



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING
TUESDAY, MAY 14, 2024
TIME: 10:00 A.M.

MEETING LOCATION:
LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

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

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

Disclaimer to Participants

Please be advised that all LACERS Board meetings are recorded.

LACERS Website Address/link:
www.LACERS.org

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

President:	Annie Chao
Vice President:	Sung Won Sohn
Commissioners:	Thuy Huynh Elizabeth Lee Gaylord "Rusty" Roten Janna Sidley Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
Legal Counsel:	City Attorney's Office Public Pensions General Counsel Division

Notice to Paid Representatives

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

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 lacers.board@lacers.org.

[CLICK HERE TO ACCESS BOARD REPORTS](#)

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

- II. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
- III. RECEIVE AND FILE ITEMS
 - A. [ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD](#)
 - B. [BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER](#)
 - C. [MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR MARCH 2024](#)
 - D. [NOTIFICATION OF CERTIFIED RESULTS OF THE EMPLOYEE MEMBER OF THE BOARD OF ADMINISTRATION ELECTION FOR THE FIVE-YEAR TERM ENDING JUNE 30, 2029](#)
- IV. COMMITTEE REPORT(S)
 - A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON APRIL 9, 2024
 - B. AUDIT COMMITTEE VERBAL REPORT FOR THE MEETING ON MAY 14, 2024
- V. CONSENT ITEM(S)
 - A. [APPROVAL OF MINUTES FOR THE REGULAR MEETINGS OF MARCH 26, 2024 AND APRIL 9, 2024 AND THE SPECIAL MEETING OF APRIL 23, 2024 AND POSSIBLE BOARD ACTION](#)
- VI. BOARD/DEPARTMENT ADMINISTRATION
 - A. [BOARD RULES ON RECOUPMENT OF BENEFIT OVERPAYMENTS AND POSSIBLE BOARD ACTION](#)
 - B. [APPROVAL OF 2-YEAR CONTRACT EXTENSION WITH EXPERIENCE INSTITUTE, LLC. FOR CONTINUED DESIGN AND DEVELOPMENT OF LACERS DEI PROGRAM AND POSSIBLE BOARD ACTION](#)
 - C. [DISCRETIONARY COST-OF-LIVING ADJUSTMENT FOR RETIREES AND BENEFICIARIES AND POSSIBLE BOARD ACTION](#)
 - D. [TRIENNIAL BOARD POLICY REVIEW: ARTICLE II, SECTION 1.2 BOARD EDUCATION AND TRAVEL POLICY AND POSSIBLE BOARD ACTION](#)
- VII. INVESTMENTS
 - A. CHIEF INVESTMENT OFFICER VERBAL REPORT

- B. [PRESENTATION BY NEPC, LLC REGARDING CONTINUED DISCUSSION OF ASSET ALLOCATION, INFRASTRUCTURE INVESTMENTS AND POSSIBLE BOARD ACTION](#)
- C. [APPROVAL OF 3-YEAR CONTRACT WITH BAIN CAPITAL SENIOR LOAN FUND, L.P. REGARDING THE MANAGEMENT OF AN ACTIVE U.S. BANK LOANS PORTFOLIO AND POSSIBLE BOARD ACTION](#)
- D. [PRESENTATION BY THOMAS LOMBARDI, ADJUNCT PROFESSOR OF FINANCE, PEPPERDINE UNIVERSITY, ON BITCOIN AS AN ASSET TYPE](#)

VIII. OTHER BUSINESS

- IX. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, May 28, 2024, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.
- X. ADJOURNMENT

**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
Box, Inc.	Electronic Document Management System Migration Study	N/A	N/A	Administration
Languages4You Translation Agency	Interpretation & Translation Services	N/A	N/A	Communication & Stakeholder Relations
Anthem	Medical HMO & PPO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Kaiser	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
SCAN	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
United Healthcare	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Delta Dental	Dental PPO and HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Anthem Blue View Vision	Vision Services Contract	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
BlackRock Institutional Trust Company, N.A.	Multi Passive Index Portfolio Management	November 1, 2022	October 31, 2027	Investments

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

Name	Description	Inception	Expiration	Division
J.P. Morgan Investment Management, Inc.	Active Core Fixed Income	June 1, 2021	May 30, 2024	Investments
Robert W. Baird & Co., Inc.	Active Core Fixed Income	June 1, 2021	May 30, 2024	Investments
Loomis, Sayles & Company, L.P.	Active Core Fixed Income	June 1, 2021	May 30, 2024	Investments
Dimensional Fund Advisors, LP	Active U.S. Treasury Inflation Protected Securities (TIPS)	July 1, 2021	June 20, 2024	Investments
Bain Capital Senior Loan Fund, L.P.	Active U.S. Bank Loans	July 1, 2018	June 30, 2024	Investments
The Northern Trust Company	Private Monitor Analytical Services (Core Services)	August 1, 2021	July 31, 2024	Investments
The Northern Trust Company	Integrated Disbursement Services	August 1, 2021	July 31, 2024	Investments
The Northern Trust Company	Risk Services	August 1, 2021	July 31, 2024	Investments
The Northern Trust Company	Compliance Analyst Service and/or Event Analyst Services	August 1, 2021	July 31, 2024	Investments
The Northern Trust Company	Securities Lending Services	August 1, 2021	July 31, 2024	Investments
The Northern Trust Company	Master Custody Services	August 1, 2021	July 31, 2024	Investments

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

ACTIVE RFPs

Description	Respondents	Inception	Expiration	Division
Tabletop Exercise Consulting Services		April 22, 2024	May 13, 2024	Administration
Printing, Mailing, Web and Graphic Design, & Videography Services	3 Lopez Media, Advisor Business Solutions, ALAS Media, BC Design Haus, Creative Repute Design Agency, ESP Computer Services, Inc., Forefront Group Corp., Gracie Girl Pix LLC, Graphic Talent Inc., Gravity Switch, Imagine That Design Studio, Imprenta Communications Group, Inc., KES Mail, Inc., Nelwood Entertainment, Inc., Pinedale Productions Inc DBA Demetre Design, Showreel International DBA Shot Glass, Splash Box Marketing, Straw to Gold, The Glue, LLC, Top Notch Dezigns NY LLC, WeUsThem Inc.	February 26, 2024	April 12, 2024	Communication & Stakeholder Relations
Dental Plans	Ameritas Life Insurance Corp., Blue Cross of California dba Anthem Blue Cross, Cigna Health and Life Insurance Company, Delta Dental of California, Metropolitan Life Insurance Company, United Concordia Dental	March 5, 2024	April 12, 2024	Health, Wellness, & Buyback
Vision Plans	Ameritas Life Insurance Corp., Blue Cross of California dba Anthem Blue Cross, Cigna Health and Life Insurance Company, Metropolitan Life Insurance Company	March 5, 2024	April 12, 2024	Health, Wellness, & Buyback
Medical Plans	Alignment Health Plan, Anthem Blue Cross, Blue Shield of California, Humana, Kaiser Foundation Health Plan, Inc., SCAN Health Plan, UnitedHealthcare Insurance Company	March 10, 2023	April 21, 2023	Health, Wellness, & Buyback
Master Trust / Custodial Services and Securities Lending	The Northern Trust Company, State Street Bank and Trust Company	September 11, 2023	November 28, 2023	Investments

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM III-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

<u>Member Name</u>	<u>Service</u>	<u>Department</u>	<u>Classification</u>
Gilchrist, Mack E	41	PW - St. Maint.	Motor Sweeper Operator
Quintero, Jose Luis	41	PW - Clean Water Div	Mech Helper
Bell, La Cheryl	39	Emerg Preparedness Dept	Emergency Mgt Coord
Gharios, Khalil M	39	PW - Sanitation	Sanitation Solid Resources
Minamide, Traci Jo	38	PW - Sanitation	Asst Dir Bur Sanitation
Arzaga, Jaime	38	Police Dept. - Civilian	Administrative Clerk
Gomez, William	37	Personnel Dept.	Sr Personnel Analyst
Murphy, Gina Marie	37	Police Dept. - Civilian	Sr Administrative Clerk
Lontok, Ismael Z	35	PW - Sanitation	Environmental Spec
Lee, Demetra Denise	35	Dept. of Airports	Secretary
Santos Claro, Lisa	35	ITA	Sr Administrative Clerk
Andrews, Charles B	35	Dept. of Transportation	Sign Shop Supervisor
Tanijiri, Randall Masao	35	Dept. of Transportation	Sr Transp Engineer
Fermin, Cristina J	34	GSD - Admin.	Exec Admin Asst
Choychangthong, Ratchanee	33	Dept. of Transportation	Traf Officer
Pinedo, Alicia	33	Police Dept. - Civilian	Personnel Analyst
Chavira, Daniel	33	PW - Sanitation	Ref Coll Truck Oper
Sison, Reynaldo A	32	PW - Engineering	Sr Envrmntl Engineer
Valentino, Dominique	32	PW - St. Maint.	Motor Sweeper Operator
Le, Quang N	30	PW - St. Lighting	Civil Engrg Draft Tech
Robledo, Ruben	27	Dept. of Airports	Security Officer
Eaton, Brandon M	27	Dept. of Airports	Ch Of Operations
Perez, Rodolfo	26	Dept. of Rec. & Parks	Park Maint Supvr
Garcia Sanchez, Lorena	26	Police Dept. - Civilian	Police Service Rep
Thatcher, Elizabeth A	25	GSD - Bldg. Fac Mgmt.	Custodian Supervisor
Robinson, Damita L	24	Police Dept. - Civilian	Police Service Rep
Honore, Victor	24	PW - Sanitation	Envrmntl Engrg Assc
Jones, Melvin	24	Harbor Dept.	Gardener Caretaker
Nguyen, Tam	22	PW - Sanitation	Instrument Mech
Nower, Colette	22	Library Dept.	Librarian
Jackson, Belinda	22	Dept. of Rec. & Parks	Asst Gm Rec & Parks
Le, Viet Xuan	22	PW - Sanitation	Office Engrg Tech
Labat, Debby M	22	Dept. of Transportation	Traf Officer
Munoz, Alfred Pascual	22	Dept. of Rec. & Parks	Sr Gardener
Sy, Imelda Dee	22	Controller's Office	Pr Accountant
Srouji, Jamal S	21	Dept. of Airports	Security Officer

Carter, Hugh	21	EWDD	Sr Project Coordinator
Bryant, Christle Julia	21	Personnel Dept.	Workers Comp Analyst
Christophe, Vanessa Ann	19	Dept. of Airports	Management Analyst
Cortina, Ernie	18	PW - St. Maint.	Equip Operator
Bautista, Nell Bernardo	18	GSD - Public Bldgs.	Management Analyst
Webb, George W	18	Dept. of Airports	Window Cleaner Supvr
Gonzalez, Margo Latriece	18	Dept. of Animal Svcs.	Administrative Clerk
Helin, Gregory S	18	Dept. of Rec. & Parks	Sr Painter
Rivera, Aurelio J	18	Dept. of Airports	Custodian Airport
Patrick, Matthew Michael	17	Dept. of Airports	Airport Police Ofcr
Lozze, Anthony Gene	17	Police Dept. - Civilian	Security Officer
Bautista, Ester	16	Dept. of Bldg. & Safety	Accounting Clerk
Evans, Michael Don	14	City Attorney's Office	City Atty Admin Crd
Frampton, Greg	14	Dept. of Transportation	Traf Officer
Shin, Christina K	12	Dept. of Airports	Airport Guide
Glover, Lawrence E	11	Zoo Dept.	Carpenter
Nasatir, Seth A	10	Library Dept.	Librarian
Espana, Carlos A	9	Dept. of Rec. & Parks	Special Prog Asst
Williams, Yen	6	Dept. of Rec. & Parks	Administrative Clerk
Gardner Brooks, Tracye D	5	Fire Dept. - Civilian	Admin Clerk
Truong, Olga N	2	Dept. of Airports	Airport Guide

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM III-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:

Approved Death Benefit Payments

Deceased

TIER 1

Ara, Maria Pilar

Beneficiary/Payee

John L Ara for the payment of the
Accrued But Unpaid Continuation Allowance

Bell, Louise

Melvin Chapman for the payment of the
Accrued But Unpaid Continuation Allowance

Brewer, Martha A

Brynn Barge for the payment of the
Accrued But Unpaid Continuation Allowance

Devra Brewer for the payment of the
Accrued But Unpaid Continuation Allowance

John Brewer for the payment of the
Accrued But Unpaid Continuation Allowance

Casas, Carlos Hector

Carlos Fracisco Casas for the payment of the
DRO Lump Sum

Cazzassa, Virginia Lee

Virginia Lee Brogan for the payment of the
Accrued But Unpaid Continuation Allowance
Unused Contributions

Cordero, Teresita Ong	Fortunato Carlo O Cordero for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions
Davis, Ida P	Evetta Petty-Singh for the payment of the Burial Allowance
Davis, James	Yvette Davis for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
Davis, Mildred S	William Edward Davis for the payment of the Accrued But Unpaid Continuance Allowance
Dekraai, Walter J	Judith Ann Rustad for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Dimbleby, Annie M	Linda Jean Dimbleby for the payment of the Accrued But Unpaid Continuance Allowance
Drummond, Joseph K	Estate Of Joseph Kevin Drummond for the payment of the Death Subsidy Credit
Durham, Kathleen	Kathryn M Durham for the payment of the Burial Allowance

Eaton, James G	James Gregory Eaton Trust for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Felix, Arthur Cruz	Arthur Michael Felix for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance
Fernandez, Teresita Milan	Frederick M Fernandez for the payment of the Accrued But Unpaid Continuance Allowance Joanna M Spanos for the payment of the Accrued But Unpaid Continuance Allowance
Flores, Blanca	Randy Emil Briseno for the payment of the Unused Contributions
Fritz, Lawrence L	Patsy Fritz Urbanovsky for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Garcia, Louie R	Linda Marie Gillette for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Gardner, Joe Allen	Joe Allen Gardner Living Trust for the payment of the Death Subsidy Credit

Hakim, Bilal	Lutifiyyah S Matthews for the payment of the Accrued But Unpaid Disability Retirement Allowance
Hanson, Arthur	Molly Ann Squire-Hanson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Haywood, Lorraine M	Stephanie Lorraine Morales for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Holden, Robert B	Justin R Powers for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Hoss, Evelyn	Hoss Family Trust for the payment of the Accrued But Unpaid Continuation Allowance
Hurston, Alfred J	Stanley Eugene Golden for the payment of the Accrued But Unpaid Larger Annuity Allowance Accrued But Unpaid Service Retirement Allowance Burial Allowance
Jensen, Nancy A	Nancy Allan Jensen Revocable Living Trust for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance

Jimenez, Lisa J	Julian A Jimenez for the payment of the Accrued But Unpaid Continuance Allowance
Kellogg, Robert W	Debbi A Downing for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Kochinas III, Anthony Joseph	Francine M Kawabe for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Levine, Sandra C	Sheila Roecker for the payment of the Accrued But Unpaid Continuance Allowance
Manalang, Norberto Lintag	Geoffrey Manalang for the payment of the Accrued But Unpaid Continuance Allowance Lesley S Manalang for the payment of the Accrued But Unpaid Continuance Allowance Shirley R Manalang for the payment of the Accrued But Unpaid Continuance Allowance
Maxwell,Guardian, Helga E	Virginia Waller for the payment of the Accrued But Unpaid Service Retirement Allowance
Pino, Donald J	Vincent Pino for the payment of the Unused Contributions

Ralston, Isabelle F	Kathleen M Creech for the payment of the Accrued But Unpaid Disability Continuance Allowance
Reily, Douglas Marshall	Lori Ann Sapone for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions
Scott, Lois M	Eric D Scott for the payment of the Accrued But Unpaid Continuance Allowance
Shadle, Marguerite	Gordon P Shadle for the payment of the Accrued But Unpaid Continuance Allowance
Singh, Thomasena	Kendall N Horton for the payment of the Accrued But Unpaid Service Retirement Allowance
Smith, James E	Arianne Chardonany Smith for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Steele, Alma J	Darlayne Cash for the payment of the Accrued But Unpaid Continuance Allowance

Steffan, Richard D

Montel H Newhouse for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Patricia L Turner for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Taylor Barnwell, Grace E.

Lana D Brown for the payment of the
Accrued But Unpaid Continuance Allowance

Tolin, Hilda S

Stephen S Tolin for the payment of the
Accrued But Unpaid Continuance Allowance

Tran, Xuan-An Thi

Liem Hoc Tran for the payment of the
Accrued But Unpaid Continuance Allowance

TIER 3

NONE

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM III-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:

Approved Death Benefit Payments

Deceased

TIER 1

Active

Beneficiary/Payee

Angulo, Andrea M
(Deceased Active)

Jessica Angulo for the payment of the
Accumulated Contributions

Cardenas, Esequiel
(Deceased Active)

Laura Yesenia Ochoa Chavez for the payment of the
Survivor Contributions Death Refund

Jones, Anthony Calvin
(Deceased Active)

Dena Jones for the payment of the
Limited Pension

Manuel, James Corleto A
(Deceased Active)

Manolito A Manuel for the payment of the
Accumulated Contributions

Mathews, Reginald E
(Deceased Active)

Estate Of Reginald Mathews for the payment of the
Accumulated Contributions

Pena, Raymond
(Deceased Active)

Cynthia A Moll for the payment of the
Service Retirement Survivorship Allowance

Porras, Raul A
(Deceased Active)

Martha Jaime for the payment of the
Accumulated Contributions

Villanueva, Luis E
(Deceased Active)

Patricia Villanueva for the payment of the
Disability Retirement Survivorship Allowance

Wood, Patricia
(Deceased Active)

Manuel Aniles for the payment of the
Survivor Contributions Death Refund

TIER 3

Chesterton, Jacob Robert
(Deceased Active)

Andrea Chesterton 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.

Agenda of: <u>May 14, 2024</u> Item No: <u>III-C</u>

**MONTHLY REPORT ON SEMINARS AND CONFERENCES
 ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS
 (FOR THE MONTH OF MARCH 2024)**

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

BOARD MEMBERS:

President Annie Chao
 Vice President Sung Won Sohn

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

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



LACERS
 LA CITY EMPLOYEES'
 RETIREMENT SYSTEM



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

MEETING: MAY 14, 2024
ITEM: III - D

Neil M. Guglielmo

SUBJECT: NOTIFICATION OF CERTIFIED RESULTS OF THE EMPLOYEE MEMBER OF THE BOARD OF ADMINISTRATION ELECTION FOR THE FIVE-YEAR TERM ENDING JUNE 30, 2029

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file the certified results of the Employee Member of the Board of Administration Election for the five-year term ending June 30, 2029.

Discussion

On April 22, 2024, the Office of the City Clerk submitted the attached Letter of Certification of the results of the election on April 12, 2024. The results indicate that Annie Chao received 97.87% of the 1,129 votes cast. Arrangements will be made for the elected member, Annie Chao, to be officially sworn in.

Strategic Plan Impact Statement

The certified results of the Employee-Member of the Board of Administration Election meets LACERS Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Ani Ghoukassian, Commission Executive Assistant II

Attachment: 1. Letter of Certification from the Office of the City Clerk

HOLLY L. WOLCOTT
CITY CLERK

—
PETTY F. SANTOS
EXECUTIVE OFFICER

City of Los Angeles CALIFORNIA



KAREN BASS
MAYOR

OFFICE OF THE
CITY CLERK

Election Division
Space 300
555 Ramirez Street
Los Angeles, CA 90012
(213) 978-0444
FAX: (213) 978-0376

—
JINNY PAK
DIVISION MANAGER

clerk.lacity.gov

April 19, 2024

Board Meeting: 05/14/24
Item: III-D
Attachment

Members of the Board of Administration
Los Angeles City Employees' Retirement System
977 N. Broadway
Los Angeles, CA 90012-175

Honorable Board Members:

Transmitted herewith are the certified results of votes cast in the Election for the Employee-Member of the Board of Administration of the Los Angeles City Employees' Retirement System (LACERS) held on April 12, 2024.

If you have any questions, please contact Galina Hayrapetyan or Desiree Khan with the Office of the City Clerk - Election Division at (213) 978-0444. Thank you.

Sincerely,

Signed with ClerkSign

Apr 19, 2024 3:48PM

for Holly L. Wolcott
City Clerk



Attachments

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) SS

I, HOLLY L. WOLCOTT, City Clerk of the City of Los Angeles, hereby certify to the Members of the Board of Administration that I have canvassed the returns for the Election for the Employee-Member of the Board of Administration of the Los Angeles City Employees' Retirement System on April 12, 2024, and certify the attached canvass of returns to be a true, correct and complete canvass of the returns of said election.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal this 19th day of April 2024.

Sincerely,

Signed with ClerkSign



Apr 19, 2024 3:48PM

for HOLLY L. WOLCOTT
City Clerk

Attachment

CITY OF LOS ANGELES
OFFICE OF THE CITY CLERK - ELECTION DIVISION

ELECTION FOR THE EMPLOYEE-MEMBER OF THE BOARD OF ADMINISTRATION OF THE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)

Election Date - April 12, 2024

SUMMARY OF OFFICIAL TALLY RESULTS

CANDIDATE	VOTES CAST	PERCENT
ANNIE CHAO	1,105	97.87%
NO VOTES	6	0.53%
OVER VOTES	0	0.00%
WRITE-IN CANDIDATES	18	1.59%
TOTAL VOTES CAST	1,129	

TOTAL BALLOTS MAILED	27,927
TOTAL BALLOTS CAST	1,148
TOTAL CHALLENGED	19
VOTER TURNOUT (TOTAL BALLOTS CAST/TOTAL BALLOTS MAILED)	4.11%

Signed with ClerkSign



Apr 19, 2024 3:48PM



Jinny Pak, Division Manager
Election Division

4/19/2024

Date

**CITY OF LOS ANGELES
OFFICE OF THE CITY CLERK - ELECTION DIVISION**

**Election for the Employee-Member of the Board of Administration of the
Los Angeles City Employees' Retirement System (LACERS)**

April 12, 2024

SUMMARY OF CHALLENGES

<u>TYPES OF CHALLENGES UPON VERIFICATION/TALLY</u>	<u>QUANTITY</u>
Identification Envelope without any information	6
Identification Envelope with wrong SSN	5
Identification Envelope without SSN	6
Name and SSN not on Roster	1
Identification Envelope without Ballot	1
TOTAL	19

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

March 26, 2024

10:00 a.m.

PRESENT:	President:	Annie Chao
	Vice President:	(left at 12:24 p.m.) Sung Won Sohn
	Commissioners:	Thuy Huynh Elizabeth Lee Gaylord "Rusty" Roten Janna Sidley Michael R. Wilkinson
	Legal Counselor:	Anya Freedman
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – President Chao asked if any persons wanted to make a general public comment to which there was no public comment cards received.

II

GENERAL MANAGER VERBAL REPORT

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

- CAO Third Financial Status Report
- LACERS 115 Trust and Annual Financial Statements
- Headquarters Building Card Readers Permit
- City Human Resources & Payroll System
- Cease and Desist Letter
- Benefit Operations Update

- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Board Meeting on April 9, 2024: 2024 Open Enrollment Closeout Report
 - Board Meeting on April 23, 2024: Board Strategic Planning Session
- C. RECOGNITION OF SERVICE FOR PAUL ANGELO OF SEGAL – Neil M. Guglielmo, General Manager, Todd Bouey, Executive Officer, and the Commissioners recognized Paul Angelo’s 18 years as an Actuary for LACERS.

III

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR FEBRUARY 2024 – This report was received by the Board and filed.

IV

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON MARCH 12, 2024 – Commissioner Lee stated the contracts with Loomis, Sayles & Company, L.P. and Dimensional Fund Advisors LP were approved by the Committee.
- B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON MARCH 26, 2024 – Commissioner Wilkinson stated the Committee was presented with the 2025 Health Plan Contract Renewal Strategy and Timeline. The report was received by the Committee and filed.

V

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

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE MEETING OF FEBRUARY 27, 2024 AND POSSIBLE BOARD ACTION
- B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF JUAN VIDAURI AND POSSIBLE BOARD ACTION

**APPROVAL OF DISABILITY RETIREMENT BENEFIT
FOR JUAN VIDAURI**

RESOLUTION 240326-A

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

WHEREAS, Physicians 1, 2, and 3 examined and concluded Juan Vidauri is unable to perform his usual and customary duties as a Special Program Assistant II with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that Juan Vidauri is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing his duties as a Special Program Assistant II;

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

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

VI

BOARD/DEPARTMENT ADMINISTRATION

- A. ACTUARIAL RISK ASSESSMENT BASED ON THE ACTUARIAL VALUATION AND REVIEW OF THE RETIREMENT AND HEALTH PLANS AS OF JUNE 30, 2023 – Paul Angelo, Senior Vice President and Actuary with Segal, and Todd Tauzer, Senior Vice President and Actuary with Segal, presented and discussed this item with the Board for 1 hour and 50 minutes.

President Chao recessed the meeting for a break from 10:29 a.m. to 10:46 a.m. during a technical issue.

Vice President Sohn left the meeting at 12:24 p.m.

- B. PRELIMINARY PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2024-25 AND POSSIBLE BOARD ACTION – Todd Bouey, Executive Officer, presented and discussed this item with the Board for 35 minutes. After discussion and direction from the Board, Commissioner Lee moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; Nays, None

VII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Rod June, Chief Investment Officer, presented on the following items:

1. Valuation - \$23.07 billion, VIX -13.02

- 2. Non-US Exposures - No material changes since last report on March 12, 2024;
 - a. Staff will monitor exposures for Russia, Ukraine, China, and Israel.
 - b. Only significant and material changes in valuation will be reported verbally to the Board going forward.
- 3. LACERS plans to hold its Emerging Manager Networking Forum jointly with LAFPP
 - a. This is an in-person event to meet and greet emerging managers.
 - b. No date has been set but will most likely take place in the Fall 2024
- 4. Future Agenda Items:
 - a. Asset Allocation and Infrastructure Education
 - b. Contract Extension

- B. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW FOR THE QUARTER ENDING DECEMBER 31, 2023 – Carolyn Smith, Partner, and Kevin Novak, Principal, with NEPC, LLC, presented and discussed this item with the Board for 25 minutes.
- C. APPROVAL OF 3-YEAR CONTRACT WITH LOOMIS, SAYLES & COMPANY, L.P. REGARDING THE MANAGEMENT OF AN ACTIVE CORE FIXED INCOME PORTFOLIO AND POSSIBLE BOARD ACTION – Commissioner Lee moved approval of the following resolution:

**CONTRACT RENEWAL
LOOMIS, SAYLES & COMPANY, L.P.
ACTIVE CORE FIXED INCOME PORTFOLIO MANAGEMENT**

RESOLUTION 240326-B

WHEREAS, LACERS’ current three-year contract with Loomis, Sayles & Company, L.P. (Loomis) for active core fixed income portfolio management expires on May 31, 2024; and,

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

WHEREAS, a contract renewal with Loomis will allow the LACERS total portfolio to maintain a diversified exposure to the active core fixed income market; and,

WHEREAS, on March 26, 2024, the Board approved the Investment Committee’s recommendation to approve a three-year contract renewal with Loomis.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

<u>Company Name:</u>	Loomis, Sayles & Company, L.P.
<u>Service Provided:</u>	Active Core Fixed Income Portfolio Management
<u>Effective Dates:</u>	June 1, 2024 through May 31, 2027

Duration: Three years
Benchmark: Bloomberg U.S. Aggregate Bond Index
Allocation as of January 31, 2024: \$643 million

Which motion was seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6. Nays, None.

- D. APPROVAL OF 3-YEAR CONTRACT WITH DIMENSIONAL FUND ADVISORS LP REGARDING THE MANAGEMENT OF A U.S. TREASURY INFLATION PROTECTED SECURITIES (TIPS) PORTFOLIO AND POSSIBLE BOARD ACTION – Commissioner Lee moved approval of the following resolution:

**CONTRACT RENEWAL
DIMENSIONAL FUND ADVISORS LP
ACTIVE U.S. TREASURY INFLATION PROTECTED SECURITIES (TIPS)
PORTFOLIO MANAGEMENT**

RESOLUTION 240326-C

WHEREAS, LACERS' current three-year contract with Dimensional Fund Advisors LP (DFA) for active U.S. TIPS portfolio management expires on June 30, 2024; and,

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

WHEREAS, a contract renewal with DFA will allow the LACERS total portfolio to maintain a diversified exposure to the public real assets market; and,

WHEREAS, on March 26, 2024, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with DFA.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name: Dimensional Fund Advisors LP
Service Provided: Active U.S. TIPS Portfolio Management
Effective Dates: July 1, 2024 through June 30, 2027
Duration: Three years
Benchmark: Bloomberg U.S. TIPS Index
Allocation as of

January 31, 2024: \$806 million

Which motion was seconded by Commissioner Huynh, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6. Nays, None.

