



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING

TUESDAY, OCTOBER 24, 2023

TIME: 10:00 A.M.

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

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

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

Disclaimer to Participants

Please be advised that all LACERS Board meetings are recorded.

LACERS Website Address/link:

www.LACERS.org

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

President: Annie Chao
Vice President: Sung Won Sohn

Commissioners: Thuy Huynh
Elizabeth Lee
Gaylord "Rusty" Roten
Janna Sidley
Michael R. Wilkinson

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

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

Notice to Paid Representatives

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

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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 lacers.board@lacers.org.

[CLICK HERE TO ACCESS BOARD REPORTS](#)

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA

- II. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
- III. RECEIVE AND FILE ITEMS
 - A. [MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR SEPTEMBER 2023](#)
 - B. [COMMISSIONER HUYNH EDUCATION EVALUATION ON INSTITUTIONAL INVESTOR 2023 ROUNDTABLE FOR CONSULTANTS & INSTITUTIONAL INVESTORS; CHICAGO, IL; OCTOBER 3-5, 2023](#)
- IV. CONSENT ITEM(S)
 - A. [APPROVAL OF MINUTES FOR THE REGULAR MEETING OF SEPTEMBER 26, 2023 AND POSSIBLE BOARD ACTION](#)
- V. CLOSED SESSION
 - A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b): GENERAL MANAGER 2022-23 PERFORMANCE EVALUATION AND POSSIBLE BOARD ACTION**
- VI. BOARD/DEPARTMENT ADMINISTRATION
 - A. [CONSIDERATION OF 2023 GENERAL MANAGER'S MERIT PAY AND POSSIBLE BOARD ACTION](#)
 - B. [LACERS 2022 ANTHEM BLUE CROSS MEDICAL, BLUE VIEW VISION, AND DELTA DENTAL PPO YEAR-END ACCOUNTING AND POSSIBLE BOARD ACTION](#)
 - C. [COMMUNICATIONS & STAKEHOLDER RELATIONS DIVISION YEAR-END OVERVIEW AND HIGHLIGHTS](#)
- VII. INVESTMENTS
 - A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS
 - B. [CONSENT OF ASSIGNMENT OF ENERGY CAPITAL PARTNERS' CONTRACT AND POSSIBLE BOARD ACTION](#)
 - C. [PRESENTATION BY NEPC, LLC REGARDING ASSET ALLOCATION EDUCATION](#)
- VIII. OTHER BUSINESS

- IX. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, November 14, 2023, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.
- X. ADJOURNMENT

Agenda of: OCT. 24, 2023

Item No: III-A

**MONTHLY REPORT ON SEMINARS AND CONFERENCES
ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS
(FOR THE MONTH OF SEPTEMBER 2023)**

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

BOARD MEMBERS:

President Annie Chao
Vice President Sung Won Sohn

Commissioner Thuy Huynh
Commissioner Elizabeth Lee
Commissioner Gaylord "Rusty" Roten
Commissioner Janna Sidley
Commissioner Michael R. Wilkinson

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

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)
TRAVEL/CONFERENCE EVALUATION REPORT**

Name of Attendee: Thuy Huynh	
Title of Conference/Seminar: 2023 Roundtable for Consultants and Institutional Investors	
Location: Chicago, IL	No. of Education Hours: 25
Event Sponsor: Institutional Investor	Date(s) Held: October 3 - 5

Report for:

- Travel
 Conference/Seminar Attendance Only

I. Nature/Purpose of Travel (if applicable):

To understand the future of pension systems and investment portfolio management.

II. Significant Information Gained:

How the investment industry is adapting to global economic challenges, Federal policy legislation, and geo-politics. Learned about what consultants are doing to adapt to growing inflation and bearish markets to generate net positive returns for their clients. Delved deeper on investments in China and learned about the future of the credit industry.

III. Benefits to LACERS:

To gain a better understanding of new developments in portfolio management as the economy remains a global challenge and what changes are underway within the investment industry.

IV. Additional Comments:

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

September 26, 2023

10:00 a.m.

PRESENT:	President:	Annie Chao
	Vice President:	Sung Won Sohn
	Commissioners:	Thuy Huynh Elizabeth Lee Gaylord "Rusty" Roten Janna Sidley Michael R. Wilkinson
	Legal Counselor:	Anya Freedman
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – President Chao asked if any persons wanted to make a general public comment to which there were two public comment cards received. Ruth Perry and Tom Moutes, members of the public and the Retired Los Angeles City Employees, Inc. (RLACEI) organization, made public comments with respect to supporting staff's recommendation on item VIII-D – transmittal of a letter to the Mayor and City Council for consideration of increasing reimbursements to LACERS Retired Members with Medicare Part B premiums.

II

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Discretionary COLA
 - Correspondence with General Partner (Advent)
 - Human Resources & Payroll Project (HRP) update
 - Government Finance Officers Association Award

- 977 HQ mural
- FitWell Plaque
- LACERS front desk operations
- Promotion of Isaias Cantu to Chief Benefits Analyst
- Health Benefits Administration updates
- Retirement Services Division updates
- Communications and Stakeholder Relations updates
- Upcoming events

B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- Year-End Accounting Report – Report to the Benefits Administration Committee and Board planned for the October 10th meeting date

President Chao recessed the Regular Meeting at 10:40 a.m. to convene in Closed Session discussion and that Item IX-C will be taken out of order.

III

DISABILITY RETIREMENT APPLICATION(S)

A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF PATRICIA ROSTOMIAN AND POSSIBLE BOARD ACTION

IV

LEGAL/LITIGATION

A. CLOSED SESSION TO CONFER WITH AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL, PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a),(d)(2), AND (e)(1) AND POSSIBLE BOARD ACTION

Item IX-C taken out of order.

IX

C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO OAKTREE REAL ESTATE OPPORTUNITIES FUND IX, L.P. AND POSSIBLE BOARD ACTION

President Chao reconvened the Regular Meeting at 11:52 a.m. and announced that the Board unanimously approved the Disability Retirement Application of Patricia Rostomian.

V

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR AUGUST 2023 – This report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON SEPTEMBER 12, 2023 – Commissioner Lee stated the Committee approved an investment manager contract with PGIM, Inc., received and filed the proxy voting activity report, and approved to continue the discussion on the proposed investment policy regarding private credit investments.
- B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON SEPTEMBER 26, 2023 – Commissioner Wilkinson stated the Committee approved the proposed change to disability presentations.

VII

Vice President Sohn moved approval of Consent Agenda Item VII-A, seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, Vice President Sohn, and President Chao -7; Nays, None.

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE REGULAR MEETING OF AUGUST 22, 2023 AND POSSIBLE BOARD ACTION

VIII

BOARD/DEPARTMENT ADMINISTRATION

Item VIII-B was taken out of order.

- B. DISCUSSION OF LOS ANGELES ADMINISTRATIVE CODE PROHIBITION ON ABSTENTION VOTING AND POSSIBLE BOARD ACTION – John Koontz, Senior Management Analyst, presented this item to the Board. Commissioner Sidley moved approval to direct staff to send a correspondence to the City Attorney for amendment of LAAC section 21.19, seconded by Commissioner Lee, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, Vice President Sohn, and President Chao -7; Nays, None.
- A. ASSUMPTIONS FOR JUNE 30, 2023 RETIREE HEALTH ACTUARIAL VALUATION AND POSSIBLE BOARD ACTION – Andy Yeung, Actuary with Segal, presented and discussed this item with the Board for 10 minutes.
- C. BUDGET REQUEST FOR ENHANCING OR REPLACING 977 N. BROADWAY BUILDING MANAGEMENT SYSTEM, ADDRESSING IDENTIFIED AIR CONDITIONING REPAIRS AND REPLACEMENTS AND POSSIBLE BOARD ACTION – Horacio Arroyo, Senior Management Analyst, presented this item to the Board. Commissioner Sidley moved approval of the following Resolution:

**BUDGET REQUEST FOR ENHANCING OR REPLACING 977 N. BROADWAY BUILDING
MANAGEMENT SYSTEM, ADDRESSING IDENTIFIED AIR CONDITIONING REPAIRS AND
REPLACEMENTS
AND POSSIBLE BOARD ACTION**

RESOLUTION 230926-B

WHEREAS, on October 23, 2019, LACERS closed escrow on a purchase of an office building at 977 North Broadway (977), Los Angeles California at the final negotiated purchase price of \$33,750,000; the property is a real estate asset held in a separate account in the LACERS Trust Fund, and the LACERS Board of Administration has sole and exclusive plenary authority over the assets of the trust fund;

WHEREAS, on May 23, 2023, the Board adopted the 977 Operating Budget of \$2,594,474, and Capital Budget of \$723,831 for the purpose of performing the maintenance and upkeep work delineated for Year 2 of LACERS' 10-Year Capital Plan;

WHEREAS, the recent spikes in Southern California temperatures have stressed the 977's cooling system causing intermittent shutdowns of the cooling units in the building making some spaces uncomfortable and unhealthy for staff;

WHEREAS, 977 Facility Personnel, working with heating, ventilation, and air conditioning (HVAC) vendors, worked diligently to diagnose the cause for the cooling unit shutdowns, and have cleaned out sediment from the cooling towers;

WHEREAS, most of the cooling units have improved functionality after the extensive maintenance work, 14 cooling units still remain inoperable and require specialized plumbing and electrical work;

WHEREAS, the current Building Management System (BMS) has been found to be inadequate to manage our current HVAC equipment and lacks features and integrations vital to 977 Facility Personnel;

WHEREAS, LACERS' 10-Year Capital Plan included a full retrofit of the BMS system in Fiscal Year 2025-26 with an anticipated allocation of \$360,000;

WHEREAS, LACERS recommends repairing the 14 malfunctioning cooling units and carrying out a comprehensive retrofit of the current BMS system estimated to cost \$500,000 to modernize the building's HVAC system with tools that monitor, control, diagnose, and timely address HVAC issues, while benefiting from a more efficient system operation that promotes equipment longevity and minimizes operational interruptions;

WHEREAS, at the Board's discretion, LACERS can repair the 14 malfunctioning cooling units but delay a full retrofit of the BMS and instead opt to enhance the current system for an estimated cost of \$60,000 that will enhance the BMS with critical connectivity to existing HVAC infrastructure while postponing a full retrofit;

WHEREAS, LACERS will report back to the Board regarding the ongoing diagnostics and repair work on the cooling system;

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

- 1) Approve a budget increase of \$500,000 to the Capital Expense Budget in Fund 800, LACERS Contractual Services (APPR 163040) in Fiscal Year 2023-24 (FY24) for expenses related to the full retrofit of the 977 N. Broadway Building Management System (BMS) and cooling unit repairs; and,
- 2) Authorize the General Manager to correct any clerical or typographical errors in this document.

Which motion was seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, Vice President Sohn, and President Chao -7; Nays, None.

- D. INCOME-RELATED MONTHLY ADJUSTMENT AMOUNT (IRMAA) AND MEDICARE PART B ONLY REIMBURSEMENT MEMBER FEEDBACK AND POSSIBLE BOARD ACTION – Karen Freire, Chief Benefits Analyst, James Kawashima, Senior Benefits Analyst, and Vi Duong, Benefits Analyst, presented and discussed this item with the Board. Commissioner Sidley moved approval of staff’s recommendation, seconded by Commissioner Lee, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, Vice President Sohn, and President Chao -7; Nays, None.
- E. PROPOSED CHANGE TO DISABILITY RETIREMENT PRESENTATION AND POSSIBLE BOARD ACTION – Susann Hernandez, Benefits Analyst, presented this item to the Board. Commissioner Wilkinson moved approval of staff’s recommendation, seconded by Commissioner Lee, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, Vice President Sohn, and President Chao -7; Nays, None.

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Rod June, Chief Investment Officer, reported on the portfolio value of \$21.8 billion as of September 25, 2023. Mr. June discussed the following items:
- Volatility Index at 17.35
 - Staff working on Private Credit Policy
 - Gary Guibert, LACERS Client Executive and Senior Vice President at Northern Trust, leaving the bank on October 13, 2023
 - Ellen Chen, Investment Officer II, attending PRI in Person in Tokyo, Rod June, Chief Investment Officer, attending the Government Employees’ Pension Fund of South Africa Conference
 - China Technology Exposure \$24.7 million
 - Status of lawsuit filed by Attorney Generals of 25 states, have been dismissed by a federal judge
 - Future Agenda Items: Notification of Real Estate opportunity
 - Mr. June shared that Russian exposure for LACERS stands at \$1,273,437.
 - Overall China exposure, which includes public and private markets exposure, is \$254 million
- B. APPROVAL OF 3-YEAR CONTRACT WITH PGIM, INC. REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO AND POSSIBLE BOARD ACTION

– Jeremiah Paras, Investment Officer I, presented this item to the Board. Commissioner Lee moved approval of the following Resolution:

**CONTRACT RENEWAL
PGIM, INC.
ACTIVE EMERGING MARKET DEBT PORTFOLIO MANAGEMENT**

RESOLUTION 230926-C

WHEREAS, LACERS' current three-year contract with PGIM, Inc. (PGIM) for active emerging market debt portfolio management expires on December 31, 2023; and,

WHEREAS, PGIM is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract renewal with PGIM will allow the LACERS total portfolio to maintain a diversified exposure to emerging market debt; and,

WHEREAS, on September 26, 2023, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with PGIM.

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:

<u>Company Name:</u>	PGIM, Inc.
<u>Service Provided:</u>	Active Emerging Market Debt Portfolio Management
<u>Effective Dates:</u>	January 1, 2024 through December 31, 2026
<u>Duration:</u>	Three years
<u>Benchmark:</u>	50% J.P. Morgan Emerging Market Bond Index Global Diversified Index and 50% J.P. Morgan Government Bond Index-Emerging Markets Global Diversified Index
<u>Allocation as of July 31, 2023:</u>	\$469 million

Which motion was seconded by Vice President Sohn, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, Vice President Sohn, and President Chao -7; Nays, None.

Item IX-C taken out of order.

X

OTHER BUSINESS – There was no other business.

XI

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, October 10, 2023, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

XII

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 12:40 p.m.

Annie Chao
President

Neil M. Guglielmo
Manager-Secretary



REPORT TO BOARD OF ADMINISTRATION

MEETING: October 24, 2023

From: Lin Lin, Personnel Director I

ITEM: VI – A



SUBJECT: CONSIDERATION OF 2023 GENERAL MANAGER'S MERIT PAY AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board take action to recommend Merit Salary adjustment based on the merits of the FY 22-23 evaluation in a percentage between 0 to 5% effective July 1, 2023.

Executive Summary

The Los Angeles City Charter Section 508 requires that the amount of compensation for the General Manager be adjusted by the appointing commission within guideline established by the City Council.

Discussion

Based on the performance evaluation discussed during closed session, the Board may set or adjust the General Manager's salary within the guidelines established by the City Council, with any salary increase being effective as of July 1, 2023.

General Manager salary range is set by ordinance between M-7 through M-13. Each M range identifies specific classifications entitled to compensation within the range. LACERS' GM falls within the M-9 salary range. Please refer to attachment 1 for the listing of General Managers M range.

Prepared By: Lin Lin, Personnel Director I

LL

- Attachments: 1. GM Salary Range 2023
2. Resolution Salary Compensation for General Manager

**ATTACHMENT B-I
SALARY RANGES FOR GENERAL MANAGERS
LOS ANGELES ADMINISTRATIVE CODE SECTION 4.61**

REVISED

(The Salary Range schedule for General Managers below reflects the range in effect on June 18, 2023 and the 3.0% increase effective July 2, 2023.
The Mayor or appropriate Board/Commission, pursuant to Charter Section 508, shall set or adjust the amount of compensation for
General Managers within the identified "M" ranges).

