one to 13 years, depending on the vintage year of each fund.

(3) Real estate funds - This investment type includes 22 commingled real estate funds that invest primarily in U.S. commercial real estate. The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). Seven investments, representing approximately 83.6% of the value of this investment type, are in open-end funds, which may be redeemed according to terms specific to each fund. Redemptions generally are subject to the funds' available cash and redemption queues. Fifteen investments, representing approximately 16.4% of the value of this investment type, are in closed-end funds and are not redeemable. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as underlying assets are liquidated by the fund managers. It is expected that the underlying assets of these funds will be liquidated over the next one to 12 years, depending on the vintage year of each fund.

(4) Opportunistic debts - This investment type includes two commingled funds: one that invests primarily in senior loans of non-investment grade companies (senior loan fund) and another one invests primarily in the securities and obligations of companies experiencing operational or financial distress (distressed investment fund). The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). The senior loan fund, representing approximately 94% of the value of this investment type, can be redeemed monthly. The distressed investment fund, representing approximately 6% of the value of this investment type, is being dissolved and is no longer making new underlying investments. Distributions from this fund will be received as underlying investments are liquidated by the fund manager. The fund is still being liquidated.

7. Securities Lending Agreement

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

Minimum collateralization is 102% of the fair value of the borrowed U.S. securities and 107% for international securities. Collateral consists of cash, government and corporate securities, and commercial bank obligations. Cash collateral is invested in a separate account comprised of money market or high-quality short-term investments. It is the responsibility of the custodian to monitor the collateralization on a daily basis. If the collateral is below the minimum collateralization level, additional collateral will be requested from the borrower to meet the requirement. Collateral requested each morning is required to be received on the same day. If the borrower fails to deliver additional collateral, the custodian would notify the borrower that they are in default under the securities lending agreement. If the borrower does not provide the necessary collateral after receiving notification, the legal agreement allows the custodian to close the contract with the borrower and buy-in the securities on behalf of LACERS.

The borrower has all incidents of ownership with respect to borrowed securities and collateral, including the right to vote and transfer or loan borrowed securities to others. LACERS is entitled to receive all distributions, which are made by the issuer of the borrowed securities, directly from the borrower. Under the agreement, the custodian will indemnify LACERS as a result of the custodian's failure to: 1) make a reasoned determination of the creditworthiness of a potential borrower before lending and, during the term of the loan or loans, the borrower files a petition of bankruptcy or similar action; 2) demand adequate collateral; or 3) otherwise maintain the securities lending program in compliance with the Federal Financial Institutions Examination Council Supervisory Policy on Securities Lending. As of June 30, 2022, the fair value of the securities on loan was $1,144,872,000. The fair value of associated collateral was $1,206,064,000 ($515,988,000 of cash collateral and $690,076,000 of non-cash collateral). These agreements provide for the return of the securities and revenue determined by the type of collateral received.

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

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

For loaned securities for which LACERS received cash collateral, the following table represents the fair value of securities on loan, corresponding cash collateral received and cash reinvestment value, as of June 30, 2022 (in thousands):

Securities on Loan	Fair Value of Underlying Securities on Loan	Cash Collateral Received	Collateral Reinvestment Value
U.S. Government & Agency Securities	$ 91,082	$ 92,954	$ 92,954
Domestic Corporate Fixed Income Securities	197,477	203,288	203,288
International Fixed Income Securities	24,024	25,719	25,719
Domestic Stocks	166,547	172,516	172,516
International Stocks	19,135	21,511	21,511
Total	$ 498,265	$ 515,988	$ 515,988

7. Securities Lending Agreement (Continued)

The fair value of cash collateral is reported in the Statement of Fiduciary Net Position. However, the non-cash collateral, which LACERS does not have the ability to sell unless the borrower defaults, is not reported in the Statement of Fiduciary Net Position.

On April 28, 2020, the Board adopted several temporary Security Lending Program risk-reducing strategies to minimize potential losses due to unusual and more volatile market conditions as a result of COVID pandemic. These strategies include (1) temporarily reducing the volume of loans in order to reduce LACERS overall exposure; (2) shorten the duration and maturity of individual investments to 60 days; and (3) require a non-U.S. country to hold a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations (NRSRO) in order for non-U.S. government or corporate debt to be eligible for investment. These strategies remained in place through the fiscal year ended June 30, 2022.

During fiscal year ended June 30, 2022, LACERS income and expenses related to securities lending were $4,577,000 and $686,000 respectively, an increase of 9.1%, or $325,000 from prior fiscal year's net security lending income (income net of expenses).

8. Future and Forward Contracts

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

As of June 30, 2022, LACERS had outstanding commodities, equity index, and interest rate future contracts with an aggregate notional amount of $31,745,000. In addition, on June 30, 2022, LACERS had outstanding forward purchase commitments with a notional amount of $665,164,000 and offsetting forward sales commitments with notional amounts of $665,164,000, which expire in November 2022. LACERS maintains margin collateral on the positions with brokers, consisting of cash and U.S. Treasury Bills. The total collateral margin was $89,887,000 as of June 30, 2022.

9. Capital Assets

The System's capital assets include land, building, furniture, office and technology equipment, computer software as well as the intangible right-to-use lease asset. The cost and related accumulated depreciation/amortization as of the fiscal year ended June 30, 2022 and 2021 (dollars in thousands) are presented below:

	June 30, 2022	June 30, 2021
Capital Assets Not Depreciated/Amortized		
Land	$ 4,023	$ 4,023
Building (In Progress)	40,571	30,741
Total Capital Assets Not Depreciated/Amortized	44,594	34,764
Capital Assets Depreciated/Amortized		
Furniture, Office & Technology Equipment	3,690	2,947
Computer Software	9,413	9,413
Intangible Right-To-Use Leased Asset	2,524	2,524
Total Capital Assets Depreciated/Amortized	15,627	14,884
Less: Accumulated Depreciation/Amortization		
Furniture, Office & Technology Equipment	2,374	2,178
Computer Software	2,706	2,077
Intangible Right-To-Use Leased Asset	1,836	918
Total Accumulated Depreciation/Amortization	6,916	5,173
Total Capital Assets, Net of Depreciation/Amortization	**$ 53,305**	**$ 44,475**

10. Leases

LACERS as a Lessee

The System leases building facilities under a non-cancelable operating lease that expires in March 2023. The System made $75,000 of variable payments related to this lease during the fiscal year ended June 30, 2022. Those payments were excluded from the System's lease liability. A lease asset was recorded at a cost of $2,524,000, less accumulated amortization of $1,836,000. The future lease payment under the lease agreement is as follows:

	Lease			
Year	Variable	Principal	Interest	Total
2023	$ 87,000	$ 714,000	$ 12,000	$ 813,000

LACERS as a Lessor

The System entered into a cell tower/antenna placement agreement. The total amount of inflow of resources, including lease revenue, interest revenue and other lease related inflows, recognized during the fiscal year was $39,000. This total includes $1,800 of variable and other payments not previously included in the measurement of the lease receivable.

11. Commitments and Contingencies

As of June 30, 2022, LACERS was committed to future purchases of real estate and private equity investments at an aggregate cost of approximately $1,991,292,000, including agreements for acquisition not yet initiated.

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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Retirement Plan

The following schedules included in the Required Supplementary Information for the Retirement Plan shows information for 10 years.

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

Schedule of Net Pension Liability [1]
As of June 30
(Dollars in Thousands)

Fiscal Year	Total Pension Liability	Plan Fiduciary Net Position	Plan's Net Pension Liability	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2013	14,881,663	10,154,486	4,727,177	68.2%
2014	16,248,853	11,791,079	4,457,774	72.6%
2015	16,909,996	11,920,570	4,989,426	70.5%
2016	17,424,996	11,809,329	5,615,667	67.8%
2017	18,458,188	13,180,516	5,277,672	71.4%
2018	19,944,578	14,235,230	5,709,348	71.4%
2019	20,793,421	14,815,593	5,977,828	71.3%
2020	22,527,195	14,932,404	7,594,791	66.3%
2021	23,281,893	18,918,136	4,363,757	81.3%
2022	24,078,751	17,013,091	7,065,660	70.7%

[1] In calculating the Plan’s net pension liability, the total pension liability and the Plan fiduciary net position, amounts associated with non-pension related benefits (Family Death and Larger Annuity Benefits) were excluded.

Note to Schedule:

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

Required Supplementary Information
Retirement Plan

Schedule of Changes in Net Pension Liability and Related Ratios [1]
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2022	2021	2020	2019	2018
Total Pension Liability					
Service cost [2]	$ 413,863	$ 451,426	$ 374,967	$ 370,409	$ 352,283
Interest	1,617,800	1,570,785	1,499,208	1,439,661	1,332,878
Changes of benefit terms	-	-	-	-	25,173
Differences of expected and actual experience	(66,172)	(189,822)	308,184	(46,035)	144,224
Changes of assumptions	-	-	530,720	-	483,717
Benefit payments, including refunds of Member contributions	(1,168,633)	(1,077,691)	(979,305)	(915,192)	(851,885)
Net change in total pension liability	796,858	754,698	1,733,774	848,843	1,486,390
Total pension liability-beginning	23,281,893	22,527,195	20,793,421	19,944,578	18,458,188
Total pension liability-ending (a)	$ 24,078,751	$ 23,281,893	$ 22,527,195	$ 20,793,421	$ 19,944,578
Plan fiduciary net position					
Contributions-employer	$ 591,234	$ 554,856	$ 553,118	$ 478,717	$ 450,195
Contributions-Member	241,876	252,123	259,817	237,087	230,757
Net investment income (loss)[4]	(1,542,473)	4,283,202	306,712	799,351	1,243,817
Benefit payments, including refunds of Member contributions	(1,168,633)	(1,077,691)	(979,305)	(915,192)	(851,885)
Administrative expenses	(27,033)	(26,758)	(23,531)	(19,600)	(17,699)
Others [3]	(16)	-	-	-	(471)
Net change in Plan fiduciary net position	(1,905,045)	3,985,732	116,811	580,363	1,054,714
Plan fiduciary net position-beginning	18,918,136	14,932,404	14,815,593	14,235,230	13,180,516
Plan fiduciary net position-ending (b)	$ 17,013,091	$ 18,918,136	$ 14,932,404	$ 14,815,593	$ 14,235,230
Plan's net pension liability-ending (a)-(b)	**$ 7,065,660**	**$ 4,363,757**	**$ 7,594,791**	**$ 5,977,828**	**$ 5,709,348**
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	70.7%	81.3%	66.3%	71.3%	71.4%
Covered payroll	$ 2,155,005	$ 2,276,768	$ 2,271,039	$ 2,108,171	$ 2,057,565
Plan's net pension liability as a percentage of covered payroll	327.9%	191.7%	334.4%	283.6%	277.5%

(1) In calculating the Plan's net pension liability, the total pension liability and the Plan fiduciary net position, amounts associated with non-pension related benefits (Family Death and Larger Annuity Benefits) were excluded.

(2) The service cost is based on the previous year's valuation.

(3) On July 1, 2017, the System reallocated $471,000 of interest from the Reserve for Mandatory Member Contributions into the Reserve for Voluntary Member Contributions. In fiscal year 2022, a prior period adjustment was made related to the implementation of GASB 87 – Lease, to restate fiscal year 2021 information presented in fiscal year 2022 financial report as comparative report.

(4) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment related administrative expenses is part of Administrative expenses and excluded from Net investment Income.

Schedule of Changes in Net Pension Liability and Related Ratios [1] (Continued)
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2017	2016	2015	2014	2013
Total Pension Liability					
Service cost [2]	$ 340,759	$ 322,574	$ 322,380	$ 317,185	$ 312,372
Interest	1,302,278	1,263,556	1,215,151	1,149,966	1,112,561
Changes of benefit terms	-	-	-	-	-
Differences of expected and actual experience	(146,474)	(300,813)	(135,821)	(164,247)	(235,829)
Changes of assumptions	340,718	-	-	785,439	-
Benefit payments, including refunds of Member contributions	(804,089)	(770,317)	(740,567)	(721,153)	(701,400)
Net change in total pension liability	1,033,192	515,000	661,143	1,367,190	487,704
Total pension liability-beginning	17,424,996	16,909,996	16,248,853	14,881,663	14,393,959
Total pension liability-ending (a)	$ 18,458,188	$ 17,424,996	$ 16,909,996	$ 16,248,853	$ 14,881,663
Plan fiduciary net position					
Contributions-employer	$ 453,356	$ 440,546	$ 381,141	$ 357,649	$ 346,181
Contributions-Member	221,829	206,377	202,463	203,975	197,722
Net investment income (loss)[4]	1,517,545	29,358	306,980	1,810,782	1,268,939
Benefit payments, including refunds of Member contributions	(804,089)	(770,318)	(740,567)	(721,153)	(701,400)
Administrative expenses	(17,454)	(17,204)	(15,860)	(12,372)	(13,281)
Others [3]	-	-	(4,666)	(2,288)	(2,514)
Net change in Plan fiduciary net position	1,371,187	(111,241)	129,491	1,636,593	1,095,647
Plan fiduciary net position-beginning	11,809,329	11,920,570	11,791,079	10,154,486	9,058,839
Plan fiduciary net position-ending (b)	$ 13,180,516	$ 11,809,329	$ 11,920,570	$ 11,791,079	$ 10,154,486
Plan's net pension liability-ending (a)-(b)	**$ 5,277,672**	**$ 5,615,667**	**$ 4,989,426**	**$ 4,457,774**	**$ 4,727,177**
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	71.4%	67.8%	70.5%	72.6%	68.2%
Covered payroll	$ 1,973,049	$ 1,876,946	$ 1,835,637	$ 1,802,931	$ 1,736,113
Plan's net pension liability as a percentage of covered payroll	267.5%	299.2%	271.8%	247.3%	272.3%

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

(2) The service cost is based on the previous year's valuation.

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

(4) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment-related administrative expenses is part of Administrative expenses and excluded from Net investment Income.

Schedule of Changes in Net Pension Liability and Related Ratios (Continued)

Notes to Schedule:

Changes of Benefit Terms: The June 30, 2018 calculation reflected the newly adopted enhanced benefits for Airport Peace Officers (APO) who elected to stay at LACERS Plan (refer to Note 2 – Retirement Plan Description, Tier 1 – Enhanced Benefits on page 37). Enhanced benefits became effective as of January 7, 2018.

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

The June 30, 2018 calculations reflected changes in the actuarial assumptions adopted by the Board on August 14, 2018 based on the triennial experience study for the period from July 1, 2014 through June 30, 2017, including revising the mortality tables from static to generational to reflect future mortality improvement, contributing to increased total pension liability.

The June 30, 2020 calculations reflected changes in the actuarial assumptions based on the actuarial experience study covering the period from July 1, 2016 to June 30, 2019 and adopted by the Board on June 23, 2020. The changes included lowered assumed investment rate of return from 7.25% to 7.00% along with an Inflation Rate reduction from 3.00% to 2.75%, changes in various demographic assumptions such as adjustments on retirement, termination, disability and mortality rates.

Schedule of Contribution History
(Dollars in Thousands)

Fiscal Year	Actuarially Determined Contributions (ADC)	Contributions in Relation to ADC(1)	Contribution Deficiency	Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	$ 346,181	$ 346,181	$ -	$ 1,736,113	19.9%
2014	357,649	357,649	-	1,802,931	19.8
2015	381,141	381,141	-	1,835,637	20.8
2016	440,546	440,546	-	1,876,946	23.5
2017	453,356	453,356	-	1,973,049	23.0
2018	450,195	450,195	-	2,057,565	21.9
2019	478,717	478,717	-	2,108,171	22.7
2020	553,118	553,118	-	2,271,039	24.4
2021	554,856	554,856	-	2,276,768	24.4
2022	591,234	591,234	-	2,155,005	27.4

Notes to Schedule:

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

Methods and Assumptions Used to Determine Contribution Rates:

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

Amortization Method Level Percent of Payroll.

Schedule of Contribution History (Continued)

Notes to Schedule (Continued)

Methods and Assumptions Used to Determine Contribution Rates (Continued)

Amortization Period	Multiple layers – closed amortization periods. Actuarial gains/losses are amortized over 15 years. Assumption or method changes are amortized over 20 years. Plan changes, including the 2009 Early Retirement Incentive Program (ERIP), are amortized over 15 years. Future ERIPs will be amortized over five years. Any actuarial surplus is amortized over 30 years. The existing layers on June 30, 2012, except those arising from the 2009 ERIP and the two Governmental Accounting Standards Board (GASB) Statements No. 25/27 layers, were combined and amortized over 30 years.
Asset Valuation Method	Fair value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual market return and the expected return on the fair value and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the fair value of assets.
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Inflation	2.75%
Real Across-the-Board Salary Increase	0.50%
Projected Salary Increases[1]	Ranges from 4.25% to 9.95% based on years of service.
Cost of Living Adjustment	2.75% for Tier 1; 2.00% for Tier 3. Actual increases are contingent upon Consumer Price Index (CPI) increases with a 2.75% maximum for Tier 1 and a 2.00% maximum for Tier 3. For Tier 1 members with sufficient COLA bank, withdrawals from the bank can be made to increase retiree COLA up to 3% per year.
Mortality	Healthy: Pub-2010 General Health Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2019. Disabled: Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 10% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019. Beneficiaries: Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

(1) Includes inflation at 2.75% plus across-the-board salary increase of 0.50% plus merit and promotional increases.

Schedule of Investment Returns (Losses)
For the Fiscal Years Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	(8.0%)	27.5%	2.0%	5.5%	9.3%	12.6%	0.2%	2.6%	18.2%

Note to Schedule:

In fiscal years 2020, 2021 and 2022, the impact of highly divergent and volatile global market in LACERS' investments continued resulting from the economic distress caused by the COVID-19 pandemic that started in 2020, the subsequent strong market recovery in 2021 and the sharp decline in 2022 brought by the inflation concerns.

Required Supplementary Information
Postemployment Health Care Plan

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

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

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

Schedule of Net OPEB (Asset) Liability
As of June 30
(Dollars in Thousands)

Fiscal Year	Total OPEB Liability	Plan Fiduciary Net Position	Plan's Net OPEB (Asset) Liability	Plan Fiduciary Net Position as a percentage of the Total OPEB Liability
2016	2,793,689	2,134,877	658,812	76.4%
2017	3,005,806	2,438,862	566,944	81.1%
2018	3,256,827	2,676,371	580,456	82.2%
2019	3,334,299	2,812,098	522,201	84.3%
2020	3,486,530	2,851,204	635,326	81.8%
2021	3,520,078	3,781,652	(261,574)	107.4%
2022	3,580,696	3,347,771	232,925	93.5%

Note to Schedule:

Refer to the notes to the Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios.

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2022	2021	2020	2019
Total OPEB Liability				
Service cost[1]	$ 81,415	$ 84,817	$ 76,423	$ 74,478
Interest	246,694	244,776	242,666	236,678
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(369)	10,672	(135,720)	(134,053)
Changes of assumptions	(109,877)	(157,614)	96,076	33,940
Benefit payments[2]	(157,245)	(149,103)	(127,214)	(133,571)
Net change in total OPEB liability	60,618	33,548	152,231	77,472
Total OPEB liability-beginning	3,520,078	3,486,530	3,334,299	3,256,827
Total OPEB liability-ending (a)	$ 3,580,696	$ 3,520,078	$ 3,486,530	$3,334,299
Plan fiduciary net position				
Contributions-employer	$ 91,623	$ 103,454	$ 112,136	$ 107,927
Net investment income (loss)[3]	(360,636)	983,522	60,899	166,470
Benefit payments[2]	(157,245)	(149,103)	(127,214)	(133,571)
Administrative expense	(7,619)	(7,425)	(6,715)	(5,099)
Others [4]	(4)	-	-	-
Net change in Plan fiduciary net position	(433,881)	930,448	39,106	135,727
Plan fiduciary net position-beginning	3,781,652	2,851,204	2,812,098	2,676,371
Plan fiduciary net position-ending (b)	$ 3,347,771	$ 3,781,652	$ 2,851,204	$2,812,098
Plan's net OPEB (asset) liability-ending (a)-(b)	**$ 232,925**	**$ (261,574)**	**$ 635,326**	**$ 522,201**
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)	93.5%	107.4%	81.8%	84.3%
Covered payroll	$ 2,155,005	$ 2,276,768	$ 2,271,039	$2,108,171
Plan's net OPEB (asset) liability as a percentage of covered payroll	10.8%	(11.5%)	28.0%	24.8%

(1) The service cost is based on the previous year's valuation.

(2) Benefit payments associated with the self-funded insurance premium and Member's health insurance premium reserve that were reported as both additions and deductions in fiduciary net position beginning fiscal year 2019 were excluded from the above schedule.

(3) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment related administrative expenses is part of Administrative expenses and excluded from Net investment Income.

(4) In fiscal year 2022, a prior period adjustment was made related to the implementation of GASB 87 – Lease, to restate fiscal year 2021 information presented in fiscal year 2022 financial report as comparative report.

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios (Continued)
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2018	2017	2016
Total OPEB Liability			
Service cost[(1)]	$ 74,611	$ 68,385	$ 62,360
Interest	218,686	210,170	199,078
Changes of benefit terms	948	-	17,215
Differences between expected and actual experience[(2)]	(7,321)	19,666	(22,013)
Changes of assumptions	92,178	33,512	-
Benefit payments[(3)]	(128,081)	(119,616)	(109,940)
Net change in total OPEB liability	251,021	212,117	146,700
Total OPEB liability-beginning	3,005,806	2,793,689	2,646,989
Total OPEB liability-ending (a)	$ 3,256,827	$ 3,005,806	$ 2,793,689
Plan fiduciary net position			
Contributions-employer	100,909	97,457	105,983
Net investment income (loss)[(4)]	269,380	330,708	(344)
Benefit payments[(3)]	(128,081)	(119,616)	(109,940)
Administrative expense	(4,699)	(4,564)	(4,528)
Net change in Plan fiduciary net position	237,509	303,985	(8,829)
Plan fiduciary net position-beginning	2,438,862	2,134,877	2,143,706
Plan fiduciary net position-ending (b)	$ 2,676,371	$ 2,438,862	$ 2,134,877
Plan's net OPEB (asset) liability-ending (a)-(b)	**$ 580,456**	**$ 566,944**	**$ 658,812**
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)	82.2%	81.1%	76.4%
Covered payroll	$ 2,057,565	$ 1,973,049	$ 1,876,946
Plan's net OPEB (asset) liability as a percentage of covered payroll	28.2%	28.7%	35.1%

(1) The service cost is based on the previous year's valuation.

(2) After the GASB Statement No. 74 valuation report was issued for the fiscal year June 30, 2017, the System's consulting actuary reclassified $12,450,000 of OPEB liability from the *Changes of Assumption* (revised from $45,962,000 to $33,512,000) to the *Differences Between Expected and Actual Experience* (revised from $7,216,000 to $19,666,000). However, this reclassification did not affect the recommended employer contribution rates or results of the OPEB valuation in total.

(3) Benefit payments associated with the self-funded insurance premium and Member's health insurance premium reserve that were reported as both additions and deductions in fiduciary net position beginning fiscal year 2019 were excluded from the above schedule.

(4) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment related administrative expenses is part of Administrative expenses and excluded from Net investment Income.

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios (Continued)

Notes to Schedule:

Changes of Benefit Terms: The OPEB liability from the changes of benefit terms for the fiscal year ended June 30, 2016 is primarily due to providing retiree healthcare benefits to part-time employees who retired with 10 years of service but less than 10 years of service credit (refer to Note 3 – Postemployment Health Care Plan Description, Eligibility Requirement and Benefits Provided on page 42) while the June 30, 2018 increase is primarily as a result of the newly adopted enhanced benefits for Airport Peace Officers (APO) who elected to stay at LACERS Plan (refer to Note 2 – Retirement Plan Description, Tier 1 – Enhanced Benefits on page 37) as some APO Members may retire earlier than expected. Enhanced benefits became effective as of January 7, 2018.

Changes of Assumptions: The OPEB liability from the changes of assumptions for the fiscal year ended June 30, 2017 is primarily due to the lowered assumed investment rate of return, from 7.50% to 7.25%, and the June 30, 2018 increase is primarily due to the new actuarial assumptions adopted in the triennial experience study (July 1, 2014 through June 30, 2017), including revising the mortality tables from static to generational. The June 30, 2019 increase is mainly due to the increased Medicare Part B Premium Trend Rate from 4.0% to 4.5% while the June 30, 2020 is due to the new actuarial assumptions adopted as a result of actuarial experience study covering the period July 1, 2016 to June 30, 2019 which included a lowered investment rate of returns from 7.25% to 7.00% as well as using revised mortality tables. The June 30, 2021 and June 30, 2022 decreases are primarily due to the updated trend assumption for projecting medical premiums after fiscal year 2021/22 and after 2022/23, respectively.

Schedule of Contribution History
(Dollars in Thousands)

Fiscal Year	Actuarially Determined Contributions (ADC)	Contributions in Relation to ADC	Contributions Deficiency	Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	$ 72,916	$ 72,916	$ -	$1,736,113	4.2%
2014	97,841	97,841	-	1,802,931	5.4
2015	100,467	100,467	-	1,835,637	5.5
2016	105,983	105,983	-	1,876,946	5.7
2017	97,457	97,457	-	1,973,049	4.9
2018	100,909	100,909	-	2,057,565	4.9
2019	107,927	107,927	-	2,108,171	5.1
2020	112,136	112,136	-	2,271,039	4.9
2021	103,454	103,454	-	2,276,768	4.5
2022	91,623	91,623	-	2,155,005	4.3

Notes to Schedule:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Actuarial Cost Method (level percent of payroll).
Amortization Method	Level Percent of Payroll.
Amortization Period	Multiple layers – closed amortization periods. The unfunded actuarial accrued liability as of June 30, 2020 is amortized over a fixed period of 21 years beginning June 30, 2021. Actuarial gains/losses are amortized over 15 years. Non-health related assumptions or method changes are amortized over 20 years. Health related assumptions or method changes are amortized over 15 years. Plan changes, including the 2009 Early Retirement Incentive Program (ERIP), are amortized over 15 years. Future ERIPs will be amortized over five years. Any actuarial surplus is amortized over 30 years. The existing layers on June 30, 2012, except those arising from the 2009 ERIP and the two Governmental Accounting Standards Board (GASB) Statements No. 25/27 layers, were combined and amortized over 30 years.
Asset Valuation Method	Fair value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual and expected returns on a fair value basis and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets.

Actuarial Assumptions:

Investment Rate of Return	7.00%
Inflation	2.75%
Real Across-the-Board Salary Increase	0.50%

Schedule of Contribution History (Continued)

Notes to Schedule (Continued)

Methods and Assumptions Used to Determine Contribution Rates (Continued)

Projected Salary Increases[1]	Ranges from 4.25% to 9.95% based on years of service.
Mortality	Healthy: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2019
	Disabled: Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables with rates increased by 10% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019.
	Beneficiaries: Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Tables with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

[1] Includes inflation at 2.75%, plus across-the-board salary increase of 0.50% plus merit and promotional increases.

Schedule of Investment Returns (Losses)
For the Fiscal Years Ended June 30

	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expenses	(10.5%)	39.9%	2.1%	6.1%	10.8%	15.2%

Note to Schedule:

The required disclosure about factors that significantly affect trends in the money-weighted rate of return is not provided as only six years' rates are available. As additional years' money-weighted rate of return become available, the System will disclose factors that significantly affect trends in the rate of return.

For fiscal year 2020, investment return was impacted by the recent spread of COVID-19 which adversely impacted global commercial activity and volatility in the global financial markets The substantial increase of investment return in fiscal year 2021, is primarily attributed to a strong recovery of the global financial market following the initial shock caused by the COVID-19 pandemic in the previous fiscal year. In fiscal year 2022, global economy and financial market sharply declined due to economic distress brought by the rapidly increasing inflation.

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SUPPLEMENTAL SCHEDULES

Schedule of Administrative Expenses
For the Fiscal Year Ended June 30, 2022
(In Thousands)

	Retirement Plan	Postemployment Health Care Plan	Total
Personnel Services:			
Salaries	$ 13,100	$ 2,989	$ 16,089
Employee Benefits and Development	5,728	1,307	7,035
Total Personnel Services	18,828	4,296	23,124
Professional Services:			
Actuarial	261	60	321
Audit	142	32	174
Legal Counsel	657	150	807
Disability Evaluation	64	15	79
Retirees' Health Admin Consulting	-	539	539
Benefit Payroll Processing	200	45	245
Self Funded Plan Administrative Fee	-	875	875
Other Consulting	51	12	63
Total Professional Services	1,375	1,728	3,103
Information Technology:			
Computer Hardware & Software	544	124	668
Computer Maintenance & Support	209	47	256
Total Information Technology	753	171	924
Other Expenses:			
Fiduciary Insurance	72	17	89
Educational and Due Diligence Travel	27	6	33
Office Expenses	974	223	1,197
Depreciation	1,419	324	1,743
Building Operating Exp	834	190	1,024
Total Other Expenses	3,326	760	4,086
Total Administrative Expenses	$ 24,282	$ 6,955	$ 31,237

Schedule of Investment Fees and Expenses
For the Fiscal Year Ended June 30, 2022
(In Thousands)

	Assets Under Management	Fees and Expenses
Retirement Plan		
Investment Management Fees:		
Fixed Income Managers	$ 4,680,657	$ 8,320
Equity Managers	7,945,903	23,368
Subtotal	12,626,560	31,688
Other Investment Fees and Expenses:		
Private Equity Consulting Fees	N/A	620
Real Estate Consulting Fees	N/A	175
Other Consulting Fees	N/A	379
Investment Related Administrative Expenses	N/A	2,907
Subtotal	N/A	4,081
Postemployment Health Care Plan		
Investment Management Fees:		
Fixed Income Managers	916,022	1,899
Equity Managers	1,555,042	5,333
Subtotal	2,471,064	7,232
Other Investment Fees and Expenses:		
Private Equity Consulting Fees	N/A	142
Real Estate Consulting Fees	N/A	40
Other Consulting Fees	N/A	86
Investment Related Administrative Expenses	N/A	664
Subtotal	N/A	932
Total Investment Fees and Expenses excluding Private Equity and Real Estate	$ 15,097,624	$ 43,933
Private Equity Managers' Fees and Expenses:		
Retirement Plan	$ 3,179,715	$ 56,705
Postemployment Health Care Plan	622,282	12,940
Total Private Equity Managers' Fees and Expenses	$ 3,801,997	$ 69,645
Real Estate Managers' Fees and Expenses:		
Retirement Plan	$ 971,126	$ 13,163
Postemployment Health Care Plan	190,053	3,004
Total Real Estate Managers' Fees and Expenses	$ 1,161,179	$ 16,167
Total Assets Under Management and Fees and Expenses	$ 20,060,800(1)	$ 129,745(2)

(1) Excludes Security Lending Collateral assets of $515,988,000.
(2) Includes Investment Management Fees and Expenses of $126,174,000 and Investment-Related Administrative Expenses of $3,571,000.

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Investment

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Report on Investment Activity

December 3, 2022

Dear Members of the Board:

Presented below is a summary report of the System's investment activities for the fiscal year 2021-2022.

Market Overview

The 2022 fiscal year was a highly volatile period for the LACERS investment portfolio, with the global economy and financial markets impacted by the continued economic distress caused by the COVID-19 pandemic, Russia's invasion of Ukraine, and inflation and recession concerns. For the one-year period ending June 30, 2022, the LACERS investment portfolio returned -6.86% (gross of fees) and outperformed the policy benchmark of return of -8.97% (gross of fees), demonstrating the benefit of maintaining a well-diversified portfolio of high-quality external investment managers.

During the 2022 fiscal year, capital markets declined sharply in response to the changing and uncertain macroeconomic environment. As headline inflation rose to a 40-year high of 9.1%, the Federal Reserve took action to raise its benchmark interest rate from a range of 0.00% to 0.25% at the end of fiscal year 2021 to a range of 1.50% to 1.75% by the end of fiscal year 2022 (with an additional 0.75% rate hike in July 2022). Central banks globally took similar actions to raise interest rates.

The Federal Reserve also initiated a quantitative tightening program in June 2022 to reduce its $9 trillion in balance sheet assets. Consequently, the 10-year U.S. Treasury yield rose from 1.45% to 2.98% over the one-year period ending June 30, 2022, creating headwinds for U.S. fixed income markets. Typically considered a safe-haven asset, U.S. investment grade fixed income returns were strongly negative for the 2022 fiscal year, with the Bloomberg U.S. Aggregate Bond Index returning -10.29%. The U.S. high yield fixed income market, as measured by the Bloomberg U.S. High Yield Index, fared worse and returned -12.81% over the same period.

Public equity markets were also challenged during the fiscal year. U.S. large cap stocks, as measured by the S&P 500 Index, posted their first year of negative returns in over a decade with a return of -10.62%. U.S. small cap stocks, as measured by the Russell 2000 Index, underperformed large cap stocks, posting a one-year return of -25.20%. International stocks underperformed U.S. stocks due to inflationary pressures, the ongoing conflict between Russia and Ukraine, and currency weakness. Developed international equity markets, as measured by the MSCI EAFE Index, declined -17.77% and emerging markets stocks, as measured by the MSCI Emerging Markets Index, declined -25.28%.

In contrast, global private equity markets and real assets, which help protect against inflation, performed relatively well during the fiscal year. The Cambridge Associates Global Private Equity and Venture Capital Index returned 2.52% while the NFI-ODCE Index, a measure of the real estate market, returned 28.31%. Commodities continued to rebound from COVID-19 pandemic lows with the Bloomberg Commodities Index returning 24.27% and West Texas Intermediate (WTI) crude oil prices rising 43.05% for the one-year period ending June 30, 2022.

While overall volatility has increased significantly as capital markets adjust to a new regime of higher inflation and higher interest rates, it is important to acknowledge that LACERS is a long-term strategic investor with a carefully constructed, highly diversified portfolio designed to weather all market conditions.

Investment Performance

LACERS' primary investment objective is to maximize the return of the portfolio at a prudent level of risk to meet the obligations of the System. The System's investment portfolio is managed on a total return basis over a long-term investment horizon. While the System recognizes the importance of capital preservation, it also recognizes that varying degrees of investment risk are generally rewarded with commensurate returns. Consequently, prudent risk-taking is warranted within the context of overall portfolio diversification, which is achieved through the System's strategic asset allocation policy.

LACERS investments are reported at fair value. The total portfolio, comprised of investments, cash, and accrued dividends and income, was valued at $20.56 billion as of June 30, 2022, a decrease of $2 billion from the prior fiscal year. The total portfolio realized a -6.86% return (gross of fees) for the fiscal year. Individual asset class returns (gross of fees) were: U.S. Equity, -13.41%; Non-U.S. Equity, -19.47%; Core Fixed Income, -9.98%; Credit Opportunities, -13.81%; Private Equity, 27.64%; and Real Assets, 5.29%.

The total portfolio outperformed its policy benchmark by 211 basis points (gross of fees) for the fiscal year, with all asset classes, except Non-U.S. Equity, outperforming their benchmarks. The extraordinary performance of Private Equity was a key driver of the total portfolio's outperformance relative to the policy benchmark.

The Investment Results table presented on page 82 provides a summary of time-weighted rates of return based on fair value of assets by asset class and for the total portfolio.

Policies, Procedures and Guidelines

During the 2021-2022 fiscal year, the Board approved amendments to several sections of the Investment Policy. Interim asset allocation policy targets were adopted to transition the current portfolio to the long-term strategic asset allocation policy targets adopted by Board in the prior fiscal year. The transition is anticipated to occur over a five-year time period to provide sufficient time to align private markets asset classes, which have a higher degree of illiquidity than public markets asset classes, with long-term policy targets. The Board also approved renaming the Tactical Asset Allocation Policy to Adaptive Asset Allocation Policy and including an additional risk management guideline to prevent adaptive rebalances from breaching the established long-term policy target range of any asset class.

To evaluate the risk-return characteristics of LACERS' Private Equity portfolio more effectively, the Board approved a change in the Private Equity benchmark from a public equity-based index, the Russell 3000 plus 300 basis points, to a private equity-based index, the Cambridge Associates Global Private Equity and Venture Capital Index, effective January 1, 2022. The Board also increased the maximum commitment size for new and existing private equity general partnership relationships to $150 million.

Responsible Investment Program

LACERS became an official signatory to the Principles for Responsible Investment (PRI) on September 3, 2019. During the fiscal year, as part of its obligations as a PRI signatory, the Board adopted a Responsible Investment Policy, which serves as the master policy framework for LACERS' Responsible Investment Program. The Board also approved amendments to the Proxy Voting Policy, primarily to address new Environmental, Social, and Governance (ESG) proxy matters being raised by shareholders of public companies such as gender diversity of corporate boards and climate change accountability. In addition, the Board updated its ESG Risk Framework Action Plan and PRI Action Plan, which establish initiatives for developing a robust responsible investment program in support of the PRI Principles. The execution of these plans is currently in progress.

LACERS also enhanced outreach efforts to emerging managers that have potential to add value to the LACERS portfolio but would otherwise not be identified through the standard search process. LACERS virtually hosted two successful Emerging Manager Symposiums on October 20, 2021, and April 20, 2022, to educate firms about LACERS' Emerging Investment Manager Program and investment manager search and selection processes. The inaugural symposium was attended by 212 professionals with 168 representing emerging manager firms. The April symposium was attended by 319 professionals (50% increase from the inaugural symposium), with 292 representing emerging manager firms (74% increase from the inaugural symposium). Symposiums will continue to be held on a bi-annual basis.

Public Investment Manager Contract Awards, Renewals, and Terminations

As presented in the table on page 84, contracts with five investment managers of publicly traded securities were awarded or renewed during the fiscal year: one active non-U.S. emerging markets equities manager, two active non-U.S. equities developed markets managers, one active non-U.S. small cap equities manager, and one passive global index manager. No contracts with investment managers of publicly traded securities were terminated during the fiscal year.

Private Investments

Also as presented in the table of page 84, LACERS approved 31 private equity partnership contracts, totaling $1.2 billion of commitments, and four private real estate partnership contracts, totaling $250 million of commitments during the fiscal year.

The pages that follow provide further details about the LACERS investment portfolio and investment activity for the fiscal year 2021-2022.

Respectfully submitted,

Rodney L. June
Chief Investment Officer

Investment Results

The Los Angeles City Employees' Retirement System's (LACERS, or the System) general investment goals are consistent with the City Charter citations and State Constitution and are stated below:

- The overall goal of the System's investment assets is to provide plan participants with post-retirement benefits as set forth in the System documents. This will be accomplished through a carefully planned and executed investment program.
- The System's investment program shall comply, at all times, with existing and future applicable City, state and federal regulations. Investment performance data is calculated in conformance with Global Investment Performance Standards (GIPS).
- All transactions undertaken will be for the sole benefit of the System's participants and beneficiaries and for the exclusive purpose of providing benefits to them and defraying reasonable administrative expenses associated with the System.
- The System has a long-term investment horizon, and utilizes an asset allocation that encompasses a strategic, long run perspective of capital markets. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of the System's investment performance.
- Investment actions are expected to comply with the Employee Retirement Income Security Act (ERISA) "prudent person" standards, which are described in the act as "…with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims."

Investment Results

Schedule of Annualized Asset Class Investment Returns
(Compared to Policy Benchmarks)

Asset Class / Benchmark	Annualized Rates of Return(1) (Gross of Fees)		
	1 Yr. (%)	3 Yrs. (%)	5 Yrs. (%)
U.S. Equity	**-13.41**	**9.41**	**10.34**
Russell 3000	-13.87	9.77	10.60
Non-U.S. Equity	**-19.47**	**3.06**	**3.84**
MSCI ACWI ex U.S.	-19.42	1.35	2.50
Private Equity	**27.64**	**23.82**	**19.64**
Private Equity Blend(2)	14.05	22.90	19.75
Core Fixed Income	**-9.98**	**-0.18**	**1.40**
Bloomberg U.S. Aggregate Bond Index	-10.29	-0.93	0.88
Credit Opportunities	**-13.81**	**-1.56**	**1.17**
Credit Opportunities Blend(3)	-14.44	-1.18	1.29
Real Assets	**5.29**	**5.84**	**5.85**
Real Assets Blend(4)	5.89	7.38	7.37
LACERS Total Fund	**-6.86**	**6.83**	**7.17**
LACERS Policy Benchmark	-8.97	6.44	6.97

(1) Time-weighted rate of return based on fair value of assets for all asset classes.
(2) Cambridge Associates Global Private Equity and Venture Capital Index January 1, 2022 to present; Russell 3000 + 3% July 1, 2012 to December 31, 2021.
(3) 20.7% Bloomberg US Corporate High Yield 2% Issuer Capped Index / 20.7% Credit Suisse Leveraged Loan Index / 55.0% of a blended 50% J.P. Morgan EMBI Global Diversified and 50% J.P. Morgan GBI-EM Global Diversified / 3.6% Credit Suisse Leveraged Loan Index One Quarter Lagged
(4) 41.67% Bloomberg US TIPS Index / 25% FTSE NAREIT All Equity REITS Index / 33.33% NFI-ODCE + 0.80%

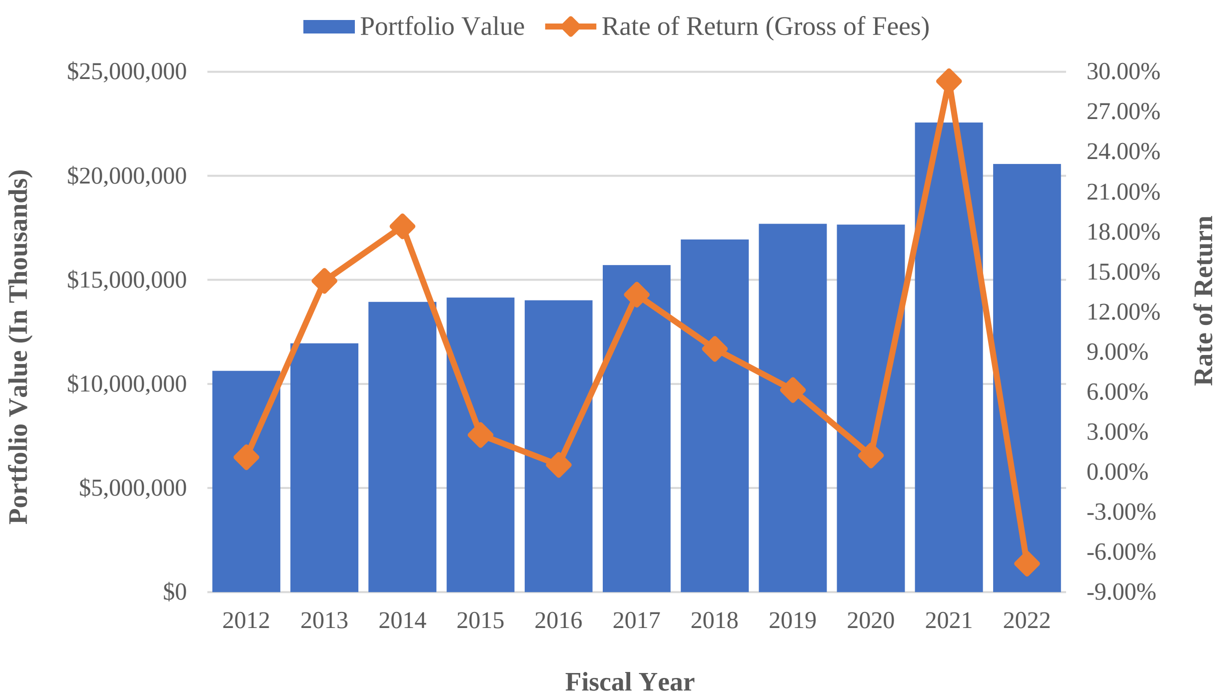
Investment Results

Schedule of Investment Result History

For the Fiscal Years Ended June 30

(Dollars in Thousands)

Fiscal Year	Total Investment Portfolio(1) (Fair Value)	Time-Weighted Rate of Return (Gross of Fees)
2012	10,623,740	1.11%
2013	11,946,264	14.32
2014	13,941,866	18.41
2015	14,148,849	2.78
2016	14,014,772	0.53
2017	15,708,981	13.29
2018	16,935,458	9.23
2019	17,693,115	6.15
2020	17,654,460	1.24
2021	22,518,983	29.29
2022	20,564,461	-6.86



(1) The total investment portfolio is comprised of investments, cash, and accrued dividends and income. It excludes LACERS' new headquarters property purchased in fiscal year 2019-2020 and subsequent construction cost fundings. Additionally, it excludes $428M of short-term investment and general operating account.

Investment Contract Activity

Contracts with investment managers of publicly traded securities awarded/renewed/extended:

Firms	Mandate
Axiom Investors, LLC	Active Growth Non-U.S. Emerging Markets
Lazard Asset Management LLC	Active Non-U.S. Equities Developed Markets
MFS Institutional Advisors, Inc.	Active Non-U.S. Equities Developed Markets
Oberweis Asset Management, Inc.	Active Non-U.S. Small Cap Equities
State Street Global Advisors	Passive Global Index

New private equity and real estate partnerships:

Investment Funds	Mandate
1315 Capital III, L.P.	Private Equity – Growth
Advent Global Technology II, L.P.	Private Equity – Buyout
Advent International GPE X, L.P.	Private Equity – Buyout
Arsenal Capital Partners VI, L.P.	Private Equity – Buyout
Barings Emerging Generation Fund, L.P.	Private Equity – Secondaries
Bessemer Venture Partners XII Institutional L.P.	Private Equity – Venture Capital
Biospring Partners Fund, L.P.	Private Equity – Growth
Brookfield Strategic Real Estate Partners IV-B, L.P.	Real Estate – Opportunistic
Clearlake Capital Partners VII, L.P.	Private Equity – Buyout
Cortland Growth and Income, L.P.	Real Estate – Value Added
DEFY Partners III, L.P.	Private Equity – Venture Capital
Francisco Partners Agility III, L.P.	Private Equity – Buyout
Francisco Partners VII, L.P.	Private Equity – Buyout
General Catalyst Group XI – Creation, L.P.	Private Equity – Venture Capital
General Catalyst Group XI – Endurance, L.P.	Private Equity – Growth
General Catalyst Group XI – Ignition, L.P.	Private Equity – Venture Capital
HarbourVest Partners Co-investment Fund VI L.P.	Private Equity – Secondaries
Harvest Partners IX, L.P.	Private Equity – Buyout
Hg Genesis 10 A L.P.	Private Equity – Buyout
Hg Saturn 3 A L.P.	Private Equity – Buyout
L2 Point Opportunities I, L.P.	Private Equity – Mezzanine
LBA Logistics Value Fund IX, L.P.	Real Estate – Value Added
LightBay Investment Partners II, L.P.	Private Equity – Buyout
NEA 18 Venture Growth Equity, L.P.	Private Equity – Venture Capital
New Enterprise Associates 18, L.P.	Private Equity – Venture Capital
Nordic Capital Fund XI, L.P.	Private Equity – Buyout
Oak HC/FT Partners V, L.P.	Private Equity – Venture Capital
Reverence Capital Partners Opportunities Fund V (PE III), L.P.	Private Equity – Buyout
Spark Capital Growth Fund IV, L.P.	Private Equity – Growth
Spark Capital VII, L.P.	Private Equity – Venture Capital
TCV XII, L.P.	Private Equity – Growth
Thoma Bravo Discover Fund IV, L.P.	Private Equity – Buyout
Thoma Bravo Fund XV, L.P.	Private Equity – Buyout
TPG Real Estate Partners IV, L.P.	Real Estate – Opportunistic
TPG Rise Climate, L.P.	Private Equity – Growth

Investment Contract Activity

Contracts with consultants and vendors awarded/renewed/extended:

Firms	Mandate
Bloomberg Finance, L.P.	Investment Research Database
CEM Benchmarking, Inc.	Investment Cost and Performance Benchmarking
Markit Group Limited	Private Equity Benchmark
MSCI, Inc.	ESG Data Service
NEPC, LLC	General Fund Consultant
PitchBook Data, Inc.	Private Markets Database
Townsend Holdings LLC	Real Estate Consultant

Asset Allocation
As of June 30, 2022

	Actual[1]		Target[2]
U.S. Equity	20.60%	U.S. Equity	21.00%
Non-U.S. Equity	23.98	Non-U.S. Equity	26.00
Private Equity[3]	19.00	Private Equity	16.00
Core Fixed Income	15.10	Core Fixed Income	11.25
Credit Opportunities[4]	7.95	Credit Opportunities	12.75
Real Assets[5]	13.00	Real Assets	12.00
Unallocated Cash	0.37	Unallocated Cash	1.00
Total	100.00%	**Total**	100.00%

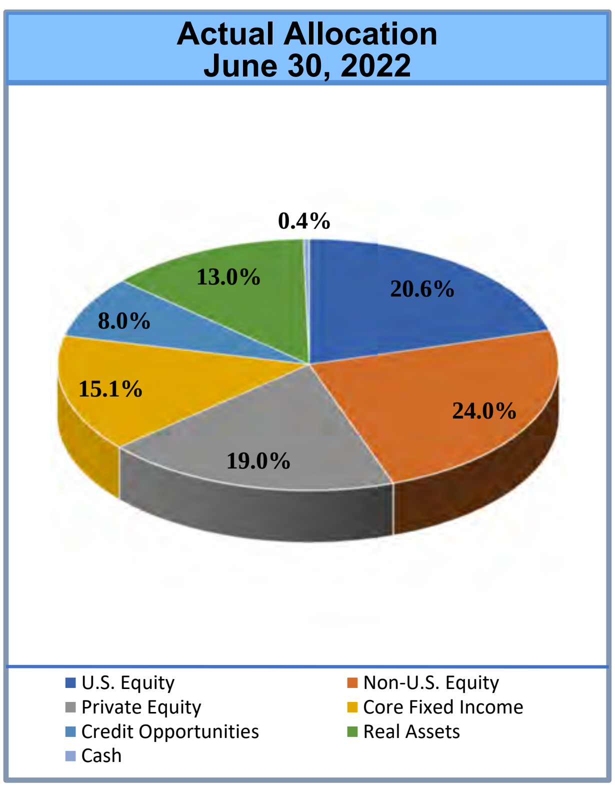
(1) Implementation of the most recently adopted Target Asset Allocation Policy is in progress and explains the difference in actual versus target allocations.