VIII

OTHER BUSINESS – There was no other business.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, April 9, 2024, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

X

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 1:00 p.m.

Annie Chao
President

Neil M. Guglielmo
Manager-Secretary

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

April 9, 2024

10:03 a.m.

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

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – President Chao asked if any persons wanted to make a general public comment to which there were seven public comment cards received. The following members of the public made public comments with respect to LACERS' investment in Advent International in support of restaurant/hotel workers: Jordan Fein, Martha Vela, Lourdes Acosta, Gladis Avila, Veronica Alvarado, Teresa Garcia, and Telma Gomez.

II

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- LACERS Strategic Planning Session
 - City Human Resources & Payroll System
 - LACERS Staff Parking and Transit
 - LACERS Guiding Principals

- City Budget
- Benefit Operations Update

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

- Board meetings on April 23, 2024: Board Strategic Planning Session offsite at the Los Angeles Zoo.
- Governance Committee in May: Proposed Amendment to Board Governance Policy Regarding Temporary Presiding Officers for Board Meetings.
- Board Meeting on May 14, 2024: Triennial Review of the Board Education and Travel Policy.

III

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. 2024 OPEN ENROLLMENT CLOSEOUT REPORT – Ada Lok, Senior Benefits Analyst I, presented and discussed this item with the Board for 5 minutes. This report was received by the Board and filed.
- D. COMMISSIONER THUY HUYNH EDUCATION EVALUATION ON NATIONAL ASSOCIATION OF SECURITIES PROFESSIONALS DAY OF EDUCATION IN PRIVATE EQUITY; MARINA DEL REY, CA; MARCH 21, 2024 – This report was received by the Board and filed.
- E. COMMISSIONER SUNG WON SOHN EDUCATION EVALUATION ON NATIONAL ASSOCIATION OF SECURITIES PROFESSIONALS DAY OF EDUCATION IN PRIVATE EQUITY; MARINA DEL REY, CA; MARCH 21, 2024 – This report was received by the Board and filed.

IV

COMMITTEE REPORT(S)

- A. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON MARCH 26, 2024 – Commissioner Wilkinson provided a summary of the items from the Governance Committee meeting: Triennial Board Policy Review and Proposed Amendment to Board Governance Policy.

V

Commissioner Wilkinson moved approval of Consent Agenda Item V-A, seconded by Commissioner Huynh, and adopted by the following vote: Ayes, Commissioners Huynh, Roten, Wilkinson, Vice President Sohn, and President Chao -5. Nays, None.

CONSENT ITEM(S)

A. APPROVAL OF MINUTES FOR THE MEETING OF MARCH 12, 2024 AND POSSIBLE BOARD ACTION

VI

BOARD/DEPARTMENT ADMINISTRATION

- A. 2023 MEMBER COMMUNICATION SURVEY REPORT PRESENTATION – Taneda Larios, Chief Benefits Analyst, Amelia Herrera-Robles, Public Information Director, and Gabriel Perez, Benefit Analyst, presented and discussed this item with the Board for 30 minutes.

VII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Rod June, Chief Investment Officer, reported on the portfolio value of \$23.0 billion as of April 8, 2024; and Volatility Index at 15.4. Rod June discussed the following items:

- OPERATIONAL:
 1. Axiom - Emerging Markets Manager - \$300 million
 - a. One year watch status expired last week; watch status is being extended due to performance reasons.
 - b. Staff will return with a recommendation and next steps to the Investment Committee and Board at a future meeting.
 2. Global exposures including Russia, Ukraine, China, and Israel have no material change in valuation.
- EMERGING MANAGERS:
 1. Emerging Manager Symposium
 - a. Released on LACERS Website on April 3.
 - b. Total length is 46 minutes divided into four sections: Rod June-Introductory Remarks, Ellen Chen-Interview of Oberweis, Wilkin Ly-Interview of Oak HC/FT, Neil Guglielmo-Closing Remarks.
 2. Emerging Manager Monthly magazine released an article on LACERS Emerging Manager and Investment Program.
- REPORTS:

Discussion and preference of routine Board meeting report handouts in hard copy and digital form.
- FUTURE AGENDA ITEMS:
 - a. Investment Manager Contract
 - b. Cryptocurrency Education

- B. PRESENTATION BY NEPC, LLC REGARDING CONTINUED DISCUSSION OF ASSET ALLOCATION, INFRASTRUCTURE INVESTMENTS AND POSSIBLE BOARD ACTION – Carolyn Smith, Partner and Rose Dean, Partner, with NEPC LLC, presented and discussed this item with the Board for 1 hour. After discussion, the Board took no action.

C. APPROVAL OF SIX-MONTH CONTRACT EXTENSION WITH THE NORTHERN TRUST COMPANY REGARDING MASTER CUSTODIAL SERVICES, SECURITIES LENDING, AND ANCILLARY SERVICES AND POSSIBLE BOARD ACTION – Commissioner Huynh moved approval of the following resolution:

**CONTRACT EXTENSIONS
THE NORTHERN TRUST COMPANY
MASTER TRUST CUSTODIAL SERVICES**

RESOLUTION 240409-A

WHEREAS, LACERS' current contracts with The Northern Trust Company (Northern Trust) for the following services: master custody, securities lending, performance reporting and risk analytics, compliance analytics, private monitor analytics, integrated disbursements, and fair value reporting expire on July 31, 2024; and,

WHEREAS, the Board-approved Master Trust/Custodial Services and Securities Lending Request for Proposal (RFP) search process is currently underway; and,

WHEREAS, staff anticipates contract negotiations and execution to be completed beyond the expiration of the current contracts; and,

WHEREAS, on April 9, 2024, the Board approved staff's recommendation for six-month contract extensions with Northern Trust; and,

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute the contracts subject to satisfactory business and legal terms and consistent with the following services and terms:

<u>Company Name:</u>	The Northern Trust Company
<u>Services Provided:</u>	Master Custody Securities Lending Performance Reporting and Risk Analytics Compliance Analytics Private Monitor Analytics Integrated Disbursements Fair Value Reporting
<u>Effective Dates:</u>	August 1, 2024 through January 31, 2025
<u>Duration:</u>	Six months

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

OTHER BUSINESS – There was no other business.

IX

NEXT MEETING: The next Regular meeting of the Board scheduled for Tuesday, April 23, 2024, is canceled. A Special Meeting is scheduled for 9:30 a.m. on Tuesday, April 23, 2024, and will be held at the Los Angeles Zoo, Classroom B, 5333 Zoo Drive, Los Angeles, CA 90027.

X

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 12:29 p.m.

Annie Chao
President

Neil M. Guglielmo
Manager-Secretary

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

Los Angeles Zoo
5333 Zoo Drive
Los Angeles, California 90027

April 23, 2024

9:07 a.m.

PRESENT:	President:	Annie Chao
	Vice President:	Sung Won Sohn
	Commissioners:	Thuy Huynh
		(arrived at 10:49 a.m.) Elizabeth Lee
		Janna Sidley
		Michael R. Wilkinson
Legal Counselor:	Anya Freedman	
Manager-Secretary:	Neil M. Guglielmo	
Executive Assistant:	Ani Ghokassian	
ABSENT:	Commissioner:	Gaylord "Rusty" Roten

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – President Chao asked if any persons wanted to make a general public comment to which there were five public comment cards received. The following members of the public made public comments with respect to LACERS' investment in Advent International in support of restaurant/hotel workers: Eddie Diaz, Claudia Alvarado, Lorena Villefana, Ana Banales, and Jordan Fein.

II

BOARD PRESIDENT WELCOME – President Chao thanked all of the attendees for attending and participating in LACERS Strategic Planning Session.

III

GENERAL MANAGER OPENING – Neil M. Guglielmo, General Manager, provided an overview for the LACERS Strategic Planning Session and thanked all the attendees for engaging and participating in the experience.

IV

LACERS STRATEGIC PLANNING SESSION AND POSSIBLE BOARD ACTION – Dianna Lee, Justin Dichter, Emile Galatas, Martin Rogulja, Consultants with Ernst & Young LLP, introduced themselves and discussed the plans and goals for the Strategic Planning Session. In addition, Courtney Murray, Consultant from Ernst & Young LLP joined the meeting via Zoom. Staff in attendance joined various groups and began working on sessions.

The attendees were dismissed for a break from 10:45 a.m. to 11:00 a.m.

The attendees were dismissed for a working lunch at 12:20 p.m. and returned to the regular session at 1:50 p.m.

Vice President Sohn left the meeting at 12:45 p.m., Commissioner Sidley left the meeting at 2:53 p.m. The attendees were dismissed for a break from 2:53 p.m. to 3:10 p.m.

Commissioner Lee left the meeting at 3:25 p.m. Group discussions ended and there was no Board action taken on this item.

V

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, May, 14, 2024, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

VI

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 3:31 p.m.

Annie Chao
President

Neil M. Guglielmo
Manager-Secretary



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: MAY 14, 2024

ITEM: VI – A

SUBJECT: BOARD RULES ON RECOUPMENT OF RETIREMENT BENEFIT OVERPAYMENTS AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board adopt the proposed Board Rules on recoupment of benefit overpayments and authorize the General Manager to structure recoupment terms for overpaid benefits of \$20,000 or less.

Executive Summary

Correction of erroneous overpaid and underpaid benefits made to members, beneficiaries, and payees (collectively “Members”) is an important responsibility of administering a tax-qualified retirement plan. The Internal Revenue Code developed the Employee Plans Compliance Resolution System (“EPCRS”), a comprehensive system of correction programs for plan sponsors that set forth a general principle for recoupment but also recognizes “flexibility” in recouping overpayments where there is no fraud or malfeasance on the part of the Member. The proposed Board Rules would allow the General Manager to exercise fiduciary discretion in circumstances that call for a more flexible approach.

Discussion

A review was conducted of the recoupment policies of ten local retirement system peers including Los Angeles Fire and Police Pensions, the charter cities of San Diego, San Jose, and Fresno, Seattle, and the 1937 Act County Retirement Systems of Alameda, Los Angeles, Orange, Sacramento, and Sonoma. The review revealed that peer systems exercise flexibility in structuring repayment. For instance, eight of ten systems set the interest rate at the assumed rate of return but in cases of an inadvertent error, reduced the interest charged through various means including, incorporating into their policies: (1) not charging interest; (2) reducing the interest from the assumed rate of return to 3%; (3) charging the employer interest pursuant to an agreement with the employer and unions; (4) charging interest for the period of the overpayment, and not during the recoupment period; and (5) beginning to charge interest upon notification of the error. Further, two systems authorized their CEO to exercise fiduciary discretion: (6) to not charge interest when the information causing correction to the benefit was not available at the time of initial set-up, and (7) to charge interest if the recoupment is not paid within the fiscal year. Two systems were outliers, with one system’s policy stipulating not to recoup

overpayment from Members unless ordered to by the IRS or certain courts, and the other establishing an interest rate at the Member account crediting rate and setting a minimum recoupment amount with no further ability to restructure the recoupment plan.

To allow for efficiency in managing the recoupment from Members, Board approval is sought to assign the General Manager the responsibility for fiduciary analysis of overpayment cases and the discretion to structure reasonable recoupment plans with Members. In considering the terms of recoupment, the General Manager may determine to restructure recoupment in line with common practices of peer pension systems. Recoupment in cases of hardship will also be decided by the General Manager. Any liability created by the fiduciary decision would be added to the unfunded liability of the plan to ensure LACERS is made whole.

LACERS has been advised by tax counsel that under SECURE 2.0, both ERISA and the Internal Revenue Code were amended to provide additional flexibility for correcting overpayments to members and beneficiaries. However, EPCRS does not yet specifically address that full correction of an overpayment by a governmental plan may not always be reasonable/practical or consistent with the plan's fiduciary duties. When ECPRS guidelines are issued, staff will review the guidance and return to the Board with a comprehensive overpayment policy.

Strategic Plan Impact Statement

The action to adopt these Board Rules will support the strategic plan goal to practice good governance.

Prepared By: Dale Wong-Nguyen, Assistant General Manager

NMG/DWN:fs

Attachments: 1. Proposed Board Rules on Recoupment of Retirement Benefit Overpayments (RBO)
 2. Proposed Resolution

ATTACHMENT 1
PROPOSED BOARD RULES

SECTION 4.0 BENEFITS ADMINISTRATION

RECOUPMENT OF RETIREMENT BENEFIT OVERPAYMENTS (RBO)

RBO 1: SMALL OVERPAYMENT RULE

Recoupment of overpayments of \$250 or less will not be sought from the participant or the beneficiary. IRC Rev. Proc. 2021-30, §6.02. If the IRC limit is raised above \$250 after adoption of this RBO 1, that higher limit shall govern.

RBO 2: WAIVER EXCEEDING COST OF COLLECTION

Collection of overpayments will not be pursued if the expected costs to collect exceed the recoupment amount, as determined by the General Manager, after applying and documenting a fiduciary analysis.

RBO 3: RECOUPMENT OPTIONS

1. LACERS has sole discretion to determine the method to apply for the return of an overpayment with appropriate interest. As provided in EPCRS, the options include (1) a lump sum payment, (2) installment payments, or (3) a reduction of future benefits.
2. The installment payment plan option reduces the member's monthly benefit for a certain period that cannot exceed the member's life expectancy. Once repaid in full, the normal benefit amount will resume. Any remaining overpayment amount upon the Member's death may be recovered from any accumulated lump sum payment refund of contributions, from the estate, or through a voluntary agreement with the spouse or beneficiary to repay the overpayment in lieu of recovery from the member's estate. The remaining overpayment balance may not be collected from a continuance benefit.
3. The reduction of future benefits option actuarially reduces the member's benefit for their lifetime. Repayment is satisfied upon the member's death.

RBO 4: INTEREST RATE

1. In recoupments using the actuarial reduction of future benefits option, interest shall be calculated using the actuarially assumed rate of return, as adopted by the Board.
2. Overpayments resulting from fraud or dishonest conduct by the Member, as determined by the General Manager, will be charged interest at the actuarially assumed rate of return from the inception of the overpayment to the final date of repayment.

3. In all other cases, the General Manager may determine the interest rate to apply after considering the facts and circumstances, consistent with ECPRS, other tax regulations, and fiduciary responsibilities.

RBO 5: FIDUCIARY DETERMINATION OF RECOUPMENT TERMS BASED ON HARDSHIP

1. The General Manager may determine if full correction is not feasible and determine the terms of recoupment in cases of hardship, based on a documented fiduciary analysis.
2. All records supporting such fiduciary determinations of hardship and the terms of recoupment shall be retained in the Member's official file.
3. To the extent that a fiduciary determination of hardship results in unrecovered interest or other amounts in an individual case, full correction will be recouped from the plan sponsor as part of the unfunded liability.

ATTACHMENT 2

**APPROVAL OF BOARD RULES ON RECOUPMENT OF RETIREMENT BENEFIT
OVERPAYMENTS AND AUTHORIZE THE GENERAL MANAGER TO STRUCTURE
RECOUPMENT TERMS FOR OVERPAYMENTS OF \$20,000 OR LESS**

PROPOSED RESOLUTION

WHEREAS, the correction of erroneous overpaid retirement plan benefits is part of the administration of a tax-qualified retirement plan;

WHEREAS, the Internal Revenue Code developed the Employee Plans Compliance Resolution System (“EPCRS”), a comprehensive system of correction programs for plan sponsors that set forth a general principle for recoupment but also recognizes “flexibility” in recouping overpayments where there is no fraud or malfeasance on the part of the retirement plan recipients;

WHEREAS, to allow for efficiency in managing the recoupment from retirement benefit recipients, Board approval is sought to assign the General Manager the responsibility for fiduciary analysis of overpayment cases and the discretion to structure reasonable recoupment plans with benefit recipients;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Board Rules governing the recoupment overpayments and authorizes the General structure recoupment terms for overpayments of \$20,000 or less.



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

MEETING: MAY 14, 2024
ITEM: VI - B

Neil M. Guglielmo

SUBJECT: APPROVAL OF 2-YEAR CONTRACT EXTENSION WITH EXPERIENCE INSTITUTE, LLC. FOR CONTINUED DESIGN AND DEVELOPMENT OF LACERS DEI PROGRAM AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board retroactively reinstate the contract with Experience Institute, LLC and approve a two-year contract extension and increase of \$119,000 to design, develop, and deliver LACERS DEI Fellowship program until April 30, 2026; and authorize the General Manager to negotiate and execute the contract amendment.

Executive Summary

The Experience Institute, LLC contract expired on April 30, 2024, per the one-year term established in the Diversity, Equity and Inclusion (DEI) program Request for Proposal (RFP) launched in 2023. Thanks to the success of the first cohort directed to Senior Managers, LACERS seeks to expand the program to all staff. A reinstatement of the contract and extension until April 30, 2026 is requested to allow all staff to participate in the LACERS DEI Fellowship program.

Discussion

At its January 24, 2023 meeting, the Board approved to award the DEI Fellowship contract to Experience Institute, LLC for a term of one-year with total fees not to exceed \$65,000. Thanks to the success of the program with the first cohort composed of Senior Managers, LACERS seeks to reinstate and extend the contract with Experience Institute, LLC for a two-year term to deliver the program to all staff, in two phases over two years, with total fees not exceeding \$184,000.

Experience Institute, LLC delivered the first cohort comprised of 12 Senior Managers for the full contract amount of \$65,000. The second and third cohorts will be delivered to all staff, segmented between managers and general staff, respectively. While the cost of the first cohort was \$65,000, attributable to conducting both in-person and virtual offerings, the cost for the remaining two cohorts will be reduced to \$59,500 each and will only be delivered virtually. Funding for the second cohort is budgeted and funding for the third cohort would be requested in the Fiscal Year (FY) 2025-26 budget.

The total cost of the contract is \$184,000 and will deliver two virtual experiential learning programs, scheduled for FY 2024-25 and FY 2025-26, for managers and general staff.

Strategic Plan Impact Statement

Extending the contract will allow staff to participate in the LACERS DEI Fellowship program and will help the organization reinforce our commitment to the growth of staff.

Prepared By: Vikram Jadhav, Chief Information Officer

NMG/DW:vj

Attachment: Proposed Resolution for Contract Extension with Experience Institute, LLC

CONTRACT AMENDMENT
WITH EXPERIENCE
INSTITUTE, LLC
FOR DEI PROGRAM DESIGN AND DELIVERY
PROPOSED RESOLUTION

WHEREAS, on January 24, 2023, the Board approved contracting with EXPERIENCE INSTITUTE, LLC for program design and delivery services for LACERS DEI Fellowship program for the contract term beginning April 1, 2023 through April 30, 2024, not to exceed \$65,000;

WHEREAS, EXPERIENCE INSTITUTE, LLC successfully completed the delivery of an experiential learning program targeting Senior Managers, and has been working with LACERS staff to develop a program for all staff;

WHEREAS, on April 30, 2024, the contract between LACERS and EXPERIENCE INSTITUTE LLC expired;

WHEREAS, the total cost of a custom built program delivered to all staff is \$119,000;

WHEREAS, it is LACERS' desire to provide the LACERS DEI Fellowship to all staff;

NOW, THEREFORE, BE IT RESOLVED, that the contract with EXPERIENCE INSTITUTE LLC is reinstated and 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.

<u>Company Name:</u>	EXPERIENCE INSTITUTE LLC
<u>Service Provided:</u>	DEI Program Design and Delivery
<u>Term Dates:</u>	April 1, 2019 through April 30, 2026
<u>Total Expenditure Authority:</u>	\$184,000



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: MAY 14, 2024
ITEM: VI - C

Neil M. Guglielmo

SUBJECT: DISCRETIONARY COST OF LIVING ADJUSTMENT FOR RETIREES AND BENEFICIARIES AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board authorize the Board President to sign and transmit a letter to the Los Angeles City Council (“Council”) requesting review of the cost-of-living adjustment (COLA) for those who receive retirement benefits from LACERS and consider granting a 2.85% discretionary COLA increase to those Members.

Executive Summary

Effective July 1st of each year, the Board may authorize that eligible Members receive a COLA to their benefits in accordance with the Los Angeles Administrative Code (“LAAC”). The COLA is based on the average annual percentage change in the Consumer Price Index (“CPI”) for the Los Angeles area for the previous calendar year and is subject to the limitations in LAAC § 4.1022 for Tier 1 and § 4.1080.17 for Tier 3. According to the Federal Bureau of Labor Statistics, the annual average CPI for the Los Angeles area increased by 3.5% in 2023. However, due to LAAC limitations, Tier 1 and Tier 1 Enhanced eligible participants will receive a maximum COLA of 3.0% while Tier 3 eligible participants will receive a maximum COLA of 2.0%, effective July 1, 2023.

Since the average CPI increase for last year exceeds the COLA caps, the policy provided by LAAC § 4.1023 and § 4.1080.17(c), gives Council discretionary authority to grant additional COLA. The Council may determine the adequacy of the COLA being granted to Members. If Council finds that the COLA is inadequate “in light of the movement of the [CPI], [Council] may grant [an] additional, but discretionary cost of living adjustment.”

Discussion

In any given year, the Board shall review the CPI to determine if Tier 1 and Tier 1 Enhanced Members are eligible for a maximum increase of 3.0% COLA (LAAC § 4.1022 for Tier 1). Tier 1 Enhanced Members are Tier 1 Airport Peace Officers (including certain fire fighters) appointed to their positions before January 7, 2018 that elected to remain in Tier 1 with LACERS after January 6, 2018. Tier 1 and

Tier 1 Enhanced benefits include a COLA bank, whereby participants are entitled to receive and accumulate the excess amount (known as “Excess COLA”) whenever the CPI change is greater than the maximum limit of 3.0% in any year. The discretionary COLA is limited to one-half of the difference between the percentage of the annual increases in the cost of living for each of the preceding three years (LAAC § 4.1023(c)(2)). Council may choose to award a discretionary COLA of up to 2.85% for Tier 1 and Tier 1 Enhanced Members. The table below depicts the calculations for determining the maximum amount of the discretionary COLA.

Year	Annual CPI	COLA Award	CPI in Excess of COLA	Calculation for Discretionary COLA
2021	3.8%	3.0%	0.8%	0.40%
2022	7.4%	3.0%	4.4%	2.20%
2023	3.5%	3.0%	0.5%	0.25%
Total	14.7%	9.0%	5.7%	2.85%

In contrast, benefits under Tier 3 cap the COLA at 2.0% and there is no banked benefit (LAAC § 4.1080.17), therefore Tier 3 Participants will receive 2.0% COLA effective July 1, 2023. Based on LACERS’ latest actuarial valuation, this significant increase in CPI could affect more than 22,500 LACERS Members that have retirement dates on or before June 30, 2023.

Council has the authority to determine the adequacy of COLAs and may grant an additional but discretionary COLA for Tier 1 and Tier 3 in accordance with LAAC § 4.1023 and LAAC § 4.1080.17(c), respectively. The Board respectfully requests that the Mayor, CAO, and Council consider authorization of a discretionary COLA for this situation where the CPI exceeds the authorized COLA for one or more years. Members, especially those who have been retired for longer periods of time, can experience significantly diminished buying power in high inflation environments. Council has previously provided three discretionary adjustments: 7.00% in 1982, 1.25% in 1986, and 1.60% in 1989 (Council File # 99-1158). In 2002, Council granted a discretionary COLA for Members with a retirement date before June 30, 1984 (Council File # 01-2343). The purpose of this one-time COLA was to reduce all excess COLA banks to no more than 25.3% (Ordinance # 174419). Any banked amount that exceeded 25.3% was paid to Members. Although this method of applying the discretionary COLA is not as currently prescribed by City Code, Council has discretion in determining how a discretionary COLA is awarded as it is enacted through adoption of an ordinance. Since 2002, Council has not granted any discretionary COLAs based on staff research.

Strategic Plan Impact Statement

The Board’s action on this item aligns with the Benefit Delivery Goal by ensuring accurate payment of benefits in accordance with plan documents codified in the Los Angeles Administrative Code.

Prepared By: Edwin Avanesian, Chief Management Analyst

NG:TB:EA

Attachment: Draft Board Letter to the Los Angeles City Council



May 14, 2024

Los Angeles City Council
c/o City Clerk
200 N. Spring Street
Room 395, City Hall
Mail Stop #160

DISCRETIONARY COST-OF-LIVING ADJUSTMENT FOR RETIRED LACERS MEMBERS AND THEIR BENEFICIARIES

Honorable City Council Members:

The LACERS Board of Administration (Board) adopted the attached report recommending that the City Council (Council) grant a discretionary cost-of-living-adjustment (COLA) increase to eligible retired LACERS' Members. On April 14, 2023, the Board sent forth a similar request to Council¹ based on the prior year's COLA calculation; however, the request was not approved and now updated figures are being presented for 2024.

Although it is the City Administrative Officer's duty to prepare appropriate reports and recommendations for Council to make findings as to the adequacy of annual COLAs,² the Board respectfully requests that Council grant a discretionary COLA to address the 3.8%, 7.4%, and 3.5% increases in the Annual Consumer Price Index (CPI) for 2021, 2022, and 2023 which exceed the Tier 1 COLA limit of 3% and Tier 3 COLA limit of 2%.³ This increase could affect more than 22,500 LACERS Members that have retirement dates on or before June 30, 2023.⁴

Council has granted discretionary COLAs to LACERS Members in the past.⁵ In 2002, Council granted a discretionary COLA for Members with a retirement date before June 30, 1984.⁶ The purpose of this one-time COLA was to reduce all excess COLA banks to no more than 25.3%.⁷ Any banked amount that exceeded 25.3% was paid to Members. Since then, Council has not granted any discretionary COLAs.

To help LACERS Members cope with recent significant inflation, the Board recommends that Council grant a 2.85% discretionary COLA which is half of the difference between the CPI and awarded COLAs for the last three fiscal years.

Sincerely,

ANNIE CHAO, President
LACERS Board of Administration
NMG/TB/EA

¹ Council File # 23-0418

² LAAC § 4.1023(e) and LAAC § 4.1080.17(c)(3)(vii)

³ LAAC § 4.1022(c)(2) for Tier 1 and LAAC § 4.1080.17(b)(2)

⁴ Based on LACERS' latest actuarial valuation

⁵ 7% in 1982, 1.25% in 1986, and 1.6% in 1989 (Council File # 99-1158)

⁶ Council File # 01-2343

⁷ Ordinance # 174419

LA CITY EMPLOYEES' RETIREMENT SYSTEM

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

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

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

KAREN BASS

Mayor of the City of Los Angeles

LACERS BOARD OF ADMINISTRATION

Vacant, President
Elizabeth Lee, Vice President
Annie Chao
Thuy Huynh
Janna Sidley
Sung Won Sohn
Michael R. Wilkinson

LACERS EXECUTIVE STAFF

Neil M. Guglielmo
General Manager
Todd Bouey
Executive Officer
Dale Wong-Nguyen
Assistant General Manager
Rodney June
Chief Investment Officer

Attachment: Discretionary Cost-of-Living Adjustment for July 2024 and Possible Board Action

c: Carolyn Webb de Macias, Chief of Staff, Mayor's Office
Jenny Punsalan Delwood, Deputy Chief of Staff, Mayor's Office
Matthew Hale, Deputy Mayor of Finance, Mayor's Office
Matthew Szabo, City Administrative Officer
Janelle Irving, Finance Specialist IV, City Administrative Officer
Sharon Tso, Chief Legislative Analyst
Karen Kalfayan, Executive Officer, Chief Legislative Analyst



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: MAY 14, 2024

ITEM: VI - D

SUBJECT: TRIENNIAL BOARD POLICY REVIEW: ARTICLE II, SECTION 1.2 BOARD EDUCATION AND TRAVEL POLICY AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board consider and approve the proposed amendments to the Board Governance and Administrative Policies, Article II, Section 1.2 Board Education and Travel Policy.