<u>CLASS CODE</u>	<u>RANGE NO. CLASSIFICATION</u>	<u>6/18/2023 BIWEEKLY RANGE</u>	<u>6/18/2023 ANNUAL RANGE</u>	<u>7/2/2023 BIWEEKLY RANGE</u>	<u>7/2/2023 ANNUAL RANGE</u>
M-13					
9998	General Manager and Chief Engineer Water and Power	\$11,880.00 - \$20,510.40	\$310,068 - \$535,321	\$12,236.80 - \$21,125.60	\$319,380 - \$551,378
M-12					
9296	Chief Legislative Analyst	\$10,236.60 - \$18,152.00	\$267,180 - \$473,767	\$10,544.00 - \$18,696.80	\$275,198 - \$487,986
9359	Chief of Police	\$10,236.60 - \$18,152.00	\$267,180 - \$473,767	\$10,544.00 - \$18,696.80	\$275,198 - \$487,986
0010	City Administrative Officer	\$10,236.60 - \$18,152.00	\$267,180 - \$473,767	\$10,544.00 - \$18,696.80	\$275,198 - \$487,986
9339	Fire Chief	\$10,236.60 - \$18,152.00	\$267,180 - \$473,767	\$10,544.00 - \$18,696.80	\$275,198 - \$487,986
0161	General Manager Airports	\$10,236.60 - \$18,152.00	\$267,180 - \$473,767	\$10,544.00 - \$18,696.80	\$275,198 - \$487,986
9289	General Manager Harbor Department	\$10,236.60 - \$18,152.00	\$267,180 - \$473,767	\$10,544.00 - \$18,696.80	\$275,198 - \$487,986
M-11					
9497	City Engineer	\$9,804.80 - \$16,107.20	\$237,113 - \$420,398	\$9,357.60 - \$16,590.40	\$244,233 - \$433,009
7236	Director Bureau of Sanitation	\$9,804.80 - \$16,107.20	\$237,113 - \$420,398	\$9,357.60 - \$16,590.40	\$244,233 - \$433,009
9650	Director of Finance	\$9,804.80 - \$16,107.20	\$237,113 - \$420,398	\$9,357.60 - \$16,590.40	\$244,233 - \$433,009
9254	General Manager Department of General Services	\$9,804.80 - \$16,107.20	\$237,113 - \$420,398	\$9,357.60 - \$16,590.40	\$244,233 - \$433,009
9380	General Manager Information Technology Agency	\$9,804.80 - \$16,107.20	\$237,113 - \$420,398	\$9,357.60 - \$16,590.40	\$244,233 - \$433,009
9295	General Manager Personnel Department	\$9,804.80 - \$16,107.20	\$237,113 - \$420,398	\$9,357.60 - \$16,590.40	\$244,233 - \$433,009
M-10					
9255	City Clerk	\$8,076 - \$14,324.00	\$210,784 - \$373,856	\$8,318.40 - \$14,753.60	\$217,110 - \$385,069
9235	City Librarian	\$8,076 - \$14,324.00	\$210,784 - \$373,856	\$8,318.40 - \$14,753.60	\$217,110 - \$385,069
9445	Director of Planning	\$8,076 - \$14,324.00	\$210,784 - \$373,856	\$8,318.40 - \$14,753.60	\$217,110 - \$385,069
9695	Executive Director, Convention Center	\$8,076 - \$14,324.00	\$210,784 - \$373,856	\$8,318.40 - \$14,753.60	\$217,110 - \$385,069
9256	General Manager Department of Transportation	\$8,076 - \$14,324.00	\$210,784 - \$373,856	\$8,318.40 - \$14,753.60	\$217,110 - \$385,069
9270	General Manager Los Angeles Housing Department	\$8,076 - \$14,324.00	\$210,784 - \$373,856	\$8,318.40 - \$14,753.60	\$217,110 - \$385,069
9243	General Manager Recreation and Parks	\$8,076 - \$14,324.00	\$210,784 - \$373,856	\$8,318.40 - \$14,753.60	\$217,110 - \$385,069
9500	General Manager Zoo Department	\$8,076 - \$14,324.00	\$210,784 - \$373,856	\$8,318.40 - \$14,753.60	\$217,110 - \$385,069

REVISED

<u>CLASS CODE</u>	<u>RANGE NO. CLASSIFICATION</u>	<u>6/18/2023 BIWEEKLY RANGE</u>	<u>6/18/2023 ANNUAL RANGE</u>	<u>7/2/2023 BIWEEKLY RANGE</u>	<u>7/2/2023 ANNUAL RANGE</u>
M-10 (continued)					
0202	Inspector Public Works	\$8,076 - \$14,324.00	\$210,784 - \$373,856	\$8,318.40 - \$14,753.60	\$217,110 - \$385,069
9205	Superintendent of Building	\$8,076 - \$14,324.00	\$210,784 - \$373,856	\$8,318.40 - \$14,753.60	\$217,110 - \$385,069
M-9					
9265	Director Bureau of Street Lighting	\$7,208.00 - \$12,776.00	\$188,129 - \$333,454	\$7,424.00 - \$13,159.20	\$193,766 - \$343,455
4159	Director Bureau of Street Services	\$7,208.00 - \$12,776.00	\$188,129 - \$333,454	\$7,424.00 - \$13,159.20	\$193,766 - \$343,455
9423	Executive Director, Civil, Human Rights and Equity Department	\$7,208.00 - \$12,776.00	\$188,129 - \$333,454	\$7,424.00 - \$13,159.20	\$193,766 - \$343,455
9245	General Manager Animal Services	\$7,208.00 - \$12,776.00	\$188,129 - \$333,454	\$7,424.00 - \$13,159.20	\$193,766 - \$343,455
9250	General Manager Community Development	\$7,208.00 - \$12,776.00	\$188,129 - \$333,454	\$7,424.00 - \$13,159.20	\$193,766 - \$343,455
9150	General Manager - LACERS	\$7,208.00 - \$12,776.00	\$188,129 - \$333,454	\$7,424.00 - \$13,159.20	\$193,766 - \$343,455
9267	General Manager - LAFPP	\$7,208.00 - \$12,776.00	\$188,129 - \$333,454	\$7,424.00 - \$13,159.20	\$193,766 - \$343,455
M-8					
9277	General Manager Community Investment for Families Department	\$6,448.00 - \$11,434.40	\$168,293 - \$298,438	\$6,641.60 - \$11,777.60	\$173,346 - \$307,395
9430	General Manager Department of Environmental Affairs	\$6,448.00 - \$11,434.41	\$168,293 - \$298,438	\$6,641.60 - \$11,777.60	\$173,346 - \$307,395
9222	General Manager Department of Neighborhood Empowerment	\$6,448.00 - \$11,434.42	\$168,293 - \$298,438	\$6,641.60 - \$11,777.60	\$173,346 - \$307,395
9806	General Manager Economic and Workforce Development Department	\$6,448.00 - \$11,434.43	\$168,293 - \$298,438	\$6,641.60 - \$11,777.60	\$173,346 - \$307,395
9645	Treasurer	\$6,448.00 - \$11,434.44	\$168,293 - \$298,438	\$6,641.60 - \$11,777.60	\$173,346 - \$307,395
M-7					
9429	Executive Director Cannabis Department	\$5,791.20 - \$10,269.60	\$151,150 - \$268,037	\$5,964.80 - \$10,577.60	\$155,681 - \$276,075
9720	Executive Director, Department on Disability	\$5,791.20 - \$10,269.61	\$151,150 - \$268,037	\$5,964.80 - \$10,577.60	\$155,681 - \$276,076
9226	Executive Director, Youth Development Department	\$5,791.20 - \$10,269.62	\$151,150 - \$268,037	\$5,964.80 - \$10,577.60	\$155,681 - \$276,077
9696	General Manager Cultural Affairs	\$5,791.20 - \$10,269.63	\$151,150 - \$268,037	\$5,964.80 - \$10,577.60	\$155,681 - \$276,078
9218	General Manager Department of Aging	\$5,791.20 - \$10,269.64	\$151,150 - \$268,037	\$5,964.80 - \$10,577.60	\$155,681 - \$276,079
9700	General Manager El Pueblo Historical Monument	\$5,791.20 - \$10,269.65	\$151,150 - \$268,037	\$5,964.80 - \$10,577.60	\$155,681 - \$276,080
9272	General Manager Emergency Management Department	\$5,791.20 - \$10,269.66	\$151,150 - \$268,037	\$5,964.80 - \$10,577.60	\$155,681 - \$276,081

SALARY COMPENSATION FOR
GENERAL MANAGER
NEIL M. GUGLIELMO

PROPOSED RESOLUTION

WHEREAS, the Board of Administration has authorization to set the salary for the position of General Manager-LACERS; and

WHEREAS, the salary is consistent with the range allowable and set by City Council;

BE IT RESOLVED, that the Board of Administration approves a yearly salary at X% higher than the current salary for Neil M. Guglielmo, General Manager, to be effective on July 1, 2023, pursuant to Charter Section 1108(c).

OCTOBER 24, 2023



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

MEETING: OCTOBER 24, 2023
ITEM: VI-B

Neil M. Guglielmo

SUBJECT: LACERS 2022 ANTHEM BLUE CROSS MEDICAL, BLUE VIEW VISION, AND DELTA DENTAL PPO YEAR-END ACCOUNTING AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board approve:

1. The Anthem Blue Cross (Anthem) medical, the self-funded Anthem Blue View Vision (Blue View Vision), and the self-funded Delta Dental PPO 2022 Year-End Accountings;
2. The transfer of the 2022 Anthem surplus premium funds amount of \$2,997,768 to LACERS' 401(h) account and \$336,873 to LACERS' 115 Trust Fund; and,
3. Authorize the General Manager to adjust the amounts, based on information updates received after this report.

Executive Summary

LACERS requires its health plans that are experience-rated, dividend-eligible participating contracts or self-funded to provide year-end accounting (YEA). The YEA indicates a surplus or deficit from total premium payments, claims costs, and administrative expenses for a Plan Year. The YEA results for the plan year ending 2022 are:

- Anthem medical plans' adjusted surplus premiums amounted to \$3,334,641 and will be transferred back to LACERS. Additionally, the 2021 year-end surplus of \$2,271,360 was authorized by the Board in 2022 but the transfer was not realized. Therefore the 2021 surplus with \$109,038 in interest, will also be transferred to LACERS. The 2021 surplus amounts will be allocated to the 401(h) account and 115 Trust Fund in the same manner as the 2022 surplus.
- The Anthem Blue View Vision became self-funded effective January 1, 2022, and ended the plan year with a premium surplus of \$223,850.
- The self-funded Delta Dental PPO plan ended 2022 with a premium surplus of \$861,743.

For future reporting, LACERS has asked the carriers to include in their report the Medical Loss Ratio and any other information that requires the carriers to report or provide a refund due to low

usage/performance. This will assist LACERS with future reconciliation of accounts regarding funds owed to LACERS.

Discussion

Anthem Blue Cross medical plans

LACERS has an experience-rated refunding contract with Anthem for its under-65 and Medicare Part B only Commercial HMO plan, under-65 and Medicare Part B only Commercial PPO plan, and 2021 Anthem Life & Health Medicare (Medicare Supplement) plan which requires year-end accounting. At the end of each plan year, the review compares Anthem's actual annual costs with the annual premium¹ amount paid by LACERS and its Members.

For 2022, LACERS discontinued the Anthem Life & Health Medicare (Medicare Supplement) plan and replaced it with the Anthem Medicare Preferred (Medicare Advantage) PPO plan. Therefore, the Medicare Supplement plan only shows adjustments. The Medicare Advantage plan is not included in the report since it is dependent, in part, on Medicare funding and is not dividend (surplus) eligible, thus does not require a year-end accounting.

Any deficits that may be found in the year-end accounting are funded by LACERS' Claims Stabilization Fund (CSF)² held by Anthem. The required funding level is determined by Anthem at the beginning of each plan year. For 2023, Anthem required the CSF balance to be increased from \$1,675,806 to \$1,700,000, a difference of \$24,194. This difference will be pulled from the 2022 interest earned.

LACERS' Health and Welfare Consultant, AP Keenan (Keenan), reviewed Anthem's year-end accounting for 2022 (Attachment 1). All year-end accounting takes place at least six months after the end of the plan year, December 31, 2022. Highlights of Keenan's findings include:

Total Premium Paid	\$36,755,305
Claims/Expenses	(\$33,420,663)
Surplus Premiums	\$ 3,334,641
Transfer to CSF	(\$ 0)
2022 Year-End Balance	\$ 3,334,641

The surplus premium funds are recommended to be transferred from the CSF to LACERS, where it can potentially earn a higher rate of return. These funds are to be placed in LACERS' 401(h) account and the 115 Trust Fund account in accordance with the premium reserve funding policy to maintain a

¹ Anthem plan premiums are based on projected costs for the next plan year.

² The CSF is held in an interest-earning account based on the 12-month London Interbank Offered Rate (LIBOR) Index. The LIBOR Index is a benchmark interest rate at which major global banks lend to one another in the international interbank market for short-term loans.

minimum balance of 15% of the experience-rated refunding or self-funded health plan's projected premium cost for the coming year.

The 2021 year-end balance of \$2,271,360, which was approved by the Board on September 27, 2022 to be transferred to LACERS, has not yet taken place and will be requested again.

Blue View Vision

Blue View Vision became self-funded effective January 1, 2022. The Blue View Vision premiums are paid to LACERS from our 401(h) account and Members' premium deductions and then deposited into our 115 Trust Fund account. LACERS is responsible for paying all related provider claims and administration fees from the 115 Trust Fund account. When premiums exceed claims costs, LACERS retains the surplus premium dollars in the 115 Trust Fund account; however, any deficits when premiums are not sufficient to cover all claims cost must be resolved by LACERS and paid from the 115 Trust Fund.

LACERS pays Blue View Vision an administration fee to process the claims, and they invoice LACERS the claims cost each month.

On an annual basis, Keenan reviews the claims and conducts a year-end accounting. Keenan performed a year-end accounting of the self-funded Blue View Vision plan for 2022 (Attachment 2). The budgeted premium exceeded the total cost creating a surplus position of \$223,850:

Total Premiums Paid	\$876,842
Claims/Expenses	<u>(\$652,992)</u>
2022 Year-End Balance	\$223,850

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

Delta Dental PPO

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

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

On an annual basis, Keenan reviews the claims and conducts a year-end accounting. Keenan performed a year-end accounting of the self-funded Delta Dental PPO plan for 2022 (Attachment 3). The budgeted premium exceeded the total cost creating a surplus position of \$861,743:

Total Premiums Paid	\$11,893,605
Claims/Expenses	<u>(\$11,031,862)</u>
2022 Year-End Balance	\$ 861,743

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

Strategic Plan Impact Statement

The Anthem, Blue View Vision, and Delta Dental PPO Year-End Accounting process allows premium surpluses to be used toward future premium costs supporting the Strategic Plan Goal to improve value and minimize costs of Members' health and wellness benefits.

Prepared By: Ada Lok, Senior Benefits Analyst I, Health, Wellness and Buyback Division

NMG/DWN/KF/al

- Attachments:
1. Keenan Report - 2022 Anthem Year-End Accounting
 2. Keenan Report - 2022 Blue View Vision Year-End Accounting
 3. Keenan Report - 2022 Delta Dental Year-End Accounting
 4. Proposed Resolution



BOARD Meeting: 10/24/23
Item: VI-B
Attachment 1

Los Angeles City Employees' Retirement System 2022 Anthem Year-End Accounting October 24, 2023

Respectfully Submitted by:

Ju Anderson, Vice President | Bordan Darm, Senior Consultant
Erin Robinson, Service Consultant | James Takamatsu, Vice President and Actuary

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 - Anthem Accounting Summary by Plan Page 8
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Executive Summary

- 2022 produced a Year-End Accounting (YEA) surplus of \$3,334,641
- From the surplus, \$0 was transferred to the Claims Stabilization Fund (CSF) leaving a Year-End adjusted surplus of \$3,334,641
- Anthem's CSF is now funded at \$4,080,398 as of December 31, 2022
 - from \$1,675,806 at December 31, 2021
 - for an increase of \$2,404,592
 - \$ 2,271,360 from 2021 YEA surplus, and
 - \$133,232 from interest (12-month LIBOR Index; of that, \$24,194 remains in the CSF and \$109,038 will be transferred to LACERS)
- Anthem Blue Cross is holding the YEA surplus in its CSF account
- LACERS has two options:
 - Leave the funds in the CSF
 - Request the funds be transferred to LACERS (as has been done in past years)
 - Should LACERS opt for a refund, Anthem requires a formal letter of request or email instructions
- After the 2019 YEA, accounting on the Premium Stabilization Reserve (PSR) was discontinued since all balances were transferred to LACERS (except for the CSF)

Executive Summary (continued)

For the 2022 YEA there are several changes:

- For 2022, the Anthem Blue View Vision coverage was changed to self-funded.
 - LACERS received a YEA for the vision coverage.
- For 2022, LACERS discontinued the Medicare Supplemental PPO plan and replaced it with the Passive PPO Medicare Advantage plan.
 - The Medicare Supplemental PPO plan may show on the 2022 YEA but only for adjustments prior to 2022.
 - The Passive PPO Medicare Advantage plan is not a participating contract.
 - It will not be included in the YEA.
 - It is a Medicare Part C contract which is dependent in part on Medicare funding and therefore not dividend (surplus) eligible.