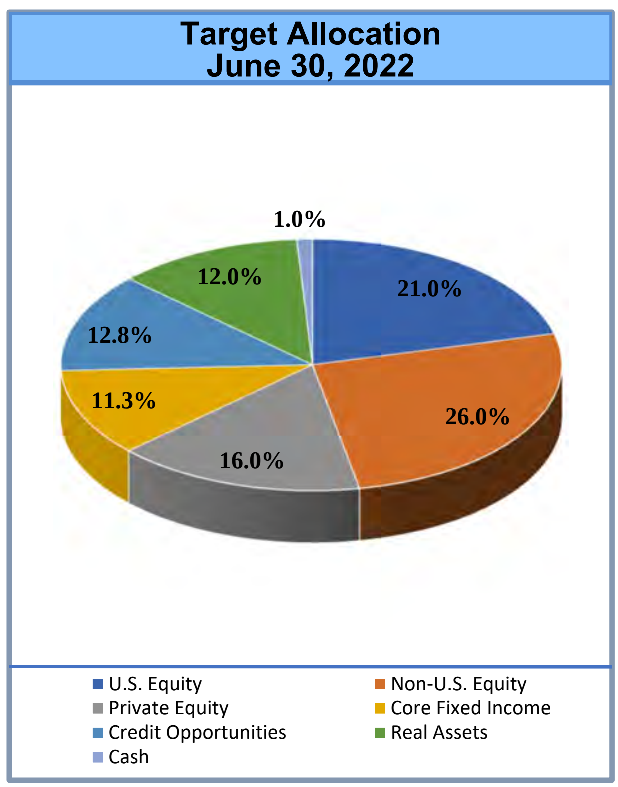
(2) Interim Target Asset Allocation Policy was adopted on September 14, 2021. The policy targets are scheduled to incrementally change between 2021 and 2025, and ultimately converge to the long-term target ranges as presented above.

(3) The overweight to Private Equity is a result of the denominator effect caused by public market volatility and cannot be rebalanced on demand since the valuations for private markets lag one quarter.

(4) The underweight to Credit Opportunities is due to the addition of the Private Credit sub-asset class, which is currently in the process of being invested. The balance of the allocation for Private Credit is currently held within the Core Fixed Income portfolio.

(5) The overweight to Real Assets is a result of an overweight to the Private Real Estate sub-asset class. Private Real Estate is also impacted by the denominator effect caused by public market volatility and cannot be rebalanced on demand since the valuations for private markets lag one quarter.





List of Largest Assets Held by Fair Value

Displayed below are the ten largest holdings in each asset class along with their fair and share/par values as of June 30, 2022.

Largest U.S. Equity Holdings

	Shares	Asset Description	Fair Value (in US$)
1.	1,509,219	Apple Inc.	$ 206,340,422
2.	734,102	Microsoft Corp.	188,539,417
3.	858,852	Amazon Inc.	91,218,671
4.	29,522	Alphabet Inc. Class A	64,336,114
5.	27,069	Alphabet Inc. Class C	59,212,084
6.	82,369	Tesla, Inc.	55,468,932
7.	177,580	Berkshire Hathaway Class B	48,482,892
8.	92,086	UnitedHealth Group Inc.	47,298,132
9.	258,285	Johnson & Johnson	45,848,170
10.	245,781	NVIDIA Corp.	37,257,942
		Total	$ 844,002,776

Largest Non-U.S. Equity Holdings

	Shares	Asset Description	Fair Value (in US$)
1.	8,322,133	SSgA MSCI Emerging Markets Index Fund(1)	$ 303,025,520
2.	15,703,467	SSgA MSCI EAFE Small Cap Index Fund(1)	259,515,503
3.	512,224	Nestle SA	59,625,260
4.	129,430	Roche Holdings AG	43,066,722
5.	3,583,103	AIA Group Ltd.	38,835,842
6.	5,390,867	HSBC Holdings	35,065,403
7.	409,996	Novartis AG	34,624,930
8.	56,631	LVMH Moet Hennessy Louis Vuitton	34,439.482
9.	281,462	Sanofi SA	28,348,476
10.	205,190	Air Liquide SA	27,483,724
		Total	$ 864,030,862

(1) A complete listing of the System’s holdings is available upon request.
(2) Investment in a commingled fund that holds publicly traded equity securities. The share amount represents LACERS ownership interest in the commingled fund.

List of Largest Assets Held by Fair Value

Largest U.S. Fixed Income Holdings

	Par Value	Asset Description	Fair Value (in US$)
1.	25,601,486	SSgA US Aggregate Bond Fund(1)	$ 796,359,814
2.	196,000,000	Bain Capital Senior Loan Fund, L.P.(1)	230,643,364
3.	65,000,000	United States Treas Notes Inflation Index 0.500% Due 01/15/2028	75,663,757
4.	64,250,000	United States Treas Notes Inflation Index 0.375% Due 07/15/2027	75,659,929
5.	69,810,000	United States Treas Notes Inflation Index 0.125% Due 01/15/2030	74,875,614
6.	57,750,000	United States Treas Notes Inflation Index 0.125% Due 07/15/2026	69,089,310
7.	57,800,000	United States Treas Notes Inflation Index 0.375% Due 01/15/2027	68,920,314
8.	61,100,000	United States Treas Notes Inflation Index 0.250% Due 07/15/2029	66,960,307
9.	57,200,000	United States Treas Notes Inflation Index 0.750% Due 07/15/2028	66,351,040
10.	64,535,000	United States Treas Notes 1.500% Due 02/15/2030	57,965,538
		Total	$ 1,582,488,987

Largest Non-U.S. Fixed Income Holdings

	Par Value (in local currency)	Asset Description	Fair Value (in US$)
1.	222,642,245	Republic of South Africa 10.50% Due 12/21/2026	14,424,010
2.	72,923	Brazilian Federative Republic 10.00% Due 01/01/2029	12,899,139
3.	238,820,000	Republic of South Africa 8.875% Due 02/28/2035	12,225,631
4.	71,860,000	China Government Bond 2.28% Due 03/17/2024	10,724,633
5.	1,468,444	Republic of Mexico 8.00% Due 07/12/2023	7,139,515
6.	8,160,000	PVTPL Baffinland Iron Mines Corp 8.75% Due 07/15/2026	7,117,478
7.	49,617,000	Republic of Poland 1.75% Due 04/25/2032	7,101,229
8.	7,530,000	PVTPL Titan 7.75% Due 04/15/2026	6,921,576
9.	77,375,000,000	Republic of Indonesia 9.00% Due 03/15/2029	5,723,595
10.	6,210,000	Republic of Croatia 1.125% Due 06/19/2029	5,628,484
		Total	$ 89,905,290

(1) A complete listing of the System's holdings is available upon request.
(2) Investment in a commingled fund that holds publicly traded fixed income securities. The par value represents LACERS ownership interest in the commingled fund.

Schedules of Fees and Commissions

Schedule of Fees
(In Thousands)

	2022 Assets Under Management	Fees	2021 Assets Under Management	Fees
Investment Manager Fees:				
Fixed Income Managers	$ 5,596,679[1]	$ 10,219	$ 6,258,285[2]	$ 7,409
Equity Managers	9,500,945[1]	28,701	11,504,881[2]	28,254
Real Estate Managers	1,161,179	16,167	867,045	14,483
Private Equity Managers	3,801,997	69,645	3,329,093	48,697
Total	$ 20,060,800	$ 124,732	$ 21,959,304	$ 98,843
Investment Consulting Fees	N/A	$ 1,442	N/A	$ 1,384
Investment Related Administrative Expense	N/A	3,571	N/A	3,255
Total	N/A	$ 5,013	N/A	$ 4,639

(1) Includes $(36,000) of fixed income derivatives and $(1,216,000) of equity derivatives. This is combined in the State of Fiduciary Net Position of $(1,252,000)

(2) Includes $(337,000) of fixed income derivatives and $3,278,000 of equity derivatives. This is combined in the Statement of Fiduciary Net Position as $2,941,000.

Schedule of Top Ten Brokerage Commissions

	Broker	Shares	Commission	$/Share
1.	Merrill Lynch International Limited	12,396,108	$ 160,877	$ 0.013
2.	J.P. Morgan Securities PLC	15,773,809	140,272	0.009
3.	Morgan Stanley & Co., LLC	18,450,763	105,760	0.006
4.	J.P. Morgan Securities LLC	5,694,363	100,914	0.018
5.	Liquidnet Inc.	6,095,274	95,644	0.016
6.	Liquidnet Europe Limited	14,034,616	89,273	0.006
7.	Instinet, LLC	17,373,263	85,189	0.005
8.	Daiwa Capital Markets America Inc.	2,153,394	76,332	0.035
9.	CLSA Singapore Pte Ltd.	13,923,525	72,451	0.005
10.	HSBC Securities (USA) Inc.	18,249,724	66,876	0.004
	Total	124,144,839	993,588	0.008
	Total - Other Brokers[1]	381,732,072	2,413,231	0.006
	Grand Total	**505,876,911**	**$ 3,406,819**	**$ 0.007**

(1) Over-the-counter (OTC) Brokers excluded because there is no stated commission.

LACERS has commission recapture arrangements with brokerage firms. For the current fiscal year, LACERS recaptured a total of $15,728 commission credit from Cowen, which was rebated to LACERS in cash.

Investment Summary
As of June 30, 2022

Type of investment	Fair Value	% of Total Fair Value	Domestic Fair Value	Foreign Fair Value
Fixed Income				
Fixed Income ETF	$ 1,858	0.01	$ 1,858	$ -
Government bonds	2,436,381	11.84	1,869,382	566,999
Government agencies	55,642	0.27	11,313	44,329
Municipal/provincial bonds	16,078	0.08	14,904	1,174
Corporate bonds	1,267,997	6.16	917,228	350,769
Bank loans	87,969	0.43	85,866	2,103
Government mortgage bonds	483,698	2.35	483,698	-
Commercial mortgage bonds	93,878	0.46	93,878	-
Opportunistic debts	356,857	1.73	342,063	14,794
Other fixed income (Common Funds Assets)	796,360	3.87	796,360	-
Derivative Instruments	(36)	-	429	(465)
Total Fixed Income	**5,596,682**	**27.20**	**4,616,979**	**979,703**
Equities				
Common stock				
Basic industries	1,178,770	5.73	437,981	740,789
Capital good industries	451,754	2.20	132,807	318,947
Consumer & services	2,093,401	10.17	1,034,655	1,058,746
Energy	674,879	3.28	312,816	362,063
Financial services	1,348,108	6.55	523,671	824,437
Health care	984,124	4.78	605,735	378,389
Information technology	1,435,686	6.98	1,010,780	424,906
Real Estate	717,838	3.49	588,977	128,861
Other funds - Common Stock	562,541	2.73	562,541	-
Miscellaneous	18,186	0.09	8,743	9,443
Total Common Stock	**9,465,287**	**46.00**	**5,218,706**	**4,246,581**
Preferred Stock	27,031	0.13	2,777	24,254
Stapled Securities	9,503	0.05	-	9,503
Convertible Equity	337	-	318	19
Derivative Instruments	(1,216)	(0.01)	(3,852)	2,636
Total Equities	**9,500,942**	**46.17**	**5,217,949**	**4,282,993**
Real Estate	**1,161,179**	**5.64**	**1,146,396**	**14,783**
Private Equity				
Buyout	2,065,205	10.04	1,594,538	470,667
Distressed debt	196,657	0.96	132,678	63,979
Mezzanine	21,580	0.10	21,580	-
Special situations	284,732	1.38	212,566	72,166
Venture capital	1,233,823	6.00	1,144,249	89,574
Total Private Equity	**3,801,997**	**18.48**	**3,105,611**	**696,386**
Security Lending Collateral	**515,988**	**2.51**	**468,758**	**47,230**
Total Fund[(1)]	**$20,576,788**	**100.00%**	**$14,555,693**	**$6,021,095**

(1) Total Fund includes securities lending collateral, but excludes cash and cash equivalents and adjustments to cash.

Advisory/Consulting/Custody Services

Investment Advisors

U.S. Equity

Copeland Capital Management, LLC
EAM Investors, LLC
Granahan Investment Management
Principal Global Investors, LLC
RhumbLine Advisers Limited Partnership
Segall Bryant & Hamill

Non-U.S. Equity

Axiom Investors, LLC
Barrow, Hanley, Mewhinney & Strauss, LLC
Dimensional Fund Advisors LP
Lazard Asset Management, LLC
MFS Institutional Advisors, Inc.
Oberweis Asset Management, Inc.
State Street Global Advisors Trust Company
Wasatch Advisors Inc.

Fixed Income

Garcia Hamilton & Associates, L.P.
Income Research & Management
J.P. Morgan Asset Management
Loomis, Sayles & Company, L.P.
Robert W. Baird & Co., Incorporated
State Street Global Advisors Trust Company

Credit Opportunities

Bain Capital Credit, L.P.
Benefit Street Partners L.L.C.
Crescent Capital Group LP
Loomis, Sayles & Company, L.P.
Monroe Capital Advisors LLC
Polen Capital Credit, LLC
PGIM, Inc.
Wellington Management Company LLP

Public Real Assets

CenterSquare Investment Management LLC
Dimensional Fund Advisors LP

Cash & Short-Term

The Northern Trust Company

Real Estate

Almanac Realty Partners, LLC
Apollo Global Management, LLC
Asana Partners, LP
Berkshire Group
Bristol Group, Inc.
Broadview Real Estate Partners
Bryanston Realty Partners
Canyon Partners, LLC
Cerberus Capital Management
CIM Group LLC
Clarion Partners
Colony Capital, Inc.
DLJ Real Estate Capital Partners
DRA Advisors LLC
Gerrity Group, LLC
Global Logistics Real Estate Investment Firm
Hancock Timber Resource Group, Inc.
Heitman LLC
Integrated Capital, LLC
Invesco Advisors, Inc.
Jamestown LP
JP Morgan Chase & Co.
Kayne Anderson Capital Advisors, L.P.
LBA Logistics
Lone Star Funds
Morgan Stanley & Co., LLC
NREP Logistics AB
Oaktree Capital Management, L.P.
PCCP, LLC
Principal Global Investors LLC
Standard Life Investments Limited
Stockbridge Capital Group
Torchlight Investors, LLC
Walton Street Capital
Waterton Associates L.L.C.
The Wolff Company

Private Equity

1315 Capital LLC
ABRY Partners LLC
ACON Investments, L.L.C.
Advent International Corp.
AION Capital Partners
American Securities LLC
Angeleno Group LLC
Angeles Equity Partners, LLC
Apollo Global Management, LLC

Investment Advisors (Continued)

Private Equity (Continued)

Arsenal Capital Partners
Ascribe Capital, LLC
Astorg Group, LLC
Astra Capital Management LLC
Austin Ventures
Avance Investment Management
Bain Capital
Baring Private Equity Asia Limited
BC Partners
Biospring Partners
Black Diamond Capital Management
Blackstone Group Inc.
Blue Sea Capital LLC
Brentwood Associates, Inc.
Builders VC
Cardinal Partners
Carlyle Group Inc.
CenterGate Capital, L.P.
Charterhouse Capital Partners LLP
Clearlake Capital Group
Coller Capital Limited
CVC Capital Partners
Defy Partners Management, LLC
EIG Global Energy Partners
Element Management LP
Encap Investments L.P.
Energy Capital Partners
Essex Woodland Health Ventures
FIMI Ltd.
First Reserve Corporation
Fortress Investment Group
Freeman Spogli & Co. Inc.
Frontier Venture Capital
General Catalyst Partners
Genstar Capital
GGV Capital
Gilde Buy Out Partners BV
Glendon Capital Management LP
GTCR LLC
The Halifax Group, LLC
HarbourVest Partners, LLC
Harvest Partners
Hellman & Friedman LLC
Hg Capital, LLC
H.I.G. Capital
High Road Capital Partners, LLC
Hony Capital
Incline Equity Partners
Insight Partners
Institutional Venture Partners
Intermediate Capital Group Inc
JH Whitney & Co.
Kelso & Company
Khosla Ventures
KKR & Co., Inc.
KPS Capital Partners
L2 Point Management, LLC
Leonard Green & Partners LP
Levine Leichtman Capital Partners, LLC
Lindsay Goldberg, LLC
Longitude Capital
Madison Dearborn Partners, LLC
MBK Partners L.P.
Menlo Ventures L.P.
Mill Point Capital, LLC
Montagu Private Equity LLP
Nautic Partners, LLC
New Enterprise Associates, LLC
New Mountain Capital, LLC
New Water Capital, L.P.
Newbridge Asia, L.P.
NGEN Partners, LLC
NGP Energy Capital Management, LLC
New MainStream Capital
Nordic Capital, L.P.
Oak HC/FT Partners, LLC
Oak Investment Partners, L.P.
Oaktree Capital Management, L.P.
OceanSound Partners Fund, L.P.
Orchid Asia Group
P4G Capital Management, LLC
Palladium Equity Partners, L.P.
Permira, L.P.
Pharos Capital Group, LLC
Platinum Equity, LLC
Polaris Partners, L.P.
Providence Equity Partners, LLC
Reverence Capital Partners
Roark Capital Group
Rustic Canyon Partners
Saybrook Capital, LLC
Searchlight Capital Partners, L.P.
Spark Capital
Spire Capital Management, LLC
SSG Capital Partners, L.P.
St. Cloud Capital Partners, L.P.
StarVest Partners
Stellex Capital Management
StepStone Group, L.P.
Sterling Partners

Advisory/Consulting/Custody Services

Investment Advisors (Continued)

Private Equity (Continued)

Stripes Group, LLC
Sunstone Partners
TA Associates Management, L.P.
Technology Crossover Ventures, LLC
Thoma Bravo, LLC
Threshold Ventures Inc. (formerly DFJ Venture)
TPG Capital Advisors, LLC
Trident Capital
Ulu Ventures
Upfront Ventures
VantagePoint Venture Partners, L.P.
Vestar Capital Partners, LLC
Vicente Capital Partners, LLC
Vista Equity Partners Management, LLC
Vitruvian Partners, LLP
Wynnchurch Capital, L.P.
Yucaipa Alliance Management, LLC

Consultants

NEPC, LLC
Aksia CA LLC
Townsend Holdings, LLC

Custodian

The Northern Trust Company

Transition Managers

Abel Noser, LLC
Blackrock Institutional Trust Company, N.A.
Citigroup Global Markets Inc.
Loop Capital Markets, LLC
Macquarie Capital (USA) Inc.
Penserra Transition Management, LLC

Proxy Voting Services

Institutional Shareholder Services Inc. (ISS)

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Actuarial

Actuarial Valuation Summary

Summary of Significant Valuation Results

	June 30, 2022	June 30, 2021	Change
I. Total Membership			
a. Active Members	24,917	25,176	(1.0)%
b. Pensioners and Beneficiaries	22,399	22,012	1.8%
II. Valuation Salary			
a. Total Annual Projected Payroll	$ 2,258,724,771	$ 2,254,165,029	0.2%
b. Average Projected Monthly Salary	7,554	7,461	1.2%
III. Benefits to Current Retirees and Beneficiaries[1]			
a. Total Annual Benefits	$ 1,195,992,537	$ 1,136,773,110	5.2%
b. Average Monthly Benefit Amount	4,450	4,304	3.4%
IV. Total System Assets[2]			
a. Actuarial Value	$ 21,218,951,507	$ 20,083,918,240	5.7%
b. Fair Value	20,454,103,991	22,805,339,941	(10.3)%
V. Unfunded Actuarial Accrued Liability (UAAL)			
a. Retirement Benefits	$ 6,429,483,732	$ 6,621,308,200	(2.9)%
b. Health Subsidy Benefits	107,740,545	189,700,961	(43.2)%

(1) Includes July COLA.

(2) Includes assets for Retirement, Health, Family Death, and Larger Annuity Benefits.

	FY 2023-24[1]		FY 2022-23[1]		Difference	
VI. Budget Items (as a Percent of Pay)	Tier 1	Tier 3	Tier 1	Tier 3	Tier 1	Tier 3
a. Retirement Benefits						
1. Normal Cost	8.51%	5.31%	8.52%	5.29%	(0.01)%	0.02 %
2. Amortization of UAAL	21.79%	21.79%	21.64%	21.64%	0.15 %	0.15 %
3. Total Retirement Contribution	30.30%	27.10%	30.16%	26.93%	0.14 %	0.17 %
b. Health Subsidy Benefits						
1. Normal Cost	3.44%	4.02%	3.47%	4.12%	(0.03)%	(0.10)%
2. Amortization of UAAL	0.33%	0.33%	0.30%	0.30%	0.03 %	0.03 %
3. Total Health Subsidy Contribution	3.77%	4.35%	3.77%	4.42%	0.00 %	(0.07)%
c. Total Contribution (a+b)	34.07%	31.45%	33.93%	31.35%	0.14 %	0.10 %

(1) Contributions are assumed to be received by LACERS on July 15.

	June 30, 2022	June 30, 2021	Difference
VII. Funded Ratio			
(Based on Valuation Value of Assets)			
a. Retirement Benefits	73.3%	71.6%	1.7%
b. Health Subsidy Benefits	97.0%	94.6%	2.4%
c. Total	76.4%	74.6%	1.8%
(Based on Fair Value of Assets)			
d. Retirement Benefits	70.7%	81.3%	(10.6)%
e. Health Subsidy Benefits	93.5%	107.4%	(13.9)%
f. Total	73.6%	84.7%	(11.1)%

Summary of Significant Valuation Results (Continued)

	June 30, 2022	June 30, 2021	Change
VIII. Net Pension Liability[1]			
Total Pension Liability	$ 24,078,751,303	$ 23,281,892,854	3.4 %
Plan Fiduciary Net Position	(17,013,091,063)	(18,918,136,000)	(10.1)%
Net Pension Liability	$ 7,065,660,240	$ 4,363,756,854	61.9 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.7%	81.3%	(10.6)%

[1] Refer to the Schedule of Changes in Net Pension Liability and Related Ratios on page 104.

	June 30, 2022	June 30, 2021	Change
IX. Net OPEB Liability[1]			
Total OPEB Liability	$ 3,580,696,288	$ 3,520,078,454	1.7 %
Plan Fiduciary Net Position	(3,347,771,350)	(3,781,652,063)	(11.5)%
Net OPEB Liability	$ 232,924,938	$ (261,573,609)	(189.0)%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	93.5%	107.4%	(13.9)%

[1] Refer to the Schedule of Changes in Net OPEB Liability and Related Ratios on page 124.

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Actuarial Certification

October 31, 2022

This is to certify that Segal has conducted an actuarial valuation of the Los Angeles City Employees' Retirement System (LACERS or the System) retirement program as of June 30, 2022, in accordance with generally accepted actuarial principles and practices. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by the Actuarial Standards of Practice (ASOPs). Actuarial valuations are performed annually for this retirement program with the last valuation completed on June 30, 2021. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of the historical funding methods used in determination of the liability for retirement benefits.

The actuarial valuation is based on the plan of benefits verified by LACERS and on participant and financial data provided by LACERS. Segal did not audit LACERS' financial statements, but we conducted an examination of all participant data for reasonableness and we concluded that it was reasonable and consistent with the prior year's data.

One of the general goals of an actuarial valuation is to establish contributions that fully fund the System's liabilities, and that, as a percentage of payroll, remain as level as possible for each generation of active members. Both the Normal Cost and the Actuarial Accrued Liability are determined under the Entry Age cost method.

The actuarial computations made are for funding plan benefits. Accordingly, additional determinations will be needed for other purposes, such as satisfying financial accounting requirements under Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68 and judging benefit security at termination of the plan.

Segal prepared all of the supporting schedules in the Actuarial Section of the Annual Comprehensive Financial Report and certain supporting schedules in the Financial Section, based on the results of the June 30, 2022 actuarial valuation. A listing of the supporting schedules Segal prepared for inclusion in the Financial Section as Required Supplementary Information prescribed by GASB, and in the Actuarial Section, is provided below:

<u>Financial Section</u>

1. Schedule of Net Pension Liability[1]
2. Schedule of Changes in Net Pension Liability and Related Ratios[1]
3. Schedule of Contribution History[1]

[1] Source: Segal's GASB Statement No. 67 valuation report as of June 30, 2022.

Actuarial Certification (continued)

October 31, 2022

Actuarial Section

4. Summary of Significant Valuation Results
5. Active Member Valuation Data
6. Retirees and Beneficiaries Added to and Removed from Retiree Payroll
7. Schedule of Funded Liabilities by Type
8. Schedule of Funding Progress
9. Actuarial Analysis of Financial Experience
10. Actuarial Balance Sheet
11. Schedule of Changes in Net Pension Liability and Related Ratios[1]
12. Projection of Pension Plan Fiduciary Net Position for Use in Calculation of Discount Rate of 7.00% and Preparation of GASB 67 Report as of June 30, 2022[1]

LACERS' staff prepared other trend data schedules in the Statistical Section based on information supplied in Segal's valuation report.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the plan's current funding information. The undersigned is a member of the American Academy of Actuaries and is qualified to render the actuarial opinion contained herein.

Andy Yeung

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

[1] Source: Segal's GASB Statement No. 67 valuation report as of June 30, 2022.

Segal

Retirement Benefits Valuation

Active Member Valuation Data

		Member Population		
Valuation Date	Active Members[1]	Covered Payroll[2]	Annual Average Pay[2]	Change in Annual Average Pay (%)
06/30/2013	24,441	$1,846,970,474	$75,569	3.5%
06/30/2014	24,009	1,898,064,175	79,056	4.6
06/30/2015	23,895	1,907,664,598	79,835	1.0
06/30/2016	24,446	1,968,702,630	80,533	0.9
06/30/2017	25,457	2,062,316,129	81,012	0.6
06/30/2018	26,042	2,177,687,102	83,622	3.2
06/30/2019	26,632	2,225,412,831	83,562	(0.1)
06/30/2020	27,490	2,445,016,587	88,942	6.4
06/30/2021	25,176	2,254,165,029	89,536	0.7
06/30/2022	24,917	2,258,724,771	90,650	1.2

(1) Includes non-vested Members.
(2) Reflects annualized salaries for part-time Members.

Retirees and Beneficiaries Added to and Removed from Retiree Payroll[1]

Valuation Date	No. of New Retirees/ Beneficiaries	Annual Allowances Added[2]	No. of Retirees/ Beneficiaries Removed	Annual Allowances Removed	No. of Retirees/ Beneficiaries at 6/30	Annual Allowances at 6/30	Percent Increase in Annual Allowances	Average Annual Allowance
06/30/2013	772	$40,966,952	633	$18,776,770	17,362	$699,064,942	3.3%	$40,264
06/30/2014	831	38,666,905	661	21,175,777	17,532	716,556,070	2.5	40,871
06/30/2015	1,083	55,849,106	683	22,013,426	17,932	750,391,750	4.7	41,847
06/30/2016	1,082	51,056,286	657	23,092,610	18,357	778,355,426	3.7	42,401
06/30/2017	1,142	65,583,105	694	24,422,619	18,805	819,515,912	5.3	43,580
06/30/2018	1,312	86,917,553	738	26,361,758	19,379	880,071,707	7.4	45,414
06/30/2019	1,341	93,946,126	686	26,429,224	20,034	947,588,609	7.7	47,299
06/30/2020	1,134	85,268,880	745	28,126,528	20,423	1,004,730,961	6.0	49,196
06/30/2021	2,486	169,148,971	897	37,106,822	22,012	1,136,773,110	13.1	51,643
06/30/2022	1,140	91,420,287	753	32,200,860	22,399	1,195,992,537	5.2	53,395

(1) Does not include Family Death Benefit Plan beneficiaries. Table is based on valuation data.
(2) Includes the COLA granted in July.

Schedule of Funded Liabilities by Type

For Years Ended June 30
(Dollars in Thousands)

	Aggregate Actuarial Accrued Liabilities For				Portion of Aggregate Accrued Liabilities Covered by Reported Assets		
Valuation Date	Member Contributions	Retirees, Beneficiaries, & Inactive/Vested	Active Members	Valuation Value of Assets	Member Contributions	Retirees, Beneficiaries, & Inactive/Vested	Active Members
06/30/2013	$1,757,195	$8,066,564	$5,057,904	$10,223,961	100.0%	100.0%	7.9%
06/30/2014	1,900,068	8,700,896	5,647,889	10,944,751	100.0	100.0	6.1
06/30/2015	2,012,378	9,118,166	5,779,452	11,727,161	100.0	100.0	10.3
06/30/2016	2,137,269	9,439,001	5,848,726	12,439,250	100.0	100.0	14.8
06/30/2017	2,255,048	10,164,403	6,038,737	13,178,334	100.0	100.0	12.6
06/30/2018	2,354,026	11,079,053	6,511,500	13,982,435	100.0	100.0	8.4
06/30/2019	2,469,761	11,933,703	6,389,957	14,818,564	100.0	100.0	6.5
06/30/2020	2,584,851	12,740,109	7,202,235	15,630,102	100.0	100.0	4.2
06/30/2021	2,431,974	14,546,803	6,303,116	16,660,585	100.0	97.8	0.0
06/30/2022	2,554,972	15,266,882	6,256,897	17,649,268	100.0	98.9	0.0

Schedule of Funding Progress

For Years Ended June 30
(Dollars in Thousands)

Valuation Date	Valuation Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
06/30/2013	$10,223,961	$14,881,663	$4,657,702	68.7 %	$1,846,970	252.2 %
06/30/2014	10,944,751	16,248,853	5,304,102	67.4	1,898,064	279.5
06/30/2015	11,727,161	16,909,996	5,182,835	69.4	1,907,665	271.7
06/30/2016	12,439,250	17,424,996	4,985,746	71.4	1,968,703	253.3
06/30/2017	13,178,334	18,458,188	5,279,854	71.4	2,062,316	256.0
06/30/2018	13,982,435	19,944,579	5,962,144	70.1	2,177,687	273.8
06/30/2019	14,818,564	20,793,421	5,974,857	71.3	2,225,413	268.5
06/30/2020	15,630,102	22,527,195	6,897,093	69.4	2,445,017	282.1
06/30/2021	16,660,585	23,281,893	6,621,308	71.6	2,254,165	293.7
06/30/2022	17,649,268	24,078,751	6,429,483	73.3	2,258,725	284.7

Please refer to the required supplementary information of the Financial section for the ten-year schedule of actuarially determined contributions and actual contributions.

Actuarial Analysis of Financial Experience

Development of Unfunded Actuarial Accrued Liability
for Year Ended June 30, 2022

1. Unfunded actuarial accrued liability at beginning of year		$6,621,308,200
2. Total normal cost at beginning of year		413,862,737
3. Expected employer and member contributions at beginning of year		(900,289,188)
4. Interest		429,042,672
5. Expected unfunded actuarial accrued liability at end of year		$6,563,924,421
6. Changes due to:		
a) Investment gain on smoothed value of assets	$(150,739,210)	
b) Loss due to anticipated one-year delay in implementing the higher combined contribution rate calculated in the prior valuation	82,071,766	
c) Gain due to lower than expected salary increases for continuing actives	(181,112,004)	
d) Loss due to higher than expected COLAs for payees	112,559,970	
e) Other net losses on demographic experience	2,778,789	
Total gain		$(134,440,689)
7. Unfunded actuarial accrued liability at end of year		$6,429,483,732

Actuarial Balance Sheet

For Year Ended June 30, 2022

Actuarial Present Value of Future Benefits	
1. Present value of benefits for retired members and beneficiaries	$14,893,950,295
2. Present value of benefits for inactive vested members	623,239,425
3. Present value of benefits for active members	12,067,954,233
4. Total actuarial present value of future benefits	$27,585,143,953
Current and Future Assets	
5. Total valuation value of assets	$17,649,267,571
6. Present value of future contributions by members	2,041,142,974
7. Present value of future employer contributions for:	
a) Entry age normal cost	1,465,249,676
b) Unfunded actuarial accrued liability	6,429,483,732
8. Present value of current and future assets	$27,585,143,953

Schedule of Changes in Net Pension Liability and Related Ratios[1]
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2022	2021	2020	2019
Total Pension Liability				
Service cost[2]	$ 413,863	$ 451,426	$ 374,967	$ 370,409
Interest	1,617,800	1,570,784	1,499,208	1,439,661
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(66,172)	(189,821)	308,184	(46,035)
Changes of assumptions	-	-	530,720	-
Benefit payments, including refunds of Member contributions	(1,168,633)	(1,077,691)	(979,305)	(915,192)
Net change in total pension liability	796,858	754,698	1,733,774	848,843
Total pension liability-beginning	23,281,893	22,527,195	20,793,421	19,944,578
Total pension liability-ending (a)	$ 24,078,751	$ 23,281,893	$ 22,527,195	$ 20,793,421
Plan Fiduciary net position				
Contributions-employer	$ 591,234	$ 554,856	$ 553,118	$ 478,717
Contributions-Member	241,876	252,123	259,817	237,087
Net investment income[3]	(1,542,473)	4,283,202	306,712	799,351
Benefit payments, including refunds of Member contributions	(1,168,633)	(1,077,691)	(979,305)	(915,192)
Administrative expenses	(27,033)	(26,758)	(23,531)	(19,600)
Others[4]	(16)	-	-	-
Net change in Plan Fiduciary net position	(1,905,045)	3,985,732	116,811	580,363
Plan Fiduciary net position-beginning	18,918,136	14,932,404	14,815,593	14,235,230
Plan Fiduciary net position-ending (b)	$ 17,013,091	$ 18,918,136	$ 14,932,404	$ 14,815,593
Plan's net pension liability-ending (a)-(b)	$ 7,065,660	$ 4,363,757	$ 7,594,791	$ 5,977,828
Plan Fiduciary net position as a percentage of the total pension liability (b)/(a)	70.7%	81.3%	66.3%	71.3%
Covered payroll	$ 2,155,005	$ 2,276,768	$ 2,271,039	$ 2,108,171
Plan's net pension liability as a percentage of covered payroll	327.9%	191.7%	334.4%	283.6%

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

(2) The service cost is based on the previous year's valuation.

(3) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment related administrative expenses is part of Administrative expenses and excluded from Net investment income.

(4) On July 1, 2021, the System made an adjustment to the beginning of year assets in order to match the June 30, 2021 Plan Fiduciary Net Position restated by LACERS after the completion of the June 30, 2021 GAS 67 valuation report.

Schedule of Changes in Net Pension Liability and Related Ratios[1] (Continued)
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2018	2017	2016	2015
Total Pension Liability				
Service cost[2]	$ 352,283	$ 340,759	$ 322,574	$ 322,380
Interest	1,332,878	1,302,278	1,263,556	1,215,151
Changes of benefit terms	25,173	-	-	-
Differences between expected and actual experience	144,224	(146,474)	(300,813)	(135,821)
Changes of assumptions	483,717	340,718	-	-
Benefit payments, including refunds of Member contributions	(851,885)	(804,089)	(770,317)	(740,567)
Net change in total pension liability	1,486,390	1,033,192	515,000	661,143
Total pension liability-beginning	18,458,188	17,424,996	16,909,996	16,248,853
Total pension liability-ending	$ 19,944,578	$ 18,458,188	$ 17,424,996	$ 16,909,996
Plan Fiduciary net position				
Contributions-employer	$ 450,195	$ 453,356	$ 440,546	$ 381,141
Contributions-Member	230,757	221,829	206,377	202,463
Net investment income[3]	1,243,817	1,517,545	29,358	306,980
Benefit payments, including refunds of Member contributions	(851,885)	(804,089)	(770,318)	(740,567)
Administrative expenses	(17,699)	(17,454)	(17,204)	(15,860)
Others[4]	(471)	-	-	(4,666)
Net change in Plan Fiduciary net position	1,054,714	1,371,187	(111,241)	129,491
Plan Fiduciary net position-beginning	13,180,516	11,809,329	11,920,570	11,791,079
Plan Fiduciary net position-ending	$ 14,235,230	$ 13,180,516	$ 11,809,329	$ 11,920,570
Net pension liability-ending	$ 5,709,348	$ 5,277,672	$ 5,615,667	$ 4,989,426
Plan Fiduciary net position as a percentage of the total pension liability	71.4%	71.4%	67.8%	70.5%
Covered payroll	$ 2,057,565	$ 1,973,049	$ 1,876,946	$ 1,835,637
Net pension liability as a percentage of covered payroll	277.5%	267.5%	299.2%	271.8%

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

(2) The service cost is based on the previous year's valuation.

(3) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment related administrative expenses is part of Administrative expenses and excluded from Net investment income.

(4) On July 1, 2015, the System segregated Members' voluntary larger annuity contributions into the (non-pension related) Reserve for Larger Annuity Contributions pursuant to a suggestion made by the System's actuarial consultant. The Reserve balance for Larger Annuity Contributions as of June 30, 2015 was $5,200,000. On July 1, 2017, the System reallocated $471,000 of interest from the Reserve for Mandatory Member Contributions into the Reserve for Voluntary Member Contributions.

Schedule of Changes in Net Pension Liability and Related Ratios[1] (Continued)
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2014	2013
Total Pension Liability		
Service cost[2]	$ 317,185	$ 312,372
Interest	1,149,966	1,112,561
Changes of benefit terms	-	-
Differences between expected and actual experience	(164,247)	(235,829)
Changes of assumptions	785,439	-
Benefit payments, including refunds of Member contributions	(721,153)	(701,400)
Net change in total pension liability	1,367,190	487,704
Total pension liability-beginning	14,881,663	14,393,959
Total pension liability-ending	$ 16,248,853	$ 14,881,663
Plan Fiduciary net position		
Contributions-employer	$ 357,649	$ 346,181
Contributions-Member	203,975	197,722
Net investment income[3]	1,810,782	1,268,939
Benefit payments, including refunds of Member contributions	(721,153)	(701,400)
Administrative expenses	(12,372)	(13,281)
Others	(2,288)	(2,514)
Net change in Plan Fiduciary net position	1,636,593	1,095,647
Plan Fiduciary net position-beginning	10,154,486	9,058,839
Plan Fiduciary net position-ending	$ 11,791,079	$ 10,154,486
Net pension liability-ending	$ 4,457,774	$ 4,727,177
Plan Fiduciary net position as a percentage of the total pension liability	72.6%	68.2%
Covered payroll	$ 1,802,931	$ 1,736,113
Net pension liability as a percentage of covered payroll	247.3%	272.3%

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

(2) The service cost is based on the previous year's valuation.

(3) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment related administrative expenses is part of Administrative expenses and excluded from Net investment income.

Schedule of Changes in Net Pension Liability and Related Ratios (Continued)

Notes to Schedule:

Changes of Benefit Terms: The June 30, 2018 calculation reflected the newly adopted enhanced benefits for Airport Peace Officers (APO) who elected to stay at LACERS Plan (refer to Note 2 – Retirement Plan Description, Tier 1 – Enhanced Benefits on page 37). Enhanced benefits became effective as of January 7, 2018.

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

The June 30, 2018 calculations reflected changes in the actuarial assumptions adopted by the Board on August 14, 2018 based on the triennial experience study for the period from July 1, 2014 through June 30, 2017, including revising the mortality tables from static to generational to reflect future mortality improvement, contributing to increased total pension liability.

The June 30, 2020 calculations reflected changes in the actuarial assumptions adopted by the Board on June 23, 2020 based on the triennial experience study for the period from July 1, 2016 through June 30, 2019. These assumption changes included lowering of the investment return assumption from 7.25% to 7.00% (which was largely offset by the effect of the change in the inflation assumption from 3.00% to 2.75%), changes in the merit and promotion salary increase assumption, and changes in the mortality assumption, which contributed to increased total pension liability.

Projection of Pension Plan Fiduciary Net Position for Use in Calculation of Discount Rate of 7.00% and Preparation of GASB 67 Report as of June 30, 2022

(Dollars in Millions)

Year Beginning July 1,	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Admin. Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2021	$18,918	$833	$1,169	$27	-$1,542	$17,013
2022	17,013	894	1,348	24	1,169	17,704
2023	17,704	913	1,336	25	1,219	18,474
2024	18,474	886	1,392	26	1,269	19,211
2025	19,211	907	1,447	27	1,319	19,963
2026	19,963	925	1,504	29	1,370	20,726
2027	20,726	933	1,563	30	1,422	21,488
2028	21,488	966	1,623	31	1,474	22,273
2029	22,273	1,007	1,687	32	1,528	23,090
2048	30,363	152	2,604	43	2,028	29,895
2049	29,895	142 [1]	2,627	43	1,994	29,362
2050	29,362	132 [1]	2,646	42	1,956	28,761
2051	28,761	122 [1]	2,658	41	1,913	28,098
2052	28,098	113 [1]	2,663	40	1,866	27,374
2085	2,583	18 [1]	535	4	161	2,224
2086	2,224	17 [1]	476	3	138	1,898
2087	1,898	15 [1]	421	3	117	1,607
2088	1,607	14 [1]	369	2	99	1,347
2089	1,347	12 [1]	321	2	82	1,119
2105	17	1 [1]	7	0	1	12
2106	12	1 [1]	5	0	1	9
2107	9	1 [1]	3	0	1	7
2108	7	0 [1],[2]	3	0	0	5
2109	5	0 [1],[2]	2	0	0	4
2110	4	0 [1],[2]	1	0	0	3
2111	3	0 [1],[2]	1	0	0	2
2112	2	0 [1],[2]	1	0	0	1
2113	1	0 [1],[2]	1	0	0	1
2114	1	0 [1],[2]	0 [2]	0	0	1
2115	1	0 [1],[2]	0 [2]	0	0	0
2116	0	0 [1],[2]	0 [2]	0	0	0
2117	0	0 [1],[2]	0 [2]	0	0	0
2118	0	0 [1],[2]	0 [2]	0	0	0
2119	0	0 [1],[2]	0 [2]	0	0	0
2120	0	0 [1],[2]	0 [2]	0	0	0

[1] Mainly attributable to employer contributions to fund each year's annual administrative expenses.

[2] Less than $1 million when rounded.

Note that in preparing the above projections, we have not taken into consideration the one-year delay between the date of the contribution rate calculation and the implementation.

Projection of Pension Plan Fiduciary Net Position for Use in Calculation of Discount Rate of 7.00% and Preparation of GASB 67 Report as of June 30, 2022 (Continued)

Notes to Schedule:

1. Amounts may not total exactly due to rounding.

2. Amounts shown for the year beginning July 1, 2021 row are actual amounts, based on the unaudited financial statements provided by LACERS.

3. Years 2030-2047, 2053-2084, and 2090-2104 have been omitted from this table.

4. Column (a): None of the projected beginning Plan Fiduciary Net Position amounts shown have been adjusted for the time value of money.

5. Column (b): Projected total contributions include employee and employer normal cost contributions based on closed group projections (based on covered active members as of June 30, 2022); plus employer contributions to the unfunded actuarial accrued liability; plus contributions to fund each year's annual administrative expenses reflecting a 15-year amortization schedule. Contributions are assumed to occur halfway through the year, on average.

6. Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive vested, retired members, and beneficiaries as of June 30, 2022. The projected benefit payments reflect the cost of living increase assumptions used in the June 30, 2022 funding valuation report. Benefit payments are assumed to occur halfway through the year, on average. In accordance with paragraph 31.b.(1)(e) of GASB Statement No. 67, the long-term expected rate of return on Plan investments of 7.00% was applied to all periods of projected benefit payments to determine the discount rate.

7. Column (d): Projected administrative expenses are calculated as approximately 0.14% of the projected beginning Plan Fiduciary Net Position amount. The 0.14% portion was based on the actual fiscal year 2021 - 2022 administrative expenses as a percentage of the beginning Plan Fiduciary Net Position amount as of July 1, 2021. Administrative expenses are assumed to occur halfway through the year, on average.

8. Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum.

9. As illustrated in this Exhibit, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected 'cross-over date' when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2022 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

10. This projection is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of fiduciary net position and the discounting of benefits is part of the model.

11. Under the Plan's funding policy, any actuarial surplus is to be amortized over 30 years. However, we have made a simplifying assumption for this projection whereby any new UAAL gain layer that has led to the surplus situation is treated the same as any other actuarial gain layer, that is, it is being amortized over a 15-year period.

Summary of Actuarial Assumptions and Actuarial Cost Method

Rationale for Assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2016 through June 30, 2019 Actuarial Experience Study dated June 17, 2020. Unless otherwise noted, all actuarial assumptions and methods shown below apply to both Tier 1 and Tier 3 Members. The following assumptions used to value the Plan liabilities for funding purposes and for financial reporting purposes have been adopted by the Board.

Net Investment Return

7.00%[(1)]

Based on the Actuarial Experience Study report referenced above, expected administrative and investment expenses represent about 0.40% of the Actuarial Value of Assets.

(1) Net of investment and administrative expenses for funding purposes, and net of investment expenses only for financial reporting purposes.

Discount Rate

7.00%

Employee Contribution Crediting Rate

Based on average of 5-year Treasury note rate. An assumption of 2.75% is used to approximate that crediting rate in this valuation.

Consumer Price Index (CPI) and Cost of Living Adjustment (COLA)

CPI increase of 2.75% per year. Retiree COLA increases of 2.75% per year for Tier 1 and 2.00% per year for Tier 3. For Tier 1 members with COLA banks, withdrawals from the bank are assumed to increase the retiree COLA to 3% per year until their COLA banks are exhausted.

Payroll Growth

Inflation of 2.75% per year plus real “across the board” salary increases of 0.50% per year, used to amortize the UAAL as a level percentage of payroll.

Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit

Increase of 2.75% per year from the valuation date.

Salary Increases

The annual rate of compensation increase includes: inflation at 2.75%, plus “across the board” salary increases of 0.50% per year, plus the following merit and promotion increases:

Years of Service	Percentage Increase
Less than 1	6.70%
1 – 2	6.50%
2 – 3	5.80%
3 – 4	4.00%
4 – 5	3.00%
5 – 6	2.20%
6 – 7	2.00%
7 – 8	1.80%
8 – 9	1.60%
9 – 10	1.40%
10 & Over	1.00%

Post-Retirement Mortality Rates

Healthy Members

Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2019.

Disabled Members

Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 10% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

Beneficiaries

Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

The Pub-2010 mortality tables and adjustments as shown above reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement Mortality Rates

Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables with rates increased by 10%, projected generationally with the two-dimensional mortality improvement scale MP-2019.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Pre-Retirement Mortality Rates (Continued)

	Rate (%)	
Age	Male	Female
20	0.04	0.01
25	0.03	0.01
30	0.03	0.01
35	0.05	0.02
40	0.06	0.04
45	0.09	0.06
50	0.14	0.08
55	0.21	0.12
60	0.30	0.19
65	0.45	0.30

Generational projections beyond the base year (2010) are not reflected in the above mortality rates.

For Tier 1 Enhanced, 100% of pre-retirement death benefits are assumed to be service-connected.

Disability Incidence

Age	Rate (%)
25	0.01
30	0.02
35	0.04
40	0.06
45	0.12
50	0.16
55	0.18
60	0.18
65	0.22

For Tier 1 Enhanced, 90% of disability retirements are assumed to be service-connected with service-connected disability benefits based on years of service, as follows:

Years of Service	Benefit
Less than 20	55% of Final Average Monthly Compensation
20 – 30	65% of Final Average Monthly Compensation
More than 30	75% of Final Average Monthly Compensation

For Tier 1 Enhanced, 10% of disability retirements are assumed to be nonservice-connected with nonservice-connected disability benefits equal to 40% of Final Average Monthly Compensation.

Termination

Termination (< 5 Years of Service)	
Years of Service	Rate (%)
Less than 1	11.50
1 – 2	10.00
2 – 3	8.50
3 – 4	7.75
4 – 5	7.00

Termination (5+ Years of Service)	
Age	Rate (%)
25	7.00
30	6.70
35	5.30
40	3.75
45	3.10
50	3.00
55	3.00
60	3.00

No termination is assumed after a member is eligible for retirement (as long as a retirement rate is present).

Retirement Rates

	Rate (%)					
	Tier 1		Tier Enhanced 1		Tier 3	
Age	Non-55/30	55/30	Non-55/30	55/30	Non-55/30	55/30
50	5.0	0.0	7.0	0.0	5.0	0.0
51	3.0	0.0	5.0	0.0	3.0	0.0
52	3.0	0.0	5.0	0.0	3.0	0.0
53	3.0	0.0	5.0	0.0	3.0	0.0
54	18.0	0.0	20.0	0.0	17.0	0.0
55	6.0	27.0	8.0	30.0	0.0(1)	26.0
56	6.0	18.0	8.0	22.0	0.0(1)	17.0
57	6.0	18.0	8.0	22.0	0.0(1)	17.0
58	6.0	18.0	8.0	22.0	0.0(1)	17.0
59	6.0	18.0	8.0	22.0	0.0(1)	17.0
60	7.0	18.0	9.0	22.0	6.0	17.0
61	7.0	18.0	9.0	22.0	6.0	17.0
62	7.0	18.0	9.0	22.0	6.0	17.0
63	7.0	18.0	9.0	22.0	6.0	17.0
64	7.0	18.0	9.0	22.0	6.0	17.0
65	14.0	21.0	16.0	26.0	13.0	20.0
66	14.0	21.0	16.0	26.0	13.0	20.0
67	14.0	21.0	16.0	26.0	13.0	20.0
68	14.0	21.0	16.0	26.0	13.0	20.0
69	14.0	21.0	16.0	26.0	13.0	20.0
70 & Over	100.0	100.0	100.0	100.0	100.0	100.0

(1) Not eligible to retire under the provisions of the Tier 3 plan at these ages with less than 30 years of service. If a member has at least 30 years of service at these ages, they would be subject to the "55/30" rates.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Retirement Age and Benefit for Inactive Vested Members

Pension benefit will be paid at the later of age 59 or the current attained age. For reciprocals, 4.25% compensation increases per annum.

