LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Board of Administration Agenda

REGULAR MEETING

TUESDAY, NOVEMBER 9, 2021

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 November 9, 2021 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# 160 260 1127

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).

President:	Cynthia M. Ruiz
Vice President:	Sung Won Sohn
Commissioners:	Annie Chao Elizabeth Lee Sandra Lee Nilza R. Serrano 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.

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. APPROVAL OF MINUTES FOR THE REGULAR MEETING OF OCTOBER 12, 2021 AND SPECIAL MEETING OF OCTOBER 20, 2021 POSSIBLE BOARD ACTION

III. BOARD PRESIDENT VERBAL REPORT

IV. GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS

B. UPCOMING AGENDA ITEMS

V. RECEIVE AND FILE ITEMS

A. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD

B. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER

VI. COMMITTEE REPORT(S)

A. BENEFITS ADMINISTRATION COMMITTEE MEETING VERBAL REPORT FOR THE MEETING ON OCTOBER 26, 2021

VII. BOARD/DEPARTMENT ADMINISTRATION

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

B. PRESENTATION BY SEGAL CONSULTING OF THE ACTUARIAL VALUATIONS AS OF JUNE 30, 2021 AND PROPOSED CITY CONTRIBUTION RATES FOR FISCAL YEAR 2022-23 AND POSSIBLE BOARD ACTION

C. 977 N. BROADWAY PROJECT REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2021 AND POSSIBLE BOARD ACTION

D. AMENDMENT TO THE BENEFITS ADMINISTRATION COMMITTEE CHARTER AND POSSIBLE BOARD ACTION

E. REVISIONS TO LACERS BOARD RULES AND POSSIBLE BOARD ACTION

F. WEBSITE REDESIGN CONTRACT AMENDMENT WITH DIGITAL DEPLOYMENT INC. AND POSSIBLE BOARD ACTION

VIII. INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT

B. PRIVATE REAL ESTATE PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING JUNE 30, 2021

C. PRESENTATIONS BY NEPC, LLC, AKSIA TORREYCOVE PARTNERS LLC, AND TOWNSEND HOLDINGS LLC REGARDING LACERS EMERGING MANAGER PROGRAM

D. PRI BOARD ELECTION AND BALLOT MEASURES AND POSSIBLE BOARD ACTION

E. RESPONSIBLE INVESTMENT POLICY AND POSSIBLE BOARD ACTION

F. NOTIFICATION OF COMMITMENT OF UP TO $50 MILLION IN LBA LOGISTICS VALUE FUND IX, L.P.

G. NOTIFICATION OF COMMITMENT OF UP TO $30 MILLION IN ADVENT GLOBAL TECHNOLOGY II, L.P.

H. NOTIFICATION OF COMMITMENT OF UP TO $50 MILLION IN HARBOURVEST PARTNERS CO-INVESTMENT FUND VI L.P.

I. NOTIFICATION OF COMMITMENT OF UP TO $25 MILLION IN BARINGS EMERGING GENERATION FUND, LP

J. NOTIFICATION OF COMMITMENT OF UP TO $75 MILLION IN CLEARLAKE CAPITAL PARTNERS VII, L.P.

K. NOTIFICATION OF COMMITMENT OF UP TO $50 MILLION IN TPG RISE CLIMATE, L.P.

IX. DISABILITY RETIREMENT APPLICATION(S)

A. CONSIDERATION OF DISABILITY RETIREMENT APPLICATION FOR RICARDO AGUILAR AND POSSIBLE BOARD ACTION

X. LEGAL/LITIGATION

A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(A) AND (D)(1) TO CONFER WITH, AND/OR RECEIVE ADVICE FROM, LEGAL COUNSEL REGARDING PENDING LITIGATION (TWO CASES): IN RE ASHINC CORP, ET AL. V. YUCAIPA AMERICAN ALLIANCE FUND I, LLC, ET AL. (D. DEL. CASE NO. 12-11564) AND YOUNGMAN V. YUCAIPA AMERICAN ALLIANCE FUND I, LLC, ET AL. (LASC CASE NO. 21STCV37137), AND POSSIBLE BOARD ACTION

XI. OTHER BUSINESS

XII. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, November 23, 2021 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.

XIII. ADJOURNMENT

Agenda of:	**<u>Nov. 9, 2021</u>**
Item No:	**<u>II</u>**

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

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 October 12, 2021 meeting will be conducted via telephone and/or videoconferencing.

October 12, 2021

10:01 a.m.

PRESENT via Videoconferencing:	Vice President:	Sung Won Sohn
	Commissioners:	Annie Chao Elizabeth Lee Nilza R. Serrano Michael R. Wilkinson
	Manager-Secretary:	Neil M. Guglielmo
	Legal Counselor:	Anya Freedman
ABSENT:	President: Commissioner:	Cynthia M. Ruiz Sandra Lee
PRESENT at LACERS Office:	Executive Assistant:	Ani Ghoukassian

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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 – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* – **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – Vice President Sohn asked if any persons wanted to make a general public comment to which there was no response.

II

APPROVAL OF MINUTES FOR THE REGULAR MEETING OF SEPTEMBER 14, 2021 AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, and Vice President Sohn -5; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – There was no report

IV

GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- Motion directing the City's three pension funds to divest from Facebook introduced by Council Member Buscaino and Council Member Rodriguez
- City continues to provide departments with direction with respect to vaccine requirements
- Government Finance Officers Association of the U.S. and Canada has awarded the Certificate of Achievement for Excellence in Financial Reporting to LACERS
- Board Manual updated to reflect updated policy title "Ethical Contract Compliance Policy"
- 977 Broadway building status updates
- Retirement statistics
- Health program statistics
- Open Enrollment begins October 15th
- Member Communication statistics
- Top 5 member inquiries
- LACERS YouTube Channel
- Webinars – past and upcoming

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

- BAC on October 26th or November 9th: BAC Work Plan & Charter Review and various Board Rules
- Board – Contract amendment with LACERS website vendor for maintenance and support services

C. INTRODUCTION OF ELIJAH DITTERSDORF OF MOM'S COMPUTER – Neil M. Guglielmo, General Manager, introduced Elijah Dittersdorf, CEO of Mom's Computer, to the Board. Mr. Dittersdorf and Jean Lieverman, Director of Education at Mom's Computer, presented and discussed this item with the Board for 20 minutes.

V

RECEIVE AND FILE ITEMS

A. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.

B. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.

C. COMMISSIONER SUNG WON SOHN EDUCATION EVALUATION ON CNBC: DELIVERING ALPHA, VIRTUAL; SEPTEMBER 29, 2021 – This report was received by the Board and filed.

D. GASB 68 AND GASB 75 VALUATIONS BASED ON JUNE 30, 2020 MEASUREMENT DATE FOR EMPLOYER REPORTING AS OF JUNE 30, 2021 – This report was received by the Board and filed.

E. INVESTMENT CLASSIFICATIONS SALARY COMPENSATION STUDY – The Board discussed this item with staff for 20 minutes. After discussion, the Board directed the General Manager to reach out to the CAO's Office regarding this request and report back to the Board. This report was then received by the Board and filed.

VI

BOARD/DEPARTMENT ADMINISTRATION

A. DETERMINATION REGARDING TELECONFERENCING FOR BOARD MEETINGS PURSUANT TO AB 361 AND POSSIBLE BOARD ACTION – Commissioner Chao moved approval of the following Resolution:

CONTINUE HOLDING LACERS BOARD AND COMMITTEE MEETINGS VIA TELECONFERENCE AND/OR VIDEOCONFERENCE

<u>RESOLUTION 211012-A</u>

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, COVID-19 remains a public health concern in Los Angeles, with high levels of 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.

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

VII

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value of $23.34 billion as of October 11, 2021. Mr. June discussed the following items:

- New monthly Asset Allocation and Performance Reports are posted on LACERS website
- Emerging Manager Symposium on Wednesday, October 20th, from 9:00 a.m. to 11:00 a.m.
- Future Agenda Items: Contract with Axiom Investors, LLC Private Credit Pacing Plan, and Real Estate Opportunity – LBA Logistics Value Fund IX, L.P.

VIII

LEGAL/LITIGATION

A. BOARD EDUCATION: FIDUCIARY LEADERSHIP IN INVESTMENT CONTRACTING (PART 1) – Anya Freedman, Assistant City Attorney, presented and interacted with the Commissioners for 35 minutes during this Board education opportunity.

IX

OTHER BUSINESS – There was no other business.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, October 26, 2021, at 10:00 a.m. at LACERS, 202 W. 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.

XI

ADJOURNMENT – There being no further business before the Board, Vice President Sohn adjourned the Meeting at 11:47 a.m.

Sung Won Sohn
Vice-President

Neil M. Guglielmo
Manager-Secretary

Agenda of:	**Nov. 9, 2021**
Item No:	**II**

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

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 October 20, 2021 meeting will be conducted via telephone and/or videoconferencing.

October 20, 2021

9:00 a.m.

PRESENT via Videoconferencing:	President:		Cynthia M. Ruiz
	Vice President:	(left at 10:00 a.m.)	Sung Won Sohn
	Commissioners:		Nilza R. Serrano
	Manager-Secretary:		Neil M. Guglielmo
	Legal Counselor:		Miguel Bahamon
ABSENT:	Commissioners:		Annie Chao Elizabeth Lee Sandra Lee Michael R. Wilkinson
PRESENT at LACERS Office:	Executive Assistant:		Ani Ghoukassian

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

II

LACERS EMERGING MANAGER SYMPOSIUM – President Ruiz welcomed all attendees and participants to the first LACERS Emerging Manager Symposium. Various consultants, Commissioners, and staff presented and discussed this item for two hours. Neil M. Guglielmo, General Manager, stated that both the audio and video of this meeting will be made available on the LACERS YouTube channel at a later date.

Item I taken out of order.

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 – **CALL-IN PARTICIPANTS PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD. USE "RAISE HAND" FUNCTION LOCATED AT BOTTOM OF ZOOM SCREEN, IF MAKING A PUBLIC COMMENT VIA THE WEBINAR LINK.** – President Ruiz asked if any persons wanted to make a general public comment to which there was no response.

III

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, October 26, 2021, at 10:00 a.m. at LACERS, 202 W. 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.

IV

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting at 10:57 a.m.

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Cynthia M. Ruiz
President

____
Neil M. Guglielmo
Manager-Secretary

LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD

RESTRICTED SOURCES

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

Name	Description	Inception	Expiration	Division
Agility Recovery	Business Continuity Services	September 20, 2021	September 19, 2022	Administration
Alliant Insurance Services, Inc.	Insurance Brokerage Services	January 1, 2021	December 31, 2023	Administration
K&L Gates LLP	Outside Investment & Real Estate Counsel	N/A	N/A	City Attorney
Anthem	Medical HMO & PPO	January 1, 2021	December 31, 2021	Health Benefits Administration
Kaiser	Medical HMO	January 1, 2021	December 31, 2021	Health Benefits Administration
SCAN	Medical HMO	January 1, 2021	December 31, 2021	Health Benefits Administration
United Healthcare	Medical HMO	January 1, 2021	December 31, 2021	Health Benefits Administration
Delta Dental	Dental PPO and HMO	January 1, 2021	December 31, 2021	Health Benefits Administration
Anthem Blue View Vision	Vision Services Contract	January 1, 2021	December 31, 2021	Health Benefits Administration
Axiom Investors, LLC	Active Growth Non-U.S. Emerging Markets Equities	January 1, 2021	December 31, 2021	Investments
Sapphire Business Solutions	Printing, Mailing, Website, and Graphic Design Services	July 1, 2021	June 30, 2024	Member Services
California Marketing	Printing, Mailing, Website, and Graphic Design Services	July 1, 2021	June 30, 2024	Member Services
Digital Deployment	Website Design and Support Services	April 1, 2019	April 30, 2022	Member Services
The Henson Group, Inc.	Cloud Service Provider	September 23, 2021	December 31, 2022	Systems

Also viewable online here.

LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD

ACTIVE RFPs

Description	Respondents	Inception	Expiration	Division
Private Credit Mandate Search	Alcentra Limited, Barings LLC, MB Global Partners, LLC, Backcast Partners Management LLC, BlackRock, Inc., CLSA Capital Partners (HK) Limited, Cross Ocean Adviser LLP, Clearwater Capital Partners (Fiera Capital Corporation), Guggenheim Partners, LLC, Goldman Sachs Asset Management, L.P., Pemberton Capital Advisors LLP, Kayne Anderson Capital Advisors, L.P., Maranon Capital, L.P., Bain Capital Credit, LP, Breakwater Management LP, Carlyle Global Credit Investment Management L.L.C., Crescent Capital Group LP, MV Credit Partners LLP, New Mountain Capital, LLC, Park Square Capital USA LLC, Tor Investment Management (Hong Kong) Limited, AlbaCore Capital LLP, Muzinich & Co., Inc., Kartesia Management S.A., Medalist Partners, LP, NXT Capital Investment Advisers, LLC, Owl Rock Capital Partners, PennantPark Investment Advisers, PIMCO Investments LLC, Deerpath Capital Management, LP, Brightwood Capital Advisors, Magnetar Capital LLC, MC Credit Partners LP, Oaktree Capital Management, L.P., THL Credit Advisors LLC, White Oak Global Advisors, LLC, Benefit Street Partners L.L.C., EntrustPermal / Blue Ocean GP LLC, Willow Tree Credit Partners LP, Monroe Capital LLC, Runway Growth Capital LLC, Stellus Capital Management, LLC	January 1, 2021	December 31, 2023	Investments
Real Estate Consultant		September 8, 2021	November 8, 2021	Investments
Passive U.S., Non-U.S., and Global Index Strategies Search		September 9, 2021	November 9, 2021	Investments

Also viewable online here.

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM V-B

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

SERVICE RETIREMENTS

Member Name	Service	Department	Classification
Benjamins, Roy	41	Harbor Dept.	Pr Civil Engr Draf Tec
Carlson, Holly G	38	Harbor Dept.	Accounting Clerk
Mfume, Dequita J	38	Harbor Dept.	Management Analyst
Mc Angus, Gary	37	Harbor Dept.	Painter Supvr
Di Tucci, Julie A	37	Harbor Dept.	Wharfinger
Robinson, Fatima	36	PW - Engineering	Management Analyst
Jones, Martha M	36	Police Dept. - Civilian	Sr Detention Officer
Font, Michelle Alexis	34	Police Dept. - Civilian	Sr Administrative Clerk
Amaral, Carlos	34	GSD - Bldg. Fac Mgmt.	Custodian
Diaz, Joel	34	Police Dept. - Civilian	Garage Attendant
Domingo, Danny Robles	34	Harbor Dept.	Boat Captain
Abegglen, Randall L	33	Dept. of Rec. & Parks	Light Equip Operator
Ford, Mae	33	Police Dept. - Civilian	Police Service Rep
Beveridge, Michael R	32	Dept. of Bldg. & Safety	Pr Inspector
Hudson, Wendell Avery	32	PW - Sanitation	Equipmnt Operator
Aparicio, Linda Rose	32	LACERS	Pub Info Director
Chen, Steven J	32	PW - Engineering	Pr Civil Engineer
Hernandez, Paul	31	Police Dept. - Civilian	Municipal Police Officer
Neal, Michael Anthony	31	PW - Sanitation	Ref Coll Truck Oper
Mazariego, Raul Antonio	31	Dept. of Transportation	Sr Traffic Supv
Hare, Wilbur S	31	PW - Sanitation	Envrmntl Engineer
Nahapetian, Stella	31	Library Dept.	Sr Librarian
Verdugo, Cecil Daniel	31	Harbor Dept.	Carpenter
Cawyer, Rebecca Lynn	31	Dept. of Airports	Airport Engineer
Burks, Linda Denise	31	PW - Sanitation	Sr Administrative Clerk
Rodriguez, Eddie	30	PW - Sanitation	Ref Coll Truck Oper
Mcglover-Jeffery, Toi Shawnn	30	Dept. of Airports	Management Analyst
Rosen, Martin G	30	Dept. of Bldg. & Safety	Environmental Supvr
Johnson, Alton Ray	29	PW - Sanitation	Ref Coll Truck Oper
Hardy, Shannon	29	PW - Sanitation	Sr Administrative Clerk
Beverly, Tracy Louise	28	Police Dept. - Civilian	Sr Police Serv Rep
Alger, Howard Lee	28	Dept. of Bldg. & Safety	Environmental Spec
Norris, Elgin Mckinley	27	Harbor Dept.	Heavy Duty Equip Mech
Ramiro, Romuel Ty	27	Police Dept. - Civilian	Police Service Rep
Rashid, Abdul	27	Harbor Dept.	Pr Accountant
Riggins, Larry D	26	PW - St. Tree Div.	Equipmnt Operator

Ramirez, William	26	Dept. of Airports	Emerg Prepare Coord
Cotton, Vincent Stephen	25	Dept. of Bldg. & Safety	Pr Inspector
Real, Kirby Don	25	Dept. of Airports	Airports Mtce Supvr
Brooks, Patrick A	25	GSD - Fleet Services	Equipmnt Mechanic
Galvez, Randy L	25	Dept. of Airports	Cust Supervisor
Mayorga, Delia I	24	Library Dept.	Administrative Clerk
Sioson, Rodil A	24	Police Dept. - Civilian	Detention Officer
Kirkpatrick, Peggie Anne	23	ITA	Programmer/Analyst
Smith, Gretchen P	22	City Attorney's Office	Deputy City Atty
Norris, Edwin Mccullum	22	Harbor Dept.	Equipment Mechanic
Rivera, Jose Joaquin	22	Harbor Dept.	Welder
Samiian, Rodney Bobak	21	Dept. of Bldg. & Safety	Structrl Engrg Assc
Acuna, Nardo P	20	PW - Sanitation	Office Engrg Tech
Garcia, Ana Violeta	20	Personnel Dept.	Workers Comp Analyst
Munoz, Marvin Rene	20	PW - Sanitation	Maintenance Laborer
Wakefield, Donald L	20	PW - Contract Administration	Constr Inspector
Holcomb, James L	18	Dept. of Airports	Airport Police Sgt
Breyer, Christophe L	18	Police Dept. - Civilian	Supvsg Criminalist
Cisneros, Alejandro B	17	Harbor Dept.	Gardener Caretaker
Robles, Eduardo	16	Harbor Dept.	Property Manager
Villasenor, Juan	15	Dept. of Rec. & Parks	Park Maint Supvr
Holmes, Barton C	15	Dept. of Bldg. & Safety	Sr Build Inspector
Petter, Kenneth Lee	15	Harbor Dept.	Plumber
Taylor, Jacqueline	15	Dept. of Airports	Custodian Airport
Goss, Glenda Renee	15	Dept. of Airports	Administrative Clerk
Lee, Angela Y	15	ITA	Sr Mgmt Analyst
Guilles, Reynaldo Cleofe	15	Dept. of Transportation	Accounting Clerk
Digrazia, John A	14	City Attorney's Office	City Atty Admin Crd
Sanchez, Rebecca	14	Harbor Dept.	Sr Administrative Clerk
Cruz, Gavino	13	LA Convention	Event Attendant
Rodriguez, Elise Gloria	11	Police Dept. - Civilian	Sr Police Serv Rep
Carurucan, Leonica M	11	Library Dept.	Messenger Clerk
Donaldson, Treba S	10	Dept. of Rec. & Parks	Recreation Asst
Metzger, Maria Isabel	10	City Attorney's Office	Deputy City Atty
Dominguez, Daniel	9	Dept. of Rec. & Parks	Special Prog Asst
Garcia, Eliseo	9	Dept. of Airports	Airport Guide
Slusher, Cherry	9	Dept. of Rec. & Parks	Recreation Asst
Rodriguez, Baudelio P	9	Dept. of Rec. & Parks	Special Prog Asst
Mangalin, Diane Ellen	8	Zoo Dept. - As Needed	Animal Keeper
Smith, Sheli O	5	Dept. of Rec. & Parks	Maritime Museum Curator
Mejia, Gloria Del Carmen	5	Dept. of Rec. & Parks	Locker Room Attendant
Rivera, Teodoro	4	Cultural Affairs	Maint & Constr Helper
Cormier, Michael Dennis	2	Police Dept.	Security Officer
Barillas, Connie	2	Dept. of Rec. & Parks	Recreation Asst.
Arvizu, Raymundo	1	Dept. of Rec. & Parks	Special Prog Asst

Ganley, Brian A	0.7	Police Dept. - Civilian	Ch Information Officer

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

Approved Death Benefit Payments

Deceased	Beneficiary/Payee
TIER 1	
Retired	
Aguallo, Della	Stephanie Gillen for the payment of the Accrued But Unpaid Continuance Allowance
Alberti, Bruce Joseph	Anthony Alberti for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions
	Luke Alexander Enrique Alberti for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions
Allen, Fern	Kenneth J Allen for the payment of the Accrued But Unpaid Continuance Allowance
Barot, Raquel R	Sergio Patrick Barot for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Berilla, George P	Steven Berilla for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Bundick, Joan B	Jeffrey B Holme for the payment of the Accrued But Unpaid Continuance Allowance
	Robert N Holme for the payment of the Accrued But Unpaid Continuance Allowance
	Roger G Holme for the payment of the Accrued But Unpaid Continuance Allowance
Calvert, Eula M	Donald A Gray for the payment of the Accrued But Unpaid Continuance Allowance
Carbonetta, Edmund	Laura Copeland for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Carey, Dorsan	Keesha Lynette Carey for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions
Castaneda, Sylvia Williams	Michael Teves Lauengco for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
Childress, Jim R	Julius R Childress for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Chin, Liu S	Perry Chin for the payment of the Accrued But Unpaid Continuance Allowance
Coate, William O	Laura Ann Coate for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Crowder, Earnest L	Traci Ross for the payment of the Burial Allowance
Daniel, Ralph E	Angela Daniel for the payment of the Accrued But Unpaid Disability Retirement Allowance Chanelle Garcia for the payment of the Accrued But Unpaid Disability Retirement Allowance
Dipietro, John	Catherine Dipietro Hartman for the payment of the Accrued But Unpaid Continuance Allowance
Eisenberg, Lawrence Michael	APLA Health & Wellness DBA Aids Project LA for the payment of the Accrued But Unpaid Service Retirement Allowance National Psoriasis Foundation for the payment of the Accrued But Unpaid Service Retirement Allowance Paws/LA for the payment of the Accrued But Unpaid Service Retirement Allowance
Gamble, Penelope	Miana Gamble for the payment of the Accrued But Unpaid Continuance Allowance
Giacopelli, Thomas John	Jesse Mcgee for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Karen E Mcgee for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Gomez, Henry O	Roy Hernandez for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Vincent Hernandez for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Gonzalez, Maria Socorro	Esteban Gonzalez for the payment of the Accrued But Unpaid Service Retirement Allowance
Graham, John M	Angela C Daire for the payment of the Accrued But Unpaid Service Retirement Allowance
	Gail Lannoy for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
	John D Graham for the payment of the Accrued But Unpaid Service Retirement Allowance
	Karen Graham Hooker for the payment of the Accrued But Unpaid Service Retirement Allowance
	Kevin Graham for the payment of the Accrued But Unpaid Service Retirement Allowance
Griffin, Clarice A	Deborah Griffin for the payment of the Accrued But Unpaid Continuance Allowance
Hagner, Frederick Dennis	Sandra J Brill for the payment of the Accrued But Unpaid Service Retirement Allowance
Holloway, Alden H	Daniel H Holloway for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Jacobs, Gilda	Ivy Whalen for the payment of the Accrued But Unpaid Continuance Allowance
Johnson, Gloria T	Joshua Jimenez for the payment of the Burial Allowance
Johnson, Olga K	Eric Everett for the payment of the Accrued But Unpaid Continuance Allowance

Kim, Yong M	Tae S Kim for the payment of the Burial Allowance
Lawrence, Celia	Sergio Rivera for the payment of the Accrued But Unpaid Continuance Allowance
Lona, Esther M	Cynthia Lona Sherman for the payment of the Accrued But Unpaid Continuance Allowance Burial Allowance
	Sylvia Lona Arvizu for the payment of the Accrued But Unpaid Continuance Allowance Burial Allowance
Lussky, Randolph H	Wendy Lussky for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Mc Gee, Dorothy S	Kevin C Mcgee for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Miller, Scott A	Crystal Miller Delatorre for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions
Moore, Robert R	Renisha Walker for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Murphy, Barbara J	Ronald G. Murphy for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Namihira, Calvin H	Leighann Kiyomi Namihira for the payment of the Burial Allowance
Napoles, Laurine	Debra Dale Williams for the payment of the DRO Lump Sum
Omon, Amy S	Darren T Omon for the payment of the Accrued But Unpaid Continuance Allowance Teresa K Vanderneut for the payment of the Accrued But Unpaid Continuance Allowance
Partlow, Albert D	Mary C Partlow Watson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Pearson, Paul Joseph	Michele A Pearson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Perez, Gilbert T	David A Perez for the payment of the Burial Allowance
Petryka, Zbyslaw Jan	Ewa Chludzinska for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Reeves, Laura M	Joyce S Kyle for the payment of the Accrued But Unpaid Continuance Allowance

Rivas, Alicia O	Bryan Pineda for the payment of the Burial Allowance
	Eveline Pineda for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
	Silvia Rivas Amezcua for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Robinson, Elnora H	Jacob Armann Berry for the payment of the Accrued But Unpaid Service Retirement Allowance
	Joel Mylan James Berry for the payment of the Accrued But Unpaid Service Retirement Allowance
	Joshua Allen Berry for the payment of the Accrued But Unpaid Service Retirement Allowance
	Sasha E Berry for the payment of the Accrued But Unpaid Service Retirement Allowance
Robles, Laura E	Alexander Vital for the payment of the Accrued But Unpaid Service Retirement Allowance
Salas, Anita J	Elizabeth Salas for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Sanchez, Cruz	Richard L Sanchez for the payment of the Accrued But Unpaid Survivorship (Retirement) Allowance
Speed, Iris A	Jason Speed for the payment of the Accrued But Unpaid Continuance Allowance
Stray, Patricia	Trisha Lindsey for the payment of the Accrued But Unpaid Continuance Allowance

Streeter, Howard	Howard L Streeter for the payment of the Burial Allowance Tyrone Streeter for the payment of the Burial Allowance
Taylor, Evelyn	Andrew Taylor for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance
Thomasian, Nazen	Gary Thomasian for the payment of the Accrued But Unpaid Continuance Allowance Louise Thomasian Johnson for the payment of the Accrued But Unpaid Continuance Allowance
Walker, Edward	Sharon Walker for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Sylvia Yvonne Walker for the payment of the Accrued But Unpaid Service Retirement Allowance
Willis, David F	Melanie M Reed Sailors for the payment of the Accrued But Unpaid Larger Annuity Allowance Accrued But Unpaid Service Retirement Allowance Burial Allowance
Zinnecker, Elsie	Catherine L Eddy for the payment of the Accrued But Unpaid Disability Continuance Allowance

TIER 3
NONE

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

Approved Death Benefit Payments

Deceased	Beneficiary/Payee
TIER 1	
Active	
Anker, Judy A (Deceased Active)	Neil Michael Stoliar for the payment of the Accumulated Contributions
Arevalo, Adolfo H (Deceased Active)	Rosa Linda Gonzalez for the payment of the Accumulated Contributions
Brinkerhoff, Steve C (Deceased Active)	Theresa Brinkerhoff for the payment of the Disability Retirement Survivorship Allowance
Capriel, Carlos (Deceased Active)	Ana Capriel for the payment of the Accumulated Contributions
Carter, William (Deceased Active)	Zachary V Carter for the payment of the Accumulated Contributions
Dozier, Thomas Leroy (Deceased Active)	Gloria Dozier for the payment of the Vested Retirement Survivorship Allowance
Greer, Michael Dean (Deceased Active)	Jimmy Greer for the payment of the Accumulated Contributions

Gyimesi, Bela A (Deceased Active)	Tina Marie Gonzales for the payment of the Disability Retirement Survivorship Allowance
Haldeman, John A (Deceased Active)	Max Ian Haldeman for the payment of the Accumulated Contributions Phillip Laurence Haldeman for the payment of the Accumulated Contributions
Hanzy, Samantha O (Deceased Active)	Antoinette O Hanzy for the payment of the Accumulated Contributions
Horta, Jose G (Deceased Active)	Rebecca Janice Horta for the payment of the Accumulated Contributions Thomas Horta Montoya for the payment of the Accumulated Contributions
Pagan, Ditravia Rhubec (Deceased Active)	Joshena Andrews for the payment of the Disability Retirement Survivorship Allowance
Perez, Edgardo Manuel (Deceased Active)	Marvin Roberto Canales for the payment of the Accumulated Contributions
Rodriguez, Edith M (Deceased Active)	Orestes Moises Rodriguez for the payment of the Accumulated Contributions
Rodriguez, Michael A (Deceased Active)	Stephanie Rodriguez for the payment of the Service Retirement Survivorship Allowance

Tavera, Eduardo P (Deceased Active)	Alejandra Tavera for the payment of the Accumulated Contributions Limited Pension
Walton, Terree Sue (Deceased Active)	Terree Sue Walton Rvoc Living Trust for the payment of the Accumulated Contributions
Winton, Troy Nathaniel (Deceased Active)	Roshauna Sherrance Kennedy for the payment of the Accumulated Contributions

TIER 3

Ruiz, Eduardo Alfredo (Deceased Active)	Liliana G Castro for the payment of the Accumulated Contributions

Disclaimer: The names of members who are deceased may appear more than once due to multiple beneficiaries being paid at different times.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION | **MEETING: NOVEMBER 9, 2021**
From: Neil M. Guglielmo, General Manager | **ITEM: VII - 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, and COVID-19 remains a public health concern in Los Angeles, with high levels of 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

Board Meeting: 11/9/21
Item: VII-A
Attachment

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 high levels of 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
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: NOVEMBER 9, 2021**
From: Neil M. Guglielmo, General Manager **ITEM: VII – B**

SUBJECT: **PRESENTATION BY SEGAL CONSULTING OF THE ACTUARIAL VALUATIONS AS OF JUNE 30, 2021 AND PROPOSED CITY CONTRIBUTION RATES FOR FISCAL YEAR 2022-23 AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board adopt the attached actuarial valuation reports of its consulting actuary, Segal, for the period ending June 30, 2021, including:

1) *Actuarial Valuation and Review of Retirement Benefits* and *Actuarial Valuation and Review of Other Postemployment Benefits* which establish the recommended City contribution rates for Fiscal Year 2022-23 (Attachments 2 and 3);

2) *Governmental Accounting Standards (GAS) 67 Pension Valuation* and *GAS 74 Other Post-Employment Benefit Valuation* (Attachments 4 and 5), which provide the financial disclosures to meet LACERS' June 30, 2021 financial reporting requirements of the Governmental Accounting Standards Board; and,

3) *Family Death Benefit Plan Costs* (Attachment 6) which is a biennially conducted valuation assessing the premium for the next two fiscal years to be reduced from the current $2.40 to $1.90 per month as recommended.

Executive Summary

The Board's consulting actuary, Segal, performed the annual actuarial valuation of the retirement benefits and the retiree health benefits of the LACERS' Retirement and Health System (System) based on census data as of June 30, 2021 (See Attachment 1 for summary results). The actuarial valuation determines the System's funded status as of June 30, 2021 and the City's contribution rates for Fiscal Year (FY) 2022-23.

Overall, the System's Assets and Funded Ratios increased, while the Unfunded Actuarial Accrued Liability (UAAL) decreased, mainly due to a favorable investment experience, lower than expected salary increases for active members, better than expected 2021/2022 premium and subsidy levels, and lower than expected cost-of-living adjustment (COLA) for payees, offset somewhat by updated future medical premiums trend assumption, actual contributions less than expected, and more members retiring earlier than expected, including through the City's and LAWA's Separation Incentive Program (SIP). The aggregate employer rate (if received on July 15) calculated in this valuation has increased from 32.25 percent of payroll to 33.31 percent of payroll.

Segal also prepared separate valuation reports in accordance with the requirements of the Governmental Accounting Standards (GAS) Statements No. 67 – *Financial Reporting for Pension Plans* and No. 74 – *Financial Reporting for Postemployment Benefit Plans*. Information from these valuations will be reported in LACERS' June 30, 2021 financial statements.

Segal also prepared a biennial valuation of the voluntary Family Death Benefit Plan (FDBP) as of June 30, 2021 which recommends contribution rates to be effective for FY 2022-23 and FY 2023-24. The last review of the FDBP was conducted as part of the June 30, 2019 actuarial valuation which yielded the current employee monthly contribution of $2.40. Another 20% reduction in the monthly contribution is recommended to $1.90. The City matches the employees' cost at the same level.

Discussion

Retirement and Other Post-Employment Benefit (OPEB) Actuarial Valuations

Segal performed the annual actuarial valuation of the retirement benefits and the retiree health benefits of the System based on census data as of June 30, 2021 (see Attachments 2 and 3). The actuarial valuation determines the System's funded status as of June 30, 2021 and the City's contribution rates for FY 2022-23. The report also updates actuarial and demographic information about the System and its Members.

Significant Valuation Results

Valuation Ending	**June 30, 2021**	**June 30, 2020**	**Percent Change**
Total System Assets			
A. Actuarial Value	$20,083,918,240	$18,697,966,253	7.4%
B. Market Value	$22,805,339,941	$17,863,324,366	27.7%
Unfunded Actuarial Accrued Liability (UAAL)			
A. Retirement Benefits	$6,621,308,200	$6,897,092,748	(4.0%)
B. Health Subsidy Benefits	$189,700,961	$502,106,823	(62.2%)
C. Total	$6,811,009,161	$7,399,199,571	(7.9%)
Funded Ratio (Based on Valuation Value of Assets)			
A. Retirement Benefits	71.6%	69.4%	2.2%
B. Health Subsidy Benefits	94.6%	85.6%	9.0%
C. Total	74.6%	71.6%	3.0%

Valuation Highlights

The System's Assets and Funded Ratios increased, while the total UAAL decreased, primarily due to:

(i) A greater than expected return on the valuation value of assets (after smoothing),

(ii) Lower than expected salary increases for continuing active members,

(iii) Lower than expected COLA for payees, and

(iv) Better than projected 2021/2022 premium and subsidy levels.

These factors are partially offset by:

a. Less actual contributions than previously expected,

b. More members retiring earlier than expected,

c. Updated trend assumption to project future medical premiums, and

d. Other miscellaneous actuarial losses.

Investment experience represented a System gain as the actuarial value return for all plans combined for June 30, 2021 was 9.03%, which exceeded the assumed rate of return of 7.00%, resulting in a $198.8 million actuarial gain for the retirement benefit and $181.0 million actuarial gain for the health benefit after the recognition of current and prior years' investment gains and losses. Overall, the financial health of the Plans has significantly improved over the prior year.

- The ratio of the valuation value of assets to actuarial accrued liabilities for retirement benefits increased year-over-year from 69.4% to 71.6%. On a market value basis, the funded ratio for the retirement benefits increased year-over-year from 66.3% to 81.3%.

- The funded ratio for the retiree health benefits on a valuation value basis increased year-over-year from 85.6% to 94.6%. On a market value basis, the funded ratio for the health benefits increased from 81.8% to 107.4%.

- The actuarial value of total System assets as of June 30, 2021 increased 7.4% over the prior year, from $18.70 billion to $20.08 billion. On a market basis, there was a 27.7% increase in assets from $17.86 billion to $22.81 billion.

- The UAAL for the retirement benefit decreased 4.0% over the prior year, from $6.90 billion to $6.62 billion. For the retiree health benefits, the UAAL decreased 62.2% from $502.11 million to $189.70 million. The total UAAL for both the retirement benefits and the retiree health benefits as of June 30, 2021 is $6.81 billion, a decrease of $588.20 million from the previous year.

Actuarially Determined Employer Contributions

The City's contribution is the sum of the Normal Cost plus an amortized payment of the UAAL. The Normal Cost is the portion of the actuarial present value of LACERS' plan benefits which is allocated to a valuation year using LACERS' adopted cost method – Entry Age. The amortization of the UAAL is the payment stream required to fund the difference between the actuarial accrued liabilities and the actuarial value of assets, determined by methods prescribed by LACERS' Amortization Policy. The actuary has calculated contribution rates reflecting decisions made by the Board including the *July 1, 2016 through June 30, 2019 Actuarial Experience Study* adopted by the Board on June 23, 2020 and the retiree health assumptions adopted September 28, 2021, along with other Board policies. Following are the actuarially determined City contribution rates as a percentage of City payroll for FY 2022-23 if received by July 15, 2022, as compared with current rates.

Employer Rates – Tier 1 and Tier 3 Combined

As a Percentage of City Payroll	**Recommended Rates FY 2022-23**	**Current Rates FY 2021-22**	**Difference**
Retirement	29.39%	27.96%	1.43%
Health	3.92%	4.29%	(0.37%)
Total	33.31%	32.25%	1.06%

The recommended combined employer contribution rate for FY 2022-23 is 1.06% higher than the current year rate. The increase in the employer rate is due to:

(i) Updated trend assumption for projecting medical premiums after 2021/2022,

(ii) Total projected payroll smaller than expected (including the effect of the SIP), and the anticipated delay in implementing the higher contribution rate calculated in the prior evaluation, and

(iii) Impact of 21-year amortization of pre-June 30, 2021 Health plan layers.

These factors are partially offset by:

(i) A gain on investments (after smoothing),

(ii) Lower than expected COLA for payees,

(iii) 2021/2022 premium and subsidy levels lower than expected, and

(iv) Lower than expected salary increases for continuing active members.

Actuarial Standards of Practice No. 51 (ASOP 51)

The Actuarial Standards Board ASOP 51 regarding risk assessment requires actuaries to identify and assess risks that "may reasonably be anticipated to significantly affect the plan's future financial condition." Certain risk factors are briefly discussed in the valuation, but a detailed analysis of risk relative to the System's future financial condition will be provided in a stand-alone report the first quarter of Calendar Year 2022.

GAS 67 and GAS 74

Segal prepared separate valuation reports in accordance with the requirements of the GAS Statements No. 67 – *Financial Reporting for Pension Plans* and No. 74 – *Financial Reporting for Postemployment Benefit Plans* (see Attachments 4 and 5). Information from these valuations will be reported in LACERS' June 30, 2021 financial statements. Key highlights are identified below.

- The Net Pension Liability (NPL) was determined to be $4.36 billion as of June 30, 2021 for the retirement benefits, compared to $7.59 billion as of June 30, 2020. The NPL is a required disclosure in the financial notes of a pension plan pursuant to GAS 67, and a required disclosure as a liability in the plan sponsor's financial statements pursuant to GAS 68 – *Accounting and Financial Reporting for Pensions.* The NPL measure differs from the UAAL as it is calculated on a market value basis and reflects all investment gains and losses as of the measurement date. Another required disclosure under GAS 67 is the Plan Fiduciary Net Position as a percentage of Total Pension Liability, which is 81.3% as of June 30, 2021.

- The Net OPEB Liability (NOL) was determined to be $(261.6) million as of June 30, 2021 for the retiree health benefits, compared to $635.3 million as of June 30, 2020. The NOL is a required disclosure in the financial notes of an OPEB plan pursuant to GAS 74, and a required disclosure as a liability in the plan sponsor's financial statements pursuant to GAS 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Additionally, GAS 74 requires disclosure of the Plan Fiduciary Net Position as a percentage of Total OPEB Liability, which is 107.4% as of June 30, 2021.

Family Death Benefit Plan

Segal also prepared the biennial valuation of the voluntary FDBP as of June 30, 2021 which recommends contribution rates to be effective for FY 2022-23 and FY 2023-24. The last review of the FDBP was conducted as part of the June 30, 2019 actuarial valuation which yielded the current employee monthly contribution of $2.40, reduced from the prior monthly rate of $3.00. The City matches the employees' cost at the same level.

Due to an ongoing FDBP surplus, Segal recommends similar actions to those taken in the June 30, 2019 FDBP Valuation, including:

1) Continuing campaign targeting retirement eligible contributors to consider discontinuing voluntary FDBP contributions for those whose survivors would not receive any FDBP benefits.

2) Reduce the monthly charge by another 20%, from the current $2.40 to $1.90 for FY 2022-23 and FY 2023-24.

LACERS has made communication efforts including information on the website, Member packet flyers, and targeted campaign to those that may not receive benefit from participation, and while about 44 percent of those targeted have dropped from participation in the program, continuing efforts are underway. LACERS will also continue to campaign to increase participation of non-retirement eligible Members. Additionally, LACERS will conduct a more comprehensive internal review of the program and assess any obstacles and opportunities in program utilization and share those findings with the Board next year.

Paul Angelo of Segal will present the above-mentioned June 30, 2021 actuarial valuation reports.

Strategic Plan Impact Statement

Adoption of the Actuarial Valuation ensures the adequacy of the employer contribution rates in paying the actuarially required contribution, in compliance with Los Angeles City Charter Sections 1158 and 1160, upholding “governance practices which affirm transparency, accountability and fiduciary duty.”

Prepared By: Alex Lombardo, Benefits Analyst

NG:TB:EA:al

Attachments:

1. Actuarial Valuation and Review of Retirement and Health Benefits as of June 30, 2021
2. Actuarial Valuation and Review of Retirement Plan as of June 30, 2021
3. Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2021
4. Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of June 30, 2021
5. Governmental Accounting Standards (GAS) 74 Actuarial Valuation of Other Postemployment Benefits (OPEB) as of June 30, 2021
6. Family Death Benefit Plan (FDBP) Costs as of June 30, 2021

BOARD Meeting: 11/09/21
Item VII - B
Attachment 1

Los Angeles City Employees' Retirement System

Actuarial Valuation and Review of Retirement and Health Benefits as of June 30, 2021

This report has been prepared at the request of the Board of Administration to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Administration and may only be provided to other parties in its entirety, unless expressly authorized by Segal. The measurements shown in this actuarial valuation may not be applicable for other purposes.

Segal

Segal

180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
T 415.263.8200
segalco.com

November 1, 2021

Board of Administration
Los Angeles City Employees' Retirement System
202 W. 1st Street, Suite 500
Los Angeles, CA 90012-4401

Re: June 30, 2021 Actuarial Valuations

Dear Board Members:

Enclosed please find the June 30, 2021 actuarial valuations for the retirement, health, and family death benefit plans.

As requested by the System, we have attached the following supplemental schedules:

- Exhibit A – Summary of significant results for the retirement and health plans.
- Exhibit B – History of computed contribution rates for the retirement and health plans.
- Exhibit C – Schedule of funded liabilities by type for the retirement plan.[1]
- Exhibit D – Schedule of retirees and beneficiaries added to and removed from the rolls for the retirement plan.[2]

We look forward to discussing the reports and the enclosed schedules with the Board.

Sincerely,

Segal

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary

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

DNA/jl

[1] For the health plan, a similar schedule is provided in Exhibit H of Section 3 of the health valuation report.
[2] For the health plan, a similar schedule is provided in Exhibit C of Section 3 of the health valuation report.

Exhibit A

Los Angeles City Employees' Retirement System
Summary of Significant Valuation Results

		June 30, 2021	June 30, 2020	Percent Change
I.	**Total Membership**			
	A. Active Members	25,176	27,490	-8.4%
	B. Pensioners and Beneficiaries	22,012	20,423	7.8%
II.	**Valuation Salary**			
	A. Total Annual Projected Payroll	$2,254,165,029	$2,445,016,587	-7.8%
	B. Average Projected Monthly Salary	7,461	7,412	0.7%
III.	**Benefits to Current Retirees and Beneficiaries**[1]			
	A. Total Annual Benefits	$1,136,773,110	$1,004,730,961	13.1%
	B. Average Monthly Benefit Amount	4,304	4,100	5.0%
IV.	**Total System Assets**[2]			
	A. Actuarial Value	$20,083,918,240	$18,697,966,253	7.4%
	B. Market Value	22,805,339,941	17,863,324,366	27.7%
V.	**Unfunded Actuarial Accrued Liability (UAAL)**			
	A. Retirement Benefits	$6,621,308,200	$6,897,092,748	-4.0%
	B. Health Subsidy Benefits	189,700,961	502,106,823	-62.2%

[1] Includes July COLA.

[2] Includes assets for Retirement, Health, Family Death, and Larger Annuity Benefits.

Exhibit A (continued)

Los Angeles City Employees' Retirement System
Summary of Significant Valuation Results

VI.	Budget Items (as a Percent of Pay)	FY 2022-2023[1]		FY 2021-2022		Difference	
		Beginning of Year	July 15	Beginning of Year	July 15	Beginning of Year	July 15
	A. Retirement Benefits (Tier 1 and Tier 3 Combined)						
	1. Normal Cost	7.73%	7.75%	7.83%	7.85%	-0.10%	-0.10%
	2. Amortization of UAAL	21.58%	21.64%	20.05%	20.11%	1.53%	1.53%
	3. Total Retirement Contribution	29.31%	29.39%	27.88%	27.96%	1.43%	1.43%
	B. Health Subsidy Benefits (Tier 1 and Tier 3 Combined)						
	1. Normal Cost	3.61%	3.62%	3.47%	3.48%	0.14%	0.14%
	2. Amortization of UAAL	0.30%	0.30%	0.81%	0.81%	-0.51%	-0.51%
	3. Total Health Subsidy Contribution	3.91%	3.92%	4.28%	4.29%	-0.37%	-0.37%
	C. Total Contribution (A + B)	33.22%	33.31%	32.16%	32.25%	1.06%	1.06%

VII.	Funded Ratio	June 30, 2021	June 30, 2020	Difference
	(Based on Valuation Value of Assets)			
	A. Retirement Benefits	71.6%	69.4%	2.2%
	B. Health Subsidy Benefits	94.6%	85.6%	9.0%
	C. Total	74.6%	71.6%	3.0%
	(Based on Market Value of Assets)			
	D. Retirement Benefits	81.3%	66.3%	15.0%
	E. Health Subsidy Benefits	107.4%	81.8%	25.6%
	F. Total	84.7%	68.4%	16.3%

[1] Alternative contribution payment date for FY 2022-2023:

	Retirement	Health	Total
End of Pay Periods	30.32%	4.04%	34.36%

Exhibit B

Los Angeles City Employees' Retirement System
Computed Contribution Rates[1] – Historical Comparison

Valuation Date	Retirement	Health	Total	Projected Valuation Payroll (thousands)
06/30/1994	12.07%	2.99%	15.06%	$884,951
06/30/1995	7.34%	2.30%	9.64%	911,292
06/30/1996	6.51%	3.18%	9.69%	957,423
06/30/1997	6.57%	1.85%	8.42%	990,616
06/30/1998	6.43%	1.27%	7.70%	1,011,857
06/30/1999	4.93%	0.67%	5.60%	1,068,124
06/30/2000	2.54%	2.17%	4.71%	1,182,203
06/30/2001	3.84%	1.98%	5.82%	1,293,350
06/30/2002	9.22%	1.85%	11.07%	1,334,335
06/30/2003	11.95%	4.02%	15.97%	1,405,058
06/30/2004	14.76%	4.94%	19.70%	1,575,285
06/30/2005	17.51%	7.27%	24.78%	1,589,306
06/30/2006	17.18%	6.49%	23.67%	1,733,340
06/30/2007	15.52%	5.38%	20.90%	1,896,609
06/30/2008	14.65%	5.48%	20.13%	1,977,645
06/30/2009	18.73%	6.62%	25.35%	1,816,171
06/30/2010				
Before Additional Employee Contributions	21.19%	7.45%	28.64%	1,817,662
After Additional Employee Contributions	18.67%	6.94%	25.61%	1,817,662
06/30/2011[2]				
Before Additional Employee Contributions	24.31%	4.49%	28.80%	1,833,392
After Additional Employee Contributions	21.64%	4.49%	26.13%	1,833,392
06/30/2012[3]	21.34%	5.74%	27.08%	1,819,270
06/30/2013	22.24%	5.80%	28.04%	1,846,970
06/30/2014	24.05%	5.81%	29.86%	1,898,064
06/30/2015	23.65%	4.90%	28.55%	1,907,665
06/30/2016	22.96%	5.09%	28.05%	1,968,703
06/30/2017[4]	23.81%	5.26%	29.07%	2,062,316
06/30/2018	25.56%	5.07%	30.63%	2,177,687
06/30/2019	25.43%	4.64%	30.07%	2,225,413
06/30/2020	28.84%	4.43%	33.27%	2,445,017
06/30/2021	30.32%	4.04%	34.36%	2,254,165

1 Contributions are assumed to be made at the end of the pay period. For the 6/30/2014 and 6/30/2015 valuations, the contribution rates are the combined rates for Tiers 1 and 2. Beginning with the 6/30/2016 valuation, the contribution rates are the combined rates for Tiers 1 and 3 (Tier 2 was rescinded effective February 21, 2016).

2 Beginning with the 6/30/2011 valuation date, the contribution rates are before adjustments to phase in over five years the impact of new actuarial assumptions (as a result of the June 30, 2011 Triennial Experience Study) on the City's contributions. Those adjustments no longer apply after the June 30, 2014 valuation.

3 Beginning with the 6/30/2012 valuation date, the contribution rates are after additional employee contributions.

4 Beginning with the 6/30/2017 valuation date, the contribution rates are after reflecting enhanced benefits for Airport Peace Officers effective January 7, 2018.

Exhibit C

Los Angeles City Employees' Retirement System
Schedule of Funded Liabilities by Type for Retirement Benefits
For Years Ended June 30
($ In Thousands)

	Aggregate Actuarial Accrued Liabilities For				Portion of Aggregate Accrued Liabilities Covered by Reported Assets		
	(1)	(2)	(3)		(1)	(2)	(3)
Valuation Date	Member Contributions	Retirees, Beneficiaries, & Inactive/Vested	Active Members	Valuation Value of Assets	Member Contributions	Retirees, Beneficiaries, & Inactive/Vested	Active Members
06/30/1996	$637,737	$2,357,798	$1,480,489	$4,468,433	100.0%	100.0%	99.5%
06/30/1997	683,048	2,598,432	1,604,857	4,802,509	100.0	100.0	94.8
06/30/1998	733,680	2,772,712	1,806,526	5,362,923	100.0	100.0	100.0
06/30/1999	776,617	2,989,218	1,918,751	5,910,948	100.0	100.0	100.0
06/30/2000	827,729	3,149,392	2,035,810	6,561,365	100.0	100.0	100.0
06/30/2001	889,658	3,444,240	2,134,168	6,988,782	100.0	100.0	100.0
06/30/2002	950,002	3,756,935	2,545,181	7,060,188	100.0	100.0	92.5
06/30/2003	1,005,888	4,021,213	2,632,745	6,999,647	100.0	100.0	74.9
06/30/2004	1,062,002	4,348,252	3,123,610	7,042,108	100.0	100.0	52.2
06/30/2005	1,128,101	4,858,932	3,334,492	7,193,142	100.0	100.0	36.2
06/30/2006	1,210,246	5,149,385	3,511,031	7,674,999	100.0	100.0	37.5
06/30/2007	1,307,008	5,365,437	3,854,429	8,599,700[1]	100.0	100.0	50.0
06/30/2008	1,408,074	5,665,130	4,113,200	9,438,318	100.0	100.0	57.5
06/30/2009	1,282,663	7,356,302	3,403,019	9,577,747	100.0	100.0	27.6
06/30/2010	1,379,098	7,507,945	3,707,982	9,554,027	100.0	100.0	18.0
06/30/2011	1,474,824	7,765,071	4,151,809	9,691,011	100.0	100.0	10.9
06/30/2012	1,625,207	7,893,684	4,875,068	9,934,959	100.0	100.0	8.5
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	15,630,103	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

[1] Excludes assets transferred for Port Police.

Exhibit D

Los Angeles City Employees' Retirement System
Retirees and Beneficiaries Added To and Removed From the Rolls for the Retirement Plan[1]
For Years Ended June 30

Year Ended	No. of New Retirees and Beneficiaries	Annual Allowances Added[2]	No. of Retirees and Beneficiaries Removed	Annual Allowances Removed	No. of Retirees and Beneficiaries at 6/30	Annual Allowances at 6/30	Percent Increase in Annual Allowances	Average Annual Allowance
06/30/2002	844	$23,740,829	620	$11,316,344	13,589	$336,437,038	6.4%	$24,758
06/30/2003	827	24,729,535	611	12,008,132	13,805	359,036,215	6.7%	26,008
06/30/2004	986	53,452,133	654	13,220,316	14,137	399,268,032	11.2%	28,243
06/30/2005	934	43,454,836	749	14,769,736	14,322	427,953,132	7.2%	29,881
06/30/2006	890	42,821,079	642	15,061,287	14,570	455,712,924	6.5%	31,277
06/30/2007	821	34,131,744	555	13,210,740	14,836	476,633,928	4.6%	32,127
06/30/2008	748	40,680,279	609	14,956,623	14,975	502,357,584	5.4%	33,546
06/30/2009	632	36,887,854	616	17,386,042	14,991	521,859,396	3.9%	34,812
06/30/2010	2,893	144,594,918	620	17,604,486	17,264	648,849,828	24.3%	37,584
06/30/2011	528	24,282,965	595	16,585,589	17,197	656,547,204	1.2%	38,178
06/30/2012	620	38,314,256	594	17,986,700	17,223	676,874,760	3.1%	39,301
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

[1] Does not include Family Death Benefit Plan members. Table based on valuation data.
[2] Effective 06/30/2004, also includes the COLA granted in July.

5697409v3/05806.002

BOARD Meeting: 11/09/21
Item VII - B
Attachment 2

Los Angeles City Employees' Retirement System

Actuarial Valuation and Review of Retirement Benefits as of June 30, 2021

Segal

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November 1, 2021

Board of Administration
Los Angeles City Employees' Retirement System
202 W. 1st Street, Suite 500
Los Angeles, CA 90012-4401

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2021. It summarizes the actuarial data used in the valuation, analyzes the preceding year's experience, and establishes the funding requirements for fiscal year 2022/2023.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Retirement System. The census information and financial information on which our calculations were based was prepared by the staff of the System. That assistance is gratefully acknowledged.

The actuarial calculations were directed under the supervision of Andy Yeung, ASA, MAAA, FCA and Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and the expectations for the Plan.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

Segal

Paul Angelo, FSA, MAAA, FCA, EA Senior Vice President and Actuary	Andy Yeung, ASA, MAAA, FCA, EA Vice President and Actuary

DNA/jl

Table of Contents

Section 1: Actuarial Valuation Summary

Purpose and Basis

This report was prepared by Segal to present a valuation of the Los Angeles City Employees' Retirement System ("the System") as of June 30, 2021. The valuation was performed to determine whether the assets and contribution rates are sufficient to provide the prescribed benefits. The measurements shown in this actuarial valuation may not be applicable for other purposes. In particular, the measures herein are not necessarily appropriate for assessing the sufficiency of current Plan assets to cover the estimated cost of settling the Plan's accrued benefit obligations.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

The contribution requirements presented in this report are based on:

- The benefit provisions of the pension plan, as administered by the Board of Administration;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of June 30, 2021, provided by the System;
- The assets of the Plan as of June 30, 2021, provided by the System;
- Economic assumptions regarding future salary increases and investment earnings;
- Other actuarial assumptions regarding employee terminations, retirement, death, etc. that the Board has adopted for the June 30, 2021 valuation; and
- The funding policy adopted by the Board of Administration.

Valuation Highlights

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1. The funded ratio (the ratio of the valuation value of assets to actuarial accrued liability) is 71.56%, compared to the prior year funded ratio of 69.38%%. This ratio is one measure of funding status, and its history is a measure of funding progress. The funded ratio measured on a market value basis is 81.26%, compared to 66.29% as of the prior valuation date. These measurements are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for, or the amount of, future contributions.

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2. The UAAL as of June 30, 2020 was $6.897 billion. In this year's valuation, the UAAL has decreased to $6.621 billion mainly due to favorable investment experience (after asset smoothing), lower than expected salary increases for continuing actives, and lower than expected cost-of-living adjustment (COLA) increases for payees, offset somewhat by actual contributions less than expected and other actuarial losses.

   A reconciliation of the System's UAAL is provided in *Section 2, Subsection E*. A schedule of the current UAAL amortization amounts is provided in *Section 3, Exhibit G*. Note that a graphical projection of the UAAL amortization bases and payments has been provided in *Section 3, Exhibit H.*

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3. The net actuarial gain from investment (after smoothing) and contribution experience is $44.2 million, or 0.19% of actuarial accrued liability. The net experience gain from sources other than investment and contribution experience was 0.82% of the actuarial accrued liability. This gain was primarily due to lower than expected salary increases for continuing actives and lower than expected cost-of-living adjustment (COLA) increases for payees, offset somewhat by other actuarial losses.

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4. The aggregate employer rate (if received on July 15) calculated in this valuation has increased from 27.96% of payroll to 29.39% of payroll. The annual dollar employer contributions calculated in this valuation decreased from about $683.7 million to $662.5 million. The increase in the employer rate was due to actual contributions less than expected as a result of the anticipated one-year delay in implementing the higher contribution rate in the prior valuation, amortizing the prior year's UAAL over a smaller than expected projected total payroll, and other miscellaneous actuarial losses. These were losses were offset somewhat by a decrease in the normal cost rate due, in part, to the enrollment of new employees in Tier 3, a higher than expected return on the valuation value of assets (after smoothing), lower than expected salary increases for continuing active members, and lower than expected cost-of-living adjustment (COLA) increases for payees

   A complete reconciliation of the aggregate employer contribution is provided in *Section 2, Subsection F*.

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5. The rate of return on the Market Value of Assets was 29.20% for the July 1, 2020 to June 30, 2021 plan year. The return on the Valuation Value of Assets (Retirement only) was 8.26% for the same period after considering the recognition of current and prior years' investment gains and losses. This resulted in an actuarial gain when measured against the assumed rate of return of 7.00%. This actuarial investment gain decreased the average employer contribution rate by 0.75% of pay. As part of the review of the assumed long-term rate of return on investments and other assumptions in the next triennial experience study scheduled before the

June 30, 2023 valuation, we will examine the low fixed income interest rate environment, and evolving expectations of future investment returns for various asset classes. This will allow us to assist the Board as they continue to monitor anticipated investment returns relative to the assumed long-term rate of return on investments of 7.00%.

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6. As indicated in *Section 2, Subsection B* of this report, the total net unrecognized investment gain as of June 30, 2021 is $2.721 billion[1] for the assets for Retirement, Health, Family Death, and Larger Annuity Benefits. This net investment gain will be recognized in the determination of the actuarial value of assets for funding purposes in the next several years. This implies that earning the assumed rate of investment return of 7.00% per year (net of investment and administrative expenses) on a market value basis will result in a net investment gain on the actuarial value of assets after June 30, 2021. Footnote 3 to the chart in *Subsection B of Section 2* shows how the $2.721 billion net unrecognized gain will be recognized in the next six years under the asset smoothing method.

   The net deferred gain of $2.721 billion represents 11.9% of the market value of assets as of June 30, 2021. Unless offset by future investment loss or other unfavorable experience, the recognition of the net $2.721 billion market gain is expected to have an impact on the System's future funded percentage and contribution rate requirements. This potential impact may be illustrated as follows:

   a. If the retirement plan component of the net deferred gain was recognized immediately in the valuation value of assets, the funded percentage would increase from 71.56% to 81.26%.

      For comparison purposes, if the net deferred loss for the retirement plan in the June 30, 2020 valuation had been recognized immediately in the June 30, 2020 valuation, the funded percentage would have decreased from 69.38% to 66.29%.

   b. If the retirement plan component of the net deferred gain was recognized immediately in the valuation value of assets, the aggregate employer rate (if received on July 15, 2022) would have decreased from 29.39% of payroll to about 20.9% of payroll.

      For comparison purposes, if the net deferred loss for the retirement plan in the June 30, 2020 valuation had been recognized immediately in the June 30, 2020 valuation, the aggregate employer rate (if received on July 15, 2021) would have increased from at 27.96% of payroll to about 30.4% of payroll.

7. As in prior years, the employer contribution rates provided in this report have been developed assuming they will be received by LACERS on any of the following dates:

   a. The beginning of the fiscal year, or
   b. On July 15, 2022, or
   c. Throughout the year (i.e., LACERS will receive contributions at the end of every pay period).

8. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2021. Due to the COVID-19 pandemic, market conditions have changed significantly since the onset of the Public Health Emergency. The Plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the Plan Year. While it is

[1] For comparison purposes, the total net unrecognized investment loss as of June 30, 2020 was $834.6 million.

impossible to determine how the pandemic will continue to affect market conditions and other demographic experience of the Plan in future valuations, Segal is available to prepare projections of potential outcomes upon request

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9. Actuarial Standard of Practice No. 51 (ASOP 51) requires actuaries to identify and assess risks that "may reasonably be anticipated to significantly affect the plan's future financial condition." Examples of key risks listed that are particularly relevant to LACERS are asset/liability mismatch risk, investment risk, and longevity risk. The standard also requires an actuary to consider if there is any ongoing contribution risk to the plan, however it does not require the actuary to evaluate the particular ability or willingness of contributing entities to make contributions when due, nor does it require the actuary to assess the likelihood or consequences of future changes in applicable law.

   The actuary's initial assessment can be strictly a qualitative discussion about potential adverse experience and the possible effect on future results, but it may also include quantitative numerical demonstrations where informative. The actuary is also encouraged to consider a recommendation as to whether a more detailed assessment or risk report would be significantly beneficial for the intended user in order to examine particular financial risks. When making that recommendation, the actuary will take into account such factors as the plan's design, risk profile, maturity, size, funded status, asset allocation, cash flow, possible insolvency and current market conditions.

   Since the actuarial valuation results are dependent on a fixed set of assumptions and data as of a specific date, there is risk that emerging results may differ, perhaps significantly, as actual experience is fluid and will not exactly track current assumptions. This potential divergence may have a significant impact on the future financial condition of the plan. Earlier this year we prepared a stand-alone Risk Assessment report for the Retirement and Health Plans dated February 26, 2021 by using membership and financial information as provided in the actuarial valuations as of June 30, 2020. That report includes various deterministic and stochastic projections of future results under different investment return scenarios based on the assumptions adopted for the June 30, 2020 valuations.

   A stand-alone risk assessment report associated with this June 30, 2021 valuation, including the quantitative analyses recommended by Segal in consultation with LACERS staff, will be available in the first quarter of 2022. In the interim, we have included a brief discussion of key risks that may affect the System in *Section 2, Subsection J*.

Summary of Key Valuation Results

		% of Payroll	
		June 30, 2021	**June 30, 2020**
Employer Contribution Rates:[1]	**Tier 1**		
	• At the beginning of the year	30.07%	28.56%
	• On July 15	30.16%	28.64%
	• At the end of each pay period	31.11%	29.55%
	Tier 3		
	• At the beginning of the year	26.86%	25.35%
	• On July 15	26.93%	25.43%
	• At the end of each pay period	27.78%	26.23%
	Combined		
	• At the beginning of the year	29.31%	27.88%
	• On July 15	29.39%	27.96%
	• At the end of each pay period	30.32%	28.84%

[1] There is a 12-month delay until the rate is effective.

Summary of Key Valuation Results (continued)

		June 30, 2021	June 30, 2020
Actuarial Accrued Liability:	• Retired members and beneficiaries	$14,164,856,245	$12,377,357,430
	• Inactive vested members	596,552,986	562,921,724
	• Active members	8,520,483,623	9,586,916,141
	• Total Actuarial Accrued Liability	$23,281,892,854	$22,527,195,295
	• Normal Cost for plan year beginning June 30	413,862,737	451,426,209
Assets:	• Market Value of Assets (MVA)[1]	$22,805,339,941	$17,863,324,366
	• Actuarial Value of Assets (AVA)[1]	20,083,918,240	18,697,966,253
	• AVA as a percentage of MVA	88.1%	104.7%
	• Valuation Value of Retirement Assets (VVA)	$16,660,584,654	$15,630,102,547
	• Market Value of Retirement Assets (MVA)	18,918,136,000	14,932,404,300
Funded status:	• Unfunded Actuarial Accrued Liability (UAAL) on VVA basis	$6,621,308,200	$6,897,092,748
	• Funded ratio on VVA basis for retirement (VVA/AAL)	71.56%	69.38%
	• UAAL on MVA basis	$4,363,756,854	$7,594,790,995
	• Funded ratio on MVA basis for retirement (MVA/AAL)	81.26%	66.29%
Key assumptions:	• Net investment return	7.00%	7.00%
	• Price Inflation	2.75%	2.75%
	• Payroll growth increase	3.25%	3.25%

[1] Includes assets for Retirement, Health, Family Death, and Larger Annuity Benefits.

Summary of Key Valuation Results (continued)

		June 30, 2021	June 30, 2020	Change From Prior Year
Demographic data:	**Active Members:**			
	• Number of members	25,176	27,490	-8.4%
	• Average age	46.4	46.8	-0.4
	• Average employment service	12.6	12.9	-0.3
	• Total projected compensation[1]	$2,254,165,029	$2,445,016,587	-7.8%
	• Average projected compensation	$89,536	$88,942	0.7%
	Retired Members and Beneficiaries:			
	• Number of members:			
	– Service retired	17,054	15,525	9.8%
	– Disability retired	849	884	-4.0%
	– Beneficiaries	4,109	4,014	2.4%
	– Total	22,012	20,423	7.8%
	• Average age	72.2	72.7	-0.5
	• Average monthly benefit	$4,304	$4,100	5.0%
	Inactive Vested Members:			
	• Number of members[2]	9,647	9,207	4.8%
	• Average Age	44.7	44.3	0.4
	Total Members:	56,835	57,120	-0.5%

1 Reflects annualized salaries for part-time members.
2 Includes terminated members due a refund of employee contributions.

Important Information About Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the System. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	The valuation is based on the Market Value of Assets as of the valuation date, as provided by the System. The System uses an "Actuarial Value of Assets" that differs from market value to gradually reflect year-to-year changes in the Market Value of Assets in determining the contribution requirements.
Actuarial assumptions	In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.
Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The actuarial valuation is prepared at the request of the System. Segal is not responsible for the use or misuse of its report, particularly by any other party.

An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan. Future contribution requirements may differ from those determined in the valuation because of:

- Differences between actual experience and anticipated experience;
- Changes in actuarial assumptions or methods;
- Changes in statutory provisions; and
- Differences between the contribution rates determined by the valuation and those adopted by the Board.

Some actuarial results in this report are not rounded, but that does not imply precision.

If LACERS is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.

Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The System should look to their other advisors for expertise in these areas.

As Segal has no discretionary authority with respect to the management or assets of the Plan, it is not a fiduciary in its capacity as actuaries and consultants with respect to the Plan.

Actuarial Certification

November 1, 2021

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, 2021, 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, 2020. 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 Financial Report and certain supporting schedules in the Financial Section, based on the results of the June 30, 2021 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:

Financial Section

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, 2021.

Actuarial Certification (continued)

November 1, 2021

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, 2021[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, 2021.

Section 2: Actuarial Valuation Results

A. Member Data

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, inactive vested members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in *Section 3, Exhibits A, B,* and *C*.

Member Population: 2012 – 2021

Year Ended June 30	Active Members	Inactive Vested Members[1]	Retired Members and Beneficiaries	Total Non-Actives	Ratio of Non-Actives to Actives	Ratio of Retired Members and Beneficiaries to Actives
2012	24,917	5,808	17,223	23,031	0.92	0.69
2013	24,441	5,799	17,362	23,161	0.95	0.71
2014	24,009	6,031	17,532	23,563	0.98	0.73
2015	23,895	6,507	17,932	24,439	1.02	0.75
2016	24,446	6,895	18,357	25,252	1.03	0.75
2017	25,457	7,428	18,805	26,233	1.03	0.74
2018	26,042	8,028	19,379	27,407	1.05	0.74
2019	26,632	8,588	20,034	28,622	1.07	0.75
2020	27,490	9,207	20,423	29,630	1.08	0.74
2021	25,176	9,647	22,012	31,659	1.26	0.87

[1] Includes terminated members due a refund of member contributions.

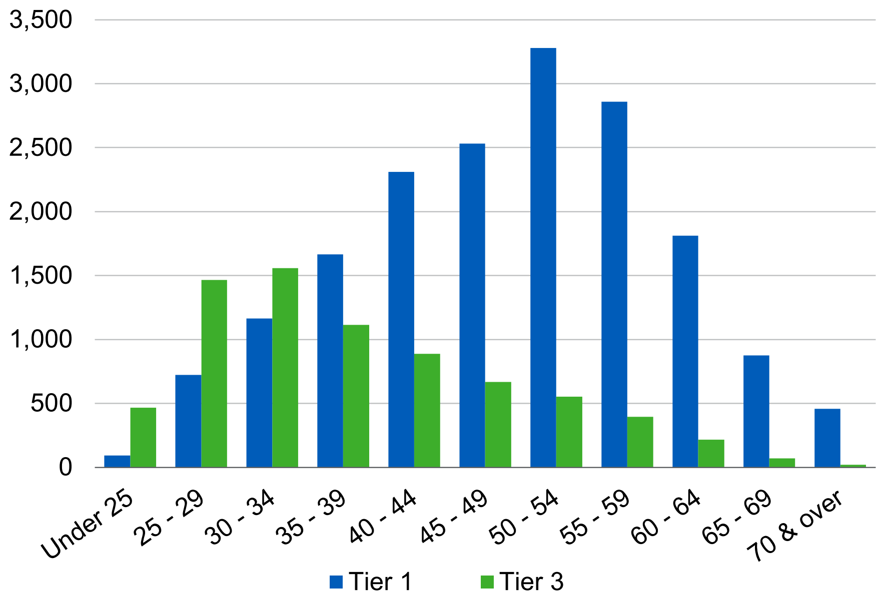
Active Members

Plan costs are affected by the age, years of service and compensation of active members. In this year's valuation, there were 25,176 active members with an average age of 46.4, average years of employment service of 12.6 years and average compensation of $89,536. The 27,490 active members in the prior valuation had an average age of 46.8, average employment service of 12.9 years and average compensation of $88,942.

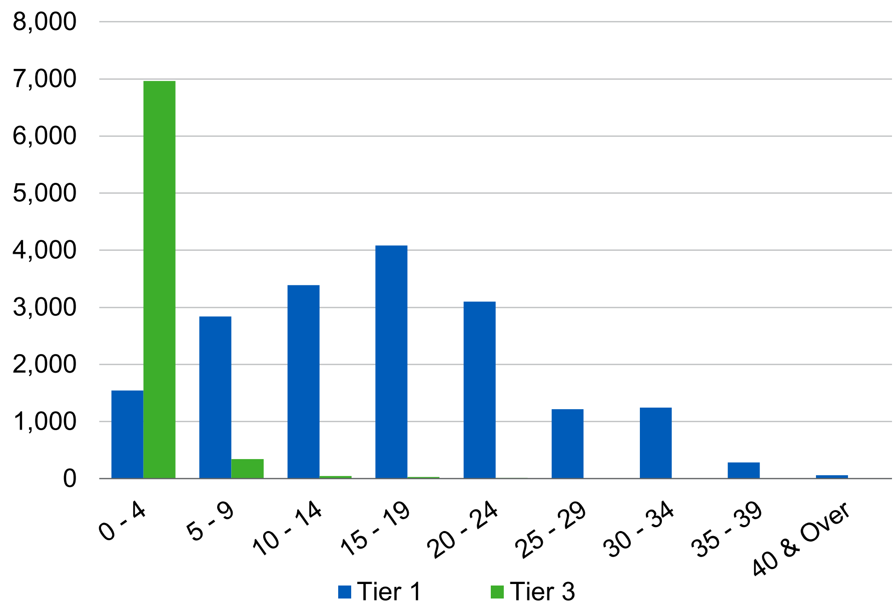
Among the active members, there were none with unknown age information.

Distribution of Active Members as of June 30, 2021

Actives by Age



Actives by Years of Employment Service



Average age	46.4
Prior year average age	46.8
Difference	-0.4

Average years of service	12.6
Prior year average years of service	12.9
Difference	-0.3

Inactive Members

In this year's valuation, there were 9,647 members with a vested right to a deferred or immediate vested benefit or entitled to a return of their member contributions versus 9,207 in the prior valuation.

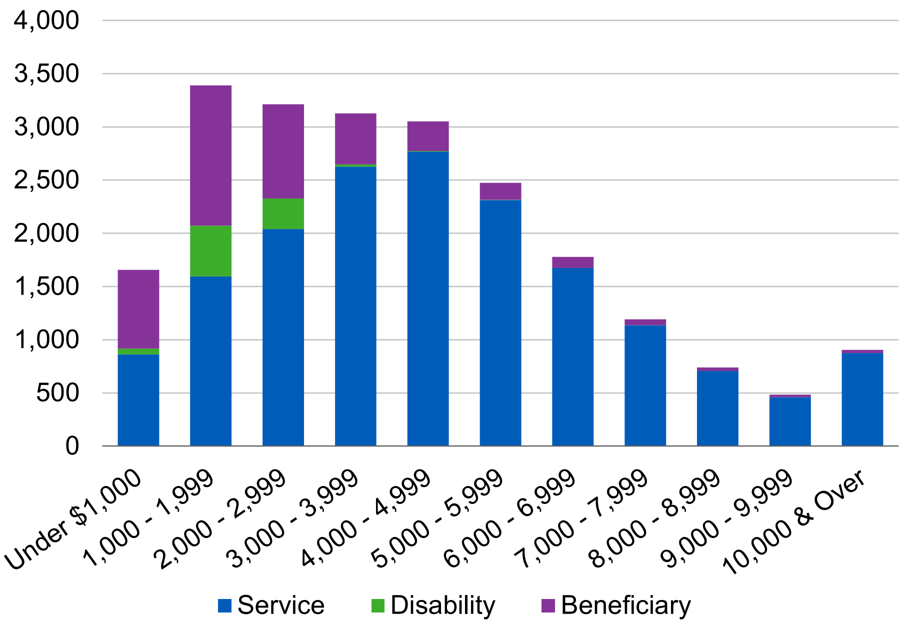
Retired Members and Beneficiaries

As of June 30, 2021, 17,903 retired members and 4,109 beneficiaries were receiving total monthly benefits of $94,731,093. For comparison, in the previous valuation, there were 16,409 retired members and 4,014 beneficiaries receiving monthly benefits of $83,727,580.

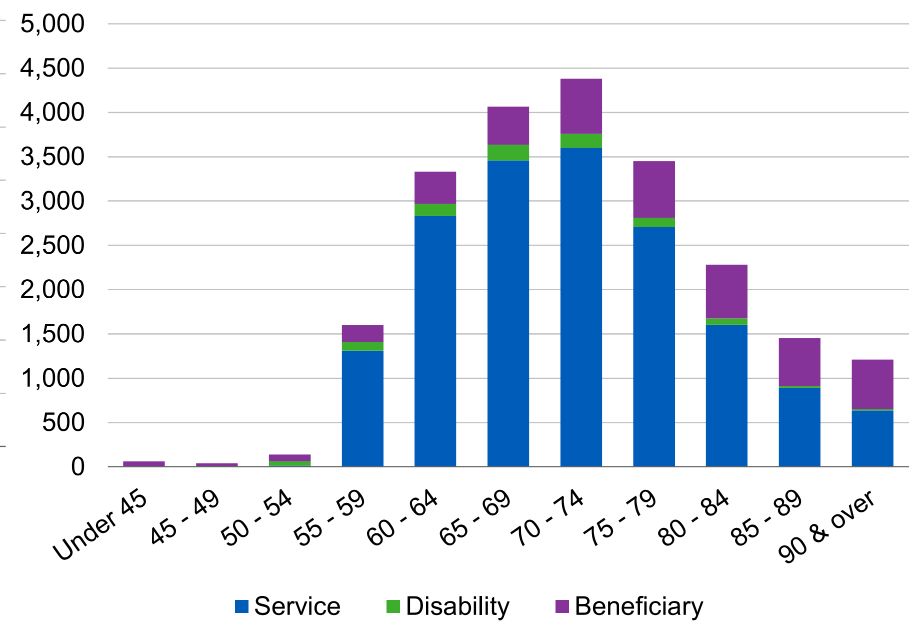
As of June 30, 2021, the average monthly benefit for retired members and beneficiaries is $4,304, compared to $4,100 in the previous valuation. The average age for retired members and beneficiaries is 72.2 in the current valuation, compared with 72.7 in the prior valuation.

Distribution of Retired Members and Beneficiaries as of June 30, 2021

Retired Members and Beneficiaries by Type and Monthly Amount



Retired Members and Beneficiaries by Type and Age



Historical Plan Population

The chart below demonstrates the progression of the active population over the last ten years. The chart also shows the growth among the retired population over the same time period.

Member Data Statistics: 2012 – 2021

	Active Members			Retired Members and Beneficiaries		
Year Ended June 30	**Count**	**Average Age**	**Average Employment Service**	**Count**	**Average Age**	**Average Monthly Amount**
2012	24,917	47.8	13.9	17,223	71.9	$3,275
2013	24,441	48.3	14.5	17,362	72.2	3,355
2014	24,009	48.8	15.0	17,532	72.4	3,406
2015	23,895	48.8	15.0	17,932	72.5	3,487
2016	24,446	48.6	14.7	18,357	72.5	3,533
2017	25,457	48.0	14.1	18,805	72.6	3,632
2018	26,042	47.4	13.7	19,379	72.5	3,784
2019	26,632	47.0	13.2	20,034	72.5	3,942
2020	27,490	46.8	12.9	20,423	72.7	4,100
2021	25,176	46.4	12.6	22,012	72.2	4,304

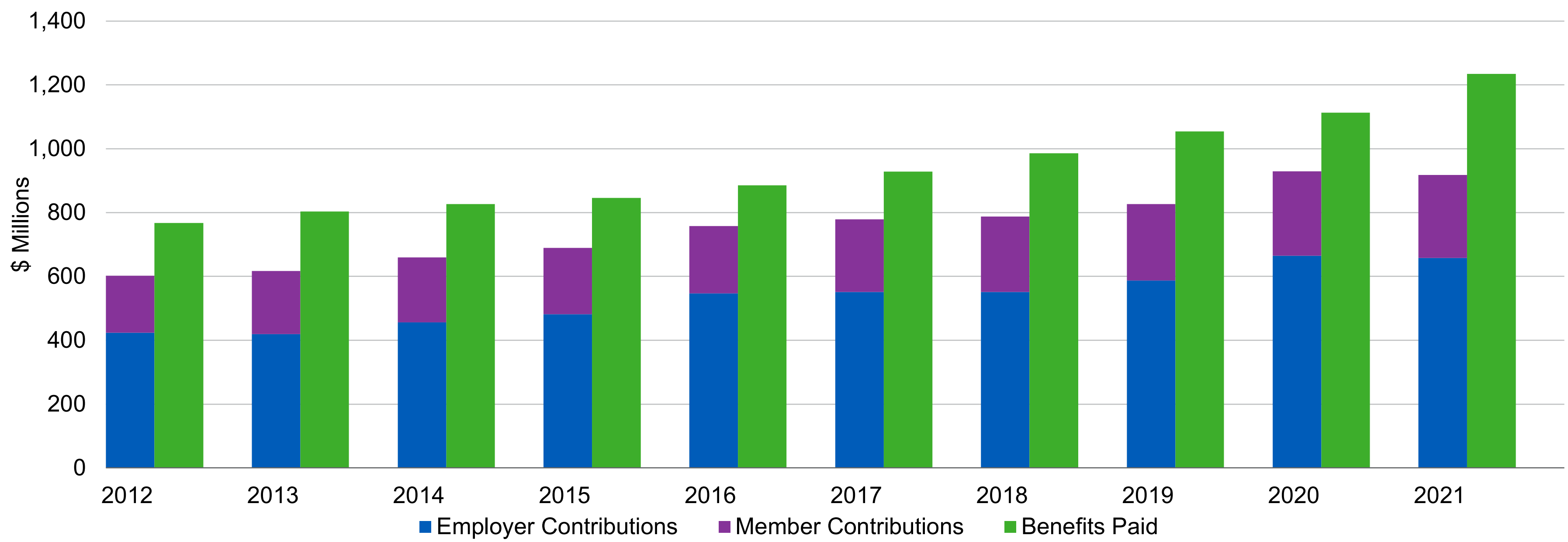
B. Financial Information

Retirement plan funding anticipates that, over the long term, both contributions and investment earnings (less investment fees and administrative expenses) will be needed to cover benefit payments. Retirement plan assets change as a result of the net impact of these income and expense components.

Additional financial information, including a summary of transactions for the valuation year, is presented in *Section 3, Exhibits D, E, and F*.

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Administration has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable. The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

Comparison of Contributions Made with Benefits for Years Ended June 30, 2012 – 2021



Determination of Actuarial Value of Assets for Year Ended June 30, 2021

		Actual Return	Expected Return	Investment Gain/(Loss)	Portion Not Recognized	Unrecognized Amount
1	**Market Value of Assets**					**$22,805,339,941**
2	Calculation of unrecognized return[1]					
a)	Year ended June 30, 2021	$5,258,341,258	$1,260,485,231	$3,997,856,027	6/7	$3,426,733,737
b)	Year ended June 30, 2020	338,862,747	1,299,282,781	-960,420,034	5/7	-686,014,310
c)	Year ended June 30, 2019	945,590,839	1,242,978,109	-297,387,270	4/7	-169,935,583
d)	Year ended June 30, 2018	1,498,100,177	1,148,631,872	349,468,305	3/7	149,772,131
e)	Year ended June 30, 2017	1,834,657,728	1,063,688,256	770,969,472		
f)	Year ended June 30, 2016	7,190,895	1,072,214,464	-1,065,023,569	See footnote 2 below	
g)	Year ended June 30, 2015	348,113,908	1,055,874,448	-707,760,540		
h)	Year ended June 30, 2014	2,180,005,303	933,719,722	1,246,285,581		
i)	Combined net deferred loss as of June 30, 2013			-81,571,421	2/6	865,726
j)	Total unrecognized return[3]					$2,721,421,701
3	**Preliminary Actuarial Value of Assets (1) - (2j)**					**$20,083,918,240**
4	Adjustment to be within 40% corridor					0
5	**Final Actuarial Value of Assets 3 + 4**					**$20,083,918,240**
6	Actuarial Value of Assets as a percentage of Market Value of Assets 5 ÷ 1					88.1%
7	Market value of retirement assets					$18,918,136,000
8	**Valuation value of retirement assets 5 ÷ 1 x 7**					**$16,660,584,654**

[1] Total return minus expected return on a market value basis.

[2] Based on action taken by the Board on July 24, 2018, the net unrecognized gain as of June 30, 2017 (i.e., $2,597,179) has been divided into six level amounts, with two years of gains remaining to be recognized after June 30, 2021.