Executive Summary

The Board reviews Governance and Administrative policies on a triennial basis. Staff now brings proposed revisions to Article II, Section 1.2 Board Education and Travel Policy to the Board for its consideration.

Over the past several months, staff at the direction of the Governance Committee (Committee) performed a detailed review of the LACERS Board Education and Travel Policy. This process generated robust discussion and input from both Commissioners and Plan Members alike.

Over the course of this review, several proposed amendments were individually approved by the Committee. However, at the Committee's last meeting on March 26, 2024, the final report which was intended to move the entire policy revision forward for Board consideration failed to achieve a majority vote. Consequently, this report is being brought to the Board with no Committee recommendation.

For the Board's consideration, the individual policy amendments which were approved by the Committee have been incorporated into the redline version of the policy document (attached) but are also detailed in the Discussion section below.

Discussion

The individual policy changes to the Board Education and Travel Policy previously approved by the Committee as a part of this review are as follows:

1. To mirror the City of Los Angeles Travel Policy in adopting the Federal “14-hour rule” to allow for flight upgrades from economy class to business class on international flights that exceed 14 hours in duration and require the traveler to report for duty the following day or sooner.
2. Provide reimbursement for the baggage fees associated with one checked bag and one carry-on bag on all flights.
3. Provide reimbursement for all seat selection fees not to exceed \$200 (each way) on long-haul (intercontinental) international flights, and not to exceed \$100 (each way) on all non-long-haul international (North American flights including Canada and Mexico) and all domestic flights.
4. Allow for flight upgrades from economy class to premium economy class on staff travel tied to specific investment work. This would be allowed on flights less than 14 hours, but greater than 4 hours in duration and require the traveler to report for duty the same day. Examples of travel tied to investment work would include travel to Advisory Committee or other limited partner (LP) meetings, due diligence visits, and as an agendized speaker at an investment event, but would not extend to travel for training purposes even if it were investments training.
5. While the board education and travel budget per Commissioner will remain at \$10,000 per year, the expense carve-out that previously exempted the costs of the Wharton Executive Education: Investment Management Courses from counting against that budget, has been removed.
6. Language was also added to clarify the process by which new seminars can be added to the annual Approved List of Seminars. This process will formally solicit input from the Board each year, and then have staff prepare a report for the Board to act upon that includes course descriptions and estimated registration costs, along with staff recommendations.

These are all the Board Education and Travel policy amendments individually approved by the Committee to date.

Strategic Plan Impact Statement

The triennial review of the Board Governance and Administrative Policies meets the LACERS Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: John Koontz, Senior Management Analyst I

NMG/TB/EA:jk

Attachment: Article II, Section 1.2 Board Education and Travel Policy - Redline Version

Section 1.0 GUIDANCE FOR BOARD MEMBERS

1.2 BOARD EDUCATION AND TRAVEL POLICY

Adopted: May 26, 2009; Revised: June 22, 2010; December 13, 2011; March 11, 2014; September 23, 2014; February 12, 2019; January 14, 2020; May 14, 2024

1. STATEMENT OF PURPOSE

Los Angeles City Charter Section 1106(c), consistent with Article XVI, Section 17 of the California Constitution requires the Board to exercise a *Prudent Person Standard*, discharging their duties with respect to its system, with care, skill, prudence, and diligence. It is imperative that LACERS Board Members maintain a broad and current understanding of issues affecting the administration of public pension systems to fulfill their fiduciary duties. This policy recognizes and affirms the role of education in ensuring Trustees have the knowledge to successfully discharge their duties as fiduciaries.

The Board establishes a standard of a minimum of 24 hours of Board Member education within the first two years of assuming office and for every subsequent two-year period in which the Board Members continue to hold membership on the Board. A report detailing the training and education received by the respective Board Members during the two-year periods will be published on the LACERS website.

2. EDUCATIONAL OBJECTIVES

This policy defines a *Prudent Person Standard* for Trustees as a general understanding of:

- A. The role of the Board Members and the role of staff
- B. The obligations and role of fiduciary and the paramount duties of loyalty and prudence
- C. The business model (including knowledge of true measure of success, the driving factors that determine success and the major business risks associated with public pension systems; namely, in the areas of investments and benefit administration).
- D. Governance principles
- E. The legal and legislative environment
- F. Actuarial principles
- G. Plan design and other benefit program
- H. Investment and asset allocation strategies

3. NEW TRUSTEE ORIENTATION PROGRAM

To ensure that newly appointed and elected LACERS Board Members are securely grounded in their role as fiduciaries at the outset of assuming such an important responsibility, each shall participate in the New Trustee Orientation Program which offers critical background information and education on the Board's governance responsibilities, the knowledge of which is essential for the fullest possible engagement of each Board Member in every aspect of pension fund management.

The structure of the orientation will generally be as follows:

- A. Day 1
 - Morning
 - 1. History and overview of LACERS
 - 2. Fiduciary Responsibility
 - 3. Ethics Training
 - Afternoon
 - 1. Board Governance

Section 1.0 GUIDANCE FOR BOARD MEMBERS

2. Benefits and Services
3. Actuarial Concepts

B. Day 2

1. Investment Concepts
2. Operations
3. Legal Representation and Law
4. Current Topics for LACERS
5. Tour of the offices and boardroom

4. **IN-HOUSE EDUCATION PROGRAM**

To provide updates on various issues affecting the administration of public pension systems, in-house education sessions will occur periodically at regular Board meetings or organized as stand-alone sessions. The General Manager will arrange in-house training for the Board based on the schedule below and as-needed:

A. **Mentoring**

Any new Board Member may request a mentor to assist him or her in becoming familiar with his or her responsibilities on the Board. If a request is made, the Board President will designate an experienced Board Member to be a mentor to the new Board Member for a period of one year.

B. **Investment Education**

At least once per fiscal year, an investment educational session for all Board Members shall be conducted. The General Manager shall survey the Board to identify specific investment topics of interest.

C. **Fiduciary Education Sessions by Fiduciary Counsel**

Each year, outside Fiduciary Counsel will provide fiduciary education to the Board.

D. **Actuarial Education**

Each year, an actuarial education session will be provided to the Board.

E. **Healthcare Benefits Education**

Each year, a healthcare benefits education session will be provided to the Board.

F. **Retirement Benefits**

Each year, an update of the issues regarding retirement benefits will be provided to the Board.

G. **Ethics Training**

Board Members are required to participate or attend the City's Ethics training during the first year of appointment and then once every two years. Refresher ethics training will be provided to the Board annually.

H. **Other As-needed Topics**

Staff will periodically coordinate educational sessions for the Board on topics of general interest or topics that Board Members may request.

5. **EDUCATIONAL CONFERENCES/SEMINARS**

The complexities of sound management of the assets and liabilities of a trust fund impose

Section 1.0 GUIDANCE FOR BOARD MEMBERS

a continuing need for all Members of the LACERS Board to attend professional and educational conferences, seminars, and other educational events that will better prepare them to perform their fiduciary duties.

A. Annual Approved List of Educational Seminars

~~Prior to At~~ the beginning of each fiscal year, the General Manager shall formally solicit requests from the Board for any additions or deletions to the Approved List of Educational Seminars (Appendix A) for the upcoming year. After receiving the Board's input, staff will prepare a report detailing the requested seminars together with staff recommendations complete with descriptions and estimated registration costs. This report will be brought before the Board for its review and adoption to establish the Approved List of Seminars for the upcoming year. prepare for Board adoption a list of recommended conferences, seminars and meetings (Appendix A).

The list shall identify recommended conferences for new trustees, and make a concerted effort to reflect educational opportunities at Southern California universities available for pension trust fiduciaries.

Board Members are encouraged to attend a minimum of one educational conference or seminar per fiscal year from this list.

The General Manager will prepare an annual blanket authority for Board approval for conferences included in the Approved List of Educational Seminars.

Every Board Member's participation in a pre-approved conference shall be noticed on the Board agenda following submission of the required Board Education Evaluation form~~Travel request~~.

B. Travel Requiring Explicit Board Approval

Subject to explicit approval of the Board for each conference, the requesting Board Member shall provide appropriate justification to the Board for consideration of:

1. Requests to travel to conferences outside the List of Educational Seminars (Appendix A) will be submitted to the Board for approval, so long as the trustee's education allocation is not exceeded.
2. Requests for travel outside the United States.

C. Travel Outside the United States

All conferences and seminars which involve travel to a destination outside the United States must be approved by the Board. Each Board Member may attend no more than one conference which involves international travel in any 12-month period.

D. Travel to Washington D.C. or Sacramento

The Mayor requires notification of any travel to Washington D.C. or Sacramento. Staff will process the appropriate forms on behalf of the Trustees.

E. Conference Invitations Received by a Board Member

To provide all the Trustees with the same conference and seminar opportunities, the individual Board Member shall forward invitations they receive to a conference or seminar, to the General Manager or the Board Executive Assistant. LACERS will consult with the Office of the City Attorney or the City Ethics Commission for compliance

Section 1.0 GUIDANCE FOR BOARD MEMBERS

with gift and disclosure requirements. If the conference or seminar clears the ethics compliance process, the Board Executive Assistant shall disseminate the conference or seminar invitation to all Board Members.

This section is intentionally left blank.

F. Board Education and Travel Limitations

Board Member travel shall adhere to the following guidelines:

- Board Members shall attend conferences or seminars that have a solid reputation for quality program content. (see Appendix A); i.e., agendas with a minimum of five hours of substantive educational content. Content shall not be geared toward marketing or the promotion of investment management and related sponsors. Topics covered during the conference or seminar must be related to the pension fund industry.
- The Board education travel budget per Trustee shall not exceed \$10,000 per fiscal year for conference fees and travel expenses. Expenses which exceed this annual allocation shall be the personal responsibility of the Board Member unless the Board approves additional travel and budget allocation prior to the conference. ~~Expenses related to the Portfolio Concepts and Management Program offered by the International Foundation of Employee Benefits Plans in partnership with the Wharton School of the University of Pennsylvania (Wharton Executive Education: Investment Management Courses) shall not be counted as part of a Trustee's allotment of the \$10,000 per fiscal year. These courses shall be made available to new Trustees within the first two years of their service, as practicable.~~
- Board Members shall provide notification to the Board Executive Assistant of their interest to attend a conference or seminar at least sixty (60) days prior to the travel date.

G. Reports to the Board

1. Quarterly Travel Expenditure Report

An educational travel expenditure report shall be provided to the Board on a quarterly basis, covering cumulative Board Member and staff travel for the fiscal year.

2. Monthly Report on Seminars and Conferences Attended by Board Members on Behalf of LACERS

There may be occasions where a Board Member attends seminars or conferences as a LACERS representative or in the capacity of a LACERS Board Member which are either complimentary (no cost involved) or with expenses fully covered by the Board Member.* Since there is no expense incurred to LACERS, these seminars or conferences do not require Board approval. However, for the purpose of transparency and to avoid the appearance of impropriety, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, such conferences or seminars attended. Monthly reports will include conferences or seminars attended during the period preceding the said Board meeting.

**Please consult the City Ethics Commission for gift reporting limitations and reporting requirements.*

Section 1.0 GUIDANCE FOR BOARD MEMBERS

H. Meeting for Business Purpose in Compliance with the Ralph M. Brown Act

In accordance with the Ralph M. Brown Act, a quorum comprising of majority of the members of the LACERS' Board or Committee to hear, discuss, or deliberate upon any matter which is under the subject matter jurisdiction of LACERS are meetings subject to the Brown Act. Board Members must be cognizant of this requirement and avoid discussing LACERS' business when in meetings or discussions with other Members of the Board.

6. TRAVEL EXPENSE REIMBURSEMENT POLICIES

A. The LACERS Board of Administration has full authority over the trust fund expenditures including the payment of all education and related travel expenditures which it deems reasonable and appropriate for the conduct of official LACERS business.

The Office of the City Attorney has affirmed the LACERS Board's plenary authority and fiduciary responsibility for investment of trust assets and administration of the System as codified in the California Constitution (Section 17 of Article 16). The position is further strengthened by the Los Angeles City Charter §1110(b): "The board of each pension and retirement system shall have control over their respective funds. Transfers or expenditures shall be drawn upon funds only upon demands signed by the chief accounting employee of the board. All payments from the funds shall be made upon demands prepared and approved in accordance with the provisions of the Charter."

The City's travel policies as set forth in Division 4, Chapter 5, Article 4 of the Los Angeles Administrative Code (LAAC) provide the definitions, parameters, and guidance for the majority of travel circumstances encountered for LACERS travel and will be referenced as LACERS primary travel policy. LACERS departmental travel expense reimbursement policy is meant to be in compliance with the LAAC travel and augment the policy to facilitate LACERS business. LACERS travel reimbursement policy establishes standards of reasonableness, appropriateness, and necessity for the conduct of LACERS business, and applies to all travel expenditures paid by LACERS. Expenditures which are certified as to reasonableness and appropriateness by the Department Head are to be paid by the City Controller upon demand. The Board authorizes by resolution, authority to certify travel expenditures as required by the LAAC, to the Board President for Board Member and General Manager travels; the Board Vice President for Board President travel; and the General Manager for staff, City Attorney-Retirement Benefit Office counsel, and consultant travel.

LACERS acknowledges the Los Angeles City Controller's Travel Policy applies to most other City departments. However, LACERS Board and its designees retain their plenary authority to approve all education and related travel expenditures which are reasonable and appropriate for the conduct of official LACERS business. LACERS will consider the Controller's Travel Policy and will incorporate similar rules if appropriate.

B. Reimbursable Expenses

LACERS Travelers are entitled to reimbursement of travel expenses when on official LACERS business, including reimbursement of all transportation costs, registration or attendance fees, subsistence costs and other costs reasonably and necessarily incurred on official business, subject to the guidelines outlined in this policy and in compliance with the Internal Revenue Service accountable plan rules for travel reimbursements.

Section 1.0 GUIDANCE FOR BOARD MEMBERS

A list of reimbursable expenses is included in Appendix B, which includes a summary of allowable reimbursements under the LAAC and the corresponding LACERS policy establishing standards for reasonableness, appropriateness, and necessity.

C. Non-Reimbursable Expenses

Expenditures which are incurred by a Board Member or staff that are not substantive to LACERS' business will not be reimbursed by LACERS. A list of non-reimbursable travel expenses is included in Appendix B.

D. Event Participation Report

Whenever a Trustee attends a conference or other event at the expense of the Fund, it shall be his or her responsibility to complete the Board Members Education Evaluation Form (Appendix D) and to provide the Board information on concerns with the event, which they believe are of significance to the System. The evaluation form must be submitted with the request for reimbursement of expenses associated with each conference attended. A reimbursement will not be made without a completed evaluation form.

E. Travel Activity Summary

Upon the close of the fiscal year, the General Manager shall report to the Board on Trustee (along with staff) travel expenditures throughout that year.

7. APPENDICES

- A. Appendix A – List of Educational Seminar Schedule
- B. Appendix B – LACERS Travel Expense Reimbursement Policy
- C. Appendix C – Board Travel Reimbursement Checklist
- D. Appendix D – LACERS' Board Member Education Evaluation Form

Section 1.0 GUIDANCE FOR BOARD MEMBERS

**APPENDIX A
LOS ANGELES CITY EMPLOYEES’ RETIREMENT SYSTEM
LIST OF EDUCATIONAL SEMINARS – FISCAL YEAR 2023-24**

Revised: June 13, 2023

**Local Conference*

CONFERENCE / SEMINAR / MEETING	SUBJECT MATTER	TRUSTEE EVALUATION		
		TRUSTEE RATING		LEVEL
		Rate seminar with:		
		A	<i>Excellent</i>	<ul style="list-style-type: none"> ▪ <i>Introductory</i> ▪ <i>Intermediate</i> ▪ <i>Advanced</i>
		B	<i>Very Good</i>	
C	<i>Good</i>			
D	<i>Not Beneficial</i>			
California Association of Public Retirement Systems (CALAPRS) – General Assembly <ul style="list-style-type: none"> ▪ March 2-5, 2024 (Rancho Mirage, CA) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning 	A (Sohn, 2016) (Wilkinson 2018, 2021) (Chao, Sohn 2020)	Intermediate	
CALAPRS – Principles of Pension Governance For Trustees August 28-31, 2023 (Malibu, CA)	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning 	A (Serrano, Wilkinson 2015)	Intermediate	
CALAPRS – Advanced Principles of Pension Management For Trustees <ul style="list-style-type: none"> ▪ Date and Location TBD 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning 			
CALAPRS – Trustees’ Roundtable <ul style="list-style-type: none"> ▪ October 27, 2023 (Virtual) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning 	B (Chao, 2016)	Intermediate	
Council of Institutional Investors (CII) – Conferences <ul style="list-style-type: none"> • Fall Conference: September 11-13, 2023 (Long Beach, CA) • Spring Conference: March 4-6, 2024 (TBD) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance ▪ Audit & Strategic Planning 	A (Chao, 2017) B (Wilkinson 2015)	Intermediate Advanced	

Section 1.0 GUIDANCE FOR BOARD MEMBERS

CONFERENCE / SEMINAR / MEETING	SUBJECT MATTER	TRUSTEE EVALUATION	
		TRUSTEE RATING Rate seminar with:	LEVEL
		<i>A Excellent</i>	▪ <i>Introductory</i>
		<i>B Very Good</i>	▪ <i>Intermediate</i>
		<i>C Good</i>	▪ <i>Advanced</i>
		<i>D Not Beneficial</i>	
Harvard Business School – Behavioral Economics ▪ October 9-20, 2023 (Cambridge, MA)	▪ Investments ▪ Corporate Governance	(Sohn, 2022)	
Harvard Kennedy School – Leadership Decision Making: Optimizing Organizational Performance ▪ October 1-6, 2023 (Cambridge, MA)	▪ Public Leadership and Public Policy	(S. Lee, 2021 Sohn, 2022)	Advanced
International Foundation of Employee Benefit Plans (IFEBP) – Annual Employee Benefits Conference ▪ Date and Location TBD	▪ Benefits Admin ▪ Investments ▪ Plan Admin		
International Foundation of Employee Benefit Plans (IFEBP) – Trustees and Administrators Institute ▪ Date and Location TBD	▪ Benefits Admin ▪ Investments ▪ Plan Admin		
International Foundation of Employee Benefit Plans (IFEBP) – Health Benefit Plan Basics – Certificate Series ▪ September 22-23, 2023 (Las Vegas, NV)	▪ Benefits Admin		
International Foundation of Employee Benefit Plans (IFEBP) – New Trustees Institute ▪ Level I: Core Concepts: Sept. 30-Oct. 2, 2023 (Boston, MA) ▪ Level II: Concepts in Practice: Sept. 30-Oct. 1, 2023 (Boston, MA)	▪ Benefits Admin ▪ Investments ▪ Plan Admin		
International Foundation of Employee Benefit Plans (IFEBP) – The Wharton School Alternative Investment Strategies ▪ July 18 – July 20, 2023	▪ Investments ▪ Corporate Governance		

Section 1.0 GUIDANCE FOR BOARD MEMBERS

CONFERENCE / SEMINAR / MEETING	SUBJECT MATTER	TRUSTEE EVALUATION	
		TRUSTEE RATING Rate seminar with:	LEVEL
		A <i>Excellent</i>	▪ <i>Introductory</i>
		B <i>Very Good</i>	▪ <i>Intermediate</i>
		C <i>Good</i>	▪ <i>Advanced</i>
		D <i>Not Beneficial</i>	
International Foundation of Employee Benefits Plan (IFEBP) – The Wharton School Portfolio Concepts and Management Course ▪ Date and Location TBD	▪ Investments		
National Conference on Public Employee Retirement Systems (NCPERS) – Annual Conference & Exhibition ▪ Date and Location TBD	▪ Benefits Admin ▪ Investments ▪ Corporate Governance	A (Wilkinson, 2017, Sohn 2018) B (Ruiz, 2016)	
National Conference on Public Employee Retirement Systems (NCPERS) – Trustee Educational Seminar (TEDS) ▪ Date and Location TBD	▪ Benefits Admin ▪ Investments ▪ Corporate Governance	A (Sohn, 2016)	Intermediate
National Conference on Public Employee Retirement Systems (NCPERS) – Legislative Conference ▪ Date and Location TBD	▪ Benefits Admin ▪ Investments ▪ Corporate Governance		
Nossaman Annual Public Pensions and Investments’ Fiduciaries’ Forum Annual Update ▪ Date and Location TBD	▪ Legislative Governance		
Pension Real Estate Association (PREA) Spring Conference ▪ March 22-23, 2023 (Seattle, WA)	▪ Investments	A (Chao, 2017)	Intermediate
Pension Real Estate Association (PREA) Annual Institutional Investor Conference ▪ October 18-20, 2023 (Boston, MA)	▪ Investments	A (Chao, 2017)	Intermediate

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CONFERENCE / SEMINAR / MEETING	SUBJECT MATTER	TRUSTEE EVALUATION	
		TRUSTEE RATING Rate seminar with:	LEVEL
		A Excellent	▪ Introductory
		B Very Good	▪ Intermediate
		C Good	▪ Advanced
		D Not Beneficial	
Pacific Pension & Investments Institute (PPI) <ul style="list-style-type: none"> ▪ Summer Roundtable: July 19-21, 2023 (San Francisco, CA) ▪ Winter Roundtable: Date and Location TBD 	<ul style="list-style-type: none"> ▪ Investments ▪ Corporate Governance 		
Robert F. Kennedy (RFK) Human Rights Compass Conference <ul style="list-style-type: none"> ▪ Date and Location TBD 	<ul style="list-style-type: none"> ▪ Investments ▪ Corporate Governance 		
State Association of County Retirement Systems (SACRS) Conference <ul style="list-style-type: none"> ▪ Fall Conference: November 7-10, 2023 (Rancho Mirage, CA) ▪ Spring Conference: May 9-12, 2023 (San Diego, CA) 	<ul style="list-style-type: none"> ▪ Benefits Admin ▪ Investments ▪ Corporate Governance 	A (Wilkinson, 2015, 2017, 2018) (E. Lee, 2021) (Sohn, 2022) B (Chao, 2017)	Intermediate
State Association of County Retirement Systems (SACRS) / UC Berkeley Program – Public Pension Investment Management Program <ul style="list-style-type: none"> ▪ July 16-19, 2023 (Berkeley, CA) 	<ul style="list-style-type: none"> ▪ Investments 	A (Wilkinson, 2015)	Intermediate
United Nations Principles in Responsible Investing (PRI) in Person <ul style="list-style-type: none"> ▪ Date and Location TBD 	<ul style="list-style-type: none"> ▪ Investments ▪ Corporate Governance 		
Western Economic Association International – Annual Conference <ul style="list-style-type: none"> ▪ TBD 	<ul style="list-style-type: none"> ▪ Investments 		
Women’s Alternative Investment Summit <ul style="list-style-type: none"> ▪ TBD 	<ul style="list-style-type: none"> ▪ Investments 		
Women’s Private Equity Summit <ul style="list-style-type: none"> ▪ TBD 	<ul style="list-style-type: none"> ▪ Investments 		

Section 1.0 GUIDANCE FOR BOARD MEMBERS**APPENDIX B****LACERS TRAVEL EXPENSE REIMBURSEMENT POLICY
AND RELATED PROVISIONS OF CITY TRAVEL POLICY
(LAAC Chapter 5, Article 4, §§ 4.242.1-4.242.9)**

Approved March 11, 2014;

Revised September 23, 2014; February 12, 2019; November 24, 2020;

May 14, 2024

I. GENERAL GUIDELINES

A copy of the Travel and Education Policy including the Guidelines for Travel and Personal Expenses will be provided to new Board Members and staff before processing their first travel request.

A. LACERS considers an individual traveling if:

- i) the travel is outside the geographic boundaries of Los Angeles County [LAAC §4.242.2]; and more than 50 miles away from both LACERS' offices and the traveler's home; and
- ii) the duties require the individual to be away from the general area of the individual's primary residence substantially longer than an ordinary day's work; or
- iii) the individual needs to sleep or rest to meet the demands of work while away from the primary residence.

B. Costs incurred on travel days which are not conference days are allowable (subject to limitations covered in the applicable sections of the guidelines): (i) on the day before the first educational session of the conference or seminar if transportation on the first conference day would require the traveler to leave his/her point of departure (e.g., home) earlier than 9:00 a.m.; or (ii) on the day after the last educational session of the conference or seminar if transportation on the last conference day would cause the traveler to get to his/her final destination (e.g., home) after 8:00 p.m.

C. Board approval of travel is required prior to payment of any related fees. If a Traveler elects to personally incur travel-related fees prior to the Board's approval, the Traveler assumes personal financial liability that his or her expenses may not be reimbursed.

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II. TRANSPORTATION

A. AIR TRAVEL	
LAAC Requirement	LACERS Policy
<p>Except in the case of official necessity, air travel expenses are allowable only for the lowest regular fare available for regularly scheduled airlines for the date and time selected. [§4.242.2(a)(1)]</p> <p>Claims for reimbursement of higher fare or extra charges for transportation by schedule airlines are allowable only if certified by the Department Head¹ that he or she has reviewed and concurs with the facts constituting the official necessity. [§4.242.2(a)(1)]</p>	<ol style="list-style-type: none"> 1. Air travel may be used when it is the most efficient means of travel. 2. Travelers are strongly encouraged to use the City’s authorized business travel service, CalTravelStoreCI Azumano, to book airline reservations, but may use another travel service or reserve directly with an airline. 3. Purchase of airline tickets outside of CalTravelStoreCI Azumano is allowed and will be reimbursed at the lower of the actual cost of the ticket or 150% of the lowest cost one-stop airfare for the same days of travel (personal travel days excluded). Traveler is responsible for the handling of any changes, cancellations, refunds, and credits involving non- CalTravelStoreCI Azumano reservations. Purchase of traveler’s insurance is recommended for such reservations. Traveler bears this cost, not LACERS. 4. Air travel shall be at coach or economy fare. Coach or economy fare is presumed to be the lowest regular fare available for regularly scheduled airlines. Airfare quotes from several airlines are not necessary. 5. <u>Airfare other than coach or economy class may be allowed under the following conditions:</u> <ol style="list-style-type: none"> a. <u>Flight upgrades from economy class to business class are allowable on flights where the origin and/or destination are outside of the Continental United States and the scheduled flight time, including non-overnight layovers and changes of planes, is in excess of 14 hours and the traveler is required to report for duty the following day or sooner.</u> b. <u>Flight upgrades from economy class to premium economy class are allowable for staff travel tied to specific investment work, subject to the approval of the Chief Investment Officer or designee. This would be allowed on flights less than</u>

¹ Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

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	<p><u>14 hours, but greater than 4 hours in duration, and would require the traveler to report for duty the same day. Examples of travel tied to investment work would include travel to Advisory Committee or other limited partner (LP) meetings, due diligence visits, and as an agendized speaker at an investment event, but would not extend to travel for training purposes even if it were for investments training.</u></p> <ol style="list-style-type: none">6. Non-stop flights are permissible if the airline ticket is coach or economy class and if the cost is no more than 50% higher than the lowest cost flight with one stop.7. If the airline ticket is purchased from a travel service other than <u>CalTravelStoreCI Azumano</u> or directly from the airline, the traveler is required to obtain a quote from <u>CalTravelStoreCI Azumano</u> generated on the same day the flight was booked or no later than 72 hours after the air travel reservation was made. The quote shall be for a one-stop coach/economy class ticket from any airline for the same days of travel. It will be used for cost comparison purposes as part of the reimbursement process.8. When the airfare receipt shows an upgrade to business or first class accommodation,<ol style="list-style-type: none">a. Without further justification, the traveler may be reimbursed at the lower of the lowest regular fare rate available² and actual cost, orb. the traveler shall provide a memo stating the case of official necessity, for approval by the Department Head¹.
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² The acceptable amount will be the fare verified by the Accounting staff prior to encumbrance of the travel request.