2022 Anthem Accounting Summary

- The YEA provides LACERS with the difference between total costs incurred for the policy period and the respective premium remitted. The balance is expressed as a surplus or deficit position
- The Claims Stabilization Fund (CSF) is set and held by Anthem and funded by LACERS. It is to fund any deficit of a given policy period
- The PSR was discontinued with the 2019 YEA
 - The purpose of the Premium Stabilization Reserve (PSR) fund was to build up reserves from the surpluses of each policy period after meeting the funding requirement in the CSF, and to provide additional security should a period's deficit be greater than the CSF
 - After the 2019 YEA, the balance of the PSR was transferred to LACERS who now manages the surpluses

Policy Year	2016	2017	2018	2019	2020	2021	2022
YEA	\$1,017,392	\$4,140,949	\$1,114,664	\$2,366,139	\$2,255,347	\$2,426,892	\$3,334,641
Surplus/(Deficit)	surplus	surplus	surplus	surplus	surplus	surplus	surplus
% of Premium	2.10%	8.20%	2.00%	4.23%	4.13%	3.70%	9.07%
Ending CSF	\$1,129,400	\$1,251,114	\$1,405,423	\$1,452,172	\$1,515,734	\$1,675,806	\$1,700,000
\$ Adjustment*	\$0	\$121,714	\$154,309	\$46,749	\$63,562	\$160,072	\$24,194
% Adjustment*	0.00%	10.80%	12.30%	3.22%	4.19%	9.55%	1.42%
PSR w/YEA	\$19,671,630	\$16,334,836	\$11,956,924	\$0	\$0	\$0	\$0
\$ Adjustment	\$1,285,160	(\$3,336,794)	(\$4,497,714)	(\$11,956,924)	\$0	\$0	\$0

2022 Claims Stabilization Fund (CSF)

CSF Accounting	2016	2017	2018	2019	2020	2021	2022
1/1 CSF Balance	\$1,129,400	\$1,129,400	\$1,251,114	\$1,405,423	\$1,452,172	\$1,515,734	\$3,947,165
Interest Earned	\$15,496	\$20,209	\$34,507	\$33,382	\$11,184	\$4,540	\$133,232
Interest Yield	1.37%	1.79%	2.76%	2.38%	0.77%	0.30%	3.38%
YEA Fund Transfer	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surplus Transfer*	(\$15,496)	\$101,505	\$119,802	\$13,367	\$52,378	\$155,532	\$0
Required CSF	\$1,129,400	\$1,251,114	\$1,405,423	\$1,452,172	\$1,515,734	\$1,675,806	\$1,700,000
Excess CSF	\$0	\$0	\$0	\$0	\$0	\$0	\$2,380,398

*Previous to 2020 known as PSR Fund Transfer

- The January 1, 2022, required CSF beginning balance was \$1,675,806
- The \$133,232 Interest Yield is based on 12-month LIBOR Index. Of that, \$24,194 remains in the CSF and \$109,038 will be transferred to LACERS
- Effective January 1, 2023, Anthem required that the CSF be increased 1.42% or \$24,194 (from \$1,675,806 to \$1,700,000)
 - The increase was funded from the interest earned
- The 2022 1/1 CSF Balance (\$3,947,165) includes the \$2,271,360 from the 2021 year-end balance and the 2021 required CSF \$1,675,806

2022 Funds Due to LACERS

2022 YEA Accounting	Amount
2021 Ending Surplus	\$2,271,360
2022 Ending Surplus	\$3,334,641
2022 Starting CSF	\$1,675,806
2022 Interest Earned	\$133,232
2022 Amount remain in CSF	(\$1,700,000)
Overage Due LACERS	\$5,715,040

2022 Anthem Accounting Summary By Plan

LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM

Annual Accounting

Case No. C22357

January 1, 2022 through December 31, 2022

	HMO	PPO	Medicare Supplement	Medicare D	Total
Income Reported	\$16,363,968	\$20,385,875	\$0	\$5,914	\$36,755,757
CMS Revenue (Medicare D)	\$0	\$0	\$0	(\$453)	(\$453)
Total Income Received	\$16,363,968	\$20,385,875	\$0	\$5,461	\$36,755,305
Paid Claims	\$9,296,715	\$21,889,909	\$1,739,412	\$1,372,929	\$34,298,965
+ Ending Reserve	\$746,873	\$1,726,514	\$205,251	\$49,426	\$2,728,064
- Beginning Reserve	(\$845,574)	(\$1,653,566)	(\$1,102,292)	(\$852,568)	(\$4,454,000)
+ Large Claim Charge	\$972,072	\$1,456,758	\$0	\$0	\$2,428,830
- Large Claim Credit	(\$1,211,884)	(\$3,592,177)	\$0	\$0	(\$4,804,061)
Incurred Claims	\$8,958,201	\$19,827,438	\$842,371	\$569,787	\$30,197,797
Retention	\$610,674	\$807,544	\$0	\$0	\$1,418,218
HMC Programs	\$4,752	\$5,772	\$0	\$0	\$10,524
Silver Sneakers Program	\$108,610	\$109,569	\$0	\$0	\$218,180
Premium Tax	\$0	\$118,561	\$0	\$39,520	\$158,081
ACA Insurer Fee	\$0	\$0	\$0	\$0	\$0
Capitation Expenses	\$6,054,916	\$0	\$0	\$0	\$6,054,916
Consortium Fees	\$0	\$7,208	\$0	\$0	\$7,208
Part D Credit Final Settlement ReOpening - 2015	\$0	\$0	\$0	\$0	\$0
Part D Coverage Gap Discount True-Up - 2021	\$0	\$0	\$0	\$414	\$414
Part D Credit Final Settlement - 2021	\$0	\$0	\$0	(\$4,638,141)	(\$4,638,141)
Part D Estimated Coverage Gap Discount - 2021	\$0	\$0	\$0	\$0	\$0
Part D Credit Final Settlement ReOpening - 2017	\$0	\$0	\$0	(\$6,534)	(\$6,534)
Total Expense	\$15,737,155	\$20,876,092	\$842,371	(\$4,034,954)	\$33,420,663
Expense Ratio	96.17%	102.40%	0.00%	-73883.88%	90.93%
Accumulated Surplus/(Deficit) at December 31, 2022	\$626,814	(\$490,217)	(\$842,371)	\$4,040,415	\$3,334,641
Amount Allocated to Claims Stabilization Fund	\$0	\$0	\$0	\$0	\$0
Ending Surplus	\$626,814	(\$490,217)	(\$842,371)	\$4,040,415	\$3,334,641

2022 Anthem Accounting Summary - Accounting History

	2016	2017	2018	2019	2020	2021	2022
Annual Amount							
Total Income	\$47,725,568	\$51,421,751	\$55,132,694	\$55,927,235	\$54,664,982	\$65,618,714	\$36,755,305
Total Expenses	\$46,708,176	\$47,280,802	\$54,018,030	\$53,561,096	\$52,409,635	\$63,191,822	\$33,420,663
Surplus / (Deficit)	\$1,017,392	\$4,140,949	\$1,114,664	\$2,366,139	\$2,255,347	\$2,426,892	\$3,334,641
Expense Ratio	97.87%	91.95%	97.98%	95.77%	95.87%	96.30%	90.93%
Contracts	4,795	4,734	4,930	4,920	5,149	5,505	2,088
Per Retiree Per Month Amount							
Total Income	\$829.43	\$905.19	\$931.93	\$947.34	\$884.79	\$993.33	\$1,466.81
Total Expenses	\$811.75	\$832.29	\$913.08	\$907.26	\$848.29	\$956.60	\$1,333.73
Surplus / (Deficit)	\$17.68	\$72.89	\$18.84	\$40.08	\$36.50	\$36.74	\$133.08

Acknowledgement

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

Questions and Answers



BOARD Meeting: 10/24/23
Item: VI-B
Attachment 2

Los Angeles City Employees' Retirement System 2022 Vision Year End Accounting October 24, 2023

Respectfully Submitted by:

Ju Anderson, Vice President | Bordan Darm, Senior Consultant
Erin Robinson, Service Consultant | James Takamatsu, Vice President and Actuary

Executive Summary

- LACERS self-funded its vision plan effective January 1, 2022
- For 2022, budgeted premium exceeded total cost creating a surplus position of \$223,850 with loss ratio of 74.5%
- The Year-End accountings were prepared by Keenan based on information provided by Anthem Blue View Vision. LACERS may have more accurate numbers based on fluctuations in enrollment or other debits and credits.

2022 Anthem Vision Accounting Summary

2022	Susscribers	Paid Amount	Administration	Total Expenses	Premium	Surplus / Deficit	Total Cost Loss Ratio
22-Jan	6,947	\$58,621	\$4,654	\$63,276	\$72,929	\$9,653	86.80%
22-Feb	6,927	\$42,889	\$4,641	\$47,530	\$72,744	\$25,214	65.30%
22-Mar	6,931	\$44,718	\$4,644	\$49,362	\$72,770	\$23,409	67.80%
22-Apr	6,943	\$44,395	\$4,652	\$49,047	\$72,830	\$23,783	67.30%
22-May	6,956	\$48,022	\$4,661	\$52,683	\$72,925	\$20,242	72.20%
22-Jun	6,955	\$44,448	\$4,660	\$49,108	\$72,882	\$23,775	67.40%
22-Jul	6,967	\$47,310	\$4,668	\$51,977	\$72,967	\$20,990	71.20%
22-Aug	7,001	\$53,478	\$4,691	\$58,168	\$73,348	\$15,180	79.30%
22-Sep	7,007	\$57,541	\$4,695	\$62,236	\$73,405	\$11,169	84.80%
22-Oct	6,996	\$59,364	\$4,687	\$64,051	\$73,265	\$9,214	87.40%
22-Nov	7,013	\$49,823	\$4,699	\$54,522	\$73,417	\$18,895	74.30%
22-Dec	7,011	\$46,335	\$4,697	\$51,032	\$73,360	\$22,328	69.60%
2022 Avg / Total	6,971	\$596,944	\$56,048	\$652,992	\$876,842	\$223,850	74.50%

Acknowledgement

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

Questions and Answers



BOARD Meeting: 10/24/23
Item: VI-B
Attachment 3

Los Angeles City Employees' Retirement System 2022 Delta Dental Year End Accounting October 24, 2023

Respectfully Submitted by:

Ju Anderson, Vice President | Bordan Darm, Senior Consultant
Erin Robinson, Service Consultant | James Takamatsu, Vice President and Actuary

Executive Summary

- LACERS self-funded its dental plan effective January 1, 2019
- In 2020, budgeted premium exceeded total cost creating a surplus position of \$2,803,268
- For 2021, budgeted premium exceeded total cost creating a surplus position of \$1,808,410
- For 2022, budgeted premium exceeded total cost creating a surplus position of \$861,743
- The three-year total surplus position amounts to \$5,473,421 with loss ratio of 83.9%
- The Year-End accountings were prepared by Keenan based on information provided by Delta Dental. LACERS may have more accurate numbers based on fluctuations in enrollment or other debits and credits.

2022 Delta Dental Accounting Summary

2020	Number of Claims	Paid Amount	Administration	Total Expenses	Premium	Surplus / Deficit	Total Cost Loss Ratio
2020	33,625	\$7,050,618	\$732,561	\$7,783,180	\$10,586,448	\$2,803,268	73.5%
2021	Number of Claims	Paid Amount	Administration	Total Expenses	Premium	Surplus / Deficit	Total Cost Loss Ratio
Jan-21	2,782	\$652,127	\$65,816	\$717,942	\$914,473	\$196,531	78.5%
Feb-21	3,071	\$704,101	\$66,621	\$770,723	\$927,014	\$156,292	83.1%
Mar-21	3,472	\$740,992	\$67,284	\$808,277	\$936,754	\$128,477	86.3%
Apr-21	4,412	\$947,377	\$68,187	\$1,015,564	\$951,510	-\$64,054	106.7%
May-21	3,602	\$732,683	\$69,095	\$801,778	\$964,892	\$163,114	83.1%
Jun-21	3,449	\$688,654	\$69,615	\$758,269	\$972,574	\$214,305	78.0%
Jul-21	4,240	\$840,385	\$69,834	\$910,219	\$975,932	\$65,713	93.3%
Aug-21	3,403	\$676,516	\$70,054	\$746,570	\$978,277	\$231,707	76.3%
Sep-21	4,321	\$841,246	\$70,105	\$911,351	\$980,908	\$69,557	92.9%
Oct-21	3,401	\$635,531	\$70,156	\$705,687	\$980,360	\$274,673	72.0%
Nov-21	3,299	\$621,601	\$70,049	\$691,649	\$979,217	\$287,568	70.6%
Dec-21	4,165	\$823,717	\$70,089	\$893,806	\$978,333	\$84,527	91.4%
2021	43,617	\$8,904,931	\$826,904	\$9,731,835	\$11,540,244	\$1,808,410	84.3%
2022	Number of Claims	Paid Amount	Administration	Total Expenses	Premium	Surplus / Deficit	Total Cost Loss Ratio
Jan-22	3,133	\$690,889	\$70,967	\$761,856	\$991,714	\$229,858	76.8%
Feb-22	3,940	\$931,991	\$71,211	\$1,003,202	\$992,751	-\$10,451	101.1%
Mar-22	4,921	\$1,109,723	\$71,216	\$1,180,939	\$992,562	-\$188,377	119.0%
Apr-22	3,858	\$835,246	\$71,206	\$906,453	\$991,277	\$84,825	91.4%
May-22	4,054	\$903,689	\$71,191	\$974,880	\$990,336	\$15,457	98.4%
Jun-22	4,637	\$924,011	\$71,252	\$995,264	\$990,742	-\$4,521	100.5%
Jul-22	3,333	\$702,167	\$71,283	\$773,449	\$990,762	\$217,313	78.1%
Aug-22	3,657	\$761,069	\$71,318	\$832,387	\$992,222	\$159,835	83.9%
Sep-22	4,565	\$930,776	\$71,415	\$1,002,191	\$991,551	-\$10,640	101.1%
Oct-22	3,822	\$742,825	\$71,349	\$814,174	\$991,132	\$176,958	82.1%
Nov-22	3,733	\$768,306	\$71,369	\$839,675	\$990,448	\$150,773	84.8%
Dec-22	4,327	\$876,130	\$71,262	\$947,392	\$988,106	\$40,714	95.9%
2022	47,980	\$10,176,822	\$855,041	\$11,031,862	\$11,893,605	\$861,743	92.8%