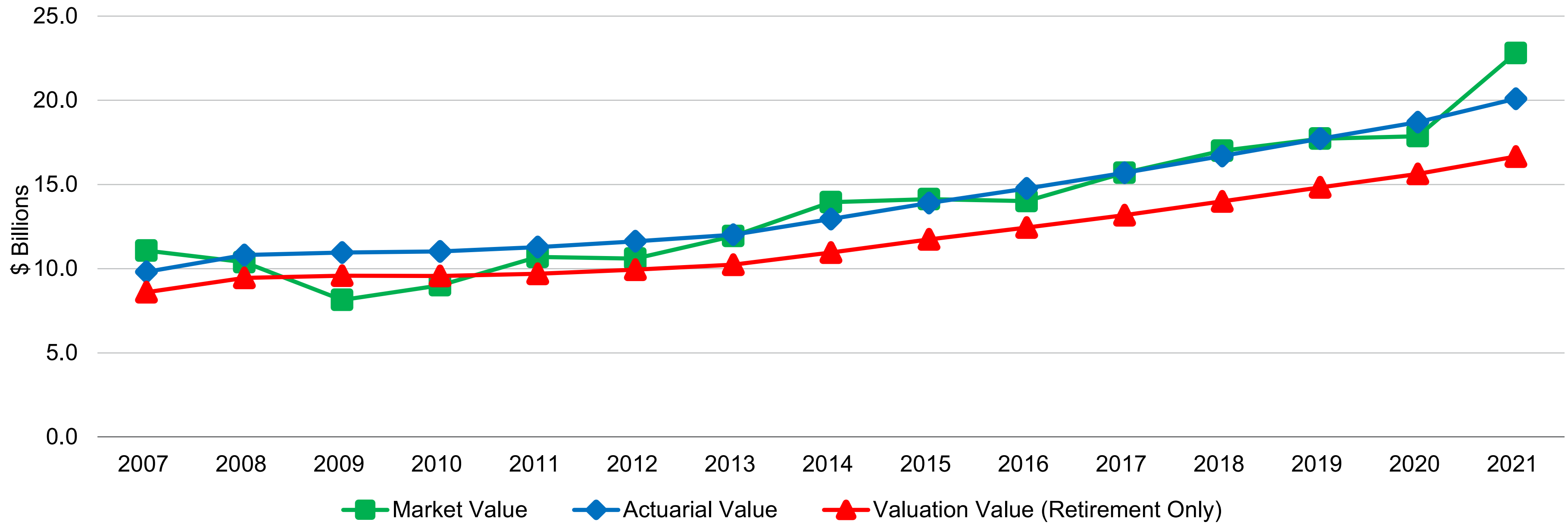
[3] Deferred return as of June 30, 2021 recognized in each of the next six years (for Retirement and Health Plans):

(a) Amount recognized on June 30, 2022	$441,792,439
(b) Amount recognized on June 30, 2023	441,792,439
(c) Amount recognized on June 30, 2024	441,359,576
(d) Amount recognized on June 30, 2025	391,435,532
(e) Amount recognized on June 30, 2026	433,919,428
(f) Amount recognized on June 30, 2027	571,122,290
(g) Total unrecognized return as of June 30, 2021	$2,721,421,701

(may not total exactly due to rounding)

The Market Value, Actuarial Value and Valuation Value of Assets are representations of the Plan’s financial status. As investment gains and losses are gradually taken into account, the Actuarial Value of Assets tracks the Market Value of Assets. The portion of the total actuarial value of assets allocated for retirement benefits, based on a prorated share of market value, is shown as the Valuation Value of Assets. The Valuation Value of Assets is significant because the Plan’s liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the Unfunded Actuarial Accrued Liability is an important element in determining the contribution requirement.

Market Value, Actuarial Value, and Valuation Value (Retirement Only) of Assets as of June 30, 2007 – 2021



C. Actuarial Experience

To calculate any actuarially determined contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the actuarially determined contribution will decrease from the previous year. On the other hand, the actuarially determined contribution will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years. There are no changes in actuarial assumptions reflected in this valuation, as noted in *Section 4, Exhibit 1*.

The total gain is $234.0 million, which includes $198.8 million from investment gains (after smoothing), a loss of $154.6 million from contribution experience and $189.8 million in gains from all other sources. The net experience variation from individual sources other than investments and contributions was 0.82% of the Actuarial Accrued Liability. A discussion of the major components of the actuarial experience is on the following pages.

Actuarial Experience for Year Ended June 30, 2021

1	Net gain from investments[1]	$198,760,748
2	Net loss from scheduled one-year delay in implementing the higher contribution rate calculated in the June 30, 2020 valuation until fiscal year 2021/2022	-154,601,350
3	Net gain from other experience[2]	189,821,814
4	**Net experience gain: 1 + 2 + 3**[3]	$233,981,212

1 Details on next page.

2 See *Subsection E* for further details.

3 The net gain is attributed to actual liability experience from July 1, 2020 through June 30, 2021 compared to the projected experience based on the actuarial assumptions as of June 30, 2020. Does not include the effect of plan or assumption changes as of June 30, 2021, if any.

Investment Experience

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on LACERS' investment policy. The rate of return on the Market Value of Assets was 29.20% for the year ended June 30, 2021.

For valuation purposes, the assumed rate of return on the Valuation Value of Assets was 7.00% for the June 30, 2020 valuation. The actual rate of return on the valuation value basis for the 2020/2021 plan year was 8.26%. Since the actual return for the year was more than the assumed return, the Plan experienced an actuarial gain during the year ended June 30, 2021 with regard to its investments.

Investment Experience for Year Ended June 30, 2021

		Market Value	Actuarial Value	Valuation Value
		(Includes assets for Retirement, Health, Family Death, and Larger Annuity Benefits)	(Includes assets for Retirement, Health, Family Death, and Larger Annuity Benefits)	(Includes assets for Retirement Only)
1	Net investment income	$5,258,341,258	$1,702,277,670	$1,301,194,615
2	Average value of assets	18,006,931,867	18,841,573,754	15,749,055,250
3	Rate of return: 1 ÷ 2	29.20%	9.03%	8.26%
4	Assumed rate of return	7.00%	7.00%	7.00%
5	Expected investment income: 2 x 4	$1,260,485,231	$1,318,910,163	$1,102,433,867
6	**Actuarial gain/(loss): 1 - 5**	**$3,997,856,027**	**$383,367,507**	**$198,760,748**

Section 2: Actuarial Valuation Results

Because actuarial planning is long term, it is useful to see how the assumed investment rate of return has followed actual experience over time. The chart below shows the rate of return on an actuarial basis compared to the actual market value investment return for Retirement, Health, Family Death, and Larger Annuity Benefits the last ten years, including the five-year average.

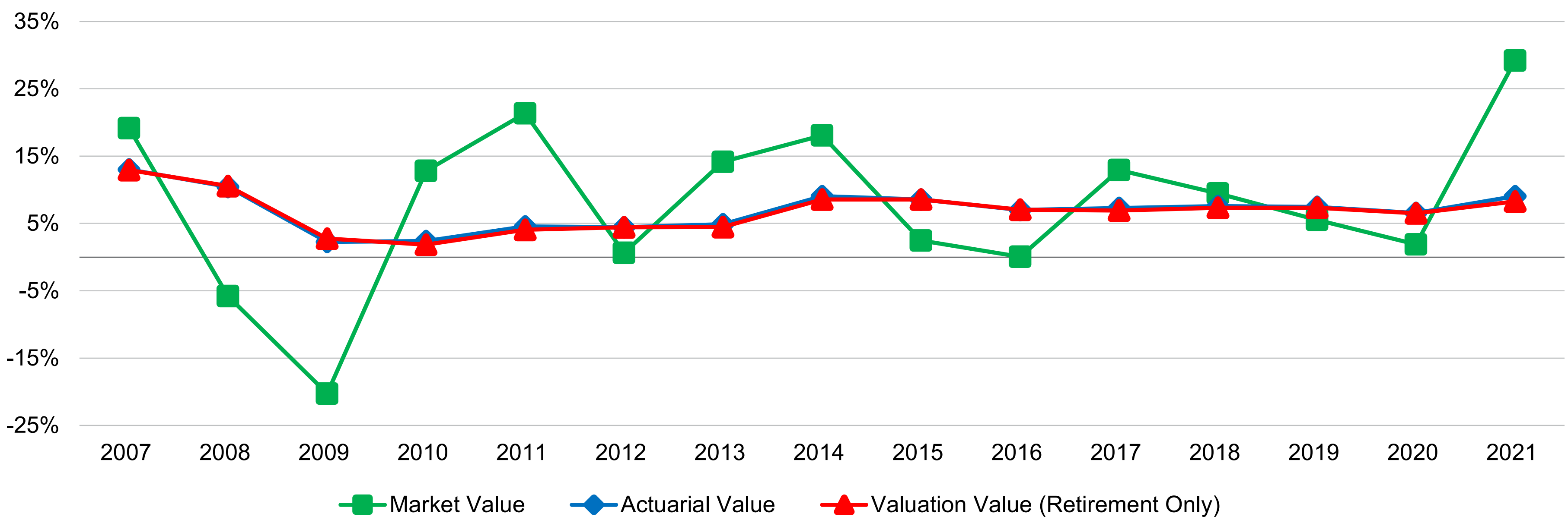
Investment Return – Actuarial Value vs. Market Value: 2012 – 2021

Year Ended June 30	Net Interest and Dividend Income		Recognition of Capital Appreciation		Actuarial Value Investment Return		Market Value Investment Return[1]	
	Amount	**Percent**	**Amount**	**Percent**	**Amount**	**Percent**	**Amount**	**Percent**
2012	$213,980,878	1.88%	$290,831,650	2.55%	$504,812,528	4.43%	$67,093,447	0.62%
2013	253,877,178	2.17%	315,633,473	2.69%	569,510,651	4.86%	1,512,696,071	14.14%
2014	225,147,763	1.86%	873,017,519	7.19%	1,098,165,282	9.05%	2,180,005,303	18.09%
2015	231,942,743	1.77%	887,268,617	6.79%	1,119,211,360	8.56%	348,113,908	2.47%
2016	240,916,934	1.71%	742,488,219	5.28%	983,405,153	6.99%	7,190,895	0.05%
2017	277,724,021	1.86%	807,293,418	5.41%	1,085,017,439	7.27%	1,834,657,728	12.94%
2018	291,385,736	1.84%	907,603,043	5.73%	1,198,988,779	7.57%	1,498,100,177	9.46%
2019	308,498,344	1.83%	942,352,775	5.60%	1,250,851,119	7.43%	945,590,839	5.52%
2020	287,869,198	1.61%	882,083,733	4.92%	1,169,952,931	6.53%	338,862,747	1.89%
2021	244,066,145	1.29%	1,458,211,525	7.74%	1,702,277,670	9.03%	5,258,341,258	29.20%
					Most recent five-year average geometric return:	**7.56%**		**11.42%**
					Most recent ten-year average geometric return:	**7.16%**		**9.09%**

[1] The year-ended rates of return have been calculated on a dollar-weighted basis. It is our understanding that LACERS' investment consultant calculates rates of return on a time-weighted basis, which can produce different results.

Section 2, Subsection B described the actuarial asset valuation method that gradually recognizes fluctuations in the market value rate of return. The goal of this is to stabilize the actuarial rate of return and to produce more level pension plan costs.

Market Value, Actuarial Value and Valuation Value (Retirement Only) Rates of Return for Years Ended June 30, 2007 – 2021



Contributions

Contributions for the year ended June 30, 2021, when adjusted for timing, totaled $853.0 million, compared to the projected amount of $1,007.6 million (also adjusted for timing). This resulted in a loss of $154.6 million for the year.

Non-Investment Experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- the extent of turnover among participants,
- retirement experience (earlier or later than projected),
- mortality (more or fewer deaths than projected),
- the number of disability retirements (more or fewer than projected),
- salary increases (greater or smaller than projected), and
- cost-of-living adjustments (COLAs; higher or lower than anticipated).

The net gain from this other experience for the year ended June 30, 2021 amounted to $189.8 million, which is 0.82% of the Actuarial Accrued Liability. This gain was mainly due to lower than expected individual salary increases for continuing actives and lower than anticipated COLAs for payees, offset to some extent by other losses on demographic experience. See *Subsection E* for a detailed development of the Unfunded Actuarial Accrued Liability.

D. Other Changes in the Actuarial Accrued Liability

The Actuarial Accrued Liability as of June 30, 2021 is $23.3 billion, an increase of $0.8 billion, or 3.4%, from the liability as of the prior valuation date. The Actuarial Accrued Liability is expected to grow each year with Normal Cost and interest, and to decline due to benefit payments made. Additional fluctuations can occur due to actual experience that differs from expected (as discussed in the previous subsection).

Actuarial Assumptions

There were no changes in actuarial assumptions since the prior valuation.

Details on actuarial assumptions and methods are in *Section 4, Exhibit 1*.

Plan Provisions

There were no changes in plan provisions since the prior valuation.

A summary of plan provisions is in *Section 4, Exhibit 2*.

E. Development of Unfunded Actuarial Accrued Liability

Development for Year Ended June 30, 2021

1	**Unfunded actuarial accrued liability at beginning of year**		**$6,897,092,748**
2	Total Normal Cost at beginning of year		451,426,209
3	Expected employer and member contributions at beginning of year		-941,706,423
4	Interest		448,476,878
5	Expected Unfunded Actuarial Accrued Liability at end of year		$6,855,289,412
6	Changes due to:[1]		
	a. Investment gain on smoothed value of assets	-$198,760,748	
	b. Loss due to actual contributions less than expected	154,601,350	
	c. Gain due to lower than expected salary increases for continuing actives	-215,211,511	
	d. Gain due to lower than expected COLAs for payees	-137,507,667	
	e. Other losses on demographic experience (including losses from earlier than expected retirements due to the Separation Incentive Program)	162,897,364	
	Total gain		-$233,981,212
7	**Unfunded actuarial accrued liability at end of year**		**$6,621,308,200**

[1] The “net gain from other experience” of $189,821,814 from *Subsection C* is equal to the sum of items 6c through 6e.

F. Recommended Contribution

The amount of annual contribution required to fund the Retirement Plan is comprised of an employer normal cost payment and a payment on the unfunded actuarial accrued liability. This total amount, adjusted with interest for timing, is then divided by the projected payroll for active members to determine the funding rate of 29.39% of payroll, if received by LACERS on July 15, 2022. The recommended contribution is set equal to the contributions under the current funding policy.

The Board sets the funding policy used to calculate the recommended contribution based on layered amortization periods. See *Section 4, Exhibit 1* for further details on the funding policy.

The contribution requirement for the June 30, 2021 valuation is based on the data previously described, the actuarial assumptions and Plan provisions described in *Section 4*, including all changes affecting future costs adopted at the time of the actuarial valuation, actuarial gains and losses, and changes in the actuarial assumptions.

A reconciliation of the average recommended employer contribution from June 30, 2020 to June 30, 2021 is shown on the next page. A summary of the recommended contributions by tier is shown on pages 31 through 33.

Reconciliation of Average Recommended Employer Contribution Rate

The chart below details the changes in the average recommended employer contribution rate from the prior valuation to the current year's valuation.

Reconciliation of Average Recommended Employer Contribution Rate[1] from June 30, 2020 to June 30, 2021

		Contribution Rate
1	**Average Recommended Employer Contribution Rate as of June 30, 2020**	**27.96%**
2	Effect of decrease in employer normal cost due to payroll and demographic changes (including the enrollment of new employees in Tier 3)	-0.10%
3	Effect of anticipated one-year delay in implementing the higher combined contribution rate calculated in the prior valuation	0.58%
4	Effect of investment return more than expected on smoothed value of assets	-0.75%
5	Effect of lower than expected COLAs for payees	-0.52%
6	Effect of individual salary increases less than expected for continuing active members	-0.81%
7	Effect of amortizing prior year's UAAL over a smaller than expected projected total payroll (includes effect of reduction in payroll due to the Separation Incentive Program)	2.41%
8	Effect of other demographic experience losses on accrued liability (includes effect of losses from earlier than expected retirements due to the Separation Incentive Program)	0.62%
9	Total change	1.43%
10	**Average Recommended Employer Contribution Rate as of June 30, 2021**	**29.39%**

[1] If received on July 15.

Recommended Employer Contribution Rate

Tier 1

		June 30, 2021 Actuarial Valuation		June 30, 2020 Actuarial Valuation	
		Amount	% of Payroll	Amount	% of Payroll
	Before Reflecting Increase in Contribution Rates due to Enhanced Benefits for APO				
1	Total normal cost	$327,251,978	19.06%	$367,513,513	19.08%
2	Expected employee contributions[1]	182,570,935	10.64%	204,809,677	10.64%
3	Employer normal cost: 1 - 2	$144,681,043	8.42%	$162,703,836	8.44%
4	Actuarial accrued liability	22,994,486,307		22,328,886,676	
5	Valuation value of assets	16,138,343,883		15,295,061,248	
6	Unfunded actuarial accrued liability: 4 - 5	$6,856,142,424		$7,033,825,428	
7	Amortization of unfunded actuarial accrued liability	368,627,900	21.47%[2,3]	384,346,515	19.95%[2]
8	Total recommended contribution, beginning of year: 3 + 7	$513,308,943	29.89%	$547,050,351	28.39%
9	Total recommended contribution, July 15	514,738,181	29.98%	548,573,537	28.47%
10	Total recommended contribution, end of pay periods	530,970,899	30.93%	565,873,283	29.38%
	Increase in Contribution Rates due to Enhanced Benefits for APO				
11	Employer normal cost, July 15		0.07%		0.07%
12	Unfunded actuarial accrued liability, July 15		0.11%		0.10%
13	Total recommended contribution, July 15		0.18%		0.17%
	After Reflecting Increase in Contribution Rates due to Enhanced Benefits for APO				
14	Total recommended contribution, beginning of year	$516,378,125	30.07%	$550,203,563	28.56%
15	Total recommended contribution, July 15	517,815,908	30.16%	551,735,529	28.64%
16	Total recommended contribution, end of pay periods	534,145,686	31.11%	569,134,991	29.55%
17	Projected payroll	$1,717,036,125		$1,926,176,122	

[1] Discounted to beginning of year. The average employee rate for contributions made at the end of each pay period is actually 11.01% for the June 30, 2020 and June 30, 2021 valuations.

[2] In developing the UAAL contribution rate, we have combined the UAAL for Tiers 1 and 3 and amortized that total UAAL over the total payroll for Tiers 1 and 3.

[3] For purposes of purchasing service with the Water and Power Employees' Retirement Plan (WPERP) for Tier 1, the UAAL rate as of June 30, 2021 is 21.47% before reflecting enhanced benefits for APO, plus an additional 0.11% for the cost increase for the enhanced APO benefits for a total of 21.58%, if received at the beginning of the year. If received on July 15, the total UAAL rate of 21.58% increases to 21.64%.

Recommended Employer Contribution Rate (continued)

Tier 3

		June 30, 2021 Actuarial Valuation		June 30, 2020 Actuarial Valuation	
		Amount	% of Payroll	Amount	% of Payroll
	Before Reflecting Increase in Contribution Rates due to Enhanced Benefits for APO				
1	Total normal cost	$85,433,039	15.91%	$82,654,128	15.93%
2	Expected employee contributions[1]	57,086,163	10.63%	55,142,465	10.63%
3	Employer normal cost: 1 - 2	$28,346,876	5.28%	$27,511,663	5.30%
4	Actuarial accrued liability	263,562,599		173,619,563	
5	Valuation value of assets	522,240,771		335,041,299	
6	Unfunded actuarial accrued liability: 4 – 5	-$258,678,172		-$161,421,736	
7	Amortization of unfunded actuarial accrued liability	115,315,396	21.47%[2,3]	103,528,707	19.95%[2]
8	Total recommended contribution, beginning of year: 3 + 7	$143,662,272	26.75%	$131,040,370	25.25%
9	Total recommended contribution, July 15	144,062,280	26.82%	131,405,234	25.33%
10	Total recommended contribution, end of pay periods	148,605,410	27.67%	135,549,213	26.13%
	Increase in Contribution Rates due to Enhanced Benefits for APO				
11	Employer normal cost, July 15		0.00%		0.00%
12	Unfunded actuarial accrued liability, July 15		0.11%		0.10%
13	Total recommended contribution, July 15		0.11%		0.10%
	After Reflecting Increase in Contribution Rates due to Enhanced Benefits for APO				
14	Total recommended contribution, beginning of year	$144,253,965	26.86%	$131,550,718	25.35%
15	Total recommended contribution, July 15	144,655,621	26.93%	131,917,002	25.43%
16	Total recommended contribution, end of pay periods	149,217,462	27.78%	136,077,121	26.23%
17	Projected payroll	$537,128,904		$518,840,465	

1 Discounted to beginning of year. The average employee rate for contributions made at the end of each pay period is actually 11.00% for the June 30, 2020 and June 30, 2021 valuations.

2 In developing the UAAL contribution rate, we have combined the UAAL for Tiers 1 and 3 and amortized that total UAAL over the total payroll for Tiers 1 and 3.

3 Based on direction from LACERS' staff, Segal will provide in a separate letter the "City Contribution Rate" for Government Service Buybacks (GSB) for Tier 3. In prior valuations, the cost of the GSB purchases was provided by Segal as a footnote to this table.

Recommended Employer Contribution Rate (continued)

Combined

		June 30, 2021 Actuarial Valuation		June 30, 2020 Actuarial Valuation	
		Amount	% of Payroll	Amount	% of Payroll
	Before Reflecting Increase in Contribution Rates due to Enhanced Benefits for APO				
1	Total normal cost	$412,685,017	18.31%	$450,167,641	18.41%
2	Expected employee contributions	239,657,098	10.63%	259,952,142	10.63%
3	Employer normal cost: 1 - 2	$173,027,919	7.68%	$190,215,499	7.78%
4	Actuarial accrued liability	23,258,048,906		22,502,506,239	
5	Valuation value of assets	16,660,584,654		15,630,102,547	
6	Unfunded actuarial accrued liability: 4 - 5	$6,597,464,252		$6,872,403,692	
7	Amortization of unfunded actuarial accrued liability	483,943,296	21.47%	487,875,222	19.95%
8	Total recommended contribution, beginning of year: 3 + 7	$656,971,215	29.15%	$678,090,721	27.73%
9	Total recommended contribution, July 15	658,800,460	29.23%	679,978,771	27.81%
10	Total recommended contribution, end of pay periods	679,576,309	30.16%	701,422,496	28.69%
	Increase in Contribution Rates due to Enhanced Benefits for APO				
11	Employer normal cost, July 15		0.05%		0.05%
12	Unfunded actuarial accrued liability, July 15		0.11%		0.10%
13	Total recommended contribution, July 15		0.16%		0.15%
	After Reflecting Increase in Contribution Rates due to Enhanced Benefits for APO				
14	Total normal cost	$413,862,737	18.36%	$451,426,209	18.46%
15	Expected employee contributions	239,657,098	10.63%	259,952,142	10.63%
16	Employer normal cost: 14 - 15	$174,205,639	7.73%	$191,474,067	7.83%
17	Actuarial accrued liability	23,281,892,854		22,527,195,295	
18	Valuation value of assets	16,660,584,654		15,630,102,547	
19	Unfunded actuarial accrued liability: 17 - 18	$6,621,308,200		$6,897,092,748	
20	Amortization of unfunded actuarial accrued liability	486,426,451	21.58%	490,280,214	20.05%
21	Total recommended contribution, beginning of year: 16 + 20	$660,632,090	29.31%	$681,754,281	27.88%
22	Total recommended contribution, July 15	662,471,529	29.39%	683,652,531	27.96%
23	Total recommended contribution, end of pay periods	683,363,148	30.32%	705,212,112	28.84%
24	Projected payroll	$2,254,165,029		$2,445,016,587	

Recommended Employer Contribution Rate (continued)

		Tier 1	Tier 3	Combined
	Before Reflecting Increase in Contribution Rates due to Enhanced Benefits for APO			
1	Total normal cost	$327,251,978	$85,433,039	$412,685,017
2	Expected employee contributions[1]	182,570,935	57,086,163	239,657,098
3	Employer normal cost: 1 – 2	$144,681,043	$28,346,876	$173,027,919
4	Payment on unfunded actuarial accrued liability	368,627,900	115,315,396	483,943,296
5	Total recommended contribution: beginning of year: 3 + 4	$513,308,943	$143,662,272	$656,971,215
6	Total recommended contribution: adjusted for July 15 timing	514,738,181	144,062,280	658,800,460
7	Total recommended contribution: adjusted for biweekly timing	530,970,899	148,605,410	679,576,309
8	Item 5 (beginning of year contribution) as a % of projected payroll: 5 ÷ 17	29.89%	26.75%	29.15%
9	Item 6 (July 15 contribution) as a % of projected payroll: 6 ÷ 17	29.98%	26.82%	29.23%
10	Item 7 (biweekly contribution) as a % of projected payroll: 7 ÷ 17	30.93%	27.67%	30.16%
	After Reflecting Increase in Contribution Rates due to Enhanced Benefits for APO			
11	Total recommended contribution: beginning of year	$516,378,125	$144,253,965	$660,632,090
12	Total recommended contribution: adjusted for July 15 timing	517,815,908	144,655,621	662,471,529
13	Total recommended contribution: adjusted for biweekly timing	534,145,686	149,217,462	683,363,148
14	Item 11 (beginning of year contribution) as a % of projected payroll: 11 ÷ 17	30.07%	26.86%	29.31%
15	Item 12 (July 15 contribution) as a % of projected payroll: 12 ÷ 17	30.16%	26.93%	29.39%
16	Item 13 (biweekly contribution) as a % of projected payroll: 13 ÷ 17	31.11%	27.78%	30.32%
17	Projected payroll	$1,717,036,125	$537,128,904	$2,254,165,029

[1] Discounted to beginning of year.

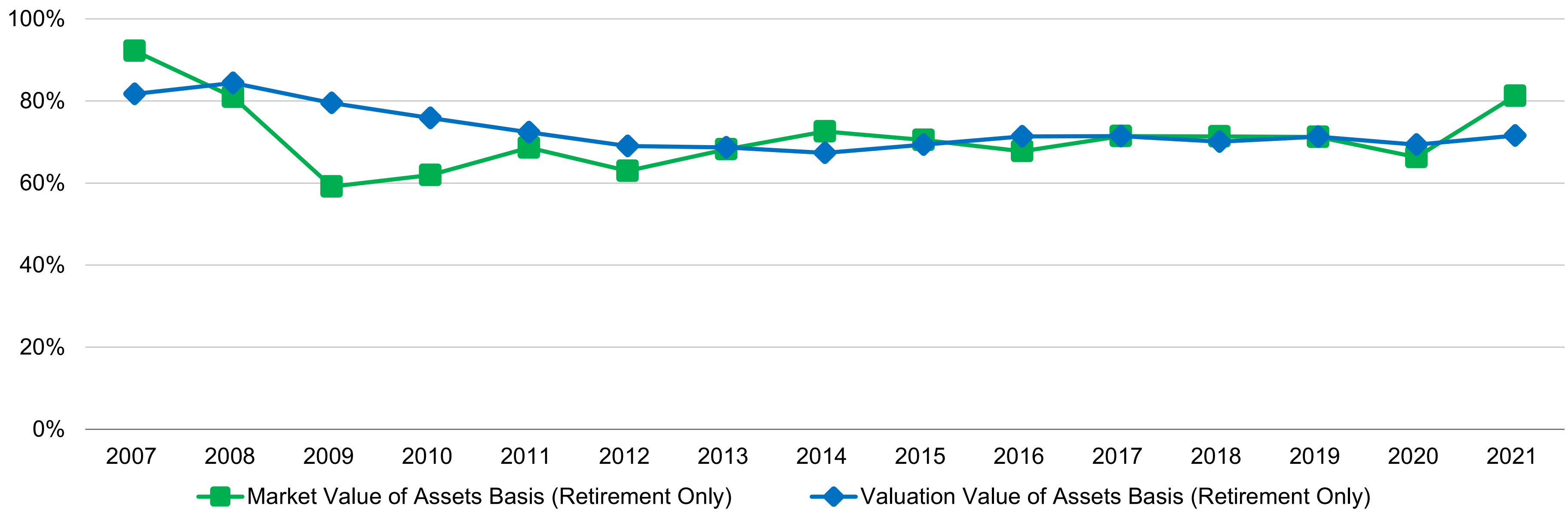
G. Funded Status

A commonly reported piece of information regarding the Plan's financial status is the funded ratio. These ratios compare the Market Value and Valuation Value of Assets to the Actuarial Accrued Liability of the Plan. Higher ratios indicate a relatively well-funded plan while lower ratios may indicate recent changes to actuarial assumptions, funding of the plan below actuarial requirements, poor asset performance, or a variety of other causes.

The chart below depicts a history of the funded ratio for the Plan. The chart on the next page shows the Plan's schedule of funding progress for the last ten years.

The funded status measures shown in this valuation are appropriate for assessing the need for or amount of future contributions. However, they are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations. As the chart below shows, the measures are different depending on whether the Market Value or Valuation Value of Assets is used.

Funded Ratio for Years Ended June 30, 2007 – 2021



Schedule of Funding Progress for Years Ended June 30, 2012 – 2021

Actuarial Valuation Date as of June 30	Valuation Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Projected Covered Payroll (c)	UAAL as a Percentage of Projected Covered Payroll [(b) - (a)] / (c)
2012	$9,934,959,310	$14,393,958,574	$4,458,999,264	69.02%	$1,819,269,630	245.10%
2013	10,223,960,886	14,881,663,162	4,657,702,276	68.70%	1,846,970,474	252.18%
2014	10,944,750,574	16,248,853,099	5,304,102,525	67.36%	1,898,064,175	279.45%
2015	11,727,161,378	16,909,996,380	5,182,835,002	69.35%	1,907,664,598	271.68%
2016	12,439,250,206	17,424,996,329	4,985,746,123	71.39%	1,968,702,630	253.25%
2017	13,178,333,884	18,458,187,953	5,279,854,069	71.40%	2,062,316,129	256.02%
2018	13,982,435,465	19,944,579,058	5,962,143,593	70.11%	2,177,687,102	273.78%
2019	14,818,564,427	20,793,421,143	5,974,856,716	71.27%	2,225,412,831	268.48%
2020	15,630,102,547	22,527,195,295	6,897,092,748	69.38%	2,445,016,587	282.09%
2021	16,660,584,654	23,281,892,854	6,621,308,200	71.56%	2,254,165,029	293.74%

H. Actuarial Balance Sheet

An overview of the Plan's funding is given by an Actuarial Balance Sheet. In this approach, first the amount and timing of all future payments that will be made by the Plan for current participants is determined. Then these payments are discounted at the valuation interest rate to the date of the valuation, thereby determining the present value, referred to as the actuarial present value of future benefits of the Plan.

Second, this actuarial present value of future benefits is compared to the assets. The "assets" for this purpose include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments for the unfunded actuarial accrued liability.

Actuarial Balance Sheet

	Year Ended	
	June 30, 2021	**June 30, 2020**
Actuarial present value of future benefits		
• Present value of benefits for retired members and beneficiaries	$14,164,856,245	$12,377,357,430
• Present value of benefits for inactive vested members	596,552,986	562,921,724
• Present value of benefits for active members	12,055,784,788	13,316,127,323
Total actuarial present value of future benefits	**$26,817,194,019**	**$26,256,406,477**
Current and future assets		
• Total valuation value of assets	$16,660,584,654	$15,630,102,547
• Present value of future contributions by members	2,034,198,395	2,139,920,447
• Present value of future employer contributions for:		
• Entry age normal cost	1,501,102,770	1,589,290,735
• Unfunded actuarial accrued liability	6,621,308,200	6,897,092,748
Total of current and future assets	**$26,817,194,019**	**$26,256,406,477**

I. Volatility Ratios

Retirement plans are subject to volatility in the level of required contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the Market Value of Assets divided by total payroll, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measurement since it is based on the current level of assets.

The current AVR is about 8.4. This means that a 1% asset gain or loss (relative to the assumed investment return) translates to about 8.4% of one-year's payroll. Since actuarial gains and losses are amortized over 15 years, there would be a 0.7% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the actuarial accrued liability divided by payroll, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities.

The LVR also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in actuarial assumptions. The current LVR is about 10.3. This is about 23% higher than the AVR. Therefore, we would expect that contribution volatility will increase over the long term.

Volatility Ratios for Years Ended 2012 – 2021

Year Ended June 30	Asset Volatility Ratio	Liability Volatility Ratio
2012	5.0	7.9
2013	5.5	8.1
2014	6.2	8.6
2015	6.2	8.9
2016	6.0	8.9
2017	6.4	9.0
2018	6.5	9.2
2019	6.7	9.3
2020	6.1	9.2
2021	8.4	10.3

J. Risk Assessment

Because the actuarial valuation results are dependent on a fixed set of assumptions and data as of a specific date, there is risk that emerging results may differ, perhaps significantly, as actual experience is fluid and will not exactly track current assumptions. This potential divergence may have a significant impact on the future financial condition of the plan.

This report does not contain a detailed analysis of the potential range of future measurements, but does include a concise discussion of some of the primary risks that may affect the Plan's future financial condition. Earlier this year we prepared a stand-alone Risk Assessment report for the Retirement and Health Plans dated February 26, 2021 by using membership and financial information as provided in the actuarial valuations as of June 30, 2020. That report includes various deterministic and stochastic projections of future results under different investment return scenarios based on the assumptions adopted for the June 30, 2020 valuations. A copy of the stand-alone risk assessment report associated with this June 30, 2021 valuation, including the quantitative analyses recommended by Segal in consultation with LACERS staff, will be available in the first quarter of 2022.

This section provides descriptions and basic assessments of the primary risks that are likely to have an ongoing influence on the Plan's financial health, as well as a discussion of historical trends and maturity measures:

Risk Assessments

- Asset/Liability Mismatch Risk (the potential that future plan experience does not affect asset and liability values in the same way, causing them to diverge)

  The most significant asset/liability mismatch risk to the Plan is investment risk, as discussed below. In fact, investment risk has the potential to impact asset/liability mismatch in two ways. The first mismatch is evident in annual valuations: when asset values deviate from assumptions they are typically independent from liability changes. The second mismatch can be caused when systemic asset deviations from assumptions may signal the need for an assumption change, which causes liability values and contribution rates to move in the opposite direction from any change in the expected experience of asset growth rates.

  Asset/liability mismatch can also be caused by demographic assumption risk such as longevity, which affects liabilities but have no impact on asset levels. This risk is also discussed below.

- Investment Risk (the risk that investment returns will be different than expected)

  The investment return assumption is a long-term, static assumption for valuation purposes even though in reality market experience can be quite volatile in any given year. That volatility can cause significant changes in the financial health of the system, affecting both funded status and contribution rates. The inherent year-to-year volatility is reduced by smoothing through the Actuarial Value of Assets, however investment experience can still have a sizable impact. As discussed in *Section 2, Subsection I, Volatility Ratios*, on page 38, a

1% asset gain or loss (relative to the assumed investment return) translates to about 8.4% of one-year's payroll. Since actuarial gains and losses are amortized over 15 years, there would be a 0.7% of payroll decrease/(increase) in the required contribution for each 1% asset gain or loss.

The single year market value rate of return over the last 10 years has ranged from a low of 0.05% to a high of 29.20%.

- Longevity Risk (the risk that mortality experience will be different than expected)

  The actuarial valuation includes current life expectancy assumptions and an expectation of future improvement in life expectancy, which are significant assumptions given the relatively long duration of liabilities for pension plans. Emerging plan experience that does not match these expectations will result in increases or decreases in the actuarially determined contribution over time. This risk can be reduced by using tables appropriate for the Plan (public experience tables) that are weighted by benefit levels, and by using generational mortality projections. Effective with the June 30, 2020 valuation, the Board has adopted mortality tables based on public plan experience that are weighted by benefits and include generational mortality projections.

- Other Risks

  In addition to longevity, the valuation includes a variety of other assumptions that are unlikely to match future experience exactly. One example is projected salary scales over time. As salary is central to the determination of benefits paid in retirement, deviations from the projected salary scales could have a material impact on the benefits anticipated for each member. Examples of demographic assumptions include retirement, termination and disability assumptions, and will likely vary in significance for different pension plans.

Some plans also carry significant contribution risk, defined as the potential for actual future contributions deviating from expected future contributions. However, the employer has a proven track-record of making the Actuarially Determined Contributions based on the Board's Actuarial Funding Policy, so contribution risk is minimal.

Evaluation of Historical Trends

Past experience can help demonstrate the sensitivity of key results to the Plan's actual experience. Over the past ten years:

- The funded percentage on the Valuation Value of Assets basis has increased from 69.02% to 71.56%. This is primarily due to changes in the actuarial assumptions. For a more detailed history see *Section 2, Subsection G, Funded Status* starting on page 35.
- The average geometric investment return on the Actuarial Value of Assets over the last 10 years was 7.16%. This includes a high of 9.05% return and a low of 4.43%. The average over the last 5 years was 7.56%. For more details see *Section 2, Subsection C, Investment Return* on page 24.
- The primary source of new UAAL was the strengthening of assumptions through multiple assumption changes. For example, the assumption changes in:

  - 2014 changed the discount rate from 7.75% to 7.50% and updated mortality tables, adding $785 million in unfunded liability;
  - 2017 changed the discount rate from 7.50% to 7.25%, adding $341 million in unfunded liability;
  - 2018 included the use of generational mortality tables to better reflect future mortality improvement, adding $484 million in unfunded liability; and
  - 2020 changed the discount rate from 7.25% to 7.00% and updated mortality tables based on public plan experience that are weighted by benefits, adding $531 million in unfunded liability.

  For more details on the unfunded liability changes see *Section 3, Exhibit G, Table of Amortization Bases* on page 55. A graphical representation of historical changes in UAAL by source prior to this valuation was included in the stand-alone risk assessment report as of June 30, 2020.

- The plan's funding policy effectively deals with these unfunded liabilities over time. This can be seen most clearly in the *Section 3, Exhibit 1, Projection of UAAL Balances and Payments* provided on pages 56 and 57.

Maturity Measures

In the last 10 years the ratio of retired members and beneficiaries to active members has increased from 0.69 to 0.87. An increased ratio indicates that the plan has grown in maturity over time. This is to be expected, but is also informative for understanding plan sensitivity to particular risks. For more details see *Section 2, Subsection A, Member Data* on page 15.

As pension plans mature, the cash needed to fulfill benefit obligations will increase over time. Therefore, cash flow projections and analysis should be performed to assure that the Plan's asset allocation is aligned to meet emerging pension liabilities. For the prior year, benefits paid were $271 million more than contributions received. Plans with high levels of negative cash flows may have a need for a larger allocation to income generating assets, which can create a drag on investment return. However, this plan currently has relatively low levels of negative cash flows. For more details on historical cash flows see the Comparison of Contributions with Benefits in *Section 2, Subsection B, Financial Information* on page 19.

A further discussion of plan maturity measures and how they relate to changes in assets and liabilities is included in *Section 2, Subsection I, Volatility Ratios* on page 38.

Section 3: Supplemental Information

Exhibit A: Table of Plan Coverage

Total Plan

Category	Year Ended June 30 2021	Year Ended June 30 2020	Change From Prior Year
Active members in valuation:			
• Number	25,176	27,490	-8.4%
• Average age	46.4	46.8	-0.4
• Average years of employment service	12.6	12.9	-0.3
• Total projected compensation[1]	$2,254,165,029	$2,445,016,587	-7.8%
• Average projected compensation[1]	$89,536	$88,942	0.7%
• Account balances	$2,217,368,388	$2,384,680,646	-7.0%
• Total active vested members	16,684	17,722	-5.9%
Inactive vested members:			
• Number	9,647	9,207	4.8%
• Average age	44.7	44.3	0.4
• Average contribution balance for those with under 5 years of service	$7,648	$7,097	7.8%
• Average monthly benefit at age 60 for those with 5 or more years of service	$1,652	$1,634	1.1%
Retired members:			
• Number in pay status	17,054	15,525	9.8%
• Average service at retirement	26.6	26.5	0.1
• Average age at retirement	60.7	60.4	0.3
• Average age	71.5	72.0	-0.5
• Average monthly benefit (includes July COLA)	$4,851	$4,665	4.0%

[1] Reflects annualized salaries for part-time members.

Exhibit A: Table of Plan Coverage (continued)

Total Plan (continued)

Category	Year Ended June 30 2021	Year Ended June 30 2020	Change From Prior Year
Disabled members:			
• Number in pay status	849	884	-4.0%
• Average service at retirement	11.6	11.5	0.1
• Average age at retirement	47.7	47.8	-0.1
• Average age	68.0	67.6	0.4
• Average monthly benefit (includes July COLA)	$1,888	$1,815	4.0%
Beneficiaries:			
• Number in pay status	4,109	4,014	2.4%
• Average age	76.3	76.4	-0.1
• Average monthly benefit (includes July COLA)	$2,531	$2,418	4.7%

Exhibit A: Table of Plan Coverage (continued)

Tier 1[1]

Category	Year Ended June 30 2021	Year Ended June 30 2020	Change From Prior Year
Active members in valuation:			
• Number	17,768	20,101	-11.6%
• Average age	49.7	50.2	-0.5
• Average years of employment service	16.6	16.9	-0.3
• Total projected compensation[2]	$1,717,036,125	$1,926,176,122	-10.9%
• Average projected compensation[2]	$96,636	$95,825	0.8%
• Account balances	$2,071,692,162	$2,287,178,255	-9.4%
• Total active vested members	16,241	17,565	-7.5%
Inactive vested members:			
• Number	7,781	7,777	0.1%
• Average age	46.5	45.7	0.8
• Average contribution balance for those with under 5 years of service	$7,169	$7,073	1.4%
• Average monthly benefit at age 60 for those with 5 or more years of service	$1,654	$1,635	1.2%
Retired members:			
• Number in pay status	17,054	15,525	9.8%
• Average service at retirement	26.6	26.5	0.1
• Average age at retirement	60.7	60.4	0.3
• Average age	71.5	72.0	-0.5
• Average monthly benefit (includes July COLA)	$4,851	$4,665	4.0%

[1] Includes the following number of Airport Peace Officers eligible for enhanced benefits:

	June 30, 2021	June 30, 2020
Active Members	388	416
Inactive Members	18	20
Retired Members	83	55

[2] Reflects annualized salaries for part-time members.

Exhibit A: Table of Plan Coverage (continued)

Tier 1 (continued)

Category	Year Ended June 30 2021	Year Ended June 30 2020	Change From Prior Year
Disabled members:			
• Number in pay status	849	884	-4.0%
• Average service at retirement	11.6	11.5	0.1
• Average age at retirement	47.7	47.8	-0.1
• Average age	68.0	67.6	0.4
• Average monthly benefit (includes July COLA)	$1,888	$1,815	4.0%
Beneficiaries:			
• Number in pay status	4,109	4,014	2.4%
• Average age	76.3	76.4	-0.1
• Average monthly benefit (includes July COLA)	$2,531	$2,418	4.7%

Exhibit A: Table of Plan Coverage (continued)

Tier 3

Category	Year Ended June 30 2021	Year Ended June 30 2020	Change From Prior Year
Active members in valuation:			
• Number	7,408	7,389	0.3%
• Average age	38.3	37.4	0.9
• Average years of employment service	2.9	2.0	0.9
• Total projected compensation[1]	$537,128,904	$518,840,465	3.5%
• Average projected compensation[1]	$72,507	$70,218	3.3%
• Account balances	$145,676,226	$97,502,391	49.4%
• Total active vested members	443	157	182.2%
Inactive vested members:			
• Number	1,866	1,430	30.5%
• Average age	37.3	36.8	0.5
• Average contribution balance for those with under 5 years of service	$9,002	$7,189	25.2%
• Average monthly benefit at age 60 for those with 5 or more years of service	$403	$438	-8.0%
Retired members:			
• Number in pay status	N/A	N/A	N/A
• Average service at retirement	N/A	N/A	N/A
• Average age at retirement	N/A	N/A	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit (includes July COLA)	N/A	N/A	N/A

[1] Reflects annualized salaries for part-time members.

Exhibit A: Table of Plan Coverage (continued)

Tier 3 (continued)

Category	Year Ended June 30 2021	Year Ended June 30 2020	Change From Prior Year
Disabled members:			
• Number in pay status	N/A	N/A	N/A
• Average service at retirement	N/A	N/A	N/A
• Average age at retirement	N/A	N/A	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit (includes July COLA)	N/A	N/A	N/A
Beneficiaries:			
• Number in pay status	N/A	N/A	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit (includes July COLA)	N/A	N/A	N/A

Exhibit B: Members in Active Service as of June 30, 2021 by Age, Years of Service,[1] and Average Projected Compensation[2]

Total Plan

		Years of Service								
Age	Total	0 – 4	5 – 9	10 – 14	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40 & over
Under 25	559	558	1	—	—	—	—	—	—	—
	$51,138	$51,150	$44,836	—	—	—	—	—	—	—
25 – 29	2,187	1,902	283	2	—	—	—	—	—	—
	63,379	61,181	78,040	$79,116	—	—	—	—	—	—
30 – 34	2,722	1,817	734	164	7	—	—	—	—	—
	72,442	67,136	85,119	73,764	$89,354	—	—	—	—	—
35 – 39	2,779	1,211	630	660	266	12	—	—	—	—
	86,428	73,896	96,196	96,892	94,466	$84,623	—	—	—	—
40 – 44	3,196	952	436	681	834	282	11	—	—	—
	93,639	74,051	97,870	99,751	104,628	105,703	$100,318	—	—	—
45 – 49	3,199	698	339	521	777	710	141	13	—	—
	96,697	73,018	99,166	95,078	101,563	111,069	113,137	$114,487	—	—
50 – 54	3,832	582	287	466	774	822	448	424	29	—
	101,446	75,859	95,605	92,602	95,334	112,187	123,503	117,149	$103,241	—
55 – 59	3,254	431	209	405	608	681	371	449	97	3
	100,602	73,775	92,919	85,258	94,128	105,652	123,130	124,248	108,973	$131,107
60 – 64	2,026	247	177	302	444	361	158	225	97	15
	96,210	70,544	94,208	81,153	89,367	100,723	117,153	118,974	135,748	121,856
65 – 69	944	77	66	149	270	158	59	96	45	24
	96,622	71,932	85,278	83,712	91,826	99,932	117,419	115,905	131,375	125,908
70 & over	478	35	27	83	133	86	36	37	19	22
	81,098	54,238	83,250	63,922	72,726	86,878	90,815	100,679	119,695	131,836
Total	**25,176**	**8,510**	**3,189**	**3,433**	**4,113**	**3,112**	**1,224**	**1,244**	**287**	**64**
	$89,536	**$67,997**	**$91,850**	**$91,360**	**$96,545**	**$107,156**	**$119,913**	**$119,428**	**$121,666**	**$127,240**

1 Based on employment service. Average employment service is 12.6 years compared to average benefit service of 11.8 years.
2 Limited by Internal Revenue Code Section 401(a)(17) compensation limit.

Exhibit B: Members in Active Service as of June 30, 2021 by Age, Years of Service,[1] and Average Projected Compensation[2] (continued)

Tier 1

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	93	92	1	—	—	—	—	—	—	—
	$44,113	$44,105	$44,836	—	—	—	—	—	—	—
25 – 29	723	467	254	2	—	—	—	—	—	—
	62,046	53,490	77,641	$79,116	—	—	—	—	—	—
30 – 34	1,165	342	656	160	7	—	—	—	—	—
	74,875	56,720	84,495	73,606	$89,354	—	—	—	—	—
35 – 39	1,666	181	568	644	261	12	—	—	—	—
	92,129	62,158	95,581	96,784	94,258	$84,623	—	—	—	—
40 – 44	2,309	126	390	672	832	279	10	—	—	—
	99,605	60,257	97,206	99,575	104,573	105,920	$101,409	—	—	—
45 – 49	2,532	94	303	510	766	707	139	13	—	—
	101,579	57,012	99,559	94,425	101,375	111,175	113,486	$114,487	—	—
50 – 54	3,280	83	253	459	769	818	445	424	29	—
	104,777	58,691	94,507	92,346	95,219	112,137	123,332	117,149	$103,241	—
55 – 59	2,858	77	175	405	605	678	369	449	97	3
	103,304	55,583	90,598	85,258	93,802	105,671	123,124	124,248	108,973	$131,107
60 – 64	1,810	52	158	302	443	361	158	224	97	15
	98,406	52,267	93,231	81,153	89,417	100,723	117,153	119,108	135,748	121,856
65 – 69	874	15	59	149	269	158	59	96	45	24
	98,109	56,154	83,913	83,712	91,835	99,932	117,419	115,905	131,375	125,908
70 & over	458	16	26	83	133	86	36	37	19	22
	81,661	47,627	77,698	63,922	72,726	86,878	90,815	100,679	119,695	131,836
Total	**17,768**	**1,545**	**2,843**	**3,386**	**4,085**	**3,099**	**1,216**	**1,243**	**287**	**64**
	$96,636	**$55,736**	**$91,110**	**$91,122**	**$96,413**	**$107,183**	**$119,911**	**$119,452**	**$121,666**	**$127,240**

1 Based on employment service. Average employment service for Tier 1 is 16.6 years compared to average benefit service of 15.7 years.
2 Limited by Internal Revenue Code Section 401(a)(17) compensation limit.

Exhibit B: Members in Active Service as of June 30, 2021 by Age, Years of Service,[1] and Average Projected Compensation[2] (continued)

Tier 3

		Years of Service								
Age	**Total**	**0 – 4**	**5 – 9**	**10 – 14**	**15 – 19**	**20 – 24**	**25 – 29**	**30 – 34**	**35 – 39**	**40 & over**
Under 25	466	466	—	—	—	—	—	—	—	—
	$52,540	$52,540	—	—	—	—	—	—	—	—
25 – 29	1,464	1,435	29	—	—	—	—	—	—	—
	64,038	63,684	$81,534	—	—	—	—	—	—	—
30 – 34	1,557	1,475	78	4	—	—	—	—	—	—
	70,621	69,551	90,367	$80,061	—	—	—	—	—	—
35 – 39	1,113	1,030	62	16	5	—	—	—	—	—
	77,895	75,958	101,828	101,262	$105,309	—	—	—	—	—
40 – 44	887	826	46	9	2	3	1	—	—	—
	78,107	76,155	103,502	112,866	127,344	$85,534	$89,411	—	—	—
45 – 49	667	604	36	11	11	3	2	—	—	—
	78,163	75,509	95,858	125,376	114,672	86,136	88,891	—	—	—
50 – 54	552	499	34	7	5	4	3	—	—	—
	81,655	78,714	103,775	109,409	113,012	122,412	148,837	—	—	—
55 – 59	396	354	34	—	3	3	2	—	—	—
	81,099	77,732	104,863	—	159,986	101,400	124,306	—	—	—
60 – 64	216	195	19	—	1	—	—	1	—	—
	77,811	75,418	102,331	—	67,473	—	—	$88,803	—	—
65 – 69	70	62	7	—	1	—	—	—	—	—
	78,048	75,750	96,783	—	89,392	—	—	—	—	—
70 & over	20	19	1	—	—	—	—	—	—	—
	68,195	59,805	227,602	—	—	—	—	—	—	—
Total	**7,408**	**6,965**	**346**	**47**	**28**	**13**	**8**	**1**	**—**	**—**
	$72,507	**$70,717**	**$97,923**	**$108,537**	**$115,876**	**$100,681**	**$120,290**	**$88,803**	**—**	**—**

[1] Based on employment service. Average employment service for Tier 3 is 2.9 years compared to average benefit service of 2.6 years. We understand that some Tier 3 members entered LACERS with incoming reciprocal (i.e., employment) service. Such service is only used for eligibility determination purposes.

[2] Limited by Internal Revenue Code Section 401(a)(17) compensation limit.

Exhibit C: Reconciliation of Member Data

	Active Members	Inactive Vested Members	Service Retired Members	Disabled Members	Beneficiaries	Total
Number as of June 30, 2020	**27,490**	**9,207**	**15,525**	**884**	**4,014**	**57,120**
• New members	544	0	0	0	354	898
• Terminations – with vested rights	-1,010	1,010	0	0	0	0
• Contribution refunds	-49	-144	0	0	0	-193
• Retirements	-1,994	-119	2,113	0	0	0
• New disabilities	0	-16	-1	17	0	0
• Return to work	286	-286	0	0	0	0
• Died with or without beneficiary	-92	-55	-584	-52	-245	-1,028
• Data adjustments	1	50[1]	1[2]	0	-14	38
Number as of June 30, 2021	**25,176**	**9,647**	**17,054**	**849**	**4,109**	**56,835**

Note: For the change in the annual benefits from the retirees and beneficiaries added to and removed from the rolls, refer to Exhibit D of the supplemental schedules that accompany this report.

[1] Includes members who were both hired and terminated employment after June 30, 2020.
[2] Net one.

Exhibit D: Summary Statement of Income and Expenses on a Market Value Basis for Retirement, Health, Family Death, and Larger Annuity Benefits

	Year Ended June 30, 2021		Year Ended June 30, 2020	
Net assets at market value at the beginning of the year		**$17,863,324,366**		**$17,707,909,933**
Contribution income:				
• Employer contributions	$658,408,020		$665,358,602	
• Member contributions	259,284,497		263,935,650	
Net contribution income		$917,692,517		$929,294,252
Investment income:				
• Interest, dividends and other income	$379,896,013		$404,725,040	
• Asset appreciation	5,013,637,649		50,201,536	
• Less investment and administrative fees	-135,192,404		-116,063,829	
Net investment income		$5,258,341,258		$338,862,747
Total income available for benefits		**$6,176,033,775**		**$1,268,156,999**
Less benefit payments:				
• Benefits paid[1]	-$1,216,434,352		-$1,100,410,396	
• Member refunds	-17,583,848		-12,332,170	
Net benefit payments		-$1,234,018,200		-$1,112,742,566
Change in net assets at market value		$4,942,015,575		$155,414,433
Net assets at market value at the end of the year		**$22,805,339,941**		**$17,863,324,366**

Note: Results may be slightly off due to rounding.

[1] Includes offsets related to self funded dental insurance premium and health insurance premium reserve.

Exhibit E: Summary Statement of Plan Assets for Retirement, Health, Family Death, and Larger Annuity Benefits

	June 30, 2021		June 30, 2020	
Cash equivalents		$1,075,483,517		$665,047,501
Accounts receivable:				
• Accrued investment income	$70,733,315		$60,957,885	
• Proceeds from sales of investments	150,900,096		73,531,756	
• Other	9,101,638		18,773,983	
Total accounts receivable		$230,735,049		$153,263,624
Investments:				
• Fixed income	$5,916,988,209		$4,457,096,025	
• Equities	11,501,603,737		9,527,332,330	
• Real estate and alternative investment	4,196,138,478		2,991,513,495	
• Derivative instruments	2,941,387		2,124,127	
• Other	617,572,437		552,844,013	
Total investments at market value		$22,235,244,248		$17,530,909,990
Capital assets		42,868,471		42,358,528
Total assets		$23,584,331,285		$18,391,579,643
Accounts payable:				
• Accounts payable and accrued expenses	-$57,682,318		-$65,278,228	
• Accrued investment expenses	-13,765,114		-12,118,451	
• Purchases of investments	-431,603,358		-125,595,619	
• Securities lending collateral	-275,940,554		-325,262,979	
Total accounts payable		-$778,991,344		-$528,255,277
Net assets at market value		**$22,805,339,941**		**$17,863,324,366**
Net assets at actuarial value		**$20,083,918,240**		**$18,697,966,253**
Net assets at valuation value		**$16,660,584,654**		**$15,630,102,547**

Note: Results may be slightly off due to rounding.

Exhibit F: Development of the Fund through June 30, 2021 for Retirement, Health, Family Death, and Larger Annuity Benefits

Year Ended June 30	Employer Contributions	Employee Contributions	Net Investment Return[1]	Benefit Payments[2]	Market Value of Assets at Year-End	Actuarial Value of Assets at Year-End	Actuarial Value as a Percent of Market Value
2012	$423,920,740	$178,246,151	$67,093,447	$767,163,328	$10,595,700,986	$11,620,457,827	109.7%
2013	419,266,581	197,880,631	1,512,696,071	803,005,352	11,922,538,917	12,004,110,338	100.7%
2014	455,658,786	204,135,914	2,180,005,302	826,566,921	13,935,771,998	12,935,503,398	92.8%
2015	481,765,868	207,564,465	348,113,908	848,455,864[3]	14,124,760,375	13,895,589,227	98.4%
2016	546,687,123	211,344,752	7,190,895	884,923,630	14,005,059,515	14,752,102,625	105.3%
2017	550,961,514	227,531,810	1,834,657,728	928,640,257	15,689,570,310	15,686,973,131	100.0%
2018	551,247,264	236,222,166	1,498,100,177	985,523,573[4]	16,989,616,344	16,687,907,767	98.2%
2019	586,753,902	240,357,396	945,590,839	1,054,408,548	17,707,909,933	17,711,461,636	100.0%
2020	665,358,602	263,935,650	338,862,747	1,112,742,566	17,863,324,366	18,697,966,253	104.7%
2021	658,408,020	259,284,497	5,258,341,258	1,234,018,200	22,805,339,941	20,083,918,240	88.1%

Note: Results may be slightly off due to rounding.

[1] On a market value basis, net of investment fees and administrative expenses.

[2] Includes offsets related to self funded dental insurance premium and health insurance premium reserve starting with the June 30, 2019 valuation.

[3] Includes transfer of $2,614,765 to Fire and Police Pension for Office of Public Safety.

[4] Includes approximately $3.0 million transferred to LAFPP on January 5, 2018 for the APO who transferred from LACERS to LAFPP on January 7, 2018.

Exhibit G: Table of Amortization Bases

Type	Date Established	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Plan amendment (2009 ERIP)	June 30, 2009	$300,225,354	15	$115,738,508	3	$39,963,739
Combined base	June 30, 2012	4,173,548,280	30	4,665,092,431	21	310,092,678
Experience loss	June 30, 2013	116,022,989	15	82,680,262	7	13,112,335
Experience gain	June 30, 2014	-215,549,892	15	-165,737,410	8	-23,394,222
Change in assumptions	June 30, 2014	785,439,114	20	733,507,729	13	69,272,580
Experience gain	June 30, 2015	-185,473,782	15	-151,844,413	9	-19,377,167
Experience gain	June 30, 2016	-255,444,007	15	-219,937,893	10	-25,688,819
Experience gain	June 30, 2017	-99,814,895	15	-89,487,515	11	-9,662,248
Change in assumptions	June 30, 2017	340,717,846	20	332,542,047	16	26,796,153
Experience loss	June 30, 2018	147,418,362	15	137,013,682	12	13,788,269
Change in assumptions	June 30, 2018	483,717,164	20	476,930,608	17	36,757,276
Plan amendment (APO Tier 1 Enhancement)	January 7, 2018	25,170,149	15	23,843,948	11.5	2,483,155
Experience loss	June 30, 2019	394,012	15	377,038	13	35,608
Experience loss	June 30, 2020	393,785,997	15	385,717,217	14	34,384,952
Change in assumptions	June 30, 2020	530,720,225	20	528,853,173	19	37,650,033
Experience gain	June 30, 2021	-233,981,212	15	-233,981,212	15	-19,787,871
Total				**$6,621,308,200**		**$486,426,451**

Note: the equivalent single amortization period is about 18 years.

[1] Beginning of year payments, based on level percentage of payroll.

Exhibit H: Projection of UAAL Balances and Payments

Outstanding Balance of $6.62 Billion in Net UAAL as of June 30, 2021

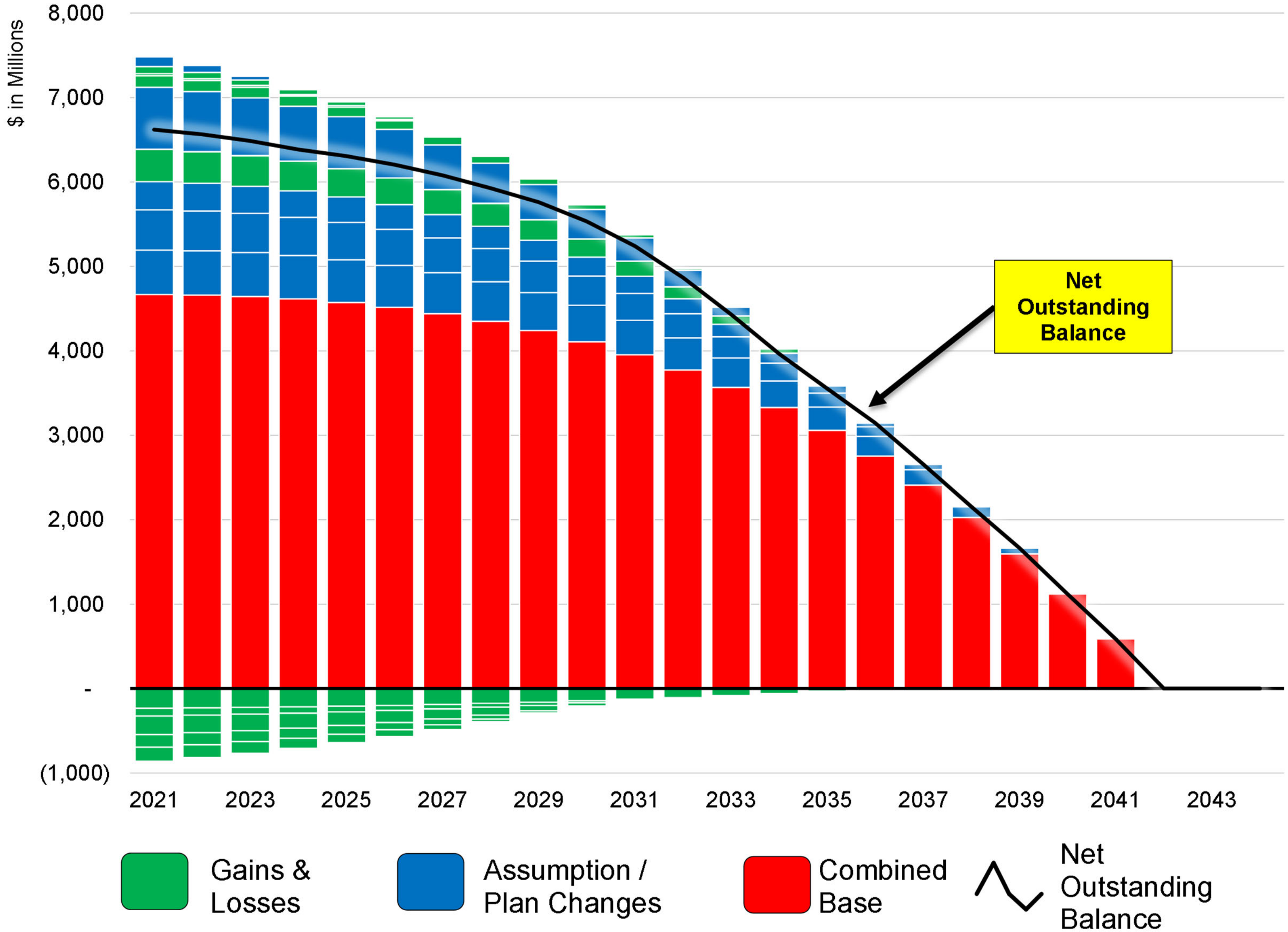


Exhibit H: Projection of UAAL Balances and Payments (continued)

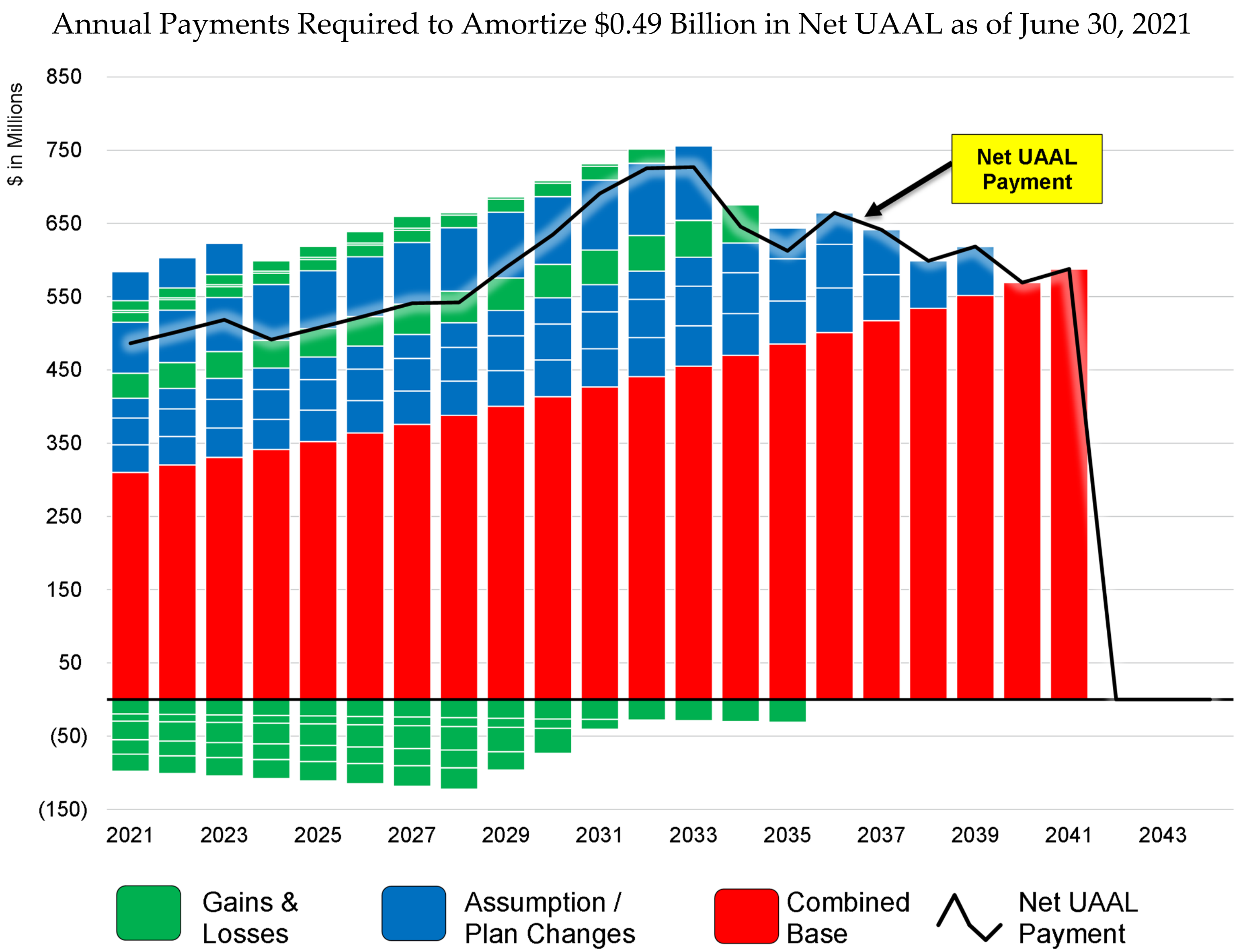


Exhibit I: Definition of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Actuarial Accrued Liability for Actives:	The equivalent of the accumulated Normal Costs allocated to the years before the valuation date.
Actuarial Accrued Liability for Pensioners and Beneficiaries:	The single-sum value of lifetime benefits to existing pensioners and beneficiaries. This sum takes account of life expectancies appropriate to the ages of the annuitants and the interest that the sum is expected to earn before it is entirely paid out in benefits.
Actuarial Cost Method:	A procedure allocating the Actuarial Present Value of Future Benefits to various time periods; a method used to determine the Normal Cost and the Actuarial Accrued Liability that are used to determine the actuarially determined contribution.
Actuarial Gain or Loss:	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates. Through the actuarial assumptions, rates of decrements, rates of salary increases, and rates of fund earnings have been forecasted. To the extent that actual experience differs from that assumed, Actuarial Accrued Liabilities emerge which may be the same as forecasted, or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., assets earn more than projected, salary increases are less than assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results yield in actuarial liabilities that are larger than projected.
Actuarially Equivalent:	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
Actuarial Present Value (APV):	The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. Each such amount or series of amounts is: Adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.) Multiplied by the probability of the occurrence of an event (such as survival, death, disability, withdrawal, etc.) on which the payment is conditioned, and Discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Actuarial Present Value of Future Plan Benefits:	The Actuarial Present Value of benefit amounts expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age, anticipated future compensation, and future service credits. The Actuarial Present Value of Future Plan Benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
Actuarial Valuation:	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB, such as the Actuarially Determined Contribution (ADC) and the Net Pension Liability (NPL).
Actuarial Value of Assets (AVA):	The value of the Fund's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly plans use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the ADC.
Actuarially Determined:	Values that have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the law.
Actuarially Determined Contribution (ADC):	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under the Plan's funding policy. The ADC consists of the Employer Normal Cost and the Amortization Payment.
Amortization Method:	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.
Amortization Payment:	The portion of the pension plan contribution, or ADC, that is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Assumptions or Actuarial Assumptions:	The estimates upon which the cost of the Fund is calculated, including: Investment return - the rate of investment yield that the Fund will earn over the long-term future; Mortality rates - the death rates of employees and pensioners; life expectancy is based on these rates; Retirement rates - the rate or probability of retirement at a given age or service; Disability rates – the probability of disability retirement at a given age; Withdrawal rates - the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement; Salary increase rates - the rates of salary increase due to inflation and productivity growth.
Closed Amortization Period:	A specific number of years that is counted down by one each year, and therefore declines to zero with the passage of time. For example, if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc. See Open Amortization Period.
Decrements:	Those causes/events due to which a member's status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or withdrawal.
Defined Benefit Plan:	A retirement plan in which benefits are defined by a formula applied to the member's compensation and/or years of service.
Defined Contribution Plan:	A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, the plan's earnings are allocated to each account, and each member's benefits are a direct function of the account balance.
Employer Normal Cost:	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
Experience Study:	A periodic review and analysis of the actual experience of the Fund that may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified as deemed appropriate by the Actuary.
Funded Ratio:	The ratio of the Valuation Value of Assets (VVA) to the Actuarial Accrued liability (AAL). Plans sometimes calculate a market funded ratio, using the Market Value of Assets (MVA), rather than the VVA.
Investment Return:	The rate of earnings of the Fund from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.

Normal Cost:	That portion of the Actuarial Present Value of pension plan benefits and expenses allocated to a valuation year by the Actuarial Cost Method. Any payment with respect to an Unfunded Actuarial Accrued Liability is not part of Normal Cost (see Amortization Payment). For pension plan benefits that are provided in part by employee contributions, Normal Cost refers to the total of employee contributions and employer Normal Cost unless otherwise specifically stated.
Open Amortization Period:	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. If the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year.
Unfunded Actuarial Accrued Liability:	The excess of the Actuarial Accrued Liability over the Valuation Value of Assets. This value may be negative, in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus.
Valuation Date or Actuarial Valuation Date:	The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Plan Benefits is determined. The expected benefits to be paid in the future are discounted to this date.
Valuation Value of Assets:	The Actuarial Value of Assets reduced by the value of non-valuation reserves.

Section 4: Actuarial Valuation Basis

Exhibit 1: Actuarial Assumptions and Methods

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. These assumptions have been adopted by the Board.
Economic Assumptions	
Net Investment Return:	7.00%; net of administrative and investment expenses. Based on the Actuarial Experience Study report referenced above, expected administrative and investment expenses represent about 0.40% of the Actuarial Value of Assets.
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:

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

Demographic Assumptions:

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.

	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:

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:

Less Than Five 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

Five or More 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 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: Pension benefit 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.

Section 4: Actuarial Valuation Basis

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 Funding Policy	
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:	Market value of assets (MVA) 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 market 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 MVA, nor greater than 140% of MVA.
Valuation Value of Assets:	The portion of the total actuarial value of assets allocated for retirement benefits, based on a prorated share of market 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, were combined and amortized over 30 years effective June 30, 2012.

Other Actuarial Methods	
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 earning rate. The contribution rate is determined 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 earning 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 on the previous page. The recommended employer contributions are provided in *Section 2, Subsection F*.
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 seek 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 $230,000 for 2021. 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.
Change in Actuarial Assumptions:	There have been no changes in actuarial assumptions since the last valuation.

Exhibit 2: Summary of Plan Provisions

This exhibit summarizes the major provisions of the 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 the System before July 1, 2013, and certain employees who became members of the System on or after July 1, 2013. In addition, pursuant to Ordinance No. 184134, all Tier 2 employees who became members of the System between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016. 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 the System on or after February 21, 2016, except as provided otherwise in Section 4.1080.2(b) of the Los Angeles Administrative Code.
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.

Normal Retirement Benefit: (continued)

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

Early Retirement Benefit: (continued)	
<u>*Tier 3*</u>	
Age & Service Requirement	Prior to age 60 with 30 years of service, including 5 years of continuous City service.
(§ 4.1080.5(a)(1))	
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.

Enhanced Retirement Benefit:	
<u>*Tier 1 & Tier 1 Enhanced*</u>	
Age & Service Requirement	Not applicable - see Normal Retirement age and service requirement.
Amount	Not applicable - see Normal Retirement amount.
<u>*Tier 3*</u>	
• *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:	
<u>*Tier 1, Tier 1 Enhanced, & Tier 3*</u> *(§ 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:	
<u>*Tier 1 & Tier 1 Enhanced*</u> *(§ 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]
<u>*Tier 3*</u> *(§ 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:	
<u>*Tier 1 & Tier 1 Enhanced*</u> *(§ 4.1022)*	Based on changes to Los Angeles area[1] Consumer Price Index, to a maximum of 3% per year; excess banked.
<u>*Tier 3*</u> *(§ 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:	
<u>*Tier 1 & Tier 3*</u> *(§ 4.1010(c), § 4.1080.10(c), & § 4.1012(c))*	(i) 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] (ii) $2,500 lump sum death benefit paid to a designated beneficiary; and (iii) 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).
<u>*Tier 1 Enhanced*</u> *(§ 4.1010.1(b), § 4.1010.1(i), and § 4.1010.1(j))* • *While on service-connected disability*	(i) 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] (ii) $2,500 lump sum death benefit paid to a designated beneficiary; and (iii) 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 provision of Section 4.1010.1(c).

Death after Retirement: (continued)	
• *While on nonservice-connected disability or service retirement*	(i) 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] (ii) $2,500 lump sum death benefit paid to a designated beneficiary; and (iii) 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 provision 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: (i) Eligibility – None. (ii) Benefit – Refund of employee contributions plus a limited pension benefit equal to 50% of monthly salary paid, according to the following schedule:[1]

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

[1] Refund only if less than one year of service credit.

Tier 1 & Tier 3	Option #2: (i) Eligibility – Duty-related death or after 5 years of continuous service. (ii) 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.) (iii) Refund of accumulated contributions. No survivorship benefit payable with refund.

Death before Retirement: (continued)	
Tier 1 Enhanced	Option #2
• *Service-Connected Death*	(i) Eligibility – None. (ii) Benefit – 80% of member's Final Average Monthly Compensation.
• *Nonservice-Connected Death*	(i) Eligibility – 5 years of service (unless on military leave and killed while on military duties). (ii) Benefit – 50% of member's Final Average Monthly Compensation. (iii) Eligibility – Less than 5 years of service. (iv) 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 to 6% afterwards.
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).

Deferred Retirement Benefit (Vested): (continued)	
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. 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).
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 (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 (full retirement benefit based on an unreduced Retirement Factor of 2.10%; or refund of contributions and accumulated interest).

Deferred Retirement Benefit (Vested): (continued)	
Tier 3	
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.

Note: The summary of major plan provisions is designed to outline principal plan benefits as interpreted for purposes of the actuarial valuation. If the System should find the plan summary not in accordance with the actual provisions, the System should alert the actuary so they can both be sure the proper provisions are valued.

5697631v4/05806.002

BOARD Meeting: 11/09/21
Item VII - B
Attachment 3

Los Angeles City Employees' Retirement System

Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2021

This report has been prepared at the request of the Board of Administration to assist in administering the Fund. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Board of Administration and may only be provided to other parties in its entirety, unless expressly authorized by Segal. The measurements shown in this actuarial valuation may not be applicable for other purposes.

Segal

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November 1, 2021

Board of Administration
Los Angeles City Employees' Retirement System
202 W. 1st Street, Suite 500
Los Angeles, CA 90012-4401

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review of Other Postemployment Benefits (OPEB) as of June 30, 2021. The report summarizes the actuarial data used in the valuation, establishes the Actuarially Determined Contribution (ADC) for the Fiscal Year 2022/2023, and analyzes the preceding year's experience. This report was based on the census and unaudited financial data provided by the System and the terms of the Plan as summarized in Exhbit III. The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary. The health components were completed under the supervision of Mary Kirby, FSA, MAAA, FCA.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist in administering the Retirement System. The census information and financial information on which our calculations were based was prepared by the staff of the System. That assistance is gratefully acknowledged.

This actuarial valuation has been completed in accordance with generally accepted actuarial principles and practices. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. Further, in our opinion, the assumptions used in this valuation and described in Exhibit II are reasonably related to the experience of and the expectations for the Plan. The actuarial projections are based on these assumptions and the plan of benefits as summarized in Exhibits II and III.

Sincerely,

Segal

Paul Angelo, FSA, MAAA, FCA, EA	Andy Yeung, ASA, MAAA, FCA, EA
Senior Vice President and Actuary	Vice President and Actuary

JAC/jl

Table of Contents

Section 1: Actuarial Valuation Summary

Purpose

This report presents the results of our actuarial valuation of the City of Los Angeles Employees' Retirement System OPEB plan as of June 30, 2021 for funding purposes. The results of the valuation for financial reporting purposes consistent with GASB Statement No. 74 are provided in a separate report.

Highlights of the Valuation

- The recommended contribution rate has decreased from 4.29% of payroll to 3.92% of payroll and the recommended contribution amount has decreased from $104.9 million to $88.4 million, assuming contributions are received by LACERS on July 15. The main reasons for the decline in the contribution rate were: (i) 2021/2022 premium and subsidy levels lower than expected from favorable premium renewal experience and (ii) an investment gain (after smoothing), offset to some degree by (iii) impact of 21-year re-amortization of all the pre-June 30, 2021 amortization layers (see additional discussion below), (iv) total projected payroll smaller than expected and (v) updated trend assumption for projecting medical premiums after 2020/2021. A complete reconciliation of the change in the recommended contribution rate is provided in Section 2, Subsection D. Rates are shown separately for Tier 1 and Tier 3 in Section 2, Subsection E.
- The ratio of the valuation value of assets to actuarial accrued liabilities increased from 85.60% to 94.61%. On a market value of assets basis, the funded ratio increased from 81.78% to 107.43%. The unfunded actuarial accrued liability decreased from $502.1 million to $189.7 million. A complete reconciliation of the System's unfunded actuarial accrued liability is provided in Section 2, Subsection B.
- As noted above, the GAS 74 report with a measurement date of June 30, 2021 for financial reporting purposes for the Plan is provided as a separate report.
- The GAS 75 report with a measurement date of June 30, 2021 for financial reporting purposes for the employer (with a reporting date of June 30, 2022) will be provided in the first or second quarter of 2022.
- The actuarial valuation report as of June 30, 2021 is based on financial information as of that date. Changes in the value of assets subsequent to that date are not reflected. Declines in asset values will increase the actuarial cost of the Plan, while increases will decrease the actuarial cost of the Plan.

Section 1: Actuarial Valuation Summary

- As recommended in our July 14, 2021 letter, on August 24, 2021 the Board adopted a 21-year amortization for all pre-June 30, 2021 amortization bases starting with the June 30, 2021 valuation. A table of amortization bases is shown in Section 2, Subsection C, and a graphical projection of the UAAL amortization bases and payments has been provided in Section 3, Exhibit I. Note that in both the table and the graphical projection, the pre-June 30, 2021 amortization bases are shown as a single layer.
- As in prior years, the employer contribution rates provided in this report have been developed assuming they will be received by LACERS on any of the following dates:
  - The beginning of the fiscal year, or
  - On July 15, 2022, or
  - Throughout the year (i.e., LACERS will receive contributions at the end of every pay period).
- It is important to note that this actuarial valuation is based on plan assets as of June 30, 2021. Since the onset of the Public Health Emergency, market conditions have changed significantly. The Plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the Plan Year. Also, this valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after June 30, 2021. While it is impossible to determine how the pandemic will continue to affect market conditions prior to next year's valuation, Segal is available to prepare projections of potential outcomes upon request.

Summary of Valuation Results

	June 30, 2021	June 30, 2020
Actuarial Accrued Liability (AAL)	$3,520,078,454	$3,486,530,510
Valuation Value of Assets	3,330,377,493	2,984,423,687
Unfunded Actuarial Accrued Liability	189,700,961	502,106,823
Funded Ratio on Valuation Value Basis	94.61%	85.60%
Market Value of Assets	$3,781,652,063	$2,851,204,652
Funded Ratio on Market Value Basis	107.43%	81.78%
Actuarially Determined Contribution (ADC)		
Normal cost (beginning of year)	$81,415,127	$84,817,265
Amortization of the unfunded actuarial accrued liability	6,702,787	19,814,702
Total Actuarially Determined Contribution (beginning of year)	**$88,117,914**	**$104,631,967**
Total Actuarially Determined Contribution (July 15)	**$88,363,266**	**$104,923,300**
Total Actuarially Determined Contribution (end of each pay period)	**$91,149,879**	**$108,232,148**
Total projected compensation[1]	$2,254,165,029	$2,445,016,587
ADC as a percentage of pay (there is a 12-month delay until the rate is effective)[2]		
Beginning of year	3.91%	4.28%
July 15	3.92%	4.29%
End of each pay period	4.04%	4.43%
Total Participants[3]	50,450	50,730

[1] Reflects amount calculated in the pension valuation.
[2] A breakdown of the ADC by tier is provided in Section 2, Subsection D.
[3] Includes 141 pensioners and beneficiaries as of June 30, 2021 and 142 pensioners and beneficiaries as of June 30, 2020 entitled but not yet eligible for health benefits.

Important Information about Actuarial Valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of an OPEB plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by LACERS. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	This valuation is based on the market value of assets as of the valuation date, as provided by LACERS.
Actuarial assumptions	In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to health care plan trend and enrollment. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results that does not mean that the previous assumptions were unreasonable.

Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary. Our per capita cost assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate demographic factors that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the demographic data, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The valuation is prepared at the request of LACERS. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- If LACERS is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. LACERS should look to their other advisors for expertise in these areas.
- Sections of this report include actuarial results that are not rounded, but that does not imply precision.
- Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.

As Segal has no discretionary authority with respect to the management or assets of LACERS, it is not a fiduciary in its capacity as actuaries and consultants with respect to LACERS.