	<ol style="list-style-type: none">9. LACERS will pay directly for airfare booked with the City's authorized business travel service, <u>CalTravelStoreCI Azumano</u>.10. If <u>CalTravelStoreCI Azumano</u> is not used, LACERS travelers must use their personal credit card to book flights or other modes of transportation.11. Consistent with Federal and City travel standards, coupons, or promotional mileage credits earned by the traveler during the course of LACERS business travel may be used for LACERS or personal business. The traveler will not be reimbursed for such coupons or promotional mileage credits used for LACERS travel.12. Fees for the first one checked bag <u>and one carry-on baggage</u> will be reimbursed, <u>as will seat selection fees not to exceed \$200 (each way) on long-haul (intercontinental) international flights, and not to exceed \$100 (each way) on all non-long-haul international (North American flights including Canada and Mexico) and all domestic flights</u>. Fees for additional checked baggage may be reimbursed if a justification for an official business need is provided.13. The cost of air flight insurance is not eligible for reimbursement.14. With pre-approval of the Department Head¹, refundable airline tickets may be purchased if the traveler provides acceptable justification that the benefit of booking a refundable ticket outweighs the risk of changes in travel plans.
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¹Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

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B. PERSONAL VEHICLE OR NON-AIR TRANSPORTATION	
LAAC Requirement	LACERS Policy
<p>In all instances where a mode of transportation other than regularly scheduled airlines is chosen, the Department Head¹ shall authorize such alternate mode of transportation in advance and the allowable cost shall be the actual cost of the alternate mode of transportation or the cost allowable under Subsection (a)1, whichever is less. [§4.242.3.(a)(2)]</p> <p>In the case of travel by modes of transportation other than regularly scheduled airlines, transportation costs shall be the regular fare for the mode of transportation chosen. [§4.242.3(a)]</p>	<p>15. Pre-approval by the Department Head¹ is required for all non-air travel in advance of travel. Travelers must submit the following items for pre-approval:</p> <ul style="list-style-type: none"> a. For travelers using personal automobiles for business purposes – Provide proof of automobile insurance at minimum coverage levels as follows: \$25,000 injury to or death of one person; and, \$50,000 injury to or death of more than one person; and, \$5,000 property damage for any one accident. b. Cost comparisons are required for all non-air travel, with exceptions listed below: Traveler shall submit: a quote for the lowest regular fare available for regularly scheduled airlines to the destination for the date and time selected; and the cost for regular fare on the alternative mode of transportation. <u>Exceptions</u> (no cost comparison is required): If traveling by vehicle to neighboring counties of Orange, Riverside, San Diego, San Bernardino, Ventura, Kern, Santa Barbara, and San Luis Obispo, or to the San Francisco Employees Retirement System to transport sensitive computer equipment for the LACERS emergency hot/warm site. <p>16. Receipts for alternate modes of travel are required. Reimbursement will be for the lower of the actual cost of transportation or lowest regular airfare verified by Accounting prior to encumbrance of the travel request.</p>

¹Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

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In the instance of the use of private automobile, mileage shall be in accordance with mileage provisions of Division 4, Chapter 5, Article 2 of the Administrative Code. [§4.242.3.(a)(2)]

17. Mileage reimbursement
 - 17.1. Mileage reimbursement for the Board will be calculated on a roundtrip basis between official's residence and official destination.
 - 17.2. Mileage reimbursement for staff will be based on the distance in excess of home to City office for travels during regular work days; for other days, reimbursement will be based on a roundtrip between staff's residence and official destination.
18. Additional travel time and expenses (such as meals and lodging) incurred in choosing other than the fastest and most direct mode of transportation are at the traveler's own personal time and expense.
19. Claims for repairs, replacements, towage, gas and car insurance are not reimbursable.
20. Ground transportation refers to transportation from home to airport, airport to hotel and/or conference/meeting/seminar location, and back. This includes taxis, shuttles, limousines, [rideshare \(e.g. Uber, Lyft\)](#), and private vehicles.
21. Mileage reimbursement is provided when personal vehicle is used for ground transportation to/from airport. Commissioner's mileage reimbursement will be computed based on roundtrip miles from residence to airport. Staff mileage reimbursement will be computed based on the distance in excess of home to City office for travels during regular work day; and roundtrip miles from residence to airport on non- work days.

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C. GROUND TRANSPORTATION	
LAAC Requirement	LACERS Policy
<p>The least expensive and most practical form of public transportation shall be used, taking into consideration such factors as time, availability, and personal safety or health. [§4.242.3.(c)]</p>	<p>22. Reimbursement for airport parking is actual amount, not to exceed \$20 per day. Pre-approval is not required. Reimbursement for actual amounts in excess of \$20 per day requires the traveler submitting a memo to justify the expense based on time, availability, and personal safety or health.</p> <p>23. Reimbursement for use of taxi, shuttle, private car or limousine service is limited to the lesser of roundtrip taxi fare (http://www.taxifarefinder.com)² or shuttle fare (http://www.shuttlefare.com)².</p>
D. AUTOMOBILE RENTAL	
LAAC Requirement	LACERS Policy
<p>Such expenses are allowable if traveling by car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus. [§4.242.3.(d)]</p>	<p>24. Pre-approval by the Department Head¹ is required. Travelers must provide written justification that the traveling by car is less expensive or more efficient in conducting LACERS business than by use of taxi or bus.</p> <p>25. The traveler will not be reimbursed for car rental insurance within the United States. Car rental insurance costs required in foreign countries may be claimed for reimbursement.</p>

¹ Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

² The acceptable amount will be the fare verified by the Accounting staff prior to encumbrance of the travel request.

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<p>An employee or elected official must consider transportation costs, time, and other relevant factors in selecting the most economical and practical accommodations. [§4.242.3.(b)(1)]</p>	<p>c. The most practical hotel on the above list with acceptable written justification; or d. Any lodging expenses may be reimbursed provided that the expense does not exceed 300% of the lodging per diem and traveler must clearly demonstrate no other acceptable alternative lodging was available, as in the event of a state of emergency, or other justifiable reason reviewed and certified by the Department Head⁵ as reasonable and proper, and incurred in the pursuit of System business.</p> <p>30. Reimbursement is limited to single occupancy room rate, as documented on hotel letterhead or the hotel’s room rates listing, plus applicable taxes and charges unless additional occupants are LACERS trustees/staff on official LACERS business.</p>
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B. MEALS AND INCIDENTAL EXPENSES (M&IE)

LAAC Requirement	LACERS Policy
<p>Expenses incurred by an employee or elected official for food and beverage served at meals, scheduled receptions, or other functions necessary for the conduct of City business are allowable to a maximum of three meals a day. [§4.242.3.(b)(2)]</p>	<p>31. LACERS intends to be compliant with IRS accountable plan rules, therefore M&IE allowance will be provided only when business travel results in a necessity for lodging. LACERS will provide travelers with a standard meal allowance at the Federal per diem rate per locale. The allowance, in lieu of providing receipts, is acceptable under the IRS accountable plan rules. The IRS (Publication 463) defines meals and incidental expenses include: meals, transportation to acquire meals, fees/tips to porters, baggage carriers, bellhops, hotel maids, wait staff, and other service providers.</p> <p>32. No meal allowance will be paid when meals are provided throughout the day by the host or at the conference.</p> <p>33. Prorating the standard meal allowance – The IRS permits LACERS to adopt its own rules for prorating the standard meal allowance on partial days of travel so long</p>

⁵ Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

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	<p>as we consistently apply the method in accordance with reasonable business practice.</p> <p>The meal and incidental expense allowance will be prorated from a daily allowance to a per meal period allowance on partial days of travel; and when some meals are prepaid/to be paid by LACERS (complimentary breakfast provided at the hotel, meals at the conference, or pre-paid to comply with the City/LACERS gift restrictions.</p> <p>The M&IE allowance = incidental expense + breakfast allowance (if traveling between 1AM – 9AM) + lunch allowance (if traveling between 9AM – 5PM) + dinner allowance (if traveling between 5PM – 1AM).</p> <p>Utilize the M&IE per travel locale and provide an allowance for each meal period the traveler is away from home (based on the current Federal General Services Agency six tiered M&IE allowance)_ located here:</p> <p>https://www.gsa.gov/travel/plan-and-book/per-diem-rates/mie-breakdowns?gsaredirect=mie</p>
<p>Gratuities. Such expenses, not exceeding 15%, are allowable where reasonable and customary. [§4.242.3.(h)]</p>	<p>34. Gratuities are included in the IRS definition of “incidental” expenses and are therefore subject to per diem limits. Reimbursement for restaurant gratuities are calculated as up to 15 percent of the restaurant bill exclusive of taxes, except when the gratuity percentage is required and the amount is added on the bill by the service provider.</p>

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IV. OTHER EXPENSES

LAAC Requirement	LACERS Policy
<p>(j) Other Expenses. Expenses not specifically set forth in other subsections of this section that are incurred by an employee or an elected official are allowable where deemed necessary in the conduct of City business; provided that such expenses have been reviewed and certified by the Department Head⁶ as reasonable and proper and incurred in pursuit of City business. Wherever the type of expenditure is not specifically listed in this section, the employee or elected official should be prepared to absorb the cost as a personal expenditure in the event that such expense is not certified by the Department Head¹. [§4.242.3.(j)]</p>	<p>35. Other travel expenses are allowable when deemed necessary in the conduct of System business provided such expenses are reviewed and certified by the Department Head¹ as reasonable, proper, and incurred in pursuit of System business. Otherwise, these expenses become personal expenditures.</p> <p>36. Travel Interruptions – When there is an interruption or deviation from planned travel due to bona fide public emergencies outside of the traveler’s control such as weather or shutdown of air travel, travelers may be reimbursed at full cost for emergency lodging, meals, and incidental expenses.</p> <p>37. Indirect Travel - whether for the traveler’s personal leave or for convenience, expenses allowable will not exceed those that would have been incurred for uninterrupted travel utilizing the direct travel route or travel days. Supporting documentation showing the cost for direct travel and the deviation should be provided by the traveler.</p>

⁶ Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures; the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

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V. NON-REIMBURSABLE TRAVEL EXPENSES

LAAC Requirement	LACERS Policy
<p>Expenditures which are incurred by an employee or elected official that are of a purely personal nature will not be reimbursed by the City.</p> <ul style="list-style-type: none"> a) Auto repairs, replacement or towage to personal vehicle when such use has been authorized (see established City procedures for repair to City vehicle); b) Flight insurance; c) Personal telephone calls (except those specified in Section 4.242.3 (g) of this article); d) Expenses for persons other than the employee or elected official, except as specified in Section 4.242.3 (b) 2. [§4.242.4] 	<p>38. Expenditures which are not substantive to LACERS business will not be reimbursed by LACERS, such as:</p> <ul style="list-style-type: none"> a. Any expenses related to entertainment and recreational activities; b. Flight upgrade fees for seats other than coach or economy <u>except those expressly authorized within the Air Travel portion of this policy</u>; c. Internet usage fees (unless the internet is used for City business); d. Any expenses related to alcohol and tobacco; e. Traveler's insurance. <p>39. The traveler must submit reimbursement for personal expenditures paid by LACERS.</p> <p>If there are portions of the conference or seminar that are entertainment in nature and not business-related (e.g., golf tournaments, musical performances or concerts, etc.), the traveler is required to reimburse LACERS for the cost of these recreational activities.</p>

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VI. OTHER RULES AND RESTRICTIONS

A. DOCUMENTATION OF EXPENSES - PERSONAL EXPENSE STATEMENTS	
LAAC Requirement	LACERS Policy
<p>All expenses claimed shall be listed on separate forms provided and used for required documentation of travel expense.</p> <p>Completed travel expense forms shall be forwarded to the Controller within thirty (30) days of the conclusion of the trip.</p> <p>The Department Head⁷ shall certify that all expenditures were incurred in pursuit of City business. Falsification of such certification shall be grounds for appropriate disciplinary action and such other sanctions provided by law.</p> <p>Receipts shall be provided for transportation costs incurred under Section 4.242.3(a), lodging, and for any single item of expenditure in excess of \$25.00. Receipts for expenditures under \$25.00 should be presented when available. [LAAC § 4.242.7]</p>	<p>40. All expenses claimed for reimbursement must be itemized on the Personal Expense Statement (PES - Form Gen. 16).</p> <p>41. The traveler is responsible for verifying all charges on receipts before making payment. Charges made in error will not be reimbursed.</p> <p>42. Original receipts are required for any single expenditure in excess of \$25. Receipts are not required for a meal and incidental expense allowance, regardless of amount, when the Federal per diem rate per locale is provided to the traveler and prorated in accordance with LACERS' policy.</p>
B. TRAVEL ADVANCES	
LAAC Requirement	LACERS Policy
<p>Requests for an advance for funds shall be submitted to the Controller, where feasible, at least ten (10) days in advance of the beginning of the planned expenditure of funds and such request shall include the persons traveling, period covered, and the destination. In addition, the request should state the purpose of the trip, the nature of the City business to be conducted on the trip, and the proposed total estimated expenditure. Documentation of actual expenses incurred shall be submitted to the Controller in conformance with Section 4.242.7.</p>	<p>43. For trips of one night or more, a travel advance may be requested. The amount advanced is limited to the lodging, meal and incidental expenses per diem. Only 90% of the total travel estimate is advanced. A travel advance will not be issued if this amount is less than \$500 in total.</p> <p>44. Written requests for the travel advance are to be submitted by the Traveler to the CEA/travel coordinator for approval at least fifteen (15) business days prior to the date of travel but no earlier than thirty (30) calendar days prior to travel. The request must include a statement certifying that the traveler has no outstanding cash advance.</p> <p>45. A cash advance request will be denied if</p>

⁷ Pursuant to Board Resolution 140311-C, Department Head authority to approve and certify travel expenditures is delegated as follows: the Board President approves Board Member and General Manager expenditures, the Vice President approves Board President expenditures; the General Manager approves staff expenditures.

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	<p>a traveler has an outstanding cash advance for past travel with does not comply with the procedures.</p> <p>46. Regular travel advances will be released no earlier than one (1) week before travel.</p> <p>47. Outstanding travel advances not accounted for and delinquent over 120 days will be included as part of an employee's wages on the first payroll period of the subsequent calendar quarter following the end of the 120 calendar days; and, for non-City employees, IRS Form 1099-Misc will be issued per IRS Federal, State, Local Government Taxable Fringe Benefit Guide. Nothing herein eliminates the traveler's obligation to return to the Fund any excess monies that were received that were not used for approved travel expenses.</p> <p>48. Future travel advances will not be processed for traveler(s) with delinquent PES over 30 days. Requests for reimbursement may be processed in advance of the travel for expenditures such as registration fees, and/or one- night hotel deposit. To ensure timely processing of the reimbursement, such requests along with supporting documents and proof of payment (credit card statement, etc.) must be submitted to the CEA/travel coordinator, in writing, at least fifteen (15) working days before the date of travel.</p> <p>49. Advanced payment for cancelled travel: Any amount that was paid by department in advance of travel is considered an advance. In the event of the need to cancel the trip, the traveler is responsible for notifying all payees to as soon as possible to avoid/minimize cancellation fees</p> <p style="padding-left: 20px;">a. If cancellation was due to personal reasons, the traveler must personally reimburse the department for any amount not recovered (net of cancellation fees). If the refund or credit was issued directly to the traveler, traveler must pay LACERS the entire</p>
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	<p>amount of credit received within 14 calendar days from the credit issued date.</p> <ul style="list-style-type: none">b. If travel was cancelled due to the business or public reason, traveler is responsible to submit a justification along with the proper documentation to the General Manager within 14 calendar days from the cancelled date.c. Unrecovered amounts are reported as taxable income to the traveler. The traveler may be required to pay for future airfare using their own credit card, and LACERS will reimburse airfare upon completion of the travel.
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APPENDIX C
BOARD TRAVEL REIMBURSEMENT CHECKLIST

Adoption Date: May 26, 2009

Revised Dates: June 22, 2010; December 13, 2011; March 11, 2014; November 24, 2020;

May 14, 2024

I. STEPS FOR TRAVEL APPROVAL AND REIMBURSEMENT:

Step 1: Provide details of the educational event to the Commission Executive Assistant (CEA)

Step 2: Submit information on estimated expenses to the CEA

Fees Paid Directly By LACERS:

Step 3: Register for the Conference

- Conference registration and registration fees can be arranged through the CEA prior to the conference date. Registration fees are paid directly by LACERS with no out-of-pocket expenses for the traveler;
 - Under State and City gift laws, complimentary conferences or conference-related events could be considered gifts. LACERS will evaluate the circumstances with the assistance of the City Ethics Commission and may be required to pay a pro-rata share of conference expenses provided by the hosting organization.
- Or, after the fact, submit a receipt showing a zero balance as proof of payment.

Step 4: Book flight

- Provide desired flight numbers, dates, and times to the CEA. The CEA will book the flight. The City's travel service will may also provide a flight credit if the traveler is unable to fly and proper notification is given depending on the specific airline's policy.
- Or after the fact, submit a receipt for the purchase of the airline ticket and, for cost comparison, the GalTravelStoreCI Azumano quote for one-stop coach/economy class ticket from any airline and for the same days of travel generated on the same day the flight was booked or no later than 72 hours after the air travel reservation was made. Reimbursement is limited to the lowest regular fare/economy rate unless otherwise stipulated within the Air Travel portion of Appendix B.

Items Requiring Pre-Approval for Expenditure Reimbursement:

Step 5: Submit written justification for items requiring pre-approval from the Board President or Vice President. If approval is not secured prior to incurring the expense, reimbursement may not be granted.

- Requests for reimbursement of airfare which is more than 150% of the lowest cost one-stop airfare – justification should demonstrate the official necessity of the selected flight.
- Requests for transportation other than air flight – justification should indicate reasons for use of the alternate mode of transportation.
- Requests for cash advances to cover lodging and per diem for meals must be submitted 15 business days, but no earlier than 30 calendar days, prior to the commencement of travel. See further instructions below.

After the Travel has been completed, submit report and receipts:

Step 6: Submit an Event Evaluation Report within thirty (30) days of the conclusion of the trip

- The report is required prior to reimbursement

Step 7: Submit a Personal Expense Statement (PES) within thirty (30) days of the conclusion of

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the trip:

- Itemize all reimbursable daily expenses for lodging, transportation, and miscellaneous expenses; list the per diem for meals and incidentals.
- Report expenses paid directly by LACERS as a deduction to the total reimbursable amount
- See further instructions on the following checklist

II. REIMBURSEMENT CHECKLIST:

ALLOWABLE TRAVEL COSTS	REQUIRED DOCUMENTS
AIR TRAVEL	
<p><u>Air Travel</u> Air travel expenses are only allowable for the lowest regular fare available <u>unless otherwise stipulated in the Air Travel portion of Appendix B</u>. If the flight with the lowest regular fare is not booked, reimbursement will only be for the lowest regular fare.</p> <p>If three fare quotes are not submitted, the lowest regular fare will be determined by a quote from the City’s travel agent for a direct flight, coach class, 14 days prior to the date of business travel. The CEA will determine the reasonable flights to be quoted which best meet the conference dates and times.</p> <p>Exceptions allowing reimbursement for a higher cost fare may be approved by the General Manager for “official necessity.” Official necessity means there is a bona fide benefit to LACERS for taking the selected flight which outweighs the cost of the higher fare.</p>	<p><u>Transportation Expenses</u></p> <ul style="list-style-type: none"> <input type="checkbox"/> Submit a receipt showing a zero balance as proof of payment for airfare. <input type="checkbox"/> If purchasing outside of <u>CalTravelStoreCI Azumano</u>, provide the airline ticket receipt and <u>CalTravelStoreCI Azumano</u> quote demonstrating that the cost of the booked flight is no more than 50% higher than the quote, for the same days of travel, from <u>CalTravelStoreCI Azumano</u>. <input type="checkbox"/> Provide written justification of the “official necessity” for any higher cost fare if seeking reimbursement above the lowest fare rate. The General Manager must concur for the expense to be submitted for reimbursement.
OTHER TRANSPORTATION	
<p><u>Bus or Rail Travel</u> The allowable cost shall be the actual cost for the regular fare for the bus/rail travel.</p> <p><u>Automobile Rental</u> Automobile rental expenses are allowable if traveling by automobile is less expensive or more appropriate than by other modes of transportation.</p> <p><u>Private Automobile</u></p>	<ul style="list-style-type: none"> <input type="checkbox"/> Submit request for pre-approval from the General Manager for all modes of transportation other than regularly scheduled airlines. <input type="checkbox"/> Submit request for pre-approval from the General Manager demonstrating that traveling by rental car is less expensive or more appropriate for the efficient conduct of City business than by taxi or bus. <input type="checkbox"/> Submit request for pre-approval from the General Manager, and include a

Section 1.0 GUIDANCE FOR BOARD MEMBERS

<p>The allowable cost shall be the actual total mileage rate allowance as determined by the Internal Revenue Service (IRS).</p>	<p>satisfactory liability insurance policy covering the full use and operation of the vehicle. The limits of liability on any such policy <u>in accordance with LAAC Section 4.232</u> shall not be less than \$25,000 in the case of injury to or death of one person, and \$50,000 in the case of injury to or death of more than one person; and in the case of property damage, not less than \$5,000 in any one accident.</p> <p><input type="checkbox"/> Submit airfare confirmation (provided by <u>CalTravelStoreCI Azumano</u>, other travel service, and airline), rail travel confirmation notice or transportation receipt from taxi, shuttle, or private car service.</p>
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REGISTRATION FEES

<p>Registration Fees Reimbursable if paid by the Trustee</p>	<p><input type="checkbox"/> Submit a receipt showing a zero balance as proof of payment</p>
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LODGING

<p>Hotels generally offer specially rated room blocks for conference participants. The Trustee may stay at an “off-site” hotel if the room blocks are exhausted.</p> <p>Transportation costs, time, and other relevant factors must be considered in selecting the most economical and practical accommodations.</p> <p>An extra-night stay is allowable if it sufficiently reduces the airfare, or if the conference commences early in the morning or adjourns late in the evening.</p>	<p><input type="checkbox"/> Submit receipt showing a zero balance as proof of payment. Personal credit card information must be redacted from the receipt.</p> <p><input type="checkbox"/> If lodging is for other than single occupancy, secure a rate sheet or other documentation of the single occupancy rate.</p>
---	--

MEALS & INCIDENTAL EXPENSES

<ul style="list-style-type: none"> o The meal and incidental per diem for domestic travel is currently \$71 per day based on the federal per diem rate for the destination. o Incidental expenses are fees and gratuities provided to service workers, and for transportation costs in acquiring meals. o The daily allowance is prorated at 75% on days of travel, and if some meals are provided by the hotel or conference. 	<p>Receipts for meals and incidental expenses are not required.</p> <p><input type="checkbox"/> Submit justification letter if claiming reimbursement for expenses exceeding the per diem allowance.</p>
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Section 1.0 GUIDANCE FOR BOARD MEMBERS

<ul style="list-style-type: none"> ○ <u>The meal allowance is based on the meal period allowance per the M&IE breakdown of the federal per diem rate (refer to Appendix B – Section III(B)(33) for details), on days of travel or if some meals are provided in the conference.</u> ○ No meal allowance is provided when meals are provided throughout the day by the hosting organization. ○ The rate for international travel is in accordance with current Federal per diem rate guidelines. 	
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MISCELLANEOUS EXPENSES

<p><u>Checked Baggage Fees</u> Such expenses are allowable when the Trustee is charged for the first checked bag.</p> <p><u>Laundry Service</u> Such expenses are allowable if the duration of the trip, traveling conditions, or some other special circumstances dictate.</p> <p><u>City Business Telephone Calls</u> Such expenses are allowable if the telephone calls are relevant to appropriate City business.</p> <p><u>Personal Telephone Calls</u> Such expenses are allowable for one call to the Trustee’s immediate family if they are located within the locale of their residence.</p> <p>If travel is in excess of three (3) days, one such call is permitted for each successive three (3) days thereafter.</p> <p>Each call should last a reasonable amount of time, such as 10 minutes per call.</p> <p><u>Ground Transportation</u> Transportation between the traveler’s residence and airport, and transportation between the airport and conference location.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Baggage fees for second and additional items require a justification memo that it meets a business purpose. <input type="checkbox"/> Submit receipts for all miscellaneous expenses.
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Section 1.0 GUIDANCE FOR BOARD MEMBERS

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

Name of Attendee:	
Title of Conference/Seminar:	
Location:	No. of Education Hours:
<u>Trustee Rating:</u> <u>(A-Excellent, B-Very Good, C-Good, D-Not Beneficial)</u>	<u>Level: (Introductory, Intermediate, or Advanced)</u>
Event Sponsor:	Date(s) Held:

Report for:

 Travel Conference/Seminar Attendance Only

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

II. Significant Information Gained:

III. Benefits to LACERS:

IV. Additional Comments:

SUBMIT TO THE LACERS COMMISSION EXECUTIVE ASSISTANT, 977 N. BROADWAY, LOS ANGELES, CA
 WITHIN 30 DAYS AFTER ATTENDING THE CONFERENCE/SEMINAR



ASSET ALLOCATION & INFRASTRUCTURE INVESTMENTS

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

MAY 14, 2024



INFRASTRUCTURE EDUCATION



INFRASTRUCTURE OVERVIEW

- **Infrastructure assets are generally defined as physical facilities or networks that provide essential goods or services to a broad range of users**
 - Infrastructure assets may be owned privately or through publicly traded securities
- **Infrastructure assets may generate a return through a combination of current income and/or capital appreciation**
- **Characteristics of Infrastructure Assets**
 - Long duration assets with stable cash flows typically tied to inflation
 - Monopolistic or quasi-monopolistic assets with significant barriers to entry
 - Operate in regulated environments
 - Capital intensive assets with high replacement costs
- **Large infrastructure investable universe**
 - Over \$97 trillion of global infrastructure investment required by 2040
 - Over \$950 billion of total capital raised for private infrastructure funds over the last decade
 - Publicly traded infrastructure equities account for over 350 companies globally, with a combined market cap of approximately \$4 trillion
- **Investments can be made across the asset lifecycle**
 - Greenfield, brownfield, and operating assets

Source: CBRE and Preqin as of 9/30/2022



INFRASTRUCTURE SUB-SECTORS



Transportation

Toll Roads

Bridges

Tunnels

Airports

Seaports

Rail



Energy & Utilities

Renewable Power

Electricity Generation

Water & Waste

Electricity Transmission

Oil & Gas Pipelines



Communication

Wireless Towers

Fiber Networks

Data Centers



Social

Education Facilities

Healthcare Facilities

Courthouses

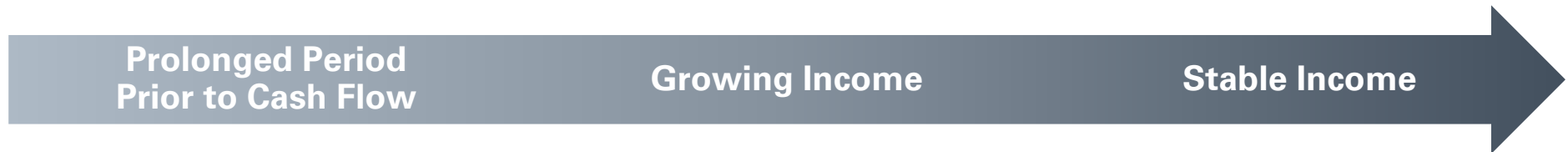
INFRASTRUCTURE SUB-SECTORS




Sector	Asset Focus	Typical Returns	Typical Revenue Structure	GDP Sensitivity?
Transportation	<ul style="list-style-type: none"> ▪ Toll Roads ▪ Bridges ▪ Tunnels ▪ Airports ▪ Seaports ▪ Rail 	11-15%	Concession	Yes
Energy and Utilities	<ul style="list-style-type: none"> ▪ Renewable Power ▪ Electricity Generation ▪ Water & Waste ▪ Electricity Transmission ▪ Oil & Gas Pipelines 	8-12%	Regulated / Contracted	Somewhat
Communication	<ul style="list-style-type: none"> ▪ Wireless Towers ▪ Fiber Networks ▪ Data Centers 	10-14%	Contracted	No
Social	<ul style="list-style-type: none"> ▪ Education Facilities ▪ Healthcare Facilities ▪ Courthouses 	8-12%	Concession	No

Note: "Typical returns" are illustrative examples only, actual target or realized returns may vary for all sectors. Returns are based on net of fee assumptions.