Other Reciprocal Service

5% of future inactive vested Members will work at a reciprocal system.

Service

Employment service is used for eligibility determination purposes. Benefit service is used for benefit calculation purposes.

Future Benefit Accruals

1.0 year of service credit per year.

Unknown Data for Members

Same as those exhibited by Members with similar known characteristics. If not specified, Members are assumed to be male.

Form of Payment

All active and inactive Tier 1 and Tier 3 members who are assumed to be married or with domestic partners at retirement are assumed to elect the 50% Joint and Survivor Cash Refund Annuity. For Tier 1 Enhanced, the continuance percentage is 70% for service retirement and nonservice-connected disability, and 80% for service-connected disability. Those members who are assumed to be un-married or without domestic partners are assumed to elect the Single Cash Refund Annuity.

Percent Married/Domestic Partner

For all active and inactive Members, 76% of male participants and 52% of female participants are assumed to be married or with domestic partner at pre-retirement death or retirement.

Age and Gender of Spouse

For all active and inactive Members, male Members are assumed to have a female spouse who is 3 years younger than the Member, and female Members are assumed to have a male spouse who is 2 years older than the Member.

Actuarial Cost Method

Entry Age Cost Method, level percent of salary. Entry age is calculated as age on the valuation date minus years of employment service. Both the normal cost and the actuarial accrued liability are calculated on an individual basis.

Actuarial Value of Assets

Fair value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual fair value return and the expected return on the fair value, and is recognized over a seven-year period. The actuarial value of assets (AVA) is limited by a 40% corridor; the AVA cannot be less than 60% of fair value of assets, nor greater than 140% of fair value of assets.

Valuation Value of Assets

The portion of the total actuarial value of assets allocated for retirement benefits, based on a prorated share of fair value.

Amortization Policy

The amortization method for the UAAL is a level percent of payroll, assuming annual increases in total covered payroll equal to inflation plus across the board increases (other than inflation).

Changes in the UAAL due to actuarial gains/losses are amortized over separate 15-year periods. Changes in the UAAL due to assumption or method changes are amortized over separate 20-year periods. Plan changes, including the 2009 ERIP, are amortized over separate 15-year periods. Future ERIPs will be amortized over 5 years. Any actuarial surplus is amortized over 30 years. All the bases on or before June 30, 2012, except those arising from the 2009 ERIP and the two (at that time) GASB 25/27 layers, [1] were combined and amortized over 30 years effective June 30, 2012.

[1] The two GASB 25/27 layers have been fully amortized by the June 30, 2022 valuation.

Employer Contributions

Employer contributions consist of two components:

Normal Cost

The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earnings rate. The contribution rate is

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Employer Contributions (Continued)

expressed as a level percentage of the member's compensation.

Contribution to the Unfunded Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earnings rate. The contribution (or rate credit in the case of a negative UAAL) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the System) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual rate of 3.25% (i.e., 2.75% inflation plus 0.50% across-the-board salary increase).

The amortization policy is described above.

Internal Revenue Code Section 415

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active members could be taxed on their vested benefits and the IRS may see to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of $160,000 indexed for inflation. That limit is $245,000 for 2022. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

Benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

Contribution rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.

Changes in Actuarial Assumptions

There have been no changes in actuarial assumptions since the last valuation.

Summary of Plan Provisions

LACERS administers a single-employer defined benefit Retirement Plan. The following summarizes the major provisions of LACERS Retirement Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year

July 1 through June 30

Census Date

June 30

Membership Eligibility

Tier 1 (§ 4.1002(a), § 4.1002.1)
All employees who became Members of LACERS before July 1, 2013, and certain employees who became Members of LACERS on or after July 1, 2013. In addition, pursuant to Ordinance No. 184134, all Tier 2 employees who became Members of LACERS between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016 (refer to Note 2 – Retirement Plan Description on pages 37 – 38 regarding the Membership). Includes Airport Peace Officers who did not pay for enhanced benefits.

Tier 1 Enhanced (§ 4.1002(e))
All Tier 1 Airport Peace Officers (including certain fire fighters) appointed to their positions before January 7, 2018 who elected to remain at LACERS after January 6, 2018, and who paid their mandatory additional contribution of $5,700 to LACERS before January 8, 2019, or prior to their retirement date, whichever was earlier.

Tier 3 (§ 4.1080.2(a))
All employees who became Members of LACERS on or after February 21, 2016, except as provided otherwise in Section 4.1080.2(b) of the Los Angeles Administrative Code.

Summary of Plan Provisions (Continued)

Normal Retirement Benefit

Tier 1 & Tier 1 Enhanced

Age & Service Requirement (§ 4.1005(a))

- Age 70; or
- Age 60 with 10 years of continuous City service; or
- Age 55 with at least 30 years of City service.

Tier 1

Amount (§ 4.1007(a))

2.16% per year of service credit (not greater than 100%) of the Final Average Monthly Compensation.

Tier 1 Enhanced

Amount (§ 4.1007(a))

2.30% per year of service credit (not greater than 100%) of the Final Average Monthly Compensation.

Tier 3

With less than 30 Years of Service (§ 4.1080.5(a)(2)(i))

Age & Service Requirement

Age 60 with 10 years of service, including 5 years of continuous City service.

Amount

1.50% per year of service credit at age 60 (not greater than 80%[(1)]) of the Final Average Monthly Compensation.

With 30 or more Years of Service (§ 4.1080.5(a)(2)(ii))

Age & Service Requirement

Age 60 with 30 years of service, including 5 years of continuous City service.

Amount

2.00% per year of service credit at age 60 (not greater than 80%[(1)]) of the Final Average Monthly Compensation.

[(1)] Except when benefit is based solely on the annuity component funded by the Member's contributions.

Early Retirement Benefit

Tier 1 & Tier 1 Enhanced

Age & Service Requirement (§ 4.1005(b))

- Age 55 with 10 years of continuous City service; or
- Any age with 30 years of City service.

Amount (§ 4.1007(a) & (b))

2.16% and 2.30% per year of service credit for Tier 1 and Tier 1 Enhanced, respectively, (not greater than 100%) of the Final Average Monthly Compensation, reduced for retirement ages below age 60 using the following Early Retirement benefit adjustment factors:

Age	Factor	Age	Factor
45	0.6250	53	0.8650
46	0.6550	54	0.8950
47	0.6850	55	0.9250
48	0.7150	56	0.9400
49	0.7450	57	0.9550
50	0.7750	58	0.9700
51	0.8050	59	0.9850
52	0.8350	60	1.0000

Tier 3

Age & Service Requirement (§ 4.1080.5(a)(1))

Prior to age 60 with 30 years of service, including 5 years of continuous City service.

Amount (§ 4.1080.5(a)(1))

2.00% per year of service credit (not greater than 80%[(1)]) of the Final Average Monthly Compensation, reduced for retirement ages below age 55 using the following Early Retirement benefit adjustment factors:

Age	Factor	Age	Factor
45	0.6250	50	0.7750
46	0.6550	51	0.8050
47	0.6850	52	0.8350
48	0.7150	53	0.8650
49	0.7450	54	0.8950
		55 - 60	1.0000

[(1)] Except when benefit is based solely on the annuity component funded by the Member's contributions.

Summary of Plan Provisions (Continued)

Enhanced Retirement Benefit

Tier 1 & Tier 1 Enhanced
Age & Service Requirement
Not applicable – see Normal Retirement age and service requirement.

Amount
Not applicable – see Normal Retirement amount.

Tier 3
With less than 30 Years of Service (§ 4.1080.5(a)(3)(i))
Age & Service Requirement
Age 63 with 10 years of service, including 5 years of continuous City service.

Amount
2.00% per year of service credit at age 63 (not greater than 80%[1]) of the Final Average Monthly Compensation.

With 30 or more Years of Service (§ 4.1080.5(a)(3)(ii))
Age & Service Requirement
Age 63 with 30 years of service, including 5 years of continuous City service.

Amount
2.10% per year of service credit at age 63 (not greater than 80%[1]) of the Final Average Monthly Compensation.

(1) Except when benefit is based solely on the annuity component funded by the Member's contributions.

Service Credit

Tier 1, Tier 1 Enhanced, & Tier 3
(§ 4.1001(a) & § 4.1080.1(a))

The time component of the formula used by LACERS for purposes of calculating benefits.

Final Average Monthly Compensation

Tier 1 & Tier 1 Enhanced (§ 4.1001(b))
Equivalent of monthly average salary of highest continuous 12 months (one year); includes base salary plus regularly assigned pensionable bonuses or premium pay.[1]

Tier 3 (§ 4.1080.1(b))
Equivalent of monthly average salary of highest continuous 36 months (three years); limited to base salary and any items of compensation that are designated as pension based.[1]

(1) IRC Section 401(a)(17) compensation limit would apply to all employees who began membership in LACERS after June 30, 1996.

Post-Retirement Cost-of-Living Benefits

Tier 1 & Tier 1 Enhanced (§ 4.1022)
Based on changes to Los Angeles area[1] Consumer Price Index, to a maximum of 3% per year; excess banked.

Tier 3 (§ 4.1080.17)
Based on changes to Los Angeles area[1] Consumer Price Index, to a maximum of 2% per year; excess not banked.

(1) Currently referred to as the Los Angeles-Long Beach-Anaheim Area, by the Bureau of Labor Statistics.

Death after Retirement

Tier 1 & Tier 3
(§ 4.1010(c), § 4.1080.10(c), & § 4.1012(c))

- 50% of retiree's unmodified allowance continued to an eligible spouse or a domestic partner; or a modified continuance to an eligible spouse or a domestic partner at the time of Member's death (or a designated beneficiary selected by Member at the time of retirement)[1]; and
- $2,500 lump sum death benefit paid to a designated beneficiary; and
- Any unused contributions if the Member has elected the cash refund annuity option.

(1) The retiree may elect at the time of retirement to take a reduced allowance in order to provide for a higher continuance percentage pursuant to the provisions of either Section 4.1015 (Tier 1) or Section 4.1080.14 (Tier 3).

Tier 1 Enhanced
(§ 4.1010.1(b), § 4.1010.1(i), & § 4.1010.1(j))
While on service-connected disability

- 80% of retiree's unmodified allowance continued to an eligible spouse or a domestic partner; or a modified continuance to an eligible spouse or a domestic partner at the time of Member's death (or a designated beneficiary selected by Member at the time of retirement)[1], [2]; and
- $2,500 lump sum death benefit paid to a designated beneficiary; and
- Any unused contributions if the Member has elected the cash refund annuity option.

(1) If the death occurs within three years of the retiree's retirement, the eligible survivor shall receive 80% of the Final Average Monthly Compensation (adjusted with Cost of Living benefit).

(2) The retiree may elect at the time of retirement to take a reduced allowance in order to provide for a higher continuance percentage pursuant to the provisions of Section 4.1010.1(c).

Summary of Plan Provisions (Continued)

Death after Retirement (Continued)

While on nonservice-connected disability or service retirement

- 70% of retiree's unmodified allowance continued to an eligible spouse or a domestic partner; or a modified continuance to an eligible spouse or a domestic partner at the time of Member's death (or a designated beneficiary selected by Member at the time of retirement)[3] and
- $2,500 lump sum death benefit paid to a designated beneficiary; and
- Any unused contributions if the Member has elected the cash refund annuity option.

(3) The retiree may elect at the time of retirement to take a reduced allowance in order to provide for a higher continuance percentage pursuant to the provisions of Section 4.1010.1(c).

Death before Retirement

Tier 1, Tier 1 Enhanced, & Tier 3
(§ 4.1010(a), § 4.1010.1(b), & § 4.1080.10(a))
Greater of:

Option #1:

- Eligibility – None.
- Benefit – Refund of employee contributions plus a limited pension benefit equal to 50% of monthly salary paid, according to the following schedule: [1]

(1) Refund only if less than one year of service credit.

Service Credit	Total Number of Monthly Payments
Less than 1 year	0
1 year	2
2 years	4
3 years	6
4 years	8
5 years	10
6+ years	12

Tier 1 & Tier 3
Option #2:

- Eligibility – Duty-related death or after five years of continuous service.
- Benefit – Deferred, service, optional, or disability survivorship benefit payable under 100% joint and survivor option to an eligible spouse or qualified domestic partner. (Limited pension waived.)
- Refund of accumulated contributions. No survivorship benefit payable with refund.

Tier 1 Enhanced
Service-Connected Death
Option #2:

- Eligibility – None.
- Benefit – 80% of Member's Final Average Monthly Compensation.

Nonservice-Connected Death
Option #2:

- Eligibility – 5 years of service (unless on military leave and killed while on military duties).
- Benefit – 50% of Member's Final Average Monthly Compensation.
- Eligibility – Less than 5 years of service.
- Benefit – The Basic Death Benefit shall consist of: (1) the return of a deceased Member's accumulated contributions to the Retirement System with accrued interest thereon, subject to the rights created by virtue of the Member's designation of a beneficiary as otherwise provided in the Retirement System; and (2) if the deceased Member had at least one year of service, the deceased Member's Final Compensation multiplied by the number of completed years of Service, not to exceed six years, provided that said amount shall be paid in monthly installments of one-half of the deceased Member's Final Compensation.

Member Contributions

Tier 1 & Tier 1 Enhanced (§ 4.1003)

Effective July 1, 2011, the Member contribution rate became 7% for all employees. Of the 7% rate, 0.5% is the survivor contribution portion and 6.5% is the normal contribution. The 7% Member rate shall be paid until June 30, 2026 or until the ERIP Cost Obligation (defined in ERIP Ordinance No. 180926) is fully paid, whichever comes first[1].

Beginning January 1, 2013, all non-represented Members and Members in certain bargaining groups are required to pay an additional 4% Member contribution rate to defray the cost of providing a Retiree Medical Plan premium subsidy (this additional rate has increased to 4.5% for certain Members).

For Tier 1 (excluding Tier 1 Enhanced), members with no eligible spouse or domestic partner at retirement can request a refund of the survivor portion of the Member contributions (i.e., generally based on a contribution rate of 0.5% of pay).

(1) The Member contribution rate will drop down to 6% afterwards.

Summary of Plan Provisions (Continued)

Member Contributions (Continued)

Tier 3 (§ 4.1080.3)

The Member contribution rate is 7% for all employees. Of the 7% rate, 0.5% is the survivor contribution portion and 6.5% is the normal contribution.

All Members are required to pay an additional 4% Member contribution rate to defray the cost of providing a Retiree Medical Plan premium subsidy.

Members with no eligible spouse or domestic partner at retirement can request a refund of the survivor portion of the Member contributions (i.e., generally based on a contribution rate of 0.5% of pay).

Disability

Tier 1 & Tier 3

Service Requirement (§ 4.1008(a) & § 4.1080.8(a))

5 years of continuous service.

Amount(1) (§ 4.1008(c) & § 4.1080.8(c))

1/70 (1.43%) of the Final Average Monthly Compensation per year of service or 1/3 of the Final Average Monthly Compensation, if greater.

(1) The benefit calculated using the service retirement formula will be paid if the Member is eligible and that benefit is greater than that calculated under the disability retirement formula.

Tier 1 Enhanced

Service Requirement (§ 4.1008.1)

Service-Connected Disability: None.

Nonservice-Connected Disability: 5 years of continuous service.

Amount(1) (§ 4.1008.1)

Service-Connected Disability: 30% to 90% of the Final Average Monthly Compensation depending on severity of disability, with a minimum of 2% of the Final Average Monthly Compensation per year of service.

Nonservice-Connected Disability: 30% to 50% of the Final Average Monthly Compensation depending on severity of disability.

(1) The benefit calculated using the service retirement formula will be paid if the Member is eligible and that benefit is greater than that calculated under the disability retirement formula.

Deferred Retirement Benefit (Vested)

Tier 1 & Tier 1 Enhanced (§ 4.1006)

Age & Service Requirement

- Age 70 with 5 years of continuous City service; or
- Age 60 with 5 years of continuous City service and at least 10 years elapsed from first date of membership; or
- Age 55 with at least 30 years of service.
- Deferred employee who meets part-time eligibility: age 60 and at least 10 years elapsed from first date of membership.

Amount

Normal Retirement Benefit (or refund of contributions and accumulated interest).

Age & Service Requirement

- A former Member who is not yet age 60 may retire for early retirement with an age-based reduced retirement allowance at age 55 or older with 5 years of continuous City service provided at least 10 years have elapsed from first date of membership; or
- Deferred employee who meets part-time eligibility: age 55 and at least 10 years elapsed from first date of membership.

Amount

Early Retirement Benefit (or refund of contributions and accumulated interest), using the following Early Retirement benefit adjustment factors:

Age	Factor
55	0.9250
56	0.9400
57	0.9550
58	0.9700
59	0.9850

Tier 3 (§ 4.1080.6)

Age & Service Requirement

- Age 60 with 5 years of continuous City service and at least 10 years elapsed from first date of membership; or
- Age 70 with 5 years of continuous City service, regardless of the number of years that have elapsed from first date of membership.

Amount

Normal retirement benefit (based on a Retirement Factor of 1.50%; or refund of contributions and accumulated interest).

Summary of Plan Provisions (Continued)

Deferred Retirement Benefit (Vested) (Continued)

Tier 3 (§ 4.1080.6) (Continued)

Age & Service Requirement

- Age 60 with 30 years of continuous City service and at least 10 years elapsed from first date of membership; or
- Age 63 with 10 years of service, including 5 years of continuous City Service.

Amount

Normal retirement benefit (based on a Retirement Factor of 2.00%; or refund of contributions and accumulated interest).

Age & Service Requirement

Age 63 with 30 years of continuous City service and at least 10 years elapsed from first date of membership.

Amount

Enhanced retirement (benefit based on a Retirement Factor of 2.10%; or refund of contributions and accumulated interest).

Age & Service Requirement

Age 55 (but not yet 60) with 5 years of continuous City service and at least 10 years elapsed from first date of membership.

Amount

Early retirement benefit (based on a Retirement Factor of 1.50% and using the following Early Retirement benefit adjustment factors; or refund of contributions and accumulated interest):

Age	Factor
55	0.9250
56	0.9400
57	0.9550
58	0.9700
59	0.9850

Withdrawal of Contributions Benefit (Ordinary Withdrawal)

Refund of employee contributions with interest.

Changes in Plan Provisions

There have been no changes in plan provisions since the last valuation.

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Actuarial Certification

October 31, 2022

This is to certify that Segal has conducted an actuarial valuation of certain benefit obligations of Los Angeles City Employees' Retirement System's other postemployment benefit programs as of June 30, 2022, in accordance with generally accepted actuarial principles and practices. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by the Actuarial Standards of Practice (ASOPs). Actuarial valuations are performed annually for this other postemployment benefit program with the last valuation completed as of June 30, 2021.

The actuarial valuation is based on the plan of benefits verified by LACERS and on participant, premium, claims and financial data provided by LACERS. Segal did not audit LACERS' financial statements, but conducted an examination of all participant data for reasonableness and we concluded that it was reasonable and consistent with the prior year's data.

One of the general goals of an actuarial valuation is to establish contributions that fully fund the System's liabilities, and that, as a percentage of payroll, remain as level as possible for each generation of active members. Both the Normal Cost and the Actuarial Accrued Liability are determined under the Entry Age cost method.

The actuarial computations made are for funding plan benefits. Accordingly, additional determinations will be needed for other purposes, such as satisfying financial accounting requirements under Governmental Accounting Standards Board (GASB) Statements No. 74 and judging benefit security at termination of the plan.

Segal prepared all of the supporting schedules for the Actuarial Section of the Annual Comprehensive Financial Report (ACFR) and certain supporting schedules in the Financial Section, based on the results of the June 30, 2022 actuarial valuation. A listing of the supporting schedules Segal prepared for inclusion in the Financial Section, and in the Actuarial Section, is provided below:

Financial Section

1. Schedule of Net Other Postemployment Benefits (OPEB) Liability[1]
2. Schedule of Changes in Net OPEB Liability and Related Ratios[1]
3. Schedule of Contribution History[1]

[1] Source: Segal's GASB Statement No. 74 valuation report as of June 30, 2022.

Actuarial Certification (Continued)

October 31, 2022

Actuarial Section

4. Summary of Significant Valuation Results
5. Active Member Valuation Data
6. Retirees and Beneficiaries Added to and Removed from Health Benefits
7. Member Benefit Coverage Information
8. Schedule of Funding Progress
9. Actuarial Analysis of Financial Experience
10. Actuarial Balance Sheet
11. Schedule of Changes in Net OPEB Liability and Related Ratios[1]
12. Projection of OPEB Plan Fiduciary Net Position for Use in Calculation of Discount Rate of 7.00% and Preparation of GASB 74 Report as of June 30, 2022[1]

LACERS' staff prepared other trend data schedules in the Statistical Section based on information supplied in Segal's valuation report.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the plan's current funding information. The signing actuaries are members of the American Academy of Actuaries and collectively are qualified to render the actuarial opinion contained herein.

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

Mary Kirby FSA, MAAA, FCA
Senior Vice President and Consulting Actuary

[1] Source: Segal's GASB Statement No. 74 valuation report as of June 30, 2022.

Segal

Active Member Valuation Data

Member Population

Valuation Date	Active Members[1]	Covered Payroll	Annual Average Pay[2]	Change in Annual Average Pay (%)
06/30/2013	24,441	$1,846,970,474	$75,569	3.5%
06/30/2014	24,009	1,898,064,175	79,056	4.6
06/30/2015	23,895	1,907,664,598	79,835	1.0
06/30/2016	24,446	1,968,702,630	80,533	0.9
06/30/2017	25,457	2,062,316,129	81,012	0.6
06/30/2018	26,042	2,177,687,102	83,622	3.2
06/30/2019	26,632	2,225,412,831	83,562	(0.1)
06/30/2020	27,490	2,445,016,587	88,942	6.4
06/30/2021	25,176	2,254,165,029	89,536	0.7
06/30/2022	24,917	2,258,724,771	90,650	1.2

(1) Includes non-vested Members.
(2) Reflects annualized salaries for part-time Members.

Retirees and Beneficiaries Added to and Removed from Health Benefits

Valuation Date	No. of New Retirees/ Beneficiaries	Annual Subsidies Added[1]	No. of Retirees/ Beneficiaries Removed	Annual Subsidies Removed	No. of Retirees/ Beneficiaries at 6/30	Annual Subsidies at 6/30	Percent Increase in Annual Subsidies	Average Annual Subsidy
06/30/2013	635	$9,263,844	474	$2,463,967	13,592	$100,846,520	7.2%	$7,420
06/30/2014	616	7,160,148	522	3,047,436	13,686	104,959,232	4.1	7,669
06/30/2015	860	10,844,333	534	3,174,045	14,012	112,629,520	7.3	8,038
06/30/2016	837	2,185,058	536	3,102,492	14,313	111,712,086	(0.8)	7,805
06/30/2017	913	13,706,185	574	3,316,380	14,652	122,101,891	9.3	8,333
06/30/2018	1,104	17,413,241	612	3,649,382	15,144	135,865,750	11.3	8,972
06/30/2019	1,195	12,323,187	548	3,780,696	15,791	144,408,241	6.3	9,145
06/30/2020	967	7,878,817	651	3,979,061	16,107	148,307,997	2.7	9,208
06/30/2021	2,135	25,826,129	742	5,162,633	17,500	168,971,493	13.9	9,656
06/30/2022	893	5,631,315	640	4,809,300	17,753[2]	169,793,508	0.5	9,564

(1) Also reflects changes in subsidies for continuing retirees and beneficiaries.
(2) Total participants including married dependents currently receiving benefits are 23,798.

Health Benefits Valuation

Member Benefit Coverage Information

For Years Ended June 30
(Dollars in Thousands)

	Aggregate Actuarial Accrued Liabilities For				Portion of Aggregate Accrued Liabilities Covered by Reported Assets		
Valuation Date	Inactive/ Vested Members	Retirees, Beneficiaries & Dependents	Active Members	Valuation Value of Assets	Inactive/ Vested Members	Retirees, Beneficiaries & Dependents	Active Members
06/30/2013	$26,869	$1,104,833	$1,280,783	$1,734,733	100%	100%	47%
06/30/2014	41,188	1,196,769	1,424,896	1,941,225	100	100	49
06/30/2015	42,943	1,210,067	1,393,980	2,108,925	100	100	61
06/30/2016	50,413	1,275,604	1,467,671	2,248,753	100	100	63
06/30/2017	62,252	1,379,357	1,564,197	2,438,458	100	100	64
06/30/2018	67,138	1,497,370	1,692,320	2,628,844	100	100	63
06/30/2019	65,887	1,600,131	1,668,281	2,812,662	100	100	69
06/30/2020	70,327	1,677,723	1,738,481	2,984,424	100	100	71
06/30/2021	74,600	1,869,445	1,576,034	3,330,377	100	100	88
06/30/2022	74,632	1,900,861	1,605,203	3,472,956	100	100	93

Schedule of Funding Progress

For Years Ended June 30
(Dollars in Thousands)

Valuation Date	Valuation Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
06/30/2013	$1,734,733	$2,412,484	$677,751	71.9 %	$1,846,970	36.7 %
06/30/2014	1,941,225	2,662,853	721,628	72.9	1,898,064	38.0
06/30/2015	2,108,925	2,646,989	538,064	79.7	1,907,665	28.2
06/30/2016	2,248,753	2,793,688	544,935	80.5	1,968,703	27.7
06/30/2017	2,438,458	3,005,806	567,348	81.1	2,062,316	27.5
06/30/2018	2,628,844	3,256,828	627,984	80.7	2,177,687	28.8
06/30/2019	2,812,662	3,334,299	521,637	84.4	2,225,413	23.4
06/30/2020	2,984,424	3,486,531	502,107	85.6	2,445,017	20.5
06/30/2021	3,330,377	3,520,078	189,701	94.6	2,254,165	8.4
06/30/2022	3,472,956	3,580,696	107,740	97.0	2,258,725	4.8

Please refer to the required supplementary information of the Financial section for the ten-year schedule of actuarially determined contributions and actual contributions.

Actuarial Analysis of Financial Experience

Development of Unfunded Actuarial Accrued Liability
for Year Ended June 30, 2022

1.	Unfunded actuarial accrued liability as of June 30, 2021	$ 189,700,961
2.	Employer normal cost as of June 30, 2021	81,415,127
3.	Expected employer contributions during 2021-22 fiscal year	(88,117,914)
4.	Interest	12,809,872
5.	Expected unfunded actuarial accrued liability as of June 30, 2022 (1 + 2 + 3 + 4)	$ 195,808,046
6.	Change due to investment loss, after smoothing	25,569,224
7.	Change due to actual contributions more than expected	(3,482,909)
8.	Change due to miscellaneous demographic gains and losses	(276,376)
9.	Change due to updated 2022/2023 premium and subsidy levels	(125,251,766)
10.	Change due to updated trend assumption to project future medical premiums after 2022/2023	15,374,326
11.	Unfunded actuarial accrued liability as of June 30, 2022 (5 + 6 + 7 + 8 + 9 + 10)	$ 107,740,545

Actuarial Balance Sheet

For Year Ended June 30, 2022

Assets	
1. Actuarial value of assets	$ 3,472,955,743
2. Present value of future normal costs	735,945,642
3. Unfunded actuarial accrued liability	107,740,545
4. Present value of current and future assets	$ 4,316,641,930
Liabilities	
5. Actuarial present value of total projected benefits	$ 4,316,641,930

Schedule of Changes in Net OPEB Liability and Related Ratios
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2022	2021	2020	2019
Total OPEB Liability				
Service cost[1]	$ 81,415	$ 84,817	$ 76,423	$ 74,478
Interest	246,694	244,776	242,666	236,678
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(369)	10,672	(135,720)	(134,053)
Changes of assumptions	(109,877)	(157,613)	96,076	33,940
Benefit payments[2]	(157,245)	(149,103)	(127,214)	(133,571)
Net change in total OPEB liability	60,618	33,548	152,231	77,472
Total OPEB liability-beginning	3,520,078	3,486,531	3,334,299	3,256,827
Total OPEB liability-ending (a)	$ 3,580,696	$ 3,520,078	$ 3,486,530	$ 3,334,299
Plan Fiduciary net position				
Contributions-employer	$ 91,623	$ 103,454	$ 112,136	$ 107,927
Net investment income (loss)	(360,636)	983,522	60,899	166,470
Benefit payments[2]	(157,245)	(149,103)	(127,214)	(133,571)
Administrative expense	(7,619)	(7,425)	(6,715)	(5,099)
Other[3]	(4)	-	-	-
Net change in Plan Fiduciary net position	(433,881)	930,448	39,106	135,727
Plan Fiduciary net position-beginning	3,781,652	2,851,204	2,812,098	2,676,371
Plan Fiduciary net position-ending (b)	$ 3,347,771	$ 3,781,652	$ 2,851,204	$ 2,812,098
Plan's net OPEB liability-ending (a)-(b)	$ 232,925	$ (261,574)	$ 635,326	$ 522,201
Plan Fiduciary net position as a percentage of the total OPEB liability (b)/(a)	93.5%	107.4%	81.8%	84.3%
Covered payroll	$ 2,155,005	$ 2,276,768	$ 2,271,039	$ 2,108,171
Plan's net OPEB liability as a percentage of covered payroll	10.8%	(11.5)%	28.0%	24.8%

(1) The service cost is based on the previous year's valuation.

(2) Benefit payments associated with the self-funded insurance premium and Member's health insurance premium reserve that were reported as both additions and deductions in fiduciary net position beginning fiscal year 2019 were excluded from the above schedule.

(3) Adjustment made to beginning of year assets in order to match the June 30, 2021 Plan Fiduciary Net Position restated by LACERS after the completion of the June 30, 2021 GAS 74 valuation report.

Schedule of Changes in Net OPEB Liability and Related Ratios
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2018	2017	2016
Total OPEB Liability			
Service cost[1]	$ 74,611	$ 68,385	$ 62,360
Interest	218,686	210,170	199,078
Changes of benefit terms	948	-	17,215
Differences between expected and actual experience[2]	(7,321)	19,666	(22,013)
Changes of assumptions[2]	92,178	33,512	-
Benefit payments	(128,081)	(119,616)	(109,940)
Net change in total OPEB liability	251,021	212,117	146,700
Total OPEB liability-beginning	3,005,806	2,793,689	2,646,989
Total OPEB liability-ending (a)	$ 3,256,827	$ 3,005,806	$ 2,793,689
Plan Fiduciary net position			
Contributions-employer	$ 100,909	$ 97,457	$ 105,983
Net investment income (loss)	269,380	330,708	(344)
Benefit payments	(128,081)	(119,616)	(109,940)
Administrative expense	(4,699)	(4,564)	(4,528)
Other	-	-	-
Net change in Plan Fiduciary net position	237,509	303,985	(8,829)
Plan Fiduciary net position-beginning	2,438,862	2,134,877	2,143,706
Plan Fiduciary net position-ending (b)	$ 2,676,371	$ 2,438,862	$ 2,134,877
Plan's net OPEB liability-ending (a)-(b)	$ 580,456	$ 566,944	$ 658,812
Plan Fiduciary net position as a percentage of the total OPEB liability (b)/(a)	82.2%	81.1%	76.4%
Covered payroll	$ 2,057,565	$ 1,973,049	$ 1,876,946
Plan's net OPEB liability as a percentage of covered payroll	28.2%	28.7%	35.1%

(1) The service cost is based on the previous year's valuation.

(2) After the GASB Statement No. 74 valuation report was issued for the fiscal year June 30, 2017, the System's consulting actuary reclassified $12,450,000 of OPEB liability from the *Changes of Assumption* (revised from $45,962,000 to $33,512,000) to the *Differences Between Expected and Actual Experience* (revised from $7,216,000 to $19,666,000). However, this reclassification did not affect the recommended employer contribution rates or results of the OPEB valuation in total.

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

Notes to Schedule:

Changes of Benefit Terms: The OPEB liability from the changes of benefit terms for the fiscal year ended June 30, 2016 is primarily due to providing retiree healthcare benefits to part-time employees who retired with 10 years of service but less than 10 years of service credit (refer to Note 3 – Postemployment Health Care Plan Description, Eligibility Requirement and Benefits Provided on pages 42) while the June 30, 2018 increase is primarily as a result of the newly adopted enhanced benefits for Airport Peace Officers (APO) who elected to stay at LACERS Plan (refer to Note 2 – Retirement Plan Description, Tier 1 – Enhanced Benefits on page 37) as some APO Members may retire earlier than expected. Enhanced benefits became effective as of January 7, 2018.

Changes of Assumptions: The OPEB liability from the changes of assumptions for the fiscal year ended June 30, 2017 is primarily due to the lowered assumed investment rate of return, from 7.50% to 7.25%. The June 30, 2018 liability increase is primarily due to the new actuarial assumptions adopted in the triennial experience study (July 1, 2014 through June 30, 2017), including revising the mortality tables from static to generational, while the June 30, 2019 increase is mainly due to the increased Medicare Part B Premium Trend Rate from 4.0% to 4.5%. The June 30, 2020 liability increase is primarily due to the new actuarial assumptions adopted in the triennial experience study (July 1, 2016 through June 30, 2019), including the lowered assumed investment rate of return, from 7.25% to 7.00%. The June 30, 2021 liability decrease is primarily due to 2021/2022 premium and subsidy levels lower than expected from favorable premium renewal experience. The June 30, 2022 liability decrease is primarily due to favorable 2022/2023 premium renewal experience and lower 2022/2023 subsidy levels than expected.

Projection of OPEB Plan Fiduciary Net Position for Use in Calculation of Discount Rate of 7.00% and Preparation of GASB 74 Report as of June 30, 2022

(Dollars in Millions)

Year Beginning July 1,	Projected Beginning OPEB Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Admin. Expenses (d)	Projected Investment Earnings (e)	Projected Ending OPEB Plan Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2021	$3,782	$92	$157	$8	$(361)	$3,348
2022	3,348	91	173	7	231	3,491
2023	3,491	91	180	7	241	3,636
2024	3,636	91	190	7	251	3,780
2025	3,780	92	199	8	261	3,926
2026	3,926	93	210	8	270	4,073
2027	4,073	91	220	8	280	4,216
2028	4,216	102	230	8	290	4,370
2029	4,370	101	241	9	301	4,522
2048	6,116	28	451	12	413	6,094
2049	6,094	24	463	12	411	6,053
2050	6,053	20	476	12	407	5,992
2051	5,992	16	486	12	403	5,912
2052	5,912	13	496	12	397	5,813
2085	1,085	0[(1),(2)]	170	2	70	983
2086	983	0[(1),(2)]	156	2	63	888
2087	888	0[(1),(2)]	141	2	57	802
2088	802	0[(1),(2)]	127	2	52	725
2089	725	0[(1),(2)]	114	1	47	656
2105	507	0[(1),(2)]	4	1	35	538
2106	538	0[(1),(2)]	3	1	38	572
2107	572	0[(1),(2)]	2	1	40	609
2108	609	0[(1),(2)]	1	1	43	649
2109	649	0[(1),(2)]	1	1	45	692
2110	692	0[(1),(2)]	0[(2)]	1	48	739
2111	739	0[(1),(2)]	0[(2)]	1	52	789
2112	789	0[(1),(2)]	0[(2)]	2	55	842
2113	842	0[(1),(2)]	0[(2)]	2	59	899
2114	899	0[(1),(2)]	0[(2)]	2	63	960
2115	960	0[(1),(2)]	0[(2)]	2	67	1,026
2116	1,026	0[(1),(2)]	0[(2)]	2	72	1,095
2117	1,095	0[(1),(2)]	0[(2)]	2	77	1,170
2118	1,170	0[(1),(2)]	0[(2)]	2	82	1,249
2119	1,249	0[(1),(2)]	0[(2)]	3	87	1,334
2120	$1,334					
2120	Discounted: $2[(3)]					

(1) Mainly attributable to employer contributions to fund each year's annual administrative expenses.

(2) Less than $1 million when rounded.

(3) $1,334 million when discounted with interest at the rate of 7.00% per annum has a value of $2 million as of June 30, 2022.

Note that in preparing the above projections, we have not taken into consideration the one-year delay between the date of the contribution rate calculation and the implementation.

Projection of OPEB Plan Fiduciary Net Position for Use in Calculation of Discount Rate of 7.00% and Preparation of GASB 74 Report as of June 30, 2022 (Continued)

Notes to Schedule:

1. Amounts may not total exactly due to rounding.

2. Amounts shown for the year beginning July 1, 2021 row are actual amounts, based on the unaudited financial statements provided by LACERS.

3. Years 2030-2047, 2053-2084, and 2090-2104 have been omitted from this table.

4. Column (a): Except for the “discounted value” shown for 2120, none of the projected beginning OPEB Plan Fiduciary Net Position amounts shown have been adjusted for the time value of money.

5. Column (b): Projected total contributions include employer normal cost contributions based on closed group projections (based on covered active Members as of June 30, 2022); plus employer contributions to the unfunded actuarial accrued liability; plus contributions to fund each year's annual administrative expenses. Unfunded accrued liabilities are amortized over closed 20 and 15-year periods, depending on the source of the changes. Contributions are assumed to occur halfway though the year, on average.

6. Column (c): Projected benefit payments have been determined in accordance with paragraph 43 of GASB Statement No. 74, and are based on the closed group of active, inactive vested, retired Members, and beneficiaries as of June 30, 2022. The projected benefit payments reflect future health care trends used in the June 30, 2022 funding valuation report. Benefit payments are assumed to occur halfway through the year, on average. In accordance with paragraph 49 of GASB Statement No. 74, the long-term expected rate of return on Plan investments of 7.00% was applied to all periods of projected benefit payments to determine the discount rate.

7. Column (d): Projected administrative expenses are calculated as approximately 0.20% of the projected beginning OPEB Plan Fiduciary Net Position amount. The 0.20% portion was based on the actual fiscal year 2021-22 administrative expenses as a percentage of the beginning OPEB Plan Fiduciary Net Position amount as of July 1, 2021. Administrative expenses are assumed to occur halfway through the year, on average.

8. Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum.

9. As illustrated in this Schedule, the OPEB Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan Members. In other words, there is no projected 'cross-over date' when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of June 30, 2022 shown in the GAS 74 report, pursuant to paragraph 49 of GASB Statement No. 74.

10. This projection is based on a model developed by our Actuarial Technology and Systems unit, comprised of both actuaries and programmers. The model allows the client team, under the supervision of the responsible actuary, control over the entry of future expected contribution income, benefit payments and administrative expenses. The projection of fiduciary net position and the discounting of benefits is part of the model.

Summary of Actuarial Assumptions and Actuarial Cost Method

Rationale for Assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2016 through June 30, 2019 Actuarial Experience Study dated June 17, 2020 and the retiree health assumptions letter dated September 20, 2022. Unless otherwise noted, all actuarial assumptions and methods shown below apply to both Tier 1 and Tier 3 Members. These assumptions have been adopted by the Board.

Measurement Date

June 30, 2022.

Data

LACERS provided detailed census data and financial information for post-employment benefits.

Post-Retirement Mortality Rates

Healthy Members

Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2019.

Disabled Members

Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables with rates increased by 10% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

Beneficiaries

Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Tables with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

The Pub-2010 mortality tables and adjustments as shown above reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement Mortality Rates

Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables with rates increased by 10%, projected generationally with the two-dimensional mortality improvement scale MP-2019.

Disability Incidence

Age	Rate (%)
25	0.01
30	0.02
35	0.04
40	0.06
45	0.12
50	0.16
55	0.18
60	0.18
65	0.22

Termination

Termination (< 5 Years of Service)	
Years of Service	Rate (%)
Less than 1	11.50
1 – 2	10.00
2 – 3	8.50
3 – 4	7.75
4 – 5	7.00

Termination (5+ Years of Service)	
Age	Rate (%)
25	7.00
30	6.70
35	5.30
40	3.75
45	3.10
50	3.00
55	3.00
60	3.00

No termination is assumed after a member is eligible for retirement (as long as a retirement rate is present).

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Retirement Rates

	Rate (%)					
	Tier 1		Tier 1 Enhanced		Tier 3	
Age	Non-55/30	55/30	Non-55/30	55/30	Non-55/30	55/30
50	5.0	0.0	7.0	0.0	5.0	0.0
51	3.0	0.0	5.0	0.0	3.0	0.0
52	3.0	0.0	5.0	0.0	3.0	0.0
53	3.0	0.0	5.0	0.0	3.0	0.0
54	18.0	0.0	20.0	0.0	17.0	0.0
55	6.0	27.0	8.0	30.0	0.0(1)	26.0
56	6.0	18.0	8.0	22.0	0.0(1)	17.0
57	6.0	18.0	8.0	22.0	0.0(1)	17.0
58	6.0	18.0	8.0	22.0	0.0(1)	17.0
59	6.0	18.0	8.0	22.0	0.0(1)	17.0
60	7.0	18.0	9.0	22.0	6.0	17.0
61	7.0	18.0	9.0	22.0	6.0	17.0
62	7.0	18.0	9.0	22.0	6.0	17.0
63	7.0	18.0	9.0	22.0	6.0	17.0
64	7.0	18.0	9.0	22.0	6.0	17.0
65	14.0	21.0	16.0	26.0	13.0	20.0
66	14.0	21.0	16.0	26.0	13.0	20.0
67	14.0	21.0	16.0	26.0	13.0	20.0
68	14.0	21.0	16.0	26.0	13.0	20.0
69	14.0	21.0	16.0	26.0	13.0	20.0
70 & Over	100.0	100.0	100.0	100.0	100.0	100.0

(1) Not eligible to retire under the provisions of the Tier 3 plan at these ages with less than 30 years of service. If a member has at least 30 years of service at these ages, they would be subject to the “55/30” rates.

Retirement Age and Benefit for Inactive Vested Members

Assume retiree health benefit will be paid at the later of age 59 or the current attained age.

Unknown Data for Members

Same as those exhibited by Members with similar known characteristics. If not specified, Members are assumed to be male.

Service

Employment service is used for eligibility determination purposes. Benefit service is used for benefit calculation purposes.

Future Benefit Accruals

1.0 year of service credit per year

Net Investment Return

7.00%(1)

(1) Net of investment and administrative expenses for funding purposes, and net of investment expenses only for financial reporting purposes.

Discount Rate

7.00%

Payroll Growth

Inflation of 2.75% per year plus real “across the board” salary increases of 0.50% per year, used to amortize the UAAL as a level percentage of payroll.

Salary Increases

Inflation: 2.75%; plus additional 0.50% “across the board” salary increases (other than inflation); plus the following merit and promotion increases:

Years of Service	Rate (%)
Less than 1	6.70
1 – 2	6.50
2 – 3	5.80
3 – 4	4.00
4 – 5	3.00
5 – 6	2.20
6 – 7	2.00
7 – 8	1.80
8 – 9	1.60
9 – 10	1.40
10 & Over	1.00

Per Capita Cost Development

The assumed costs on a composite basis are the future costs of providing postemployment health care benefits at each age. To determine the assumed costs on a composite basis, historical premiums are reviewed and adjusted for increases in the cost of health care services.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Per Capita Cost Development (Continued)

Maximum Dental Subsidy
2022-23 Fiscal Year

Carrier	Election Percent	Maximum Monthly Dental Subsidy
Delta Dental PPO	80.7%	$44.21
DeltaCare USA	19.3%	$15.10

Medicare Part B Premium Subsidy	
Actual monthly premium for calendar year 2022	$170.10
Actual monthly premium for calendar year 2023	$164.90
Actual average monthly premium for plan year 2022/2023	$167.50

LACERS will not reimburse Medicare Part B premiums for spouses/domestic partners, unless they are LACERS retired Members with Medicare Parts A and B enrolled as a dependent in a LACERS medical plan. This valuation does not reflect Medicare Part B reimbursement for any (married or surviving) spouses/domestic partners enrolled in Medicare Parts A and B.

For retirees age 65 and over on the valuation date, Segal valued the Medicare Part B premium subsidy reported in the data with Medicare Part B premium. For current and future retirees under age 65, Segal will assume 100% of those electing a medical subsidy will be eligible for the Medicare Part B premium subsidy.

Maximum Monthly Medical Subsidy
(Tier 1 Members Not Subject to Medical Subsidy Cap and all Tier 3 Members)
Participant Under Age 65 or Not Eligible for Medicare A & B
2022-23 Fiscal Year

Carrier	Observed and Assumed Election Percent	Single Party Subsidy	Married/with Domestic Partner Subsidy	Eligible Survivor Subsidy
Kaiser HMO	62.4%	$919.67	$1,839.33	$919.67
Anthem BC PPO	20.7%	$1,401.11	$1,923.35	$919.67
Anthem BC HMO	16.9%	$1,119.40	$1,923.35	$919.67

Maximum Monthly Medical Subsidy
(Tier 1 Members Not Subject to Medical Subsidy Cap and all Tier 3 Members)
Participant Eligible for Medicare A & B
2022-23 Fiscal Year

Carrier	Observed and Assumed Election Percent	Single Party Subsidy	Married/with Domestic Partner Subsidy	Eligible Survivor Subsidy
Kaiser Senior Adv. HMO	57.0%	$262.47	$524.94	$262.47
Anthem Medicare Preferred (PPO)	32.3%	$494.67	$984.31	$494.67
UHC Medicare Advantage Plan(1)	10.7%	$285.78	$566.53	$285.78

(1) Rates for CA plan.

Tier 1 Members who are subject to the retiree medical subsidy cap will have monthly health insurance subsidy maximums capped at the levels in effect at July 1, 2011, as shown in the table below.

Maximum Monthly Medical Subsidy
(Tier 1 Members Subject to Retiree Medical Subsidy Cap)

	Single Party Subsidy	Married/With Domestic Partner Subsidy	Eligible Survivor Subsidy
Under Age 65: All Plans	$1,190.00	$1,190.00	$593.62
Age 65 and Over:			
Kaiser Senior Adv.	$203.27	$406.54	$203.27
Anthem Medicare Preferred (PPO)	$478.43	$478.43(1)	$478.43
UHC California Medicare Adv. HMO	$219.09	$433.93	$219.09

(1) The reason the subsidy is only at the single-party amount is that there is no excess subsidy to cover a dependent.

These rates only apply to a small number of deferred vested members, retirees and beneficiaries. No active members are subject to the retiree medical subsidy cap.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Per Capita Cost Development (Continued)

Adjustments to per-capita costs based on age, gender, and status are as follows:

	Retiree		Spouse	
Age	Male	Female	Male	Female
55	0.8967	0.9258	0.7057	0.7993
60	1.0649	0.9979	0.9448	0.9271
64	1.2218	1.0586	1.1927	1.0434
65	0.9191	0.7812	0.9191	0.7812
70	1.0653	0.8419	1.0653	0.8419
75	1.1480	0.9062	1.1480	0.9062
80+	1.2362	0.9770	1.2362	0.9770

Spouse/Domestic Partner Coverage

For all active and inactive members, 60% of male and 35% of female retirees who receive a retiree health subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage. Of these covered spouses/domestic partners, 100% are assumed to continue coverage if the retiree predeceases the spouse/domestic partner.

Male retirees are assumed to be four years older than their female spouses/domestic partners. Female retirees are assumed to be two years younger than their male spouses/domestic partners.

Participation

Retiree Medical and Dental Coverage Participation:

Years of Service Range	Percent Covered[1]
10 – 14	60%
15 – 19	80%
20 – 24	90%
25 and Over	95%

[1] Deferred vested Members are assumed to elect coverages at 50% of the rates shown above.

100% of retirees becoming eligible for Medicare are assumed to be covered by both Parts A and B.

Health Care Cost Subsidy Trend Rates

Trends to be applied in following fiscal years, to all health plans.

First Fiscal Year (July 1, 2022 through June 30, 2023):

Plan	Trend to be applied to 2022-23 Fiscal Year premium
Anthem BC HMO, Under Age 65	8.29%
Anthem BC PPO, Under Age 65	8.29%
Kaiser HMO, Under Age 65	5.81%
Anthem Preferred PPO Medicare Advantage	3.25%
Kaiser Senior Advantage	3.25%
UHC CA Medicare Advantage	3.98%

The fiscal year trend rates are based on the following calendar year trend rates:

Fiscal Year	Trend (Approx.)		Calendar Year	Trend (applied to calculate following year premium)	
	Non-Medicare	Medicare		Non-Medicare	Medicare
2023-24	7.12%	6.37%	2023	7.25%	6.50%
2024-25	6.87%	6.12%	2024	7.00%	6.25%
2025-26	6.62%	5.87%	2025	6.75%	6.00%
2026-27	6.37%	5.62%	2026	6.50%	5.75%
2027-28	6.12%	5.37%	2027	6.25%	5.50%
2028-29	5.87%	5.12%	2028	6.00%	5.25%
2029-30	5.62%	4.87%	2029	5.75%	5.00%
2030-31	5.37%	4.62%	2030	5.50%	4.75%
2031-32	5.12%	4.50%	2031	5.25%	4.50%
2032-33	4.87%	4.50%	2032	5.00%	4.50%
2033-34	4.62%	4.50%	2033	4.75%	4.50%
2034-35 and later	4.50%	4.50%	2034	4.50%	4.50%

Dental Premium Trend: 3.00% for all years.

Medicare Part B Premium Trend: 0.66%, then 4.50% thereafter.

Health Care Reform

The valuation does not reflect the potential impact of any future changes due to prior or pending legislations.

Administrative Expenses

No administrative expenses were valued separately from the premium costs.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Actuarial Cost Method

Entry Age Cost Method, level percent of salary. Entry age is calculated as age on the valuation date minus years of employment service. Both the normal cost and the actuarial accrued liability are calculated on an individual basis.

Actuarial Value of Assets

Fair value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual and expected returns on a fair value basis, and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% of fair value of assets nor greater than 140% of fair value of assets.