Actuarial Certification

November 1, 2021

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, 2021, 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, 2020.

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 Financial Report (AFR) and certain supporting schedules in the Financial Section, based on the results of the June 30, 2021 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 OPEB Liability*
2. Schedule of Changes in Net OPEB Liability and Related Ratios*
3. Schedule of Contribution History*

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 OPEB Liability and Related Ratios*

* Source: Segal's GASB Statement No. 74 valuation report as of June 30, 2021.

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

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

Mary Kirby

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

Section 2: Actuarial Valuation Results

A. Actuarial Present Value of Total Projected Benefits and Actuarial Balance Sheet

The actuarial present value of total projected benefits uses the actuarial assumptions disclosed in Section 4 to calculate the value today of all benefits expected to be paid to current actives and retired plan members. The actuarial balance sheet shows the expected breakdown of how these benefits will be financed.

	Actuarial Present Value of Total Projected Benefits (APB)	
	June 30, 2021	**June 30,** 2020
Participant Category		
Current retirees, beneficiaries, and dependents	$1,869,444,779	$1,677,722,536
Current active members	2,320,185,725	2,483,454,887
Terminated members entitled but not yet eligible	74,599,941	70,327,305
Total	**$4,264,230,445**	**$4,231,504,728**

	Actuarial Balance Sheet	
	June 30, 2021	**June 30, 2020**
Assets		
1. Valuation value of assets	$3,330,377,493	$2,984,423,687
2. Present value of future normal costs	744,151,991	744,974,218
3. Unfunded actuarial accrued liability	189,700,961	502,106,823
4. Present value of current and future assets	**$4,264,230,445**	**$4,231,504,728**
Liabilities		
5. Actuarial present value of total projected benefits	$4,264,230,445	$4,231,504,728

B. Actuarial Accrued Liability (AAL) and Unfunded AAL (UAAL)

The actuarial accrued liability shows that portion of the APB allocated to periods prior to the valuation date by the actuarial cost method. The chart below shows the portion of the liability for active and inactive members, and reconciles the unfunded actuarial accrued liability from last year to this year.

	June 30, 2021	June 30, 2020
Participant Category		
Current retirees, beneficiaries, and dependents	$1,869,444,779	$1,677,722,536
Current active members	1,576,033,734	1,738,480,669
Terminated members entitled but not yet eligible	74,599,941	70,327,305
Total actuarial accrued liability	**$3,520,078,454**	**$3,486,530,510**
Unfunded Actuarial Accrued Liability		
Total actuarial accrued liability	$3,520,078,454	$3,486,530,510
Valuation value of assets	3,330,377,493	2,984,423,687
Unfunded actuarial accrued liability	**$189,700,961**	**$502,106,823**
Development of Unfunded Actuarial Accrued Liability for the Year Ended June 30, 2021		
1. Unfunded actuarial accrued liability as of June 30, 2020		**$502,106,823**
2. Employer normal cost as of June 30, 2020		84,817,265
3. Expected employer contributions during 2020/2021 fiscal year		-104,631,967
4. Interest		33,760,449
5. Expected unfunded actuarial accrued liability as of June 30, 2021 (1 + 2 + 3 + 4)		$516,052,570
6. Change due to investment gain, after smoothing		-180,972,053
7. Change due to actual contributions less than expected		1,562,044
8. Change due to miscellaneous demographic gains and losses (including losses from earlier than expected retirements due to the Separation Incentive Program)		10,671,896
9. Change due to updated 2021/2022 premium and subsidy levels		-221,928,541
10. Change due to updated trend assumption to project future medical premiums after 2021/2022		64,315,045
11. Unfunded actuarial accrued liability as of June 30, 2019 (5 + 6 + 7 + 8 + 9 + 10)		**$189,700,961**

C. Table of Amortization Bases

Amortization payments may be calculated as level dollar amounts or as amounts designed to remain level as a percent of a growing payroll base. Los Angeles City Employees' Retirement System has elected to amortize the unfunded actuarial accrued liability using the following rules: The amortization periods for all unfunded actuarial accrued liability layers as of June 30, 2020 were reset to fixed periods of 21 years beginning with the June 30, 2021 valuation date. Thereafter, assumption changes resulting from the triennial experience study will be amortized over 20 years. Health trend and premium assumption changes, plan changes, and gains and losses will be amortized over 15 years.

Type	Date Established	Initial Balance	Initial Period	Outstanding Balance	Years Remaining	Annual Payment[1]
Total of pre-June 30, 2021 bases[2]	various	various	various	$516,052,569	21	$34,302,455
Experience Gain	06/30/2021	-326,351,608	15	-326,351,608	15	-27,599,668
Total				**$189,700,961**		**$6,702,787**

[1] Level percentage of payroll.

[2] On August 24, 2021, the Board acted to re-amortize all amortization bases as of June 30, 2020 over 21 years starting with the June 30, 2021 actuarial valuation.

D. Reconciliation of Recommended Contribution Rate

The chart below details the changes in the ADC from the prior valuation to the current year's valuation.

Reconciliation of Recommended Contribution from June 30, 2020 to June 30, 2021

	Contribution Rate
Recommended Contribution as of June 30, 2020[1]	**4.29%**
Change due to investment gain, after smoothing	-0.68%
Change due to miscellaneous demographic gains and losses (includes losses from earlier than expected retirements due to the Separation Incentive Program)	-0.04%
Change due to 21-year re-amortization of pre-June 30, 2021 amortization bases	0.62%[2]
Change due to updated 2021/2022 premium and subsidy levels	-1.03%
Change due to updated trend assumption to project future medical premiums after 2021/2022	0.34%
Change in UAAL rate from smaller than expected projected total payroll (includes reduction in payroll due to the Separation Incentive Program)	0.42%
Recommended Contribution as of June 30, 2021[1]	**3.92%**

[1] If received on July 15.

[2] This is higher than the 0.55% rate impact we estimated in our letter dated July 14, 2021 because the City's payroll actually decreased between the June 30, 2020 and 2021 valuation instead of increasing at the assumed rate of 3.25%.

E. Development of Actuarially Determined Contribution (ADC)

The Actuarially Determined Contribution (ADC) is the amount calculated to determine the annual cost of the OPEB plan for funding purposes on an accrual basis. The calculation consists of adding the Normal Cost of the plan to an amortization payment. Both are determined as of the start of the funding period and adjusted as if the annual cost were to be received throughout the fiscal year or on July 15th.

Tier 1

	Determined as of			
	June 30, 2021		June 30, 2020	
	Amount	Percentage of Compensation	Amount	Percentage of Compensation
1. Normal cost	$59,362,324	3.46%	$64,567,930	3.35%
2. Amortization of the unfunded actuarial accrued liability[1]	5,105,628	0.30%	15,609,958	0.81%
3. Total Actuarially Determined Contribution (beginning of year)	**$64,467,952**	**3.76%**	**$80,177,888**	**4.16%**
4. Total Projected Compensation[2]	$1,717,036,125		$1,926,176,122	
5. Adjustment for timing (July 15)	$179,502	0.01%	$223,244	0.01%
6. Total Actuarially Determined Contribution (July 15)	**$64,647,454**	**3.77%**	**$80,401,132**	**4.17%**
7. Adjustment for timing (end of pay period)	$2,218,216	0.12%	$2,758,764	0.15%
8. Total Actuarially Determined Contribution (end of pay period)	**$66,686,168**	**3.88%**	**$82,936,652**	**4.31%**

[1] In developing the UAAL contribution rate, we have combined the UAAL for Tier 1 and Tier 3 and amortized that total UAAL over the total payroll for Tier 1 and Tier 3

[2] Reflects amount calculated in the pension valuation.

Tier 3

	Determined as of			
	June 30, 2021		June 30, 2020	
	Amount	Percentage of Compensation	Amount	Percentage of Compensation
1. Normal cost	$22,052,803	4.11%	$20,249,335	3.90%
2. Amortization of the unfunded actuarial accrued liability[1,2]	1,597,159	0.30%	4,204,744	0.81%
3. Total Actuarially Determined Contribution (beginning of year)	**$23,649,962**	**4.41%**	**$24,454,079**	**4.71%**
4. Total Projected Compensation[3]	$537,128,904		$518,840,465	
5. Adjustment for timing (July 15)	$65,850	0.01%	$68,089	0.02%
6. Total Actuarially Determined Contribution (July 15)	**$23,715,812**	**4.42%**	**$24,522,168**	**4.73%**
7. Adjustment for timing (end of pay period)	$813,749	0.14%	$841,417	0.17%
8. Total Actuarially Determined Contribution (end of pay period)	**$24,463,711**	**4.55%**	**$25,295,496**	**4.88%**

[1] In developing the UAAL contribution rate, we have combined the UAAL for Tier 1 and Tier 3 and amortized that total UAAL over the total payroll for Tier 1 and Tier 3.

[2] Based on direction from LACERS' staff, Segal will provide in a separate letter the "City Contribution Rate" for Government Service Buybacks (GSB) for Tier 3. In prior valuations, the cost of the GSB purchases was provided by Segal as a footnote to this table.

[3] Reflects amount calculated in the pension valuation.

Total Plan

	Determined as of			
	June 30, 2021		June 30, 2020	
	Amount	Percentage of Compensation	Amount	Percentage of Compensation
1. Normal cost	$81,415,127	3.61%	$84,817,265	3.47%
2. Amortization of the unfunded actuarial accrued liability	6,702,787	0.30%	19,814,702	0.81%
3. Total Actuarially Determined Contribution (beginning of year)	**$88,117,914**	**3.91%**	**$104,631,967**	**4.28%**
4. Total Projected Compensation[1]	$2,254,165,029		$2,445,016,587	
5. Adjustment for timing (July 15)	$245,352	0.01%	$291,333	0.01%
6. Total Actuarially Determined Contribution (July 15)	**$88,363,266**	**3.92%**	**$104,923,300**	**4.29%**
7. Adjustment for timing (end of pay period)	$3,031,965	0.13%	$3,600,181	0.15%
8. Total Actuarially Determined Contribution (end of pay period)	**$91,149,879**	**4.04%**	**$108,232,148**	**4.43%**

[1] Reflects amount calculated in the pension valuation.

F. Schedule of Employer Contributions

Fiscal Year Ended June 30	Actuarially Determined Contributions[1]	Actual Contributions[1]	Percentage Contributed
2016	$105,983,112	$105,983,112	100.00%
2017	97,457,455	97,457,455	100.00%
2018	100,909,010	100,909,010	100.00%
2019	107,926,949	107,926,949	100.00%
2020	112,136,429	112,136,429	100.00%
2021	103,454,114	103,454,114	100.00%

The schedule of employer contributions compares actual contributions to the Actuarially Determined Contributions.

[1] Prior to plan year ending June 30, 2018, this amount was the Annual Required Contribution (ARC).

G. Schedule of Funding Progress

Actuarial Valuation Date	Valuation Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll[1] (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
06/30/2016	$2,248,753,480	$2,793,688,955	$544,935,475	80.49%	$1,968,702,630	27.68%
06/30/2017	2,438,458,132	3,005,806,234	567,348,102	81.12%	2,062,316,129	27.51%
06/30/2018	2,628,843,511	3,256,827,847	627,984,336	80.72%	2,177,687,102	28.84%
06/30/2019	2,812,661,894	3,334,298,549	521,636,655	84.36%	2,225,412,831	23.44%
06/30/2020	2,984,423,687	3,486,530,510	502,106,823	85.60%	2,445,016,587	20.54%
06/30/2021	3,330,377,493	3,520,078,454	189,700,961	94.61%	2,254,165,029	8.42%

This schedule of funding progress presents multi-year trend information about whether the valuation value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

[1] Reflects amount calculated in the pension valuation.

H. Volatility Ratios for Years Ended June 30, 2012 – 2021

The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total payroll, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measure since it is based on the current level of assets.

For LACERS, the current AVR is about 1.68. This means that a 1% asset gain/(loss) (relative to the assumed investment return) translates to about 1.68% of one-year's payroll. Since LACERS amortizes actuarial gains and losses over a period of 15 years, there would be a 0.1% of payroll decrease/(increase) in the determined contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the Actuarial Accrued Liability divided by payroll, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities. For example, if a plan is 50% funded on a market value basis, the liability volatility ratio would be double the asset volatility ratio and the plan sponsor should expect contribution volatility to increase over time as the plan becomes better funded.

The LVR also indicates how volatile contributions will be in response to changes in the Actuarial Accrued Liability due to actual experience or to changes in actuarial assumptions.

For LACERS, the current LVR is about 1.56. This is about 7% lower than the AVR. Therefore, we would expect that contribution volatility will increase over the long-term.

Year Ended June 30	Asset Volatility Ratio	Liability Volatility Ratio
2012	0.82	1.26
2013	0.93	1.31
2014	1.10	1.40
2015	1.12	1.39
2016	1.08	1.42
2017	1.18	1.46
2018	1.23	1.50
2019	1.26	1.50
2020	1.17	1.43
2021	1.68	1.56

I. Member Population: 2012 – 2021

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, inactive non-vested members (entitled to a refund of member contributions), inactive vested members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups.

More detailed information for this valuation year and the preceding valuation can be found in Section 3, Exhibit A, B, and C.

Year Ended June 30	Active Members	Inactive Vested Members	Retired Members and Beneficiaries[1]	Total Non-Actives	Ratio of Non-Actives to Actives	Ratio of Retired Members and Beneficiaries to Actives
2012	24,917	858	13,431	14,289	0.57	0.54
2013	24,441	861	13,592	14,453	0.59	0.56
2014	24,009	955	13,686	14,641	0.61	0.57
2015	23,895	1,032	14,012	15,044	0.63	0.59
2016	24,446	1,119	14,313	15,432	0.63	0.59
2017	25,457	1,280	14,652	15,932	0.63	0.58
2018	26,042	1,401	15,144	16,545	0.64	0.58
2019	26,632	1,474	15,791	17,265	0.65	0.59
2020	27,490	1,526	16,107	17,633	0.64	0.59
2021	25,176	1,554	17,500	19,054	0.76	0.70

[1] Excludes retirees and surviving spouses not yet enrolled in retiree health benefits.

Section 3: Valuation Details

Exhibit A: Table of Plan Coverage

Total Plan

Category	Year Ended June 30: 2021	Year Ended June 30: 2020	Change From Prior Year
Active members in valuation:			
• Number	25,176	27,490	-8.4%
• Average age	46.4	46.8	-0.4
• Average service	12.6	12.9	-0.3
• Total projected compensation	$2,254,165,029	$2,445,016,587	-7.8%
Inactive members:			
• Number	1,554	1,526	1.8%
• Average age	51.4	50.8	0.6
Retirees:[1]			
• Number of non-disabled	15,355	13,965	10.0%
• Number of disabled	324	335	-3.3%
• Total number of retirees	15,679	14,300	9.6%
• Average age of retirees	71.5	72.0	-0.5
• Number of spouses	6,079	5,465	11.2%
• Average age of spouses	68.1	68.7	-0.6
Surviving Spouses:[1]			
• Number in pay status	1,821	1,807	0.8%
• Average age	79.6	79.7	-0.1

[1] Excludes retirees and surviving spouses not receiving health benefits.

Tier 1

Category[1]	Year Ended June 30 2021	Year Ended June 30 2020	Change From Prior Year
Active members in valuation:			
• Number	17,768	20,101	-11.6%
• Average age	49.7	50.2	-0.5
• Average service	16.6	16.9	-0.3
• Total projected compensation	$1,717,036,125	$1,926,176,122	-10.9%
Inactive members:			
• Number	1,540	1,515	1.7%
• Average age	51.4	50.8	0.6
Retirees:[2]			
• Number of non-disabled	15,355	13,965	10.0%
• Number of disabled	324	335	-3.3%
• Total number of retirees	15,679	14,300	9.6%
• Average age of retirees	71.5	72	-0.5
• Number of spouses	6,079	5,465	11.2%
• Average age of spouses	68.1	68.7	-0.6
Surviving Spouses:[2]			
• Number in pay status	1,821	1,807	0.8%
• Average age	79.6	79.7	-0.1

[1] Includes the following number of Airport Peace Officers eligible for enhanced retirement benefits:

	June 30, 2021	June 30, 2020
Active Members	388	416
Inactive Members	18	14
Retired Members	83	52

[2] Excludes retirees and surviving spouses not receiving health benefits.

Tier 3

Category	Year Ended June 30 2021	Year Ended June 30 2020	Change From Prior Year
Active members in valuation:			
• Number	7,408	7,389	0.3%
• Average age	38.3	37.4	0.9
• Average service	2.9	2	0.9
• Total projected compensation	$537,128,904	$518,840,465	3.5%
Inactive members:			
• Number	14	11	27.3%
• Average age	47.7	45.9	1.8
Retirees:[1]			
• Number of non-disabled	N/A	N/A	N/A
• Number of disabled	N/A	N/A	N/A
• Total number of retirees	N/A	N/A	N/A
• Average age of retirees	N/A	N/A	N/A
• Number of spouses	N/A	N/A	N/A
• Average age of spouses	N/A	N/A	N/A
Surviving Spouses:			
• Number in pay status	N/A	N/A	N/A
• Average age	N/A	N/A	N/A

[1] Excludes retirees and surviving spouses not receiving health benefits.

Exhibit B: Reconciliation of Retiree Health Participant Data with Pension Participant Data

Category	Year Ended June 30: 2021	Year Ended June 30: 2020
Active		
• Pension valuation	25,176	27,490
• Health valuation	25,176	27,490
Retirees		
• Pension valuation	17,054	15,525
• Retirees with no subsidy due to service or decision not to enroll	-1,682	-1,540
• Deferred retirees eligible for future health benefits	-17	-20
• Health valuation	15,355	13,965
Disableds		
• Pension valuation	849	884
• Disabled with no subsidy due to service or decision not to enroll	-477	-498
• Deferred disableds eligible for future health benefits	-48	-51
• Health valuation	324	335
Surviving Spouses		
• Pension valuation	4,109	4,014
• Surviving spouses with no subsidy due to service or decision not to enroll	-2,212	-2,136
• Deferred surviving spouses eligible for future health benefits	-76	-71
• Health valuation	1,821	1,807
Inactive Vested		
• Pension valuation	9,647	9,207
• Inactive vesteds with less than 10 years of service	-8,093	-7,681
• Health valuation	1,554	1,526

Exhibit C: Retirees and Beneficiaries Added to and Removed from Health Benefits

Year Ended 6/30	No. of New Retirees/ Beneficiaries	Annual Allowances Added[1]	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
2016	837	$2,185,058	536	$3,102,492	14,313	$111,712,086	-0.8	$7,805
2017	913	13,706,185	574	3,316,380	14,652	122,101,891	9.3	8,333
2018	1,104	17,413,241	612	3,649,382	15,144	135,865,750	11.3	8,972
2019	1,195	12,323,187	548	3,780,696	15,791	144,408,241	6.3	9,145
2020	967	7,878,817	651	3,979,061	16,107	148,307,997	2.7	9,208
2021	2,135	25,826,129	742	5,162,633	17,500	168,971,493	13.9	9,656

[1] Also reflects changes in subsidies for continuing retirees and beneficiaries.

Exhibit D: Cash Flow Projections

The ADC generally exceeds the current pay-as-you-go ("paygo") cost of an OPEB plan. Over time the paygo cost will tend to grow and may even eventually exceed the ADC in a well-funded plan. The following table projects the paygo cost as the projected payment over the next ten years.

	Projected Number of Retirees[1]			Projected Benefit Payments		
Year Ending June 30	**Current**	**Future**	**Total**	**Current**	**Future**	**Total**
2022	23,579	1,460	25,039	$157,830,339	$10,748,321	$168,578,660
2023	23,125	2,352	25,477	154,311,049	19,363,064	173,674,113
2024	22,434	3,258	25,692	155,076,909	29,316,209	184,393,118
2025	21,737	4,153	25,890	154,697,514	40,249,702	194,947,216
2026	21,028	5,037	26,065	153,478,529	51,875,894	205,354,423
2027	20,311	5,919	26,230	151,914,133	64,042,734	215,956,867
2028	19,590	6,816	26,406	149,807,700	76,639,781	226,447,481
2029	18,865	7,704	26,569	147,538,524	89,420,324	236,958,848
2030	18,128	8,591	26,719	145,033,730	102,593,052	247,626,782
2031	17,390	9,497	26,887	143,115,146	116,253,286	259,368,432

[1] Includes spouses of retirees, but excludes those not receiving a subsidy from LACERS.

Exhibit E: Summary Statement of Income and Expenses on a Market Value Basis for Retirement, Health, Family Death, and Larger Annuity Benefits

	Year Ended June 30, 2021		Year Ended June 30, 2020	
Net assets at market value at the beginning of the year		**$17,863,324,366**		**$17,707,909,933**
Contribution income:				
• Employer contributions	$658,408,020		$665,358,602	
• Member contributions	259,284,497		263,935,650	
Net contribution income		$917,692,517		$929,294,252
Investment income:				
• Interest, dividends and other income	$379,896,013		$404,725,040	
• Asset appreciation	5,013,637,649		50,201,536	
• Less investment and administrative fees	-135,192,404		-116,063,829	
Net investment income		$5,258,341,258		$338,862,747
Total income available for benefits		**$6,176,033,775**		**$1,268,156,999**
Less benefit payments:				
• Service retirement and disability benefits[1]	-$1,216,434,352		-$1,100,410,396	
• Member refunds	-17,583,848		-12,332,170	
Net benefit payments		-$1,234,018,200		-$1,112,742,566
Change in net assets at market value		$4,942,015,575		$155,414,433
Net assets at market value at the end of the year		**$22,805,339,941**		**$17,863,324,366**

Note: Results may be slightly off due to rounding.

[1] Includes offsets related to self funded dental insurance premiums and health insurance premium reserve.

Exhibit F: Summary Statement of Plan Assets for Retirement, Health, Family Death, and Larger Annuity Benefits

	June 30, 2021		June 30, 2020	
Cash equivalents		$1,075,483,517		$665,047,501
Accounts receivable:				
• Accrued investment income	$70,733,315		$60,957,885	
• Proceeds from sales of investments	150,900,096		73,531,756	
• Other	9,101,638		18,773,983	
Total accounts receivable		$230,735,049		$153,263,624
Investments:				
• Fixed income	$5,916,988,209		$4,457,096,025	
• Equities	11,501,603,737		9,527,332,330	
• Real estate and alternative investment	4,196,138,478		2,991,513,495	
• Derivative instruments	2,941,387		2,124,127	
• Other	617,572,437		552,844,013	
Total investments at market value		$22,235,244,248		$17,530,909,990
Capital Assets		42,868,471		42,358,528
Total assets		$23,584,331,285		$18,391,579,643
Accounts payable:				
• Accounts payable and accrued expenses	-$57,682,318		-$65,278,228	
• Accrued investment expenses	-13,765,114		-12,118,451	
• Purchases of investments	-431,603,358		-125,595,619	
• Securities lending collateral	-275,940,554		-325,262,979	
Total accounts payable		-$778,991,344		-$528,255,277
Net assets at market value		**$22,805,339,941**		**$17,863,324,366**
Net assets at actuarial value		**$20,083,918,240**		**$18,697,966,253**
Net assets at valuation value (health benefits)		**$3,330,377,493**		**$2,984,423,687**

Note: Results may be slightly off due to rounding.

Exhibit G: Determination of Actuarial Value of Assets as of June 30, 2021

		Actual Return	Expected Return	Investment Gain/(Loss)	Portion Not Recognized	Unrecognized Amount
1	**Market Value of Assets**					**$22,805,339,941**
2	Calculation of unrecognized return[1]					
a)	Year ended June 30, 2021	$5,258,341,258	$1,260,485,231	$3,997,856,027	6/7	$3,426,733,737
b)	Year ended June 30, 2020	338,862,747	1,299,282,781	-960,420,034	5/7	-686,014,310
c)	Year ended June 30, 2019	945,590,839	1,242,978,109	-297,387,270	4/7	-169,935,583
d)	Year ended June 30, 2018	1,498,100,177	1,148,631,872	349,468,305	3/7	149,772,131
e)	Year ended June 30, 2017	1,834,657,728	1,063,688,256	770,969,472	See footnote 2 below	
f)	Year ended June 30, 2016	7,190,895	1,072,214,464	-1,065,023,569		
g)	Year ended June 30, 2015	348,113,908	1,055,874,448	-707,760,540		
h)	Year ended June 30, 2014	2,180,005,303	933,719,722	1,246,285,581		
i)	Combined net deferred loss as of June 30, 2013			-81,571,421	2/6	865,726
j)	Total unrecognized return[3]					$2,721,421,701
3	**Preliminary Valuation Value of Assets (1) - (2i)**					**$20,083,918,240**
4	Adjustment to be within 40% corridor					0
5	**Final Valuation Value of Assets 3 + 4**					**$20,083,918,240**
6	Actuarial Value of Assets as a percentage of Market Value of Assets 5 ÷ 1					88.1%
7	Market value of health assets					$3,781,652,063
8	**Valuation value of health assets 5 ÷ 1 x 7**					**$3,330,377,493**

[1] Total return minus expected return on a market value basis.

[2] Based on action taken by the Board on July 24, 2018, the net unrecognized gain as of June 30, 2017 (i.e., $2,597,179) has been divided into six level amounts, with two years of gains remaining to be recognized after June 30, 2021.

[3] Deferred return as of June 30, 2021 recognized in each of the next 6 years (for Retirement and Health Plans):

(a) Amount recognized on June 30, 2022	$441,792,439
(b) Amount recognized on June 30, 2023	441,792,439
(c) Amount recognized on June 30, 2024	441,359,576
(d) Amount recognized on June 30, 2025	391,435,532
(e) Amount recognized on June 30, 2026	433,919,428
(f) Amount recognized on June 30, 2027	571,122,290
(g) Total unrecognized return as of June 30, 2021 (may not total exactly due to rounding)	$2,721,421,701

Exhibit H: Member Benefit Coverage Information for OPEB

	Aggregate Actuarial Accrued Liabilities For				Portion of Accrued Liabilities Covered by Reported Assets		
	1	2	3		1	2	3
Valuation Date	Terminated Members	Retirees, Beneficiaries, & Dependents	Active Members	Valuation Value of Retiree Health Assets	Terminated Members	Retirees, Beneficiaries, & Dependents	Active Members
06/30/2016	$50,413,399	$1,275,604,225	$1,467,671,331	$2,248,753,480	100	100	63
06/30/2017	62,252,306	1,379,356,850	1,564,197,078	2,438,458,132	100	100	64
06/30/2018	67,137,848	1,497,370,105	1,692,319,894	2,628,843,511	100	100	63
06/30/2019	65,887,248	1,600,130,890	1,668,280,411	2,812,661,894	100	100	69
06/30/2020	70,327,305	1,677,722,536	1,738,480,669	2,984,423,687	100	100	71
06/30/2021	74,599,941	1,869,444,779	1,576,033,734	3,330,377,493	100	100	88

Exhibit I: Projection of UAAL Balances and Payments

Outstanding Balance of $189.7 Million in Net UAAL as of June 30, 2021

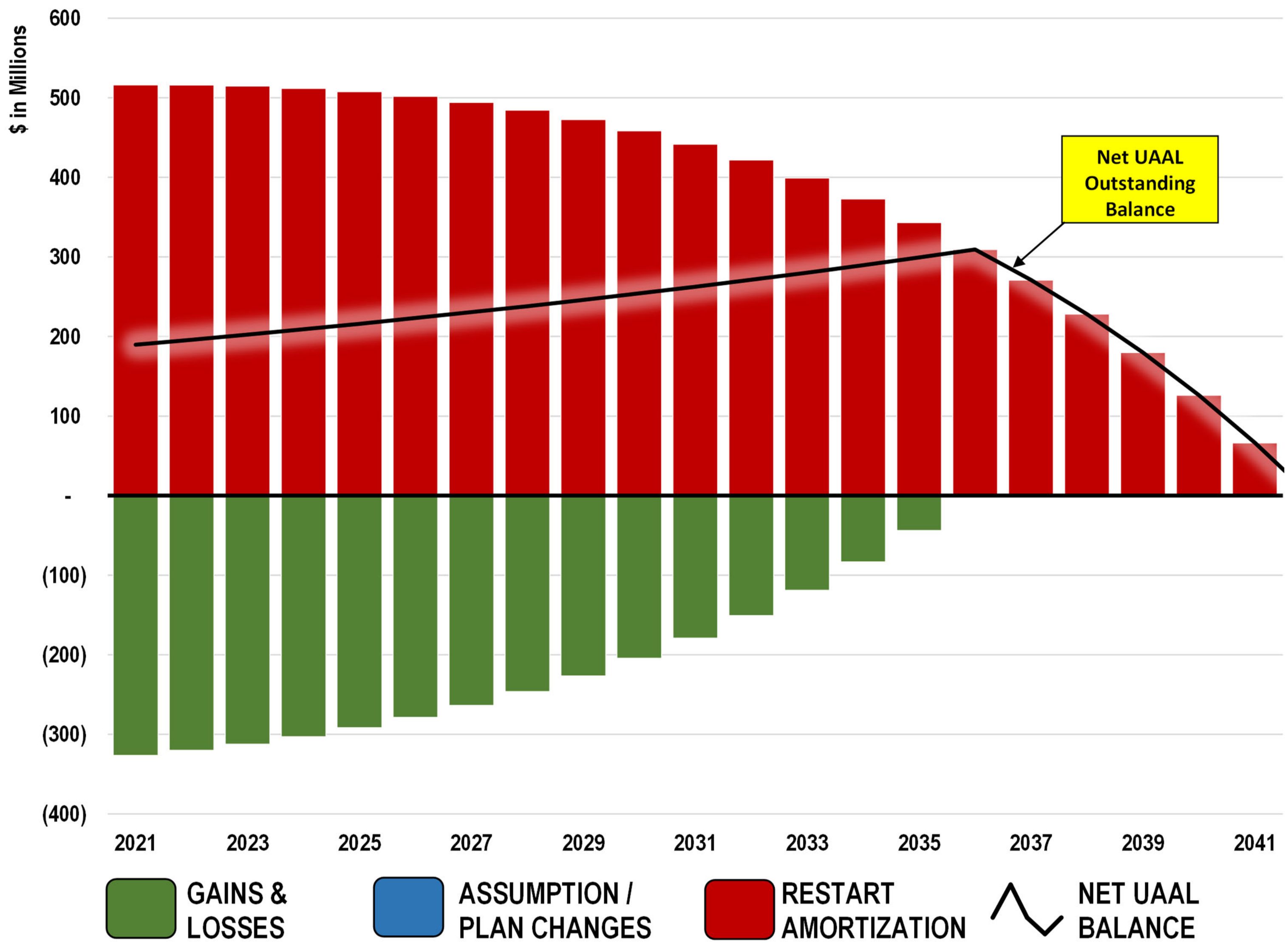
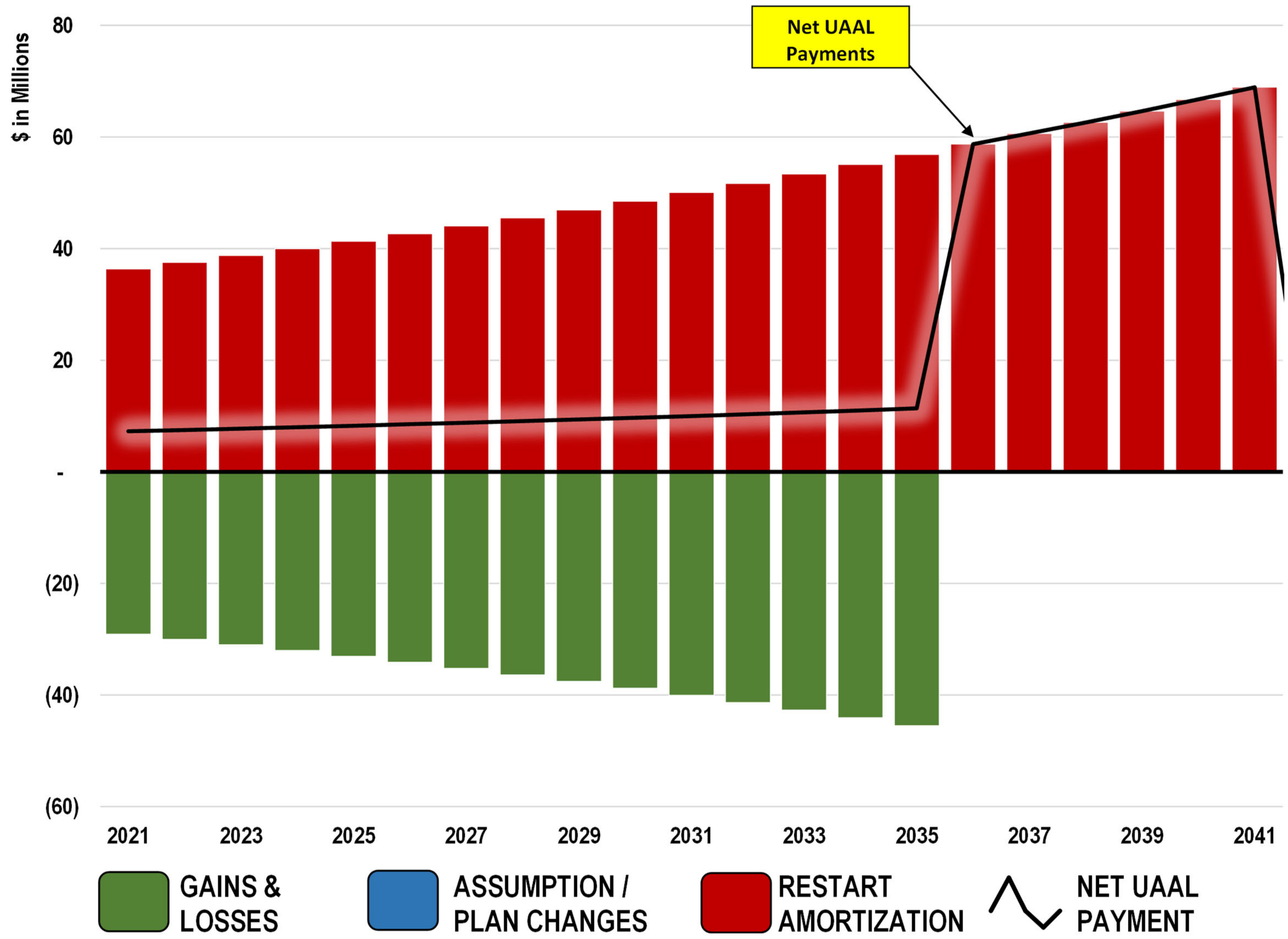


Exhibit I: Projection of UAAL Balances and Payments (continued)

Annual Payments Required to Amortize $189.7 Million in Net UAAL as of June 30, 2021



Section 4: Actuarial Valuation Basis

Exhibit I: Summary of Supplementary Information

Valuation date	June 30, 2021
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.
Amortization period	**Multiple Layers:** (see table below)
Asset valuation method	Market 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 market value, and is recognized over a seven-year period. The valuation value of assets cannot be less than 60% or greater than 140% of the market value of assets.

Multiple Layers:

2009 ERIP	15 years
Pre-June 30, 2021 layers, starting June 30, 2021	21 years
Actuarial Experience	15 years
Change in non-health related assumptions	20 years
Change in health related assumptions	15 years
Future ERIP	5 years
AVA in excess of AAL	30 years
Plan Amendment	15 years

Section 4: Actuarial Valuation Basis

Actuarial assumptions		
Investment rate of return	7.00%	
Inflation rate	2.75%	
Real across-the-board salary increase	0.50%	
Projected salary increases	Ranges from 9.95% to 4.25% based on years of service, including inflation	
Medical, dental, Medicare Part B trend rates	See table on page 46.	
Plan participants	**June 30, 2021**	**June 30, 2020**
Current retirees, beneficiaries, and dependents receiving benefits	23,579	21,572
Current active participants	25,176	27,490
Terminated participants entitled but not yet eligible	1,554	1,526
Pensioners and beneficiaries entitled but not yet eligible for health benefits	141	142
Total	**50,450**	**50,730**

Exhibit II: 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 retiree health assumptions letter dated September 21, 2021. 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.
Economic Assumptions	
Net Investment Return	7.00%, net of administrative and investment expenses.
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 Increase	Inflation: 2.75%; plus additional 0.50% “across the board” salary increases (other than inflation); plus the following merit and promotional increases:

Merit and Promotion Increases

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

Demographic Assumptions	
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.

	Rate (%)	
Age	**Male**	**Female**
20	0.04	0.01
25	0.03	0.01
30	0.04	0.02
35	0.05	0.03
40	0.07	0.04
45	0.10	0.06
50	0.15	0.09
55	0.22	0.13
60	0.32	0.19
65	0.46	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

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

Less Than Five 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

Five or More 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 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.

Section 4: Actuarial Valuation Basis

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.
Future Benefit Accruals	1.0 year of service credit per year.
Service	Employment service is used for eligibility determination purposes. Benefit service is used for benefit calculation purposes.
Unknown Data for Members	Same as those exhibited by members with similar known characteristics. If not specified, members are assumed to be male.
Actuarial Funding Policy	
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	The 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 market 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 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.

Retiree Health Assumptions	
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.
Per Capita Cost Development - Maximum Dental Subsidy	(see table below)
Per Capita Cost Development - Medicare Part B Premium Subsidy	(see table below)

Per Capita Cost Development - Maximum Dental Subsidy

Carrier	Election Percent (%)	Monthly 2021/2022 Fiscal Year Subsidy
Delta Dental PPO	80.2	$44.60
DeltaCare USA	19.8	14.74

Per Capita Cost Development - Medicare Part B Premium Subsidy

	Single Monthly Premium
Actual monthly premium for calendar year 2021	$148.50
Projected monthly premium for calendar year 2022*	155.18
Projected average monthly premium for plan year 2021/2022	151.84

* Based on calendar year 2021 premium adjusted to 2022 by assumed trend rate of 4.50%.

LACERS will not reimburse Medicare Part B premiums for Spouse/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 spouse/domestic partners enrolled in Medicare Parts A and B.

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

Per Capita Cost Development – 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

2021-2022 Fiscal Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	**Observed and Assumed Election Rate (%)***	**Monthly Premium**	**Maximum Subsidy**	**Subsidy**	**Monthly Premium**	**Maximum Subsidy**	**Subsidy**	**Monthly Premium**	**Maximum Subsidy**	**Subsidy**
Kaiser HMO	63.0	$876.82	$1,837.65	$876.82	$1,753.63	$1,837.65	$1,753.63	$876.82	$876.82	$876.82
Anthem Blue Cross PPO	20.4	1,308.89	1,837.65	1,308.89	2,612.75	1,837.65	1,837.65	1,308.89	876.82	876.82
Anthem Blue Cross HMO	16.6	1,069.32	1,837.65	1,069.32	2,133.60	1,837.65	1,837.65	1,069.32	876.82	876.82

** The observed election percentages are based on raw census data as of June 30, 2021.*

Participant Eligible for Medicare A&B

2021-2022 Fiscal Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	**Observed and Assumed Election Rate (%)***	**Monthly Premium**	**Maximum Subsidy**	**Subsidy**	**Monthly Premium**	**Maximum Subsidy**	**Subsidy**	**Monthly Premium**	**Maximum Subsidy**	**Subsidy**
Kaiser Senior Advantage HMO	57.2	$262.47	$262.47	$262.47	$524.94	$524.94	$524.94	$262.47	$262.47	$262.47
Anthem Blue Cross Medicare Supplement / Anthem Medicare Preferred (PPO)	31.3	529.80	529.80	529.80	1,054.56	1,030.12	1,030.12	529.80	529.80	529.80
UHC California Medicare Advantage Plan	11.5	281.73	281.73	281.73	558.43	558.43	558.43	281.73	281.73	281.73

* *The observed election percentages are based on raw census data as of June 30, 2021.*

Per Capita Cost Development – Medical Subsidy	Tier 1 Subject to Retiree Medical Subsidy Cap

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. We understand that no active members are subject to the cap but that some inactive members may be subject to the cap.

Retiree Plan	Single Party	Married/With Domestic Partner	Eligible Survivor
Under 65 – All Plans	$1,190.00	$1,190.00	$593.62
Over 65			
Kaiser Senior Advantage	$203.27	$406.54	$203.27
Anthem Blue Cross Medicare Supplement / Anthem Medicare Preferred (PPO)	478.43	478.43*	478.43
UHC Medicare Adv. HMO	219.09	433.93	219.09

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

Per Capita Cost Development – Medical Subsidy	Adjustments to per-capita costs (as shown on page 44-45) based on age, gender, and status, are as follows:

	Retiree		Spouse	
Age	**Male**	**Female**	**Male**	**Female**
55	0.9013	0.9306	0.7094	0.8035
60	1.0704	1.0030	0.9496	0.9319
64	1.2281	1.0641	1.1988	1.0488
65	0.9202	0.7822	0.9202	0.7822
70	1.0665	0.8429	1.0665	0.8429
75	1.1493	0.9073	1.1493	0.9073
80+	1.2376	0.9782	1.2376	0.9782

Health Care Cost Subsidy Trend Rates	Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium. First Fiscal Year is July 1, 2021 through June 30, 2022.

Plan	Rate (%)					
	Anthem Blue Cross PPO, Under Age 65	**Anthem Blue Cross Medicare Supplement / Anthem Medicare Preferred (PPO)**	**Kaiser HMO, Under Age 65**	**Kaiser Senior Advantage**	**Anthem Blue Cross HMO, Under 65**	**UHC CA Medicare Advantage**
Trend to be applied to 2021-2022 Fiscal Year premium	6.06%	-3.60%	6.52%	3.25%	3.72%	3.99%

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

Fiscal Year	Approximate Trend Rate (%)		Calendar Year	Trend Applied to Calculate Following Year Premium Rate (%)	
	Non-Medicare	**Medicare**		**Non-Medicare**	**Medicare**
2022-2023	7.37%	6.37%	2022	7.50[1]	6.50[1]
2023-2024	7.12%	6.12%	2023	7.25	6.25
2024-2025	6.87%	5.87%	2024	7.00	6.00
2025-2026	6.62%	5.62%	2025	6.75	5.75
2026-2027	6.37%	5.37%	2026	6.50	5.50
2027-2028	6.12%	5.12%	2027	6.25	5.25
2028-2029	5.87%	4.87%	2028	6.00	5.00
2029-2030	5.62%	4.62%	2029	5.75	4.75
2030-2031	5.37%	4.50%	2030	5.50	4.50
2031-2032	5.12%	4.50%	2031	5.25	4.50
2032-2033	4.87%	4.50%	2032	5.00	4.50
2033-2034	4.62%	4.50%	2033	4.75	4.50
2034-2035 and later	4.50%	4.50%	2034	4.50	4.50

[1] *For example, the 7.50% assumption when applied to the 2022 non-Medicare medical premiums would provide the projected 2023 non-Medicare medical premiums. This trend would also be applied to the maximum medical subsidy, based on the non-Medicare Kaiser premium.*

Section 4: Actuarial Valuation Basis

Health Care Cost Subsidy Trend Rates (continued)	Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium. First Fiscal Year is July 1, 2021 through June 30, 2022. Dental Premium Trend 4.00% for all years Medicare Part B Premium Trend 4.50% for all years
Spouse/Domestic Partner Coverage	For all active and inactive members, 60% of male participants and 35% of female participants 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 4 years older than their female spouses/domestic partners. Female retirees are assumed to be 2 years younger than their male spouses/domestic partners.
Participation	Retiree Medical and Dental Coverage Participation:

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

[1]For deferred vested members, we assume an election percent of 50% of these rates.

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.
Plan Design	Development of plan liabilities was based on the substantive plan of benefits in effect as described in Exhibit III.
Assumption Changes Since Prior Valuation	Per capita costs and first year trends were updated to reflect 2022 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 2021-2022 were updated.

Exhibit III: Summary of Plan

This exhibit summarizes the major benefit provisions 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 the System before July 1, 2013, and certain employees who became members of the System on or after July 1, 2013. In addition, pursuant to Ordinance No. 184134, all Tier 2 employees who became members of the System between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016.
Tier 3 (§4.1080.2(a))	All employees who became members of the System 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. Please note that the health subsidy is not payable to a 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))	The System will pay 4% of the maximum health subsidy (limited to actual premium) for each year of Service Credit, up to 100% of the maximum health subsidy. As of July 1, 2021, the maximum health subsidy is $1,790.80 per month and will be $1,884.50 per month as of January 1, 2022. 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	Vested Percentage
1-14	75%
15-19	90%
20+	100%

Subsidy Cap for 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 4.00% or 4.50% of employee contributions to the Pension Plan. 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))	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, 2021, the maximum dental subsidy is $44.60 per month; remaining unchanged in calendar year 2022. 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 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.
Surviving Spouse Medical Subsidy:	
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 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 ($853.39 as of July 1, 2021 and will be $900.24 per month as of January 1, 2022).
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	Vested Percentage
1-14	75%
15-19	90%
20+	100%

Changes in Plan Provisions:	None.

NOTE: The summary of major Plan provisions is designed to outline principal plan benefits as interpreted for purposes of the actuarial valuation. If the System should find the plan summary not in accordance with the actual provisions, the System should alert the actuary so that both parties can be sure the proper provisions are valued.

Exhibit IV: Definitions of Terms

The following list defines certain technical terms for the convenience of the reader:

Assumptions or Actuarial Assumptions	The estimates on which the cost of the Plan is calculated including: **Investment return** — the rate of investment yield that the Plan will earn over the long-term future; **Mortality rates** — the death rates of employees and pensioners; life expectancy is based on these rates; **Retirement rates** — the rate or probability of retirement at a given age; **Turnover rates** — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Actuarial Present Value of Total Projected Benefits (APB)	Present value of all future benefit payments for current retirees and active employees taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.
Normal Cost	The amount of contributions required to fund the benefit allocated to the current year of service.
Actuarial Accrued Liability for Actives	The equivalent of the accumulated normal costs allocated to the years before the valuation date.
Actuarial Accrued Liability for Retirees	The single sum value of lifetime benefits to existing retirees. This sum takes account of life expectancies appropriate to the ages of the retirees and of the interest which the sum is expected to earn before it is entirely paid out in benefits.
Valuation Value of Assets (VVA)	The value of assets used by the actuary in the valution. These may be at market value or some other method used to smooth variations in market value from one valuation to the next.
Funded Ratio	The ratio VVA/AAL.
Unfunded Actuarial Accrued Liability (UAAL):	The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.
Amortization of the Unfunded Actuarial Accrued Liability	Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.
Investment Return (discount rate)	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next. If the plan is funded on a pay-as-you-go basis, the discount rate is tied to the expected rate of return on day-to-day employer funds.

Covered Payroll	Annual reported salaries for all active participants on the valuation date.
ADC as a Percentage of Covered Payroll	The ratio of the actuarially determined contribution to covered payroll.
Health Care Cost Trend Rates	The annual rate of increase in net claims costs per individual benefiting from the Plan.
Actuarially Determined Contribution (ADC)	The ADC is equal to the sum of the normal cost and the amortization of the unfunded actuarial accrued liability.
Employer Contributions	An employer has contributed to an OPEB plan if the employer has (a) provided benefits directly to retired plan members or their beneficiaries, (b) paid insurance premiums to insure the payment of benefits, or (c) irrevocably transferred assets to a qualifying trust, or equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator

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BOARD Meeting: 11/09/21
Item VII - B
Attachment 4

Los Angeles City Employees' Retirement System

Governmental Accounting Standards Board Statement 67 (GAS 67) Actuarial Valuation

As of June 30, 2021

Segal

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November 1, 2021

Board of Administration
Los Angeles City Employees' Retirement System
202 W. 1st Street, Suite 500
Los Angeles, CA 90012-4401

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards (GAS) 67 Actuarial Valuation as of June 30, 2021. It contains various information that will need to be disclosed in order to comply with GAS 67.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist LACERS in preparing items related to the retirement plan in their financial report. The census and financial information on which our calculations were based was prepared by LACERS. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for the System.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary

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

Table of Contents

Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statement 67 (GAS 67) as June 30, 2021. This valuation is based on:

- The benefit provisions of the Pension Plan, as administered by the Board of Administration;
- The characteristics of covered active members, inactive vested members, and retired members and beneficiaries as of June 30, 2021, provided by LACERS;
- The assets of the Plan as of June 30, 2021, provided by LACERS;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. that the Board has adopted for the June 30, 2021 valuation.

General observations on GAS 67 actuarial valuation

1. The Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes. Employers and plans should develop and adopt funding policies under current practices.
2. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age) and the same type of discount rate (expected return on assets) as LACERS uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is determined on the same basis as LACERS' Actuarial Accrued Liability (AAL) measure for funding. We note that the same is true for the Normal Cost component of the annual plan cost for funding and financial reporting.
3. The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan Fiduciary Net Position. The Plan Fiduciary Net Position is equal to the market value of assets and therefore, the NPL measure is the same as the Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis. The NPL reflects all investment gains and losses as of the measurement date. This is different from the UAAL calculated on an actuarial value of assets basis in the funding valuation that reflects investment gains and losses over a seven-year period.

Highlights of the valuation

1. The NPLs measured as of June 30, 2021 and 2020 have been determined from the actuarial valuations as of June 30, 2021 and June 30, 2020, respectively.
2. The NPL decreased from $7.59 billion as of June 30, 2020 to $4.36 billion as of June 30, 2021 mainly due to the return on the market value of retirement plan assets of 28.48%[1] during 2020/2021 that was more than the assumption of 7.00% used in the June 30, 2020 valuation (that gain was about $3.23 billion). Changes in these values during the last two fiscal years ending June 30, 2020 and June 30, 2021 can be found in *Section 2, Schedule of Changes in Net Pension Liability* on page 17.
3. The discount rate used to determine the TPLs and NPLs as of June 30, 2021 and 2020 was 7.00%, following the same assumption used by the System in the pension funding valuations as of the same dates. The detailed calculations used in the derivation of the discount rate of 7.00% used in the calculation of the TPL and NPL as of June 30, 2021 can be found in *Section 3, Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.
4. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2021. Due to the COVID-19 pandemic, market conditions have changed significantly since the onset of the Public Health Emergency. The Plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the Plan Year. Moreover, this actuarial valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after June 30, 2021. While it is impossible to determine how the pandemic will affect market conditions and other demographic experience of the plan in future valuations, Segal is available to prepare projections of potential outcomes upon request.

[1] Net of investment expenses only.

Summary of key valuation results[1]

Measurement Date		June 30, 2021	June 30, 2020
Disclosure elements:	• Service cost[2]	$451,426,209	$374,967,243
	• Total Pension Liability	23,281,892,854	22,527,195,295
	• Plan Fiduciary Net Position	18,918,136,000	14,932,404,300
	• Net Pension Liability	4,363,756,854	7,594,790,995
Schedule of contributions:	• Actuarially determined contributions	$554,855,906	$553,118,173
	• Actual contributions	554,855,906	553,118,173
	• Contribution deficiency / (excess)	0	0
Demographic data:	• Number of retired members and beneficiaries	22,012	20,423
	• Number of inactive vested members[3]	9,647	9,207
	• Number of active members	25,176	27,490
Key assumptions:	• Investment rate of return	7.00%	7.00%
	• Inflation rate	2.75%	2.75%
	• Projected salary increases[4]	Ranges from 9.95% to 4.25%, based on years of service	Ranges from 9.95% to 4.25%, based on years of service

1 The assets and liabilities throughout this report are for the Retirement Plan only, and exclude amounts for the Health, Family Death Benefit and Larger Annuity Plans.

2 The service cost is based on the previous year's valuation, meaning the June 30, 2021 and 2020 measurement date values are based on the valuations as of June 30, 2020 and June 30, 2019, respectively. The June 30, 2021 measurement date service cost has been calculated using the actuarial assumptions shown in the June 30, 2020 column and the June 30, 2020 measurement date service cost has been calculated using the following assumptions:

Key assumptions as of June 30, 2019:	
Investment rate of return	7.25%
Inflation rate	3.00%
Projected salary increases*	Range from 10.00% to 3.90%, based on years of service

*Includes inflation of 3.00% plus real across the board salary increases of 0.50% plus merit and promotion increases.

3 Includes terminated members due a refund of employee contributions.

4 Includes inflation at 2.75% plus real across the board salary increase of 0.50%, plus merit and promotion increases.

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by the System. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	This valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining contribution requirements.
Actuarial assumptions	In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, termination, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.
Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The actuarial valuation is prepared at the request of the Board to assist the sponsors of the Fund in preparing items related to the pension plan in their financial reports. Segal is not responsible for the use or misuse of its report, particularly by any other party.
An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
If the System is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas

As Segal has no discretionary authority with respect to the management or assets of LACERS, it is not a fiduciary in its capacity as actuaries and consultants with respect to LACERS.

Section 2: GAS 67 Information

General information about the pension plan

Plan Description

Plan administration. The Los Angeles City Employees' Retirement System (LACERS) was established by City Charter in 1937. LACERS is a single employer public employee retirement system whose main function is to provide retirement benefits to the civilian employees of the City of Los Angeles.

Under the provisions of the City Charter, the Board of Administration (the "Board") has the responsibility and authority to administer the Plan and to invest its assets. The Board members serve as trustees and must act in the exclusive interest of the Plan's members and beneficiaries. 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 Council; two members shall be active employee members of the system elected by the active employee members; one shall be a retired member of the system elected by the retired members of the system.

Plan membership. At June 30, 2021, pension plan membership consisted of the following:

Retired members or beneficiaries currently receiving benefits	22,012
Inactive vested members entitled to but not yet receiving benefits[1]	9,647
Active members	25,176
Total	56,835

1 Includes terminated members due a refund of employee contributions.

Benefits provided. LACERS provides service retirement, disability, death and survivor benefits to eligible retirees and beneficiaries. Employees of the City become members of LACERS on the first day of employment in a position with the City in which the employee is not excluded from membership. Members employed prior to July 1, 2013 are designated as Tier 1. All Tier 2 employees who became members between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016. 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, are designated as Tier 1 Enhanced. Those employed on or after February 21, 2016 are designated as Tier 3 (unless a specific exception applies to the employee, providing a right to Tier 1 status).

Tier 1 and Tier 1 Enhanced members are eligible to retire for service with a normal retirement benefit once they attain the age of 70, or the age of 60 with 10 or more years of continuous City service, or the age of 55 with 30 or more years of City service. Tier 3 members are eligible to retire for service with a normal retirement benefit at 1.50% of final average monthly compensation per year of service credit once they attain the age of 60 with 10 years of service (but with less than 30 years of service), including 5 years of continuous City service, or at 2.00% of final average monthly compensation per year of service credit once they attain the age of 60 with 30 years of service, including 5 years of continuous City service.

Tier 1 and 3 members are eligible to retire for disability once they have 5 or more years of continuous service. Tier 1 Enhanced members are eligible to retire for service-connected disability without a service requirement, and once they have 5 or more years of continuous service for a nonservice-connected disability.

Under the Tier 1 formula, the monthly service retirement allowance at normal retirement age is 2.16% of final average monthly compensation per year of service credit. Under the Tier 1 Enhanced formula, the monthly service retirement allowance at normal retirement age is 2.30% of final average monthly compensation per year of service credit. Reduced retirement allowances are available for early retirement for Tier 1 and Tier 1 Enhanced members reaching age 55 with 10 or more years of continuous City service, or with 30 or more years of City service at any age. The Tier 1 and Tier 1 Enhanced early retirement reduction factors, for retirement below age 60, are as follows:

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

Under the Tier 3 formula, the monthly service retirement allowance at normal retirement age is 2.00% of final average monthly compensation per year of service credit. Reduced retirement allowances are available for early retirement for Tier 3 members prior to reaching age 60 with 30 years of service, including 5 years of continuous City service. The Tier 3 early retirement reduction factors, for retirement below age 60, are as follows:

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

Tier 3 members are eligible to retire with an enhanced retirement benefit at 2.00% of final average monthly compensation per year of service credit once they attain the age of 63 with 10 years of service (but with less than 30 years of service), including 5 years of continuous City service, or at 2.10% of final average monthly compensation per year of service credit once they attain the age of 63 with 30 years of service, including 5 years of continuous City service.

Under Tier 1 and Tier 1 Enhanced, pension benefits are calculated based on the highest average salary earned during a 12-month period (including base salary plus regularly assigned pensionable bonuses or premium pay). Under Tier 3, pension benefits are calculated based on the highest average salary earned during a 36-month period (limited to base salary and any items of compensation that are designated as pension based). The IRC Section 401(a)(17) compensation limit applies to all employees who began membership in LACERS after June 30, 1996.

For Tier 1 and Tier 1 Enhanced members, the maximum monthly retirement allowance is 100% of the final average monthly compensation. For Tier 3 members, the maximum monthly retirement allowance is 80% of the final average monthly compensation, except when the benefit is based solely on the annuity component funded by the member’s contributions.

In lieu of the service retirement allowance under the Tier 1, Tier 1 Enhanced, and Tier 3 formulas (“unmodified option”), the member may choose an optional retirement allowance. The unmodified option provides the highest monthly benefit and a 50% continuance to an eligible surviving spouse or domestic partner for Tier 1, Tier 1 Enhanced, and Tier 3 members. The optional retirement allowances require a reduction in the unmodified option amount in order to allow the member the ability to provide various benefits to a surviving spouse, domestic partner, or named beneficiary.

LACERS provides annual cost-of-living adjustments (COLAs) to all retirees. The cost-of-living adjustments are made each July 1 based on the percentage change in the average of the Consumer Price Index for the Los Angeles-Long Beach-Anaheim Area --All Items For All Urban Consumers. It is capped at 3.0% for Tier 1 and Tier 1 Enhanced, and at 2.0% for Tier 3.

The City of Los Angeles contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Administration. Employer contribution rates are adopted annually based upon recommendations received from LACERS' actuary after the completion of the annual actuarial valuation. The combined employer contribution rate as of June 30, 2021 was 24.37% of compensation.[2]

All members are required to make contributions to LACERS regardless of the tier in which they are included. Currently, all Tier 1 members contribute at 11.0% or 11.5% of compensation, and all Tier 1 Enhanced and Tier 3 members contribute at 11.0% of compensation.

[2] Based on the June 30, 2019 funding valuation which established funding requirements for fiscal year 2020/2021. The schedule of contributions in Section 2 of this report provides details on how this rate was calculated

Net Pension Liability

Measurement Date	June 30, 2021	June 30, 2020
Components of the Net Pension Liability		
Total Pension Liability	$23,281,892,854	$22,527,195,295
Plan Fiduciary Net Position	(18,918,136,000)	(14,932,404,300)
Net Pension Liability	$4,363,756,854	$7,594,790,995
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	81.26%	66.29%

The NPL was measured as of June 30, 2021 and 2020. The Plan Fiduciary Net Position was valued as of the measurement date, while the TPL was determined based upon the results of the actuarial valuations as of June 30, 2021 and 2020, respectively.

Plan provisions. The plan provisions used in the measurement of the NPL as of June 30, 2021 and 2020 are the same as those used in the LACERS funding valuations as of June 30, 2021 and 2020, respectively.

Actuarial assumptions. The TPLs as of June 30, 2021 and June 30, 2020 were determined by actuarial valuations as of June 30, 2021 and June 30, 2020, respectively. The actuarial assumptions used in both the June 30, 2021 and June 30, 2020 valuations were based on the results of an experience study for the period from July 1, 2016 through June 30, 2019. They are the same as the assumptions used in the June 30, 2021 funding actuarial valuation for LACERS. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation:	2.75%
Salary increases:	Ranges from 9.95% to 4.25% based on years of service, including inflation
Investment rate of return:	7.00%, net of pension plan investment expense and including inflation
Other assumptions:	Same as those used in the June 30, 2021 actuarial valuation

Determination of discount rate and investment rates of return

The long-term expected rate of return on pension 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, 2021. This information is subject to change every three years based on the actuarial experience study.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	15.01%	5.54%
Small/Mid Cap U.S. Equity	3.99%	6.25%
Developed International Large Cap Equity	17.01%	6.61%
Developed International Small Cap Equity	2.97%	6.90%
Emerging International Large Cap Equity	5.67%	8.74%
Emerging International 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%
TIPS	4.00%	0.86%
Emerging Market Debt (External)	2.25%	3.55%
Emerging Market Debt (Local)	2.25%	4.75%
Core Real Estate	4.20%	4.60%
Non-Core Real Estate	2.80%	5.76%
Cash	1.00%	0.03%
Commodities	1.00%	3.33%
Private Equity	14.00%	8.97%
Private Credit/Debt	3.75%	6.00%
REITS	1.00%	5.98%
Total	**100.00%**	**5.50%**

Discount rate. The discount rate used to measure the TPL was 7.00% as of June 30, 2021 and June 30, 2020. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate 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 Pension Plan 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 TPL as of both June 30, 2021 and June 30, 2020.

Discount rate sensitivity

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, 2021, 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 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability as of June 30, 2021	$7,470,720,578	$4,363,756,854	$1,793,938,078

Schedule of changes in Net Pension Liability – Last two fiscal years

Measurement Date	June 30, 2021	June 30, 2020
Total Pension Liability		
• Service cost[1]	$451,426,209	$374,967,243
• Interest	1,570,784,315	1,499,208,335
• Change of benefit terms	0	0
• Differences between expected and actual experience	(189,821,814)	308,183,796
• Changes of assumptions	0	530,720,225
• Benefit payments, including refunds of member contributions	(1,077,691,151)	(979,305,447)
Net change in Total Pension Liability	**$754,697,559**	**$1,733,774,152**
Total Pension Liability – beginning	**22,527,195,295**	**20,793,421,143**
Total Pension Liability – ending	**$23,281,892,854**	**$22,527,195,295**
Plan Fiduciary Net Position		
• Contributions – employer	$554,855,906	$553,118,173
• Contributions – member	252,122,737	259,816,657
• Net investment income[2]	4,283,202,296	306,712,445
• Benefit payments, including refunds of member contributions	(1,077,691,151)	(979,305,447)
• Administrative expense	(26,758,088)	(23,530,369)
• Other	0	0
Net change in Plan Fiduciary Net Position	**$3,985,731,700**	**$116,811,459**
Plan Fiduciary Net Position – beginning	**14,932,404,300**	**14,815,592,841**
Plan Fiduciary Net Position – ending	**$18,918,136,000**	**$14,932,404,300**
Net Pension Liability – ending	**$4,363,756,854**	**$7,594,790,995**
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	**81.26%**	**66.29%**
Covered payroll[3]	**$2,276,768,292**	**$2,271,038,575**
Net Pension Liability as percentage of covered payroll	**191.66%**	**334.42%**

1 The service cost is based on the previous year's valuation, meaning the June 30, 2021 and 2020 measurement date values are based on the valuations as of June 30, 2020 and June 30, 2019, respectively. The June 30, 2021 measurement date service cost has been calculated using the actuarial assumptions shown in the June 30, 2020 column on page 6 and the June 30, 2020 measurement date service cost has been calculated using the following assumptions:

Key assumptions as of June 30, 2019:

Investment rate of return	7.25%
Inflation rate	3.00%
Projected salary increases*	Range from 10.00% to 3.90%, based on years of service

*Includes inflation of 3.00% plus real across the board salary increases of 0.50% plus merit and promotion increases.

2 Includes building lease and other income.

3 Covered payroll is defined as the payroll on which contributions to a pension plan are based.

Schedule of contributions – Last ten fiscal years

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll[1]	Contributions as a Percentage of Covered Payroll
2012	$308,539,905	$308,539,905	$0	$1,715,197,133	17.99%
2013	346,180,852	346,180,852	0	1,736,112,598	19.94%
2014	357,649,232	357,649,232	0	1,802,931,195	19.84%
2015	381,140,923	381,140,923	0	1,835,637,409	20.76%
2016	440,546,011	440,546,011	0	1,876,946,179	23.47%
2017	453,356,059	453,356,059	0	1,973,048,633	22.98%
2018	450,195,254	450,195,254	0	2,057,565,478	21.88%
2019	478,716,953	478,716,953	0	2,108,171,088	22.71%
2020	553,118,173	553,118,173	0	2,271,038,575	24.36%
2021	554,855,906	554,855,906	0	2,276,768,292	24.37%

[1] Covered payroll is defined as the payroll on which contributions to a pension plan are based.

See accompanying notes to this schedule on the next page.

Section 2: GAS 67 Information

Notes to Schedule:

Methods and assumptions used to establish "actuarially determined contribution" rates:

Valuation date:	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
Actuarial cost method:	Entry Age Cost Method (individual basis)
Amortization method:	Level percent of payroll
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 ERIP, are amortized over 15 years. Future ERIPs will be amortized over 5 years. Actuarial surplus is amortized over 30 years. The existing layers on June 30, 2012, except those arising from the 2009 ERIP and the two (at that time) GASB 25/27 layers, were combined and amortized over 30 years.
Asset valuation method:	Market 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 market 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 market value of assets.

Actuarial assumptions:

Valuation Date:	**June 30, 2021**
Investment rate of return:	7.00%
Inflation rate:	2.75%
Real across-the-board salary increase:	0.50%
Projected salary increases:[1]	Ranges from 9.95% to 4.25%, based on years of service
Cost of living adjustments:	2.75% for Tier 1; 2.00% for Tier 3. (Actual increases are contingent upon CPI increases with a 2.75% maximum for Tier 1 and a 2.00% maximum for Tier 3. For Tier 1 members with a sufficient COLA bank, withdrawals from the bank can be made to increase the retiree COLA up to 3% per year.)
Mortality:	Healthy: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2019.
Other assumptions:	Same as those used in the June 30, 2021 funding actuarial valuation

1 Includes inflation at 2.75% plus across the board salary increases of 0.50% plus merit and promotion increases.

Section 3: Appendices

Appendix A: Projection of Plan Fiduciary Net Position for use in the Calculation of Discount Rate as of June 30, 2021 ($ in millions)

Year Beginning July 1,	Projected Beginning Plan's Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan's Fiduciary Net Position (f) = (a) + (b) - (c) - (d) + (e)
2020	$14,932	$807	$1,078	$27	$4,283	$18,918
2021	18,918	892	1,268	34	1,305	19,813
2022	19,813	856	1,272	36	1,366	20,728
2023	20,728	822	1,326	37	1,427	21,613
2024	21,613	743	1,380	39	1,484	22,421
2025	22,421	714	1,434	40	1,537	23,198
2026	23,198	682	1,493	42	1,588	23,933
2027	23,933	640	1,555	43	1,636	24,611
2028	24,611	625	1,617	44	1,680	25,255
2047	30,203	172 *	2,579	54	2,018	29,760
2048	29,760	163 *	2,600	53	1,986	29,256
2049	29,256	153 *	2,621	52	1,949	28,685
2050	28,685	143 *	2,639	51	1,908	28,045
2051	28,045	133 *	2,648	50	1,863	27,343
2084	2,671	23 *	550	5	166	2,306
2085	2,306	21 *	491	4	143	1,975
2086	1,975	19 *	435	4	122	1,677
2087	1,677	17 *	383	3	103	1,412
2088	1,412	16 *	334	3	86	1,177
2104	18	1 *	7	0	1	12
2105	12	1 *	5	0	1	9
2106	9	1 *	4	0	1	6
2107	6	1 *	3	0	0	5
2108	5	0 *,**	2	0	0	4
2109	4	0 *,**	1	0	0	3
2110	3	0 *,**	1	0	0	2
2111	2	0 *,**	1	0	0	1
2112	1	0 *,**	1	0	0	1
2113	1	0 *,**	1	0	0	1
2114	1	0 *,**	0 **	0	0	0
2115	0	0 *,**	0 **	0	0	0
2116	0	0 *,**	0 **	0	0	0
2117	0	0 *,**	0 **	0	0	0
2118	0	0 *,**	0 **	0	0	0
2119	0	0 *,**	0 **	0	0	0

* Mainly attributable to employer contributions to fund each year's annual administrative expenses.

** 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.

Notes:

(1) Amounts may not total exactly due to rounding.

(2) Amounts shown for the year beginning July 1, 2020 row are actual amounts, based on the unaudited financial statements provided by LACERS.

(3) Years 2029-2046, 2052-2083, and 2089-2103 have been omitted from this table.

(4) Column (a): None of the projected beginning Plan's 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, 2021); 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, 2021. The projected benefit payments reflect the cost of living increase assumptions used in the June 30, 2021 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 0.18% of the projected beginning Plan's Fiduciary Net Position amount. The 0.18% portion was based on the actual fiscal year 2020 - 2021 administrative expenses as a percentage of the beginning Plan's Fiduciary Net Position amount as of July 1, 2020. 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's 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, 2021 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.

Appendix B: Definition of Terms

Definitions of certain terms as they are used in Statement 67. The terms may have different meanings in other contexts.

Actuarial Present Value of Projected Benefit Payments:	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial Valuation:	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial Valuation Date:	The date as of which an actuarial valuation is performed.
Actuarially Determined Contribution:	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Ad Hoc Cost-of-Living Adjustments (Ad Hoc COLAs):	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad Hoc Postemployment Benefit Changes:	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Automatic Cost-of-Living Adjustments (Automatic COLAs):	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Automatic Postemployment Benefit Changes:	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Cost-of-Living Adjustments:	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Cost-Sharing Pension Plan):	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered Payroll:	Payroll on which contributions to the pension plan are based.
Defined Benefit Pension Plans:	Pension plans that are used to provide defined benefit pensions.

Defined Benefit Pensions:	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of Statement 67.)
Defined Contribution Pension Plans:	Pension plans that are used to provide defined contribution pensions.
Defined Contribution Pensions:	Pensions having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee's account.
Discount Rate:	The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following: 1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension Plan Fiduciary Net Position is projected (under the requirements of Statement 67) to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.
Entry Age Actuarial Cost Method:	A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.
Inactive Employees:	Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.
Multiple-Employer Defined Benefit Pension Plan:	A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.
Net Pension Liability (NPL):	The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.

Other Postemployment Benefits:	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension Plans:	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions:	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan Members:	Individuals that are covered under the terms of a pension plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment:	The period after employment.
Postemployment Benefit Changes:	Adjustments to the pension of an inactive employee.
Postemployment Healthcare Benefits:	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected Benefit Payments:	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public Employee Retirement System:	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real Rate of Return:	The rate of return on an investment after adjustment to eliminate inflation.
Service Costs:	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single-Employer Defined Benefit Pension Plan (Single-Employer Pension Plan):	A defined benefit pension plan that is used to provide pensions to employees of only one employer.
Termination Benefits:	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total Pension Liability (TPL):	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement 67.

BOARD Meeting: 11/09/21
Item VII - B
Attachment 5

Los Angeles City Employees' Retirement System

Governmental Accounting Standards (GAS) 74 Actuarial Valuation of Other Postemployment Benefits (OPEB)

As of June 30, 2021

Segal

Segal

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November 1, 2021

Board of Administration
Los Angeles City Employees' Retirement System
202 W. 1st Street, Suite 500
Los Angeles, CA 90012-4401

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards (GAS) 74 Actuarial Valuation as of June 30, 2021. It contains various information that will need to be disclosed in order to comply with GAS 74.

This report was prepared in accordance with generally accepted actuarial principles and practices at the request of the Board to assist LACERS in preparing items related to the other postemployment benefits (OPEB) plan in their financial report. The census and financial information on which our calculations were based was prepared by LACERS. That assistance is gratefully acknowledged.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Andy Yeung ASA, MAAA, FCA. The health care trend and other related medical assumptions have been reviewed by Mary Kirby, FSA, MAAA, FCA. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. Further, in our opinion, the assumptions as approved by the Board are reasonably related to the experience of and expectations for the System.

We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President and Actuary

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

Table of Contents

Segal

Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required for "Other Postemployment Benefits (OPEB)" plans by Statement No. 74 of the Governmental Accounting Standards Board as of June 30, 2021. This valuation is based on:

- The benefit provisions of the OPEB Plan, as administered by the Board of Administration;
- The characteristics of covered active members, inactive vested members, and retired members and surviving spouses as of June 30, 2021, provided by LACERS;
- The assets of the Plan as of June 30, 2021, provided by LACERS;
- Economic assumptions regarding future salary increases and investment earnings; and
- Other (health and non-health) actuarial assumptions, regarding employee terminations, retirement, death, health care trend and enrollment, etc. that the Board has adopted for the June 30, 2021 valuation.

General Observations on GAS 74 Actuarial Valuation

1. The Governmental Accounting Standards Board (GASB) rules only define OPEB liability and expense for financial reporting purposes, and do not apply to contribution amounts for OPEB funding purposes. Employers and plans should develop and adopt funding policies under current practices.
2. When measuring OPEB liability, GASB uses the same actuarial cost method (Entry Age) and, for benefits that are being fully funded on an actuarial basis, the same expected return on Plan assets as used for funding. This means that the Total OPEB Liability (TOL) measure for financial reporting shown in this report is determined on the same basis as the Actuarial Accrued Liability (AAL) measure for funding. We note that the same is true for the Normal Cost component of the annual plan cost for funding and financial reporting.
3. The Net OPEB Liability (NOL) is equal to the difference between the TOL and the Plan's Fiduciary Net Position. The Plan's Fiduciary Net Position is equal to the market value of assets and therefore, the NOL measure is the same as the Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis. The NOL reflects all investment gains and losses as of the measurement date. This is different from the UAAL calculated on an actuarial value of assets basis in the funding valuation that reflects investment gains and losses over a seven-year period.

Highlights of the valuation

1. The NOLs measured as of June 30, 2021 and 2020 have been determined from the actuarial valuations as of June 30, 2021 and June 30, 2020, respectively.
2. The NOL has decreased from $635.3 million as of June 30, 2020 to $(261.6) million (a surplus of assets over liability) as of June 30, 2021 mainly due to (a) an investment gain from actual returns of about 34% compared to an expected return of 7.00% and (b) 2021/2022 premium and subsidy levels lower than expected from favorable premium renewal experience, offset to some degree by (c) updated trend assumption for projecting medical premiums after 2020/2021.
3. The discount rates used in the valuations for financial disclosure purposes as of June 30, 2021 and 2020 are the assumed investment returns on Plan assets (i.e. 7.00% for the funding valuations as of the same dates). As contributions that are required to be made by the City to amortize the Unfunded Actuarial Accrued Liability in the funding valuation are determined on an actuarial basis, the future Actuarially Determined Contributions and current Plan assets, when projected in accordance with the method prescribed by GAS 74, are expected to be sufficient to make all benefit payments to current members.
4. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2021. Since the onset of the Public Health Emergency, market conditions have varied significantly. The Plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the Plan Year. Also, this valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after June 30, 2021. While it is impossible to determine how the pandemic will continue to affect market conditions and other demographic experience of the Plan prior to next year's valuation, Segal is available to prepare projections of potential outcomes upon request.

Summary of key valuation results

Measurement Date		June 30, 2021	June 30, 2020
Disclosure elements for plan year ending June 30:	• Service cost[1]	$84,817,265	$76,422,769
	• Total OPEB Liability	3,520,078,454	3,486,530,510
	• Plan Fiduciary Net Position	3,781,652,063	2,851,204,652
	• Net OPEB Liability	(261,573,609)	635,325,858
Schedule of contributions for plan year ending June 30:	• Actuarially determined contributions	$103,454,114	$112,136,429
	• Actual contributions	103,454,114	112,136,429
	• Contribution deficiency / (excess)	0	0
Demographic data for plan year ending June 30:	• Number of retired members and surviving spouses[2]	17,500	16,107
	• Number of vested terminated members	1,554	1,526
	• Retired members and surviving spouses entitled but not yet eligible for health benefits.	141	142
	• Number of active members	25,176	27,490
Key assumptions as of June 30:	• Discount rate	7.00%	7.00%
	• Health care premium trend rates		
	Non-Medicare medical plans	Actual premium increase in first year, then graded from 7.37% to ultimate 4.50% over 12 years	Actual premium increase in first year, then graded from 6.62% to ultimate 4.50% over 9 years
	Medicare medical plans	Actual premium increase in first year, then graded from 6.37% to ultimate 4.50% over 8 years	Actual premium increase in first year, then graded from 6.12% to ultimate 4.50% over 7 years
	Dental	4.00%	4.00%
	Medicare Part B	4.50%	4.50%

[1] The service cost is always based on the previous year's valuation, meaning the June 30, 2021 and 2020 values are based on the valuations as of June 30, 2020 and June 30, 2019, respectively. The key assumptions used in the June 30, 2019 valuation are as follows:

Discount rate	7.25%
Health care premium trend rates	
Non-Medicare medical plan*	Actual premium increase in first year, then graded from 6.62% to ultimate 4.50% over 9 years
Medicare medical plan*	Actual premium increase in first year, then graded from 6.12% to ultimate 4.50% over 7 years
Dental	4.00%
Medicare Part B	4.50%

[2] The total number of participants, including married dependents, receiving benefits is 23,579 as of June 30, 2021 and 21,572 as of June 30, 2020.

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of an OPEB plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan description in this report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan provisions.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by LACERS. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	This valuation is based on the market value of assets as of the measurement date, as provided by LACERS.
Actuarial assumptions	In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. This projection requires actuarial assumptions as to the probability of death, disability, termination, and retirement of each participant for each year. In addition, the benefits projected to be paid for each of those events in each future year reflect actuarial assumptions as to health care trends and member enrollment in retiree health benefits. The projected benefits are then discounted to a present value, based on the assumed rate of return that is expected to be achieved on the plan's assets. There is a reasonable range for each assumption used in the projection and the results may vary materially based on which assumptions are selected. It is important for any user of an actuarial valuation to understand this concept. Actuarial assumptions are periodically reviewed to ensure that future valuations reflect emerging plan experience. While future changes in actuarial assumptions may have a significant impact on the reported results, that does not mean that the previous assumptions were unreasonable.

Models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary. Our per capita cost assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate demographic factors that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the demographic data, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

The valuation is prepared at the request of LACERS. Segal is not responsible for the use or misuse of its report, particularly by any other party.
An actuarial valuation is a measurement of the plan's assets and liabilities at a specific date. Accordingly, except where otherwise noted, Segal did not perform an analysis of the potential range of future financial measures. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
If the System is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
Segal does not provide investment, legal, accounting, or tax advice. Segal's valuation is based on our understanding of applicable guidance in these areas and of the plan's provisions, but they may be subject to alternative interpretations. LACERS should look to their other advisors for expertise in these areas.
Sections of this report include actuarial results that are not rounded, but that does not imply precision.
Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results
While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.

As Segal has no discretionary authority with respect to the management or assets of LACERS, it is not a fiduciary in its capacity as actuaries and consultants with respect to LACERS.

Section 2: GAS 74 Information

General information about the OPEB plan

Plan Description

Plan administration. The Los Angeles City Employees' Retirement System (LACERS) was established by City Charter in 1937. LACERS is a single employer public employee retirement system whose main function is to provide retirement benefits to the civilian employees of the City of Los Angeles.

Under the provisions of the City Charter, the Board of Administration (the "Board") has the responsibility and authority to administer the Plan and to invest its assets. The Board members serve as trustees and must act in the exclusive interest of the Plan's members and surviving spouses. 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 Council; two members shall be active employee members of the System elected by the active employee members; one shall be a retired member of the System elected by the retired members of the System.

Plan membership. At June 30, 2021, OPEB plan membership consisted of the following:

Retired members or surviving spouses currently receiving benefits[1]	17,500
Vested terminated members entitled to, but not yet receiving benefits	1,554
Retired members and surviving spouses entitled but not yet eligible for health benefits	141
Active members	25,176
Total	44,371

1 The total number of participants, including married dependents, receiving benefits is 23,579.

Section 2: GAS 74 Information

Benefits provided. LACERS provides benefits to eligible retirees and beneficiaries:

Membership Eligibility:	
Tier 1 (§4.1002(a))	All employees who became members of the System before July 1, 2013, and certain employees who became members of the System on or after July 1, 2013. In addition, pursuant to Ordinance No. 184134, all Tier 2 employees who became members of the System between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016.
Tier 3 (§4.1080.2(a))	All employees who became members of the System 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. Please note that the health subsidy is not payable to a 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))*	The System will pay 4% of the maximum health subsidy (limited to actual premium) for each year of Service Credit, up to 100% of the maximum health subsidy. As of July 1, 2021, the maximum health subsidy is $1,790.80 per month. As of January 1, 2022, the maximum health subsidy is $1,884.50. 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:
Subsidy Cap for 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% or 4.5% of employee contributions to the Pension Plan. 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. 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, 2021, the maximum dental subsidy is $44.60 per month; remaining unchanged in calendar year 2022. There is no subsidy available to spouses or domestic partners or for dependent coverage. 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 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.

Vesting schedule (Tier 1 and Tier 3, over age 65):

Completed Years of Service	Vested Percentage
1-14	75%
15-19	90%
20+	100%

Section 2: GAS 74 Information

Surviving Spouse Medical Subsidy:	
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 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 ($853.39 per month as of July 1, 2021 and $900.24 per month as of January 1, 2022).
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	Vested Percentage
1-14	75%
15-19	90%
20+	100%

Note that a new Tier 1 Enhanced Plan providing a higher retirement benefit was adopted pursuant to Ordinance No. 184853. However, other than Segal applying higher retirement rate assumptions to anticipate somewhat earlier retirement, there are no differences between the retiree health benefits paid by LACERS to those members.

Net OPEB Liability

Measurement Date	June 30, 2021	June 30, 2020
Components of the Net OPEB Liability		
Total OPEB Liability	$3,520,078,454	$3,486,530,510
Plan Fiduciary Net Position	(3,781,652,063)	(2,851,204,652)
Net OPEB Liability	$(261,573,609)	$635,325,858
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	107.43%	81.78%

The NOL was measured as of June 30, 2021 and 2020. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date, while the TOL was determined based upon the results of the actuarial valuations as of June 30, 2021 and 2020, respectively.

Plan provisions. The plan provisions used in the measurement of the NOL as of June 30, 2021 and 2020 are the same as those used in the LACERS funding valuations as of June 30, 2021 and 2020, respectively.