INFRASTRUCTURE LIFECYCLE



Greenfield	Brownfield	Operating
<ul style="list-style-type: none">▪ Assets requiring development and construction which may introduce operational complexity▪ In certain cases development/construction risks can be outsourced to third parties and various structural elements can be introduced to provide a greater degree of revenue certainty 	<ul style="list-style-type: none">▪ Assets that are operating and generating cash flow▪ Distributions will increase during growth/ramp up periods and level off as an asset matures▪ Longer operating histories support more predictable cash flows 	<ul style="list-style-type: none">▪ Assets that are operating and generating cash flow▪ Steady distributions from revenue generation▪ Usage typically grows at approximately the rate of GDP Growth 

ROLE OF INFRASTRUCTURE IN A PORTFOLIO



GOALS OF INFRASTRUCTURE ALLOCATION

Income

Stabilized assets generate predictable cash flows meaning a significant percentage of returns can be generated from cash distributions

Inflation Protection

Inflation-linked cash flows provide natural hedge to rising liabilities

Diversification

Low correlation to other asset classes

Downside Protection

Attractive total return potential with lower volatility generates attractive risk-adjusted returns and serves as downside protection

PORTFOLIO FIT

- **Infrastructure investments fit into an overall portfolio as a standalone allocation or as part of a broader allocation**
 - Real Assets
 - Real Estate
 - Private Equity
 - Private Credit

- **Infrastructure can share characteristics with other asset classes, most commonly private equity and real estate**
 - Similarities to private equity:
 - Complex corporate structures
 - Driven by value creation at the portfolio company level (not always at the asset level)

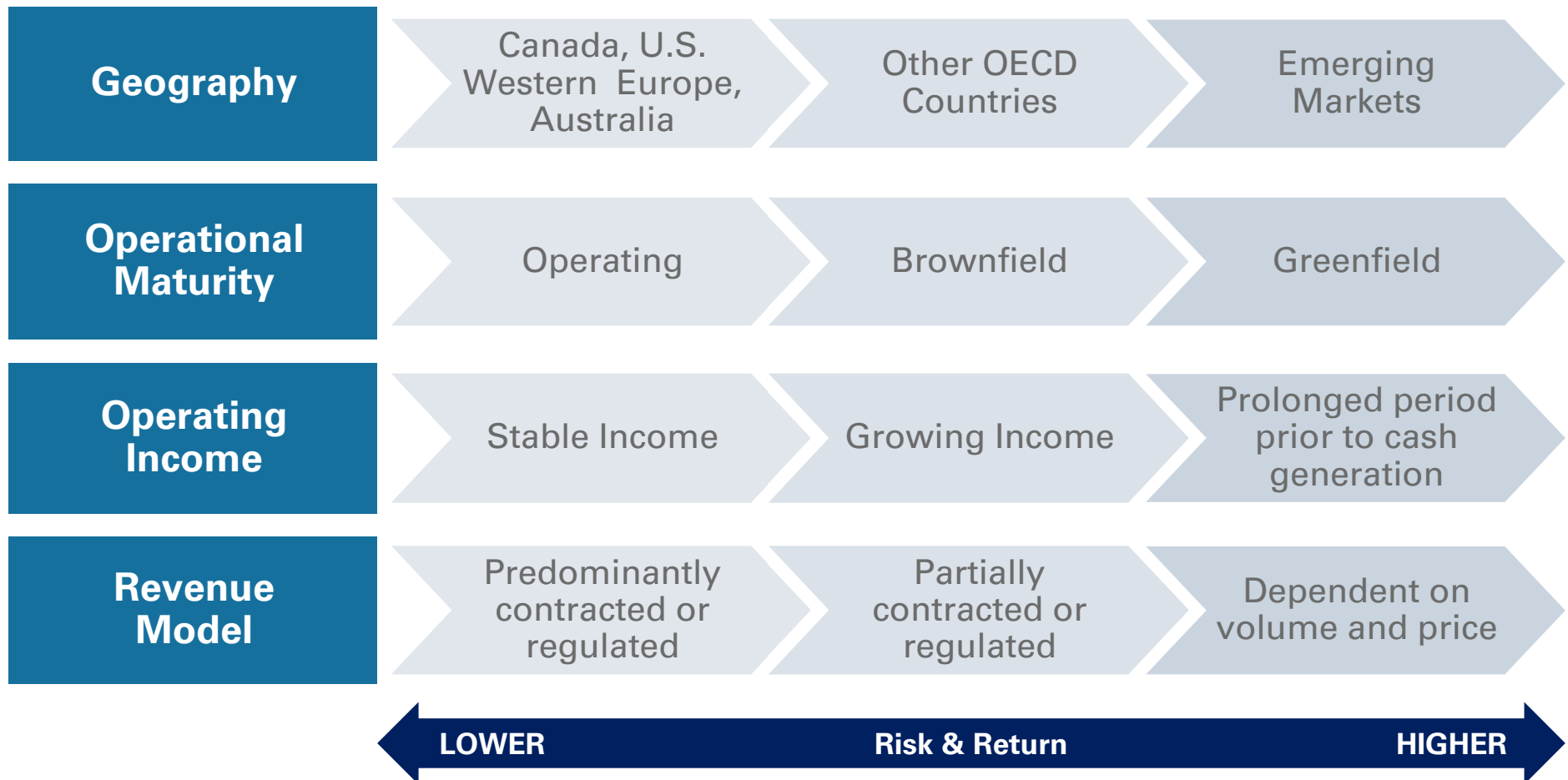
 - Similarities to real estate:
 - Predictable cashflows
 - Inflation-linked
 - Asset location as a key consideration or advantage

CONSIDERATIONS

- **Infrastructure is not a “one size fits all” asset class; the mix of various risk/return strategies should be customized based on client objectives**
- **In constructing an infrastructure portfolio there are several key considerations that impact the allocation, including:**
 - Plan investment policy
 - Plan inflation sensitivity
 - Allocation to illiquid alternatives
 - Liquidity requirements of plan
 - Existing infrastructure investments
- **A global infrastructure investment strategy may benefit from diversification as various regions are at different points in an economic cycle**
 - Global managers tend to be large platforms with investment professionals around the world while non-U.S. managers may be more localized in a particular region or country
- **However, there are some considerations of investing in infrastructure outside of the U.S.:**
 - Currency risk
 - Geopolitical risk
 - Market liquidity risk
 - Limited inflation hedge

RISK & RETURN FACTORS

- There are several factors to consider when assessing the overall risk and return of an infrastructure investment



DIVERSIFICATION BENEFITS

- Infrastructure is expected to perform differently than other asset classes because of the defensive characteristics of the assets that create more stable cash flow streams
- Infrastructure has exhibited low correlation to stocks and bonds
 - Infrastructure also has low correlation to other alternative asset classes

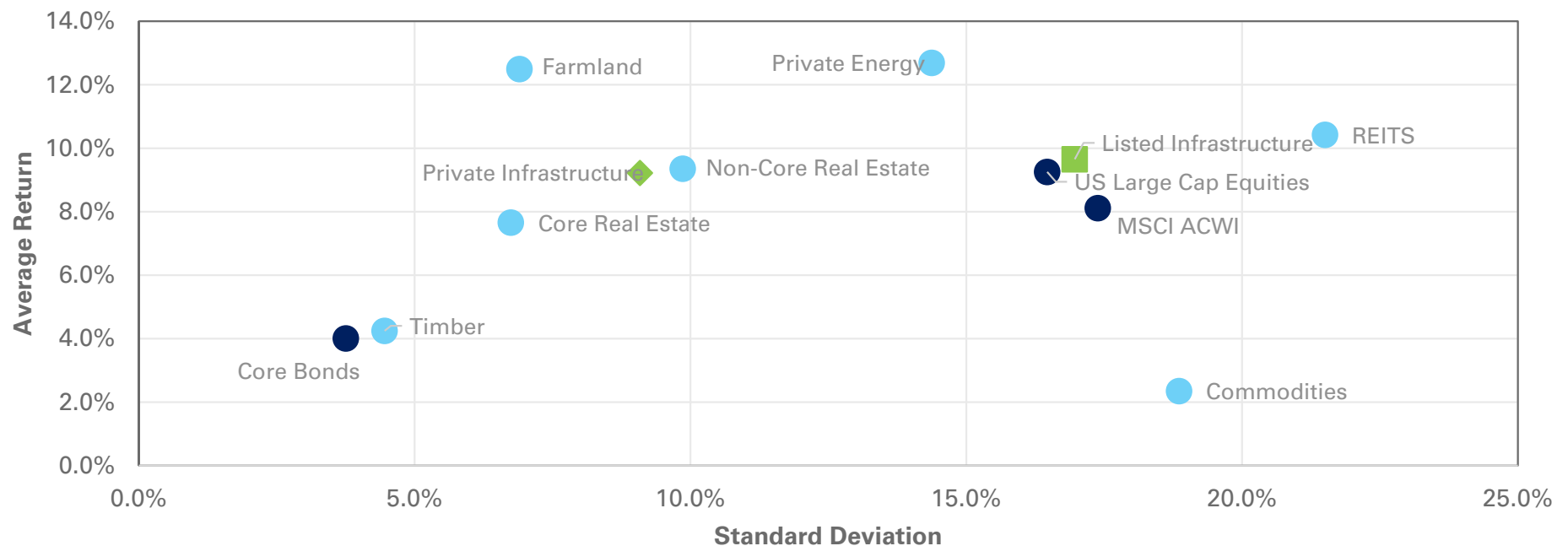
	Large Cap Equity	Small/Mid-Cap Equity	Int'l Equity (Unhedged)	Emerging Int'l Equity	IG Corporate Credit	High-Yield Bonds	Commodities	REITS	Public Infrastructure	Core Real Estate	Non-Core Real Estate	Private Real Assets - Energy/Metals	Private Real Assets - Infrastructure/Land
Large Cap Equity	1.00												
Small/Mid-Cap Equity	0.87	1.00											
Int'l Equity (Unhedged)	0.83	0.80	1.00										
Emerging Int'l Equity	0.71	0.72	0.79	1.00									
IG Corporate Credit	0.36	0.32	0.37	0.33	1.00								
High-Yield Bonds	0.67	0.70	0.67	0.65	0.59	1.00							
Commodities	0.36	0.40	0.46	0.46	0.19	0.39	1.00						
REITS	0.61	0.67	0.59	0.49	0.43	0.63	0.30	1.00					
Public Infrastructure	0.52	0.57	0.55	0.50	0.33	0.54	0.64	0.70	1.00				
Core Real Estate	0.49	0.53	0.48	0.41	0.37	0.57	0.25	0.71	0.52	1.00			
Non-Core Real Estate	0.76	0.84	0.71	0.64	0.41	0.74	0.37	0.78	0.61	0.86	1.00		
Private Real Assets - Natural Resources	0.41	0.46	0.48	0.46	0.24	0.44	0.80	0.47	0.65	0.36	0.46	1.00	
Private Real Assets - Infrastructure/Land	0.48	0.53	0.52	0.47	0.31	0.51	0.64	0.65	0.93	0.48	0.57	0.63	1.00

Sources: NEPC Analysis, as of December 31, 2023.



LONG TERM RETURNS & VOLATILITY

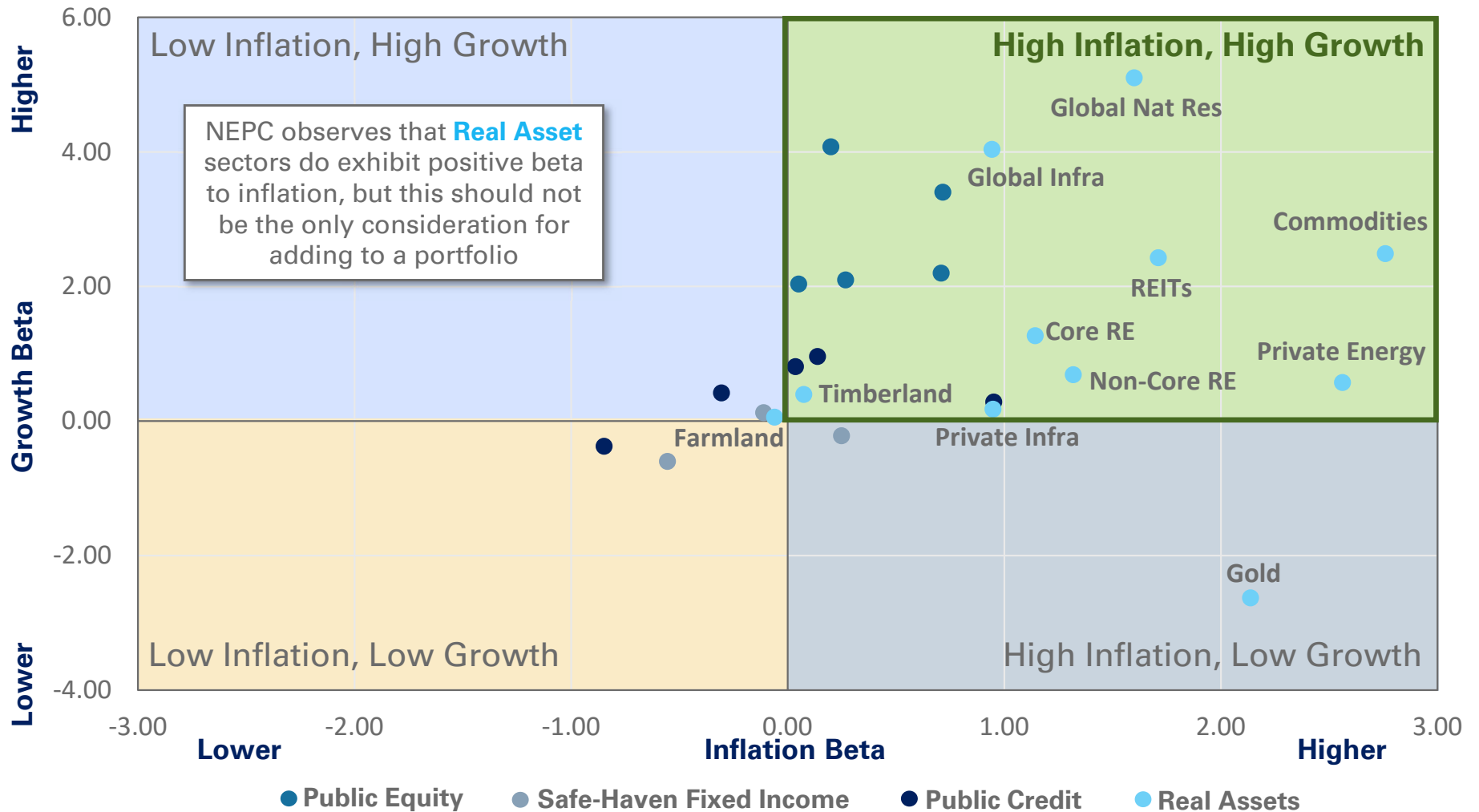
- Private infrastructure (*green diamond*) has the potential to generate comparable returns with less risk than publicly listed infrastructure (*green square*)
 - In the short to medium term public infrastructure equities are subject to broad equity market volatility
- Over the trailing 20 years, private infrastructure has delivered similar returns with slightly lower risk compared with non-core real estate, and more mixed relative to other real asset sectors (*light blue circles*)
 - The chart below also shows infrastructure’s relative risk and return versus more traditional asset classes (*dark blue circles*)



Sources: NCREIF, CJA, FactSet. Data as of March 31, 2022.
Calculated using 20 years of quarterly returns.



INFLATION SENSITIVITY



Notes: Growth and Inflation Beta calculations reflect sensitivity to trends in U.S. CPI-U and U.S. Real GDP growth since asset class inception date. EM and China Equity betas reflect sensitivity to a blend of 50% U.S. and 50% global metrics.

Sources: S&P, Russell, MSCI, Bloomberg, Cambridge Associates, JPM, NAREIT, NCREIF, FactSet



CASH FLOW & INFLATION PROTECTION

- **Infrastructure investments generate cash flows with a positive sensitivity to changes in inflation**
 - Revenues can be more or less predictable based on the asset’s business model
- **The long lives of infrastructure assets should provide a hedge against inflation**
- **Contractual price escalators or concessions with price inflation-indexed escalators allow income to adjust with inflation**

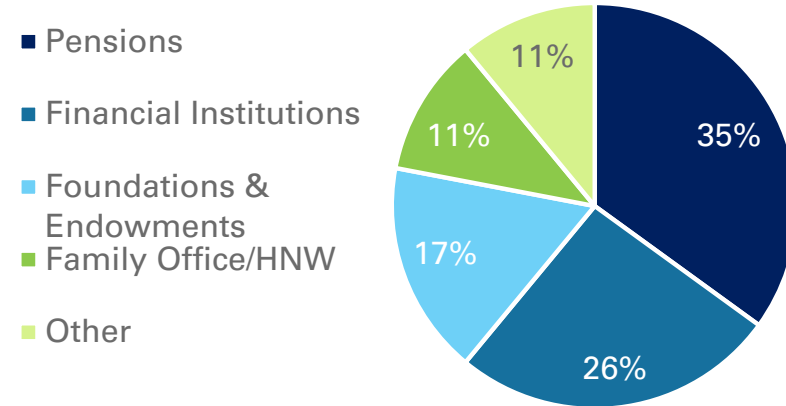
	MORE PREDICTABLE			LESS PREDICTABLE	
Type	Regulated	Contracted	Concession (Availability Model)	Concession (Tolling Model)	Merchant
Description	Subject to government regulation, increases for monopolistic assets	Long-term providing pricing protection	Government grants exclusive right to operate an asset and provides fixed “availability payments” regardless of usage	Government grants exclusive right to operate an asset, but revenues are a function of patronage or asset usage	Highly dependent on market pricing
Asset Type	<ul style="list-style-type: none"> ▪ Electricity and Gas Distribution & Transmission ▪ Water & Wastewater 	<ul style="list-style-type: none"> ▪ Power Generation ▪ Data infrastructure ▪ Midstream Networks ▪ Energy Storage 	<ul style="list-style-type: none"> ▪ Roads ▪ Bridges ▪ Tunnels ▪ Mass Transit ▪ Social Infrastructure 	<ul style="list-style-type: none"> ▪ Toll Roads ▪ Bridges ▪ Tunnels ▪ Airports 	<ul style="list-style-type: none"> ▪ Uncontracted Generation ▪ Energy (E&P)
Inflation Linkage	Often includes CPI-based price adjustments and expense pass-throughs	Often includes CPI-based price adjustments	Often includes CPI-based price adjustments to availability payments adjustments	Often includes CPI-based toll adjustment; GDP sensitive assets are inherently hedged	Subject to ability to pass along price increases

WHO INVESTS IN INFRASTRUCTURE

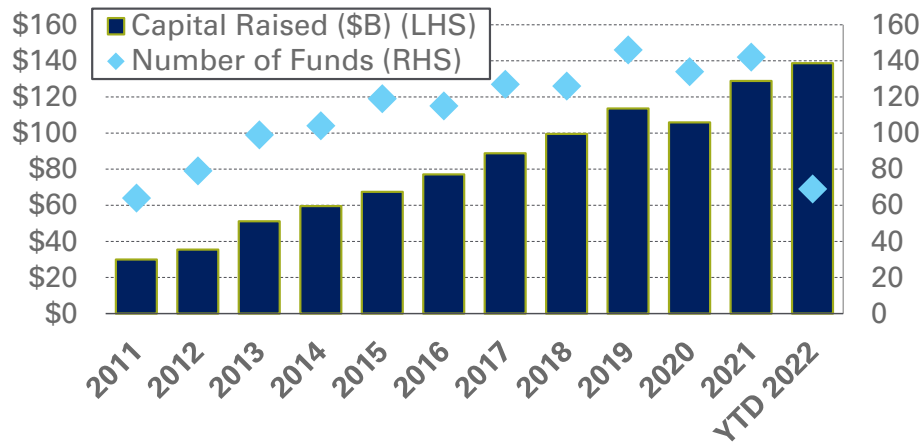
Institutional Investors in Infrastructure

- Institutional investors have become increasingly active in infrastructure
- Infrastructure now represents approximately 6% of institutional alternatives portfolios
- Public pension funds account for the largest portion of institutional investors in infrastructure
- Robust fundraising in recent years with significant dry-powder in search of deal flow

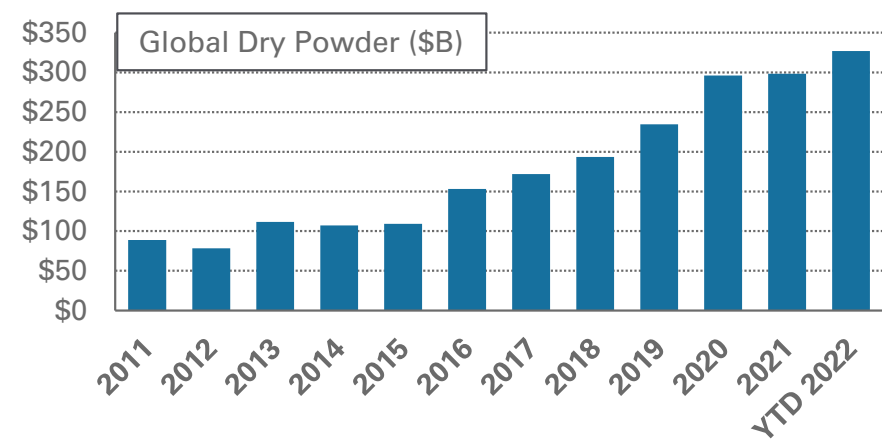
Investors by Type



Strong Fundraising Environment



Growing Dry Powder



Source: Preqin; as of September 1, 2022; Greenwich Associates

INFRASTRUCTURE IMPLEMENTATION



INVESTMENT CONSIDERATIONS

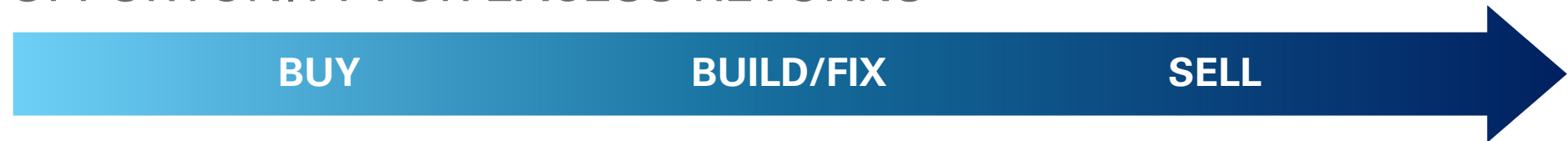
- **In addition to portfolio considerations (such as liquidity and leverage), there are many market considerations as well:**
 - Commodity prices
 - GDP sensitivity
 - Geopolitical risk and stability
 - Capital market risk (including debt pricing/availability, market volatility, etc.)

- **Some infrastructure assets have revenues that are monitored and/or set by a regulatory body, which adds additional risk**
 - Unpredictable regulatory change can impact margins
 - Deregulation of a particular market may result in an asset/business losing its status as a legal monopoly and lead to new competition
 - Asset managers with extensive operational experience in a particular sector tend to have strong relationships with the regulatory agencies
 - This should allow for ongoing dialogue with the regulators, and should result in a better understanding of potential changes to the regulatory environment

- **Other risks directly associated with infrastructure investments can include:**
 - The possibility of disruptive technologies
 - Environmental risk
 - Operating risk
 - Legal risk

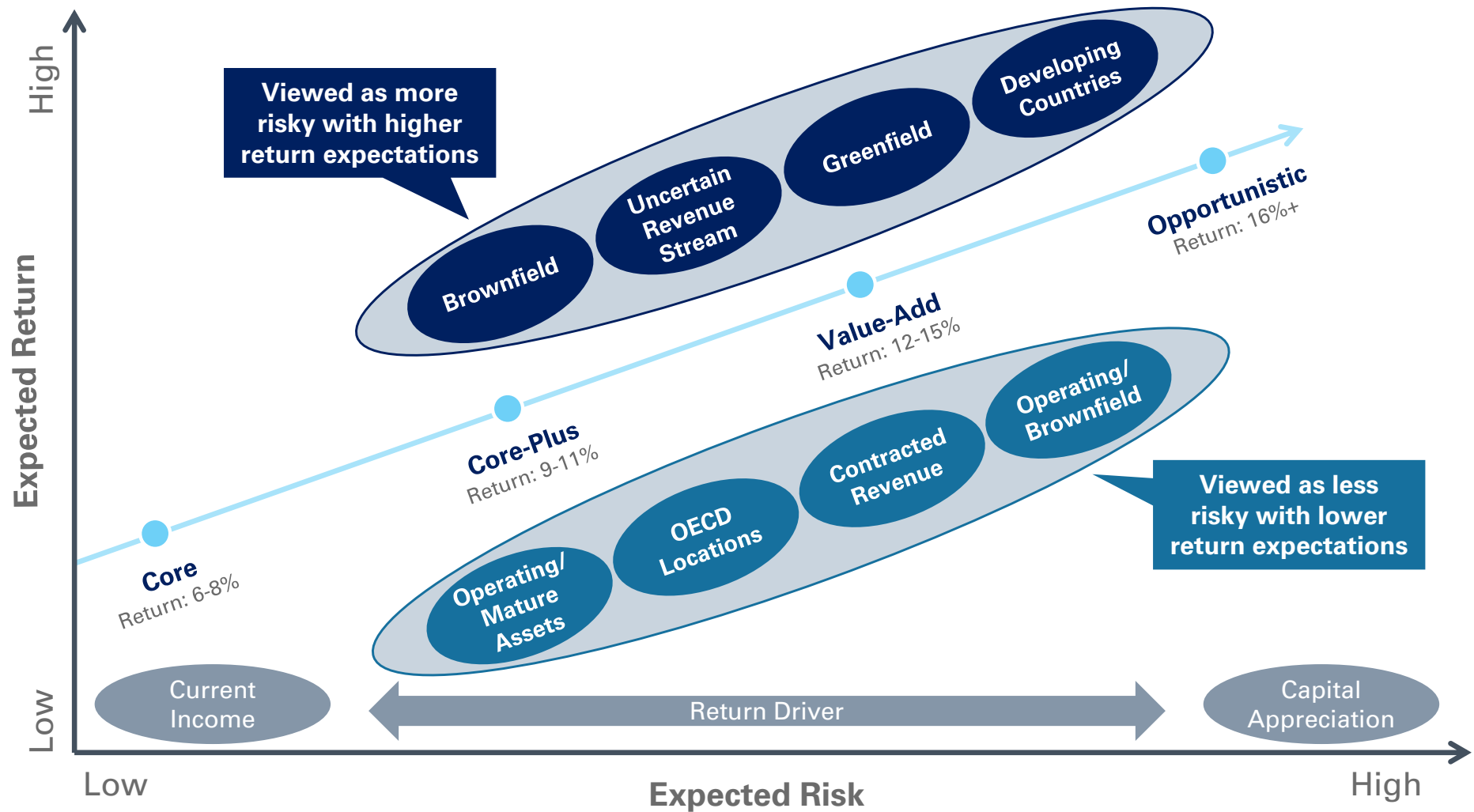
PRIVATE INFRASTRUCTURE OPTIONS VARY

DIRECT SOURCING AND DEAL COMPLEXITY PRESENTS OPPORTUNITY FOR EXCESS RETURNS



Detail Summary	Non-Core	Core	Debt	Listed
NEPC View	Positive	Neutral	Negative	Neutral
Thesis	Buy-fix-sell	Long-term buy and hold	Hold	Long-term buy and hold
Capital Availability	Moderate	High	High	High
Asset Owners	Private funds (closed-end), Strategic Operating Companies	SWFs, Pensions, Insurance Companies, Open-End Private Funds, Strategic Operating Companies	Banks, Private Funds (open-ended and closed-end), SWFs, Pensions, Insurance Companies, BDC, Hedge Funds	Institutions, Individuals, Mutual Funds
Complexity	High	Low / Moderate	Low	Low / Moderate
Risks	Sourcing, Pricing, Execution	Illiquidity, Valuation/ Cost of Capital, Disruption Potential	Valuation/Cost of Capital	Volatility, High Equity Correlation, Returns Lag Unlisted Funds
Return Expectation (gross)	12%-14%	6%-10%	3-5% (senior corporate) 7-10%+ (mezz)	6%-10%

RISK/RETURN PROFILE



Net of fee return assumption

INVESTMENT VEHICLE STRUCTURES

INFRASTRUCTURE OFFERS DIFFERENT INVESTMENT STRATEGIES AND VEHICLE STRUCTURES WITH VARYING LEVELS OF LIQUIDITY AND INVESTOR CONTROL:

Investment Type	Description	Benefits	Considerations
Listed Infrastructure	Public market securities with high transparency and liquidity	<ul style="list-style-type: none"> ▪ Immediate exposure ▪ Easy to access ▪ Liquid 	<ul style="list-style-type: none"> ▪ Equity market correlations dampen diversification benefits ▪ Overlap with equity portfolio
Open-End Fund	Private funds with perpetual lives, functions like core real estate funds	<ul style="list-style-type: none"> ▪ Attractive Fees ▪ Broad Diversification ▪ Quicker to build portfolio 	<ul style="list-style-type: none"> ▪ Semi-liquid with potential for entrance/exit queues ▪ Limited manager universe ▪ Limited control
Secondary Fund	Buyers of LP stakes, fund recap, GP transactions	<ul style="list-style-type: none"> ▪ Much higher level of diversification than primary funds ▪ Mitigated J-curve effect ▪ Provides exposure to multiple vintage years 	<ul style="list-style-type: none"> ▪ Potential look-through issues ▪ Limited control ▪ Double layer of fees ▪ Limited manager universe
Primary Closed-End Fund	Private equity style funds that make control investments over a multi-year investment period	<ul style="list-style-type: none"> ▪ Limited to assets acquired during investment period 	<ul style="list-style-type: none"> ▪ Illiquid ▪ High fee loads ▪ Limited control
Direct/Co-Investments/SMA	Direct ownership in assets alongside operator or GP	<ul style="list-style-type: none"> ▪ Greater control ▪ Lower fees 	<ul style="list-style-type: none"> ▪ Requires specialized investment professionals with governance to allow for quick investment decisions ▪ Less liquid ▪ Less diversification

LISTED INFRASTRUCTURE

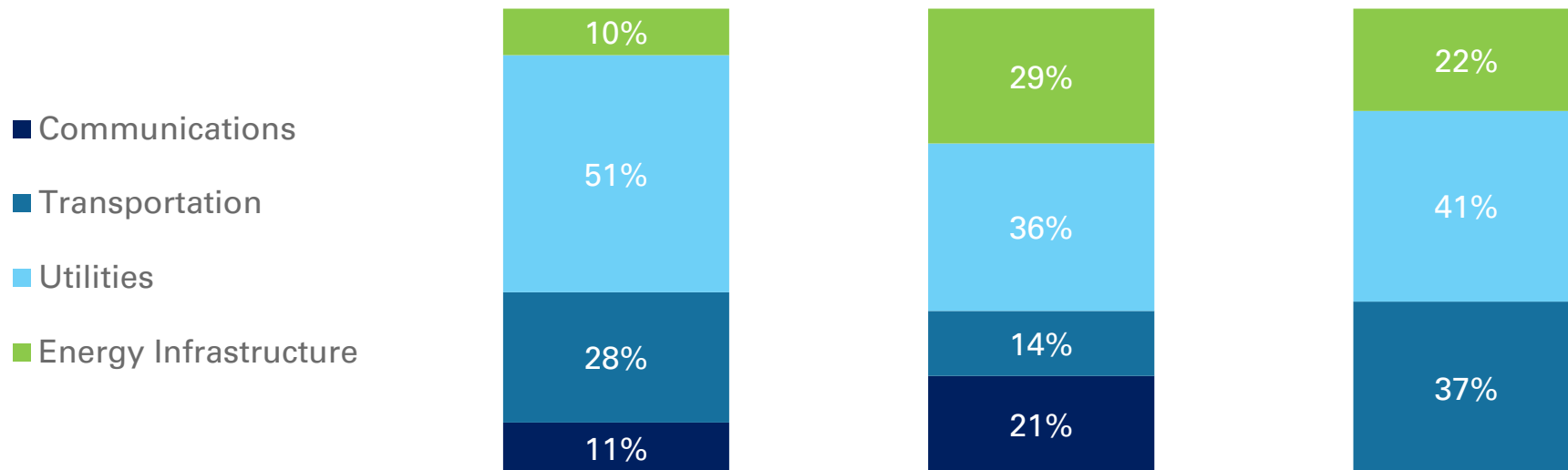


LISTED INFRASTRUCTURE OVERVIEW

- **Infrastructure equities account for over 350 companies globally, with a combined market cap in excess of \$3 trillion**
- **The NEPC outlook for Listed Infrastructure is Neutral**
 - Listed Infrastructure yields are similar to those in open-end private infrastructure strategies
 - Diversification benefits are limited due to the significant correlation to broader equity markets
- **Listed infrastructure may be a reasonable alternative for investors that cannot or do not want to allocate to private market strategies**
- **If building an allocation to actively managed listed infrastructure, NEPC believes that allocating to multiple managers may offer advantages**
 - Minimizes manager concentration risk
 - Managers with different investment philosophies and/or varying portfolio sizes may outperform in different scenarios

LISTED BENCHMARK DESCRIPTIONS

	FTSE Global Infrastructure Core 50/50 Index	DJ Brookfield Global Infrastructure Index	iShares Global Infrastructure ETF
Number of Constituents	243	101	75
Market Capitalization	\$2.3 Trillion	\$1.2 Trillion	\$1.3 Trillion
Top 10 Weights	31.5%	46.5%	40.2%
Emerging Market Exposure	12.8%	7.0%	6.3%
Sectors Excluded	MLPs	Railroads, Electric	Railroads, Communications, MLPs



Source: CBRE; as of 9/30/2022

ASSET ALLOCATION DISCUSSION



GOALS FOR 2024 ASSET ALLOCATION STUDY

- **Re-align the equity allocation to more closely resemble the market opportunity set**

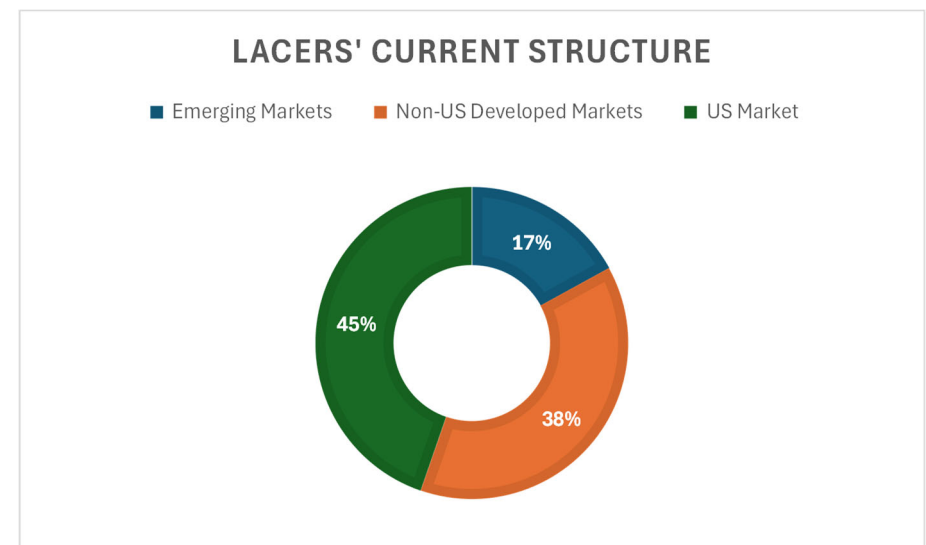
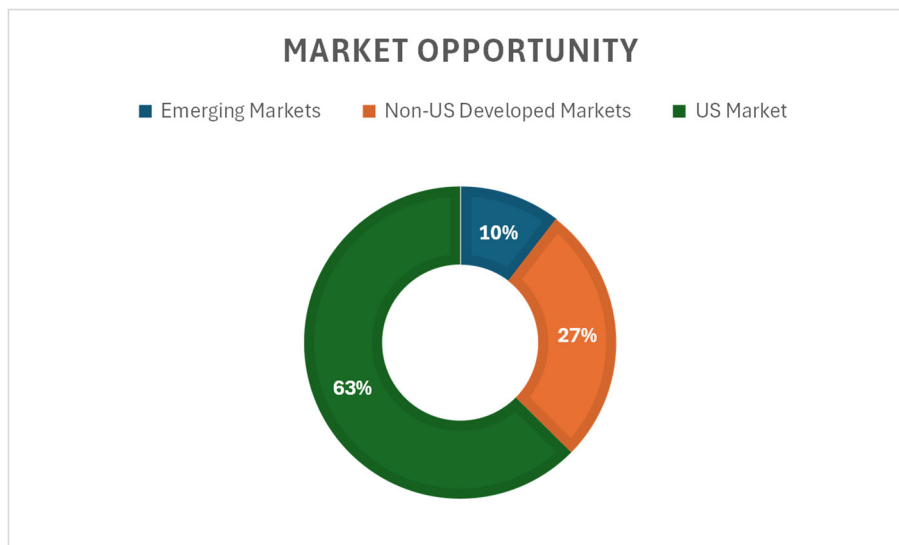
- **Expand the Real Assets allocation beyond REITS, TIPS and private Real Estate**

- **Modest restructure of public Fixed Income**
 - Increase High Yield exposure, reduce Emerging Market Debt

- **Explore additional asset mixes that resemble peer funds with attractive risk-adjusted returns**
 - Increased exposure to private markets
 - New Long-Term Treasury portfolio added to provide additional liquidity and offer modest crisis protection

REALIGN EQUITY ALLOCATION

- **All Proposed Asset Mixes bring the country allocations more inline with the opportunity set by reducing exposure to Non-US Developed Equity, US Small/Mid Cap**
 - US Equity allocation ranges from 53-58%
 - Non-US Equity allocation ranges from 25-30%
 - Emerging Markets was reduced for a range of 14-17%



EXPAND REAL ASSETS ALLOCATION

- **Real assets provide exposure to inflation-sensitive asset classes and offer diversification benefits to the portfolio**
 - A diversifying blend of real assets provides an elevated beta to inflation relative to public equity and nominal bond exposure

- **Explore the use of Public Infrastructure and a basket of Public Real Assets to further enhance the Real Assets component of the Plan**
 - Consideration given to the ease and cost of gaining exposure to these asset classes
 - Public Infrastructure was modeled over Private Infrastructure

- **Public Real Assets can be passively managed and include:**
 - Natural Resource Equity, Commodity futures, Public Infrastructure, and REITs

MODEST RESTRUCTURE OF CREDIT EXPOSURE

- **Take advantage of higher interest rate environment and the attractiveness of High Yield vis-à-vis US Large Cap Equity**
 - Expected 10-year return for High Yield is 6.1% vs. US Large Cap Equity at 4.4%

- **Increase to High Yield and Bank Loans at the expense of Emerging Market Debt**
 - Similar return profile with a lower standard deviation

EXPLORE A “WHAT IF?” ASSET MIX

- **Many of LACERS’ peers have adopted asset allocations that rely heavily on private market performance as a measure of increased returns and reduced volatility**
 - Many peers sport a private market exposure >40%
- **Expand the use of private markets in order to pre-experience key Plan measures**
 - Funded Status
 - Contribution ranges
 - Liquidity impact

ASSET MIXES FOR CONSIDERATION

	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
Cash	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Total Cash	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
US Large-Cap Equity	15.00%	15.00%	15.00%	15.00%	16.00%	15.00%
US Small/Mid-Cap Equity	6.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Non-US Developed Equity	15.00%	10.00%	9.00%	8.00%	7.00%	7.00%
Non-US Developed Small-Cap Equity	3.00%	3.00%	3.00%	3.00%	2.00%	2.00%
Emerging Market Equity	6.67%	4.67%	4.67%	4.67%	4.00%	4.00%
Emerging Market Small-Cap Equity	1.33%	1.33%	1.33%	1.33%	1.00%	1.00%
Global Equity	0.00%	8.00%	5.00%	5.00%	0.00%	0.00%
Private Equity	16.00%	16.00%	16.00%	16.00%	16.00%	16.00%
Total Equity	63.00%	63.00%	59.00%	58.00%	51.00%	50.00%
US Aggregate Bond	11.25%	11.25%	10.25%	10.25%	9.25%	8.00%
US High Yield Corporate Bond	1.50%	1.50%	1.50%	2.00%	2.50%	2.50%
US Leveraged Loan	1.50%	1.50%	1.50%	2.00%	2.50%	2.50%
Emerging Market External Debt	2.00%	2.00%	2.00%	1.50%	1.50%	1.00%
Emerging Market Local Currency Debt	2.00%	2.00%	2.00%	1.50%	1.50%	1.00%
Private Debt	5.75%	5.75%	5.75%	5.75%	5.75%	8.00%
Total Fixed Income	24.00%	24.00%	23.00%	23.00%	23.00%	26.00%
US TIPS	3.60%	3.60%	3.60%	3.60%	5.00%	3.60%
Public Real Assets (Multi-Asset)	0.00%	0.00%	0.00%	5.00%	5.00%	5.00%
REIT	1.40%	1.40%	1.40%	1.40%	2.00%	1.40%
Global Infrastructure Equity	0.00%	0.00%	5.00%	0.00%	5.00%	0.00%
Real Estate - Core	4.20%	4.20%	4.20%	4.80%	4.80%	4.80%
Real Estate - Non-Core	2.80%	2.80%	2.80%	3.20%	3.20%	3.20%
Private Real Assets - Infrastructure	0.00%	0.00%	0.00%	0.00%	0.00%	5.00%
Total Real Assets	12.00%	12.00%	17.00%	18.00%	25.00%	23.00%
Expected Return 10 yrs	6.72%	6.66%	6.77%	6.75%	6.81%	6.85%
Expected Return 30 yrs	7.86%	7.83%	7.88%	7.85%	7.84%	7.88%
Standard Dev	15.32%	15.17%	15.06%	14.83%	14.26%	13.82%
Sharpe Ratio (10 years)	0.18	0.18	0.19	0.19	0.20	0.21
Sharpe Ratio (30 years)	0.29	0.29	0.30	0.30	0.31	0.33

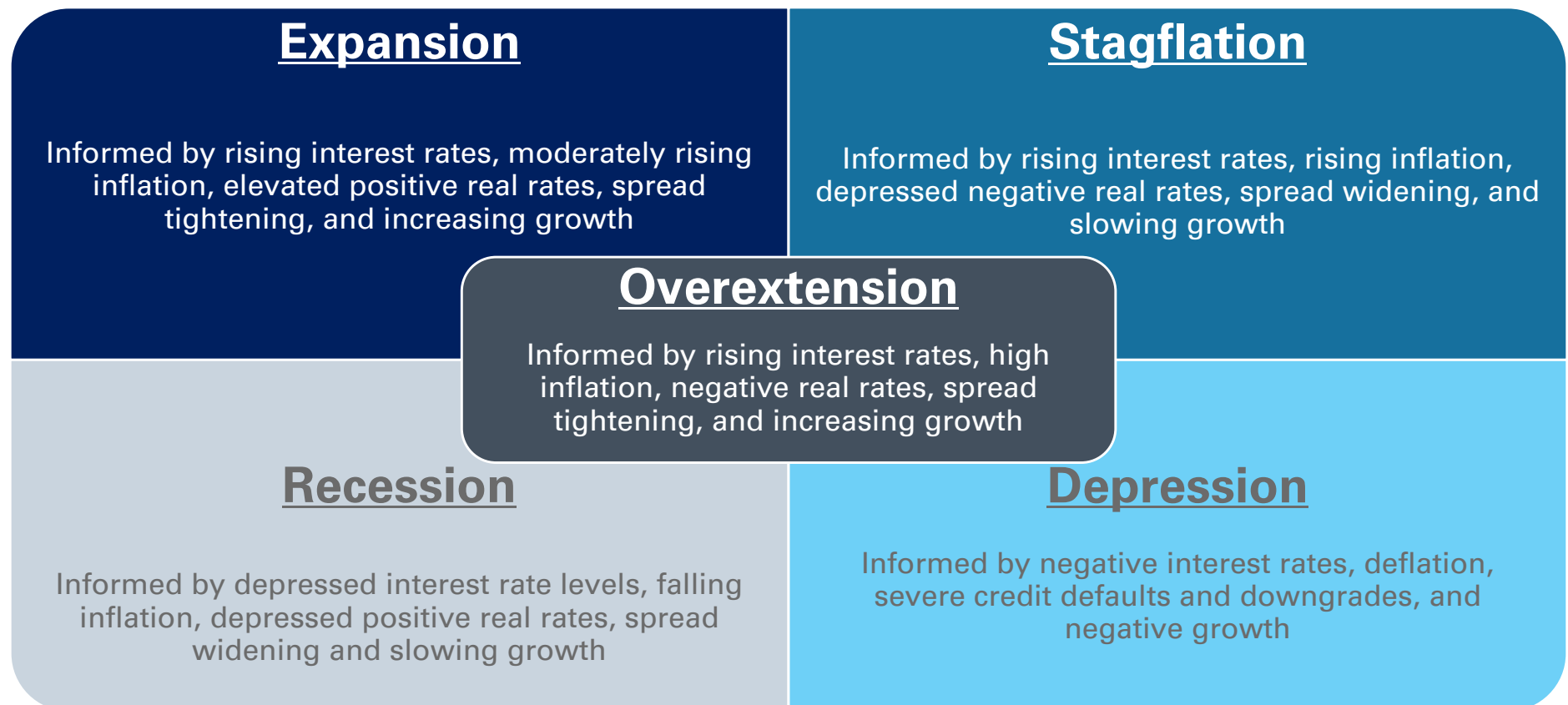
- **Mix A – Reweight public equity to be more in line with the global opportunity set**
- **Mix B – Reweight public equity and add Global Infrastructure Equity allocation**
- **Mix C – Reweight public equity, shift from emerging market debt to high yield, add public real asset bucket and slight increase to real estate**
- **Mix D – Reweight public equity, shift to high yield from emerging market debt, and maximize exposure to real assets**
- **Mix E – Reweight public equity, add long duration treasury exposure for liquidity as private markets allocation is increased to 37% of total fund**

Shading represents either a decrease (red) or an increase (green) from the Current Policy for the allocation amount, expected return, standard deviation or Sharpe ratios.

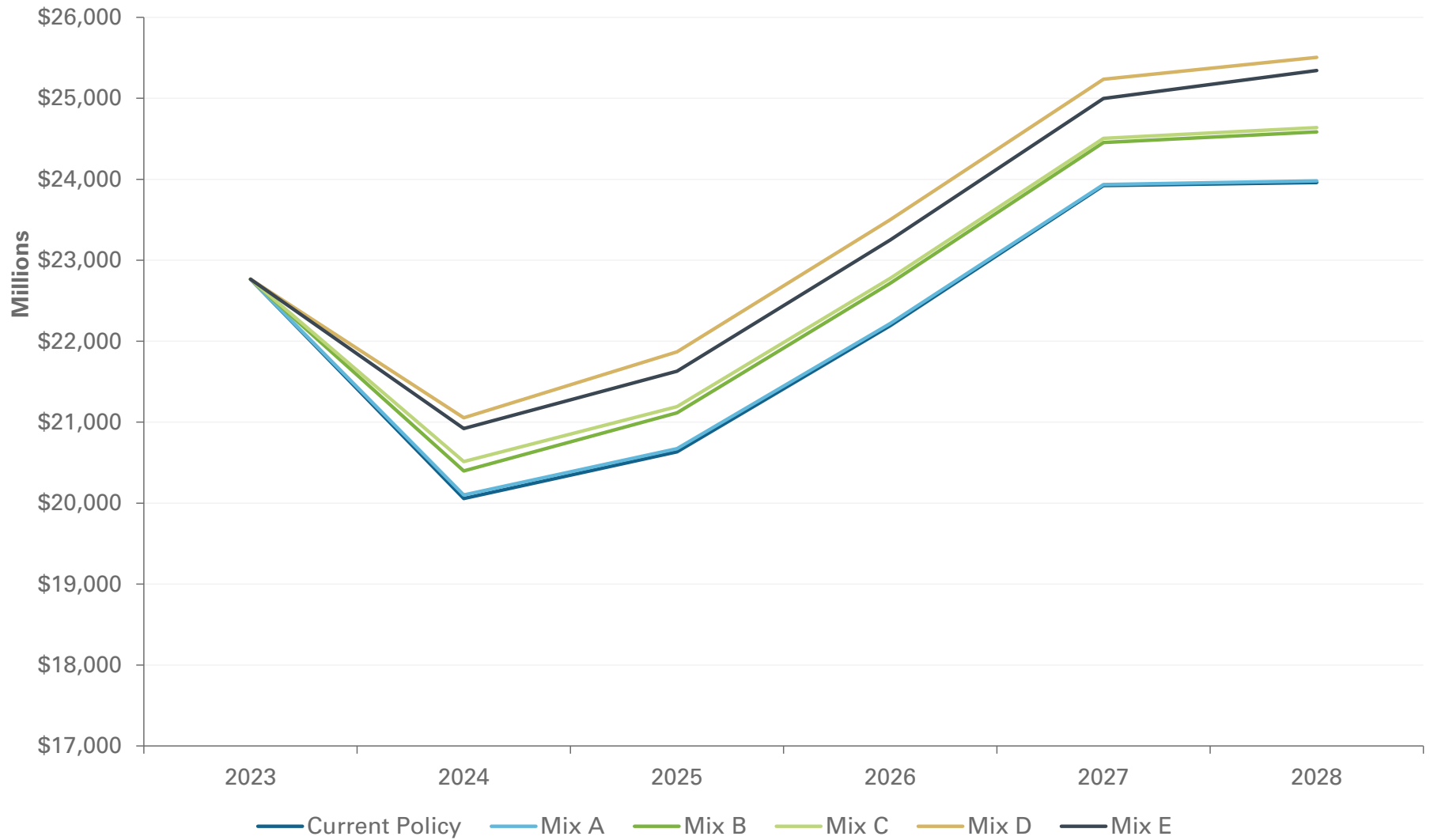


SCENARIO ANALYSIS: REGIME DEFINITIONS

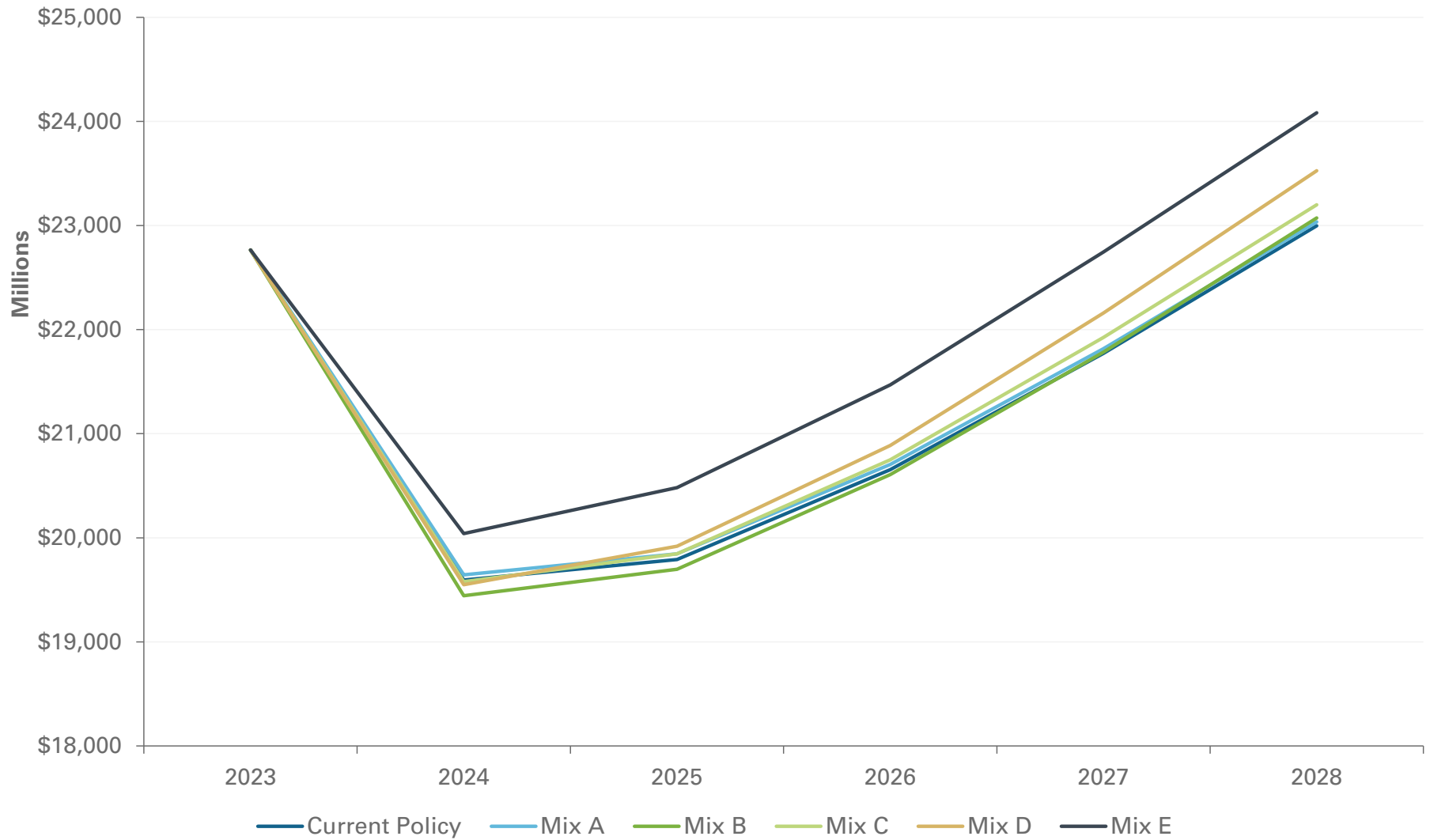
- **NEPC scenario analysis highlights the impact of shifting economic and market regimes on the portfolio and potential asset allocation mixes**
 - Risk asset returns are informed by credit returns which are based on changes in real rate, inflation, and credit spreads experienced across market regimes