2022 Delta Dental Enrollment Summary

2020	Total Primary Enrollees	Enrollee Only	Enrollee + Spouse	Enrollee + 1 Child	Enrollee + Children	Family	Total Primary Enrollees	Adult Dependents	Child Dependents	Total Members
2020 Avg	12,490	7,986	3,966	169	30	340	12,490	4,305	739	17,535
2021										
21-Jan	12,924	8,241	4,106	183	29	365	12,924	4,471	810	18,205
21-Feb	13,075	8,307	4,168	194	29	377	13,075	4,545	839	18,459
21-Mar	13,197	8,372	4,213	192	28	392	13,197	4,605	856	18,658
21-Apr	13,386	8,476	4,272	200	30	408	13,386	4,680	896	18,962
21-May	13,549	8,545	4,347	212	31	414	13,549	4,761	915	19,225
21-Jun	13,652	8,609	4,374	214	31	424	13,652	4,798	930	19,380
21-Jul	13,693	8,633	4,380	216	32	432	13,693	4,812	941	19,446
21-Aug	13,723	8,646	4,398	216	31	432	13,723	4,830	940	19,493
21-Sep	13,759	8,669	4,409	215	31	435	13,759	4,844	944	19,547
21-Oct	13,759	8,679	4,403	212	31	434	13,759	4,837	939	19,535
21-Nov	13,751	8,682	4,398	210	31	430	13,751	4,828	928	19,507
21-Dec	13,752	8,698	4,384	213	30	427	13,752	4,811	921	19,484
2021 Avg	13,518	8,546	4,321	206	30	414	13,518	4,735	905	19,158
2022										
22-Jan	13,929	8,789	4,467	216	28	429	13,929	4,896	928	19,753
22-Feb	13,954	8,817	4,466	216	31	424	13,954	4,890	928	19,772
22-Mar	13,962	8,836	4,459	213	30	424	13,962	4,883	926	19,771
22-Apr	13,958	8,849	4,446	214	29	420	13,958	4,866	922	19,746
22-May	13,957	8,863	4,433	215	27	419	13,957	4,852	916	19,725
22-Jun	13,967	8,876	4,431	213	28	419	13,967	4,850	914	19,731
22-Jul	13,972	8,883	4,435	210	27	417	13,972	4,852	908	19,732
22-Aug	13,992	8,897	4,439	209	27	420	13,992	4,859	911	19,762
22-Sep	13,994	8,909	4,437	207	26	415	13,994	4,852	896	19,742
22-Oct	13,991	8,905	4,446	206	26	408	13,991	4,854	886	19,731
22-Nov	13,990	8,913	4,446	201	25	405	13,990	4,851	876	19,717
22-Dec	13,973	8,919	4,432	199	25	398	13,973	4,830	864	19,667
2022 Avg	13,970	8,871	4,445	210	27	417	13,970	4,861	906	19,737

Acknowledgement

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

Questions and Answers

ANTHEM BLUE CROSS 2022 YEAR- END ACCOUNTING

PROPOSED RESOLUTION

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

WHEREAS, LACERS has experience-rated, dividend-eligible participating contracts with Anthem Blue Cross (Anthem) for its under-65 and Medicare Part B only Commercial HMO plan, under-65 and Medicare Part B only Commercial PPO plan, and 2021 Anthem Life & Health Medicare (Medicare Supplement) plan, which means that at the end of each plan year, an accounting is performed to review and compare Anthem's actual annual costs with the annual premium amount paid by LACERS and its Members;

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

WHEREAS, the 2022 Anthem year-end accounting shows an adjusted premium surplus of \$3,334,641;

WHEREAS, the appropriate amount of surplus premium funds attributable to medical subsidies shall be deposited back to the account from which the subsidy dollars were originally paid, which currently is the LACERS 401(h) account, and the appropriate amount of surplus premium funds attributable to Member monthly allowance deductions shall be deposited in the 115 Trust account;

WHEREAS, the 2022 premium surplus of \$3,334,641 is being held by Anthem in the Claims Stabilization Fund and will transfer \$2,997,768 to LACERS' 401(h) account and \$336,873 to LACERS' 115 Trust upon approval of the 2022 year-end accounting;

NOW, THEREFORE, BE IT RESOLVED, that the Board to approve the Anthem Blue Cross medical 2022 Year-End Accountings and the transfer of the 2022 Anthem surplus premium funds amount of \$2,997,768 to LACERS' 401(h) account and \$336,873 to LACERS' 115 Trust; and authorize the General Manager to adjust the amounts, based on updates of information received after this report.

October 24, 2023



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

Board Meeting: 10/24/23
Item: VI-C

COMMUNICATIONS & STAKEHOLDER RELATIONS DIVISION YEAR-END OVERVIEW AND HIGHLIGHTS



WHO WE ARE

We are the eyes and ears of the Department and often the first interaction Members have with LACERS. We are always thinking of innovative ways to help better serve our Members.

Our mission is to assist Members in understanding their benefits, thereby allowing them to make informed retirement decisions resulting in a fulfilling post City career.



COMMUNICATIONS & STAKEHOLDER RELATIONS DIVISION

TANEDA LARIOS – CHIEF BENEFITS ANALYST

HEATHER RAMIREZ – SR. BENEFITS ANALYST II

MEMBER SERVICE CENTER

Gabriel Perez – Sr. Benefits Analyst I
Wendy Johnson – Benefits Analyst
Sandra Ford-James – Benefits Specialist
Jesus Navarro – Benefits Specialist
Nathan Romero – Benefits Specialist
Amoree Aguilar – Sr. Admin Clerk
Vacant – Sr. Admin Clerk
Vacant – Sr. Admin Clerk
Charnaya Blackburn – Admin Clerk
Gina Henderson – Admin Clerk
Megan Herbold – Admin Clerk
Adrian Dymally – Admin Intern
Cyrus Harding – Office Trainee



8 DEDICATED PHONE AGENTS

MEMBER ENGAGEMENT

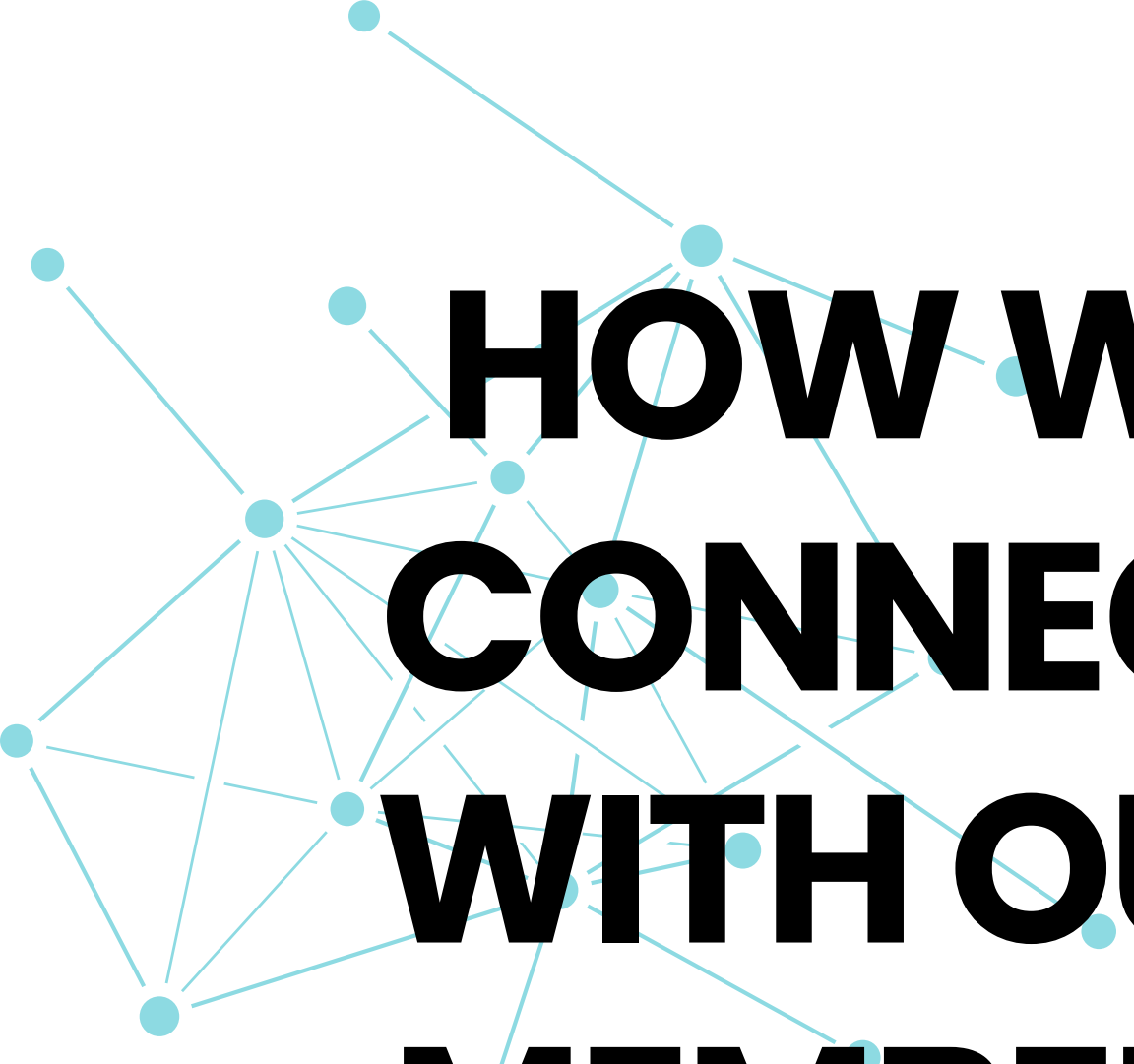
Tiffany Obembe – Sr. Benefits Analyst I
Nathan Herkelrath – Benefits Analyst
Khia Moore – Benefits Analyst
Carlos Jovel Jr. – Benefits Analyst
Jennifer Romero – Benefits Specialist
Veronica Flores – Admin Clerk



DEVELOPMENT & MARKETING

Amelia Herrera-Robles – Public Information Director
Liseth Grande – Benefits Specialist
Arsen Melikyan – Admin Intern





HOW WE CONNECT WITH OUR MEMBERS

Member Engagement Team



Seminars, Webinars, and more

- A total of **82** Seminars/Webinars were conducted
- **72%** increase in the amount of off-site presentations
- **2,700** participants – increase of 50% from FY 21-22
- Highest attended webinar **181** participants, highest attended in-person **165** participants
- **18** departments served



Written Publications

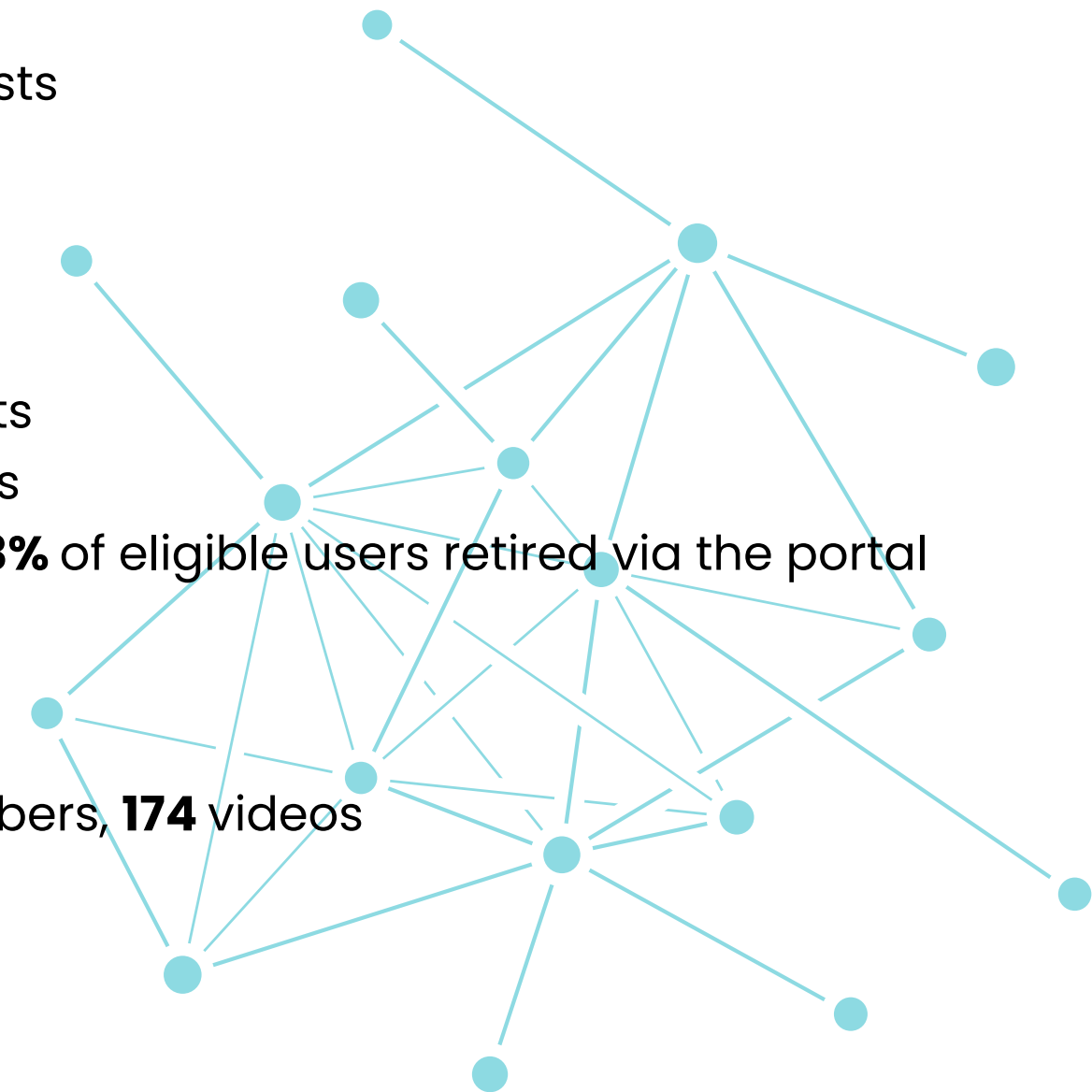
- Bi-Annual Active and Retiree Newsletters : **56%** and **60%** open rates respectively which is 5-8% higher than last year and well above the industry standard
- Monthly Active and Retiree Eblasts
- Monthly Retiree Paycheck Flyer

Online Access

- LACERS.org : **147,000** unique visits
- MyLACERS Account: **22,500** users
- Retirement Application Portal **73%** of eligible users retired via the portal

Social Media

- YouTube Channel : **1,881** subscribers, **174** videos
- LinkedIn: **515** followers, **41** posts



FY 22-23 CSRD Highlights

- ✓ Language Access Plan (LAP)
- ✓ Member Service Modernization Business Plan
- ✓ Member Service Metrics (Amazon Connect and Retirement Application Portal Phase 2)
- ✓ Non-desk Active Member Campaign



FY 22-23 Development & Marketing Highlights

A Crisis Communications Plan is being developed for the department which will include cached responses for various forms of emergencies and disasters.

A 10-question Member Communication Survey was sent to Active and Retired Members, approximately **2,900** surveys have been received and results are being tabulated.



FY 22-23 MEMBER SERVICE CENTER HIGHLIGHTS

1
58,000
Total Member
Inquiries

2
100
Average number
of calls handled
per agent per
week

3
**90
MINUTES**
Longest call
handled by an
agent

4
27%
Decrease in the
average number
of calls
abandoned

5
13%
Increase in the
number of calls
answered to **63%**
of calls answered
within the call wait
time target of 2.5
minutes

6
1,741
Number of in-
person visitors
served at LACERS
Reception Desk
compared to 166
the year prior

AMAZON CONNECT

Has its benefits



CUSTOMIZABLE RECORDED PROMPTS

Prompts created on demand for hot topics allowing us to provide more info/answers without having to connect to an agent or rely on Systems staff.



AUTO CALL BACK

This feature makes it much more convenient for Members to reach us while spending less time holding.

CONTACT LENS

Provides supervisors a tool that uses Artificial Intelligence to monitor calls in real time for trigger words and elevated voice levels.



REAL TIME CALL MONITORING

As a Business Plan Initiative rolled out to all Member-facing units this summer, this allows for department-wide consistency in providing the accurate delivery of information and quality of customer service.