Actuarial assumptions. The TOL as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2021. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an experience study for the period from July 1, 2016 through June 30, 2019, dated June 17, 2020, and retiree health assumptions letter dated September 21, 2021. They are the same as the assumptions used in the June 30, 2021 funding actuarial valuation for LACERS. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Ranges from 9.95% to 4.25% based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense and including inflation
Health care trend	Non-Medicare: Actual premium increases in the first year and then 7.37% graded to ultimate 4.50% over 12 years Medicare: Actual premium increases in the first year and then 6.37% graded to ultimate 4.50% over 8 years
Other assumptions	Same as those used in the June 30, 2021 funding valuation

Section 2: GAS 74 Information

The TOL as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2020. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an experience study for the period from July 1, 2016 through June 30, 2019, dated June 17, 2020, and the retiree health assumptions letter dated September 15, 2020. They are the same as the assumptions used in the June 30, 2020 funding actuarial valuation for LACERS. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	Ranges from 9.95% to 4.25% based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense and including inflation
Health care trend	Non-Medicare: Actual premium increases in the first year and then 6.62% graded to ultimate 4.50% over 9 years Medicare: Actual premium increases in the first year and then 6.12% graded to ultimate 4.50% over 7 years
Other assumptions	Same as those used in the June 30, 2020 funding valuation

Determination of discount rate and investment rates of return

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 that was used in the actuarial valuation as of June 30, 2021. This information is subject to change every three years based on the actuarial experience study.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	15.01%	5.54%
Small/Mid Cap U.S. Equity	3.99%	6.25%
Developed International Large Cap Equity	17.01%	6.61%
Developed International Small Cap Equity	2.97%	6.90%
Emerging International Large Cap Equity	5.67%	8.74%
Emerging International 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%
TIPS	4.00%	0.86%
Emerging Market Debt (External)	2.25%	3.55%
Emerging Market Debt (Local)	2.25%	4.75%
Core Real Estate	4.20%	4.60%
Non-Core Real Estate	2.80%	5.76%
Cash	1.00%	0.03%
Commodities	1.00%	3.33%
Private Equity	14.00%	8.97%
Private Credit/Debt	3.75%	6.00%
REITS	1.00%	5.98%
Total	**100.00%**	**5.50%**

Discount rate: The discount rates used to measure the TOL were 7.00% as of June 30, 2021 and 2020. The projection of cash flows used to determine the discount rate assumed employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only 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 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 TOL as of both June 30, 2021 and June 30, 2020.

Discount rate and trend sensitivity

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, 2021, calculated using the discount rate of 7.00%, as well as what LACERS' Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability as of June 30, 2021	$231,310,471	$(261,573,609)	$(665,962,538)

Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rate. The following presents the Net OPEB Liability of LACERS as of June 30, 2021, calculated using the trend rate as well as what LACERS' Net OPEB Liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Trend Rates[3]	1% Increase
Net OPEB Liability as of June 30, 2021	$(704,099,712)	$(261,573,609)	$289,704,909

[3] Current trend rates: Actual premium increase in first year then 7.37% graded down to 4.50% over 12 years for Non-Medicare medical plan costs and 6.37% graded down to 4.50% over 8 years for Medicare medical plan costs. 4.00% for all years for Dental and 4.50% for all years for Medicare Part B subsidy cost.

Schedule of changes in Net OPEB Liability – Last two fiscal years

Measurement Date	June 30, 2021	June 30, 2020
Total OPEB Liability		
• Service cost[4]	$84,817,265	$76,422,769
• Interest	244,775,724	242,665,810
• Change of benefit terms	0	0
• Differences between expected and actual experience	10,671,896	(135,719,690)
• Changes of assumptions	(157,613,496)	96,076,478
• Benefit payments	(149,103,445)	(127,213,405)
Net change in Total OPEB Liability	**$33,547,944**	**$152,231,962**
Total OPEB Liability – beginning	**3,486,530,510**	**3,334,298,548**
Total OPEB Liability – ending (a)	**$3,520,078,454**	**$3,486,530,510**
Plan Fiduciary Net Position		
• Contributions – employer	$103,454,114	$112,136,429
• Contributions – employee	0	0
• Net investment income[5]	983,522,238	60,898,611
• Benefit payments	(149,103,445)	(127,213,405)
• Administrative expense	(7,425,496)	(6,714,850)
• Other	0	0
Net change in Plan Fiduciary Net Position	**$930,447,411**	**$39,106,785**
Plan Fiduciary Net Position – beginning	**2,851,204,652**	**2,812,097,867**
Plan Fiduciary Net Position – ending (b)	**$3,781,652,063**	**$2,851,204,652**
Net OPEB Liability – ending (a) – (b)	**$(261,573,609)**	**$635,325,858**
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	**107.43%**	**81.78%**
Covered payroll[6]	**$2,276,768,292**	**$2,271,038,575**
Plan Net OPEB Liability as percentage of covered payroll	**(11.49)%**	**27.98%**

4 The service cost is always based on the previous year's valuation, meaning the June 30, 2021 and 2020 values are based on the valuations as of June 30, 2020 and June 30, 2019, respectively.

5 Includes building lease and other income.

6 Covered payroll is defined as the payroll on which contributions to an OPEB plan are based.

Schedule of contributions – Last ten fiscal years

Year Ended June 30	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll[7]	Contributions as a Percentage of Covered Payroll
2012	$115,208,835	$115,208,835	$0	$1,715,197,133	6.72%
2013	72,916,729	72,916,729	0	1,736,112,598	4.20%
2014	97,840,554	97,840,554	0	1,802,931,195	5.43%
2015	100,466,945	100,466,945	0	1,835,637,409	5.47%
2016	105,983,112	105,983,112	0	1,876,946,179	5.65%
2017	97,457,455	97,457,455	0	1,973,048,633	4.94%
2018	100,909,010	100,909,010	0	2,057,565,478	4.90%
2019	107,926,949	107,926,949	0	2,108,171,088	5.12%
2020	112,136,429	112,136,429	0	2,271,038,575	4.94%
2021	103,454,114	103,454,114	0	2,276,768,292	4.54%

See accompanying notes to this schedule on the next page.

[7] Covered payroll is defined as the payroll on which contributions to an OPEB plan are based.

Notes to Schedule:

Methods and assumptions used to establish "actuarially determined contribution" (ADC) rates:

Valuation date:	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported
Actuarial cost method:	Entry Age Cost Method (level percent of payroll)
Amortization method:	Level percent of payroll
Remaining 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. Assumption changes resulting from the triennial experience study will be amortized over 20 years. Health trend and premium assumption changes, plan changes, and gains and losses will be amortized over 15 years.
Asset valuation method:	Market 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 market 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 market value of assets.
Actuarial assumptions:	
Valuation date:	June 30, 2021
Investment rate of return	7.00%
Inflation rate	2.75%
Real across-the-board salary increase	0.50%
Projected salary increases[8]	Ranges from 9.95% to 4.25%, based on years of service
Medical cost trend rates	
Non-Medicare medical plans	Actual premium increase in first year, then graded from 7.37% to ultimate 4.50% over 12 years
Medicare medical plans	Actual premium increase in first year, then graded from 6.37% to ultimate 4.50% over 8 years
Dental	4.00%
Medicare Part B	4.50%
Other assumptions:	Same as those used in the June 30, 2021 funding actuarial valuation.

[8] Includes inflation at 2.75% plus across the board salary increases of 0.50% plus merit and promotional increases

Section 3: Appendices

Appendix A: Definition of Terms

Definitions of certain terms as they are used in Statement 74. The terms may have different meanings in other contexts.

Actuarially Determined Contribution:	A target or recommended contribution to an OPEB plan for the reporting period based on the most recent measurement available.
Assumptions or Actuarial Assumptions:	The estimates on which the cost of the Plan is calculated including: a) Investment return — the rate of investment yield that the Plan will earn over the long-term future; b) Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates; c) Retirement rates — the rate or probability of retirement at a given age; d) Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Covered Employee Payroll:	The payroll of the employees that are provided OPEB benefits.
Discount Rate:	The single rate of return, that when applied to all projected benefit payments results in an actuarial present value that is the sum of the following: 1) the actuarial present value of projected benefit payments projected to be funded by plan assets using a long term rate of return, and 2) the actuarial present value of projected benefit payments that are not included in (1) using a yield or index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
Entry Age Actuarial Cost Method:	An actuarial cost method where the present value of the projected benefits for an individual is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age.
Healthcare Cost Trend Rates:	The rate of change in per capita health costs over time.
Net OPEB Liability:	The Total OPEB Liability less the Plan Fiduciary Net Position.
Plan Fiduciary Net Position:	Market Value of Assets
Real Rate of Return:	The rate of return on an investment after removing inflation.
Service Cost:	The amount of contributions required to fund the benefit allocated to the current year of service.

Total OPEB Liability:	Present value of all future benefit payments for current retirees and active employees taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.
Valuation Date:	The date at which the actuarial valuation is performed.

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BOARD Meeting: 11/09/21
Item VII - B
Attachment 6

November 1, 2021

Board of Administration
Los Angeles City Employees' Retirement System
202 West First Street, Suite 500
Los Angeles, CA 90012-4401

Re: Los Angeles City Employees' Retirement System
Family Death Benefit Plan (FDBP) Costs as of June 30, 2021

Dear Board Members:

We have developed our recommended contribution rates for the voluntary Family Death Benefit Plan ("Plan") as of June 30, 2021. If adopted by the Board, these rates will be effective for the two plan years beginning July 1, 2022 and ending June 30, 2024. The last review of the Plan was conducted as part of the June 30, 2019 actuarial valuation. That study yielded the current employee monthly contribution rate of $2.40. The City matches the employees' cost at the same level.

RECOMMENDATIONS

Based on the census data and the actuarial assumptions used for the June 30, 2021 actuarial valuation, our observations and recommendations are as follows:

- The current employee monthly rate is $2.40 through June 30, 2022. Based on this rate, the estimated total annual contributions would be about $133,200 (about $66,600 each for the members and the City) for plan year 2021/2022. The current monthly rate of $2.40 previously adopted by the Board was a result of a reduction by 20% from the prior monthly rate of $3.00.
- It is our understanding that the earnings credited to the Family Death Benefits Reserve include realized and unrealized gains or losses. Therefore, the crediting procedure for the Family Death Benefits Reserve is in line with the procedure utilized for the Retirement Plan reserves (with the exceptions of the Reserve for Member Contributions and the Annuity Reserve). Since the future payment liability for this program has been discounted at the valuation assumed earnings rate of 7.00% per year for this valuation, we believe the crediting procedure is consistent with the valuation discount rate assumption.

- For several years, Plan assets have exceeded the Plan's liability reserve. The Plan does not currently have a formal policy on how the monthly premium rate should be adjusted to reflect any such funding surplus. However, after discussions with LACERS in 2017, we recommended two action items for reducing surplus in the FDBP liability reserve for the June 30, 2017 FDBP valuation, and those action items were adopted by the Board and implemented by LACERS. We have continued presenting similar action items for the Board to consider for the June 30, 2021 FDBP valuation and those two items are provided as an Appendix to this report.
- We recommend that the current employee monthly rate of $2.40 be decreased by about 20% to $1.90 for the two plan years beginning July 1, 2022 and ending June 30, 2024. This is developed using Action Item 2 in the Appendix to this report, where the surplus is amortized over 30 years.

ANALYSIS AND ASSUMPTIONS

It is our understanding that the Plan is funded on a term cost basis and the premium charged for the current year is only supposed to be sufficient to pay for the present value of the projected death benefits for those expected to die in the same period. However, there is an adjustment in the monthly premium based on the Plan's funded status to reflect the relative value of the actual plan reserve compared to the actual present value of death benefits in pay status for those who previously died. As of June 30, 2021, the Plan's annual term cost is $169,511 for the 2,312 active members participating at June 30, 2021. This translates to a monthly rate of $3.05 for both the employee and the City. However, the Plan is in a surplus position as of June 30, 2021, with the Plan's valuation value of assets of $18,186,116 exceeding the liability reserve of $6,530,272 by $11,655,844.[1] This surplus is about $2.2 million higher than the surplus as of the last review as of June 30, 2019.

We anticipate that the surplus reserve of $11,655,844 will be more than sufficient to sustain the recommended monthly premium rates of $1.90 for the employee and the City for the two plan years beginning July 1, 2022. As the surplus would be depleted at the rate of about $64,000 per year, which is substantially less than the 7.00% expected investment return on the surplus assets of $11,655,844, we expect that at June 30, 2024 there would be an even larger surplus remaining from the June 30, 2021 surplus balance of $11,655,844 if all actuarial assumptions were to come true. The surplus continues to grow, in part, because some active FDBP members are paying premiums even though their survivors may not receive benefits from the Plan. This is discussed in item 5 below and under Action Item 1 in the Appendix.

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1 If the Plan's June 30, 2021 market value of assets of $20,650,381 were to be used in the above analysis, the Plan would have a surplus of $14,120,109 instead of $11,655,844.

As noted, all of the calculations are based on the June 30, 2021 actuarial valuation participant data and actuarial assumptions shown in the Retirement Plan valuation report. In addition, this Plan requires further assumptions in the valuation as shown below:

1) Each participating active member is assumed to have two children with an average age of about 13.
2) The children are assumed to be eligible for a monthly benefit of about $938 each until they reach age 18.
3) A surviving spouse is assumed to be eligible for a monthly benefit of about $312 until the children reach age 16.
4) A surviving spouse of a member who has paid FDBP premiums for 10 or more years is assumed to be eligible for an additional monthly benefit of about $613 starting at age 60.[2]
5) As previously discussed with LACERS and included in our 2019 valuation report, we understood that survivors may not receive benefits from the FDBP if they receive a service retirement survivorship benefit from the Retirement Plan. Therefore, those FDBP participants who are currently eligible to retire under the Retirement Plan do not have an FDBP liability in our valuation even though it is assumed that they would continue to pay premiums to the FDBP. We believe this is one of the contributors to the increase in the surplus balance of $11,655,844 as of June 30, 2021, because 890[3] of the 2,312 active participants in the Plan as of June 30, 2021 will not be eligible for a benefit from the FDBP based on this criterion. Additionally, based on a prior conversation with LACERS, we understood that for the active members who are enrolled in the FDBP and who have no surviving spouse/domestic partner upon death, FDBP payments may be made to the members' eligible children and/or dependent parents, if any. However, LACERS' staff noted in August 2021 that this information was not available while the member is active. Segal anticipates that having this information would not have a material effect on the valuation results anyway.

   Another contributor to the increase in the surplus balance as of June 30, 2021 is the higher than expected return on the valuation value of FDBP assets for the year ended June 30, 2021 of 12.9%, offset somewhat by the lower than expected return of 6.6% for the year ended June 30, 2020, as discussed in the Appendix.

2 Larger amounts are available if the surviving spouse begins receiving payments after age 60.
3 This is reduced from 1,177 observed at the time of the June 30, 2019 valuation.

The above costs were certified by Andy Yeung, ASA, Enrolled Actuary. The undersigned are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Sincerely,

Paul Angelo, FSA, MAAA, FCA, EA Senior Vice President and Actuary	Andy Yeung, ASA, MAAA, FCA, EA Vice President and Actuary

DNA/jl

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APPENDIX

Possible Action Items On How To Adjust The Monthly Premium Rate In Years Where There Is A Surplus

SURPLUS HISTORY

Below we provide the historical progression of the surplus in the Family Death Benefit Reserve, based on the valuation (smoothed) value of assets, for the last five biennial valuations:

Valuation Date	Valuation Value of FDBP Assets	FDBP Liability Reserve	Excess FDBP Reserves
June 30, 2013	$14,456,893	$8,453,914	$6,002,979
June 30, 2015	15,402,402	8,378,370	7,024,032
June 30, 2017	15,858,684	7,576,611	8,282,073
June 30, 2019	16,686,626	7,209,746	9,476,880
June 30, 2021	18,186,116	6,530,272	11,655,844 (1)

(1) The increase in the excess FDBP reserves is due, in part, to the higher than expected return on the valuation value of FDBP assets for the year ended June 30, 2021. The actual rate of return was 12.9% for the year ended June 30, 2021 compared to the assumed annual rate of return of 7.00%. This resulted in an actuarial gain of about $969,000 for the year.

ACTION ITEMS FOR REDUCING SURPLUS IN FDBP

Following are two possible action items on how to reduce the FDBP surplus and to adjust the monthly premium rate for the FDBP when there is a surplus:

Action Item 1. Permanent Cessation of Contributions to FDBP for Certain Members

As previously discussed with LACERS and included in our 2019 valuation report, we understood that current or future survivors may not receive any benefits from the FDBP if they are currently receiving a service retirement survivorship benefit from the Retirement Plan because the member has already passed away, or will become entitled to a future service retirement survivorship benefit

APPENDIX

Possible Action Items On How To Adjust The Monthly Premium Rate In Years Where There Is A Surplus

because the active member has already satisfied the requirements under the Retirement Plan to receive a benefit. Following up on the action item we recommended in the June 30, 2017 FDBP valuation, we were informed that LACERS sent letters to members who were contributing to the FDBP, but who were retirement eligible, to consider de-selecting the voluntary FDBP contributions. However, there are still FDBP active participants who are currently eligible to retire under the Retirement Plan (and whose potential survivors may not receive any benefits from the FDBP) and who are continuing to pay employee premiums. We have estimated the number of such members for the last two valuations to be as follows:

	Active FDBP Members in the June 30, 2019 Valuation	No Longer Active FDBP Members	New Active FDBP Members	Active FDBP Members in the June 30, 2021 Valuation
Eligible to Retire(1)	1,177			890
Not Eligible to Retire	1,495			1,422
Total	2,672	-600	+240	2,312

(1) Whose potential survivors may not receive any benefits from the FDBP.

We have observed that approximately 521 of the 1,177 members who were participating in the FDBP as of June 30, 2019 and whose current or future survivors may not receive any benefits from the FDBP were no longer participating in the FDBP as of June 30, 2021.

Note that, based on a prior conversation with LACERS, we understood that for active members enrolled in the FDBP who have no surviving spouse/domestic partner upon death, FDBP payments may be made to the members' eligible children and/or dependent parents, if any. Accordingly, for this action item, Segal proposes that if LACERS can determine exactly which remaining FDBP participants are currently eligible for service retirement and are married or with domestic partners or have no eligible children and/or dependent parents that LACERS consider an annual program to inform these participants to consider de-selecting the voluntary FDBP contributions. (This would have the added effect of allowing the City to suspend matching contributions to the FDBP for these participants.) As noted on page 2 in the body of this report, the Plan's annual term cost of $169,511 as of June 30, 2021 for the 2,312 active members participating in the Plan as of that date translates to an employee and City monthly rate of $3.05 each. This term cost reflects no liabilities for the 890 members who are eligible to retire under the Retirement Plan. Should these 890 members terminate their participation in the FDBP, the term cost as of June 30, 2021 for the remaining 1,422 members would translate to an

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Possible Action Items On How To Adjust The Monthly Premium Rate In Years Where There Is A Surplus

employee and City monthly rate of $4.97 each. In this case, maintaining the current monthly premium at $2.40 would mean that the surplus is depleted at a rate of about $88,000 per year, which is less than the expected investment return on the surplus of about $816,000.

While this action item may be considered to be more of a communication issue than a funding policy issue, it would help to prevent the Plan from accumulating even more surplus going forward.

Action Item 2. Reduction in Contributions

Under the Retirement Plan's funding policy, actuarial surplus is amortized over a 30-year open (non-decreasing) period. For the FDBP, the Board may want to consider amortizing actuarial surplus over the same 30-year open period. In addition, since the benefits and the associated employer and employee contributions for FDBP are not dependent on salary, we would suggest amortizing the surplus as a level dollar amount, rather than a level percentage of salary. The amortization of the surplus would serve as a reduction in the current $2.40 per month charge to the FDBP. An annual amortization credit of about $878,000 would be available at the beginning of the year by amortizing over 30 years the surplus of $11,655,844 available as of June 30, 2021. We note this credit would be more than the $2.40 monthly charge. This credit would be approximately $15.82 per month each (for the employee and for the City), assuming for this calculation that the same 2,312 active employees as of June 30, 2021 would continue to participate in the Plan (i.e., before considering Action Item 1).

For the June 30, 2019 FDBP valuation, we recommended a decrease in the monthly charge from $3.00 to $2.40, or by 20%, and that recommendation was adopted by the Board. Under this action item for the June 30, 2021 valuation, we propose that the monthly charge be reduced below the current $2.40 by about another 20%, or to $1.90 for the two plan years beginning July 1, 2022 and ending June 30, 2024. However, before the Board considers this action item, the following ramification should be considered. As of the June 30, 2021 valuation date, there were about 25,200 active members. Of those, we have roughly estimated that about 5,900 members were eligible to retire as of the valuation date, leaving about 19,300 not yet eligible. Of those not yet eligible to retire, about 1,400 members are currently contributing FDBP premiums. This leaves approximately 17,900 (i.e., 19,300 - 1,400) additional active employees who may want to participate in the FDBP if contributions are temporarily reduced, which is about a thirteen-fold increase over the number of retirement ineligible members currently contributing.

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Possible Action Items On How To Adjust The Monthly Premium Rate In Years Where There Is A Surplus

For an extreme illustration, if all of the 17,900 active employees referenced above were to enroll in the FDBP in the next two years and there is no change to the current $2.40 employee monthly rate, there would be a reduction in the excess FDBP reserves by about $1.10 million. This represents a bit more than one year of the annual surplus amortization credits of $878,000.

Alternatively, we have reviewed the sensitivity of enrolling new members for purposes of applying the annual surplus amortization credit of $878,000 to reduce the excess FDBP reserves. For instance, if we were to recommend no change in the current $2.40 employee monthly rate, we have estimated that approximately 12,800 new FDBP participants out of the remaining 17,900 eligible participants mentioned above would need to enroll in the FDBP in order to reduce the excess FDBP reserves by the entire annual credit of $878,000. These hypothetical 12,800 new FDBP participants would represent about 70% of all remaining eligible participants. Considering that there were only 240 new members who elected to participate in the FDBP between the June 30, 2019 and June 30, 2021 valuations (when the employee monthly rate was reduced from $3.00 to $2.40), enrolling about another 12,800 new participants in the short term may not be realistic. The 240 new members represented about 1.4% of those not yet in the plan and not yet eligible to retire as of June 30, 2019.

If, instead, we were to recommend a large change in the current $2.40 employee monthly rate, such as a 50% reduction to $1.20, we have estimated that approximately 8,300 new FDBP participants would need to enroll in the FDBP in order for the surplus to be reduced by the annual credit of $878,000. These hypothetical 8,300 new FDBP participants would represent about 45% of all remaining eligible participants.

These scenario results reflect the assumption that the current participants who will not have a survivor eligible for FDBP benefits (i.e., the 890 participants mentioned above in Action Item 1) will opt out of the Plan.

Based on the information discussed above, we recommend that the current employee monthly rate of $2.40 be decreased to $1.90 per month. This approximately 20% reduction in the monthly rate is in line with the recommended decrease in the monthly rate for

APPENDIX

Possible Action Items On How To Adjust The Monthly Premium Rate In Years Where There Is A Surplus

the last June 30, 2019 FDBP valuation and it would mean that about 11,500 new participants would need to enroll in the FDBP in order for the surplus reserves to be reduced by the annual credit of $878,000.[4]

It should be noted that in preparing the above premium reduction amounts, we have assumed the term cost of the new FDBP participants to be the same as the $4.97 calculated above based on 1,422 members covered under the Plan as of June 30, 2021.

RECOMMENDATION

As noted above, we recommend a reduction to the current monthly premiums, from the current $2.40 to $1.90, for 2022/2023 and 2023/2024 (Action Item 2). In addition, we recommend that, if possible, it be communicated to the remaining members who are currently contributing to the FDBP but who are currently retirement eligible and are married or with domestic partners or have no eligible children and/or dependent parents to cease contributing to the Plan (Action Item 1).

[4] The 11,500 count assumes that none of the 890 FDBP active members who are currently eligible to retire under the Retirement Plan are single or without a domestic partner and have eligible children and/or dependent parents and will remain in the plan.

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: NOVEMBER 9, 2021**
From: Neil M. Guglielmo, General Manager **ITEM: VII – C**

SUBJECT: **977 N. BROADWAY PROJECT REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2021 AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board:

1. Make a determination that a competitive bidding process for moving services would not be advantageous pursuant to City Charter Section 371 (e)(8) and Section 371(e)(10); and
2. Approve the reallocation of $72,310.43 from HQ Project in the Capital Budget to the Administrative Budget by increasing Appropriation 167300 – Furniture, Office, and Technical Equipment by $114,497.43 and decreasing Appropriation 163040 – Contractual Services by $42,187; and
3. Authorize the General Manager to correct any clerical or typographical errors in this document.

Executive Summary

The 977 North Broadway Building ("HQ Building"), built in 1984, is a five-story building totaling 64,585 square feet of office space with a 111-space subterranean parking structure. The property will serve as the headquarters for LACERS' offices. LACERS and its partners on the Broadway Building Annual Plan ("Broadway Plan") have worked on the necessary property and tenant improvements with the goal of fully occupying the HQ Building in 2022.

On June 8, 2021, the LACERS Board of Administration ("Board") approved a Capital Budget of $19,557,987, and Operating Expense Budget of $1,274,058, for the build out of the HQ Building. Additionally, the Board approved the Administrative Budget of $265,896 for costs associated with the relocation to the HQ Building, for a total FY22 Budget of $21,097,941. Of the $19.6M approved for the Capital Budget, $2.7M was approved for the purchase of Owner Technology. Furthermore, of the $265,896 approved for the Administrative Budget, $42,187 was approved for moving services. To procure the server equipment and contract the moving services, LACERS needs to transfer funds between the Capital and Administrative Budget Accounts.

Discussion

To mitigate the effects of the pandemic's supply chain issues and the delays associated with executing a Request for Proposal process for the purchase of pre-migration server equipment, LACERS leveraged an existing contract between the City of Los Angeles and Dell Technologies. This contract enabled us to speed up the purchase of the equipment, ensuring its delivery in accordance with the HQ Project construction schedule.

Pursuant to Charter Section 371(e)(8), the purchase was permitted as part of what is generally known as "piggybacking" or the process of leveraging a "cooperative arrangement with other governmental agencies for the utilization of the purchasing contracts". The purchase of the owner technology required that LACERS use funds from its Administrative Budget Account.

As part of the approval of the FY22 HQ Project Budget, the funds for the purchase of the owner technology were approved as part of the Capital Budget Account. To replenish the Administrative Budget funds, LACERS needs to transfer $114,497.43 from the Capital Budget Account to the Administrative Budget.

During the FY22 HQ Project Budget process, the Board approved $42,187 in funds in the Administration Budget for moving services associated with moving furniture, equipment, and staff from the Los Angeles Times building to 977 N. Broadway. Rather than LACERS employing the City's competitive bidding process, Cushman & Wakefield (C&W) would prepare and implement a competitive bidding process for the moving services and contract those services on behalf of LACERS. C&W staff would work on LACERS behalf to prepare the specifications, competitive bidding process package, receiving and reviewing the proposals, and presenting them to LACERS. LACERS would review the proposals and make the final decision on the selection of a moving services vendor.

Initiating a competitive bidding process for these services in the middle of our current construction process would not be advantageous for LACERS due to the time and effort needed to implement the process. At this stage in the construction schedule, LACERS staff is evaluating package proposals from the project manager and general contractor, functioning as liaison between the LADBS and HQ Project partners in moving construction package applications along in the permitting process, reviewing cash distributions requests from the property manager, troubleshooting partner payment issues, tracking and communicating HQ Project progress with stakeholders and amongst partners, responding to requests for design clarifications from partners, and regularly verifying compliance with our budgeted expenses.

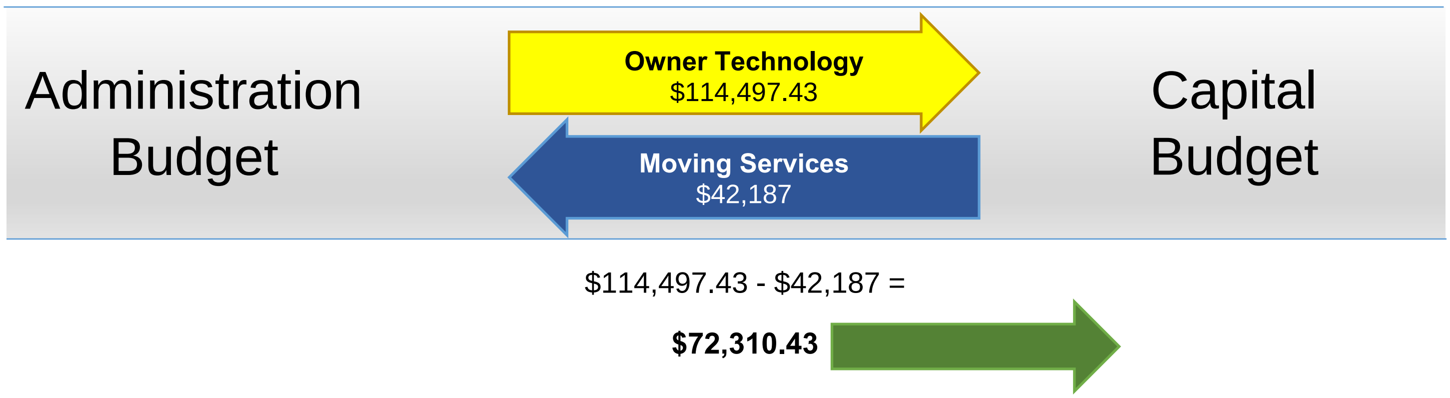
In addition, the LACERS HQ Project staff is responsible for preparing plans, policies, and protocols specific to LACERS as the landlord including preparation of evacuation routes, incorporation of emergency notification systems into the building's technology, preparation of a parking plan, and City, County, and State rules that LACERS is required to comply with. Moreover, as LACERS completes the current demolition and seismic reinforcement work, it will also begin simultaneous work on the tenant improvement, roof/enclosure/asbestos abatement, phased migration of the LACERS servers, and low-voltage work on the fixtures and owner technology. This work will continue through May of 2022 providing staff limited time to perform the level of detailed work involved in an RFP.

Given this, LACERS requests that the Board make the determination that initiating a competitive bidding process for these services would not be advantageous for LACERS in accordance with Charter Section 371 (e)(10) which provides exemption from the competitive bidding process when the process is "undesirable, impractical or impossible". In this case, a competitive bidding process is both impractical given the time needed to prepare an RFP, post it, and evaluate responses during the construction process.

Contracting on LACERS behalf, C&W would require funds to pay for the moving services. That would require the transfer of $42,187 from the Administration Budget Account to the Capital Budget Account thereby making the necessary funds available.

Due to the concurrence of the transfers from Capital Budget Account to the Administration Budget Account and vice-versa, there is a resulting difference of $72,310.43 (See Illustration 1). In the interest of simplifying the transfers, the Board is requested to approve a single transfer of $72k from Administration to the Capital Budget.

ILLUSTRATION 1.



Strategic Plan Impact Statement

Ownership in 977 North Broadway advances the Board Governance Goal and Organization Goal by being a cost-effective investment in the long-term as compared to leasing and provides LACERS with complete control over its administrative facilities adding to the organization's efficiency, effectiveness, and resiliency.

Prepared By: Isaias Cantú, Senior Management Analyst II

NMG/TB:ic

Attachments: 1. Proposed Resolution
2. 977 N. Broadway Project Report for the Quarter Ending September 30, 2021

AUTHORIZATION TO TRANSFER FUNDS
FROM THE HQ PROJECT'S CAPITAL BUDGET ACCOUNT
TO THE ADMINISTRATIVE BUDGET ACCOUNT

PROPOSED RESOLUTION

WHEREAS, on October 23, 2019, LACERS closed escrow on the purchase of an office building at 977 North Broadway ("Broadway Building"), Los Angeles California; 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; and

WHEREAS, the Broadway Building goals for Fiscal Year 2021-22 (FY22) include LACERS' full occupancy in 2022, and completion of necessary improvements prior to move-in; and

WHEREAS, LACERS Board of Administration (Board) previously approved $19,577,987 for the Capital Budget, including $2,700,000 for the Owner Technology portion line item within the Capital Budget; and

WHEREAS, the funds for the purchase of technology was originally approved by the Board as part of the Capital Budget Account; and

WHEREAS, $114,497.43 in funds from the Administrative Budget Account were used to procure pre-migration server equipment in order to leverage the City's contract and discount prices with Dell Technologies; and

WHEREAS, the purchase of the server equipment would require a transfer of $114,497.43 from the Capital Budget Account to the Administration Budget Account; and

WHEREAS, the Board approved $42,187 in funds in the Administration Budget Account for necessary moving services that would be required for the HQ Project; and

WHEREAS, initiating a competitive bidding process for moving services would not be advantageous for LACERS due to the time and effort needed to implement the process; and

WHEREAS, Charter Sections 371(e)(8) and 371(e)(10) provides exemption from the competitive bidding process for contracts that leverage a "cooperative arrangement with other governmental agencies for the utilization of the purchasing contracts" and are "undesirable, impractical or impossible"; and

WHEREAS, LACERS' contract with the Broadway Building Property Managers, Cushman & Wakefield (C&W), includes the use of competitive bidding processes for specialty contractors such as moving services; and

WHEREAS, C&W contracting for the moving services would require an ability to pay for the services and the Administration Budget Account is not accessible by C&W; and

WHEREAS, a transfer of $42,187 from the Administration Budget Account to the Capital Budget Account is required in order for C&W to pay for the moving services; and

WHEREAS, the concurrent transfers from Capital Budget Account to Administration Budget Account and vice-versa, create a net difference of $72,310.43; and

WHEREAS, the net of these concurrent transfers is $72,310.43 transferred from the Administrative Budget Account to the Capital Budget Account; and

WHEREAS, pursuant to the City Charter, the Board has full control of LACERS' budget,

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

1. Make a determination that a competitive bidding process for moving services would not be advantageous pursuant to City Charter Section 371 (e)(8) and Section 371(e)(10); and
2. Approve the reallocation of $72,310.43 from HQ Project in the Capital Budget to the Administrative Budget by increasing Appropriation 167300 – Furniture, Office, and Technical Equipment by $114,497.43 and decreasing Appropriation 163040 – Contractual Services by $42,187; and
3. Authorize the General Manager to correct any clerical or typographical errors in this document.

BOARD Meeting: 11/09/21
Item VII - C
Attachment 2

LACERS

977 N. BROADWAY PROJECT REPORT
FOR THE QUARTER ENDING SEPTEMBER 30, 2021

For Los Angeles City Employees' Retirement System

TABLE OF CONTENTS

EXECUTIVE SUMMARY

The Headquarters Move Project made significant progress on design scopes, addressed prior budgeting challenges, and began pre-construction.

Project Timeline

- ❖ LACERS occupancy of the building is projected for the end of the 4^{th} Quarter of FY21-22.
- ❖ The detailed timeline for the 977 N Broadway Project is included in this report.

Budget

- ❖ LACERS has spent 4.04% YTD of the capital budget for the 977 N. Broadway Project.
- ❖ Mitigated immediate effects of supply-chain disruption on budget and project schedule.
- ❖ With the commencement of construction, there will be a significant increase in invoices submitted that will be reflected in the next quarterly report.

Completed Milestones

- ❖ Early demolition work is complete (with exception of 2^{nd} floor)
- ❖ Generator upgrade has been released and SOW underway
- ❖ Tenant Improvement package was submitted for Plan check
- ❖ Tenant Improvement package issued for bid
- ❖ Façade/Roofing/Enclosure/Abatement package issued for bid
- ❖ Furniture/finishes selections completed and order submitted
- ❖ Pre-migration server equipment ordered

CAPITAL PROJECT SUMMARY

Cost Control

- Mitigated cost increases by realigning project priorities to stay within approved budget.
- Early work packages were released and contracted including seismic, demolition, generator.
- Received final bids from contractors to mitigate supply-chain disruptions.
- Conducted ongoing discussions with contractors and vendors over pricing and cost controls.

Pre-Construction

- 30% of the seismic work has been completed.
- Pre-construction for make-ready work was completed.
- Finalizing design work on security and gate infrastructure.
- Electrical work package out for bid.
- Tenant improvement design including physical security, low-voltage, cable infrastructure, audio/visual, and integration of technology are ongoing.
- Façade/roofing/enclosure/asbestos abatement package out for bid.
- Pre-construction estimates completed for tenant improvement, low-voltage, and furniture.
- FitWel certification gap analysis and consultant engagement in process.

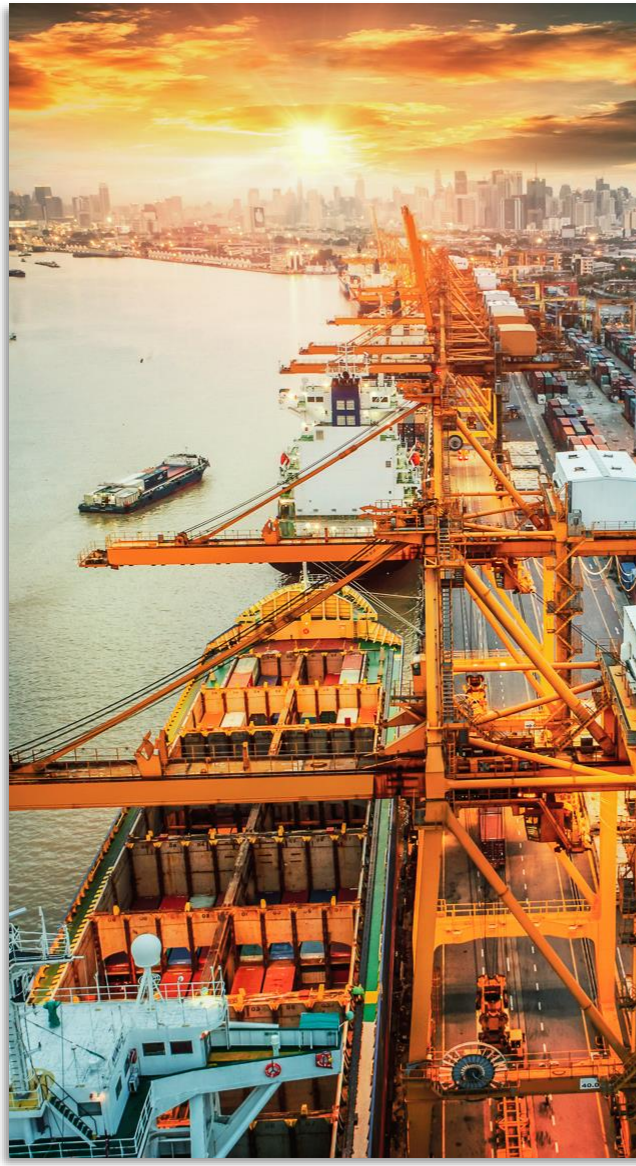
CAPITAL PROJECT SUMMARY

Permitting

- Permit applications submitted to LADBS for
    - Tenant improvement
    - Architectural
    - Mechanical
    - Structural work for back-up natural gas generator
    - Electrical work
    - HVAC
    - Plumbing
    - Fire/life safety diesel generator
- Permit applications submitted to SCAQMD to operate
    - New back-up diesel generator

Supply-Chain Disruption

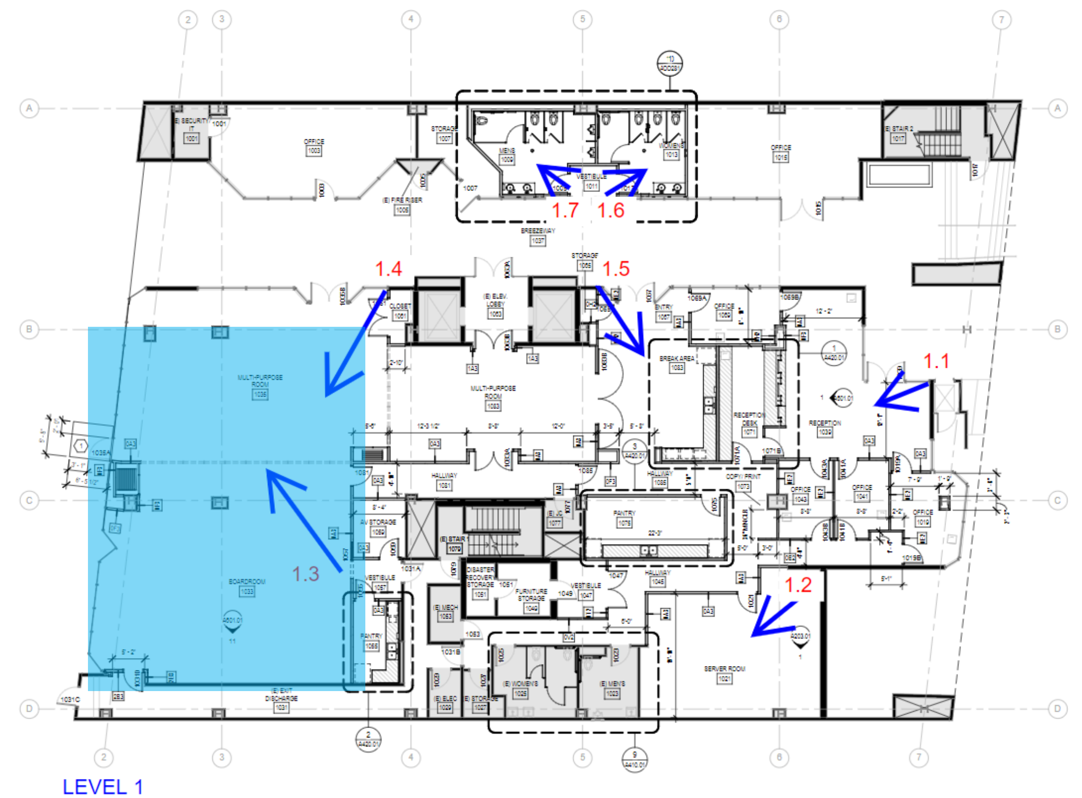
- Supply-chain disruptions are creating a strain on the project and volatile price increases from all vendor and supply companies.
- LACERS is working with partners to mitigate these impacts to our budget and supply lead times by exploring temporary equipment, alternate supplies, prioritizing the early release of bids for material with long lead times, reaching out to our supplies, and adjusting the construction sequencing.



CAPITAL PROJECT SUMMARY

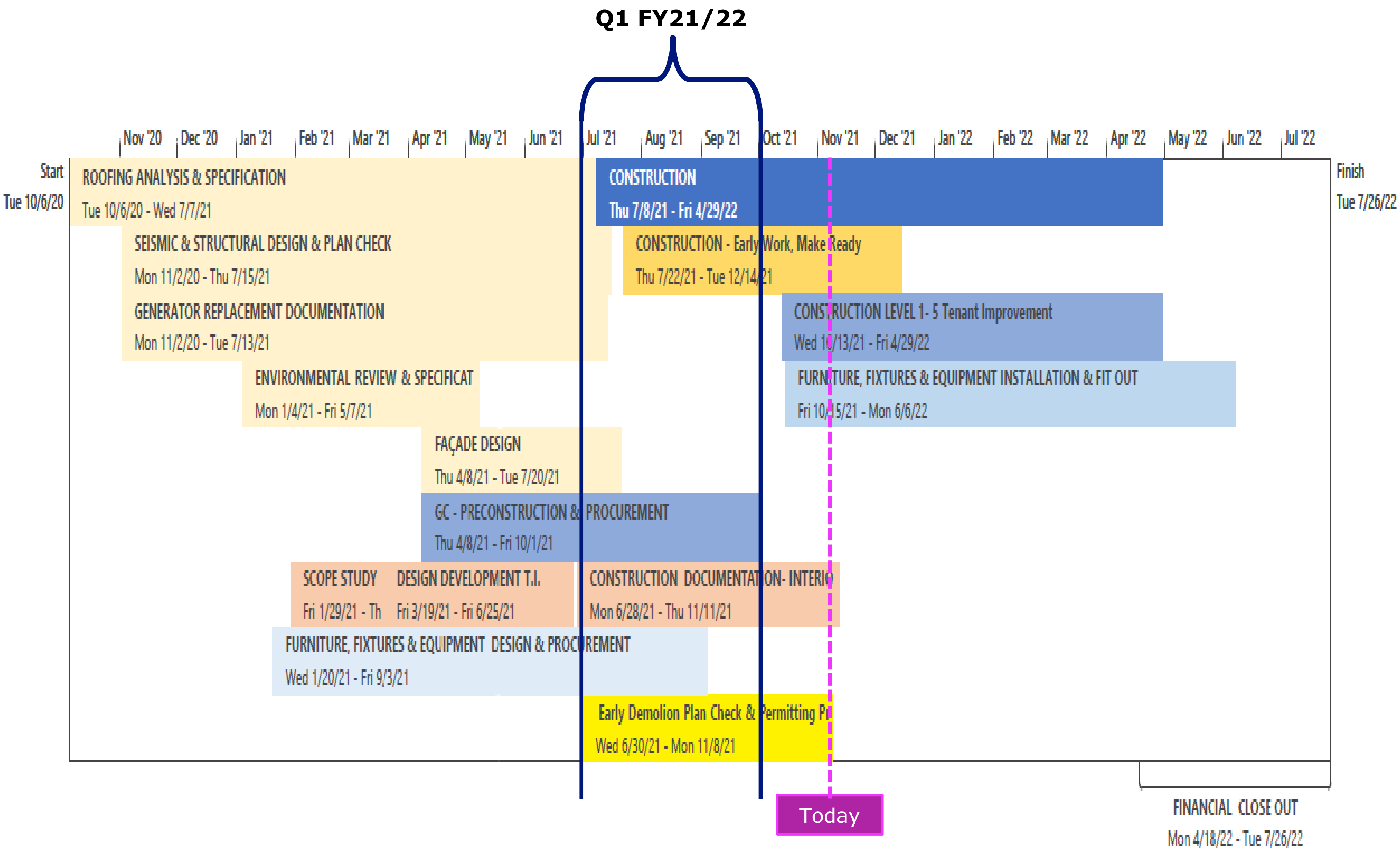
LACERS

Since the onset of the construction, LACERS has tracked the progress by collecting progress photos.



CAMERA 1.4

PROJECT TIMELINE



PROPERTY STATUS SUMMARY

Property Management:

- ❖ With the onset of construction and the expected increase in invoices, LACERS increased the funds available in the account used by C&W to pay invoices. This increase was in accordance with construction schedule benchmarks and will help avoid any untimely payment of project expenses and place undue strain on our partners.
- ❖ The permit for the work on the fire pump replacement has been approved by LADBS. The replacement of the pump is estimated to be completed by Q2 in FY 2021-22.
- ❖ LACERS renewed the Commercial Liability Insurance for 977 N. Broadway through Alliant's Special Property Insurance Program (SPIP). Due to overall insurance market conditions, the cost for the coverage increased by $10,021.35 (43%).
- ❖ LACERS' application for the transfer of the existing AQMD permit for the generator from PacShore to LACERS was approved.

Tenant/Vacancy Status

- ❖ Allies for Every Child and AT&T leases are still active and rent payments are received as required per their corresponding leases.
- ❖ With the beginning of pre-construction, LACERS personnel vacated the 977 N. Broadway building. All rental furniture and storage equipment was returned to the vendor.

FINANCIAL OVERVIEW

FY 2021/22 Q1 Financial Status Report
(July – September 2021)

Budget	Budgeted Amount	Actuals FYTD	% Budgeted Amount Expended FYTD	Budget Variance Comments
Operating	$1,292,058	$288,722	22.35%	**Commercial Liability Insurance:** Unfavorable variance increase of $10,021.35 due to change in insurance market conditions. **Janitorial Services:** Favorable variance due to reduction of services because of construction.
Capital	$19,707,987	$786,846	4.04%	
Total	**$21,000,045**	**$1,078,568**	**5.13%**	

977 N BROADWAY

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
202 W. FIRST STREET, SUITE 500
LOS ANGELES, CA 90012
(800) 779-8328 / RTT: (888) 349-3996
LACERS.ORG

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee
Michael R. Wilkinson, Chair
Annie Chao
Sandra Lee

MEETING: NOVEMBER 9, 2021
ITEM: VII - D

SUBJECT: **AMENDMENT TO THE BENEFITS ADMINISTRATION COMMITTEE CHARTER AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board approve the proposed revisions to the Benefits Administration Committee charter and work plan.

Executive Summary

The Benefits Administration Committee charter and work plan are reviewed every three years to ensure it remains appropriate. The last review of the Benefits Administration Committee charter and work plan was on August 14, 2018.

Discussion

On October 26, 2021, staff presented the recommended updates and revisions to the Benefits Administration Committee, as described in the attached report. After a review and discussion, the Committee approved forwarding staff's recommended changes to the Board.

Strategic Plan Impact Statement

The adoption of the recommended revisions aligns with LACERS Strategic Plan Goal to deliver accurate and timely Member benefits and to improve value and minimize costs of Member's health and wellness benefits.

Prepared By: Estella Priebe, Senior Benefit Analyst I

NMG/DWN:ep

Attachment: 1. Benefits Administration Committee Report dated October 26, 2021

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

BOARD Meeting: 11/09/21
Item VII - D
Attachment 1

REPORT TO BENEFITS ADMINISTRATION COMMITTEE **MEETING: OCTOBER 26, 2021**
From: Neil M. Guglielmo, General Manager **ITEM: III**

SUBJECT: **AMENDMENT TO THE BENEFITS ADMINISTRATION COMMITTEE CHARTER AND WORK PLAN AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend Board approval of the revisions to the Benefits Administration Committee charter and work plan.

Executive Summary

The Benefits Administration Committee charter and work plan are reviewed every three years to ensure it remains appropriate. The last review of the Benefits Administration Committee charter and work plan was on August 14, 2018.

Discussion

Staff reviewed the charter and work plan and made some suggested revisions for the Committee's consideration. The revisions capture some formatting and grammatical changes, add regular responsibilities that were not included in the current version, and reflect changes in the work plan since the previous review, among others. These revisions are tracked in the attached copy of the charter.

Strategic Plan Impact Statement

The Committee's action on this item aligns with LACERS Strategic Plan Goal to deliver accurate and timely Member Benefits and to improve value and minimize costs of Members' health and wellness benefits.

Prepared By: Estella Priebe, Senior Benefits Analyst I

NMG/DWN:ep

Attachment: 1. Duties and Responsibilities Section – Redline Version

BAC Meeting: 10/26/21 Item III Attachment 1

3.7 Benefits Administration Committee Charter

Adopted: March 26, 2013; Revised ~~August 28, 2018~~November 9, 2021

A. PURPOSE/ROLE

The purpose of the Benefits Committee (Committee) is to provide assistance to the Board in fulfilling its oversight of the pension and retiree health care programs and related services.

II. AUTHORITY

The Committee is authorized to~~:~~

~~S~~seek any information it requires from LACERS staff, consultants, or external parties as long as requests for staff time are not extraordinary and the expense for consultants or external parties, if any, has been approved by the Board in advance.

III. COMPOSITION OF COMMITTEE

The Committee shall consist of three LACERS Board Members. All members shall be appointed by the LACERS Board President. The LACERS Board President shall appoint a Committee Chair.

The Committee Chair is responsible for setting the agendas for each Committee Meeting. The Chair shall take as an agenda item any matter referred by the LACERS Board. The Chair shall also take as an agenda item any matter submitted by two or more members of the Committee. Additionally, the Chair may consider agenda items recommended by staff.

IV. FREQUENCY OF MEETINGS

The Committee shall meet no less than four times during the calendar year, or more often as needed. Meetings will be conducted in accordance with open meeting and other applicable laws. Through the General Manager, the Retirement Services Division and the Health Benefits ~~Administration~~ and ~~Communications~~ Wellness Division managers shall support the Committee's activities and ensure appropriate staff time and other resources, such as actuaries and consultants, are available to assist it. The managers shall schedule meetings, prepare meeting agendas and other materials after conferring with the Committee Chair, review minutes and draft reports, perform research, and render other types of assistance as reasonably requested by the Committee.

V. DUTIES AND RESPONSIBILITIES

The Committee's responsibilities are to:

- Recommend to the Board ~~draft~~ rules, policies and procedures for Member benefits and departmental administration in accordance with relevant laws and the LACERS mission statement
- Approve and recommend processes to monitor implementation of rules and policies within the Board's purview

- Propose adjustments to operations that the Committee deems appropriate for the sound administration of Member benefits and the Department as a whole

- Review and make necessary recommendations to the Board on RFPs and contract awards

- Evaluate insurance providers, consultants and other benefits contractors and make recommendations to the Board regarding the establishment or modification of services, and associated fees, provided to the Board, staff, and Members~~, and the associated fees~~

- Review and recommend to the Board medical and dental subsidies and Medical Premium Reimbursement Program reimbursement limits

- Review and recommend to the Board annual medical, dental, and vision plan premium costs and any related plan design changes

- Review information on services and progress of programs

- Monitor progress of benefits-related goals in the strategic plan

- Address other issues as directed by the Board

VI. CHARTER REVIEW

The Committee and the Board will review this Charter at least every three years to ensure it remains appropriate. The Committee will recommend any changes to the Board for review and approval. The Board may adjust the Charter at any time.

Benefits Administration Committee Work Plan

Approved by the Board: ~~August 28, 2018~~November 9, 2021

August	~~September~~October	November	~~March~~February	April	June/July
Consider and approve recommendation to the Board regarding health plan, health related RFP's, health plan premium rates, health plan subsidies, and medical plan premium reimbursement amounts (A)	~~Consider and approve~~Review the wellness program plan for the coming year (~~A~~I)	Evaluate whether additional benefits service providers are required (A) Monitor progress of benefits-related goals in the strategic plan (I)	~~Review Health Plan Financial Dashboards (I)~~ Review wellness program annual report of previous year (I)	Review information on services and programs (I) Selection of health plan RFP finalists (A) Review Health Plan Financial and Wellness Dashboards (I)	Selection of health plans from RFP (A) Initial review of health plan renewals (I) Review and possible recommendation to the Board for the Anthem Blue Cross, Delta Dental PPO, and vision plan Year-End Accounting ~~(I) or~~ (A)

					~~Review of wellness dashboards~~

(A) = Action
(I) = Information

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee
Michael R. Wilkinson, Chair
Annie Chao
Sandra Lee

MEETING: NOVEMBER 9, 2021
ITEM: VII – E

SUBJECT: **REVISIONS TO LACERS BOARD RULES AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board adopt the Committee's recommendation to approve the revised LACERS Board Rules, which consist of corrections, clarifications, and additional rules related to Health Benefits Administration, Enhanced Benefits, and Disability Retirement.

Executive Summary

Staff reviews Board Rules to ensure that they represent current practices and evaluate the need for change or additional rules to strengthen policies and processes. Staff is presenting revisions to the Board Rules to correct typographical errors, clarify intent and meaning of certain rules, and to add new rules to address recurring issues related to the administration of benefits. These revisions are reflected in the Health Benefits Administration, Enhanced Benefits, and Disability Retirement sections of the Board Rules.

Discussion

At its October 26, 2021 meeting, the Benefits Administration Committee approved staff's recommended revisions to the LACERS Board Rules. The committee report containing the revisions is attached for the Board's review.

Prepared By: Alex Rabrenovich, Chief Benefits Analyst, Health Benefits and Wellness Division

NMG/DW:AR:ar

Attachments: 1. October 26, 2021 Benefits Administration Committee report – Revisions to LACERS Board Rules and Possible Committee Action

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BENEFITS ADMINISTRATION COMMITTEE **MEETING: OCTOBER 26, 2021**
From: Neil M. Guglielmo, General Manager **ITEM: IV**

SUBJECT: **REVISIONS TO LACERS BOARD RULES AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend Board approval of the revised Board Rules, which consist of corrections, clarifications, and additional rules related to Health Benefits Administration, Enhanced Benefits, and Disability Retirements.

Executive Summary

Staff reviews Board Rules to ensure that they represent current practices and evaluate the need for change or additional rules to strengthen policies and processes. Staff is presenting revisions to the Board Rules to correct typographical errors, clarify intent and meaning of certain rules, and to add new rules to address recurring issues related to the administration of benefits. These revisions are reflected in the Health Benefits Administration, Enhanced Benefits, and Disability Retirement sections.

Discussion

Upon review of the LACERS Board Rules, staff has identified needed typographical corrections and minor clarifications to existing rules, and new language or rules to reinforce existing practices, policies, and procedures.

All of the revisions are included in Attachment 1, with the most significant changes/additions discussed below.

Health Benefits Administration

<u>Requirement to Maintain Enrollment in Medicare Part D</u>

LACERS Senior Plans for Primary Subscribers (Members or Survivors) and covered dependents who are age 65 or older integrate Medicare Part D for prescription drug coverage. Anyone enrolled in a LACERS senior plan must be enrolled in Medicare Part D. Should they lose their Part D coverage, they would not be eligible for prescription drug coverage or continued enrollment in the LACERS plan.

Therefore, staff recommends adding the following language referring to the Medicare Part D requirement as part of the rules for Primary Subscribers and health plan dependents:

HBA 2(e) Retired Members or Eligible Surviving Spouses/Domestic Partners whose medical coverage has been terminated due to a lapse in Medicare Part B or Part D enrollment may re-enroll themselves and their dependents in the same LACERS medical plan within 30 days of re-establishing Medicare Part B or Part D enrollment.

HBA 2(f) Medical plan dependents whose medical coverage is terminated due to a lapse in Medicare Part B or Part D coverage may be re-enrolled in the primary subscriber's (Retired Member's or Eligible Surviving Spouse's/Domestic Partner's) medical plan within 30 days of re-establishing Medicare Part B or Part D enrollment.

Re-enrollment of Dependents

Occasionally, Members will add a dependent during Open Enrollment, and then a few months after the coverage takes effect and the dependent has received services, the dependent is removed until the next Open Enrollment period. This type of activity has the potential to increase future premium costs. Staff recommends adding the following language to HBA 4 to limit the frequency of health plan dependents being terminated and re-enrolled:

HBA 4 Health plan dependents whose coverage has been voluntarily terminated may not be re-enrolled in a LACERS health plan until an Open Enrollment period at least one year after the date of termination, unless the dependent subsequently experiences an involuntary loss of coverage from a non-LACERS plan.

Goal of the Medical Premium Reimbursement Program (MPRP)

The Medical Premium Reimbursement Program is designed to allow Members who cannot access a LACERS medical HMO plan to enroll in a non-LACERS medical plan and receive reimbursement of premium costs, up to their subsidy limit. New Board Rule language is proposed to define the goal of the Medical Premium Reimbursement Program and aid staff in the administration and decision-making related to this program. Further, it will ensure that Members are receiving reimbursements associated with costs of obtaining non-LACERS medical plan coverage that is similar to what is offered by LACERS to its Members and beneficiaries. Staff recommends that the following language be added to HBA5:

HBA 5 The Medical Premium Reimbursement Program (MPRP) is available to all Eligible Primary Subscribers who are unable to access a LACERS HMO medical plan as contained in LAAC Sections 4.1112 and 4.1127. The goal of the MPRP is to allow Eligible Primary Subscribers to enroll in non-LACERS plans that provide similar benefits as LACERS plans and receive reimbursement of plan and other required premium costs up to their subsidy amount.

MPRP Reimbursement for Medicare Part A Premiums

A new subsection of HBA 5 is being proposed to address Members who are not eligible to receive Medicare Part A at no cost, are not able to enroll in a LACERS HMO plan, and choose to participate in the MPRP. They may need to purchase insurance on the open market and although LACERS offers comprehensive coverage for Members with only Medicare Part B, such plans do not exist on the open market. Members need to enroll in and pay for Medicare Part A to cover hospitalization. The cost is substantial, while the medical plan premium may be minimal. For example, we have a Member that pays for Part A (current premium is $475), whereas the insurance plan he enrolled in is only $39. Because he and other Members in a similar situation are required to pay the Medicare Part A premium to enroll in a plan, it is recommended that it be considered a premium payment that is reimbursable through the MPRP. The MPRP provides reimbursement for separate Part D premiums. Staff recommends the following language be added to the Board Rules as HBA 5(b):

HBA 5(b) Eligible Primary Subscribers who are enrolled in Medicare Part B but are not eligible for Medicare Part A premium-free and must pay Medicare Part A premiums in order to enroll in a medical plan that provides benefits similar to LACERS medical plans shall receive reimbursement of basic Medicare Part A premium costs, including hospitalization. The basic Medicare Part A reimbursement amount, when added to the primary medical plan premium, shall not exceed the amount of subsidy available to the Eligible Primary Subscriber.

Reference to Medicare Part A basic premium reimbursement was added to subsections (c) and (d).

Start of Medicare Part B Premium Reimbursements

A new subsection of HBA 9 is being proposed to define when Medicare Part B premium reimbursements will be issued relative to LACERS receiving proof of Medicare Parts A and B enrollment. Sometimes, Members may not provide proof of enrollment in Medicare Parts A and B timely, but request to be reimbursed retroactively, even though they were not enrolled in our Medicare Parts A and B plans. The Medicare Part B premium reimbursement benefit is provided to Members with Medicare Parts A and B because when they enroll in a Medicare Parts A and B plan, the premium cost is significantly reduced. If a Member is enrolled in Medicare effective in July 2021, but does not submit proof to LACERS until September 2021, the soonest their coverage in a LACERS Medicare Parts A and B plan would be effective would be October 2021. The Centers for Medicare and Medicaid Services does allow retro-enrollments into Medicare plans, so LACERS practice is to reimburse Medicare Part B premiums to eligible retired Members after proof of Medicare enrollment is received. To codify this practice, staff recommends the following language be added to the Board Rules as HBA 9(b):

HBA 9(b) An Eligible Primary Subscriber, who is also a retired Member, will qualify for a Medicare Part B basic premium reimbursement the month following the receipt of acceptable proof of enrollment in Medicare Parts A and B. Acceptable proof will be a copy of the Member's Medicare card or if re-enrolling in Medicare after a lapse in coverage, a copy of an Entitlement Letter from the Centers for Medicare and Medicaid Services. The first reimbursement payment will be made the month following the date acceptable proof was received.

Enhanced Benefits and Disability Retirement

Corrections to Intent of Previously Approved Board Rules

On August 24, 2021, the report on Board Rules Related to Member and Benefits Administration was presented to the BAC. Among the proposed rules were Board Rule DR 16 and EB-DR 15. Both rules should have stipulated that active payroll forms of compensation would cease upon approval by the Board of the applicant's disability retirement benefit. However, the omission of the word "not" in DR 16 and EB-DR 15 implied the cessation of compensation was limited to IOD, which was not the intent. Previously, since Members were required to be off active payroll prior to applying for disability retirement, the need to highlight the cessation of other forms of active payroll compensation was unnecessary. The corrected rule for civilian applicants, Board Rule DR 16, and for sworn, EB-DR 15, is detailed below.

DR 16: If an eligible Member (1) who meets the eligibility requirements to apply for a disability retirement, (2) applies while receiving Injury-On-Duty (IOD) compensation and (3) is approved for disability retirement by the Board of Administration while on IOD, the disability retirement effective date will be the Board approval date. Other forms of active employee compensation, including but ***not*** limited to IOD, shall terminate. Recovery and/or adjustment of any IOD overpayment will be the responsibility of the Member and the employing department.

EB-DR 15: If an Enhanced Benefit eligible Member, who meets the eligibility requirements to apply for a disability retirement, applies while receiving Injury-On-Duty (IOD) compensation and is approved for disability retirement by the Board of Administration while IOD, the disability retirement effective date will be the Board approval date. Other forms active employee compensation, including but ***not*** limited to IOD, shall terminate. Recovery and/or adjustment of any IOD overpayment will be the responsibility of the Member and the employing department.

Strategic Plan Impact Statement

The adoption of these Board Rules is part of the Strategic Plan Goal – Accurate and Timely Delivery of Member Benefits.

This report was prepared by**:** Ferralyn Sneed, Acting Chief Benefits Analyst, Retirement Services Division, and Alex Rabrenovich, Chief Benefits Analyst, Health Benefits Administration and Wellness Division.

NMG:DW:FS:AR

Attachments: 1. Revised Board Rules – Tracked Changes
2. Revised Board Rules – Clean Copy

3. August 24, 2021 BAC Report

BAC Meeting: 10/26/2021
Item IV
Attachment 1

REVISED LACERS BOARD RULES – TRACKED CHANGES
October 26, 2021

HEALTH BENEFITS ADMINISTRATION (HBA):

HBA 1: An "Eligible Primary Subscriber," as used throughout these rules, shall mean anyone receiving a monthly benefit payment who is eligible to enroll themselves and/or ~~enroll a~~ dependent~~(s)~~ pursuant to Administrative Code eligibility requirements and health insurance carrier subscriber/dependent eligibility requirements.
(Adopted: June 14, 2016)

HBA 2: The following rules shall apply to enrolling "Eligible Primary Subscribers" and dependents~~, as follows~~:

(a) An Eligible Primary Subscriber shall be eligible to enroll in a LACERS medical/dental plan if he or she is receiving a monthly retirement allowance from LACERS (LAAC 4.1100) and ~~otherwise~~ meets eligibility requirements as stated in carrier contracts, administrative policy, and all applicable State or federal laws.

(b) Upon the death of a Retired Member, a dependent who is an Eligible Surviving Spouse/Domestic Partner ~~can eligible to~~ becomes an Eligible Primary Subscriber ~~may~~ and may elect to continue their health plan coverage in the same plan(s).

(c) ~~When~~ If an Eligible Primary Subscriber~~s~~ become~~s~~ ineligible for enrollment or coverage, ~~they their and their dependents'~~ coverage, including for any dependents, shall ~~be~~ terminate~~d~~.

(d) At age 65 (or sooner if eligible for Medicare insurance), an Eligible Primary Subscriber~~s~~ and ~~their~~ any Medicare eligible dependent~~s~~ must enroll in Medicare Part B and, if eligible to receive it at no cost, Medicare Part A. They must maintain their Medicare enrollment to be enrolled in a LACERS Medicare plan. ~~(LAAC 4.1103.2~~) (LAAC 4.1111(f))

(e) Retired Members or Eligible Surviving Spouses/Domestic Partners whose medical coverage has been terminated due to a lapse in Medicare Part B or Part D enrollment may re-enroll themselves and their dependents in ~~their~~the same LACERS medical plan within 30 days of re-establishing Medicare Part B or Part D enrollment.

Commented [RA1]: Adding Part D because if not enrolled, then Members/dependents are not eligible for the plan.

(f) Medical plan dependents whose medical coverage is terminated due to a lapse in Medicare Part B or Part D coverage may be re-enrolled in the

Commented [RA2]: Adding Part D here because similar to Part B, if Members/dependents re-establish their Part D enrollment, their enrollment criteria for the plan is complete and they can re-enroll.

primary subscriber's (Retired Member's or Eligible Surviving Spouse's/Domestic Partner's) medical plan within 30 days of re-establishing Medicare Part B or Part D enrollment.

~~(e)~~(g) All Eligible Primary Subscribers and their dependents must comply with these Board Rules, Administrative Policies and Procedures and carrier contract provisions.

The General Manager ~~and/~~or his/her designee(s) ~~are authrorized~~ authorized ~~to~~may waive compliance with any of these rules when it is determined good cause exists.
(Resolution: 120110-B; Adopted: January 10, 2012; added "(h), (i)" above)
(Revised: June 14, 2016)

HBA 3: Eligible Dependents shall include all of the following:

a) Spouse
b) Domestic partner (the partnership must be registered with LACERS or the State)
c) Dependent child who is:

- Under age 26, except when an adult child is eligible to enroll in an employee-sponsored plan.
- Unable to engage in gainful employment because of a mental or physical disability (disability must have occurred before age 26).

Note: A "dependent child" includes:

- One born to an ~~Eliigible~~ Eligible Primary Subscriber.
- One legally adopted by an Eligible Primary Subscriber.
- A step-child living with an Eligible Primary Subscriber in a parent-child relationship.
- A child of whom an Eligible Primary Subscriber has legal custody or is the legal ~~guardian, and~~guardian and provides the principal financial support.
- An Eligible Primary Subscriber's domestic partner's child.

d) Grandchildren under age 26, if they are those of an Eligible Primary Subscriber or an Eligible Primary Subscriber's spouse/domestic partner when they are also the legal guardian or have legal custody; or if an Eligible Primary Subscriber's grandchild is the child of an Eligible Primary Subscriber's dependent child as defined in c) above.

Eligibility verifications shall be required to verify any dependent is eligible to enroll in a LACERS health plan, and Eligible Primary Subscribers and their dependents shall be required to provide LACERS with all supporting documents.
(Revised: June 14, 2016)

HBA 4: Enrollment Periods shall be permitted as follows:

BAC Meeting: 10/26/2021
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An Eligible Primary Subscriber may enroll in a LACERS-sponsored medical/dental plan or the Medical Premium Reimbursement Program as follows:

- Within 60 days of the date an Eligible Primary Subscriber's name is placed onto the Retirement Roll
- During the annual LACERS Open Enrollment period.
- Within 60 days of turning age 55.
- Within 60 days of turning age 65.
- Within 30 days of relocating out of or into a LACERS plan authorized zip code service area.
- Within 30 days of involuntary termination of a non-LACERS medical plan (proof required).
- Within 30 days of re-establishing his/her Medicare Part B/Part D after a lapse in Medicare Part B/Part D enrollment (proof required).

New dependents must be added to an Eligible Primary Subscriber's medical and/or dental plan within 30 days of becoming eligible for enrollment; if this requirement is not met, the next opportunity to enroll the dependent shall be at the annual Open Enrollment period.

Health plan dependents whose coverage has been voluntarily terminated may not be re-enrolled in a LACERS health plan until an Open Enrollment period at least one year after the date of termination, unless the dependent subsequently experiences an involuntary loss of coverage from a non-LACERS plan.

The General Manager and/or his/her designees are authorized to waive compliance with this rule when it is determined good cause exists.
(Resolution 120110-B; Adopted: January 10, 2012; modified first and last bullet points above) (Revised: June 14, 2016)

HBA 5: The Medical Premium Reimbursement Program (MPRP) is available to all Eligible Primary ~~Subscribers who~~Subscribers who are unable to access a LACERS HMO medical plan as contained in LAAC Sections 4.1112 and 4.1127~~, and as follows:~~. The goal of the MPRP ~~program~~ is to allow Eligible Primary Subscribers to enroll in non-LACERS plans that provide similar benefits as LACERS plans and receive reimbursement of plan and other required premium costs up to their subsidy amount.

(a) Dental coverage is exempt from the MPRP~~this program~~.

(b) Eligible Primary Subscribers who are enrolled in Medicare Part B but are not eligible for Medicare Part A premium-free and must pay Medicare Part A premiums in order to enroll in a medical plan that provides benefits similar to

Commented [RA3]: Staff has encountered Members who enroll a dependent in a plan during Open Enrollment, but after a few months of coverage, disenroll the dependent, only to re-enroll them the next Open Enrollment. This is done to reduce their out-of-pocket costs, but can have impacts on future premiums resulting from adverse selection. This rule would prevent this from happening as frequently.

Commented [RA4]: This language is being added to define the goal of the program, which isn't clear in other documents.

Commented [RA5]: This is being added for Members who aren't eligible to receive Medicare Part A at no cost and aren't able to enroll in one of our HMO plans, and choose to participate in the MPRP. They may need to purchase insurance on the open market and although LACERS offers comprehensive coverage for Members with only Medicare Part B, no such plans exist on the open market. Members need to enroll in and pay for Medicare Part A to cover hospitalization. The cost is substantial, while the medical plan premium may be minimal. For example, we have a Member that has to pay for Part A (current premium is $475), whereas the insurance plan he enrolled in is only $39. Because he is required to pay the Medicare Part A premium to enroll in a plan, we consider that a premium payment that is reimbursable through the MPRP. We already provide MPRP reimbursement for separate Part D premiums.

LACERS medical plans ~~, including hospitalization,~~ shall receive reimbursement of basic Medicare Part A premium costs, including hospitalization. The basic Medicare Part A reimbursement amount, when added to the primary medical plan premium, shall not exceed the amount of subsidy available to the Eligible Primary Subscriber.

(c) Eligible Primary Subscribers ~~who are eligible~~ may receive reimbursement for their supplemental Medicare Part D basic or standard premium in order to maintain creditable coverage. Reimbursement for the supplemental Medicare Part D basic or standard premium, when added to the reimbursement for the Eligible Primary Subscriber's primary medical plan and basic Medicare Part A premium,~~,~~ will not exceed the maximum subsidy available to that Eligible Primary Subscriber.

Commented [RA6]: Added Part A because of the new language in section (b)

~~(a)~~(d) Eligible Primary Subscribers may receive reimbursement for separate vision plan ~~insurance~~coverage if their existing medical plan does not provide vision coverage, or the vision services provided are not comparable~~equivalent~~ to ~~LACERS~~ vision benefits provided by LACERS plans. Reimbursement for separate vision plan ~~insurance~~coverage, when added to the reimbursement for the Eligible Primary Subscriber's primary medical plan premium, and basic Medicare Part A and Medicare Part D premiums, will not exceed the maximum subsidy available to the~~at~~ Eligible Primary Subscriber.

Commented [RA7]: Added Part A because of the new language in section (b)

~~(b)~~(e) Eligible Primary ~~Subscribers who~~Subscribers who are enrolled in one of the following types of plan, besides plans defined in LAAC Sections 4.1112(a) and 4.1127(a), and are paying all or a portion of the premium, will be eligible for participation in the MPRP:

1) a plan sponsored by an employer;~~,~~
2) a plan sponsored by a retirement system other than LACERS;~~,~~
3) a partially subsidized health plan.

~~(c)~~(f) Retired M~~m~~embers who qualify for MPRP, ~~and~~ are enrolled in Medicare Parts A and B, ~~who~~ and receive health coverage ~~premium-free~~at no cost~~,~~ will be eligible for Medicare Part B basic premium reimbursement.

~~(d) Eligible Primary Subscibers may receive reimbursement for separate vision plan insurance if their existing medical plan does not provide vision coverage, or the vision services provided are not equivalent to LACERS vision benefits. Reimbursement for separate vision plan insurance, when added to the reimbursement for the Eligible Primary Subscriber's primary medical plan and Medicare Part D, will not exceed the maximum subsidy available to that Eligible Primary Subscriber.~~

(f) Any Eligible Primary Subscriber who receives a payment as a refund or rebate of any portion of his/her health plan premium for which the Eligible

Primary Subscriber has been reimbursed by LACERS under the MPRP shall report the payment to LACERS and provide supporting documentation. LACERS will determine if any portion of the payment is due to LACERS. Should an Eligible Primary Subscriber refuse to reimburse LACERS the payment, the amount due to LACERS shall be included in the Eligible Primary Subscriber's taxable income as reported to the IRS and the State of California.

(g) Effective September 1, 2013, all Eligible Primary Subscribers participating in the MPRP shall attest the following on each claim form submitted:

- The Eligible Primary Subscriber ~~will~~ ~~shall~~must inform LACERS if he/she receives a rebate or refund of any portion of his/her health plan premium for which LACERS has reimbursed the Eligible Primary Subscriber under the MPRP and provide supporting documentation for such a payment.
- The ~~member~~ Eligible Primary Subscriber agrees to reimburse LACERS in an amount of the payment received less any portion the Eligible Primary Subscriber paid for his/her MPRP-eligible medical plan coverage that was not reimbursed by LACERS.
- The Eligible Primary Subscriber agrees to repay LACERS its portion of any medical plan premium ~~payment through~~payment ~~through~~by personal check, withholding from future MPRP payments, or deduction from the Eligible Primary Subscriber's Retirement or Continuance Allowance.

(*Resolution 130514-G; Adopted May 14, 2013; added Items g, h, i, j) Revised: June 14, 2016, by Resolution: 99999)*

(h) A Member enrolled in Medicare Parts A and B, providing medical coverage for an eligible dependent, and participating in the MPRP, will be eligible to ~~recive~~receive a total reimbursement that shall not exceed the amount of subsidy available to Members enrolled in the LACERS Kaiser Permanente Senior Advantage plan covering a non-Medicare dependent in the LACERS Kaiser Permanente HMO plan.
(Added August 27, 2019)

HBA 6: The handling of insufficient funds for premium deductions shall be as follows:

(a) Effective November 1, 2003, an Eligible Primary Subscriber may submit to LACERS the contribution shortage between their monthly deduction and the monthly premium owed for the next Plan Year effective January 1. The total contribution shortage for the 12-month period beginning January 1 of the following year, is due to LACERS no later than November 30. LACERS shall send a notice of the contribution shortage amount to the Eligible Primary Subscriber at his or her last known address prior to October 10 (Dates are subject to change depending on when the Board adopts the next plan year's health plan premium rates).

(b) If an Eligible Primary Subscriber fails to make full payment by November 30 (regardless of whether a notice of contribution shortage is received by the Eligible Primary Subscriber), the Eligible Primary Subscriber shall not have coverage effective January 1 of the next Plan Year.

(c) Cancellation of an Eligible Primary Subscriber's coverage pursuant to this rule shall not affect LACERS right to collect any and all contribution shortages for coverage already provided and seek recoveries for premiums required for such coverage from the beneficiary or an estate of a beneficiary.

(Revised: June 14, 2016)

HBA 7: The following are participant requirements for providing timely notices to LACERS and/or for dealing with the recovery of benefits paid when the participant was ineligible:

- If an event occurs which makes a person ineligible for continued enrollment or coverage in the health plan(s) offered or sponsored by LACERS, an Eligible Primary Subscriber or their representative shall notify LACERS of the event as soon as is reasonable.
- All such notices shall be in writing and shall be sent to LACERS.
- LACERS shall be entitled to seek recovery of the costs for any benefits that were provided to any participants after an event that terminated the ~~particpant's~~participant's enrollment or that otherwise made that participant ineligible for continued enrollment in or coverage by the health plans administered by LACERS.
- In seeking to recover the cost of benefits under this rule, LACERS ~~staff shall have~~has the right to~~of~~ offset those costs against any other benefits payable, including without limitation, the right to recover amounts from and out of any and all future benefits payable to the Eligible Primary Subscriber and/or participant whose enrollment was terminated.

(Revised: June 14, 2016)

HBA 8: Eligible Primary Subscribers shall be responsible for:

~~(a)~~ Providing current and accurate personal information required for maintaining coverage and eligibility.
~~(b)~~(a)
~~(c)~~ Paying the premium contributions in the amount or amounts required above the amount of any subsidy paid by LACERS for the applicable health benefit plan.
~~(d)~~(b)

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~~(e)~~ Paying the premium contributions at the times and in the manner prescribed by LACERS.

~~(f)~~ ~~Complying with these Board Rules, Administrative Policies and Procedures and carrier contract provisions.~~

~~(g)~~(c)

(e) Enrolling in all parts of Medicare for which they are eligible if enrolled in a LACERS health plan.

(Revised: June 14, 2016)

HBA 9: Medicare Part B Basic Premium Reimbursement

(a) ~~A retired Member identified as a~~An Eligible Primary Subscriber's dependent who meets the definition of an Eligible Retiree as provided in LAAC Section 4.1113(b) and maintains enrollment in all parts of Medicare required for enrollment in a LACERS Medicare plan (Parts A, B, and D), shall be eligible for Medicare Part B basic premium reimbursement. ~~and shall be subject to and responsible for complying with these Board Rules, Administrative Policies and Procedures, and carrier contract provisions~~. ~~This shall not apply if the retired Member is receiving a Medicare Part B premium reimbursement as a primary subscriber in a LACERS or other plan.~~ *(Revised: June 14, 2016; Resolution: 180508-C; Adopted: May 8, 2018)*

Commented [RA8]: Cleaned up the language to make it clearer.

~~(a)~~(b) An Eligible Primary Subscriber, who is also a retired Member, will qualify for a Medicare Part B basic premium reimbursement the month following the receipt of acceptable proof of enrollment in Medicare Parts A and B. Acceptable proof will be a copy of the Member's Medicare card or if re-enrolling in Medicare after a lapse in coverage, a copy of an Entitlement Letter from the Centers for Medicare and Medicaid Services. The first reimbursement payment will be made the month following the date acceptable proof was received.

Commented [RA9]: This is an issue that comes up regularly with our Members. They may not provide proof of enrollment in Medicare Parts A and B timely, but then they want to be reimbursed retroactively, even though they weren't enrolled in our Medicare Parts A and B plans. We want to formalize the policy through a Board rule to enforce this practice.

HBA 10: The determinations of the total annual premium costs for discretionary benefit changes shall be as follows:

In order to determine if a benefit change meets the one-half of one percent total annual premium cost threshold described in LAAC Section 4.1106, staff will use the following to measure the cost impacts related to discretionary health plan benefit changes:

- For a mid-year benefit change, staff shall utilize the enrollment and premium cost data associated with the health plan premium renewal report adopted by the Board for the plan year in which the discretionary benefit change is being recommended;

- For a new plan year benefit change, staff shall utilize the enrollment and premium cost data associated with the proposed final premiums that will be recommended to the Board for the upcoming new plan year in which the discretionary health plan benefit change is being recommended.

1. The "total annual premium cost" shall refer to the estimated annual premium cost of the Health and Welfare Program administered by the LACERS Board.

(Resolution: 110913-C; Adopted: September 13, 2011) (Revised: June 14, 2016)

DISABILITY RETIREMENT (DR)

DR 16: If an eligible Member~~,~~ (1) who meets the eligibility requirements to apply for a disability retirement, (2) applies while receiving Injury-On-Duty (IOD) compensation and (3) is approved for disability retirement by the Board of Administration while on IOD, the disability retirement effective date will be the Board approval date. Other forms of active employee compensation, including but ***not*** limited to IOD, shall terminate~~, including but **not** limited to IOD~~. Recovery and/or adjustment of ~~A~~any IOD overpayment will be the responsibility of the Member and the employing department.

~~**4.2 BOARD RULES - ENHANCED BENEFITS**~~

ENHANCED BENEFITS (EB) – DISABILITY RETIREMENT (DR)

EB-DR 15: If an Enhanced Benefit eligible Member, who meets the eligibility requirements to apply for a disability retirement, applies while receiving Injury-On-Duty (IOD) compensation and is approved for disability retirement by the Board of Administration while IOD, the disability retirement effective date will be the Board approval date. Other forms active employee compensation, including but ***not*** limited to IOD, shall terminate~~, including but **not** limited to IOD~~. Recovery and/or adjustment of any~~Any~~ IOD overpayment will be the responsibility of the Member and the employing department.

Commented [RA10]: the omission of the word "not" in DR 16 and EB-DR 15 implied the cessation of compensation was limited to IOD, which was not the intent. Previously, since members were required to be off active payroll prior to applying for disability retirement, the need to highlight the cessation of other forms of active payroll compensation was unnecessary.

Commented [RA11]: the omission of the word "not" in DR 16 and EB-DR 15 implied the cessation of compensation was limited to IOD, which was not the intent. Previously, since members were required to be off active payroll prior to applying for disability retirement, the need to highlight the cessation of other forms of active payroll compensation was unnecessary.

REVISED LACERS BOARD RULES – CLEAN COPY

October 26, 2021

HEALTH BENEFITS ADMINISTRATION (HBA):

HBA 1: An "Eligible Primary Subscriber," as used throughout these rules, shall mean anyone receiving a monthly benefit payment who is eligible to enroll themselves and/or dependents pursuant to Administrative Code eligibility requirements and health insurance carrier subscriber/dependent eligibility requirements.
(Adopted: June 14, 2016)

HBA 2: The following rules shall apply to enrolling "Eligible Primary Subscribers" and dependents:

(a) An Eligible Primary Subscriber shall be eligible to enroll in a LACERS medical/dental plan if he or she is receiving a monthly retirement allowance from LACERS (LAAC 4.1100) and meets eligibility requirements as stated in carrier contracts, administrative policy, and all applicable State or federal laws.