Valuation Value of Assets

The portion of the total actuarial value of assets allocated for retiree health benefits, based on a prorated share of fair value.

Amortization Policy

The amortization method for the UAAL is a level percent of payroll, assuming annual increases in total covered payroll equal to inflation plus across the board increases (other than inflation).

All bases as of June 30, 2020 were re-amortized over 21 years effective with the June 30, 2021 valuation. Changes in the UAAL due to actuarial gains/losses are amortized over separate 15-year periods. Changes in the UAAL due to assumption or method changes are amortized over separate 20-year periods. Plan changes and health trend and premium assumption changes are amortized over separate 15-year periods. Future ERIPs will be amortized over 5 years. Any actuarial surplus is amortized over 30 years.

An adjustment is made to the amortization period of all the UAAL actuarial gain layers to be the longer of 15 years or the remaining amortization period for the outstanding balance of the pre-June 30, 2021 UAAL layers when the total UAAL contribution is negative (a credit) but there is still a UAAL balance.

Employer Contributions

Employer contributions consist of two components:

Normal Cost

The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earnings rate. The contribution rate is expressed as a level percentage of the member's compensation.

Contribution to the Unfunded Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earnings rate. The contribution (or rate credit in the case of a negative UAAL) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the System) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual rate of 3.25% (i.e., 2.75% inflation plus 0.50% across-the-board salary increase).

The amortization policy is described above.

Assumption Changes since Prior Valuation

Per capita costs and first year trends were updated to reflect 2023 calendar year premiums, subsidies and more recent data.

Medical carrier election assumptions were updated based on more recent data.

Trend assumptions to project future medical costs after 2022-2023 were updated.

Summary of Plan Provisions

LACERS administers a single-employer postemployment health care plan. The following summarizes the major benefit provisions of the Health Plan as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Membership Eligibility

Tier 1 (§4.1002(a))

All employees who became Members of LACERS before July 1, 2013, and certain employees who became Members of LACERS on or after July 1, 2013. In addition, pursuant to Ordinance No. 184134, all Tier 2 employees who became Members of LACERS between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016 (refer to Note 3 – Postemployment Health Care Plan Description on page 42 regarding the Membership).

Tier 3 (§4.1080.2(a))

All employees who became Members of LACERS on or after February 21, 2016, except as provided otherwise in Section 4.1080.2(b) of the Los Angeles Administrative Code.

Benefit Eligibility

Tier 1 (§4.1111(a)) and Tier 3 (§4.1126(a))

Retired age 55 or older with at least 10 years of service (including deferred vested Members who terminate employment and receive a retirement benefit from LACERS), or if retirement date is between October 2, 1996 and September 30, 1999 at age 50 or older with at least 30 years of service. Benefits are also payable to spouses, domestic partners, or other qualified dependents while the retiree is alive. The health subsidy is not payable to a service or disabled retiree before the Member reaches age 55.

Medical Subsidy for Members Not Subject to Cap

Under Age 65 or Over Age 65 Without Medicare Part A:

Tier 1 (§4.1111(d)) and Tier 3 (§4.1126(c))

Both Tier 1 and Tier 3 Members will be eligible for 40% of maximum medical plan premium subsidy for 10 whole years of service credit, and eligible Members earn 4% per year of service credit for their annual medical subsidy accrual after 10 years of service (limited to actual premium). As of July 1, 2022, the maximum monthly health subsidy is $1,884.50, and will be $1,962.20 per month as of January 1, 2023. This amount includes coverage of dependent premium costs.

Over Age 65 and Enrolled in Both Medicare Parts A and B:

Tier 1 (§4.1111(e)) and Tier 3 (§4.1126(d))

For retirees, a maximum health subsidy shall be paid in the amount of the single-party monthly premium of the approved Medicare supplemental or coordinated plan in which the retiree is enrolled, subject to the following vesting schedule:

Completed Years of Service Credit	Vested Percentage
10-14	75%
15-19	90%
20+	100%

Subsidy Cap for Tier 1

Tier 1 (§4.1111(b))

As of the June 30, 2011 valuation, the retiree health benefits program was changed to cap the medical subsidy for non-retired Members who do not contribute an additional 4.0% or 4.5% of employee contributions to the System.

The capped subsidy is different for Medicare and non-Medicare retirees. The cap applies to the medical subsidy limits at the 2011 calendar year level. The cap does not apply to the dental subsidy or the Medicare Part B premium reimbursement.

Dependents

Tier 1 (§4.1111(e)(4)) and Tier 3 (§4.1126(d)(4))

An additional amount is added for coverage of dependents which shall not exceed the amount provided to a retiree not enrolled in Medicare Parts A and B and covered by the same medical plan with the same years of service credit. The combined Member and dependent subsidy shall not exceed the actual premium. This refers to dependents of retired Members with Medicare Parts A and B. It does not apply to those without Medicare or Part B only.

Dental Subsidy for Members

Tier 1 (§4.1114(b)) and Tier 3 (§4.1129(b))

The System will pay 4% of the maximum dental subsidy (limited to actual premium) for each year of Service Credit, up to 100% of the maximum dental subsidy. As of July 1, 2022, the maximum dental subsidy is $44.60 per month; decreasing to $43.81 in calendar year 2023.

Summary of Plan Provisions (continued)

Dental Subsidy for Members (continued)

There is no subsidy available to dental plan dependents or surviving spouses/domestic partners. There is also no reimbursement for dental plans not sponsored by the System.

Medicare Part B Reimbursement for Members

Tier 1 (§4.1113) and Tier 3 (§4.1128)

If a retiree is eligible for a health subsidy, covered by both Medicare Parts A and B, and enrolled in a LACERS medical plan or participates in the LACERS Retiree Medical Premium Reimbursement Program, LACERS will reimburse the retiree the basic Medicare Part B premium. LACERS does not reimburse survivors or dependents any part of their Medicare Part B premium.

Medical Subsidy for Surviving Spouse

Tier 1 (§4.1115) and Tier 3 (§4.1129.1)

The surviving spouse or domestic partner will be entitled to a health subsidy based on the Member's years of service credit and the surviving dependent's eligibility for Medicare.

Under Age 65 or Over Age 65 Without Medicare Part A

The maximum health subsidy available for survivors is the lowest cost plan available (currently Kaiser) single-party premium ($900.24 per month as of July 1, 2022, and will be $939.09 per month as of January 1, 2023).

Over Age 65 and Enrolled in Both Medicare Parts A and B:

For survivors, a maximum health subsidy limited to the single-party monthly premium of the plan in which the survivor is enrolled, is provided subject to the following vesting schedule:

Completed Years of Service Credit	Vested Percentage
10-14	75%
15-19	90%
20+	100%

Changes in Plan Provisions

None.

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Statistical

The Statistical Section of the System's Annual Comprehensive Financial Report provides additional historical trend information to assist the reader in gaining a more comprehensive understanding of the current fiscal year's financial statements, note disclosures, and required supplementary information, which cover the System's Retirement Plan and the Postemployment Health Care Plan. This section also provides multi-year trending of financial and operating information to facilitate comprehensive understanding of how the System's financial position and performance has changed over time. More specifically, the financial and operating information provides contextual data for the System's revenues (additions), expenses (deductions), net increase or decrease in fiduciary net position, benefit expenses by type, number of retirees by different types of benefits, and average monthly benefit payments.
The financial and operational trend information are as follows:

Schedule of Additions by Source - Retirement Plan
(Dollars in Thousands)

Fiscal Year	Member Contributions	Employer Contributions: Amounts	Employer Contributions: As a % of Annual Covered Payroll (1)	Net Investment Income (Loss)(2)	Building Lease & Other Income (3)	Total Additions
2013	$ 197,881	$ 346,350	19.9	$ 1,275,612	-	$ 1,819,843
2014	204,136	357,818	19.8	1,820,266	-	2,382,220
2015	207,564	381,299	20.8	308,557	-	897,420
2016	211,345	440,704	23.5	27,638	-	679,687
2017	227,532	453,504	23.0	1,524,533	-	2,205,569
2018	236,222	450,338	21.9	1,249,814	-	1,936,374
2019	240,357	478,827	22.7	802,027	-	1,521,211
2020	263,936	553,222	24.4	305,291	645	1,123,094
2021	259,285	554,954	24.4	4,305,990	519	5,120,748
2022	245,879	591,305	27.4	(1,555,222)	30	(718,008)

(1) Starting fiscal year 2014, when a new benefit tier was added, % of Annual Covered Payroll is an aggregate rate for all tiers based on actual covered payroll.
(2) Includes unrealized gains and losses of investments. Investment related administrative expenses are deducted from Investment Income starting fiscal year 2014 pursuant to GASB Statement No. 67.
(3) Building Lease and Other Income from System's new Headquarter Building purchased on October 23, 2019.

Schedule of Deductions by Type - Retirement Plan(2)
(In Thousands)

Fiscal Year	Benefit Payments	Refunds of Contributions	Administrative Expenses (1)	Total Deductions
2013	$ 687,362	$ 17,697	$ 13,352	$ 718,411
2014	708,956	15,982	12,438	737,376
2015	734,736	10,121	15,946	760,803
2016	767,264	7,719	15,576	790,559
2017	799,221	9,803	16,019	825,043
2018	847,031	10,412	16,394	873,837
2019	909,154	11,684	17,806	938,644
2020	973,197	12,332	21,257	1,006,786
2021	1,067,331	17,584	24,264	1,109,179
2022	1,163,419	11,630	24,282	1,199,331

(1) Excludes investment related administrative expenses starting fiscal year 2014. Starting fiscal year 2015, the System is required to share the employer contribution for its employees' retirement benefits.

Schedule of Additions by Source - Postemployment Health Care Plan
(Dollars in Thousands)

Fiscal Year	Employer Contributions Amounts	Employer Contributions As a % of Annual Covered Payroll (1)	Self-Funded Insurance Premium (2)	Health Insurance Premium Reserve (2)	Net Investment Income (Loss) (3)	Building Lease & Other Income (4)	Total Additions
2013	$ 72,916	4.2	-	-	$ 253,632	-	$ 326,548
2014	97,841	5.4	-	-	375,504	-	473,345
2015	100,467	5.5	-	-	59,435	-	159,902
2016	105,983	5.7	-	-	(721)	-	105,262
2017	97,457	4.9	-	-	330,368	-	427,825
2018	100,909	4.9	-	-	269,065	-	369,974
2019	107,927	5.1	6,090	468	166,470	-	280,955
2020	112,136	4.9	10,364	2,137	60,201	147	184,985
2021	103,454	4.5	10,924	919	982,797	118	1,098,212
2022	91,623	4.3	13,280	1,180	(361,307)	7	(255,217)

(1) Starting fiscal year 2014, when a new benefit tier was added, % of annual covered payroll is an aggregate rate for all tiers and it is based on actual covered payroll.
(2) Additions related to LACERS Postemployment Health Care 115 Trust fund and the self-funded Dental Plan established in fiscal year 2019 and self-funded Vision Plan in fiscal year 2022.
(3) Includes unrealized gains and losses of investments. Investment related administrative expenses are deducted starting fiscal year 2014.
(4) Building Lease and Other Income from System's new Headquarter Building purchased on October 23, 2019.

Schedule of Deductions by Type - Postemployment Health Care Plan
(In Thousands)

Fiscal Year	Benefit Payments	Administrative Expenses (1)	Total Deductions
2013	$ 97,946	$ 3,197	$ 101,143
2014	101,628	3,327	104,955
2015	103,599	3,932	107,531
2016	109,940	4,151	114,091
2017	119,616	4,224	123,840
2018	128,081	4,384	132,465
2019	140,129	5,099	145,228
2020	139,714	6,165	145,879
2021	160,945	6,820	167,765
2022	171,705	6,955	178,660

(1) Excludes investment related administrative expenses starting fiscal year 2014. Starting fiscal year 2015, the System is required to share the employer contribution for its employees' postemployment healthcare benefits. Starting fiscal year 2019, expenses include third party fees paid for the administration of the self-funded Dental Plan.

Net Increase (Decrease) in Fiduciary Net Position - Retirement Plan[3]
Last Ten Fiscal Years
(In Thousands)

	Additions					Deductions				
Fiscal Year	City Contributions	Member Contributions	Net Investment Income (Loss)	Building Lease & Other Income	Total Additions	Benefit Payments	Refunds of Contributions	Admin. Expenses (1)	Total Deductions	Net In(De)crease in Fiduciary Net Position
2013	346,350	197,881	1,275,612	-	1,819,843	687,362	17,697	13,352	718,411	1,101,432
2014	357,818	204,136	1,820,266	-	2,382,220	708,956	15,982	12,438	737,376	1,644,844
2015	381,299	207,564	308,557	-	897,420	734,736	10,121	15,946	760,803	136,617
2016	440,704	211,345	27,638	-	679,687	767,264	7,719	15,576	790,559	(110,872)
2017	453,504	227,532	1,524,533	-	2,205,569	799,221	9,803	16,019	825,043	1,380,526
2018	450,338	236,222	1,249,814	-	1,936,374	847,031	10,412	16,394	873,837	1,062,537
2019	478,827	240,357	802,027	-	1,521,211	909,154	11,684	17,806	938,644	582,567
2020	553,222	263,936	305,291	645	1,123,094	973,197	12,332	21,257	1,006,786	116,308
2021	554,954	259,285	4,305,990	519	5,120,748	1,067,331	17,584	24,264	1,109,179	4,011,569
2022	591,305	245,879	(1,555,222)	30	(718,008)	1,163,419	11,630	24,282	1,199,331	(1,917,339)

(1) Excludes investment related administrative expenses starting fiscal year 2014. Starting fiscal year 2015, the System is required to share the employer contribution for its employees' retirement benefits. Starting fiscal year 2019, expenses include third party fees paid for the administration of the self-funded Dental Plan and beginning fiscal year 2020, related expenses for the new headquarters building were incurred.
(2) In fiscal year 2022, a prior period adjustment was made related to implementation of GASB 87 - Leases, to restate fiscal year 2021 information presented in fiscal year 2022 financial report as comparative report.

Net Increase (Decrease) in Fiduciary Net Position - Postemployment Health Care Plan
Last Ten Fiscal Years
(In Thousands)

	Additions						Deductions			
Fiscal Year	City Contributions	Self-Funded Insurance Premium (1)	Health Insurance Premium Reserve (1)	Net Investment Income (Loss)	Building Lease & Other Income	Total Additions	Benefit Payments	Admin. Expenses (2)	Total Deductions	Net In(De)crease in Fiduciary Net Position
2013	$ 72,916	-	-	$ 253,632	-	$ 326,548	$ 97,946	$ 3,197	$ 101,143	$ 225,405
2014	97,841	-	-	375,504	-	473,345	101,628	3,327	104,955	368,390
2015	100,467	-	-	59,435	-	159,902	103,599	3,932	107,531	52,371
2016	105,983	-	-	(721)	-	105,262	109,940	4,151	114,091	(8,829)
2017	97,457	-	-	330,368	-	427,825	119,616	4,224	123,840	303,985
2018	100,909	-	-	269,065	-	369,974	128,081	4,384	132,465	237,509
2019	107,927	6,090	468	166,470	-	280,955	140,129	5,099	145,228	135,727
2020	112,136	10,364	2,137	60,201	147	184,985	139,714	6,165	145,879	39,106
2021	103,454	10,924	919	982,797	118	1,098,212	160,945	6,820	167,765	930,447
2022	91,623	13,280	1,180	(361,307)	7	(255,217)	171,705	6,955	178,660	(433,877)

(1) Additions related to LACERS Postemployment Health Care 115 Trust and the self-funded Dental Plan established in 2019 and self-funded Vision Plan in fiscal year 2022.
(2) Excludes investment related administrative expenses starting fiscal year 2014 but includes third party administrative fees starting in fiscal year 2019. Starting fiscal year 2015, the System is required to share the employer contribution for its employees' postemployment health care benefits and beginning fiscal year 2020, related expenses for the new headquarters building were incurred.
(3) In fiscal year 2022, a prior period adjustment was made related to implementation of GASB 87 - Leases, to restate fiscal year 2021 information presented in fiscal year 2022 financial report as comparative report.

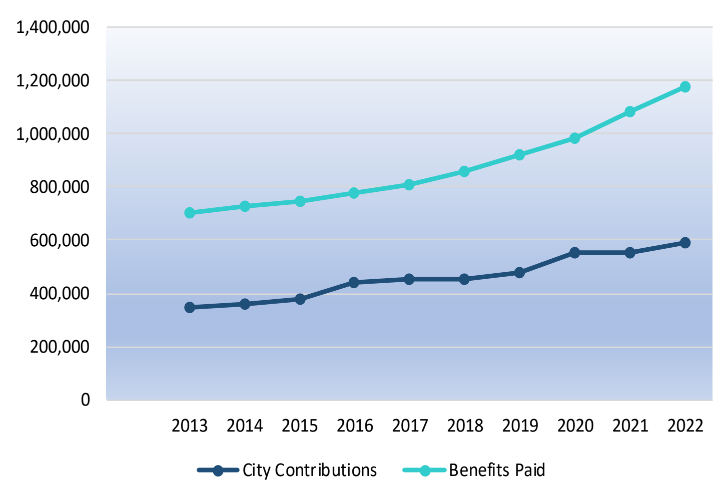
Schedule of Benefit Expenses by Type - Retirement Plan
(In Thousands)

	Benefits						Refunds of Contributions					
	Age & Service Benefits			Disability Benefits								
Fiscal Year	Retirants	Survivors	Death in Service	Retirants	Survivors	Sub-Total	Separation	Death in Service	Unused Contri-butions	Misc.	Sub-Total	Total Benefits Paid
2013	$588,035	$ 70,298	$ 2,776	$17,810	$ 8,443	$687,362	$ 13,103	$ 2,515	$ 1,006	$ 1,073	$17,697	$ 705,059
2014	606,135	73,477	2,669	17,657	9,018	708,956	12,295	1,509	1,184	994	15,982	724,938
2015	627,865	76,619	2,537	18,348	9,367	734,736	3,891	1,848	1,342	3,040	10,121	744,857
2016	657,810	78,441	2,315	19,001	9,697	767,264	4,241	1,231	883	1,364	7,719	774,983
2017	686,172	81,250	2,738	18,810	10,251	799,221	4,213	3,015	1,027	1,548	9,803	809,024
2018	731,954	83,387	2,402	18,850	10,438	847,031	5,686	1,653	1,588	1,485	10,412	857,443
2019	794,844	83,072	2,066	18,935	10,237	909,154	6,529	3,302	1,054	799	11,684	920,838
2020	853,719	87,577	1,855	19,432	10,614	973,197	6,839	2,798	1,544	1,151	12,332	985,529
2021	941,144	93,208	2,419	19,468	11,092	1,067,331	8,388	4,259	2,298	2,639	17,584	1,084,915
2022	1,032,404	99,122	1,978	18,496	11,419	1,163,419	6,215	3,362	1,584	469	11,630	1,175,049

City Contributions versus Benefits Paid - Retirement Plan

(In Thousands)

Fiscal Year	City Contributions	Benefits Paid
2013	$ 346,350	$ 705,059
2014	357,818	724,938
2015	381,299	744,857
2016	440,704	774,983
2017	453,504	809,024
2018	450,338	857,443
2019	478,827	920,838
2020	553,222	985,529
2021	554,954	1,084,915
2022	591,305	1,175,049



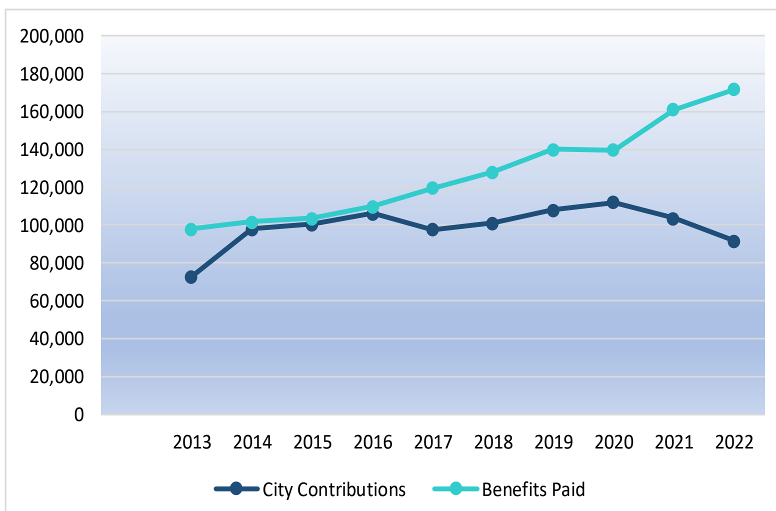
Schedule of Benefit Expenses by Type - Postemployment Health Care Plan
(In Thousands)

Fiscal Year	Age & Service Benefits Retirants	Age & Service Benefits Survivors	Death in Service Benefits	Disability Benefits Retirants	Disability Benefits Survivors	Total Benefits Paid
2013	$ 83,792	$ 10,017	$ 396	$ 2,538	$ 1,203	$ 97,946
2014	86,889	10,533	382	2,531	1,293	101,628
2015	88,530	10,803	358	2,587	1,321	103,599
2016	94,256	11,240	332	2,723	1,389	109,940
2017	102,697	12,160	410	2,815	1,534	119,616
2018	110,680	12,609	363	2,851	1,578	128,081
2019	122,510	12,804	318	2,919	1,578	140,129
2020	122,561	12,573	266	2,790	1,524	139,714
2021	141,917	14,055	365	2,936	1,672	160,945
2022	152,369	14,629	292	2,730	1,685	171,705

City Contributions versus Benefits Paid - Postemployment Health Care Plan

(In Thousands)

Fiscal Year	City Contributions	Benefits Paid
2013	$ 72,916	$ 97,946
2014	97,841	101,628
2015	100,467	103,599
2016	105,983	109,940
2017	97,457	119,616
2018	100,909	128,081
2019	107,927	140,129
2020	112,136	139,714
2021	103,454	160,945
2022	91,623	171,705



Schedule of Retired Members by Type of Benefits - Retirement Plan

Amount of Monthly Benefits	Number of Retirants [1]	Type of Benefits [2] 1	2	3	4	5	6	7	8	9	10	11
$1 to $1,000	1,645	404	265	9	455	44	141	54	272	-	508	24
$1,001 to $2,000	3,279	989	766	40	527	452	99	204	202	-	93	3
$2,001 to $3,000	3,185	1,697	618	76	304	282	30	99	79	-	21	1
$3,001 to $4,000	3,096	2,418	348	76	160	31	4	25	34	-	9	-
$4,001 to $5,000	3,189	2,807	218	57	80	8	1	5	13	-	1	-
$5,001 to $6,000	2,484	2,277	141	21	37	2	-	-	6	-	-	-
$6,001 to $7,000	1,897	1,755	92	11	33	2	1	-	3	-	-	-
$7,001 to $8,000	1,286	1,207	52	9	17	-	-	-	1	-	-	-
$8,001 to $9,000	780	728	24	9	16	-	-	1	2	-	-	-
$9,001 to $10,000	548	515	20	7	5	-	-	-	1	-	-	-
Over $10,000	984	927	35	5	16	-	-	-	1	-	-	-
Total	22,373	15,724	2,579	320	1,650	821	276	388	614	-	632	28

(1) Larger Annuity and Larger Annuity Continuance type of benefits are not included in counting the total number of retirants since both benefits voluntary supplementary benefits to the retirants.

(2) Type of Benefits

1 - Service Retirement
2 - Service Continuance
3 - Service Survivorship
4 - Vested Right Retirement
5 - Disability Retirement
6 - Disability Continuance
7 - Disability Survivorship
8 - DRO Lifetime Annuity
9 - DRO Term Annuity
10 - Larger Annuity
11 - Larger Annuity Continuance

Schedule of Retired Members by Type of Benefits - Postemployment Health Care Plan

Amount of Monthly Benefits	Number of Retirants	Type of Benefits [3] 1	2	3	4	5	6	7
Medical Subsidy								
$1 to $200	525	371	35	2	38	54	14	11
$201 to $400	5,518	4,072	988	87	190	102	27	52
$401 to $600	5,246	4,596	370	38	169	45	9	19
$601 to $800	170	102	10	14	25	7	1	11
$801 to $1,000	1,980	1,690	96	42	100	40	4	8
$1,001 to $1,200	1,503	1,438	-	-	57	8	-	-
$1,201 to $1,400	1,063	986	-	-	61	16	-	-
$1,401 to $1,885 [1]	1,661	1,608	-	-	48	5	-	-
Total	17,666	14,863	1,499	183	688	277	55	101
Dental Subsidy								
$1 to $10	524	397	-	-	60	67	-	-
$11 to $20	2,836	2,636	-	-	132	68	-	-
$21 to $30	1,167	897	-	-	180	90	-	-
$31 to $40	1,366	1,173	-	-	152	41	-	-
$41 to $45 [2]	9,585	9,398	-	-	171	16	-	-
Total	15,478	14,501	-	-	695	282	-	-

(1) Maximum medical subsidy for plan year 2022.
(2) Maximum dental subsidy for plan year 2022.
(3) Type of Benefits

1 - Service Retirement
2 - Service Continuance
3 - Service Survivorship
4 - Vested Right Retirement
5 - Disability Retirement
6 - Disability Continuance
7 - Disability Survivorship

Schedule of Average Benefit Payments - Retirement Plan

Retirement Effective Dates July 1, 2012 to June 30, 2022	Years of Service Credit: Under 11 yrs	11-15 yrs	16-20 yrs	21-25 yrs	26-30 yrs	Over 30 yrs
Period 7/1/12 to 6/30/13						
Average Monthly Benefit at Retirement	$ 976	$ 1,888	$ 2,253	$ 3,355	$ 4,101	$ 5,487
Average Final Monthly Salary (1)	$ 6,025	$ 6,713	$ 6,055	$ 6,819	$ 7,007	$ 7,573
Number of Retirees Added	63	57	34	94	87	107
Period 7/1/13 to 6/30/14						
Average Monthly Benefit at Retirement	$ 708	$ 1,966	$ 2,459	$ 3,716	$ 4,520	$ 6,204
Average Final Monthly Salary (1)	$ 4,551	$ 6,868	$ 6,343	$ 7,551	$ 7,482	$ 8,350
Number of Retirees Added	60	65	47	83	120	95
Period 7/1/14 to 6/30/15						
Average Monthly Benefit at Retirement	$ 969	$ 1,875	$ 2,775	$ 3,735	$ 4,707	$ 6,307
Average Final Monthly Salary (1)	$ 5,309	$ 6,386	$ 7,040	$ 7,289	$ 7,795	$ 8,379
Number of Retirees Added	66	108	62	111	234	212
Period 7/1/15 to 6/30/16						
Average Monthly Benefit at Retirement	$ 943	$ 1,756	$ 2,514	$ 3,796	$ 4,514	$ 5,498
Average Final Monthly Salary (1)	$ 5,095	$ 6,077	$ 6,786	$ 7,656	$ 7,731	$ 7,876
Number of Retirees Added	117	116	89	77	255	228
Average Monthly Continuance Benefit (2)	$ 886	$ 1,068	$ 1,388	$ 1,521	$ 1,657	$ 2,568
Number of Continuance Benefit Added (2)	79	29	24	41	32	65
Period 7/1/16 to 6/30/17						
Average Monthly Benefit at Retirement	$ 1,076	$ 1,764	$ 2,546	$ 3,412	$ 4,789	$ 5,745
Average Final Monthly Salary (1)	$ 5,553	$ 6,326	$ 6,974	$ 7,696	$ 8,053	$ 8,204
Number of Retirees Added	105	99	104	107	263	271
Average Monthly Continuance Benefit (2)	$ 1,154	$ 1,022	$ 1,360	$ 1,949	$ 1,869	$ 2,916
Number of Continuance Benefit Added (2)	70	19	30	38	50	55
Period 7/1/17 to 6/30/18						
Average Monthly Benefit at Retirement	$ 1,291	$ 1,913	$ 2,739	$ 3,922	$ 5,037	$ 6,348
Average Final Monthly Salary (1)	$ 5,869	$ 6,707	$ 7,100	$ 7,896	$ 8,292	$ 8,758
Number of Retirees Added	115	115	136	85	247	377
Average Monthly Continuance Benefit (2)	$ 1,012	$ 1,411	$ 1,562	$ 2,076	$ 2,830	$ 3,812
Number of Continuance Benefit Added (2)	70	25	26	28	49	54
Period 7/1/18 to 6/30/19						
Average Monthly Benefit at Retirement	$ 1,003	$ 2,010	$ 2,756	$ 3,829	$ 5,395	$ 6,834
Average Final Monthly Salary (1)	$ 5,276	$ 6,613	$ 7,103	$ 7,771	$ 8,695	$ 9,219
Number of Retirees Added	123	104	147	82	277	344
Average Monthly Continuance Benefit (2)	$ 1,697	$ 1,703	$ 1,586	$ 2,655	$ 2,665	$ 4,184
Number of Continuance Benefit Added (2)	65	28	30	29	42	82
Period 7/1/19 to 6/30/20						
Average Monthly Benefit at Retirement	$ 1,049	$ 1,922	$ 3,215	$ 4,599	$ 5,825	$ 6,690
Average Final Monthly Salary (1)	$ 5,079	$ 6,449	$ 8,189	$ 9,195	$ 9,267	$ 9,073
Number of Retirees Added	123	94	142	84	192	321
Average Monthly Continuance Benefit (2)	$ 1,459	$ 1,412	$ 1,882	$ 2,219	$ 2,747	$ 4,398
Number of Continuance Benefit Added (2)	76	29	24	29	46	60
Period 7/1/20 to 6/30/21						
Average Monthly Benefit at Retirement	$ 1,043	$ 2,128	$ 2,938	$ 4,205	$ 5,787	$ 6,825
Average Final Monthly Salary (1)	$ 4,804	$ 6,819	$ 7,253	$ 8,417	$ 9,198	$ 9,293
Number of Retirees Added (3)	90	184	264	271	342	937
Average Monthly Continuance Benefit (2)	$ 1,386	$ 1,261	$ 2,097	$ 2,447	$ 3,130	$ 4,861
Number of Continuance Benefit Added (2)	109	25	27	34	64	111

Schedule of Average Benefit Payments - Retirement Plan (Continued)

Retirement Effective Dates July 1, 2011 to June 30, 2021	Years of Service Credit					
	Under 11 yrs	11-15 yrs	16-20 yrs	21-25 yrs	26-30 yrs	Over 30 yrs
Period 7/1/121 to 6/30/22						
Average Monthly Benefit at Retirement	$ 979	$ 2,109	$ 3,276	$ 4,133	$ 6,026	$ 7,348
Average Final Monthly Salary (1)	$ 5,409	$ 6,847	$ 8,193	$ 8,494	$ 9,786	$ 9,999
Number of Retirees Added (3)	138	92	138	100	130	284
Average Monthly Continuance Benefit(2)	$ 1,798	$ 1,665	$ 1,895	$ 2,736	$ 3,284	$ 4,698
Number of Continuance Benefit Added(2)	116	22	34	32	48	66

(1) Average Final Monthly Salary = Average of last or highest 12 consecutive months' salary.
(2) Additional information for Continuance Benefit is provided starting fiscal year 2016.
(3) Large increase in fiscal year 2021 was due to increased number of retirements from the City's implementation of Separation Incentive Programs (SIP).

Schedule of Average Benefit Payments - Postemployment Health Care Plan

Retirement Effective Dates July 1, 2011 to June 30, 2021	Years of Service Credit				
	Under 10 yrs(1)	10-15 yrs	16-20 yrs	21-25 yrs	Over 25 yrs
Period 7/1/12 to 6/30/13					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ -	$ 428	$ 596	$ 790	$ 840
Number of Retirees Added	1	64	33	102	243
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ -	$ 14	$ 21	$ 28	$ 26
Number of Retirees Added	2	55	27	95	235
Period 7/1/13 to 6/30/14					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ -	$ 447	$ 619	$ 831	$ 876
Number of Retirees Added	1	57	41	93	276
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ -	$ 15	$ 20	$ 30	$ 27
Number of Retirees Added	2	53	36	91	266
Period 7/1/14 to 6/30/15					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ -	$ 543	$ 700	$ 914	$ 1,080
Number of Retirees Added	1	85	40	105	409
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ -	$ 17	$ 26	$ 32	$ 36
Number of Retirees Added	2	78	35	102	399
Period 7/1/15 to 6/30/16					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 309	$ 515	$ 729	$ 926	$ 1,099
Number of Retirees Added	12	88	62	61	447
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 11	$ 16	$ 24	$ 34	$ 35
Number of Retirees Added	16	89	57	60	453

Schedule of Average Benefit Payments - Postemployment Health Care Plan (Continued)

Retirement Effective Dates July 1, 2011 to June 30, 2021	Years of Service Credit Under 10 yrs[1]	10-15 yrs	16-20 yrs	21-25 yrs	Over 25 yrs
Period 7/1/16 to 6/30/17					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 411	$ 493	$ 717	$ 1,136	$1,184
Number of Retirees Added	17	76	79	85	487
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 11	$ 18	$ 25	$ 34	$ 38
Number of Retirees Added	10	75	78	82	483
Period 7/1/17 to 6/30/18					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ -	$ 547	$ 771	$ 1,082	$1,257
Number of Retirees Added	-	100	115	86	638
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 5	$ 17	$ 27	$ 31	$ 36
Number of Retirees Added	1	80	98	68	552
Period 7/1/18 to 6/30/19					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 716	$ 560	$ 714	$ 1,012	$1,220
Number of Retirees Added	2	98	127	72	640
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 12	$ 16	$ 27	$ 36	$ 37
Number of Retirees Added	4	75	113	62	539
Period 7/1/19 to 6/30/20					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 420	$ 533	$ 752	$ 1,129	$1,176
Number of Retirees Added	15	92	117	73	515
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 12	$ 18	$ 27	$ 35	$ 36
Number of Retirees Added	10	60	97	66	445
Period 7/1/20 to 6/30/21					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 322	$ 538	$ 694	$ 913	$1,244
Number of Retirees Added [2]	27	150	224	248	1,271
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 14	$ 20	$ 28	$ 34	$ 37
Number of Retirees Added [2]	15	131	201	235	1,223
Period 7/1/21 to 6/30/22					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 390	$ 623	$ 839	$ 1,134	$1,273
Number of Retirees Added	47	66	105	95	407
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 14	$ 20	$ 27	$ 35	$ 37
Number of Retirees Added	25	52	79	77	319

(1) Effective February 21, 2016, retiree health benefits are provided to part-time employees who retired with 10 years of service but less than 10 years of service credit. Previously, they were allowed to enroll in LACERS Health Care Plan at their own cost, but not eligible for health benefits.

(2) Large increase in fiscal year 2021 was due to increased number of retirements from the City's implementation of Separation Incentive Programs (SIP).

Direct questions concerning any of the information provided in this report to:

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90051-0218

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www.lacers.org

85 LACERS

BOARD Meeting: 01/24/23
Item : IV - B
Attachment 2

2022

POPULAR ANNUAL FINANCIAL REPORT

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

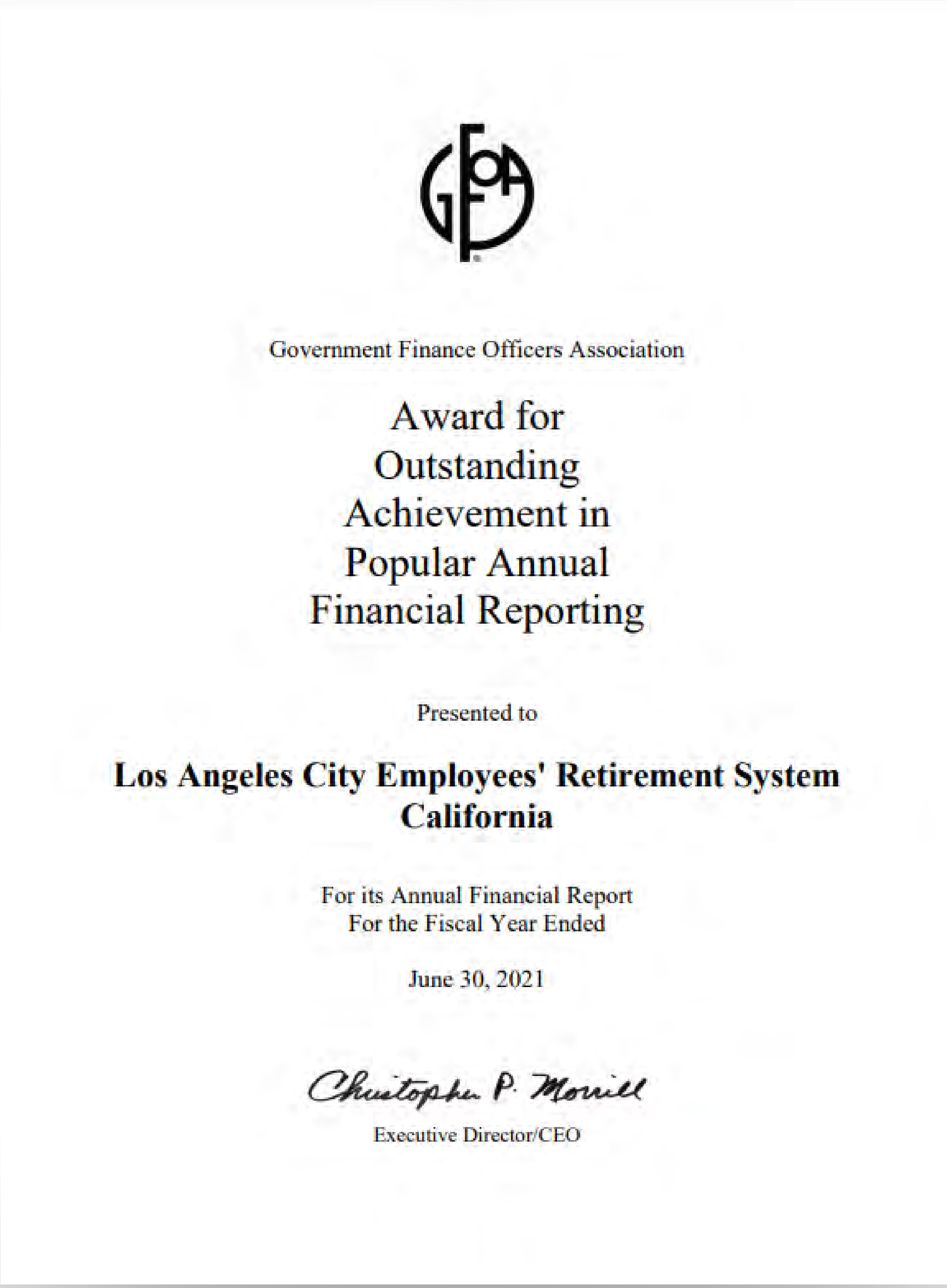
A Component Unit of the City of Los Angeles

Our Popular Annual Financial Report is a summary of the Los Angeles City Employees' Retirement System's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022

Interactive presentation and publication available online at www.lacers.org/financial-reports-and-statistics

85

LACERS



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For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

ABOUT POPULAR ANNUAL FINANCIAL REPORTING

Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Los Angeles City Employees' Retirement System for its Popular Annual Financial Report for the fiscal year ended June 30, 2021. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only.

Los Angeles City Employees' Retirement System has received a Popular Award for the last three consecutive years (fiscal years ended 2019-2021). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

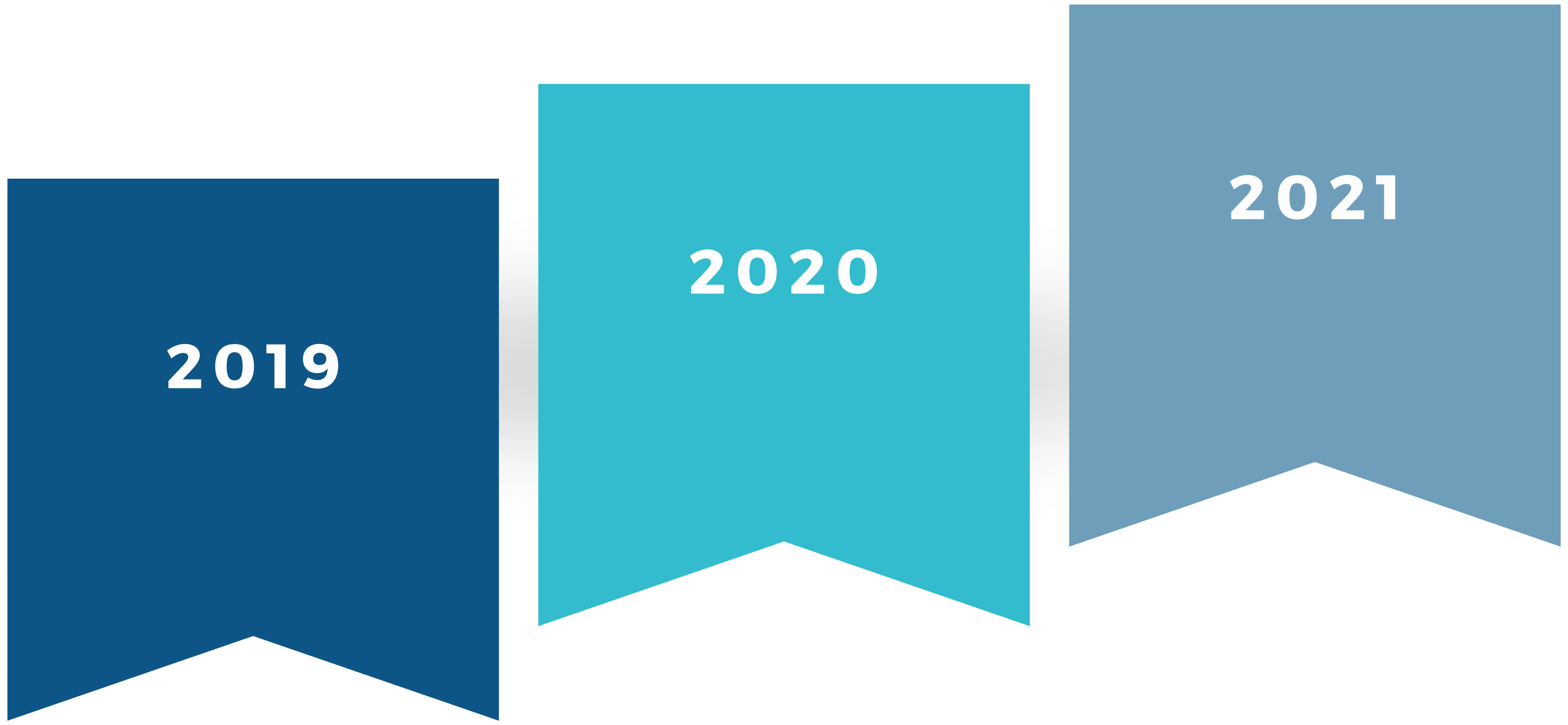


TABLE OF CONTENTS

NEIL M. GUGLIELMO
General Manager

MESSAGE FROM THE GENERAL MANAGER

These past few years have shined a spotlight on the importance and need for Environmental, Social and Governance (ESG) risk factors and Diversity, Equity and Inclusion (DEI) in retirement administration, particularly in investments and the workplace. Under the direction of the Board, LACERS is embracing these needs and incorporating these principles in our work.

LACERS Board approved its first ESG Risk Framework that outlines how ESG risk factors will be integrated into LACERS investment program for the current and following fiscal years. In addition, LACERS Board approved amendments to its Proxy Voting Policy that addressed particular voting positions specific to, and support of, ESG issues including: (1) Lack of Women Representation on Corporate Boards, (2) Gender, Race, or Ethnicity Pay Gap, (3) Reports on Employee Diversity, and (4) Social & Environmental Issues.

LACERS drafted a Responsible Investment Policy, which includes an ESG belief statement, defines broad goals and focused objectives, how ESG will be integrated into LACERS investment process, and monitoring and reporting requirements. The Responsible Investment Policy is designed to align with the broader mission and goals of the United Nations Principles for Responsible Investing (PRI) through support of its six PRI principles.

LACERS also enhanced outreach efforts to emerging managers that have potential to add value to the LACERS portfolio but would otherwise not be identified through the standard search process. One example of this effort was the launch of LACERS Emerging Manager Symposium, a semi-annual event for emerging investment managers interested in learning about LACERS Emerging Manager program, meeting LACERS staff and investment consultants, and understanding LACERS manager search and selection process.

LACERS has embarked upon a Diversity, Equity, and Inclusion initiative designed to open dialogue between staff and management on mutual needs. This effort focuses on instilling a high development culture – one that values the growth of individuals. Through the DEI initiative, LACERS intends to address the needs of all employees, clearly express the direction of the organization, and create pathways for growth into positions of leadership for all employees across the organization equally. As LACERS builds up its workforce, the DEI effort will further extend DEI principles to the Membership.

Neil M. Guglielmo

NEIL M. GUGLIELMO
General Manager

85 LACERS

ABOUT LACERS

MISSION

To protect and grow our trust fund and to ensure the sustainable delivery of ethical, reliable, and efficient retirement services to our Members

VISION

Trusted by our Members and partners for excellence, innovation, professionalism, and transparency

GUIDING PRINCIPLES

Innovation
Kindness + Caring
Professionalism
Respect
Teamwork

CELEBRATING 85 YEARS OF SECURING YOUR TOMORROWS

In 1937, the Los Angeles City Charter established the Los Angeles City Employees' Retirement System (LACERS) as a retirement trust fund for the purpose of providing the civilian employees of the City of Los Angeles, a defined benefit retirement plan inclusive of service retirements, disability retirements, and survivor benefits. In 1999, LACERS began administering the retiree health insurance program. All regular, full-time, and certified part-time City employees are eligible for LACERS membership except employees of the Department of Water and Power, and sworn personnel who are members of the Los Angeles Fire and Police Pensions. Our fiduciary duty to our Members ensures we prudently manage the pension fund portfolio to offset payment costs of the pension benefits and retiree health care premiums of our Members.

ABOUT OUR MEMBERSHIP

$4,450
AVERAGE MONTHLY PENSION

change from 2013: +32.6%

57,695
TOTAL MEMBERSHIP

change from 2013: +21.2%

$245.9
MILLION IN MEMBER CONTRIBUTIONS

change from 2013: +24.3%

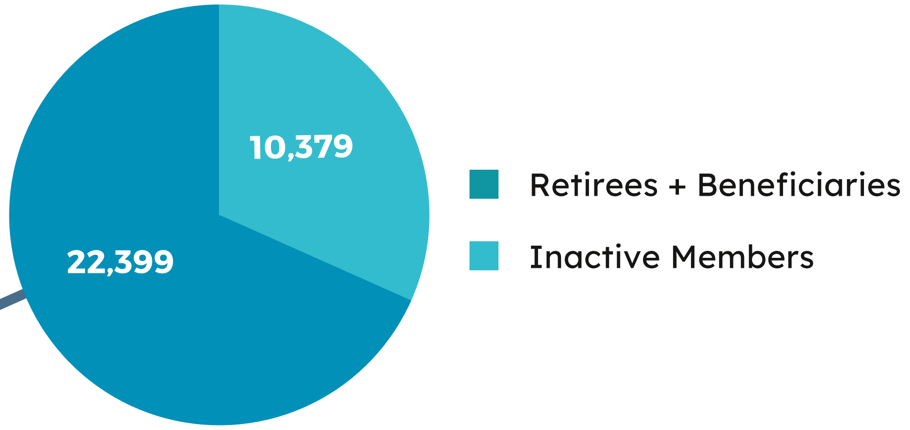
60.8
AVERAGE AGE AT RETIREMENT

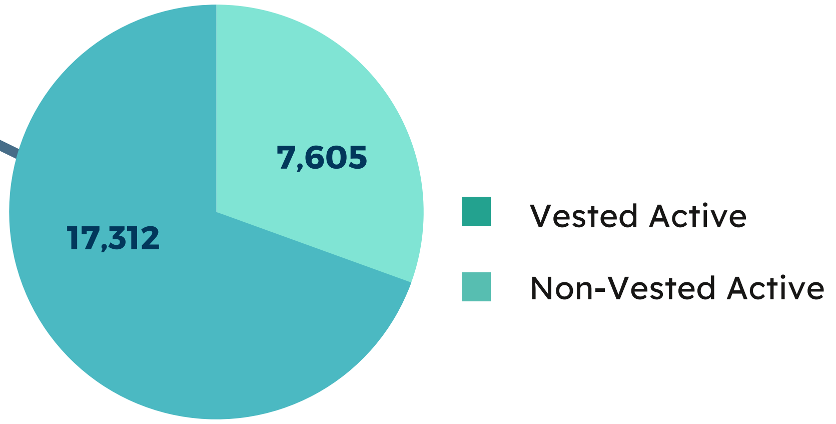
change from 2013: +1.2%

71.7
AVERAGE AGE OF RETIREE

change from 2013: +0.3%

All data herein as of June 30, 2022 unless otherwise noted.





LACERS is committed to providing the best experience for our Members by improving our outreach and engagement programming. Through maturing our data collection practices, identifying new effective outreach tools and strategies, and promoting an open and transparent environment to engage with Members, we strive to be best-in-class.

From a recently launched modern and mobile responsive website to a YouTube channel providing Member education to the roll-out of video and tele-conference capabilities for remote seminars, counseling, and meetings, we take our commitment to our Members seriously.

FIDUCIARY NET POSITION

The Fiduciary Net Position is the financial position of the System's Retirement and Postemployment Health Care Plans at fiscal year end, documenting the difference between the System's Assets (what is owned) and Liabilities (what is owed).

$20,454,103,991

FIDUCIARY NET POSITION

$2,351,215,963

NET DECREASE WITHIN THE YEAR

16%
HEALTH

84%
RETIREMENT

ALLOCATION

The total Fiduciary Net Position is allocated between the Retirement Plan and the Postemployment Health Care Plan.