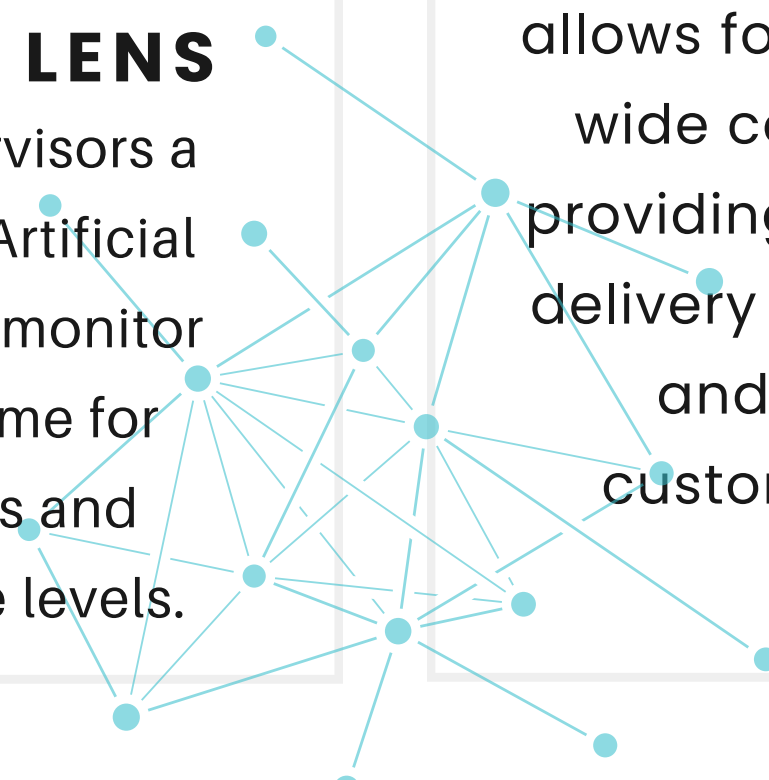


COST SAVINGS

We only pay for the resources we use. We are charged for minutes spent on the line and voicemails left rather than a broad license agreement.

REDUCTION OF PAIN POINTS

Able to transfer Member Calls directly between LACERS staff members.



THANK YOU
WE'RE AVAILABLE FOR
ANY QUESTIONS



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: OCTOBER 24, 2023

ITEM: VII - B

SUBJECT: CONSENT OF ASSIGNMENT OF ENERGY CAPITAL PARTNERS' CONTRACT AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Consent to the assignment of the contract with Energy Capital Partners.
2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Executive Summary

Energy Capital Partners Management, L.P. (ECP) has entered into an agreement to be acquired by Bridgepoint Group plc (Bridgepoint), a London-based private asset management firm. LACERS committed \$40 million to Energy Capital Partners III, L.P. (fund) in 2014. Under the Investment Advisers Act of 1940 and pursuant to LACERS' contract with ECP, this change in control of the firm is deemed to be a contract assignment (a legal transfer of the obligations and benefits of a contract to another party) and requires Board approval.

Discussion

LACERS is a limited partner in Energy Capital Partners III, L.P. after committing \$40 million to the fund in 2014. As of December 31, 2022, ECP III had a net internal rate of return of 10.9%. ECP was founded in 2005 and is headquartered in Summit, New Jersey with offices in New York City, Houston, San Diego, Fort Lauderdale, and Seoul. ECP invests in power generation, renewable and storage assets, and infrastructure. As of March 2023, ECP had \$18.5 billion of assets under management.

In a press release dated September 6, 2023, ECP and Bridgepoint Group announced that the parties had entered into a definitive agreement pursuant to which ECP would be acquired by and become a subsidiary of Bridgepoint. Bridgepoint is a United Kingdom-based private asset growth investor, specializing in private equity and private debt with over \$40 billion of assets under management. The

closing is expected to occur during the first quarter of 2024, subject to customary legal and regulatory conditions, consents, and approvals. Details of ECP's transaction are included in Attachment 2.

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

Staff and Aksia LLC (Aksia), LACERS' Private Equity Consultant, recommend consenting to the assignment of the ECP contract.

Strategic Plan Impact Statement

A continued relationship with ECP will allow the fund to maintain a diversified exposure to private equity, which aligns with the Strategic Plan Goal to optimize long-term risk adjusted investment returns (Goal IV).

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

NMG/RJ/WL/CH:rm

- Attachments:
1. Consultant Recommendation – Aksia
 2. Press Release on Bridgepoint Acquisition of ECP
 3. Proposed Resolution



MEMORANDUM

To: Los Angeles City Employees' Retirement System (LACERS)
From: Aksia LLC ("Aksia")
Date: October 6, 2023
RE: Energy Capital Partners III, L.P.

Overview:

We have reviewed the consent request from Energy Capital Partners III, L.P. (the "Fund"), due October 24, 2023, from a business/investment point of view. The General Partner seeks consents from each of Energy Capital Partner's funds regarding a combination with Bridgepoint to create around a \$60 billion global private markets asset manager. This manager will span private equity, infrastructure, and credit with offices in Europe, North America, and Asia.

Instructions Per Request:

Should you consent, please sign, and complete the consent by October 24, 2023. If you are in multiple funds, you only need to complete one consent form as this form will constitute your response for each fund in which you are an investor.

Recommendation:

We believe that, from a business/investment perspective, it is reasonable to consent to this proposal.

Bridgepoint adds \$20bn infrastructure strategy, as ECP joins platform to build €57bn global alternatives asset manager

06 Sep 2023

<https://www.bridgepoint.eu/about-us/news-and-insights/press-releases/2023/bridgepoint-adds-usd20bn-infrastructure-strategy-as-ecp-joins-platform#:~:text=The%20transaction%20will%20accelerate%20ECP,overlapping%20investment%20strategies%20and%20geographic>

- Combined platform will strengthen position as one of the world's leading private asset growth investors focused on the middle market, spanning private equity, infrastructure and credit with offices across Europe, North America and Asia.
- Upfront enterprise value of £835 million, comprising 235 million of newly issued Bridgepoint shares, £233 million of cash, and £179 million of ECP's existing debt.
- Exceptional ECP leadership and investment team to continue running the ECP business, investing its funds independently under its current brand and delivering strong returns for the enlarged group by continuing the strategy responsible for ECP's track record to date.

Bridgepoint Group plc (LSE: BPT) has taken a decisive step forward in becoming a more diversified alternative asset manager with the addition of Energy Capital Partners (ECP), a leading North American infrastructure investor with an over two-decade-long track record. ECP, which has raised over \$30bn of capital since inception in 2005, including more recently in the fast-growing energy transition sector, has a market-leading position in the highly sought-after power generation, renewables, battery storage, environmental infrastructure and sustainability sectors. It operates across North America in an expanding subsegment of infrastructure investing which stands to be a key contributor to and beneficiary of the global decarbonisation effort with forecasted investment in the space expected to reach \$1.9 trillion per annum through 2050, creating significant investment tailwinds and multiple potential growth avenues.

ECP and its highly experienced management team add a significant third pillar to the Bridgepoint business and accelerate Bridgepoint's stated strategy of scaling through both product and geographic diversification. The distinct ECP infrastructure business will continue to operate under its existing brand and be led by its current management and investment team. The strategy will sit alongside Bridgepoint's private equity and credit businesses and offer LPs more comprehensive immersion across the middle market. Doug Kimmelman, ECP's Senior Partner and Founder, will continue to lead the infrastructure platform and ECP leadership will join Bridgepoint's executive team bringing new sector, management and transaction experience to seek to drive further growth.

The transaction will be immediately accretive to Bridgepoint's shareholders and continue to be accretive over time by diversifying and enhancing Bridgepoint's earnings profile and profit margins.

The transaction will accelerate ECP and Bridgepoint's respective growth ambitions in Europe and North America, building upon Bridgepoint's 24-year history and ECP's 18-year history and opening exciting new avenues for expansion given the complementary and largely non-overlapping investment strategies and geographic footprints. The combination will also provide opportunities to enhance both organisations' current operations in different sectors of the credit market. The enlarged group will benefit from new collective strengths and synergies leveraging Bridgepoint's deep European office network and connections which are likely to create further opportunities for ECP to grow its presence in Europe, capitalising on the continent's energy transition. Equally, ECP's well-recognised North American brand, extensive market knowledge and depth of relationships will benefit Bridgepoint.

Commenting on the transaction, William Jackson, Chairman, Bridgepoint said:

“Joining forces with ECP is an important powerful next step in Bridgepoint's strategic objective of building a globally-scaled, diversified platform in middle-market private assets investing. The transaction accelerates our scale,

leadership and strategic development, enhances the quality of the Group's earnings and margin profile, and provides greater diversification and earnings growth potential for shareholders.

We have a high bar for strategic M&A, and ECP is one of the few platforms we have identified which clearly surpasses it, both from a strategic and financial perspective.

As well as the compelling financial rationale for the transaction, Bridgepoint will benefit from the investing expertise of the ECP team, while, at the same time, there are significant opportunities for both of us to work together on initiatives such as adding adjacent strategies and expanding geographically."

Doug Kimmelman, Senior Partner and Founder, ECP, said:

"The opportunity to join forces with Bridgepoint is uniquely attractive. Our businesses are not only highly complementary - without any overlapping or conflicting investment strategies - but our firms importantly share a culture of collaboration, integrity and investment excellence making this a highly compelling opportunity for our investors and our employees alike.

We are very fortunate to have access now to a public equity currency to support our growth, while broadening the ownership of ECP across our firm, allowing us to continue attracting and retaining the very best team, especially in a period of heightened interest in the energy transition. All of us at ECP are excited about the combination and the support that this partnership will provide.

We look forward to working closely with the Bridgepoint team to further enhance our ability to serve our respective clients and grow our firm in a sustainable fashion well into the future."

Raoul Hughes, Bridgepoint's Group Managing Partner, said:

"We have enjoyed interacting extensively with ECP over the last year as we have been jointly evaluating a transaction. We have found our cultures and approaches to business to be aligned and we are attracted to ECP's leading infrastructure position across the rapidly expanding energy transition theme. Together we will offer more diverse revenue streams and greater growth opportunities with accelerating earnings expectations and a broader product mix to offer to our combined LP relationships. We expect ECP to continue on its successful growth path, with new and accelerated opportunities for growth, and the ECP team, under its continuing leadership under Doug and team, will bring an invaluable experience to the Group."

The transaction, which is expected to close within four to six months, will be funded with units in a new limited partnership exchangeable for Bridgepoint shares and Bridgepoint's existing balance sheet resources, and will see ECP's senior management and many of its employees becoming significant shareholders in the company. A share ownership program will be instituted across ECP's employee base and will be designed in a similar way to the existing structures established at Bridgepoint at the time of its IPO. As a result, ECP partners will collectively become one of Bridgepoint's largest shareholders, holding 19% of Bridgepoint's shares pre-earn out and up to 25% assuming full earn-out, ensuring strong alignment with the future success of the platform and in driving shareholder returns. Equity awards being made available to ECP employees will also incentivise future generations of ECP colleagues.

The historic growth of both firms has benefited from the minority investment positions from the funds managed by Blue Owl (formerly Dyal Capital Partners) and as part of this transaction, Blue Owl will convert its share of ECP fee related earnings into Bridgepoint equity, thereby remaining a shareholder in the enlarged group. Sumitomo Mitsui Trust Bank will retain its minority interest in ECP's fee related earnings as the desire remains for both firms to partner in the important Japanese market.

J.P. Morgan Cazenove and Morgan Stanley served as lead financial advisors to Bridgepoint, BNP Paribas acted as joint financial adviser and joint corporate broker to Bridgepoint, and Simpson Thacher & Bartlett LLP served as legal

counsel. Campbell Lutyens served as financial and strategic advisor and Bain & Co served as commercial advisor to Bridgepoint.

BofA Securities served as exclusive financial advisor to ECP, and Kirkland & Ellis served as legal counsel.

CONSENT TO ASSIGN CONTRACT WITH
ENERGY CAPITAL PARTNERS MANAGEMENT, L.P.

PROPOSED RESOLUTION

WHEREAS, LACERS has a private equity investment in Energy Capital Partners III, L.P., which is managed by Energy Capital Partners Management, L.P. (ECP); and,

WHEREAS, ECP has entered into an agreement to be acquired by Bridgepoint Group plc (Bridgepoint), a United Kingdom-based private asset investor; and,

WHEREAS, under the Investment Advisers Act of 1940 and pursuant to LACERS' contract with ECP, the change in control of ECP is deemed to be a contract assignment that requires written consent of the Board; and,

WHEREAS, staff has conducted appropriate due diligence on the acquisition of ECP.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby consents to the assignment of LACERS' existing contract with ECP to Bridgepoint; and, authorizes the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

October 24, 2023

ASSET ALLOCATION EDUCATION

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

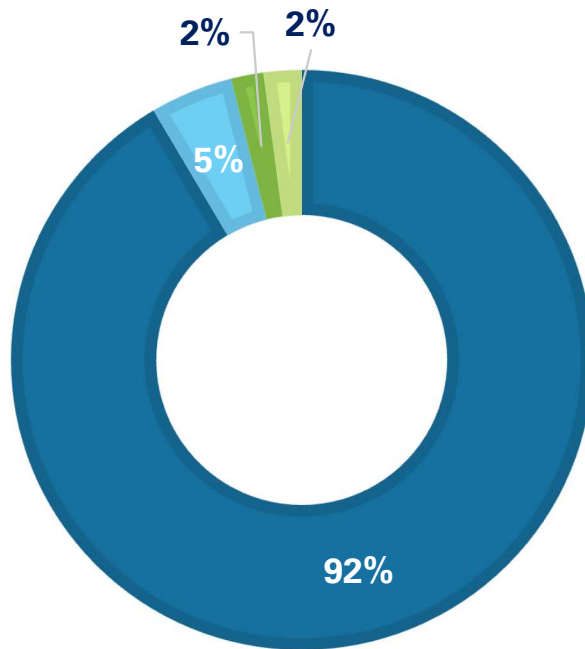
OCTOBER 24, 2023



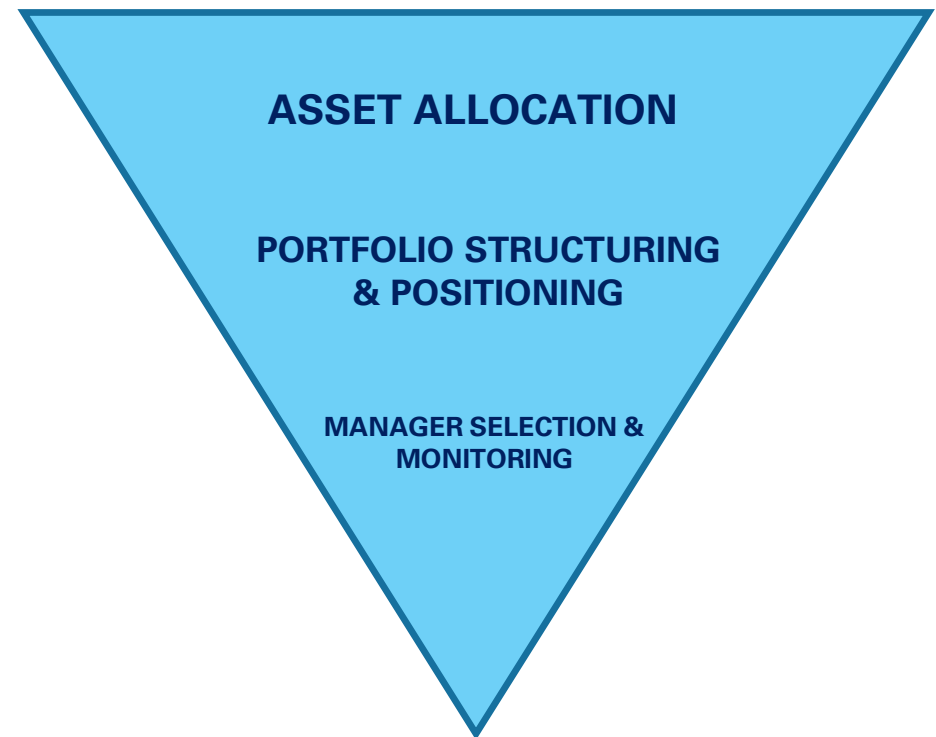
THE IMPORTANCE OF ASSET ALLOCATION

DETERMINANTS OF PORTFOLIO RETURN/RISK

- Asset Allocation
- Security Selection
- Market Timing
- Other



BOARD PRIORITIES



Source: Determinants of Portfolio Performance II: An Update, Brinson, et al, *Financial Analysts Journal*, May/June 1991, pp 40-48