(b) Upon the death of a Retired Member, a dependent who is an Eligible Surviving Spouse/Domestic Partner becomes an Eligible Primary Subscriber and may elect to continue their health plan coverage in the same plan(s).

(c) If an Eligible Primary Subscriber becomes ineligible for enrollment or coverage, coverage, including for any dependents, shall terminate.

(d) At age 65 (or sooner if eligible for Medicare insurance), an Eligible Primary Subscriber and any Medicare eligible dependent must enroll in Medicare Part B and, if eligible to receive it at no cost, Medicare Part A. They must maintain their Medicare enrollment to be enrolled in a LACERS Medicare plan.) (LAAC 4.1111(f))

(e) Retired Members or Eligible Surviving Spouses/Domestic Partners whose medical coverage has been terminated due to a lapse in Medicare Part B or Part D enrollment may re-enroll themselves and their dependents in the same LACERS medical plan within 30 days of re-establishing Medicare Part B or Part D enrollment.

(f) Medical plan dependents whose medical coverage is terminated due to a lapse in Medicare Part B or Part D coverage may be re-enrolled in the primary subscriber's (Retired Member's or Eligible Surviving Spouse's/Domestic Partner's) medical plan within 30 days of re-establishing Medicare Part B or Part D enrollment.

(g) All Eligible Primary Subscribers and their dependents must comply with these Board Rules, Administrative Policies and Procedures and carrier contract provisions.

The General Manager or his/her designee(s) may waive compliance with any of these rules when it is determined good cause exists.
(Resolution: 120110-B; Adopted: January 10, 2012; added "(h), (i)" above)
(Revised: June 14, 2016)

HBA 3: Eligible Dependents shall include all of the following:

a) Spouse
b) Domestic partner (the partnership must be registered with LACERS or the State)
c) Dependent child who is:
- Under age 26, except when an adult child is eligible to enroll in an employee-sponsored plan.
- Unable to engage in gainful employment because of a mental or physical disability (disability must have occurred before age 26).

Note: A "dependent child" includes:
- One born to an Eligible Primary Subscriber.
- One legally adopted by an Eligible Primary Subscriber.
- A step-child living with an Eligible Primary Subscriber in a parent-child relationship.
- A child of whom an Eligible Primary Subscriber has legal custody or is the legal guardian and provides the principal financial support.
- An Eligible Primary Subscriber's domestic partner's child.

d) Grandchildren under age 26, if they are those of an Eligible Primary Subscriber or an Eligible Primary Subscriber's spouse/domestic partner when they are also the legal guardian or have legal custody; or if an Eligible Primary Subscriber's grandchild is the child of an Eligible Primary Subscriber's dependent child as defined in c) above.

Eligibility verifications shall be required to verify any dependent is eligible to enroll in a LACERS health plan, and Eligible Primary Subscribers and their dependents shall be required to provide LACERS with all supporting documents.
(Revised: June 14, 2016)

HBA 4: Enrollment Periods shall be permitted as follows:

An Eligible Primary Subscriber may enroll in a LACERS-sponsored medical/dental plan or the Medical Premium Reimbursement Program as follows:

- Within 60 days of the date an Eligible Primary Subscriber's name is placed onto the Retirement Roll
- During the annual LACERS Open Enrollment period.
- Within 60 days of turning age 55.
- Within 60 days of turning age 65.
- Within 30 days of relocating out of or into a LACERS plan authorized zip code service area.
- Within 30 days of involuntary termination of a non-LACERS medical plan (proof required).
- Within 30 days of re-establishing his/her Medicare Part B/Part D after a lapse in Medicare Part B/Part D enrollment (proof required).

New dependents must be added to an Eligible Primary Subscriber's medical and/or dental plan within 30 days of becoming eligible for enrollment; if this requirement is not met, the next opportunity to enroll the dependent shall be at the annual Open Enrollment period.

Health plan dependents whose coverage has been voluntarily terminated may not be re-enrolled in a LACERS health plan until an Open Enrollment period at least one year after the date of termination, unless the dependent subsequently experiences an involuntary loss of coverage from a non-LACERS plan.

The General Manager and/or his/her designees are authorized to waive compliance with this rule when it is determined good cause exists.
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HBA 5: The Medical Premium Reimbursement Program (MPRP) is available to all Eligible Primary Subscribers who are unable to access a LACERS HMO medical plan as contained in LAAC Sections 4.1112 and 4.1127. The goal of the MPRP is to allow Eligible Primary Subscribers to enroll in non-LACERS plans that provide similar benefits as LACERS plans and receive reimbursement of plan and other required premium costs up to their subsidy amount.

(a) Dental coverage is exempt from the MPRP.

(b) Eligible Primary Subscribers who are enrolled in Medicare Part B but are not eligible for Medicare Part A premium-free and must pay Medicare Part A premiums in order to enroll in a medical plan that provides benefits similar to LACERS medical plans shall receive reimbursement of basic Medicare Part A premium costs, including hospitalization. The basic Medicare Part A reimbursement amount, when added to the primary medical plan premium, shall not exceed the amount of subsidy available to the Eligible Primary Subscriber.

(c) Eligible Primary Subscribers may receive reimbursement for their supplemental Medicare Part D basic or standard premium in order to maintain creditable coverage. Reimbursement for the supplemental Medicare Part D basic or standard premium, when added to the reimbursement for the Eligible Primary Subscriber's primary medical plan and basic Medicare Part A premium, will not exceed the maximum subsidy available to that Eligible Primary Subscriber.

(d) Eligible Primary Subscribers may receive reimbursement for separate vision plan coverage if their existing medical plan does not provide vision coverage, or the vision services provided are not comparable to vision benefits provided by LACERS plans. Reimbursement for separate vision plan coverage, when added to the reimbursement for the Eligible Primary Subscriber's primary medical plan premium, and basic Medicare Part A and Medicare Part D premiums, will not exceed the maximum subsidy available to the Eligible Primary Subscriber.

(e) Eligible Primary Subscribers who are enrolled in one of the following types of plan, besides plans defined in LAAC Sections 4.1112(a) and 4.1127(a), and are paying all or a portion of the premium, will be eligible for participation in the MPRP:
1) a plan sponsored by an employer;
2) a plan sponsored by a retirement system other than LACERS;
3) a partially subsidized health plan.

(f) Retired Members who qualify for MPRP, are enrolled in Medicare Parts A and B, and receive health coverage at no cost will be eligible for Medicare Part B basic premium reimbursement.

(f) Any Eligible Primary Subscriber who receives a payment as a refund or rebate of any portion of his/her health plan premium for which the Eligible Primary Subscriber has been reimbursed by LACERS under the MPRP shall report the payment to LACERS and provide supporting documentation. LACERS will determine if any portion of the payment is due to LACERS. Should an Eligible Primary Subscriber refuse to reimburse LACERS the payment, the amount due to LACERS shall be included in the Eligible Primary Subscriber's taxable income as reported to the IRS and the State of California.

(g) Effective September 1, 2013, all Eligible Primary Subscribers participating in the MPRP shall attest the following on each claim form submitted:

- The Eligible Primary Subscriber must inform LACERS if he/she receives a rebate or refund of any portion of his/her health plan premium for which

LACERS has reimbursed the Eligible Primary Subscriber under the MPRP and provide supporting documentation for such a payment.

- The Eligible Primary Subscriber agrees to reimburse LACERS in an amount of the payment received less any portion the Eligible Primary Subscriber paid for his/her MPRP-eligible medical plan coverage that was not reimbursed by LACERS.
- The Eligible Primary Subscriber agrees to repay LACERS its portion of any medical plan premium payment by personal check, withholding from future MPRP payments, or deduction from the Eligible Primary Subscriber's Retirement or Continuance Allowance.

(*Resolution 130514-G; Adopted May 14, 2013; added Items g, h, i, j) Revised: June 14, 2016, by Resolution: 99999)*

(h) A Member enrolled in Medicare Parts A and B, providing medical coverage for an eligible dependent, and participating in the MPRP, will be eligible to receive a total reimbursement that shall not exceed the amount of subsidy available to Members enrolled in the LACERS Kaiser Permanente Senior Advantage plan covering a non-Medicare dependent in the LACERS Kaiser Permanente HMO plan.
(Added August 27, 2019)

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(a) Effective November 1, 2003, an Eligible Primary Subscriber may submit to LACERS the contribution shortage between their monthly deduction and the monthly premium owed for the next Plan Year effective January 1. The total contribution shortage for the 12-month period beginning January 1 of the following year, is due to LACERS no later than November 30. LACERS shall send a notice of the contribution shortage amount to the Eligible Primary Subscriber at his or her last known address prior to October 10 (Dates are subject to change depending on when the Board adopts the next plan year's health plan premium rates).

(b) If an Eligible Primary Subscriber fails to make full payment by November 30 (regardless of whether a notice of contribution shortage is received by the Eligible Primary Subscriber), the Eligible Primary Subscriber shall not have coverage effective January 1 of the next Plan Year.

(c) Cancellation of an Eligible Primary Subscriber's coverage pursuant to this rule shall not affect LACERS right to collect any and all contribution shortages for coverage already provided and seek recoveries for premiums required for such coverage from the beneficiary or an estate of a beneficiary.
(Revised: June 14, 2016)

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- If an event occurs which makes a person ineligible for continued enrollment or coverage in the health plan(s) offered or sponsored by LACERS, an Eligible Primary Subscriber or their representative shall notify LACERS of the event as soon as is reasonable.

- All such notices shall be in writing and shall be sent to LACERS.

- LACERS shall be entitled to seek recovery of the costs for any benefits that were provided to any participants after an event that terminated the participant's enrollment or that otherwise made that participant ineligible for continued enrollment in or coverage by the health plans administered by LACERS.

- In seeking to recover the cost of benefits under this rule, LACERS has the right to offset those costs against any other benefits payable, including without limitation, the right to recover amounts from and out of any and all future benefits payable to the Eligible Primary Subscriber and/or participant whose enrollment was terminated.

(Revised: June 14, 2016)

HBA 8: Eligible Primary Subscribers shall be responsible for:

(a) Providing current and accurate personal information required for maintaining coverage and eligibility.
(b) Paying the premium contributions in the amount or amounts required above the amount of any subsidy paid by LACERS for the applicable health benefit plan.
(c) Paying the premium contributions at the times and in the manner prescribed by LACERS.
(e) Enrolling in all parts of Medicare for which they are eligible if enrolled in a LACERS health plan.
(Revised: June 14, 2016)

HBA 9: Medicare Part B Basic Premium Reimbursement

(a) An Eligible Primary Subscriber's dependent who meets the definition of an Eligible Retiree as provided in LAAC Section 4.1113(b) and maintains enrollment in all parts of Medicare required for enrollment in a LACERS Medicare plan (Parts A, B, and D), shall be eligible for Medicare Part B basic premium reimbursement.. *(Revised: June 14, 2016; Resolution: 180508-C; Adopted: May 8, 2018)*

(b) An Eligible Primary Subscriber, who is also a retired Member, will qualify for a Medicare Part B basic premium reimbursement the month following the receipt of acceptable proof of enrollment in Medicare Parts A and B.

Acceptable proof will be a copy of the Member's Medicare card or if re-enrolling in Medicare after a lapse in coverage, a copy of an Entitlement Letter from the Centers for Medicare and Medicaid Services. The first reimbursement payment will be made the month following the date acceptable proof was received.

HBA 10: The determinations of the total annual premium costs for discretionary benefit changes shall be as follows:

In order to determine if a benefit change meets the one-half of one percent total annual premium cost threshold described in LAAC Section 4.1106, staff will use the following to measure the cost impacts related to discretionary health plan benefit changes:

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1. The "total annual premium cost" shall refer to the estimated annual premium cost of the Health and Welfare Program administered by the LACERS Board.

(Resolution: 110913-C; Adopted: September 13, 2011) (Revised: June 14, 2016)

DISABILITY RETIREMENT (DR)

DR 16: If an eligible Member (1) who meets the eligibility requirements to apply for a disability retirement, (2) applies while receiving Injury-On-Duty (IOD) compensation and (3) is approved for disability retirement by the Board of Administration while on IOD, the disability retirement effective date will be the Board approval date. Other forms of active employee compensation, including but ***not*** limited to IOD, shall terminate. Recovery and/or adjustment of any IOD overpayment will be the responsibility of the Member and the employing department.

ENHANCED BENEFITS (EB) – DISABILITY RETIREMENT (DR)

EB-DR 15: If an Enhanced Benefit eligible Member, who meets the eligibility requirements to apply for a disability retirement, applies while receiving Injury-On-Duty (IOD) compensation and is approved for disability retirement by the Board of Administration while IOD, the disability retirement effective date will be the Board approval date. Other forms active employee compensation, including but ***not*** limited to IOD, shall terminate,. Recovery and/or adjustment of any IOD overpayment will be the responsibility of the Member and the employing department.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BENEFITS ADMINISTRATION COMMITTEE **MEETING: AUGUST 24, 2021**
From: Neil M. Guglielmo, General Manager **ITEM: IV**

SUBJECT: **BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend Board approval of the proposed Board Rules.

Executive Summary

The Board Rules related to Benefits Administration are regularly reviewed to assess the need for additional rules due to revisions of LACERS' plan provisions, case law, the Internal Revenue Code or other areas affecting administration of retirement benefits. Board Rule reviews also seek to identify rules which are no longer applicable or in need of revision.

Board Rules work in conjunction with the Administrative Code, City Charter, State or Federal Law, the Internal Revenue Code and pension best practices to provide the necessary administrative framework to carry out the delivery of LACERS' retirement benefits. Additionally, Board Rules provide clarification and implementation guidelines for executing administrative procedures not specifically detailed within the authoritative plan, legislative and regulatory provisions.

The Board Rules proposed herein are the result of staff's recent review of retirement processing procedures. These new proposed rules (Attachment 1) will clarify guidelines related to: (1) Larger Annuity account refunds; (2) the interest charged on late Service Purchase payments; (3) the filing of disability retirement applications while on Injury-on-Duty (IOD) and related limitations; and, (4) disability loan eligibility.

Pursuant to Section 1106 of the Los Angeles City Charter, the Board of Administration is authorized to adopt rules governing the administration of benefits under the LACERS Plan.

Discussion

Larger Annuity Program

LACERS receives applications to establish Larger Annuity Program (LAP) accounts regularly during Active Service and at retirement. Although requests to establish accounts in the period immediately preceding retirement are not uncommon, requests for refunds of LAP deposits soon after establishing their accounts, and in some cases within the same week or even at the same time as the account is established, is not in keeping with the purpose of the LAP, which is to allow Members to have a post-tax savings plan during Active service with the option of converting those funds into an additional annuity at the time of their retirement. These requests for refunds position LACERS as a pass-through organization creating an undue administrative burden and diversion of staff resources from the four impacted units involved in processing such requests including the Service Processing Section, Fiscal Management, Service Retirement Unit and Member Processing Unit.

To ensure that LAP accounts remain within the purpose of "making additional contributions to provide a larger annuity benefit at the time of retirement" as authorized by the Los Angeles Administrative Code section 4.1021, the City Attorney advised that the appropriate remedy would be for the Board to adopt a rule to prevent future misuse of the LAP. Therefore, staff recommends a rule whereby deposits must be held in the LAP account of an Active Member for at least six (6) months prior to any refund or distribution. If the Member retires prior to this six-month period, their funds may only be used to purchase a larger annuity.

Service Purchase Payments

Since the pandemic, LACERS has been experiencing delays in the receipt of mail delivered by the United States Postal Service (USPS) and by private courier and express mail services such as FedEx, United Parcel Service (UPS), and DHL. Members' service buyback costs have been directly impacted by these delays as interest is charged for late receipt of payments.

Analysis of recent late check incidents showed that if a personal check was received 10 days past the previous month's closing, the interest amount owed totaled 64 cents. However, the staff costs to recover the 64 cents based on 20 minutes of an Accounting Clerk's time, and 10 minutes of a Benefits Specialist's time total approximately $15. The collection of interest on the late payment is not efficient or cost effective. Therefore, staff recommends a rule whereby interest will not be charged unless the amount of interest due exceeds the $15 administrative cost threshold.

Enhanced Benefits – Disability Retirement

A recent review of LACERS' Disability Filing Period under Los Angeles Administrative Code Section 4.1008.1(a) found that there is no prohibition against an Airport Police Officer from applying for a disability retirement while on active payroll. LACERS current practice requires a sworn (Airport Police Officer) Member or deferred Member to be "off" active payroll before applying for disability retirement under Los Angeles Administrative Code (LAAC) Section 4.1008.1 (a) and (p) states that:

(a) *Application for Disability Retirement. Any Airport Peace Officer Member who has graduated from basic training and taken the Oath of Office, applying for a service-connected disability, or who has five (5) or more years of continuous service, applying for a nonservice-connected disability, who has become physically or mentally incapacitated and who is incapable, as a result thereof, of performing his or her duties, may be retired upon written application of such Member, or any person acting on his or her behalf, or on behalf of the head of the Department of Airports or Fire Department wherein such Member is employed. Any such application may be made at any time within, but not exceeding, one (1) year after the discontinuance of the service of such employee or the termination of any duly* *authorized sick leave with payment, provided such incapacity has been continuous from the discontinuance of such service. No application may be filed under this Section 4.1008.1 prior to January 7, 2018.*

(p) *Disability Retirements for Airport Peace Officer Former Members. Any Airport Peace Officer Former Member, who became such because of termination of his or her employment for any reason including service retirement, who shall believe that he or she is eligible to be paid a disability retirement allowance pursuant to this Section 4.1008.1, may file his or her written application for the payment of a disability retirement allowance within one (1) year from the date he or she ceased to be an Airport Peace Officer Member, or one (1) year from his or her last day on active payroll. The Board, if it were to determine that the contingencies provided in this Section for the payment thereof had happened or occurred as to the Airport Peace Officer Former Member prior to the date upon which he or she had ceased to be a Member, and if there is no legal bar or defense to the granting to him or her of such retirement or to any judicial action or proceeding which could be brought by him or her with respect thereto, shall grant him or her the retirement allowance in accordance with his or her written application.*

The City Attorney reviewed the impact to the plan of changing the application policy and found that the impact is minimal and mitigatable by a Board Rule that stipulates the active payroll condition under which a LACERS Member can apply. Specifically, a Member will not be allowed to apply for disability retirement until the Member is placed on Injury-On-Duty (IOD). If the Member is approved for a disability retirement while on IOD, the IOD will cease upon benefit set-up and there will be no retroactive benefit payment since the Member was never "off" active payroll. Additionally, because the Member is applying while on active payroll, they will be ineligible to apply for the disability loan. Further, since similar language is in LACERS' plan provisions for civilian Members under LAAC 4.1008(a), staff is recommending that the proposed board rule be applied to include civilian disability retirement applicants.

The proposed rules have been reviewed by the Office of the City Attorney as to form.

<u>Strategic Plan Impact Statement</u>

Strategic Plan Impact Statement:

The adoption of these proposed Board Rules is part of the Strategic Plan Goal – Accurate and Timely Delivery of Member Benefits.

This report was prepared by: Ferralyn Sneed, Senior Benefits Analyst II, Retirement Services Division and Edeliza Fang, Senior Benefits Analyst II, Administration Services Division

NG:KF:EF:FS

Attachment: 1) Proposed Board Rules

4.0 BENEFITS AND MEMBER ADMINISTRATION

All other Board Rules apply unless superseded by these rules or the Los Angeles Administrative Code.

4.1 BOARD RULES

DISABILITY RETIREMENT (DR)

DR 15: A Member who meets the eligibility requirements to apply for disability retirement may submit a disability retirement application following official placement on Injury-On-Duty (IOD) by their employing department.

DR 16: If an eligible Member who meets the eligibility requirements to apply for a disability retirement applies while receiving Injury-On-Duty (IOD) compensation and is approved for disability retirement by the Board of Administration while on IOD, the disability retirement effective date will be the Board approval date. Other forms of active employee compensation shall terminate, including but limited to IOD. Any IOD overpayment will be the responsibility of the Member and the employing department.

DISABILITY LOAN (DL)

DL 7: An eligible Member who meets the eligibility requirements to apply for disability retirement who applies after being placed on Injury-On-Duty (IOD) status shall not be eligible to apply for a disability retirement loan.

LARGER ANNUITY (LA)

LA 22: A Larger Annuity Program account shall be established by an Active Member for at least six (6) months prior to any refund or distribution. In the event that the Member retires prior to this six-month period, their funds may only be used to purchase a larger annuity.

SERVICE PURCHASES (SP)

SP 1: Additional interest is charged on service purchase payments that are received after the 5th of the month following the due date, except when:

1. The recalculated interest amount is less than $15, which is the approximate cost of staff time to generate the calculation and cost letter. This may be reasonably estimated and approved by the Senior Benefits Analyst I overseeing the unit; or,

2. The payment is postmarked five (5) calendar days or earlier, before the end of the month due for personal checks mailed through the United States Postal Service (USPS); or three (3) calendar days or earlier, before the end of the month due for checks issued by the Deferred Compensation plan administrator and sent via a courier service. This rule is in

place temporarily until LACERS' relocation to its new headquarters building as it is anticipated that mail services will return to normal operations.

4.2 BOARD RULES - ENHANCED BENEFITS

ENHANCED BENEFITS – DISABILITY RETIREMENT (DR)

EB-DR 14: An Enhanced Benefit eligible Member who meets the eligibility requirements to apply for disability retirement may submit a disability retirement application after being placed on Injury-On-Duty (IOD) but not before.

EB-DR 15: If an Enhanced Benefit eligible Member who meets the eligibility requirements to apply for a disability retirement applies while receiving Injury-On-Duty (IOD) compensation and is approved for disability retirement by the Board of Administration while IOD, the disability retirement effective date will be the Board approval date. Other forms active employee compensation shall terminate, including but limited to IOD. Any IOD overpayment will be the responsibility of the Member and the employing department.

ENHANCED BENEFITS – LOAN PROGRAM (LP)

EB-LP2: An Enhanced Benefit eligible Member who meets the eligibility requirements to apply for disability retirement who applies after being placed on Injury-On-Duty (IOD) status shall not be eligible to apply for a disability retirement loan.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION | **MEETING: NOVEMBER 9, 2021**
From: Neil M. Guglielmo, General Manager | **ITEM: VII – F**

SUBJECT: **WEBSITE REDESIGN CONTRACT AMENDMENT WITH DIGITAL DEPLOYMENT INC. AND POSSIBLE BOARD ACTION**

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

<u>Recommendation</u>

That the Board:
1. Approve a contract amendment with Digital Deployment Inc. to increase the contract amount by $20,000, not to exceed $208,750 for website design and support services for LACERS.org; and
2. Authorize the General Manager to negotiate and execute the final contract amendment.

<u>Executive Summary</u>

Amending the existing contract amount allows LACERS to continue providing uninterrupted web services to Members for the duration of the contract period.

<u>Discussion</u>

LACERS' new website infrastructure was completed in June 2019 ahead of schedule and within budget at $140,750. The original contract included 24 months of maintenance and support services at a cost of $2,000 per month. Early completion of the project necessitated commencing these services sooner than anticipated thereby incurring costs beyond what was initially contracted.

At the start of the COVID19 pandemic, new functionality was deployed to display a carousel of dynamic information on our homepage highlighting important information for Members. The cost to add this feature was $1,950. The carousel continues to feature information including open enrollment updates, events such as the Investment Symposium, and information about the Retirement Application Portal (RAP).

There is sufficient budgetary appropriation in the contractual services account to fund this contract amendment.

<u>Strategic Plan Impact Statement</u>

This request supports the LACERS Strategic Plan, Customer Service Goal, by providing ease of access to retirement information and resources.

Prepared By:
Nathan Herkelrath and Vanessa Lopez, Benefit Analysts, Member Benefits and Services Bureau

NMG/TL;nh;vl

Attachment: 1. Proposed Resolution – Contract Amendment with Digital Deployment Inc.

CONTRACT AMENDMENT WITH DIGITAL DEPLOYMENT INC. FOR WEBSITE DESIGN AND SUPPORT SERVICES

PROPOSED RESOLUTION

WHEREAS, on March 12, 2019, the Board approved contracting with DIGITAL DEPLOYMENT INC. for website design and support services for the contract term beginning April 1, 2019 through April 30, 2022, not to exceed $188,750;

WHEREAS, implementation of the website occurred earlier than expected, and an additional ad-hoc project entitled “Homepage Hero Enhancement – Carousel” which created a prominent carousel on the LACERS.org homepage was completed;

WHEREAS, an additional $20,000 is needed for the remainder of the contract term for maintenance and support services;

WHEREAS, it is LACERS’ desire to continue providing ease of access to information and resources to its members;

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to negotiate and execute a contract amendment subject to satisfactory business and legal terms; and to make any necessary clerical, typographical, or technical corrections to this document.

Company Name:	DIGITAL DEPLOYMENT INC.
Service Provided:	Website Design Website Maintenance and Support
Term Dates:	April 1, 2019 through April 30, 2022
Total Expenditure Authority:	$208,750

November 9, 2021

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Real Estate Portfolio

Performance Review

SECOND QUARTER 2021

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Portfolio Funding Status

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- 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, 2021. A detailed performance report is also provided as **Exhibit A.**
- The System is below its 7.0% target to Real Estate as of quarter-end on a funded and committed basis. The target allocation was increased from 5.0% in April 2018.

	Market Value ($ millions)*	% LACERS Plan*
LACERS Total Plan Assets	22,554	
Real Estate Target	1,579	7.0%
RE Market Value:		
Core	611	
Non-Core	243	
Timber	19	
Total RE Market Value	872	3.9%
Unfunded Commitments	338	1.5%
RE Market Value & Unfunded Commitments	1210	5.4%
Remaining Allocation	369	1.6%

*Figures may not add due to rounding.

Real Estate Portfolio Composition

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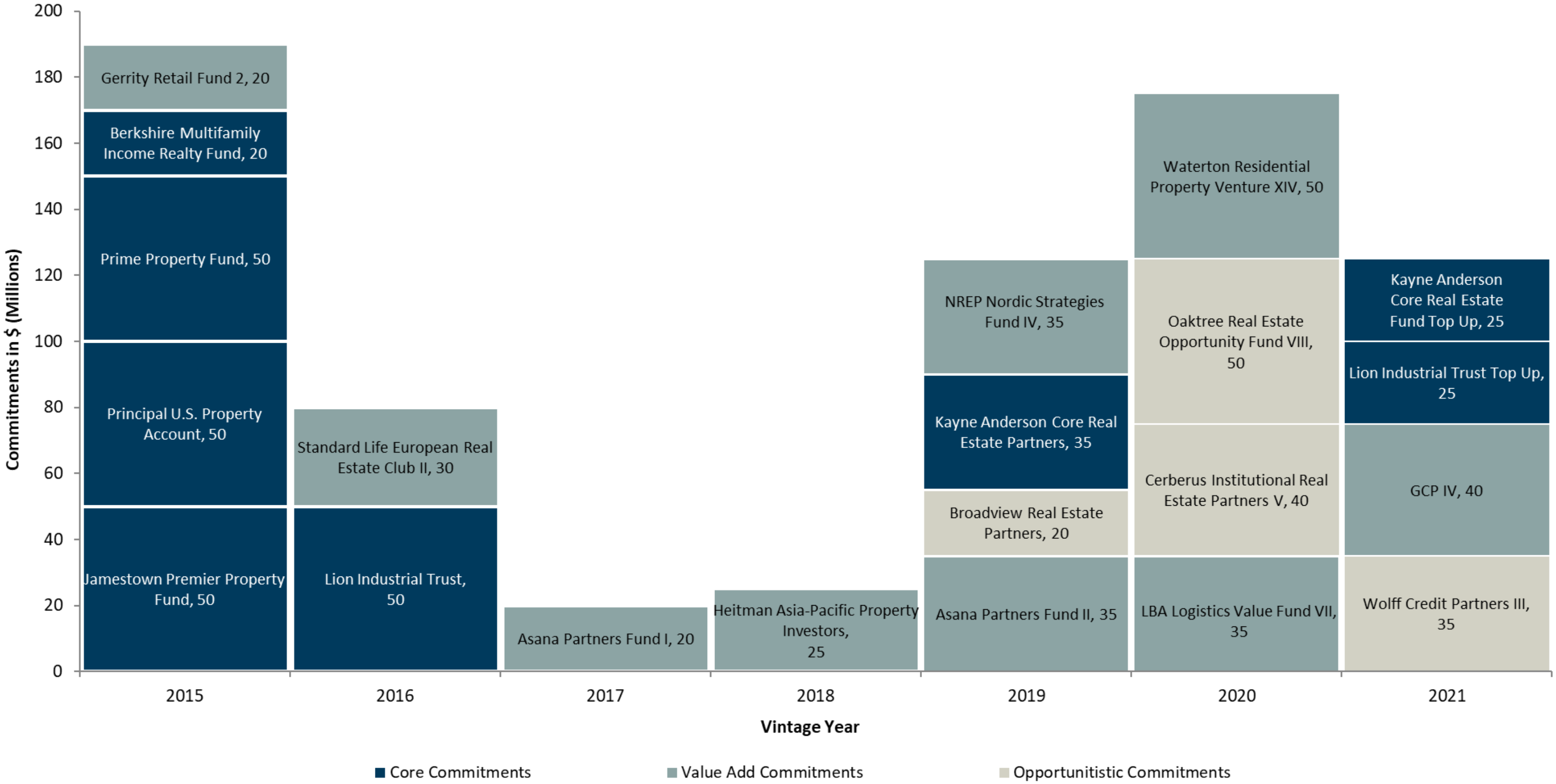
	Strategic Targets		*Portfolio Composition (6/30/2021)**	
	Target Allocation	**Tactical Range**	**Market Value**	**Market Value & Unfunded Commitments**
Core	**60%**	**40% - 80%**	**70.0%**	**54.6%**
Non-Core	**40%**	**20% - 60%**	**27.9%**	**43.9%**
Value Add Portfolio	*N/A*	*N/A*	*17.8%*	*24.3%*
Opportunistic Portfolio	*N/A*	*N/A*	*10.1%*	*19.6%*
Timber	**N/A**	**N/A**	**2.1%**	**1.5%**

- 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, in an effort to transition the Portfolio, the LACERS Board has approved $305 million in Core commitments, which have all been fully funded to date, with the exception of the Lion Industrial Trust Top-Up and Kayne Anderson Core Real Estate Fund Top-Up.
- The LACERS Board approved approximately $435 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.
- On a funded and committed basis, the LACERS Core and Non-Core allocations are near strategic targets, but significantly below the Non-Core target on a funded basis.
- The Core Portfolio utilizes 27.9% leverage, measured on a loan-to-value (LTV) basis, well below the 40.0% constraint.
- The Non-Core Portfolio has a 52.4% LTV ratio, well below the 75.0% constraint.

*Figures may not add due to rounding. Funded & Committed figures exclude commitments made after 6/30/21.

** Excludes commitments approved after 6/30/2021.

LACERS Commitment Activity Under Townsend Advisory – Activity Since 2015



- LACERS has committed $740 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' Emerging Manager guidelines.
  - In the Core Open-End Commingled Fund (OECF) space, there are currently no managers meeting these guidelines.
- Vintage year classifications are based on LACERS' first capital call (or expected capital call), though commitments may have been approved in prior years.

*Excludes commitments made after 6/30/2021

Total Portfolio Performance

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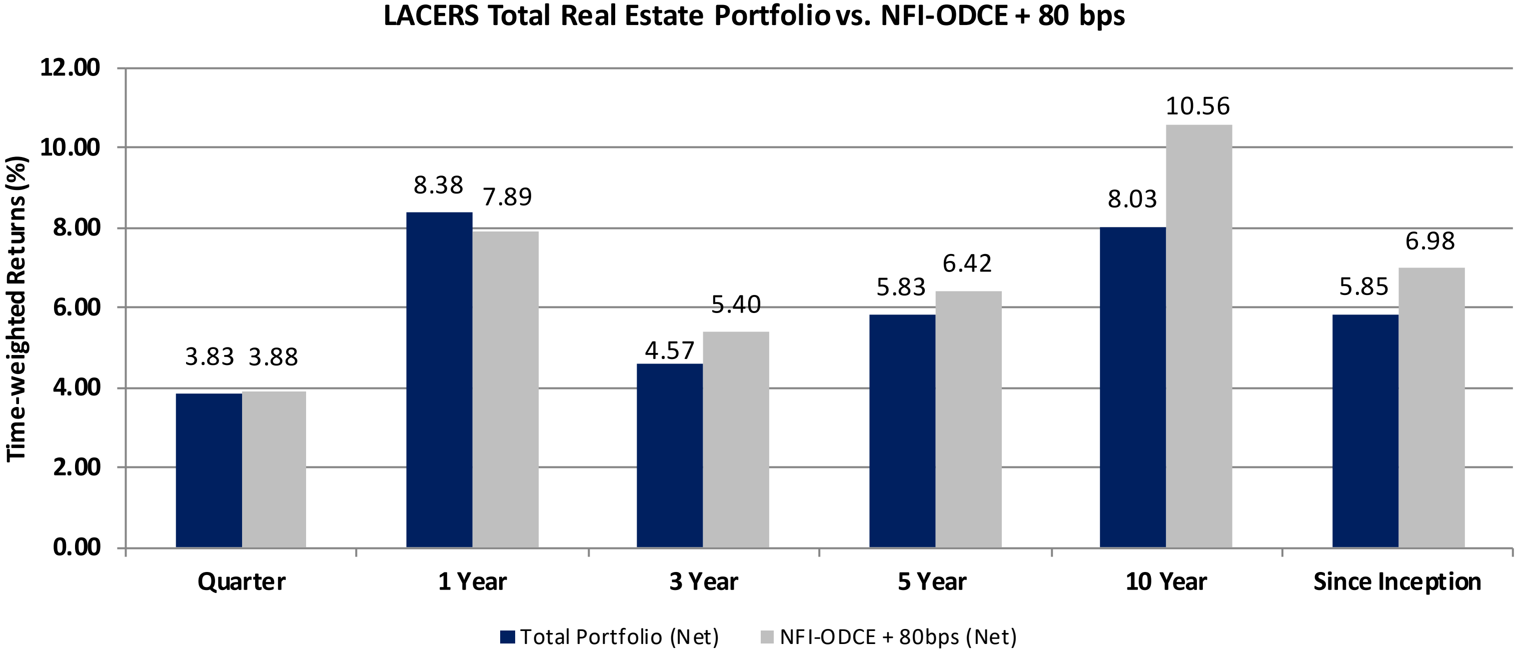

- The benchmark for the LACERS Total Real Estate Portfolio is the NCREIF Fund Index of Open-End Diversified Core Equity funds (NFI-ODCE) + 80 basis points ("bps"), measured over 5-year time periods, net of fees (defined below). LACERS has outperformed over the trailing year, but underperformed over all other periods, mostly due to weak performance of Opportunistic funds. However, investments made since 2014 are outperforming the benchmark over all periods, 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 (27 active vehicles), utilizing approximately 22.6% 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.

Improving Relative Total Portfolio Performance

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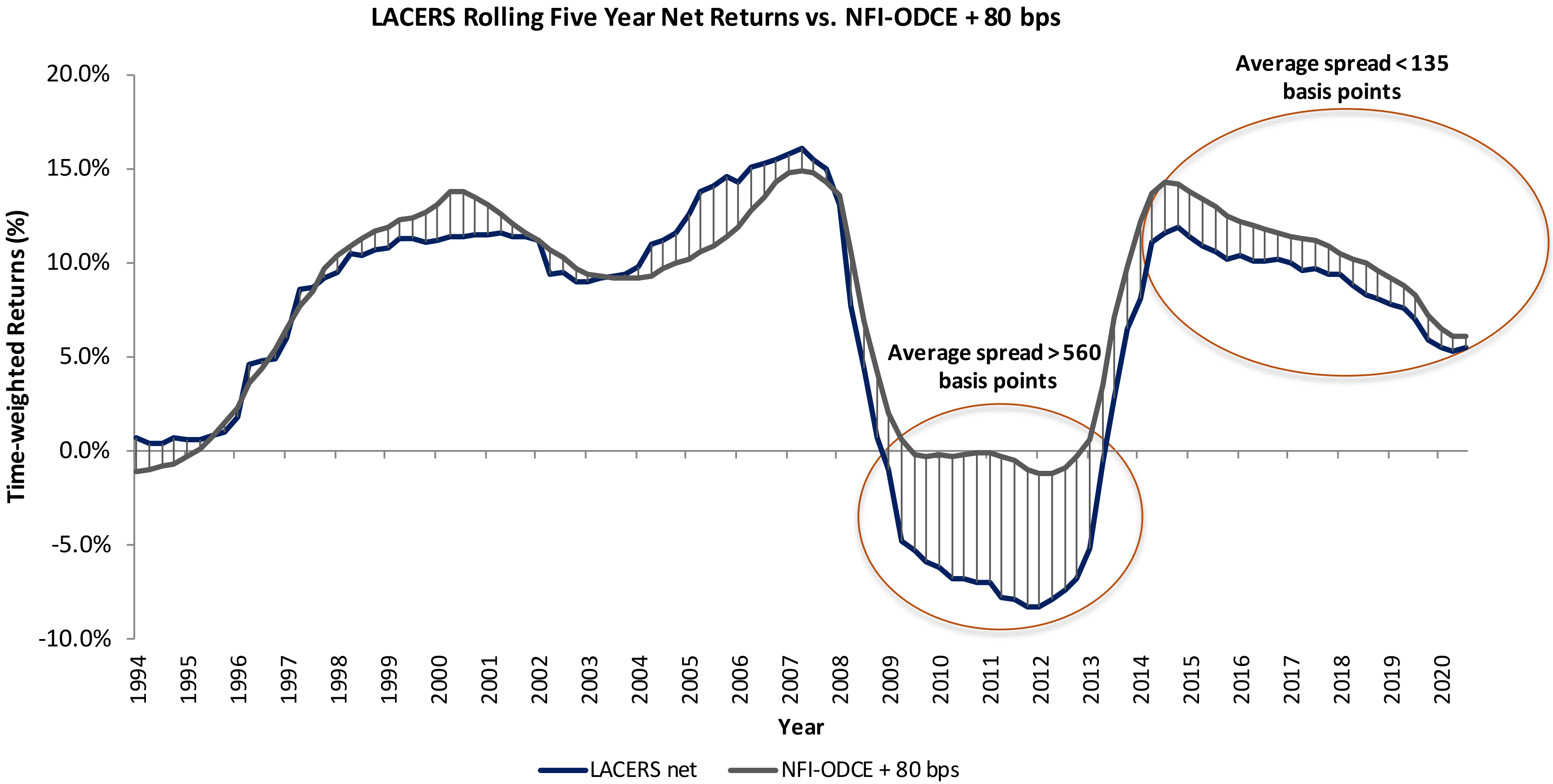
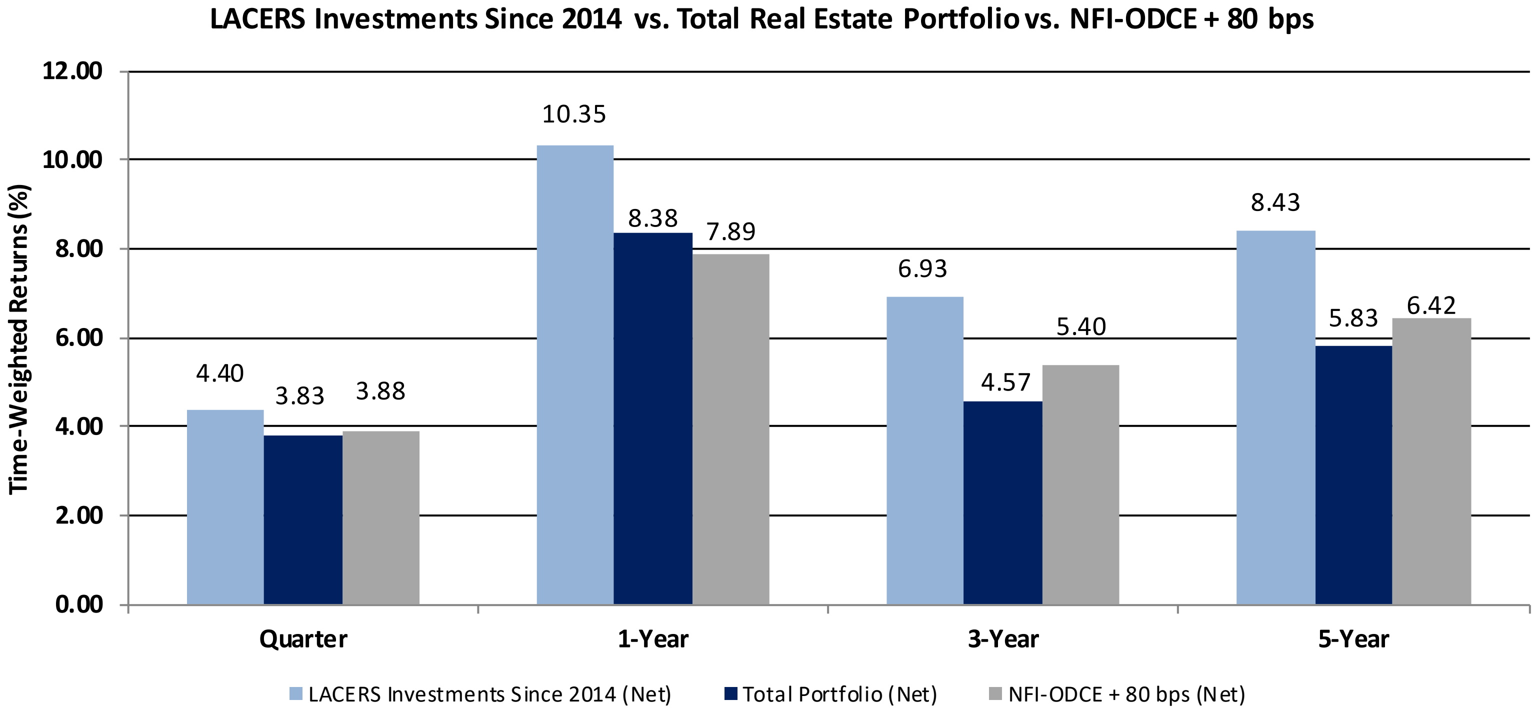


- The chart above displays rolling 5-year time-weighted returns for the Total LACERS Portfolio, net of fees, relative to the benchmark.
- While LACERS continues to underperform the benchmark on a rolling 5-year basis, LACERS' average spread to the benchmark is trending downwards. Performance should continue to improve as accretive investments approved since 2014 continue to fund into the Portfolio and legacy investments fully liquidate.

Post-GFC Investments Accretive to Performance



- Since 2014, Townsend has recommended twenty-three* investments to LACERS staff and twenty-two (including four emerging managers) ultimately were approved by the Board. As of 6/30/21, these investments make up 54% of the LACERS Real Estate Market Value.
- Performance of Townsend-advised investments since 2014 exceeds performance of the Total Portfolio and the benchmark over all periods. These investments are expected to drive performance going forward.

*Includes top-up commitments. Excludes commitments approved after 6/30/2021.

Relative Performance by Strategy: Core

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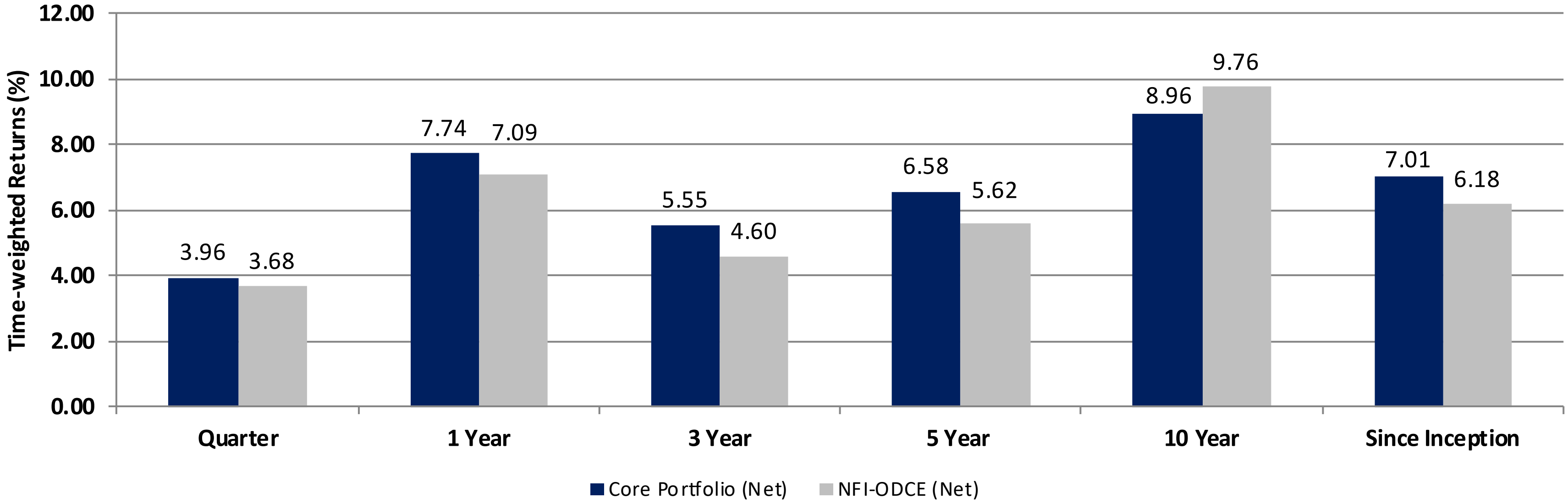
LACERS Core Real Estate Portfolio vs. NFI-ODCE



- 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 10-year time period.
- On an absolute return and dollar-weighted basis, Lion Industrial Trust was the largest positive contributor to Core performance over the quarter, outperforming the NFI-ODCE by 402 bps.
- Jamestown Premier Property Fund was the weakest performer, underperforming the NFI-ODCE by 508 basis points.
- Over the trailing year, returns were driven primarily by Lion Industrial Trust, which delivered a 20.5% net return. In total, six out of nine funds outperformed the index over the trailing year.

Relative Performance by Strategy: Non-Core

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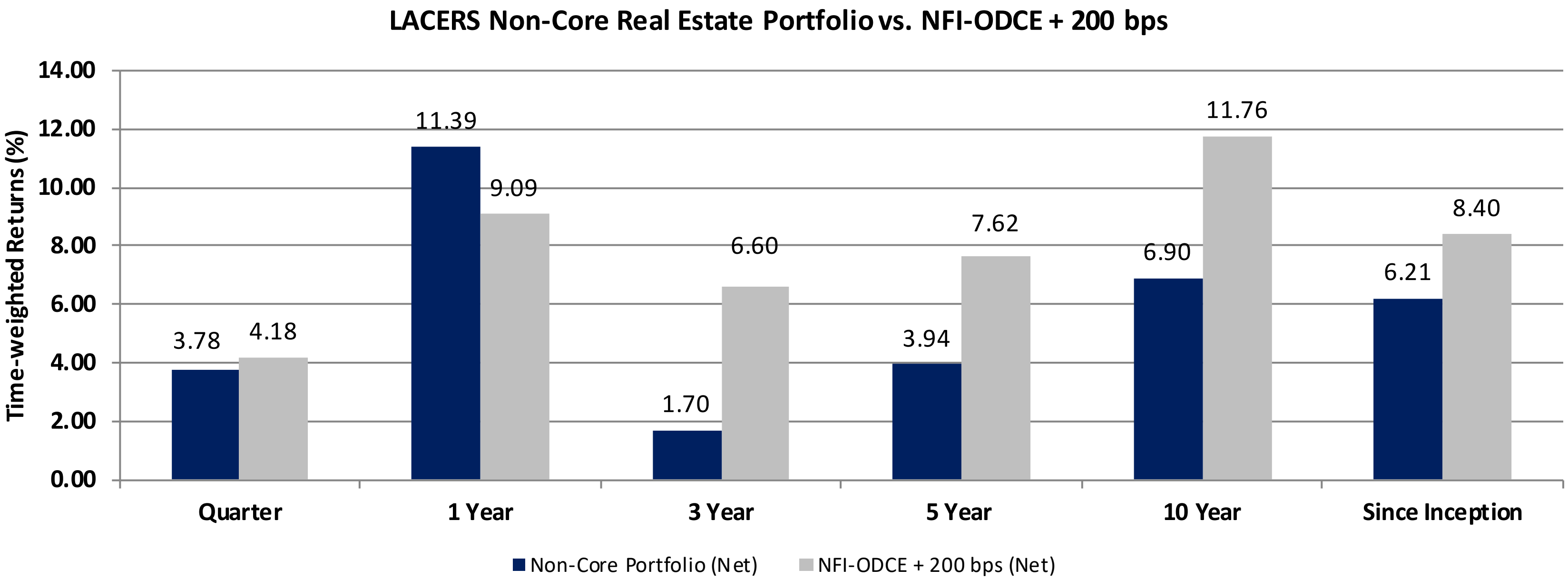

- The LACERS Non-Core benchmark is the NFI-ODCE + 200 bps, measured over 5-year time periods, net of fees. The 200 bps premium is a reflection of the incremental return expected from the additional risk inherent in Non-Core strategies.
- The Non-Core Portfolio underperformed the NFI-ODCE + 200 bps benchmark during the quarter but has overperformed over the trailing year period. 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 all periods, while the Opportunistic Portfolio has been the main reason for Non-Core underperformance. Both are discussed in more detail on the following pages.
- Positive performance over the 1-year period has been largely driven by the recent economic recovery with progress being made regarding COVID-19 vaccine roll out.
- During periods of distress, non-core funds generally contract in value quicker than NFI-ODCE funds. As a result, performance relative to LACERS' NFI-ODCE based benchmark will show greater divergence (e.g. over the 3-year period). Over longer periods, this divergence will decrease.

Relative Performance by Strategy: Non-Core — Value Add

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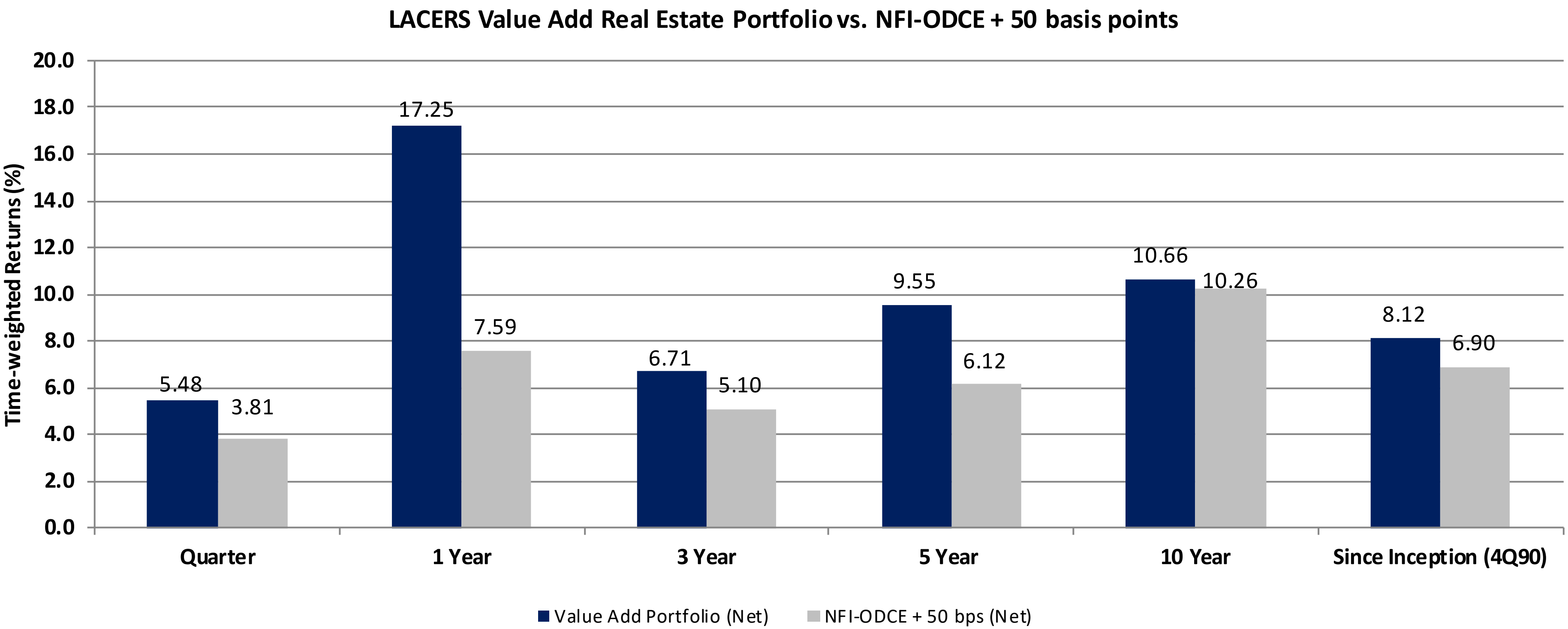
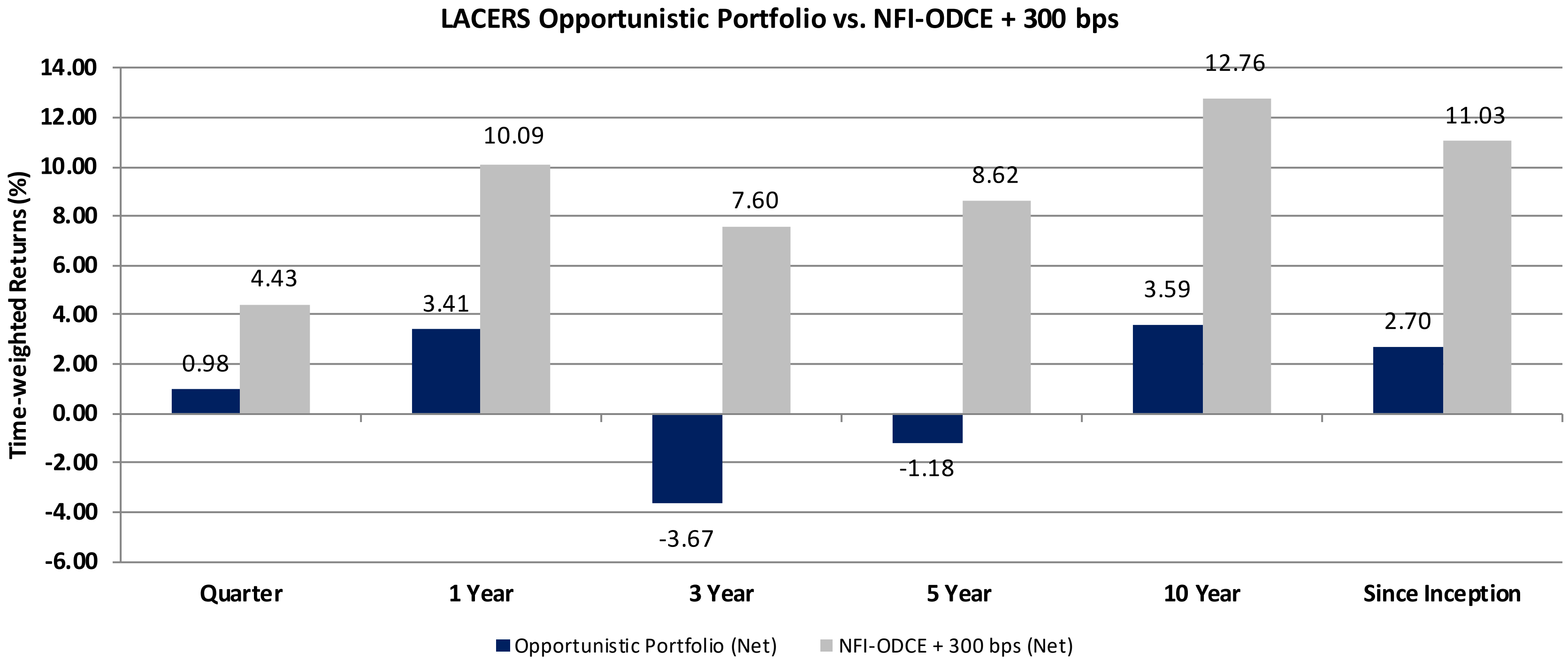


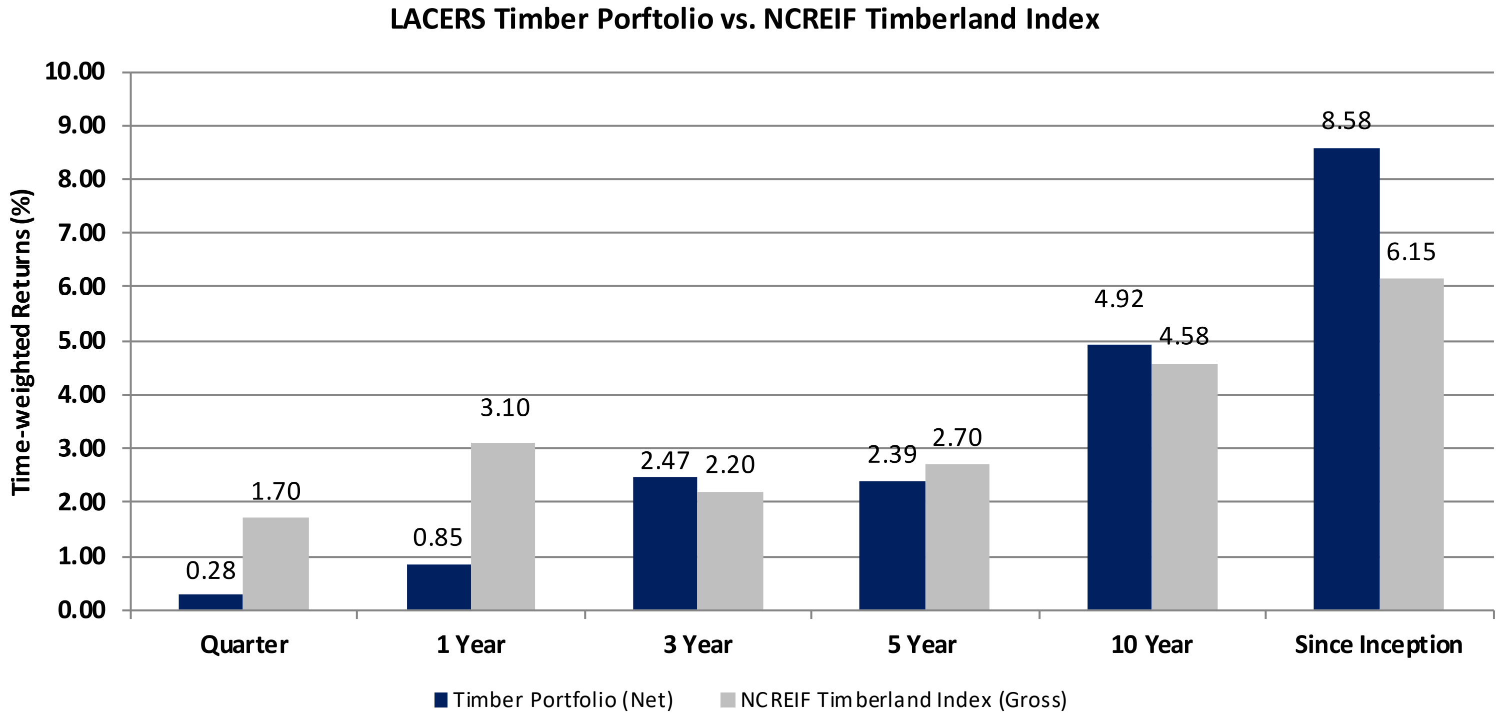
- The LACERS Value Add benchmark is the NFI-ODCE + 50 bps, measured over 5-year time periods, net of fees. The 50 bps premium is a reflection of the incremental return expected from additional risk inherent in Value Add strategies.
- The Value Add Portfolio outperformed the NFI-ODCE + 50 bps benchmark over all periods.
- Performance was broad-based, with eight out of ten active funds outperforming the benchmark.
- Over the trailing year, six out of the eight Value Add investments with full-year performance data outperformed the benchmark.
    - This outperformance is driven by strong fund selection and sector allocations.

Relative Performance by Strategy: Non-Core — Opportunistic



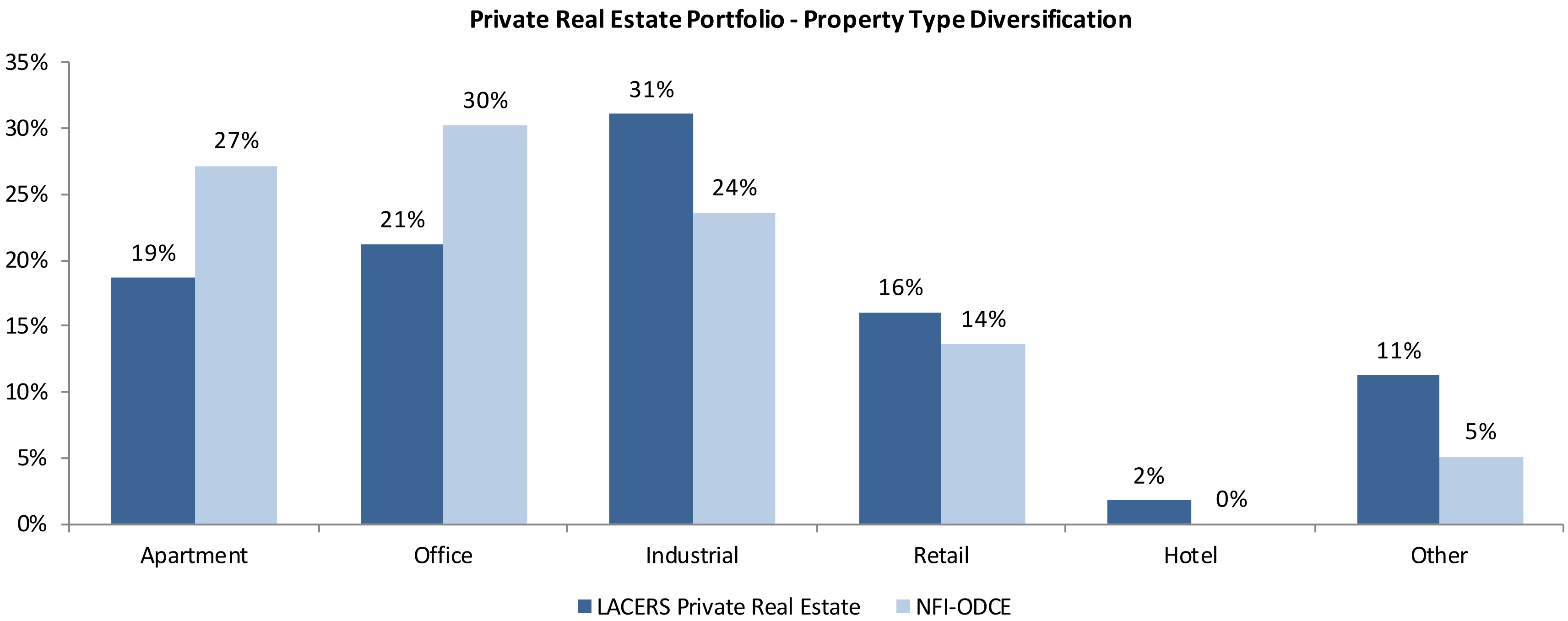
- The LACERS Opportunistic benchmark is the NFI-ODCE + 300 bps, measured over 5-year time periods, net of fees. The 300 bps premium is a reflection of the incremental return expected from additional risk inherent in Opportunistic strategies.
- The Opportunistic Portfolio has underperformed the NFI-ODCE + 300 bps benchmark over the quarter and 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.
  - Similar to the Value Add portfolio, COVID-19 significantly impacted the returns of Opportunistic funds, which generally have higher leverage, vacancy, and operating risks. This impact is especially reflected in the 3-year and 5-year returns.
- There are currently 7 Opportunistic funds in the portfolio that were committed to before the Global Financial Crisis. As these funds liquidate and approved investments are funded, Opportunistic portfolio performance is expected to improve.
- Four out of ten active Opportunistic funds outperformed over the trailing year.

Relative Performance by Strategy: Timber



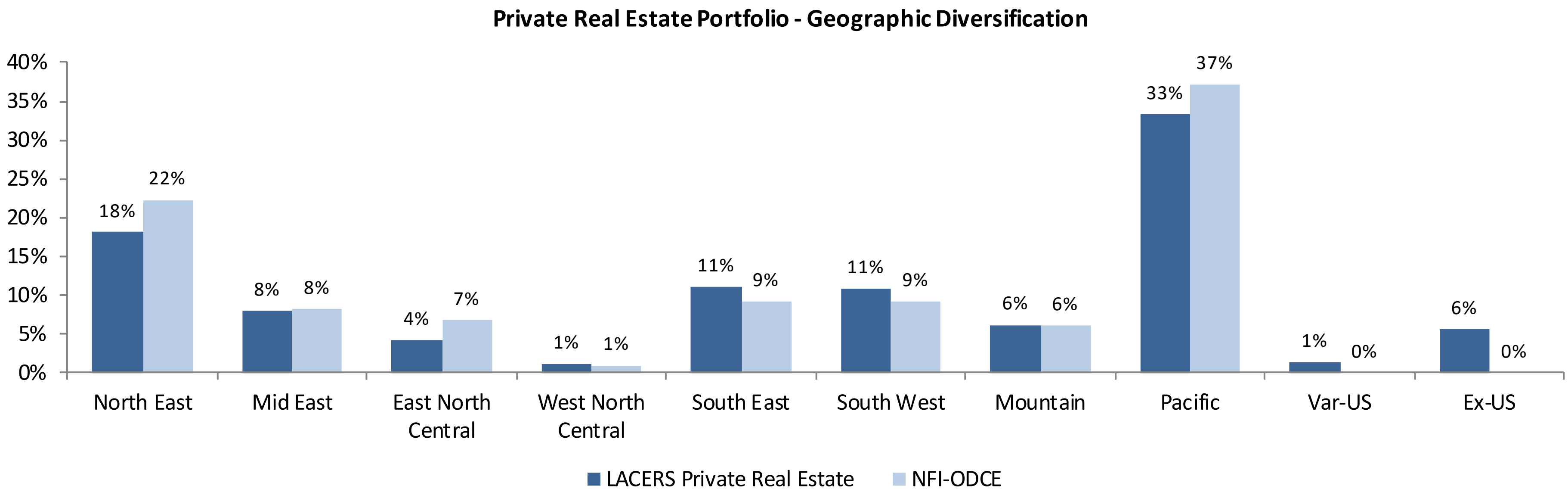
- The Timber Portfolio, net of fees, outperformed or matched its benchmark, the NCREIF Timberland Index, gross of fees, during the 3-year, 10-year and since inception periods. The portfolio underperformed during the current quarter, 1-year, and 5-year periods.
- Outperformance over the long-term is mostly related to strong performance of Hancock ForesTree V, which was fully liquidated by year-end 2015.
- The LACERS active 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 and quarterly 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 Medical Office (3.30%), Self-Storage (2.31%), Senior Housing (1.16%), Land (0.75%), and Student Housing (0.48%).

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 10.1% as of 2Q21, with approximately 4.5% exposure to Los Angeles City. The NFI-ODCE's exposure to the Los Angeles metropolitan area is 10.9%.
- The 5.8% Ex-US exposure is composed primarily of two large regional exposures: Asia (4.2%), Europe (1.6%).

*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

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Los Angeles CIty Employees' Retirement System

Second Quarter 2021

Portfolio Composition ($)								
Total Plan Assets	Target Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
$22,554,463,073	1,578,812,415	7.0%	872,382,154	3.9%	337,808,493	1.5%	368,621,768	1.6%

Performance Summary	Quarter (%)		1 Year (%)		3 Year (%)		5 Year (%)	
	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
LACERS	4.4	3.8	10.2	8.4	6.0	4.6	7.3	5.8
NFI-ODCE + 80 basis points	4.1	3.9	8.8	7.9	6.3	5.4	7.4	6.4

Funding Status ($)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Core Portfolio	**1989**	**373,867,553**	**446,230,909**	**50,000,000**	**145,642,177**	**610,749,478**	**70.0**	**54.6**
Non-Core Portfolio	**1990**	**893,977,156**	**624,671,597**	**287,808,493**	**492,332,907**	**243,063,788**	**27.9**	**43.9**
Value Added Portfolio	1990	388,969,813	246,721,888	138,717,346	173,263,270	155,179,514	17.8	24.3
Opportunistic Portfolio	1996	530,007,343	439,432,234	149,091,146	392,881,300	87,884,273	10.1	19.6
Timber Portfolio	**1999**	**20,000,000**	**18,601,851**	**0**	**4,964,780**	**18,568,888**	**2.1**	**1.5**
Total Current Portfolio								
LACERS	**1989**	**1,287,844,709**	**1,089,504,357**	**337,808,493**	**642,939,864**	**872,382,154**	**100.0**	**100.0**

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Los Angeles CIty Employees' Retirement System

Second Quarter 2021

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	7,641,955	21,252,217	2.4	1.8
CIM VI (Urban REIT), LLC	2012	25,000,000	25,000,000	0	12,429,788	23,526,153	2.7	1.9
INVESCO Core Real Estate	2004	63,867,553	130,351,624	0	71,673,343	197,380,551	22.6	16.3
Jamestown Premier Property Fund	2015	50,000,000	51,369,114	0	26,151,267	33,656,936	3.9	2.8
JP Morgan Strategic Property Fund	2005	30,000,000	30,421,882	0	2,858,499	74,632,992	8.6	6.2
Kayne Anderson Core Real Estate Fund	2019	60,000,000	35,000,000	25,000,000	2,606,191	35,912,857	4.1	5.0
Lion Industrial Trust - 2007	2016	75,000,000	54,088,289	25,000,000	10,688,215	94,095,625	10.8	9.8
Prime Property Fund	2015	50,000,000	50,000,000	0	11,592,919	57,874,497	6.6	4.8
Principal U.S. Property Account	2015	50,000,000	50,000,000	0	0	72,417,649	8.3	6.0
Core	**1989**	**423,867,553**	**446,230,909**	**50,000,000**	**145,642,177**	**610,749,477**	**70.0**	**54.6**
Timber								
Hancock Timberland XI	2012	20,000,000	18,601,851	0	4,964,780	18,568,888	2.1	1.5
Timber	**1999**	**20,000,000**	**18,601,851**	**0**	**4,964,780**	**18,568,888**	**2.1**	**1.5**
Value Added								
Almanac Realty Securities VI*	2012	25,000,000	15,475,571	0	17,062,272	3,273,666	0.4	0.3
Asana Partners Fund I	2017	20,000,000	18,301,629	2,015,220	681,663	26,713,339	3.1	2.4
Asana Partners Fund II	2019	35,000,000	12,556,250	22,443,750	0	13,326,794	1.5	3.0
DRA Growth and Income Fund VII	2011	25,000,000	26,640,000	0	58,383,913	2,421,100	0.3	0.2
DRA Growth and Income Fund VIII	2014	25,000,000	29,576,071	518,518	26,115,441	11,998,061	1.4	1.0
Gerrity Retail Fund 2	2015	20,000,000	20,077,854	0	4,151,128	18,713,238	2.1	1.5
GLP Capital Partners IV	2021	40,000,000	25,800,094	14,520,036	320,130	24,315,780	2.8	3.2
Heitman Asia-Pacific Property Investors	2018	25,000,000	21,732,939	3,757,376	1,315,903	22,085,744	2.5	2.1
LBA Logistics Value Fund VII	2013	35,000,000	14,184,731	20,815,269	379,359	17,116,369	2.0	3.1
Mesa West Real Estate Income Fund III*	2013	25,000,000	18,939,181	500,000	24,280,805	20,265	0.0	0.0
NREP Nordic Strategies Fund IV	2019	35,437,928	7,496,750	30,636,524	0	6,887,942	0.8	3.1
Standard Life Investments European Real Estate Club II	2015	28,531,885	28,134,410	1,317,063	40,572,657	246,413	0.0	0.1
Waterton Residential Property Venture XIV, L.P.	2020	50,000,000	7,806,409	42,193,591	0	8,060,803	0.9	4.2
Value Added	**1990**	**388,969,813**	**246,721,889**	**138,717,347**	**173,263,271**	**155,179,514**	**17.8**	**24.3**
Total Current Portfolio								
LACERS	**1989**	**1,337,844,709**	**1,089,504,357**	**337,808,493**	**642,939,864**	**872,382,153**	**100.0**	**100.0**

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Los Angeles CIty Employees' Retirement System

Second Quarter 2021

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	1,763,457	11,493,929	538,557	0.1	0.2
Bristol Value II, L.P.	2012	20,000,000	23,493,261	1,998,478	11,799,942	19,282,395	2.2	1.8
Broadview Real Estate Partners Fund, L.P.	2019	20,000,000	2,718,839	17,281,161	393,604	2,621,529	0.3	1.6
Bryanston Retail Opportunity Fund	2005	10,000,000	4,271,584	5,885,919	11,350,707	6,102,753	0.7	1.0
California Smart Growth Fund IV	2006	30,000,000	31,522,663	33,153	34,900,841	2,636,995	0.3	0.2
Cerberus Institutional Real Estate Partners V	2020	40,000,000	10,585,184	29,414,817	0	10,411,400	1.2	3.3
CIM Real Estate Fund III	2007	15,000,000	16,674,075	0	20,818,964	6,101,764	0.7	0.5
Colony Investors VIII	2007	30,000,000	28,963,224	1,023,167	12,378,404	504,748	0.1	0.1
DRA Growth and Income Fund VI	2007	25,000,000	16,788,945	0	27,568,518	655,834	0.1	0.1
Latin America Investors III	2008	20,000,000	20,686,689	0	3,886,924	-1,069,992	-0.1	-0.1
Lone Star Fund VII	2011	15,000,000	14,075,468	924,533	24,609,660	85,123	0.0	0.1
Lone Star Real Estate Fund II	2011	15,000,000	13,291,475	1,708,525	20,480,482	49,855	0.0	0.1
Oaktree Real Estate Opportunities Fund VIII L.P.	2021	50,000,000	0	50,000,000	262,272	2,566,933	0.3	4.3
RECP Fund IV, L.P.	2008	40,000,000	52,011,256	750,435	35,596,772	21,129,551	2.4	1.8
Southern California Smart Growth Fund	2004	10,000,000	18,836,734	68,213	18,787,802	38,214	0.0	0.0
Stockbridge Real Estate Fund II	2006	30,000,000	30,000,000	0	11,819,224	2,149,858	0.2	0.2
Torchlight Debt Opportunity Fund IV	2013	24,474,342	24,483,106	0	30,834,057	4,289,934	0.5	0.4
Walton Street Real Estate Fund V	2006	25,000,000	25,000,001	0	16,724,030	1,728,712	0.2	0.1
Walton Street Real Estate Fund VI	2009	25,000,000	22,161,966	3,239,288	25,363,504	8,338,582	1.0	1.0
Wolff Credit Partners III, LP	2021	35,000,000	0	35,000,000	0	-278,471	0.0	2.9
Opportunistic	**1996**	**505,007,343**	**377,949,708**	**149,091,146**	**319,069,636**	**87,884,274**	**10.1**	**19.6**
Private Real Estate Portfolio Only (ex. Timber)	**1989**	**1,317,844,709**	**1,070,902,506**	**337,808,493**	**637,975,084**	**853,813,265**	**97.9**	**98.5**
Non-Core Portfolio	**1990**	**893,977,156**	**624,671,597**	**287,808,493**	**492,332,907**	**243,063,788**	**27.9**	**43.9**
Total Current Portfolio								
LACERS	**1989**	**1,337,844,709**	**1,089,504,357**	**337,808,493**	**642,939,864**	**872,382,153**	**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	21,252,217	0.7	4.5	5.2	5.0	3.0	6.6	9.7	8.8	3.8	1.2	5.1	4.3
CIM VI (Urban REIT), LLC	23,526,153	0.4	0.0	0.4	0.1	1.8	-2.3	-0.5	-1.8	2.7	-0.3	2.4	1.1
INVESCO Core Real Estate	197,380,551	0.9	3.8	4.8	4.7	3.5	4.1	7.8	7.4	3.6	1.7	5.4	5.0
Jamestown Premier Property Fund	33,656,936	0.6	-1.8	-1.2	-1.4	1.9	-10.6	-8.8	-9.0	2.3	-4.9	-2.7	-3.1
JP Morgan Strategic Property Fund	74,632,992	0.9	2.1	2.9	2.7	3.4	3.3	6.8	5.8	3.7	1.1	4.8	3.8
Kayne Anderson Core Real Estate Fund	35,912,857	1.2	2.0	3.3	3.1	5.0	4.2	9.4	9.1				
Lion Industrial Trust - 2007	94,095,625	1.1	7.9	9.0	7.7	4.5	19.1	24.2	20.5	4.8	13.3	18.6	15.7
Prime Property Fund	57,874,497	1.0	2.3	3.3	2.8	3.7	4.8	8.7	7.4	3.7	2.7	6.5	5.4
Principal U.S. Property Account	72,417,649	1.0	2.9	3.9	3.7	4.1	4.7	9.0	8.0	4.2	2.2	6.5	5.5
Core	**610,749,477**	**0.9**	**3.4**	**4.3**	**4.0**	**3.6**	**5.1**	**8.8**	**7.7**	**3.8**	**2.7**	**6.5**	**5.6**
Timber													
Hancock Timberland XI	18,568,888	0.2	0.3	0.5	0.3	1.7	0.0	1.8	0.8	0.8	2.6	3.4	2.5
Timber	**18,568,888**	**0.2**	**0.3**	**0.5**	**0.3**	**1.7**	**0.0**	**1.8**	**0.8**	**0.8**	**2.6**	**3.4**	**2.5**
Value Added													
Almanac Realty Securities VI	3,273,666	0.1	9.0	9.1	8.8	-2.5	7.3	4.6	3.4	5.7	-15.5	-10.3	-11.2
Asana Partners Fund I	26,713,339	1.1	11.1	12.2	8.2	4.3	19.2	24.0	17.6	2.8	13.8	16.9	12.7
Asana Partners Fund II	13,326,794	-0.2	10.0	9.8	8.9	-0.3	30.8	30.4	23.7				
DRA Growth and Income Fund VII	2,421,100	1.5	17.5	19.0	15.9	10.6	104.4	122.8	97.3	8.7	43.1	54.6	44.0
DRA Growth and Income Fund VIII	11,998,061	1.5	4.2	5.7	5.4	1.8	20.3	22.1	19.8	7.1	-2.8	4.2	2.6
Gerrity Retail Fund 2	18,713,238	1.8	0.0	1.8	1.5	6.1	-3.1	2.9	1.5	6.1	-4.7	1.2	-0.2
GLP Capital Partners IV	24,315,780												
Heitman Asia-Pacific Property Investors	22,085,744	1.3	1.3	2.7	2.5	2.5	16.0	18.8	18.0	2.1	-0.4	1.7	0.9
LBA Logistics Value Fund VII	17,116,369	1.3	16.2	17.5	16.7								
Mesa West Real Estate Income Fund III[3]	20,265	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NREP Nordic Strategies Fund IV	6,887,942	-3.3	15.8	12.5	8.5	-16.5	121.4	93.3	13.0				
Standard Life Investments European Real Estate Club II[3]	246,413	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.	8,060,803	0.0	8.0	8.0	6.0								
Value Added	**155,179,514**	**0.3**	**6.8**	**7.1**	**5.5**	**2.4**	**20.1**	**22.8**	**17.2**	**4.9**	**5.5**	**10.6**	**6.7**
Total Portfolio													
LACERS[4]	**872,382,153**	**0.8**	**3.7**	**4.4**	**3.8**	**3.2**	**6.9**	**10.2**	**8.4**	**3.5**	**2.4**	**6.0**	**4.6**
Indices													
NFI-ODCE (Core)		1.0	2.9	3.9	3.7	3.9	4.0	8.0	7.1	4.0	1.4	5.5	4.6
NFI-ODCE + 80 bps (Total Portfolio)				4.1	3.9			8.8	7.9			6.3	5.4
NFI-ODCE + 200 bps (Non-Core Portfolio)				4.4	4.2			10.0	9.1			7.5	6.6
NFI -ODCE + 50 bps (Value Add)				4.1	3.8			8.5	7.6			6.0	5.1
NFI -ODCE + 300 bps (Opportunistic)				4.7	4.4			11.0	10.1			8.5	7.6
NCREIF Timberland Property Index "NTI"		0.8	0.9	1.7		3.0	0.1	3.1		2.8	-0.6	2.2	

* 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] Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

[3] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[4] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/21.