ADDITIONS AND DEDUCTIONS

(Dollars in Thousands)

		2022		2021	% Change
BEGINNING NET POSITION	$	22,805,320	$	17,863,324	27.7%
ADDITIONS					
City Contributions		682,928		658,408	3.7%
Member Contributions		245,879		259,285	(5.2%)
Insurance Premium & Reserve		14,460		11,843	22.1%
Net Investment Income (Loss)		(1,916,529)		5,288,787	(136.2%)
Other Income		37		637	(94.2%)
TOTAL ADDITIONS	$	(973,225)	$	6,218,960	(115.6%)
DEDUCTIONS					
Benefit Payments		1,335,124		1,228,276	8.7%
Contribution Refunds		11,630		17,584	(33.9%)
Administrative Expenses		31,237		31,084	0.5%
TOTAL DEDUCTIONS	$	1,377,991	$	1,276,944	7.9%
NET INCREASE (DECREASE) WITHIN YEAR	$	(2,351,216)	$	4,942,016	(147.6%)
Prior Period Adjustment	$	-	$	(20)	100%
ENDING NET POSITION	$	20,454,104	$	22,805,320	(10.3%)

2022 RETIREMENT AND HEALTH PLANS

(Dollars in Thousands)

	2022 Retirement Plan	2022 Health Plan	2022 Total
ASSETS			
Cash, Short-term Investments, and Receivables	$ 547,045	$ 107,058	$ 654,103
Investments, at Fair Value	17,208,937	3,367,851	20,576,788
Capital Assets, Net of Depreciation and Amortization	44,581	8,724	53,305
TOTAL ASSETS	$ 17,800,563	$ 3,483,633	$ 21,284,196
LIABILITIES			
Securities Lending Collateral, and Other Payables	$ 693,752	135,769	829,521
DEFERRED INFLOW	$ 478	93	571
FIDUCIARY NET POSITION	$ 17,106,333	$ 3,347,771	$ 20,454,104

ASSETS, LIABILITIES, AND DEFERRED INFLOW

2022 vs 2021

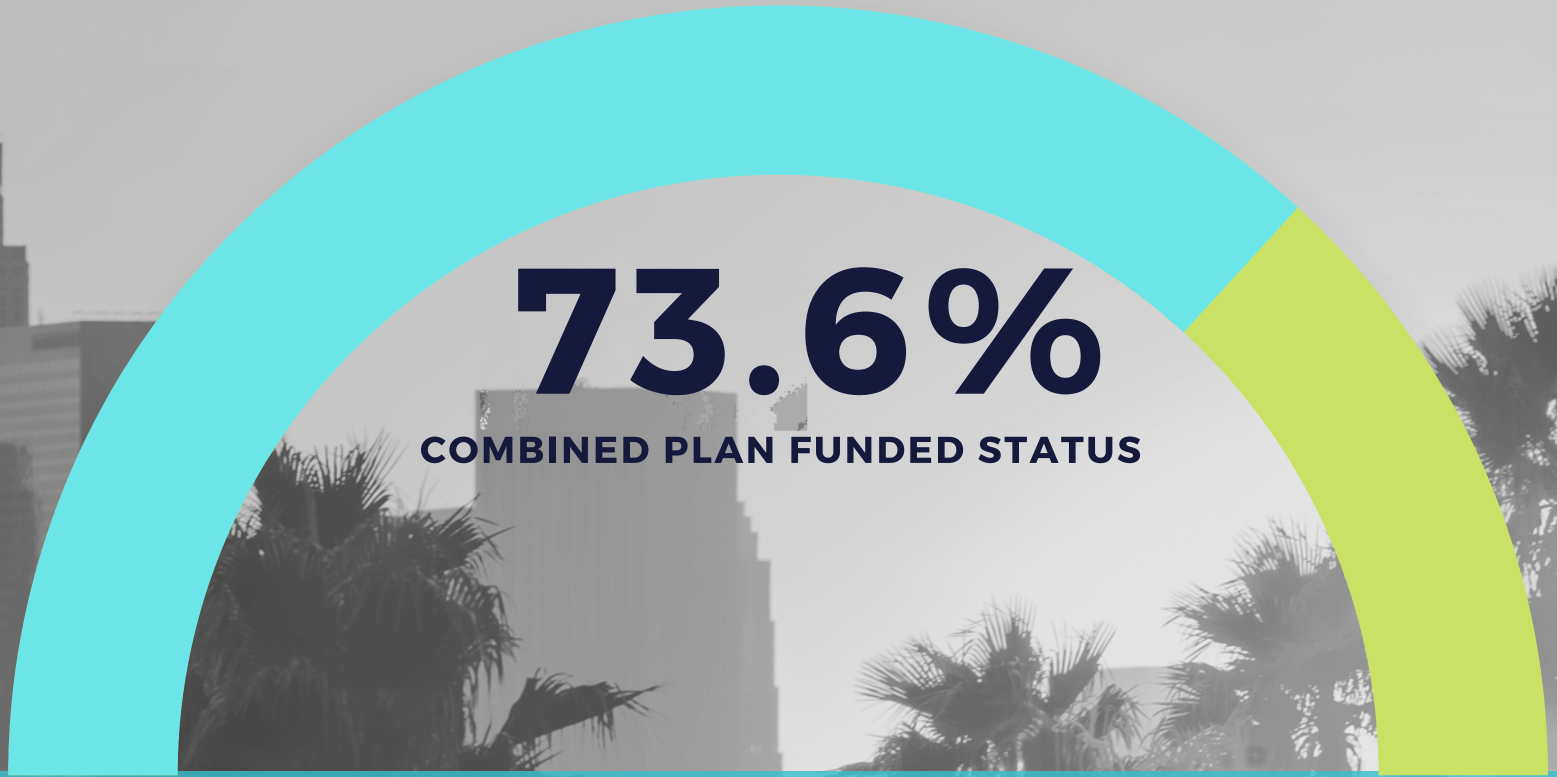
(Dollars in Thousands)

ASSETS	2022	2021	% Change
Cash, Short-term Investments, and Receivables	$ 654,103	$ 1,306,824	(49.9%)
Investments, at Fair Value	20,576,7885	22,235,243	(7.5%)
Capital Assets, Net of Depreciation and Amortization	53,305	44,475	19.9%
TOTAL ASSETS	$ 21,284,196	$ 23,586,542	(9.8%)
LIABILITIES			
Securities Lending Collateral, and Other Payables	$ 829,521	$ 780,624	6.3%
DEFERRED INFLOW	$ 571	$ 598	(4.5%)
FIDUCIARY NET POSITION	$ 20,454,104	$ 22,805,320	(10.3%)

FUNDED STATUS

WHAT IS THE COMBINED FUNDED STATUS OF THE PLAN?

The Combined Funded Status is the ratio of the System's Fiduciary Net Position to Total Pension Liability. This funding ratio represents the percentage of Plan Assets available toward paying expected benefit obligations of LACERS Members.



ABOUT THE RETIREMENT PLAN

LACERS administers a defined benefit pension plan that provides for service and disability retirement benefits, as well as death benefits. The Retirement Plan covers all civilian and certain segments of sworn employees of the City who are not covered by other City retirement agencies. Plan Members have a vested right to their own contributions and accumulated interest posted to their accounts.

ABOUT THE HEALTH PLAN

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

70.7%

RETIREMENT PLAN FUNDED STATUS

93.5%

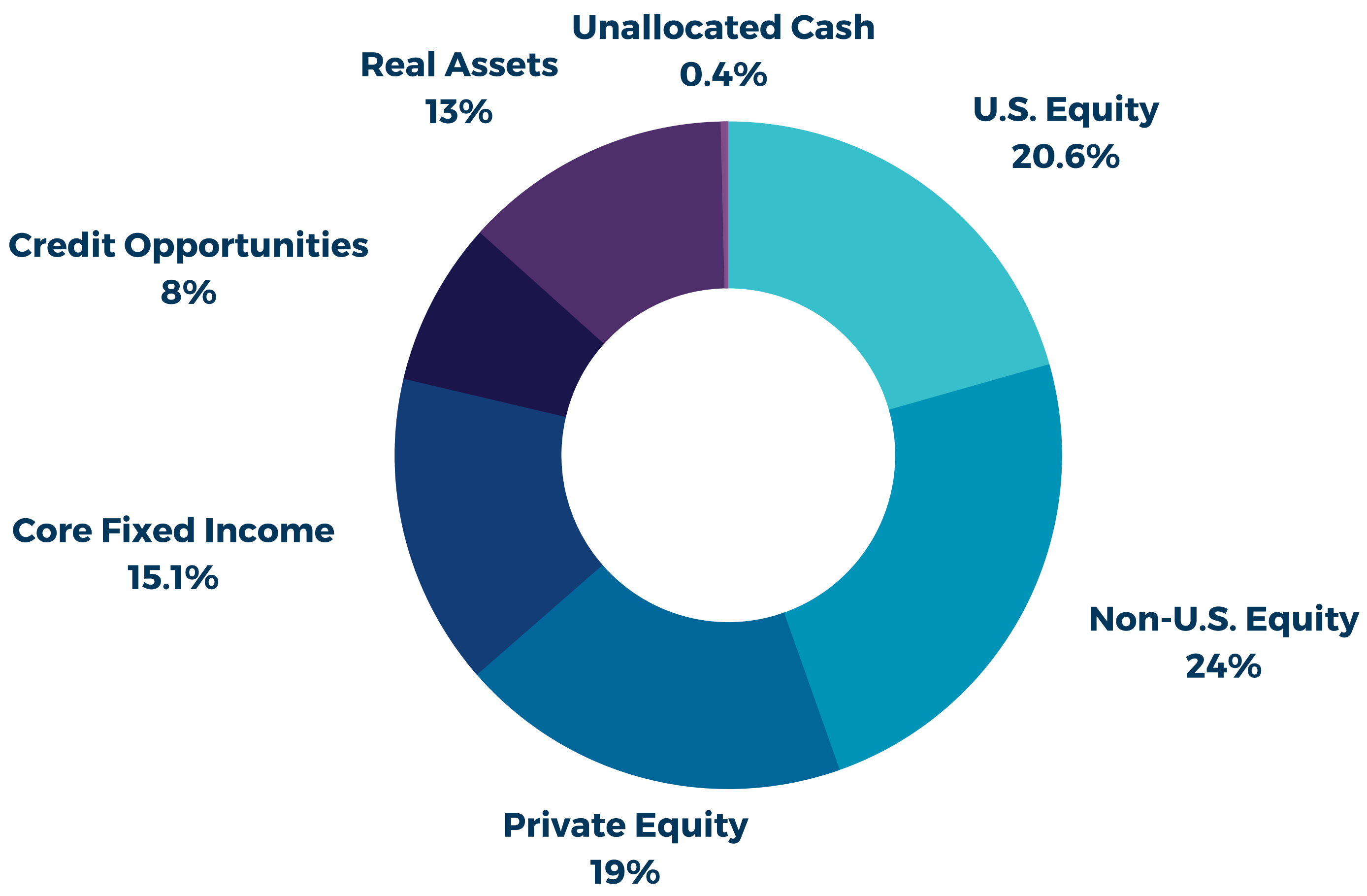
HEALTH PLAN FUNDED STATUS

INVESTMENT PORTFOLIO

ANNUALIZED RATES OF RETURN (GROSS OF FEES)

	1 YR (%)	3 YR (%)	5 YR (%)
LACERS TOTAL FUND	**-6.86**	**6.83**	**7.17**
LACERS POLICY BENCHMARK	-8.97	6.44	6.97

ACTUAL ASSET ALLOCATION[1]



1. The percentages are on a market value basis. Due to rounding errors, the percentages may not sum to exactly 100%.

RODNEY JUNE
Chief Investment Officer

The 2022 fiscal year was a highly volatile period for the LACERS investment portfolio, with the global economy and financial markets oscillating from the continued economic distress caused by the COVID-19 pandemic, the impact of Russia's invasion of Ukraine, and inflation concerns. For the one-year period ending June 30, 2022, the LACERS investment portfolio returned -6.86% (gross of fees) versus the Policy Benchmark of -8.97% (gross of fees), demonstrating the benefit of maintaining a well-diversified portfolio.

Overall market volatility continues in a down market in both the US and global markets. However, it is also important to acknowledge that LACERS is a long-term investor with a carefully constructed, highly diversified portfolio designed to weather all market conditions.

HOW DID OUR INVESTMENT PORTFOLIO DO?

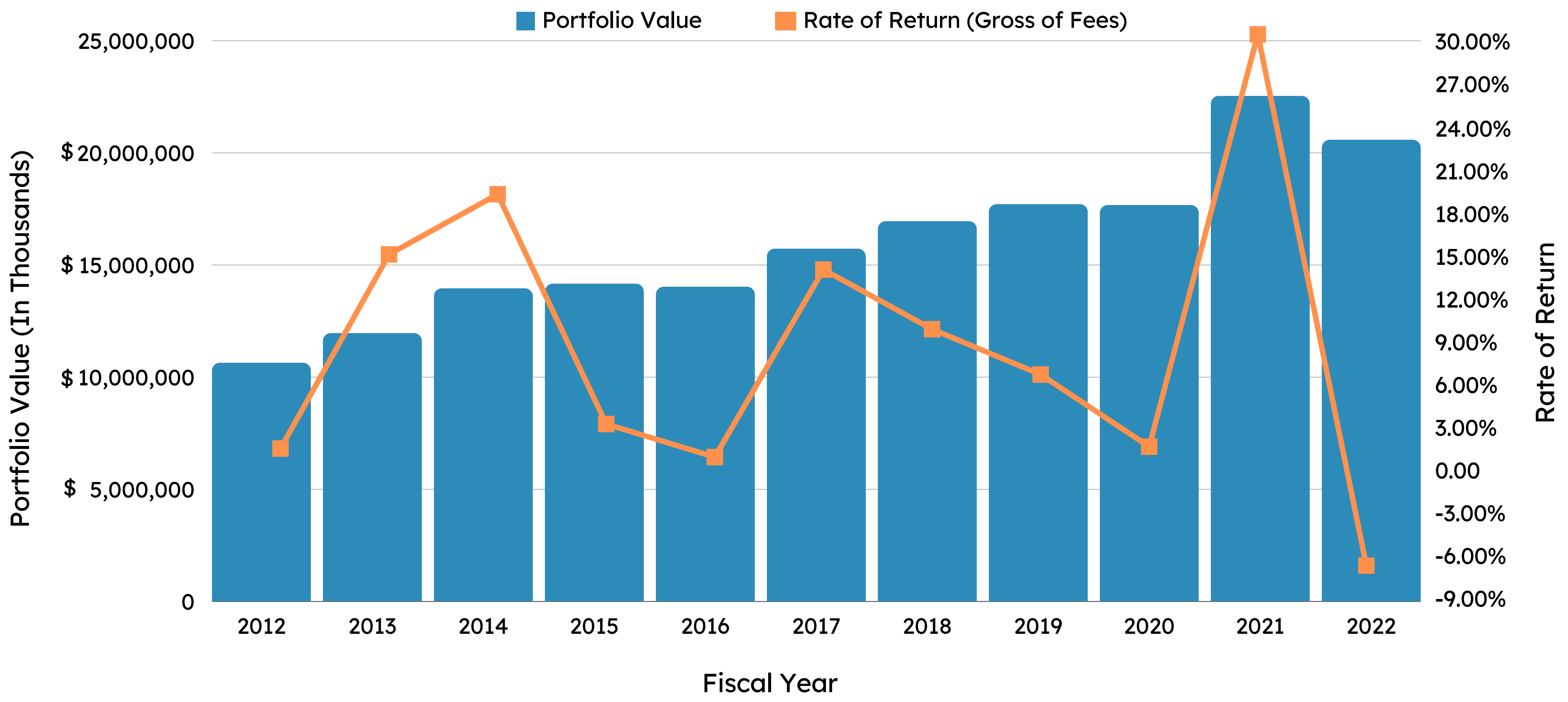
The total portfolio outperformed its policy benchmark by 211 basis points (gross of fees) for the fiscal year, mainly attributed to the extraordinary performance of Private Equity.

$ 20,564,461,000

TOTAL INVESTMENT PORTFOLIO VALUE

PORTFOLIO VALUE RATE OF RETURN

(Gross of Fees) Compared to Total Portfolio Value for ten fiscal years all ending on June 30. Dollars in Thousands



LACERS' primary investment objective is to maximize the return of the portfolio at a prudent level of risk to meet the obligations of the System. The System's investment portfolio is managed on a total return basis over a long-term investment horizon. While the System recognizes the importance of capital preservation, it also recognizes that varying degrees of investment risk are generally rewarded with commensurate returns. Consequently, prudent risk-taking is warranted within the context of overall portfolio diversification, which is achieved through the System's strategic asset allocation policy.

LACERS investments are reported at fair value. The total portfolio, comprised of investments, cash, and accrued dividends and income, was valued at $20.56 billion as of June 30, 2022, a decrease of $2 billion from the prior fiscal year. The total portfolio realized a -6.86% return (gross of fees) for the fiscal year. Individual asset class returns (gross of fees) were: U.S. Equity, -13.41%; Non-U.S. Equity, -19.47%; Core Fixed Income, -9.98%; Credit Opportunities, -13.81%; Private Equity, 27.64%; and Real Assets, 5.29%.

LACERS

85 YEARS OF SECURING YOUR TOMORROWS

WEB lacers.org
PHONE (800) 779-8328
GENERAL INFO lacers.services@lacers.org
MAILING ADDRESS P.O. Box 512218, Los Angeles, CA 90051-0218
FUTURE LOCATION 977 N. Broadway, Los Angeles, CA 90012-1728

FACEBOOK https://www.facebook.com/groups/511515812340023/
YOUTUBE https://www.youtube.com/@lacersyoutube
MORE https://www.lacers.org/contact-us

in https://www.linkedin.com/company/lacers

BOARD OF ADMINISTRATION

Nilza R. Serrano
President

Elizabeth Lee
Vice President

Annie Chao
Commissioner

Thuy T. Huynh
Commissioner

Janna Sidley
Commissioner

Sung Won Sohn
Commissioner

Michael R. Wilkinson
Commissioner

EXECUTIVE OFFICERS

Neil M. Guglielmo
General Manager

Todd Bouey
Executive Officer +
Assistant General Manager

Dale Wong-Nguyen
Assistant General Manager

Rod June
Chief Investment Officer

Jo Ann Peralta
Department Chief Accountant

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

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

MEETING: JANUARY 24, 2023
ITEM: VI - A

SUBJECT: **FINDINGS TO CONTINUE TELECONFERENCE MEETINGS AND DETERMINATION THAT COVID-19 STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF MEMBERS TO MEET SAFELY IN PERSON AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board approve continuing to hold LACERS Board and Committee meetings via teleconference and/or videoconference, under Government Code Sections 54953(e)(1)(B)-(C) and 54953(e)(3)(A) and (B)(i).

Discussion

LACERS is committed to preserving public access and participation in meetings of the Board of Administration. All LACERS Board and Committee meetings are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate as the LACERS Board and Committees conduct their business. The Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, subject to the existence of certain conditions. The COVID-19 State of Emergency proclaimed by the Governor on March 4, 2020 remains active: COVID-19 remains a public health concern in Los Angeles, with substantial or high community transmission.

The Board met via teleconference on October 12, 2021, and determined by majority vote, pursuant to Government Code Section 54953(e)(1)(B)-(C), that due to the COVID-19 State of Emergency, meeting in person would present imminent risks to the health or safety of attendees.

Strategic Plan Impact Statement

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

Prepared By: Ani Ghoukassian, Commission Executive Assistant II

Attachment: Proposed Resolution

CONTINUE HOLDING LACERS BOARD AND COMMITTEE MEETINGS
VIA TELECONFERENCE AND/OR VIDEOCONFERENCE

PROPOSED RESOLUTION

WHEREAS, LACERS is committed to preserving public access and participation in meetings of the Board of Administration; and

WHEREAS, all LACERS Board and Committee meetings are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate as the LACERS Board and Committees conduct their business; and

WHEREAS, the Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, subject to the existence of certain conditions; and

WHEREAS, the COVID-19 State of Emergency proclaimed by the Governor on March 4, 2020 remains active; and

WHEREAS, on October 12, 2021, the Board met via teleconference and determined by majority vote, pursuant to Government Code Section 54953(e)(1)(B)-(C), that due to the COVID-19 State of Emergency, meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, the Board has reconsidered the circumstances of the State of Emergency; and

WHEREAS, COVID-19 remains a public health concern in Los Angeles, with substantial or high community transmission;

NOW THEREFORE, BE IT RESOLVED that pursuant to Government Code Section 54953(e)(1)(B)-(C), the Board finds that holding Board and Committee meetings in person would present imminent risks to the health or safety of attendees.

BE IT FURTHER RESOLVED that pursuant to Government Code Section 54953(e)(3)(A) and (B)(i), the Board finds that the COVID-19 State of Emergency continues to directly impact the ability of Board and Committee members to meet safely in person.

LACERS
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: JANUARY 24, 2023**
From: Neil M. Guglielmo, General Manager **ITEM: VII - A**

SUBJECT: **TRAVEL AUTHORITY – COMMISSIONER SUNG WON SOHN; 95TH INTERNATIONAL ATLANTIC ECONOMIC SOCIETY CONFERENCE, ROME, ITALY; MARCH 22-25, 2023 AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board authorize Commissioner Sohn to attend the International Atlantic Economic Society (IAES) 89th International Atlantic Economic Conference from March 22-25, 2023 (travel dates March 21-26, 2023) in Rome, Italy; and authorize the reimbursement of up to $5,000 for reasonable expenses in connection with participation and the abstract submission.

Discussion

Commissioner Sohn has expressed interest in attending the above-mentioned educational conference, and this Board report is prepared on his behalf. Commissioner Sohn has been provided a copy of LACERS Board Education and Travel Policy.

This conference was previously scheduled for March 25-28, 2020, and approved by the Board at the November 12, 2019, Board Meeting for reimbursement of up to $4,500. However, due to the Covid pandemic, the conference was canceled. Estimated conference fees for 2023 have increased to $5,000. Commissioner Sohn's remaining educational travel budget for the fiscal year is $4,750, therefore the Board's approval will allow for a slight increase of $250 to Commissioner Sohn's annual education travel allotment.

Strategic Plan Impact Statement

As stipulated in the Policy, the sound management of the assets and liabilities of a trust fund imposes a continuing need for all Board Members to attend professional and educational conferences, seminars and other educational events that will better prepare them to perform their fiduciary duties.

Prepared By: Ani Ghoukassian, Commission Executive Assistant II

Attachments: 1. Estimate of Reimbursable Expenses
2. Proposed Resolution
3. Tentative Schedule/Agenda

CITY OF LOS ANGELES
Intra-Departmental Correspondence

BOARD Meeting 01/24/23
Item VII-A
Attachment 1

DATE: January 11, 2023

TO: Accounting Section
City Employees' Retirement System

FROM: Ani Ghoukassian, Commission Executive Assistant II
Board of Administration

SUBJECT: ESTIMATE OF REIMBURSABLE EXPENSES

Name of Attendee Title	SUNG WON SOHN, COMMISSIONER LACERS Board of Administration
Event	95th International Atlantic Economic Conference
Organization	International Atlantic Economic Society (IAES)
Date(s) of Event	March 22-25, 2023 (Travel dates March 21-26, 2023)
Location of Event	Rome, Italy

ESTIMATED EXPENSES:	Registration: *Member rate Jan. 15-Feb. 15, 2023 $580.00 *Member rate after Feb. 15, 2023 $650.00 Abstract: *Member rate after Dec. 15, 2022 $105.00	$755.00
	Conf. Hotel: €251 per night (5 nights) (USD to Euros Exchange rate is 1.064 as of 12/27/22) plus fees	$1,350.00
	Commercial Airline: Roundtrip LAX to Rome	$1,500.00
	State Department Per diem: Mar. 21 - $128.00 Mar. 22 - $128.00 Mar. 23 - $128.00 Mar. 24 - $128.00 Mar. 25 - $128.00 Mar. 26 - $128.00	$768.00
	Taxi: Home to Airport (roundtrip):	$120.00
	Taxi: Airport to Hotel (roundtrip): (USD to Euros Exchange rate is 1.064 as of 12/27/22) plus transaction fees	$100.00
	Miscellaneous: ($30 per day) x 6 days	$180.00
	TOTAL ESTIMATE:	**$4,773.00**

BOARD Meeting 01/24/23
Item VII-A
Attachment 2

TRAVEL AUTHORITY
95th INTERNATIONAL ATLANTIC ECONOMIC SOCIETY CONFERENCE
MARCH 22-25, 2023
ROME, ITALY

PROPOSED RESOLUTION

WHEREAS, Board approval is required for all international travel requests and travel not included in the Approved List of Educational Seminars;

WHEREAS, the International Atlantic Economic Society (IAES) 95th International Atlantic Economic Conference in Rome, Italy is an international travel request and therefore requires individual approval;

WHEREAS, the sound management of the assets and liabilities of a trust fund imposes a continuing need for all Board Members to attend professional and educational conferences, seminars, and other educational events that will better prepare them to perform their fiduciary duties;

WHEREAS, the Board Policy states that Trustees shall not exceed $10,000 per fiscal year for conference fees and travel expenses. Commissioner Sohn's remaining educational travel budget for the fiscal year is $4,750, therefore the Board's approval will allow for a slight increase of $250 to Commissioner Sohn's annual education travel allotment;

THEREFORE, BE IT RESOLVED, that Commissioner Sohn is hereby authorized to attend the IAES 95th International Atlantic Economic Conference from March 22-25, 2023 in Rome, Italy;

BE IT FURTHER RESOLVED, that the reimbursement of up to $5,000 is hereby authorized for reasonable expenses in connection with participation.

Board Mtg: 01/24/2023
Item No.: VII-A
Attachment 3

International Atlantic Economic Society

95th International Atlantic Economic Conference

22-25 March 2023

Rome, Italy!

WEDNESDAY, 22 MARCH 2023

13h30 – 18h30 Registration

THURSDAY, 23 MARCH 2023

08h30 – 16h00 Registration

09h30 – 11h30 Concurrent Sessions

11h30 – 12h00 Refreshment Break

12h00 – 13h00 Welcome, Formal Opening and Distinguished Address

13h15 – 14h45 Luncheon

14h45 – 16h45 Concurrent Sessions

16h45 – 17h15 Refreshment Break

17h15 – 19h15 Concurrent Sessions

19h30 – 20h30 Welcoming Reception

FRIDAY, 24 MARCH 2023

08h30 – 16h00 Registration

09h30 – 11h30 Concurrent Sessions

11h30 – 12h00 Refreshment Break

12h00 – 13h00 Invited Address

13h15 – 14h45 Luncheon

14h45 – 16h45 Concurrent Sessions

16h45 – 17h15 Refreshment Break

17h15 – 19h15 Concurrent Sessions

17h30 – 18h30 *International Advances in Economic Research* Board of Editors Meeting

SATURDAY, 25 MARCH 2023

08h30 – 12h00 Registration

09h00 – 11h00 Plenary Panel

11h00 – 11h30 Refreshment Break

11h30 – 13h30 Concurrent Sessions

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: JANUARY 24, 2023**
From: Neil M. Guglielmo, General Manager **ITEM: VII - B**

SUBJECT: **ADOPTION OF 2023 EMPLOYEE MEMBER OF THE BOARD ELECTION CALENDAR AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board adopt the proposed calendar for the 2023 Election of the Employee-Member of the Board for the term ending June 30, 2028, and direct the General Manager to proceed accordingly.

Discussion

The attached calendar has been prepared in collaboration with the staff of the City Clerk – Election Division, and in accordance with Ordinance 178442, which sets forth the procedure for the City Clerk to administer and conduct elections for Employee-Members of the LACERS Board of Administration.

Upon adoption of the Election Calendar, the Commission Executive Assistant will initiate preparation of all required materials such as formal notification to the City Clerk's Office and the General Manager of the Personnel Department, nominating petitions, and forms for submitting candidate qualification statements.

Due to LACERS moving offices from 202 West First Street to the new headquarters at 977 N. Broadway, there will be an issue with the pick-up and drop-off location for the Nominating Petitions for this election. The City Clerk Election Division has agreed to be the temporary designated "office of the system" under the Ad code for this Active Member Election in 2023. This update has been included in the Election Calendar (attached).

Strategic Plan Impact Statement

Adoption of the 2023 Employee Member of the Board Election Calendar meets the LACERS Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Ani Ghoukassian, Commission Executive Assistant II

Attachments: 1. Proposed 2023 Employee-Member of the Board Election Calendar

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)

2023 ELECTION CALENDAR
Office of Employee-Member of the Board of Administration

Term Ending June 30, 2028

February 8 (Wed.)	LACERS shall formally notify the Office of the City Clerk – Election Division (Election Division) and the General Manager of the Personnel Department of the election, and forward notices of the upcoming election and nominating procedure to all Departments.
February 17 (Fri.)	Nominating Petitions will be available in-person by appointment only at the Election Division, 555 Ramirez Street, Space 300, Los Angeles, CA 90012, during regular office hours of 8:00 a.m. to 5:00 p.m., Monday to Friday. Candidates must email clerk.electionAdmin@lacity.org to set-up an appointment to pick-up Nominating Petitions. A candidate must be nominated by petition with a minimum of 100 but no more than 200 valid signatures from active LACERS members in order to qualify for the election ballot.
March 3 (Fri.)	The deadline to file Nominating Petitions will be at 5:00 p.m. on March 3, 2023, at the Election Division. Candidates must email clerk.electionAdmin@lacity.org to set-up an appointment to file Nominating Petitions. Interested candidates have the option to submit a typewritten statement of qualifications (not to exceed 250 words) to be enclosed with the official ballot and voting instructions, and an occupational ballot designation to appear on the ballot under the candidate's name. Any candidate who does not submit a statement of qualifications or an occupational ballot designation by the Nominating Petition filing deadline shall be considered to have declined to file, and the sections for the statement of qualifications or occupational ballot designation shall be left blank.
March 7 (Tue.)	A public drawing of letters to determine the random alphabetical order of appearance of the candidates' last names on the ballot will be conducted at 9:00 a.m., on March 7, 2023, at the Election Division.
March 23 (Thu.)	A Notice of Election with a sample ballot shall be posted in the Election Division, specifying the election date, names of each qualifying candidate, voting eligibility rules, and voting instructions. The Notice of Election will be forwarded to all Departments.
March 28 (Tue.)	An official ballot, voting instructions, and statement of qualifications will be mailed to the home address of each eligible voter. An identification envelope and return envelope will also be included in the ballot packet.
April 7 (Fri.)	Beginning April 7, 2023, ballots may be deposited in any United States postal mailbox in time to be received by the Election Division no later than 5:00 p.m. on April 14, 2023, the day of the election. The voter shall enclose the voted ballot in the identification envelope provided, with the voter's name, mailing address, last four digits of their Social Security Number, signature, and date of signature. The identification envelope containing the voted ballot and voter information shall be returned in the return envelope provided.

April 7 (Fri.) through April 14 (Fri.)	New employees having become active LACERS members on or after March 15, 2023 may present themselves in the Election Division during regular office hours, to obtain an official ballot no earlier than April 7, 2023, and no later than 5:00 p.m., on April 14, 2023. New Employees must present a Personnel Department – issued Certificate verifying their eligibility to vote, the certificate can be obtained at the City Personnel Department, Employment Verification Section, 700 East Temple Street, Los Angeles, CA 90012. Eligible voters may personally deposit their ballots enclosed in a return envelope in the ballot box located in the Election Division during regular office hours no earlier than April 7, 2023 and no later than 5 p.m. on April 14, 2023. Any eligible voter who has inadvertently damaged or spoiled an official ballot may obtain a replacement ballot by calling (213) 978-0440. Any eligible voter who has lost or did not receive an official ballot may obtain a replacement ballot upon filing a signed Affidavit of Loss/No-Receipt at the Election Division no later than April 14, 2023.
April 10 (Mon.)	Each candidate, along with up to two (2) observers may observe that ballots are properly cast and votes are properly counted at the Election Division. The names of all designated observers and candidates who wish to attend shall be presented to the Election Division no later than 5:00 p.m., on April 10, 2023. Candidates/designees will have the option to observe in-person or virtually via Zoom.
April 14 (Fri.) **ELECTION DAY**	The last day for any eligible voter who has not cast a ballot may do so in person at the Election Division during the regular office hours.
April 18 (Tue.)	The ballot will be counted and tallied at the Election Division starting at 9:00 a.m. on April 18, 2023. The candidate who receives at least 50% plus one (majority) of all votes cast shall be elected to the position of Employee-Member of the Board ending June 30, 2028. If no candidate receives a majority of all votes cast, a runoff election will be conducted on May 19, 2023 for the two candidates receiving the highest number of votes.
April 21 (Fri.)	Any challenges to the proceedings, acts or omissions that may be material to the election shall be filed by written notice to the Election Division no later than April 21, 2023. The Election Division will review the protests and submit a report of findings and recommendations to the LACERS Board of Administration within 14 calendar days after the date of election.
April 24 (Mon.)	The Election Division shall furnish the official certified results of the election to the LACERS Board of Administration within 14 calendar days after the date of election.
	RUNOFF IF NECESSARY
April 28 (Fri.)	A Notice of Election with a sample ballot shall be posted in the Election Division specifying the election date, names of each qualifying candidate, voting eligibility rules, and voting instructions. The Notice of Election will be forwarded to all Departments.
May 4 (Thu.)	An official ballot, voting instructions, and statement of qualifications will be mailed to the home address of each eligible voter. An identification envelope and return envelope will also be included in the ballot packet.

May 12 (Fri.) through May 19 (Fri.)	New employees having become active LACERS members on or after April 19, 2023 may present themselves in the Election Division during regular office hours, to obtain an official ballot no earlier than May 12, 2023, and no later than 5:00 p.m., on May 19, 2023. New Employees must present a Personnel Department – issued Certificate verifying their eligibility to vote, the certificate can be obtained at the City Personnel Department, Employment Verification Section. Eligible voters may personally deposit their ballots enclosed in a return envelope in the ballot box located in the Election Division during regular office hours no earlier than May 12, 2023 and no later than 5:00 p.m. on May 19, 2023. Any eligible voter who has inadvertently damaged or spoiled an official ballot may obtain a replacement ballot by calling (213) 978-0440. Any eligible voter who has lost or did not receive an official ballot may obtain a replacement ballot upon filing a signed Affidavit of Loss/No-Receipt at the Election Division no later than May 19, 2023.
May 15 (Mon.)	Each candidate, along with up to two (2) observers may observe that ballots are properly cast and votes are properly counted at the Election Division. The names of all designated observers and candidates who wish to attend shall be presented to the Election Division no later than 5:00 p.m., on May 15, 2023. Candidates/designees will have the option to observe in-person or virtually via Zoom.
May 19 (Fri.) **RUNOFF ELECTION DAY**	The last day for any eligible voter who has not cast a ballot may do so in person at the Election Division during the regular office hours.
May 23 (Tue.)	The ballots will be counted and tallied at the Election Division starting at 9:00 a.m., on May 23, 2023. The candidate who receives a plurality of all votes cast shall be declared elected to the position of Employee-Member of the Board ending June 30, 2028.
May 26 (Fri.)	Any challenges to the proceedings, acts or omissions that may be material to the election shall be filed by written notice to the Election Division no later than May 26, 2023. The Election Division will review the protests and submit a report of findings and recommendations to the LACERS Board of Administration within 14 calendar days after the date of election.
June 2 (Fri.)	The Election Division shall furnish the official certified results of the election to the LACERS Board of Administration within 14 calendar days after the date of election.

REPORT TO BOARD OF ADMINISTRATION **MEETING: January 24, 2023**
From: Neil M. Guglielmo, General Manager **ITEM: VII- C**

SUBJECT: APPROVAL OF ONE-YEAR CONTRACT TO EXPERIENCE INSTITUTE, LLC FOR MIXED MEDIA DEI FELLOWSHIP PROGRAM CONSULTING SERVICES AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board:

1. Award the consulting services contract to Experience Institute, LLC for a for a one-year term, not-to-exceed $75,000; and,
2. Authorize the General Manager to negotiate and execute the necessary documents subject to City Attorney review.

Executive Summary

Four firms submitted proposals for consideration as LACERS' Diversity, Equity and Inclusion (DEI) Fellowship Programming Consultant. Experience Institute, LLC (Experience Institute) is recommended for award of the contract due to their combined experience and subject matter expertise, as well as the clarity and efficacy in their presentation and reporting methods.

Discussion

On October 27, 2022, the DEI Fellowship Request For Proposals (RFP) was released and made available on the Regional Alliance Marketplace for Procurement (RAMP), a centralized procurement portal used by the City of Los Angeles and other public and private entities, and on LACERS' website. The posting period closed on December 2, 2022, with four firms having submitted proposals.

The purpose of the Mixed Media DEI Fellowship Program Consulting Services (DEI Fellowship) RFP is to secure consulting services from qualified firms with in-depth knowledge and expertise in designing and administering learning experiences for organizations with the intention of fostering employee growth, creating a rubric for success within the organization, and developing a mutually responsive culture between management and staff. The intention of this RFP is to award a single contract to one proposer for all services, to include both in-person and online facilitation of meetings, administration of an online e-learning portal, and the creation of a learning program/materials to be used by LACERS staff.

A comprehensive review and analysis of the proposals was conducted. The first-level review of the proposals determined that all but one of the firms complied with the RFP submission requirements. Of the remaining three qualified proposals, the LACERS panel committee, which included two members of the LACERS DEI Committee and one Human Resources Analyst completed an in-depth review of the proposals and the firms. The panel unanimously awarded the highest score to the Experience Institute.

Experience Institute demonstrated the most overall value with relevant experience and subject matter expertise, as required by the RFP. Thus, after much review, analysis, and evaluation, staff recommends Experience Institute as the firm to provide the best overall value to assist LACERS in the design and administration of the LACERS Fellowship program.

Total budget allotted for services in the FY23 budget is $65,000, however an additional $10,000 is being added within this resolution for contingency planning within the contract ceiling. While the bid by Experience Institute came within the $65,000 ceiling, LACERS wants to ensure coverage for any unplanned expenses for program planning and administration.

Strategic Plan Impact Statement

The approval of Experience Institute as LACERS Fellowship program consultant supports the Organizational and Workforce Strategic Plan Goals by increasing organizational effectiveness, efficiency, and resiliency and to recruit, retain, mentor, empower, and a promote a high-performing workforce.

Prepared By: Vikram Jadhav, Chief Information Officer, DEI Committee Member

NMG/TB:vj/ic

Attachments: 1. Proposed Board Resolution

CONTRACT AWARD TO EXPERIENCE INSTITUTE, LLC
FOR MIXED MEDIA DEI FELLOWSHIP PROGRAM CONSULTING SERVICES

PROPOSED RESOLUTION

WHEREAS, on October 27, 2022 LACERS released the Mixed Media Diversity, Equity and Inclusion (DEI) Fellowship Program Consulting Services Request for Proposal (RFP) for a contract with a learning studio to design and administer a mixed-media Fellowship program;

WHEREAS, on December 2, 2022, four firms submitted proposals, three of which were deemed to be complete;

WHEREAS, selected LACERS Human Resources and DEI Committee participants served as reviewers and analyzed and evaluated each firm's proposal with the criteria set forth in the RFP;

WHEREAS, the result of the review concluded that Experience Institute demonstrated understanding of LACERS needs and goals, has the requisite breadth and depth of experience to consult and address challenges facing LACERS; has demonstrated and proven the quality and value of service in past and current services; and offers the best value of cost for their proposal; and,

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves a contract with Experience Institute, LLC for the LACERS' Mixed Media DEI Fellowship Program Consulting Services, and authorize the General Manager to negotiate and execute the necessary documents, within the following terms, subject to City Attorney review:

CONSULTANT:	Experience Institute, LLC
TERM:	One Year
AMOUNT:	Not to exceed $75,000

Board Meeting: 1/24/23
Item VIII-B

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Real Estate Portfolio

Performance Review

SECOND QUARTER 2022

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

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Portfolio Funding Status

- The following slides provide a review of key information pertaining to the Los Angeles City Employees' Retirement System ("LACERS") Real Estate Portfolio (the "Portfolio") through June 30, 2022. A detailed performance report is also provided as **Exhibit A.**
- LACERS is below its 7.0% target allocation to Real Estate as of quarter-end on a funded and committed basis. The LACERS Board of Trustees increased the target allocation from 5.0% to 7.0% in April 2018.

	Market Value ($ millions)*	% LACERS Plan*
LACERS Total Plan Assets	20,600	
Real Estate Target	1,442	7.0%
RE Market Value:		
Core	822	
Non-Core	326	
Timber	19	
Total RE Market Value	1,168	5.7%
Unfunded Commitments	466	2.3%

*Figures may not add due to rounding.

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Real Estate Portfolio Composition

	Strategic Targets		Portfolio Composition (6/30/2022)*	
	Target Allocation	Tactical Range	Market Value	Market Value & Unfunded Commitments
Core	**60%**	**40% - 80%**	**70.4%**	**56.5%**
Non-Core	**40%**	**20% - 60%**	**27.9%**	**42.3%**
Value Add Portfolio	*N/A*	*N/A*	*17.9%*	*21.8%*
Opportunistic Portfolio	*N/A*	*N/A*	*10.0%*	*20.4%*
Timber	**N/A**	**N/A**	**1.7%**	**1.3%**

- In May 2014, the Board approved the strategic targets displayed above in order to reflect a more conservative risk profile going-forward. At the time, the Portfolio had 30% exposure to Core and 70% exposure to Non-Core.
- Since 2015, to transition the Portfolio, the LACERS Board has approved $405 million in Core commitments.
- The LACERS Board has approved approximately $585 million in Non-Core investments** since 2015. These investments initially focused on Value Add strategies with pre-specified portfolios, embedded value and/or an element of current income, with recent commitments focused on blind pool Opportunistic funds and strategies with attractive property type exposures.
- LACERS Core and Non-Core allocations are near strategic targets on a funded and committed basis, but below the Non-Core target on a funded basis.
- The Core Portfolio utilizes 25.7% leverage, measured on a loan-to-value (LTV) basis, well below the 40.0% constraint.
- The Non-Core Portfolio utilizes 52.6% leverage, well below the 75.0% constraint.

*Figures may not add due to rounding. Funded & Committed figures exclude commitments made after 6/30/22.

** Excludes commitments approved after 6/30/2022.

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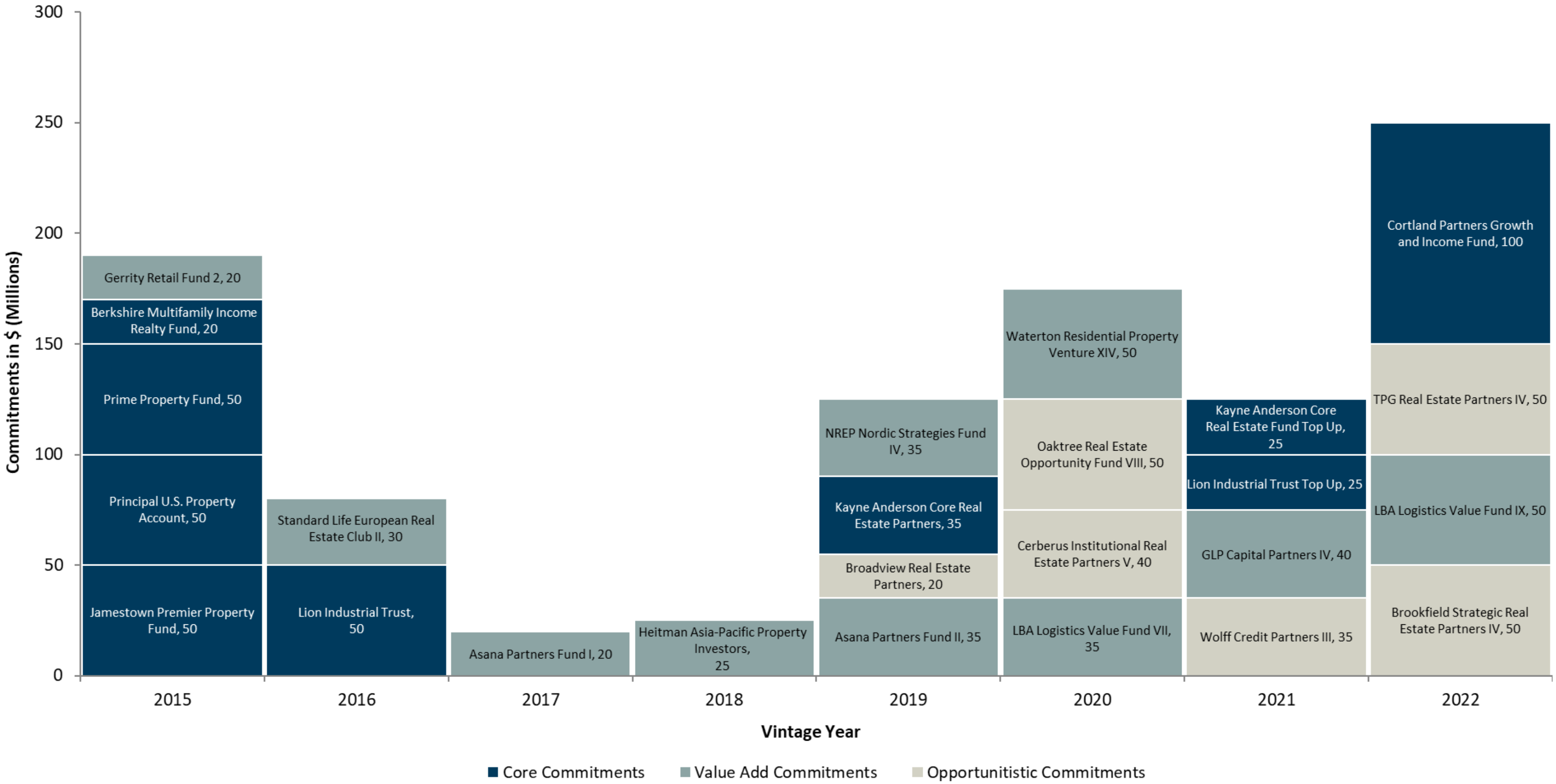
LACERS Commitment Activity Under Townsend Advisory – Since 2015



- LACERS has committed $990 million since 2015, all of which has been Townsend-initiated activity.
- Four Non-Core commitments since 2015 (Gerrity, Asana I & II, and Broadview) met LACERS' current Emerging Manager guidelines.
- Vintage year classifications are based on LACERS' first capital call (or expected capital call), though commitments may have been approved in prior years.

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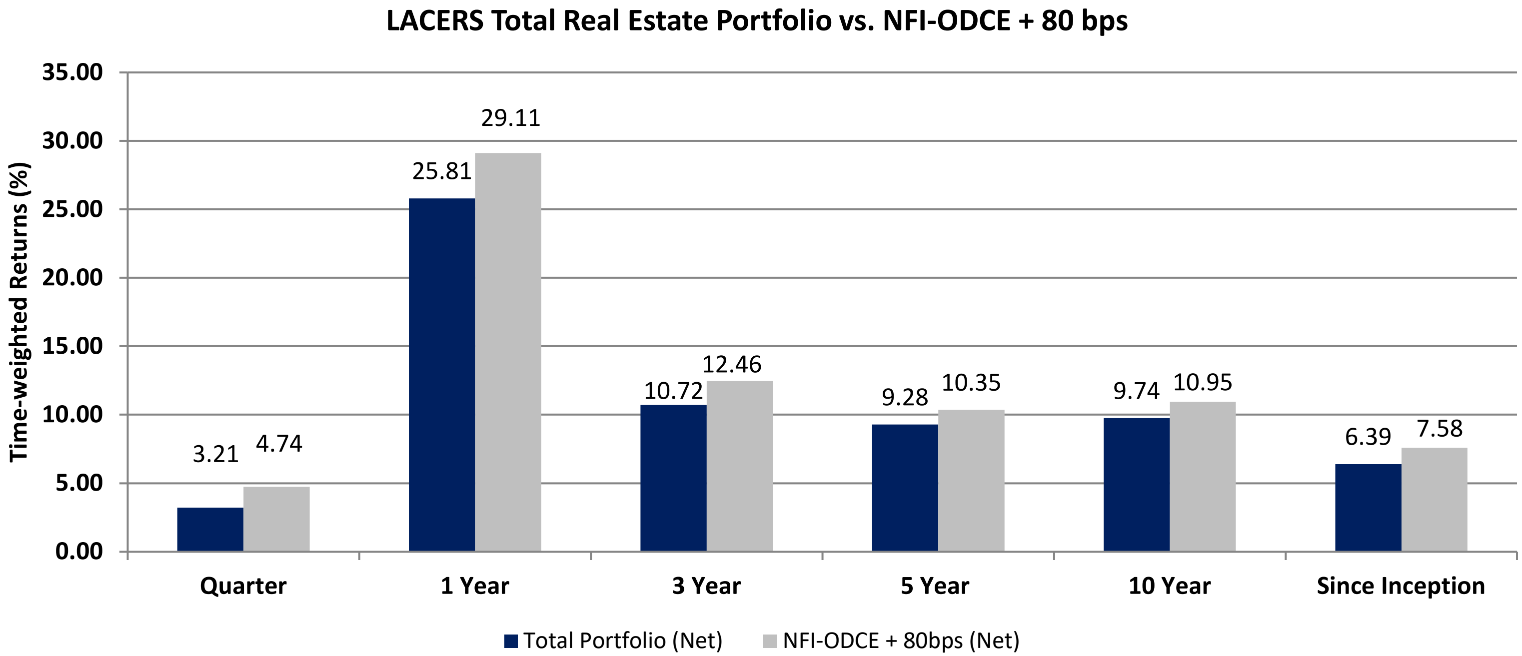
Total Portfolio Performance



- The benchmark for the LACERS Total Real Estate Portfolio is the NCREIF Fund Index of Open-End Diversified Core Equity funds (NFI-ODCE) + 80 basis points ("bps"), measured over 5-year time periods, net of fees (defined below). LACERS has underperformed over all periods, mostly due to weak performance of Opportunistic funds. However, investments made since 2014 are outperforming the policy benchmark, as detailed on page 7.
- The NFI-ODCE is a Core index that includes Core open-end diversified funds with at least 95% of their investments in US markets. The NFI-ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical (back to 1978) and current basis (26 active vehicles), utilizing approximately 21.5% leverage.
  - The 80 basis point ("bps") premium is a reflection of the incremental return expected from Non-Core exposure in the Portfolio, which is not included in the NFI-ODCE.