ASSET ALLOCATION CONSIDERATIONS

An appropriate asset mix will consider the following



TOOLS AND ANALYSIS



A PROGRESSIVE APPROACH

Be Dynamic

Build a **long-term** strategic allocation that can meet long-term objectives

Look for **medium-term** “opportunistic ideas” to tilt away from the strategic allocation to add value, AND

Build a Mosaic

No single asset allocation approach or model has all the answers

Minimize exposure to the shortcomings of any individual approach by using multiple perspectives and approaches

All analytical tools have the potential to provide useful insights but also including shortcomings

ASSET ALLOCATION ANALYSIS

Mean-Variance

- Calculates most efficient portfolio for given volatility
- Produces range of portfolios

Liquidity Analysis

- Recognizes a "risk" not captured in traditional tools: illiquidity
- Highlights impact of changing cash flows (both investment-driven and other external factors)

Scenario Analysis

- Focuses on low-probability, high magnitude economic environments (tail risks)
- Recognizes environmental biases of each asset class

Risk Budgeting

- Provides risk allocations
- Recognizes that less efficient portfolios may have better risk balance

Factor Analysis

- Recognizes underlying economic drivers of asset class volatility
- Can identify risk concentrations across asset classes

Active Risk Budgeting

- Assesses which managers are driving risk-budget and calculates correlation of alpha's across manager line-up

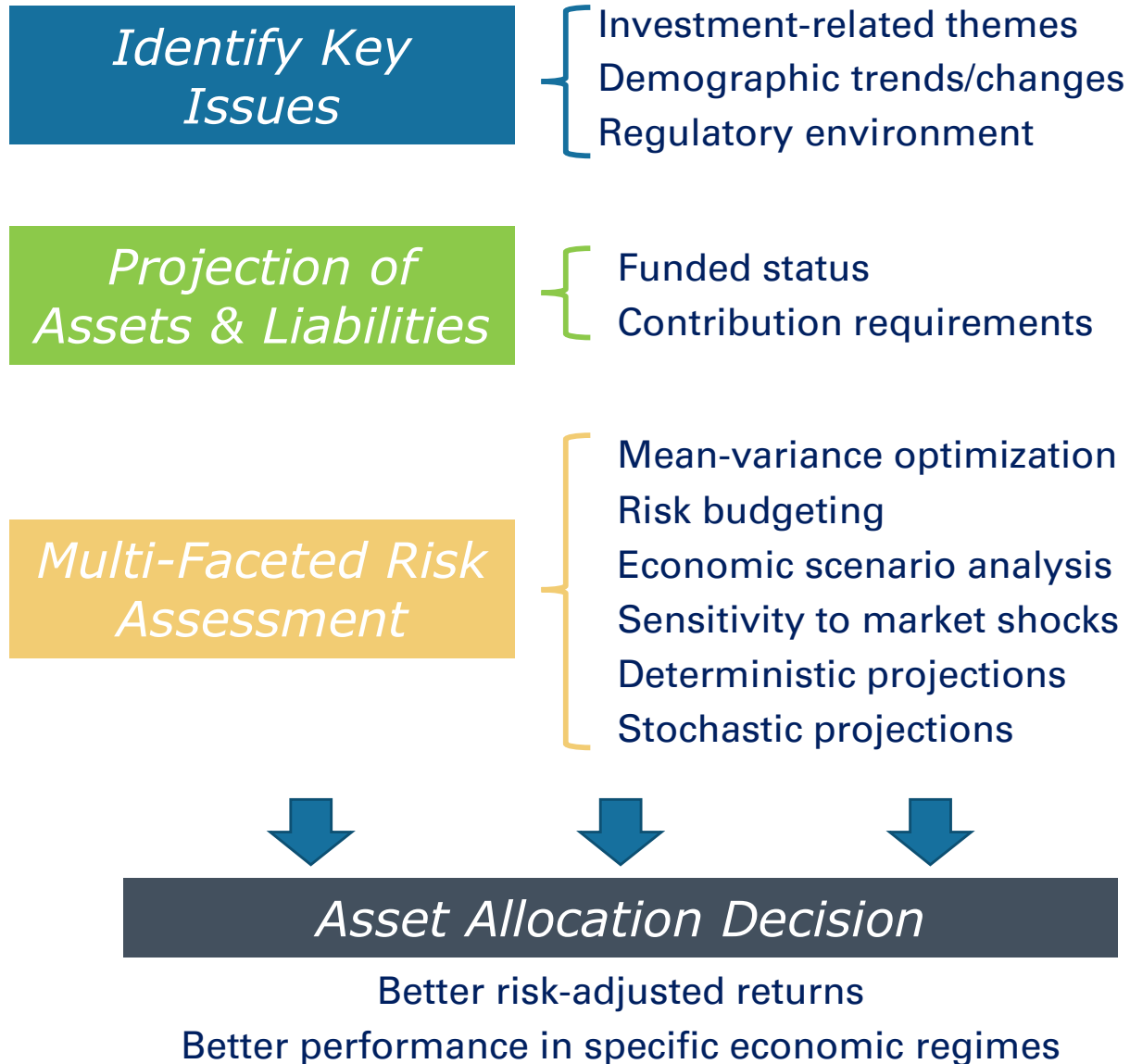
Stochastic Forecasting

- Shows range of results based on Monte Carlo simulation (assigns a probability to outcomes)
- Includes natural feedback loops

PURPOSE OF ASSET LIABILITY STUDY

- **Review the current and projected financial status of the Plan over multiple time periods**
 - Project liabilities and benefit payments
 - Project asset growth and contribution levels
- **Assess the appropriateness of the current asset allocation relative to the expected progress of liabilities and cash flows**
- **Test sensitivity of the Plan (Assets and Liabilities) to a various range of outcomes**
 - Market performance across range of economic environments
 - Contribution volatility
 - Range of liquidity environments
- **Consider different asset mixes and expected return on assets**
 - Assess appropriate return target against tradeoff of volatility/range of outcomes

ASSET LIABILITY FRAMEWORK



KEY MODEL INPUTS

▪ **Permissible Asset Classes and Weighting Constraints**

- Constraints reflect liquidity, time horizon and marginal benefit analyses
 - Example: Real Estate is constrained to 5-15%
- Not all asset classes may be permissible by some plans

▪ **Return and Risk Assumptions**

- Based on historic data, academic theory, and NEPC's assessment of current and future market conditions
- Risk measured by Standard Deviation (volatility)

▪ **Correlation Assumptions**

- Measure of similarity/dissimilarity between asset class returns
- Based on historic data

ASSET CLASS BUILDING BLOCKS

METHODOLOGY

- **Asset models reflect current and forecasted market data to inform expected returns**
- **Systematic inputs are paired with a long-term trend to terminal values**
- **Model inputs are aggregated to capture key return drivers for each asset class**
- **Building block inputs will differ across asset class categories**



CORE ASSET CLASS RETURN ASSUMPTIONS

	Asset Class	06/30/23 10-Year Return	6/30/23 30-Year Return	Standard Deviation
	Cash	4.0%	3.6%	0.6%
Equity	U.S. Large-Cap Equity	4.6%	6.9%	16.9%
	Non-U.S. Developed Equity	5.0%	6.5%	19.6%
	Emerging Market Equity	9.2%	9.4%	28.6%
	Global Equity*	5.7%	7.5%	18.0%
	Private Equity*	9.1%	10.2%	25.7%
Fixed Income	U.S. Treasury Bond	4.2%	4.7%	5.4%
	U.S. Municipal Bond	4.1%	4.3%	6.0%
	U.S. Aggregate Bond*	4.7%	5.3%	5.8%
	U.S. TIPS	4.6%	5.0%	6.1%
	U.S. High Yield Corporate Bond	6.8%	7.7%	11.1%
	Private Debt*	8.6%	9.2%	11.8%
Real Assets	Commodity Futures	4.8%	3.6%	18.5%
	REIT	6.4%	7.6%	21.7%
	Gold	5.3%	5.1%	16.3%
	Real Estate - Core	5.3%	5.9%	15.0%
	Private Real Assets - Infrastructure	6.3%	7.2%	12.4%
Multi- Asset	60% S&P 500 & 40% U.S. Aggregate	4.9%	6.2%	10.6%
	60% MSCI ACWI & 40% U.S. Agg.	5.6%	6.6%	11.3%
	Hedge Fund*	6.3%	6.5%	8.6%

*Calculated as a blend of other asset classes



CAPITAL MARKET ASSUMPTIONS

10-YEAR EXPECTED RETURN



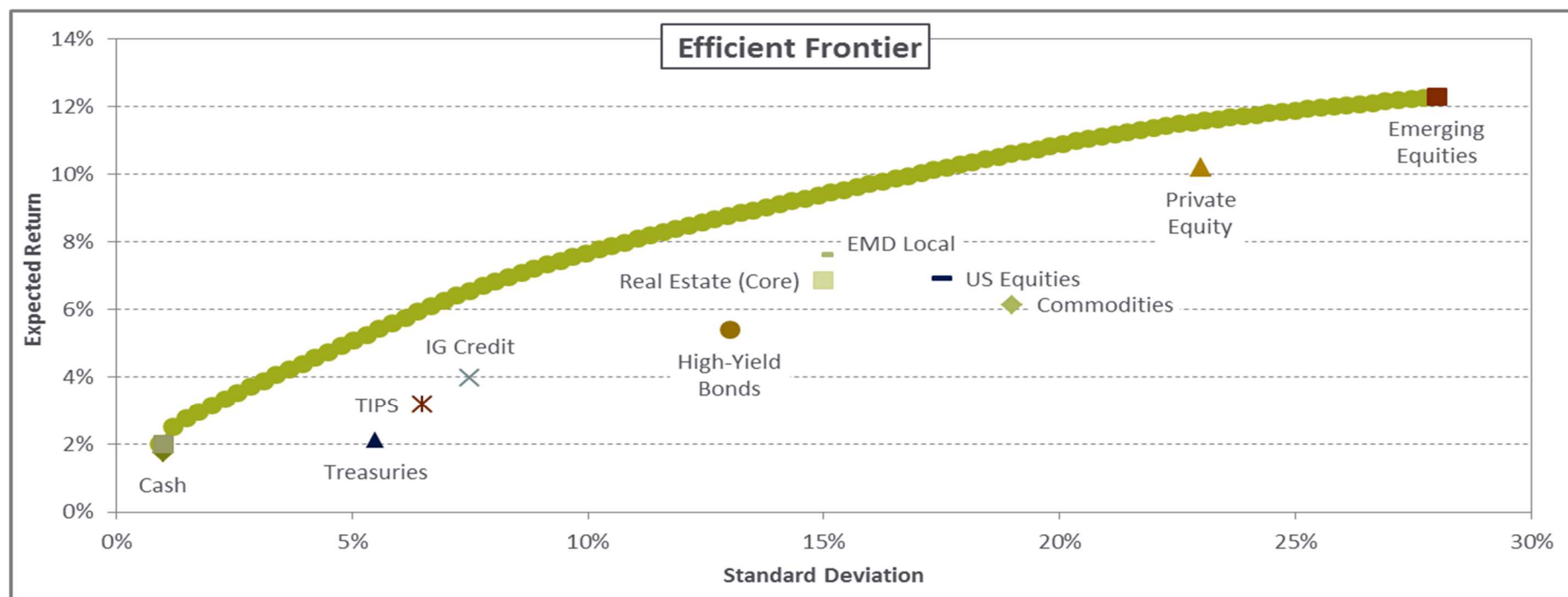
LACERS TOTAL PLAN RISK/ RETURN

10 YEARS AS OF 6/30/2023



Standard deviation calculated using monthly data.

MEAN-VARIANCE OPTIMIZATION



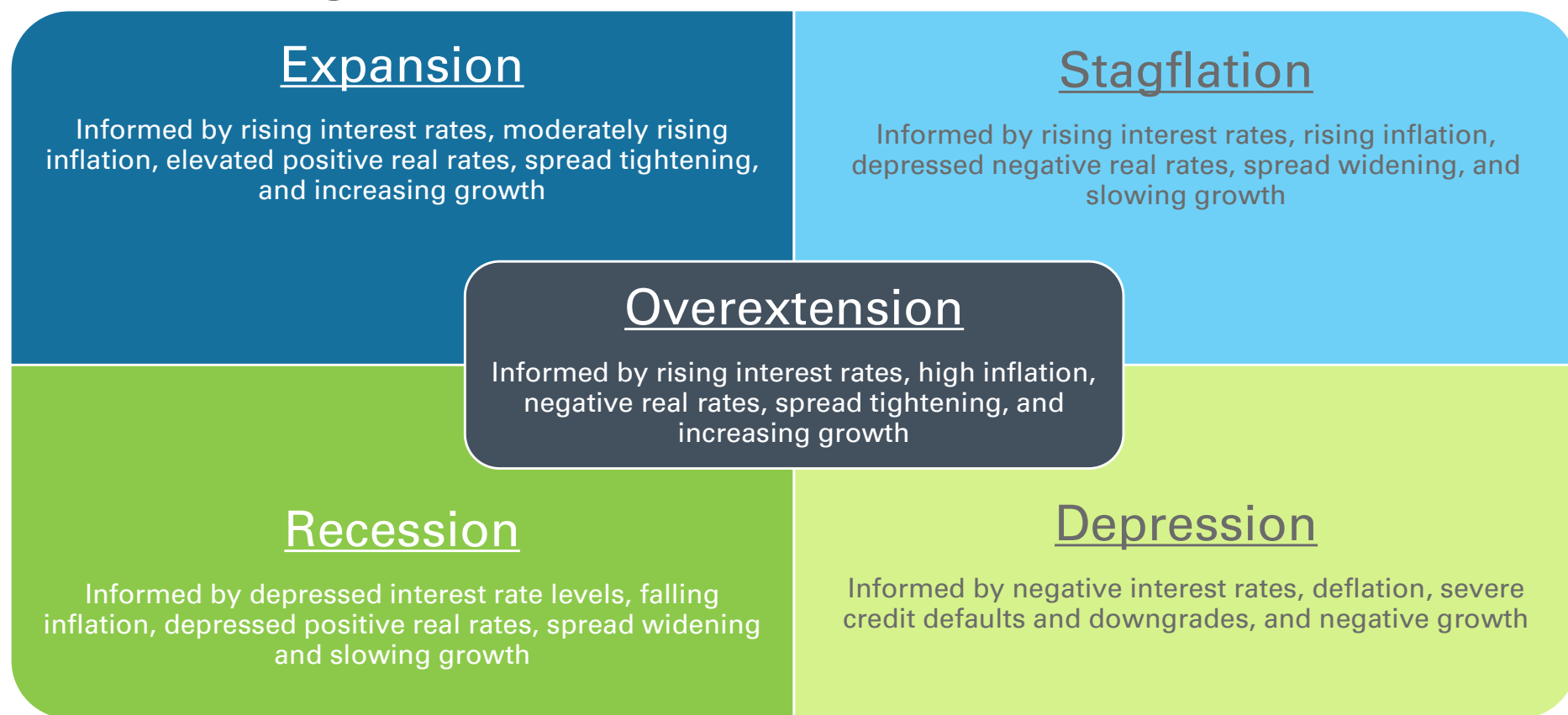
- **Mean-variance approach calculates the most efficient portfolio for given level of volatility and expected return**
 - Classic approach and produces a range of portfolios with the highest Sharpe ratio
- **Mean-variance methodology is not without shortcomings**
 - Limits risk definition to volatility
 - Relies on static assumptions and assumes normal distribution of returns
 - Need for efficient frontier constraints can be heavily influenced by investor bias