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	21,252,217	4.0	1.9	6.0	5.2	4.0	2.2	6.3	5.6	1Q16	7.6	1.4
CIM VI (Urban REIT), LLC	23,526,153	3.2	-0.5	2.6	1.4	3.4	3.7	7.3	5.9	1Q16	7.6	1.4
INVESCO Core Real Estate	197,380,551	3.7	2.8	6.6	6.2	4.9	2.7	7.8	7.3	4Q04	7.3	2.1
Jamestown Premier Property Fund	33,656,936	3.2	0.6	3.7	2.3	3.4	1.6	5.1	3.5	3Q15	4.2	1.2
JP Morgan Strategic Property Fund	74,632,992	3.9	2.1	6.0	5.0	5.0	2.0	7.1	6.1	4Q05	6.3	2.5
Kayne Anderson Core Real Estate Fund	35,912,857					5.0	2.5	7.6	7.2	1Q19	6.3	1.1
Lion Industrial Trust - 2007	94,095,625	5.0	12.1	17.5	14.9	5.1	11.7	17.2	14.6	1Q16	14.6	1.9
Prime Property Fund	57,874,497	3.9	3.8	7.9	6.7	3.9	4.0	8.0	6.9	1Q16	7.0	1.4
Principal U.S. Property Account	72,417,649	4.4	3.2	7.7	6.7	4.5	3.5	8.1	7.1	4Q15	7.0	1.4
Core	**610,749,477**	**3.9**	**3.6**	**7.6**	**6.6**	**6.2**	**1.7**	**7.9**	**7.0**	**1Q89**	**5.9**	**1.5**
Timber												
Hancock Timberland XI	18,568,888	0.5	2.8	3.3	2.4	-0.1	4.9	4.8	3.9	2Q12	3.6	1.3
Timber	**18,568,888**	**0.5**	**2.8**	**3.3**	**2.4**	**4.4**	**5.2**	**9.9**	**8.6**	**4Q99**	**9.3**	**1.7**
Value Added												
Almanac Realty Securities VI	3,273,666	6.3	-9.8	-3.8	-4.6	7.5	-1.6	5.8	4.2	1Q13	9.5	1.3
Asana Partners Fund I	26,713,339					2.2	16.8	19.3	13.7	2Q17	13.8	1.5
Asana Partners Fund II	13,326,794					-6.8	-0.8	-8.2	-21.2	4Q19	6.1	1.1
DRA Growth and Income Fund VII	2,421,100	9.4	37.7	49.7	40.0	11.2	22.5	35.6	28.8	1Q12	21.6	2.3
DRA Growth and Income Fund VIII	11,998,061	8.9	-0.5	8.4	6.4	10.0	-0.2	9.9	7.6	4Q14	8.3	1.3
Gerrity Retail Fund 2	18,713,238	7.3	-2.1	5.0	3.3	7.4	-0.2	7.1	5.1	4Q15	3.6	1.1
GLP Capital Partners IV	24,315,780									3Q21	-4.6	1.0
Heitman Asia-Pacific Property Investors	22,085,744					2.1	-0.4	1.7	0.9	3Q18	4.2	1.1
LBA Logistics Value Fund VII	17,116,369					3.3	31.0	35.1	31.2	4Q20	27.9	1.2
Mesa West Real Estate Income Fund III[3]	20,265	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q13	8.2	1.3
NREP Nordic Strategies Fund IV	6,887,942					-27.6	49.0	10.7	N/A	1Q20	-15.0	0.9
Standard Life Investments European Real Estate Club II[3]	246,413	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1Q16	15.7	1.5
Waterton Residential Property Venture XIV, L.P.	8,060,803					-0.1	46.4	46.3	33.0	1Q21	6.7	1.0
Value Added	**155,179,514**	**5.9**	**6.8**	**13.1**	**9.5**	**7.4**	**2.7**	**10.3**	**8.1**	**4Q90**		
Total Portfolio												
LACERS[4]	**872,382,153**	**3.8**	**3.3**	**7.3**	**5.8**	**5.9**	**1.5**	**7.5**	**5.8**	**1Q89**		
Indices												
NFI-ODCE (Core)		4.2	2.3	6.6	5.6	6.6	0.6	7.2	6.2	1Q89		
NFI-ODCE + 80 bps (Total Portfolio)				7.4	6.4			8.0	7.0	1Q89		
NFI-ODCE + 200 bps (Non-Core Portfolio)				8.6	7.6			9.4	8.4	4Q90		
NFI -ODCE + 50 bps (Value Add)				7.1	6.1			7.9	6.9	4Q90		
NFI -ODCE + 300 bps (Opportunistic)				9.6	8.6			12.1	11.0	4Q96		
NCREIF Timberland Property Index “NTI”		2.9	-0.1	2.7		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] Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

[3] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[4] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/21.

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]	538,557	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.	19,282,395	1.0	0.0	1.0	0.8	3.3	7.2	10.7	9.5	1.5	7.1	8.7	7.3
Broadview Real Estate Partners Fund, L.P.	2,621,529	-1.0	4.4	3.5	-1.3	-4.2	96.1	89.5	54.6				
Bryanston Retail Opportunity Fund	6,102,753	0.6	2.9	3.6	3.5	2.2	29.7	32.2	31.9	0.7	35.6	36.4	36.0
California Smart Growth Fund IV	2,636,995	3.5	0.0	3.5	3.5	18.2	0.0	18.2	18.2	5.8	6.0	12.1	12.1
Cerberus Institutional Real Estate Partners V	10,411,400	-1.1	6.6	5.5	3.8								
CIM Real Estate Fund III[1,2]	6,101,764	-0.6	0.7	0.0	-0.4	-2.5	-3.3	-5.7	-7.4	-0.9	-4.7	-5.6	-7.0
Colony Investors VIII[1,2]	504,748	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
DRA Growth and Income Fund VI[1]	655,834	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]	-1,069,992	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]	85,123	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]	49,855	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	2,566,933	2.0	16.1	18.1	10.2								
RECP Fund IV, L.P.	21,129,551	0.0	-1.9	-1.9	-1.9	2.1	-2.0	0.0	-2.7	1.7	-8.5	-7.0	-8.0
Southern California Smart Growth Fund[1]	38,214	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	2,149,858	0.1	8.1	8.2	8.0	0.0	11.4	11.4	10.7	0.9	-0.6	0.3	-0.1
Torchlight Debt Opportunity Fund IV	4,289,934	0.9	0.7	1.6	1.4	2.2	-2.5	-0.3	2.3	4.2	-7.4	-3.5	0.9
Walton Street Real Estate Fund V	1,728,712	0.0	0.0	0.0	0.2	-0.3	-0.1	-0.4	-0.3	-1.0	-12.0	-12.9	-13.0
Walton Street Real Estate Fund VI	8,338,582	3.2	-1.3	1.8	1.7	6.6	0.3	6.9	6.0	4.4	-5.1	-0.9	-1.9
Wolff Credit Partners III, LP[3]	-278,471												
Opportunistic	**87,884,274**	**0.6**	**1.2**	**1.7**	**1.0**	**1.5**	**4.5**	**6.0**	**3.4**	**0.9**	**-3.3**	**-2.4**	**-3.7**
Private Real Estate Portfolio Only (ex. Timber)	**853,813,265**	**0.8**	**3.7**	**4.5**	**3.9**	**3.2**	**7.0**	**10.4**	**8.6**	**3.6**	**2.4**	**6.0**	**4.6**
Non-Core Portfolio	**243,063,788**	**0.4**	**4.6**	**5.1**	**3.8**	**2.0**	**13.5**	**15.7**	**11.4**	**2.9**	**1.4**	**4.3**	**1.7**
Total Portfolio													
LACERS[4]	**872,382,153**	**0.8**	**3.7**	**4.4**	**3.8**	**3.2**	**6.9**	**10.2**	**8.4**	**3.5**	**2.4**	**6.0**	**4.6**
Indices													
NFI-ODCE (Core)		1.0	2.9	3.9	3.7	3.9	4.0	8.0	7.1	4.0	1.4	5.5	4.6
NFI-ODCE + 80 bps (Total Portfolio)				4.1	3.9			8.8	7.9			6.3	5.4
NFI-ODCE + 200 bps (Non-Core Portfolio)				4.4	4.2			10.0	9.1			7.5	6.6
NFI -ODCE + 50 bps (Value Add)				4.1	3.8			8.5	7.6			6.0	5.1
NFI -ODCE + 300 bps (Opportunistic)				4.7	4.4			11.0	10.1			8.5	7.6
NCREIF Timberland Property Index “NTI”		0.8	0.9	1.7		3.0	0.1	3.1		2.8	-0.6	2.2	

* 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] Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

[4] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/21.

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*
Opportunistic												
Apollo CPI Europe I [1]	538,557	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q06	-9.0	0.5
Bristol Value II, L.P.	19,282,395	1.9	8.7	10.7	9.2	2.7	9.9	12.7	11.0	1Q13	8.9	1.3
Broadview Real Estate Partners Fund, L.P.	2,621,529					-9.4	628.1	N/A	N/A	4Q19	13.5	1.1
Bryanston Retail Opportunity Fund	6,102,753	0.4	13.4	13.8	13.4	6.4	24.4	30.4	27.5	2Q05	79.6	4.1
California Smart Growth Fund IV	2,636,995	4.9	5.4	10.6	10.3	3.1	1.1	4.2	2.3	1Q07	2.7	1.2
Cerberus Institutional Real Estate Partners V	10,411,400					-3.1	18.6	15.3	6.8	1Q21	-3.1	1.0
CIM Real Estate Fund III [1,2]	6,101,764	2.9	-3.7	-0.6	-2.1	-7.9	N/A	N/A	N/A	1Q08	8.6	1.6
Colony Investors VIII [1,2]	504,748	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4Q07	-11.5	0.4
DRA Growth and Income Fund VI [1]	655,834	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2Q08	10.7	1.7
Latin America Investors III [1]	-1,069,992	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]	85,123	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]	49,855	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	2,566,933					2.0	16.1	18.1	10.2	2Q21		
RECP Fund IV, L.P.	21,129,551	1.8	-2.2	-0.4	-1.7	3.1	-7.2	-4.4	-7.6	4Q08	1.5	1.1
Southern California Smart Growth Fund [1]	38,214	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	2,149,858	0.8	4.4	5.2	4.7	-7.6	-7.9	-14.8	-16.9	4Q06	-7.0	0.5
Torchlight Debt Opportunity Fund IV	4,289,934	6.3	-1.1	5.2	5.8	7.6	-0.3	7.2	7.0	4Q13	9.6	1.4
Walton Street Real Estate Fund V	1,728,712	0.8	-8.9	-8.1	-8.6	1.7	-3.4	-1.8	-3.3	4Q06	-3.3	0.7
Walton Street Real Estate Fund VI	8,338,582	3.8	-2.5	1.2	0.2	-6.9	10.4	1.7	-2.3	3Q09	8.0	1.5
Wolff Credit Partners III, LP [3]	-278,471									4Q21	0.0	N/A
Opportunistic	**87,884,274**	**1.8**	**-1.5**	**0.3**	**-1.2**	**3.9**	**2.2**	**6.1**	**2.7**	**4Q96**	**1.8**	**1.1**
Private Real Estate Portfolio Only (ex. Timber)	**853,813,265**	**3.9**	**3.4**	**7.4**	**5.9**	**5.9**	**1.5**	**7.5**	**5.8**	**1Q89**		
Non-Core Portfolio	**243,063,788**	**3.7**	**2.6**	**6.4**	**3.9**	**6.2**	**2.5**	**8.8**	**6.2**	**4Q90**		
Total Portfolio												
LACERS [4]	**872,382,153**	**3.8**	**3.3**	**7.3**	**5.8**	**5.9**	**1.5**	**7.5**	**5.8**	**1Q89**		
Indices												
NFI-ODCE (Core)		4.2	2.3	6.6	5.6	6.6	0.6	7.2	6.2	1Q89		
NFI-ODCE + 80 bps (Total Portfolio)				7.4	6.4			8.0	7.0	1Q89		
NFI-ODCE + 200 bps (Non-Core Portfolio)				8.6	7.6			9.4	8.4	4Q90		
NFI -ODCE + 50 bps (Value Add)				7.1	6.1			7.9	6.9	4Q90		
NFI -ODCE + 300 bps (Opportunistic)				9.6	8.6			12.1	11.0	4Q96		
NCREIF Timberland Property Index "NTI"		2.9	-0.1	2.7		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] Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

[4] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/21.

Returns (%)	Market Value ($)	2021		2020		2019		2018		2017		2016	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core													
Berkshire Multifamily Income Realty Fund	21,252,217	6.0	5.7	1.9	1.0	5.0	4.2	6.2	5.6	5.4	4.7	10.4	9.5
CIM VI (Urban REIT), LLC	23,526,153	-0.4	-1.0	-5.0	-6.3	5.3	3.9	10.4	8.9	5.2	3.7	2.6	2.4
INVESCO Core Real Estate	197,380,551	6.4	6.2	-1.6	-1.9	6.6	6.2	9.4	9.0	8.4	8.0	9.2	8.9
Jamestown Premier Property Fund	33,656,936	-4.1	-4.3	-9.3	-9.4	3.0	2.4	9.7	7.7	18.0	14.2	6.7	5.4
JP Morgan Strategic Property Fund	74,632,992	4.8	4.3	1.4	0.4	4.4	3.4	8.0	7.0	7.2	6.2	8.4	7.3
Kayne Anderson Core Real Estate Fund	35,912,857	5.4	5.4	4.0	3.5	9.6	9.0						
Lion Industrial Trust - 2007	94,095,625	15.6	13.3	13.7	11.6	16.5	13.9	18.7	15.9	14.4	12.3	14.9	12.8
Prime Property Fund	57,874,497	5.5	4.7	2.1	1.3	7.4	6.2	9.1	8.0	9.9	8.8	10.4	9.2
Principal U.S. Property Account	72,417,649	6.6	6.2	1.6	0.6	7.0	6.0	9.1	8.1	9.1	8.1	10.1	9.0
Core	**610,749,477**	**6.5**	**5.8**	**1.2**	**0.4**	**7.2**	**6.3**	**9.8**	**8.7**	**9.2**	**8.1**	**8.7**	**7.9**
Timber													
Hancock Timberland XI	18,568,888	1.3	0.8	0.6	-0.3	4.9	3.9	3.9	2.9	2.1	1.2	3.5	2.6
Timber	**18,568,888**	**1.3**	**0.8**	**0.6**	**-0.3**	**4.9**	**3.9**	**3.9**	**2.9**	**2.1**	**1.2**	**3.5**	**2.6**
Value Added													
Almanac Realty Securities VI	3,273,666	10.5	9.9	-32.1	-32.9	-2.5	-3.2	2.0	1.3	0.4	-0.3	15.2	14.3
Asana Partners Fund I	26,713,339	26.6	16.3	-13.0	-7.1	28.7	21.3	26.4	18.7	18.1	10.8		
Asana Partners Fund II	13,326,794	21.8	19.7	-36.4	-45.7	11.1	1.5						
DRA Growth and Income Fund VII	2,421,100	38.6	31.6	51.2	40.5	58.0	46.3	45.3	37.5	34.3	27.5	35.2	28.8
DRA Growth and Income Fund VIII	11,998,061	14.5	13.5	-16.6	-17.1	11.0	8.6	14.1	11.3	14.2	11.7	14.7	11.8
Gerrity Retail Fund 2	18,713,238	3.4	2.7	-11.5	-12.7	6.7	5.3	12.4	10.6	9.8	7.6	21.4	17.7
GLP Capital Partners IV	24,315,780												
Heitman Asia-Pacific Property Investors	22,085,744	0.8	0.5	5.2	4.3	4.1	3.3	-4.7	-5.2				
LBA Logistics Value Fund VII	17,116,369	20.2	18.3	12.4	11.0								
Mesa West Real Estate Income Fund III[2]	20,265	N/A	N/A	N/A	N/A	4.2	3.5	15.8	12.8	12.6	10.1	11.2	8.8
NREP Nordic Strategies Fund IV	6,887,942	-4.5	-14.5	22.1	-121.4								
Standard Life Investments European Real Estate Club II[2]	246,413	N/A	N/A	N/A	N/A	54.8	41.9	-2.0	-2.7	33.8	32.6	8.1	7.1
Waterton Residential Property Venture XIV, L.P.	8,060,803	46.3	33.0										
Value Added	**155,179,514**	**12.9**	**9.2**	**-4.8**	**-6.8**	**18.9**	**13.9**	**14.1**	**11.0**	**18.6**	**15.9**	**14.6**	**12.1**
Total Portfolio													
LACERS[3]	**872,382,153**	**7.2**	**6.1**	**-0.8**	**-1.8**	**7.6**	**6.2**	**8.4**	**7.0**	**10.0**	**8.6**	**8.1**	**6.8**
Indices													
NFI-ODCE (Core)		6.1	5.6	1.2	0.3	5.3	4.4	8.3	7.4	7.6	6.7	8.8	7.8
NFI-ODCE + 80 bps (Total Portfolio)		6.5	6.0	2.0	1.1	6.1	5.2	9.1	8.2	8.4	7.5	9.6	8.6
NFI-ODCE + 200 bps (Non-Core Portfolio)		7.1	6.6	4.0	3.1	8.1	7.2	11.1	10.2	10.4	9.5	11.6	10.6
NFI-ODCE + 50 bps (Value Add)		6.4	5.9	1.7	0.8	5.8	4.9	8.8	7.9	8.1	7.2	9.3	8.3
NFI-ODCE + 300 bps (Opportunistic)		7.6	7.1	4.2	3.3	8.3	7.4	11.3	10.4	10.6	9.7	11.8	10.8
NCREIF Timberland Index (Timber)		2.5		0.8	0.0	1.3	0.0	3.4	0.0	3.6	0.0	2.7	0.0

[1] Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

[2] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[3] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/21.

Returns (%)	Market Value ($)	2015		2014		2013		2012		2011	
		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Core											
Berkshire Multifamily Income Realty Fund	21,252,217										
CIM VI (Urban REIT), LLC	23,526,153	13.4	11.0	15.0	13.5	6.8	5.4	13.8	13.1		
INVESCO Core Real Estate	197,380,551	14.7	14.3	12.4	11.9	14.3	13.8	8.7	8.2	16.9	16.4
Jamestown Premier Property Fund	33,656,936	8.5	7.0								
JP Morgan Strategic Property Fund	74,632,992	15.2	14.1	11.1	10.1	15.9	14.8	12.1	11.0	15.9	14.8
Kayne Anderson Core Real Estate Fund	35,912,857										
Lion Industrial Trust - 2007	94,095,625										
Prime Property Fund	57,874,497										
Principal U.S. Property Account	72,417,649	3.0	2.8								
Core	**610,749,477**	**13.4**	**12.7**	**11.8**	**11.3**	**13.3**	**12.5**	**9.6**	**8.9**	**15.6**	**14.8**
Timber											
Hancock Timberland XI	18,568,888	5.4	4.6	5.2	4.6	9.9	8.9	8.1	7.6		
Timber	**18,568,888**	**5.4**	**4.5**	**8.1**	**4.5**	**20.9**	**17.8**	**9.9**	**8.9**	**3.9**	**4.2**
Value Added											
Almanac Realty Securities VI	3,273,666	23.5	21.2	15.2	12.8	31.6	26.1				
Asana Partners Fund I	26,713,339										
Asana Partners Fund II	13,326,794										
DRA Growth and Income Fund VII	2,421,100	22.9	16.2	20.3	17.7	18.7	15.5	17.6	14.3		
DRA Growth and Income Fund VIII	11,998,061	16.0	12.9	2.7	2.1						
Gerrity Retail Fund 2	18,713,238	1.7	0.6								
GLP Capital Partners IV	24,315,780										
Heitman Asia-Pacific Property Investors	22,085,744										
LBA Logistics Value Fund VII	17,116,369										
Mesa West Real Estate Income Fund III[2]	20,265	13.0	10.2	13.3	8.7	3.2	-0.6				
NREP Nordic Strategies Fund IV	6,887,942										
Standard Life Investments European Real Estate Club II[2]	246,413										
Waterton Residential Property Venture XIV, L.P.	8,060,803										
Value Added	**155,179,514**	**14.5**	**11.7**	**12.6**	**10.9**	**9.5**	**7.9**	**17.1**	**15.6**	**18.3**	**16.2**
Total Portfolio											
LACERS[3]	**872,382,153**	**11.2**	**9.5**	**13.7**	**11.8**	**13.5**	**11.4**	**12.8**	**11.0**	**12.6**	**10.8**
Indices											
NFI-ODCE (Core)		15.0	14.0	12.5	11.5	13.9	12.9	10.9	9.8	16.0	15.0
NFI-ODCE + 80 bps (Total Portfolio)		15.8	14.8	13.3	12.3	14.7	13.7	11.7	10.6	16.8	15.8
NFI-ODCE + 200 bps (Non-Core Portfolio)		17.8	16.8	15.3	14.3	16.7	15.7	13.7	12.6	18.8	17.8
NFI-ODCE + 50 bps (Value Add)		15.5	14.5	13.0	12.0	14.4	13.4	11.4	10.3	16.5	15.5
NFI-ODCE + 300 bps (Opportunistic)		18.0	17.0	15.5	14.5	16.9	15.9	13.9	12.8	19.0	18.0
NCREIF Timberland Index (Timber)		5.0	0.0	10.5	0.0	9.7	0.0	7.8	0.0	1.6	0.0

[1] Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

[2] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[3] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/21.

Returns (%)	Market Value ($)	2021 TGRS	2021 TNET	2020 TGRS	2020 TNET	2019 TGRS	2019 TNET	2018 TGRS	2018 TNET	2017 TGRS	2017 TNET	2016 TGRS	2016 TNET
Opportunistic													
Apollo CPI Europe I [1]	538,557	N/A	N/A	N/A	N/A	1.6	1.6	-23.0	-23.2	10.4	10.4	-0.3	-0.4
Bristol Value II, L.P.	19,282,395	1.9	1.4	10.1	8.7	8.5	6.9	6.7	5.1	17.1	15.3	11.0	9.1
Broadview Real Estate Partners Fund, L.P.	2,621,529	37.4	26.6	82.4	35.2	-158.5	-158.5						
Bryanston Retail Opportunity Fund	6,102,753	12.8	12.7	51.2	50.8	18.3	17.9	23.5	22.9	-22.1	-22.4	-2.5	-2.8
California Smart Growth Fund IV	2,636,995	6.9	6.9	10.1	10.1	28.3	28.3	-6.1	-6.1	14.3	12.8	5.9	5.4
Cerberus Institutional Real Estate Partners V	10,411,400	15.3	6.8										
CIM Real Estate Fund III[1,2]	6,101,764	-1.0	-1.9	-17.2	-18.5	0.3	-1.1	5.9	4.5	8.0	6.4	5.4	4.0
Colony Investors VIII[1,2]	504,748	N/A	N/A	N/A	N/A	-9.8	-9.8	-19.2	-19.2	16.0	14.9	-13.9	-15.0
DRA Growth and Income Fund VI[1]	655,834	N/A	N/A	N/A	N/A	12.0	9.6	-4.1	-6.7	4.7	2.9	11.3	8.3
Latin America Investors III[1]	-1,069,992	N/A	N/A	N/A	N/A	N/A	N/A	-99.0	-103.0	-21.9	-24.6	-4.9	-6.9
Lone Star Fund VII [1]	85,123	N/A	N/A	N/A	N/A	N/A	N/A	-38.2	-29.2	-57.8	-46.7	-27.3	-21.1
Lone Star Real Estate Fund II[1]	49,855	N/A	N/A	N/A	N/A	10.1	10.4	-2.9	-1.0	-0.7	5.4	16.4	13.8
Oaktree Real Estate Opportunities Fund VIII	2,566,933	18.1	10.2										
RECP Fund IV, L.P.	21,129,551	-1.0	-1.2	-23.0	-25.1	2.3	2.1	2.1	1.6	14.6	12.4	6.9	5.3
Southern California Smart Growth Fund[1]	38,214	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-1.1	-1.1	44.3	43.3
Stockbridge Real Estate Fund II	2,149,858	12.9	12.5	-6.2	-6.6	-4.6	-5.0	0.6	0.2	21.2	20.6	-4.7	-5.5
Torchlight Debt Opportunity Fund IV	4,289,934	2.1	2.3	-12.3	-4.0	-2.2	1.5	14.8	10.7	15.2	11.3	11.8	9.8
Walton Street Real Estate Fund V	1,728,712	0.5	0.7	-8.7	-8.7	-17.9	-18.1	-16.6	-17.1	4.5	3.5	2.1	0.7
Walton Street Real Estate Fund VI	8,338,582	6.9	6.6	-10.0	-11.0	2.0	1.0	4.2	3.1	9.2	7.9	-5.4	-6.6
Wolff Credit Partners III, LP[3]	-278,471												
Opportunistic	**87,884,274**	**5.9**	**4.9**	**-11.2**	**-12.8**	**0.1**	**-0.8**	**-1.1**	**-2.5**	**7.5**	**5.8**	**2.8**	**1.3**
Private Real Estate Portfolio Only (ex. Timber)	**853,813,265**	**7.4**	**6.3**	**-0.8**	**-1.9**	**7.7**	**6.3**	**8.6**	**7.1**	**10.2**	**8.8**	**8.2**	**6.9**
Non-Core Portfolio	**243,063,788**	**10.2**	**7.6**	**-7.6**	**-9.3**	**9.0**	**6.2**	**5.8**	**3.7**	**12.1**	**10.0**	**7.5**	**5.6**
Total Portfolio													
LACERS[3]	**872,382,153**	**7.2**	**6.1**	**-0.8**	**-1.8**	**7.6**	**6.2**	**8.4**	**7.0**	**10.0**	**8.6**	**8.1**	**6.8**
Indices													
NFI-ODCE (Core)		6.1	5.6	1.2	0.3	5.3	4.4	8.3	7.4	7.6	6.7	8.8	7.8
NFI-ODCE + 80 bps (Total Portfolio)		6.5	6.0	2.0	1.1	6.1	5.2	9.1	8.2	8.4	7.5	9.6	8.6
NFI-ODCE + 200 bps (Non-Core Portfolio)		7.1	6.6	4.0	3.1	8.1	7.2	11.1	10.2	10.4	9.5	11.6	10.6
NFI-ODCE + 50 bps (Value Add)		6.4	5.9	1.7	0.8	5.8	4.9	8.8	7.9	8.1	7.2	9.3	8.3
NFI-ODCE + 300 bps (Opportunistic)		7.6	7.1	4.2	3.3	8.3	7.4	11.3	10.4	10.6	9.7	11.8	10.8
NCREIF Timberland Index (Timber)		2.5		0.8		1.3		3.4		3.6		2.7	

[1] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[2] Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

[3] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/21.

Returns (%)	Market Value ($)	2015 TGRS	2015 TNET	2014 TGRS	2014 TNET	2013 TGRS	2013 TNET	2012 TGRS	2012 TNET	2011 TGRS	2011 TNET
Opportunistic											
Apollo CPI Europe I [1]	538,557	-16.0	-16.4	-0.8	-1.5	0.7	0.1	20.3	19.5	-6.1	-6.8
Bristol Value II, L.P.	19,282,395	8.2	6.1	12.4	10.6	35.0	33.0				
Broadview Real Estate Partners Fund, L.P.	2,621,529										
Bryanston Retail Opportunity Fund	6,102,753	144.0	142.1	7.3	5.8	50.5	47.5	40.1	37.2	-4.3	-7.2
California Smart Growth Fund IV	2,636,995	20.3	19.2	17.9	16.2	13.1	11.6	19.9	18.3	26.7	24.6
Cerberus Institutional Real Estate Partners V	10,411,400										
CIM Real Estate Fund III[1,2]	6,101,764	8.3	7.1	11.0	9.8	11.1	9.9	20.8	19.4	21.8	19.8
Colony Investors VIII[1,2]	504,748	-3.3	-6.0	-8.7	-10.9	45.6	42.0	14.4	10.9	-27.2	-29.2
DRA Growth and Income Fund VI[1]	655,834	27.4	21.1	49.0	32.7	17.6	15.1	4.3	2.1	32.6	29.1
Latin America Investors III[1]	-1,069,992	-30.3	-32.8	0.4	-4.6	-17.9	-22.4	-60.0	-62.6	-32.5	-34.9
Lone Star Fund VII [1]	85,123	-0.1	0.0	42.8	33.5	100.6	75.7	59.7	43.7	70.2	58.2
Lone Star Real Estate Fund II[1]	49,855	42.5	32.9	58.3	44.7	30.5	22.3	40.2	30.6	45.3	30.8
Oaktree Real Estate Opportunities Fund VIII	2,566,933										
RECP Fund IV, L.P.	21,129,551	8.3	6.2	6.4	4.6	8.5	6.7	23.4	21.1	2.4	-1.4
Southern California Smart Growth Fund[1]	38,214	21.0	19.2	21.8	19.3	14.9	11.4	-33.5	-33.6	-5.3	-5.4
Stockbridge Real Estate Fund II	2,149,858	3.9	2.6	24.4	22.8	46.5	43.7	3.2	0.7	7.2	4.2
Torchlight Debt Opportunity Fund IV	4,289,934	12.0	9.8	13.9	10.4	3.6	3.0				
Walton Street Real Estate Fund V	1,728,712	11.9	10.4	13.2	11.7	12.9	11.2	9.5	7.8	10.1	8.0
Walton Street Real Estate Fund VI	8,338,582	13.5	12.2	14.8	13.4	16.0	14.3	12.1	10.4	14.3	12.3
Wolff Credit Partners III, LP[3]	-278,471										
Opportunistic	**87,884,274**	**7.2**	**5.3**	**15.7**	**12.9**	**15.3**	**12.2**	**12.5**	**10.1**	**8.8**	**6.5**
Private Real Estate Portfolio Only (ex. Timber)	**853,813,265**	**11.3**	**9.6**	**13.8**	**12.0**	**13.4**	**11.3**	**12.8**	**11.1**	**12.8**	**10.9**
Non-Core Portfolio	**243,063,788**	**9.8**	**7.6**	**14.7**	**12.2**	**13.6**	**10.9**	**14.0**	**11.9**	**11.9**	**9.6**
Total Portfolio											
LACERS[3]	**872,382,153**	**11.2**	**9.5**	**13.7**	**11.8**	**13.5**	**11.4**	**12.8**	**11.0**	**12.6**	**10.8**
Indices											
NFI-ODCE (Core)		15.0	14.0	12.5	11.5	13.9	12.9	10.9	9.8	16.0	15.0
NFI-ODCE + 80 bps (Total Portfolio)		15.8	14.8	13.3	12.3	14.7	13.7	11.7	10.6	16.8	15.8
NFI-ODCE + 200 bps (Non-Core Portfolio)		17.8	16.8	15.3	14.3	16.7	15.7	13.7	12.6	18.8	17.8
NFI-ODCE + 50 bps (Value Add)		15.5	14.5	13.0	12.0	14.4	13.4	11.4	10.3	16.5	15.5
NFI-ODCE + 300 bps (Opportunistic)		18.0	17.0	15.5	14.5	16.9	15.9	13.9	12.8	19.0	18.0
NCREIF Timberland Index (Timber)		5.0		10.5		9.7		7.8		1.6	

[1] Liquidating investment. Time-weighted returns are excluded as they are no longer meaningful.

[2] Negative Market Value represents fees owed to the manager. No capital had been called as of quarter-end.

[3] Excludes Integrated Capital Hospitality Fund, which did not provide data as of 6/30/21.

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	20,300,368	0	71,512	0	141,462	34,591	916,490	21,252,217	39.5
CIM VI (Urban REIT), LLC	23,566,719	0	69,151	0	101,651	73,721	655	23,526,153	18.1
INVESCO Core Real Estate	188,495,369	1,522,611	1,554,132	0	1,801,284	167,582	7,283,001	197,380,551	26.3
Jamestown Premier Property Fund	34,200,632	51,301	115,581	0	195,977	59,351	-616,042	33,656,936	45.4
JP Morgan Strategic Property Fund	72,691,818	0	0	0	625,086	177,671	1,493,758	74,632,992	24.5
Kayne Anderson Core Real Estate Fund	35,249,077	0	418,685	0	430,517	50,025	701,973	35,912,857	37.9
Lion Industrial Trust - 2007	87,116,407	870,018	583,897	0	966,517	1,141,249	6,867,830	94,095,625	28.7
Prime Property Fund	56,851,885	0	559,281	0	551,794	278,950	1,309,048	57,874,497	17.9
Principal U.S. Property Account	69,865,632	0	0	0	723,112	167,512	1,996,417	72,417,649	23.6
Core	**588,337,907**	**2,443,930**	**3,372,239**	**0**	**5,537,400**	**2,150,652**	**19,953,130**	**610,749,479**	**27.9**
Timber									
Hancock Timberland XI	18,530,846	0	14,574	0	45,286	42,854	50,184	18,568,888	0.0
Timber	**18,530,846**	**0**	**14,574**	**0**	**45,286**	**42,854**	**50,184**	**18,568,888**	**0.0**
Value Added									
Almanac Realty Securities VI*	3,008,318	0	0	0	3,838	9,284	270,794	3,273,666	75.4
Asana Partners Fund I	24,682,276	0	0	0	270,636	975,927	2,736,355	26,713,339	39.2
Asana Partners Fund II	12,234,927	0	0	0	-19,044	109,375	1,220,287	13,326,794	57.7
DRA Growth and Income Fund VII	3,421,708	0	1,144,193	299,077	42,342	88,972	489,292	2,421,100	60.8
DRA Growth and Income Fund VIII	14,525,922	0	1,551,580	1,726,723	209,194	44,091	585,339	11,998,061	66.0
Gerrity Retail Fund 2	18,442,223	0	0	0	334,042	63,028	0	18,713,238	56.4
GLP Capital Partners IV	0	25,800,094	320,130	0	-728,024	429,808	-6,352	24,315,780	56.6
Heitman Asia-Pacific Property Investors	21,280,085	489,373	218,444	0	287,841	38,241	285,130	22,085,744	50.0
LBA Logistics Value Fund VII	14,993,371	0	379,359	0	198,541	115,122	2,418,938	17,116,369	0.0
Mesa West Real Estate Income Fund III*	915,466	0	927,873	0	-2,925	56,256	91,854	20,265	0.0
NREP Nordic Strategies Fund IV	3,452,707	2,976,522	0	0	-174,960	215,559	849,232	6,887,942	48.0
Standard Life Investments European Real Estate Club II	186,651	0	0	0	60,297	726	191	246,413	0.0
Waterton Residential Property Venture XIV, L.P.	3,899,211	3,786,260	0	0	-2,032	123,144	500,508	8,060,803	74.2
Value Added	**121,042,865**	**33,052,249**	**4,541,579**	**2,025,800**	**479,746**	**2,269,533**	**9,441,568**	**155,179,514**	**53.7**
Total Portfolio									
LACERS	**812,120,941**	**39,283,859**	**8,568,985**	**2,056,665**	**6,649,421**	**5,478,635**	**30,432,218**	**872,382,155**	**36.6**

Quarterly Cash Flow Activity ($)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
Opportunistic									
Apollo CPI Europe I	534,851	0	0	0	-2,129	0	5,835	538,557	0.0
Bristol Value II, L.P.	18,997,351	129,904	0	0	196,003	40,863	0	19,282,395	35.5
Broadview Real Estate Partners Fund, L.P.	2,153,451	892,989	393,604	0	-22,988	115,147	106,828	2,621,529	0.0
Bryanston Retail Opportunity Fund	5,926,267	0	0	30,865	37,261	2,901	172,991	6,102,753	45.0
California Smart Growth Fund IV	2,548,704	0	0	0	88,291	0	0	2,636,995	0.0
Cerberus Institutional Real Estate Partners V	7,339,021	2,764,787	0	0	-86,241	144,657	538,490	10,411,400	71.2
CIM Real Estate Fund III	6,126,777	0	0	0	-38,000	27,996	40,983	6,101,764	38.2
Colony Investors VIII	514,190	0	0	0	268	0	-9,710	504,748	0.0
DRA Growth and Income Fund VI	657,967	0	0	0	-3,010	278	1,155	655,834	0.0
Latin America Investors III	-1,048,102	0	0	0	-46,570	43,007	67,687	-1,069,992	29.9
Lone Star Fund VII	142,199	0	52,100	0	-270	4,707	0	85,123	0.0
Lone Star Real Estate Fund II	263,515	0	194,889	0	45	28,291	9,475	49,855	100.0
Oaktree Real Estate Opportunities Fund VIII L.P.	2,328,916	0	0	0	47,509	184,505	375,013	2,566,933	0.0
RECP Fund IV, L.P.	21,540,780	0	0	0	4,059	12,533	-402,755	21,129,551	52.1
Southern California Smart Growth Fund	39,730	0	0	0	-1,516	0	0	38,214	0.0
Stockbridge Real Estate Fund II	1,990,240	0	0	0	2,328	3,301	160,592	2,149,858	19.2
Torchlight Debt Opportunity Fund IV	4,228,852	0	0	0	37,641	7,527	30,968	4,289,934	15.6
Walton Street Real Estate Fund V	1,726,089	0	0	0	0	-2,623	0	1,728,712	65.8
Walton Street Real Estate Fund VI	8,198,525	0	0	0	259,095	8,822	-110,216	8,338,582	47.4
Wolff Credit Partners III, LP	0	0	0	0	115,213	393,684	0	-278,471	103.6
Opportunistic	**84,209,323**	**3,787,680**	**640,593**	**30,865**	**586,989**	**1,015,596**	**987,336**	**87,884,274**	**49.9**
Private Real Estate Portfolio Only (ex. Timber)	**793,590,095**	**39,283,859**	**8,554,411**	**2,056,665**	**6,604,135**	**5,435,781**	**30,382,034**	**853,813,267**	**37.1**
Non-Core Portfolio	**205,252,188**	**36,839,929**	**5,182,172**	**2,056,665**	**1,066,735**	**3,285,129**	**10,428,904**	**243,063,788**	**52.4**
Total Portfolio									
LACERS	**812,120,941**	**39,283,859**	**8,568,985**	**2,056,665**	**6,649,421**	**5,478,635**	**30,432,218**	**872,382,155**	**36.6**

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
Core						
Berkshire Multifamily Income Realty Fund	100.0	-	-	-	-	-
CIM VI (Urban REIT), LLC	49.1	36.7	-	14.2	-	-
INVESCO Core Real Estate	26.2	31.7	23.4	12.9	-	5.8
Jamestown Premier Property Fund	-	71.1	-	21.3	-	7.6
JP Morgan Strategic Property Fund	23.0	31.4	21.9	21.4	-	2.2
Kayne Anderson Core Real Estate Fund	-	-	-	-	-	100.0
Lion Industrial Trust - 2007	-	-	100.0	-	-	-
Prime Property Fund	26.1	27.6	25.8	8.7	-	11.8
Principal U.S. Property Account	21.3	34.0	27.0	13.3	-	4.4
Core	**21.5**	**25.1**	**33.6**	**10.5**	**-**	**9.3**
Timber						
Hancock Timberland XI	-	-	-	-	-	100.0
Timber	**-**	**-**	**-**	**-**	**-**	**100.0**
Value Added						
Almanac Realty Securities VI	27.9	-	-	-	69.2	2.9
Asana Partners Fund I	-	-	-	100.0	-	-
Asana Partners Fund II	-	-	-	100.0	-	-
DRA Growth and Income Fund VII	58.5	21.2	-	20.3	-	-
DRA Growth and Income Fund VIII	11.3	49.8	1.7	37.3	-	-
Gerrity Retail Fund 2	-	-	-	100.0	-	-
GLP Capital Partners IV	-	-	100.0	-	-	-
Heitman Asia-Pacific Property Investors	-	43.3	17.4	14.4	-	24.9
LBA Logistics Value Fund VII	-	-	86.1	-	-	13.9
NREP Nordic Strategies Fund IV	21.9	6.8	20.7	10.5	14.2	25.9
Mesa West Real Estate Income Fund III	-	-	-	-	-	-
Standard Life Investments European Real Estate Club II	-	-	-	-	-	-
Waterton Residential Property Venture XIV, L.P.	100.0	-	-	-	-	-
Value Added	**8.5**	**9.9**	**29.3**	**43.5**	**2.4**	**6.3**
Total Portfolio						
Los Angeles City Employees' Retirement System	**18.3**	**20.8**	**30.5**	**15.8**	**1.7**	**12.9**
Indices						
NFI-ODCE*	**27.2**	**30.2**	**23.6**	**13.6**	**0.2**	**5.1**

*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.	13.3	52.5	-	-	-	34.2
Broadview Real Estate Partners Fund, L.P.	-	-	28.5	-	-	71.5
Bryanston Retail Opportunity Fund	-	-	-	100.0	-	-
California Smart Growth Fund IV	-	-	56.7	-	-	43.3
Cerberus Institutional Real Estate Partners V	-	1.6	59.2	-	22.9	16.4
CIM Real Estate Fund III	20.8	19.9	-	9.4	25.1	24.8
Colony Investors VIII	-	-	-	-	-	-
DRA Growth and Income Fund VI	-	100.0	-	-	-	-
Latin America Investors III	-	28.9	-	-	-	71.1
Lone Star Fund VII	-	-	-	-	-	100.0
Lone Star Real Estate Fund II	-	-	-	-	-	100.0
Oaktree Real Estate Opportunities Fund VIII L.P.	43.9	10.2	25.4	-	19.8	0.8
RECP Fund IV, L.P.	17.1	4.8	10.5	-	19.8	47.8
Southern California Smart Growth Fund	-	-	100.0	-	-	-
Stockbridge Real Estate Fund II	-	-	-	-	-	100.0
Torchlight Debt Opportunity Fund IV	17.6	0.0	0.0	29.3	35.4	17.8
Walton Street Real Estate Fund V	-	-	-	1.0	19.0	80.0
Walton Street Real Estate Fund VI	1.4	1.0	-	4.4	10.8	82.4
Wolff Credit Partners III, LP	100.0	-	-	-	-	-
Opportunistic	**16.3**	**14.0**	**16.7**	**8.0**	**12.6**	**32.4**
Private Real Estate Portfolio Only (ex. Timber)	**18.7**	**21.2**	**31.1**	**16.1**	**1.8**	**11.3**
Non-Core Portfolio	**11.5**	**11.4**	**24.6**	**30.2**	**6.2**	**16.1**
Total Portfolio						
Los Angeles City Employees' Retirement System	**18.3**	**20.8**	**30.5**	**15.8**	**1.7**	**12.9**
Indices						
NFI-ODCE*	**27.2**	**30.2**	**23.6**	**13.6**	**0.2**	**5.1**

*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	6.1	4.6	10.2	3.9	34.1	6.2	7.7	27.2	-	-
CIM VI (Urban REIT), LLC	38.6	18.9	-	-	-	25.1	-	17.3	0.1	-
INVESCO Core Real Estate	17.8	7.2	1.7	0.6	2.2	13.7	10.8	45.9	0.1	-
Jamestown Premier Property Fund	30.4	30.5	-	-	3.8	-	-	35.2	0.1	-
JP Morgan Strategic Property Fund	17.3	6.3	4.7	0.1	4.4	14.0	3.4	49.8	-	-
Kayne Anderson Core Real Estate Fund	8.1	9.1	14.2	6.5	33.0	16.2	7.8	5.0	0.1	-
Lion Industrial Trust - 2007	20.8	1.9	6.8	1.4	15.3	13.8	6.1	34.0	-	-
Prime Property Fund	26.8	5.8	8.8	0.9	13.0	8.5	4.9	31.3	-	-
Principal U.S. Property Account	13.3	8.9	2.5	1.2	9.4	15.3	10.8	38.4	0.2	-
Core	**19.1**	**7.7**	**4.5**	**1.1**	**9.4**	**13.0**	**7.4**	**37.6**	**-**	**-**
Timber										
Hancock Timberland XI	-	-	-	-	-	-	-	22.3	62.7	15.0
Timber	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**22.3**	**62.7**	**15.0**
Value Added										
Almanac Realty Securities VI	20.3	0.3	0.5	11.9	18.3	39.5	6.5	2.7	-	-
Asana Partners Fund I	6.5	37.3	-	-	24.4	24.8	-	7.0	-	-
Asana Partners Fund II	20.8	19.1	-	9.3	18.9	0.4	11.4	20.2	-	-
DRA Growth and Income Fund VII	-	27.4	31.1	-	10.0	-	8.1	23.4	-	-
DRA Growth and Income Fund VIII	10.7	9.8	25.5	11.6	20.5	7.3	-	14.6	-	-
Gerrity Retail Fund 2	-	-	-	-	-	-	-	100.0	-	-
GLP Capital Partners IV	29.4	4.3	2.9	-	14.3	8.9	6.3	33.9	-	-
Heitman Asia-Pacific Property Investors	-	-	-	-	-	-	-	-	-	100.0
LBA Logistics Value Fund VII	7.2	16.2	12.7	-	20.6	7.2	6.6	29.5	-	-
Mesa West Real Estate Income Fund III	-	-	-	-	-	-	-	-	100.0	-
NREP Nordic Strategies Fund IV	-	-	-	-	-	-	-	-	-	100.0
Standard Life Investments European Real Estate Club II	-	-	-	-	-	-	-	-	-	100.0
Waterton Residential Property Venture XIV, L.P.	9.4	-	-	-	49.0	-	-	41.6	-	-
Value Added	**10.7**	**11.7**	**4.1**	**2.0**	**14.6**	**6.7**	**3.3**	**25.4**	**1.9**	**19.6**
Total Portfolio										
LACERS	**17.7**	**7.9**	**4.1**	**1.2**	**10.9**	**10.7**	**6.1**	**33.1**	**2.5**	**5.8**
Indices										
NFI-ODCE	**22.3**	**8.2**	**6.8**	**1.0**	**9.2**	**9.2**	**6.1**	**37.2**	**-**	**-**

*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.	50.0	-	-	-	41.4	-	8.6	-	-	-
Broadview Real Estate Partners Fund, L.P.	-	-	24.9	-	75.1	-	-	-	-	-
Bryanston Retail Opportunity Fund	16.9	0.0	9.8	0.2	1.5	11.9	13.6	46.1	-	-
California Smart Growth Fund IV	-	-	-	-	-	-	-	100.0	-	-
Cerberus Institutional Real Estate Partners V	-	-	-	-	-	-	0.1	4.0	36.7	59.2
CIM Real Estate Fund III	16.1	-	7.2	-	31.7	13.3	-	31.8	-	-
Colony Investors VIII	-	-	-	-	-	-	-	-	100.0	-
DRA Growth and Income Fund VI	-	-	-	-	-	-	-	-	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.	0.0	-	4.3	-	27.3	8.8	-	36.5	-	23.1
RECP Fund IV, L.P.	18.7	20.9	-	-	-	1.6	-	20.3	-	38.5
Southern California Smart Growth Fund	-	-	-	-	-	-	-	100.0	-	-
Stockbridge Real Estate Fund II	-	-	-	-	-	-	-	100.0	-	-
Torchlight Debt Opportunity Fund IV	-	-	-	-	-	-	-	-	100.0	-
Walton Street Real Estate Fund V	-	-	-	-	1.2	-	-0.2	7.1	0.1	91.8
Walton Street Real Estate Fund VI	81.0	1.4	9.7	1.0	0.4	1.8	0.8	1.0	-	2.9
Wolff Credit Partners III, LP	65.7	-	12.6	-	7.9	-	11.3	2.5	-	-
Opportunistic	**23.4**	**3.9**	**2.3**	**0.1**	**17.0**	**3.1**	**2.9**	**17.7**	**9.9**	**19.7**
Private Real Estate Portfolio Only (ex. Timber)	**18.1**	**8.0**	**4.2**	**1.2**	**11.1**	**10.9**	**6.2**	**33.3**	**1.4**	**5.6**
Non-Core Portfolio	**15.5**	**8.8**	**3.4**	**1.3**	**15.5**	**5.3**	**3.1**	**22.5**	**4.9**	**19.7**
Total Portfolio										
LACERS	**17.7**	**7.9**	**4.1**	**1.2**	**10.9**	**10.7**	**6.1**	**33.1**	**2.5**	**5.8**
Indices										
NFI-ODCE	**22.3**	**8.2**	**6.8**	**1.0**	**9.2**	**9.2**	**6.1**	**37.2**	**-**	**-**

*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 (2Q21)

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General

- As a result of the COVID-19 pandemic, national, state and local governments across the world implemented stay-at-home orders, which caused a near complete halt of the world economy in the 1st half 2020. Governments dramatically expanded expenditures in order to protect people and businesses from large-scale disruption. In 2Q21, equity markets continued to bounce back from the March 2020 rout and continued to exceed prior highs, the S&P 500 produced a gross total return of 8.6%, bringing the first half of 2021 total return to 15.3%. The MSCI US REIT index continued to rebound and produced a return of 8.7% and returned to pre-COVID levels.

- The U.S. entered a recession in February 2020, but the economy has since rebounded with the accelerated development and continued rollout of vaccines. In the 2nd quarter, U.S. GDP grew at an annualized rate of 6.5%. The unemployment rate peaked in April at 14.7% and has since declined to 5.9% at quarter end 2Q21, falling an additional 10 bps from the end of 1Q21. The Federal Reserve continues to act aggressively, thus far financial markets have stabilized. The world economy shrunk by -3.5% in 2020 but is forecasted to grow 6.1% in 2021.

Commercial Real Estate

- Through the second quarter of 2021, total transaction activity for the quarter was up 199% YoY, after significantly rebounding from a broad-based COVID-19 induced slowdown. Transaction volume has been the strongest in the apartment and industrial sectors.

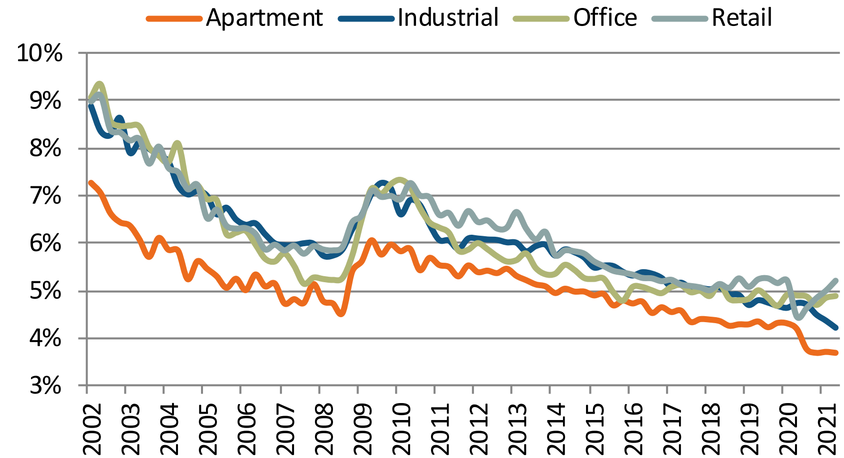
- Transaction cap rates (5.2%) compressed -68 bps during the quarter. Current valuation cap rates declined for industrial (-15 bps) and apartment (-2 bps). The office (+4 bps) and retail (+21 bps) property sectors experienced cap rate expansion.

- NOI growth has substantially diverged between property sectors due to the impacts of COVID-19. Retail NOI has expanded substantially (+21%) YoY as the sector recovers from decreased rent collections and retailer shutdowns early last year. Apartment NOI contracted (-5%) YoY, primarily driven by declines in CBD effective market rents, though slowly recovering.

- In the second quarter of 2021, $24 bn of aggregate capital was raised by real estate funds. There continues to be substantial dry powder, ~$363 billion, seeking exposure to private real estate.

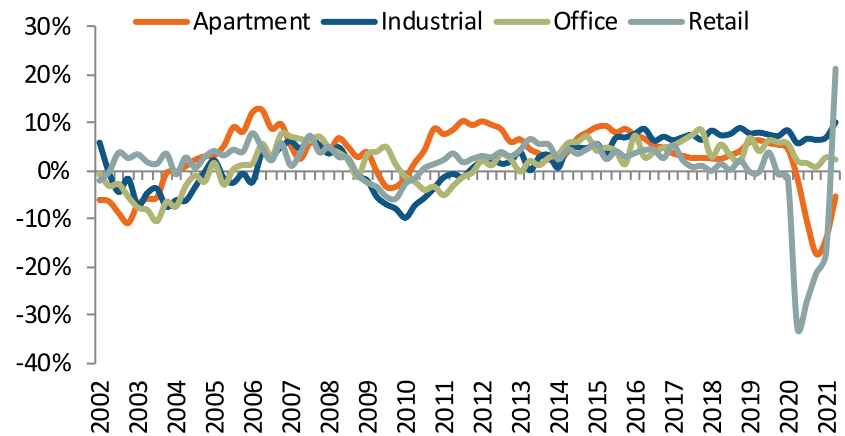
- 10-year treasury bond yields dropped 30 bps to 1.45% during the quarter, signaling disinflation rather than inflation which many expected to observe.

Current Value Cap Rates by Property Type



Source: NCREIF

4 Qtr Rolling NOI Growth



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 (2Q21)

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INDUSTRIAL

- In 2Q21, industrial properties were the highest returning sector at 8.8% and outperformed the NPI by 520 bps.
- Transaction volumes rose to $32.1 billion in the second quarter of the year, resulting in a 156% increase year-over-year. Individual asset sales increased 174% year-over-year, while portfolio purchases turned in a year-over-year volume increase of 111%. At slightly over $32.1 billion, the industrial sector increased a significant $9.7 billion quarter-over-quarter.
- The industrial sector turned in NOI growth of 10.0% over the past year, a substantial increase from the prior periods TTM growth of 6.8% in 1Q21.
- Vacancy decreased by 30 bps year-over-year to 3.1%. Vacancy in the sector decreased 40 bps from last quarter, reaching all-time historic lows. E-commerce continues to drive demand across the sector.
- Industrial cap rates compressed approximately 50 bps from a year ago, to 4.2%. Industrial overall fundamentals still top all property sectors.

MULTIFAMILY

- The apartment sector delivered a 3.6% return during the quarter, performing in line with the NPI.
- Transaction volume in the second quarter of 2021 rose to $57.9 billion, resulting in an increase of 271% year-over-year. This volume continues to make multifamily the most actively traded sector for the sixteenth straight quarter.
- Cap rates remained steady at 3.7% quarter-over-quarter, compressing 50 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. Halfway through 2021, the sector appears to have shaken the trend as vacancy rates decreased 140 bps quarter-over-quarter, now 170 bps lower than a year ago and back to 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 1.4% in 2Q21, 220 bps below the NPI return over the period.
- Transaction volumes increased by 105% year-over-year in the second quarter. Transaction volume equaled $27.8 billion for the quarter, an increase of $6.2 billion quarter-over-quarter. Single asset transactions accounted for 75.4% of volume.
- 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 close to 12.7%, expanding 30 bps from last quarter.
- NOI growth in the office sector fell quarter-over-quarter by 40 bps but appears to have begun its slow recovery to pre-pandemic values as it has increased 20 bps since the same period last year.
- Office cap rates remained flat from a year ago, sitting at approximately 4.8%. Office-using job growth was stunted significantly through out 2020 due to many 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 2Q21, the retail sector delivered a quarterly return of 0.9%, performing 270 bps below the NPI.
- Transaction volumes totaled $15.0 billion in the second quarter, increasing 177% year-over-year. Single asset transactions accounted for just over 86.5% of all sales volume for the quarter.
- Cap rates have expanded approximately 80 bps within the sector over the last year, to 5.2%. The current valuation cap rate did expand quarter-over-quarter by 20 bps due to slight downward valuation adjustments made across the sector in general.
- NOI growth significantly increased, +21.1% over the last year. This is a 38.4% increase from last quarter. Retail has begun its slow recovery as vaccine rollouts increase store openings and foot traffic.
- Retail vacancy rates compressed over the quarter by 20 bps, though still up 180 bps over the past year to 9.7%. 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

Global Real Estate Market Update (2Q21)

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- With vaccinations ramping up and economies reopening worldwide, global investment activity during the second quarter of 2021 has experienced a robust rebound 2Q21 to US $260.4 billion, a 98% growth year over year. During 2Q21, transaction volumes recovered significantly in the APAC regions while the emerging markets continued to experience significant depression.
- Increased availability of the vaccine has driven an uptick in investor appetite, specifically in regions that were among the first to be affected by the virus such as APAC. Interest in the quarter was concentrated primarily in industrial and multifamily properties.

Global Total Commercial Real Estate Volume - 2020 - 2021

$ US Billions	Q2 2021	Q2 2020	% Change Q2 21 - Q2 20	H1 2021	H1 2020	% Change H1 21 - H1 20
Americas	260	132	98%	459	399	15%
EMEA	83	58	42%	41	46	-11%
Asia Pacific	41	21	99%	69	46	51%
Total	384	211	83%	569	491	16%

Source: Real Capital Analytics, Inc., Q2' 21

- Investment activity in the Americas witnessed an extreme surge to by 161% year-over-year. Transaction volume in the US increased 176% relative to 1Q21.
- In the Asia Pacific region, volumes grew by 99% year-over-year with vaccination rates picking up in the region and activity largely returning to normal. Mainland China (+117%), India (+354%), and Hong Kong (+270%) saw the most improvements in deal activity year over year in 2Q21.
- Large ticket transactions contributed greatly to investment activity dropped in the EMEA region. Deals of US $1 billion or more accounted for 25% of the region's investment volume. Additionally, cross-border transactions grew 65% year over year in Q2
- In the office sector, global leasing activity improved by 44% year-over-year and vacancy rates increased by 60 bps to 14.3%. Office re-entry rates have varied significantly by country and a multi-speed recovery is emerging dependent on vaccination rates, outbreaks and societal restrictions in place. This adds to the long-term uncertainty with long term space planning for occupiers. US coastal markets have been more affected than lower-cost and high-growth markets. Across the main European markets, office rents across Europe grew (+0.3%) over the quarter. On an annual basis rents are now just (-0.2%) year over year. In the APAC region, net absorption increased by 20% year over year.
- Globally, retail foot traffic and sales continue to increase from COVID-19 pandemic lows with increased vaccination rates and easing of restrictions. Retailers have expanded omnichannel strategies such as click-and-collect, curbside pickup and ship-from-store. In many cases, retailers are implementing a hybrid store model that fully integrates retail with logistics. As online sales grow, retailers will reevaluate their store portfolios in terms of store size, location and use. The overall level of occupied retail space will continue to shrink in some U.S. and European markets, while APAC markets will be relatively unchanged.
- With the multifamily market recording the quarter's only increase in investments globally, the sector remains the most liquid in commercial real estate highlighting its attractiveness. Throughout the world, the re-opening of businesses and returns to the office has contributed to a pickup in urban demand, leading to a growth in asking rents, as the number of tours and leases increased during the quarter.
- Industrial yields continued to compress due to strong market fundamentals and heightened demand. US vacancy rates fell to 4.8% in 2Q21. EMEA vacancy rates declined to 3.6% for the quarter, while the Asia Pacific region saw a rise to 18.0%.

Global Outlook - GDP (Real) Growth % pa, 2021-2023

	2021	2022	2023
Global	**6.0**	**4.5**	**3.4**
Asia Pacific	**6.4**	**5.1**	**4.6**
Australia	5.0	3.2	3.0
China	8.5	5.6	5.5
India	9.3	7.0	
Japan	2.6	2.7	1.2
North America	**6.5**	**4.0**	**2.3**
US	6.6	4.1	2.3
Middle East	**2.9**	**4.3**	**3.3**
European Union	**4.8**	**4.5**	**2.2**
France	5.7	4.0	2.1
Germany	3.4	4.5	1.9
UK	4.0	3.8	3.6

Source: Bloomberg

Sources: Jones Lang LaSalle Research, Real Capital Analytics, Inc., CBRE

Exhibit C: Glossary

Cash Flow Statement

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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.

Style Groups

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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.

Indices

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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.

Performance

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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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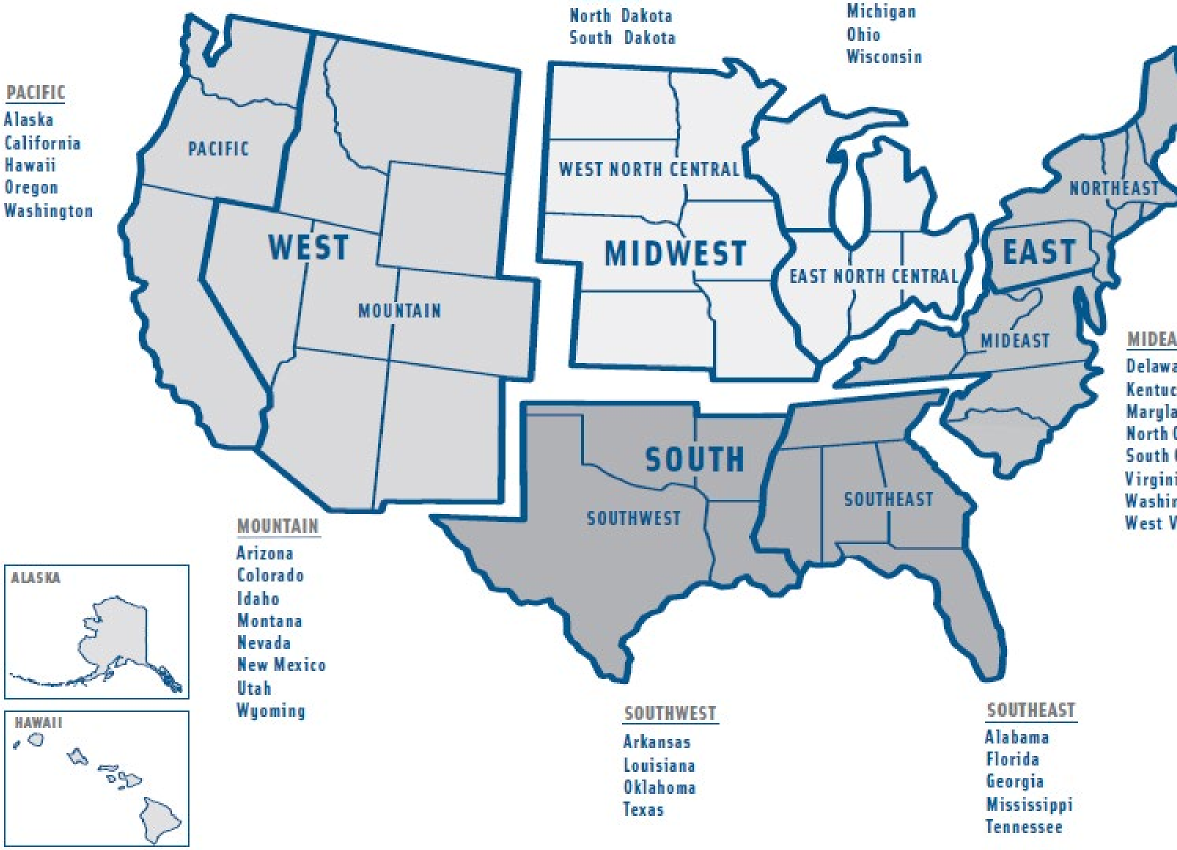
GEOGRAPHIC REGIONS and DIVISIONS



WEST NO. CENTRAL
Iowa
Kansas
Minnesota
Missouri
Nebraska
North Dakota
South Dakota

EAST NO. CENTRAL
Illinois
Indiana
Michigan
Ohio
Wisconsin

NORTHEAST
Connecticut
Maine
Massachusetts
New Hampshire
New Jersey
New York
Pennsylvania
Rhode Island
Vermont

PACIFIC
Alaska
California
Hawaii
Oregon
Washington

MIDEAST
Delaware
Kentucky
Maryland
North Carolina
South Carolina
Virginia
Washington, DC
West Virginia

MOUNTAIN
Arizona
Colorado
Idaho
Montana
Nevada
New Mexico
Utah
Wyoming

SOUTHWEST
Arkansas
Louisiana
Oklahoma
Texas

SOUTHEAST
Alabama
Florida
Georgia
Mississippi
Tennessee

NCREIF

BOARD Meeting: 11/09/21
Item VIII-C

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

NEPC EMERGING MANAGER ENGAGEMENT

NOVEMBER 9, 2021

THE DEI ECOSYSTEM AT NEPC

LEADERSHIP

Managing Partner | Executive Committee | Management Group

INTERNAL PARTNERS

Human Resources
Manager Research Team
Discretionary Team
Employees - all levels

DIVERSITY & INCLUSION BOARD

DEI Governance & Policy

EXTERNAL PARTNERS

IDAC*
IIDC**
CEO Action for Diversity
Industry Advocacy Groups

DIVERSITY, EQUITY AND INCLUSION NETWORK

Improving diversity, equity and inclusion throughout the firm.

WOMEN'S LEADERSHIP FORUM

Increasing visibility and opportunities for women throughout NEPC

DIVERSE MANAGER COMMITTEE

Engaging with highly-qualified, diverse-owned and diverse-led asset management firms

EMPLOYEE RESOURCE GROUPS

Cultural Enrichment Group | **Black Employee Resource Group ("The BERG")**

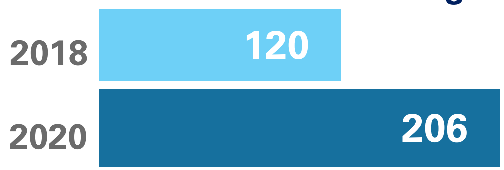
* IDAC = Investment Diversity Advisory Council (Resource sharing among NEPC and its clients)
** IIDC = Institutional Investing Diversity Cooperative (Data collaboration among investment consultants and asset owners)

NEPC'S DIVERSE MANAGER POLICY 2.0

10% Target for FPL Strategies by 2021

JUNE 2021 POSITION:
9.5% FPL Managers

10% Target for Annual Increase in Meetings



JUNE 2021 POSITION:
309 Diverse Manager Interactions

Multiple Pathways to Engage NEPC Clients

- **Standard NEPC DD Process**
  1-Rating or 2-Rating
- **Discovery Platform or Explorer Program**
- **Turnkey Solution to Use Rated MoMs/ FoFs that Focus on Diverse Managers**
- **Client-Directed Search**
  1-Rating, 2-Rating or 3-Rating

Responsiveness Target
DMC will seek to respond with preliminary feedback within 3 months after initial contact

Accountability Target
NEPC will include manager diversity objectives in annual evaluation process of Research and DMC professionals

Search Inclusion Target
NEPC will make best efforts to include a diverse manager in searches where an appropriate manager is available

Transparency Target
NEPC will publish annual progress toward Diverse Manager Policy targets

A diverse firm is defined as any business majority-owned by a minority and/or underrepresented group

NEPC INVESTMENT PROCESS – DUE DILIGENCE

We believe a combination of quantitative analysis of a track record and qualitative analysis of incentive alignment allows us to identify the top investment managers and deliver to clients sustainable alpha

Quantitative Analysis

We use proprietary tools to facilitate second-level thinking, which helps us identify true skill.

- **Second-Level Thinking[1]**
- **Luck vs. skill**
- **Likelihood of success**
- **Alpha expectations**
- **Performance**
  - Absolute
  - Relative
  - Peer Comparison

Qualitative Analysis

Investment Process

We focus on identifying the investment edge of a strategy and determining whether it is sustainable and repeatable. We also evaluate whether the team is resourced sufficiently to support the investment process.

- **People & Resources**
  - Portfolio Managers & Analysts
  - Additional Resources
- **Investment Philosophy, Strategy & Process**
  - Investment edge/thesis
  - Investment Philosophy
  - Research Process
  - Portfolio Construction
  - Risk Management

Alignment of Incentives

We spend significant time understanding whether the client and the manager are aligned.

- **Business strategy**
- **Viability/profitability**
- **Succession planning**

[1]https://www.oaktreecapital.com/docs/default-source/memos/2015-09-09-its-not-easy.pdf

DIVERSE MANAGER METRICS AND INITIATIVES

Client Exposure to Diverse Firms

$34.7 Billion
amount of client assets with Diverse firms

175
the number of client strategies managed

31
the number of strategies managed by diverse firms on our Focused Placement List*

Engagement with Investment Industry and Community

3
NEPC hosted industry conferences in 2020: Equitable Manager Participation Day, Investment Diversity Advisory Council, Public Fund Workshop

9
Industry conferences where NEPC spoke on DEI during 2020

5
Organizations NEPC engages with including: Toigo Foundation, NASP SoCal FAST Track Program, Neighborhood Youth Association, Year-Up Program and Girls Who Invest

*Reflects the number of strategies across NEPC's public market Focused Placement List as of December 2020.

Aksia – At A Glance

Aksia

Global Alternatives Platform

$277bn
of AUA[1]

90+
Institutional Clients[1]

$15bn
of AUM[1]

Client Centric Business Model

Integrated Front-to-Back Approach

7 Offices Globally

100% Employee Owned

Founded in 2006

343
Professionals[2]

>3,400
Due Diligence Reports[3]

3.3
Staff to Client Ratio[1]

All references to Aksia herein refer to Aksia LLC, together with its wholly owned subsidiaries (collectively, "Aksia").
[1]As of July 31, 2021. Total AUA (inclusive of AUM) is defined as NAV plus unfunded commitments. Represents investments currently tracked and monitored by Aksia's Client Operations team. AUM includes fully discretionary accounts or accounts where the client retains veto authority.
[2]As of September 1, 2021.
[3]As of June 30, 2021.

Aksia Emerging and Diverse Manager Overview

Actively Source Opportunities

- Collect key manager diversity statistics from GPs regarding:
  - ownership
  - senior management
  - investment professional representation
- Support other public pension DEI efforts by attending sourcing conferences including:
  - NYS Emerging & DEI Conference
  - Texas ERS Emerging Manager Conference
  - Illinois TRS Emerging Manager Forum
  - Texas Teachers EM conference
  - IL SURS Emerging Manager conference

Global Networks Including

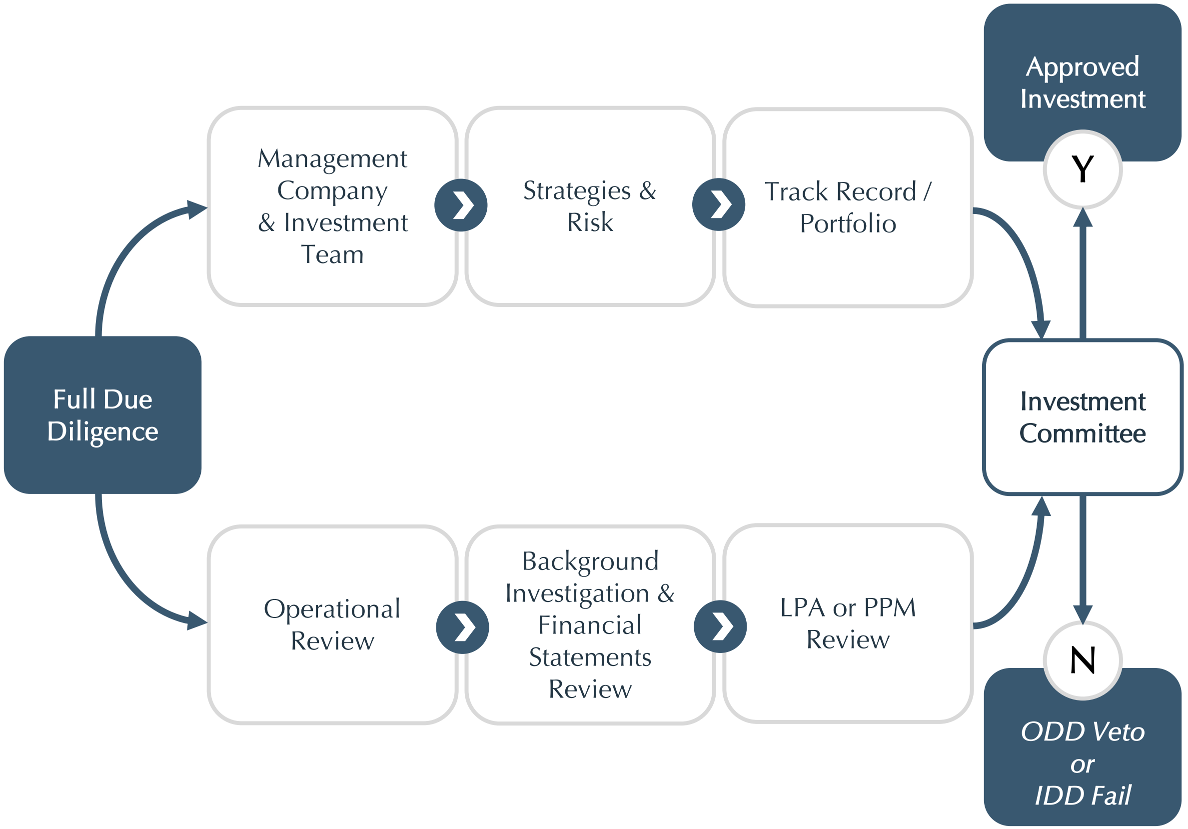
- Sponsor of SEO Alternative Investments Conference
- Signatory to United Nations Supported Principles for Responsible Investment (UN PRI)
- Advisory board participant of RFK Compass Human Rights
- Participate in the Alternative Investments Forum ("AIF") annual Women Investors' Forums
- Participate in the GSM EM, Koried, and AAAIM Conferences
- Diverse Managers Session with Institutional Limited Partners Association (ILPA)

Leadership within Industry

- Hosted annual Aksia PC Emerging / Diverse Manager Forums
- Participated in an LP virtual roundtable focused on managing diverse investment programs
- Board representation on the Robert Toigo Foundation, Association of Asian American Investment Managers (AAAIM) and RFK Compass
- Supporters of National Association of Security Professionals (NASP) and NASP FAST Track Program
- Private Equity Women Investor Network (PE WIN)
- 100 Women in Finance

The list of public pension conferences is included to show Aksia's support of DEI focused events. It is not known whether the listed clients approve or disapprove of the services provided by Aksia.

Investment Research



Post Investment Monitoring[1]

- Performance
- Portfolio Risks
- Media Coverage
- Aksia Questionnaires[2]

Illustration is for a primary fund investment.
[1]Subject to manager cooperation.
[2]Questionnaires are not available for all asset classes.

Engagement with LACERS

Aksia

Portfolio Advisory Team

- LACERS' staff and advisory team have frequent discussions regarding investments with specific emerging managers
- Inclusion of emerging managers is a consideration during program design, portfolio planning and is a stand-alone strategic initiative
- LACERS has a "no less than 10%" allocation goal to emerging managers; Aksia designates a portion of each year's pacing and pipeline towards meeting LACERS' emerging manger policy goals

Research

- Research teams both source and conduct investment/operational due diligence on emerging managers
- Due diligence is conducted on Aksia sourced managers and at the request of LACERS' staff
- Aksia currently has over 300 emerging private market managers (i.e., early business stage firms with first and/or second institutional funds) in its network

Initiatives

- Given strong LACERS asset growth over the last year and an increase in the target allocation to private equity, Aksia will look to increase the target number of emerging managers in LACERS portfolio for 2022
- Aim to source more sector focused managers via specialty spin outs, specialty conferences attended, and staff /Aksia research team referrals

Aksia Relationship Team

David Fann
Partner, Vice Chairman
David.Fann@aksia.com

Jeffrey Goldberger
Managing Director
Head of U.S. Middle Market Buyouts
Jeffrey.Goldberger@aksia.com

Trevor Jackson
Senior Portfolio Advisor
Trevor.Jackson@aksia.com

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LACERS Emerging Manager Discussion

PROPRIETARY & CONFIDENTIAL

November 9, 2021

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

The Townsend Group, an Aon Company

Cleveland | Chicago | San Francisco | Toronto | London | Hong Kong

Emerging Manager Sourcing Process

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Townsend focuses on identifying emerging managers during its sourcing and monitoring process.

- Network and establish new relationships through regular sourcing channels, outreach and conference attendance
- Involvement in real estate and other professional organizations (such as Toigo, NASP, NAST, REEC, NAA, ULI and ICSC)
- Seek new opportunities that align with Townsend's View of the World
- Uncover experienced niche operating partners interested in raising third-party capital
- Oversight and management of dedicated Emerging Manager programs across the firm
- Maintain active pipeline of Emerging Manager candidates
- Share insights into "Best Practices" from ongoing oversight of over 3,000 client fund positions and continuous due diligence with emerging managers
- Actively vet new owner/operators as potential Emerging Manager candidates

Townsend's parent company, Aon, engages in additional emerging manager efforts across asset classes.

- Historical participation and/or speaking engagements include:
  - Teacher Retirement System of Texas and Employees Retirement System of Texas Emerging Manager Conference
  - New America Alliance, An American Latino Business Initiative Events
  - Women in Private Equity Summits
  - Opal Emerging Managers Summits
  - NASP Baltimore and Washington Annual Emerging Manager Forums
  - RG Associates Emerging Manager Consortium Conferences
  - NASP Annual Pension and Financial Services Conferences
  - Global Diversity Summit
  - Women in Investments
- Aon is also a founding member of the Institutional Investor Diversity Council (IIDC) and the Investment Consultants Sustainability Working Group (ICSWG – UK and US) and a member of The Diversity Project

Townsend Emerging Manager Execution

Due Diligence Selectivity

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DISCIPLINED SELECTION DRIVES VALUE IN FUND AND DIRECT INVESTING

Robust Pipeline | Specialized Deal Access and Sourcing

TOWNSEND GLOBAL INVESTMENT OUTLOOK

ALL EMERGING MANAGER FUNDS*

	ALL EMERGING MANAGER FUNDS*
ORIGINATION Sourcing & Initial Screening	1,117
UNDER CONSIDERATION Investment Committee Review to Proceed	482
DETAILED DUE DILIGENCE Comprehensive Research & Underwriting	257
APPROVED FOR INVESTMENT Investment Committee Review & Approval for Investment	103

9.2% INVESTMENT RATE

* In this data set, Emerging Managers are defined as either first- or second-time institutional funds, or minority/women owned managers.

Data from 1Q11-1Q21. Actual results and developments may differ materially from those expressed or implied herein. Past performance is not indicative of future results. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice.

Townsend Emerging Manager Capabilities

Invested Capital

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CLIENT CAPITAL INVESTED OR COMMITTED TO REAL ESTATE/REAL ASSETS SINCE 2004

EMERGING MANAGERS

$11.0 BILLION

MINORITY AND/OR WOMEN OWNED

$3.6 BILLION

FIRST- OR SECOND-TIME FUNDS

$7.7 BILLION

Data as of 1Q21. Actual results and developments may differ materially from those expressed or implied herein. Past performance is not indicative of future results. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Minority and women owned firms and first- or second-time funds are not mutually exclusive.

LACERS Emerging Manager Efforts

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Since 2015, LACERS has made fourteen non-core fund commitments recommended by Townsend.

- Out of these commitments, **four (~29%)** were to funds sponsored by emerging managers
- **7%** of LACERS' real estate portfolio (market value) and **8.5%** (market value & unfunded commitments) is invested with emerging managers as of 6/30/21

Townsend proposes the following actions to help LACERS achieve its "no less than 10%" exposure objective

- Consider funds that invest through ventures with various emerging manager. This would increase LACERS' exposure to emerging managers through a diversified, de-risked strategy
- Maintain separate emerging manager pipeline to walk through at least monthly with LACERS Staff
- Continue outreach and conference attendance to spread the word and open the door for new emerging manager relationship
- Engage with and provide feedback to emerging managers that may not be "ready" for LACERS/institutional capital

Disclosures

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This presentation (the "Presentation") is being furnished on a confidential basis to a limited number of sophisticated individuals meeting the definition of a Qualified Purchaser under the Investment Advisors Act of 1940 for informational and discussion purposes only and does not constitute an offer to sell or a solicitation of an offer to purchase any security.

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There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results.

Townsend is a wholly owned, indirect subsidiary of Aon plc.

Disclosures and Definitions

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GENERAL DISCLOSURES

There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results. Investing involves risk, including possible loss of principal.

Returns reflect the equal-weighted returns calculated during the periods indicated. Note: If including Core, this is value-weighted. In addition, the valuations reflect various assumptions, including assumptions of actual unrealized value existing in such investments at the time of valuation. As a result of portfolio customization/blending and other factors, actual investments made for your account may differ substantially from the investments of portfolios comprising any indices or composites presented.

Due to the customized nature of Townsend's client portfolios, the performance stated may be considered "hypothetical" as it does not reflect the experience of individual client portfolios, but rather aggregate client positions in the stated investment strategy.

NON REGULATORY ASSETS UNDER MANAGEMENT

As March 31, 2021, Townsend had assets under management of approximately $19.9 billion. When calculating assets under management, Townsend aggregates net asset values and unfunded commitments on a quarterly basis. Townsend relies on third parties to provide asset valuations, which typically takes in excess of 90 days after the quarter end. Therefore, assets under management have been calculated using March 31, 2021 figures where available but may also include December 31, 2020 figures. Assets under management are calculated quarterly and includes discretionary assets under management and non-discretionary client assets where the client's contractual arrangement provides the client with the ability to opt out of or into particular transactions, or provides other ancillary control rights over investment decision-making (a/k/a "quasi-discretionary"). Regulatory AUM is calculated annually and can be made available upon request.

ADVISED ASSETS

As of March 31, 2021, Townsend provided advisory services to clients who had real estate/real asset allocations exceeding $143.8 billion. Advised assets includes real estate and real asset allocation as reported by our clients for whom Townsend provides multiple advisory services—including strategic and underwriting advice for the entire portfolio. Advised assets are based on totals reported by each client to Townsend or derived from publicly available information. Advised assets are calculated quarterly. Select clients report less frequently than quarterly in which case we roll forward prior quarter totals

TREA STRATEGIES (NON-CORE) employ a global non-core multi strategy approach with 50% or more of the investments invested in non primary fund investments such as co-investments, joint ventures, secondaries and clubs. Strategies are diversified by geography, sector, property type, manager and vintage year.

CORE-PLUS STRATEGIES (CORE) employ a global core/core plus multi strategy approach investing in primary funds, joint ventures, co-investments, secondaries, direct investments, debt strategies and REITs. Strategies are diversified by geography, sector, property type, manager and vintage year.

SEPARATE ACCOUNTS includes all Townsend active discretionary accounts which invest in a variety of investment styles and structures.

Disclosures

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TREA STRATEGIES

Townsend's TREA Strategies (Non-Core) employ a global non-core multi strategy approach with 50% or more of the investments invested in non primary fund investments such as co-investments, joint ventures, secondaries and clubs. Strategies are diversified by geography, sector, property type, manager and vintage year.

Global Opportunistic Strategy:

Townsend's 2007 vintage TREA Program was comprised of one closed end single limited partner vehicle (Cayuga Lake Fund, L.P.).

Global Value-Add Strategy:

Townsend's 2007 vintage TREA Program was comprised of one closed end single limited partner vehicle (Seneca Lake Fund L.P.).

Townsend's 2008-10-11 vintage TREA Program was comprised of one closed end single limited partner vehicle (Lake Tahoe, L.P.) and two commingled funds (Penn Square Global Real Estate Fund II, L.P. and Townsend Select Opportunities Fund, L.P.).

Townsend's 2012 vintage TREA Program was comprised of one closed end single limited partner vehicle (Lake Tahoe, II, L.P.) and one commingled fund (Townsend Real Estate Alpha Fund, L.P.).

Townsend's 2015 vintage TREA Program was comprised of one closed end single limited partner vehicle (Lake Tahoe, III, L.P.) and one commingled fund (Townsend Real Estate Alpha Fund II, L.P.).

Townsend's 2018 vintage TREA Program was comprised of one closed end single limited partner vehicle (Lake Tahoe, IV, L.P.) and one commingled fund (Townsend Real Estate Alpha Fund III, L.P.).

Note: Investment level net IRR's and equity multiples are reported. Net IRR is the net return earned by an investor over a particular time frame, including the performance of both realized and unrealized investments, at fair value. The Net IRR is based upon daily investor level cash flows, current quarter net asset value as hypothetical liquidation mark, and is after the deduction of fees. Investment performance data is reported to Townsend on a quarterly basis by the underlying investment manager. The value of unrealized investments is subject to change.

Net Investment Multiple: Based upon daily investor level cash flows. Calculated as ([Since Inception Distributions + Since Inception Withdrawals + Net Asset Value])/Paid in Capital).

The Townsend Group's Investment Committee (IC) collaboratively makes all strategic investment decisions affecting Townsend's client portfolios.

REPORT TO BOARD OF ADMINISTRATION | **MEETING: NOVEMBER 9, 2021**
From: Neil M. Guglielmo, General Manager | **ITEM: VIII-D**

SUBJECT: **PRI BOARD ELECTION AND BALLOT MEASURES AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board consider the Principles for Responsible Investment (PRI) 2021 Asset Owner Ballot, and cast votes for the following ballot items:

1. LACERS' preferred asset owner signatory representative candidates (a total of four) for the PRI Board;
2. Confirm the appointment of the auditor, Deloitte LLP;
3. Receive the PRI Annual Report and Accounts for year ended March 31, 2021; and
4. Approve the 2021 Signatory General Meeting Minutes.