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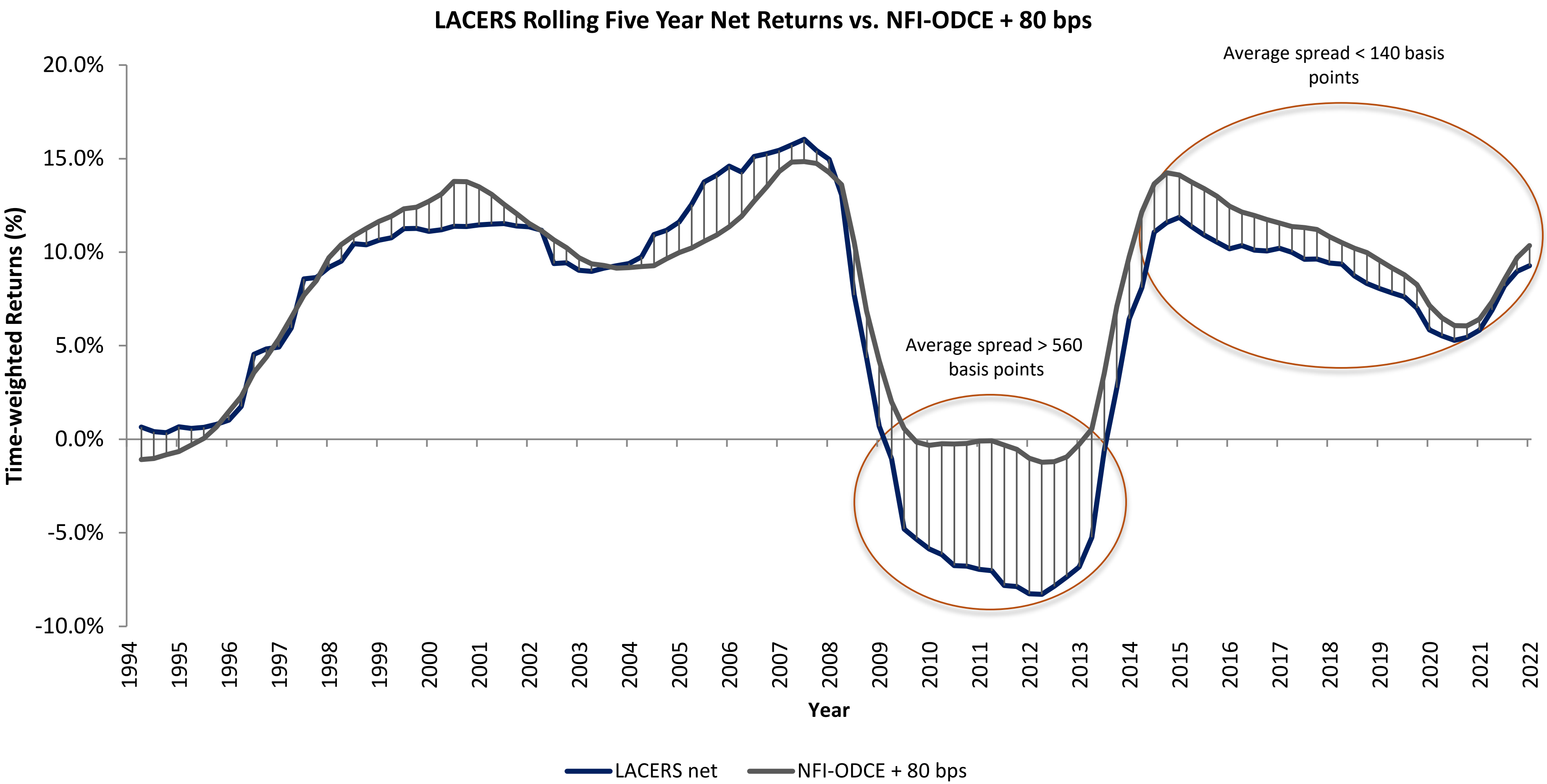
Improving Relative Total Portfolio Performance



- The chart above displays rolling 5-year time-weighted returns for the Total LACERS RE Portfolio, net of fees, relative to the benchmark.
- While LACERS continues to underperform the benchmark on a rolling 5-year basis, LACERS' average spread to the benchmark is trending downwards. Performance should continue to improve as accretive new investments continue to fund into the Portfolio and legacy investments fully liquidate.

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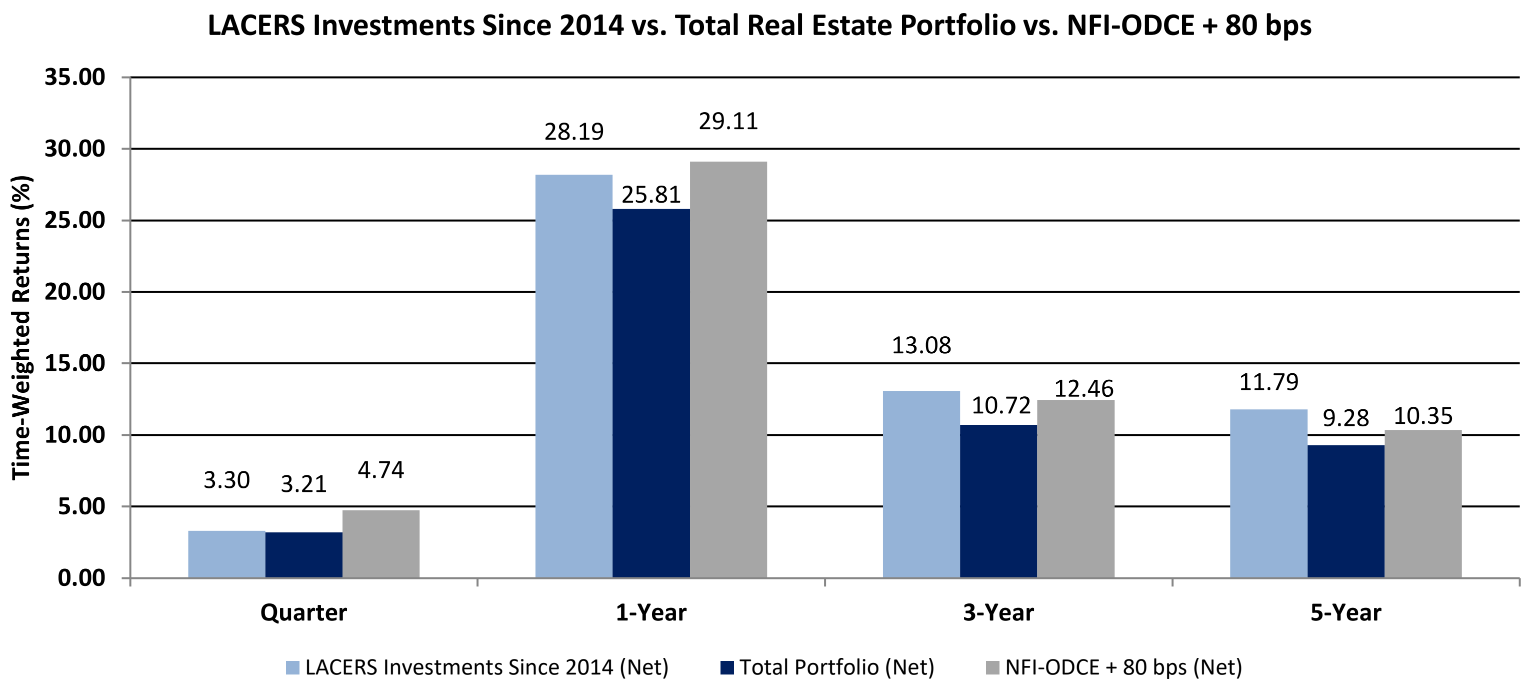
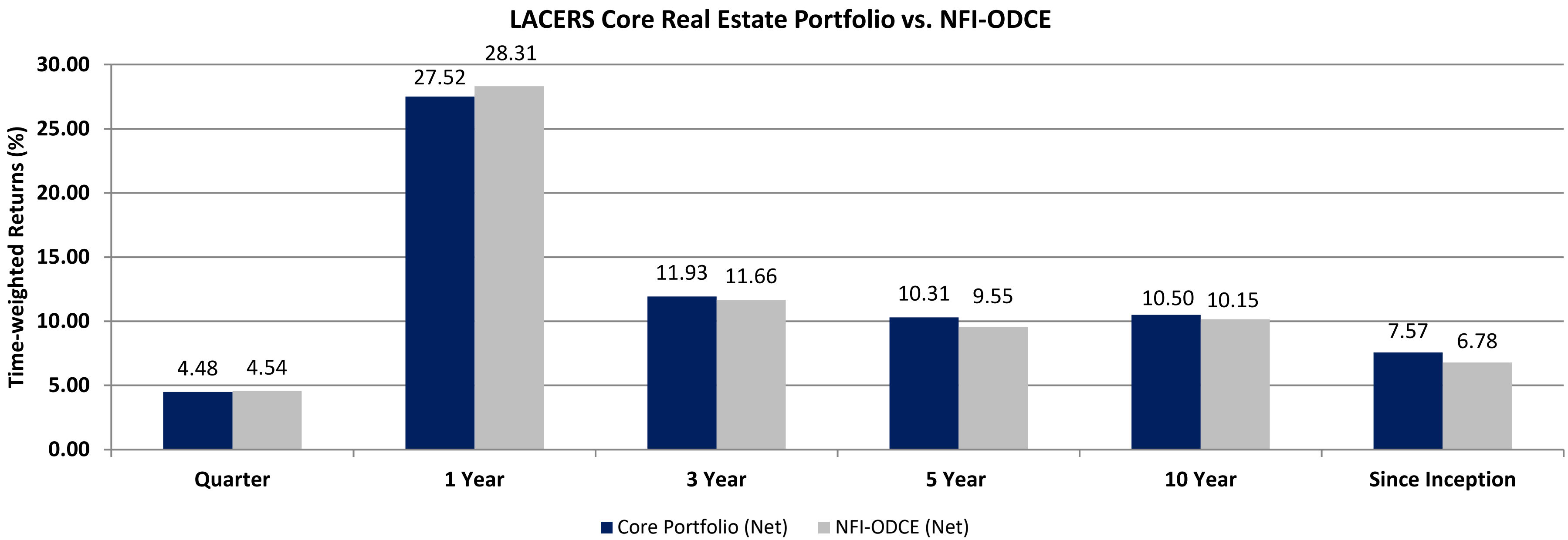
Post-GFC Investments Accretive to Performance



- Since 2014, Townsend has recommended 26* investments to LACERS staff and twenty-five (including four emerging managers) ultimately were approved by the Board. As of 6/30/22, these investments make up 60% of the LACERS Real Estate Market Value.
- Townsend-advised investments since 2014 outperformed the Total Portfolio over all periods and outperformed the benchmark over longer time periods. These investments are expected to drive performance going forward.

*Includes top-up commitments. Excludes commitments approved after 6/30/2022.

Relative Performance by Strategy: Core



- The LACERS Core benchmark is the NFI-ODCE, measured over 5-year time periods, net of fees.
- The Core Portfolio has outperformed relative to the benchmark overall, except for the current quarter and the trailing year.
- Berkshire Multifamily Income Realty Fund was the strongest absolute performer, outperforming the NFI-ODCE by 374 bps.
- On a dollar-weighted basis, Lion Industrial Trust was the largest positive contributor to Core performance over the quarter, outperforming the NFI-ODCE by 263 bps.
- CIM VI (Urban REIT) was the weakest performer, underperforming the NFI-ODCE by 476 basis points.
- Over the trailing year, returns were driven primarily by Lion Industrial Trust, which delivered a 47.4% net return.

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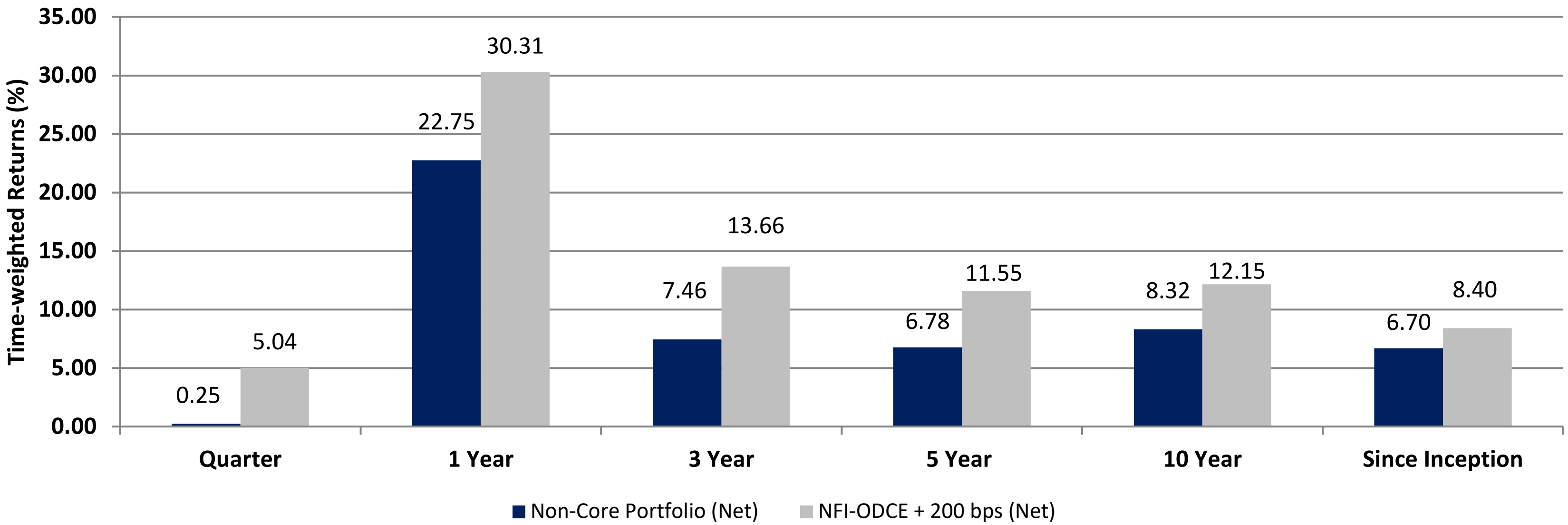
Relative Performance by Strategy: Non-Core

LACERS Non-Core Real Estate Portfolio vs. NFI-ODCE + 200 bps



- The LACERS Non-Core benchmark is the NFI-ODCE + 200 bps, measured over 5-year time periods, net of fees. The 200 bps premium is a reflection of the incremental return expected from the additional risk inherent in Non-Core strategies.
- The Non-Core Portfolio underperformed relative to the NFI-ODCE + 200 bps benchmark during the quarter and all other periods. Underperformance over longer time periods is mostly due to Non-Core legacy funds that are due to liquidate over the next few years. As these funds liquidate and approved investments are funded, Non-Core portfolio performance is expected to improve.
- The Value Add Portfolio has achieved strong absolute and relative annualized returns over medium and long-term, but slightly underperformed recently. Meanwhile the Opportunistic Portfolio has continued as the main catalyst for Non-Core underperformance. Both are discussed in more detail on the following pages.

Relative Performance by Strategy: Non-Core — Value Add

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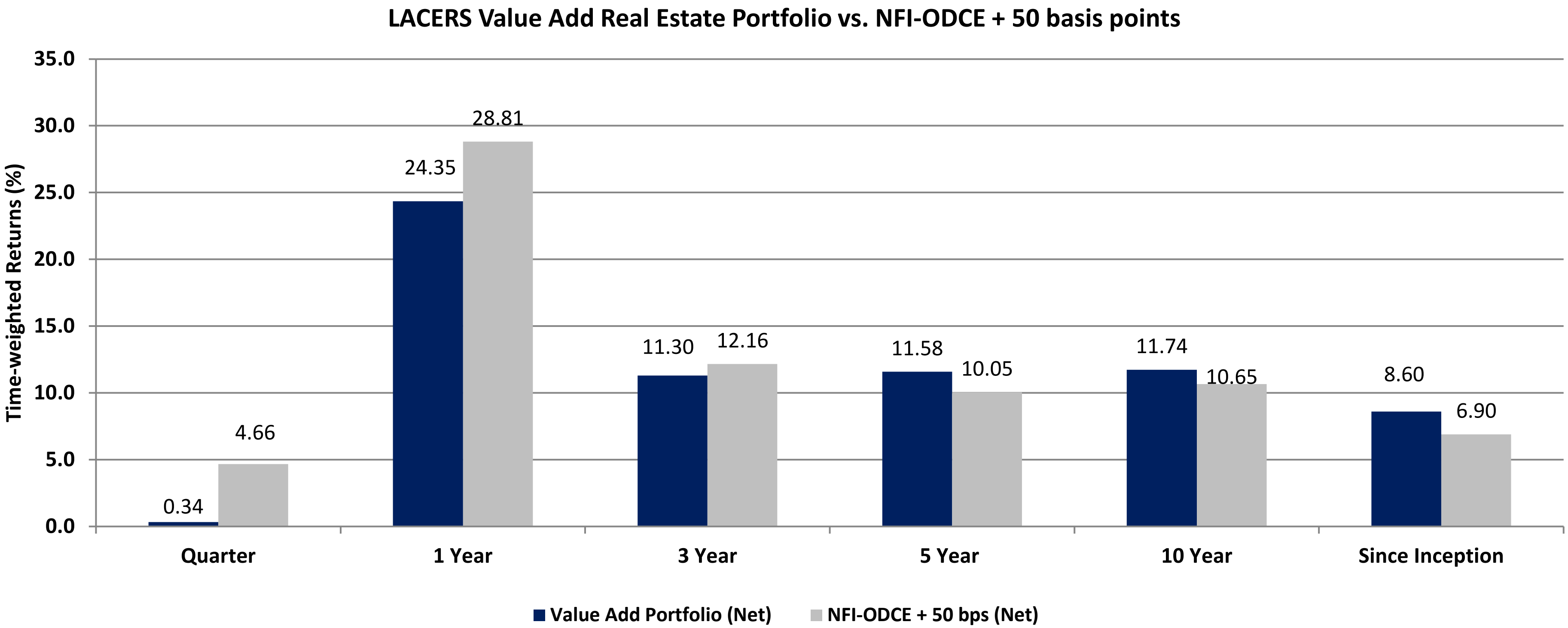

- The LACERS Value Add benchmark is the NFI-ODCE + 50 bps, measured over 5-year time periods, net of fees. The 50 bps premium is a reflection of the incremental return expected from additional risk inherent in Value Add strategies.
- The Value Add Portfolio underperformed the NFI-ODCE + 50 bps benchmark during the current quarter, trailing 1-year, and 3-year periods. However, the portfolio has outperformed the benchmark over the later periods including the official 5-year benchmarking period.
- During the Quarter, Asana Partners Fund I (4.0% net) and DRA Growth Fund VIII (2.2% net) were the strongest performers.
- Recent underperformance is driven by continuing volatile market conditions and rising interest rates leading to non-core managers writing down assets internally. The NFI-ODCE benchmark is based on external appraisals and therefore slower to react to changes in market environment.

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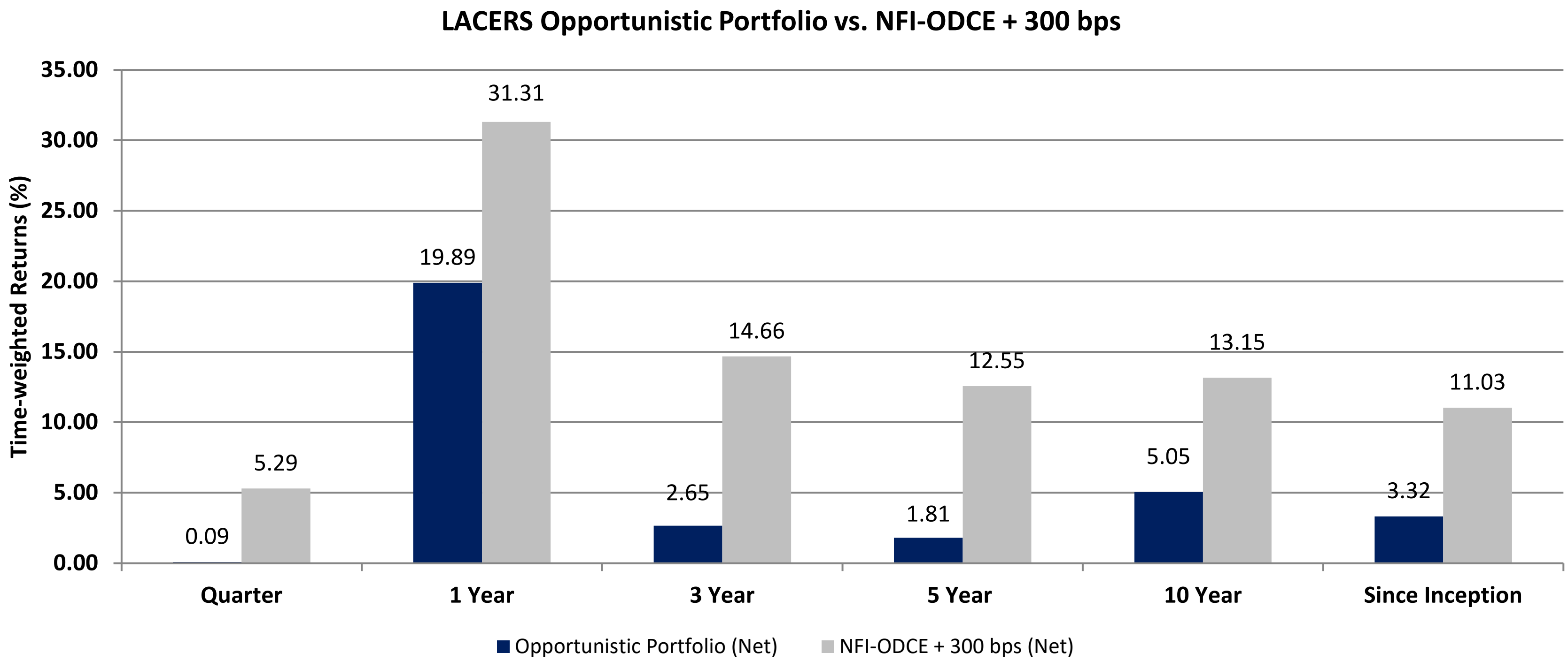
Relative Performance by Strategy: Non-Core — Opportunistic



- The LACERS Opportunistic benchmark is the NFI-ODCE + 300 bps, measured over 5-year time periods, net of fees. The 300 bps premium is a reflection of the incremental return expected from additional risk inherent in Opportunistic strategies.
- The Opportunistic Portfolio has underperformed the NFI-ODCE + 300 bps benchmark over all other time periods. Underperformance over long time periods is mostly due to legacy funds that are due to liquidate over the next few years.
    - Recent performance has improved to strong absolute returns of 19.89% over the trailing year, compared to years of mostly flat or even negative returns in the past. However, overall performance still lagged the benchmark, which saw a record return over the trailing year.

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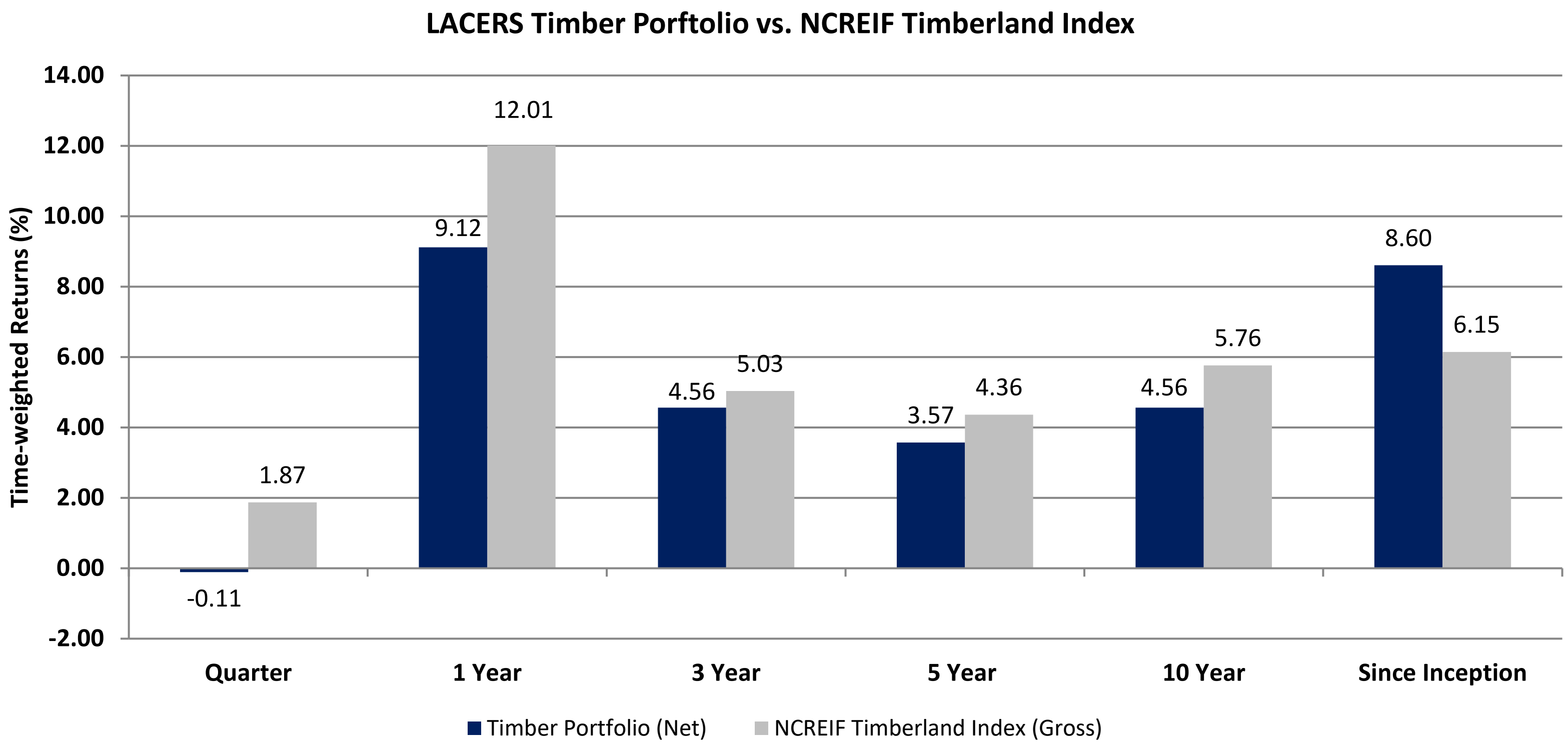
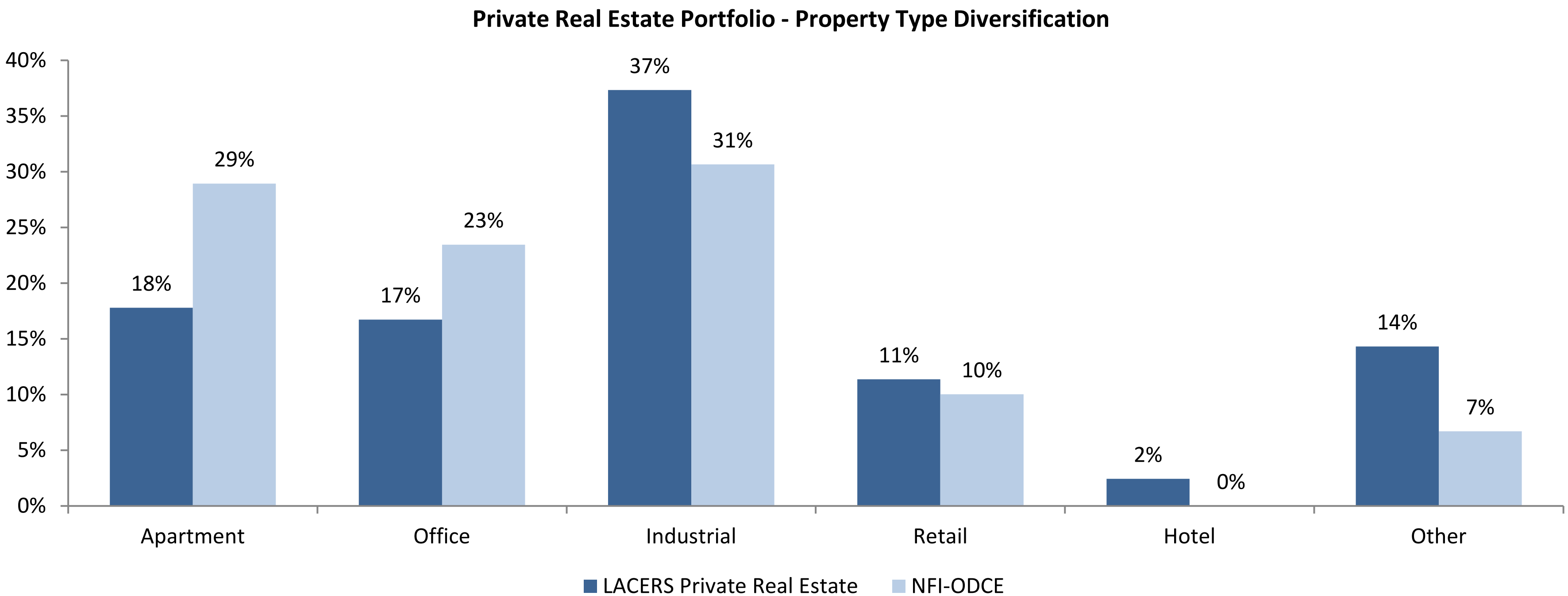
Relative Performance by Strategy: Timber



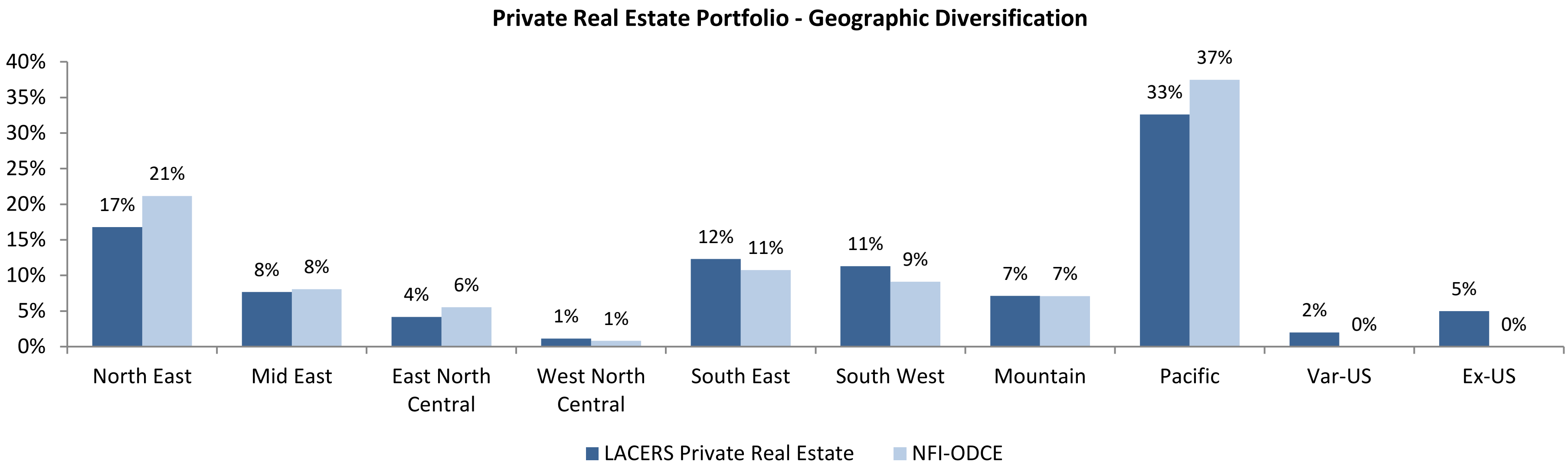
- The Timber Portfolio, net of fees, underperformed its benchmark, the NCREIF Timberland Index, gross of fees, excluding the since-inception period.
- Outperformance over the long-term is mostly related to strong performance of Hancock ForesTree V, which was fully liquidated by year-end 2015.
- LACERS' only current timberland investment is Hancock Timberland XI. The Fund's assets are located in the United States (split between the South and the Northwest) and Chile (15%).
- Income returns for timber investments tend to be infrequent and are realized through harvest. To date, there has been no meaningful income from the fund due to limited harvest activity during a period of lower timber prices. This has impacted total returns.
- Further, all assets in Hancock Timberland IX are appraised at year-end, which is why appreciation usually remains relatively flat from the first quarter through the third quarter of each year. The effect of year-end appraisals is demonstrated in the annualized returns.

Real Estate Portfolio Diversification



- The diversification of the Private Portfolio is measured against the diversification of the NFI-ODCE ± 10.0%. Currently, the "Other" category includes investments in alternative property types including Self Storage, Student Housing, Senior Housing, For Sale Residential, and Land.
- Among the "Other" property types, LACERS' portfolio has the greatest exposure to Land (1.0%), Self-Storage (2.8%), Senior Housing (1.4%), Health Care (0.4%), and Student Housing (0.8%).

Real Estate Portfolio Diversification



- The diversification goal of the Private Portfolio is to be well diversified across the US. The only constraint is a 30.0% maximum allocation to Ex-US investments. NFI-ODCE diversification is provided as a benchmark.
- The Portfolio currently has an aggregate exposure to the Los Angeles metropolitan area of approximately 10% as of 2Q22, with approximately 5% exposure to Los Angeles City. The NFI-ODCE's exposure to the Los Angeles metropolitan area is approximately 11%.
- The 5% Ex-US exposure is composed primarily of two large regional exposures: Europe (3.0%), Asia (1.5%).

*Var-US includes any investments that are not directly tied to specific regions, such as real estate debt investments through Torchlight or entity-level investments through Almanac.

Exhibit A: Performance Flash Report

Portfolio Composition ($)								
Total Plan Assets	Target Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
$20,600,086,387	1,442,006,047	7.0%	1,167,868,450	5.7%	465,538,758	2.3%	-191,401,161	-0.9%

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
LACERS	3.7	3.2	28.6	25.8	12.6	10.7	11.0	9.3
NFI-ODCE + 80 basis points	5.0	4.7	30.3	29.1	13.5	12.5	11.3	10.4

Funding Status ($)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Core Portfolio	**1989**	**423,867,553**	**510,029,109**	**100,000,000**	**170,502,391**	**822,282,999**	**70.4**	**56.5**
Non-Core Portfolio	**1990**	**993,977,156**	**663,649,935**	**364,140,609**	**487,672,133**	**326,118,933**	**27.9**	**42.3**
Value Added Portfolio	1990	413,969,813	270,060,779	147,322,891	175,018,516	209,458,044	17.9	21.8
Opportunistic Portfolio	1996	605,007,343	455,071,681	216,817,718	386,465,280	116,660,890	10.0	20.4
Timber Portfolio	**1999**	**20,000,000**	**18,601,851**	**1,398,149**	**5,732,328**	**19,466,518**	**1.7**	**1.3**
Total Current Portfolio								
LACERS	**1989**	**1,437,844,709**	**1,192,280,895**	**465,538,758**	**663,906,852**	**1,167,868,450**	**100.0**	**100.0**

Funding Status ($)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Core								
Berkshire Multifamily Income Realty Fund	2015	20,000,000	20,000,000	0	13,703,349	21,761,307	1.9	1.3
Cortland Partners Growth and Income Fund	2022	100,000,000	0	100,000,000	0	0	0.0	6.1
CIM VI (Urban REIT), LLC	2012	25,000,000	25,000,000	0	16,098,534	20,065,606	1.7	1.2
INVESCO Core Real Estate	2004	63,867,553	137,113,121	0	78,734,446	250,337,647	21.4	15.3
Jamestown Premier Property Fund	2015	50,000,000	51,573,787	0	27,394,989	34,695,618	3.0	2.1
JP Morgan Strategic Property Fund	2005	30,000,000	30,421,882	0	2,858,499	95,223,473	8.2	5.8
Kayne Anderson Core Real Estate Fund	2019	60,000,000	60,000,000	0	4,569,132	65,731,670	5.6	4.0
Lion Industrial Trust - 2007	2016	75,000,000	85,920,320	0	13,042,781	170,620,011	14.6	10.4
Prime Property Fund	2015	50,000,000	50,000,000	0	14,100,661	71,308,181	6.1	4.4
Principal U.S. Property Account	2015	50,000,000	50,000,000	0	0	92,539,485	7.9	5.7
Core	**1989**	**523,867,553**	**510,029,110**	**100,000,000**	**170,502,391**	**822,282,998**	**70.4**	**56.5**
Timber								
Hancock Timberland XI	2012	20,000,000	18,601,851	1,398,149	5,732,328	19,466,518	1.7	1.3
Timber	**1999**	**20,000,000**	**18,601,851**	**1,398,149**	**5,732,328**	**19,466,518**	**1.7**	**1.3**
Value Added								
Almanac Realty Securities VI	2012	25,000,000	15,475,571	0	17,062,272	3,340,695	0.3	0.2
Asana Partners Fund I	2017	20,000,000	18,301,629	2,015,220	6,081,663	27,196,026	2.3	1.8
Asana Partners Fund II	2019	35,000,000	18,025,000	16,975,000	0	22,573,503	1.9	2.4
DRA Growth and Income Fund VII	2011	25,000,000	26,640,000	0	59,233,914	2,021,014	0.2	0.1
DRA Growth and Income Fund VIII	2014	25,000,000	29,576,071	518,518	30,683,275	9,526,017	0.8	0.6
Gerrity Retail Fund 2	2015	20,000,000	20,077,854	0	6,492,336	17,302,855	1.5	1.1
GLP Capital Partners IV	2021	40,000,000	25,095,222	19,308,747	8,722,633	26,461,796	2.3	2.8
Heitman Asia-Pacific Property Investors	2018	25,000,000	22,311,650	3,333,094	5,559,494	19,218,479	1.6	1.4
LBA Logistics Value Fund IX	2021	50,000,000	7,051,282	42,948,718	0	6,558,460	0.6	3.0
LBA Logistics Value Fund VII	2020	35,000,000	28,699,340	6,300,660	610,273	38,572,134	3.3	2.7
NREP Nordic Strategies Fund IV	2019	35,437,928	13,417,732	21,544,403	0	14,764,005	1.3	2.2
Standard Life Investments European Real Estate Club II	2015	28,531,885	28,134,410	1,633,551	40,572,657	120,071	0.0	0.1
Waterton Residential Property Venture XIV, L.P.	2020	50,000,000	17,255,020	32,744,980	0	21,802,988	1.9	3.3
Value Added	**1990**	**413,969,813**	**270,060,781**	**147,322,891**	**175,018,517**	**209,458,043**	**17.9**	**21.8**
Total Current Portfolio								
LACERS	**1989**	**1,537,844,709**	**1,192,280,896**	**465,538,758**	**663,906,852**	**1,167,868,450**	**100.0**	**100.0**

Funding Status ($)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Opportunistic								
Apollo CPI Europe I	2006	25,533,001	22,385,238	1,559,178	11,762,746	203,658	0.0	0.1
Bristol Value II, L.P.	2012	20,000,000	23,703,166	1,788,573	17,469,524	17,966,700	1.5	1.2
Broadview Real Estate Partners Fund, L.P.	2019	20,000,000	6,337,535	13,067,139	393,604	7,019,854	0.6	1.2
Brookfield Strategic Real Estate Partners IV	2021	50,000,000	0	50,000,000	0	0	0.0	3.1
Bryanston Retail Opportunity Fund	2005	10,000,000	4,271,584	5,885,919	11,492,685	8,261,028	0.7	0.9
California Smart Growth Fund IV	2006	30,000,000	31,522,663	33,153	37,313,224	1,024,450	0.1	0.1
Cerberus Institutional Real Estate Partners V	2020	40,000,000	24,409,117	15,590,884	0	28,991,643	2.5	2.7
CIM Real Estate Fund III	2007	15,000,000	16,674,075	0	21,301,769	6,587,989	0.6	0.4
Colony Investors VIII	2007	30,000,000	28,963,224	1,023,167	12,848,965	30,462	0.0	0.1
Latin America Investors III	2008	20,000,000	20,686,689	0	3,886,924	-1,894,613	-0.2	-0.1
Lone Star Fund VII	2011	15,000,000	14,075,468	0	24,661,759	49,723	0.0	0.0
Lone Star Real Estate Fund II	2011	15,000,000	13,291,475	0	20,508,270	28,348	0.0	0.0
Oaktree Real Estate Opportunities Fund VIII L.P.	2021	50,000,000	11,174,118	42,500,000	4,012,272	10,392,673	0.9	3.2
RECP Fund IV, L.P.	2008	40,000,000	53,279,662	750,435	40,654,313	20,893,903	1.8	1.3
Southern California Smart Growth Fund	2004	10,000,000	18,836,734	68,213	18,787,802	35,009	0.0	0.0
Stockbridge Real Estate Fund II	2006	30,000,000	30,000,000	0	13,779,370	353,356	0.0	0.0
Torchlight Debt Opportunity Fund IV	2013	24,474,342	24,483,106	0	31,379,671	3,964,624	0.3	0.2
TPG Real Estate Partners IV	2021	50,000,000	0	50,000,000	0	-414,473	0.0	3.0
Walton Street Real Estate Fund V	2006	25,000,000	25,000,001	0	17,037,214	1,111,837	0.1	0.1
Walton Street Real Estate Fund VI	2009	25,000,000	22,161,966	1,884,390	25,363,504	9,865,212	0.8	0.7
Wolff Credit Partners III, LP	2022	35,000,000	2,333,333	32,666,667	0	2,189,507	0.2	2.1
Opportunistic	**1996**	**580,007,343**	**393,589,154**	**216,817,718**	**312,653,616**	**116,660,890**	**10.0**	**20.4**
Private Real Estate Portfolio Only (ex. Timber)	**1989**	**1,517,844,709**	**1,173,679,045**	**464,140,609**	**658,174,524**	**1,148,401,931**	**98.3**	**98.7**
Non-Core Portfolio	**1990**	**993,977,156**	**663,649,935**	**364,140,609**	**487,672,133**	**326,118,933**	**27.9**	**42.3**
Total Current Portfolio								
LACERS	**1989**	**1,537,844,709**	**1,192,280,896**	**465,538,758**	**663,906,852**	**1,167,868,450**	**100.0**	**100.0**

Returns (%)	Market Value ($)	Quarter				1 Year				3 Year			
		INC[1]	APP[1]	TGRS[1]	TNET[1]	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
Core													
Berkshire Multifamily Income Realty Fund	21,761,307	0.8	7.7	8.5	8.3	3.4	32.0	36.2	35.4	3.5	11.1	14.9	14.1
CIM VI (Urban REIT), LLC	20,065,606	0.5	-0.4	0.1	-0.2	2.3	-0.2	2.1	0.9	2.4	-2.0	0.4	-0.9
INVESCO Core Real Estate	250,337,647	0.9	4.0	4.9	4.8	3.7	22.9	27.2	26.8	3.6	7.8	11.6	11.2
Jamestown Premier Property Fund	34,695,618	0.5	0.2	0.7	0.5	2.5	4.3	6.9	6.2	2.2	-4.2	-2.1	-2.5
JP Morgan Strategic Property Fund	95,223,473	0.7	4.0	4.7	4.5	3.5	24.5	28.6	27.6	3.6	8.2	12.0	11.0
Kayne Anderson Core Real Estate Fund	65,731,670	1.2	1.8	3.0	2.8	5.0	9.0	14.3	13.5	4.9	4.1	9.2	8.7
Lion Industrial Trust - 2007	170,620,011	0.8	7.6	8.4	7.2	3.6	52.2	57.2	47.4	4.3	25.2	30.3	25.4
Prime Property Fund	71,308,181	0.9	2.6	3.4	3.0	3.7	24.9	29.3	27.9	3.7	9.1	13.0	11.8
Principal U.S. Property Account	92,539,485	0.9	2.3	3.3	3.1	4.0	24.1	28.8	27.8	4.1	8.6	13.0	12.0
Core	**822,282,998**	**0.8**	**4.0**	**4.9**	**4.5**	**3.7**	**25.3**	**29.6**	**27.5**	**3.7**	**9.3**	**13.2**	**11.9**
Timber													
Hancock Timberland XI	19,466,518	0.1	0.0	0.1	-0.1	0.5	9.5	10.1	9.1	0.8	4.6	5.5	4.6
Timber	**19,466,518**	**0.1**	**0.0**	**0.1**	**-0.1**	**0.5**	**9.5**	**10.1**	**9.1**	**0.8**	**4.6**	**5.5**	**4.6**
Value Added													
Almanac Realty Securities VI	3,340,695	0.0	-5.4	-5.4	-5.7	0.6	2.6	3.2	2.0	2.9	-10.8	-7.9	-8.9
Asana Partners Fund I	27,196,026	1.0	4.3	5.2	4.0	3.8	27.5	32.1	24.5	3.5	13.7	17.5	13.5
Asana Partners Fund II	22,573,503	0.1	-6.7	-6.6	-5.5	0.7	29.6	30.5	21.7				
DRA Growth and Income Fund VII	2,021,014	1.2	0.1	1.3	0.9	8.6	19.1	29.2	23.1	9.5	41.8	54.4	43.3
DRA Growth and Income Fund VIII	9,526,017	1.6	1.3	2.9	2.2	11.2	9.7	21.4	20.3	7.2	0.0	7.2	5.9
Gerrity Retail Fund 2	17,302,855	1.3	0.0	1.3	1.0	5.7	0.9	6.6	5.2	5.9	-5.4	0.3	-1.0
GLP Capital Partners IV	26,461,796	0.5	1.3	1.8	1.7	35.8	22.6	64.7	63.4				
Heitman Asia-Pacific Property Investors	19,218,479	0.9	-2.1	-1.2	-1.4	3.5	0.9	4.5	3.7	4.0	2.1	6.1	5.3
LBA Logistics Value Fund IX	6,558,460	-0.1	0.0	-0.2	-2.7								
LBA Logistics Value Fund VII	38,572,134	0.9	0.3	1.2	0.8	3.8	25.5	30.0	27.8				
NREP Nordic Strategies Fund IV[3]	14,764,005	-3.3	7.4	4.1	0.4	-15.6	58.0	40.0	23.4				
Standard Life Investments European Real Estate Club II[2]	120,071	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Waterton Residential Property Venture XIV, L.P.	21,802,988	0.0	2.6	2.6	1.9	-0.1	58.5	58.4	42.6				
Value Added	**209,458,043**	**0.4**	**0.5**	**0.9**	**0.3**	**6.3**	**22.3**	**29.6**	**24.4**	**4.6**	**10.9**	**15.9**	**11.3**
Total Portfolio[4]													
LACERS	**1,167,868,450**	**0.7**	**2.9**	**3.7**	**3.2**	**4.1**	**23.8**	**28.6**	**25.8**	**3.5**	**8.8**	**12.6**	**10.7**
Indices													
NFI-ODCE (Core)		0.9	3.9	4.8	4.5	3.8	25.0	29.5	28.3	3.9	8.5	12.7	11.7
NFI-ODCE + 80 bps (Total Portfolio)				5.0	4.7			30.3	29.1			13.5	12.5
NFI-ODCE + 200 bps (Non-Core Portfolio)				5.3	5.0			31.5	30.3			14.7	13.7
NFI -ODCE + 50 bps (Value Add)				4.9	4.7			30.0	28.8			13.2	12.2
NFI -ODCE + 300 bps (Opportunistic)				5.5	5.3			32.5	31.3			15.7	14.7
NCREIF Timberland Property Index "NTI"		0.8	1.0	1.9		3.4	8.4	12.0		3.0	2.0	5.0	

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

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

[2] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[3] Broken time-weighted return since inception.

[4] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/22.