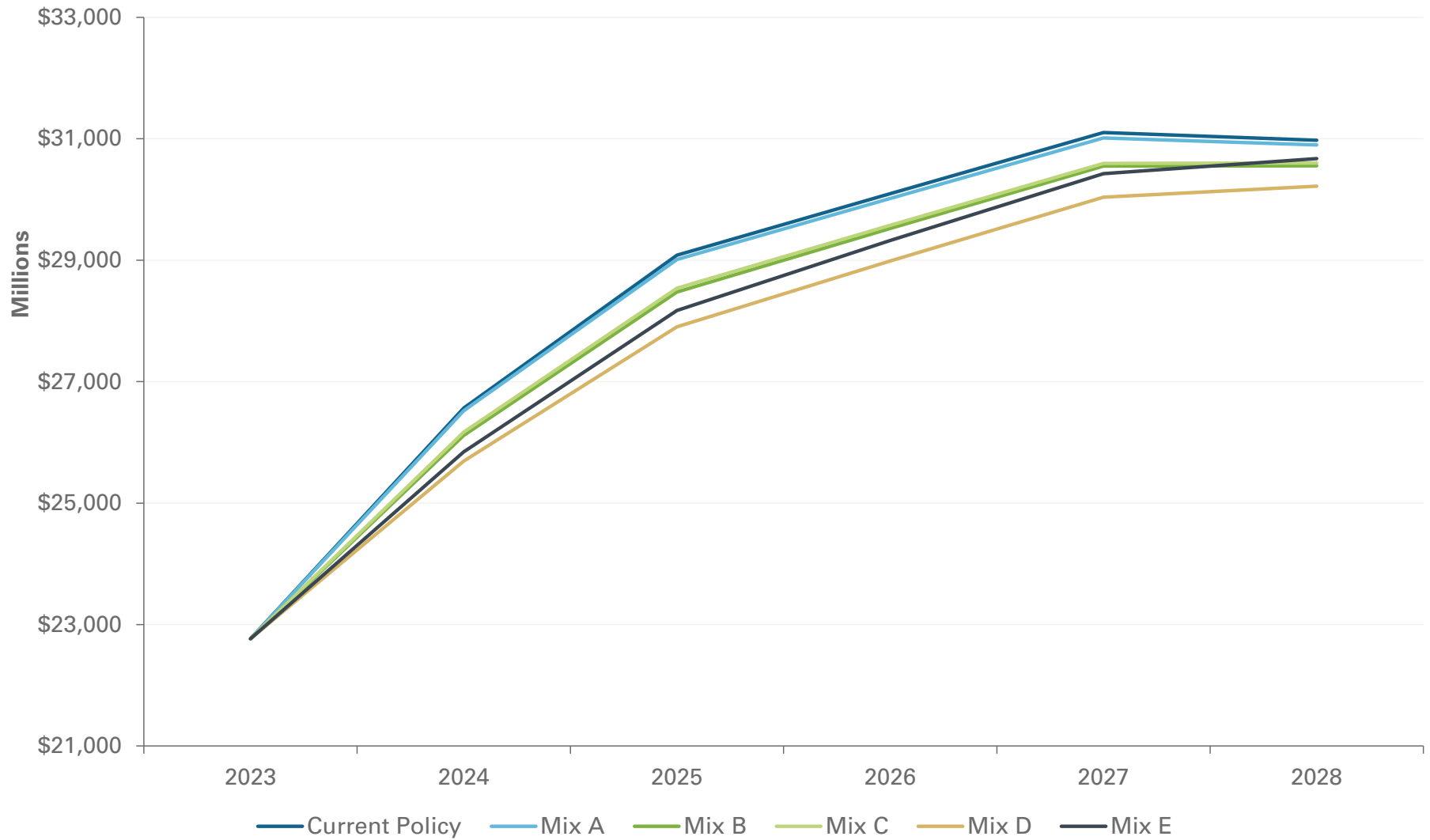
STAGFLATION



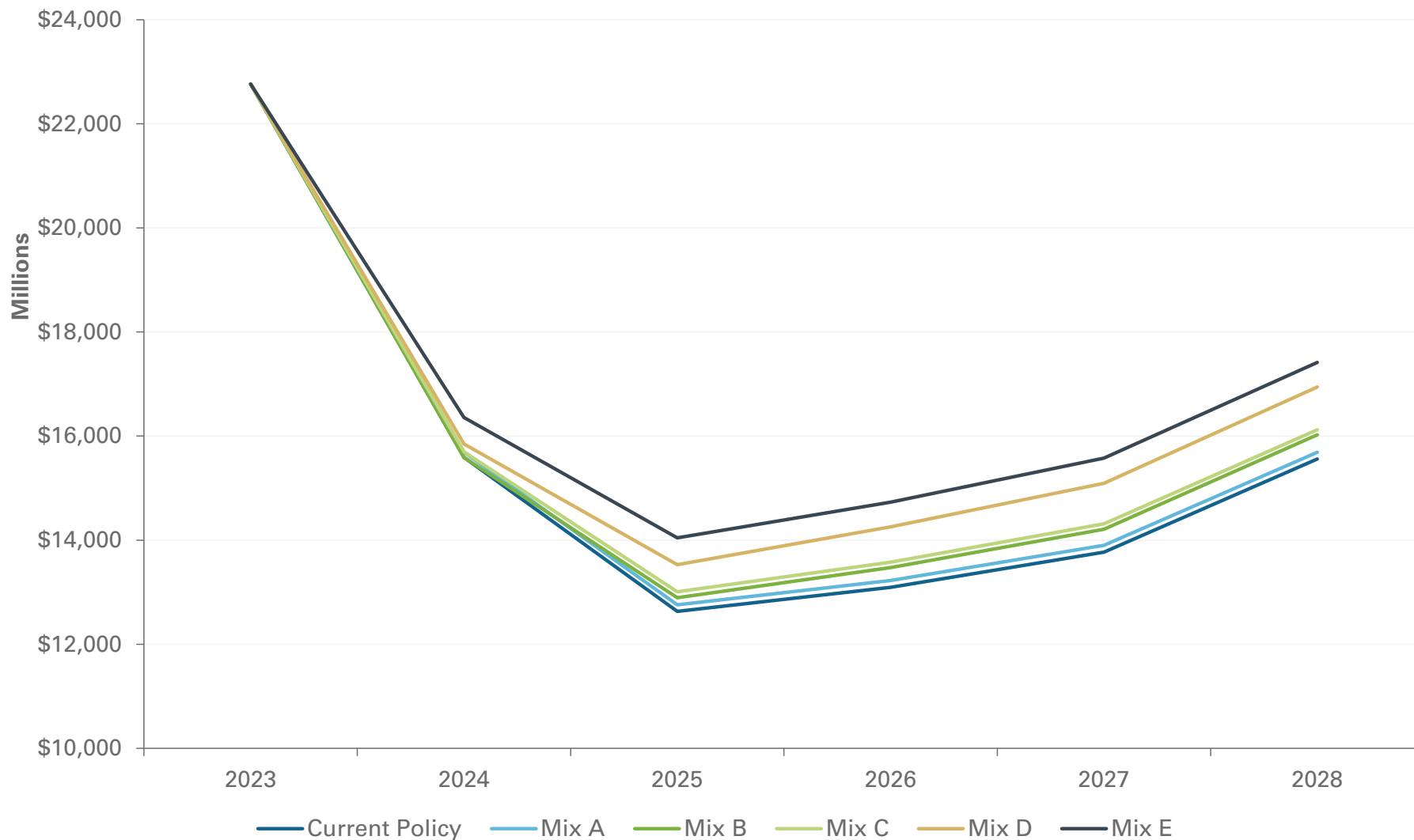
RECESSION



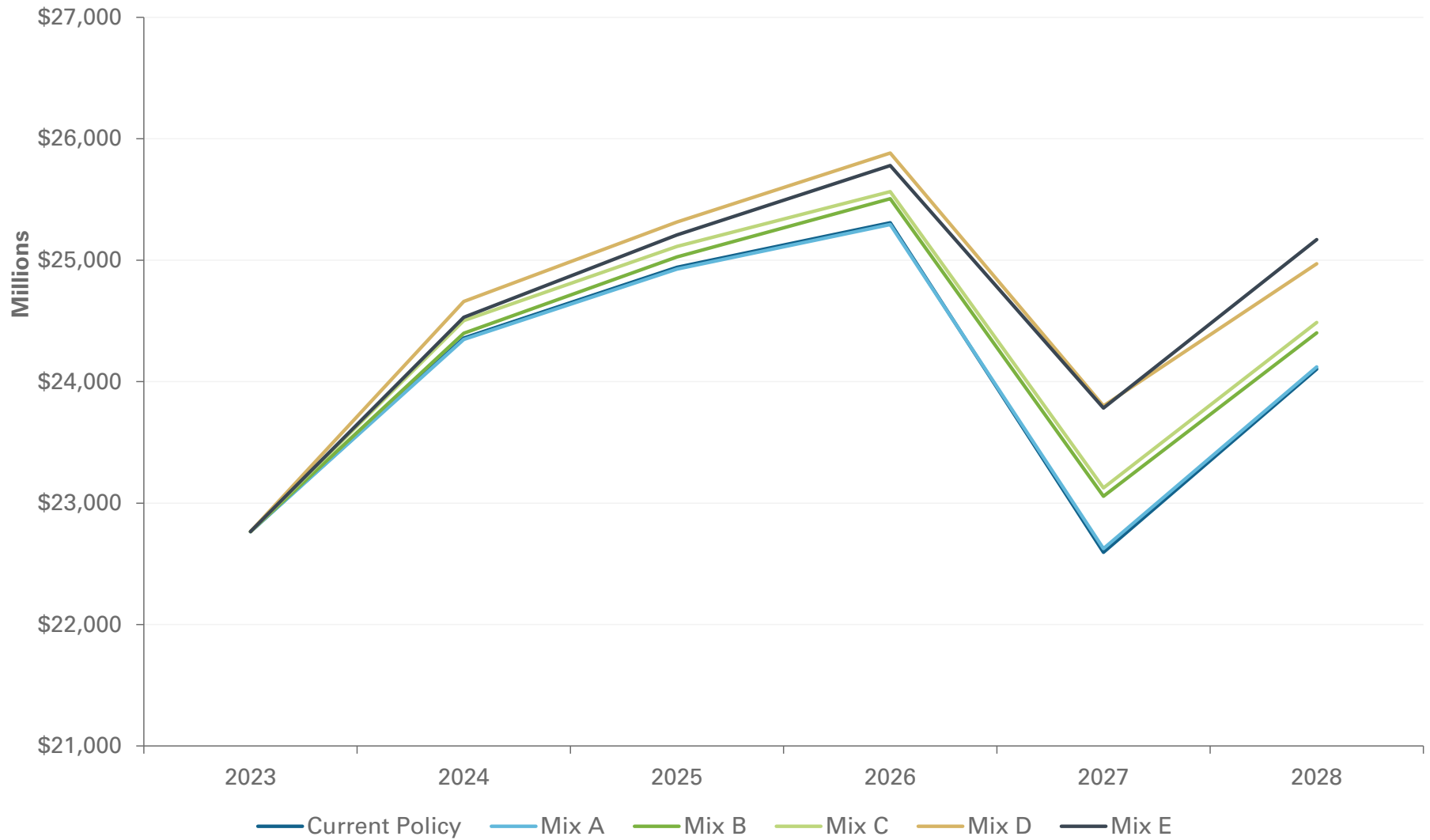
EXPANSION



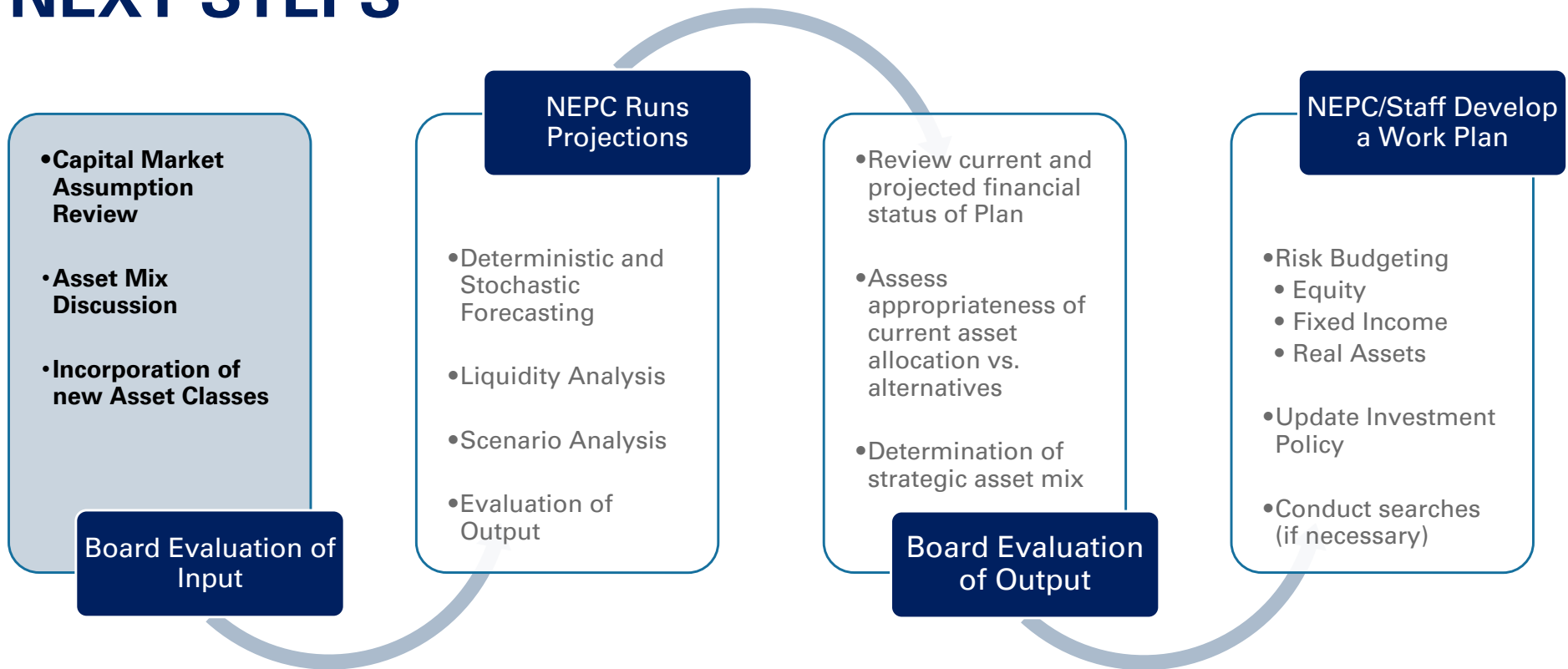
DEPRESSION



OVEREXTENSION



NEXT STEPS



Additional Input

- Asset class education
 - Infrastructure
 - Cryptocurrency
- Cash management options
- Consideration of aging workforce
- Emphasis on scenario analysis

APPENDIX



SCENARIO ANALYSIS: REGIME RETURNS

Expansion Scenario Returns*

Cash: 2.9%
Treasuries: 5.3%
Long Treasuries: 8.1%
U.S. TIPS: 6.1%
U.S. IG Credit: 7.3%
High Yield Bonds: 6.1%
U.S. Large-Cap Equity: 4.6%
Emerging Market Equity: 8.8%
Commodities: -1.9%

Stagflation Scenario Returns*

Cash: 6.6%
Treasuries: 2.5%
Long Treasuries: -1.7%
U.S. TIPS: 5.8%
U.S. IG Credit: 2.6%
High Yield Bonds: 5.1%
U.S. Large-Cap Equity: -1.7%
Emerging Market Equity: -1.8%
Commodities: 7.7%

Overextension Scenario Returns*

Cash: 5.6%
Treasuries: 3.9%
Long Treasuries: 2.5%
U.S. TIPS: 4.3%
U.S. IG Credit: 4.3%
High Yield Bonds: 4.6%
U.S. Large-Cap Equity: -1.6%
Emerging Market Equity: -1.5%
Commodities: 2.8%

Recession Scenario Returns*

Cash: 1.4%
Treasuries: 4.9%
Long Treasuries: 8.1%
U.S. TIPS: 6.7%
U.S. IG Credit: 6.6%
High Yield Bonds: 4.9%
U.S. Large-Cap Equity: -3.1%
Emerging Market Equity: -4.2%
Commodities: -3.0%

Depression Scenario Returns*

Cash: 0.9%
Treasuries: 5.3%
Long Treasuries: 9.5%
U.S. TIPS: 7.7%
U.S. IG Credit: 6.4%
High Yield Bonds: -1.4%
U.S. Large-Cap Equity: -12.6%
Emerging Market Equity: -23.0%
Commodities: -4.3%

Notes: *Scenario returns are 5-year annualized returns, as of 12/31/2023



ALTERNATIVE INVESTMENT DISCLOSURES

It is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds and private equity:

1. Performance can be volatile and investors could lose all or a substantial portion of their investment
2. Leverage and other speculative practices may increase the risk of loss
3. Past performance may be revised due to the revaluation of investments
4. These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms
5. A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value
6. These funds are not subject to the same regulatory requirements as registered investment vehicles
7. Managers may not be required to provide periodic pricing or valuation information to investors
8. These funds may have complex tax structures and delays in distributing important tax information
9. These funds often charge high fees
10. Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy



REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee

Elizabeth Lee, Chair
Annie Chao
Gaylord "Rusty" Roten

MEETING: MAY 14, 2024

ITEM: VII - C

SUBJECT: APPROVAL OF 3-YEAR CONTRACT WITH BAIN CAPITAL SENIOR LOAN FUND, L.P. REGARDING THE MANAGEMENT OF AN ACTIVE U.S. BANK LOANS PORTFOLIO AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve a three-year contract renewal with Bain Capital Senior Loan Fund, L.P. for management of an active U.S. bank loans portfolio.
2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On April 9, 2024, the Committee considered the attached staff report (Attachment 1) recommending a three-year contract renewal with Bain Capital Senior Loan Fund, L.P. (SLF). Bain Capital Credit, LP (Bain) has managed an active U.S. bank loans portfolio for LACERS since June 2015 by way of its SLF commingled fund vehicle. The current contract expires on June 30, 2024. LACERS' portfolio was valued at approximately \$274 million as of February 29, 2024. Bain is in compliance with the LACERS Manager Monitoring Policy.

Staff provided a review of the organization, investment strategy, performance, and fees. Staff noted that the strategy's since inception performance through the period ending December 31, 2023, ranks in the 12th percentile of its peer group in the eVestment database. Staff added that no fee concessions were made during the contract renewal process, but that the fee had been lowered earlier in the current contract period. Following the discussion, the Committee concurred with the staff recommendation.

Strategic Plan Impact Statement

A contract renewal with Bain Capital Senior Loan Fund, L.P. will allow the fund to maintain a diversified exposure to the U.S. bank loans market, and aligns with the Strategic Plan Goal to optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's profile, strategy, performance, and management fee structure aligns with the Strategic Plan Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V).

Prepared By: Jeremiah Paras, Investment Officer I, Investment Division

NMG/RJ/WL/JP:rm

Attachments: 1. Investment Committee Recommendation Report dated April 9, 2024
 2. Proposed Resolution



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO INVESTMENT COMMITTEE
From: Neil M. Guglielmo, General Manager

MEETING: APRIL 9, 2024
ITEM: IV

Neil M. Guglielmo

SUBJECT: INVESTMENT MANAGER CONTRACT WITH BAIN CAPITAL SENIOR LOAN FUND, L.P. REGARDING THE MANAGEMENT OF AN ACTIVE U.S. BANK LOANS PORTFOLIO AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee recommend to the Board a three-year contract renewal with Bain Capital Senior Loan Fund, L.P. for management of an active U.S. bank loans portfolio.

Executive Summary

Bain Capital Credit, LP (Bain) has managed an active U.S. bank loans portfolio for LACERS since June 2015. LACERS' portfolio was valued at approximately \$274 million as of February 29, 2024. Bain's current contract expires on June 30, 2024. Bain is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal with Bain.

Discussion

Background

The Board hired Bain, formerly known as Sankaty Advisors, LLC (Sankaty Advisors), in February 2015 to manage an active U.S. bank loans portfolio via a commingled fund vehicle called the Bain Capital Senior Loan Fund, L.P. (SLF). The strategy is benchmarked against the Credit Suisse Leveraged Loan Index and seeks to outperform its benchmark by utilizing proprietary research and analytics to identify mispriced bank loans. The portfolio management team is led by Head of U.S. Liquid Credit Andrew Carlino, along with three additional portfolio managers: Kimberly Harris, Nathaniel Whittier, and Viva Hyatt. LACERS' portfolio was valued at \$274 million as of February 29, 2024. The current contract expires on June 30, 2024.

Organization

Bain was founded as Sankaty Advisors in 1998 and is the credit-focused subsidiary of Bain Capital, LP, a global private equity firm. Bain is 100% employee-owned and is headquartered in Boston. The firm has approximately 800 employees worldwide, of which over 100 are investment professionals. As of September 30, 2023, Bain and its affiliates managed \$69.6 billion in credit-related strategies with approximately \$15.1 billion in bank loans and multi-asset credit, \$22.5 billion in structured credit, \$12.3

billion in private credit, and \$19.8 billion in distressed and special situations. As of February 29, 2024, the SLF had approximately \$1.3 billion in total assets.

Due Diligence

Bain’s investment philosophy, strategy, and process have not changed over the contract period. In April 2022, John Wright and Andrew Carlino, then co-heads of the firm’s Liquid and Structured Credit business, were named Global Head of Credit and Head of U.S. Liquid Credit, respectively. Messrs. Carlino and Wright are long tenured Bain professionals who have been with the firm since 2000 and 2002, respectively. These organizational changes did not have any adverse material impact on Bain’s management of the SLF. Bain is currently in compliance with the LACERS Manager Monitoring Policy.

Performance

As presented in the table below, as of February 29, 2024, Bain outperformed its benchmark across the 3-Month, 1-Year, 5-Year, 7-Year and Since Inception time periods, but underperformed its benchmark over the 3-Year time period.

Annualized Performance as of 2/29/2024 (Net-of-Fees)						
	3-Month	1-Year	3-Year	5-Year	7-Year	Since Inception ¹
Bain Capital Senior Loan Fund, L.P.	3.38	11.91	5.48	5.40	5.02	4.82
Credit Suisse Leveraged Loan Index	3.31	11.37	5.55	5.10	4.81	4.75
<i>% of Excess Return</i>	<i>0.07</i>	<i>0.54</i>	<i>-0.07</i>	<i>0.30</i>	<i>0.21</i>	<i>0.07</i>

¹Performance inception date 6/30/15.

Calendar year performance is presented in the table below as supplemental information.

Calendar Year Performance as of 2/29/2024 (Net-of-Fees)										
	1/1/24-2/29/24	2023	2022	2021	2020	2019	2018	2017	2016	7/1/15 - 12/31/15
Bain Capital Senior Loan Fund, L.P.	1.67	14.07	-3.71	7.27	4.95	7.75	0.68	4.62	9.46	-3.70
Credit Suisse Leveraged Loan Index	1.68	13.04	-1.06	5.40	2.78	8.17	1.14	4.25	9.88	-3.16
<i>% of Excess Return</i>	<i>-0.01</i>	<i>1.03</i>	<i>-2.65</i>	<i>1.87</i>	<i>2.17</i>	<i>-0.42</i>	<i>-0.46</i>	<i>0.37</i>	<i>-0.42</i>	<i>-0.54</i>

Fees

LACERS pays Bain an effective fee of 36 basis points (0.36%), which is approximately \$986,000 annually based on the value of LACERS’ assets as of February 29, 2024. The fee ranks in the 10th percentile of fees charged by similar managers in the eVestment database (i.e., 90% of like-managers have higher fees). Since inception, LACERS has paid Bain a total of \$6 million in investment management fees.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

Strategic Plan Impact Statement

A contract renewal with Bain Capital Senior Loan Fund, L.P. will allow the fund to maintain a diversified exposure to the U.S. bank loans market, and aligns with the Strategic Plan Goal to optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager’s profile, strategy, performance, and management fee structure aligns with the Strategic Plan Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V).

Prepared By: Jeremiah Paras, Investment Officer I, Investment Division

NMG/RJ/WL/JP:rm

Attachment: 1. Consultant Recommendation – NEPC



To: Los Angeles City Employees' Retirement System Investment Committee
From: NEPC, LLC
Date: April 9, 2024
Subject: Bain Capital Credit – Contract Renewal

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) renew the contract that is currently in place with Bain Capital Credit ('Bain') for a period of three years from the date of contract expiry.

Background

The Board approved Bain Capital Credit as a manager within Credit Opportunities on February 24, 2015 and the performance inception date is July 1, 2015. As of February 29, 2024, Bain managed \$273.8 million, or 1.2% of Plan assets in the Senior Loan Fund product. The performance objective is to outperform the Credit Suisse Leveraged Loans index annualized over a full market cycle (normally three-to-five years).

Bain Capital Credit, LP was founded in 1998 as Sankaty Advisors ('Sankaty') by Jonathan Lavine, Co-Managing Partner of Bain Capital and Chief Investment Officer of Bain Capital Credit, LP as the credit investing arm of Bain Capital. In April of 2016, Sankaty was rebranded to Bain Capital Credit, LP (the 'firm') as part of a larger effort to rebrand their business lines under the Bain name. The firm is 100% employee owned and has approximately \$180 billion in assets under management with \$1.3 billion of that comprising the Senior Loan Fund product. The firm is a credit specialist managing roughly \$15 billion in bank loans and multi-asset credit, \$22.5 billion in structured credit, \$12 billion in direct lending and \$19.8 billion in distressed and special situations. Bain Capital Credit, LP's ultimate owner is Bain Capital Holdings, LP. The limited partners of Bain Capital Holdings, LP are its U.S. Managing Directors. As of December 31, 2023, Bain Capital Credit had 783 employees, 104 of whom are investment professionals.



Bain seeks to construct diversified portfolios of high-quality companies and to add value through superior security selection and default avoidance. By employing a very large team of industry experts, Bain can add value by investing in issues and issuers that peer firms choose not to follow due to: 1) a lack of resources; or 2) firm size being so large such that the position would not have a meaningful impact on the portfolio. Bain employs a bottom-up approach to credit investing. Bain differentiates itself in its investment process by heavily emphasizing industry level research, where most peers begin at the company level. Portfolio positioning will tilt towards industries with attractive characteristics, such as high barriers to entry, low cyclicalities, and diverse profit drivers. Within industries, analysts seek to identify the top companies by assessing product, pricing, customers, and costs with the goal of answering the simple question – "Does anyone care if this company goes away?" A thorough credit analysis is performed on companies where there is a potential investment opportunity. Analysts evaluate credits via a multi-factor assessment of leverage, free cash flow relative to debt, enterprise/liquidation value, and covenant structure. Creditor agreements also undergo a third-party legal assessment, which provides an independent evaluation of security structure.

Bain takes a team-based approach to managing the Senior Loan Strategy. The primary individuals involved with overseeing the commingled funds and related separate accounts in the senior loan strategy are Andy Carlino (Co-Head of Liquid Credit), Kim Harris, Viva Hyatt, and Nate Whittier. Kim Harris and Viva Hyatt serve as lead portfolio managers for the loan fund and separate accounts. John Wright (Global Head of Credit), Stephanie Walsh, and Dom Debonis are primarily responsible for managing US CLO's and Structured Credit portfolios. Gauthier Reymondier oversees European CLO's and European Loan funds. The teams work collaboratively together which provides critical redundancies and back in the event of a departure or retirement.

Performance

Referring to Exhibit 1, as of February 29, 2024, the portfolio has matched the benchmark since inception (4.8% vs. 4.8%). In the past year, ended February 29, 2024 the portfolio outperformed the benchmark by 0.5% (11.9% vs. 11.4%). Referring to Exhibit 2, since inception ended December 31, 2023, the Bain Senior Loan Fund, LP has outperformed the Credit Suisse Leveraged Loan Index by 0.07%, returning 4.71%, net of fees, and ranked in the 12th percentile of its peer group. Since inception, the portfolio has an information ratio of 0.07 and active risk, as measured by tracking error of 0.95%. In the one-year period ended December 31, 2023, the portfolio outperformed the index by 1.03% (14.07% vs. 13.04%) and ranked 12th in its peer group.

Referring to Exhibit 3, much of the recent outperformance is due to holdings in the Auto, Airlines, Aerospace & Defense and Healthcare sectors. Positions in Telecom, Gaming & Leisure and Software/Ent Services detracted from performance.

Fees

The portfolio has an asset-based fee of 0.36% or 36 basis points annually. This fee ranks in the 10th percentile of its peers in the eVestment Floating-Rate Bank Loan Universe. In other words, 90% of the 81 products included in the peer universe have a higher fee than the LACERS account.



Conclusion

The Bain Senior Loan Fund, LP has outperformed the index since inception ended February 29, 2024 as well as outperforming over shorter periods of time. The Bain portfolio is a diversified, bottom-up fundamental bank loan strategy with flexibility to invest across the capital structure and geographies. NEPC recommends a contract extension for a period of three years from the period of contract expiry.

The following tables provide specific performance information, net of fees referenced above.