SCENARIO ANALYSIS

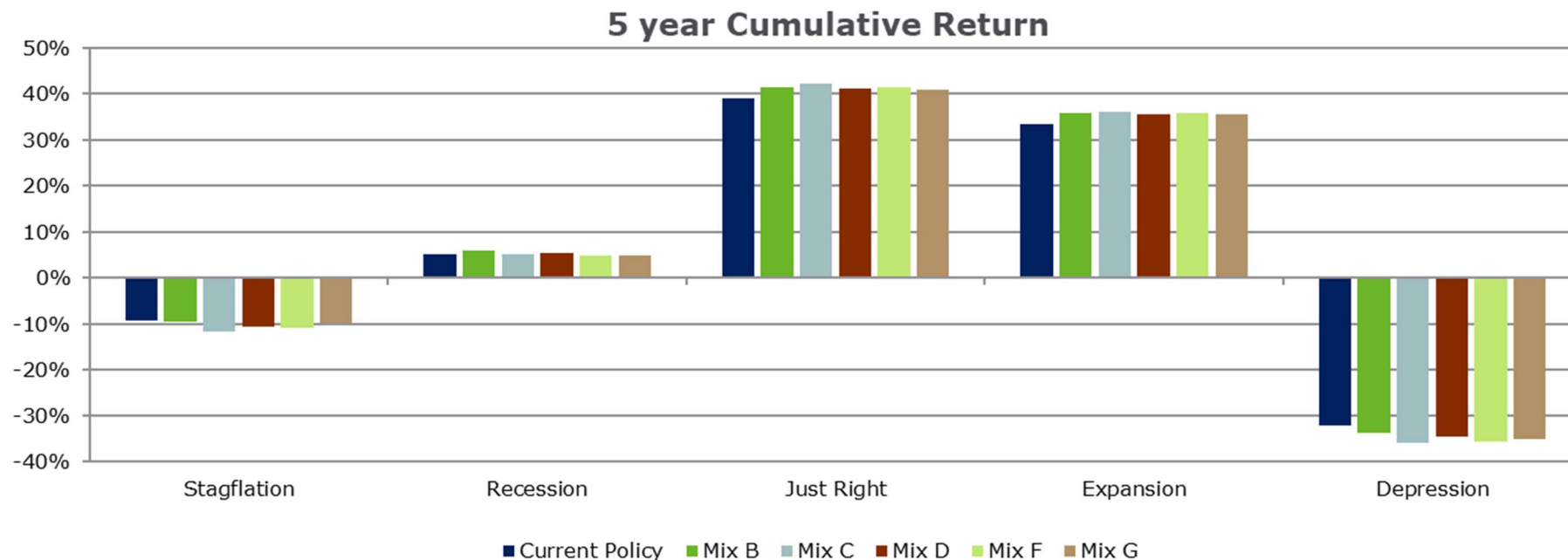
- **Scenario analysis tests the viability of asset mixes under multiple economic scenarios**
- **This risk tolerance exercise considers multi-standard deviation events over longer time frames (3-5 years)**
 - Often ignored/underappreciated in traditional mean-variance analysis
- **Scenario analysis and stress testing focuses investors' attention on outcomes that depart significantly from "expectations"**
 - Discards baseline return and risk and forces consideration of alternative outcomes

SCENARIO ANALYSIS: REGIME CHANGES

- **NEPC scenario analysis highlights the impact of shifting economic and market regimes on the portfolio and potential asset allocation mixes**
 - Risk asset returns are informed by credit returns which are based on changes in real rate, inflation, and credit spreads experienced across market regimes



ECONOMIC SCENARIOS - EXAMPLE

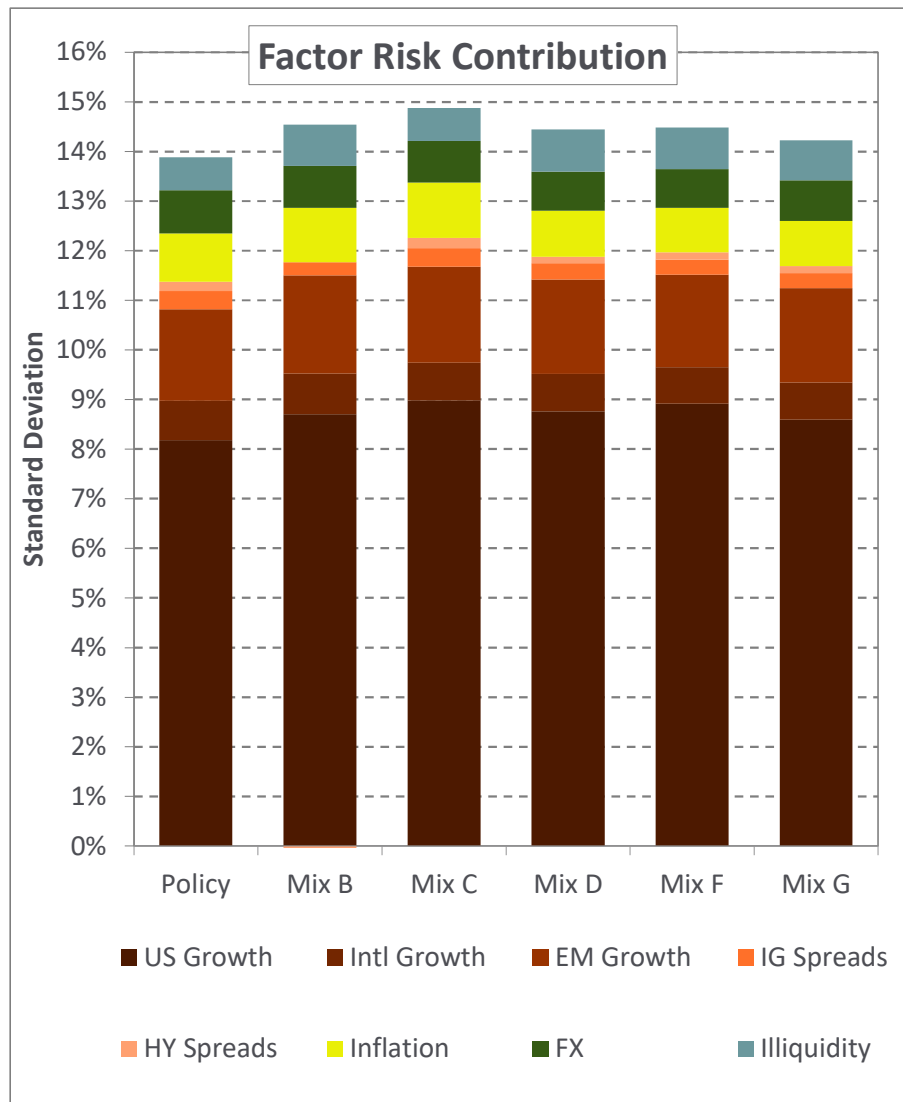


- **The opportunity cost of adding risk assets can be seen in the scenarios**
- **Mix B and C outperform the Current Policy in strong economies, but lag the Current Policy in negative economies, with Mix C being the most volatile**
- **Mix B and F hold up well in inflationary environments such as Stagflation and Expansion**
 - Outperforms Mix C in the negative Stagflation scenario, while keeping pace with Mix C under the Expansive scenario

FACTOR ANALYSIS

- **Review of factor risk exposures can highlight portfolio risk concentrations not revealed by risk budgeting**
 - Allocations across credit and equity can suggest false sense of diversification across asset classes
- **Understanding sensitivity to various factors can frame expectations for risk across economic regimes**
 - Highlights exposure to changes in macroeconomic conditions
- **Understanding exposure to factors can drive efforts to balance portfolio risks**
 - Avoid misleading diversification
 - Reducing volatility across economic regimes
 - Understand benefits of adding new asset classes

FACTOR RISK PROFILE - EXAMPLE



- **Factor risk is dominated by growth exposure**
 - A common portfolio exposure as growth is the leading source of expected returns
 - US-dominated growth exposure with sizable exposure to Non-US growth

- **Moderate inflation exposure attributable to various fixed income and real asset investments**

- **FX exposure resulting from unhedged equity and debt positions**

- **The factor profiles are comparable among mixes, though the current policy has slightly lower volatility**

RISK BUDGETING ANALYSIS

- **Risk budgeting computes portfolio risk contribution across all asset classes**
 - Profiles risk exposures alongside size of allocation
 - Based on NEPC asset class volatility and correlation assumptions

- **Allocates portfolio risk rather than portfolio assets**
 - Helps to illustrate the benefits of diversification
 - Highlights outsized risk exposure a single asset class/investment manager may have in a portfolio or asset class

ACTIVE RISK BUDGETING ANALYSIS

- **Active Risk Budgeting can be used to develop an optimal active portfolio structure**
 - Uses estimates of each strategy's tracking error and correlations between alphas to construct active risk budget
 - An active risk budgeting approach provides insight into risk contribution of each investment manager and the relationship across investment managers

- **Can be used to optimize active portfolio structure**
 - Building active portfolios within an asset class
 - Develop active vs. passive decisions
 - Separating alpha from market exposure
 - Complement qualitative due diligence process in selecting high conviction investment strategies

LIQUIDITY ANALYSIS

- **Improves perspective on illiquidity, a risk not captured in many traditional portfolio tools**
 - Illiquid exposure can magnify adverse events under stressed market conditions
- **Liquidity analysis highlights portfolio impact of changing cash flow demands**
 - Must consider the interplay of multiple factors across various market environments
 - Investment returns
 - Benefit payments
 - Contributions Unfunded capital commitments
- **Customized stress test can help frame the nature and magnitude of any potential liquidity issues**
 - Provides guidance on the appropriate size of illiquid program

CRITERIA FOR SUCCESS – DEFINING AND MANAGING RISK

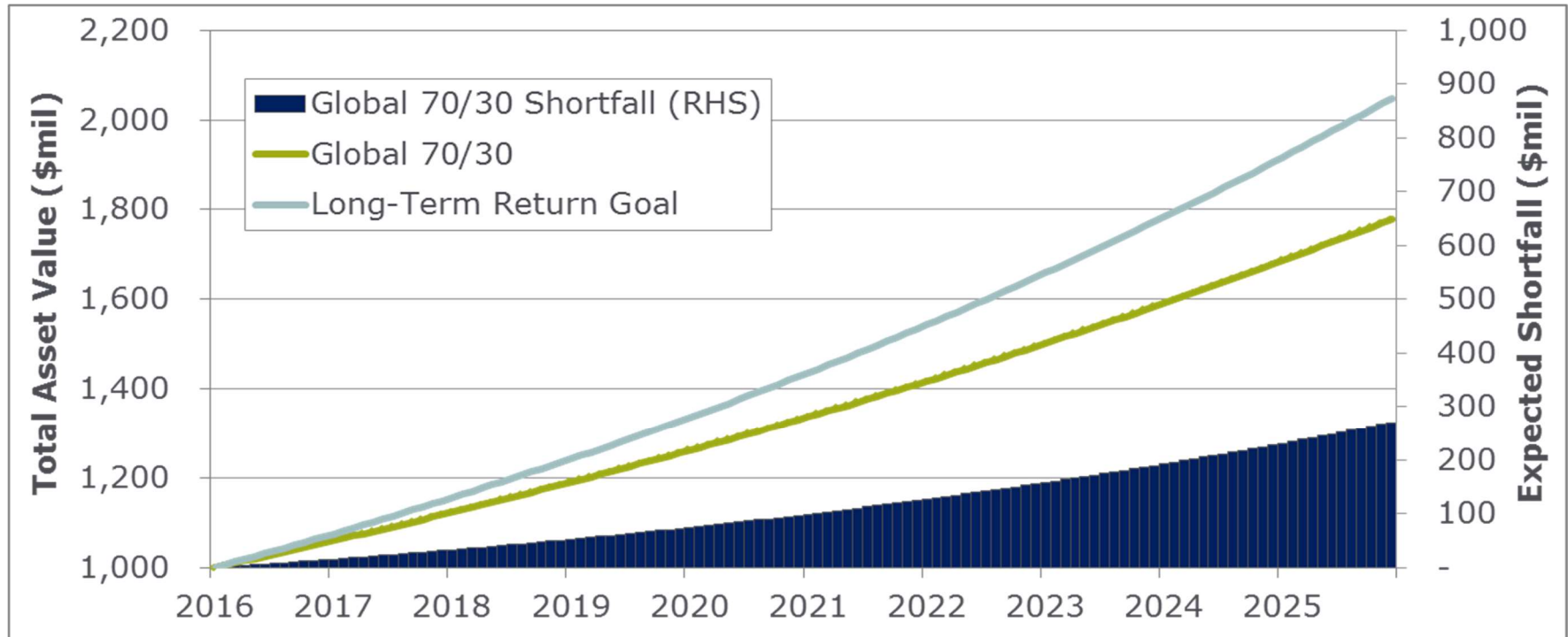


WHAT IS RISK?

- **For most, risk is the possibility of something undesirable happening**
 - Risk of not making one's long-term return goal or actuarial return
 - Risk of low probability event (tail risk)
 - Risk of permanent loss of capital
 - Risk of underperforming policy, peers, inflation
- **The traditional view of risk is that it is negative only, but we believe risk is both a danger and an opportunity**
- **Many risks can be avoided or limited with a disciplined strategic plan**
 - Dependent on investors circumstance, perspective, and overall objective
- **Risk mitigation approaches take on many forms**
 - Diversified and risk balanced asset allocation policy
 - Tactical asset allocation shifts (e.g., tilt away from overvalued asset classes)
 - Diversifying investment strategies
 - Derivative based investment and hedging strategies

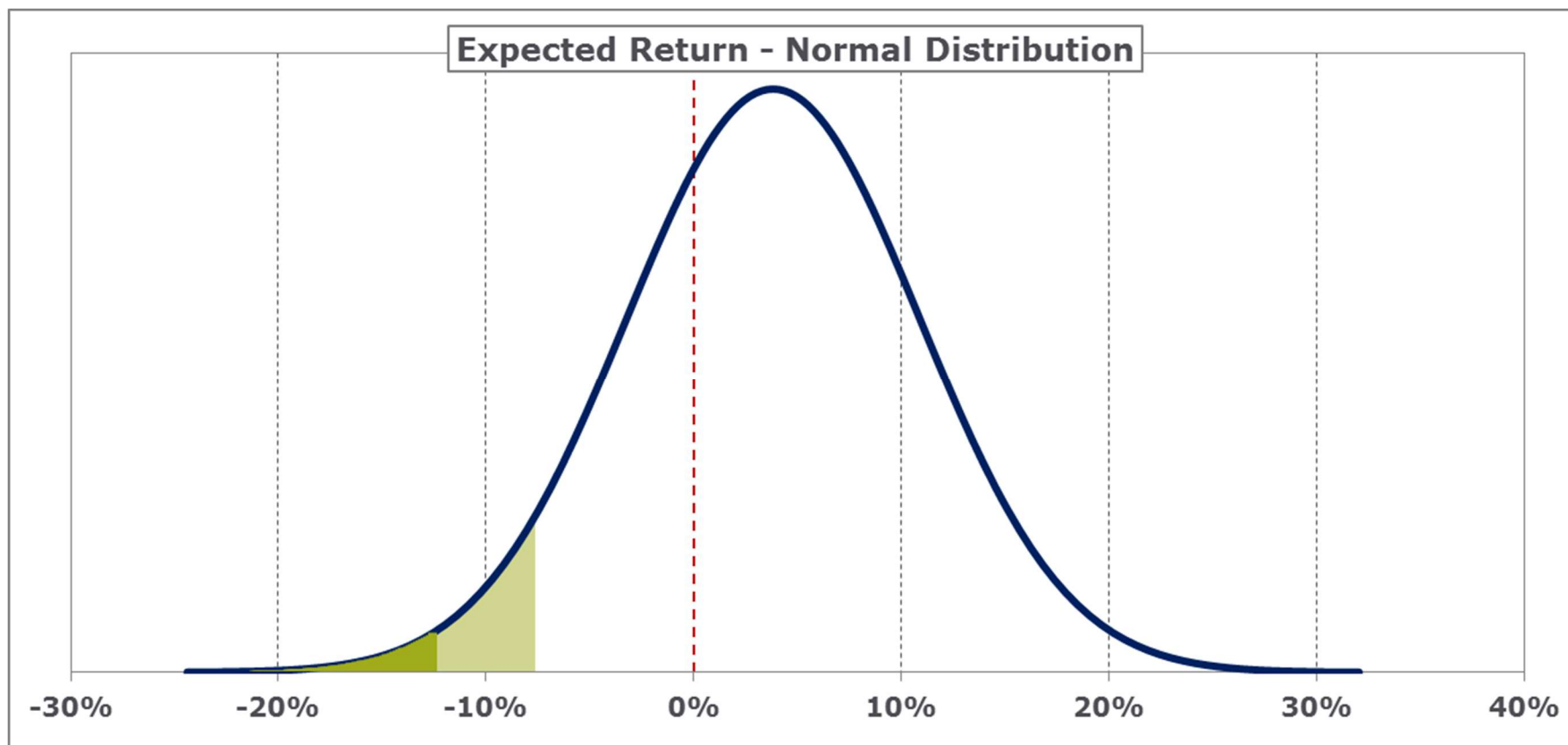


THE PRIMARY RISK: FALLING SHORT OF THE LONG-TERM TARGET RETURN



- **NEPC believes the primary risk for investors is falling short of their long-term target return**
 - What is the potential dollar impact of not reaching your return target?
 - What is the economic cost for the sponsoring entity to fund the obligations?
- **Client example: Actuarial expected return = 7.5% (light blue)**
 - A 70/30 allocation falls short of this objective with a 6% expected return
 - Shortfall analysis displays dollar impact of not meeting return goal
 - Green bar reflects an accumulated \$250+ million shortfall over 10 years