Returns (%)	Market Value ($)	5 Year INC	5 Year APP	5 Year TGRS	5 Year TNET	Inception INC	Inception APP	Inception TGRS	Inception TNET	TWR Calculation Inception	Net IRR*	Equity Multiple*
Core												
Berkshire Multifamily Income Realty Fund	21,761,307	3.8	7.1	11.1	10.4	3.9	6.3	10.5	9.7	1Q16	10.5	1.8
CIM VI (Urban REIT), LLC	20,065,606	2.8	0.0	2.8	1.5	3.3	3.3	6.7	5.4	3Q12	4.9	1.4
INVESCO Core Real Estate	250,337,647	3.6	6.2	10.0	9.6	4.9	3.8	8.8	8.3	4Q04	8.3	2.4
Jamestown Premier Property Fund	34,695,618	2.8	0.7	3.4	2.2	3.3	2.0	5.3	3.9	3Q15	4.5	1.2
JP Morgan Strategic Property Fund	95,223,473	3.7	5.9	9.8	8.8	4.9	3.3	8.3	7.3	4Q05	7.4	3.2
Kayne Anderson Core Real Estate Fund	65,731,670					5.0	4.3	9.5	8.9	1Q19	9.5	1.2
Lion Industrial Trust - 2007	170,620,011	4.6	19.6	25.0	21.1	4.9	17.1	22.6	19.1	1Q16	19.2	2.1
Prime Property Fund	71,308,181	3.8	7.4	11.3	10.2	3.9	7.0	11.1	9.9	1Q16	9.7	1.7
Principal U.S. Property Account	92,539,485	4.3	6.7	11.2	10.2	4.5	6.3	10.9	9.9	4Q15	9.9	1.9
Core	**822,282,998**	**3.8**	**7.5**	**11.5**	**10.3**	**6.1**	**2.3**	**8.5**	**7.6**	**1Q89**	**6.7**	**1.7**
Timber												
Hancock Timberland XI	19,466,518	0.7	3.8	4.5	3.6	0.0	5.3	5.3	4.4	2Q12	4.1	1.4
Timber	**19,466,518**	**0.7**	**3.8**	**4.5**	**3.6**	**4.2**	**5.4**	**9.9**	**8.6**	**4Q99**	**9.3**	**1.8**
Value Added												
Almanac Realty Securities VI	3,340,695	5.0	-10.3	-5.6	-6.5	6.7	-1.2	5.5	4.0	1Q13	9.2	1.3
Asana Partners Fund I	27,196,026	2.5	19.5	22.3	16.5	2.5	18.7	21.6	15.6	2Q17	16.2	1.8
Asana Partners Fund II	22,573,503					-4.1	9.4	4.3	-7.7	4Q19	14.2	1.3
DRA Growth and Income Fund VII	2,021,014	9.1	37.1	48.8	39.1	10.9	22.1	35.0	28.2	1Q12	21.6	2.3
DRA Growth and Income Fund VIII	9,526,017	8.6	0.8	9.4	7.7	10.2	1.0	11.3	9.1	4Q14	9.2	1.4
Gerrity Retail Fund 2	17,302,855	6.4	-2.1	4.2	2.7	7.1	0.0	7.1	5.1	4Q15	3.9	1.2
GLP Capital Partners IV	26,461,796					35.8	22.6	64.7	63.4	3Q21	44.3	1.4
Heitman Asia-Pacific Property Investors	19,218,479					2.5	-0.1	2.4	1.6	3Q18	4.1	1.1
LBA Logistics Value Fund IX	6,558,460					-0.1	0.0	-0.2	-2.7	2Q22	-9.5	0.9
LBA Logistics Value Fund VII	38,572,134					4.1	32.9	37.9	34.4	4Q20	28.2	1.4
NREP Nordic Strategies Fund IV[3]	14,764,005					-23.0	52.5	21.6	N/A	1Q20	9.4	1.1
Standard Life Investments European Real Estate Club II[2]	120,071	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1Q16	15.5	1.4
Waterton Residential Property Venture XIV, L.P.	21,802,988					-0.1	75.3	75.1	53.2	1Q21	33.9	1.3
Value Added	**209,458,043**	**5.6**	**9.7**	**15.6**	**11.6**	**7.3**	**3.3**	**10.8**	**8.6**	**4Q90**		
Total Portfolio[4]												
LACERS	**1,167,868,450**	**3.7**	**7.0**	**11.0**	**9.3**	**5.9**	**2.1**	**8.1**	**6.4**	**1Q89**		
Indices												
NFI-ODCE (Core)		4.0	6.3	10.5	9.6	6.5	1.3	7.8	6.8	1Q89		
NFI-ODCE + 80 bps (Total Portfolio)				11.3	10.4			8.6	7.6	1Q89		
NFI-ODCE + 200 bps (Non-Core Portfolio)				12.5	11.6			9.4	8.4	4Q90		
NFI -ODCE + 50 bps (Value Add)				11.0	10.1			7.9	6.9	4Q90		
NFI -ODCE + 300 bps (Opportunistic)				13.5	12.6			12.1	11.0	4Q96		
NCREIF Timberland Property Index “NTI”		3.0	1.3	4.4		3.3	2.8	6.1		4Q99		

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

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

[2] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[3] Broken time-weighted return since inception.

[4] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/22.

Returns (%)	Market Value ($)	Quarter				1 Year				3 Year			
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET
Opportunistic													
Apollo CPI Europe I [1]	203,658	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bristol Value II, L.P.	17,966,700	1.3	0.0	1.3	1.1	4.9	18.2	23.8	22.8	3.3	11.2	14.8	13.5
Broadview Real Estate Partners Fund, L.P.	7,019,854	-0.4	2.6	2.2	1.5	-0.6	28.2	27.6	17.8				
Bryanston Retail Opportunity Fund	8,261,028	0.4	-19.7	-19.3	-19.3	2.0	35.2	37.7	37.5	1.3	38.9	40.6	40.3
California Smart Growth Fund IV	1,024,450	-0.2	0.0	-0.2	-0.2	33.6	0.0	33.6	33.6	16.3	5.1	22.2	22.2
Cerberus Institutional Real Estate Partners V	28,991,643	-0.4	7.6	7.2	5.3	-2.2	40.8	37.9	27.2				
CIM Real Estate Fund III[2]	6,587,989	0.6	0.1	0.6	0.3	-0.4	18.1	17.7	15.9	-1.4	-0.2	-1.6	-3.1
Colony Investors VIII[1,2]	30,462	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Latin America Investors III[1]	-1,894,613	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lone Star Fund VII [1]	49,723	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Lone Star Real Estate Fund II[1]	28,348	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Oaktree Real Estate Opportunities Fund VIII L.P.	10,392,673	0.8	-2.1	-1.2	-2.3								
RECP Fund IV, L.P.	20,893,903	0.0	1.7	1.6	1.6	2.0	14.4	16.6	19.4	1.6	-5.0	-3.5	-3.8
Southern California Smart Growth Fund[1]	35,009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Stockbridge Real Estate Fund II[1]	353,356	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Torchlight Debt Opportunity Fund IV	3,964,624	0.4	-3.0	-2.5	-0.7	1.6	4.2	5.9	5.5	2.4	-5.5	-3.2	0.9
TPG Real Estate Partners IV	-414,473												
Walton Street Real Estate Fund V	1,111,837	-0.1	-1.4	-1.5	-1.5	1.5	-19.7	-18.2	-18.2	-0.8	-13.2	-13.9	-13.9
Walton Street Real Estate Fund VI	9,865,212	2.9	0.4	3.3	3.3	13.1	5.1	18.7	18.3	7.1	-2.3	4.7	3.9
Wolff Credit Partners III, LP	2,189,507	13.7	0.0	13.7	7.2								
Opportunistic	**116,660,890**	**0.7**	**0.1**	**0.8**	**0.1**	**3.7**	**19.1**	**23.3**	**19.9**	**1.4**	**3.3**	**4.7**	**2.7**
Private Real Estate Portfolio Only (ex. Timber)[3]	**1,148,401,931**	**0.7**	**3.0**	**3.7**	**3.3**	**4.2**	**24.1**	**29.0**	**26.2**	**3.6**	**8.9**	**12.7**	**10.8**
Non-Core Portfolio	**326,118,933**	**0.5**	**0.3**	**0.9**	**0.2**	**5.4**	**21.2**	**27.3**	**22.7**	**3.2**	**7.6**	**10.9**	**7.5**
Total Portfolio[3]													
LACERS	**1,167,868,450**	**0.7**	**2.9**	**3.7**	**3.2**	**4.1**	**23.8**	**28.6**	**25.8**	**3.5**	**8.8**	**12.6**	**10.7**
Indices													
NFI-ODCE (Core)		0.9	3.9	4.8	4.5	3.8	25.0	29.5	28.3	3.9	8.5	12.7	11.7
NFI-ODCE + 80 bps (Total Portfolio)				5.0	4.7			30.3	29.1			13.5	12.5
NFI-ODCE + 200 bps (Non-Core Portfolio)				5.3	5.0			31.5	30.3			14.7	13.7
NFI -ODCE + 50 bps (Value Add)				4.9	4.7			30.0	28.8			13.2	12.2
NFI -ODCE + 300 bps (Opportunistic)				5.5	5.3			32.5	31.3			15.7	14.7
NCREIF Timberland Property Index “NTI”		0.8	1.0	1.9		3.4	8.4	12.0		3.0	2.0	5.0	

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

[1] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[2] Broken time-weighted return since inception.

[3] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/22.

Returns (%)	Market Value ($)	5 Year				Inception				TWR Calculation Inception	Net IRR*	Equity Multiple*
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
Opportunistic												
Apollo CPI Europe I [1]	203,658	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q06	-9.1	0.5
Bristol Value II, L.P.	17,966,700	2.2	10.7	13.1	11.7	2.9	10.7	13.9	12.2	1Q13	10.8	1.5
Broadview Real Estate Partners Fund, L.P.	7,019,854					-6.3	287.1	N/A	N/A	4Q19	14.8	1.2
Bryanston Retail Opportunity Fund	8,261,028	0.8	20.9	21.8	21.4	6.2	25.0	30.9	28.1	2Q05	79.6	4.6
California Smart Growth Fund IV	1,024,450	9.8	4.1	14.3	14.0	4.8	1.0	5.9	4.1	1Q07	3.0	1.2
Cerberus Institutional Real Estate Partners V	28,991,643					-3.6	40.8	36.2	22.7	1Q21	21.5	1.2
CIM Real Estate Fund III [2]	6,587,989	0.3	0.8	1.2	-0.3	-7.4	N/A	N/A	N/A	1Q08	8.8	1.7
Colony Investors VIII [1,2]	30,462	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q07	-11.5	0.4
Latin America Investors III [1]	-1,894,613	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1Q09	0.0	0.1
Lone Star Fund VII [1]	49,723	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3Q11	50.2	1.8
Lone Star Real Estate Fund II [1]	28,348	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3Q11	26.3	1.5
Oaktree Real Estate Opportunities Fund VIII L.P.	10,392,673					4.5	8.1	12.9	8.0	4Q21	204.3	1.3
RECP Fund IV, L.P.	20,893,903	2.0	-1.4	0.5	0.1	3.0	-5.8	-3.0	-5.9	4Q08	2.3	1.2
Southern California Smart Growth Fund [1]	35,009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1Q05	0.0	1.0
Stockbridge Real Estate Fund II [1]	353,356	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q06	-6.8	0.5
Torchlight Debt Opportunity Fund IV	3,964,624	4.6	-1.8	2.7	4.2	6.9	0.2	7.0	6.8	4Q13	9.5	1.4
TPG Real Estate Partners IV	-414,473									4Q22	0.0	0.0
Walton Street Real Estate Fund V	1,111,837	0.0	-12.1	-12.0	-12.2	1.7	-4.5	-2.9	-4.3	4Q06	-3.5	0.7
Walton Street Real Estate Fund VI	9,865,212	5.8	-0.8	5.0	4.1	-5.5	10.0	2.9	-0.9	3Q09	8.3	1.6
Wolff Credit Partners III, LP	2,189,507					13.7	0.0	13.7	7.2	2Q22	-6.2	0.9
Opportunistic	**116,660,890**	**1.8**	**1.8**	**3.6**	**1.8**	**3.9**	**2.8**	**6.7**	**3.3**	**4Q96**	**2.2**	**1.1**
Private Real Estate Portfolio Only (ex. Timber) [3]	**1,148,401,931**	**3.8**	**7.1**	**11.1**	**9.4**	**5.9**	**2.1**	**8.1**	**6.4**	**1Q89**		
Non-Core Portfolio	**326,118,933**	**3.7**	**5.9**	**9.7**	**6.8**	**6.1**	**3.0**	**9.3**	**6.7**	**4Q90**		
Total Portfolio [3]												
LACERS	**1,167,868,450**	**3.7**	**7.0**	**11.0**	**9.3**	**5.9**	**2.1**	**8.1**	**6.4**	**1Q89**		
Indices												
NFI-ODCE (Core)		4.0	6.3	10.5	9.6	6.5	1.3	7.8	6.8	1Q89		
NFI-ODCE + 80 bps (Total Portfolio)				11.3	10.4			8.6	7.6	1Q89		
NFI-ODCE + 200 bps (Non-Core Portfolio)				12.5	11.6			9.4	8.4	4Q90		
NFI -ODCE + 50 bps (Value Add)				11.0	10.1			7.9	6.9	4Q90		
NFI -ODCE + 300 bps (Opportunistic)				13.5	12.6			12.1	11.0	4Q96		
NCREIF Timberland Property Index "NTI"		3.0	1.3	4.4		3.3	2.8	6.1		4Q99		

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

[1] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[2] Broken time-weighted return since inception.

[3] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/22.

Returns (%)	Market Value ($)	2022		2021		2020		2019		2018		2017	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core													
Berkshire Multifamily Income Realty Fund	21,761,307	15.0	14.6	25.7	24.9	1.9	1.0	5.0	4.2	6.2	5.6	5.4	4.7
CIM VI (Urban REIT), LLC	20,065,606	2.5	1.9	-0.7	-2.0	-5.0	-6.3	5.3	3.9	10.4	8.9	5.2	3.7
INVESCO Core Real Estate	250,337,647	11.7	11.6	21.1	20.7	-1.6	-1.9	6.6	6.2	9.4	9.0	8.4	8.0
Jamestown Premier Property Fund	34,695,618	3.1	2.7	-0.5	-1.1	-9.3	-9.4	3.0	2.4	9.7	7.7	18.0	14.2
JP Morgan Strategic Property Fund	95,223,473	11.5	11.1	20.9	19.8	1.4	0.4	4.4	3.4	8.0	7.0	7.2	6.2
Kayne Anderson Core Real Estate Fund	65,731,670	6.5	6.1	13.2	12.8	4.0	3.5	9.6	9.0				
Lion Industrial Trust - 2007	170,620,011	21.3	18.0	49.7	41.5	13.7	11.6	16.5	13.9	18.7	15.9	14.4	12.3
Prime Property Fund	71,308,181	11.0	10.3	22.9	21.5	2.1	1.3	7.4	6.2	9.1	8.0	9.9	8.8
Principal U.S. Property Account	92,539,485	11.0	10.6	23.7	22.6	1.6	0.6	7.0	6.0	9.1	8.1	9.1	8.1
Core	**822,282,998**	**12.2**	**11.4**	**23.0**	**21.2**	**1.2**	**0.4**	**7.2**	**6.3**	**9.8**	**8.7**	**9.2**	**8.1**
Timber													
Hancock Timberland XI	19,466,518	0.5	0.1	10.9	9.9	0.6	-0.3	4.9	3.9	3.9	2.9	2.1	1.2
Timber	**19,466,518**	**0.5**	**0.1**	**10.9**	**9.9**	**0.6**	**-0.3**	**4.9**	**3.9**	**3.9**	**2.9**	**2.1**	**1.2**
Value Added													
Almanac Realty Securities VI	3,340,695	-2.7	-3.2	17.2	15.9	-32.1	-32.9	-2.5	-3.2	2.0	1.3	0.4	-0.3
Asana Partners Fund I	27,196,026	9.3	7.0	53.1	35.3	-13.0	-7.1	28.7	21.3	26.4	18.7	18.1	10.8
Asana Partners Fund II	22,573,503	-2.9	-2.8	63.7	49.9	-36.4	-45.7	11.1	1.5				
DRA Growth and Income Fund VII	2,021,014	19.6	16.0	49.6	39.6	51.2	40.5	58.0	46.3	45.3	37.5	34.3	27.5
DRA Growth and Income Fund VIII	9,526,017	4.7	3.6	32.7	31.9	-16.6	-17.1	11.0	8.6	14.1	11.3	14.2	11.7
Gerrity Retail Fund 2	17,302,855	2.7	1.9	7.4	5.9	-11.5	-12.7	6.7	5.3	12.4	10.6	9.8	7.6
GLP Capital Partners IV	26,461,796	9.9	9.6	49.8	49.0								
Heitman Asia-Pacific Property Investors	19,218,479	0.6	0.2	4.7	4.0	5.2	4.3	4.1	3.3	-4.7	-5.2		
LBA Logistics Value Fund IX	6,558,460	-0.2	-2.7										
LBA Logistics Value Fund VII	38,572,134	2.5	1.8	52.3	48.5	12.4	11.0						
NREP Nordic Strategies Fund IV[3]	14,764,005	2.0	-4.4	30.9	10.3	22.1	-121.4						
Standard Life Investments European Real Estate Club II[1]	120,071	-13.4	-13.0	5.7	4.4	3.9	1.1	54.8	41.9	-2.0	-2.7	33.8	32.6
Waterton Residential Property Venture XIV, L.P.	21,802,988	21.2	16.3	91.3	63.1								
Value Added	**209,458,043**	**5.1**	**3.5**	**39.2**	**31.3**	**-4.8**	**-6.8**	**18.9**	**13.9**	**14.1**	**11.0**	**18.6**	**15.9**
Total Portfolio[2]													
LACERS	**1,167,868,450**	**10.1**	**9.0**	**25.3**	**22.4**	**-0.8**	**-1.8**	**7.6**	**6.2**	**8.4**	**7.0**	**10.0**	**8.6**
Indices													
NFI-ODCE (Core)		12.5	12.0	22.2	21.0	1.2	0.3	5.3	4.4	8.3	7.4	7.6	6.7
NFI-ODCE + 80 bps (Total Portfolio)		13.3	12.8	23.0	21.8	2.0	1.1	6.1	5.2	9.1	8.2	8.4	7.5
NFI-ODCE + 200 bps (Non-Core Portfolio)		14.5	14.0	24.2	23.0	4.0	3.1	8.1	7.2	11.1	10.2	10.4	9.5
NFI-ODCE + 50 bps (Value Add)		13.0	12.5	22.7	21.5	1.7	0.8	5.8	4.9	8.8	7.9	8.1	7.2
NFI-ODCE + 300 bps (Opportunistic)		15.5	15.0	25.2	24.0	4.2	3.3	8.3	7.4	11.3	10.4	10.6	9.7
NCREIF Timberland Index (Timber)		5.1		9.2		0.8		1.3		3.4		3.6	

1 Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.
[2] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/22.
[3] Broken time-weighted return since inception.

Calendar Year Returns

Returns (%)	Market Value ($)	2016		2015		2014		2013		2012	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core											
Berkshire Multifamily Income Realty Fund	21,761,307	10.4	9.5								
CIM VI (Urban REIT), LLC	20,065,606	2.6	2.4	13.4	11.0	15.0	13.5	6.8	5.4	13.8	13.1
INVESCO Core Real Estate	250,337,647	9.2	8.9	14.7	14.3	12.4	11.9	14.3	13.8	8.7	8.2
Jamestown Premier Property Fund	34,695,618	6.7	5.4	8.5	7.0						
JP Morgan Strategic Property Fund	95,223,473	8.4	7.3	15.2	14.1	11.1	10.1	15.9	14.8	12.1	11.0
Kayne Anderson Core Real Estate Fund	65,731,670										
Lion Industrial Trust - 2007	170,620,011	14.9	12.8								
Prime Property Fund	71,308,181	10.4	9.2								
Principal U.S. Property Account	92,539,485	10.1	9.0	3.0	2.8						
Core	**822,282,998**	**8.7**	**7.9**	**13.4**	**12.7**	**11.8**	**11.3**	**13.3**	**12.5**	**9.6**	**8.9**
Timber											
Hancock Timberland XI	19,466,518	3.5	2.6	5.4	4.6	5.2	4.6	9.9	8.9	8.1	7.6
Timber	**19,466,518**	**3.5**	**2.6**	**5.4**	**4.5**	**8.1**	**4.5**	**20.9**	**17.8**	**9.9**	**8.9**
Value Added											
Almanac Realty Securities VI	3,340,695	15.2	14.3	23.5	21.2	15.2	12.8	31.6	26.1		
Asana Partners Fund I	27,196,026										
Asana Partners Fund II	22,573,503										
DRA Growth and Income Fund VII	2,021,014	35.2	28.8	22.9	16.2	20.3	17.7	18.7	15.5	17.6	14.3
DRA Growth and Income Fund VIII	9,526,017	14.7	11.8	16.0	12.9	2.7	2.1				
Gerrity Retail Fund 2	17,302,855	21.4	17.7	1.7	0.6						
GLP Capital Partners IV	26,461,796										
Heitman Asia-Pacific Property Investors	19,218,479										
LBA Logistics Value Fund IX	6,558,460										
LBA Logistics Value Fund VII	38,572,134										
NREP Nordic Strategies Fund IV[3]	14,764,005										
Standard Life Investments European Real Estate Club II[1]	120,071	8.1	7.1								
Waterton Residential Property Venture XIV, L.P.	21,802,988										
Value Added	**209,458,043**	**14.6**	**12.1**	**14.5**	**11.7**	**12.6**	**10.9**	**9.5**	**7.9**	**17.1**	**15.6**
Total Portfolio[2]											
LACERS	**1,167,868,450**	**8.1**	**6.8**	**11.2**	**9.5**	**13.7**	**11.8**	**13.5**	**11.4**	**12.8**	**11.0**
Indices											
NFI-ODCE (Core)		8.8	7.8	15.0	14.0	12.5	11.5	13.9	12.9	10.9	9.8
NFI-ODCE + 80 bps (Total Portfolio)		9.6	8.6	15.8	14.8	13.3	12.3	14.7	13.7	11.7	10.6
NFI-ODCE + 200 bps (Non-Core Portfolio)		11.6	10.6	17.8	16.8	15.3	14.3	16.7	15.7	13.7	12.6
NFI-ODCE + 50 bps (Value Add)		9.3	8.3	15.5	14.5	13.0	12.0	14.4	13.4	11.4	10.3
NFI-ODCE + 300 bps (Opportunistic)		11.8	10.8	18.0	17.0	15.5	14.5	16.9	15.9	13.9	12.8
NCREIF Timberland Index (Timber)		2.7		5.0		10.5		9.7		7.8	

1 Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

2 Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/22.

3 Broken time-weighted return since inception.

Calendar Year Returns

Returns (%)	Market Value ($)	2022		2021		2020		2019		2018		2017	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Opportunistic													
Apollo CPI Europe I [1]	203,658	-8.6	-8.6	-8.3	-8.3	N/A	N/A	1.6	1.6	-23.0	-23.2	10.4	10.4
Bristol Value II, L.P.	17,966,700	7.9	7.5	16.9	15.9	10.1	8.7	8.5	6.9	6.7	5.1	17.1	15.3
Broadview Real Estate Partners Fund, L.P.	7,019,854	9.4	6.4	60.3	40.2	82.4	35.2	-158.5	-158.5				
Bryanston Retail Opportunity Fund	8,261,028	-10.8	-10.9	74.3	74.0	51.2	50.8	18.3	17.9	23.5	22.9	-22.1	-22.4
California Smart Growth Fund IV	1,024,450	13.0	13.0	26.4	26.4	10.1	10.1	28.3	28.3	-6.1	-6.1	14.3	12.8
Cerberus Institutional Real Estate Partners V	28,991,643	13.9	10.1	39.5	23.4								
CIM Real Estate Fund III[1]	6,587,989	5.0	4.3	11.0	9.0	-17.2	-18.5	0.3	-1.1	5.9	4.5	8.0	6.4
Colony Investors VIII[1]	30,462	-10.5	-10.5	-2.3	-2.3	N/A	N/A	-9.8	-9.8	-19.2	-19.2	16.0	14.9
Latin America Investors III[1]	-1,894,613	13.9	19.7	-54.1	-46.9	N/A	N/A	N/A	N/A	-99.0	-103.0	-21.9	-24.6
Lone Star Fund VII [1]	49,723	-1.9	-1.4	45.6	42.0	N/A	N/A	N/A	N/A	-38.2	-29.2	-57.8	-46.7
Lone Star Real Estate Fund II[1]	28,348	0.6	1.0	6.4	-11.4	N/A	N/A	10.1	10.4	-2.9	-1.0	-0.7	5.4
Oaktree Real Estate Opportunities Fund VIII	10,392,673	4.7	2.1	7.8	5.8								
RECP Fund IV, L.P.	20,893,903	4.5	4.5	10.4	12.9	-23.0	-25.1	2.3	2.1	2.1	1.6	14.6	12.4
Southern California Smart Growth Fund[1]	35,009	-4.5	-4.5	-8.9	-8.9	N/A	N/A	N/A	N/A	N/A	N/A	-1.1	-1.1
Stockbridge Real Estate Fund II	353,356	20.0	19.8	16.0	15.3	-6.2	-6.6	-4.6	-5.0	0.6	0.2	21.2	20.6
Torchlight Debt Opportunity Fund IV	3,964,624	-2.3	0.1	10.7	7.9	-12.3	-4.0	-2.2	1.5	14.8	10.7	15.2	11.3
TPG Real Estate Partners IV	-414,473												
Walton Street Real Estate Fund V	1,111,837	-8.4	-8.4	-10.3	-10.3	-8.7	-8.7	-17.9	-18.1	-16.6	-17.1	4.5	3.5
Walton Street Real Estate Fund VI	9,865,212	5.9	5.8	19.8	19.2	-10.0	-11.0	2.0	1.0	4.2	3.1	9.2	7.9
Wolff Credit Partners III, LP	2,189,507	13.7	7.2										
Opportunistic	**116,660,890**	**6.4**	**4.9**	**12.4**	**10.5**	**-11.2**	**-12.8**	**0.1**	**-0.8**	**-1.1**	**-2.5**	**7.5**	**5.8**
Private Real Estate Portfolio Only (ex. Timber)[2]	**1,148,401,931**	**10.3**	**9.2**	**16.0**	**13.9**	**-0.8**	**-1.9**	**7.7**	**6.3**	**8.6**	**7.1**	**10.2**	**8.8**
Non-Core Portfolio	**326,118,933**	**5.6**	**4.0**	**20.6**	**16.2**	**-7.6**	**-9.3**	**9.0**	**6.2**	**5.8**	**3.7**	**12.1**	**10.0**
Total Portfolio[2]													
LACERS	**1,167,868,450**	**10.1**	**9.0**	**25.3**	**22.4**	**-0.8**	**-1.8**	**7.6**	**6.2**	**8.4**	**7.0**	**10.0**	**8.6**
Indices													
NFI-ODCE (Core)		12.5	12.0	22.2	21.0	1.2	0.3	5.3	4.4	8.3	7.4	7.6	6.7
NFI-ODCE + 80 bps (Total Portfolio)		13.3	12.8	23.0	21.8	2.0	1.1	6.1	5.2	9.1	8.2	8.4	7.5
NFI-ODCE + 200 bps (Non-Core Portfolio)		14.5	14.0	24.2	23.0	4.0	3.1	8.1	7.2	11.1	10.2	10.4	9.5
NFI-ODCE + 50 bps (Value Add)		13.0	12.5	22.7	21.5	1.7	0.8	5.8	4.9	8.8	7.9	8.1	7.2
NFI-ODCE + 300 bps (Opportunistic)		15.5	15.0	25.2	24.0	4.2	3.3	8.3	7.4	11.3	10.4	10.6	9.7
NCREIF Timberland Index (Timber)		5.1		9.2		0.8		1.3		3.4		3.6	

[1] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[2] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/22.

Returns (%)	Market Value ($)	2016		2015		2014		2013		2012	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Opportunistic											
Apollo CPI Europe I [1]	203,658	-0.3	-0.4	-16.0	-16.4	-0.8	-1.5	0.7	0.1	20.3	19.5
Bristol Value II, L.P.	17,966,700	11.0	9.1	8.2	6.1	12.4	10.6	35.0	33.0		
Broadview Real Estate Partners Fund, L.P.	7,019,854										
Bryanston Retail Opportunity Fund	8,261,028	-2.5	-2.8	144.0	142.1	7.3	5.8	50.5	47.5	40.1	37.2
California Smart Growth Fund IV	1,024,450	5.9	5.4	20.3	19.2	17.9	16.2	13.1	11.6	19.9	18.3
Cerberus Institutional Real Estate Partners V	28,991,643										
CIM Real Estate Fund III[1]	6,587,989	5.4	4.0	8.3	7.1	11.0	9.8	11.1	9.9	20.8	19.4
Colony Investors VIII[1]	30,462	-13.9	-15.0	-3.3	-6.0	-8.7	-10.9	45.6	42.0	14.4	10.9
Latin America Investors III[1]	-1,894,613	-4.9	-6.9	-30.3	-32.8	0.4	-4.6	-17.9	-22.4	-60.0	-62.6
Lone Star Fund VII [1]	49,723	-27.3	-21.1	-0.1	0.0	42.8	33.5	100.6	75.7	59.7	43.7
Lone Star Real Estate Fund II[1]	28,348	16.4	13.8	42.5	32.9	58.3	44.7	30.5	22.3	40.2	30.6
Oaktree Real Estate Opportunities Fund VIII	10,392,673										
RECP Fund IV, L.P.	20,893,903	6.9	5.3	8.3	6.2	6.4	4.6	8.5	6.7	23.4	21.1
Southern California Smart Growth Fund[1]	35,009	44.3	43.3	21.0	19.2	21.8	19.3	14.9	11.4	-33.5	-33.6
Stockbridge Real Estate Fund II	353,356	-4.7	-5.5	3.9	2.6	24.4	22.8	46.5	43.7	3.2	0.7
Torchlight Debt Opportunity Fund IV	3,964,624	11.8	9.8	12.0	9.8	13.9	10.4	3.6	3.0		
TPG Real Estate Partners IV	-414,473										
Walton Street Real Estate Fund V	1,111,837	2.1	0.7	11.9	10.4	13.2	11.7	12.9	11.2	9.5	7.8
Walton Street Real Estate Fund VI	9,865,212	-5.4	-6.6	13.5	12.2	14.8	13.4	16.0	14.3	12.1	10.4
Wolff Credit Partners III, LP	2,189,507										
Opportunistic	**116,660,890**	**2.8**	**1.3**	**7.2**	**5.3**	**15.7**	**12.9**	**15.3**	**12.2**	**12.5**	**10.1**
Private Real Estate Portfolio Only (ex. Timber)[2]	**1,148,401,931**	**8.2**	**6.9**	**11.3**	**9.6**	**13.8**	**12.0**	**13.4**	**11.3**	**12.8**	**11.1**
Non-Core Portfolio	**326,118,933**	**7.5**	**5.6**	**9.8**	**7.6**	**14.7**	**12.2**	**13.6**	**10.9**	**14.0**	**11.9**
Total Portfolio[2]											
LACERS	**1,167,868,450**	**8.1**	**6.8**	**11.2**	**9.5**	**13.7**	**11.8**	**13.5**	**11.4**	**12.8**	**11.0**
Indices											
NFI-ODCE (Core)		8.8	7.8	15.0	14.0	12.5	11.5	13.9	12.9	10.9	9.8
NFI-ODCE + 80 bps (Total Portfolio)		9.6	8.6	15.8	14.8	13.3	12.3	14.7	13.7	11.7	10.6
NFI-ODCE + 200 bps (Non-Core Portfolio)		11.6	10.6	17.8	16.8	15.3	14.3	16.7	15.7	13.7	12.6
NFI-ODCE + 50 bps (Value Add)		9.3	8.3	15.5	14.5	13.0	12.0	14.4	13.4	11.4	10.3
NFI-ODCE + 300 bps (Opportunistic)		11.8	10.8	18.0	17.0	15.5	14.5	16.9	15.9	13.9	12.8
NCREIF Timberland Index (Timber)		2.7		5.0		10.5		9.7		7.8	

[1] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[2] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/22.

Quarterly Cash Flow Activity ($)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Core									
Berkshire Multifamily Income Realty Fund	22,866,768	0	92,837	2,686,294	151,934	35,419	1,557,155	21,761,307	38.8
CIM VI (Urban REIT), LLC	23,575,992	0	3,461,293	0	104,699	65,544	-88,248	20,065,606	15.4
INVESCO Core Real Estate	238,861,079	1,850,649	1,878,657	0	2,078,111	192,501	9,618,966	250,337,647	23.8
Jamestown Premier Property Fund	34,583,541	51,875	108,641	0	157,696	61,362	72,509	34,695,618	42.6
JP Morgan Strategic Property Fund	91,130,880	0	0	0	680,945	192,395	3,604,043	95,223,473	24.9
Kayne Anderson Core Real Estate Fund	60,053,765	4,556,203	665,066	0	753,460	113,757	1,147,065	65,731,670	33.5
Lion Industrial Trust - 2007	133,382,105	26,555,370	667,987	0	1,271,783	1,987,406	12,066,146	170,620,011	24.5
Prime Property Fund	69,870,649	0	688,577	0	595,685	271,717	1,802,141	71,308,181	18.0
Principal U.S. Property Account	89,798,283	0	0	0	816,646	182,331	2,106,887	92,539,485	22.4
Core	**764,123,062**	**33,014,097**	**7,563,058**	**2,686,294**	**6,610,959**	**3,102,432**	**31,886,665**	**822,282,998**	**25.7**
Timber									
Hancock Timberland XI	19,571,170	0	82,584	0	23,406	45,474	0	19,466,518	0.0
Timber	**19,571,170**	**0**	**82,584**	**0**	**23,406**	**45,474**	**0**	**19,466,518**	**0.0**
Value Added									
Almanac Realty Securities VI	3,541,178	0	0	0	-825	9,284	-190,374	3,340,695	0.0
Asana Partners Fund I	26,736,351	0	600,000	0	252,492	317,798	1,124,980	27,196,026	37.8
Asana Partners Fund II	23,884,877	0	0	0	16,257	-271,917	-1,599,549	22,573,503	55.4
DRA Growth and Income Fund VII	2,002,847	0	0	0	24,136	8,450	2,481	2,021,014	61.5
DRA Growth and Income Fund VIII	9,637,265	0	114,278	206,450	148,180	63,361	124,661	9,526,017	68.1
Gerrity Retail Fund 2	17,716,748	0	586,577	0	231,585	58,900	0	17,302,855	52.7
GLP Capital Partners IV	26,393,831	0	379,014	0	141,205	33,853	339,627	26,461,796	53.5
Heitman Asia-Pacific Property Investors	19,610,027	85,508	205,362	0	180,764	36,243	-416,214	19,218,479	47.0
LBA Logistics Value Fund IX	2,865,928	3,846,154	0	0	-8,214	143,750	-1,658	6,558,460	67.8
LBA Logistics Value Fund VII	34,229,799	4,288,407	230,914	0	311,042	119,956	93,757	38,572,134	38.7
NREP Nordic Strategies Fund IV	12,814,062	1,894,150	0	0	-447,990	490,042	993,825	14,764,005	43.0
Standard Life Investments European Real Estate Club II	132,524	0	0	0	-6,355	-742	-6,840	120,071	0.0
Waterton Residential Property Venture XIV, L.P.	16,042,501	5,375,442	0	0	-69	141,174	526,288	21,802,988	67.8
Value Added	**195,607,938**	**15,489,661**	**2,116,145**	**206,450**	**842,207**	**1,150,151**	**990,984**	**209,458,043**	**52.4**
Total Portfolio									
LACERS	**1,095,795,224**	**52,364,608**	**12,685,193**	**3,346,975**	**8,178,524**	**5,412,093**	**32,974,358**	**1,167,868,449**	**35.6**

Quarterly Cash Flow Activity ($)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Opportunistic									
Apollo CPI Europe I	495,729	0	268,817	0	-1,431	0	-21,823	203,658	0.0
Bristol Value II, L.P.	17,886,464	92,444	211,682	0	234,736	31,315	-3,947	17,966,700	33.6
Broadview Real Estate Partners Fund, L.P.	6,918,007	0	0	0	-25,719	50,304	177,871	7,019,854	0.0
Bryanston Retail Opportunity Fund	10,282,567	0	0	37,038	44,851	2,901	-2,026,451	8,261,028	36.6
California Smart Growth Fund IV	1,026,301	0	0	0	-1,851	0	0	1,024,450	0.0
Cerberus Institutional Real Estate Partners V	27,521,537	0	0	0	-104,821	507,921	2,082,848	28,991,643	68.9
CIM Real Estate Fund III	7,052,834	0	67,593	415,212	39,012	25,567	4,515	6,587,989	31.5
Colony Investors VIII	33,536	0	0	0	-3,074	0	0	30,462	0.0
Latin America Investors III	-1,596,295	0	0	0	-59,178	41,574	-197,566	-1,894,613	38.2
Lone Star Fund VII	50,369	0	0	0	-646	0	0	49,723	0.0
Lone Star Real Estate Fund II	55,711	0	25,806	1,981	427	2	0	28,348	100.0
Oaktree Real Estate Opportunities Fund VIII L.P.	8,077,384	2,500,000	0	0	68,218	83,507	-169,422	10,392,673	0.0
RECP Fund IV, L.P.	21,472,606	1,268,406	2,192,916	0	-3,919	0	349,726	20,893,903	51.2
Southern California Smart Growth Fund	35,616	0	0	0	-607	0	0	35,009	0.0
Stockbridge Real Estate Fund II	306,686	0	0	0	46,670	0	0	353,356	0.0
Torchlight Debt Opportunity Fund IV	3,990,647	0	0	0	17,575	-75,271	-118,869	3,964,624	22.6
TPG Real Estate Partners IV	0	0	0	0	-106,774	307,699	0	-414,473	102.8
Walton Street Real Estate Fund V	1,287,416	0	156,592	0	-1,491	0	-17,496	1,111,837	35.7
Walton Street Real Estate Fund VI	9,554,219	0	0	0	280,937	7,267	37,323	9,865,212	39.2
Wolff Credit Partners III, LP	2,041,720	0	0	0	279,037	131,250	0	2,189,507	77.2
Opportunistic	**116,493,054**	**3,860,850**	**2,923,406**	**454,231**	**701,952**	**1,114,036**	**96,709**	**116,660,890**	**53.1**
Private Real Estate Portfolio Only (ex. Timber)	**1,076,224,054**	**52,364,608**	**12,602,609**	**3,346,975**	**8,155,118**	**5,366,619**	**32,974,358**	**1,148,401,931**	**36.0**
Non-Core Portfolio	**312,100,992**	**19,350,511**	**5,039,551**	**660,681**	**1,544,159**	**2,264,187**	**1,087,693**	**326,118,933**	**52.6**
Total Portfolio									
LACERS	**1,095,795,224**	**52,364,608**	**12,685,193**	**3,346,975**	**8,178,524**	**5,412,093**	**32,974,358**	**1,167,868,449**	**35.6**

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Core						
Berkshire Multifamily Income Realty Fund	100.0	-	-	-	-	-
CIM VI (Urban REIT), LLC	48.6	43.9	-	7.5	-	-
INVESCO Core Real Estate	26.3	24.0	28.3	11.4	-	10.0
Jamestown Premier Property Fund	-	69.5	-	22.2	-	8.2
JP Morgan Strategic Property Fund	22.7	23.7	34.0	15.5	-	4.2
Kayne Anderson Core Real Estate Fund	-	-	-	-	-	100.0
Lion Industrial Trust - 2007	-	-	100.0	-	-	-
Prime Property Fund	26.2	21.0	31.7	6.8	-	14.3
Principal U.S. Property Account	24.6	23.1	34.7	9.9	-	7.8
Core	**19.2**	**17.7**	**42.2**	**7.8**	**-**	**13.1**
Timber						
Hancock Timberland XI	-	-	-	-	-	100.0
Timber	**-**	**-**	**-**	**-**	**-**	**100.0**
Value Added						
Almanac Realty Securities VI	27.3	-	-	-	70.0	2.8
Asana Partners Fund I	0.9	25.1	-	74.0	-	-
Asana Partners Fund II	0.7	47.6	-	51.7	-	-
DRA Growth and Income Fund VII	20.2	8.6	-	71.1	-	-
DRA Growth and Income Fund VIII	5.9	45.6	-	48.5	-	-
Gerrity Retail Fund 2	-	-	-	100.0	-	-
GLP Capital Partners IV	-	-	100.0	-	-	-
Heitman Asia-Pacific Property Investors	-	48.7	-	18.8	-	32.5
LBA Logistics Value Fund IX	-	-	85.3	-	-	14.7
LBA Logistics Value Fund VII	-	-	85.2	-	-	14.8
NREP Nordic Strategies Fund IV	28.0	3.5	30.7	4.3	7.6	25.8
Standard Life Investments European Real Estate Club II	-	-	-	-	-	-
Waterton Residential Property Venture XIV, L.P.	100.0	-	-	-	-	-
Value Added	**14.0**	**15.8**	**31.5**	**28.5**	**1.9**	**8.4**
Total Portfolio						
Los Angeles City Employees' Retirement System	**17.5**	**16.5**	**36.8**	**11.2**	**2.4**	**15.6**
Indices						
NFI-ODCE*	**29.0**	**23.5**	**30.7**	**10.0**	**0.2**	**6.7**

*NCREIF changed the basis of diversification for the NFI-ODCE from Net Real Estate Assets to Gross Real Estate Assets effective 1Q2020.

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Opportunistic						
Apollo CPI Europe I	-	-	-	-	-	-
Bristol Value II, L.P.	-	56.2	-	-	-	43.8
Broadview Real Estate Partners Fund, L.P.	-	-	33.2	-	-	66.8
Bryanston Retail Opportunity Fund	-	-	-	100.0	-	-
California Smart Growth Fund IV	-	-	46.3	-	-	53.7
Cerberus Institutional Real Estate Partners V	-	0.7	38.8	0.0	31.3	29.2
CIM Real Estate Fund III	0.0	32.8	-	12.0	31.8	23.4
Colony Investors VIII	-	-	-	-	-	-
Latin America Investors III	-	39.5	-	-	-	60.5
Lone Star Fund VII	-	-	-	-	-	100.0
Lone Star Real Estate Fund II	-	-	-	-	-	100.0
Oaktree Real Estate Opportunities Fund VIII L.P.	42.1	13.3	24.3	-	18.6	1.7
RECP Fund IV, L.P.	7.7	3.8	2.3	-	41.5	44.8
Southern California Smart Growth Fund	-	-	100.0	-	-	-
Stockbridge Real Estate Fund II	-	-	-	-	-	-
Torchlight Debt Opportunity Fund IV	-	-	-	18.1	47.4	34.5
TPG Real Estate Partners IV	-	-	46.6	-	-	53.4
Walton Street Real Estate Fund V	-	-	-	4.3	45.7	50.0
Walton Street Real Estate Fund VI	3.0	-3.5	-	4.0	-	96.6
Wolff Credit Partners III, LP	100.0	-	-	-	-	-
Opportunistic	**14.8**	**12.0**	**16.0**	**6.9**	**18.8**	**31.5**
Private Real Estate Portfolio Only (ex. Timber)	**17.8**	**16.7**	**37.3**	**11.4**	**2.4**	**14.3**
Non-Core Portfolio	**14.3**	**14.3**	**25.5**	**20.2**	**8.4**	**17.3**
Total Portfolio						
Los Angeles City Employees' Retirement System	**17.5**	**16.5**	**36.8**	**11.2**	**2.4**	**15.6**
Indices						
NFI-ODCE*	**29.0**	**23.5**	**30.7**	**10.0**	**0.2**	**6.7**

*NCREIF changed the basis of diversification for the NFI-ODCE from Net Real Estate Assets to Gross Real Estate Assets effective 1Q2020.

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
Core										
Berkshire Multifamily Income Realty Fund	5.1	3.9	7.8	3.6	21.6	25.1	7.8	25.0	-	-
CIM VI (Urban REIT), LLC	31.8	23.9	-	-	-	24.7	-	19.6	-	-
INVESCO Core Real Estate	16.8	7.4	1.4	0.3	3.5	13.8	9.2	47.5	-	-
Jamestown Premier Property Fund	28.1	30.5	-	-	4.3	-	-	37.1	-	-
JP Morgan Strategic Property Fund	15.3	6.2	4.4	0.2	4.8	13.3	4.8	51.0	-	-
Kayne Anderson Core Real Estate Fund	7.4	9.6	13.7	5.6	34.3	16.2	9.0	4.2	-	-
Lion Industrial Trust - 2007	18.6	3.2	5.3	0.9	13.6	14.3	7.8	36.3	-	-
Prime Property Fund	28.4	5.1	8.0	0.7	13.8	8.4	6.1	29.4	-	-
Principal U.S. Property Account	11.6	8.6	2.1	1.5	9.9	15.3	13.3	37.7	-	-
Core	**17.3**	**7.5**	**4.3**	**1.1**	**10.3**	**13.8**	**8.0**	**37.9**	-	**-**
Timber										
Hancock Timberland XI	-	-	-	-	-	-	-	23.9	61.6	14.5
Timber	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**23.9**	**61.6**	**14.5**
Value Added										
Almanac Realty Securities VI	-	-	-	-	-	-	-	-	100.0	-
Asana Partners Fund I	6.2	35.3	-	-	32.8	21.6	-	4.1	-	-
Asana Partners Fund II	19.3	19.7	-	10.0	17.3	6.4	21.1	6.2	-	-
DRA Growth and Income Fund VII	-	20.2	-	-	2.7	-	36.3	40.8	-	-
DRA Growth and Income Fund VIII	14.3	5.2	33.7	11.1	15.8	9.5	-	10.2	-	-
Gerrity Retail Fund 2	-	-	-	-	-	-	-	100.0	-	-
GLP Capital Partners IV	31.3	5.3	4.6	-	6.4	7.2	-	45.1	-	-
Heitman Asia-Pacific Property Investors	-	-	-	-	-	-	-	-	-	100.0
LBA Logistics Value Fund IX	10.1	-	7.9	-	22.4	-	-	59.6	-	-
LBA Logistics Value Fund VII	9.5	13.6	9.7	1.3	20.8	9.6	9.0	26.5	-	-
NREP Nordic Strategies Fund IV	-	-	-	-	-	-	-	-	-	100.0
Standard Life Investments European Real Estate Club II	-	-	-	-	-	-	-	-	-	100.0
Waterton Residential Property Venture XIV, L.P.	3.8	-	10.6	-	31.4	6.2	7.5	40.5	-	-
Value Added	**9.7**	**10.9**	**4.7**	**2.0**	**15.6**	**7.3**	**5.5**	**24.1**	**1.5**	**18.6**
Total Portfolio										
LACERS	**16.6**	**7.6**	**4.1**	**1.1**	**12.1**	**11.1**	**7.0**	**32.5**	**2.9**	**5.1**
Indices										
NFI-ODCE*	**21.2**	**8.1**	**5.5**	**0.8**	**10.8**	**9.1**	**7.1**	**37.5**	**-**	**-**

*NCREIF changed the basis of diversification for the NFI-ODCE from Net Real Estate Assets to Gross Real Estate Assets effective 1Q2020.

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
Opportunistic										
Apollo CPI Europe I	-	-	-	-	-	-	-	-	100.0	-
Bristol Value II, L.P.	51.6	-	-	-	38.0	-	10.5	-	-	-
Broadview Real Estate Partners Fund, L.P.	-	-	13.6	-	86.4	-	-	-	-	-
Bryanston Retail Opportunity Fund	16.9	0.0	9.8	0.2	1.5	11.8	13.6	46.1	-	-
California Smart Growth Fund IV	-	-	-	-	-	-	-	100.0	-	-
Cerberus Institutional Real Estate Partners V	1.0	-	-	-	1.2	-	5.0	1.5	54.5	36.9
CIM Real Estate Fund III	16.9	-	9.6	-	21.5	16.7	-	35.3	-	-
Colony Investors VIII	-	-	-	-	-	-	-	-	100.0	-
Latin America Investors III	-	-	-	-	-	-	-	-	-	100.0
Lone Star Fund VII	-	-	100.0	-	-	-	-	-	-	-
Lone Star Real Estate Fund II	-	-	-	-	-	-	-	-	100.0	-
Oaktree Real Estate Opportunities Fund VIII L.P.	25.3	7.8	1.8	0.4	20.6	-	-	21.2	-	22.9
RECP Fund IV, L.P.	32.5	16.4	-	-	-	2.3	-	23.2	-	25.7
Southern California Smart Growth Fund	-	-	-	-	-	-	-	100.0	-	-
Stockbridge Real Estate Fund II	-	-	-	-	-	-	-	-	100.0	-
Torchlight Debt Opportunity Fund IV	-	-	-	-	-	-	-	-	100.0	-
TPG Real Estate Partners IV	29.2	-	-	-	70.8	-	-	-	-	-
Walton Street Real Estate Fund V	-	-	-	-	-	-	-	-	-	100.0
Walton Street Real Estate Fund VI	98.3	3.0	-	1.9	-	-	-	-3.5	-	0.4
Wolff Credit Partners III, LP	20.5	-	4.2	-	47.8	-	8.3	19.2	-	-
Opportunistic	**25.2**	**3.6**	**2.4**	**0.2**	**20.0**	**1.7**	**4.2**	**12.6**	**15.3**	**14.9**
Private Real Estate Portfolio Only (ex. Timber)	**16.8**	**7.7**	**4.2**	**1.1**	**12.3**	**11.3**	**7.1**	**32.6**	**2.0**	**5.0**
Non-Core Portfolio	**15.7**	**8.1**	**3.8**	**1.3**	**17.3**	**5.2**	**5.0**	**19.6**	**6.8**	**17.2**
Total Portfolio										
LACERS	**16.6**	**7.6**	**4.1**	**1.1**	**12.1**	**11.1**	**7.0**	**32.5**	**2.9**	**5.1**
Indices										
NFI-ODCE*	**21.2**	**8.1**	**5.5**	**0.8**	**10.8**	**9.1**	**7.1**	**37.5**	**-**	**-**

*NCREIF changed the basis of diversification for the NFI-ODCE from Net Real Estate Assets to Gross Real Estate Assets effective 1Q2020.

Advisory Disclosures and Definitions

Disclosure
Trade Secret and Confidential.

Past performance is not indicative of future results.

Investing involves risk, including the possible loss of principal.

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

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

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

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

Exhibit B: Real Estate Market Update

United States Real Estate Market Update (2Q22)

General

- Townsend witnessed a robust recovery across the U.S. economy and U.S. real estate markets in 2021 but begun to moderate in 2022. The post-pandemic economic recovery has remained generally on track; however, an array of headwinds have emerged including rising interest rates, persistent inflation, various geopolitical events, and widespread global supply chain struggles. In first half 2022, tightening federal reserve policy and market volatility sent public markets plummeting. The S&P 500 produced a gross total return of -20.6% during the first six months of the year. The MSCI US REIT index also continued its cool off following a strong 2021, posting a gross second quarter return of -17.0%.