Exhibit 1

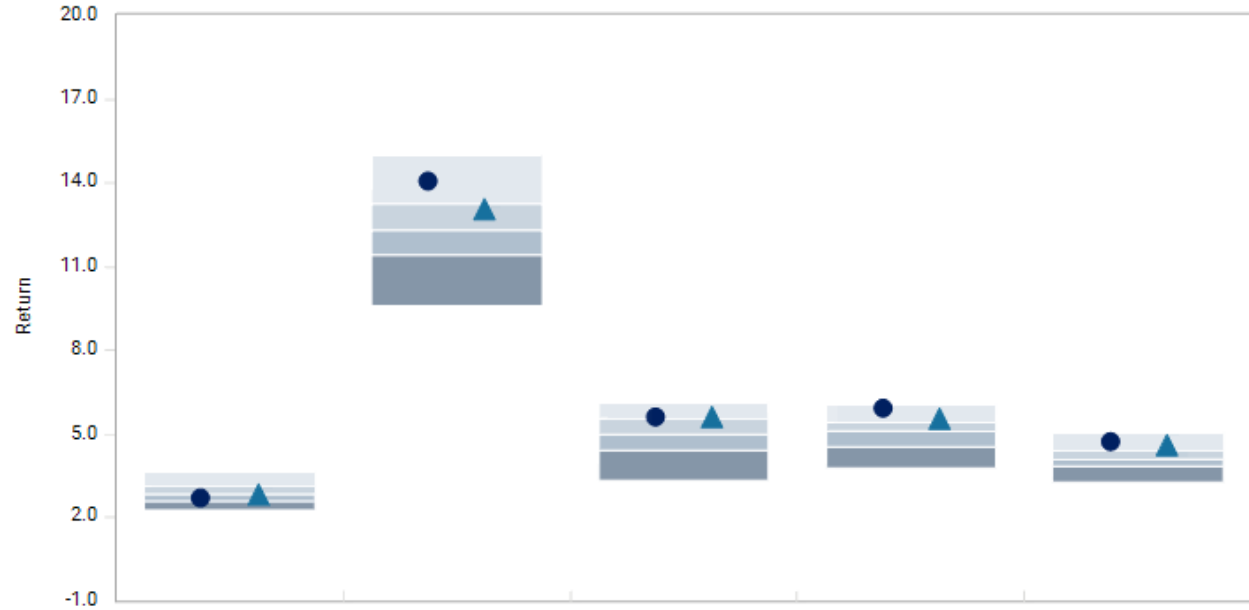
	Ending February 29, 2024	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	Inception
	Market Value (\$)	(%)	(%)	(%)	(%)	(%)	(%)
Bain Capital Senior Loan Fund, LP	273,785,911	3.4	1.7	11.9	5.5	5.4	4.8
Credit Suisse Leveraged Loans Index		3.3	1.7	11.4	5.5	5.1	4.8
<i>Excess</i>		<i>0.1</i>	<i>0.0</i>	<i>0.5</i>	<i>0.0</i>	<i>0.3</i>	<i>0.0</i>



NEPC, LLC

Exhibit 2

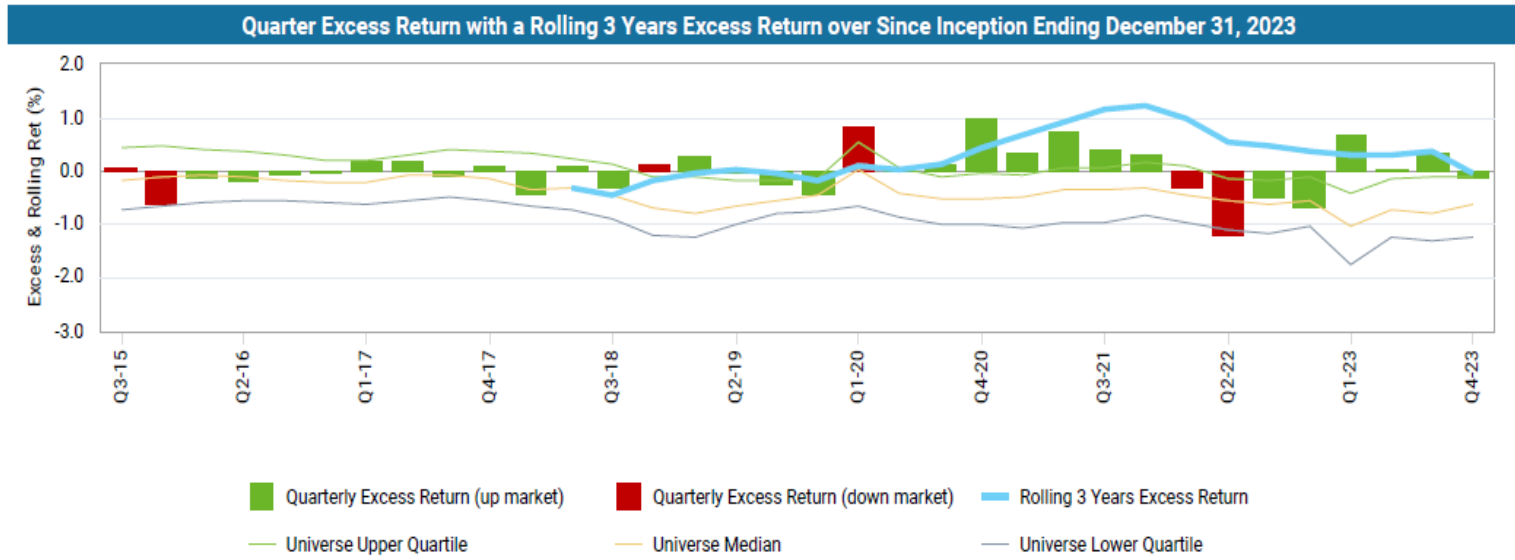
Bain Capital Senior Loan Fund, LP vs. eV US Float-Rate Bank Loan Fixed Inc
 Ending December 31, 2023



	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Inception (%)
● Bain Capital Senior Loan Fund, LP	2.72 (65)	14.07 (12)	5.62 (18)	5.91 (10)	4.71 (12)
▲ Credit Suisse Leveraged Loan Index	2.85 (50)	13.04 (35)	5.64 (16)	5.56 (20)	4.64 (14)
5th Percentile	3.67	15.02	6.14	6.08	5.08
1st Quartile	3.14	13.26	5.55	5.43	4.44
Median	2.85	12.33	5.01	5.11	4.10
3rd Quartile	2.58	11.43	4.39	4.56	3.83
95th Percentile	2.26	9.62	3.32	3.77	3.26
Population	92	90	83	82	75



Exhibit 3



CONTRACT RENEWAL
BAIN CAPITAL SENIOR LOAN FUND, L.P.
ACTIVE U.S. BANK LOANS PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current three-year contract with Bain Capital Senior Loan Fund, L.P. (SLF) for management of an active U.S. bank loans portfolio expires on June 30, 2024; and,

WHEREAS, a contract renewal with Bain will allow the fund to maintain a diversified exposure to the U.S. bank loans markets; and,

WHEREAS, on May 14, 2024, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with SLF.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

<u>Company Name:</u>	Bain Capital Senior Loan Fund, L.P.
<u>Service Provided:</u>	Active U.S. Bank Loans Portfolio Management
<u>Effective Dates:</u>	July 1, 2024 through June 30, 2027
<u>Duration:</u>	Three years
<u>Benchmark:</u>	Credit Suisse Leveraged Loan Index
<u>Allocation as of February 29, 2024:</u>	\$274 million

May 14, 2024

Bitcoin Overview & Market Update

Presented By: Professor Tom Lombardi
Pepperdine University
May 14, 2024



Experience

Current Work

- Adjunct Professor of Finance, Pepperdine University
- Investor and Consultant

Prior Experience

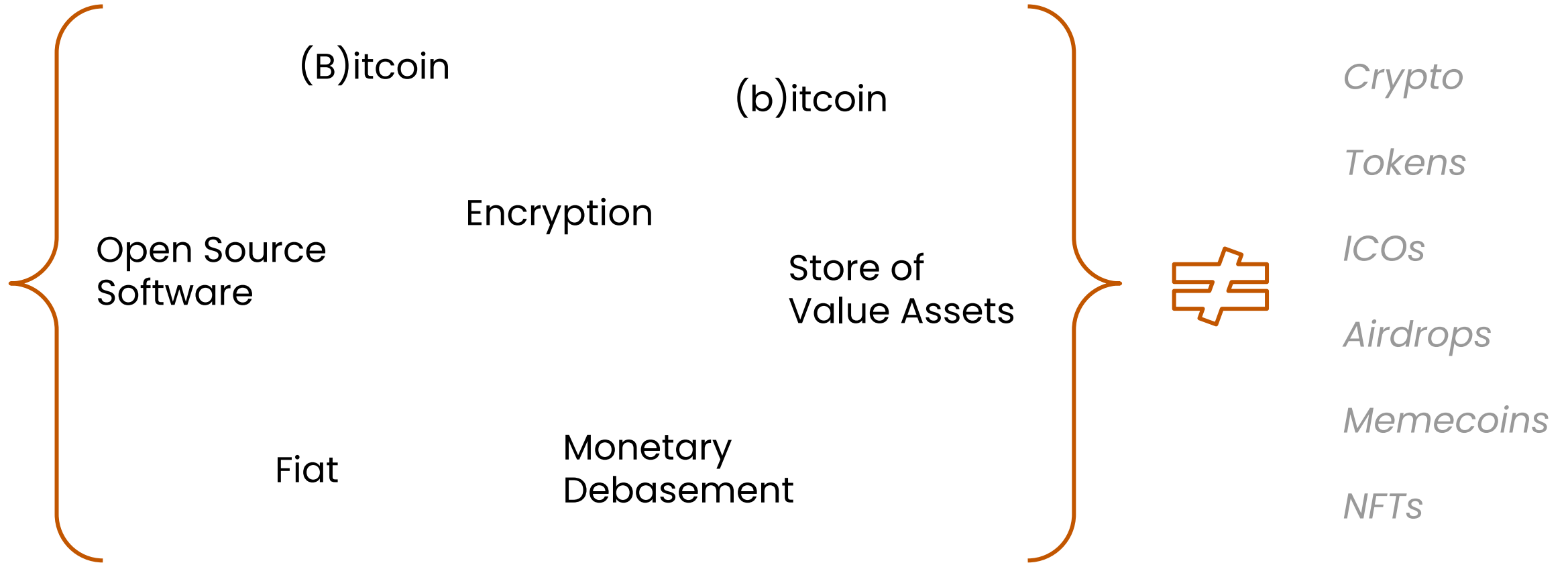
- 3iQ Digital Asset Management
- Wave Digital Assets (LA)
- West Partners Private Equity (SD)
- Bank of America Investment Banking

Tom Lombardi

Pepperdine University



Key Terms



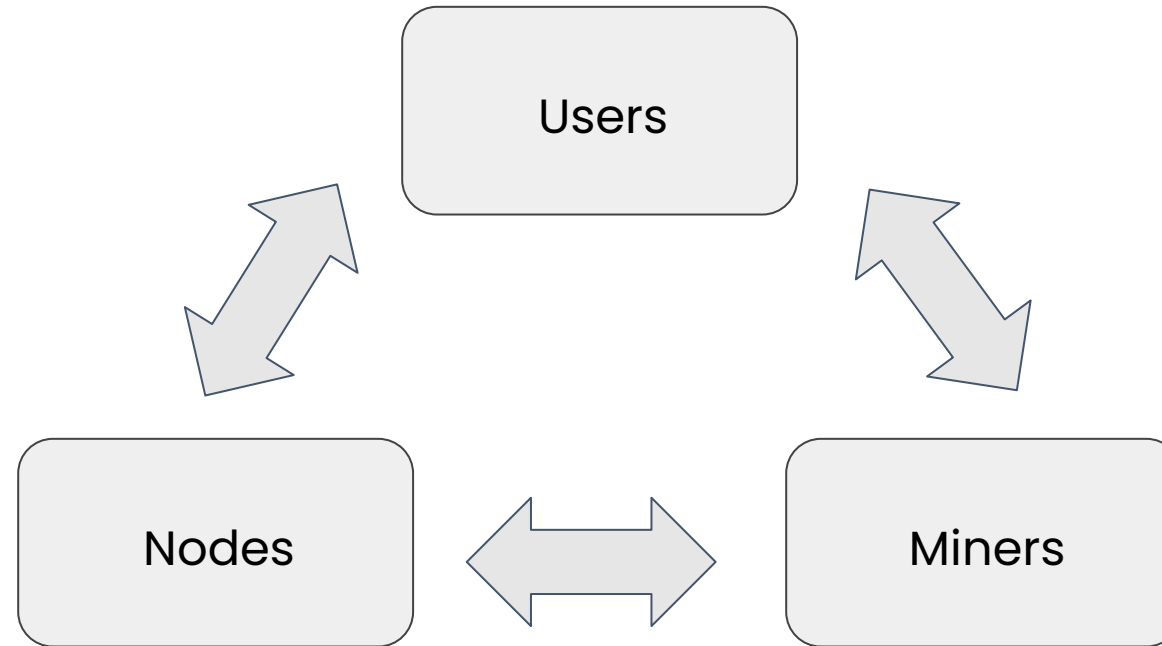
Prerequisites to *Understanding Bitcoin*

- ✓ Store of Value Assets
- ✓ Global Payment Systems
- ✓ Open Source Software
- ✓ Encryption Security
- ✓ Distributed Systems
- ✓ Game Theory



Bitcoin

Participants



Performance of Asset Classes

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 (YTD)
Bitcoin 1,319.09%	Bitcoin 217.26%	Bitcoin 5,537.40%	U.S. REITs 30.38%	Bitcoin 33.74%	Bitcoin 123.31%	Bitcoin 1,414.10%	U.S. Bonds 0.01%	Bitcoin 93.95%	Bitcoin 308.17%	Bitcoin 57.25%	Commodities 21.23%	Bitcoin 156.89%	Bitcoin 66.99%
Gold 10.10%	EM Equities 18.63%	U.S. Equities 32.39%	U.S. Equities 13.69%	U.S. REITs 2.52%	Commodities 19.53%	EM Equities 37.75%	Gold (1.56%)	U.S. Equities 31.49%	Gold 25.12%	U.S. REITs 43.06%	Gold (0.28%)	U.S. Equities 26.29%	U.S. Equities 10.56%
U.S. REITs 8.69%	DM Equities 17.90%	DM Equities 23.29%	U.S. Bonds 5.97%	U.S. Equities 1.38%	U.S. Equities 11.96%	DM Equities 25.62%	U.S. Equities (4.38%)	U.S. REITs 25.84%	EM Equities 18.69%	Commodities 42.60%	U.S. Bonds (13.01%)	DM Equities 18.85%	Gold 8.09%
U.S. Bonds 7.84%	U.S. REITs 17.77%	U.S. REITs 2.47%	Gold (1.44%)	U.S. Bonds 0.55%	EM Equities 11.60%	U.S. Equities 21.83%	U.S. REITs (4.57%)	DM Equities 22.66%	U.S. Equities 18.40%	U.S. Equities 28.71%	DM Equities (14.01%)	U.S. REITs 13.74%	DM Equities 5.81%
U.S. Equities 2.11%	U.S. Equities 16.00%	U.S. Bonds (2.02%)	EM Equities (1.82%)	DM Equities (0.39%)	U.S. REITs 8.60%	Gold 13.53%	Commodities (11.18%)	EM Equities 18.88%	DM Equities 8.28%	DM Equities 11.78%	U.S. Equities (18.11%)	Gold 13.10%	Commodities 4.50%
Commodities (2.39%)	Gold 7.06%	EM Equities (2.27%)	DM Equities (4.48%)	Gold (10.41%)	Gold 8.14%	Commodities 6.16%	DM Equities (13.36%)	Gold 18.31%	U.S. Bonds 7.51%	U.S. Bonds (1.54%)	EM Equities (19.74%)	EM Equities 10.27%	EM Equities 2.16%
DM Equities (11.73%)	U.S. Bonds 4.22%	Commodities (6.55%)	Commodities (26.43%)	EM Equities (14.60%)	U.S. Bonds 2.65%	U.S. REITs 5.07%	EM Equities (14.24%)	Commodities 12.94%	Commodities (7.53%)	EM Equities (2.22%)	U.S. REITs (24.51%)	U.S. Bonds 5.53%	U.S. REITs (0.32%)
EM Equities (18.17%)	Commodities 4.16%	Gold (28.28%)	Bitcoin (57.74%)	Commodities (26.68%)	DM Equities 1.51%	U.S. Bonds 3.54%	Bitcoin (74.67%)	U.S. Bonds 8.72%	U.S. REITs (7.57%)	Gold (3.64%)	Bitcoin (63.90%)	Commodities (5.33%)	U.S. Bonds (0.78%)

Source: Crypto Market Review Q1 2024 - Bitwise Asset Management
<https://s3.amazonaws.com/static.bitwiseinvestments.com/Research/Bitwise-Crypto-Market-Review-Q1-2024.pdf>



Bitcoin *Four Year Cycles*

YEAR	BTC	YEAR	BTC	YEAR	BTC	YEAR	BTC
2011	1,319%	2015	34%	2019	94%	2023	157%
2012	217%	2016	123%	2020	308%	2024 (YTD)	67%
2013	5,537%	2017	1,414%	2021	57%	2025	—
2014	(58%)	2018	(75%)	2022	(64%)	2026	—

Source: Crypto Market Review Q1 2024 - Bitwise Asset Management
<https://s3.amazonaws.com/static.bitwiseinvestments.com/Research/Bitwise-Crypto-Market-Review-Q1-2024.pdf>



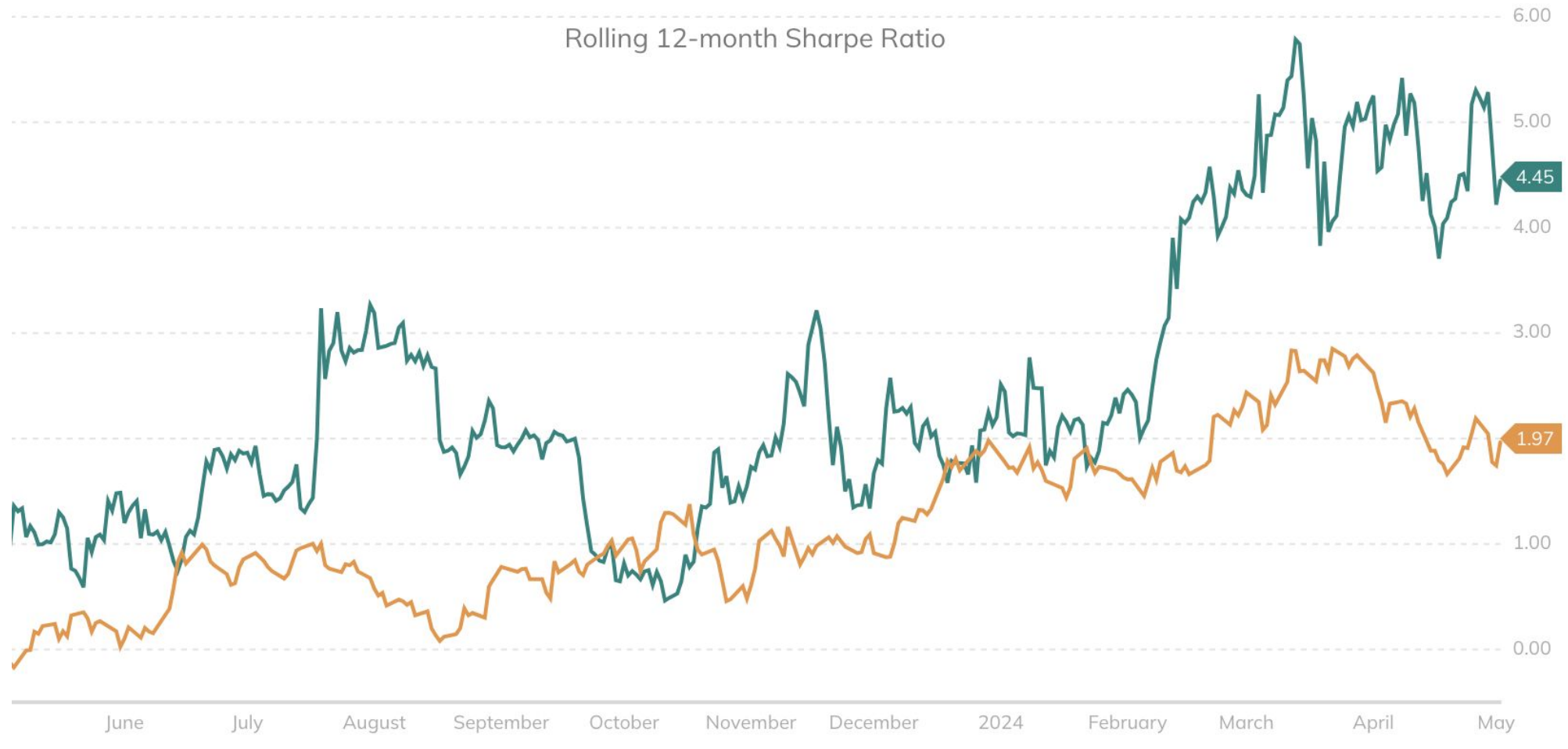
Bitcoin Correlation

Source: Crypto Market Review Q1 2024 – Bitwise Asset Mngt.
<https://s3.amazonaws.com/static.bitwiseinvestments.com/Research/Bitwise-Crypto-Market-Review-Q1-2024.pdf>

BITWISE 10 LARGE CAP CRYPTO INDEX	1.00																			
BITWISE CRYPTO INNOVATORS 30 INDEX	0.68	1.00																		
BITCOIN	0.98	0.68	1.00																	
U.S. EQUITIES	0.15	0.26	0.11	1.00																
DEVELOPED MARKET EQUITIES	0.08	0.20	0.04	0.21	1.00															
EMERGING MARKET EQUITIES	0.12	0.10	0.08	0.32	0.53	1.00														
COMMODITIES	0.01	0.07	0.02	0.00	0.16	0.15	1.00													
U.S. REITS	0.27	0.37	0.26	0.54	0.35	0.30	(0.02)	1.00												
U.S. BONDS	0.07	0.21	0.06	0.19	0.33	0.08	(0.03)	0.48	1.00											
GOLD	0.12	0.20	0.11	0.24	0.29	0.22	0.17	0.48	0.53	1.00										
	BITWISE 10 LARGE CAP CRYPTO INDEX	BITWISE CRYPTO INNOVATORS 30 INDEX	BITCOIN	U.S. EQUITIES	DEVELOPED MARKET EQUITIES	EMERGING MARKET EQUITIES	COMMODITIES	U.S. REITS	U.S. BONDS	GOLD										



Bitcoin Sharpe Ratio vs. S&P 500



— BTC-USD (Bitcoin)

— Benchmark (AGSPC) Source: <https://portfolioslab.com/symbol/BTC-USD>



High Returns *Come With...*

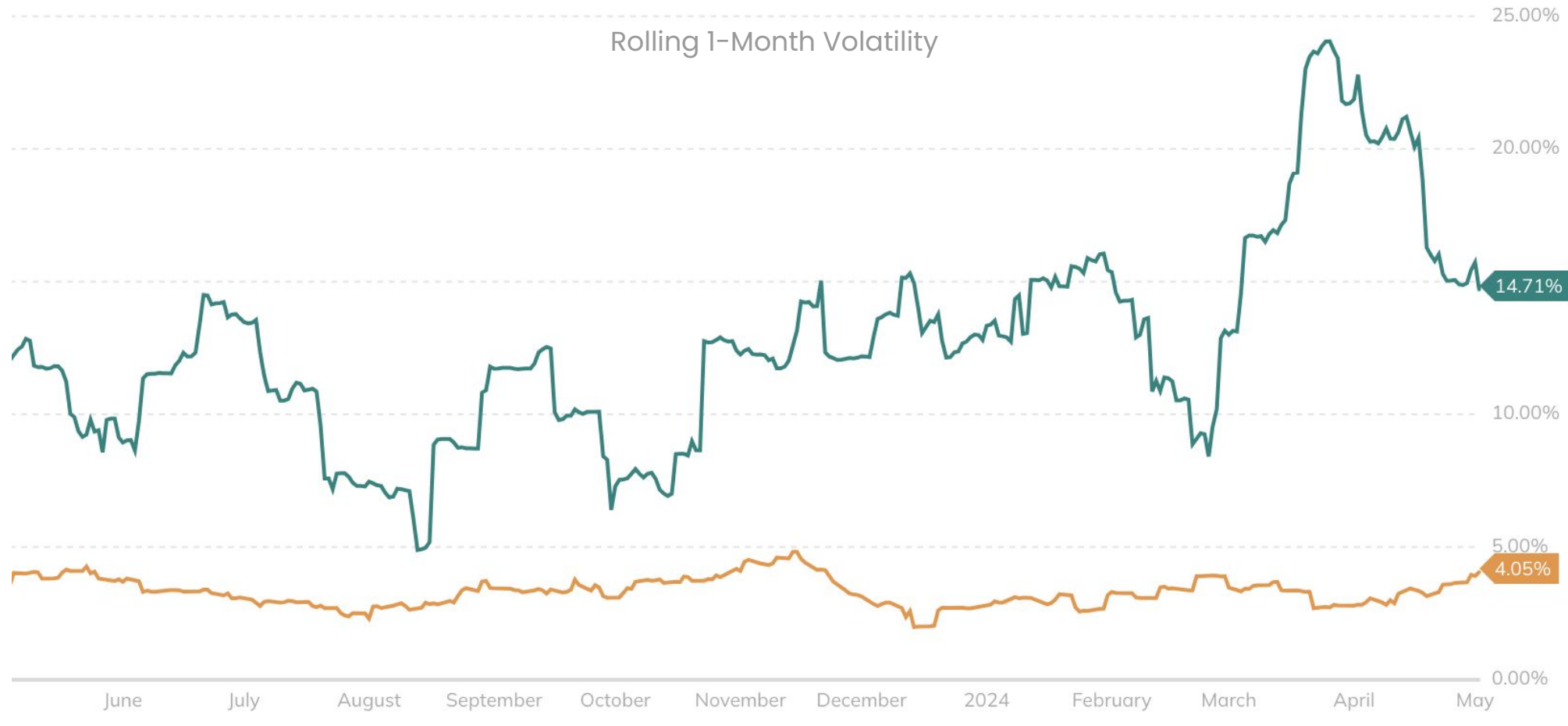


— BTC-USD (Bitcoin)

— Benchmark (^GSPC) Source: <https://portfolioslab.com/symbol/BTC-USD>



...High Volatility Risk



— BTC-USD (Bitcoin)

— Benchmark (^GSPC)

Source: <https://portfolioslab.com/symbol/BTC-USD>



Investment Vehicles

2020

Primer: An Overview of the Bitcoin Investment Fund Landscape

Financial advisors who manage \$31 trillion require compliant access to bitcoin. Are we there yet?



Tom Lombardi
19 min read · Jun 29, 2020



2024

US SEC approves bitcoin ETFs in watershed for crypto market  REUTERS

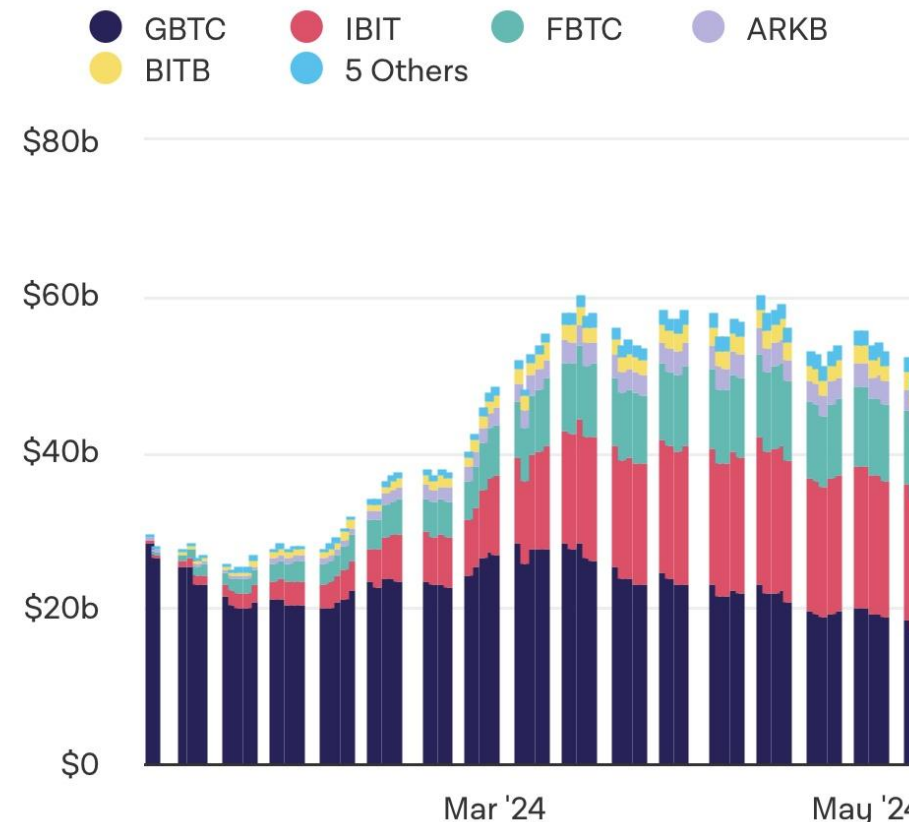


Bitcoin *Spot ETFs*

- 1/10/24 approval -> 1/14/24 launch
- \$52 billion of total AUM
- \$34 billion of new inflows since launch
- \$IBIT represents 24% of Blackrock's firmwide ETF flows for 2024
- Blackrock's Head of Digital Assets said that "*pensions, endowments, sovereign wealth funds...are having ongoing diligence*" on their Bitcoin ETF



Spot Bitcoin ETF AUM (Daily)



Source: <https://www.coindesk.com/business/2024/05/02/blackrock-sees-sovereign-wealth-funds-pensions-coming-to-bitcoin-etfs/>

Source: 4/29/24 <https://www.theblock.co/data/crypto-markets/bitcoin-etf>



Government Involvement in *Crypto*



Government Involvement in *Bitcoin*



Future State of *Bitcoin*



Source: <https://waitbutwhy.com/>



Thank *You!*

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