Executive Summary

As a signatory of the PRI, LACERS may participate in the 2021 election to vote for four asset owner PRI board members, confirm the auditor, receive the PRI Annual Report and Accounts, and approve the 2021 SGM Minutes.

Discussion

As a signatory, LACERS should participate actively in all areas of PRI governance. The PRI Articles aim to balance real delegation from signatories to the PRI Board and its fiduciary role, with accountability and effective mechanisms for signatories to escalate critical issues and influence the strategic direction of the PRI.

2021 PRI Board Election
Following the nominations received, ten candidates are competing for four open asset owner positions on the PRI Board.

- **Juan Camilo,** Chairman of the Board, Afore Sura
- **Scott Connolly,** Trustee Director, Telstra Super
- **Peter Coveliers,** Head of Group Corporate Programmes and Institutional Business Development, European Investment Fund

- **Sharon Hendricks,** Vice-chair, CALSTRS Board
- **Alex Hindson,** Chief Risk and Sustainability Officer, Argo Group International Holdings Limited
- **Denísio Liberato,** Equity Director, PREVI
- **Kamal Mitha,** Head of Investments, Sasria
- **Wilhelm Mohn,** Global Co-Head of Corporate Governance, Norewegian Government Pension Fund Global (Norwegian Ministry of Finance and Norges Bank Investment Management)
- **Laetitia Tankwe,** Advisor to Ircantec President, Ircantec
- **Massimo di Tria,** Chief Investment Officer, Societa Cattolica di Assicurazione S.p.A.

Asset owner signatories are granted **four** votes for the **four** open asset owner positions.

The PRI Board should have the appropriate balance of skills, diversity, experience, independence and knowledge of the organization to enable it to discharge its duties and responsibilities effectively. This necessary diversity encompasses a sufficient mix of relevant skills, competence, and diversity of perspectives. It may include but is not limited to: geographical diversity of signatory representation to bring regional knowledge and perspectives to the board; diversity of geographical origin, ethnicity, language and culture, and gender diversity.

The PRI Board encourages the election of candidates with leadership and governance experience. The candidates' statements (Attachment 1) highlight their demonstrated leadership within responsible investment, ESG expertise, and other experience relevant to PRI's long-term success. Staff is available to assist the Board with regards to the qualifications of the 10 candidates during the Board's discussion on this item. Election voting ends on November 26, 2021.

Confirm the Appointment of the Auditor

The PRI Board's Finance, Audit and Risk committee has conducted a process to select a new auditor, given the growth and increased complexity of the PRI and the long tenure of the existing auditor, Buzzacott LLP. The PRI Board has approved the committee's recommendation to select Deloitte, LLP (Deloitte) as the new auditor. A change in auditor requires the confirmation of PRI signatories, by a simple majority of votes. The PRI Board is requesting that signatories confirm the appointment of Deloitte as the PRI Association's new auditor.

2021 Annual Report and Accounts

Signatories have the right to receive PRI's Annual Report and Accounts. PRI must present to signatories at each Signatory General Meeting (SGM) the Association's latest annual accounts, any required accompanying reports, and the auditor's report. The PRI Board is asking all signatories to receive and vote for the 2021 Annual Report and Accounts. The following links provide access to the reports:

Annual Report
https://dwtyzx6upklss.cloudfront.net/Uploads/y/o/i/pri_annualreport_2021_web_346706.pdf

Audited Accounts
https://dwtyzx6upklss.cloudfront.net/Uploads/e/b/t/priassociation2021accounts_431698.pdf

2021 Signatory General Meeting Minutes

Signatories have the right to approve the SGM minutes. All signatories have had the opportunity to attend the 2021 SGM either in-person or via webcast or listen to the meeting recording at a later date.

The PRI Board is asking all signatories to approve the 2021 SGM minutes (Attachment 2).

Staff Recommendation

Staff recommends that the Board cast four votes for four asset owner PRI Board members, approve confirmation for the auditor, receive the 2021 Annual Report and Accounts, and approve the 2021 SGM.

Strategic Plan Impact Statement

Voting the PRI 2021 Ballot aligns with the goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V).

Prepared By: Ellen Chen Investment Officer I, ESG Risk Officer, Investment Division

NMG/RJ/BF/EC:rm

Attachments:
1. PRI Board Candidate Statements
2. PRI 2021 Signatory General Meeting Minutes

CANDIDATE STATEMENT, BIOGRAPHY, SIGNATORY AND COMPARATIVE INFORMATION FORM

Full name: **JUAN CAMILO OSORIO**

Job title: **CHAIRMAN OF THE BOARD**

Signatory organisation name: **AFORE Sura, Mexico**

Signatory organisation seconding your candidacy: **AFORE Banamex, Mexico**

CANDIDATE STATEMENT

I am the CIO and Head of the Pension Business at Sura Asset Management, one of the largest pension fund administrators in Latin America, managing around usd $130 billion. In this role, I serve as Chairman of the Board for Afore Sura in Mexico as well as Board Member for several pension funds in the region, where I also sit at several Investment Committees.

I have ample experience in management and the important role institutional investors play on sustainability issues. By deploying capital, investors could help drive a more sustainable world. Most of the future is financed at the end by the institutional investors and not all of us are yet aware of this situation. Applying a set of common principles to the investments today is key to shape a sustainable future and the Principles for Responsible Investment are widely known and simple enough to become the common ground for sustainable investments among investors worldwide. That is exactly where I still see a great opportunity: PRI could reach all institutional investors and become the platform for common knowledge about sustainable investments. Climate change and its social implications pose far greater challenges than those of Covid19, so we must act with a sense of urgency, synchronize efforts and PRI should be the platform for investors to tackle with these challenges.

I like to take on important challenges and there is no better time to serve in the Board of PRI and contribute in a way such that all investments would be sustainable in the near future. This is in summary my motivation to offer my candidacy to be considered in the Board of Directors. Rest assure I will give my best and I thank you for your support.

BIOGRAPHY

As an engineer I started working in infrastructure projects to then connect with investments working for the newly created pension funds in Colombia 30 years ago and since then I have dedicated my career to the science of investments and the art of portfolio management. I hold the equivalent of a

M.A. in Project Management from EAFIT University and a M.S. in Financial Engineering from CGU-Peter Drucker School of Management.

In 2006 I became CIO of a Pension Fund and I realized that the future of millions depended on us doing our work at the best. Since then, I have been working for that purpose and today I am CIO for all Sura-AM operations and Head of the Pension Business for Latam. Today I have the privilege to impact many more people.

I have a particular interest for leadership topics, practicing and nurturing my career with the best on the field and I have made several courses and formal programs on the subject. Perhaps one of the most interesting experiences is the "Leadership at the Peak" from the Center for Creative Leadership in the US, which I did in 2014.

I am now in a stage where I would like to contribute and that is exactly the way I see the opportunity to serve at the PRI board. Should I become a Board Member, this would be a period for contributing from one of the most impactful sides: sustainable investments. During the past decade, I have placed a special effort in this field, especially on climate change issues. I have participated at the COP25, I have been a speaker at different events, participated in the Sustainable Innovation Forums and lead our Company and Subsidiaries to become part of the PDC and the PRI.

SIGNATORY ORGANISATION INFORMATION

In 1997, a new retirement system was created in Mexico and it allowed private companies to participate by administering the investments of the pension funds. Afores were created and our company was initially established. Ten years later, Santander acquired it, merged it with Afore Santander and it became the third largest pension fund in Mexico. Later on, ING acquired it and then, at the end of year 2011, Grupo Sura acquires ING pension funds and other operations in Latin America, and the company becomes Afore Sura. Over these years, it has consolidated a leader position in the Mexican industry of pension funds, not only for providing top returns but also one of the highest service levels for all clients. Afore Sura has also led many initiatives in the industry for sustainable investments and it is an active signatory of the PRI.

SPECIFIC EXPERTISE

LEADERSHIP AND GOVERNANCE EXPERIENCE

I have developed a leadership career. Specific achievements in chronologic order are as follows:

1993: as a recent undergraduate, I was appointed Director for the Special Projects Office. Around 150 people under my supervision, directly and indirectly.

2000: I was appointed Head of International Investments for a pension fund manager in Colombia.

2004: I became Head of Asset Allocation and Quantitative Investments for a pension fund manager in Colombia.

2006: I was appointed CIO for a Pension Fund in Colombia.

2012: I was appointed Executive Vice President and acting CEO for one of the pension fund managers in Colombia, where I led the merging of two of the most important pension funds. I was also appointed CIO for all operations and all countries in Sura Asset Management.

2017: I was appointed as Chairman of the Board for Afore Sura in Mexico.

2019: I was appointed as Head of the Pension Business for all Countries in Sura Asset Management and continue to be the CIO for all operations in the Company (Pension Funds, Wealth Management and Investment Management)

Over the last five years, I have served in the Board of Directors of the following organizations: AFP Proteccion (Colombia), Afore Sura (Mexico), Sura Asset Management Mexico, Sura Pensions (Mexico), Sura Investment Management Mexico, Sura Life Insurance Mexico, AGF Sura Chile, Sura Life Insurance Chile, Sura Asset Management Chile, AFP Integra (Peru), Sura Asset Management Peru and Arati Colombia (an alliance of several financial services for adults near/in retirement)

I also serve at the Investment Committees for AFP Proteccion in Colombia (chair), Afore Sura (Mexico), AFP Integra (Peru), AFP Capital (Chile); Auditing Committee for Afore Sura (Mexico), Risk Management and Compliance Committee for AFP Integra (Peru) and I am member of the Executive Committee of Sura Asset Management.

GENERAL

DEMONSTRATED LEADERSHIP WITHIN RESPONSIBLE INVESTMENT, ESG EXPERTISE AND OTHER EXPERIENCE RELEVANT TO THE LONG-TERM SUCCESS OF THE PRI.

Several years ago, during one of the Amundi's World Investment Forums in Paris, I met Olivier Rousseau from FRR. He explained me their initiative about portfolio decarbonization and it was my first realization of climate change and the impact it has on investments, pensions and life. I started researching the topic and since then, I have raised awareness about ESG issues, within our organization and the industries where we participate, with focus on climate change and how environmental always becomes a social issue impacting communities. I have also participated in making our voice clear when there are governance issues with our investments and engaged with companies to motivate improvements. At our organization, I have become the speaker person in climate change issues and as mentioned, I have led the integration of ESG into our investment processes at all operations, I have led the decarbonization initiatives, I led the participation in the Portfolio Decarbonization Coalition and I led the initiative to become signatories of the PRI.

Finally, I would like to state that climate change issues are very serious, and not all institutional investors are fully aware of it nor are they doing something about it, especially in America. Covid19 has everyone in a contingency state and perhaps all this could be seen as preparation for the collective type of mindset we will require to adequately deal with climate change and its consequences. Not only investments and pensions, but also lives of all people will be greatly affected by climate change in the coming decade and until today, very few believed that something could happen in such a manner that affected the lives of all. Covid19 may just be a training and we all should be able to capitalize on the experience and prepare for what is yet to come.

VIDEO STATEMENT

https://www.youtube.com/watch?v=bXkZy23kX8A

CANDIDATE STATEMENT, BIOGRAPHY, SIGNATORY AND COMPARATIVE INFORMATION FORM

Full name: **Scott James Connolly**

Job title: **Trustee Director**

Signatory organisation name: **Telstra Super**

Signatory organisation seconding your candidacy:

CANDIDATE STATEMENT

Thank you for your consideration of my candidacy to serve on the board of the PRI.

The PRI has grown to be a powerful voice for responsible investment the world over. Its ambitious blueprint for implementing responsible investment is more important now as the globe emerges from the ravages of the pandemic. We must strive to seize the opportunities to build back more sustainable, prosperous, and inclusive economies and communities for all.

The pandemic has exposed many vulnerabilities in our supply chains, health systems and borne by our precarious workers. But globally we have responded, highlighting our adaptiveness, resilience, and global cooperation.

It is clear we have much more to do. We have a unique opportunity and responsibility to make lasting change. Sharpening our focus in social factors, addressing the imperative of the climate emergency, seeing the SDGs universally adopted and better understanding our global interconnectedness and vulnerabilities are critical priorities to achieve the PRI’s vision of making responsible investment mainstream.

Asset owners have a unique voice and role to play in making this a reality. My key objective in seeking your support for election to the PRI Board is ensuring this voice is heard and we work together to achieve our goals.

As long-term, universal owners of assets with direct responsibilities to our beneficiaries in countries, communities and workplaces across the globe, asset owners are uniquely positioned in the investment chain to drive the responsible investment agenda forward. By working collectively on this agenda through the PRI we can only be more effective.

Ensuring the PRI approaches this mission with the clear mindset of a long-term investor and determination to see the PRI's principles remain grounded in financial materiality with real world impact will be my priority.

I will bring extensive experience, deep connections in the Asia Pacific region, global networks, diversity and the perspective of Australian asset owners to the position representing the world's fourth largest pension system uniquely dominated by defined contribution funds working in a highly regulated and competitive choice environment.

An active Director at Australia's largest corporate superannuation fund, working with other responsible investors within Australia and globally through the networks of the Committee of Workers' Capital (CWC) I have recently lead work on principles-based approaches to asset ownership, Just Transition frameworks for investors, and S factor risk management.

In the evolving world around us, the significance and opportunity for the PRI to shape this evolution in the long-term interests of our beneficiaries and the communities they live in cannot be overstated. I am seeking your vote for me to join the PRI Board to make sure this happens.

BIOGRAPHY

Scott Connolly is a highly experienced and respected leader of the Australian labour movement, serving as Assistant Secretary of the Australian Council of Trade Unions (ACTU).

With over 20 years' experience across several critical public and private sectors industries, Scott brings a unique perspective, insight and thought leadership into the financial materiality of real-world risks, their impacts and opportunities for investment decision making, particularly the complex S factors requiring increased focus and attention.

Scott is highly skilled in experienced in public relations, government and community advocacy, strategy, organisational change management, and stakeholder engagement and responsiveness; most recently involved in the Australian Government COVID-19 Emergency response.

Scott is an experienced board director and leader in governance, people and culture, advocacy, community relations, skills, training, communications, renumeration, ESG and responsible investment. He plays a key leadership role in the ITUC's Committee for Workers' Capital (CWC) and has deep networks and insight into the Asia Pacific region.

Experience

- Assistant Secretary, Australian Council of Trade Unions (ACTU) the only national peak union body of Australia's almost 2 million trade union members

- Trustee Director, TelstraSuper – Australia's largest corporate superannuation fund at $24B run in the profit to member model
- Director, TelstraSuper Financial Planning
- Member, IFM Investors Strategic Advisory Board – a $150B global asset manager specialising in infrastructure
- Director, Trade Union Education Foundation
- Member, Red Nose Australia Community Advisory Board – Australian peak advocacy and community group for infant mortality and stillbirth
- Member, Commonwealth of Australia National Workplace Relations Consultation Committee
- Member, ITUC Committee of Workers Capital
- Former Member, ME Bank Strategic Advisory Board
- Former Member, Commonwealth of Australia COVID 19 Australian Skills Commission Emergency Sub-Committee
- Former Member, Commonwealth of Australian COVID 19 Commissions Utilities Sub-Committee

Qualifications

- BA (Hons), University of Sydney, Australia
- Graduate, Harvard University Trade Union Leadership Program
- Graduate, Australian Institute of Company Directors
- Completing – Graduate Certificate of Financial Planning

SIGNATORY ORGANISATION INFORMATION

The Telstra Superannuation Scheme (TelstraSuper) is Australia's largest corporate, profit-to-member superannuation fund with over AUD $24 billion in assets under management. TelstraSuper's investment portfolio spans Australian and international equity markets, property, infrastructure, fixed income, foreign currency and private market investments. The investment portfolio is invested in more than 30 countries across a broad range of sectors.

TelstraSuper's fundamental objective is to enhance responsibly the financial security of our members in retirement. TelstraSuper believes that Environmental, Social and Governance (ESG) factors affect investment risk and return over the medium to long term. The Fund is evolving its work to incorporate best practice ESG considerations in all aspects of its investment process. TelstraSuper's sustainable investment policy applies to all the assets in which the fund invests.

TelstraSuper has been a UN PRI signatory since 2007 and, like many signatories is continuing to develop its approach to responsible investment following the guidelines of the PRI learning from the leadership of other PRI signatories. The Fund has consistently improved its PRI scores since 2007. The Fund's most recent PRI transparency report can be found here.

As a long-term investor, TelstraSuper believes we have an obligation to act as stewards of the assets in which we invest and behave as active owners to promote good ESG practices. TelstraSuper is a signatory to the Australian Asset Owner Stewardship Code and has published a statement outlining its approach. TelstraSuper publishes a Sustainable Investment Bulletin on its activities biennially.

TelstraSuper supports the development of a more sustainable global economy based on the SDGs', and the attainment of the Paris Agreement goals on climate change. In 2021, TelstraSuper adopted a Climate Change Action Plan for the investment portfolio.

TelstraSuper is an active member of the Australian Council of Superannuation Investors, Investor Group on Climate Change, Climate Action 100+, Climate League 2030, The Association of Superannuation Funds of Australia, The Australian Institute of Superannuation Fund Trustees and is also a signatory to the UN Tobacco Free Finance Pledge.

SPECIFIC EXPERTISE

LEADERSHIP AND GOVERNANCE EXPERIENCE

Scott has over 20 years experience leading, advocating for and directly representing the largest beneficiary group of Australia's $3 plus trillion dollar superannuation system – working Australians.

As a senior leader he has extensive experience, both nationally and internationally, aligning often diverse interests around commonly held objectives of a more sustainable world at all levels of government and policy development, including in investment forums. Most recently he has been involved in a leadership role as part of the Australian Government's Covid 19 Emergency response.

Previously, Scott has led organisational transformation and change programs in the transport industry demonstrating excellence in governance, communication, and stakeholder engagement.

Scott is a regular participant in governance forums and key industry consultations. He has direct responsibly for stewardship of Australian direct contribution superannuation industry and lead the movement's successful response to the Banking and Financial Services Royal Commission.

Scott is a key member of the International Trade Union's Committee of Workers Capital plays a key role in the leadership team, particularly in the Asia Pacific region. In this capacity he is leading work across sectors, and the globe leveraging the trade union movements support for a Just Transition, clearer Labour Rights Indicators and principles based mechanisms for asset manager accountability with investors.

Scott is a highly respected Director at TelstraSuper and played a key role in leading the fund's aspiration to be a leader in responsible investment and its response to the climate crisis. His work at IFM Investors is driving its aspirations to be a world leading asset manager in terms of labour rights, just transition and the climate emergency.

Scott's considerable experience, expertise and extensive investor networks will provide the PRI significant opportunity to build on its priorities in these areas.

GENERAL

DEMONSTRATED LEADERSHIP WITHIN RESPONSIBLE INVESTMENT, ESG EXPERTISE AND OTHER EXPERIENCE RELEVANT TO THE LONG-TERM SUCCESS OF THE PRI.

As a leader passionate about ensuring the voice and priorities of working people are heard and considered at all levels and a trustee director passionate about the benefits of long term sustainable investment, Scott has lead key initiatives drawing the common interest of these two passions together. This has included:

- Developing and Implementing the ACTU Guide for Investors on Labour Rights in the Investment Chain
- Developing and Implementing the ACTU Just Transition Guide for Investors, now being integrated by the Climate 100 Initiative
- Developing and Implementing ACTU Asset Ownership and Management Principles for Investors
- Assisting in the development of the Committee of Workers Capital, Labour Rights Indicators Guide for Investors
- Addressing Australian and International Forums on Just Transition, Best Practice Asset Ownership, ESG Risk Management, and Best Practice Labour risk management and mitigation

With the growing significance of long term asset owners in the investment chain as long term investors focused on sustainable returns for beneficiaries, continuing to balance the real world experience of citizens and communities with the decision making process of investors needs to be a significant priority for the PRI.

Scott is uniquely placed and has the skills and experience to assist the PRI in meeting this priority and ensuring the organisation's long term successes.

VIDEO STATEMENT

https://www.youtube.com/watch?v=E4XXBF_wPoQ

PRI Principles for Responsible Investment

CANDIDATE STATEMENT, BIOGRAPHY, SIGNATORY AND COMPARATIVE INFORMATION FORM

Full name: **Peter Coveliers**

Job title: **Head of Strategy and Business Development**

Signatory organisation name: **European Investment Fund**

Signatory organisation seconding your candidacy: **European Stability Mechanism**

CANDIDATE STATEMENT

Over the past ten years, I have headed various teams that contributed to the positioning and building out of the European Investment Bank and European Investment Fund investments in climate and sustainable finance. This has resulted in the EIB group currently recognized as a front-runner in that space. To date around 40% (EUR 35 bn) of its annual investments in Infrastructure and Corporates goes towards Climate Action and Sustainable investments. The EIB Group also plays a central role in the Invest EU Programme, which builds on the Juncker Plan and EFSI that mobilised more than €500 billion over 2015-20. I am currently heading a team involved in the Invest EU program with regards to ESG investments. Invest EU intends to trigger more than €372 billion in investments over the period 2021-27 including 30 % of Climate Action and Sustainable investments.

My personal commitment to sustainability in all its facets goes back many years. It started early in my life and provided a leading thread throughout my professional career. A career that combined various positions in the private/public financial sector with an ongoing commitment to furthering the sustainability agenda.

I strongly believe that the vigour and capacity of the current financial system could become a formidable force to take on the challenge of placing our current economic/financial system on a sustainable footing. I therefor believe that regulators/legislators and the financial sector are, and will continue to play a very important role in the current transformation. The UN PRI plays a crucial role in bringing those players together and make it happen.

I believe my experience and my current roles should provide some unique expertise and insights to the PRI board and members and I am looking forward to contribute PRI's ambitious agenda.

BIOGRAPHY

Peter is Head of Strategy and Business Development at the European Investment Fund (EIF). His current team is the key responsible for EIF's sustainable finance polices and execution. It has EUR 15bn Assets under Management invested in Impact Investing (social, environmental and climate investment strategies), Technology Transfer, Venture Capital, Lower Middle Market and Climate Infrastructure. Previously he was Deputy Head of the European Investment Bank's Climate Change and Energy Division, with responsibility for innovative climate action funds and structured finance transactions. Peter has (co-) chaired various internal and external sustainable finance assignments, including secondment to the preparatory working group for the Green Climate Fund, Chairman of the Green for Growth Fund's Investment Committee and the European Energy Efficiency Fund's and Renewable Energy Performance Platform Management Boards. Currently Peter is representative for EIF in all matters related to sustainable finance. As such he is member of the EU Platform on Sustainable Finance, (providing technical advice to the European Commission on the EU Taxonomy); the EIB Group Climate and Environment High Level Steering Committee (set up to steer the execution of the EIBG Climate Bank Roadmap), and participates in ongoing Green Deal negotiations. Peter holds various Board positions in sustainable investment funds/companies related to the ESG space.

SIGNATORY ORGANISATION INFORMATION

European Investment Fund, Who we are (eif.org)

EIF is a specialist provider of risk finance to small and medium-sized enterprises across Europe. As of YE 2020, EIF's total AuM amounts to EUR 53.41 bn. Shareholders are the European Investment Bank, the European Commission, and a range of public and private financial institutions. EIF's counterparties currently stand at 660 private equity funds and 490 financial institutions, reaching over 1.8 million SME & Midcaps.

EIF contributes to the commitment made by the European Union in promoting and implementing the UN's 2030 Agenda for Sustainable Development and the achievement of its Sustainable Development Goals (SDGs), as well as the Paris Agreement on Climate Change.

We recently published the EIB Group Climate Bank Roadmap 2021-2025, outlining our bold ambitions for sustainable finance. In our first TCFD report, in line with the NFRD, the Group provides an extensive overview of its current achievements and roadmap to integrate climate-related risk and opportunities into the core of its business, along the following dimensions: (I) governance, (II) strategy, (III) risk management, and (IV) metrics and targets.

The EIF is a member of the Platform on Sustainable Finance, an observer to the UNEP FI and the European Banking Federation working groups; and participates in the Project Task Force on EU non-financial reporting standards. We support the emergence of a global sustainable finance sector through EIB Group's participation in the International Platform on Sustainable Finance, the Network on Greening the Financial System and the Coalition of Finance Ministers for Climate Action.

In respect of stewardship activities, we engaged in developing a framework to assist our counterparties in their transition towards Paris Alignment.

The EIF is motivated to further its ESG investment practices and processes in line with its strong commitment to the European Green Deal and the EU Climate Bank new level of ambition.

SPECIFIC EXPERTISE

LEADERSHIP AND GOVERNANCE EXPERIENCE

A leadership example I am particularly proud of, is the introduction of Climate Action & Environmental Sustainability Investments as a separate asset class in the European Investment Bank some 15 years back and its apotheosis more recently as reflected in the EIB Group Climate Bank Roadmap 2021-2025. This included setting up the right organisation, procedures, robust reporting and ultimately increasing investments in the space. The team I was heading at the time co-led these organisational challenges and once set-up contributed substantially to the increase in Climate Action & Environmental Sustainability Investments to currently more than EUR 35 bn per annum. More recently, and as a logical continuation, I headed a team co-leading the EIB Group Climate Bank Roadmap 2021-2025. The Roadmap outlines the goals for climate finance that will support the European Green Deal and help make Europe carbon-neutral by 2050. It maps the next stages in the journey to a sustainable planet and provides a framework to counter climate change. Currently my team within the European Investment Fund is leading this transformational change by bringing the EIF in line with the ambitions of the EIB Group Climate Bank Roadmap. This concerns an in depth reorganisation and (re)focus within EIF including but not limited to corporate planning, Front Office, Risk Management, HR, and Compliance/Reporting.

Apart of the leadership/governance example above I have also acted as Chairman of various Boards and Fund Investment Committees of which the most relevant to PRI would be the European Energy Efficiency Fund (2011- 2018), Green for Growth Fund (2011- 2017), and Renewable Energy Performance Platform (REPP) (2015 –)

I am currently also a member of the EU Platform on Sustainable Finance (EU Taxonomy), the EIB Group Climate and Environment High Level Steering Committee, and co-negotiator of the Climate and Environmental Sustainability part of the Invest EU program.

GENERAL

DEMONSTRATED LEADERSHIP WITHIN RESPONSIBLE INVESTMENT, ESG EXPERTISE AND OTHER EXPERIENCE RELEVANT TO THE LONG-TERM SUCCESS OF THE PRI.

As per above my team is co-leading (jointly with a team in EIB) on the execution of the EIBG Climate Bank Roadmap. This includes but is not limited to the following relevant work streams for PRI.

Climate Action and Environmental Sustainability (CA&ES) business development plan

- Rolling out the climate and infra funds business
- Negotiations with the European Commission (EC) under InvestEU for a Sustainability guarantee Product and Climate & Environmental Technologies equity product amongst other verticals
- Discussions with Member States and EC in the context of the Recovery and Resilience Facility for potential additional CA&ES resources to be deployed by EIF

Paris alignment of Counterparties assessment methodology for intermediated operations.

- Paris Alignment of Counterparties framework for Financial Intermediaries (FI) is the assessment of and engagement with the direct counterparty of an EIF transaction as to their climate transition and physical risk strategy, policies and procedures.

Implementing and further developing climate risk screening tools and working on climate risk reporting.

Taxonomy and Platform on Sustainable Finance: actively participating in the work of the EU Platform on Sustainable Finance, mainly in the Usability and Social Taxonomy sub-working groups.

Results framework: COP Planning

Institutional support

- Marketing team: external EIF communication plan on CA&ES
- Research and Market Analysis team: research related to CA&ES;
- Organising and planning internal workshops and info-sessions related to CA&ES, e.g. ESG, Paris alignment, CA&ES criteria, etc.
- Planning capacity building for FI’s and in discussions with AdvisoryHub on IT tools for CA&ES
- Adapting our IT systems to accommodate CA&ES tracking both at FI and portfolio level reporting

Environmental & social standards

- Proposed new Group ESSF Policy and the documents.
- EIF will adapt and review its own ESG Principles during 2021 in line with said Group Policy.

VIDEO STATEMENT

https://www.youtube.com/watch?v=qbLxwncchGM

PRI Principles for Responsible Investment

CANDIDATE STATEMENT, BIOGRAPHY, SIGNATORY AND COMPARATIVE INFORMATION FORM

Full name: **Sharon Hendricks**

Job title: **CalSTRS Board Vice Chair**

Signatory organisation name: **CalSTRS**

Signatory organisation seconding your candidacy: **ABP**

CANDIDATE STATEMENT

I'm Sharon Hendricks, Vice-Chair of the California State Teachers Retirement System (CalSTRS) Teacher's Retirement Board and I'm running for re-election to the PRI Board of Directors for a second term. I've served on the CalSTRS board for over 10 years, leading as both Chair and currently Vice Chair for the past 6 years.

As the world's largest educator only asset owner, CalSTRS serves close to 1 million members and manages a portfolio in excess of $300 billion currently. As a community college educator and labor-elected trustee, I take my fiduciary duty and the responsibility I'm entrusted with by California's educators seriously.

I believe that, by working collaboratively with other U.S. based and international stakeholders, we can actively drive long-term value and mitigate risk through engagement on sustainable investment strategies.

During my tenure on the CalSTRS board, I have led many of our responsible investment efforts including the development and approval of Investment Beliefs, including specific language related to climate and ESG risks.

As part of my continued commitment to PRI, I will continue to bring my years of experience with CalSTRS and our trusted reputation and best practices implementing effective bord governance and responsible investing strategies.

I am committed in my second term on the PRI board, to strengthen the influence of PRI and its 10-year blueprint through my established trustee leadership network and especially among the U.S. asset owner and investor community. Specifically, to provide oversight on the retooling of the PRI reporting framework and the selection of the next CEO of PRI.

There is much work to do and I am eager to roll up my sleeves, partner with PRI board colleagues and signatories to get this work done.

Sharon Hendricks
Vice-Chair, CalSTRS
PRI Board member, candidate for re-election

BIOGRAPHY

I've served as a public community college instructor in Southern California for the past 17 years. I was elected in 2011 as the Community College representative on the CalSTRS board and am currently serving my third term. I am currently completing my first term on the PRI board.

Leadership roles on the CalSTRS board include Chair of the board and currently Vice-Chair of the board as well as chairing the Governance and Benefits and Services Committees. While on the board I have advocated for the development of investment beliefs, transparency on investment fees, and managing environmental, social and governance risks like climate, corporate board diversity and fair labor practices.

In addition, I lead faculty as the Treasurer and Retirement Liaison for the 5,000 full and part-time faculty members of the Los Angeles College Faculty Guild, AFT 1521.

I am active in the Community College Council of the California Federation of Teachers and serve as co-chair of the Trustee Council for the American Federation of Teachers at the national level. I am passionate about partnering with trustees of other asset owners to collaborate on sustainable investment initiatives and working through how we put ESG principles into practice as universal owners.

While serving on the CalSTRS board, I also serve as part of a working group for the Trustee Leadership Forum for Retirement Security at Harvard University – getting trustees from around the world to come together to consider strategies to engage on sustainable investment issues such as human capital management and climate risk mitigation.

When I'm not working on sustainable investment strategies at CalSTRS, PRI and with partners, I like trail running with my dogs on the mountain trails of southern California.

Sharon Hendricks
Vice-Chair, CalSTRS

SIGNATORY ORGANISATION INFORMATION

The California State Teachers' Retirement System was established by law in 1913 to provide retirement benefits to California's public school educators from prekindergarten through community college.

Today, CalSTRS is the largest educator-only pension fund in the world, and the second largest pension fund in the U.S.

The market value of the CalSTRS investment portfolio was approximately $308.6 billion as of June 30, 2021.

Our mission

Securing the financial future and sustaining the trust of California's educators

CalSTRS administers a hybrid retirement system consisting of a traditional defined benefit plan (Defined Benefit Program), cash balance plans (Defined Benefit Supplement Program and Cash Balance Benefit Program) and a voluntary defined contribution plan (CalSTRS Pension2) for California's public school educators prekindergarten to community college. We also provide disability and survivor benefits. CalSTRS is governed by the Teachers' Retirement Law, part of the California Education Code.

To increase members' understanding of their benefits and their shared role in securing their financial futures, we offer benefits planning services, including self-service resources, workshops, videos and publications specific to key career stages. We also offer a speakers bureau for our stakeholder groups.

Key facts

- Largest educator-only pension fund in the world
- Second largest U.S. public pension fund
- 975,000 members and beneficiaries
- $308.6 billion portfolio as of June 30, 2021
- Eight member service centers, as well as multiple satellite offices

SPECIFIC EXPERTISE

LEADERSHIP AND GOVERNANCE EXPERIENCE

Since I began my career in education, I have been involved in leading teams towards strategic goals. As a labor leader for educators, I have negotiated labor contracts, developed organizational leadership curriculum and engaged with administration to achieve student success in the classroom.

I have served as leadership of the board in the last 7 of my 10 years of service. I have led as board Chair and am currently partnering with the current Chair as Vice-Chair of the CalSTRS board. We work collaboratively together and strive to incorporate the skills and leadership of our colleagues on the board to achieve board initiatives.

Some of the current work I've been leading includes:

- **Succession planning** – co-led the board through a successful process to hire the new CEO for CalSTRS – the first woman to lead the organization in its 100+ year history.

- **Strategic planning** – leading conversations about how our large IT projects, funding plan, headquarters expansion, changing nature of education and other projects can add value and pose potential risk to achieving our mission at CalSTRS as an organization.

- **Board Governance** – bringing in strategic thinkers to educate the board about best practices in governance related to work from home and the transition back to work during the COVID crisis.

- **Policy work** – engaged with our board and staff to revise investment policies to incorporate sustainability/ESG factors across all asset classes.

GENERAL

DEMONSTRATED LEADERSHIP WITHIN RESPONSIBLE INVESTMENT, ESG EXPERTISE AND OTHER EXPERIENCE RELEVANT TO THE LONG-TERM SUCCESS OF THE PRI.

At CalSTRS, I have demonstrated leadership in responsible investing since coming on the board 10 years ago.

- Led the board in developing **investment beliefs** that include the management of environmental, social and governance (ESG) factors and a specific belief focused on investment risks associated with climate change and the related economic transition.

- Supported our efforts to take a more activist investor role in our engagement with Exxon, leading to electing 3 new members to the Exxon board who will influence the company to diversify its efforts and develop a long-term strategy for a responsible transition to a low carbon economy.

- Worked on our Low-Carbon transition work plan – which seeks to reduce climate-related risk and identify opportunities to invest in solutions for maximum benefit to our members.

- Diversity, Equity and inclusion – I've been active in having difficult conversations about race and social injustice and how these issues impact human capital, board governance and enterprise culture both at CalSTRS and with the companies that we invest in.

On the PRI board, I have focused on adding value by:

- Developing new U.S. and N. American Asset Owner PRI signatories – encouraging engagement on PRI principles and responsible investing.

- We need to get our reporting process right. As a board member, I've been willing to support take time to retool how we improve and streamline the reporting framework so that it not only offers accountability to a high standard of sustainable investing principles but is more efficient and easier to complete and adds more value to signatories completing it.

- I am currently serving on the Governance and Policy committees. I've worked with PRI staff to engage with US policy makers to drive more meaningful engagement on climate recommit to the goals in the Paris Agreement.

VIDEO STATEMENT

https://www.youtube.com/watch?v=864ml52G_yE

PRI Principles for Responsible Investment

CANDIDATE STATEMENT, BIOGRAPHY, SIGNATORY AND COMPARATIVE INFORMATION FORM

Full name: **William Alexander Hindson ("Alex")**

Job title: **Chief Risk & Sustainability Officer**

Signatory organisation name: **Argo Group International Holdings Limited**

Signatory organisation seconding your candidacy: **Everest Re**

CANDIDATE STATEMENT

As an experienced risk and governance professional who is leading our organization's overall Sustainability and ESG program I believe I have a lot to bring to the role of non-executive director at the PRI.

I have strong and recent experience of acting as a non-executive director of international not-for-profit organizations, having been director and chairman of both the Institute of Risk Management (www.theirm.org) and ORIC International (www.oricinternational.com). I have expiring of chairing Nominating, Governance and Remuneration Committees. I am currently a member of the Governance Panel and Nominating Committees of the Institute of Chemical Engineers.

Being a Chief Risk Officer, I have experience of presenting to Board Risk and Investment Committees, as well as chairing Executive Risk and Investment Risk Committees. I have been directly involved in considering the macro threats and opportunities associated with ESG and how we need to respond to them in a holistic manner. We have also been integrating climate risk into our enterprise risk management framework, leveraging the learning from our UK-operation meeting Prudential Regulatory Authority requirements, to inform the rest of the organization.

As a Chief Sustainability Officer, I have been responsible for developing our organization's ESG Strategy and supporting the board in articulating its ambition for sustainability. We established a Sustainability Working Group to coordinate our plans and work collaboratively across functions, given our limited resources. I have also led the development of an internal and external communication strategy focused on ensuring we meet the expectations of our stakeholders. Partnering with colleagues in other functions, we were able to publish compelling annual ESG reports. (see https://www.argolimited.com/reports/2021-esg-report/)

In chairing our Investment Risk Committee, I am working closely with our Chief Investment Officer, to integrate ESG into our investment framework, particularly alongside our Strategic Asset Allocation.

I have a diverse experience, having started my career in the pharmaceutical industry and moved to financial services through consulting. Building on a Masters in Environmental Management, I have recently completed programs at the Cambridge Institute for Sustainable Leadership keep my ESG knowledge up to date.

Finally, as a relatively recent UN PRI signatory for a medium-sized insurer, I believe I am able to bring a pragmatic approach to the how responsible investment is implemented across our sector. Embracing PRI can be daunting for organizations, and we need to remember that providing assistance and encouragement on the journey, is a key facet of the PRI mission.

BIOGRAPHY

A highly dedicated Chief Risk & Sustainability Officer, displaying a solid track record of success gained in financial services. Experience gained in oversight of risk management, sustainability, capital modelling and compliance. Commercially focused and strategically minded, possessing an adaptable approach. A hands-on leader, possessing an inclusive and collaborative management style. Confident operating to the highest ethical standards and presenting on difficult issues in a constructive manner to drive a change in culture. Chaired the Board of both the Institute of Risk Management (IRM) and ORIC International. An experienced Non-Executive Director with 13 years of not-for-profit sector experience.

Jul 2015 – present Argo Group, Group Chief Risk & Sustainability Officer, London

- Executive Committee member accountable for risk and sustainability
- Attending Board Risk & Capital and Investment Committees
- Chair of the Executive Risk Committee and Sustainability Working Group
- Launched an ESG program driving targeted improvements to organisation's ESG indices scores
- Established an Executive team Sustainability key performance indicator (KPI) dashboard
- Investor and ESG rating agency engagement on ESG strategy and establishing an ESG website and disclosures to address their expectations
- Leading Argo's climate risk management implementation program addressing PRA requirements
- Managed rating agency and regulatory stakeholder relationship through challenging contest proxy vote and SEC subpoena period Regulatory-facing
- Regulatory responsibility, managing key relationships and Supervisory College process.

Previous Roles

- 2013 - 2015 - Amlin AG, Chief Risk Officer, Zurich
- 2009 – 2013 - Amlin PLC. Head of Group Risk, London
- 2005 – 2009 – Aon Global Risk Consulting, Head of Enterprise Risk, London
- 2001 – 2005 - AstraZeneca PLC, Risk Services Manager, London
- 1998 – 2001 - AstraZeneca PLC - Technical Adviser - Risk & Insurance Services, London
- 1992 – 1998 - Zeneca Pharmaceuticals – Plant & Commissioning Manager, Bristol
- 1988 – 1992 - ICI Fine Chemicals – Process & Commissioning Engineer, Grangemouth

SIGNATORY ORGANISATION INFORMATION

ABOUT ARGO GROUP INTERNATIONAL HOLDINGS LTD.

Argo Group International Holdings, Ltd. (“Argo”) (NYSE: ARGO) is an underwriter of specialty insurance products in the property and casualty market. Argo offers a full line of products and services designed to meet the unique coverage and claims-handling needs of businesses in two primary segments: U.S. Operations and International Operations. Argo and its insurance subsidiaries are rated ‘A-’ by Standard & Poor’s. Argo’s insurance subsidiaries are rated ‘A-’ by A.M. Best. More information on Argo and its subsidiaries is available at argogroup.com.

SPECIFIC EXPERTISE

LEADERSHIP AND GOVERNANCE EXPERIENCE

I have worked at a senior level within a number of insurance companies and brokers and have experience of both contributing to an executive team and leading risk-related functional areas.

I have experience of leading, as Chairman, the development of commercial and strategic development of two not-for-profit membership organisations, on an international basis. At the Institute of Risk Management, I oversaw the development of new educational certificates and the expansion of overseas groups. We pivoted the organisation from its original core UK insurance-focused markets towards regional and sector expansion in the Middle East and energy sectors where there was significant untapped demand. As a past Board Chairman, I established the Institute’s nomination committee, having convinced the Board that there needed to be stronger governance over evaluation candidates for Board positions. The establishment of this committee brought more structure to the refreshment of the Board by putting in place a number of best practices such as board self-evaluation and director skills grids.

Joining ORIC International, we collectively repositioned the organisation away from its core UK business. Having secured 80% UK market share gave no room for growth and the strategy was pivoted towards international expansion and development into the Investment Management sector, supported by rebranding to ‘ORIC International’. The organisation has grown from 25 to 40 organisations which is a sustainable size. Since 2018 I have been a member of the ORIC International Board Nomination, Remuneration and Governance Committee. Initially the focus has been on strengthening board nomination processes but more recently a stronger process for CEO and staff remuneration has been development and implemented with a focus on ensuring retention of key personnel.

I sit as a member of the Governance Panel of the Institution of Chemical Engineers which provides the Council with advice on enhancing its internal governance arrangements.

GENERAL

DEMONSTRATED LEADERSHIP WITHIN RESPONSIBLE INVESTMENT, ESG EXPERTISE AND OTHER EXPERIENCE RELEVANT TO THE LONG-TERM SUCCESS OF THE PRI.

I have a long-standing commitment to ESG and am currently leading my organization's sustainability program. I made the business case to second resources to form a sustainability function and have been instrumental in helping the board articulate an ESG strategy and defining our ambition. With very limited resources, we have established a strong programme, leveraging partnerships across the business. I oversee our approach to Diversity & Inclusion as well as one of our Employee Resource Groups.

We have implemented a group-wide programme, driven through a cross-functional Sustainability Working Group and implemented TCFD reporting, through our membership of the ClimateWise initiative. We have focused on addressing the needs and concerns of ESG rating agencies who follow our organisation, such as Sustainalytics, MSCI, S&P and ISS. Further details of our journey can be found at https://www.argolimited.com/about/corporate-responsibility/

Collaborating with Argo's Chief Investment Officer, I have developed our approach to Responsible Investment, implementing ESG quarterly monitoring with our investment managers.

Starting with a Masters in Environmental Management, I have strong understanding of the fundamentals of Environmental Management, supplemented by recent executive courses completed at the Cambridge Institute for Sustainability Leadership.

I am very well networked in the insurance sector and risk management community. I have access to best practices through membership of both the Association of Bermuda Insurers and Reinsurers and Lloyd's Market Association climate risk committees; as well as chairing the LMA ESG Committee. I established and co-chair the Risk Officer Sustainability Forum with the objective of supporting risk officers in developing their role in sustainability programmes.

Argo is an active member of ClimateWise, and I represent the company on the International Insurance Leaders Advisory Council for Climate Change. This Council brings leaders from the insurance industry to coordinate a more systematic response to climate change.

VIDEO STATEMENT

https://www.youtube.com/watch?v=pkwTBbXKL5o

PRI Principles for Responsible Investment

CANDIDATE STATEMENT, BIOGRAPHY, SIGNATORY AND COMPARATIVE INFORMATION FORM

Full name: **Denísio Augusto Liberato Delfino**

Job title: **Equity Director**

Signatory organisation name: **Previ - Caixa de Previdência dos Funcionários do Banco do Brasil**

Signatory organisation seconding your candidacy: **Real Grandeza**

CANDIDATE STATEMENT

My name is Denísio Liberato and it's an honor to be a candidate for the Asset Owner position in PRI's Executive Group elections.

As Director of Previ, I am proud to represent an institution that was PRI's first Latin American signatory, participating in its launch on the New York Stock Exchange back in April 2006. Previ had representatives in the PRI Board during many years, is also a member in the Brazilian Council of CDP and supports the UN Global Compact.

The specialization in investment management I have obtained over the years enabled me to become Executive Manager of investment areas in Banco do Brasil, and to work as an economist and strategist at Banco do Brasil's Private Bank. I was also assigned to the Federal Government to work at the Economic Policy Department of the Ministry of Finance, before become equity director in Previ, one of the largest pension funds in Latin America.

My interest in developing responsible investment work has encouraged me to disclosure and implement best practices in corporate governance and sustainable actions inside the companies that Previ has participation, mainly in companies I am member of the board, like Neoenergia.

As a PhD in Economics, my academic and professional background, coupled with my interest in developing long-term investment work, focusing on ESG issues in decision-making, enables me to hold lectures at seminars on Responsible Investment and Investment Management in general.

I believe that with my knowledge in responsible investment and sustainable development and my experience in investment analysis and management, I will be able to carry out a leadership role and support other PRI signatories, with a focus on Emerging Market, thus adding value to the development of responsible investment´s future in its ESG integration challenge.

BIOGRAPHY

Denísio Augusto Liberato Delfino is Equity Director at Previ. He holds a degree, Master's and PhD in Economics. With over 20 years of experience, he has an extensive career at Banco do Brasil, having worked in several positions.

After had worked at the International Board and at the Finance Board, Denísio became economist and strategist at Banco do Brasil's Private Bank. Denísio also served as Executive Manager of the Corporate Governance Board and in the Capital Markets and Infrastructure Division.

During two years, Denísio was assigned to the Federal Government to work at the Economic Policy Department of the Ministry of Finance.

With several participations in different councils, Denísio has a recognized knowledge in sustainable investment. At the moment, he is a board member of Neoenergia (Company that operates in the entire production chain of the electricity sector, from generation to distribution, in addition to providing clean and renewable energy) and participates in the financial committee of INVEPAR (Brazilian Infrastructure Company).

Denísio is also a professor at IDP - Instituto Brasileiro de Ensino, Desenvolvimento e Pesquisa and FGV – Fundação Getúlio Vargas, two renowned Brazilian academic institutions, teaching executive courses and participating in several lectures and seminaries related to investment, including responsible investment and best practices in governance.

SIGNATORY ORGANISATION INFORMATION

The Banco do Brasil Employee Pension Fund (Previ) is a closed pension entity and its participants are employees of Banco do Brasil, Previ and their families. The Institution works to take care of people's future, guaranteeing pension benefits to its members in an efficient, safe and sustainable way.

Previ's resources, essentially from personal and employer contributions, are invested in accordance with an Investment Policy reviewed annually to comply with the fiduciary duty to pay benefits.

Previ has recently defined a statement of purpose which is to 'take care of people's future'. This purpose is materialized in the commitment to continue paying benefits in the long term, and Previ understands that we cannot talk about the future without adopting the best responsible investment practices.

Previ's relationship with all economic and social agents, considering its legitimate purposes, must respect integrity and transparency in its business and areas of operation. In this sense, Previ's investments and activities are guided by ESG issues, aiming to promote an environment of sustainability in the conduct of business and the integration of all market agents in the search for a fairer and more sustainable society. Therefore, ESG gained an addition in Previ's approach: the letter I, for Integrity.

Sustainability, Responsible Investment and Integrity are definitions that complement each other in Previ's governance. In over a century of history, the entity has never failed to pay benefits, nor has it had to collect extraordinary contributions from its members. This work is based on strengthened governance, with rules, processes and internal controls not limited to compliance, but going beyond the requirements of legislation and the regulator.

In this way, Sustainable Investment is aligned with our Purpose, our Mission and is an inseparable part of our strategy of continuing to guarantee our members their long-term retirement benefits.

SPECIFIC EXPERTISE

LEADERSHIP AND GOVERNANCE EXPERIENCE

Denísio Liberato has a large experience in leadership and governance. In addition to the long period managing several investment sectors in the Banco do Brasil and as Previ's Director, he also member of the board of different companies. Currently, Denísio is the member of Neoenergia's board and INVEPAR Committee. Denísio is also a professor at IDP and FGV, teaching for the executive courses.

GENERAL

DEMONSTRATED LEADERSHIP WITHIN RESPONSIBLE INVESTMENT, ESG EXPERTISE AND OTHER EXPERIENCE RELEVANT TO THE LONG-TERM SUCCESS OF THE PRI.

As Equity Director at Previ, Denísio Liberato is responsible for coordinating the Previ's governance participation in the investee companies and influence them on the market.

Denísio was a speaker at several seminars and conferences. Among them including last months: These include interviews on adherence to ESG practices, with the objective of promoting a sustainable business environment.

As a reference in the pension funds market, Denísio coordinated Previ's Corporate Governance meeting, with the theme "Responsible investment with measurable value". Nowadays, he also lead the project to implement the ESG rating in the investees, in accordance of best practices and searching for the long-term success of responsible investment.

VIDEO STATEMENT

https://www.youtube.com/watch?v=EQEVW-z42lk

PRI | Principles for Responsible Investment

CANDIDATE STATEMENT, BIOGRAPHY, SIGNATORY AND COMPARATIVE INFORMATION FORM

Full name: **Kamal Mitha**

Job title: **Head of Investments**

Signatory organisation name: **Sasria SOC Limited**

Signatory organisation seconding your candidacy: **Government Institutions Pension Fund (GIPF) and Discovery Limited**

CANDIDATE STATEMENT

I believe that any investment strategy should incorporate elements of financial return as well as social impact. By encouraging this advancement, companies can improve the welfare of communities and our environment. While following this investment strategy, companies can achieve a return on investment and promote societal accountability. Investing for the benefit of society holds companies to a higher ethical standard. I understand that long-term value creation is not achieved through short-term solutions, nor at the expense of future generations, nor through moral decay. Environmental, social and governance factors must be acknowledged to ensure a sustainable future. Incorporating ESG metrics into your decision making has shown to deliver superior returns over time as these companies are more sustainable over the long- term.

I believe that my experience combined with my education will place me in good stead and make me the ideal candidate for this role. I believe I can make a difference in the area of responsible investing for the betterment of society.

BIOGRAPHY

Kamal Mitha is employed as the Head of Investments at Sasria SOC Limited, having joined the organisation in October 2018. He began his investment career in 2007 within the unit trust industry. In 2008 he worked for Advantage Asset managers, managing the investment administration back office. In 2009 he joined Africa’s largest asset manager, the Public Investment Corporation as a Senior Investment Officer. In 2012 he was promoted to the Portfolio Management and Valuations team where he managed assets close to $20 billion.

Mr. Mitha is a CFA and a CAIA charterholder. He completed his Bachelor of Commerce degree at the Nelson Mandela Metropolitan University and continued to upskill himself with a Master of Business Administration qualification from the University of Witwatersrand. He is also a member of the Institute of Directors South Africa.

SIGNATORY ORGANISATION INFORMATION

The 1976 uprisings by courageous young people in Soweto turned the course of history and played a significant role in the creation of Sasria.

The government of the day and the South African Insurance Association (SAIA) needed to provide insurance cover against political riots and politically motivated mass action. The South African Special Risks Insurance Association (abbreviated SASRIA) was formed in 1979 as a section 21 non-profit company with a legislated monopoly.

At the time, it was exempted from paying tax and its members were South African short-term insurance companies. Sasria offered cover on the basis that it would not refuse cover or cancel the cover, making the South African government the reinsurer of last resort with unlimited liability. Rates were originally high in order to build up reserves and reflect the high risk at that time. In 1998, the mandate was extended for our cover to include nonpolitical perils, such as strikes and labour disturbances. Sasria was converted to a limited company in terms of the Sasria Act. Sasria is now a transformed entity and the special risk short-term insurer of choice for all individuals, businesses and government institutions looking for extraordinary cover of their assets within the borders of South Africa and includes civil commotion, public disorder, strikes, riots and terrorism cover. Sasria works through a network of insurance companies and brokers who perform an administration function on their behalf and sell their products.

Sasria contributes to the economic sustainability and growth of South Africa. They protect assets against extraordinary risk by offering affordable insurance protection, thereby ensuring that South Africa continues to be an attractive investment destination that delivers economic continuity and social stability for all its people, entities or businesses. Sasria adheres to the highest standards of corporate governance, thereby growing a sustainable business that contributes positively to South Africa's economy.

SPECIFIC EXPERTISE

LEADERSHIP AND GOVERNANCE EXPERIENCE

- Member of the Valuations Committee providing input into Valuations and impairments
- Becoming an Investment Committee member of a healthcare fund within South Africa. Held the position from October 2014 to October 2018. Responsibilities included:
  - Directing investment decisions for a R1.6 billion fund;
  - Maintaining the prudent and effective investments of the fund and formulating; and
  - Overseeing the investment policies and management of the fund.
- Deputy Chair of the Investment Steering Committee which is a subcommittee of the Investment Committee. Member of the Investment Committee within Sasria.
- Maintaining the Investment Policy within Sasria.
- Regular engagement with the leadership of investee companies

GENERAL

DEMONSTRATED LEADERSHIP WITHIN RESPONSIBLE INVESTMENT, ESG EXPERTISE AND OTHER EXPERIENCE RELEVANT TO THE LONG-TERM SUCCESS OF THE PRI.

- Incorporating ESG factors within our portfolio management reporting
- Incorporating ESG within the investment decision-making process
- Conducting ESG quality assessments and influencing the ESG landscape through stewardship;
- Creating ESG dashboards within the infrastructure sector to improve reporting
- Managing and maintaining the UNPRI submissions on behalf of Sasria
- Implementing the investment strategy of Sasria
- Establishing a black Asset manager incubation program for Sasria. This enables job creation, transformation and skills transfer.

VIDEO STATEMENT

https://www.youtube.com/watch?v=RIb-2hJcddc

PRI Principles for Responsible Investment

CANDIDATE STATEMENT, BIOGRAPHY, SIGNATORY AND COMPARATIVE INFORMATION FORM

Full name: **Wilhelm Mohn**

Job title: **Global Co-Head of Corporate Governance**

Signatory organisation name: **Norwegian Government Pension Fund Global (Norwegian Ministry of Finance and Norges Bank Investment Management)**

Signatory organisation seconding your candidacy: **Canada Pension Plan Investment Board**

CANDIDATE STATEMENT

I am thrilled and humbled to be running for a PRI board seat. If elected, I will serve asset owners as an engaged and approachable board member. My extensive and practical experience in responsible investment will help me do this. I have seen the great progress of responsible investment over the last decade. I am enthusiastic about the opportunities ahead - yet mindful of the breadth and complexity investing responsibly entails.

Norges Bank, and the Government Pension Fund Global, is a founding signatory of PRI. We have developed our work under the six principles ever since. I am proud of this history. My vision for PRI is for a strong, asset-owner led, global coalition. I think a core strength of PRI is its ‘big tent’ approach – open to signatories of all types, sizes, and geographies, joined by a shared commitment to the principles and an ambition to drive responsible investment forward.

I believe that responsible investment starts from the right principles – based on a clear understanding of the role of investors and the businesses we invest in. At Norges Bank, we invest for the long-term. We succeed when portfolio companies manage risks and take decisions that ensure long-term value creation.

In my work I engage with standard setters, companies and their boards, sustainability experts and civil society. As a PRI board member, increased engagement with signatories would be my ambition.

Responsible investment and transparency are closely linked. I believe that PRI’s own policy, decision-making processes and priorities could be more transparent and accessible. Another thing I would like to contribute to is the ongoing revision of the PRI reporting framework, ensuring that we continue to simplify and improve the questionnaire. I have been involved in PRI reporting for more than 10 years, so I have great appreciation of the efforts PRI has consistently put into this. There are no easy solutions. Our ambition should be reporting that is efficient, promotes accountability and is relevant to signatories.

The PRI has come a long way since 2006. The next decade is a crucial decade for sustainability and prosperity alike. PRI will go further still. I believe I have some unique perspectives to contribute. I am passionate about the enduring importance of responsible investment and our many opportunities. I am hopeful you will support my candidacy.

BIOGRAPHY

I am an economist with an interest in societal and environmental questions. As Global Co-Head of Corporate Governance at Norges Bank Investment Management, I lead our ownership work on sustainability topics. My responsibilities include developing the fund's sustainability principles, making data and analysis available for our portfolio managers, and engaging with standard setters and companies.

I am proud to have authored public documents setting out NBIM's expectations of companies on sustainability, contributing to global standards and practice development. I regularly speak at public events on sustainable finance and responsible business conduct. I currently sit on many advisory groups and committees. I have contributed to working groups led by international organisations such as OECD, IFSWF, PRI and WEF, and in secretariats of Norwegian public committees.

I have been involved in the development, setting and operationalisation of the responsible investment strategy of the fund since 2009, both at NBIM and the Norwegian Ministry of Finance. I have previously also worked at Storebrand ASA, including as a trainee portfolio manager covering banks during the financial crisis. My experience spans economics, asset management and insurance.

I aim to be knowledge based, I appreciate ambiguity and I enjoy learning new skills. I value people and people development, and impressive individuals motivate me. I believe it is always possible to improve and I have a fundamental belief in change and in challenging assumptions.

I hold an MPhil in Economics from the University of Oxford. In my studies, I focussed on financial economics, economic history, development, and environmental economics. My thesis looked at companies' green performance and economic returns - at that time a new field in economics. In recent years, I have been lucky enough to collaborate with leading finance scholars on the topic of climate change through research grants provided by Norges Bank Investment Management.

SIGNATORY ORGANISATION INFORMATION

Norges Bank manages the Government Pension Fund Global. The fund is owned by the Norwegian people. The Ministry of Finance sets the overall investment strategy and any major changes to this strategy require the approval of the Norwegian parliament. Long-term management of the fund ensures that both current and future generations of Norwegians can benefit from the nation's oil wealth.

The fund invests globally, with total assets of NOK 10,914 billion at the end of 2020. The objective of the fund is to obtain the highest possible return and to manage the investment portfolio responsibly, as laid out in the mandate given by the Norwegian Ministry of Finance.

The fund invests in listed equities, bonds, unlisted real estate and unlisted renewable infrastructure. 72.8% of the fund was invested in listed equities at year end 2020. The fund's investments spanned 73 countries and 49 currencies. A total of 45.6% of the fund was invested in North America, 32.0% in Europe, and 20.1% in Asia-Pacific. Emerging markets accounted for 9.4% of the fund's investments. The fund was invested in 9,123 companies, with an average holding in the world's listed companies, measured as its share of the FTSE Global All Cap stock index, of 1.4% at the end of the year.

Responsible investment is an integral part of the management of the fund and the fund is a founding PRI signatory. The fund's framework for responsible investment has been developed over nearly 20 years. Extensive reporting, an informative website and high media availability ensure a high transparency about the management of the fund.

SPECIFIC EXPERTISE

LEADERSHIP AND GOVERNANCE EXPERIENCE

- Global Co-Head of Corporate Governance at Norges Bank Investment Management. Leading teams of sustainability experts. Implementing our responsible investment strategy and proposing ownership principles and expectations for Leader Group and Executive Board approval.
- Previously Head of Sustainability at NBIM (from 2016). Established the team, defined its operational remit and put in place associated processes.
- Representing NBIM in various external committees and initiatives (e.g. with OECD, PRI and SASB).
- Part of the core group setting up NORSIF in 2012 (i.e. formulating its governing documents).
- Represented Ministry of Finance on committees of the International Forum for Sovereign Wealth Fund (IFSWF) from 2011-2014. Part of the working group setting up the Secretariat.
- Took part in the Norwegian Ministry of Finance's education programme for young leaders (2012-13).
- Held management positions at Storebrand ASA (2008-09) (member of the Leader Group and working on digital business development, compliance and operational risk at Storebrand Skade, a P&C insurance start-up).

GENERAL

DEMONSTRATED LEADERSHIP WITHIN RESPONSIBLE INVESTMENT, ESG EXPERTISE AND OTHER EXPERIENCE RELEVANT TO THE LONG-TERM SUCCESS OF THE PRI.

Wide-ranging strategic and operational experience with responsible investment, including participation in committees and initiatives since 2009. Selected examples below:

- Member of SASB Investment Advisory Group (2018 onwards), Transition Pathway Initiative Steering Committee (2019 onwards), PRI's Listed Equity Advisory Committee (2021 onwards) and Shift's Valuing Respect Project International Advisory Group (2017-2020).
- Member of the Secretariat of the Norwegian Public Committee Report "Values and Responsibility — The Ethical Framework for the Norwegian Government Pension Fund Global" (2019-2020).
- Contributed to drafting the One Planet Sovereign Wealth Fund Climate Risk Framework (2017).
- Part of the OECD advisory group drafting "Responsible business conduct for institutional investors, key considerations for due diligence under the OECD Guidelines for Multinational Enterprises" (2016-17).

- Revised NBIM's public expectation documents (2014 onwards). Drafted documents on human rights (2015) and tax & transparency (2016). Oversaw publications on ocean sustainability (2018), UN SDGs (2018), corporate sustainability disclosure (2020), voting on shareholder proposals (2020), biodiversity (2021) and climate change (2021).
- Secretary for external Norwegian Expert Group report "Fossil-fuel investments in the Norwegian government pension fund global: Addressing climate issues through exclusion and active ownership" (2014).
- Part of reference group for WEF report "Accelerating the Transition towards Sustainable Investing" (2011) and Tomorrow's Company report "Tomorrow's value, achieving long-term financial returns, a guide for pension fund trustees" (2012).
- Coordinated the Norwegian Ministry of Finance's work on responsible investment for the fund (2012-2014).
- Worked on implementation of changes to the Government Pension Fund Global's mandate and guidelines for exclusion of companies in 2009, following a public consultation.
- Master's thesis "Green and profitable? The potential returns to good environmental management", Oxford University (2006).

VIDEO STATEMENT

https://www.youtube.com/watch?v=nHML-aBJ7es

PRI Principles for Responsible Investment

CANDIDATE STATEMENT, BIOGRAPHY, SIGNATORY AND COMPARATIVE INFORMATION FORM

Full name: **Laetitia Tankwe**

Job title: **Advisor To Ircantec President**

Signatory organisation name: **Ircantec**

Signatory organisation seconding your candidacy: **CAVP, Calpers, Batirente**

CANDIDATE STATEMENT

As far as I remember, I have always wanted finance to be meaningful. I always believed it was absolutely necessary to reconcile economy, finance and the greater goals of societies.

The UN PRI contributes to shape this new finance. The work has started some fifteen years ago and I am proud to have been involved at the launch of the initiative in 2006 as the delegate[1] to the board. The PRI has become the major RI association. With this development comes great expectations. The UN PRI challenge is now to be global and think local when necessary to really be able to address the various needs of its signatories. The PRI will have to reinforce its presence and finetune its actions in areas such as the emerging or the French speaking countries. Acting as fiduciary manager of one of the most active French pension scheme in the RI industry, I believe that during my first mandate as PRI Board member I helped the PRI address this challenge.

There is still a lot to do as reflected in the new 3 years PRI Strategy.
I am confident that my background, my current position and network – especially in the French speaking community – as well as my personality is of great value to the PRI.

Having designed, developed and implemented the RI policy of a labor sponsored pension fund, Batirente, I know how challenging it can be to turn a philosophy into real actions. Acting as fiduciary manager alongside the Chair of the fund's board of trustees who is truly committed to maintaining and increasing not only the financial but also the social and the environmental capital

[1] I was then working at Bâtirente whose CEO was one of the Board members representing North America.

of its members requires to remain up to date. Live up to one's ambitions is a never-ending challenge.

The responsible investment world is made up of a variety of visions and approaches. Different actors use different terminology to define their activities. Despite our differences, we achieve better results working together. The PRI is a great association because it gathers and allows for this diversity. Having lived in different countries, worked at various levels of the RI value chain, with different stakeholders (unions, companies, NGO, religious communities, board members), I think that as PRI board member, I bring my stone to this ambition and I am very keen to pursue the job.

BIOGRAPHY

I have almost 20 years of experience in the financial sector. I currently am the advisor to the president of Ircantec's board. I joined Ircantec in 2017 from Banque Populaire Méditerranée (BPCE) where I was advisor to the CEO for 3 years. I had joined BPCE financial group in 2011. From 2004 to 2010, I had worked for Bâtirente, a Canadian labour-sponsored pension system, as extra-financial risks manager. During that period I was involved in different working groups -WG= of the UNPRI such as the assessment and reporting WG or the small size AO WG

Through my career, I've had the opportunity to work in mainstream finance as well as in the RI industry. Besides technical expertise, I developed a wide range of skills: such as strategy, project development, coordination and public relations.

Allow me to give you details about my positions in the RI industry

As advisor to Ircantec's President, I help him shape the RI strategy of the scheme, I originate and develop partnerships and I represent him in every working group, partnership or any kind of activity linked to RI. As an illustration, I am a member of the Climate Action 100+[2] steering committee and the PRI Francophone advisory Committee. I am board member of Frenchsif. I co-chair working groups on topics such as impact investing or just transition.

As extra financial risks manager at Bâtirente, I designed and developed the extra financial risks guidelines. I implemented them and was in charge of the engagement strategy. I conducted dialogs with several companies on a wide range of ESG issues. I originated the fund's RI communication. Bâtirente was then amongst the first to publish an annual report based on the GRI guidelines.

[2] https://climateaction100.wordpress.com/

I hold a MBA with honors from HEC Montréal, a Master 2 in finance and economics from Paris IX Dauphine University and a Master 2 in Political Science from Paris 1 Sorbonne University.

SIGNATORY ORGANISATION INFORMATION

Ircantec is a French complementary pension scheme for non-tenured State and Territorial Authorities, hospitals and associated public institutions' employees. It is also the pension scheme for local elected officials.

It is a points-based system financed by contributions from employees and employers. Approximately 2.8 million public sector workers contribute to the scheme and 1.9 million pensioners receive an allowance.

Ircantec is governed by a 34-member board of trustees, representing employers and trade union representatives as well as qualified experts. The President is currently an employer representative. Caisse des depôts et consignations (CDC) acts as its fiduciary manager. As such the CDC is in charge of the financial and extra financial management of the scheme.

Ircantec invests its 12.9billion € AUM according to the responsible investment policy adopted by its Board of Directors.". This policy is one of the 3 pillars the scheme uses to implement its core value, which is to foster solidarity between generations. The two other pillars are its proxy voting policy and its engagement policy. These policies enable Ircantec to integrate ESG challenges all along its value chain, from investments, to active ownership, to reporting.

For example, in the case of climate change , Ircantec's actions encompass but are not limited to :

- Assessing and disclosing the carbon footprint as well as the green share and the net environmental contribution of its portfolios- Assessing and disclosing the alignment of its portfolios to a 2°C scenario.

- Excluding companies whose carbon exposure is not compatible with Ircantec's objective to contribute through its investments to maintain global warming below 2°C

- Taking into account the commitments and actions in favor of Economic and Environmental Transition carried out by companies in the exercise of its voting rights

- Engaging with systemically important Greenhouse gas emitters.

SPECIFIC EXPERTISE

LEADERSHIP AND GOVERNANCE EXPERIENCE

I am running for a second mandate as PRI board member. During my current mandate, I sit at the Financial, audit and risk committee and at the policy committee. The work of the PRI board be it

the full board or the committees is of course the result of a collective commitment to the PRI purpose and I do think I contribute positively to the board effectiveness.
I have had the opportunity to demonstrate my leadership and ability to contribute to high level committees as a member and rotating chair of the Climate Action 100+ steering committee, as a member of the PRI Francophone advisory committee and as a member of different working groups in France and abroad. I am also board member of the French responsible investment association (Frenchsif)
My current job, involves working with board members and participating to board committees. I also participate to the workings of the RAIR (Réseau des Administrateurs pour l'investissement responsable), the French association of trade union trustees promoting RI.

I have always been truly involved in those different committee and working groups. It was reflected in my excellent attendance rate and my active participation ahead, during and after meetings.

As a Climate Action100+ steering committee member, I seize each opportunity to promote the initiative within my network and I have often presented the initiative to French institutional investors. I also facilitated building relations with the French government as the initiative caught its attention and was identified as one of the 12 key global initiatives to tackle climate change at the 2017 One Planet Summit in Paris.

Having advised the CEO of a Bank for 3 years and Ircantec's Chair of the board of trustees over the last year, I am totally aware of the importance of a board and make no confusion with the role and responsibilities of the Executives.

GENERAL

DEMONSTRATED LEADERSHIP WITHIN RESPONSIBLE INVESTMENT, ESG EXPERTISE AND OTHER EXPERIENCE RELEVANT TO THE LONG-TERM SUCCESS OF THE PRI.

As the extra financial risks manager at Bâtirente, I co-designed and developed the RI philosophy, guidelines and implementation processes.

I started from scratch with an incremental approach, made of collaborative work with our CEO, board members, investments managers, partners, with religious communities and NGOs. Bâtirente turned out to be a very active fund in the local and global RI world despite its relative small size.

This success was the demonstration that all institutional investors can contribute to the RI agenda. I also demonstrated leadership while engaging companies, filing resolutions, leading working groups with different stakeholders or being interviewed by all type of media.

In 2009, Ircantec decided to invest its reserves according to socially responsible principles.

When I joined in June 2017, I reviewed all its actions to identify where the scheme could improve. As a result, the scheme now produces its article 173 report in line with TCFD recommendations. Ircantec is developing partnerships with NGOs with a view to leveraging common objectives. The scheme is improving its communications especially towards its affiliates who should be the first stakeholders to endorse Ircantec's values and implementation strategy. Ircantec's website has been totally revisited to facilitate access to the pages relative to those commitments. Under my leadership, the scheme also made innovative investments to couple empowerment and environmental goals which get the attention of the French government. Ircantec started to implement its engagement policy under my supervision.

Upon my arrival, Ircantec reinforced its presence in French and international organizations. I am indeed convinced institutional investors must collaborate inside and outside their national borders to tackle the incredible number of challenges lying ahead. I see the PRI Francophone advisory committee as an opportunity to contribute to the development of RI in several new markets while allowing cultural diversity to enhance RI practices globally.

VIDEO STATEMENT

https://www.youtube.com/watch?v=tWFJgdfS258

PRI Principles for Responsible Investment

CANDIDATE STATEMENT, BIOGRAPHY, SIGNATORY AND COMPARATIVE INFORMATION FORM

Full name: **Massimo di Tria**

Job title: **Chief Investment Officer**

Signatory organisation name: **Società Cattolica di Assicurazione S.p.A.**

Signatory organisation seconding your candidacy: **Allianz SE**

CANDIDATE STATEMENT

Each and every person has the responsibility to preserve the environment and to improve the society regardless of their own job, social status, gender or any other form of diversity. Nevertheless, as investment people we have a bigger responsibility. In fact, in our everyday working life we allocate huge amounts of resources on behalf of our clients to foster future growth and development. In this culture of responsibility, I asked myself how I individually could further contribute to a better and more sustainable world. I realized that proposing my candidacy for the PRI Board would be a clear step in the right direction. And here I am, ready to collaborate.

Since motivation is not enough without a clear vision, I would like to also share some strategic thoughts about ESG and investment sustainability. First, I do believe we need to strike a balance between standardization and innovation. Efforts to move towards standardization via a common taxonomy and more cooperation across sectors and regions is required but it alone is not sufficient due to the ambitious timeline we need to deal with. Experimentation and fair competition are key to finding new scalable ways to accelerate decarbonization and foster social progress. Second, I am convinced that we should investigate more the so called *via negativa* approach, identifying what and how to simplify and do less. For example, pricing environmental externalities is more effective than punishing polluters with fines, and cutting social privileges works better than helping disadvantaged people. Third, effective investment sustainability practices must be openly shared and available to the overall financial community worldwide, avoiding that adoption and implementation costs of cutting-edge sustainable standards could put small players and ones located in poor countries at a disadvantage. All of these and much more need to be done now and together. And here we are, ready to act.

PRI Association
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BIOGRAPHY

I am the Group Chief Investment Officer at Società Cattolica di Assicurazione S.p.A. and I am also a member of the Management Board (*Comitato di Direzione*) being responsible for investment-related activities. From 2018 to 2021 I also served as a member of the Board of Directors (*Consiglio di Amministrazione*) of Lombarda Vita, a bancassurance company of the Cattolica group in joint venture with UBI Banca.

Previously, I was Deputy Global Head of ALM and Strategic Asset Allocation at Allianz Investment Management SE at the German headquarters. I was responsible for Property & Casualty portfolios, Reinsurance portfolios, internal Pension schemes and Third-party ALM/SAA services. Before transferring to Germany in 2013, I worked for Allianz in Italy in various roles including Chief Investment Manager for the Italian Property & Casualty portfolio and in parallel serving as Contract Professor at Bocconi University. Prior to joining Allianz, I was at Fineco Asset Management.

I have more than 20 years of investment experience and hold an MBA with honors from the European School of Management and Technology (ESMT) and a master's degree in economics and finance with honors from Bocconi University. In 2013, I was mentioned amongst the “40 Under 40 Rising Stars of Asset Management” by Financial News. Moreover, I am a Chartered Alternative Investment Analyst (CAIA) and a member of the PRI Global Reference Policy Group as well as author of several publications in the field of ALM, risk and investment management. When I am not at work, I love travelling, reading, cooking, photographing and doing sport and I am a member of the Italian association of wine tasters (ONAV).

SIGNATORY ORGANISATION INFORMATION

Società Cattolica di Assicurazione S.p.A. is one of the main players in the Italian insurance industry and has been listed on the Milan Stock Exchange since November 2000. With around 3.5 million customers who rely on the insurance solutions and products it distributes, the Group generates total annual premium income of more than €5.5 billion with over € 30 billion worth of asset under management. At Group level, Cattolica has more than 1,300 agencies throughout Italy, covering both large cities and smaller towns, and a network of approx. 1,800 agents.

The main business lines in which the Cattolica Group operates are Life and Non-Life. The investment strategy is liability-driven and aims at delivering long-term risk-adjusted results consistent with the overall risk appetite and allocated capital budget. Being a PRI signatory since 2019, the Cattolica Group applies responsible investment criteria in its investment practices trying to constantly improve them in line with the evolving market standards.

SPECIFIC EXPERTISE

LEADERSHIP AND GOVERNANCE EXPERIENCE

- Group Chief Investment Officer at Società Cattolica di Assicurazione S.p.A. (from 2018)
- Member of the Management Board of Società Cattolica di Assicurazione S.p.A. (from 2018)
- Member of the Board of Directors of Lombarda Vita (2018-2021)
- Global responsibility at Allianz Investment Management SE coordinating Asset-Liability Management and Strategic Asset Allocation activities across more than 50 countries worldwide and managing a diverse global-local team (2013-2018)
- Individual Leadership Development Itinerary during the Executive MBA program at the European School of Management and Technology (ESMT) in Berlin (2012-14)

GENERAL

DEMONSTRATED LEADERSHIP WITHIN RESPONSIBLE INVESTMENT, ESG EXPERTISE AND OTHER EXPERIENCE RELEVANT TO THE LONG-TERM SUCCESS OF THE PRI.

- UNPRI signatory for Società Cattolica di Assicurazione
- Implementing the investment strategy for Società Cattolica di Assicurazione
- Among the first signatories of the letter to head of States and Governments which was mentioned by EU Commission President Ursula von der Leyen during her speech on the State of the Union in September 2020 and inspired the current EU decarbonization targets
- Member of the PRI Global Reference Policy Group
- Author and speaker at international conferences on ESG / Investment Sustainability topics

VIDEO STATEMENT

https://www.youtube.com/watch?v=kZXZmgaxEjo

PRI Principles for Responsible Investment

PRINCIPLES FOR RESPONSIBLE INVESTMENT 2021 SIGNATORY GENERAL MEETING MINUTES

23 SEPTEMBER 2021, 08:00 – 09:30 BST AND 17:00 – 18:30 BST

Online webcast

The PRI sought input from signatories on the Signatory General Meeting (SGM) draft agenda and invited signatories to contribute agenda items and resolutions to be put to a vote. No agenda items or resolutions were received. All signatories were sent the PRI's 2021 Annual Report[1] in advance of the meeting.

In attendance:

- Fiona Reynolds, CEO, PRI
- Martin Skancke, Board Chair, PRI (meeting Chair)
- Sagarika Chatterjee, Director of Climate, PRI
- Paul Chandler, Director of Stewardship, PRI
- 580+ signatory representatives attended via online webcast

Materials:

- SGM presentation

WELCOME ADDRESS AND PRI BOARD REPORT

MESSAGE FROM THE CHAIR

The PRI Chair, Martin Skancke, welcomed signatories attending via webcast and provided an overview of the agenda.

The PRI Board has worked on several issues this year. The PRI launched a new three-year strategy earlier this year. The board had extensive discussion on the strategy including the context the PRI operates in, comparative advantages and how the PRI can deliver most value for signatories. The board has discussed strategic risks, key initiatives, and strategic drivers on how the PRI plans to deliver the strategy. The board had constructive discussions with signatories and received feedback through the consultation. The overall impression from the feedback was that signatories welcomed the new strategy. There were some signatories who raised issues around the draft purpose statement and challenging whether this represented mission drift. The board committed to respond to this and

[1] https://www.unpri.org/annual-report-2021

have a conversation with signatories on the mission and purpose of the PRI. The board has decided to postpone this conversation until next year to allow the new CEO to lead this important conversation.

The board has spent significant time on the oversight of the delivery of the previous three-year strategy. Over the past year, the board had deep discussions on how the PRI can support asset owner signatories in the best manner; Drive Meaningful Data; and a Sustainable Development Goals framework for investors.

One of the most challenging issues has been the reform of the Reporting and Assessment Framework. The board spent considerable time on this issue over the last few years, including oversight of the design principles for the new framework. The board is now reviewing the implementation plans for delivering the reporting in 2023. On behalf of the board, I would like to acknowledge that we underestimated the complexity of this project. The board apologises for not being able to deliver the quality that the PRI was hoping to deliver. The PRI will carefully review the feedback received from signatories including the different imperatives of asset owners and investment managers. The review being conducted is both on the technical platform and the content of the Reporting and Assessment Framework. The board will strengthen its oversight of this process and is currently in the process of forming an ad hoc board committee to support the board with more ongoing oversight. The PRI is also using an independent third party to verify different milestones in the project to ensure that it is able to deliver the Reporting and Assessment Framework that is fit for purpose in 2023. The PRI needs to make sure that it delivers a Reporting and Assessment Framework that provides value to our signatories while maintaining transparency and accountability.

This has been a challenging year for all of us with the continued effects of COVID-19. One of the issues that the board dealt with is the resilience of the organisation. The board has met digitally and more frequently over the past year. Previously there were three to four in-person meetings and now there are ten to twelve digital meetings. Looking back at the issues that came up over the last months, it's obvious that ESG issues and responsible investment has become even more topical and important. The PRI needs to look at the way that it delivers value to signatories. The PRI has shifted to delivering digital events and more digital interactions more broadly, including the SGM which can help us interact more with our signatories. The PRI will continue to deliver the SGM in digital format. Digital transformation is an important issue for the board, and it will look carefully at the digital strategy to assess how the PRI can enhance its capabilities to engage more and deliver value to our signatories.

Another important issue is the search for a new CEO. The PRI was sorry to receive Fiona's resignation, but the board understands that for family reasons Fiona wanted to return to her native Australia. The board is extremely grateful for all the work Fiona has done for the PRI. We thank Fiona for all the efforts and all the important work that has been done for the PRI. It is important to say, Fiona hasn't left yet and will remain at the PRI for several more months to ensure a smooth transition to the new CEO.

The board has started a broad search process, hired an external search firm, and formed a search committee made up of board members. The committee is now in the process of reviewing candidates and interviews will be held shortly. Our aim is to announce the new CEO in the next few months, with the new CEO staring in early 2022. The board is confident that they we will find a qualified candidate to take forward the important work of the PRI.

MANAGEMENT AND FINANCIAL REPORT

Fiona Reynolds, CEO, welcomed signatories to the second virtual SGM.

Fiona paid tribute to John Ruggie who has sadly passed away. John was the author of the UN Guiding Principles on Business and Human Rights, a social commentator, an academic and a force to be reckoned with. John was truly ahead of his time. I was fortunate to work with John on numerous occasions, most recently on the launch of our human rights program, where we co-authored some articles, he gave his time and input into the program and participated in some of the launch events. He was a good friend to the PRI, and we always valued his input. He will be missed, the world is a poorer place without John. My condolences to his family.

Fiona Reynolds, CEO, presented the management and financial report.

Reporting and Assessment timeline

The pilot Reporting and Assessment Framework presented challenges and the process for some signatories has been far from seamless. Fiona apologised for the issues signatories have experienced during the 2021 pilot reporting period.

The PRI received feedback on the reporting pilot from more than 1,700 signatories. Issues with specific areas in the reporting system resulted in some signatories not being able to submit a complete dataset, affecting the 2021 data quality. To complete the feedback review process and fully address the identified issues, the PRI is now taking a staged approach to releasing the 2021 outputs and delaying the next reporting cycle until 2023. Delaying the next reporting cycle will allow the PRI time to incorporate signatory feedback on content, to reduce the burden of reporting including pre-filling of answers, and to significantly improve the user experience for 2023.

In October, signatory Transparency Reports will be released privately in the new data portal. The PRI will ask signatories to check their responses for gaps or errors, allowing four weeks for signatories to review and request changes to affected indicators. The PRI will then make the changes for signatories. Signatories will not have to re-enter any information in the online tool themselves.

The PRI intends to deliver the Public Transparency Reports and Assessments by June 2022, or earlier if possible. However, at this stage it is not known how many data gaps will require updating. While the PRI hopes this process will take less time, all signatories' data gaps must be addressed before launching the public reports and before providing signatories with their annual assessment.

The PRI has also designed new Transparency Reports and Assessments for this year. The assessment has been calibrated to make it harder to get the highest marks and the PRI need to ensure that it has sufficient time to work with signatories and engage on the new outputs. It's also important to note that new signatories who would have reported voluntarily in 2022 will have their grace period extended to 2023.

Fiona thanked signatories for their continued patience and understanding throughout the entire process.