- The U.S. entered into a recession during second quarter 2022, as GDP decreased for a second straight quarter, at an annualized rate of 0.9%. Slowing economic growth is attributable to decreased federal, state and government spending, and decreased exports. As a result of the atrocities of the Russian-Ukraine war, prolonged lockdowns in Shanghai, and a rise in protectionist measures, commodity pricing has skyrocketed, in lockstep with inflation. Federal reserve officials remain committed to taming inflation and reducing the central bank's balance sheet, approving a 75-bps hike during its June session.

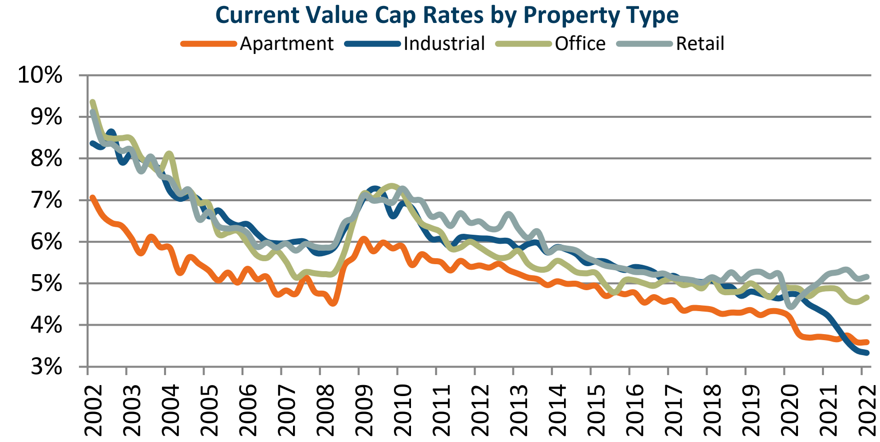
Commercial Real Estate

- Through the second quarter of 2022, total CRE transaction activity for the quarter was up 17% YoY, with annual transaction activity up 86% YoY. In 2Q22, U.S. private real estate deal volumes across all sectors remained strong but moderated from a historic high witnessed in fourth quarter 2021. Transaction volume has been the strongest in the apartment and industrial sectors.

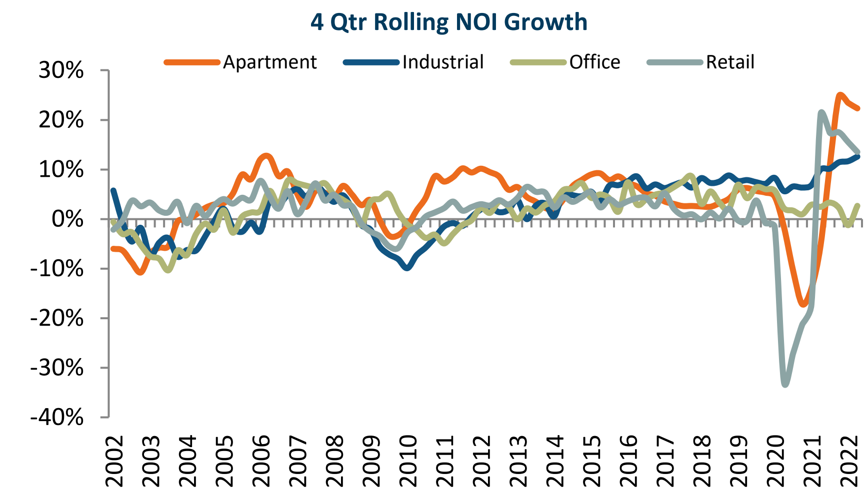
- Transaction cap rates (4.6%) compressed during the quarter, to the tune of 35 bps. This decrease comes after a +74 bps quarter-over-quarter increase in 1Q22. Current valuation cap rates increased for retail (+21 bps) and office (+5 bps), while the industrial (-15 bps) and apartment (-2 bps) property sectors experienced slight cap rate compression.

- NOI growth has substantially diverged between property sectors due to the impacts of COVID-19. Retail NOI has expanded substantially (+14%) YoY as the sector continues to recover from decreased rent collections and retailer shutdowns. Apartment sector fundamentals remain strong, as many millennials seek out a more opportune time to purchase their first home. Apartment NOI expanded (+22%) YoY.

- 10-year treasury bond yields soared to nearly 3.5% intra-quarter; however, closed the quarter at 3.0% an increase of 70 basis points quarter-over-quarter. Economists expect rates to move modestly higher throughout 2022.



Source: NCREIF



Source: NCREIF

Sources: Bureau of Economic Analysis, U.S. Census Bureau, St. Louis Fed, NCREIF, Real Capital Analytics, Bloomberg LP., Preqin

United States Property Matrix (2Q22)

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INDUSTRIAL

- In 2Q22, industrial properties were the highest returning sector at 5.9% and outperformed the NPI by 263 bps.
- Transaction volumes decreased to $35 billion in the second quarter of the year, resulting in a 8% increase year-over-year. Individual asset sales increased 4% year-over-year, while portfolio purchases turned in a year-over-year volume increase of 25%. At $35 billion, the industrial sector decreased by $4 billion quarter-over-quarter.
- The industrial sector turned in NOI growth of 12.6% over the past year. NOI continues to reach all time highs for the sector.
- Vacancy decreased by 144 bps year-over-year to 1.7%. Vacancy in the sector decreased 14 bps from last quarter, reaching all-time historic lows. E-commerce continues to drive demand across the sector.
- Industrial cap rates compressed approximately 89 bps from a year ago, to 3.3%. Industrial overall fundamentals still top all property sectors.

MULTIFAMILY

- The apartment sector delivered a 3.9% return during the quarter, underperforming the NPI by 63 bps.
- Transaction volume in the second quarter of 2022 increased to $86 billion, resulting in an increase of 42% year-over-year. Transaction volume for the sector is near historical levels. This volume continues to make multifamily the most actively traded sector for the eighteenth straight quarter.
- Cap rates remained steady at 3.6% quarter-over-quarter, decreasing 11 bps year-over-year. Multifamily cap rates remain at the lowest level observed in years, driven by continued increases in valuation.
- The multifamily sector saw increasing vacancy rates throughout the entirety of 2020 due to the global pandemic. Through 2021, the sector appeared to have shaken that trend although vacancy rates remained steady during the last 3 quarters. Vacancy rates slightly decreased by 22 bps quarter-over-quarter and are back to slightly below pre-pandemic levels. The aging millennials have begun shifting their desires to suburban living, but continued home price appreciation has deterred the full effect of this migratory trend.

OFFICE

- The office sector returned 0.6% in 2Q22, 266 bps below the NPI return over the period.
- Transaction volumes decreased by 9% year-over-year in the second quarter. Transaction volume equated to $25 billion for the quarter, a decrease of $6 billion quarter-over-quarter. Office transaction levels have regressed from 1Q22 but not quite to levels seen during the COVID-19 pandemic.
- Office sector vacancy rates have expanded since the beginning of the pandemic due to work from home orders and uncertainty revolving around the future of office space. Office continues to be the highest vacancy property type at 12.9%, increasing 6 bps from last quarter.
- NOI growth in the office sector expanded quarter-over-quarter by 148 bps and appears to be in the midst of its recovery to pre-pandemic levels.
- Office cap rates compressed from a year ago, sitting at approximately 4.6%. Office-using job growth was stunted significantly through out 2020 due to work from home orders. Though we are observing a slow but steady flow back to in-office work, there is still uncertainty in the sector as many companies remain hesitant.

RETAIL

- As of 2Q22, the retail sector delivered a quarterly return of 1.7%, underperforming 155 bps below the NPI.
- Transaction volumes totaled $23 billion in the second quarter, increasing 46% year-over-year. Single asset transactions accounted for just over 81% of all sales volume for the quarter.
- Cap rates have compressed approximately 6 bps within the sector over the last year, to 5.2%. Current valuation cap rates compressed quarter-over-quarter by 4 bps due to valuation adjustments made across the sector in general.
- NOI growth slightly decreased, 2.0% over the last year. Retail has begun its slow recovery as vaccine rollouts have allowed a large portion of store nationally to open and operate safely.
- Retail vacancy rates decreased over the quarter by 35 bps, and down 102 bps over the past year to 8.7%. Many big box stores have closed as the need for retail space shrinks, translating to a negative outlook for rent growth. Paired with the global economic crisis, which has had a significant negative impact on this sector

Sources: Real Capital Analytics, Green Street, NCREIF

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Global Real Estate Market Update (2Q22)

- Significant headwinds have materialized in rising inflation, energy costs, and interest rates significantly impacting the global investment landscape in the first half of 2022 . Rising debt costs have seen the number of traded properties recede, impacting pricing and bidding dynamics around the global market. This has culminated in the impending threat of a recession in some of the world's largest economies.

- Tangible effects of these challenges can be witnessed in the EMEA region, with deal volume falling 26% YOY. European markets, specifically Germany, have experienced liquidity issues with their economy being vulnerable due to its dependence on Russian energy supplies and global export markets. The UK market has remained steadfast, with demand remaining strong in the multifamily and industrial sector sustaining deal flow.

- That withstanding, the U.S. was at the forefront of this growth in deal volume improving 27% YOY reaching $180.5B. This was the third best recorded quarter based on transactions $10M or more. This was led by its multifamily sector, with rising demand in the Sun Belt Region resulting in record deal volumes and double-digit price growth.

- Inversely, the Asia Pacific market had an 8% decline YOY. A major proponent was China's continued widespread lockdowns in major cities to quell the spread of Covid-19 which has hampered deal activity (just $1B in spent on income producing properties in April 2022, lowest since 2018).

- The hotel sector continued its strong recovery in Q2, despite global economic turbulence and labor shortages across travel/tourism industries. With consumers shifting their priories towards experiences rather than material goods this favors leisure and resort destinations. Performance in luxury hotels across major European markets (Paris, Barcelona, London, Milan) is aiding in expediting the regions recovery. Asian markets with very little border or quarantine restrictions such as Bali and the Maldives have become more in favor.

- In Q2 demand for logistics and industrial space slowed year-over-year across all three regions. However, transaction activity was hampered by a lack of available supply in many markets and Q2 2021 leasing volumes were very high. Demand this year has become more broad-based with supply chain restructuring increasing demand from Logistics & Distribution and 3PL operators.

- Vacancy rates have remained broadly stable across the regions, and in the case of both the U.S. and Europe is at all-time lows. In the short term, high inflation should subdue consumer spending through the end of the year which may delay expansion plans for online retailers, with grocery delivery likely to be the only online sector that will continue to expand in the immediate future.

Global Total Commercial Real Estate Volume - 2021 - 2022

$ US Billions	Q2 2022	Q2 2021	% Change Q2 22 - Q2 21	H1 2022	H1 2021	% Change H1 22 - H2 21
Americas	181	142	27%	355	238	49%
EMEA	65	89	-27%	154	167	-8%
Asia Pacific	212	231	-8%	347	377	-8%
Total	458	462	-1%	856	783	9%

Source: Real Capital Analytics, Inc., Q2' 22

Global Outlook - GDP (Real) Growth % pa, 2022-2024

	2022	2023	2024
Global	**5.9**	**4.3**	**3.6**
Asia Pacific	**4.4**	**4.6**	**4.4**
Australia	4.1	2.8	2.5
China	4.5	5.2	5.1
India	8.7	7.3	6.5
Japan	1.8	1.8	1.1
North America	**2.7**	**2.0**	**1.9**
US	2.6	2.0	1.9
Middle East	**4.1**	**4.4**	**4.5**
European Union	**3.0**	**2.1**	**2.0**
France	2.7	1.8	1.7
Germany	1.8	2.3	2.0
UK	3.7	1.2	1.7

Source: Bloomberg

Sources: Jones Lang LaSalle Research, Real Capital Analytics, Inc., CBRE

Exhibit C: Glossary

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Cash Flow Statement

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

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Style Groups

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

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Indices

Stylized Index:	**Weights the various style group participants so as to be comparable to the investor portfolio holdings for each period.**
Open-End Diversified Core Equity Index ("ODCE"):	A core index that includes only open-end diversified core strategy funds with at least 95% of their investments in U.S. markets. The ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical and current basis (25 active vehicles). The ODCE Index is capitalization-weighted and is reported gross and net of fees. Measurement is time-weighted and includes leverage.
NCREIF Timberland Index ("NTI"):	National Index comprised of a large pool of individual timber properties owned by institutions for investment purposes.
NCREIF Property Index ("NPI"):	National Property Index comprised of core equity real estate assets owned by institutions.

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Performance

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

[1] Portfolio level returns include historical returns of managers no longer with assets under management.

All returns are calculated on a time-weighted basis.

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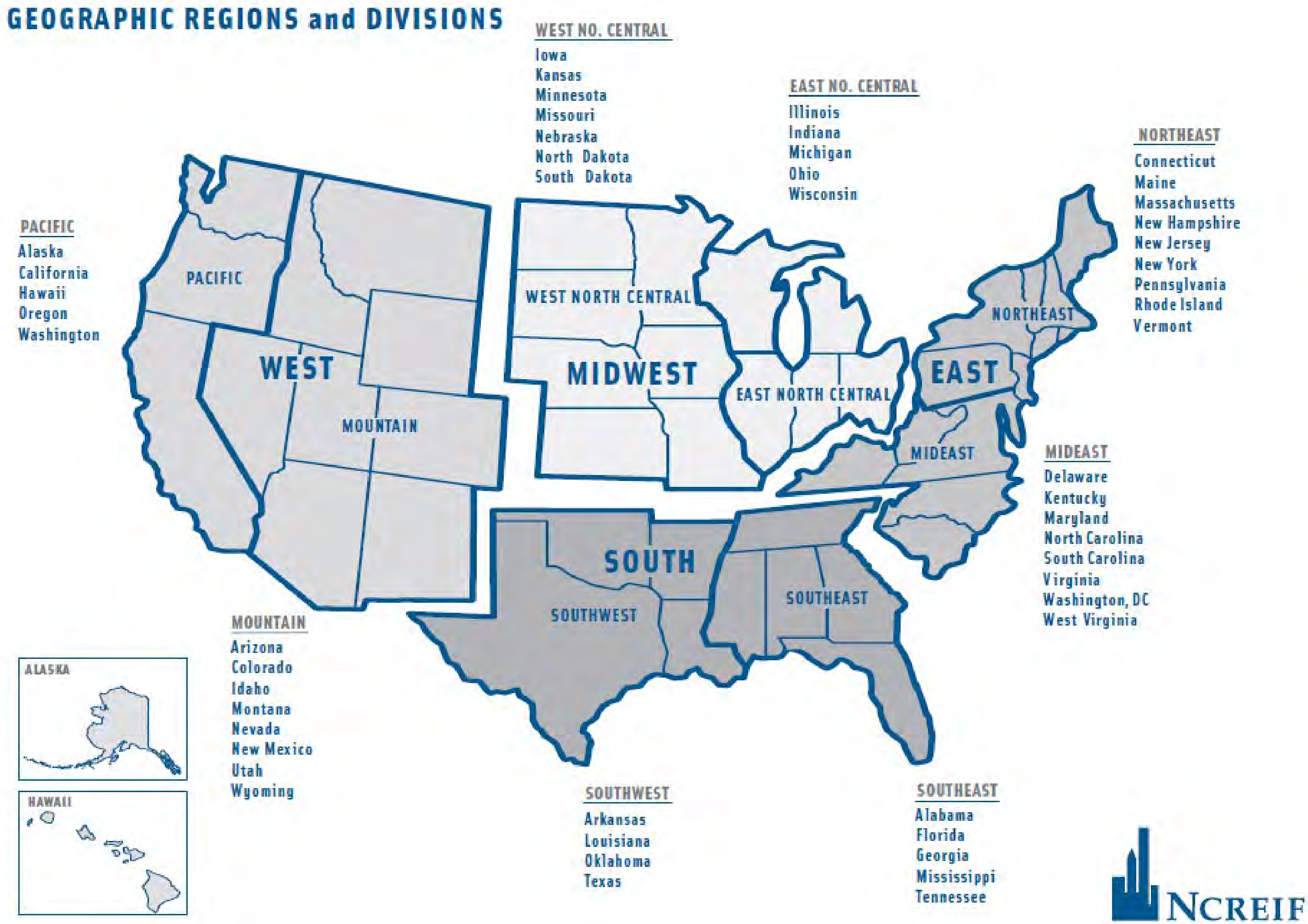


LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: **Investment Committee**
Elizabeth Lee, Chair
Nilza R. Serrano
Janna Sidley

MEETING: JANUARY 24, 2023
ITEM: VIII - C

SUBJECT: **INVESTMENT MANAGER CONTRACT WITH PRINCIPAL GLOBAL INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. MID CAP CORE EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board:

1. Approve a three-year contract renewal with Principal Global Investors, LLC for management of an active U.S. mid cap core equities portfolio.

2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On January 10, 2023, the Committee considered the attached staff report (Attachment 1) recommending a three-year contract renewal with Principal Global Investors, LLC (Principal). Principal has managed an active U.S. mid cap core equities portfolio for LACERS since July 2014; the current contract expires on June 30, 2023. LACERS' portfolio was valued at approximately $293 million as of November 30, 2022. Principal is in compliance with the LACERS Manager Monitoring Policy. Since inception, LACERS has paid Principal a total of $5.7 million in investment fees.

Staff discussed the organization, investment strategy, performance, and fees. The Committee expressed interest in issuing a request for proposal for this mandate after the next asset-liability study is conducted in 2024. Following the discussion, the Committee concurred with the staff recommendation.

Strategic Plan Impact Statement

A contract renewal with Principal will allow the LACERS total portfolio to maintain a diversified exposure to the U.S. mid cap equities markets, which is expected to optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's profile, strategy, performance, and management fee structure is consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

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

NMG/RJ/BF/BS:rm

Attachments: 1. Investment Committee Recommendation Report dated January 10, 2023
2. Proposed Resolution

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: JANUARY 10, 2023**
From: Neil M. Guglielmo, General Manager **ITEM: V**

SUBJECT: **INVESTMENT MANAGER CONTRACT WITH PRINCIPAL GLOBAL INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. MID CAP CORE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend to the Board a three-year contract renewal with Principal Global Investors, LLC for management of an active U.S. mid cap core equities portfolio.

Executive Summary

Principal Global Investors, LLC (Principal) has managed an active U.S. mid cap core equities portfolio for LACERS since July 2014. LACERS' portfolio was valued at approximately $293 million as of November 30, 2022. Principal is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal.

Discussion

Background
Principal manages an active U.S. mid cap core equities portfolio for LACERS benchmarked to the Russell Midcap Index. Principal's investment strategy is driven by fundamental research and seeks companies with strong competitive advantages trading at discounts to intrinsic values, as determined by free cash flows. The portfolio is managed by Bill Nolin, Chief Investment Officer, and Thomas Rozycki, Head of Research, who are supported by a team of seven research analysts. LACERS' portfolio was valued at approximately $293 million as of November 30, 2022.

The Board hired Principal through the 2013 Active U.S. Mid Cap Core Equities manager search process and authorized a three-year contract on January 28, 2014; the contract became effective on July 1, 2014. Subsequently, the Board authorized three-year contract renewals on January 24, 2017 and January 28, 2020. The current contract expires on June 30, 2023.

Organization
Principal is headquartered in Des Moines, Iowa and has approximately 1,932 employees of which 671 are investment personnel. The firm is the wholly-owned global investment management business of Principal Financial Group, Inc., a publicly traded financial services company (NASDAQ ticker symbol

PFG). As of September 30, 2022, Principal managed approximately $485 billion in total assets, with $31 billion in the mid cap equities strategy.

Due Diligence
Principal's organization, investment philosophy, strategy, and process have not changed materially over the contract period. Staff and NEPC have no concerns about Principal's ability to manage assets for LACERS.

Performance
As of November 30, 2022, Principal outperformed its benchmark, net-of-fees, over the 5-year, 7-year, and since inception time periods and underperformed in more recent time periods as presented in the table below.

Annualized Performance as of 11/30/22 (Net-of-Fees)							
	3-Month	1-Year	2-Year	3-Year	5-Year	7-Year	Since Inception[1]
Principal	4.66	-12.37	4.61	8.00	11.07	12.59	11.96
Russell Midcap Index	4.72	-9.02	5.91	8.68	8.50	10.05	8.94
% of Excess Return	*-0.06*	*-3.35*	*-1.30*	*-0.68*	*2.57*	2.54	*3.02*

[1]Performance inception date: 7/24/14. Strategy was funded after contract inception date of 7/1/14.

Calendar year performance is presented in the table below as supplemental information.

Calendar Year Performance as of 11/30/22 (Net-of-Fees)									
	1/1/22-11/30/22	2021	2020	2019	2018	2017	2016	2015	7/24/14-12/31/14
Principal	-17.27	26.67	18.68	43.96	-5.56	25.56	10.96	2.35	6.65
Russell Midcap Index	-12.59	22.58	17.10	30.54	-9.06	18.52	13.80	-2.44	4.40
% of Excess Return	*-4.68*	*4.09*	*1.58*	*13.42*	*3.50*	*7.04*	*-2.84*	*4.79*	*2.25*

Principal is in compliance with the LACERS Manager Monitoring Policy.

Fees
LACERS pays Principal an effective fee of 37 basis points (0.37%), which is approximately $1.1 million annually based on the value of LACERS' assets as of November 30, 2022. This fee ranks in the 5th percentile among its peers in the eVestment U.S. Mid Cap Universe (i.e., 95% of like-managers have higher fees). From contract inception in July 2014 to September 30, 2022, LACERS has paid Principal a total of $5.7 million in investment fees.

General Fund Consultant Opinion
NEPC concurs with this recommendation.

Strategic Plan Impact Statement

A contract renewal with Principal Global Investors, LLC will allow the LACERS total portfolio to maintain a diversified exposure to the U.S. mid cap equities markets, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's profile, strategy, performance, and management fee structure is consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

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

NMG/RJ/BF/BS:rm

Attachment: 1. Consultant Recommendation – NEPC

To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: January 10, 2023

Subject: Principal Global Investors, LLC – Contract Renewal

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) renew the contract with Principal Global Investors, LLC ('Principal') for a period of three years from the date of contract expiry.

Background

Principal was funded on July 24, 2014 to provide the Plan with exposure to middle capitalization equity exposure within the U.S. Equity asset class. As of October 31, 2022, Principal managed $272.2 million, or 1.3% of Plan assets. The performance objective is to outperform the Russell MidCap Index, net of fees, annualized over a full market cycle (normally three-to-five years). The account is currently in good standing based on LACERS' Manager Monitoring Policy.

Principal is a wholly-owned, indirect subsidiary of Principal Financial Group, Inc., a public company listed on the Nasdaq. Principal Financial Group, Inc. was founded in 1879, began managing retirement assets in 1941, and today operates four primary business segments: Principal Global Investors, Retirement and Investor Services, Principal International and Insurance Solutions. Principal Global Investors, LLC was formed as a Delaware Limited Liability Company in 1998 and became a registered investment advisor with the SEC on October 26, 1998. The portfolio is managed by a team led by Bill Nolin supported by Thomas Rozycki who are both supported by a team of six equity research professionals within a subsidiary of Principal Global Investors named Aligned Investors. As of September 30, 2022, Principal managed $484.6 billion in assets.

Principal's investment philosophy believes that individual stock selection based on in-depth original fundamental research results in superior investment returns over market cycles. They believe in long-term, low turnover, purely bottom-up fundamental investing. The firm's strategy focuses on the following four pillars of investing:

1) High quality companies with sustainable competitive advantages – The focus is on fundamental research and investing in companies that possess sustainable competitive advantages such as: industry leadership, innovation, low-cost production, barriers to entry, and efficient capital allocation.

2) Owner-operator management and culture – Through understanding who is managing the companies in prospective investments and a preference toward management teams with CEOs that have substantial ownership stakes, Principal believes they can identify alpha opportunities. Their belief is that owner-operators have incentives that are aligned with outside shareholders and run

efficient organizations allocating capital in a counter-cyclical fashion. Principal prefers management teams that clearly exhibit an owner-operator mentality. For example, one metric considered with every prospective name for the portfolio is the 'Aligned Ratio' which compares the CEO's ownership stake in the company's stock to the amount of cash compensation they receive per year.

3) Valuation discipline builds a margin of safety – Principal relies on a discounted cash flow assessment process whereby the goal is to identify companies selling at a discount to long term intrinsic value, thereby providing not only appreciation potential, but also a margin of safety to dampen potential volatility relative to the market.

4) Focus on risk reduction – Principal seeks to reduce risk through company selection, that is, through owning companies with sustainable competitive advantages that have lower business risk, less financial risk and less accounting risk.

Performance

Referring to Exhibit 1, as of October 31, 2022, since the portfolio's inception date of August 1, 2014, the portfolio has outperformed its benchmark by 2.7%. Over the last five-years, ended October 31, 2022, the portfolio has outperformed its benchmark by 2.2%. Over the past year, ended October 31, 2022, the portfolio has underperformed its benchmark by 3.6%.

Referring to Exhibit 2, as of September 30, 2022, the portfolio has outperformed its benchmark by 3.0% and ranked in the 6th percentile in its peer group of midcap managers. In the past five-years, ended September 30, 2022, the portfolio outperformed its benchmark by 2.6% and ranked in the 14th percentile in its peer group. Over the past one-year, the portfolio underperformed its benchmark by 1.1% and ranked in the 59th percentile among peers.

Referring to Exhibit 3, since inception, the cumulative effect of the short-term underperformance over the last year has not eroded the portfolio's outperformance over longer time periods. Primarily, underperformance in the portfolio over the past year has been driven by Principal's decision to not invest in the Energy sector. Over the longer-run, the portfolio's emphasis on high quality companies that have a sustainable business model has provided excess returns to LACERS and was driven by stock selection in the Industrials, Financials and Consumer Discretionary economic sectors.

Fees

The portfolio has an asset-based fee of 0.37% annually. This fee ranks in the 5th percentile among its peers in the eVestment US MidCap universe. In other words, 95% of the products included in the peer universe have a higher fee than the LACERS account.

Conclusion

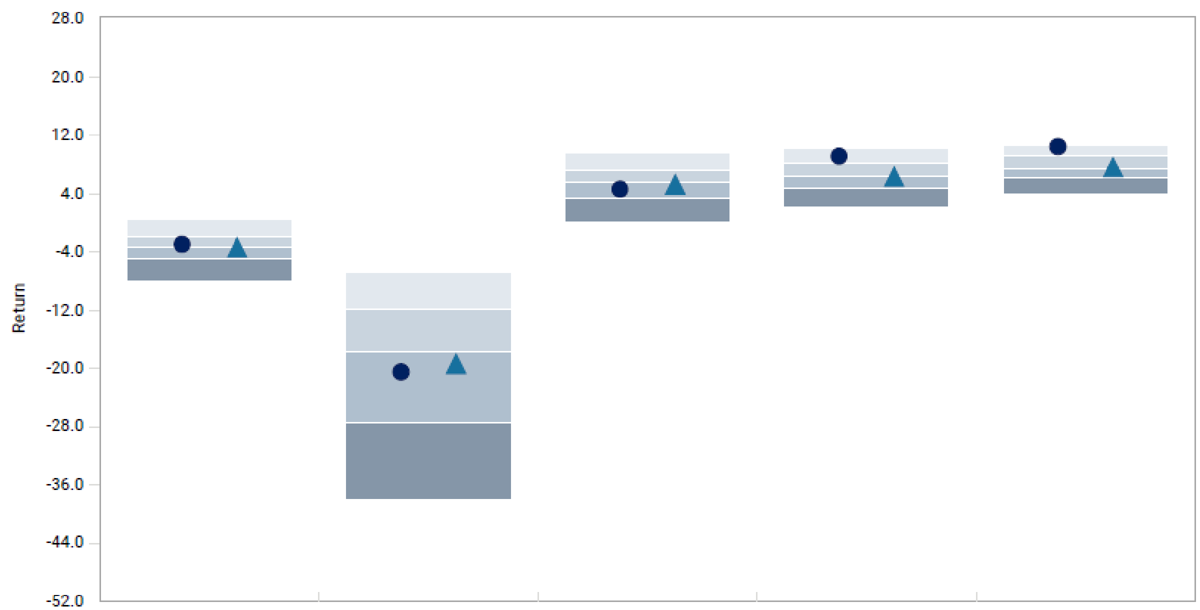
LACERS has experienced strong outperformance from the Principal portfolio as compared to its benchmark index over the past five years and since inception ended October 31, 2022. The firm's research-driven bottom-up approach to middle capitalization domestic equities investing is supported by a large stable organization while executing the investment strategy through a small and focused team environment. NEPC recommends a three-year contract renewal.

The following tables provide specific performance information, net of fees referenced above.

Exhibit 1: Performance Comparison Net of Fees as of October 31, 2022

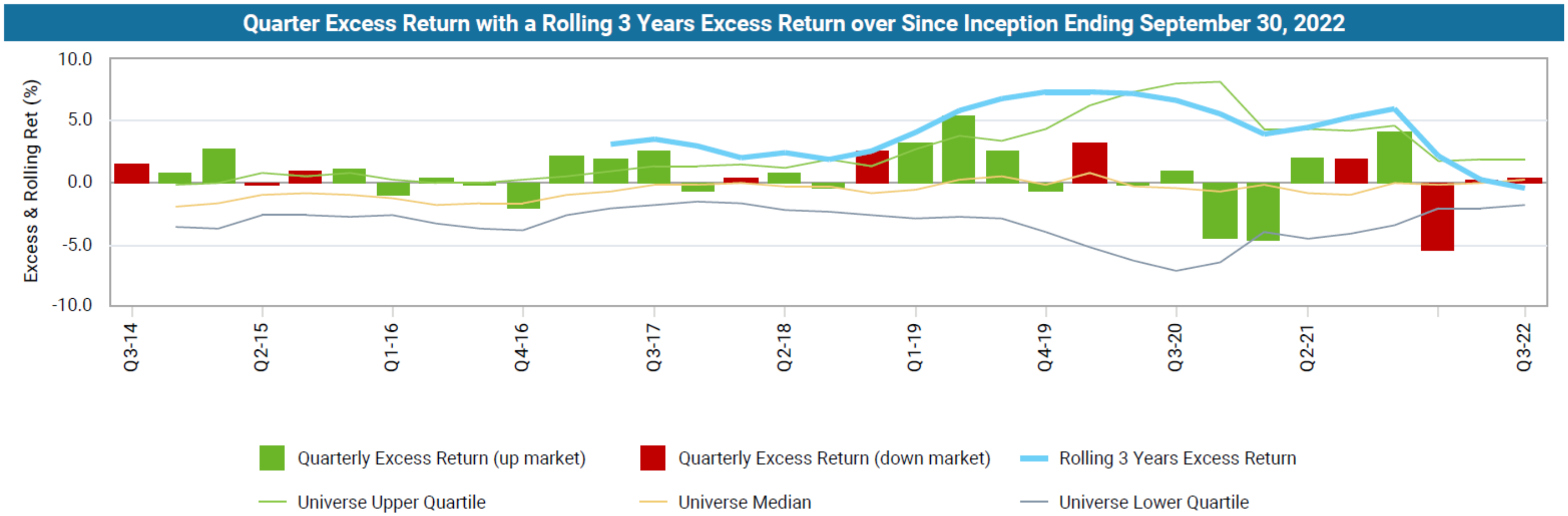
	Market Value ($)	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception Date
Principal Global Investors	**272,167,612**	**-6.5**	**-20.8**	**6.5**	**10.1**	**11.4**	**Aug-14**
Russell MidCap Index		-4.3	-17.2	7.8	7.9	8.7	
Over/Under		-2.2	-3.6	-1.3	2.2	2.7	

Exhibit 2: Universe Performance Comparison Net of Fees Ending September 30, 2022



	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Inception (%)
● Principal Global Investors	-3.0 (42)	-20.5 (59)	4.7 (60)	9.1 (14)	10.6 (6)
▲ *Russell Midcap Index*	*-3.4 (52)*	*-19.4 (56)*	*5.2 (54)*	*6.5 (49)*	*7.6 (48)*
5th Percentile	0.6	-6.8	9.5	10.3	10.6
1st Quartile	-1.8	-11.8	7.1	8.2	9.1
Median	-3.4	-17.6	5.4	6.3	7.5
3rd Quartile	-4.9	-27.4	3.4	4.9	6.2
95th Percentile	-7.8	-38.0	0.1	2.1	4.1
Population	247	244	235	226	209

Exhibit 3: Cumulative Excess Performance Net of Fees Ending September 30, 2022



CONTRACT RENEWAL
PRINCIPAL GLOBAL INVESTORS, LLC
ACTIVE U.S. MID CAP CORE EQUITIES
PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current three-year contract with Principal Global Investors, LLC (Principal) for active U.S. mid cap core equities portfolio management expires on June 30, 2023; and,

WHEREAS, Principal is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract renewal with Principal will allow the LACERS total portfolio to maintain a diversified exposure to U.S. mid cap core equities; and,

WHEREAS, on January 24, 2023, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with Principal.

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

Company Name:	Principal Global Investors, LLC (Principal)
Service Provided:	Active U.S. Mid Cap Core Equities Portfolio Management
Effective Dates:	July 1, 2023 through June 30, 2026
Duration:	Three years
Benchmark:	Russell Midcap Index
Allocation as of November 30, 2022:	$293 million

January 24, 2023

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee
Elizabeth Lee, Chair
Nilza R. Serrano
Janna Sidley

MEETING: JANUARY 24, 2023
ITEM: VIII - D

SUBJECT: **INVESTMENT MANAGER CONTRACT WITH DIMENSIONAL FUND ADVISORS LP REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS VALUE EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board:

1. Approve a three-year contract renewal with Dimensional Fund Advisors LP for management of an active non-U.S. emerging markets value equities portfolio.

2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On January 10, 2023, the Committee considered the attached staff report (Attachment 1) recommending a three-year contract renewal with Dimensional Fund Advisors LP (DFA). DFA has managed an active emerging markets value equities portfolio for LACERS since July 2014; the current contract expires on June 30, 2023. LACERS' portfolio was valued at approximately $471 million as of November 30, 2022. DFA is in compliance with the LACERS Manager Monitoring Policy. Since inception, LACERS has paid DFA a total of $14.3 million in investment fees.

Staff discussed the organization, investment strategy, performance, and fees. The Committee inquired about the negative one-year return of 11.50% (as of November 30, 2022) for the MSCI Emerging Markets Value Index despite a strong market for value-oriented equities. Staff explained the return was the result of economic and geopolitical factors affecting emerging market countries and the strong U.S. dollar. The Committee also expressed interest in issuing a request for proposal for this mandate after the next asset-liability study is conducted in 2024. Following the discussion, the Committee concurred with the staff recommendation.

Strategic Plan Impact Statement

A contract renewal with DFA will allow the LACERS total portfolio to maintain a diversified exposure to the non-U.S. equities emerging markets, which is expected to optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's profile, strategy, performance, and management fee structure is consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Ellen Chen, ESG Risk Officer, Investment Officer II

NMG/RJ/BF/EC:rm

Attachments: 1. Investment Committee Recommendation Report dated January 10, 2023
2. Proposed Resolution

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: JANUARY 10, 2023**
From: Neil M. Guglielmo, General Manager **ITEM: VI**

SUBJECT: **INVESTMENT MANAGER CONTRACT WITH DIMENSIONAL FUND ADVISORS LP REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS VALUE EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend to the Board a three-year contract renewal with Dimensional Fund Advisors LP for management of an active emerging markets value equities portfolio.

Executive Summary

Dimensional Fund Advisors LP (DFA) has managed an active emerging markets value equities portfolio for LACERS since July 2014. LACERS' portfolio was valued at approximately $471 million as of November 30, 2022. DFA is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal.

Discussion

Background
DFA manages an active emerging markets value equities portfolio for LACERS benchmarked to the MSCI Emerging Markets Value Index. DFA's strategy provides diversified exposure to deep value emerging markets stocks and invests across all market capitalizations with a tilt to small capitalization stocks. DFA believes consistent exposure to the market, value, and size risk premiums are compensated with increased expected returns. The portfolio is managed by a team of over 40 equity portfolio management professionals led by Jed Fogdall, Head of Portfolio Management and Chairman of the Investment Committee, who has 18 years of industry experience. LACERS' portfolio was valued at approximately $471 million as of November 30, 2022.

The Board hired DFA through the 2013 Active Non-U.S. Equity Emerging Markets Value manager search process and authorized a three-year contract on February 25, 2014; the contract became effective on July 1, 2014. Subsequently, the Board authorized three-year contract renewals on January 24, 2017 and on January 28, 2020. The current contract expires on June 30, 2023.

Organization

DFA is headquartered in Austin, Texas, and has more than 1,500 employees globally. As of November 30, 2022, the firm managed approximately $612 billion in total assets, with $16.5 billion in the emerging markets value equities strategy.

Due Diligence

DFA has undergone several leadership changes since DFA's previous contract renewal in January 2020. In July 2020, Chris Crossan, DFA's Global Chief Compliance Officer, passed away. Selwyn Notelovitz, previously Deputy Chief Compliance Officer, was appointed Global Chief Compliance Officer for DFA. Randy Olson was also appointed Chief Compliance Officer of DFA's U.S.-registered mutual funds.

In September 2020, Bernie Grzelak joined DFA as the new Chief Financial Officer and Treasurer, overseeing all aspects of DFA's financial and accounting functions at the firm and fund levels. He replaced Greg Hinkle, who retired in March 2020.

Joseph Chi, who had served as Head of Responsible Investment since November 2019, retired in December 2021. Effective November 2021, Jim Whittington was appointed as Head of Responsible Investment and leads DFA's global responsible investment efforts. Prior to his appointment, Jim served as a Senior Portfolio Manager and was a member of DFA's Investment Stewardship Committee. Additionally, Lacey Huebel was appointed as the North America Head of Responsible Investment while retaining her existing role as a Portfolio Manager.

Staff and NEPC consider all of these leadership transitions to have no material impact to the firm or investment strategy. DFA's investment philosophy, strategy, and process have not changed over the contract period.

Performance

As of November 30, 2022, DFA has outperformed the benchmark, net-of-fees, for all time periods, as presented in the table below.

Annualized Performance as of 11/30/22 (Net-of-Fees)							
	3-Month	1-Year	2-Year	3-Year	5-Year	7-Year	Since Inception[1]
DFA Emg Mkts Value	0.46	-5.66	4.32	4.12	1.15	6.54	1.26
MSCI EM Value Index	0.05	-11.50	-1.78	0.12	-0.48	4.30	-0.27
% of Excess Return	*0.41*	*5.84*	*6.10*	*4.00*	*1.63*	*2.24*	*1.53*

[1]*Performance inception date: 7/28/14. Strategy was funded after contract inception date of 7/1/14.*

Calendar year performance is presented in the table below as supplemental information.

Calendar Year Performance as of 11/30/22 (Net-of-Fees)									
	1/1/2022-11/30/22	2021	2020	2019	2018	2017	2016	2015	7/28/14-12/31/14
DFA Emg Mkts Value	-9.77	12.01	4.48	10.13	-12.46	32.59	17.86	-19.26	-13.57
MSCI EM Value Index	-14.53	4.00	5.48	11.94	-10.72	28.07	14.90	-18.57	-12.89
% of Excess Return	4.76	*8.01*	*-1.00*	*-1.81*	*-1.74*	*4.52*	*2.96*	*-0.69*	*-0.68*

DFA is in compliance with the LACERS Manager Monitoring Policy.

Fees
LACERS pays DFA an effective fee of 38 basis points (0.38%), which is approximately $1.8 million annually based on the value of LACERS' assets as of November 30, 2022. This fee ranks in the 8th percentile among its peers in the eVestment U.S. Global Emerging Markets All Cap Value Equity Universe (i.e., 92% of like-managers have higher fees). From contract inception in July 2014 to September 30, 2022, LACERS has paid DFA a total of $14.3 million in investment fees.

General Fund Consultant Opinion
NEPC concurs with staff recommendation.

Strategic Plan Impact Statement

A contract renewal with DFA will allow the LACERS total portfolio to maintain a diversified exposure to the emerging markets equities, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's profile, strategy, performance, and management fee structure is consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Ellen Chen, ESG Risk Officer, Investment Officer II, Investment Division.

NMG/RJ/BF/EC:jp

Attachment: 1. Consultant Recommendation – NEPC, LLC

To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: January 10, 2023

Subject: Dimensional Fund Advisors LP – Emerging Market Value Contract Renewal

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Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) renew the contract with Dimensional Fund Advisors, LP ('DFA') for a period of three years from the date of contract expiry.

Background

DFA was funded on July 28, 2014 to provide emerging markets exposure within the Public Equity asset class. As of October 31, 202, DFA managed $413.2 million, or 2.0% of Plan assets. The performance objective is to outperform the MSCI Emerging Markets Value Index, net of fees, annualized over a full market cycle (normally three-to-five years). The account is currently in good standing based on LACERS' Manager Monitoring Policy.

DFA was founded in 1981 by University of Chicago MBA students David Booth and Rex Sinquefield, whose intention was to start a fund management firm that would rely fully on academic theories of efficient markets. Papers from Finance Professors Eugene Fama and Kenneth French framed their thinking. Eugene Fama and Kenneth French remain Directors and Consultants to the company today, and the firm maintains its ties to the University of Chicago. Other notable Board Members include George Constantinides of the University of Chicago, Robert Merton of Harvard University, Myron Scholes of Stanford University, and Roger Ibbotson of Yale. Mr. Booth remains at the firm as Founder and Executive Chairman and Mr. Sinquefield retired in 2005. The firm is a private company owned primarily by employees, directors and former employees (70%) and outside investors (30%). Headquartered in Austin, Texas, the firm has offices around the globe and as of September 30, 2022, the firm had approximately $540 billion in assets under management ('AUM') with over 1,500 employees.

The firm's core philosophy is to focus on a rules-based systematic investment approach that combines academic theory and empirical research. DFA believes that prices in liquid and competitive markets reflect available information about fundamental values and the aggregate risk and return expectations of market participants. They believe that diversification helps reduce uncertainty, manage risk, increase the reliability of outcomes and provide flexibility. They identify and focus on the tradeoffs that matter to targeting market premiums efficiently.

The strategy is designed to cost-effectively target premiums along the dimensions of expected returns. The strategy invests in value stocks across all market capitalizations within eligible emerging markets and offers broad diversification across and within countries. Within the value universe, securities with smaller market caps or higher profitability trading at lower relative prices are emphasized. Country weights are based broadly on the free-float adjusted market capitalization of the eligible universe (index). Exposure to individual countries may be capped, subject to the discretion of the firm's Investment Committee. The strategy invests across the entire size spectrum including large, mid, small and micro-cap stocks in approved countries; with a minimum market capitalization of $50 million (USD). Within each eligible country, relative price screens are applied to capture approximately the lowest third of the universe by price-to-book ratio. Within the small cap portion of the selected emerging markets stocks with low profitability trading at high relative prices are excluded from purchase. Over time, DFA has been relaxing their limit on their allowable allocation to China. The original limit of 12.5% started in the 1990s and was increased in 2010 and 2016 to 15% and 17.5% respectively. In the third quarter of 2019 the limit was removed, allowing exposures to be more in line with the benchmark, as DFA has become more comfortable with China market risks from trading and market mechanisms related to accounting and fundamentals. Within the large cap portion, securities with higher expected returns, that is, lower relative price, higher profitability and lower market capitalization are emphasized relative to their respective market weights. To ensure portfolios remain broadly diversified and fully invested, holdings in a single industry are generally limited to a maximum of 25% and individual security weights are based on free-float adjusted market capitalization and eligibility criteria. The current maximum security weight is 5% at time of purchase. Cash is kept at nominal levels with the goal of remaining fully invested.

DFA uses a team approach to investment management. The Investment Policy Committee focuses on any changes to long-term investment strategy through the combined contributions of Portfolio Research, Portfolio Management, and Trading. The Investment Committee supervises day-to-day investment management operations for all portfolios. They do not employ a traditional portfolio manager / research analyst structure. Investment Associates and Portfolio Analysts are part of the team that assists Portfolio Managers in the implementation of policies and procedures for the strategies. DFA's internal research team is comprised of research professionals engaged in academic research and product development.

Performance

Referring to Exhibit 1, as of October 31, 2022, since the portfolio's inception date of August 1, 2014, the portfolio has outperformed its benchmark by 1.5%. Over the last five-years, ended October 31, 2022, the portfolio has outperformed its benchmark by 1.6%. Over the past year, ended October 31, 2022, the portfolio has underperformed its benchmark by 4.9%.

Referring to Exhibit 2, as of September 30, 2022, the portfolio has outperformed its benchmark by 1.5% and ranked in the 65th percentile in its peer group of emerging markets managers. In the past five-years, ended September 30, 2022, the portfolio outperformed its benchmark by 1.6% and ranked in the 32nd percentile in its peer group. Over the past one-year, the portfolio outperformed its benchmark by 4.2% and ranked in the 10th percentile among peers. The portfolio's value, size and profitability bias has contributed positively to excess returns as markets have rewarded DFA's fundamentals-driven factor-based investing strategy.

Fees

The portfolio has an asset-based fee of 0.38% annually. This fee ranks in the 8th percentile among its peers in the eVestment Global Emerging Markets Equity universe. In other words, 92% of the products included in the peer universe have a higher fee than the LACERS account.

Conclusion

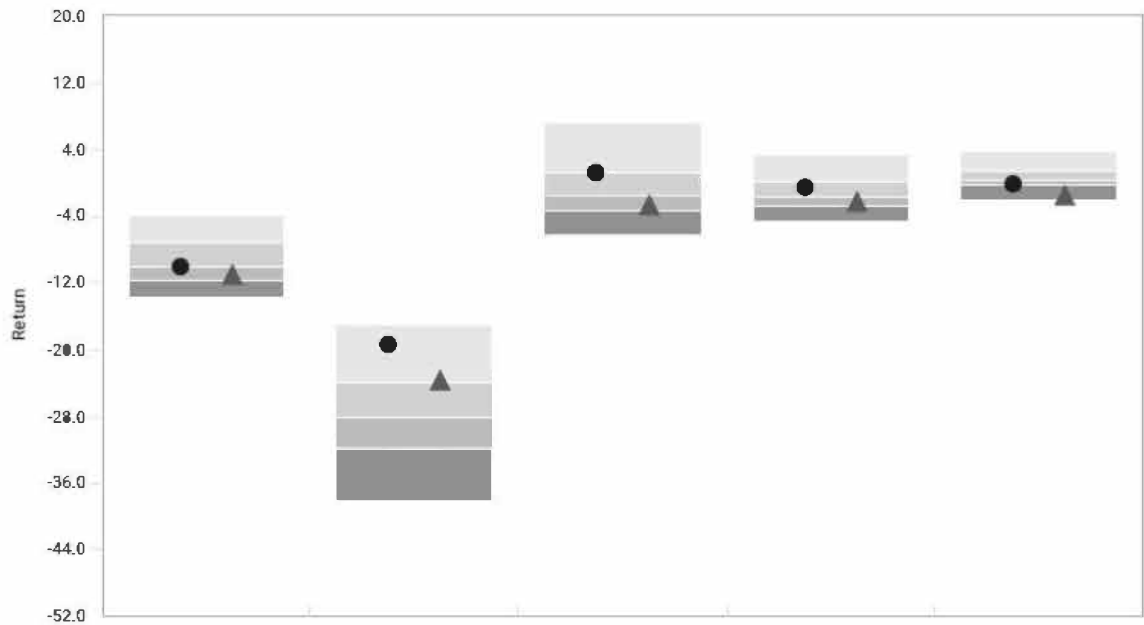
DFA has outperformed its benchmark index over the past five years and since inception ended October 31, 2022. The team has been stable in the past three years. The firm's understandable systematic approach to fundamental investing has resulted in relative gains for LACERS. NEPC recommends a three-year contract renewal.

The following tables provide specific performance information, net of fees referenced above.

Exhibit 1: Performance Comparison Net of Fees as of October 31, 2022

	Market Value ($)	3 Months	1 Year	3 Years	5 Years	Since Inception	Inception Date
DFA Emerging Markets	**413,183,464**	**-11.2**	**-20.3**	**-0.5**	**-1.5**	**-0.2**	**Aug-14**
MSCI Emerging Markets Value Index		-11.7	-25.2	-4.2	-3.1	-1.7	
Over/Under		0.5	4.9	3.7	1.6	1.5	

Exhibit 2: Universe Performance Comparison Net of Fees Ending September 30, 2022



	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Inception (%)
● DFA Emerging Markets	-9.9 (50)	-19.4 (10)	1.3 (26)	-0.5 (32)	0.0 (65)
▲ *MSCI Emerging Markets Value (Net)*	*-11.0 (63)*	*-23.6 (25)*	*-2.6 (67)*	*-2.1 (62)*	*-1.5 (92)*
5th Percentile	-3.8	-17.0	7.3	3.4	3.9
1st Quartile	-7.1	-23.7	1.4	0.2	1.6
Median	-10.0	-28.1	-1.4	-1.5	0.4
3rd Quartile	-11.8	-32.0	-3.4	-2.7	-0.3
95th Percentile	-13.7	-38.2	-6.4	-4.5	-1.9
Population	394	386	349	304	246

CONTRACT RENEWAL
DIMENSIONAL FUND ADVISORS LP
ACTIVE NON-U.S. EMERGING MARKETS VALUE EQUITIES
PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current three-year contract with Dimensional Fund Advisors LP (DFA) for active non-U.S. emerging markets value equities portfolio management expires on June 30, 2023; and,

WHEREAS, DFA is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract renewal with DFA will allow the LACERS total portfolio to maintain a diversified exposure to non-U.S. emerging markets equities; and,

WHEREAS, on January 24, 2023, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with DFA.

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

Company Name:	Dimensional Fund Advisors LP
Service Provided:	Active Non-U.S. Emerging Markets Value Equities Portfolio Management
Effective Dates:	July 1, 2023 through June 30, 2026
Duration:	Three years
Benchmark:	MSCI Emerging Markets Value Index
Allocation as of November 30, 2022:	$471 million

January 24, 2023