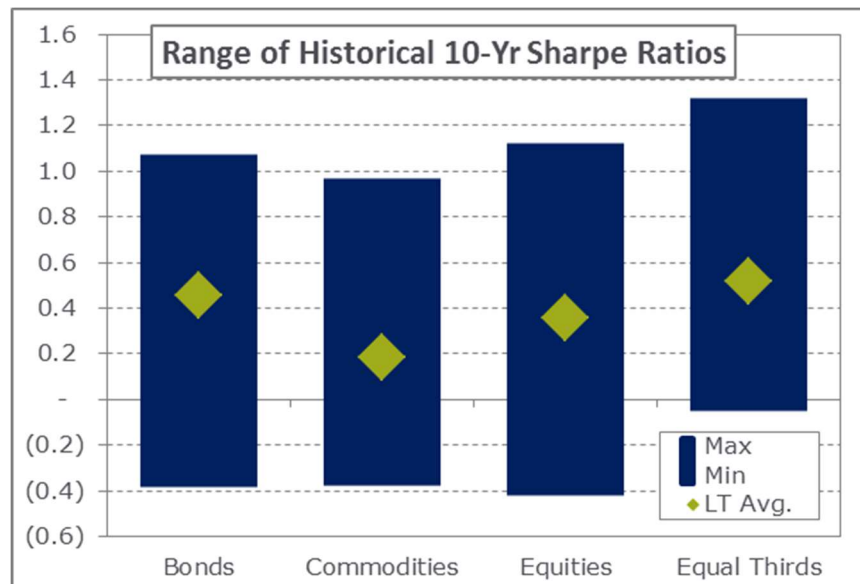
WHAT IS TAIL RISK?



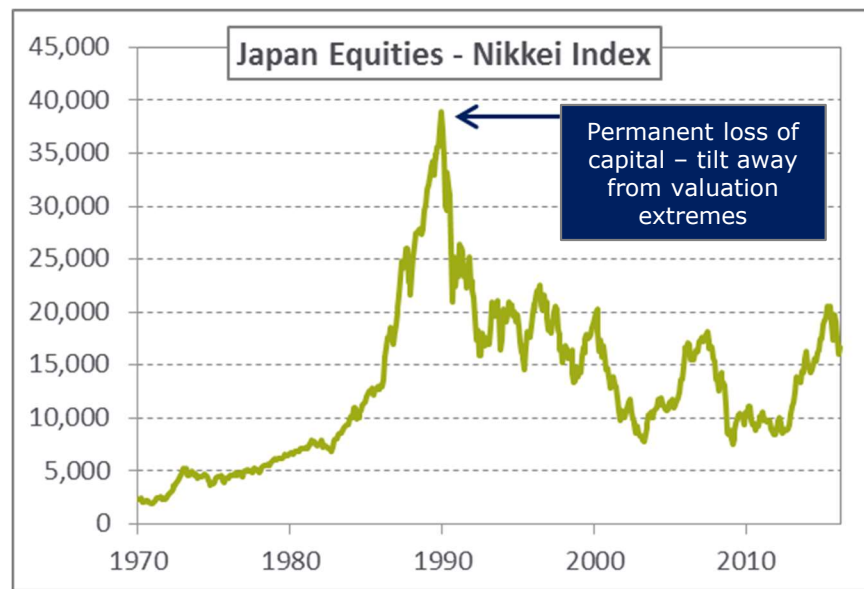
- **Tail risk is generally regarded as a low probability, high impact event**
 - Commonly viewed as the left tail of a probability distribution;
 - Or, a left tail that is larger than the normal distribution (i.e., “Fat Tail”);
 - Or, a risk that has not revealed itself (i.e., “Black Swan”)
- **Consideration must be given to both the explicit and implicit costs to hedge low probability tail risk events**
 - A risk balanced and diversified asset allocation is best suited to mitigate tail risk events

DIVERSIFICATION WINS IN THE LONG RUN

- **Risk mitigation is best addressed with a well-diversified strategic asset allocation**
 - Discipline of diversification requires a long-term focus to withstand concentrated results
 - Diversified portfolios will likely produce better risk-adjusted returns than concentrated portfolios over time
- **Embrace a dynamic approach to manage risk relative to the strategic asset allocation**
 - Take advantage of market discrepancies across time horizons and markets
 - Look to shift away from asset classes at extremes to avoid permanent loss of capital
- **Allows investors to focus on the significant drivers of a program's risk and return**



Source: Bloomberg, NEPC



Source: Bloomberg

HOW TO BEST MANAGE PORTFOLIO RISK

- **NEPC believes in a holistic approach to risk management**
 - Look to identify an investor’s risk tolerance over longer-term time periods and assess scenarios not fully accounted for in traditional mean-variance analysis
 - Maintain a broad view of risk, not just equity risk or interest rate risk

- **Improved diversification among assets and increased sensitivity to multiple economic environments can balance the competing interest of mitigating portfolio drawdowns and meeting long-term returns**
 - Holistic implementation of a strategic asset allocation can address a broad spectrum of risks (e.g. equity, economic risk, inflation risk, funding risk) and create a more consistent return profile

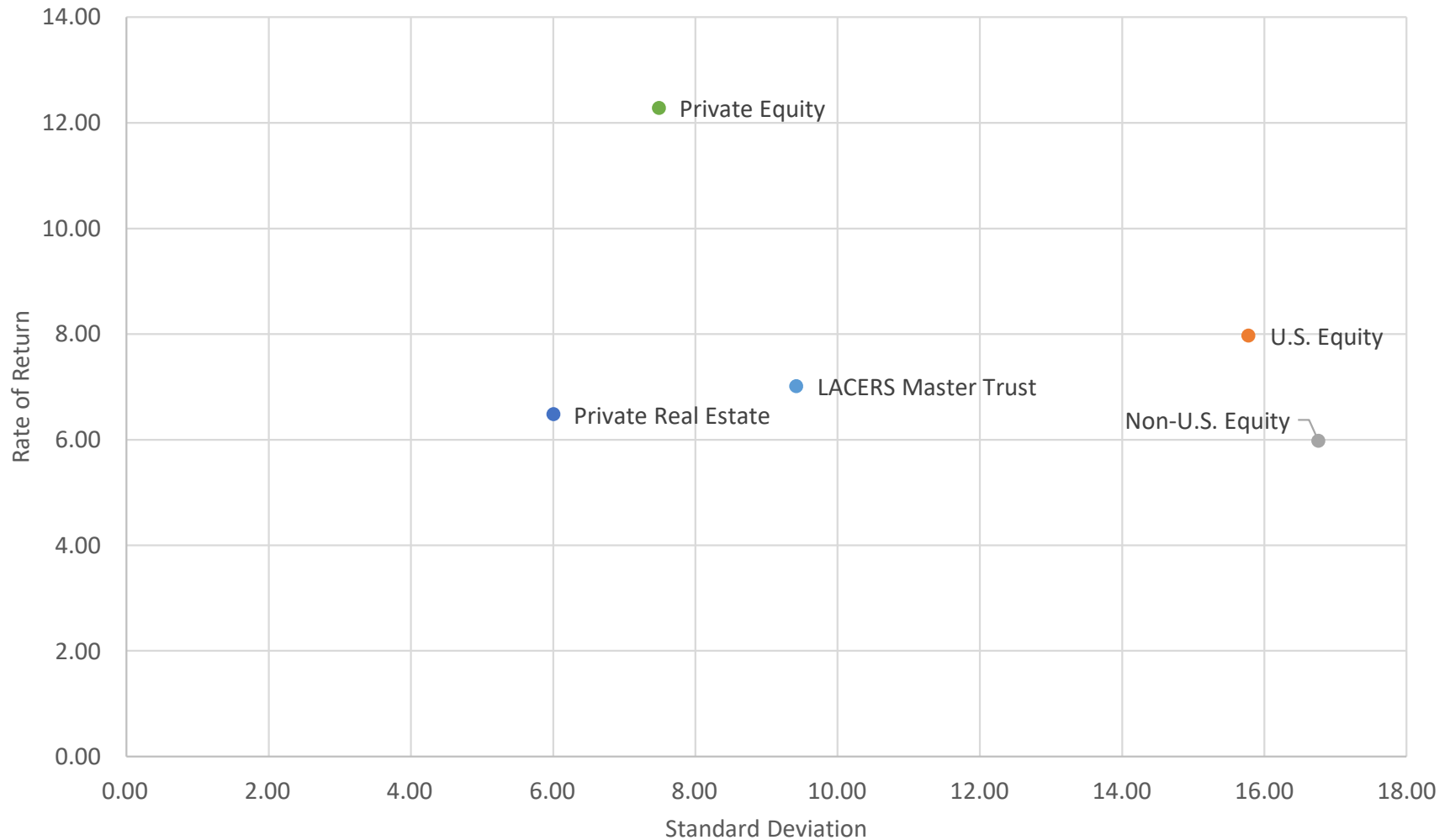
- **NEPC generally is not supportive of individual tail-risk strategies and does not believe in “hedging your return away”**
 - Look to risk mitigation approaches that offer liquidity, low volatility, or act as a “shock absorber” in poor economic environments
 - “Insurance” approaches that require payment of a cash premium reduce long-term returns and represent a behavioral and governance challenge to manage the exposure

APPENDIX



LACERS TOTAL PLAN RISK/ RETURN

21 YEARS ENDING 6/30/2023



Time period represents the longest period private equity returns are available. Standard deviation calculated using monthly data. Historical fixed income data is not available due to a restructuring of the fixed income portfolio in 2012.



ALTERNATIVE ALLOCATIONS

	Policy Target	Mix B	Mix C	Mix D	Mix F	Mix G
Cash	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Total Cash	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
US Large-Cap Equity	14.00%	15.00%	16.00%	15.00%	16.00%	16.00%
US Small/Mid-Cap Equity	5.00%	6.00%	7.00%	6.00%	6.00%	6.00%
Non-US Developed Equity	17.00%	15.00%	17.00%	15.00%	15.00%	15.00%
Non-US Developed Small-Cap Equity	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Emerging Market Equity	5.67%	6.67%	6.67%	6.67%	6.67%	6.67%
Emerging Market Small-Cap Equity	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%
Private Equity	14.00%	16.00%	14.00%	14.00%	13.00%	12.00%
Total Equity	60.00%	63.00%	65.00%	61.00%	61.00%	60.00%
US Aggregate Bond	13.75%	11.25%	13.75%	11.25%	9.25%	9.25%
US High Yield Corporate Bond	2.00%	1.50%	2.00%	1.50%	1.50%	1.50%
US Leveraged Loan	2.00%	1.50%	2.00%	1.50%	1.50%	1.50%
Emerging Market External Debt	2.25%	2.00%	2.25%	2.00%	2.00%	2.00%
Emerging Market Local Currency Debt	2.25%	2.00%	2.25%	2.00%	2.00%	2.00%
Private Debt	3.75%	5.75%	3.75%	3.75%	3.75%	3.75%
Total Fixed Income	26.00%	24.00%	26.00%	22.00%	20.00%	20.00%
Commodity Futures	1.20%	0.00%	0.00%	0.00%	0.00%	0.00%
US TIPS	3.60%	3.60%	3.60%	3.60%	4.60%	4.60%
US REIT	1.20%	1.40%	2.40%	3.40%	4.40%	4.40%
Core Real Estate	4.20%	4.20%	4.20%	5.40%	5.40%	4.20%
Non-Core Real Estate	2.80%	2.80%	2.80%	3.60%	3.60%	2.80%
Private Real Assets - Infrastructure	0.00%	0.00%	0.00%	0.00%	0.00%	3.00%
Total Real Assets	13.00%	12.00%	13.00%	16.00%	18.00%	19.00%
Expected Return 10 yrs	5.83%	6.11%	6.13%	6.03%	6.03%	5.98%
Expected Return 30 yrs	6.83%	7.09%	7.10%	7.02%	7.01%	6.96%
Standard Dev	13.9%	14.5%	14.9%	14.38%	14.42%	14.2%
Sharpe Ratio (10 years)	0.36	0.37	0.36	0.36	0.36	0.36
Sharpe Ratio (30 years)	0.36	0.36	0.35	0.36	0.35	0.36
Probability of 1-Year Return Over 7%	46.7%	47.6%	47.7%	47.4%	47.3%	47.2%
Probability of 10-Year Return Over 7%	39.5%	42.3%	42.6%	41.7%	41.7%	41.1%
Probability of 30-Year Return Over 7%	47.3%	51.3%	51.4%	50.5%	50.2%	49.4%



Source: LACERS 2021 Asset Liability Modeling Study

PRIVATE MARKETS COMPOSITES

Assumed public market beta composites for private market return assumptions are detailed below:

Private Equity:

- Private Equity – Buyout: 25% US Large Cap, 75% US Small/Mid Cap
- Private Equity – Secondary: 25% US Large Cap, 75% US Small/Mid Cap
- Private Equity – Growth: 50% US Small/Mid Cap, 50% US Microcap
- Private Equity – Venture: 25% US Small/Mid Cap, 75% US Microcap
- Private Equity – Non-US: 70% International Small Cap, 30% Emerging Small Cap
- PE Composite: 34% Buyout, 34% Growth, 15 % Non-US, 8.5% Secondary, 8.5% Venture

Private Debt:

- Private Debt – Direct Lending: 100% Bank Loans
- Private Debt – Distressed: 20% US Small/Mid Cap, 60% US High Yield, 20% Bank Loans
- Private Debt – Credit Opportunities: 24% US SMID Cap, 33% US High Yield, 33% Bank Loans
- Private Debt Composite: 50% Direct Lending, 25% Credit Opportunities, 25% Distressed

Private Real Assets:

- Private Real Assets – Energy: 30% Comm., 35% Midstream, 35% Public Resource Equity
- Private Real Assets - Infra/Land: 30% Commodities, 70% Public Infrastructure
- Private Real Estate Debt: 50% CMBS, 50% Core Real Estate

DISCLOSURES

Past performance is no guarantee of future results.

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