Signatory growth

Reporting is extremely important, but it's not the only interaction PRI has with signatories each year. Despite the ongoing global challenges of the COVID-19 pandemic, it was great to see that responsible investment has continued to gather momentum. The PRI is pleased to report that it has achieved 26% net signatory growth in 2020/21, welcoming 938 new signatories, including 101 asset owners – our largest ever annual growth in asset owners. This enabled the PRI to pass a significant milestone of 600 asset owner signatories. As of today, the PRI has over 4,000 total signatories, including more than 3,404 investors who together represent over $121 trillion USD in assets under management.

Importantly, this growth is not just in numbers but also in the PRI's global representation. The PRI gains strength from diversity and the PRI is pleased that in 2020/21, three of our four fastest-growing regions by percentage were emerging markets, namely: Latin America, Central and Eastern Europe and the Commonwealth of Independent States and China. The PRI continues to see growth in largest regions, including North America and Europe. In the United States and Canada, the PRI has added 125 signatories, and in the UK & Ireland, the PRI welcomed 96 new signatories.

Enhance our global footprint

The PRI continued to adapt its practices to ensure that even during these challenging times, the PRI is reaching out to people and its signatories virtually. PRI's signatory relationship managers conducted one-to-one meetings with nearly 1,700 signatories over the course of the year, and many signatories attended our digital forums with over 2,200 attendees. In addition, our 27 advisory committees and working groups provided 600 places for signatories to engage with us directly. The PRI would like to thank those who participated. Alongside these formal signatory groups, the PRI regularly engaged with signatories through various other channels, from webinars to workshops, through the collaboration platform, surveys, interviews, consultations and more.

PRI Digital Forums

To continue convening and educating responsible investors despite the ongoing disruption caused by the pandemic, the PRI hosted three digital forums last year across Europe, the Middle East and Africa; Asia-Pacific; and the Americas. These events attracted a wide range of high-profile speakers and had over 2,200 attendees representing over 1,300 organisations in 73 countries.

While the PRI has successfully managed to engage its signatories virtually over the past year, we hope to see many of you in person soon. It is a pleasure to announce that PRI in Person 2022 is planned to take place next September in a hybrid format. Signatories will have the option to join online or to participate in person in beautiful Barcelona. Look out for further information on sponsorship opportunities and registration.

PRI Digital Conference

This October, the PRI Digital Conference is set to be our largest event to date - bringing together investors, policymakers, and other sustainable finance stakeholders from around the world for an online exchange of views and ideas.

The conference will cover a diverse range of ESG issues from climate change and human rights to tax fairness, as well as the latest updates in responsible investment practice and policy and regulation.

Global staff

As PRI's signatory numbers have grown, the PRI has also increased staff numbers to continue to be able to support the growing and diverse signatory base, and to build an agile and innovative organisation. In 2021/22 the PRI added 32 new employees outside its headquarters in the UK, including five new employees in France, four in China and Australia, and eight in the United States.

Adjusting to work during COVID-19

The PRI's major focus in supporting staff this year has been on ensuring continued wellbeing during the pandemic. The PRI has adjusted working practices, policies, and guidelines in response to COVID-19 and implemented programmes and resources emphasising mental health and resilience. As with many other companies around the world, PRI's offices are now starting to re-open in line with government rules using a hybrid working model. The PRI will continue to provide flexible ways of working for our employees and the PRI looks forward to beginning to collaborate again in person.

In-house sustainability and 'Walking the Talk'

An important part of our work at the PRI is talking to signatories and corporations about how to incorporate ESG practices into their business functions. While the PRI is a smaller organisation with a different operating model than many of its signatories, it is important that the PRI also integrate good governance, diversity and inclusion, and environmental considerations into its business practices and continue to update its programmes. Therefore, in March 2021 the PRI appointed Business in the Community to review its diversity, equity, and inclusion practices, and began work on a 'Walking the Talk' initiative to align its policies and processes with the priority ESG issues as per the current three-year strategy.

Financial statements

As the PRI staff and signatory numbers have grown, finances have also increased in line with these in order to support the activities.

- Total income grew in the past year to £21.5 million. This is up from £18 million the prior year; and
- Total expenditure grew to £18.5 million. This is up from £16.1 million prior year.

Despite the challenges of the pandemic, the PRI remains in a strong financial position, able to support its staff and to continue to deliver for signatories.

There has been signatory inquiries regarding fees for next year. There will be no increase in fees for 2022/2023.

Flagship programmes

As part of our strategy, the PRI is currently focussing on seven flagship programmes. Flagship programmes and projects are a key focus for us as they allow the PRI to engage signatories and undertake work that challenges existing thinking in the investment industry as well as to further the core work on investment practices and frameworks.

Paul Chandler, Director of Stewardship, and Sagarika Chatterjee, Director of Climate will provide more information on our stewardship and climate work respectively.

Driving Meaningful Data

Driving Meaningful ESG data throughout markets is a key area of our 10-year Blueprint. To support this work, the PRI published a report on *Driving Meaningful Data* assessing the basis of an end-to-end sustainability reporting system and have proposed a framework that incorporates financial materiality and performance linked to making progress on sustainability outcomes. Globally and regionally, developments aimed at consistent and comparable ESG data are at an all-time high. The PRI continue to engage high-profile institutions, such as IFRS Foundation and International Organization of Securities Commissions (IOSCO), on establishing global sustainability reporting standards as well as working on regional initiatives in the US, EU, China, and the UK.

In August last year, the PRI announced a collaboration with the World Business Council for Sustainable Development (WBCSD) to drive corporate-investor action on sustainability. Since then, the PRI has convened CIOs and CFOs in regular dialogue to inform regulatory and standard setter efforts on corporate sustainability reporting.

Sustainability Outcomes and SDGs: A legal framework for impact

Launched in January 2019 by the PRI, UNEP FI and The Generation Foundation, *A Legal Framework for Impact* aims to encourage a shift from asking only "what do ESG risks mean for investors' portfolios?", to a more expansive way of thinking that includes asking "what impact do investors' portfolios have on the real world?"

The landmark *2021 Freshfields report* which was published in July which represents a significant step forward in clarifying the role of investors in supporting a sustainable economy, providing a comprehensive analysis of the extent to which current legal frameworks require or enable investors to pursue sustainability impact goals in their investments.

It will underpin the next steps in responsible investment. The report shows how investing for sustainability impact is potentially relevant for all investors and that investors will likely have an obligation to consider doing so where it can help in pursuing their financial objectives.

While the report shows where the law requires or permits investing for sustainability impact, it also offers options for policy reforms that will better enable investing for sustainability impact to reorient investors and, through them, markets and economies, towards net zero and inclusive sustainable economic growth.

The PRI together with UNEP FI and The Generation Foundation are launching a 3-year work programme to use the report's findings and options for policy reform in engagement with policymakers, lawyers, and investors. The work programme will explore and promote reforms, starting in Australia, Canada, the EU, Japan, and the UK, accelerating the shift to investing for sustainability impact to better align capital markets with key social and environmental goals.

ESG in Fixed Income

PRI’s *ESG in Credit Risk and Ratings Initiative* aims to enhance the transparent and systematic integration of ESG factors in credit risk analysis. Launched in 2016, the initiative initially fostered a dialogue between buy-side credit analysts and credit research analysts (CRA).

But over the past year, the PRI has extended the Investor-CRA dialogue to include debt issuers, ESG information providers and investment consultants through a series of events and other supporting materials. The PRI continues to drive ESG incorporation across the fixed income market in response to increasing investor interest and signatory demand with coverage of private debt, sovereign debt, sub-sovereign debt, and securitised products. This includes a suite of fixed income guides covering ESG integration, engagement and ESG vendors.

Empowering asset owners

In addition to the PRI’s work on climate action with asset owners through the UN-convened Net-Zero Asset Owner Alliance, the PRI had an increasing focus on developing tools and resources dedicated to asset owners. Responsible investment principles should be at the core of the relationship between asset owners and investment managers and incorporated into all stages of the investment manager relationship. The PRI has published three detailed guides to further assist our asset owner signatories with their responsible investment practices across *selection, appointment, and monitoring*. Each guide is accompanied by tools such as sample ESG scoring methodologies, disclosure questions and standard ESG clauses that can be inserted into legal documentation.

The PRI also published a *Selection, Appointment and Monitoring introductory guide*, which forms part of a series to support early-stage signatories' incorporation of ESG issues. In the coming weeks the PRI will launch work on ESG considerations in mandate design to help asset owners close the gap between internal responsible investment governance and their manager relationships. Finally, to strengthen this programme further the PRI recently hired a new Empower Asset Owners Director, who will help coordinate and lead efforts with asset owner signatories.

Human Rights

Investors are increasingly expected to address human rights, driven not only by growing visibility and urgency around many human rights issues but also by a better understanding of investors' role in shaping real-world outcomes and their responsibility to do so. To help signatories meet this responsibility, the PRI published *Why and How Investors Should Act on Human Rights*. This provides the foundation for a multi-year agenda to promote the understanding of human rights in investment processes and the broader financial system. The PRI will continue to support institutional investors with their implementation of the UN Guiding Principles through knowledge-sharing, examples, and other practical materials. The PRI will also increase human rights accountability amongst signatories and facilitate investor collaboration on the topic, promote human rights policy measures and drive meaningful human rights data allowing investors to manage risks to people. In 2021/22, the PRI is taking this work forward through a series of case studies as well as an exciting new stewardship initiative.

Active Ownership 2.0

The PRI is taking active ownership work forward on several fronts, including our new *Making Voting Count* paper and through our new stewardship initiative on social issues and human rights, which will aim to maximise investors' collective contribution to the goal of global respect for human rights.

Climate action

COP26 is fast approaching, the most important climate summit since the Paris Agreement. The top priority ESG issue for the PRI signatories continues to be climate change. To support investors taking ambitious climate action, the PRI participates in and engages with a number of major initiatives. These include but are not limited to:

- The UN-convened Net-Zero Asset Owner Alliance;
- Climate Action 100+;
- The Inevitable Policy Response;
- The Net Zero Asset Managers Initiative; and
- The Investor Agenda.

It is important that the PRI continues to collaborate with other groups and pushes for stronger action globally.

Policy: challenging barriers to a sustainable financial system

Beyond the flagship programmes, the PRI continues to engage with policymakers worldwide, with a focus on the European Union, China, Japan, the US, the UK, Australia, and Canada. This work included engaging with G7 and G20 host governments on aligning financial policy with sustainability, updating our regulation database to cover 650 sustainable finance policies globally, and publishing a policy toolkit with the World Bank on how policy makers can contribute to a sustainable financial system. Over the past year, the PRI prepared 18 briefings and submitted 52 consultation responses. These focused on several areas, including:

- The EU Sustainable Finance Taxonomy;
- The SEC request for comment on climate change disclosures;
- The UK's request for comment on mandatory climate disclosures for publicly quoted companies and LLPs; and
- Delivering net zero emissions and carbon neutrality in Japan and China.

Providing tools and guidance for signatories

Feedback from signatories consistently shows that signatories value practical evidence, tools and guidance, and examples of good practice across all asset classes. In the PRI's most recent survey, 70% of signatories rated this as one of the top four PRI initiatives that provide the most value. The PRI puts a significant effort in this area. The PRI develops thought leadership which aims to challenge current thinking, where is the market now and where should it be going. The PRI follows this with practical guidance and case studies, developed with signatories. The PRI also shares practice and raises awareness. This last step is particularly important given PRI's expanding signatory base with a range of responsible investment experience.

The PRI's growing series of introductory guides are just one example of how it shares good practices with newer signatories. These provide an accessible introduction to the main approaches to responsible investment. The PRI produced ten publications on topics such as climate change for asset owners, screening, private equity, and stewardship, and is continuing to add more. All this work covers specific guidance for asset owners, as well as covering major asset classes including fixed income, listed equity, and private markets - including alternatives, hedge funds, real assets, and private equity. Over the coming year, the PRI will continue to refine our offering with input from signatories.

As the PRI continues to invigorate listed equity programme, it is a pleasure to announce that PRI hired a new Senior Lead, in Listed Equities who will work across the organisation to further our work on ESG integration in this important asset class.

The 2021 PRI Awards shortlist

Both accountability and leadership are focus areas for us in our current strategy. To help celebrate leadership, the PRI has announced the shortlisted entries for the 2021 PRI Awards on our website. Congratulations to all the shortlisted projects and the awards presentation will be held at the PRI Digital Conference next month.

Fiona thanked signatories for listening to the overview of the PRI's key 2021-22 work programmes and operations. This of course is my final SGM as CEO of the PRI, as I finish my role in the new year. I will have more to say before I go, but for now, I would just like to thank you all for your continued support for the PRI. The PRI is a true collaboration of many individuals, organisations, and partners across the globe. I know its best years are still ahead of it.

Fiona handed over to Sagarika Chatterjee, Director of Climate to cover PRI's climate work in more detail. It is the final lead up to COP 26 and the PRI and many of our signatories are actively involved in ensuring its success.

Spotlight one: Climate

Sagarika Chatterjee, Director of Climate, provided an update on the PRI's climate programme.

We are not on track, and we are aiming for 1.5 degrees and below 2 degrees according to the Paris agreement which 191 countries signed up to. The latest report from IPCC has been described by the UN Secretary-General as 'code red for humanity'. One of the UN agencies looked at 191 commitments from the government and expressed material concerns that we are heading towards 2.7 degrees by end of the century.

The PRI aims to support net zero by 2050 consistent with 1.5 degrees. The work with PRI signatories particularly focusses on three areas:

1. the Inevitable Policy Response;
2. COP 26; and
3. Net Zero Leadership.

The Inevitable Policy Response focuses on the governmental policy responses to climate change. The PRI has worked with academics and energy transition advisors to understand the implications of this transition risk. The PRI is delighted to provide you with a range of resources on the Inevitable Policy Response. The PRI undertook 130 one-to-ones with signatories who are incorporating the Inevitable Policy Response. The PRI will publish the realistic policy scenario later this year to assess which policies are needed to close the gap.

The aim of the COP 26 is to keep 1.5 degrees within reach and encourage governments to come with ambitious commitments and actions. COP 26 also needs to raise the commitment of public finance for developing countries. The PRI had a strong focus on urging governments to step up for COP 26. To help PRI signatories, the PRI has published five specific country briefings and engaged with policymakers. The PRI has been able to make finance a key theme for COP 26. The PRI is delighted to be part of the UN race to zero campaign, and it has convened net zero leadership groups. With the Glasgow financial alliance, the PRI will send a strong message of our commitment towards net zero by 2050. Looking forward, the PRI will step up climate policy advocacy with signatories.

The UN-convened Net-Zero Asset Owner Alliance is a group of 46 asset owners that work together to align their portfolios with net zero by 2050 and made a commitment to setting a 5-year target starting in 2025. The UN Secretary-general described this as the gold standard.

The PRI hopes that signatories have found the climate work useful, and signatories are excited about what the PRI have coming up over the next year.

Spotlight two: Stewardship

Paul Chandler, Director of Stewardship, provided an update on the PRI's stewardship programme and active ownership 2.0.

Active Ownership 2.0 is a framework for more effective stewardship that can shape sustainability outcomes. In the 2019 paper the PRI highlighted the importance of focusing on the right issues and being more effective at achieving progress on these issues. The framework has three components: focus on achieving real world outcomes; prioritise common goals; and the importance of collaboration.

Active ownership 2.0 builds on existing stewardship efforts. Investors should continue to address risks to individual assets in their portfolios using stewardship. The PRI defines stewardship relatively broadly, as the use of influence by investors. In the last few years, there has been a significant growth in investor support for ESG related shareholder resolution and the PRI strongly welcomes this development. While progress is evident, some signatories sought guidance from PRI, which is provided in the *Making Voting Count paper*. It is not the PRI's role to advise any signatory on how to vote. Hence, in the paper instead it strongly encouraged investors to develop, apply and publicly disclose high level principles to govern their voting decisions. The paper is available on our website, and it also encouraged investors to hold themselves to their principles.

The PRI continues to work with signatories, in particular with the stewardship advisory committee to support improvement in investor practice in three areas: case studies; further guidance; and new PRI-led collaboration opportunities.

Climate 100+ has drawn significant and justified attention whilst social issues and human rights are also important. Investors both have obligation and interest to protect and strengthen social safeguards to enable our economy and people to flourish. The collaborative initiative on social issues and human rights has been designed to be a platform that has broad range of topics. It will be built around three themes: full implementation of the UN Guiding Principles; responsible political engagement; and further company-specific expectations on human rights issues.

The aim of the social issues and human rights initiative is to maximise investors' collective contribution to the goal of global respect for human rights. Within the platform, the PRI will support investors with a range of activities. More details of this initiative will be released in November.

SIGNATORY VOTING AND PRI BOARD DIRECTOR ELECTIONS

Martin Skancke, Chair provided an overview of the current PRI Board and elections.

The 2021 PRI Board election is for four asset owner and one investment manager representative positions. Ten candidates are competing for four open asset owner positions and ten candidates

PRI Principles for Responsible Investment

competing for one open investment manager position. Signatories will be asked to vote for candidates from 30 September to 26 November[2].

Asset owner candidates:

- Scott Connolly, Trustee Director, Telstra Super
- Peter Coveliers, Head of Group Corporate Programmes and Institutional Business Development, European Investment Fund
- Massimo di Tria, Chief Investment Officer, Società Cattolica di Assicurazione S.p.A.
- Sharon Hendricks, Vice-chair, CalSTRS Board
- Alex Hindson, Chief Risk and Sustainability Officer, Argo Group International Holdings Limited
- Denísio Liberato, Equity Director, PREVI
- Kamal Mitha, Head of Investments, Sasria
- Wilhelm Mohn, Global Co-Head of Corporate Governance, Norwegian Government Pension Fund Global (Norwegian Ministry of Finance and Norges Bank Investment Management)
- Juan Camilo Osorio, Chairman of the Board, Afore Sura
- Laetitia Tankwe, Advisor to Ircantec President, Ircantec

Investment manager candidates:

- Wendy Cromwell, Head of Sustainable Investment, Wellington Management Company, LLP
- Alan Feld, Founder and Managing Partner, Vintage Investment Partners
- Karina Funk, Portfolio Manager and Chair of Sustainable Investing, Brown Advisory
- Maribel Monterrubio, CEO, Vitalis
- Melchior de Muralt, Managing Partner, De Pury Pictet Turrettini & Cie
- Papa Madiaw Ndiaye, CEO, AFIG Funds
- Tatjana Puhan, Deputy CIO, TOBAM
- Alison Schneider, Vice-President, Responsible Investment, Alberta Investment Management Corporation – AIMCo
- Helmut Schuehsler, CEO and Chairman, TVM Capital Healthcare Partners
- Hanneke Smits, Chief Executive Officer, Bank of New York Mellon Investment Management

The PRI is a membership-based organisation, and it needs to have signatory engagement in the elections. The board is gratified that that there are high number of qualified candidates for this election, which shows strong interest among our signatories to participate in the PRI governance.

Signatories approve the minutes via an online vote alongside the PRI Board election vote.

[2] https://www.unpri.org/pri/governance/2021-pri-board-annual-elections

SIGNATORY Q&A

Will the PRI reconsider its current classification of signatories as investment managers and asset owners to better reflect its membership base?
The issue of signatory categorisation is complicated, and the PRI recognises that the whole investment landscape is shifting. The board has a signatory status committee that considers categorisation issues and the rules the PRI applies. The committee is now considering the case of pooled investment vehicles and whether they should be classified as asset owners.

What is the rationale for having fewer seats on the board for investment managers than asset owners? What are the PRI's plans to change this composition?
The PRI originally started as an asset owner led organisation. The asset owner dominance was retained during the 2015 governance reform. This is an ongoing discussion at the board and the board needs to make sure that it is fit for purpose. The governance arrangements should be seen as representative and fair by the signatory base. The PRI has other key priorities, for example, Reporting and Assessment Framework and the CEO search. The PRI is not in a position to focus on large scale governance arrangements at this time.

Is there service provider representation on the board?
The PRI has a service provider representative on the board along with asset owner and investment manager representatives.

Does the PRI have plans to have representatives from the retail community?
Some of the fund managers the PRI has as investment manager signatories have retail arms. The PRI doesn't have retail banking institutions as signatories. There is a parallel initiative, the Principles for Responsible Banking under UNEP FI, and the PRI work very closely with this initiative. It is not productive to have an overlap of signatories. Retail banking is outside the scope of what the PRI was set up for and there are other initiatives better suited for that purpose.

What is signatory eligibility to vote in the board elections if they have not been able to undergo reporting?
The voting is linked to signatory membership and not linked with whether the signatory has reported or not.

In light of the deferral of the 2022 reporting year, is PRI considering waiving or reducing signatory fees?
The PRI understands why this question was raised and we are sorry about the position regarding reporting for the next year. The PRI will not increase fees in nominal terms for the next year. The board will carefully consider a possible reduction in fees in the first quarter of 2021 and communicate with signatories during the start of the financial year 2022. It is, however, unlikely that we will propose a reduction in fees. The PRI is a not-for-profit signatory-based organisation and not a service provider. A reduction in fees would mean that the PRI would have to cut back on the value provided to signatories.

What are the options for voluntary reporting for new signatories since there is no reporting in 2022?
Normally signatories conduct practice reporting and use the current reporting system. However, because there are changes to the tool, the PRI won't be able to open it in 2022. The PRI will provide support to signatories to help prepare for reporting.

Are there changes to the minimum requirements for investor membership?
The minimum requirements will change, and the intention has always been to lift the minimum requirements over time which is in line with our current strategy. Because of the issues with the reporting, there will be a slight delay however, the changes will occur over the next two-year period. There will be good notice of changes to minimum requirements. It is important to continue to review and lift the minimum requirements.

Is there a possibility for the reporting review period to be more than four weeks?
The PRI will require the vast majority of reports to be reviewed in the four-week period because the PRI cannot go to the next stage until this is complete. If there are individual circumstances, the PRI will review them.

Is PRI considering reducing the number of questions in the Reporting and Assessment Framework in light of more mandatory reporting is being introduced in Europe?
When the PRI decided to postpone reporting until 2023, the intention was not just to assess the technical platform which had some weaknesses, but also to look at the content. The PRI stressed that the reporting this year was a pilot and there would be opportunities to learn from it. The PRI has received feedback from 1,700 signatories on the reporting pilot which will be carefully reviewed. Some of the feedback was also around the sheer volume of reporting. More mandatory reporting is being introduced in Europe. On the other hand, many of our signatories are not subject to those reporting requirements so the PRI needs to strike a balance. The PRI will review the content of the reporting framework for 2022 and 2023 and will involve signatories in this work. The PRI is a global organisation, and it doesn't want to overburden signatories with reporting. The PRI also receives many questions around the possibility of aligning reporting with specific codes in a signatory country. Although it makes sense for the particular signatory in that country, on a global scale is not feasible for all countries.

What are the KPI's used by PRI to identify whether real world outcomes are achieved?
The *PRI Strategy* is published on the website and this includes the strategic measures that the PRI tracks. The PRI aims to use the Reporting and Assessment Framework as much as possible to understand how the signatory base is progressing.

Have you considered increasing the organisation's commitment to responsible investment before becoming a signatory since there is a delay to reporting?
There is not a lite version of reporting, however, the PRI is considering a better due diligence system before an organisation becomes a signatory, for example a red flag system. The PRI is getting complaints about signatories from civil society groups and other stakeholders, and the PRI is looking to strengthen in this area.

What is the timeline and communication for the reports to be available on the new platform?
Private Transparency Reports will be released in October and signatories will be notified when it becomes available.

Can you give an update on the work of Principles for Responsible Banking (PRB) and PRI frameworks and reporting?
The Principles for Responsible Banking (PRB) is organised under UNEP FI and the PRI works closely with them. There can be some overlap but there are relatively few organisations that are signatories to both frameworks. Alignment can be difficult since the reporting frameworks are different in many ways. The PRI will seek to address the alignment of reporting when reviewing the Reporting and Assessment Framework.

Does PRI feel that there are too many sustainability related bodies/initiatives?
There are many sustainability groups there have been established for a long time and many more are emerging. It is a growing space, and many people are interested in it. It can be confusing for people, but these groups exist for a reason such as to cover a particular region looking at a particular aspect of responsible investment. Some of the groups sit under the PRI. The PRI is involved in initiatives with other groups, for example, Climate Action 100+; Asset Owner Alliance; and Investment Manager group.

Are there plans for initiatives of more esoteric investment strategies such as structure credit alternatives etc…?
The PRI is always expanding the scope of different investment strategies and assets it covers through our investment practices. More guidance will be published on our website.

What is the board's weighting for the CEO search towards an individual to steward PRI's current work, vs. an individual bringing innovation and new dimensions? What market forces e.g., greenwashing this individual needs to address?
The PRI Board has devoted significant time to the CEO search process and has had several discussions on desired profile of a new CEO. We recognise that all candidates will have different skills and profiles, and that there is no simple formula to find the "perfect" candidate. We are, however, confident we will find an excellent new CEO. The new CEO will have to build the team around them and ensure the leadership team is able to take the PRI forward. The PRI encourages accountability and therefore introduced the minimum requirements to tackle greenwashing.

Are there mock exam offerings for PRI Academy courses?
We do not provide mock exams, but the PRI will look into providing them.

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: NOVEMBER 9, 2021**
From: Neil M. Guglielmo, General Manager **ITEM: ITEM VIII-E**

SUBJECT: **RESPONSIBLE INVESTMENT POLICY AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board consider and adopt the proposed Responsible Investment (RI) Policy.

Executive Summary

As a signatory of the Principles for Responsible Investment (PRI), LACERS has committed to incorporating environmental, social, and governance (ESG) risk factors into investment decisions and the investment process. Pursuant to LACERS' PRI signatory status, PRI Action Plan, and ESG Risk Framework, staff has developed a draft RI Policy to serve as the master policy framework for LACERS' ESG program.

Discussion

Responsible investing incorporates ESG risk factors into investment decisions and the investment process to better manage risks and generate sustainable, long-term outperformance. On April 9, 2019, the Board of Administration approved becoming a signatory of the PRI. LACERS officially became a PRI signatory on September 3, 2019.

As a signatory, LACERS has agreed to consider ESG risk factors by abiding to the six voluntary and aspirational PRI Principles, to the extent that such actions are consistent with the Board's fiduciary responsibilities. Specifically, LACERS has committed to incorporating ESG factors into investment analysis and decision-making, engaging with other asset owners, seeking more transparent disclosure of ESG risks, reporting on LACERS' ESG program activities, and collaborating with other like-minded investors to promote ESG risk factors within the investment industry.

Consistent with LACERS' PRI signatory status, PRI Action Plan, and ESG Risk Framework, staff has drafted a proposed RI Policy (Attachment 1), which would serve as LACERS' master policy framework for LACERS' ESG program. The RI Policy addresses the following topics:

- LACERS and the Board's commitment to integrating ESG risk factors in a manner consistent with fiduciary responsibilities

- Roles and responsibilities of the Board, staff, consultants, and other parties
- Implementation of the six Principles of PRI
- Process for identifying and mitigating material ESG risks within the investment portfolio
- Reporting requirements

Staff conducted extensive research to develop this policy, including review of 11 ESG policies and review of ESG strategy documents of seven ESG-focused cities across North America. Staff also conducted meetings with other pension plans with ESG programs. In addition, NEPC, LLC, LACERS' ESG Consultant, reviewed the draft policy and provided valuable feedback, which has been incorporated into the attached policy.

Should the Board adopt the RI Policy, it would supersede the existing Geopolitical Risk Policy (Attachment 2) and Corporate Governance Action Protocol (Attachment 3). The goals and objectives of these two policies have been integrated into the RI Policy as sections G, H, and I (pages 9 to 12 of Attachment 1). Further, the language of these policies has been modified in the RI Policy to more effectively meet the objectives of LACERS' ESG program.

Upon the Board's adoption of the RI Policy, staff may make additional minor administrative edits to be incorporated in the revised version of the LACERS Investment Policy.

Strategic Plan Impact Statement

Adopting the LACERS RI Policy will assist LACERS with optimizing long-term risk adjusted investment returns (Goal IV); upholding good governance practices which affirm transparency, accountability and fiduciary duty (Goal V); and maximizing organizational effectiveness and efficiency (Goal VI).

Prepared By: Ellen Chen, ESG Risk Officer, Investment Officer I, Investment Division

NMG/RJ/BF/EC:rm

Attachments:
1. Responsible Investment Policy
2. Geopolitical Risk Policy
3. Corporate Governance Action Protocol

Section 8 RESPONSIBLE INVESTMENT (RI) POLICY

VII. RESPONSIBLE INVESTMENT (RI) POLICY

The Responsible Investment Policy is LACERS' master policy framework that addresses Environmental, Social, and Governance (ESG) issues without compromising fiduciary standards. The primary purpose of this policy is to mitigate various forms of ESG risk and to identify strategic paths and actions that can add long-term value to LACERS investments. Given the broad nature of ESG issues, the RI Policy also makes references to other existing LACERS policies and documents that specifically address environmental risk factors such as climate transition and renewable energy; social risk factors such as human rights and employment conditions; and governance risk factors such as proxy voting and influencing the behavior of corporate leadership. Conscientious development and thoughtful implementation of the RI Policy will ensure that LACERS capital will be invested and managed in a responsible manner that meets the Board's fiduciary obligations.

A. Definitions

Environmental, Social, and Governance (ESG) – refers to three broad categories of non-financial risk factors that measure the sustainability and societal impact of an investment. Please refer to Section G Scope for examples.

Responsible Investment (RI) – is the strategy and practice to incorporate material risk and return ESG factors in investment decisions and active ownership.

Principles for Responsible Investment (PRI) - a signatory membership organization comprised of global investors who have committed to understanding the investment implications of ESG factors and incorporating these factors into their investment decisions.

Sustainability – is the balance between the environment, equity, and economy. The United Nations World Commission on Environment and Development defines sustainable development as the "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

ESG Integration – is the process of assessing the effect of ESG factors on investment risks and returns throughout the investment life-cycle and across all asset classes.

B. LACERS and Board's Commitment to Responsible Investing

LACERS and the Board are committed to integrating ESG risk factors into its management of the System in a manner that is consistent with the Board and Staff's fiduciary responsibilities to act in the best interest of the members, retirees, and beneficiaries of the System. This is consistent with LACERS' role as a prudent, long-term, responsible investor.

LACERS has long recognized the importance of addressing ESG risks in order to protect and enhance investment returns of the portfolio. Since the mid-1980s, LACERS has adopted several policies to address ESG risks[1]; engaged with both listed and privately-held companies, its own investment managers, regulatory bodies, and membership organizations to improve ESG-related practices; and collaborated with like-minded institutional investors to better understand and mitigate ESG risks.

LACERS ushered in a new era in its understanding and importance of ESG when it applied to the PRI for signatory status on June 25, 2019, and was later granted signatory status on September 3, 2019. Signatories to PRI make this commitment:

> "As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time)."

It is through the PRI framework that LACERS bases its own ESG practices and process in order to become a more responsible investor that, first, meets its fiduciary responsibilities to its members and beneficiaries, and then attempts to be sensitive to investment decisions that may have a broader impact on society.

C. Responsible Parties and Roles

The roles and responsibilities surrounding the RI Policy are defined by the Board; several of those responsibilities are delegated to staff (including staff of the City Attorney's Office), consultants and advisers, and investment managers to ensure a cost-efficient and effective implementation, as outlined in the matrix below.

Responsible Parties and Roles			
Board	**Staff**	**Consultants**	**Investment Managers**
- Governance - Policy Setting - Oversight	- Due Diligence - Engagement - Implementation and Compliance - Policy Recommendations - Legal Guidance and Opinions via City Attorney's Office	- Provide ESG education to the Board and Staff. - Furnish research reports, customized reports, and other tools to understand current trends in ESG - Advise on Policy Matters	- Implement ESG directives and actions - Interpret and assess ESG risks and its impact on LACERS portfolio. - Inform LACERS staff of any material ESG issues - Report ESG activities to LACERS to meet PRI Reporting requirements

[1] Policies include the Geopolitical Risk Policy (which will be superseded by this Responsible Investment Policy), Proxy Voting Policy, and Emerging Investment Manager Policy.

D. Legal Framework

1. Fiduciary Responsibilities

   Consistent with the California Constitution, the City Charter, and City Administrative Codes, and as set forth in the LACERS Investment Policy Statement, the Board must follow the standards set for all retirement board commissioners.

   The Constitution imposes fiduciary responsibility on the commissioners of the Board to:

   1. Administer the System's assets;
   2. Exercise a high degree of care, skill, prudence and diligence;
   3. Diversify investments to minimize risk and maximize return; and,
   4. Specifically emphasizes that their duty to the System's members come first, before any other duty.

   The System is sensitive to concerns that ESG and other risk factors may affect the performance of investment portfolios (through time and to varying degrees across companies, sectors, regions, and asset classes). Investments shall not be selected or rejected based solely on ESG or other risk factors. However, consideration of material ESG risk factors alongside traditional financial factors should therefore provide a better understanding of the risk and return characteristics of sustainable investments. Sustainable returns over long periods of time are in the economic interest of the System. Importantly, the System's ownership of securities in a corporation does not signify approval of any or all of a company's policies, products, or actions.

   The System establishes this investment policy in accordance with Section 1106 of the Charter of the City of Los Angeles and Article XVI, Section 17 of the California Constitution for the systematic administration of the City Employees' Retirement Fund. Since its creation, the Board's activities have been directed toward fulfilling the required purpose of the System, as mandated by the City Charter:

   "(1) to provide benefits to system participants and their beneficiaries and to assure prompt delivery of those benefits and related services; (2) to minimize City contributions; and (3) to defray the reasonable expenses of administering the system."[2]

   The Board's "duty to system participants and their beneficiaries shall take precedence over any other duty."[3] In furtherance of this purpose, the Board shall have "sole and exclusive fiduciary responsibility over the assets of its system which are held in trust for

[2] L.A. Charter § 1106(a); Cal. Const. Art. XVI, §17(b).
[3] L.A. Charter § 1106(a); Cal. Const. Art. XVI, §17(b).

the exclusive purposes of: (1) providing benefits to system participants and their beneficiaries; and (2) defraying the reasonable expenses of administering the system."[4]

The System is a department of the City government and is governed by a seven member Board of Administration and assisted by a general manager. In the formation of this investment policy and goal statement, the primary consideration of the Board has been its implementation of the stated purpose of the System. The Board's investment activities are designed and executed in a manner that will fulfill these goals.

This policy statement is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while setting forth reasonable parameters to ensure that prudence and care is taken in the execution of the investment program.

2. Performance Priority

LACERS has a fiduciary duty to act in the best long-term interests of the System's beneficiaries. In this fiduciary role, LACERS is sensitive to concerns that ESG issues may affect the performance of the investment portfolio. Through the years, the Board has adopted various policies to address ESG risks, with an emphasis on social and governance issues.

The System's general investment goals are broad in nature. The following goals are adopted to be consistent with the above described purpose, the City Charter, the State Constitution, and applicable federal law:

A. 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.

B. A secondary objective is to achieve an investment return that will allow the percentage of covered payroll the City must contribute to the System to be maintained or reduced, and will provide for an increased funding of the System's liabilities.

C. 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.[5]

D. The System's assets will be managed on a total return basis. While the System recognizes the importance of the preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. The Board's investment policy has been designed to produce a total portfolio, long-term real (above inflation) positive return above the Policy benchmark on a net-of-fee basis as referenced in the quarterly Portfolio Performance Review ("PPR").

[4] L.A. Charter § 1106(b); Cal. Const. Art. XVI, §17(a).
[5] L.A. Charter § 1106(a); Cal. Const. Art. XVI, §17(b).

Consequently, prudent risk-taking is warranted within the context of overall portfolio diversification. As a result, investment strategies are considered primarily in light of their impacts on total plan assets subject to the provisions set forth in Section 1106 of the City Charter with consideration of the Board's responsibility and authority as established by Article XVI, Section 17 of the California State Constitution.

E. The System's investment program shall, at all times, comply with existing applicable local, state, and federal regulations.

F. The System has a long-term investment horizon and uses an asset allocation, which 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.

G. Investment actions are expected to comply with "prudent person" standard, with all duties discharged:

> "…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." [6]

This "standard of care" will encompass investment and management decisions evaluated not in isolation but in the context of the portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably assigned. The circumstances that the System may consider in investing and managing the investment assets include any of the following:

1. General economic conditions;
2. The possible effect of inflation or deflation;
3. The role that each investment or course of actions plays within the overall portfolio;
4. The expected total return from income and the appreciation of capital;
5. Needs for liquidity, regularity of income, and preservation or appreciation of capital;
6. A reasonable effort to verify facts relevant to the investment and management of assets.

H. The System is required to "[d]iversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.[7]

[6] L.A. Charter § 1106(c); Cal. Const. Art. XVI, §17(c); ERISA § 404(a)(1)(B).
[7] L.A. Charter § 1106(d); Cal. Const. Art. XVI, §17(d).

3. Impact Priorities

In addition to LACERS' fiduciary responsibility, Staff will also take into consideration the materiality of the ESG risk in LACERS' investment. The Board shall decide whether to address these issues in a particular case based on the size of the interest that the System holds in the business and the effect of the business' violation of the System's ESG risk factors on investment returns.

E. Purpose

The Goals of the RI Program are

1) That the Board of Administration fulfills its fiduciary obligations as provided by California State Constitution, Section 1106 of the City Charter, and LACERS Policies;
2) Consider material ESG risk and return factors in order to achieve superior risk-adjusted returns;
3) Explore and consider sustainable investment initiatives that align with LACERS' fiduciary duty and the RI Policy;
4) Collaborate with like-minded organizations and entities that are progressing towards responsible investing through multiple investment approaches;
5) Provide periodic progress reports to the Board.

The RI Program serves to fulfill the goals and objectives set forth in the RI Policy. The RI Program is governed by this Policy and Board-approved program documents, to include but not limited to:

1) The RI Policy

The RI Policy formalizes LACERS' ESG policies and procedures to ensure that LACERS follows the direction set forth by the Board through the ESG Risk Framework, Proxy Voting Policy, Emerging Investment Manager Policy, and other subsequent Board policies and directives that may be incorporated into the RI Policy. This Policy will provide program guidance on integrating material ESG factor considerations within LACERS' Investment Program.

2) Proxy Voting Policy

LACERS' Proxy Voting Policy supports sound corporate governance practices by aligning the interests of shareholders and corporations to build long-term sustainable growth in shareholder value. This policy provides LACERS' position and rationale for shareholder votes regarding corporate topics and issues to include (but not limited to) environmental and social issues, board of directors, election of the audit committee and appointment of external auditors, compensation of executives, shareholder rights and takeover defenses, capital structure, and corporate restructuring.

Proxy votes are cast by a proxy voting agent with the voting results monitored by staff and reported to the Board annually. Investment staff relies on research expertise and voting recommendations of its proxy voting agent when LACERS' Proxy Voting Policy is either silent or not directly applicable to the issue as stated on the proxy ballot.

3) Emerging Investment Manager Policy

The objective of LACERS Emerging Manager Policy is to identify investment firms with the potential to add value to the LACERS' investment portfolio that otherwise would not be identified by LACERS standard investment manager search and selection process. The Board believes that smaller investment organizations may generate superior returns because of the increased market flexibility associated with smaller asset bases.

4) PRI Action Plan

To ensure that LACERS continues to advance, progress, and continually develop its RI Program, an operational PRI Action Plan ("Plan") developed by staff was approved by the Board on November 12, 2019, with subsequent amendments. The Plan outlines initiatives and recurring activities that LACERS may pursue over a near-term horizon of approximately four years. The Plan is divided among broad functional categories: 1) policy; 2) operational; 3) research; and 4) collaboration and promotion. The Plan does not contain an exhaustive list of ESG initiatives that LACERS could pursue, but a feasible set of initiatives and actions that will allow LACERS to maintain a commitment to PRI and ultimately its ardent support of ESG. The Plan is updated and reviewed by the Board on an annual basis.

5) ESG Risk Framework

The Framework is a dynamic document, subject to changes based on economic outlook, market assumptions, and the Board's sensitivity and prioritization of material ESG issues. As LACERS continues to integrate and assess material and relevant ESG factors through this critical risk lens, staff will continue to adopt best practices and recommend to the Board appropriate Framework adjustments to keep its Investment Program and ESG initiatives focused squarely on the best interests of LACERS members and beneficiaries.

F. Responsible Investment Mobilization Framework

Consistent with fiduciary responsibilities, LACERS supports ESG within an implementation framework based on the Six Principles of PRI outlined below with examples of how LACERS supports these Principles:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

- Staff will seek to incorporate relevant and material ESG considerations into LACERS' investment due diligence, decision-making, and monitoring processes for all of its external managers. Investment recommendations consider the manager's ESG policies and practices, focusing on the risks, opportunities, and standards relevant to the investment under consideration. LACERS' Investment Consultants will be directed to include relevant ESG commentaries in their independent diligence documentation.

- LACERS will support development of ESG-related tools, metrics, and analyses; investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) are encouraged to integrate ESG factors into evolving research and analysis.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices

- LACERS' RI Policy is updated periodically to consider new ESG issues and evolving risk factors.

- LACERS' PRI Action Plan, which is a living document, outlines proposed multi-year actions for each of the Six Principles, and is updated annually.

- LACERS' Emerging Investment Manager Policy supports emerging investment managers with successful histories of generating positive alpha at an appropriate level of active risk.

- LACERS' Proxy Voting Policy provides proxy voting guidance on ESG risks and is updated annually.

- Staff will participate in the development of ESG and ESG-related policies, standard setting (such as promoting and protecting shareholder rights), file shareholder resolutions consistent with long-term ESG considerations, engage with companies on ESG issues, either through intervention with investment managers or directly to the company, and participate in collaborative engagement initiatives such as securities litigation.

- LACERS will advocate ESG training for the Board and staff as well as attend ESG-related conferences.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

- Staff and/or Consultants will consider standardized questionnaires to Investment Managers for ESG disclosures.

- LACERS will support shareholder initiatives and resolutions promoting ESG disclosure.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

- Individually and in collaboration with other investors and thought-leadership organizations, LACERS will promote acceptance and implementation of ESG best practices within the investment industry.

- LACERS' division letterhead and website will highlight LACERS PRI Signatory Status. LACERS may provide press releases, include principles-related requirements in requests for proposals (RFPs), and sit on ESG conference panels to reflect LACERS' promotion and acceptance of ESG.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

- Staff will keep abreast of PRI Reporting changes and provide (at a minimum) an annual staff report to the Board and submit recommendations for Board consideration to improve its implementation of ESG actions.

- LACERS will support and participate in networks and information platforms to share tools, pool resources, make use of investor reporting as a source of learning, and develop or support appropriate collaborative initiatives.

Principle 6: We will each report on our activities and progress towards implementing the Principles.

- As part of its commitment to the PRI, LACERS shall report its progress in implementing the PRI's Six Principles through both the PRI Annual Report and LACERS annual PRI Action Plan Report to the Board.

- LACERS shall continue to foster open communication with LACERS members by responding to the Freedom of Information Act (FOIA) and California Public Records Act (CPRA) Requests.

G. Scope

The scope of the RI Policy encompasses the entire investment portfolio to the extent it is prudent and practicable. ESG Risk Factors may be applied to asset classes differently in materiality or magnitude, depending on the sensitivity of the asset and the feasibility of implementation.

ESG risk factors include, but are not limited to, the following:

Environmental • Climate Change • Resource Depletion • Waste • Pollution • Deforestation
Social • Human Rights

• Modern Slavery • Child Labor • Working Conditions • Employee Relations • Diversity, Equity, and Inclusion • Gender and Sexual Orientation Pay Equality • Discrimination based on Race, Gender including Women, Age including Senior Citizens and Children, Sex, Sexual Orientation, LGBTQIA+, Disability, Veterans Status, Language, or Social Status • Freedom of Speech and Press • Right to Civil Liberties including Speech and Press, Peaceful Assembly and Association, Freedom of Religion, National Origin /Racial/Ethnic Minorities, Freedom of Movement within a Country, Foreign Travel, Emigration, and Repatriation • Freedom of Civil Unions/Same Sex Marriage
Governance • Bribery and Corruption • Executive Pay • Board Diversity and Structure • Political Lobbying and Donations • Tax Strategy • Right of Citizens to Change their Government

H. Identifying and Mitigating Material ESG Risks within the Portfolio

LACERS Staff will research and keep the Board apprised of material and relevant ESG issues, initiatives, and collaboration opportunities, and take into account actions of other like prudent investors using the process outlined below:

1. Once ESG risks factors of material significance within the portfolio have been identified by Staff and discussed with the ESG Consultant, Staff will bring such risks to the attention of the Board.

2. LACERS Board may decide at any point after considering research and staff findings that further action of various degrees of magnitude and impact may be appropriate and necessary to mitigate risk factors. This Policy identifies four distinct action levels that may be implemented, subject to Board direction:

Section 8 RESPONSIBLE INVESTMENT (RI) POLICY

Action Level	Possible Action(s) to include but not limited to:	Responsible Parties	Estimated Risk to Plan Assets
1	*Relationship Initiatives:* Collaboration with other Agencies Engagement/Advocacy Letters Joint-Agency Endorsements Company Presentations to LACERS Board Disassociation with Misaligned Organizations Outreach/Association with Emerging Managers Discussion at Advisory Board Meetings or Annual Meetings of Private Market Funds	Staff Consultants Industry Organizations Agencies	**None** Level 1 actions do not include any portfolio restructurings resulting in virtually no discernable adverse risks to portfolio valuations.
2	*Policy Implications/Contractual:* Proxy Voting Amendments Investment Manager Guidelines Investment Policy Amendments Contract Side Letter Provisions	Staff Consultant(s) Investment Managers Proxy Voting Agent City Attorney	**None to Medium** Level 2 actions do not include significant portfolio restructurings but may have an indirect impact or minor influence on portfolio management, investment valuations, or investment manager relationships.
3	*Strategic Investment Approaches:* ESG-Sensitive Strategies Climate-related Investment Strategies Socially Responsible Investment Strategies Corporate Governance Investment Strategies Exclusionary Strategies (e.g., certain industries)	Staff Consultant(s) Investment Mangers	**Low to Medium** Level 3 actions may have a direct impact on individual portfolios due to removal, substitution, or addition of mandates. Such actions may impact performance; implementation risk and costs; fee structure impact; tracking error; opportunity costs.
4	*Restructure:* Security Divestment Sale of Partnership Interests Portfolio Restructure Termination of Investment Managers Active/Passive Investment Management Shifts	Staff Consultant(s) Investment Managers Transition Managers Bank Custodian	**Medium to High** Level 4 actions may lead to immediate and significant realized losses due to market illiquidity; tracking error; transition management risk; timing and implementation risks; opportunity costs; sub-optimal asset allocation structure misaligned with approved Asset Allocation Policy.

3. Staff will implement Board investment actions in an orderly, cost- efficient, and risk-mitigating manner.
4. Staff will provide the Board with periodic verbal updates or formal written reports on investment action status.
5. Staff will communicate Board decisions to the System’s active public investment managers to adhere to the Board’s actions going forward and work with its bank custodian to assist

with further monitoring of ESG risk factors. If consistent with existing contractual agreements and appropriate to the investment mandate, such Board decisions will be communicated to appropriate private market investment managers.

6. The Board may wish to pursue other options to mitigate ESG risk factors and/or enhance the Investment Program through long-term ESG investment approaches.

I. Engagement Campaigns

Engagement with other like-minded organizations helps LACERS leverage its beliefs and promotion of ESG principles. As LACERS becomes aware of engagement opportunities via letter campaigns (Campaigns), Staff will bring the most impactful Campaign requests to the Board for review and consideration. Campaigns may request several actions including LACERS placing its name on the Campaign sponsor's master letter or request that LACERS send an independent letter to the targeted organization. If a Campaign deadline does not permit adequate time to bring the letter request to the Board for consideration, the Board delegates specific authority to the General Manager (GM) and Chief Investment Officer (CIO) to support and endorse a Campaign. If the GM and CIO reach consensus to support a Campaign, the GM will notify the Board President as soon as practicable and the CIO shall report the action to the Board at its next meeting. If the GM and CIO do not reach a consensus on a Campaign, LACERS will take no action.

J. ESG Education

To stay apprised of ESG-related matters, LACERS will leverage research and education provided by industry organizations, investment managers, investment consultants, membership organizations, and peer plans. LACERS will actively participate at ESG conferences to understand better the evolving ESG landscape. Additionally, LACERS will participate in industry working groups to explore and research ESG issues to include (but not limited to) diversity, equity, and inclusion within the investment industry and the impact of regulatory reform on corporate governance and shareholders.

Staff, in conjunction with LACERS' ESG Consultant and investment managers, will invite leaders in ESG to provide further education to the Board including latest trends, regulations, issues, and best practices.

K. Scope of Reporting

To monitor the implementation of LACERS RI Program and ensure that it continues to develop and evolve, the following reports will be provided to the Board or the appropriate Committee for review.

1) PRI Progress Board Report – LACERS is required to complete the annual PRI Questionnaire about LACERS portfolio and ESG efforts. Once results of the Questionnaire are provided to LACERS, the Board will be provided a summary of the findings.

Section 8 RESPONSIBLE INVESTMENT (RI) POLICY

2) PRI Action Plan – The Plan will be reviewed with the Board once a year to ensure that LACERS is meeting its ESG goals.

3) ESG Risk Framework – Staff will monitor the status of initiatives and on-going actions against time-bound objectives. These initiatives and actions will be incorporated into the PRI Action Plan. The Framework will be reviewed in conjunction with the PRI Action Plan review.

4) Proxy Voting Report – The Annual Proxy Voting Report contains an account of LACERS voting history and is provided annually to the Investment Committee.

5) Emerging Investment Manager Report – The Annual Emerging Investment Manager Report contains program information specific to LACERS Emerging Managers, and includes capital exposure statistics, investment manager performance, and staff and consultant meetings and other encounters with Emerging Managers. In addition to the aforementioned, an Organizational Diversity Survey (ODS) is completed by prospective and contracted investment managers of LACERS that captures workforce, board, and ownership diversity. The Emerging Investment Manager Report is provided annually to the Investment Committee; the ODS is managed pursuant to the Emerging Investment Manager Policy.

Section 8 GEOPOLITICAL RISK INVESTMENT POLICY

XIII. GEOPOLITICAL RISK INVESTMENT POLICY

A. Introduction

This policy is intended to provide a framework to address such issues as social unrest, labor standards, human rights violations, and environmental concerns.

B. LACERS Board's Fiduciary Responsibilities

Consistent with the California Constitution, the City Charter, and City Administrative Codes, and as set forth in the LACERS Investment Policy Statement, the Board must follow the standards set for all retirement board commissioners.

The Constitution imposes fiduciary responsibility on the commissioners of the Board to:

1. Administer the System's assets;
2. Exercise a high degree of care, skill, prudence and diligence;
3. Diversify investments to minimize risk and maximize return; and,
4. Specifically emphasizes that their duty to the System's members come first, before any other duty.

The System is sensitive to concerns that environmental, social, and corporate governance geopolitical issues may affect the performance of investment portfolios (through time and to varying degrees across companies, sectors, regions, and asset classes). Importantly, the System's ownership of securities in a corporation does not signify approval of all of a company's policies, products, or actions.

Investments shall not be selected or rejected based solely on geopolitical risk factors. Accordingly, a company's possible risky geopolitical conduct can only be taken into consideration if the conduct is deemed to demonstrate a negative effect on the investment performance of the company, and ultimately the System.

C. Process for Identifying and Mitigating Corporate Governance Geopolitical Risks to the LACERS Portfolio

1. The LACERS Staff will keep the Board apprised of geopolitical problems and issues, and take into account actions of other like prudent investors.
2. Once identified, the Board shall decide whether to address these issues in a particular case based on the size of the interest that the System holds in the business and the effect of the business' violation of the System's Geopolitical Risk Factors on investment returns.
3. The Board will direct the Staff to solicit feedback from the investment managers holding the security exposed to geopolitical risk as well as conduct independent study to research the impact of the risk.

4. Upon the Board determination of a company's behavior presenting a potential investment loss to the System, the Board shall promptly direct the Staff to seek a change in the company's behavior.
5. Staff will engage, in a constructive manner, corporate management whose actions are inconsistent with this Policy to seek a change in corporate behavior.
6. After all reasonable efforts have been made to engage management constructively, the Board may determine whether it is prudent to hold such investments or whether it is prudent to sell such investments.
7. At such time, the System will work with the investment manager whose portfolio holds the investment, consultant(s) and fiduciary counsel to determine a prudent course of action.
8. Should the Board decide to take action to divest, Staff will communicate the decision to all of the System's investment managers to adhere to the Board's actions going forward.

D. **Geopolitical Risk Factors**

Respect for Human Rights • Judicial System • Arbitrary or Unlawful Deprivation of Life • Disappearance • Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment • Arbitrary Arrest, Detention, or Exile • Arbitrary Interference with Privacy, Family, Home, or Correspondence • Use of Excessive Force and Violations of Humanitarian Law in Internal Conflicts • Governmental Attitude Regarding International and Non-Governmental Investigation of Alleged Violations of Human Rights
Respect for Civil Liberties • Freedom of Speech and Press • Freedom of Peaceful Assembly and Association • Freedom of Religion • Freedom of Movement Within the Country, Foreign Travel, Emigration, and Repatriation • Civil Unions/Same Sex Marriage
Respect for Political Rights • The Right of Citizens to Change Their Government
Discrimination Based on Race, Sex, Sexual Orientation, Disability, Language, or Social Status • Women/Gender • Children • Persons With Disabilities • National/Racial/Ethnic Minorities • Indigenous People

Section 8 GEOPOLITICAL RISK INVESTMENT POLICY

• Gender Identity • Age Discrimination
Worker Rights • The Right of Association • The Right to Organize and Bargain Collectively • Prohibition of Forced or Bonded Labor • Status of Child Labor Practices and Minimum Age for Employment • Acceptable Conditions of Work • Trafficking in Persons
Environmental • Air Quality • Water Quality • Climate Change • Land Protection
War/Conflicts/Acts of Terrorism • Internal/External Conflict • War • Acts of Terrorism • Party to International Conventions and Protocols

Section 9 PROXY VOTING POLICY

9. ISSUES NOT ADDRESSED BY POLICY

For proxy issues not addressed by this policy that are market specific, operational or administrative in nature, and likely non-substantive in terms of impact, LACERS gives ISS discretion to vote these items.

Substantive issues not covered by this policy and which may potentially have a significant economic impact for LACERS shall be handled accordingly:

1) ISS shall alert investment staff of substantive proxy issue not covered by policy as soon as practicable;
2) Investment staff and/or the General Manager shall determine whether the item requires Governance Committee ("Committee") and/or Board of Administration ("Board") consideration;
3) If the issue does not require Committee and Board consideration, then staff will vote the issue based on available research;
4) If the issue requires Committee and Board consideration, then the item will be prepared and presented to the Committee and Board for consideration. Following Committee and Board action, staff will then have the issue voted accordingly.
5) If time constraints prevent a formal gathering of the Committee and Board, then LACERS Board approved Corporate Governance Actions Protocol, as reprinted below, shall apply and staff will then have the issue voted accordingly.

CORPORATE GOVERNANCE ACTIONS POLICY
Board Adopted December 2008

From time to time LACERS receives requests from other pension funds or from affiliated organizations for support of various corporate governance actions. Many of the actions requested, such as requests to sign action letters, would otherwise appear to be consistent with existing Board policy. However, occasionally there is not adequate time to convene a Committee or Board meeting in advance to consider the matter.

The proposed Corporate Governance Actions Policy requires that one staff member plus one Board member both agree that the subject to be voted/acted on falls within the letter or spirit of adopted Board policy. If both agree, the measure will be executed by the General Manager or authorized designee.

The designated staff person will be the Chief Investment Officer (CIO). The designated Board member will be the Chair of the Governance Committee. In the absence of the CIO, the General Manager will become the designated staff member. In the absence of the Chair of the Governance Committee, the Board Chair will become the designated Board member.

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

MEETING: NOVEMBER 9, 2021
ITEM: VIII-F

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $50 MILLION IN LBA LOGISTICS VALUE FUND IX, L.P.**

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

Recommendation

That the Board receive and file this notice of the commitment of up to $50 million in LBA Logistics Value Fund IX, L.P.

Discussion

On October 26, 2021, the Board, in closed session pursuant to Government Code Section 54956.81, approved a commitment of up to $50 million in the following private real estate fund: LBA Logistics Value Fund IX, L.P. The investment closed on October 29, 2021. Board vote: Ayes 7 (Commissioners Annie Chao, Elizabeth Lee, Sandra Lee, Nilza Serrano, Michael Wilkinson, Vice President Sung Won Sohn, and President Cynthia Ruiz), Recusal 0, and Nays 0.

Strategic Plan Impact Statement

The commitment to LBA Logistics Value Fund IX, L.P. 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/BF/WL/CH:rm

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: NOVEMBER 9, 2021**
From: Neil M. Guglielmo, General Manager **ITEM: VIII-G**

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $30 MILLION IN ADVENT GLOBAL TECHNOLOGY II, L.P.**

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

Recommendation

That the Board receive and file this notice of the commitment of up to $30 million in Advent Global Technology II, L.P.

Executive Summary

Advent Global Technology II, L.P. will pursue a control-oriented strategy, primarily across Europe and North America in the software and technology-enabled services industries.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $30 million in Advent Global Technology II, L.P. (the Fund), a buyout strategy managed by Advent International Corporation (the GP or Advent). Fund management and incentive fees are comparable to similar strategies and the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2021 Strategic Plan adopted by the Board on November 24, 2020.

Background
Advent was founded in 1984 by Peter Brooke as a spin-out from TA Associates. In 1989, the firm raised $231 million for its first European buyout fund, which served as the platform for the firm's Global Private Equity (GPE) program. To date, Advent has invested over $58 billion and employs over 495 people, including over 250 investment professionals located in Boston (headquarters), New York, Palo Alto, London, Paris, Frankfurt, Madrid, Luxembourg, Hong Kong, Shanghai, Mumbai, Milan, Mexico City, São Paulo, and Bogotá. The firm manages over $81 billion in assets.

LACERS has an existing general partner relationship with Advent and previously committed a total of $145 million to the following Advent-sponsored funds:

Fund	Vintage Year	Commitment Amount	Net IRR[1,2]
Advent International GPE VI, L.P.	2008	$20 million	16.7%
Advent International GPE VII, L.P.	2012	$30 million	15.3%
Advent International GPE VIII, L.P.	2016	$35 million	27.1%
Advent International GPE IX, L.P.	2019	$45 million	57.0%
Advent Global Technology, L.P.	2019	$15 million	59.0%

The Advent Global Technology Fund targets enterprise software companies, while the flagship Advent International GPE funds invest in multiple industries such as: business & financial services, healthcare, industrial, retail, consumer & leisure, and technology, media & telecommunications.

Investment Thesis

The Fund will pursue a control-oriented strategy, primarily across Europe and North America in the software and technology-enabled services industries. These firms typically have strong market positions with enterprise values between $150 million and $5 billion. The GP assists portfolio companies with growth through pricing optimization, salesforce reorganization, and international expansion. Exit strategies include initial public offerings and sales to financial institutions or strategic partners, such as other private equity firms or large enterprise firms.

Placement Agent

The GP does not outsource its fundraising and does not use placement agents.

Staff Recommendation

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

Strategic Plan Impact Statement

Investment in Advent Global Technology II, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2021 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

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

NMG/RJ/BF/WL/EP:rm

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

[1] *Performance as of December 31, 2020*

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

Aksia LLC

Advent Global Technology II, L.P.
Investment Notification

Aksia
New York • London • Tokyo

www.aksia.com

Aksia

Advent Global Technology II, L.P.

General Partner	• Advent International Corporation (the "Firm" or "Advent")
Fund	• Advent Global Technology II, L.P. (the "Fund")
Firm Founded	• 1984
Strategy	• Global Buyouts
Sub-Strategy	• Medium and large buyouts, opportunistically growth equity
Geography	• North America, Europe
Team	• 26 dedicated technology investment professionals
Senior Partners	• Bryan Taylor, Eric Wei, Lauren Young
Office Locations	• Three technology team offices (Palo Alto, New York, London), 11 other global offices
Industries	• Software and technology-enabled services
Target Fund Size	• $3.0 billion
LACERS Investment	• $30.0 million

Investment Highlights

- Advent is a large and established organization with institutional resources that include dedicated operating, capital markets, and data science professionals in addition to various corporate professionals
- The Advent Global Technology ("AGT") team will co-invest alongside the Firm's Global Private Equity ("GPE") funds on larger deals with a technology angle, thereby leveraging the intellectual capital developed by Advent's sector teams
- Bryan Taylor has a long track record of investing in technology companies at institutions such as TPG and Symphony Technology Group

Aksia

Advent Global Technology II, L.P.

Firm and Background

- Advent was founded by Peter Brooke in 1984 and has grown into one of the largest private equity firms with over 260 professionals. Today, Advent is led by 14 Managing Partners that have generally been at the Firm for over a decade.

- Advent's technology platform was created in 2019 and is led by Bryan Taylor. The AGT team is comprised of 26 dedicated professionals operating from three offices.

- Prior to joining Advent, Taylor spent almost 20 years making investments across the technology sector, most recently as co-head of TPG's technology group. Prior to TPG, Taylor co-founded Symphony Technology Group, a private equity firm focused on software and technology services investments.

Investment Strategy

- The Fund will target 15 to 25 North American and European technology companies with enterprise values between $150.0 million and $5.0 billion at entry.

- The Fund will primarily target enterprise software companies; however, other areas of interest include cybersecurity, education, and IT infrastructure.

- Broadly speaking, the Fund will co-invest alongside the GPE funds in larger technology deals and will also target opportunities that are too small for GPE funds to pursue.

- The Fund will typically seek control-oriented management buyouts; however, the Fund will also have the ability to pursue minority growth investments, carve-outs, and take-private transactions.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

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

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

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

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

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in new partnerships of amounts greater than $50 million prior to investment. • Review and approve investments in follow-on partnerships of amounts greater than $100 million prior to investment. • Review and approve direct co-investment opportunities that exceed $50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding $50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including $50 million for new partnerships, and up to and including $100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over $50 million in new partnerships, or over $100 million in follow-on funds. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including $50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including $50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding $50 million for new managers, or exceeding $100 million in follow-on funds. • With Staff concurrence, approve investments of up to and including $50 million for new partnerships, and up to and including $100 million in follow-on funds. • With Staff concurrence, approve direct co-investment opportunities up to and including $50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding $50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

REPORT TO BOARD OF ADMINISTRATION **MEETING: NOVEMBER 9, 2021**
From: Neil M. Guglielmo, General Manager **ITEM: VIII-H**

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $50 MILLION IN HARBOURVEST PARTNERS CO-INVESTMENT FUND VI L.P.**

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

Recommendation

That the Board receive and file this notice of the commitment of up to $50 million in HarbourVest Partners Co-Investment Fund VI L.P.

Executive Summary

HarbourVest Partners Co-Investment Fund VI L.P. co-invests alongside private equity buyout and growth equity managers in recession-resistant, high recurring revenue businesses.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $50 million in HarbourVest Co-Investment Fund VI L.P. (the Fund), a co-investment fund managed by HarbourVest Partners, LLC (HarbourVest or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interest. This recommendation is consistent with the Private Equity Program 2021 Strategic Plan adopted by the Board on November 24, 2020.

Background
HarbourVest was founded in 1978 by Brooks Zug and Ed Kane. The firm's products includes primary fund-of-funds, secondary fund-of-funds, and co-investment funds. HarbourVest has a long history of co-investing, having completed its first co-investment in 1983, offering its first direct co-investment sleeve in 1993, and offering its first global direct co-investment fund in 2004. The GP has 500 employees, including 155 total investment professionals of which 58 are specifically dedicated to the co-investment program. HarbourVest has 12 global offices in Boston (headquarters), London, Hong Kong, Tokyo, Bogota, Beijing, Seoul, Tel Aviv, Toronto, Dublin, Singapore, and Frankfurt. HarbourVest is a new general partner relationship for LACERS.

Investment Thesis
The GP seeks to invest in a portfolio of direct co-investments, which are diversified by investment stage, geography, sector, company size, and lead general partner. HarbourVest co-invests in companies with desirable characteristics such as high recurring revenue, high customer retention, leading market positions, flexible cost structures, and durable supplier power. The GP adds value to co-investment deals by co-underwriting transactions, providing the lead general partners with additional analytical resources, and warehousing large transactions for syndication. The Fund will invest primarily in North America and Europe, but will also seek opportunities in the Asia-Pacific region and emerging markets.

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

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

Strategic Plan Impact Statement

Investment in HarbourVest Partners Co-Investment Fund VI L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2021 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Robert King, Investment Officer I, Investment Division

NMG/RJ/BF/WL/RK:rm

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

Aksia LLC

HarbourVest Partners Co-Investment Fund VI, L.P.
Investment Notification

Aksia
New York • London • Tokyo

www.aksia.com

Aksia

HarbourVest Partners Co-Investment Fund VI, L.P.

General Partner	• HarbourVest Partners (“HarbourVest” or the “Firm”)
Fund	• HarbourVest Partners Co-Investment Fund VI, L.P. (“HCF VI or “Fund VI”)
Firm Founded	• 1978
Strategy	• Private Equity Co-Investment
Sub-Strategy	• Private Equity Co-Investment
Geography	• Global
Team	• ~50 professionals
Senior Partners	• Ian Lane, Peter Lipton, Alex Rogers, Corentin du Roy, Kelvin Yap, Craig MacDonald
Office Locations	• 12 in total, with major offices in Boston, London, and Hong Kong
Industries	• Diversified
Target Fund Size	• $3.5 billion
LACERS Investment	• $50 million

Investment Highlights

- Co-investment arm of a well-established platform with a lengthy investment history
- The Firm has over 500 employees, including over 150 investment professionals, approximately 50 of which are dedicated to the
- The Firm’s sourcing pipeline is supported by: (1) its primary and secondary platforms; (2) its large network of GPs, LPs and SMA clients; (3) its ability to be a value-add co-investment partner to GPs; and (4) proactive thematic sourcing efforts based on industry trends

HarbourVest Partners Co-Investment Fund VI, L.P.

Firm and Background

- HarbourVest Partners is a global primary, secondary, and co-investment platform with $76.2 billion of AUM (as of March 31, 2021). The co-investment team consists of ~50 investment professionals led by seven Managing Directors who have an average tenure of 20.3 years in the industry.
- HarbourVest Partners was founded by Ed Kane and Brooks Zug in the late 1970s and made venture capital investments off of John Hancock Financial Services' balance sheet.
- In 1982, the Founders spun out to form Hancock Venture Partners and manage third-party capital. That year they also raised their first private equity fund-of-funds.
- HarbourVest completed its first co-investment in 1983 and created its first dedicated co-investment sleeve in 1993. In 2004, HarbourVest launched its first global direct co-investment fund.

Investment Strategy

- HCF VI will be a portfolio of direct co-investments diversified by investment stage, geography, sector, company size, and lead General Partner.
- The Fund is expected to invest 70.0%-90.0% in buyout and 10.0%-30.0% in growth equity. The Fund is expected to invest 40.0-70.0% in North America, 20.0-40.0% in Europe, and 10.0-30.0% in Rest of World.
- The Fund will typically invest in recession-resilient businesses with high recurring revenue, high customer retention, leading market positions, flexible cost structures, and durable supplier power.
- The Fund has no formal concentration limits, but is expected to be diversified across a large number of portfolio companies with equity investments ranging from $55.0-$75.0 million.

Aksia

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

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in new partnerships of amounts greater than $50 million prior to investment. • Review and approve investments in follow-on partnerships of amounts greater than $100 million prior to investment. • Review and approve direct co-investment opportunities that exceed $50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding $50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including $50 million for new partnerships, and up to and including $100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over $50 million in new partnerships, or over $100 million in follow-on funds. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including $50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including $50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding $50 million for new managers, or exceeding $100 million in follow-on funds. • With Staff concurrence, approve investments of up to and including $50 million for new partnerships, and up to and including $100 million in follow-on funds. • With Staff concurrence, approve direct co-investment opportunities up to and including $50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding $50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION — **MEETING: NOVEMBER 9, 2021**
From: Neil M. Guglielmo, General Manager — **ITEM: VIII-I**

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $25 MILLION IN BARINGS EMERGING GENERATION FUND, LP**

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

Recommendation

That the Board receive and file this notice of the commitment of up to $25 million in Barings Emerging Generation Fund, LP.

Executive Summary

Barings Emerging Generation Fund, LP will focus on emerging managers executing a buyout strategy for lower middle market companies based in North America and Europe.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $25 in million Barings Emerging Generation Fund, LP (the Fund), a lower middle market buyout fund managed by Barings Funds & Co-Investments (Barings FCI or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interest. This recommendation is consistent with the Private Equity Program 2021 Strategic Plan adopted by the Board on November 24, 2020.

Background
Barings LLC is a global investment manager that traces its origins back to 1762, with more than $382 billion of assets under management across all major asset classes. Barings LLC has a global presence with six offices in North America, 11 offices in Europe, and eight offices in the Asia-Pacific region. Barings FCI was founded in 1992 and is responsible for investing in primary funds, secondary funds, and co-investments across various private market strategies, including buyouts, growth equity, venture capital, private credit, infrastructure, natural resources, and real estate. Mina Nazemi and Elizabeth Weindruch are responsible for leading the strategy of the Fund. Barings FCI is a new general partner relationship for LACERS.

Investment Thesis
The Fund seeks to invest in first-, second-, and third-time emerging manager funds as well as equity co-investments and secondary opportunities across the lower middle market. The core of the portfolio will be comprised of North American buyout managers, but the GP will also include smaller allocations for attractive opportunities in growth equity and in European managers, two maturing segments of the private equity market where talented emerging managers exist. The strategy will invest in spinout teams, independent sponsors and first-time funds, and will also consider allocations to women and diverse managers, veteran and disabled managers, and impact-focused managers who meet appropriate risk and return objectives.

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

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

Strategic Plan Impact Statement

Investment in Barings Emerging Generation Fund, LP will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2021 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

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

NMG/RJ/BF/WL/CH:rm

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

Aksia LLC

Barings Emerging Generation Fund, LP
Investment Notification

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Aksia

Barings Emerging Generation Fund, LP

General Partner	• Barings Emerging Generation Fund GP, LLC ("Barings" or the "Firm")
Fund	• Barings Emerging Generation Fund, LP (the "Fund")
Firm Founded	• 1991
Strategy	• Private Equity Fund of Funds
Sub-Strategy	• Emerging Managers
Geography	• North America and Western Europe
Team	• ~20 investment professionals
Senior Partners	• Mina Nazemi and Elizabeth Weindruch
Office Locations	• Charlotte, North Carolina
Industries	• Diversified
Target Fund Size	• $250 million
LACERS Investment	• $25 million

Investment Highlights

- At the time of commitment, the Fund had already made a number of investments / commitments, giving new LPs a preview of the portfolio
- Mina Nazemi joined Barings in late 2017 and brings Emerging Manager experience from her time at GCM Grosvenor and Credit Suisse
- The investment team focused on the Fund consists of ~20 investment professionals that are supported by a team of professionals focused on various back-office functions
- The Firm has historically acted as a strategic partner for a number of emerging managers, including monitoring and advising potential spin-out teams and supporting new fundraises

Aksia

Barings Emerging Generation Fund, LP

Firm and Background

- Barings LLC (“Barings”) is a large, global investment manager focused on public and private fixed income, real estate, and specialist equity markets.
- In 2005, Barings’ asset management division was sold to Massachusetts Mutual Life Insurance Company (“MassMutual”) and the Firm primarily invested on behalf of Mass Mutual.
- In 2017, the Firm expanded Mass Mutual’s emerging manager strategy to manage third party capital and hired the five-person private equity team from Aldea Capital Partners (“Aldea”). Mina Nazemi founded Aldea in 2016.
- Barings Emerging Generation Fund will be led by Mina Nazemi and Elizabeth Weindruch (Managing Directors and Co-Portfolio Managers).

Investment Strategy

- The Fund will target primary fund investments (50.0-70.0%), co-investments (20.0-40.0%), and secondary investment (0.0-10.0%) in emerging managers.
- The majority of the Fund is expected to be invested in North American GPs (70.0-90.0%),but will also include European GPs (10.0-30.0%).
- First and second time funds are expected to account for the majority of the portfolio.
- The Fund is expected to be diversified across 20-30 investments and approximately 100-150 underlying portfolio companies.

Aksia

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

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

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

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

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

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in new partnerships of amounts greater than $50 million prior to investment. • Review and approve investments in follow-on partnerships of amounts greater than $100 million prior to investment. • Review and approve direct co-investment opportunities that exceed $50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding $50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including $50 million for new partnerships, and up to and including $100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over $50 million in new partnerships, or over $100 million in follow-on funds. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including $50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including $50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding $50 million for new managers, or exceeding $100 million in follow-on funds. • With Staff concurrence, approve investments of up to and including $50 million for new partnerships, and up to and including $100 million in follow-on funds. • With Staff concurrence, approve direct co-investment opportunities up to and including $50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding $50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

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

MEETING: NOVEMBER 9, 2021
ITEM: VIII-J

SUBJECT: **NOTIFICATION OF COMMITMENT OF UP TO $75 MILLION IN CLEARLAKE CAPITAL PARTNERS VII, L.P.**

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

Recommendation

That the Board receive and file this notice of the commitment of up to $75 million in Clearlake Capital Partners VII, L.P.

Executive Summary

Clearlake Capital Partners VII, L.P. will focus on control investments in diversified medium and large sized companies in North America.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $75 million in Clearlake Capital Partners VII, L.P. (the Fund), a strategy managed by Clearlake Capital Group, L.P. (Clearlake or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interest. This recommendation is consistent with the Private Equity Program 2021 Strategic Plan adopted by the Board on November 24, 2020.

Background
Clearlake is led by its two managing partners, Behdad Eghbali and José Feliciano, who co-founded the firm in 2006. Prior to forming Clearlake, Mr. Eghbali was at TPG Capital and Mr. Feliciano was at Tennenbaum Capital Partners. The firm has $43 billion in assets under management and its senior investment principals have led or co-led over 300 investments. Clearlake employs 76 professionals and has offices in Santa Monica (headquarters) and Dallas.

LACERS previously committed $30 million to Clearlake Capital Partners VI, L.P. (2020 vintage), which has earned a net internal rate of return (IRR) of 39.7%.[1, 2]

Investment Thesis
Clearlake will seek to primarily make control-oriented investments in medium and large sized companies operating within the industrials and energy, software and technology-enable services, and consumer sectors. The firm will invest across the corporate capital structure, including debt and equity, with a strategic focus on obtaining control or exerting significant influence over portfolio companies. Clearlake's approach to value creation is predicated on implementation of it O.P.S. (Operations, People, and Strategy) framework to facilitate operational improvements and, ultimately, increase profitability. Exit strategies include initial public offerings and sales to financial institutions or strategic partners, such as other private equity firms or large enterprise firms.

Placement Agent
The GP engaged with Credit Suisse Securities (USA) LLC as its placement agent.

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

<u>Strategic Plan Impact Statement</u>

Investment in Clearlake Capital Partners VII, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2021 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

<u>Prepared By:</u> Robert King, Investment Officer I, Investment Division

NMG/RJ/BF/WL/RK:rm

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

[1]Performance as of December 31, 2020
[2]Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s).

Aksia LLC

Clearlake Capital Partners VII, L.P.
Investment Notification

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Clearlake Capital Partners VII, L.P.

General Partner	• Clearlake Capital Group ("Clearlake" or the "Firm")
Fund	• Clearlake Capital Partners VII, L.P. ("Fund VII" or the "Fund")
Firm Founded	• 2006
Strategy	• U.S. Buyout
Sub-Strategy	• U.S. Large Cap Buyout
Geography	• North America
Team	• 76 total professionals
Senior Partners	• José Feliciano and Behdad Eghbali
Office Locations	• Santa Monica, CA, Dallas, TX
Industries	• Technology / Industrials / Consumer
Target Fund Size	• $10.0 billion
Recommendation	• $75.0 million

Investment Highlights

- Experienced and cohesive partner group
- Domain expertise and experience investing in targeted sectors, particularly technology and industrials
- Differentiated all-weather strategy
- Strong returns with relatively low overall loss ratio

Aksia

Clearlake Capital Partners VII, L.P.

Firm and Background

- Clearlake was founded in 2006 by Steven Chang, Behdad Eghbali, and José Feliciano.
- The Firm has since raised six Capital Partners funds, most recently in 2020.
- Established a non-control strategy in 2015 to invest in structured equity and opportunistic credit investments and launched an overage/tactical opportunity fund in 2020.
- Acquired a majority stake in structured credit and CLO manager WhiteStar Asset Management in 2020.
- The Firm's ownership has evolved over the years, most recently in 2018 following a minority investment by Dyal Capital Partners, Goldman Sachs' Petershill, and Landmark Partners.
- Today, Clearlake is led by Eghbali and Feliciano and has grown to approximately 75 professionals.

Investment Strategy

- Fund VII will target control-oriented investments in North American upper middle market and large cap companies operating within the technology, industrials, and consumer sectors.
- The Fund has the ability to invest across the capital structure in both equity and debt and in a variety of transactions, including value-oriented buyouts, special situations, carve-outs, take-privates, structured equity, and distressed investments.

Aksia

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

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

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Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: NOVEMBER 9, 2021**
From: Neil M. Guglielmo, General Manager **ITEM: VIII-K**

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

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

Recommendation

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

Executive Summary

TPG Rise Climate, L.P. will focus on growth equity investments in companies with a clear and measurable positive environmental impact inherent to the strategy.

Discussion

Consultant Recommendation
Aksia TorreyCove Partners LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to $50 million TPG Rise Climate, L.P. (the Fund), a growth equity fund managed by TPG (TPG or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interest. This recommendation is consistent with the Private Equity Program 2021 Strategic Plan adopted by the Board on November 24, 2020.

Background
TPG is a global alternative asset firm founded in 1992 with over $100 billion of assets under management. It has offices in San Francisco; New York; Fort Worth, Texas; Washington, DC; Beijing; Hong Kong; London; Luxembourg; Melbourne; Mumbai; Seoul; and Singapore. TPG has investment platforms across a wide range of asset classes, including private equity, growth equity, impact investing, real estate, secondaries, and public equity. TPG has more than 500 investment and operational professionals and more than 280 active portfolio companies headquartered in more than 30 countries. TPG Founding Partner and Executive Chairman Jim Coulter is Managing Partner of TPG Rise Climate and former U.S. Treasury Secretary Hank Paulson serves as TPG Rise Climate's Executive Chairman.

TPG is an existing general partner relationship for LACERS. LACERS previously committed a total of $152.5 million to the following TPG-sponsored funds:

Fund	Vintage Year	Commitment Amount	Net IRR[1,2]
TPG Partners III, L.P.	1999	$25 million	24.4%
TPG Partners IV, L.P.	2003	$25 million	15.2%
TPG Partners V, L.P.	2006	$30 million	4.8%
TPG STAR, L.P.	2006	$20 million	6.2%
TPG Partners VI, L.P.	2008	$22.5 million	9.6%
TPG Growth II, L.P.	2011	$30 million	16.9%

Investment Thesis

TPG Rise Climate will be managed under the Firm's Rise program, which was launched in 2016 as an extension of the TPG Growth platform to focus on growth equity investments in companies with positive social impact. The Fund will take a broad sector approach, ranging from growth equity to value-added infrastructure, and focus on five climate sub-sectors: clean energy, enabling solutions, decarbonized transport, greening industrials, and agriculture & natural solutions.

Placement Agent

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

Staff Recommendation

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

Strategic Plan Impact Statement

Investment in TPG Rise Climate, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2021 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

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

NMG/RJ/BF/WL/CH:rm

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

[1]Performance as of December 31, 2020.
[2]Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds, and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s).

Aksia LLC

TPG Rise Climate, L.P.
Investment Notification

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TPG Rise Climate, L.P.

General Partner	• TPG Capital Advisors LLC (the "Firm")
Fund	• TPG Rise Climate, L.P. ("TPG Rise Climate" or the "Fund")
Firm Founded	• 1992
Strategy	• Growth Equity
Sub-Strategy	• Global Growth Equity
Geography	• Global
Team	• 16 dedicated investment professionals
Senior Partners	• Jim Coulter, Edward Beckley, Jonathan Garfinkel, Mike Stone, Maya Chorengel, Steve Ellis
Office Locations	• San Francisco, New York, Fort Worth, Beijing, Hong Kong, Mumbai, Singapore, Seoul, London, Luxembourg, Melbourne
Industries	• Climate Solutions
Target Fund Size	• $5.0 billion
LACERS Investment	• $50.0 million

Investment Highlights

- The Rise Climate platform will combine the investment expertise of its dedicated Rise Partners with the breadth of knowledge and resources of TPG's global private equity platform
- The Fund will maintain the flexibility to pursue growth equity, growth buyouts, and structured equity transactions on an opportunistic basis across both developed and developing markets
- The investment team is organized into sector-focused steams as they pertain to the Fund's climate strategy: clean energy, enabling solutions, decarbonized transport, and greening industrials

TPG Rise Climate, L.P.

Firm and Background

- TPG is a global private equity investment firm with more than 500 investment and operational professionals across 13 office locations worldwide.
- The Fund will be managed under the Firm's Rise program, which was launched in 2016 as an extension of the TPG Growth platform to focus on growth equity investments in companies with positive social impact via a sector-agnostic approach.
- TPG Rise Climate will be managed by Managing Partner Jim Coulter, Rise Climate Partners Edward Beckley and Jonathan Garfinkel, Rise CIO Mike Stone, Rise Co-Managing Partners Maya Chorengel and Steve Ellis, and Executive Chairman Hank Paulson.

Investment Strategy

- The Fund will seek to execute across its sub-sector targets with an approach that includes a variety of asset types, from growth equity to value-added infrastructure.
- The General Partner set a series of soft target allocations of an even five-way, 20.0% split among its sub-sector targets; approximately 70.0% in OECD countries and 30.0% in non-OECD countries; and about 50.0% in buyout deals, 35.0% in growth equity deals, and 15.0% in structured equity deals.
- TPG Rise Climate will typically write checks between $150.0 million and $500.0 million to invest in 20 to 30 companies.

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PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

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

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in new partnerships of amounts greater than $50 million prior to investment. • Review and approve investments in follow-on partnerships of amounts greater than $100 million prior to investment. • Review and approve direct co-investment opportunities that exceed $50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding $50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including $50 million for new partnerships, and up to and including $100 million for follow-on funds without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over $50 million in new partnerships, or over $100 million in follow-on funds. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including $50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including $50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding $50 million for new managers, or exceeding $100 million in follow-on funds. • With Staff concurrence, approve investments of up to and including $50 million for new partnerships, and up to and including $100 million in follow-on funds. • With Staff concurrence, approve direct co-investment opportunities up to and including $50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding $50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.